



Winchester City Council Employment Land Study

Stantec with Aspinall Verdi
April 2020

Stantec UK Limited
33 Bowling Green Lane
London EC1R 0BJ

T: +44 20 3824 6600

E: Stantec.London@Stantec.com

Document Control Sheet

Project Name: **Winchester City Council**
 Report Title: **Employment Land Study**
 Project Ref: **47188**
 Doc Ref: **Employment Land Study**

	Name	Position	Signature	Date
Prepared by:	A Lynch	Associate	AL	11 th March 2020
Reviewed by:	R Pestell	Director	RJP	12 th March 2020
Approved by:	C Howick	Director	CH	13 th March 2020
For and on behalf of Stantec				

Revision	Date	Description	Prepared	Reviewed	Approved
1	5 th March 2020	Revision	AL/RPJ	RPJ	RPJ
2	6 th April 2020	Final amendments	AL/RPJ	RPJ	CH

This report has been prepared by Stantec UK Limited ('Stantec') on behalf of its client to whom this report is addressed ('Client') in connection with the project described in this report and takes into account the Client's particular instructions and requirements. This report was prepared in accordance with the professional services appointment under which Stantec was appointed by its Client. This report is not intended for and should not be relied on by any third party (i.e. parties other than the Client). Stantec accepts no duty or responsibility (including in negligence) to any party other than the Client and disclaims all liability of any nature whatsoever to any such party in respect of this report.

Please note that on 1st January 2020 Peter Brett Associates were incorporated within Stantec UK Ltd

THIS REPORT IS FORMATTED FOR DOUBLE-SIDED PRINTING

CONTENTS

- 1 INTRODUCTION AND POLICY BACKGROUND 1**
 - Introduction 1
 - National Policy and Guidance 1
 - Regional & Local Strategies 5
- 2 THE ECONOMIC GEOGRAPHY OF WINCHESTER WORKPLACE ECONOMY.....15**
 - Introduction15
 - Winchester District workplace economy15
 - The four sub-areas19
- 3 THE RESIDENT ECONOMY26**
 - Introduction26
 - Wages earnings and skills26
 - Where do residents work?27
- 4 THE COMMERCIAL PROPERTY MARKET34**
 - Overview34
 - The industrial market36
 - The office market54
- 5 FUTURE DEMAND66**
 - Introduction66
 - The National Park66
 - Past Trends67
 - Economic forecasts71
 - Additional ‘safety’ margin80
 - Larger warehouse and distribution units81
 - Summary and advice81
- 6 DEMAND AND SUPPLY BALANCE84**
 - Introduction84
 - Major sites to meet needs84
 - Balance for the District85

TABLES

- Table 2.1 Job growth 2009-1917
- Table 2.2 Proportion of sector jobs in Winchester District by policy area21
- Table 2.3 Policy areas strengths and weaknesses (location quotients)22

Table 2.4 Jobs at Middle Layer Super Output Areas (MSOAs).....	23
Table 4.1 Industrial floorspace take-up, 2014-18, Winchester District.....	44
Table 4.2 Floorspace availability, industrial, Winchester City Council, 2019	46
Table 4.3 Industrial development opportunities, Winchester District	50
Table 4.4 Office floorspace take-up, 2014-18, Winchester District.....	59
Table 4.5 Office floorspace availability, Winchester District, 2019	60
Table 4.6 Office development opportunities, Winchester District	64
Table 5.1 Office gains and losses.....	67
Table 5.2 Industrial gains and losses.....	69
Table 5.3 Office floorspace past trends change.....	71
Table 5.4 Industrial floorspace past trends change.....	71
Table 5.5 Job change by sector.....	73
Table 5.6 Total job growth by broad use class.....	74
Table 5.7 Offices - future floorspace demand	76
Table 5.8 Industrial – future floorspace demand.....	77
Table 5.9 Experian scenario – additional workforce jobs (WFJ).....	80

FIGURES

Figure 2.1 Job change in Winchester District.....	16
Figure 2.2 Indexed job growth 2009-19	18
Figure 3.1 Qualifications	27
Figure 3.2 Commuting flows	28
Figure 3.3 Job density	29
Figure 3.4 Winchester Town - commuting out/in.....	30
Figure 3.5 Winchester District - commuting out/in.....	31
Figure 3.6 Unemployment rate	32
Figure 4.1 Winchester District sub-areas.....	36
Figure 4.2 Development cycle of loan books, June 2019, £bn	37
Figure 4.3 Examples of industrial units, M27 Corridor – Whiteley	39
Figure 4.4 Examples of industrial units, Winchester Town.....	40
Figure 4.5 Examples of non-employment uses, Winnall Industrial Estate	41
Figure 4.6 Examples of industrial units, Bar End	41
Figure 4.7 Examples of industrial units, Market Towns and rural areas	42
Figure 4.8 Winchester District industrial vacancy rate % of floorspace stock	47
Figure 4.9 Winchester Town industrial vacancy rate % of floorspace stock	48

Figure 4.10 Whiteley area (Trilogy and Fulcrum) industrial vacancy rate % of floorspace stock.....48

Figure 4.11 Bushfield Camp site plan (not to scale).....51

Figure 4.12 Examples of office units, Solent Business Park55

Figure 4.13 Single largescale occupiers56

Figure 4.14 Examples of office units, Winchester Town.....57

Figure 4.15 Winchester District office vacancy rate % of floorspace stock.....62

Figure 4.16 Solent Business Park office vacancy rate % of floorspace stock.....62

Figure 4.17 Winchester Town office vacancy rate % of floorspace stock63

Figure 5.1 Office gains and losses68

Figure 5.2 Office Stock68

Figure 5.3 Industrial gains and losses70

Figure 5.4 Industrial Stock.....70

Figure 5.5 Experian population-led scenario.....79

APPENDICES

APPENDIX A MSOA MAP

1 INTRODUCTION AND POLICY BACKGROUND

Introduction

- 1.1 This document provides Winchester City Council with a view of how much, where and what type of employment land is required in the new development plan period.
- 1.2 The assessment follows the guidance set out in the Planning Practice Guidance and assesses the current and future stock of sites looking to ensure the portfolio in the next plan remains fit for purpose. We also assess the need for new sites looking at labour demand, labour supply and also past trends.
- 1.3 As an employment land review we are primarily concerned with the B class uses – offices, industrial and warehousing sites. Although we do also consider the need for other types of jobs and employment.
- 1.4 In the rest of this chapter we set out the current national policy and guidance for Local Planning Authorities (LPAs) when planning for economic development and employment land. We then move to identify the regional and local strategies that set the context both in terms of identifying economic issues and opportunities, and the local strategies that set the future policy direction for the District.
- 1.5 Next, we review the employment policies in the current Core Strategy to explore how compliant these are with national policy and guidance, and the direction of the regional and local economic strategies.
- 1.6 In the following chapters we look at the health of Winchester District as a workplace followed the resident economy before moving on to review the commercial property market. In Chapter 5 we look at the demand for land followed by (Chapter 6) the balance between demand and supply.

National Policy and Guidance

The National Planning Policy Framework

- 1.7 Updates to the National Planning Policy Framework were published in July 2018 and again in February 2019.
- 1.8 The Government's overarching economic objective for the planning system is to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure (para 8).
- 1.9 Local Plans should apply a presumption in favour of sustainable development, which means they should: positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change (para 11).
- 1.10 In respect of economic development, as for all other land uses, the guiding principle is that Local Plans should create the conditions for economic growth and productivity

- improvements. This should take account of local business needs and wider opportunities for development. (para 80)
- 1.11 Opportunities are characterised as *building on strengths, countering weaknesses and addressing the challenges of the future*, and this accords with the vision of the Government's Industrial Strategy that looks to improve employment productivity. (para 80)
- 1.12 Planning policies should do four things (para 81):
- *set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;*
 - *set criteria or identify strategic sites for local and inward investment to match the strategy and to meet anticipated needs over the plan period;*
 - *seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and*
 - *be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.*
- 1.13 The need to identify and make provision for the specific locational requirements of different employment activities is recognised. Specifically, the opportunity for clustering of knowledge and data driven activities and the differing accessibility requirements of different scales of storage and distribution activity (para 82).
- 1.14 The need for support for the rural economy is identified, with policies and decisions enabling (para 83):
- *the sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well-designed new buildings;*
 - *the development and diversification of agricultural and other land-based rural businesses;*
 - *sustainable rural tourism and leisure developments which respect the character of the countryside; and*
 - *the retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship*
- 1.15 The need to accommodate business needs beyond settlement boundaries is acknowledged, subject to key considerations such as being sensitive to the surroundings, being acceptable in terms of accessibility impact, brownfield if possible and well related to existing settlements (para 84).
- 1.16 Plans should be prepared positively, being both aspirational, but also deliverable, and be shaped by early, proportionate and effective engagement with, inter alia, businesses.
- 1.17 Plans must include strategic and non-strategic policies. Strategic policies can extend beyond a single Local Plan area, and should set out an overall strategy for the

pattern, scale and quality of inter alia employment development, making sufficient provision of land to accommodate the need.

Strategic policies should look ahead over a minimum 15-year period from adoption, to anticipate and respond to long-term requirements and opportunities, such as those arising from improvements in infrastructure. (para 22)

1.18 In terms of land allocations, the Framework states:

Broad locations for development should be indicated on a key diagram, and land use designations and allocations identified on a policies map. Strategic policies should provide a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed needs over the plan period, in line with the presumption in favour of sustainable development (para 23)

1.19 In ensuring that the Local Plan is positively prepared the Framework highlights the importance of maintaining effective cooperation and collaboration on cross-boundary strategic issues between Local Authorities and other prescribed bodies such as the LEP. Two particular areas are highlighted – future infrastructure requirements and whether development needs that cannot be met in full in one area can be accommodated in another area.

1.20 Non-strategic policies can include site allocations as well as development management policies.

1.21 Policies should be underpinned by relevant, proportionate and up-to-date evidence, taking into account relevant market signals. Policies should be reviewed to see if they need updating at least once every five years, taking into account changing local circumstances or changes to national policy.

1.22 Planning policies should promote the effective use of land in meeting the objectively assessed needs for various types of uses, and in particular the use of brownfield land and under-utilised land and buildings (paras 117/18).

1.23 Regular reviews should be undertaken of land allocations and land availability to take account of the demand for land. Where it is considered there is no reasonable prospect of an application coming forward the land should be re or deallocated, and prior to the Plan update, applications for alternative uses should be supported where this would help meet an unmet need. (para 120)

1.24 Under the guise of making effective use of land the Framework advises Local Authorities to take a positive approach to applications for alternative uses on land that is currently developed, but not allocated (para 121). This is particularly relevant in areas of high housing demand. The approach does come with the proviso that in so doing this does not undermine key economic sectors or sites.

Planning Practice Guidance

1.25 Revised guidance was published in February 2019, and guidance for planning for economic needs is set out in section 25.

- 1.26 This follows a brief period where the former guidance, in the 'old' PPG, was deleted and not replaced. In broad terms this 'new' guidance is similar to the old – it provides very little detail and is surprisingly short given the breadth of the topic in question.
- 1.27 The guidance acknowledges that national economic trends will not apply universally, and business needs will vary according to local circumstances and market conditions. Functional Economic Market Areas (FEMA) may extend over more than one Local Authority area, and the assessment of need should reflect this, and LEPs can play a helpful role in such assessments.
- 1.28 In drawing up evidence on economic need the Guidance stresses the importance for engagement with the business community.
- 1.29 The evidence should cover:
- Best fit FEMA
 - The existing stock of employment land (by market segment and (possibly) sub-areas)
 - Recent patterns of gains and losses of employment land
 - Market demand and business requirements (for the different B use class activities, including identification of gaps in provision)
 - Projected growth in specific market sectors; and
 - Oversupply and market failure (preventing the land being used effectively for employment)
- 1.30 This last point is interesting in that is warning that the employment land supply should be deliverable (i.e. free of market failure) but also should not be oversupplied. An oversupply of land can depress commercial values to a point where development is not viable and resulting in 'market failure'. This warning re-confirms a long running thrust of national policy where land for economic needs was oversupplied and possibly constraining the scope for sites to be used for housing. The most obvious example of this was the removal of planning control via Permitted Development Rights (PDR) for conversions of property to residential.
- 1.31 The PPG goes on to state that data to estimate future employment need includes:
- Sectoral and employment forecasts and projections (labour demand)
 - Demographically derived assessments of future employment needs (labour supply)
 - Analysis of past take-up of employment land and property and/or future property market requirements
 - Consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.
- 1.32 Guidance is provided on the method for turning jobs (by SIC categories) into jobs by use class (the separate B use classes), and then jobs to floorspace (by applying employment densities) and floorspace to land (by applying plot ratios).

- 1.33 Understanding the employment needs for the B class sectors will help with the consideration of individual sites, ensuring sites are allocated for the most appropriate use, and meet the reasonable prospect test.
- 1.34 Finally, a further amendment has been made to the PPG more recently which expands the guidance as it relates to logistics and warehousing. Previously this was poorly covered in the guidance and, it is fair to note, has been a problematic area of evidence for all studies similar to this. The main difficulty is that the demand for new logistics space is poorly related to job forecasts or past take-up at the local level.
- 1.35 In general there is a relationship between the demand for floorspace, jobs and job forecasts. But for logistics the size of the units can be much bigger than 'normal' and the divergence in job densities much greater. There is a new generation of new automated warehouses in the UK, but also a new generation of highly labour intensive warehouses as well. So a strategic employment site, if taken up for logistics, could employ between (almost) no people at one end of the spectrum to thousands at the other. Past take-up is also very 'lumpy' – the unit sizes are so large a whole plan allocation can be taken-up by two or three single occupiers within a short period or time, or no take-up for many years. Logistics is also much more footloose than other forms of commercial development – with a much larger 'area of search'. Demand tends to follow supply more readily than other uses – and occupiers will compromise to secure the right unit even if it is in the 'wrong' district.
- 1.36 In summary the needs of logistics need to be considered more qualitatively than may otherwise be the case – informed by, but not held to job forecasts or a projection of past take-up. Practically – where a Council has a site or area known to be attractive to logistics then it should be considered favourably – even if in excess of 'need'. This is a point we come back to later when we discuss 'need' for new land and floorspace in Winchester District and its sub areas.

Regional & Local Strategies

Economic Strategy for the Winchester District - 2020

- 1.37 The emerging Winchester District Economic Development Strategy 2020 to 2025 underlying vision is that "Winchester is a vibrant carbon-neutral economy where the marriage of heritage and natural environment with leadership in digital and creative innovation, sustains and grows business opportunities, employment and wellbeing."
- 1.38 Five key aims and priorities are outlined:
- Low carbon economy and clean growth
 - Vibrant urban centres and supportive business environment
 - Nurture our creative talent and businesses
 - Extended visitor experience
 - Inclusive growth and wellbeing

- 1.39 The strategy outlines three key industry sectors: ‘high value professional services’, ‘creative digital and innovation’ and ‘the visitor economy’

Local Plan Part 1: Joint Core Strategy (LPP1) Adopted 2013

- 1.40 The Winchester District Local Plan Part 1 – Joint Core Strategy (hereafter the ‘Core Strategy’) is the key strategic document in the Winchester District Development Framework (LDF). In the context of the Local Plan Part 2, discussed in the next section, Local Plan Part 1 is referred to as ‘LPP1’.

- 1.41 One of the key spatial planning objectives of the Core Strategy related to the economy is: “Ensure that there are a range of sites and premises available for businesses and commercial enterprises to set up and expand to meet their full potential and adequate infrastructure is available, including the provision of communications technology.”

- 1.42 A number of planning policies and site allocations cascade from this objective, and these are outlined individually in the sections below.

Policy DS1: Development Strategy and Principles

- 1.43 Policy DS1 is a broad, overarching development strategy policy relating to sustainable development in the District. It introduces eight principles for the development of land for employment, among other land uses.

- 1.44 The policy establishes the following hierarchy of town centres:

- Sub-regional town centre – Winchester
- Town centre – Whiteley
- District centres – Bishops Waltham, New Alresford, Wickham
- Local centres – Denmead, Kings Worthy, and in Winchester Oliver’s Battery, Stockbridge Road/Andover Road, Weeke;

Policy WT1: Development Strategy for Winchester Town

- 1.45 Policy WT1 describes the spatial planning vision for Winchester Town, and specifies a number of opportunities for economic development and diversification. These opportunities are elaborated in the following sections.

- 1.46 The Policy aims to retain employment land and premises, as well as support new development or redevelopment in order to accommodate new or growing businesses, in order to grow Winchester’s economic base across a number of sectors. This is supported by Policy CP9.

- 1.47 The Policy aims to ensure that development which has the potential to attract high numbers of visitors, including large retail, commercial and office developments, is encouraged to be located in Winchester Town. Proposals of more than 1000 sq m would be required to demonstrate it does not result in harmful impacts on the town centre.

- 1.48 The policy also explicitly identifies Policy WT3 as an opportunity for economic development by exploring the employment opportunities presented by the site at Bushfield Camp.

Policy WT2: Strategic Housing Allocation – North Winchester

- 1.49 Policy WT2 is focussed on the provision of housing at the identified allocation in North Winchester, but also seeks to promote economic development through a new local centre “with a range of shopping facilities to meet locally-generated needs, small-scale employment uses, pre-school facilities, and primary education.”

- 1.50 This strategic site would support up to 2000 homes.

Policy WT3: Bushfield Camp Employment Site

- 1.51 Bushfield Camp, a former military camp, lies on the southern edge of Winchester Town, between the established areas of St. Cross and Badger Farm. This area comprises approximately 43 hectares of land to the south of Whiteshute Lane.
- 1.52 Policy WT3 promotes a comprehensive, and conservation-led approach to the planning of the site for employment uses, due to the potential for impacts on a number of sensitive designations and features, including: Winchester–Compton Street Local Gap, South Downs National Park, the River Itchen Special Area of Conservation, a Site of Importance for Nature Conservation Interest, and existing trees and archaeological remains.
- 1.53 The Policy identifies nine criteria which, inter alia, will need to be met in order for a development proposal to be considered favourably. Key criteria are summarised in the sections below.
- 1.54 Development on the allocated site should be limited to a total development area of 20 hectares of land, prioritising use of the area that was previously occupied by the military base. The remaining, undeveloped part of the site should be secured for recreational purposes for use by the public, allowing for strategic landscaping.
- 1.55 The allocation is seen as an opportunity to deliver necessary economic, or other, development which could not otherwise be accommodated within or around Winchester. Proposals need to demonstrate alignment with local strategic plans, and importantly, that it does not compete or detract from the town centre at Winchester.
- 1.56 Proposals would also need to demonstrate exemplary design of the site so as to result in an acceptable impact on the setting of Winchester, the wider area inclusive of the South Downs National Park, and ensure that all designations are appropriately addressed.
- 1.57 The site lies in close proximity to the strategic highway network and the urban fabric of Winchester. Policy WT3 aims to promote non-vehicular access to and within the site in order to ensure that the site integrates with surrounding areas and to minimise and mitigate its impact on the strategic highway network. Additionally, the policy encourages the use of the site’s proximity to the Winchester South Park and Ride site to access the site without reliance on the private car.

- 1.58 Development proposals would also need to demonstrate potential impacts on particular ecological receptors, and to this effect would need to provide a Sustainability Appraisal and Habitats Regulations Assessment, and would be required to meet the tests of the Habitats Regulations.
- 1.59 Additionally, development proposals would need to be accompanied by a green infrastructure strategy, and demonstration of the sustainable construction techniques and materials that would be adopted.

Policy SH1: Development Strategy for the South Hampshire Urban Areas

- 1.60 Policy SH1 is aligned with the Partnership for Urban South Hampshire (PUSH), now the partnership for South Hampshire (PfSH). PUSH is a grouping of local authorities in southern Hampshire which has been formed to develop a joint economic and spatial strategy for the South Hampshire sub-region which at the time comprised part of the South East Plan. The ‘South Hampshire Urban Areas’ are the parts of the Winchester district that fall in the PUSH area.
- 1.61 The South East Plan set requirements for the provision of commercial floorspace in the PUSH area. There are separate requirements for the South West and South East parts of the PUSH area, with Winchester falling within the South East sub-division. PUSH had agreed an Employment Floorspace Policy Framework (2009) which allocates floorspace targets at a District level.
- 1.62 Policy SH1 presents how the vision for the South Hampshire Urban Areas will be achieved. Alongside various new housing areas, the Policy promotes the provision of “commercial floorspace at Whiteley, Segensworth and West of Waterlooville (mostly already committed), which will contribute to achieving the economic strategy for the PUSH area and help to provide balanced new communities nearby”.
- 1.63 The supporting text states that this policy will mostly be implemented through policies SH2, SH3, and SH4, which represent two strategic housing allocations and a strategic development area.

[Note – following a review of the LEP boundaries Winchester now forms part of the M3 LEP area and not the Solent LEP. So this policy is likely to require revision for the next plan]

Policy SH2: Strategic Housing Allocation – West of Waterlooville

- 1.64 Policy SH2 allocates land to the West of Waterlooville for the development of about 3,000 dwellings together with supporting uses, including retail provision and employment land.
- 1.65 Specifically, the Policy requires that all retail development be located in the local centre that is subservient to the Waterlooville town centre.
- 1.66 The allocation also provides for 23 hectares of employment land that is intended to help expand and link the employment areas of the allocation site and Waterlooville, and provide for some mixed-use areas comprising housing and commercial development.

MTRA1: Development Strategy Market Towns and Rural Areas

- 1.67 The 'Market Towns and Rural Areas' (MTRA) spatial area includes the 50 or so smaller settlements within the District, which range from market towns of a few thousand population to small hamlets of a few dwellings originally serving the agricultural industry.
- 1.68 Policy MTRA1 provides the overarching development strategy for MTRA, and regarding employment land, promotes the "retention or redevelopment of existing employment land and premises, and development of new sites or buildings, to provide and improve local employment opportunities for both existing and new businesses and to support entrepreneurship".
- 1.69 The Policy also promotes the retention and improvement of rural shops, including extensions thereof that remain in keeping with local scale, and the role in the retail centre hierarchy of the area.

MTRA2: Market Towns and Larger Villages

- 1.70 Policy MTRA2 identifies housing numbers intended for delivery at a number of the District's market towns and larger villages.
- 1.71 Economic and commercial growth is supported by this policy, provided each settlement remains within the scope of its role in the retail hierarchy, subject to additional restrictions.
- 1.72 For example, proposals for new floorspace of more than 500 sq m would need to demonstrate that it would not pose harmful impacts on the centre. New development should be accommodated within existing settlement boundaries, with exceptions made in instances where they are demonstrated to be needed or desired according to community aspirations, using an assessment of the existing capacity in the area.

MTRA4: Development in the Countryside and MTRA 5: Major Commercial and Educational Establishments in the Countryside

- 1.73 Policy MTRA4 seeks to place restrictions on development in the District's countryside areas, being those outside existing identified built-up areas, and those identified in other MTRA policies.
- 1.74 Concerning commercial development, the Policy states the LPA will only grant planning permission for expansion or redevelopment of "existing buildings to facilitate the expansion on-site of established businesses or to meet an operational need, provided development is proportionate to the nature and scale of the site, its setting and countryside location".
- 1.75 Continuing on this theme, MTRA5 recognises the large number of commercial and training/educational establishments located in the countryside and the importance to the District that these continue to be able to grow and adapt. The Policy promotes the use of masterplans to ensure that sensitive rural locations are positively planned.

CP6: Local Services and Facilities

- 1.76 Policy CP6 adopts a broad definition of local services and facilities to include a number of categories generally considered to be social infrastructure, as well as local pubs.
- 1.77 Particularly this is with a view to retain and improve the facilities available across the District, and where a facility such as a local shop is to be lost, that proposals demonstrate it is no longer needed or its services have been relocated.

CP8: Economic Growth and Diversification

- 1.78 Policies CP8 and CP9 (below) set out the criteria by which applications which would result in increases or losses of employment land or premises should be determined. It assumes that existing employment floorspace will be generally retained and that vacant employment sites will accommodate the 'churn' of incoming business uses.
- 1.79 The Policy states its support for both the retention, regeneration and intensification of previously developed land, as well as the use of allocations to support employment growth at sustainable locations.
- 1.80 The Policy states support for the five key economic sectors identified in the Winchester Economic Strategy 2010-2020, and commits to ongoing retention of existing appropriate land and premises and, where appropriate, new development that will build upon the success of these sectors.
- 1.81 The Policy also commits to supporting measures to promote working from home and self-employment.

CP9: Retention of Employment Land and Premises

- 1.82 Policy CP9 aims to retain a mix of employment land in the District by resisting loss of existing or allocated employment land/floorspace, specifically that which falls within use classes B1, B2, and B8.
- 1.83 Loss within these use classes would only be allowed in exceptional circumstances, subject to a number of tests outlined in the Policy.

Winchester District Local Plan Part 2 – Development Management and Site Allocations (LPP2) Adopted 2017

- 1.84 The Winchester District Local Plan Part 2 – Development Management and Site Allocations (LPP2) was adopted by the Council on 5 April 2017. LPP2 allocates land to help deliver the development strategy for new housing, economic growth and diversification set out in LPP1 and development management policies.
- 1.85 LPP2 recognises that no specific employment target was identified for Winchester Town in LPP1, and notes the allocation made for up to 20 hectares of employment land at the Bushfield Camp site in Policy WT3.

WIN2 - Town Centre

- 1.86 Policy WIN2 promotes development which accords with the Development Plan overall and is consistent with four principles that maintain and enhance various attributes of Winchester as a town centre.
- 1.87 Particularly, principle (ii) supports development which would “contribute towards economic prosperity, and broaden the Town’s economic base, through retention / expansion of existing business and provision of space for new and start-up businesses”.
- 1.88 The Policy (principle (i)) also promotes development which would maintain Winchester’s place within the retail hierarchy of centres, and promotes its attractiveness as a shopping and tourist destination.

WIN5 – Station Approach Area – Development Principles

- 1.89 Policy WIN5 identifies land in the Winchester Station Area and promotes its development as an employment-led mixed-use development.
- 1.90 Proposals must accord with the Development Plan, and a number of additional principles relating primarily to design and treatment of the conservation area and heritage assets.
- 1.91 No specific targets for growth are established by the policy. Section 3.7.19 in the supporting text states that WIN5 (along with similar policies in this section) “does not seek to prescribe a set amount of floorspace for the different uses, but for the purposes of assessing urban design principles, transport issues and viability certain assumptions have been made in respect of what a scheme might deliver. It is expected that the area covered by Policy WIN5 has the capacity to deliver over 100 new dwellings, more than 16,000 sq m of new office space, and sufficient car parking to maintain public parking provision and serve the new development.”

WIN6 – The Carfax Mixed Use Site and WIN7 – The Cattlemarket Mixed Use Site

- 1.92 Policy WIN6 is allocated for mixed use development including offices (Use Class B1a), small scale retail or leisure/cultural uses, residential accommodation and car parking. Policy WIN7 allocates the Cattlemarket site for a mixed-use development comprising offices (B1a), other commercial uses, residential accommodation and car parking.
- 1.93 Both policies require development proposals to accord with the Development Plan generally, and a number of specific principles related to site-specific design and treatment of existing features.
- 1.94 As above, specific targets are not established by either policy, for reasons set out in section 3.7.19 of the supporting text.

WIN11 - Winnall

- 1.95 Policy WIN11 states the intention of the LPA to continue to apply Policy CP9 of LPP1 to the Winnall area, with the expectation that it will be retained as the main employment area in Winchester Town.

- 1.96 The Policy sets out an approach for each of the four sub areas of Winnall, summarised accordingly:
- Sub Area 1: Promotes a presumption in favour of retaining B use classes to ensure this area continues as a more ‘traditional’ employment centre
 - Sub Area 2: Promoted as open to more flexibility, generally, and potentially outside B1, B2 and B8 uses typical to the area, subject to criteria.
 - Sub Area 3: Promotes subdivision of units to encourage uptake by start-ups and SMEs. Non-B use classes will only be allowed where they support the retention of other B use class units.
 - Sub Area 4: States that applications will be assessed against CP9 in the context of adjoining land uses.

BW5 – Tollgate Sawmill Employment Allocation

- 1.97 Land at Tollgate Sawmill is allocated at least 2.2 hectares of employment use, a limited amount of market housing (up to 10 dwellings), and the restoration of Tollgate House. Land uses would comprise B1(b) (research & development), B1(c) (light industrial) and B8 (storage and distribution), with limited B2 (general industrial).
- 1.98 The policy encourages the submission of a masterplan and phasing plan in preparation of a planning application to ensure the entire allocation is planned positively and sensitively according to the mix of B and C use classes.
- 1.99 The Policy also makes provision for access and infrastructure arrangements, and environmental features.

Policy NA3 – Sun Lane Mixed Use Allocation

- 1.100 Policy NA3 allocated land at Sun Lane for a mixed use development comprising about 10 hectares of land (325 dwellings) to the north of the site, 5 hectares of employment use made up of B1, B2 and/or B8 to the south of the site, and land for open/recreation space and a burial ground.
- 1.101 Planning applications would need to be submitted alongside a masterplan establishing principles for the development of the site, as well as a phasing plan.
- 1.102 The Policy also makes provision for access and infrastructure arrangements, and environmental features.

Policy WC1 – Morgan’s Yard Mixed Use Allocation

- 1.103 Land at Morgan’s Yard is allocated for the development of about 100 dwellings, extension of the adjoining primary school, and employment generating uses to replace existing jobs lost on the site.
- 1.104 Section 4.7.9 of the supporting text states: “No new employment sites are needed but existing provision should be retained (although there will be a net loss of employment floorspace at Morgans Yard) and additional employment development is encouraged in suitable locations within the built-up area.”

- 1.105 As in LPP1, the plan makes provision for sites under PUSH and the former South East Plan (revoked in 2013). The following three policies are Employment-related allocations in the South Hampshire Urban Areas, a policy area where the District and the area governed by PUSH overlap.

SHUA2 – Solent 1 Employment Allocation

- 1.106 Land at Solent 1, Whiteley, is allocated for business park development in use class B1, intended for ‘high technology’ and business uses.
- 1.107 Approximately 30% of the land within the site should be allocated for parkland.

SHUA2 – Solent 2 Employment Allocation

- 1.108 Land at Solent 2, Whiteley, is allocated for employment development, providing for a range of employment uses within Use Classes B1 (Business), B2 (General Industry) or B8 (Storage and Distribution).
- 1.109 Alternatively, the allocated site should provide significant employment opportunities which could not readily be provided elsewhere, especially within the established town centres.
- 1.110 The site would require appropriate landscaping to ensure appropriate treatment of the adjoining Site of Importance for Nature Conservation.

SHUA4 – Little Park Farm Employment Allocation

- 1.111 Land at Little Park Farm, Whiteley, is allocated for employment development provided that it falls within Use Classes B1 (Business), B2 (General Industry) or B8 (Storage and Distribution), and it is developed comprehensively with land to the west in Fareham Borough, including the provision of suitable access.

Summary - Regional and Local Strategies

- 1.112 The Economic Strategy for Winchester District informs some of the high-level, strategic thinking on economic development in the District. This is not part of the development plan but forms some useful context to economic need, especially in the years following the most recent global recession.
- 1.113 The development plan, comprising LPP1, Denmead Neighbourhood Plan, Gypsy and Traveller DPD, Hampshire and Waste Local Plan, and LPP2, make provision for employment land in the form of specific allocations containing B uses, and policies which seek to retain existing employment land.
- 1.114 Policy WT1 is partially dedicated to preserving employment land in Winchester Town Centre, and is supported by WIN1 in LPP2. Policy CP9 aims to retain existing employment land in the wider Winchester District, particularly B1, B2 and B8 uses.
- 1.115 Many of the allocations in the development plan are not specific as to the exact quantum of land expected to be delivered as employment land. However, it is evident that a small number of allocations are intended to accommodate the bulk of forthcoming employment development.

- 1.116 WT3 in LPP1 is particularly substantial as it allocates up to 20ha of land (out of 43ha) for employment uses at the former Bushfield Camp site.
- 1.117 The majority of allocations are contained in LPP2. For employment-led allocations, this includes additional areas in the Solent 1 and Solent 2 business parks (SHUA2 and SHUA3), both part of the Partnership for South Hampshire area. Additionally, the Tollgate Sawmill allocation (BW5) seeks to allocate at least 2.2ha across B1(b), B1(c), B8 and B2.
- 1.118 Many of the employment uses in LPP2 however are wrapped up in allocations for mixed use development, such as the allocations for Station Approach Area (WIN5), the Carfax site (WIN6) and Cattlemarket site (WIN7), among others. Again, allocations that contain guidance as to a specific area dedicated to employment uses are the exception, such as the Sun Lane Mixed Use Allocation (NA3), which identifies 5ha for employment uses spread across B1, B2 and/or B8.

2 THE ECONOMIC GEOGRAPHY OF WINCHESTER WORKPLACE ECONOMY

Introduction

- 2.1 Winchester District extends to over 250 square miles and is one of the larger, by land area, local authority districts in England. It is also a very diverse district – a large part falling within the National Park, part within ‘Urban South Hampshire’ (the ‘PFSH’ Area¹), a large rural area and also Winchester City. It is important that this report and the analysis that follows reflects this geography. Otherwise we may, for example, mistakenly assume that the market drivers for employment land and floorspace is equal across the district. This could result in allocations being made in parts of the district, to meet a source of demand that arises only in another part of Winchester.
- 2.2 In this section we first look at the Council area as a whole before moving to look at the four policy areas.
- 2.3 This section looks at the workplace economy and relates to jobs, firms and economic activity undertaken within each of the areas. Later we look at the resident economy. As we explain later the two are not the same – commuters move between policy areas and between districts.

Winchester District workplace economy

- 2.4 We start by looking at the economic structure of the district today followed by how this has changed in the last 10 years. In this report we use 2009 as the key date for this analysis because this aligns with the Council’s previous evidence base – the “Review of Employment Prospects, Employment Land and Demographic Projections” (2011). Although we use 2009 for comparison we don’t rely on data from previous work. Instead we use the latest data from the ONS and Experian. This partly because data is often revised but also previous evidence is not always clear as to whether it is reporting employment or jobs.

Job growth 2009 – 2017

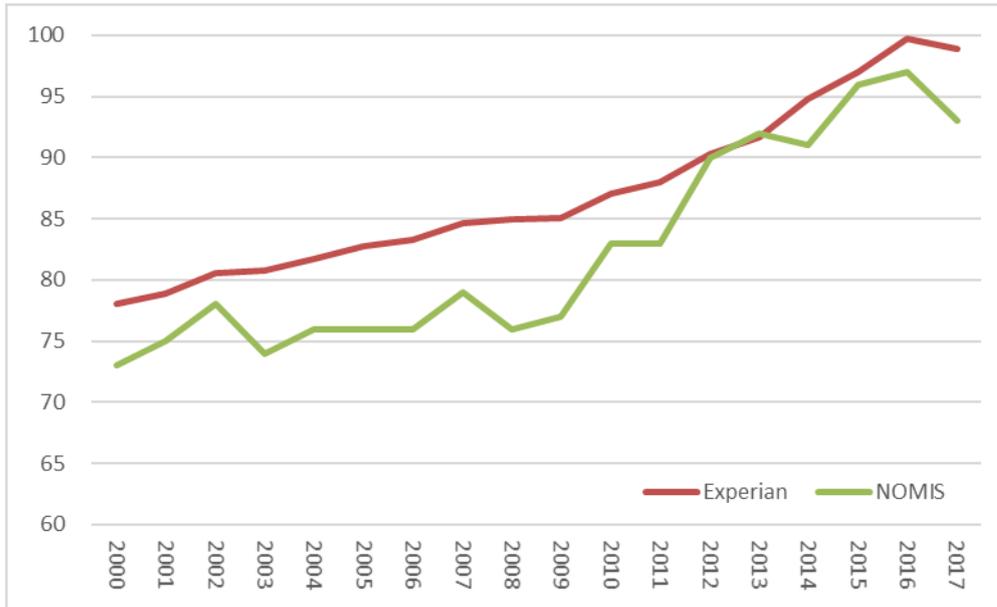
- 2.5 As noted above here we look afresh at data from the BRES / NOMIS and also Experian. We end our analysis at 2017 because this is, at the time of writing, the most recent official labour market data.
- 2.6 The chart below shows both sources (BRES / Experian); while showing the same broad pattern and trend the two sources do not perfectly agree. Experian discuss this issue as part of their frequent ‘data guide’ but in summary part of any difference is related to Experian ‘smoothing’ the official data between vintages. They do this because BRES is based on a small sample of firms in any local district and is known to be ‘volatile’ between data releases. Experian also adjust their data for self-

¹ Partnership for South Hampshire. <https://www.push.gov.uk/>

employment and some other forms of employment (including armed forces and government training schemes).

- 2.7 However, while each source is not in perfect alignment – in terms of jobs delivered between 2009 and 2017 they do both agree. NOMIS reports 16,000 job growth and Experian 14,000. The difference between NOMIS and Experian is not significant. Both sources firmly exceed the 7,580 projected growth (jobs or employment?) the 2011 report suggested over a much longer (2009-25) period.

Figure 2.1 Job change in Winchester District



Source: Experian or NOMIS

Job growth - benchmarked

- 2.8 The data above suggests that Winchester has gained around 15,000 jobs since 2009. This is far more than expected in the Council’s older evidence. Here we look to see whether this is typical of this area.
- 2.9 The table below, from Experian benchmarks Winchester with other local councils. The analysis shows that on both measures the District has, and between 2017 and 2019, grown much faster than other local Councils.
- 2.10 What is noticeable is that while Winchester has grown the urban districts to the South of Winchester have grown much slower.

Table 2.1 Job growth 2009-19

% Growth '09-'19	Total Jobs	FTE Jobs
Basingstoke & Deane	4%	3%
East Hampshire	3%	9%
Eastleigh	12%	20%
Fareham	9%	9%
Gosport	1%	2%
Hart	11%	9%
Havant	15%	18%
New Forest	8%	14%
Portsmouth	6%	6%
Rushmoor	7%	10%
South East	11%	15%
Southampton	4%	3%
Test Valley	15%	24%
Hampshire	8%	11%
United Kingdom	12%	14%
Winchester	18%	23%

Source: Experian

- 2.11 The tables below show this in more detail by looking at how the sectors have grown across the County. The table is indexed to 2009 and a number larger than 100 shows growth; smaller numbers show decline.
- 2.12 Here the decline of public sector employment is clear to see but, in Winchester this public sector decline has been more than offset by other sectors – including a number where the Council has ‘bucked’ the trend (for example Finance and manufacturing which were declining in most districts but growing here).

Figure 2.2 Indexed job growth 2009-19

Index - '09 - '19	Accommodation, Food Services & Recreation	Agriculture, Forestry & Fishing	Construction	Finance & Insurance	Information & communication	Manufacturing	Professional & Other Private Services	Administrative & Supportive Services	Other Private Services	Professional Services
	Basinstoke & Deane	127%	77%	119%	75%	107%	79%	96%	105%	64%
East Hampshire	128%	73%	128%	136%	137%	96%	80%	54%	86%	115%
Eastleigh	129%	N/A	91%	119%	184%	95%	124%	93%	100%	157%
Fareham	123%	N/A	96%	100%	173%	86%	103%	100%	100%	105%
Gosport	127%	N/A	125%		233%	103%	124%	131%	100%	129%
Hart	153%	67%	105%	86%	76%	112%	126%	128%	133%	123%
Havant	122%	N/A	114%	100%	135%	85%	144%	156%	100%	140%
New Forest	133%	50%	109%	108%	138%	94%	108%	136%	105%	110%
Portsmouth	121%	N/A	114%	65%	128%	103%	118%	126%	96%	112%
Rushmoor	122%	N/A	100%	95%	135%	103%	122%	152%	109%	103%
South East	126%	71%	114%	94%	127%	95%	115%	122%	101%	114%
Southampton	127%	N/A	81%	71%	138%	65%	102%	106%	107%	91%
Test Valley	126%	62%	113%	109%	138%	97%	130%	129%	106%	143%
Hampshire	128%	68%	108%	95%	129%	94%	111%	116%	93%	113%
United Kingdom	125%	92%	109%	96%	132%	102%	123%	125%	107%	128%
Winchester	132%	79%	125%	142%	161%	126%	110%	158%	89%	89%

Index - '09 - '19	Public Services	Public Administration & Defence	Education	Health	Residential Care & Social Work	Transport & storage	Land Transport, Storage & Post	Wholesale & Retail	Wholesale	Retail
	Basinstoke & Deane	120%	109%	109%	129%	135%	126%	126%	98%	99%
East Hampshire	114%	121%	108%	111%	116%	121%	121%	96%	100%	94%
Eastleigh	118%	129%	113%	119%	115%	141%	141%	88%	93%	84%
Fareham	120%	117%	106%	145%	131%	127%	124%	92%	103%	87%
Gosport	79%	26%	108%	94%	133%	138%	125%	80%	77%	81%
Hart	105%	60%	103%	108%	146%	125%	129%	98%	108%	93%
Havant	122%	120%	128%	95%	131%	163%	163%	94%	111%	89%
New Forest	105%	81%	104%	98%	124%	133%	130%	96%	100%	93%
Portsmouth	98%	80%	120%	96%	100%	112%	115%	91%	89%	92%
Rushmoor	97%	40%	100%	163%	153%	100%	88%	81%	78%	83%
South East	111%	83%	115%	121%	120%	126%	130%	97%	104%	93%
Southampton	112%	81%	105%	133%	110%	128%	123%	88%	88%	88%
Test Valley	117%	109%	113%	128%	132%	145%	145%	99%	94%	104%
Hampshire	108%	79%	112%	118%	121%	131%	130%	94%	96%	93%
United Kingdom	108%	85%	109%	115%	119%	118%	119%	102%	109%	98%
Winchester	103%	43%	127%	137%	111%	171%	171%	125%	119%	128%

Source: Experian

District summary

- 2.13 For the District as whole, Winchester has seen some exceptional growth – outpacing most comparators. Winchester has also seen growth in sectors which have elsewhere declined.
- 2.14 The number of jobs in Winchester is now around 15,000 more than in 2009 and the growth already seen since 2009 already exceeds that expected in the current Local Plan and the evidence base to 2031. Part of this may be related to data issues in the 2011 study but even so this would not appear to explain how, or why, Winchester has outperformed benchmark Councils.
- 2.15 To understand more about the District’s growth we next look at the four policy areas.

The four sub-areas

- 2.16 In previous evidence the Council has considered the district in three or four sub-areas.
- 2.17 This geography is often split between the City, South Winchester / South Hampshire (PfSH) and the 'rural' areas – sometimes further split by the rural National Park and non-National Park Area.
- 2.18 This geography meets both a 'common sense' check but also mirrors our assessment of how the property market works here.
- 2.19 We note that the Plan uses the term 'Winchester Town' for the urban area of Winchester. Winchester is also slightly confusingly a City and a County Town. In this report we use the term Winchester Town as the policy area relating to the settlement of Winchester (as per the plan) but market commentary may refer to the City which better reflects every-day parlance as we picked up from consultation with stakeholders.
- 2.20 There is also some disagreement in the Council's evidence as regards the South Hampshire area. The Council's Economic Development team, who prepared the comprehensive sub area commuting data we discuss later, uses a wider definition of South Hampshire than the planners. The Economic Development team's definition reflects the wider PfSH area which includes the 'rural' area outside the South Hampshire Urban Area 'growth locations' (local plan allocations). But the Local Plan uses the term 'South Hampshire Urban Areas', which is more tightly defined and includes only the 'growth locations' as part of this policy area.
- 2.21 For the adopted plan there are sound reasons to limit the southern policy areas to only those new allocations in the south of the district. For development management purposes the villages in South Hampshire will be treated along the same lines as 'rural' communities elsewhere in the district. But here we are working to understand how the economy in the south of the district works and whether it functions in a different way to the rest of the district and so taking the wider geography is more sensible.

The Inter Departmental Business Register (IDBR)

- 2.22 To better understand how the economies work across the district we need to understand how many firms are in each area, what they do and where their workers come from.
- 2.23 To do this the Census is the 'gold standard' of data, released at small area geographies and generally reliable. It is now approaching nine years old however it remains the best source of detailed commuting data and for any view of the population and its profile.
- 2.24 For economic data, including job counts and sectors, the ONS releases more recent data at the sub district level. But this is often 'supressed' because the data becomes 'disclosive'. This means that were the data not 'supressed', commonly with an

asterisk in the place of data or very large rounding, individual firms could be identified – falling foul of data protection rules.

- 2.25 As an alternative we have been able to secure the IDBR for the district. The IDBR (Inter Departmental Business Register) provides the main sampling frame for surveys of businesses carried out by the Office for National Statistics (ONS) and other government departments.
- 2.26 The IDBR covers 2.6 million businesses in all sectors of the UK economy, other than very small businesses (those without employees and with turnover below the tax threshold) and some non-profit making organisations. The two main sources of input are the Value Added Tax (VAT) system from HMRC (Customs) and Pay As You Earn (PAYE) from HMRC (Revenue). Additional input comes from Companies House, Dun and Bradstreet and ONS business surveys.
- 2.27 The IDBR is useful for this work because it provides details of every firm's activity (Standard Industrial Classification), its employment count and address. So we can use GIS to plot these firms to the districts geography and provide a robust view of how the economy differs across the area.
- 2.28 The data is classed 'official sensitive' and is broadly bound by the same rules that mean the ONS 'supresses' other published data. But here, because we can combine individual records into the four policy areas this aggregation means that that the data is no longer disclosive.
- 2.29 The major downside to the IDBR is that no time series data is available. For time series data we still need to rely on other sources.

The economic structure of the four areas

- 2.30 Using the IDBR we can show how each of the four areas differ from one another and also how much of the Districts economy is found in each area.
- 2.31 Winchester District currently accommodates around 95,000 jobs. From the IDBR we can see that the national park area accommodates only 5% of the district's jobs – a not surprising finding given that planning policy would generally direct any major economic development to areas outside the park.
- 2.32 Outside the national park area the economy is split between the remaining three areas – South Hampshire is larger (46%) followed by Winchester Town (32%) and then the Market Towns and Rural areas (17%).

Table 2.2 Proportion of sector jobs in Winchester District by policy area

SIC SECTIONS	Winchester	South	Market Towns	Nat Park
	Town	Hampshire	& Rural (North)	
Accommodation and food service activities	39%	27%	25%	9%
Administrative and support service activities	23%	53%	16%	8%
Agriculture, forestry and fishing	1%	26%	39%	35%
Arts, entertainment and recreation	33%	15%	23%	29%
Construction	15%	51%	28%	6%
Education	60%	9%	21%	10%
Electricity, gas, steam and air conditioning supply	100%	0%	0%	0%
Financial and insurance activities	16%	81%	1%	2%
Human health and social work activities	68%	13%	16%	3%
Information and communication	11%	21%	67%	1%
Manufacturing	10%	66%	15%	8%
Mining and quarrying	0%	0%	100%	0%
Other service activities	47%	11%	33%	9%
Professional, scientific and technical activities	31%	48%	15%	6%
Public admin, defence; compulsory social security	79%	3%	13%	1%
Real estate activities	52%	15%	17%	16%
Transportation and storage	20%	73%	5%	2%
Water supply; sewerage, waste mannt & remediation	1%	31%	67%	2%
Wholesale & retail trade; repair of mvehicles & mcycles	14%	78%	7%	2%
Grand Total	32%	46%	17%	5%

Source: IDBR (obtained summer 2019)

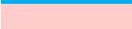
- 2.33 Looking across the sectors the chart below shows how each broad sector clusters (or not) between the policy areas.
- 2.34 A value around 1.0 would suggest that there is no 'clustering' of activity – the share of a sector in a policy area is proportionate to the share of all jobs in that area. A value exceeding 1 suggests positive clustering, i.e. more jobs in that area that would be expected if all jobs were distributed equally, whereas a value less than one indicates the opposite.
- 2.35 So, taking a simple example, agricultural jobs are over-represented in the Park and rural areas and under-represented in South Hampshire and Winchester Town policy areas.
- 2.36 In general the data shows almost no 'B class' (office/industrial) economy in the park. Instead the economy is biased towards agriculture and the tourist economy. There is a small clustering of real estate firms (including estate agents) but the count of employment is very small and on examination is simply the product of a couple of firms who manage country estates or are involved in property development. There also appears to be a slight education cluster which is likely to be related to a small number of independent schools within the national park area.
- 2.37 The market towns (rural area) shows a similar picture to the Park. Care is needed with the information on the mining and water supply sectors because these are very small sectors and in most cases we would expect them not be spread equally around the district but be reported around the large water treatment works or quarry. The

apparent clustering of construction jobs is related to a small number of medium sized firms who have offices outside of Winchester City and in the rural areas. From our own experience we know, for example, that Taylor Wimpey’s regional office is located in Colden Common.

- 2.38 An anomaly from the data, is that South Hampshire, the largest of the four areas, is grossly under-represented in many sectors and over-represented in a few.
- 2.39 We think this is because South Hampshire as a Winchester policy area is only part of the wider functional economy of the south Hampshire urban area (i.e. part of a larger Fareham, Portsmouth, Southampton urban market area). This is as opposed to Winchester Town (or City) which is a ‘fully functioning economy’ albeit the County Town with a larger public sector.
- 2.40 The Winchester Town economy provides health, education and public services for the town and the rural area around it – generally all the activities and services a Winchester Town resident may want. South Hampshire is lacking in a number of key, everyday sectors with almost no education or health economy

Table 2.3 Policy areas strengths and weaknesses (location quotients)

SIC SECTIONS	Winchester Town	South Hampshire	Market Towns & Rural (North)	Nat Park
Accommodation and food service activities	1.22	0.58	1.46	1.77
Administrative and support service activities	0.71	1.16	0.96	1.50
Agriculture, forestry and fishing	0.03	0.56	2.29	6.57
Arts, entertainment and recreation	1.04	0.32	1.38	5.47
Construction	0.48	1.12	1.62	1.14
Education	1.91	0.20	1.21	1.80
Electricity, gas, steam and air conditioning supply	3.15	-	-	-
Financial and insurance activities	0.50	1.78	0.06	0.31
Human health and social work activities	2.14	0.28	0.92	0.63
Information and communication	0.35	0.45	3.93	0.20
Manufacturing	0.32	1.45	0.88	1.61
Mining and quarrying	-	-	5.89	-
Other service activities	1.48	0.25	1.93	1.68
Professional, scientific and technical activities	0.96	1.04	0.91	1.14
Public admin, defence; compulsory social security	2.50	0.07	0.77	0.15
Real estate activities	1.64	0.33	0.98	3.05
Transportation and storage	0.63	1.59	0.30	0.40
Water supply; sewerage, waste mannt & remediation	0.02	0.67	3.92	0.41
Wholesale & retail trade; repair of mvehicles & mcycles	0.44	1.69	0.39	0.33

Key:		<0.75
		>1.25

Source: IDBR

Location quotients – 1.0 equals average for the District.

- 2.41 The table below shows which parts of the district, at MSOA level have experienced job growth or decline. Care is needed with this data for a number of reasons. Firstly, to provide a time series we have used Census and more recent BRES data – the two are not directly comparable data sources. Secondly the BRES data is ‘supressed’ by the ONS – who use very large rounding to hide firms’ records. For these reasons we only comment on the ‘big’ issues / trends as opposed to smaller changes; smaller changes +/- 500 or so could be the product of the data rounding and not represent any trends.
- 2.42 While care is needed it is clear that almost all the job growth in the recent past has occurred in only two MSOA areas (MSOA map at Appendix A). The first is ‘Winchester 13’ – this single area accounts for almost all the job growth in the district. Winchester 13 is in the South of the district, in the South Hampshire area and covers the area in and around Solent Business Park.
- 2.43 The second area of growth is ‘Winchester 7’ – the output area covering central Winchester. But growth here is much more modest and we note, with care, that this may be offset by declines in the other urban Winchester area. (areas 005, 006 and 008).

Table 2.4 Jobs at Middle Layer Super Output Areas (MSOAs)

2011 super output area - middle layer	2011	2017	Growth
	Census Data	BRES	<i>(care needed - different sources)</i>
E02004829 : Winchester 001	1,905	2,500	31%
E02004830 : Winchester 002	2,860	2,500	-13%
E02004831 : Winchester 003	4,004	4,500	12%
E02004832 : Winchester 004	5,465	3,000	-45%
E02004833 : Winchester 005	4,698	3,000	-36%
E02004834 : Winchester 006	5,655	6,000	6%
E02004835 : Winchester 007	16,616	20,000	20%
E02004836 : Winchester 008	1,558	1,500	-4%
E02004837 : Winchester 009	4,629	4,500	-3%
E02004838 : Winchester 010	4,354	5,000	15%
E02004839 : Winchester 011	3,078	2,500	-19%
E02004840 : Winchester 012	2,909	2,500	-14%
E02004841 : Winchester 013	13,513	23,000	70%
E02004842 : Winchester 014	4,322	2,500	-42%
	75,566	83,000	10%

Source: ONS 2011 Census and BRES 2017

- 2.44 For this work this analysis puts the growth of Winchester district in a slightly different context. The data suggests that it is not Winchester City (Winchester Town policy area) related growth, or Winchester rural growth, that has allowed the district to out-perform others, but the growth of a small part of the District; on the southern boundary (Whiteley).

- 2.45 For our work this is an important finding. The growth of the district in the past has been the product of land being made available in the right part of the district to attract this growth. i.e. the availability of high quality, motorway accessible sites in the core of the 'South Hampshire Urban Areas'.
- 2.46 The data would also suggest that this 'super growth' in MSOA 13 may have been at the expense of the wider South Hampshire urban area (displacement). When looking at the district as a whole we noted that the urban districts (Portsmouth & Southampton) have performed poorly – this could be 'offset' by this growth in Winchester District.
- 2.47 An added element of evidence, to support the 'displacement' of activity in the South of the County is that we know that a number of the major employers in this part of Winchester district have relocated from the Cities. Most obviously HSBC who relocated at least 1,000 jobs from Southampton to Solent Business Park in around 2015 and Coopervision who consolidated a number of sites in the area into the South Winchester area.
- 2.48 We also know, from the IDBR, that 3/4rs of all jobs in the South Hampshire part of Winchester district are located on the local plan allocation sites in this area.
- 2.49 The location of a few large firms in this area is also likely to drive the potential clustering of activity in this area and the district more widely. It is likely, for example, that the strength of Finance, which has grown in Winchester district, is a product of a few large moves into the southern part of the district. The move of HSBC alone is likely to have contributed to this. Manufacturing and distribution growth could be the product of firms including Coopervision moving.
- 2.50 Finally, an added complication is that the southern policy area is known to accommodate one of the UKs major labour recruitment specialists (Matchtec). This type of firm can cause anomalies with official statistics because agency workers are normally attributed to the office of the recruitment firm as opposed to their actual place of everyday work. Further, they are classified in the SIC as 'administrative support' or similar. This could be partly responsible for the strong growth in this sector here.

Summary

- 2.51 Winchester as a district has outperformed its neighbours, delivering much stronger job growth than elsewhere and much stronger than the Local Plan evidence expected.
- 2.52 Examination of the four sub areas suggests that this district story is possibly distorted by the availability of land in the south of district, which has been developed in recent years, and has attracted / displaced firms from other administrative districts in the area.
- 2.53 Part of the reason the Council's previous evidence, and in turn the local plan, 'under baked' job growth projections here may have been that insufficient allowance was factored in for this displacement. This growth is not in reality attributed to Winchester

district but other districts in the area: growth that has been attracted to the administrative district of Winchester by the availability of land – at the possible expense of neighbours.

- 2.54 This is not a ‘bad’ or negative finding. In previous plan rounds Winchester made the right decision to make available commercially successful sites. These sites, and the firms on them, make an important contribution to the sub regional economy. It is entirely right that the Council should make allocations that reflect market geography as opposed to being bound by administrative areas.
- 2.55 But looking forwards care is needed because this ‘super growth’ cannot be replicated unless the right market conditions and land supply within Winchester district are repeated. There is evidence that this may not be possible – partly because there is limited opportunity to replicate the land supply. The availability of motorway accessible sites of this scale is limited, and the next generation of sites may be in a neighbouring council area. But also the office market may be moving away from out of town business parks and back into towns and cities. So, in the future the next round of relocations in and around South Hampshire may look much more favourably on urban sites than in the past.
- 2.56 For these reasons it may not be realistic or practical for Winchester to simply project forward the rapid growth seen in the past.

3 THE RESIDENT ECONOMY

Introduction

- 3.1 Above we have looked at the workplace economy. We found exceptionally high job growth in the district but noted this is largely related to the availability of land, and the right market conditions, in the south.
- 3.2 Here we turn to look at the resident economy, how this has fared in recent years and whether there is evidence of structural weaknesses that need addressing via the economic policies of the development plan looking forwards.
- 3.3 In this section we look at the key measurables including wages, earnings and labour supply / commuting.

Wages earnings and skills

- 3.4 We first look at wages and earnings in the local economy. Wages are strictly a feature of the workplace economy – they represent the wages firms pay to labour (people) in the district regardless of where they live. Earnings relate to the ‘pay’ the Winchester residents take home – regardless of where the resident works. In many areas they are the same – because residents tend to work in their local area. But, as we detail below, this may not be the case here.
- 3.5 Nationally, average wages and earnings are almost equal – around £570 per week. Regionally, in the South East, earnings are slightly higher than wages - £615 vs £590. The balance is normally attributed to London and commuting into high paid jobs in the City and London Boroughs.
- 3.6 In Winchester the difference between the two measures is much larger. The average Winchester resident earns around £725 per week; so £100 per week more than the South East average. But the average wage is only £616 – so close to the regional average. The difference can only be explained by cross boundary commuting. But interestingly average workplace wages in neighbouring districts are similar to the national average – Southampton, Portsmouth and Fareham wages are all around £570. Eastleigh is lower at £545.
- 3.7 So this means that Winchester residents are adept at working in high value (wage) jobs in the wider market, jobs that pay considerably more than the average in those areas and bring these high wages back into Winchester district.
- 3.8 This would align with the higher skills base in Winchester where over 50% of residents are educated to a degree level equivalent (NVQ 4) – much higher than the UK, Hampshire and South Hampshire.

Figure 3.1 Qualifications

	% with NVQ4+	% with NVQ3+	% with NVQ2+	% with NVQ1+	% with other qual. (NVQ)	% with no qual. (NVQ)
Winchester	50.5	73.2	88.4	97.8	-	-
East Hampshire (c)	43.8	62.1	78.6	85.8	6.5	7.6
Test Valley (c)	44.6	65.5	79.2	93.4	2.7	3.9
Stratford-on-Avon (c)	45.4	68.8	86.7	93.7	2.3	4.1
Guildford (a)	45.2	58.4	73.0	84.2	9.8	6.1
Chichester (a)	39.3	62.1	78.7	87.7	4.9	7.3
UK	38.0	56.7	74.2	85.1	6.6	8.3

Source: NOMIS

- 3.9 In summary, at the district level, the money spent in Winchester is a product of highly skilled local residents commuting out and bringing higher than average Winchester wages back into the district.

Where do residents work?

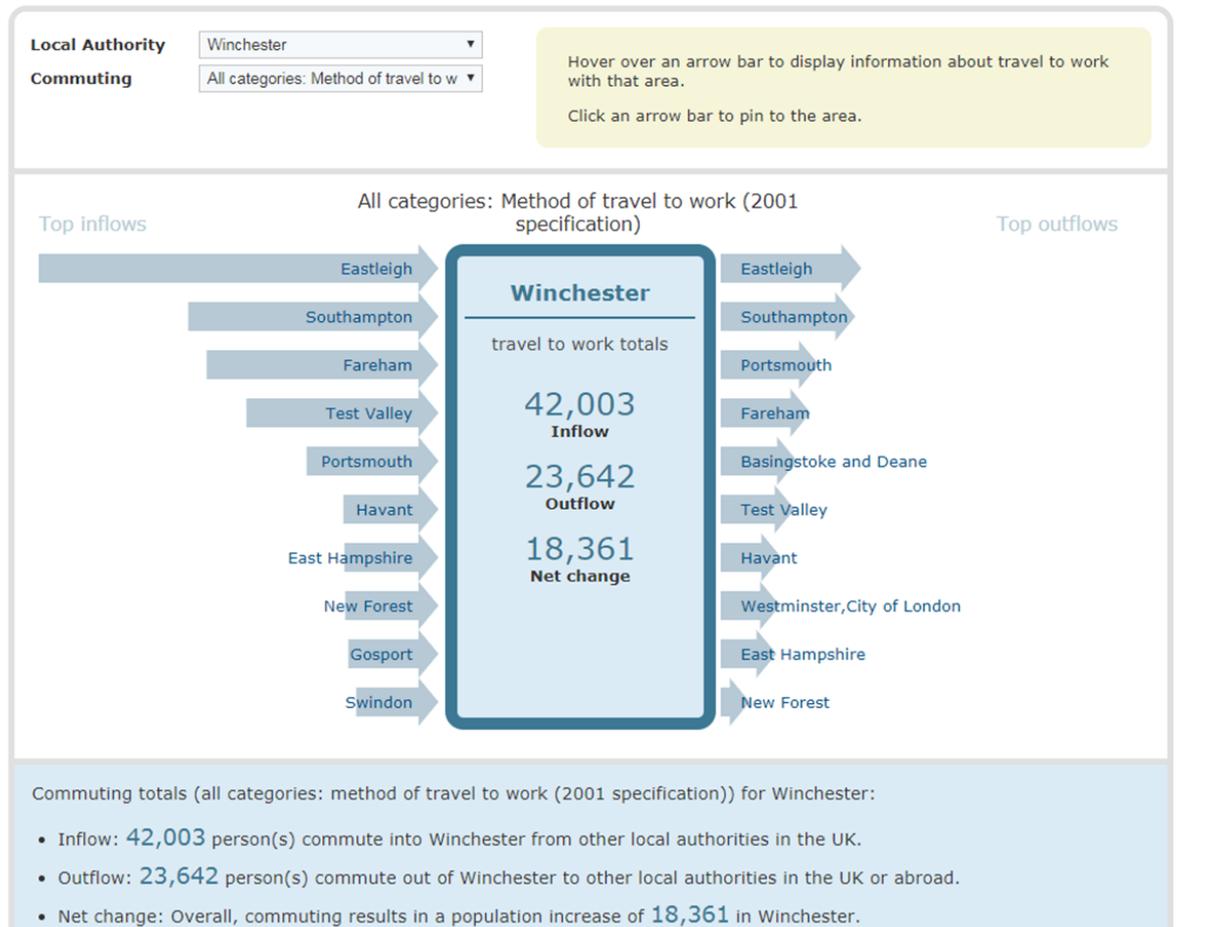
- 3.10 Commuting is clearly an important driver of the district economy and results in the disparity between wages and earnings. Here we look at where Winchester residents work and in turn where those who work in Winchester live.
- 3.11 The most accurate data for this is the Census – but as noted elsewhere this is ageing and in the case of Winchester, predates the rapid job growth we have been in the last few years. So we also look at more recent data to help inform our analysis.

Census Commuting Flows

- 3.12 The table below is a standard table produced by the ONS. It shows the top inflows and outflows of workers for Winchester district.
- 3.13 What is noticeable is that inflows grossly exceed outflows. At the Census year (2011) over 18,000 more people commuted into Winchester district than out. In essence, a large part of the workplace economy in 2011 was ‘fuelled’ by non-Winchester residents. At 2011 there was around 75,000 jobs – so roughly 50% were taken by commuters.
- 3.14 Meanwhile around 24,000 residents commuted out – mainly to immediate neighbours. There is some London commuting but this is modest and while this will contribute to the higher resident earnings in the district is unlikely to account for all of this.

Figure 3.2 Commuting flows

Location of usual residence and place of work by method of travel to work



Source: NOMIS

3.15 As noted above the most likely reason resident earnings are above average is because those outward commuters travel to neighbouring Council areas for higher than average wages. This would reflect the fact that Winchester’s residents are highly skilled. Over 50% of Winchester residents have a degree (NVQ 4+) compared to only 38% in the UK.

ONS workplace density data

3.16 The Census is now ageing and no detailed data on commuting flows are available. But the ONS provides a simple measure of the commuting balance whereby the number of jobs in an area is divided by the 16-64 workforce to derive a simple density / ratio.

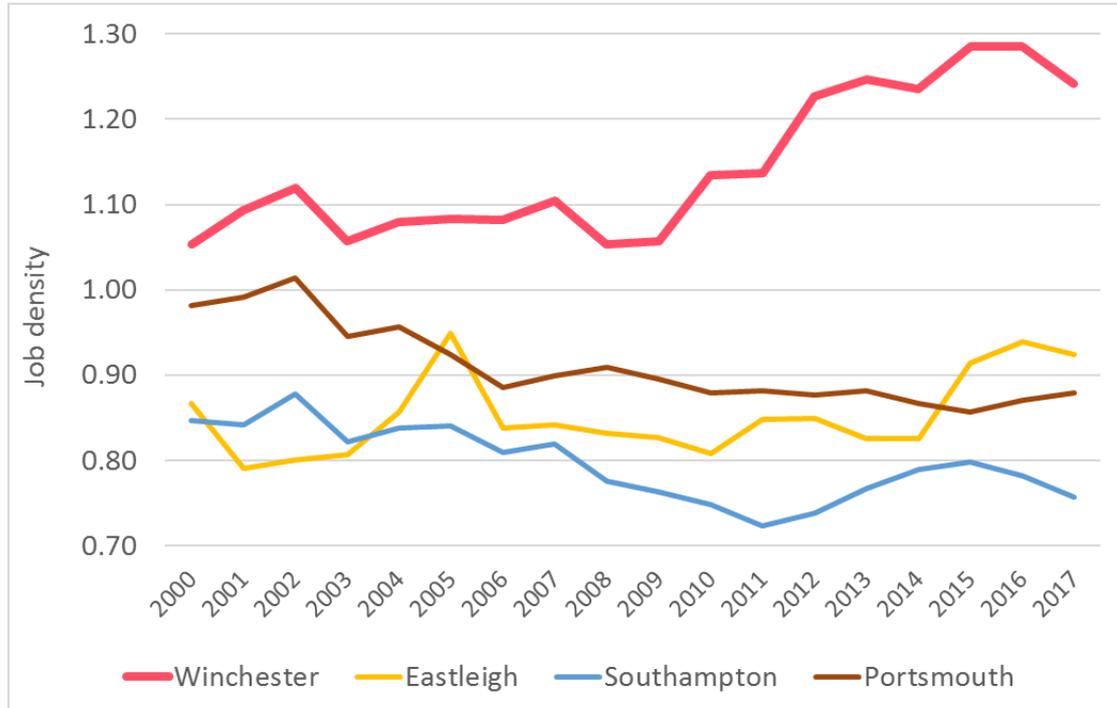
3.17 This is published as an official statistic, but we must acknowledge that it is only a crude measure. In this case the use of the 16-64 population may not reflect the older age profile of Winchester’s residents and so workforce.

3.18 This caveat aside, there is a suggestion in the data that many of the new jobs delivered here have relied on increased inward commuting. The Council’s job density in 2011 was 1.12 jobs per working age resident. This increased to nearly 1.3 in 2016,

falling back slightly in 2017. Meanwhile the Council's City neighbours saw their densities fall.

- 3.19 This suggests that since 2011 the balance has shifted more to Winchester – with more workers commuting into the district.

Figure 3.3 Job density



Source: NOMIS

- 3.20 Until the next census we will not know for sure how the flows have changed. But this suggests that some of the strong job growth, which we know occurred in the South of the district, has utilised labour from neighbouring districts as opposed to 'local' (i.e. Winchester district) residents. But this is not surprising, nor a negative finding, because the location of this growth is in a part of the district that is close to the district boundary and would appear to function as part of the wider South Hampshire market as opposed to Winchester Town or the rural area around the City.

Commuting by Policy Area

- 3.21 The Council produced a comprehensive analysis of commuting by policy area, using the Census data https://www.winchester.gov.uk/assets/attach/14013/WinSA_EconP_310717.pptx. Since then no new local data has been produced so we see no reason to duplicate this analysis. Instead we only summarise the data.

Winchester Town

- 3.22 The Winchester Town policy area had a workplace population of around 30,000 in 2011 of which 50% lived outside of the City. Only 8,000 people lived and worked within the City.

3.23 The major flows into Winchester were from the rural areas of the district (5,000) but a further 4,000 from Eastleigh and 2,000 from Southampton. Test Valley also contributed a further 2,000.

Figure 3.4 Winchester Town - commuting out/in

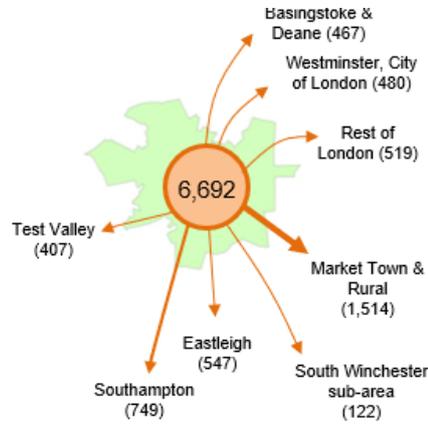
Out-commute

Resident Worker Population: 15,703

Live & Work Locally: 7,900
No fixed place: 1,060
Out-commute: 6,692
Resident Self-Containment Ratio: 0.57

Key:

The map shows out-commuter flows to the sub-areas and to destinations with 400+ Out-commuters. The sum of destinations shown accounts for 4,683 out-commuters (70% of the total).



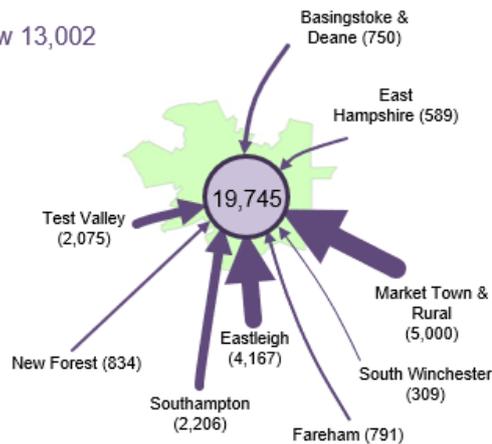
In-commute Net inflow 13,002

Workplace Population: 28,705

Live & Work Locally: 7,900
No fixed place: 1,060
In-commute: 19,745
Workplace Self-Containment Ratio: 0.31

Key:

The map shows in-commuter flows from the sub-areas and origins with 400+ in-commuters. The sum of origins shown accounts for 16,412 in-commuters (83% of the total).



Source: WCC

3.24 Out-commuting flows from Winchester are much smaller, only 1,500 back into the rural areas of the district and a few hundred to Southampton (700) and Eastleigh (500). Only 1,000 commuted into London with 50% into Westminster.

3.25 We would note that the rural inflows are as we would expect. While the villages are in a different policy area they will function as part of the Winchester Town labour market. Economically parts of the rural policy area are integrated into Winchester.

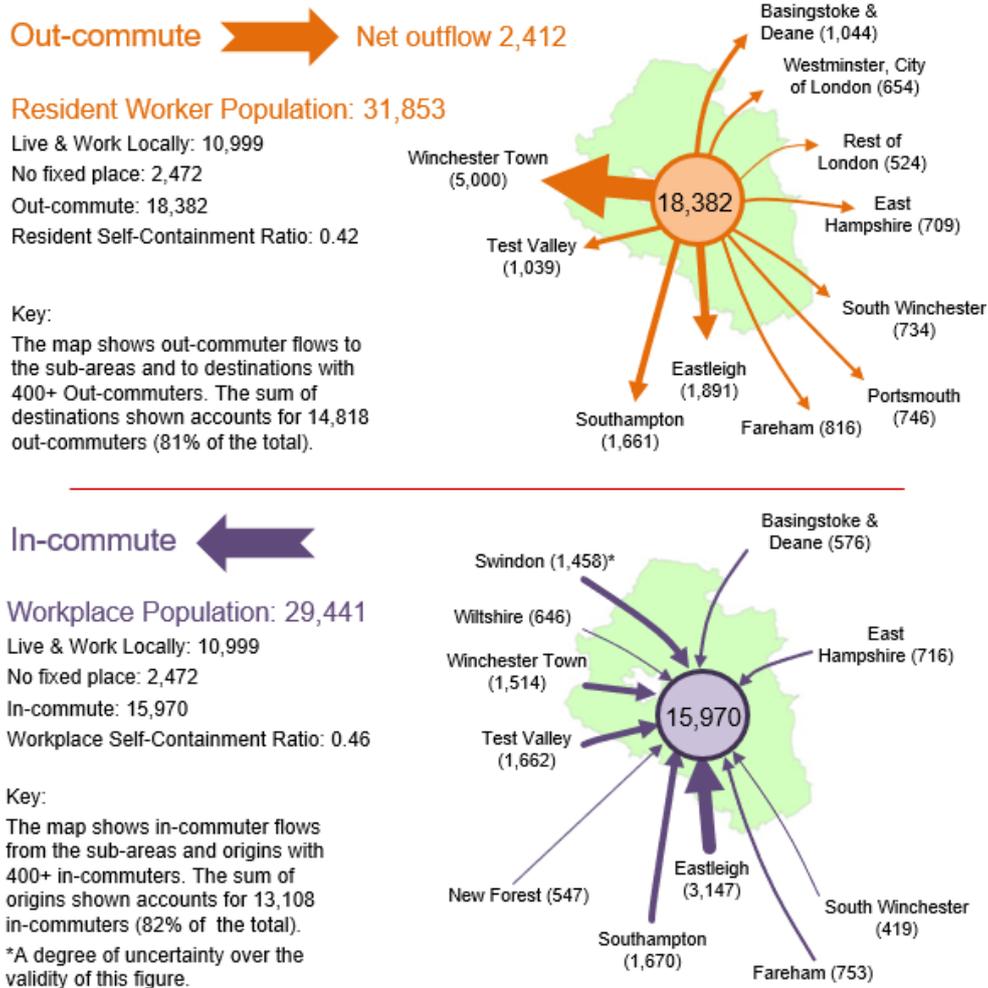
Winchester Rural (including the National Park area)

3.26 The analysis includes the National Park area although we know from our earlier analysis that the Park area accommodates very few jobs (and is outside the Local Plan area).

3.27 As a policy area (with the park) the area has almost nil net commuting. The workplace population is almost the same size as the resident worker population. Most inward / outward flows are local – to/from neighbouring councils with the exception of the 1,000+ residents who work in London.

3.28 This suggests that there is no fundamental quantitative imbalance in this part of the District. What the data does not show is whether the jobs on offer in this part of the District match residents' qualitative expectations.

Figure 3.5 Winchester District - commuting out/in



Source: WCC

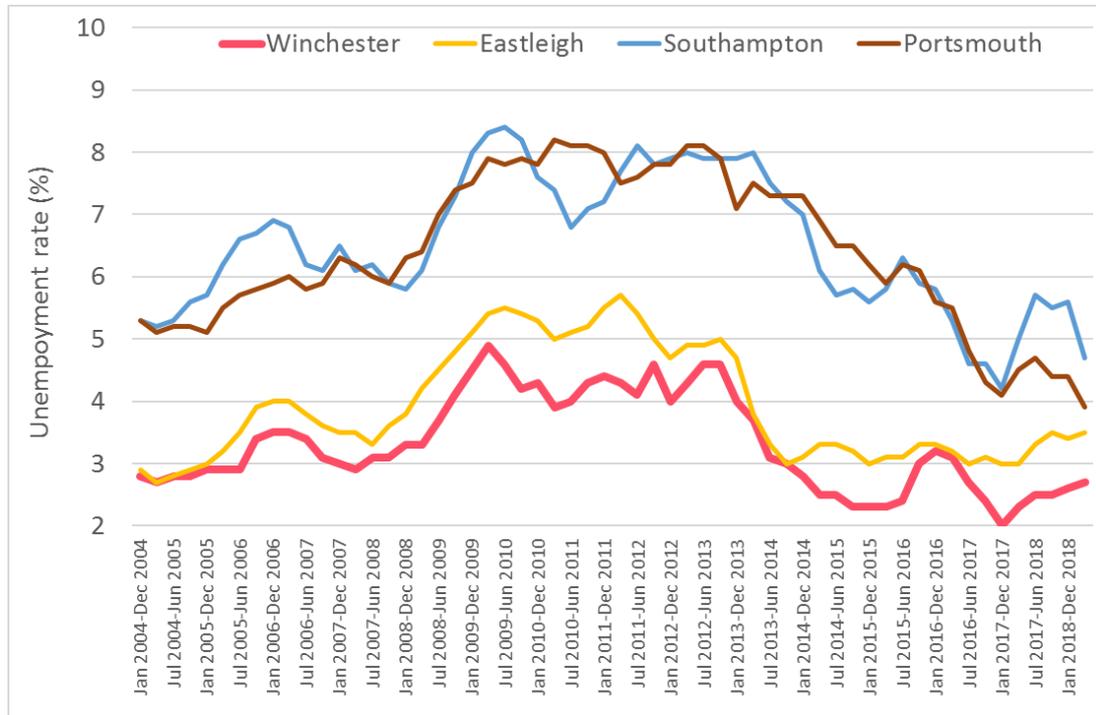
Unemployment and Economic Activity

- 3.29 A further strand of evidence we look to in order to understand the local resident economy is unemployment and economic activity.
- 3.30 For our work this tells us two things – firstly whether we need to provide more land in the future to accommodate more jobs, and so reduce unemployment. But also to put past job growth into context – in many areas past job growth was driven by decreasing unemployment and increasing economic activity. Past job growth may not be a reliable view of the future if the factors fuelling this growth cannot be replicated in the future.
- 3.31 Here it is noticeable that economic activity rates are above Hampshire and the UK. Unemployment counts and rates are exceptionally low – at or below that considered

‘frictional’ (or the ‘natural rate’) which around 4%. In very simple terms – everyone who wants or needs a job already has one.

- 3.32 The data also shows how past job growth in Winchester will partly have been fuelled by a reduction in unemployment.

Figure 3.6 Unemployment rate



Source: NOMIS

Summary

- 3.33 Winchester’s residents are already highly skilled and in return achieve high resident earnings. This is partly a product of many commuting out of the district to access highly paid and highly skilled jobs in the wider market area. In return the data would suggest many lower paid Winchester jobs are filled by inward commuters.
- 3.34 It is difficult to generalise but for the plan strategy as a whole the data would suggest that the district’s residents are in an enviable position with the residents picking the best of the sub regional job market.
- 3.35 This does however result in cross boundary commuting – including ‘reverse’ commuting whereby a less skilled, and less highly paid workforce travels into the District, while the highly skilled Winchester residents commute out. So; for our work this raises the question as to whether this commuting is sustainable and whether more could be done within Winchester district to provide more higher skilled jobs.
- 3.36 This question is largely relevant only to Winchester Town because in the South of the district commuting is much shorter distance and cross boundary commuting is more a product of administrative geography than on the ground reality.
- 3.37 We return to this question when looking at the demand / need for additional jobs in the district. But we would at this point note that recalling commuted labour is

notoriously difficult because these workers will be spread throughout the wider economy in neighbouring districts. We cannot simply assume one site, or one development scheme will provide the range and breath of opportunity to attract those workers, who already have well paid jobs nearby, to work more locally. So this is something the development plan cannot easily facilitate simply by providing land. It also raises significant duty to co-operate issues given these workers most likely form an important part of neighbouring councils' economies.

4 THE COMMERCIAL PROPERTY MARKET

Overview

- 4.1 This chapter reviews the property market for employment space in the Winchester District, first for industrial and then for office space. For each sector, we consider in turn:
- The *national context*, to note wider factors that impact on Winchester District;
 - A profile, or snapshot, of the area's *floorspace stock and its occupiers*, to help understand the analysis of recent change that follows;
 - Recent *occupier demand* (floorspace take-up) over the last five years, to understand what space businesses want;
 - *Supply and market balance*, to see how far the existing floorspace stock is meeting that demand.
- 4.2 From this analysis we conclude the likely demand for space additional to the existing stock. This will drive demand for development sites, as developers seek to build the space that occupiers want.
- 4.3 A strength of the market-facing analysis is that it considers real-life property transactions, including the values (rents and prices), realised in such transactions and whether these values are enough to support viable development. This provides evidence of effective, or viable, demand – which means that potential occupiers will pay enough, and (where relevant) provide sufficient covenant strength², to support financially viable development.
- 4.4 The main sources used in our analysis are the Valuation Office Agency (VoA) non-domestic floorspace statistics, the commercial database CoStar, published property market research, Council officers and consultations with local developers, landowners and property agents, including a stakeholder workshop held at the Council offices in October 2019.
- 4.5 For the industrial sector, we define unit sizes as follows:
- Small units: up to 50,000 sq ft (c 4,500 sq m)
 - Mid-size units: 50,000 sq ft, up to 100,000 sq ft (c 9,000 sq m)
 - Large units: above 100,000 sq ft (over 9,000 sq m)
- 4.6 The majority of our analysis will refer to and discuss small and mid-size units, as these dominate the Winchester District market. Larger and more strategic floorspace does exist within the Winchester District, however, we recognise that this does not form the focus of the market.
- 4.7 In respect of the office market, we define sizes as follows:
- Small units: up to 1,000 sq ft (c 93 sq m)

² A business tenant has strong covenant if there is good evidence that they will be in good financial health, and able to pay the rent, through the period of the tenancy.

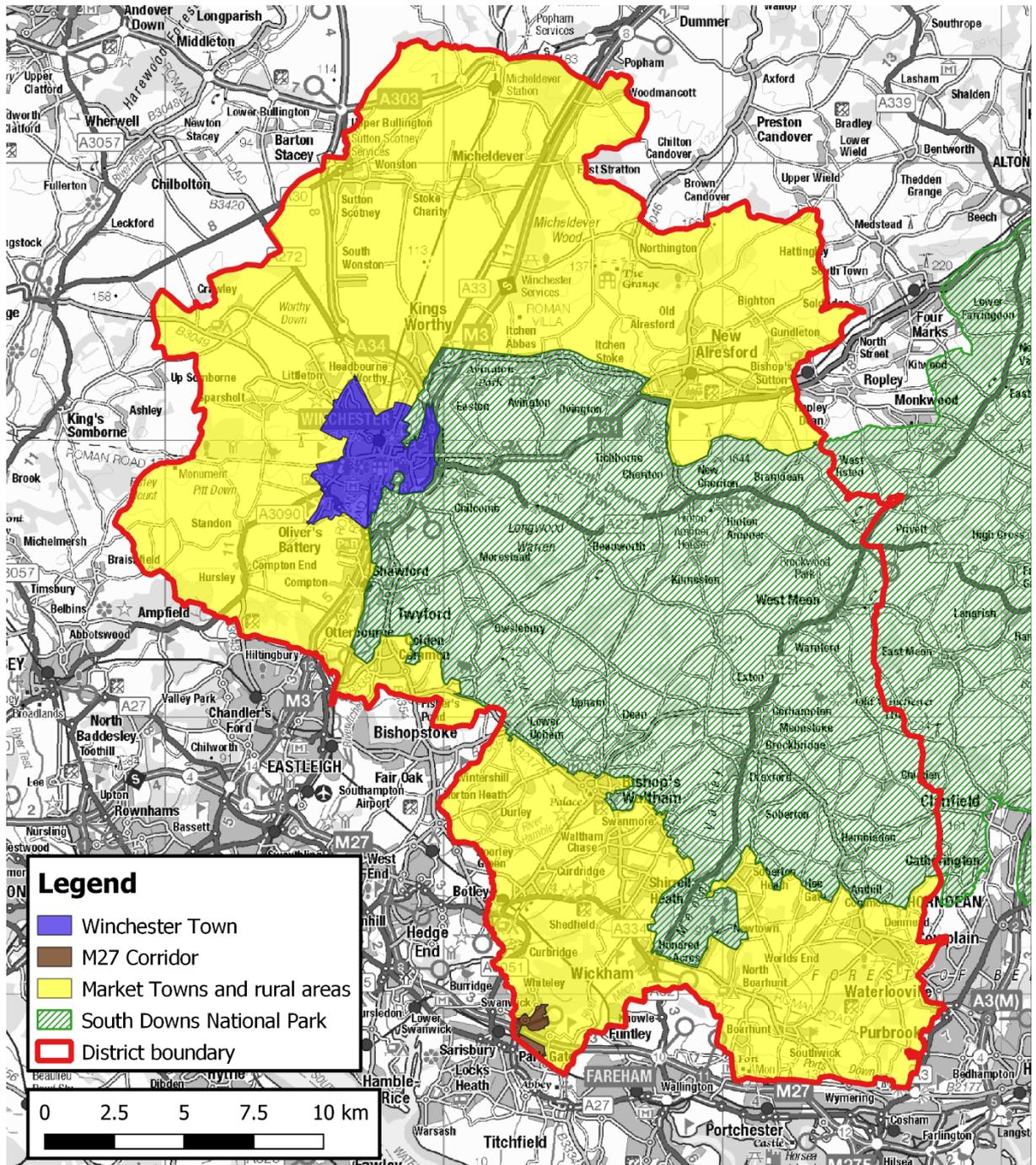
- Mid-size units: 1,000 sq ft to 10,000 sq ft (c 930 sq m)
- Large units: above 10,000 sq ft (over 930 sq m)

4.8 For our analysis we have divided the District into several sub-markets as set out in Figure 4.1. These sub-markets are:

- **Winchester Town** – encompasses the urban area of the town, including Winnall Industrial Estate, Bar End and Winchester Trade Park.
- **M27 Corridor** – encompasses commercial property only at the Solent Business Park, Fulcrum, and Trilogy Park.
- **Market Towns and Rural Areas** – all other areas in the District including West of Waterlooville but excluding the South Downs National Park.
- **South Downs National Park** – not considered in our assessment as it is subject to a separate Planning Authority.

4.9 Where relevant we will draw reference to the previous Employment Land Study covering Winchester District, produced by Lambert Smith Hampton in June 2016 (and updated 2018).

Figure 4.1 Winchester District sub-areas



Source: AspinallVerdi2019

The industrial market

National context

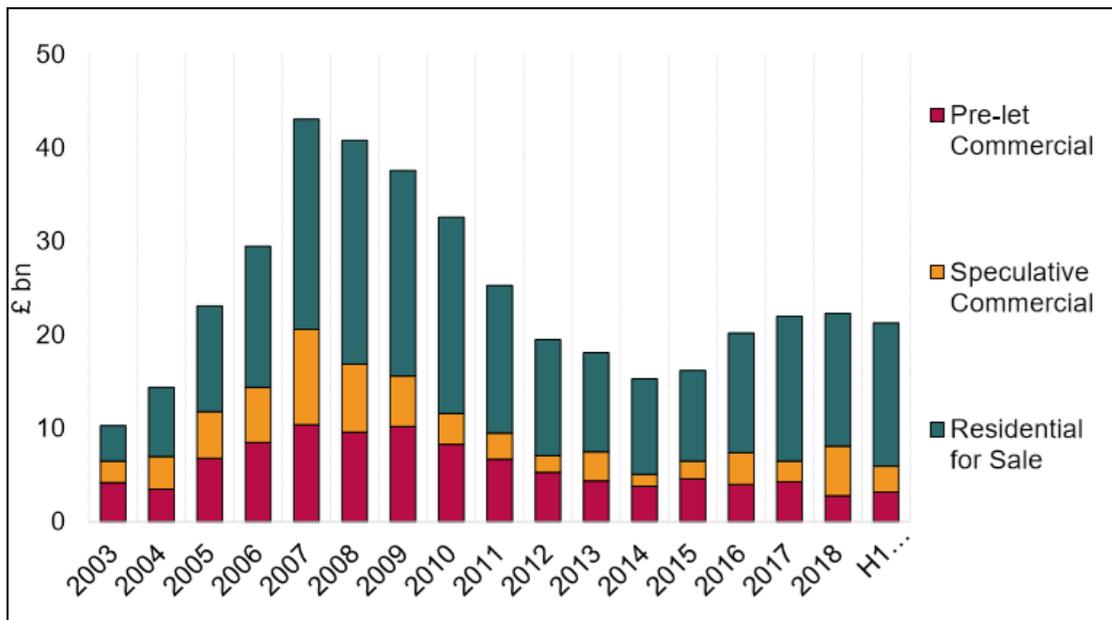
4.10 The UK industrial market is evolving as the economy has shifted away from traditional industries to innovation and design. Furthermore, the growing reliance on online shopping has seen a greater demand for distribution space as the traditional high street has been contracting. The overall demand for industrial space is currently

strong especially for good quality, modern, purpose-built premises that can respond to meet modern occupier requirements.

Market imbalance

- 4.11 Due to the strong demand for industrial space we are seeing vacancy rates fall and rents rise – typically this is a signal for developers to bring forward new space but this has not been the case in recent years. Since the global financial crisis developers are finding it much more difficult to finance development as banks have sought to limit their exposure to commercial lending - this is illustrated in Figure 4.2, which shows that outstanding development loans for commercial³ pre-let and speculative are around 1/3rd of their 2007 value.

Figure 4.2 Development cycle of loan books, June 2019, £bn



Source: The Cass Commercial Real Estate Lending Survey, Mid-year 2019, 20year debt market analysis

- 4.12 Due to the tight nature of the funding markets, speculative development is generally only occurring in ‘super prime’ areas such as parts of the M1 corridor, Heathrow etc. Those areas have very strong occupier demand from blue-chip covenants, who are prepared to commit to longer terms leases (typically in excess of 10 years), therefore the perceived risk is low. Elsewhere, speculative development is generally occurring only for larger units that can be occupied by these large national /international firms.
- 4.13 The economics for small and mid-sized units is different from large-scale distribution units, both in terms of cost and values. Smaller and mid-sized units do not benefit from economies of scale for build costs as large units do. Covenant strength of occupiers of smaller units is generally weaker and result in less secure income, which is guaranteed for shorter periods due to shorter lease terms, and hence lower capital values. Consequently, small and medium-sized development typically occurs only on existing employment sites - where infrastructure is currently in place; or as part of larger strategic schemes, whereby the large-scale distribution units are able to pay for the infrastructure to service the smaller and medium-sized units. But this approach is

³ Commercial property is classified as all non-residential property, thus including the B class uses - office, industrial and warehousing as well and other uses such as retail.

relatively small scale and is not sufficient to match the level of occupier demand which is leading to an imbalance in the market.

Occupier requirements

- 4.14 We are currently seeing a number of common spatial requirements from industrial occupiers:
- Good local road connectivity.
 - Accessible by HGV from the UK strategic road network – this is especially important for larger occupiers.
 - Close to motorway junctions is preferred – again this is especially important for larger occupiers.
 - Smaller occupiers often prefer to be closer to the town centre so their staff can access amenities.
 - Occupiers serving a specific sector need to be close by to the core area.
 - Sufficient yard space to accommodate loading and unloading at a time when buildings are being used more efficiently.
- 4.15 Technology is helping drive efficiencies in the industrial sector as a result the way occupiers are using buildings are changing and hence their requirements are changing such as:
- Provision to allow mobile robotics: increased space will be required to allow navigation in units.
 - Higher eaves to accommodate:
 - use of drones in the manufacturing process.
 - mezzanine floors or multi-level units
 - Super flat floors to allow for mobile printers and other autonomous vehicles.
 - Facilities need to be fully integrated with the ‘internet of things’⁴ (IOT).
 - Units have to include lifts and docks to allow robots to move throughout facilities.
- 4.16 Due to the increase in the use of technology, this is leading to occupiers requiring sufficient power and digital capacity for both units and vehicles (shift to electric cars and vans). In addition, occupiers require access to highly skilled staff who can operate and maintain the advancing technologies,

Industrial space and occupiers in Winchester District

- 4.17 In this section we provide a brief profile of the stock of industrial floorspace in Winchester District, and the businesses that occupy that stock. This snapshot of the present situation will provide context for the analysis of recent take-up that follows.

⁴ The Internet of Things (IoT) refers to a vast number of “things” that are connected to the internet so they can share data with other things (Source: https://www.sas.com/en_gb/insights/big-data/internet-of-things.html)

M27 Corridor – Whiteley

- 4.18 The industrial market in the M27 Corridor in the District comprises Trilogy Park and Fulcrum.
- 4.19 Trilogy Park, off Concorde Way (forming part of the Segensworth Industrial Estate) is located to the south of Junction 9 of the M27 and spans both Winchester District and neighbouring Fareham District. The element of the industrial estate that falls into the Winchester District boundary predominantly comprises medium to large sized purpose-built industrial units. Due to its strong motorway location, the estate has attracted DHL Parcel (third party logistics) but they occupy relatively small floorspace (37,000 sq ft) for a national distributor. Other occupiers on the estate include Essentra Components (manufacturing), occupying 50,000 sq ft, CooperVision (manufacturing) occupying 152,000 sq ft, Thales (manufacturing) occupying 68,000 sq ft and Safron Helicopter Engines. All of these firms would be considered ‘clean manufacturers,’ meaning the production systems feature some level of automation and hi-tech systems.
- 4.20 To the north of the M27 is Fulcrum. Fulcrum, although predominantly comprises office space does have a number of small scale modern industrial buildings – see Figure 4.3. These industrial units are typically occupied by smaller firms servicing the local and regional economy. Occupiers include, Chubb Fire & Security (engineering) occupying 6,100 sq ft, Elevate Signs (manufacturing) occupying 5,200 sq ft and Aqua Platinum Projects (manufacture and distribution).

Figure 4.3 Examples of industrial units, M27 Corridor – Whiteley



Source: CoStar 2019

Winchester Town

- 4.21 Winchester Town has two established industrial estates; Winnall Industrial Estate and Bar End.

Winnall Industrial Estate lies to the north of the city centre and benefits from good access to Junction 9 of the M3. Winnall is the largest and most established industrial area in the District and provides a mix of age and size of units (see

- 4.22 Figure 4.4).

Figure 4.4 Examples of industrial units, Winchester Town



Source: CoStar 2019

- 4.23 Along Moorside Road in Winnall some of the larger units are found. These units tend to be dated; with some built as far back as the 1960's, but most appear to be built between 1970 – 2005. Where units do appear modern, it is a result of refurbishment (typically recladding) though this is rarely achieved beyond annual repairing requirements. Occupiers at the park are mostly companies serving the local and regional markets. Current mid-size occupiers include Vaughn Designs (manufacturing lighting, lampshades and furniture) occupying 66,000 sq ft and Apem Components (manufacturing) occupying 50,000 sq ft. The largest unit at Winnall is the Kacier Building Envelope Solutions (manufacturing) unit which is 108,000 sq ft.
- 4.24 Also found at Winnall are a number of small units up to 10,000 sq ft which are more typically found to the south of the industrial estate, an example of which is Red Cat Brewery occupying 2,300 sq ft and Pineoakio Furniture Limited occupying just under 10,000 sq ft. There is a cluster of even smaller units off Winnall Valley Road to the south, most of which are more than 20 years old.
- 4.25 Contained in Winnall is Winchester Trade Park off Easton Lane which provides some of the most modern units on the estate. The trade park was built around 2003 and has attracted a number of national trade counter occupiers such as Screwfix occupying 7,000 sq ft, City Plumbing occupying 6,000 sq ft and Jewson occupying 3,000 sq ft.

Over recent years Winnall has seen some non-employment uses developed such as student accommodation and residential – see

- 4.26 Figure 4.5. For example, Riverside is now student accommodation whereas before it was a largely vacant industrial site. The redevelopment of the site resulted in the loss of over 8,500 sq ft of industrial floorspace. Balfour House was previously in office use and has been developed through permitted development rights, and then subsequently student accommodation. These developments have both happened within the last 5 years. These developments were justified through the demonstration of a lack of demand for the industrial space at the time.

Figure 4.5 Examples of non-employment uses, Winnall Industrial Estate



Source: CoStar 2019

4.27 To the south of the city centre is Bar End which is a much smaller industrial estate than Winnall. Bar End comprises mostly of small to medium sized industrial units that vary in condition and specification – see Figure 4.6. Occupiers at Bar End include White & Company (removals) occupying 16,600 sq ft and Cannon Hygiene Services occupying 20,000 sq ft.

Figure 4.6 Examples of industrial units, Bar End



Source: CoStar 2019

Market Towns and Rural Areas

The remaining industrial market in the District is focussed around the Market Towns and dispersed in the rural areas. Dedicated industrial estates are to be found on the outskirts of Botley, New Arlesford, Bishops Waltham and Knowle. Other industrial sites are found, usually in isolation, typically farm conversion schemes (such as Four Dells Farm) and other individual or small clusters alike. As shown in

4.28 Figure 4.7, in these areas, stock is generally more dated than elsewhere – more detail about these estates is provided below.

Figure 4.7 Examples of industrial units, Market Towns and rural areas



Source: CoStar 2019

- 4.29 Bottings Industrial Estate is located to the south of the District on the outskirts of Botley. The industrial estate is located adjacent to the railway station and benefits from good access to the A334. The estate is a more traditional industrial area with purpose-built units from around the mid 1970's to 1980's with relative high site coverage for modern occupier requirements. Occupiers are more traditional industrial uses (slightly more 'dirty' than modern industries) and include Haig Engineering (5,000 sq ft), Brijan Tours (tour bus provider) occupying at least 14,000 sq ft and Granite Kitchen Services (7,000 sq ft).
- 4.30 Prospect Commercial Park is located near the northern edge of the National Park in New Arlesford. Although the park is located in close proximity to the A31, access is through New Farm Road and onto the B3047 before reaching the roundabout with the A31. The A31 connects New Alresford to Winchester and the M3 motorway. The park is very similar to Bottings in terms of age, though the unit size ranges appear to be smaller, with a high concentration of c. 1,000 sq ft units, many of which are occupied by motor service companies, or some form of engineering.
- 4.31 Claylands Road Industrial Estate is located near the southern edge of the National Park in Bishops Waltham. The industrial estate is relatively remote with access to the M3 predominantly through B roads and to the M27 through a combination of B and A roads. The stock here was built around the 1980s providing mainly small units of below 5,000 sq ft.
- 4.32 Knowle Village Business Park is located towards the south of the District in the village of Knowle. Access to Junction 10 of the M27 is provided via Knowle Road then onto

the A32. The business park has several modern (built in the early 2000's) small units of between 1,000 – 2,000 sq ft. These units would be considered similar in quality to the likes of those found at Fulcrum (as mentioned earlier). Occupiers vary widely and include:

- PTC Traffic Ltd (manufacturing), 1,000 sq ft
- Alton Compressor Services Ltd (equipment hire), 1,120 sq ft
- Force Development Services Ltd (equipment supplier), 1,900 sq ft
- Rhubarb Events Ltd (event catering), 1,900 sq ft
- Warmer Roof UK Ltd (specialist roof supplier), 1,500 sq ft

Summary

- 4.33 To avoid distortion, it is important to distinguish between the industrial sub-markets in the District. The stock around Winchester Town and the outlying Market Towns and rural areas are very similar in age and quality i.e. dated industrial units. The offer around the M27 corridor near Whiteley is generally larger in scale and newer, which meets modern occupier requirements. As we have discussed, the District is home to a wide range of industrial activities but it can be concluded that there is a higher prevalence of manufacturers and smaller scale distributors present. These occupiers are regional and national firms.

Demand

- 4.34 In this section we analyse the take-up of industrial floorspace in the district over the last five years, drawing mainly on the CoStar database. This *floorspace take-up* is the space that business occupiers move into, this includes lease agreements and owner-occupier acquisitions in any given year. It covers both new and second-hand space⁵ and takes no account of floorspace vacated as businesses move out or close down. It is important not to confuse this floorspace take-up with the *land take-up* discussed in Chapter 3 above, which relates to the development of new floorspace into the market.

- 4.35 Table 4.1 below shows that in the five years to 2018 the take-up of industrial space in the District averaged 154,732 sq ft p.a., over an average of 23 units.

⁵ Refurbished space is included in second-hand (previously occupied) space.

Table 4.1 Industrial floorspace take-up, 2014-18, Winchester District

Year	No of transactions	Total take-up sq ft
2014	18	98,080
2015	24	82,590
2016	27	102,289
2017	29	218,507
2018	18	272,195
2019*	7*	33,793*
Total (2014-18)	116	773,661
Annual average (2014-18)	23	154,732

Source: Costar 2019

*2019 is a partial year, data taken between 1st January – 31st August

- 4.36 In terms of floorspace, take-up has climbed rapidly from 98,000 sq ft in 2014, to 272,000 in 2018, a rise of 178%. In 2015, there was a small drop in take-up to 82,000 sq ft but this has recovered in the proceeding years.
- 4.37 Looking at the latest data made available in 2019, the take-up figure is not currently on track to match that of previous years and is well below its previous level. Take-up activity has been low particularly in the south near the M27 corridor, most of the take-up is on a renewal basis rather than a new lease to incoming businesses, reasons why to be discussed in our supply section.
- 4.38 Units taken-up in the five-year period include:
- M27 Corridor – Whiteley
 - DHL Parcel (distribution) – 37,000 sq ft renewal at Trilogy Park
 - Coopervision (manufacturing) – 150,000 sq ft renewal at Trilogy Park
 - Porvair Filtration Group Ltd (manufacturing) – 27,000 sq ft renewal at Trilogy Park
 - Chubb Fire and Security – 6,250 sq ft renewal at Fulcrum
 - Winchester Town (Winnall Industrial Estate/Bar End/Winchester Trade Park)
 - Apem Components (manufacturing) – 49,780 sq ft at Winnall Industrial Estate
 - Neilcott Construction – 5,422 sq ft at Winnall Industrial Estate
 - City Electrical Factors – 3,000 sq ft at Winchester Trade Park

- Jewson – 3,000 sq ft at Winchester Trade Park
 - Market Towns and Rural Areas
 - Abbas Motor Services – 3,000 sq ft at Prospect Business Centre, New Arlesford
 - Granite Kitchen Services (manufacturing) – 7,000 sq ft at Botley Industrial Estate, Botley
 - Haig Engineering – 4,000 sq ft at Botley Industrial Estate, Botley
- 4.39 From an occupier perspective, Winnall Industrial Park (predominantly) and Bar End represent the only offer for industrial space for companies needing to locate in Winchester Town. The area is attractive to occupiers due to its good access to Junction 9 of the M3, the A34, and A31 but does not necessarily provide the quality of stock that modern occupiers require. On the other hand, towards the south of the District, specifically in Whiteley near the M27, is an attractive location to a variety of businesses due to the modern quality stock available and motorway access. The area can be defined by its ‘clean’ manufacturing units, including sectors such as technology, media, telecoms, and aerospace. There are some logistics companies based here but this does not represent the focus of the area.
- 4.40 In our stakeholder workshop and one-to-one consultations, we asked commercial property agents and developers how easy or difficult it was for occupiers to find the space they need. All our consultees felt that it was difficult, because there is very little property on the market, and any units that do become available let immediately or are too poor in quality. This issue was also identified in 2016, in the previous Employment Land Study⁶ (updated 2018). Occupiers along the M27 Corridor will consider competing sites along the south coast out-with the Winchester District - this is due to the national nature of their work. Large occupiers here do not demand one single location but seek good quality space within reasonable distance to the motorway network.
- 4.41 Due to the substantial unmet demand in the market, companies who cannot find the space they need move to other places, or perhaps stay in premises that no longer meet their needs, compromising growth or efficiency. These views are strongly confirmed by our analysis of market signals in the next section.

Supply and market balance

- 4.42 Our figures on vacant space are taken from the property database CoStar. This figure takes account of space that is vacant and currently being marketed as available space after discounting all space advertised as not immediately available (i.e. no current tenant or lead in time). In practice there will be some discrepancies, as some space may be advertised as available while it is still occupied, and some vacant space may not be on the market. To derive vacancy rates, we use total floorspace from the Valuation Office Agency (VoA); the calculation is approximate, because definitions of industrial space do not match perfectly⁷.

⁶ Employment Land Study, Lambert Smith Hampton, 2016.

⁷ VOA data has 117 description codes, of which we have used the following in our analysis: Offices and premises; Office workshop and premises; Office studio and premises; Factory and premises; Vehicle repair workshop; Vehicle repair workshop and premises; Vehicle repair workshop, office & prems; Vehicle repair workshop, petrol

4.43 As of December 2019, there were only four industrial units vacant and available in the District, providing a total floorspace of 28,300 sq ft (see Table 4.2). Against the total stock of 993 units and 4.454million sq ft, this shows vacancy rates of 0.6% of total floorspace and 0.4% of total units. Against the average annual take-up of 130,706 sq ft (see Table 4.1), it shows a supply of only 0.22 years or just over 2 months.⁸

Table 4.2 Floorspace availability, industrial, Winchester City Council, 2019

	Floorspace sq ft	No. of units
Total stock	4,454,908	993
Availability	28,300	4
	0.6%	0.4%

Source: CoStar, VOA, AspinallVerdi (2019) conclusions and recommendations

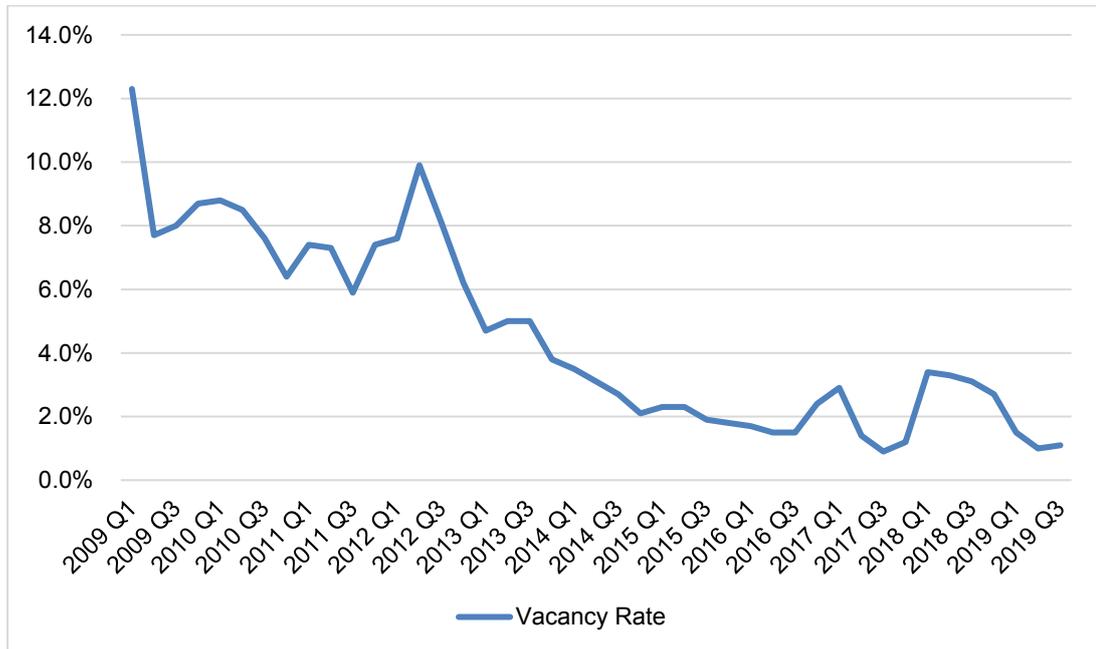
- 4.44 These market indicators point to an exceptionally tight market, where demand is much in excess of supply. A ‘normal’ vacancy rate is generally considered to be between 5% and 10%; a normal year’s supply ratio is probably upward of one year, depending on the type of the property concerned.
- 4.45 We have also looked at floorspace availability in more detail, considering the past change since 2009. For this finer-grained analysis, due to data limitations, we have had to use availability rates as estimated by CoStar, without reference to the VoA stock data.⁹ The results are in Figure 4.8 to Figure 4.10. As an absolute measure, CoStar vacancy rates are a cruder approximation than the 2019 District-wide total above. But they are useful for comparing different points in time and different sub-areas. For this purpose, we have taken measures from Winchester Town and Whiteley where the majority of the District’s stock is found, we have not been able to show Market Towns or rural areas due to the lack of data available.
- 4.46 For the District as a whole, the CoStar vacancy rate has been on a steep downward trend since 2012, after the double-dip recession – here the rate was still within the normal range of 5-10%. It fell below 5% in 2013 and has not recovered, the rate has continued to gradually fall since, to its current level today of less than 1%.

station and premises; Warehouse; Warehouse & premises; Warehouse, office and premises;; Workshop; Workshop and premises; Workshop offices and premises; Workshop showroom and premises; Workshop storage land and premises; Workshop land and premises; Storage depot and premises. Whereas agents list property on CoStar across three broad categories of industrial, light industrial or office purposes – some of which may fall outside the VOA 25 categories we have used. Due to the volume of data, it has not been possible to iron out these discrepancies.

⁸ The years supply ratio measures how long it would take to fill the currently available floorspace, assuming that take-up continues at the same annual rate as in the past.

⁹ The VoA data are not available for every year, nor are they provided for areas smaller than local authorities.

Figure 4.8 Winchester District industrial vacancy rate % of floorspace stock



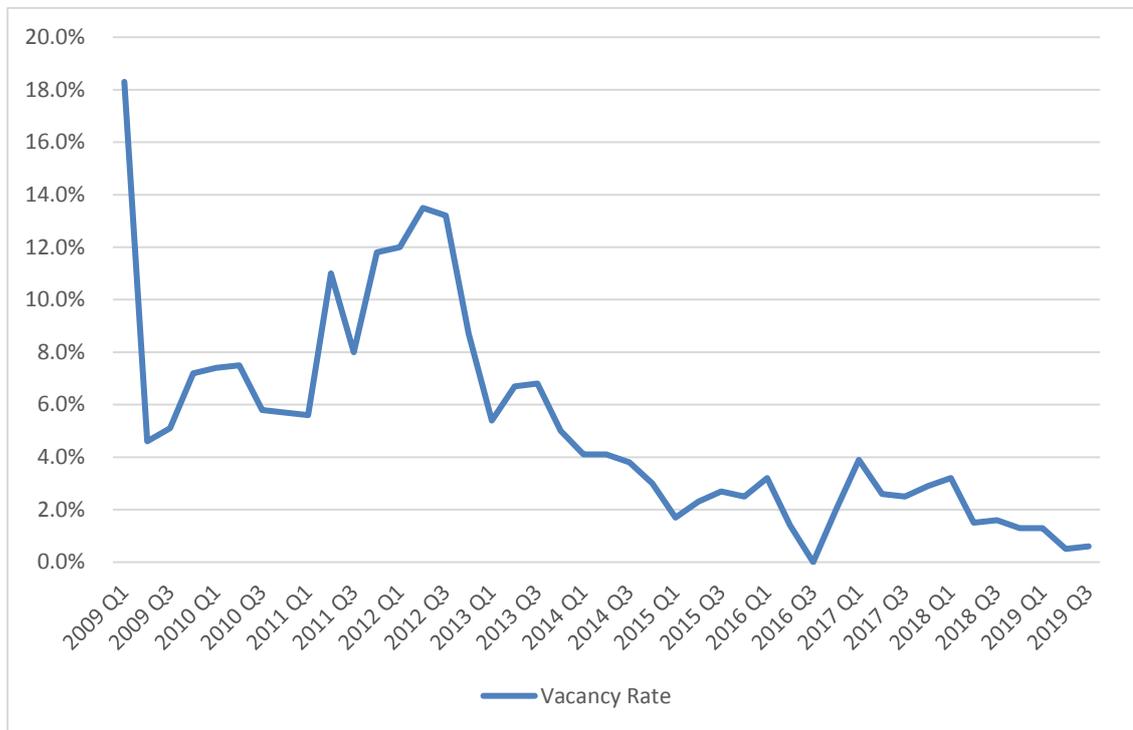
Source: CoStar (2019)

4.47 For the two sub-areas (Figure 4.9 and Figure 4.10), vacancy in Winchester Town is reflective of the District as a whole and the rate at Whiteley appears to have been 0% for a number of years - echoing the comments made earlier about the severity of the situation. Historically the vacancy rate in Winchester Town and the Whiteley area have been higher than the District average, while the shape of the curve is similar, in some cases the curve appears more “lumpy”, due to the impact of individual large transactions.

4.48 The number of specific units recorded on CoStar as either available, under construction or proposed are naturally slightly higher than those vacant and available. These type of units in the sub-areas represent short term vacancy as well as a snapshot of the short-term supply to the market (at 2019 Quarter 3) as recorded by CoStar. These include:

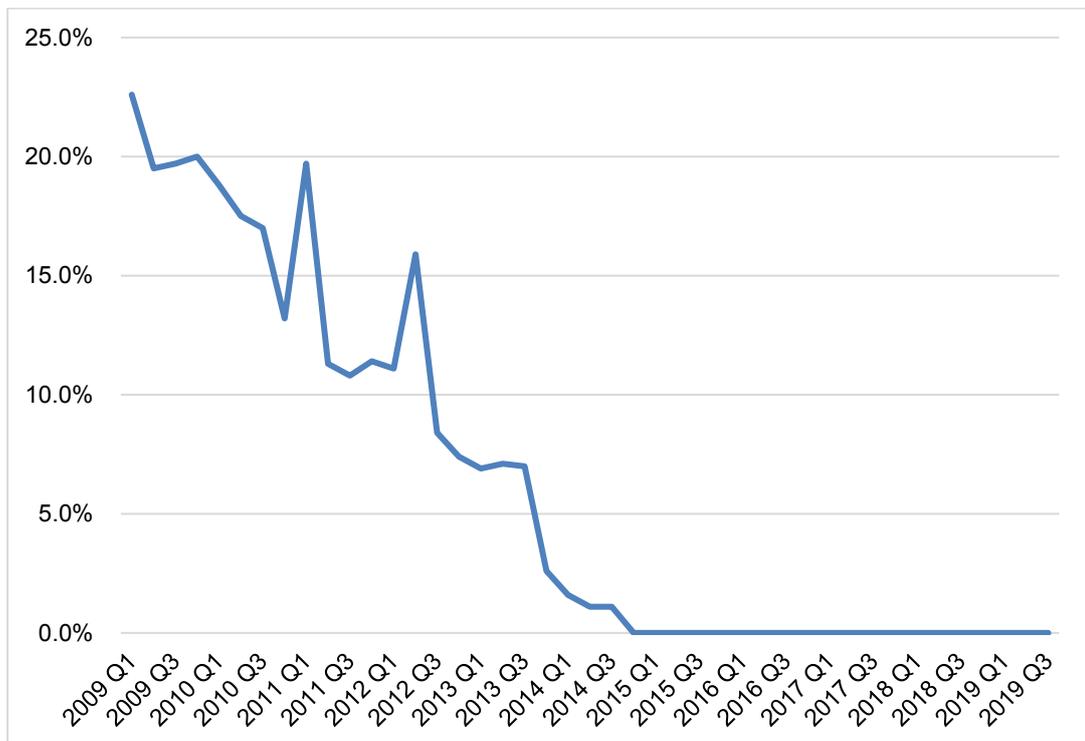
- Winchester Town: 8 units available ranging 1,500 – 6,000 sq ft each
- Whiteley (Trilogy and Fulcrum): no availability
- Market Towns and Rural Areas:
 - 2 units available at Ropley Business Park (Alresford) between 5,000 - 10,000 sq ft
 - 2 units available at Gravel Hill (Waltham Chase) between 5,000 – 50,000 sq ft

Figure 4.9 Winchester Town industrial vacancy rate % of floorspace stock



Source: CoStar (2019)

Figure 4.10 Whiteley area (Trilogy and Fulcrum) industrial vacancy rate % of floorspace stock



Source: CoStar (2019)

Summary

- 4.49 In summary, all the evidence shows that industrial floorspace in the District is in extremely short supply, and discussions with local commercial agents point to a level of demand pushing against virtually non-existent availability. The recent drop off in take-up and the low vacancy was forecasted in the previous Employment Land Study.¹⁰
- 4.50 The explanation for this lack of supply lies in the economics of development, as discussed in the next section.

Rents and the economics of development

- 4.51 Industrial rents across the District typically range between £6.00 and £9.00 psf. There is evidence of higher rents, such as the trade counter units at Winchester Trade Park, around £12.00 psf. This is due to the quality of units on offer, their smaller size, dedicated trade park nature of the estate, and their proximity to Winchester Town (where local tradesmen will predominantly operate). Quoting rents for the development at Logistics City, Fulcrum, Whiteley is £10.50 psf for three units up to 27,000 sq ft.
- 4.52 In terms of viability, these rents are sufficient to maintain the existing stock, and at the higher end of the range, they are sufficient to support new build development of industrial space. Nevertheless, as we have seen, very little new build has been occurring in recent years. In our stakeholder workshop, the feedback was provided that although there is an appetite to develop new units land is not coming forward due to landowners seeking higher value residential uses for their sites.

Development opportunities

- 4.53 It is important to consider the forthcoming development pipeline that may satisfy the supply side issues in Winchester's industrial market. This can be done by analysing some of the key sites with allocations/permissions and units that are under construction. A schedule of these development opportunities currently advertised on CoStar is outlined in Table 4.3, these include units that have planning permission, available now or under construction, therefore a realistic prospect of coming forward. The data does not necessarily include all allocations in the current Local Plan.

¹⁰ Employment Land Study, Lambert Smith Hampton. 2016.

Table 4.3 Industrial development opportunities, Winchester District

Site	Provision
Logistics City, Whiteley	<ul style="list-style-type: none"> - 58,664 sq ft total - 3 units - B1(c)/B2/B8 - Currently under construction
Land off Concorde Way, Whiteley	<ul style="list-style-type: none"> - 93,775 sq ft total - 12 units - B1(c), B2/B8 - Planning recently granted
Proxima Park, Waterlooville	<ul style="list-style-type: none"> - 103,910 sq ft - 13 units - B1(c)/B2/B8 - Available now
Total floorspace	256,349 sq ft

Source: CoStar 2019

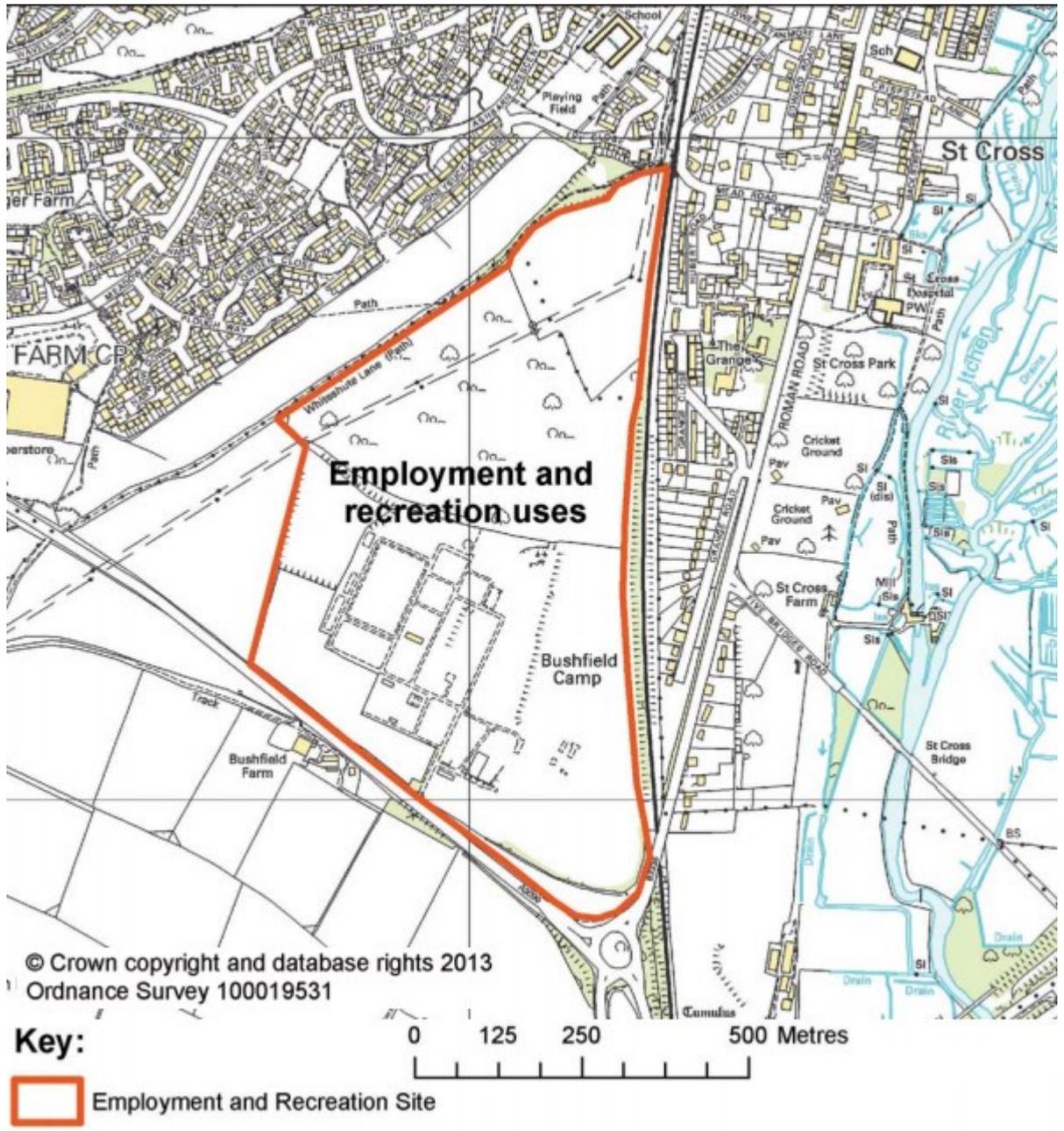
- 4.54 Some developments are coming forward at Logistics City (Fulcrum, Whiteley), Concorde Way (Whiteley) and Proxima Park (Waterlooville) which have the potential to absorb some demand based on the average take up levels as they currently stand. Further phases are coming forward at Proxima Park, delivering 475,000 sq ft in total. There is also a new employment area that is currently pending a legal agreement before receiving permission at Sun Lane, Alresford (5 hectares).
- 4.55 Based on the combined floorspace of 256,349 sq ft in Table 4.3 these developments would account for approximately 1 year and 8 months supply, based on the average take up rate. We believe there should be more delivery than this in the pipeline to meet demand.
- 4.56 None of the aforementioned development opportunities in Table 4.3 are based in Winchester Town. Here, there is one particular site i.e. Bushfield Camp which is subject to a site-specific policy WT3¹¹, allocated for 20 hectares of employment development, we will now discuss this site and its history.

¹¹ Winchester District Local Plan Part 1 – Joint Core Strategy, 2013

Bushfield Camp

- 4.57 Bushfield Camp is a former disused army camp located to the south of Winchester Town, as seen in Figure 4.11 and is owned by the Church Commissioners of England (CCE).

Figure 4.11 Bushfield Camp site plan (not to scale)



Source: Winchester District Local Plan Pat 1 Joint Core Strategy, (March 2013)

- 4.58 The site has a history of promotion, research, and consultation but was put forward to become a “Knowledge Park” in a report for CCE by Roger Tym & Partners and Drivers Jonas LLP in 2009; comprising a hybrid science and business park. Vail Williams were then approached by Winchester Town Council to test the viability and deliverability of a “Knowledge Park” type development which comprised

predominantly office space given the lack of a clear definition for a “Knowledge Park”, it was not found to be viable based on the rents and yield at the time.

- 4.59 In 2012, Knight Frank then published a Market Report challenging the Vail Williams report on the basis that wider regional markets for large scale employment sites were not considered when determining rental calculations. Knight Frank concluded with support for a campus-style office park at Bushfield Camp:

“We have considered the locational attributes of the site, together with Winchester itself, and combined these with our understanding of local and regional occupier markets, particularly with reference to business parks, and other campus-style accommodation. We consider that Bushfield Camp meets the principal criteria necessary to deliver such a solution, particularly assuming the ability to pursue a wider audience of commercial functions rather than those captured by the more prescriptive “knowledge park” concept.”

- 4.60 More recently, a public consultation was held in 2018 in respect of the proposals for a high-quality employment campus. It is understood that Knight Frank has also been engaged to actively market the site to seek a developer for these proposals. When we consulted local commercial agents about the status of Bushfield Camp and their views on its best employment use, they did not seem to be aware that a development partner was being sought for the site, or that the site was being marketed – which is unusual for a site of this size. The marketing can be found online at Business Hampshire with a brief description and contact details.

- 4.61 On a policy basis, the site-specific local plan policy WT3 requires the development at Bushfield Camp to:

“deliver necessary social, economic or environmental development which could not otherwise be accommodated within or around Winchester, does not compete or detract from the town centre, is compatible with the provision made elsewhere through this strategy, and reflects other policy statements prepared by the Council including the Vision for Winchester”.

- 4.62 Based on our study, unlocking this employment land could account for the shortage of industrial development, particularly in Winchester Town. Policy WT3 is not supportive of uses that may compete with the town centre, an employment campus comprising offices could constitute competitive development in this sense, particularly with the Station Approach development due to deliver office space in Winchester Town soon. It is accepted that offices forming part of an employment campus could cater for a different market to those seeking to locate in Winchester Town. But this depends on its design and the amenities made available.

- 4.63 It is our view that Bushfield Camp holds the capacity to alleviate the shortfall in high quality industrial floorspace that Winchester Town is lacking. From a high-level spatial viewpoint, there are few large sites in the District that could accommodate industrial development close enough to key transport links. There are currently no credible alternatives as new sites in the District are generally promoted for residential use, due to the higher value.

- 4.64 With regard to the allocated employment land around Whiteley, this is now limited. At the time of writing, most allocated sites at Whiteley currently have applications pending or approved for employment use. There is one allocated site that does not have an application lodged, this is SHUA4 (a small site of approximately 1.5 ha). This

site may not have come forward due to access issues. There is also one allocated site that does not yet have permission, this is SHUA2 (approximately 5.51 ha). There is an application currently lodged on this site to develop a range of use types, but only 73,152 sq ft is proposed B1(c) use. Any development elsewhere at Whiteley would comprise redevelopment of existing sites – therefore providing limited opportunity for future growth at this junction of the M27.

- 4.65 Other allocations and development opportunities in places such as Waterlooville or Bishops Waltham would not alleviate the demand for industrial space in Winchester due to the geographical preference as explained by our commercial agent consultations. For this reason Bushfield Camp is key to relieving industrial supply shortage in Winchester Town specifically.
- 4.66 Although not falling in the District boundary, but important from an occupier point of view, there is a need to recognise the development proposals at Welborne Garden Village. The Garden Village is based off Junction 10 of the M27 and recently received outline planning to deliver approximately 20 ha of employment land. It is reasonable to assume that some of the pent-up industrial demand around Whiteley will be met by this supply.

Conclusion

- 4.67 For the industrial market, there is evident demand from high-tech, clean industries for spaces generally below 50,000 sq ft. The market is tight across the entire District, with dated existing stock around Winchester Town.
- 4.68 Industrial space across Winchester District is undersupplied, as demand is frustrated by almost non-existent immediate availability. In addition to the above development opportunities, there are smaller allocations in Bishops Waltham and Alresford, however, these are not necessarily in a strategic location. The root cause of the shortage is that very little allocated land has been developed over a prolonged period (e.g. Bushfield Camp). In the concluding chapter, we will discuss how planning policy might respond to this situation.
- 4.69 The integrity of the Winnall Industrial Estate should be protected, and encroachment of non-B-class uses should be resisted as this area is the only part of Winchester Town that holds a clear critical mass and the benefits of co-location. Rents are viable and delivery of new stock in Winchester Town must be a focus as this market is defined by poor quality units with a lack of new development. The allocation at Bushfield Camp (WT3) is an opportunity to deliver primarily clean, high-tech industrial units to satisfy the local market rather than office floorspace. Where appropriate R&D units may also be suitable but these are more specialist in nature and less flexible to the types of occupiers and should be carefully considered. There should be a further investigation as to why the site has not been developed and what the likelihood is of it coming forward.

The office market

National and regional context

- 4.70 As with industrial space, developers are finding it more difficult to fund office development, due to the restricted availability of loans. Speculative office development is only occurring in strong and established office markets. There is a speculative office building in London, Thames Valley (e.g. around Reading) and key regional centres such as the Birmingham and Manchester. In other markets, new development requires a pre-let in place to a blue-chip covenant.
- 4.71 In recent years the main drivers of demand for new office space have been financing, professional services, technology, media & telecommunications (TMTs) and flexible workspace providers. Since the referendum to leave the European Union there has been a slight cooling of office demand from finance and professional services, but demand from TMTs remains robust.

Office space and occupiers in Winchester District

- 4.72 The District's office market is slightly smaller than its industrial market. Again, the critical mass is mainly polarised between Winchester Town and the Whiteley area (principally comprising Solent Business Park). The stock is markedly different in the two sub-markets with more modern purpose-built offices in Whiteley and the more dated/converted stock in Winchester Town.

Solent Business Park – Whiteley

- 4.73 Solent Business Park is located in Whiteley, close to the industrial areas of Concorde Way and Fulcrum, previously mentioned. Solent Business Park is a major office park, its occupiers include largely national companies or regional headquarters of national companies. Some examples include Specsavers, HSBC and the National Air Traffic Service (occupying over 250,000 sq ft). Solent Business Park is located between Southampton and Portsmouth, at Junction 9 of the M27, benefitting from excellent motorway links between the South Coast and beyond.
- 4.74 Figure 4.12 shows the differing offices at Solent Business Park. The ages of the units span a number of decades, for example, 1620-1627 Parkway was built in the 1990s, but Plot 4300 built in 2019. Some commercial agents drew attention to the fact that as the new stock was delivered companies moved out of their existing older offices on the park, to the newer offers in the business park.
- 4.75 According to CoStar searches since 2009, there have only been a handful of new offices built at Solent. Plot 4300 is the only large-scale office to have been built in recent years - a 35,000 sq ft unit with a lease taken by Biz Space, a flexible office space provider. The other new build stock recently delivered at Solent is at Victory Park which is located adjacent to Fulcrum. Here smaller scale pavilion style offices have been delivered.

Figure 4.12 Examples of office units, Solent Business Park



Source: CoStar 2019

Large-scale single occupiers

- 4.76 The District has two large-scale single occupiers in the form of IBM and Arqiva.
- 4.77 IBM is located at Hursley Park. This is a long-established base, geared towards research and development. It acts as a hub for forthcoming developments, technology, and innovation to be tried and tested. As shown in Figure 4.13, this is an

uncommon example of the office stock in Winchester, being that the campus is a converted stately home.

- 4.78 Arqiva, a national satellite communication company, have their 110,000 sq ft headquarters located northwest of Winchester at Crawley Court. As shown in Figure 4.13, Arqiva occupies a 1970s purpose-built unit.

Figure 4.13 Single largescale occupiers



Source: CoStar 2019

- 4.79 The established presence of IBM and Arqiva in the District combined with those companies located at Solent Business Park shows that area is attractive to technology-based firms.

Winchester Town

- 4.80 The office market in Winchester Town mainly comprises Town centre offices. Until recently there were no out of town office parks in Winchester Town. The development of Chilcomb Park has recently altered this. Chilcomb Park is located south east of Winchester, off the A31 and is currently under construction and advertised to let. The development will deliver, approximately 88,985 sqft of office space. Chilcomb Park is technically in the South Downs National Park, but is very close to the Winchester office market. Beyond this, there are offices dispersed amongst the industrial units around the Winnall Industrial Estate but there is no clear critical mass beyond the town centre. The offices in the town are generally smaller in size to those found at Solent Business Park, yet there are still some large units to be found.
- 4.81 As shown in Figure 4.14, the offices in Winchester Town are a mix of size and specification, ranging from converted buildings to purpose-built units, albeit mostly now aged stock or refurbished stock. Occupiers in Winchester Town are a mix of both local, regional and some national firms. They include Brewin Dolphin (finance company) who occupies a 3,800 sq ft unit, T2 Architecture who occupies a 1,200 sq ft unit and Think Creative (a marketing company) who occupy 800 sq ft. Other large occupiers include Hampshire County Council, Simply Health and Denplan.

Figure 4.14 Examples of office units, Winchester Town



Source: CoStar 2019

- 4.82 According to CoStar searches, since 2009 there have only been two new build office units within the Town, one being Basepoint Business Centre measuring 18,000 sq ft shown in Figure 4.14, the other being a smaller mixed use (office and residential) unit with 1,400 sq ft of ground floor office space located on Staple Gardens in the centre of Winchester town.
- 4.83 In the previous Employment Land Study¹², Permitted Development Rights (the conversion of B1(a) offices to residential, and other uses) was seen to be adding pressure to the existing office stock in Winchester. Since the publication of this Employment Land Study, Winchester City Council has successfully implemented an Article 4 Direction prohibiting the use of these development rights in Winchester Town, this we see as a positive sign and necessary for the protection of the existing office space.

¹² Employment Land Study, Lambert Smith Hampton, 2016 (updated 2018)

Market Towns and Rural Areas

4.84 The remaining offices are dispersed around the District's market towns and rural areas, these areas have office stock but it is mostly dated and there is little or no critical mass. The offices are either found in a small business parks, scattered, or single standalone units. Notable areas include:

- Church Green Close, Kings Worthy
 - Large modern units, business Park
- Alresford
 - Scattered, small units
- Southern House, Otterbourne
 - Single unit, 45,000 sq ft, occupied by South Central Ambulance Service, South Central Strategic Health Authority and NHS Education Service
- Colden Common
 - Small units, business park
- Bishops Waltham
 - Small units, scattered
- Wickham
 - Small units, scattered
- Denmead
 - Small, medium units, scattered

Demand

4.85 In this section we analyse the take-up of office floorspace in the District over the last five years, drawing mainly on the CoStar database. This *floorspace take-up* is the space that business occupiers move into, this includes lease agreements and owner-occupier acquisitions in any given year. As with industrial, it takes no account of floorspace vacated as businesses move out or close down.

As shown in

4.86 Table 4.4, in the five years to 2018, the take-up of office space in the District averaged 178,198 sq ft p.a., over an average of 58 units.

Table 4.4 Office floorspace take-up, 2014-18, Winchester District

Calendar year	No of transactions	Total take-up sq ft
2014	69	236,419
2015	59	186,743
2016	75	179,276
2017	56	150,041
2018	31	138,509
2019*	15	80,916*
Total (2014-18)	290	890,988
Annual average (2014-18)	58	178,198

Source: Costar 2019

*2019 is a partial year, data taken between 1st January – 31st August

- 4.87 Floorspace take-up fell from 236,419 sq ft in 2014 to 138,509 in 2018, a fall of 41%. Take-up has dropped consistently over the period, and based on the current measures for 2019, take-up is on course to be even lower come to the end of 2019.
- 4.88 Take-up activity has been the highest in the south of the District, where the Solent Business Park is based. By analysing CoStar results focusing on those around Solent Business Park, more than 520,000 sq ft of office space was taken over the period. In comparison during the same period, Winchester Town saw approximately 180,000 sq ft taken-up. Based on take-up, these two areas represent the bulk of the market. Based on the same analysis, the average unit size in Winchester was nearly 1,900 sq ft and 7,000 sq ft around Solent Business Park. These results echo the comments made by commercial agents who outlined typical take-up in Winchester is around 1,500 sq ft, and emphasised a lack of space in the City above 5,000 sq ft.
- 4.89 Units are popular in these two areas for similar reasons in respect of their accessibility, but it is contended that they cater for different markets, with local and regional companies demanding space in Winchester Town, and more of a national focus at Solent Business Park.

Solent Business Park

- 4.90 Occupiers are attracted to Solent Business Park due to co-location of other office occupiers, quality and size of units matching national firm requirements, and good access to the M27, and surrounding south coast cities. Recent take-up here includes:
- Northrop Grumman – 26,000 sq ft
 - Interbay Commercial Finance – 8,000 sq ft

- Morgan Sindall Construction – 5,300 sq ft
- Peach Technologies – 13,325 sq ft
- Shoosmiths LLP – 16,000 sq ft

4.91 Occupiers at Solent Business Park are prepared to commit to leases up to 10-years e.g. with Shoosmiths and Peach Technologies.

Winchester Town

4.92 The demand for offices in Winchester Town centre has been predominantly for smaller units. Those occupiers who take space in the city centre are attracted by access to amenities and public transport. Occupiers attracted to the out of town stock are those who require larger premises, with on-site car parking and good access to the M3.

4.93 Recent deals in Winchester Town include Skanska Construction taking a long lease (20-years) on a relatively large unit (15,000 sq ft) at Trafalgar House This deal is considered to be unique due to the availability of good quality refurbished space of an appropriate size to attract corporate occupiers in the town centre.

4.94 Also, Brewin Dolphin relocated their Bournemouth office to a 3,790 sq ft unit on a 10-year lease. DAC Beachcroft took a renewed 10-year lease on their 6,212 sq ft unit, FWA Conservation took a 2 year lease on small 750 sq ft unit, Big App Consultancy took a 3 year lease on 971 sq ft unit, E & J Capital Partners took a 5 year lease on a 2,800 sq ft unit and Devtronix Ltd took a 6 year lease on a 1,000 sq ft unit.

4.95 These new leases demonstrate that there is active demand from some large businesses for office space in the District, particularly in Winchester Town which has up until now not competed with Solent Business Park and their blue-chip occupiers due to a lack of suitable stock. In the next section, we will assess vacancy rates.

Market Towns and Rural Areas

4.96 The occupiers taking space in the Market Towns and rural areas are taking small units, usually under 2,000 sq ft over terms generally no longer than 5-years. Examples in Alresford include Osteopath and Hampshire Health taking 263 sq ft for a 3-year term and JPA Training taking 2,600 sq ft over a 1-year term. In Kings Worthy, Opus Telecommunications took 860 sq ft over a 1.5-year term.

Supply and market balance

4.97 There are 56 office units currently vacant in the District, providing a total of 220,000 sq ft of floorspace. This is against a total stock of 1224 units / 3.79 million sq ft registered on VoA. This equates to a current vacancy rate of 5.8% of floorspace and 4.6% in a number of units. If we cross-reference the availability in Table 4.5 with annual average take-up in Table 4.4 of 178,198 sq ft / 58 units, the availability across the District equates to around 11 months' supply in relation to number of units and 1 year and 3 months' supply in relation to floorspace. Vacancy in terms of floorspace and number of units is low to reasonable.

Table 4.5 Office floorspace availability, Winchester District, 2019

	Floorspace sq ft	No. of units
Total stock	3,798,004	1224

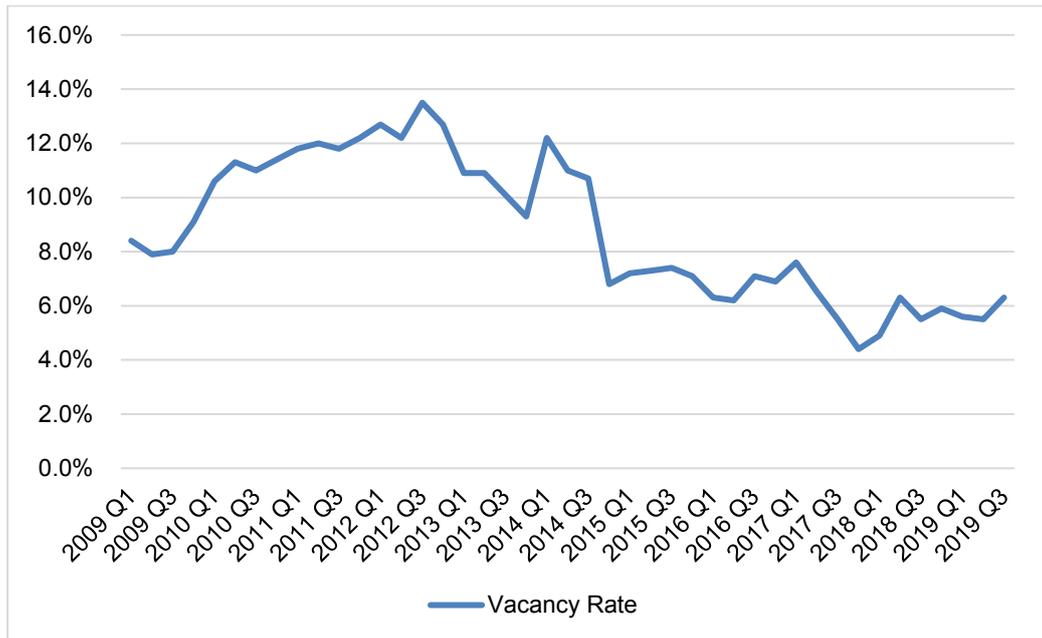
Availability	222,000	56
	5.8%	4.6%

Source: CoStar, Aspinall Verdi (2019)

- 4.98 We have also looked at floorspace availability in more detail, considering past change since 2009 in the local sub-areas in the District, the same as those identified in the industrial analysis. As with the earlier industrial analysis, at this finer-grained level, we have had to use availability rates as estimated by CoStar, which are a crude approximation of absolute vacancy rates, but useful for charting change over time and comparing sub-areas with each other. The results are shown in Figure 4.15 to Figure 4.17.
- 4.99 For Winchester as a whole, the CoStar data shows the office vacancy rate rose from 2009 to 2012, where it has been on a steady downward trend since. However, the sub-areas show some contrasting results.
- 4.100 At the Solent Business Park, in 2009 shortly after the 2008 financial crash, vacancy rates dropped from 20% to 14%, from here the rate was relatively flat but slowly declined to below 5% in 2015 before rising back to current levels near 10% today. Due to the size of the units at the Solent Business Park, only a few large leases would be required to make significant changes in the vacancy rates which may explain the range of 5% to 20% over the period observed.
- 4.101 Where Winchester Town is concerned, vacancy rates are lower than that of Solent Business Park, and Winchester District.
- 4.102 When consulting commercial agents, the low vacancy rate in Winchester Town is a result of a lack of recent development which has led to poor office stock despite there being multiple reports of the demand for good quality flexible space between 1,500 – 2,500 sq ft. A lack of delivery was also reported in the previous Employment Land Study¹³, which is still the case today. This is supportive of the reasoning behind the high rent achieved by the Skanska lease. However, there was also an acknowledgement of businesses fearing growth and committing to larger spaces as a result of the current economic uncertainty and political climate, therefore not moving premises.
- 4.103 The differences between Solent and Winchester Town’s vacancy rates could also be explained by the changing face of occupier workspace demand, with Winchester Town having better access to amenities as an urban office location which is gaining popularity amongst workforces.

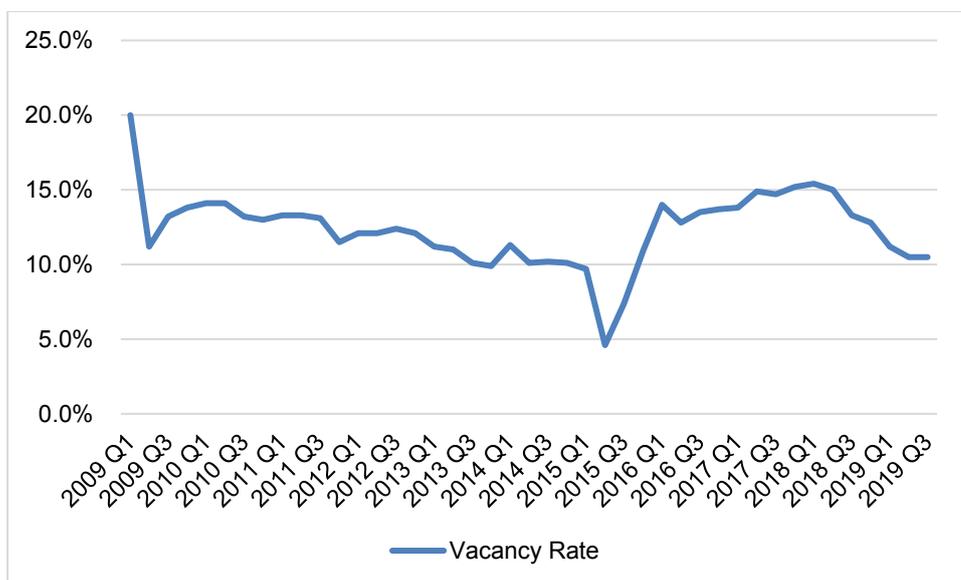
¹³ Employment Land Study, Lambert Smith Hampton, 2016 (updated 2018).

Figure 4.15 Winchester District office vacancy rate % of floorspace stock



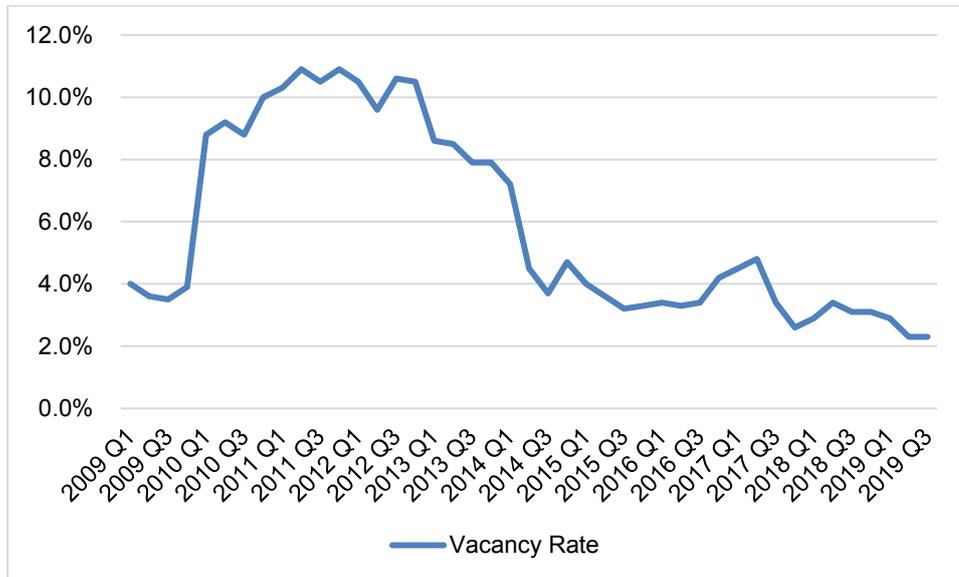
Source: CoStar (2019)

Figure 4.16 Solent Business Park office vacancy rate % of floorspace stock



Source: CoStar (2019)

Figure 4.17 Winchester Town office vacancy rate % of floorspace stock



Source: CoStar (2019)

4.104 In terms of specific units, units available immediately in the sub-areas (at 2019 Quarter 1), as recorded by CoStar, are as follows:

- Solent Business Park: 31 units, floorspace ranges from 1,000 sq ft – 18,000 sq ft, comprising all second-hand space. The stock has been marketed for anywhere between 8 months – 108 months.
- Winchester Town: 10 units, floorspace ranges from 300 sq ft – 3,000 sq ft, the majority is dispersed within the City centre and is all second-hand space. The units have been marketed for less than those at Solent, ranging between 5 months – 29 months.
- Market Towns and Rural Areas: 6 units, all located in Bishops Waltham, floorspace ranges from 250 sq ft – 700 sq ft.

Rents and the economics of development

4.105 Office rents in Winchester Town are generally more expensive than surrounding areas such as Bournemouth, Southampton, and Portsmouth, rents at Solent Business Park are more comparable to these areas. There is a lack of recent evidence of new build rents in the District with second-hand rents at Solent Business Park ranging between £18.00 - £22.00 psf. Winchester Town rents typically ranging between £18.00 psf and £25.00 psf - a wider range to reflect the wider offer of different sizes and quality of units available rather than a more standardised product at Solent. These figures are in line with commercial agents quoting prices. The recent Skanska and Brewin Dolphin leases that were mentioned earlier shows that despite higher rents than surrounding cities, Winchester Town can retain good quality occupiers.

4.106 The rents across the District make it generally viable to maintain and refurbish the existing stock but not to stimulate speculative development. To support new development, rents will need to be c£25 psf. The Skanska, Brewin Dolphin and DAC Beachcroft leases are examples that this can now be achieved, provided the right

quality of office space is provided, in the right location (near to amenities, parking and rail connections, as outlined by commercial agent consultees).

Development opportunities

- 4.107 A schedule of development opportunities proposed or under construction that will deliver office floorspace in the District is outlined in Table 4.6.

Table 4.6 Office development opportunities, Winchester District

Site	Provision
Mach2, Solent Business Park	- 7,362 sq ft total
Forum Seven, Solent Business Park	- 69,288 sq ft total
Forum Eleven, Solent Business Park	- 48,240 sq ft total
One Lime, Solent Business Park	- 30,580 sq ft total
One Olive, Solent Business Park	- 25,320 sq ft total
Forum Two, Solent Business Park	- 67,695 sq ft total
Station Approach, Winchester Town Centre	- 193,450 sq ft total
Chilcomb Park, Chilcomb, Winchester	- 89,000 sq ft in total
Total floorspace	530,935 sq ft

Source: CoStar 2019

- 4.108 All of the development opportunities currently marketed are in Solent Business Park with the exemption of Station Approach and Chilcomb Park in or adjoining Winchester Town, however Station Approach will not be readily available for some time. Based on their combined floorspace of 530,935 sq ft this would account for approximately 2 years and 8 months supply based on the average floorspace take up rate. The delivery of a large volume of high quality office space at the Station Approach is key unlocking the supply shortage that is identified in Winchester town centre, with offices meeting the high quality standard in the right location as previously mentioned.
- 4.109 As outlined in our concluding remarks in the industrial development section, the allocation of policy WT3 (Bushfield Camp) for 20-hectares of employment land was initially earmarked to deliver some form of office space. But as mentioned, this site has not come forward for development yet, and nor is this the best use for the site considering that our research and consultation outlines that the demand for office space in Winchester would be better suited near to amenities rather than out of town, i.e. Station Approach. We recommend that Bushfield Camp be sought to deliver primarily clean, high-tech industrial units to satisfy the local market rather than office floorspace that is coming forward in more suitable locations. Where appropriate R&D units may also be suitable, but these are more specialist in nature and less flexible to the types of occupiers and should be carefully considered.

Conclusion

- 4.110 The office market in Winchester is currently performing reasonably well with two distinct markets around Winchester Town and Solent Business Park. Outside of these

areas the office market is more niche with a focus on bespoke stock in converted premises.

- 4.111 Evidence shows that the bulk of recent take-up comes from a mix of occupiers ranging from SMEs to international companies with a focus on Winchester Town and Solent Business Park. There are a number of technology, media and telecoms firms in the District, mostly located at Solent Business Park and the major single sites at Hursley and Crawley. This is also supported by finance, banking, insurance as well as energy sectors.
- 4.112 Viewing vacancy by area, there is a lack of stock particularly in Winchester Town, whereas there appear to be more comfortable levels at Solent. The bringing of Chilcomb Park to the market begins to address the lack of the town's stock to some degree, but it does not share the same properties as other stock within the town. This is mainly a location factor. While new high-quality offices will be welcomed, Chilcomb is outside of Winchester and access to amenities is limited. Chilcomb Park has not been included within the vacancy rate in Figure 4.17 because it does not accurately reflect the town centre nature of the Winchester Town market.
- 4.113 The market signals are on the verge of being sufficient to trigger new build development on a speculative basis, this is because:
- Rents are currently only sufficient for viable development on a pre-let basis, but in top locations, these rents are climbing (Skanska, Brewin Dolphin and DAC Beachcroft are examples in Winchester Town).
 - There is evidence of speculative refurbishment coming forward with the Skanska lease. This is also supported by the arrival of Brewin Dolphin to the City centre.
 - There are a number of large-scale corporate occupiers in the south but at present, there is a lack of these occupiers in Winchester Town to completely de-risk development.

5 FUTURE DEMAND

Introduction

- 5.1 In this section we review of the latest economic data to establish a local economic forecast for the District over the plan period.
- 5.2 In line with the PPG this chapter reviews the following approaches:
- **Past Trends** - A projection of historic trends (Past Trends approach). This is based on data sourced from the Council's monitoring data and cross checked with data from the Valuation Office Agency (VOA)
 - **Economic Forecast** – A baseline model (Job Demand) and a sensitivity scenario to test the Councils future population (Labour Supply)
- 5.3 It is important to note that this is an assessment of 'need' – guided by the National Planning Policy Framework and Planning Policy Guidance. It is a very different assessment to an economic regeneration strategy or other 'policy led' view of what land and property may be 'wanted' for aspirational reasons.

The National Park

- 5.4 Before looking in detail at the amount of land 'needed' in the next plan we must first consider how to manage the part of the District within the South Downs National Park. The National Park is a planning authority with its own development plan.
- 5.5 For this study we have used the IDBR to form a view as to how many, and what type of jobs are in the Park area. This is discussed in more detail in the proceeding chapter – but in summary the IDBR provides job counts by individual firms which can be accurately mapped to the Winchester District geography using GIS.
- 5.6 Using this data we established above that the National Park accounts for only 5% of the district's employment. Of this total very few jobs are within the traditional B classes. The Park area of the district is generally under-represented in B class sectors and over-represented in Non-B class – such as accommodation, food services, recreation and agriculture.
- 5.7 Therefore in this report we recognise that any estimate of 'need' may be very slightly inflated because the 'base' includes the jobs and population within the Park area. But this 'inflation' will be very minor and, pragmatically, not addressed via new allocations within the Park. So even were this 'need' to require a new land allocation this would need to be addressed in close proximity to the park area – i.e. within Winchester district.
- 5.8 In the analysis that follows we recognise this limitation but don't proceed to present with and without National Park quantitative need estimates.
- 5.9 This approach has been agreed with the National Park who consider that it would be disproportionate for this study to seek to advise on needs arising within and outside the Park area separately.

Past Trends

- 5.10 The starting point for our analysis is a review of past trends. We look at past trends using two different sources. Firstly, using planning data from the Council, collected by the County Council. Secondly, we look at data from the Valuation Office Agency (VoA).
- 5.11 This second data source is useful because it is driven by taxation data. As taxation data there is a motivation for landowners to remove lost floor space from the database in a timely manner, and the VoA has a motivation to identify new space.
- 5.12 We also use the two sources because Council monitoring data has difficulty spotting losses of stock. This is simply because demolition does not require planning permission whereas the provision of replacement (new) space does. Council data in isolation often exaggerates take-up because losses are under-recorded.
- 5.13 Also, in recent years, Permitted Development has allowed office space to be lost outside the planning process. So there is risk that this is not reported or picked up in planning data.

Offices

- 5.14 Starting with data from the Council – this shows that Winchester has added around 4,250 sq m of new space each year (net) since 2004/5.

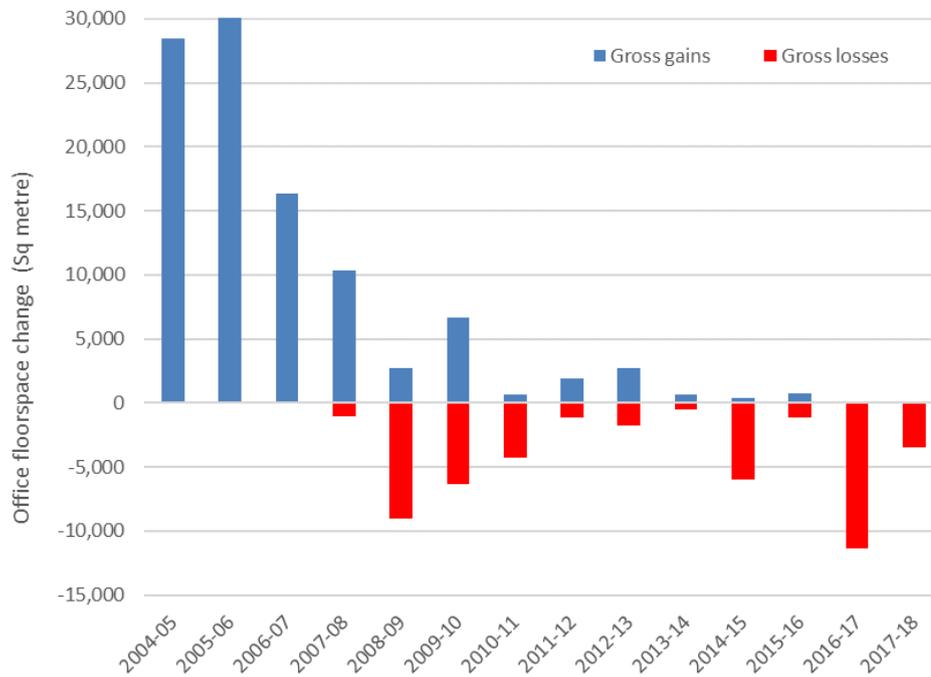
Table 5.1 Office gains and losses

	Gross gains Sq m	Gross losses Sq m	Net change Sq m
Average pa 2004/5-09/10	16,413	2,739	13,674
Average pa 2010/11-17/18	879	3,705	-2,826
Average pa 2004/5-17/18	7,536	3,291	4,246

Source: WCC monitoring

- 5.15 But this take-up is very uneven and influenced by the early 2000s pre-credit crunch period, when substantial new floorspace was added. Since 2008/9 there has been very little take-up and overall change has been negative with losses exceeding gains by some considerable margin.

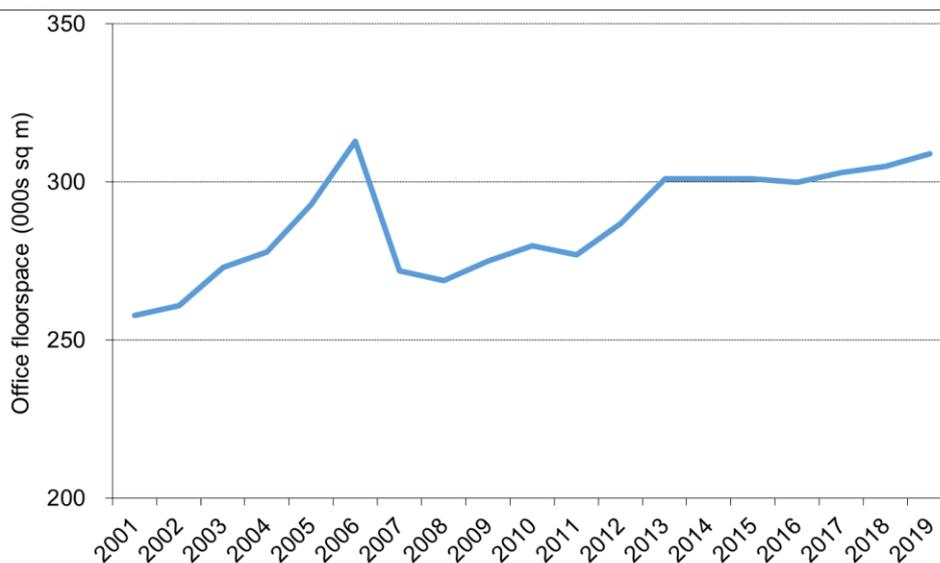
Figure 5.1 Office gains and losses



Source: Source: WCC monitoring

5.16 As noted above we think it is sensible to cross check data with the VoA statistics. The chart below shows the official time series data – as published by the Valuation Office Agency based on taxation data. The data starts in 2001 – so slightly earlier than the Councils monitoring data.

Figure 5.2 Office Stock



Source: VoA

5.17 As with the Council the VoA pick up strong positive gains in the stock for the pre-credit crunch period followed by a decline in stock – but in the last few years the Council records a slight decline which has not translated into the VoA data. It may be

that this will be picked up when the VoA undertake the next of their periodic 'revaluations'¹⁴ which occur every 5 years or so. These often result in revisions to their data. However we note that the discrepancy between the data sources is small and the 10,000 sq m loss recorded by the Council in the 16/17 year needs to be viewed in the context of a 300,000 sq m stock.

- 5.18 For our purposes it is not robust to carry forward a pre-credit crunch projection of past take-up. The economy and market in general has shifted – as has market demand. Setting this buoyant period aside the 'rounded' view is that since the credit crunch past take-up is still around zero. Both sources would 'in the round' agree post 2013 that there has been very little change in the office stock.

Industrial

- 5.19 Starting with the Council data there is, as with offices, a clear pre and post credit crunch picture. A rapid increase in stock was reported up to 2010 before falling off to an average of only 741 sq m per year.

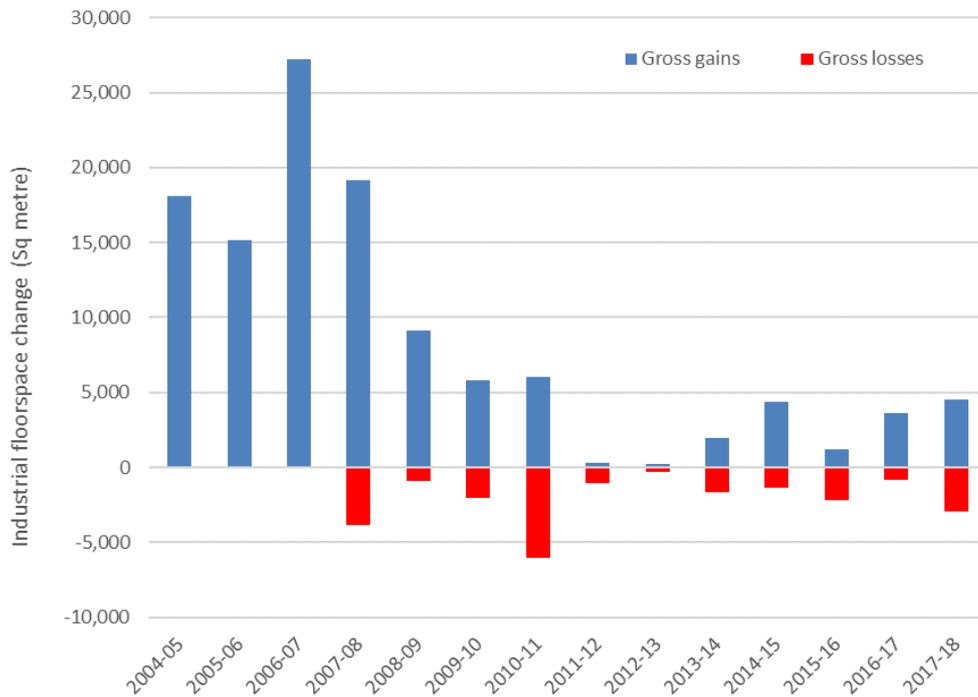
Table 5.2 Industrial gains and losses

	Gross gains	Gross losses	Net change
	Sq m	Sq m	Sq m
Average pa 2004/5-09/10	15,759	1,130	14,630
Average pa 2010/11-17/18	2,788	2,046	741
Average pa 2004/5-17/18	8,347	1,653	6,694

Source: WCC monitoring

¹⁴ <https://www.gov.uk/introduction-to-business-rates/revaluation>

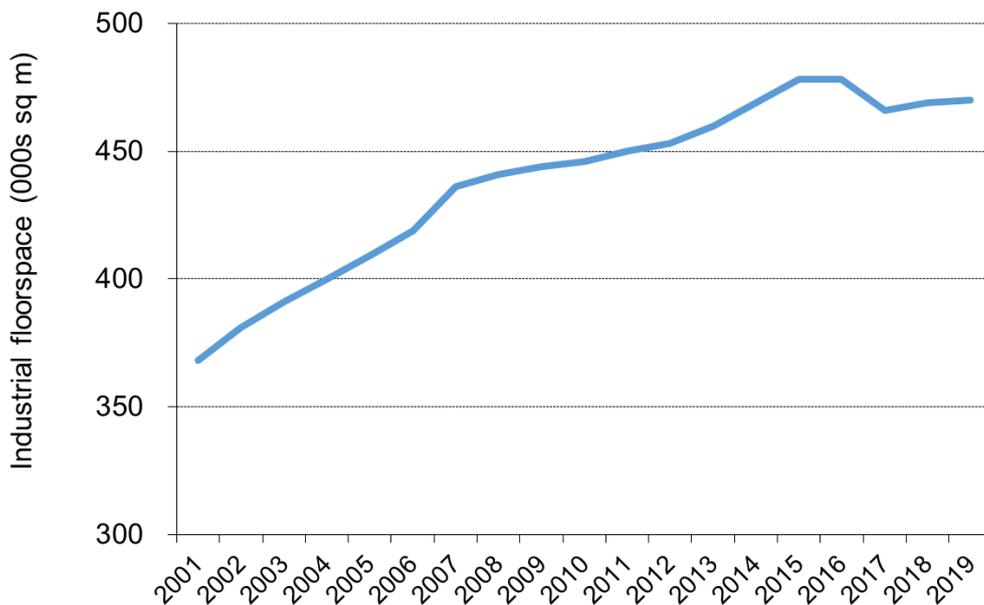
Figure 5.3 Industrial gains and losses



Source: Source: WCC monitoring

5.20 This also broadly aligns with the VoA with the rapid pre-credit crunch delivery recorded and then a stable, slightly growing, market. Although, as with offices, a note of caution is needed given the total stock of space is around 450,000 sq m.

Figure 5.4 Industrial Stock



Source: VoA

Summary over the plan period

- 5.21 In this area both the Council’s monitoring data and the VoA broadly agree – while there are inevitable differences, the direction of travel is similar.
- 5.22 For offices the data shows a strong pre-credit crunch period before falling off in more recent years. The table below extrapolates the Council’s data based on differing trend periods.
- 5.23 This generates a (slightly unhelpful) wide range between 218,779 and negative 45,210 sq m of space. The average over the whole period we have data available for is a total net increase of 67,928 sq m of space over a 13 year period.

Table 5.3 Office floorspace past trends change

	Gross gains Sq m	Gross losses Sq m	Net change Sq m
Average pa 2004/5-09/10	262,600	43,821	218,779
Average pa 2010/11-17/18	14,068	59,278	-45,210
Average pa 2004/5-17/18	120,582	52,654	67,928

Source: WCC monitoring and PBA analysis

- 5.24 For industrial the same analysis, using the Council’s data generates a range between 234,075 sq m and 11,863 sq m with an average total net increase of 107,096 sq m.
- 5.25 We don’t conclude here on which is the most appropriate set of figures to use because we first compare this analysis with an alternative approaches in the next section.

Table 5.4 Industrial floorspace past trends change

	Gross gains Sq m	Gross losses Sq m	Net change Sq m
Average pa 2004/5-09/10	252,147	18,072	234,075
Average pa 2010/11-17/18	44,602	32,740	11,862
Average pa 2004/5-17/18	133,550	26,454	107,096

Source: WCC monitoring and PBA analysis

Economic forecasts

- 5.26 The PPG requires consideration of the need for land arising from an assessment of ‘labour demand’ and also ‘labour supply’. In reality the two approaches are linked

because if there is insufficient labour demand in the economy then any increase in labour supply will not result in a need for additional employment space

- 5.27 In the following analysis we first start with the baseline forecast before looking a higher population sensitivity test. In the sensitivity test the forecasters were asked to consider the impact / implication of a higher housing number and associated labour supply.

Baseline Forecast

- 5.28 To quantify the demand for offices, industrial space and storage and distribution to the end of the Plan period we start with the raw data, which is provided by the economic forecasters in employment activity sectors (38 for Experian, related to the Standard Industrial Classification (SIC)). We then translate these sectors into the three land use categories using our sector-to-space mapping technique (an explanation of this is provided at **Error! Reference source not found.**).
- 5.29 The base year used for the forecasts is 2019, and the end date is 2036, a period 17 years on from the base date.
- 5.30 We note that there is a small limitation in that the job growth between 2018 – 2019 is estimated because the official labour market data is not yet available. This is normally not an issue because this is only one year's worth of official data.
- 5.31 Once the job numbers are identified for the B class activities, we then apply specific employment densities sourced from the 2015 HCA report Employment Density Guide. The final step is to turn net demand for floorspace into gross demand by accounting for changes in supply that are in the planning pipeline – planning permission commitments and site allocations.
- 5.32 We then sense test the outcomes by comparing the jobs / floorspace forecasts from the forecasting house for each land use, and consider these data in respect of other information about the markets, such as the information from the property agents.
- 5.33 The first step is to look at forecast job change over the next plan period. We start by looking at total jobs, then detailed sectors; before adding these together to provide a view by planning Use Class.
- 5.34 The detailed sector analysis is useful because it provides a view as to the possible qualitative demand for land and floorspace where different sectors have different qualitative demands.

Job Change

- 5.35 The table below shows the total job change over the period 2019-36. In total the forecast expects 12,500 net new jobs across Winchester District over the plan period.

Table 5.5 Job change by sector

Job category	2019	2036	Change 2019-36	
	Jobs (000s)	Jobs (000s)	Jobs (000s)	%
Accommodation & Food Services	6,100	5,700	-400	-7
Administrative & Supportive Services	7,900	10,800	2,900	37
Agriculture, Forestry & Fishing	1,100	1,300	200	18
Air & Water Transport				
Chemicals (manufacture of)				
Civil Engineering	1,000	900	-100	-10
Computer & Electronic Products (manufacture of)	700	700		
Computing & Information Services	5,600	6,900	1,300	23
Construction of Buildings	3,200	3,100	-100	-3
Education	8,500	9,200	700	8
Extraction & Mining				
Finance	2,900	3,900	1,000	34
Food, Drink & Tobacco (manufacture of)	700	700		
Fuel Refining				
Health	8,900	11,200	2,300	26
Insurance & Pensions	700	800	100	14
Land Transport, Storage & Post	4,100	5,300	1,200	29
Machinery & Equipment (manufacture of)	400	400		
Media Activities	300	400	100	33
Metal Products (manufacture of)	600	500	-100	-17
Non-Metallic Products (manufacture of)				
Other Manufacturing	1,400	1,500	100	7
Other Private Services	2,500	2,400	-100	-4
Pharmaceuticals (manufacture of)				
Printing and Recorded Media (manufacture of)	300	200	-100	-33
Professional Services	8,500	8,900	400	5
Public Administration & Defence	3,200	2,700	-500	-16
Real Estate	1,500	1,600	100	7
Recreation	2,500	2,400	-100	-4
Residential Care & Social Work	8,400	11,900	3,500	42
Retail	8,800	8,400	-400	-5
Specialised Construction Activities	3,200	3,300	100	3
Telecoms	1,500	1,700	200	13
Textiles & Clothing (manufacture of)				
Transport Equipment (manufacture of)				
Utilities	500	300	-200	-40
Wholesale	4,300	4,700	400	9
Wood & Paper (manufacture of)				
Total workforce jobs	99,300	111,800	12,500	13

Source: Experian Economics – June 2019 edition

- 5.36 As is common the majority of the new jobs are expected outside the B class sectors. The largest grouping of the Non-B class jobs are related to health and residential social care. Combined the health sectors account for 5,800 net additional jobs – almost 50% of total job change over the plan period.
- 5.37 Nationally this is a strong growth sector which is largely related to an aging population. But growth in this sector is especially strong in areas where the age profile is older than average – which may be the reason this is such a strong growth area in Winchester District.
- 5.38 After health is education (800 jobs). Again this reflects national trends but more locally it likely reflects the strong higher education presence in Winchester.
- 5.39 In this study we only note these growth sectors. It is not the employment land evidence which makes provision for this growth but other areas of the evidence base – normally working with providers to ensure specific allocations are made at the right time. However it is important that any reader recognises that the B class sectors we discuss next are only a minority share of total job growth expected in the district.
- 5.40 The table below groups the sectors into four main groups – those jobs needing office space, industrial or warehousing space and then ‘non-B’.

Table 5.6 Total job growth by broad use class

Land use class	Job change 2019-36	
	Jobs	%
Office	4,137	33
Industrial	11	0
Warehousing	738	6
Non-B	7,615	61
Total job change	12,500	100

Source: Experian Economics – June 2019 edition and PBA analysis

- 5.41 The table shows that for the B class uses offices drive the demand for more space. The forecast expects 4,137 more office jobs at the end of the plan period. The largest driver of this growth is Administrative Services – a ‘catch all’ grouping of administrative sectors that don’t readily fit in the other sectors.
- 5.42 Around 1,300 net new jobs are projected in IT and Communication and a further 1,000 in Finance. This is strong growth for what are generally small sectors (3,500 in Finance and 7,500 in IT and communication – 2018)
- 5.43 For Finance, at the national and regional scale the sector declined following the credit crunch period and future forecast growth is ‘muted’. But in the past Winchester

'bucked the trend' and grew this sector. The forecast carries forward this trend. This is likely to be because the forecast recognises that Winchester outperformed the regional and national economy in the past, so has a chance that this will continue. However, this 'bucking' trend is possibly related to the large-scale relocation of HBSC – from Southampton to Solent Business Park (~1,000 people). Without this relocation it is likely that the district would have more closely matched the region and forecast growth many also be more muted.

- 5.44 The data shows almost no job growth in the industrial sectors. But this is a huge improvement over previous expectations. The Council's 2011 study expected continued decline in industrial employment, whereas more recent evidence suggests that industrial losses have 'bottomed out'. There are positive signs of 're-shoring' where for some sectors the cheaper overseas costs are offset by advantages of local manufacture.
- 5.45 The data also shows some modest growth in the warehousing sectors. Winchester is not a major national warehouse location, unlike the East Midlands, but demand is still strong fuelled partly by changing consumer preferences. Most obviously 'last mile logistics' such as internet shopping continues to grow but also smaller demand for smaller units as former manufacturing firms turn to distributing goods manufactured elsewhere.

Floorspace change and the need for land

- 5.46 Above we have shown the job change expected in the economic forecast. In this section we translate this into floorspace need.
- 5.47 As is common with this type of study we apply standard employment densities to estimate how much new floorspace each new job needs.
- 5.48 We start by advising on office floorspace needs before considering industrial and warehousing.

Office Floorspace

- 5.49 To convert office jobs into floorspace we assume each new worker requires 12 sq m of new space. This is a standard assumption, evidenced from a number of large business surveys and other research¹⁵.
- 5.50 Using 1:12 sq m we need a net additional 49,650 sq m of office (B1a) floorspace to accommodate the job change.
- 5.51 However we also need to make a couple of small adjustments to provide additional flexibility in the property market – allowing some stock to be vacant and provide choice and friction. In our experience this adjustment can range between 5-10%. Here we assume 7.5% (3,723 sq m). We also make a very small adjustment to reflect the fact that the current vacancy rate (in the stock) is less than this 7.5% benchmark. This increases the need by a further 6,005 sqm. This is almost immaterial given the size of the stock, but we do this to maintain consistency with our

¹⁵ See HCA Employment Densities Guide (2015)

later industrial calculations where the existing vacancy rate is almost zero and this adjustment more significant.

Table 5.7 Offices - future floorspace demand

	2019-36	Per ann
a Jobs change	4,137	243
b Floorspace density factor (sq m/job) NIA	12.0	
c Occupier demand (sq m) (a*b)	49,640	
d Vacancy factor (sq m) (c*7.5%)	3,723	
e Stock vacancy adjustment (sq m)	6,005	
f Demand for development (sq m)	59,367	3,492

Source: PBA

Office land

- 5.52 When making new land allocations plans need to provide for land and not floorspace. But this is a very problematic assumption because plot ratios can vary so much for offices. A high-density town centre site can easily come forward at a lot ratio exceeding 100% - such sites don't need car parking or landscaping. But an out of centre site could come forward at 40%. 40% broadly reflects the 1980s/90s/ early 2000s' campus style office sites with office blocks arranged round landscaped lakes etc. More recently 60% has become more common as office developers seek to make more efficient use of land.
- 5.53 Thus for offices it is better to use floorspace as the main unit of measurement. Only where we suggest new land is justified do we translate this requirement into land using a 60% plot ratio.
- 5.54 In summary, 60,000 sq m of net additional office floorspace is needed in the next plan. If this requires new land, without a known floorspace capacity, this would require 10 ha of new land (i.e. @60%).

Industrial floorspace

- 5.55 We consider light industrial, manufacturing and warehouses together (B1c, B2 & B8) because they all have similar demand for land and property. In theory B1c can be accommodated within a residential environment¹⁶ but in practice when providing new space we try to separate them to provide more flexibility in the potential use of the property.

¹⁶ The legal differentiation between the B1 classes and B2/B8 is that B1c does not give rise to significant residential amenity issues.

- 5.56 When estimating how much space to provide we apply a density of 1:60sqm. This reflects the fact that almost all the growth need is for warehousing jobs as opposed industrial. But also our market review suggests that not all demand here is for larger units (final mile or strategic as per HCA Employment Densities Guide (2015)). Some of the demand is likely to take the form of smaller business units where the space is used more intensively.
- 5.57 At 1:60 this generates a need for a further 44,940 sq m of space – increasing by 3,370 sqm if we assume 7.5% of stock ought be vacant to allow for the fluid operation of the market.
- 5.58 An adjustment is also needed to ‘correct’ the current lack of vacant space in the stock. For industrial there is almost no vacancy in the current market – the vacancy rate is 0.6%. Allowing this to increase to 7.5% requires a further 28,421 sq m of space.

Table 5.8 Industrial – future floorspace demand

	2019-36	Per ann
a Jobs change	749	44
b Floorspace density factor (sq m/job) GIA	60.0	
c Occupier demand (sq m) (a*b)	44,940	
d Vacancy factor (sq m) (c*7.5%)	3,371	
e Stock vacancy adjustment (sq m)	28,421	
f Demand for development (sq m)	76,732	4,514

Source: PBA

Industrial land

- 5.59 Unlike offices the need for additional industrial land is much better correlated to floorspace. Industrial property is almost universally delivered at a 40% plot ratio because for industrial users, the ‘yardage’ and open space is equally as important as the built space for the efficient operation of the unit as a whole. There are obviously some exceptions, but these tend to be specialist units as opposed to the default.
- 5.60 So, assuming a 40% plot ratio, we need 19.18 ha of land.

Sensitivity Test - Labour Supply

- 5.61 The economic forecast discussed above makes an assumption about the size and structure of the population in Winchester. This is because, to be a credible forecast, the model needs to take a view as to the supply of labour and also the demand for

services. In the Experian model this population assumption is taken from the 2016 Sub National Population Projections. So by definition the model above assumes the delivery of the 2016 Household Projections.

- 5.62 But one major challenge facing many Councils is that Government now dictates housing targets via the Standard Method, and these are almost universally above the 2016 household projections and most above the previous 2014 projections.
- 5.63 Here the Council has commissioned a Local Housing Needs Study and the consultant has modelled the potential population from the Standard Method using a demographic model. In summary the demographers have assumed that the additional homes will result in a small improvement in household formation, but the new homes will also attract in-migration to Winchester district. Assuming delivery of the Standard Method results in a population 11,400 persons higher at 2036 than the Sub-National Population Projections (2016-based) baseline produced by the ONS.
- 5.64 Our opinion is that this is an upper estimate of population growth. This is because as other Councils also increase their housing supply in line with the Standard Method they would also be 'competing' for the uplifted migrated population. However, here we know that Winchester is an attractive housing market so it is reasonable to assume that Winchester may be one of those Councils where uplifted homes do attract more migrants.

Demographic led labour supply

- 5.65 The demographic evidence goes on to estimate a potential labour supply for Winchester by applying economic activity rates to the size and profile of the population.
- 5.66 This demographic exercise shows that the indicative supply of labour increases by 11,386 persons by 2036 – so a similar increase in the labour supply compared to Experian's projected growth in jobs detailed above. The baseline Experian model generates a job demand for 12,500 new jobs in Winchester.
- 5.67 But to test this fully we asked Experian to replace their default population assumption (SNPP 2016) with the Council's alternative. This is because the demographic work can only illustrate the size of a potential workforce - but if there is no job demand to take these up then the workforce cannot be assumed to be economically active and therefore need employment land. It is also the case that unemployment, economic activity rates and commuting are all 'dynamic' and may 'flex' as a result of the higher population. Too many people in the economy will simply increase unemployment and reduce economic activity.
- 5.68 The headline results are shown below:

Figure 5.5 Experian population-led scenario

Variable Name	Baseline		Scenario		Difference	
	2019	2036	2019	2036	2019	2036
Population - student <16	23.20	23.30	23.60	27.20	0.40	3.90
Population - 16 Plus	102.60	113.90	104.30	121.30	1.70	7.40
Population - 16 to 64	75.90	77.20	77.40	83.50	1.50	6.30
Population - 65 Plus	26.70	36.70	26.90	37.80	0.20	1.10
Total Population	125.90	137.20	127.90	148.60	2.00	11.40
Economic Activity Rate (%) - 16+	64.10	64.80	63.60	62.10	-0.50	-2.70
Economic Activity Rate (%) - 16 to 64	81.50	84.20	80.70	79.80	-0.80	-4.40
Economic Activity Rate (%) - 65 Plus	14.70	24.10	14.60	23.00	-0.10	-1.10
Workforce Jobs	100.20	113.00	100.30	114.30	0.10	1.30
Workplace based employment	80.20	89.90	80.10	90.80	-0.10	0.90
Residence based employment	64.60	72.70	64.50	73.70	-0.10	1.00
Unemployment	1.20	1.10	1.80	1.60	0.60	0.50
Unemployment Rate	1.90	1.50	2.80	2.10	0.90	0.60
Net commuting balance (inflow)	15.60	17.20	15.60	17.10	0.00	-0.10

Source: Experian

- 5.69 What is noticeable is that the additional population 2036 in only a small uplift in local jobs compared to the baseline (workforce jobs). Delivering the Standard Method homes, and growing the population in line with the demographic work, results in only 1,300 more jobs than the baseline by 2036.
- 5.70 Part of the reason job growth is so modest is because 1/3rd of the population growth is in children below 16 years old. Another 1,100 are above 65 years old. So the 'core working age' population increases by only 6,300 persons in the scenario.
- 5.71 But it is still fair to question why the job growth in the uplifted Experian scenario is lower than the increase in the 16-64 population?
- 5.72 Feedback from Experian is that the main reason job growth is lower is because the Winchester economy has not, so far, been constrained by a lack of labour. The baseline model already illustrates the full potential (demand) for new jobs in Winchester.
- 5.73 This is likely to be because in the past Winchester has grown its economy faster than neighbours and this job growth has been 'fuelled' by a strong inflow of commuters, high economic activity rates and low unemployment.
- 5.74 So the additional people provide labour market flexibility as opposed to filling additional jobs.
- 5.75 As an alternative it is possible that economic activity and unemployment rates remain high/low for Winchester, but the local economy adjusts to the additional labour living in Winchester by reducing the reliance on commuted labour. In the Experian scenario above the additional population results in little change in commuting.
- 5.76 We understand that when developing the scenario above Experian chose not to adjust commuting because, in their view, the Winchester economy remains more buoyant than nearby areas. So the motivation to commute into Winchester, from neighbours, remains regardless of the size of the local Winchester workforce.

- 5.77 However while this is Experian’s primary opinion we cannot discount the fact that over time the larger local population will allow for some ‘substitution’ of commuted labour for resident workers. Given the high levels of in-commuting to the District, particularly Winchester Town, this would not be a negative outcome.
- 5.78 For our purposes whether or not these jobs are ultimately filled by commuters or residents does not change the amount of land needed in Winchester.

How much additional land / floorspace?

- 5.79 While population growth is higher under the scenario this is expected to be absorbed into slightly lower economic activity and higher unemployment (or a possible shift in commuting) as opposed to many more new jobs.
- 5.80 Only the 1,300 additional jobs in the scenario may need additional land/floorspace.

Table 5.9 Experian scenario – additional workforce jobs (WFJ)

Sector	Additional Jobs
Wholesale & Retail WFJ	100
Transport & storage WFJ	200
Accommodation, Food Services & Recreation WFJ	200
Information & communication WFJ	300
Professional & Other Private Services WFJ	300
Public Services WFJ	200
	1300

Source: Experian

- 5.81 The modelling shows the impact on the demand for employment land from these additional jobs is modest and unlikely to exceed 800 office jobs – assuming all information and communication, professional and private services and public services require additional office land / floorspace.
- 5.82 This would need only a small increase over the baseline of 9,600 sqm.
- 5.83 For industrial uses the increase in wholesale and storage may require some additional warehouse (and industrial space) but this is only likely to be 150 or so jobs. This is also unlikely to require more than 2 ha than the baseline assuming a 1:60 employment density.

Additional ‘safety’ margin

- 5.84 Above we have estimated that an additional 19 ha of industrial land is needed in the baseline forecast increasing slightly to 21 ha with the uplifted population. For offices this is 59,000 sqm of new space increasing by 9,600 sqm with the additional population.
- 5.85 While this allows for vacant stock, if only this land was provided it provides no contingency should sites not come forward as expected or that the demand has been underestimated.

- 5.86 To address these risks, in the past it was common to over provide land in plans. Adding 5 years additional supply was a common (i.e. providing 25 years supply in a 20 year plan).
- 5.87 This is now less important given the focus on more regular plan reviews. These reviews provide scope to increase the land supply more often and correct for any issues that emerge in the supply. But there is still a risk in the early years of the plan – before a review – that demand outstrips our estimates or sites fail for one reason or another.
- 5.88 To manage this risk we recommend that the plan supply is ‘front loaded’ so that at least 10 year’s worth of supply is available in the early years of the plan. If possible the Council should consider providing an additional 5 years of supply, but this needs balancing with the availability of sites and competing pressures on land. On the data we have available any additional supply would not be needed or taken up within the plan period.

Larger warehouse and distribution units

- 5.89 The PPG has recently been updated to reflect the fact that traditional employment land modelling methods fail to pick up the ‘footloose’ nature of large strategic warehouse units (as opposed to those to meet more local needs). Further, the link between jobs and floorspace in this market segment was already weak and is weakening as automation is increasingly common.
- 5.90 To date no new strategic warehousing sites have been promoted in this area and we understand this is largely due to transport and environmental constraints. Agents don’t report strong market interest from this sector and did not report a gap in the market for new sites here. But should sites come forward, specifically to meet footloose large warehouse demand, there is no quantitative assessment available to determine whether this is needed so an assessment of the sub regional / demand supply would be needed at the time. This cannot be done pre-emptively because the large unit sizes can mean that even sizeable allocations and sites can be taken up very quickly and the market balance shift.
- 5.91 In practice the lack of available / suitable land in Winchester district is always likely to be the main barrier to this market here.

Summary and advice

- 5.92 Above we have considered different approaches to assessing future needs; one from an analysis of past trends and a second from job forecasts. We have also considered the growth of the labour supply in Winchester district.
- 5.93 The past trends analysis provides a very wide range depending on the period used to inform the trend. But, for the long trend period (i.e. including the pre and post credit crunch period) past take-up and the future forecasts appear to broadly agree.
- 5.94 For offices 68,000 sq m of additional space are needed using the long term past take-up measure which is close to the 59,300 - sq m we estimate from the job baseline

forecast and almost the same as needed to accommodate the increased population sensitivity scenario test (+9,600 sqm).

- 5.95 For industrial, based on past take-up around 110,000 sq m of space is needed for industrial uses, with the baseline forecast showing 76,000 sq m and the population adjusted sensitivity scenario around 9,000 sq m higher.
- 5.96 In both cases the difference is relatively small given the size of the stock.
- 5.97 So, as a rounded view, this suggests that the Council needs to plan for between 19-27 ha of new industrial land and 60,000 - 70,000 sq m of offices. If a single figure is preferred we suggest 70,000 sq m for offices reflecting both past trends and our population adjusted scenario. For industrial a minimum of 21.25 ha in line with the population adjusted scenario noting a past trends approach would support 27 ha if the Council wished to be more optimistic.
- 5.98 This assumes we do not add a 5-year additional margin into the plan and instead bring forward the margin from the back years of the plan.

By policy area

- 5.99 In section 2, using the IDBR, we found that around half the district's jobs are in the south of the district. One third are in Winchester town and the balance in the North / rural areas.
- 5.100 Because the markets are very different it is important to provide a guide as to how much new land is needed by policy area. This is especially the case because land in the South will not meet the needs of Winchester town and vice versa.
- 5.101 At this stage we don't know where the final housing allocations will be made and which part of the district will grow. But as an indication; for Industrial uses we suggest a 50/50 split between the South and Winchester town area. This reflects today's share of economic activity.
- 5.102 Additional allocations in the North/rural policy area should be supported only where a case has been made to address local demand or land can be brought forward alongside new large residual allocations and justified to provide a mix of new employment opportunities in parallel.
- 5.103 For offices our market review concludes that the out of town office market is weak – there are no large towns in the southern policy area and so this would suggest a Winchester Town bias over other parts of the district. So as a guide we suggest 25/75 towards Winchester City.
- 5.104 This provides some scope for smaller flexible light industrial / offices, in the South while properly directing any significant office growth into Winchester City Centre.
- 5.105 As with industrial there is no quantitative need for additional space in the Northern policy area.

Losses

- 5.106 The data discussed above is 'net change' and not gross new land required. In this case the Council has already audited its stock, as part of the 2018 Employment Land

Review. This found no justification to release existing stock via a plan led approach. We would add to this that with exceptionally low industrial vacancy, and only low or reasonable levels of vacancy in the office stock this would appear to be sensible conclusion we would also reach following our market analysis.

- 5.107 However, for the plan this means that any plan led releases of land/floorspace would need to be replaced 1:1.
- 5.108 For smaller, non-plan led, 'windfall' losses there is some contingency in our calculations because we recommend 'front loading' the land supply and looking to ensure that as much as possible, at least 10 years' worth, is available within the early years of the plan. Any losses would need to be 'made good' via a plan review.
- 5.109 We note that as part of our consultations some agents suggested the policy control over the existing sites should be relaxed to permit more retail / hotel / care homes. The need / demand for these uses are outside the scope of this evidence. But while we recognise that there is likely to be demand for these sites, relaxing the employment land retention policies would not be compatible with the agents' view that there is no existing stock available for (B class) employers.

6 DEMAND AND SUPPLY BALANCE

Introduction

- 6.1 In many Employment Land Reviews the PBA (now Stantec) team would review the existing portfolio of sites and the planning pipeline. But in this case this work was undertaken in 2018 by LSH. So here we carry forward only the quantitative conclusions as they relate the ‘balance’, and the potential demand or need for additional land.
- 6.2 However, unusually the 2018 work did not record the size of the sites assessed nor the amount of floorspace permitted on the sites. So the Council has provided PBA with their view of the planning pipeline - remaining land on allocated sites (without planning permission) and also sites with planning permission including those on unallocated land.

Major sites to meet needs

Allocated sites without planning permission – LLP1 sites

- 6.3 The Council’s Annual Monitoring Report (18/19 year) records 31.3 ha of land allocated in the development plan, but without planning permission.
- 6.4 The largest of these sites is Bushfield Camp that has a capacity for around 20 ha of new employment land. This is the only major site allocated in or around Winchester Town.
- 6.5 The balance is made up of two allocations at:
- Solent Business Park (Solent 1 SHUA2 8.3 ha), and
 - Solent Way (Solent 2 SHUA3 3 ha).
- 6.6 In addition there is the Little Park Farm allocation (SHUA4 1.3 ha).
- 6.7 Together therefore the allocated sites without planning permission total 32.6 ha.

Mixed use sites

- 6.8 The Local Plan also allocated the following mixed-use sites that collectively allocate 9.6 ha for mixed uses, including employment:
- Land at Silver Hill, Winchester (0.98 ha – mixed use including offices)
 - The Cattlemarket, Winchester (1.42 ha – mixed use including offices)
 - Land East of Sun Lane, Alresford (a 5 ha flexible industrial / access road allocation that is currently subject to an undetermined application, which proposes employment land (3.4 ha).
 - Tollgate Sawmill, Bishop’s Waltham (2.2 ha industrial), and finally
 - Morgan’s Yard, Waltham Chase (nil net loss)

- 6.9 This means there is up to 42 ha of land currently allocated in the development plan that is potentially available for employment development, but not yet benefiting from planning permission.

Allocated sites with planning permission

- 6.10 In addition to the land referred to above the Council has also granted planning permission for two of the allocated sites.
- 6.11 The largest site is land West of Waterlooville – where outline consents have been granted for the total of 23 ha of employment land allocated. This was split between the northern part of the area (Taylor Wimpey land) where approximately 3.5 ha was allocated and the southern part (Grainger land) where approximately 19.5 ha was allocated.
- 6.12 Within the Taylor Wimpey land part of the area has been developed as a care home, leaving approximately 2.25 ha remaining for employment development. This land (known as E2 land) is currently being marketed. On the Grainger site, private rented housing has been developed on about 2 ha of the allocated land and reserved matters consents have been granted for what is now known as Proxima Park on the remaining land. Phase 1 of Proxima Park (10,177 sq m. on approximately 2.3 ha) is largely complete and available for occupation and Phase 2 (9283 sq m on approximately 2.2 ha) gained reserved matters consent in April 2019 and is being marketed. This leaves about 13 ha available at Proxima Park which does not yet have detailed consent.
- 6.13 In summary, detailed consents exist for almost 20,000 sq m of warehousing and offices at Proxima Park with a further 13 ha of employment land available at Proxima Park and 2.25 ha at E2 Old Park Farm having outline consent for employment development.
- 6.14 Added to the above this increases the amount of land available from up to 42 ha to up to 57.25ha of land plus a further 5ha (20,000 sq m) largely completed, or 62.25 ha in total (equivalent)
- 6.15 There is also scope for a further 18,000 sq m at Carfax (Station Approach), which was permitted (but is being re-determined) for offices on a 0.68 ha mixed use allocation. Also 9,630 sq m permitted at Chilcomb Park which is in the National Park but close to Winchester.

Balance for the District

- 6.16 Above we have estimated a pipeline of undeveloped land or unimplemented planning permissions of approximately 62.25 ha plus scope for 18,000 sq m of offices at the re-determined Station Approach scheme and almost 10,000 sq m at Chilcomb Park. This exceeds our assessment of 'need' by some considerable margin.
- 6.17 As calculated earlier we estimate that to address needs in full, based on either a projection of long term past take-up or the economic forecast, up to 70,000 sq m of floorspace for offices and 21-27 ha of land for industrial is needed.

- 6.18 However, as we previously identified Winchester district falls into more than one market area. The south of Winchester functions as part of the wider South Hampshire market area with evidence that part of the success of this area, in terms of delivery, build out and job generation, has been because the land offered in previous planning rounds was more attractive to the market than the land available in surrounding areas.
- 6.19 Winchester town and to a lesser extent the rural villages form a very different market. So this distinctiveness needs to follow through into our recommendations and consideration of market balance in each area.

South of the District

- 6.20 We have suggested above that as a guide 50% of the industrial need should be provided for in the South and 25% of offices – noting we would expect these offices to take the format of flexible, B1c type uses, as opposed to traditional out of town offices (so ‘business units’ or workshops).
- 6.21 Pragmatically there is already one large site, West of Waterlooville that can accommodate all this need and is partially under construction.
- 6.22 In addition there remains land at Whiteley consisting of the Solent Business Parks and Little Park Farm (totalling approx. 13 ha).
- 6.23 This suggests an oversupply of land in this sub-market area.
- 6.24 However, while our quantitative analysis would support this conclusion, most of this land has consent or is within now well-established employment areas. We have seen in the past how sites in this part of Winchester district have been taken up and occupied by South Hampshire firms.
- 6.25 We suggest that before considering release of any land not yet consented, the Council first engages with neighbours ensure that they are not needed to accommodate possible cross boundary need / demand from the wider South Hampshire market.
- 6.26 There is a risk that the Council could release land, for example for hotels etc, only to find that they are approached to help meet neighbour’s needs – triggering the need to look for more land. In this respect we note that the Partnership for South Hampshire has recently commenced the production of a Statement of Common Ground which will consider the wider economic needs of South Hampshire and distribution of development between Districts.

Winchester Town

Offices

- 6.27 We have calculated a need for around 70,000 sq m of office space across the district with an indicative 75% directed to the City – reflecting the market’s renewed interest in town centre offices over out of town (58,000 sq m).

- 6.28 The town centre has a pipeline of around 18,000 sq m from the Carfax/Station Approach mixed use allocation, and further potential capacity from the regeneration of the two mixed use allocations at Silver Hill and Cattlemarket in the City centre that collectively equate to up to 2.4 ha. In addition land at Chilcomb Park, on the south-eastern edge of the town and within the National Park, has consent for office development (9,630 sq m), which is under construction.
- 6.29 No assessment has been made of the potential for net additional office floorspace on the mixed-use sites and around 30,000 sq m is still needed to meet the 58,000 sq m noted above. If further work shows that this 30,000 sq m cannot be accommodated on these mixed-use sites then alternatives will be needed so the town has a total pipeline of at least the 58,000 sq m.

Industrial

- 6.30 There is only 1,000 sq m of space holding planning permission and two small rural allocations in the rural area (Sun Lane, Alresford and Tollgate Sawmill, Bishops Waltham). So the need for additional industrial land outside the South is inescapable.
- 6.31 There is only one site allocated in the plan in the Winchester Town area – 20 ha at Bushfield Camp. This is a site that local agents report has not been actively marketed to local firms and many report that they were unaware the site was even potentially available. We are aware that the site promoters disagree and claim that the site has been marketed.
- 6.32 Regardless of marketing there would not appear to be any disagreement between local agents reporting buoyant demand for local needs and the evidence put forward by the site promoters as part of the last local plan round.
- 6.33 The marketing evidence, provided by Knight Frank for the last EiP, concluded as follows:
- “We have demonstrated above our market experience and credentials in providing this report for the CCE [site owners]. We have considered the locational attributes of the site, together with Winchester itself, and combined these with our understanding of local and regional occupier markets, particularly with reference to business parks, and other campus-style accommodation. We consider that Bushfield Camp meets the principal criteria necessary to deliver such a solution, particularly assuming the ability to pursue a wider audience of commercial functions rather than those captured by the more prescriptive “knowledge park” concept”*
- 6.34 Coupled with our more recent evidence this shows that there is demand for the site to remain in the employment land portfolio. Local agents suggest that were the site marketed to their clients than it would be in demand.
- 6.35 Importantly, as a site successfully promoted by the site owners for employment in the last plan, the Bushfield Camp site should be free of residential ‘hope value’. We know hope values hinder the promotion of new employment sites in Winchester and also more widely.

- 6.36 Turning to how much land to retain and reallocate our view is that it is unlikely that all 20 ha of the proposed allocation could be justified in this plan round.
- 6.37 In the round, this would suggest that around 50% of the current site could be justified in the next plan for industrial purposes. This minimum would sum to a total supply of 10ha at this site, plus the remaining 5 ha of rural allocations – slightly more than the 50% share of the total need as calculated by the population adjusted sensitivity scenario.
- 6.38 Although we support retaining Bushfield Camp in the portfolio – partly because it should be free of ‘hope value’ - this would not preclude the Council choosing an alternative if a good quality site comes forward via the plan review.

The Rural Areas

- 6.39 LSH did not recommend releasing the two outstanding allocations in the rural areas.
- 6.40 We don’t propose a requirement for additional rural sites partly because we recognise that the rural areas are large and diverse and so the traditional land allocation route may not be flexible enough to meet business needs. Local firms don’t engage in the plan making process or seek new sites via plan representations often because they don’t understand their growth needs at the same time as the plan making cycle.
- 6.41 The current plan takes a positive approach to this scenario and allows, via policy MTRA 2, small local scale commercial proposals to come forward outside of the plan making system – subject to caveats.
- 6.42 This would appear to be a very sensible approach that provides flexibility for local firms to identify sites and expand where needed. The alternative would be a new round of small local allocations in each of the main towns and large villages – but this we note effectively provides a ‘monopoly’ to a single site and landowner in each town / village with little choice. We also note that in very small markets allocations struggle to demonstrate ‘reasonable’ prospects because the local market they intend to serve is, by their nature, very small and take-up / lettings infrequent. In addition, few sites have been promoted for allocation for employment purposes in this sub-area. We would also note that allocations of this nature are rarely offered freehold – despite that being the most commercially viable route to deliver new space and in strong demand.

APPENDIX A MSOA MAP

