

Stage 2 Hearing Statement: Matter 16

Prepared by Knight Frank and Icen Projects on behalf of Kennedy Wilson (KW) Forum Ltd
14 April 2025 | Confidential

Matter 16

Issue: Would the strategy and provision for employment development and town, district and local centres be effective and justified and are the individual economic growth policies clear, justified and consistent with national policy, and would they be effective?

Employment and Retail Requirements

Question 1 Response:

- 1.1 We have concerns relating to the robustness of the employment land evidence which this policy is based upon. We do not consider that this policy is justified as it is based upon a weak evidence base.
- 1.2 The most recent Employment Land Study was prepared in 2024. Whilst this provides a post COVID-19 update, the Study is considered to have shortcomings and its overall usefulness in Plan making terms is questionable. Concerns are raised against its ability to meet key elements of the PPG such as:
 - Lacking a clear market review / assessment of market signals (PPG Paragraph: 026 Reference ID: 2a-026-20190220)
 - Lack of spatial analysis of market sub areas (PPG Paragraph: 028 Reference ID: 2a-028-20190220)
 - Lack of analysis between market supply and demand by market segments (PPG Paragraph: 029 Reference ID: 2a-02920190220)
- 1.3 We consider the 2024 Employment Land Study [VE08] is likely to overestimate the need for office floorspace over the plan period. We have concerns with the robustness of the employment land evidence and its ability to meet key elements of the PPG. As noted in the Section 5 of the appended assessment, the study does not include a dedicated market review, fails to accurately report on local market signals and no reference is made to the viability of delivering new office space, vacancy rates or the spatial pattern of demand.
- 1.4 Much of the report is dedicated to labour demand modelling of which the modelling for B1/E(g) shows great divergence from past trend projections. There is limited 'sense checking' of modelled outcomes against market signals or stakeholder feedback. Plan makers should be guided as to why the future forecasts would be expected to be so different from past trends. As a result the changes in ways of working and office use post pandemic are not sufficiently taken into account. Furthermore, no single specific recommendation is made in terms of office need quantum, with a very large range of 3.3-12.2ha provided for future office requirements.
- 1.5 Past market take up trends modelling, in terms of total leased space, shown in Section 9 of the appended assessment, indicate that there may be a negative need for future office floorspace overall. This comes as a result of office occupiers continue to give up office space, opting for smaller, more flexible premises, in light of hybrid and home working. Where there is net growth for new space, this is generally focused on town centre amenity rich and accessible locations.
- 1.6 Our view is that the policies related to employment land, and specifically Policy SH4 will be ineffective as it is not based on strong evidence, and our submitted evidence supports a very different approach towards employment land supply, and Solent Business Park. It is our firm view that the available land at Solent Business Park should benefit from a more flexible policy allocation to enable a wider range of employment generating uses to come forward. This approach would enable development and therefore job creation in the short term. We ask the Inspector to consider the suggested policy wording changes we previously put forward.

Knight Frank, London Planning
55 Baker Street, London, W1U 8AN
+44 20 7629 8171

knightfrank.co.uk

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Question 2 Response:

- 1.7 We disagree the Site Allocation should be rolled over in its current form. We do not consider that this policy is justified or effective as it is based upon a weak evidence base.
- 1.8 Office development within the site has been and will continue to be very challenging in terms of the type of space occupiers are seeking and the ability for E(g) to be delivered viable at market rents if there is demand. Overall market demand and sufficient rental levels are unlikely to support the development of office space on the site. If the site is continued to be restricted to a pure E(g) use under the current policy, it's likely economic growth and jobs creation will be stunted.
- 1.9 However, this is not to say there isn't an opportunity for economic development to take place at Solent Business Park. It is necessary for a wider range of employment-generating uses to be allowed on the site to support economic growth in the District (e.g. mixed B and complementary ancillary uses).
- 1.10 The appended Assessment indicates that alternative uses such as healthcare, medical and leisure are becoming increasingly important on similar style business parks across the country, as a means of creating vibrancy and attractiveness of these employment locations.
- 1.11 Our view is that the policies related to employment land, and specifically Policy SH4 will be ineffective as it is not based on strong evidence, and our submitted evidence supports a very different approach towards employment land supply, and Solent Business Park. It is our firm view that the available land at Solent Business Park should benefit from a more flexible policy allocation to enable a wider range of employment generating uses to come forward.

Question 3 Response:

- 1.12 There is unlikely to be market demand for the quantum of office floorspace demand required by policy resulting in the allocation being undeliverable. Therefore, we disagree this policy is justified or effective.
- 1.13 Table C within the Local Plan submission version clearly sets out the imbalance in need and supply. As explained in Section 5 of the appended Assessment, the Plan has a likely over-supply of employment land for office use. A quantum of office land at this scale is not required and is highly unlikely it will be delivered by the market, which will stunt economic growth expectations in the Plan.
- 1.14 Conversely there is an under supply of land allocated for industrial and warehousing B Class uses as per Table C within the Local Plan submission version (when including mixed sites). The Local Plan is therefore not providing an adequate supply of land for the type of employment land required and greater flexibility is required.
- 1.15 Our view is that the policies related to employment land, and specifically Site Allocation SH4 will be ineffective as it is not based on strong evidence, and our submitted evidence supports a very different approach towards employment land supply, and Solent Business Park. It is our firm view that the available land should benefit from a more flexible policy allocation to enable a wider range of employment generating uses to come forward.

Question 5 Response:

- 1.16 We do not consider the Draft Plan provides sufficient flexibility for a range of employment generating uses. We do not consider this policy is based upon sufficient evidence of market demand for employment uses. The plan is neither effective nor justified.
- 1.17 There is a shortfall of land to meet the industrial need. The proposed supply will not meet even the lower end of the range of industrial needs.
- 1.18 Greater flexibility should be permitted regarding the uses on allocated sites to bring forward employment space required by the market. Policy SH4 is too rigid and has historically prevented development from coming forward whilst mixed B Class development have successfully been delivered on adjacent sites.
- 1.19 Allowing for a greater range of employment-generating uses will reflect the structural shift that has occurred in the office market since the pandemic, which has resulted in a significant fall in demand for out of town office premises. Our view is that the policies related to employment land, and specifically Policy SH4 will be ineffective as it is not based on strong evidence, and our submitted evidence supports a very different approach towards employment land supply, and Solent Business Park.

Strategic Policy E1**Question 3 Response:**

- 1.20 KW supports the principle of Policy E1 and the overall approach to growing the local economy through identifying sites and different sectors that will be supported and encouraged. However, we do not consider the current wording of Draft Policy E1 provides sufficient support for employment generating uses which fall outside the traditional office and industrial sectors. Policy support for other employment generating uses, such as the education, healthcare, retail, and leisure sectors, will support economic growth in the District.

- 1.21 The impacts of not increasing flexibility in the policy will result in sites such as Solent Business Park not being deliverable and will result in the delivery of less employment generating uses which can support the local economy. This is reflected in our Regulation 19 representations. The current wording of the policy is not deliverable as it fails to recognise other sectors which can support the local economy.
- 1.22 New employment development should align with the chosen spatial strategy and significant weight should be afforded to proposals for employment generating uses on allocated sites which support economic growth and productivity. It is also important that new development and employment opportunities across existing and new growth sectors are encouraged to ensure that Winchester can flexibly respond to changing market dynamics and trends and remain an attractive location for a variety of businesses.
- 1.23 Solent Business Park, as a key existing and allocated employment site, represents an excellent opportunity to deliver on the thrust of Policy E1, through the provision of a significant amount of high-quality employment generating commercial floorspace across a variety of businesses, sectors and use classes.
- 1.24 To ensure this can be delivered at Solent Business Park and across the wider Winchester area, Policy E1 should clearly set out the use classes that the Council will support in principle in relation to economic development and the broad locations where these should come forward. This will add clarity in planning terms about the employment uses supported on sites consistent with the spatial strategy.
- 1.25 Policy SH4 does not allow for activities outside of the traditional office sector. Given that the site will not come forward for out of town office development, greater flexibility of the allocation for mixed B as well as a broader range of employment generating uses will allow for education, health and leisure uses. Whilst these are not traditional employment uses, they will still generate substantial economic benefits, including economic output, jobs and place making (see Assessment).

Policy SH4

Question 1 Response:

- 1.26 There is some inconsistency between the paragraphs; 13.34 refers to 'some parts' of the Solent Business Park 1 remain to be developed, whereas 13.35 refers to 'an area of undeveloped land'.
- 1.27 We suggest that the wording of the paragraphs should be revised to ensure they are consistent with each other.

Question 2 Response:

- 1.28 There is a significant lack of evidence that the remaining 11,000 sqm of floorspace will be delivered through office development. As detailed in the appended Assessment, headline office rents are not at a sufficient level of to support new build development of office space. Lack of market demand, driven by the structural shift caused by the pandemic, has resulted in stagnating rents and little occupier interest for such locations for office occupiers.
- 1.29 There has been a clear shift away from out of town office parks and large HQ buildings. Office occupiers are continuing to downsize as leases expire and opting for well-located premises, in town / city centres with strong access to amenities.
- 1.30 Speculative office development is not viable and therefore a significant pre-let would be required to support the delivery of the site. The vacant office space currently on the site has been continuously marketed, with little interest and therefore the prospect of securing an occupier before construction is highly unlikely.
- 1.31 However, there is strong occupier interest for a wider range of employment generating uses including mixed B and other ancillary uses such as health, medical, care and leisure. The authority should not thwart alternate economic development opportunities at the expense of over allocating office space.
- 1.32 The Site's planning history demonstrates the Site is capable of delivering major development. In August 2020, a hybrid planning application was granted for mixed-use development at the Site. The outline component included a maximum of 8,946 sqm (GEA) floorspace comprising light industrial (B1c), a day nursery (D1), a gym (D2) and associated parking and landscaping. The detailed component comprised a hotel (C1), a flexible restaurant/bar (A3/A4), a multi storey car park (sui generis) and associated development.
- 1.33 This previous permission is important for two reasons. Firstly, it demonstrates that despite being allocated for office the council has previously accepted alternative evidence to indicate that the remaining land at the site could come forward in a range of alternative employment generating uses. Since that application was approved, the situation has evolved considerably as evidenced by the appended Assessment. Secondly, the application indicates that in that proposal some 8,946 sqm (GEA) could be delivered. An alternative scheme would be able to deliver the 11,000sqm across the site, albeit the unjustified requirement for 30% of the site to be parkland (added to BNG requirements) is challenging.
- 1.34 We will submit a pre-application request to the Council which proposes a range of employment generating uses demonstrating the Site can deliver multiple employment generating uses within a high quality landscaped environment.
- 1.35 The pre-application submission is supported by a number of operators who have expressed their interest in taking space at the site. The pre-application meeting is intended to take place prior to the Inquiry allowing the Inspector to be review the details.

Question 3 Response:

- 1.36 WCC's consultation response states representations were received that the policy is too restrictive on employment uses and design. The Council did not make any changes to the policy text prior to submission for Examination. The Council have not adequately responded to our concerns.

Use Classes

- 1.37 Policy requires development to provide a range of high technology and business uses (Class E(g)). No definition is provided for high technology/business use; albeit only Class E(g) uses. This is considered unnecessarily restrictive.
- 1.38 The 2020 permission demonstrates that despite being allocated for office, the council previously accepted alternative employment generating uses which should be reflected in policy.
- 1.39 Since the 2020 consent, market demand for offices has reduced further.
- 1.40 The site an appropriate location for a range of business and employment generating uses.
- 1.41 To ensure that employment development is not unduly constrained, the policy wording should be amended to allow for alternative employment generating uses. The policy could specify that proposals should demonstrate no unacceptable impacts on existing occupiers would arise.
- 1.42 Other non-residential uses (e.g. health, care, medical, gym) supporting the function and vitality of the Business Park should be supported. The current restrictive wording of the policy does not recognise the post Covid-19 office market. Occupiers are seeking locations with various amenity offerings attracting staff attendance. The Council should support alternative employment generating uses. Given the current policy wording is overly restrictive this will affect deliverability.
- 1.43 We disagree the current use classes specified is in accordance with the NPPF; it is not justified, deliverable and not effective.
- 1.44 We will submit a pre-application request to WCC proposing various employment generating uses demonstrating the Site can delivering multiple employment generating uses.
- 1.45 The pre-application submission is supported by a number of operators who have expressed their interest in taking space at the site representing "real life" demand.

Height

- 1.46 It is not clear where in the evidence base for the Local Plan the 14m/3 storey restriction derives from. The policy should be flexibly worded to enable building heights to be design-led and informed by landscape/townscape and visual impact assessments.
- 1.47 A design-led approach would ensure the optimisation of the site is not unduly constrained and meets occupier demands, whilst mitigating impacts on neighbouring uses. This is a commonly used approach to designing buildings and masterplans.
- 1.48 This would align with the extant permission where heights exceeding 14m/3 storeys were supported. The current wording of the Site Allocation should refer to the previously consented heights.
- 1.49 The 30% parkland combined with BNG requirements will affect deliverability. A design-led approach to heights, through supporting evidence-led, will support the delivery of the 11,000sqm floorspace allowance at the site.
- 1.50 The 14m height restriction is arbitrary and does not appear to be based on evidence.
- 1.51 The current wording of the policy is unjustified and unnecessarily restrictive; the 14m cap on height should be removed.

Parkland

- 1.52 The policy states around 30% of the site should be delivered as parkland. However, it's not clear in the evidence base where this figure is derived from and nor is parkland defined. This policy requirement is unjustified and ineffective.
- 1.53 KW agree high quality landscaping and amenity space is a key to delivering high quality employment development providing significant benefits.
- 1.54 Instead of an arbitrary figure of 30%, the policy should be worded in a manner that requires proposals to deliver high quality and multifunctional landscaping, to provide a high quality setting for buildings whilst delivering spaces which are usable and of environmental and amenity value. An approach focusing on quality and usability of landscaping and open space will likely lead to improved design outcomes.
- 1.55 Achieving the 30% parkland is highly challenging. Without robust justification, this policy requirement is unnecessarily restrictive and likely to be counterproductive for delivering development on the site.

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