



## Employment Land Review Update for Royal Borough of Windsor & Maidenhead

September 2009



Nathaniel Lichfield  
and Partners

Planning Design Economics

# Executive Summary

This update to its previous Employment Land Review (ELR) has been commissioned by the Royal Borough of Windsor & Maidenhead (RBWM) to inform preparation of its Local Development Framework (LDF), including both spatial and employment-specific policy, and provide guidance for the consideration of planning applications for employment development.

This update was required following the report findings, in October 2007, of the Inspector examining the Council's Core Strategy examination. This concluded that the Core Strategy was unsound partly because of concerns about Core Strategy Policy CS21 in which regard the Inspector was not convinced that the Borough's estimated future employment land requirements could be met on the identified sites. The employment land elements of that Core Strategy had been based on a 2006 Employment Land Review undertaken by consultants URS.

The study's approach generally follows Government guidance on undertaking employment land reviews and also reflects the approach set out in the South East Plan Supplementary Guidance on this issue. The study focuses on employment space needs for the group of B Use Classes i.e. B1 (business), B2 (industry) and B8 (warehousing/distribution). It does, however, consider future land requirements of other employment generating uses such as retail, transport, healthcare and education although to a much more limited extent. References to "employment space" are intended to mean both employment land and floorspace while "industrial space" in this report refers to both manufacturing and distribution uses.

A key input to the study was consultation with various organisations with an interest in the supply of employment land including economic development and inward investment agencies, business groups, property agents and developers. The study also draws on earlier employment land studies and a 2007 business survey prepared for the Borough, and employment land studies in adjoining areas as well as other relevant documents including planning policy guidance, property market information, local and regional economic strategy documents, planning policy documents, and published economic statistics.

## **Economic Context**

RBWM has a relatively strong local economy which has outperformed regional averages, with reasonable employment growth, strong rates of new business formation, above average skill levels, and high average wages. It is strongly represented in the service sector and knowledge based firms but with a much more modest manufacturing base.

The economic strengths of the Borough, which influence its ability to support new employment space in future, include its good transport accessibility which is expected to improve further with the arrival of Crossrail; its location within the economically buoyant M4 corridor and close to London; generally high rates of new business formation and entrepreneurship; a workforce with high level job skills; high proportions of knowledge-based businesses; good quality of life factors; and its attractiveness to a reasonable level of inward investment. Weaknesses and potential threats include Green Belt and heritage considerations which potentially limit supply of employment sites; high housing costs and wage levels and high levels of out-commuting to London and other large centres, potentially limiting local labour supply.

## **Employment Space**

The Borough has a relatively high level of office space relative to surrounding districts but much lower supply of factory and warehousing space. Offices comprise the majority (54%) of all employment floorspace, reflecting the area's predominantly service-sector economy. In recent years, there has been only a small net gain in employment floorspace, with losses in factory space compensated for by increases in warehousing, and particularly offices.

There is a sizeable amount of permitted floorspace in the development pipeline, the majority of which is currently under construction and is B1(a) office space. Some two-thirds of development completions since 2000 having been office accommodation, with the Maidenhead urban area accounting for most (62%) of the average 18,800 m<sup>2</sup> gross completions annually, although only a small proportion (9%) was actually in the town centre.

RBWM's stock of industrial premises is slightly older than average but office premises are newer with over 60% of stock having been built since 1981, although there is relatively little very modern space. Vacancy levels are currently high with as much as 20% of the Borough's office stock currently being available, although industrial vacancy is round half this level.

There are limited amounts of available employment land in nearby districts, some of which also have large areas of Green Belt. However, there are a number of development proposals in adjoining districts which have some potential to compete with the study area for future employment development. In particular, major office developments in Bracknell and Slough may affect demand for offices in RBWM.

## **Commercial Property Market**

RBWM is an attractive office location with a variety of town centre and business park premises with the location benefitting from excellent accessibility by air, rail and car and a highly skilled workforce. The generally good level of demand in Maidenhead has primarily been driven by IT, telecommunications and pharmaceutical companies, many of which are foreign owned. Windsor also has a good level of demand and has a wider range of occupiers albeit that it is perceived as a niche location with fewer 'blue-chip' businesses and is a generally smaller market than Maidenhead.

However, demand has not grown significantly since the turn of the century despite a high level of completions in recent years and as a result oversupply in Maidenhead is now a problem. In contrast Windsor has a much lower vacancy rate.

In general, the Borough is not perceived as an industrial location due to its lack of supply, development constraints, nearby competitors such as Slough Trading Estate and high labour costs. Accordingly, the market is localised and mostly for smaller industrial units, although vacancy is very low in such premises.

The Borough's commercial property market is unlikely to change significantly in future with both Windsor and Maidenhead retaining their attractiveness for office occupiers. The arrival of Crossrail will further support this role and is likely to increase demand in Maidenhead town centre although the consensus amongst agents is that this would not lead to a step-change in the market.

## **Current Employment Sites**

There is a good range of employment sites across the Borough with a particularly high proportion of good quality office accommodation located in Windsor and Maidenhead town centres and business / office parks.

The study assessed 60 town centre and other sites, of which 36 were considered to be of good quality (131 ha), 18 to be of average quality (218 ha) and only 6 sites of lower quality (14 ha). The great majority (96%) of current supply is therefore of reasonable quality and suited to meet future needs.

The potential to make more intensive use of existing sites and meet changing needs for employment space was also considered. This indicated a significant amount of new office floorspace could potentially be gained from intensification and/or redevelopment of town centre sites and industrial sites outside it. Using reasonable assumptions, there is potential to obtain some 39,300 m<sup>2</sup> of additional space from town centre sites. There also appears scope for up to 138,000 m<sup>2</sup> of office space to be gained from existing industrial estates, while there is a currently a large oversupply of vacant office space (53,000 m<sup>2</sup>). While not all such space will necessarily come forward for new uses, it provides a pool of capacity which could be drawn on if more office space is needed.

## **Economic Potential**

The Borough's likely future economic role appears unlikely to be very different from now. There are no obvious factors that should lead to serious decline nor produce a step change in economic activity. The arrival of Crossrail should enhance the attractiveness of Maidenhead as an office location, giving it quick and convenience access to the City and Docklands, and support RBWM's continued economic strength but probably not lead to major growth in demand. At the same time, the Borough's Green Belt constraints and approach to balanced economic development is unlikely to moderate the scale of future growth.

Reviewing potential growth sectors, RBWM's future role is likely to be characterised by continued growth of the already strong service-sector economy along with consolidation or decline in more traditional manufacturing sectors, which form a relatively small part of the local economy. It is unlikely to develop a significant distribution role but some modest growth appears possible in small scale, locally based distribution.

Growth in sectors such as business services, pharmaceuticals and ICT may be tempered by competition from elsewhere and the already high levels of representation but Crossrail should benefit these sectors. There also appears scope for modest growth in smaller sectors such as creative industries, including web design and publishing. The prospect of significant growth in environmental technologies, renewable energy, and healthcare employment appear more limited.

## **Future Requirements**

Three different estimates of future employment space requirements have been prepared, using different approaches. These also reflect lower and higher demand patterns than in the recent past, as well as a moderate demand picture between these two.

The overall space requirements related to these different futures range from 53,000 to just over 70,000 m<sup>2</sup> of all types of employment space, and between 75,000 and 104,000 m<sup>2</sup> of office space. Because



of estimated large losses of industrial space, this implies a need for between -1 and 1 ha of employment land in net terms, although this would assume all surplus industrial land can be redeveloped for office uses. Otherwise, land needs could be up to 9 ha.

Given an uncertain economic outlook, it is difficult to select the preferred or most likely option to occur from these alternative growth pictures. However, the low, past trend based estimates are considered less reliable in the context of Windsor and Maidenhead, while the highest estimate is not considered to fully reflect likely long term trends affecting employment space or likely labour supply. For planning purposes, given pressures on land within RBWM, it may be better to plan for a moderate level growth and use a monitoring approach to guide release of any further land needed on a phased basis.

The future space requirements identified by this study vary significantly from those in the 2006 Employment Land Review. In particular, the amount of office space required is now much lower, while a requirement for much less industrial space is now seen, compared with an additional amount estimated in 2006. These differences partly reflect the greatly changed national economic conditions since 2006, but perhaps more importantly, the different approaches and sources of employment forecasts used. The estimates in this current study are considered more robust, reflecting a range of different approaches used to estimate future needs and the sensitivity testing and reality checks undertaken.

### **Demand/Supply Balance**

A broad comparison of estimated demand against identified supply implies that, for all likely employment requirements, the Borough would have more than enough employment space in quantitative terms up to 2026.

Looking at office and industrial demand separately, there is forecast to be a need for much less industrial space in future, and surplus land rather than a need for new sites. For office space, current and potential supply should broadly meet likely requirements if half of identified town centre redevelopment sites deliver office space. If less supply than assumed comes from this source, there is scope for a modest shortfall in office space under the moderate demand picture and a large shortfall if higher demand occurred. There is, however, potential to utilise some redundant industrial land to make up this shortfall, as well as some provision in new sites outside the urban areas.

The study identified a pool of potential development capacity that be could drawn on to meet any emerging shortfall of office space which could provide up to 138,000 m<sup>2</sup> of new office space in a maximum case. This supply could come from a number of industrial areas where office development is already occurring, from redevelopment of some older industrial estates and a few other non-town centre sites. While not all of this industrial land would come available for office development, this approach reflects the predicted surplus of 35,000 m<sup>2</sup> of industrial space by 2026 and the smart growth aims of the Borough and the South East Plan.

On this basis, there would be no quantitative need for additional site allocations. Nor is it apparent that new sites would be needed for qualitative reasons or that any Green Belt land needs to be released to increase the choice of supply.

### **Dealing with Uncertainty**

Approaches were considered for situations where the Council might not wish to allow major recycling of current industrial sites for office uses, or rely so much on town centre sites, or if future demand

exceeded the forecasts in this study. To provide greater flexibility for meeting unforeseen needs, one or more Green Belt sites on the edge of urban areas could be designated as “reserve” or “safeguarded” sites, not allocated for a specific use, but capable of meeting future development needs, including employment uses. Such sites could be released for development at some future date if, for example, regular monitoring indicated demand for office space was higher than forecast, and sufficient sites in the town centres or industrial areas were not coming forward for some reason.

Even if it would not necessarily add to employment land supply, there may also be scope to improve the choice and quality of employment land supply by land swaps. This might involve re-allocating older industrial areas, for example, for housing uses and providing better located, replacement employment sites elsewhere in the Borough. This would require careful handling of businesses on established employment areas to ensure that adequate relocation provision is available to retain firms in the Borough.

### **Release of Sites**

It is not recommended that any lower performing employment sites are released for alternative uses on the basis of the sites not being suited to on-going employment use. This also reflects the fact that these sites perform an important local role in meeting employment needs, because it will be difficult to replace any sites lost and because some may be able to meet future needs for other employment uses.

If the Council wished to release some employment sites in future for other reasons, this would need to be carefully considered to avoid losing viable businesses from the area. Factors to be considered in choosing potential release sites would include: the overall quality of the site as an employment location, drawing on the rankings in this study; levels of occupation/vacancy by employment uses on the site; any adverse impacts on adjoining area from employment operations on the site; the scope to relocate existing uses on the site; and the benefits of using the site for alternative uses.

### **Development Needs of Non B Class Uses**

The development needs of economic sectors other than the B use classes were considered. These are likely to be modest relative to the land requirements of offices for business and financial services, where most job growth in RBWM is expected to come from. These other sectors will compete for employment land to some extent, but the extent and nature of this other demand does not appear likely to cause particular pressures.

Consideration has also been given to whether the growth of some sectors could be accommodated in existing employment areas in a way that improves sustainability and enhances to attractiveness of the site as an employment location. This may have some scope subject to strict criteria on such uses.

### **Approach to Smart Growth**

The Council's approach to smart growth, as set out in its ELR and previously submitted Core Strategy, was examined. The broad principles of the Council's approach appear sound but the approach to industrial land needs to be refined to reflect a changing picture of future economic growth requirements in RBWM. It could be developed further with more encouragement of suitable start-up provision for knowledge-based activities in particular, as well as maximising use of redundant rural buildings for economic activity where this accords with other aspects of planning policy.

### **Comparisons with the previous Employment Land Review**

This study comes to a number of different conclusions from the 2006 Employment Land Review, particularly with regard to overall future floorspace requirements and the supply of town centre office space. These differences arise as a result of;

- the use of up-to-date (2009) and Borough-specific economic forecasts that reflect the current national recession, rather than estimates derived from 2004 county-wide forecasts;
- the use of a range of different approaches to estimate future needs; and
- the more extensive sensitivity testing and reality checks undertaken.

In addition, the potential supply of office floorspace in the town centres has been carefully considered through the analysis of urban design constraints and opportunities as opposed to assuming constant storey heights on all sites. Scenarios whereby 50% or even as little as 30% of this potential town centre space comes forward have also been tested against requirements. This addressed one of the main concerns of the previous Core Strategy Inspector – that he was unsure whether the town centre capacity was realistic and deliverable.