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# **Wiltshire Workspace and Employment Land Strategy**

## **Final Strategy Document**

## Contents

1.	Introduction	3
1.1	Report Structure	3
2.	Background and Context	5
2.1	Planning Policy Context	5
2.2	The Employment Role of Town Centres	11
2.3	Strategic Employment Sites	13
2.4	The Role of the MoD	13
3.	Economic Review	16
3.1	Introduction to Economic Context	16
3.2	SWOT Analysis	24
4.	Commercial Property Market Review	25
4.1	Context	25
4.2	Recent United Kingdom Office Market Trends	25
4.3	Recent United Kingdom Industrial Market Trends	27
4.4	Current Employment Property Stock in Wiltshire	29
4.5	Regional Market Activity	30
4.6	Occupiers' Requirements	39
4.7	Future Prospects	40
4.8	Property Market Summary	41
5.	The Role of Market Towns	42
5.1	Policy Context	42
5.2	The Role of Towns	42
6.	Demand Forecasting and Apportionment	45
6.1	Methodology	45
6.2	Economic Growth Model	46
6.3	Local Level Employment Land Requirements	54
6.4	Apportionment of Employment Land Requirements	56
7.	The Delivery Plan	57

Appendix 1: Development Viability Assessments

Appendix 2: Strategic Sites Review

Appendix 3: Consultation Responses

Appendix 4: Market Town Proformas

Appendix 5: SIC to Use Class Matrix

Appendix 6: Employment and Development Densities

## 1. Introduction

DTZ was appointed in September 2008 by Wiltshire CC and South West Regional Development Agency to produce a Workspace and Employment Strategy for Wiltshire. The overriding aim of the Strategy is to ensure *'that there is delivery of sufficient, appropriate employment land and quality of employment premises to meet business requirements and ensure the sustainable growth of the sub regional economy, as supported by the RES and RSS'*.

The commission has been broken down into two principal and distinct elements, namely the:

1. Strategy Document: aimed at building a clear strategic link between the regional policy framework (specifically RSS and RES) and Local Development Documents.
2. Delivery Plan: identifying clear priorities, listing employment sites and a range of delivery mechanisms to bring forward appropriate employment space covering geographical areas and sectors.

Each element should be read in conjunction with one another. The report sets out the Strategy Documents, with the detailed objectives being to provide:

- A market facing assessment of the demand for and supply of employment land, sites and premises in the Wiltshire sub-region;
- Quantification of the level & type of employment land, sites and premises required in the sub-region to support the continuation of strong economic growth in the region over the period to 2026;
- Focus on the role of key settlements, particularly the SSCTs, namely: Chippenham, Salisbury and Trowbridge;
- Understanding the role of market towns and a wider range of economic activity in rural areas;
- Quantification of the role of the main town centres in accommodating employment uses, including exploration of more innovative options; and
- Qualitative assessment of future demand, particularly the:
  - needs of key sectors, strategic companies, growth businesses and SMEs,
  - diversification of existing economic structures,
  - need to support a more productive economy including the knowledge-driven economy to ensure growth within environmental limits, and
  - needs of inward investment, both domestic and foreign.

### 1.1 Report Structure

The rest of the document is structured as follows:

- Section 2 sets out the background and context for the study;



- Section 3 contains the results of the review of the activity of the commercial property market, identifying implications for the future supply and demand of employment land and premises in Wiltshire;
- Section 4 sets out the economic context of Wiltshire;
- Section 5 having reviewed the economic potential and commercial market potential of each of the market towns, the key market towns in terms of employment potential going forward are set out;
- Section 6 sets out the forecasting exercise and the apportionment exercise, setting of demand at the SSCTs and Key Market Towns; and
- Section 7 sets out an overview of the purpose of the Delivery Plan.

## 2. Background and Context

In terms of background and context, there are a number of areas to cover:

- Planning Policy Context;
- The role of Town Centres in terms of accommodating Employment;
- Strategic Sites; and
- Role of MOD in Wiltshire.

### 2.1 Planning Policy Context

One of the main aims of the Strategy Document is to link Regional and Local Policy, therefore a brief policy review is set out as background below.

#### 2.1.1 Planning Policy Guidance (PPG) 4

PPG4 emphasises the need for development plans to allow for choice, flexibility and competition taking into account the locational demands of business in planning for economic growth. Development plans should ensure that there is sufficient land available which is readily capable of development and well served by infrastructure. Mixed use development and the reuse of under-used or vacant urban land are also encouraged.

#### 2.1.2 Draft PPS4 (December 2007)

Draft PPS4 reflects changes in the role of planning reviewed by the Barker Report. There is a move towards a more positive attitude for development and a greater appreciation of the wider benefits of 'development'.

Draft PPS4 has begun to widen the remit of employment beyond the traditional 'B' use classes. It acknowledges the economic role of development and paragraph 13 confirms that 'economic development' covers a wide range of development including retail, leisure, waste facilities and traditional employment uses.

It also confirms that full consideration should be given to the economic, social and environmental aspects of a proposal, as part of a more positive approach to considering new development.

#### 2.1.3 Regional Economic Strategy for the South West England (2006 – 2015) (RES)

The overall vision of the RES is to ensure that:

*'The South West of England will have an economy where the aspirations and skills of our people combine with the quality of our physical and cultural environment to provide a high quality of life and sustainable prosperity for everyone.'*

The Strategy states that the vision can be achieved through three economic drivers, namely:

- Innovation;
- Skills; and
- Environment.

In order to achieve the vision, three strategic objectives have been developed:

- Successful and Competitive Businesses;
- Strong and Inclusive Communities; and
- An Effective and Confident Region.

A specific activity of the Delivery Framework accompanying the Regional Economic Strategy is to '*deliver sustainable sites and premises for business growth*'. Confirmed activities include to:

- Deliver a suitable supply of employment land and business premises to meet the needs of new or growing businesses at the market rate; and
- Develop regional strategic sites to help meet the region's employment and housing needs.

## 2.1.4 RSS Proposed Changes

The RSS sets out the spatial strategy for growth in the South West over the period until 2026. The RSS proposes to focus the majority of growth on the Strategically Significant Cities and Town (Policy A towns). In terms of employment provision it is highlighted that they should '*support growth in the economy and skills through the availability of a range of premises and land that meet the needs of business*'.

It is also highlighted that '*away from the SSCTs the scope for significant future job growth and related development is likely to be generally more limited, leading to a scale of provision that is more clearly aligned to supporting the **role and function of places** in their individual localities*'.

The RSS recognises the roles that certain towns (in many cases the 'market towns' and coastal towns) can play in ensuring the availability of jobs and services both for their own populations and for surrounding settlements in a more rural setting.

The RSS intends that these towns should be focal points for **locally significant development** including provision for the bulk of district housing provision outside the SSCTs. Local Authorities should base their proposals for development at these towns on a clear, evidence-based understanding of their changing roles and functions, particularly for work and service delivery. **This requires a sound understanding of how they function and the hierarchy of relationships between small villages, between villages and 'market towns', and between these communities and the SSCTs.**

Development in towns identified under Development Policy B should be specifically geared to meeting local objectives including tackling pockets of deprivation, meeting needs for affordable housing, addressing the impacts of larger shopping centres on local town centres

and delivering elements of local economic strategies, for instance, to respond to declining traditional industries.

Development Policy B - Development at Market and Coastal Towns stated that:

*'At Market and Coastal Towns that meet all of the following criteria:*

- *there is an existing concentration of business and employment, and realistic potential for employment opportunities to be enhanced;*
- *there are shopping, cultural, faith, education, health and public services that meet the needs of the settlement and the surrounding area;*
- *there are sustainable transport modes that can be maintained or developed to meet identified community needs in the settlement and the surrounding area; and*
- *provision will be made for housing, employment, shopping and other services that increase their self-containment and enhance their roles as service centres'.*

The rural areas of the South West represent a major asset for the region. They contain a significant number of small towns and villages with widely different characteristics and relationships with other settlements and the surrounding countryside. Development Policy C states that:

*'In small towns and villages greater self-containment and stronger local communities will be promoted by making provision that:*

- *supports economic activity appropriate to the scale of the settlement; and*
- *extends the range of services to better meet the needs of the settlement and its surrounding area meets identified local housing needs'.*

In Wiltshire three SSCTs have been identified Chippenham, Trowbridge and Salisbury. The following employment land requirements are set out for the 3 SSCT's which are expressed in terms of Travel To Work Areas:

<b>SSCT</b>	<b>Jobs</b>	<b>Land (ha)</b>
Chippenham TTWA	6,200	42
Salisbury TTWA	13,900	37
Trowbridge TTWA	11,700	37

It should be noted that the demand forecasting of employment land undertaken has used data from the Travel To Work Area forecasting and has been adjusted based on Ward boundaries to match the SSCT's as far as is possible. This is because there is no definable boundary for SSCT areas and existing data follows the TTWA's. The different areas are however closely related and are considered to be comparable. Indeed, paragraph 8.4.9 of the RSS Proposed Changes explains that:

*"As a key generator of movement within Travel to Work Areas, major new office development should be located in SSCT's..."*

A policy for the reuse of redundant employment sites has also been introduced which states that there should be a sequential approach to reviewing and reusing redundant employment sites, with alternative uses only considered in the following order:

1. Non B class employment generating uses;
2. Mixed development, including residential and higher employment density; and
3. Residential use only.

The Proposed Changes document introduces a requirement to identify a 20 year employment land supply.

### **2.1.5 Kennet Core Strategy 'Options'**

A number of spatial options for Kennet and the different community areas were consulted on in May/June 2008.

The key economic issues for Kennet are considered to be:

- How to encourage new premises for smaller business;
- How to increase jobs and provide more choice on existing employment sites;
- How to diversify the rural economy; and
- How to provide an adequate and flexible supply of employment land and premises.

In the different community areas some of the employment priorities are:

- How to address pockets of unemployment within Devizes;
- How to encourage smaller businesses to balance dominance of large employers in Devizes; and
- How can more land for employment development be provided in Pewsey.

### **2.1.6 North Wiltshire Core Strategy Second Issues and Options Consultation**

The North Wiltshire Core Strategy reached the early 'Issues and Options' stage. A second round of consultation on this stage was completed in May 2007.

Key issues were considered to be:

- Creating a balance between housing and employment;
- A need to provide the right employment opportunities at the appropriate locations and adapt to changing work patterns and practices; and
- The future sustainable re-use of Ministry of Defence (MOD) sites across the District.

Strategic Objective 5 is to retain appropriate employment sites throughout the District, recognising the important role that each employment site has. Where employment sites are lost to other more appropriate uses then additional supply will be provided to replace that which has been lost.

The Issues are:



**Issue 1:** That there is a need to provide for the infrastructure, premises and land necessary to promote the process of moving North Wiltshire from its low skilled manufacturing employment base to one based on high value service industries, modern research activities and high growth manufacturing.

**Issue 2:** That there is a need to protect the employment areas that are the nurseries for those new businesses that require economical premises.

**Issue 3:** That there is a need to protect the employment areas and to identify new land that allows already established small to medium sized firms to grow into larger premises without the need to move outside the District.

**Issue 4:** That North Wiltshire can attract substantial inward investment if it provides sufficient amounts of high quality and highly accessible employment sites but that there is a risk that this will lead to increased sustainability problems unless we ensure that:

- There are sufficient quantities of skilled people available in the area as well as attracting new skilled people;
- There are the facilities for training local people in the relevant new skills;
- There are improved modes of transport and not just increasing car-borne traffic;
- There is a sufficient amount of local and affordable housing;
- There are supporting cultural and recreational facilities available; and
- That this occurs without removing the qualities of North Wiltshire, both natural and environmental, that attracted the new investors in the first instance.

**Issue 5:** That North Wiltshire District Council and other public authorities are willing to be flexible and to act rapidly to take advantage of new opportunities for appropriate employment growth and new industries.

**Issue 6:** That there are particular sectors of employment generation that should have specific assistance due to their reliance upon local unique features. This includes those sectors that support the tourist industry; canal restoration and what might be described as the “environmental” industries connected with energy conservation and generation.

The document acknowledges a need to provide 6,300 jobs in the Chippenham Travel To Work Area.

### **2.1.7 West Wiltshire Core Strategy Issues and Options (December 2007)**

The Core Strategy confirms that:

*“In order to support the projected growth and provide an improved employment offer, the Employment Land Assessment identifies the need for at least an additional 41 hectares of employment land to 2016 and a further 11 hectares between 2016 and 2021 across West Wiltshire”.*

Consequently the document recognises that new employment sites will be required to accommodate growth and provide suitable sites to meet future occupier demands:

*“Whilst there is some scope for the future reinvestment and intensification of uses on existing employment sites, this will not, by itself, bring forward sufficient land or floorspace to meet the demand. Consequently, we will need to identify new strategic employment sites”.*

The Core Strategy refers to important considerations for the future of employment land in Wiltshire:

*“Future employment developments should be built where they are needed having regard to the overall **spatial strategy** and the **availability of sites**. We will seek a **balanced distribution** of new employment sites based upon our overall spatial strategy” (our emphasis).*

Reflecting the Core Strategy, the Workspace Strategy and Delivery Plan ensure that new employment land is deliverable, is in sustainable locations that complement the wider settlement hierarchy and spatial strategy and provides a balanced distribution so that commuting is reduced and jobs/homes balance is facilitated.

We note that the Core Strategy identifies the main towns as Melksham, Trowbridge, Warminster and Westbury. This matches with the findings of the market towns review and all of the above towns feature in the 7 ‘tier 2’ market towns in Wiltshire. It also notes the move toward service and professional sector employment and asks how these growth sectors can best be encouraged. The Workspace Strategy and Delivery Plan identify the requirements of growth sector occupiers and criteria have been developed to ensure that future land will be attractive to the growth sectors.

The Core Strategy also recognises the important contribution of rural areas to the economy. The option for rural areas put forward in the Core Strategy was for a policy of the protection of employment uses in rural areas, and some limited expansion where appropriate.

### **2.1.8 Salisbury Core Strategy (Preferred Options) ‘Our Place in the Future’ (September 2008)**

The document provided an additional opportunity for public involvement following the first round of Preferred Options stage consultation in February 2008.

The vision for the economy is that:

*“In 20 years south, Wiltshire will be a place where the economy is thriving, providing a range of job opportunities to match a growing population and where traditionally strong sectors, such as scientific research and development and the MOD, continue to be world leaders”.*

The document confirms the intention to allocate the following employment sites in the Core Strategy:

- A major new business park on land between the Harnham Business Park and the Livestock Market, to the south of Netherhampton Road;
- A phased redevelopment of the Churchfields industrial estate as a residential led mixed-use development with office, leisure and hospitality jobs;
- Redevelopment of the UKLF HQ in Wilton as a major new business park;
- Development of the next phase of Solstice Park, Amesbury;
- Significant employment land allocated in most of the strategic housing sites including Fugglestone Red and Old Sarum; and

- Revisiting the master plan at Porton Down Science Park to assess whether it is still fit for purpose and working with major employers at the MOD, Boscombe Down and the Salisbury District Hospital to help them meet their future aspirations.

It also confirms that to improve the rural economy and ensure that the rest of the district remains economically vibrant the Core Strategy will set out the principle of allocating land in Mere, Tisbury, and Downton for managed growth.

## 2.2 The Employment Role of Town Centres

Government policy in the form of PPS6 adopts a town and city centres first approach, with centres being the preferred location for office, retail and leisure development. This policy stance is also recognised in the RSS paragraph 8.4.3 states that:

*“The centres of the region’s cities and towns usually contain a number of cultural assets, facilities and services which add significantly to the quality of life of residents and visitors. This asset base, along with key public services, is of fundamental importance to current and future residents in attracting them to consider urban living. The need to maintain and enhance these and other town and city centres’ economic vitality and viability is key to helping to deliver effectively the RSS and RES strategies. The ‘centres first’ approach is one also embedded in Government policy guidance.”*

*It is also stated at paragraphs 8.4.9 and 8.4.10 respectively that:*

*“As a key generator of movement within Travel To Work Areas, major new office development should be located in SSCTs and places identified as Policy B towns based on the centres first principle and the sequential test. Outside of town centre locations in these places, other office development should be subject to the sequential approach and will be acceptable if part of a mixed use development and should not take place to the detriment of more central locations. In all cases new office development should be located where it is accessible to sustainable modes of transport. There should be capacity to accommodate the development on public transport network and/or the development should contribute to increased capacity. Transport Assessments should demonstrate the accessibility to the site in terms of public transport. Where practical, office and retail uses should be integrated”.*

*“Within the context of the development which will happen at the region’s main centres, maintaining growth and investment at other towns in step with both planned local population growth and household expenditure growth is important in providing choice and reducing the need to travel to other centres. Population growth of the towns identified through Development Policy B should help maintain their retail and service role relative to the major regional centres and help avoid greater concentration of these facilities at larger places. Such towns also play an important service role for nearby smaller town and village communities. Within the context of Development Policy C, Local and Strategic Authorities and other agencies/ organisations should seek to secure appropriate support, as far as economic realism allows, for the retention of local retail, Post Office and other community services in villages away from the immediate vicinity of towns. This support would include promotion of innovative, community based schemes to provide essential services and facilities for local residents, particularly older people, children and young people, and those who are unable to*

*access facilities further away from their homes due to disability, lack of transport, or caring responsibilities”.*

Under Policy TC1 it is stated that:

*‘The central areas of the SSCTs will also be the prime location for **office development (B1a)**, which is not related to other commercial uses. The planning of office development at other employment development areas should reflect the need to avoid putting at risk any approved Local Development Documents for a city or town centre’.*

In response to the need to regenerate town centres and help to bring forward development, regeneration strategies have or are being developed for the three SSCTs in Wiltshire. A brief summary of the employment component is set out below:

#### *Chippenham Vision*

The vision seeks to make Chippenham:

“An attractive location for businesses”  
“Affordable, Accessible, Alive”

In relation to employment and the economy the vision recognises the following strengths:

- Great access by road & rail,
- Affordable rent & housing,
- Economically thriving,
- Workforce availability, cost, quality (incl. entrepreneurs),
- Important sub-regional employment location.

The following problems/opportunities are identified:

- Insufficient employment land for expansion and unlocking existing bank,
- Manufacturing likely to decline further,
- Weak communications and support to and between businesses,
- Need clear vision of future mix :– manufacturing, office, logistics and innovation,
- Co-ordinated thrust to attract new businesses & promote innovation,
- Poor retail & leisure offering.

#### *Salisbury Vision*

The Vision for Salisbury sets out the strategy for regeneration of Salisbury. The Vision identified four key development projects. Two of the four projects have the potential to deliver employment space. Firstly, the redevelopment of Churchfields Industrial Estate which consists of a residential led mixed use scheme, adjacent to the railway station. It is identified in the Vision that the scheme may deliver 8.9 hectares of office land, whilst also generating a need for 22 hectares of land to accommodate displaced businesses. The second project is the Central Car Parks and The Maltings which will deliver office space and generates a requirement for 9 hectares of employment land to accommodate displaced demand.

#### *Transforming Trowbridge*

The 'Transforming Trowbridge' vision encompasses a number of redevelopment schemes. The Shires Gateway scheme includes 1,200 sq m of office accommodation and is expected to open in 2010. The Vision establishes key development principles, which form supplementary planning guidance, which underpin the growth of the town and are as follows:

- Develop an attractive pattern of streets and squares with varied buildings,
- Ensure a mix of commercial, residential and leisure uses, to keep the town centre alive and active throughout the day and week,
- Reconcile the needs of pedestrians and transport,
- Achieve a harmonious balance between buildings, pedestrian life, roads and green spaces,
- Provide a flexible framework that can accommodate future growth and change,
- Ensure that development is sustainable and affordable, and maximises access and involvement for everyone,
- Create a vibrant riverfront and public access along the river Biss.

Trowbridge provides a significant opportunity for inward investors, boasting a number of large vacant brownfield sites. With multi-million pound developments beginning to come on-stream, the town will be transformed.

## 2.3 Strategic Employment Sites

Originally one of the fundamental drivers of designating strategic sites was the need to accommodate large scale inward investment projects. However, since regional planning guidance was published it is widely acknowledged that the market for large-scale inward investment projects has changed significantly and such projects are becoming increasingly rare. In the South West, figures from 'Invest UK and Regional Competitiveness and State of the Regions – April 2005' reveal that the number of manufacturing inward investment projects has declined in the South West from a high of 16 investments in 1998/99 to 7 projects in 2002/3. This is associated with the globalisation of the economy. In other words another inward investment of the scale of the Honda Plant in Swindon is now unlikely.

Therefore going forward it will be important to understand what constitutes a strategic site in the Wiltshire context. It is clear that this needs to consider issues other than size alone. Rather other considerations such as the ability to develop key business sectors, support the development of the knowledge driven economy and help with the successful delivery of economic development and regeneration initiatives. Equally this needs to be applied to existing as well as planned future sites. However, the identification of strategically significant sites in the context of the emerging Wiltshire Core Strategy is required, as set out in Planning Policy Statement 12, to ensure Wiltshire has a 'fit for purpose' portfolio of employment sites and these will vary by settlement. Such sites are defined as those central to the achievement of the strategy.

## 2.4 The Role of the MoD

Wiltshire is home to a wide range of military bases and associated research establishments which make a valuable contribution to the local economy. The presence of the MOD is concentrated around Salisbury Plain. The Salisbury Plain training area extends over 38,000 hectares, about a 1/9<sup>th</sup> of Wiltshire. Much of the land is designated as a Site of Special Scientific Interest (SSSI) and is let to farmers or grazed under licence. The strong military

presence also creates opportunities for local businesses, many of whom benefit from contracts awarded to fulfil the need for services and products of personnel and estates. There are almost thirty different establishments in the area that provides a home base for some 10,000 soldiers increasing to 12,500 by 2012.

The military infrastructure in Wiltshire includes:

- RAF Lyneham - Currently the RAF's centre of excellence for tactical transport, RAF Lyneham has been the subject of a strategic review and will become surplus to requirements post 2012. However, the government has recently announced that Lyneham will not now become the main operating base for the medium and heavy lift helicopter fleets.
- Tidworth - A new super-garrison is proposed at Tidworth, which will bring a large number of new troops to the area. This will increase the amount of disposable income in the area and the multiplier effect of this will benefit the county and local businesses. A super garrison will also mean building contracts, and various other contract opportunities for local businesses;
- Azimghur Barrack, Colerne - The home of the 21 Signal Regiment, its role is to provide communications for the RAF Support Helicopter Force;
- Basil Hill Barracks development, Corsham - The headquarters for communication and information services for sites across the world, MoD Corsham is currently spread over 4 sites- Basil Hill, Copenacre, Hawthorn and Rudloe;
- Kemble Airfield - Located in the very north of the District, this former military site is now used as a private airfield;
- Hullavington Airfield - Home to Royal Logistics Corps (Army), this airfield also has a private flying training school onsite, while some of the hangars are allocated for business use;
- Army Training Estate - Salisbury Plain - A unique location that provides training for some aspects of military operations, particularly armoured vehicles, which are not available elsewhere in the UK. ATE SP is the UK's largest training area and incorporates Larkhill and Westdown artillery impact areas, and Warminster live firing area, of particular training benefit for armoured vehicles, artillery, engineers, infantry and aircraft. The newest facility is the 'village' on Copehill Down used to train for operations in built-up areas;
- Military garrisons at Bulford and Warminster; and
- HQ Land Command based at Erskine Barracks in Wilton, and HQ Adjutant General, based at Upavon on the Salisbury Plain merged on 1<sup>st</sup> April 2008 to form the new HQ Land Forces. This combined HQ will be relocating to Andover in around 2010, with a reduction of around 240 civilian and 100 military posts. The Wilton site is expected to be released after the withdrawal of the personnel. Potential options for the re-use of the site are being discussed, with the creation of a mixed use site with around 3-4ha of employment land and about 600 houses emerging as a likely option. The Upavon site is being retained as part of the military estate and will be used as a station in the Salisbury Plain Super Garrison.

#### *Research and Development*

Wiltshire's status as a major centre for the Army also brings associated benefits which including a skill sets that creates a supportive environment for transferring knowledge



between companies, both established and developing. Key establishments in Wiltshire include:

- DSTL (Defence Science and Technology Laboratory), based at Porton Down, is the MoD's centre for chemical and biological defence research to provide protection to UK armed forces and British civilians;
- QinetiQ is based at MoD Boscombe Down, a fully operational military airfield located in the heart of the Salisbury Research Triangle and home to considerable aerospace and defence expertise. QinetiQ is the largest science and technology organisation in Europe, and in 2003, was awarded the Long Term Partnering Agreement for the provision of strategic test and evaluation capabilities to the UK MoD; and
- The Health Protection Agency (HPA), global leader in vaccine development and medical testing.

In addition to active bases, Wiltshire is also home to a number of ex-military sites in various locations in the county which creates a number of potential issues in terms of employment land supply. In developing the Delivery Plan it will be important to consider the future strategy of the MoD and any impact it may have on employment land and premises supply.

## 3. Economic Review

### 3.1 Introduction to Economic Context

This section of the report looks at the economic context of Wiltshire. This is primarily taken from the Wiltshire Strategic Economic Assessment 2006/07 (published January 2008) but is also supplemented with other data from national statistics such as Annual Business Inquiry and Annual Population Survey. Where additional data has been used it has been noted. A SWOT analysis is then performed to draw out the key internal and external factors affecting Wiltshire. To place Wiltshire's economic performance in context, comparisons are made with the South West and Great Britain.

Overall Wiltshire's economy performs better than regional and national averages for many of the economic indicators. For example Wiltshire's labour market is characterised by high levels of economic activity and employment rates, and it has a higher proportion of its resident working age population with degree level qualifications than either the South West or Great Britain. Moreover, although there are some areas of deprivation, Wiltshire had the highest level of Gross Disposable Household Income of all the South West NUTS<sup>1</sup> 3 areas in 2005.

That said, Wiltshire's economic fortunes have reflected, and will continue to reflect, the fortunes of the UK as a whole, and the county has benefited from the prolonged period of economic growth that began in the early nineties and continued until mid-2008. It will be appreciated, however, that this report has been completed during a period in which the UK economy has entered into recession, with economic expectations for the coming years being progressively lowered. Clearly, this could have important implications for workspace requirements over the short-term, although it is considered that it does not have material significance for the longer-term perspective adopted in this report.

#### 3.1.1 Economic Structure

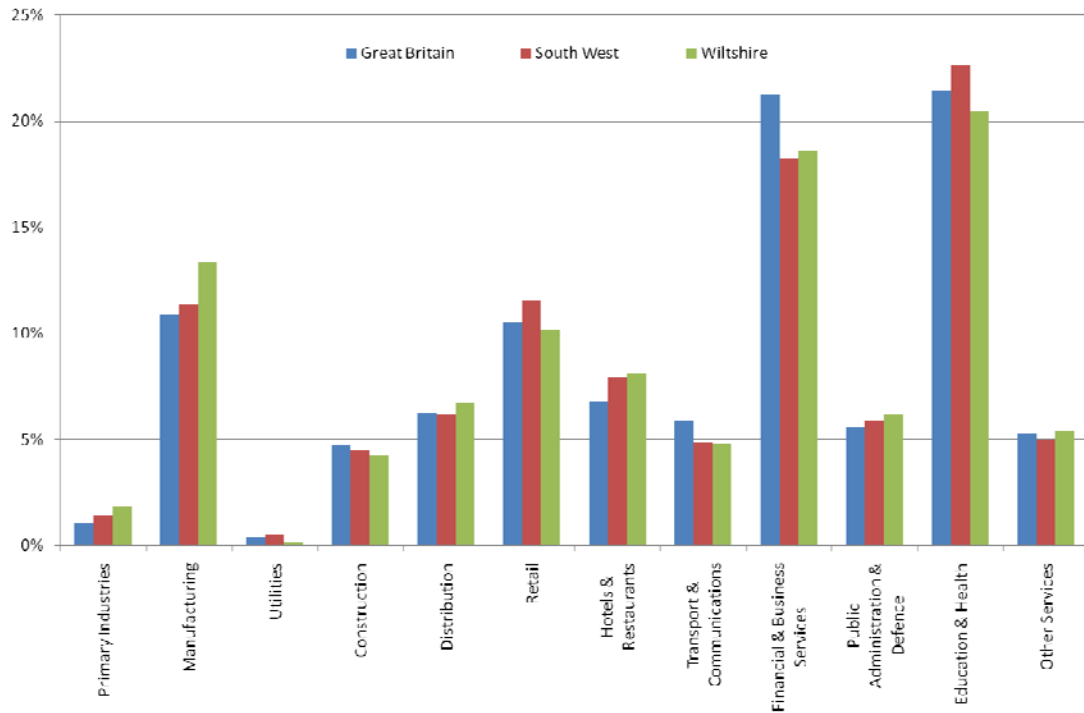
Wiltshire has a fairly diverse economic base. Compared to the GB average, Wiltshire has a comparatively larger share of employment in sectors such as Manufacturing, Hotels & Restaurants, and Public Administration & Defence. However, it is under-represented in sectors such as Construction, Transport & Communication, and Financial & Business Services.

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<sup>1</sup> NUTS (Nomenclature d'Unités Territoriales Statistiques/ Nomenclature of Territorial Units for Statistics). NUTS areas were developed by the EU to allow more consistent statistical analysis. Three subdivisions (1-3) of NUTS areas are in use. Across the EU areas in each subdivision contain a broadly similar population. NUTS3 areas are the smallest sub-division and contain 150,000 – 800,000 residents. The South West is a NUTS1 area and Wiltshire County Council a NUTS3 area.



**Figure 1: Profile of Economic Structure of Wiltshire and the SW and GB, 2006**



Source: ABI 2006

The Regional Economic Strategy identifies priority sectors for the South West. In these priority sectors Wiltshire is over represented in Food & Drink, ICT, Advanced Technologies/Medium Technology Manufacturing, and Advanced Technologies/High Knowledge Intensive Services. However, it is under-represented in High Value Added Sectors, Environmental Technologies, Business Services, Creative Industries, and Advanced Technologies/High Technology Manufacturing.

Manufacturing, Business Services, and Transport & Communications are of crucial importance to Wiltshire's the economic well-being as they draw-in additional value from trade based outside the local economy, rather than purely circulating trade indigenously. These sectors demonstrate the extent to which Wiltshire has a slightly above average externally-focused economy (35% of employment) than nationally (34.1%), and significantly more externally-focused economy than the region (30.8%). Specifically in terms of Manufacturing, there has been a marked improvement in productivity in recent years in Wiltshire, probably due to the technological investment and movement up the value chain. Wiltshire also has key employment strength in Research & Development (R&D), centred within the Salisbury Research Triangle.

### Salisbury Research Triangle

The Salisbury Research Triangle comprises of three-long established, world class research departments, which are:

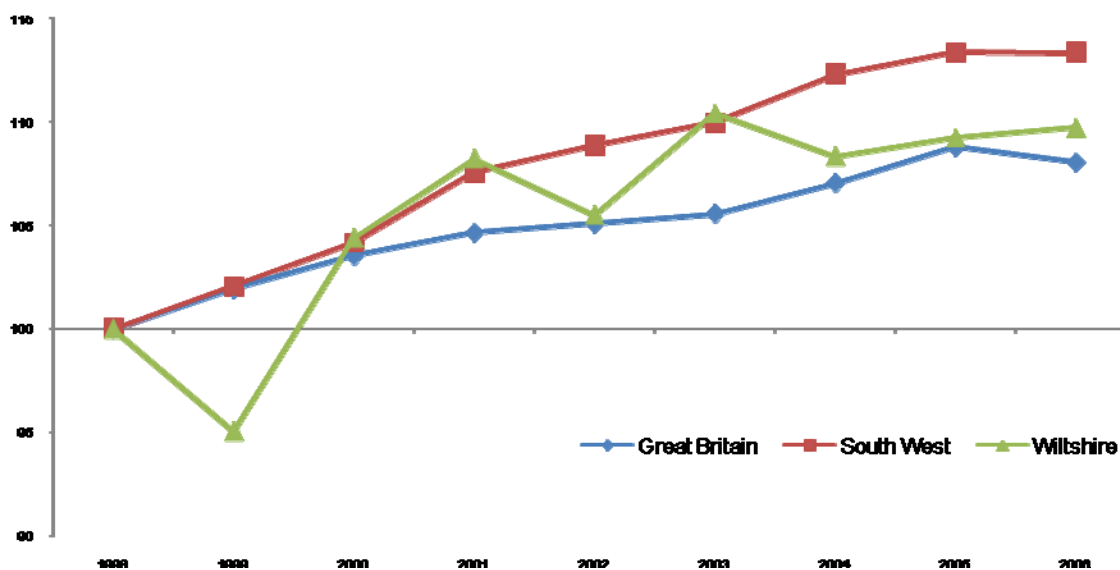
- DSTL (Defence Science and Technology Laboratory) at Porton Down, the Ministry of Defence's (MoD) centre for chemical and biological defence research to provide protection to UK armed forces and British civilians;
- QinetiQ at MoD Boscombe Down, the military airfield and associated facilities for testing all of the UK military aircraft and airborne weapons; and
- The Health Protection Agency (HPA), global leader in vaccine development and medical testing.

It is difficult to obtain detailed figures on quantity and the sectors of employment which occur at these facilities partially due to sensitivities over national security. However, it can be stated that they provide a vital role in the Wiltshire economy through their strong R&D facilities and supply chain effects in the local area.

### 3.1.2 Employment Change

Net employment growth in Wiltshire during the period 1998-2006 was at 10%, which is slightly higher than the GB average of 8%, but lower than the South West regional average of 13%.

**Figure 2:** Total Employment Change in Wiltshire compared to the South West region and Great Britain, 1998-2006



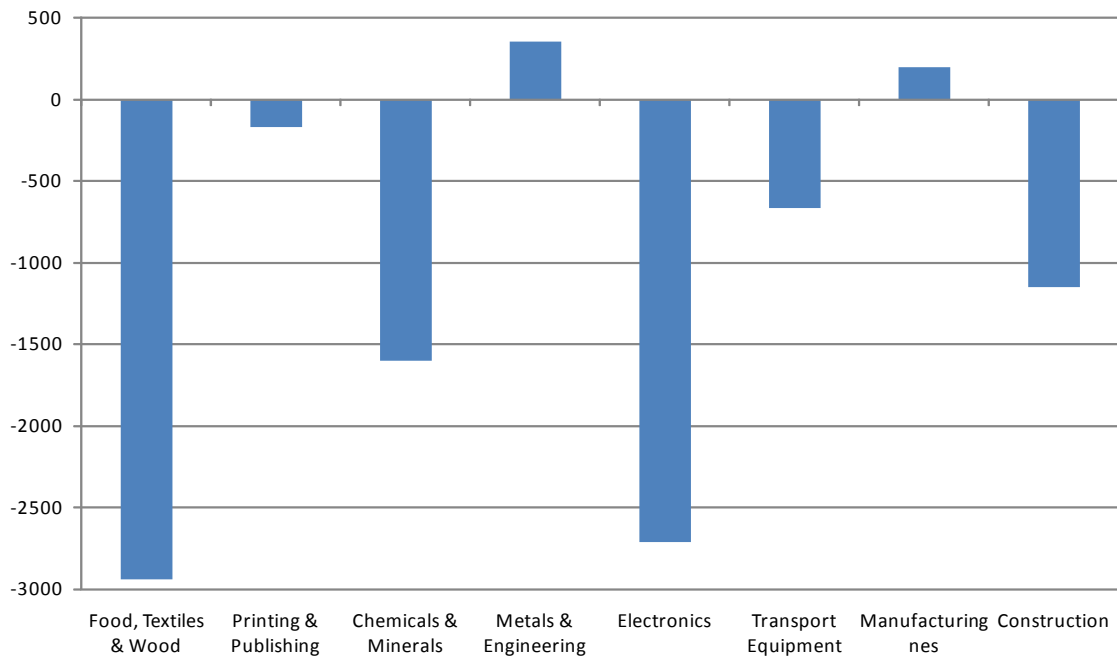
Source: ABI 2006

The greatest net increase in volume of employees in Wiltshire was in the Other Business Services sector, whilst the greatest net losses were in Manufacturing and Public Administration & Defence. Wiltshire's relatively low employment growth over the same period can be explained in the main by the performance of Public Administration & Defence sector. Wiltshire saw a 42% fall in employment in overall public service activities compared to a national rise of 35% and a regional rise of 50%. A substantial element of this variation is likely to relate to changes in the Defence sector, rather than issues in the economy.

Between 1998 and 2006 a lot of Wiltshire production based activities have seen a decline in employment. The largest employment loss in absolute terms is in the Food, Textiles and

Wood sector of -2,900 jobs. Electronics (a loss of -2,700 jobs) and Chemicals and Minerals (-1,600 jobs) have also seen large losses since 1998. Only a few production based sectors have seen an increase with Metals and Engineering and Manufacturing NES<sup>2</sup> both having increase employment by 400 and 200 jobs respectively.

**Figure 3:** Employment Change in Selected Production Based Activities, 1998-2006

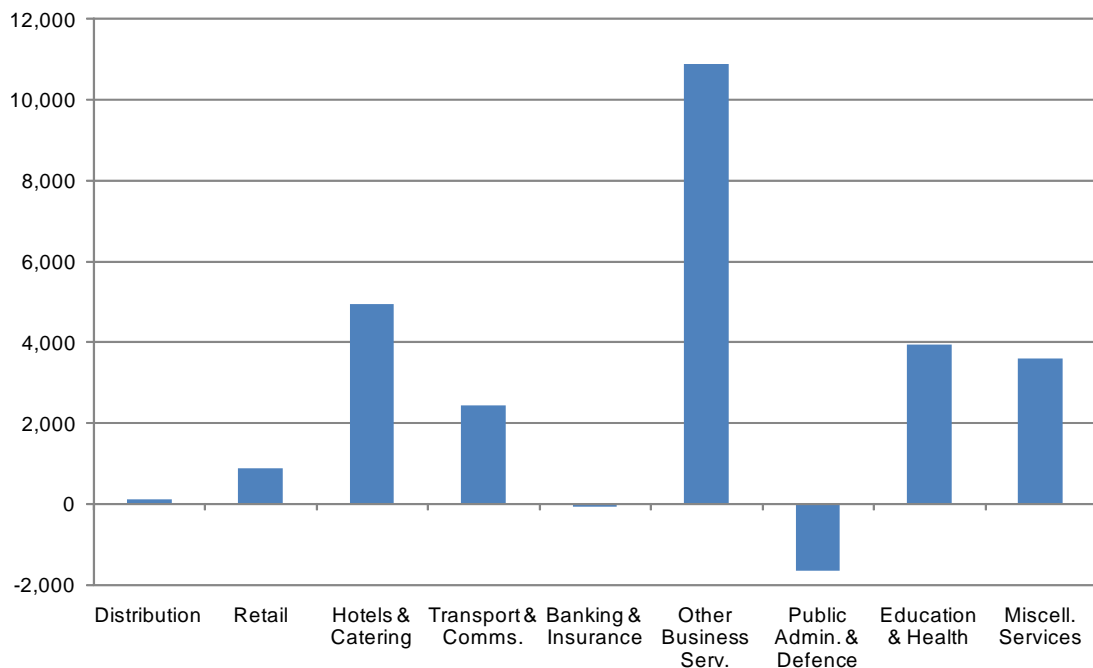


Source: ABI 2006

The changes in service based activities mostly show employment growth. The Other Business Services sector has seen the greatest absolute level of employment growth, an increase of 10,900 jobs. Hotels & Catering (5,000 jobs), Education & Health (3,900 jobs) and Miscellaneous Services (3,000 jobs) have all seen large employment increases. Public Administration & Defence is the only service sector to have seen a significant decrease in employment levels of around -1,600 jobs.

<sup>2</sup> NES – Not elsewhere specified

**Figure 4:** Employment Change in Selected Service Based Activities, 1998-2006



Source: ABI 2006

### 3.1.3 Business Profile

Business dynamism is also healthy; the number of VAT registered businesses in Wiltshire has been increasing recently with a total of 17,580 VAT registered businesses at the beginning of 2007<sup>3</sup>. Over the 10 year period 1997-2007, Wiltshire's stock of VAT registered businesses increased by 23%, comparing favourable to the GB average of 20% and the regional average of 18%. The main sectors contributing to this are Financial Intermediation, Real Estate/Renting & Business Activities, Hotels & Restaurants, Education, and Health. Business Density in Wiltshire is high (392 businesses per 10,000 population, 2007) in comparison to both the South West (358) and GB (322). This is particularly good given the larger share of post retirement population in Wiltshire compared to the national average. This in part reflects the relatively rural and dispersed nature of Wiltshire which tends towards a higher number of smaller businesses.

Wiltshire's one year and three year business survival rates are consistently among the best in the South West (SW) and also significantly better than the GB survival rates. Furthermore, Wiltshire has a higher proportion of older established businesses than the GB average. Wiltshire also has a higher business density when compared to the South West and GB.

However, Wiltshire's businesses are generally smaller in terms of employment and turnover than in the South West and GB. Therefore, they carry the disadvantage of not being able to reap the same economies of scale benefits as larger firms. Larger businesses tend to

<sup>3</sup> Wiltshire County Council, January 2008, "Wiltshire Strategic Economic Assessment 2006/2007"

provide more investment and training opportunities, engage more in innovation and R&D, have higher rates of productivity, and earn higher proportions of income from outside the local area. It is therefore crucial that Wiltshire does its utmost to preserve its incumbent larger employers as much as possible and to encourage larger employers to invest in the Wiltshire economy. At the same time, micro businesses are seen to be more flexible and quicker to respond to the needs of the market and should therefore not be neglected.

### 3.1.4 Labour Market

In 2006 Wiltshire's population was 448,700.<sup>4</sup> Between 1981 and 2006 the population of Wiltshire has grown by 19.6%, faster than the SW (16.9%) and significantly faster the population growth of England (8.4%). Some of this faster population growth is likely to be due to Wiltshire having seen an increase in the number of migrant workers arriving from Eastern Europe. Wiltshire has higher levels of economic activity and employment rates than the South West and GB. Figure 5 shows that Wiltshire's economic activity and employment rates are at least 1 percentage point higher than either the SW or GB.

**Figure 5:** Economic Activity and Employment Rates

	Economic Activity Rates, 2007 (%)	Employment Rates, 2007 (%)
Wiltshire	82.5	79.2
South West	81.5	78.2
GB	78.6	74.4

Source: Annual Population Survey 2007

59.9% of Wiltshire's population are of working age, slightly lower than the national average of 62.3%. This is due to the above average percentage of the population being of post retirement age rather than a high percentage of young people.

Workers in Wiltshire are unable to secure the above GB average earnings that are on offer in some adjacent economies outside of Wiltshire (Bristol, Swindon, South East and London). This is clearly shown through the commuting patterns and discrepancy between the average earnings by workplace and by residence. For example the resident population of Wiltshire have median average earnings per annum of £24,759 which is higher than both the GB (£24,124) and South West (£22,966) averages. However, the median average workplace earnings for Wiltshire are £22,764 per annum below those for GB (£24,091) and only slightly above the South West (£22,585). Overall Wiltshire has the highest levels of gross disposable household income in the South West region.

Wiltshire has a higher proportion of its working age population with NVQ levels 3 and 4+ qualifications when compared to GB and slightly more than the South West. The performance for pupils achieving good GCSEs is significantly better than the GB average. However, both the 2007 Key Stage 2 results and 2007 GCSE results show that Wiltshire may be losing ground against both the South West and GB, something which may reduce competitiveness in the future. The continuation of a well-educated workforce is central to Wiltshire's future

<sup>4</sup> Mid Year Population Estimates 2006

competitiveness as it helps to attract and retain the high added-value sectors which will help improve overall productivity. 16 and 17 year-olds in Wiltshire show a slightly higher participation rate than the South West and GB in full time education; there is a higher progression rate towards high level education. In terms of total participation (total education and work-based learning), Wiltshire is on a par with the South West and GB.

The occupational mix of employment in Wiltshire is broadly comparable to the national picture and the regional picture with a few exceptions:

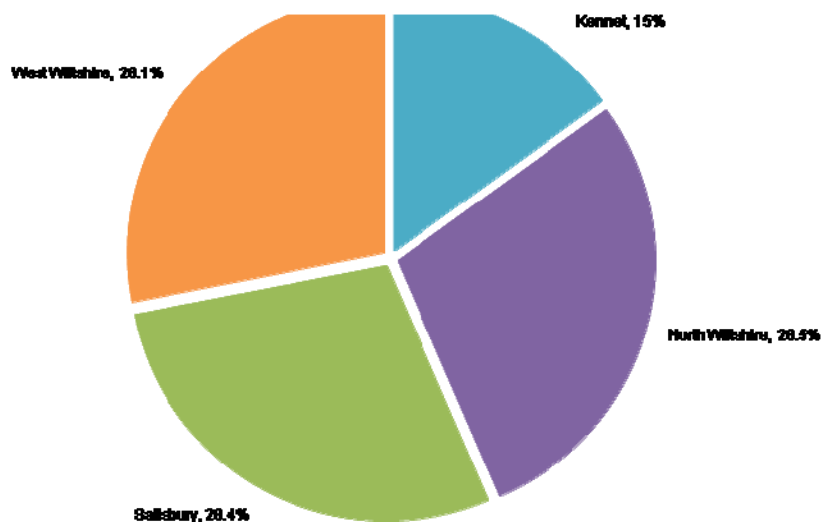
- significantly higher proportions regionally and nationally in Managers & senior officials occupations and in Personal service occupations; and
- significantly lower proportions than regionally and nationally in Professional occupations and Sales & customer service occupations.

The occupational profile of Wiltshire shows that the occupational mix has been moving towards higher level jobs in keeping with national trends; 41.6% of residents in Wiltshire are now working as Managers & Senior Officials or Professionals or Associate Professional & Technical Occupations.

### 3.1.5 Distribution of Employment

The spatial distribution of employment in Wiltshire in 2006 is shown in Figure 6. This shows that North Wiltshire, Salisbury and West Wiltshire are all evenly matched in employment terms and they all take around 28% of the total employment of Wiltshire. Kennet is the smallest local authority in employment terms, 15% of the total for Wiltshire.

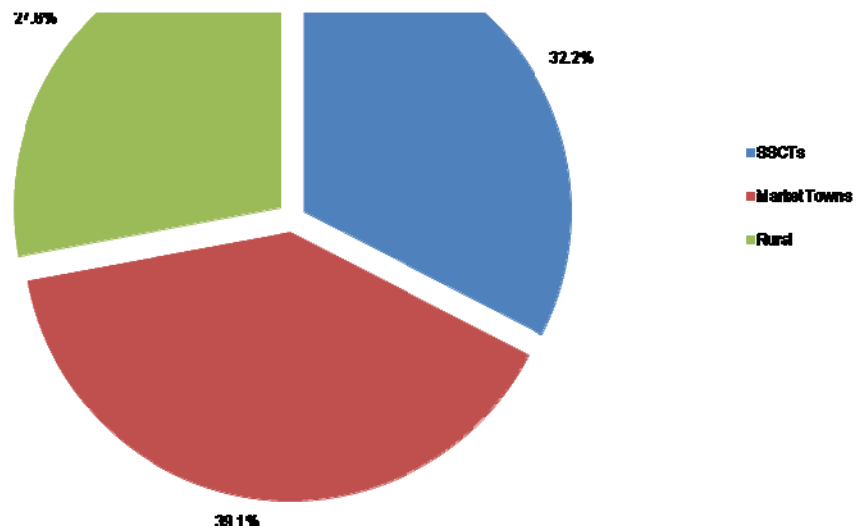
**Figure 6:** Distribution of Total Employment in the four Districts of Wiltshire, 2006



Source: ABI 2006

Figure 7 shows the distribution of total employment in 2006 of the SSCTs (Chippenham, Salisbury, and Trowbridge), the 21 identified Market Towns, and the Rural areas found in Wiltshire. This shows the largest employment areas are the Market Towns which employ just under 40% of all workers in Wiltshire. The three SSCTs employ around 1/3 of Wiltshire's total workers.

**Figure 7:** Distribution of Total Employment in the three SSCTs, Market Towns, and Rural Areas in Wiltshire, 2006



Source: ABI 2006

### 3.1.6 Output and Competitiveness

GVA per head in Wiltshire is 95% of the South West average and 85% of the England average. Over the ten-year period 1995-2005 GVA growth in Wiltshire has been below both the regional and national levels.

The Wiltshire Strategic Economic Assessment states that in the last decade, Wiltshire has been losing its competitive advantage against the rest of the South West and neighbouring economies as a result of:

- Wiltshire's relative attraction as a place to live as opposed to work and invest;
- Its location – situated close to a series of major and competitive economies that provide large numbers of quality and well-paid jobs in the growth sectors;
- Ongoing gradual employment decline of Manufacturing and Public Administration & Defence; and
- Lower growth than competitor areas in employment in higher added value growth employment service sectors (growth in the number of businesses has been very good, but has not yet translated into employment growth).

## 3.2 SWOT Analysis

Based on the evidence presented above and discussions with economic development stakeholders across Wiltshire the following SWOT analysis has been developed.

### **Strengths**

- High economic activity and employment rates, coupled with a growing population;
- High levels of school attainment, high levels of progression to Higher Education and a well qualified workforce;
- Move towards higher order occupational mix;
- High levels of Gross Household Disposable Income;
- Higher than average proportion of activity in sectors which trade outside Wiltshire;
- A relatively large manufacturing base which has achieved high levels of productivity growth and exhibits signs of moving up the value chain;
- Research and Development strength in the Salisbury Research Triangle; and
- High levels of business density, business start up and business survival rates.

### **Weaknesses**

- Low levels of GVA per head and low levels of growth in GVA per head;
- Under represented in a number of higher value added RES priority sectors including: Environmental Technologies, Creative Industries, Business Services and High Technology/Advanced Manufacture;
- Out commuting to achieve higher wages available in neighbouring economies; and
- Smaller average business size which could limit economies of scale, levels of training, innovation and investment.

### **Opportunities**

- Wiltshire is strategically located and has good transport links. It is likely to benefit from those businesses moving along the M4 from London for more space and relatively lower costs;
- Evidence of move towards higher value economy (productivity gains, occupational structure); and
- Designation of SSCT status for three principal towns in Wiltshire.

### **Threats**

- Continued loss of manufacturing based employment;
- Relative weakening of school achievement may erode skills advantage; and
- Strength of neighbouring economies (Bristol, Swindon, Bournemouth, South East and London).

The influence of the MOD can be seen as a strength, weakness, opportunity and threat depending on the angle taken.



## 4. Commercial Property Market Review

### 4.1 Context

This property market review establishes the key factors affecting the office and industrial markets at a UK and county level. The trends identified and local market characteristics, set the context within which growth will need to be accommodated and will therefore inform the Wiltshire Employment and Workspace Strategy.

It is well documented that the service sector is forecast to grow, whilst the manufacturing sector is forecast to decline. However, within the industrial sector certain sub-sectors are forecast to grow, whilst many of the more traditional sectors are forecast to decline. The changing nature of the office and industrial sectors is altering the sites and premises requirements of potential occupiers. This is creating a mismatch between the supply of quality employment sites and the demand, as detailed below.

The commercial property market has not escaped the fallout from recent economic events. Global pressures on money markets did not affect the commercial property market to begin with, as a recent report <sup>5</sup> concluded that office occupier activity in the middle quarters of 2007 were at the highest level for four years. More recently, however, the signs are for weakening occupier activity with many operators stalling expansion and relocation plans for the time being.

Although driven by failings in international credit markets, many commentators are seeing the aggressive corrections in property values and its impact on the market as a whole as part of a typical 15-year market cycle, which was previously experienced in the 1990s. The slow-down in the early 1990s, however, was aligned with a much weaker general economy.

Nevertheless, it remains too early to say how long the current malaise will persist. Certainly, with credit conditions remaining tight and occupiers delaying their investment plans as risks in the occupier market are growing, transaction levels will remain below previous highs for the foreseeable future.

### 4.2 Recent United Kingdom Office Market Trends

Until recently, the demand for office space has been relatively high throughout the UK with the continued growth of the service sector. A stable UK economy and an improving financial market were the main factors for the strong performance of the office sector in the UK during 2006 and most of 2007. During this period of growth, legal, financial and professional firms, and the public sector fuelled the demand for office space. This was in part due to the Lyons Report on the relocation of Government offices from London and the South East, which should, in time, boost the office market in a number of strategic towns and cities in the UK.

During the last twelve months, however, there has been a marked fall in demand for office accommodation, a fall which has been led by the central London market. There has been a

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<sup>5</sup> Source: King Sturge Office Occupier Trends bi-annual bulletin published November 2007

significant fall in demand in the south east as a whole and rental values have been driven down by the decline in demand from financial sector companies, in particular, and the strength of the City's supply pipeline.

The regions have been less affected so far but there are strong indications that firms across the UK are becoming more downbeat and scaling back their operations to reduce costs. Continuing and sustained deterioration in business activity, therefore, will result in further rationalisation and is likely to lead to a sustained net release of floorspace throughout 2009.

In terms of the type of product which has been in demand over the last five years, changing working patterns have meant that developers have had to bring forward increasingly innovative formats to satisfy occupier demand. Advances in ICT have promoted the growth of home working and hot-desking. Whilst hot-desking has not significantly influenced the general quantum of space required, it does influence the format of that space.

Excluding London, the new supply of office accommodation in the UK remains constrained, this is in sharp contrast to 2003, when large increases in supply were predominantly the result of the completion of a number of speculative office schemes which had been encouraged by the growth and the returns being achieved. However, demand for new schemes has fallen in recent months and developers are finding it increasingly difficult to raise the necessary finance to fund new developments. New accommodation will therefore be scarce in the short term and, on the whole, evidence suggests that increases in supply over the last six months have been attributed to the availability of second hand space rather than the development of new schemes.

#### **4.2.1 Demand Drivers for Office Space**

Whilst the demand for office accommodation has been affected detrimentally by the current economic situation, the demand which does exist and that which will return in the medium term will be influenced by:

- Decreasing space requirements through company rationalisation, new technology and improved communications;
- The globalisation of markets providing service sector companies with increasing flexibility over location;
- Lease structures becoming more flexible and diverse to cater for the growing SME market and long term uncertainty;
- Growth in demand for owner-occupation from some smaller businesses, particularly to benefit from pension allowances;
- The growth in the virtual organisation with ICT advancements allowing outsourcing of business functions such as payroll, customer billing, banking activities and basic procurement is increasing;
- Call centre and other back office functions increasingly being relocated overseas (although there is some anecdotal evidence of this trend reversing); and
- The growth in the serviced offices market.

The impacts of the above vary between different sectors, and will affect the level and nature of demand for office space. The changing nature of demand within the office market is altering the requirements of potential occupiers. Unsuitable, dated premises often become hard to let, which is creating a mismatch between supply of premises and demand.

This trend is reflected in many areas of Wiltshire, where there is an undersupply of high-quality, modern office space. Around 65% (337,000 sq m) of office space in Wiltshire dates from before 1980, which would likely prove difficult to upgrade and is increasingly becoming unsuitable for modern office occupiers.

Modern occupiers, especially high value occupiers are interested in prestige developments in prestige locations. The traditional office market in towns and cities often does not fulfill this requirement, which again creates a mismatch between supply and demand. The lack of prestige premises can therefore create an economic disadvantage for towns, cities and regions. High value occupiers will look for premises with characteristics that include:

- High accessibility;
- High quality specification;
- Good communication linkages – ICT, access to Universities;
- High quality landscaping and infrastructure;
- Prestige location; and
- High quality surrounding environment.

In terms of space requirements, there has been a general shift from large requirements fuelled by inward investment projects, to a greater demand for smaller offices fuelled by indigenous business start-ups and business relocations / expansions.

### **4.3 Recent United Kingdom Industrial Market Trends**

Nationally, during the last eight years the industrial sector has experienced difficulties. An improvement in domestic conditions assisted national business confidence in the last quarter of 2006, which stabilised 18 months' of decline in the industrial property market. The chemical, man-made fibres and metals manufacturing sectors performed strongly.

Notwithstanding this, 2007 and the first half of 2008 saw sustained demand for new industrial accommodation which has still been required due to the changing nature of occupier requirements and the extent of dated stock within the industrial property portfolio.

The performance of the industrial property market is directly linked to the performance of industry and over recent years it has reflected the recession in manufacturing and industrial output overall. The global and domestic slowdown that is currently unwinding is expected to continue in the short term and is likely to impact significantly on the UK Industrial sector. Reduced output and employment growth will have the effect of reducing demand for additional logistics and manufacturing space, in particular.

However, in comparison to other property sectors, the industrial property market has been fairing relatively better due to an adverse supply/demand balance of suitable industrial property in the regions.

### 4.3.1 High Value Sectors

The industrial property market has altered significantly over the last 25 years, aided by the decline of the traditional manufacturing sectors, and the emergence of new manufacturing sectors.

It is likely that the decline of the traditional sub-sectors of manufacturing will continue as lower costs can be achieved in other parts of the world, while some higher value sub-sectors within manufacturing have the potential for growth. These potential growth areas will have different requirements to those of the traditional industrial activities. These differing requirements will depend on a range of factors including skills and technology, which directly impact on requirements for sites and premises.

Emerging growth sectors in the UK according to DTZ Research include:

- Food and drink;
- Textiles;
- Chemicals;
- Pharmaceuticals;
- Electronics;
- Automotive;
- ICT;
- Advanced Engineering; and
- Distribution.

Due to the current economic climate, the likelihood of significant growth in any sector is limited in the short term. However, in the medium to long term the sectors are considered to have growth potential. The automotive industry has been hit very hard by the current economic climate, along with electronics. Food and drink and pharmaceuticals have fared slightly better. There are also signs that the distribution sector is starting to experience difficulties due to slowing in retail sales which was previously driving growth. The renewable energy/low carbon technologies industry is likely to emerge as a growth sector and employment generator in the plan period.

### 4.3.2 Drivers of Demand for Industrial Space

As stated above, the demand for industrial sites and premises varies by sector. The key UK market trends influencing the demand for industrial space include:

- Declining demand from manufacturing businesses;
- The impacts of the credit crunch;
- Sophisticated supply chains;
- Large manufacturing processes requiring significant labour resources continuing to be relocated overseas;
- Flexible lease terms becoming the norm for contract-based occupiers;
- The continuing growth in managed workspace supported by the public sector;
- Growth in demand for owner-occupation from smaller businesses, particularly to benefit from pension allowances;

- Technological advances improving the efficiency of manufacturing firms, reducing the amount of space they require; and
- Rail freight providing a long-term distribution opportunity in the UK.

The above factors are changing the nature of the industrial market in the UK with traditional sectors declining and new sectors emerging. The new sectors tend to have different site and premises requirements to traditional occupiers, creating a general mismatch between the supply and demand of industrial premises. This is a major issue for the sector, with many older industrial premises and units becoming obsolete, both functionally and economically.

Like the office sector, the nature of the sites / accommodation required by occupiers is mainly related to the function of the facility rather than the property sector. The key functions required of industrial property are currently:

- Research and Development;
- Light Manufacturing;
- Heavy Manufacturing; and
- Distribution.

Figure 8 below summarises the function of space and site characteristics that are required to permit a function to operate efficiently.

**Figure 8:** Function of Space and Site Characteristics

FUNCTION OF FACILITY	SITE CHARACTERISTICS
<b>Research and Development</b>	Prestigious Site Proximity/linkages to University or Research and Development Centre
<b>Research and Development</b> <b>Light Manufacturing</b>	Driven by University or Private Company Visual, high profile site Accessible High environmental quality
<b>Light Manufacturing</b>	Accessible High quality space Good communication linkages
<b>Light/Heavy Manufacturing</b> <b>Distribution</b>	Lower environmental quality Accessible
<b>Distribution</b>	Accessible

Source: DTZ

## 4.4 Current Employment Property Stock in Wiltshire

The most recent comprehensive survey assessing the extent and the age of the property stock in Wiltshire was undertaken in 2004 by the (then) Office of the Deputy Prime Minister<sup>6</sup>. The survey, which was based on the commercial property rateable list, identified that the

<sup>6</sup> Source: Local Authority Office Space: 'Commercial and Industrial Floorspace and Rateable Statistics' 1999-2004

office stock in the county extended to over 515,000 sq m (5.54 million sq ft) and that the industrial stock in the county extended to 2.9 million sq m (31.2 million sq ft).

Comparing the four local authorities which make up the county of Wiltshire, Salisbury provided the greatest amount of office stock at 150,000 sq m (1.61 million sq ft) followed by North Wiltshire and West Wiltshire at 143,000 sq m (1.54 million sq ft) and 129,000 sq m (1.39 million sq ft) respectively. Kennet, which provided 93,000 sq m (1 million sq ft) had the smallest office stock of the four Authorities. In terms of industrial accommodation, the greatest providers of accommodation were West and North Wiltshire which provided 1.03 million sq m (11.09 million sq m) and 974,000 sq m (10.5 million sq ft) respectively. Kennet provided the least industrial space at 351,000 sq m (3.78 million sq ft) whilst Salisbury provided approximately 544,000 sq m (5.86 million sq ft).

Whilst these figures date from 2004, they are the most recent and comprehensive analysis of the employment property stock in Wiltshire. Since the survey upon which these figures are based was completed, we do not believe that the extent of new development over the last four years has been sufficient to significantly alter the proportional split of employment accommodation located throughout the county. Similarly, the extent of stock taken out of the market through redevelopment, for example, is also unlikely to have had a significant impact on the proportional split of employment accommodation located throughout the county.

The age of the current stock is of greater significance, however, because of its impact on current and future demand. The survey identified that 65%, 337,000 sq m of Wiltshire's office stock was constructed prior to 1980 and that a similar proportion of its general industrial stock was also constructed prior to 1980. Further analysis identified that almost 60% of the office stock and over 50% of the industrial stock was completed or constructed prior to 1970.

Comparing the four local authorities' employment property stock in terms of age, at 76% of its portfolio Salisbury has the greatest proportion of accommodation which was constructed prior to 1980. North Wiltshire had the most modern office portfolio with 50% of its stock being developed after 1980. Whilst West Wiltshire has the greatest amount of industrial stock, the district also has the oldest stock. Over 70% of West Wiltshire's industrial stock was developed prior to 1980. North Wiltshire has the most modern industrial portfolio in which only 60% of accommodation was developed before 1980.

## **4.5 Regional Market Activity**

The main commercial centres in Wiltshire are Swindon (outside Wiltshire administrative area), Salisbury, Trowbridge and Chippenham. Bordering the county on the southern and western boundaries, the commercial property markets in Southampton and Bath also have an influence on commercial property market activity in Wiltshire. Both these influential markets, together with that of Swindon, which is outside the study area, are discussed below in the context of regional market activity. Specific commentary in relation to the areas which are the subject of this Workspace and Employment Land Strategy is provided in Section 4.5.3.

#### 4.5.1 Influential Regional Markets Outside the Study Area

Located in the north of the county, Swindon is a major commercial hub which has been successful in attracting significant inward investment. Many international firms have chosen to locate large scale operations in and around the town to benefit from its proximity to London, access to the national motorway and rail networks and Heathrow airport. Major employers in the area include Honda, BMW, Nationwide Building Society, Catalent Pharmaceuticals, Motorola, Anchor, Zurich Insurance, Castrol, BP and Tyco Electronics.

Although outside the Wiltshire Council boundary, commercial property activity in Swindon has a significant impact on the north of the county and the town's influence will be enhanced as the Regeneration Framework for the town is implemented under the guidance of the Urban Regeneration Company. The significance of Swindon's industrial property market is highlighted by the fact that the overall industrial property stock in Swindon is considerable at in excess of 2.14 million sq m (23 million sq ft). The average level of annual take-up over the last five years has been over 93,000 sq m (1 million sq ft) and the average availability over the same period has been in the region of 225,000 sq m (2.4 million sq ft), despite the town having a greater proportion of new stock compared to competing centres at Reading, Newbury and Maidenhead.

Swindon's commercial office market has been driven by business services and the financial sector, both of which are currently experiencing a significant fall in occupier demand at present. The average annual office market take-up over the last five years has been in the region of 23,225 sq m (250,000 sq ft). The extent of office stock in Swindon equates to approximately 560,000 sq m (6.0 million sq ft) which compares the town to Southampton and the out of town office market in Bristol in terms of overall capacity. A major failing of Swindon's office market is that it has increasingly been concentrated out of town with little quality space available in the town centre. No new space has been developed in the town centre since 1987, although the emerging Regeneration Framework will help to redress this imbalance.

Southampton is another major location which has an influence on the Wiltshire property market. Located 25 miles to the south east of Salisbury, the city benefits from a superior location compared to many locations within Wiltshire. The city is very accessible being located at the bottom of the M3 motorway and also has the benefit of direct access to the M27 motorway. Furthermore, the city has an attractive and vibrant city centre environment to offer to residents together with a good range of housing and access to a large workforce.

Southampton, together with the adjoining district of Eastleigh, has proven to be a favourable location for both office and industrial occupiers with a number of large firms employing a significant number of employees locating in the area. Such occupiers include National Air Traffic Services, P&O Carnival, Zurich, Aviva, Centrica, Ordnance Survey, Skandia Life, Capita, Royal Mail, Associated British Ports, Ford Motor Company, BAE Systems Marine and Southampton University. Many of these occupiers have located in Southampton due to its function as a major city on the south coast, its ability to draw upon a workforce from a large area and its large stock of both industrial and office accommodation.

The city's office stock extends to around 614,000 sq m (6.6 million sq ft) whilst the industrial stock extends to over 1.95 million sq m (21.0 million sq ft). Average take-up in relation to

each market over the last five years has equated to 30,000 sq m (320,000 sq ft) and 88,000 sq m (943,000 sq ft) respectively. Both the office and industrial commercial property markets in Southampton are, therefore, considerable markets which have been experiencing significant activity and provide a high level of competition for the counties in central southern England seeking to attract new employment. Elsewhere in Hampshire, Winchester and Andover provide healthy competition to Wiltshire's distribution property markets, especially with their better links to the M3 motorway.

It is expected that land for future employment growth will be provided at Swindon in accordance with the RSS. This future growth does not impact upon the land requirements set out in this report. The draft RSS focuses employment growth at Swindon on the Swindon urban area, which is to be expanded by way of a number of extension sites, one of which- the "Western Extension", involving 3,000 dwellings, will be located within the Wiltshire Council administrative boundary. It should be noted that the Swindon Workplace Strategy and Delivery Plan, which has been prepared in parallel with this study, recommends that extension sites should include provision for mixed use developments, and this approach is endorsed in respect of the Western Extension. However, in employment and RSS terms the growth is associated with Swindon SSCT and not Wiltshire. Therefore, our figures do not take account of the land in Wiltshire required to achieve Swindon's growth. It is clear however, that Wiltshire Council need to liaise with Swindon Council in terms of the delivery of this land.

In the west of Wiltshire, the commercial property market operates in close proximity to the City of Bath. However, in terms of competition, Bath has a much smaller office and industrial property market compared to the competing locations of Swindon and Southampton. Indeed, the current state of employment accommodation provision in Bath could be of benefit to Wiltshire in the short term.

Bath's commercial property market is constrained by a lack of a suitable supply of appropriate employment space. Furthermore, a significant proportion of accommodation is provided in Georgian properties which are generally cellular in design and unsuitable for large modern business requirements. In addition to the poor supply, there has also been an overall loss of office premises, in particular since 2001, as sites have been sold off to capitalise on the greater values which can be achieved through a change of use to residential accommodation.

There is, therefore, an overall shortage of employment accommodation in Bath and the city's stock has low vacancy rates. The RSS for Bath recognises the current inadequacy of supply and identifies a need for an additional 39 hectares of employment land to be provided in Bath and North East Somerset up to 2026. If such an extent of development land becomes available, then it could have a detrimental impact on the commercial property market of the western area of Wiltshire in the medium to long term. It is considered that some secondary locations have seen growth because of a lack of land at Bath (and Chippenham). However, the SSCT requirement has been formulated based on forecast growth and the western area of Wiltshire will benefit from employment growth.

#### **4.5.2 Employment Land Take-up**

In terms of employment land, Figure 9 below highlights the take up between April 1996 and April 2007 and calculates the average annual take-up over the same period. The figure also



depicts the floorspace completed during the same period and the average annual completion of floorspace. These figures exclude Swindon Borough.

**Figure 9:** Employment Land and Floorspace Completions between 1996 - 2007

Area	Completions (ha) (All sites)	Ave. Annual Take-up (ha per annum btwn 96-07)	Floorspace Completed 96 - 07 (sq m)	Ave Annual Completion 96 - 07 (sq m)
North Wiltshire	65.76	5.98	247,422	22,500
West Wiltshire	70.34	6.39	189,107	17,200
Salisbury & District	97.30	8.85	153,871	14,000
Kennet	37.21	3.38	88,165	8,000

**Source:** Wiltshire County Council 2007

The figure clearly shows that over the eleven year period, the greatest take up of employment land has been in Salisbury but the greatest amount of floorspace has been developed in North Wiltshire. Kennet has experienced the lowest level of employment land take-up and floorspace development.

The reason why North Wiltshire has completed a greater amount of accommodation on what would appear to be a smaller area is that a high proportion of development is related to intensification of use and the land for such development has not been included in site area calculations. Salisbury & District's land take up has been heavily skewed by recent take up relating to development land at Solstice Park, Amesbury.

In terms of the nature of take-up, the majority of take-up in Kennet has been to satisfy light industrial and warehousing and a small element of storage and warehousing uses. The majority of the take-up (46%) has been concentrated in and around Devizes.

Take-up activity in North Wiltshire has been more mixed in terms of property type. Light industrial and storage/warehousing uses have predominated around Wootton Bassett whilst more general industrial take-up has been experienced in Chippenham. Chippenham has also experienced a greater amount of take-up for office accommodation.

In comparison to the other three districts in Wiltshire, West Wiltshire has experienced the greatest take-up of employment land for manufacturing. Indeed, a number of large scale manufacturing developments have been undertaken in Melksham since 1996. Westbury and Warminster have also experienced some take-up due to manufacturing development but mixed use developments have prevailed in these two towns.

Salisbury District has seen significant take-up of employment land over the last four years. This is mainly due to land being made available following a long period in which the supply of employment land was constrained. Salisbury is a key focus of activity for a large surrounding rural hinterland and is closely aligned with the economy of the south coast. The district has

seen significant development of offices, light industrial and warehousing development over the last three to four years.

### 4.5.3 Principal Commercial Property Markets

Swindon's property market provides two distinct offers. The town centre provides traditional office accommodation but much of the stock is of ageing quality. Out of town accommodation is provided on a number of business parks which facilitate a combination of B1, B2 and B8 accommodation.

Swindon's provision of commercial accommodation will be improved dramatically as the Regeneration Framework for the town is implemented under the guidance of the Urban Regeneration Company. In addition to 3,000 new homes and a new retail core in the town centre, the proposals identify almost 93,000 sq m (1 million sq ft) of new office space for the town. Clearly, these proposals will have a dramatic impact on where people live and work in Wiltshire and provide increasing competition for employment locations throughout the county.

To the south west of Swindon, Wootton Bassett provides a range of employment accommodation in both old and new developments. Whitehill Industrial Park and Templars Way Industrial Estate provide a mix of office, industrial and warehouse accommodation. Both these locations currently have high vacancy rates. Bowman Court, a new development comprising fifteen office units provides high specification accommodation but many of the units lie vacant.

In the west of the county, Chippenham is a major employment location with excellent road and rail communication links. The town provides a variety of employment accommodation in terms of both size and specification of units. Historic office development has provided accommodation in the town centre but most recent development has been undertaken on out of town business parks. Many of the older, more established business parks such as Glenmore and Greenways Business Parks provide a mix of office and industrial accommodation but currently have high vacancy levels. This is partly a reflection of the dated nature and extent of the older stock.

Melksham is located eight miles to the south of Chippenham and only eleven miles from the M4. The town has benefited from a reasonably healthy employment property market and provides accommodation on a number of established industrial estates and business parks. Broad Lane Farm and Bowerhill industrial estates are two of the more prominent locations. More modern accommodation is provided at Evans Business Centre and Avonside Business Park. Further employment land and development opportunities are available at Bowerhill Industrial Estate and Hampton Park. The former Avon tyres site provides a potential brownfield development opportunity.

Although Trowbridge is a major employment location, it serves a smaller, local market compared to Chippenham. The town is, however, a major public sector employer and the county town of Wiltshire. White Horse Business Park which provides both office and industrial accommodation is the town's major business park. Other major employment locations include the Tannery, Canal Road and Ladydown Industrial Estates. Rental levels at these locations vary widely due to the variation in specification of accommodation provided. Due to the recent

closure of a number of large scale occupiers, there are a number of brownfield redevelopment opportunities in Trowbridge.

Historically, Warminster has been dominated by larger neighbouring towns of Trowbridge, Chippenham and Melksham. Each of these towns benefit from being closer to the M4. Nevertheless, Warminster has a number of large employment locations in Deverill Road Trading Estate, Woodcock Industrial Estate and Crusader Park. The town also has a significant future supply of employment land at Crusader Park and Warminster Business Park.

Although not the most accessible of Wiltshire towns, Devizes provides a significant level of employment within Wiltshire. The town serves a predominantly local demand for employment accommodation and has experienced a concentration of food production and furniture construction businesses. The provision of employment accommodation in the town is generally of small to medium scale with two of the major employment locations being Hopton Park Industrial Estate and Garden Trading Estate. Future employment accommodation development opportunities are being provided at London Road and Nursted Road.

Salisbury is a major employment location in the south of the county which has a significant number of business parks and industrial estates. In addition to the established locations of Harnham Trading Estate, Churchfields Industrial Estate, and Dolphin Trading Estate, Salisbury has benefited from new employment accommodation development over the last two years. Whaddon Business Park provides modern purpose built B1 accommodation and Glenmore Business Park also provides new build B1 accommodation in the town. Modern office accommodation is provided in the city centre and on out of town business parks. A number of bio-science firms have been attracted to the area by the presence of the Defence Science and Technology Laboratory located at Porton Down.

Amesbury, which is located approximately eight miles to the north of Salisbury, is emerging as a major employment location. Solstice Park on the outskirts of the town has recently seen the development of the Beacon Centre, a speculative development of industrial, office and hi tech employment opportunities. Substantial further employment land of up to 160 acres is being promoted for further development. Further proposals for the Salisbury area include the Boscombe Down Business Park, a large scale proposal for up to 27 employment units.

#### **4.5.4 Rental Values**

The diverse nature of the accommodation provided in Wiltshire in terms of size, age and specification creates a wide range of rental values. Historically, the highest office rents have been achieved in Chippenham and Trowbridge where rents equating to £16.00 per sq ft and £14.00 per sq ft have been achieved respectively. Salisbury has achieved rents equating to in excess of £12.00 per sq ft. However, these rental levels have not been achieved for some time and values have fallen in the current market conditions. Elsewhere in the county, new office developments have been achieving rental values of between £10.00 per sq ft and £12.00 per sq ft. Refurbished, second hand accommodation is currently letting from rents equating to £5.00 per sq ft. However, many such units have been vacant for some time and there is a considerable amount of second hand office stock currently on the market.

Although recently the industrial property market has been more active than the office market throughout the county, prime rents for modern, good quality accommodation have fallen from

a peak of £7.00 per sq ft to reflect rentals equating to around £6.00 per sq ft. On some of the older industrial estates rents have fallen to as low as £1 per sq ft for some general industrial and storage accommodation. Rental values in these locations are being subdued by the age, condition and extent of older stock which currently lies vacant and conditions are not suited to speculative development at present.

#### 4.5.5 Viability of Development

In order to consider the viability of speculative development in Wiltshire, we have appraised a hypothetical office and an industrial development scheme. The rents have been varied to reflect market conditions through the county. The base assumptions and results of our indicative appraisals are summarised in Appendix 1 and discussed below:

*Office development:* We have appraised a scheme of 1,394sq m (15,000 sq ft) on a hypothetical site of 1 acre. The gross development value is based on a yield of 8.5% and initially a rental of £12 per sq ft. These assumptions are based on current market evidence, include standard development cost assumptions and reflect the average market conditions in the county for new build accommodation. Clearly, there will be minor variations around the county but, for the purposes of this analysis, we have taken an average position. We have assumed that the development would take place on a fully serviced site and that there would be no abnormal costs associated with the site.

The calculations reveal a deficit of £1.19 million. On the basis that project costs are consistent throughout the county and a constant investment yield of 8.5% is applied, we would assess the impact of changes to rental levels as shown below:

**Figure 10:** Estimated impact of changes to office rents on viability of development

Rent (psf)	Project Value (£m)	Project Costs (£m)	Deficit/Surplus (£m)
£12.00	£2.06	£3.25	-ve (£1.19)
£13.00	£2.23	£3.30	-ve (£1.07)
£14.00	£2.40	£3.35	-ve (£0.95)
£15.00	£2.57	£3.40	-ve (£0.83)
£16.00	£2.75	£3.45	-ve (£0.70)
£17.00	£2.92	£3.50	-ve £0.58)

Source: DTZ

Accordingly, financial support would be necessary to support speculative office development in all locations throughout the county, even if rental values were to substantially exceed current levels.

*Industrial Development:* We have appraised a scheme of 1,394sq m (15,000 sq ft) on a hypothetical site of 1 acre. The gross development value is based on a yield of 9.5% and initially a rental of £6.00 per sq ft. These assumptions are based on current market evidence, include standard development cost assumptions and reflect the average market conditions in

the county for new build accommodation. We have assumed that the development would take place on a fully serviced site and that there would be no abnormal costs associated with the site.

The calculations reveal a deficit of £660,000. On the basis that project costs are consistent through the county and a constant investment yield of 9.5% is applied, we would assess the impact of changes to rental levels as shown below:

**Figure 11:** Estimated impact of changes to industrial rents on viability of development

Rent (psf)	Project Value (£m)	Project Costs (£)	Deficit/Surplus (£m)
£5.00	£0.77	£1.54	-ve (£0.77)
£5.50	£0.84	£1.56	-ve (£0.72)
£6.00	£0.92	£1.58	-ve (£0.66)
£6.50	£1.00	£1.68	-ve (£0.60)
£7.00	£1.07	£1.63	-ve (£0.56)
£7.50	£1.15	£1.65	-ve (£0.50)

Source: DTZ

Accordingly, financial support would be necessary to support speculative industrial development in all locations throughout the county, even if rental values were to substantially exceed current levels.

Current market conditions have caused yields to fall sharply as returns become more uncertain and the covenant strength of many tenants is becoming increasingly dubious. The yield would need to decrease to increase the investment purchase value. As at April 2009 capital values have fallen around 41% from their peak in June 2007. It is not until yields and rental values improve that speculative development will become more attractive to developers and their financiers. The investment market, currently dominated by equity buyers, is likely to see a gradual pickup in activity by the year end.

#### 4.5.6 Demand in the County of Wiltshire

West Wiltshire's employment property stock is dominated by aging accommodation on industrial estates developed in the 1930s, '40s and '50s. In the main, this accommodation is cheap but is of a low quality. Historic demand in the region has been dominated by industrial property including general industrial, manufacturing and distribution uses. Current provision is testament to this. Future demand in the district is likely to continue to be dominated by industrial requirements generated by both the need for existing occupiers to move to more modern accommodation and elements of expansion and new businesses.

Large scale demand for office accommodation in West Wiltshire has generally been driven by the public sector. The majority of demand, however, has been for smaller scale accommodation of between 230 sq m to 465 sq m (2,500 sq ft to 5,000 sq ft) and this is a trend we anticipate will continue in the short to medium term. The adoption of the Urban

Design Framework for Trowbridge is making the town more attractive to office occupiers and future demand for office accommodation is likely to be greatest in and around Trowbridge.

In recent years, Salisbury has experienced increasing demand for both office and industrial accommodation but the market has been held back by a paucity of suitable supply. Indeed, in 2006/07 employment property enquiries grew at their fastest rate for many years. However, recent turmoil in the economy has led to a dramatic fall in demand in the district and developments which commenced during better market conditions and which have recently been completed over the last eighteen months currently have high vacancy rates. For example, Glenmore Business Park on the Churchfields Industrial Estate, a development of 49 business units, currently has an occupancy rate of over 70%.

As the economy improves and business confidence returns, we anticipate that the greatest demand will be for modern industrial and warehouse accommodation driven by a combination of local businesses needing to upgrade their ageing accommodation and new business start-ups. Salisbury has one of the oldest stocks of employment accommodation in Wiltshire, and a high number of new business start-ups. Requirements currently on hold will emerge for both modern office and industrial accommodation, particularly in accessible out of town locations.

North Wiltshire's employment property market experiences significant competition from Swindon. This competition is anticipated to increase as the proposals under the URC are implemented. Nevertheless, the wider district has been successful in satisfying demand from national, large scale employers and there will be further successes in the future.

Future demand, however, is likely to be dominated by local occupiers and existing businesses with demand for office accommodation being concentrated in and around Chippenham. Occupier demand for industrial and warehousing accommodation will be focussed on Calne, Wootton Bassett and Chippenham. Demand in these areas will be driven by the existing supply, access to a large workforce area and access to the M4. Wootton Bassett will also benefit from its close proximity to Swindon, in particular. Demand for larger units will be concentrated in and around Chippenham.

Historically, Kennet has experienced the lowest levels of demand for employment property in Wiltshire. Despite this, the district has a reasonable distribution of employment accommodation satisfying small scale demand from local occupiers and existing businesses. We expect this to continue.

The main concentration of demand in the district has been in Devizes for small scale accommodation and we expect this continue. Whilst the town has an office market, we anticipate that future demand will continue to be dominated by demand for light industrial units and extensions to existing manufacturing units.

Although Marlborough is more accessible than Devizes, the town has struggled to establish its employment accommodation base. Despite recent development at Marlborough Business Park which provides modern business/trade units, demand in the town has remained at a low level and we do not anticipate a significant change in the short term.

In conclusion, our research through discussions with local authorities and local agents has identified that:

- Wiltshire has experienced a fall in demand for employment property in all size categories over the last eighteen months;
- No one sector has shown a significant growth or fall in demand;
- The majority of employment property enquiries in the area are for small units of between 230 sq m to 465 sq m (2,500 sq ft and 5,000 sq ft);
- Despite the general downturn in the manufacturing industry, demand from the manufacturing sector accounted for the majority of enquiries over the last eighteen months to two years; and
- There has been an increase in requirements for modern high specification of accommodation.

Summaries of consultations are contained in Appendix 3.

The following information summarises our employment property demand assessment in relation to Wiltshire:

- Notwithstanding the current market constraints, the future economic growth is expected to be much slower than has been experienced in the recent past. A considerable upswing is however expected in office based employment with the move towards a more service oriented economy and demand will be greatest for smaller office and industrial suites/units. Occupiers are currently reluctant to commit to larger schemes due to uncertainty surrounding company cashflows;
- The county experiences problems associated with aging stock and relocation, replacement demand. Rents have been subdued on some of the traditional industrial estates in the county due to the extent of vacant stock and this has deterred speculative development; and
- Whilst not necessary a summary of employment property demand, the role of the Ministry of Defence in terms of the provision of employment sites and premises cannot be ignored and can potentially have a huge distortion effect. Whilst, MOD bases can generate demand for ancillary and spill off employment premises and space, if they close they can released huge amounts of employment space on to the market.

## 4.6 Occupiers' Requirements

The general trends identified above and in the regional market analysis indicate that there has been a shift in the type of accommodation which is in most demand. There has been a marked decline in the requirement for B2 and B8 accommodation, which is due to two factors. Firstly, the manufacturing industry is experiencing a decline nationally in the United Kingdom and the Wiltshire property market has provided a large supply of manufacturing accommodation in the past. Secondly, those manufacturing industries which remain in the region have been streamlined in the drive for efficiency. Modern, smaller units, therefore, are in greater demand in the manufacturing and light industries.

New technology in the management and operation of warehouses and distribution centres has changed the nature of occupier requirements in the distribution and warehousing industry. Second hand units are becoming less attractive to such occupiers who prefer to be involved in

the design and development of their own space. This has contributed to many vacant existing warehouses being adapted for alternative or scaled down uses.

Growth in demand for business services and the desire for businesses to own their own accommodation has driven demand for B1 accommodation throughout the region, particularly for the smaller units of less than 5,000 sq ft.

## 4.7 Future Prospects

Chippenham will continue to be attractive to employers and will maintain its status as a major employment location in the region. In addition to existing capacity at established employment locations, the town has the benefit of a number of well located strategic employment sites to facilitate future employment growth. Chippenham has been successful in attracting a number of major employers including, Volvo, Avon Automotive, Securicor and Wincanton Distribution. The town’s access to major road and rail transport networks which is one of the major considerations for inward investors is only bettered by Swindon within Wiltshire. Furthermore, the range of accommodation provided in the town in terms of both age and specification will be an additional attraction to inward investors and regional employers. In terms of an accessible workforce, Chippenham is well located to attract employees from Bristol, Bath and Swindon, the major towns and cities in the region.

The number and extent of industrial estates and business parks in and around Salisbury underlines the town’s importance as a strategic employment location within Wiltshire. Although the difficulty of developing in the historic centre of the city will continue to be a constraint to development, a number of strategic employment sites have been identified at Old Sarum, Southampton Road, Churchfields and Harnham which will all help to satisfy future demand. Salisbury has attracted some key national employers in the past and with good existing stock, a high proportion of new build and the high quality of life which can be experienced in the city, Salisbury will continue to be a major employment location within the county.

Of the three SSCTs in Wiltshire, Trowbridge is likely to experience the least growth. Its current stock of employment accommodation is aging and there has been very little development in the town in recent years. The majority of its stock has traditionally targeted light manufacturing including furniture making and food production. Consequently, there is an under provision of stock suited to growth industries in the hi-tech sectors. The town’s property market is not as strong as that in Chippenham.

In terms of the Priority Sectors identified in the Wiltshire Economic Strategy, Figure 12 summarises the types of sites and premises they require:

**Figure 12:** Priority Sector Sites and Premises Requirements

Sector	Sites and Premises Requirements
Creative Industries	Small scale workshops in locations with good access to public transport. Site environment and image is also important.
Environmental Technologies	Incubation Space.



	Laboratory Units with small scale production unit. Sites need to be accessible locations with high speed connectivity.
High Value Added	Incubation Space. Laboratory Units with small scale production unit. Sites need to be accessible locations with high speed connectivity.
Food and Drink	Small manufacturing units. Large distribution Units. Proximity to public transport and road network is very important.
Business Services	In town and out of town offices of varying sizes. Increasing move towards smaller units. Connectivity and accessibility are important.
Information and Communication Technology	High quality offices in a business park environment. Town centre offices. Converted farm and MoD buildings. Small scale workshops in urban and rural locations. Connectivity is vital.
Tourism	Varied. Proximity to public transport and road network is important, alongside site image and environment.
Advanced Technologies	Small high specification manufacturing units. Connectivity is vital.

The future prospects for the market towns are discussed in Section 5.

## 4.8 Property Market Summary

Wiltshire's property portfolio is characterised by dated stock, much of which is coming towards the end of its economic life. Current property market trends indicate that the units in greatest demand throughout Wiltshire are for small scale, modern, flexible units between 233 sq m (2,500 sq ft) and 465 sq m (5,000 sq ft). The benefit of these units is that they can be occupied by many different user types and are suitable and generally affordable to owner occupiers as well as those wishing to lease commercial premises. Small scale, modern, flexible and affordable developments will be most suited to the market towns in Wiltshire whilst Salisbury and Chippenham, in particular, have the attributes, ability and resources to attract major institutional investors, funders and developers who support large scale developments.

## 5. The Role of Market Towns

### 5.1 Policy Context

The RSS sets out a spatial strategy for growth in the South West, with the primary focus being on the SSCTs (Policy A Towns). In terms of employment provision it is highlighted that they should *'support growth in the economy and skills through the availability of a range of premises and land that meet the needs of business'*.

It is also highlighted that *'away from the SSCTs the scope for significant future job growth and related development is likely to be generally more limited, leading to a scale of provision that is more clearly aligned to supporting the **role and function of places** in their individual localities'*.

The RSS recognises the roles that certain towns (in many cases the 'market towns' and coastal towns) can play in ensuring the availability of jobs and services both for their own populations and for surrounding settlements in a more rural setting.

Market Towns fall under the umbrella of Policy B towns. It is stated that:

*'Development in towns identified under Development Policy B should be specifically geared to meeting local objectives including tackling pockets of deprivation, meeting needs for affordable housing, addressing the impacts of larger shopping centres on local town centres **and delivering elements of local economic strategies, for instance, to respond to declining traditional industries'**.*

It is also highlighted that they should have *'an existing concentration of business and employment, and realistic potential for employment opportunities to be enhanced'*.

Against this policy backdrop Key Market Towns have been identified based on reviewing their existing employment base and their likely future potential for enhanced employment opportunities. The towns identified form the second tier of towns having a greater potential than the other Market Towns to accommodate employment. It is worth noting that the Key Towns may change if and when the review of supply is undertaken it is identified that capacity does not exist to realise the potential originally identified.

The remainder of the market towns form the third tier which is considered to still have potential to accommodate employment to meet local needs for sustainable communities and help promote self containment. However, the scale of the role of the third tier market towns is significantly smaller, in line with the policy aspiration to ensure economic activity is appropriate to the scale of the settlement and market potential.

### 5.2 The Role of Towns

Based on our market review and economic review of each of the market towns, copies of which are enclosed at Appendix 4 we have identified seven towns which will have a key role

in terms of providing employment space. It is recommended that the future of these towns to provide employment space should be supported, in particular through the Emerging Wiltshire Core Strategy. These towns have been identified as Tier 2 towns. The towns identified are:

- Amesbury;
- Calne;
- Devizes;
- Melksham;
- Westbury;
- Wootton Bassett; and
- Warminster.

All the market towns have been assessed against the key criteria on which the market and economic reviews were based. The principal criteria were location, access and vacancy/proposed developments in the key employment areas in and around the towns, alongside population and accessibility.

The employment demand forecast apportions a requirement for the market towns. The seven market towns will be the most likely locations to fulfil this requirement but there is scope for the other towns to accommodate increased employment.

The potential of each of the seven towns is set out below:

*Amesbury* – Well located town eight miles to the north of Salisbury and easily accessed by a large population. Good access to the main road network and dual carriageway access to junction 8 of the M3. Significant emerging employment area at Solstice Park (potential 160 acres). Two large existing business parks, Boscombe and Mill Way are trading well and have the capacity to accommodate growth.

*Calne* – Well located in North Wiltshire with easy access to the M4 to the north and good links to the remainder of the county. The town has a number of large scale employment locations which have the benefit of expansion land adjoining existing developed areas. Calne has successfully attracted a number of large scale employers in the past and has capacity within the labour market to accommodate future growth.

*Devizes* – Although remote from the motorway network, the town can be accessed via main roads from the north, south, east and west. Located in the heart of Wiltshire, the town serves a large hinterland and has one of the larger populations of Wiltshire towns. Historically, the town has attracted a number of large scale employers and has specialist skills in engineering, the food industry and furniture manufacture. Modern accommodation has been provided in the town and there are a number of opportunities currently available on Hopton Park Industrial Estate. Further development opportunities are provided on Nursteed and London Road. The town will be able to accommodate growth in the short, medium and long term.

*Melksham* – The town is close to, and easily accessed from Trowbridge, Chippenham and Bath and is only eleven miles from the M4. Initial analysis of the population statistics indicates that there is capacity within the labour market to accommodate future growth. There are a number of brownfield sites in the town which provide good regeneration opportunities (Avon Tyres for example). There are also further future development opportunities on identified sites at Bowerhill Industrial Estate and at Hampton Park. Melksham will allow occupiers to benefit

from being located in close proximity to Trowbridge and Chippenham without being subject to the higher rents charged for employment property in these other locations.

*Westbury* – In terms of population, Westbury is one of the larger towns in Wiltshire. The town has good access to both Trowbridge and Warminster and is an important railway town being located at the intersection of the London – Exeter and south Wales - Southampton line. Westbury is at the centre of a corridor of economic stretching from Trowbridge to Warminster. The town has a number of successful large scale employment sites which have the advantage of being able to provide new opportunities on adjoining expansion land.

*Wootton Bassett* – Although Wootton Bassett is only a small market town, it benefits from being within one mile of Junction 17 of the M4 and six miles from Swindon. Recent development activity has seen the completion of a number of new developments including Bowman Court, a new 15 unit development many of which are still vacant. There is also vacant accommodation on Whitehill Industrial Park which provides a mix of office, industrial and warehouse accommodation. There are also future opportunities at Templars Way, Interface Industrial Estate and at the former St Ives factory. The town will, therefore, be able to accommodate growth in the short, medium and long term and can be easily accessed by a large population.

*Warminster* – the town lies ten miles to the south of Trowbridge and 5 miles for Westbury. The town has a large population and accommodates a significant volume of jobs. The town has good access to the A36 (east and west) and the A350 (north –south) trunk roads and it also hosts a railway station. The town experienced high levels of demand for employment space with a range of key employment areas including Deverill Road Trading Estate, Woodcock Industrial Estate and Crusader Park & Furnax Lane Bath Road.

#### *Remaining Market Towns*

A key feature of the market towns is that they support their respective rural areas. Consequently the smaller market towns feature businesses that support agriculture and provide ‘industrial and construction’ type services to the local population. The larger market towns take a more administrative and to an extent commercial function that serves the wider area that might include some of the smaller market towns. This is driven by the level of demand and the establishment of a critical mass of services to operate effectively.

Other towns have an altogether different drive. Lyneham, Porton Down and Ludgershall are all dominated by Defence related activity. Whilst this generates economic activity and employment it is outside the commercial activity that can engender further activity through expansion, clustering within sectors and supply chains. Some of the towns for example Mere, Crickdale and Pewsey lack the critical mass in terms of population and existing employment to demonstrate the potential to accommodate significant amount of the forecast employment growth. This is very much in line with the RSS but does not preclude such locations as Bradford upon Avon for example continuing to have some employment role.

## 6. Demand Forecasting and Apportionment

This section sets out analysis by DTZ of the likely future demand for employment land in Wiltshire. This is focused on B Class Uses within the Use Classes Order 2005, although consideration has been made to other uses which will typically look to employment sites for accommodation. This results in an estimation of the required employment land over the period 2006-2026 for the whole of Wiltshire. This is split into four areas; Chippenham, Salisbury and Trowbridge SSCTs and the remainder of Wiltshire.

### 6.1 Methodology

The methodology adopted for this analysis aligns to the recommended approach outlined within the *Employment Land Reviews: Guidance Note, Office of the Deputy Prime Minister (ODPM), December 2004*. The guidance stresses the shortcomings of relying too heavily on any one method of forecasting future requirements. In response we have adopted a methodology which considers the likely employment land requirements arising from:

- 1 Forecast economic growth for Wiltshire;
- 2 An assessment of historic take up and market drivers;
- 3 The need to maintain a sustainable and healthy labour market in response to projected demographic changes; and
- 4 The balance of demand for employment land in Wiltshire's main settlements (Trowbridge, Chippenham and Salisbury) versus the remainder of the county.

DTZ provided an assessment of future requirements across the 21 Strategically Significant Cities and Towns (SSCTs) identified within the Draft Regional Spatial Strategy on behalf of the South West Regional Development Agency. This particular commission allows for more detailed consideration of the local and sub-regional factors affecting Wiltshire. However, the methodology adopted is founded on the same principles and is undertaken in the parameters as used in this earlier work.

There are substantial uncertainties in respect of assessing the long term requirements for employment land in any area. Economies are continually changing with new sectors and new working practices emerging. As a result the property requirements and demands within the economy are likely to change. However, the degree of change is unclear. This assessment of demand is therefore a guide. There will be a need to retain flexibility to respond to changing needs as market dynamics become evident.

We have used a five stage process to assess the future demand for employment sites and premises caused by economic growth and replacement demand:

- Develop employment forecasts by industrial sector;
- Conversion of employment by industrial sector to employment related Use-Class;
- Translation of employment change by Use-Class to floorspace implications;
- Translation of floorspace change to employment land change; and
- Make allowance for replacement demand (churn), and choice.

For the purposes of this report we have used three categories of employment premises/land:

- Offices – comparable to B1a in the Use Class Order;
- Other Business Space – covering B1 b/c and B2; and
- Warehouse – covering B8 activities

## 6.2 Economic Growth Model

### 6.2.1 Employment Projections

Cambridge Econometrics provided forecasts for travel to work areas (TTWAs) across the South West as part of the joint evidence base for the RES and RSS, covering the period 2006-2026. Cambridge Econometrics has recently produced another set of forecasts at Local Authority level, which is consistent with the TTWA-based forecasts. The forecasts for the local authorities of West Wiltshire, Salisbury, North Wiltshire and Kennet have been used as the basis for this forecasting exercise. It should be noted that the demand forecasting of employment land undertaken has used data from the Travel To Work Area forecasting and has been adjusted based on Ward boundaries to match the SSCT's as far as is possible. This is because there is no definable boundary for SSCT areas and existing data follows the TTWA's.

Broad requirements for employment land for SSCTs are included in the RSS. For Wiltshire, the figures for the 3 SSCTs relate to analysis based on their relevant TTWAs. The total area covered by these three TTWAs is substantially smaller than the four districts used in this analysis. As a result it is expected that a higher total requirement will be identified.

Cambridge Econometrics has developed two core scenarios: the 'central view'; and 'growth' scenarios. For the purposes of employment land provision, the upside risk is the key issue. Under-provision of sites and premises could become self-fulfilling by providing a constraint on employment growth and business expansion. There is some evidence of this in Wiltshire at present. Hence, we have aligned the economic forecasting exercise with the 'growth' scenario (e.g. based on 3.2% GVA growth per annum at a regional level).

The key features of the economic growth forecasts for Wiltshire are as follows:

- The fastest growth sectors over the period 2006-2026 are forecast to be: Miscellaneous Services (+55%), Other Business Services (+48%), and Hotels & Catering (+34%);
- Employment in Manufacturing is generally forecast to decline, however growth is expected in the Printing and Publishing sector (+18%);
- Employment in Wiltshire is forecast to increase by a total of 19% over the period 2006-2026, marginally above the regional average (18%);
- Sectors that are forecast to increase at a faster rate in Wiltshire than the region as a whole include: Hotels & Catering, Banking & Insurance, Other Business Services, Miscellaneous Services; and
- Sectors that are forecast to decline faster in Wiltshire than regionally include: Manufacturing of Metals & Engineering, Electronics, and the Utilities sector.

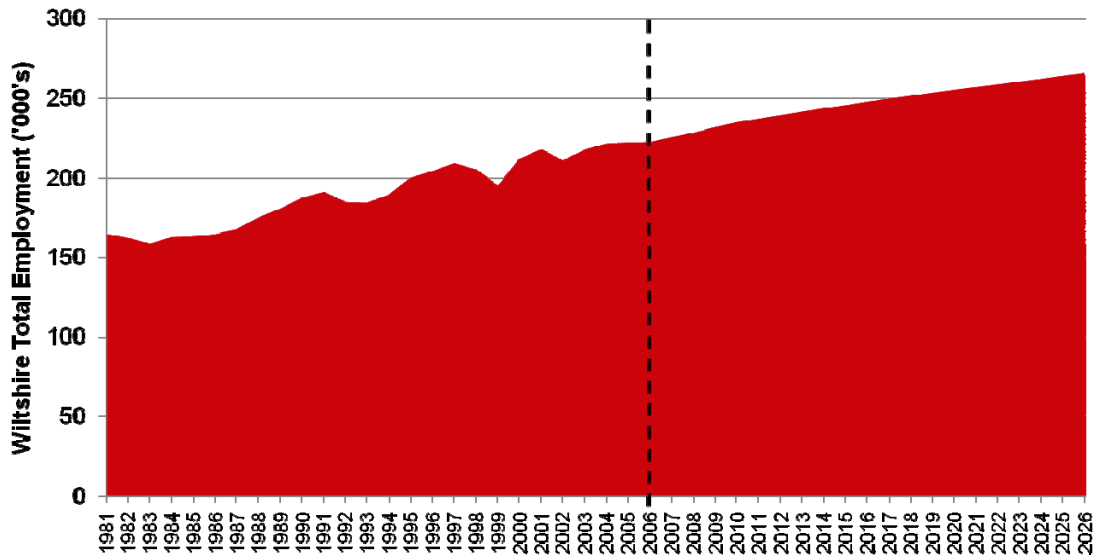
**Figure 13:** Employment Projections for Wiltshire (000's employees)

	2006	2011	2016	2021	2026	Wiltshire Change 2006-26	South West Change 2006-26
1 Agriculture etc	10.5	10.2	9.7	9.5	9.0	-14%	-22%
2 Mining & Quarrying	0.1	0.1	0.1	0.1	0.1	0%	-32%
3 Food, Textiles & Wood	7.4	7.0	6.8	6.5	6.3	-15%	-30%
4 Printing & Publishing	1.7	1.8	1.8	1.9	2.0	18%	9%
5 Chemicals & Minerals	5.7	5.4	5.1	4.7	4.3	-25%	-25%
6 Metals & Engineering	3.8	3.5	3.2	3.0	2.7	-29%	-25%
7 Electronics	3.7	3.6	3.0	2.5	2.2	-41%	-32%
8 Transport Equipment	1.2	1.1	1.1	1.1	1.1	-8%	-35%
9 Manufacturing nes	3.8	4.0	4.0	3.9	3.8	0%	-1%
10 Electricity, Gas & Water	0.2	0.1	0.1	0.1	0.1	-50%	-31%
11 Construction	11.8	12.1	12.5	12.5	12.6	7%	15%
12 Distribution	36.1	38.7	41.2	43.7	46.2	28%	27%
13 Hotels & Catering	21.6	24.0	26.1	27.5	28.9	34%	25%
14 Transport & Comms.	9.6	9.9	10.2	10.5	10.7	11%	11%
15 Banking & Insurance	4.0	4.1	4.3	4.4	4.5	13%	6%
16 Other Business Serv.	23.9	27.1	29.6	32.5	35.4	48%	40%
17 Public Admin. & Defence	20.9	21.6	21.7	21.3	20.9	0%	-1%
18 Education & Health	40.0	43.3	45.8	47.3	49.0	23%	27%
19 Miscellaneous Services	16.6	18.9	21.2	23.4	25.7	55%	34%
<b>Total Employment</b>	<b>222.5</b>	<b>236.8</b>	<b>247.4</b>	<b>256.7</b>	<b>265.6</b>	<b>19%</b>	<b>18%</b>

**Source:** Cambridge Econometrics, South West Regional Spatial Strategy Scenario 2, 9 January 2008.

Figure 14 shows the projected change in total employment under this scenario alongside historical changes in total employment for Wiltshire. This provides some context for the overall level of employment growth projected. History tells us that the path is likely to be more erratic but the overall trend is broadly in keeping with historic levels of change.

**Figure 14: Long Term Employment Change and Projections**



Source: Cambridge Econometrics

### 6.2.2 Net Floorspace and Land Requirements

The economic growth scenario has been used to drive an assessment of potential demand for employment space across the whole of Wiltshire. Employment at a sectoral level (SIC) has been converted to use classes using the matrix set out in Appendix 5. Figure 15 sets out the results of converting the projections from SIC to Use Class. The principal conclusions are:

- Employment in Office sectors is projected to increase by 14,200 jobs;
- Jobs in other business space are projected to decline by -1,900;
- A large percentage (over 60%) of job growth is projected to occur in non B Use Classes; and
- Overall employment is expected to increase by 43,100 over the 20 year period an increase of 19.3%.

**Figure 15: Change in Employment by Use Class 2006-2026**

	<b>Employment</b>
Office (B1a)	14,200
Other Business Space (B1b/c, B2)	-1,900
Warehousing (B8)	3,400
Total B Use Class	15,700
Non B Use Classes	27,400



Total Employment	43,100
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Labour market forecasts<sup>7</sup> suggest that over the period 2006-2026 the working age population in Wiltshire is expected to increase by 20,600, allowing for the increase in female retirement age. As this is some way below the projected employment increases over this period of 43,100, it may be necessary for Wiltshire to claw back some of the current out commuters and increase the employment rate of its working age population. Further to this Wiltshire may need to draw in extra in commuters from surrounding areas to meet employment projections.

Figure 16 sets out the results of converting employment change to floorspace. This relates only to net additional changes in employment. Consideration of churn and replacement in the market is dealt with separately. Conversion from employment to floorspace is based on employment density assumptions. Appendix 6 to this report sets out the justification for assumptions used. In summary these are:

- Offices: 18.5 sq m per worker;
- Other Business Space: 32 sq m per worker;
- Warehousing: 65 sq m per worker; and
- All workers require additional floorspace. In reality it will be possible for some businesses to absorb additional workers within existing premises.

**Figure 16: Net Change in Floorspace by Use Class 2006-2026**

	Floorspace (Sq m)
Office (B1a)	263,000
Other Business Space (B1b/c, B2)	-61,000
Warehousing (B8)	218,000

Figure 17 converts floorspace to land use. The assumptions used to convert are contained within Appendix 6. For both figures 16 and 17 the columns are not totalled as each sub-class does not well relate to the others, particularly in land terms.

**Figure 17: Net Change in Land by Use Class 2006-2026**

	Land Requirement (Ha)
Office (B1a)	18.8
Other Business Space (B1b/c, B2)	-15.2
Warehousing (B8)	54.6

As a result of forecast net employment change there is a projected requirement for additional office and warehousing land. The scale of office requirements is heavily dependent on development density assumptions which can be markedly different as a result of in or out of town development. With only limited town or city centre capacity the total additional office requirement may be larger if out of town densities are adopted. Office floorspace in square metres may be a more appropriate measure than land in hectares.

<sup>7</sup> Based upon 2006 sub-national population projections, ONS

Due to a projected net decline in manufacturing the preceding analysis suggests a decline in overall demand. However, this should not be interpreted as evidence of a lack of requirement for other business space sites. The net change in employment masks churn within sectors and the changing face of manufacturing. In reality this will take the form of decline in some activities and growth in others. Market churn and replacement are considered separately in section 5.2.4

The net additional requirement from this analysis is 58 hectares over the period 2006-2026.

### 6.2.3 Relevant Non B Use Class Requirements

A number of non B Use Class activities are likely to look to employment sites. These will include in particular *sui generis* uses such as motor trades but also other leisure and institutional uses which complement employment uses. We have assumed the following proportions of non B Use Class employment growth look to locate on employment sites:

- 40% of 'distribution' based on share of motor-trades within sector in current employment; and
- 10% of employment in hotels and catering, education and health, and miscellaneous services not already allocated to B Use Classes.

A broad assumption of 40 sq m per employee has been adopted to provide an indicative assessment of floorspace demand. Development densities in line with other business space and warehousing have been adopted.

**Figure 18:** Relevant Non B Use Class Requirements 2006-2026

Relevant Employment	3,600
Floorspace (sq m)	146,000
Land (ha)	36.4

This leads to an additional requirement of 36.4 hectares over the 20 year period 2006-2026.

### 6.2.4 Churn and Replacement Requirements

The previous analysis identifies the additional employment land requirements (floorspace and hectares) arising from changes in employment. However, there may also be churn in the market, with a number of factors likely to be stimulating this churn:

- Changing occupier requirements in the office, manufacturing and warehouse sectors as a result of changing working practices and structural change in the economy;
- Dilapidated and ageing stocks no longer fit for purpose; and
- Pressure for change of use on vacated employment sites no longer appropriate for continued employment use.

Assessing the scale of the requirement is not easy as there are no robust datasets on which to base a clear and logical model. A more qualitative approach is therefore required. The following factors have been identified in the course of this research:

- Although there has been, and is forecasted to continue to be, a decline in net employment in manufacturing, there continues to be a demand for industrial space. High end manufacturing processes have higher quality requirements in more modern units which will need to be provided. Despite a net decline in overall employment, higher quality sites still need to be provided to meet the top end of the market; and
- The lifecycle of commercial space means that it is difficult to ascertain the exact life span of commercial stock. For example new build high quality offices will be occupied by the primary office occupiers in the location. As the offices get older and new prime stock is built the existing offices will be occupied for lower rents. This cyclical process continues over time as new prime stocks are built. The office will still serve a purpose as long as they can be rented at a lower cost.

These factors combined with a lack of available data means that it can be difficult to accurately assess the lifespan of commercial property. There is therefore a limited amount of evidence for the loss of older commercial stock in Wiltshire. However, it is not guaranteed that this will continue and it is sensible to allow for some replacement activity. We have used the following assumptions:

- Rolling replacement of employment stocks every 100 years (i.e. replacement at 1% per annum); and
- 50% of this replacement on currently occupied sites and 50% on unoccupied land.

We have applied these assumptions to commercial floorspace data for Wiltshire and converted them using development densities used in the preceding analysis. These results are shown in Figure 19. This leads to an additional demand for employment land of 77 hectares over the 20 year study period. The majority of this, 45 hectares, is attributable to replacement demand in the 'other business space (B1 b/c, B2)' category.

**Figure 19:** Employment Land Requirements in Wiltshire 2006-26, Baseline Scenario

	<b>Stock (2004, sq m)</b>	<b>Annual Replacement (1%, sq m)</b>	<b>Floorspace Replacement 2006-2026 (sq m)</b>	<b>20 Year Land Requirement</b>
Office	515,000	5,150	103,000	4
Other Business Space	1,787,000	17,870	357,500	45
Warehouse	1,109,000	11,090	221,800	28
Total	3,411,000	34,110	682,300	77

## 6.2.5 Choice and Unforeseen Developments

In addition to the demand discussed so far we have made a 10% uplift to the total requirement to allow for choice. This covers the fact that existing developments may not be suitable to the requirements of potential occupiers. It may be necessary to have further choice in the market to accommodate individual occupier requirements.

A point to bear in mind is that the Strategy covers a 20 year period (with 17 years of that period still before us). It is almost inevitable that there will be a number of, as yet unforeseen,

developments during the course of this period. For example, a major question mark hangs over the future of RAF Lyneham after its vacation at the end of 2012. If the base is no longer required for any alternative military use there are likely to be major social and economic repercussions. This will result in the loss of 2,700 jobs on the base and around 700 additional jobs indirectly. Important issues will have to be addressed on the land use front. The question of the future use of the site, including the airfield itself and related installations must be a central consideration.

## 6.2.6 Summary

Figure 20 summarises the results of this analysis for the baseline scenario for Wiltshire. A total requirement in the region of 187.8 hectares has been identified (9.4 hectares per annum). This includes provision for a number of non-core employment uses to be accommodated.

**Figure 20:** Employment Land Requirements in Wiltshire 2006-26, Baseline Scenario

	Office	Other Business Space	Warehouse	Relevant Non B Use	Total
Net additional requirement	18.8	-15.2	54.6	36.4	94.6
Churn and replacement	3.7	44.7	27.7	-	76.1
Range and choice	2.3	3.0	8.2	3.6	17.1
Total	24.8	32.9	90.5	40.0	187.8

This assessment has found a requirement for 9.4 hectares of employment land per annum. This compares to c24.5 hectares per annum based on historic take up rates 1996-2007. The discrepancy between these figures deserves further investigation. In short, the figures are not directly comparable. The following three issues need to be considered in order to compare:

- Historic take up data is based on all completions. The future forecast is based on a net requirement, discounting replacement of stock which is anticipated to take place on currently occupied employment land. If this figure is added back in the total requirement would increase by c7.6 hectares per annum;
- The office density assumption in the DTZ analysis assumes a mix of town centre and out of town office development. If out of town predominates the average annual requirement would increase by c1 hectare per annum; and
- The historic take up figures are calculated over a 10 year period of continuous economic growth and a substantial boom in commercial property towards the latter part of the period. We would therefore expect a higher figure than derived using forecasts which take a long term view of likely economic growth across economic cycles. From observed development patterns at present, it is clear that when including a downturn the average rates of take up will fall.

In summary, if comparing like with like the DTZ requirement may increase by c8.6 hectares per annum, leading to a total requirement of 18 ha per annum compared with 24.5 ha per annum based on historic rates. Taking into account longer term trends over the business



cycle and factors such as continued structural change towards office employment, non B use employment and higher densities of development this lower figure is not unreasonable.

### 6.3 Local Level Employment Land Requirements

The previous section of this report sets out the overall demand for employment land across Wiltshire. However, as described in the introduction to this report, another of the key objectives of this study is to derive more local level analysis.

The Regional Spatial Strategy for the South West states that the focus of economic growth should be in the region's 22 SSCTs. However, it does not provide guidance on the exact balance of growth between SSCTs and the remainder of the region. Therefore the key question in terms of local level analysis is the balance between demand for employment in each of the three SSCTs (Trowbridge, Chippenham and Salisbury) versus the remainder of Wiltshire.

We have constructed three outline scenarios for the balance of growth between the SSCTs and the remainder of Wiltshire. Each of these scenarios considers sectors with employment growth and employment decline separately. The scenarios apply the following employment growth assumptions:

1. Current Share growth - Employment growth is distributed according to the current pattern of economic activity. The SSCTs take their fair share of growth based on current employment (e.g. the SSCTs account for 33% of employment in Wiltshire currently). However there is no explicit focus of future growth in the SSCTs beyond this;
2. SSCT Focused growth – Employment growth is mostly focused on the SSCTs. The SSCTs take 66% of the employment growth, with the remainder going to the rest of Wiltshire. Each SSCT takes its share of growth based upon the relative balance of overall SSCT employment. Therefore SSCTs with larger levels of existing employment in a sector will take a larger percentage of employment growth. In this way the relative balance of SSCTs and sectors in comparison to the total for all SSCTs will remain unchanged; and
3. SSCT All growth – Employment growth is focused entirely on the SSCTs (e.g. the SSCTs take 100% of employment growth in Wiltshire).

Each of the three scenarios consider employment decline in the same way. Employment decline is spread across all areas based upon their relative share of employment. For example, 31% of electronics activities in Wiltshire occur in Chippenham, therefore Chippenham would take 31% of employment losses in that sector. This approach remains the same across scenarios.

By applying these employment growth and decline assumptions to the employment in each of the SSCTs and the remainder of Wiltshire it is possible to make employment forecasts for each of these areas. Following the same methodology employed in section 6.2.2 through to section 6.2.5 an assessment has been made of how these employment forecasts relate to changes in employment land forecasts.

Figure 21 shows the relative split of employment land requirements by scenario. Under scenario A, based upon the current share of employment, the SSCTs would require a total of 63.8 hectares of employment land over the period 2006-2026. The remainder of Wiltshire

would require an additional 124 hectares of employment land. However, this does not align to the RSS and should not be pursued.

At the other end of the scale, scenario C, where all employment growth is focused on the SSCTs, estimates the SSCTs will require 168.5 hectares of employment land. 19.3 hectares of employment land will be split between the remainder of Wiltshire. However, the issue with this scenario is that leaving only 19.3 hectares of employment land growth to be split between all of the rest of Wiltshire means that many of the regions market towns will not be able to fulfil their role as specified in the RSS to provide 'locally significant development'. Under this scenario the net additional land due to employment changes is negative and overall employment land requirements are positive when replacement demand and choice are factored in. This would suggest that this scenario is not a realistically sustainable scenario.

Under scenario B the SSCTs would require 114.8 hectares of employment land over the period 2006-2026, whilst the rest of Wiltshire would require 73 hectares of employment land. This scenario means that the majority of employment land growth is focused in the SSCTs but some employment growth in the rest of Wiltshire is also sustained. Therefore this provides the best balance of focusing growth on the SSCTs without neglecting market towns and the wider rural area of Wiltshire. This scenario has been adopted for the remainder of this analysis.

**Figure 21:** Employment Land Requirements (2006-2026) under each scenario

Scenario	Total All SSCTs	Remainder of Wiltshire
A- Current Share Growth	63.8	124
B- SSCT Focused Growth	114.8	73
C- SSCT All Growth	168.5	19.3

From the three outline scenarios, B emerges as the most realistic option. However, there is a need to test the robustness of this scenario.

Wiltshire County Council has developed its own population projections for the county and its constituent areas. These projections are based on the most recent ONS district level population projections and take account of the latest dwelling projections as per the Draft RSS (Proposed Changes). These projections have been used to identify the location of future changes in the workforce. The total economically active population is projected to rise by 16,300. From Figure 22 it can be seen that outside the SSCTs and priority market towns there is a projected decline in economically active population. The gains are therefore concentrated within the SSCTs and priority market towns. Considering only these two areas, 67% of the growth in working age population is within the SSCTs and 33% in the priority market towns.

**Figure 22:** Change in Economically Active Population 2006-26

	2006	2026	2006-26
SSCTs	67,140	79,070	11,930
Priority Market Towns	93,770	99,580	5,810
Rest of Wiltshire	72,060	70,600	-1,460
Total	232,960	249,260	16,300

**Source:** Wiltshire County Council

67% of the growth in economically active population at the SSCTs aligns with the proportion of employment land to be concentrated at the SSCTs under scenario B. Notwithstanding, based on the SSCTs current share of employment (c33%), attracting 66% of future employment growth will be challenging and marks a substantial change in patterns of development.

To allow for this, a range has been introduced. 66% of growth is identified as the upper bound of the range, recognising the aspirational nature of this aim. 50% has been identified as the lower bound of the range. This represents the midpoint between the current share and the upper bound. Whilst lower than the 66% figure, a step to 50% still accords with RSS policy of concentrating growth at the SSCTs.

Figure 23 sets out the results of using the range of 50% - 66% of growth accommodated at SSCTs.

**Figure 23:** Employment Land Requirements (2006-2026) – Adopted Range

Range	Total All SSCTs	Remainder of Wiltshire
Upper Limit - 66% SSCTs	115 ha	73 ha
Lower Limit - 50% SSCTs	90 ha	98 ha

## 6.4 Apportionment of Employment Land Requirements

The 90-115 hectares of land for the SSCTs has been apportioned using both the employment forecast model and an assessment of market factors, including historic constrained supply and market opportunity. This has led to a redistribution of some of the modelled growth from Salisbury to Chippenham. Figure 24 illustrates the adopted distribution of requirements. These are broadly consistent with the scale of requirement as set out within RSS.

**Figure 24:** Adjusted Employment Land Requirements, 2006-2026 (hectares)

Location	Lower Bound	Upper Bound
Chippenham	30.5	39
Salisbury	30.5	39
Trowbridge	29	37
Rest of Wiltshire	73	98



## 7. The Delivery Plan

As set out in the introduction, this Strategy is aimed at building a clear strategic link between the regional policy framework (specifically RSS and RES) and Local Development Documents. The Strategy will inform the Delivery Plan. The overall purpose of the Delivery Plan is to identify clear priorities, list employment sites and a range of delivery mechanisms to bring forward appropriate employment space covering geographical areas and sectors.

The principal objectives of the Delivery Plan are:

- Identification of clear and robust priorities for the delivery of employment space in order to maintain a supply of readily available land, sites and premises;
- Consideration of the full range of potential delivery mechanisms;
- Identification of specific areas/sites where the intervention of the South West RDA (or other public sector partner) is required and the nature of this intervention;
- Identify how local authority and other public sector landholdings might help meet objectives;
- Provision of a basis, and evidence for, helping to defend proposed changes of use of strategic employment uses; and
- Recommendations for the monitoring and ongoing review of the Workspace Strategy.

The first stage in the process will be to assess the suitability and potential employment role of sites. Having completed the assessment, the sites will be analysed to identify the portfolio of sites and the actions and mechanisms which need to be put in place to ensure delivery. The methodology is set out in greater detail in the Delivery Plan document.

The Delivery Plan will need to take into consideration:

- The role of town centres;
- The move away from large scale 'strategic' sites;
- The potential windfall of surplus MoD sites subject to planning;
- Employment growth above the GB average;
- Requirements of priority sectors with growth potential;
- Future potential of existing clusters of activity such as the R&D Triangle;
- The overall aging of the stock;
- Speculative development is unlikely to be viable currently;
- The urban area of SSCTs and areas immediately adjacent are to be the focus for growth;
- Salisbury and Chippenham have the market potential to support larger developments;
- The focus at the market towns should be smaller scale, modern flexible space which is affordable; and
- Capacity within the SSCTs and priority market towns should be identified to accommodate the lower end of the range.

Outside the scope of the employment land delivery plan skills may become an issue. All of these factors will be taken into account to inform the content of the Delivery Plan and most importantly the actions proposed therein.

