



Nathaniel Lichfield
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East Hampshire District Council **Employment Land Review Update**

Final Report

May 2013



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East Hampshire District Council

FINAL REPORT

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Executive Summary

This Employment Land Review Update has been prepared by Nathaniel Lichfield & Partners (NLP) on behalf of East Hampshire District Council. It is intended to inform the preparation of the Council's Local Plan: Joint Core Strategy to 2028.

The study provides current information on the existing employment sites and premises, and assesses future space needs for B class employment uses (offices, industry and warehousing) under a range of different growth scenarios. It also considers the current and future balance of demand and supply for employment land in the District, and appropriate policy approaches in relation to employment space for the final Local Plan: Joint Core Strategy.

The key findings of the study are as follows:

1. East Hampshire has a successful economy which has proved relatively resilient through the recession, recording job growth in excess of the regional and national average over the past 12 years; a marginal decline in industrial jobs has been offset by strong service sector job growth. The District's business base is dominated by Small and Medium-sized Enterprises (SME's) with high levels of business start-up and self-employment. Output per worker is relatively low due in part to a mismatch between lower skilled jobs available, and a more highly qualified resident workforce. East Hampshire has historically underperformed in attracting significant levels of inward investment.
2. The District's commercial property market is largely localised and industrial in character, largely driven by the District's SME business base looking to expand and/or upgrade. East Hampshire lacks the critical mass to be able to attract larger occupiers and compete with larger, more established centres nearby in business space terms. The principal settlements of Petersfield, Alton, Bordon and Horndean accommodate the majority of employment space, although rural business space has become more in demand as the District's agriculture sector continues to diversify. Demand for employment space remains steady while low levels of vacancy prevent normal 'churn', intensification and upgrading of older sites. An underlying shortage of good quality business accommodation (particularly of a larger scale) could potentially threaten East Hampshire's longer term ability to attract and retain the business base needed to achieve continued economic growth.
3. Reflecting these market characteristics, East Hampshire's current stock of employment space is dominated by industrial uses which represent 86% of all floorspace with office space accounting for just 14% of the stock. The overall stock of space is larger than many adjoining authorities. The District has seen moderate levels of new employment development over the past 11 years, largely driven by new completions of industrial space. At the same time, losses of B class space – largely industrial – has placed increasing pressure on remaining space to accommodate the District's economic activity.

4. The District's office stock is predominantly concentrated within the market towns of Alton and Petersfield, while factory and warehousing space is clustered around the more industrial areas of Bordon and Horndean, as well as Alton and Petersfield. An assessment of the District's employment sites undertaken as part of this study indicates that East Hampshire has a reasonable range of employment sites of differing quality and type. The majority are characterised by mixed B1/B2/B8 uses, although some specific B1 sites were also evident.
5. Three different scenarios of future employment space requirements have been considered for the period to 2028, based on a number of approaches which reflect economic growth, past development trends and potential housing supply factors. All scenarios point to lower future economic growth in East Hampshire than the District has achieved in the recent past, partly reflecting a more pessimistic post-recession economic outlook, although still higher than the baseline scenario assessed in the 2008 ELR. The overall space requirements related to these different scenarios range from 82,450sqm to 159,940sqm for all types of employment space, implying in broad terms a need for between 18.8 ha and 38.6 ha of employment land (some of which will be met by existing commitments and pipeline supply). The study concludes that the overall employment space requirements set out in the Joint Core Strategy be updated to reflect the future requirements identified by this study, which draws on more recent data and provides benchmarks across a range of scenarios which use different approaches.
6. In terms of future industrial needs, a modest positive requirement has been identified which, based on the existing portfolio of sites and pipeline supply, East Hampshire would currently be unable to meet. Although a significant amount of industrial stock exists across the District, the majority of this is fully occupied, limiting market churn and scope for upgrading and renewal. There are a number of potential options for how additional supply might be provided, whilst the need to minimise future losses of industrial space should also be recognised, taking account of the increasing pressures placed upon employment land in an area of land supply constraints.
7. The District is expected to see reasonably strong office job growth over the plan period and in quantitative terms, East Hampshire would appear to have sufficient office floorspace to meet business needs under all scenarios of future growth. Nevertheless, future policy should focus on re-structuring East Hampshire's portfolio of office sites and improving a range of qualitative site issues, particularly in light of a number of identified risks to pipeline office supply coming forward by 2028. This includes considering the allocation of new employment site(s) within East Hampshire's strongest office locations to provide the choice and flexibility for occupiers, and sites of the scale and size to enable East Hampshire to retain indigenous firms and attract larger office occupiers.

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1.0 Introduction

1.1 East Hampshire District Council (EHDC) commissioned Nathaniel Lichfield & Partners (NLP) to prepare an updated assessment of the District's employment space requirements to 2028 to inform the preparation of the Council's Local Plan: Joint Core Strategy.

1.2 This document forms the Council's Employment Land Review (ELR) and takes account of relevant guidance from the South East England Planning Partnership Board (SEEPB)¹ and ODPM² (now CLG), and has regard to the National Planning Policy Framework (NPPF). The main elements of the ELR involve three key stages:

- **Stage 1: Taking Stock of the Existing Situation:** analysis of the economic strengths and weaknesses of the local economy, functional economic area, and an assessment of the fitness for purpose of a portfolio of designated employment sites;
- **Stage 2: Assessing Future Requirements:** testing the implications of different population/household growth scenarios on future employment space requirements for the District, including latest economic forecasts and housing targets emerging from the Strategic Housing Market Assessment (SHMA);
- **Stage 3: Identifying a Site Portfolio:** analysing the suitability and deliverability of sites available to meet future needs under each growth scenario, which sites should be retained for employment uses and which released for alternative uses, and any need for additional sites.

Background

1.3 Following submission of the East Hampshire District Local Plan: Joint Core Strategy in partnership with the South Downs National Park Authority (SDNP) in May 2012, the Examination into the proposed Local Plan and Inspector's preliminary note raised a number of concerns with regard to soundness. This included the absence of an up-to-date SHMA for the District, failure to provide sufficient market housing to meet objectively assessed need, and reservations regarding the ability/capacity of the proposed eco-town development at Whitehill & Bordon to deliver the stated 2,725 dwellings over the plan period.

1.4 The Examination was suspended for nine months to allow for further evidence work to be completed. A key part of this evidence includes establishing an updated picture of economic market conditions and employment floorspace provision in East Hampshire, including the area of the District falling within the National Park.

¹ SEEPB Economic and Employment Land Assessments Supplementary Guidance Consultation Document, 2009. Although the SEEPB no longer exists and the formal status of this guidance is unclear, it is considered to be a source of good practice

² Employment Land Reviews: Guidance Note, ODPM, 2004

- 1.5 As such, the key aims of this ELR Update are to:
- Establish how the economic situation in East Hampshire has changed since the previous ELR was undertaken in 2007/08;
 - Analyse recent and current commercial property market trends in East Hampshire and its functional market area;
 - Undertake a thorough review of current employment space provision in the District;
 - Review the proposed employment floorspace figures set out in the submission version of the East Hampshire Local Plan: Joint Core Strategy, to determine whether they remain appropriate for the Plan period up to 2028.

- 1.6 In particular, the ELR update has been informed by an updated SHMA which identified the levels of new housing need in the District based on a range of demographic and economically driven growth scenarios. The ELR update and SHMA have been undertaken jointly by NLP.

Scope of Study

- 1.7 The focus of this report is on the employment space needs for the group of B class sectors outlined below:
- **B1 Business** (offices, research & development, light industry);
 - **B2 General Industrial**; and
 - **B8 Storage or Distribution** (wholesale warehouses, distribution centres).
- 1.8 Demand for B-class employment land and floorspace is considered in this report, and references to “employment space” are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses. This study also reviews in broad terms the employment growth potential of some other economic development uses as defined by the NPPF.
- 1.9 The purpose of this study is to provide evidence to support development of the Local Plan. It is not a policy or strategy document per se, but instead provides an evidence base input to specific planning or economic development policies being developed by the District Council. An important consideration for any work of this type is that it is inevitably a point-in-time assessment that cannot entirely reflect very recent changes in circumstances. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources has not been checked or verified by NLP.
- 1.10 As part of the study, consultation was undertaken with a range of stakeholders including commercial agents, economic development and business organisations. A list of consultees is included at Appendix 1.

Structure of Report

1.11

The report is structured as follows:

- Economic Context (Section 2.0) – a review of current economic conditions and recent trends in the District and its economic strengths and weaknesses that may affect future needs for employment space;
- Overview of Employment Space (Section 3.0) – analysis of the current stock and trends of employment space in the District in terms of mix of uses, development rates, gains and losses, age of premises, and provision in adjoining local authority areas;
- East Hampshire Commercial Property Market (Section 4.0) – a review of the local commercial property market, including the supply of and demand for different types of employment space within the District and the needs of different market segments;
- Review of Current Employment Sites Portfolio (Section 5.0) – assessment of the quality of current and potential employment land supply against defined criteria including its attractiveness to the market and its ability to meet future needs;
- Future Requirements for B Class Employment Space (Section 6.0) – estimates of future employment space requirements for B Class sectors in quantitative terms, drawing on employment forecasts and other factors;
- Need for Additional Employment Land (Section 7.0) – assesses the balance between current land supply and future needs, in both quantitative and qualitative terms, by comparing forecast requirements with availability of existing sites;
- Needs of Non B Uses (Section 8.0) – estimates of future job growth and space requirements of various Non B Class sectors; and
- Overall Conclusions and Policy Implications (Section 9.0) – considers policy and other measures needed to support the existing site portfolio and maximise economic growth in East Hampshire.

2.0 Economic Context

2.1 This section establishes the economic context for the study by reviewing recent economic conditions and trends within East Hampshire, relative to the South East region and the national economy. This is important in identifying the existing strengths and weaknesses of the local economy, and the factors likely to influence the nature and level of future demand for employment space.

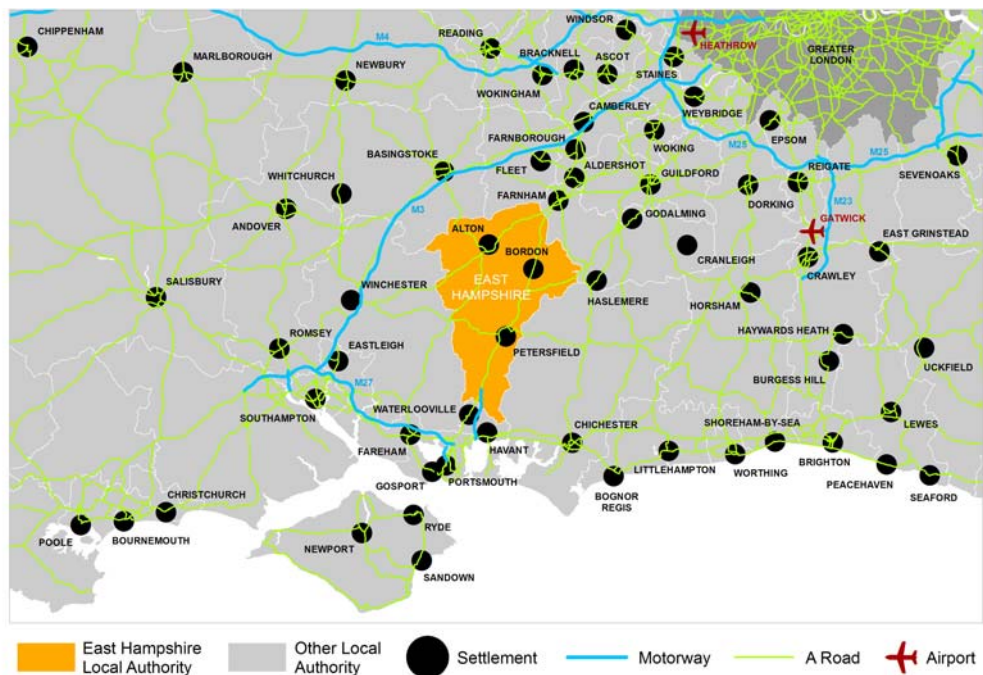
Overview

2.2 East Hampshire is a largely rural District in Hampshire, with three main towns i.e. Alton, Petersfield and Whitehill & Bordon, and larger villages of Four Marks & Medstead, Horndean, Liphook and Liss. The District comprises 39 Parishes. Just over half of the District lies within the South Downs National Park.

2.3 The District is linked by frequent rail services from Petersfield to London Waterloo Station and Alton to London Waterloo via Bentley. The A3 and A31 run through the District, providing links to major cities such as London, Portsmouth and Southampton.

2.4 East Hampshire is adjoined by the local authorities of Winchester, Hart, Havant and Basingstoke & Deane (within Hampshire), Chichester (within West Sussex) and Waverley (within Surrey) (Figure 2.1). These districts contain some larger employment centres including Basingstoke and Winchester, with the cities of Portsmouth and Southampton also in close proximity. The majority of the District lies within the Enterprise M3 Local Enterprise Partnership (LEP) area, while southern parishes fall within the Solent LEP functional economic area.

Figure 2.1 Context of East Hampshire



Economic Conditions and Trends

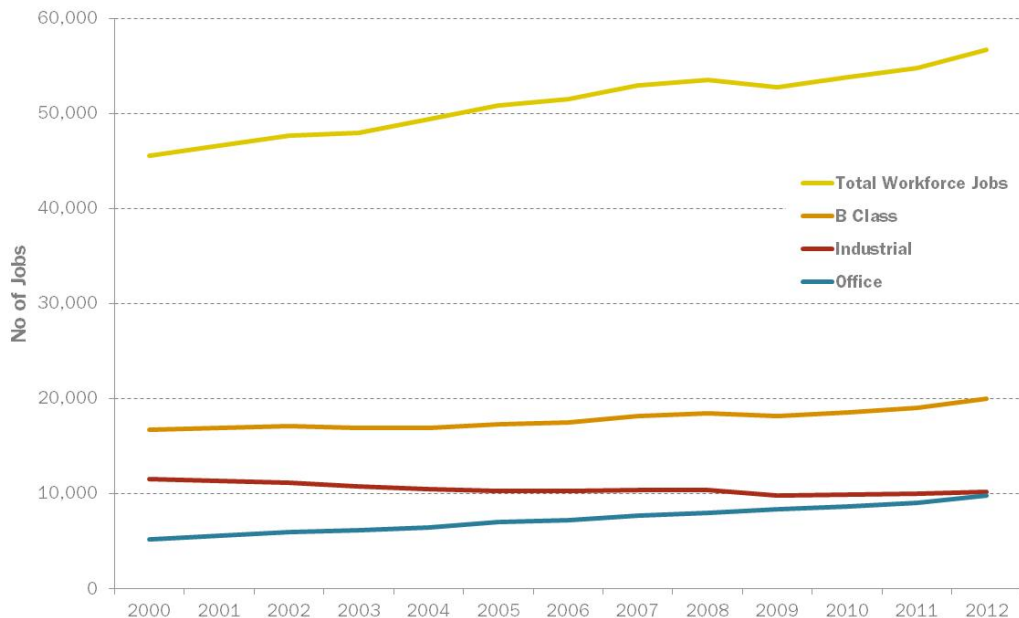
2.5 Current economic conditions and trends in East Hampshire are summarised below, with comparisons made, where appropriate, with regional and national averages. Data is drawn from published Office for National Statistics (ONS) sources via Nomis unless indicated otherwise.

Employment

2.6 The overall population of East Hampshire, currently 116,000³, grew by some 6% between 2001 and 2011, slightly below both regional (7.8%) and national (7%) averages. East Hampshire recorded 56,730 workforce jobs in 2012⁴, representing an increase of 24.4% from its 2000 level, significantly outpacing growth in both the South East region and UK (both 7.3%) over this period. In terms of the recession, East Hampshire recorded a net gain of 900 workplace jobs during the period 2007-2010, and has continued to record employment growth since.

2.7 The proportion of B class jobs (i.e. offices, industrial and warehousing activities) in the District has remained relatively constant over the last 12 years, representing between 34% and 37% of all jobs in East Hampshire. B class jobs peaked at 20,040 in 2012, having increased by nearly 20% since 2000. During this period, office jobs have gradually represented an increasing contribution of all B class jobs, reflecting a simultaneous decline in industrial employment (Figure 2.2).

Figure 2.2 Total Workforce and B Class Jobs in East Hampshire, 2000-2012



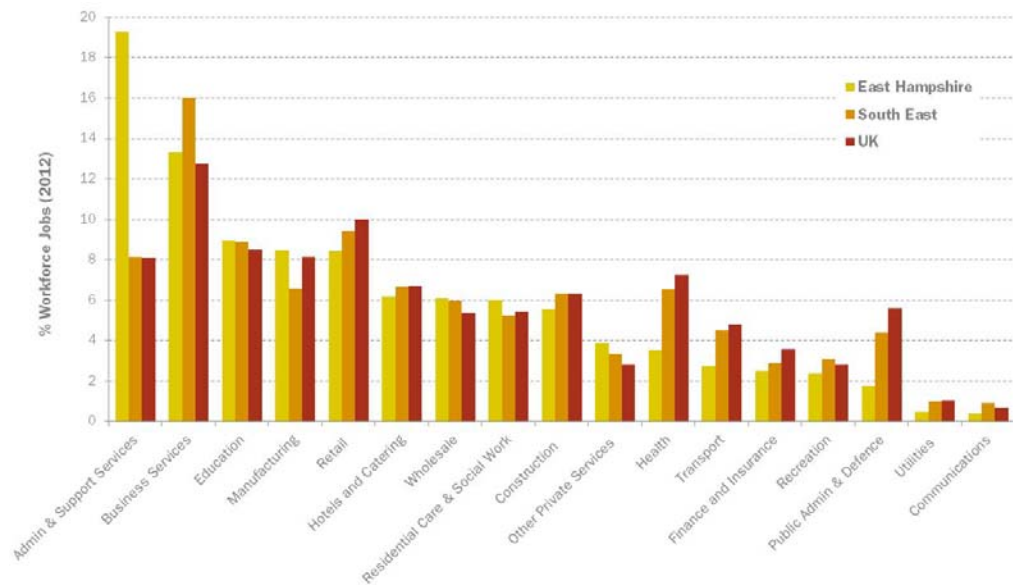
Source: Experian 2013 / NLP analysis

³ Census 2011 data

⁴ Experian 2013

2.8 In employment terms, the District’s largest sectors in 2012 were admin and support services (19.3%), business services (13.3%) and education (8.9%), with manufacturing (8.5%) and retail (8.4%) also accounting for a significant share of employment (Figure 2.3). Healthcare, transport and public administration sectors are under-represented compared with the regional and national averages.

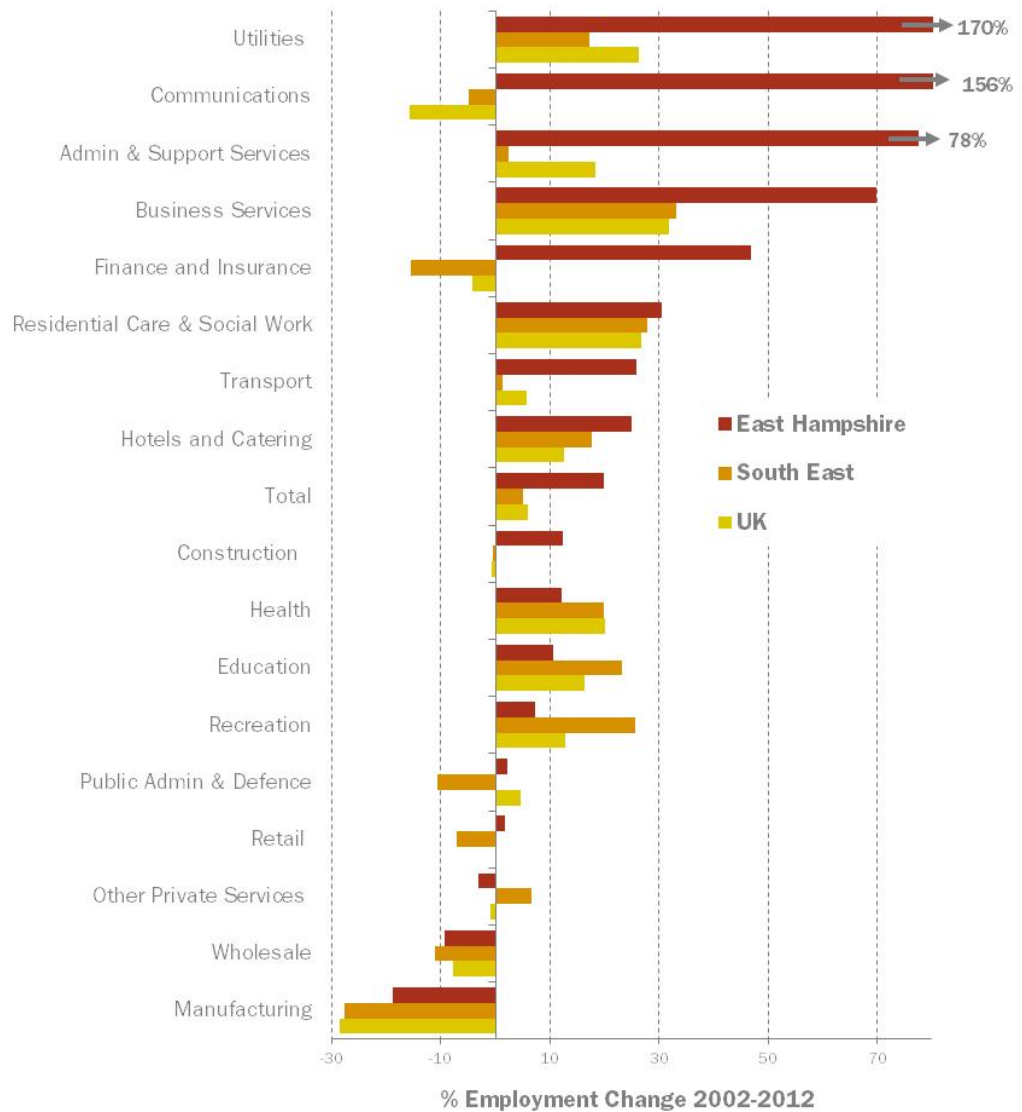
Figure 2.3 Main Economic Sectors in East Hampshire by share of employees, 2012



Source: Experian 2013 / NLP analysis

2.9 Over the last decade (2002-2012), the largest contributors to job growth in the District have been utilities (170% - albeit starting from a low base), communications (156%) and admin/support (78%), where East Hampshire outperformed regional and national growth rates. At the same time, the District saw significant job losses in manufacturing, wholesale and other private service sectors (Figure 2.4).

Figure 2.4 Employment Change in East Hampshire by Sector, 2002-2012



Source: Experian 2013 / NLP analysis

Productivity

2.10

Productivity (measured by Gross Value Added (GVA) per worker) within East Hampshire’s labour force is relatively low compared with regional and national averages. Whilst average GVA generated by workers in East Hampshire (£39,050) is higher than other South Coast centres such as Portsmouth, it falls well below comparator economic centres within the South East including Guildford (£45,160) and Waverley (£44,750), as well as the adjoining districts of Winchester (£40,010) and Havant (£40,670) (Table 2.1).

Table 2.1 Average GVA per Worker

Location	GVA per Worker
East Hampshire	£39,050
Havant	£40,670
Portsmouth	£38,200
Winchester	£40,010
Basingstoke & Deane	£42,970
Guildford	£45,160
Waverley	£44,750
Hampshire	£40,150
South East*	£41,800
UK	£40,800

Source: Experian 2012 / NLP analysis

Note: *South East figure does not include London

- 2.11 This may reflect the existing mismatch in the local economy between jobs available which tend to be lower skilled, and a more highly qualified and professional resident workforce, many of whom commute out of the District to higher paid employment elsewhere.
- 2.12 This issue is identified in East Hampshire's Submission Core Strategy⁵ whereby the Council acknowledges the impact of significant out-commuting on availability of higher level skills locally, and recognises that skill levels therefore represent an important factor in driving up productivity without undue impact on sustainability.

Business Demography

- 2.13 Looking at the size of businesses in East Hampshire, the District has a slightly higher proportion of small firms with 1-9 employees (90.1%) than the regional (89.5%) and national (88.6%) averages, and relatively fewer large firms.
- 2.14 Between 2004 and 2010, the number of VAT registered firms in the District grew by around 4.7%, a rate slightly above that of the South East region (4.6%) but below the UK average (6.4%). With 78 new VAT registrations per 10,000 working-age population in 2010, East Hampshire's rate of new business formation is much higher than regional (68) and national (59) averages.
- 2.15 East Hampshire also has a higher than average rate of self-employment, with 10.9% of the working-age population falling within this category compared with 10.8% in the South East and 9.6% nationally in 2012. These indicators

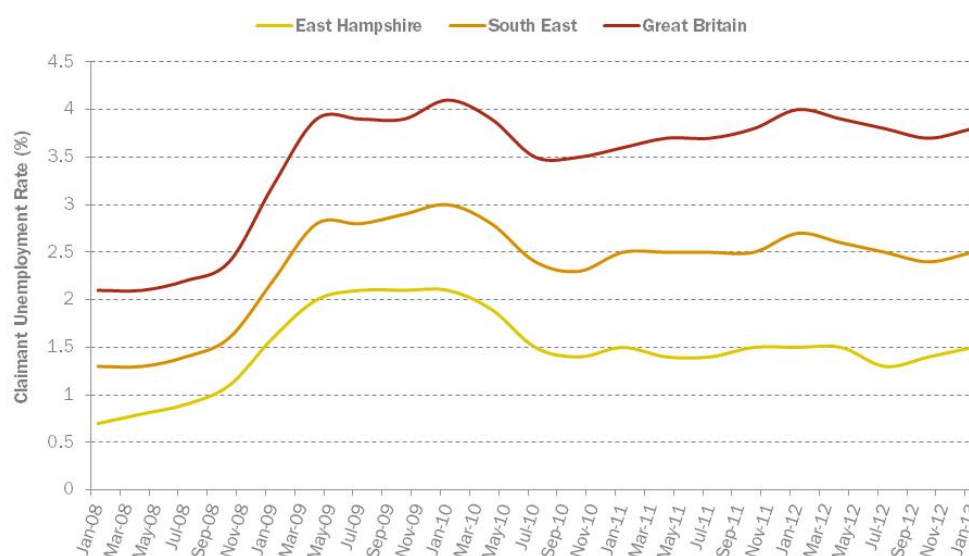
⁵ East Hampshire District Local Plan: Joint Core Strategy 2012

suggest good levels of entrepreneurial activity in East Hampshire, and may in part explain the District’s economic resilience during the recession.

Labour Market

- 2.16 East Hampshire’s economic activity rate, the proportion of working age residents in or seeking employment, at 83.9% is higher than both the South East (79.3%) and national (76.7%) figures. This indicates limited scope to expand local labour supply from current residents.
- 2.17 Claimant unemployment has more than doubled in East Hampshire since the start of the recession in early 2008 to 1.5% in February 2013. However, its current rate is below that in the region (2.6%) and well below the national average (3.9%), a pattern that has prevailed historically (Figure 2.5). On the wider Annual Population Survey measure⁶, the District’s unemployment rate is higher at 4.6%, although this also remains below both the regional rate (5.8%) and that of Great Britain (7.9%).

Figure 2.5 Claimant unemployment Jan 2008 to Jan 2013



Source: Nomis 2012

- 2.18 In November 2012 there were only two claimant unemployed workers for every unfilled job centre vacancy in the District. This was lower than the ratios for the South East region (2.8) and for Great Britain (4.0) indicating a fairly tight labour market locally compared with other parts of the region, with better prospects of local residents finding work.
- 2.19 The District’s resident workforce has higher than average skill levels when compared to the South East region as a whole, with a higher proportion of graduate level workers (40.3% compared to 36.2%) and a very low proportion with no qualifications. The occupation profile of its workforce is broadly in line

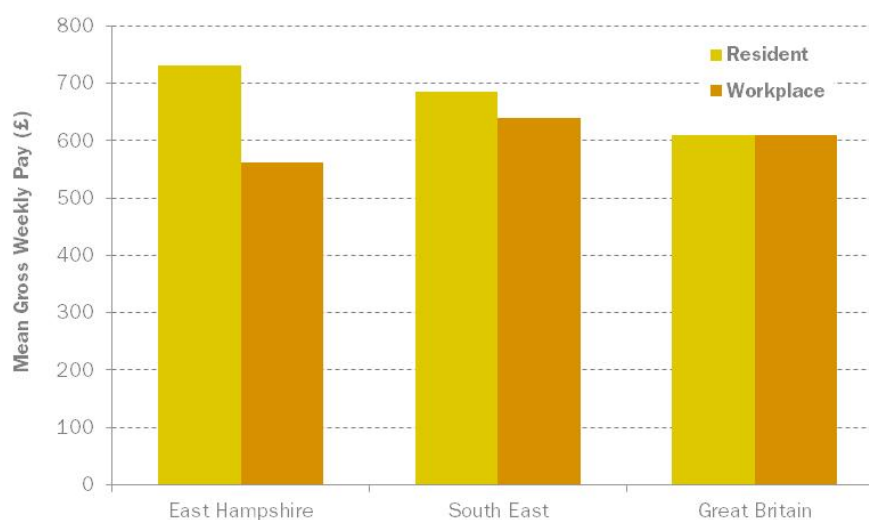
⁶ This records all those searching for work but who are currently unemployed regardless of whether they are claiming job-seekers allowance or not

with the national average but with slightly higher proportions of highly skilled occupations (SOC groups 1 to 3) and smaller proportions of lower and unskilled manual workers (SOC groups 8 to 9).

2.20 Turning to the types of jobs required in the District, the most sought-after occupations amongst claimant unemployed workers are sales & customer service occupations (24%), lower skilled, elementary occupations (25%) and administrative/secretarial occupations (13%). In general, the District's profile of job types sought by unemployed residents is similar to the region as a whole.

2.21 Driven in part by high rates of out-commuting to London, resident wages in East Hampshire (at £730 per week) are 7% and 20% higher than the South East and national averages respectively. However, residents who work in the District earn much less, with workplace wages (at £562 per week) 12% below the South East regional average (Figure 2.6). This indicates the types of jobs available locally are much less well paid than elsewhere in the region and that many residents are commuting to higher paid jobs outside of the District.

Figure 2.6 Mean Gross Weekly Earnings



Source: Annual Survey of Hours and Earnings 2012

2.22 East Hampshire is characterised by generally low levels of deprivation, and is ranked as the 302nd most deprived local authority area out of 326 in England, which places it well within the 10% least deprived areas in the country.⁷ However, this District-wide profile masks significant variation within East Hampshire, with long term unemployment and worklessness remaining entrenched in pockets of deprivation across the District, such as the areas of Whitehill & Bordon, some wards in Alton and Petersfield and a number of villages including Headley.

⁷ As measured by the Index of Multiple Deprivation 2010

Inward Investment

- 2.23 Although very limited data on inward investment or enquiries is recorded and/or is available, in general East Hampshire has traditionally attracted limited inward investment. This reflects the District's spatial constraints and limited availability of land for development, particularly of any significant scale to attract larger occupiers, but also the presence of larger markets nearby such as the M3 corridor. Anecdotal evidence suggests the district may have lost out on new phases of investment from indigenous firms seeking to expand.
- 2.24 Nevertheless, the Council continues to play a pro-active role in promoting the development of major sites and attracting investment to the District, working in partnership with Business East Hants and the Local Enterprise Partnerships in the area to bring sites forward and enable development. For example, it is currently developing an A3 corridor proposition to set a number of major sites in context along this strategic road network, building on recent infrastructure improvements such as the Hindhead tunnel.
- 2.25 In particular, an inward investment strategy and action plan is currently being prepared for the Whitehill & Bordon Eco-Town, to encourage investment by businesses and industries and to counter negative perceptions of the existing town which has failed to capture any significant inward business investment in recent years⁸. The strategy recognises that the development of the Eco-town will need to attract a significant number of new businesses if it is to meet its target of generating up to 5,500 new jobs over the lifetime of the Masterplan.

Knowledge-based industries

- 2.26 Some 27.7% of East Hampshire's businesses were classified as knowledge-based in 2010, higher than the South East (25.6%) and national (21.8%) rate and representing the third highest proportion in Hampshire.⁹ Furthermore, a recent report by the BBC and Experian¹⁰ identified East Hampshire as having a strong service sector with significant potential for growth, ranking the District as 29th in the top 50 District councils for its concentration of employment in high growth sectors such as financial, insurance and business services. This suggests the District is very well represented in the types of businesses that are more likely to generate future growth.
- 2.27 Knowledge-based industries are those sectors of the economy where value-added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms within this sector tend to grow faster and have greater future potential than other sectors and so are considered an important indicator of an economy's competitiveness and future growth prospects.¹¹

⁸ Whitehill & Bordon Eco-Town, Inward Investment Strategy 2013 & Action Plan (March 2013)

⁹ UK Competitiveness Index, 2010

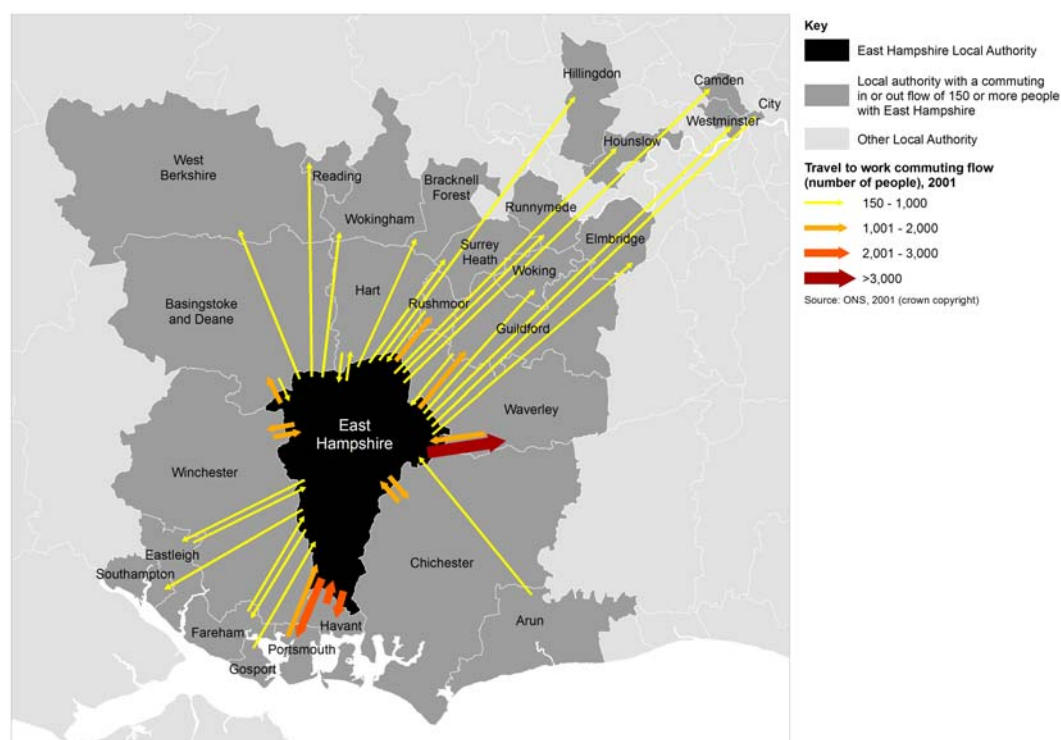
¹⁰ BBC Local Growth Research, February 2012, Experian

¹¹ Based on definition adopted by the Organisation for Economic Co-operation and Development (OECD), includes high-technology manufacturing such as pharmaceuticals, computers and aerospace, and services such as telecommunications, financial intermediation, computing and research and development.

Functional Economic Area

- 2.28 Examining commuting flows can help in defining the functional economic market area of a particular local economy.¹² In 2001, some 46% of East Hampshire’s working residents worked outside the District indicating a very high rate of out-commuting. In total, nearly 25,100 residents worked elsewhere, predominantly in the adjoining/nearby Districts of Waverley (16%), Portsmouth (11%) and Havant (9%) (Figure 2.7).
- 2.29 London also accounted for a significant proportion (11%) of all out-commuting from East Hampshire and although the capital is beyond the District’s immediate functional economic area, this significant out-flow means that the District maintains strong economic links with London.
- 2.30 At the same time, approximately 13,180 workers commuted into East Hampshire, predominantly from the adjoining districts of Havant, Waverley, Chichester and Winchester as well as from Portsmouth. On this basis, East Hampshire is a large exporter of labour, with a net outflow in the order of 11,910 residents, some 22% of its resident workforce.

Figure 2.7 East Hampshire travel-to-work linkages, 2001



Source: Census 2001

- 2.31 High levels of out-commuting are recognised by the Council¹³ as having an associated impact on availability of higher level skills locally and difficulties in retaining skilled and talented young people within the District.

¹² Functional Economic Market Areas: An economic note, CLG 2010

¹³ East Hampshire District Local Plan: Joint Core Strategy 2012

Conclusions

- 2.32 Drawing together the above analysis, the District's economic strengths and weaknesses, together with potential opportunities and threats, which will influence future demand for employment space are summarised in Table 2.2.
- 2.33 The District has recorded significant job growth over the last 12 years (24.4%), outperforming both regional and national trends, and has an economy that has proved relatively resilient through the recession. The proportion of B class jobs has remained largely constant over this period, with declining industrial employment offset by office job growth.
- 2.34 East Hampshire's key sectors of admin, support and business services have experienced significant employment growth over the last decade. At the same time, significant job losses were recorded in manufacturing and wholesaling.
- 2.35 The District's business base is dominated by SME's with high levels of business start-up and self-employment. However, East Hampshire's economy is characterised by below average productivity/GVA which may in part reflect a mismatch in the local economy between lower skilled jobs available, and a more highly qualified resident workforce, many of which commute out of the District to higher paid employment elsewhere. The District has historically underperformed in attracting significant levels of inward investment.
- 2.36 Although East Hampshire's residents hold higher than average workforce skills and occupations, the District's labour market continues to face a number of challenges to maintain high economic activity and low unemployment. Significant levels of out-commuting results in stark contrasts between workplace and resident earnings, while deprivation remains entrenched in pockets of the District such as Whitehill & Bordon, some wards in Alton and a number of smaller villages.

Table 2.2 SWOT Analysis of the East Hampshire Economy

Current Strengths/ Opportunities	Current Weaknesses / Threats
<ul style="list-style-type: none"> • Significant employment growth over last 12 years • High economic activity and labour market participation, low unemployment • Above average business formation rates and high self-employment • Strong concentration of employment in high growth sectors • Diverse SME business base – less reliant on large footloose employers • Good transport links to London • Competitive cost base for businesses • Resilient and localised manufacturing base less affected by global pressures • Overall low levels of deprivation • Opportunity for Whitehill & Bordon Eco-Town to attract inward investment 	<ul style="list-style-type: none"> • Relatively low productivity (measured by GVA) • High out-commuting of higher skilled / higher paid residents • Mismatch between lower skilled workplace jobs and highly skilled resident workforce • Limited ability to attract inward investment • Competition from larger centres nearby • Localised pockets of deprivation and entrenched worklessness • Relatively low workplace wages • Cutbacks in public-sector employment

Source: NLP analysis

3.0 Overview of Employment Space

3.1 This section provides an overview of the current stock of employment space in East Hampshire and adjoining districts, and recent trends and changes to the supply of this space. Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses i.e. offices (use class B1(a/b)), warehousing/distribution (B8) and manufacturing industry (B1(c)/B2). This analysis is based on data from the following sources:

- commercial floorspace data from the ONS and Valuation Office Agency (VOA);
- Hampshire County Council's monitoring data on commercial space; and
- EGi Property Link database and other commercial property sources.

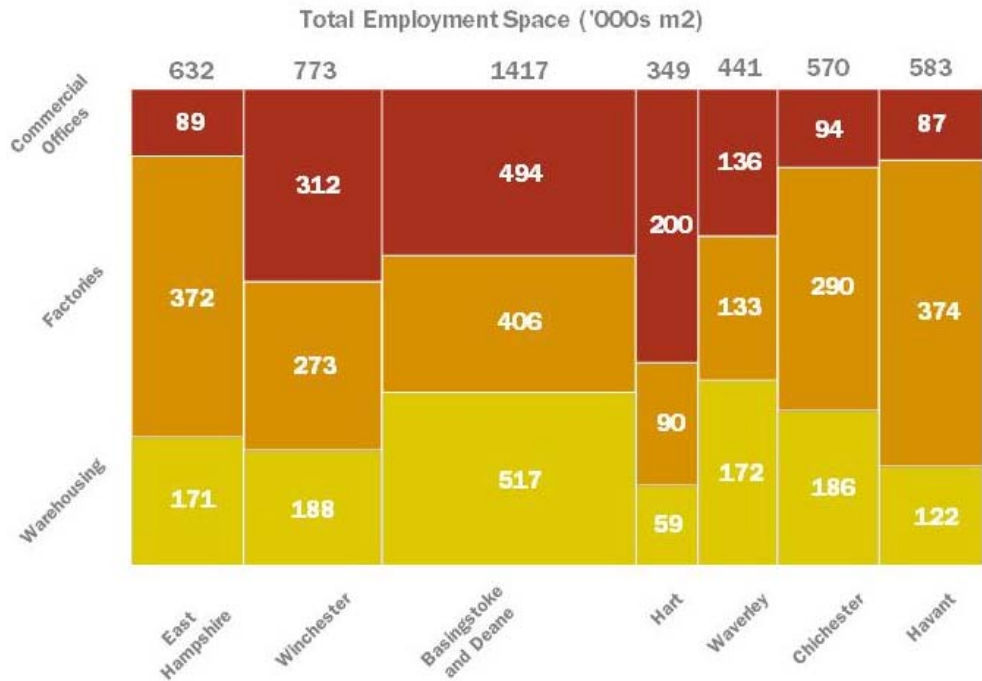
Current Stock of Employment Space

3.2 In 2008, East Hampshire contained some 632,000sqm of B class floorspace. A breakdown of this space by main uses, and a comparison with employment space levels in nearby districts, is shown in Figure 3.1. This indicates that the supply of employment space in East Hampshire is dominated by industrial uses (manufacturing and distribution/warehousing) which account for 59% and 27% of total stock respectively. The stock of factory space is the third largest of all six adjoining Districts.

3.3 In contrast, the District's commercial office stock amounts to just 14% of total employment space, and represents the second lowest of all adjoining districts, with only Havant recording less office space. By comparison, the adjoining authorities of Winchester and Basingstoke and Deane record more than three times and five times as much commercial office space respectively as East Hampshire (Figure 3.1).

3.4 The data also indicates that East Hampshire has a larger supply of employment space overall than many nearby districts including Hart, Waverley and Chichester. Only Winchester and Basingstoke and Deane record more employment space overall than East Hampshire.

Figure 3.1 Employment floorspace by District ('000s sqm)

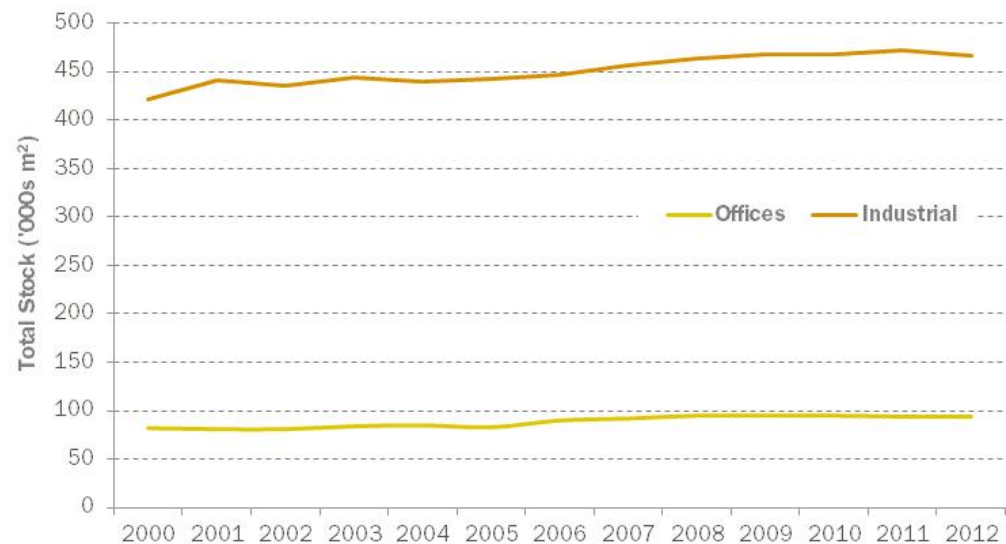


Source: VOA 2008 / NLP analysis

3.5

Commercial office space in East Hampshire increased by nearly 15% over the 12 year period 2000-2012 according to published VOA data (Figure 3.2), compared with 12% across the South East as a whole. Total industrial space also grew by just under 11% over the same period, compared with just 2% across the South East, possibly reflecting the strong representation of industrial sectors within the District's economy.

Figure 3.2 Change in Business Floorspace in East Hampshire, 2000-2012

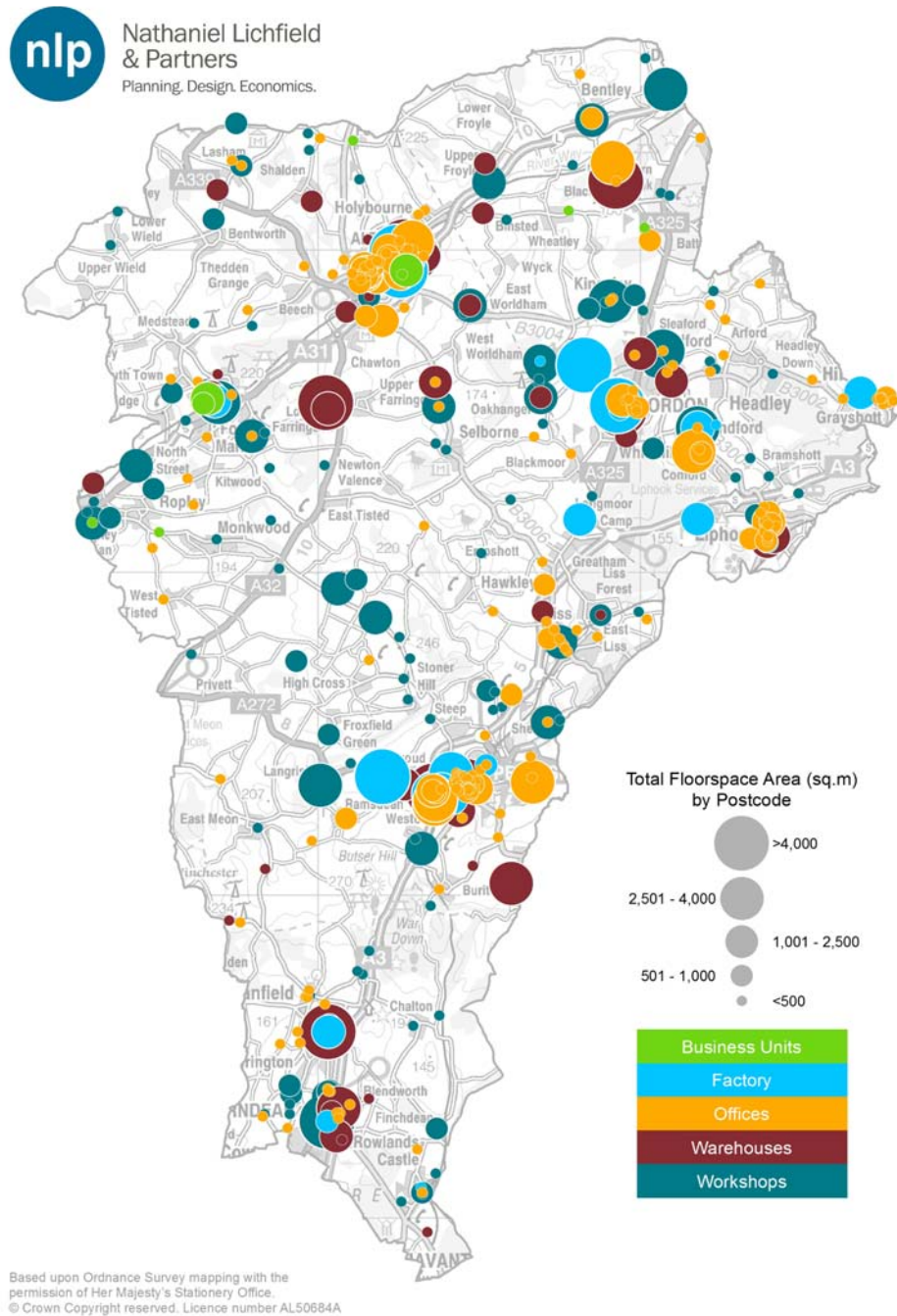


Source: VOA Business Floorspace Statistics / NLP analysis

3.6

Figure 3.3 shows the distribution of B class employment space across East Hampshire using latest available VOA data. This indicates that the District's office stock is predominantly concentrated within the market towns of Alton and Petersfield, while factory and warehousing space is clustered around the more industrial areas of Bordon, Horndean and, to a lesser extent, Petersfield. In contrast, workshop and business unit space¹⁴ tends to be dispersed more evenly across the District, and particularly on rural sites.

Figure 3.3 Spatial Distribution of Employment Floorspace in East Hampshire



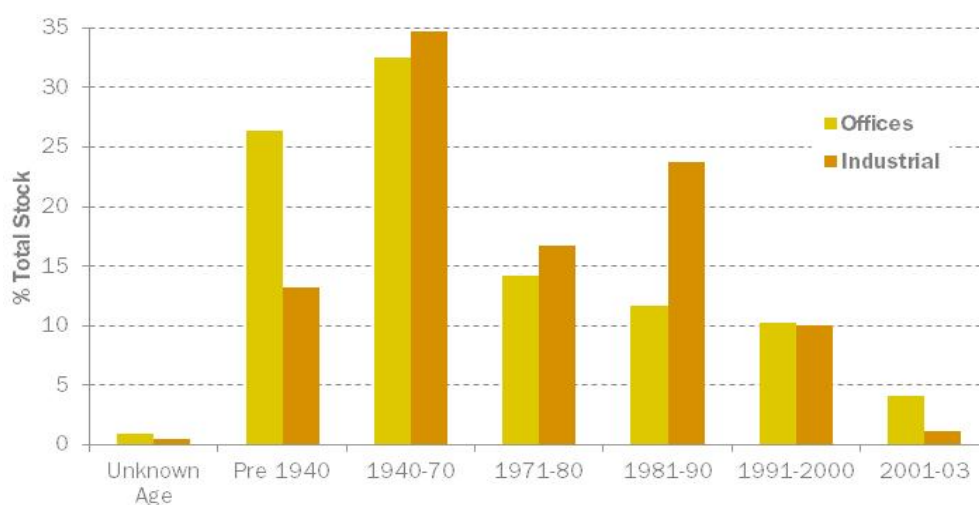
Source: VOA 2010 / NLP analysis

¹⁴ These categories represent a hybrid between office and industrial space

Age of Premises

- 3.7 Although only covering the period up to 2003, ONS data on the age of premises can give a broad indication of the age of stock in the District. This shows that East Hampshire's sizeable stock of industrial space is relatively old, with 65% built before 1980, although this proportion is very similar to the South East regional average (67%). The proportion of post 1990 industrial premises in East Hampshire (11%) is slightly higher than the regional average (10%). The District has recorded a reasonable level of industrial completions since 2003, adding just over 59,000sqm of new industrial accommodation to the overall stock, equivalent to an increase of around 13%.

Figure 3.4 Age of Premises in East Hampshire



Source: ONS 2003

- 3.8 With regard to offices, 74% of East Hampshire's stock was built before 1980, compared with just 67% across the South East as a whole. However, the proportion of office stock built since 1990 (14%) is about the same as the regional average. A limited amount of new office development since 2003 suggests this position is likely to have improved slightly. Overall, this indicates a fairly ageing stock of office space in the District and lack of modern business premises relative to what is recorded in other parts of the region.

Vacancy

- 3.9 A historic view of vacancy levels in East Hampshire District from Valuation Office Agency data indicates local vacancy of employment space was slightly below normal market rates in 2003/04, at 7% compared with regional and national rates of 8-9%.
- 3.10 A review of commercial property being marketed in March 2013 indicates that approximately 8,700sqm of office space is currently available across East Hampshire, much of it within office parks and some in town centres. This indicates a vacancy level of just under 10%. The equivalent figure for industrial space was 42,700sqm, or about 9% of the total stock, spread over various

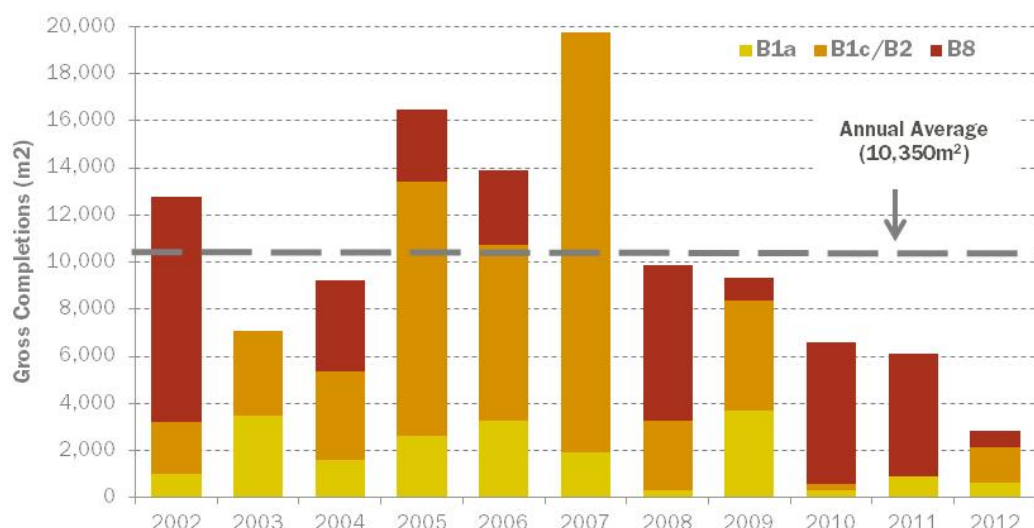
industrial sites across the District but largely concentrated in East Hampshire's main industrial areas of Bedford Road (Petersfield), Woolmer Trading Estate (Bordon) and Hazleton Industrial Estate (Horndean).

- 3.11 These vacancy figures correlate with National Non Domestic Rates (NNDR) data provided by the Council which indicates a vacancy rate of 9.3% across all of the District's commercial premises in March 2013 and appear to be slightly lower than typical availability rates (around 10%) for a normal market with a reasonable amount of space available for firms to relocate and expand, suggesting a relatively tight supply relative to demand.

Development Rates

- 3.12 The gross amount of floorspace developed for employment uses in East Hampshire over the last 11 years is shown in Figure 3.5 below.

Figure 3.5 Gross Development Rates 2002-12



Source: Hampshire County Council Monitoring Data / NLP analysis

- 3.13 This indicates that just under 10,350sqm of gross B Class space was developed per annum across the District between 2002 and 2012. Just under half (48%) of new floorspace was developed for B1c and B2 factory/industrial uses, 34% for B8 distribution uses with the remaining 18% developed for B1a/b office uses. The majority (71%) of gross completions occurred on windfall (i.e. non-allocated) sites, equating to 7,390sqm per year on average. These windfall sites are largely rural in nature and located across the District.
- 3.14 Figure 3.5 shows that the level of new development in East Hampshire has been very uneven over recent years, particularly in terms of industrial development. Very low levels of office development have been recorded since 2010, with warehousing/distribution space accounting for the majority (77%) of all gross B class space completions since then.
- 3.15 The level of development peaked in 2007 (just before the onset of recession), with the District recording gross completions (19,750sqm) that were nearly

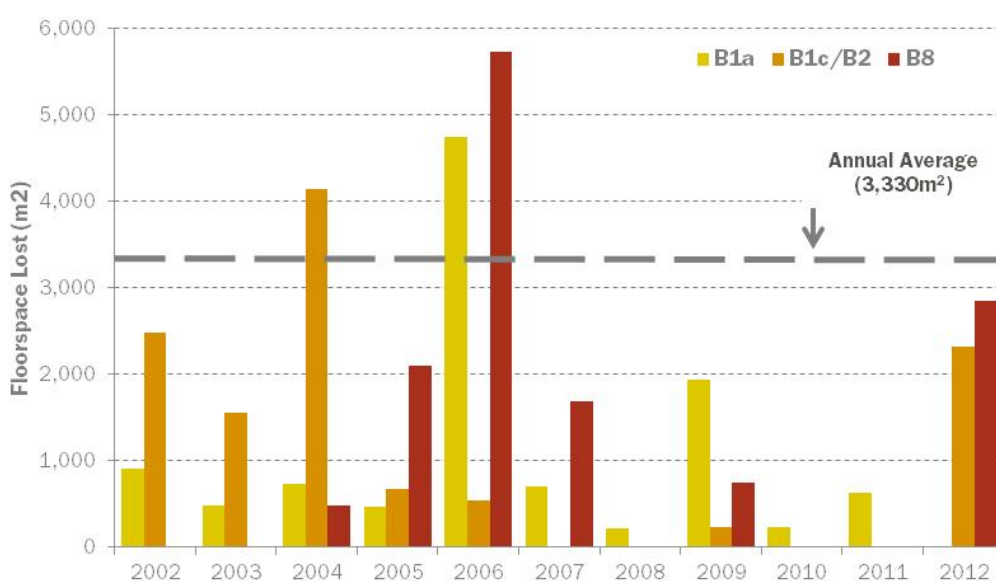
twice as high as the annual average over the last 11 years. Just under half (48%) of all gross completions in 2007 related to the redevelopment of MOD buildings at Oakhanger Road in Bordon, and therefore completions elsewhere in the District were relatively modest by comparison.

- 3.16 By contrast, the most recent reporting year (2012) saw the lowest level of B class completions of all 11 years, at just 2,830sqm. The general decline in overall completions over the last few years is likely to be due to the economic downturn and subdued property market alongside increasingly constrained supply of land available for new development in the District.
- 3.17 Across the period as a whole, the net development rate was around a third lower, at 7,020sqm p.a., reflecting losses of B class space through redevelopment to other uses, as detailed below.

Losses of Employment Space

- 3.18 County Council monitoring data indicates that past losses of employment land to other uses have been significant and very variable by year and by B use class (Figure 3.6). In particular, 2006 stands out as recording significant losses of warehousing and office space¹⁵, while losses have declined since then (with the exception of the most recent reporting year, 2012).

Figure 3.6 B Class Losses by year (2002-12)



Source: Hampshire County Council Monitoring Data / NLP analysis

- 3.19 East Hampshire recorded an annual average loss of 3,330sqm for the period 2002-2012, split relatively evenly between B1a/b office (30%), B1c/B2 factory (33%) and B8 warehousing (37%) space. This loss of industrial space is likely to reflect significant employment decline within the manufacturing and

¹⁵ Nearly two thirds (65%) of all employment space lost in 2006 related to the loss of warehousing space at BOCM Pauls Ltd on Mill Lane, Alton

warehousing sectors over the past ten years in East Hampshire (Figure 2.4). The majority of these losses were to non B uses, predominantly residential.

Emerging Supply of Employment Space

3.20 The supply of employment space in the District's development pipeline comes from two key sources:

- 1 **Local Plan Allocations:** sites allocated for employment development under Policy IB1 of the Local Plan: Second Review (that have not yet been built out), and;
- 2 **Existing permissions:** other sites with outstanding planning permission (at March 2013).

1) Local Plan Allocations

3.21 The District's Local Plan: Second Review (adopted in March 2006) allocated a number of sites for industrial and business use through Policy IB1. While the majority of these sites have since been developed, three of the allocated sites remain undeveloped and available for future employment use (Table 3.1).

Table 3.1 Local Plan: Second Review Employment Allocations

Settlement	Site Name	Site Area		Use Class
		sqm	ha	
Bentley	Land adjacent Bentley Industrial Centre	1,000	0.3	B1/B2
Liphook	Former Ordnance Supply Unit	7,500	1.8	B1
Petersfield	Land south of Buckmore Farm	6,000	2.1	B1 (preference for B1a/b)
Total		14,500	4.2	

Source: East Hampshire District Council

3.22 Together, these three allocations have the potential to provide 14,500sqm or 4.2 ha of employment floorspace across B1 and B2 class uses, but with a focus upon B1. It should be noted that one of these sites (Former Ordnance Supply Unit, Liphook) comprises an allocation that has been carried forward from the previous Local Plan and is therefore a longstanding allocation.

2) Other Sites with Planning Permission

3.23 County Council monitoring data records the amount of employment space with outstanding planning permission (i.e. permissions that have not yet been started). For the purposes of this assessment, this source of supply has been identified as available to help meet future needs in East Hampshire. In total, these permissions amount to 12,180sqm of floorspace or 8ha in net terms, shown in Table 3.2.

Table 3.2 Outstanding Planning Permissions

B Class Use	Outstanding Planning Permissions	
	sqm	ha
Offices (B1a)	4,300	3.4
Manufacturing (B1c/B2)	4,830	3.1
Warehousing (B8)	3,050	1.5
Total	12,180	8.0

Source: Hampshire County Council 2013 / NLP analysis

Note: Outstanding planning permissions exclude Local Plan Allocations outlined above, to ensure no double counting of available employment floorspace

Where use class is specified as flexible (B1-B8) by monitoring data, floorspace has been evenly split between the B1, B2 and B8 use classes in order to estimate the potential split between industrial and office uses

- 3.24 These planning permissions are distributed across 27 sites in the District, many of which relate to small site areas (over 95% of available space with planning permission is less than one hectare in size). The majority of these permissions relate to industrial uses. It should be noted that there is no guarantee that these permissions will be implemented and brought forward for employment use over the plan period.

Summary

- 3.25 Together, these sources of available supply amount to just over 12ha of employment space, as summarised in Table 3.3. Figure 3.7 presents the available supply by B class use, location (using the District's settlement hierarchy), status and overall size.

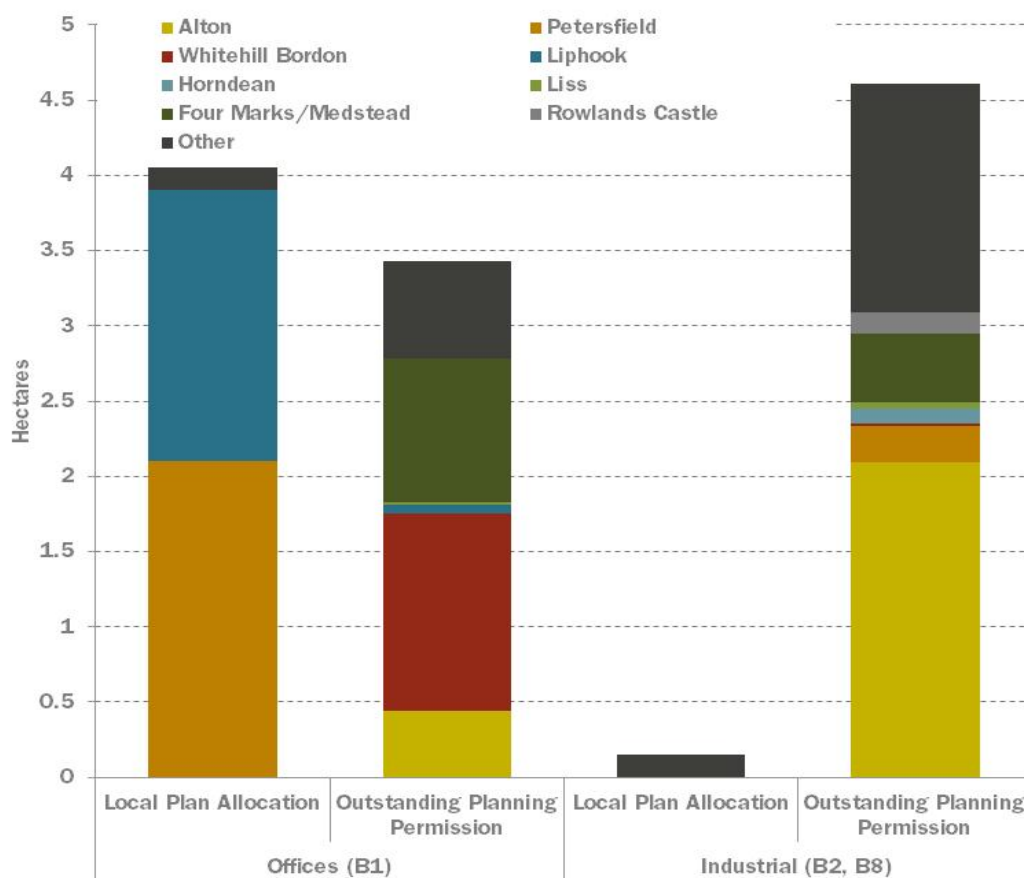
Table 3.3 Available Employment Space in East Hampshire

Source	New Employment Space (ha)		
	Industrial (B1c/B2/B8)	Offices (B1a/b)	Total
Local Plan Allocations	0.1	4.1	4.2
Other Sites with Extant Planning Permission	4.6	3.4	8.0
Total	4.7	7.5	12.2

Source: East Hampshire District Council / Hampshire County Council / NLP analysis

- 3.26 Figure 3.7 indicates that while this c.12 ha of employment space is distributed across a number of East Hampshire's key settlements (as defined by the District's settlement hierarchy), the majority is concentrated within the larger towns of Alton, Petersfield and Whitehill & Bordon, with very limited supply available elsewhere, for example the employment centre of Horndean to the south of the District.

Figure 3.7 Emerging Supply of Employment Space



Source: East Hampshire District Council / Hampshire County Council / NLP analysis

3.27 This concentration is particularly acute in terms of industrial (B1c/B2/B8) space. Of the 4.7ha identified, 2.1ha (45%) relates to a number of outstanding planning permissions across nine sites in Alton. Local Plan Allocations represent just 0.15ha (4%) of identified industrial supply¹⁶. The remaining 2.5 ha comprises a number of small scale outstanding planning permissions dispersed across a number of the District’s mainly smaller settlements.

3.28 Whilst the emerging supply of office space is more evenly distributed across East Hampshire, 42% of this supply is located outside of the District’s strongest office market areas, namely in Whitehill & Bordon and Liphook (East Hampshire’s commercial property market conditions are explored in more detail in Chapter 4.0).

Employment Space in Adjoining Areas

3.29 It is also important to understand the extent of available employment land in adjoining districts and any major new economic developments coming forward there which might compete with the District for future demand. A brief review

¹⁶ Land adjacent to Bentley Industrial Centre – total site area (0.3ha) has been split into B1 and B2 uses on a 50:50 basis

has therefore been undertaken below of the current position in each area. Figure 3.1 on page 16 summarises the amounts of B Class employment floorspace in these districts relative to East Hampshire, with further details for each adjoining authority presented in Appendix 2.

Hart

- 3.30 Hart is a largely rural district immediately adjoining East Hampshire containing the main settlements of Hook, Fleet, Hartley Witney and Yateley. The majority of employment land is concentrated within small business parks and industrial estates, mainly in or beside the main settlements e.g. Waterfront Business Park in Fleet, Bartley Wood Business Park in Hook and Blackbushe Industrial Estate, Yateley. It also contains a major site (47 ha) with permission for distribution uses at Pyestock, which accounts for much of the allocated land.
- 3.31 Office space predominates with 58% of all employment space, the highest proportion among districts in this area, and Hart has more than double the amount of office space in East Hampshire. The District's 2009 ELR forecasts a shortfall of industrial space and a small surplus of office space. The 2012 Pre-submission Core Strategy aims to protect its key employment sites, does not allocate any new employment sites and aims to achieve some rebalancing from office to industrial space within its key employment sites. No major developments in the pipeline were identified other than the large distribution scheme at Hartland Park (Pyestock North).

Basingstoke & Deane

- 3.32 Adjoining East Hampshire to the North West, the Borough's employment space is focused in the large town of Basingstoke, adjoining the M3 motorway. In 2011, it had some 51 ha of available employment land, the great majority of it suitable for B1 development. Most of the borough's more modern, higher quality space lies in large, out-of-centre business parks such as Hampshire International Business Park, Chineham Business Park and Viables Business Park, while significant levels of vacant office space is recorded in the town.
- 3.33 Taking account of existing employment land supply, the 2009 ELR did not recommend any new allocations for employment space, instead recommending a smart growth approach to future development focusing on making best use of existing sites. No major new economic developments were identified and the emerging Local Plan has not yet progressed to the site allocations stage.

Winchester

- 3.34 Winchester is a largely rural authority containing the Hampshire county town of Winchester and a number of small settlements. The Council's Economic Strategy focuses on the promotion of knowledge based industries and creative industries linked to its universities. Winchester has more than three times as much office space as East Hampshire but less industrial space and has a Basepoint centre aimed at accommodating small businesses.

- 3.35 A 2011 Review of Employment Prospects study identified no compelling need to allocate any further strategic sites in the Local Plan in light of two strategic site allocations – west of Waterlooville (23 ha) as part of a major urban extension and land at Whiteley (20 ha) - and other commitments with planning permission. Any future demand for additional employment land is likely to be focused in Winchester town. A modest new business park is planned on a 2 ha site outside Winchester but otherwise no major developments are underway.

Waverley

- 3.36 Waverley is a mainly rural Surrey borough with four main settlements of Farnham, Haslemere, Godalming and Cranleigh containing the main employment areas. Employment growth over the past decade has been modest, constrained by the relatively scarce supply of undeveloped employment land. Employment in the Borough is dominated by office based activities with a focus on knowledge-driven sectors such as business services and communications.
- 3.37 The Borough's approach to employment land is to safeguard the existing supply of employment land, protect sites that are fit for purpose, encourage intensification of uses within existing employment locations and look to making any provision of additional land from the existing sites with redevelopment potential. No major new allocations are currently proposed but the Core Strategy supports continued employment growth at Dunsford Park, the largest employment site in the borough accommodating mainly small businesses.

Havant

- 3.38 This coastal district adjoins East Hampshire to the south, its main centres being Havant town, Waterlooville, Purbrook, Leigh Park and Emsworth. It has a similar amount of office and industrial space to East Hampshire but particular strengths in the aerospace and advanced manufacturing sectors. Key employment sites include office/R&D focused sites such as Langstone Technology Park and the Broadmarsh Business & Innovation Centre in Havant, and a number of industrial estates.
- 3.39 Dunsbury Hill Farm in Leigh Park is identified as the borough's main potential employment site, aimed at creating a high quality business and technology park to form a new business gateway to Havant and the wider South Hampshire sub-region. It has potential to provide some 61,800sqm of employment floorspace and a hotel with conference facilities. This would amount to about a third of the total employment floorspace requirement in the Borough up to 2026 but the main barrier to securing delivery is a suitable road link to the A3(M).

Chichester

- 3.40 Chichester is also a largely rural district on the South Coast of West Sussex. It has one major town, Chichester, which is the West Sussex county town, and much of it lies within the South Downs National Park. It has a similar level of office and industrial space to East Hampshire. The main employment areas lie

beside Chichester and Tangmere, on the A27 corridor. The two largest are Quarry Lane Industrial Estate, with mainly distribution and light industrial uses, and the Terminus Road Industrial Estate.

- 3.41 Currently there are 22 ha of employment land with planning permission, and a further 7.8 ha on allocated sites not yet developed. Larger schemes in the development pipeline include the Glenmore Business Park scheme on the Portfield Quarry site (providing 17,468sqm of B8 floorspace) and Quarry Lane Industrial Estate, Chichester, providing 3,635sqm of employment floorspace across a number of sites. Taking account of this supply, a recent Employment Land Review update in early 2013 recommended that the district identify up to 29 ha of employment land outside of the National Park.

Conclusions

- 3.42 East Hampshire's employment space is dominated by industrial uses which account for 86% of total stock. In contrast, the District's commercial office stock amounts to just 14% of total employment space. East Hampshire has a larger supply of employment space overall than many nearby districts including Hart, Waverley and Chichester.
- 3.43 The District has seen moderate levels of new development over the past 11 years, the majority for B1c/B2 manufacturing uses and B8 warehousing. At the same time, East Hampshire has been losing B class space – largely industrial – placing increasing pressure on remaining space to accommodate the District's economic activity.
- 3.44 East Hampshire has a fairly ageing stock of employment space and lack of modern business premises relative to other parts of the region. Overall vacancy of both industrial and office space is slightly below 'normal' market levels (although higher for poorer quality, second hand space), suggesting a relatively tight supply relative to demand.
- 3.45 Without specific provision through the planning system, the District's geographical constraints coupled with greater availability of industrial or office space in some adjoining areas are likely to make it more difficult for East Hampshire to compete for new investment and relocations, or accommodate enquiries for employment space as they arise. There are some large employment developments underway or proposed in adjoining authorities for example at Waterlooville, Winchester, Dunsbury Hill Farm in Havant and Pyestock in Hart. To varying degrees these may compete with East Hampshire, but also may offer some potential for accommodating demand that cannot currently be met within the District, subject to any cross-boundary arrangements considered under the Duty to Cooperate.
- 3.46 The supply of employment space in the District's development pipeline comprises just over 12 ha of Local Plan Allocations and extant planning permissions (at March 2013). This supply is distributed across the District but concentrated particularly strongly within the larger towns of Alton, Petersfield and Whitehill & Bordon.

4.0 **East Hampshire Commercial Property Market**

4.1 This section describes current property market conditions in East Hampshire and its relationship with surrounding areas, including recent trends in the demand for and supply of office and industrial premises. These findings are based on discussions with a number of commercial property agents and various economic development and business organisations and firms active in the area (see Appendix 1).

Overview

4.2 The UK commercial property market is still recovering from the financial crisis of 2007/8 and the ensuing recession and property slump. Falls in the capital value and rental levels of office and industrial premises of up to 40% combined with stricter lending criteria from banks and the abolition of tax relief on empty property mean that property development is less profitable, finance is hard to obtain and the risks of developing space without an end-user identified are high. As a result, speculative development has become very rare across virtually all of the UK outside of prime London markets. This is particularly the case in more economically marginal locations, and those without a significant existing commercial property market, where lenders and developers are likely to be especially cautious.

4.3 There are differing views on how the market will evolve in the coming years. For example, competing forces such as a scaling back of public sector space requirements but a fall in employment land prices may play out in different ways in different locations. In any case, this study looks over the long term of the plan period up to 2028 and the inherent qualities of the District as a commercial location must therefore be considered.

Market Geography

4.4 East Hampshire has a relatively localised and self-contained commercial property market with a predominately industrial character. The market largely services the District's SME business base across a range of sectors including business services, small scale manufacturing/engineering and some agricultural industries, reflecting the rural nature of the District.

4.5 Employment space is generally concentrated within the main settlements of Petersfield, Alton, Bordon and Horndean and dispersed across a range of small to medium-sized sites. Rural business space also accommodates a significant proportion of East Hampshire's employment requirements, reflecting increasing diversification within the District's agriculture sector. Whilst the majority of the area's stock of employment space is industrial, the District also has a moderate stock of office premises. The main attractions for firms are relatively low rents (particularly compared to adjoining centres), the presence of a skilled local workforce and high quality of life.

- 4.6 Partly reflecting its location and more limited access to strategic routes, the market is viewed as relatively insular and localised, with few examples of firms re-locating into the District from elsewhere. Many firms in the area are long-established, with locally-based owners and workforce. While East Hampshire lies between the key market areas of the M3 and A3/M27 corridors, in general terms there is currently limited relationship with other sub regional markets such as Guildford, Basingstoke, Farnham and wider Blackwater Valley to the north or Portsmouth to the south. The District lacks the critical mass to be able to attract larger occupiers and compete with these centres in business space terms. The South Downs National Park also represents a barrier both in physical and market terms and effectively subdivides the District into distinct market areas.
- 4.7 Overall, East Hampshire's commercial property market has fared reasonably well during the recession, having traditionally been less reliant upon larger office-based sectors and with considerably less available supply than some other commercial centres for example along the M3 corridor. To some degree this underlines the District's economic buoyancy and resilience, but also places further pressure on an already limited supply of employment space. Local agents reported some upturn in the level of enquiries received over recent months.

Market Segments

Industrial

- 4.8 East Hampshire is perceived as a reasonable industrial location, with parts of the District benefiting from proximity to the A3 and A31, good rail links to London and a good local labour supply. The completion of the A3 Hindhead Tunnel in 2011 is considered to have improved prospects for investment and development in the eastern side of the District by removing a major source of congestion.
- 4.9 Although affected by the recession, commercial agents report that demand for industrial space in East Hampshire has remained steady and low levels of vacancy reflect a limited supply of industrial accommodation (particularly modern, good quality space). The District's high proportion of SMEs and lack of historic larger manufacturing occupiers means that demand tends to be for small to medium sized units from local firms that are looking to expand or upgrade premises and stay within the area. A lack of larger scale industrial premises means that East Hampshire is unable to retain many of these firms within the District as they grow and expand. There have been a few examples of industrial occupiers moving into the District, generally seeking lower cost/quality premises compared to other areas such as the M3 corridor.
- 4.10 Alton, Bordon and to a lesser extent Petersfield represent the main industrial locations in East Hampshire and have large markets relative to their settlement size. Outside of these two key areas, industrial stock is dispersed on smaller

sites across the District in areas such as Horndean and Liphook as well as rural sites often located on farm complexes.

- 4.11 In supply terms, much of the industrial space is relatively old and requires refurbishment while there has been limited modern space built in recent years with a few exceptions such as Omega Park in Alton. Vacancy levels have started to increase amongst some of the older stock, for example at Passfield Mill Business Park in Passfield. Local commercial agents report a general shortage of readily deliverable industrial sites and given that the District's industrial market is relatively tight, a lack of surplus space to enable churn, intensification and upgrading of existing older sites.
- 4.12 Within the more constrained locations of Petersfield and Alton where very limited new development land is available, agents identified scope to refurbish/upgrade existing industrial stock to make more efficient use of sites, for example Bedford Road on the southern edge of Petersfield. M7 Real Estate has recently undertaken refurbishment and re-cladding of older units at Bordon Trading Estate. However, in the current climate there remains little market incentive for developers to undertake speculative development.
- 4.13 The main gap in supply at present is good quality, modern industrial premises, particularly those which offer flexible uses. In demand terms, there is scope in the District for modern industrial units across a range of small (500 – 3,000 sqft), medium (5,000 sqft) and larger (10-15,000 sqft) sizes that are able to accommodate flexible uses (B1c/B2/B8).
- 4.14 As indicated above, rural areas of the District accommodate an increasing proportion of East Hampshire's business space, and demand remains strong amongst local industrial firms due to the flexibility such space offers and cost advantage over more established urban industrial sites, with rents up to 40-50% lower. Local agents report that rural business parks/industrial estates also have greater capacity to satisfy larger enquiries for industrial space, typically up to 10,000 sqft. However, a continuation of this trend could place increasing pressure upon the District's rural road network, services and facilities.
- 4.15 As shown in Table 4.1, rental levels within the District's key settlements vary significantly, with commercial rents lowest in Bordon and Liphook and highest in Petersfield and Alton. While typical rental levels in the District are comparable with nearby rural areas including Winchester and Chichester, across both office and industrial rents, East Hampshire consistently offers a cost advantage over locations such as Farnham, Guildford, Basingstoke and Portsmouth which are typically larger and better connected commercial centres.

Table 4.1 Industrial & Office Rents in East Hampshire and Comparator Locations

Location	Industrial (£ / sq.ft)	Offices (£ / sq.ft)
Petersfield	8	10 - 14
Alton	7	7 - 10
Bordon	5 - 6	n/a
Liphook	5 - 6	10
Horndean	6 - 7	n/a
Winchester	6 - 8	15 - 18
Chichester	5 - 7	10 - 12
Guildford	7 - 10	15 - 19
Basingstoke	6 - 9	12 - 16
Farnham	7 - 9	10 - 15
Portsmouth	6 - 8	10 - 12

Source: Survey of Commercial Agents / VOA / NLP analysis

Offices

- 4.16 The office market across East Hampshire is relatively small, with fairly modest levels of demand driven by the continuing economic downturn and challenging business environment. The area lacks the necessary critical mass to attract and sustain larger office occupiers and faces strong competition from larger established office centres nearby including Guildford, Basingstoke and Portsmouth. As a result, the office market is very localised and what limited demand there is comes from local SMEs (operating across a range of business service sectors) for good quality, small modern premises. Alton and Petersfield represent East Hampshire's strongest areas of office market demand, reflecting their market town status and mainline railway links, and accommodate the majority of the District's office space.
- 4.17 Much of the current supply comprises a mix of small modern and second-hand office premises in Alton and Petersfield town centres and a range of edge of town business parks. As with industrial, there are also a number of rural office sites (such as Brows Farm Business Park, Liss) which generally benefit from lower rents and better car parking provision than urban sites. Local agents perceive there to be a lack of good quality, high specification office premises. Enquiries for office space generally fall below the 2,500-3,000 sqft range; enquiries are occasionally received from larger occupiers for premises above this size, but these cannot generally be accommodated within the District.
- 4.18 Despite relatively modest demand for and take up of office space in recent years, local agents believe that East Hampshire's office economy still has a role to play, but that the future health of the office market relies upon

restructuring of existing stock – by losing older, functionally obsolete space, and ensuring that the market can provide a range of smaller scale modern accommodation to achieve a critical mass.

- 4.19 Agents cited the recently developed Rotherbrook Court in Petersfield (completed 2006) as an example of a high quality, small office development that has been well received by the local market. It was suggested that there is scope for further schemes of this type in the future, providing new 2-3,000 sqft high specification offices for East Hampshire's SME base. In order for any such development to be viable, it should be located within Alton and/or Petersfield, as areas of strongest office market demand with good strategic connections through mainline rail stations. Possible sites could include the north end of Bedford Road in Petersfield or Omega Park in Alton, although very limited available space for office development exists within both towns.
- 4.20 Following the proposed introduction of Permitted Development Rights to allow for change of use from B1(a) offices to residential¹⁷, the District Council submitted a request to the Department for Communities and Local Government (CLG) for East Hampshire to be exempted from the new Permitted Development Rights. An accompanying report prepared by East Hampshire District Council¹⁸ identified an increased demand for office premises in the District – in particular, for owner-occupied premises - as a result of enterprise growth in recent years. The Council's exemption request has recently been granted by CLG.
- 4.21 Over the last few years the District Council has received enquiries from businesses for office (B1a) space amounting to over 86,000sqft / 8,000sqm , although more than half of this requirement relates to multiple use enquiries (for example for warehousing and ancillary on site office space) rather than for stand-alone office space.

Provision for start-ups/small businesses

- 4.22 The District has a limited amount of space specifically designed for small and start-up businesses. The Liss Business Centre, managed by Enterprise First, provides a range of office and workshop space varying from 105 sqft to 899 sqft and is reported to be fully occupied, currently maintaining a waiting list. Charwell House (located in the Alton Business Centre) also provides serviced office space for small businesses.
- 4.23 Local commercial agents felt that East Hampshire could accommodate an additional start-up enterprise centre in the short to medium term that could offer high quality, modern premises at competitive rents. There could be potential for such facility to be located on Bedford Road in Petersfield or alternatively as part of the Whitehill & Bordon Eco-Town development (once a first stage industrial development has been completed to generate critical mass and profile).

¹⁷ These measures, which come into force on 30 May 2013, allow premises to undergo change of use without the need to obtain planning permission, at least for an initial three-year period

¹⁸ East Hampshire District Council, Business East Hants, Permitted Development Rights for change of use from commercial to residential: Impact on the local economy of East Hampshire, February 2013

Needs of Local Businesses

- 4.24 A business survey was undertaken as part of the study in order to gain a better understanding of the needs of businesses operating within the District and the main factors that support and inhibit business growth. This involved a sample of 178 firms across a range of B class sectors and locations in the District. A summary of the key findings is set out below, with a selection of business quotes presented in Appendix 3. Telephone consultations were also undertaken with a further six businesses that had recently relocated into or outside of East Hampshire.

Business Profile

- 4.25 Respondents were based across the District, although the majority were located within the main towns of Alton (21%), Petersfield (16%) and to a lesser extent Horndean (10%) and Bordon (8%). A further 20% were based on rural sites across East Hampshire. Reflecting the District's SME business base, the majority (65%) of businesses surveyed had less than 10 employees.

Current Business Premises

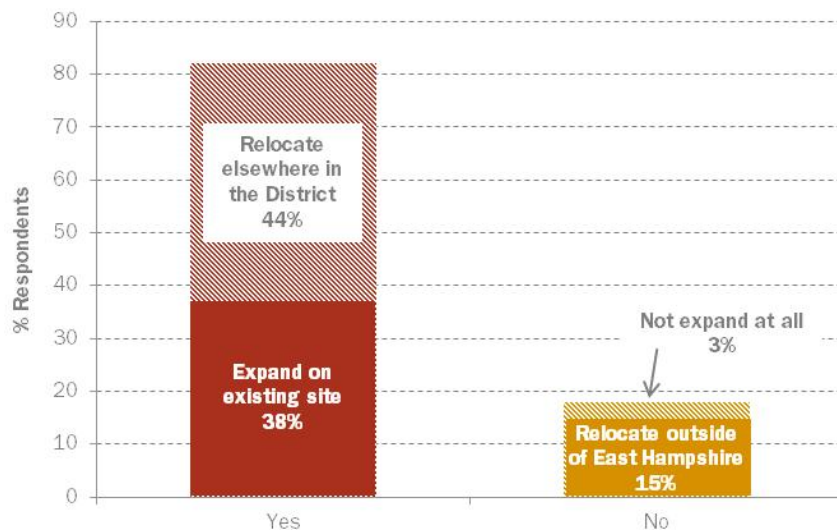
- 4.26 Respondents currently occupy a range of business premises, although the most common were industrial estate (37%), individual rural site (21%) and town centre offices (14%). The majority (91%) of companies were satisfied with their current premises/site, which was generally cited as adequate to meet their current requirements. The 9% that were not satisfied with their current premises cited a lack of space, inadequate parking facilities, outmoded/outdated premises that are no longer suitable for modern business needs and high rents/rates. 19% of respondents do not have adequate space to meet their business needs.
- 4.27 A quarter (25%) of businesses have experienced difficulties in finding suitable premises/sites to expand, upgrade or relocate to within East Hampshire. The most commonly cited difficulties include a lack of affordable, flexible workspace (for both industrial and office uses), availability of small office units (up to 2,000 sqft in size) to purchase, poor broadband access in parts of the District and a lack of on-site parking.
- 4.28 This feedback is supported by findings from a business survey undertaken by Business EastHants with 23 of the District's major employers in 2011 which identified a lack of quality sites and limited overall quantity of employment land as key barriers to business growth and expansion.

Future Growth Plans

- 4.29 41% of respondents are considering expanding their premises in the next five to ten years, and the majority (82%) believe they would be able to find a suitable site/premises to accommodate this expansion within East Hampshire, either

through expansion on their existing site (46%) or by relocating elsewhere in the District (54%) (Figure 4.1).

Figure 4.1 Do you think you would be able to find a suitable site/premises to accommodate your expansion plans in East Hampshire over the next 5 years?



Source: NLP analysis

- 4.30 However, of the 18% that feel they would be unable to accommodate this expansion within the District, the majority (86%) would be likely to relocate outside of East Hampshire, to a larger commercial area such as Basingstoke. For 14% this constraint would likely prevent any expansion taking place at all.

East Hampshire as a Business Location

The most common factors that businesses cited for keeping them in East Hampshire were:

- proximity to a reasonably skilled, local workforce;
- firms had built up a successful business/client base in the District;
- good access and transport infrastructure, with good proximity to both London and the South Coast ports;
- high quality of the local area and surrounding environment, with many business owners/employees choosing to live and work locally.

- 4.31 This feedback underlines the strength of the District's natural environment and quality of life factors in maintaining its popularity and sustainability as a business location. Businesses that had recently relocated to East Hampshire from neighbouring Districts also cited the above as key 'pull factors', alongside availability of suitable premises to meet their requirements.

Future Growth Potential

Whitehill & Bordon

- 4.32 The area around Bordon provides a range of largely industrial accommodation but is not currently an established office location. However, large scale regeneration proposals for the Whitehill & Bordon Eco-Town represent a key opportunity for the area to raise its profile and role in economic terms, by providing the opportunities for businesses and inward investment through an increased population and infrastructure improvements. From 2015, the release of 340 hectares of MoD land at Whitehill & Bordon will present East Hampshire with a major development opportunity.
- 4.33 Local commercial agents view the Eco-town proposals as a unique opportunity to accommodate East Hampshire's employment space needs over the longer term and in doing so, transform the location into one of the District's key employment centres. The focus of development should be on industrial (B1c/B2/B8) uses building upon Bordon's existing strengths, providing modern accommodation through a phased, market-led approach.
- 4.34 In light of supply constraints elsewhere in the District, Whitehill & Bordon would appear to be the most logical location to concentrate future supply, benefiting from a strong location near to the A3, although office uses are only likely to be viable after initial industrial phases are complete, and once the Eco-town has developed a critical mass and profile as a key economic centre within East Hampshire. Access to high speed broadband and car parking will be important. This provision could potentially include a new business start-up/incubator facility as part of a wider economic development strategy for the Eco-town, as well as a small unit industrial scheme which offers local businesses the opportunity to buy their own premises. In looking at the capacity of the site against the need for land within the plan period, it should be recognised that Whitehill & Bordon provides a reservoir of land that will extend beyond the 2028 end date of the current intended plan period.

Conclusions

- 4.35 East Hampshire's commercial property market is relatively localised and self-contained, largely driven by the District's SME business base looking to expand and/or upgrade. The District lacks the critical mass to be able to attract larger occupiers and compete with larger, more established centres nearby in business space terms. The main settlements of Petersfield, Alton, Bordon and Horndean accommodate the majority of East Hampshire's employment space, although rural business space has become more in demand as the District's agriculture sector continues to diversify.
- 4.36 Demand for industrial space remains steady, particularly from local SMEs for good quality, flexible modern industrial premises across a range of sizes. Alton and Bordon represent the main industrial locations, although enquiries continue to be received for industrial space on smaller sites across the District including

rural areas (farm complexes). Low levels of vacancy reflect a limited supply of industrial accommodation, much of which is relatively old and requires refurbishment. In particular, a shortage of readily deliverable industrial sites and relatively tight industrial market prevents normal 'churn', intensification and upgrading of existing older sites. Furthermore, a lack of larger scale industrial premises means that East Hampshire is unable to retain local firms within the District as they grow and expand.

- 4.37 East Hampshire's office market is relatively small and lacks the necessary critical mass to attract and sustain larger office occupiers, particularly given the District's proximity to larger established office centres nearby. A relatively modest level of demand comes from a diverse base of local SMEs for good quality, small modern premises, mainly in Alton and Petersfield as the areas of strongest market demand. Local agents report a shortage of good quality, modern, high specification office premises. Restructuring of existing office stock – by losing older, functionally obsolete space, and enabling the market to provide smaller scale modern accommodation – will be crucial if the office market is to perform well in future.
- 4.38 The District has very limited provision for small, start-up businesses, and there is scope to expand this type of accommodation given East Hampshire's dominant SME base and high levels of entrepreneurship.
- 4.39 Business feedback indicates that a number of East Hampshire's firms are being constrained by inadequate premises and in the absence of a readily available supply of sites in the District, some firms are re-locating outside of East Hampshire to accommodate their growth aspirations. An underlying shortage of good quality business accommodation could potentially threaten East Hampshire's longer term ability to attract and retain the business base needed to achieve continued economic growth. Nevertheless, the District's natural environment and quality of life factors continue to maintain its popularity and sustainability as a business location.
- 4.40 Whilst Whitehill & Bordon is not currently a major established employment location, large scale regeneration proposals for the Eco-Town represent a key opportunity for the area to raise its profile and role in economic terms, by providing the opportunities for businesses and inward investment through an increased population and infrastructure improvements.

5.0 **Review of Employment Sites Portfolio**

- 5.1 This section summarises the characteristics and quality of existing and allocated employment sites in East Hampshire and their suitability to meet future employment development needs.
- 5.2 A total of 47 existing and allocated employment sites were assessed amounting to just over 121 ha in total area. These sites comprise the main employment areas and allocations, as identified by East Hampshire District Council, but do not include every employment site within the District.
- 5.3 Each site was inspected and its suitability for employment use assessed against the criteria listed below, which reflect those in the ODPM Guidance on Employment Land Reviews:
- a strategic road access and local road access;
 - b accessibility to public transport and services;
 - c adjoining uses that might constrain employment uses;
 - d site size, characteristics and potential development constraints; and
 - e attractiveness to the market, including vacancy and market activity.
- 5.4 Other factors were also noted including the site's suitability for specific uses, any barriers to the delivery of undeveloped sites for employment uses, as well as sustainability and sequential preference factors where relevant. Site location plans are included at Appendix 4 and details of the criteria used to assess sites are in Appendix 5. Appendix 6 contains a detailed assessment of each site against these criteria, along with commentary to supplement the formal appraisal exercise.
- 5.5 A general point applying to many employment sites in East Hampshire is that they lie within small settlements or rural locations, sometimes distant from strategic routes such as the A3 or from services and some also have constrained local access (such as narrow, winding roads and infrequent public transport access). While this affects the overall assessment of sites, not all of these factors are necessarily important to some occupiers, for example strategic road access is more important for larger industrial or distribution firms but less so for office occupiers.
- 5.6 For such reasons, this assessment process in itself does not necessarily provide a complete picture of a site's role within the local economy or its suitability to meet local business needs. For example, a site's importance to meeting particular business or sector needs can be important reasons for retaining a site even if it does not perform well against conventional site assessment criteria.

Overview of Sites

- 5.7 The sites are divided into two types: existing sites and allocated sites. An overview of these sites is set out in Table 5.1.

Table 5.1 Employment Sites by Type

Type of Site	Number of Sites	Total Site Area (ha)	% of Total Site Area
Existing Sites	43	114.9	95
Allocated Sites*	4	6.4	5
Total (rounded)	47	121.3	100

Source: NLP analysis

Note: Site areas measured by NLP from GIS site boundaries supplied by EHDC

* Includes Land South of Woolmer Trading Estate (Viking Park, Bordon)

Conclusions

- 5.8 Overall, the assessments of existing sites indicate that the District contains a reasonable range of employment sites of differing quality and type, totalling 121.3 ha. The majority of sites assessed accommodated a mix of B1/B2/B8 uses, although some specific B1 sites were also evident.
- 5.9 The overall quality of existing and allocated employment sites appeared adequate to meet future needs with relatively few categorised as lower quality, and those were often sites in more remote rural locations. However, the great majority of these sites appear to be meeting local needs despite such constraints.
- 5.10 The assessment process identified nine high performing, good quality sites accounting for 33% of total supply, 29 (57% of supply) average quality sites and nine sites of lower quality (10% of supply). A summary of these site rankings is provided in Table 5.2. The broad categories of 'good', 'average' and 'lower quality' are intended to provide a broad indication of the overall quality of employment land supply rather than a comparison of one site against another.
- 5.11 From this assessment, apart from the four allocated sites, there appears to be a very limited amount of vacant land within existing employment areas that could be developed to provide additional employment space. The only obvious opportunities identified were land adjacent to Mansfield Park in Medstead and a site at Bleaches Yard Industrial Estate in Liphook¹⁹, although this space is estimated at just over 1 ha in total. Vacant floorspace within the established employment areas generally appeared low for both office and industrial uses.

¹⁹ Comprising a derelict unit adjacent to Bleaches Yard Industrial Estate

Table 5.2 Summary of Site Assessments (Existing Sites)

Site Name [Ref]	Size (Ha)	Potential Uses	Rank
Newman Lane & Riverway industrial estates [10]	4.0	B1-B8	Good Quality
Waterbrook Estate [11]	3.0	B1-B8	
Woolmer industrial estate [16]	10.4	B1-B8	
20/20 Vision Park [40]	0.8	B1	
Bedford Road 1 [38]	6.6	B1-B8	
Bedford Road 4 [41]	5.4	B1	
Wessex Gate/Hazelton industrial estate [26]	5.7	B1-B8	
Grove Park/Sycamore Park [5]	13.0	B1-B8	
High View Business Centre [17]	0.9	B1	Average Quality
Station Approach 1 [21]	1.7	B1	
Petersfield Business Park [42]	1.4	B1-B8	
Brows Farm [32]	1.2	B1	
Beaver Industrial Estate [28]	0.9	B1-B8	
Bedford Road 2 [39]	4.6	B1-B8	
Oriel Court [2]	1.1	B1a	
Prospect Place [6]	0.2	B1	
Station Road [8]	1.2	B1-B2	
Crookley Park House [23]	1.7	B1	
Westfield industrial estate [25]	1.0	B1-B8	
Upper Adhurst Industrial Park [43]	1.9	B1-B8	
Highcroft/Enterprise industrial estates & Mays Yard [24]	1.9	B1-B8	
Omni Bus Centre/Alton Bus Centre [1]	3.4	B1	
Riverside [3]	1.1	B1	
Caker Stream Industrial estate [4]	7.1	B1-B8	
Bentley Business Park/industrial centre [12]	0.6	B1-B8	
Blacknest industrial estate [13]	3.3	B1-B8	
Hazel Road Industrial Estate [19]	0.3	B1-B8	
Bleaches Yard industrial estate [29]	1.2	B1-B8	
Passfield Enterprise Centre [30]	2.6	B1	
Mainline Business Centre [34]	0.3	B1-B8	
Frenchman's Road 2 [36]	2.2	B1-B8	
Broxhead trading estate [15]	1.8	B1-B8	
Liss Business Centre [33]	0.3	B1	
Hartley Park [7]	4.7	B1-B8	
Lumbry Park [9]	1.1	B1	
Farringdon Business Park & Industrial Centre [18]	4.7	B1-B8	Lower Quality
Lymington Bottom Road [20]	0.8	B1	
Bordon Trading Estate [14]	4.1	B1-B8	
Amey Industrial estate, Frenchman's Road [35]	0.5	B1-B8	
Laundry Site, Frenchman's Road [37]	0.4	B1	
Station Approach 2 [22]	1.5	B1/B2	
Kingsley Business Park /Ganders Business Park [27]	1.3	B1-B8	
Passfield Mill Business Park [31]	3.3	B1-B8	
Total	114.9		

Source: NLP analysis

5.12

In addition, four allocated sites have also been assessed as shown in Table 5.3, amounting to 6.4 ha of development land in total. The higher performing sites are Land south of Woolmer Trading Estate (Viking Park) and Land south of Buckmore Farm (Petersfield), although the other two allocations are assessed as being in the high average category. All are considered suitable for employment development to meet future needs in the District.

Table 5.3 Summary of Site Assessments (Allocated Sites)

Site Name [Ref]	Size (Ha)	Potential Uses	Rank
Land south of Woolmer Trading Estate (Viking Park), Bordon [46]	2.2	B1-B8	Good Quality
Land south of Buckmore Farm, Petersfield [45]	2.1	B1-B8	
Land adjacent Bentley Industrial Centre [47]	0.3	B1-B8	Average Quality
Former Ordnance Supply Unit, Liphook [44]	1.8	B1-B8	
Total	6.4		

Source: NLP analysis

6.0 Future Requirements for B Class Employment Space

6.1 This section assesses B Class employment space requirements in East Hampshire over the period to 2028 using several different approaches as follows:

- a projections of employment growth in the main B class sectors (**labour demand**) derived from economic forecasts prepared by Experian;
- b consideration of **past trends in completions of employment space** based on monitoring data supplied by Hampshire County Council, and how these might change in the future;
- c estimating future growth of local **labour supply** based on a demographic housing scenario contained in the recently updated Strategic Housing Market Assessment (SHMA)²⁰ (582 dwellings per annum) and the amount of jobs and employment space that this can support.

6.2 All these approaches have some limitations and careful thought needs to be given as to how appropriate each is to circumstances in East Hampshire. In addition, to be robust, the economic growth potential and likely demand for employment space in East Hampshire needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future. Accordingly, this has framed the consideration of three scenarios outlined in Figure 6.1, and detailed below.

Figure 6.1 Outline of Approach to Scenarios



Source: NLP

6.3 It should also be noted that the assessment is not purely quantitative, and that there may be qualitative factors that influence the future employment space requirements that need to be planned for.

²⁰ Strategic Housing Market Assessment and Local Housing Requirements Study, Nathaniel Lichfield & Partners, April 2013

a. Forecasts of Job Growth

- 6.4 Forecasts of job growth for East Hampshire for the period up to 2028 were obtained from Experian. The February 2013 quarterly release has been used to ensure consistency with 'Scenario F: Experian Economic Baseline' in the recently updated East Hampshire SHMA. It should be emphasised that such forecasts tend to be most reliable at national and regional scales and consequently less so at the local economy level, but they are widely recognised as a valuable input and can indicate the broad scale and direction of economic growth in different sectors to help assess future employment space requirements.

Scenario 1: Job Growth

- 6.5 The forecasts of job growth by sector used here reflect recent trends and are based on projections at regional level, and how economic sectors in East Hampshire have fared relative to the region's growth in the past. These forecasts also reflect the current post-recession economic climate, and the significant uncertainty surrounding future economic prospects generally.
- 6.6 The overall employment change in East Hampshire resulting from these forecasts amounts to 6,120 jobs between 2012 and 2028, of which 1,440 relate to B class sectors.
- 6.7 However, a slight adjustment has been made to these forecasts to account for a known discrepancy, a single business that is understood to employ c.4,000²¹ people who are registered as employed in East Hampshire, but work outside the district. These employees account for approximately 7% of all employment registered in the district in 2012 (total workforce jobs) and around 40% of all jobs recorded within the individual sector in which the business operates. Analysis of District and ward level employment data confirms disproportionately high levels of employment within this particular sector in East Hampshire. This sector is forecast for some growth over the plan-period, which may, in part, be driven by future expansion associated with this single business, but it is assumed that a significant proportion of these jobs will continue to be based outside of the District.
- 6.8 This represents a statistical idiosyncrasy, which the Experian employment forecasts do not take into account. The growth forecasts have therefore been adjusted by EHDC and NLP to discount approximately 40% of future job growth forecast for the sector in which the business in question operates equivalent to just over 1,000 jobs between 2012 and 2028.
- 6.9 The resulting employment change is shown in Table 6.1 along with expected job growth in the main B class sectors. This includes an allowance for jobs in other non B class sectors that typically utilise industrial or office space, such as some construction uses, vehicle repair, courier services, road transport and

²¹ The figures cited in respect of this company in paragraphs 6.7 and 6.8 are East Hampshire in-house figures and are not actual BRES published estimates.

cargo handling and some public administration activities (see Appendix 7). These indicate limited overall net job gains of 1,350 in the B-use classes in East Hampshire over the period to 2028, with strong growth in office-based activities and minor gains in distribution jobs offset by a moderate decline in manufacturing employment. This is within the context of overall job growth of just over 5,000 predicted for the District over the period, which outside the B Class sectors will mainly be in education, residential and social care sectors.

Table 6.1 Forecast Employment Change in East Hampshire 2012-2028

	No. of Jobs		Change
	2012	2028	2012-2028
Manufacturing (B1c/B2)*	6,620	5,855	-770
Distribution (B8)**	3,555	3,995	440
Offices (B1a/b)***	9,865	11,540	1,680
Total B-class Jobs	20,040	21,390	1,350
Jobs in All Sectors	56,220	61,260	5,040

Source: Experian / NLP analysis, 2013 – total workforce jobs including self-employed

Totals rounded

* includes vehicle repair and some construction activities ** includes parts of transport & communications sectors that use industrial land *** includes publishing and a proportion of government offices

- 6.10 These job forecasts can then be converted to future employment space requirements assuming typical ratios of jobs to floorspace for the different B uses. To estimate space needs, the following average ratios have been applied:
- offices: 1 job per 10.5sqm
 - industry: 1 job per 43sqm
 - warehousing: 1 job per 65sqm is assumed for general, smaller scale warehousing (accounting for approximately 90% of East Hampshire's warehousing stock) and 1 job per 74sqm for large scale, lower density units
- 6.11 These assumptions are based on the latest HCA/Offpat guidance on employment densities published in 2010.²² This guidance takes account of recent trends in terms of the changing use of employment space, the main change being the more efficient utilisation of office space due to increased flexible working and hot desking. This has resulted in a decrease in the amount of floorspace per office worker that is assumed compared to earlier guidance.
- 6.12 An allowance of 10% is added to all positive floorspace requirements to reflect a normal level of market vacancy in employment space. Where a reduction in jobs is forecast, the associated negative floorspace was halved, to reflect the fact that not all of this employment space is likely to be lost.

²² Based on HCA/Offpat Employment Densities Guide, 2010

Table 6.2 Experian Job Growth based Employment Space Requirements in East Hampshire, 2012-2028

	Floorspace (sqm)
Manufacturing (B1c/B2)	-16,520
Distribution (B8)	31,980
Offices (B1a/b)	19,370
Total	34,830

Source: NLP analysis

- 6.13 This forecast net increase of 1,350 B Class jobs over a 16-year period (to 2028) which underpins this estimate of future employment space needs, is equivalent to an average of 84 additional B Class jobs respectively each year. This is significantly lower than the job growth achieved in East Hampshire over the period 2000-2012 when Experian data indicates that B class jobs in the District increased by approximately 276 jobs per annum. On the basis of past performance, the above employment space forecasts could be regarded as a more pessimistic estimate.

b. Past Development Rates

- 6.14 Because they reflect market demand and actual development patterns on the ground, in some situations long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. However, the future demand picture may not reflect past trends and some adjustments may be needed.

Scenario 2: Past Development Rates

- 6.15 Data on past completions by B class sector was provided by Hampshire County Council. Completions in the period 2002-2012 have been analysed, since this is a reasonably long period that reflects a full business cycle with periods of both economic growth and recession. Over this period, average annual net completions for B Class uses amounted to some 7,020sqm, broken down as shown in Table 6.3. The vast majority (89%) of net completions were for industrial space, with the remaining 11% for offices. Gross completions were significantly higher, at an average of 10,350sqm annually, but this masks some losses of employment space in development schemes.

Table 6.3 Annual Net Completion Rates in East Hampshire, 2002-2012

Sector (Use Class)	Net annual completion (sqm)	Gross annual completion (sqm)
Industrial (B1c/B2/B8)	6,230	8,560
Office space (B1a/b)	790	1,790
All	7,020	10,350

Source: Hampshire County Council

- 6.16 One view of future growth in East Hampshire could simply assume that future development rates carry on at the long term average achieved in the past. If it were assumed that the past net completion rates noted above continued in the 16 years between 2012-2028, it would equate to a need for 12,640sqm of office space, and 99,680sqm of industrial space. In total, this would indicate demand for approximately 112,320sqm of employment space by 2028, a figure significantly higher than that estimated using job forecasts scenario (Table 6.4).

Table 6.4 Employment Space Requirement based on Past Trends Continuing, 2012-2028

Sector (Use Class)	Assumed annual completion rate (sqm)	Floorspace Required (sqm)*
Industrial (B1c/B2/B8)	6,230	99,680
Office space (B1a/b)	790	12,640
All	7,020	112,320

Source: NLP analysis * totals rounded

- 6.17 This approach assumes that past trends of office development in both a relatively buoyant as well as recessionary economic period would continue unchanged, but may not fully reflect the impacts of the current economic downturn or longer term workplace trends that could reduce future demand for office space. Conversely, it may underestimate future demand if the supply was constrained in the past, for example because of poor sites available or infrastructure/funding factors.

c. Future Labour Supply

- 6.18 It is also important to consider how many jobs, and hence how much employment space, would be needed to broadly match forecast growth of the District's resident workforce. In contrast to the two preceding approaches, this forecasts the supply of labour rather than labour demand. It then indicates the amount of new jobs needed to take-up this future supply of workers and minimise local unemployment, and how much employment space would be needed to accommodate these jobs.

Scenario 3: Labour Supply (582 dw.p.a.)

- 6.19 The recently updated East Hampshire Strategic Housing Market Assessment (SHMA) and Local Housing Requirements Study identifies a range of scenarios relating to objectively assessed housing need and demand for the plan period 2011 to 2028. The demographic Scenario B – 2011 Interim Sub-National Population Projections - uses the latest official ONS population projections to estimate a requirement for an additional 9,891 dwellings in the District to 2028, equivalent to 582 per annum.
- 6.20 The labour supply implications of this scenario have been modelled by NLP to take account of economic activity rates and future pension age changes outlined in current national policy. A 2001 Census workplace ratio was applied to these projections to convert the resident labour supply to a workplace-based equivalent. This provides an approximation of the number of people likely to be seeking work within East Hampshire as it allows for a proportion of the resident population commuting to jobs elsewhere and for some in-commuting. Overall, East Hampshire was a net exporter of labour in 2001, with a workplace ratio (the ratio of resident workers to workplace workers) of 1.28.
- 6.21 The workplace labour supply forecasts indicate an increase of 5,970 workers in the District by 2028 (Table 6.5). From these forecasts, the number of B Class jobs required was estimated assuming one additional job would be required for each additional worker forecast and based on the forecast proportion of B Class jobs within total jobs in East Hampshire in 2028.²³

Table 6.5 Forecast Labour Supply/Job Requirement in East Hampshire to 2028

	Average per year (2012-2028)	Change 2012- 2028
Dwellings	582	9,312
Resident labour supply	686	10,974
Workplace labour supply	373	5,970
B-class job requirement	130	2,060

Source: East Hampshire District Council / NLP analysis

* totals rounded

- 6.22 The resulting job numbers were then translated into estimated requirements for B class employment floorspace by applying the same standard employment densities used in the job growth based approach and adding a 10% vacancy allowance. The floorspace estimates for manufacturing and warehousing space were combined since these two sectors typically occupy the same types of sites at similar development densities.
- 6.23 Overall, future employment space requirements based on meeting the job needs of local residents would mean approximately 67,100sqm B class employment space being required by 2028 (Table 6.6).

²³ Source: Experian employment forecasts, 2013

Table 6.6 B Class Floorspace Required from Labour Supply Growth

Use	Floorspace (sqm) 2012-2028
Industrial (B1c/B2/B8)	54,240
Offices (B1a/b)	12,860
Total	67,100

Source: NLP analysis

- 6.24 This labour supply based estimate provides a useful benchmark for comparison with labour demand approaches. Based on 582 net additional dwellings p.a., this forecast produces a floorspace requirement that sits between the job growth and past take-up scenarios.
- 6.25 One potential drawback of this approach is that no change is assumed over time in the proportion of future jobs made up by office-based employment, which might be expected to increase in future (given recent trends in the District – Figure 2.2). This might underestimate future office space requirements and overestimate industrial space needs.

Net Employment Space Requirements

- 6.26 Drawing together the results from these different approaches and growth scenarios, Table 6.7 summarises the net floorspace requirement up to 2028 arising from each.

Table 6.7 Net Floorspace Requirement to 2028 for Different Growth Scenarios

Scenario Use	Labour Demand	Past Development Rates	Labour Supply
	1. Job Growth	2. Past Take-up	3. Labour Supply (582 dw.p.a)
Offices (B1a/b)	19,370	12,640	12,860
Industrial (B1c/B2/B8)	15,460	99,680	54,240
All B uses	34,830	112,320	67,100

Source: NLP analysis

- 6.27 These forecasts reflect a fairly wide range of potential space requirements. For industrial space, this would be between 15,460sqm (based on job growth) and 99,680sqm (past take-up) up to 2028. For office space, the range is narrower, between 12,640sqm (based on past take-up) and 19,370sqm (based on job growth).

Safety Margin

- 6.28 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to give some flexibility of provision, it is

normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development.

- 6.29 In a location like East Hampshire with constrained land supply and development pressure from other uses, there is a need to ensure a reasonable but not over-generous additional allowance that provides for some flexibility but avoids over-provision of scarce land. However, it also needs to reflect that there may be potential delays in some of the District’s development sites coming forward for development.

- 6.30 The SEEPB guidance on employment land assessments recommends an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. For East Hampshire, the margins set out in Table 6.8 were added for B Class use based on three years of average net take-up which appears an appropriate level relative to the estimated scale of the original requirement and taking account of the nature of the land supply in the district.

- 6.31 In this regard, analysis of available/future supply indicates that many of the District’s employment sites are relatively small in size/scale and dispersed across a variety of locations in East Hampshire, reflecting the localised markets that exist in the district. Qualitative market feedback also suggests that while not all of the identified supply will necessarily be expected to be developed within the plan period, it is important that firms have the opportunity to expand on, contiguous with, or close by their existing operations, whilst recognising that not all firms will necessarily need to do so within the plan period. Ensuring sufficient supply of land is important to allow the district to respond positively in these circumstances, even if not all sites are taken up by the end of the plan period.

Table 6.8 Safety Margin Allowances

Use	Average Annual Take-up (sqm)	Safety Margin Added (sqm)
Offices (B1a/b)	790	2,370
Industrial (B1c/B2/B8)	6,230	18,690

Source: NLP analysis

Convert to Gross Floorspace Requirements

- 6.32 To convert the net requirement of employment space into a gross requirement (the amount of employment space or land to be allocated/planned for), an allowance is also typically made for some replacement of losses of existing employment space that may be developed for other, non B Class uses.

- 6.33 Judgements were made on the suitability and degree of the allowance for future losses which it would be appropriate to apply here based on analysis of supply-side deliverability factors and current trends in the market. Not all losses need to be replaced as some will reflect restructuring in the local economy as less

manufacturing space is needed in future. In the past, loss of employment space in East Hampshire has largely been driven by falling demand for industrial (particularly B2) uses, while manufacturing employment is forecast to decline in the District over the next 16 years (Table 6.1). Wider land availability constraints provide a continued challenge for the District with regards to loss replacement. Nonetheless, market demand for industrial space in East Hampshire has remained strong, although the District is suited to small scale and localised industrial activities.

6.34 Therefore, it is considered inappropriate for the District to replace all losses of industrial space going forward and it has been assumed that 50% of industrial losses will be replaced each year, equating to 1,160sqm. For offices, an allowance of 500sqm p.a. was applied, based on 50% of the average annual loss of office space over the last 11 years²⁴. A similar proportion of office losses have been replaced given that historically loss of office space has largely involved loss of older, redundant office space, for example above retail units in town centres.

6.35 The resultant gross floorspace requirements incorporating these allowances are set out in Table 6.9 and Figure 6.2.

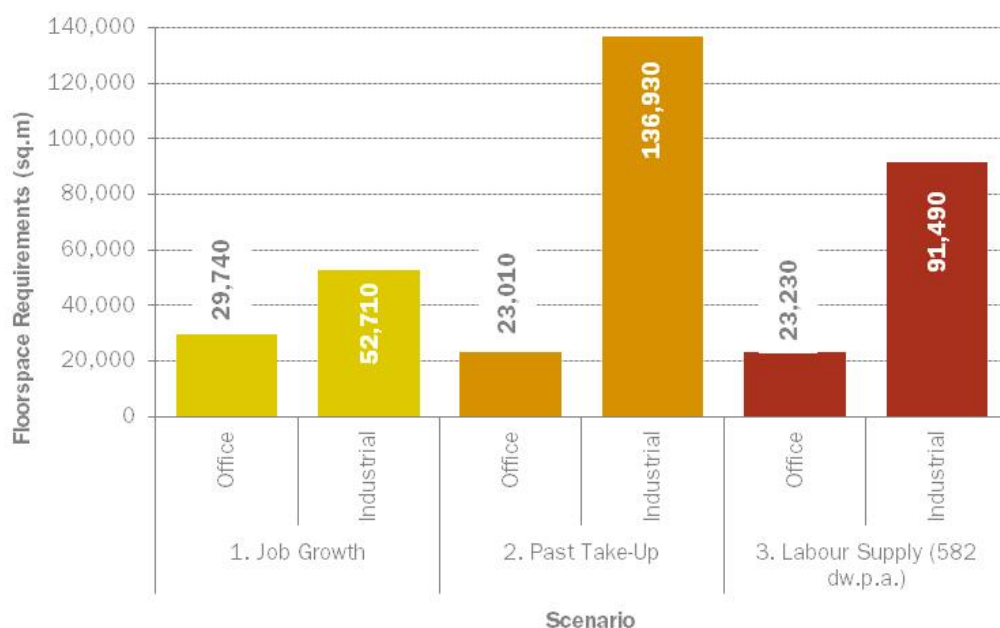
Table 6.9 Gross Floorspace Requirement by Scenario to 2028 (sqm)

Use	1. Job Growth	2. Past Take-up	3. Labour Supply (582 dw.p.a)
Offices (B1a/b)	29,740	23,010	23,230
Industrial (B1c/B2/B8)	52,710	136,930	91,490
All B uses	82,450	159,940	114,720

Source: NLP analysis * totals rounded

²⁴ Based on 2002-2012 Hampshire County Council monitoring data

Figure 6.2 Gross Floorspace Requirements by Scenario (sqm)



Source: NLP analysis

Estimate Land Requirement

6.36

The final step, for all scenarios, was to translate floorspace into land requirements for both office and industrial uses. This has been calculated by applying appropriate plot ratio assumptions to the floorspace estimates using the following assumptions and local adjustment factors to reflect the pattern of development in the District:

- **Industrial** – a plot ratio of 0.4 was applied so that a 1 ha site would be needed to accommodate 4,000sqm of employment floorspace; and
- **Offices** – it was assumed that 70% of new floorspace would be in lower density, business park developments with a plot ratio of 0.4, with 30% in higher density town centre locations at a plot ratio of 2.0.

6.37

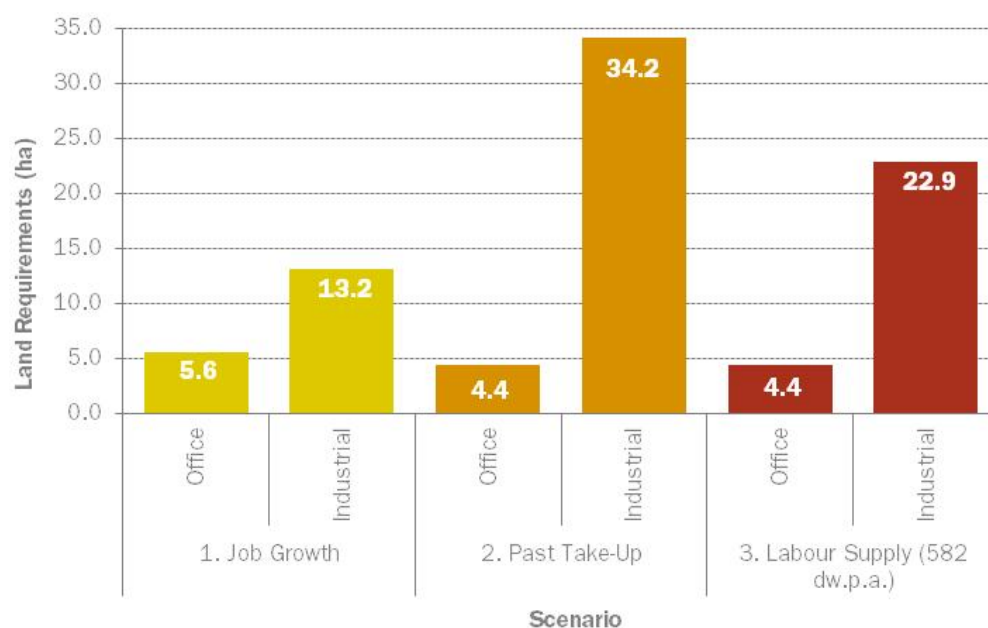
The resulting land requirements are set out in Table 6.10 and Figure 6.3.

Table 6.10 Gross Land Requirement by Scenario to 2028 (ha)

Use	1. Job Growth	2. Past Take-up	3. Labour Supply (582 dw.p.a)
Offices (B1a/b)	5.6	4.4	4.4
Industrial (B1c/B2/B8)	13.2	34.2	22.9
All B uses	18.8	38.6	27.3

Source: NLP analysis

Figure 6.3 Gross Land Requirement by Scenario (ha)



Source: NLP analysis

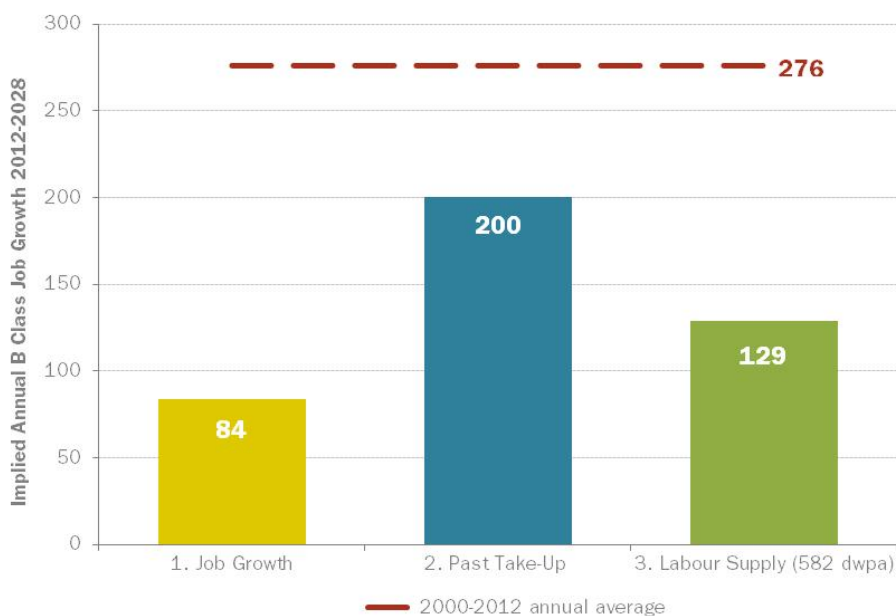
6.38 The range of land requirements for office development land is fairly narrow – between 4.4 and 5.6 ha to 2028, depending on the approach used. For industrial land, the range is slightly wider, between 13.2 and 34.2 ha to 2028.

Sensitivity Tests

6.39 Given the range of potential requirements implied by these different estimates of future requirements, it is important to test how reasonable each appears against other factors and how sensitive they are to different assumptions.

6.40 It is useful to first compare the employment growth implied by these amounts of land with employment growth actually achieved in East Hampshire in recent years (Figure 6.4). The lowest estimate based on job growth implies an additional 84 B class jobs annually over the next 16 years, mostly office jobs. The highest growth estimate based on past take-up implies some 200 more B class jobs annually, although this mainly comprises industrial jobs. These figures compare with an average growth of 276 B class jobs in East Hampshire per year between 2000 and 2012, a period which includes the recent recession. The past take-up scenario lies closest to this past employment growth trend, although the annual rate falls short by a third.

Figure 6.4 Annual Job Growth Implied by Scenarios



Source: Experian / NLP analysis

Note: Estimated job levels for each scenario do not take account of additional floorspace allowance in the safety margin, which is identified for planning purposes and may not actually be developed

- 6.41 This indicates that all three scenarios could generate a lower level of job creation than has been achieved in the District in the recent past. As that period was one of relatively strong economic growth, followed by a severe recession with an outlook of fragile recovery, these estimates would appear pessimistic.
- 6.42 It is important to note however that historic job growth trends in East Hampshire are likely to have been upwardly skewed by the inclusion of a single business that is understood to employ c.4,000²⁵ people who are registered as employed in East Hampshire, but work outside the District. Caution should therefore be taken when making comparisons between the scenarios outlined above and past job growth trends.
- 6.43 Other assumptions which can make a significant difference to the forecasts of future requirements include the allowance for replacement of future losses. With no allowance for future losses, the lowest estimate of future industrial space needs would reduce by 35% to 34,150sqm. Similarly, removing the allowance for future office losses would reduce the lowest requirement to 15,010sqm or 35%.
- 6.44 Past trends suggest that loss of employment space has been relatively high in East Hampshire over the past 11 years, partly due to concentrations of industrial and office stock that is old and in poor condition, and increasing pressures on employment land from other, higher value uses (such as residential). Given the District's geographical constraints, it is likely that this

²⁵ The figures cited in respect of this company in paragraph 6.42 are East Hampshire in-house figures and are not actual BRES published estimates.

trend will continue over the Plan period, and it would therefore appear sensible to plan for some replacement of future losses.

Comparison with 2008 Employment Needs Assessment

6.45 The submission version of the East Hampshire District Local Plan: Joint Core Strategy adopts the 2008 Employment Needs Assessment as the key evidence base to inform the overall quantum of employment land that the District should plan for to 2028 (as set out in Policy CP2). It is therefore useful to compare these requirements with the 2013 update study to identify any change in overall employment space requirements.

6.46 Table 6.11 below sets out a comparison of the various forecasts of employment growth set out in the 2008 employment land study and this study. While the different forecasts relate to slightly different time periods, this indicates that annual B class job growth implied by all three of the scenarios in the ELR update study exceed job growth indicated within the 2008 study, by a significant margin.

Table 6.11 Employment forecasts by scenario

Time Period	Forecast Source	Employment Growth Implied			
		Total	B Class	Industrial	Offices
2005-2026	Experian Spring 2007 (2008 ELR Baseline Scenario)	2,858 (136 p.a.)	132 (6 p.a.)	-663 (-32 p.a.)	795 (38 p.a.)
2012-2028	Experian 2013	5,040 (315 p.a.)	1,350 (84 p.a.)	-330 (-21 p.a.)	1,680 (105 p.a.)
	Past development rates (2002-2012)	n/a	3,230 (200 p.a.)	2,030 (125 p.a.)	1,200 (75 p.a.)
	Labour Supply (based on Baseline Demographic Scenario from SHMA)	5,970 (373 p.a.)	2,060 (129 p.a.)	950 (59 p.a.)	1,110 (69 p.a.)

Source: NLP analysis

6.47 The resulting employment floorspace requirements associated with these forecasts of employment growth are presented in Table 6.12 below. Reflecting the assumptions above, the range of scenarios tested for the period 2012-2028 all exceed the requirement identified in the 2008 employment land study by a significant margin.

Table 6.12 Employment Space Requirement by Scenario

Time Period	Forecast Source	Total B Class (sqm)	Industrial (sqm)	Office (sqm)
2005-2026	Experian Spring 2007 (2008 ELR Baseline Scenario)	15,877 (756 p.a.)	-3,455 (-165 p.a.)	19,332 (921 p.a.)
2012-2028	Experian 2013	82,450 (5,153 p.a.)	52,710 (3,294 p.a.)	29,740 (1,859 p.a.)
	Past development rates (2002-2012)	159,940 (9,996 p.a.)	136,930 (8,558 p.a.)	23,010 (1,438 p.a.)
	Labour Supply (based on Baseline Demographic Scenario from SHMA)	114,720 (7,170 p.a.)	91,490 (5,718 p.a.)	23,230 (1,452 p.a.)

Source: NLP analysis

- 6.48 The 2008 employment land needs study used just one approach (2007 employment forecasts from Experian) as a basis for estimating future employment space requirements. This means there was no opportunity to benchmark its results against other approaches. A marginally slower rate of decline in industrial jobs and much higher growth of office-based jobs are indicated by the more recent (2013) forecasts.
- 6.49 When translated into space requirements, the main variation relates to the gross requirement for industrial floorspace; 3,294sqm of industrial (B1c/B2/B8) floorspace p.a. over the 16 years to 2028, compared with a negative requirement of 165sqm p.a. set out in the 2008 study (covering the 21 year period to 2026). The majority of this relates to the assumptions about the need to allow for some replacement of losses over the Plan period, whereas the 2008 study did not make allowance for any replacement of losses.
- 6.50 The estimated requirements for office floorspace are more comparable between the studies, with the 2013 update study forecasting a requirement for approximately 940sqm p.a. more floorspace than the 2008 study. This reflects the higher job growth forecasts for office-based sectors, although to some extent is offset by this study's application of the more recent HCA/Offpat published employment densities that point to more efficient use of office space.

Conclusions

- 6.51 Three different scenarios of future employment space requirements have been considered, based on a number of approaches which reflect economic growth, past development trends and potential housing supply factors. All of these reflect assumptions of lower future economic growth in East Hampshire than the District has achieved in the recent past, but are higher than the baseline scenario assessed in the 2008 ELR.
- 6.52 The Submission Local Plan: Joint Core Strategy target was based upon 2007 employment forecasts which pointed to significantly lower growth than latest available forecasts (February 2013) and upon an approach to estimating future employment space requirements that did not make allowance for any future

replacement of losses. It is therefore recommended that the overall employment space requirements set out in the Joint Core Strategy be updated to reflect the future requirements identified by this study, which draws on more recent data and provides benchmarks across a range of scenarios which use different approaches.

- 6.53 The overall space requirements related to these different scenarios range from 82,450sqm to 159,940sqm of all types of employment space to 2028, implying in broad terms a need for between 18.8 ha and 38.6 ha of employment land. Given an uncertain economic outlook, it is difficult to select the most likely option from these alternative growth pictures and all three scenarios have been tested against the District's supply position (Section 7.0). However, with regards to offices specifically, given that past trends are likely to have been constrained by limited delivery in recent years, and that the labour supply scenario is constrained by assumptions around commuting and housing, the job growth scenario appears to best reflect the Council's economic vision for the District.

7.0 Demand/Supply Balance

7.1 This section draws together the forecasts of future employment land needs in Section 6.0 and the estimates of land available on the area's existing and allocated employment sites in Section 3.0 to identify any need for more provision of employment space, or surpluses of it, in both quantitative and qualitative terms.

Quantitative Balance

7.2 The previous section identified a need for between 82,450sqm and 159,940sqm of employment space up to 2028, including a modest safety margin largely to allow for delays in sites coming forward for development. The land requirements associated with these amounts of employment floorspace were estimated at between 18.8 ha and 38.6 ha.

Pipeline Supply

7.3 As detailed in Section 3.0, the pipeline supply of employment space in the District comprises three sites allocated for employment development under Policy IB1 of the Local Plan: Second Review (that remain undeveloped) and other sites with extant planning permission for B class space.

7.4 From these sources, the floorspace available to help meet future needs in East Hampshire is estimated to comprise just over 12ha in net terms as shown in Table 7.1.

7.5 Two thirds of identified supply (66%) comprises sites with outstanding planning permissions, with the remaining 34% representing undeveloped Local Plan Allocations. The majority (61%) of the 12.2ha relates to office (B1a/b) space, with a further 4.7ha comprising industrial (B1c/B2/B8) floorspace.

Table 7.1 Available Employment Space in East Hampshire

Source	New Employment Space (ha)		
	Industrial (B1c/B2/B8)	Offices (B1a/b)	Total
Local Plan Allocations	0.1	4.1	4.2
Other Sites with Extant Planning Permission	4.6	3.4	8.0
Total	4.7	7.5	12.2

Source: East Hampshire District Council / Hampshire County Council / NLP analysis

7.6 Although this pipeline supply is distributed across East Hampshire, the majority of sites are concentrated within the larger towns of Alton, Petersfield and Whitehill & Bordon (Figure 3.7).

7.7 Beyond the supply outlined above, the survey of sites in Section 5.0 identified very limited undeveloped land on existing sites to accommodate new development. Furthermore, as reported in Section 4.0, current levels of vacant employment space being marketed do not appear excessive against the 'normal' market vacancy rate of 8-10% to enable churn and choice. Therefore, existing employment sites have been excluded from the following analysis of current/available supply, and no surplus capacity in terms of existing vacant floorspace has been added to the supply position.

7.8 A broad comparison of estimated demand for B Class space against all currently identified supply, as shown in Table 7.2, implies that East Hampshire would not have enough employment space in quantitative terms up to 2028 to meet the needs arising from any of the three scenarios of future requirements. The potential shortfall would vary from 6.6ha under the job growth scenario to 26.4ha of employment space under the past take-up scenario.

Table 7.2 Demand/Supply of B Class Employment Space in East Hampshire (to 2028)

	1. Job Growth	2. Past Take-up	3. Labour Supply (582 dw.p.a)
Requirement for B Class Space (ha)	18.8	38.6	27.3
Available Employment Space (ha)	12.2		
Surplus (+)/Shortfall (-) (ha)	-6.6	-26.4	-15.1

Needs of Different Employment Uses

7.9 Ensuring an adequate choice of types of sites is also important to meet the needs of different employment sectors and the aims for diversity of employment opportunities at different skill levels. Potential supply of employment space for both industrial and office uses was therefore compared with estimated requirements for these uses.

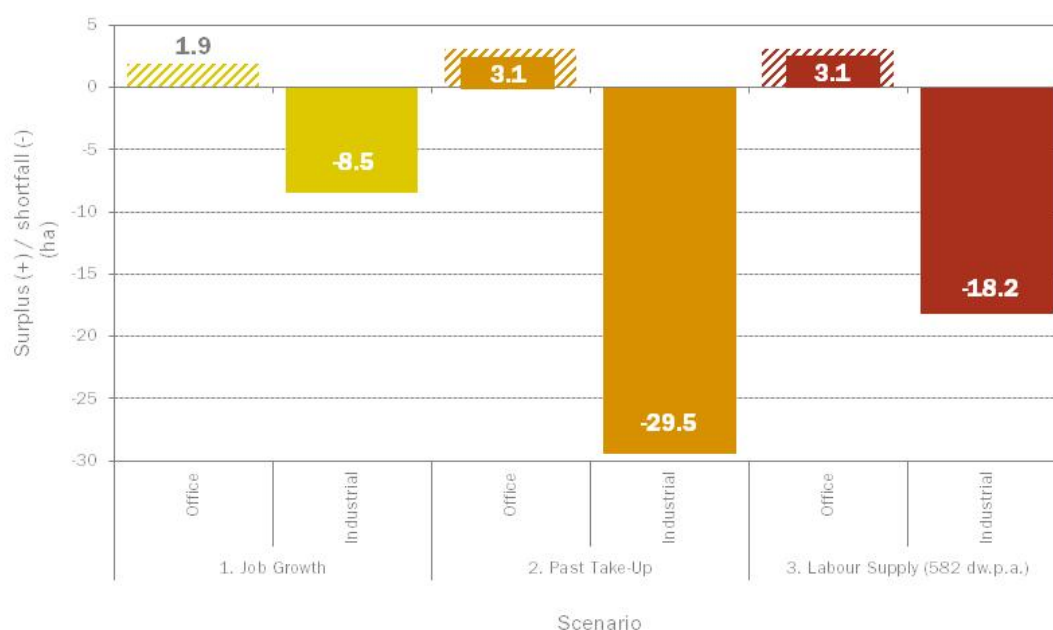
7.10 Table 7.3 and Figure 7.1 compare the demand and supply situations for industrial and offices uses separately. This indicates that there should be more than enough supply available, in purely quantitative terms, to meet office needs arising under all three demand estimates. However, the comparison also suggests there would be a shortfall of industrial space to meet forecast needs under all three of the scenarios, with the deficit varying between 8.5 ha (job growth scenario) and 29.5 ha (past take-up scenario).

7.11 This predicted shortfall assumes that all three Local Plan Allocations that remain undeveloped and outstanding planning permissions (at March 2013) come forward in full for employment development over the plan period. Any deviation from this assumption could potentially worsen the existing deficit of industrial space.

Table 7.3 Demand/Supply for office and industrial space to 2028 (ha)

	1. Job Growth	2. Past Take-up	3. Labour Supply (582 dw.p.a)
Industrial			
Industrial space requirement	13.2	34.2	22.9
Potential supply of industrial space	4.7		
Surplus(+)/Shortfall(-)	-8.5	-29.5	-18.2
Offices			
Office space requirement	5.6	4.4	4.4
Potential supply of office space	7.5		
Surplus(+)/Shortfall(-)	1.9	3.1	3.1

Figure 7.1 Forecast surplus of office and industrial space to 2028 by scenario



Source: NLP analysis

7.12

This suggests that while the identified pipeline supply as it stands provides for sufficient office space to meet the District’s employment development needs to 2028 (in purely quantitative terms), it is significantly under-providing against the need for industrial space that arises under all three forecast scenarios.

Alternative Supply Position

- 7.13 The 12.2ha of employment land outlined above represents the baseline supply position; as either allocations or subject to extant planning permissions, these sites already have the necessary planning status which helps to provide greater certainty that they can come forward for development. Beyond this, it is possible to identify additional land that has good prospects of coming forward for employment development over the longer term plan period (albeit carrying less certainty), and include this within an alternative supply position for testing purposes.

Whitehill & Bordon Eco-Town

- 7.14 As part of ongoing masterplanning work for the proposed Eco-Town, the Council has identified four employment allocation sites²⁶ in Whitehill & Bordon that are anticipated to deliver part of their employment allocation during the plan period. Together, these sites total 11.2ha²⁷ and include the 2.2ha undeveloped Local Plan Allocation at Bordon (Land South of Woolmer Trading Estate) which will now be delivered through the Masterplan. These sites are specifically designated for long term employment use in the Whitehill & Bordon Eco-Town Masterplan²⁸ and are sufficiently advanced in the planning system to be included within the alternative supply position, underlining the contribution that the Eco-Town is expected to play in driving forward future economic growth in the District.

Allowance for Windfall Development

- 7.15 As indicated in Section 3.0, employment development on windfall sites (i.e. non-allocated land) has been significant over the last 11 years, indicating the important role that these largely rural sites can play in meeting business needs in East Hampshire. It is to some extent a policy choice as to what extent windfalls might be relied upon to meet future needs, balancing their potential contribution to providing for rural needs but also the requirement to set out a clear portfolio of sites in sustainable locations. If a relatively low level of windfalls were assumed for the purposes of meeting future needs, for example equivalent to 20% of past annual average net completions, this would be equivalent to 22,225sqm or 6.4ha of land over the plan period.
- 7.16 It should be noted that there is less certainty that these non-allocated sites will continue to come forward in the future. Over-reliance on windfall sites to provide employment space could also potentially lead to adverse sustainability outcomes as sites often come forward in rural areas away from the District's key service centres and labour force. This source should therefore be viewed as one of a number of contributions to future supply.

²⁶ Louisburg Barracks, Viking Park, Quebec Barracks, Other Edge of Centre

²⁷ Representing 63% of total employment land allocated in the Whitehill & Bordon Masterplan, recognising the longer term regeneration opportunity provided by the Eco-Town

²⁸ Whitehill & Bordon Eco-town Masterplan (Revised May 2012)

7.17

Taken together, the addition of sites at Whitehill & Bordon and making some allowance for windfall sites would represent an increase of 17.6ha or 144% of the total employment floorspace capacity/pipeline supply identified above. This would increase the supply of available industrial space by 140% to 11.3ha and the available supply of office space by 147% to 18.5ha. Table 7.4 below summarises the effect of these changes in terms of presenting an alternative supply position.

Table 7.4 Available Employment Land in East Hampshire (Alternative Supply)

Source	New Employment Space (ha)		
	Industrial (B1c/B2/B8)	Offices (B1a/b)	Total
Local Plan Allocations	0.1	4.1	4.2
Other Sites with Extant Planning Permission	4.6	3.4	8.0
Whitehill & Bordon Eco-Town Masterplan	2.3	8.9	11.2
Windfall allowance*	4.3	2.1	6.4
Total	11.3	18.5	29.8

Source: East Hampshire District Council / Hampshire County Council / NLP analysis

Note: *Industrial/office split based on balance of completions over the last 11 years

7.18

It is useful to test the various employment floorspace requirements to 2028 against this alternative supply position (i.e. if the four sites at Whitehill & Bordon and allowance for windfall sites were to also come forward for employment development within the plan period). In this situation, East Hampshire would have enough employment space in quantitative terms to accommodate two of the three scenarios of future employment space requirements (job growth and labour supply), but would fall short of accommodating the past take-up scenario by 8.8ha to 2028 (Table 7.5).

Table 7.5 Demand/Supply of B Class employment space in East Hampshire (Alternative Supply)

	1. Job Growth	2. Past Take-up	3. Labour Supply (582 dw.p.a)
Requirement for B Class Space (ha)	18.8	38.6	27.3
Available Employment Space (ha)	29.8		
Surplus (+)/Shortfall (-) (ha)	11.0	-8.8	2.5

Source: NLP analysis

7.19

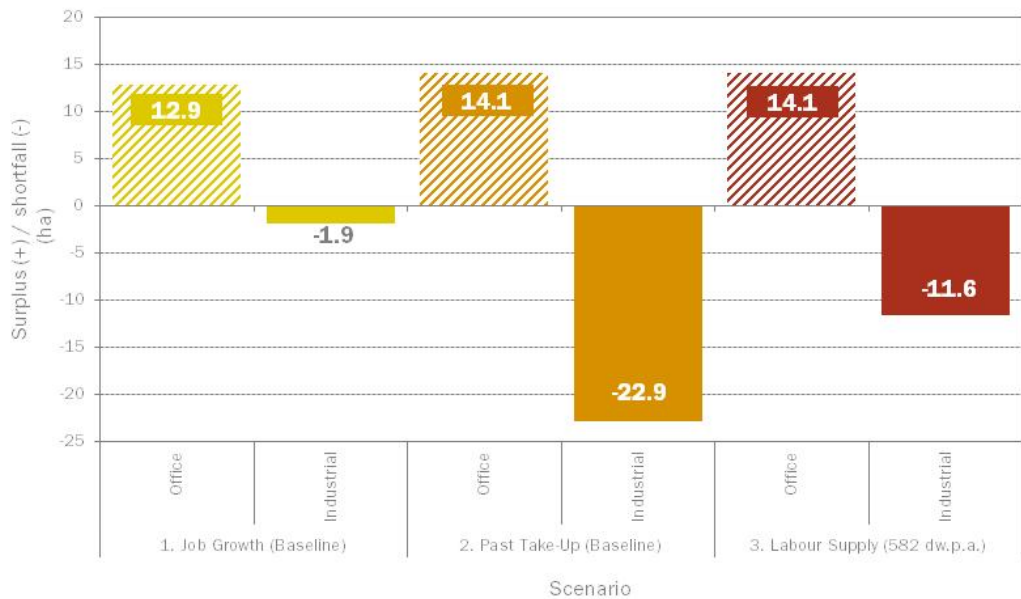
A comparison of the demand and supply situations for industrial and offices uses indicates that there would still be a shortfall of industrial space to meet

forecast needs across all scenarios, although this shortfall would be reduced. At the same time, the additional supply would increase the existing surplus of office space to between 12.9ha and 14.1ha by 2028 (Table 7.6).

Table 7.6 Demand/Supply for office and industrial space to 2028 (ha) (Alternative Supply)

	1. Job Growth	2. Past Take-up	3. Labour Supply (582 dw.p.a)
Industrial			
Industrial space requirement	13.2	34.2	22.9
Potential supply of industrial space	11.3		
Surplus(+)/Shortfall(-)	-1.9	-22.9	-11.6
Offices			
Office space requirement	5.6	4.4	4.4
Potential supply of office space	18.5		
Surplus(+)/Shortfall(-)	12.9	14.1	14.1

Figure 7.2 Forecast surplus of office and industrial space to 2028 by scenario (Alternative Supply)



Source: NLP analysis

7.20

This alternative supply position could be subject to change as the Whitehill & Bordon Eco-Town Masterplan is progressed and further discussions take place with relevant land owners/developers etc.

- 7.21 It should be noted that the supply figures (and associated Tables and Figures) presented above do not include any land proposed for employment use through the emerging Local Plan: Joint Core Strategy.²⁹

Delivery of Employment Land

- 7.22 The land supply considered above represents the ‘maximum case’ – the total amount of land theoretically available to accommodate employment development. A surplus of office land and a shortfall of industrial land is identified under all scenarios considered. However, there are a number of factors that may impact on the amount of land that actually becomes available for employment development within the plan period and consequently the demand/supply balance:

- 1 Planning applications on local plan allocations
- 2 Outstanding planning permissions

- 7.23 Each of these is considered in turn below.

Planning applications on Local Plan allocations

- 7.24 A number of planning applications have recently been received by East Hampshire District Council and the South Downs National Park Authority for development on all three Local Plan Allocation sites³⁰. Taken together, these proposals would seek to provide approximately 8,700sqm of employment space, representing a reduction of 5,800sqm (40%) from the level of development assumed in the Local Plan: Second Review³¹.

- 7.25 At the time of writing, these applications remain under consideration by the Local Planning Authority. However, depending upon the outcome, these proposals could reduce the amount of employment floorspace available within East Hampshire over the plan period to 2028, and in doing so, have a negative impact on the balance of overall employment land demand and supply.

Outstanding planning permissions

- 7.26 Whilst County Council monitoring data indicates that the District currently has around 12,180sqm of floorspace or 8ha of outstanding planning permissions (i.e. permissions that have not yet been started) for B class development, there is no guarantee that these permissions will be implemented over the plan period, whereby bringing forward land for employment use.

- 7.27 It is also important to note that these permissions relate to specific schemes and users and may therefore be less able to meet general future needs. These planning permissions are distributed across 27 sites in the District, many of

²⁹ The Submission Local Plan: Joint Core Strategy proposes to allocate 7.5ha of land in Alton, Petersfield and Horndean

³⁰ Land South of Buckmore Farm (Petersfield); Former OSU site (Liphook); and Land adjacent Bentley Industrial Estate (Bentley)

³¹ The Local Plan: Second Review estimates that 14,500sqm of employment floorspace could be accommodated on these three sites

which relate to small site areas; over 95% of planning permissions relate to areas of land less than one hectare in size, restricting the scale of development that could be accommodated on individual sites.

Qualitative Factors

7.28 Even where no quantitative shortfall of space is identified, in some circumstances additional land may be needed for qualitative reasons, for example to:

- improve the choice of provision for occupiers;
- meet gaps in the supply of particular types of premises;
- improve or modernise the quality of current provision and so help attract more occupiers; or
- provide a better spatial distribution of employment sites to meet the needs of different settlements.

7.29 Qualitative needs are considered for each broad property type/area individually.

Industrial

7.30 Whilst East Hampshire is perceived as a reasonable industrial location, and continues to see steady demand for industrial space, much of the District's stock is relatively old and requires refurbishment while there has been limited modern space built in recent years although some older stock has been refurbished. Relatively low levels of vacancy reflect a limited supply of industrial accommodation (particularly modern, good quality space). Furthermore, a lack of larger scale industrial premises means that East Hampshire is less well placed to retain local firms within the District as they grow and expand.

7.31 Local commercial agents report a general shortage of readily deliverable industrial sites while limited availability of new land and high occupancy on existing sites is preventing the churn and intensification that some of the District's stock requires to remain attractive to occupiers. It therefore appears important that new sites suitable for industrial uses are made available, with a focus on those that are readily available and located near to strategic roads (such as the A3/A31) and other transport links. Given the District's industrial market strengths, it is vital that future economic growth in this sector is not unduly constrained by a lack of suitable accommodation for firms seeking to relocate or expand within East Hampshire.

Offices

7.32 Whilst East Hampshire's office market is relatively small and characterised by fairly modest levels of demand and low levels of take up in recent years, market feedback suggests that it still has a role to play in driving future economic growth in the District by ensuring that the market can provide a range of smaller scale modern accommodation to achieve a critical mass and sustain indigenous firms within the District as they grow and expand.

- 7.33 Much of the District's current supply comprises a mix of small modern and second-hand office premises and although office vacancy remains close to 'normal' market levels (at just under 10%), local agents attribute current vacancy to older office premises that no longer meet modern business requirements, while good quality, modern high specification office premises are very limited in East Hampshire. Recent evidence indicates that many enquiries for office space in the District cannot be met, while over the last few years the District Council has received enquiries from businesses for approximately 86,500sqft / 8,040sqm of B1a floorspace (although more than half of this requirement relates to multiple use enquiries rather than for stand-alone office space).
- 7.34 There are very few examples of such developments having been completed in recent years, with market feedback indicating scope for small scale schemes (such as the recently developed Rotherbrook Court in Petersfield) providing new 2-300sqm high specification offices for the East Hampshire's SME base. As East Hampshire's areas of strongest market demand, new office development is most likely to be focused within Alton and/or Petersfield, either through redevelopment/intensification on existing established sites where possible or through new allocations.








Start-up Premises

- 7.35 As noted earlier, the District has a very limited amount of space specifically targeted at small and start-up businesses and consultations with local agents suggest that East Hampshire could accommodate an additional start-up enterprise centre in the short to medium term that could offer high quality, modern premises at competitive rents. This type of facility could potentially be located on Bedford Road in Petersfield or alternatively as part of the Whitehill & Bordon Eco-Town development (once a first stage industrial development has been completed to generate critical mass and profile).

Settlement Distribution

- 7.36 Whilst a key aim of this ELR update is to estimate gross employment land requirements for the District overall, it is also important to ensure the appropriate distribution of allocated sites across the District to meet future requirements, and to accord with market demand. As such, this section provides an overview of market views on demand for different uses, locations of stronger / weaker demand across East Hampshire and seeks to identify where any gaps in future provision may exist.
- 7.37 A summary of the anticipated demand/supply situation over the plan period for the District's main settlement areas (as defined by the settlement hierarchy) is presented in Table 7.7 with a summary by settlement area provided below. This analysis has been undertaken within the context of an identified gross requirement of between 18.8 ha and 38.6 ha over the 16 year time period 2012-2028 set against both baseline and alternative supply positions as described above.

Table 7.7 Comparison of Employment Land Supply and Demand to 2028 by Settlement

Location / Settlement	Existing Employment Land Supply (ha)		Level of Market Demand	Demand / Supply Balance to 2028
	Baseline	Alternative Supply		
Alton	2.5	2.5	High	
Petersfield	2.3	2.3	High	
Whitehill & Bordon	1.3	12.5	Moderate/Low	
Liphook	1.9	1.9	Moderate	
Horndean	0.1	0.1	Moderate	
Small Local Service Centres	1.6	1.6	Low	
Rural/Other	2.5	8.9	Moderate	
Total	12.2	29.8	Moderate	

KEY  = under-supply  = adequate supply

Note: Assumes that 6.4ha allowance for development on windfall sites occurs in rural/other settlements

7.38

Alton is one of East Hampshire’s strongest market locations for both industrial and offices and has one of the District’s largest employment areas to the south of the settlement (Omega Park, Caker Stream etc). Alton’s pipeline supply of new employment space is very limited at just 2.5ha, comprising a number of smaller sites with outstanding planning permission, mainly for industrial uses. Given the existing concentration of employment space in Alton, and its continued important economic role, there is both a quantitative and qualitative need for more employment space to be identified/allocated in the town, to not only ensure Alton is able to accommodate the expansion of existing firms but to also enable occupier choice and flexibility and the opportunity to upgrade/intensify existing sites. The Submission Local Plan: Joint Core Strategy proposes at least 4 ha of new allocations in Alton, although in light of the significant shortfall of industrial space to meet the District’s needs over the plan period and Alton’s existing strengths as an industrial location, this target could feasibly be increased.

- 7.39 **Petersfield** also represents one of the District's most important employment locations, benefiting from strong office market demand in particular due in part to its market town status and good transport links. Identified supply of employment space comprises just 2.3ha, the majority of which (2.1ha) relates to the undeveloped Local Plan allocation at land south of Buckmore Farm for B1 uses. This site is currently subject to a planning application under consideration for a new business park; if this development were to receive planning permission and come forward soon, the town would have very little space left over the remaining years of the plan period for new development. Apart from 0.2ha of outstanding planning permissions, Petersfield currently has no land available for industrial uses over the plan period. It is therefore recommended that the existing target of up to 2ha of new employment land proposed by the Submission Local Plan: Joint Core Strategy is increased to ensure that Petersfield is able to continue to accommodate demand for employment development.
- 7.40 The town of **Whitehill & Bordon** accommodates a number of industrial estates but is not currently an established office location. However, large scale regeneration proposals for the Whitehill & Bordon Eco-Town provide the area with an opportunity to raise its economic profile and develop a critical mass of employment uses. Just over 11ha of employment land is anticipated to come forward for development over the plan period through the wider Eco-Town Masterplan; alongside 1.3ha of outstanding planning permissions for industrial and office uses, this supply appears proportionate to the level of demand likely to be generated by the regeneration of the town. The majority of this new supply relates to office space, although the area is not currently characterised by strong levels of office market demand. There may be a need to reconsider the balance between industrial and office supply and the anticipated delivery trajectory of employment land to enable the Eco-Town to build upon its industrial strengths during initial phases of development and support office development once the town's service economy becomes more established.
- 7.41 **Liphook** is a large local service centre serving the North East of the District with a relatively small concentration of employment sites and activity and characterised by modest industrial and office market demand. Liphook's pipeline supply of employment space largely comprises the 1.8ha undeveloped Local Plan Allocation at the former OSU site for open B1 use. It is understood that this site (which has remained vacant for a number of years) has extant planning permission for a mixed-use scheme including close living apartments, a nursing home / care facility and other employment uses. In addition, the site is currently subject to a planning application for a mixed-use scheme comprising part residential use and part commercial use. Should the extant planning permission be implemented, or the application be approved and consequently built out, available employment land in Liphook would reduce to just 0.1ha. In this situation the Council could consider allocating a modest amount of new employment land in the settlement to allow for occupier flexibility and choice.

- 7.42 **Horndean** is a local employment cluster largely industrial in character and serving the southern area of the District, with good access to the A3 and rail network. Although market demand remains moderate for lower value industrial premises, Horndean currently has a very limited pipeline supply of employment land at just 0.1ha of outstanding planning permissions for industrial development. It is therefore recommended that new employment land is identified/allocated to at least meet the target set out in the Submission Local Plan: Joint Core Strategy for up to 1.5ha over the plan period.
- 7.43 **Small Local Service Centres** including the settlements of Liss, Four Marks and Rowlands Castle continue to play a role in accommodating some of East Hampshire's smaller scale B class occupiers providing the District's workforce with an opportunity to live and work locally. However, market demand remains relatively low for employment space within these centres, particularly within the current climate, and the identified 1.6ha of outstanding planning permissions for industrial and office development appears to represent an appropriate level of supply to accommodate needs likely to arise within these areas over the plan period.
- 7.44 **Rural/other settlements** are dispersed across the District and include the smaller settlements of Bentley, Kingsley and Lindford. As noted in Section 4.0, rural business space accommodates a significant proportion of East Hampshire's employment requirements, reflecting the rural nature of the District and increasing diversification within the agriculture sector. Demand for rural space therefore remains relatively strong although much of this space falls outside of the District's main employment centres and is more difficult to proactively plan for. Under the alternative supply scenario there would appear to be sufficient identified future supply to accommodate business needs within rural and other small settlements over the plan period, although this assumes that the c.6.4ha allowance for windfall development occurs in these areas. In reality, the provision of a positive policy framework that encourages rural enterprise and diversification schemes represents the most appropriate way of ensuring that rural needs can be met, as supported by Policy CP4 Rural Economy and Enterprise in the Submission Local Plan: Joint Core Strategy.

Conclusions

- 7.45 Based on available employment space identified by Council monitoring data and Local Plan Allocations, East Hampshire has insufficient industrial floorspace in quantitative terms to meet future needs up to 2028 under all scenarios of future growth. Even under an alternative supply position which includes an additional allowance for employment sites at Whitehill & Bordon and employment development on windfall sites, there would still be a shortfall of space to accommodate demand from the District's industrial sector for employment space over the plan period.
- 7.46 Alongside this, there are a range of qualitative requirements that point to the need for some new land being made available. Demand for industrial space remains strong with relatively low levels of vacancy reflecting a limited supply of

industrial accommodation (particularly modern, good quality space). A general shortage of readily deliverable industrial sites and high occupancy on existing sites is preventing the churn and intensification that some of the District's stock requires to remain attractive to occupiers. In order to minimise the risk of current allocations/planning permissions not coming forward, and to cater for the needs of indigenous firms across the District, the Council should consider allocating additional land for industrial uses that is readily available and located near to strategic routes.

- 7.47 By contrast, the District would appear to have more than enough office floorspace in quantitative terms to meet future needs up to 2028, under various scenarios of future growth. The inclusion of additional sites at Whitehill & Bordon and an allowance for office development on windfall sites over the plan period would significantly increase this surplus.
- 7.48 Nevertheless, the District's office market suffers from a range of qualitative factors such as high vacancy of older premises, poor perception/profile as an office location (particularly compared with more established office centres nearby) and a lack of modern, high quality space that occupiers increasingly demand. Much of the identified future supply of office space is located outside of the District's strongest office market locations, indicating a potential spatial imbalance of supply.
- 7.49 As noted above, there are a number of factors relevant to the delivery of employment sites that suggest the Council should consider allocation of some new sites. For example, some of the existing Local Plan employment allocations are currently subject to applications for other uses which could reduce their potential to accommodate employment space, particularly office space. Any new office space allocations should be located in areas of strongest demand (i.e. the market towns of Alton and Petersfield) and that can provide longer term, sustainable and viable development opportunities.
- 7.50 In order to ensure the appropriate distribution of employment space across the District in accordance with market demand and within the context of an anticipated shortfall of employment space (particularly industrial space) to meet future requirements over the plan period, there is scope to increase targets for new allocations in the Local Plan: Joint Core Strategy, focusing upon the District's key settlements of Alton, Petersfield and Horndean.

8.0 Needs of Non B Uses

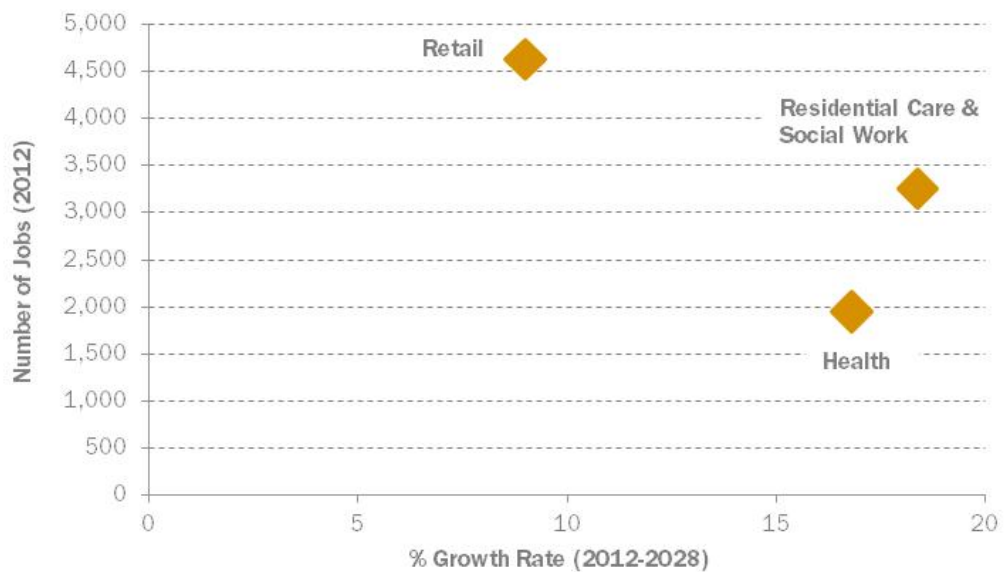
8.1 Reflecting the lack of any distinction between different types of economic growth and development within the NPPF, this section considers the current level of provision and distribution of some non B Class uses in the District, the employment potential of these uses and, as far as possible, the extent to which they are likely to create pressures on employment land in the future are examined. At the Council’s request, specific consideration has been given to retail (A1 use class) and health and residential care activities (C2 use class).

Context

Growth Forecasts

8.2 Drawing on the Experian employment forecasts used in Section 6.0, non B-class jobs currently account for about 36,180 jobs in the District³², some 64% of all employment. This sector is forecast to increase by around 3,690 jobs over the period to 2028, broadly maintaining its overall share. Figure 8.1 compares the size of the selected non B-class sectors (based on their 2012 employment level) and forecast percentage growth rate between 2012-28.

Figure 8.1 Job Growth of Selected Non B Class Sectors in East Hampshire 2012-2028



Source: Experian / NLP analysis

³² Experian 2013

Retail

Employment

- 8.3 The retail (A1) sector currently accounts for about 4,640 jobs in the District, making it the third largest non B class sector in employment terms³³, and is forecast to grow by nearly 9% to 5,050 jobs by 2028.
- 8.4 Using existing convenience and comparison floorspace data from the East Hampshire Town Centres, Retail and Leisure Study³⁴, it is possible to estimate the broad spatial distribution of existing retail jobs across the District's settlement hierarchy (as set out in the Submission Local Plan: Joint Core Strategy) (Table 8.1). This indicates that the majority of retail jobs are currently located within East Hampshire's market towns of Petersfield (29.6%) and Alton (26.6%), with the remaining jobs dispersed across the District's local service centres.

Table 8.1 Spatial Distribution of Retail Employment in East Hampshire, 2012 and 2028

Position in Hierarchy	Settlement	Retail Jobs		
		Current Split (%)	2012	2028*
Market Town	Petersfield	29.6	1,376	1,497
	Alton	26.6	1,236	1,345
	Whitehill & Bordon†	13.9	647	704
Large Local Service Centre	Liphook	8.3	384	418
	Horndean	8.5	393	428
Small Local Service Centre	Other Local Centres	13.0	605	659
Total		100%	4,640	5,050

Source: Experian / East Hampshire Retail Study 2007 / NLP analysis

* Assuming existing spatial distribution of retail employment remains unchanged in 2028

† Policy CSWB3 in the Submission Local Plan: Joint Core Strategy allocates Whitehill & Bordon as a new town centre which will be in the same category as Petersfield and Alton in terms of its role and function in the retail hierarchy for the District

Development Trends

- 8.5 The District currently accommodates around 149,000sqm of retail floorspace, having increased by 8.8% over the last 10 years, outpacing growth within both the wider South East (6.5%) and England (4.8%) over this period³⁵. This space is primarily located within East Hampshire's two key settlements of Petersfield

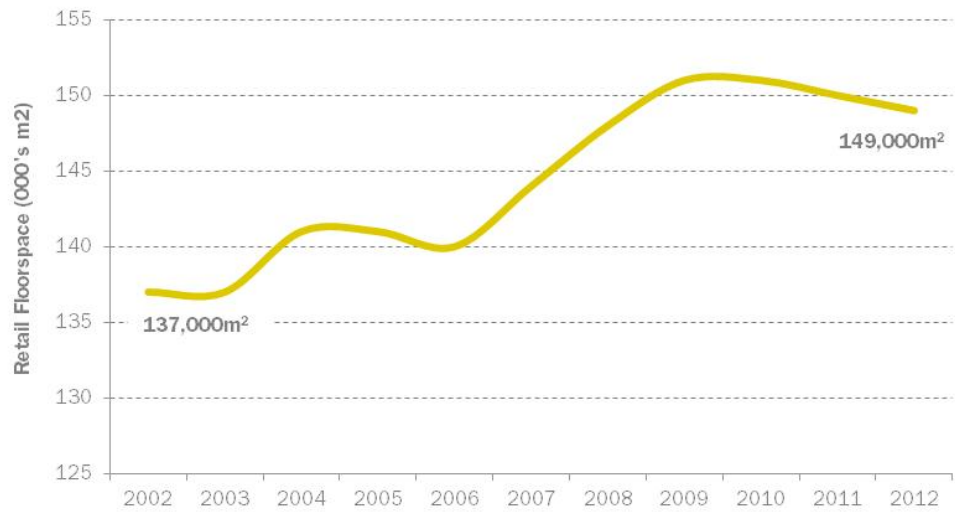
³³ Behind administrative & support services and education

³⁴ East Hampshire District Council, Town Centres, Retail and Leisure Study, April 2007

³⁵ VOA Experimental Business Floorspace Statistics, May 2012

and Alton, and to a lesser extent the centres of Whitehill & Bordon, Liphook, Horndean and a range of smaller settlements.

Figure 8.2 Change in Retail Floorspace in East Hampshire, 2002-2012

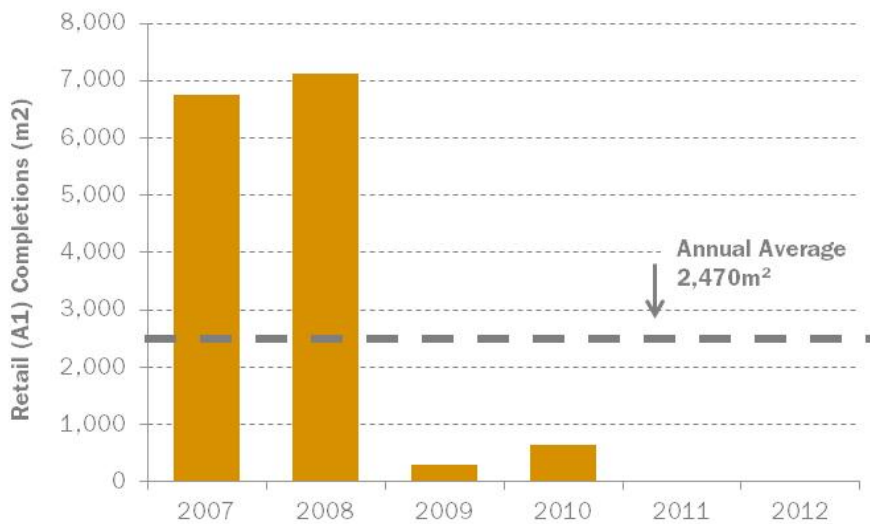


Source: VOA Business Floorspace Statistics 2012 / NLP analysis

8.6

Figure 8.3 sets out recent completions of retail (A1) floorspace in East Hampshire over the last five years. This indicates that just under 2,470sqm of retail space was developed per annum across the District between 2007 and 2012. However, levels of development have varied significantly over this period, with completions peaking at 7,120sqm in 2008 followed by very little retail development in 2009 and 2010 (300sqm and 630sqm respectively) and no development at all during the latest two reporting years (2011 and 2012).

Figure 8.3 Retail (A1) Completions in East Hampshire, 2007 to 2012



Source: East Hampshire District Council

8.7

This pattern of development appears to reflect recent changes to the overall quantum of retail floorspace in East Hampshire (Figure 8.2) whereby total stock has been steadily declining over the last few years.

Future Requirements

- 8.8 The District's latest Retail Study suggests that there is potential for around 1,200sqm net convenience floorspace across the District to 2016, with scope for an additional food superstore during the period 2016 to 2021 if major residential development is implemented in Whitehill & Bordon.
- 8.9 The study also identifies reasonable scope for additional comparison goods retail development within the District, amounting to 18,618sqm gross floorspace over the 20 year period 2006 to 2026.
- 8.10 Planning policy at national level, as well as the Joint Core Strategy, directs retail uses to town centre locations. Any additional provision would therefore be accommodated primarily within or adjoining the District's main town centres, with policies for retail proposals needing to take account of the provisions of the NPPF.

Health & Residential Care Activities

Employment

- 8.11 This sector includes hospitals, residential care homes and nursing homes, which together represent the C2 Residential Institutions use class. East Hampshire's current employment in this sector³⁶ totals about 5,190 jobs, and is forecast to grow by nearly 18% to 6,100 jobs by 2028. The residential and social care sector alone currently supports 3,250 jobs in the District and is expected to increase by 18% by 2028.
- 8.12 Based on the existing spatial distribution of residential care/nursing homes and hospitals across East Hampshire³⁷, it is possible to estimate where these jobs are located in relation to the District's settlement hierarchy. Table 8.2 indicates that just over half (51.6%) of health and residential care employment is located within the District's market towns of Alton, Petersfield (and Whitehill & Bordon which is due to share this position in the settlement hierarchy³⁸) where the majority of healthcare facilities are currently concentrated.
- 8.13 Large local service centres (such as Liphook and Horndean) account for just 9.5% of all employment within this sector, with small local service centres (such as Liss, Four Marks and Rowlands Castle) accommodating a further 17.1%. The remaining 21.8% of current employment within the District's health and residential care sector is distributed across East Hampshire's smaller, other settlements that have a settlement policy boundary, including Bentley, Lindford, Hill Brow and Stroud.

³⁶ Defined as Experian sectors Residential Care & Social Work and Health

³⁷ Using data from Carehome.co.uk (April 2013) / NHS Choices Online

³⁸ Policy CSWB3 in the Submission Local Plan: Core Strategy

Table 8.2 Spatial Distribution of Health and Residential Care Employment in East Hampshire, 2012 and 2028

Position in Hierarchy	Health and Residential Care Jobs		
	Current (2012) Split (%)	2012	2028*
Market Towns	51.6	2,679	3,133
Large Local Service Centres	9.5	492	582
Small Local Service Centres	17.1	886	1,047
Other Settlements with a settlement policy boundary	21.8	1,133	1,338
Small rural villages/hamlets within the countryside	0	0	0
Total	100%	5,190	6,100

Source: Experian / Carehome.co.uk / NHS Choice Online / NLP analysis

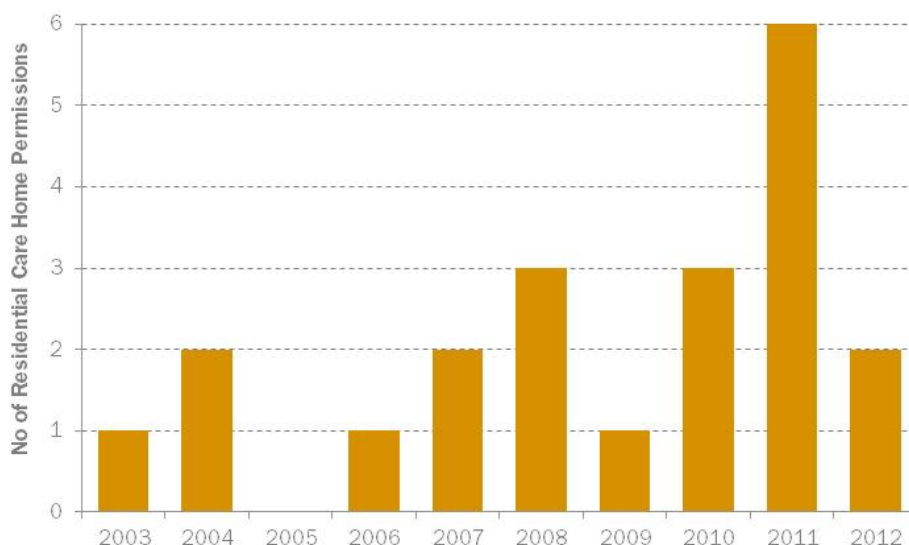
* Assuming existing spatial distribution of health and residential care employment remains unchanged in 2028

Development Trends

8.14

Although the Council does not monitor completions of C2 Residential Institution uses, it is possible to analyse planning permissions granted to C2 care home uses across East Hampshire over the last nine years (Figure 8.4). Between 2003 and 2012, 21 planning applications for care homes were approved in the District with Figure 8.4 showing an increasing trend over the last few years. The scale of individual proposals varied considerably, from an extension to an existing care home to a 106-bed new build care home with associated facilities.

Figure 8.4 Residential Care Home Permissions by Year, 2003 - 2012



Source: East Hampshire District Council

- 8.15 There has been some loss of employment space to residential institutional uses such as healthcare and care homes in recent years although the scale of losses has been relatively small.

Future Requirements

- 8.16 In terms of residential care homes for the elderly, East Hampshire has significant provision with around 66 homes at present. The latest ONS Sub-National Population Projections (SHMA Scenario B) indicate that the over 65 population of East Hampshire, the age group that typically makes greater demands on residential care, is forecast to grow by 29% between 2012 and 2021, equivalent to just over 6,300 more residents.³⁹ Furthermore, Hampshire County Council's new strategy for extra care housing⁴⁰ acknowledges Hampshire's perception as a retirement destination, with older people (over 60) currently accounting for about 11% of households in the County.
- 8.17 Based on SHMA Scenario B, the District's population as a whole is also expected to increase over the coming years, by approximately 7,720 people (6.6%) between 2012 and 2021. This population growth will also place increasing pressure on East Hampshire's existing healthcare facilities, including its three hospitals.
- 8.18 This may indicate a need for further provision although existing capacity can probably accommodate some growth in demand. Alongside Government proposals for social care funding reform, expansion of the elderly population and possible growth in demand for private health care will likely require further provision of residential care homes. However, this could be offset to some extent by programmes to help elderly residents live independently for longer.

Conclusions

- 8.19 Growth of Non B Class uses is likely to make an important contribution to employment growth in East Hampshire by 2028. The growth needs of a number of non B class sectors have been considered where job growth is forecast and there is potential for this to create some pressures on employment land. These sectors include retail, healthcare and residential care homes.
- 8.20 For retail uses, forecast floorspace requirements are relatively modest and are more likely to be met within East Hampshire's main centres although some of this could be provided within mixed use redevelopment of some older employment sites (subject to town centre planning policy tests), particularly if this helps to unlock the development potential in viability terms.
- 8.21 Most of the future growth needs of the healthcare and residential care sectors are likely to be met within existing sites in such use and the scale will be limited by continuing constraints on public sector spending. For residential care

³⁹ ONS SNPP Interim 2011-based estimates

⁴⁰ Housing Learning & Improvement Network, Extra Care Housing in Hampshire: A Strategic Approach to deliver an ambition, February 2013

homes, most future needs are likely to be met through expansion of existing facilities or re-use of other institutional premises rather than using land within East Hampshire's employment areas where the environment may not always be seen as appropriate.

9.0 Overall Conclusions and Policy Implications

- 9.1 This section draws together overall conclusions and considers appropriate policy approaches in relation to employment space for the final Local Plan: Joint Core Strategy, as well as other measures which may be required to support East Hampshire's economic growth objectives.

Overview of East Hampshire

- 9.2 East Hampshire has a successful economy which has proved relatively resilient through the recession. The District's business base is dominated by SME's with high levels of business start-up and self-employment. However, workforce productivity is relatively low and the District has historically underperformed in attracting significant levels of inward investment.
- 9.3 East Hampshire's employment space is dominated by industrial uses and the District has seen moderate levels of new employment development over the past 11 years, largely driven by new completions of industrial space. The main settlements of Petersfield, Alton, Bordon and Horndean accommodate the majority of employment space, although rural business space has become more in demand as the District's agriculture sector continues to diversify.
- 9.4 Demand for employment space remains steady while low levels of vacancy limit normal 'churn', intensification and upgrading of older sites. An underlying shortage of good quality business accommodation could potentially threaten East Hampshire's longer term ability to attract and retain the business base needed to achieve continued economic growth.

Policy Approaches

- 9.5 The scenarios considered in the previous sections indicate the broad scale and type of growth arising from different approaches to modelling the District's future employment space needs. To varying degrees, they reflect both indigenous needs arising within East Hampshire as well as – particularly in the case of the scenarios based on past development rates – a degree of footloose demand which operates across the District's boundaries from the wider sub-region. In the context of the NPPF, the Council's policy approach should (particularly in the aftermath of a period of economic recession and the Government's Plan for Growth) aim to at least fully meet East Hampshire's employment space needs so that the District's economy is not constrained, recognising that developments in adjoining areas will also be a key influence.
- 9.6 However, to ensure a flexible and responsive policy framework, it will be necessary not just to focus on meeting forecast quantitative requirements (which will fluctuate over time), but to think about the opportunities and risks that flow from particular policies. That might concern how delivery can be prioritised in some locations or for some types of employment uses, or how scope can be created for meeting as yet undefined inward investment

opportunities, but also not protecting legacy employment sites for which there is no longer a productive employment use. In a location with relatively constrained land supply, planning for employment will need to be balanced against pressures from other land uses, as well as other Local Plan objectives such as planned housing growth. B-class employment space also competes with non B-class uses, some of which may also generate local economic benefits or have identified needs that the NPPF indicates should be supported.

9.7 This requires choices in the Local Plan about which sites to protect or allocate for employment development, or which to consider for mixed use development (either in whole or part). That judgement must ultimately take account of:

- the local benefits of B-class sectors and the need to maintain a diversified and resilient economy that is open to growth and new economic opportunities as they arise (as envisaged by the NPPF);
- the economic and other outcomes (e.g. labour market) if some sectors become displaced or are otherwise constrained from expanding within the District;
- the need to encourage growth of high quality jobs within the District to address the disparity between resident employee earnings (higher) and workplace earnings (lower);
- the trade-off between seeking more intensive use of the restricted supply of sites and thereby yielding higher net job creation over time, and identified business needs (as specified in the NPPF) which may for some activities or sectors imply a less efficient use of land in order to function effectively; and
- maintaining a delivery trajectory for employment space with short, medium and longer-term opportunities over the life of the Plan.

9.8 The Submission Local Plan: Joint Core Strategy seeks to plan for a choice of sites and locations to meet the needs of particular sectors and occupier needs. Some further commentary on the approach and potential options for providing for the different B-class uses are considered below.

Industrial Uses

9.9 East Hampshire continues to represent a reasonably strong industrial location, reflecting its proximity to major transport routes, good rail links to London and a good local labour supply. Despite the economic downturn, demand remains steady for industrial premises in the District mainly for light industrial and small-scale distribution activities. Industrial vacancy rates at 9% are currently below the normal market average, while a lack of larger scale industrial premises means that East Hampshire is unable to retain many of its indigenous firms within the District as they grow and expand.

9.10 In terms of quantitative requirements, the analysis contained in Section 6.0 identifies a modest positive requirement for industrial floorspace under all three scenarios considered, ranging from 52,710sqm or 13.2ha under the job growth

scenario to 136,930sqm or 34.2ha under the past take-up scenario (Tables 6.9, 6.10 and 7.6). It is recommended that the Council should plan to at least accommodate the requirement for industrial space implied by the labour supply based estimate (91,490sqm / 22.9ha to 2028) in order to achieve its vision for economic growth as set out in the Submission Local Plan: Joint Core Strategy.

9.11 A comparison with future supply of employment space identified by Council monitoring data indicates that East Hampshire has insufficient industrial space to meet these needs to 2028 under all scenarios of future growth. The inclusion of additional sites at Whitehill & Bordon and allowance for windfall development under an alternative supply position would reduce this deficit but not eliminate it completely.

9.12 This potential shortfall is supported by qualitative market feedback which indicates that the District requires more industrial space to accommodate indigenous growth and enable the necessary churn and upgrading/intensification of existing sites. In the context of accommodating a positive industrial floorspace requirement, a number of (not mutually exclusive) options emerge:

1. Resist loss of industrial space in future

9.13 Against the backdrop of relatively modest losses of industrial space over the past 11 years (as detailed in Section 3.0), East Hampshire's industrial market is characterised by a general shortage of readily deliverable industrial sites, relatively low vacancy and a lack of surplus space to enable churn, intensification and upgrading of existing older sites. Feedback from local businesses and commercial agents suggest that East Hampshire is generally unable to retain firms in the District as they grow and require larger premises to accommodate this expansion.

9.14 The assessment of sites undertaken as part of this study indicates that the majority of the District's existing industrial sites appear to be performing well. These sites should continue to be safeguarded for employment use, as set out in Policy CP3 of the Submission Local Plan: Joint Core Strategy, and supported to continue to play an important role in accommodating East Hampshire's business activity. At the same time, the Council's proposed approach through Policy CP3 to permit alternative uses on employment land where the site can be shown to be no longer 'fit for purpose' also appears appropriate in light of NPPF guidance warning against long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose.

9.15 However, in light of East Hampshire's spatial constraints, pressures from other, higher values uses such as residential and a predicted shortfall in industrial supply over the plan period, the Council should consider adopting a strict approach to determining planning proposals seeking change of use and/or loss of industrial floorspace, by either resisting any net loss of industrial floorspace or requesting a net gain on redevelopment sites. As a minimum, this policy should be applied to the District's largest and most important industrial areas

such as Omega Park/Mill Lane in Alton and Bedford Road in Petersfield to ensure that East Hampshire retains its industrial base and sector strengths.

- 9.16 It is worth noting that the positive requirements for industrial space incorporate some allowance for replacement of on-going losses of employment space to other uses⁴¹, whilst recognising the difficulty of continuing to replace losses due to the District's physical constraints and lack of readily available land for development. Theoretically, a reduction in the requirement for space could be achieved by removing or reducing the allowance for replacing losses of employment space. However, such an approach would run counter to the well-established principle in employment land assessments. Moreover, such an accounting exercise would risk a diminution in the amount of industrial space available and lead to a further tightening in the market for space, potentially harming the District's economic vitality.

2. Allocate new industrial sites

- 9.17 The option of allocating additional sites for industrial development would increase the current choice of sites and provide the District with new development opportunities of the size and scale necessary to enable East Hampshire to accommodate both indigenous firm expansion and relocations from outside of the District.
- 9.18 As a tightly constrained District, new development sites are limited and very few Local Plan Allocation sites remain undeveloped. Through the evidence base for the Local Plan: Joint Core Strategy, the Council has identified a shortlist of nine employment sites suitable for potential allocation for employment use to accommodate additional requirements over the plan period, amounting to just under 60ha of land in total. It is understood that these potential new employment sites are subject to further assessment either through the Local Plan: Allocations document or a Neighbourhood Plan. In light of the shortfall of industrial space to meet objectively assessed requirements identified by this study, it is recommended that the Council allocate at least some of these sites for employment use over the plan period, using this assessment to identify those sites with the strongest development potential for industrial uses over the plan period. Within the current climate of weak demand and limited access to finance/capital for development, this approach should focus on those sites in areas of strongest market demand, that have the greatest appeal to potential occupiers and developers, and that are most readily available to be brought forward for development (i.e. have the fewest infrastructure barriers such as poor access and environmental issues).
- 9.19 Any new allocations should benefit from East Hampshire's strong transport links by being located close to the A3 and/or A31 but also located close to established industrial areas such as Mill Lane in Alton, Bedford Road in Petersfield or existing industrial sites adjoining the A3 in Horndean. They should also provide the necessary scale to accommodate longer term industrial needs

⁴¹ This reflects the approach advocated in the ODPM guidance and the SEEPB Guidance (2010)

subject to provision of new infrastructure. In the short term, securing delivery may be contingent on a mixed-use approach alongside other employment and commercial uses, and any review of shortlisted sites should take this into consideration.

3. Intensification of existing sites

- 9.20 The upgrading and refurbishment of existing industrial areas, and where possible, redevelopment so that they can be used more efficiently provides a further option for accommodating future requirements. Better utilisation of the existing industrial stock could be achieved through gradual redevelopment of individual plots, for example replacing a large older unit with development of modern smaller units for which there is good demand.
- 9.21 The site assessments identify limited scope to upgrade and renew some of the District's poorer performing sites, to ensure that this space remains attractive and viable to the market. In the first instance, this approach could focus on older employment sites that do not currently reflect modern working layouts, densities, technology and premises (for example parts of Passfield Mill Business Park) and perform relatively poorly based on recent site assessments. This may comprise redevelopment, but qualitative improvements can also be delivered through refurbishment of existing buildings to some extent.
- 9.22 The majority of the District's poorer performing sites are generally located within the rural areas. However, there are two industrial sites⁴² in Petersfield with potential for upgrading/redevelopment that benefit from a strong location between the town centre and Bedford Road commercial area, with excellent access to the mainline railway station and shops/services in the town centre. Because town centre development opportunities are generally scarce, and in light of a very limited supply of land for new development, these two sites potentially provide an ideal opportunity to upgrade the existing stock of industrial space to meet East Hampshire's business space needs.
- 9.23 Barriers to the redevelopment of industrial premises in the District include high occupancy and low vacancy (making redevelopment opportunities rare), and potentially viability considerations in the current market climate. Better utilisation of the stock on these estates could be achieved either through gradual redevelopment of individual plots (e.g. replacing a large older unit with development of modern small units for which there is good demand, as per the recent development of new industrial units at Rotherbrook Court, Petersfield) or the sub-division of larger units. Based on experience elsewhere, qualitative improvements on the larger estates could also include the stripping and repainting of older industrial units, and making environmental, security and traffic management improvements through a Business Improvement District (BID) mechanism. Similar processes of gradual upgrading could be encouraged on larger industrial areas to ensure they can make a positive contribution to meeting some of East Hampshire's future growth requirements.

⁴² Amey Industrial estate and Laundry Site, Frenchman's Road, Petersfield

- 9.24 There may also be the potential to explore different funding sources to enable small/medium firms to upgrade premises or develop new premises if the market does not deliver these improvements, either through gap funding assistance or de-risking through up-front finance. This could include a number of forms of direct Council/LEP financial support such as a Business Improvement Grant, direct lending to small firms and/or mortgage support, as well as grants to install renewable energy equipment. Such measures may be harder to fund in the current economic climate but could appear worthwhile as future actions.
- 9.25 Finally, it may be appropriate to explore opportunities to de-risk planning issues for certain types of development, in a way that is appropriate to the site context. This could include, for example, Local Development Orders, design codes, or other forms of planning brief to provide greater certainty on the types of development that will be supported by the Council.

4. Assume (and plan for) needs to be met elsewhere

- 9.26 A final option is to not specifically identify additional capacity for industrial space, and by implication, assume that these needs are met on non-allocated sites or are displaced to adjoining local authority areas. Whilst the review in Section 3.0 did identify some potential capacity for industrial development in adjoining areas, such an approach would need to be carefully investigated through duty to cooperate arrangements to ensure consistency with the Development Plans of adjoining authorities.
- 9.27 As already indicated, development of B class space on non-allocated windfall sites has been significant over the last 11 years, accounting for over 70% of all gross completions across East Hampshire during this time. An allowance for 20% of past net windfall completions has already been assumed to come forward over the plan period and contribute to future space needs within the alternative supply position. However, if the Council were to increase this assumption so that an allowance equivalent to 80% of past windfall development was made over the plan period, this would meet the requirement for additional industrial space under two of the three scenarios (job growth and labour supply). The rate of past windfall completions would need to increase by just under 30% over the plan period to meet the highest past take-up requirement. However, as noted earlier there are some risks attached to relying on windfall sites to meet a significant proportion of future needs.
- 9.28 The general pattern of windfall development in East Hampshire has been focused mainly on rural areas. The NPPF emphasises that local planning authorities should plan proactively to meet the development needs of rural businesses while the English National Parks Circular⁴³ sets out an expectation that local authorities should support thriving rural economies by fostering an appropriate planning regime encouraging new development to broaden the

⁴³ Defra, English National Parks and the Broads, UK Government Vision and Circular 2010

economic base and fostering more diverse and higher value local employment opportunities.

- 9.29 Policy CP4 in the Submission Local Plan: Joint Core Strategy supports and encourages rural economic development and enterprise including the conversion of rural buildings to commercial use where appropriate. This approach therefore appears consistent with national policy objectives and the need to recognise the role of the District's rural economy.

Office Uses

- 9.30 The office market in East Hampshire is relatively small and localised, lacking the critical mass to attract and sustain larger office occupiers, particularly in light of strong competition from nearby established centres such as Guildford, Basingstoke and Portsmouth. Much of the current supply comprises a mix of small modern and second-hand office accommodation but a lack of good quality, high specification office premises.
- 9.31 While enquiries for office space generally fall below the 2,500-3,000sqft range, enquiries are occasionally received from larger occupiers for premises above this size which cannot generally be accommodated by the existing portfolio of office sites in East Hampshire. Over the past few years the District Council has received enquiries from businesses for B1a floorspace of approximately 86,000 sqft / 8,000sqm (although some intended to be ancillary to warehousing floorspace). Much of the identified future supply of office space is located outside of the District's strongest office market locations, indicating a potential spatial imbalance in accommodating future employment needs in East Hampshire. For example, 84% of pipeline office supply identified under the alternative supply position falls outside of East Hampshire's main market locations of Alton and Petersfield.
- 9.32 The District is expected to see reasonably strong office job growth over the next 16 years (reflecting wider macro-economic trends) and the sector is anticipated to have an increasingly important role to play in East Hampshire's future economy. Quantitatively, it would appear that East Hampshire has enough identified office floorspace to meet future needs under all three development scenarios to 2028, however there are a number of qualitative and market issues for the Council to consider.

1. Whitehill & Bordon

- 9.33 The Whitehill & Bordon Eco-Town Masterplan sets out a range of employment provision totalling 17.9ha across four key sites, of which just under three quarters (74%) has been provisionally allocated for office use. It will form a significant component of the District's future employment land supply and has the potential to transform the town into one of East Hampshire's main employment locations. From a qualitative perspective, it will also provide the District with a strategic employment site proposition of a scale to help attract

mobile investment, and enable East Hampshire to compete more effectively for business occupiers.

- 9.34 However, any new employment development will need to be phased and market-led, perhaps initially drawing upon the town's existing economic strengths and beginning with industrial development followed by modest provision office space once the town's service economy becomes more established and its profile as a business location is raised. Market feedback suggests there could also be scope to provide a new enterprise/incubator centre for start-up businesses at Whitehill & Bordon. Nevertheless, the Eco-Town represents a longer term development opportunity, with limited ability to accommodate shorter term employment growth, particularly over the first half of the plan period.
- 9.35 Alongside the gradual establishment of Whitehill & Bordon as an office location, the Council will want to ensure that new office provision continues to come forward within those areas of the District that currently attract the majority of demand from office-based firms, such as Alton and Petersfield.

2. Balancing Future Office Supply

- 9.36 As described in Section 4.0, Alton and Petersfield represent East Hampshire's strongest areas of office market demand, reflecting their market town status and mainline railway links. Whilst the two towns accommodate the majority of the District's office space across the key employment areas of Mill Lane, Omega Park and Bedford Road, the majority (86%) of identified future office supply under the higher, alternative scenario is concentrated in other areas of the District including Whitehill & Bordon, Liphook and other mainly rural sites.
- 9.37 Furthermore, despite the important role that Petersfield plays in the District's office market, the town has just one site contributing towards future office supply – the 2.1ha Local Plan Allocation at Land South of Buckmore Farm. The site is currently subject to a planning application for a business park development proposing 6,500sqm of floorspace, the majority of which is proposed to be office use. If approved, the scheme would provide the equivalent of just over eight years of past net office (B1a) completions in East Hampshire. Once this site is fully developed, there are no other sites currently identified as available to accommodate new office development in Petersfield over the remaining plan period to 2028.
- 9.38 The pattern of supply as it stands – in particular a lack of supply in areas of market demand – could potentially threaten the District's office economy by limiting choice and failing to provide an adequate portfolio of good quality office sites in popular business locations. There is a risk that indigenous firms will be forced to locate outside of the District and/or new firms could be deterred from locating in East Hampshire. This implies a need to consider re-balancing East Hampshire's future office site portfolio. In seeking to manage how future employment needs (specifically relating to office uses) are accommodated and distributed across individual settlements, the Council should have regard to:

- a an analysis of the types of space required and locations of strongest demand in order to best meet business needs and maximise prospects for delivery (as informed by this study and subsequent future updates);
- b an assessment of the quality of existing sites and where extant permissions and (re)development opportunities exist either in whole or part (as informed by the site assessments in this study);
- c discussions with individual occupiers, landowners and developers to understand site-specific requirements, and investigating the extent to which flexibility for alternative non B-class uses can help support delivery of new/upgraded employment space where viability or other market barriers exist; and
- d the extent to which balanced local provision should be maintained for the purposes of providing access to local employment opportunities across individual settlements, and maintaining a sustainable distribution of housing and jobs. In some cases, this could imply retention of some poorer performing sites, and/or considering means of intervention if the market is unlikely to deliver employment space in some locations.

3. Allocate new office sites

- 9.39 Although this study does not identify a quantitative requirement for new office space over the plan period, from a qualitative perspective it may be appropriate to consider allocating at least one new office site/extending an existing better performing site in order to provide the choice and flexibility for occupiers, as well as sites of the scale and size to enable East Hampshire to attract larger office occupiers that historically the District has been unable to do. This would also provide the opportunity for high quality space for office development to be located in the areas of the District that continue to attract strongest demand.
- 9.40 As previously outlined, there are a number of risks to the identified pipeline of office supply coming forward over the plan period, including the uncertainty over the future role of Local Plan Allocations (some of which are subject to planning applications for residential use), alongside growing evidence that business enquiries for office space cannot be accommodated within the District.
- 9.41 In this context, the Council could re-visit the shortlist of potential new sites for employment allocation and use the further assessment process either through the Local Plan: Allocations document or a Neighbourhood Plan as an opportunity to consider whether any site(s) may be suitable for office development, either in whole or as part of a mixed use development. Six of the nine shortlisted sites are located in either Alton or Petersfield, so would initially appear to be situated in the District's strongest office locations with greatest prospects of viability in the short to medium term.

4. Upgrading existing office supply

- 9.42 Alongside provision of new supply as noted above, upgrading and renewal of the District's existing stock of office accommodation will also be important. It

will not only ensure that this space remains attractive to the market, but may also provide the opportunity to create some additional supply. This may comprise redevelopment, but qualitative improvements can also be delivered through refurbishment of existing buildings to some extent.

- 9.43 There are some examples of such upgrading and redevelopment having occurred in recent years, such as Rotherbrook Court in Petersfield Business Park which was completed in 2006 providing high quality, small office premises that are reported to have been well received by the local market. Office rental levels in the market towns of Alton and Petersfield are likely to continue to provide the greatest incentive for this type of renewal activity, but there may also be opportunities in other parts of the District. Market feedback indicates that there is appetite amongst East Hampshire's business community for similar schemes to Rotherbrook Court in the future, providing new 2-3,000 sqft high specification office units for local SMEs.

Other Policy Issues

1. Constructing a delivery trajectory for employment sites

- 9.44 In light of significant uncertainty surrounding the future pipeline of employment land supply and the potential emergence of a number of new sites for employment allocation, it would appear sensible to identify a realistic delivery trajectory for employment sites over the plan period to 2028, particularly in the case of future industrial space where a quantitative requirement for additional supply has been identified and there are limited immediate new development opportunities on the District's existing sites.
- 9.45 Accordingly, it is recommended that the Council should evidence how its portfolio of allocations, extant planning permissions and other development opportunities will support delivery of new space over the short, medium and long-term (structured broadly in five year periods). This accords with the approach set out in the former SEEPB guidance on employment land assessments which encouraged local authorities to demonstrate a five-year rolling supply of employment land, alongside a requirement in the NPPF for local planning authorities to plan proactively to meet the development needs of business as well as guidance in the Government's White Paper⁴⁴ for local authorities to support growth and development through ensuring a responsive supply of land that supports business growth.
- 9.46 Where any gaps are identified, the Council will want to consider options for how this can be addressed (potentially as part of the Local Plan: Allocations document). It is helpful for sites to be assessed on a consistent basis in order to determine at broadly what point in the Plan period they may become available, and how important any individual site is for meeting either office or industrial needs within any rolling five-year period.

⁴⁴ HM Government, Local Growth: Realising Every Place's Potential, October 2010

- 9.47 In determining the likely timing and availability of land, this delivery trajectory should have regard to:
- a the planning status of sites (extant planning permission, allocation etc);
 - b development constraints/costs and known requirements for infrastructure;
 - c current developer/landowner aspirations; and
 - d market delivery and viability factors.
- 9.48 The assessment provides the opportunity to identify and map out the Local Plan: Joint Core Strategy's 'when', 'whom' and 'how' employment space delivery actions for each site. In turn, it will also offer a basis to continually assess the potential role of a site in meeting employment land and other Joint Core Strategy objectives (and, inter alia, the policy benefits that would accrue if earlier delivery of the site was encouraged). The trajectory should be linked to the annual monitoring process and periodically updated to ensure the rolling supply of employment land during the Plan period.
- 9.49 This exercise could be undertaken alongside further assessment of the nine sites shortlisted for potential new employment allocation by the Council, in order to identify a realistic delivery trajectory for the sites and evidence how this portfolio could support delivery of new space over the short, medium and long-term, particularly with regards to industrial space.

2. Core Strategy Targets

- 9.50 Policy CP2 'New Employment Provision' in the Submission Local Plan: Joint Core Strategy seeks to provide just under 26 ha of employment floorspace across the District's main settlements of Whitehill & Bordon (18.4ha), Alton (at least 4ha), Petersfield (up to 2ha) and Horndean (up to 1.5ha). These target figures are informed by an Employment Land Needs Study undertaken in 2008, using 2007-based employment projections which present a more pessimistic scenario of future growth in the District, and to which an allowance for the replacement of future B class losses was not applied.
- 9.51 It is therefore recommended that the overall employment space requirements set out in Policy CP2 of the Joint Core Strategy be updated to more closely align with objectively assessed need for employment land identified as part of this update study, which draws on more recent data and provides benchmarks across a range of scenarios which use different approaches. In particular, the Council should consider planning to at least accommodate the lowest requirement for additional employment space (18.8ha – job growth scenario) whilst providing capacity within the District to meet the labour supply requirement (27.3ha – informed by the recently updated SHMA). Under an alternative supply scenario, this would imply the need to allocate additional land for industrial uses, or re-balance the identified portfolio of employment land supply to simultaneously reduce the surplus of office space and deficit of industrial space.

- 9.52 The settlement distribution set out in Policy CP2 (with the focus upon Alton, Petersfield and Horndean) appears sensible given the existing economic role that these key settlements play which is likely to continue over the plan period. However, it would be useful to provide an estimation of how the different type of employment uses will be distributed across the District, including an overview of the economic role of key settlements. For example, Alton and Petersfield should continue to represent the focus for the majority of new office development, while industrial requirements will be largely met within the settlements of Alton, Bordon, Horndean and to a lesser extent Petersfield.

3. Affordable space for small businesses

- 9.53 East Hampshire has limited existing provision of space geared towards small, start-up businesses. However, given the District's concentration of SME's and strong track record of entrepreneurial activity, it is important that East Hampshire provides this type of space (alongside wider business support) if indigenous business growth is to be encouraged and retained within the District. Demand for this type of small scale, affordable space is also likely to grow in future as businesses increasingly seek flexible and efficient workspaces, including those that offer hot-desking and shared facilities.
- 9.54 Market feedback identified a requirement for additional start-up/incubator style office space, offering small units on flexible terms and crucially, at affordable rates. In order to meet this requirement, the Council should seek to maximise opportunities for delivery of small scale, managed and affordable work space either within areas of the District such as Alton and Petersfield which attract strongest office market demand or within the Whitehill & Bordon Eco-Town (once a first stage industrial development has been completed to generate critical mass and profile).
- 9.55 Whilst re-development and intensification of the District's existing employment sites should be encouraged to allow sites to be used more efficiently and accommodate additional employment space, it will be important to re-provide any cheaper/affordable business units that currently occupy these sites either on-site or elsewhere within the District. This could involve delivery of new, purpose-built space and/or the refurbishment of older accommodation into affordable start-up space. Based on experience elsewhere, two approaches to providing such premises could be considered:
- 1 seek provision of small units within larger employment developments, residential or mixed use schemes; this could be achieved as part of the s106 obligations with the developer delivering the units for management by the Council or another operator. Caution will be needed during a period of market fragility to ensure this does not damage delivery of potentially valuable development; and
 - 2 encouraging conversion/sub-division of older industrial space into a number of small, lower cost office units (e.g. a small business centre) which can provide a more cost effective option than provision of new bespoke space; if the market did not bring this forward, such a scheme

could be instigated by the Council with a development partner or consortium.

Conclusions

- 9.56 The scenarios considered in the previous sections indicate the broad scale and type of growth arising from different approaches to modelling the District's future employment space needs. These reflect the indigenous needs arising within East Hampshire, and to some extent, demand from the wider sub-region in which the District operates. Both from the perspective of the NPPF, but also the District's own economic objectives, it would appear important that the final Local Plan: Joint Core Strategy aims to fully meet these needs if the District's economy is not to be unduly constrained. However, to ensure a flexible and responsive policy framework, it will be necessary to not just focus on meeting forecast quantitative requirements, but also to consider the opportunities and risks to the District's economy that flow from particular policies, including managing pressures from other uses.
- 9.57 In terms of future industrial needs, a modest positive requirement has been identified which, based on the existing portfolio of sites, East Hampshire would currently be unable to meet. Although a significant amount of industrial stock exists across the District, the majority of this is fully occupied, limiting the churn and ongoing upgrade work required to maintain market competitiveness and appeal. There are a number of potential options for how additional supply might be provided, which include:
- a adopting a strict approach to determining planning proposals by either resisting any net loss of industrial floorspace or requesting a net gain on redevelopment sites;
 - b consider allocating new industrial sites to increase the current choice of sites and provide the space to accommodate expansion of existing firms and relocations to the District;
 - c Intensification of existing sites through upgrading and refurbishment for more efficient use; and
 - d not specifically identifying additional capacity for industrial space, instead assuming that these needs are met elsewhere, including on windfall sites.
- 9.58 East Hampshire is expected to see reasonably strong office job growth over the plan period, and in quantitative terms, the District would appear to have sufficient office floorspace to meet business needs under all scenarios of future growth. Therefore, the focus of future policy for office uses should be on re-balancing East Hampshire's future supply of office sites and improving a range of qualitative site issues, particularly in light of a number of factors which may undermine the ability of pipeline office supply to come forward by 2028.
- 9.59 In particular, the Council should ensure that new office provision continues to be located within those areas of the District that attract the majority of demand from office based firms, at least in the short to medium term until the Whitehill

& Bordon Eco-Town becomes a more established service centre and viable office location.

9.60

In addition, the need to encourage upgrading and renewal of existing office space should also be explored. It is also important that the District continues to provide a range of affordable workshop space for small high growth start-up businesses, through re-developing/converting existing sites and working with developers to provide small units within larger employment, residential or mixed use schemes.

Appendix 1 List of Consultees

Individual Consultees

Nick Reeve	Wadham & Isherwood
Richard Mitham	Richard Mitham Associates
Robin Dickens	Lambert Smith Hampton
Anne-Marie Mountfield	Solent Local Enterprise Partnership

Business Consultees (in addition to survey)

Home Help UK
Benmor Medical (UK) Ltd
BRP Composites
Handmade Places (Broxap)
Customized Clothing and Graphics
Sandoz

Appendix 2 Employment Space in Adjoining Areas

Hart

This small mainly rural district immediately adjoins East Hampshire to the north and contains the main settlements of Hook, Fleet, Hartley Witney and Yateley. Most of the district's employment land is concentrated within a series of small business parks and industrial estates, mainly in or beside the main settlements e.g. Waterfront Business Park in Fleet, Bartley Wood Business Park in Hook and Blackbushe Industrial Estate, Yateley. It also contains a major site (47 ha) with permission for distribution uses at Pyestock, which accounts for much of the allocated land.

Office space predominates with 58% of all employment space, the highest proportion among districts in this area, and Hart has more than double the amount of office space in East Hampshire. The district's 2009 ELR forecasts a shortfall of industrial space and a small surplus office space. The 2012 Pre-submission Core Strategy aims to protect its key employment sites, does not allocate any new employment sites and aims to achieve some rebalancing from office to industrial space within its key employment sites. No major developments in the pipeline were identified other than the large distribution scheme at Pyestock.

Basingstoke & Deane

This borough adjoins East Hampshire to the north west and its employment space is focused in the large town of Basingstoke, adjoining the M3 motorway. In 2011, it had some 51 ha of available employment land, the great majority of it suitable for B1 development, and some five times the amount of office space in East Hampshire, as well as double the amount of industrial space. Most of the borough's more modern, higher quality space lies in large, out-of-centre business parks such as Hampshire International Business Park, Chineham Business Park and Viables Business Park. However, there are significant levels of vacant office space in the town. It is also an important centre for logistics due to its position beside the M3 motorway and near the south coast ports.

The 2009 ELR did not recommend any new allocations for employment space. It forecast that by far the largest element of future demand would be for office floorspace, equivalent to 39 ha, but saw continuing decline in the manufacturing sector with potential for a release of 10 ha and little change in the need for warehousing floorspace. Taking account of existing employment land supply, no need was seen to identify additional employment land and a smart growth approach focusing on making best use of existing sites was seen as the way forward. No major new economic developments were identified and the emerging Local Plan has not progressed to the site allocations stage.

Winchester

Winchester borough lies to the west of East Hampshire and is a largely rural area containing the Hampshire county town of Winchester, which contains 50% of all employment, and a number of small settlements. Over 40% of its area is within the South Downs National Park. The Council's Economic Strategy focuses on the promotion of knowledge based industries and creative industries linked to its universities. Winchester has more than three times as much office space as East Hampshire but less industrial space. It also has a Basepoint centre aimed at small businesses.

A 2011 Review of Employment Prospects study forecast a requirement for a further 15.7 ha of employment land up to 2031. There are two strategic site allocations - west of Waterlooville (23 ha) as part of a major urban extension and land at Whiteley (20 ha) - and given these and other commitments with planning permission, no compelling need was seen to allocate any further strategic sites in the Local Plan. Any future demand for additional employment land was seen as most likely to be in Winchester town. Depending on the scale of such demand, the Core Strategy indicated that Bushfield Camp was considered as suitable for a knowledge based business park, if a need exists and policy requirements can be met.

A modest new business park is planned on a 2 ha site outside Winchester but otherwise no major developments are underway.

Waverley

This is a mainly rural Surrey borough with four main settlements of Farnham, Haslemere, Godalming and Cranleigh, which contain the main employment areas. It contains more office space than East Hampshire but less industrial space. Employment growth over the past decade has been modest, constrained by the relatively scarce supply of undeveloped employment land. Employment in the Borough is dominated by office based activities with over 30% of its employment space offices. There also appears to be a focus on knowledge-driven occupations such as business and finance and computer/telecommunications.

The 2011 ELR forecast a need for 16,700sqm more B1 space by 2027 but also identified 5.3 ha of available, derelict or vacant land or buildings on existing employment sites in the Borough, which could potentially be suitable for redevelopment in the short term to meet the forecast need for additional B1 land. A further 12 ha of land with redevelopment potential in the medium/long term was also identified.

The Borough's approach to employment land is to safeguard the existing supply of employment land, protect sites that are fit for purpose, encourage intensification of uses within existing employment locations and look to making any provision of additional sites from the existing sites with redevelopment potential. No major new allocations are proposed to date but the Core Strategy supports continued employment growth at Dunsford Park, a large aerodrome

site and the largest employment site in the borough with mainly small businesses.

This borough does not appear to have a large supply of employment land, no major new allocations are proposed and there no major new developments in the pipeline.

Havant

This coastal district adjoins East Hampshire to the south, its main centres being Havant town, Waterlooville, Purbrook, Leigh Park and Emsworth. It has a similar amount of office and industrial space to East Hampshire but particular strengths in the aerospace and advanced manufacturing sectors. Key employment sites include office/R&D focused sites such as Langstone Technology Park and the Broadmarsh Business & Innovation Centre in Havant, and a number of industrial estates.

The AMR identifies a total of 168,590sqm of new employment floorspace on sites around the Borough from sites with extant planning permission, strategic sites allocated in the Core Strategy and employment sites allocated in the Draft Allocations Plan.

Dunsbury Hill Farm in Leigh Park is identified as the borough's main potential employment site, aimed at creating a high quality business and technology park to form a new business gateway to Havant and the wider South Hampshire sub-region. It has potential to provide some 61,800sqm of employment floorspace and a hotel with conference facilities. This would amount to about a third of the total employment floorspace requirement in the Borough up to 2026 but the main barrier to delivery securing is a suitable road link to the A3(M).

Chichester

Chichester lies to the south east of East Hampshire and is also a largely rural district on the South Coast of West Sussex. It has one major town, Chichester, which is the West Sussex County Town, and much of it lies within the South Downs National Park. It has a similar level of office and industrial space to East Hampshire. The main employment areas lie beside Chichester and Tangmere, on the A27 corridor. The two largest are Quarry Lane Industrial Estate, with mainly distribution and light industrial uses, and the Terminus Road Industrial Estate.

Currently there is 22 ha of employment land with planning permission, and a further 7.8 ha on allocated sites not yet developed. Larger schemes in the development pipeline include:

- 17,468sqm of B8 floorspace in the Glenmore Business Park scheme on the Portfield Quarry site;
- a 5 storey office building of 2,714sqm at Terminus Road, Chichester;
- 3,635sqm of employment floorspace across a number of sites within the Quarry Lane Industrial Estate, Chichester.

Taking account of this supply, a recent Employment Land Review update in early 2013 recommended that the district identify up to 29 ha of employment land outside of the National Park - up to 8 ha of land for office development and up to 21 ha for industrial uses. It also recommended provision of 4.5 ha of employment land at Chichester Business Park, and up to 18 ha of further employment land through further strategic development sites in and around Chichester, any such sites to have good access to the A27.

Summary

Overall, many of the districts adjoining East Hampshire are largely rural, the main exception being Basingstoke & Deane. There are some large employment sites allocated in these districts, which could compete to some extent with East Hampshire for future investment. The main ones include the 23 ha site west of Waterlooville in Winchester borough and Dunsbury Hill Farm in Havant. There are some major distribution developments planned or underway, such as Pyestock in Hart and Glenmore Business Park near Chichester, but this is not a sector in which East Hampshire is strong. Basingstoke contains some large established office parks in which East Hampshire is less well represented. Several of these adjoining districts also contain specialist facilities aimed at business start-ups or innovation centres, facilities which East Hampshire lacks.

Appendix 3 Business Survey Quotes

An online business survey was undertaken as part of the study with a sample of 178 firms across a range of B class sectors and locations in the District. A selection of quotes is presented below by theme.

Current Business Premises

“Our premises are too small, with not enough parking. Ideally we could do with a larger office and secure compound. Broadband speed and reliability is also a major issue.”

“Although the location of the building is perfect, it is rather run down and I can only operate efficiently for 9 months of the year. I’d also like to own the property rather than rent.”

“Our current premises has an inefficient layout...we need a more professional environment for business meetings, hosting clients etc.”

“We occupy an old building which is expensive to maintain and has poor internet connectivity.”

Difficulties in Finding Suitable Premises

“The total cost of local premises is too expensive for the current stage of our business growth.”

“There doesn’t seem to be much available in the 1,000-2,000 sq ft size range. The available units had little or no parking.”

“As an industrial site owner (providing 16 small units from 200 to 1,200 sq ft) I know that many small businesses find it difficult to find small units as starter premises, especially in locations that are local to their homes.”

“It is very difficult to find suitable small premises that are secure and cost-effective.”

“There aren’t enough High Tech Units – the requirement for electronics companies like ours is for lots of office space and relatively low ceiling assembly areas.”

“There seems to be very few units with warehouse and office space in the 1,000-2,000 sq ft category.”

Supply of Business Premises in East Hampshire

“As far as I can see there is a shortfall in small office accommodation at a reasonable price for local SME's.”

“There seem to be empty premises locally - plenty of industrial units for rent or sale.”

“Most industrial parks in the area only have large units that small businesses can't afford.”

“There is a reasonable quantity of industrial units and parks, but very few offering the potential for workshop space within a rural setting (that have the potential to be purchased and used for the next 20 years).”

“Offices tend to be located away from the centre with inadequate parking or above shops with no proper access for the elderly or those with disabilities.”

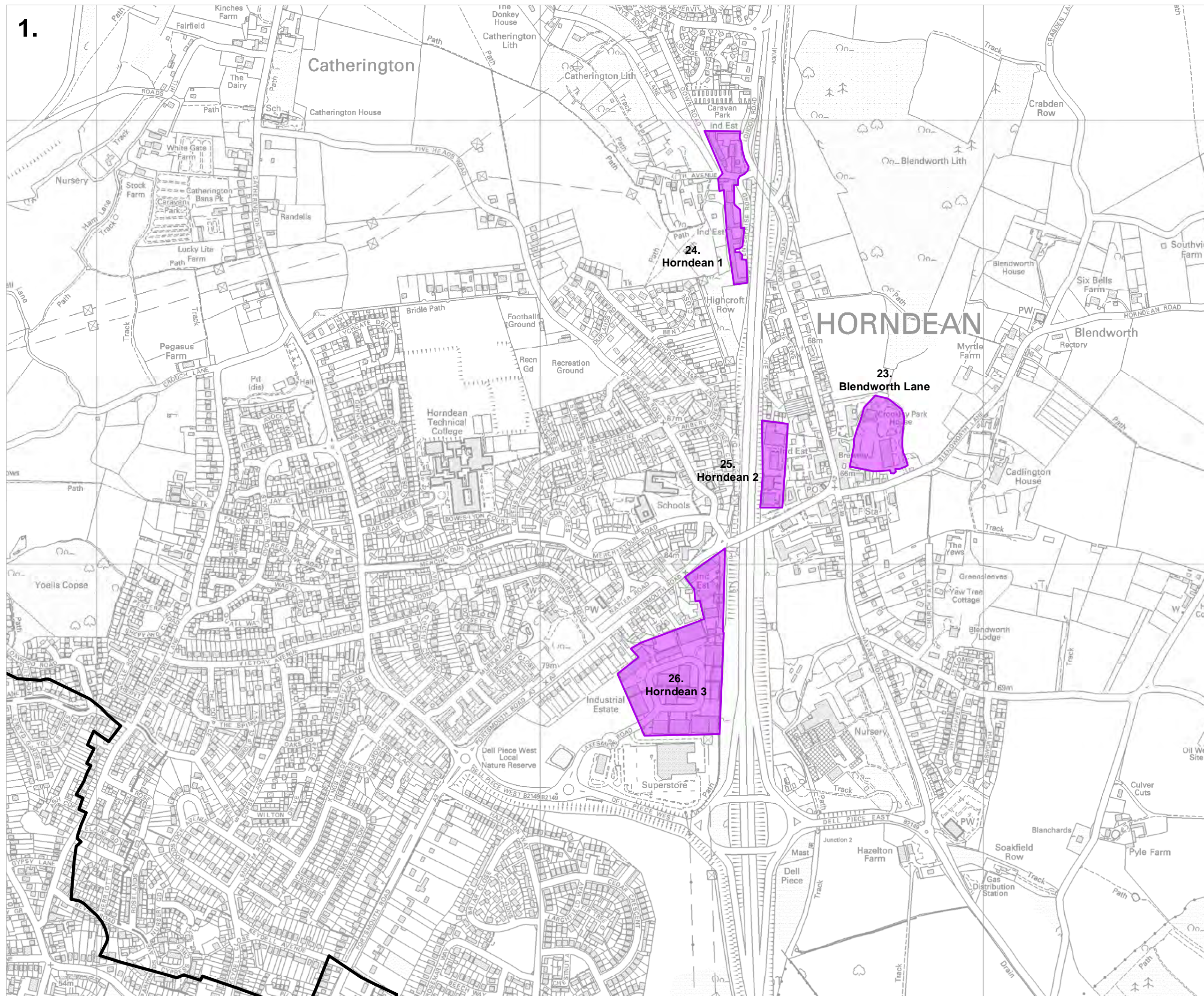
“Properties currently available for rent have very long leases. This is not practical in the current financial climate.”

“A central database of premises available would help both prospective tenants and landlords. We have found it difficult to advertise that we have spare space to let.”

“Petersfield has so far missed the opportunity to become a High Tech Town with much of the areas previously allocated for development now accommodating low spec buildings with limited office space and warehouses. Petersfield is a high cost area and should support companies employing a high skilled local workforce.”

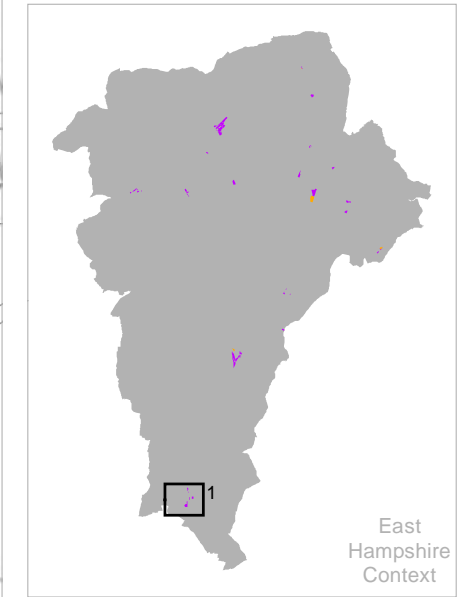
Appendix 4 Site Plans

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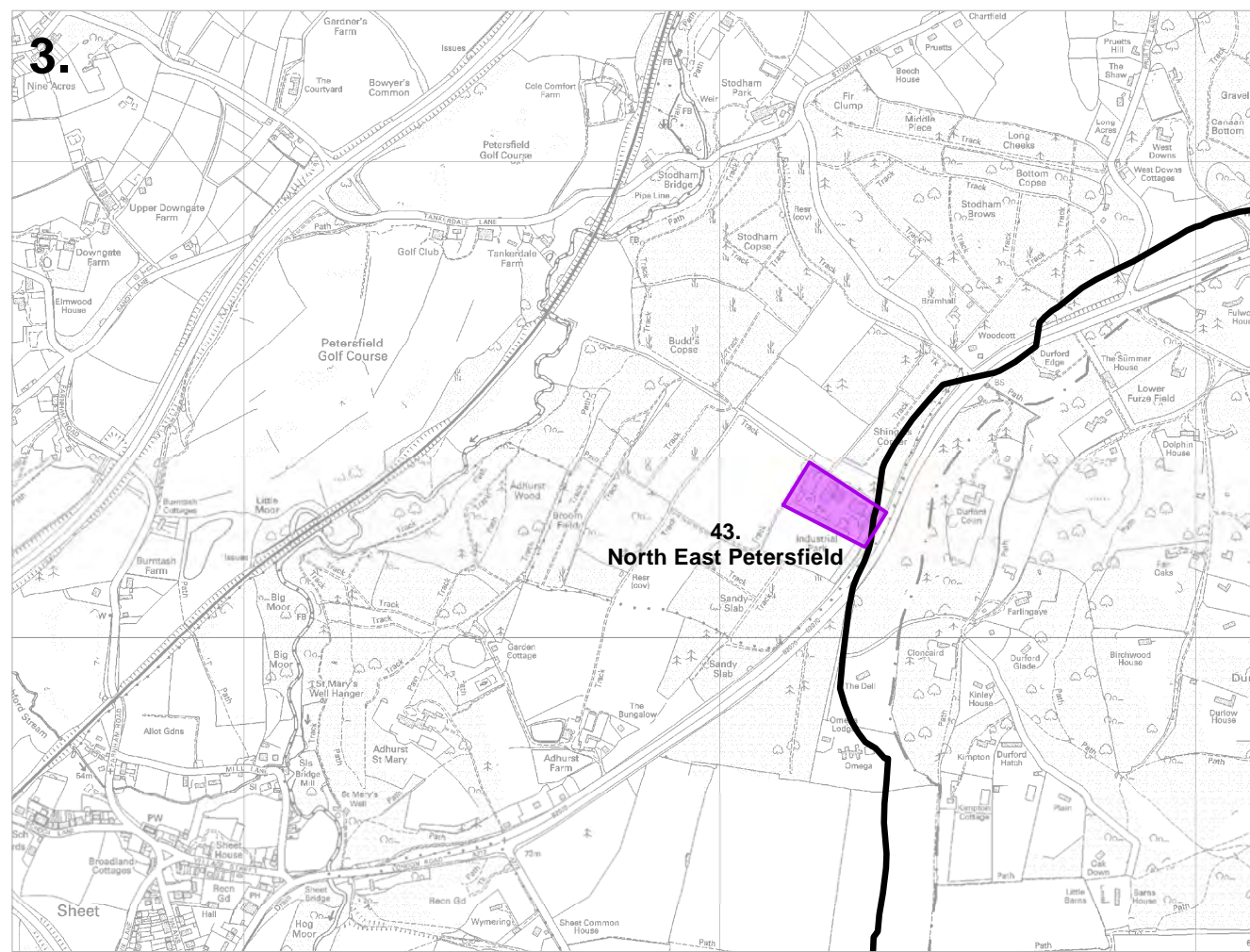
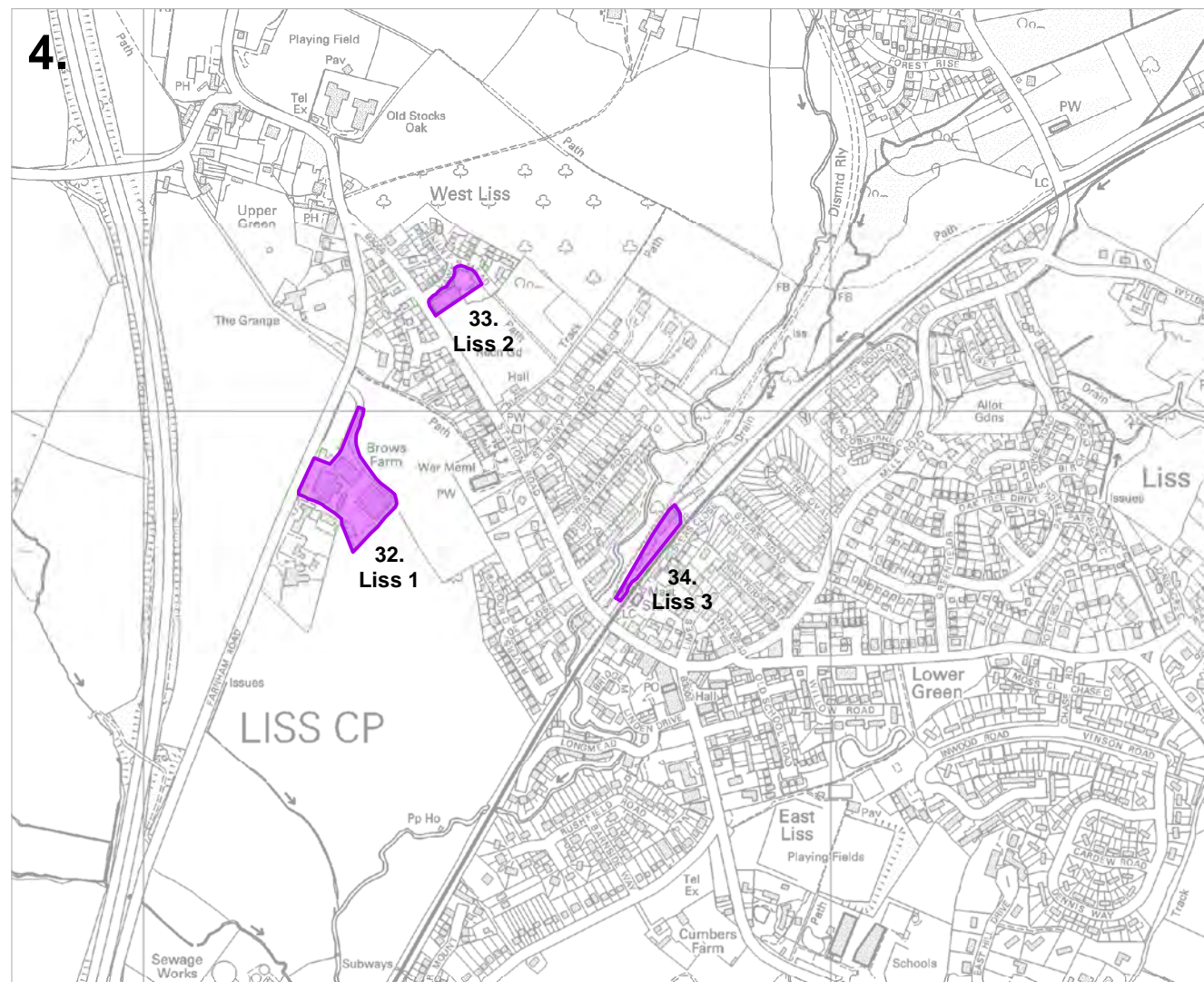
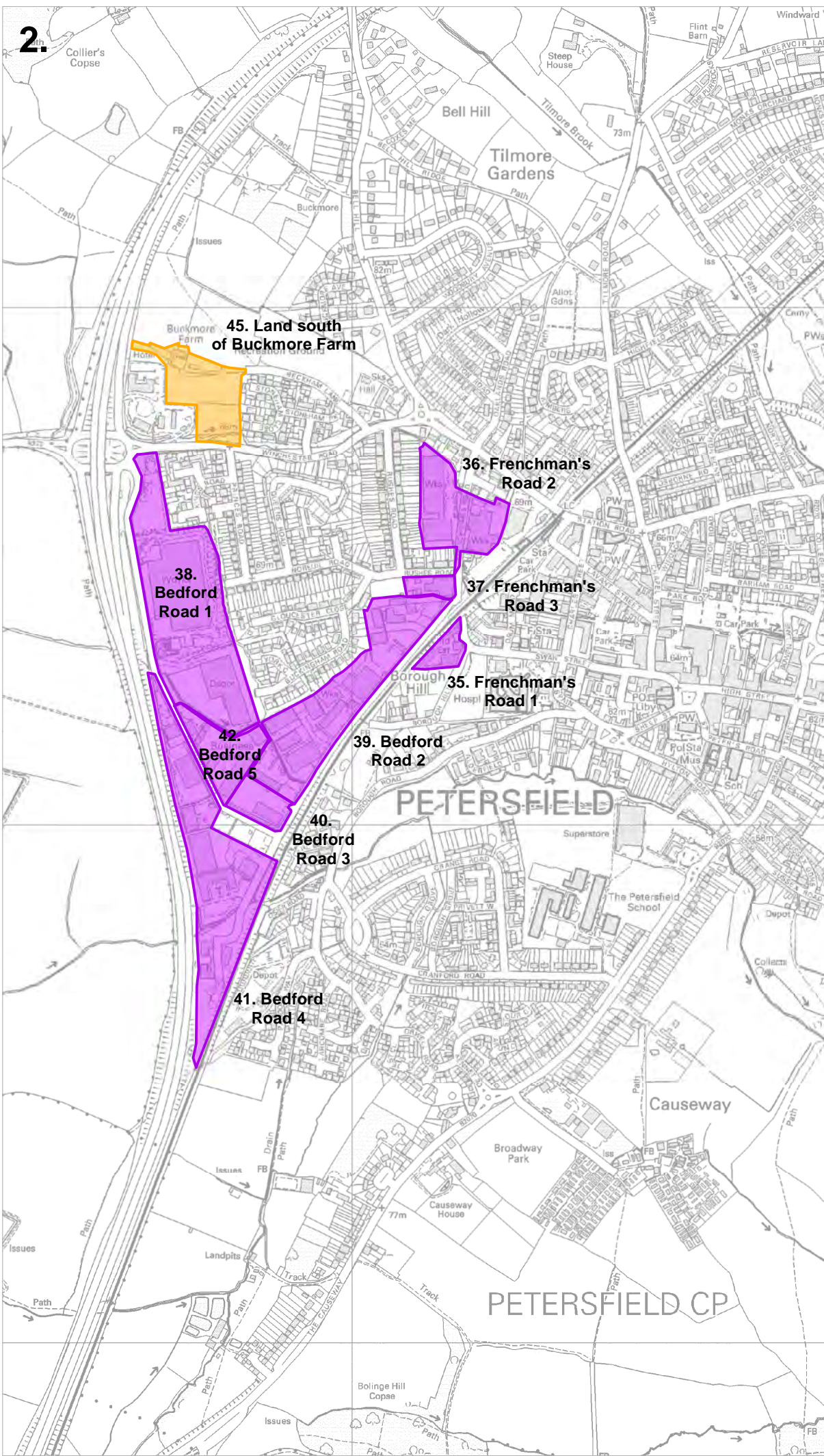
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- Employment Sites
 - Allocated Site
 - Business Park & Industrial Estate






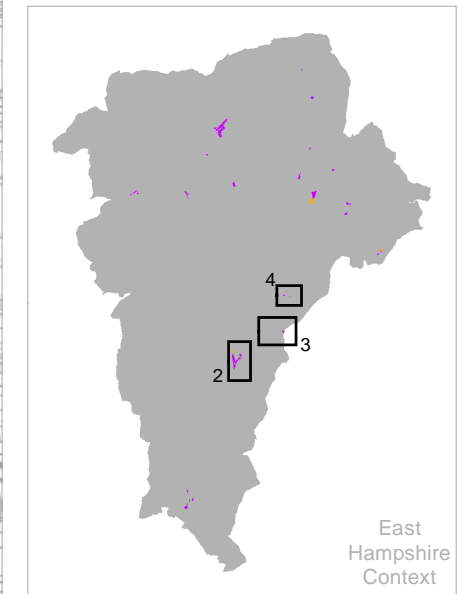
nlp Nathaniel Lichfield & Partners
 Planning, Design, Economics.

Project	East Hampshire ELR
Title	Employment Sites
Client	East Hampshire District Council
Date	16.04.2013
Scale	-
Drawn by	MAR
Drg. No	GIS13432-01

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- Key**
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Project East Hampshire ELR

Title Employment Sites

Client East Hampshire District Council

Date 16.04.2013

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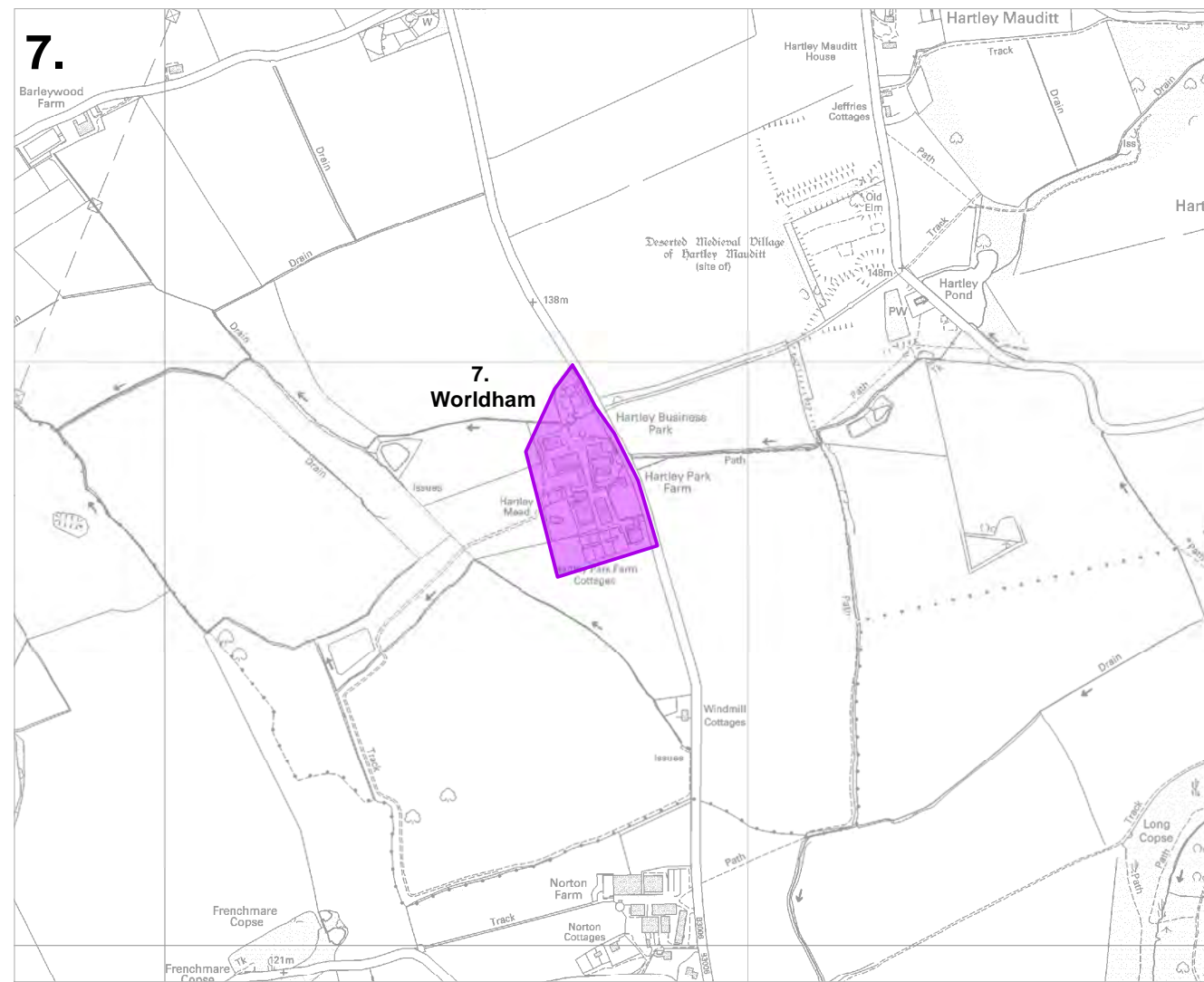
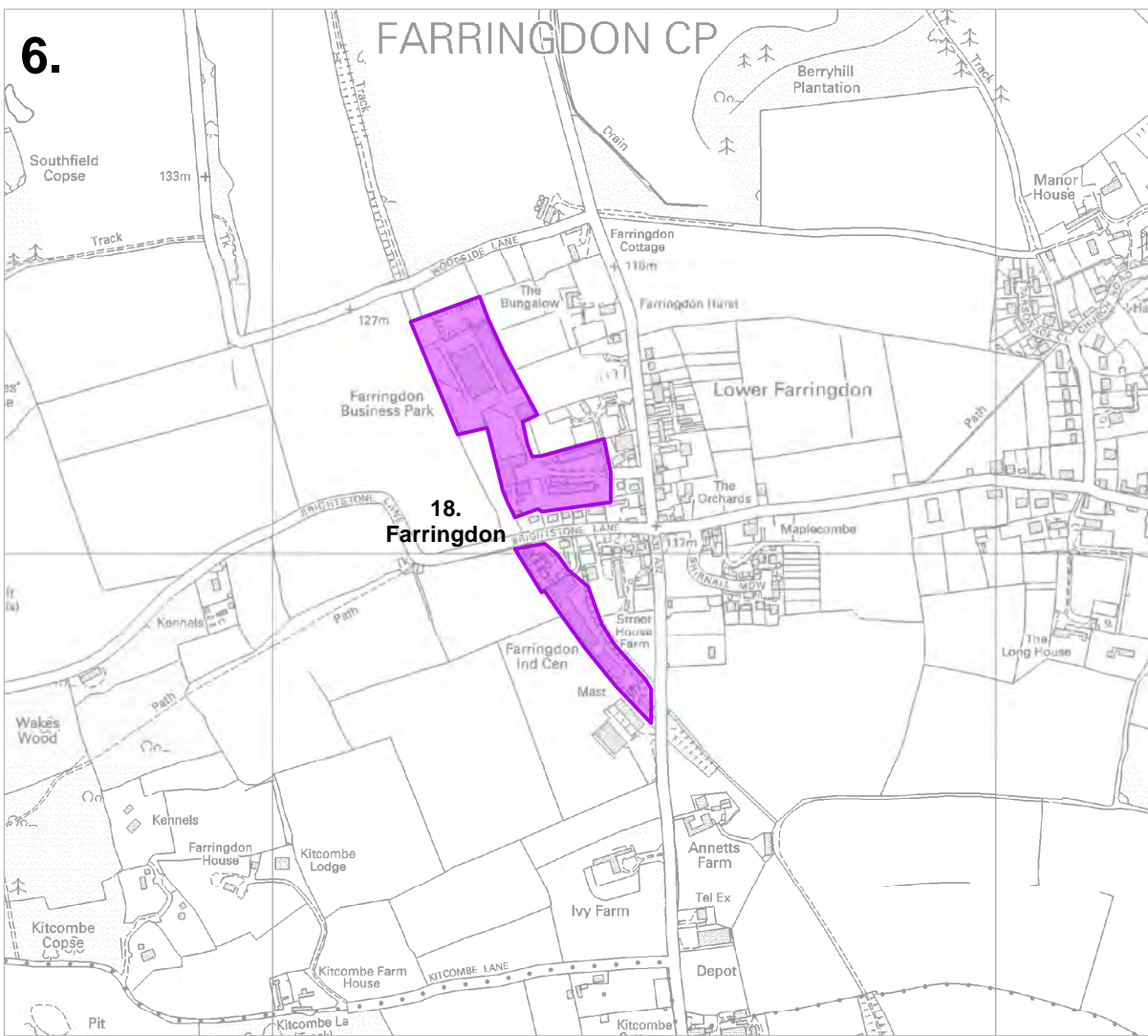
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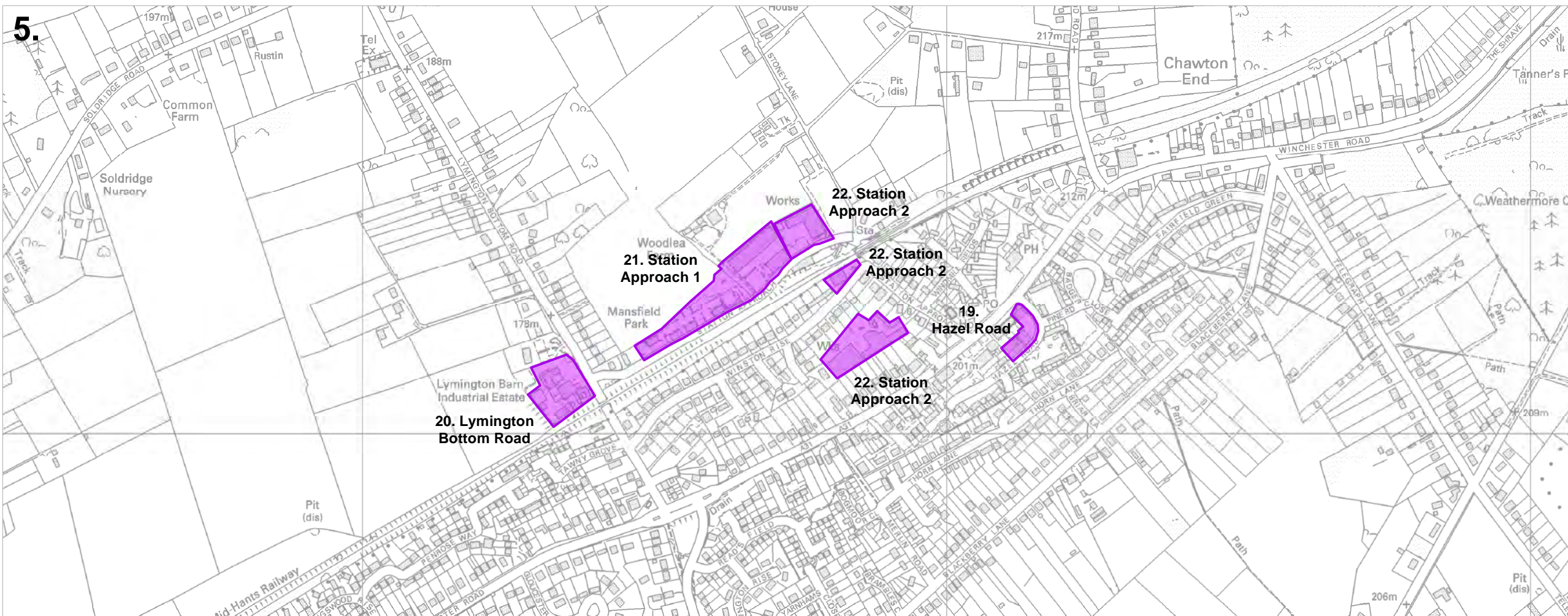
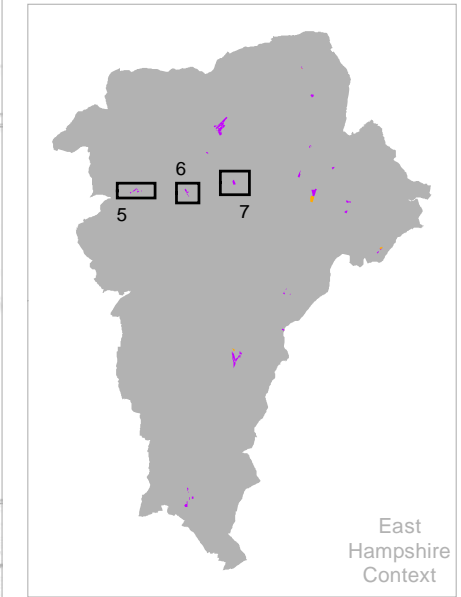
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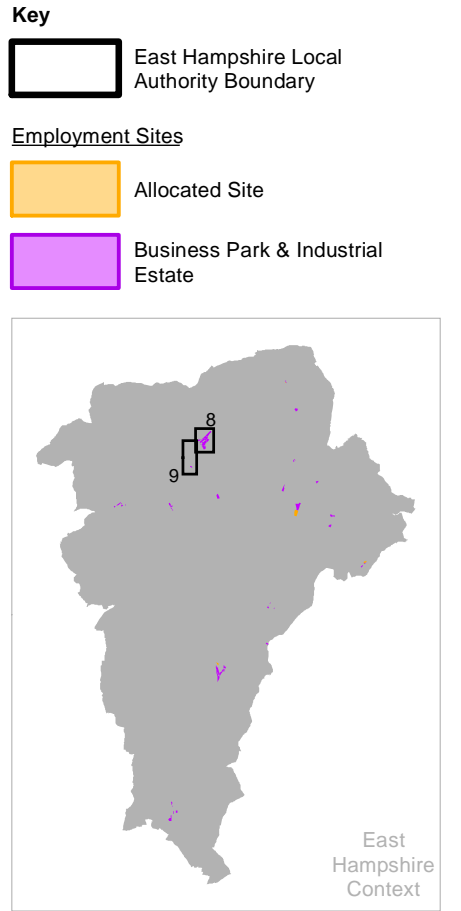
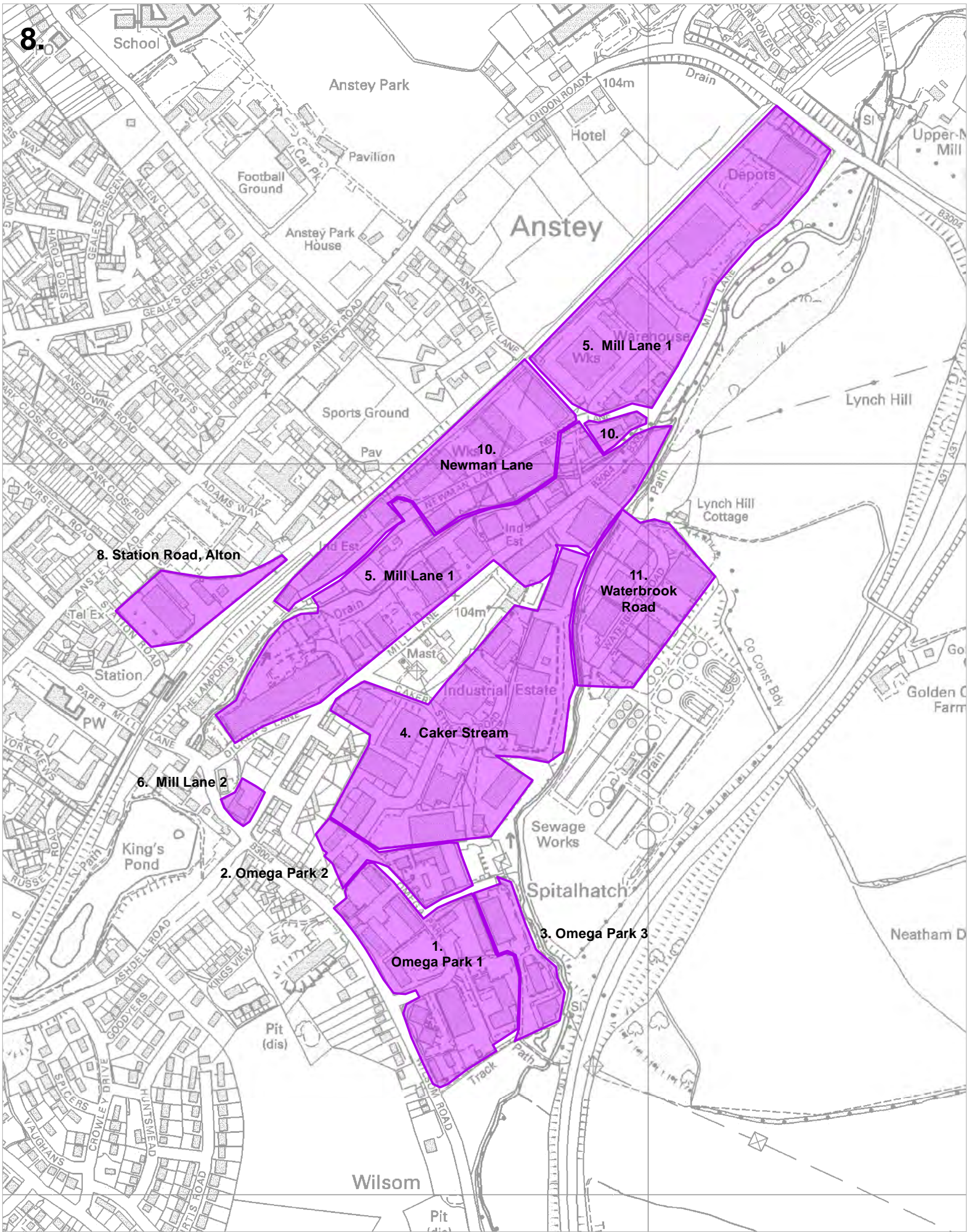
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Date 16.04.2013

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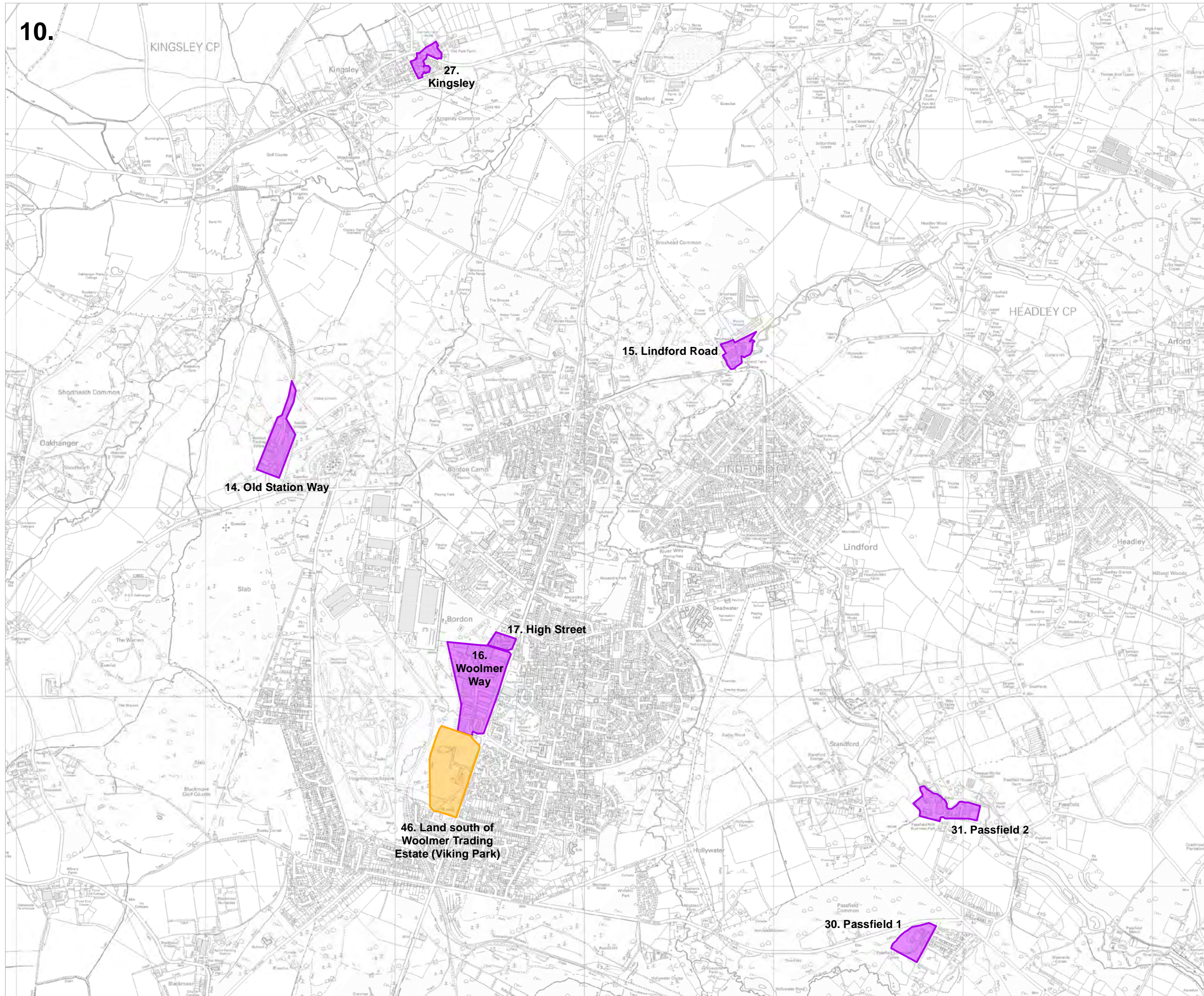
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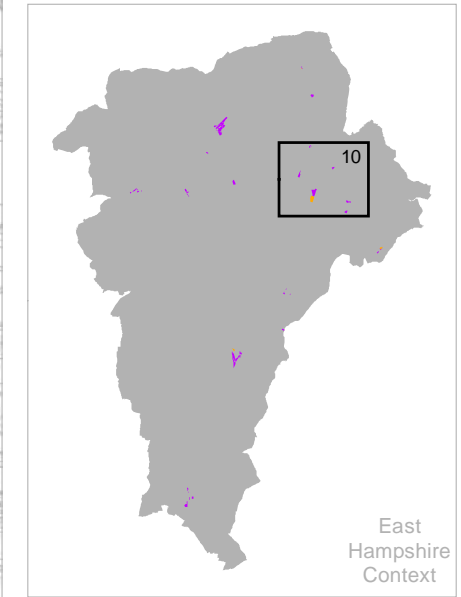


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- East Hampshire Local Authority Boundary

Employment Sites

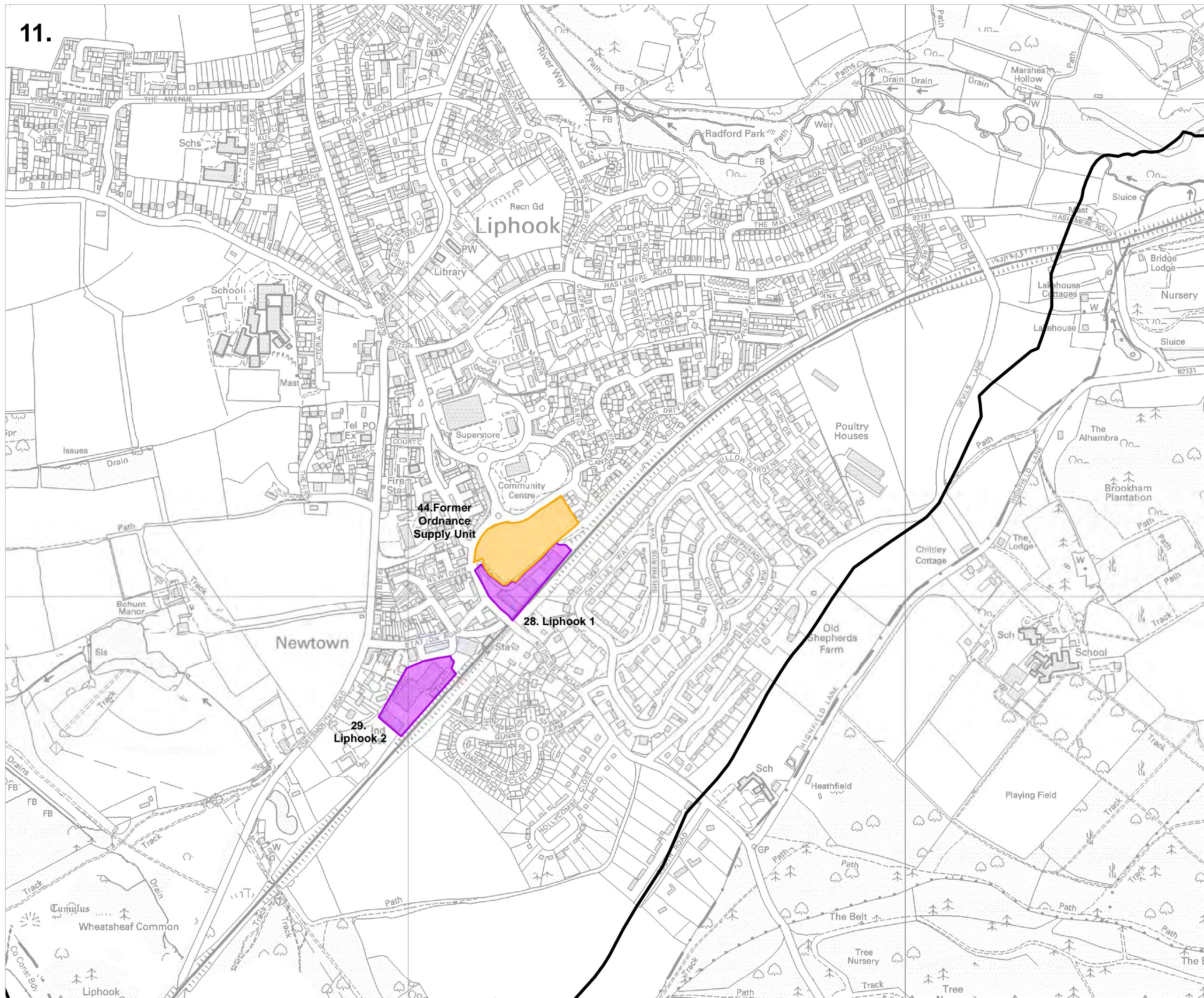
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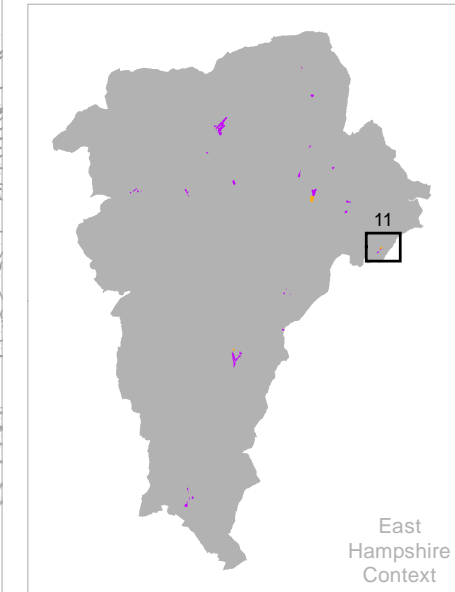
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Client	East Hampshire District Council
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-  Allocated Site
-  Business Park & Industrial Estate



44. Former Ordnance Supply Unit

28. Liphook 1

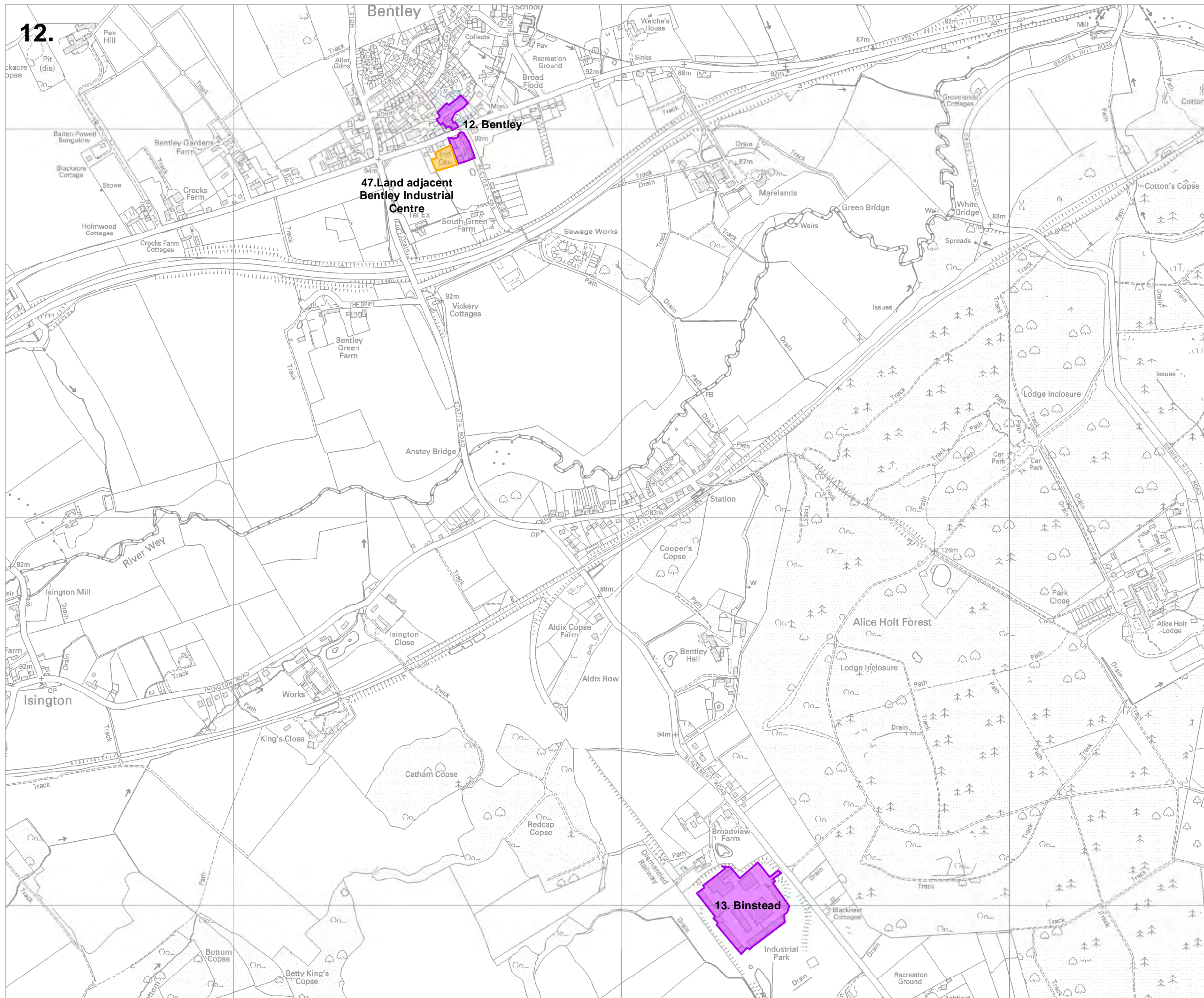
29. Liphook 2

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Title	Employment Sites
Client	East Hampshire District Council
Date	16.04.2013
Scale	-
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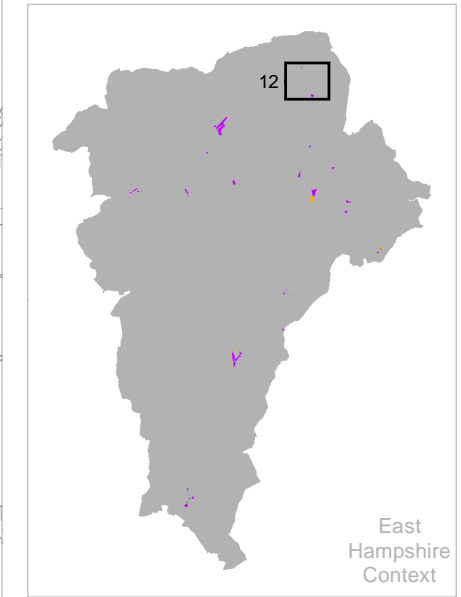
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-  Allocated Site
-  Business Park & Industrial Estate



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Appendix 5 Site Assessment Criteria

The criteria for assessing the quality/condition of existing and allocated employment sites, reflecting the particular circumstances of the area are set out below. These criteria mainly relate to the inherent value of a site rather than current conditions of development on it, although such characteristics have been noted. Additional criteria apply to undeveloped allocated sites although ownership and availability information has not been possible to obtain in many cases and a judgement has been made on these.

Each site is given a rating of very good/good/average/poor/very poor against each criterion. No individual weightings are attached to different criteria.

Ratings can reflect a combination of different factors applying to the same criteria and a balanced judgment has to be made on an appropriate overall rating. It is important to note that the rating for each criterion can reflect a combination of factors rather than a single factor, such as distance of a strategic road. The rating represents a judgment of where its combination of factors places it within the two ends of the rating range, which are defined below.

Existing Developed Employment Areas

Strategic Access:

Very good: within 2 km of strategic road junction/ via good unconstrained roads and avoiding town centres/residential areas

Very poor: over 5 km from strategic road junction/access, and/or through constrained/local roads, and/or through town centre or residential areas etc.

Local Accessibility:

Very good local access: via free moving good roads avoiding residential areas/difficult junctions; unconstrained vehicle access to the site with good visibility/lack of queuing; close access to range of town centre public transport services

Very poor: difficult/sloping/narrow road access, via residential roads, difficult site access junction for HGVs; congested local roads; low level/limited range/infrequent public transport services nearby;

Proximity to Urban Areas and Access to Labour and Services:

Very good: near centre of urban area with wide range of services nearby; proximity to sizeable residential areas providing local labour supply.

Very poor: remote isolated site, no local services or residential areas nearby;

Site characteristics and development constraints:

Very good: generally level site, regular shape, over 3 ha in size; low flood risk (Zone 1); no conservation or landscape constraints on scale of development; no adverse ground conditions or abnormal development costs; no other significant constraints on new development,

Very poor: sloping/uneven site; under 0.5 ha, irregular/narrow shape, other severe constraints; within flood risk Zone 3; conservation or landscape constraints on scale of development; adverse ground conditions or abnormal development costs

Proximity to incompatible uses:

Very good = Within larger employment area/no incompatible surrounding land use

Average = B1 use adjoining residential/other sensitive uses;

Very poor = B2/B8 adjoining residential/other sensitive uses;

Market Attractiveness:

Very good: high profile/high quality appearance, managed site with good quality common areas; good environment and quality of occupiers; under 10% vacant; modern units in good condition; viewed as attractive by agents/occupiers; recent investment/development activity, strong demand, units rarely available.

Very poor: run-down unattractive appearance/location; can be in low profile location; attracts lower end users and over 25% vacant space/buildings; vacant units not marketed; no recent investment; units tend to remain vacant for lengthy period.

Barriers to Delivery:

Identify any factors that would constrain development of the site for employment uses e.g. site occupied, need for infrastructure

Planning Factors:

Identify any planning designations or policy constraints that could affect development of the site for employment uses.

Appendix 6 Site Assessments

Existing Sites

These sites are currently operating as industrial estates, business and office parks for B1, B2 and B8 uses within East Hampshire. The focus of the assessment for these sites is how they are currently performing along with their character and groupings, and the extent to which these sites can be upgraded and renewed in future to meet business requirements. The summary assessment for each site is set out in numerical site order, grouped under each area heading.

Alton

The main employment sites in Alton are concentrated in the Mill Lane area close to the A31 junction, giving sites closer to the junction good strategic road access.

In that context, **Site 1: the Omni Business Centre** and the **Alton Business Centre** form part of Omega Park, a mixed employment area. Access is from Wilsom Road, which contains some dwellings and this location is 2 km from the A31 junction. The Omni Business Centre site is sloping but contains modern industrial and office units, with no obvious vacancy. The Business Centre is an older 2 storey building containing small start-up units and with low vacancy.

Site 2: Oriol Court (1.1 ha) also forms part of Omega Park and comprises a small but good quality, office park with very modern units which appear fully occupied and with adequate parking. Access is via a steep winding road off Wilsom road and through the rest of Omega Park. It is adjoined by industrial areas but separated from them by landscaping and adjoins residential units to the north west.

Site 3: Riverside (1.1 ha) is a small industrial estate forming part of Omega Park, with access from a steep winding road off Wilsom Road. A low profile but level site adjoining a stream, it is fully developed with 16 modern small industrial units, which appear fully occupied. This is a good quality, managed site with adequate parking and suitable for smaller industrial uses but its constrained access make it an average quality site overall.

Site 4: Caker Stream Industrial Park (7.1 ha) is the largest industrial area within Alton, with access via a sloping road off Mill Lane and within 1 km of the A31. A level site with a stream running to the south, it mainly adjoins other industrial areas but some dwellings to the north west. It contains mainly older (1980s) industrial units but with some more modern units and has average vacancy. There are adequate parking/loading areas but is remote from services or public transport.

Site 5: Grove Park/Sycamore Park, Mill Lane North & South, Alton (13 ha)
This is a very large employment area made up of four industrial estates

adjoining Mill Lane and within 1 km of the A31. Local road access is good, with each estate having individual access junctions and adequate parking/loading areas, but there is no public transport. These sites are bounded by other employment areas, the railway line or Mill Lane. They contain a mix of larger 1970s industrial units and some more modern units as well as some office premises. The area nearest the A31 junction contains some large vacant units (e.g. a Focus DIY shed) but otherwise vacancy appears low.

Site 6: Prospect Place, Mill Lane (0.2 ha) is a small, single occupier site at the junction of Mill Lane and Wilsom Road and reasonably near Alton rail station and bus services. A small, level site, it adjoins dwellings to the north but at a different level. It contains a 3 storey building containing both office and industrial space, which is partly vacant.

Site 7: Hartley Park, Worldham (4.7 ha) comprises a mainly industrial site in a remote rural location south east of Alton and over 3 km from an A31 junction via a good rural road. The access junction off the B23006 is tight but there is adequate parking/loading space although no public transport links. Adjoined only by open fields, this site contains older (1950s) units, some converted barns, which appear fully occupied. The site itself appears untidy with poor internal roads.

Site 8: The Kerridge industrial estate (1.2 ha) on Station Road in Alton is a small, partly redeveloped industrial site adjoining Alton railway station and a large foodstore. Access to the A31 is via town centre roads while local road access is shared with the station and foodstore and via narrow, busy roads. The site lies relatively close to town centre services and public transport and contains small modern industrial units, all occupied.

Site 9: Lumby Park (1.1 ha) is a small, low profile site on the south west edge of Alton adjoining the rural area and beside an A31 junction. Local road access is off a narrow, sloping road via the B3006 with no bus routes obvious nearby. The site has very low profile lying to the rear of dwellings and elsewhere adjoining open fields, with no services nearby. It contains office premises in older, two storey converted buildings but appears largely vacant with office premises being marketed.

Site 10: comprises three industrial areas - Newman Lane & Riverway industrial estates and Weyside Park (4 ha). All are within 1 km of the A31 junction and share a good access junction off Mill Lane but lack public transport access nearby. They are bounded by the railway line, Mill Lane and other industrial areas. The Newman Lane & Riverway estates contain 1970-80s units in good condition, and have adequate loading areas and average vacancy. Weyside Park is small, high quality office park with reasonably modern premises good profile and no vacancy.

Site 11: Waterbrook industrial estate (3 ha) lies within a 1 km of the A31 and is accessed off Mill Lane via a good junction. There is adequate parking/loading space. Adjoining uses are industrial areas and a sewage treatment works. A slightly sloping site with a stream running along its edge, it

is fully developed with modern office and large, modern industrial units in a landscaped setting. This is a managed site with low vacancy.

Site 12: Bentley Industrial centre and Bentley Business Park (0.6 ha) are small estates within the village of Bentley, under 1 km from an A31 junction. Both are fully developed sites in the village centre beside rail and bus routes and local road access is adequate, although via a narrow road for the business park. There are some nearby residential uses but these are unlikely to constrain operations. Both sites contain a mix of small scale, 1980s industrial and office units in good condition and with no obvious vacancy.

Site 13: Blacknest industrial estate (3.3 ha) comprises a fairly large estate with mainly distribution uses in a rural location beside Blacknest village. However, it lies within 2 km of an A31 junction via rural roads, while local road access is good and there is adequate parking/loading space. It is adjoined by open fields and fully developed with 1970/80s larger warehouse units and some smaller, older industrial units. Units are in fair condition and vacancy is average with one unit being marketed. The site is relatively remote but appears to function adequately.

Petersfield

Most employment sites in the Petersfield area are concentrated around Bedford Road/Frenchman's Road on the south west side of Petersfield town. This forms a large, mainly industrial, area close to a junction of the A3 dual carriageway and beside the railway line.

Site 35: Amey industrial estate, Frenchman's Road, (0.5 ha) comprises a small estate on a tight site. It is separated from the main Petersfield employment area by the railway line and road access to the A3 would be via residential roads or a longer route than nearby sites. Site access is tight via a junction close to a railway bridge but parking/loading adequate. There are nearby residential units but adequately separated to avoid constraints. The site is fully developed with older, mainly 1970s, industrial units, some of which are refurbished, and vacancy is about average.

Site 36: Frenchman's Road 2, (2.2 ha) is a medium sized industrial area near the rail station and town centre. Although within 2 km of the A3 junction, access is via a residential road but local road access is good, with adequate parking/loading areas and reasonably near public transport. It is, however, adjoined by residential units on two sides. The site is fully developed with larger 1970s industrial units in good condition and some showroom units. One large unit is vacant but under offer.

Site 37: Laundry, Frenchman's Road (0.4 ha) comprises a small site, fully developed and containing a very old building (1905) used as a commercial laundry. It lies beside other industrial sites but also closely adjoins dwellings on Rushes Road. Although within 2 km of the A3 junction, local road access is convoluted and may involve use of narrow residential roads. The building is occupied but may be hard to re-let if the current occupier vacated. The site has

redevelopment potential for smaller scale industrial uses if the current occupier ceased operation.

Site 38: Whitman Laboratories, Bedford Road (6.6 ha): this is a large, single occupier site containing the R&D/manufacturing and distribution facilities of a pharmaceutical company. It is within 1 km of the A3 junction with reasonable road access and adequate parking/loading facilities. It also lies reasonably close to shopping/restaurant/hotel facilities at the A3 junction. Adjoined by other employment areas, the site is fully developed and contains a very large 1980s building in good condition and fully occupied.

Site 39: Bedford Road 2 site (4.6 ha) comprises a large, narrow site adjoining the rail line and Bedford Road with dwellings to rear. It is fully developed with older (1940-70s) industrial units, builders merchants and open storage with individual road access points off Bedford Road, which is narrow with many parked vehicles constraining access. This is an untidy site but there is no obvious vacancy.

Site 40: 20/20 Vision Park (0.8 ha) is a small site adjoining larger industrial estates on the south west edge of Petersfield, within 1 km of the A3 junction. Road access off Bedford Road is good and parking/loading space is adequate but no bus routes nearby and the rail, station and services are about 1 km away. It contains very modern industrial units with office space above, all apparently occupied.

Site 41: Bedford Road Sites 4 (5.4 ha): This large, irregularly shaped area contains four mainly office developments – Ridgeway Office Park, Rotherbrook Court, Viceroy Court and Vision House – adjoining the A3 and within 1 km of the A3 junction. Access off Bedford Road is good and there is adequate parking on site, although no nearby public transport. The area is bounded by the A3 and other employment areas. A fairly large, level site with landscaping, it is fully developed with modern (1990-2000s), good quality office developments with low vacancy.

Site 42: Petersfield Business Park (1.4 ha) is a small industrial area within 1 km of the A3 junction and with reasonable local road access and adequate parking/loading within the site. It is adjoined by other employment areas but remote from services and public transport. It is fully developed with mainly older, 1970s industrial units and vacancy appears low.

Site 43: Upper Adhurst industrial park (1.9 ha) lies to the north east of Petersfield in a rural location on the B2070, a dual carriageway road within 2 km of the A3 junction at Steep. Local road access is via a dedicated junction on the B2070 but with a steep access road into the site. It is remote from services and public transport but there is adequate parking/loading within the site. It contains a mix of converted barns and some new units, mainly industrial with some offices, and some open storage areas and vacancy appears to be higher than average.

Bordon

Site 14: Bordon Trading Estate (4.1 ha) is a medium sized industrial estate with older units in a rural location to the west of Bordon over 7 km from the A3, via the A325 and Bordon town centre. Local road access is adequate via residential roads but it is remote from public transport and services. A narrow, fully developed site, it contains older, 1970s industrial units in good condition with low vacancy.

Site 15: Broxhead trading estate (1.8 ha) comprises a small industrial estate in relatively remote edge of town location. It is over 5 km from the A3 or A31 via rural or town centre roads. Local road access and parking/loading areas are adequate but it is remote from public transport and services. This is a small, fully developed site beside the River Wey and adjoined by open fields. It is an untidy site with mainly older (pre-1950s) and a few modern (1980/90s) industrial units but no obvious vacancy. There appears scope to redevelop some older units to provide modern industrial space.

Site 16: Woolmer industrial estate (10.4 ha) comprises a very large industrial estate on the A325 near Bordon town centre and within 4 km of the nearest A3 junction. Local road access is good via a dedicated roundabout off the A325 and there is adequate parking/loading space and buses passing the site. It adjoins other employment areas and open land and the site is fully developed. It contains a mix of older and modern, large units with average vacancy but is an attractive, managed estate with good profile.

Site 17: Highview Business Centre (0.9 ha): this is a small office park adjoining the large Woolmer industrial estate near the centre of Bordon. Although 4 km from the A3, it has good road access of the A325 with adequate parking and proximity to public transport. A small, sloping site, it has good profile. It is fully developed with a mix of modern, two storey office units, some modern industrial units and a business centre building for start-ups. This is an attractive and landscaped site with low vacancy.

Horndean

Site 23: Crookley Park House, Blendworth Lane (1.7 ha) is an edge of town site with access to the A3 via residential roads. It contains a few large older 1940-50s buildings in open grounds. Access is via narrow roads through a residential area but parking provision is adequate and buses pass nearby. Some dwellings adjoin the site but are adequately separated from it. This is a low profile site in a parkland setting and occupied by showroom type uses and a furnishings business and there is no vacancy.

Site 24: Highcroft/Enterprise industrial estates & Mays Yard (1.9 ha): this area contains four small adjoining industrial sites within 1 km of an A3 junction via reasonable roads. However, these are narrow sites on different levels with access via a steep junction and limited parking in some parts, although bus routes pass the site. Premises vary between estates, with mainly 1970/1980s

units on the Highcroft and Enterprise estates and older units in vehicle repair uses on Mays Yard. There is also significant vacancy.

Site 25: Westfield industrial estate (1 ha) is a small estate within 1 km of an A3 junction and within the Horndean urban area. Local road access is limited by a sloping access road and little parking/loading space although two bus routes run nearby. It adjoins commercial uses and some residential although with adequate separation from the latter. It is also a narrow, sloping site, fully developed with 1970s industrial units and with average vacancy levels.

Site 26: Wessex Gate & Hazleton industrial estates (1.8 ha): these comprise two adjoining industrial sites very near an A3 junction. Local road access and public transport accessibility are good and local shops/services lie nearby. A nursing home and residential uses adjoin the sites but are adequately separated from it. A large, level area, it is a fully developed and partly landscaped site with modern industrial units and no obvious vacancy.

Liphook

Site 28: Beavers Industrial estate (1 ha) comprises a small industrial estate near Liphook railway station. It lies under 2 km from an A3 junction but via Liphook town centre and residential roads. Adjoined by the railway line and open land, the site has a low profile location and is narrow and irregularly shaped but fully developed. It contains fairly modern, 1990s industrial units in good condition with some vehicle repair uses and no obvious vacancy.

Site 29: Bleaches industrial estate (1.2 ha) also comprises a small industrial estate near Liphook railway station. It lies under 2 km from an A3 junction but via Liphook town centre and residential roads which constrain access to some extent. Adjoined by the railway line and a few dwellings, the site is fully developed and contains older industrial units, some in vehicle repair uses, including some very old units and with about average vacancy.

Passfield

Site 30: Passfield Enterprise Centre (2.6 ha) lies over 5 km from the A3 via the A325 and rural roads. Local road access off the B3004 is good but via residential areas and with local public transport. It lies opposite dwellings with open land on other sides but is screened by trees with no obvious constraints from these uses. The site is fully developed with refurbished older buildings to provide mainly smaller office units of good quality as well as some small light industrial/warehouse units. This is a good quality development catering for smaller firms with no obvious vacancy but its limited accessibility makes it an average employment location overall.

Site 31: Passfield Mill Business Park (3.3 ha) is a medium sized industrial estate in a remote rural location over 5 km from any strategic road. Local road access is via a long, narrow rural road. There are adequate loading areas on site but no public transport. Adjoined entirely by open land, this is an untidy, irregularly shaped site beside a river. It contains a mix of older (1950s) and

more modern (1980s+) industrial units with some larger units and new investment but above average vacancy.

Liss

Site 32: Brows Farm (1.2 ha) comprises a small rural site outside of Liss village but within 1 km of an A3 junction. Local road access is good off Farnham Road with adequate parking but no bus routes nearby. Adjoined by rural buildings and open land, the site contains converted barn units which provide a good quality, attractive scheme of small office units with no obvious vacancy although somewhat remote from services.

Site 33: Liss Business Centre (0.3 ha): this site lies within Liss village about 1.5 km from the nearest A3 junction. Local road access is adequate although off small, residential roads with no bus routes nearby and some distance to village services. Adjoining uses are open land and dwellings but with adequate separation from the premises. The site contains a single, older 1950s building converted into small units for start-ups although occupation appears relatively low.

Site 34: Mainline Business Centre (0.3 ha) is a small, narrow site adjoining the railway line and near Liss village centre. It lies some 2 km from the nearest A3 junction but via narrow roads or the village centre. Local road access is tight but there is adequate parking space. The site is fully developed with a stream running close by. It contains a mix of older and refurbished industrial and office units, including vehicle repair uses. It is not an attractive site but functional and with no obvious vacancy.

Four Marks

Site 18: Farringdon Business Park & Farringdon Industrial Centre (4.7 ha): this comprises two separate sites within Farringdon village and 3 km from the A31 via the A32. The industrial centre has a steep access road and a tight junction while the Business Park also has a narrow access but both have adequate parking areas. They lie near village services. The industrial centre contains 1970/80s industrial units in good condition with no obvious vacancy. The Business Park also has older industrial units and some open storage and has above average vacancy.

Site 19: Hazel Road industrial estate (0.3 ha) comprises a small, irregularly shaped industrial estate near Four Marks village centre but located beside the A31. It contains small older units in fair condition, and all are occupied but there is limited road access/parking and some closely adjoining dwellings.

Site 20: Lymington Bottom Road, Medstead (0.8 ha): this comprises a collection of older units in variety of uses, including retail, which are largely occupied but of lower quality. Although within 1 km of the A31, local access is through a residential area although there is adequate parking. It adjoins the railway line and some residential premises but these are separated from the site by a road.

Site 21: Mansfield Business Park and Woodlea Park on Station Approach, Medstead (1.7 ha) are two good quality sites in a low profile location. They lie within 1 km of the A31 with reasonable local access off a quiet road but are remote from services. They are narrow sites adjoining the railway line and open land. Mansfield Park is an office park with a landscaped site and very new units, a few still to be let. Woodlea Park contains modern industrial units, all occupied but there is a vacant plot between the two sites being marketed for design & build opportunities.

Site 22: Station Approach 2, Medstead (1.5 ha) comprises two small industrial areas near the railway station and village centre services. Both are tight sites, closely adjoining dwellings and with access to the A31 only through residential areas. They are fully developed and contain older and lower quality industrial units but have low vacancy. Overall, these are lower quality employment sites although still functional and meeting local needs.

Site 27: Kingsley Business Park /Ganders Business Park (1.3 ha): this area contains two separate employment sites within in the small village of Kingsley, which is over 7 km from the A3 or A31. Ganders Business Park is a small attractive office park with barn conversions but above average vacancy. Kingsley Business Park is a small industrial estate with a mix of old and new units and low vacancy although the site access road is tight and passes dwellings. Both sites closely adjoining residential uses. Largely because of their accessibility, these are ranked as lower quality employment sites but are adequate to meet local needs.

Allocated Sites

The District's Local Plan: Second Review (adopted in March 2006) allocated a number of sites for industrial and business use through Policy IB1, four of which remain undeveloped. The focus of the assessment of these sites is to consider the potential of the sites to accommodate employment uses. All four sites comprise Greenfield locations on the edge of existing settlements.

Site 44: The Liphook employment site allocation (1.8 ha) comprises greenfield land immediately adjoining the Beavers industrial estate near the centre of Liphook and the railway station. It is a level site adjoining open land and some dwellings to the north east but any constraints could be minimised with an adequate buffer. While local road access is limited, this site would benefit from a successful industrial estate adjoining it, which it would be able to share access with. This is a good quality allocation suitable for smaller scale B1 uses. It is understood that a planning application for 2,200sqm of B1 employment space has been submitted for this site, but also an application for residential development.

Site 45: the Petersfield employment site allocation (2.1 ha) is a medium sized, sloping greenfield site beside an A3 junction and service station on the edge of the town near established employment areas. Road access is off a reasonable road into Petersfield town centre although adjoining dwellings. It is

understood that an outline planning application has been submitted for a B1 business park on this site. The site has good profile from the A3 and should provide a good site for a B1 business park or small scale industrial uses.

Site 46: the Bordon employment site allocation (2.2 ha) is a relatively large, level, greenfield site adjoining the large, successful Woolmer industrial estate and with a good new access road already in place. It is being actively marketed, shares the advantages of the Woolmer estate in terms of strategic road access, public transport and access to services and will benefit from the successful estate adjoining it. Overall, this is a good quality employment site.

Site 47: The Bentley employment site allocation (0.3 ha) comprises a small area of level greenfield land adjoining an established industrial estate and open fields but close to the village centre, with good road and public transport links. This would provide a good site for small scale B1-B8 uses. However, it is understood that a planning application has been submitted for residential development on this site.

Reference	Site Name	Total Area (ha)	Estimated Net Developable Area (ha) (if applicable)	Site Status	Assessment Criteria						Market attractiveness	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses	General Comments
					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints							
1	Omni Bus Centre/Alton Bus Centre, Omega Park, Alton	3.40	0	Existing employment area	Good	Poor	Poor	Good	Average	Good	No designation	Modern units / no vacant plots	No short/medium term opportunities	B1	Sloping sites with modern industrial and offices units, start-up units and low vacancy	
2	Oriel Court, Omega Park, Alton	1.09	0	Existing employment area	Good	Poor	Poor	Good	Good	Good	Allocated employment site	Modern units / no vacant plots	No short/medium term opportunities	B1a	Oriel Court fully occupied, good quality modern office park	
3	Riverside, Omega Park, Alton	1.07	0	Existing employment area	Good	Poor	Poor	Good	Average	Good	Allocated employment site	Modern units / no vacant plots	No short/medium term opportunities	B1	Low profile but good quality small managed site with 16 modern small industrial units, fully occupied	
4	Caker Stream Industrial estate, Alton	7.10	0	Existing employment area	Good	Poor	Poor	Good	Average	Good	No designation	Occupied premises in good condition/ no vacant plots	No short/medium term opportunities	B1-B8	Large industrial area with older units and steep access road but low vacancy; partly in flood risk Zone 3	
5	Grove Park/Sycamore Park, Mill Land North & South, Alton	12.97	0	Existing employment areas	Good	Good	Poor	Very Good	Good	Average	No designation	Mainly occupied premises in good condition/ one vacant plot	Some short/medium term opportunities	B1-B8	Large employment area with larger 1970s units near A31 junction; some large units vacant and vacant plot	
6	Prospect Place, Mill Lane, Alton	0.21	0	Existing employment area	Good	Good	Average	Average	Average	Average	No designation	Occupied premises in fair condition/ no vacant plots	No short/medium term opportunities	B1	Small, single occupier site with 3 storey office/industrial unit - partly vacant	
7	Hartley Park, Worldham	4.71	0	Existing employment area	Average	Average	Very Poor	Very Good	Good	Poor	No designation	Occupied premises in fair condition/ no vacant plots	Medium/long term opportunity	B1-B8	Older but redeveloped industrial units in remote rural location but fully occupied	
8	Station Road, Alton	1.24	0	Existing employment area	Average	Average	Good	Average	Good	Average	No designation	Modern units / no vacant plots	No short/medium term opportunities	B1-B2	Small, partly redeveloped Kerridge industrial estate with small modern units, all occupied; access shared with station/ foodstore	
9	Lumbry Park, South West Alton	1.06	0	Existing employment area	Good	Poor	Poor	Average	Good	Poor	No designation	Reasonable units / no vacant plots	Medium/long term opportunity	B1	Small converted office premises on low profile rural site near A31 junction but largely vacant	
10	Newman Lane & Riverwey industrial estates/Weyside Park, Alton	4.00	0	Existing employment areas	Very Good	Good	Poor	Very Good	Good	Good	No designation	Modern units / no vacant plots	No short/medium term opportunities	B1-B8	Two industrial estates with 1970-80s units in good condition, good access and loading areas and low vacancy; Weyside Park is small, high quality office park with good profile and no vacancy	

Reference	Site Name	Total Area (ha)	Estimated Net Developable Area (ha) (if applicable)	Site Status	Assessment Criteria						Market attractiveness	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses	General Comments
					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints							
11	Waterbrook Estate, Alton	3.03	0	Existing employment area	Very Good	Good	Poor	Good	Good	Very Good	No designation	Modern units /no vacant plots	No short/medium term opportunities	B1-B8	Good quality industrial estate near A31 junction; managed, landscaped site with modern units and no vacancy	
12	Bentley Business Park/Industrial centre	0.63	0	Existing employment area	Good	Average	Poor	Average	Good	Average	No designation	Occupied premises in good condition	Long term opportunity	B1-B8	Small estates with mix of 1980s industrial and office units with no vacancy near village centre and near A31	
13	Blacknest industrial estate, Blacknest	3.26	0	Existing employment area	Average	Average	Very Poor	Very Good	Good	Average	Designated employment site (Policy IB6)	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Distribution site with older units in rural location	
14	Borden Trading Estate, Bordon	4.12	0	Existing employment area	Very Poor	Poor	Very Poor	Very Good	Good	Average	No designation	Reasonable units /no vacant plots	Medium/long term opportunity	B1-B8	Industrial estate with older units in remote rural location; low vacancy	
15	Broxhead trading estate, Bordon	1.80	0	Existing employment area	Very Poor	Average	Average	Very Good	Average	Average	No designation	Reasonable units /no vacant plots	Medium term scope to redevelop some older units	B1-B8	Small industrial estate in relatively remote edge of town location; untidy site with mainly older units but no obvious vacancy	
16	Woolmer industrial estate, Bordon	10.37	0	Existing employment area	Poor	Very Good	Average	Very Good	Very Good	Good	No designation	Modern units /no vacant plots	Long term opportunity	B1-B8	Large industrial estate with mix of older and modern, large units and average vacancy	
17	High View Business Centre, Bordon	0.88	0	Existing employment area	Poor	Good	Good	Very Good	Average	Good	No designation	Modern units /no vacant plots	Long term opportunity	B1	Mix of modern office units, industrial units and business centre for start-ups; attractive site with low vacancy.	
18	Farringdon Business Park & Industrial Centre	4.73	0	Existing employment areas	Poor	Average	Average	Average	Average	Average	No designation	Reasonable units /no vacant plots	Medium/long term opportunity	B1-B8	1970/80s industrial and office units in small village; small sites with tight access; significant vacancy	
19	Hazel Road Industrial Estate, Four Marks	0.30	0	Existing employment area	Good	Average	Good	Poor	Average	Average	No designation	Reasonable units /no vacant plots	Medium/long term opportunity	B1-B8	Small industrial estate near town centre with small older units, all occupied but limited access/parking and closely adjoining dwellings	
20	Lymington Bottom Road, Medstead	0.82	0	Existing employment area	Good	Poor	Good	Poor	Average	Poor	No designation	Reasonable units /no vacant plots	Medium term opportunity	B1	Collection of older units in variety of uses; largely occupied but lower quality	

Reference	Site Name	Total Area (ha)	Estimated Net Developable Area (ha) (if applicable)	Site Status	Assessment Criteria						Market attractiveness	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses	General Comments
					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints							
21	Station Approach 1, Medstead (Mansfield Bus Park/Woodlea Park)	1.73	0.2	Existing employment area	Average	Average	Poor	Good	Good	Good	No designation; adjoins local gap	Occupied modern units but some vacant land	Short term opportunity on vacant plot	B1-B8	Two good quality sites in low profile location. Mansfield Park is office park with very new units, some vacant; Woodlea Park contains modern industrial units, all occupied.	
22	Station Approach 2, Medstead	1.45	0	Existing employment areas	Average	Poor	Average	Very Poor	Average	Average	No designation	Reasonable units /no vacant plots	Medium term opportunity	B1/B2	Small employment areas with older units, constrained access and closely adjoining housing but low vacancy	
23	Crookley Park House, Blendworth Lane, Hordean	1.65	0	Existing employment area	Average	Poor	Average	Very Good	Good	Average	No designation	None	Medium term opportunity	B1	Edge of town site with large older unit in open grounds; low profile site with narrow access road but occupied by showrooms	
24	Highcroft/Enterprise industrial estates & Mays Yard, Hordean	1.93	0	Existing employment areas	Good	Good	Average	Average	Poor	Average	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Several small adjoining industrial sites near A3 junction; steeply sloping site with older units and significant vacancy	
25	Westfield industrial estate, Hordean	1.00	0	Existing employment area	Average	Average	Good	Good	Average	Average	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Small, narrow, sloping site with older 1970s units and average vacancy; sloping access road and limited parking areas	
26	Wessex Gate/Hazelton industrial estate, Hordean	5.68	0	Existing employment area	Good	Good	Good	Average	Good	Good	No designation	Modern units /no vacant plots	Long term opportunity	B1-B8	Two adjoining industrial sites near A3 junction; good road and public transport access; modern industrial units in landscaped site with no vacancy	
27	Kingsley Business Park /Ganders Business Park	1.26	0	Existing employment areas	Very Poor	Poor	Average	Average	Average	Average	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Office park with barn conversions and small industrial estate in remote rural location; mix of old and new units; low vacancy	
28	Beaver Industrial Estate, Liphook	0.95	0	Existing employment area	Poor	Good	Average	Very Good	Average	Good	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Small industrial estate with fairly modern units in low profile location but no vacancy	
29	Bleaches Yard industrial estate, Liphook	1.21	0.9	Existing employment area	Poor	Average	Average	Good	Average	Average	No designation	Reasonable occupied units	Short term redevelopment of large derelict unit	B1-B8	Small industrial estate with some very old units near town centre and with constrained access and low vacancy	
30	Passfield Enterprise Centre, Passfield	2.57	0	Existing employment area	Poor	Average	Poor	Good	Good	Good	No designation	Reasonable units /no vacant plots	Long term opportunity	B1	Good quality, edge of village site, remote from services, with mix of refurbished office and industrial units and no vacancy	

Reference	Site Name	Total Area (ha)	Estimated Net Developable Area (ha) (if applicable)	Site Status	Assessment Criteria						Market attractiveness	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses	General Comments
					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints							
31	Passfield Mill Business Park	3.27	0	Existing employment area	Very Poor	Poor	Very Poor	Very Good	Average	Poor	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Industrial estate in remote rural location; partly in flood risk zone 3; untidy site with mainly older units but some new units; above average vacancy	
32	Brows Farm, Liss	1.17	0	Existing employment area	Good	Average	Poor	Very Good	Good	Good	No designation	Modern units /no vacant plots	Long term opportunity	B1	Converted barn units on edge of Liss and near A3; good quality office scheme with no vacancy but remote from services	
33	Liss Business Centre, Liss	0.25	0	Existing employment area	Average	Average	Poor	Good	Average	Average	No designation	Reasonable units /no vacant plots	Long term opportunity	B1	Small start-up units in older converted building near village centre but distant from services	
34	Mainline Business Centre, Liss	0.26	0	Existing employment area	Average	Average	Good	Good	Poor	Average	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Older and refurbished industrial/office units on narrow site beside rail station and village centre; constrained access but no obvious vacancy	
35	Amev Industrial estate, Frenchman's Road, Petersfield	0.48	0	Existing employment area	Average	Poor	Average	Average	Poor	Average	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Small estate on tight site with older industrial units, some refurbished, and average vacancy	
36	Frenchman's Road 2, Petersfield	2.23	0	Existing employment area	Average	Average	Average	Average	Good	Average	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Large industrial area near station with larger 1970s units in good condition and some vacancy	
37	Laundry Site, Frenchman's Road, Petersfield	0.37	0	Existing employment area	Average	Average	Poor	Poor	Average	Average	No designation	Occupied premises	Medium/long term opportunity	B1	Small site with very old building used as laundry; near other industrial sites but closely adjoins dwellings; occupied but may be hard to relet	
38	Bedford Road 1, Petersfield	6.55	0	Existing employment area	Very Good	Average	Average	Very Good	Good	Average	No designation	Modern occupied premises - no scope for redevelopment	Long term opportunity	B1-B8	Single occupier site (Whitman Laboratories) with large 1980s R&D/industrial unit; partly in flood risk Zone 3	
39	Bedford Road 2, Petersfield	4.58	0	Existing employment area	Good	Average	Average	Average	Good	Good	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Large, narrow site adjoining rail line with dwellings to rear; older industrial units and open storage with individual access points; no vacancy	
40	20/20 Vision Park, Bedford Road, Petersfield	0.76	0	Existing employment area	Good	Average	Average	Very Good	Good	Very Good	No designation	Modern units /no vacant plots	Long term opportunity	B1	Small site with very modern industrial units with office space above; good quality scheme near A3 junction and no vacancy	

Reference	Site Name	Total Area (ha)	Estimated Net Developable Area (ha) (if applicable)	Site Status	Assessment Criteria						Market attractiveness	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses	General Comments
					Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints							
41	Bedford Road 4, Petersfield	5.44	0	Existing employment area	Good	Average	Poor	Very Good	Good	Very Good	Local Plan employment site allocation	Reasonable units /no vacant plots	Long term opportunity	B1	Modern, good quality office park with low vacancy; partly in flood risk Zone 3	
42	Petersfield Business Park, Bedford Road	1.41	0	Existing employment area	Good	Good	Poor	Very Good	Good	Average	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Older industrial estate with low vacancy	
43	Upper Adhurst Industrial Park, near Petersfield	1.86	0	Existing employment area	Average	Good	Very Poor	Very Good	Good	Average	No designation	Reasonable units /no vacant plots	Long term opportunity	B1-B8	Converted barns and some modern industrial/office units and open storage in remote location; above average vacancy but beside dual carriageway.	
44	Liphook allocation	1.81	1.81	Allocated employment site	Poor	Good	Average	Very Good	Average	Good	Allocated employment site	None obvious	Short term opportunity	B1-B8	Greenfield site adjoining established industrial estate and able to share access	
45	Petersfield allocation	2.06	2.06	Allocated employment site	Very Good	Average	Average	Good	Good	Good	Allocated employment site	None obvious	Short term opportunity	B1-B8	Greenfield site beside A3 junction, services and established employment areas	
46	Bordon allocation	2.20	2.2	Allocated employment site	Poor	Very Good	Average	Very Good	Very Good	Good	Allocated employment site	None obvious	Short term opportunity	B1-B8	Large greenfield site adjoining successful industrial estate and with good access road in place	
47	Bentley allocation	0.26	0.26	Allocated employment site	Good	Average	Average	Very Good	Good	Average	Allocated employment site	None obvious	Short term opportunity	B1-B8	Greenfield land adjoining established industrial estate; adequate access	

Appendix 7 Definition of B Class Sectors

The method used for re-categorising the employment forecasts by sector into B-Class uses is summarised below.

Apportionment of B Class Sectors to Land Uses

Experian Sector	Proportion of Jobs by Use Class		
	B1 office	B2 industrial	B8 warehousing
Agriculture, Forestry & Fishing	Non B-Class		
Extraction & Mining	Non B-Class		
Food, Drink & Tobacco	0%	100%	0%
Textiles & Clothing	0%	100%	0%
Wood & Paper	0%	100%	0%
Printing and Recorded Media	0%	100%	0%
Fuel Refining	0%	100%	0%
Chemicals	0%	100%	0%
Pharmaceuticals	0%	100%	0%
Non-Metallic Products	0%	100%	0%
Metal Products	0%	100%	0%
Computer & Electronic Products	0%	100%	0%
Machinery & Equipment	0%	100%	0%
Transport Equipment	0%	100%	0%
Other Manufacturing	0%	100%	0%
Utilities		79%	
Construction of Buildings	Non B-Class		
Civil Engineering	Non B-Class		
Specialised Construction Activities	0%	56%	0%
Wholesale	0%	24%	76%
Retail	Non B-Class		
Accommodation & Food Services	Non B-Class		
Land Transport, Storage & Post	0%	0%	68%
Air & Water Transport	Non B-Class		
Recreation	Non B-Class		
Media Activities	100%	0%	0%
Telecoms	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance	100%	0%	0%
Insurance & Pensions	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	8%	0%	0%
Other Private Services	Non B-Class		
Public Administration & Defence	10%	0%	0%
Education	Non B-Class		
Health	Non B-Class		
Residential Care & Social Work	Non B-Class		

Source: Experian / NLP analysis



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