



Nathaniel Lichfield
& Partners

Planning. Design. Economics.



Western Berkshire FEMA Economic Development Needs Assessment

Thames Valley Berkshire Local Enterprise
Partnership

Final Report

October 2016



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Western Berkshire FEMA

**Economic Development Needs
Assessment (EDNA)**

Final Report

Thames Valley Berkshire Local
Enterprise Partnership

October 2016

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Nathaniel Lichfield & Partners
14 Regent's Wharf
All Saints Street
London N1 9RL

nlplanning.com

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Registered Office:

14 Regent's Wharf

All Saints Street

London N1 9RL

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Executive Summary

This Economic Development Needs Assessment (EDNA) has been prepared by Nathaniel Lichfield & Partners on behalf of the Thames Valley Berkshire Local Enterprise Partnership and West Berkshire Council. The method followed is National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) compliant. It follows on from a Part 1 Study with the six Berkshire Authorities that for plan making purposes identified three Core FEMAs with the Berkshire area.

This EDNA considers the objectively assessed economic development needs for the Western Berkshire Core FEMA (which comprises West Berkshire District only) over the period 2013-2036. The study considers future quantitative land and floorspace requirements alongside related qualitative factors for individual sectors and employment uses.

In accommodating growth needs, the EDNA notes competing pressures on land within authorities and the footloose nature of some needs that means they can be accommodated across individual boundaries. These factors will be considered in line with the NPPF by the Berkshire local authorities as part of the local plan process.

The key findings of the study are as follows:

- Employment space in the FEMA is dominated by industrial (B1c/B2/B8) uses with office space accounting for just 31% of total stock in the FEMA. Whilst B class floorspace is located across the FEMA, it tends to be concentrated in and around the key commercial centres of Newbury, Thatcham and Theale, and to a lesser extent Hungerford on the western fringes of the FEMA. It is also clustered along the main transport routes and networks including the A4 and M4.
- Over the last 10 years, the FEMA has accommodated a reasonable amount of new B class development, equivalent to around 24,450sq.m per year on average, split relatively evenly between office and industrial uses. After taking into account losses of B class employment space to other uses over this period, the net rate of B class development was positive.
- The Western Berkshire FEMA most closely aligns with the 'Thames Valley West' sub market area which constitutes the key node at the western end of the M4 corridor. This property market area is characterised by a lower value profile in both office and industrial terms than the M4 markets closer to London, a quasi-industrial character in regards to much of the demand, and linkages that exist with areas beyond the western boundary of Berkshire.

- The Western Berkshire FEMA is relatively self-contained in nature, broadly focused around the main economic centres of Newbury, Thatcham and to a lesser extent Hungerford, with limited overlap in commercial property market terms with Swindon, the next large commercial centre along the M4 corridor. Market demand for office space is reported to be steady, with requirements spanning across the premises size range but typically falling below 10,000sqft (930sq.m). Very limited levels of new office development have been completed in the FEMA within the last 20 years, and a key challenge going forward is ensuring that the FEMA's office stock is able to meet occupier requirements in terms of quality and fitness-for-purpose.
- Demand for industrial space remains strong and very low levels of vacancy reflect a limited supply of industrial accommodation (particularly modern, good quality space). Development of new industrial space in the FEMA has been limited in recent years, with much of the existing stock relatively dated and in need of refurbishment. Local commercial property agents report that demand for industrial premises is currently outstripping supply, and an upward trend in industrial rental values in recent years has led to new speculative industrial development being just about viable within the FEMA. The key issue going forward is a lack of new land and/or space to accommodate new development.
- Three different scenarios of future employment space requirements have been considered to provide a framework for considering the future economic growth needs and B class employment space requirements within the Western Berkshire FEMA during the 23 year period 2013 to 2036. These scenarios reflect the PPG and draw upon the following:
 - i projections of employment growth in the main B class sectors **(labour demand)** derived from economic forecasts produced by Cambridge Econometrics which are consistent with other economic evidence base work that has been prepared recently for Thames Valley Berkshire;
 - ii consideration of **past trends in completions of employment space** based on monitoring data collected by West Berkshire Council and how these trends might change in the future; and
 - iii estimating future growth of **local labour supply** based on population projections for the Western Berkshire FEMA applied as part of the recent Berkshire (including South Bucks) SHMA, and the amount of jobs and employment space that this can support.

- It should be noted that the CE economic forecasts were examined as part of the Berkshire (including South Bucks) Strategic Housing Market Assessment (February 2016) which highlighted notable variations in the rate of employment growth reported between historic time periods and the forecasts. The SHMA authors consequently made some adjustments to the overall rate of employment growth implied by the forecasts and for some authorities (Reading, West Berkshire and Wokingham) a specific 'economic uplift' is added within the SHMA to the objectively assessed housing need to account for this implied growth. Although it is not possible to model the employment space and land requirements associated with this adjusted growth trajectory as part of the EDNA, it is important to be aware of the adjustments that have been made as part of the SHMA within the context of economic evidence base alignment.
- The 'net' B class employment space requirements related to these different scenarios for the FEMA are summarised in Table ES1 below.

Table ES1: Net Employment Space Requirements (GEA sq.m) for Western Berkshire FEMA by Scenario, 2013 - 2036

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply
Offices (B1a/B1b)	50,570	175,950	41,560
Industrial (B1c/B2/B8)	188,690	109,710	154,650
Total B Class Land (ha)	239,260	285,660	196,210

Source: NLP analysis

- After making an allowance for a safety margin and replacement of ongoing employment floorspace losses, the total 'gross' B class employment space requirement related to these different scenarios for the FEMA ranges from 290,225sq.m to 379,675sq.m during the period to 2036, which implies in broad terms a need for between 65.2ha and 76.8ha of employment land (as summarised in Table ES2 below).

Table ES2: Gross Employment Land Requirements (ha) for Western Berkshire FEMA by Scenario, 2013 - 2036

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply
Offices (B1a/B1b)	17.2	38.5	15.7
Industrial (B1c/B2/B8)	58.0	38.3	49.5
Total B Class Land (ha)	75.2	76.8	65.2

Source: NLP analysis

- The net employment space requirements represent the minimum recommended quantum of employment floorspace to plan for, and the Local Planning Authority will need to take a view on the extent to which additional space should be planned for over and above the net requirements to allow for delays in development coming forward, for replacing employment space that is lost in future and to take account of other market signals.
- The spatial requirement for office and industrial uses within the Western Berkshire FEMA is relatively balanced under the past take-up based scenario, although the requirement is higher for industrial uses under both the baseline labour demand and labour supply scenario. When compared against historic B class job growth in the Western Berkshire FEMA (over the period 1996 to 2013, as implied by CE employment data), both the labour demand and supply based scenarios imply a level of job growth that falls quite significantly below historic levels, with the past take-up based scenario representing the only trajectory of growth which exceeds past recorded job growth.
- Within the context of the NPPF requirement to plan positively for growth, West Berkshire Council should plan to accommodate at least the labour supply based requirement (scenario 3) to ensure that the FEMA's indigenous growth potential (i.e. arising from its resident workforce) is not constrained by lack of spatial capacity in future. At the same time, the Council should consider planning to accommodate the higher requirement arising from the baseline CE job growth scenario to ensure that the FEMA's economic potential can be fully realised, particularly as the scale of job growth implied represents a slowdown in growth compared with past trends in the FEMA.
- The Western Berkshire FEMA is relatively self-contained from a commercial property market perspective, and whilst there is inevitably some degree of overlap and interaction with other centres in the wider sub-region, this suggests that the majority of employment land requirements that have been identified for the Western Berkshire FEMA would ideally be accommodated within the FEMA itself.
- Parts of the Western Berkshire FEMA functionally operate within the Greater Reading market, particularly those areas located close to the border with Reading Borough, such as Arlington Business Park in Theale. In so far as some growth needs of the Reading area have effectively been accommodated in West Berkshire in the past, it can be anticipated that this will continue in the future. As such, some of the employment space requirements for the FEMA would be best accommodated within these strategic locations, as opposed to other locations within the FEMA such as Newbury or Thatcham which tend to serve a different market and occupier base, and it will be important that the planning policy approach responds to these different geographies and market dynamics accordingly.

Contents

1.0	Introduction	1
	Spatial Overview	3
	Scope of Assessment	3
	Study Methodology	4
	Structure of the Report.....	6
2.0	Overview of Employment Space	7
	Current Stock of Employment Space	7
	Development Rates	11
3.0	Commercial Property Market Signals and Intelligence	14
	UK Property Market Overview	14
	Market Geography	14
	Market Segments.....	17
	Summary	22
4.0	Future Requirements for Employment Space	24
	Converting to Gross Employment Space Requirements.....	33
	Converting to Land Requirements.....	36
	Sensitivity Tests	37
	Summary	38
5.0	Policy Implications and Conclusions	40
	Economic Development Needs	40
	Accommodating Growth.....	42

Appendices

- Appendix 1 Executive Summary – Berkshire Functional Economic Market Area Study (February 2016)
- Appendix 2 Glossary
- Appendix 3 Methodology Consultation Questions
- Appendix 4 Methodology Consultation Responses Summary
- Appendix 5 Emerging Findings Consultation Questions
- Appendix 6 Emerging Findings Consultation Responses Summary
- Appendix 7 Consultees
- Appendix 8 VOA Floorspace Map
- Appendix 9 IDBR Business Map
- Appendix 10 Cambridge Econometrics Employment Projections -Methodology and data sources
- Appendix 11 Baseline Cambridge Econometrics Employment Projections
- Appendix 12 Definition of B Class Sectors

Introduction

1.0

1.1

This Economic Development Needs Assessment ('EDNA') report has been prepared by Nathaniel Lichfield & Partners ('NLP') on behalf of the Thames Valley Berkshire Local Enterprise Partnership ('TVBLEP') and West Berkshire Council.

1.2

This report represents the second of a two-part study. The first part comprises the Berkshire Functional Economic Market Area ('FEMA') Study¹ prepared by NLP which identified the various FEMA's that operate across Berkshire in order to provide the TVBLEP and six Berkshire local authorities with an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy. These FEMA's are summarised in Figure 1.1 below and the Executive Summary of the Part One FEMA Study is included at Appendix 1.

Figure 1.1 Functional Economic Markets – Summary Map



Source: NLP analysis, drawing upon a range of sources

1.3

Based on a “best fit” with local authority boundaries, three FEMA's were identified as summarised in Table 1.1 and Figure 1.2. These FEMA areas encompass those local authority areas that the evidence indicates consistently have strong inter-relationships across a range of indicators including economic and sector characteristics, labour market areas, housing market areas, commercial property market areas, consumer market areas and transport and connectivity.

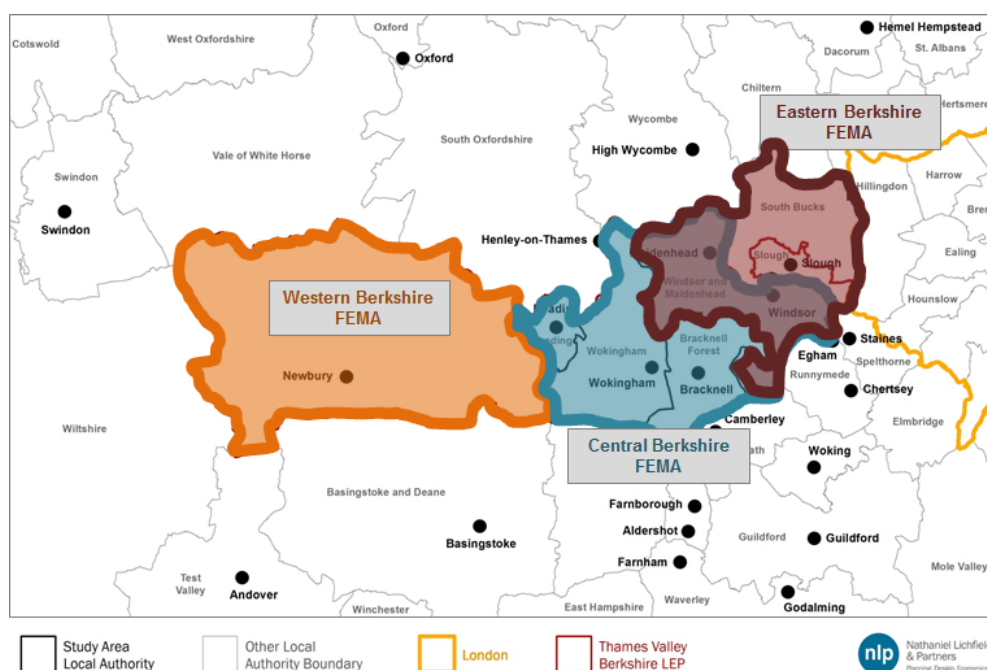
¹ Berkshire Functional Economic Market Area Study, Nathaniel Lichfield & Partners, February 2016.

Table 1.1 Core Functional Market Areas

Local Authority Area	Central Berkshire FEMA	Eastern Berkshire FEMA	Western Berkshire FEMA
Bracknell Forest	✓		
Reading	✓		
Slough		✓	
West Berkshire			✓
Windsor & Maidenhead ²	✓	✓	
Wokingham	✓		
South Bucks ³		✓	

Source: NLP analysis

Figure 1.2 Core Functional Economic Market Areas (Best Fit to Local Authority Boundaries)



Source: NLP analysis, drawing on a range of sources

- 1.4 This second part report focuses on the future economic development needs of the Western Berkshire FEMA defined as including West Berkshire. Second part reports have also been prepared to assess future economic development needs within the Central and Eastern³ Berkshire FEMAs respectively.
- 1.5 The evidence from this study will help inform the basis for the development of economic policies through each local authority's future Local Plan processes.

² Windsor & Maidenhead sits within two FEMAs due to the varied characteristics and economic role associated with different parts of the Borough. Economic development needs for Windsor & Maidenhead are therefore considered within both the Central and Eastern FEMA EDNA studies, with associated figures replicated on a consistent basis within both reports.

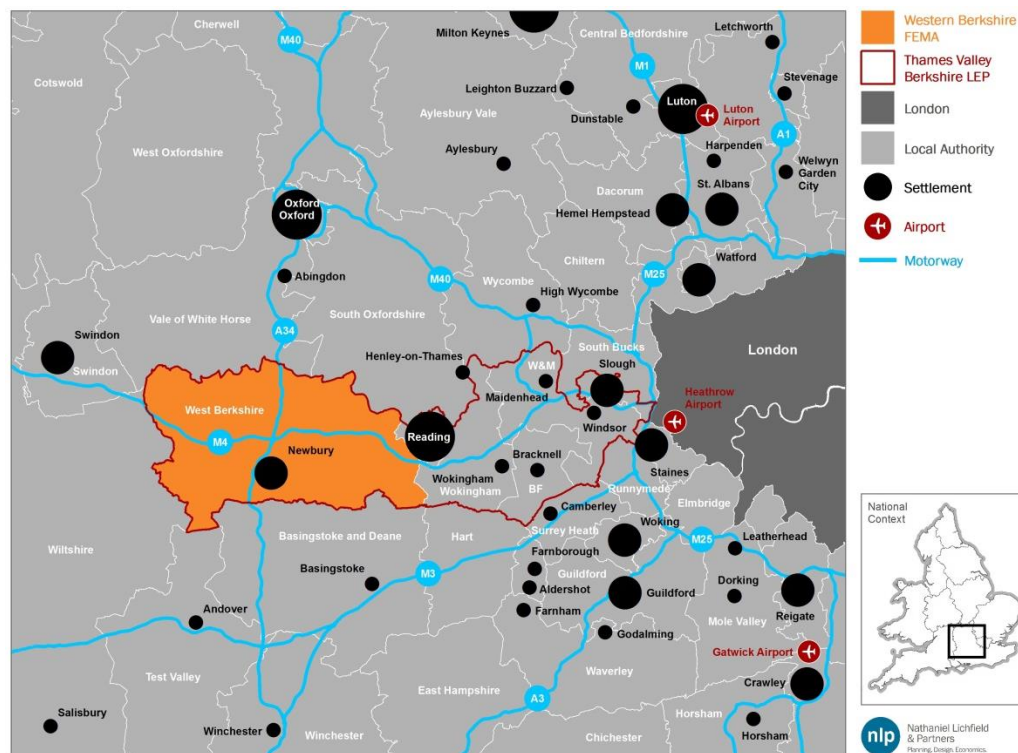
³ In recognition of the evolution of the plan making geography since the publication of the Berkshire FEMA study, it is no longer considered necessary to document the needs arising in South Bucks within the Eastern Berkshire EDNA.

Spatial Overview

1.6

The Western Berkshire FEMA is located within the Western part of the Thames Valley Berkshire LEP area, adjoining the counties of Wiltshire, Hampshire and Oxfordshire. The FEMA comprises the local authority area of West Berkshire, as shown in Figure 1.3 below.

Figure 1.3 Spatial Context of Western Berkshire FEMA



Source: NLP analysis Note: settlements sized by population

Scope of Assessment

1.7

The purpose of the EDNA is to provide an understanding of the future business needs and requirements for employment land and floorspace within the defined FEMA. This is specifically considered for the group of B-class sectors outlined below:

- **B1 Business** (offices (B1a), research & development (B1b), light industry (B1c));
- **B2 General Industrial**; and
- **B8 Storage or Distribution** (wholesale warehouses, distribution centres).

1.8

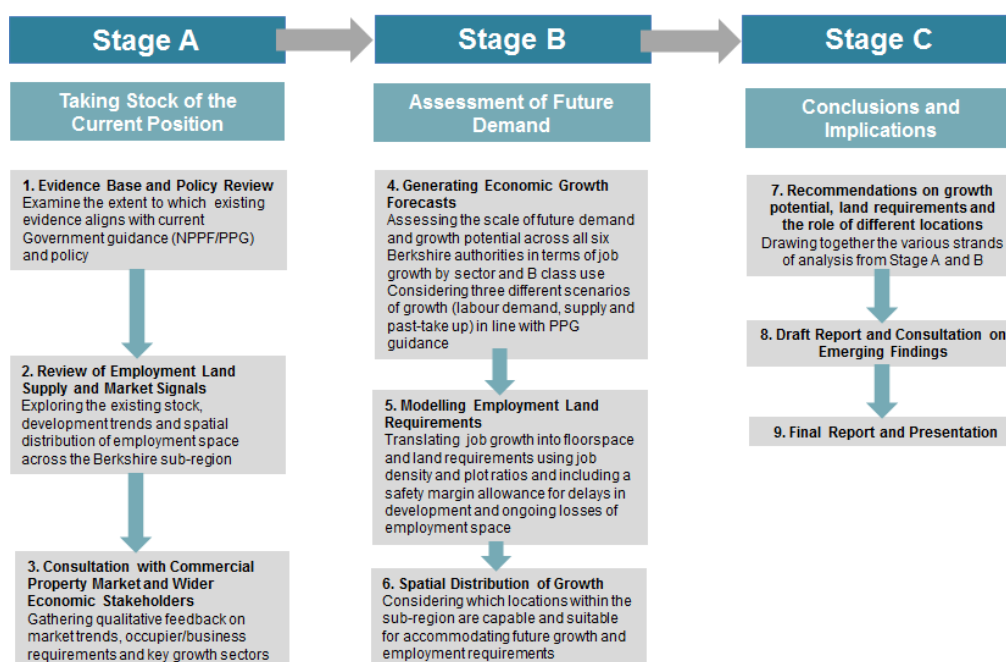
Demand for B-class employment land and floorspace is considered in this report, and references to “employment space” are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses. Economic needs are considered over a 23 year study period from 2013 to 2036.

- 1.9 The study also considers forecasts of growth in non B-class sectors to set out how the overall economy of the FEMA could change in the future, although does not specifically assess the space implications of these other sectors because they are planned for using different methodologies and considered by other forms of technical evidence (such as a retail and leisure assessment).
- 1.10 It should be noted that there are a variety of factors and drivers to consider when objectively assessing business needs for local areas. This study utilises a combination of both quantitative and qualitative analysis to explore these issues and synthesises these to draw overarching conclusions and implications. An important consideration for any work of this type is that it is inevitably a point-in-time assessment. 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. A glossary of key terms is included at Appendix 2.
- 1.11 The scope of the study is limited to assessing the need for B-class business space and land across the FEMA. It does not provide any assessment of the availability and suitability of land in the area to accommodate employment development uses either now or in the future.

Study Methodology

- 1.12 The assessment of future economic development needs involves three stages as set out in Figure 1.4 below. This takes account of the requirements of the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

Figure 1.4 Economic Development Needs Assessment Outline Methodology



Source: NLP

- 1.13 In order to ensure that the analysis is based on robust and credible evidence, extensive consultation has been undertaken as part of the study with key stakeholders including commercial property agents active in the area, neighbouring local authorities and other organisations with an interest in economic development across the wider sub-region.
- 1.14 This includes consultation undertaken at the beginning of the first part study to gain feedback on the proposed methodology. A number of responses were received from key stakeholders to the methodology consultation and a copy of the methodology consultation questionnaire is included at Appendix 3. A summary of responses, alongside an overview of how these responses have been incorporated into the study methodology, is provided in Appendix 4.
- 1.15 A further consultation exercise was undertaken with stakeholders as part of Stage C to share and invite feedback on the emerging findings and conclusions set out in the Draft Report. A summary of the responses to this exercise, alongside an overview of how these responses have been incorporated into the final report, is provided in Appendix 6. A copy of the emerging findings consultation questions is also included in Appendix 5.
- 1.16 A list of other stakeholders that have been consulted as part of the study is included at Appendix 7.

Basis of Assessment

- 1.17 The terms of reference for this study do not require specific consideration of the potential employment or economic impacts arising from any potential future expansion of Heathrow Airport but assumes that the Airport continues to

operate at current capacity. Any future policy decisions regarding expansion of Heathrow Airport may necessitate updates to the analysis and conclusions contained in this study.

1.18 The arrival of Crossrail, which will reach Reading by 2019, represents a significant infrastructure project of strategic importance for Berkshire. Analysis has been previously prepared on the economic benefits associated with the construction and operation of Crossrail; however the geographical remit of this analysis does not extend beyond the Greater London boundary. It has therefore not been possible to incorporate the outputs from this economic benefits exercise into the Western Berkshire EDNA analysis in quantitative terms; however some more qualitative commentary has been provided.

1.19 It should be noted that throughout the report, a number of different data sources and datasets have been used to analyse future business needs and requirements for employment land and floorspace within the defined FEMA. This means that it is not always possible to make direct comparisons between these datasets and indicators.

Structure of the Report

1.20 The remainder of the report is structured as follows:

- **Overview of Employment Space** (Section 2.0) – analysis of the current stock and trends of employment space across the FEMA in terms of mix of uses, development rates, gains and losses and age of premises.
- **Commercial Property Market Signals and Intelligence** (Section 3.0) – a review of the sub-regional commercial property market, including the supply of and demand for different types of employment space within the FEMA and the needs of different market segments.
- **Future Requirements for Employment Space** (Section 4.0) – estimates future employment space requirements for B Class sectors across the FEMA in quantitative terms, drawing on employment forecasts, past take-up data and labour supply forecasts.
- **Policy Implications and Conclusions** are identified in Section 5.0.

2.0

Overview of Employment Space

2.1

This section provides an overview of the current stock of B-Use employment space in the Western Berkshire FEMA, while also summarising recent trends and changes to the supply of this employment space. The amount of employment land and quantity of built employment floorspace has been considered across the three main types of employment uses (i.e. offices [B1a/b], manufacturing [B1c/B2], and warehouse and distribution [B8]). This analysis uses data from the following sources:

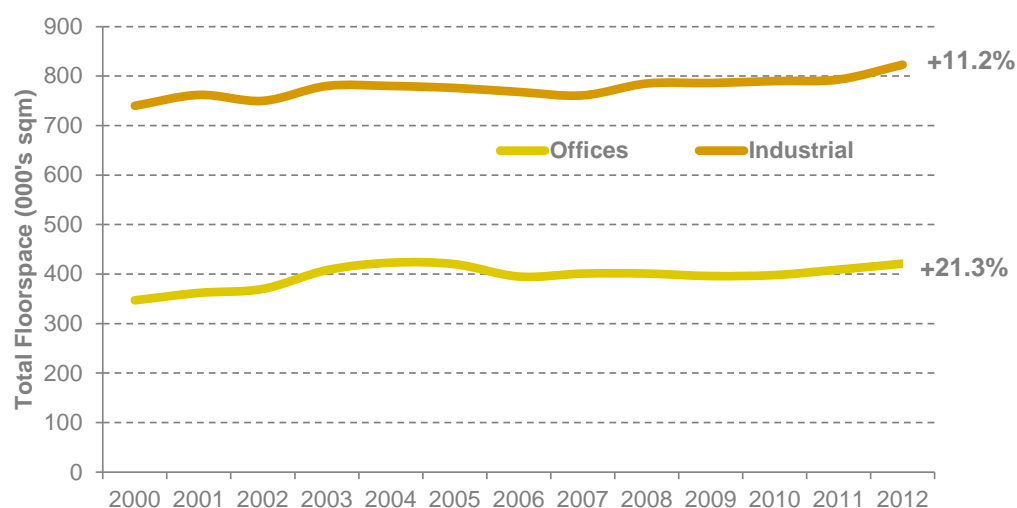
- Commercial floorspace data from the ONS and various datasets from the Valuation Office Agency (VOA);
- Monitoring data on commercial space from West Berkshire Council; and
- EGi Property Link database and other commercial property sources.

Current Stock of Employment Space

2.2

In 2012, the Western Berkshire FEMA contained around 1,244,000sq.m of B class floorspace, two thirds (66%) of which relates to industrial (B1c/B2/B8) uses. The total stock of office floorspace⁴ in the FEMA increased by 21.3% between 2000 and 2012, just under double the rate of growth (11.9%) achieved across the South East as a whole. Industrial floorspace also increased by 11.2% over this period which represents a much higher rate of growth than that recorded across the region as a whole (1.8%) over the same 12 year period (Figure 2.1).

Figure 2.1 Change in B Class Floorspace in Western Berkshire FEMA, 2000 - 2012



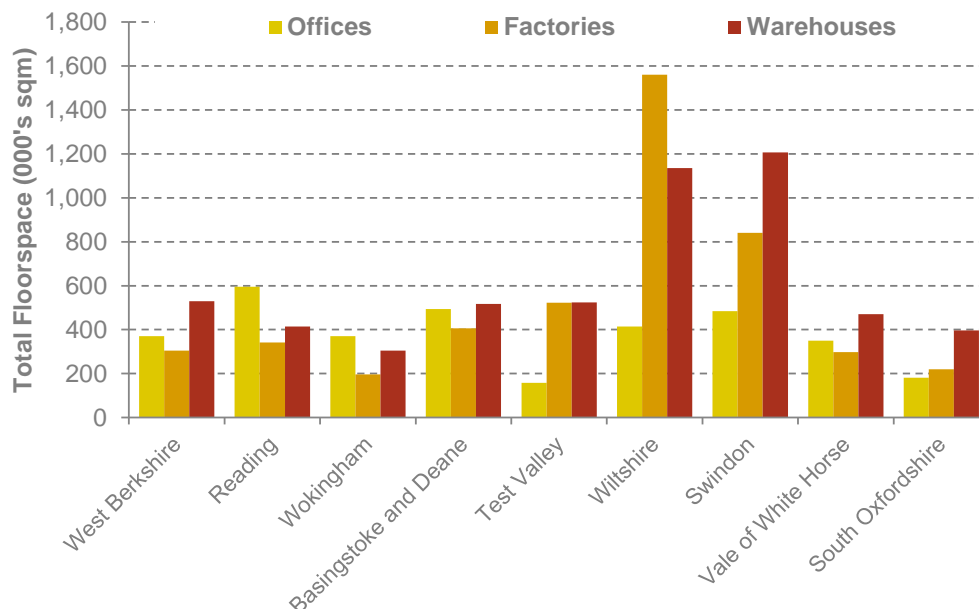
Source: VOA Business Floorspace / NLP analysis

⁴ Defined as commercial office space (i.e. excluding office space occupied by public sector uses)

2.3

A breakdown of the total employment floorspace by uses in 2008 is illustrated in Figure 2.2, including a comparison with employment space recorded in other local authority areas surrounding the Western Berkshire FEMA.

Figure 2.2 Components of Employment Floorspace by Local Authority, 2008



Source: VOA 2008⁵ / NLP analysis

2.4

This analysis indicates that the supply of employment space within the Western Berkshire FEMA is dominated by industrial (factory and warehousing) space which accounts for 25% and 44% of total stock respectively. Office space accounts for just 31% of total stock in the FEMA and falls below the amount of stock recorded in the nearby authority areas of Reading, Basingstoke and Deane and Swindon, each accommodating larger commercial centres and more established office markets. By comparison, office space accounts for 48% of total employment space in the Central Berkshire FEMA, and 35% in the Eastern Berkshire FEMA, both of which are characterised by large office centres such as Reading, Maidenhead and Slough.

2.5

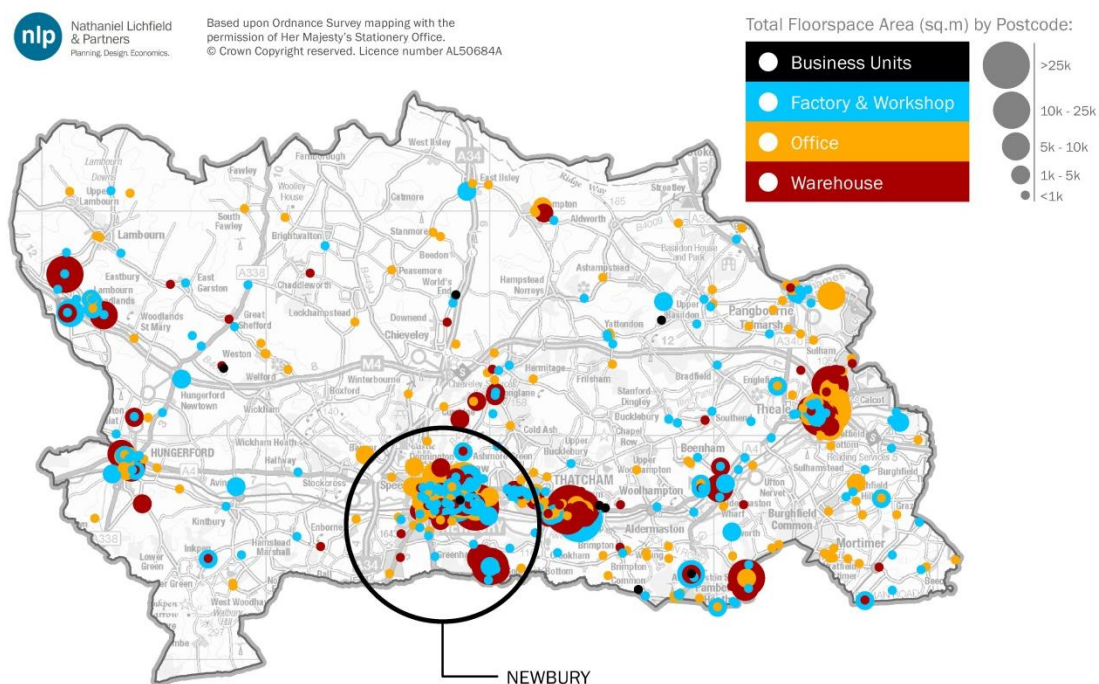
The amount of factory and warehousing stock within the Western Berkshire FEMA in 2008 was higher than in the adjoining Berkshire authority areas of Reading and Wokingham, but represented a smaller stock of space than areas to the south and west including Basingstoke and Deane, Wiltshire and Swindon (Figure 2.2). Together, factory and warehousing stock accounted for 69% of total employment space in the Western Berkshire FEMA, similar to the Eastern Berkshire FEMA (65%) but much higher than the Central Berkshire FEMA (52%). This is likely to reflect the industrial nature of West Berkshire's key centres of Newbury and Thatcham, with commercial property markets in other parts of Berkshire generally more mixed in nature.

⁵ VOA business floorspace analysis presented in this section draws upon a number of different VOA datasets – although these have been published at different time periods (2008, 2010 and 2012), they have been used because they each provide the latest available information in a slightly different, albeit complementary, format

Spatial Distribution

- 2.6 Figure 2.3 shows the spatial distribution of B class employment space across the Western Berkshire FEMA using latest available VOA data. This indicates that whilst B class floorspace is located across the FEMA, it tends to be concentrated in and around the key commercial centres of Newbury, Thatcham and Theale, and to a lesser extent Hungerford on the western fringes of the FEMA (Figure 2.3).

Figure 2.3 Spatial Distribution of Employment Floorspace in Western Berkshire FEMA, 2010

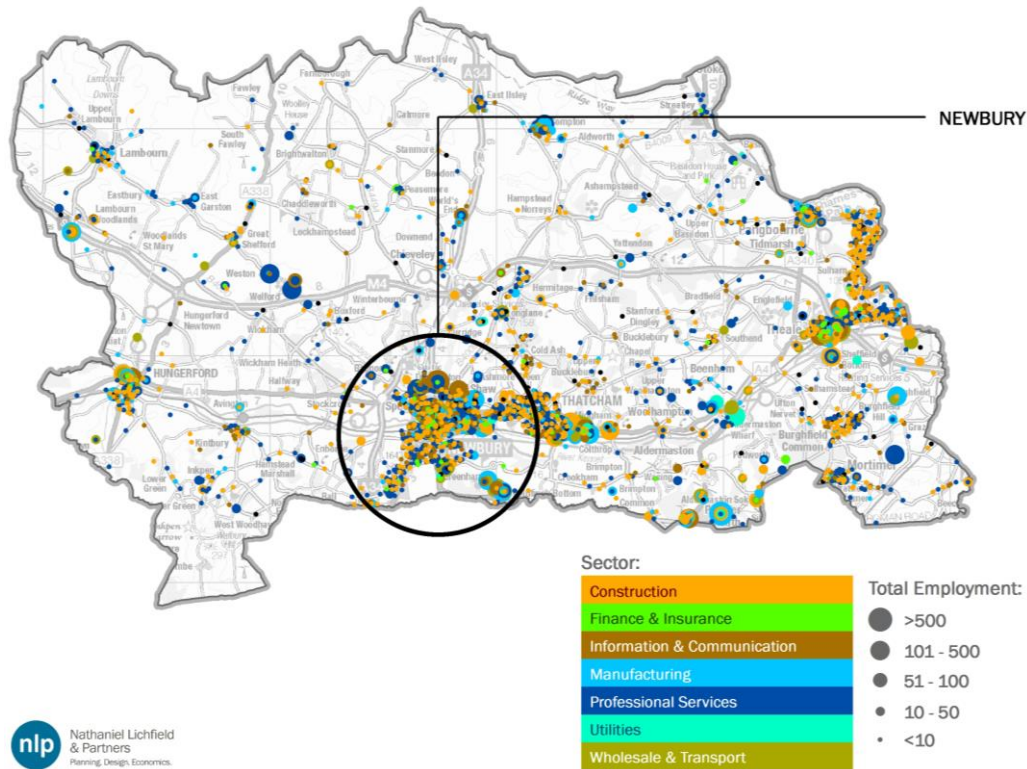


Source: VOA 2010 / NLP analysis

- 2.7 B class space is also clustered along the main transport routes and networks including the A4 and M4. The town of Newbury accommodates the largest stock of B class floorspace in the Western Berkshire FEMA and this covers a mix of office, factory, workshop and warehouse space. Space in nearby Thatcham tends to be more industrial in nature, while significant clusters of office space are accommodated in Theale to the east of the FEMA which is home to Arlington Business Park.
- 2.8 Outside of the larger settlements, B class space is also scattered across the more rural parts of the FEMA, with small pockets of office, factory/workshop and business unit space located within smaller towns and villages.
- 2.9 A more detailed VOA map illustrating the spatial distribution of B class employment floorspace in the Western Berkshire FEMA is included in Appendix 8.
- 2.10 Drawing upon Inter-Department Business Register (IDBR) data, the spatial distribution of businesses in the Western Berkshire FEMA that operate within B class sectors can also be illustrated (Figure 2.4). This analysis highlights that

the largest cluster of B class businesses in the FEMA is located in and around the centres of Newbury and Thatcham in the centre of the FEMA, while a smaller cluster of B class businesses is also located on the eastern edge of the FEMA in Theale, situated along the boundary of West Berkshire with Reading.

Figure 2.4 Spatial Distribution of B Class Employment in the Western Berkshire FEMA, 2014



Source: IDBR / NLP analysis

Note IDBR data does not record smaller businesses that fall under the VAT threshold.

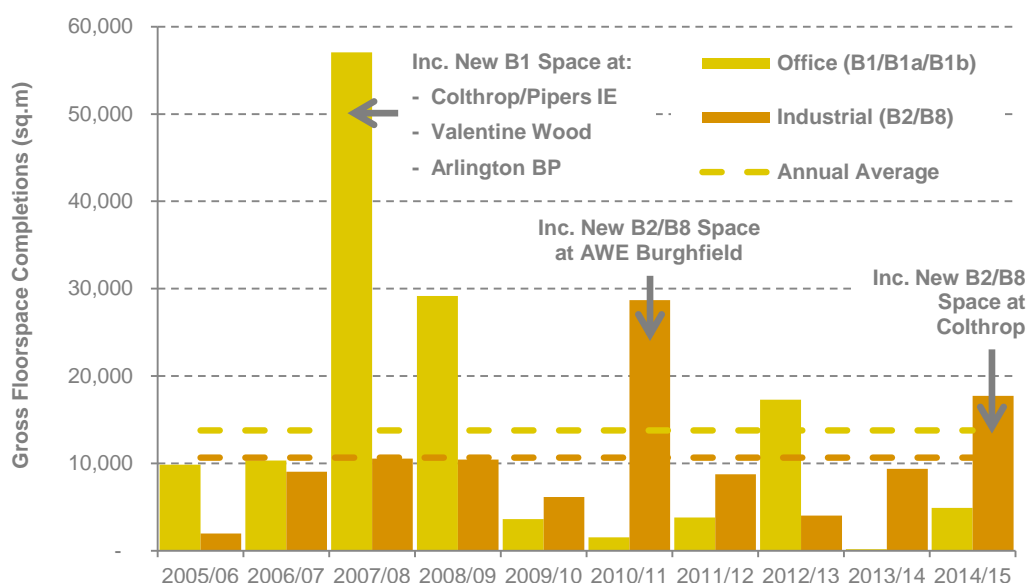
- 2.11 The IDBR data also indicates that Newbury and Thatcham support the most significant cluster of office based sectors within the Western Berkshire FEMA, including professional services, finance & insurance, and information & communication. Outside these main centres, a smaller cluster of office based firms is also located in Theale and Hungerford while large office occupiers are also located in the more rural parts of the FEMA (including sizeable professional services firms located around Welford and Mortimer). In addition, the analysis indicates that Newbury, Thatcham and Theale represent the main industrial areas in the Western Berkshire FEMA, supporting major clusters of manufacturing and wholesale & transport businesses generally found in close proximity to such key road routes as the A4 and M4.
- 2.12 As with the analysis of the VOA data, the analysis of IDBR data points towards a scattering of B class businesses within the Western Berkshire FEMA outside the main commercial centres. These rural based firms tend to be found either in close proximity to a small settlement or a main road connection.
- 2.13 A more detailed IDBR map illustrating the spatial distribution of B class businesses within the Western Berkshire FEMA is provided in Appendix 9.

Development Rates

Gross Completions

- 2.14 Between 2005/06 and 2014/15, the gross completion of B class employment floorspace in the Western Berkshire FEMA equated to around 244,540sq.m, of which 137,790sq.m (56%) related to office floorspace and 106,750sq.m (44%) related to industrial floorspace.⁶ The average annual gross completion of office floorspace therefore equated to about 13,780sq.m during this period, while for industrial floorspace this equated to 10,670sq.m (Figure 2.5).

Figure 2.5 Gross B Class Floorspace Development in the Western Berkshire FEMA, 2005/06 - 2014/15



Source: West Berkshire Council / NLP analysis

- 2.15 As shown in Figure 2.5, the gross developments of B class employment space in the Western Berkshire FEMA during this monitoring period was relatively uneven, with more than 55% of total gross completions undertaken in 2007/08, 2008/09 and 2010/11.
- 2.16 In this context, the majority of gross office completions in the FEMA during this period were undertaken in 2007/08 and 2008/09, which accounted for around 63% of gross office completions. These two monitoring years recorded strong office developments across a number of locations, including at Colthrop/Pipers Industrial Estate in Thatcham, Valentine Wood in Aldermaston, and Arlington Business Park in Theale. However it should be noted that given the limitations of the monitoring data (see footnote below), some of these recorded office completions actually related to new industrial floorspace (for example at Colthrop/Pipers Industrial Estate).

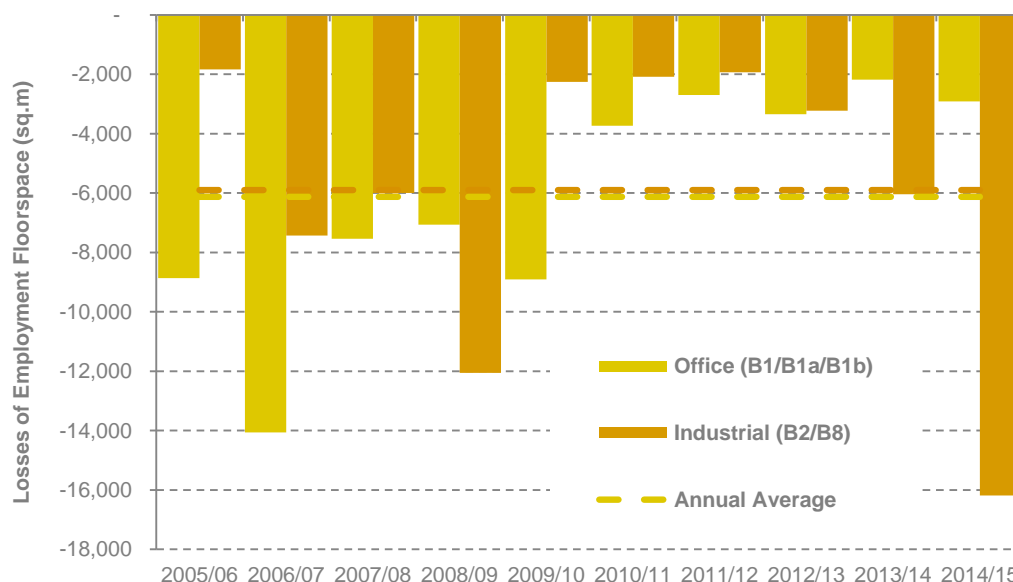
⁶ The monitoring data from West Berkshire Council did not disaggregate the B1 use class category by B1a, B1b and B1c uses between 2005/06 and 2009/10, but did make the distinction from 2010/11 onwards. In the absence of more detailed data, the B1 use class category used between 2005/06 and 2009/10 has been assumed to relate to office uses (i.e. B1a and B1b) by NLP, although it is noted that in a few cases, development related to industrial uses (for example at Colthrop/Pipers Industrial Estate).

- 2.17 In regards to gross industrial completions, the rate of development during the monitoring period tended to be more even compared to the gross completion of office floorspace. The most significant years of gross industrial development in the Western Berkshire FEMA through this period was in 2010/11 and 2014/15, which accounted for almost 45% of all industrial completions. These years saw major completions of industrial floorspace at AWE Burghfield in 2010/11 and in Colthrop in 2014/15.

Losses of Employment Space

- 2.18 During the monitoring period 2005/06 to 2014/15, a total of 120,330sq.m of B class employment floorspace was lost to other B class and non B class uses in the Western Berkshire FEMA. This recent loss of employment space within the FEMA was evenly balanced across losses of office and industrial floorspace.
- 2.19 As shown in Figure 2.6, the losses of B class employment space within the Western Berkshire FEMA in this period have been relatively uneven across the years. The most significant losses of employment floorspace during this period were in 2006/07, 2008/09 and 2014/15 which accounted for about 50% of all losses of employment space in the District over this monitoring period. In this context, more than 50% of the losses of office floorspace in the FEMA during this period were attributable to 2005/06, 2006/07 and 2009/10, whilst almost 50% of the losses of industrial floorspace during this period were attributable to 2008/09 and 2014/15.

Figure 2.6 Losses of B Class Floorspace in the Western Berkshire FEMA, 2005/06 - 2014/15



Source: West Berkshire Council / NLP analysis

Net Completions

- 2.20 The net completion of B class employment space within the Western Berkshire FEMA during the monitoring period 2005/06 to 2014/15 remains positive after taking into account the losses of B class employment space, equating to a total

net completion of 124,210sq.m during this period. Approximately 62% of these net completions relate to office uses, which is equivalent to around 76,500sq.m of total net office completions, while around 47,720sq.m of total net industrial completions were recorded during this period.

- 2.21 In this context, the gross completion of B class employment space in the Western Berkshire FEMA has exceeded the losses of floorspace through this period. This has resulted in an increase in the total quantum of B class space in the FEMA over recent periods.

Impact of Permitted Development Rights

- 2.22 In 2013, the Government announced the proposed introduction of Permitted Development Rights (PDR) to allow for the change of use from B1a offices to residential uses without the need to acquire planning permission from the local planning authority. The Government has now made these PDR permanent. In this context, PDR is expected to increase the rate of losses of office floorspace, potentially above historic rates of floorspace losses.
- 2.23 An analysis of monitoring data from West Berkshire Council covering the period 1st April 2013 to 31st March 2015 indicates 29 prior approval applications for a change of use from office to residential use have been granted in the Western Berkshire FEMA over this period. These granted prior approval applications could result in losses of approximately 15,420sq.m of existing office space in the FEMA if they are all implemented in full which is equivalent to an average loss of office floorspace of 530sq.m per application. The largest office space that has been granted PDR is 1,420sq.m in Newbury. Over 80% of this floorspace is accommodated in Newbury.
- 2.24 In this context, 7 of the 29 prior approval applications (between 1st April 2013 and 31st March 2015) in the Western Berkshire FEMA have been completed thus far, which is equivalent to around 1,860sq.m of office floorspace that has been converted to residential use in the FEMA. This loss of office floorspace is equivalent to a negligible loss of about 0.4% of the stock in the FEMA in 2012, while the potential loss of 15,420sq.m of office floorspace in the FEMA would be equivalent to almost 4% of the total stock in the Western Berkshire FEMA.
- 2.25 A further 21 prior approval applications for change of use from office to residential have been granted by West Berkshire Council between the period 1st April 2015 and 31st March 2016 although data is not available on the amount of office floorspace that could be lost if these applications were to be implemented in full.
- 2.26 The introduction of PDR is expected to have a significant effect on the supply of office floorspace in local authorities across the UK, particularly in those local authorities with the highest residential land value and pressure on lower value uses (e.g. office floorspace). With PDR now confirmed as permanent, it will be necessary for West Berkshire Council to carefully monitor future losses of office floorspace to determine whether further provision will be necessary over and above the requirements set out in Section 4.0.

3.0

Commercial Property Market Signals and Intelligence

3.1

This section provides an overview of the commercial property market in the Western Berkshire FEMA, including recent trends in demand and supply. The findings are mainly based on discussions with a number of commercial property agents currently active in the FEMA and wider sub-region (see Appendix 7) and where appropriate this has been supplemented with information derived from a number of sources including commercial property availability databases and published reports.

UK Property Market Overview

3.2

The UK economic recovery, which began in 2013, has now become firmly entrenched, and sentiment in commercial property appears to be the most positive it has been for many years. Improvements in market conditions have been supported by the greater availability of real estate debt and equity finance, occupier demand is steadily increasing, and generally rents and capital values are broadly stable.

3.3

While central London offices are still the outperforming market segment, some investors and developers are also looking further afield in an attempt to access stock and achieve good returns. However, much of this activity is focusing on the best performing locations in the South East or major provincial cities. In more economically marginal locations, and those without a significant existing commercial property market, there is still uncertainty and lenders and developers are likely to remain cautious.

3.4

It should be noted that property market intelligence collated and presented within this EDNA report pre-dates the outcome of the UK referendum on membership of the European Union (EU) in June 2016, and therefore does not give specific consideration for how the timing and basis for the UK's future exit from the EU could impact upon national or sub-regional commercial property market dynamics.

Market Geography

Sub Regional Geography

3.5

At a sub-regional level, the major commercial property markets are spread geographically along the M3 and M4 corridors with strong functional linkages to Heathrow airport and the outer west London boroughs. These market corridors can be collectively referred to as the Western Corridor and comprise a number of significant commercial centres including Reading, Slough, Newbury and Basingstoke.

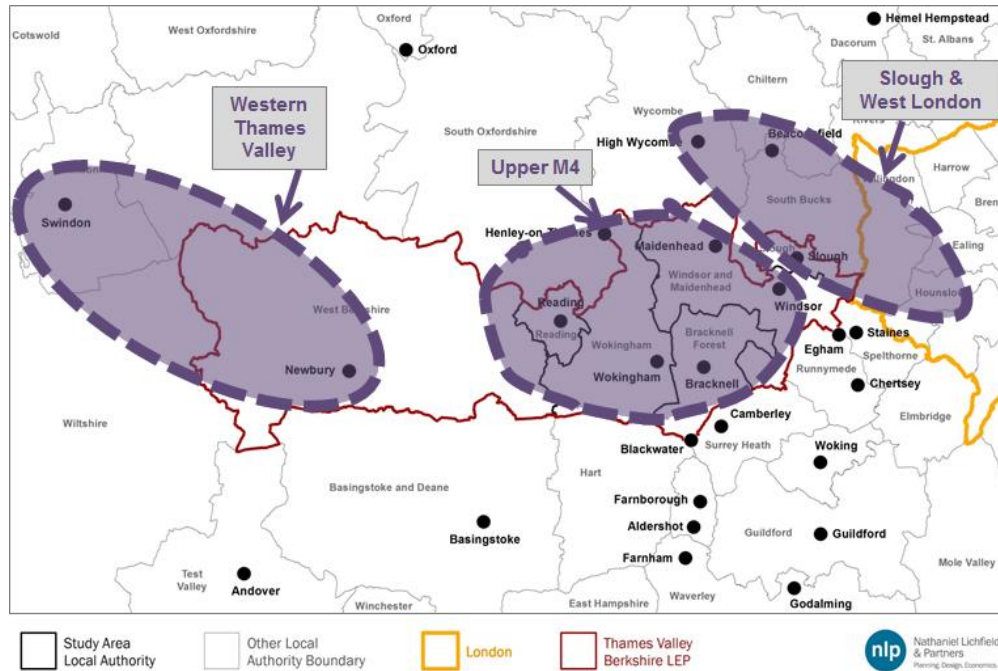
- 3.6 The Western corridor is a high value area for offices, attracting some of the highest rents within the South East. Research undertaken by CBRE⁷ notes that the rental values seen in the dominant centres of the Western Corridor (such as Maidenhead, Reading, Slough and Bracknell) suggest that these locations are equally attractive to occupiers and this reflects the general trend of M4 corridor towns commanding higher office rental values than the towns along the M3, mirroring the greater attractiveness of this section of the market to a wider range of occupiers.
- 3.7 The area also contains a significant concentration of industrial centres and markets, predominantly influenced by the good transport links offered by the M3/M4/M25 and proximity to Central London. Key Western Corridor industrial locations include Reading, Basingstoke, Slough, High Wycombe and Newbury.
- 3.8 Recent market intelligence⁸ suggests that the trend of decentralisation from Central London is expected to continue over the coming months as rental and business rates growth reach record levels in the Capital and occupiers look to cut their real estate costs. The IT sector is expected to drive this trend, with the Thames Valley set to benefit from its highly skilled workforce in this respect. Recent examples of office occupiers decentralising from central London include Maersk who recently relocated their entire IT office function to Maidenhead and the relocation of Hammerson's back office support functions from Mayfair to Aquis House in Reading in 2014.
- 3.9 Within the Western Corridor, it is possible to identify a number of specific sub market areas, each sharing similar characteristics and trends and with a high degree of interaction occurring within these component submarkets. These are presented and illustrated within the Berkshire FEMA study Part One, and are summarised below.
- iv **Core Thames Valley:** The Core Thames Valley or 'Upper M4' area focuses on the key M4 markets of Reading, Maidenhead, Bracknell and Wokingham, and reflects the close correspondence between these towns in terms of value, accessibility and labour force, and the area's status as the centre of the technology-driven business park market west of London. Over the coming years, Reading and Maidenhead are expected to remain the main foci for office demand, with Reading the main industrial centre.
 - v **Thames Valley West:** The Thames Valley West area constitutes the key node at the western end of the M4 corridor. The distinction of this area from the western corridor sub-region reflects the lower value profile in both office and industrial markets than the M4 markets closer to London, the quasi-industrial character of much of demand, and the linkages that exist with areas beyond the western boundary of the South East region towards the Swindon and Bristol area.
 - vi **Heathrow-Slough-High Wycombe:** This sub area effectively represents the eastern end of the Thames Valley market and, in overlapping

⁷ CBRE, South East Regional Property Market Study, March 2007 (Note: Although this study is now a few years old, its key conclusions on broad property market characteristics are still considered to be relevant)

⁸ Savills World Research, Greater London & South East Offices, Spotlight: How far are occupiers moving? January 2016

significantly with the London area, acknowledges the pervasive influence of Heathrow Airport. While there are clear linkages with the Core Thames Valley and little difference in terms of typical values, the industrial and quasi-industrial character of demand in the two main markets of Slough and High Wycombe provides a key measure of differentiation.

Figure 3.1 Functional Commercial Property Market Areas – Summary Map



Source: Berkshire Functional Economic Market Area Study, NLP February 2016

Western Berkshire FEMA

- 3.10 Within the context of these overarching commercial property sub market areas, the Western Berkshire FEMA most closely aligns with the 'Western Thames Valley' geography or market area and further commentary on this market area is provided below.
- 3.11 The Western Berkshire FEMA is well connected in transport terms, with the east-west M4 motorway intersection with the north-south A34 at Chieveley in the centre of the FEMA representing an important strategic road interchange. The FEMA benefits from good strategic road connections to larger centres such as Reading, Oxford, Swindon, Basingstoke and London, while mainline railway services to London and the south west of England run through the south of the FEMA.
- 3.12 In economic terms, the Western Berkshire FEMA is characterised by a relatively mixed and diverse occupier base that tends to be more rural in nature than the rest of Berkshire (particularly away from the Reading urban area). The District's Core Strategy (Adopted July 2012) underlines the important role that traditional industries such as agriculture and the racehorse industry will have to play in driving the economy in future.

- 3.13 The 'Thames Valley West' sub market area is relatively self-contained in nature, broadly focused around the main economic centres of Newbury, Thatcham, and to a lesser extent Hungerford. There is reported to be limited overlap in commercial property market terms with Swindon, the next large commercial centre along the M4 corridor, which is considered to be more South West facing, sharing stronger economic linkages with locations such as Bristol.
- 3.14 By contrast, key commercial centres within the Western Berkshire FEMA such as Newbury are considered to be more Berkshire facing, with stronger connections to London and effectively representing the western 'cut off' point for the London to Thames Valley broad occupier area of search. There are also reported to be limited connections in property market terms between the Western Berkshire FEMA and Basingstoke to the south (which is considered to operate within the M3 property market corridor) and Oxford/Oxfordshire to the north.
- 3.15 The settlement of Theale is home to the large Arlington Business Park development; due to its location near to the outskirts of Reading, it functionally operates within the same commercial property market as adjoining Reading (i.e. the 'Core Thames Valley' property market area) but in best fit to local authority boundary terms, falls within a Western Berkshire FEMA. Reading is a particularly significant location in the context of the Western Berkshire FEMA given the transport links between the two areas and the fact that Reading is a major business location in the wider Thames Valley area.
- 3.16 The Western Berkshire FEMA accommodates a variety of employment sites ranging from large business parks and industrial estates to small rural sites converted from agricultural uses. It is also home to a number of strategically important employment sites and occupiers including at New Greenham Park, Vodafone HQ, and the Atomic Weapons Establishment (AWE) which has two bases in the area at Aldermaston and Burghfield.

Market Segments

Offices

- 3.17 The key office locations within the Western Berkshire FEMA are Newbury and Theale, the former offering occupiers a market town location with a mix of town centre, business park and lab space. Theale accommodates the Arlington Business Park which is more campus/HQ style in nature, and as previously mentioned, tends to serve a 'Greater Reading' office market rather than a West Berkshire one. The Business Park is reported to have struggled recently to attract and retain occupiers, with a number of properties currently vacant/on the market. This is thought to be due in part to a lack of on-site amenities (such as communal facilities, cafes etc) and dated accommodation, particularly compared with other business parks in the wider Thames Valley and Greater Reading area.

- 3.18 The smaller centres of Hungerford and Thatcham accommodate very limited and localised office markets. Market demand for office space in the Western Berkshire FEMA is reported to be steady in the current climate, with requirements spanning across the premises size range but typically falling below 10,000sqft (930sq.m).
- 3.19 Very limited levels of new office development have been completed in the FEMA within the last 20 years, and as a result much of the existing office stock is dated and in need of modernising. The knock-on impact on typical office rents mean that the Western Berkshire FEMA provides a competitive location within the wider Thames Valley for office occupiers, particularly compared with other higher value office locations such as Reading and Maidenhead.
- 3.20 Historically, the local office market in Newbury has been dominated by the presence of Vodafone which at one time was reported to have occupied more than 50 office premises scattered across the town. Following Vodafone's consolidation to a new HQ office building just off the A339 to the north of the town 12 years ago, a significant amount of office floorspace 'flooded' the town centre office market in Newbury, taking a number of years to re-occupy.
- 3.21 The quality of office stock in the Western Berkshire FEMA (and particularly within the central and western parts of the FEMA) is generally older and of poorer quality than that available elsewhere in the Thames Valley/M4 corridor. The FEMA lacks any critical mass of Grade A office accommodation, and this is reported to make it difficult to attract and retain higher value occupiers to locate in the FEMA. This issue has also been identified through recent work undertaken as part of the Local Government Association's Economic Growth Advisor Programme which found that the greatest barrier to business growth in West Berkshire is the availability and quality of premises, and that this is potentially damaging the District's competitiveness with comparative locations such as Reading and Bracknell.
- 3.22 Local property agents cited the upcoming relocation of pharmaceutical firm Bayer from its UK headquarters in Strawberry Hill, Newbury (where it had been based since 1983) to modern premises at Green Park in Reading as an example of a firm moving out of the FEMA because it could not find suitable modern premises of the scale and with the environmental credentials required by a multinational occupier, nor a suitable site to accommodate a Grade A new build. The firm were also reported to be keen to be located in close proximity to other similar companies based at Green Park. The relocation of Bayer is expected to bring around 140,000sq.ft (13,000sq.m) of office floorspace onto the market, although this is likely to require refurbishment/redevelopment to make it attractive to the town's office market.
- 3.23 Office rents in Newbury have been increasing steadily recently as demand has continued to grow, and are now reported to be back to 1990 levels at between £15sq.ft/£161sq.m and £17sq.ft/£183sq.m in the town centre. Out of centre business parks (such as Newbury Business Park) command a premium (due to the generally better quality space available) at over £20sq.ft/£215sq.m, extending to £25sq.ft/£269sq.m for the best quality space in the FEMA. As

shown in Table 3.1, this makes Newbury a more expensive location than Swindon, but cheaper than other Thames Valley locations such as Reading and Maidenhead.

- 3.24 As noted above, Theale effectively operates within the Greater Reading market, with office rents at Arlington Business Park more akin to Reading levels, typically falling between £28sq.ft/£301sq.m and £32sq.ft/£344sq.m, but still offering a slight cost advantage over other Reading business parks.

Table 3.1 Commercial Property Rents in Western Berkshire FEMA and Comparator locations

Location	Industrial Rent		Office Rent	
	Sqft	Sq.m	Sqft	Sq.m
Newbury	£7 - £8.50	£75 - £91	£15 - £25	£161 - £269
Thatcham	£6 - £7.50	£65 - £80	n/a	n/a
Theale	£6.50 - £8	£70 - £86	£28 - £32	£301 - £344
Hungerford	£8	£86	£12 - £15	£129 - £161
Reading	£7.50 - £11	£80 - £120	£18 to £33	£194 – £355
Basingstoke	£6 to £8	£65 - £86	£12 - £17	£129 - £183
Swindon	£5 - £6.50	£54 - £70	£10 - £16	£108 - £172
Didcot	£5 - £6.50	£54 - £70	n/a	n/a
Oxford	£6.50 - £9	£70 - £97	£15 - £25	£161 - £269

Source: EGi Property Link / Colliers Rents Map 2016 / Consultation with local commercial property agents

- 3.25 Local commercial agents noted that achievable office rents are currently insufficient to warrant speculative development in the FEMA and this is unlikely to change over the short term. Speculative refurbishment of existing office buildings is however starting to occur, for example at Newbury Business Park which accommodates some old stock which is in need of refreshing to keep it attractive to the market. The supply of land for new office development is also reported to be very limited.
- 3.26 The recent introduction of Permitted Development (PD) rights for change of use from office to residential is reported to have so far had an impact upon the office market in the Western Berkshire FEMA. The effect of this policy is described in more detail in Section 2.0 and is reported to have resulted in a reasonably significant amount of office floorspace being taken out of the local market, with Newbury providing the focus of prior approvals to date. Whilst initially the quality of the office space lost was relatively poor (i.e. generally obsolete space), more recently the stock that has been lost is reported to have been better quality, and there is a risk that the continued loss of good quality space from the town's office portfolio will reduce the town's ability to retain and attract office occupiers in future. In this respect, West Berkshire Council will need to carefully monitor any future losses to consider whether measures should be put in place to protect this space or plan for additional provision.
- 3.27 Unless new land can be identified to accommodate existing and longer term demand for office space in the FEMA, new development will be constrained to refurbishing and redeveloping existing office buildings and sites to make them work more efficiently. The focus for new supply/land would ideally be on a

combination of town centre and out/edge of town locations in and around Newbury which already benefits from a cluster of office based activity, services and amenities.

Industrial

- 3.28 The Western Berkshire FEMA's industrial market is focused in and around Newbury and Thatcham which represent the two main industrial locations. They support a wide range of general industrial uses but with a notable focus on motor engineering and other precision engineering uses. Although there are a number of key industrial occupiers, there is no dominant manufacturing or industrial firm in the local market and as such it is characterised by a relatively diverse industrial base.
- 3.29 Newbury and Thatcham are recognised as strategic industrial locations particularly for distribution uses, benefiting from strategic road access (via the M4) and the intersection of the M4, A34 and A339. Thatcham accommodates larger industrial and warehousing units and its more recent development means that it generally offers more modern, better quality industrial space than Newbury (despite being located further away from the strategic road networks). Hungerford is characterised by lower levels of industrial activity with limited overlap with the larger centres of Newbury and Thatcham in market and occupier terms.
- 3.30 Demand for industrial space remains strong and very low levels of vacancy reflect a limited supply of industrial accommodation (particularly modern, good quality space). Enquiries for industrial space come from a mix of local and national occupiers and industrial sectors (particularly warehousing/logistics) with occupiers generally looking for premises up to 10,000sqft (930sq.m) in size.
- 3.31 Development of new industrial space in the FEMA has been limited in recent years, with much of the existing stock relatively dated and in need of refurbishment. Coupled with strong demand, this lack of supply and shortage of industrial space means that existing firms within the Western Berkshire FEMA struggle to accommodate expansion and relocation plans. Local commercial property agents report that demand for industrial premises is currently outstripping supply, and that there is no immediately obvious pipeline of new land and/or space to accommodate development going forward. Western Berkshire is not unique in this respect, with local commercial property agents reporting that many sub market areas within the wider Thames Valley (and beyond) are characterised by a shortage of industrial supply.
- 3.32 In the short term at least, redevelopment of existing premises and sites therefore provides the best prospects for expanding and improving the stock of industrial floorspace in the FEMA. If land was to be identified for new industrial development, local property agents consider that the best location would be between Newbury and the M4/A34 bypass, to benefit from the FEMA's strategic road connections.

- 3.33 Industrial rental levels in Newbury have slowly increased since the recession, currently standing at between £7.50sq.ft/£81sq.m and £8.50sq.ft/£91sq.m (with Newbury commanding a slight premium over Thatcham due to its superior strategic connections). For a new build premises, local agents believe rents could stretch to £9sq.ft/£97sq.m. These rental levels are comparable to Basingstoke, lower than in Reading and Oxford and higher than Swindon (see Table 3.1). Property agents note that it is generally difficult to attract industrial occupiers away from higher value locations such as Reading given the relative distance from the M25 (even though the Western Berkshire FEMA offers a cost advantage).
- 3.34 Within the context of an upward trend in industrial rental values in recent years, new speculative industrial development is reported to be just about viable within the FEMA, however as noted above, land availability is limiting the scale of new development that can occur. Development is currently underway at Greenham Business Park in Thatcham to provide nearly 7,000sqft (650sq.m) of new warehouse/workshop space with ancillary offices which is due for completion later in Spring 2016, and local commercial property agents note that further development of this type and size is needed in the short term to satisfy latent industrial demand in the FEMA.
- 3.35 Plans are also underway to regenerate the London Road Industrial Estate area in Newbury which represents a key objective of the West Berkshire Council Strategy (2015-19). St. Modwen Properties have been appointed as the Council's development partner for a major mixed use redevelopment to transform the 25 acre site on the edge of Newbury Town Centre into a vibrant and highly accessible focus for new business, retail, residential and other uses. Whilst this regeneration is likely to result in a net loss of industrial space on site, it also provides an opportunity to bring forward some modern, high quality employment space in a sustainable edge of centre location.

Rural Employment Space

- 3.36 The rural areas of the Western Berkshire FEMA also accommodate provision of employment space. This takes the form of purpose built, stand-alone business parks, industrial estates and converted rural premises/barns. These sites accommodate a range of sectors and industries but generally B1 and light industrial uses. Demand for rural employment space is reported to be limited, with continued steady growth of this type of premises considered inevitable to meet the needs of what is essentially a local market consisting of rural businesses which operate in the area. These premises can also play an important role in providing affordable workspace and retaining home based businesses within the local community.
- 3.37 Many rurally located employment sites throughout the FEMA have relatively poor access to strategic routes such as the M4 and market feedback indicates that the viability of some of these sites for future B class development is

questionable due to their more peripheral location and more limited demand outside of key centres.

Provision for Small Firms/Start-ups

- 3.38 Smaller scale, incubator style office accommodation is reported by local property agents to be in demand in Newbury, with existing provision such as Liberty House, Venture House and Enterprise Centre all reported to be well occupied. Local commercial agents consider that there is a need for additional incubator commercial floorspace in Newbury over the short to medium term, particularly with regards to serviced office premises where there is currently a lack of choice in the market.

Summary

- 3.39 At a sub-regional level, commercial property markets areas are centred on the M3 and M4 strategic corridors, driven by strong functional economic linkages to Heathrow airport and the outer west London Boroughs. These market areas are collectively referred to as the Western Corridor and comprise a number of sub market areas, each sharing a number of similar characteristics and trends.
- 3.40 The Western Berkshire FEMA most closely aligns with the 'Thames Valley West' sub market area which constitutes the key node at the western end of the M4 corridor. This property market area is characterised by a lower value profile in both office and industrial terms than the M4 markets closer to London, a quasi-industrial character in regards to much of the demand, and linkages that exist with areas beyond the western boundary of Berkshire.
- 3.41 In economic terms, the Western Berkshire FEMA is characterised by a relatively mixed and diverse occupier base that tends to be more rural in nature than the rest of Berkshire. This means that demand comes from a range of different sectors and for a variety of premises types which the FEMA is generally able to cater for. It is relatively self-contained in nature, broadly focused around the main economic centres of Newbury, Thatcham and to a lesser extent Hungerford, with limited overlap in commercial property market terms with Swindon, the next large commercial centre along the M4 corridor. Theale functions as part of a wider Reading property market due to its location.
- 3.42 The key office locations within the Western Berkshire FEMA are Newbury and Theale, with the smaller centres of Hungerford and Thatcham accommodating very localised office markets. Market demand for office space is reported to be steady, with requirements spanning across the premises size range but typically falling below 10,000sqft (930sq.m). Very limited levels of new office development have been completed in the FEMA within the last 20 years, and as a result much of the existing office stock is dated and in need of modernising. This will need to be addressed through the new Local Plan. The lack of any critical mass of Grade A office accommodation makes it difficult to attract and retain higher value occupiers to locate in the FEMA.

- 3.43 The Western Berkshire FEMA's industrial market is focused in and around Newbury and Thatcham which represent the two main industrial locations supporting a wide range of general industrial uses and recognised as strategic industrial locations particularly for distribution uses. Demand for industrial space remains strong and very low levels of vacancy reflect a limited supply of industrial accommodation (particularly modern, good quality space).
- 3.44 Development of new industrial space in the FEMA has been limited in recent years, with much of the existing stock relatively dated and in need of refurbishment. Local commercial property agents report that demand for industrial premises is currently outstripping supply, and an upward trend in industrial rental values in recent years has led to new speculative industrial development being just about viable within the FEMA. The key issue going forward is a lack of new land and/or space to accommodate new development.

4.0 Future Requirements for Employment Space

- 4.1 This section considers future economic growth needs in the Western Berkshire FEMA by drawing on several methodologies that are guided by the PPG. These scenarios are used to inform the assessment of future employment land needs for office and industrial (i.e. manufacturing and distribution) uses within the FEMA.

Methodology

- 4.2 The NPPF requires local authorities to “*set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth*” [paragraph 21]. Considering this in evidence base terms, this should be underpinned by a “*clear understanding of business needs within the economic markets operating in and across their area*” [paragraph 160].
- 4.3 In this context, a number of potential future economic scenarios have been developed through this study to provide a framework for considering the future economic growth needs and B class employment space requirements within the Western Berkshire FEMA during the 23 year period 2013 to 2036. These scenarios reflect the PPG and draw upon the following:
- projections of employment growth in the main B class sectors (**labour demand**) derived from economic forecasts produced by Cambridge Econometrics which are consistent with other economic evidence base work that has been prepared recently for Thames Valley Berkshire⁹;
 - consideration of **past trends in completions of employment space** based on monitoring data collected by West Berkshire Council and how these trends might change in the future; and
 - estimating future growth of **local labour supply** based on population projections for the Western Berkshire FEMA applied as part of the recent Berkshire (including South Bucks) SHMA, and the amount of jobs and employment space that this can support.
- 4.4 All references to employment relate to total workplace jobs.
- 4.5 Each of these approaches has limitations and consideration needs to be given as to how appropriate each is to the circumstances in the Western Berkshire FEMA. Further, to be robust the economic growth potential and likely demand for employment space in the FEMA needs to be assessed under a number of future scenarios, in order to reflect both lower and higher growth conditions that could arise in the future.
- 4.6 It should also be noted that the ultimate judgement as to the level of need that should be planned for in the Western Berkshire FEMA is not just quantitative, and that there will be a number of qualitative dynamics to consider (discussed

⁹ This economic evidence base work includes the Thames Valley Berkshire Local Enterprise Partnership's Strategic Economic Plan (2015/16 - 2020/21) and the Berkshire (including South Bucks) Strategic Housing Market Assessment (February 2016).

in other sections of this study). These factors will influence the employment space requirements that will need to be planned for and must be considered alongside the following modelled scenarios.

A. Forecasts of Job Growth

- 4.7 The forecasts of employment growth in the Western Berkshire FEMA during the period to 2036 were obtained from the September 2013 Cambridge Econometrics (CE) employment projections release (Forecast Version 10918). These projections have been used to ensure consistency and alignment with other recent economic evidence base work that has been prepared for the TVBLEP and Berkshire local authorities including the TVBLEP Strategic Economic Plan and the Berkshire (including South Bucks) Strategic Housing Market Assessment (February 2016). They reflect the latest macro-economic outlook and assumptions available at the time of preparation in 2013.
- 4.8 Further information on the methodology, assumptions and data sources applied by CE to inform their employment projections is provided in Appendix 10. The measure of employment provided by CE is workplace based jobs, which includes full-time, part-time and self-employed roles. The projections assume that economic growth in the local area is not constrained by supply-side factors such as population and the supply of labour. They assume that there will be enough labour (either locally or through commuting) with the right skills to fill the jobs. If, in reality, the labour supply is not there to meet projected growth in employment, growth could be slower.
- 4.9 It should be noted that employment has been allocated to specific sectors by CE based on official ONS data sources and there are recognised limitations in the way that business activity is classified by ONS (i.e. by primary sector of activity rather than the specific type of activity that occurs within a given local area). This may occasionally result in employment being under or over represented in particular sectors in some locations.

SHMA Adjustment to Job Growth Forecasts

- 4.10 It should be noted that the CE employment projections were examined as part of the Berkshire (including South Bucks) Strategic Housing Market Assessment, specifically within Chapter 5 of the February 2016 final report ('Economic-Led Housing Needs'). This highlighted notable variations in the rate of employment growth reported between historic time periods and the forecasts. For this reason, GL Hearn sought to draw their own conclusions regarding the overall rate of employment growth which can be expected over the study period, taking account of past employment growth trends and a wider understanding of factors which may affect future performance, in particular where these have not been present in the 'history.' These conclusions are summarised by local authority below:
- **Bracknell Forest:** CE forecasts show growth at a level significantly higher than Reading and Wokingham, lower growth trend based data is therefore assumed as a proxy for future growth (0.4% growth pa);

- **Reading:** it was deemed appropriate to boost the forecast levels of employment growth in Reading above that forecast by CE (equivalent to 0.6% growth pa);
- **Slough:** assumed a level of growth slightly higher than that forecast and above historic trends (0.7% growth pa);
- **RBWM:** the CE forecasts are deemed to represent a reasonable level of growth (0.6% growth pa);
- **West Berkshire:** the CE forecasts are deemed to represent a reasonable level of growth (0.5% growth pa); and
- **Wokingham:** assumed a level of job growth which is above the forecasts but below the historic trends (0.8% growth pa).

4.11 These adjustments imply a different distribution of employment growth to that seen historically and implied by the CE projections, and for some authorities (Reading, West Berkshire and Wokingham) a specific 'economic uplift' is added within the SHMA to the objectively assessed housing need to account for this implied growth.

4.12 No detail regarding the sectoral breakdown of these adjustments to implied future employment growth is provided by GL Hearn and it is therefore not possible to model the employment space and land requirements associated with this adjusted growth trajectory as part of the EDNA. It is however important to be aware of the adjustments that have been made as part of the SHMA within the context of economic evidence base alignment.

Scenario 1: Baseline Labour Demand

4.13 The employment forecasts obtained from CE indicate overall growth of 11,970 jobs in the Western Berkshire FEMA over the 23 year period to 2036 (Table 4.2), equivalent to 520 new jobs per annum on average. Table 4.1 shows the highest growing job sectors in the FEMA under this scenario, alongside those sectors anticipated to see a decline in job numbers during this period. A full breakdown of baseline job growth by sector is provided in Appendix 11.

Table 4.1 Highest Growing and Declining Job Sectors in the Western Berkshire FEMA, 2013 - 2036

Sector	Use Class	Absolute Change	% Change
Computing & Information Services	B Class	+3,280	+30.5
Specialised Construction Activities	Part B Class	+2,335	+54.3
Land Transport, Storage & Post	Part B Class	+1,720	+53.4
Construction of Buildings	Non B Class	+1,665	+67.2
Residential Care & Social Work	Non B Class	+1,480	+36.7
Accommodation & Food Services	Non B Class	+1,320	+21.0
Recreation	Non B Class	-610	-18.7
Public Administration & Defence	Part B Class	-1,000	-27.6
Education	Non B Class	-1,020	-14.9

Source: Cambridge Econometrics 2013 / NLP analysis

- 4.14 This analysis indicates that computing & information services and specialised construction activities are anticipated to be the key drivers of job growth within the Western Berkshire FEMA over the next 23 year period while land transport, storage & post; construction of buildings; residential care & social work; and accommodation & food services are also forecast to account for a significant share of the employment growth during this period. Sectors forecast to see the largest employment losses over this period include education; public administration & defence; and recreation.
- 4.15 It should be noted that the majority of the sectors set to register the highest growth over this period are non B class sectors, or only part B class sectors, with only computing & information services classified as being entirely B class in nature (with regards to the type of space typically occupied).
- 4.16 The overall employment change in the Western Berkshire FEMA resulting from these projections is set out in Table 4.2, alongside the forecast growth in the main B class sectors. Employment sectors have been translated into three main B use classes (offices (B1a/B1b), manufacturing (B1c/B2) and distribution (B8)) based on a consideration of which sectors typically utilise space that falls within these three use class categories. This includes an allowance for jobs in some non B class sectors that typically would occupy some office or industrial space such as construction; vehicle repairs; courier services; road transport and cargo handling; and some public administration activities. The precise translation will inevitably vary by local authority, and the latest BRES data has been used to consider how much of an allowance to make at the local level. Further information about this methodology is summarised in Appendix 12.

Table 4.2 Forecast Job Change in the Western Berkshire FEMA, 2013 - 2036

Uses	Number of Jobs		Change (2013 - 2036)
	2013	2036	
Offices (B1a/B1b)*	27,565	31,245	+3,680
Manufacturing (B1c/B2)**	17,780	17,705	-75
Distribution (B8)***	9,590	12,045	+2,455
Total B Class Jobs	54,935	60,995	6,060
Total Jobs in All Sectors	108,010	119,980	11,970

Source: Cambridge Econometrics 2013 / NLP analysis

Note: * Includes publishing and a proportion of government offices.

** Includes vehicle repairs and some construction activities.

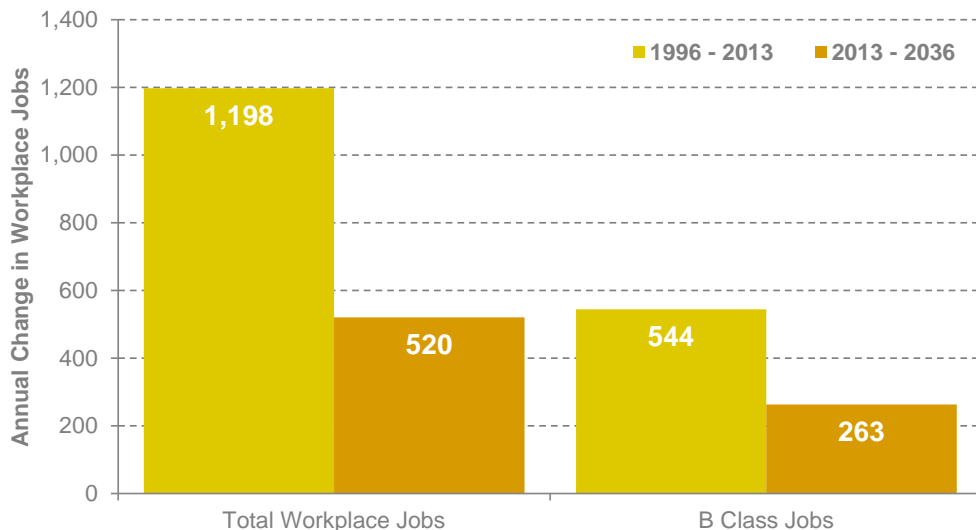
*** Includes parts of transport and communication sectors that use industrial land.

- 4.17 The analysis indicates overall net job gains of 6,060 in B class sectors in the Western Berkshire FEMA over the period to 2036, with strong growth in office jobs, moderate growth of distribution jobs and a slight decline in manufacturing jobs. This is in the context of overall workplace job growth of 11,970 jobs forecast for the FEMA through this period, which outside B class sectors is expected to be in construction of buildings, residential care & social work and accommodation & food services (as noted above).

4.18

The projected net increase of 6,060 B class jobs in the Western Berkshire FEMA to 2036 is equivalent to an annual average increase of 263 B class jobs during this period. This is lower than the 544 B class job growth on average each year that was recorded in the Western Berkshire FEMA between 1996 and 2013 (as implied by CE employment data), suggesting that future job growth within B class sectors will slow down compared with past trends (Figure 4.1).

Figure 4.1 Historic vs Forecast Annual Job Growth in the Western Berkshire FEMA, 1996 - 2036



Source: Cambridge Econometrics 2013 / NLP analysis

4.19

Total workplace job growth is also forecast to slowdown in future compared to that recorded in the FEMA between 1996 and 2013, with 520 new jobs forecast to be created in the Western Berkshire FEMA on average each year over the period to 2036. This is less than half the rate of annual average job growth (1,198) recorded in the Western Berkshire FEMA between 1996 and 2013 (as implied by CE employment data).

4.20

These employment forecasts can be converted to future employment space requirements assuming standard ratios of jobs to floorspace for different types of B class uses. To estimate employment space requirements in the FEMA the following average ratios have been applied to the employment forecasts for the Western Berkshire FEMA:

- **Offices:** 1 job per 12.5sq.m for general office space;
- **Industrial:** 1 job per 43sq.m as an average for B1c and B2 uses; and
- **Warehousing:** 1 job per 65sq.m for general, smaller scale warehousing (assumed to account for 40% of all stock) and 1 job per 74sq.m for large scale, lower density units (assumed to account for 60% of all stock)¹⁰.

¹⁰ % split between small scale and large scale warehousing is made by NLP to broadly represent the existing nature of warehousing stock within the FEMA

- 4.21 These assumptions are based upon the latest HCA guidance on job density ratios published in 2015¹¹. This guidance takes account of recent trends in terms of changing utilisation of employment space, with the main change being the more efficient use of office floorspace due to the higher frequency of flexible working and hot-desking. This has resulted in a decline in the amount of floorspace per office worker assumed compared to earlier guidance.
- 4.22 An allowance of 10% is also added to all positive floorspace requirements to reflect a normal level of market vacancy in employment space. Where a reduction in jobs is forecast (e.g. manufacturing), the associated negative floorspace was halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production approaches), it doesn't automatically follow that all of the existing employment is lost.
- 4.23 From this assessment, the net employment floorspace requirements for the Western Berkshire FEMA up to 2036 based on the baseline job growth forecasts are set out in Table 4.3.

Table 4.3 Net Employment Space Requirements (GEA sq.m) based on Baseline Labour Demand, 2013 - 2036

Uses	Net Floorspace Requirement (GEA sq.m)
Offices (B1a/B1b)	50,570
Manufacturing (B1c/B2)	-1,580
Distribution (B8)	190,270
Total B Class Floorspace	239,260

Source: NLP analysis

B. Past Development Rates

- 4.24 Because they reflect market demand and actual development patterns on the ground, in some cases long term completion rates of employment space can provide a reasonable basis for informing future land needs. Completions over such a period as ten years or more should even out demand fluctuations in a business cycle, and provide a reasonable basis for estimating future needs; given land supply has not been constrained. While forecasts show job growth in net terms, past trend-based analyses take into account recent patterns of employment space development and the role that recycling of sites has in terms of supporting employment uses in the FEMA.

Scenario 2: Past Completion Rates

- 4.25 Past completions monitoring data by B class use between 2005/6 and 2014/15 was provided by West Berkshire Council. During this period, the average annual net completions of B class employment space in the Western Berkshire FEMA equated to about 12,420sq.m. Gross completions were much higher at

¹¹ Homes and Communities Agency, Employment Density Guide 3rd Edition (November 2015)

an average of 24,450sq.m per annum, although this does mask some recent losses of employment space (Table 4.4).

Table 4.4 Annual B Class Floorspace Completions (sq.m) in the Western Berkshire FEMA

Uses	Net Annual Average Completions (sq.m)	Gross Annual Average Completions (sq.m)
Offices (B1a/B1b)	7,650	13,780
Industrial (B1c/B2/B8)	4,770	10,670
Total B Class Floorspace	12,420¹²	24,450

Source: West Berkshire Council / NLP analysis

- 4.26 One view of future growth in the Western Berkshire FEMA could simply assume that past development levels continue in the future at the long term average. If it were assumed that past net completion rates were to continue over the next 23 year period, this would equate to an increase of 175,950sq.m of office space and 109,710sq.m of industrial space by 2036. The total employment space requirement related to this scenario would therefore equate to 285,660sq.m (Table 4.5), which is higher than that estimated under the baseline labour demand scenario described above.

Table 4.5 Net Employment Space Requirements (sq.m) based on Past Completion Rates, 2013 - 2036

Uses	Assumed Net Annual Completions (sq.m)	Net Floorspace Requirement (sq.m)
Offices (B1a/B1b)	7,650	175,950
Industrial (B1c/B2/B8)	4,770	109,710
Total B Class Floorspace	12,420	285,660

Source: NLP analysis

- 4.27 Using standard ratios of jobs to floorspace for the different types of B class floorspace (as set out above) it is possible to estimate that 15,870 B class jobs would be created in the Western Berkshire FEMA by 2036 under the past completion rates scenario. This is equivalent to a growth of around 690 B class jobs per year on average over the course of the study period.
- 4.28 As noted in Chapter 2.0, the rate of B class development in the Western Berkshire FEMA has been relatively uneven over recent years, with the monitoring year 2007/08 in particular standing out as recording a significant quantum of new B class development, across a number of developments and sites including Colthrop/Pipers Industrial Estate in Thatcham, Valentine Wood in Aldermaston, and Arlington Business Park in Theale. By way of a sensitivity test, the effect of removing the 2007/08 monitoring year from the historic period of analysis would reduce the annual average rate of net B class floorspace completions in the FEMA by 37% to 7,790sq.m, and the total floorspace requirement for the study period to 2036 to 179,260sq.m.

¹² As noted in Chapter 2.0, due to the limitations of the West Berkshire Council monitoring data, some of the recorded office completions for the monitoring years 2005/06 to 2009/10 will actually relate to new industrial floorspace

C. Future Labour Supply

- 4.29 It is also important to take into account the number of jobs and the associated employment floorspace requirement that would be necessary to largely match the forecast growth of the resident workforce in the FEMA. In contrast to the other two scenario approaches, this approach focuses on the future supply of labour rather than the demand for labour. It identifies the number of workplace jobs that would be required to match the future supply of working-age persons and the amount of employment space that would be needed to support these new jobs in the FEMA.

Scenario 3: Labour Supply

- 4.30 A labour supply based scenario has been considered for the Western Berkshire FEMA based on population projections that have been used to inform the Objectively Assessed Housing Need (OAN)¹³ for the West Berkshire local authority area as part of the Berkshire SHMA¹⁴.
- 4.31 Information on the 'employed' resident population growth associated with this level of population growth has been supplied by the SHMA consultants (GL Hearn). This implies an increase in the number of employed residents in the FEMA from 81,895 in 2013 to 91,125 in 2036, which is equivalent to an additional 9,230 employed residents within the FEMA. These figures include all age groups of the population.
- 4.32 An adjustment for commuting patterns has been made by NLP based upon the latest 2011 Census travel-to-work data. These commuting trends for West Berkshire are assumed to remain the same for the whole of the study period to 2036, meaning that the District is assumed to continue to operate as a net importer of labour throughout this period.
- 4.33 Table 4.6 summarises the resident and workplace labour supply resulting from this scenario, which is equivalent to a growth of 9,230 and 9,860 respectively over the study period to 2036. Based on the population projections used in the Berkshire SHMA, the number of workplace jobs required to support the growth in employed persons in the FEMA assumes that one additional job would be required for each additional worker, while the proportion employed in B class sectors takes into account the existing and forecast share of B class jobs to overall jobs in West Berkshire from the CE employment forecast data (presented in Scenario 1).
- 4.34 This analysis results in a need for 4,995 B class jobs in the Western Berkshire FEMA during the period to 2036, which is equivalent to approximately 217 new B class jobs per year. This includes a need for 3,020 office jobs, 2,010 distribution jobs, and a loss of 35 manufacturing jobs (Table 4.6).

¹³ The OAN has been derived in a slightly different way for each local authority area within Berkshire, with an 'uplift' added to baseline 2012 SNPP demographic projections to account for an increased scale of London out-migration and higher level of economic growth in some, but not all, of the study area authorities

¹⁴ Berkshire (including South Bucks) Strategic Housing Market Assessment (February 2016)

Table 4.6 Forecast Labour Supply and B Class Job Change for Western Berkshire FEMA, 2013 - 2036

Uses	Annual Change	Total Change
Resident Labour Supply	401	9,230
Workplace Labour Supply	429	9,860
Office Jobs (B1a/B1b)	131	3,020
Manufacturing Jobs (B1c/B2)	-2	-35
Distribution Jobs (B8)	87	2,010
Total B Class Jobs	217	4,995

Source: Berkshire FEMA / NLP analysis

4.35 The forecast requirement for B class employment floorspace for these B class jobs can then be estimated by applying the same job density ratios used under the baseline labour demand scenario, and adding a 10% allowance for normal levels of vacancy.

4.36 The overall future employment space requirements based on meeting the B class job needs of forecast workers in the Western Berkshire FEMA equates to approximately 196,210sq.m of B class employment space over the period to 2036. This requirement includes 41,560sq.m of office space, 155,390sq.m of distribution space, and a loss of 740sq.m of manufacturing space (Table 4.7).

Table 4.7 Net Employment Space Requirements (GEA sq.m) based on Labour Supply, 2013 - 2036

Uses	Net Floorspace Requirement (GEA sq.m)
Offices (B1a/B1b)	41,560
Manufacturing (B1c/B2)	-740
Distribution (B8)	155,390
Total B Class Floorspace	196,210

Source: NLP analysis

4.37 This labour supply based estimate provides a useful benchmark for comparing with the demand scenarios. Based upon population projections for the Western Berkshire FEMA, this scenario generates a positive B class employment space requirement that is lower than the estimates under the baseline labour demand scenario and past completion rates scenarios.

Summary of Net Employment Space Requirements

- 4.38 Drawing together the results from each of the future scenarios for the Western Berkshire FEMA, the net B class employment space requirements for the FEMA over the period to 2036 are presented in Table 4.8 below.

Table 4.8 Net Employment Space Requirements (GEA sq.m) for Western Berkshire FEMA by Scenario, 2013 - 2036

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply
Offices (B1a/B1b)	50,570	175,950	41,560
Industrial (B1c/B2/B8)	188,690	109,710	154,650
Total B Class Floorspace (sq.m)	239,260	285,660	196,210

Source: NLP analysis

- 4.39 The net employment space requirements represent the minimum recommended quantum of employment floorspace to plan for within the FEMA over the study period. The Local Planning Authority will need to take a view on the extent to which additional space should be planned for over and above the net requirements to allow for factors such as delays in development coming forward, for replacing employment space that is lost in future and to take account of other market factors (as outlined below in more detail).

Converting to Gross Employment Space Requirements

- 4.40 To convert the net B class employment space requirements for the Western Berkshire FEMA into gross space requirements (i.e. the amount of employment space or land that should be allocated or planned for in the FEMA), two allowances are typically added for some additional flexibility for the purposes of planning for future business space and to also offset anticipated future losses of existing employment space stock in the FEMA which may be lost to other non B uses over the course of the study period. These allowances are considered in turn below.

Safety Margin

- 4.41 The application of a safety margin or 'buffer' is intended to allow for some flexibility of provision (whilst avoiding over-provision of land) and reflects the fact that there may be potential delays in some employment sites coming forward for development in the FEMA.
- 4.42 The former South East of England Partnership Board (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 built-out, which usually amounts to two years. In absence of more up-to-date Government guidance, this recommendation has been broadly applied for the Western

Berkshire FEMA, based on two years of average net take-up (covering the monitoring period 2005/6 and 2014/15). This safety margin is outlined in Table 4.9 and appears to be a suitable level relative to the estimated scale of the assessed need for B class employment space in the FEMA.

Table 4.9 Safety Margin Allowance (sq.m) for the Western Berkshire FEMA

Uses	Average Annual Net Completion Rates (sq.m)	Safety Margin Applied (sq.m)
Offices (B1a/B1b)	7,650	15,300
Industrial (B1c/B2/B8)	4,770	9,540

Source: NLP analysis

Replacing Future Losses

- 4.43 As noted above, an allowance is typically made for some replacement of losses of existing employment space that are anticipated to occur in the FEMA in future in order to provide some protection against the continued erosion of B class employment space. A judgement has to be made as to the suitability and degree to which an allowance for future losses of employment space should be applied based on existing trends in the local commercial property market. Not all employment floorspace losses in the future will need to be replaced as some of this will simply reflect restructuring in the local economy, such as a decline in the need for manufacturing space in the future.
- 4.44 Analysis of past completions monitoring data from West Berkshire Council during the period 2005/06 to 2014/15 indicates that the FEMA has lost an average of 6,130sq.m of office floorspace and 5,900sq.m of industrial floorspace per year during this period. As there is no way of knowing how much employment floorspace will be lost in the FEMA in future, these past trends have been used as a proxy for the scale of floorspace losses that are likely to occur over the study period to 2036.
- 4.45 Based on a consideration of a range of market dynamics within the Western Berkshire FEMA, it is considered to be inappropriate to replace all office and industrial space that will be lost in the FEMA in the future. This study therefore assumes that 25% (i.e. a small and not excessive allowance) of all office losses recorded over the past monitoring period for West Berkshire will need to be replaced up to 2036, which equates to a total replacement of 35,250sq.m of office floorspace, or 1,530sq.m per annum on average.
- 4.46 In terms of industrial losses, it is also assumed that 25% of lost industrial space will also need to be replaced over this period. This is equivalent to a replacement of 1,475sq.m of industrial space each year over the study period, or a total replacement allowance of 33,925sq.m up to 2036.
- 4.47 These allowances do not appear to be excessive within the context of the original net floorspace requirement. They provide a guide for the purposes of planning for employment land within the FEMA in future, and West Berkshire Council will need to carefully monitor any future losses of employment space,

particularly in light of ongoing office to residential PDR conversions which is reported to have had an impact on the supply of office space in the FEMA.

4.48

Based on these estimated replacement allowances for office and industrial space in the Western Berkshire FEMA over the period to 2036, as well as the safety margins for flexibility identified above, the resulting gross requirements for B class employment space are set out in Table 4.10 and Figure 4.2.

Table 4.10 Gross Employment Space Requirement (GEA sq.m) for Western Berkshire FEMA by Scenario, 2013 - 2036

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply
Offices (B1a/B1b)	101,120	226,500	92,110
Industrial (B1c/B2/B8)	232,155	153,175	198,115
Total B Class Floorspace (sq.m)	333,275	379,675	290,225

Source: NLP analysis

Note: These figures include an allowance for a safety margin and replacement of some ongoing losses of employment floorspace

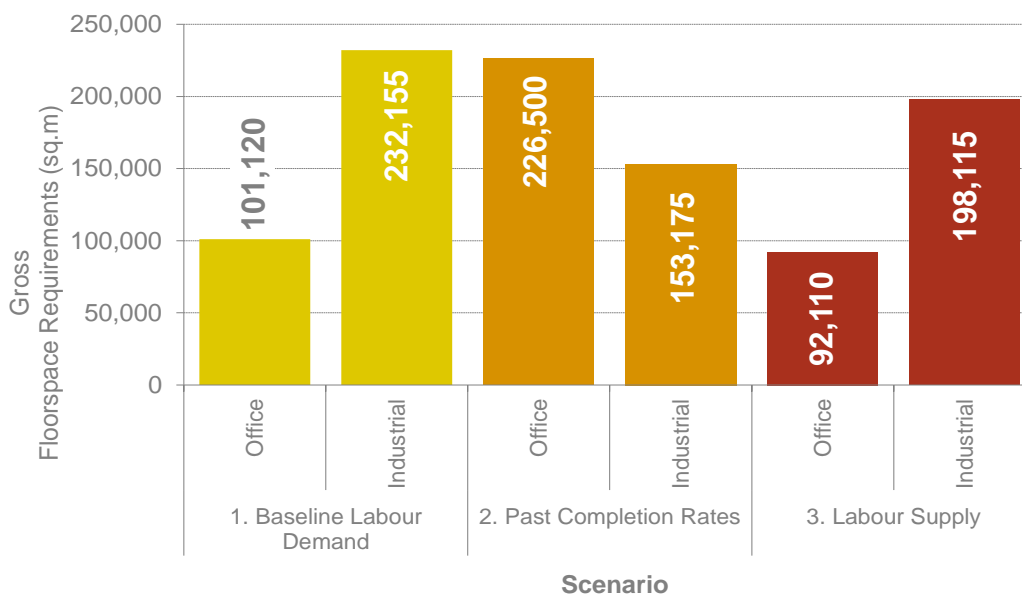
4.49

The gross space requirements for industrial uses in the Western Berkshire FEMA range from 153,175sq.m under the past completions rate scenario to 232,155sq.m under the baseline labour demand scenario. Set against the stock of existing industrial space within the FEMA in 2012, this range of requirements would be equivalent to an increase in industrial stock of between 19% and 28% up to 2036.

4.50

For offices, this ranges from 92,110sq.m under the labour supply scenario to 226,500sq.m under the past take-up based scenario. These requirements are equivalent to growth of between 22% and 54% of office stock in the FEMA in 2012. Office requirements are likely to be overestimated under the past take-up based scenario due to issues with the recording/monitoring of past B class development whereby it was not possible to disaggregate office uses from overall B1 uses in early monitoring.

Figure 4.2 Gross Employment Space Requirements (GEA sq.m) for Western Berkshire FEMA by Scenario, 2013 - 2036



Source: NLP analysis

Converting to Land Requirements

4.51

The gross employment space requirements for office and industrial uses estimated for the three scenarios can then be translated to land requirements by applying appropriate plot ratio assumptions to the gross space estimates. The following plot ratio assumptions have been applied to the gross space requirements to reflect development patterns in the Western Berkshire FEMA:

- **Industrial:** plot ratio of 0.4 was applied so that a 1ha industrial site would be needed to accommodate a footprint of 4,000sq.m of floorspace; and
- **Offices:** assumed 60% of the new floorspace would be in lower density, out-of-centre sites with a plot ratio of 0.4, whilst 40% would be in higher density, town centre sites with a plot ratio of 2.0.

4.52

Based on the application of plot ratios to the estimated gross requirements for office and industrial floorspace in the FEMA during the period to 2036, the resultant land requirement for office and industrial developments are provided in Table 4.11 and Figure 4.3.

Table 4.11 Gross Employment Land Requirements (ha) for Western Berkshire FEMA by Scenario, 2013 - 2036

Uses	1. Baseline Labour Demand	2. Past Completion Rates	3. Labour Supply
Offices (B1a/B1b)	17.2	38.5	15.7
Industrial (B1c/B2/B8)	58.0	38.3	49.5
Total B Class Land (ha)	75.2	76.8	65.2

Source: NLP analysis

Figure 4.3 Gross Employment Land Requirements (ha) for Western Berkshire FEMA by Scenario, 2013 - 2036

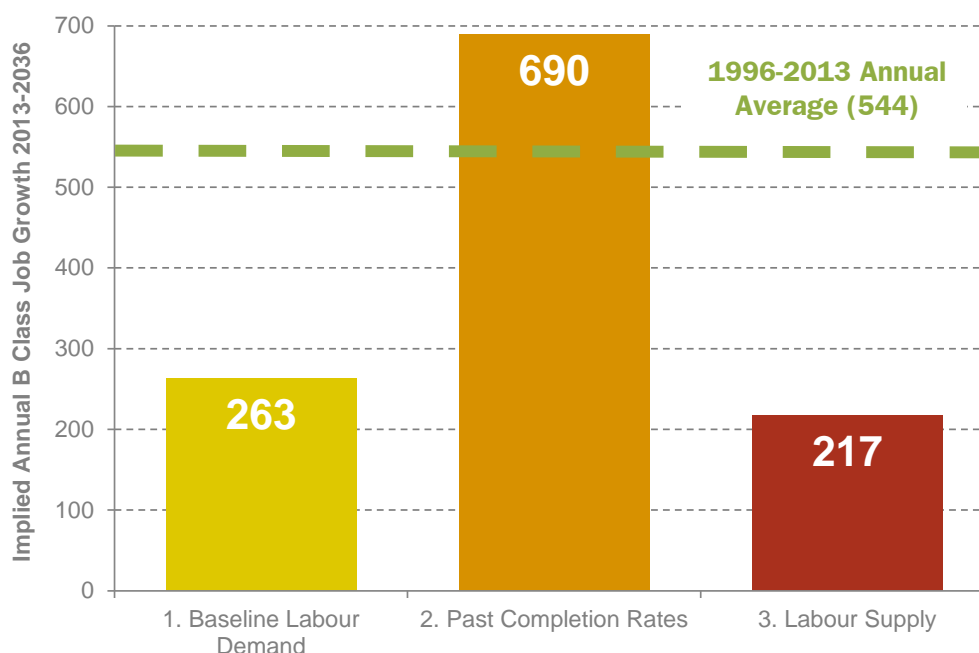


Source: NLP analysis

Sensitivity Tests

- 4.53 Given the breadth of the potential requirements for office and industrial space within the Western Berkshire FEMA from the three future growth scenarios it is important to consider how appropriate each requirement appears to be by comparing the forecast growth levels with the levels achieved historically in the FEMA (Figure 4.4).
- 4.54 In this way, the lowest estimate of land requirements is based on the labour supply scenario, which implies an increase of 217 B class jobs each year over the 23 year period to 2036. This implied growth includes a significant increase in office based jobs and a lower increase in industrial jobs. The highest growth estimate of land requirements for the Western Berkshire FEMA is based upon the past completion rates scenario, which implies a growth of approximately 690 B class jobs per annum during the period to 2036. The majority of this growth is also forecast to be in office based jobs.

Figure 4.4 Annual B Class Job Growth Implied by the Scenarios for Western Berkshire FEMA, 2013 - 2036



Source: NLP analysis / Cambridge Econometrics 2013

Note: The estimated B class employment levels for each scenario are based upon net employment floorspace requirements and do not take into account the additional floorspace allowance in the safety margin, which is identified for planning purposes only and may not actually be developed.

- 4.55 The range of implied B class job growth associated with the growth scenarios for the Western Berkshire FEMA compares with an annual average B class job growth of 544 in the FEMA over the period 1996 to 2013 (as implied by Cambridge Econometrics 2013 data). This means that both the labour demand and supply based scenarios imply a level of job growth that falls quite significantly below historic levels, with the past take-up based scenario representing the only trajectory of growth which exceeds past recorded job growth (Figure 4.4).

Summary

- 4.56 In interpreting the outputs of this section, regard should be had to guidance from the PPG, which states that local authorities should develop an idea of the future economic needs of their area based on a range of data and forecasts of quantitative and qualitative requirements. In this respect, planning for growth should avoid relying upon using single sources of data or forecasts which tend to rely on a number of different variables that are inevitably subject to change.
- 4.57 It is also important to recognise that there are inevitable uncertainties and limitations related to modelling assumptions under any of the future scenarios of growth considered in this study. For example, there are some inherent limitations to the use of local level economic projections, particularly within the context of significant recent changes within the economy. These forecasts are regularly updated and the resulting employment outputs will change over the study period for the Western Berkshire FEMA.

- 4.58 This assessment considered three different scenarios of future employment space requirements in the Western Berkshire FEMA based upon a number of approaches that reflect economic growth, past development trends and labour supply factors. The total gross B class employment space requirement related to these different scenarios for the FEMA (i.e. including an allowance for a safety margin and replacement of ongoing employment floorspace losses) range from 290,225sq.m to 379,675sq.m during the period to 2036, which implies in broad terms a need for between 65.2ha and 76.8ha of employment land.
- 4.59 The spatial requirement for office and industrial uses within the Western Berkshire FEMA is relatively balanced under the past take-up based scenario, although the requirement is higher for industrial uses under both the baseline labour demand and labour supply scenario.
- 4.60 When compared against historic B class job growth in the Western Berkshire FEMA between 1996 and 2013, which equated to 544 new B class jobs within the FEMA each year, both the labour demand and supply based scenarios imply a level of job growth that falls quite significantly below historic levels, with the past take-up based scenario representing the only trajectory of growth which exceeds past recorded job growth.
- 4.61 Whilst the net employment space requirements represent the minimum recommended quantum of employment floorspace to plan for within the FEMA over the study period, the Local Planning Authority will need to take a view on the extent to which additional space should be planned for over and above the net requirements to allow for factors such as delays in development coming forward, for replacing employment space that is lost in future and to take account of other market factors.

5.0

Policy Implications and Conclusions

5.1

This section draws together overall conclusions of the study and considers potential policy approaches in relation to employment space for emerging Local Plan work across the Western Berkshire FEMA.

Economic Development Needs

5.2

A number of scenarios have been analysed in Section 4.0 to indicate the broad scale and type of employment growth arising from different approaches to modelling employment land needs for the Western Berkshire FEMA. To varying degrees, the three scenarios reflect both indigenous needs arising within the Western Berkshire FEMA as well as a degree of footloose demand which operates across the FEMA's boundaries from the wider Thames Valley sub-region, notably Reading. In the context of the NPPF and PPG, planning policy approaches should aim to plan positively to meet employment space needs so that the Western Berkshire FEMA's economy is not constrained, but recognising that the FEMA has constraints in terms of land supply and competing pressures on the limited number of development sites that are available.

5.3

The overall net floorspace requirements for the FEMA resulting from the three scenarios range from 196,210sq.m to 285,660sq.m over the 23 year period to 2036. The equivalent gross floorspace requirements (which factor in additional allowances for flexibility and for replacing anticipated future floorspace losses) range from 290,225sq.m to 379,675sq.m over the 23 year period to 2036, implying in broad terms a need for between 65.2ha and 76.8ha of employment land.

5.4

The net employment space requirements represent the minimum recommended quantum of employment floorspace to plan for within the FEMA over the study period and the Local Planning Authority will need to take a view on the extent to which additional space should be planned for over and above the net requirements to allow for factors such as delays in development coming forward, for replacing employment space that is lost in future and to take account of other market factors.

5.5

The CE employment projections presented in Scenario 1 imply that the pace of both total and B class job growth within the Western Berkshire FEMA is expected to slow down in future compared with past trends (as implied by CE employment data¹⁵). Most of the B class job growth is expected to come from office based sectors (most notably computing and information services) and this is likely to reflect the significant existing cluster of office based jobs within the FEMA, including at key employment sites such as Arlington Business Park

¹⁵ It should be noted that the Berkshire (including South Bucks) Strategic Housing Market Assessment (February 2016) also compared the CE employment projections with historic growth, looking at different historic time periods including 'peak to peak' and 'trough to trough' periods of the economic cycle, and concluded that the CE forecasts for West Berkshire were deemed to represent a reasonable level of growth over the period to 2036.

and Newbury Business Park. Distribution jobs are also expected to record strong levels of growth over the next 23 years within the Western Berkshire FEMA, in part reflecting the existing cluster of logistics activity (particularly in and around Thatcham and Newbury) as well as the wider macroeconomic trend of consumption related growth which has a direct effect upon demand for space to accommodate wholesale and distribution activity.

- 5.6 The past take-up based scenario of future growth (scenario 2) results in the highest requirement for B class space over the next 23 years, driven by a number of relatively large developments that have been completed over the last few years, particularly with regards to office (B1a/b) uses.
- 5.7 The labour supply based approach (scenario 3) generates the lowest B class floorspace requirement for the Western Berkshire FEMA (equivalent to 290,225sq.m or 65.2ha over the 23 years to 2036). This can be explained by the relatively low level of population and household growth expected by the latest Sub National Population Projections (SNPP) to be recorded in the FEMA (as described in more detail in the recent Berkshire [including South Bucks] SHMA) particularly when compared with Berkshire wide and South East averages, and this trend translates directly into labour supply growth.
- 5.8 Within the context of the NPPF requirement to plan positively for growth, West Berkshire Council should plan to accommodate at least the labour supply based requirement (scenario 3) to ensure that the FEMA's indigenous growth potential (i.e. arising from its resident workforce) is not constrained by lack of spatial capacity in future. It is worth noting that the scale of economic growth associated with the labour supply scenario is linked to the scale of new housing and associated population growth that West Berkshire is able to deliver and support over the study period. If for example, the objectively assessed need for housing is not delivered or met in full, then the scale of growth amongst the resident population anticipated to be in employment and seeking a job in the FEMA is therefore likely to be lower.
- 5.9 At the same time, the Council should consider planning to accommodate the higher requirement arising from the baseline CE job growth scenario (scenario 1) to ensure that the FEMA's economic potential can be fully realised, particularly as the scale of job growth implied represents a slowdown in growth compared with past trends in the FEMA.
- 5.10 It should be noted that the relative balance between future office and industrial employment growth (and associated floorspace requirements) is driven to a large extent by macro-economic trends and forecasts which are predicated on a structural shift away from industrial sectors of the economy towards more services and consumption related activity which tend to be more significant users of office space. As noted previously, industrial sectors have an important role to play in supporting the Western Berkshire FEMA, and this is expected to continue in future.
- 5.11 It is therefore important that quantitative growth forecasts implied by the three scenarios presented within this study are considered alongside the more

qualitative feedback and local market signals on business needs that have been identified through consultation with key property market agents active across the sub-region. These market signals suggest that demand for industrial premises is currently outstripping supply, and the key issue going forward is a lack of new land and/or space to accommodate new development within the FEMA. From an office perspective, a key challenge for the FEMA going forward is its ability to provide good quality office accommodation to retain indigenous businesses and attract new investment, particularly within the context of the wider Thames Valley market offer. West Berkshire Council's forthcoming Local Plan Review (and potentially Area Action Plans) provides an opportunity to address some of these qualitative supply issues in order to maintain the attractiveness and appeal of the FEMA as a business location.

- 5.12 In light of the study base year of 2013, the Council will also need to carefully monitor progress that has been achieved in terms of meeting economic development needs in the intervening years between the base date of the study period and the Local Plan.

Accommodating Growth

- 5.13 Whilst growth needs have been identified on a FEMA wide and individual local authority basis, there will be some degree of footloose needs that potentially operate and can be accommodated across individual local authority boundaries. Analysis presented within the first part of the Berkshire Functional Economic Market Area ('FEMA') Study identified a number of distinct economic geographies and commercial property market sub-areas operating within the TVBLEP area, including a 'Core Thames Valley' area focused on the key M4 markets of Reading, Maidenhead, Bracknell and Wokingham, a Slough and West London sub area taking in Heathrow Airport as well as key commercial centres of Slough and High Wycombe, and a 'Thames Valley West' sub-market which constitute the key node at the western end of the M4 corridor, characterised by a lower value profile and quasi-industrial uses.
- 5.14 As noted in Section 3.0, the Western Berkshire FEMA is relatively self-contained from a commercial property market perspective, and whilst there is inevitably some degree of overlap and interaction with other centres in the wider sub-region, this suggests that the majority of employment land requirements that have been identified for the Western Berkshire FEMA would ideally be accommodated within the FEMA itself.
- 5.15 Parts of the Western Berkshire FEMA functionally operate within the Greater Reading market, particularly those areas located close to the border with Reading Borough, such as Arlington Business Park in Theale. In so far as some growth needs of the Reading area have effectively been accommodated in West Berkshire in the past, it can be anticipated that this will continue in the future. As such, some of the employment space requirements for the FEMA would be best accommodated within these strategic locations, as opposed to other locations within the FEMA such as Newbury or Thatcham which tend to serve a different market and occupier base, and it will be important that the

planning policy approach responds to these different geographies and market dynamics accordingly.

- 5.16 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 consider the opportunities and risks that flow from particular policies for supporting economic growth. It will therefore be important that supply-side studies and assessments undertaken as part of the Local Plan evidence base provide a comprehensive assessment of the quality and fitness-for-purpose of employment land supply across the FEMA alongside a more detailed analysis of the qualitative supply-side issues identified as part of this study within the context of overall economic needs identified by the EDNA.
- 5.17 The PPG requires local planning authorities to regularly review short-term changes in economic market conditions and it will be important that the local authority closely monitors the pace, scale and location of employment floorspace change, requirements and delivery over time, and consider this within the context of the demand-side evidence presented within this study. This process would benefit from closely working with local business sectors to understand their aspirations for new employment floorspace.
- 5.18 Whilst this EDNA study provides an objective assessment of economic development needs within the Western Berkshire FEMA over the period 2013-2036, the ability of the local authority to meet these needs over this period is ultimately an issue that will need to be determined through the next stage of the Local Plan making process.

Appendix 1 Executive Summary – Berkshire Functional Economic Market Area Study (February 2016)

Executive Summary

This report has been prepared by Nathaniel Lichfield & Partners ('NLP') on behalf of the Thames Valley Berkshire Local Enterprise Partnership ('TVBLEP') and the six Berkshire authorities of Bracknell Forest, Reading, Slough, West Berkshire, Windsor and Maidenhead and Wokingham. It establishes the various functional economic market areas that operate across Berkshire and the wider sub-region, in order to provide the six authorities and the TVBLEP with an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy.

The methodological approach adopted for this study has been informed by national Planning Practice Guidance for assessing economic development needs and investigating functional economic market areas within and across local authority boundaries, and been subject to consultation with a range of adjoining authorities and other relevant stakeholders.

A range of information and data has been drawn upon across a number of themes as summarised below:

Economic and Sector Characteristics

- Berkshire has recorded strong job growth in recent years, outperforming the regional and national average. Reading and West Berkshire represent the largest economies in employment terms, and Bracknell Forest the smallest. In relative terms, Berkshire's economy supports a strong concentration of jobs in high value telecoms, IT, professional services and utilities sectors when compared with the wider regional sector mix.
- Particular clusters of professional services activity are accommodated within Bracknell Forest and Reading, while West Berkshire shares similar characteristics to adjoining Basingstoke & Deane and Wiltshire with regards to a strong representation of manufacturing employment. Wholesale employment is strongly represented along the M25/M40 distribution corridor from Slough through South Bucks up to Wycombe. Slough also shares similar employment characteristics to adjoining Hillingdon in terms of transport, admin & support given its proximity to Heathrow.
- The Berkshire authorities perform unevenly across a range of labour market and business demography indicators. Slough shares a number of similar labour market and business characteristics with nearby Hillingdon, Runnymede and Wycombe, while similar characteristics can also be identified between Windsor and Maidenhead and Wokingham, particularly with regards to the size profile of firms and strong enterprise performance.

Labour Market Areas

- The functional labour market areas operating across Berkshire have been examined by assessing travel-to-work patterns in and out of the sub-region. An analysis of 2011 Census commuting flows data underlines the significant effect that Reading and West Berkshire have upon travel to work patterns in Berkshire. Slough also has a strong influence on labour market movements although these commuting relationships are just as strong with neighbouring Buckinghamshire and London as they are with Berkshire.
- Census data points to a growing east-west labour market divide in Berkshire, driven by the increasing influence and draw of Heathrow in commuting terms and declining influence of Reading upon travel to work flows with more eastern parts of Berkshire. TTWAs in the west of the LEP area have remained largely unchanged over the last 10 years.
- ONS analysis using 2011 Census data identified three broad TTWAs crossing the Berkshire LEP area, and these broad areas are substantiated by a more detailed local travel to work area analysis:
 - A **Reading TTWA** comprising the whole of Reading and Wokingham Boroughs as well as the majority of Bracknell Forest and parts of South Oxfordshire, West Berkshire, Windsor & Maidenhead and Hart.
 - A **Slough and Heathrow TTWA** including all of Slough Borough and parts of Windsor & Maidenhead. The majority of this TTWA falls to the east of the TVBLEP area, comprising a number of authorities including Runnymede, Spelthorne, South Bucks and the London Boroughs of Hillingdon and Kingston upon Thames.
 - A **Newbury TTWA** comprising the majority of West Berkshire District as well as parts of Wiltshire, Basingstoke and Deane and Test Valley.
- In most cases, these TTWAs align reasonably well with Berkshire local authority boundaries, although Windsor & Maidenhead stands out as featuring within two separate TTWAs; the western parts of the Borough within the Reading TTWA and eastern parts within the Slough and Heathrow TTWA. There are also significant labour market flows between West Berkshire and Reading, with eastern parts of West Berkshire District falling within the Reading TTWA.

Housing Market Areas

- From a housing market perspective, Berkshire is influenced by household migration and travel to work patterns from a range of surrounding authorities. Recent SHMA work undertaken on behalf of the six Berkshire authorities points to the existence of two HMAs operating across the TVBLEP area; a Western Berkshire HMA covering Bracknell Forest, Wokingham, Reading and West Berkshire; and an Eastern Berkshire HMA comprising Slough, Windsor and Maidenhead and South Bucks. This uses a “best fit” to local authority boundaries approach.

- Recent HMA analysis prepared on behalf of the four Buckinghamshire authorities identified that South Bucks falls across two separate HMAs; namely a Central Buckinghamshire HMA (comprising all of Wycombe and Chiltern Districts as well as parts of Aylesbury Vale and South Bucks) and a Reading & Slough HMA (comprising the local authorities of Bracknell Forest, Reading, Slough, West Berkshire, Windsor & Maidenhead and Wokingham, as well as South Bucks).
- Since that analysis was published, South Bucks have started to progress a Joint Local Plan with Chiltern District and have commissioned new evidence to determine housing and employment requirements over the period to 2033. The latest evidence emerging from this Housing and Economic Development Needs Assessment (HEDNA) study suggests that the Joint Local Plan Area for Chiltern and South Bucks would form part of a “best fit” with a Central Bucks HMA; together with the authorities of Aylesbury Vale and Wycombe. This is noted by the study as providing the most pragmatic arrangement for establishing local planning policy, although the previously defined HMA geography (which identifies strong housing market linkages between South Bucks and Berkshire) still remains valid.
- Housing market studies prepared for other authorities surrounding Berkshire defines those authorities as falling within separate HMAs, with no evidence of overlapping housing market relationships extending into Berkshire. On this basis, it is possible to conclude that two HMAs operate across the LEP area; an Eastern Berkshire HMA (which also incorporates South Bucks) and a Western Berkshire HMA.

Commercial Property Market Areas

- Within Berkshire, the largest concentration of employment space is found in Slough, followed by Reading and West Berkshire. These three authorities represent the largest industrial locations in floorspace terms, while Reading and Windsor & Maidenhead record the highest amount of office space.
- At a sub-regional level, commercial property markets areas are centred on the M3 and M4 strategic ‘Western corridors’, driven by strong functional economic linkages to Heathrow airport and the outer west London Boroughs. Within the Western Corridor, it is possible to identify specific sub market areas, each sharing a number of similar characteristics, trends and a high degree of interaction. This includes a Core Thames Valley or ‘Upper M4’ area focused on the key M4 markets of Reading, Maidenhead, Bracknell and Wokingham, with strong economic relationships between these towns in terms of value, accessibility and labour force.
- At the eastern end of the Thames Valley lies the Slough and West London sub area, reflecting the significant influence of Heathrow Airport upon property market interactions. This sub market area also takes in the South Bucks towns of Beaconsfield and Gerrards Cross.

- The western part of the sub-region accommodates the Newbury and Swindon sub-markets, which constitute the key nodes at the western end of the M4 corridor. This property market area is characterised by a lower value profile in both office and industrial terms than the M4 markets closer to London, a quasi-industrial character in regards to much of the demand, and linkages that exist with areas beyond the western boundary of Berkshire. There is some synergy in property market terms between Newbury and Reading, and Newbury and Oxfordshire, although these linkages and property market areas are not as strong.

Consumer Market Areas

- Working age population growth is expected to slow down in future across the majority of Berkshire authorities, with a number of nearby authorities across the wider sub-region anticipated to outperform the LEP area in working age population growth terms. These anticipated trends are likely to have an impact on the scale and proportion of travel-to-work and migration flows that occur to, from and within Berkshire as the balance of employment and working age population changes.
- Reflecting its size and position in retail ranking terms, Reading has the largest consumer market catchment in Berkshire, which extends along the M4, M3 and M40 corridors taking in all of Berkshire as well as large parts of Oxfordshire, Buckinghamshire, Surrey and Hampshire.
- Other Berkshire authorities tend to have more localised retail and consumer catchment areas, reflecting their lower order retail status and critical mass of occupiers. These generally form a broad radius around the main Berkshire centres and sit within the overarching Reading consumer catchment area, and also overlap into neighbouring counties.
- Due to the overlapping and complex nature of the various consumer market areas operating across Berkshire, this analysis is most helpful for defining sub-market areas rather than overarching functional economic market areas in themselves.

Transport and Connectivity

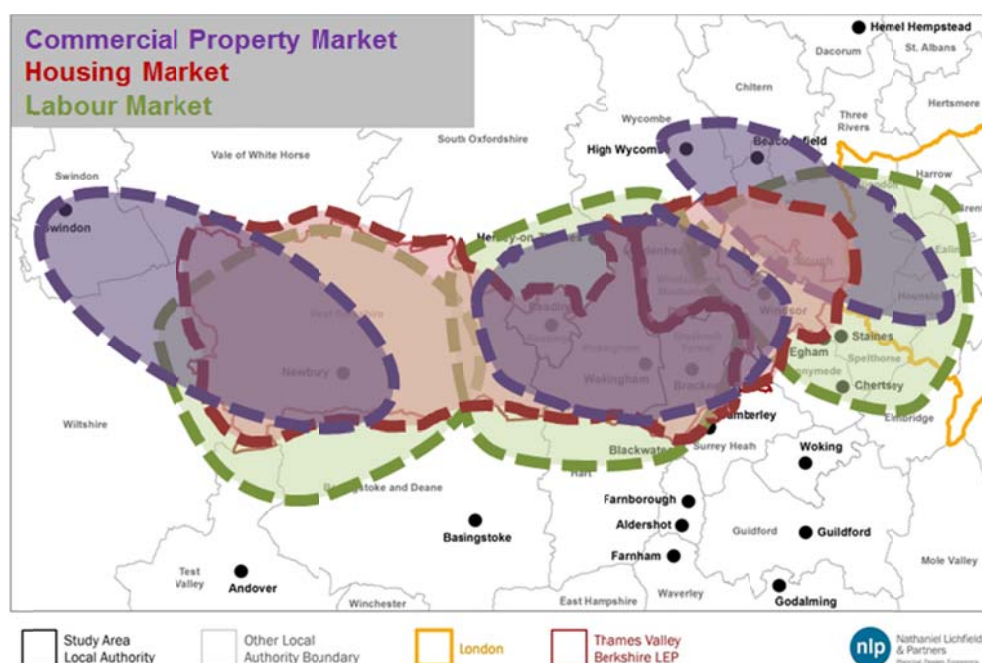
- Berkshire is located between three major east-west corridors of movement (M3, M4 and M40) and in close proximity to the M25; it therefore benefits from excellent access to motorway and trunk road networks. The LEP area is also well served by rail connections although north-south road routes are comparatively poor (with the exception of the A34 to the west of Berkshire).
- Transport accessibility is strongly linked with the geography of functional economic market areas, with the strategic transport network playing a key role in shaping commercial property, labour and housing market flows. Eastern Berkshire benefits from its proximity to a network of strategic routes which plays a key role in shaping the TTWA, housing market and commercial property market areas that operate across this part of Berkshire, and linking the key commercial centres of Slough, Heathrow Airport and High Wycombe.

- Similarly, the M4 and A4 corridors as well as the Great Western Mainline play an important role in linking Reading, Maidenhead, Wokingham and Bracknell in travel to work and commercial property market area terms. This pattern is likely to be reinforced through the operation of new Crossrail services from 2019. West Berkshire's location away from the 'core' Thames Valley cluster of Reading, Wokingham, Bracknell and Maidenhead means that commuting patterns and business movements tend to be more localised in character.
- These dynamics are echoed by peak drive time distances from Berkshire's largest centres, which identifies clear distinctions between eastern and western parts of Berkshire in terms of drive time accessibility and road connectivity.

Synthesis

- Based upon an assessment of the various functional economic markets that operate across Berkshire, it is possible to overlay each functional economic market to identify how well these align across Berkshire (Figure ES1). This represents a 'policy off' view of the geographical reach associated with different factors identified within the PPG including labour market flows, housing market areas and commercial property market areas that operate within and across Berkshire, regardless of administrative geographies. Invariably, however, these area boundaries are indicative and should not be interpreted as being either definitive or necessarily fixed over time.

Figure ES1 Functional Economic Markets – Summary Map



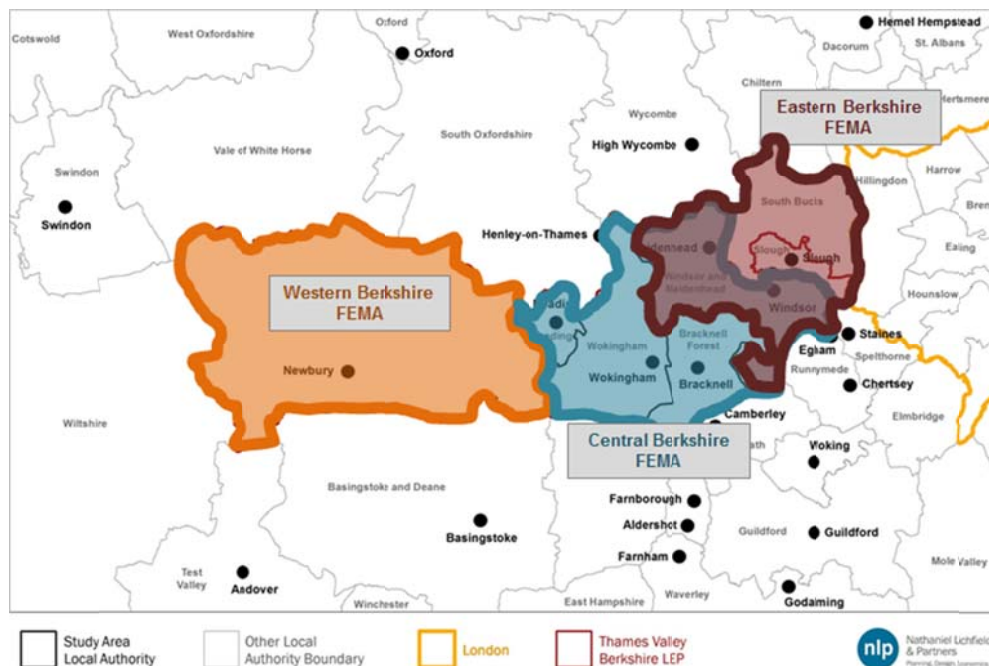
Source: NLP analysis, drawing upon a range of sources

- This shows that the spatial extent of these functional economic markets do not extend far beyond the TVBLEP administrative boundary. Parts of Surrey, Hampshire, Wiltshire, Oxfordshire, Buckinghamshire and Greater London feature within these broad geographical functional areas to a greater or lesser extent, although the only local authority area outside of Berkshire which consistently falls within these broad areas is South Bucks, which shares strong economic relationships with Berkshire (and in particular with eastern parts of Berkshire) in travel-to-work, housing and commercial property market terms.

Defining Core Functional Economic Market Areas

- In light of the inevitably nebulous nature of functional economic markets, it is helpful for Local Planning Authorities to identify a pragmatic and logical “best fit” with these various functional economic markets within the context of establishing Local Plan evidence and for the purposes of developing policy. On this basis, Figure ES2 below identifies three core Functional Economic Market Areas (FEMAs) that represent a “best fit” with local authority boundaries. These core FEMAs encompass those local authority areas that the evidence indicates consistently have strong inter-relationships.

Figure ES2 Core Functional Economic Market Areas (Best Fit to Local Authority Boundaries)



Source: NLP analysis, drawing upon a range of sources

- The '**Central Berkshire FEMA**' includes the authority areas of Reading, Wokingham, Bracknell Forest and Windsor & Maidenhead. This aligns with the ONS defined Reading TTWA and also the Upper M4 commercial property market area which is focused around the key M4 markets of Reading, Maidenhead, Bracknell and Wokingham, with strong economic relationships between these towns in terms of value, accessibility and labour force.
- The '**Western Berkshire FEMA**' comprises West Berkshire District and the key centre of Newbury. This area is characterised by having a relatively self-contained TTWA and tends to operate within a westward facing commercial property market constituting a key node at the western end of the M4 corridor. Whilst there is some synergy in travel to work and property market terms between Newbury and Reading, these linkages are not considered sufficiently strong to include West Berkshire within the Central Berkshire FEMA.
- The '**Eastern Berkshire FEMA**' comprises the two Berkshire authorities of Slough and Windsor & Maidenhead, alongside South Bucks. This area is consistent with the Slough and Heathrow TTWA as defined by the ONS (which comprises a number of other authority areas outside of Berkshire) as well as the Eastern Berkshire HMA. Within this FEMA, economic relationships with adjoining Buckinghamshire and West London are just as strong as they are with the rest of Berkshire and this is reflected in commercial property terms through the identification of a Slough & West London property market area. Of all three FEMAs, the Eastern Berkshire FEMA has the greatest degree of relationship and influence with areas beyond Berkshire, with South Bucks consistently standing out as sharing strong economic linkages with eastern parts of Berkshire.
- Windsor & Maidenhead sits across two FEMAs (Central and Eastern Berkshire) due to the varied characteristics and economic role associated with different parts of the Borough. The Borough's position within two FEMAs reflects the equally strong relationships that Windsor & Maidenhead exhibits with both more central parts of Berkshire as well as areas within South Bucks. In labour market terms, eastern parts of the Borough share a TTWA with Slough and Heathrow¹, while northern and western parts of the Borough have stronger functional economic relationships with western M4 corridor locations such as Reading and Wokingham. The Borough also falls within an HMA with Slough and South Bucks according to the Berkshire SHMA, underlining the particular strength of housing market relationships within this eastern part of Berkshire.

¹ Defined by ONS as the 'Slough and Heathrow' travel to work area (2011 Census based)

- Analysis undertaken as part of this study identifies evidence of interactions between the various Core FEMAs and with adjoining authorities outside of Berkshire. Whilst “best fit” areas have been defined above for the purposes of informing future plan making, it should be recognised that the boundaries of these areas are porous given the different layers of inter-relationship that exist between each area as well as across the TVBLEP area overall. It is important to continue to recognise these relationships in Duty to Cooperate terms.

Appendix 2 Glossary

B Class: Sectors or activities that typically utilise land and/or buildings for B1 Business, B2 General industrial and B8 Storage or distribution purposes, as defined by the Town and Country Planning (Use Classes) Order 1987.

Functional Economic Market Area (FEMA): The spatial level at which local economies and markets operate in practice.

Grade A Office Space: Office buildings classified as 'Grade A' are typically brand new, recently redeveloped, or have experienced a thorough refurbishment (typically to BREEAM standards). Grade A offices will also tend to possess high-quality furnishings, state-of-the-art facilities, and excellent accessibility.

By comparison, Grade B office space refers to properties that fall below the Grade A remit, typically in terms of location, facilities and maintenance. Grade B offices are usually maintained and finished to a good or fair standard, with adequate facilities.

Grade C offices provide functional space for tenants looking for low rents. The fit-out is usually much lower quality than A or B Grade properties, while internal furnishings and decoration are usually not maintained regularly, or to a high standard.

Gross Floorspace Completions: The total amount of new floorspace developed or completed over the course of a given year.

National Planning Policy Framework (NPPF): The Government's overarching planning policies for England. The framework acts as guidance for local planning authorities and decision-takers, both in drawing up plans and making decisions about planning applications.

National Planning Practice Guidance (NPPG): The Government's web-based resource providing practical guidance to assist practitioners in implementing national planning policies set out in the NPPF.

Net Floorspace Completions: The total amount of net additional floorspace developed or completed over the course of a given year, taking into account any loss of existing floorspace that has occurred to another use. Net completions are calculated by subtracting losses of floorspace from gross floorspace completions.

Objectively Assessed Housing Need (OAN): The scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period.

Permitted Development Rights: General planning permission which has been granted by Parliament (rather than the local authority) which enables

certain types of development or work to take place without the need to apply for planning permission.

Plot Ratio: The ratio of a building's total floor area to the size of the piece of land upon which it is built.

Safety Margin: An allowance for factors such as delays in some sites coming forward for development, added to the overall requirement for employment floorspace. It provides a degree of flexibility for the purposes of planning for business space over a given plan period.

Small and Medium Enterprises (SMEs): A business or company that has fewer than 250 employees.

Appendix 3 Methodology Consultation Questions



Berkshire Functional Economic Market Area Study and Economic Development Needs Assessment – Method Consultation

1. Introduction

The Thames Valley Berkshire Local Enterprise Partnership (TVBLEP), in conjunction with the six Berkshire local authorities of Bracknell Forest, Reading, Slough, West Berkshire, the Royal Borough of Windsor and Maidenhead and Wokingham, have recently commissioned independent planning and economic consultants Nathaniel Lichfield & Partners (NLP) to undertake a study to establish the various Functional Economic Market Areas (FEMAs) that operate across the Berkshire sub-region and the economic development needs that local authorities should be planning for within these FEMAs. The work will begin by developing appropriate methodologies for undertaking the study, and then use these methodologies to identify the relevant FEMAs and economic development needs to 2036.

This piece of work reflects the recognition that the geographical extent of local economies do not necessarily adhere to administrative boundaries, alongside the requirement set out in the Planning Practice Guidance (PPG) for local authorities to consider their economic needs in relation to Functional Economic Market Areas.

Evidence from this study will form the basis for the development of economic policies through each local authority's future local plan process(s) as well as other economic development work within and between the local authorities, and the work of the LEP.

The study will be undertaken in two parts; the first will establish the FEMA(s) that each of the six Berkshire local authorities sit within. The second part of the study will comprise an Economic Development Needs Assessment (EDNA) for each of the FEMAs identified through part one. It will use the methodology being developed as part of this work to identify the future quantity of land or floor space that will be required for economic development uses over the period to 2036 in each local authority area and in each of the defined FEMA(s). This will include both a quantitative and qualitative assessment of the need for new development.

The study represents early stage technical analysis and there will be further work to do on specific tasks and topics in due course. It should be noted that a Strategic Housing Market Assessment (SHMA) is being concluded on behalf of the six local authorities in Berkshire and the TVBLEP. Whilst the emerging findings from the SHMA will feed into this work, it does not form part of this FEMA study.

NLP have prepared an outline methodology for parts one and two of the study based upon guidance from the PPG and from experience elsewhere. It is important that the analysis is based on robust and credible evidence and is informed through consultation with key stakeholders including neighbouring

local authorities and other organisations with an interest in economic development across the wider sub-region.

We are therefore inviting your feedback and comments on the proposed methodology and would be grateful if you could spend a few minutes to complete this short survey by Wednesday 28 October. If you have any queries about this survey, or would like more information about the FEMA study, please contact Caroline Perkins at TVBLEP on 0118 945 0201 or Caroline@thamesvalleyberkshire.co.uk.



Berkshire Functional Economic Market Area Study and Economic Development Needs Assessment – Method Consultation

2. Survey Participants

Please provide your details below so that we can better understand the context of your feedback and comments.

Name

Organisation

Email Address

Phone Number

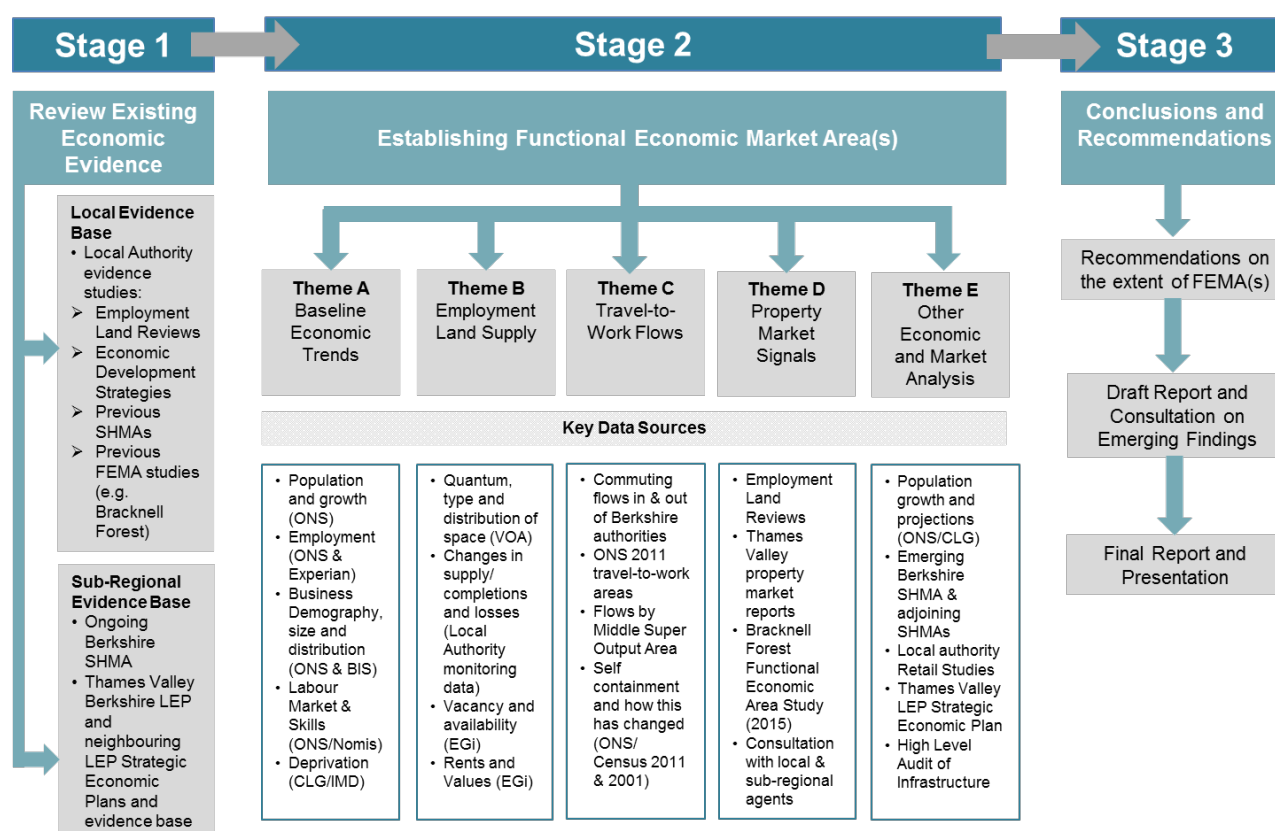
Berkshire Functional Economic Market Area Study and Economic Development Needs Assessment – Method Consultation

3. Part One - Identifying Functional Economic Market Area(s)

Methodology Overview

The identification of the FEMA(s) is proposed to involve three key stages, as set out in Figure 1 below.

Figure 1 Functional Economic Market Area Outline Methodology



STAGE 1 - REVIEW EXISTING ECONOMIC EVIDENCE

This stage would identify the context for the study by reviewing the existing evidence base associated with each of the six Berkshire local authorities on economic development, employment, transport, housing and retail matters, as well as evidence and documents that consider growth at the sub-regional level. Example documents are listed in the Methodology Diagram above.

Does this represent a comprehensive suite of existing economic evidence to review?

☐ Yes

☐ No

Any comments?

Are there any other sources that could be considered?

STAGE 2 - ESTABLISHING FUNCTIONAL ECONOMIC MARKET AREA(S)

This stage would involve analysing a range of information and data to establish and spatially define the various Functional Economic Market Areas that operate across the Berkshire sub-region. We propose to structure this analysis across five key themes, as shown in the Methodology Diagram above.

Do each of the proposed themes (A to E) represent a logical and robust input to defining the Functional Economic Market Area(s) operating across the Berkshire sub-region?

	Yes	No
A: Baseline Economic Trends	<input type="radio"/>	<input type="radio"/>
B: Employment Land Supply	<input type="radio"/>	<input type="radio"/>
C: Travel-to-Work Flows	<input type="radio"/>	<input type="radio"/>
D: Property Market Signals	<input type="radio"/>	<input type="radio"/>
E: Other Economic and Market Analysis	<input type="radio"/>	<input type="radio"/>

Any comments?

Are there any other sources of data or information that could be considered?

A: Baseline Economic
Trends

B: Employment Land
Supply

C: Travel-to-Work
Flows

D: Property Market
Signals

E: Other Economic and
Market Analysis

Do you have any other comments on the proposed methodology, data sources or themes that are proposed as part of the Berkshire Functional Economic Market Area Study?

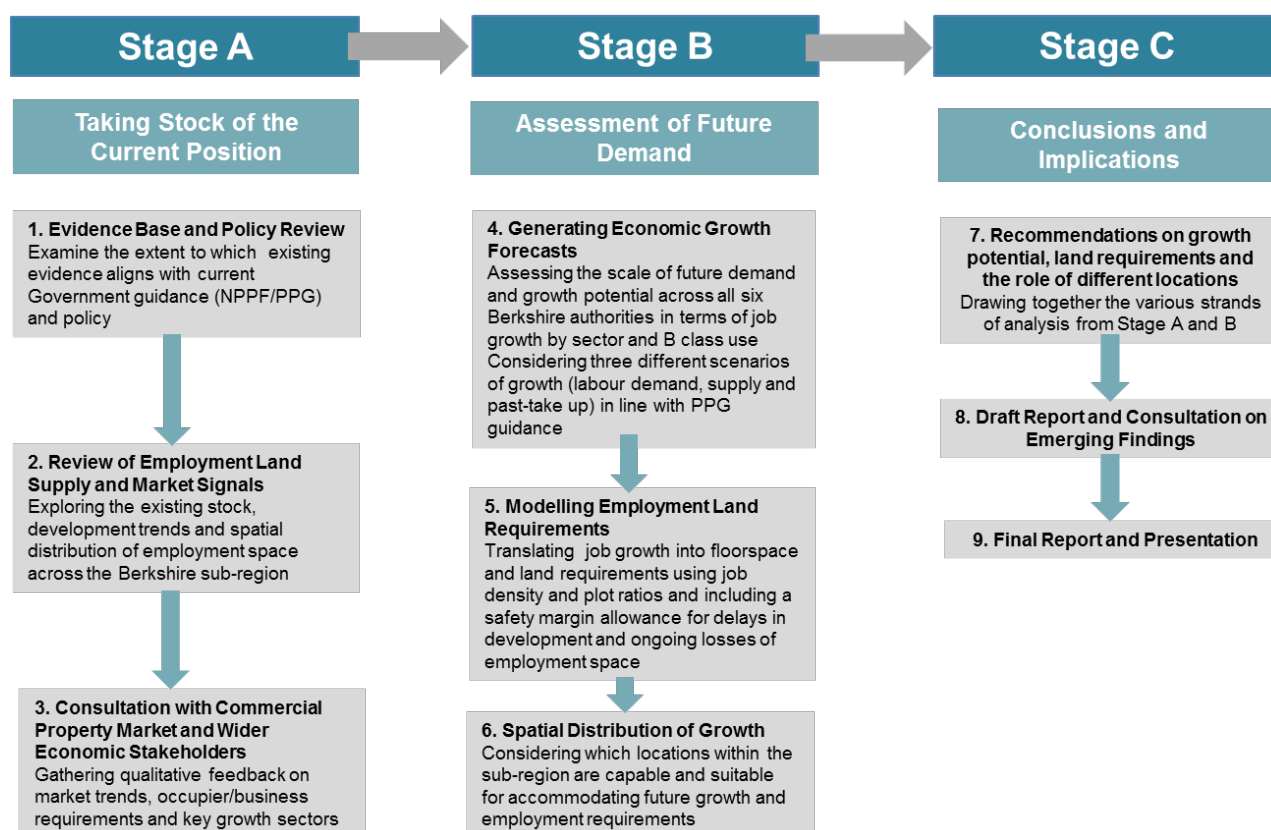
Berkshire Functional Economic Market Area Study and Economic Development Needs Assessment – Method Consultation

4. Part Two - Economic Development Needs Assessment

Methodology Overview

The assessment of economic development needs is proposed to involve three key stages, as set out in Figure 2 below. For the purposes of the study, 'economic development needs' relate to the B use class sectors, namely B1 Business (offices, research & development, light industry); B2 General Industrial; and B8 Storage or Distribution (wholesale warehouses, distribution centres).

Figure 2 Economic Development Needs Assessment Outline Methodology



STAGE A: TAKING STOCK OF THE CURRENT POSITION

1. Evidence Base and Policy Review

This task would identify the baseline position and previous economic evidence prepared by each of the six Berkshire local authorities (where not already reviewed as part of Part 1). We would examine the extent to which this existing evidence aligns with current Government guidance (NPPF/PPG) and policy.

Do you have any comments on the proposed approach for this task?

2. Review of Employment Land Supply and Market Signals

This task would explore the existing stock, development trends and spatial distribution of employment space across the Berkshire sub-region and each individual local authority area within it. This will provide a detailed understanding of recent patterns and change within the sub-regional commercial property market, drawing on data from the Valuation Office Agency (VOA), Council monitoring data and web-based property availability registers.

Do you have any comments on the proposed approach for this task?

3. Consultation with Commercial Property Market and Wider Economic Stakeholders

We would gather qualitative feedback on market trends, occupier/business requirements and key growth sectors from a range of stakeholders including commercial property market agents, local economic and business organisations.

Do you have any comments on the proposed approach for this task?

STAGE B: ASSESSMENT OF FUTURE DEMAND

4. Generating Economic Growth Forecasts

This task would assess the scale of future demand and growth potential of the six Berkshire local authorities and identified FEMAs in order to quantify the amount and type of employment land needed across the main employment use classes up to 2036, in both quantitative and qualitative terms. We propose to consider three different scenarios of growth, based on labour demand, labour supply and past take-up in line with PPG guidance.

Do you have any comments on the proposed approach for this task?

[5. Modelling Employment Land Requirements](#)

For all scenarios, job growth projections would be translated into floorspace requirements using industry standard job density ratios. Floorspace estimates would be converted into employment land needs using appropriate assumptions on plot ratios for different locations/types of development, based on Government guidance or any local information available. A safety margin allowance will be incorporated to account for delays in development and ongoing losses of employment space.

Do you have any comments on the proposed approach for this task?

[6. Spatial Distribution of Growth](#)

Within the context of identified future requirements, this task would consider which locations and key sites within the sub-region are capable and suitable for accommodating this growth based upon a high level SWOT analysis of the sub-region's commercial property market and FEMA(s).

Do you have any comments on the proposed approach for this task?

Thank you for taking the time to complete the survey.

Appendix 4 Methodology Consultation Responses Summary

Consultation was undertaken at the beginning of the study to gain feedback on the proposed methodology for both Part One (FEMA analysis) and Part Two (Economic Development Needs Assessment) of the study. The summary below incorporates responses received with regards to the Part Two EDNA analysis only.

Responses to the methodology consultation were received from the following consultees. Not all respondents provided written responses or comments on the study methodology; ID reference numbers are provided below to illustrate where comments were received.

- University of Reading (ID: M1)
- TFB Cinnamon Café (ID: M2)
- Peasemore Parish Council (ID: M3)
- Federation of Small Businesses (ID: M4)
- Wraybury Parish Council (ID: M5)
- Newbury Town Council (ID: M6)
- Bracknell Forest Council (Business Team) (ID: M7)
- Telefonica UK (ID: M8)
- Rushmoor Borough Council (ID: M9)
- Enborne Parish Council (ID: M10)
- Hungerford Town Council (ID: M11)
- Guildford Borough Council (ID: M12)
- Runnymede Borough Council (ID: M13)
- Windsor and Eton town Partnership (ID: M14)

Consultation Response	ID Ref	NLP Comments/Response
Part Two: Economic Development Needs Assessment		
STAGE A: TAKING STOCK OF THE CURRENT POSITION		
1. Evidence Base and Policy Review		
Do you have any comments on the proposed approach for this task?		
How accurate is Government guidance and policy?	M5	It represents the official benchmark for undertaking analysis of this type.
Is the data up to date, relevant and comprehensive?	M6	The data that has been used is the most accurate and robust available.
Not sure if there are resources, but if there are wider consultations or surveys with the business community (instead of just partners) would be useful to get a better idea of local and regional views. This would be useful for below points as well (2. and 3.)	M7	Wider consultation with the business community falls beyond the scope of the EDNA study.
Impact of restrictions applying to A O N B s	M11	Specific consideration of AONBs falls beyond the scope of the EDNA study.
If there are Local Authorities outside of Berkshire which form part of the resultant FEAs, will the existing position in these authority areas also be assessed to give a full picture of the existing picture across each identified FEA?	M13	In theory yes, however the 3 FEMAs identified by the Part One FEMA study do not extend beyond Berkshire.
2. Review of Employment Land Supply and Market Signals		
Do you have any comments on the proposed approach for this task?		
Do they have accurate information because I suspect for example that Slough's population data is an underestimate?	M5	The data that has been used is the most accurate and robust available.
The proposed approach prejudices the outcome of the determination of the extent of the FEA by looking at the Berkshire sub-region. This is not necessarily wrong, but it should depend on the outcome of the FEA work	M9	The study area for each of the EDNAs has been identified from the conclusions of the Part One FEMA study (i.e. that there are 3 FEMAs operating across Thames Valley Berkshire)
Same comment as above-If there are Local Authorities outside of Berkshire which form part of the resultant FEAs, will their evidence also be considered and will engagement occur with these Authorities under the DtC to give a full picture across each identified FEA?	M13	The 3 FEMAs identified by the Part One FEMA study do not extend beyond Berkshire.
3. Consultation with Commercial Property Market and Wider Economic Stakeholders		
Do you have any comments on the proposed approach for this task?		
Do you survey home-workers?	M5	Home-workers are not specifically consulted as part of the consultation process, however the Part One FEMA study has looked at patterns and trends in home-working across the Thames Valley
This should not be focused solely on the Berkshire geographical area. For example, consideration should be given to overlap with the Blackwater Valley Market Area given that the southern section of Bracknell Forest has strong linkages with that	M9	The study area for each of the EDNAs has been identified from the conclusions of the Part One FEMA study (i.e. that there are 3 FEMAs operating across Thames

Consultation Response	ID Ref	NLP Comments/Response
Market Area		Valley Berkshire)
No. I assume that all of the Local Authorities identified in Bracknell's draft DtC statement for economic matters (including Runnymede) will be consulted on the emerging evidence.	M13	Yes.
STAGE B: ASSESSMENT OF FUTURE DEMAND		
4. Generating Economic Growth Forecasts		
Do you have any comments on the proposed approach for this task?		
What factors are built in for changes in employment?	M5	The employment forecasts used as part of the EDNA assume that changes occur within individual sectors of the economy in line with macro-economic forecasts and how local areas have performed across different sectors in the past
There are far more requirements than land needed to facilitate/ promote/ support economic growth	M6	These other requirements fall beyond the scope of the EDNA study.
Labour demand scenarios can vary significantly, depending on the economic forecasting model that is used. Experian, Cambridge Economics and Oxford Economics could all be called upon to determine the labour supply scenario. The report should clarify which economic forecasting model has been used, and why, and caveat the outcomes accordingly	M9	Economic forecasts from Cambridge Economics have been used in the EDNAs to be consistent with other Thames Valley Berkshire evidence. This has been clarified and caveated within the report.
No. But as above, I am interested to know how you would propose to deal with the situation if Local Authorities outside of Berkshire form the identified FEAs	M13	The 3 FEMAs identified by the Part One FEMA study do not extend beyond Berkshire.
5. Modelling Employment Land Requirements		
Do you have any comments on the proposed approach for this task?		
Obviously externally difficult to forecast, but take visitor Tourism into consideration	M2	Tourism is not a 'B Class' sector so it is not possible to model land requirements as part of the EDNA. Job growth projections for the recreation sector are included within Chapter 4.0 of the report.
Again please note my comment about home working and there is nothing said about the need for better broadband access and speed and there are blackspots not least in this village.	M5	These connectivity and accessibility issues are examined by the Part One FEMA study.
It is also important to include an allowance for natural churn in the market; anything up to 10% vacancy levels is considered to be appropriate to allow turnover of commercial properties. How will the Economic Needs Assessment take into account the confirmed and forthcoming changes to PD rights relating to some B class uses? Will the report consider recommending that some core employment sites in the FEA are made the subject of Article 4 Directions to protect the housing/employment balance in the FEA over the long term planning period?	M9	A vacancy level of 10% has been allowed for within the EDNA methodology and calculations. Council monitoring data on PD rights has been analysed and presented within the EDNA report. A detailed analysis of employment sites and supply falls beyond the scope of the EDNA study.

Consultation Response	ID Ref	NLP Comments/Response
6. Spatial Distribution of Growth		
Do you have any comments on the proposed approach for this task?		
The property market does not entirely show for example the failure to meet the needs of young people. There is need for more provision for older people such as retirement villages which in themselves will provide more employment.	M5	The need for different types of housing falls beyond the scope of the EDNA study.
Same comment as above about how Local Authorities outside Berkshire would be factored in.	M13	The 3 FEMAs identified by the Part One FEMA study do not extend beyond Berkshire.

Appendix 5 Emerging Findings Consultation Questions



Western Berkshire Economic Development Needs Assessment – Draft Report Consultation

Introduction

The Thames Valley Berkshire Local Enterprise Partnership (TVBLEP), in conjunction with the six Berkshire local authorities of Bracknell Forest, Reading, Slough, West Berkshire, the Royal Borough of Windsor and Maidenhead and Wokingham have commissioned independent planning and economic consultants Nathaniel Lichfield & Partners (NLP) to undertake assessments of the economic development needs that local authorities should be planning for within the Functional Economic Market Areas (FEMAs) that they operate in. These FEMAs were identified as a result of earlier work and are:

- Western Berkshire FEMA: comprising West Berkshire.
- Central Berkshire FEMA: comprising Bracknell Forest, Reading, the Royal Borough of Windsor and Maidenhead and Wokingham.
- Eastern Berkshire FEMA: comprising Slough, the Royal Borough of Windsor and Maidenhead and South Bucks (future economic development needs have not been specifically assessed for South Bucks as it falls outside of the TVBLEP area).

This consultation is on the Draft Economic Development Needs Assessment (EDNA) that has been prepared for the Western Berkshire FEMA.

The EDNA study provides an assessment of the future business needs and requirements for employment land and floorspace within the defined FEMA, focusing on the group of 'B use class' sectors (i.e. B1, B2 and B8) which together broadly cover office and industrial (including warehousing) land uses.

The draft report includes an Executive Summary which provides an overview of the key findings and conclusions. The Western Berkshire EDNA report can be downloaded [here](#).

The study has been carried out in accordance with the Planning Practice Guidance and follows a methodology that was previously consulted on with wider stakeholders. It is important that this assessment has been based upon robust and credible evidence, and is informed through consultations with key stakeholders including neighbouring authorities and other bodies with an interest in economic development across the wider sub-region.

We are inviting your feedback and comments on the draft Western Berkshire EDNA and would be grateful

if you could complete this short survey by Tuesday 5th July.

Evidence from this two part study will be used, alongside other economic evidence, to inform the preparation of economic policies in each local authority's future local plan process(s) as well as other economic development work within and between the local authorities, and the work of the TVBLEP. The study represents early stage technical analysis and there will be further work to do on specific tasks and topics in due course.

If you have any queries about this survey, or would like more information about the study, please contact Caroline Perkins at TVBLEP on 0118 945 0201 or Caroline@thamesvalleyberkshire.co.uk.



Nathaniel Lichfield
& Partners
Planning. Design. Economics.

Western Berkshire Economic Development Needs Assessment – Draft Report Consultation

Survey Participants

1. Please provide your details below so that we can better understand the context of your feedback and comments.

Name

Organisation

Email Address

Phone Number



Western Berkshire Economic Development Needs Assessment – Draft Report Consultation

Section 2.0: Overview of Employment Space

This page provides an opportunity to comment on the analysis undertaken in Section 2.0 of the draft study. Please refer to specific paragraph numbers where relevant.

2. Do you have any comments regarding the analysis of employment (i.e. B use class) space in the Western Berkshire FEMA as set out in Section 2.0?



Western Berkshire Economic Development Needs Assessment – Draft Report Consultation

Section 3.0: Commercial Property Market Signals and Intelligence

This page provides an opportunity to comment on the analysis undertaken in Section 3.0 of the draft study. Please refer to specific paragraph numbers where relevant.

3. Do you have any comments regarding the analysis of the commercial property market in the Western Berkshire FEMA as set out in Section 3.0?

Western Berkshire Economic Development Needs Assessment – Draft Report Consultation

Section 4.0: Future Requirements for Employment Space

This page provides an opportunity to comment on the analysis undertaken in Section 4.0 of the draft study. Please refer to specific paragraph numbers where relevant.

4. Do you have any comments regarding the development of the three future economic scenarios presented in Section 4.0:

Scenario 1: Baseline
Labour Demand

Scenario 2: Past
Completion Rates

Scenario 3: Labour
Supply

5. Do you have any comments regarding the calculation of Gross Employment Space and Land Requirements as set out in Section 4.0?

Western Berkshire Economic Development Needs Assessment – Draft Report Consultation

Section 5.0: Policy Implications and Conclusions

This page provides an opportunity to comment on the overall conclusions set out in Section 5.0, as well as to provide any other comments regarding the draft study. Please refer to specific paragraph numbers where relevant.

6. Do you have any comments regarding the overall conclusions of the study (including the assessment of future economic development needs) and potential policy approaches in relation to employment space for emerging Local Plans across the Western Berkshire FEMA?

7. Do you have any other comments regarding the analysis undertaken for the draft Western Berkshire Economic Development Needs Assessment?

Thank you for taking the time to provide your feedback and comments.

Appendix 6 Emerging Findings Consultation Responses Summary

Responses to the emerging findings consultation were received from the following consultees. Not all respondents provided written responses or comments on the emerging study findings; ID reference numbers are provided below to illustrate where comments were received.

- Hungerford Town Council (ID: EF1)
- Basingstoke and Deane Borough Council (ID: EF2)
- Peasemore Parish Council (ID: EF3)
- y.a. property (ID: EF4)
- Hampstead Norreys Parish Council (ID: EF5)
- Buckinghamshire County Council (ID: EF6)

Consultation Response	ID Ref	NLP Comments/Response
Section 2.0: Overview of Employment Space		
2. Do you have any comments regarding the analysis of employment (i.e. B use class) space in the Western Berkshire FEMA as set out in Section 2.0?		
Realistic on the analysis for region during the timescale 2013-2036 an increase of 11,970 jobs	EF1	n/a
The council notes the references to Basingstoke in paragraphs 2.4 and 2.5.	EF2	n/a
<p>We do not recognise the total figures quoted here. The graph at figure 2.1 suggests an annual figure 2000 to 2012 of around 12,800 sqm and yet the Executive summary states 24,450 sqm pa. As most people will only read the exec. summary it is important to get his figure correct.</p> <p>We are not aware of much if any of this development within the Newbury Market can you identify where most of it has been built, and the source of these figures. 2.4 could mention value issues but these may be taken up later.</p> <p>Figure 2.3 could be larger or broken down into sub regions. Para 2.14 would it be fair to say that very little of the annual total of 13780 sqm of new office space pa occurred in Newbury.</p>	EF4	<p>The information presented in Figure 2.1 and the reference to 24,450sqm p.a. in the executive summary are based on different data sources (Valuation Office Agency headline statistics and West Berkshire Council respectively) and cover different periods of time. We would therefore not expect them to align exactly.</p> <p>Commentary is provided in paras 2.16 and 2.17 to illustrate where development has been concentrated. This monitoring data has been provided by West Berkshire Council.</p> <p>A larger version of Figure 2.3 is included at Appendix 8.</p>
2.16 We do not believe the developments at Colthrop and Pipers were B1 offices. Para 2.23 does not mention the Bayer move nor the really clarifies how to deal with the ageing office stock when PD is the most likely and viable solution.	EF4	It is acknowledged in para 2.16 that given the limitations of the monitoring data, some of the recorded office completions will actually relate to new industrial floorspace.
This section of the report does not seek to analyse the type of accommodation being constructed in the housing market and the type of labour that it will bring.	EF4	This analysis is considered to fall beyond the scope of the EDNA study.
The quality of B1c & B2 is very poor in West Berkshire & businesses are looking to move away from the area because of the shortage. Burghfield (AWE) site has increased significantly but not available on the open rental market. Should this not be removed from the study findings as it is not available for rental & therefor give unrealistic availability/completion rates.	EF5	Past development on the AWE site is included within the Council monitoring data and it is therefore considered appropriate to include it within the historical trend analysis.
Section 3.0: Commercial Property Market Signals and Intelligence		
3. Do you have any comments regarding the analysis of the commercial property market in the Western Berkshire FEMA as set out in Section 3.0?		
Agree with the analysis that office space generally needs modernisation in the area to promote new businesses. Rental cost benefits to new companies entering the market in Hungerford with good rail and road connections to London and the South West.	EF1	Comment noted.

Consultation Response	ID Ref	NLP Comments/Response
The council notes the reference to Basingstoke in paragraph 3.13.	EF2	n/a
Clearly recent events may need an update to this section of the report when more is known about market reaction	EF4	Comment noted.
This section of the report does not appear to draw upon information from the DTZ report of 2007 on Employment land needs in West Berkshire	EF4	The information in the 2007 study is now considered to be out-of-date and the EDNA provides an opportunity to refresh this intelligence.
Section 3.13 confirms our belief that West Berkshire has two commercial centres, one for the West centred on Newbury and one for the East centred on Theale. The local property agents believe that these two property markets have very little inter relationship between businesses and therefore should be treated as separate FEMA's	EF4	The process of defining the three Berkshire FEMAs and property market areas is described in the Part One Berkshire FEMA study which also presents the evidence that was used to inform these conclusions. This consultation on the EDNA study specifically focuses on the economic development needs that have been identified for each of these FEMAs.
The details quoted in section 3.18 are again at odds with the statement made in the executive summary either we have had very little development or over 24,000 sqm pa. We do need a better way of analysing this and in our view there should be two FEMA's in West Berks.	EF4	The figures quoted in the executive summary relate to 'gross' development and do not take into account losses of employment floorspace that have occurred, thereby resulting in a lower rate of net additional development.
We particularly endorse many of the comments in this section and 3.20 is a good example of an accurate reflection of what is happening and reinforces the need to take action.	EF4	Comment noted.
3.35 We have not found the demand for rural space, admittedly small units, to be limited. When you consider that sterling Cables redevelopment and Faraday Road redevelopment will displace over 50 existing businesses and despite the executive summary we cannot think of any new B1c small industrial units being constructed locally recently, then rural is their only option at present.	EF4	This comment reflects the feedback that was received through consultation with a number of local and sub-regional commercial property agents.
3.36 We find this comment puzzling, Berkshire is a long thin county, West Berkshire has 3 M4 junctions and 4/5 A34 junctions in its district.	EF4	Text tweaked to refer to these rural employment sites as being 'relatively' poorly connected to strategic routes.
3.41 Highlighting lack of Grade A space again in conflict with the executive summary	EF4	See comment noted above.
I believe this is a true reflection of current situation.	EF5	n/a
Section 4.0: Future Requirements for Employment Space		
4. Do you have any comments regarding the development of the three future economic scenarios presented in Section 4.0:		
Scenario 1: Baseline Labour Demand		
This seems sound	EF1	n/a

Consultation Response	ID Ref	NLP Comments/Response
The Labour Demand appears to have been based on Appendix 9 Cambridge Econometrics estimates. Section 4.9 indicates that the SHMA also relied upon this data. This does cause some concerns as if you look at the data it suggests 7 employed in Pharma sector in 2013, is Bayer not in this sector nor Britannia/Genus who were in London Road at the time. Telecoms apparently accounts for 0 of our workforce which is hard to rationalise against Vodafone, Huawei, Telefonica and Alcatel who were all in Newbury at the time. Education is predicting a fall over the life of a plan which has population growth projections from the 2011 census numbers of up to an extra 20,000 in Newbury alone, is this a realistic projection. It also records 2,648 in Real Estate, so we would be interested to know where they all are? Appendix 10 looks at the B Class uses but does not appear to try to correlate	EF4	Employment is allocated a sector by Cambridge Econometrics depending upon the main type of activity (and related SIC code) that operations in the Western Berkshire FEMA relates to. For instance, the Computing & Information Services sector may include some of the company examples listed. These projection figures provide an estimation of how employment by sector is expected to change over time, and this may imply a different trajectory of growth to that recorded in the past.
Scenario 2: Past Completion Rates		
Again this figure is factual	EF1	n/a
The figures quoted in the report for past completions are not recognisable, at the Newbury end of the district and the report mentions that 2007 and 2008 could skew the figures a deeper analysis of the Newbury sector would be useful	EF4	See comment noted above on this issue.
Scenario 3: Labour Supply		
Labour supply will grow in West Berkshire. The DPD submitted by West Berkshire Council increases the number of dwellings by 10,500 for the period 2012-2026 so labour supply will increase	EF1	Comment noted.
The report does not appear to analyse the type of labour that will be coming with the type of housing that is being consented. Mouseprice records the following 10. Residential property sales data from 2011 census suggests (Via Mouseprice) 26.71% of housing in RG 14 postcode was flats compared with national average of 17.7% and RG average of 16.23%. Since 2011 perception is that many more flats have been constructed - Parkway and Racecourse as two examples, and consented, Elliotts Studios, Old Bus station and Faraday Road as examples. This type of housing will determine the occupants and likely employment ranges needed, more data would be useful.	EF4	This analysis is considered to fall beyond the scope of the EDNA study.
5. Do you have any comments regarding the calculation of Gross Employment Space and Land Requirements as set out in Section 4.0?		
Labour supply will grow in West Berks as a result of the DPD 2012-2026 of an extra 10,500 dwellings average property prices are 20-30% lower than rest of Berkshire so movement of people likely increasing labour supply and therefore greater opportunities in the area	EF1	Comment noted.

Consultation Response	ID Ref	NLP Comments/Response
Section 5.0: Policy Implications and Conclusions		
6. Do you have any comments regarding the overall conclusions of the study (including the assessment of future economic development needs) and potential policy approaches in relation to employment space for emerging Local Plans across the Western Berkshire FEMA?		
Demand for housing will increase at a faster pace as an overspill from London. Estimated UK population will be at least 15% more by 2036 so the relatively low population density of West Berkshire will attract population growth and with it demand for employment. I feel that 0.5% growth for Hungerford area maybe slightly on the low side given its good communication links to London (direct train to Reading and Paddington) and close proximity to M4 less than 3 miles to JCT 14. Journey time to London and Bristol of an hour	EF1	Comment noted.
Each conclusion seems logical but may benefit from setting against a policy background i.e. Sustainability policy to reduce journey to work distances?	EF4	Study conclusions have been framed against the relevant policy background where appropriate.
Whether UK withdrawal from the EU & further delay in Heathrow airport expansion plans have a continued impact remains to be seen.	EF5	Comment noted.
7. Do you have any other comments regarding the analysis undertaken for the draft Western Berkshire Economic Development Needs Assessment?		
Good piece of work needed for future planning	EF1	n/a
1. Accuracy of Data, i.e. Cambridge Econometrics appendix 9. No telecoms no Pharma and No pensions employees recorded currently nor in 2036, report admits it cannot all be accurate, fundamentals should be right or challenged?	EF4	See comment noted above on this issue.
2. Long report, therefore Exec Summary will be most frequently read, this needs to be accurate	EF4	See comment noted above on this issue. The figures referred to are accurate and draw upon different data sources.
3. Report Exec Summary suggests 250,000 sqft pa, report detail at para 4.24 suggests 133,688 sqft pa both over last 10 years, how have figures come about could/should they be checked? Agents view is that this much space has not entered the market	EF4	See comment noted above on this issue. The figures referred to are accurate and draw upon different data sources.
4. Stakeholders for initial fact find could do with being bolstered by some major employers	EF4	A number of major employers were invited to input to the EDNA methodology and draft report consultation exercises.
5. East west Split in West Berks admitted in report	EF4	See comment noted above on this issue.
Stakeholders listed for the initial report included Peasemore Parish Council and Newbury District Council neither of whom have any remit for employment. Some serious attempt to get the major employers in the area involved should be made. Is the report really looking into the future, or just projecting current analysis into the future without allowing for the changing work patterns foreseen by	EF4	See comment noted above on this issue.

Consultation Response	ID Ref	NLP Comments/Response
NLP in other reports of theirs?		
The plan period starts in 2013 and by the time it is taken into formal policy we believe it will be 2020 at that point the District will be 23.37 ha down on its employment land allocation, 7 years behind. The impact of this delay should also deserve a paragraph in the report.	EF4	Additional text has been added at para 5.12 to reflect this issue.
There are several cross boundary infrastructure links and other cross boundary relationships between the Berkshire Authorities and Buckinghamshire. BCC would want to continue to be made aware of the development needs of the Berkshire Authorities as that will be an important matter for planning in Buckinghamshire.	EF6	Comment noted.

Appendix 7 Consultees

Bracknell Economic and Skills Development Partnership

Caroline Waldron, Lambert Smith Hampton

Duncan Campbell, Campbell Gordon

Gareth Osborn, SEGRO

Heather Harvey-Wood, Cushman & Wakefield

Jon Varney, Deal Varney

Matthew Battle, Thames Valley Property Forum

Neil Stokes, Martin and Pole

Nick Hardy, Page Hardy Harris

Philip Hunter, Lambert Smith Hampton

Shane Prater, Quintons Chartered Surveyors

Simon Fryer, Fryer Commercial

Steve Griffin, Pennicott

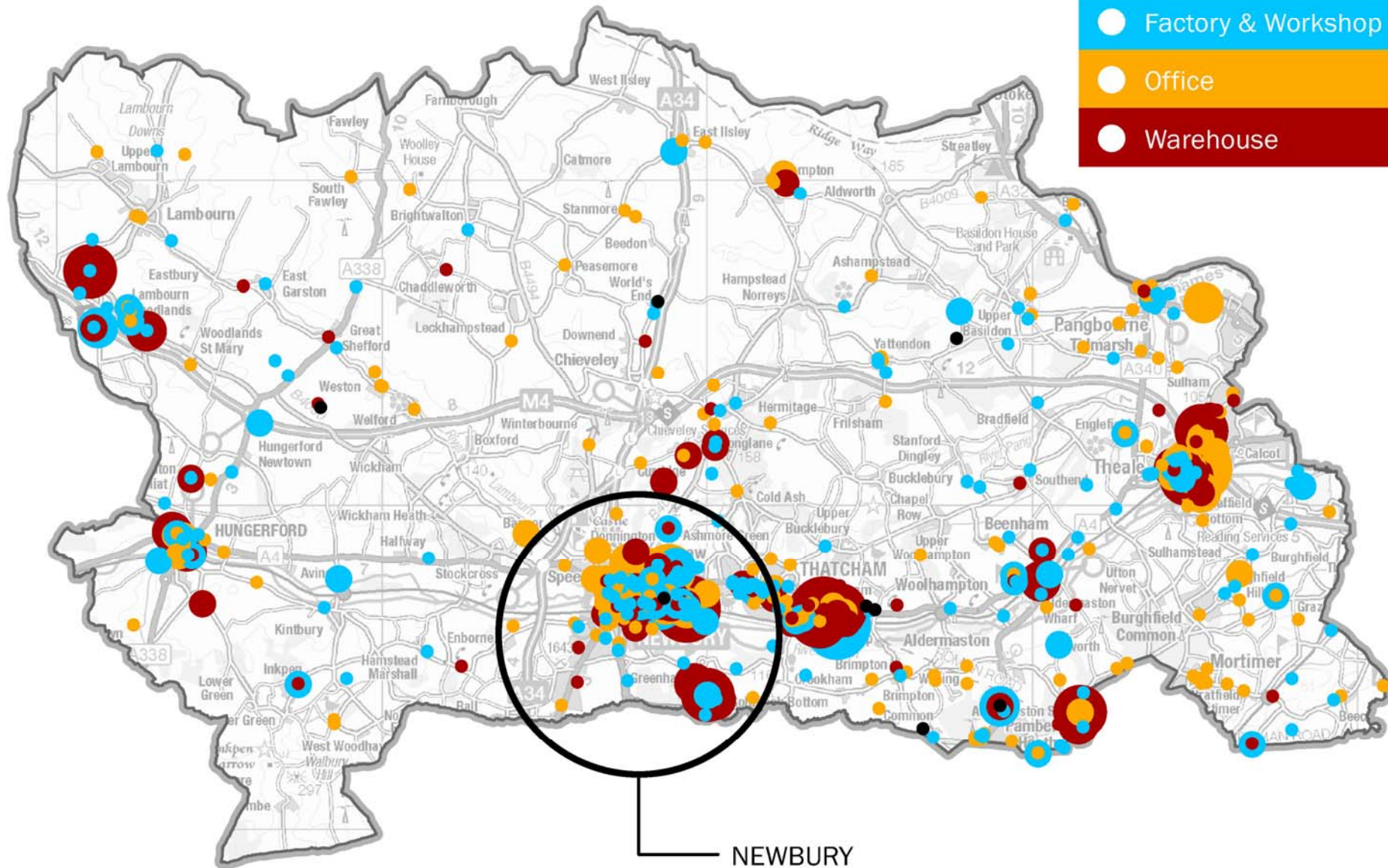
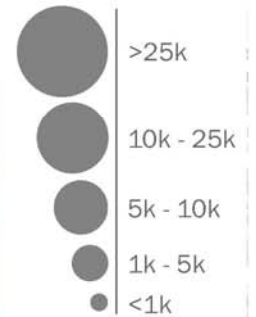
Appendix 8 VOA Floorspace Map



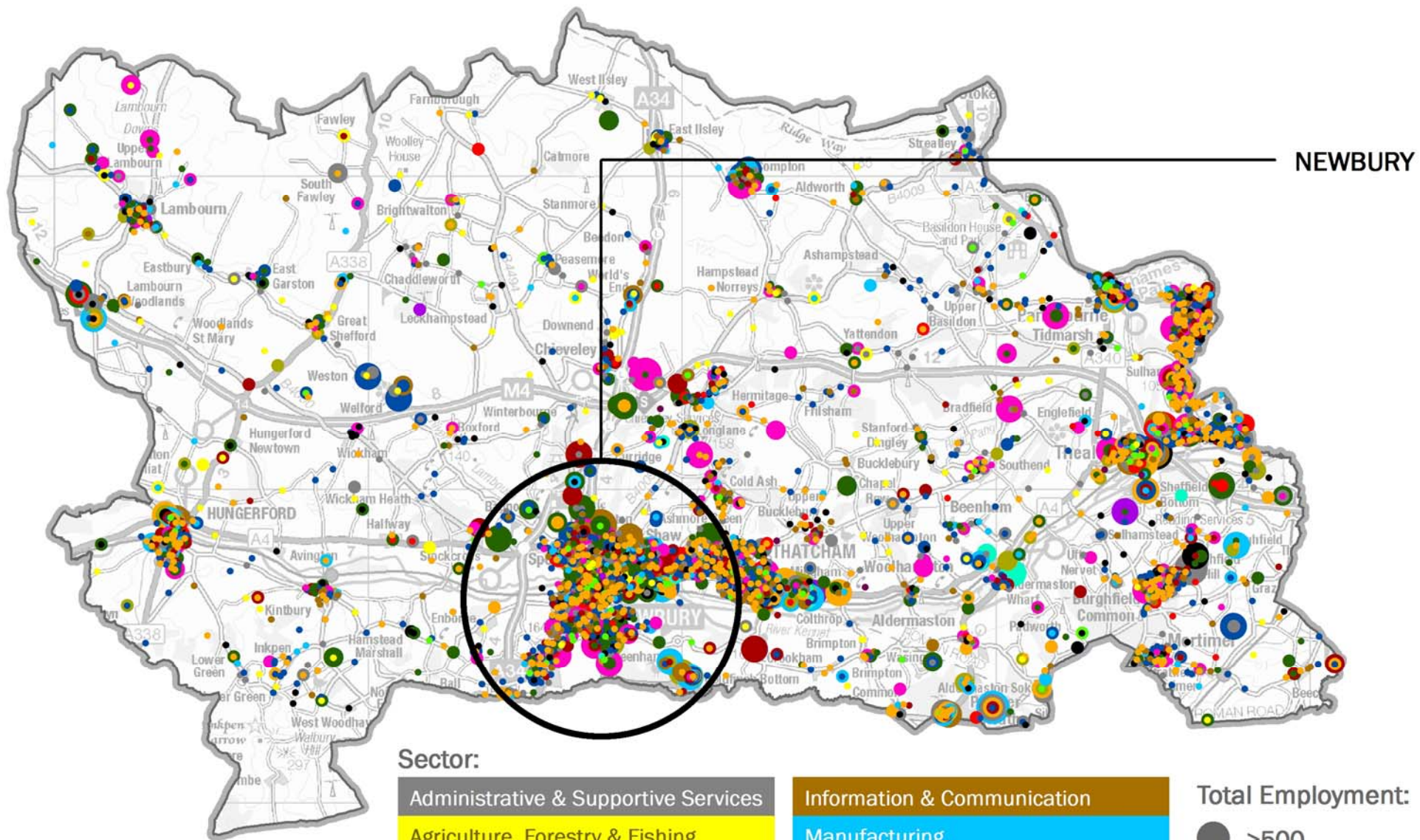
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Total Floorspace Area (sq.m) by Postcode:



Appendix 9 IDBR Business Map



Sector:

Administrative & Supportive Services

Agriculture, Forestry & Fishing

Construction

Education

Extraction & Mining

Finance & Insurance

Healthcare

Hospitality & Recreation

Information & Communication

Manufacturing

Other Private Services

Professional Services

Public Administration & Defence

Retail

Utilities

Wholesale & Transport

Total Employment:

- >500
- 101 - 500
- 51 - 100
- 10 - 50
- <10



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Appendix 10 Cambridge Econometrics Employment Projections - Methodology and data sources

Cambridge Econometrics (CE) projections are baseline economic forecasts based on historical growth within the local area relative to the region or UK (i.e. depending on which area it has the strongest relationship with), on an industry-by-industry basis. The forecasts assume that those relationships continue into the future. Thus, if an industry in the local area outperformed the industry in the region (or the UK) as a whole in the past, then it will be assumed to also do so in the future. Similarly, if it underperformed in the past then it will be assumed to underperform in the future.

It is important to note that there are inherent limitations to the use of economic forecasts of this type, particularly within the context of recent changes in the economy. National macroeconomic assumptions are taken as the starting point and then modelled down to the regional and local levels by reference to the existing economic profile and sectoral composition of an area. Local level data is less comprehensive and reliable than at national and regional levels, which can affect how the modelling is calibrated. Similarly, top-down forecasts do not take account of specific local factors that might influence employment growth. However forecasts are recognised by the PPG as a valuable input to indicate the broad scale and direction of future economic growth in different sectors, which helps to assess the future land requirements of a local area.

At the time of preparation (September 2013), the following macroeconomic assumptions at UK level were made by CE, representing key drivers for the local level projections:

- GDP growth of around 2.25% in 2014, following 1.5% growth in 2013, driven by continued modest growth in household expenditure, improving consumer confidence and growth in real incomes during 2014.
- Government consumption expected to fall in 2014 as further austerity measures take effect, although this will be outweighed by an increase in investment as business confidence improves.
- Domestic and global demand is expected to recover only slowly, which means slower growth rates in imports and exports are predicted.
- Growth in financial and business services expected to accelerate to approximately 2.5% in 2014, with this growth remaining relatively modest by historic standards, but will lead UK GVA growth in 2014 and will give a boost to investment.
- Slowly recovering construction sector with the information and communication sector expected to make modest contributions to the UK GVA levels in 2014.

- Eurozone remains a risk with anaemic growth expected to continue in the short to medium term. This means that there is likely to be weak demand from the Eurozone for UK exports.

Appendix 11 Baseline Cambridge Econometrics Employment Projections

Historic and forecast workplace job growth by sector taken from the economic projections prepared by Cambridge Econometrics (2013) is summarised below.

It should be noted that employment has been allocated to specific sectors by Cambridge Econometrics based on official ONS industry classifications and data sources and there are recognised limitations in the way that business activity is classified by ONS (i.e. by primary sector of activity rather than the specific type of activity that occurs within a given local area). This may occasionally result in employment being under or over represented in particular sectors in some locations. Cambridge Econometrics data has been used as part of this study to be consistent with other economic evidence base work that has been prepared recently for the Thames Valley Berkshire LEP area.

Sector	Workplace Jobs in Western Berkshire FEMA			
	1996	2013	2036	Change (2013 - 2036)
Agriculture, Forestry & Fishing	821	1,360	1,318	-42
Extraction & Mining	66	49	21	-28
Food, Drink & Tobacco	176	558	370	-188
Textiles & Clothing	192	183	13	-170
Wood & Paper	1,005	447	572	125
Printing and Recorded Media	672	359	374	15
Fuel Refining	6	0	0	0
Chemicals	218	101	64	-37
Pharmaceuticals	1	7	4	-3
Non-Metallic Products	1,325	380	321	-59
Metal Products	5,043	9,746	9,173	-573
Computer & Electronic Products	1,804	1,109	801	-308
Machinery & Equipment	161	514	604	90
Transport Equipment	653	234	75	-159
Other Manufacturing	130	715	668	-47
Utilities	620	1,246	1,408	162
Construction of Buildings	1,651	2,474	4,137	1,663
Civil Engineering	440	770	1,065	295
Specialised Construction Activities	2,721	4,293	6,626	2,333
Wholesale	8,686	7,925	9,100	1,175
Retail	8,263	7,192	7,603	411
Land Transport, Storage & Post	1,708	3,214	4,931	1,717
Air & Water Transport	18	9	8	-1
Accommodation & Food Services	4,857	6,257	7,574	1,317
Recreation	1,803	3,249	2,642	-607
Media Activities	571	2,088	1,504	-584
Telecoms	0	0	0	0
Computing & Information Services	4,117	10,771	14,051	3,280
Finance & Insurance	1,751	1,113	818	-295
Insurance & Pensions	0	0	0	0
Real Estate	3,386	2,648	3,248	600
Professional Services	11,372	9,296	9,903	607
Administrative & Supportive Services	5,453	7,686	8,697	1,011
Other Private Services	3,849	5,410	5,631	221
Public Administration & Defence	6,192	3,612	2,615	-997
Education	4,617	6,827	5,810	-1,017
Health	1,066	2,144	2,728	584
Residential Care & Social Work	2,235	4,023	5,501	1,478
Total (rounded)	87,650	108,010	119,980	11,970

Appendix 12 Definition of B Class Sectors

The method for apportioning workplace employment projections by sector into B class uses is summarised below, which has drawn on 2014 BRES data. Employment sectors have been translated into three main B use classes (offices (B1a/B1b), manufacturing (B1c/B2) and distribution (B8)) based on a consideration of which sectors typically utilise space that falls within these three use class categories.

This includes an allowance for jobs in some non B class sectors that typically would occupy some office or industrial space such as construction; vehicle repairs; courier services; road transport and cargo handling; and some public administration activities.

The precise translation will inevitably vary by local authority, and the latest BRES data has been used to consider how much of an allowance to make at the local level.

Sector	Share of Workplace Jobs by Use Class		
	B1 Offices	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 & 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	0%	42%	0%
Construction of Buildings	Non B Class		
Civil Engineering	Non B Class		
Specialised Construction Activities	0%	44%	0%
Wholesale	0%	13%	87%
Retail	Non B Class		
Land Transport, Storage & Post	0%	0%	83%
Air & Water Transport	Non B Class		
Accommodation & Food Services	Non B Class		
Recreation	Non B Class		
Media Activities	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance & Insurance	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	17%	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		



Nathaniel Lichfield
& Partners

Planning, Design, Economics.

Nathaniel Lichfield & Partners
14 Regent's Wharf
All Saints Street
London
N1 9RL

nlpplanning.com