# Enterprise M3 Commercial Property Market Study

## Planning Officers Meeting, 7th March 2016

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Regeneris

# Introduction

Our Brief:

- Update 2013 assessment:
  - Revisit market areas
  - Assess demand and supply of commercial floorspace
- Understand requirements of priority sectors
- Identify key issues and potential interventions for the LEP

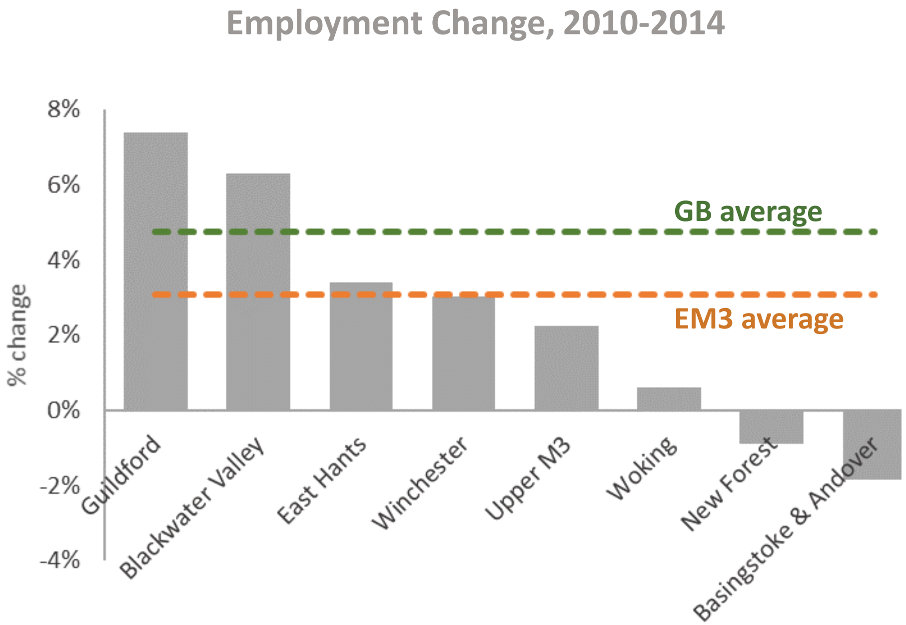
Key Research Tasks:

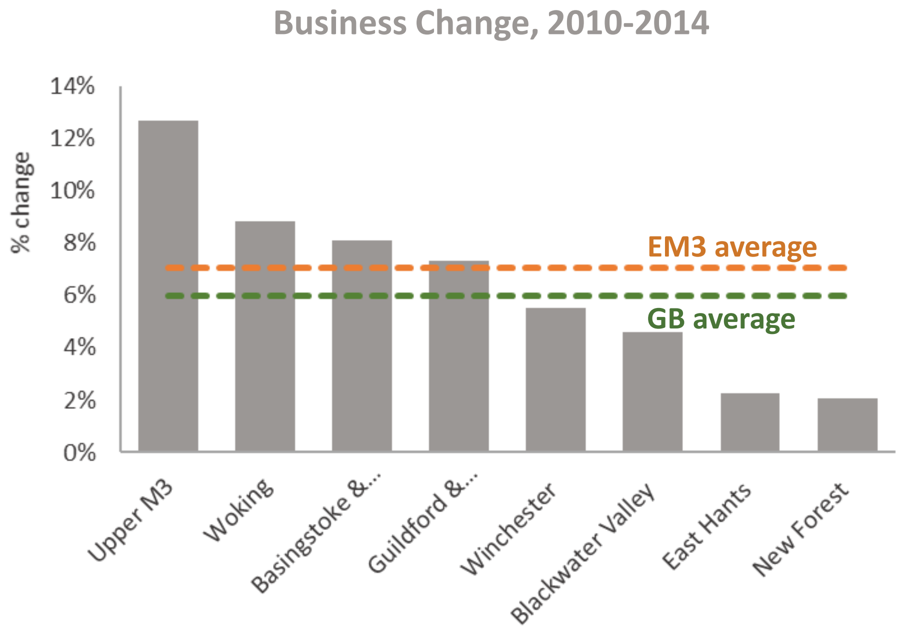
- Economic analysis
- Commercial property market analysis
- Consultations
- Commercial agent workshops

# Original Market Areas

# Revised Market Areas

# Economic Trends



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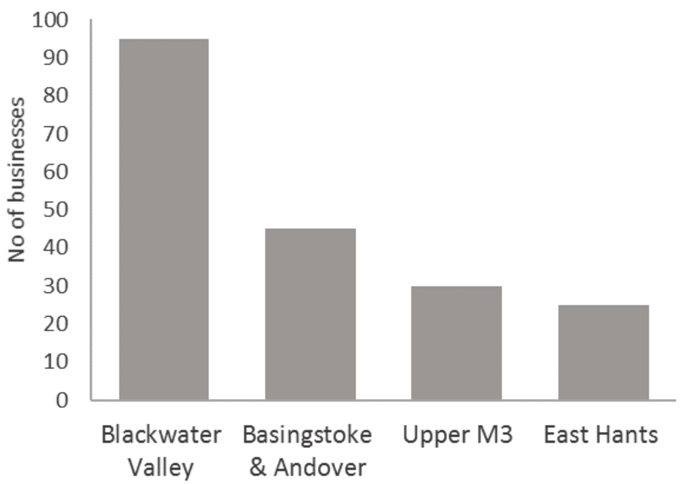
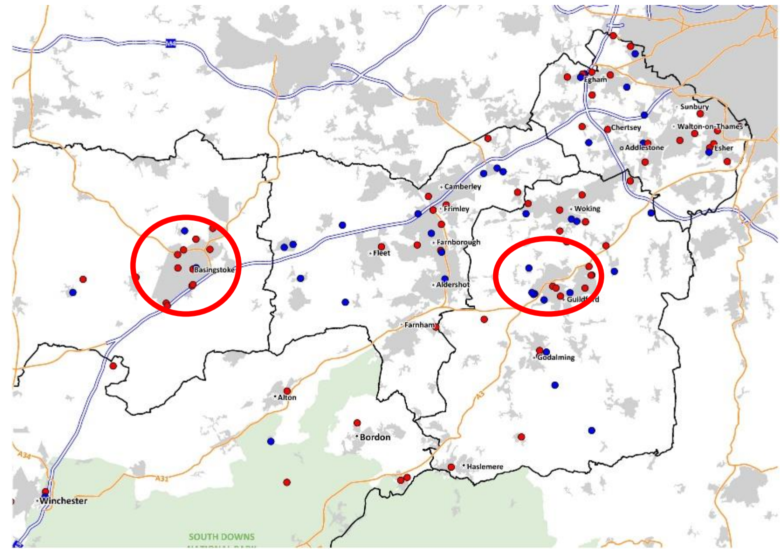
# Priority Sectors

## Aerospace & Defence




- Farnborough is key location
- Access to skilled workforce (major recruitment challenges)
- Supply chain businesses looking for smaller industrial units for maintenance and repair
- Also demand for high quality office space and co-location of office/R&D/manufacture

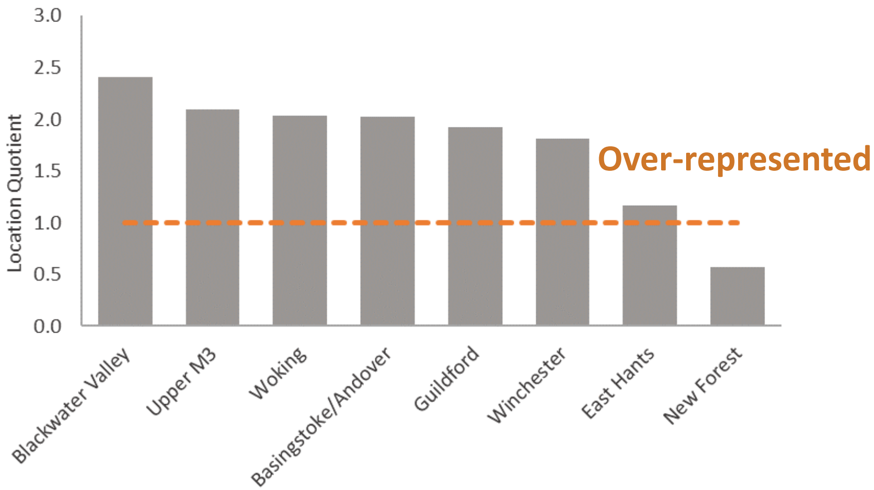
## Pharmaceuticals




- Some clustering in Basingstoke (manufacturing), Guildford (R&D)
- Science park environments: access to universities and hospitals (R&D)
- Access to skills
- Co-location of office, R&D and manufacturing functions

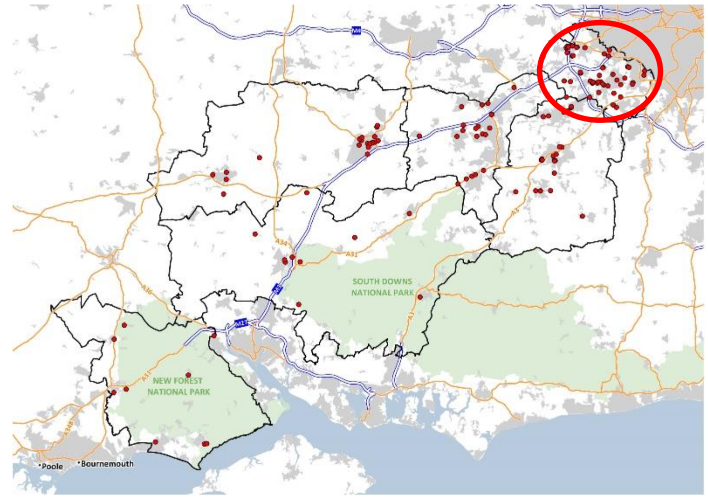
# Priority Sectors

## ICT and Digital




- Major strength for the Enterprise M3 LEP
- Rapid growth in business base
- Town centre locations with good public transport
- Access to a <u>young</u> and highly skilled workforce
- High speed broadband is vital
- Flexible space important for small businesses (co-working, managed workspace)

## Professional & Financial Services




- Large corporate requirements and HQs – focus on Upper M3, Guildford and Woking
- Town centres and high quality business parks
- Connections to London
- Access to highly skilled workforce
- Grade A office space
- High car-parking ratios

# Issues from Business Surveys

- Business accommodation seen as a barrier to growth by 8% of businesses (compared to 21% for skills and 18% for parking!)
- But more acute challenges in Guildford and Winchester
- High demand and limited provision of accommodation for small, start-up businesses
- High speed broadband a top priority, especially in rural areas
- Transport issues affecting key employment locations (M3 junctions, A3)

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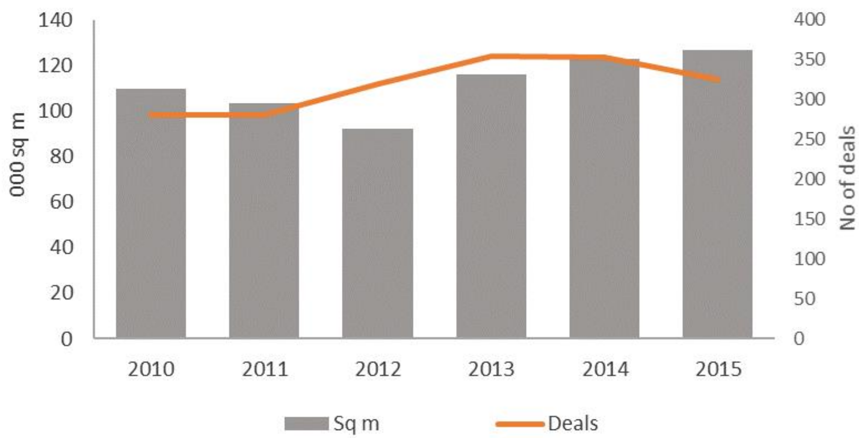
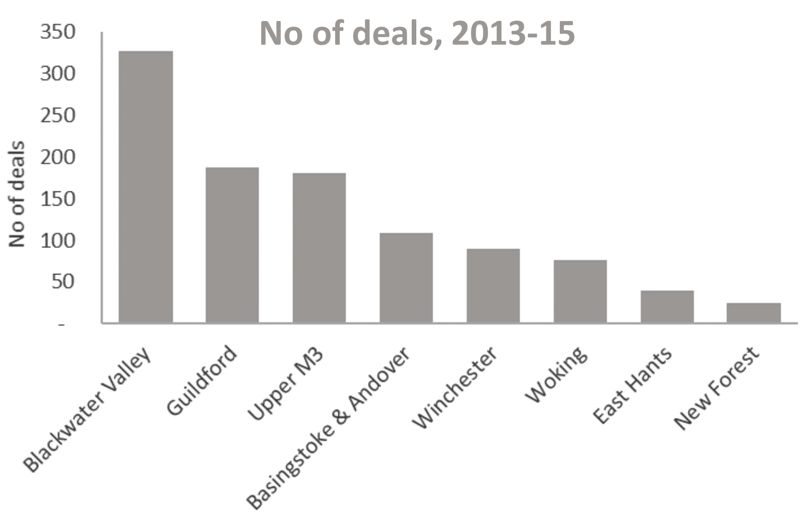
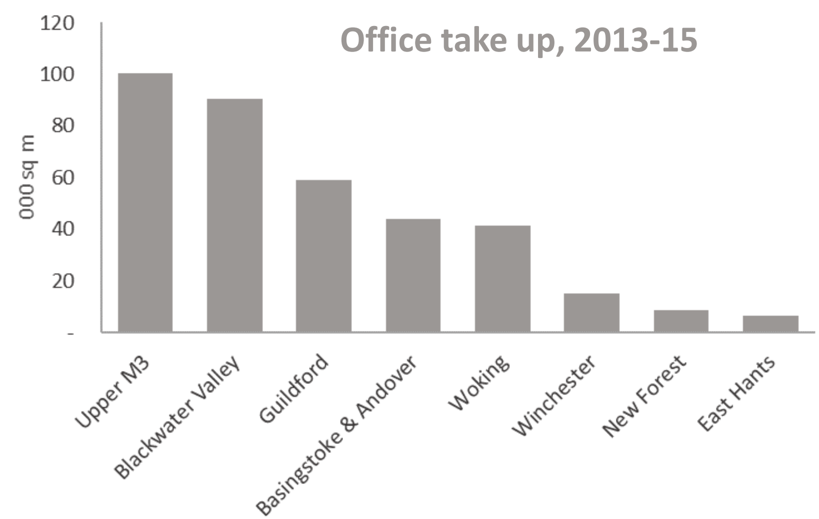
# Office Market Trends



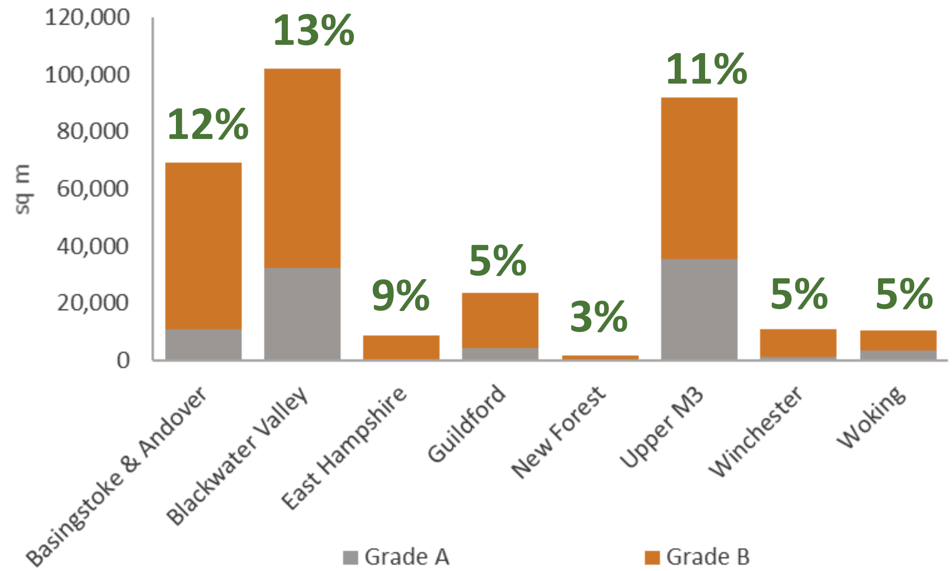

Large increase in take-up and number of deals since 2013 study

Largest deals all in the Upper M3



# Office Availability




Greatest shortages in Guildford, Woking and Winchester

Shortages of Grade A space a concern in several areas

| Market Area | Future Supply |
|---|---|
| **Basingstoke & Andover** | 13,000 sq m with consent<br>18 ha of allocated sites |
| **Blackwater Valley** | 120,000 sq m with consent |
| **East Hants** | 35,000 sq m with consent at Whitehill & Bordon EZ |
| **Guildford** | 6,700 sq m with consent at Surrey Research Park |

| Market Area | Future Supply |
|---|---|
| **New Forest** | 35,000 sq m mixed use at Forest Gate<br>15 Ha land allocated |
| **Upper M3** | 160,000 sq m with consent, incl 90,000 sq m at Longcross |
| **Winchester** | 8,000 sq m with consent (Chilcomb Pk) (potential at Station Approach) |
| **Woking** | c. 20,000 sq m with consent |

# Permitted Development Rights

**Basingstoke & Andover**

- 10,000 sq m lost between 2013 and 2015
- Total losses if all implemented = 32,000 sq m
- Mostly poor quality stock
- Seen as positive for the area

**Blackwater Valley**

- C. 50,000 sq m lost between 2004-2014 (not PDR)
- Mostly poor quality stock and seen as positive for area
- Some concerns about recent losses in town centres
- Major concerns about implications for industrial land

**East Hants**

- Exemption due to concerns about loss of office space
- Now concerns about shortage of housing and oversupply of offices
- Agents agree

**Guildford**

- Potential loss of 10,000 sq m
- Mostly in town centre – a key location
- Putting additional pressure on an already constrained supply

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# Permitted Development Rights

**New Forest**

- Loss of 3,400 sq m since 2013
- Includes high quality, occupied offices
- Concerns about impact on supply and pressure on existing businesses to vacate

**Upper M3**

- Loss of c. 14,000 sq m with more to come
- Mostly poor quality to date
- Counterbalanced by high quality stock
- But growing concerns about future impact

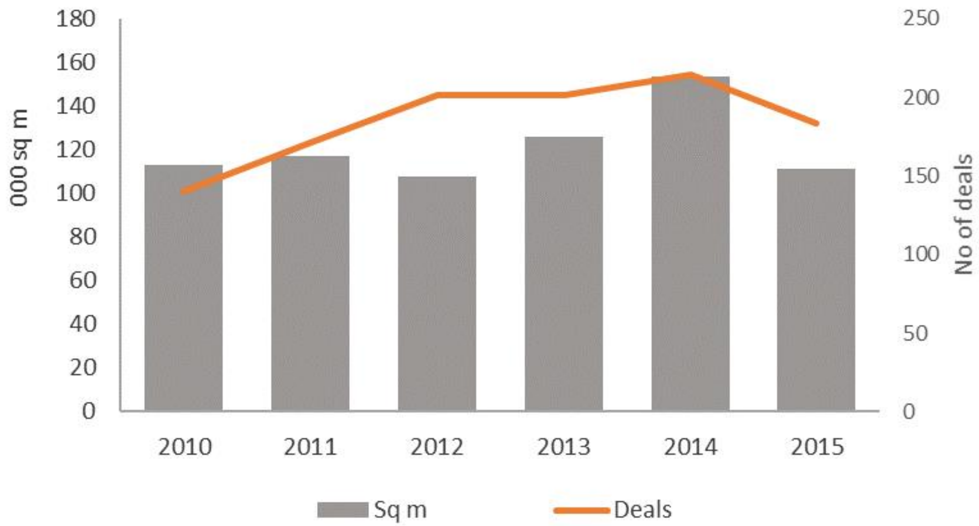
**Winchester**

- Loss of 3,000 sq m in 2015
- If all applications are implemented, further 8,000 sq m would be lost
- Most applications in town centre – already under pressure

**Woking**

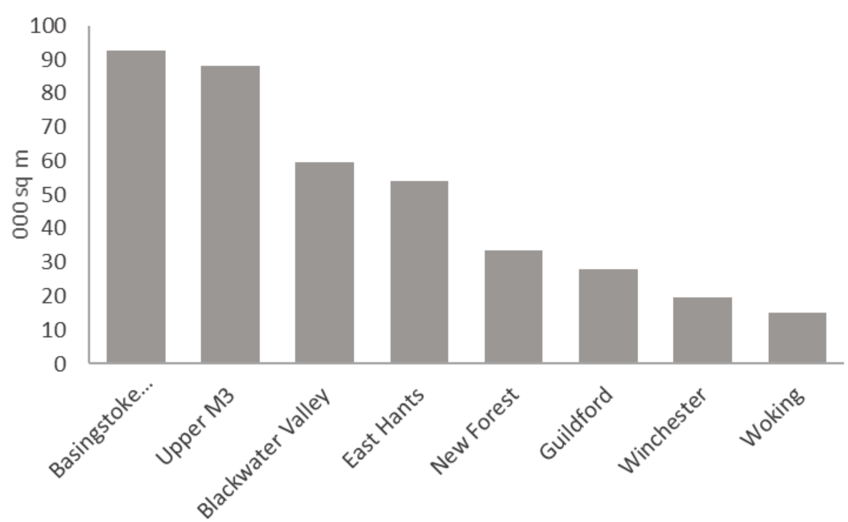
- AMR shows loss of c. 13,000 sq m (not clear of all PDR)
- Poor quality stock, but should be counterbalanced by new developments in pipeline

# Industrial Market Trends




Strong demand since 2013

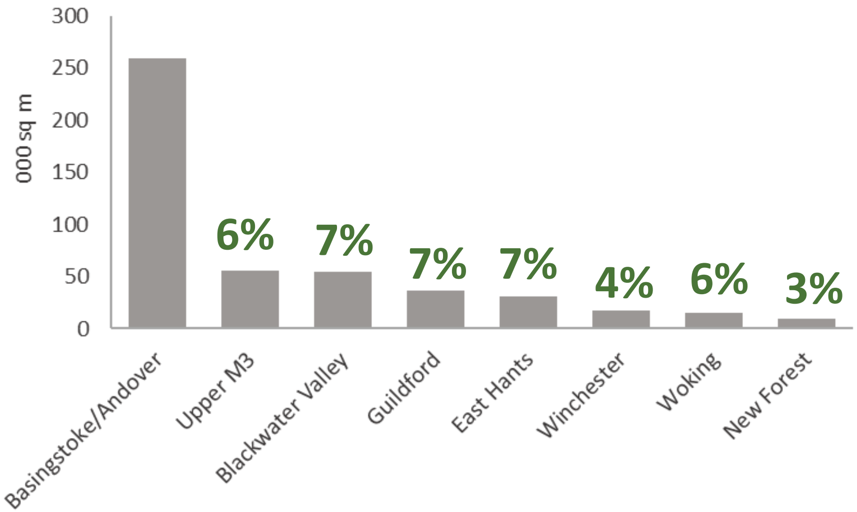
Agents suggest demand is suppressed by shortage of supply




Take-up skewed by large deals in Basingstoke and Upper M3

Figures may under-report actual take-up at Andover Business Park

# Industrial Availability




Andover Business Park skews data – the only large scale distribution site in the LEP area

Agents report significant undersupply of industrial space in most market areas

Shortage of large warehouses and small industrial units

| Market Area | Future Supply |
|---|---|
| **Basingstoke & Andover** | New sites in pipeline at Andover Bus Park and large supply of land |
| **Blackwater Valley** | 75 Ha of land with permission, but large dependence on Hartland |
| **East Hants** | Potential for development at Whitehill & Bordon |
| **Guildford** | 11,000 sq m with consent at Henley Bus Park |

| Market Area | Future Supply |
|---|---|
| **New Forest** | Potential opportunity at Fawley Power Station |
| **Upper M3** | Ten Acre Lane (9,000 sq m) with consent |
| **Winchester** | No available supply |
| **Woking** | No available supply |

# Emerging Priorities

- Shortfall of office space/sites in Guildford and Winchester – particularly town centres
- Shortage of industrial sites in most market areas (particularly distribution)
- Need for flexible and affordable space for start-ups and micro businesses
- Pragmatic approach to permitted development rights
- Infrastructure investment (broadband and transport)