

Fareham Employment Study

Final Report

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Fareham Borough Council
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Wessex Economics Ltd
Berkshire House
252-256 Kings Road
Reading RG1 4HP

T: 0118 938 0940

Contact: chris.cobbold@wessex-economics.co.uk

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Appendix 1: Sector to Use Class Conversion Matrix

Executive Summary

1. Total employment in Fareham Borough is expected to grow by around 6,700 jobs over the period 2011-26. This will generate a requirement for provision of additional employment floorspace (B1, B2, B8) along with other buildings where people work.
2. The sectors which are expected to grow the most are the wholesale and retail trade (+1,600 jobs), the professional, scientific and technical services sector (+1,400 jobs) and the administrative and support services sector (+1,300 jobs).
3. It is estimated that there will be a requirement for provision of an additional 100,000 sq m of employment floorspace (B1, B2, B8) in the period 2011-26. This will meet the need to accommodate the increased numbers of people in work and replace employment land lost to other uses.
4. The total requirement is broken down as follows: 40,700 sq m (41%) of B1a office provision; 8,800 sq m of B2, B1b, and B1c, industrial uses (9%); and 50,600 sq m of B8 warehousing space. This level of provision assumes that around 75% of replacement demand is met on existing employment sites.
5. The past rate of development of employment floorspace over the period 2000 to 2012 on both newly allocated employment sites and redevelopment of existing employment sites is the equivalent to around 100,000 sq m over a 15 year period.
6. Given that the floorspace developed since 2000, includes development on existing employment sites, planning for provision of capacity for development of 100,000 sq m of employment floorspace on new sites anticipates a higher rate of average annual floorspace completions than achieved 2000-13.
7. The forward supply of employment land consists of planning permissions for employment use; the capacity of allocated employment sites and sites expected to be allocated (eg at Welborne), plus an allowance for take up or redevelopment of excess vacant employment floorspace.
8. The identified forward provision of employment land in Fareham Borough between 2011 and 2026 amounts to 131,000 sq m, some 31% higher than the assessed requirement. Therefore, there is an overall sufficiency of employment land to accommodate anticipated patterns of economic growth.
9. There is additional capacity for 42,600 sq m of office accommodation at Solent Business Park, Whiteley, on land just outside the Borough in Winchester District. There is also 20,000 sq m of modern vacant office space at Solent Business Park. This space is effectively part of the supply available to Fareham.
10. Wider analysis of the forward supply of employment floorspace within the PUSH area as a whole indicates that there is no shortage of supply compared to requirements in the period to 2026. The evidence is therefore that there is an overall sufficiency of employment land in Fareham to 2026.
11. Somewhat over a third (38%) of the total identified supply to 2026 is at the Solent Enterprise Zone. The Enterprise Zone has a key role on the overall economic and employment floorspace strategy for South Hampshire as a whole, and thus will meet requirements arising outside of Fareham Borough.
12. Due to the scale of planning provision at the Solent Enterprise Zone there is clearly an adequate supply of land for B1c/B2 industrial space and for B8 space. There is a substantial stock of vacant B1c/B2 and B8 space property and capacity on allocated sites and scope for redevelopment in industrial estates.

13. In terms of land in Fareham Borough, the forward supply of land for offices is less robust, with dependence on the Solent Business Park 2 allocation up to 2021, with capacity to provide office accommodation at Welborne from 2022 onwards.
14. However, with capacity for development of an additional 42,600 sq m of office accommodation at the existing Solent Business Park and 20,000 sq m of modern vacant office space on land just outside the Borough in Winchester District, there is no risk in the short term of any constraint on office occupiers.
15. There also remains substantial capacity to accommodate additional office development at the Lakeside Business Park at Junction 12 of the M27 in the administrative area of Portsmouth City. This scheme competes directly with the development of the Solent Business Parks 1 and 2 at Junction 9 of the M27.
16. The Solent Business Park 2 allocation is an excellent location for high quality B1 development, and at this stage in the economic recovery it is uncertain how fast demand for new B1 space will re-emerge and on what scale. This calls for caution in considering release of the site for other uses.
17. Employment land at Welborne will play a key role in the employment land strategy for Fareham in the longer term. It is not anticipated that significant new development of employment floorspace will occur until after 2021, following works to make the M27 Junction 10 a full 'all moves' junction.
18. Welborne has a key role to play in the provision of B1a office space in the Borough post 2021. It will also address the relative dearth of land for development of B8 warehouse space in the Borough, if it proves that the Enterprise Zone does not find favour with logistics businesses.
19. Welborne will also complement the offer of the Enterprise Zone in terms of offering a location for industrial, R&D and clean tech businesses which specifically want to locate close to the M27. The trajectory for completion of employment floorspace at Welborne extends out to around 2040.
20. Fareham Borough Council should seek to retain and foster development of new office space in the town centre to ensure the vitality and viability of the town centre. The town centre is not so important in terms of the overall strategy for provision of employment land in the Borough.
21. Public sector occupiers dominate the office market in the town centre, with a modest stock of offices occupied by private sector businesses. Existing town centre offices are not well matched to modern requirements and they therefore cater for essentially a local office market, not a sub-regional market.
22. The best prospect for retaining and refreshing office provision in the town centre is through mixed use development, where office development is one element of the mix. The target market for this space would be businesses which need to be in the town centre, or which wish to be located in a less sterile environment than a business park.
23. Overall, it is unlikely the overall stock of office space in Fareham town centre will increase, since public sector occupiers are likely to wish to downsize, and there will be pressure for conversion of period offices back into residential use. New provision as part of mixed use developments will help to maintain the overall stock of office accommodation at current levels.

1. About this Report

This report has been prepared by Wessex Economics on behalf of Fareham Borough Council (FBC) to inform the emerging Development Sites & Policies Plan (DSPP). The work has entailed an updated assessment of future requirements for employment floorspace in Fareham and an assessment of the overall pattern of supply, including a focus on the contribution that key sites and locations will make to meeting the overall requirement.

The Definition of Employment Floorspace

Throughout this study reference is made to Planning Use Classes, with the focus being on development that falls within the B use class, generally referred to as employment floorspace. The B class uses comprise the following:

- B1 use class: buildings used for the purpose of general business space which is broken down into three categories:
 - B1a - offices
 - B1b – research and development (R&D) space
 - B1c – business/industrial activity that will not cause detriment to the amenity of the area; in this report these business activities are referred to as clean-tech businesses
- B2 use class: general industrial activities
- B8 use class: storage and distribution activities.

It is important to bear in mind that many jobs are accommodated in other forms of development including shops and restaurants; care homes and hotels; and major institutions such as hospitals, schools, universities and leisure facilities. These are referred to in this report as ‘non-B uses’. Significant numbers of people in work also work from home. In Fareham Borough around 5% of Fareham residents who are in work, do so from home.

The Relationship of this Study to Previous Studies

This report draws upon and updates aspects of the 2010 Employment Land Review. The report also draws upon an extensive range of work undertaken by Wessex Economics in connection with the preparation of the Welborne Employment Strategy. In particular the study draws upon work undertaken for the Welborne Employment Strategy on assessing the overall requirement for employment floorspace in South Hampshire and a high level assessment of supply in the Partnership for Urban South Hampshire (PUSH) area undertaken in June/July 2013.

This report also integrates the conclusions of the Welborne Employment Strategy regarding the quantum and type of employment floorspace that should be provided at Welborne into the assessment of the overall level of planned supply of employment floorspace in Fareham Borough. The conclusion of the Welborne Employment Strategy that delivery of significant volumes of employment floorspace will not be possible at

Welborne until after junction 10 of the M27 has been upgraded to permit all moves onto/off the M27 has a significant bearing on the overall strategy for employment floorspace in the Borough. The working assumption used in the preparation of the Welborne Employment Strategy is that development of significant volumes of new employment floorspace will not start until 2022.

This report has also regard to the 2010 study prepared by DTZ on behalf of PUSH entitled '*Employment Sites and Premises Demand and Supply Analysis*' dated October 2010. It should be noted that PUSH have recently commissioned Oxford Economics to prepare updated employment forecasts for the whole of the PUSH area. When these are available they will provide a comprehensive evidence base on which to undertake a thorough going review of employment land requirements for the whole PUSH area.

Report Structure

This report is structured as follows:

- Section 2 examines the pattern of employment growth expected in Fareham Borough over the years 2011-26. This is set in the context of an analysis of historic patterns of employment growth since 2006 in the PUSH area and the revised employment forecasts for the PUSH area set out in the Welborne Employment Strategy.
- Section 3 examines the implications of employment growth in terms of the requirement for additional employment floorspace; and sets out estimates of the requirement for additional employment floorspace to meet the need for replacement and renewal of the existing stock of employment buildings and the need for choice and flexibility.
- Section 4 examines the various sources of identified supply of employment floorspace to meet the identified requirement for employment floorspace including currently vacant properties in excess of a normal level required for transactional flexibility; extant planning permissions; and the potential floorspace that can be provided on allocated sites.
- Section 5 examines the forward supply on employment land in terms of availability of sites for different B class uses, and the availability of such sites in terms of when they are likely to become available for development.
- Section 6 discusses in more depth the issues around a number of the key sites and locations which are of strategic significance if Fareham Borough is to be able to demonstrate that it is planning proactively to ensure that there is a sufficient supply of sites and premises to meet the forecast requirement for employment floorspace.
- Section 7 draws together the conclusions of the work.

2. Employment Growth in the PUSH Area and in Fareham

This section examines the pattern of employment change over the period 2006-12 in Fareham Borough, and presents forecasts of likely employment change up to 2026. This analysis is set within the context of employment change across South Hampshire as a whole. This analysis provides a basis for the estimates set out in Section 3 of the future requirement for employment land in Fareham associated with employment growth and change.

The section starts by focusing on employment change in South Hampshire over the period 2006-12, and more specifically in Fareham, based on analysis of official statistics. This represents the pattern of known change over the past 7 years. 2006 is chosen as the base year for this analysis since strategic planning typically focuses on 5 year periods, eg 2006, 2011, 2016 etc. The section then examines forecasts of future employment growth. Again the picture is presented initially for South Hampshire and then for Fareham.

Forecasts for the South Hampshire area are more robust than those made for Fareham because South Hampshire is a large functional economic area, while employment growth in Fareham Borough will be influenced by purely local factors; for example whether businesses cluster in that part of the Solent Enterprise Zone that falls within Fareham Borough, or that part of the Enterprise Zone in Gosport Borough; or whether an occupier chose to locate in that part of the Solent Business Park in Winchester District, or the part that is within Fareham Borough.

Employment Change in South Hampshire 2006-12

Figure 1 presents the pattern of employment change in Fareham Borough over the 7 year period 2006-12. Employment in the Core PUSH area (the six authorities of Eastleigh, Fareham, Gosport, Havant, Portsmouth and Southampton) fell by 1,600 jobs between 2006 and 2012, a 0.5% decline in total employment. Employment in the Core PUSH area grew between 2006 and 2007, then fell in 2008 with the onset of the financial crisis and has fluctuated year by year since, but was at a lower level in 2012 than in 2007 and 2008.

Job losses in the Core PUSH area over the period 2008-12 have amounted to 4,900 jobs, but in looking at the period 2006-12 this was offset by growth of around 6,600 jobs between 2006 and 2007. Over the period 2006-12, Southampton has suffered a particularly large loss of jobs, and Gosport a small loss of jobs. Portsmouth, Eastleigh and Havant have all experienced an increase in jobs over the period 2006-12.

Employment in Fareham Borough has only grown by 1% (around 400 jobs) over the period 2006-12. Yet over the period 2008-12 some 2,500 jobs have been lost in Fareham, a decline of overall employment of 5%. Thus job growth achieved over the period 2006-2008 in Fareham Borough has largely been wiped out by subsequent loss of jobs in the period 2008 to 2012.

Figure 1: Employment Change in Fareham Borough and South Hampshire 2006-12

	ABI Employees in Employment			Business Register and Employment Survey					Change 2006-12		Change 2008-12	
	2006	2007	2008	2008	2009	2010	2011	2012	No.	%	No.	%
Core PUSH												
Fareham	46,800	47,500	53,000	49,700	47,500	47,700	46,800	47,200	400	1.0%	-2,500	-5.0%
Southampton	114,100	113,700	109,500	110,900	107,000	108,800	104,000	104,700	-9,400	-8.2%	-6,200	-5.6%
Eastleigh	59,100	65,200	60,100	60,300	60,400	60,900	61,400	62,200	3,100	5.2%	2,000	3.2%
Gosport	20,000	20,300	20,500	20,800	19,700	20,100	19,200	19,100	-900	-4.1%	-1,700	-8.1%
Havant	38,800	38,700	39,300	39,700	39,000	39,500	40,000	40,300	1,500	3.9%	500	1.4%
Portsmouth	96,900	97,600	99,600	100,500	102,100	102,100	100,900	100,900	4,000	4.1%	500	0.5%
Total	328,900	335,500	329,100	332,200	328,200	331,400	325,500	327,300	-1,600	-0.5%	-4,900	-1.5%
PUSH Plus												
New Forest	63,300	65,700	67,500	66,300	66,400	68,600	64,300	64,500	1,200	1.9%	-1,700	-2.6%
Test Valley	50,200	50,300	48,900	48,300	47,900	49,500	51,800	50,900	700	1.4%	2,600	5.3%
Winchester	64,800	67,200	66,900	66,700	67,700	70,500	70,000	72,400	7,600	11.7%	5,700	8.5%
East Hampshire	43,800	43,900	46,100	45,200	44,200	46,900	46,200	45,200	1,400	3.2%	0	0.0%
Total	222,100	227,100	229,300	226,500	226,200	235,600	232,300	233,000	10,900	4.9%	6,500	2.9%
Total All Authorities	551,000	562,600	558,400	558,700	554,400	567,100	557,900	560,300	9,300	1.7%	1,600	0.3%

Note: Data is presented for the whole of each Local Authority District/Unitary Authority, not just that part within the PUSH area. Figures may not sum due to rounding

Source: BRES, ABI, Wessex Economics

Figure 1 also presents data for the PUSH Plus authorities (Test Valley, Winchester and East Hampshire) and for New Forest District (which was formerly part of the PUSH area) over the period since 2006. It should be noted that the data presented is for the whole local authority area, not just for that part of the authority's area in the designated PUSH area.

While employment in the Core PUSH area has fallen by a total of 1,600 jobs over the period 2006-12, it increased by 10,900 jobs in the PUSH Plus authorities (whole authorities); with these authorities gaining 6,500 jobs over the period 2008-12 compared to a fall of 4,900 jobs in the Core PUSH area. The PUSH Plus authorities have therefore out-performed the Core PUSH authorities in terms of employment growth 2006-12. However Test Valley, East Hampshire and New Forest have achieved relatively modest employment growth in this period 2006-12 compared to Winchester.

Thus, among the PUSH Plus authorities, it is Winchester District that has significantly outperformed the other authorities in terms of job growth in the period 2006-12 with an increase of 7,600 jobs. Analysis at ward level for Winchester District shows that there has been a huge increase in employment in Whiteley ward between 2006 and 2012 – a total increase in employment of 6,560 between 2006-12 accounting for 86% of all employment growth in Winchester District 2006-12.

The growth in employment in Whiteley has particular significance for Fareham, because the majority of this employment growth is associated with the development of the Solent Business Park just north of Junction 9 on the M27, immediately adjacent to the Fareham Borough boundary with Winchester District. Functionally Whiteley is very much part of the PUSH area. In the development of the new community at Whiteley, it so happens that many of the new homes built to date are in Fareham Borough, while the associated employment developments have been in Winchester District.

This ward level analysis puts a different complexion on the analysis of employment growth in the PUSH area as a whole. While the general pattern of employment change over the period 2006-12 has been that the Core

PUSH area has performed less well than the PUSH Plus authorities, it is Winchester District that has in particular performed better in terms of employment growth than the Core PUSH authorities. Much of Winchester District's above average performance is associated with employment growth at Whiteley which is defined as being in the PUSH area, and part of the travel to work area that includes Fareham Borough.

This analysis puts a somewhat different interpretation on the data for Fareham Borough which shows that Fareham has a smaller employment base than the cities (Southampton and Portsmouth), but a more substantive employment base than Gosport or Havant.

It is worth bearing in mind that no official statistics on employment yet reflect the closure of the Ford plant at Eastleigh, nor the announced loss of shipbuilding at BAE's facility in Portsmouth.

Forecast Employment Growth 2011-26 for the PUSH Area

While this study is focused on Fareham Borough, forecasting future employment growth and associated requirements for business space arising from such growth is more robust at the sub-regional level. Thus forecasts for the entire PUSH area are more robust than at local authority level because the PUSH area is a single functional economic area. This is recognised in the fact that there is a single economic strategy for the area and the decision to have a single Local Enterprise Partnership for the entire area.

Employment forecasts have been prepared by Wessex Economics for the PUSH area for the period 2011-26 as part of work on the Welborne Employment Strategy. The findings of this work are reproduced here, since they provide context for policy making throughout Fareham, and set the wider context in which decisions in Fareham on employment land need to be taken, particularly when it comes to consideration of strategic sites as distinct from local sites.

The indicative employment forecasts prepared by Wessex Economics examine the prospects for employment growth by sector for the PUSH area as a whole, comprising the Core PUSH authorities, and those parts of the PUSH plus authorities (not New Forest) that fall within the PUSH area up to 2026.

The methodology used to prepare these forecasts can be summarised as follows:

- Baseline employment in 2011 for the PUSH area¹, broken down by SIC² section is based on 2011 Business Register and Employment Survey data
- For those authorities that fall within Hampshire County, it is assumed that employment in each sector will grow at the same rate as 2011 forecasts for the County as a whole.
- For the unitary authorities of Southampton and Portsmouth sector specific employment growth rates have been applied based on 2011 forecasts.

¹ The forecasts were prepared before the release of the 2012 BRES Employment Data

² Standard Industrial Classification

Figure 2 shows the pattern of forecast employment change for the PUSH area as a whole based on these forecasts. Key points to note from the forecasts are:

- Total employment is forecast to grow by around 40,000-41,000 jobs over the period 2011-26. Employment growth of 52,700 jobs across 11 sectors is forecast, while there are an anticipated 12,100 job losses across just four sectors.
- The sector forecast to have the largest job growth is the administrative and support services sector which comprises a large range of outsourced or contracted activities including office administration and support, building maintenance, security and travel services, employment services and rental and leasing activities.
- The next largest sectors in terms of employment growth are: the retail and wholesale sector; the professional, scientific and technical services sector; the accommodation and food services sector, and then information and communications sector.
- Significant job losses are forecast in the manufacturing, education and public administration and defence sectors.

Figure 2: Forecast Employment Growth 2011-26

	2011	2026	Change 2011-26
Agriculture, forestry & fishing	!	!	0
Mining & quarrying	!	!	0
Manufacturing	37,800	33,000	-4,800
Electricity, gas & water supply	4,600	3,800	-800
Construction	18,500	21,600	3,100
Wholesale & retail trade	72,000	81,700	9,700
Transport & storage	27,400	31,600	4,200
Accommodation & food services	25,100	31,200	6,100
Information & communication	18,900	23,200	4,300
Financial & insurance activities	14,900	14,900	0
Real estate activities	4,300	5,300	1,000
Professional, scientific & technical activities	26,300	34,500	8,200
Administrative & support service activities	35,600	46,600	11,000
Public administration & defence	22,700	19,700	-3,000
Education	42,500	39,000	-3,500
Health & social work	54,700	55,600	900
Arts, entertainment & recreation	9,200	11,900	2,700
Other service activities	6,800	8,300	1,500
Total	421,600	462,200	40,600

Note: Data for the Agriculture etc and Mining and Quarrying Sectors reported in the BRES is very modest, and cannot be quoted to maintain confidentiality of particular businesses.

Source: Wessex Economics, DTZ

It is worth noting that employment change by sector can be somewhat misleading in terms of the real pattern of change. For example one reason for the growth of employment in administrative and support services activities is likely to be the result of increased outsourcing of non-core activities by different organisations in both the public and private sector. Every prison that ceases to be run by the Prison Service and which is taken over by a private contractor shifts employment from the public sector to the administrative and support services sector.

It is important also to bear in mind that employment and the value of output in a sector are different things. It is possible for the value of manufacturing output in an area to increase while employment in that sector falls. This would imply that productivity is increasing, and increasing productivity is of vital importance to maintaining the international competitiveness of the UK's manufacturing industry. Innovation and enhanced efficiency will often both increase output and reduce the need for staff. In contrast service industries are less amenable to labour saving efficiency, which is, in part, why service sector employment has grown over time.

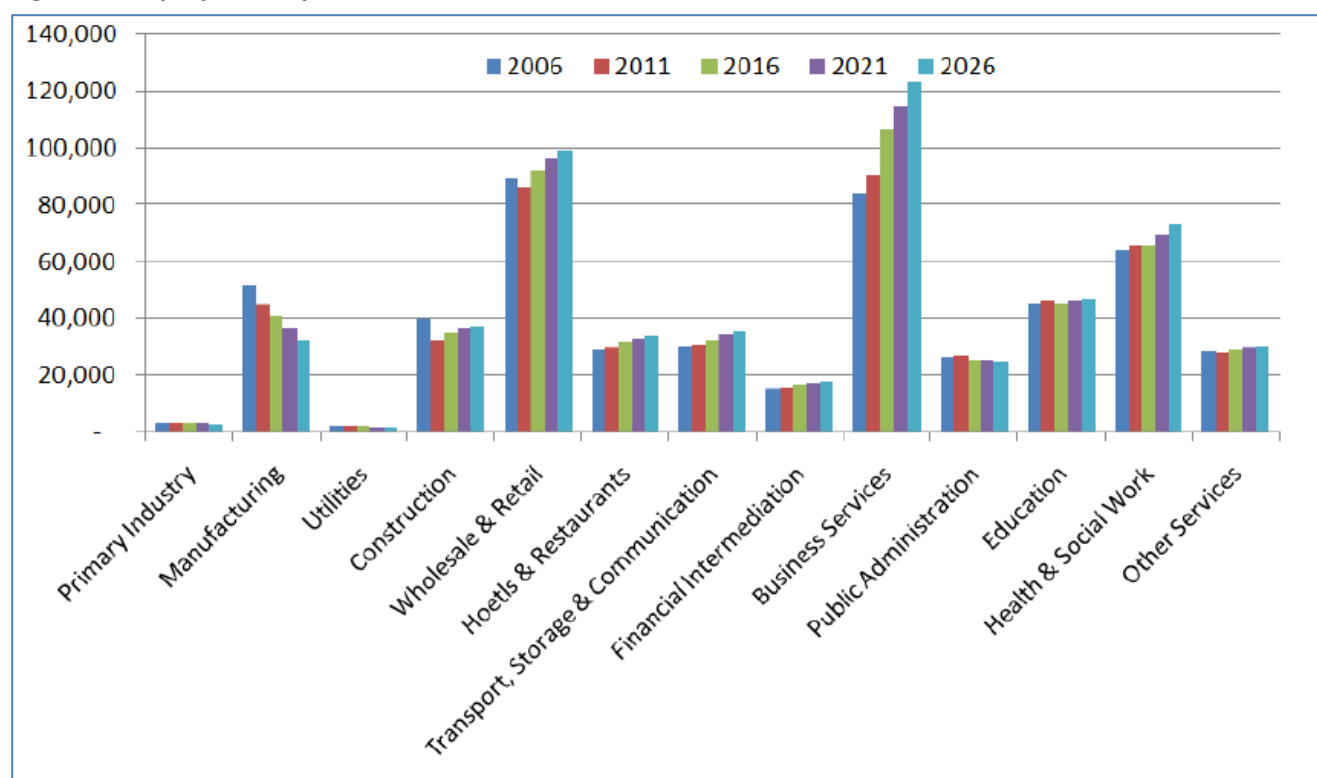
It is worth drawing attention to the fact that the forecast increase in employment of 40,600 is very similar to 41,300 baseline employment forecast for 2006-26 set out in refreshed PUSH Economic Strategy published in 2010³. However, that strategy increased the overall target for employment growth to 51,200 for the same period 2006-26. It may seem surprising that the baseline forecast of employment growth has not changed significantly, but a common feature of many long term forecasting models is that, when recession hits, they forecast a swift recovery (when it comes) to former levels of employment and then a continuation of long term trend rates of growth, until labour supply constraints kick in.

The broad sectoral pattern of employment growth set out in the new forecasts above is also similar to that presented in the 2010 PUSH Economic Strategy report, though the sectoral definitions have undergone some change. Figure 3 reproduces a chart from the PUSH Preferred Growth Strategy Report, June 2010, which shows the anticipated sectoral pattern of employment growth over the period 2006-26. Business services account for the great majority of employment growth, with wholesale and retail contributing to growth along with health and social work (mainly health sector employment).

The same PUSH report unpacks the major sources of anticipated employment growth in the business services sector (see Figure 4). These are much the same services as now incorporated in the latest forecasts in the Administrative and Support Services sector identified in the 2012 forecasts as the major source of new jobs in the PUSH area between 2011 and 2026.

³ PUSH Preferred Growth Strategy, June 2010, Figure 5

Figure 3: Employment by Broad Sector in the PUSH Area, 2006-26



Source: PUSH Preferred Growth Strategy Report, DTZ, June 2010

Figure 4: Business Services Sub-Sectoral Employment Growth

Sector	2006-26 Employment Change	2006-26 % Employment Growth
Real Estate & Related	3,200	52%
Renting of Equipment & Machinery	900	37%
IT	3,600	30%
R&D	1,200	50%
Professional Services	9,800	43%
Labour Recruitment (including agency personnel)	9,400	51%
Cleaning & Security	5,900	47%
Other Business Services	5,100	59%

Source: PUSH Preferred Growth Strategy Report, DTZ, June 2010

The Welborne Employment Strategy assesses employment space requirements in the PUSH area on the basis of the forecast increase in employment over the period 2011-26 of 40,600 jobs. The 2011 PUSH Economic Strategy has not been revised downwards, so the target of 50,200 additional jobs over the period 2011-26 still stands. However given the uncertain prospect for economic growth, Wessex Economics took the view in preparing the Welborne Employment Strategy that it was most appropriate to analyse the implications associated with the baseline forecast of job growth.

Forecast Employment Growth 2012-26 for Fareham Borough Council

Wessex Economics has prepared indicative employment forecasts by industry for Fareham Borough up to 2031. The methodology used to prepare these forecasts can be summarised as follows:

- Baseline employment in 2012 for Fareham Borough, broken down by SIC section is based on 2012 Business Register and Employment Survey data
- It has been assumed that employment in each sector will grow at the same rate as 2012 forecasts for Hampshire County as a whole.

Figure 5 shows the pattern of forecast employment change 2012-26 for Fareham Borough based on these forecasts. Indicative figures are also given for employment change 2012-31, but it should be borne in mind that forecasts become progressively less robust the further into the future they go. The way forecasting models work also means that labour supply constraints become more significant over time, so that if the number of jobs in 2031 is greater than those shown in 2026 then it is likely that there will be an increased dependence on in-migration of labour to fulfil these jobs (or reduced out-commuting).

Key points to note from the forecasts are:

- Total employment is forecast to grow by around 6,700 jobs over the period 2011-26. Employment growth of 7,600 jobs across 12 sectors is forecast, while there are an anticipated 900 job losses across just three sectors.
- The sector forecast to have the largest growth is the wholesale and retail trade (+1,600 jobs) followed by the professional, scientific and technical services sector (+1,400 jobs) and the administrative and support services sector (+1,300 jobs).
- Job losses are forecast in manufacturing, the public administration and defence sector, and the education sector.

Care must be taken in basing policy for economic development policies on forecasts for a single Borough. The methodology used tends to imply that areas which have a strong representation in growth sectors will continue growing strongly; and conversely local authorities that are exposed to declining sectors will grow weakly. The forecasting approach assumes that policy cannot contribute to changing the overall employment structure of a particular Borough.

Development of major new employment sites within a sub-region can significantly affect the distribution of employment in that sub-region. So too can the closure of major businesses. Businesses are by and large blind to which local authority they chose to locate in; their location decisions are based on factors such as the availability of suitable sites, ease of access for its workforce, access to transport networks etc.

Figure 5: Fareham Borough Forecast Employment Growth 2011-31

Sector	Total Employment			Employment Change	
	2012	2026	2031	Change 2011-26	Change 2011-31
Agriculture, forestry & fishing	!	!	!	!	!
Mining & quarrying	!	!	!	!	!
Manufacturing	4,700	4,200	4,000	-500	-700
Electricity, gas & water supply	300	300	200	0	-100
Construction	2,400	2,900	3,000	500	600
Wholesale & retail trade	8,700	10,300	10,500	1,600	1,800
Transport & storage	3,200	3,700	3,700	500	500
Accommodation & food services	2,600	3,400	3,500	800	900
Information & communication	1,400	1,800	1,900	400	500
Financial & insurance activities	1,600	1,700	1,800	100	200
Real estate activities	600	800	900	200	300
Professional, scientific & technical activities	3,900	5,300	5,600	1,400	1,700
Administrative & support service activities	3,700	5,000	5,300	1,300	1,600
Public administration & defence	3,200	2,900	2,800	-300	-400
Education	4,700	4,600	4,700	-100	0
Health & social work	4,700	5,100	5,300	400	600
Arts, entertainment & recreation	600	800	900	200	300
Other service activities	900	1,100	1,100	200	200
Total	47,200	53,900	55,200	6,700	8,000

Source: Wessex Economics, DTZ

3. Future Employment Floorspace Requirements

This section of the report estimates the overall requirement for additional (B1, B2 and B8) employment floorspace. The approach entails making allowance:

- for the forecast changes in employment by sector, to allow a larger workforce to be accommodated, focusing on those sectors with generate demand for B1, B2 and B8 space
- for replacement of employment sites lost to other uses, as part of the overall strategy to ensure planned provision for replacement and renewal of the stock of employment premises
- for sufficient headroom above the requirement projected to ensure that developers have a choice of sites in which they can invest and that occupiers have a choice of locations and premises

This section follows the approach set out above to generate an estimate of the employment floorspace that is required in Fareham Borough between 2011 and 2026.

Accommodating Projected Employment Change

Figure 5 in Section 2 presents the forecast pattern of employment growth by section anticipated in Fareham over the period 2011-31. How many of these jobs will need to be housed in office, industrial and warehouse buildings (B1, B2 and B8 buildings)? And how much additional business floorspace will be required to accommodate these jobs?

The standard approach to answer these questions is to match up employment in different sectors with the type of buildings used to accommodate workers in those sectors. Wessex Economics has used, with some amendments, the same Sector to Use Class Conversion Matrix as used by DTZ in 2010 Employment Sites and Premises Study undertaken for PUSH. The matrix used is presented in Appendix 1.

The amendments made by Wessex Economics to the matrix used previously in work for PUSH have entailed:

- generating new lines in the matrix where the definition of sectors has changed between the studies, because of revisions to the Standard Industrial Classification system
- amending some of the DTZ assumptions where analysis of employment by sub-sector in Hampshire, Portsmouth and Southampton leads Wessex Economics to believe that a different ratio should be applied

Figure 6 shows the estimates of the number of additional jobs that will need to be accommodated in office (B1a), industrial (including B1b and B1c), and warehouse (B8 premises) in Fareham and the associated quantum of additional floorspace required to accommodate this job growth. This assumes, of course, no relative redistribution of employment to or from Fareham from other parts of the PUSH area. The number of additional jobs to be accommodated in premises in other use classes is also shown in Figure 6 for completeness, but these have not been translated into floorspace assumptions.

Figure 6: Office and Warehouse/Industrial Floorspace Requirement to Accommodate Job Growth in Fareham Borough 2011-26

Use Class	Jobs	Floorspace per worker in m2	Floorspace requirement in m2
Offices (B1a)	2,400	12	29,000
Industrial (B2, B1b & B1c)	0	42.5	na
Warehousing (B8)	500	75	38,000
Total B Class	2,900		67,000
Total non B Class	3,800	various	
Total Jobs	6,700		

Source: Wessex Economics

In summary, the analysis indicates that there is a need to plan for around 67,000 sq m of employment floorspace in Fareham Borough over the period 2011-26 to meet anticipated growth in employment. This is split between a requirement for offices (B1a) (29,000 sq m) and a larger requirement for warehousing space (B8) (38,000 sq m).

In practice, elements of the demand assessed as giving rise to a requirement B1a (office space) may be met through provision of B1b (R&D space); while some demand identified as giving rise to a requirement for warehousing will be associated more with B2 (industrial) and B1c (clean tech light industrial) uses. This reflects the fact that the boundaries between different uses classes are becoming increasingly blurred, for example, where businesses that have significant on-line sales want to have within the same building warehousing space, a call centre, some office space, and perhaps space for customisation of products.

Another feature of this blurring of use class is that in recent years significant volumes of uses other than B use class (Sui Generis, C1 hotel and D class uses) have been developed in former office buildings (eg gyms), or on industrial or trading estates and on land allocated for employment uses (eg hotels). Allowance for this has been made by assuming that a proportion of jobs in the other services sector, the health and social work sector and the arts, entertainment and recreation sector generate demand for office (B1a) space. This reflects the fact that it is now quite common to find dentists, physiotherapists, and alternative therapy centres located in modern office buildings.

There are aspects of the methodology used here that could be debated, but the message that requirements for warehousing space has increased relative to the demand for offices accords with current market intelligence (see Section 4).

A major factor in the growth of demand for warehousing is the shift to on-line shopping which is bringing a revolution in distribution channels with a requirement for additional warehouse accommodation. There is an expectation that the value of on-line non-food consumer expenditure will shortly exceed that of in-store expenditure. This trend would not have been picked up in the 2010 forecasts to their full extent, but can be expected to be reflected in the more recent forecasts used for this study.

Allowance for Replacement Floorspace and Choice

In addition to planning to provide for employment growth it is important to plan for replacement of the existing stock of employment floorspace and for choice and flexibility in the market.

There are essentially two approaches to planning for replacement and renewal of the existing stock of employment floorspace.

- The first approach entails making an assessment of the suitability of the existing stock of employment sites in an area. If they remain suited in terms of location and access to the ongoing requirements of business users, they are retained and replacement and renewal encouraged as appropriate on these sites. If sites are no longer suited to employment uses, they are released for other uses and employment land is re-provisioned elsewhere in the locality thus maintaining the overall stock of employment land. This approach therefore secures the scope for replacement and renewal through a combination of allowing re-provision on existing sites and allocation of replacement sites for employment sites released for other forms of development.
- The second approach entails making assumptions regarding the average rate of renewal and replacement of the stock of employment premises, and the proportion of that replacement and renewal that can be provided for on existing employment sites. The proportion of replacement and renewal that cannot be provided for on existing employment sites has to be provided for through the provision of new employment sites. The challenge of this approach is that there is little hard evidence of the rate of replacement and renewal, or the proportion of replacement and renewal demand that can be satisfied on existing employment sites. The results that emerge from such analysis are heavily dependent on the assumptions used, and does not take account of changes in efficiency in the use of land and buildings.

Wessex Economics favour the former approach, but take the view that this should be tested against market evidence of historic take up of employment land over the course of an economic cycle, so that any analysis should look at market trends in both times of a buoyant employment and property market, and the downturn, or recessionary phase, of the business cycle. However to provide a rounded assessment of future employment requirements in Fareham, both of the approaches set out above are considered. These projected requirements are then compared to historic patterns of take up since 2000.

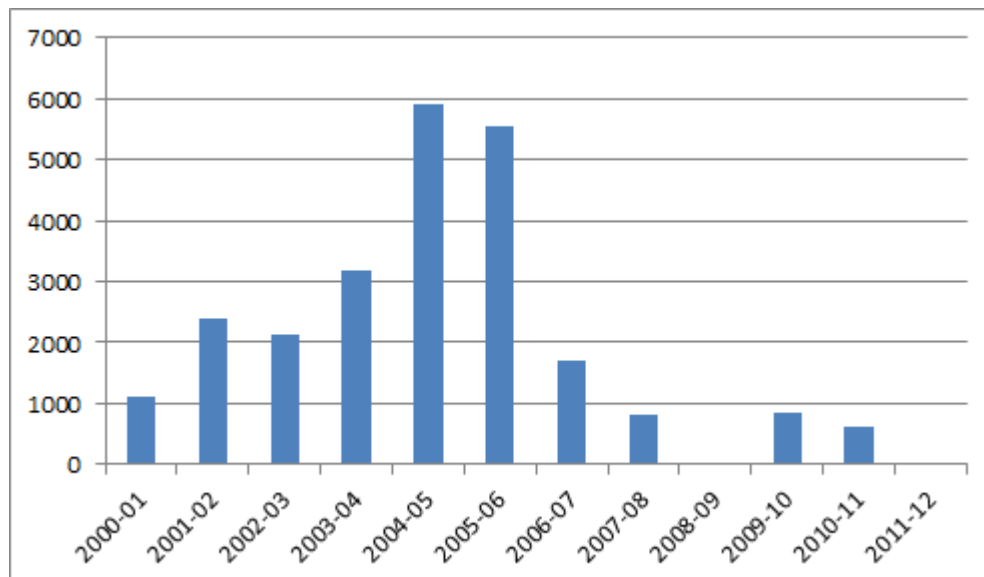
Loss of Employment Sites

Analysis of data compiled by Hampshire County Council indicates that some 24,000 sq m of employment floorspace in Fareham Borough have been redeveloped for other uses over the past 12 years since March 2000 (see Figure 7). By implication any replacement requirements associated with such loss of employment floorspace must be reflected in the pattern of new development in the Borough since March 2000.

It seems likely that the pace of redevelopment of employment sites for other uses (predominantly residential) will be slower over the next 13 years to 2026, given that many of the sites least appropriate for modern

employment uses will have been redeveloped. However, Figure 7 shows that the slowdown in redevelopment appears to have been associated with the last few years when the residential development market has been weak.

Figure 7: Loss of Employment Floorspace (sq m) to Other Uses in Fareham Borough 2000-12



Source: Hampshire County Council Employment Floorspace Monitoring Statistics, Wessex Economics

On balance it seems wise to anticipate that the required level of re-provision of employment land over the remaining 12 years of the period to March 2026 will be broadly similar to that of the past 12 years. Thus in preparing the Development Sites and Policies Plan, land sufficient to accommodate around 24,000 sq m of employment floorspace should be identified, to match anticipated losses of employment floorspace over this period.

Replacement Requirements

An alternative approach that has been used to estimate replacement requirements is to make assumptions around the average rates of replacement. The 2010 DTZ study *'Employment Sites and Premises Demand and Supply Analysis'* undertaken for PUSH assumed that around 1% to 1.5% of commercial stock is replaced each year. This is equivalent to the entire stock of employment property being replaced over a 60 to 100 year period.

Of course a considerable proportion of employment space will be re-provisioned on existing employment sites. The 2010 DTZ study states that *'the evidence on which to develop a detailed assumption is limited'*⁴ but worked on the assumption 50% of replacement demand would occur on existing sites and 50% would occur on

⁴ page 5, Employment Sites and Premises Demand, Analysis, DTZ report to PUSH, October 2012

new sites. It is worth testing what this would imply for re-provision in Fareham Borough *if* these assumptions are correct and testing them against historic patterns of development and reuse of land.

Figure 8 estimates that on the basis of 1% annual renewal of the existing stock of employment premises, and 50% of all requirement needing to be met on new sites, the requirement generated by replacement requirements would be 43,000 sq m of employment floorspace by 2026 (based on the stock of employment floorspace in 2008). If 75% of replacement requirements can be met on existing employment sites, then the required level of provision on new sites would be for around 22,000 sq m by 2026.

Figure 8: Estimates of Potential Floorspace Requirements Arising from Replacement Demand

	Stock of Employment Properties 2008	Replacement Demand pa @ 1% pa replacement	Replacement Demand 2014-26 (12 years)	Requirement on new sites if 50% of requirement met by existing sites	Requirement on new sites if 75% of requirement met by existing sites
Office	167,000	1,670	20,040	10,020	5,010
Industrial	287,000	2,870	34,440	17,220	8,610
Warehouse	268,000	2,680	32,160	16,080	8,040
Total		7,220	86,640	43,320	21,660

Source: VOA Commercial Floorspace Statistic, Wessex Economics

It is interesting that the figure derived by this methodology of replacement demand based on 75% of replacement demand being met within existing employment areas is of a similar magnitude as the level of floorspace that would be needed to compensate for loss of employment land over the last 12 years. Given the lack of clear evidence about what proportion of replacement demand can be satisfied on existing sites, Wessex Economics recommend that the simpler metric of replacing the stock of employment land lost to other uses is a preferable guide to policy making, especially if combined with monitoring take up and responding to actual demand as evidence by take up.

Allowance for Choice and Flexibility

It is conventional to apply an additional 10% uplift to estimated requirements to provide for choice and flexibility in the market.

Benchmarking Future Requirements against Past Development Rates

Before drawing conclusions about the overall level of employment floorspace to plan for in Fareham during the period 2011-26, it is relevant to consider past patterns of development of employment floorspace. Unless there is reason to believe that demand has been constrained by a shortage of employment land in the PUSH area or more specifically in Fareham Borough, past patterns of development represent actual demand, rather than demand estimated by a variety of techniques involving forecasting and modelling.

Figure 9 shows the annual pattern of employment floorspace completions over the period since the year 2000. Over the period 2000-April 2013 on average only 6,600 sq m of employment floorspace has been delivered, though an exceptionally large amount of floorspace was built in 2004-05, which increases the long term average significantly. It must be borne in mind that these floorspace completions include redevelopments within existing employment areas, so not all the employment floorspace built represents net additional floorspace provision

The period 2000 to 2013 of course includes 5 years of below average economic growth following the financial crisis of 2008, and two years of this fall within the planning period 2011-26. The average annual delivery of employment floorspace in the period excluding the downturn, namely 2000 to March 2009, is 9,150 sq m, but again this average was boosted by an exceptionally large amount of new floorspace delivered in 2004-5.

Figure 9: Employment Floorspace Developed in Fareham 2000 to 2012-13, Sq m

	B1	B1-B8	B1A	B2	B8	Total
2000	1,384	9,495	880	0	0	11,759
2001	821	1,010	209	1,128	0	3,168
2002	611	8,128	898	0	0	9,637
2003	0	3,164	2,812	0	1,374	7,350
2004-05	3,307	30,842	701	0	0	34,850
2005-06	0	270	122	0	374	766
2006-07	587	5,901	520	0	1,072	8,080
2007-08	0	1,200		576	0	1,776
2008-09	582	0	4,323	0	0	4,905
2009-10	227	0	0	0	0	227
2010-11	313	402	0	1,181	0	1,896
2011-12	0	270	0	340	0	610
2012-13	0	0	206	0	716	922
TOTAL	7,832	60,682	10,671	3,225	3,536	85,946
Average per year 2000-2012/13	602	4,668	821	248	272	6,611

Source: Hampshire County Council

Overall Requirement for Employment Floorspace 2011-26

Taking account of the range of analysis presented in this section, Wessex Economics concludes that FBC should plan for provision of around 100,000 sq m of new employment floorspace in the period 2011-26, broken down as shown in Figure 10. This is based on the following elements of the analysis:

- the estimated floorspace requirements required to accommodate growth in total employment in the Borough of around 6,700 jobs of which 2,900 are likely to be accommodated in B class properties
- re-provision of employment floorspace redeveloped for other uses, anticipated to continue at broadly the same level as observed over the last 12 years
- allowance of a 10% uplift over the combined requirement of floorspace to accommodate employment growth and re-provision of employment floorspace redeveloped for other uses.

Planned provision of 100,000 sq m of employment floorspace over a 15 year plan period implies an annual take up of 6,700 sq m pa. This is exactly in line with historic rates of take up over the period 2000-2013, but it should be borne in mind the take up figure includes development delivered through redevelopment of existing sites, whereas the planned provision of an average 6,700 sq m pa relates to the identification of only new sites.

This level of planned provision is consistent with an assumption that 75% of replacement demand is met through redevelopment on existing sites, and 25% on new sites. If it were to be assumed that 50% of all replacement demand had to be met on new sites, this would increase the overall requirement to plan for 126,500 sq m of employment floorspace.

Figure 10: Office and Warehouse/Industrial Floorspace Requirement to Accommodate Job Growth in Fareham Borough 2011-26

	A	B	C	D	E
	Accommodating forecast employment change	Replacement Requiring Supply	Choice and Flexibility Allowance (10% of A+B)	Development Requiring Supply	Development Requiring Supply
Offices (B1a)	29,000	8,000	3,700	40,700	41%
Industrial (B2, B1b & B1c)	0	8,000	800	8,800	9%
Warehousing (B8)	38,000	8,000	4,600	50,600	51%
Total B Class	67,000	24,000	9,100	100,100	100%

Source: Wessex Economics

For a variety of reasons Wessex Economics believe that the forecasts of requirement set out in Figure 10 err on the side of optimism in terms of the likely demand for floorspace.

- Wessex Economics would regard the basis of the employment forecasts for Fareham as a 'policy on' forecast, in that it is assumed that sector by sector employment in Fareham grows at the same rate as that in Hampshire as a whole. Historically the north of the county has performed more strongly in economic terms than the south, though policy seeks to boost the performance of the PUSH area.
- Fareham Borough has a number of large well located industrial estates. Therefore the likelihood is that in Fareham Borough a relatively high proportion of the requirement for replacement provision can be met through re-provision within existing employment sites. This justifies the assumption that only 25% of the requirement for re-provision has to be met through identifying new sites.

In interpreting the quantitative data and the split of requirements between different use classes it is worth bearing in mind that over time patterns of occupation are changing.

- In the office sector the trend over the past decade has been for office space to be used more efficiently with the number of workers per 1,000 sq m increasing from 67 to 83. This trend might continue, which would reduce the requirement for replacement office space.
- However, with respect to warehousing space the trend is towards fewer people per 1,000 sq m of floorspace. Ten years ago around 6,500 sq m of warehouse space was required to accommodate 100 jobs, but the figure is now estimated to be 7,500 sq m.

- Thus in terms of replacement demand, if these trends were to continue, this would reduce the need for 1:1 replacement of office space, all other things being equal; but increase the requirement for re-provision of warehouse space

It is also important to bear in mind in considering the requirement for employment land in Fareham, that the Borough is part of a much larger functional economic area with a substantial capacity to accommodate employment floorspace. Work undertaken in connection with the preparation of the Welborne Employment Strategy assessed the overall requirement for employment floorspace (including allowance for replacement giving rise to new demand and an allowance for choice and churn), does not exceed 1.4 million sq m for the period 2011-26. Yet the overall capacity for development of employment floorspace on identified sites in the PUSH area amounts to over 2 million sq m of space (see Figure 11). Across the PUSH area as a whole overall capacity for employment floorspace development exceeds requirements by over 50%.

Figure 11: PUSH Area Floorspace Capacity on Identified Sites plus Windfall 2011-26

Overall Requirement 2011-26	1,368,400
Strategic Supply 2006-26	1,650,000
Non Strategic Sites 2006-26	570,000
Windfall Supply 2011-26	112,500
Total Supply 2006-26	2,332,500
<i>less completions 2006-11</i>	<i>251,300</i>
Outstanding Supply at April 2011	2,081,200

Source: Welborne Employment Strategy, Wessex Economics

4. Forward Supply of Employment Floorspace and Land

This section considers the current and future supply of employment floorspace. There are a number of components of supply and these are reviewed in turn. The different components of supply are:

- Vacant floorspace within Fareham Borough
- Sites with permission for employment development
- Land allocated for employment purposes without permissions

Where appropriate, data for the Core PUSH area are presented in parallel with data for Fareham Borough. The wider market context will have an important bearing on take up of employment floorspace in Fareham Borough.

Vacant Floorspace

Across the Core PUSH area as a whole there was over 100,000 sq m of vacant office floorspace and 176,500 sq m of vacant industrial and warehouse space in June 2013. This represents an overall office vacancy rate of around 9% and of industrial and warehouse space of 11% (see Figures 12 and 13). The vacancy rate for both offices and industrial/warehouse property as recorded by CoStar is slightly less in Fareham Borough than the Core PUSH average (but note comment below on scale of vacant hangar space at Solent EZ).

Figure 12: Core PUSH Area, Total Vacant Office Floorspace, sq m (June 2013)

	Southampton	Portsmouth	Eastleigh	Fareham	Havant	Gosport	Core PUSH - Total
Vacant available	49,483	20,513	12,636	9,463	6,262	2,005	100,360
Vacant available rate (%)	11.8	9.3	7.0	7.7	5.4	8.1	9.0

Source: Costar, 13th June 2013

Figure 13: Total Vacant Industrial and Warehouse Floorspace, sq m, June 2013

	Eastleigh	Portsmouth	Fareham	Havant	Southampton	Gosport	Core PUSH Total
Vacant available	56,267	43,333	23,945	20,101	15,280	15,544	176,433
Vacant available rate	12.5	15.0	8.1	10.0	6.0	12.8	11.0

Source: Costar, 13th June 2013

More recent data (October 2013) from CoStar for Fareham Borough, indicates that there is around 9,100 sq m of vacant office floorspace (8% vacancy rate) and 19,400 sq m of industrial and warehouse space (9% vacancy). Some of this vacant stock may be functionally redundant, but there is clearly capacity for employment growth in the Borough without any new development through increasing take up of vacant employment floorspace.

As a benchmark it is helpful to reflect on the fact that the availability of almost 30,000 sq m of vacant employment floorspace is the equivalent of about 4 years' of new supply at the average rate of new

employment floorspace development in Fareham Borough over the period 2000-13, or over 30 year's take up at the level of development recorded 2009-13.

In reality a vacancy rate of around 5% might reasonably be regarded as the minimum level of vacant space to allow for churn in the market. The contribution of vacant stock to meeting development requiring supply might therefore be limited to 3,400 sq m of office space and 8,600 sq m to industrial and warehouse supply. This contribution to supply would represent around 8% of overall requirements 2011-26 for office space and around 14% of requirements for industrial and warehouse space.

In practice the vacant floorspace in Fareham Borough is not the only vacant floorspace that can satisfy locally arising requirements for employment floorspace. There is a very large quantity of recently built vacant floorspace at the Solent Business Park 1, located just to the north of Junction 9 on the M27. While this development is located in Winchester District, it is located immediately adjacent to Winchester District's boundary with Fareham, and is functionally part of the Fareham/South Hampshire economy.

In total some 20,000 sq m (212,000 sq ft) of office space is currently vacant. In addition there is around 3,175 sq m of industrial space to the west of Whiteley Way which is vacant. From a market perspective, this floorspace is located in Fareham as much as the large industrial estates to the south of the M27 Junction 9 are located in Fareham. Indeed the Segensworth North industrial estate, which lies to the south of the M27 and is technically in Winchester District, is accessed primarily through the industrial estates which are in Fareham Borough.

Sites with Permission for Employment Development

Hampshire County Council collate details of planning permissions granted for employment floorspace development and of allocated sites, including any indications of the floorspace that is anticipated to be developed on those allocations. Figure 14 summarises those planning permissions for employment floorspace that have not been implemented or have not been fully implemented.

Figure 14: Planning Consents in Fareham Yet to be Implemented or Fully Implemented at 31 March 2013

	ha	Estimated sq m (GIA)	Plot Ratio	Storeys
Great Brook, Brook Lane, Warsash	0.3	876	29%	
The Walled Garden, Cams Hall	1.71	1,952	11%	
Swanwick Marina	na	1,369	na	
Unit 1 Blackbrook Business Park	0.16	844	53%	
64 Botley Road	0.09	340	38%	2.5
Midpoint 29, Cartwright Drive	0.88	4,000	45%	
Solent Business Park, Phase 2	9.84	23,526	24%	2
Total		32,907		

Note: Plot ratio is the relationship between the footprint of the building and the site area. Thus on a 1 ha (10,000 sq m) site, a building with a footprint of 4,000 sq m is associated with a 40% plot ratio. If the format of development involves two storey development then 8,000 sq m of floorspace can be delivered with a 40% plot ratio.

Source: Hampshire County Council, Wessex Economics

Figure 14 shows that outstanding or only part implemented planning consent exists for around 33,000 sq m of employment floorspace in Fareham Borough. Almost three quarters (71%) of this total is accounted for by the largely unimplemented consent for B1 space on Solent Business Park at Junction 9 on the M27. If the total requirement is expressed in annual terms (and the analysis is undertaken in purely quantitative terms) the total outstanding planning consents would represent around 3 years' worth of supply. Similarly this total represents around 5 years supply at the long term (2000-13) rate of take up of employment floorspace.

In addition to these sites in Fareham Borough there is an outstanding planning consent for 6,300 sq m of new offices in two buildings at Parkway, which is part of the Solent 1 Business Park in Winchester District.

Allocated Employment Sites

A number of sites are identified in the emerging Development Sites and Policies Plan as being allocated for employment land purposes.

The most significant of these sites are the two development sites in the Solent Enterprise Zone. The floorspace figures used for Solent EZ East site in Figure 15 are the figures for floorspace provision contained in the planning application for the site. Some element of the floorspace included in the application relates to existing hangar buildings which will be refurbished; but all the floorspace identified in the application is additional supply of employment floorspace. In total the submitted planning application is for 26,000 sq m of B2 and B8 floorspace and 2,300 sq m of B1 floorspace on the Hangars East site and 21,900 sq m of B2 and B8 space on the Hangars West site.

Data on other allocated sites have been drawn from Hampshire County Council's (HCC) employment floorspace monitoring data. For sites where HCC only provide site area, Wessex Economics have made an estimate of potential floorspace that could be delivered on each site by making assumptions about the plot ratio of the development and the number of storeys to be built (the estimated floorspace figures in blue).

Figure 15 shows that these allocated sites have an estimated capacity to deliver 64,500 sq m. With respect to the two Enterprise Zone sites, the current development proposals envisage development at a relatively low plot ratio. Wessex Economics has also estimated the capacity of these sites were they to be capable of development on the basis of a 30% plot ratio. Were this to be possible, then these two sites could deliver significantly a larger amount of floorspace (93,000 sq m compared to 50,200 sq m).

Discussions with those involved in Solent EZ confirm that it may indeed be possible to deliver more than 50,200 sq m of employment floorspace on the two EZ sites in Fareham. However any such proposals would be subject to scrutiny through the planning process, and there is no certainty that planning permission for this level of development would be granted.

Figure 15: Employment Floorspace Capacity on Allocated Sites in Fareham, 31 March 2013

	ha	Estimated m2 (GIA)	Plot Ratio	Storeys	Site Capacity @30% plot ratio
Little Park Farm	5.60	11,200	20%	1	16,800
Daedalus Airfield, Hangers East	16.30	28,300	17%	1	48,900
Daedalus Airfield, Hangers West	14.70	21,900	15%	1	44,100
Kites Croft Business Park	1.03	3,090	30%	1	3,090
Total		64,490			112,890

Note: Plot ratio is the relationship between the footprint of the building and the site area. Thus on a 1 ha (10,000 sq m) site, a building with a footprint of 4,000 sq m is associated with a 40% plot ratio. If the format of development involves two storey development then 8,000 sq m of floorspace can be delivered with a 40% plot ratio.

Source: Hampshire County Council, Wessex Economics

In addition to the allocated sites identified in Figure 15, there are two major allocated sites just outside the Borough boundary at Solent Business Park. There is an allocation with capacity for 26,000 sq m of office accommodation on plots 200-2500 and 3400 within the Solent Business Park 1; and a further part completed B1 allocation for 16,000 sq m at Area 12 on the Solent Business Park 2. This gives a total capacity of 42,000 sq m on those parts of Solent Business Park 1 and 2 in Winchester District.

Proposed Employment Land Provision at Welborne

Welborne will be a new community to the north of Fareham and it is proposed to allocate a very significant volume of employment land at Welborne for office, industrial and warehousing uses to support its objective of encouraging self-containment. Floorspace figures are presented in a number of different formats, as required for different purposes:

- **Gross External Area (GEA)** essentially measures the external footprint of the building and takes into account the number of storeys in the development. At Welborne it is anticipated that by 2040 some 105,000 sq m of employment floorspace (GEA) will be built.
- **Gross Internal Area (GIA)** is a measure of the enclosed area of a building within the external walls taking each floor into account and excluding the thickness of the external walls. It is the standard measure used in planning applications. Some 102,400 sq m of employment floorspace (GIA) is to be built at Welborne.
- **Net Internal Area (NIA)** is a measure of the usable area within a building measured of perimeter taking each floor into account, but excluding common parts such as toilets, reception space in multi-tenanted buildings etc. Estimated of employment associated with development is based in NIA figures.

Figure 16 presents estimates of floorspace for Welborne on the basis of GEA, GIA, and NIA. For the purposes of this report the focus is on GIA since other data (eg that based on extant applications for employment floorspace) are based on GIA.

The Welborne Employment Strategy assumes that significant volumes of employment floorspace will not be developed until works to make Junction 10 on the M27 an all-moves junction are completed. Given the time line for such works, the Welborne Employment Strategy assumes that large scale provision of employment floorspace does not commence until 2022. After 2026, it is envisaged that existing employment floorspace at Dean Farm within the Welborne site will be redeveloped for residential, and so 13,860 sq m of existing employment floorspace will be lost.

Figure 16: Planned Employment Floorspace at Welborne 2016-40

	Hectares	Plot Ratio	Storeys	Estimated sq m GEA	Estimated sq m GIA	Estimated sq m NIA
Offices B1a and B1b	3.00	40%	2.5	30,000	29,250	24,000
Clean Tech and Industrial B1c, B2	7.00	40%	1.25	35,000	34,125	33,250
Warehousing B8	10.00	40%	1	40,000	39,000	39,000
Loss of Existing Floorspace				-13,860	-13,860	-13,860
Total New Floorspace				105,000	102,375	96,250
Total Net of Loss of Existing Floorspace				91,140	88,515	82,390

Source: Welborne Employment Strategy, Wessex Economics

Figure 17 shows the anticipated delivery of employment floorspace at Welborne by 5 year band on the basis for GIA.⁵ There is a broad objective that employment floorspace should be built out at roughly the same pace as new homes, but the employment trajectory set out in the Welborne Employment Strategy anticipates that the take up for employment floorspace would mean that the employment floorspace would not be fully built out until after all the homes are built. However, if there is strong demand for employment floorspace there is no reason why it could not be developed at a faster pace than assumed in Figure 17, following completion of the all-moves Junction 10 works.

Figure 17: Welborne Indicative Employment Trajectory in 5 year Bands (GIA sq m)

	2016-21	2021-26	2026-31	2031-36	2036-41	Total
B1a	0	4,388	9,506	5,850	9,506	29,250
B1c/B2	1,706	6,825	10,238	6,143	9,214	34,125
B8	0	7,410	11,310	8,580	11,700	39,000
Existing Stock	13,860	0	-13,860	0	0	0
Total New Floorspace	1,706	18,623	31,054	20,573	30,420	102,375
Net Additional Floorspace	1,706	18,623	17,194	20,573	30,420	88,515

Note: The trajectory set out in the Welborne Employment Strategy report is based on NIA floorspace figures, which these figures are presented as GIA to be consistent with other elements of supply

Source: Welborne Employment Strategy, Wessex Economics

Fareham Town Centre

The emerging Development Sites and Policies Document being prepared by Fareham Borough Council identifies four sites in Fareham town centre where there is either an aspiration to encourage an element of B1a office use as part of mixed use development; or where provision of B1a offices would be an acceptable part of mixed use development. There is scope therefore for modest provision of new office floorspace in the town centre. However Wessex Economics' assessment is that demand for such property will be small scale, and is likely to be matched by a loss of existing floorspace through a combination of the large public sector occupiers reducing their office requirements, and loss of existing office floorspace to other uses, primarily residential use (see Section 6 for a detailed assessment). It is therefore assumed that there is no net gain (nor net loss) in office floorspace 2011-26 in Fareham town centre.

⁵ Note the trajectory set out in the Welborne Employment Strategy report is based on NIA floorspace figures

Overall Supply of Employment Land to 2026 compared to Requirements

Section 3 identified the potential requirement for provision of 100,000 sq m of employment (B1, B2, B8) in Fareham Borough in the period 2011-26. In terms of purely quantitative supply of employment floorspace, the analysis in this section has identified forward provision of 131,000 sq m of employment floorspace to 2026. This represents 31% more than the assessed requirement. Figure 18 shows the components of forward supply that make up the 131,000 sq m of identified provision.

Figure 18: Components of Identified Forward Supply of Employment Land 2011-26

Completions	sq m
Completions 2011-12 & 2012-13	1,500
Vacancies	
Excess Vacancies (General)	12,000
Permissions	
Solent Business Park, Phase 2	23,500
Other Permissions	9,400
Allocations	
Daedalus Airfield, Hangars East	28,300
Daedalus Airfield, Hangars West	21,900
Other Allocations	14,290
Welborne	
Projected Net Provision to 2026	20,300
Fareham Town Centre	
Projected Net Provision to 2026	0
Total	131,190
Total Requirement	100,100
Identified Supply as % of requirement	131%

Source: Wessex Economics

On the basis of the figures presented in Figure 18 there is no shortage of employment land to meet the forecast requirements arising from Fareham Borough through to 2026 in terms of the overall quantum of development land and existing supply in terms of approved planning applications and vacant floorspace. Questions regarding the mix and quality of sites are considered in subsequent sections.

In considering the adequacy of this level of provision it is worth considering the wider South Hampshire context:

- On the one hand, the Solent Enterprise Zone clearly has a role in the overall economic and employment floorspace strategy for South Hampshire as a whole, and thus will be meeting requirements that arise from outside the Borough.
- However as noted in Section 3, there is no overall shortfall of planned supply of employment land in the PUSH area as whole in the period to 2026. The overall requirement for employment floorspace does not exceed 1.4 million sq m for the period 2011-26.

- Yet the overall capacity for development of employment floorspace on identified sites in the PUSH area amounts to over 2 million sq m of space (see Figure 11). Across the PUSH area as a whole overall capacity for employment floorspace development exceeds requirements by over 50%.
- There is around 20,000 sq m of vacant office space at Solent Business Park plus 2,600 sq m of industrial space to the east of Whiteley Way and development land. Functionally this is part of the Fareham property market, although outside the Borough.
- There is also capacity to deliver around 42,000 sq m of additional office floorspace on allocated sites at Solent Business Park 1 and 2 which is located immediately adjacent to the Borough boundary in Winchester District.

If there was deemed to be a requirement to increase the supply of employment land because the combination of locally arising demand and demand from elsewhere in South Hampshire exceeded the identified capacity, a number of options exist:

- There is the potential to develop the Solent Enterprise Zone more intensively than currently envisaged. The land to do so exists, though the implications for the highway network and other infrastructure would need to be assessed.
- If there was genuinely strong pressure of demand from c2020 onwards, there would be scope to deliver a larger volume of employment floorspace at Welborne than assumed in this assessment and perhaps even to accelerate the delivery of the 'all moves' M27 Junction 10.
- In past assessments of employment land supply, PUSH has made allowance for an element of new employment floorspace provision to arise through the process of 'windfalls'; that is, the development of employment floorspace on sites other than identified strategic sites and non-strategic sites.
- Wessex Economics assume this reflects past experience that employment development has come forward in the past on sites not identified in any Development Plan, and that these make a material, albeit modest, contribution to overall supply.
- It has been assumed that development of office floorspace in Fareham town centre will take the form of replacement provision rather than net additional supply. But if there was strong demand for office floorspace development in the town centre could make a net contribution to supply. The role of the town centre in the provision of employment land is considered in more depth in Section 5.

The following section examines the mix of sites, and when they are likely to become available, to answer the question of whether a strategy for employment land based on these sites will be robust in terms of meeting the requirements for different types of employment space and provide for choice. The section also considers the question of when different sites will become available to occupiers requiring floorspace, and hence whether there is sufficient land to support requirements at each stage of the Development Plan period up to 2026.

5. Employment Land Supply Mix and Phasing

This section explores whether the forward supply of employment land broadly matches the anticipated mix of future requirements in terms of the overall balance between sites for office space, industrial and warehousing space. It also considers the current availability of sites (ie are they development ready) and when sites that need investment to be opened up are likely to be available for development. Issues concerning the marketability and appeal of different sites are considered in Section 6.

The Availability of Land by Use Class

It is one thing to have an adequate overall supply of employment land to meet the totality of expected requirements. However the question also needs to be asked whether the land identified is suitable for the different types of employment developments envisaged – generally broken down into offices, industrial and warehousing uses.

Figure 19 presents an overview of the capacity for provision of employment floorspace in Fareham to 2026 broken down into office floorspace (B1a), industrial (B2) and warehousing space (B8). On a number of sites no breakdown is indicated between B2 and B8 uses. Some sites with permission for development, or sites that are allocated, are considered suitable for any business use (ie B1, B2 and B8)

Figure 19: Forward Supply of Employment Land 2011-26-by Use Class

Completions	B1a	B1c/B2	B8	B1-B8	All B Uses
Completions 2011-12 & 2012-13	200	330	700	270	1,500
Vacancies					
Excess Vacancies (General)	3,400	8,600			12,000
Permissions					
Solent Business Park, Phase 2	23,500				23,500
Other Permissions	2,300			7,100	9,400
Allocations					
Daedalus Airfield, Hangars East	2,300	26,000			28,300
Daedalus Airfield, Hangars West		21,900			21,900
Other Allocations		11,200		3,090	14,290
Welborne					
Projected Net Provision to 2026	4,400	8,500	7,400		20,300
Fareham Town Centre					
Projected Net Provision to 2026					0
Total	36,100	84,630		10,460	131,190
Total Requirement	40,700	8,800	50,600		100,100
Identified Supply as % of requirement	89%		160%		131%

Source: Wessex Economics

In commenting on the overall forward supply it is clearly the case that there is adequate provision to meet expected locally arising requirements for B1c/B2 and B8 space, because of the substantial capacity of Solent Enterprise Zone. Unless it is envisaged that the EZ will also attract B1a office development, then there is a relative shortfall of land for B1a office space; though there is potentially some scope to increase the

proportion of total requirement for B1a space provided for if some of the sites identified for generic B1-B8 use can contribute to office floorspace. Consideration also needs to be given to the fact that there is both a very substantial supply (c20,000 sq m) of vacant modern office accommodation and capacity for new B1a development at Solent Business Park in Winchester District.

In terms of the overall structure of supply in Fareham, the supply of B1c/B2 and B8 is more robust than that for offices because there is a larger pool of vacant property that can contribute to forward supply (through both take up of existing space or redevelopment of redundant space), the two sites at Solent Enterprise Zone, and then provision at Welborne, and a range of smaller sites.

In contrast the planned provision of offices, if one looks solely to sites in Fareham Borough, is much more dependent on Solent Business Park 2 and sites at Welborne when this comes on stream post 2021, unless a decision in principle is made to allow B1a office floorspace development at the Solent Enterprise Zone. However if the wider perspective is taken then the extent of office floorspace dotted around the Borough's existing industrial estates, combined with the scale and quality of existing floorspace and development sites at Solent Business Park in Winchester District, means there is no shortage of potential office supply.

The Availability and Phasing of Employment Land Supply

The sites that contribute to overall supply of land for employment floorspace are not all currently available for development. It is important therefore to identify when sites are available and the quantum of space available at different points over the next 16 years to 2031. The overall availability of floorspace in 5 year bands to 2026 is shown in Figure 20. In developing this profile Wessex Economics have made the following assumptions.

- By definition floorspace completed in 2011-12 and 2013 is counted as part of supply in the period 2011-16.
- Current vacancies over and above a 5% requirement for transactional efficiency are regarded as contributing to supply in 2011-16.
- Sites with permissions not yet completed are generally regarded as contributing to supply in 2011-16. With respect to Solent Business Park 2 the scheme could be implemented immediately if an occupier was identified, but this is deemed unlikely. It has been assumed that the scheme is more likely to come forward in 2016-26 and the delivery is shown as being spread over this period in Figure 20.
- It is assumed that 26,000 sq m of space at Solent Enterprise Hangars East supply will be available for development in the period 2011-16 since the sites are already being marketed. It has been assumed that it will take longer to deliver the Solent Enterprise Hangars West site. It has been assumed this site will become available for development from 2016
- Some small scale development may be possible at Welborne before 2021, but the main stage of employment development is assumed to only start from 2022. The phasing shown in Figure 20 reflects

the current trajectory for delivery of employment floorspace, but could be accelerated if demand materialised.

Figure 20: Forward Supply of Employment Land 2011-26 by Use Class

	2011-16		2016-21		2021-26		Total 2011-26		
	B1a	B1c/B2/B8	B1a	B1c/B2/B8	B1a	B1c/B2/B8	B1a	B1c/B2/B8	Total
Completions									
Completions 2011-12 & 2012-13	200	1,300					200	1,300	1,500
Vacancies									
Excess Vacancies	3,400	8,600					3,400	8,600	12,000
Permissions									
Solent Business Park, Phase 2			12,000		11,500		23,500	0	23,500
Other Permissions	2,300	7,100					2,300	7,100	9,400
Allocations									
Daedalus Airfield, Hangers East	2,300	26,000					2,300	26,000	28,300
Daedalus Airfield, Hangers West				21,900			0	21,900	21,900
Other Allocations	0	3,090		11,200			0	14,290	14,290
Welborne									
Projected Net Provision to 2031				1,700	4,400	14,200	4,400	15,900	20,300
Total	8,200	46,090	12,000	34,800	15,900	14,200	36,100	95,090	131,190
Total Requirement	13,567	19,800	13,567	19,800	13,567	19,800	40,700	59,400	100,100

Source: Wessex Economics

Conclusion

The key dimension of the analysis presented above is that the overall employment strategy is well provided for in terms of readily developable land for B1c/B2/B8. A large proportion of the forward supply is on Solent Enterprise Zone but there is also a sizeable stock of existing vacancies and a variety of other sites with permission or allocated and available for development.

In contrast, if viewed solely through the lens of employment land supply in the Borough, the employment floorspace strategy is much more dependent upon Solent Business Park 2 in terms of meeting any substantial emerging demand for office floorspace. This is because the potential for office development at Welborne only comes on stream post 2021, and the Enterprise Zone is not targeting office occupiers.

However, if allowance is made for the substantial stock of vacant modern office space and the scope for development of additional B1a floorspace at that part of Solent Business Park in Winchester District, there is no shortage of supply for office occupiers in the Fareham market area. As previously shown across the PUSH area as a whole there is no shortfall in overall employment land supply across the PUSH area.

6. Delivery, Marketability and Choice

The robustness of any employment land strategy depends not only on having sufficient quantity of employment land available and suitable for different types of uses, but also how well suited those sites are to the proposed uses. In market terms, this would be described as how competitive and compelling the offer each site makes to potential occupiers. The market establishes this by looking at alternative sites available to occupiers in the same market area.

Wessex Economics has not been asked to review the full range of sites available in Fareham Borough in terms of the suitability and competitive offer as part of this report. A comprehensive assessment of all employment sites was undertaken as part of the 2010 Employment Land Review, and the assessment made in 2010 of the suitability of different sites can generally be expected to remain valid in 2013.

Rather Wessex Economics have been asked to review the competitive position of 5 sites/locations as follows:

- Solent Enterprise Zone
- Solent Business Park 2
- Welborne
- The Town Centre
- Little Park Farm

The competitive position of these proposed development locations is considered below.

Solent Enterprise Zone

The Solent Enterprise Zone covers the full area of the site referred to in the current Core Strategy as HMS Daedalus. The site was fully assessed in terms of its suitability for employment land uses in the 2010 Employment Land Review. However development of the site now has a much higher profile in policy terms because the entirety of the site was designated an Enterprise Zone in August 2011.

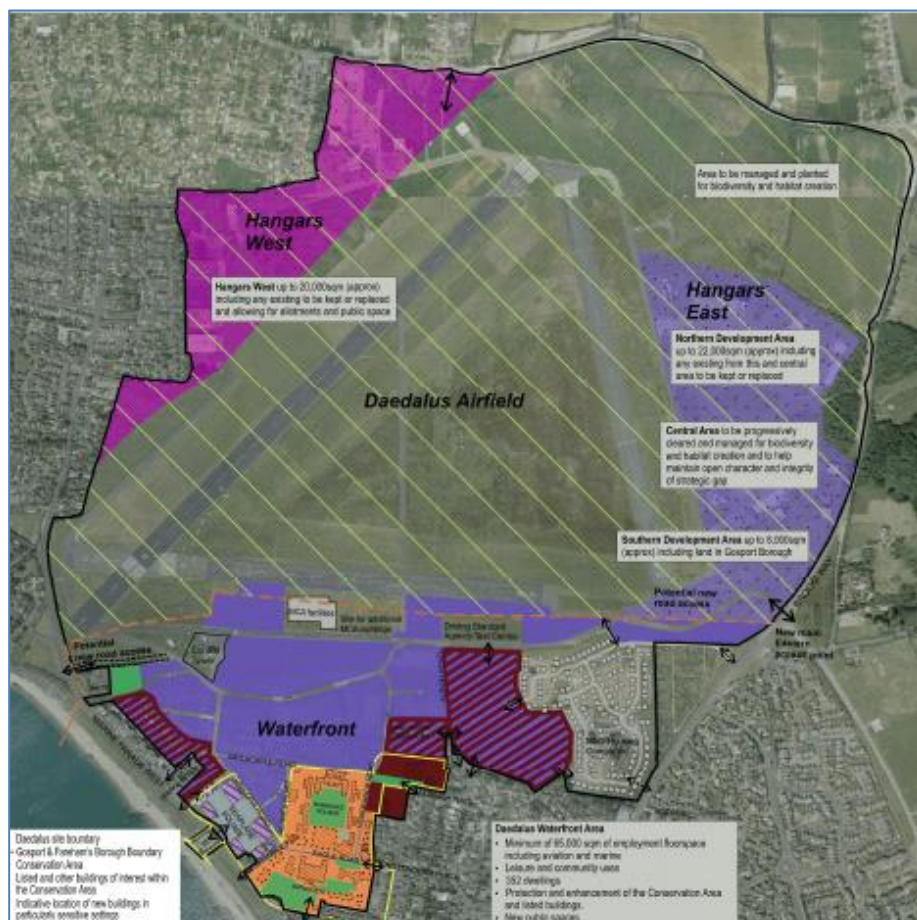
The EZ designation does two things; it raises the profile of the site and provides some incentives for businesses to locate on the EZ (primarily business rates relief). Designation has also made securing development on the site a still higher priority, with backing not just of FBC but also Solent LEP. There is a need therefore to reassess the role that the site plays in the overall employment land strategy for Fareham.

Location

HMS Daedalus is located on the Gosport peninsula and occupies a coastal location on the Solent between the residential communities of Lee-on-the-Solent to the east and Stubbington and Hill Head to the west. Part of the site is in Gosport Borough (the Waterfront), but the majority of the developable land area is in Fareham Borough. Figure 21 shows the extent of the site, and identifies the main areas identified for development.

The orange dashed line on the south side of the airfield is the boundary between Fareham and Gosport Boroughs.

Figure 21: Solent Enterprise Zone



Source: Gosport SPD

Recent History

Naval use of HMS Daedalus ended 1996, and the MoD declared it surplus to requirements in 2004. It was subsequently acquired in 2006 by SEEDA and the Marine and Coastguard Agency (MCA). The site received some public sector money to maintain essential services. The MCA subsequently built a new building for its Search and Rescue (SAR) Helicopter Unit at HMS Daedalus and has proposals for additional facilities.

The airfield is currently used by a limited number of existing small scale aviation users. The site is also home to a number of smaller and medium sized businesses that make use of the former hangars and military buildings on an interim basis until long-term arrangements are developed.

Following the winding up of SEEDA, ownership of the site passed to HCA. In 2011 Solent Local Enterprise Partnership (Solent LEP) applied to the Government to designate the site as an Enterprise Zone. In August 2011 the government announced that the bid had been successful and HMS Daedalus has now been rebranded 'Solent Enterprise Zone'.

The successful development of the EZ is a major LEP priority, supported by the Partnership for Urban South Hampshire, Fareham Borough Council and Gosport Borough Council. The focus of marketing for the Enterprise Zone sector is on attracting advanced manufacturing, particularly marine, aviation and aerospace, businesses. The site has a slipway and retains a private operational runway.

The Enterprise Zone has four key areas, as shown in Figure 21: Hangars West; Hangars East; the Waterfront; and the Airfield. The airfield remains the focus for the site with built development being directed to the areas around the airfield. The Hangars East and Hangars West areas are within Fareham Borough along with most of the Airfield. The Waterfront Area is in Gosport.

Development Proposals: Hangars East

The development proposals for the Hangars East site are predominantly for B2 industrial and B8 warehouse uses, but it is anticipated that there will be some limited provision of B1a office or B1b R&D space. This is most likely to be located at the entrance of the site. The current planning application allows for up to 28,990 sq m of employment floorspace on the Hangars East site (2,300 sq m of B1 space, and 25,990 sq m of B2/B8 floorspace). Planning permission for development was agreed in principle in March 2012, subject to the signing of a Section 106 agreement, but to date the Section 106 Agreement has not been signed.

Fareham Council have secured a commitment from the HCA to fund development of an Innovation Centre close to the perimeter gateway to the Hangars East site, aimed at stimulating new business start-ups. This will entail development of a new hangar (2,322 sq m GIA) to provide new commercial space of a flexible nature targeted towards the aviation, aerospace and marine industries. Improvements will also be made to the airfield and runway which are considered essential to enhance the attractiveness of the Enterprise Zone to businesses focused in aviation and aerospace activities.

The proposed Innovation Centre will have close linkages to a new Centre of Excellence for Advanced Engineering Skills Training (CEMAST) being developed by Fareham College. CEMAST will comprise around 4,000 sq m of space. Work on the centre has been started and is expected to be completed by late 2014. It will be the first major development completed on the Enterprise Zone.

The Hangars East site is only 4 miles from Junction 11 of the M27, in clear driving conditions a 9 minute journey; but the A32 Gosport to Fareham Road is a recognised bottleneck at peak hours. The route from the M27 to the proposed eastern access gate for the Hangars East site is via the dual A27, dual A32 and single carriageway B3385 Newgate Road. It is recognised that, if the site is to be successful in attracting advanced manufacturing activities, it needs good access to the M27, for staff who will very likely be drawn from throughout the sub-region and for commercial vehicles.

A £15 million package to implement infrastructure projects has been agreed, funded through Solent LEP's Growing Places Fund. £8 million of this total is being invested off-site infrastructure improvements, focused

on improving the whole length of B3385 Newgate Lane and associated works at the Peel Common Roundabout just north of the Enterprise Zone (the junction of B3385 Newgate Lane and B3334 Gosport Road). These are expected to be completed in the next 18 months. A further £7 million will be used for on-site infrastructure works.

Hampshire County Council is also consulting on a proposed route for a Stubbington bypass. If this is taken forward it will provide additional road capacity and an alternative route for traffic travelling between the Enterprise Zone and Junction 9 on the M27, using a new route between Peel Common Roundabout to the A27 at Titchfield and thence to Junction 9.

Market response to the planned improvement to infrastructure and what the Enterprise Zone has to offer are reported to be positive. There is said to be strong interest in over half of the 26 plots available on the Hangars East site, with some plots purchased and others being under offer (though some of these deals may not come to fruition).

Demand has mainly been from engineering companies and local companies looking to expand. Anecdotal evidence suggests that the high cost of sites located close to motorway junctions (eg Solent Business Park) have constrained expansion of SMEs requiring industrial space as distinct from office accommodation. The Hangars East site is starting to provide a location for small and medium sized enterprises that cannot afford a location close to the M27.

Two years on from the EZ designation, significant interest seems to be emerging in the overall business environment that the EZ can offer in terms of the marine and runway access, the financial incentives available to small and medium sized businesses, and the sense that the access limitations of the past are being addressed. The Enterprise Zone is therefore becoming to be seen as an emerging business location.

Development Proposals: Hangars West

The Hangars West site comprises three linked triangles of land formed by the serrated edge of Stubbington, and lies on the west side of the airfield (see Figure 21). It is expected that the site will be developed for 21,900 sq m of B2/B8 space with a focus on defence and aviation activities within a secure compound. A newly created road access, with security gate, has been put in place ensuring that traffic can enter the site directly. This provides much enhanced access to the site compared to previous arrangements.

It is expected that the Hangars West site will only come forward once the initial phase of the Hangars East site (28,300 sq m of B space) is nearing completion. There is some requirement for further investment in site infrastructure before the site can be fully used. Wessex Economics has assumed in the trajectory presented in Figure 20 that the site becomes fully available in the period 2016-21.

Waterfront

The Waterfront Site is in Gosport Borough and lies between the seafront, the built up area of Lee-on-the-Solent and the airfield. This area is the most developed part of the Enterprise Zone and has direct access to the Solent via a slipway. Large commercial buildings occupy the northern part of the area with a number of listed buildings. The site also contains internationally important wildlife habitats.

Planning permission was agreed in principle for the site on 29th March 2012 subject to the signing of a Section 106 agreement. There are a few remaining issues associated with provision of affordable housing linked to residential development that need to be resolved before the S106 Agreement can be finalised; these are unrelated to the employment element of the site. Consent for planning permission was meant to be issued in Summer 2013; however, signing of Section 106 is still outstanding in November 2013.

The development proposed for the Waterfront is an employment led mixed use scheme including up to 70,000 sq m of commercial floorspace in new buildings and re-use of existing buildings with use classes B1, B2 and B8, including premises suited to advanced manufacturing and technology clusters including marine, aviation and aerospace uses.

The split between B1, B2 and B8 is flexible. Gosport Borough Council has not prescribed the split of B use types in the Local Plan or Supplementary Planning Document for the site. However it is anticipated that the site will be mainly used for B1b, B1c, and B2 uses. There may be some B1 office space and some B8 warehouse space, but these are expected to be ancillary to the main industrial uses.

As well as employment uses, the scheme will include up to 1,075 sq m of retail floorspace, up to 200 residential units, up to 32 units of care accommodation, up to 1,840 sq m of community uses, up to 8,320 sq m of hotel use, and up to 2,321 sq m of leisure, plus new and upgraded vehicular and pedestrian access arrangements. Highways and infrastructure have been key issues in bringing forward development, but it is understood that these have been largely overcome. Considerable interest has been expressed in developing the site, but the pace at which the site comes forward will depend greatly on conditions in the wider economy.

The site is differentiated from the two EZ employment sites in Fareham (Hangars East and Hangars West), because the wider area is much more residential in character, with many different uses. Figure 22 shows that the expectation is that the site will be developed out over a long timescale.

Figure 22: Daedalus Enterprise Zone, Gosport sites

	Estimated Net Additional Phasing (Sq m)				
	2011-2016	2016-2021	2021-2026	2026-2031	2011-2031
Daedalus Waterfront Site		1,000	40,000	29,000	70,000

Source: Gosport BC

Solent 2 Business Park

The extent of the development referred to as Solent 2 Business Park straddles the Fareham/Winchester boundary, lying to the west of the Whiteley Way, immediately to the north of Junction 9 on the M27, and located roughly midway between Southampton and Portsmouth. That part of the Solent Business Park 2 area that is in Winchester District is now largely built out, though two substantial development sites remain available. A small part of land at the southern end of Solent Way which has been developed is within Fareham Borough, though it forms part of the Solent 2 development area substantially in Winchester District.

The principal employment site identified in the Fareham Core Strategy as the Solent 2 Business Park relates to a site to be accessed from Rookery Avenue delineated by the red line in Figure 23. Development has not commenced on this site, which has an outstanding planning consent for 23,500 sq of B1-B8 development, though the presumption has been that this is most likely to come forward for office development rather than B2 or B8 development.

Location

The area to the north of Junction 9 of the M27 has seen major development in recent years with significant development of new homes and business space in the area now known as Whiteley. The development area is bisected by the Fareham Borough/Winchester City boundary, with significant development having taken place on either side of the boundary. This makes it more complicated to provide an analysis of the pattern of development, though the market will regard this as a single location.

Solent Business Park 1 has been developed in that part of Whiteley that is wholly within Winchester District. Solent Business Park 1 is located largely to the east of Whiteley Way. The Solent Business Park 2 comprises the land to the west of Whiteley Way between the M27 Junction and the first roundabout reached when travelling along Whiteley Way and includes land in both Winchester District and Fareham Borough.

That part of the Solent Business Park 2 allocation within Fareham Borough is well located in terms of an employment allocation, with excellent access to the M27. It is located almost midway between the two key poles of the South Hampshire area, Portsmouth and Southampton, and the M27/M3 junction (10.3 miles, 11 minutes) and the M27/A3(M) junction (12 miles, 13 minutes). The area has developed as a major centre of employment with many high profile occupiers (see Figure 23).

Market perception is that this location is a good for employers. However, discussion with agents in South Hampshire indicates that Solent Business Park faces a number of issues that arise from its success. Access to the motorway is an issue because of peak time congestion on the motorway slip roads. There is the perception that this has grown worse since the Whiteley retail scheme has opened. Furthermore, parking at Solent Business Park 1 is reported to becoming an ever more pressing issue with the main distribution roads in the Business Park being used extensively for parking. Clearly further development in this location would exacerbate these issues, though they might also release investment in solutions.

Figure 23: Solent Business Park 1 and 2

Source: <http://space2grow.co.uk/sites/default/files/2033.pdf>

Existing Development

There has been very substantial development of office floorspace in this location. There is a stock of around 112,500 sq m (1.21 million sq ft) of office accommodation in the Solent 1 Business Park. Some 17.5% of the built stock is vacant, representing almost 20,000 sq m (212,000 sq ft). In addition there is around 3,175 sq m of industrial space to the west of Whiteley Way which is vacant.

There is therefore a very large overhang of empty floorspace that one would expect to be occupied before any new B1 floorspace would be developed on remaining sites on Solent 1 and Solent 2, unless a large bespoke requirement emerged. Moreover there is also capacity to deliver around 42,000 sq m of additional employment floorspace on those parts of Solent Business Park in Winchester in Winchester District

Proposed Development at Solent Business Park 2

There is an outstanding planning consent for 23,500 sq of employment floorspace for B1-B8 development on that part of the Solent Business Park 2 within Fareham Borough. This is somewhat above the figure previously used by FBC in assessing the capacity of the site (22,000 sq m).

The general presumption of FBC is that this site would most likely come forward for B1a office development. The marketing brochure prepared by the owners present indicative masterplans for up to 24,570 sq m of office space or mixed office, industrial and warehouse scheme of 23,520 sq m.

The presumption that the site is most likely to come forward for office space is partly because there is extensive provision of B2 and B8 space immediately to the south of Junction 9 on the Segensworth West, North, East and South Industrial Estates and on Solent Way, that part of the Solent 2 Business Park largely within Winchester District.

It is known that the owners of the site, Goodman, are interested in seeking consent to develop the Solent 2 (Fareham) site for uses other than employment and have explored options such as residential, community and retail uses with Fareham Borough Council. Goodman's interest in doing this reflects a combination of the weakness of the market for employment floorspace, the significant volume of vacant space at the Solent 1 Business Park and significant capacity for further development in both the Solent 1 Business Park and the Winchester part of Solent 2 Business Park.

However, the Fareham Local Plan stipulates the safeguarding of Solent 2 (Fareham) for B1 use. The site is well located and suitable for B1 uses. In terms of Fareham Borough, the Borough does not have any other significant sites available for B1a office development in the period before sites become available at Welborne (assumed not to be before 2022). It is also difficult to predict the pattern of take up of office and other B1 space as the economy enters a recovery phase, especially after a prolonged period of limited office development and take up. It could therefore be premature to release the site for other uses.

While this study has not considered the requirement for additional housing, it is worth noting that Winchester City Council is likely receive an application shortly for 3,500 homes for the new North Whiteley community. The application is consistent with the Adopted Local Plan Part 1 and likely to be approved. There has been significant new retail development at the Whiteley District Centre which has substantially widened the retail offer as the local centre for the new community.

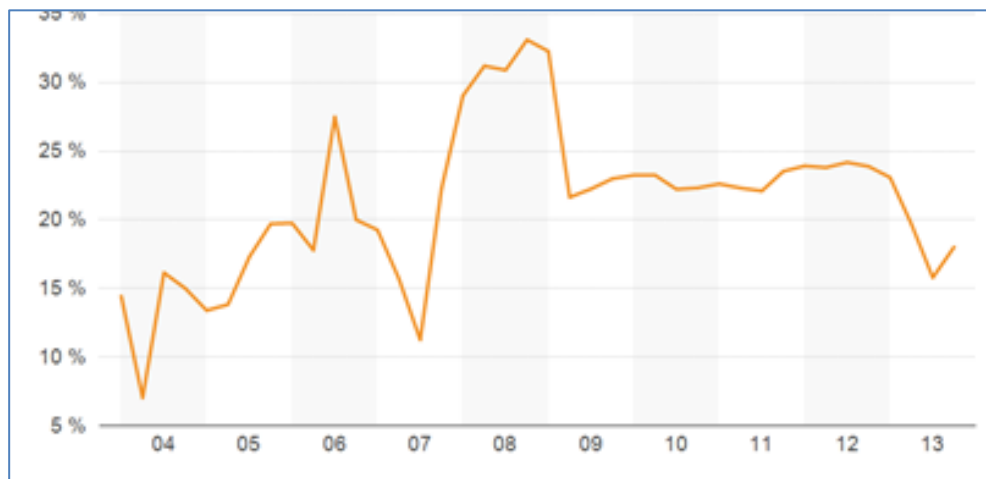
As part of the development of the 3,500 homes, the Whiteley Way will be completed giving links to the north and west and improving access to Whiteley considerably. Part of the package of transport measures for the new homes will be a much enhanced bus service from Hedge End and Botley through to Fareham via Whiteley. It is anticipated that this will improve access and attractiveness to the area and stimulate the employment provision.

That part of the Solent 2 development site in Fareham already has a public access road to the edge of the site and a mini roundabout at the point of entry to the site. It is therefore ready for development without need for further public infrastructure. The key barrier to the site coming forward are: competition from existing B1 space in the market and the remaining development opportunities at Solent 1 and on that part of Solent 2 that falls within Winchester District

Future Role of Solent 2

There are signs of some recovery in the South Hampshire office market. While office vacancy rates at Solent 1 Business Park are still very high (17.5%), they have declined over the last 5 years from even higher levels of vacancy (see Figure 24). Vacancy rates began to fall at the end of 2012, after being at around 20-25% during 2009-2012. Similarly the time spent on the market has fallen from its peak, but remains at an historically high level (see Figure 25).

Figure 24: Solent Business Park 1 Vacancy Rates, 2004 to November 2013



Source: CoStar, November 2013

Figure 25: Solent Business Park 1 Median Months on Market (Office space), 2004 to November 2013



Source: CoStar, November 2013

One agent interviewed for this study commented that the deals being offered now to occupiers are more landlord friendly than they have been for some time, indicating some rebalancing between demand and supply at Solent Business Park.

In addition to the large stock of vacant property at Solent Business Park 1, there is a significant quantum of development land still to be developed under Phase 1 particularly around the Forum. The general view of local agents is that this is unlikely to come forward for development any time soon. The landowners, M&G Real Estate have two or three large vacant buildings available in their ownership and will not want to promote new development until these find occupiers.

Local agents report that it would be very unlikely to see a speculative build scheme coming forward on the Solent Business Park 2 site. One agent noted that there is some potential for a bespoke design and build solution. While this commentator did not envisage the site finding an occupier in the immediate future, he was of the view that if the site is retained for employment uses over the course of next economic cycle, the site could be built out within this timeframe.

Solent 1 (and 2 if built) also face significant competition from Lakeside Business Park at Junction 12 on the M27 only 8 miles (c 9 minutes) to the east. Lakeside Business Park (sometime referred to as Lakeside North Harbour) is an established office campus covering an area of 40.8 hectares and comprises around 55,700 sq m of quality office accommodation, and is home to the UK Headquarters of IBM. The site is adjacent to Junction 12 of the M27. The site has planning consent for a further 69,000 sq m of new office space and around 21,100 sq m of other uses including shops, restaurants, hotel, car dealership and a private hospital.

In terms of recent activity at Lakeside Business Park, 1000 Lakeside, an office refurbishment of around 26,600 sq m, has attracting a good mix of regional and corporate occupiers. Substantial investment to provide supporting services and infrastructure such as a childcare day nursery on site, retail including coffee shops and hairdressers, has added to the value of the Business Park. With a lack of good quality office supply in Portsmouth town centre, Lakeside Business Park has become the key business district for Portsmouth, with a number of occupiers moving from Portsmouth City Centre to the motorway corridor.

Currently, the park is actively seeking pre-let development for the next office phase. The market will determine the pace of take up once the next phase is built. However sentiment is that the Park will continue to attract new occupiers.

A challenge for Solent Business Park 1 and 2 is that it is located mid-way between the two principal employment poles of Portsmouth and Southampton. If occupiers align themselves with one or other of the poles, then there sites which are closer to their centre of choice.

The Role of Solent 2 in the Fareham Development Plan

The Solent 2 site in Fareham presents a challenge for decision makers. Solent 2 accounts for the great majority of identified employment land in the Borough suitable for B1 use, and can be deemed to be important to meeting the identified requirement for office floorspace in the Borough. Solent Business Park as a whole is a key strategic employment site in South Hampshire.

However, the existence of considerable vacant space and development land in Winchester District on both at Solent 1 and 2 might be sufficient to meet these requirements. A wider strategic analysis might indicate that there is sufficient capacity for B1 development in the M27 without the retention of that part of Solent Business Park 2 that is within Fareham for B1 development in the period to 2021.

Caution in releasing a key employment site for other uses is also appropriate because it is unclear how patterns of demand will manifest themselves in the recovery stage of the market for commercial property. Take up has been low for a number of years, and new development has consequently been limited. It remains to be seen, whether new requirements emerge over the new few years on a significant scale.

In the period after 2021, FBC might see positive advantage in seeking to steer demand for office space in the M27 corridor to Welborne in preference to Solent Business Park 2, given the desirability of ensuring that jobs and homes are delivered simultaneously at Welborne.

It is perfectly conceivable given capacity at Solent Business Park 1 and Lakeside Business Park that the part of Solent Business Park 2 in Fareham might not be developed out by 2021. But equally if the South Hampshire economy really picks up and significant occupier requirements materialise, the Fareham part of Solent Business Park 2 might come into its own.

The site is much more self-contained than the remaining development sites at Solent 1 and Solent 2, though lacking the visibility of those development sites. In Wessex Economics view, the site could appeal to a large single occupier looking for its own operational campus, perhaps comprising a mix of B class uses; or for a multiplicity of medium sized occupiers.

The prospects for development before 2026 are reasonable but depend on the improvement in economic conditions, and the market for business space. Given the development site and existing space that exists elsewhere at Solent Business Park 1 and 2, Wessex Economics would not expect development in the near future, but the likelihood of development increases with the passage of time.

Welborne

The proposed quantum and mix of employment floorspace to be provided at Welborne, and the justification for these proposals, are set out in full in the Welborne Employment Strategy, a report to FBC prepared by Wessex Economics. The key conclusions and recommendations of that report are reproduced here so that a complete overview is provided in this report of the strategic sites in Fareham as regards provision of employment floorspace.

Location

The new community at Welborne is to be developed on greenfield land to the north of the M27, with the bulk of the land to be developed to the west of the A32. Strategic road access to the site and the land allocated for

employment purposes will be from Junction 10. In its current format Junction 10 only provides on-access for drivers heading east, and off access for drivers on the motorway from the east.

Investment in making Junction 10 an 'all-moves' junction is an integral part of the Welborne Plan. The Welborne Employment Strategy makes it clear that the delivery of the all-moves junction is a prerequisite for the delivery of employment floorspace on any scale at Welborne. The trajectory prepared as part of the Welborne Employment Strategy assumes that the all-moves junction is delivered by the end of 2021.

The employment allocations at Welborne, once the all-moves junction is delivered will have a very similar location to that of Solent Business Park 1 and 2. Occupiers will have direct access onto the M27. The employment sites are located alongside the motorway to make best use of land that cannot be used for residential development and to ensure ease of access onto the motorway and into Fareham town.

The similarity of Welborne and Solent Business Park as locations for employment uses is illustrated by the fact that the two locations are separated by only 3.6 miles on the M27, which in good driving conditions is a 5 minute journey.

The Development Proposals

It is envisaged that 20 ha of land will be allocated for employment uses at Welborne. An allocation of this scale is deemed large enough to achieve critical mass to attract a range of occupiers and to offer scope to attract different sizes of businesses, including some larger occupiers. Development on any significant scale is not anticipated to start until 2022. The overall allocation of employment land at Welborne is therefore more significant in terms of ensuring long term continuity of a supply of well serviced employment land over the longer term (post 2026).

The Welborne Employment Strategy identifies the *capacity* of the land allocated for employment uses at Welborne is for up to 105,000 sq m of employment floorspace (Gross External Area), broken down as follows:

- 30,000 sq m of office (B1a) floorspace
- 35,000 sq m of B1c and B2 light industrial floorspace
- 40,000 sq m of B8 warehousing space

If allowance is made for the difference between Gross External Area and Gross Internal Area (GIA being the basis on which planning applications are made and assessed), then Welborne will deliver 102,375 sq m of space broken down as follows:

- 29,250 sq m of office (B1a) floorspace
- 34,125 sq m of B1c and B2 light industrial floorspace
- 39,000 sq m of B8 warehousing space

Making due allowance for the difference between floorspace measured on a Gross External Area basis and Net Internal Area it is estimated that Welborne will deliver 97,250 sq m on a net internal area basis, broken down as follows:

- 24,000 sq m of office (B1a) floorspace
- 33,250 sq m of B1c and B2 light industrial floorspace
- 40,000 sq m of B8 warehousing space

It is estimated that some 13,860 sq m will be lost, mostly at Dean Farm, so the net increase in floorspace is lower than reported above. It is worth noting that the Welborne Employment Strategy makes the case for differentiating offices from B2/B8 space, and also for differentiating B8 warehousing from the emerging class of flexible modern production space that on current categorisation might be classed as B1c or B2 space.

The Role of Welborne in the Fareham Development Plan

It is anticipated that it will take the full life time of the Welborne Plan to around 2041 to deliver this planned level of employment floorspace. If development does not get underway until 2022, with 2020 or 2021 possible target dates for opening of an all-moves Junction 10, to develop 100,000 sq m by 2041 would mean completion of around 5,500 sq m of employment floorspace pa. To put this in context, an average of 34,500 sq m pa of employment floorspace was completed in the 12 years to March 2013 in the PUSH area as a whole so Welborne would not only be making a significant contribution to the Borough's, but also to the sub-region's supply of employment floorspace.

As discussed earlier in this report, the indicative trajectory prepared for the employment floorspace at Welborne anticipates that 3,600 sq m of B1a office space would be provided at Welborne by 2026; and that 15,900 sq m of B1c/B2/B8 floorspace would be provide by 2026. However Welborne could make a larger contribution to supply up to 2031 if there is the demand for space.

The proposals for Welborne will contribute to the long term strategy for Fareham Borough and South Hampshire. Specifically in terms of the policy objectives of FBC, PUSH and the Solent LEP, the proposed quantum and mix of floorspace planned at Welborne:

- Provides for long term requirements for business floorspace in a manner where it is possible to plan in a responsive way to market demand, because of the ability of the site and location to accommodate warehouse, industrial, R&D and office accommodation.
- The strategy acknowledges the '*cities first*' policy of PUSH and the Solent LEP in that the volume of office floorspace is relatively modest compared to other employment allocations in the M27 corridor, and acknowledges the extensive planned provision at other sites (notably at Junction 9 and 12) for further provision of office floorspace.
- Responds to emerging market demand for warehousing space, and provides a locational alternative in the centre of the M27 corridor to other potential locations for such activity. Transport and logistics are one of the priority sectors identified by the LEP and by PUSH.

- The planned provision for B1c (and B2) space also provides locational choice for advanced manufacturing and environmental technology businesses, as well as a host of smaller enterprises requiring clean attractive production space. In this Welborne complements the Solent Enterprise Zone.

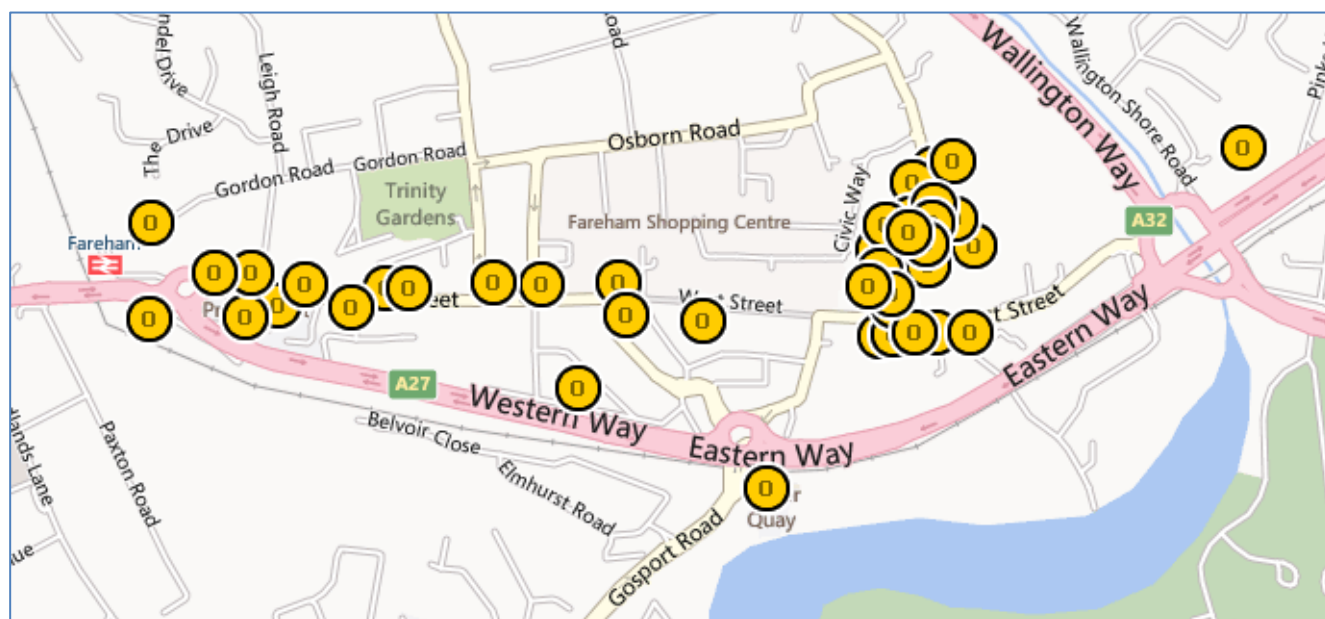
While the development plan process requires the preparation of forecasts of planned floorspace by use class, it is likely that over future years' business space will become increasingly hard to allocate solely to a single use class. This indicates the need for flexibility and zoning of different uses. In view of this the Welborne Employment Strategy recommends that in planning for employment development it is desirable to retain flexibility over the distribution and the split of floorspace between different use classes, while recognising that the aim should be to secure a broad balance between office, warehouse and industrial uses.

If it were to prove that there is stronger demand in the early years of the scheme for B8, B1c and B2 uses than for offices, it will be important to ensure land identified for office development is not lost to other B uses, since B1a uses are associated with many more jobs per 100 sq m of developed space. However in the indicative allocation of the 20 ha of land identified for employment uses, B8, B1c and B2 uses accounts for 85% of the proposed employment land allocation, so there should be no pressure on the land most appropriate for B1a use for many years, by which time demand for office space is likely to have emerged.

Fareham Town Centre

There are around 40 office properties in Fareham's town centre, with total floorspace (NIA) of private sector office accommodation of around 14,800 sq m. This total excludes those office associated with the Civic Centre and the Job Centre Plus offices. Figure 28 shows that office properties are clustered along West Street and High Street. When this is compared with the total office floorspace at Solent Business Park 1 of 112,500 sq m and the 55,700 sq m of office floorspace at Lakeside Business Park, this emphasises the very modest nature of the Fareham town centre office market. The market is essentially local in character.

Figure 28: The Town Centre Office Market



Source: CoStar, November 2013

Feedback from local agents indicates that there is a lack of good quality office space in the town centre. Offices in the town centre comprise a mix of 1980s stock often built above shops; and period buildings. Neither of these formats is now favoured by occupiers. The office properties that are vacant in the town centre tend to be of relatively poor quality (ranked 2 star by CoStar).

Vacancy rates of town centre offices are low at around 2.5%, but there is a high level of availability (40%), indicative that a large proportion of occupiers would wish to move from their existing premises if they could find another occupier to take on their lease or buy the property. Take up is reported to have started to improve in recent months but remains at modest levels.

In terms of the strategy for employment floorspace in Fareham, the evidence is that the town centre is not hugely significant. It is dwarfed by the plans for those parts of the Enterprise Zone in Fareham Borough, the potential scale of Solent Business Park 2 and by the scale of employment floorspace proposals at Welborne. To help put the market into context, the development at Cams Hall comprises almost 10,000 sq m compared to the total stock of 14,000 sq m of private sector office space in Fareham Town Centre.

It is therefore more appropriate to say that the retention and development of new office space in Fareham town centre is important to maintaining the vitality and viability of the town centre, than that the town centre is important to the overall strategy for employment floorspace. FBC may wish to grow the employment base of the town centre in order to help sustain the retail and leisure offer, rather than this being an essential driver in terms of meeting the employment floorspace requirements of occupiers.

Discussion with agents indicates that it will not be easy to retain and grow the base of office employment in the town centre. The challenge is that, any larger occupier that wishes to be in the centre of an urban area is likely to look to either Portsmouth or Southampton city centres. If they are not wedded to a town centre location, then they are likely to look to the M27 business parks – Solent Business Park, or Lakeside Business Park, and even in the future, to Welborne. The Enterprise Zone may also attract some office occupiers.

The town centre also competes with office accommodation in the larger industrial estates in the Borough, particularly in the Segensworth employment areas. There is a good stock of modern office accommodation of a variety of sizes in these areas. They have the considerable advantage of on-site parking which very few, if any, town centre office accommodation can provide; and generally would be regarded as more accessible by car for workers and visitors.

Fareham town centre is therefore likely to continue to be a focus for mainly smaller local businesses who wish to service personal clients, or where the owners favour a town centre location close to where they live. This potential profile of occupiers means that it is hard to envisage significant new development of office floorspace in Fareham town centre. Most occupiers who might consider such a location have medium to small scale requirements, and would provide a less good covenant than larger businesses. These factors make it harder for new development to stack up financially.

The best prospects for maintaining office floorspace in the town centre will be to promote mixed use developments that include an element of office floorspace. Such schemes offer the potential for developers to achieve some scale of development; to benefit from different potential revenue streams that are not correlated; and to cross-subsidise from more attractive elements of the mix (eg residential) to support less attractive elements etc.

Moreover, new offices integrated into mixed use development offer a different type of office environment to that that could be found at any business park or on the Enterprise Zone, which some occupiers regard as fairly sterile, uniform and dull. A town centre offer based on offices integrated into the fabric of the town with access to a wide range of services would complement rather than compete with employment floorspace provision elsewhere. It is relevant to note, however, that parking is likely to remain an important consideration for office occupiers, and would need to be planned into any office element within a mixed use scheme.

The emerging Development Sites and Policies Plan identifies four sites for mixed used development in the town centre that could include an element of B1a office space. These are:

- **The Civic Area:** this area has the largest stock of office space in the town centre, associated with the Civic Centre occupied primarily by the Borough Council and the adjacent Job Centre Plus offices. These buildings are now dated and underused. Any redevelopment proposals are likely to involve re-provisioning of office accommodation for public sector occupiers. There may be some scope to include provision for small and medium sized occupiers, but these will very likely want separate identifiable access to their accommodation, and may not wish to be associated with the dominant public sector service providers. It is very unlikely in the current market that a large private sector occupier would be attracted to this location.
- **The Market Quay:** the DSPP identifies the potential for a mixed use development on the surface car park immediately next to the Market Quay leisure and retail development on the south side of the town centre. The principal uses in any new development identified in the DS&PP are: library and entertainment; cafes, bars and restaurants; hotel; public open space and replacement car parking. Offices are identified as a possible additional use but subsidiary to the principal uses. Provision of office in this sort of development is not likely to be a real driver of value, nor particularly attractive to occupiers. The severance of this site from the waterfront caused by the A27 and the railway viaduct means that the site cannot effectively capitalise on its proximity to the waterfront. It seems unlikely therefore that there would be any significant office component in any development proposal.
- **Fareham Shopping Centre:** there is an aspiration to improve and potentially remodel the Fareham Shopping Centre. Office accommodation is identified as one of a wide range of potential uses that might be deemed appropriate for the first and second floors of a remodelled shopping centre. However in Wessex Economics view, this is not the sort of location likely to be favoured by office occupiers, and hence would not contribute significantly to development value as part of development scheme involving reconfiguration of the shopping centre. Other uses, particularly residential, are likely to deliver greater

value. It seems unlikely therefore that there would be any significant office component in any proposal for reconfiguration of the Centre.

- Fareham Station East:** The DSPP also identifies the potential for promoting mixed use development on land to the east of Fareham station including residential development, offices, hotel, cafes and restaurants, assembly and leisure, and professional and financial services (A2 use). The site is currently in a mix of low value uses (vehicle workshops, tool hire facility, Fareham Fire Station etc). The site has a prominent frontage on the A27 at a gateway location to the town centre both for car-borne travellers and for those arriving by train, and this enhances the prospect for attracting development including an element of office B1a space. However, a major drawback in terms of attracting quality development of any sort, is that access for heavy goods vehicles will have to be maintained through the site to the aggregates depot to the north. The Station Roundabout also carries a heavy volume of traffic, which in Wessex Economics' view works against creating an attractive open area to the development. The 2012 Retail Study undertaken by GVA indicates that development viability is challenged. The potential development site is also in multiple ownerships, which will make development more difficult. In Wessex Economics view it is unlikely that any redevelopment scheme will contain B1a office space, but the best prospects of securing such development would arise where a particular occupier has a requirement for both office space and other uses, all of which can be accommodated on this site.

Overall, Wessex Economics view is that the demand for town centre office space from private sector occupiers will remain modest over the period to 2026, and focused on businesses that provide services to mainly private individuals and small businesses. At the same time there will be pressure for public sector occupiers, who are the major occupiers of office space in the town centre, to economise on their use of space. There will also be continuing pressures to convert existing office space in Fareham town centre to residential uses, particularly office space above shops and period properties, that were once residential properties, and not well suited to modern business requirements. In view of these considerations, the conclusion reached is that there is unlikely to be any net addition to the stock of office floorspace in the town centre over the period to 2026.

Little Park Farm

Little Park Farm is a 5.6 ha site identified as employment allocation in the Fareham Local Plan. The remaining area of the site (c1 ha) is within Winchester District and also allocated for employment use.

The site is located to the west of Junction 9 on the M27, being located on the south side of the motorway, between the motorway and the Fareham to Southampton railway line. The site is essentially a greenfield site, though there are a number of buildings around the site (see Figure 26). To the west is the Park Gate Business Centre, a small industrial estate comprising warehouse/industrial units accessed off the Botley Road.

The site is largely in the unified ownership of a developer who has plans to develop the site for principally B2 and B8 uses. However it is anticipated that the site will be developed at relatively low density to attract depot type users, and recycling management operations. The site is identified in one of the background documents

to the County Council's Minerals and Waste Plan as having potential for accommodating commercial-type waste processing and management uses.⁶

The key challenge for effective use of Little Park Farm site is that currently access is by means of a narrow lane, which passes through a tight tunnel under the Fareham to Southampton railway line (see Figure 27). The site currently has restricted access for HGVs and this would need to be improved if the site as a whole is to be developed. The capacity of the existing Little Park Lane also needs to be increased if any significant volume of development is to be delivered.

Overall it is estimated that the part of the site in Fareham Borough could accommodate around 11,200 sq m of floorspace based on a 20% plot ratio. Development at relatively low density for users which require open storage or processing space, will allow a less costly solution to the current limitations on access to the site than a more dense development that would generate higher vehicle movements.

Wessex Economics has not assessed the cost of addressing the access issues. It is understood that the landowner has developed detailed plans to address the access issues and has the legal rights to improve Little Park Lane. However agreement is also required with Network Rail regarding the provision of an enhanced underbridge on the Fareham to Southampton rail line.

The landowner/developer is therefore seeking to press ahead to make the site ready for development, but the need for agreement from Network Rail to the bridge improvements introduces some uncertainty in terms of when the site might become available. The developer is seeking to ensure that the site is capable of development before March 2016, and this is reflected in Figure 20, but this is not 100% certain.

The nature of the uses proposed at Little Park Farm means that the site has a useful part to play in the overall employment land strategy for Fareham, because it offers something different to the other sites. In particular it would provide a location for activities – waste management, and other necessary but potentially 'bad neighbour uses' that would not be well suited to other strategic sites nor the major industrial estates in the Borough.

⁶ Page 74, An Assessment of Site and Areas for Waste Management Facilities in Hampshire, Hampshire County Council et al, February 2012

Figure 26: Little Park Farm Employment Land Allocation (FBC Allocation in red, WCC Allocation in blue)



Figure 27: Little Park Lane Access to Little Park Farm Site



7. Conclusions

Trend based employment forecasts indicate that total employment in Fareham Borough will grow by around 6,700 jobs over the period 2011-26 with substantial job growth forecast in the wholesale and retail trade (+1,600 jobs), the professional, scientific and technical services sector (+1,400 jobs) and the administrative and support services sector (+1,300 jobs).

It is estimated that there will be a requirement for provision of up to 100,000 sq m of employment floorspace (B1, B2, B8) in the period 2011-26, broken down as follows: 40,700 sq m (41%) of B1a office provision; 8,800 sq m of B2, B1b, and B1c, industrial uses (9%); and 50,600 sq m of B8 warehousing space. This level of provision assumes that around 75% of replacement demand is met on existing employment sites.

The trend rate of new development on both newly allocated sites and redevelopment of existing sites over the period since 2000 is the equivalent to around 100,000 sq m over a 15 year period. While a significant proportion of this new development will have entailed redevelopment on existing sites, this supports a planning target for provision of capacity for development of 100,000 sq m of employment floorspace on new sites.

The forward supply of employment land consists of extant planning permissions for B class development; and the assessed capacity of allocated employment sites, and sites expected to be allocated, for example at Welborne; plus an allowance for take up or redevelopment of excess vacant employment floorspace. The identified forward provision of employment land in Fareham Borough between 2011 and 2026 amounts to 131,000 sq m of B class floorspace, some 31% higher than the assessed requirement.

Somewhat over a third (38%) of the total identified supply to 2026 is at the Solent Enterprise Zone. It needs to be acknowledged that the Enterprise Zone has a key role on the overall economic and employment floorspace strategy for South Hampshire as a whole, and thus will meet requirements arising outside of Fareham Borough. Wider analysis of the forward supply of employment floorspace within the PUSH area as a whole indicates that there is no shortage of supply compared to requirements in the period to 2026.

In terms of the planned provision in Fareham Borough of employment floorspace to 2026, it is clearly the case that there is an adequate supply of land for B1c/B2 industrial space and for B8 space, because of the capacity of the Enterprise Zone. The position is less robust in Fareham Borough as regards capacity for B1a office space, with considerable dependence on the Solent Business Park 2 allocation up to 2021, with capacity to provide office accommodation at Welborne from 2022.

However, a narrow focus on the capacity of sites in Fareham to provide capacity for B1a office development could mislead. There is an estimated 20,000 sq m of high grade office space available at the existing Solent Business Park, which is located immediately next to the Borough boundary, and capacity for the development of around a further 42,000 sq m B1a office floorspace on allocated sites in Winchester District at Solent Business Park. This is part of the new community of Whiteley which falls partly into Winchester District and partly into Fareham Borough.

There also remains substantial capacity to accommodate additional office development at the Lakeside Business Park at Junction 12 of the M27 in the administrative area of Portsmouth City. This scheme competes directly with the development of the Solent Business Parks 1 and 2 at Junction 9 of the M27.

From a Fareham Borough perspective it would be important to ensure that the Solent 2 Business Park allocation for B1a office use is retained. However from a wider South Hampshire perspective the need to retain the Solent 2 Business Park allocation is less clear, and would require a more detailed analysis of the South Hampshire office market and the role now and in the future of the M27 business parks. Such a strategic review would need to consider the remaining capacity at Solent Business Park 1 and 2 and the Lakeside Business Park, and how this meshes with land for office development becoming available at Welborne after 2021. It would also need to consider the speed at which demand might return to the market for new B1 space. Without further assessment of demand across the PUSH area, a cautious approach to release of land allocated at Solent Business Park 2 is appropriate.

The Solent Enterprise Zone will have a central role to play in the provision of employment floorspace, particularly B2 and B8 space. If the Enterprise Zone is to play a significant role in meeting the identified need for B8 space, improving links to the M27 are critical. Even with improvements, the Enterprise Zone may struggle to compete for logistics business with developments that have direct access to the national motorway network, such as the proposed development at Dunsbury Hill Farm. It is likely that the B8 warehouse accommodation developed at the Enterprise Zone will be linked to industrial operations that locate on the Enterprise Zone, rather than 'standalone' warehousing.

Employment land allocations at Welborne will play a key role in the employment land strategy for Fareham in the longer term. It is hard to conceive significant employment land development at Welborne until the completion of works to make Junction 10 of the M27 an 'all-moves' junction rather than the current arrangement of providing only eastbound on-access and westbound off-access. Current expectations are that these will not be complete until 2020 at the earliest. Thereafter, the planned ability of Welborne to accommodate all B class uses will complement other elements of employment land provision in Fareham Borough.

Welborne has a key role to play in the provision of B1a office space post 2021. It will also address the relative dearth of land for development of B8 warehouse space in the Borough, if it proves that the Enterprise Zone does not find favour with logistics businesses. It will also complement the offer of the Enterprise Zone in terms of offering a location for industrial, R&D and clean tech businesses which specifically want to locate close to the M27. Once the improvements to Junction 10 are completed, there is substantial capacity at Welborne that can be developed out faster than the current trajectory assumes, if there is the demand for more space than currently projected.

This study has appraised the contribution of the Little Park Farm allocation. The key issue regarding this site is whether the currently inadequate access arrangements can be improved at reasonable cost and how the cost of such works affects the quantum of floorspace that can be provided and the impact on the viability of

development. The site is likely to be best suited to B1c/B2 uses and the developer has identified the opportunity to provide for businesses needing open storage and for waste recycling and processing. The site will therefore and provide for business needs that might not be capable of being accommodated on other sites in the Borough and therefore complement other employment land provision in the Borough.

Public sector occupiers dominate the office market in Fareham town centre, with a very modest stock of offices occupied by private sector businesses. The stock of available offices is not well matched to modern requirements. Thus the town centre essentially caters for only a local office market, not a sub-regional market. In Wessex Economics' view the retention and re-provision of office accommodation in the town centre is more important to the wider strategy to ensure the vitality and viability of the town centre, than to the overall strategy for provision of employment land throughout the Borough. The strategy for provision (or re-provision) of employment space in the town centre should therefore be determined by the overall objectives for the town centre than the employment floorspace strategy.

Wessex Economics' assessment is that the best prospects for retaining and refreshing office provision in the town centre are through mixed use development, where office development is one element of the mix. This format of development will provide modern office space as part of mixed use development, and cater for businesses that either need to be in the town centre, or which wish to be located in a less sterile environment than a business park. The occupiers to whom such an environment will appeal are likely to be small and medium sized occupiers, with a need to service a personal rather than corporate client base. Larger occupiers wanting a central location will gravitate to Southampton or Portsmouth.

Overall, given the likelihood that public sector occupiers will be looking to make more efficient use of space in future and be employing fewer people, the public sector requirement for office space will decline. There is also likely to be pressure for conversion of period offices that were once in residential use, back into residential use. There are opportunities for incorporating development of some new office space within the plans for the town centre, but overall Wessex Economics takes the view that the aim of the Borough Council should be to ensure the new provision comes forward on a scale to match loss of office space that is redeveloped or lost to other uses. Town centre developments will not therefore make any net contribution to office supply at the Borough level in the period to 2026.

Appendix 1: Sector to Use Class Conversion Matrix

	B1a	B2 inc B1b & B1c	B8	A2	Rest of A	C	D	Sui Generis	Not Fixed to a Property	
Agriculture, forestry & fishing	0%	10%	10%	0%	0%	0%	0%	0%	80%	100%
Mining & quarrying	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Manufacturing	0%	90%	10%	0%	0%	0%	0%	0%	0%	100%
Electricity, gas & water supply	5%	5%	15%	0%	0%	0%	0%	0%	75%	100%
Construction	5%	5%	10%	0%	0%	0%	0%	0%	80%	100%
Wholesale & retail trade	0%	0%	20%	0%	70%	0%	0%	10%	0%	100%
Transport & storage	5%	10%	20%	0%	0%	0%	0%	10%	55%	100%
Accommodation & food services	0%	0%	0%	0%	80%	20%	0%	0%	0%	100%
Information & communication	70%	5%	5%	0%	0%	0%	0%	0%	20%	100%
Financial & insurance activities	60%	0%	0%	40%	0%	0%	0%	0%	0%	100%
Real estate activities	60%	0%	0%	40%	0%	0%	0%	0%	0%	100%
Professional, scientific & technical activities	80%	15%	0%	5%	0%	0%	0%	0%	0%	100%
Administrative & support service activities	60%	10%	5%	10%	0%	0%	0%	15%	0%	100%
Public administration & defence	50%	0%	0%	0%	0%	0%	0%	0%	50%	100%
Education	10%	0%	0%	0%	0%	40%	50%	0%	0%	100%
Health & social work	25%	0%	0%	0%	0%	50%	25%	0%	0%	100%
Arts, entertainment & recreation	10%	0%	0%	0%	0%	0%	90%	0%	0%	100%
Other service activities	35%	0%	0%	0%	35%	5%	5%	0%	20%	100%