



South Downs Local Plan Examination

Stage 1 Hearings – Response to Inspector’s Matter 5

Hearing Statement on behalf of Whitehill and Bordon Regeneration Company on behalf of Defence Infrastructure Organisation

October 2018

1. Response to Inspector's Matter 5

1.1 This Hearing Statement sets out the response of Whitehill and Bordon Regeneration Company (WBRC) on behalf of Defence Infrastructure Organisation (DIO) to Matter 5. This is provided in the context of promoting an allocation of land comprising Apple Pie Depot at Longmoor for employment use and should be read in conjunction with the Statement of Common Ground (SoCG) that has also been submitted.

1.2 As demonstrated in this response and in the SoCG, Apple Pie Depot, Longmoor provides 8.4 ha of previously developed land which is strategically well-placed to serve existing and emerging employment growth sectors within this part of the National Park and surrounding area. As such, it provides a key opportunity to enable businesses to expand and be retained within the area, thus bolstering the economic prosperity of the National Park and surrounding area.

Are the numerical provisions of Policy SD35 of 10.3 hectares of new employment land adequate and supported by robust evidence?

1.3 The National Planning Policy Framework (NPPF) 2012 – the provisions of which are to be applied in the context of this Local Plan Examination and shall be referred to hereafter¹ - stipulates in paragraph 160 that local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area.

1.4 In preparing evidence on employment land requirements, local planning authorities should work with neighbouring and county authorities, and Local Enterprise Partnerships (LEPs), to understand existing and changing business needs. Specifically, paragraph 161 of the NPPF is clear that such evidence should be used to assess:

"...the needs for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period..."

1.5 Accordingly, this Statement addresses the employment land requirements of the South Downs National Park (SDNP) from both a quantitative and qualitative position. In doing so, it provides a compelling counter-view to the evidence produced thus far for SDNPA and upon which it relies in setting out the requirement in draft Policy SD35.

Employment Land Review 2015 – Econometric Forecasting

1.6 The findings of the South Downs National Park Employment Land Review (ELR) – prepared in 2015 – principally inform the employment land requirement of 10.3 ha for the plan period (2014 to 2033) set out in draft Policy SD35.

1.7 From the outset, it is important to acknowledge that the SDNP, by virtue of it being a landscape-derived designation whose area is not wholly aligned with the administrative areas of local authorities, ward boundaries or postcode areas, presents an inherent difficulty when seeking to apply traditional forecasting techniques to quantify employment land requirements.

¹ Examination Document Ref. INSP.3: Guidance Note, paragraphs 15 to 20

- 1.8 Indeed, the authors of the ELR – GL Hearn – acknowledge the unique challenge posed by the SDNP and the limitations arising from both the lack of census-derived information for the area and the approach taken to forecasting demand during the plan period. Such is the uncertainty around the ELR's assumptions that it advises:

"The National Park boundary does not reflect any administrative or standard boundary as the designation is landscape based. It was therefore necessary to develop a Wider South Downs Area (WSDA) which was based on standard geographies. However, this area extended beyond the National Park boundary and should be treated with great caution..."²

- 1.9 It is necessary, therefore, that in setting a 'policy-on' position, qualitative evidence pertaining to existing and future business needs is afforded significant weight. This is explored subsequently within the Hearing Statement.

- 1.10 In seeking to forecast employment needs within the SDNP, the ELR has devised 6 Functional Economic Market Areas (FEMAs) which collectively form what is termed the Wider South Downs Area (WSDA). It is acknowledged that the WSDA includes some locations which are not in the SDNP, whilst also excluding some areas which are within the National Park boundary. Inevitably, it is impossible to align the WSDA with the known population of the SDNP.

- 1.11 Notwithstanding the above, the WSDA also excludes a number of relatively large settlements which are located close to its boundary and that of the SDNP. The economic inter-relationship of some of these areas with the SDNP should be an important consideration when assessing the need for employment land and the extent to which future requirements can be met. On this point, the ELR acknowledges that:

"...there is an economic inter-relationship between South Hampshire and parts of the National Park, particularly in commuting terms to and from Portsmouth and Southampton and those parts of the National Park along the A3 and M3.

...this part of the National Park is an area of overlap where there are economic relationships with both Basingstoke and Guildford to the north and Southampton and Portsmouth to the south, along the A3 and M3 Corridors."

- 1.12 In addition to the above, the ELR also acknowledges that there are identifiable links between the SDNP and East Hampshire, aided by the connections facilitated by the strategic highway network.

- 1.13 Despite recognising the inter-relationship of the neighbouring areas to the SDNP, this is not borne out in the ELR's projected employment land requirement which has been derived from the econometric forecasting undertaken for the WSDA. The identified employment land requirement of 7.9 ha, which is derived from the conversion of labour demand forecasts into floorspace requirements, excludes demand generated by neighbouring areas such as those within East Hampshire which could potentially be met within the National Park.

² South Downs National Park Employment Land Review 2015, p12 Note

Alternative Approach to Forecasting Demand

- 1.14 Notwithstanding the limitations in the use of datasets typically used in forecasting demand for employment land when applied in respect of the SDNP, it is submitted that the approach taken by the ELR, as outlined above, has resulted in requirements being significantly under-estimated for the plan period. In response, we provide a counterview on employment demand to that highlighted in the ELR.
- 1.15 We have analysed forecast economic growth over a 20-year period (2013 – 2033) based upon extrapolated Experian econometric demand forecast data and ONS Business Register and Employment Survey (BRES) data. This was initially prepared at local authority level (there are 12 authorities whose boundaries fall within the park) to develop a forecasting model. This converts estimated economic growth/decline (in jobs) to land-take (in hectares) by applying a number of factors including employment and plot density, and 5-digit SIC codes.
- 1.16 As the local authority boundaries do not accurately reflect the National Park area we have overlaid the administrative boundaries of the 12 authorities and disaggregated growth based upon the percentage of each authority's area that lies within the National Park.
- 1.17 The limitations of econometric demand forecasting models are duly noted in the context of calculating requirements within landscaped-derived designated areas, and as a consequence the outputs of the analysis reported on in this report is theoretic as to the quantum of employment land that could be delivered to meet demand in the SDNPA. This is supported by intelligence on market demand from commercial property agents active in the area. In particular, evidence has been provided by Jones Lang LaSalle (JLL) and Space-2, which is examined at paragraphs 1.58 to 1.71 of this Hearing Statement.
- 1.18 In this Statement we provide evidence of the quantum of forecast demand at a National Park scale and undertake an in-depth investigation of the immediate area surrounding Apple Pie Depot, Longmoor, based on 20 and 30-minute drive times. This identifies the potential scale of employment demand both in hectares/floorspace. We align this to key target growth sectors, whose needs may be partially met at Apple Pie Depot, Longmoor.
- 1.19 The GVA econometric demand forecast identified significant levels of demand, totalling 67.18 ha across the National Park during the plan period (3+ ha per annum). This represents an uplift of 56.88 ha to that identified by the SDLP's evidence base. Based upon the Experian data set this is a theoretic maximum of land that could come forward during this 20-year period. A breakdown of the identified demand by B class employment sectors for each local authority area is set out in **Table 1.1**.

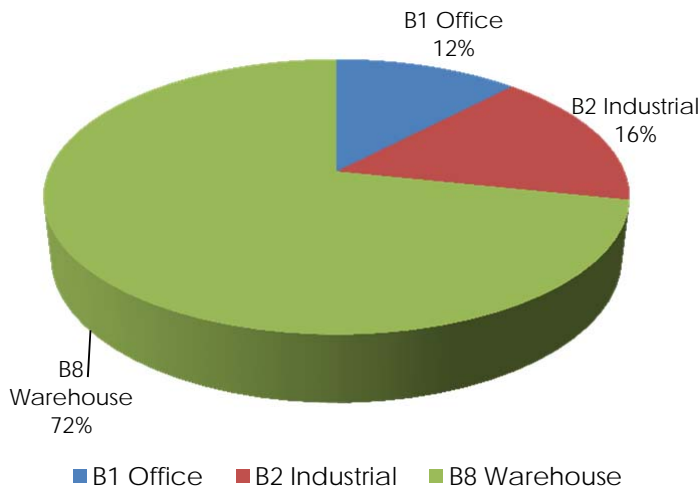
Table 1.1: Forecast Demand for South Downs National Park (2013-2033)

	Hectares			Total
	B1	B2	B8	
Local Authority	Office	Industrial	Warehouse	
Adur	0.27	1.64	3.09	5.00
Arun	0.44	-0.59	0.88	0.73
Brighton	1.46	1.41	1.6	4.47
Chichester	1.19	4.03	9.27	14.49

Eastbourne	0.5	0.01	2.61	3.12
East Hampshire	0.72	0.85	6.46	8.03
Horsham	0.16	0.4	3.41	3.97
Lewes	0.76	-3.39	1.53	-1.10
Mid Sussex	0.1	0.66	5.22	5.98
Wealden	0.16	-0.08	0.14	0.22
Winchester	2.21	5.82	12.23	20.26
Worthing	0.18	0.1	1.73	2.01
Total	8.15	10.86	48.17	67.18

1.20 This demonstrates that the majority of demand (72%) arising over the 20-year period to 2033 is for B8 warehouse space (48.17 ha), with the remaining 28% (19.01 ha) assigned to Class B1 and B2 requirements. The latter represents floorspace that will be sought by businesses within the digital economy (see below) to meet their needs, of which there is currently a lack of supply. **Figure 1.1** illustrates the requirements proportionately.

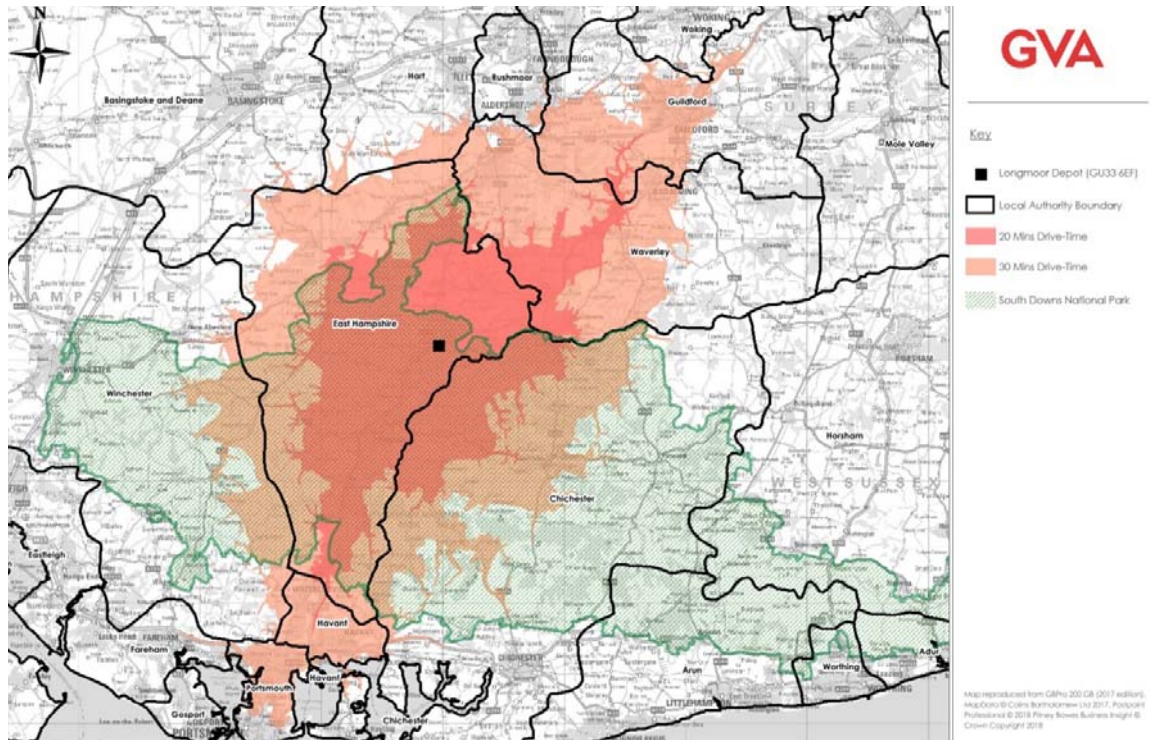
Figure 1.1: Total Requirements by Sector (%)



1.21 Whilst it is useful to understand the maximum quantum of demand (see **Table 1.1**) across the SDNP, it is unlikely that all of this demand would be delivered within the boundaries of the National Park. Indeed, it is reasonable to assume that some of this demand will be met within locations outside of the National Park boundary.

1.22 We have extrapolated this data based upon the percentage geographical coverage of the local authority area that falls within the National Park (see **Figure 1.1**).

Figure 1.1: Drive times from Apple Pie Depot, Longmoor (20 and 30 minutes)



1.23 Tables 1.2 and 1.3 below show the potential quantum of employment land demand which ranges between 8.68-14.87 hectares.

Table 1.2: Forecast Demand (2013-2033) in 20-minute drive-time

	Hectares			Total
	B1	B2	B8	
Local Authority	Office	Industrial	Warehouse	
Chichester	0.12	0.40	0.93	1.45
East Hampshire	0.65	0.77	5.81	7.23
Total	0.77	1.17	6.74	8.68

1.24 The 30-minute drive-time identifies a higher employment land demand higher than the 10.3 ha identified in draft policy SD35 which is for the whole SDNP area.

Table 1.3: Forecast Demand (2013-2033) in 30-minute drive-time

	Hectares			Total
	B1	B2	B8	
Local Authority	Office	Industrial	Warehouse	
Chichester	0.60	2.02	4.64	7.25
East Hampshire	0.68	0.81	6.14	7.63
Winchester	0.22	0.58	1.22	2.03
Total	1.28	2.82	10.77	14.87

1.26 Levels of employment land demand within a 20-minute drive-time at 8.68ha are lower than the SDNP-wide 10.3 ha identified in draft policy SD35 but this is to be expected given the reduced drive-time.

Forecast Demand for B class employment sectors in the SDNP

- 1.27 GVA has created excel models to convert the forecasted employment land area growth/decline into a floorspace requirement per sector across the National Park. This provides an indication of both the quantum and type of potential demand that could be accommodated across the SDNP area, a proportion of which could be accommodated at Apple Pie Depot, Longmoor. This analysis demonstrates the extent of demand in B class employment floorspace by key market sectors across the whole National Park area and by 20 and 30-minute drive times.
- 1.28 A breakdown of the identified demand in floorspace by B class employment sectors (B1/B2/B8) for each local authority area is outlined in **Tables 1.4 to 1.6** overleaf.

Table 1.4: Forecast Demand for B1 Floorspace in the South Downs National Park (2013-2033)

	Total sq m
Agriculture, Forestry & Fishing	3,510
Utilities	794
Construction of Buildings	7,786
Wholesale	2,206
Land Transport, Storage & Post	9,534
Media Activities	9,489
Telecoms	11,212
Computing & Information Services	49,802
Finance	27,598
Insurance & Pensions	11,729
Real Estate	39,164
Professional Services	98,502
Administrative & Supportive Services	42,253
Other Private Services	14,140
Public Administration & Defence	17,233
Residential Care & Social Work	78,560
Total	423,511

- 1.29 **Table 1.4** demonstrates that there are high levels of demand for traditional B1 uses namely:

- Computing and information services;
- Real estate;
- Professional services;
- Admin/support services; and
- Residential care/social work.

- 1.30 Demand in excess of 400,000 sq m for B1 space alone indicates a significant need for the provision of fit-for-purpose employment land on suitable sites if this requirement is to be met. Where appropriate, as in the case of Apple Pie Depot, Longmoor, this should include sustainable previously developed sites which exist within the SDNP area. It is important to be clear that, on the basis of the allocations identified thus far in the submitted SDLP and known existing employment sites (referenced at paragraphs 7.152 and 7.153 of the SDLP), this demand could not be met. This is similarly the case in respect of Class B2 and B8 requirements (see overleaf).

Table 1.5: Forecast Demand for B2 Floorspace in the South Downs National Park (2013-2033)

	Total sq m
Food, Drink & Tobacco	18,620
Wood & Paper	-109
Printing and Recorded Media	2,245
Chemicals	871
Pharmaceuticals	1,032
Non-Metallic Products	-2,607
Metal Products	3,232
Computer & Electronic Products	1,819
Machinery & Equipment	-2,845
Transport Equipment	12,233
Other Manufacturing	6,920
Utilities	239
Specialised Construction Activities	51,027
Land Transport, Storage & Post	4,124
Media Activities	3,629
Professional Services	17,406
Administrative & Supportive Services	3,248
Total	121,084

- 1.31 **Table 1.5** demonstrates that the highest levels of demand for B2 uses are from the 'specialised construction activity' sector, with demand in excess of 50,000 sq m as highlighted above. This type of activity is a growth sector (speciality manufacturing/eco build) and is linked with the emerging demand for the self-build/pre-fabrication processes and modern methods of construction (MMC). This sector alone takes up nearly half of the circa 120,000 sq m demand for B2 employment floorspace.

Table 1.6: Forecast Demand for B8 Floorspace in the South Downs National Park (2013-2033)

	Total sq m
Utilities	-2,867
Wholesale	493,271
Land Transport, Storage & Post	71,454
Media Activities	817
Administrative & Supportive Services	6,612
Total	569,287

- 1.32 **Table 1.6** demonstrates demand in excess of 500,000 sq m for B8 employment floorspace. As highlighted above, there remain extremely high levels of demand for B8 wholesale uses and land transport uses, indicating continued market appeal/demand for traditional industrial space.

Forecast Demand for B class employment sectors within a 20 minute drive time

- 1.33 Given the geographical extent of the SDNP, it is prudent to consider floorspace growth/decline in the immediate locality of Apple Pie Depot, Longmoor. Accordingly, the forecast requirements emerging specifically within 20 and 30-minute drive-times of this location have been analysed.
- 1.34 A breakdown of the identified demand in floorspace by B class employment sectors (B1/B2/B8) in a 20-minute drive-time is outlined in **Tables 1.7 to 1.9** below.

Table 1.7: Forecast Demand for B1 Floorspace in a 20-minute drive-time (2013-2033)

	Total sqm
Agriculture, Forestry & Fishing	293
Construction of Buildings	546
Wholesale	242
Land Transport, Storage & Post	74
Media Activities	721
Computing & Information Services	2,814
Finance	1,165
Insurance & Pensions	1,373
Real Estate	2,504
Professional Services	7,529
Administrative & Supportive Services	5,124
Other Private Services	642
Public Administration & Defence	596
Residential Care & Social Work	2,693
Total	26,316

1.35 **Table 1.7** demonstrates that there are high levels of demand for traditional B1 uses, namely:

- Professional services; and
- Admin/support services.

1.36 Demand in excess of 26,000 sq m for B1 space alone indicates a high need for the provision and delivery of fit for purpose, employment land if this growth is to be accommodated in the SDNP area.

Table 1.8: Forecast Demand for B2 Floorspace in a 20-minute drive-time (2013-2033)

	Total sqm
Food, Drink & Tobacco	918
Chemicals	784
Non-Metallic Products	588
Metal Products	490
Computer & Electronic Products	392
Machinery & Equipment	98
Transport Equipment	1,223
Other Manufacturing	184
Specialised Construction Activities	1,971
Land Transport, Storage & Post	323
Media Activities	114
Professional Services	695
Administrative & Supportive Services	70
Total	7,848

1.37 **Table 1.8** demonstrates that the highest levels of demand for B2 uses are from the 'transport equipment and specialised construction activity' sectors. As previously mentioned the construction activity is a growth sector (speciality manufacturing/eco build) and is linked with the emerging demand for the self-build/pre-fabrication processes and modern methods of construction (MMC).

Table 1.9: Forecast Demand for B8 Floorspace in a 20-minute drive-time (2013-2033)

	Total sqm
Utilities	1,065
Wholesale	39,341
Land Transport, Storage & Post	5,055
Administrative & Supportive Services	412
Total	45,873

Forecast Demand for B class employment sectors within a 30 minute drive-time

- 1.38 **Table 1.9** demonstrates demand in excess of 456,000 sqm for B8 employment floorspace with the majority of this demand (39,000 sqm) for wholesales uses indicating continued market appeal/demand for traditional industrial space.
- 1.39 Similarly, a breakdown of the identified demand in floorspace by B class employment sectors (B1/B2/B8) in a 30-minute drive-time is outlined in **Tables 1.10 to 1.12** overleaf.

Table 1.10: Forecast Demand for B1 Floorspace in a 30-minute drive-time (2013-2033)

	Total sqm
Agriculture, Forestry & Fishing	454
Construction of Buildings	1,316
Wholesale	427
Land Transport, Storage & Post	823
Media Activities	2,014
Telecoms	526
Computing & Information Services	5,438
Finance	2,329
Insurance & Pensions	1,683
Real Estate	6,840
Professional Services	13,241
Administrative & Supportive Services	9,024
Other Private Services	1,104
Public Administration & Defence	-589
Residential Care & Social Work	6,473
Total	51,104

- 1.40 **Table 1.10** demonstrates high levels of demand for traditional B1 uses, namely:
- Professional services; and
 - Admin/support services
- 1.41 Demand in excess of 50,000 sq m for B1 space alone indicates a high need for the delivery of fit-for-purpose, employment land if this growth is to be accommodated in the SDNP area.

Table 1.11: Forecast Demand for B2 Floorspace in a 30-minute drive-time (2013-2033)

	Total sqm
Food, Drink & Tobacco	4,938
Printing and Recorded Media	117
Chemicals	827
Non-Metallic Products	620
Metal Products	984
Computer & Electronic Products	880
Machinery & Equipment	395
Transport Equipment	6,117
Other Manufacturing	-370
Specialised Construction Activities	4,454
Land Transport, Storage & Post	648
Media Activities	412
Professional Services	2,423
Administrative & Supportive Services	283
Total	22,728

- 1.42 **Table 1.11** demonstrates that the highest levels of demand for B2 uses are from the 'transport equipment and specialised construction activity' sectors as highlighted above. The construction activity is a growth sector (speciality manufacturing/eco build) and is linked with the emerging demand for the self-build/pre-fabrication processes and modern methods of construction (MMC).

Table 1.12: Forecast Demand for B8 Floorspace in a 30-minute drive-time (2013-2033)

	Total sqm
Utilities	1,261
Wholesale	69,028
Land Transport, Storage & Post	9,620
Administrative & Supportive Services	1,450
Total	81,359

- 1.43 **Table 1.12** demonstrates demand in excess of 81,000 sq m for B8 employment floorspace, with the majority of this demand (69,000 sq m) for wholesales uses indicating continued market appeal/demand for traditional industrial space.

Emerging Growth Sectors

- 1.44 As the above data is based solely on econometric forecast data, this does not include any adjustment to take into account the requirements that are expected to arise from future growth sectors. This is pertinent in respect of the National Park as the ELR has not addressed latent demand which is expected to arise from a number of emerging sectors in this area, despite acknowledging that:

"...the forecasts are based on an econometric model rather than real-world market dynamics, and it could be that there is employment floorspace in a use class lost in one part of the National Park, whilst in another,

business expansions generate a need for additional floorspace demand. Some flexibility should thus be built into forecasts."³

- 1.45 The ELR has not had sufficient regard to the emergence of growth sectors within the region and it is not clear from the dialogue had to date with the M3 LEP and neighbouring local authorities how future requirements can be met.
- 1.46 Evidence prepared by MASelby and Associates in 2016⁴ in the context of Whitehill and Bordon has identified a number of growth sectors which include a focus on the digital economy, speciality manufacturing and agri-tourism industries and support service as advocated and supported by the M3 Enterprise LEP. This includes the following:
- Environmental sciences, geospatial mapping and waste management;
 - Video games, digital media and film;
 - Speciality manufacturing;
 - Aerospace, avionics and defence; and
 - Agribusiness and technical support services;
 - Eco-build; and
 - Wood craftsmanship.
- 1.47 Further recognition of the emerging sectors identified by the MA Selby evidence is provided by the M3 Enterprise LEP's Strategic Economic Plan (2018 – 2030) – published in September 2018 - which identifies the five priorities for economic growth in the region. This includes a focus on the digital economy, noting the area's distinguished ability to combine world-class Research and Development with globally significant corporate organisations and innovative SMEs, who are commercialising digital technologies into globally competitive products and services.
- 1.48 The findings are especially relevant to Apple Pie Depot and the surrounding area in this part of the National Park, as the growth sectors are identified within a 20 and 30-minute drive-time catchment of nearby Whitehill and Bordon, which is a focus of policy aimed at achieving social and economic regeneration.
- 1.49 Whilst the findings of the 2016 report are not exhaustively reproduced here (a copy was appended to GVA's Pre-Submission representations), the economic relationships and skills that exist pursuant to the aforementioned sectors within the catchment area have been analysed, with latent and potential economic clusters identified for development. Amongst its key conclusions, the report highlights that:
- The area hosts a range of diverse producers and innovative businesses within the aerospace and avionics sector that are currently disconnected, with Government-led funding potentially being available to support the delivery of new facilities which would allow better interconnectivity;
 - There is the ability to develop an Advanced Manufacturing Research Centre (AMRC) which would support specialised manufacturing businesses within the area, in particular those focused on optics,

³ South Downs National Park Employment Land Review 2015, paragraph 7.41

⁴ MASelby & Associates, September 2016, 'Economic relationships, skills and competencies within the Whitehill & Bordon area and recommendations for developing them further'

ruggedising technologies and high-tolerance fabrication, finishing and packaging. This would capitalise on links to higher education facilities in Hampshire;

- New opportunities are emerging in Augmented and Virtual Reality technologies in the entertainment, media, aerospace, automotive, health and technology sectors, which will enable local companies to develop new collaborative ventures and expand into potentially highly profitable growth markets;
- The area sits within the 'ICT Triangle' (stretching from West London to Newbury and Portsmouth) within which many major technology businesses are head-quartered. These include web and app developers, cyber-crime specialists and digital agencies with significant potential for bi-lateral business growth; and
- There is potential for the area to capitalise on Hampshire's record of film attraction (testament to 137 service-related businesses being located in the county), by providing new purpose-built sound and film production studios to address a deficiency in existing provision.
- Discussions with identified companies reveal a desire to scale their businesses, improve productivity, sales, distribution and brand recognition. Organisations such as Hampshire Fare, based near Southampton, provide good support and promotion for locally produced food and drink. The opportunity exists to develop a centre to assist the agri-tech and tourism based business sector to assist in upscaling of local business to achieve growth across rural markets that can support local jobs and farm diversification. The Food and Drink sector has good brand recognition and a sound base of cooperative working and development of the country market network across Hampshire.
- There are a small number of eco-builders but this is a sector that could quickly respond to development and which can benefit from collaboration with the Future Skills Centre and Whitehill & Bordon housing developers. There is a strong opportunity to grow the number of eco-builders in the region and to have a central Building Information Modelling (BIM) Centre to accelerate this.
- The high quality of wood craftsmanship is unusual. This comprises individual and world-quality restoration of historic wooden infrastructure. An extended linkage is to the International School of Wooden Boat Building in Pier 4 Portsmouth. This sector can also benefit from collaborative working with the Future Skills Centre at Whitehill and Bordon, and with developers.

1.50 Government funding made available through the LEP will support the growth of the sectors identified by the 2016 report. Notwithstanding this, GVA's market intelligence confirms that there is already considerable latent demand from companies within these sectors that are actively seeking land and property in this area, but have been frustrated by the lack of fit-for-purpose employment land and premises being available.

1.51 In view of the above, the current findings of the ELR would, if upheld by the SDNPA for plan-making purposes, significantly restrict the ability of companies to expand and cluster within the SDNP catchment area. This would result in companies seeking locations outside of the area, resulting in a significant adverse impact on economic growth and employment diversification which is of fundamental importance in achieving a prosperous and sustainable economic future for National Park residents.

1.52 The failure to deliver new employment land to meet the needs of the SDNP area would also be likely to result in increased levels of outward commuting, which in turn would increase environmental pollution and which would be likely to damage the park in terms of reducing tranquillity and impact upon biodiversity.

- 1.53 In this respect, the Employment Background Paper (October 2017) sets out the three Local Plan objectives relevant to employment and which include:
- To conserve and enhance the settlements of the National Park as thriving centres;
 - To protect and provide for the social and economic wellbeing of local communities; and
 - To protect and provide for local businesses.
- 1.54 Importantly, whilst a key role of the National Park is to protect the natural and environmental qualities of the National Park, it still has a duty to foster the economic and social well-being of local communities within the Park.
- 1.55 Further, the Vision and Circular on English National Parks and the Broads states that national park authorities should maximise the socio-economic benefits of delivering national park purposes (paragraph 66). It also says that authorities should foster appropriate planning regimes that encourage new development to broaden the economic base of the national parks (paragraph 72) and foster a positive environment sustaining and developing businesses (paragraph 74).

Market Conditions and Floorspace Supply

- 1.56 In addition to the econometric forecasting that has been undertaken, the ELR has also performed a trend-based analysis of employment floorspace supply. This has considered the trends within the National Park over a 9-year period (2005 – 2013).
- 1.57 Whilst the ELR acknowledges that delivery has been constrained during part of this period as a result of recession, completion rates have been very low. This is perhaps unsurprising; with the exception of development at Milland Lane (an open-air log storage facility in Class B8 use), there has been limited opportunity for businesses to expand within the area owing to a lack of suitable sites.
- 1.58 The trend-based projections that the ELR has adopted, based upon low completion rates over the assessment period, assume that take-up rates will remain constant. This approach fundamentally fails to take into account, and make an adjustment for, the likelihood of requirements arising from the emerging employment growth sectors identified above. Moreover, it does not address existing market conditions within those areas which adjoin and overlap with the National Park.
- 1.59 Research undertaken by Jones Lang LaSalle (JLL) confirms that the area around Apple Pie Depot, forming part of a strategic corridor linking Southampton, Eastleigh, Fareham, Portsmouth, Winchester and Guildford – collectively known as the 'central South coast market' – is experiencing a heightened level of occupier and investor activity following the 2008 recession.
- 1.60 However, occupier demand within the region has been hampered by a critical lack of supply which has had an impact across all size ranges. In particular, the region is experiencing a shortage of Grade A quality units – attributed to a negligible amount of development having taken place over the previous 5 to 10-year period – with the resulting acute under-supply reducing options for businesses whilst increasing rents and capital values for stock which does exist. It should also be noted that many existing developments, including those around the Bordon area, are approaching the end of their useful economic life, being some 40 to 50 years-old.

- 1.61 Where opportunities to develop employment-led schemes within the region have arisen in recent years, investor confidence has increased, leading to the construction of speculative developments. This has included Havant Trade Park (Hargreaves), Pioneer Park in Portsmouth (Chancerygate), Kites Croft in Fareham (Aviva), and Alpha Park in Chandlers Ford (Bericote and Blackstone). Developments in the pipeline include Velocity in Havant (LaSalle Investment Management and Taurus Developments), Merlin Park in Portsmouth (BA Pension Fund and Canmoor), and South Central in Nursling (Peel Logistics). The majority of these schemes are providing for mid-large requirements of 20,000 to 116,000 sq ft / 1,858 to 10,778 sq m.
- 1.62 GVA's own market intelligence confirms that there is considerable latent demand from companies within the sectors identified by MA Selby and others⁵ that are actively seeking land and property in this part of Hampshire but to date have been frustrated by the absence of fit for purpose employment land and premises within this geography.
- 1.63 If this situation is not rectified market forces will prevail and in due course companies will seek alternative locations outside of the area and market share and economic growth/opportunity for the diversification of the current economic and employment base will be lost with other areas benefitting.
- 1.64 The current position with regard to the local employment market can be summarised thus:
- Stock is dominated by industrial uses that is only attractive to smaller-scale local occupiers;
 - There are high proportions of lower/average quality sites that are available for low rental values;
 - There is limited supply of high quality B1 space;
 - There is latent market demand, which cannot be satisfied by existing built stock, from the emerging technology sector for higher quality B1a/b/c floorspace;
 - Demand exists for circa 24,000 sq m of new and churn floorspace per annum within the A3 corridor (Havant to Whitehill and Bordon) for high quality space, with only two potential competing locations, both of which are in Havant; and
 - Built product is needed to meet this demand and prevent the leakage of businesses out of the area.

Sector-specific Demand

- 1.65 Building upon the research undertaken by MA Selby and others, investigations by creative property business Space-2 confirm that this part of Hampshire is well-placed to attract and build upon clusters of creative industry. This is aided by links to London and existing 'hotspots' along the South Coast, including Bournemouth and Southampton.
- 1.66 Space-2 highlight the education and training links which already exist and are accessible to this area, and which are able to foster growth within this economic sector. This includes the University for Creative Arts – the 'UK's No.1 Specialist University for the Creative Industries 2018' – which has 2,000 students at its campus in Fareham, just 12 miles from Apple Pie Depot, Longmoor. This provides partnership opportunities as well as scope for training, work experience, apprenticeship and graduate employment.

⁵ Jones Lang LaSalle, July 2018
Space-2, August 2018

- 1.67 Similarly, the University of Surrey, situated in Guildford, has invested significantly in the creative industries and provides a local technology infrastructure cluster for prospective occupiers at Apple Pie Depot to utilise, in terms of research, training and employment resources. Within this field, the Enterprise M3 LEP has prioritised ICT and digital media as a key focus and has been highly successful in creating and nurturing computer, gaming, digital and creative technology businesses.
- 1.68 This part of Hampshire, and specifically the scope for development at Apple Pie Depot, Longmoor, has the potential to meet requirements for additional studio space within the UK film industry. As a consequence of increased consumer demand and a corresponding increased investment in production, there is a growing pressure on the UK's studio infrastructure for film and television productions. This is expected to exceed the capacity of existing UK film studios such as Pinewood, Leavesden and Elstree.
- 1.69 This part of the National Park, by virtue of the availability of Apple Pie Depot, Longmoor, presents an opportunity for sustainable use of exterior space. The film sector is increasingly looking for controllable exterior space on which to build sets and/or carry out complex sequences. Nearby exterior spaces have provided the backdrop for a variety of feature films and a number of popular filming locations locally could be serviced from Apple Pie Depot, Longmoor.
- 1.70 This part of Hampshire also has the potential to build upon recent investment in the agri-tech sector that has been focused within nearby Chichester. The agri-tech sector includes an array of academic institutions and businesses, whose technologies are internationally recognised and conducive to a diverse range of activities. These include primary production methods i.e. those for food and non-food uses, soil science, crop and livestock genetics, agri-chemicals and general purpose technologies such as remote sensors, satellites and robotics.
- 1.71 The growth of this sector within the region is exemplified by the planned delivery of a Crop Research, Technology and Multiplication Centre on a 5.58 ha site in Bognor Road, Chichester. This will serve to modernise existing facilities, with the addition of varietal trial plots, where new strains and varieties of seeds will be grown on site subject to testing and the multiplication process, and brought to the commercial market.
- 1.72 Apple Pie Depot, Longmoor, represents the opportunity for additional growth and investment in the agri-tech sector, which has the potential to develop links with facilities such as those at Chichester, whilst also benefiting from research and training opportunities presented by higher education facilities within the region.

Summary and Conclusion

- 1.73 The analysis set out in this Statement confirms that there is considerable forecast demand across B class employment sectors over and above the 10.3 ha identified in draft policy SD35 of the emerging SDNP Local Plan. Significantly, there is scope for some of this demand to be accommodated by the delivery of suitable facilities at the Apple Pie Depot, Longmoor.
- 1.74 The GVA econometric demand forecast identified significant levels of demand, totalling 67.18 ha across the National Park as shown in **Table 1.13** below.

Table 1.13: Forecast Demand for South Downs National Park (2013-2033)

	Hectares			
	B1	B2	B8	Total
	Office	Industrial	Warehouse	
Total	8.15	10.86	48.17	67.18

1.75 Whilst the likelihood is that some of this demand will be met in parts of the local authority areas that fall outside of the National Park it should be acknowledged that it is theoretically possible that up to circa 67 ha of forecast employment land demand could be met in the SDNP area.

1.76 We acknowledge that this is over 56 ha above the draft employment land allocation in the emerging SDNP Local Plan and so have considered the quantum of employment land demand within 20 and 30-minute drive-times of Apple Pie Depot. **Tables 1.14 and 1.15** below show the potential quantum of employment land demand.

Table 1.14: Forecast Demand (2013-2033) in 20-minute drive-time

	Hectares			
	B1	B2	B8	Total
Local Authority	Office	Industrial	Warehouse	
Chichester	0.12	0.40	0.93	1.45
East Hampshire	0.65	0.77	5.81	7.23
Total	0.77	1.17	6.74	8.68

Table 1.15: Forecast Demand (2013-2033) in 30-minute drive-time

	Hectares			
	B1	B2	B8	Total
Local Authority	Office	Industrial	Warehouse	
Chichester	0.60	2.02	4.64	7.25
East Hampshire	0.68	0.81	6.14	7.63
Winchester	0.22	0.58	1.22	2.03
Total	1.28	2.82	10.77	14.87

1.77 It is interesting to note that the levels of employment land demand within a 30-minute drive time of circa 14.8 ha are higher than the SD35 draft policy (which is for the whole SDNP area) when this drive-time area is a considerably reduced geographical area within the SDNP.

1.78 In the context of forecast employment floorspace growth we have considered the demand across B class employment uses classes and key growth sectors.

1.79 **Table 1.16** below summarises both the demand in floorspace across the SDNP area across all sectors and broken down to the key growth sectors.

Table 1.16: Summary of Floorspace Demand for B Use Class Space

Use Class	Floorspace Demand by all Sectors (2013-2033) across the SDNP	Floorspace Demand in Key Growth Sectors (2013-2033)
B1	423,351 sqm	20,785 sqm
B2	121,084 sqm	58,695 sqm
B8	569,287 sqm	817 sqm
Total	1,113,722 sq m	80,297 sq m

- 1.80 There is the potential for Apple Pie Depot, Longmoor, to accommodate a proportion of the forecast demand identified for the National Park and specifically that which is generated within a 30-minute drive-time catchment area. The availability of previously developed land in a sustainable location within this part of the National Park means that the additional requirements can be accommodated, helping to facilitate the expansion of existing and emerging employment sectors and securing economic growth.
- 1.81 The requirement set out in draft Policy SD35 is predicated upon analysis which rigidly adheres to a theoretic forecasting model, whose lack of robustness is acknowledged within the SDNPA's evidence. It also has regard to a trend-based analysis which considers only completions within the National Park area and has no regard to under-supply which has been identified within adjoining areas.
- 1.82 Flexibility needs to be built into Policy SD35, such that additional requirements amongst existing and future businesses can be met. This should recognise the ability of Apple Pie Depot to accommodate sustainable economic development, thus increasing the employment land requirement from 10.3 ha to 18.7 ha, reflecting the contribution of 8.4ha which is available at Apple Pie Depot, Longmoor.
- 1.83 In order to facilitate the uplifted requirement recommended for insertion into Policy SD35, it is requested that Apple Pie Depot, Longmoor, is identified as an allocation for employment development in SDLP. These changes are sought as Main Modifications to the SDLP.

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