

South West Hertfordshire Economy Study Three Rivers Business Forum 8th September 2016

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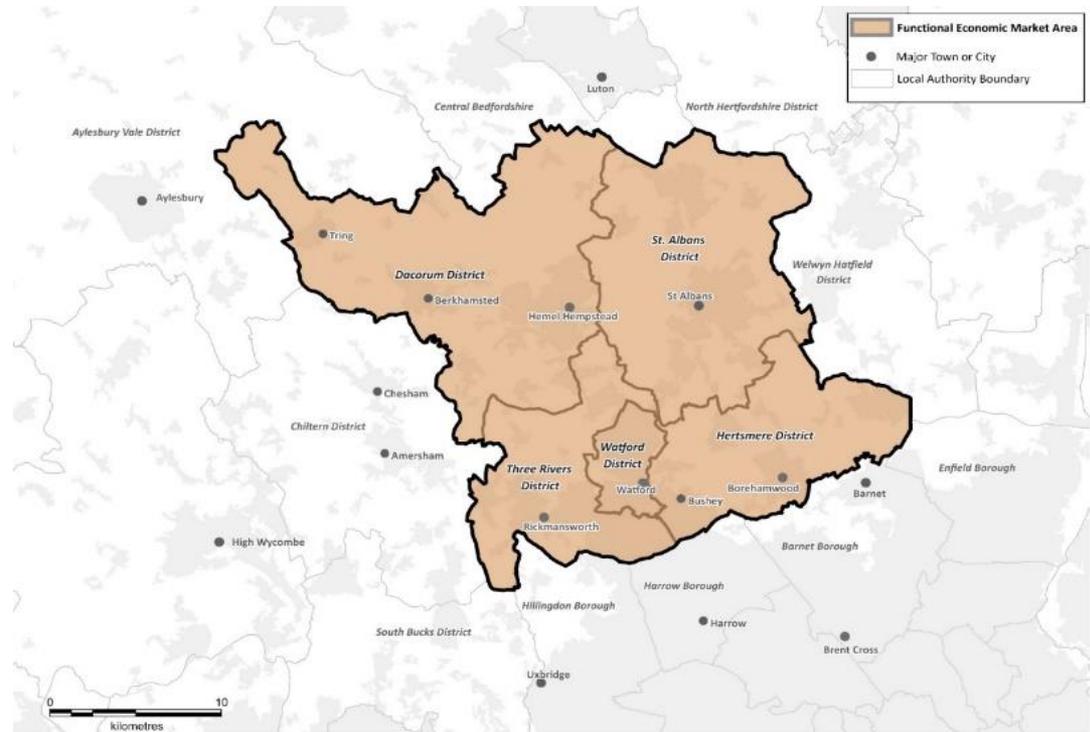
Structure of Presentation

1. Policy Context
2. Functional Economic Area
3. Growth Scenarios
4. Preferred Scenario
5. Floor-space and Land Requirements
6. Development Potential at Strategic Sites
7. Conclusions and Questions

- **National Planning Policy Framework.** Local Plans should:
 - ‘plan positively for development’
 - ‘be based on co-operation with neighbouring authorities’
 - ‘be based on up-to date evidence’
 - ‘ensure that evidence and strategies for housing and employment are integrated’
- **Objective Assessment of Need.** LPAs should:
 - ‘identify the future quantity of housing needed to cater for demand in the housing market area’
 - ‘identify the future quantity of land or floorspace required for economic development’
 - ‘provide a breakdown in terms of quality and location’

Functional Economic Market Area

- Commuting, migration, and shopping patterns all point towards a FEMA comprised of:
 - Dacorum
 - Three Rivers
 - Watford
 - Hertsmere
 - St Albans
- 84% of household moves occur within area (excl London)
- 75% of working residents work within area (excluding London)



Introduction to Growth Scenarios

Four scenarios modelled (consistent with NPPF and Planning Practice Guidance (PPG)):

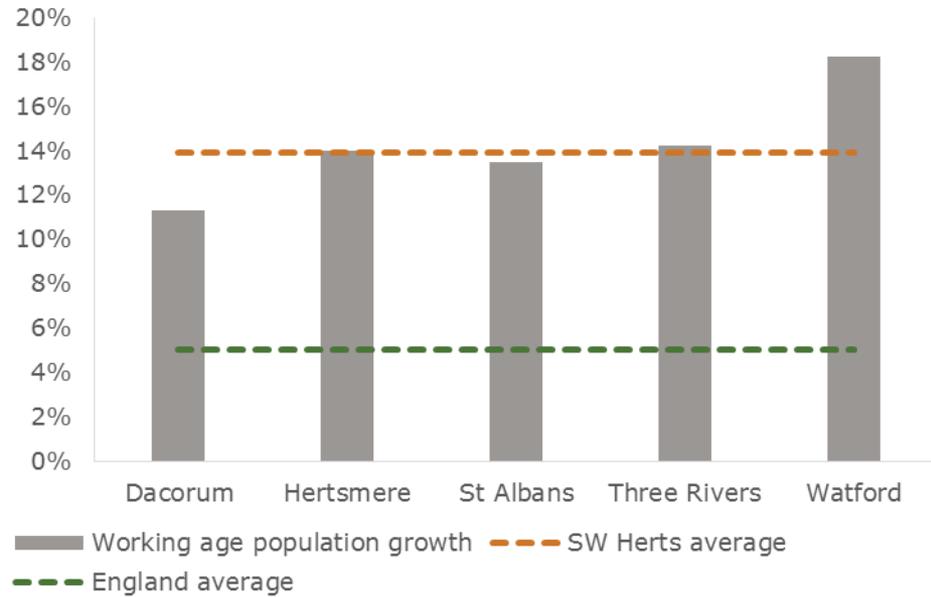
- **Past trends** : based on take-up of employment floorspace
- **Labour supply**: based on employment that could be supported by growing population (using sub-national population projections)
- **Employment led**: based on independent economic forecasts
- **Higher growth**: accounting for major investments and policies

Past trends scenario disregarded as it does not give credible results and would constrain economic growth

Labour Supply Scenario

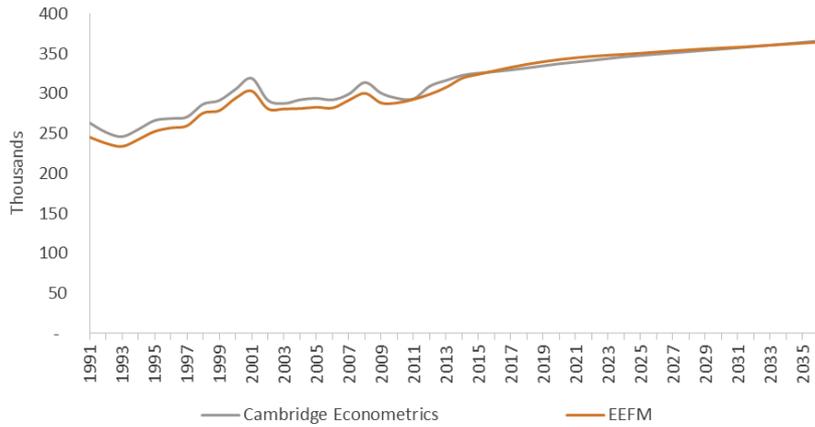


Growing workforce in SW Herts providing the labour market conditions for growth



- Average annual jobs growth = 2,600 jobs p.a.
- Average annual growth rate = 0.8% p.a.

Employment-led Scenario – Growth Assumptions



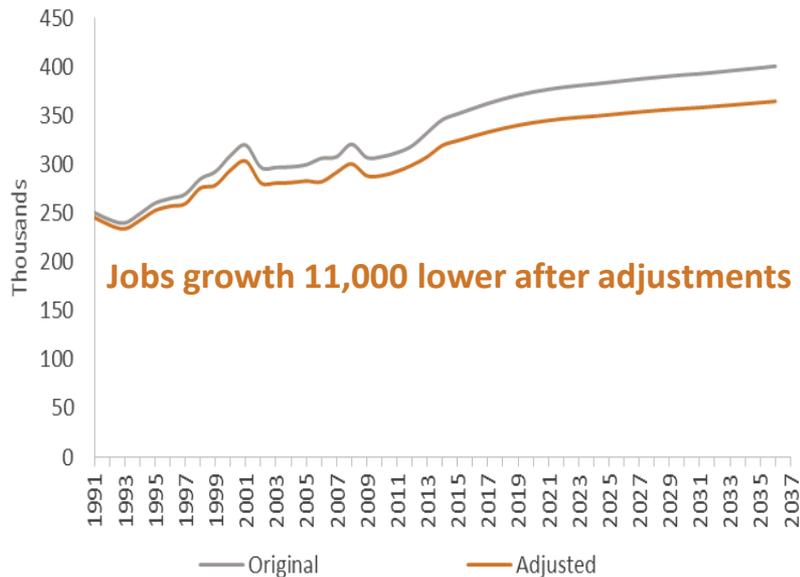
Cambridge Econometrics vs EEFM

- Similar trajectory
- 0.6% p.a. vs 0.7% p.a.

EEFM selected due to nature of sectors driving growth

Downward adjustments made in following sectors:

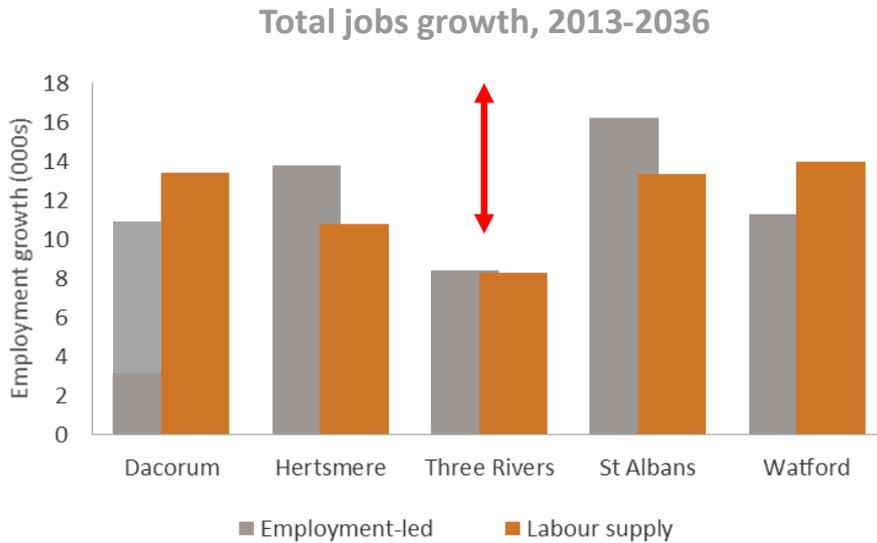
- Labour recruitment and temping agencies
- Head offices
- Construction employers
- Payroll companies



Spatial Distribution

Very low jobs growth in Dacorum:

- Inconsistent with recent trends
- Based on falling working age population
- Job losses in key sectors

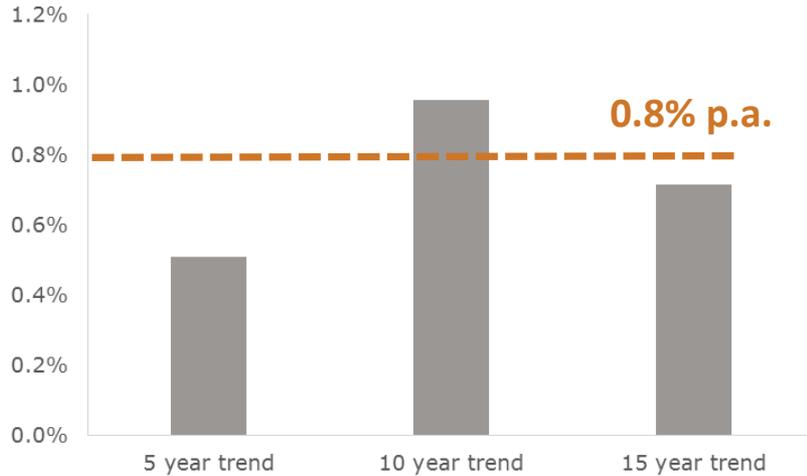


Upward adjustment made for Dacorum

Lowest jobs growth expected in Three Rivers – c8,400 between 2013 and 2036

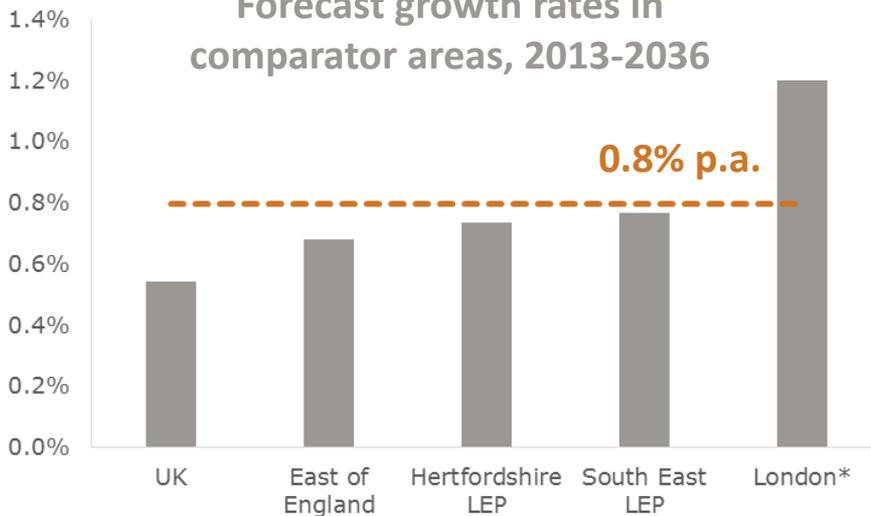
0.8% Growth Rate in Context

Past trends



Broadly consistent with past trends

Forecast growth rates in comparator areas, 2013-2036



High growth rate compared to other areas but still well below London

*London data based on period 2013-2023

Higher Growth Scenario

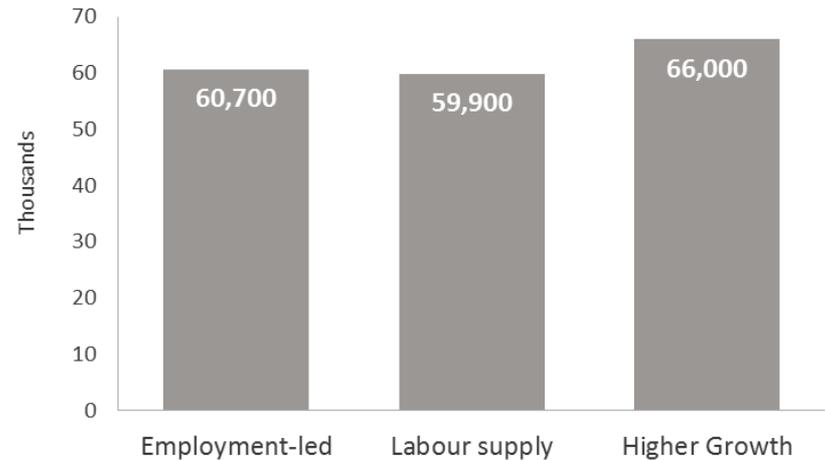
- Taking account of planned investments, local priorities and sectors with growth potential:
 - Metropolitan Line Extension (MLX)
 - Creative and Digital
 - Pharmaceuticals
 - Health and Education
 - Radlett strategic rail freight depot
- Average annual jobs growth = 2,900 jobs p.a.
- Average annual growth rate: 0.9% p.a.

Employment-led is preferred scenario because:

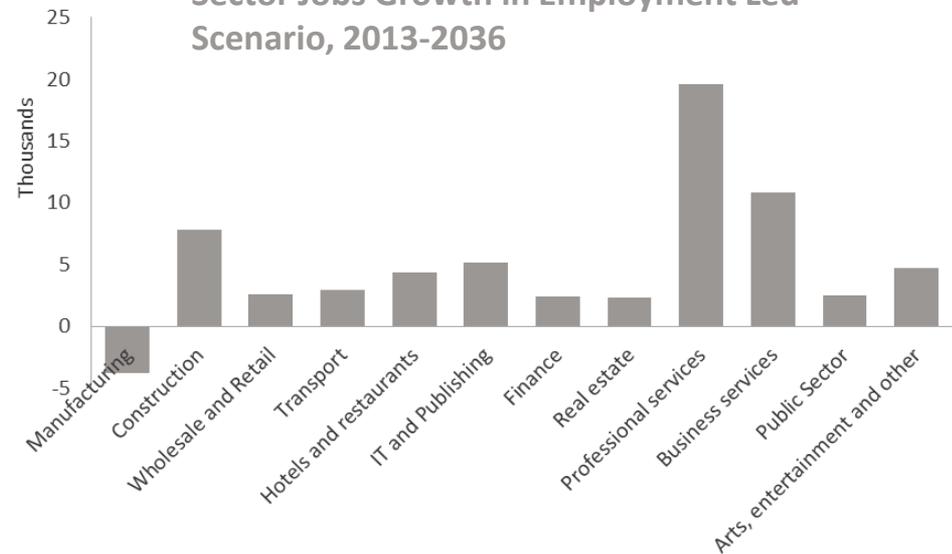
- 0.8% p.a. is a strong rate of growth and above UK average
- Consistent with requirement of NPPF to '*plan positively for growth*'
- Consistent with labour supply scenario
- Broadly consistent with past trends
- Continued strong growth in highly skilled, service based sectors

Preferred Scenario

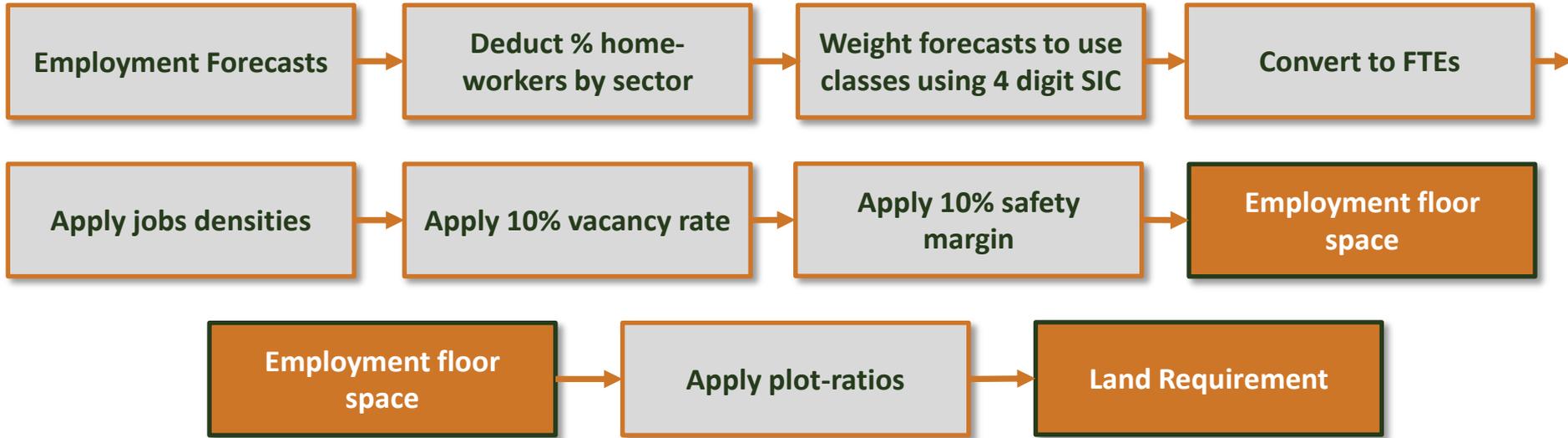
Total Jobs Growth, 2013-2036



Sector Jobs Growth in Employment Led Scenario, 2013-2036



Converting to Floor Space and Land Requirements



Job Densities

	sq m per FTE (NIA)
B1(a)/B1(b)	12
B2 and B1(c)	41.5
B8 Dacorum	80
B8 all districts	70

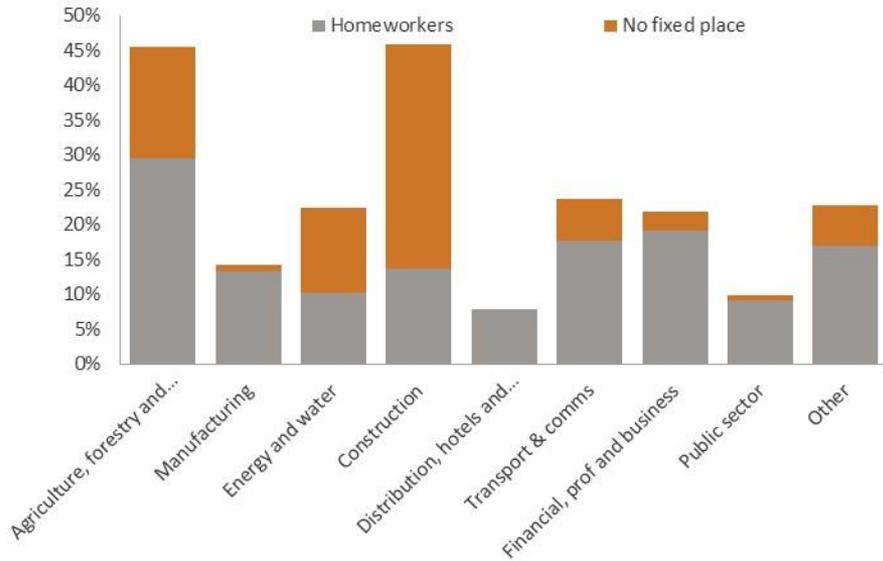
Key assumptions

Plot Ratios

	B1(a)/B1(b)	B1(c)/B2	B8
Dacorum	0.8	0.4	0.45
Hertsmere	0.8	0.4	0.45
St Albans	1	0.4	0.45
Three Rivers	0.8	0.4	0.45
Watford	1	0.4	0.45

Key Assumptions

Home-working

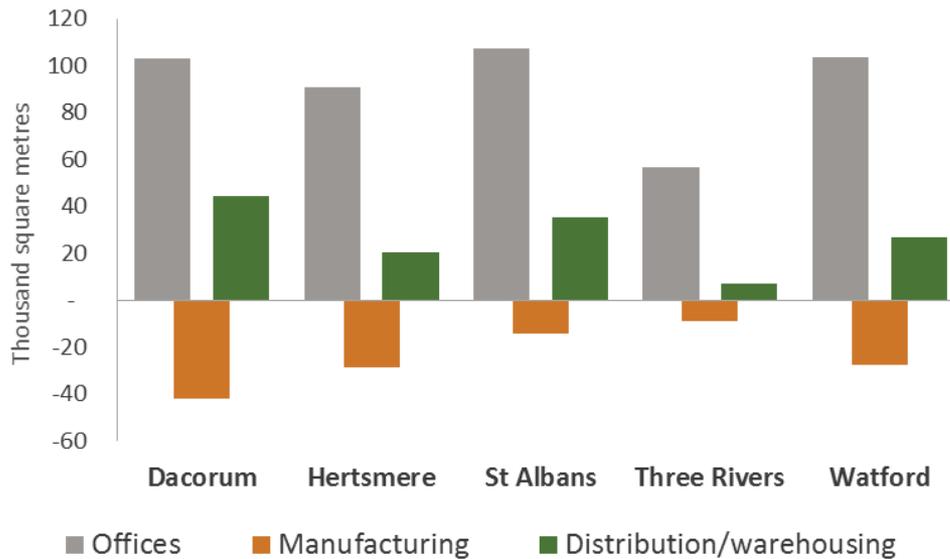


- Big effect on office based sectors
- High percentages in Three Rivers and St Albans and low percentage in Watford
- Reduces office space requirement by 20%

Safety Margin

- **Twin Purpose:**
 - Allowance for delays
 - Providing choice
- **National guidance:** need to “provide a portfolio that allows for choice” but does not recommend how this should be determined.
- **Different interpretations:**
 - 2 years take up
 - 20% margin
 - Zero margin
- Common practice in buoyant markets where supply is tight
- 10% for office space and 5% for industrial is consistent with previous ELRs in sub-region

Floor Space Requirements



- Significant requirement for office space (460,000 sq m, or 20,000 sq m p.a.)
- Equivalent to a 40% increase in current stock over 23 years
- Need for 130,000 sq m of distribution/warehousing space
- Forecast falls in manufacturing sector employment explain falls in industrial space

Land Requirements

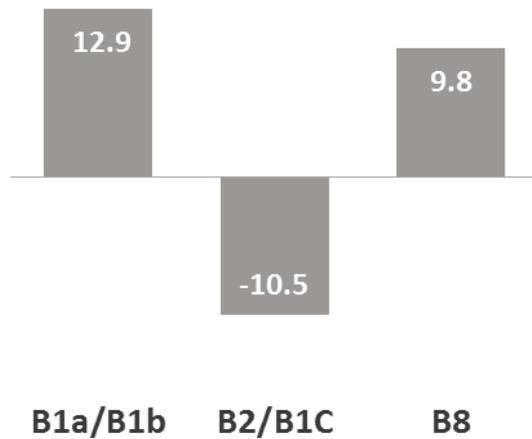


- Requirement for 52 Ha of land for office development and 30 Ha for distribution
- Falls in need for manufacturing space could free up space for other B class uses, especially in established employment areas

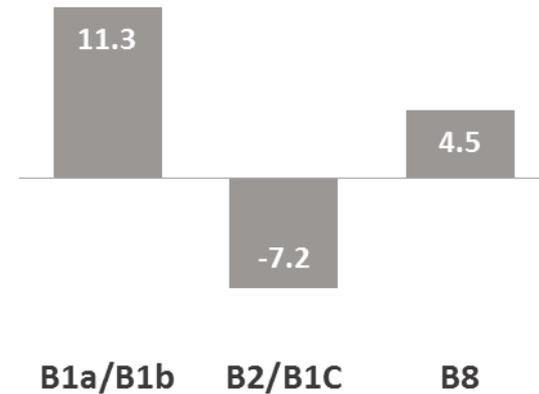
Development Potential at Strategic Sites

Dacorum

DEMAND (Ha)



Hertsmere

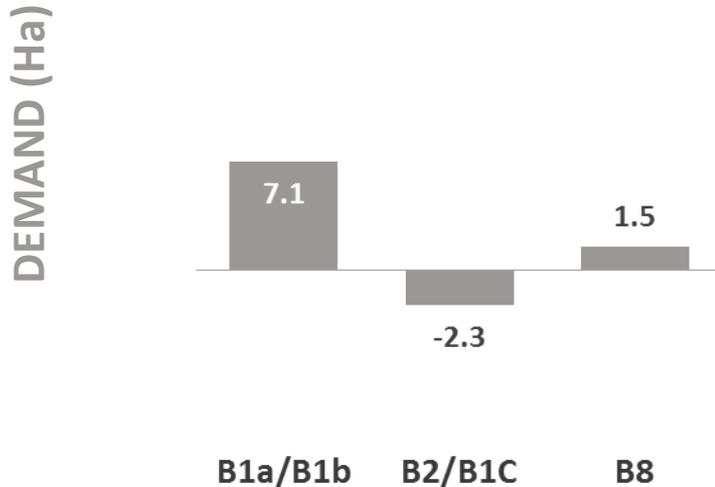


- Key employment site is Maylands Gateway - site of regional significance, particularly for distribution/industrial
- Significant development potential (30 Ha)
- Influence of limited supply in competing centres on office market potential

- Majority of allocated employment areas performing well, but none have significant development potential

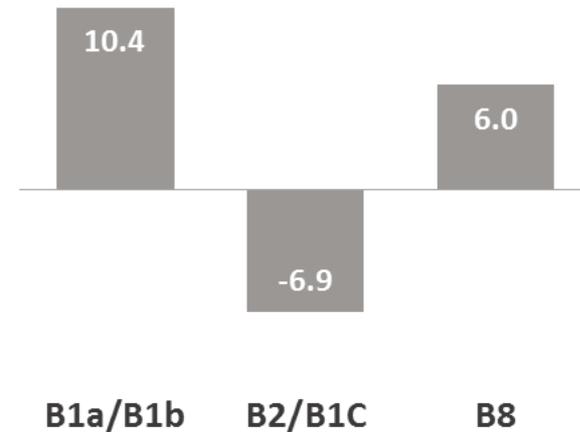
Development Potential at Strategic Sites

Three Rivers



- Potential development opportunities at Maple Cross (4ha)
- Significant development potential at Leavesden Studios but would require Green Belt release

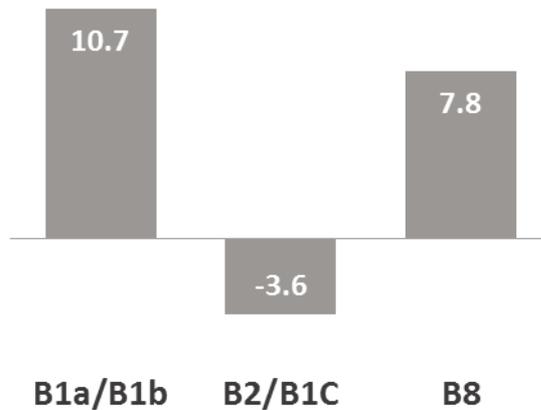
Watford



- Contains several key office locations for the FEMA (particularly Clarendon Road) but with very limited development potential
- Major Development Projects (eg Watford Junction, Health Campus) could increase supply but still likely to result in shortfall in the borough

Development Potential at Strategic Sites

St Albans



- High market demand for town-centre offices, but limited land supply
- Competition from residential uses, including loss of some high quality employment sites
- Number of sites with development potential but all located in Green Belt, including Bricket Wood, Land to east of Green Lane, London Road, Radlett Aerodrome

Implications for Three Rivers

- Area has all of the ingredients for growth – high skills, growing workforce, enterprising population, major transport investment
- A key question for Three Rivers is how to accommodate future growth and deliver 3,100 B class jobs by 2036?
 - 7.1ha land for B1a/b uses required
 - 1.5ha land for B8 uses required
- Protecting existing employment areas is key
- Very limited development potential in allocated employment areas
- Need to promote intensification and redevelopment opportunities where appropriate, but still likely to result in substantial shortfall in employment land
- Key sites identified within Three Rivers:
 - Maple Cross (4ha)
 - Leavesden Studios but this will require green belt release
- Needs to be seen in wider context of the area with key office locations such as Watford and St Albans losing competitiveness due to a shortage of office space

Workshop Questions

- 1) Do you agree with the predicted jobs growth scenario ('preferred scenario') for the area, including Three Rivers? (10 mins)
- 2) Which employment sectors do you think are likely to expand or contract? (10 mins)
- 3) Looking at the next 20 years, where should the future growth in employment land be located within the District?
Which areas should be scaled down? (25 mins)

Context:

Up to 2036, through the Local Plan process we need to plan for:

- Additional 7.1 ha for B1a/b (Offices/R&D)
- Additional 1.5 ha for B8 (Warehousing)
- Reduction of 2.3 ha for B2/B1c (General Industrial/Light Industrial)

Refer to maps provided.