

CANTERBURY DISTRICT EMPLOYMENT LAND REVIEW 2011-2031



March 2013

Main Report

**Evidence base study prepared by
Canterbury City Council**



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EXECUTIVE SUMMARY

Summary

The ELR has taken an in-depth look at the economic prospects of the district with respect to employment land uses. The study has found that although employment in some industries and sectors has stalled and at times contracted, the activities related to professional services and education in particular continue to grow. With this in mind the ELR has found gaps in the district's ability to provide qualitatively for further development and investment in these sectors particularly in Canterbury and Herne Bay, as well as identifying specific sites that are unlikely to come forward at all. The study has made appropriate recommendations as to the location, type and required provision of employment land over the period of the new Local Plan. Overall Canterbury District's potential prospects for economic growth with respect to employment land uses is positive but sustainable growth over the period of the new Local Plan is subject to both existing sites and employment space and any new locations being brought forward in a coordinated, timely and planned manner.

Introduction

Prepared by Canterbury City Council, this Employment Land Review seeks to provide an understanding and analysis of the quantity and quality of the existing supply of employment land and premises in the district, and the extent to which that supply can meet future demand. It is a technical report produced to inform the preparation of the district's new Local Plan and associated development plan documents.

Its relevance pertains to the need for local development plans to be supported by a comprehensive and robust evidence base. It has been prepared with reference to available guidance including the 'Employment Land Reviews' Guidance Note issued by the ODPM in December 2004 as well as more recent documentation. The study has a number of objectives including the need to:

- Understand and analyse the market for employment space across the district;
- Provide a qualitative and quantitative analysis of the supply of employment land within Canterbury district to 2031;
- Compare an analysis of local supply with a qualitative and quantitative analysis of future demand for employment land within the Canterbury district up to 2031 undertaken by Nathaniel Lichfield & Partners (2012);
- Through site appraisals, identify sites that are no longer considered to be appropriate for continued employment use if any;
- Identify and qualitatively assess the potential suitability of any new sites proposed for future employment use; and
- Use available evidence and study findings to inform emerging local development plan policy and insights into future delivery of employment sites and space.

The ELR focuses on those employment uses or premises which are within the scope of Planning Use Classes B1 (offices, light industry, high technology), B2 (general industry) and B8 (wholesale, storage and distribution) or land with an extant planning consent for such uses.

The City Council takes the view that employment uses are essential to the local economy and therefore a balanced and sufficient supply of undeveloped employment land and available premises is an important precondition in maximising the area's economic performance. This portfolio also needs to be available to investors at the right time to meet the future needs of existing and new firms while giving investment confidence to potential inward investors.

In turn seven of the study's chapters contain context, evidence, findings and analysis which inform and lead into a concluding chapter which sets out the ELR's main findings together with relevant recommendations and related measures to support the delivery of employment land and space.

The Local Economy

Comprising 58,966 jobs (Source: BRES, 2012), 5,005 registered enterprises (Source: ONS, 2012) and worth £2.7 billion (Source: KCC, 2012) Canterbury District has the second largest economy in Kent. Local commuting patterns underline the importance of the district in relation to its role in the east Kent economy by drawing in labour from neighbouring districts thereby providing much needed jobs. Against a backdrop of challenging economic conditions at a national level the district's economy has stalled following a period of relative growth between 1998 and 2008. Over this period average employment growth in the district totalled 574 jobs per annum - an average growth of 1.2%, a rate that outperformed both Kent (1.1%) and the South East (0.7%) over the same period.

The structural impact of the recession to date between 2008 and 2011 has resulted in over 2,000 jobs lost across a range of different sectors although wholesale and retail trade (-1,192) and the transportation and storage (-374 jobs) industries have been among those worst hit to date. This has been accompanied by impacts from the closure of the Pfizer site in Sandwich, higher rates of unemployment, falling earnings and decreases to the local business population.

The only industry to thrive since 2008 has been the 'professional, scientific and technical activities' sector (i.e. often used as a proxy for private sector knowledge based industries). This gained almost 900 jobs thereby significantly increasing in size (+36%) despite the recession. This growth sector is highly dependent upon the availability of B1 employment space (offices).

In terms of future prospects there are some significant challenges over the early period of this Local Plan. Most forecasts indicate that the local economy will not return to pre-recession growth at least until the medium term. Furthermore the public sector is anticipated to reduce further in size with some estimates predicting a further contraction of 1,300 public sector jobs in the district by 2015.

The district is arguably held back by its small private sector base, lack of identifiable industrial specialisms, a mismatch between higher skill levels and available jobs locally, poor levels of new

graduate (talent) retention, a relatively low attraction of non-retail inward investment and strong competition from housing and retail property markets which restrict availability of new employment sites and property.

The district does retain some key economic advantages. Most residents enjoy a high quality of life while Canterbury attracts significant numbers of higher education students, experiences relatively low levels of out-commuting to work and boasts improved transport links to the strategic road and rail network including new fast rail links (High Speed 1). The district also has competitive wage levels and land and building costs for employment use.

In business terms the city has major economic assets such as a cluster of universities and reputation as an important visitor destination and centre for shopping. It has seen strong recent growth in business and professional service activities helped by good rates of new business start-ups. These factors present optimistic future growth prospects which can help the local economy rebalance towards non-public sector activity.

The Market for Employment Space

The study area's commercial property market is fairly localized, self-contained, comprising three main sub areas, namely Canterbury City, the Herne Bay-Whitstable corridor and the rural areas. Its principal competitors are sub-area property markets connected to Maidstone, Swale, Thanet, Dover and Ashford.

Whilst the market has a number of localized strengths (e.g. its high profile as a visitor, retail and educational hub combined with the presence of universities) it is held back by limited external perceptions of the area to office and industrial based investors and its relative distance from London and the competitive market for premises in the south east.

Currently 4.9% of total employment stock (i.e. 1,800 rateable units) or 7.5% of total employment floorspace (i.e. 534,000 m²) is vacant and available in the study area. This rate is at the very minimum development industry 'rule of thumb' level for employment space.

In quantitative terms, most demand for employment space in the district takes place in the industrial sub-market with most firms requiring space of 47 to 500 m² (500-5,000 ft²). Some small industrial units of these sizes have come forward through speculative development however this is not distributed across the district. This is due to several sites with industrial capacity not coming forward for development despite market interest (e.g. Herne Bay). As a result there are very limited options for small and start-up businesses seeking light industrial space in the district (47-94 m²) and for firms seeking larger premises sized between 500-1,400 m².

The office sub-market in Kent tends to be dominated by a few established office locations such as Maidstone, Ashford and Tunbridge Wells as well as Kings Hill and Crossways Business Park.

Historical studies have highlighted the district's generally poor quality of supply and overall lack of dynamism characterised by low rents, scarce demand and reluctance to build speculatively. Canterbury

in particular has functioned as a local rather than a strategic office centre – attracting little inward investment, no major speculative development or large schemes.

The district's office market mounted a partial recovery up to 2007 due to a combination of limited stock and strong localised demand with demand predominately driven by smaller professional business such as solicitors and accountants. The principal location for new office development in the district has been the coastal town of Whitstable. A number of good quality office schemes have taken place at Chaucer Business Park, Estuary View and John Wilson Business Park which have helped to absorb much local demand.

Since 2008 overall activity in the local office market has been limited. There are currently no office developments under construction in the city. In fact some 19,000 m² of office stock has been lost since 2007, which has not been replenished by any significant level of new office development. Despite this there is expressed demand for office space below 94 ms² (1,000 ft²) and to a lesser extent space 200 ms² or less. There are larger office requirements (800-1,200 ms²), but these are fewer in number and tend to be associated with existing city based firms seeking new, bespoke offices.

New office space could be achieved in the future by capitalising on the continuing growth of the district's professional services and technical activities sector. Untapped potential may exist in relation to latent office demand which has been frustrated by the characteristics and quality of land supply. High quality developments such as the city's business innovation centre have performed extraordinarily well with higher than average office rents achieved.

While there is a strong suggestion of a shortage or undersupply of offices, particularly "Grade A" quality offices in Canterbury a key issue remains as to whether firms expressing "effective demand" will be willing and have the ability to pay higher office rents. To be commercially viable new office schemes require either commercial pre-lets and sales, or cross subsidisation from higher value uses such as retail/residential or some public sector financial intervention. The former KCC building on Beer Cart Lane in Canterbury has been acquired by a developer seeking to provide a mixed-use scheme (including small modern office suites).

Existing employment land and sites in the district face heightened pressures from other uses, particularly housing, retail, university uses and student housing. There is very strong demand and respectively high values for residential and retail space relative to employment uses, notably in Canterbury. The retention of a good supply and variety of second-hand office space will also therefore be important in meeting current and future business needs.

There is arguably a gap in provision in terms of facilities providing small light industrial units and workshops (notably Herne Bay which has no start-up or small business provision) and relating to serviced and small offices in Canterbury. There are also no current initiatives (either public or privately driven) to provide new "seed-bed" or "follow on" space for expanding enterprises.

Overview of Employment Space

The ELR also considers the quantity and delivery of built employment space in the district. It determines the current supply of stock as well as identifying the location of developed employment sites in the area in so doing providing an overview of their respective roles in the local area. It also analyses trends in the provision of new floorspace and provides an overview of supply and stock in neighbouring areas where these may have implications for the market for employment space in the area.

Whilst overall amounts of employment floorspace continue to fall in the district the number of employment premises is growing. This reflects the changing needs and structure of the local economy.

Employment space take-up reached 13-14,000 m² per annum with delivery helped by good economic conditions, business confidence and availability of new sites before 2008. Annual losses of employment space have on several occasions exceeded completions resulting in net losses overall. As a result only 500 m² of new employment floorspace is actually gained annually. This is among the lowest net development rate of any district in Kent.

Some 27 developed and occupied business sites provide an estimated 255,541 m² of employment floorspace in the district. Generally the employment space on these sites is well-occupied and is in a reasonable condition. Therefore these sites continue to fulfil an economic function in the district. The district does however lack both a 'high quality business park' (i.e. flagship) and 'narrow band' (i.e. specialist) sites though these potentially remain in the future supply pipeline.

Overviews of other neighbouring areas' ELRs suggest there is a generous supply of employment land, particularly in eastern Kent. Developments in Dover (e.g. White Cliffs Business Park) Ashford and Swale are identified as providing the most prominent competition to the market for employment premises in Canterbury district. The new enterprise zone at Discovery Park (Sandwich) may also heighten competition for new inward investment and encourage greater inter-district firm displacement.

Future Economic Drivers and Potential

A series of strategic and other documents have helped outline a vision and economic aspirations for the area. The aspiration for a strong 'knowledge based' economy for instance dates back to the preparation of the current Local Plan.

If the district possesses any true industrial or sector specialisations these would tend to reside within the sale and repair of motor vehicles industry, retail trade and education sector. However these activities have all shed jobs in the recession and therefore future growth potential may be limited.

Whereas the immediate prospects for manufacturing and the public administration sector are not promising, new job creation over the Local Plan period is anticipated in professional services, scientific and technical activities, distribution, transport and communication as well as construction and education. 'Professional services' in particular is expected to be a key driver of new employment space

with recent job growth strong in spite of the economic recession. This is also one of the five industries identified by the Government as driving future economic growth in the UK.

Non B-class sectors and activities (e.g. leisure, car sales, nurseries) will also be important drivers of employment growth in the district though measuring the precise accommodation requirements of this broad range of activities is difficult. Other potential drivers of future demand for employment space might include planned regeneration activity and the influence of new and emerging economic development initiatives (e.g. Startmybiz-Canterbury enterprise programme and the Expansion East Kent financial loan scheme).

Risks and potential impediments or barriers to future growth may include the ongoing negative image of east Kent in some quarters of the development industry and potential competition from neighbouring economies such as Ashford and Swale but particularly from the new Discovery Park Enterprise Zone. Current transport and accessibility issues at Canterbury are also relevant in this regard.

Assessment of Current Supply

Assessment Process

To inform understanding of the qualitative supply position in the district the City Council undertook a qualitative review of 29 existing employment supply sites in the district with a view to assessing the sites' suitability or otherwise for employment use. Existing sites were selected according to whether these satisfied one or more of five separate conditions. For instance only undeveloped sites exceeding 0.25 ha were included.

28 appraisal criteria were developed (partly based on established guidance for ELRs) and grouped into two categories of assessment namely 'marketability and deliverability' together with 'sustainability, physical and planning'. These considered which supply sites are likely to respond best to the expectations of occupiers and developers whilst at the same time meeting sustainability and environmental criteria. In turn each site was assessed and assigned weighted, average scores and quality and suitability ratings. Using available evidence these sites were also given a suggested course of action to inform, assist and guide the Council's decision-making process with respect to Local Plan preparation.

This exercise also included an initial assessment of 4 potential, new employment sites. These are sites proposed for employment only (or commercial) through the new Local Plan process. Proposals for mixed-use sites incorporating an element of employment provision are assessed elsewhere by the Council.

Existing Supply Sites

The 29 existing sites selected for assessment amounted to some 135.46 ha of land an estimated 57.54 ha is left remaining. 40.04 ha of land is allocated for employment uses while 17.5 ha is other committed supply or other land considered expected to provide employment space. Just over half of these sites (15) are located at Canterbury.

Five sites were assessed as being poor in terms of ongoing and future suitability for employment use. In four cases the study recommends that these be released from the district's portfolio of employment land equating to 24.35 ha (85,000 m² employment space capacity).

Twenty five of the assessed 'existing' sites (amounting to 100.83 ha) were generally considered to be well defined and continue to or can potentially make a distinct contribution to the district's employment site portfolio and providing a range of jobs within the local economy. Of these, aside from one case which is in long-term occupation by a non B-class use, the study recommends that remaining sites come under retention, protection or a change of status within the district's total (i.e. current and future) supply of employment land and space.

Five locations were assessed as being among the better employment sites in the district. These included occupied office buildings within Canterbury City and general industrial areas which continue to meet a clear market need for employment premises. Altira Business Park (Herne Bay) also features in this list largely due to a combination of factors such as its excellent strategic location and transport sustainability together with high site visibility and limited identified physical constraints. The remaining sites were rated as 'average' or 'average to good' (or neutral to weak positive) in terms of overall quality and/or suitability for employment use. This group consists of a range of sites with different characteristics, strengths and weaknesses.

Potential, New sites

Of proposed locations one site attained a low average overall score this being the land opposite the former Huyck site, Millstrood Road, Whitstable. This achieved a relatively good score for deliverability and marketability assisted by a current planning application and pre-planning investor interest. However, this is offset by its potential impact on environmental factors, which had a poor score.

If a further employment allocation were to be required in the district this appears to offer potential to meet new demand for employment space compared to other sites assessed in the ELR in terms of deliverability and marketability. However, this being an initial assessment only, further investigation would be required in order to carefully balance any economic need against environmental and other related considerations.

Table Ex1: Summary of assessed existing, and potential, new employment sites

	Existing Site Name	Sub-Market Area	Average score (out of 5)	Quality/Suitability	Conclusion / Recommendation
EL 26	Rochester House, St Georges Place	Canterbury	4.17	Good	Retain and protect in current form
EL 23	Barham Business Park, Elham Valley Road	Rural	4.11		Retain as employment cluster
EL 11	Altira Business Park	Herne Bay	4.10		Allocate for employment within an employment cluster
EL 9	Barton Business Park, New Dover Road	Canterbury	4.08		Retain in current form
EL 30	HM Revenue & Customs, Sun Alliance House	Canterbury	4.05		Retain and protect in current form
EL 18	Hillborough Business Park, Sweechbridge Rd	Herne Bay	3.99	Average	Retain as employment cluster
EL 24	Canterbury Business Park, Highland Court	Rural	3.97		Retain allocation
EL 10	Beckett House, New Dover Road	Canterbury	3.91		Retain and protect in current form
EL 22	Lakesview Business and Canterbury Industrial Parks	Rural	3.87		Remove employment allocation and retain as employment cluster
EL 20	Land Between A229 and A2990, Wraik Hill	Whitstable	3.77		Remove office allocation - replace with employment allocation/cluster
EL 19	Whitstable Harbour (South Quay)	Whitstable	3.77		Retain employment as part of mixed-use (commercial) site
EL 4	University of Kent Technology Park	Canterbury	3.74		Retain allocation
EL 27	Block A, Office Connection site, St Andrew's Close	Canterbury	3.63		Allocate for employment
EL 15	Eddington Coal Yard, Eddington Lane	Herne Bay	3.53		Retain allocation
EL 12	Eddington Lane (North), Eddington Lane	Herne Bay	3.50		Retain allocation
EL 17	Former Metric Site, Sweechbridge Road	Herne Bay	3.40		Allocate for employment within an employment cluster
EL 2	Southwestern corner of Vauxhall Road	Canterbury	3.36		Retain allocation

	Existing Site Name	Sub-Market Area	Average score (out of 5)	Quality/Suitability	Conclusion / Recommendation
EL 8	Canterbury Office Park, Harbledown	Canterbury	3.34		Retain and protect in current form
EL 13	Eddington Lane (Southwest), Eddington Lane	Herne Bay	3.33		Retain allocation
EL 3	Car Park, Adjacent to Canterbury West Station	Canterbury	3.31		Retain allocation
EL 7	Wincheap Industrial Estate, Wincheap	Canterbury	3.28		Retain employment as part of mixed-use (commercial) site
EL 28	Former KCC Building, Beer Cart Lane	Canterbury	3.23		Retain and protect in current form
EL 5	Former Kent Messenger Site, Lower Bridge Street	Canterbury	3.14		Delete allocation (as currently in education/office use)
EL 14	Eddington Lane (South), Eddington Lane	Herne Bay	3.08		Retain allocation
EL 29	Newingate House, 16-17 Lower Bridge Street	Canterbury	2.72	Poor	Retain employment as part of mixed-use site
EL 1	Little Barton Farm, New Dover Road	Canterbury	2.53		Remove allocation with consideration given to replacing capacity within new development zone
EL 16	Former FDS site, Hawthorn Corner	Herne Bay	2.52		Remove allocation
EL 6	Land adjacent to Canterbury East Station	Canterbury	2.15		Remove allocation
EL 25	Land at former St Augustine's Hospital	Rural	1.91		Remove allocation
Proposed New Site Name					
SR 2	Land opposite the former Huyck site	Whitstable	3.08	Average	Not required at this stage
SR 3	Land adjacent to Lakesview	Rural	2.75	Poor	Do not include at this stage
SR 1	Land adjacent to Hall Place	Canterbury	2.61		Do not include at this stage
SR 6	Land north west of Sturry Road	Canterbury	2.35		Do not include at this stage

Supply and Demand Balance

The study attempts to reconcile projected need for employment space over the new Local Plan period with the estimated amount of land and employment space to be realistically provided by sites that the planning system has already identified, and following this how much additional provision, if any, needs to be found. This also provides detailed analysis of the needs of each district sub area.

Using the NLP (2012) study findings the future employment floorspace requirements for the district have been estimated by considering a range of factors including forecasts of job growth and historical past take-up rates. An additional allowance was also made to provide a margin for error and a choice for developers and occupiers, as well as to replace stock lost to other uses.

The 'Preferred Economy Led' scenario (Scenario E) in NLP's study would generate a future employment floorspace requirement 97,000 m² (gross) up to 2031. Using a plot ratio of 0.35 the projected land requirement would be around 28 ha. All of this requirement would be needed for B1 office and R&D uses, since industrial employment is forecast to decline overall. The baseline employment land supply position for 2010/11 suggests that the capacity of net allocated and committed employment floorspace ('planned supply') is an estimated 243,649 m² (69.61 ha). On paper the quantity and quality of supply could more than comfortably meet future quantitative needs up to 2031.

This 'maximum' (or best-case) supply picture however does not take into account the proposed loss of sites from the supply portfolio, the potential timing of delivery, impediments to future new employment space delivery (e.g. current land-owner aspirations) or that in some cases planned sites are likely to supply significantly less B- class space than can be expected. A 'revised' supply picture (discounting sites recommended for release) would reduce capacity to 158,649 m². A 'less optimistic' supply picture (discounting sites recommended for release and sites with delivery delays and difficulties) would diminish capacity further to 82,176 m².

When apportioning future demand for employment space to the district the above supply scenarios result in some potential undersupply. Not only is remaining supply insufficient it is also geographically imbalanced, with insufficient, unconstrained land in the locations where it will arguably be most needed – in Canterbury and Herne Bay.

Canterbury

Available evidence suggests the majority of future demand and economic need will need to be met at Canterbury. Also information from this study suggests the city has a limited supply of new, readily available or emerging office development sites while the future prospects Wincheap Industrial Estate and Barton Business Park due to future regeneration and wider development aspirations are uncertain.

The ELR therefore suggests the broad provision of at least 30,000 m² of office floorspace capacity complemented by an additional 20,000 m² for mixed commercial uses including light industrial and storage and distribution on a new allocation at South Canterbury in part to replace Little Barton Farm. Also the loss of existing office sites may need to be controlled and existing secondary space protected if market requirements are to be met over the plan period to 2031.

Those sites at Canterbury that the ELR's qualitative assessment recommends as being suitable for retention are arguably among the highest priority for protection, being both occupied and of a reasonable condition.

Whilst in a few cases a release of other offices may be justified there should be greater encouragement to support the delivery of newly converted or redeveloped office space as part of mixed-use schemes using a 'pepper-pot' site type approach.

Whitstable

Estimated demand for new employment space for Whitstable (12,000 m²) is relatively small over the Local Plan period. This projection tends to reflect the town's limited physical capacity for new growth.

There is also evidence of expressed current demand for new employment space in Whitstable as demonstrated by a recent development proposal. This is complemented by unsatisfied demand from non B-class commercial (e.g. nurseries and indoor leisure) in the town which needs to be met.

Restricted future supply at Whitstable reaffirms the importance of continuing to retain the town's most existing industrial estates for employment uses. However existing business parks and perhaps even new employment sites may need to help meet continuing and future demand for accommodation from non B-class commercial uses in the town.

Herne Bay

On paper Herne Bay is served by a good range of sites varying in size, choice, location and potential capacity that could comfortably meet projected future demand for employment space for the town. However several Herne Bay sites retain significant achievability constraints largely stemming from land-owner aspirations which often prefer to develop key sites for primarily residential and retail uses.

The Altira Business Park and Eddington Lane sites are well located and equipped site to meet future employment needs but are adversely impacted by non B-class use proposals. In contrast other Herne Bay sites such as Eddington Nursery and Eddington Links have been largely built out and fully committed to firms seeking to occupy new workspace. The ELR provides rationale as to the need to ensure the best quality sites are retained to support Herne Bay's economy. This evidence includes positive qualitative assessments of the majority of existing sites.

In order to assist delivery the range of acceptable commercial uses permitted to occupy these sites could be redefined to allow more flexibility (e.g. nurseries, car sales, training, leisure etc). The need to protect 'secondary' business sites from transfer to residential use, and where appropriate supporting their renewal is also highlighted.

Whilst new mixed-use sites may be proposed for Herne Bay through the new Local Plan, to solely rely on new sites when good quality sites already exist within the planned supply would be counter-productive.

The need to provide new small business accommodation at Herne Bay is reinforced to reduce pressure on other enterprise centre type schemes along the coastal corridor, all of which are fully occupied.

Rural

Whilst future demand in rural areas is projected to be relatively small compared to other sub-areas there is strong supply capacity on existing sites (e.g. Canterbury Business Park) to meet this need.

Generally these rural (or non-urban) sites have good potential for delivery based on strong take-up records at sites such as Lakesview Business Park. Smaller sites (e.g. Barham Business Park) also fulfil an important economic role, providing a successful formula that has regularly attracted occupiers.

New small-scale schemes including conversions of redundant rural buildings and in-fill development could continue to be encouraged as a means of enhancing the economies of rural settlements.

There does not appear to be a strong justification for significant new industrial or office provision above that already set aside for employment purposes in the current land supply. There may be concern that this could potentially undermine the growth of employment in larger urban areas.

Demand and supply balance

The 'revised' and 'less optimistic' supply pictures provide reduced scope to meet local qualitative needs. Canterbury for example would be most poorly served in terms of developable and available employment land opportunities.

After discounting land to be released and re-allocating a proposed site at South Canterbury the projected market requirement for offices could then be met. This is indicated by a new, emerging supply picture which is outlined and explored in the ELR.

Whilst an estimated oversupply of 96,000 m² employment floorspace capacity would broadly result up to 2031, it is highly unlikely that any surplus would be as significant as this figure suggests. For one thing despite low projected future demand for industrial space a continual supply of industrial provision would be required to meet the district's qualitative needs (e.g. to replace lost or obsolescent stock).

Planning for Employment Land - Recommendations and Measures to Support Delivery

Detailed further in Chapter 7, and based on analysis and evidence provided in the study the City Council should consider a number of different measures.

Release and De-allocation of Existing Sites

Four sites amounting to just under 25 ha (85,000 m²) should be considered for release or de-allocation from the current supply to include:

- Little Barton Farm, Canterbury;
- The former St Augustine's Hospital site, Chartham;
- Land near Canterbury East Station, Gordon Road, Canterbury; and
- Former FDS site at Hawthorn Corner, Herne Bay.

An additional loss of an estimated 3,783 m² of B1 floorspace capacity at the University of Kent's Business Technology Park also needs to be factored in. In order to help protect other existing sites recommended for retention, proposals to transfer land to other uses should only be considered on a selective, site by site basis.

Managing Existing Supply

Current employment allocations and sites committed for employment use should be retained where these are assessed as having continued and/or future suitability for employment uses. Altira Business Park (Herne Bay) should be assigned particular significance in respect of this site's role within current and future land supply. It would also be prudent for existing employment sites to provide opportunities for small-scale office and industrial developments to add flexibility to the property market as well as allow for small start-ups and some upgrading of premises.

Existing established and occupied business sites identified or assessed as being fit for purpose in Chapters 3 and 6 should be retained. It is also felt that a range of measures could be considered to help improve the existing stock of existing employment space over the new Plan period. These include:

- Introducing and adopting Supplementary Planning Documents (e.g. Local Development Orders) to encourage refurbishment and improvement where required on specific business sites;
- Establishing a strong planning policy narrative to encourage such forms of renewal and upgrading of older employment premises or obsolescent stock in the district; and
- Formulating a criteria-based policy to encourage conversions of redundant rural buildings and where acceptable small scale in-fill development or limited expansion where a site has potential to provide new employment floorspace.

In addition existing secondary employment premises, particularly B1 office space, should also be protected, where this is needed and appropriate.

Approach to Potential, New Sites

In order to meet identified quantitative and qualitative need at Canterbury, consideration should be given to provision of new land supply at South Canterbury, subject to identification and assessment through the emerging Local Plan. This would need to broadly deliver up to 50,000 m² of additional employment floorspace in the period up to 2031 comprising:

- 30,000 m² of new office (B1a and A2) accommodation; and
- 20,000 m² of mixed (B1-B8) employment uses.

Aside from the above provision at Canterbury, the study does not identify any other specific quantitative or qualitative need for new employment sites in the district. However if additional land were required for employment purposes, the land opposite the former Huyck site, Millstrood Road, Whitstable is assessed as the most suitable potential, new employment site overall, following initial assessment in Chapter 6. Other opportunities (to provide sites for employment purposes as part of mixed-use proposals) may yet emerge through the Local Plan process.

Measures to Support Delivery

Added to the above recommendations a range of delivery measures with the aim of bringing employment sites to the market or improving existing delivery could also be considered. These include:

- Formulation of a Site Delivery Strategy for the district supported by enhanced monitoring and analysis of employment land and floorspace (e.g take-up and losses);
- In the context of current constraints to consider the potential for a criteria-based policy or policies that allows flexibility to broaden the mix of appropriate uses to include non B-class commercial, where this enables the improved delivery of modern employment premises. This could be encouraged appropriately where:
 - A small amount of higher value “enabling” development (e.g. residential) is considered beneficial to the provision of employment floorspace on a new or partially constructed employment site;
 - Some higher value “enabling” development is required to help fund and support provision (i.e. redevelopment or conversion) of new, modern office premises in Canterbury City Centre, particularly in replacing office stock where this is considered obsolete to the market; and
 - The occupation of persistently vacant employment space by non B-class commercial uses would lead to reinvestment and/or positively contribute to complementing activity on specific existing ‘built’ business parks and industrial estates.
- Encouraging a flexible and positive approach in negotiations relating to Section 106 planning obligations and contributions;
- The formulation of a complementary economic strategy for the district (e.g. to target non-planning interventions); and
- Making optimum use of public sector enabling approaches through:
 - Proactively intervening to bring forward for redevelopment derelict or underutilised employment premises and land or where the planning requirements of a scheme are unusual;
 - Making full use of the East Kent Spatial Development Company (EKSDC) to assist the delivery of projects that meet specific economic development objectives and priorities;
 - Actively encourage renewal measures such as financial aid/investment (e.g. BIDs) where the market is unable to deliver these improvements;
 - Actively plan programme of work with developers and investors to make optimum use of the Expansion East Kent programme and the Growing Places Fund to help de-risk projects;
 - Exploring the potential relevance and suitability of innovative funding mechanisms (e.g. Tax Incremental Financing (TIF)) to provide ‘up front’ funding to finance key infrastructure projects that enable the delivery of employment sites; and
 - Undertaking local initiatives to publicise case studies of improvements to business premises, including costs, local contractors involved and rental or other benefits achieved.

1.0 INTRODUCTION

Canterbury City Council (CCC) is in the process of preparing its new Local Plan, the portfolio of planning documents and technical reports that will help shape local planning policy for the period to 2026/2031.

As part of this process an Employment Land Review (ELR) has been prepared for the whole of Canterbury District. It is intended that the ELR helps to inform the preparation of the Local Plan and associated development plan documents. Other work prepared, in tandem with, and relevant to, this Employment Land Review includes; a Strategic Housing Land Availability Assessment (SHLAA).

The study has been undertaken with regard to the methodology and outputs detailed in the 'Employment Land Reviews' Guidance Note issued by the ODPM in December 2004. Whilst there has been a change in Government since this time and the document is now eight years old, it remains the most comprehensive guidance available for local authorities in undertaking employment land reviews. However, other more recent studies have also provided useful and practical advice for local authorities so where appropriate these are identified and referenced in the ELR.

The common thread connecting guidance literature is the need for local development plans to be supported by relevant contextual information about the scale and adequacy of existing employment land, and the nature of any identified needs for new sectors. This theme is also strongly prevalent in the Government's new National Planning Policy Framework (NPPF) which provides the most recent documentation available to guide local authorities. The NPPF emphasizes that where land is allocated for specific uses the identification of sites should be founded on a robust and credible assessment of the suitability, availability and accessibility of land for particular uses or mix of uses.

This evidence base is required to assist the independent examination and assessment of local development documents.

1.1 Purpose and Scope of Employment Land Review

Local government has a responsibility to support and encourage economic growth, an objective that is most clearly manifest through the setting of planning policy that can help encourage the provision of employment land and premises.

In order for employment space to be usable to businesses and investors it needs to be the right scale, type, location, and be available for development. An employment land portfolio needs to be balanced and to adequately cater to economic needs (i.e. small and large businesses, offices and industrial, high and low quality operations). In some areas, however, allocated employment sites can fail to attract development and older premises are not upgraded to maintain a modern, attractive stock of business accommodation.

The primary purpose of carrying out the Canterbury District Employment Land Review (ELR) is to provide an understanding and analysis of the quantity and quality of the existing supply of employment land and premises in the district, and assess the extent to which that supply can meet future demand. Its key objectives are to:

- Understand and analyse the market for employment space across the district;
- Provide an analysis of the supply of employment land within Canterbury District to 2031;
- Compare an analysis of local supply with an analysis of future demand for employment land within the Canterbury District to 2031 undertaken by Nathaniel Lichfield & Partners (2012);
- Through site appraisals, identify any sites that are no longer considered to be appropriate for continued employment use;
- Identify and assess the potential suitability of any new sites proposed for future employment use; and
- Use available evidence and study findings to inform emerging local plan policy and to provide for the future delivery of employment sites and space.

The ELR therefore considers whether sites that have been previously identified as suitable for employment use, by way of planning permissions, protections or allocations, reflect (and are capable of satisfying) the present and future requirements of businesses and the local economy. The study also assesses whether the sites identified are situated in sustainable locations. It seeks to provide evidence to demonstrate why particular sites may no longer be required for employment use.

The review also aims to place the Canterbury district within a broader, functional economic context (i.e. sub-regional) thereby considering the role and district's relationship with neighbouring local economies.

As stated above the ELR has considered potential new sites proposed solely for employment use through the City Council's new Local Plan process. It has assessed sites that are proposed through its SHLAA process primarily for housing with a mix of other uses including employment.

The ELR focuses on those 'traditional' employment uses or premises which are within the scope of Classes A2, B1, B2 and B8 of the Town and Country Planning (Use Classes) Order 1987 or land with an extant planning consent or allocation for such uses. These uses are discussed later in the study together with non B-class uses (Chapter 5) and listed as Appendix 18. In general this list comprises:

- A2 and B1a offices, both in town centres and elsewhere, including those for public administration;
- B1c light and B2 general industry;
- B8 wholesale, storage and distribution; and
- B1b high technology premises, including research, business and science parks.

For the purposes of this study, this refers to employment land is land that is either:

- protected in the adopted Canterbury District Local Plan (2006-2016);
- benefits from an outstanding planning permission (within Use Classes B1, B2 or B8); and
- is currently in use where the existing use concerned falls within Use Classes B1, B2 or B8, and the site may be under alternative development pressure.

Employment uses therefore exclude other uses such as retail, leisure, residential care facilities, mineral extraction and waste disposal. Despite this there are clear overlaps between B-class and non B-class uses with each occupying an important economic role in the district. Therefore sectors that may have

land and floorspace requirements for both B-class and non B-class uses such as education are also taken into account where relevant.

1.2 Employment Land – Its function, role and importance

The provision of good quality modern workspace is vital to local economic development, and in attracting and retaining local businesses. At a macro level this is also a key factor in delivering the Government's aim to generate jobs and implement its plans to deliver economic growth. To ensure a local economy's businesses have access to sufficient workspace it is important that local authorities plan for these needs.

In this respect Canterbury City Council takes the view that a balanced and protected supply of undeveloped employment land and available mixed space is an important precondition in maximising the area's economic performance. In this context 'employment' uses and by association land or space designated for B1-B8 uses performs a vital role in the local economy by:

- Supporting economic sub-sectors that provide a diverse range of jobs and occupations for local residents;
- Supporting private sector industries that rely upon it to operate and expand. Sites which may not necessarily be suitable for large scale, modern business use may still provide low cost industrial accommodation for important but lower value employment uses or for small start up businesses. These sites offer a clear role within the local economy;
- Accommodating firms that perform essential roles in the economic supply chain. Typical users of employment space deliver goods and services to consumers and firms and provide production facilities alongside back office and administrative functions;
- Helping to maintain a sustainable pattern of employment. This is because employment sites are often situated in coherent and well-used locations, easily accessible for; workers and potential workers (including in the most disadvantaged areas), for goods either to or from local markets and suppliers; and
- Providing protection for users of employment space from development pressure to build these sites for alternative land-uses. For many areas of the country employment uses yield the lowest value for developed land. In this respect a substantial differential exists between the monetary value of employment land and that of other land uses. Therefore, land redeveloped for higher value uses such as housing and retail is highly unlikely to return to employment use. It is important to recognise that the value offered by such sites does not arise solely from the existing buildings but from the economic use of the land itself.

To be attractive to typical users of employment space this portfolio should also be available at the right time to meet the needs of existing and new firms while giving confidence to other investors that sites can be developed for this purpose.

Furthermore it is important in responding to the structural changes that can take place in a local economy to provide a pipeline of sites to enable the market to function effectively. A balanced supply will also provide a source of economic competitiveness for the local economy.

Employment land can be a particularly important employment resource to physically constrained locations (e.g. coastal towns limited by 180 degree hinterland) which may experience greater difficulties in identifying appropriate sites. Therefore, to experience a long-term, structural shortage of 'fit for

purpose' employment land and workspaces would be a significant barrier to the district's capacity to fulfil its economic potential.

1.3 Structure of Review

The body of this report is structured as follows:

Chapter 1	Introduces the ELR, specifies its purpose and scope while defining and explaining the function, role and relative importance of 'employment uses' to the study area's local economy.
Chapter 2	Sets out a baseline for the district's economy and where relevant providing comparisons with other geographical areas. Providing an economic intelligence base which seeks to inform this study and wider Local Plan process.
Chapter 3	Provides an overview of the quantity, location and delivery of built employment space in the district while considering the role of these developed employment sites in the study area. It focuses on employment floorspace gains and losses identifying any relevant trends. The chapter also considers the supply of land for employment development and current stock of employment space in neighbouring districts and boroughs identifying any potential implications for the district's market for employment space.
Chapter 4	Considers the district's commercial property market, specifically recent trends in the demand for and supply of employment space, namely industrial, office and warehousing/distribution facilities. It describes some of the key market indicators driving the demand for employment space namely rental levels and vacancy rates. It explores the inward investment position and prospects for the area in the wider context of east Kent and wider county's market for employment space.
Chapter 5	Considers the district's future economic direction and the factors/sectors likely to drive economic growth and influence future demand for employment land and premises in the study area. It also briefly draws attention to key, relevant national, regional and local policy context relating to the economic need for employment land/space.
Chapter 6	Provides a review of the existing supply of employment land within the study area encompassing an assessment of supply. As well as an outline of the methodology employed to undertake the review, each site is assigned a conclusion concerning its future suitability for employment use and an appropriate course of action is proposed to help inform the preparation of a new portfolio of employment land. This also includes an assessment of potential, new sites submitted for employment use through the Council's SHLAA process.

Chapter 7	Attempts to reconcile projected need for employment space over the new Local Plan period with the established baseline and other relevant land supply positions following the assessment of employment sites. It analyses this picture on a district and sub-area basis identifying any potential gaps in supply and whether additional and/or new employment land may be needed to meet future needs.
Chapter 8	Sets out the main conclusions of the Employment Land Review, drawing together the principal findings of each chapter. This considers the future management of existing employment space and delivery of the district's supply of committed and potential new employment land. Where appropriate this takes into account the relevance of commercial viability and potential interventions and measures that could be employed to help develop sites with barriers to development.
Appendices	All additional evidence relevant to the ELR plus a list of sources and reference documents as used in the study

2.0 ECONOMIC OVERVIEW

This chapter establishes the economic context for the study by reviewing recent economic conditions and trends within Canterbury district in the context of neighbouring districts in Kent, the South East region and the national economy where appropriate. This seeks to identify the existing strengths and weaknesses of the district's economy, and the factors likely to influence the nature and level of future demand for employment land within the area.

2.1 The National / Sub-National Picture

In mid 2012 the UK remained in a difficult and to some extent worsening economic position. The macro economy has been in a double-dip recession barely growing at all in 2012 with a subsequent recovery predicted to be muted at best. In the interconnected global market in which the UK operates, valid concerns also remain about an even worse economic outlook for the Eurozone which may have further repercussions for the macro economy.

On the employment front the outlook for the UK in 2012 and beyond is mixed. On one hand the rise in the ONS model-based monthly unemployment rate (based on International Labour Organisation definition) has slowed (2.61 million people or 8.2% in July 2012) helped by falling numbers of reported redundancies. But claimant unemployment (i.e. the number of people out of work and claiming Jobseeker's Allowance) continues to rise and there is also the worrying spectre of rising unemployment particularly among young people (youth unemployment (i.e. 16 to 24-year-olds) rose to a record of 1.02 million in late 2011).

At the same time after a period where in some UK regions increasing levels of employment have been created (albeit disproportionately high levels of part-time employment) the number of permanent jobs filled in June 2012 fell for the first time in six months according to a report by analysts, KPMG and the Recruitment and Employment Confederation (REC). This report forecasts a bleak picture for employment in the UK where a decrease in hiring activity in part due to the continuing impact of the eurozone debt crisis on UK businesses, will result in rising unemployment in the coming months. This is also supported by National Institute of Economic and Social Research from early 2012.

Business organisations have been offering a more positive picture. Recent British Chambers of Commerce surveys have shown growing confidence from companies to increase investment in their enterprises in 2012. In this sense continued business investment can lead to improved productivity and enhanced economic capacity to meet growing demand as a recovery gathers momentum.

The UK manufacturing sector in particular performed relatively well through 2010 and 2011 with output hitting a 15-year high, according to industry figures (Source: Chartered Institute of Purchasing & Supply and Markit, 2011). This is supported by global business outlook surveys which suggest growing optimism around key measures such as business activity, revenues and profits (Source: KPMG, 2011).

Here manufacturers benefitted from the competitive pound to boost export growth as demand for manufactured goods continued to rise thereby improving manufacturing confidence regarding expected orders and providing a stronger contribution to UK GDP figures (Source: Engineering Employers Federation, 2011).

Equally there is more caution in terms of their confidence to increase their investment and start to build capacity again. In turn private sector employers remain cautious about whether this will lead to better prospects for the creation of full-time jobs particularly if the global economy continues to falter and uncertainty continues in the Eurozone. Therefore investment plans for many manufacturing firms are likely to remain on hold until world markets increase growth and the financial system's ability to provide finance for investment.

Amidst continued pressures on household finances, labour market uncertainty and inactivity and rising inflation, interest rates remain low which is of some comfort to homeowners and other borrowers in the country.

Therefore in light of the above context, over the early period of this new Local Plan the UK is likely to experience stagnated / low growth (i.e. up to 1% annually) compared to the 3% annual growth attained prior to the recession. For industry the main barrier to any recovery is the lack of confidence to grow, to expand, to invest, to borrow and to spend money in the economy. Retail and services together with construction and domestic manufacturers are particularly vulnerable to low consumer confidence. Exporters however tend to perform better than those dependent on more domestic markets.

At a spatial level green shoots of recovery will initially be apparent in London and then elsewhere within its sphere of influence in the south east region. These areas (e.g. Surrey) have diverse economies which are well-positioned to capitalise on the economic revival when this starts to take shape. In fact quarterly Labour Market Outlook reports for the UK reports that the most favourable job growth prospects are located in London and southern England. These are identified as the main engines of growth of all the UK regions (Source: CIPD / KPMG, 2011). In contrast for northern and central regions as well as areas more geographically peripheral from London in the south west and south east (e.g. east Kent), the recovery is likely to be slower and less tangible.

In order to aid a recovery the Government has signalled its intention to pursue economic policies that rebalance the economy away from the public sector and to increasingly re-orientate it towards exports. Significant growth for instance is forecast in the so-called BRIC countries - Brazil, Russia, India and China, plus many other emerging markets such as Indonesia, Mexico, South Korea and Turkey. UK sectors with high export growth potential include construction services, communication services, electrical goods, optical and high-tech goods, creative industries, and financial services.

At the same time however the operating environment for businesses will 'never return to pre-recession normality' and a period of weak growth could continue beyond 2015, according to some analysts (Source: BDO, 2011).

The Road to Recovery

At a macro level the government's strategy seeks to restore the health of the national economy by tackling and reducing the national deficit but also prioritising economic growth. Its approach to this is angled towards the stimulation of economic prosperity by removing the perceived barriers to growth for business. This comprises the dismantling of the regional policy apparatus (e.g. RDAs and Government Offices) that provided sub-national economic governance under the previous administration. The Localism Act (2011) for example revokes the South East Plan and Regional Economic Strategy.

Other legislation central to driving Government policy forward is the 'Local Growth: Realising Every Place's Potential' White Paper, assisted by the National Planning Policy Framework and other

complementary policy documents. Key to the Growth White Paper is the creation of Local Enterprise Partnerships (LEPs), which are intended to partially replace some previous RDA economic development activities. The Canterbury district is part of a new South East LEP that covers Kent, Medway, East Sussex and Greater Essex. However against a backdrop of great economic uncertainty and ongoing fiscal austerity there are few resources available to assist the LEP.

The Government is also continuing to make deep cuts in public expenditure which is likely to have direct, pronounced impacts over the next few years, particularly if the private sector is unable to pick up the slack by creating new employment at a greater scale. Forward-looking survey indicators suggest that public sector redundancies continue to rise, while recruitment is easing across other sectors.

In the context of this employment land review, these are likely to include impacts on the development industry as the public sector and by association the third sector are key occupiers of offices. In this way reduced spending in the public sector capital may serve to suppress the demand for new floorspace by releasing more existing space in to the commercial market. Also falling public sector spending on goods and services may result in less direct, indirect and multiplier impacts across the economy. Those potentially most affected will be private sector firms, notably within the construction, transport, professional services and consumer sectors. This in turn may result in subdued confidence in their prospects for growth.

In policy terms, the Sub National Review of Economic Development and Regeneration (2008) was working towards a protocol for guiding local authorities in their efforts to assist local economic development, but this approach is no longer part of Government policy. Instead the focus is on decentralising/devolving more responsibility to local authorities and giving local councils greater freedom to act in the best interests of residents, thereby freeing them from statutory constraints. This 'power of competence' is a proposition that could equip councils with the necessary tools to be innovative in correcting market or public service failures in turn addressing economic regeneration and social deprivation issues.

Even if a recovery were to gain momentum there is concern that the early stages will take the form of a 'job-loss recovery', a form of economic growth in which the total number of jobs in the economy actually decreases (Source: Chartered Institute of Personnel and Development, 2010). In this respect a weak jobs market, together with muted economic growth, a tight fiscal policy and above-target inflation could add up to a 'perfect storm' for the economy.

2.2 Sub-Regional Context

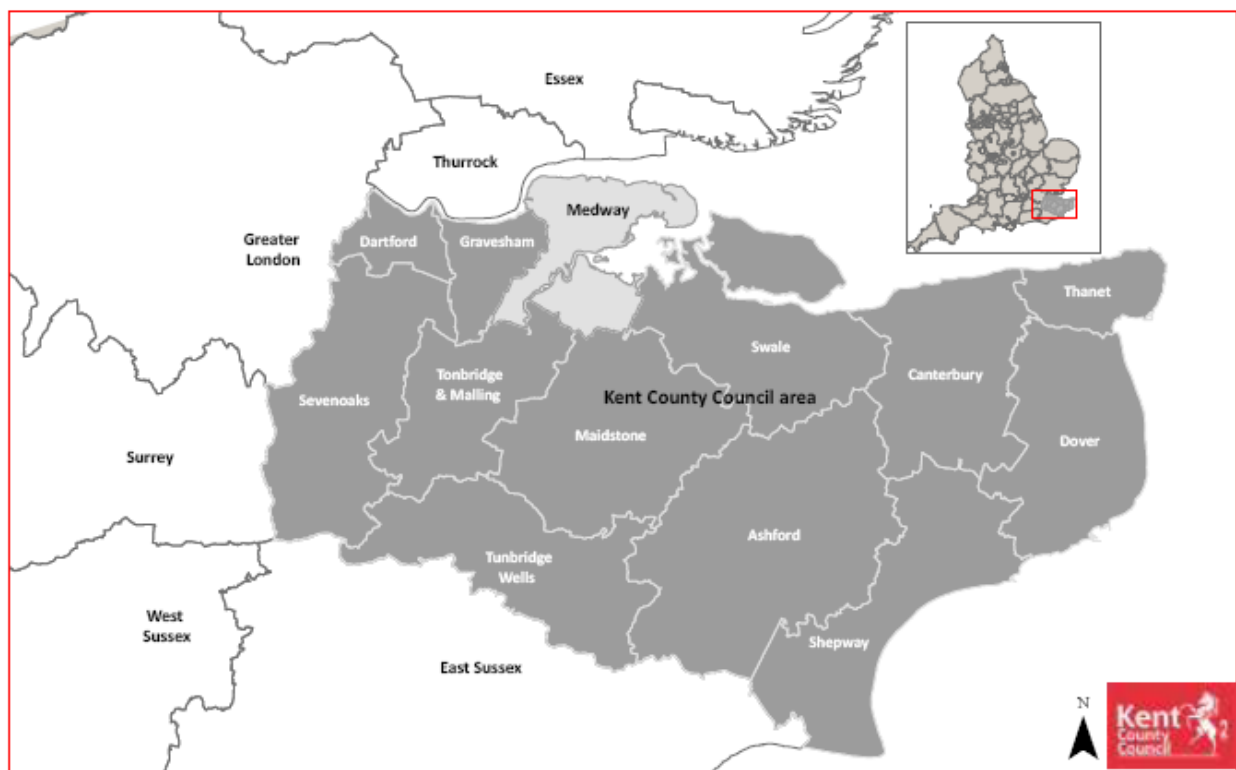
Canterbury district resides within the county of Kent which comprises 12 individual districts and which borders the counties of Surrey, East Sussex as well as the unitary authority areas of Thurrock, Medway and those in Greater London. This is displayed in Figure 2.1 below.

Kent has a land area in excess of 1,400 square miles and just over 350 miles of coastline. Over the past 10 years Kent's population has grown faster than the national average. The population of Kent grew by 7.8% between 2000 and 2010, above the average both for the South East (6.7%) and for England (6.1%). Kent's population is forecast to increase by a further 10.9% between 2010 and 2026 (Source: Kent County Council, 2011).

Overall the age profile of Kent residents is similar to that of England. However, Kent does have a greater proportion of young people aged 5-19 years and of people aged 45+ years than the England average. Just under a fifth of Kent's population is of retirement age (65+). Kent has an aging population. Forecasts show that the number of 65+ year olds is forecast to increase by 43.4% between 2010 and 2026, yet the population aged below 65 is only forecast to increase by 3.8%.

63% of Kent's population (894,500 people) are of working age (aged 16 to 64). 79.1% of Kent's resident working age population is economically active which means that they are either in work or actively looking for work. The remaining 20.9% of the working age population are economically inactive. These people are not in work nor are they looking to work. This group includes those who are retired, looking after home and family, students or are permanently sick or unable to work (Source: Kent County Council, 2012).

Figure 2.1: The county of Kent (and districts)



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13% of Kent residents of working age are claiming at least one of the Department of Work and Pensions (DWP) benefits. This is higher than the South East region (10.5%) but lower than the national figure (14.5%) (Source: Kent County Council, 2012). 10.4% of Kent residents of working age are claiming 'out of work' benefits from the DWP which is used as a measure of 'worklessness'. This is higher than the South East region (8.5%) but lower than the national figure (12.1%) (Source: Kent County Council, 2012).

Currently, just over 30,000 people in Kent (3.4%) are claiming unemployment benefit. This is higher than the South East region (2.6%) but lower than the national rate (3.8%) (Source: Kent County Council, 2012).

Just under a third of the Kent workforce (30.0%) is qualified to at least NVQ level 4, behind both the national average (31.3%) and the figure for the South East as a whole (33.9%). The percentage of those with no qualifications, at 11.7%, is higher than the South East (8.5%) and the national average (11.3%) (Source: Kent County Council, 2012).

In terms of socio-economic deprivation Kent ranks 102nd out of 152 county and unitary authorities in the English Indices of Deprivation 2010. This places Kent within England's least deprived third of authorities as a rank of one indicates the most deprived area. However, there are areas within Kent that do fall within the 20% most deprived in England. Overall, Kent suffers the most from Barriers to Housing and Services deprivation and suffers the least from Health and Disability Deprivation (Source: Kent County Council, 2011).

Business in Kent

There are over 50,000 businesses based in Kent, and the majority of these are small in size. 89.1% of Kent businesses employ less than 10 people whilst only 0.3% of businesses have more than 250 employees. Small businesses also account for the majority of businesses in England (88.8%) and the South East (89.5%) (Source: BIS, 2011).

The construction industry accounts for the largest proportion of Kent businesses with 16.3% whilst the professional, scientific and technical industry group is the second largest in Kent with 14.7%. The professional, scientific and technical industry group is the largest within the South East (17.6%) and in England (15.6%) whilst construction is the 2nd biggest industry in the South East (14.1%) and in England with (13.4%).

Kent Businesses in the wholesale and retail trade have the largest proportion of employees (18.2%) followed by 13.5% working in human health & social work activities and then 11.2% in education (Source: Kent County Council, 2011). 40.4% of businesses in Kent are more than 10 years old. This compares well with the South East (40.2%) and England (40.5%). The latest survival rate for businesses in Kent is 94%. This is slightly higher than survival rates in the South East (93.2%) and England (92.1%) (Source: Kent County Council, 2012).

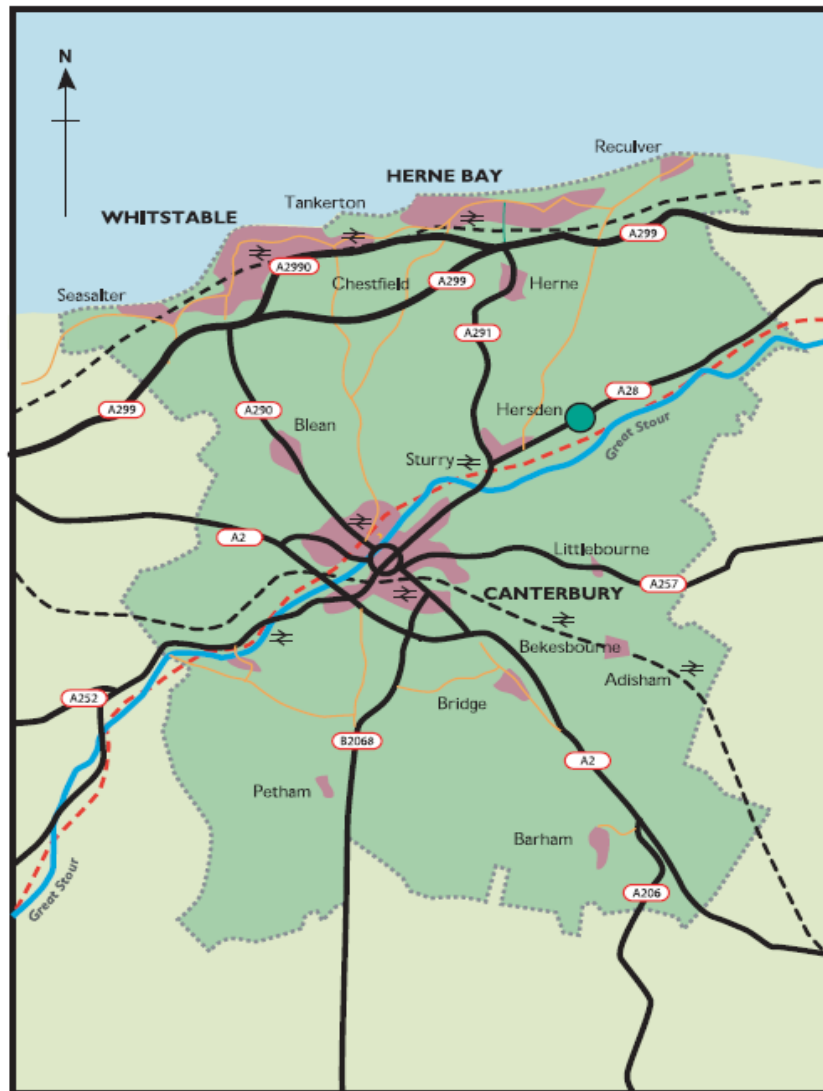
2.3 The Study Area – Canterbury District

Canterbury District lies in east Kent within the South East England region. It forms part of the east Kent sub area, which also covers the districts of Thanet (to the north east), Dover (south east) and Shepway (south). Canterbury also shares borders with the boroughs of Ashford in southern Kent and Swale to the north-west.

The total study area comprises 311 square kilometres (120 square miles) including 20 kilometres (12 miles) of coastline and 151,200 inhabitants (Source: 2011 Census). This includes three main urban areas, which are Canterbury (51,390 residents), Whitstable (38,520) and Herne Bay (32,860) together with rural settlements of varying sizes. A map of the district is set out in Figure 2.2 below.

The largest urban area, Canterbury City, as well as being an important religious centre, was a thriving market town for centuries then developing into an important sub-regional tourism, education, service and shopping centre. The city's strengths are arguably its successful commercial centre, its attractive surroundings, expanding tertiary education base and its strategic location on the A2/M2 corridor and at the centre of east Kent.

Figure 2.2: Canterbury District



Source: Canterbury City Council (2012)

Whitstable has been historically associated with the traditional fishing and boat-building industries but the national recession during the late 1980's and early 1990's combined with a downturn in these industries saw the town experience economic decline. However over time increased harbor related activity, new industrial parks, enhancements to building stock and an emerging status as a visitor destination have helped arrest this decline and contribute to the town's rejuvenation.

The fortunes of Herne Bay have also been mixed. From its beginnings as a flourishing Victorian seaside resort, the town has had to respond to the general decline of traditional seaside tourism through the 1980's and 1990's. The most comprehensive study of Herne Bay's commercial sector was undertaken by URBED (1993). According to URBED, by the mid-1990s a spiral of decline had set in, which caused business confidence to plunge where in some streets over half the shops and commercial buildings in Herne Bay were vacant. However the town has experienced various degrees of physical, economic and social renewal over the last 15 years which continues while it has also become a growing residential and commuter town.

A comparatively large proportion of the district's rural areas lie within Kent Downs Area of Outstanding Natural Beauty, are protected natural woodland (Blean Woods), green belt and other conservation based designations which generally limit development in these locations.

Transportation in the Canterbury district is of strategic importance to East Kent. The growth of Pfizer at Sandwich, increased air traffic at Kent International Airport, the Channel Tunnel rail link and access to Kent's Channel ports all have implications for transport corridors and modes within and across the district, linking with Thanet, Dover, Ashford and Europe.

The strategic road network in the study area comprises the following routes:

- The A299 Thanet Way (T) provides an east-west link connecting Herne Bay and Whitstable with the A2 (T) and M2 (London) to the west of the district and the Thanet coastal towns in east Kent;
- The A2 (T) provides a north-west to south-east link across the district serving Canterbury on its route connecting London to the Channel Port of Dover via the A2/M2;
- Other key transport corridors that pass through the Borough include the A28, which connects to the Thanet Towns due north-east and Ashford which is located due south west of Canterbury. At Ashford the A28 connects to the M20, which eastbound provides access to the Channel Port of Dover and the Eurotunnel car shuttle terminal in Cheriton/Folkestone and due north-west merges with the M26/M25; and
- More locally the A290 and A291 secondary roads connect Canterbury with Whitstable and Herne Bay respectively. Also other routes such as the A257 and the A260 help to link some of the rural parts of the district to Canterbury.

Canterbury district has nine operational railway stations with two based in the centre of Canterbury. There are frequent trains to both Charing Cross and Victoria with journey times of 1 hour 30 minutes to both. In December 2009, High Speed (HS1) rail services started in Kent, reducing journey times to London St Pancras International to 59 minutes. Whitstable and Herne Bay are both served by a direct line to Victoria taking approximately 1 hour 15 minutes. Continental rail links can be accessed at Ashford International, which is a 20-minute rail journey away.

By air Gatwick airport can be reached in an hour and Heathrow in an hour 30 minutes by car, making the district of Canterbury easily accessible via all routes. Located in Thanet, Kent International Airport is approximately 25 minutes drive away. This provides both freight carrying and increased volumes of passenger services.

Employment is generally focused at Canterbury and the coastal towns of Herne Bay and Whitstable. There are currently over 30 business parks, industrial and trading estates within Canterbury district. Some of the larger business parks are located outside the urban areas. The district also retains four higher educational institutions: the University of Kent, Canterbury Christ Church University and the University College for the Creative Arts, which collectively bring over 35,000 students to the area annually. A fourth university (The Girne American University) also opened in Canterbury in late 2009.

For the purposes of this study Canterbury District will where appropriate be divided into a series of sub-market areas. These will include Canterbury, the Herne Bay, Whitstable and the district's rural areas.

2.4 Economic Overview

This overview of Canterbury district provides an analysis of its relative economic performance together with current prospects and other observations potentially relevant to its employment land portfolio. A more detailed position concerning population and employment forecasts for the district however is provided in the 'Canterbury Development Requirements Study' (Nathaniel Lichfield and Partners, 2012). In addition Kent County Council provides a comprehensive output of demography, the economy and labour market and deprivation data online at www.kent.gov.uk/yourcouncil/kentfactsandfigures.aspx.

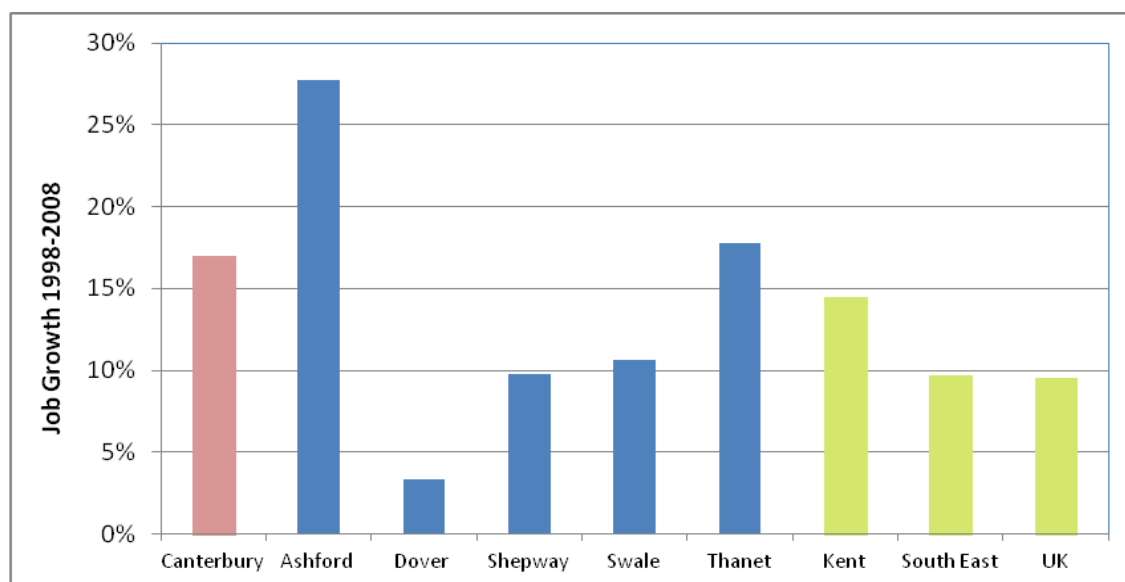
Additional data and analysis where relevant to this report are attached as appendices.

Employment Performance

Considerable work has been undertaken over the last decade or more in relation to the local economy and its position and performance. Following the recessionary conditions of the early 1990's and its resulting impacts, the population and economy has grown steadily over two decades.

In terms of recent economic performance the district's economy created jobs at a healthy and regular rate over the period 1998-2008 prior to the recession. Figure 2.3 compares growth rates for the district and other selected areas for the period 1998-2008 using Annual Business Inquiry data.

Figure 2.3: Job growth in Canterbury District 1998-2008



Source: Annual Business Inquiry, 2008

This reveals that the district experienced a job growth rate of 17% which outperformed all other selected areas aside from the district of Thanet (17.8%) and borough of Ashford (27.7%). On this basis average employment growth in the district totalled 574 jobs per annum - an average growth of 1.2%, a rate that outperformed both Kent (1.1%) and the South East (0.7%) over the same period.

When considering the subsequent time period which comprises the initial years of the economic downturn (2008-2011), the picture is very different. In 2011 there were 58,966 total workplace jobs located within Canterbury District (Source: ONS, BRES employee (workplace jobs) data, 2012).

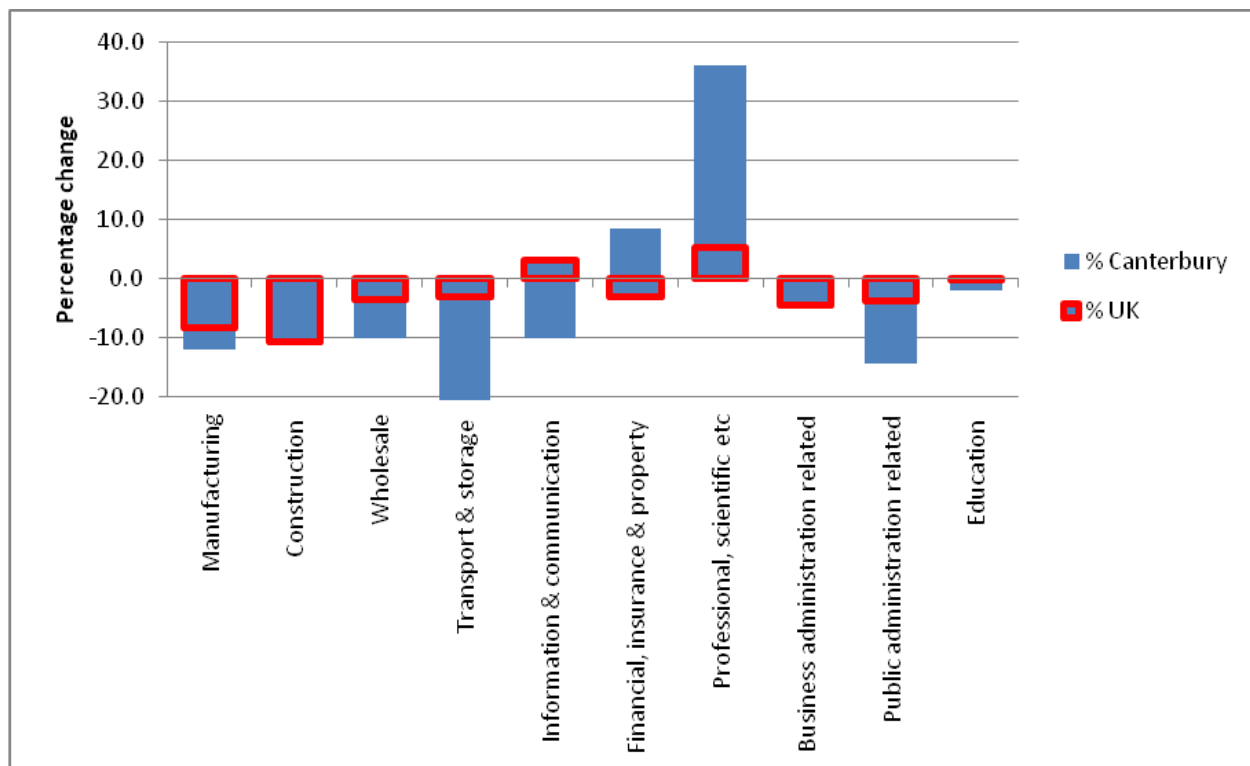
Over this period the total number of local jobs fell from 61,046 to 58,966 (-3.4%). Therefore to date the structural impact of the recession has resulted in over 2,000 jobs being lost across a range of different sectors although wholesale and retail trade (-1,192), public administration and defence (-480) and the transportation and storage (-374 jobs) industries have been worst hit overall to date. In addition some of the key sectors that traditionally occupy B1, B2 and B8 class workspace such as the information and communication (-151 jobs) and manufacturing sector (-260) lost employee jobs between 2008 and 2011.

In stark contrast to the above picture ‘professional, scientific and technical activities’ (i.e. private sector knowledge based sector) gained almost 900 jobs thereby significantly increasing in size (+36%) despite the recession. Jobs in accommodation and food service activities also experienced a moderate increase (+299). Other industries reliant upon employment space (e.g. financial and insurance activities) remained relatively stable over this period.

Sectors that may also occupy a small level of B1 office space (but are largely regarded as non-employment space users) such as the education sector experienced moderate change (-231 jobs) overall between 2008 and 2011 and relative to its overall size in the local economy.

To help illustrate this point Figure 2.4 below highlights the change in Canterbury district’s industrial structure compared to that for the UK between 2008 and 2011, revealing how the economic downturn has strongly contributed to recent structural shift.

Figure 2.4: Structural shift in local industries 2008-2011



Source: BRES (2012), KCC, CCC analysis

It focuses on those sectors/industries of the local economy that to a more or lesser extent tend to drive the need for employment space (e.g. professional, scientific and technical services).

The graph shows clearly that most of the above industries in the national economy have experienced falls in employees over the four year period. At the same time the district experienced proportionally larger falls relative to the UK in six sectors, notably manufacturing, wholesale, transport and storage, information and communication together with public administration and education.

Comparative growth however was exceptionally strong in professional, scientific and technical industries, compared to the UK, which also grew albeit at a smaller rate. This sector is also often associated with the need for employment space.

To help illustrate how this performance compares to other areas, Table 2.1 below highlights the job based performance of this sector by district in Kent. This reaffirms the solidly strong performance of this sector in the district, which historically has seen limited growth and as a result is under-represented relative to national, regional and county levels.

Canterbury here experienced the third highest level of growth of any district in the county and greater than that experienced at county, LEP, regional and UK area levels. To this end the district now retains the third largest 'professional, scientific and technical activities' sector in the county, bigger than that residing within the boroughs of Ashford and Tonbridge & Malling.

Table 2.1: Performance of 'professional, scientific and technical activities' sector by area

Area	Growth Performance 2008-2011 (change in jobs)	Growth Performance 2008-2011 (%)	Growth Performance 2008-2011 Rank	Sector Size (2011) (total jobs)
Dartford	+1,364	+83.78	1	2,992
Ashford	+1,140	+53.47	2	3,272
Canterbury	+893	+36.08	3	3,368
Swale	+469	+28.41	4	2,120
Shepway	+335	+24.22	5	1,718
Tonbridge & Malling	+265	+8.9	8	3,242
Thanet	+199	+17.88	6	1,312
Gravesham	+100	+9.79	7	1,121
Tunbridge Wells	+47	+1.4	9	3,409
Maidstone	-91	-2.46	10	3,615
Sevenoaks	-570	-11.6	11	4,344
Dover	-959	-28.07	12	2,458
KCC area	+3,191	+10.72		
South East LEP (area)	-2,326	-2.81		
South East (GO region)	+26,971	+9.8		
UK	+96,416	+5.27		

Source: BRES, ONS, KCC, CCC analysis

Employment Prospects

There are indications that the local economy will not return to pre-recession levels of employment growth at least for the short-medium term. This is because the district's economy will be challenged by a combination of factors including a forecasted decline in local manufacturing jobs, cuts to the public administration, health and education sectors and, more widely, the fall-out from Pfizer closing and decommissioning of Dungeness Power Station.

Firstly employment in traditional industries such as traditional, mass production and often low-value type manufacturing fell significantly over (-40%) between 1998 and 2008 and is likely to continue diminishing in size. Together with structural changes to national tourism patterns, the district's two coastal towns have also had to tackle the challenges presented by a decline in manufacturing activity. In this way some of the larger secondary manufacturing branch plants (e.g. Huyck, Hoppers Bakery and Britton Inks) situated along the coastal corridor has ceased production over the last decade. Recently (in 2011) the district's manufacturer Blighline Ltd closed resulting in 240 job losses overall. As the local manufacturing sector both in terms of production capacity and employment has declined, this has resulted in the towns offering less employment opportunities than for example Canterbury and becomes greater exporters of labour.

Secondly the local growth in employment between 1998 and 2010 was to a large extent directly or indirectly driven by the rise in expenditure on public services, notably in the public education, health and public administration sectors (7 in 10 local jobs are in these sectors). Conversely over the early part of this Local Plan the public sector will reduce in size but the extent of this contraction is uncertain. Some estimates suggest over 1,300 public sector jobs could be lost in the district by 2015 (Source: DTZ, 2011). In fact over a third of this number have been lost already (-480) between 2008 and 2011.

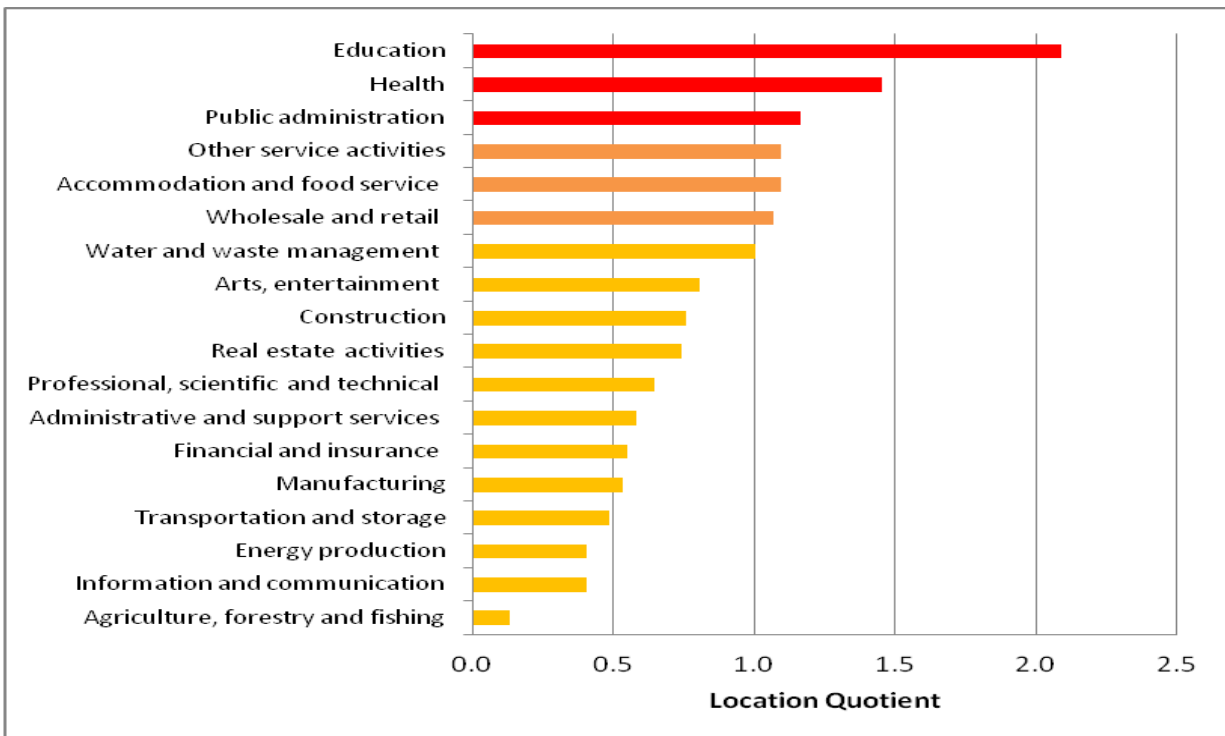
This 1,300 figure also excludes any additional losses to higher education employment which is no longer considered a public sector activity though is partially driven by funding sourced from the Government. In response to expected cuts in the scale of the local public sector, new private sector jobs will need to be created to enable the local economy to rebalance and recalibrate.

Thirdly the district is predicted to experience a fall in economic activity as a result of the Pfizer closure and to a lesser extent the decommissioning of Dungeness Power Station. These economic shocks coupled with the indirect local impacts from reduced/lost company and staff spending will impact other local businesses in the short to medium-term. Estimates suggest this could result in almost £100 million in lost Gross Value Added (GVA) equating to 600 lost local jobs up to 2018 (Source: DTZ, 2011) (this figure assumes up to 25% of Pfizer FTE jobs are secured and will remain in east Kent).

A further factor concerns the structure of the local economy. It remains largely dependent on consumer based industries such as the retailing, hotels and catering. Historically this has been a mainstay in the development of the district's private sector economy and grew steadily over the period 1998-2010. However these industries are associated with greater uncertainty than in the past. Whilst sectors like retail are essentially consumption driven and therefore vulnerable to cyclical downturns this industry is also arguably entering a period of structural change where consumer behavior is increasingly volatile and where shopping is no longer the exclusive preserve of the high street. Locally this sector may also be restricted by limited available physical capacity in Canterbury and the coastal towns. Therefore though remaining a strong component of the local economy, these sectors cannot be expected to help drive private sector job creation as in the previous Local Plan period.

In addition the scope for local growth in jobs and investment may be further reduced by the fact that the five industries identified by the Government as key to driving the future growth of the UK’s economy are currently under-represented in the district. These industries comprise business activities within Energy, Digital and Creative Media, Professional and Business Services, Life Sciences and Advanced Manufacturing (*please also see Chapter 5 which discusses the economic potential of the district in more detail*). Figure 2.5 below uses location quotients to help understand the size of local industrial sectors relative to the South East average. In this way a figure above the regional level (1.0) represents a greater than average concentration or particular local specialism in that industry.

Figure 2.5: Location quotients



Source: BRES (2010)

The bar graph identifies three industries/sectors as being more significantly over-represented in Canterbury district. By far the strongest representation is in the education sector (i.e. due to the concentration of universities etc) but health and social services and public administration are also over-represented. In addition wholesale and retail, food and accommodation and other service activities have a slight over-representation but are generally close to the regional average share of employment.

In contrast to these, the vast majority of ‘private’ sectors are under-represented in the district. Energy production, information and communication along with manufacturing are all, what might be regarded as significantly underrepresented. These have half or less than half relative to the regional share of employment. Other important employment sectors, in the context of this study such as professional, scientific and technical activities, transport and storage, financial and insurance activities together with administrative and support services and the construction industry are also moderately under-represented in the district at present.

It is also important to note that these industry/sector headings may conceal potential specialisms in various sub-sectors although at a district level these will be small in scale. For reference sub-sectors that appear to be highly represented (i.e. LQ of 2.0 or above) include the manufacturing of wood and wood products (2.0), manufacturing of furniture (2.0), manufacturing of electrical equipment (2.3) and again of education (2.1). Each has a local share of employment twice that of the regional average for that sector/industry.

Finally economic activity has consistently been lower in the district than at the regional level. The latest Annual Population Survey (2012) reaffirms this finding. Three quarters (75.8%) of the working age population in Canterbury district are economically active which is lower than 79% in the South East. As a result, NLP (2012) suggest there may be some scope to increase employment in the indigenous population through reduced unemployment and increased economic activity in the future.

Business and Enterprise

There are two sets of official data available which can be used to help understand the profile and demography of the business population. These comprise 'Business Demography' and the UK Business Survey.

The Business Demography dataset combines the data on businesses registered for VAT with data from businesses not paying VAT but registered under the Pay As You Earn (PAYE) scheme, thereby enlarging the coverage of the business data. The Business Demography dataset counts firms that are active at any point during the financial year, and measures births and deaths of firms as well as total stock. This dataset is also the source of business survival rate data. A consistent time-series from this dataset is currently available from 2004-2009.

In addition, there is the "UK Business: Activity, Size and Location" data (hereafter referred to as UK Business data). This is a count of the stock of businesses at a fixed point in time (usually during March each year). This data includes counts of both VAT and PAYE businesses. The UK Business data provides two counts; business enterprises and business units. Enterprises are legal business entities, while units are individual workplaces. This means that an enterprise could consist of a number of units (i.e. one company based in more than one location). At a district level the information provided by the UK Business data is available by; broad size-band, industry and age of business.

Both datasets are based on businesses that are identified in the Inter-Departmental Business Register (IDBR). This is a comprehensive database used by ONS of all the businesses in the UK. There are some key differences between these datasets but each can help provide different insights into the local business population and are therefore used in the following analysis.

According to official 'business demography' data, 5,005 enterprises were active in the district in 2010 rising from 4,725 in 2004. The area experienced growth of 6% between 2004 and 2010 (60 new businesses net per year) (Source: ONS, 2012). This was a higher rate than Kent and South East levels but lower than the national level. More recently, in line with falls in local employment there was also a small decrease in local enterprises active in the district between 2008 and 2010 (falling from 5,045 to 5,005).

Between 2004 and 2010 on average 562 new businesses were created each year while an average of 521 firms ceased trading annually. In fact until the recession took hold (in 2009) annual firm births had consistently exceeded firm deaths in the district.

In this vein, Table 2.2 shows the ratio between births and deaths with a ratio less than 1 indicating that the number of deaths is greater than the number of births. The shading shows, quite starkly, the net impact of business losses as the ratio of births to deaths reduces after the recession at every level of geography including Canterbury district.

Table 2.2: Ratio of births to deaths of enterprises for 2004 - 2010

	2004	2005	2006	2007	2008	2009	2010
Canterbury	1.24	1.13	1.31	1.14	1.09	0.82	0.90
Dover	1.12	0.93	1.52	1.10	1.05	0.79	0.72
Shepway	1.05	1.03	1.34	1.06	1.05	0.87	0.73
Thanet	1.14	1.07	1.31	1.15	1.12	0.87	0.71
Kent	1.21	1.12	1.23	1.19	1.14	0.86	0.78
South East	1.13	1.17	1.20	1.21	1.19	0.86	0.82
UK	1.15	1.20	1.23	1.26	1.20	0.85	0.79

(Source: Kent County Council, 2012)

Canterbury experienced a mixed performance between 2004 and 2010. The greatest positive differential between enterprise births and deaths occurred in 2006 while negative differentials occurred in 2009 and 2010.

Using the 'UK Business' dataset it is possible to consider the size of local businesses as revealed in Table 2.3. This data suggests that most enterprises (89%) in Canterbury district are very small (under 10 employees).

Table 2.3: Firms by employment size, 2011 (as a % of total firms)

Area	Employment Size Band						
	0 - 4	5 - 9	10 - 19	20 - 49	50 - 99	100 - 249	250 +
Canterbury	74.2	14.9	5.8	3.2	0.9	0.6	0.5
Kent	76.3	13	5.9	3	1	0.5	0.4
South East	77.7	12	5.5	3	0.9	0.5	0.4
UK	75.9	12.9	6	3.2	1	0.6	0.4

Source: UK Business Survey, 2011

The study area's share of firms across other employment size bands is broadly similar to Kent, South East and UK levels. Only 10% are medium-size firms (10-99 employees) while fewer (1%) are considered large enterprises.

Whilst the district has some large public sector employers (e.g. its universities), it retains few large private sector firms. Among the largest private sector employers are Parker Steel (Canterbury), Gomez (Bekesbourne) and Crown Products (Herne Bay).

Knowledge Based Enterprises

Successive analyses have drawn attention to Canterbury district's failure to translate its substantial higher education presence into new knowledge-based enterprise. Knowledge-based industries are

identified by the OECD¹ as those sectors of the economy where value added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. These include high and medium tech manufacturing, high value added “knowledge intensive” market service industries such as finance and insurance and telecommunications, business services and elements of the education and health sectors. Firms within knowledge-based industries tend to grow faster and have greater future potential than other sectors, and so are considered an important indicator of an economy’s competitiveness and future growth prospects.

The UK Competitiveness Index (2010) is often regarded as a key source in enabling the assessment of the presence of knowledge based companies within local and regional economies.

Table 2.4 below reveals that compared to regional and national levels, all districts in east Kent (Canterbury included), had fewer knowledge-based enterprises as a proportion of total business stock in 2008. In this respect 18.1% of firms in the district were classified as ‘knowledge-based’ compared for instance to 25.6% in the South East. Therefore although Canterbury performs strongly within an east Kent context it lags some way behind the regional average.

Additionally Canterbury district was ranked 204 out of 380 local authority areas in the country which is a relatively neutral performance overall.

Table 2.4: Knowledge based businesses (by % and area)

KNOWLEDGE-BASED BUSINESSES (% ALL BUSINESSES)				
	2007	RANK (OUT OF 380)	2008	RANK (OUT OF 380)
Canterbury	17.4	208	18.1	204
Thanet	12.2	342	13.7	320
Dover	13.6	312	13.7	317
Shepway	15.2	275	16.0	263
Swale	15.2	276	16.1	260
Ashford	20.8	137	21.7	130
South East	24.7	-	25.6	-
UK	21.1	-	21.8	-

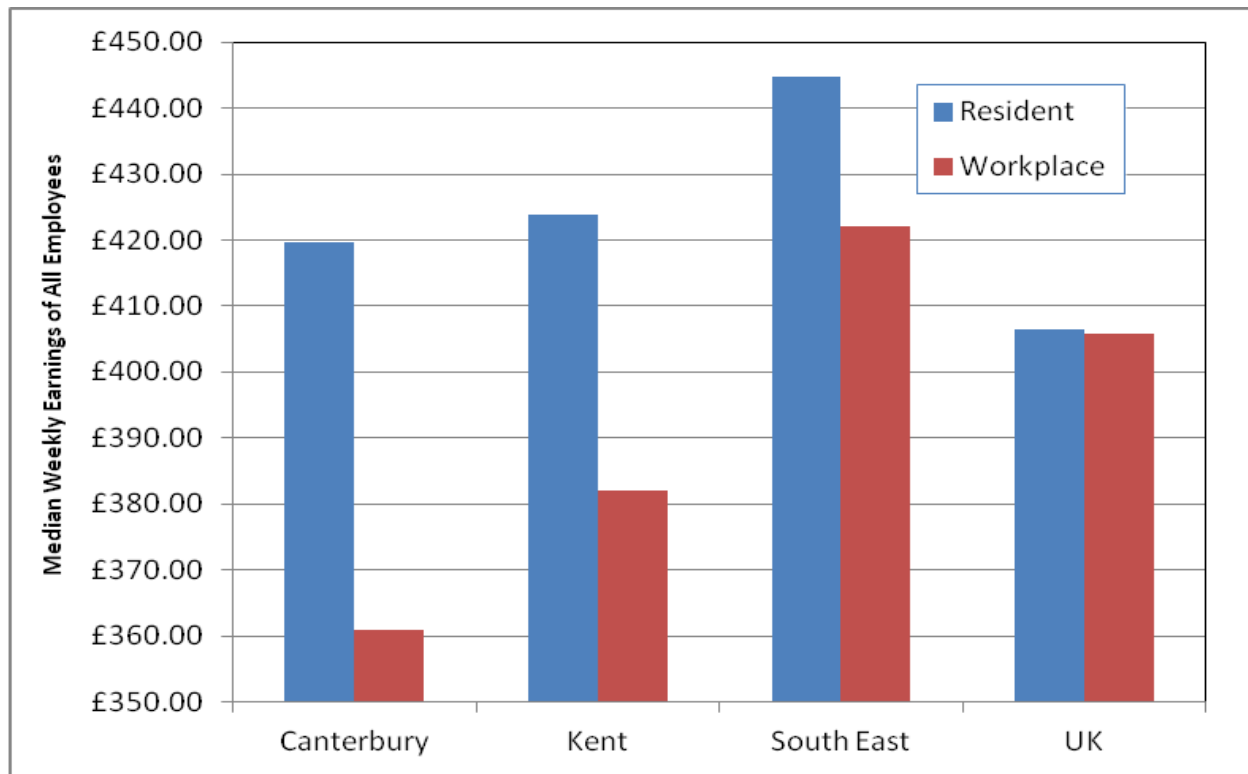
Source: The UK Competitiveness Index (2010)

Earnings

As displayed in Figure 2.6 below (and replicated in tabular form as Appendix 1), in 2011 gross median gross weekly earnings for residents (£419.60) were lower than county and regional levels but higher than the UK level. To assist with comparability in the local economy, ASHE data tables for employee/resident earnings derived from ‘full time’ employment only are displayed in Appendices 2 and 3).

¹ (Based on definition adopted by the Organisation for Economic Co-operation and Development (OECD), includes high-tech manufacturing activities such as pharmaceuticals, computers and aerospace, and services such as telecommunications, financial intermediation, computing and research and development)

Figure 2.6: Gross median weekly earnings* in Canterbury district



Source: ASHE (2011), KCC (2012)

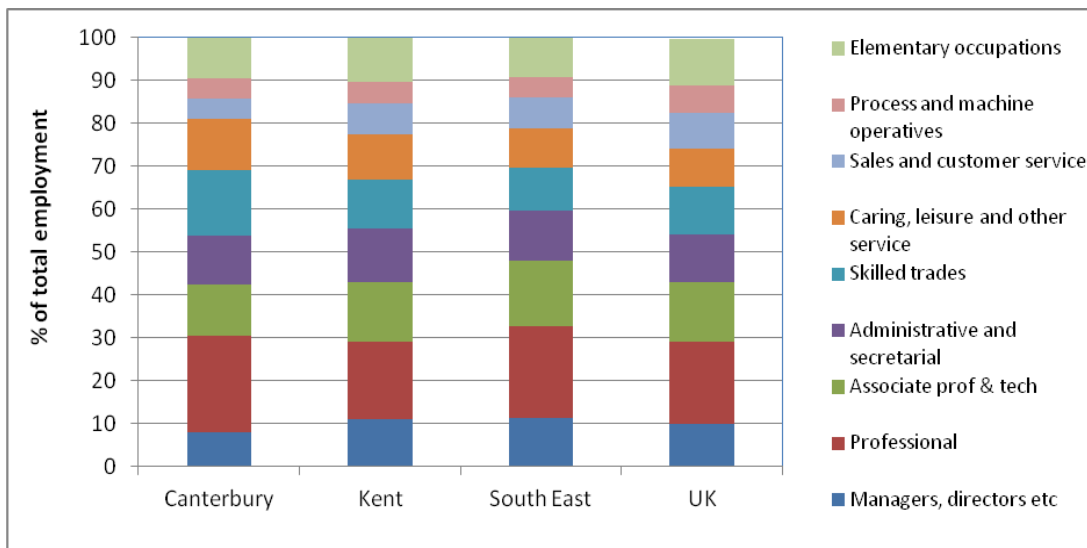
*Workplace earnings refer to all employees in the local economy (part time and full time).

In Canterbury workplace (i.e. all employee) earnings at £360.90 remain firmly lower than Kent (6% lower), regional (17% lower) and national levels (12% lower). This has been a continuous trend over the lifetime of the Annual Survey of Household Earnings. Taking resident and employee earnings together there is apparently a large differential (£58.70) between the two datasets– the most significant of any geographical area identified in Figure 2.6. This indicates a mismatch in terms of local resident skills and the jobs available in the local economy.

On one hand this reflects the disproportionately high proportion of part-time employment in the local economy together with the types of employment that exist within the district. Furthermore employment within public administration, health, education, retail and hospitality sectors is low paid relative to jobs in other private sector industries.

At the same time the occupational profile of the local workforce, illustrated in Figure 2.7 (with data presented in Appendix 4) below is broadly comparable to county, regional and national levels. For example 30.5% of the Canterbury workforce was either managers, directors / senior officials or professionals compared to 29% in Kent, 32.6% in the South East and 29.2% in the UK. This may suggest that a degree of residents in highly skilled occupations may commute away from the district to their place of employment.

Figure 2.7: Occupational breakdown of labour force



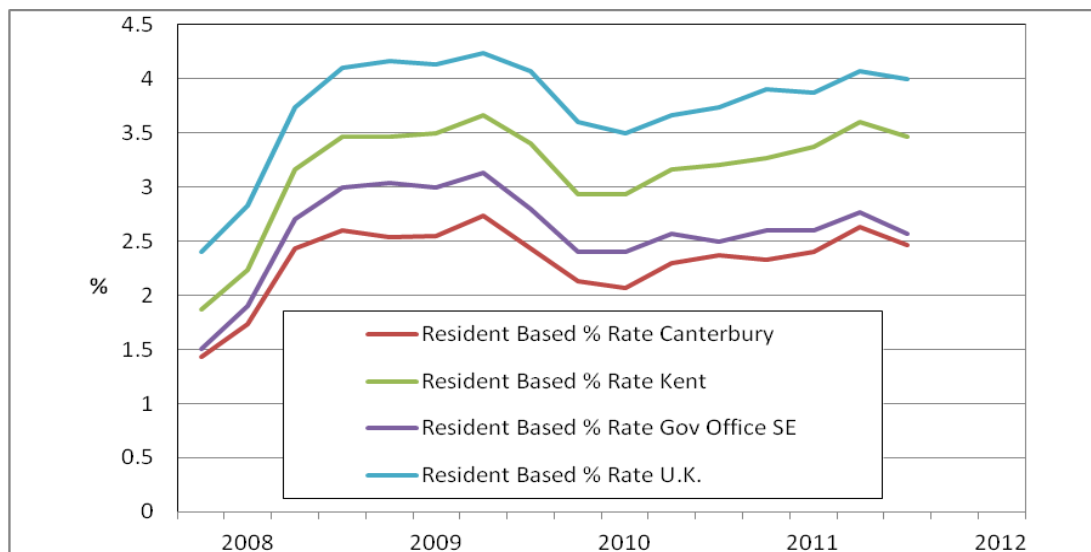
Source: Annual Population Survey (2012), NOMIS

Additional insights residents’ relative socio-economic /occupational position is also available via MOSAIC profiling data for the district, which is attached to this report as Appendix 5 (inc. graph, table and explanation of the different MOSAIC classifications). In this profile, groups ‘K&M A’ (extremely affluent, well educated owner occupiers) and ‘K&M B’ (well off families working in managerial and professional careers) incorporate some 15% of residents which together would constitute the largest MOSAIC group in the district.

Unemployment

Claimant unemployment (i.e. the number of people out of work and claiming Jobseeker's Allowance) in the district has varied between 2-3% since the recession began to impact on the claimant rate in the summer of 2008, as shown in Figure 2.8 below.

Figure 2.8: Claimant unemployment, 2008-2012



Source: KCC, CCC analysis (2012)

By July 2012 the rate was 2.4% (2,376 claimants) which was lower than the Kent level (3.4%), south east region (2.5%) and UK levels (3.8%). This is also low compared to Canterbury's east Kent neighbours in Thanet (6.1%), Dover (4.1%) and Shepway (4.4%) but higher than several districts in west Kent (e.g. Tunbridge Wells 1.6%). It should also be highlighted that in July 2012 there was still over 1,200 more people claiming job seeker allowance in the district than in June 2008.

In terms of current prospects for unemployed residents in finding work locally it is possible to compare claimant unemployment with the current stock of unfilled job vacancies as in Table 2.5 below.

Table 2.5: Unemployment claimants and unfilled job vacancies

Area	Unfilled vacancies	No of claimants	Unemployed/ Vacancy ratio
Canterbury	1,038	2,376	2.3
Kent	11,616	28,746	2.5
UK	538,294	1,572,672	2.9
South East	73,393	136,521	1.9

Source: NOMIS (July 2012)

In July 2012 there were 2.3 claimants for every unfilled job centre vacancy. This is slightly lower than Kent (2.5) and UK (2.9) ratios but higher than the South East (1.9) level. It indicates two other key points. Firstly employment prospects are slightly better than say early 2010 when there were fewer unfilled vacancies (857) and more unemployment claimants (2,507). At this point there were three claimants for every unfilled vacancy. Secondly this suggests that there will be some surplus capacity in the labour market when a sustainable improvement in economic conditions begins to take place.

There are also locational variations in claimant unemployment within the district. Heron ward (5.0%) for instance had twice the level of claimant unemployment than that for the district (2.4%). Northgate (3.9%) also experienced unemployment exceeding district, county, regional and national levels. Therefore arguably the need for new employment opportunities is greatest in the urban areas of Canterbury and Herne Bay. Claimant unemployment figures for all Canterbury wards are reproduced in Appendix 6.

Whilst claimant unemployment provides a useful insight into those residents actively claiming the job seeker allowance benefit, this dataset omits other residents currently not within employment despite being of working age (16-64). The ONS model-based monthly unemployment rate (based on the International Labour Organisation definition) estimates unemployment at 7.1%, compared with 6.0% in the South East. To help understand how the recession has impacted local unemployment, the pre-recession average (2004-2007) for Canterbury district was around 4.6%.

The shape of the District's economy

To help present a composite economic characterisation of the local economy, Figure 2.9 sets out a chart showing its "shape" based on eleven economic indicators for the 326 District and unitary Authorities in England. The model ranks the indicators and then converts the ranks to percent-ranks (a rank score out of 100). This standardises all the scores and enables direct comparison of what are very disparate indicator values. The model also identifies Canterbury's nearest economic neighbour (i.e. that area with the most similar shaped economy, based on these indicators).

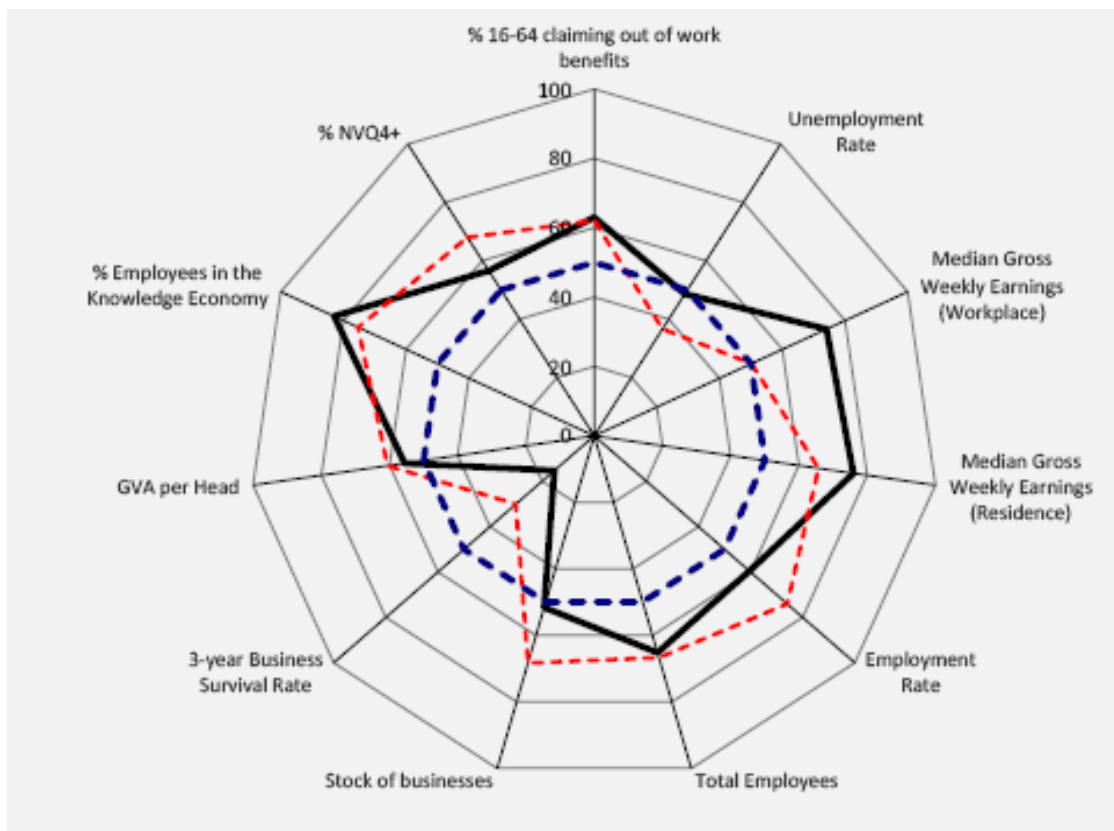
In this model a rank of 1 is the lowest (worse) and a rank of 100 is the highest (best). A time-series table of the rank scores and indicator values, plus methodology is attached as Appendix 7.

The model shows that Canterbury with a mixed economic performance. For some indicators (e.g. employees in the knowledge economy) the district’s performance exceeds that of the England median but falls well below the national level in respect of its 3 year business survival rate. Also it falls below the Kent level on several of the indicators including the 3 year business survival rate, Gross Value Added (GVA) per head and % of residents with NVQ4+ qualifications.

The district also appears to perform well in relation to median gross weekly (full time) earnings resident and workplace). However it should be emphasised that this tends to obscure the local differential between earnings for full time and part time employees. The local economy relies on part time jobs largely concentrated within the public, health and hospitality sectors which are low paid and sometimes seasonal. The district has consistently been positioned within the 20 districts within the south east region that experience the lowest earnings for all employee jobs (£360.90 per week compared to the UK level of £405.70 in 2012).

Similarly when considering the % of employees within the district’s knowledge economy this conceals the fact that the majority of these are concentrated in the district’s universities. The local private sector component of the district’s knowledge economy is actually among the smallest of local authority areas in the UK. According to this analysis Canterbury’s nearest “economic” neighbour is Colchester in Essex.

Figure 2.9: The shape of the District’s economy

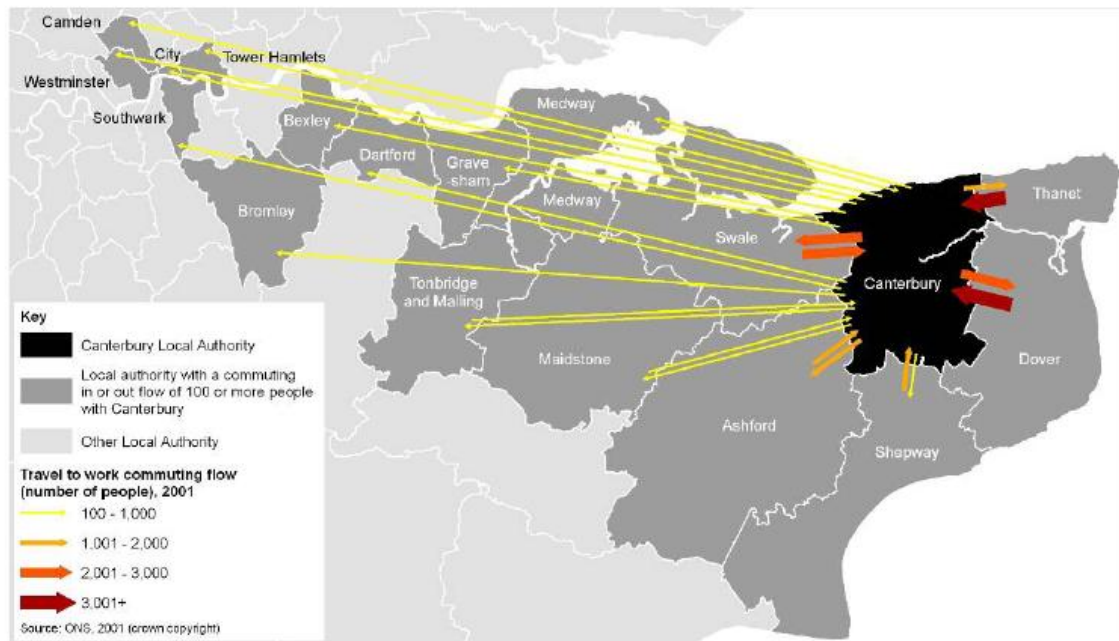


(Source: Kent County Council, 2012)

Commuting / journey to work patterns

In their report for Canterbury City Council, Nathaniel Lichfield and Partners (2012) highlight the importance of the balance of commuting in the analysis of the relationship between jobs and housing at the Canterbury district level. The commuting dynamics of the district are illustrated in Figure 2.10.

Figure 2.10: Commuting patterns



Source: NLP, 2012

At the time of the 2001 Census, 15,481 residents commuted out of the district daily (27.1% of employed residents) while there were 14,654 in-commuters (accounting for 26.1% of jobs), giving a net total of 827 out-commuters. These 2001 commuting flows for the District illustrated the strong flows of in-commuters from Dover and Thanet, as well as two way flows (in and out-commuters) with Swale.

More recent commuting data sourced from Kent County Council (2011) derived estimates from a model that estimates the likely change in journey to work patterns based on known workforce and job growth comparing 2001 Census data with 2011 estimates. This is reproduced as Appendix 8. This analysis factored in an estimated 7.5% (+200) increase in commuting from Canterbury to London between 2001 and 2010 thereby taking into account any impact of High Speed 1 rail services on commuting patterns in the county.

Kent County Council's analysis suggests that the majority of districts in the county have become less-self-contained - Dover and Tunbridge Wells in particular. This would imply an overall increase in journey to work movements outside of the district of residence, since 2001. Only three districts had become more "self-contained"; Tonbridge & Malling, Thanet and Maidstone.

Canterbury continues to have the second highest level of labour market "self-containment" (i.e. the proportion of total resident workers who both live and work in the area) of any district in Kent, behind only Thanet. It is estimated that "self-containment" in the district increased marginally from 72.9% (41,754) to 73.5% (48,710).

These estimates show that increases in the local labour force have resulted in proportionally more jobs being taken by local residents, potentially reflecting shifts in Canterbury's role as a place for people to live and work and lesser focus for commuters (Source: NLP, 2012).

Other neighbouring districts (Thanet and Dover) also to some extent continue to rely on Canterbury district to provide jobs for a proportion of their residents, at the city's universities for example. In this case universities will depend on the national market to source highly skilled labour (e.g. academic staff) which may not be available locally. This underlines the important role Canterbury City plays as the major economic hub in east Kent in attracting new economic migrants to work in Canterbury and who will live across east Kent (Source: Canterbury City Council, 2011)

Overall this analysis strongly indicates that not only does Canterbury remain a highly desirable place to live, it is also an increasingly attractive workplace. Therefore it is essential to ensure that residents have access to diverse range and choice of employment opportunities in the local economy.

At a sub-district level recent evidence regarding coastal towns in the south east suggests that people may increasingly be commuting to other areas in order to work. 'Job density' is the ratio between the number of jobs in an area and the size of the working age population. A low job density can indicate that a place functions as a residential settlement for people working elsewhere which can be interpreted as out-commuting.

In the district both Herne Bay (40 jobs per 100 residents of working age) and Whitstable (55/100) experienced low job densities in 2010 particularly when compared to the average for South East coastal communities (60/100), compared to 67 across the South East LEP area as a whole and an average of 77 for England (Source: Beatty et al, 2012).

Index of Multiple Deprivation, 2010

Canterbury district is ranked 166th out of 362 authorities in England (a rank of 1 is the most deprived), which places Canterbury in England's most deprived half of local authorities (Source: CLG, 2010). An explanation of the IMD is set out in Appendix 9.

In attempting to compare the 2010 IMD to the previous IMD dataset from 2007, Canterbury's ranking has fallen by fourteen places. Only Dover (-15) and Shepway (-17) descended further down the rankings in Kent. This indicates that deprivation levels in the district have increased, relative to other areas. In stark contrast to the east Kent districts, areas of west Kent such as Tonbridge and Malling (+12) and Sevenoaks (+6) improved their national IMD rankings.

More locally, out of a total of 90 LSOAs in Canterbury district, almost 9% are positioned within the most socio-economic deprived quintile (20%) of areas in England. LSOAs or Lower Super Output Areas are sub-ward/small levels of geography which allow the extent and severity of deprivation at a localised level to be measured, assessed, and compared.

The position of LSOAs in Canterbury is displayed in Table 2.6 below.

Table 2.6: Canterbury LSOAs – Deprivation

Canterbury LSOAs	Number	%
Within England's top 20% most deprived	8	8.9%
Within south east's top 20% most deprived	21	23.3%
Within Kent's top 20% most deprived	16	17.8%

Source: CLG (2010), KCC (2010)

To help illustrate the geography of these LSOAs Appendix 10 (using a data table and map of Kent) places their location within Gorrell and Seasalter wards (Whitstable), Heron and Greenhill & Eddington wards (Herne Bay) and Wincheap, Barton and Northgate wards (Canterbury). An LSOA in Gorrell (Whitstable) has the highest level of deprivation in the district followed by a Heron LSOA and an area in Wincheap ward (Canterbury).

As part of the IMD the 'income' domain seeks to capture the proportion of the population experiencing income deprivation in an area. The pattern of 'income' based deprivation across the district is very similar to the pattern of the overall IMD data (see Appendix 11). However, this is unsurprising given that the 'income' domain contributes 22.5% of weight to the overall IMD composite. Generally the areas of the district suffering the most from income deprivation are in the urban areas of the two coastal towns and Canterbury City. Those areas suffering the least from income deprivation are found in rural locations.

2.5 Conclusions

The chapter sets out an economic characterisation for the district's economy which where possible compares it with other geographical areas. This serves as an economic intelligence base which seeks to inform this study and wider Local Plan process.

UK context

- Over the early period of this new Local Plan the UK is likely to experience stagnated / low growth (i.e. up to 1% annually) compared to the 3% annual growth attained prior to the recession. However the operating environment for businesses may 'never return to pre-recession normality' and a period of weak growth could continue beyond 2015.
- The UK's economy continues to experience heightened pressures on household finances, labour market uncertainty and inactivity and rising inflation, while interest rates remain low.
- In response government seeks to restore the health of the national economy by tackling and reducing the national deficit but also prioritising economic growth. This is encapsulated through a series of policy documents, notably a 'Growth' White Paper assisted by the new National Planning Policy Framework. This replaces the previous regional policy apparatus (e.g. South East Plan and Regional Economic Strategy) which provided sub-national economic governance.

Sub-regional context

- In a sub regional context Canterbury district resides within the county of Kent which comprises 12 individual districts and which borders the counties of Surrey, East Sussex as well as the unitary authority areas of Thurrock, Medway and those in Greater London.
- The county has a large economy comprising of a significant population, large number of jobs and many predominantly small businesses. In the main it is a reasonably prosperous economy with a comparatively low level of socio-economic deprivation, though considerable variations exist across the county, notably from west Kent to east Kent.

Canterbury district

- The district's economy is large relative to its Kent neighbours undergoing reasonable employment growth in the decade prior to the 2008/09 economic downturn. Much of this took place in the public (e.g. health) and quasi-public (education) sector but also in consumer services (e.g. hotels, retail and catering). There was also modest growth in business and professional services though this was insufficient to offset an ongoing decline in the district's manufacturing base
- Over the course of the economic downturn the majority of industrial sectors have declined in size resulting in over 2,000 jobs being lost in the local economy.
- The area has also seen a recent increase in unemployment accompanied by a fall in earnings and reduced levels of new business creation though this is expected to pick up again as the national economy begins to recover. Canterbury City in particular has seen a very recent surge in new businesses being created.
- Overall levels of socio-economic deprivation are also likely to have increased slightly but only relative to the performance of other areas in England.
- Local commuting patterns underline the importance of the district's economy in relation to its role as a sub area economy drawing in labour from neighbouring districts thereby providing much needed jobs in east Kent. It is also relatively well 'self-contained' in terms of maximising local labour supply (i.e. providing local jobs for local residents).
- The area's economy will be subject to a range of challenges in the short-medium term including the projected decline in public sector jobs, a continually shrinking manufacturing sector and fundamental shifts in terms of consumer shopping and lifestyle patterns.
- In contrast a dramatic shift is taking place in the district's 'professional, scientific and technical activities' (i.e. private sector knowledge based sector). It gained almost 900 jobs (between 2008 and 2011) thereby significantly increasing in size (+36%) despite the recession. This broad spectrum of economic activity tends to operate from and therefore primarily relies upon the availability of employment (office) space.
- The continuing growth of this sector is also important as the district does not possess any specific industrial specialisms as such that can be expanded or growth potential exploited further.

- The key economic strengths of the district, which will influence its ability to support new employment space in future therefore include the area's:
 - i. reasonable-good transport accessibility to Kent's motorway network with excellent rail links to London, and proximity to the Channel Tunnel for rapid access to mainland Europe;
 - ii. its major economic assets such as the cluster of universities and reputation as an important visitor destination and centre for shopping;
 - iii. strong recent growth in business and professional service activities;
 - iv. competitive wage levels and land/building costs for employment use;
 - v. recovering rates of new business start-ups, particularly in Canterbury;
 - vi. limited out-commuting to work; and
 - vii. high quality of life notably its proximity to attractive coastal areas and countryside.

- In contrast some of the principal weaknesses and potential threats may include:
 - i. recent loss of total jobs and relatively small private sector base with no clearly identifiable industrial specialism or competitive advantage;
 - ii. mismatch between higher skill levels and available jobs locally;
 - iii. poor levels of new graduate (talent) retention from higher education sector;
 - iv. relatively low attraction of non-retail inward investment and relocations from elsewhere;
 - v. the rapid expansion of neighbouring economies (e.g. Ashford) which are associated with a stronger perception as a business/investment destination.

3.0 OVERVIEW OF EMPLOYMENT SPACE

This chapter considers the quantity and delivery of built employment space in Canterbury district. It will determine the current supply of employment generating property stock as well as identifying the location of developed employment sites in the area and provide an overview of their respective roles in the local market.

The chapter will also highlight and analyse any trends in the provision of new floorspace including the amount likely to come forward while also considering the loss of local employment space.

In addition to the above where economic interests and markets straddle local authority administrative borders this chapter will also provide an overview of the supply of land for employment development and current stock of employment space in neighbouring districts and boroughs. Major changes in supply and/or significant new B1, B2 and B8 use class proposals may have implications for the market for employment space in Canterbury district.

Key sources used in this section include:

- Valuation Office Agency (VOA) and Communities for Local Government (CLG) data;
- Canterbury City Council/Kent County Council records of employment land and floorspace and monitoring in the district and elsewhere in Kent as well as records of local planning applications; and
- Intelligence from commercial property markets and information from other employment land reviews.

3.1 Stock of Employment Floorspace

The Valuation Office Agency (VOA) prepares a comprehensive and current list of all commercial premises (known as hereditaments) in England and Wales for rating purposes. Though VOA data distinguishes between various types of industrial premises it should be emphasized that the market does not make such distinctions. Buildings will typically accommodate a range of uses, and what was originally designed for one use may be subsequently used for another. Despite these issues, it does provide an overview of changes in stock levels of B-Class employment generating premises within the study area. Here Tables 3.1 and 3.2 reveal the amount of property stock and level of respective floorspace for the east Kent districts.

Table 3.1: Non-domestic floorspace (m²) by east Kent district and sector, 2012

	Canterbury	Dover	Shepway	Thanet
Retail	416,000	179,000	230,000	356,000
Office	127,000	95,000	95,000	82,000
Industrial	407,000	508,000	334,000	426,000
Other	118,000	79,000	80,000	112,000
Total	1,068,000	861,000	739,000	976,000

Source: VOA, 2012

Table 3.2: Number of hereditaments (total stock) by east Kent district and sector, 2012

	Canterbury	Dover	Shepway	Thanet
Retail	1,520	1,010	1,210	1,770
Office	760	530	530	530
Industrial	1,040	740	860	1,030
Other	430	390	360	440
Total	3,750	2,670	2,960	3,770

Source: VOA, 2012

Table 3.1 reveals that Canterbury retains more commercial space than any other east Kent district mostly due to the disproportionately high levels of retail space in the area. While Canterbury district also retains the highest level of office space, all districts are dwarfed by the substantial level of industrial floorspace within Dover, which amounts to 508,000m². By way of comparison Kent's other prominent business centres such as Medway, Swale, Maidstone and Ashford also retain much larger overall levels of industrial floorspace.

In respect of property stock (Table 3.2) Canterbury has by far the highest number of office hereditaments but also has a slightly greater number of industrial units than the district of Thanet. This suggests that warehouse or distribution type users are the dominant user of employment-generating floorspace. It undoubtedly reflects the widespread use of often small B1/B8 type units across a number of business parks, notably at the John and Joseph Wilson Business Parks at Whitstable and Lakesview Business Park in Hersden. Perhaps surprisingly considering the retail offer in Canterbury, the Thanet has the greatest number of retail premises which results in it having the largest overall number of hereditaments in east Kent.

Regarding change over time recent evidence, as in Table 3.3 below demonstrates that the actual number of employment premises has increased across east Kent over the last four years. The biggest increase took place in Thanet where the total number of B-class premises grew by some 13%.

Table 3.3: Number of B-class employment premises, 2008-2012

District	All Types - 2008	All Types - 2012	Change
Canterbury	1,696	1,800	+104 (6%)
Dover	1,205	1,270	+65 (5%)
Shepway	1,266	1,390	+124 (10%)
Thanet	1,386	1,560	+174 (13%)

Source: VOA

Specific to Canterbury district the following evidence (Table 3.4) shows how the amount of employment floorspace changed over the decade 1998-2008. This provides insights into how the market for employment premises and therefore the need for space from the local economy may have changed.

Table 3.4: Change in employment floorspace, Canterbury District

	Floorspace: Commercial Offices	Floorspace: Factories	Floorspace: Warehouses	Total
2008	112	218	268	598
2007	115	219	268	602
2006	112	227	258	597
2005	109	232	254	595
2004	100	245	247	592
2003	101	262	234	597
2002	98	263	237	598
2001	95	259	234	588
2000	92	259	234	585
1999	95	258	284	637
1998	96	258	287	641
Change (m ²) 1998-2008	+16	-40	-19	-43
Change (%) 1998-2008	+17%	-16%	-7%	-7%

Source: VOA

Over this time-frame the data reveals a very mixed picture. The overall level of employment floorspace in the district fell by some 43,000 m² (-7%) between 1998 and 2008. Sources suggest this has continued with the total floorspace level falling from 598,000 m² in 2008 to 534,000 m² of office and industrial (including warehousing) space in 2012 according to Table 3.4 above. This would represent a decrease of 64,000 m² (-11%) in employment floorspace over the period 2008 to 2012. Elsewhere in Table 3.4 whilst the amount of floorspace associated within factories and warehouses had fallen (-16% and 7% respectively), the level of office space had increased.

There are probably a number of reasons for these changes. These might include the loss of some larger, mass production type factories offset to some extent by the development of increased numbers of smaller industrial and distribution type units. This observation is borne out by local evidence which has seen the loss of B2-class use factory sites such as Canterbury Tannery, Huyck, Britton Inks and Hoppers Bakery alongside falls in local manufacturing employment. At the same time Lakesview Business Park for example has seen the construction of many new smaller light industrial (B1c) type units.

As referred to earlier there are difficulties in distinguishing between factories and warehouses, therefore some movement between the two uses may have occurred. In addition, the growth in both office floorspace (+17%) in part reflects the growth in businesses and employees within the professional and business services sector that has taken place in the district.

3.2 Employment Floorspace

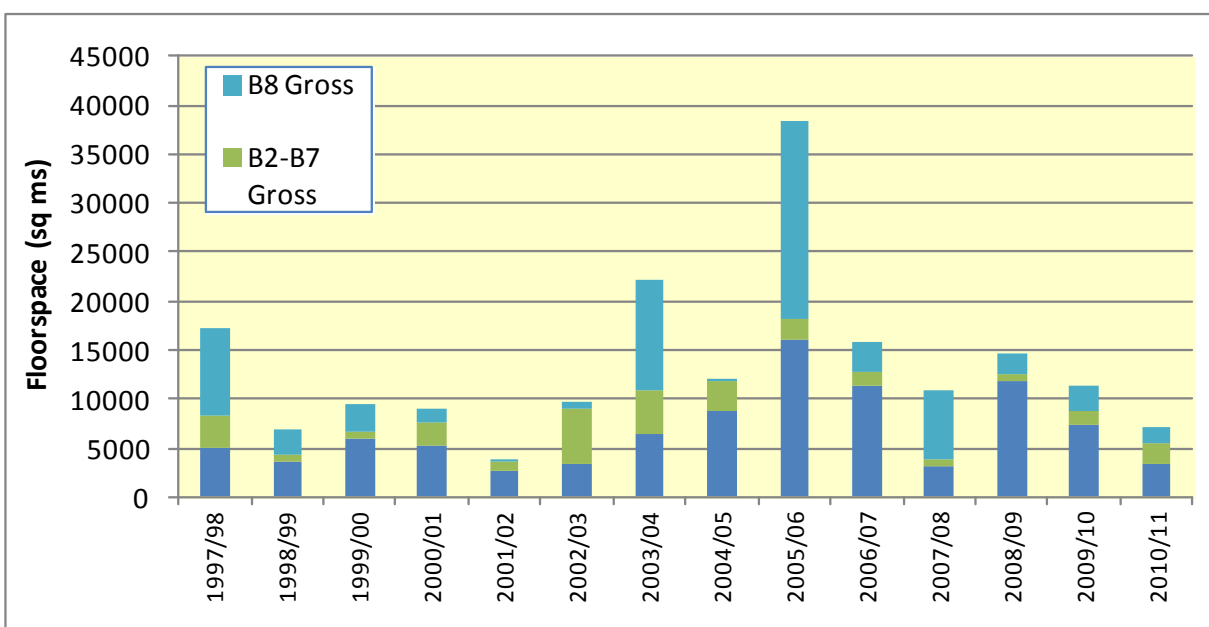
Although Chapter 4 provides a more in-depth market based discussion of business/investor interest in office, industrial and warehousing/distribution type floorspace it is also possible to consider, interpret and analyse other sources regarding the demand for and supply of employment floorspace.

An insight into recent patterns of employment floorspace delivery and take-up in Canterbury district has been drawn from two key sources: historical data on permissions granted and the associated take-up rates sourced from Annual Employment Land Monitoring Reports or equivalents, where available from Kent County Council; and local market knowledge via Canterbury City Council records as well as ongoing discussions with local property agents and development agencies.

Take-up rates in particular are a key contextual indicator of demand for employment land and floorspace. The Employment Land Review assumes that employment land and floorspace completions (gains) can be taken as a proxy for take-up.

Levels of gross completions within a district can vary significantly from year to year, thus Figure 3.1 seeks to capture data over a period of fourteen full years from 1997/1998 to 2010/2011. This should provide a relatively accurate picture of completed development over time in the district. This also breaks down floorspace data into B-class uses to allow more detailed analysis. It should be noted though that this data is sometimes subject to revision by Kent County Council when more up to date completion figures become available.

Figure 3.1: Completions of Employment Space in Canterbury District (Gross), 1997/98-2010/11



Source: CIA Monitoring Statistics, KCC, CCC analysis

The graph reveals that total annual gross completions reached almost 189,000 m² over the fourteen year period between 1997/98 and 2010/11. In analysing this dataset further, gross completions were relatively low between 1997/98 and 2002/03 (averaging 9,000 m² per annum). Thereafter (2003/04 - 2010/11) annual completions were averaging almost twice this level (16,500 m² per annum). On average this equates to some 13,500 sq ms per annum.

To ensure consistency with figures used in NLP’s Development Requirements Study (2012), which takes an annual average for the last decade (2001/2002-2010/11), the average level of B-Class space developed per annum was slightly higher, at 14,100 m². There was considerable variation in development levels over the period, with a notable spike in completions in 2005/06 (i.e. 38,341 m²).

Just over half of all new development over this decade was B1 space (office and light industrial), which averaged 7,400 m² annually. In general terms the annual rate of B1 development began to accelerate from 2004. The average level of B8 completions over the same period was comparatively lower, at 4,800m² per annum, peaking in 2005 and formed some 33% of all new floorspace delivered.

In contrast, annual levels of B2 development have been continuously low throughout the period (averaging just over 2,200 m² per annum) or about 15% of all space.

Analysing Completions (i.e. take-up) of Employment Floorspace

As a key indicator of investor demand, completions (i.e. take-up rates) will be affected by a range of factors including economic growth, the viability of development and the availability of developer and investor funding. These factors in turn may help to analyse the picture of completions in the district. Some of this analysis is discussed in successive Annual Monitoring Reports produced by the City Council.

Over the period 1997/98 to 2010/11 the pattern of development of employment land has been relatively uneven. For the first six years the annual level of completions was generally quite low. This may be accounted for by the length of time it took for the district to recover from the recession of the early to mid 1990's.

These economic difficulties compounded by few sites available for development, may have constrained the district's capacity to capitalize on new economic opportunities in the early years of the subsequent decade.

However, from 2003 to 2008 it could be argued that the relatively strong economy, buoyant business confidence, low interest rates and the availability of short-term finance created more favourable conditions for development. This is generally reflected in the completion figures. Also in the last decade, some private sector delivery of employment-based development in the district has been assisted by public sector subsidy. This intervention has been provided in two key forms.

Firstly, a result a sizeable amount of employment space has been completed at Lakesview Business Park. Located on a former colliery site and spoil tip and within a Priority Area for Economic Regeneration (PAER) the development would have been commercially unviable without public sector intervention. In turn pump-priming grants have helped reduce developers' pre-construction costs (e.g. infrastructure provision and site remediation and servicing) thereby helping to close the gap between construction costs and development values.

Also requiring public sector subsidy, Canterbury Business Innovation Centre was completed in 2009. This is indicated within the 2009/2010 completions data. A landmark and iconic development, it could not have been completed without £7.3 million of regional development agency money. This has enabled construction to be completed despite the onset of an economic downturn, recession then slow recovery between 2008 and 2010.

Under normal market conditions (i.e. without public sector intervention), it is questionable whether these developments would have progressed in these locations. In this respect, these particular developments may tend to distort the overall completion figures.

In terms of the geographical distribution of completions, recent levels of completions (2009/10) reveal the area of greatest demand was at Canterbury (46% of completed floorspace), then rural locations

(22%) followed by Herne Bay (21%). The distribution tends to vary year by year. In 2008/09 for instance 36% of completed floorspace took place at Whitstable followed by Herne Bay (25%). Only 9% of annual completions took place at the City of Canterbury that year.

In the main there are no discernible patterns in the spatial distribution of completions. However, in those years where completions in the district peaked (2003/04 and 2005/06), in both cases the largest proportion of new floorspace was constructed at Lakesview Business Park.

Future Completions

The previous section found that average annual gross completions (over the last ten years between 2000/01 and 2010/11) achieved an approximate development rate of 14,100 m² per annum.

There are clear challenges to continuing this development rate over the short-medium term. In the current period the reduced availability of finance for development, fragile business confidence and relatively weak demand as well as recent changes to empty property rates relief and to some degree increasing competition from sites in neighbouring districts have increased the risks associated with new development.

Furthermore any further significant public sector interventions (e.g. grants, joint ventures) into new employment related development is unlikely for the foreseeable future. Therefore it may be difficult to continue exceeding 14,000m² of gross completions per annum.

To some extent these inevitable adverse impacts on development rates will be begin to be offset by an economic recovery, which in turn will stimulate market demand for property and sites. For example those sectors that have been either in part insulated from the recession and/or maintained a positive performance through its most difficult period are arguably best positioned to exploit an economic upturn.

Firms associated with high value added products and services, which are primarily export-orientated, are often rooted in those business sectors earmarked to help drive an economic recovery. In this case it should be anticipated that graduate incubator firms and inward investors may propel the need for new floorspace, for instance at the University of Kent at Canterbury Technology Park.

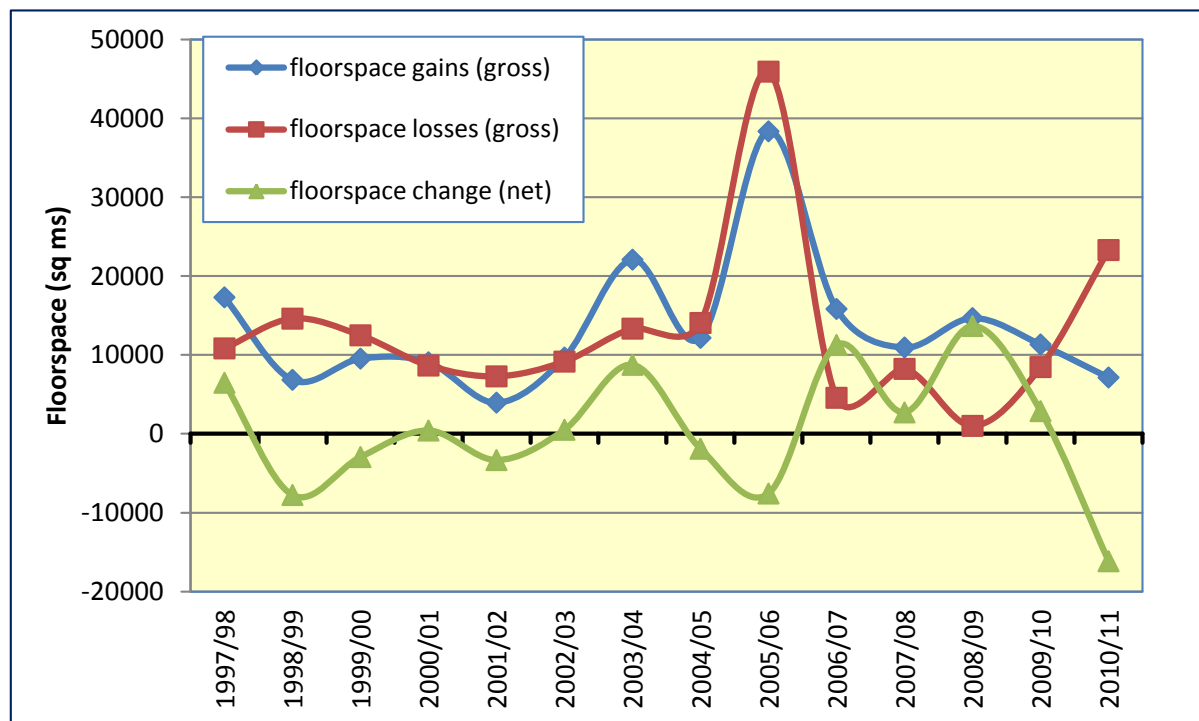
Similarly notwithstanding the limited availability of finance for commercial development the new Expansion East Kent initiative could partially help to meet the finance deficit (i.e. in the form of interest free loans) for some potential occupiers and investors. To date it is too early for this to impact new development to any great extent but the initiative will be in place for five years and therefore it may have a beneficial effect over time.

Losses of Employment Space

Where sites within the district's site portfolio are developed for alternative uses, this will be picked up through the annual monitoring of housing and employment land permissions and completions. Using KCC land monitoring figures it is possible to analyse planning consents connected with employment premises.

It is apparent that the district experienced significant losses of employment space to alternative uses over the period 1997/1998 – 2010/2011. This is plotted in Figure 3.2 below which seeks to compare losses and gains in employment space over this period.

Figure 3.2: Changes in completions and losses in Canterbury District, 1997/1998-2010/2011



Source: CIA Monitoring Statistics, KCC, CCC analysis

As is revealed above losses of space previously in B-class uses amounted to 185,465 m² over fourteen years though it should be emphasised that this is heavily skewed by significant losses in two separate years, in 45,907 m² in 2005/06 and to a lesser extent 23,293 m² in 2010/2011. In other years for example 2008/09, a comparatively modest loss of 4,566 m² took place.

These losses were also split relatively evenly across A2/B1 (35%), B2 (31%) and B8 uses (27%) over the fourteen year period. In terms of average losses each year the above represents an approximate loss of 13,300 m² per annum.

However over a slightly shorter time period (the decade of 2000/01-2010/11), as used by NLP in their 2012 study, there would appear to be a higher annual average loss of 14,400 m² per annum in the district. Much of this, 43% of the total, involved losses of B1 premises, both offices and light industrial. Planning consents from the last three years have shown that most of the B1 losses involve office space. This was followed by B2 industrial space (34%) and with a modest loss of B8 premises (22%).

To put an annual average loss of 14,400 m² into perspective, this would represent the loss of 2.7% of employment floorspace stock each year (based on 534,000 m² of floorspace within office and industrial hereditaments in 2012).

Moreover due to the extent of recent losses (23,293 m² in 2010/11) these have actually begun to exceed the annual gross development rate (14,100 m² per annum). In addition some 7,925 m² (6.49 ha) of employment space and land are pending losses, according to the 2010/11 monitoring report for the district. Over half (4,125 m²) of this stock is B2 industrial space.

There are also several planning applications currently being determined in 2012/13 which if all consented would result in the loss of a further 3,064 m² of employment floorspace. Therefore whilst existing local planning policies will seek to minimize the level of employment floorspace lost to other uses, the next few years may see further losses.

Analysing Losses

In accounting for losses of B1, B2 and B8 floorspace the district has experienced changes, adjustments and losses in line with economic fluctuations, local market attractiveness together with the need to balance the provision of employment space with wider strategic and other emerging priorities. In terms of what other uses this employment space is being lost to the following outlines three key relevant issues.

Firstly there is strong evidence that demand for non-B use floorspace has risen in line with job growth in sectors associated with these requirements (Source: NLP, 2012). In this respect there are numerous planning applications and consents for changes of use from B-class floorspace to other uses which partly account for these losses. Using City Council planning records and KCC monitoring data, between 2008-10, out of a total of 9,470 m² of B-class employment space lost, some 4,200 m² (or 44%) went to non B-class uses, primarily retail and education uses, as well as to car showrooms and a bus depot.

The demolishing of Clarkson House in Canterbury for example resulted in a substantial loss of B1 (offices) in 2009 but in turn the site was transformed by Canterbury Christ Church University into St Augustine's House (D1 educational use). In their 2002 study of the local office market Savills singled out this as a key element of the city's poorest office stock which was experiencing long term voids and very low rents. Although official data shows this as a loss of employment floorspace, this has arguably been offset by the contribution made to the local growth of higher education and the securing of subsequent substantial financial investment made by the university.

Into the future however, in view of current financial constraints placed on the publicly funded further and tertiary education sector, there is the possibility that some property consolidation may potentially take place in this sector. However private sector education provision continues to grow in the city. For instance a fourth HEI (Girne American University) has arrived in the city while other colleges have plans to expand thereby further underlining education's role as an important growth sector in the local economy. This may lead to a continued need to use existing office space in Canterbury for educational purposes if sites cannot be found for that purpose.

Similarly there has been a need to recognize the value and potential economic contribution of non-employment uses such as leisure and recreation. These are important uses to the local community but their accommodation requirements tend to vary considerably therefore the specific needs of some non B-class use sectors can be difficult to plan for within a development plan context. At the same time some employment floorspace has to some degree become a casualty of the economic downturn. Property owners seeking to minimise their financial liabilities in an uncertain commercial climate (e.g. business rates and long term voids) will increasingly seek out other commercial uses which can help mitigate this problem. Therefore where an appropriate case has been made to change the use of employment floorspace, the result has been the loss of several smaller units on individual employment sites. However overall non B-class uses tend to constitute a relatively minor proportion of overall floorspace on the district's most prominent business parks and industrial estates.

Secondly sites may have simply reached the end of their useful life as employment floorspace. Older, often large premises, which are perhaps less attractive to occupiers and may take longer to let, face a particularly difficult market environment. Once vacant for prolonged periods these properties tend to deteriorate quickly thus reinforcing the difficulties in letting or selling the property. In this case older buildings which are less suitable and/or adaptable for modern business use have sometimes been converted back into residential dwellings following a period of employment use. Bramling House, Ickham, is one such case where this situation has occurred.

Thirdly the redevelopment of large, urban redundant commercial sites for predominantly residential uses such as the former Tannery and Bingley Centre sites in Canterbury and the former Huyck factory site, Whitstable have helped to provide a continual supply of local residential dwellings. This in turn has improved the delivery of sustainability through re-using under-used or vacant brownfield sites thereby in part reducing the need to use new greenfield development sites. Between 2008 and 2010 some 2,600 m² (27%) was lost to residential uses.

Net Completions of Employment Floorspace

Based on the above commentary and analysis net completions have been very low or on a more recent basis have been negative. Figure 3.2 indicates that whilst annual gross completions in the district reached almost 189,000 m² between 1997/98 and 2010/11, in stark contrast, the total level of net employment floorspace gained over this period was 7,000 m². This means only 500 m² was gained per annum over the fourteen year analysed period. The most culpable year was 2010/11 when over 16,000 m² was lost in net terms.

Relative to other districts in Kent, Canterbury had the smallest net development rate of employment space in the county aside from the borough of Gravesham (436 m² per annum) over the period 1997/98 – 2010/11. By far the highest net development rate occurred in the borough of Swale (23,637 m² per annum).

The substantial differential between annual gross and net development rates that exists in Canterbury district indicates a continuous loss of employment space to other uses over time. To put this into perspective as a gross/net development ratio, for every 27 m² of new floorspace built (gross) between 1997/98 and 2010/11 only 1 m² has actually been gained in net terms. It is also important to emphasize that in six of the fourteen years analysed more employment floorspace was lost than developed.

When a more recent time-frame is analysed (decade of 2000/01-2010/11), annual losses began to exceed completions. This picture reflects the significant losses of employment space discussed above particularly within redevelopment schemes as well as losses of B-class use floorspace to other uses.

3.3 Employment Sites Currently Occupied

This study seeks to consider the district's market for employment space via four district sub-areas which comprise Canterbury, Herne Bay, Whitstable and the rural/other areas. Much of the district's B1-B8 floorspace is located on well-established and mixed business sites at Canterbury, Whitstable and Herne Bay. However, more rural parts of the district also provide important existing business sites which are discussed in more detail below.

To appreciate the role of these business sites in the context of the study area Table 3.5 provides an overview of 28 business sites which comprise employment land and space that was currently in use or partial use at the time of this study. This table provides a site name, location and the relative scale and type of employment floorspace. A general occupancy rate (%) for employment space is also included to help understand the site's relative attractiveness to the market they operate within.

This overview, which is also accompanied by brief commentary and narrative, does not constitute a full qualitative assessment but does give important insights into whether these sites appear to serve the needs of businesses within the area. Some of these sites will also be reviewed and qualitatively assessed in Chapter 6, where these meet the required conditions for assessment.

Also in order to help understand each business site's relative role and influence from a local employment property market perspective they are assigned a relevant category or type. Based partly on the ODPM's (now CLG Department) guidance for local authorities on the preparation of employment land reviews this simple classification does not infer that one site is necessarily more economically important than another. It is purely an illustrative and practical categorization according to the market characteristics of the site.

It is felt that these business sites can be classified into three different market typologies which are identified below and explained in more detail in Appendix 12:

- I) Key Business Sites;
- ii) General Industrial / Business Sites; and
- iii) Rural Business Sites.

Table 3.5: Built employment and business sites (by market area)

Site	Sub-Area	Uses	Existing Local Plan Policy Status (if any)	Site type (market perspective)	Total Employment Floorspace (m ²) and Number of Units	Unit Size Range (m ²)	Occupancy Rate (% of built employment floorspace where appropriate / available)
Barton Business Park	Canterbury	B1 and B8		General industrial /business site	10,912 m ² (32 units)	3 office units ranging from 24 – 187 m ² and 29 industrial / workshop type units ranging from 79 – 1,971 m ²	95%
Marshwood Industrial Estate/ City Business Park	Canterbury	B1 and B8	Employment cluster	General industrial /business site	11,262 m ² (20 units)	Comprises 20 distribution facilities /warehouses and units both small (56 – 177 m ²) and larger sites between 244 – 2,148 m ²	75%
Wincheap Industrial Estate	Canterbury	B1 and B8	Zoned for renewal / regen	General industrial /business site	12,409 m ² (16 units)	7 offices between 46-966 m ² 9 industrial units / workshops ranging from 347 – 2,844 m ²	61%
Roper Close, Roper Road	Canterbury	B1 and B8		General industrial /business site	Approx. 3,723 m ² (23)	Offices, workshops and storage space ranging from 37 – 779 m ²	95%

Site	Sub-Area	Uses	Existing Local Plan Policy Status	Site type (market perspective)	Total Employment Floorspace (m ²) and Number of Units	Unit Size Range (m ²)	Occupancy Rate (% of built employment floorspace where appropriate / available)
Joseph Wilson Industrial Estate,	Whitstable	B1, B2 and B8	Employment cluster	Key business site	24,145 m ² (87 individual units)	Serviced office suites plus small / larger business units (49 to over 1,000 m ²)	93%
John Wilson Business Park	Whitstable	B1, B2 and B8	Employment cluster	Key business site	29,675 m ² (97 units)	Small office suites (from 16 m ²) to larger offices, factories and other units over 1,000 m ²	95%
St Augustine's Business Park	Whitstable	B1, B2 and B8	Employment cluster	Key business site	10,248 m ² (19)	Industrial units and assembly/warehousing premises ranging from offices (83 m ²) to larger factories/units (over 2,000 m ²)	98%
Estuary View / Chaucer Business Park	Whitstable	B1 (offices)	Office node	Key business site	7,371 m ² (10)	Office accommodation ranging from small pods to one single large user (3,500 m ²)	87%
Tyler Way Industrial Estate	Whitstable	B1, B2 and B8		General industrial /business site	16,368 m ² (12 units)	3 office units ranging from 75– 83 m ² 5 factory premises ranging from 388 – 5,478 m ² 4 other warehouses ranging from 363 – 1,117 m ²	100%

Site	Sub-Area	Uses	Existing Local Plan Policy Status	Site type (market perspective)	Total Employment Floorspace (m ²) and Number of Units	Unit Size Range (m ²)	Occupancy Rate (% of built employment floorspace where appropriate / available)
Whitstable Harbour	Whitstable	B1 and B2	Inc. employment allocation	General industrial /business site	15,960 m ² (6)	Office space and warehousing from 188-14,970 m ²	100%
Altira Business Park	Herne Bay	B1, B2 and B8	Former employment allocation	Key business site	2,983 m ² (2)	Two industrial facilities 1,000 m ² +	Not applicable at this stage
Eddington Lane Business Park	Herne Bay	B1, B2 and B8	Employment cluster, employment allocation	General industrial /business site	18,445 m ² (3 units)	1 office and 1 warehouse plus large factory (17,548 m ²)	100%
Herne Bay Trade Park / Industrial Estate	Herne Bay	B1 and B8		General industrial /business site	5,881 m ² (8 units)	Office, distribution/ warehouses and industrial units ranging from 119-3,376 m ²	100%
Hillborough Business Park	Herne Bay	B1	Employment cluster	General industrial /business site	1,281 m ² (9 units)	Offices, warehouse / storage and workshops ranging from 11-497 m ²	100%
Sea Street Nursery Estate	Herne Bay	B1		General industrial /business site	720 m ² (8 units)	8 units of 90 m ²	100%

Site	Sub-Area	Uses	Existing Local Plan Policy Status	Site type (market perspective)	Total Employment Floorspace (m ²) and Number of Units	Unit Size Range (m ²)	Occupancy Rate (% of built employment floorspace where appropriate / available)
Eddington Links /Nursery	Herne Bay	B1, B8	Former employment allocation	General industrial /business site	4,217 m ²	The Links site has a range of flexible office space arranged according to tenant requirements. The Nursery site comprises terraced industrial units (94 m ² – 189 m ²)	91% occupied /committed
Lakesview Business Park	Rural/other	B1, B2 and B8	Employment cluster, former employment allocation	Key business site	38,258 m ² (119)	Small serviced and un-serviced office suites/hot-desk space (e.g. 16 m ²) to single large factory (11,124 m ²)	70%
Canterbury Business Park	Rural/other	B1 and B8	Employment allocation	Key business site	16,044 m ² (5)	Small offices (78 m ²) to large production facility (14,269 m ²)	Not applicable at this stage
Wealden Forest Park	Rural/other	B1 and B8		General industrial /business site	2,938 m ² (12 units)	Premises range from small offices (16.7 m ²) to larger workshop (874 m ²)	Unknown
Canterbury Industrial Park	Rural/other	B1, B2 and B8	Employment cluster	General industrial /business site	12,520 m ² (14 units)	Units range from 211 m ² – 3,085 m ²	100%

Site	Sub-Area	Uses	Existing Local Plan Policy Status	Site type (market perspective)	Total Employment Floorspace (m ²) and Number of Units	Unit Size Range (m ²)	Occupancy Rate (% of built employment floorspace where appropriate / available)
Goose Farm Industrial Estate	Rural/other	B1		General industrial site	584 m ² (7 units)	Workspace ranges from 48 m ² – 144 m ²	96%
Barham Business Park	Rural/other	B1, B8	Employment cluster	Rural business site	2,606 m ² (22)	Varying sized small workshops (B1/B8) sized from 71 m ² to 236 m ²	95%
Ropersole Farm	Rural/other	B1		Rural business site	388 m ² (4)	Small B1 offices/ light industrial units between 67 and 132 m ²	75%
John Roberts Business Park	Rural/other	B1		Rural business site	633 m ² (9)	Small office suites from 16 to 161 m ²	90%
Broadlands Industrial Estate	Rural/other	B1		Rural business site	483 m ² (5)	Accommodation (B1, B8) ranging from 32-208 m ²	100%
Woolton Farm	Rural/other	B1 and B8		Rural business site	2,562 m ² (6)	Refurbished warehouses ranging from 66-1,098 m ²	94%
Chislet Business Park	Rural/other	B1 and B8		Rural business site	2,428 m ² (24)	Mixture of single and smaller sub-divided (B1/B8) units ranging from 18-248 m ²	78%
Denne Hill Business Centre	Rural/other	B1		Rural business site	497 m ² (5)	Small B1 offices	70%

Canterbury

It is apparent from Table 3.5 that there appears to be a lack of 'key business sites' at Canterbury City which is a significant competitive disadvantage particularly in view of its sizeable population base, labour market catchment area and workforce. This stems from a dearth of significant new office and industrial or warehousing development schemes at Canterbury over the last decade. Most 'key business sites' are located at Whitstable. A sizeable level of employment space is located across different areas of Canterbury though this is not necessarily concentrated in coherent areas or clusters of similar activity as compared for example to a site primarily supporting and marketed at B1, B2 and B8 uses would be.

Canterbury appears to retain more 'general industrial/business sites' four of which are discussed below.

Marshwood Industrial Estate/City Business Park is located in Canterbury due north east of the city centre. It comprises a series of large and smaller warehouses/distribution units in employment (B8) use alongside non-food retail (A1) and trade counters (suis generis) uses.

Though the buildings are generally in good condition access onto the A28 road is shared with multiple users including retail warehouses and their customers and is currently constrained. Also road surfaces are poor in places reflecting its intensive usage. A further new retail warehouse development (circa. 2,379 m² plus new mezzanine flooring) is currently underway between the site and access on to the highway. Increased development in this area may hasten the requirement for road surface improvements and future review of highway access which would impact industrial estate occupants. The site arguably performs an important function in terms of its city focused non-retail warehouse provision which has traditionally been pressured by competing, higher value retail sales uses attracted to the Canterbury's lucrative retail market. This is further underlined by the new Marshwood Close retail development which replaces 2,972 m² of B8 floorspace lost in 2010.

Barton Business Park, Canterbury, is presently accessed from the New Dover Road via Appledown Way (a minor road in relatively poor condition) across farmland.

It retains some 32 workshops and storage type units of varying sizes and commercial uses, some of which are converted, former agricultural cold stores and others of a more recent construction. Despite the rather awkward and convoluted access and low to average quality condition of the buildings the high occupancy at Barton Business Park (only 3 units vacant) appears to demonstrate its ability to provide a size and type of accommodation that is attractive to small businesses within the local market. In order to meet this demand several units are being sub-divided into smaller workshops for small scale industrial, storage and some office uses.

Arguably few other sites have such provision available either in or within close proximity to the city of Canterbury consequently there is little competition from similar sites south and east of the city. In terms of its continued use a SHLAA representation has been submitted to the Council which could result in the loss or displacement of employment uses from the site. Were Barton Business Park to be adversely impacted by this proposal this provision would have to be met elsewhere in view of its role in meeting current business needs.

Also of note in Canterbury is the **Wincheap Industrial Estate** located south of the city centre. The site has excellent proximity to A2 (north/south bound), A28 and city centre but nearby traffic congestion is likely to adversely impact business tenants and potential marketability. The site comprises a mix of trade counter, retail, motor trade, office, workshop, and warehouse and storage while tenures, age and quality of buildings also varies.

This well-established industrial location includes businesses occupying some 12,409 m² of employment floorspace. This floorspace is primarily occupied by office, light industrial (B1), and warehouse/distribution (B8) uses. Arguably some buildings can be more difficult to let as suggested by the site's relatively high vacancy level with some 40% of employment space currently unoccupied.

This site is subject to plans for redevelopment potentially comprising residential and retail uses (but not employment uses) alongside the implementation of local transport infrastructure improvements. These plans are currently on hold primarily due to unattractive market conditions. This continued uncertainty is likely to be a factor impeding the site's ability to attract prospective investors seeking B-class use premises on anything longer than short-term leases.

In the context of this study at this stage it is unclear where in the district firms displaced from the site as a result of any future scheme would be relocated. An assessment may need to be made as to the economic role of employment users on site. For example one significant occupier serves as a storage and distribution facility (B8 use) for a large Canterbury retail department store. This exercise should also assess to what extent existing sites (particularly at Canterbury) can accommodate the requirements of relocating firms and determine which users would require new land provision.

Alongside the identified lack of 'key business sites' at Canterbury, the potential loss of the Wincheap Industrial Estate could present difficulties in meeting local business needs particularly if other sites fail to come forward for development within a reasonable timescale.

Roper Close is located just off Roper Road in the St Dunstan's area of Canterbury in close proximity to the city centre and Canterbury West railway station. This site comprises 23 units (3,723 m² in employment uses) of B1 offices / studio, light industrial and warehousing alongside other commercial uses (e.g. A1 retail).

The site consists of six buildings some of which are arranged as ground floor and first floor accommodation containing multiple users as well as some separate single user industrial premises. These are of varying physical condition with offices average to good and industrial of an average condition. There is also some parking available at the site.

Although located just off the St Dunstan's main road Roper Close appears to be popular and well-used (an estimated 5% of employment space is vacant) providing accommodation for a variety of mostly small businesses seeking to operate from central Canterbury.

Whitstable

The John and Joseph Wilson employment sites are mature, well-established (circa. 1980's) edge of town business parks comprising some 53,820 m² of mixed B1-B8 employment floorspace as well as some non B-class uses. In the context of the district and at coastal towns this is significant provision in terms of overall scale.

These industrial estates are considered 'key business sites' due to their importance in meeting a range of local business and organizational needs and their proximity to local population centres, namely the district's coastal towns (Whitstable and Herne Bay) to which they support employment and provide business accommodation to start-up enterprises and more established firms. This is particularly important in that the unique geography of coastal towns (i.e. 180 degree hinterland) which restricts capacity to find potential sites for business use. Both sites also have good access to a primary road

route (A299 new Thanet Way). In the main both continue to perform well (occupancy 90% +), are in good demand and appear to meet ongoing market needs from start-up and micro enterprises to larger firms and organizations.

In some instances they play a further role locally in meeting the accommodation needs of community based (non B-class) uses which cannot be met elsewhere in the town (e.g. groups, associations and sports clubs). Though industrial estate accommodation is not ideal for these users, this at least ensures the use can continue to operate locally. Moreover in the context of overall floorspace at the two business sites non B-class uses occupy a very small proportion (five units or 6% of total combined space).

In the same vein **St Augustine's Business Park**, a mature business park on the edge of Whitstable, also appears to meet current business needs as illustrated by the high level of employment floorspace currently occupied at the site. It comprises a range of B1 (office and light industrial) and B8 uses with industrial units tending to let more quickly than offices.

This key business site is located near to the local population centres of Whitstable and Herne Bay and has been in consistent business occupation for some years though seems to experience less 'churn' (i.e. activity in terms of occupancy dynamics - inward/outward movements) than the John and Joseph Wilson Business Parks. It consists of offices, light industrial and small-scale warehousing and distribution uses contained within modern business accommodation of a moderate to good condition. There is also some open storage land available to potential occupiers (not included in Table 3.5 above) at the business park.

Chaucer / Estuary View Business Parks, Whitstable are two sites in close proximity both primarily in B1 office use. Together these provide some 7,000 m² of floorspace in four separate office buildings. It is a relatively new office location with good access on to the A299 Thanet Way and to the coastal town of Whitstable.

Approximately 3,500 m² of floorspace is now built on Estuary View (which has 'office node' status within the Local Plan) where permission has been granted for the development of some 12,000 m² of new modern, quality office space and associated parking. Since this time the development of a community polyclinic and pharmacy to meet local community needs has resulted in the loss of some land to non B-class uses.

Prior to the economic downturn demand was good for office space in this location but since this time interest has been sluggish with some occupants also vacating their premises. However employment floorspace occupancy remains between 80 and 90% thereby allowing prospective users seeking secondary space, some flexibility in terms of office options.

Overall the quality of the pure office accommodation is very good (e.g. air conditioning/cooling, open plan and cellular space, parking) and is situated within an attractive, landscaped and low-density setting. It is therefore well-positioned to capitalise on such a time when office occupiers and investors have greater confidence to take-up new space and general market conditions improve. At this point there is also only modest overall competition along the A299 Thanet Way corridor from other office schemes.

The **Tyler Way Industrial Estate** is an edge of town site adjoining St Augustine's Business Park. It mostly consists of B1, B2 and B8 uses with some non B-class uses occupying smaller units.

It retains a sizeable amount of employment space mostly occupied by a few large employers, specifically innovative, advanced manufacturing firms such as Aker Solutions. The buildings' condition and external environment (e.g. road surfaces) are generally of a below average quality. As a result some of the smaller, more difficult to let buildings have been lost to non B-class use classes such as leisure. Despite this, the presence of some key occupiers on the site demonstrates that remains suited to their purposes for the time being at least.

Both generic improvements to the appearance of the estate and enhancement of specific buildings (e.g. re-cladding) may be necessary over time. The former could be achieved via measures such as a Business Improvement District, a model that has already been effectively implemented at Canterbury Industrial Park, Hersden. BIDs can utilise joint tenant/occupant working to make aesthetic and other improvements (e.g. crime prevention, lighting).

Whitstable Harbour is located to the far north of the town centre. It comprises typical facilities associated with a working harbour and mixed-commercial use small port including some industrial and warehousing connected with imports and marine activities processing and a small amount of office space.

As Table 3.5 illustrates, the area remains in part-employment uses though these remain integral to the industrial heritage and commercial operation of the Harbour. The majority of employment floorspace is occupied by a local construction company which imports aggregates via the harbour.

In reflecting the wider visitor appeal of the Harbour however it has also become an attractive environment for retail and recreational / leisure uses. Access to the site via roads through the town can be constrained and convoluted for heavier commercial vehicles though this appears to be accepted locally in acknowledgement of the important role played by an active, working industrial Harbour in the town.

Herne Bay

Altira Business Park has particularly important status in Table 3.5 being the only 'key' business site located at the coastal town of Herne Bay. This 15 ha site (37 acres) has outline planning permission for B1/B2/B8 uses, retains initial servicing (access roads and utilities) and provides scope to develop between 30-40,000 m² of commercial space.

In terms of employment space the site to date includes two new headquarters buildings for local firms ICOM and Jaytee Biosciences which comprise around 3,000 m² of office and warehouse space.

According to the site marketing it is intended to be segmented and disposed of in parcels to provide 13 smaller individual development plots for example to owner-occupiers and other developers. When applied elsewhere this formula has worked well, notably at Lakesview Business Park which in that example helped to catalyse the market for smaller industrial units and attracted previously latent demand.

A currently unimplemented planning consent exists to erect 16 business units for Class B1, B2 and B8 uses (2007). However despite initial infrastructure (e.g. surface and utilities) being in place, the site has been slow to come forward and no new employment space is planned at present despite agent, literature and website based marketing of the site. In view of the need to provide a variety of new

employment opportunities at Herne Bay this availability of land but lack of activity in terms of property development has been of some concern to the City Council.

It is also clear that other non B-class uses such as A1 retail are being considered by the site's developers with a formal planning application for a food store received by the Council in late 2012.

Eddington Lane Business Park is a highly visible location situated on the edge of Herne Bay, and is well-located in terms of access to a primary road route (A299 new Thanet Way) as well as key local roads such as the old Thanet Way which enables access to the coastal towns and local amenities.

The site is a mix of employment (B1-B8) and other commercial uses (A1 retail) with the majority of employment space occupied by manufacturing firm (i.e. Crown Products) which operates from a large and modern factory (B1/B2 uses).

This company also retains adjoining land (currently vacant brownfield) and three undeveloped plots of allocated employment land with frontage onto the Old Thanet Way. A further undeveloped plot lies to the north east of the business park which has an unimplemented consent for transport related employment uses. Overall a sizeable amount of employment land remains undelivered at this site.

There are no current proposals to develop the remainder of Eddington Business Park for employment (B1, B2 and B8) as demonstrated by a SHLAA representation submitted for alternative development uses. Consequently this study also qualitatively assesses these undeveloped plots in order to determine their continued suitability for future employment uses.

The **Eddington Links / Eddington Nursery Business Park** comprises two adjoining sites overlooking and visible from A299 New Thanet Way. These sites provide a recent, mixed-use development consisting of residential apartments, 1,500 m² (15,900 ft²) of modern office space and a new modern conference centre together with a further six industrial and distribution units (B1, B2, B8 and D2 uses) comprising 2,717 m² (28,800 ft²).

Whilst the former replaced the site of a previous petrol filling station, the Nursery site was disposed of by the City Council in order to allow some new employment generating development to take place to help meet some local unsatisfied business demand. This is now fully committed with the last building currently under construction. The Links site still retains some vacant office space which is presently being marketed. This represents the only employment development taking place in Herne Bay at present.

Elsewhere in the town along Sea Street, a number of business users occupy employment floorspace. This area is adjacent to predominantly residential uses but according to Environmental Health (Commercial Services) records these uses tend to co-exist without any significant disturbance to residential amenity.

The **Sea Street Nursery Estate** is City Council owned and managed and comprises 8 adjoining light industrial (B1) units each of approximately 90 m². The units are of a dated appearance and condition and will require investment and improvement over the next five years or so in order to extend their economic life. Despite this the buildings have historically been well-used, remain fully occupied and are in much demand. This continued demand together with the speed of delivery at the Eddington Nursery

site and current low industrial vacancy levels in the town appears to reveal a general lack of smaller industrial units in Herne Bay.

Further along Sea Street lies the **Herne Bay Trade Park/Industrial Estate**. This is dominated by a few larger firms occupying B1 and B8 floorspace who over time have acquired additional employment space at the site and one of whom has further plans to redevelop a currently derelict factory building into a new production facility. There is currently no vacant employment floorspace available at this location.

On the edge of Herne Bay, with access from the Sweeneybridge Road, is located **Hillborough Business Park**. It provides a mix of offices and light industrial workshops incorporating some (i.e. estimated 1,281 m²) employment floorspace as well as non B-class uses such as, quasi retail, retail and vehicle repairs. Units are brick built with flat and pitched corrugated roofs, in varying physical condition. The buildings and road surfaces appear to be of an average condition with internal circulation of traffic constrained but manageable.

Despite its edge of town location and low profile, the site appears to be well-occupied and therefore continues to meet local need from businesses seeking small, low-cost and practical workspace with parking and as such is reasonably well suited for this purpose.

The site also adjoins residential uses on two sides including a new larger development to the north. It is currently subject to a Local Plan SHLAA representation which means it has also been assessed (in Chapter 6) both in terms of its suitability for continued employment use and for new residential uses. It may however be difficult to relocate the current occupiers in Herne Bay (both employment and other commercial uses) if this site were to be lost. There has been only limited recent development of new workspace in this area which reduces the likelihood of identifying suitable alternative locations for business tenants.

Rural/other

Lakesview Business Park, Hersden is situated some seven miles north of Canterbury on the A28 (Canterbury-Thanel) road. Although not located in close proximity to a major primary road route (e.g. A2/A299) this site has attracted larger anchor occupants as well as some inward investment and generated and absorbed new demand for B1 and B8 employment floorspace from indigenous firms. The site has helped meet local demand, notably for smaller industrial units (94-472 m²). A new business park comprising mix of employment uses in a range of modern workspace, the site remains fully committed with a few smaller schemes still in the pipeline or underway.

As a result a considerable level of new private sector investment has been levered from the original pump-priming investment made by the public sector, which assisted in the construction of transport infrastructure and on-site remediation and preparation of the land used as part of the former Chislet Colliery and Spoil Tip. Most notably Evans Easy Space delivered the first speculative purely private sector development of its type (i.e. multi-tenanted start-up/small business workspace) in east Kent at Lakesview, providing 2,079 m² (22,037 ft²) of office and light industrial floorspace for B1, B2 and B8 uses.

In light of the above its local performance has been very good, and to a great extent it has been a major success story in the study area and wider east Kent over the last 8 years. It remains a much needed addition to the study area's portfolio of sites. Lakesview is also regarded as a comparative success in regional and national evaluations of regenerated former coalfield sites (Sources: BBP Regeneration, 2008; CLG, 2007).

The site, however, has experienced a major recent shock in the closure of Blighline Ltd and the resulting vacancy (11,124 m²) of its considerable factory site. This large building constitutes approx. 30% of all employment space at Lakesview.

Canterbury Business Park, Bekesbourne, is located 5 miles south east of Canterbury City centre just off the A2 primary road route between Dover and London. This gives the site attractive road links to the M2 and M20 as well as the port of Dover and the Channel Tunnel as well as good access to the city of Canterbury. It is the largest available employment development site south of Canterbury City thereby potentially supporting business development and serving as a generator of employment opportunities in this largely rural area of the district.

It comprises several phases with phase 1 of this business park complete. Phase 1 saw the construction of a 15,000 m² warehouse and distribution centre for major fresh produce suppliers, Gomez. Phase 2 has outline planning consent and comprises 2.83 ha (7 acres) providing design and build opportunities for warehousing and industrial development from 930 m² – 10,200 m². Future phases will seek to provide 4,000 m² of additional industrial development together with 5,500 m² of office development, both in new build and conversions of existing historic buildings. Phase 2 is currently being marketed by agents who seek pre-lets and sales to enable it come forward for B1/B8 uses. It is therefore too early to analyse its performance in detail but remains an important employment site in the district.

Wealden Forest Park and Goose Farm are two sites outside the district's three main urban areas. As explained in Table 3.5 they comprise a mix of different floorspace uses including some employment (B1-B8 classes). Both provide what might be considered as low-budget and functional, secondary floorspace attractive in the main to smaller businesses but which tend to find occupiers relatively quickly. In this regard Goose Farm has planning permission for a block of three new units (equating to 105 m²).

Goose Farm is a complex of former farm buildings and external storage areas set back from the Shalloak Road on the edge of the settlement of Broadoak. Though it is set slightly back from nearby residential properties the site is within relatively close proximity to gardens.

The site combines mix of light industrial, storage, but mostly retail and quasi-retail uses. The physical condition of the premises varies from poor to average, with most buildings having been modified at some point. Similarly being situated within farm related surroundings the external environment are arguably of a below average quality in terms of the relative attractiveness for employment uses and may require some investment over time. Notwithstanding this, property vacancies on the estate remain low thus underlining its continued appeal to small businesses requiring low-budget and uncomplicated workspace.

Wealden Forest Park is similar to Goose Farm in many of the above respects. It comprises a variety of commercial uses including employment and tends to be well-used in this respect. The site is accessed via the A291 Canterbury - Herne Bay Road and abuts the Blean Wood beyond its west and northern boundaries.

It comprises a mix of office, light industrial, retail, trade counters, basic storage and motor trade related workshops. Its workspace tends to vary in tenure, size and physical condition and have been consistently adapted over time to meet different business needs.

The site is intensively occupied with internal circulation of vehicles and pedestrians an acknowledged problem, one exacerbated by the shared use of on-site roads for accessing retail outlets and leisure/recreational uses. This means the site is regularly accessed by the general public alongside site employees, suppliers, customers and clients the congestion from which tends to adversely impact internal circulation of vehicles and restricts on-site parking.

Canterbury Industrial Park as indicated in Table 3.5 is located at Hersden on the A28 Canterbury – Thanet main road and is some five miles north east of Canterbury and eight miles south west of the district’s coastal towns.

The site is primarily in use by B2 class uses with a smaller element of B1/B8 uses. It performs an important economic role in the context of the district by way of its attractiveness to what might be considered as ‘non-conforming’ uses or uses potentially in amenity conflict with residential and other business uses (e.g. waste management and recycling), for which it is relatively well-located. The site is set back from the A28 and is generally located away from residential uses although individual properties lie within relatively close proximity.

Its Business Improvement District (BID) status has assisted with securing investment for maintenance of the site environment including road surfaces which otherwise would deteriorate quickly in view of the constant heavy vehicle movements. Security has also been an issue historically but again has been assisted by improved lighting and anti-crime measures funded by occupiers via the BID.

The buildings are of a below average to average physical condition reflecting the sometimes intensive industrial uses on the site with larger premises in need of some re-investment. Despite this occupancy remains reasonably high and smaller premises when available tend to be let quickly.

Barham Business Park is located between the rural settlements of Barham and Elham in the south of the study area. Despite being situated 8 miles south of Canterbury, 11 miles north west of Dover and 10 miles north of Folkestone the site is in relatively close proximity to the rural settlements of Barham, Elham, Lyminge, Kingston and Bridge and the A2 primary road route.

A relatively recent development (2007) this self-contained business park site (dating from 2007) has become a small but successful and attractive business location with two further schemes in the pipeline which will provide eight new industrial units adding 853 m² of (B1c) floorspace to the site. The site has attracted a range of different business users from engineering firms to training companies. There is also one non B-class use on site. Current availability of workspace amounts to some 142 m² which equates to only 5% of total employment floorspace.

Barham Business Park’s importance stems from the site’s market offer which is practical, budget accommodation for micro businesses together with some scope for businesses to expand on-site without the need to relocate. The site is also marketed to prospective tenants via its website and through third party endorsement which assists marketing to local businesses.

John Roberts Business Park is located between Blean and Whitstable on the A290 (Canterbury-Whitstable road) at Pean Hill on the edge of open countryside. The site forms part of Pean Hill Park which comprises a number of older and more recent buildings in a variety of uses.

Formerly a builders' yard in the 1990's, the business park is a relatively new development (under 8 years old) providing self contained office suites at a flexible range of sizes across three separate buildings each taking the appearance of attractive converted barns with dedicated parking. Users tend to include back office functions operating in the healthcare sector and insurance industry among others.

The site seems to perform well providing low cost employment space in an accessible location. It operates close to full occupancy and therefore appears to satisfy an ongoing need for office space in the local area. In this respect a planning consent has been granted for the erection of an additional (fourth) detached two-storey office building (402 m²) on the business park with development set to commence in 2012/13. The market attractiveness of the business park is reinforced by the commercial lettings agent Caxtons (2011) who refer to the site's ideal location for many businesses seeking out of town office space in north east Kent due to its good accessibility to the A291, Canterbury and Whitstable.

Also on the A290 (Canterbury-Whitstable road) is **Broadlands Industrial Park** located at Blean Common. This site provides a mix of different workspace for a variety of business users within a number of separate buildings. This is a well-established and convenient site with current users that include professional services, building contractors and catering suppliers. Similar to John Roberts Business Park the site provides flexible and low-cost workspace in an accessible location which makes it attractive to local industrial businesses as well as back office and administrative functions.

Denne Hill Business Centre is located in the rural settlement of Womenswold in relative close proximity to the A2 dualled primary road route giving access to the commercial centres of Canterbury, Dover and Ashford.

This business centre forms part of a model Victorian farmyard comprises a range of period farm buildings on a traditional working estate. In the last ten years former agricultural buildings have been converted to provide quality, modern B1 office accommodation in a secure and attractive parkland setting. The centre comprises flexibly sized office suites providing a range of accommodation up to 660 m² with dedicated parking and fast broadband access.

The centre continues to be attractive to different businesses from start up enterprises to larger sized firms and includes companies operating within recruitment and the life sciences among others.

Ropersole Farm is located on the A2 London-Dover road south of Canterbury near the settlement of Womenswold.

Refurbished for B1 office/light industrial uses in several stages since 2003, the site offers small business space in a convenient location adjoining the A2 thereby giving fast access to Dover and Canterbury. The site is generally mixed use with both employment and residential in close proximity.

Chislet Business Park is spread over two (lower and top) sites located just off the A28 at Chislet. Originally used for mushroom growing and other ancillary buildings the Lower Site was converted in 2000 to create 15 industrial units ranging in size from 85-613 m². The top site has been converted to 10 internally steel clad units of 151 m². The site provides basic, functional but secure B1 and B8 type accommodation for predominantly small and micro firms engaged in industrial activity and often operating within local markets. It therefore meets an important need which otherwise may not be met accommodated on other business parks or within urban/residential areas.

Woolton Farm, Bekesbourne, is located east of Canterbury with reasonable access to A257 Littlebourne Rd. It is a mixed use complex of former rural and agricultural buildings recently converted for mostly B8 (warehouse and distribution) and B1 (office and light industrial) but also other commercial uses (e.g. retail, tourism).

This is one of only a few rural development schemes in employment use located to the east of Canterbury City. As with other rural schemes discussed above it brings former agricultural buildings back into productive commercial use. It therefore helps to fulfill an often local need for workspace away from urban areas.

Canterbury district - a summary of built business sites

In summarizing the information collated in Table 3.5, the further table below (Table 3.6) reveals that **255,541 m²** of floorspace was located on the **28** identified business sites currently in employment/part-employment use.

Table 3.6: Summary of built business/employment sites

Area	Key business sites (amount in m ² and number)	General business site (amount in m ² and number)	Rural business site (amount in m ² and number)	Total (amount in m ² and number)
Canterbury	0	38,306 (4)	0	38,306 (4)
Whitstable	71,439 (4)	32,328 (2)	0	103,767 (6)
Herne Bay	2,983 (1)	30,544 (5)	0	33,527 (6)
Rural/other	54,302 (2)	16,042 (3)	9,597 (7)	79,941 (12)
Total (m²)	128,724 (7)	117,220 (14)	9,597 (7)	255,541 (28)

Source: CCC (2012)

Seven are classified as 'key business sites' providing some 128,724 m² of employment floorspace in the district. These tend to be situated either at the district's coastal towns or along main roads in largely non-urban areas. Where these may offer development and expansion opportunities to potential investors seeking accommodation in B1, B2 and B8 classes there is scope to deliver additional employment space at four of these key business sites.

Generally the amount of vacant employment space on these developed sites is low. Most are in a reasonable to good physical condition, are well used and therefore continue to fulfill an economic function in the district. In several cases these occupy an additional social or community role (e.g. John and Joseph Wilson Industrial Estates in providing space for non B-class commercial uses (e.g. leisure, recreation, nursery, veterinary and medical care).

The majority of these locations tend to be smaller in scale than the above 'key business sites'. The fourteen 'general business sites' above provide an estimated 117,220 m² of employment floorspace.

These are generally distributed across the district at Canterbury, the coastal towns and within rural/other areas. Aside from a few sites dominated by larger, well-established individual users, almost all sites provide accommodation for small businesses thereby emphasising the importance of this sub-market to the district. This ranges from modern, purpose built industrial accommodation to older, low-budget and more functional or basic premises. These often comprise a broader range of development uses including non B-class uses such as trade counters and retail and invariably meet a more localised business need.

Also in the last ten years the study area has generally had a good track record in bringing back into productive use redundant farm and rural buildings for office and industrial together with other commercial uses. In the main these have been of a small scale but nonetheless have provided a range of good quality and budget accommodation in an attractive setting for businesses and some employment opportunities in relatively rural or non-urban locations. Table 3.5 has reviewed some of the higher profile 'rural business sites' that provide employment space.

These schemes have sought to meet an increased demand for out of town office space in rural and semi-rural areas, which has arisen primarily as a result of congestion in and out of urban areas, the increasing cost and lack of car parking in town and city centres and the availability of faster and more reliable broadband connections. In most cases these schemes have been speculative in nature involving refurbishment or redevelopment of existing buildings or limited new development on existing, serviced sites. There are others but these will tend to be smaller and occupy a less well developed profile in the local area.

They illustrate a clear trend towards the provision of new employment space at serviced sites that form part of a wider farm or commercial complexes in the district. It also demonstrates an increased tendency for farm and rural businesses to apply a more diversified commercial model whereby redundant or underused farm buildings are refurbished and converted into mostly B1 and B8 type workspace. In some earlier cases this process has been assisted via investment from the former SEEDA operated Rural Redundant Building Grant Scheme.

Though some schemes may be more remote in respect of their location the relatively high occupancy rates of employment space indicate that they continue to play and fulfill an important role in the local economy and commercial property market. In this way these sites often provide small, low cost, low maintenance and flexible workspace that remains attractive to business to mobile professional and other business services which do not necessarily require a central location in a town or city.

In addition to those 28 locations identified in Tables 3.5 and 3.6, there are other smaller sites dotted around the district which may include some employment floorspace. Other sites will incorporate employment space users but these are omitted where this forms a negligible element of overall space relative to other uses (e.g. Stour Valley Business Park, Canterbury). Similarly there will be separate facilities which provide start-up work space which in most cases do not form part of these sites. These are discussed separately in Chapter 4.

Possible Gaps in Market Provision

Taking the supply of these business sites at a broad level it is apparent that the district lacks what the ODPM guidance refers to as a '**High Quality Business Park**' (Source ERM, ODPM, 2004). These '**flagship**' sites tend to be of a significant scale (i.e. 20 ha +), location and setting which allows it to compete for investment in the regional and national marketplace. These would be prime, high quality sites (e.g.

prestige buildings and public realm with significant pure office, R & D facilities and high office content manufacturing) potentially already occupied by national or multi-national firms or capable of attracting those occupiers as well as new strategic inward investments into the district while also meeting the needs of image-conscious, aspirational companies already in the area.

There are also presently no **'narrow band'** sites which are regarded as key developments where their locations and environment are promoted for a narrow, sector specific segment of the market. For example this incorporates research and technology and science parks branded and managed in association with academic and research institutions, comprising incubator units with well developed collective services or specialist industrial, warehouse and distribution parks which are large, often edge or out of town serviced sites located at key transport interchanges.

A 'narrow band' site does exist within the employment supply pipeline (i.e. Canterbury Innovation Park and Little Barton Farm) but its absence from the study area's available site portfolio arguably places the district at a distinct disadvantage when competing for inward investment.

In the context of this study, Canterbury Technology Park cannot yet be regarded as a built or partially developed business site despite the construction and occupation of the Innovation Centre (Phase 1). This is due to considerable differences between this initial development and subsequent phases of the project in terms of the physical infrastructure required and associated financial costs of this together with the lack of a clear emerging identity and branding reinforced by active marketing. As a result the Technology Park is less likely to be delivered within a conventional timeframe or cycle more associated with generic business park developments. It is therefore considered a wholly undeveloped employment allocation and is assessed as such in this study.

3.4 Employment Space in Neighbouring Areas

This section considers the major employment schemes in local authority areas adjoining Canterbury district, illustrating current provision and future development plans. Information has been obtained from the Commercial Information Audit Monitoring Surveys and the employment land reviews published by the relevant authorities.

Due to timescale differences between east Kent's local authorities in respect of development plan preparation, it has not been practicable to implement a joint employment land review across the east Kent sub area. Nonetheless due to the moderate degree of inter-linkage between local labour markets, it is important to understand the economies of each area and aspirations in terms of employment land development.

Kent is a competitive marketplace for employment land and property with both new companies seeking to move into the county as well as existing firms moving from district to district. Each area also has its own portfolio of employment land which aims to meet specific local economic needs. Presently many new employment developments are either underway and/or planned in Kent.

The study area lies within east Kent but arguably employment space built elsewhere in the county may impact the local market for space. Perhaps of most relevance to Canterbury district are those taking place elsewhere in east Kent (Dover, Shepway and Thanet districts) and the adjoining boroughs of Swale and Ashford.

Dover

Dover lies approximately eighteen miles to the south east of Canterbury though this distance can be covered in only 25 minutes by road. It also comprises the smaller towns of Deal and Sandwich alongside many smaller rural settlements.

In an east Kent context Dover has a considerable stock of employment space (exceeding one million m² in 2008). The area has more factory space alone (741,000 m²) than the entire stock of employment generating floorspace in Canterbury district.

As with Canterbury, Dover's office and industrial market activity is largely considered to be dominated by indigenous and local businesses. Dover is a key location for transport and distribution industries due to the presence of a major Port, but has a limited office market. Requirements are often located close to the Port and Dover town centre, with proximity to the A20 and M20 also identified as significant drivers. According to the area's employment land review (GVA Grimley, 2009) transactional activity is significantly constrained by both the quality of existing stock, being predominantly dated and secondary in nature, and the lack of new developments coming to the market.

Where developments have come forward (notably White Cliffs Business Park) the market has responded relatively well with good take-up reported in both office and industrial stock. Therefore this perhaps remains the key business location within the district is attractive as an industrial and distribution centre, and importantly has development capacity remaining, though increased investment in both transport and utilities infrastructure will be required to deliver new developments. White Cliffs Business Park extends to an area in the region of 110 ha and has substantial areas of development land remaining.

According to its employment land review future developments include the Old Park Barracks site adjacent to White Cliffs Business Park which is currently being re-developed to provide 40 ha for freight handling and storage facilities. Also the 120 ha former Betteshanger Colliery site is proposed for comprehensive redevelopment for a range of new uses, including 22,300 m² for production or storage uses, office and industrial space and an innovation centre.

However Dover's current employment land review is being reviewed in light of the general economic downturn but also the closure of the Pfizer site, Sandwich which, will result in significant levels of office, industrial, warehousing floorspace and specialist facilities such as laboratory space being released on to the commercial property market. The implications of this are likely to mean that less employment floorspace will be required elsewhere in the Dover area.

Over time both the former Pfizer site (now known as Discovery Park) and White Cliffs Business Park will represent high-profile employment developments providing competition to sites in Canterbury district for office based, industrial and distribution firms. These may be of most significance to employment sites located along the A2 corridor such as Canterbury Business Park together with planned science and technology based developments at the Canterbury Innovation Park.

Shepway

To the west of Dover and some nineteen miles south of Canterbury district lies the adjoining district of Shepway. This comprises the large urban centre of Folkestone alongside smaller settlements such as Hythe and New Romney.

Folkestone is a seaside resort town and former cross-channel ferry terminal which has declined over recent decades but retains a continuing tourism role. The district also comprises significant insurance and financial services companies. On Romney Marsh, Lydd Airport and Dungeness Power Station provide other important centres of employment. According to the area's latest employment land review (NLP, 2011) it is these economic strengths that will influence Shepway's ability to support new employment space in future, supported by the area's good transport accessibility to the M20 motorway, recently introduced High Speed rail links to London, and proximity to the Channel Tunnel.

As with much of east Kent wage levels and land and building costs are low relative to the South East region while its growth is constrained by relative remoteness, relatively low rates of business formation and entrepreneurship, few residents with higher skills, a lack of major employers and a poor track record of inward investment and relocations from elsewhere. The financial services firm, Saga Group, is the largest private employer in the district.

Of some 64 ha of land allocated for employment use, key sites comprise Cheriton Parc (4 ha), Folkestone, for office and R&D uses, 13 ha at Shearway Business Park for B1/B2/B8 uses close to Junction 13 of the M20, extensions to the existing Lympe site (23 ha) as well as the 10 ha Hawkinge West strategic site north of Folkestone with potential to accommodate some B1 development.

Future employment floorspace requirements for the area tend to range from a lower estimate of 35,400 to a slightly higher one of 72,200 m² which implies a need for between 6.6 and 16.3 ha of employment land. Taking account of Shepway's current sites, in quantitative terms, there is potentially more than an adequate supply of employment sites to meet future needs to 2026. This is relatively modest overall and is dependent on the type of economic approach the district council seeks to take in the district. For instance the slightly higher growth scenario in Shepway is predicated on a more aspirational approach to developing the local economy and attracting new footloose investment.

In terms of any potential implications on Canterbury the relative scale and location of Shepway's planned employment developments is not considered unfavourable, though a more aspirational approach for example focused on attracting footloose office based investments to Folkestone could position the town as a greater competitor to Canterbury City.

Ashford

Located fourteen miles south west of Canterbury, Ashford is one of the main growth areas in the South East, with 28,000 jobs and 31,000 new houses planned by 2031.

Ashford has good transport accessibility, being served by Junctions 9 and 10 of the M20 motorway linking London with the Channel ports and tunnel and with a new Junction 10a planned to start construction beyond 2015. In addition the Eurostar rail service between London and Europe has a station at Ashford International, and High Speed One domestic services to London St. Pancras which enable a journey time of 37 minutes. It also has reasonably good access to the nearest airports at London Gatwick and London City, which are just over one hour away.

Most of the borough's industrial space is concentrated within 15 estates in Ashford town but its recent employment land study (NLP, 2008) suggests that most of these are fully developed and there is limited industrial land remaining.

Elsewhere the 40 ha Eureka Park beside Junction 9 of the M20 is identified as a key office location with the potential for a further 90,000 m² of offices. In addition, there are a number of designated urban extension areas and major employment allocations in and on the edge of the town, such as Elwick Place, Waterbrook, Sevington and Cheeseman's Green with a substantial amount of new office and industrial development likely over the next 20 years.

Ashford will retain a range of large employment sites with good transport links and generally a better range of employment space and land at relatively low costs. Where substantial levels of new employment space are anticipated to be developed in the borough, there also may be scope to bring to the market some floorspace on a speculative basis. These factors potentially endow Ashford with a considerable competitive advantage over adjoining districts.

It is therefore considered that Ashford represents the strongest competition to Canterbury for attracting new inward investment. Though there is no clear evidence this is presently occurring this has the potential to displace both industrial and office investment relocations from adjoining districts including Canterbury.

Also new planned office developments in Ashford together with the future release of significant amounts of office space on to the east Kent property market at Discovery Park, Dover, may serve to position these locations as the primary or 'flagship' destinations for office based inward investment in the east Kent sub area.

Thanet

To the north east of Canterbury lies the coastal district of Thanet which comprises of 3 main coastal towns – Margate, Broadstairs and Ramsgate, and a new centre, Westwood, located in the centre of the district, equidistant to the main coastal towns. Thanet has a number of other coastal and rural villages. The district is bounded by 32 km of coastline on its north and east sides, and to the south and west lies the former Wansum Channel separating the district from its neighbours of Dover and Canterbury.

In terms of accessibility, the district has reasonable road links to London and the M25, via the A299 (dual carriageway) and A2 and M2. The district is also linked well by train to Canterbury, Dover, Ashford and London, and with the introduction of the HS1 service, the travel time to London St Pancras from Ramsgate via Ashford has been reduced to 76 minutes. The district also has an airport of regional significance, namely Kent International Airport at Manston. Whilst transport links have improved it remains on the periphery of Kent and the South-East, and in particular its proximity to London is poor compared to the rest of the south-east.

In terms of the amount of floorspace stock in the district, there was approximately 66,000 m² of commercial office floorspace, 335,000 m² of factory space and 155,000 m² of warehousing space in 2008.

In the main there has been little new development for employment uses in Thanet, when compared to the rest of the south-east. New development that has taken place has either been 'design and build' or following agreement of a pre-let but little speculative development has been delivered. In many cases this has required public sector investment pump-priming for example at Eurokent Business Park. Generally Thanet has a more significant industrial market, with manufacturing being particular prevalent compared to the office market which is relatively static.

There is considered to be an adequate supply of land available for employment development in Thanet but an over-supply coupled with often poor transport and utilities infrastructure has served to depress values. Land can therefore be at a low-cost, at around £150,000-£200,000 per acre in Thanet whereas in Canterbury for instance, land can achieve up to £250,000 per acre. Thanet's employment land review reports that a significant amount of land (87 ha) is identified and available for employment development on allocated and retained sites with additional land (without planning consent) in the pipeline.

Possibly the most important area in terms of employment space is located in the south of the district into the Sandwich Corridor overlapping with the district of Dover. Discovery Park is situated here where until recently Pfizer employed over 3,000 people. Nearby approximately 48.5 ha of land has also been allocated in an area north of this site, around half of which has been released by the recent demolishing of Richborough Power Station. The site is also home to Thanet Waste, a large waste management company, open storage space and general industrial uses. There is a significant amount of undeveloped land at this location.

Manston Park, Manston (75 ha in size) and Eurokent Business Park, Ramsgate (39 ha) represent the largest employment sites in Thanet.

Swale

Adjoining Canterbury district due west is situated the borough of Swale. The area comprises the towns of Sittingbourne, Faversham, Sheerness and the Isle of Sheppey. Being located in north east Kent on the Thames Estuary, Swale retains good access on to the M2 motorway via junctions 5-7, and to Ashford and Maidstone via primary road routes. The area's key economic strengths include its local industrial base (notably engineering and manufacturing) but also the Kent Science Park at Sittingbourne.

The borough has a large and diverse portfolio of land and sites although a limited proportion of this stock is reported to be readily available for development. According to Swale's recent employment land review (NLP, 2010) one of Swale's principal attractions is for distribution activities assisted by the combination of large sites and lower costs relative to the M25.

The area is therefore well-equipped to attract increased interest from the market for B8 premises seeking more cost effective locations away from the M25 corridor. Underlining the rising importance of cost factors in investment decisions, both Aldi (40,000 m²) and Morrisons (92,000 m²) have made considerable investments into Swale in recent years.

Key employment sites include Eurolink, Sittingbourne, which has seen several new developments of industrial and warehousing units take place and an office/industrial scheme at Faversham, as part of a mixed residential and commercial re-development. A further scheme combining mixed commercial uses is also planned for Kemsley Fields (22,300 m²). Other sites include the large Queenborough and Rushden site in Sheppey which has capacity for 180,000 m² of new employment space.

Notwithstanding these schemes overall there appears to be a concern among local market stakeholders that there is insufficient, readily available employment land to meet the future industrial needs of the borough.

Perhaps of most relevance to Canterbury are the plans to extend the Kent Science Park at Sittingbourne. The facility comprises some 47,000 m² of laboratory and research and development space on a 22 ha site. It has in place a large capacity consisting of a cluster of 75 firms employing approximately 1,200

employees many of whom are engaged within biosciences, ICT and other related sectors as well as a considerable amount of wet laboratory space, high security, fibre-optic based broadband, and other technical assets.

It is the only formal and operational science park facility in Kent at present so this by default occupies an attractive position in potentially encouraging new investors from science and technology sectors to locate to the county.

Proposals to date have provided varying estimates of future employment floorspace yielded by an expansion. This has ranged from 54,000 m² (15 ha of land) to a higher growth estimate of 145,000 m² (50 ha) over a twenty year period. This scale of development would dramatically uplift the site's attractiveness potentially making it one of the largest science parks in the UK.

In these cases direct road access to the M2 motorway would be required as existing access to the site is constrained. The park has been given permission for modest scale expansion and further development (6-10 ha) may be possible without the need for a new road link on to the M2, according to the Highways Agency. However, greater expansion than this would necessitate considerable improvements to the road infrastructure which could cost up to £40 million depending on the preferred road solution.

There are many obstacles in expanding the science park site to a greater extent than that discussed above. The site remains relatively remote (some five kilometres away from Sittingbourne) and is dependent on new access to the M2 to support its future growth. The scheme in this regard has been controversial (largely due to the scale of proposed residential development aligned to the science park extension and associated impacts on the landscape).

In terms of market attractiveness, as with elsewhere in east and wider Kent, the loss of Pfizer represents a substantial blow to the county's research and development offer. Moreover current market conditions tend to undermine developments of this scale in view of current restrained and subdued inward investment market activity. The site also lacks direct connectivity to a university although this does not appear to have constrained the strategic direction of plans for the site.

Elsewhere in Kent

Elsewhere in Kent there are some significant sites offering employment floorspace options to prospective investors. The most prominent reside within Maidstone (offices), Kingshill Business Park (offices), Tonbridge and Malling, and Ebbsfleet (offices). These sites arguably tend to operate within a regional and to some extent national market context. Therefore land and property values and good levels of inward investment interest will help to fuel new speculative development which provides a basis for different market dynamics than those that occur in Canterbury district. Therefore the district will compete for inward investment but sites in west Kent will tend to attract prestige investors first.

In summary there are several major development proposals in adjoining districts and elsewhere in Kent that have potential to impact the delivery of employment floorspace in Canterbury. Most employment areas also have significant expansion land available to meet future needs.

Although Shepway, Thanet and to some extent Swale provide an element of competition for Canterbury these areas exhibit similar market conditions to the district, experiencing challenges in attracting major investment proposals. Similarly larger industrial and warehousing and distribution sites in Swale and Dover also have some potential to compete with Canterbury though in this district employment sites

tend to meet the needs of indigenous firms in a localised market for the most part. In contrast sizeable future releases of B1 office and other employment space at Discovery Park, Dover, together with new delivery in Ashford have particular significance for the district's commercial property market.

Of particular importance for Canterbury (and possibly all east Kent districts) is a possible reduction in the demand for employment land and sites earmarked for B1 office development linked to unfavourable market conditions but also the potential oversupply of office space created by sizeable new releases of accommodation in specific locations such as Discovery Park.

Canterbury will also need to take account of future plans to extend the Kent Science Park, Swale, which could represent heightened competition for the University of Kent's Technology Park plans. These are, however, long-term expansion plans in the context of the current financial environment.

Elsewhere in Kent, other large developments at Maidstone, Kingshill (West Malling) are of interest but arguably meet the requirements of different markets to that of Canterbury. There is also a considerable cost differential between these prime sites in west Kent and employment sites within east Kent.

3.5 Emerging Supply of Employment Space

As well as floorspace and sites currently in employment use and the existing or potential provision of employment space in neighbouring areas, Canterbury district has an amount of employment land/space 'committed' for future development supply.

This portfolio of land is in place to ensure a continual supply of employment sites are available to meet likely demand from the local economy for floorspace and related commercial purposes over a development plan period. In the district this consists of two principal components which comprise:

- i. sites allocated for employment based development within the Local Plan period; and
- ii. sites with planning permission for employment uses that had either not commenced or were under construction for these purposes at the time of the study.

The overall employment land supply position is attached as Appendix 13. This table is categorized under two headings: namely net allocated and net committed floorspace.

According to Kent County Council and CCC monitoring of commercial floorspace (2010/11) in the region of **243,649 m²** could potentially be yielded from all existing employment sites. This equated to an estimated net supply of **69.61** ha of B-class employment land.

There was firstly some **147,252 m²** of net employment floorspace potentially remaining on Local Plan employment allocations, which equated to an estimated **42.07** ha of land. As a general guide Table 3.7 below illustrates the composition of this allocated land supply by B-class use type. Most of this land (90%) is designated for B1 type uses relating principally to Little Barton Farm (Canterbury) which constitutes almost 50% of the allocated supply.

Table 3.7: Allocated/permitted employment land by type

B-class	Allocations (ha)	Sites with Planning Permission (ha)	Total (ha)
B1a	8.04	3.15	11.19
Mixed B1 (a, b, c)	29.92	4.2	34.12
B2	0	3.48	3.48
B8	4.11	7.58	11.69
Mixed B1-B8	0	8.01	8.01
Total	42.07	26.42	68.49

Source: Canterbury City Council, Commercial Information Audit, Statistical report 2010/2011 (January 2012), KCC, CCC

In addition a further **96,397 m²** of net committed (i.e. permitted but not yet started) employment space remained in the development pipeline. This included 32,206 m² of B8 (warehousing) space and 16,435 m² of B1 (light industrial space). In addition a very small amount of employment land was under construction (as of January 2012) which would provide 3,959 m² of predominantly B1 floorspace (equating to 1.13 ha). In total land comprising committed employment space amounted to an estimated **27.54 ha**.

This supply is mostly distributed across a few larger schemes including the partly developed Altira Business Park (9.6 ha), Canterbury Office Park which is committed but remains wholly undeveloped as well as committed space on existing employment allocations.

3.6 Conclusions

This chapter firstly considered the quantity and delivery of built employment space in Canterbury district, in turn outlining and analyzing completions, losses and net development rates.

- Whilst overall amounts of employment floorspace continue to fall in the district the number of employment premises is growing. This reflects the changing needs and structure of the local economy particularly the expanding professional and business services sector which tends to require office accommodation in Canterbury.
- Employment space delivery (i.e. take-up) reached 13-14,000 m² per annum with delivery helped by generally good economic conditions and business confidence and availability of new sites. This has now begun to slow since the beginning of the downturn.
- Annual losses of employment space have on several occasions exceeded completions resulting in net losses overall. As a result only 500 m² of new employment floorspace has actually been gained annually. This is among the lowest net development rates of any district in Kent. There are also more potential losses in the pipeline. On the other hand former employment space has helped provide new accommodation for non B-use class uses including education, leisure, motor sales and the supply of new dwellings.

The chapter also identifies and discusses those business sites currently in part or full employment use using a three strand typology to help understand and contextualize their role and relative influence in the market for employment premises. This comprises key business sites, general business sites and rural business sites.

- Some 28 sites provide an estimated 255,541 m² of employment floorspace in the district. It was found that the district lacks both a 'high quality business park' (i.e. flagship site) and 'narrow band' (i.e. specialist) sites though these could potentially be yielded from the future supply pipeline.
- Generally the amount of vacant employment space on these developed sites is low. Most are in a reasonable to good physical condition, are well used and therefore continue to fulfill an economic function in the district. In several cases these occupy an additional social or community role in providing space for non B-class commercial uses (e.g. leisure, recreation, nursery, veterinary and medical care).

The chapter also considered the employment land positions of neighbouring districts and boroughs particularly where any changes (e.g. significant new B1, B2 and B8 use class proposals) may have implications for the market for employment space in Canterbury district.

- Quantitative analyses from other areas' ELRs suggest there is a generous supply of employment land, particularly across eastern Kent.
- Developments in Dover (e.g. White Cliffs Business Park and Discovery Park) are identified as providing the most prominent competition to sites in Canterbury district for office based, industrial and distribution firms.
- Also various sites in Ashford and planned developments and aspirational expansions in Swale could also have an impact on the market for employment premises in the district both in terms of qualitative and quantitative provision.
- The prospect of new inducements (e.g. enterprise zone, RGF funding) outside the district and in some instances the potential for new additional allocations elsewhere may also heighten competition for new inward investment and encourage greater inter-district displacement of indigenous firms.
- Prefacing the study's subsequent sections, this chapter also sets out the emerging supply of employment floorspace in the district concentrating on planned development in the pipeline together with future development opportunities as part of Local Plan employment allocations. Almost 69 ha of land are set aside for B1, B2 and B8 purposes, which if developed to its maximum capacity could provide as much as 243,649 m² of new employment floorspace.

4.0 THE MARKET FOR EMPLOYMENT SPACE

This chapter considers the district's commercial property market, specifically recent trends in the demand for and supply of B1-B8-class employment space, namely industrial, office and warehousing and distribution facilities. It describes some of the key market indicators driving the demand for employment space namely rental levels and vacancy rates.

It also explores the district's inward investment position and prospects for the area in the wider context of the county's market for employment space.

A variety of different sources are employed including Kent County Council, Cluttons' Kent Property Market Report, research and analysis either collected or commissioned by the county's inward investment agency, Locate in Kent, as well as analysis of commercial property availability based on the Council's own records.

4.1 Market Geography - Canterbury District

As has been alluded to the study area is an attractive place to live, as demonstrated by the growth of its population between 2001 and 2011 (grew by 15,900 additional people, which was the second largest level of growth of any district in Kent). Its location set within close proximity to countryside and coastline means quality of life is a distinct advantage for residents and businesses alike.

Canterbury in particular is a key focal point and economic hub in east Kent, acting as the main employment, housing, retail and social centre for the district while also being a strong focus for education and tourism. The district also has a seemingly unlimited supply of skilled labour via its strong educational base (includes four universities). In addition to this the area offers businesses relatively low cost land and premises, lower wage costs, the additional provision of some new sites and properties over the last 8 years or so, a fast rail service to London and reasonable access to the motorway via the A2 and M2 interchange (6 miles).

The area's coastal towns, Herne Bay and Whitstable, (which are sometimes associated with geographical peripherality due to their 180 degree hinterland) are located approximately 8 miles north of Canterbury and are accessed via single carriageway roads. Furthermore improvements to the old and new A299 Thanet Way corridors has assisted the commercial property market of the coastal towns by enabling employment sites to be better connected to the strategic road network (i.e. M2 motorway).

The John and Joseph Wilson Business Industrial Estates alongside St Augustine Business Park are just some of a number of clusters of mixed business activity to successfully take root over from the late 1980's onwards. In turn these have expanded the quantity and range of business premises available to the market.

There are also various employment sites and space in the more rural parts of the district. These predominantly comprise areas situated both between Canterbury and the coastal towns and locations south of the city. These are characterised by small towns and villages, such as Barham which support some limited employment in converted rural buildings and extended farm complexes. In contrast the village of Hersden offers a wider variety of employment space at the Lakesview Business Park located on the A28 north of Canterbury.

In contrast to the above picture is the external perception of the district. The study area and wider east Kent in general experience a perception of relative remoteness and a weak profile and image as a potential location for investors compared to other areas of Kent. Due partly to its coastal and peninsular based geography the district has a limited supply of sites and properties compared to neighbouring areas such as Swale and Ashford while the attractiveness of the area as a place to live and visit and shop places considerable pressure on existing sites from higher value uses such as retail and residential particularly at Canterbury.

There is also poorly configured strategic road access on the key arterial route by way of the exiting (A2) junctions that serve the area's main population and business centre, the city of Canterbury, resulting in traffic congestion, undelivered business sites and potentially lost investment opportunities.

The district's commercial market is fairly localised and self-contained, and can broadly be distinguished by a number of sub-areas including Canterbury City, the Herne Bay-Whitstable corridor and the rural areas.

The study area is too far away from London to be overly influenced by its significant property market or benefit from its effects or impacts. Its principal competitors therefore are smaller sub-area property markets connected to Maidstone, Swale, Thanet, Dover and the growing urban area of Ashford.

4.2 Market for Industrial Space

Demand

Most demand for employment space in the district takes place in the industrial sub-market. Many larger business parks and industrial estates in the district comprise light industrial, distribution and small-scale warehousing uses as well as some trade counter uses.

Demand has tended to be steady and continuous both before the recession and within current market conditions but predominantly relate to smaller to mid-sized accommodation. There is in contrast limited interest in larger-scale industrial and distribution activities within the district. This reflects the study area's lack of suitable sites particularly for significant B8 uses, more limited access to the strategic road network and relative distance from the M25 orbital road system.

It might be expected that the A2 corridor south of Canterbury would be more attractive to larger-scale potential occupiers due to the proximity of the Port of Dover but these types of enquiries are largely confined to the Dover area at present. There are also locations with larger, low cost sites situated west of Canterbury at Swale which are arguably more attractive to footloose occupiers.

In relation to supply there has been a reasonable level of market activity in the district assisted by the commencement of Lakesview Business Park, Hersden in 2003. This site has allowed the expansion of existing businesses in Canterbury district and east Kent and offers a range of options for small and medium sized businesses seeking light industrial and low-key warehousing and distribution accommodation together with open air storage.

The success of the park has stimulated some speculative development of smaller industrial units which has tended to work well within the local market and continue to be built in 2012/13. There is, however, some concern regarding the future provision of industrial sites in the district particularly if demand were

to increase to any substantial degree. This stems from diminishing available floorspace capacity at Lakesview Business Park, some sites not coming forward for development along the Whitstable-Herne Bay corridor despite market interest and the need for local sites to accommodate industrial users displaced by ongoing/planned urban regeneration initiatives in Canterbury (e.g. Kingsmead, Wincheap).

In the main there are few new industrial or distribution schemes in place with detailed planning consent either where development is underway or soon to commence. However, local operator George Wilson Developments has recently redeveloped the Eddington Nursery site, Herne Bay, delivering 2,717 m² of primarily B1 light industrial and B8 distribution floorspace. All six units are pre-sold which underlines the continuing demand for smaller industrial premises in the district.

Similarly at Lakesview Business Park, Hersden, 10 small industrial units are under or will shortly be under construction on Plot 12 (two industrial units), Plot 6B-6F (three industrial units), Plot F3 (four industrial units), F1 (one industrial workshop). All of these are sized below 350 m².

This picture is further illustrated by several recent planning applications that intend to sub-divide mid-size industrial units into smaller workshops, which tend to be occupied more quickly in the local market. The Fort Knight Group for instance has planning permission to sub-divide a 457 m² B1/B8 industrial unit (Unit 17) at Barton Business Park, Canterbury, into four separate self-contained light-industrial workshops of approximately 110 m² each. Also Unit 11 at Lakesview Business Park is being sub-divided from a B2 factory space of 1,406 m² to two B1 light industrial/office space. Elsewhere in the rural area of the district at Barham Business Park, Barham, there are development plots available for seven additional units (682 m² gross) consisting of six high spec warehouses and one office.

A good indicator of the demand for and quality of accommodation are rental levels. Historical values for industrial units and distribution facilities in the district are highlighted in Table 4.1 below. These show that local industrial rents were generally static (at around £64/m²) despite the recession in contrast with fluctuations in rental levels at Kent, South East and national levels between 2008 and 2010 which saw falls of between 5-8%. This again emphasizes the localized nature of the industrial market.

Table 4.1: Industrial rental levels (£/m²)

	2007/08	2008/09	2009/10	2010/11
Industrial/distribution	64	64	64	65

Source: Cluttons LLP, 2011

Historically there have also been B1 (b) type schemes to provide additional space for specialist uses (e.g. research and development, dry and wet biosciences laboratories, high technology) though this is not common outside the University of Kent's campus. One local manufacturing business seeks to erect a new research and development facility though the planning consent is presently unimplemented.

In addition the Enterprise Hub located at the University of Kent's campus provides flexible office space and laboratory accommodation in the form of a business incubation and support unit for university created start-up ventures and early stage companies. At present this is retained within existing university facilities but could be a future driver for similar new space at the University's Technology Park or facilities elsewhere on campus.

4.3 Market for Office Space

Demand

The office sub-market in Kent tends to be dominated by a few core locations. On a geographical basis across the Kent office market, larger occupiers predominately focus their search on the more established office locations of Maidstone, Chatham, Ashford and Tunbridge Wells. The Kings Hill and Crossways Business Park have continually attracted blue-chip occupiers from a range of business sectors looking mainly to relocate 'back-office' functions. These locations have competed effectively with the alternatives of the M3 and M4 office markets. Prime rents in Ashford, Maidstone and Dartford of over £200/m² (£20/ft²) and therefore comparable to the average rents seen across the Southern Sector of the Greater M25 market (Source: Glenny Databook, 2012 Q1).

These key centres in the county continue to over-shadow the district's office market particularly that of Canterbury City. Generally in view of Canterbury's success as a retail, education and visitor destination it is surprising that the city has not been able to attract a more significant office-based economy and new inward investors. Agents often report accessibility problems still being seen as a major concern for larger occupiers while this also is likely to be due to the dearth of available new office stock in the city. Despite this, of the district's three main towns Canterbury retains the largest pool of office based occupiers.

For many years Canterbury's office market was characterised by a lack of dynamism where demand was scarce and rental values too low to stimulate the development of new, better quality provision. In a study of the office market in Canterbury Savills (2002) described this situation, highlighting the need to replace older, less marketable and usable stock with better quality provision.

Following this the office market in Canterbury improved considerably in the 4-5 years leading into 2007. Due to limited stock and a strong localised demand rents stayed between £106-160 £/m² depending on size, location, specification, and condition. For instance in 2007 there was no speculative stock and take up of existing space was strong in the city which in some instances led to transactions where higher rents were being achieved.

At the same time the level of overall stock has partially diminished since 2007 where some 19,000 m² of office, mostly within large 1970's built multi-storey buildings, was re-used or replaced by other uses. Whilst this has helped provide new homes in the city as well as supporting the growth of the local education sector in the city over the last decade, this lost stock has not been replenished by any significant level of new office development.

In this respect the limited activity in the office market has been linked to a lack of suitable supply. The agents BTF in their Market Report (2009) describe the dynamics of the Canterbury office market. They reported a limited availability of suitable buildings for purchase, a limited amount of speculative development and refurbishment and that most transactions had involved older buildings but few transactions in the city had involved new buildings finished to a shell standard.

There are two other notable characteristics to the city's office market. Firstly it is evident from transactional evidence and conversations with local commercial agents that demand has predominately come from smaller professional business such as solicitors and accountants. Secondly there is a relatively high level of freehold ownership and interest in freeholds in Canterbury. This in part indicates a strong level of loyalty and high degree of satisfaction with the area as a business location and is supported by Savills (2002) and historical business surveys conducted by the Council.

It is possible that this may have served to suppress the market for rented office accommodation as firms possess less incentive to change tenure from freehold to leasehold. There is some evidence that limited office market activity overall may also be partly attributed to greater reluctance from businesses to occupy large offices instead placing more emphasis on greater consolidation and optimisation of existing accommodation including sub-letting of surplus space and in some cases contracting down to smaller space.

Partly in response to the historical lack of office availability in Canterbury a few other competing schemes have come forward in the district. Better development opportunities elsewhere have actually encouraged some professional firms (the key sector driver for new office space) to leave Canterbury City. Engineering consultancy Halsion Ltd for example acquired a rural site (Homestead Farm, Petham) to enable them to expand into new premises.

The principal location for new office development in the district was arguably the coastal town of Whitstable. George Wilson Developments has been particularly active in this regard, delivering a number of office schemes at Chaucer Business Park, Estuary View and John Wilson Business Park. These have helped to absorb much of the local demand for (non-start-up and serviced) offices. At Estuary View George Wilson Developments delivered finished office buildings offering them at around £1,908/m² (gross). Generally this new supply of offices outside of Canterbury has been of a good overall quality. The finishing is to a good standard including comfort cooling and air conditioning, suspended ceilings and dedicated parking which can help overall marketability.

Other firms have simply decided to expand operations in other, sometimes competitor locations, such as Chatham, Maidstone and Ashford. For example at Eureka Business Park, Ashford, new high specification developments have been brought forward by the developer Quadrant Estates. These have been offered at £220/m² though individual deals received values of around £1,908-£2,332/m².

Where office demand from investors and developers is closely linked to land values, cost and availability of finance, market conditions have worsened since 2008 causing falling capital values. Overall activity in the local office market continues to be limited. As such evidence of take up in the Canterbury market is relatively scarce and often relies upon anecdotal evidence from the local agents and occupiers.

Based on available evidence, office rents in Canterbury district reached a peak of £150-170/m² in 2006/07. According to recent Kent Property Market Reports in 2012 prime office rents in the study area are currently circa £138/m² depending on size specification and condition (Source: Cluttons LLP, 2012) remaining stable after falling in 2008. In terms of recent transactions some have achieved little more than £127/m², according to some sources while Estates Gazette Interactive suggests take up in 2011 was circa £150/m². In 2012 the main deal completed related to the ground floor of 18-19 Watling Street. A summary schedule of deals completed in the city from 2010 to 2012 is attached to this report as Appendix 14. Whilst office rents remain relatively stable in the district, other areas including more prominent office centres such Tunbridge Wells, Maidstone and Sevenoaks have experienced falls in office rents in recent years.

In contrast to rents, contract freehold prices paid by owners and occupiers peaked at around £1,908 - £2,120/m² in 2006/07 and having seen little change and with financing remaining a key constraint. There has been some recent activity including the sales of Orchard House (Canterbury) and 1 Craddock Road (Canterbury) comprising 1,400 m² of office space. Elsewhere at Altira Business Park (Herne Bay), which is a Kitewood Estates owned site, shell and core buildings have apparently been offered to investors at £1,993/m² (net).

In relation to prospects for the local office market there remains a lack of large office based corporates driving the need for new, larger scale, good quality office space. Furthermore one historical driver of the local office market has been the public services sector and to a lesser extent the third or community sector. The decline in expenditure within public administration could in turn lead to a greater contraction and consolidation in office occupation and therefore a reduced requirement from potential office users in this sector.

However there is potential for this trend to be partly offset by the continuing success of spin-outs from the Business Innovation Centre and the growing professional services and consultancies industry in the study area (largely concentrated in Canterbury) where employment is increasing and business base generally expanding.

The other area of untapped potential concerns the prospect of seeking to release and satisfy latent or frustrated office demand. This would suggest that current market conditions may not give the complete picture in that demand may be being influenced by the characteristics and quality of land supply. Where high quality developments have been built, such as the city's business innovation centre (serviced offices/workspace), lettings have been secured very quickly with rents up to £265/m² (£25/ft²) achieved. In addition, with supply dominated by a few large, but constrained allocations, demand for small units by local occupiers may also have been frustrated. Therefore whilst the concept of "latent demand" is difficult to quantify, it may be partially reflect office market conditions in the study area.

In terms of future supply one scheme is currently being considered by the Council, to provide smaller suites (approx. 100 m²) in the city centre, by way of conversion. Though this would result in a net loss of office space overall it would provide a modern product of a size where demand is particularly strong and consequently is responsive to modern business requirements. This scheme has attracted good interest including sufficient commitment from prospective occupiers to enable the developer to secure bank finance.

In addition several currently undeveloped development office sites have outline planning consent but no office schemes are under construction at this time in the city. These in most cases appear to be actively marketed and therefore awaiting new occupiers, but until an improvement in market conditions helps to generate new demand, office sub-market activity is likely to be limited. Also whereas in 2012 prime office rents in the study area were circa £138/m², which is unlikely to encourage a developer to build offices on a speculative basis, it may be difficult to bring forward a commercially viable scheme without either commercial pre-lets and sales, or cross subsidisation from higher value uses such as retail and residential or some public sector financial intervention.

Furthermore, looking into the future, there are some potentially attractive opportunities for future office development such as the Canterbury West Regeneration Area, which adjoins the city's High Speed (HS1) serving train station.

Finally it may be that an increasingly persuasive case can be made that a shortfall of office supply, particularly "Grade A" quality offices exists, and as a result more modern provision would benefit the district, particularly Canterbury's commercial property market. But a key issue remains concerning whether firms expressing "effective demand" (i.e. the space that occupiers want and are able to pay for) will be willing and have the ability to pay higher office rents. Consequently, some firms that operate in the city may simply be unable to afford quality premium space. Therefore the retention of a reasonable supply and variety of second-hand office space will also be important in meeting business needs.

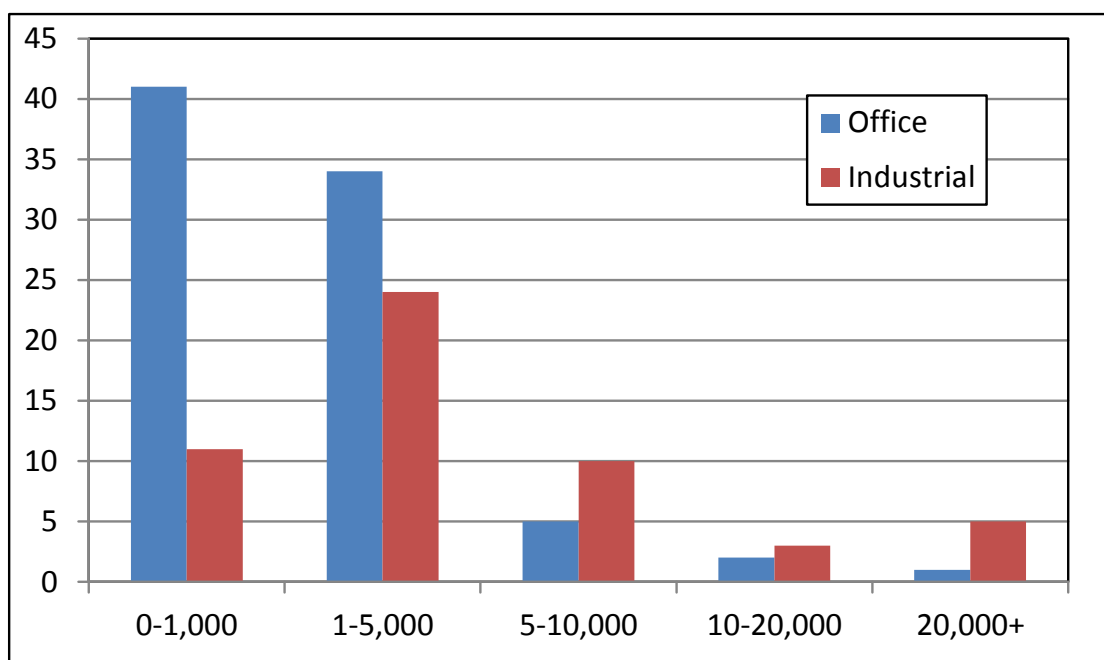
4.4 Office / Industrial Enquiries

There are two principal sources of enquiries relating to industrial and office investment, which are Canterbury City Council (CCC) and Locate in Kent (LiK). The two agencies work together to attract new investment both from indigenous firms seeking to reinvest and expand and from potential investors based elsewhere in the UK and overseas.

Both agencies also continually collect, monitor and analyse data and information relating to enquiries where the individual seeks to potentially make an investment decision within or in locations including the district. In these cases the enquirer will search for suitable industrial and office properties and sites. Together with their property type preference the enquirer will often provide information on appropriate locations, size and tenure, budget available and the reason for the enquiry (e.g. start-up, business expansion, relocation, need to downsize). Other information they find advantageous in their site search (e.g. access to grants, loans and business support) is also provided by the agency and discussed with the client. This range of information and data can provide an important insight into the broad level of interest in the study area from prospective investors.

Using a snapshot two year period of 31 August 2010 to 31 August 2012 the two agencies¹ received and responded to 136 enquiries for industrial (inc. warehousing/distribution) and office sites and properties. The graph below (Figure 4.1) displays the number of enquiries for employment premises according to a range of sizes.

Figure 4.1: Enquiries by employment premises type (ft²), 2010-2012 – Canterbury District



Source: CCC data and analysis, LiK data (2012)

¹ *In some cases there will be an overlap (i.e. where the same enquiry is taken by both sources) in which case the enquiry is identified and quantified only once any to avoid double counting.

In all 83 enquiries were for offices primarily (though some also requested industrial or storage space) and 53 required industrial premises or sites (industrial, distribution and warehousing).

The highest number of expressed demand requirements were for office space below 1,000 ft² (94 ms²) although a reasonable number required a larger amount 5,000 ft² (472 ms²) or less (mostly in fact required less than 2,000 ft²). There were also larger office requirements (800-1,200 ms²), but these are fewer in number and tend to be associated with existing Canterbury based firms seeking new, bespoke offices. The vast majority of industrial enquiries required space under 10,000 ft² (944 m²) which tends to reflect the smaller unit size of local firms. Most clients preferred premises under 5,000 ft² (472 m²).

It should also be acknowledged that some enquiries will not require the services of the two agencies. These instead may direct their enquiry via agents and those developers known to local businesses as being able to supply employment space to the market. This is particularly the case for industrial premises where these will often be concentrated on a few key, established locations in the district (e.g. Lakesview Business Park, John and Joseph Wilson Industrial Estates). Therefore the above should be treated as a snapshot but is likely to capture a large proportion of enquiries from outside the district and a reasonable level of expressed interest from local firms. In these cases businesses will typically contact the inward investment agency or local authority at the beginning of their search.

It should be emphasized that this is a significantly smaller volume of overall enquiries than that received prior to the economic recession. For example a profile of demand carried out by the City Council (and which also sought to incorporate enquiries received by Locate in Kent but also other local commercial agents) found that 304 enquiries were received for employment space in the district over the period May 2006 - February 2008. This is more than twice the level of enquiries received over the longer time period of August 2010 - August 2012, as displayed in Figure 4.1. This suggests that although business and investor confidence exists this is not translating into the level of expressed interest in property and sites apparent before the downturn.

Locate in Kent - Inward Investment

Locate in Kent (LiK) is the inward investment promotion agency for Kent and Medway and as such is the first point of contact for enquiries regarding the county. LiK receives enquiries from across the UK and from potential inward investors overseas. These projects will range from the relocation of micro-businesses to major investment projects from multinationals registered overseas.

In terms of its attractiveness for inward investment, the study area has traditionally experienced the perception (with wider east Kent) of being peripheral or remote particularly compared to more established locations for inward investors in Kent such as Kings Hill in West Malling, Kent Thameside and Thames Gateway, Tunbridge Wells, Maidstone and Ashford.

This is primarily because the district is geographically distant from London, its key airports and from the M25 orbital motorway network. These other areas are commonly perceived as having comparable road and rail journey times to London with other relatively attractive locations for industrial, warehousing and office based investment such as Guildford, Reading, Crawley, Milton Keynes, Reading, Chelmsford and Basingstoke.

In bi-annual surveys of potential investors, businesses who have not considered relocating to Kent, together with journalists, institutional investors and professional advisors (property agents, architects,

consultants etc.), strategic access is widely regarded as an essential element of locational attractiveness. This research, commissioned by Locate in Kent, suggests that proximity to London and the Continent and good (or improved) transport links were key factors in determining favourable or unfavourable views towards Kent as a business location (Source: Facts International, 2010).

Due to the perception of relative remoteness from London, Canterbury and wider east Kent have tended to be less well known by agents and potential investors as a destination for new investors. This, however, has improved both in terms of the reality, where road and rail links have improved greatly since the early 1990's, but also the perception has arguably changed. This is evidenced by research, which reveals that in 2003 one in three professionals surveyed 'knew nothing about east Kent' but by 2010 this had fallen to one in seven. At the other end of the scale 8% of professionals surveyed in 2003 'knew a great deal about east Kent' while in 2010 this had risen to 21%. Moreover by 2010 the majority of those surveyed (68%) stated that the high speed (HS1) link made Canterbury a more attractive business location (Source: Facts International, 2010).

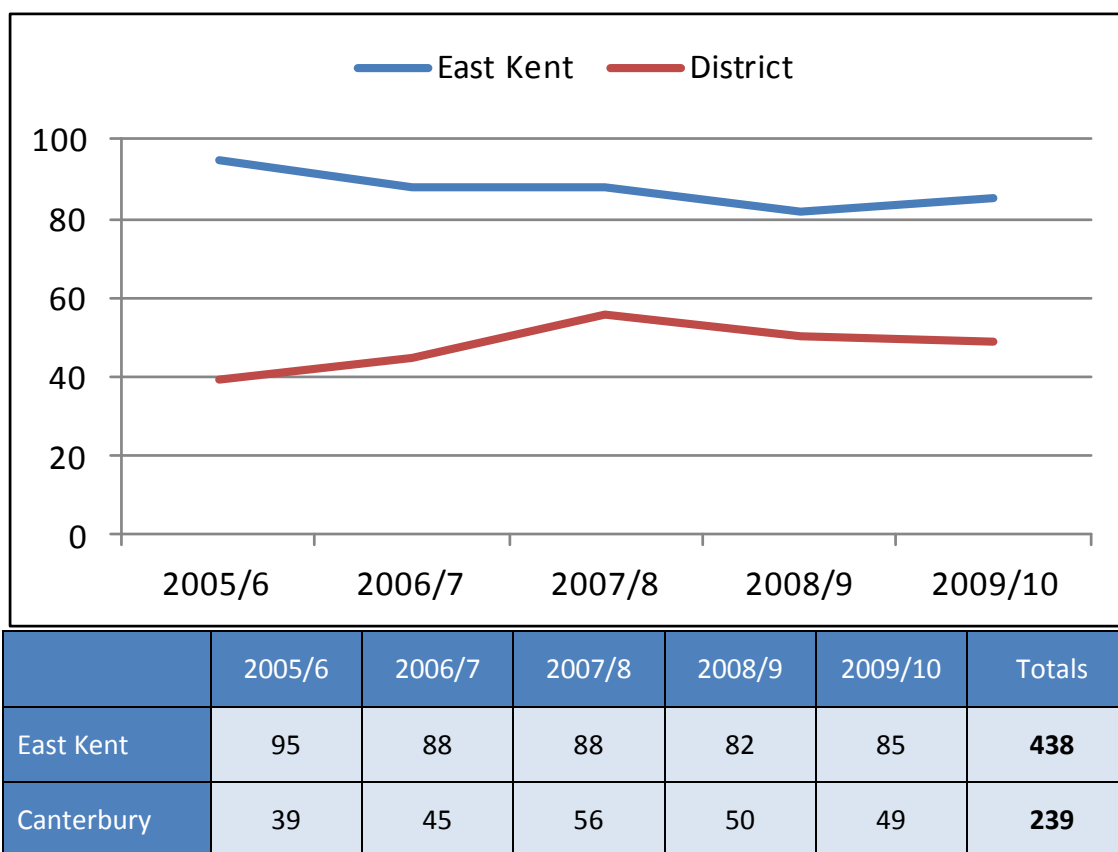
In addition to the issue of transport connectivity Locate in Kent has frequently cited the lack of large, immediately available, quality business sites and property near Canterbury as a distinct disadvantage in competing with other areas for inward investors. Their view is that Canterbury has a prestige name, branding and associated quality of life to some extent comparable to that of York and Cambridge for example but cannot offer the same strong proposition in relation to development sites and quality property. This situation is illustrated in respect of the 20 ha Little Barton Farm site, Canterbury, which although may be potentially attractive to investors, is unlikely to be brought forward for development in the short or medium term.

In summarizing some of the key factors that are likely to be discouraging new inward investment into the study area, these have included its:

- Relatively peripheral location, compared to Maidstone and parts of west Kent;
- Lack of identity (e.g. Canterbury and east Kent generally lack large corporates and/or household named companies). Therefore it is difficult to connect specific companies with the area and it is therefore seen as having limited market opportunities. Better known locations such as Maidstone, Ashford and the Thames Gateway can benefit from an 'agglomeration' effect as new investors are increasingly attracted by the existing presence of high profile companies. In this way new investors may have existing links with the area's business base, may wish to be closer to its customers or suppliers, or be attracted to its unique or distinct facilities;
- Lack of good quality, available land and premises particularly at Canterbury;
- A perception of a lack of investment in infrastructure and property; and
- Dearth of historical incentives available (financial and otherwise) to attract inward investors to the area.

Notwithstanding these constraints, data provided by Locate in Kent for the period 2005-2010 and illustrated through Figure 4.2 below, shows a reasonably steady rate of inward investment enquiries for Canterbury district from potential investors looking to either relocate or expand within the East Kent sub area. This covers office, industrial and warehousing uses only.

Figure 4.2: Inward Investment Enquires – Canterbury District, 2005-2010



Source: LiK, CCC analysis

The main findings are as follows:

- Total enquiries in east Kent amounted to 438 which in turn converted to 107 successes; an average of 21 new investments per annum;
- Canterbury district sites and premises were requested in 239 of these 438 enquiries. Ultimately 28 enquiries converted to actual successes in the study area; an average of almost 6 per annum;
- On average 21 investments have been made each year in East Kent which equates to some 122,500 m² (1,298,500 ft²) of employment floorspace per annum. Approximately a tenth of this amount - 9,500 m² (approx. 101,000 ft²) was taken up in Canterbury district; and
- Inward investments in Canterbury district were primarily a mixture of office and light industrial uses, from investors within the engineering, manufacturing and information technology and life sciences.

Elsewhere in Kent annual activity and performance reports from LiK reaffirm the view that inward investment is frequently attracted to the west of the county and the Thames Gateway. These destinations are assisted by superior road and rail links (such as access on to the M20 and M26 and M25) and in the case of locations such as Kings Hill, West Malling, a better overall setting for prestige business developments. Furthermore in these areas private sector property developers have been proactive in building speculative schemes that have helped generate new demand, release latent interest and capture mobile investments.

Aside from multi-tenant accommodation aimed at small light industrial users, speculative commercial property schemes are not common within Canterbury district. This is partly resulting in a shortage of good quality offices that might attract investors in Canterbury City for instance. There are also cases of professional services firms locating or expanding outside the study area where there is a greater choice of office accommodation, in areas such as Maidstone and Chatham Maritime.

Inward Investment Summary and Prospects

In summary while not a well-established UK inward investment location, Canterbury district is to some degree benefiting from the growing attractiveness of East Kent to inward investors. This situation is more favourable compared to the late 1990's and the period before 2005 when inward investor interest in East Kent was almost negligible relative to areas within west and north Kent for example. East Kent clearly failed to register on the investment radar of agents, developers and investors at that time. However, recently only a relatively small proportion of enquiries translate into actual inward investment successes in the study area. As a result the district is unlikely to be able to compete effectively for large and/or multi-national type inward investments.

It is therefore important that the district is equipped with a diverse, attractive, competitive and readily available portfolio of different sites. Inward investment is likely to become increasingly important over time as technology and innovation related activity begins to develop around Canterbury's Business Innovation Centre and the University of Kent's Technology Park site. There is in this sense considerable scope to increase the level of new businesses relocating or starting new ventures in the district.

It is also important to emphasise that the study area remains an exceptionally attractive destination for investment from hotel, retail, education and other non B-class uses such as motor sales. Therefore new inward investment tends to be directed into the district through other means, which are equally as important as investments from office and industrial occupiers.

4.5 Property Availability and Vacancies

Detailed official data for the period April 2004-March 2005 suggests that at that time the vacancy rate for office, industrial and warehouse premises in Canterbury district was 4%. According to the source, this rate had remained stable since 1999/2000. Compared to a rate of 9% in the south east, at that time this left Canterbury with the joint 5th lowest level in the region.

However, this data is now 7 years old, and since then new commercial accommodation would have been developed and lost to the local market. Equally the recent economic recession and subsequent sluggish recovery is likely to have released properties on to the market following firm closures, restructures, rationalizations and contractions.

More recent data concerning the number of empty hereditaments in the district of East Kent is also now available. Table 4.2 below suggests (as with earlier data) that Canterbury district continues to retain a comparatively low number of vacant non-domestic properties. In this instance Canterbury retains under half (6.95%) the level of vacant properties of any neighbouring district in East Kent and the Kent level (13.69%). This figure has also consistently fallen over the three year period from 2010 to 2012 despite the economic recession. This has generally not been the case in all other areas.

It also suggests that other local factors may be influential in this falling vacancy rate (e.g. increasing net annual losses of hereditaments from employment uses). This issue is discussed in Chapter 3.

Table 4.2: Estimated number of empty hereditaments (non-domestic uses), 2010-2012

	2010		2011		2012	
	Number of empty hereditaments	As percentage of district's hereditaments	Number of empty hereditaments	As percentage of district's hereditaments	Number of empty hereditaments	As percentage of district's hereditaments
Canterbury	475	9.37%	435	8.45%	364	6.95%
Dover	468	13.69%	456	13.38%	428	12.53%
Shepway	621	17.51%	631	17.73%	594	16.18%
Thanet	680	15.01%	672	14.63%	609	13.18%
Kent	6,227	14.40%	6,532	14.92%	6,066	13.69%

Source: VOA NNDR3 form

In addition to the above Canterbury City Council commercial property portal records from 2012 can also provide a current picture of property vacancy data. The City Council holds records of most available commercial properties in the district from which data on office, industrial and warehousing accommodation can be obtained. This information is populated by records supplied by all local and many other prominent agents that market these properties. The Council has compiled this information over several years and regularly carries out follow ups and requests for updates. As a result this resource can be considered a reliable barometer of available commercial properties in Canterbury district at a particular time in 2012.

A recent schedule of the vacant employment floorspace being marketed in the study area (**as of August 2012**) has been included as Appendix 15. This provides a list of office, industrial (including workshops) and warehouse or storage premises in Canterbury, Whitstable, Herne Bay and other rural locations within the study area.

Where details are available these records can help describe location, building condition, style, specification, eaves height and rental level or freehold value and other particulars such as agent contact details. The current level of available stock is discussed below.

Current total Available Stock

According to City Council records in August 2012 there was a vacant supply of 89 properties (equating to almost 40,000 m²) available to the market in Canterbury district. A full profile is revealed in Table 4.3 below.

Using VOA (2012) records of property stock in employment-generating uses (offices and industrial, warehousing) with the study area as a numerator, this level represents **4.9%** of total hereditament stock (i.e. 1,800 rateable units) or alternatively **7.5%** of total employment floorspace (i.e. 534,000 m²).

The development industry 'rule of thumb' is that a vacancy rate of between 7.5% and 10% is typical of a functioning market where this is a reasonable balance between demand and supply (i.e. there is a good amount of space for firms to relocate and expand into). A rate significantly lower than this therefore would suggest some shortages of business space and associated difficulties for firms in terms of choice and availability of sites and premises. In this context these figures would tend to indicate that vacant supply is presently at an absolute minimum level in relation to the market for employment space in Canterbury district.

Table 4.3: Vacant supply portfolio for Canterbury District (August 2012)

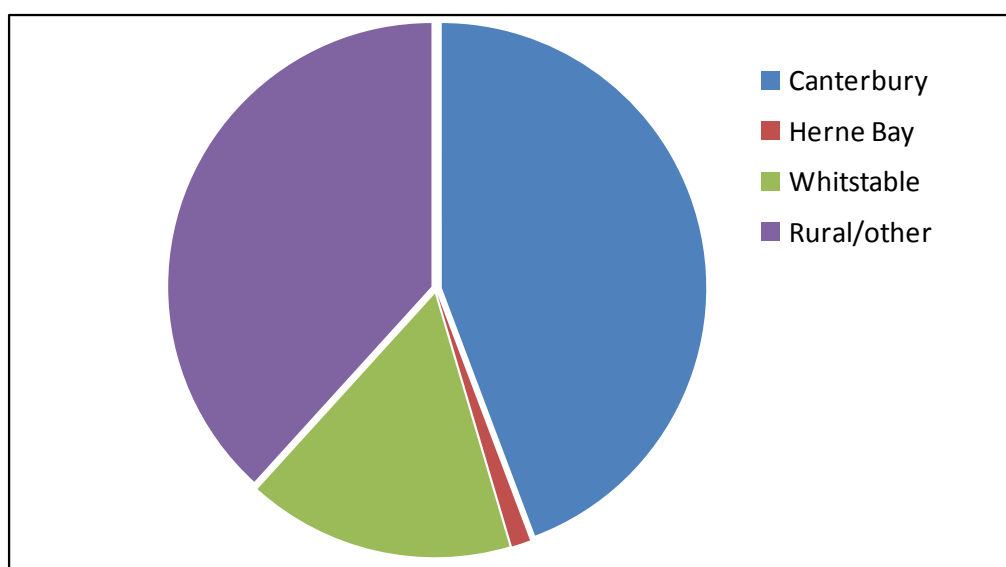
Area	Size Band, m ²					Total
	Under 95 (i.e. 1,000 ft ²)	96-472	473-943	944-1,415	1,416+ (i.e. 15,000 ft ²)	
Canterbury	456 (7)	4,462 (19)	3,994 (5)	3,590 (3)	4,961 (2)	17,463 (36)
Whitstable	204 (3)	3,340 (15)	1,921 (3)	976 (1)	0 (0)	6,441 (22)
Herne Bay	79 (1)	377 (1)	0 (0)	0 (0)	0 (0)	456 (2)
Rural/other	593 (11)	2,239 (15)	630 (1)	1,138 (1)	11,124 (1)	15,724 (29)
Total	1,333 (22)	10,418 (50)	6,545 (9)	5,704 (5)	16,085 (3)	40,084 (89)

Source: CCC (2012)

The above table indicates that the largest proportion of available employment space is sized between 96-472 m². Using square feet as an alternative measure, this size-band covers units in the district over 1,000 ft² but below 5,000 ft².

Perhaps most clearly the table reveals the relative lack of floorspace available along the Whitstable-Herne Bay corridor (18% of space) compared to Canterbury (44%) and other areas (38%). Herne Bay has an acute shortage of vacant employment space with only 1% of total floorspace available at the coastal town. This profile of locational distribution is more visually illustrated via a pie chart, as Figure 4.3 below.

Figure 4.3: Distribution of available employment space by location



Source: CCC (2012)

Industrial, warehousing, distribution and office availability are now considered in turn below preceded by a discussion of each sub-market.

4.6 Industrial Supply

Current records suggest there were 37 industrial premises providing 22,300 m² of floorspace available in the district. It should be noted that this quantum is heavily skewed towards one large unit, the former Blighline factory and distribution centre on Lakesview Business Park, Hersden (11,296 m²) which equates to over half (51%) of total industrial provision in the district. Excluding this site approximately 11,000 m² would be left available in the district.

The availability of industrial premises is generally evenly distributed across Canterbury, Whitstable and rural locations. In many cases these premises are situated on business parks such as Lakesview Business Park, Hersden, and the John and Joseph Wilson Business Parks at Whitstable as opposed to town centre locations. The strongest sub-markets therefore appear to be located along the Whitstable-Herne Bay corridor and at Hersden. In contrast there are currently no industrial premises available for occupation south of Canterbury City and only one small unit at Herne Bay.

In terms of size most vacant industrial stock (30) is small ranging 0-472 m² while less (6) are mid-sized at 473-1,416 m². There are only seven micro sized units (below 95 m²) in the study area and aside from the former Blighline factory there are no industrial options above 1,500 m² in the district.

These findings suggest that the district has very limited industrial options for very small/start-up businesses and for firms seeking to make the transition from smaller units to larger premises sized between 500-1,400 m². Similarly there is no choice for companies seeking larger industrial/manufacturing type units (1,500 m² +). It perhaps highlights a key area of concern when the local market experiences new, greater levels of activity. This fact this may be problematic in meeting future business needs, is compounded by a lack of availability at both Herne Bay and at settlements south of Canterbury. No major, new industrial provision is planned at these locations (as of August 2012).

Within the 95-472 m² (i.e. 1,000- 5,000 ft²) size range there is some choice according to tenure (i.e. freehold and leasehold), budget and specification. Much of this industrial stock is of a relatively new, of a good building condition and modern specification (e.g. raised floors, insulated cladding, roller shutters, air conditioning, mezzanine flooring for offices). Over the last seven years industrial premises within this size range and of this specification for instance have been constructed at Lakesview Business Park, often on a speculative basis.

Whereas the condition of industrial premises can deteriorate relatively quickly, depending on the intensity and nature of the business activity taking place, it is likely that some replacement and enhancement/refurbishment may be necessary on industrial hereditaments in the district. For example business parks built in the late 1980's along the Whitstable-Herne Bay corridor will now be over 20 years old and therefore some premises are likely to require improvement over the new Local Plan period.

Warehousing and Distribution Supply

Currently 21 warehousing units (9,422 m²) are available in the study area. These tend to be located in the rural parts of the district, as part of farm complexes, both north east (Chislet Business Centre) and east (Littlebourne) of Canterbury. Only five units are available at Whitstable with none available at Herne Bay. Relative to the size of Canterbury, there was also limited availability in the city itself (3 units) which possibly reflects the pre-dominance of retail warehousing in this area.

In terms of size, almost one in three units is very small (below 95 m²) while more (8) vacant stock is sized between 96 and 472 m². At the other end of the spectrum only one available warehouse is over 1,200 m² but there is nothing for potential investors seeking a reasonably large warehouse in the district over 2,500 m².

The very small level of vacant stock partly reflects the study area's position as a non-prime location for genuinely large scale warehouse, logistics and distribution users and low to moderate market activity in this regard. In turn it demonstrates limited confidence from developers in developing warehousing on a speculative basis. As shown elsewhere in this study employment sites potentially providing new B8 warehousing provision are in the pipeline but typically reliant upon pre-sales and lets for development.

Generally the lack of variety across the different size ranges present major problems when seeking to satisfy the needs of users seeking immediate occupation of warehousing space.

4.7 Office Supply

As of August 2012 there were 31 office premises available in the district which equates to some 8,364 m² of space. Between May and August 2012 the number of vacant local offices being marketed by the City Council fell by 16% possibly indicating that some expressed demand had been satisfied.

In the main there is a reasonably broad spatial distribution of offices across the study area than compared to available industrial or warehousing units. Unsurprisingly over half (16) are located in Canterbury. Whitstable also has some stock available (9 offices) but this tends to be located at business parks on the edge of the town (e.g. Estuary View, John and Joseph Wilson) as opposed to the town centre.

Also there are five offices available in different rural areas of the district including Hersden (Lakesview Business Park), Chislet (Chislet Business Centre) and Womenswold (Denne Hill Business Park). There is very limited stock however at Herne Bay with the only provision available located at the Links site, Eddington, on the edge of the coastal town (one office site at 377 m²).

The vast majority of office stock is sized below 472 m² therefore most available provision is relatively small. Above this only one office is available at what might be considered mid-range sized at 911 m². At the uppermost end of the scale there is only one site over 911 m² in the entire district. Rochester House, Canterbury (2,604 m²) constitutes 31% of the district's total available office stock. Though this is being marketed as commercial offices the building is in occupation, having been used by the tertiary education sector for part-administrative and part-learning for some years. This highlights the limited availability of offices above 550 m².

Generally the district's office stock offers a moderate variety of options according to condition, tenure, price, cost and size. Newer offices (constructed within last eight years and second-hand) of a higher specification are most likely to be found at recent business park developments such as Estuary View and Lakesview Business Park. These will typically comprise a, detached, brick built, pure office building set in landscaped grounds with a modern specification consisting of open plan cellular space and dedicated parking, lift, double glazing, suspended ceilings, security and air conditioning or cooling. It should also be noted that some floors within office premises may be arranged in an open plan configuration in which case floorspace could be provided in a range of smaller sizes.

In this respect the district has to some extent improved its supply of offices which in 2002 was characterized by an oversupply of poor quality stock and a lack of good quality accommodation (especially that suitable to attract inward investment) (Locate in Kent, Savills, 2002).

In contrast Canterbury City arguably retains fewer offices with this level of specification while there is currently little immediate prospect of new modern provision. Though it has a moderate stock of existing office premises relative to its size and status, this largely consists of period offices to 1970's style multi-storey buildings to conversions from residential premises. Where the quality of available office accommodation in Canterbury is not always good some space can be more difficult to let. In turn a number of freeholders in possession of the largest vacant office buildings (e.g. Beer Cart Lane, Printing House) have been considering alternative uses for the properties including conversion to residential use.

In addition to the above there is also some office space available in the study area marketed primarily at the start-up business market, which is discussed below.

4.8 Start-Up Business Provision

Small businesses are exceptionally important to local economies and are the lifeblood of local town centres and communities. New business formation is also a good indicator of how conducive the business environment is to entrepreneurship.

Respected research suggests that beyond the job churn at existing firms, there is a dynamic in start-up creation that is very important for understanding job creation specifically, the unique effect of new firms, or start-ups. In terms of the life cycle of job growth, the job creation effect of the first year of a firm's life can be significant.

Also, research shows that, during recessionary years, job creation from start-ups often remains stable, while net job losses at existing firms are highly sensitive to the business cycle. While start-ups do tend to decline slightly during downturns, they can remain fairly robust in even the most severe of recessions.

While business formation is determined by general economic conditions, effective regulation, access to finance and an entrepreneurial attitude, business survival can be assisted by a number of other factors including an appropriate supply of available, flexible and affordable accommodation when it is needed.

As Chapter 2 reveals, 500 to 600 new start-up businesses are created in the Canterbury district economy each year. As general economic conditions improve and new initiatives designed to encourage greater numbers of new enterprises begin to take effect, these start-up numbers are likely to increase.

Added to this in 2008, 66% of all enterprises within industries traditionally more associated with occupation in employment space (B1, B2 and B8 uses) such as 'professional, scientific & technical services' employed less than 10 people (Source: ONS ABI data, 2008).

Also whilst homeworking is encouraged in economic strategies and within the current Local Plan it is also important to make appropriate accommodation provision for start-up enterprises or so-called "seed bed" businesses in the study area. At present there are an estimated 11 facilities supplying approximately 12,763 m² of which some 21 office pods/suites (plus hot desk space) were available in August 2012. These are set out in Table 4.4.

Table 4.4: Start-up accommodation in Canterbury district

Name	Location	Type (e.g. serviced)	Estimated floorspace (gross m ²)	Availability (July 2012)
Canterbury Business Innovation Centre (Basepoint)	University of Kent, Canterbury	84 serviced /incubated offices, workshops and studios ranging from 9.3-79.6 m ² (B1)	2,500 m ²	Fully occupied
Canterbury Enterprise Hub	University of Kent, Canterbury	Small offices, desk spaces and specialist facilities such as wet and dry laboratories (B1)	Within University's existing facilities	Fully occupied
Lombard House Business Centre (independent)	Canterbury City Centre	Flexible serviced office space (B1)	696 m ²	107 – 14.31 m ² 112 – 22.95 m ² 201 – 69.49 m ² 207 – 24.71 m ² 217 – 30 m ²
The Fruitworks (independent)	Canterbury City Centre	Flexible hot desk space with services with meeting room pods (B1).	Open space of 167 m ² divided in to hot desk space	15 – 20 hot desks
Amphenol Business Complex	Whitstable	Office and studio space ranging from 11.3 – 196 m ²	1,153 m ²	149 m ²
Whitstable Enterprise Centre (Canterbury City Council)	Joseph Wilson Business Park, Whitstable	28 x 47 m ² light industrial units (B1)	1,161 m ² split across 28 light industrial units.	Fully occupied
Accubiz	John Wilson Business Park, Whitstable	22 units providing flexible serviced office accommodation ranging from 9 to 425 m ² (B1)	2,044 m ² divided across 27 units ranging from 7.8 m ² – 233 m ²	7 offices
Enterprise House (independent)	Eddington Links, Herne Bay	Flexible desk space with services and additional enclosed serviced office space (B1)	111 m ² of enclosed office space currently arranged as 4 individual offices. Also 28 m ² of floor area currently set up for 9 hot desks.	6 hot desks

Name	Location	Type (e.g. serviced)	Estimated floorspace (gross m ²)	Availability (July 2012)
Evans Business Centre (Evans Easy Space)	Lakesview Business Park, Hersden	20 non-serviced offices (B1) (communal and standalone) from 21-47 m ²	572 m ²	7 offices
Lakesview Enterprise Centre (Canterbury City Council)	Lakesview Business Park, Hersden	12 office suites sized between 15.5 and 25.5 m ² (B1)	281 m ²	7 offices
Canterbury Offices (independent)	Lakesview Business Park, Hersden	Range of small / medium sized office pods starting from 8 m ²	168 m ² split between 8 office pods.	1 office
Total			12,763 m²	27 office pods/suites + hot desks

Source: CCC analysis

This refers to workspace actively marketed to new enterprises with particular arrangements aimed at start-up and new businesses such as flexible levels of accommodation to suit a range of businesses with short term tenancy agreements available (e.g. easy in easy out licences). These will operate within a fluid environment with companies moving on to smaller or larger workspace on a regular basis.

It should also be recognised that other small workspace provision will be available in the district in the form of surplus desk-space and office space sublet from existing larger businesses and services such as virtual office space. These however are not included in the list above in Table 4.4.

Sites are generally distributed across the district though considering the relative importance of Canterbury as an economic hub, particularly its position as the most prominent commercial and employment centre in East Kent it is surprising more schemes do not exist within the city centre.

Also aside from Canterbury Business Innovation Centre (Basepoint operated), Evans EasySpace and Accubiz there are no other established market brands in the study area (e.g. providing space primarily aimed at the start-up business market). Therefore there are no serviced office providers in the district such as MWB, Avanta, Abbey, Portal, Argyl, Regus and HQ. These tend to deliver accommodation solutions for start-up and small businesses from the professional services industries. The remaining facilities are independent ventures either seeking to make use of surplus or unused space or in the case of Canterbury City Council this venture forms part of a wider economic strategy for the district.

In general the eleven schemes outlined in Table 4.4 appear to be well-used by firms. Overall there is very little current availability with some facilities fully occupied. The high occupancy rates may also partly be a function of high demand for multi-unit occupation from growing businesses that are suitably positioned in business terms to locate elsewhere, but have difficulty identifying suitable alternative premises.

There are on the whole more options for firms seeking start-up office space than any other form of provision. In contrast few facilities incorporate light industrial units while those that exist tend to be fully occupied. Only Canterbury City Council and Basepoint operate facilities which provide light industrial workspace and studios for start-up businesses (e.g. below 47 m²). This arguably indicates a possible shortage of small light industrial accommodation in the district.

In order to help fill this gap in provision the public sector has often been required to intervene directly in the market and provide this accommodation (e.g. Whitstable Enterprise Centre). Without public sector subsidy the private sector tends not to deliver light industrial workshop accommodation at these small sizes mainly due to the disproportionate nature of rental values commanded relative to the costs of building the workspace and time and resource-consuming nature of multiple tenant management. At the current time there are no new schemes planned, either private or public sector funded, to enhance the incubator supply.

There are also no current initiatives (either public or privately driven) to provide new “follow on” space for expanding enterprises, though to some extent the Evans Easy Space facility provides this option though this is located outside the district’s main towns.

It should also be added that local provision enabling access to more ‘specialist’ facilities (i.e. university – science and technology related) is confined to the Canterbury Innovation Centre. Here Basepoint exercise restrictions relating to the capacity for innovation, which restricts the types of firm that can operate from the facility. This facility is currently fully occupied (August 2012) which may lead to difficulties for the district in accommodating ‘innovative’ new firms in the future.

4.9 Conclusions

This chapter considers the district’s commercial property market, specifically recent trends in the demand for and supply of employment space, namely industrial, office and warehousing and distribution facilities. It describes some of the key market indicators driving the demand for employment space namely rental levels and vacancy rates. It also explores the inward investment position and prospects for the area in the wider context of the county’s market for employment space.

The District

- The district’s commercial market is fairly localised and self-contained, and can broadly be distinguished by a number of sub-areas including Canterbury City, the Herne Bay-Whitstable corridor and the rural areas. Its principal competitors are sub-area property markets connected to Maidstone, Swale, Thanet, Dover and the growing urban area of Ashford.
- The district’s key strengths include its strong attractiveness as a place to live (e.g. quality of life), its high profile as a visitor, retail and educational hub combined with the presence of universities, a range of business development sites and good road and rail links.
- Weaknesses include external perceptions of the area to office and industrial based investors, poor or inadequate road junctions at Canterbury, its relative distance from London and the competitive market for premises which is largely driven by higher value uses such as residential and retail and stronger investment propositions situated closer to London.

Industrial Market

- In quantitative terms, most demand for employment space in the district takes place in the industrial sub-market predominantly relating to smaller to mid-sized accommodation. Most firms require space of 47 to 500 m² (500-5,000 ft²). Current industrial rents in the district are generally static (at around £65/m²).
- Many larger business parks and industrial estates in the district comprise light industrial, distribution and small-scale warehousing uses as well as some trade counter uses. Market activity in the district has focused strongly on Lakesview Business Park, Hersden. This site has enabled the expansion of existing firms in Canterbury district and east Kent and offers a range of options for small and medium sized businesses. It has also stimulated some speculative development of smaller industrial units. However sites elsewhere in the district have not come forward for development or are experiencing delays notably along the Whitstable-Herne Bay corridor and despite market interest.

Office Market

- The office sub-market in Kent tends to be dominated by a few established office locations such as Maidstone, Ashford and Tunbridge Wells as well as Kings Hill and Crossways Business Park
- Historical studies have highlighted the city's generally poor quality of supply and overall lack of dynamism characterised by low rents, scarce demand and reluctance to build speculatively.
- Up to 2007 office rents in Canterbury district reached a peak of £150-170/m² in 2006/07 due to a combination of limited stock and strong localised demand. Interest was predominately driven by smaller professional business such as solicitors and accountants. New office space could be achieved in the future by capitalising on the continuing growth of the district's professional services and technical activities sector as well as the success of the University of Kent's Innovation Centre.
- Despite a general lack of office availability in Canterbury, few new schemes have come forward. As a result some professional firms have left Canterbury City. Some have expanded operations in competitor locations, such as Chatham, Maidstone and Ashford.
- The principal location for new office development in the district has been the coastal town of Whitstable. A number of good quality office schemes have taken place at Chaucer Business Park, Estuary View and John Wilson Business Park which have helped to absorb much of the local demand.
- Since 2008 overall activity in the local office market has been limited. In 2012 prime office rents in the study area are circa £138/m², depending on size specification and condition. In contrast to rents, contract freehold activity is reasonably buoyant with prices paid by owners and occupiers remain at around £1,908 - £2,120/m² but rely on availability of suitable buildings for purchase and quality and finance. There are currently no office developments under construction in the city.
- While a case can be made that a shortfall of office supply, particularly "Grade A" quality offices exists a key issue remains as to whether firms expressing "effective demand" will be willing and have the ability to pay higher office rents. At this time prime office rents in the study area are unlikely to encourage a developer to build offices on a speculative basis. To be commercially viable

schemes require either commercial pre-lets / sales, or cross subsidisation from higher value uses such as retail or residential or some public sector financial intervention to be brought forward.

- The market for employment space (particularly offices) is also adversely impacted by competing pressures for land and accommodation. There is very strong demand and respectively high values for residential and retail space relative to employment uses, notably in Canterbury. Some of the larger office buildings in Canterbury (e.g. Beer Cart Lane, Printing House) have been acquired by developers with the hope of providing mixed use schemes (including offices) or space for non B-class uses. Added to this the city's education sector has also experienced a continually expanding need for accommodation over the last decade.
- Where some 19,000 m² of office stock has been lost since 2007, which has not been replenished by any significant level of new office development, the retention of a good supply and variety of second-hand office space will also be important in meeting business needs.
- Untapped potential may exist in relation to latent office demand which has been frustrated by the characteristics and quality of local land supply. High quality developments such as the city's business innovation centre have performed extraordinarily well with higher than average office rents achieved.

Potential Gaps in Provision

- Currently **4.9%** of total employment stock (i.e. 1,800 rateable units) or **7.5%** of total employment floorspace (i.e. 534,000 m²) is vacant and available in the study area. This rate is at the very minimum development industry 'rule of thumb' level relating to the local market for employment space.
- There is a dearth of available industrial and office properties along the coastal corridor, particularly south of Canterbury and at Herne Bay.
- Office supply is broadly distributed across the study area although very little provision is available at Herne Bay. The vast majority of office stock is small (below 472 m² in size) with very little office stock available above 550 m². As of August 2012 only one site over 911 m² was available in the district though by December 2012 this was no longer available.
- There are very limited options for small and start-up businesses seeking light industrial space in the district (47-94 m²) and for firms seeking larger premises sized between 500-1,400 m². Some small industrial units of these sizes have come forward through speculative development however this is not distributed across the district. This is due to several sites with industrial capacity not coming forward for development despite market interest (e.g. Herne Bay). This highlights a key area of concern in ensuring the local market can meet future business needs, particularly when greater levels of activity are apparent.
- Some new office space (via conversion) is planned in the city centre which is attracting interest. Though one particular scheme would result in a net loss of office space overall the planned provision would help address a gap for smaller office space that meets modern business requirements.

- Currently eleven dedicated start-up business workspace schemes operate in the district. These have very little current availability with many fully occupied. Few facilities incorporate light industrial units or workshops while those that exist tend to be fully occupied.
- There are also no current initiatives (either public or privately driven) to provide new “seed-bed” or “follow on” space for expanding enterprises. More provision for smaller businesses is therefore likely to be needed particularly relating to serviced or small offices in Canterbury, industrial workspace elsewhere (notably Herne Bay which has no start-up provision) and expanded specialist facilities for science and technology based firms.

Investment Enquiries

- Between 31 August 2010 to 31 August 2012 **136** enquiries for industrial (inc. warehousing and distribution) and office sites and properties in the district were received by the City Council and Locate in Kent. The volume of enquiries had fallen significantly compared to the pre-recession period.
- The district also received some new inward investments though these successes were low in number relative to the number of enquiries received. Limited perceptions and profile of the district, strong competition elsewhere and a lack of good quality, available land and premises particularly at Canterbury are cited as key factors constraining the district’s locational attractiveness to potential inward investors.
- In contrast the area’s strong links with higher education, growing professional services sector and its record in attracting non-industrial and office type investment and attractiveness as a place to live provide scope to increase the level of new businesses relocating or starting new ventures in the district. It is important however that the district is equipped with a diverse, attractive, competitive and readily available portfolio of sites.

5.0 FUTURE ECONOMIC DRIVERS AND POTENTIAL

Taking into account the previous chapters of this study, particularly the economic context for the district, it is important to also consider the study area's potential future economic direction and the factors likely to drive economic growth. This chapter therefore considers the scope for various local economic sectors to grow over the period up to 2026/2031.

An important source and reference point within this chapter is the Canterbury Development Requirements Study (NLP, 2012). Its forecasting and analysis of future economic growth in the district is consequently referred to throughout thereby helping to inform this review of employment land.

As well as discussing the district's strengths, weaknesses and opportunities it also identifies the key challenges or risks facing the district's economy that could constrain future economic growth, reflecting on recent economic and other trends within the economy and relevant economic and planning policies. Together, these factors will influence future demand for employment land and premises in the study area.

Context

Based on the findings of earlier chapters, particularly the economic context section, the study has identified some inherent strengths but also weaknesses to the local economy. Considering the area's economic geography, contemporary history, economic characterisation, structure and relative performance its key competitive advantages may be summarised as:

- Improved transport links to the strategic road and rail network including new fast rail links (High Speed 1) enabling London to be reached in under an hour by train;
- Successful delivery of new 'key business sites' such as Lakesview Business Park which has helped meet the growth of local businesses seeking employment generating floorspace;
- Continued growth of local education sector (both tertiary and private/specialist) which has driven demand in the development sector and supply chain business and consumer services together with need for higher skilled (e.g. academic and technical) and manual labour;
- Attraction of significant numbers of higher education students which provides an expanding pool of high skilled labour complementing an already skilled resident base;
- Relatively low levels of out-commuting to work, which helps to maximise local labour supply;
- Appeal of district as an attractive place to live underlined by high quality of life enjoyed by most residents; and
- Growing private sector component to local knowledge economy which has been catalysed by the success of the Canterbury Innovation Centre.

In contrast the district's economic weaknesses might include:

- Limited image of the district as a business location underscored by lack of large corporate and blue chip companies;
- Lack of readily available employment sites for potential new investors, including the absence of a high-quality, 'flagship' business site at Canterbury;
- Under-representation of private sector and identified key growth sectors and continued reliance on a few consumption driven, low-value added sectors and the public sector;
- Limited ability to retain new graduate talent in the local economy;
- Static office market illustrated by low rents and investment yields as well as historic associations with difficulties in achieving market viability when delivering new employment development sites;
- Comparative attractiveness of higher commercial value uses such as residential and retail uses to development sector over employment uses;
- Improving but still rather downmarket, peripheral image of East Kent further exacerbated by Pfizer closure;
- Transport limitations underlined by inadequate A2 road junctions resulting in pressured local infrastructure, heightened traffic congestion and constraints on new development; and
- Low levels of non-retail and visitor economy based inward investment and relocations from elsewhere.

Associated with these strengths and limitations will be further economic opportunities which can help shape the district's future economic role. However also emerging are potential threats which in some cases have been touched on elsewhere in the study but are now discussed in more depth below.

5.1 Canterbury District's Future Economic Role

A vision for the study area's economy has been forged and embedded in a series of documents which stem back to the formulation of the current Local Plan (adopted in 2006). Though these documents will have different aims and objectives there are common threads which return to this future economic role.

Canterbury District Local Plan (2006-2016)

This Plan essentially sees the district as having the potential for growth in the knowledge based component of its economy whilst supporting existing or traditional economic strengths such as education, retail and hospitality. Underlying this vision is the need to diversify the local economic base which previously had proved resilient in recessionary periods (due to continued dependence upon the public sector) but had generally remained sluggish and lacked dynamism when the national economy had performed relatively well. This had sought to, where possible, look beyond traditional sectors for future economic growth in particular where existing competitive advantages, such as the locally strong presence of universities, could help stimulate and encourage growth in private sector industries.

In turn the Plan's spatial policies, which saw land provision set aside for innovation, science, technology as well as professional services, reflected this vision and strategy.

Canterbury District Futures Study (2006, 2011)

The basis for this approach was further reinforced by the Futures Study commissioned by Canterbury City Council in 2006. Here Experian were to undertake a futures study for the district which identified possible outcomes for the future of Canterbury over the next 20 years by assessing local, national and global trends and influences. This research enabled stakeholders to identify a preferred scenario which, alongside the accompanying evidence base, has been used for strategic planning including subsequent inputs to the South East Plan.

This study proposed 3 preferred outcomes for the district's future based on a range of evidence, local knowledge and consultations. This included developing existing strengths encompassed within the district's *'experience'* economy (e.g. retail, culture, heritage and hospitality), complemented by its *'green'* economy offer (e.g. its environmental assets) alongside the *'knowledge'* economy (e.g. development of new enterprises, producing high value-added output, based on the specialist knowledge of their owners and employees).

In light of changing global and macro-economic conditions between 2008 and the present day this preferred economic vision for the district was revisited via a review undertaken by Experian (2011). As well as identifying the likely impacts of the recession, the work also highlighted the positive regeneration and investment in the district such as the introduction of HS1, the development of the New Marlowe Theatre, the Innovation Centre, and other new University buildings, which have all built upon Canterbury's tourism, cultural and knowledge economy offer. The report concluded that:

- The drivers that underpinned the original study each had a long term focus and, as such, all remain relevant in today's context though some have become less relevant in the short term, given the impacts of the economic downturn on the wider economy;
- There are also some new important areas of focus, such as the need for significant 'rebalancing' in the local economy in order to alleviate difficulties associated with structural and policy change (e.g. public sector cuts);
- Future growth is expected to be slower than originally forecast in the original futures study and the years ahead, particularly in the short term, will be challenging; and
- Notwithstanding these findings, the 'Knowledge' Economy outcome is still achievable for the district though there will be challenges in attaining this due to the prevalent economic environment.

Canterbury City Council Corporate Plan (2011-2016)

The Council's current Corporate Plan regards the economy as one of its most important spheres of intervention. The Plan identifies key economic interventions with which the Council feels it can make a positive impact in improving 'people, places and prosperity' in the district. The Plan therefore continues with the theme of economic diversification in order to strengthen the district's economy and help increase local prosperity. It envisages a future for the district where there are new opportunities for employment, a more diverse range of jobs are available and where wages are higher. This approach follows the continued presence of the 'economy' and 'improving job prospects' among local residents' highest priorities (particularly young people) in consultation exercises.

The Council consequently has set down a series of commitments to local economic development and regeneration in order to work towards this goal over the 5 year period. These interventions include capitalising on the new Local Development Plan to make best use of existing land and identify new opportunities to enable existing businesses to stay and expand and for new businesses to locate to the area.

Culture and Enterprise Local Economy Policy (2011-2016)

In a similar vein the Council's Local Economy Policy acknowledges the challenges to the district's economy and seeks to tackle the issues identified in both Futures Study and emerging Development Plan. This Policy is one of a suite of three policies (also including Visitor Economy and Culture) that form the basis of the work to be carried out by the Council's Culture and Enterprise Service up to 2016.

The purpose of the LE Policy is to inform and complement the emerging local development plan by setting out a range of accompanying non-planning economy interventions. In this way the Council will provide the local institutional capacity required to support this agenda, to ensure it is connected with economic development and to bring in other partners and players to realise these objectives.

The Policy commits the Council to five key ambitions which identify where it sees its role in the local economy consisting of:

- i) **Providing strategy and leadership;**
- ii) **Making positive interventions that seek to improve economic outcomes;**
- iii) **Attracting and leveraging investment that enable interventions to take place;**
- iv) **Enabling the district's businesses to grow and flourish;**
- v) **Providing a range of economic related support, advice and guidance.**

Local Economy and Tourism Strategy - Canterbury District 2008 to 2012

This document (which expires in 2012 and will be replaced by a new strategy) continues with the strategic positioning and policy aspirations previously set out in the Futures Study and therefore it is very much a product of the pre-recession period. It does however incorporate a focus on areas of the local economy that following the Futures Study review, continue to remain legitimate economic aims for the district and as a result will feature strongly in the emerging local development plan and subsequent economic strategy for the district. The knowledge-based component of the local economy is one specific area considered to have important growth potential.

The current strategy also attempts to pick up on the close alignment between economic development and spatial considerations. The following extract concerns Theme 2 which seeks to ***"Deliver quality business sites and accommodation in the district"*** comprising 5 individual priorities:

Priority 2.1 - Provide and safeguard a range of quality, deliverable sites that meet the specific needs of the knowledge economy;

Priority 2.2 - Provide and safeguard a range of quality, deliverable sites that are responsive to wider business needs;

Priority 2.3 - Ensure delivery of geographically inclusive and modern telecommunications infrastructure;

Priority 2.4 - Where practical and appropriate, seek to use sites in public sector ownership to meet economic objectives; and

Priority 2.5 - Ensure local economic objectives are reflected as strongly as possible in the district's 'regeneration zones'.

Looking forward to 2013 and beyond (and therefore the early stages of the new development plan period) a new strategy will be formulated for the district. The primary focus for this strategy period will be adaption to new macro economic circumstances and a move towards greater resilience by rebalancing the local economy in developing a range of private sector industries. The role of the strategy in seeking to achieve this is to complement the new Local Plan with non-spatial planning related economic development and other interventions. These might include initiatives to promote and assist graduate retention, support new enterprise, enhance business productivity and competitiveness, foster greater levels of exporting from local firms and increase employment opportunities by improving business access to finance for growth.

'Open for Growth: The East Kent Growth Plan'

More recently these key priorities have been encapsulated in 'Open for Growth: The East Kent Growth Plan' (East Kent Regeneration Board, 2012). This document sets out Canterbury and east Kent's priorities for investment and updates the economic growth elements of the East Kent Local Investment Plan prepared in conjunction with the Homes and Communities Agency in 2010. This is an important document as it:

- Provides an overall narrative statement of Canterbury and East Kent's economic potential, reflecting current Government language as well as recent major economic changes;
- Sets out an updated assessment of East Kent's priorities for future growth and the critical investment needed to bring them forward; and
- Provides a starting point for greater co-operation across East Kent, which may lead to future opportunities to share financial and other resources to bring forward key infrastructure where appropriate. In this way the document helps East Kent's councils to fulfil the duty set out in the National Planning Policy Framework for local authorities to co-operate in planning strategically across local boundaries.

This economically-focused, high-level strategic plan for East Kent supersedes the Local Investment Plan as the primary sub-regional statement of future investment priorities. It also includes Ashford with the rest of East Kent, thereby reflecting Ashford's planned growth and role in relation to the rest of East Kent.

In this document two of the twelve priority locations for growth are located in Canterbury district namely 'Canterbury Knowledge City' and 'Wincheap'. The former incorporates the University of Kent's Innovation Park and the science and technology park employment allocation at Little Barton Farm together with infrastructure improvements required to deliver these sites which together have the potential to directly create over 3,000 new jobs at Canterbury. The latter refers to the potential redevelopment of the Wincheap Industrial Estate and improvements to the local transport infrastructure.

Ipsos MORI Public Opinion Survey (2012)

Helping to inform the new Local Plan are several key pieces of evidence in relation to the local economy and the district's future economic role. Firstly it is clear that local residents have consistently regarded the local economy has a high priority. Recent polls undertaken as part of the Council's new Corporate Plan development have highlighted this while this finding has been further reinforced by an independent public opinion survey recently carried out by Ipsos MORI (2012). The survey sought the views of 902 residents on future development in the district and of the local economy in this context, the findings of which are outlined in a report produced in 2012. The survey covered a variety of points relevant to this employment land study. According to the research:

- Though there were high levels of satisfaction with the area overall, 'job opportunities' was identified as one of three priority areas of improvement most needed to make Canterbury district a better place to live;
- 'Supporting the growth of the local economy and the number of people in work' was also highlighted as one of three key priorities for the Council to work towards. At a sub area level this was a particularly strong priority at Canterbury City and in Whitstable, according to the MORI report;
- There was strong disagreement among residents that there are plenty of employment opportunities for the current population (69% disagreed with this statement with 33% strongly disagreeing);
- Less than two fifths of the population (38%) would be prepared to move out of the district to take a better job, with more disagreeing (42%) that this is something that they would be prepared to do. Those living in Canterbury or in rural areas of the district were the most likely to say that they would be willing to move out of the district in order to take a better job. Despite a high satisfaction with the area currently, four fifths of students (79%) said they would be prepared to move out of the district to take a better job. Two thirds (69%) also thought more should be done to encourage university graduates to stay;
- There is also strong agreement (85%) from residents with the idea that more should be done in order to help businesses set up in the area; and
- Similarly 54% thought that more should be done to encourage university graduates to stay in the district.

Whilst, as the Ipsos MORI report points out, these results may partly reflect residents' current anxiety about economic conditions seen across the country there are some potential implications that need to be acknowledged which may influence the district's future economic role.

The research indicates that residents wish to see a stronger economic role for the district that not only creates more jobs but creates better paid, higher skilled employment opportunities which retain residents and graduates in the district and therefore discourage the potential for increased out-commuting.

The high proportion of students (79%) who are prepared to relocate out of the area to find suitable employment is strongly in alignment with academic research conducted by the Institute for Employment Studies. A study from 2009 suggests that Canterbury is ranked as having one of the weakest new

graduate talent retention rates of any university town or city in the UK. It retained 8.4% of new graduate talent from outside compared for example to 61.2% in Belfast.

By implication the above research of residents suggests they require a more diverse range of employment opportunities than the same types of jobs that have traditionally been created in local consumption driven sectors. In this case as long as the type and quality of employment is on a par with or is better than that provided elsewhere (e.g. neighbouring districts) then residents are more likely to be economically active within the study area.

It also appears that residents wish to see business creation, development and expansion supported and entrepreneurship encouraged. This refers to the need for non-planning, economic development type interventions (e.g. business start-up support, job creation schemes) but also therefore by association sites and premises which provide opportunities for new businesses to grow, indigenous firms to expand to attract new inward investors.

Canterbury Development Requirements Study (2012)

Underpinning the evidence base for the new Local Plan is the district's Development Requirements Study (Nathaniel Lichfield & Partners, 2012).

The purpose of this study was to explore how much development is needed in Canterbury District over the period to 2026 and to 2031. This provided a range of scenarios for future development in the study area identifying the number of homes and amount of land for business premises required to support the future population and economy of the district. The study also assessed in broad terms some of the infrastructure required to support any growth.

It found that, in order to increase the labour supply and to support new job creation in the district, a degree of new housing and additional employment land would be required to meet the anticipated needs of businesses through the Plan period. These amounts varied according to scenario type ranging from nil growth to significant levels of development.

Since this study was prepared the Council has set out its preferred development scenario approach to the new Local Plan. This is formulated as the 'Preferred Economy Led' scenario (Scenario E) in NLP's study. In terms of methodological approach this scenario attempts to quantify the level of development required to ensure there is a sufficient local labour supply to support and meet forecasts of future employment change. As such this scenario looked at different assessments of future economic growth in the district based on work carried out by Experian for the Council in its 'Futures Study'. The preferred scenario arising from the Futures study suggested 6,500 additional jobs could be created.

In general terms Scenario E would require some 97,000 m² of primarily office floorspace in order to accommodate the future jobs generated by B-class employment uses. This discussed but did not quantify the level of additional accommodation required by non B-class use accommodation (excluding retail).

5.2 Future Potential

In order to obtain an insight into which local sectors may have future growth potential and/or be attractive to inward investors it is possible to use local employment data. Table 5.1 below adopts a

'quadrant' type approach to analysing local industries/sectors. This practice has been used historically by Kent County Council in its analysis of the county's economy as well as economic development consultants to help interpret employment patterns.

Essentially this uses rates of employee change to identify recent growth patterns and location quotients to identify which industries may lay claim to having a competitive advantage based on its representation in the local economy. Both datasets are measured relative to the South East region's economy which provides a useful and effective statistical benchmark in view of its diverse private sector employment base. This analysis uses the latest BRES employment data for 2010 (location quotients) and Annual Business Inquiry data for 1998-2008 (employment growth and decline rates). Also a table showing the relative share of employment in local industries (2010) is revealed in Appendix 16.

As explained above Table 5.1 divides detailed economic sectors into four quadrants with those sectors at the top of the list in each quadrant having recorded the highest nominal growth, and those with asterisks having recorded a decline in jobs (e.g. a sector is categorised as 'high growth' even if it has recorded a decline in jobs, provided the rate of decline was less than that experienced in the region - **denotes a fall in jobs*).

The lower quadrants identify those economic sectors that have a low representation relative to the regional economy.

Table 5.1: Detailed sub-sectors in Canterbury District (representation and performance)

High Representation, High Growth	High Representation, Low Growth
Manufacture of electrical machinery* Manufacture of furniture* Sale and repair of motor vehicles Retail trade Public administration and defence Education	Postal and telecommunications* Hotels and restaurants Health and social work
Low Representation, High Growth	Low Representation, Low Growth
Manufacture of machinery and equipment Wholesaling Land transport Computer and related activities Other business activities and services Recreational, cultural and sport activities	Manufacturing of food and beverages Manufacture of fabricated metal products* Construction Publishing activities* Financial intermediation* Insurance and pension funding* Real estate activities

Source: CCC, NLP, BRES (2010) and ABI (2008)

The analysis in Table 5.1 suggests the district appears to have some competitive advantage and attraction in at least six sectors of which four reside within the private sector as a whole. The current representation and recent growth of these sectors in the past decade has been above that of the South East.

On closer inspection however, the 'manufacturing of electrical machinery' and 'manufacturing of furniture' tend to be industries where employment is concentrated in a small pool of larger companies, the former for instance dominated locally by Crown Products located in Herne Bay. It should be emphasised that in terms of employment share these industries (as a proportion of total local employment) remain very small in real terms and both have contracted in size though the rate of decline was not as great as the regional level. It is therefore difficult to consider the district as retaining a true specialisation in these activities.

The table also shows that the strong presence of retail and quasi retail (e.g. sale of motor vehicles) remain important industries which are generally concentrated (but not exclusively so) in Canterbury. Also as has been highlighted earlier in this study public administration and education continues to be an important broad sector of employment which grew rapidly between 1998 and 2008 though both are unlikely to grow to the same extent over the next decade. The size of the public administration sector is in fact set to fall over the next few years or so.

Some detailed industries are not incorporated in Table 5.1 as they retain relatively few employees (under 200). More detailed interpretation of these would therefore subject the analysis to a wider margin of error and distortion.

In conclusion the above exercise suggests that based on historical employment trends alone retail, the sale and repair of motor vehicles and education are the only industries to retain a true specialisation in the district. At the same time the recession is likely to have partially eroded any apparent strong competitive advantage before the downturn took place. Retail and motor trades for instance was comparatively affected in this sense losing almost -1,000 jobs between 2008 and 2011. On this basis using this analysis in isolation is not sufficient to fully understand where future job growth prospects may reside within the local economy.

In this sense new growth sectors may have emerged which are not captured by this analysis. Chapter 2 for example has discussed that within the difficulties experienced by traditionally strong local industries in the recession to date there has been almost unprecedented growth (+36% between 2008 and 2011) in what can be referred to as 'professional, scientific and technical' services.

Sectors with Future Growth Potential

Developing on analysis from the previous section together with commentary from earlier in this study there are broad industrial sectors which are typically associated with the demand for and occupation of employment floorspace and sites. Historically some studies (e.g. Spatial Requirements of Key Sectors in the South East, SEERA, 2004) have investigated the principal business drivers and other factors influencing their locational requirements. This approach is recommended by available guidance on employment land reviews (e.g. ODPM and SEEPB) which suggests that key segment areas and their distribution across the district need to be considered.

Similarly analysis by Experian and NLP has formulated a methodology to assist identification and apportionment of Experian employment sectors into respective B-class land uses, set out as Appendix 17.

In this regard the section below briefly discusses the relative local prospects of the following broad industrial groupings using the above process as a basis for analysis but also drawing on available research and local reflection on their presence and prospects. These groupings include:

- a. Manufacturing;
- b. Construction;
- c. Distribution; transport and communications;
- d. Financial and business services;
- e. Scientific and technical activities; and
- f. Other (e.g. public administration, education and other public).

a.) Manufacturing

This is a very broad sectoral group encapsulating a multitude of production led activities ranging from crafts and traditional industries to low-tech mass production through to more advanced and flexible and specialised engineering and electronics which incorporate a higher degree of knowledge-intensive operations.

More traditional sub-sectors are associated with the need for access to a supply of affordable sites and premises, good transport accessibility and a skilled local labour force. The requirements of niche, higher value end manufacturing and engineering also require proximity to the strategic road network (e.g. to allow the rapid transport of good and components) but are likely to place higher importance on the availability of high quality business park environments. Also access to the highly skilled staff is likely to be essential to service demand for higher skill inputs and greater use of technology as well as specialist external support for instance to enable research and development solutions to technical problems.

Canterbury district is facing a series of challenges to its manufacturing base. Alongside the general, underlying UK trend of 'de-industrialisation' which is driving the transition from industry to services the sector has also faced competition from lower cost locations overseas. The district has lost several key manufacturers over the last eight years or so largely as a result of the relocation of production abroad as well as a combination of mergers, acquisitions and asset stripping often associated with capital intensive industries. Following on from this the district's manufacturing base (of both businesses and employees) has contracted in size and as a result is under-represented compared to Kent, regional and national levels. As a result this sector provided some 1,921 jobs in 2011 (Source: BRES, 2012) or 3.3% of total local employment.

As shown above the study area does not possess any clear local manufacturing specialisms though has employment remained relatively stable in firms that specialise in high-value, niche industrial activities. EMS Ltd (electronic security systems) and Woodfield Systems (ambient and cryogenic marine loading arms and offshore swivels) are two such firms. Where these types of companies are global, market leaders that regularly innovate they are potentially less vulnerable to the types of broader trends impacting other manufacturing activities.

Overall the local manufacturing sector is predicted to continuing contracting by a further 15% up to 2026, according to the latest Experian baseline forecasts (from September 2011). Despite this scenario the presence of existing firms, the area's relatively low land and labour costs, quality of life and access to local universities may provide some scope for growth in indigenous advanced manufacturing and engineering companies. These arguably have the best prospects for growth though the higher skill and technology inputs mean that new job creation levels will tend to be quite small.

Also their presence in the study area could help encourage the inward relocations of more specialist, higher-value manufacturing or R&D activities either connected with existing firms via supply chains. However this is unlikely to fully offset expected job losses at more general manufacturing firms. This will also depend greatly upon whether the district can deliver any high quality business premises and sites which it currently lacks.

The district also retains a few large manufacturers (e.g. Parker Steel) who operate within exceptionally competitive global markets while also being vulnerable to economic downturns overseas. The Council will need to better understand their specific operational needs in order to prepare for any related future accommodation and development requirements.

b.) Construction

The construction sector in the main has a relatively small dependence on and requirement for employment space. Some construction firms use B-class premises such as offices and storage sites on industrial estates whilst others use non B-class land and premises in the form of depots and single-occupier construction sites (i.e. sui generis planning use). In Canterbury district this industry will occupy non B-class use space but some employment floorspace particularly B2 and to a lesser extent B1 office type will also be required.

As a broad sectoral grouping it provided 2,357 jobs in the district's economy in 2011 which means it is significantly under-represented compared to county, regional and national levels (Source: BRES, 2012). However local employment in construction is predicted to grow by some 7.7% up to 2026 (Source: Experian, 2011).

Recent falls in construction jobs (-265 fall between 2008 and 2011) mirrors the significant impacts of the national economic recession on this industry. Here industrial restructuring has led to increased rationalisation of sites and by association the relocation of staff to other offices.

It is difficult to identify precisely where future job growth may occur though as overall general economic conditions improve and demand for construction labour rises then levels of employment may increase across the board in both larger contractors (e.g. Denne and Bretts) as well as smaller sub-contracting firms that will also benefit overall from enhanced activity in this sector.

Reports suggest however that it may take several years to return to the levels of activity seen in the middle of the last decade due to public sector expenditure cuts and subdued housing and commercial markets. There may also be concern that construction labour, arguably more flexible and sometimes mobile than in other industries, is in turn susceptible to the impacts of large projects elsewhere which will serve to attract and absorb labour from other markets. Large projects (either underway or planned) in Ashford and the Thames Gateway for instance may increasingly attract mobile labour from elsewhere in Kent (including Canterbury) and neighbouring counties. At the same time however the local construction sector may benefit to some extent from direct involvement in these large development projects. Similarly if new development activity were to take place in the district, the local construction industry is well-placed to benefit from the need for new homes and business space. This activity would have significant economic benefits in its own right through the safeguarding and retention of employment, alongside supply chain benefits.

Therefore while there is expected to be modest job growth in the local construction sector over time the need for additional employment space is likely to remain reasonably low. It should also be noted that both Locate in Kent and the Council's Local Economy Team receive periodic enquiries from potential inward investors (from the wider construction industry) considering options in Canterbury district. To date Lakesview Business Park has attracted such firms although other enquiries remain unsatisfied.

c.) Distribution, Transport and Communications

In the context of this study the above sectoral grouping is particularly broad in terms of its breadth of sub-sectors it covers. Generally the key locational factors for distribution and logistics activities are the availability of warehousing, storage and distribution sites with access to the strategic road network, as well as a readily available and appropriately skilled workforce.

As this report has previously suggested the district is not regarded as a major distribution location largely due to sites better located for these uses in other areas of the south east region. It could also be said that any potential local growth in these has been restricted by a lack of large available sites and speculative warehousing premises, alongside constraints to operations such as access, building height and lighting often due to proximity to potentially sensitive areas (e.g. AONB and other designations).

In fact while the district generally is not a primary location for distribution and logistics a number of nearby competitors (e.g. Swale, Ashford and Dover) are arguably better placed for potential growth due to their comparatively large portfolios of commercial land, access to regional road networks and proximity to a major port.

As a result the level of jobs within this sector's various component sub-sectors (warehousing, storage and wholesaling) are all under-represented in the district compared to county, regional and national comparators. Furthermore jobs have recently (between 2008 and 2011) been lost across the board including in wholesale (-206) and transport and storage (-374). In turn this structural change in employment is likely to have been responsible for a relatively low level of new B8 type employment floorspace built in recent years.

Notwithstanding recent trends Experian baseline forecasts predict growth of around 6.5% in jobs up to 2026 which if were the case could drive demand for a low to moderate level of new employment space in the district.

d.) Professional Services

As a whole this broad cluster of different sub-sectors includes a range of specialist financial, insurance and general business service activities such as accountancy, legal, engineering, architecture, advertising and market research as well as related consultancy services.

In general terms the business location decisions of these types of industries will be strongly influenced by factors such as access to markets and clients (particularly London and other large conurbations), access to a skilled and diverse workforce, and a high quality transport and telecommunications infrastructure. Quality of life factors, including good housing, schools and cultural facilities are also important because of their importance in attracting and retaining highly-skilled workers.

These are important sectors to the district for many reasons notably in respect of their occupational attachments which often are associated with managerial, executive and professional level positions. In this sense these sectors can provide varied, highly skilled, well-paid employment with professional and

career progression prospects and opportunities. In Canterbury's case they can also provide comparatively great numbers of intermediate level positions both important and attractive as graduate-level entry employment. The activities that make-up this sector currently provide approximately 4,482 jobs in the study area (Source: BRES, 2012) though this remains under-represented relative to comparator locations.

Many of the sub-sectors that make up this broad service grouping had performed moderately well over the last decade and then appeared to experience exceptional growth through the economic recession. For instance between 2008 and 2011 it is estimated that 1,026 (net) jobs were created across insurance, real estate, legal and accounting, architectural and engineering activities and management related consultancies. This indicates that for four consecutive years the district had exceeded the annual B-class job growth implied by Scenario E for the period 2011 to 2031 (+208 jobs per annum).

These figures reflect the growing importance of professional services in Canterbury district's economy, which in terms of employment, is now larger than local manufacturing, construction and several other private sector industries. For purely illustrative purposes this recent growth (i.e. 1,000 + jobs) equates to office accommodation (assuming a ratio of 19 m² per job) of around 19,000 m² of employment floorspace.

This broad sector of activity is also likely to be the primary driver of demand for future employment floorspace (particularly B1 office space) with 11.4% growth predicted over the plan period though this could be increased further through targeted economic development interventions. As a result, it has significant potential to increase new business start-ups as well as potentially to attract new small and medium-scale relocations and reinvestments by indigenous firms.

This will be assisted by the proximity of the HS1 rail service which allows enhanced access to other markets and local economic development interventions that seek to increase the number and range of start-up businesses in the district, particularly professional services seeking locations in the city centre. The district's quality of life factors and attractive rural environment also means that it is appealing as a residential location to a range of highly-skilled workers.

However the area is still held back by its relative distance from London, the absence of large established financial and business service firms and corporates in the area as well as the lack of quality office space. The study has also identified the lack of what might be regarded as a quality 'flagship' business-park offering new space and sites at Canterbury thereby capitalising on its strong and recognised brand.

In relation to accommodation, in most cases these sub-sectors will occupy and require B1 office and to a lesser extent light industrial and studio type premises. In the study area these industries tend to be located in B1 (a) type employment floorspace at sites across the district from city centre locations to out of town business parks and rural and farm buildings converted into commercial schemes.

Many enquiries seeking employment space directed to both Locate in Kent (LiK) and the City Council from potential investors will originate from these sectors. However activity has been more constrained since the beginning of the economic downturn as firms seek to make better and more creative use of existing premises and/or are more reluctant to take up larger amounts of floorspace.

As economic conditions recover and improve there remains a concern for the lack of quality serviced offices in Canterbury and small industrial space in Herne Bay and Whitstable. In view of the dominant

presence of smaller businesses in these industries the need for good quality workspace to accommodate their requirements continues.

In this vein available land and sites will be needed to provide for a range of opportunities in the broad spectrum of professional services, which as evidenced above appear to be emerging. Where appropriate this may require sites in substitution for employment land lost to housing and other uses while the quality of business site may also be important, as has been shown by the success of the Canterbury Business Innovation Centre. Where office space for small firms is required this may also necessitate the intervention of the Council or other public agency or partnership with the private sector. For instance one such current proposed project seeks to refurbish under-used office space in Canterbury into a multiple tenant facility comprising small office suites aimed at media type firms.

e.) Scientific and Technical Activities

This collection of sub-sectors is taking on an increasing importance in many local economies. It captures employment primarily within scientific research and development and other associated scientific and technical activities. In terms of business activity this would include research and experimental development on biotechnology, research and experimental development on natural sciences and engineering and research and experimental development relating to social sciences and humanities. This sector will also comprise specific and specialist fields relating to design activities (e.g. film processing) and a variety of miscellaneous consultancy activities.

This rather broad brush sector is often synonymous with high levels of research and development activity, the use and application of technology and science and by association therefore knowledge, innovation and creativity. The types of firms engaged in this sector may require several components of B1 class employment space including offices, light industrial, research and development and studio accommodation.

The study area has a strong research base though this is largely concentrated within its higher education sector. As yet this has not led to the development of a comparatively large private sector science and technology employment base. Therefore this sector locally remains very small (employing less than 250 people locally).

Similarly the level of jobs in health related sectors are strongly over-represented in the district, though in accommodation terms this is considered a non B-class sector while sub-sectors such as residential healthcare (e.g. secondary and tertiary care) are in themselves unlikely to influence the location of private sector biotechnology firms for instance. Notwithstanding this public sector based research and development in respect of healthcare does take place in the district.

In terms of future potential any growth over the new Local Plan period is likely to be strongly connected with the rapid occupation of the district's business innovation centre which is at full occupancy. This may indicate some good growth potential into the future though the lack of add-on space or new accommodation at the University of Kent's Technology Park could serve to constrain any local growth in this sector. Growth will be dependent upon continued and enhanced access to relevant research and development, with many new and recent start-ups and needing close university links, along with suitable graduate level labour.

The area is also well placed to absorb pharmaceutical and biotechnology, medical research or equipment related activities spin-outs resulting from the Pfizer closure though these will need to be generated and retained in the local area.

In view of this the district at present lacks its own bioscience cluster though a group of these companies this are arguably beginning to develop at Pfizer's former site now known as the Discovery Park near Sandwich. This also has reasonably close proximity to the University of Kent's facilities. The district also retains improved access to London and can boast an attractive lifestyle location for skilled staff. When operational, approximately a third of Pfizer staff resided within Canterbury district.

In summary therefore the district, in employment terms, does not appear to have a strong advantage in this sector at present though recent job growth alongside the development of new local facilities and other benefits and assets means that it is well positioned to be a future driver of new demand for employment space. As this study shows the current Local Plan sets aside a modest quantum of employment land at the University of Kent for this purpose.

f.) Other (e.g. public administration, education and other public)

This broad sector includes local and central government activities, education and health activities, along with social services, job centres, the police, courts, fire and other emergency services. It should be acknowledged that this will comprise predominantly public but also non-public sectors and activities including some private sector services.

In the same way the type of accommodation required by this sector is also varied and more complex. It is not strictly regarded as a sector requiring non B-use class buildings. Elements of this sector have helped to drive the need for B1 (a) office buildings in the past. Kent County Council for example occupies some 3,142 m² of office space on the John Wilson Business Park in Whitstable and Canterbury Christ Church University use Rochester House (2,611 m²) in Canterbury primarily for administrative and back-office functions. In the main it is debateable how much activity in this sector occurs within commercially available buildings, classified as B1 (a) class use offices.

This sector locally continues to be vitally important to the local economy and area in general. Public administration & defence, education and healthcare currently accounts for some 24,488 local employee jobs in 2011 (42% of all district jobs). The public administration & defence sub-sector was slightly under-represented compared to county, regional and national levels but significantly greater proportions of people were employed in education and healthcare in Canterbury district than elsewhere.

The district's education sector in particular is often regarded as offering a local specialism not only due to its high concentration of jobs (11,396 in 2011) but also the diversity of its provision, sheer physical presence and therefore in turn local economic impact. This sub-sector includes commercial nurseries, primary and secondary schools, further education colleges and universities together with other specialist provision (e.g. language schools). This however does tend to mask the significant over-representation of jobs provided by the tertiary education sector (i.e. the area's four universities). As illustrated above, higher education institutions will also sometimes need to acquire, occupy and possibly build new accommodation of many types including B1-class offices.

Following the economic downturn and the resulting Government drive towards public expenditure austerity, employment in public administration & defence has been falling (-480) between (2008 and

2011). Similarly the education sub-sector experienced a modest fall in jobs (-231) while the level of jobs in health related sub-sectors did not change to any great extent.

Forecast employment change between 2011 and 2026 suggests that the education and health sub-sectors will expand by 1.7% and 7.2% respectively while public administration is predicted to continue contracting by a further -14.3% (Source: Experian forecasts and NLP, 2012).

These figures in part fit the macro picture which predicts demographic changes towards an ageing population which will generate growth in residential healthcare over this time. It also foresees further cuts in public expenditure in the short to medium term and therefore an associated decline in public sector employment. In fact some commentators forecast a larger net decrease in UK unemployment due to the fact that most of the planned public spending cuts have not been implemented (Source: British Chambers of Commerce, 2012). Therefore the resulting impact on public sector jobs is still yet to be felt.

For education the projected increase in jobs may reflect more local factors such as the presence of four universities (including the arrival of one new higher education institution) and continued strength in the private and associated education activities which has experienced growth recently. However, the relatively modest predicted growth for the education sector may also reflect the cautious and uncertain outlook in terms of future student numbers and funding from Government sources. Although it is not clear at this juncture what the medium-longer impact will be on the area's universities, they continue to create new jobs and generally expand their presence through both occupation and construction of new buildings. In accommodation terms new development in the district has more recently been restricted to non B-class uses such as student accommodation, teaching and ancillary educational facilities and for leisure/recreational purposes. In fact the trend for educational institutions to acquire and occupy commercial office space, particularly in Canterbury has slowed. Therefore it is unlikely the needs of the tertiary education sector will place undue pressure on local employment land and sites for the foreseeable future.

Despite this the University of Kent however has recently expressed an interest in expanding its own Enterprise Hub facility at its campus which may or may not form part of the existing Technology Park site. The Enterprise Hub provides a range of incubator type services including physical workspace to help support and nurture student, graduate and staff start-up ventures and early stage companies. If this facility were to expand this would require new flexible B1 class office space and laboratory accommodation.

High Growth Sectors

Added to the above commentary and analysis it is important to emphasise the growing importance attached to some specific economic sectors identified by the Government in the March 2012 Budget.

These five industries are considered key to driving the future growth of the UK's economy and comprise business activities within Energy, Digital and Creative Media, Professional and Business Services, Life Sciences and Advanced Manufacturing.

These, it is argued, have the potential to make a sizeable contribution to the UK economy as a function of their role in technology, innovation and traded services and ability to rebalance the economy towards exports. These make them vitally important to the Government and as such are likely to form the basis of future UK Industrial Policy. As a result the Government will increasingly seek to stimulate and

support these industries through targeted public sector investment in key infrastructure, tax breaks, planning policy and other initiatives designed to incentivise greater private sector investment.

Analysis by Experian and NLP (2012) suggests that when economic growth returns to the UK (likely over the medium term), it will be spatially uneven reflecting the varied economic base and strengths of individual localities. Those localities with the strongest growth potential are those with a strong private sector base and particular concentration of the five high growth sectors identified above.

These industries, which in part have been discussed previously in this chapter, are currently under-represented in the district. In fact Experian and NLP analysis reports that Canterbury district had one of the lowest concentrations of these 'high growth' sectors (as a % of total employment) in southern England. Employment in 'high growth' sectors is estimated to be below 6% compared for example to 20% + in areas within the capital and in greater London.

Despite this seemingly weak baseline the district has experienced recent employment growth in the professional services sector and possesses a number of what might be referred to as inherent economic assets (e.g. universities) and emerging strengths (e.g. innovation centre environment) which place the district in a good position to capitalise upon enhanced economic conditions and exploit any growth potential in some of these Government indicated 'high growth' sectors.

In light of this picture and alongside a generally difficult economic environment there is clearly a growing necessity to plan positively and create the right conditions where enterprise can flourish and potential for growth in these and other sectors can be exploited.

Non B-class uses

Eight of the ten development scenarios considered in the NLP study would result in higher levels of net B-class job creation that has occurred in Canterbury in the recent past. Whilst the general pattern is for the local economy to increasingly shift towards office-based sectors of B-class employment, this only partially accounts for the private and quasi private sector base of the Canterbury district economy. According to historical employment data, prior to the recession the fastest growth forecast had occurred in so-called non B-class employment sectors or 'non-traditional employment'.

Sectors which provide potential employment generating activities outside of the B-class use spectrum are likely to have land implications, tend to include retailing, hotels and catering, education, health, and recreational, cultural and sporting activities. In planning terms these operations would tend to sit within A, C1, D and some *suis generis* planning use classes. An overview of use classes and characteristic business activities is set out as Appendix 18.

The floorspace requirements of the retailing sector (and by association some leisure uses) is predominantly driven by estimated and projected levels of consumer expenditure on goods and services and as such is often informed by specialist retail need and capacity studies. However to assess and project forward the future needs of other sectors or industries is more challenging.

Taking these points into account, the local business demand in relation to non B-class land uses may also be relevant to this study. In fact GVA Grimley (2009) suggests that a key limitation of employment land reviews is their limited focus on demand from non B-class sectors. As a result these studies may tend to underestimate the true scale of commercial land needed in an area.

At a macro level the non B-class sector is certainly significant, with over 14.4 million jobs nationally in this sector in 2008 – over 55% of the workforce. This share of total employment has been steadily increasing over the decade immediately prior to the recession. Indeed analysis from GVA Grimley argues that pockets of the South East have had a particular reliance upon the non B-class sector as the significant driver of employment growth over the last decade

In terms of future prospects increased growth is anticipated with the most significant growth in demand arising in the South East, East and Greater London in absolute terms. This in turn could lead to not inconsiderable additional land demand of up to 220 ha per annum in the UK, based on applying traditional demand methodologies.

In relation to Canterbury district the following evidence may have relevance. This includes:

- Between 1998 and 2008 over 8,000 jobs were created in sectors associated with non B-class land uses (growth of approx. 23%). By 2008 72% of all local jobs were based in these industries (44,892 employees). Over the same period there were 291 more workplaces although the non B-class use sector share of all workplaces in the district fell from 53% to 47% (Source: ABI, 2010);
- The City Council has received a regular stream of enquiries over a sustained period of time from non B- class use activities requiring accommodation, notably within the leisure, recreation, education and non-residential training sectors. These are predominantly (but not exclusively) from organizations within the private and quasi private sectors. Anecdotally this accommodation issue has tended to be more prominent at Whitstable and Herne Bay as opposed to Canterbury; and
- There are few suitable properties and sites available in the district for these uses. As a result employment floorspace has been lost to non B-class uses across the district. Also where strong local need is identified these uses have acted as key drivers of new office and other floorspace but again at the expense of employment land and sites. Relevant examples include the Whitstable Polyclinic (health) at Estuary View Business Park, Whitstable and St Augustine’s House, Canterbury (higher education).

The increased prominence of these industries in the district’s economy and the need to support and accommodate their growth raises a number of issues for the district’s new local plan, including:

- Recognizing the importance of non B-class uses to the local economy and community. Commentators have highlighted the importance of non B-class employment uses to supporting wider planning policy aspirations. This includes regeneration schemes, support for ‘traditional’ employment developments, and for wider social objectives. In this regard the Consultation Paper on a new Planning Policy Statement 4 (May 2009), though superseded by the NPPF, provides a broader definition of economic development for use within a planning context. This suggests that this “.....includes development within the B-use classes, town centre uses and other development which achieves at least one of the following objectives in urban or rural areas:
 1. Provides employment opportunities;
 2. Generates wealth or; and
 3. Produces or generates an economic output or product” (para 3, pg 14).

- The need to utilise existing demand and supply approaches to assess the different aspects of non B-class land-use needs. The approach for the retail sector is relatively well developed and public sector demand (e.g. health and education) is essentially driven by central government and public sector funding patterns. Assessments for others such as leisure are less well developed and do not have a standard methodology for identifying required provision levels. In these cases local intelligence will help shape how these dynamics are factored and integrated into the land use planning process. Whereas the planning horizon for sectors or sub-sectors associated with non B-class uses tend to be different to the land-use planning system an ongoing dialogue with key partners needs to be constructed to ensure this intelligence informs local planning policy development. A brief overview of typical market dynamics for these sectors and sub-sectors is provided as Appendix 19;
- Considering whether some B-class use employment land and sites could accommodate non B-class uses where this is appropriate. In this case the market would be used to deliver non-traditional (commercial) activities in some locations currently protected for traditional employment uses. Similarly non B-class activities could act as development catalysts by assisting the delivery of traditional employment aspirations while certain sites maybe better suited to non B-class clustering;
- Identifying land and sites currently in use that could be used inter-changeably between B-class and non B-class functions alongside land that need to be safeguarded for B-class uses only. This, in turn, could complement and assist in achieving fully integrated mixed-use developments; and
- Setting land use priorities relating to the delivery and implementation of non B-class use development at the local level.

In summary non B-class uses will also be drivers of job growth in the district. In order to ensure the appropriate representation of its future land-use requirements these need to be acknowledged within the new development plan preparation process. There are difficulties in assessing the needs of these uses (aside from retail) therefore different approaches are required which include the importance of local intelligence and engagement with key partners.

There are a number of ways in which existing and future employment sites and land current set aside for 'traditional' employment purposes) could help meet the needs of sectors in non B-class use. The merits of these could be considered as part of the district's new development plan. As a result the longer-term scale, location, role and function of such need or provision may then be integrated into the land-use plan in a more effective manner.

5.3 Other Potential Drivers of Future Demand

Regeneration

Further physical regeneration initiatives are either underway or planned predominantly in Canterbury (Wincheap, Canterbury West and Kingsmead areas) and Herne Bay (Central Development Area). In the context of this study these may offer both opportunities for new employment generating development but also present challenges for the district.

These opportunities stem from the capacity of some sites to deliver new employment floorspace as part of a wider development schemes. Canterbury West has been identified as offering the best opportunity for office related development, the suitability for which has been identified in Local Plan Policy as well as being qualitatively assessed by Savills (2007) and again as part of this employment land study.

This site has generally been seen as one of the most suitable locations for office development in Canterbury but much rests on whether a scheme can be devised that achieves a mix of development which satisfies economic aims, transport related objectives (i.e. ensuring appropriate levels of parking for HS1 users) and financial imperatives (e.g. achieving financial viability).

In addition other schemes where employment space is unlikely to become part of eventual delivery would require the decanting of employment floorspace users over the Local Plan period. Wincheap Industrial Estate (which is also assessed in Chapter 6) is probably the most relevant example in this case. This report has identified sixteen units providing some 12,409 m² of floorspace on the estate.

Similarly the so-called 'Kingsmead B' site in Canterbury is due to be vacated and redeveloped over the next few years. This mixed-use, brownfield site includes a waste depot, coach park together with some office and storage uses. The 2004 Kingsmead Development Brief suggests some office accommodation could form part of the eventual scheme but current uses would need to be relocated to prepare the site for assembly as the long term options for the site are developed.

Economic Development Initiatives

For some years a variety of economic development interventions have been employed to stimulate and assist new economic activity in east Kent. Though these are often non-planning related they may serve as incentives for firms to expand thereby taking employing additional staff and taking up greater levels of employment space.

Two new initiatives that may be important in the context of this study relate to promotional marketing and financial support that will seek to support indigenous business growth and attract new inward investors into the sub-area. These have the potential to positively impact aspects of the district's commercial property market and are discussed below.

A.) Expansion East Kent (ExEK)

This £40 million initiative is available to start-ups and businesses within the four local authority districts that make-up east Kent (including Canterbury) and new inward investors seeking to make an investment in the area following a successful Regional Growth Fund application to the Government. Led by Kent County Council and its partners £35 million has been set aside for the ExEK business assistance programme between 2012 and 2017.

The overarching aim of Expansion East Kent (ExEK) is to support new jobs and business growth which will help to develop its private sector base while counteracting the effects of recent economic shocks in the area. ExEK financial support will be available to firms as repayable business finance, sometimes referred to as interest free or 'soft' loans. The programme will operate via a series of annual 'rounds' of funding with Round 1 taking place between April 2012 and March 2013.

Businesses operating in sectors typically associated with the occupation of employment floorspace have been particularly targeted, notably scientific research and development and the manufacturing industries. ExEK in this regard can support investment in both tangible and intangible assets (e.g. costs

relating to diversification into new products, the setting up of a new establishment or extension of an existing establishment). Therefore potentially eligible investment proposals might include the purchase of land and/or property (as part of a bigger investment proposal), development works, equipment and machinery. The minimum amount is £10,000 but potentially large firms (over 250 employees) could borrow up to £2.5 million of financial aid depending on the level of job creation potentially secured by the project.

It is envisaged that the improved access to flexible finance and the level of monetary assistance involved in ExEK will provide additional encouragement and incentive for investors to either accelerate the delivery of existing projects or enable previously stalled or shelved schemes to come forward. In turn this may lead to increased demand for employment floorspace over time and possibly increased development of new schemes on existing or new employment land and sites. It also has the potential to lever new 'mobile' domestic and overseas inward investment projects by enabling the area to compete more effectively for investment with other areas.

The initiative has only recently commenced but has ambitious, game changing plans for the East Kent economy. It seeks to directly create 4,000 jobs and safeguard 1,000 jobs in east Kent and to unlock £300 million + other funding via unlocking loan and equity finance.

B.) Grow For It - East Kent Marketing Campaign

Complementing ExEK the above project seeks to enhance current perceptions of east Kent as a place to do business and promote the area as an inward investment opportunity.

This would comprise a communications and marketing campaign directed at the creative, digital, biotech, life sciences, green technology and tourism industries involving business leaders, partners, the media and local decision makers. The key themes of this will focus attention on to the connectivity, value for money and lifestyle offered by East Kent. The campaign will be rolled out through 2012 and is funded by Kent County Council.

C.) Canterbury Start-Up Capital for Kent

This initiative, led by Canterbury 4 Business, Canterbury City Partnership and the City Council, is initially a 12 month programme to take place January 2013 – December 2013. It will seek to improve the level of start-up businesses in the district by making better use of existing support programmes and resources as well as seeking solutions to problems and barriers to new enterprise creation in the district.

Together with potentially generating new demand for small business workspace in the area the programme also seeks to make better use of under-utilized office space in Canterbury as flexible workspace for start-ups from the professional services and other sectors.

5.4 Challenges and Risks

There are undoubtedly many risks and challenges both to the aspirational language and economic vision for the district and the underlying factors and drivers potentially shaping its future economic role. If future economic growth was to be constrained this may serve to adversely influence future demand for employment land and premises in the study area. Some of the key possible challenges are briefly outlined below.

Image

Chapter 4 discusses in some detail historical perceptions of east Kent (as a place to do business) some of which may still be prevalent among stakeholders of the development industry as well as large firms and sections of the media. However the securing of Regional Growth Funding which will finance a five-year programme of new business development and the 'Grow For It' marketing campaign are likely to help enhance the image of east Kent as a location that is open and receptive to new investors.

Also perhaps important to the image of the wider area is the work and role of the South East Local Enterprise Partnership (SELEP). It is however too early to determine the relative success of this new initiative in improving the perception of more geographically peripheral parts of the region. This may even be difficult due to the sheer size and scale of the LEP area which is home to 3.9m people and is therefore larger than any city region outside of London and larger than 13 European countries.

Competing Economies

Though competition for investment and within labour markets is a wide-ranging and complex debate there are probably two principal challenges which are likely to impact the study area's economy over the new Local Plan period.

Firstly a major programme of housing and job growth is planned in the borough of Ashford which adjoins Canterbury district. The South East Plan (now abolished) argues that growth at Ashford may result in spin-off benefits for neighbouring districts' economies. New residents for example may increasingly be drawn to the attractive shopping and culture and heritage offer of Canterbury. Though this is plausible it could also potentially generate a degree of competition for new investment and in doing so induce increased displacement effects, in the form of economic activity relocating from the district to the borough.

The City Council will need to take a keen interest in the rate of economic growth in the borough and identify to what extent this relies upon inward investment from inside and that external to East Kent, specifically in the context of Canterbury district.

In the main it could be argued that Canterbury itself may be a sufficiently strong draw to investment and possesses a different offer to that of Ashford; one based on its visitor economy, heritage, leisure and higher education. Additionally the district's coastal towns may be considered too distant from Ashford to be unduly impacted by its growth. In contrast Ashford offers faster rail links, proximity to motorway junctions including good access to the Port of Dover and space for expansion from a significant portfolio of employment development sites. It is also planning additional business space for small businesses and accommodation for new innovative companies. As a result Ashford is an important and greatly competitive neighbouring economy which may provide both benefits but also major challenges to Canterbury district's economy over the Plan period.

Secondly the Discovery Park project (formerly Pfizer's site at Sandwich) also provides potential competition of a different type for Canterbury district's economy. The aim of this project is to provide a multiple-use, high-tech facility with a core of research and development activity. Discovery Park is situated on a site of approximately 70 ha and provides approximately 280,000 m² of accommodation ranging from specialist laboratories through to office space and functional warehousing.

The initiative is very much welcomed by the City Council as an important economic resource and asset for East Kent. Also as of August 2012 the project has increasingly positive prospects with the site now being sold to a private consortium with a track record in similar projects which reduces the previous uncertainty about its future prospects.

The Discovery Park project has been followed by a £5 million investment of Government Regional Growth Fund money into rail line speed enhancements to reduce travel times from London to Ramsgate to around 1 hour, in addition to the securing of a £24 million package of flood defences. Also the site has been granted Enterprise Zone status, which means that it can offer business rate discounts and a flexible planning regime. The Park remains relatively buoyant despite Pfizer's departure and therefore is far from being vacant. Pfizer continues to occupy some 25,000 m² of floorspace and in total 1,000 employees work on site.

In view of this recent progress and building momentum it is reasonable to seek to consider a number of issues that may arise as a result of Discovery Park's relatively close proximity to the district. Firstly it is not clear whether the site will be actively marketed as a high-tech life sciences research and development facility or a more generic business park environment that also provides facilities for science based companies. Much is likely to depend on how it is promoted and how the market responds to the site.

The creation of a new science park environment located at Discovery Park in addition to the existing Kent Science Park, Sittingbourne could provide direct competition to both the Canterbury Technology Park and Little Barton Farm employment allocation. In response the Canterbury Technology Park will need to promote a clear differentiation of offer presumably including specialisms more closely aligned to the activities of the university itself. In the case of Little Barton Farm or any other similar site its unique selling proposition might be associated with those professional and other services seeking market connectivity to Canterbury City.

Secondly the scheme introduces a significant amount of built, speculative floorspace into East Kent's commercial property market whilst offering powerful inducements and incentives which allow businesses to make prompt relocation decisions. Currently 102,808 m² of floorspace is being actively marketed to prospective investors and occupiers. Table 5.2 below provides an overview of availability.

The sheer scale of existing accommodation and facilities available to businesses may service and absorb expressed demand in the sub-area while helping to release further latent demand from the east Kent commercial property market. Whilst the stimulation of new property and economic activity is positive overall (current levels of floorspace could accommodate over 3,600 jobs) it may also partially reduce the incentive for developers to build new floorspace on existing business park schemes in the study area thereby delaying the delivery of these employment sites.

Similarly the financial and other incentives on offer from the Enterprise Zone could also serve to impede or delay the take-up of existing vacant property at other sites as firms seek to exploit any available inducements. As a result there will need to be some consideration made of the potential for economic displacement effects on Canterbury district both in the short and longer term.

Table 5.2: Schedule of property availability, Discovery Park

Use	Description	Floorspace	Indicative Jobs
Research and Development	Built in 2000, this modern facility provides very high specification chemistry and biology laboratories with associated write-up areas and specialist facilities.	56,079 m ²	1,933
Offices	Modern full specification air conditioned accommodation built in 2001 providing a combination of open plan and cellular working environments with associated break-out and support service areas.	27,899 m ²	1,395
High-Bay Warehouse	A fully automated high-bay facility with an 11,000 pallet capacity, dock levelling loading and specialist dispatch areas.	12,767 m ²	160
Pilot Plant	Designed for clinical small batch and scale-up API manufacturing. This facility is designed to be easily adapted for a range of production types	6,063 m ²	190

Source: Discovery Park brochure (CB Richard Ellis, 2011), CCC analysis

Sites and Premises

This report has put forward the proposition that a balanced, diverse and flexible portfolio of property and sites is required in the study area as improving economic conditions begin to translate into business growth and in turn drive a need for commercial floorspace. As the experience of Lakesview Business Park has shown the prospect of new employment space provision can help to stimulate new demand by enticing businesses to invest in new property and sites.

In this vein a number of issues have been identified in this report which can be regarded as potential risks and challenges with regards to the provision of sites and property to meet future needs and demands for employment space. Some of these such as the absence of a 'flagship' business park site which could enable the study area to compete for investment at a regional and national level, the need for new modern employment space and issues regarding the continued loss of employment space and sites have already been discussed. The study will also consider and appraise whether existing sites are suitable for continued employment use – this is discussed in Chapter 6.

In addition to this there is a greater need to understand the future accommodation requirements of local businesses. Expressed demand has already to a great extent been captured via City Council and Locate in Kent monitoring of property enquiries. However identifying latent and future demand for employment space is also important. The City Council intends to carry out a survey of businesses though this has been put on hold due to a combination of two key factors. Firstly at a time of economic recession, businesses have reported great difficulty in projecting forward their accommodation

requirements for five and ten year periods. Secondly, connected to this, the study area's local commercial property market conditions are subdued which in itself is unlikely to yield particularly helpful or constructive feedback from businesses at this juncture. The Council will review the situation again in 2013 when it is hoped local firms will be more confident in considering and expressing their future accommodation needs.

In addition there are also a small number of larger manufacturers in the district whose future strategic needs (e.g. accommodation) are at present unclear. These occupy large sites and premises, employ significant numbers of people in a local context and generally have a considerable impact in the study area. In one case the firm operates from a site within a relatively constrained built environment where in-situ expansion is limited or impossible. These may also operate in and are exposed to volatile global markets where growth and expansion can be rapid and significant but prolonged downturns can be damaging. Therefore the City Council will need to do more to engage these firms and to understand their future operational requirements.

Access and Transport

Although only a brief overview of transport related issues can be provided in this review it is important to briefly highlight the challenges it presents to the district nonetheless. Some of these issues are also touched on elsewhere where these relate to specific employment sites.

Probably the principal issue in the context of potential impediments to future growth is Canterbury City's relationship with the highway network, particularly access on and off the A2 (Dover-London). Improvements to this primary road route has arguably not kept pace with the growth of the city in terms of its population and enhanced prominence as a major education, cultural, retail and visitor hub and sub-regional service centre.

This has to be reconciled with the overriding strategic importance of the A2, which is to enable the rapid transit of traffic between London and Dover, within which potential delays or obstructions (e.g. the potential for queuing traffic on slip roads) need to be minimized. With these issues in mind the Highways Agency would require substantial enhancements in place in order to accommodate greater volumes of traffic on and off the A2 generated by new developments. As a result progress at the city's key business and employment allocation (i.e. Little Barton Farm) is at best delayed and at worst is unlikely to come forward in its current form.

There is also continuing concern expressed by existing, primarily manufacturing firms regarding traffic congestion in Canterbury, which can contribute to delayed logistics and transportation of goods for instance south to the M20 motorway and Port of Dover. These journey times can also be exacerbated by delays caused by level crossings (e.g. A28 north of Canterbury). Though these reported impacts have not yet been quantified from an economic perspective, the perception exists that there are transport based barriers to indigenous business development and the potential for new inward investment. Such issues in part may be captured and mitigation measured considered within the emerging Canterbury District Transport Plan and new Local Plan.

In terms of accessibility by train, high-speed rail services from Canterbury are a central component to the district offering new opportunities to attract different types of interest and investment which may not have been possible previously. The enhancement of its' locational and accessibility characteristics may help to mitigate some of the perceptions of remoteness and peripherality from London often associated with east Kent.

In order to fully capitalise on significantly reduced journey times to London the district may need to ensure sites and premises are available including employment floorspace such as offices. This can enable existing companies to expand into new and growing markets elsewhere or can attract business services seeking lower cost but accessible locations. This might include financial and other professional services where access to London is often an essential business requirement.

Elsewhere in the district, generally transport links along the coastal corridor between Whitstable and Herne Bay have improved considerably by the dualling and upgrading of the A299 new Thanet Way in the mid 1990s. In turn the coastal towns are now served by a number of junctions on to a primary road route which merges into the M2 from Brenley Corner near Faversham. In this respect business sites located along this stretch or within close proximity have benefited from this improved access.

The Recession

The longevity of the current economic recession, and the ability and speed of the study area to recover from this and grow will be both a driver of growth but also potentially a major constraint. The longer the downturn continues the less confident firms may be to make investment and growth decisions and the more restricted availability and access to finance for growth will be.

Viewed from another perspective the fact that firms have been more reluctant to shed jobs in this recession compared to previous downturns may actually reduce their need to recruit additional employees, particularly in the period following the downturn. This is because by definition, output falls in a recession but in this current UK downturn labour productivity (the amount of output produced per hour worked or per worker) has also declined since 2008 where companies have preferred to reduce the number of hours staff work than the number of workers (Source: Institute for Fiscal Studies, 2011). UK productivity per hour worked was 2.0% lower in Q1 2012 than in Q1 2008 (Source: British Chambers of Commerce, 2012).

However, as the economy returns to growth, and therefore demand in domestic and export markets improves, firms may seek to reverse these productivity losses by making optimum use of existing capacity first before recruiting greater numbers of employees. In fact as a result some commentators suggest UK unemployment will then rise. Whereas employee growth is a key driver of the need for employment space this factor in some cases may serve to constrain the need for larger and extended offices and industrial buildings.

Homeworking

A great number of businesses may initially start-up from home particularly those seeking to keep operational costs low and that may provide internet based services. Similarly more established firms may encourage staff to work from home. It is therefore possible that a small proportion of the future demand for employment space may actually be met by the increasing trend for homeworking. If a trend towards more homeworking were to increase in prominence it could be argued that higher employment densities are achieved and the need for new workspace diminishes. That is more jobs are accommodated in less space because some of those full-time or part-time jobs are based at home. However, there is little robust evidence to fully substantiate this case at present, and therefore this study does not intend to suggest that any reductions be made on the demand requirement for additional new floorspace for this reason.

5.5 Conclusions

This chapter has considered the district's potential future economic direction and the factors likely to drive economic growth, in doing so influencing future demand for employment land and premises. In particular this section has looked at the various local economic sectors whose growth will help to inform this employment land review.

- As well as 'traditional' employment sectors this also considers the need to understand the growth and accommodation needs of the 'non-traditional' employment groups or so called non B-class planning uses in the district.
- While discussing the district's strengths, weaknesses and opportunities it also identifies the key challenges or risks facing the district's economy that could constrain future economic growth, reflecting on recent economic and other trends within the economy and relevant economic and planning policies.
- A series of strategic and other documents have helped outline a vision and economic aspirations for the area. The aspiration for a strong 'knowledge based' economy for instance dates back to the preparation of the current Local Plan. Since then the Canterbury District Futures Study has also been influential in setting the economic context and trajectory that the district would need to pursue in order to fulfil this vision.
- Statistically the district may have retained a number of 'competitive advantages' and 'economic attractions' by way of the concentration of employees and positive growth performance within specific industries relative to other areas. If the district possesses any true specialisations however these would tend to reside within the sale and repair of motor vehicles industry, retail trade and education sector. These activities have all shed jobs in the economic recession and are facing a difficult period therefore future growth potential may be limited or constrained at least over the short to medium term.

The chapter also considers the employment growth potential of those industries and sectors that are most strongly associated with the need for employment space. Its key findings include:

- Whereas the immediate prospects for manufacturing and the public administration sector are not promising, new job creation over the Local Plan period is anticipated in professional services, scientific and technical activities, distribution, transport and communication as well as construction and education. In particular 'professional services' is expected to be a key driver of new employment space with recent job growth relatively strong in spite of the economic recession. This is also one of the five industries identified by the Government as driving future economic growth in the UK.
- Non B-class use sectors and activities will also be important drivers of employment growth in the district. Though there are challenges in assessing the longer-term scale, location, role and function of such provision for these uses (aside from retail) its future land-use requirements need to be recognized and integrated into the new development plan. These uses could potentially form a greater part of existing and future employment sites.

- The study identified other possible drivers of future demand for employment space. These might include planned regeneration activity which could present new opportunities for development but also may serve to displace existing occupiers at Wincheap Industrial Estate for example.
- New and ongoing economic development initiatives will offer encouragement, support, inducements and incentives to help generate and facilitate new demand for employment space. These interventions include a new start-up enterprise programme and a financial loan scheme for businesses.
- There are also risks and potential impediments and barriers to future growth that need to be identified. The ongoing negative image of East Kent in some quarters of the development industry is important as are competition from neighbouring economies such as Ashford and Swale but particularly from the new Discovery Park Enterprise Zone near Sandwich. Currently over 100,000 m² of floorspace is being actively marketed to prospective investors and occupiers.
- Other potential risks and challenges include the severity and longer term implications of the economic downturn alongside transport and accessibility issues and whether the current provision of sites and properties in the district can meet the future need and demand for employment space.

6.0 ASSESSMENT OF EMPLOYMENT SITES

This chapter provides a review of the existing supply of employment land within the study area encompassing three main elements which are:

- i. A qualitative assessment of existing employment land supply; and emerging from this
- ii. Recommendations for each site to help inform the preparation of a new portfolio of employment land; and
- iii. An initial assessment of potential, new employment sites.

As explained in the introductory chapter, one of the principle objectives of this study is to ascertain which of the full portfolio of employment supply sites are likely to respond best to the expectations of occupiers and developers whilst at the same time meeting sustainability criteria. Whilst land supply figures outline the potential floorspace capacity of employment land this does not inform discussion of how attractive these sites may be to the market, whether they are positioned to come forward for development and if there are any particular obstacles to delivery. By undertaking detailed site appraisals it is possible to form an understanding of the qualitative supply position in the district. A complete assessment of any potential gaps in supply can be made and then reconciled with projected future requirements for employment land and floorspace.

6.1 Site Appraisal Methodology

To help inform this study the City Council has undertaken an assessment of local employment sites based upon both desktop information collection and site visits by Local Plan and Economic Development officers. This assessment has been undertaken both quantitatively and qualitatively, taking into account a range of planning, environmental, sustainability, economic and property market factors.

Site Selection Process

A total of 29 existing sites were selected for assessment by the City Council (please see Appendix 20 for the list of sites and their general location in the district). These were incorporated in the assessment if one or more of the following five key conditions were to apply:

- Sites currently allocated in the current Local Plan for employment uses that remain wholly undeveloped;
- Employment clusters and sites with plots of land designated for employment uses still remaining;
- Other sites (sized above 0.25 ha or providing more than 1,000m² floor area) which have a live, unimplemented consent relating to employment uses;
- Sites wholly in use for employment/part-employment purposes, which are currently subject to a Local Plan SHLAA submission and which exceed 0.25 ha in size; and
- Office buildings currently in use for or designated as B1(a) in Canterbury City which are currently subject to a Local Plan SHLAA submission or alternatively identified by officers as a prominent site at risk and/or requiring assessment.

The ELR generally has adopted specific site size thresholds as recommended within the ODPM Guidance Note in order to help apply parameters to the assessment. For example the guidance note suggests that ELR studies generally used a minimum site size of 0.25 ha or more than 1,000m² floor area.

In addition to the above a further 4 potential, new sites, proposed by consultees (e.g. developers, land owners or their representatives) for consideration through the SHLAA process, are reviewed and assessed. These sites are intended for non-residential purposes only (inc. employment). SHLAA proposals where employment may be one of a range of uses including residential, are reviewed and assessed separately by the City Council.

It is intended for this assessment of supply to comprise the main employment areas and allocations. It has not sought to include every concentration or cluster of business activity in the district. Sites where the above criteria do not apply and which are fully developed, occupied and functioning successfully (e.g. Joseph Wilson Business Park) are therefore not included in this particular exercise.

Though these are not considered a priority for assessment in this particular study, local authorities do undertake regular reviews of employment land supply, in which case these may need to be assessed in the future. The study does, however, provide a more generic overview of these built sites including their role in the district's economy within Chapter 3. There will be some overlap between these and the detailed site assessments discussed in Chapter 6.

As a general rule employment clusters have been assessed as one unit. However, sites EL 12-EL15 that form part of the Eddington Lane Employment Cluster, have been assessed separately. This is to assist the assessment process and resulting analysis. While all four plots remain undeveloped two of these sites are subject to a SHLAA submission while there are different ownerships and appear to be conflicting aspirations for these sites.

The following sections provide relevant commentary and analysis for assessed sites. For ease of reference these sites are considered by respective sub-areas of the district, identified as Canterbury, Whitstable, Herne Bay and the Rural/Other areas. Where existing built developments are assessed the commentary and evidence apply to external inspections only unless otherwise stated.

Appraisal Criteria

A complete set of 28 appraisal criteria were developed, seeking to provide a comprehensive assessment of the quality and suitability of each site for employment use. These have been developed in accordance with relevant advice and guidance including; the National Planning Policy Framework (NPPF), ODPM Employment Land Review Guidance Note (2004) (which although now eight years old still provides a useful framework by which reviews can be undertaken), SEEPB Economic and Employment Land Assessments Supplementary Guidance Consultation Document (2009) together with other local authorities' best practice and City Council sustainability criteria.

These criteria were grouped into two categories of assessment namely 'marketability and deliverability' together with 'sustainability, physical and planning' which are summarised in Table 6.1 below.

A pro-forma template was also developed to allow each site to be assessed consistently and to enable qualitative evidence (e.g. associated evidence and information) to be recorded alongside scoring of criteria. These are loosely based on previous pro-formas developed by the Council to help assess SHLAA sites. A copy of this is attached as Appendix 21.

Table 6.1: Summary of Assessment Criteria

Marketability and Deliverability factors	Sustainability and Physical factors
Market demand and competition	Planning status and site type
Market perception and attractiveness	Location and sustainability
Marketing and development activity	Infrastructure provision including highways and access
Achievability	Building quality and external environment
Deliverability constraints	Physical constraints
Site assembly	Environmental impacts

Source: CCC (2012)

Appendix 22 contains a table showing the complete list of the 28 assessment criteria which were scored along with how the scores were decided and the reasoning behind those criteria.

Scoring

Where it was possible and appropriate to apply a score to assessment criteria the exercise used a 1-5 scoring system, according to whether this represents an 'excellent / strong positive' factor (5 points), a 'good / weak positive' factor (4 points), a 'neutral / average' factor (3 points), a 'poor / weak negative' factor (2 points) or a 'very poor / strong negative' factor (1 point). Where scoring is not appropriate a 'not applicable' factor is denoted by 0. The minimum to maximum scores that an existing/previously allocated site could score are 1.10-4.90. The minimum to maximum scores that a newly proposed site could score are 1.15-4.85. See Appendix 23 for the full scores for each site.

Once each site was scored on each appropriate variable an overall 'average' score was calculated for both 'marketability and deliverability' and 'sustainability and physical' categories. An average as opposed to an aggregate score was applied to allow a comparative assessment to be made of sites regardless of how many criteria they might be scored against. In general this enabled existing 'built' sites to be scored alongside undeveloped allocations or partially built locations without having to construct separate scoring systems for each typology. It should be noted that the three environmental effects criteria were averaged prior to the final average for the sustainability and physical section to provide an overview of likely environment impact of development of the site.

These averages are then weighted accordingly for previously developed or allocated sites:

- 60% for 'marketability and deliverability'; and
- 40% for 'sustainability and physical' factors.

This weighting seeks to recognise the study's aim to assess the continued suitability of sites for employment use. In this respect the relative planning merits and weaknesses of existing sites has already have been tested and considered previously through Local Plan processes and planning applications. As a result marketability and deliverability is afforded a higher weighting. Newly proposed sites will require a higher weighting in relation to environmental, sustainability and planning criteria.

Finally all sites were assigned overall averages and quality ratings to assist with contextual and comparative analysis. The scoring system and site assessments in general should be viewed in the following ways. Firstly it should be noted that the assessment process in itself may not necessarily provide a complete picture of a site's role within the local economy. The process is an important tool which can assist in informing the study but is not necessarily an end in itself. For example, a site's value in meeting local needs or providing a location for bad neighbour uses can be important factors for retaining a site despite it recording a lower quality rating. In addition, not all businesses require a site which performs well on all these criteria. A broader commentary provided for each site in this context helps supplement the formal scoring exercise.

It should also be borne in mind that the site assessments reflect existing baseline conditions of the site at the point in time that the assessment was carried out, so it needs to be regarded as a snapshot in time. Therefore the assessments may change as market conditions or other circumstances associated with the sites improve or deteriorate.

Site Conclusions and Recommendations

Using available evidence from the assessment procedure a conclusion has been made regarding the site's suitability or potential suitability to deliver or continue providing employment space. A suggested course of action is then given as to the most appropriate approach for the Council to take in relation to each site. This aims to inform, assist and guide the Council's decision-making process with respect to Local Plan preparation but it is not the purpose of this process to directly formulate policy.

Where appropriate these are based on the following definitions:

Retain - a site that has recognised planning status within a local plan or related document (e.g. allocation, development brief) or is fully developed for employment development and which should be retained as such to enable future employment growth.

Allocate - a site has planning status in terms of a planning permission or brief but maybe should have additional formal protection within a Local Plan.

Protect - a developed and/or existing employment site where non-employment uses in the main should be resisted.

De-allocate – an existing but undeveloped employment allocation that should not be re-allocated in the new Local Plan.

Do not carry forward – not considered suitable for B-class employment uses in the new Local Plan period. These represent candidate sites for immediate removal from the employment land supply and stock of floorspace.

Potential for a mix of commercial uses – consideration could be given to the potential for a mix of uses including employment. This might comprise employment, employment and non-residential education or where employment is incorporated or retained within a range of commercial uses.

Overview of Assessed Sites

As revealed in Table 6.2 the 29 existing sites selected for detailed assessment in this study amount to some 135.46 ha of land. All of these sites are assessed as contributing to the stock of existing employment floorspace or are pipelined to supply employment space in the future.

Table 6.2: Overview of assessed sites – Canterbury District

	All assessed land	Assumed built/undevelopable land	Land not yet developed on allocated sites	Land committed (but not yet commenced)	Other	All
			Estimated remaining			Total remaining
Canterbury (15 sites)	44.79	16.63	26.86	1.3	0	28.16
Herne Bay (8 sites)	28.6	10.6	8.2	9.8	0	18
Whitstable (2 sites)	8.75	4.8	3.2	0	0.75	3.95
Rural (4 sites)	53.32	45.89	1.78	5.65	0	7.43
All areas	135.46	77.92	40.04	16.75	0.75	57.54

Source: CCC analysis (2012)

Of assessed sites an estimated 57.54 ha of land is left remaining. This constitutes the majority of total employment land supply in the district (equating to 83% of total supply which according to KCC estimates for 2010/2011 is 69.61 ha). 40.04 ha of land is allocated for employment uses while 17.5 ha is other committed supply or other land expected to provide employment space.

In the region of 10 ha of residual land has not been assessed in this exercise. This will include for instance committed sites that may fall below the study's site size threshold, those designated for a specific occupier (and therefore considered unnecessary to assess) or sites currently under construction.

In terms of distribution across the study area the majority of assessed sites (15) are located at Canterbury. Most undeveloped land on allocated sites is also located at Canterbury though Herne Bay retains the most land committed for employment development (but as yet not commenced). In the main there are fewer sites and less land, either on allocated sites or committed for development, is located at Whitstable and in rural/other areas.

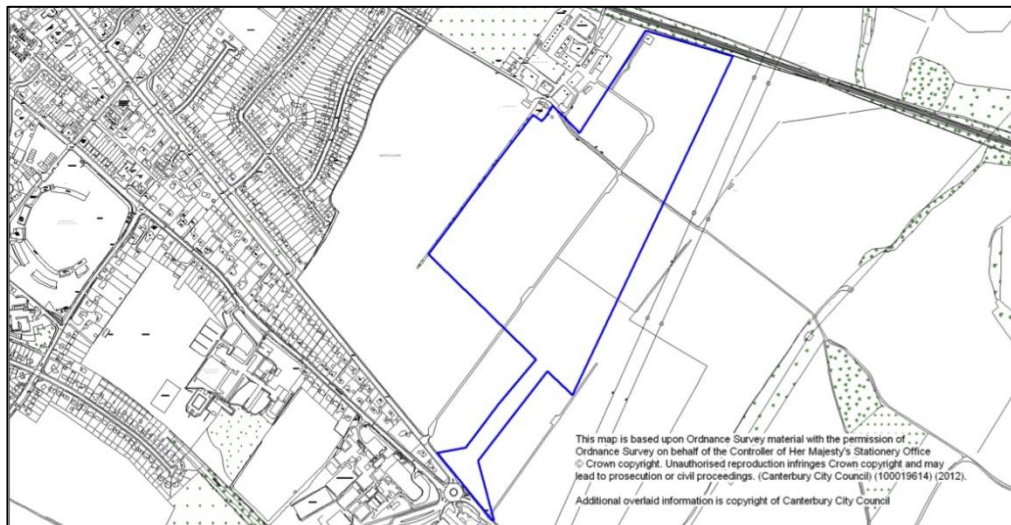
6.2 Existing Supply Sites - Appraisals and Analysis

6.2.1 Canterbury

EL 1: Little Barton Farm (20 ha)

This relatively large greenfield site is located on the edge of Canterbury, just off the A2050 New Dover Road to the south east of the city centre. A currently undeveloped business park allocation, the Little Barton Farm site seeks to provide future employment space for A2, B1a and B1b uses (financial and professional services, offices, research and development).

Figure 6.1: Map showing Little Barton Farm allocation



Overall the site performs relatively poorly against the site assessment criteria largely due to long-standing achievability problems (e.g. viability), which severely impede marketability and deliverability resulting in a lack of planning and development activity.

The principal constraining factor refers to the need for the Little Barton Farm developer to also fund off-site transport infrastructure (i.e. a new A2 interchange at Bridge), the cost of which is financially prohibitive to any employment development taking place. In its current form the site is unlikely to come forward until it can be financed through some form of public sector intervention, which is unlikely in the current fiscal environment.

Notwithstanding this the site has previously been assessed and regarded (not least by a Planning Inspector) as the best location at Canterbury for large-scale employment generating uses. It also has an important potential role in meeting the quantitative and qualitative employment needs of the district. The site comprises almost 30% of all employment floorspace generating capacity in the district and 70% of that in Canterbury City.

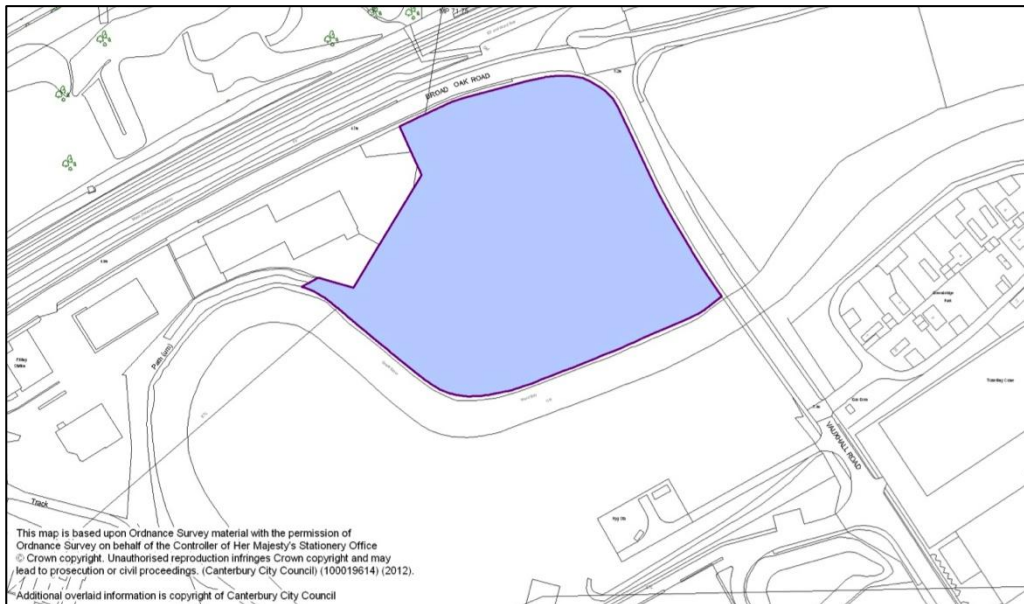
The land currently forms part of a larger SHLAA proposal for a mixed-use development for employment, education and housing uses, which is being assessed elsewhere in the new Local Plan preparation process. To incorporate this site or a similar sized business land component as part of the wider development plans for South Canterbury could present an opportunity to overcome existing prohibitive transport infrastructure constraints. This may in turn improve the prospects for delivering new employment space alongside proposed non B-class uses. In order for this to be fully considered, Little Barton Farm would need to be de-allocated in its current form.

In this scenario the Council and proposer will need to consider whether any replacement site should aspire to be of a similar quality (i.e. aimed at science, technology and/or professional services) or would need to meet a broader range of commercial needs. Canterbury has long been regarded as lacking a 'flagship', quality business-park but further work may be needed to establish what qualitative role any new site could play in meeting both local business needs and future demand from inward investors.

Conclusion – De-allocate current employment allocation with view to consider re-provision of a quantity of employment/business land as part of wider development zone proposal

EL 2: Land on the south-western corner of Vauxhall Road (1.4 ha)

This City Council owned employment allocation is located on the outer edge of the Broad Oak commercial industrial area on the northern urban fringe of Canterbury. Although the site has not been developed, it has been substantially disturbed by the erection of high-tension power pylons during the 1920/30's. The site is to be disposed of for development purposes with development principles in place (2011) and the site being actively marketed for employment and car sales uses in early 2013.

Figure 6.2: Map showing Vauxhall Road/Broad Oak allocation

Some possible constraints to development are identified including the need for new vehicle access and on-site infrastructure including possible improvements to the nearby roundabout, some site remediation and mitigation to reduce flood risk and environmental impacts on the nearby River Stour habitat. These issues are not however considered to be of a scale to prevent development from taking place. For example within these parameters, the site can potentially deliver a sizeable development footprint (5,000-6,000 m²).

The site is also considered to have improving delivery/achievability prospects with the Council seeking to dispose of the site within the next few years. It is understood that interest has already been expressed in the site from some businesses which suggests the site can be delivered within this timescale. The site also forms part of a commercial area which possesses a strong concentration of firms within the city's car sales sector. In order to ensure the ongoing physical needs of this sector are met the development brief also permits the site to be targeted at potential investors in this sector.

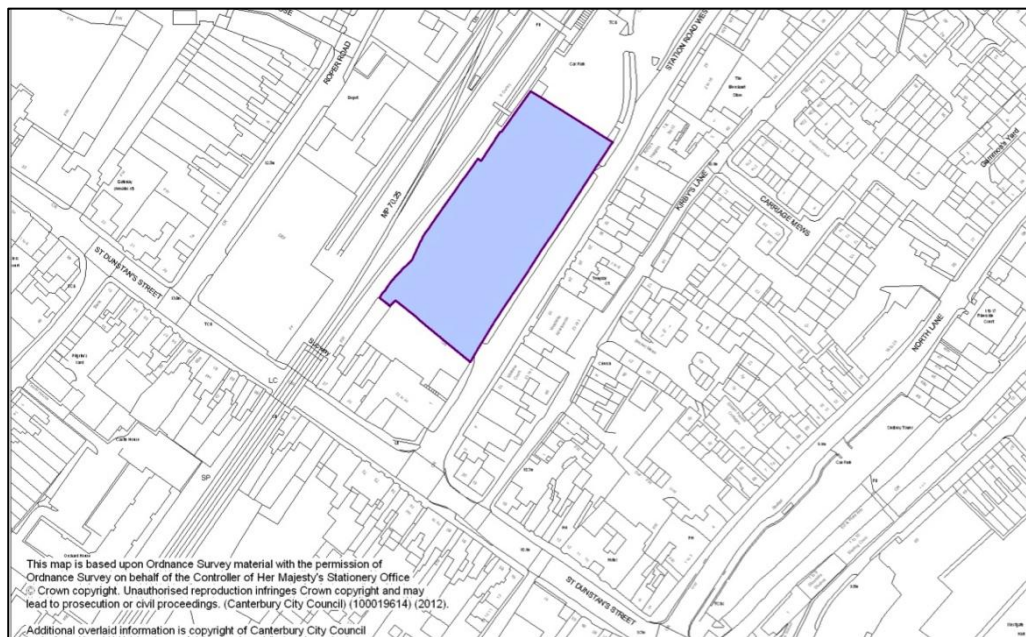
Whilst the site is suitable for retention for employment uses on balance market interest is likely to be stronger from car sales investors. Therefore theoretically some employment floorspace capacity may be lost to a non B-class (i.e. sui generis) planning use. On the other hand this site could help meet reinforce the strength of this sector in Canterbury. Experience also suggests that car sales firms also require modern floorspace for office, customer support and light industrial purposes consequently this sector provides a range of jobs some of which are more closely aligned with 'traditional' employment uses.

Conclusion – Retain as suitable for employment and sui generis uses (car sales only)

EL 3: Car Park, Adjacent to Canterbury West Station (0.43 ha)

Currently used as a surface car park in the St Dunstan's area of the city, this Council owned site adjoins a Network Rail owned car park and Canterbury West Station, which now serves High Speed 1 (HS1) trains arriving from and departing to London St Pancras.

Figure 6.3: Map showing Station Road West Car Park allocation



The site is allocated for B1 (offices) employment use in the Local Plan and forms part of an existing Local Plan Canterbury Regeneration Zone which encourages the renewal and regeneration of this area of the city. In addition a development brief has been prepared for the site as part of the wider regeneration area by the Council. Aside from this document no further steps have been taken to develop the site.

There has been interest in the site from businesses seeking new office accommodation in advance of any active marketing taking place. This is unsurprising due to the potential attractiveness of the site's highly sustainable and central location which allows good access to the city centre. The proximity of the site to HS1 also provides a prestigious, strategic location which may appeal to professional services' firms thereby enabling enhanced access to new commercial markets.

In terms of potential issues or design constraints to the scale, mass, form and height of development, this would include the presence of mature trees on the site, proximity to the rail platform and perceived loss of amenity from neighbouring student accommodation which currently overlooks the site.

However, most significant in the context of financial viability of any future office scheme is the need to also re-provide the existing parking capacity as part of any new development. It is understood that the Council will undertake a viability assessment on potential development uses for the site. In practical terms, however, it may be difficult for the site to both meet the commercial needs of office occupiers and parking needs of rail commuters. This potential constraint reduces deliverability and achievability for employment uses which then serves to limit the site's overall score against assessment criteria.

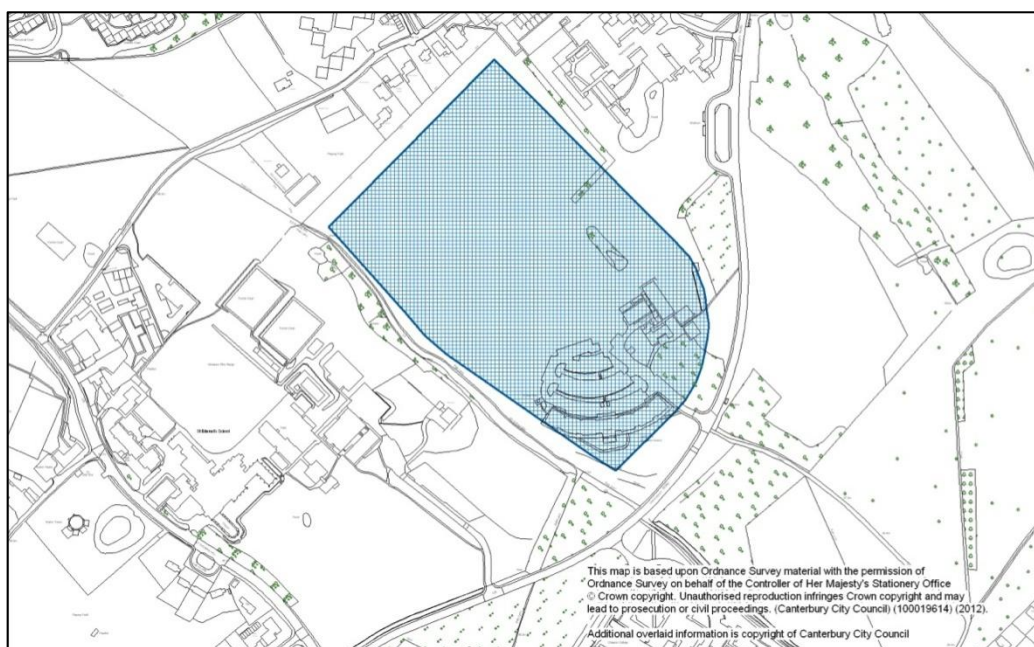
Whilst it is yet to be determined whether or not a new office development with commuter parking can be made to work commercially, the site is considered wholly suitable for employment purposes. It is one of only a few potential office development sites remaining in Canterbury and provides a unique opportunity for a quality office development in a strategically important and potentially commercially attractive location.

Conclusion – Retain as suitable for employment use

EL 4: University of Kent Technology Park (7 ha)

This site is located on the University's campus and is allocated for B1 (offices, light industrial and research and development).

Figure 6.4: Map showing University of Kent Innovation Park allocation



Phase 1 was completed in 2009 when the Business Innovation Centre Innovation Centre (Phase 1) (comprising some 3,870 m² gross) was constructed. This phase has been successful in providing a range of accommodation in a high quality building and facility and is at full occupation. The Innovation Centre site is owned by the East Kent Spatial Development Company and not the university.

Subsequent phases are intended to continue and build on the momentum created in Phase 1 by providing grow-on space for developing businesses and to attract future inward investors to the site. The business park is considered an important element of the district's supply of employment sites partly because of its potential capacity to create 1,500 jobs in the local economy. It also has a qualitative role in helping to deliver and accommodate a stronger knowledge-based component in the area's economy in terms of jobs and new enterprise.

The supplementary planning guidance for the site (Development Brief) suggests a further 15,130 m² of space could be developed. However, recent planning applications have sought to provide student accommodation on this site including an extension to Keynes College (2010) and a current proposal to

also construct ten new student buildings. Whilst a first incursion decreased the land size but not the floorspace capacity of the technology park site, the second proposed encroachment would reduce the scale of the site again, this time resulting in 25% less employment floorspace capacity. This proposal would include the construction of an access road, which may help to open up the next phase of the technology park. Ongoing attempts are being made to deliver Phase 2 which to date have targeted public sector led pump-priming interventions.

The site performs reasonably well when scored against assessment criteria largely due to the success of Phase 1 and apparent attractiveness of the site and general locality to business.

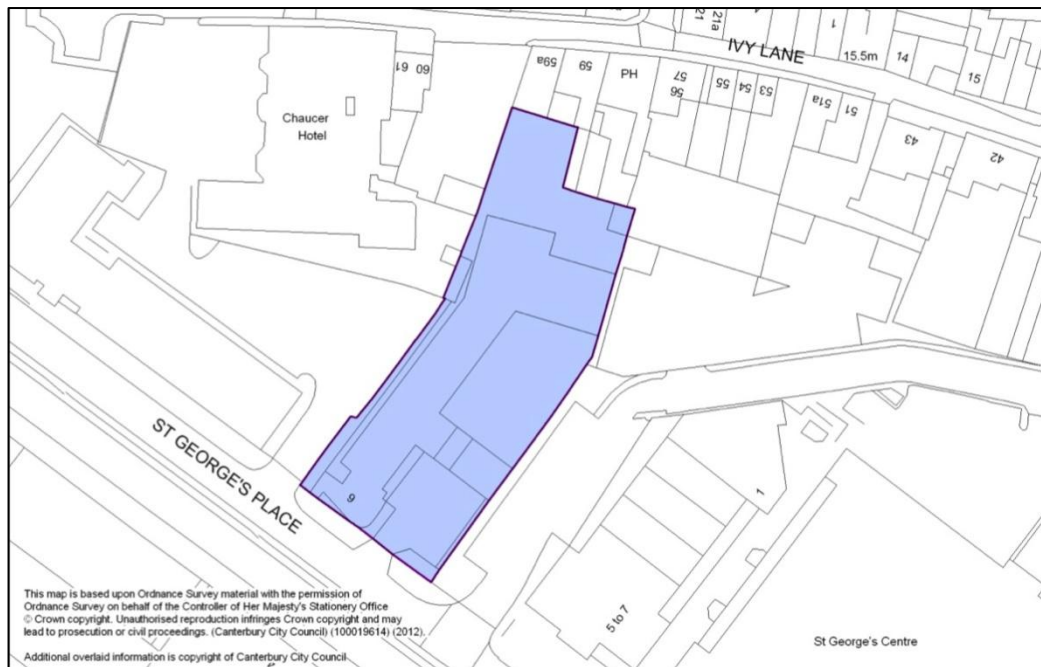
There is competition in Kent for this type of investment (e.g. Discovery Park, Kent Science Park) but none of these sites can match the technology park's proximity to an established university and its academic/technical resource base. This advantage is clearly a strong factor in the success of the Innovation Centre facility alongside the overall quality of provision. Therefore the technology park still represents an opportunity to provide a different and quality environment for businesses despite recent encroachments.

Conclusion – Retain and protect as suitable for employment use

EL 5: Former Kent Messenger site, Lower Bridge Street (0.18 ha)

This fully developed cluster of 1-3 story office buildings in central Canterbury is currently occupied by the city's fourth and most recent university (GAU). The building is located in a predominantly commercial area which also comprises a supermarket, other office blocks, small shops and businesses, a hotel and another university.

Figure 6.5: Map showing Former Kent Messenger site allocation



It is allocated in the Local Plan for B1 (offices) and is currently used by the University for non B-use class (D1 educational) purposes although this site also serves as its office headquarters in the city as well as. At this point it is not clear whether the University intends to permanently remain in-situ or whether they seek to vacate the building. If vacated it should then be re-used as commercial offices as part of a mix of uses at some point in the future.

The site is prominently visible within a busy commercial area of Canterbury, is close to the city centre and retains some dedicated parking. The fact the building’s recent history has seen it in occupation, albeit in a non B-class use, suggests it may have a role to play and could be retained for future employment use.

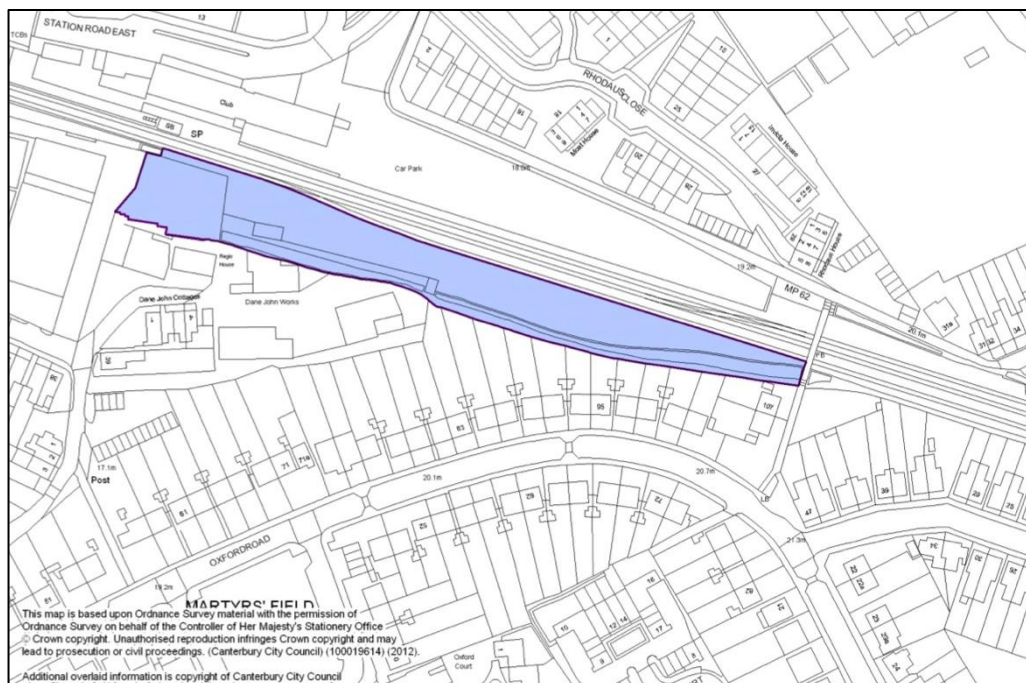
Being a fully developed building located in the Canterbury urban area the site scores highly on physical/ sustainability criteria but its performance in relation to marketability and deliverability for employment uses is poor due to the likely long-term occupation by a non B-class use. Despite this the study has shown that the city’s education sector (both public and private) is an important job creator in the district’s economy. This requires workspace to support its development the building is obviously attractive to non residential education and training centre (D1) type uses.

Conclusion – Remove allocation, instead formally retaining site as suitable for office and/or education uses

EL 6: Land adjacent to Canterbury East Station, Gordon Road (0.43 ha)

This brownfield site is a long narrow strip of land immediately adjacent to the Canterbury East Railway Station sidings. It presently appears to be used primarily as land for open storage.

Figure 6.6: Map showing land adjacent to Canterbury East Station allocation



Allocated for mixed employment uses the site runs from the footbridge to the station south of the railway line and is about 230m long but varying in width. It is also abutted to the southeast by residential properties and land opposite over railway lines allocated for housing in current local plan. There is limited and to some extent constrained access to the site via a narrow driveway from Oxford Road which is a residential road and therefore could cause conflict. It is also difficult to find and lacks visibility.

The site's slightly awkward shape, size and location as set out above would reduce the scale of the useable area and limit any development footprint. The site is situated close to the city centre. Due to the above issues the site receives a poor score for marketability and deliverability for employment uses, which serves to significantly reduce its overall score.

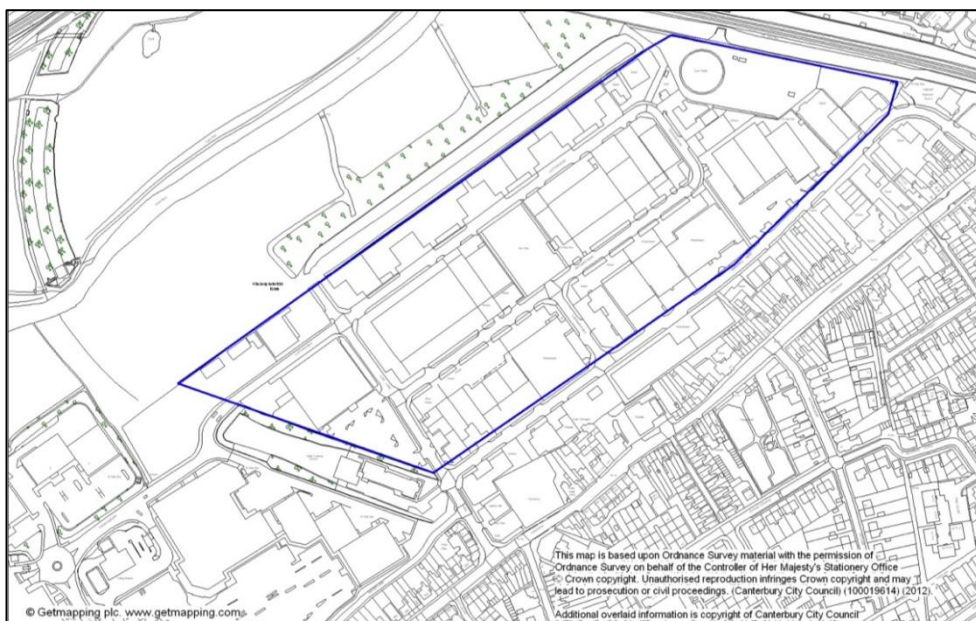
The site has been allocated for a reasonable period of time but has not previously or recently been marketed. Also the above factors may reduce the potential for built employment development although it could continue to be used for open storage. With limited prospects for providing new employment space it could be released for other uses without having any adverse impact on the district's employment land supply.

Conclusion – De-allocate as unsuitable for employment use

EL 7: Wincheap Industrial Estate, Wincheap (8.6 ha)

The fully developed mixed commercial site (B1, B8, A1, D1, D2 and suis generis uses) is located on the edge of Canterbury city centre. The majority of space on the industrial estate is occupied by retailers and the site contains a Park and Ride site. It is estimated to also comprise some 12,409 m² of employment floorspace including B1 (offices and light industrial units) as well as distribution facilities (B8 use) which occupy important parts of the local supply chain (i.e. storing and supplying goods and products) for retail outlets in the city centre.

Figure 6.7: Map showing land within the Wincheap Estate retail allocation



The on-site employment space is generally of an average to good condition and in the main has been well-used although bigger units can take some time to let. The estate also retains a reasonably large office building (vacated by a newspaper provider), which lies vacant at present. As a result almost 40% of employment floorspace on the estate is presently vacant.

The City Council has considered the redevelopment potential of the estate and as such has been assigned current Local Plan 'regeneration zone' status. A previous (but not adopted) development brief for the area proposed a redevelopment of housing, retail, leisure and office uses for the estate. This sought to generate sufficient value from a future scheme to implement various local transport infrastructure and other improvements.

In light of worsening economic conditions together with the costs of site assembly (e.g. buying out tenant leases) this mix has proved commercially unviable and the Council continues to consider its future development options for the site.

Attempts to market vacant premises to investors and appetite for in-situ expansion are presently constrained by restrictions on re-development and/or changes to leases that either result in greater value being embedded in the site or prejudice any future development scheme. In order to address the general uncertainty regarding the site's future, the Council will seek to set out its preferred redevelopment approach for the Wincheap Industrial Estate site in the new Local Plan.

Despite scoring reasonably well as a result of its central urban location which assists visibility and marketability to investors together with improved access to a primary road route (A2), the site's overall assessment score is reduced by the limited scope for new employment development in any future scheme.

If the site were to be redeveloped for non B-class uses such as retail and/or residential, any scheme will need to ensure that suitable relocation options for existing occupiers of employment floorspace (and other users) are provided. Until such a time when a new redevelopment scheme is agreed and planned the estate remains a suitable location for employment users.

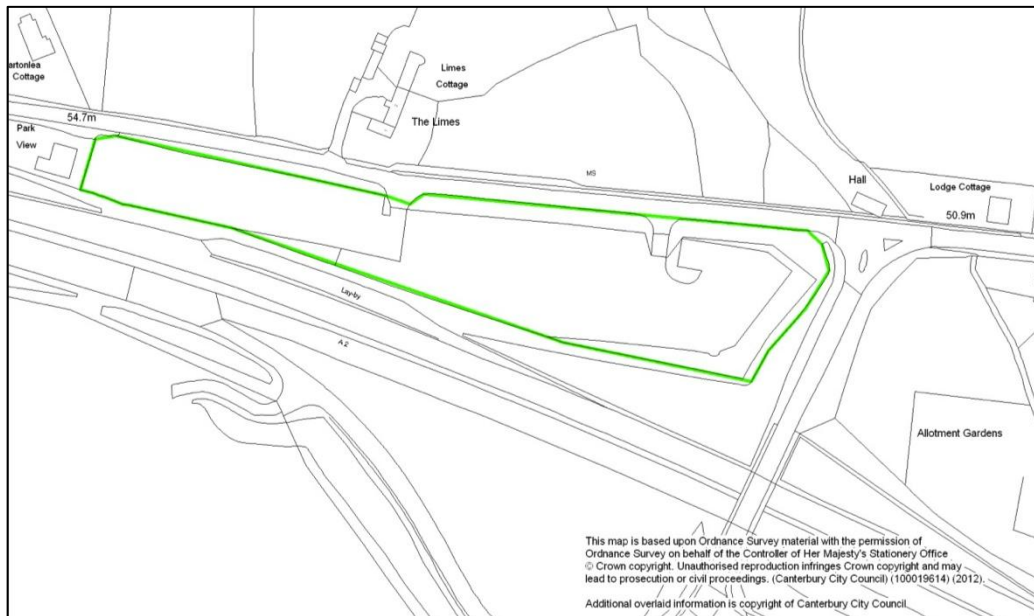
Conclusion: Retain as suitable for mixed-use (commercial) subject to wider redevelopment proposals

EL 8: Canterbury Office Park (1.2 ha)

Formerly a garden centre, this now vacant and cleared but undeveloped employment site occupies an elevated position above the A2 road on the western edge of the village of Upper Harbledown, approx. 3 miles from Canterbury. It is a potential windfall site with planning permission for B1 (office) use dating back to 2009.

Being previously developed the office park has some infrastructure including two formed accesses into the site. While there are some height and massing restrictions on any development, some 4,700 m² of office space could be provided on the site. Whilst some possible decontamination may be required generally office development could fit on the site despite its relative remoteness from facilities and amenities including regular bus services.

Figure 6.8: Map showing Canterbury Office Park



The site is within single ownership and though the developer does not have a track record of site delivery in east Kent they have apparently built offices elsewhere in Kent. The site is being marketed (including roadside promotions on the A2) and the project has reached a stage whereby pre-sales/lets are currently being pursued. To date there has been no development activity on site.

Whilst office development is relatively untested in this location and the site is close to the A2 primary road route although it may be seen by some investors as being too remote from Canterbury City. Despite this office developments at Blean (Pea Hill) for instance have worked well and continue to expand.

The office park also faces competition from the established office facility at the Business Innovation Centre located on the University of Kent's campus. At the time of this study this facility is at full occupation.

Perhaps of most significance are the stated office prices which tend to exceed what is currently being achieved for offices in the district. Therefore to ensure this does not suppress market demand, and depending on the commercial model the developer is working with, they may need to exercise flexibility in deal-making in order to move this development forward. The assessment suggests the timescale for development may be more likely within 3-5 years.

Taking these factors and evidence into account the site scores reasonably well according to site assessment criteria for physical/sustainability factors and deliverability/marketability. Canterbury Office Park has a role to play in the local market for employment space and should therefore be retained as being suitable for this use.

Conclusion – Retain in current form as suitable for employment uses

EL 9: Barton Business Park (3.8 ha)

This is a relatively small business park, which formed part of Little Barton Farm lying between the Canterbury to Dover Railway line and the Pilgrims Way and New Dover Road. The site is accessed from the A2050 New Dover Road via a long straight access road through the Little Barton Farm site above (Appledown Way).

Figure 6.9: Map showing land within the Barton Business Park



The site is formerly a collection of cold storage buildings associated with the previous agricultural use which have been converted into a mix of primarily B1 and B8 light industrial and small-scale distribution, storage uses. The buildings are generally of an average to good condition and the site overall is well-used and maintained. The site is fully developed but recent activity has seen some sub-division of larger units according to market demand.

Whilst access the site is quite difficult and the site lacks visibility it is in the main a successful local industrial estate with high occupation levels and regular interest from businesses. It therefore appears to meet an identified need for lower budget employment space. As a result Barton Business Park achieves a relatively high score in the assessment process.

Whilst the site is suitable for continued employment use it is incorporated within a larger SHLAA proposal at South Canterbury for residential, employment, education and other uses. In view of its relative attractiveness to business and level of employment space provided (in the region of 11,000 m² of employment floorspace) consideration would need to be given to making alternative provision ideally as part of the South Canterbury site proposal or at a location to the south/east of the city where the need for lower budget industrial space can be met.

Conclusion – Retain in current form as suitable for employment uses subject to wider development zone proposals

EL 10: Becket House, New Dover Road (1.1 ha)

This five storey building comprises one of the largest office premises in Canterbury (5,050 m²) with an attractive frontage on the New Dover Road close to the city centre. It is situated within a predominantly commercial area of Canterbury with nearby uses including a supermarket, other office blocks, small shops and businesses, a hotel and two Universities. To the west of the site is a new apartment complex.

Figure 6.10: Map showing land at Beckett House



It is currently used by BT as a telephone exchange and for call centre/back-office operational use. The rear of the site which currently provides on-site dedicated parking for staff is allocated for housing development in the Local Plan.

The external appearance of the building suggests the offices are well maintained. The assessment therefore scores the site relatively highly as it is currently in occupation, appears to be well-used, retains a prominent frontage and is highly visible, has excellent proximity to the city centre and other facilities and can be accessed effectively by pedestrians and vehicles.

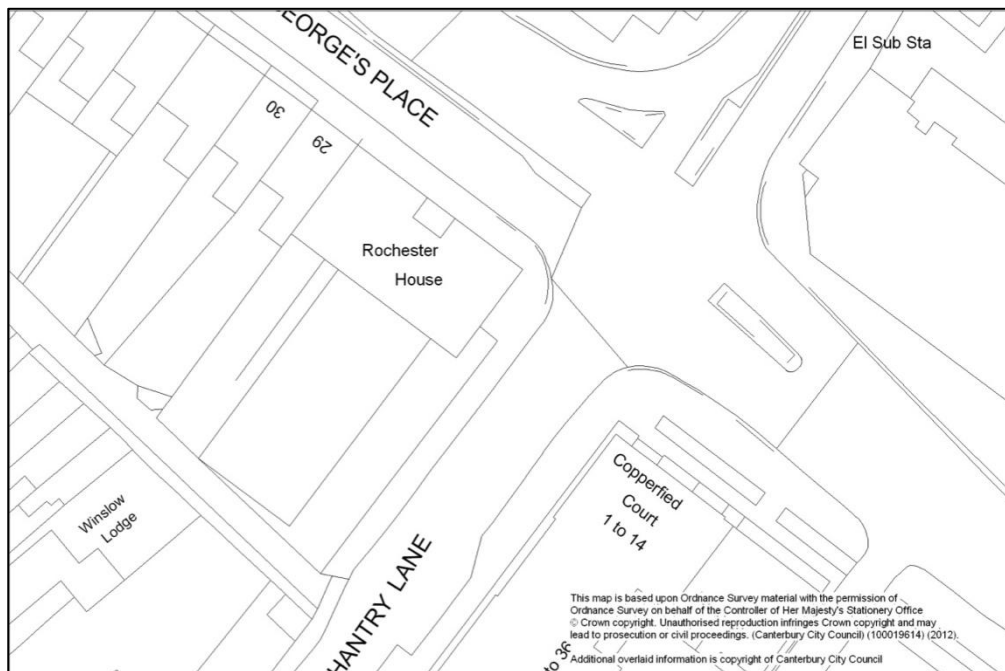
If BT were to seek to vacate the building at some point in the new Local Plan period and develop the residential allocation then a review of its role in the city's office portfolio may be required. The prospects of finding a single occupier seeking such a large site may be difficult and careful consideration would be needed to ensure the building is marketed in way that is attractive to local office based firms. Each floor comprises some 700-800 m² of accommodation which would be a significant amount of space to let. In the main however this remains a good office site and has continued suitability for this use.

Conclusion: Retain in current form as suitable for offices and/or education uses

EL 26: Rochester House, St Georges Place (0.11 ha)

This B1a use (office) building sits on a highly prominent corner of St George's Place and Upper Chantry Lane in Canterbury. It is situated within a largely commercial area of the city which includes a supermarket, other offices, small shops and businesses, a hotel and an apartment building.

Figure 6.11: Map showing land at Rochester House



The 3- 5 storey office block building currently provides some 2,622 m² of floorspace. It is occupied by a local university which uses the building primarily for non-commercial back office functions as well as some education/training (D1) activity. It also retains some dedicated undercroft parking towards the rear of the site.

The building is fit for current purpose and is well maintained (internally and externally) by the university. It is also close to city centre amenities and easily accessible by pedestrians and vehicles. It appears to be well-suited for its current use and therefore scores well against assessment criteria. Consequently the building is assessed as having continued suitability for its current employment/education use.

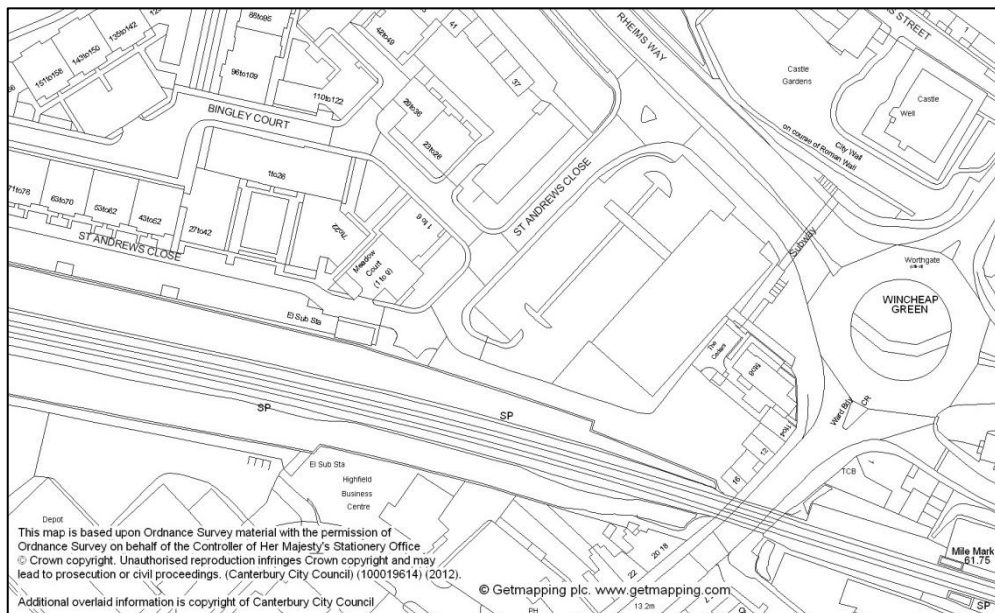
Conclusion: Retain as suitable for offices and/or education uses

EL 27: Block A, Office Connection site, St Andrew's Close (0.1 ha)

The site occupies a prominent location on the corner of Rheims Way (the main A290 road into/out of Canterbury) and St Andrew's Close due south-west of the city centre walls. It can be accessed from the ring road via St Andrews Close alongside residential apartments and adjacent to a supermarket.

Originally part of a mixed-use allocation, Block A is an undeveloped office (1,200 m²) site although foundations have been laid. A recent planning application (2012) sought to build affordable housing on this site but was refused by the Council which seeks to retain the site for offices. This was subject to a planning appeal, which was dismissed in early 2013.

Figure 6.12: Map showing land at St Andrews Close



The site was marketed for office development by the previous owner, a housing developer, and has apparently received interest but no deal has been concluded. The current owner argues that the site is commercially unviable for office development. There are however outstanding commercial enquiries from professional services firms in the city for office space of this size and the Council believes some are still interested in the site. Though relatively small it is at present the only available and (until recently) marketed office development site in Canterbury.

The site is also close to existing train stations, the city centre and other local amenities and could be developed relatively quickly with services and building foundations etc already in situ. Possible constraints include noise and air pollution from the Ring Road and the close proximity of an adjacent residential development.

Taking into account the above factors the site scores reasonably well against physical and sustainability factors but it achieves a poorer overall score due to current site-owner aspirations which reduce the site's achievability for employment uses.

The site is thought to have potential to accommodate a local professional services firm and therefore is considered to have continued suitability as an employment site.

Conclusion: Allocate and protect as suitable for employment uses

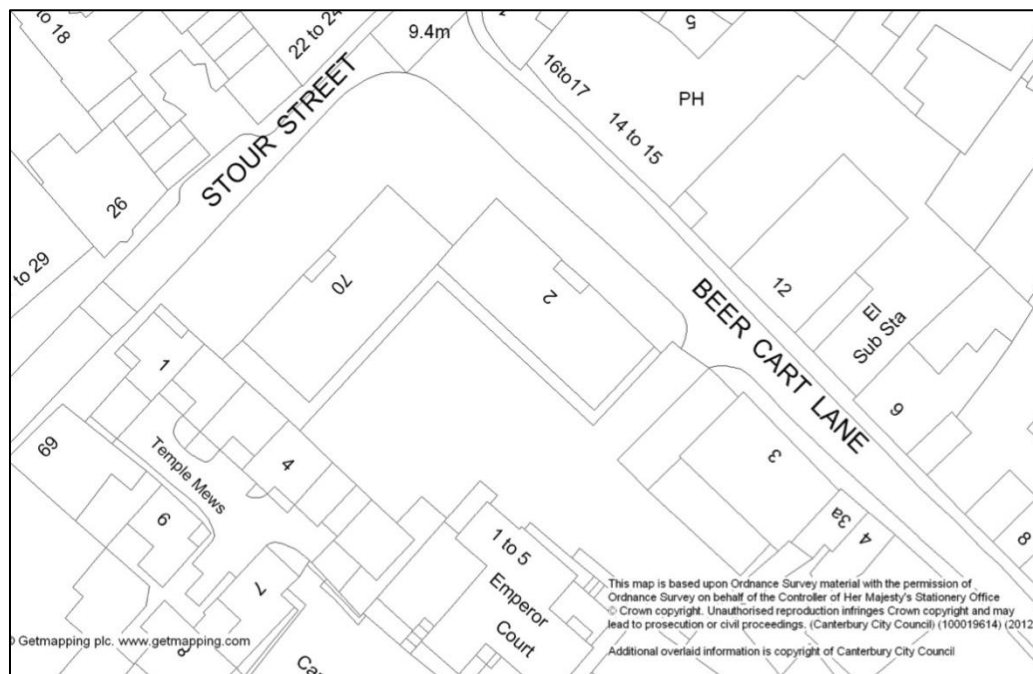
EL 28: Former Kent County Council Building, Beer Cart Lane (0.14 ha)

This site is located within the city centre in an area comprising a mix of business, small scale retail and residential uses. It is also therefore situated in close proximity to local amenities and facilities.

Comprising some 1,500 m² of office floorspace arranged over two buildings the structure is over forty years old and both have remained unoccupied for some years despite continuous marketing. The external appearance of the buildings appears to be in reasonable condition. It is understood that

internally there are various problems which are said to require significant reinvestment to bring it up to a lettable standard.

Figure 6.13: Map showing the former Kent County Council Offices



There are also a series of development constraints which could prevent a wholesale redevelopment of the site as offices including flood zone, conservation, a need to preserve the historic environment, scheduled ancient monument and archaeological issues which may impact design and in turn increase site preparation costs. Despite being a fully developed site and therefore scoring relatively well in relation to its physical and sustainability assessment, its overall score is poorer due to outstanding issues concerning its potential deliverability and marketability.

The building has now been sold (subject to contract) to a local developer who has experience of delivering employment space in the district and elsewhere across east Kent. Pre-planning proposals indicate that the developer prefers a mixed-use development (residential and offices). This could help bring forward new, modern office facilities in a range of sizes and tenures more attuned to local market demand.

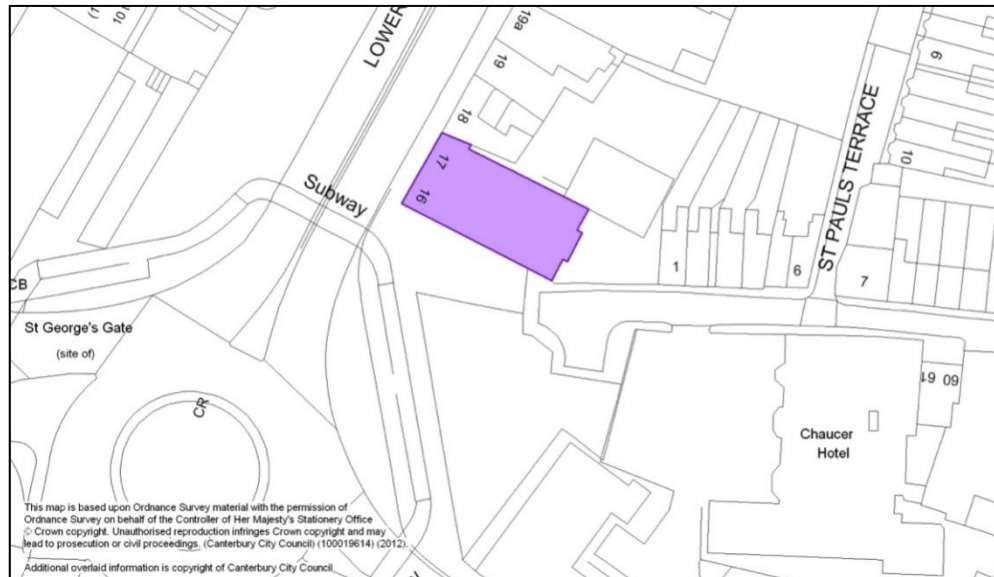
In order to 'enable' investment into new office space, some residential units may need to be incorporated to the scheme, which would result in a net loss of employment space overall. However, this needs to be balanced against the worsening prospects of letting both buildings in their current condition together with the need for smaller offices in Canterbury that are better suited for modern business requirements. This proposal could deliver new employment floorspace to the market within a timeframe (3 years) potentially attractive to a range of businesses. Indeed firms have already expressed an interest in new office space within the potential scheme. Therefore in the main this mixed-use proposal offers a good opportunity to bring the site back into productive use.

Conclusion: Allocate for mixed-use development (residential and employment)

EL 29: Newingate House, 16-17 Lower Bridge St (0.1 ha)

Located on a prominent corner of Lower Bridge Street and Ivy Lane in central Canterbury this currently vacant, older style building is a mixed-use Local Plan allocation while being previously used for B1 (offices) and D1 (non-residential education) purposes. Other nearby uses are mostly commercial other offices, small shops and businesses, a hotel and another university.

Figure 6.14: Map showing the Newingate House mixed use allocation



It is a 5-storey office building comprising some 1,902 m² of floorspace. The building is now owned by a local university but does not appear to be utilised at present. There is on-site parking is provided behind the building and a fully formed access from Ivy Lane. It also has prominent views on to the city's historic walls.

The building appears to be of a sound structure but is in a poor aesthetic condition, showing signs of some neglect (e.g. some windows and doors boarded up). It has not been marketed for some time and in its current condition is unlikely to be attractive to prospective tenants. In light of the above evidence and observations the site performs poorly particularly when assessed against most deliverability and marketability criteria.

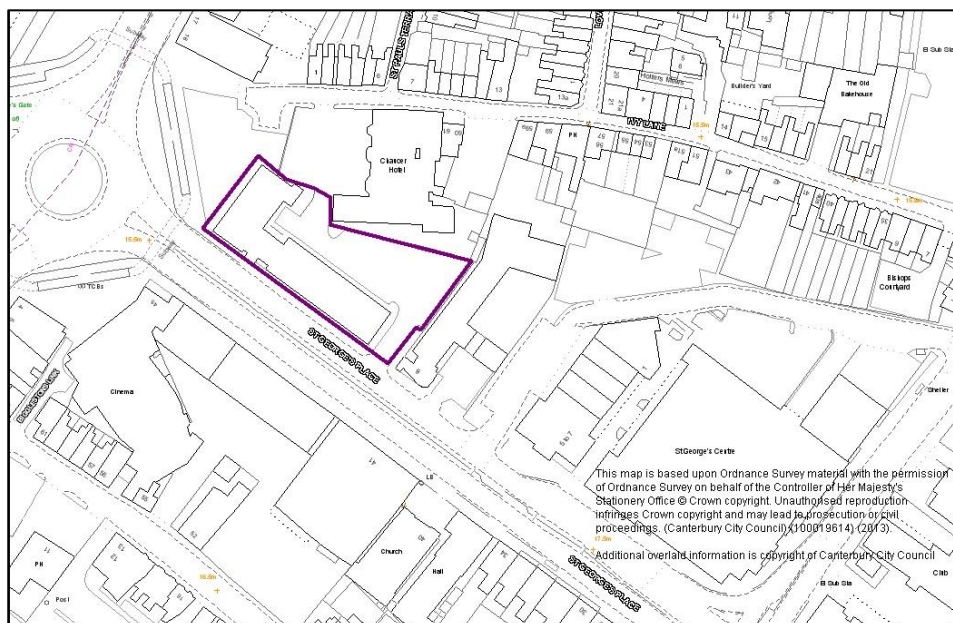
Recent planning activity has sought to use the building for other non-B class uses. The university may wish to restore the building to be used for a mix of non-commercial offices and non-residential educational uses. In view of the ongoing importance of the education sector to Canterbury's economy this appears to be an appropriate approach in terms of its medium-longer term prospects.

Conclusion: Retain as suitable for mixed office and/or educational uses

EL 30: HM Revenue & Customs Building, Sun Alliance House, St George's Place (0.2 ha)

This B1 (office) site is situated on a prominent corner of St George's Place and Lower Bridge Street in Canterbury City Centre. It is a 3 to 4-storey L shaped office block building estimated to comprise some 600 m² of office floorspace.

Figure 6.15: Map showing Sun Alliance House office block



It is located in an area of Canterbury predominantly occupied by commercial uses including a supermarket, other offices, small shops and businesses, a hotel and 2 universities. It also has views across the ring road towards the city's historic walls. On-site parking is provided behind the building and there is fully formed access from St George's Place.

It is generally well-maintained though being some 35 years old is showing signs of wear a tear in places. The building is also partially used by HMRC but approximately half the building is vacant. Furthermore public sector organisations are increasingly seeking to minimize costs therefore there is some uncertainty as to HMRC's long term plans in the city. The building's vacant space does not appear to be marketed at present therefore it is also not clear what the longer-term aspirations for the building are. If the building were to be vacated and if marketed, the offices would need to compete with similar space elsewhere in the city.

Being partially occupied suggests that the site has some continued suitability for office use and as a result the site scores reasonably well against assessment criteria. Whilst the site appears suitable for continued office use but this may need to be kept under review as circumstances (including local commercial needs) may change.

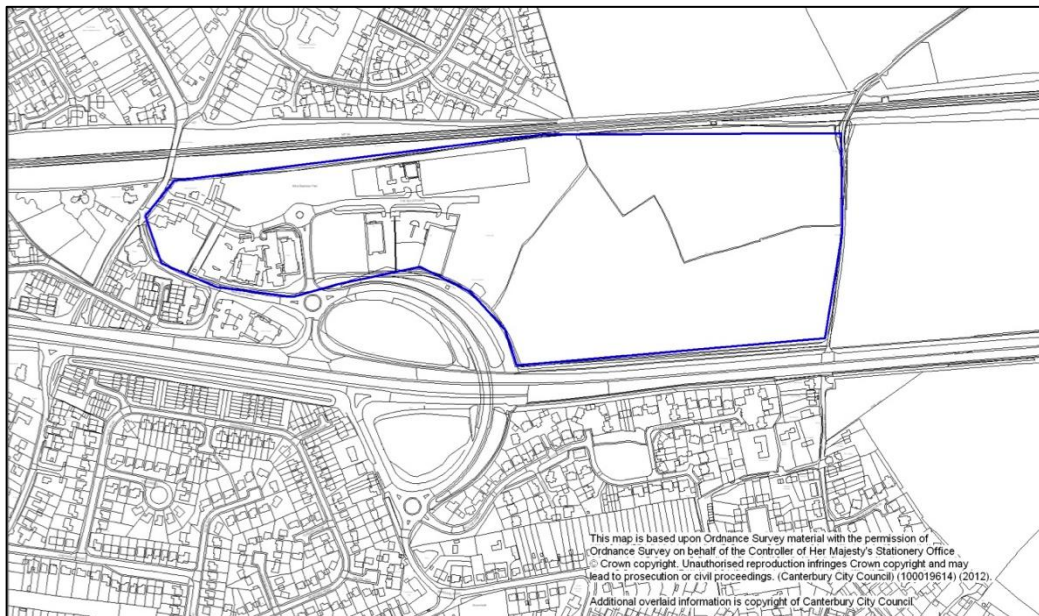
Conclusion: Retain as suitable for office use

6.2.2 Herne Bay

EL 11: Altira Business Park (15 ha)

Previously an allocation dating back to the 1990's, Altira Business Park (formerly Blacksole Farm) is the second largest employment site in the district but the largest with immediate development opportunities for B1, B2 and B8 uses. Some 2,983 m² of B-class employment space has been built (in 2009) to date alongside permitted enabling development (nearby restaurant and a driving test centre). In addition a consented scheme from 2007 (16 units – B1, B2 and B8 uses) has not been delivered.

Figure 6.16: Map showing Altira Business Park



The site has close proximity to the town of Herne Bay, is served by in-situ infrastructure including new access on to the A299 Thanet Way and this position adjacent to a primary road route provides a highly visible and prominent presence. Considerable capacity for development remains available with some thirteen separate plots being marketed to investors. These are potentially available for office, industrial and warehousing and distribution uses.

The site possesses few physical or other planning constraints, or at least until the trigger point is reached to build the Blacksole pedestrian bridge across the railway line (at 17,000 m²), and therefore could be developed immediately.

Significant weight can potentially be attached to the importance of the site to Herne Bay and the district. In turn this site is not yet helping to tackle the negligible supply of office or industrial properties available at Herne Bay or redress the disproportionately high number of local residents out-commuting from the town to work elsewhere.

To date however the site marketing has translated into few deals being completed. The developer has consistently argued that there is little interest in the site from potential B1, B2 and B8 occupiers. The Council however contends that employment space continues to be built, most recently in Herne Bay at the Eddington Nursery and Eddington Links sites. Demand has also been expressed from a range of potential occupants including employment uses for new industrial space in Whitstable where a commercial developer is seeking to develop a prominent parcel of protected open space (with no current employment land status).

The likelihood for any further employment development for at least the short term (three years) has been reduced by a current proposal (planning application to be submitted in early 2013) for a supermarket and a SHLAA submission for part of the site.

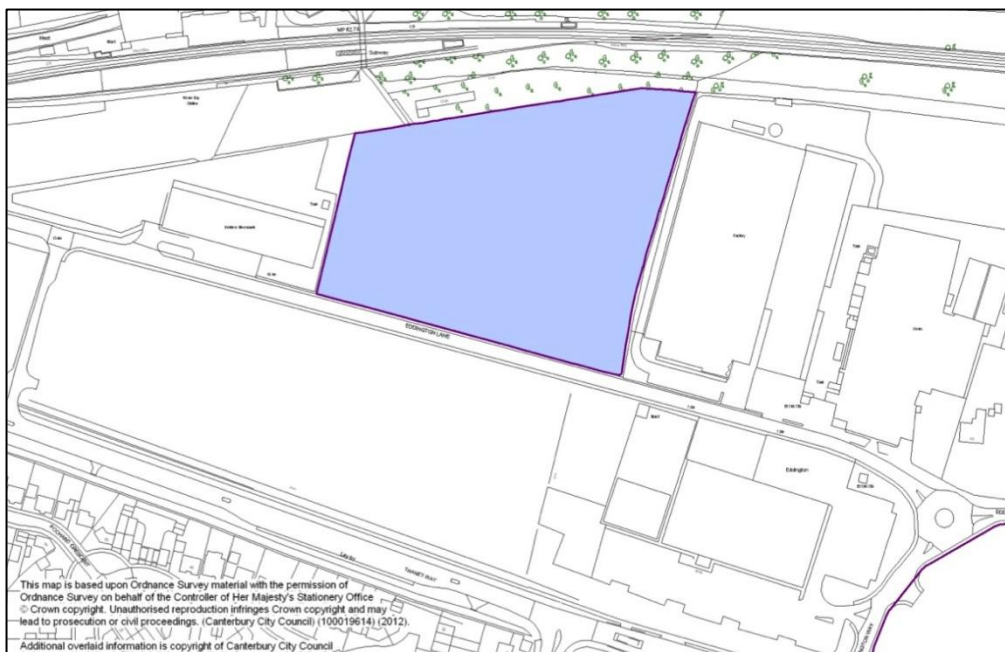
Notwithstanding this uncertainty the site provides scope to meet many of the town's employment needs over the new Local Plan period. Therefore overall it scores comparatively highly in the assessment process and is a good quality site for employment use.

Conclusion – Retain and allocate as suitable for employment use

EL 12: Eddington Lane (north) (2.12 ha)

This is the most northerly of the four sites at Eddington Lane assessed in this study. Though it is a single employment allocation it is bisected into two separate and irregular shaped land parcels by a public footpath. Part of the site retains a building which appears to be used for storage purposes.

Figure 6.17: Map showing Eddington north allocation



The site forms part of the Eddington Lane employment cluster, which assigns this importance in relation to protection of existing economic activity and potential generation of new employment opportunities. This also means that the site is a constituent component of a wider, well-established business park with good existing access to the highway network, public transport and town centre amenities and services.

It is understood that the easterly area of this site is owned by a neighbouring manufacturing company which is assumed seeks to safeguard this site to ensure that any future expansion can be carried out in-situ. As such it has not been marketed or tested in the market for over ten years. Though there do not appear to be any indications that the site will be delivered for employment purposes over the short to medium term this suggests both portions of the allocation have potential to be developed independently for future employment related development.

In this regard Eddington (north) scores relatively well overall against assessment criteria, slightly better than the other Eddington Lane located sites, mainly because part of this site appears to be used for

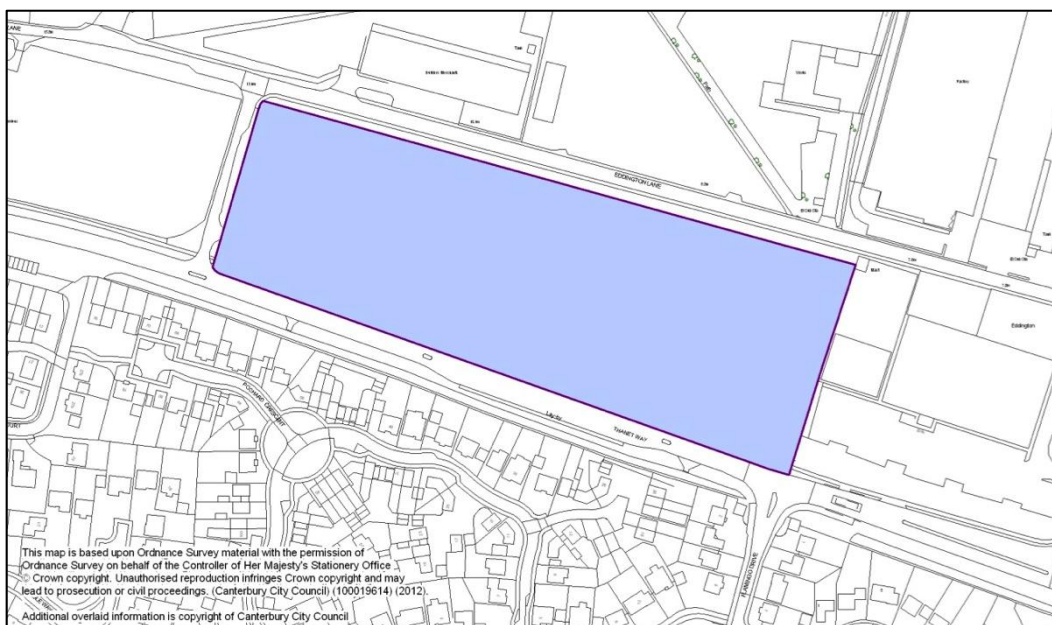
employment purposes. As a result this could be retained for B1, B2 and B8 uses and protected as part of the Eddington Lane employment cluster.

Conclusion – Retain as suitable for employment use

EL 13: Eddington Lane (south west) (3.27 ha)

This rectangular shaped 2 ha parcel of land occupies a highly prominent frontage location on the Eddington Lane Business Park. The wider area comprises a mix of employment and limited retail warehousing uses.

Figure 6.18: Map showing Eddington southwest allocation



The site is well located in terms of proximity to the highway network and town centre amenities. It does not appear to possess any physical characteristics that would constrain the potential for employment related development, though the potential for additional pressure upon the existing access arrangements to the Old Thanet Way would need to be assessed.

The principal barrier to new development is landowner aspirations – the site is understood to be in single ownership. A recent SHLAA submission seeks to develop this site for predominantly residential purposes with limited scope for retail and employment uses. Though it has remained an employment allocation this site has not been tested in the local property market for over a decade. As a result the site forms part of the district’s employment land supply but is not available to businesses or other potential investors.

Taking these factors into account the site’s assessment against deliverability and marketability factors is hampered by the lack of marketing and development activity which is linked to its poor achievability rating. It is more constrained as land-owner aspirations directly refer to an intention to develop it for alternative uses so prospects for employment related delivery are less certain.

At the same time the site scores well against physical and sustainability criteria, which reinforces the fact that the principal barrier to its development appears to be land-owner aspirations. Therefore in most respects the site retains suitability for employment uses (as identified below) though actual achievability will remain low.

Conclusion – Retain as suitable for employment use

EL 14: Eddington Lane (south) (1.74 ha)

This 2 ha site also forms part of the wider Eddington Lane Business Park and is a Local Plan employment allocation. It occupies a highly visible presence with frontage onto the A2990 Old Thanet Way which is emphasised in aerial photos attached to the site assessment sheet. There are a small number of retail warehouses to the west (immediately opposite) the site.

Figure 6.19: Map showing Eddington south allocation



Access to the site is good with transport infrastructure in place (inc. roundabout) while it also has reasonably close proximity to Herne Bay town centre and public transport facilities. It is understood to be within a single ownership though the land-owner has not indicated any willingness to market or develop the site for employment uses. Therefore the site has not been tested in the local property market for at least ten years.

The site has been assessed along the same lines as previous Eddington Lane sites but of all these parcels of land this receives the lowest score. This is due to a combination of land-owner aspirations that are not focused on employment uses (i.e. a SHLAA proposal for part-residential use has been received) but also some physical factors (e.g. flood risk) which could serve to limit development capacity and increase any associated mitigation costs.

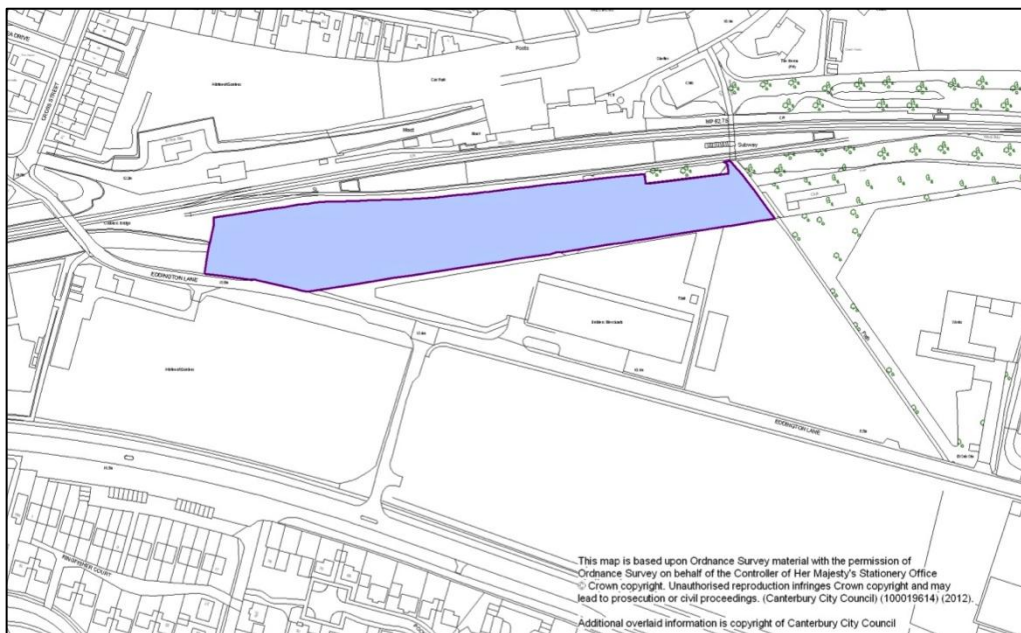
As a result its potential deliverability is probably more constrained overall and its achievability in terms of employment development is also reduced. On balance, however, this site is still considered to have suitability for B1, B2 and B8 uses.

Conclusion – Retain as suitable for employment use

EL 15: Eddington Coal Yard (1.07 ha)

This small, elongated shaped site also forms part of the Eddington Lane Business Park. Situated to the north west of the cluster the site is close to Herne Bay town centre.

Figure 6.20: Map showing Eddington Coal Yard allocation



Though physically small and having its use restricted to transport related activities only, its score is assisted by an extant planning permission for employment use and a reasonable prospect of delivery in the next 3 years assisted by few delivery constraints and a single business ownership. Delivery of the site by the current owner would also help enable regenerative redevelopment of the existing bus depot site in Herne Bay.

The site is therefore assessed overall as being of a reasonable quality overall and as such has continued suitability for employment uses.

Conclusion – Retain as suitable for employment use

EL 16: Former FDS site, Hawthorn Corner, Hillborough (2.9 ha)

This existing but undeveloped employment allocation is located on the edge of Herne Bay with close proximity to the A299 New Thanet Way and reasonable links into the coastal town. It is allocated for B1a (office) use and is understood to be within a single ownership (which has recently changed).

Figure 6.21: Map showing former FDS site allocation



The site's recent primary function was to provide a relocation site for a local company who urgently required accommodation following a fire, a need that has since diminished. Since then any prospect for employment development has been hampered by lack of activity, an absence of marketing and uncertain land-owner aspirations. Even if the owner were willing to build the site out it would require heavy marketing and there are competition sites at Herne Bay better positioned to attract the new occupiers required to build out the site.

Added to this, indications from Kent County Council suggest that whilst there is sufficient highway capacity in this area, existing on and off slips on to the A299 are substandard. Therefore extensive highway improvements may be needed to cater for the additional traffic generated by this employment site.

In the main its prospects for delivery are increasingly challenging and generally its assessment reflects this picture by way of a comparatively weak score. As a result it would serve little purpose for the site to be re-allocated in the new Local Plan for employment uses and could be removed from the district's employment land supply.

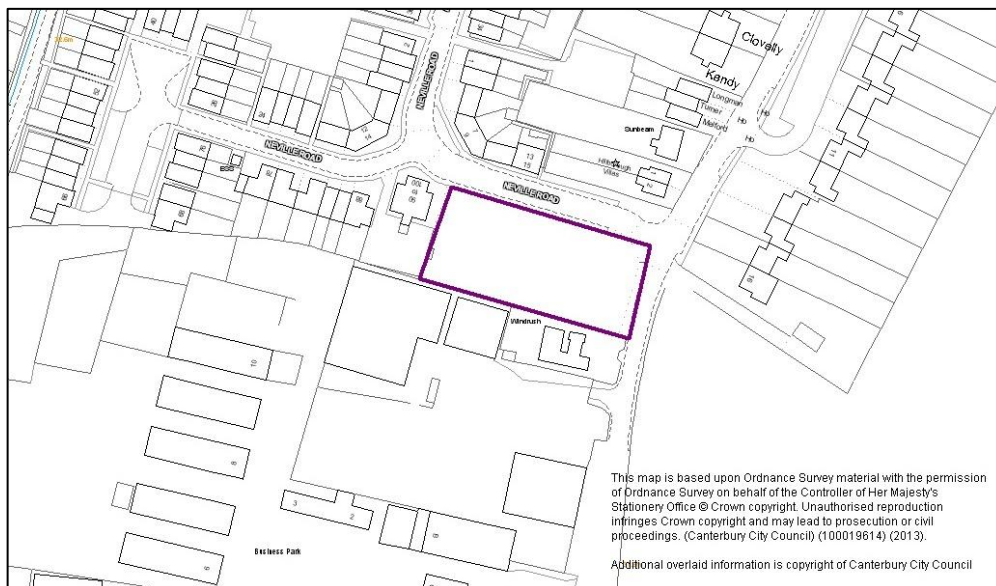
Nevertheless the site is partially built therefore an alternative development use would need to be found. The relative prominence of the site from the A299 Thanet Way might provide an attractive opportunity for a roadside service station for instance.

Conclusion: De-allocate as unlikely to come forward for employment uses

EL 17: Former Metric site (0.2 ha)

This small, urban site is located in the coastal town of Herne Bay. Though it is sized under the stated assessment threshold (0.25 ha) it has a planning permission for 1,000m² of floor space. It forms part of a mixed use residential and employment allocation that remains undeveloped so is considered important in balancing the creation of employment opportunities with newly built homes in this part of Herne Bay.

Figure 6.22: Map showing former Metric site



This role is highlighted by a previous Local Plan Inspector and later reiterated in a subsequent development brief for the site. This guidance indicates that the site would be most suitable for B1 office and/or light industrial uses.

With good and relatively unfettered access onto the A299 New Thanet Way as well as being subject to no known major constraints it is unclear why the employment element has not been built out. Other mixed-use sites in Herne Bay such as Eddington Links together with a pure commercial scheme at Eddington Nursery have both been delivered in recent years. There has been some marketing of the site, albeit low key but seemingly little activity in terms of seeking to attract potential investors to the site.

The site is assessed as being of average to good quality overall, scoring reasonably well on sustainability and physical factors, for being in single ownership as well as having no major delivery constraints. Perhaps in conjunction with assistance from the City Council in terms of identifying and finding suitable occupiers, the assessment considers the scheme as being developable over a 3-5 year timeframe, well within the Local Plan period. As such the assessment finds sufficient rationale for retention of this site for employment uses.

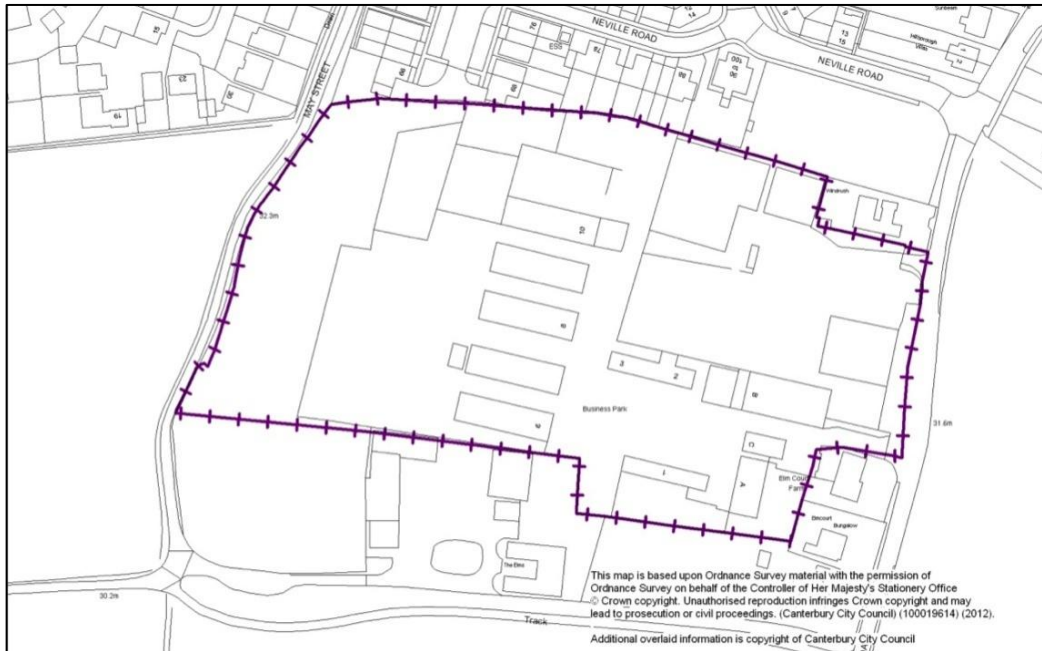
Conclusion – Retain and allocate as suitable for employment use

EL 18: Hillborough Business Park, Hillborough (2.3 ha)

Located in the Hillborough area of Herne Bay, this is a fully developed mixed commercial/ industrial site, including an element of employment space (estimated to be 1,281 m²).

The study has already outlined some of the key characteristics of the site such as its Local Plan employment cluster status and its occupier mix of industrial, storage, quasi-retail/retail and workshop type uses. This has emphasized its strong performance in terms of continuing levels of tenant occupation.

Figure 6.23: Map showing Hillborough Business Park cluster



The principal limitation is considered to be maintaining the physical condition of the existing buildings (which currently varies) and management of on-site infrastructure over the new Local Plan period. It will rely on reinvestment generated from occupier rents which are likely to be of a low-moderate level. This is however, perhaps offset by the strong levels of occupancy the site enjoys.

The site is presently subject to a SHLAA proposal for residential use. Being fully near or at full occupancy there does not appear to be any rationale for releasing the site due to lack of commercial demand. On the contrary the site continues to meet the needs of local businesses seeking small, low-cost and practical workspace with parking and as such is well suited for this purpose.

At the same time there are no sites either suited to the types of occupiers at Hillborough or presently being developed in Herne Bay which could easily enable the relocation of current occupiers (employment space users and others) if this site were to be released or lost. There is also a further difficulty which is the general uncertainty caused by the residential proposal to existing tenants, who as a result are unable to secure longer term leases and therefore safeguard business continuity. These concerns have already been expressed to the Council and could begin to displace those businesses that are able to leave the Herne Bay area.

In light of its continuing role in the Herne Bay economy supported by its high occupancy and a lack of competition the Hillborough site scores positively in the assessment. Taking into account the above factors the site continues to be suitable for a range of commercial uses including B-class employment.

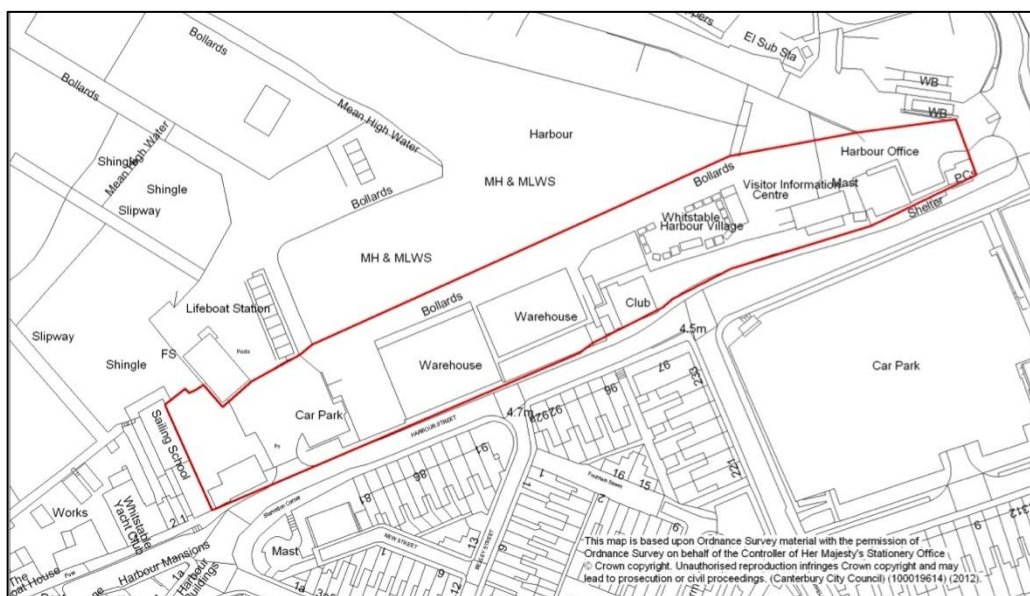
Conclusion – Retain site as employment cluster

6.2.3 Whitstable

EL19: Whitstable Harbour (South Quay) (0.75 ha)

Located at the northern end of Whitstable Town Centre the Harbour the South Quay site is some 300 metres long and varies between 10m and 40m wide. To the east the site is bounded by the East Gate access road, to the west by the West Gate and the premises on Sea Wall, to the south by Harbour Street and to the north by the quayside. The site contains a number of existing buildings and businesses in a mix of commercial uses including some B1 and B8 employment.

Figure 6.24: Map showing Whitstable Harbour South Quay



Whilst the site is currently occupied and appears to meet business needs, historically this area of the harbour has attracted interest for redevelopment. Preferred future development would be a mix of business and leisure uses. Employment uses could include specialist harbour uses (such as boat building and repair), offices and light industry, conference suites, storage and research and development. Other commercial uses might include retail and food and drink sales, leisure and harbour related tourism uses.

The site has a number of strengths including its potential attractiveness to small-scale employment uses and absence of competition sites and properties in the town. At the same time access to and from the harbour through this busy coastal town can be constrained in the summer months while its position within a coastal flood zones and proximity to nearby housing may give rise to possible restrictions on operating hours and vehicle movements. Also the harbour area generally occupies an important part of the town's identity which in turn attracts considerable interest from the local community. In this respect any new redevelopment scheme would require local consultation.

Overall the site could fulfill a small role in terms of providing some future workspace and offices for small businesses. Therefore, it scores comparatively well when assessed against study criteria.

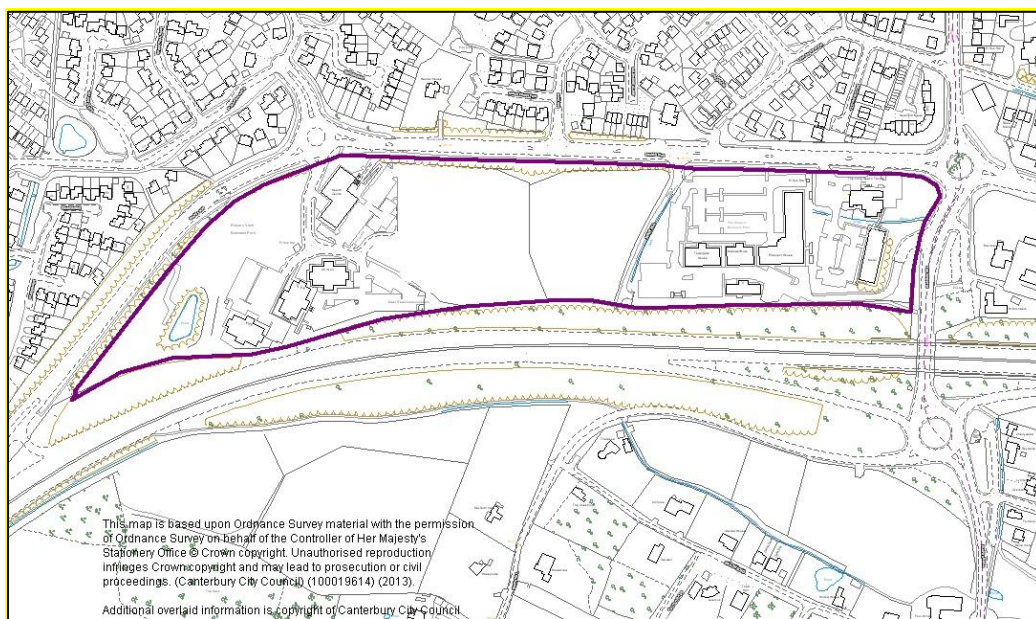
Conclusion: Retain site as having potential for employment use

EL20: Land between A229 and A2990, Wraik Hill, Whitstable (including Estuary View and Chaucer Business Parks) (8 ha)

This site is located on the edge of Whitstable on the north Kent coast. Situated between the A229 (New Thanet Way) and A2990 (Old Thanet Way) it occupies approximately 8 ha of land. For the purposes of this study the land is assessed as a whole incorporating three adjoining sites. This includes:

- Estuary View Business Park at the western end containing 4 substantial architecturally designed 2 storey office buildings with three empty plots, access roads, parking, hard and soft landscaping;
- The middle section of the land is a large, undeveloped area of scrub and grass land surrounded in part by fencing and hedgerows. Part of this site is being used for the storage of bricks and building materials. The former Wraik Hill road now cut off by the A299 runs through the middle of the site; and
- The eastern end of the land incorporates Chaucer Business Park containing a large office block and other smaller office buildings units. Beyond this is a hotel and associated restaurant.

Figure 6.25: Map showing Wraik Hill business area



The study assesses the land collectively due it forming one almost contiguous area while comprising a range of different land uses. Employment uses (B1 offices) represent the largest proportion of built floorspace overall and as such the majority of the land (5 ha) retain 'office node' status within the current Local Plan. Alongside B1 (office) employment space, this land also provides for non B-class commercial uses including a restaurant (A3), hotel (C1), children's nursery (D1) and a primary healthcare polyclinic (D1). The site at present does not include A1 (retail) or residential uses. Therefore whilst providing for traditional employment uses the role of this land in terms of serving the wider needs of the local community has also clearly evolved.

As a location for employment uses, the site scores well in the assessment process, providing some 7,000 m² of office floorspace in an attractive and highly visible and marketable location with few apparent

constraints. However its ability to provide additional space is constrained by the office market in this sub-area which has seen limited activity since the beginning of the economic downturn while the closure of Pfizer in neighbouring Dover district has resulted in significant amounts of new office space being supplied to the east Kent market.

The undeveloped land provides considerable scope to meet Whitstable's employment needs. However, uncertainty remains regarding the extent of short to medium term office demand coupled with local highways capacity. A SHLAA submission for residential uses (concerning the middle parcel of undeveloped land) also needs to be considered and resolved.

In light of the assessment's findings there is also a need to consider the role of this site in continuing to provide for the town's other commercial and non-commercial needs, particularly in view of the scarcity of potential development opportunities in Whitstable.

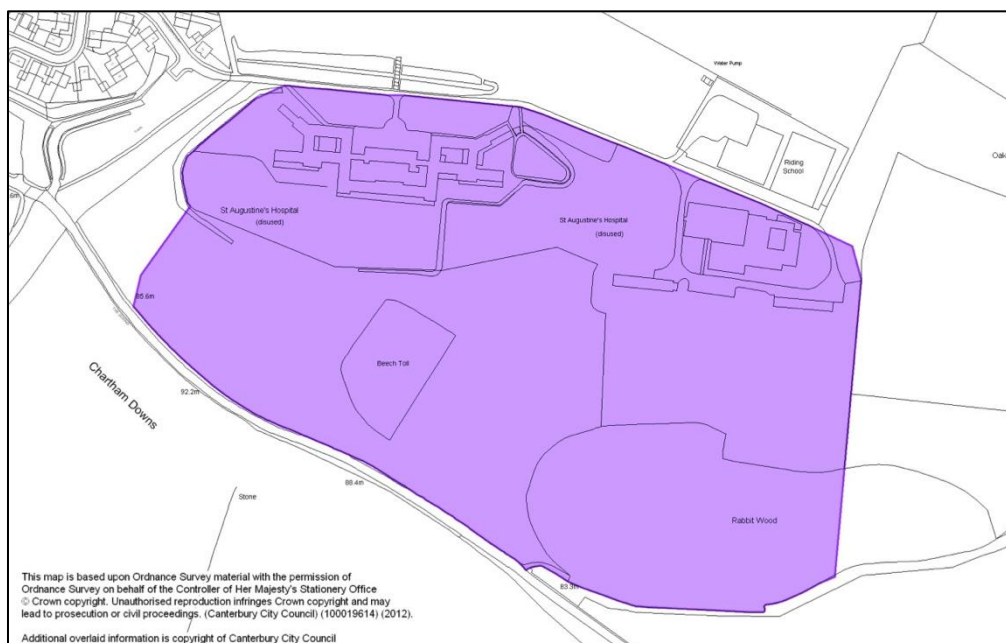
Conclusion: Retain, allocating the land as suitable for A2 / B-class employment uses, also considering other commercial and community uses that complement existing and future in-situ activities.

6.2.4 Rural/Other areas

EL25: St Augustine's Hospital site, Chartham (11.3 ha)

This is an edge-of-town, brownfield site, originally forming part of a mixed-use allocation. The buildings have historically been in D1 usage. At the time of its assessment a planning application was being determined by the Council for an education use. This proposal precludes any prospect for employment development (including B1/B8 uses).

Figure 6.26: Map showing St Augustine's mixed use allocation.



This site is assessed as being poor both in terms of sustainability / physical and marketability and deliverability factors which results in a low overall average score. It is therefore, more realistically suited to non B-class uses such as education or possibly a leisure and/or recreation use which could capitalize on its remote but attractive location and setting.

In November 2012 the current planning application was granted by the Council subject to s106. In light of this it would serve little purpose for the Council to re-allocate the site in the new development plan and can be formally released from the employment land supply for an alternative redevelopment use.

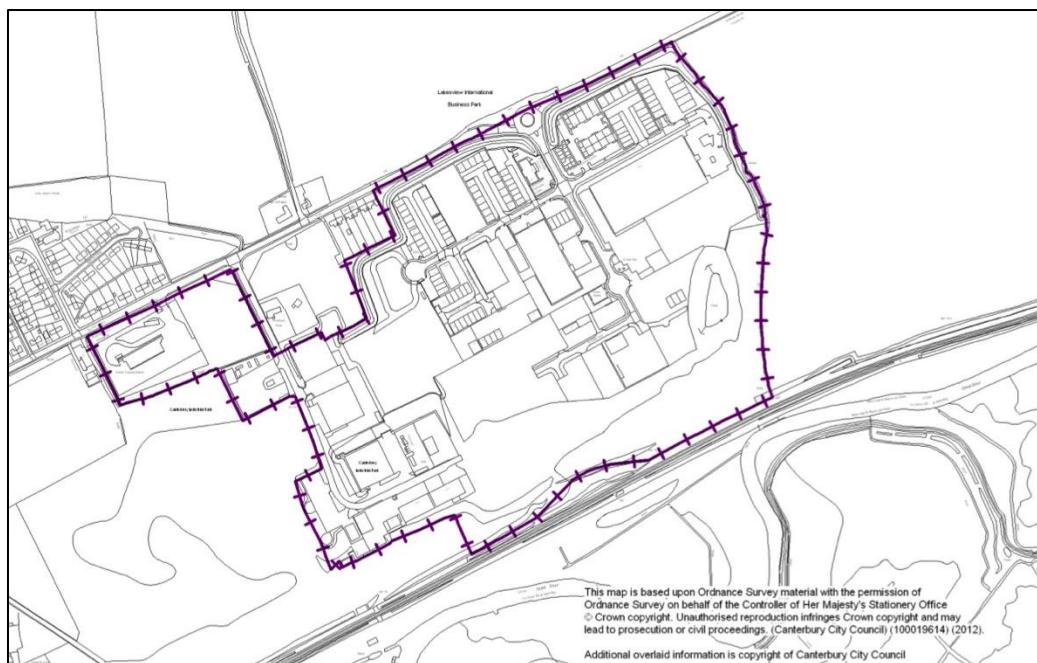
Conclusion - Do not carry forward this portion of the mixed-use allocation for employment use

EL 22: Lakesview Business Park and Canterbury Industrial Park employment cluster, Hersden (29.32ha)

Lakesview forms part of wider employment cluster alongside the adjoining Canterbury Industrial Park site. Lakesview has been a relative success story in the study area attracting new investment and providing employment space for a range of occupiers despite its non-urban location. It has become increasingly important by way of its range of office and industrial floorspace provision aimed at small and growing businesses (e.g. those seeking space up to 3,000 sq ft).

Canterbury Industrial Park is much smaller and older but well established as a location suited to B2 and/or non-conforming industrial uses (e.g. waste recycling). The units though of a below to average condition are generally well-used. Also the Park's status as a 'Business Improvement District' means that the site is managed for the benefit of occupiers with investment made in road surfaces, security and lighting etc.

Figure 6.27: Map showing Lakesview/Canterbury Industrial Estates cluster



In terms of marketability Lakesview is well-established in the East Kent property market and has accommodated a range of industrial, distribution and office occupiers. However its distance from Canterbury to some extent constrains its attractiveness as an office location. Furthermore the loss of Blighine Ltd from Lakesview has left a modern and prominent manufacturing facility vacant though this is being actively marketed to potential users. Alternatively this building may have scope for sub-division into smaller employment spaces which could be offered to a wider range of industrial and office users.

There remains some scope for in-fill development on a few remaining plots at Lakesview which are assessed as having strong overall prospects for delivery in the Local Plan period and which are likely to be brought forward according to market demand.

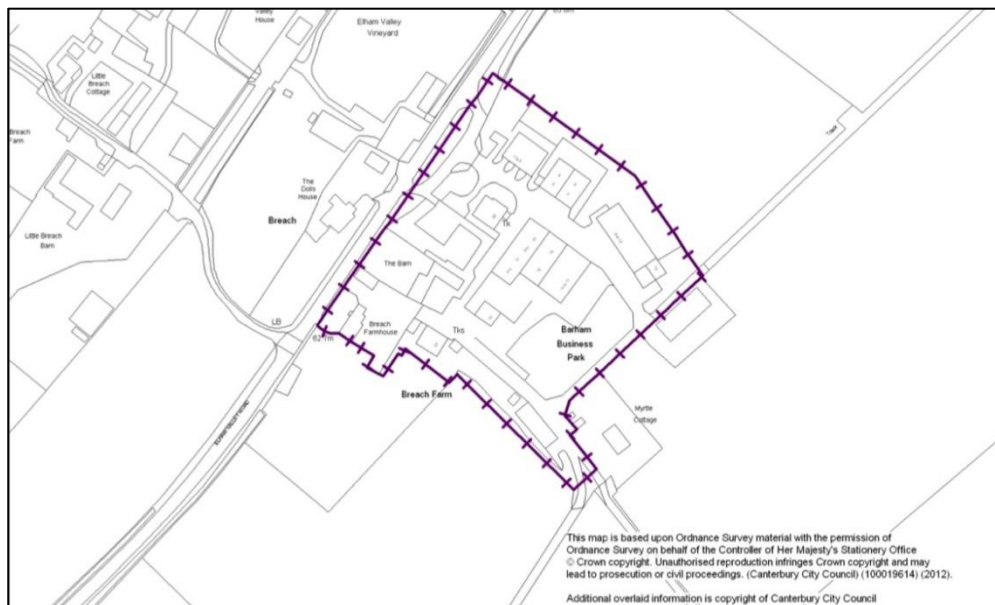
In view of this employment cluster's importance within the district's employment site portfolio and the strong prospects for remaining plots at Lakesview to be delivered this site is scored as 'good'. As such Lakesview and Canterbury Industrial Park have continued suitability for employment use and should be retained and protected for B1, B2 and B8 uses.

Conclusion – Retain and protect as suitable for employment uses

EL23: Barham Business Park, Barham (2.3 ha)

Barham Business Park has made the successful transition from employment allocation to active and vibrant business site despite its relative distance from the nearest settlement (i.e. Barham village) and A2 primary road route.

Figure 6.28: Map showing Barham Business Park cluster



The site is close to full occupation and there is some limited scope for in-fill development, which has planning permission but to this point remains unimplemented. It is assumed that this will be brought forward according to market demand and improved availability of finance. In addition some of the site's former agricultural buildings may require renewal or gradual improvement with measures such as re-cladding or redevelopment necessary over the new Local Plan period.

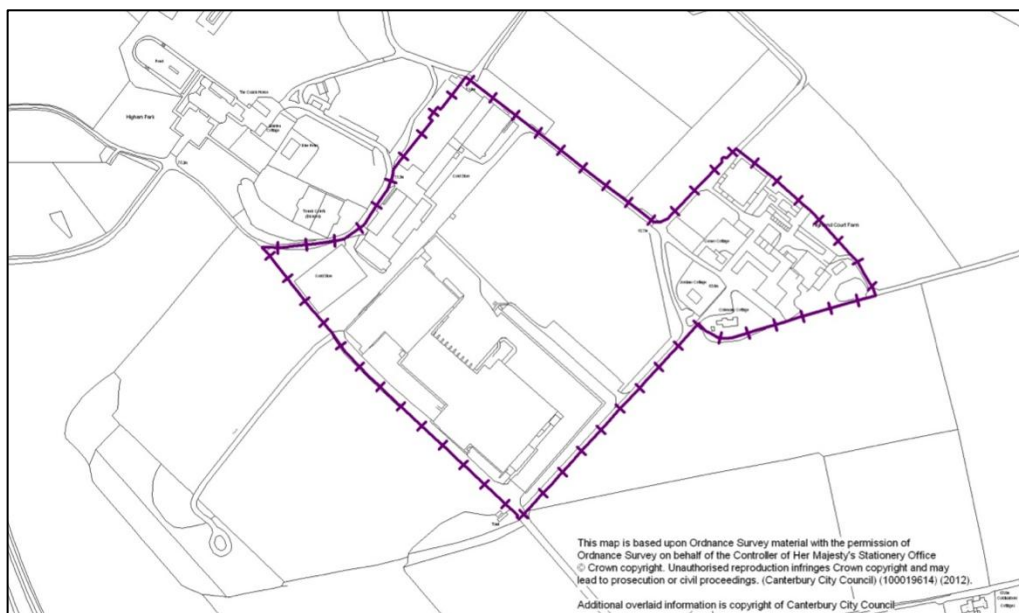
The site performs well when assessed principally because the site appears to fulfill an important local economic role and meets the needs of a variety of small businesses. As a result Barham Business Park including its remaining development plots has continued suitability for employment purposes and should be retained as such.

Conclusion – Retain as suitable for employment uses

EL24: Canterbury Business Park, Bekesbourne (10.4 ha)

This site is an employment cluster located to the south east of Canterbury City just off the A2 road. Its strategic importance relates to its role in accommodating a cluster of economic activities including the potential to provide a range of employment opportunities in this largely rural area of the district.

Figure 6.29 Map showing Canterbury Business Park cluster



Previous observations regarding the site suggest that given the presence of Gomez (one of the country's largest produce companies), which occupies an 8 acre site (inc. 15,000 m² of B8 storage, packing and processing facilities), the business park is a highly marketable location for distribution and industrial uses. This is reinforced by the site's good access to the A2 primary road route.

Future opportunities for development at the site may also help to meet B1 market need south of Canterbury. Phase 2 (i.e. currently a 3 ha employment allocation) is being actively marketed by agents and it is understood that a local commercial developer is working up a scheme that could initiate development of the site. This would suggest that the prospects for delivery are good.

The business park may also play a greater role, within a local economic context, in providing a potentially attractive relocation option for B1/B8 occupiers displaced by a redevelopment of Wincheap Industrial Estate (Canterbury).

There is also a further phase that would see the Highland Court model farm buildings brought back into more productive commercial use. This is likely to be a longer-term project but could also take place within the new Local Plan period. The local market has generally responded well to this delivery formula elsewhere in non-urban and rural areas of the district.

Despite the above factors the business park does possess a low-key profile and experiences limited visibility compared to competitor locations such as White Cliffs Business Park at Dover. This is also situated near to the A2 and has close proximity to the Port of Dover. This might hamper the marketability of Canterbury Business Park, particularly in competition with other sites for B8 type occupiers. In view of its existing role and good overall future delivery prospects the site scores reasonably well thereby demonstrating its continued suitability for employment uses.

Conclusion – Retain and protect as suitable for employment use

6.3 Assessment Summary

A full assessment results table (including individual site scoring) is incorporated as Appendix 23 in the ELR. Table 6.3 below summarises the scores attained through the assessment process, in so doing classifying the 29 existing sites into three broad categories (good, average and poor).

The first group comprises five sites which achieved an overall average score between 4 and 5 which denotes a good overall rating (or weak positive to strong positive). Typically this tends to indicate a strong site, which currently appears to meet a local market need for employment space, is relatively unconstrained and as such is wholly suitable for continued or future employment use. In most cases these sites are fully developed buildings or clusters of activity with employment uses in situ. The exception is Altira Business Park. Despite a significant proportion being undeveloped, its relatively high score is achieved due to a combination of factors including an excellent strategic location and transport sustainability, installed infrastructure provision, limited identified physical constraints or impact on the environment, clear land ownership, high site visibility, active marketing and recent employment development activity together with the full occupation of existing buildings.

The second group comprises the majority of existing employment sites. These achieved an overall average score between 3 and 4, which indicates an average rating (or neutral to weak positive) overall. This group consists of a range of sites with different characteristics, strengths and weaknesses. It includes for instance built or partially built business parks comprising a comparatively significant amount of undeveloped land such as Canterbury Business Park and the Lakesview Business Park and Canterbury Industrial Park employment cluster. The second group also incorporates several wholly undeveloped sites which although potentially suitable for future employment use, may be subject to deliverability and/or achievability constraints. As a result these may score comparatively well in relation to the sustainability and physical assessment. However, this is offset by a weaker deliverability and marketability assessment, particularly where achievability is reduced by land-owner aspirations (e.g. Eddington Lane south and south-west plots).

Along with the first group of sites these are also assessed as generally being suitable for continued or future employment use. Their scores in many cases could be improved further as sites are made available to the market, there is a change in aspiration towards employment uses or development commences.

Table 6.3: Assessed Existing Employment Sites – Canterbury District

Canterbury City Council (2013).									
	Site Name	Sub-Market Area	Gross Area (ha)	Land Remaining (ha)	Employment uses	Physical / Sustainability Assess	Marketing/ Deliverability Assess	Overall weighted average	Quality/ Suitability
EL 26	Rochester House, St Georges Place	Canterbury	0.11	0	B1a	4.44	4.00	4.17	Good
EL 23	Barham Business Park, Elham Valley Rd	Rural	2.3	0.2	B1, B8	3.67	4.40	4.11	
EL 11	Altira Business Park	Herne Bay	15	9.6	B1, B2, B8	4.11	4.10	4.10	
EL 9	Barton Business Park, New Dover Road	Canterbury	3.8	0	B1, B2, B8	3.97	4.14	4.08	
EL 30	HM Revenue & Customs, Sun Alliance House	Canterbury	0.2	0	B1a	4.44	3.80	4.05	
EL 18	Hillborough Business Park, Sweechbridge Road	Herne Bay	2.3	0	B1, B8	4.23	3.83	3.99	Average
EL 24	Canterbury Business Park, Highland Court	Rural	10.4	3	B1, B2, B8	3.77	4.10	3.97	
EL 10	Beckett House, New Dover Road	Canterbury	1.1	0	B1a, A2	4.08	3.80	3.91	
EL 22	Lakesview Business / Canterbury Industrial Pks	Rural	29.32	2.45	B1, B2, B8	3.52	4.10	3.87	
EL 20	Land Between A229 and A2990, Wraik Hill	Whitstable	8	3.2	B1a	3.88	3.70	3.77	
EL 19	Whitstable Harbour (South Quay)	Whitstable	0.75	0.75	B1, B8	3.85	3.71	3.77	
EL 4	University of Kent Technology Park	Canterbury	7	4.6	B1	3.35	4.00	3.74	
EL 27	Block A, Office Connection site, St Andrew's Close	Canterbury	0.1	0.1	B1a	4.02	3.38	3.63	
EL 15	Eddington Coal Yard, Eddington Lane	Herne Bay	1.07	1.07	B1, B8	3.77	3.38	3.53	
EL 12	Eddington Lane (North), Eddington Lane	Herne Bay	2.12	2.12	B1, B8	3.96	3.20	3.50	
EL 17	Former Metric Site, Sweechbridge Road	Herne Bay	0.2	0.2	B1a	3.82	3.11	3.40	
EL 2	Southwestern corner of Vauxhall Road	Canterbury	1.4	1.4	B1, B8	2.82	3.67	3.36	
EL 8	Canterbury Office Park, Harbledown	Canterbury	1.2	1.2	B1a	3.52	3.22	3.34	
EL 13	Eddington Lane (Southwest), Eddington Lane	Herne Bay	3.27	3.27	B1, B8	3.82	3.00	3.33	
EL 3	Car Park, Adjacent to Canterbury West Station,	Canterbury	0.43	0.43	B1a, A2	3.77	3.00	3.31	
EL 7	Wincheap Industrial Estate, Wincheap	Canterbury	8.6	0	B1, B8	3.69	3.00	3.28	
EL 28	Former KCC Building, Beer Cart Lane	Canterbury	0.14	0	B1a	3.90	2.78	3.23	
EL 5	Former Kent Messenger Site, Lower Bridge Street	Canterbury	0.18	0.18	B1a, A2	4.41	2.29	3.14	
EL 14	Eddington Lane (South), Eddington Lane	Herne Bay	1.74	1.74	B1, B8	3.36	2.89	3.08	
EL 29	Newingate House, 16-17 Lower Bridge St	Canterbury	0.1	0	B1a, A2	3.98	1.89	2.72	Poor
EL 1	Little Barton Farm, New Dover Rd	Canterbury	20	20	A2, B1a, B1b	3.16	2.11	2.53	
EL 16	Former FDS site, Hawthorn Corner	Herne Bay	2.9	2.9	B1a	3.31	2.00	2.52	
EL 6	Land adjacent to Canterbury East Station	Canterbury	0.43	0.43	B1	2.71	1.78	2.15	
EL 25	Land at former St Augustine's Hospital	Rural	11.3	1.78	B1a, A2	2.38	1.60	1.91	

The final group is composed of five sites that score below 3 overall which indicates a poor (or weak negative) rating overall. These are sites which are either in a very poor physical condition or significantly constrained to the point that they will have very limited prospects for employment development. Three of these sites are located at Canterbury.

These sites have generally not fulfilled any meaningful economic role for some period of time and are consequently identified as potential candidate sites for removal from the district's supply of employment land. The only partial exception is Newingate House which scores poorly overall largely due to its deteriorating condition and resulting need for investment coupled with unclear future prospects. However the limited re-use options for this building suggests that it remains possible for some employment space to be provided from the site during the lifetime of the new Local Plan, perhaps as part of a mix of uses.

Other notable observations include:

Whilst eleven sites were being actively marketed as available to prospective investors (factor DM8), an almost equally large group (ten sites) were not subject to any marketing activity at all.

Eight sites had experienced some form of recent development activity (factor DM7) within the last 5 years. No recent development activity had taken place on almost twice as many sites (fourteen sites).

Generally those sites being actively marketed were also the most likely to deliver new employment space. 5 sites were assessed as being in the best position (scoring 5 on factor DM9) to deliver some new employment space over the next three years. This amounted to some 5.1 ha with a potential capacity of 21,477 m². At the other end of the spectrum, five sites were assessed as being unlikely to deliver any new employment space either over ten years or beyond the new Local Plan period.

Eight sites were associated with major constraints to deliverability or continued suitability for employment use (factor DM1). Known obstacles include viability issues, need for essential infrastructure such as access, a requirement for reinvestment or the site is currently occupied by non-employment uses. In these cases the constraints were considered to be difficult to resolve or potentially prohibitive to new employment development.

Also only four sites had high levels of 'achievability' (factor DM3) (i.e. where land-owner aspirations are known to be firmly in line with employment use and funding is available etc). In contrast eleven sites were assessed as having low achievability. These tended to be sites where the landowner had previously indicated or is currently pursuing a future preference towards non B-class uses (e.g. subject to SHLAA, loss of employment space).

This group however excludes fully 'achieved' or built business parks which were not assessed on this factor such as Barton Business Park, Wincheap Industrial Estate and Hillborough Business Park. Each of these could be potentially impacted by wider development proposals.

Taking into account the above findings, eight sites scored poorly (below 3) in terms of overall marketability and deliverability. In comparison seven sites scored strongly (over 4) for this part of the assessment.

In most instances the deliverability of a site was comparative to its sustainability and physical and environmental appropriateness. Notable exceptions are existing, built rural and semi-rural sites that perform less well on sustainability and access criteria and/or are greenfield sites. Those that scored most highly in sustainability terms were developed sites located within city and town centres, including Newingate House which scored poorly on deliverability. The only greenfield site that scored well in sustainability terms was Altira which is partially developed, is well served by infrastructure and is generally not impacted by conflicting land uses.

6.4 Potential 'New' sites – Appraisals and Analysis

In addition to the existing employment sites above four further sites were assessed. These were non-residential sites submitted to the SHLAA process therefore also requiring consideration by the City Council. These sites are assessed in this ELR for their potential suitability to employment uses. In order to reflect the new, pre-planning and untested nature of these sites the scoring system is adjusted so that the overall average score for 'sustainability and physical' factors is assigned greater weight. The respective weightings therefore become:

- 40% for 'marketability and deliverability'; and
- 60% for 'sustainability and physical' factors.

Site Appraisals and Analysis

SR 1: Land adjacent to Hall Place, Canterbury (1.3 ha)

Figure 6.30: Map showing the proposed site at Hall Place



This is a small site currently being used as a car park with two farm and storage type buildings but also consisting of some fields and woodland areas. It lies just off the A2050 main access road into Canterbury and out to surrounding areas adjacent to Canterbury Christ Church University's (CCCU) Hall Place Enterprise Centre.

The site is being promoted as a possible future employment site providing some 4,500 m² of B1 office/research and development space. It is located within an area currently subject to several planning designations including an allocation in the current Local Plan as a Park and Ride safe guarding site. The site's main strength is arguably its proximity to CCCU's Enterprise Centre (which itself has previously secured planning consent to replace the storage buildings with business workspace) although this new, more significantly scaled proposal appears to have been submitted independently of the university.

To develop beyond the existing buildings raises potential concerns regarding potential impacts on ecology, landscape and the land's value as a green space separating the settlement of Harbledown from Canterbury. There are also issues regarding the site's access to the nearby highway which presumably is controlled by CCCU. It also relies upon the Council changing its future Park and Ride aspirations for this area of the district.

These constraining factors alongside the limited information available on the site's potential economic role tend to weigh against this proposal when assessed therefore it scores poorly overall. In view of the identified problems in delivering employment space on existing sites the Council is unlikely to seek to allocate a further potentially constrained site to the district's portfolio.

SR 2: Land opposite the former Huyck site, Millstrood Road, Whitstable (2 ha)

This site relates to an area of land adjacent to the A2990 Old Thanet Way. Although it forms part of the Whitstable urban area, it is a greenfield site previously used as pasture land which now appears to provide an open amenity space for local residents (e.g. recreational use and dog walking).

To the east is located the Old Thanet Way and a new residential development and to the west are gardens of residential and a local college. Situated to the north is further open space and residential areas while to the south is a Tesco superstore, the Joseph Wilson Business Park and further housing. The proposal seeks to provide some 7,000 m² of floorspace for a mix of employment, indoor leisure uses and as a location for a new place of worship. The site appears relatively easy to develop with good access on to a main road and closely aligned to nearby amenities. The proposer also has an excellent track record in delivering employment space therefore the site scores well on aspects of the deliverability and marketability assessment.

At the same time, however, the site has Protected Existing Open Space status a position that has been supported by Planning Inspectors for amenity and quality of life reasons. It was originally proposed as a housing site but this was dismissed in the Local Plan Inquiry (2004). In this regard the land acts a buffer for local residents and built development would in this respect adversely impact the character of the area.

Figure 6.31: Map showing the proposed site at Millstrood Road



In advance of the new Local Plan an outline planning application has previously been submitted for a development comprising public open space, church, indoor sports facilities, a business park and associated landscaping and access. This would comprise some 2,288 m² within 15-16 new B1 class light industrial units. This application is presently being determined by the City Council.

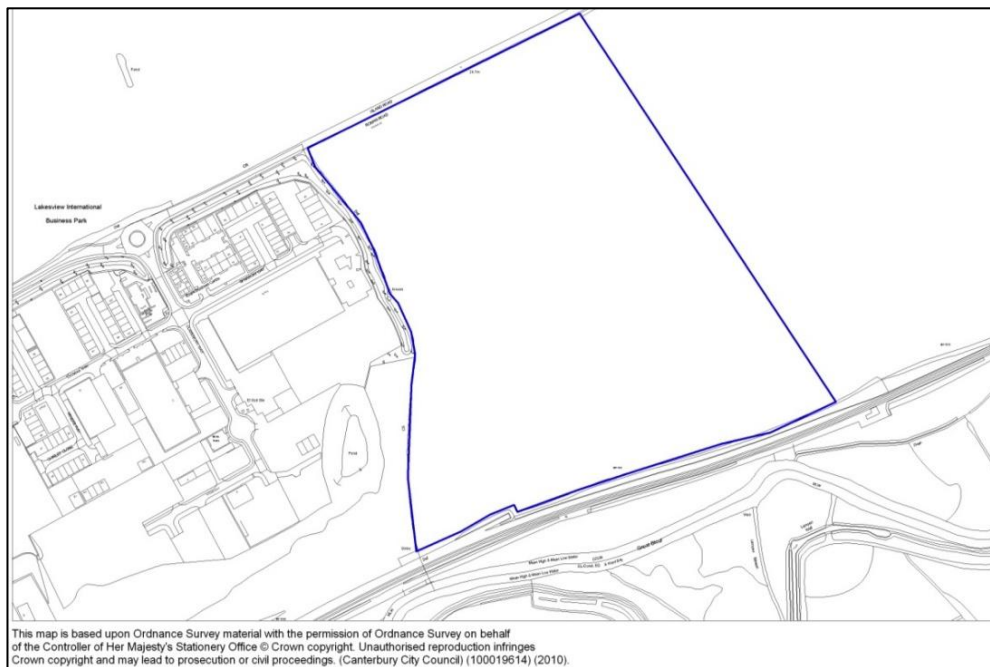
Overall this site scores better than the other proposed potential, new employment sites largely due to its good deliverability and achievability prospects for employment space evidenced by the current planning application and pre-planning investor interest. In terms of the site's potential contribution to the supply of future employment space it is more likely to help provide industrial stock for existing firms seeking new accommodation as opposed to attracting inward investors. In contrast the site scores poorly on sustainability and physical assessment factors. This is due to its value as protected open space and the availability of other suitable employment land in this area. This underlines the difficulty in balancing relevant economic and environmental considerations.

SR 3: Land adjacent to Lakesview, Lakesview, Hersden, Canterbury (24 ha)

This land is a large greenfield site located north east of Canterbury on the edge of the settlement of Hersden alongside the A28 main road between Canterbury and Thanet. It adjoins the existing Lakesview Business Park (and employment cluster) which lies to the west of this land and is assessed separately in this chapter. The site is being promoted as an extension to Lakesview potentially providing up to 6,000 m² of employment floorspace (B1, B2 & B8) and is therefore subject to a SHLAA for this purpose.

Currently used for agriculture, the land is composed of a large open field with far reaching views on either side across the landscape. Clearly therefore there will be concern regarding the potential impact of built development on the open character of the area.

Figure 6.32: Map showing the proposed site adjacent to Lakesview Business Park



With several ecological designations (e.g. Stodmarsh SSSI, Ramsar site) located in close proximity to the south there are also issues concerning the potential for protected species to be present. It also lies near (but just beyond) an area of identified flood risk (2 & 3).

In terms of site assembly access could be formed from the existing business park but this would require permission of another landowner unless the proposer seeks to form a secondary access point elsewhere along the A28 but this could incur considerable cost if a second roundabout were required.

There are also concerns regarding the potential for new development to increase traffic levels at nearby Sturry and the proposer would consequently have to demonstrate how this might be mitigated. As with Lakesview this proposed site is also relatively remote from amenities.

The key strength of this site is its relative market attractiveness and proximity to an existing, successful modern business park. This alongside the track record of the proposer provides confidence that the site can be delivered for employment uses within the new Local Plan period. However, at the same time the market for employment space in east Kent has changed since Lakesview's inception with a greater degree of competition for investment between sites. Furthermore job based forecasts for the district indicate a reduced need for industrial floorspace overall though existing firms will require new stock where this becomes available over the development plan period.

Taking into account the above issues the site performs moderately well when assessed in relation to deliverability and marketability but the greater weighting afforded to the sustainability and physical assessment reduces its overall performance to a score below 3.

If the principle of further employment space were to be considered in this area its potential highway, visual and environmental impacts would need to be investigated. This could be carried out through the planning application process.

SR 6: Land north-west of Sturry Road, Canterbury (2.2 ha)

This greenfield site is located beyond the north east edge of the Canterbury City urban area. The area forms part of a designated 'Green Gap' between the periphery of Canterbury and Sturry and is currently being used as grazing land. From an aesthetic and ecological perspective the land is characterised by rural land uses being situated within an Area of High Landscape Value with the Great Stour River located a short distance to the north of the site along with water meadows and pasture land together with long views across the site to the valley sides beyond.

Figure 6.33 Map showing the proposed site at Sturry Road



Elsewhere along the Sturry Road is a nursery business which constitutes a built presence in the green gap. Further towards the city centre lies a Waste Water Treatment Works opposite the Sturry Road Park and Ride. A Retail Node incorporating a range of uses such as industrial, large scale retail and car sales is located a short distance to the south west. On the other side a used car sales centre abuts the site and beyond this is located the village of Sturry. The openness of this site is important in maintaining the perception of an open rural area between the two settlements and preventing their coalescence, an observation supported by a Planning Inspector to the Canterbury District Local Plan in 2006.

In terms of development potential the land is being proposed for 7,000-8,000 m² of mixed commercial uses (e.g. inc. some employment) via a SHLAA. The site is relatively flat, square and of a reasonable size to accommodate new built development although this is unlikely to incorporate any infrastructure at present. However it may be difficult to support another greenfield development and new access onto the Sturry Road which is nearing capacity, although the site is on a frequent bus and cycle route and therefore is reasonably sustainable.

It is not clear what role employment space would play on this site. A nearby scheme has struggled to secure finance for non B-class commercial uses (and this does not include any B1 or B8 space). The

proposal (in respect of employment uses) appears to be speculative, untested and as a result it may be difficult to attract private sector interest to develop employment space in this location. It would also be subject to competition from more established industrial sites (e.g. Lakesview, Marshwood business parks). Consequently it is more likely to be attractive to higher value car sales type uses than employment.

Taking into account the above factors the site is generally assessed as being poor in relation to the potential to deliver new employment space. This is reflected by a score some way below 3 which is the weakest score of any new, potential site assessed.

Table 6.4: Assessed potential, new employment sites – Canterbury District

	Site Name	Sub-Market Area	Gross Area (ha)	Land Remaining (ha)	Physical, Sustainability Assess	Marketing, Deliverability Assess	Overall weighted average	Suitability
SR 2	Land opposite the former Huyck site, Whitstable	Whitstable	2	2	2.76	3.57	3.08	Average
SR 3	Land adjacent to Lakesview, Hersden	Rural	24	24	2.58	3.00	2.75	Poor
SR 1	Land adjacent to Hall Place, Canterbury	Canterbury	1.3	1.3	2.92	2.14	2.61	
SR 6	Land north west of Sturry Road, Canterbury	Canterbury	2.2	2.2	2.20	2.57	2.35	

Source: CCC analysis (2012)

6.5 Conclusions

This chapter provides a review of the existing supply of employment land and sites within the study area. It aims to ascertain which of the employment supply sites are likely to respond best to the expectations of occupiers and developers whilst at the same time meeting sustainability criteria. The exercise comprises:

- i. A qualitative assessment of existing employment land supply; and emerging from this
- ii. Recommendations for each site to help inform the preparation of a new portfolio of employment land; and
- iii. An initial assessment of potential, new employment sites.

The findings have helped inform an understanding of the supply position in the district. A complete assessment of any potential gaps in supply can be made and then reconciled with projected future requirements for employment land and floorspace.

6.5.1 Assessment process

An assessment process was devised specifically for this study. The methodology adopted can be summarized as follows:

- A series of conditions were sought to help identify the most appropriate sites for assessment. In turn 29 existing sites were selected for assessment, both allocated and other committed land and floorspace. These were accompanied by an assessment of 4 potential, new employment sites.
- The underpinning site appraisal method was devised for the purpose of collecting and comparatively analyzing the selected sites for their suitability or otherwise to employment uses. As part of this a complete set of 28 appraisal criteria were developed, seeking to provide a comprehensive assessment of the quality and suitability of each site for employment use. These were developed in accordance with relevant advice and guidance (e.g. ODPM ELR Guidance Note, 2004).
- The assessment criteria were grouped into two categories namely 'marketability and deliverability' and 'sustainability, planning and physical'. These focused on a broad mix of factors ranging from market demand, competition, achievability and deliverability constraints to strategic and local access, infrastructure provision, physical constraints, planning policy and environmental impacts.
- In order to aid assessment and analysis a 1-5 scoring system was introduced and applied for every appropriate variable to each individual site. This incorporated a maximum of 5 points for an 'excellent / strong positive' factor down to 1 point for a 'very poor / strong negative' factor.
- Using this system an 'average' score was calculated for each assessment category from which an overall score could be derived. This final score is statistically more heavily weighted towards 'marketability and deliverability' (except for the new sites).
- Based on evidence gleaned from the assessment process including relevant scoring, a textual overview is provided for each site. The overviews for existing sites are also accompanied by recommendations that offer a suggested course of action for the City Council to consider.

6.5.2 Assessment Summary

Existing supply sites

- The 29 existing sites selected for detailed assessment in this study amount to some 135.46 ha of land an estimated 57.54 ha is left remaining. 40 ha of land is allocated for employment uses while 16.75 ha is other committed supply or other land considered expected to provide employment space. Just over half of these sites (15) are located at Canterbury.
- Five sites were assessed as being poor in terms of ongoing and future suitability for employment use. These consisted of Newingate House (Canterbury), Little Barton Farm (Canterbury), Land adjacent to Canterbury East Station (Canterbury), the Former FDS site, Hawthorn Corner (Herne Bay) and Land at former St Augustine's Hospital (Rural/other). In four cases the study recommends that

these formally be released from the district's portfolio of employment land. This equates to an amount of land in the region of 34.7 ha (85,000 m² employment space capacity).

- Five sites were assessed as being among the best employment sites in the district. These included prominent, occupied office buildings within Canterbury City (Rochester House and HM Revenue & Customs Building, Sun Alliance House) and general industrial areas which continue to meet a clear market need for employment premises (Barton Business Park and Barham Business Park). Altira Business Park (Herne Bay) also features in this list largely due to a combination of factors such as its excellent strategic location and transport sustainability together with high site visibility and limited identified physical constraints.
- The remaining sites were rated as 'average' or 'average to good' in terms of overall quality and/or suitability for employment use. Therefore whilst having strengths in terms of providing space for employment purposes or having potential to fulfil this role, these may also be subject to some deliverability constraints or overall achievability may currently be held back by physical or non-physical factors.
- Alongside the four current allocations that performed poorly overall and are candidate sites for removal, the Kent Messenger site (Canterbury) employment allocation is also recommended for deletion due to current occupation by an education and office use. In addition it is recommended that the status of two other allocations is changed. It is proposed that the Lakesview Business Park employment allocation is removed to instead be covered by employment cluster status and the Wraik Hill office allocation replaced with an employment allocation and cluster.
- Three mixed-commercial use sites are to be retained including Whitstable Harbour South Quay, Wincheap Industrial Estate and Newingate House due to their potential for employment uses.
- In addition eleven of the current employment allocations and clusters assessed are recommended to be retained in their current form, due to their value in providing for employment in the district and their ability to provide for sustainable market appropriate floorspace. Also five existing office sites and buildings are recommended for retention and protection in their current form, including the Tax Office, KCC Offices, Canterbury Office Park, Beckett and Rochester Houses.
- Three other existing sites are proposed for protection. These are all partially developed or have planning permission for employment development while also achieving average-good overall scores on the assessment and are generally well located for employment related development.

Potential, new sites

- The ELR also assesses four non-residential sites that were submitted through the City Council's SHLAA process, for their potential suitability to employment uses. To enable these sites to be assessed the scoring system is re-adjusted to allow 'sustainability and physical' factors to be assigned greater weight.

- Of these locations only one site attained an overall score exceeding 3, this being the land opposite the former Huyck site, Millstrood Road, Whitstable, due to a relatively good score for deliverability and marketability assisted by a current planning application and pre-planning investor interest. If a further employment allocation were to be required in the district, from a deliverability perspective, this appears to offer potential to meet new demand for space compared to other non-domestic sites assessed in the ELR. In terms of environment and sustainability this site scores poorly (below 3). As this is an initial assessment only, further investigation would be required in order to carefully balance these different considerations.
- Other new opportunities to provide additional employment space through identified mixed-sites (not assessed in this study) may yet emerge through the new Local Plan process.

7.0 DEMAND AND SUPPLY BALANCE

This chapter aims to reconcile projected need for employment space over the new Local Plan period with the established baseline and other relevant land supply positions following the assessment of employment sites within Chapter 6.

It discusses the potential implications of these results, also recalling the key findings of studies which have helped to inform this Employment Land Study and the wider Local Plan process. Following on from this it also identifies whether additional and/or new employment land may need to be sought. It thereafter comprises detailed analysis of the needs of each sub-area of the district (e.g. Herne Bay).

This chapter largely expresses the quantitative analysis in terms of floorspace (square metres or m²) as opposed to land area (hectares or ha). This is firstly because the current annual land supply figures for the district tend to be recorded in terms of floorspace capacity. This method also provides the annual basis for monitoring across Kent. Secondly the relationship between floorspace and land area can vary greatly between sites, particularly in respect of office development. Land to floorspace ratios are discussed in more detail below.

7.1 Planned Supply of Employment Space

Firstly it is helpful to recall the baseline employment land supply position for 2010/11. The existing net allocated and committed pipelined supply of employment floorspace is estimated to be 243,649 m² (69.61 ha). This supply of employment space in the development pipeline comes from sites allocated for employment development in the Local Plan and other sites with planning permission.

The largest proportion of this potential capacity as revealed below in Table 7.1 exists within Canterbury with the vast majority of this supply (c.70,000 m²) concentrated at the key employment allocation of Little Barton Farm. Herne Bay has the second largest proportion of potential supply, with most capacity identified on large sites at Altira Business Park (partly developed site) and Eddington Lane (undeveloped employment allocation).

Table 7.1: Pipeline Employment Floorspace by Location, 2012

Location	Approximate potential employment floorspace (m ²)	Distribution (%)
Canterbury	101,580	42%
Herne Bay	81,355	33%
Whitstable	13,477	6%
Rural / other	47,237	19%
Total	243,649	100%

Source: CCC analysis (2012)

In contrast identified supply is limited within Whitstable, and in terms of the rural areas most supply is concentrated at Canterbury Business Park (Bekesbourne) and Lakesview Business Park (Hersden).

Of this pipelined space 38,859 m² estimated to be on land suited to office development, 16,435 m² was more suited to light industrial uses and 46,606 m² was more likely to be developed for distribution and warehousing type accommodation. The vast majority of space (105,200 m²) was more likely to be suitable for a mix of B-class uses.

In many cases these are estimates based on site assessments or previous planning permissions. It is therefore difficult to factor in the probability that planning consents will often be revised according to market conditions (e.g. occupier needs), or the potential for future redevelopments and /or intensification of employment uses on existing sites.

Added to this in the case of some sites it is also possible that the development capacity is overestimated. The potential yield of employment space at Altira Business Park for instance in Kent County Council's Commercial Information Assessment is 44,100 m² from the remaining 9.6 ha which does not appear to equate with the developer's intended yield of space in website marketing and associated literature.

7.2 Future Requirements for B-Class Employment Uses

In recalling NLP's Development Requirements Study for the District (2012), a number of different future development scenarios were formulated according to different economic and housing forecasts. This provided an assessment of the potential implications of each scenario as a guide to planning for future development requirements for B-class employment space.

In order to calculate a gross floorspace requirement each scenario identified a different projection of employment change over the period 2011-2031. The B-class job element of this figure is then converted into an initial floorspace requirement for employment space. That is the net amount of new development needed to accommodate the forecast net growth in jobs.

A safety margin and additional allowance was then added to this net employment floorspace requirement. The safety margin (sometimes referred to as the frictional margin) ensures sufficient land and capacity is available in the planning and development pipeline if demand is to be met throughout the 20-year plan period. It in part allows for delays in sites coming forward for development and to give some flexibility of provision. The latter makes allowance for replacement of employment floorspace losses. The resulting gross floorspace requirement is the figure that the local authority would need to plan for over the new development plan period.

The estimated floorspace and resulting employment land requirement for all scenarios including Scenario E (for illustrative purposes) is highlighted in Table 7.2 below.

Of all these scenarios it appears that the Council will seek to pursue the type of development trajectory identified in the Canterbury District Futures Study (2006). This is formulated as the 'Preferred Economy Led' scenario (Scenario E) in NLP's study. Table 7.2 above reveals that the employment floorspace requirement resulting from this scenario would amount to some **97,000 m² (gross)**.

Table 7.2: Gross Floorspace and Land Requirements by Scenario, 2011-2031

Scenario:	Policy/Supply Led			Economic Led				Demographic Led		Housing Led
	Scenario A: Existing Supply	Scenario B: Past Trends Completions	Scenario C: South East Plan	Scenario D: East Kent Strategy	Scenario E: Futures "Preferred Scenario"	Scenario F: "Travel to Work" Scenario	Scenario G: Updated Economic Forecasts	Scenario H: Zero Net Migration	Scenario I: Past Trends Migration	Scenario J: Housing Need Scenario
Gross office floorspace (m ²)	40,188	54,538	52,122	64,291	96,775	55,943	56,756	37,259	72,121	71,471
Offices (B1) (ha)	6.8	9.3	8.7	10.9	16.5	9.5	9.6	6.3	12.1	12.2
Gross industrial floorspace (m ²)	-83,691	56,088	-17,562	-3,415	-3,507	-6,883	68,931	-102,225	159,831	162,042
Industrial (B1c/B2/B8) (ha)	-20.9	14.0	4.4	-0.9	-0.9	-1.7	17.2	-25.6	40.0	40.5
Total floorspace (m ²)	-43,503	110,626	33,560	60,875	93,268	49,060	125,687	-64,966	230,952	233,513
Total gross land requirement (ha)	-14.1	23.3	4.3	10.1	15.6	7.8	26.9	-19.6	52.0	52.7

Source: NLP (2012)

To obtain an estimated land requirement the gross floorspace figure is then converted by applying appropriate plot ratio assumptions. NLP initially estimate that some 16.5 ha would be needed to meet the district's office requirement. It should be emphasised that NLP acknowledge the highly sensitive nature of the land conversion figures to different plot ratio assumptions.

It is suggested therefore that an alternative ratio approach be employed which entails a universal plot ratio of 0.35 (i.e. 3,500 m² / ha) being applied across projected industrial and office floorspace requirements for the district. This is consistent with Kent County Council practice which applies this plot ratio to its own internal monitoring data (as used within this study), undertaken in conjunction with district councils.

Furthermore the district's existing employment land supply predominantly consists of urban edge sites that would suggest the projected floorspace requirement is more likely to be provided in a lower density format and configuration compared to sites accommodating higher density floorspace in an urban setting.

In view of its extensive use across Kent and general appropriateness to the district, a plot ratio of 0.35 is therefore considered relevant for use within this study. In turn this would result in a slightly higher employment land requirement for Scenario E. Assuming this plot ratio were to be used the projected land requirement would increase from 16.5 ha to around 28 ha. This higher estimate can also theoretically be met by the current employment land supply providing the employment land comes forward for development and is suitable and developable for the uses required.

7.3 Reconciling Supply with Projected Need

As indicated above initial analysis would appear to suggest that the current pipeline supply of employment land in the district (243,649 m²) more than adequately meets the quantitative requirements for employment space under the Scenario E future development scenario for both sets of plot ratio assumptions up to 2031. In addition NLP (2012) suggest that most currently identified sites that are either allocated or otherwise capable of providing for a range of B1, B2 and B8 uses, would provide sufficient flexibility to accommodate office and industrial floorspace under Scenario E.

However the 243,649 m² figure represents the 'maximum' (or best-case) supply picture - the total amount of land theoretically available to accommodate employment development. It assumes that during the plan period all development sites currently committed for employment uses come forward for development, achieving the maximum level of new employment space possible.

It does not however factor in the possible loss of sites and employment space from the supply portfolio alongside impediments to future new employment space delivery. The findings of previous chapters therefore suggest achieving this 'maximum' supply outlook is likely to be unrealistic. Taking these issues into account it is sensible and pragmatic to also consider some alternative, less optimistic scenarios which may provide a more 'realistic' outlook regarding future site delivery. This is attempted below:

(1) 'Revised' Supply Picture

This position takes into account sites that score comparatively poorly in the assessment process (Chapter 6) and as a result are proposed for release or de-allocation from the employment land supply. The following sites are therefore excluded:

- i) Little Barton Farm, Canterbury (20 ha – 70,000 m²) has substantial barriers to delivery (i.e. prohibitive infrastructure costs) and therefore in its current form is recommended to be de-allocated from the district's employment land supply. However a substitute or partial-replacement employment allocation could be considered as part of a mixed use development scheme through the Local Plan where prospects for delivery may be improved;
- ii) Hawthorn Corner, Herne Bay (2.9 ha – 7,500 m²) has very weak prospects for employment development due to a combination of landowner aspirations which prevent the site from being actively marketed to investors and other constraints (e.g. access to highway). As such this study recommends that this site is de-allocated from the existing employment land supply;
- iii) The former St Augustine's Hospital site, Chartham (1.71 ha, 6,000 m²) is also unlikely to be delivered for employment purposes. Access to this relatively remote site is constrained and it is subject to continuing interest from D1 educational uses but also may be attractive to D2 leisure and recreational related uses. With a planning consent currently being finalised this can also be released from the employment land supply; and

- iv) The Land near Canterbury East Station, Gordon Road, Canterbury (0.43 ha, 1,500 m²) also experiences access difficulties and other constraints which suggest this site is unlikely to yield new employment space.

(2) 'Less optimistic' supply picture

In addition to releasing the poorest sites, this worse-case scenario assumes there are instances where despite being assessed as average-good and therefore suitable for B1, B2 and/or B8 class uses, landowner aspirations for a particular site may not include employment at this point or at least in the short term, or there may be other constraints.

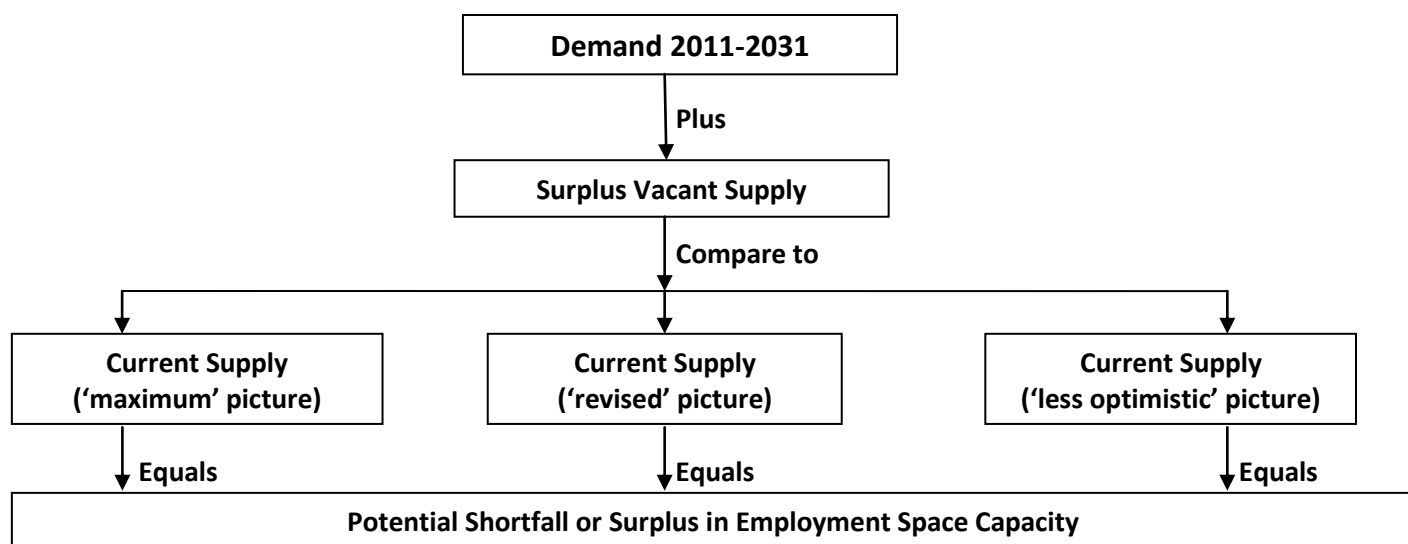
This tends to apply where sites achieve a score below 4 (out of 5) in respect of criterion DM3 (Achievability) within the site assessment. The probability of these sites delivering the 'maximum' estimated yield of employment floorspace is consequently reduced. This 'less optimistic' supply picture therefore considers:

- v) The University of Kent's Business Technology Park, Canterbury (4.6 ha, 15,130 m²) has experienced delays in coming forward for development despite the first phase being complete and fully occupied. A new planning proposal (for student accommodation) could help mitigate high site development costs thereby enabling Phase 2 to be delivered but if approved would result in a 25% reduction (i.e. loss of 3,783 m²) in the amount of employment space yielded from the site;
- vi) The Junction of Broad Oak Rd/Vauxhall Rd site, Canterbury (1.4 ha, 4,400 m²) once marketed will be very attractive to higher value non-B uses (e.g. car sales) and therefore may not yield any employment space at all;
- vii) The former Kent Messenger site, Canterbury (0.18 ha, 1,070 m²) is presently occupied by an educational use which is making a long-term commitment to the district. As a result this site is unlikely to be available for employment use over the Local Plan period;
- viii) Station Road West site, Canterbury (0.43 ha, 1,400 m²) has development constraints (i.e. the need to re-provide commuter parking) which may make office development difficult to deliver, though a viability assessment will need to be undertaken to appraise this further;
- ix) Landowner aspirations have constrained the development of at least two sites at Eddington Lane, Herne Bay. These are neither being marketed and/or available to potential investors. These sites (amounting to 5.01 ha, 17,000 m²) are currently subject to a Local Plan representation for mixed use development which could either lead to less space being developed for B-class employment uses or their entire loss from the employment land supply;
- x) Canterbury Office Park, Canterbury (as of January 2013) is subject to a planning application, predominantly seeking to develop the site for non B-class uses. In this case there is the possibility that potential employment space capacity (comprising 1.2 ha, 4,720 m²) could be lost on the site; and
- xi) Altira Business Park, Herne Bay (9.6 ha, 44,100 m²) has seen very slow delivery despite being assessed as being a good site for employment uses in the study's assessment. This is complicated by a major new retail proposal which in the short term at least may serve to further impede any new delivery while this is resolved through the planning process.

7.4 Demand / Supply Balance

Taking into account the above supply pictures Table 7.3 sets out a series of figures to help establish to what extent future demand and available supply are in balance in the district. To aid analysis this is also presented on a district sub-area basis (e.g. Canterbury). Also the method used to obtain the figures presented in Table 7.3 is outlined in Figure 7.1 below.

Figure 7.1: Demand / Supply Balance – the method *Source: CCC (2012)*



Each of the components in Figure 7.1 is discussed briefly below:

Demand 2011-2031 - This reflects the employment space demand projection for Scenario E (preferred Futures Study scenario) as formulated in NLP's development requirements study (2012) and which is also summarized earlier in this chapter. This is largely composed a prediction of employment demand based on economic modelling and extrapolation of past trends in terms of employment change. This also makes some allowance for annual losses of employment space based on recent trends. This demand is then distributed on a sub-area basis according to the City Council's proposed allocation of housing numbers (2011-2031) for each area. Although this is a general guide this approach does seek to align future job creation and the associated demand for employment space to the main centres of population and employment in the district and as such can assist sub-area analysis.

Surplus vacant supply - The purpose of the surplus space calculation is to incorporate the space requirement a margin of vacant space which is required for frictional vacancy and choice, so that the market operates smoothly. According to empirical evidence (King Sturge, 2005, 2011; Roger Tym & Partners with Lambert Smith Hampton, 2008) the frictional supply of vacant space is estimated at around 7.5% - 10%.

Space above this level is generally regarded as being surplus to requirements, which can then be carried forward into future supply. When the space is below this level, there is not enough vacant space to allow for the friction. As established in Chapter 4 the level of vacant employment floorspace in the district is estimated to be 7.5%. Therefore the surplus floorspace calculation in Table 7.3 is nil implying that no space should be carried forward into future supply.

Current supply ('maximum' picture) – this is the existing pipeline capacity of employment space in terms of the use classes offices (B1/a/b), light industrial/general industrial (B1c /B2) and warehouses & distribution (B8). It comprises allocated employment development land without planning permission, employment space with extant planning permission and committed employment space in the district with planning permission that is not yet started. The employment land supply position taken from the 2010/2011 Commercial Information Audit (Source: KCC, 2012). This position assumes that all sites come forward for employment uses and deliver maximum projected levels of employment floorspace.

Current supply ('revised' picture) – this is the maximum supply picture adjusted to take account of findings from this study's site assessment in Chapter 6. This is termed 'revised' supply since a number of sites have been removed due to them being assessed as suitable for either release or de-allocation from the employment land supply.

Current supply ('less optimistic' picture) – this picture takes the revised position above but then also discounts those sites identified as having deliverability constraints and/or achievability barriers. This is based on the study's site assessments together with related analysis of capacity in this chapter. Regardless of their overall average score generally these are constrained by way of longstanding land-owner aspirations for non B-class uses and/or where a loss of employment space is anticipated due to development constraints such as competition from non B-class uses.

Potential Shortfall or Surplus in Employment Space – this presents the outcome for each of the three supply pictures in terms of whether a shortfall or surplus is apparent. A surplus indicates that there is sufficient supply already identified to meet predicted needs while a shortfall identifies that additional employment land may need to be identified to provide sufficient employment space to meet future requirements.

Table 7.3: Projected demand and supply analysis floor area (m²)

	Canterbury	Herne Bay	Whitstable	Rural/other	District
Demand					
Scenario E Requirement (2011-2031)	37,839	29,323	12,000	17,613	96,775
Committed Supply					
Employment allocations	94,030	35,200	12,022	6,000	147,252
Other supply commitments	7,550	46,155	1,455	41,237	96,397
Surplus vacant supply	0	0	0	0	0
Future Supply Pictures					
'Maximum' supply picture	101,580	81,355	13,477	47,237	243,649
'Revised' supply picture	30,080	73,855	13,477	41,237	158,649
'Less optimistic' supply picture	14,707	12,755	13,477	41,237	82,176

	Canterbury	Herne Bay	Whitstable	Rural/other	District
Demand / Supply Balance					
'Maximum' supply picture	+63,741	+52,032	+1,477	+29,624	+146,874
'Revised' supply picture	-7,759	+44,532	+1,477	+23,624	+61,874
'Less optimistic' supply picture	-23,132	-16,568	+1,477	+23,624	-14,599

Source: Canterbury City Council analysis, NLP (2012), KCC (2012)

Drawing on the above findings and analysis together with other issues arising from the study a number of observations can be made regarding the demand and supply balance together with the management of existing employment land supply and provision. There may also be implications for local planning policy emerging which are articulated in Chapter 8 (Overall Conclusions and Recommendations). This is discussed below.

District Analysis

Against the forecast requirement of almost 97,000 m², analysis of the 'maximum' and 'revised' planned supply scenarios reveal that estimated demand can be met comfortably at a district level. Both supply pictures produce an oversupply of floorspace capacity.

Under the 'less optimistic' scenario however, where only good-quality and immediately available development sites come forward while some existing sites are released for other uses, supply falls short of demand by some 14,599 m². This undersupply means that land and floorspace capacity would effectively run out about three years before the end of the plan period.

In this scenario some 66% (two thirds of the 'maximum' employment land supply) is constrained with regards to achievability (e.g. landowner aspirations and other development constraints). This supply picture is significantly more limited in quantity and choice than the 'maximum' case. Not only is remaining supply insufficient it is also geographically imbalanced, with insufficient, unconstrained land in the locations where it will arguably be most needed – in Canterbury and Herne Bay. A reduced supply would also place heightened pressure on other remaining sites to come forward for development.

Ultimately to replace lost employment sites and space and accommodate anticipated growth in employment, the study area may need to consider responding to this shortfall by identifying some new employment land.

The district level analysis suggests that for some of the new local plan period at least the market may be in balance, but more land would be required to meet total forecast demand. At the same time further analysis is required to understand how the above supply pictures impact the district's sub areas.

7.5 Sub-Area Analysis

Canterbury

Projected demand at Canterbury is estimated to be around 37,839 m², the largest of the district's sub-areas. This reflects NLP's advice that a substantial component of demand for offices up to 2031 (i.e. based on Scenario E floorspace requirements) will need to be met at Canterbury.

The implication here is for predicted higher levels of employment space completions at Canterbury given the focus on higher-value knowledge-based sectors, which benefit from proximity to the largest

population centre, universities and the city's cultural and heritage assets. Adequate provision will also need to be made for employment uses to ensure that the creation of employment opportunities is commensurate with any growth in new homes.

There is also a strong supplementary argument based on the premise that the amount of employment land in the district should be generous in order to revitalise the local economy after losing over 2,000 jobs since the beginning of the economic downturn in 2008. Whereas these jobs were lost across a range of employment sectors that make-up the local economy, except for professional services which grew steadily despite the recession, appears to further substantiate this argument.

In policy terms this is reinforced by evidence underpinning regional and sub-regional strategy documents (i.e. South East Plan) which indicate that future economic need should increasingly be weighted towards Canterbury City. It is the district's main population and business centre and will be the location of strongest market demand taking account of the continuing gradual shift to growth in office-based sectors identified in development Scenario E.

Whilst Table 7.3 suggests this demand can comfortably be met under the 'maximum' supply scenario both the 'revised' and 'less optimistic' pictures would reduce capacity significantly. Thus, in quantitative terms, for Canterbury there is insufficient land to meet the forecast market requirement potentially leaving the sub-area unable to satisfy demand over the new local plan period.

Many of the district's sites that either may need to be released or de-allocated (e.g. Little Barton Farm) alongside other constrained employment space capacity are located in Canterbury. In quantitative terms some 86,873 m² of capacity appears to be constrained (86% of all future floorspace supply for Canterbury) under the 'less optimistic' supply picture. In general it can be argued that the lack of new, high quality space delivered at Canterbury results at least in part from the dominance of the large Little Barton Farm employment site allocation and the associated difficulties in securing funding for the significant infrastructure enabling works needed to bring it forward.

Evidence from this study suggests the city has a limited supply of new, readily available or emerging office development sites. Only one available office site remains in the city centre itself which is currently subject to a planning appeal to develop a residential scheme. Whilst Little Barton Farm is unlikely to come forward in its current form there are also delays at other sites on the edge of Canterbury and its market area (e.g. Canterbury Office Park).

In addition the study has identified uncertainty as to the future prospects for Wincheap Industrial Estate and Barton Business Park. Though an assessment of these sites has established continued suitability as built employment and mixed-commercial sites, Barton Business Park would be impacted by wider development proposals at South Canterbury while the Council has aspirations to redevelop Wincheap Industrial Estate for other uses. Together these sites are estimated to comprise 23,321 m² of employment floorspace (excluding other non B-class commercial uses).

For comparative purposes the displacement of this space would represent almost two years of annual employment space losses in the district. These industrial estates also retain important local employers some of whose sites provide a vital role in the distribution supply chain for retail businesses in Canterbury City (e.g. Fenwicks). In these cases care should be taken not to place undue constraints on industrial occupiers and to ensure the availability of alternative sites to accommodate displaced firms. Also the loss of these industrial areas would result in a serious shortage of lower-cost industrial sites to the south and south east of the city.

In response to this it should be assumed that an equivalent level of replacement floorspace will need to be provided elsewhere. In this regard a detailed assessment of occupiers' requirements would be required to help the Council determine to what extent these can be met on existing business parks and employment sites. However aside from Canterbury Business Park (Bekesbourne) there are few if any site options (in terms of size, type and location) within relatively close proximity to Canterbury that could accommodate occupiers. As a result some new industrial land provision may need to be made elsewhere at Canterbury through the Local Plan process to ensure displaced businesses are not lost from the district.

Taking the need to ensure a sufficiently robust supply is available to meet future demand and economic needs at Canterbury into account, the Council may wish to consider re-providing a long-term land resource through the Local Plan process. This would partially replace some of the large employment allocation at Little Barton Farm, South Canterbury, which is undeliverable in its current guise. This new business allocation would need to form part of the wider development zone plans for South Canterbury which would entail essential, significant infrastructure improvements. To deliver these enhancements upfront would strongly help both the deliverability and achievability of employment space.

Based on the findings of the ELR the council may wish to broadly provide for at least 30,000 m² of office floorspace capacity complemented by an additional 20,000 m² for mixed commercial uses including light industrial and storage and distribution uses. In applying a basic ratio of 3,500 m² per ha this floorspace quantum would require in the order of 14 ha of land. This generally excludes the requirements of non B- class commercial uses though some additional provision may also need to be made for this.

As well as more generally helping to plan for employment generating uses by meeting projected demand a new allocation could perform two distinct commercial roles.

Firstly it would provide some scope for a smaller, more focused quality office site. Chapter 3 for instance identified the lack of any, what might be referred to as 'key business sites' at Canterbury. This approach could seek to retain existing businesses and attract new firms in those sectors (e.g. financial and business services) that are growing and that can move up the value-added chain. A new development site could provide the opportunity for qualitative improvement so that office stock is upgraded and modernised thereby encouraging high-value occupiers to locate and grow in the area. It also could create a business site offer that is potentially more attractive to mobile inward investment, an issue previously identified by Locate in Kent as currently lacking in the district.

Alongside the University of Kent's Technology Park this business site would form an important component part of the district's qualitative supply of employment space help to address the limited range of site options at Canterbury. Economically this can also help reduce the district's remaining dependence on a few sectors with uncertain and volatile future prospects.

This site could potentially provide sufficient scale to enable market attraction and to adequately establish a prestige brand, meeting Canterbury's needs by ensuring a continual supply of space over the new Plan period. In being smaller in scale than the Little Barton Farm employment allocation it also arguably seeks to ensure any new provision does not provide counter-productive competition with neighbouring districts (e.g. Discovery Park, Dover district) for similar investment. Similarly it is not considered of a significant scale that this displaces any remaining or future office development or redevelopment opportunities in Canterbury City.

The Council would also have to ensure that this approach is accompanied and complemented by appropriate non land-use planning based interventions (e.g. business development activities, inward investment marketing).

Secondly, alongside an 'office' based business park component, a new business allocation offers an opportunity to deliver a commercial mixed-use environment, which provides a potential relocation option for those occupiers of employment space residing on local industrial estates potentially impacted by wider development and regeneration proposals. Though a detailed discussion of this issue is not within the scope of the ELR, it could also provide for displaced users of commercial non B-class space.

Whereas a new allocation would result in a small oversupply of future floorspace capacity at Canterbury this does allow scope for an attractive offer that helps provide a growth in jobs that exceeds NLP forecasts. It also provides a margin to ensure that provision errs on side of being generous so that economic growth is not constrained by lack of land, and there is choice and flexibility in the market.

Canterbury City Centre

Where the 'less optimistic' supply picture appears to leave a shortfall at Canterbury, the City Council may need to continue controlling the loss of existing office sites and protecting existing secondary space if market requirements are to be met over the plan period to 2031. Moreover some firms in the city will be unable to afford new high-quality space and instead depend on a supply of second-hand property. Chapter 6 identifies a number of comparatively large, existing office buildings in Canterbury. These may increasingly come under pressure for either conversion or redevelopment potentially to higher value uses such as residential. The residential property market in the City of Canterbury is among the strongest in Kent. Those sites that the ELR's qualitative assessment recommends as being suitable for retention are arguably among the highest priority for protection, being both occupied and of a reasonable condition.

There will however be other sites and premises which may need to be 'considered for release' in the Local Plan period. Office premises that are older, larger, perhaps require some reinvestment may be particularly difficult to let under prevailing market conditions and therefore are especially vulnerable to change of use. If vacated by existing occupiers demand may be limited due to their larger size, relative age, condition and adaptability. Moreover current rents are insufficiently high to encourage greater investment, enhancements and other internal changes to configuration and layout to attract the types of businesses operating in the city centre. This situation is likely to be exacerbated by the Government's planning policy intention to encourage more office to residential conversions in order to boost housing supply.

In the main sites should only be released where it can be demonstrated that either occupation or development is undeliverable or unachievable, that there is no demand for office space at the site, that its continued use for offices would have unacceptable impacts on the environment or amenity or its release triggers an opportunity to replace them with better-quality office premises in the district.

A second approach for the Council to consider taking could be to encourage the delivery of newly converted or redeveloped office space as part of mixed-use schemes over the new Local Plan period. A current example includes pre-planning interest expressed in the refurbishment of the former KCC site, Beer Cart Lane, which seeks to provide better quality employment space as part of new residential and office scheme.

This approach would present both challenges (i.e. the cumulative impact of losses of office space to housing and relocation of existing occupiers) but also opportunities to bring forward smaller office schemes of better quality and more suited to the requirements of the local economy and property market. There is continuing need for small and moderately sized, good quality office space in the city. As has been most recently shown at Canterbury's Innovation Centre, tenants will pay market rents for good quality office accommodation. Also some businesses are keen to acquire offices on a freehold basis. Any new space should ideally include small, managed or serviced office units available on flexible terms. It would also present a strong aspiration to continue stimulating and supporting an already flourishing local professional services sector economy thereby signalling a desire to improve the economy over the longer term.

This approach also strongly aligns with advice from the consultants Savills (2007) who recommend that the Council identify 'pepper-pot' sites within the city which can provide new and better quality office accommodation thereby partially replacing lost older office stock.

Where this is demonstrated to be unachievable other commercial uses including retail and non B-class uses could also be provided, which are also essential to maintaining a broad mix of active and vibrant uses within the city centre.

Whitstable

Estimated demand for new employment space for Whitstable (12,000 m²) is relatively small over the new Local Plan period. This projection tends to reflect the town's limited physical capacity for new growth.

In addition to projected future demand there is evidence of expressed current demand for new employment space in Whitstable. This is demonstrated by a recent planning proposal from a local commercial developer to develop a site at Millstrood Road in the town. Whilst the planning application is yet to be determined by the City Council the developer appears to have sufficient interest (e.g. pre-sales and lets from businesses to confidently build out the scheme. This has come from businesses seeking new or replacement space as opposed to inward investment demand. This need is reinforced by a submitted SHLAA for the site which seeks to reinforce its' potential for employment purposes.

Alongside and to some extent competing with users of employment space is also unsatisfied demand from non B-class commercial and other uses (e.g. nurseries and indoor leisure) in the town. The potential for increased job creation in sectors typically associated with non B-class planning uses in the district is identified in NLP's study of development requirements.

In terms of supplying sufficient employment space to meet these needs, the 'maximum' supply picture for Whitstable suggests that future levels of employment space provision at Whitstable are comparatively small compared to other sub-areas of the district. Only 5% of the district's future floorspace capacity could potentially be delivered in this area. This figure does not change under the 'revised' or 'less optimistic' supply pictures.

In real terms future supply is restricted to small scale employment development opportunities at Whitstable Harbour and more broadly on the land between A229 and A2990, Wraik Hill, which also comprises Estuary View and Chaucer Business Parks. The likelihood of limited supply opportunities being available at Whitstable raises a number of issues.

It firstly reaffirms the importance of continuing to retain the most modern existing business park and industrial estate sites for employment uses. The study has indicated that St Augustine's Business Park, John and Joseph Wilson Industrial Estates and Tyler Way Trading Estate are fully developed, appear to be well-used and occupied and are generally fit for purpose. They also generally provide a range of accommodation types and sizes (from start-up workspace upwards) which provide opportunities for indigenous firms to expand and accommodate their growth.

As these sites do not fall within the criteria used to define the list of assessed employment sites (e.g. fully developed but not subject to a SHLAA proposal) they have not been subject to a full qualitative assessment on this occasion. As such they are automatically considered suitable for continued employment use. This said, these business sites have been intensively used for some time resulting in little scope for intensification and in most cases on-site accommodation and infrastructure will require general upgrading over the new Local Plan period. The need to retain existing business sites is also further underlined by physical factors or characteristics that given the size and location of Whitstable, will constrain future ability to identify new sites there.

Secondly existing business parks and industrial estates and perhaps even new employment sites may need to help meet continuing and future demand for accommodation from non B-class commercial uses. In some instances (where appropriate and a suitable case is made) existing sites provide accommodation for these uses. This occurs for example on the Joseph Wilson Industrial Estate and Tyler Way Trading Estate. In the main these uses occupy a relatively small level of floorspace as a proportion of all commercial space on these sites.

Though a relatively flexible approach is currently applied by the Council in this regard and is considered appropriate, the local authority may wish to consider, where this is appropriate, to allow a higher level of commercial non B-class uses to operate from these sites. It should however consider whether this can meet the needs of non-B class commercial uses without stifling the expansion aspirations of local employment space users. In this case a periodic review of the role of these sites would be required to ensure their continued suitability for this purpose.

Finally the restricted scope for future development of new employment space in Whitstable means that there will be limited opportunities to deliver new industrial and distribution type space in the town. This places increasing pressure on undeveloped and partially developed sites along the coastal corridor at Herne Bay to deliver new employment as well as other space for commercial users in both sub-areas.

Herne Bay

Projected future demand for employment space at Herne Bay is estimated to be broadly in the region of 29,323 m² (30% of all district demand).

Against this future demand position the coastal town currently retains some seven largely undeveloped sites equating to some 33% of total supply in the district. On paper Herne Bay is served by a good range of sites varying in size, choice, location and potential capacity. In theory this should be adequate in meeting the longer term quantitative and qualitative requirements of the town's businesses and any potential footloose inward investment demand. However the 'less optimistic' supply picture as evidenced through the study's assessment suggests that several Herne Bay sites retain significant achievability constraints. These evidently stem from land-owner aspirations which often prefer to develop key sites for primarily residential and retail uses.

Altira Business Park for instance is Herne Bay's largest, most prominently located and best equipped site to meet future employment needs. This site as a result scores well in the study's qualitative assessment (scored as 'good to excellent') but overall achievability is adversely affected by recent proposals to develop a supermarket.

Similarly the three undeveloped employment allocations at Eddington Lane are assessed as having continued suitability for employment purposes. These sites form part of an existing business park and employment cluster. The principal constraining factor appears to be land-owner aspirations which seem to rest on residential hope value.

In contrast other Herne Bay sites such as Eddington Nursery and Eddington Links have been largely built out and fully committed to firms seeking to occupy new workspace. This demonstrates some apparent continuing demand from businesses prepared to commit to pre-lets and sales of new business premises. The delays in delivery of key sites in the Herne Bay sub-area has severely constrained the development of new employment space resulting in negligible amounts of workspace on the local commercial property market.

In spite of the limited amount of employment space brought forward on the Altira Business Park and at Eddington Lane Business Park and that the National Planning Policy Framework advises local authorities to avoid protecting employment land over the long-term, there is a strong need to ensure that the best quality sites are retained to support Herne Bay's economy. The rationale for this is as follows:

- The significant capacity of these sites can help to address a falling jobs density locally (i.e. ratio between working age residents and jobs) which indicates high levels of out-commuting and therefore an imbalance between residents and job opportunities). Without these sites the district's Scenario E requirement would be significantly more challenging to attain. Research conducted in the district by Ipsos Mori (2012) suggests local residents want to see more job creation and business development in the district. Employment land is therefore an important resource in locating, encouraging and achieving this;
- These sites can positively contribute to diversifying employment within the town which is concentrated within a few lower value added sectors (e.g. retail, social care, public services);
- These are fundamentally sites with suitability for employment use. In each case undeveloped plots form part of wider business parks which are well-located, retain existing built employment space, is well-used (e.g. fully tenanted) and is well-served by on-site infrastructure;
- There is strong potential for these sites to complement ongoing regeneration work in the town centre and implementation of the town's Area Action Plan by assisting business and investor confidence; and
- These sites have considerable scope to provide new opportunities for businesses to expand from neighbouring coastal town (Whitstable). Therefore they also provide an important component in the context of the district's overall portfolio of sites. In Whitstable there are more physical constraints that can prevent the expansion of existing business parks and identification of new employment allocations etc. Therefore even where development is challenging, sites are not readily available to investors or are unable to meet the needs of modern industry, simply substituting existing sites with new land may not be realistic or achievable. Consequently the most suitable sites for employment use at Herne Bay (e.g. sustainable, accessible with services and infrastructure in place) need to be retained and protected.

With the above rationale for retention in mind alongside the potential for a supply shortfall at Herne Bay if new development delays continue, the City Council should firstly seek to resolve development constraints at sites already allocated or committed. If future demand is to be met there is a need to resolve achievability constraints on the best-located and most suitable employment sites, such as Altira Business Park, which if achieved would provide a high-quality development opportunity.

A further approach for the Council to possibly consider is to redefine the range of acceptable commercial uses permitted to occupy these sites. This could be extended for instance to include job creating non B-class uses (e.g. nurseries, car sales, training, leisure etc) but excluding retail, the capacity for which would need to be determined elsewhere in the Local Plan process. This approach could help the land-owner or developer assemble an attractive mix of commercial uses which assist sites' potential viability and deliverability as well as increasing vibrancy and economic activity while providing for the town's broader economic needs.

The other option is to release the above sites for alternative uses with the hope new, more achievable and deliverable Herne Bay sites may come forward through the new Local Plan. However to rely on the prospect of new sites coming forward, which currently lack any formal status and when adequate sites already exist within the planned supply, is in itself difficult and probably counter-productive.

The ELR has not assessed any new, potential employment sites at Herne Bay therefore presumably any proposed new employment space would form part of a proposed mixed-use scheme and as such would be considered as part of the wider SHLAA process. However these may not be of any better-quality and any less constrained or situated in more accessible locations than existing sites. Therefore the potential to identify additional B1-B8 sites may arise but this cannot be wholly relied upon to meet future demand at Herne Bay and to ensure a balance between any new homes and employment opportunities.

As a result the principle for employment use needs to be maintained on existing sites (Altira and Eddington Lane) notwithstanding some possible potential for them to also accommodate an element of complementary mixed-commercial uses.

One of the above sites could also provide a light industrial and office enterprise centre which would require only a relatively small area of land (i.e. below one hectare). Herne Bay would benefit from the provision of a small enterprise centre or similar facility offering small, flexible, low cost business units with easy in and easy out terms. This would reduce pressure on other enterprise centre type schemes along the coastal corridor, all of which are fully occupied. This could perhaps be facilitated through a public and private sector venture involving the City and/or County Council.

Elsewhere at Herne Bay the Hawthorn Corner (former FDS) site has been assessed as having comparatively poor prospects for employment development. In this case the Council may seek to release this site either for an alternative development (including commercial) use or non-development purposes.

Also Hillborough Business Park appears to fulfil an identified economic function within the local area by providing small and low budget accommodation not only for employment space users but also non B-class commercial enterprises. Occupiers do not appear to require direct access for example on to a primary road route and the estate also does not suffer from fragmented ownerships which can limit the scope for necessary refurbishment and improvement.

Furthermore as and when the district's workplace economy restructures towards higher-value activities, it is important to ensure a balance between different employment opportunities. To avoid an imbalance the Council's employment land policy needs to protect those business sites that support other jobs, especially in and near weaker economies such as Herne Bay. This means protecting 'secondary' business sites from transfer to other uses, and where appropriate supporting their renewal.

For these reasons and unless there are other overriding rationale for not retaining the site, it would appear to be counter-productive to release Hillborough Business Park when there are no obvious relocation options for its occupants. Even if new sites were to come forward these may provide new employment space that does not directly meet the needs of Hillborough's current occupiers, particularly for lower end users such as car repair workshops. Once existing commercial sites are lost they will be difficult to replace particularly in coastal towns where a 180 degree hinterland provides a significant physical barrier.

The Council may though wish to review this situation at a time when new accommodation is provided on alternative local sites. Therefore such decisions should be taken on the basis of an up to-date analysis of likely employment demand compared to the scale and quality of employment land supply.

Rural/Other areas

This sub-area is varied in terms of its spatial coverage in some cases being genuinely rural but much of the district (in relation to centres of employment) is located relatively close to other urban sub-areas (e.g. Canterbury). Future demand in rural or non-urban areas is projected to be relatively small (17,613 m²) compared to other sub-areas reflecting the likely distribution of housing delivery across the district.

In each of the three potential supply scenarios this sub-area retains over 40,000 m² of potential floorspace capacity. This is largely concentrated within undeveloped plots at Canterbury Business Park (Bekesbourne) and Lakesview Business Park (Hersden). This level of capacity suggests future demand can be accommodated and satisfied comfortably with adequate scope to meet any additional demand from district business relocations or new inward investors.

As Chapter 3 found in some years comparatively more employment space was delivered on rural sites (e.g. Lakesview Business Park) compared to other locations in the district. A considerable amount for demand was satisfied when Lakesview was developed. Despite recent blows (notably the loss of the manufacturer Blighline Ltd) recent completions (i.e. take-up figures) highlight Lakesview Business Park's important function in providing new employment space to the district.

In a similar vein Canterbury Business Park is well-positioned to meet the needs of employment space users south of Canterbury. It has the potential to be attractive to, and therefore to some degree absorb displaced firms on sites in Canterbury that are subject to future redevelopment plans. Delivery is set to begin on an undeveloped employment plot at Canterbury Business Park (Bekesbourne) within the next few years.

This study's assessment suggests that both business parks have good prospects for delivering new accommodation and as such need to be retained as important elements of the employment land supply. Though smaller, Barham Business Park (Barham) fulfils a similar role in a rural area of the district providing a successful formula that has regularly attracted occupiers. There is continuing need for sites (industrial and office) in non-urban areas as reflected by further small-scale, new build proposals at John Roberts Business Park (Blean).

The success of the above group of sites tends to reflect their relatively unconstrained nature compared to Herne Bay and Canterbury sites which experience considerable competing pressures from retail and residential uses.

This gradual and continual delivery of new supply has enabled a number of markets to be served including local industrial occupiers, firms seeking to relocate from Canterbury City as well as industrial businesses from across east Kent requiring new sites and premises.

New small-scale schemes including conversions of redundant rural buildings and in-fill development could continue to be encouraged as a means of enhancing the economies of rural settlements and bringing unused or under-utilised buildings back into productive use. At the present time however there does not appear to be any strong justification for significant new industrial or office provision above that already set aside for employment purposes in the current land supply.

In fact the major difficulty associated with any significant new provision of B-class space in rural areas is that this could potentially undermine the growth of employment in Canterbury, Herne Bay and to a lesser extent Whitstable. This needs to be seen alongside the potential for this to generate a negative impact on the environment through additional longer distance commuting.

In contrast to the above cases the former St Augustine Hospital site (Chartham) is unlikely to yield any new employment floorspace. As one of the poorest scoring sites assessed in this exercise it can be formally released for other uses as it does not perform any productive function in the district's portfolio of sites. It offers little attraction to its intended B1 uses and would arguably be more productively utilised by providing space for non B-class use (e.g. non-residential education or leisure or recreational based uses) where the scope for re-use is wider and this capitalises more effectively on its unique environmental setting.

7.6 Other Considerations - Meeting Qualitative Needs

Together with quantitative considerations qualitative factors are also important in determining the adequacy of sites in relation to their ability to meet differing employment needs as well as providing a good range and choice of sites in all sub areas of the district. This is also relevant in ensuring the different needs of employment users are met including the aspiration for higher value employment.

NLP's study of development requirements in the district (2012) refers to the 'qualitative' distinction of demand for offices and industrial uses and provides separate quantitative calculation for each (2011-2031) as shown in Table 7.4 below.

Table 7.4: Qualitative (office and industrial) requirements (m²)

	Scenario E: Futures "Preferred Scenario"
Office (gross)	96,775
Industrial (gross)	-3,507
Net requirement	93,268

Source: NLP (2012)

Where the qualitative floorspace requirement for offices far outweighs that for industrial space reflects the need for B1 (a) offices in accord with the Scenario E trajectory towards the creation of higher value employment. The 'maximum' supply picture indicates that there should be more than enough land available, in purely quantitative terms, to meet office needs arising under these demand estimates. Similarly, this also would in all likelihood be the case if all required office space was built on edge of town campus style developments at a lower density. It however would still be reliant on Little Barton Farm coming forward for development.

In relation to future office demand both the 'revised' and 'less optimistic' supply pictures (which omits sites that are less likely to deliver any employment space) provides the least scope to meet local qualitative needs. Under these supply pictures, Canterbury is most poorly served in terms of developable and available employment land opportunities, despite being the most prominent sub market area in the district for offices. These supply pictures would present significant challenges in meeting the Scenario E floorspace requirement. It could also conflict with research conducted in the district by Ipsos Mori (2012) which suggests local residents want to see more job creation and business development in the district.

This therefore reinforces the need for new provision at Canterbury by replacing the Little Barton Farm employment allocation. A re-allocated site at Canterbury would provide a more than adequate supply of employment land and floorspace capacity, offering some flexibility in terms of ability to respond to changing economic, local property market and other circumstances.

In respect of industrial space a continuing contraction of employment in the manufacturing sector over the preceding decade has resulted in declining future demand for employment land for industrial and distribution development. However as explained below, this does not completely eliminate the need for sites that retain potential employment space capacity for industrial and warehousing users.

Firstly this assumes that the decline of manufacturing will continue at the same rate as in the past. It does not mean that nothing can or should be done to alter these trends. Both supporting manufacturing activity and efforts to stabilise employment in this very broad sector should be pursued. Also notwithstanding declining employment, there remains a need for new development land to provide for replacement of stock that is lost to other uses or has become obsolescent and new sites to meet requirements that cannot be satisfied within existing stock. This is evidenced by recent land take-up trends since 2004 (i.e. consistent B1c and B8 employment space completions at Lakesview Business Park). In addition the accommodation needs of footloose inward investors may also need to be met.

There also may be some blurring in the lines of distinction between users of office and industrial space. Industrial occupiers may also require a high degree of office space and vice versa. The Innovation Centre in Canterbury for instance accommodates 'knowledge based' businesses typically associated with the need for offices but it also provides light industrial workspace.

The quantum of land required for these purposes is however not easy to assess. In the main it is felt that the district's supply of employment sites has sufficient flexibility to provide for a mixture of B-class uses. According to the 2010/2011 Commercial Information Audit the vast majority (104,700 m²) of employment floorspace capacity on allocated sites was mixed B1-B8 and therefore could potentially support either office and/or industrial needs. This appears to be a sufficient supply to ensure both office and industrial qualitative needs are met particularly as some (industrial) sites are anticipated to provide less employment space than the 'maximum' picture suggests.

7.7 Implications

The above analysis indicates the need to establish an emerging position which aims to provide a more effective balance between future demand and supply of employment floorspace in the district (as in Table 7.5 below).

After deducting the quantity of floorspace not considered suitable for retention over the plan period and making a re-allocation within the proposed Little Barton Farm/South Canterbury development zone (in line with the above analysis), Table 7.5 shows that the emerging supply picture would meet projected market requirements up to 2031.

Table 7.5: Demand and supply balance – emerging position (in m²)

	Canterbury	Herne Bay	Whitstable	Rural/other	District
Demand					
Scenario E Requirement (2011-2031)	37,839	29,323	12,000	17,613	96,775
Future Supply Pictures					
'Maximum' supply picture	101,580	81,355	13,477	47,237	243,649
'Revised' supply picture	30,080	73,855	13,477	41,237	158,649
'Less optimistic' supply picture	14,707	12,755	13,477	41,237	82,176
Demand / Supply Balance					
'Maximum' supply picture	+63,741	+52,032	+1,477	+29,624	+146,874
'Revised' supply picture	-7,759	+44,532	+1,477	+23,624	+61,874
'Less optimistic' supply picture	-23,132	-16,568	+1,477	+23,624	-14,599
Emerging Position					
New supply picture (inc. new site)	64,707	73,855	13,477	41,237	193,009
Demand / Supply Balance	+26,868	+44,532	+1,477	+23,624	+96,501

Source: CCC analysis (2012)

Whilst the new position would actually reduce the current supply level (i.e. 'maximum' supply picture) by approximately 50,640 m², a perceived oversupply of just over 96,000 m² employment floorspace capacity would broadly result. Reiterating the view of NLP (2012) an oversupply does not necessarily imply a clear-cut case for releasing employment land to other uses. There are here several important issues, which arguably serve to support the need for a supply surplus. These are as follows:

- In assessing the balance of demand and supply, it is advisable to err on the side of generosity. This is partly because it would be more damaging to provide too little employment land than too much. Whilst this is true if far too much land is provided, developers and investors will be deterred by the potential oversupply, and unwanted employment sites will wastefully lie vacant for long periods when they could and should be beneficially used for other purposes. However in this case the more

'generous' approach to employment land appears to be in line with the managed growth aim of the City Council. In this case it provides capacity to help maintain a diversity of activities and employment;

- 20,000 m² of proposed new supply (at Canterbury) is identified to accommodate displaced businesses and replace potentially lost employment space. This space would to all intents and purposes be reserved for a specific function and therefore cannot be considered a surplus;
- The demand estimate up to 2031 discounts the potential for footloose (i.e. inward investment) requirements. Currently this confers little benefit on Canterbury City but the proposed employment reallocation provides more scope than previously to attract footloose investment assuming site availability matches potential;
- Capacity is needed to meet industrial requirements that cannot be satisfied within existing stock, as explained above. NLP's study (2012) states that a sufficient alternative supply of industrial development land (in terms of size, type and location) should be made available to ensure that businesses are not lost from the district;
- To some extent Kent County Council's Commercial Information Audit may overestimate the level of space that can be yielded from Altira Business Park;
- A proportion of current supply capacity has not been assessed in this ELR exercise. This includes for instance committed sites that fell below the study's site size threshold and those designated for a specific occupier (and therefore considered unnecessary to assess). It is assumed these commitments will be delivered;
- Sites at Herne Bay are subject to constraints and may still prove difficult to deliver despite being retained, and regardless of any future policy approach or intervention to stimulate delivery (e.g. allowing complementary non B-class commercial uses). The 'less optimistic' supply picture has already highlighted these difficulties such as the current proposal for a foodstore at Altira Business Park. Even if these sites deliver B1-B8 accommodation they are unlikely to provide the 'maximum' level of employment space planned in the supply picture. If for illustrative purposes 15% of potential floorspace capacity at Herne Bay sites were to be utilised for non B-class uses, this would equate to a loss of 7,000 m²;
- Losses of employment space capacity may be higher than foreseen in both this ELR and the NLP study. Market fluctuations can make even good sites financially unviable for employment schemes, and competing (e.g. housing) pressures can force even viable sites out of employment use; and
- The timing and availability of land for development. The ELR found that ten sites (with development potential remaining) were not being marketed at the time of the assessment. Therefore the potential for developers to be deterred by a local oversupply of land on the market at any one time is reduced.

To summarise the 'emerging' supply position even after identified sites have been released etc there is on paper surplus capacity remaining. It is however highly unlikely that any surplus would in reality be as significant as the figures suggest. More importantly it is unlikely to be of a scale to deter investment.

In addition to this other mixed-use local plan proposals may also seek to provide employment space which will also need to be considered by the Council on their merits. Furthermore over the plan period windfall employment developments may come forward, though the scale of which cannot be predicted.

Depending on whether new sites, not currently identified, deliver new employment space may create instances over the new Local Plan period where further potential releases of existing employment sites are considered. Taking into account the above factors however, this would need to be undertaken in a managed and selective manner if market requirements are to be met and demand-supply mismatches corrected. This needs to balance the nature of quantitative requirements based on forecasts (which will be subject to change and revision over time) with the deliverability of current land supply. Qualitative factors such as the need in wider economic development terms to ensure diversity and choice are also essential. Adequate provision needs to be made for Canterbury, Whitstable, Herne Bay and rural areas.

7.8 Conclusions

This chapter aims to reconcile projected need for employment space over the new Local Plan period with the established baseline and other relevant land supply positions following the assessment of employment sites within Chapter 6.

- The baseline employment land supply position for 2010/11 suggests that the capacity of net allocated and committed employment floorspace ('planned supply') is an estimated 243,649 m² (69.61 ha). 42% of this capacity is earmarked for Canterbury.
- The 'Preferred Economy Led' scenario (Scenario E) in NLP's study would generate a future employment floorspace requirement of some 97,000 m² (gross). Using a plot ratio of 0.35 the projected land requirement would be around 28 ha. On paper the current pipeline supply of employment land in the district more than comfortably meets these quantitative requirements.
- This 'maximum' (or best-case) supply picture does not factor in the possible loss of sites from the supply portfolio and impediments to future new employment space delivery.
- A 'revised' supply picture (discounting sites recommended for release) would reduce capacity to 158,649 m². The 'less optimistic' supply picture (discounting sites recommended for release and sites with delivery delays and difficulties) would diminish capacity further to 82,176 m².
- When apportioning future demand to the district's four sub areas these two supply scenarios result in some potential undersupply. Not only is remaining supply insufficient it is also geographically imbalanced, with insufficient, unconstrained land in the locations where it will arguably be most needed – in Canterbury and Herne Bay.

Canterbury

- All available evidence suggests the majority of future demand and economic need will need to be met at Canterbury. Also evidence from this study suggests the city has a limited supply of new, readily available or emerging office development sites while the future prospects Wincheap Industrial Estate and Barton Business Park due to future regeneration and wider development aspirations are uncertain.

- The ELR suggests the broad provision of at least 30,000 m² of office floorspace capacity complemented by an additional 20,000 m² for mixed commercial uses including light industrial and storage & distribution on a new allocation at South Canterbury in part to replace Little Barton Farm.
- There is a need to support the flourishing local professional services sector through the provision of small and moderately sized, good quality office space in the city.
- The loss of existing office sites may need to be controlled and existing secondary space protected if market requirements are to be met over the plan period to 2031. This is because some firms in the city will be unable to afford new high-quality space depending instead on a second-hand property.
- Those sites that the ELR's qualitative assessment recommends as being suitable for retention are arguably among the highest priority for protection, being both occupied and of a reasonable condition.
- Whilst in a few cases a release of other offices may be justified there should be greater encouragement to support the delivery of newly converted or redeveloped office space as part of mixed-use schemes using a 'pepper-pot' site type approach.

Whitstable

- Estimated demand for new employment space for Whitstable (12,000 m²) is relatively small over the Local Plan period. This projection tends to reflect the town's limited physical capacity for new growth.
- There is also evidence of expressed current demand for new employment space in Whitstable as demonstrated by a recent development proposal. This is complemented by unsatisfied demand from non B-class commercial (e.g. nurseries and indoor leisure) in the town which needs to be met.
- Future supply is restricted to small scale employment development opportunities at Whitstable Harbour and more broadly on the land between A229 and A2990, Wraik Hill, which also comprises Estuary View and Chaucer Business Parks.
- This reaffirms the importance of continuing to retain the town's most modern existing business park and industrial estate sites for employment uses where these are well-used and occupied while also providing a range of accommodation types and sizes (from start-up workspace upwards).
- The need to retain existing business sites is also further underlined by physical factors or characteristics that given the size and location of Whitstable, will constrain future ability to identify new sites there. However existing business parks and industrial estates and perhaps even any new employment sites may need to help meet continuing and future demand for accommodation from non B-class commercial uses.

Herne Bay

- On paper Herne Bay is served by a good range of sites varying in size, choice, location and potential capacity that could comfortably meet projected future demand for employment space for the town.

- However several Herne Bay sites retain significant achievability constraints largely stemming from land-owner aspirations which often prefer to develop key sites for primarily residential and retail uses. The Altira Business Park and Eddington Lane sites are well located and equipped site to meet future employment needs but are adversely impacted by non B-class use proposals.
- In contrast other Herne Bay sites such as Eddington Nursery and Eddington Links have been largely built out and fully committed to firms seeking to occupy new workspace.
- The ELR provides rationale as to the need to ensure the best quality sites are retained to support Herne Bay's economy. This includes positive qualitative assessments of the majority of existing sites.
- In order to assist delivery the range of acceptable commercial uses permitted to occupy these sites could be redefined to allow more flexibility (e.g. nurseries, car sales, training, leisure etc). This approach could help the land-owner or developer assemble an attractive mix of commercial uses as well as providing for the town's broader economic needs.
- Whilst new mixed-use sites may be proposed for Herne Bay through the new Local Plan, to solely rely on new sites when good quality sites already exist within the planned supply would be counter-productive.
- Therefore the principle of employment use needs to be maintained on existing sites (Altira and Eddington Lane) notwithstanding their potential an element of complementary mixed-commercial uses. The need to protect 'secondary' business sites from transfer to other uses, and where appropriate supporting their renewal is also highlighted.
- The need to provide new small business accommodation at Herne Bay is reinforced to reduce pressure on other enterprise centre type schemes along the coastal corridor, all of which are fully occupied.

Rural

- Whilst future demand in rural or other non-urban areas is projected to be relatively small compared to other sub-areas there is strong supply capacity on existing sites (e.g. Canterbury Business Park) to meet this need.
- Generally these rural (or non-urban) sites have good potential for delivery based on strong take-up records at sites such as Lakesview Business Park. Smaller sites (e.g. Barham Business Park) also fulfil an important economic role, providing a successful formula that has regularly attracted occupiers.
- New small-scale schemes including conversions of redundant rural buildings and in-fill development could continue to be encouraged as a means of enhancing the economies of rural settlements.
- There does not appear to be a strong justification for significant new industrial or office provision above that already set aside for employment purposes in the current land supply. There is concern that significant new provision here could undermine the growth of employment in larger urban areas.

Demand and Supply Balance

- The 'revised' and 'less optimistic' supply pictures provide the least scope to meet local qualitative needs. Canterbury for example is most poorly served in terms of developable and available employment land opportunities, despite being the most prominent sub market area in the district for offices.
- Despite low future demand for industrial space the continued supply of industrial provision is required to meet qualitative needs (e.g. to provide for replacement of lost or obsolescent stock).
- After discounting released land and re-allocating a proposed site at South Canterbury the projected market requirements for offices could be met by the emerging supply picture. In fact an estimated oversupply of 96,000 m² employment floorspace capacity would broadly result up to 2031. It is however highly unlikely that any surplus would be as significant as the figures suggest. The ELR provides a detailed explanation and justification to pursue this supply picture focusing on:
 - The need to err on the side of generosity in assessing the balance of demand and supply;
 - The fact that 20,000 m² of new supply (at Canterbury) is identified to accommodate displaced businesses and replace potentially lost employment space;
 - The demand estimate up to 2031 discounts the potential for footloose investment requirements;
 - Capacity is needed to meet industrial requirements that cannot be satisfied within existing stock;
 - Current supply figures may to some extent overestimate floorspace capacity (e.g. Altira Business Park);
 - Constraints still remain on key sites and these may still prove difficult to deliver despite being retained;
 - Losses of employment space capacity may be higher than foreseen in both this ELR and the NLP study; and
 - The timing and availability of land for development varies significantly with few sites in the same sub- area being marketed simultaneously.
- New sites, not currently identified, may deliver new employment space in the future creating instances where further potential releases of existing employment sites are considered. This would need to be undertaken in a managed and selective manner, taking into account both quantitative and also qualitative factors.

8.0 MAIN CONCLUSIONS AND RECOMMENDATIONS

The first part of this concluding chapter aims to summarise the main findings and analysis which arise in the ELR's contextual, qualitative assessment and demand and supply balance chapters. It sets out the main conclusions from these elements of the study. A more comprehensive set of conclusions are located at the end of each respective chapter.

Also recalling the key theme of this study as highlighted in its introduction, it aims to ensure the district is equipped with a supply of quality, diverse employment sites suitable for a range of employment uses. This is vital for the sustainable economic development and growth of the district and should form the core of future employment land policies.

In line with the 'Recommendations - Planning for Employment Land' section of this chapter the ELR's findings are then translated into suggested courses of action and/or relevant priorities and recommendations. These intend to assist the City Council in its approach to planning, managing and monitoring employment land and floorspace. In essence it is envisaged that these inform its consideration of suitable employment space or land policies in the preparation of the district's new local development plan. The four elements of this section are set out as below:

1. **Sites to Release or De-allocate;**
2. **Managing Existing Supply;**
3. **Approach to Potential, New Sites; and**
4. **Measures to Support Delivery.**

8.1 The Evidence Base

The Local Economy

- Comprising 58,966 jobs (Source: BRES, 2012), 5,005 registered enterprises (Source: ONS, 2012) and worth £2.7 billion (Source: KCC, 2012) Canterbury District has the second largest economy in Kent.
- Against a backdrop of challenging economic conditions at a national level the district's economy has stalled following a period of relative growth between 1998 and 2008. Prior to 2008 average employment growth in the district totalled 574 jobs per annum - an average growth of 1.2%, a rate that outperformed both Kent (1.1%) and the South East (0.7%) over the same period.
- The structural impact of the recession to date between 2008 and 2011 has resulted in over 2,000 jobs lost across a range of different sectors although wholesale and retail trade (-1,192) and the transportation and storage (-374 jobs) industries have been among those worst hit to date. This has been accompanied by impacts from the closure of the Pfizer site in Sandwich, higher rates of unemployment, falling earnings and decreases to the local business population.
- The only industry to prosper since 2008 has been the 'professional, scientific and technical activities' (i.e. often used as a proxy for private sector knowledge based industries) which gained almost 900 jobs thereby significantly increasing in size (+36%) despite the recession.

- Local commuting patterns underline the importance of the district in relation to its role in the east Kent economy by drawing in labour from neighbouring districts thereby providing much needed jobs.
- In terms of future prospects there will be some significant challenges over the early period of the new Local Plan. Most forecasts indicate that the local economy will not return to pre-recession growth at least until the medium term. Furthermore the public sector is anticipated to reduce further in size with some estimates predicting a further contraction of 1,300 public sector jobs in the district by 2015.
- In structural terms the district is held back by its small private sector base, lack of identifiable industrial specialisms, a mismatch between higher skill levels and available jobs locally, poor levels of new graduate (talent) retention and a relatively low attraction of non-retail inward investment. Also strong competition from housing and retail property markets have led to restricted availability of new employment sites and property.
- The district does, however, retain some key economic advantages. Most residents enjoy a high quality of life, while Canterbury attracts significant numbers of higher education students, experiences relatively low levels of out-commuting to work and boasts improved transport links to the strategic road and rail network including new fast rail links (High Speed 1). The district also has competitive wage levels and land and building costs for employment use.
- In business terms the city has major economic assets such as a cluster of universities and reputation as an important visitor destination and centre for shopping. It has seen strong recent growth in business and professional service activities helped by good rates of new business start-ups. These factors present optimistic future growth prospects which can help the local economy rebalance towards non-public sector activity.

Overview of Employment Space

- Whilst overall amounts of employment floorspace continue to fall in the district the number of employment premises is growing. This reflects the changing needs and structure of the local economy.
- Employment space take-up has reached 13-14,000 m² per annum with delivery helped by good economic conditions, business confidence and availability of new sites before 2008. Currently annual losses of employment space are currently exceeding completions resulting in net losses overall. As a result only 500 m² of new employment floorspace has been gained annually since 2007/08. This is among the lowest net development rate of any district in Kent.
- 27 developed and occupied business sites provide an estimated 255,541 m² of employment floorspace in the district. Generally the employment space on these sites is well-occupied and is in an average to good physical condition. Therefore these sites continue to fulfil an economic function in the district.
- The district, however, lacks both a 'high quality business park' (i.e. flagship) and 'narrow band' (i.e. specialist) sites though these potentially remain in the future supply pipeline. Added to this, Canterbury lacks any 'key business sites'.

- Overviews of ELRs from other neighbouring areas suggest there is a generous supply of employment land, particularly in eastern Kent.
- Developments in Dover (e.g. White Cliffs Business Park) Ashford and Swale are identified as providing the most prominent competition to the market for employment premises in Canterbury district. The new enterprise zone at Discovery Park (Sandwich) may also heighten competition for new inward investment and encourage greater inter-district displacement of indigenous firms.

The Market for Employment Space

- The study area's commercial property market is fairly localized, self-contained, comprising three main sub areas, namely Canterbury City, the Herne Bay-Whitstable corridor and the rural areas. Its principal competitors are sub-area property markets connected to Maidstone, Swale, Thanet, Dover and Ashford.
- Whilst the market has a number of localized strengths (e.g. its high profile as a visitor, retail and educational hub combined with the presence of universities) it is held back by limited external perceptions of the area to office and industrial based investors and its relative distance from London and the competitive market for premises in the south east.
- Currently 4.9% of total employment stock (i.e. 1,800 rateable units) or 7.5% of total employment floorspace (i.e. 534,000 m²) is vacant and available in the study area. This rate is at the very minimum development industry 'rule of thumb' level for employment space.
- In quantitative terms, the majority of demand for employment space in the district takes place in the industrial sub-market with firms requiring space of 47 to 500 m² (500-5,000 ft²). Some small industrial units of these sizes have come forward through speculative development however this is not distributed equally across the district. This is due to several sites with industrial capacity not coming forward for development despite market interest (e.g. Herne Bay). As a result there are very limited options for small and start-up businesses seeking light industrial space in the district (47-94 m²) and for firms seeking larger premises sized between 500-1,400 m².
- The office sub-market in Kent tends to be dominated by a few established office locations such as Maidstone, Ashford and Tunbridge Wells as well as Kings Hill and Crossways Business Park.
- Historical studies have highlighted the district's generally poor quality of supply and overall lack of dynamism characterised by low rents, scarce demand and reluctance to build speculatively. Canterbury in particular has functioned as a local rather than a strategic office centre – attracting little inward investment, no major speculative development or large schemes.
- The district's office market mounted a partial recovery up to 2007 due to a combination of limited stock and strong localised demand with demand predominately driven by smaller professional business such as solicitors and accountants.
- The principal location for new office development in the district has been the coastal town of Whitstable. A number of good quality office schemes have taken place at Chaucer Business Park, Estuary View and John Wilson Business Park which have helped to absorb much local demand.

- Since 2008 overall activity in the local office market has been limited. There are currently no office developments under construction in the city. In fact some 19,000 m² of office stock has been lost since 2007, which has not been replenished by any significant level of new office development. Despite this there is expressed demand for office space below 94 ms² (1,000 ft²) and to a lesser extent space 200 ms² or less. There are larger office requirements (800-1,200 ms²), but these are fewer in number and tend to be associated with existing city based firms seeking new, bespoke offices.
- New office space could be achieved in the future by capitalising on the continuing growth of the district's professional services and technical activities sector. Untapped potential may also exist in relation to latent office demand which has been frustrated by the characteristics and quality of land supply. High quality developments such as the city's business innovation centre have performed extraordinarily well with higher than average office rents achieved.
- While there is a strong suggestion of a shortage or undersupply of offices, particularly "Grade A" quality offices in Canterbury a key issue remains as to whether firms expressing "effective demand" will be willing and have the ability to pay higher office rents.
- To be commercially viable new office schemes require either commercial pre-lets or sales, or cross subsidisation from higher value uses such as residential or some public sector financial intervention. The former KCC building on Beer Cart Lane in Canterbury has been acquired by a developer seeking to provide a mixed-use scheme (including small modern office suites).
- Existing employment land and sites in the district face heightened pressures from other uses, particularly housing, retail, university uses and student housing. There is very strong demand and respectively high values for residential and retail space relative to employment uses, especially in Canterbury. The retention of a good supply and variety of second-hand office space will also therefore be important in meeting current and future business needs.
- There is arguably a gap in provision in terms of facilities providing small light industrial units and workshops (notably Herne Bay which has no start-up or small business provision) and relating to serviced and small offices in Canterbury. There are also no current initiatives (either public or privately driven) to provide new "seed-bed" or "follow on" space for expanding enterprises.

Future Economic Drivers and Potential

- The district retains a wide range of both economic strengths and weaknesses in relation to its attraction as a place to operate a business particularly in the market for employment space.
- A series of strategic and other documents have helped outline a vision and economic aspirations for the area. The aspiration for a strong 'knowledge based' economy for instance dates back to the preparation of the current Local Plan.
- If the district retains any true industrial or sector specialisations these would tend to reside within the sale and repair of motor vehicles industry, retail trade and education sector. However these activities have all shed jobs in the recession and therefore future growth potential may be limited.

- Whereas the immediate prospects for manufacturing and the public administration sector are not promising, new job creation over the new Local Plan period is anticipated in professional services, scientific and technical activities, distribution, transport and communication as well as construction and education.
- 'Professional services' is expected to be a key driver of new employment space with recent job growth relatively strong in spite of the economic recession. This is also one of the five industries identified by the Government as driving future economic growth in the UK.
- Non B-class sectors and activities will also be important drivers of employment growth in the district though measuring the accommodation requirements of this broad range of activities is difficult.
- Other potential drivers of future demand for employment space may arise from planned regeneration activity and economic development initiatives (e.g. new start-up programme and financial loans).
- Risks and potential impediments or barriers to future growth may include the ongoing negative image of east Kent in some quarters of the development industry and competition from neighbouring economies such as Ashford and Swale but particularly from the new Discovery Park Enterprise Zone. Current transport and accessibility issues are also relevant.

Assessment of Current Supply

Existing Supply Sites

- The 29 existing sites selected for detailed assessment in this study amount to some 135.46 ha of land an estimated 57.54 ha is left remaining. Some 40.04 ha of land is allocated for employment uses while 17.5 ha is other committed supply or other land considered expected to provide employment space. Just over half of these sites (15) are located at Canterbury.
- Five sites were assessed as being poor in terms of ongoing or future suitability for employment use. In four cases the study recommends that these be released from the district's portfolio of employment land equating to 34.63ha (85,000 m² employment space capacity).
- Five locations were assessed as being among the best employment sites in the district. These included occupied office buildings within Canterbury City and general industrial areas which continue to meet a clear market need for employment premises. Altira Business Park (Herne Bay) also features in this list largely due to a combination of factors such as its excellent strategic location and transport sustainability together with high site visibility and limited identified physical constraints.
- The remaining sites were rated as 'average' or 'average to good' (or neutral to weak positive) in terms of overall quality and/or suitability for employment use. This group consists of a range of sites with different characteristics, strengths and weaknesses. This includes business parks comprising a moderate amount of undeveloped land such as Canterbury Business Park and the Lakesview Business Park and Canterbury Industrial Park employment cluster. It also incorporates sites with some but not major levels of deliverability constraint or that have reduced achievability due to landowner aspirations.

- Of the 25 remaining assessed sites this study recommends retention, protection or a change of status within the district's total (i.e. current and future) supply of employment land and space.

Potential, new sites

- The ELR also assessed four non-residential sites that were submitted through the City Council's SHLAA process, for their potential suitability to employment uses.
- Of these locations one site attained an average-good overall score this being the land opposite the former Huyck site, Millstrood Road, Whitstable. This achieved a relatively good score for deliverability and marketability assisted by a current planning application and pre-planning investor interest. However, this is offset by its significant potential impact on environmental factors.
- If a further employment allocation were to be required in the district this site appears to offer potential to meet new demand for employment space in terms of its market assessment and compared to other new and proposed sites assessed in the ELR. However, this being an initial assessment only, further investigation would be required in order to carefully balance any economic need against environmental and other related considerations, where it scored less well.
- New opportunities to provide additional employment space through identified mixed-sites (not assessed in this study) are also likely to emerge through the Local Plan preparation process.

Demand and Supply Balance

- The baseline employment land supply position for 2010/11 suggests that the capacity of net allocated and committed employment floorspace ('planned supply') is an estimated 243,649 m² (69.61 ha).
- The 'Preferred Economy Led' scenario (Scenario E) in NLP's study would generate a future employment floorspace requirement 97,000 m² (gross) up to 2031. Using a plot ratio of 0.35 the projected land requirement would be around 28 ha. On paper the current pipeline supply of employment land in the district more than comfortably meets these quantitative requirements.
- This 'maximum' (or best-case) supply picture does not factor in the possible loss of sites from the supply portfolio and impediments to future employment space delivery.
- A 'revised' supply picture (discounting sites recommended for release) would reduce capacity to 158,649 m². The 'less optimistic' supply picture (discounting sites recommended for release and sites with delivery delays and difficulties) would diminish capacity further to 82,176 m².
- When apportioning future demand to the district's four sub areas these two supply scenarios result in some potential undersupply. Not only is remaining supply insufficient it is also geographically imbalanced, with insufficient, unconstrained land in the locations where it will arguably be most needed – in Canterbury and Herne Bay.

Canterbury

- All available evidence suggests the majority of future demand and economic need will need to be met at Canterbury. Also evidence from this study suggests the city has a limited supply of new,

readily available or emerging office development sites while the future prospects Wincheap Industrial Estate and Barton Business Park due to future regeneration and wider development aspirations are uncertain.

- The ELR suggests the broad provision of at least 30,000 m² of office floorspace capacity complemented by an additional 20,000 m² for mixed commercial uses including light industrial and storage & distribution on a new allocation at South Canterbury in part to replace Little Barton Farm.
- The loss of existing office sites may need to be controlled and existing secondary space protected if market requirements are to be met over the plan period to 2031. Those sites that the ELR's qualitative assessment recommends as being suitable for retention are arguably among the highest priority for protection, being both occupied and of a reasonable condition.
- Whilst a release of other offices may be justified at some point in the future, there should be greater encouragement to support the delivery of newly converted or redeveloped office space as part of mixed-use schemes using a 'pepper-pot' site type approach.

Whitstable

- Estimated demand for new employment space for Whitstable (12,000 m²) is relatively small over the new Local Plan period. This projection tends to reflect the town's limited physical capacity for new growth.
- There is also evidence of expressed current demand for new employment space in Whitstable as demonstrated by a recent development proposal. This is complemented by unsatisfied demand from non B-class commercial (e.g. nurseries and indoor leisure) in the town which needs to be met.
- Restricted future supply at Whitstable reaffirms the importance of continuing to retain the town's most modern existing business parks and industrial estates for employment uses. However existing business sites and perhaps an element of new employment sites may be needed to help satisfy continuing and future demand for accommodation from non B-class commercial uses.

Herne Bay

- On paper Herne Bay is served by a good range of sites varying in size, choice, location and potential capacity that could comfortably meet projected future demand for employment space for the town. However several Herne Bay sites retain significant achievability constraints largely stemming from land-owner aspirations which often prefer to develop key sites for primarily residential and retail uses.
- The Altira Business Park and Eddington Lane sites are well located and equipped site to meet future employment needs but delivery has been adversely impacted by non B-class use proposals. In contrast other Herne Bay sites such as Eddington Nursery and Eddington Links have been largely built out and fully committed to firms seeking to occupy new workspace.
- The ELR provides rationale as to the need to ensure the best quality sites are retained to support Herne Bay's economy. This includes positive qualitative assessments of the majority of existing sites.

- In order to assist delivery the range of acceptable commercial uses permitted to occupy these sites could be redefined to allow more flexibility (e.g. nurseries, car sales, training, leisure etc).
- The need to protect 'secondary' business sites from transfer to other uses, and where appropriate supporting their renewal is also highlighted.
- Whilst new mixed-use sites may be proposed for Herne Bay through the new Local Plan, to solely rely on new sites when good quality sites already exist within the planned supply would be counter-productive.
- The need to provide new small business accommodation at Herne Bay is reinforced to reduce pressure on other enterprise centre type schemes along the coastal corridor, all of which are fully occupied.

Rural

- Whilst future demand in rural areas is projected to be relatively small compared to other sub-areas there is sufficient supply capacity on existing sites (e.g. Canterbury Business Park) to meet this need.
- Generally these rural (or non-urban) sites have good potential for delivery based on strong take-up records at sites such as Lakesview Business Park. Smaller sites (e.g. Barham Business Park) also fulfil an important economic role, providing a successful formula that has regularly attracted occupiers.
- New small-scale schemes including conversions of redundant rural buildings and in-fill development could continue to be encouraged as a means of enhancing the economies of rural settlements.
- There does not appear to be a strong justification for significant new industrial or office provision above that already set aside for employment purposes in the current land supply. There may be concern that this could potentially undermine the growth of employment in larger urban areas.

Demand and Supply Balance

- The 'revised' and 'less optimistic' supply pictures provide the least scope to meet local qualitative needs. Canterbury for example is most poorly served in terms of developable and available employment land opportunities, despite being the most prominent sub market area in the district for offices.
- Despite low future demand for industrial space the continued supply of industrial provision is required to meet qualitative needs (e.g. to provide for replacement of lost or obsolescent stock).
- After discounting released land and re-allocating a proposed site at South Canterbury the projected market requirements for offices could be met by the emerging supply picture. In fact an estimated oversupply of 96,000 m² employment floorspace capacity would broadly result up to 2031.
- It is however, highly unlikely that any surplus would be as significant as these figures suggest. The ELR provides a detailed explanation and justification for accepting this emerging supply picture.

8.2 Recommendations - Planning for Employment Land

8.2.1 Sites to Release / De-allocate

i) Based on the findings of the ELR the City Council should consider releasing from the current supply:

- The former St Augustine's Hospital site, Chartham;
- Land near Canterbury East Station, Gordon Road; and
- Former FDS site at Hawthorn Corner.

Reason for release

These existing sites are assessed as being of a poor overall quality and where there is no real prospect of employment space delivery or public sector funding to help bring forward development. These sites collectively amount to just under 5 ha (15,000 m²).

ii) Also based on the site assessment process and subsequent analysis the Council should consider de-allocating:

- Little Barton Farm (Canterbury).
- Former Kent Messenger Offices (Canterbury).

Reason for de-allocation

The Little Barton Farm employment allocation (20 ha or 70,000 m²) should be released in order to allow a new location to be identified at Canterbury but within a context that ensures improved prospects for delivery.

The former Kent Messenger site is now within a seemingly long-term non-employment use (i.e. GAU University). Therefore the employment allocation is not required and can be removed.

iii) The City Council should factor in the likely loss of an estimated 3,783 m² of B1 floorspace capacity at the University of Kent's Business Technology Park.

Reason for factoring in this loss

This assumes that the proposal to develop non B-class use accommodation (i.e. student facilities) on this site is granted. In this case the Council and University should intensify efforts to ensure this scheme is used as partial enabling development to help deliver the subsequent phases of the Technology Park.

iv) On those existing sites which are recommended for retention, proposals to transfer land to other uses should only be considered on a selective, site by site basis where it can be demonstrated that:

- There is no demand for continued industrial or warehousing use on the site following robust and extensive market research or where they are proved unviable and undeliverable; or
- Such use would have unacceptable impacts on the environment, amenity or adjoining uses.

Reason for recommendation

In general there is no evident justification to plan for any other significant release of employment land in the district, for the reasons set out in Chapters 6 and 7. At the same time however the grounds for retention may change over time, for example as other sites deliver new space. Therefore the district's portfolio of business sites should be periodically reviewed over the new plan period. This would ensure that any release of land is carried out for the right reasons.

8.2.2 Managing Existing Supply

- i) The City Council should consider retaining other current employment allocations and associated commitments for employment use as identified in Chapter 6.*

Reason for retention

This is recommended in order to meet the demand requirements for business space over the new development plan period and in light of identified supply constraints. Other than those sites recommended for release above and any other criteria based exceptions these should be protected against transfer to non-employment uses.

- ii) Existing established business areas either identified and/or assessed as being fit for purpose in Chapters 3, 6 and 7 should be retained.*

Reason for retention

Sites should be retained and protected where they are well suited to market requirements, do not cause adverse environmental impacts or unsolvable problems with nearby residential amenities or conflict with other strategic priorities. In this case though Wincheap Industrial Estate and Barton Business Park should be retained for existing uses as far as possible there is an acknowledgement that occupiers may in the future be displaced by the need to plan and assemble wider strategic development proposals.

In addition 'mixed commercial' sites such as Hillborough Business Park continue to perform an important function in the local economy. Evidence shows there are few vacancies and the low-cost and single storey accommodation with reasonable access and service arrangements provided is particularly acceptable to smaller businesses. The stock and current availability of this type of stock is particularly limited in urban employment locations where the pressure for alternative uses is strong. Also as and when the district's workplace economy restructures towards higher-value activities, it is important to ensure a balance between the range of higher and lower skilled employment opportunities. To avoid an imbalance, especially in and near weaker economies (e.g. Herne Bay) sites with 'secondary' employment space should be protected from transfer to other uses instead where appropriate supporting their renewal.

- iii) Other measures that potentially could be considered to help improve the stock of existing employment space over the new Plan period include:*

- Introducing and adopting Supplementary Planning Documents (e.g. Local Development Orders) to encourage refurbishment, re-cladding, gradual redevelopment, where required on specific industrial estates and business parks. This should be applied where the ELR has

identified a potential requirement for upgrading or refurbishment over the Plan period (e.g. Tyler Way and Joseph Wilson industrial estates) or where further monitoring is needed. This could also incorporate sub division and/or intensification where this can help address key deficiencies in the local economic market (e.g. to provide small managed workspaces, serviced offices and conversion of larger and older existing premises which otherwise would be vacant);

- Establish a strong planning policy narrative to encourage such forms of renewal and upgrading of older employment premises and obsolescent stock in the district. Experience elsewhere has shown that in some cases owners may defer refurbishment as much as possible and allow stock to deteriorate to show that there is no demand and thereby justify a transfer of use. The Council needs to be aware of this and monitor progress in order to ensure the refurbishment and maintenance of stock; and
- Formulate a criteria-based policy to encourage conversions of redundant rural buildings and where acceptable small scale in-fill development or limited expansion where a site is commercially successful and has potential to provide new employment floorspace.

iv) It is suggested that employment land related policies within the new development plan should adopt a general approach that advocates resisting the loss of B1 office space.

Reason for recommendation

Existing and secondary office space or sites with potential to provide new office space in urban areas are facing growing pressure from other uses (primarily residential and retail) however these serve an important role in the viability and sustainability of town centres and should be protected accordingly (e.g. Office Connection site, St Andrews Close). Whilst this general tone should be adopted, the continued suitability or otherwise of office space should be considered on a case by case basis, determined using the types of criteria employed in this study's qualitative assessment. It should be recognised however that some properties may merit retention even though, after a brief (and possibly ineffective) marketing campaign, no interest had been demonstrated (or reported).

v) The Council should consider providing protection through the Local Plan allocation process to 3 sites with outstanding planning permissions:

- Altira Business Park, Herne Bay;
- Block A, Office Connection site, St Andrew's Close, Canterbury; and
- Former Metric Site, Sweechbridge Road, Herne Bay

Reason for recommendation

These sites are considered appropriate for employment uses, scored average to good in terms of the study's assessment and have current planning permissions in place. As a result these form an important part of the district's employment land supply.

Altira Business Park should be assigned particular significance in respect of this site's role within current and future land supply. Despite slow, delayed delivery and uncertain landowner aspirations the site is an important employment resource to the district. To allow the site to be sterilised in terms of new business activity could constrain the development of the coastal town's economy, which is the weakest of the district's three main urban areas in the district and is almost solely dependent upon the public sector and retail.

It is also assessed as being one of the best employment sites in the district in the context of a lack of better alternatives anywhere along the coastal corridor. By enabling more employment development can help meet forecast demand requirements over the new plan period, allows the needs of existing companies to be catered for to prevent their relocation elsewhere through lack of local opportunities to expand and to provide job opportunities that support the planned housing growth in this area.

Its achievability and marketability could potentially be improved if the site were to accommodate a smaller, but still significant supply of offices and industrial space as part of a mixed-use development, potentially incorporating commercial uses outside the B-class range as explained in Para 8.2.4.

- vi) There should be a greater focus on opportunities for small-scale office and industrial developments on existing employment sites.*

Reason for recommendation

This scale and type of development is likely to be highly appropriate to local demand. Given the lack of major inward investments, and with larger scale speculative provision unlikely employment sites should be capable of providing small scale developments that meet local demand in a range of locations.

- vii) The existing supply of sites should make some allowance for a degree of industrial space requirements.*

Reason for recommendation

Despite no new demand arising from the new job creation forecast up to 2031, there is likely to be a continuing need for new industrial space (i.e. B1c and B8 uses) to replenish stock and provide new opportunities for those occupiers who cannot satisfy their requirements within existing supply either because of lack of availability or the need for bespoke solutions.

8.2.3 Approach to Potential or New Sites

- i) The Council should consider identifying new land supply at South Canterbury with potential to broadly deliver up to 50,000 m² of additional employment floorspace in the period up to 2031, subject to identification and assessment through the new Local Plan.*

Reason for recommendation

This provision would partially replace the Little Barton Farm employment allocation. This is best located at South Canterbury, where wider proposals for new development are currently being considered and the principle of new business development has previously been established. This could encompass two key elements comprising:

- 30,000 m² of new office (B1a and A2) accommodation; and
- 20,000 m² of mixed (B1-B8) employment uses.

The office element makes provision where supply is currently most constrained and projected demand is greatest in the district thereby supporting employment growth and helping to maintain a constant balance between employment and housing growth to ensure sustainable development and minimise the need to travel and commuting.

The mixed provision would represent a commitment to setting land aside as an alternative relocation option for businesses potentially displaced from existing Canterbury business sites such as Wincheap Industrial Estate and Barton Business Park. Whilst an element of need can be met on existing sites elsewhere (e.g. Canterbury Business Park) additional industrial land would be required due to the lack of other options at Canterbury.

The office element would intend to meet a 'qualitative' need by assisting the emergence in the market of a new modern offer in so doing seeking to test the inward investment market but also providing scope for stock replacement where required. In this regard any allocation would need to be subject to careful positioning of the two elements in order to promote and protect the prestige quality of the office location.

- ii) Whilst the ELR does not identify any specific quantitative need for new employment sites, if the Council were to seek additional land for employment purposes, the land opposite the former Huyck site, Millstrood Road, Whitstable (SR 2) is considered the most suitable potential, new site, following an initial assessment in Chapter 6.***

Reason for recommendation

This site is considered to have good market potential for delivery but if developed would come at a cost to other considerations (e.g. loss of open space, ecological and environmental). Other mixed-use proposals yet to emerge through the new Local Plan process and which appear to be focused on Herne Bay, may also seek to provide employment space. In identifying the potential scope of these sites to deliver new employment space the respective supporting case needs to be set against:

- Whether the site has good access, is close to and/or with good links to strategic road network, public transport services, the local labour force and other businesses;
- Whether it is located in a reasonable quality environmental setting;
- Its ability to genuinely deliver employment space using phasing (related to delivery of housing in mixed-use sites) so development is linked to viability alongside clear timescales for delivery. In this case new sites need to be capable of development without significant site constraints and without need for public intervention unless it meets specific economic development objectives. It should also have capability to provide a mix of small scale accommodation choices that meets local demand in a range of locations, as set out above;
- If required, that this site is preferable to existing sites or is an offer lacking or not currently provided though the existing land supply; and
- Whether these sites could be better utilised for alternative purposes, for example to meet an unsatisfied local commercial requirement or other community need.

8.2.4 Measures to Support Delivery

This section considers a range of delivery options and measures with the aim of bringing employment sites to the market or improving existing delivery. The background to these is discussed in more detail in Appendix 24. Possible measures suggested for the Council and other relevant public agencies to pursue include:

i) Formulation of a Site Delivery Strategy for the district

Purpose

This would seek to promote existing sites and any new allocations at the local level to emerge through the new Local Plan. This could set out a programme of short, medium and longer term delivery to ensure the gradual provision of employment space over the Local Plan period.

ii) Enhanced monitoring of employment land and floorspace.

Purpose

To continually review and make better use of monitoring of employment land to ensure supply and demand are closely matched over the new plan period. This would comprise monitoring of both annual completions (i.e. take up of employment land and space) and vacancy rates on business sites to check the rates of change against the demand requirement and supply of land. This is particularly important in being able to manage and adjust site allocations accordingly, notably in relation to the supply of office space.

iii) To give consideration to the potential for a criteria-based policy or policies that allows flexibility to introduce some non B-class uses on to sites where this enables the improved delivery of modern employment premises. This could be encouraged appropriately where:

- A small amount of higher value “enabling” development (e.g. residential) is considered beneficial to the provision of employment floorspace on a new or partially constructed employment site. A viability assessment of potential mixed use sites could help establish its suitability to mixed use, the appropriate mix, the volume of each use and necessary development phasing. Enabling tools such as suitable levers (i.e. ‘trigger points’) should be incorporated and agreed between the local authority and developer to govern the delivery of each use in turn injecting greater certainty into the commercial element. Typical uses that have been allowed for this purpose include hotels, private healthcare uses and/or ancillary leisure;
- Some higher value “enabling” development is required to help fund and support provision (i.e. redevelopment or conversion) of new, modern office premises in Canterbury City Centre, particularly in replacing office stock where this is considered obsolete to the market. This could be delivered through a legal agreement, which requires completion of some office space on the site before occupation of the enabling uses. Where a proposal results in the net loss of employment space a scheme should still provide for at least as many jobs as that previously accommodated; and

- The occupation of persistently vacant employment space by non B-class commercial uses would lead to reinvestment or positively contributes to complementing activity on specific existing 'built' business parks and industrial estates. Appropriate sites could be identified by the Council with suitable complementary uses to possibly include leisure, education or training and some *suis generis* commercial uses, but excluding retail. To help manage the balance of uses on sites, a threshold (e.g. maximum % of total workspace to be occupied by non B-class uses) could also be set.

Purpose

Examples of sites in the district that have been very slow to deliver employment space either as part of a mixed development scheme or as individual employment sites, are identified in the ELR (e.g. Altira Business Park).

Multiple economic gains could potentially be accrued from this policy approach. Mixed-uses employed on current employment use designations in appropriate circumstances could enhance development viability by increasing value, generating fresh investment and attracting a range of occupiers in different sub-areas of the district. The introduction of non-B class commercial uses can help support their important local economic role and function and meet the projected need for floorspace in these sectors as well as assisting the occupation of older business space.

The general approach suggested above would however need to be carefully applied in a criteria-based and case by case context, supported by appropriate market evidence or to specific sites where this generates the greatest return (in terms of new employment floorspace).

Section 106 and other legal agreements should be employed in cases where it is where practicable and appropriate, to reinforce, guide and govern the delivery of the above process particularly where this helps to address a clear economic need (e.g. small office and industrial workspace in Herne Bay).

iv) Consider taking a flexible and positive approach in negotiations relating to Section 106 planning obligations and contributions.

Purpose

These aspects of planning applications are key sources of project specific funding, in addition to direct private sector investment. However, the ability of schemes to fund planning obligations will depend upon their viability, informed by appropriate evidence from applicants.

v) Devise a complementary economic strategy for the district

Purpose

An economic strategy is required to plan effective non-planning interventions which would accompany the new land-use plan for the district. Assuming some planned housing growth and the arrival of new residents and some potential for new (possibly higher) skills offer, simply providing sites will not be enough to achieve the desired "step-change" in economic performance required. Pro-active interventions to support businesses and enterprise (e.g. start-ups) are crucial to invigorating and generating increased future demand as are enabling access to finance particularly where this stimulates market demand for higher-value activities.

vi) **Make optimum use of public sector enabling which might see the local authority and/or relevant public agencies consider:**

- Proactively intervening to bring forward for redevelopment derelict or underutilised employment premises and land or where the planning requirements of a scheme are unusual. For instance a particular type of building or specialist premises may achieve specific economic development objectives. In these cases, a review of the scheme should be conducted, in partnership with the applicant or developer, to determine the level and source of funding which may be required, to be considered on a case-by case basis;
- Making full use of the East Kent Spatial Development Company (EKSDC) to assist the delivery of projects that meet specific economic development objectives and priorities. This could be relevant in relation to delivery of subsequent phases of the University of Kent's Technology Park in Canterbury. EKSDC have a track record in investing in delivery of utility infrastructure and to pump prime future projects;
- Actively encourage renewal measures such as financial aid or investment (e.g. BIDs) through the Local Plan or other relevant strategies to enable firms to upgrade premises or make environmental or other aesthetic improvements, where the market is unable to deliver these improvements. This should be applied where the ELR has identified a potential requirement for upgrading or refurbishment over the new Plan period (e.g. Tyler Way and Joseph Wilson industrial estates) or where further monitoring is needed;
- Actively plan programme of work with developers and investors to make optimum use of the Expansion East Kent programme and the Growing Places Fund in order to help de-risk investment projects previously unachievable through other funding channels;
- Exploring the potential relevance and suitability of Tax Incremental Financing (TIF) or other innovative funding mechanisms which provide 'up front' funding to finance key infrastructure projects that enable the delivery of employment sites; and
- Undertaking local initiatives to publicise to local business population case studies of improvements to business premises, including costs, local contractors involved and rental or other benefits achieved.

Purpose

Although primarily financial in scope other complementary and necessary initiatives may need to be pursued if full potential of supply is to be realised.

The above require an innovative approach to project funding and delivery. In this case the Council may wish to prioritise particular sites or projects where funding should be targeted, particularly in the short-medium term. Prioritisation could relate to speed and willingness to deliver sites focusing on areas where the Council has existing assets and policy or strategy support for projects. All of these approaches could form part of the proposed 'Delivery Strategy' for the district.

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