

Crawley

Local Plan

Crawley Borough Submission Local Plan 2024 Topic Paper 5:

Employment Needs and Land Supply



Page Intentionally Left Blank

Contents

1. Introduction	4
2. Background.....	5
Crawley’s Economic Context	5
3. Policy Context	6
National Planning Policy Framework.....	6
Planning Practice Guidance: Housing & Economic Needs Assessment.....	6
Planning Practice Guidance: Housing & Economic Land Availability Assessment .	8
Regional Economic Policy	8
Adopted Crawley Borough Local Plan 2015: Employment Land Supply Position ...	8
4. Crawley Borough Local Plan Review.....	9
Manor Royal Economic Impact Assessment (January 2018)	10
Draft Crawley Borough Local Plan: Regulation 18 Early Engagement (July 2019)	11
Northern West Sussex Economic Growth Assessment (January 2020)	12
Draft Crawley Borough Local Plan: Regulation 19 Publication (January 2020)	15
Planning Inspectorate Advisory Meeting (April 2020).....	17
Gatwick Airport Safeguarding	17
Crawley Focused EGA Update (September 2020).....	18
Baseline Labour Demand (2018 Q4 Oxford Economics & Experian Forecasts)	18
Baseline Labour Demand (2020 Q2 Oxford Economics & Experian Forecasts)	19
Past Development Rates.....	20
Baseline Labour Supply	20
Summary of Crawley EGA 2020 Employment Scenarios	21
Employment Land Demand/Supply Balance (January 2021)	21
Draft Crawley Borough Local Plan: Regulation 19 Publication (January 2021)	22
Crawley ‘One Town’ Economic Recovery Plan (November 2021).....	23
EGA Supplementary Update for Crawley (January 2023)	24
Baseline Labour Demand (2022 Q4 Oxford Economics & Experian Forecasts)	24
Past Development Rates.....	26
Future Labour Supply.....	26
Summary of Crawley EGA 2023 Employment Scenarios	27
Employment Land Demand/Supply Balance (January to May 2023).....	28
Gatwick Airport Safeguarding as a land supply constraint	29
Update to ELAA	30
5. Market Evidence/Signals - Strategic Industrial/Logistics Development	31
i. Market evidence	32
ii. Major locational considerations.....	32
iii. National Industrial & Logistics Demand.....	33
iv. The Crawley/Gatwick Market	34

Topic Paper 5: Employment Needs and Land Supply
July 2023

v. Storage & Distribution supply & demand in Crawley	35
Implications for Manor Royal	37
vi. What is driving the logistics demand to Crawley?	38
vii. Strategic Employment Development in Northern West Sussex FEMA	39
6. Draft Submission Local Plan Approach: Allocation of Gatwick Green	40
7. Conclusion	41

1. Introduction

- 1.1 The Local Plan applies a positive and proactive strategy in planning to meet Crawley's employment land and floorspace needs for the period 2025 to 2040. Its approach has been informed by an up-to-date and robust evidence base that takes account of national policy, economic forecasts, market intelligence, and the available land supply pipeline to set in place a strategic policy approach that will enable Crawley to build upon its economic strengths, counter its weaknesses, and address future challenges.
- 1.2 This Topic Paper provides an overview of the evidence base findings that have informed the Local Plan economic approach. Key to this is the Northern West Sussex Economic Growth Assessment (January 2020) and its Crawley focused updates (September 2020 and January 2023), which set out Crawley's future employment needs forecasts in terms of job growth, business floorspace and land take. This is complemented by the Employment Land Availability Assessment and the Sustainability Appraisal/Strategic Environmental Assessment (SA/SEA), which undertakes an assessment of the potential employment land supply. An updated Employment Land Trajectory (Base Date 31 March 2023), sets out the employment land supply pipeline, as planned for through the Local Plan review (LPR).
- 1.3 Additional to the forecast evidence contained in the EGA, the Topic Paper sets out further evidence based on market signals and wider economic considerations consistent with the advice in the NPPF and Planning Practice Guidance. This evidence builds upon and supplements that contained in the Crawley EGA. It highlights the structural, national and regional economic considerations directing future economic needs and infrastructure to Crawley, given its strategic location between London and the south coast, on the M23/mainline rail corridors, and adjacent to Gatwick Airport. It draws on a range of published quantitative and qualitative evidence from economic and property advisory sources to complete the overall profile of the demand for employment land and infrastructure in Crawley in the national and regional economic and policy context.
- 1.4 This information has shaped the Local Plan strategy for economic growth, particularly informing the approach of Strategic Policies EC1 (Sustainable Economic Growth) and EC4 (Strategic Employment Location). The Local Plan vision for the economy is that Crawley will continue to be an economic leader, with a diverse, resilient and productive economy that meets the needs of the borough and supports the overall prosperity of the region. This Topic Paper explains how the Local Plan will facilitate this, supporting a strong and competitive economy for Crawley and its functional economic market area. It should be read in conjunction with Topic Paper 2: Gatwick Airport.

2. Background

Crawley's Economic Context

- 2.1 Crawley is firmly established as one of the key economic drivers in the South East of England, representing the geographic and economic heart of the Gatwick Diamond sub-region and the wider Coast to Capital Local Enterprise Partnership (LEP) area. Through its excellent transport links, Crawley is well connected internally, nationally and internationally. It is home to a major international airport at Gatwick, and Manor Royal, the region's premier business destination, employs over 30,000 people across an area of 240 hectares. Both are key drivers of the Crawley economy and that of the wider area.
- 2.2 The Gatwick 360° Strategic Economic Plan 2018-2030¹, prepared by Coast to Capital Local Enterprise Partnership, sets out the economic vision that Crawley, alongside the region's other major urban centres, will be ranked among the most productive places in the UK. Key to achieving this will be supporting economic growth through the delivery of new business space and facilities, improved connectivity (including digital) and infrastructure, and supporting the necessary skills for a global economy, providing high-quality, well-paid jobs in the decades to come.
- 2.3 To promote the continued prosperity of the Gatwick Diamond and plan for its sustainable future growth, a Gatwick Diamond Local Strategic Statement (LSS)² has been prepared on a joint basis and endorsed by the two county councils and six local authorities covered by the area. The Statement sets out a commitment among local authorities to work together to promote the economic function of the Gatwick Diamond, recognising the strength of Crawley/Gatwick as a business location. Dovetailing with LEP objectives, the Gatwick Diamond LSS establishes priorities to support delivery of the floorspace needed for new and growing businesses, the skills needed to enable communities to access job opportunities within the Diamond, and the infrastructure needed to support sustainable economic growth.
- 2.4 The success of Crawley's economy, and that of the wider Gatwick Diamond and Coast to Capital LEP, is significantly driven by Gatwick Airport. It is the single biggest driver of economic growth, contributing £1.6 billion directly to the Gatwick area, and supporting a total £2.7 billion³ GVA in the Coast to Capital LEP area. The COVID-19 pandemic impacted substantially on the aviation sector and related businesses, and in turn impacted significantly upon Crawley's economy. Around 25,800 Crawley residents (41% of the local workforce) were furloughed, and Local Universal Credit claimant count

¹ Gatwick 360° The Coast to Capital Strategic Economic Plan 2018-2030, page 15

https://www.coast2capital.org.uk/storage/downloads/coast_to_capital_strategic_economic_plan_2018-2030_pdf-1535099447.pdf

² Gatwick Diamond Local Strategic Statement (2012) paragraph 4.5

<https://crawley.gov.uk/sites/default/files/documents/PUB344429.pdf>

³ Source: Gatwick Growth Board, The Economic Impact of Gatwick airport, 2017. Cited in: Gatwick 360° The Coast to Capital Strategic Economic Plan 2018-2030, page 15

peaked at 8.9% in March 2021. This serves to illustrate Crawley's significant reliance on aviation related sectors.

- 2.5 Crawley's economy has proven to be resilient and continues to trend towards recovery. It is however vital that economic recovery and growth continues to be supported. The "One Town Crawley Economic Recovery Plan" (2021) identifies interventions to support the economic recovery of Crawley, and to future proof its economy so that it is better able to adapt to unforeseen change. Key to this is the unlocking of sufficient suitable employment land to provide for employment growth sectors and boost jobs for residents, increasing the borough's overall economic resilience, supporting a green economy, and promoting skills development and town centre renewal.
- 2.6 There remains need for new business land and floorspace over the forthcoming Plan period. Given what are significant land supply constraints faced within the borough, the Local Plan sets out a pro-active and ambitious economic strategy to support economic recovery in the shorter-term, whilst planning positively for economic growth and diversification, consistent with LEP and Gatwick Diamond priorities and national planning policies, to ensure a strong, competitive and resilient economy moving forward.

3. Policy Context

National Planning Policy Framework

- 3.1 The National Planning Policy Framework (NPPF) outlines priorities for Local Planning Authorities when determining policies for the economy (paras 8a, 81, 82, 83), including:
- Outline a clear economic vision and strategy that positively and proactively encourages sustainable economic growth, including the identifying of strategic sites to meet local and inward investment needs.
 - Place significant weight on supporting economic growth and productivity taking account of local business needs and wider opportunities for development.
 - Areas with high levels of productivity should be allowed to capitalise on their potential.
 - Recognise and address the specific locational requirements of different sectors, including for storage and distribution operations at a variety of scales and in suitably accessible locations.

Planning Practice Guidance: Housing & Economic Needs Assessment

- 3.2 Planning Practice Guidance expands on the NPPF, outlining the scope and nature of the economic evidence that Local Planning Authorities need to consider in identifying the future economic needs of their areas. This will need to assess the functional economic market area, existing stock of employment land, patterns of employment supply and loss, market demand and signals, and any evidence of market failure such as constraints that prevents an employment site from being used effectively.
- 3.3 Future need should be forecast having regard to a range of data including sectoral and employment forecasts (labour demand), demographically

derived assessments of current and future labour supply (labour supply), and past take-up of employment land and future property market requirements. Other information should inform this assessment, including consultation with relevant organisations, studies of business trends, understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, and economic statistics. Authorities need to take account of longer-term economic cycles in assessing this data, and consider and plan for the implications of alternative economic scenarios.

- 3.4 Onus is placed on meeting the needs and locational requirements of the logistics industry and new or specialist sectors. The logistics sector is identified as playing a critical role in enabling the efficient, sustainable and effective supply of goods for consumers and businesses, and in contributing to local employment opportunities. It is recognised as having distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land). For strategic facilities serving national or regional markets, requirements are likely to include significant land take, good access to strategic transport networks, sufficient power capacity, and access to an appropriately skilled labour supply.
- 3.5 The Planning Practice Guidance (PPG) advises that identification of the scale of logistics needs, including for other forms of logistics such as SMEs and ‘last mile’ facilities, can be informed by:
- engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of the type, size and location of facilities, including the impact of new and emerging technologies;
 - analysis of market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies;
 - analysis of economic forecasts to identify changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector;
 - engagement with Local Enterprise Partnerships and review of their plans and strategies, including economic priorities within Local Industrial Strategies.
- 3.6 Strategic policy-making authorities need to consider the most appropriate locations for meeting identified needs, whether through the expansion of existing sites or development of new ones. Up-to-date evidence may have to be considered in establishing the appropriate amount, type and location of provision, including market signals, anticipated changes in the local population and the housing stock as well as the local business base and infrastructure availability. PPG emphasises the importance of understanding whether there are specific requirements in the local market that affect the types of land or premises needed, with these needs often more qualitative in nature, having been informed by engagement with businesses and occupiers.

Planning Practice Guidance: Housing & Economic Land Availability Assessment

- 3.7 This PPG sets out the need for a thorough but proportionate assessment to identify land that is suitable, available and achievable for economic development uses over the plan period. It is important that a range of stakeholders, including land owners and promoters, are involved in this process, and a call for sites should be undertaken to identify potential opportunities.
- 3.8 Suitability of sites should be assessed having regard to factors including national policy, market views, contribution to regeneration, and potential impacts including on landscapes, nature and heritage conservation. A site can be considered available for development when, on the best information available, there is confidence that there are no legal or ownership impediments to development. A site is considered achievable when there is a reasonable prospect that a particular type of development will be developed on the site at a particular time. This should be identified in the form of a trajectory that sets out the amount of economic development that can be provided, and at what point in the future (i.e. years 1-5, 6-10, and 11+) these sites can be delivered.

Regional Economic Policy

- 3.9 With reference to NPPF policy on key priorities for planning for the economy, the Coast to Capital Strategic Economic Plan (2018-2030)⁴ sets out: *“Our vision by 2030 is for our towns and cities to be known around the world as fantastic places to live, to grow and to succeed. We will become the most dynamic non-city region in England, centred around a highly successful Gatwick airport.”* and *“Our major urban centres – Brighton & Hove, Croydon and Crawley – will be ranked alongside the most productive places in the UK”*.

Adopted Crawley Borough Local Plan 2015: Employment Land Supply Position

- 3.10 The adopted Local Plan (2015) planned for a baseline need of 57.9 hectares new business land in the borough over the Plan period to 2030⁵. The requirement to safeguard land for a possible future southern runway at Gatwick Airport severely restricted the supply of available land for employment. The Local Plan Inspector accepted that Crawley’s constrained land supply meant that it would be unable to deliver all of its identified needs, requiring the council to identify as much developable land as possible from within the borough (a “leave no stone unturned” approach).
- 3.11 The 2015 Plan identified an available supply of 23 hectares business land, principally through reuse and intensification of sites within the existing main employment areas. To maximise the available business land supply, the Plan protected the business function of Manor Royal, and more broadly, the wider economic function of the main employment areas, to ensure that the economy of Crawley and surrounding areas was not undermined. As required

⁴ Gatwick 3600, the Coast to Capital Strategic Economic Plan 2018-2030, Coast to Capital LEP, 2018

⁵ Northern West Sussex Economic Growth Assessment 2014 https://crawley.gov.uk/sites/default/files/2020-03/NLP%20Employment%20Growth%20Assessment%202014%20PUB355090_0.pdf and Crawley focused update 2015 <https://crawley.gov.uk/sites/default/files/documents/PUB242262.pdf>, both Lichfields.

by the Inspector, text was added to the Local Plan to specifically support opportunities for small-scale extensions to the built-up area where this would add to the business land supply pipeline. Despite these measures, Crawley's full employment land requirement could not be accommodated within the borough boundary, resulting in an unmet business land requirement of 35 hectares over the adopted Plan period 2015-2030. The Plan acknowledged the risk that if business needs could not be met within Crawley once the available land supply is developed out, economic growth could be displaced, potentially outside the sub-region entirely.

- 3.12 The adopted Local Plan therefore set out a commitment to explore the scope to accommodate a Strategic Employment Location inside Crawley's boundary, within a defined Area of Search at the north of the borough, subject to a final government decision on the status of safeguarding. A sequential approach was set out, whereby if employment needs could not be met within Crawley, the second preference would be to direct delivery to land at Crawley/Gatwick, in areas immediately adjoining the borough. This Area of Search has formed the basis of the Council's work to identify land to address the Borough's future employment land needs.
- 3.13 Subsequent to the adoption of the Crawley Borough Local Plan in 2015, Reigate & Banstead Borough Council (RBBC) allocated a 31ha site at Horley, known as Horley Business Park, for an office-led development of up to 200,000sqm new business floorspace. This would meet a significant proportion of Crawley's identified office needs from the adopted Crawley Borough Local Plan (2015), though would not meet any of its outstanding industrial needs. RBBC's Development Management DPD, through Policy HOR9 identifies that the *'predominant use of the site should be for B1a purposes with limited B1b, B1c, B8, and non-B Class uses including appropriate airport-related Sui Generis uses'*.
- 3.14 Consequently, the unmet strategic industrial and storage/distribution needs identified in the 2015 adopted Local Plan remained unfulfilled. This is the context for the draft Crawley Borough Local Plan; a historic industrial employment land deficit that the forecasting and market facing evidence base outlined in this Paper identifies as remaining for the Local Plan period to 2040.

4. Crawley Borough Local Plan Review

- 4.1 The LPR is informed by an evidence base that has continued to evolve alongside the emerging Plan, ensuring that its approach has been steered by robust and up-to-date information. Key evidence base documents that have shaped the economic strategy of the LPR include: the Manor Royal Economic Impact Study 2018; Northern West Sussex Economic Growth Assessment 2020; Crawley Focused EGA Updates 2020 and 2023; 'One Town' Crawley Economic Recovery Plan 2021, Employment Land Availability Assessment (as informed by the Call for Sites), Employment Land Trajectory, and market evidence discussed in this Topic Paper. An overview of the key findings from

each, and discussion as to how the evidence has shaped the evolving LPR economic policy approach, is set out below in chronological order.

[Manor Royal Economic Impact Assessment \(January 2018\)](#)

- 4.2 Prepared by Lichfields on behalf of Crawley Borough Council and the Manor Royal BID Company Limited, this study undertakes a detailed assessment of the economic contribution made by Manor Royal, and having regard to its strengths, weaknesses, opportunities and threats, considers planning policy and market interventions to support its economic function and enable the business district to prosper. The study finds that Manor Royal generates £1.23bn of direct GVA per year and an additional £0.54bn indirectly through supply chain activities. The BID area contains some 866,000sqm commercial floorspace, more than 90% of which falls within the office, industrial or storage & distribution use classes.
- 4.3 Market feedback finds the industrial property market in Manor Royal to be 'tight', with availability of developable land having significantly decreased as a result of speculative large industrial developments, and rents having increased by 40% in the 18 months to January 2018. The B8 (warehousing and logistics) sector is reported by local property agents as being particularly buoyant, due in part to Manor Royal's proximity to strategic road and motorway networks (M23/M25) as well as wider growth trends in online sales and associated distribution networks. More traditional industrial uses, such as those accommodating manufacturing and workshop style space, also account for occupier demand, albeit to a lower extent than B8 uses. As of 2018, most industrial space demand related to indigenous 'local churn' from existing occupiers looking to expand or relocate, with some occupiers attracted from elsewhere in the Gatwick Diamond and further afield. Property market agents also identified a growing 'ripple effect' from South London industrial occupiers displaced from within the M25.
- 4.4 Analysis finds a majority of industrial and warehouse floorspace in Manor Royal to be contained in units from 10,001-20,000sq.ft and over 20,000sq.ft in size. Of the total floorspace area of industrial and warehouse premises, 2018 vacancy was estimated at 5.8% of all industrial floorspace and 6.2% of all warehouse floorspace, suggesting an overall low rate of vacancy in the Manor Royal industrial property market. This reflects commercial property agent feedback, with the availability of industrial premises and land for new industrial development considered to be extremely low within Manor Royal, and market vacancy as low as 1% for B8 space. This has resulted in 'pent-up' demand amongst occupiers which is often unable to be satisfied within the market. Occupiers unable to find suitable space in Manor Royal were found to typically be relocating elsewhere in the Gatwick Diamond or to locations further away such as Croydon.
- 4.5 The 2018 market analysis identified a particular gap in the supply of smaller industrial 'starter units' ranging in size from 400-500sq.ft and 'move on' space. At the larger scale end of the market, industrial units over 20,000sq.ft are found to be in short supply despite attracting good levels of occupier

interest. The limited availability of land for new development has been identified as a key constraint, echoing the position across the wider M23 corridor market area. With many of Manor Royal's remaining parcels of land having been built out, redevelopment on existing Manor Royal sites represents the only feasible development opportunity, over the short term at least. This characterises the nature of various speculative industrial developments that have taken place at Manor Royal since publication of the study.

- 4.6 With regards to its market positioning, in comparison to other existing business parks in the South East, the study found Manor Royal to benefit from key advantages including its strategic access links, variety and mix of uses, and a developing business community through the work of the BID. Access to amenities and landscaping are identified as areas for improvement, with the absence of a centralised amenity hub to meet the needs of businesses and employees representing a disadvantage in comparison to competitors.
- 4.7 There are various challenges faced by Manor Royal as it seeks to maintain its role as the South East's premier mixed use employment location, and its competitiveness as a business location, over the coming years. These relate to land supply and the ability to accommodate development within its existing boundary, the need to maintain the profile of Manor Royal against the backdrop of strong and growing competition, and wider operational, amenity and infrastructure issues. If these challenges can be addressed, there is potential to greatly enhance Manor Royal's appeal to business occupiers over the coming years.

[Draft Crawley Borough Local Plan: Regulation 18 Early Engagement \(July 2019\)](#)

- 4.8 The draft Local Plan's emerging economic approach echoed that of the adopted Local Plan, seeking to protect and maximise the economic function of the designated main employment areas, whilst supporting appropriate extensions to Manor Royal where this would facilitate new business floorspace. An emerging update of the Northern West Sussex EGA by Lichfields, jointly commissioned by CBC, Horsham and Mid Sussex councils, suggested need for between 44.6 and 57.63 hectares new business land over the period 2020-2035. The draft Local Plan provided these figures for context, explaining that further refinement and testing was necessary.
- 4.9 With anticipated business land needs continuing to outweigh the available business land supply pipeline (totalling 13.19ha as of January 2019), the Reg. 18 draft Plan retained the Area of Search in the north of Crawley as the preferred location for new strategic employment. With much of this land subject to safeguarding for a possible southern runway at Gatwick Airport, the initial draft Plan set out that work to identify a new Strategic Employment Location would only take place once the status of safeguarding had been clarified.
- 4.10 The council considered that Aviation 2050 (December 2018), the government's draft Aviation Strategy, did not provide a definitive steer as to

whether or not the council would be required to safeguard land moving forward. It stated in para. 3.66, *“that it is prudent to continue with a safeguarding policy to maintain a supply of land for future national requirements”*, highlighting the government’s commitment to *“identify and protect, where there is robust evidence, sites and routes which could be critical in developing infrastructure to widen transport choice”* and stating that it is up to *“local authorities to consider the future needs of airports and associated surface access requirements, when developing local plans”*. The draft Plan therefore sought views on two options; Option 1 to continue with the current safeguarding policy, or Option 2, not to include a policy to safeguard land for a potential future wide-spaced runway and instead to designate the area for a future Area Action Plan. It was hoped that the final Aviation Strategy, then anticipated in December 2019, would provide clarity as to whether or not the Government would require the Local Plan to include a policy that keeps safeguarding in place.

- 4.11 As part of the early engagement consultation on the draft Local Plan, a Call for Sites was undertaken, with agents/landowners contacted directly to clarify the position in relation to sites that previously been promoted to the council for employment. Details were circulated more widely to contacts that had signed up for Local Plan notifications and were also set out on the council’s website. Through this process, having regard to existing permissions and promoted sites, around 140ha business land supply was identified, although a number of the promoted sites were on safeguarded land.

Northern West Sussex Economic Growth Assessment (January 2020)

- 4.12 The Northern West Sussex Economic Growth Assessment⁶ was published in January 2020. It confirms that Northern West Sussex (NWS) continues to operate as a broad functional economic market area, with its spatial extent largely consistent with the authority boundaries of Crawley, Horsham and Mid Sussex. Economic linkages with adjoining areas such as Coastal West Sussex, Reigate & Banstead (i.e. Horley) and East Sussex are comparatively weaker but still have an influence. Commercial property market analysis finds the NWS FEMA to be moderately self-contained, with a majority of business space enquiries originating from within the sub-region itself. It is viewed by the market as a strong industrial location, boosted by its central location within the Gatwick Diamond and wider South East, and access to a range of transport links.
- 4.13 Crawley remains the dominant commercial centre in NWS, driving demand for employment space, attracting the most activity and commanding the highest rents. Continuing strong demand for commercial space in Crawley is heavily influenced by the town’s highly competitive infrastructure and communications offer linked to an international airport, including good motorway connections and rail links to London and the South Coast. Crawley attracts the strongest levels of demand from business occupiers, across both

⁶ Northern West Sussex Economic Growth Assessment 2020, Lichfields
<https://crawley.gov.uk/sites/default/files/documents/PUB354687.pdf>.

office and industrial sectors and from major multinational firms as well as local SMEs.

- 4.14 Crawley is the main driver in the industrial market, particularly for distribution uses, which tend to drive demand in and around Crawley (reported to account for 75-80% of industrial demand). As of 2020, several new industrial developments had begun to come forward in NWS. Many of these are located in and around Manor Royal/Crawley, reflecting its role as NWS's prime industrial location, and have overwhelmingly focused on warehousing/distribution use. The EGA considers these developments to have absorbed some of the pent-up demand identified in the 2015 Local Plan, but highlights local agent concern about the limited portfolio of sites and supply to support the sub-region's next phase of growth, particularly regarding where the next strategic development opportunity will come from. Market feedback reports there to be very limited supply of smaller scale industrial stock (sub 10,000sqft/930sqm), especially newer stock, with this shortage particularly acute within Manor Royal. Supply of industrial premises within the 75,000sqft+ (6,970sqm) bracket is also reported to be very low, with the larger end of the market not really being catered for by recent supply and new development. Where developers have been unable to obtain sites within this particular area, sites have instead been acquired as near as possible in locations that still offer proximity, for instance at Horley in adjoining Reigate & Banstead Borough (e.g. North Gatwick Gateway) or at Handcross in Mid Sussex (e.g. Link 23).
- 4.15 The study confirms the position of Crawley as the Gatwick Diamond sub-region's largest and most dominant office centre, with the market having increasingly gravitated to Crawley in order to benefit from its accessible location. Across the Northern West Sussex Functional Economic Market Area, the office market has been characterised recently by more challenging conditions, with lower levels of take-up. This is in part a result of the available supply, which is largely composed of older Grade B office stock that does not match the market demand for new Grade A stock, often bespoke rather than speculative, across a range of sizes. This has resulted in the Crawley office market becoming somewhat suppressed, with the limited available Grade A stock quickly taken up, and lower grade stock tending to remain vacant. This is seen as very much a qualitative issue for Crawley's office stock, and there is a growth opportunity for Crawley if the quality and configuration of office space being sought can be provided.
- 4.16 The EGA developed three future economic scenarios for Crawley over the period 2019-2036; Baseline Labour Demand, Past Development Rates, and Future Labour Supply.
- 4.17 **Baseline Labour Demand** projects future employment growth derived from Oxford Economics (OE) Q4 2018 forecasts commissioned by the councils. Taking account of regional and macroeconomic assumptions, significant growth is forecast within the office sector (+2,800 jobs), though an anticipated decline in manufacturing jobs (-1,335) and a slowing of distribution sector growth (-70 jobs) results in a forecast change of **+1,390**

business sector jobs in Crawley up to 2036. This generates need for **6,970sqm** new business floorspace over the Plan period, although the scale of manufacturing sector decline suggested by the forecast is such that the corresponding business land requirement for the period to 2036 is identified as **negative 1.1 hectares**.

- 4.18 **Past Development Rates** uses monitoring data on past business sector completions between 2011 and 2018, assuming that these development rates carry on in the future at the long term average. The approach provides an understanding of market demand and actual development patterns, taking account of the redevelopment and recycling of employment sites to provide a reasonable basis for informing future space needs. Based on a continuation of past development trends, there would be a forecast need for 27,200sqm office floorspace and 103,700sqm industrial (manufacturing and distribution) sector floorspace, this reflecting the market view of significant demand for warehouse space and of a slower office market. This future requirement of **130,900sqm** business floorspace, following the addition of the 10% buffer, translates to a total business land need of **33 hectares** over the Plan period.
- 4.19 **Future Labour Supply** forecasts growth in local labour supply using the demographic assumptions applied as part of the Northern West Sussex Strategic Housing Market Assessment (SHMA). In contrast to the labour demand approach, it focuses on the future supply of labour rather than the demand for labour, estimating the amount of new jobs needed to match the future supply of working-age population, using this to identify the amount of employment space and land needed to accommodate the business sector component of these jobs. Crawley’s ‘uncapped’ Standard Method figure of 752 dwellings per annum, factoring in assumptions reflecting Crawley’s role as a net importer of labour, results in forecast growth of **9,749** business sector jobs over the Plan period. This generates a need for **432,910sqm** new business sector floorspace (significantly within the B8 distribution sector), translating to a total need for **113ha** new land across all business sectors (this including the 10% buffer).
- 4.20 The overall business land requirement identified by each of the NWS EGA 2020 forecasts is summarised in Table 4.1 below. For all net floorspace figures, a 10% buffer is added to allow for flexibility and choice in the local market.

Table 4.1: Summary of NWS EGA forecasts

Use	Baseline Job Growth	Past Development Rates	Baseline Labour Supply
Offices (B1a/b)	+2,800 jobs +33,890sqm floorspace +5.6ha land	+27,200sqm floorspace +4.5ha land	+4,472 jobs +54,115sqm floorspace +8.9ha land
Manufacturing (B1c/B2)	-1,335 jobs -24,065sqm floorspace -6.0ha land	+103,700sqm floorspace +28.5ha land	+1,767 jobs +69,990sqm floorspace +19.2ha land
Distribution (B8)	-70 jobs -2,855sqm floorspace -0.7ha land		+3,509 jobs +308,805sqm floorspace +84.9ha land

Topic Paper 5: Employment Needs and Land Supply July 2023

Use	Baseline Job Growth	Past Development Rates	Baseline Labour Supply
All Business Sectors	+1,390 jobs +6,970sqm floorspace -1.1ha land	+130,900sqm floorspace +33.ha land	+9,749 jobs +432,910sqm floorspace +113ha land

Source: Northern West Sussex EGA 2020

- 4.21 The EGA advises that for Crawley, the Baseline Job Growth scenario does not provide a robust scenario for positively planning for future employment space needs, as it falls significantly below past job growth performance in Crawley and does not align with the more qualitative market intelligence captured in terms of drivers of demand.
- 4.22 The growth scenarios indicate that projected population growth could be the most significant driver of economic growth in Crawley over the Plan period, and that the market has demonstrated that appetite exists to deliver new employment floorspace (if sufficient space is made available). The EGA therefore **recommended planning for the Past Development Rates requirement as a minimum**, to enable historically strong levels of employment development to continue in the borough over the new Plan period. In quantitative terms, Crawley has insufficient employment land supply to meet the spatial requirements emerging from the past take-up based scenario over the period to 2036. The pipeline of available supply identified by Employment Land Trajectory would be sufficient to accommodate identified office needs, but a significant shortfall would arise for industrial land supply. This is supported by the qualitative market view that Crawley requires additional employment land for industrial uses to accommodate strong levels of market demand, as demonstrated by developments that have been coming forward in recent months and years.
- 4.23 The EGA identifies scope to plan for higher economic growth associated with the Baseline Labour Supply scenario in an unconstrained employment land supply position. However, this requirement is based upon ‘uncapped’ local housing need resulting from the Standard Method approach to calculating housing need, and therefore represents a ‘starting point’ for the purposes of the Local Plan, recognising that adjustments to these figures will likely be required to reflect spatial capacity for accommodating new housing development as well as ongoing, continued cross-boundary working through Duty to Cooperate to ensure that housing and economic needs are planned for over the forthcoming Plan periods. The EGA therefore advises that the Baseline Labour Supply employment space requirements should be treated with caution, as they may be subject to change as the Local Plan develops.

Draft Crawley Borough Local Plan: Regulation 19 Publication (January 2020)

- 4.24 The draft Submission Local Plan was published for Regulation 19 consultation from 6 January 2020 until 2 March 2020, planning for economic growth based on the Past Development Rates requirement of 33ha new business land over the Plan period. With an available land supply pipeline at the time of 12ha (Employment Land Trajectory, December 2019), there remained an outstanding business land need of 21ha.

- 4.25 The constrained employment land supply position placed significant onus on the draft Local Plan to ensure that the limited available business land supply was protected, and where possible enhanced. As with previous iterations of the Plan, designated Main Employment Areas would be protected for employment use, with intensification supported. Manor Royal would remain the focus for business-led economic growth, with opportunities for its extension supported. The other Main Employment Areas would continue to have flexibility to support a broader range of economic uses.
- 4.26 This approach alone would not be sufficient to meet Crawley's outstanding 21ha employment land requirement in full. Given the national aviation policy position in January 2020 with an Airports National Policy Statement supporting expansion at Heathrow, a new Local Plan Policy SD3 and amended Policy EC1 explored the principle of removing safeguarding, (see Topic Paper 2: Gatwick Airport for more information) and committed to the preparation of a North Crawley Area Action Plan (AAP) upon adoption of the Local Plan. The AAP would assess whether safeguarding should be retained, amended, or removed entirely. If safeguarding were to be removed or its extent amended, the AAP would establish how this land should be planned for, including for the airport's requirements and potential allocation of a Strategic Employment Location capable of accommodating Crawley's unmet business land needs.
- 4.27 The AAP would focus on the 613 hectares of previously safeguarded land located in the north of Crawley between the town and Gatwick Airport, land within which sites had been promoted to the council for employment use. It would be tasked with determining the most appropriate use of the land within its remit for future development needs, including those of the airport, providing an opportunity to assess the scope to bring forward a new Strategic Employment Location to meet Crawley's outstanding 21ha business land needs, in addition to other potential land uses including infrastructure, residential (where not affected by unacceptable noise exposure) or open space designations. If the AAP were to determine that the future growth needs of the airport do not require any, or all, of the land previously safeguarded, then it would be possible to assess and designate a sustainable site or sites through the AAP to accommodate strategic employment needs based on Crawley's higher unconstrained business land requirement of 113ha (the EGA Baseline Labour Supply). Whilst recognising that this would need to be reassessed to clarify the overall business land need, subject to this updated work, the AAP would identify and allocate the most appropriate sustainable site(s) for a Strategic Employment Location(s). This requirement, to be set out in the AAP, would supersede the 'Past Development Rates' business land requirement of 33ha identified in the January 2020 draft Reg. 19 Local Plan.
- 4.28 The intention of the AAP approach was to allow for the principle of lifting safeguarding to be considered first through the Local Plan Examination, with the subsequent AAP process enabling consideration of all issues, allowing for the growth needs of the Airport to be demonstrated by the airport operator,

and considered alongside other development needs as part of the work on the AAP.

- 4.29 In response to the proposed Reg. 19 Local Plan approach, Gatwick Airport Limited (GAL) outlined its strong objection to the proposed removal of safeguarding. The principle of reviewing and/or removing safeguarding was strongly supported by landowners and agents promoting employment development within the safeguarded area, though some did not favour the proposed AAP approach, preferring instead that their specific sites should be allocated through the LPR.

Planning Inspectorate Advisory Meeting (April 2020)

- 4.30 Following the first Regulation 19 consultation, an advisory meeting was held with a PINs appointed planning inspector, who provided a high level advisory view on particular aspects of the emerging Local Plan. In relation to employment, the inspector advised that an approach of planning for need based on past development trends would not necessarily enable the requirements of new and changing employment sectors to be accommodated.
- 4.31 Given the NPPF requirement for local plan policies that positively and pro-actively encourage sustainable economic growth, the inspector was clear that Crawley should be pro-actively seeking to accommodate its employment need, either outside the borough through Duty to Cooperate, or should there be certainty in national policy that safeguarding could be lifted, through a review of the Plan. Pointing to continued uncertainty as to whether safeguarding could be lifted and the timescales for doing so, the inspector's position was that an Area Action Plan would unlikely be effective, as the approach would result in a significant change to the Plan's overall development strategy. In those circumstances, an AAP would not be appropriate because it should be consistent with the strategy of the submitted Plan. As such, the inspector's advice was that the Plan should contain a review trigger rather than a reference to an AAP, enabling the whole development and spatial strategy to be re-examined should the additional land become available.

Gatwick Airport Safeguarding

- 4.32 Considering the steer from the advisory Inspector, GAL's objection and the draft national Aviation Strategy's statement, the council revised its approach, considering the geographic extent of safeguarding rather than questioning the principle of its retention. The detail of the Gatwick Master Plan was evaluated to determine whether there was an appropriate location to bring forward new employment land to meet the economic needs whilst continuing to safeguard land that may be required for the physical land take of a potential southern runway and essential road diversions.

Crawley Focused EGA Update (September 2020)

- 4.33 Given the significant economic impact of COVID-19, a Crawley specific update (Crawley EGA 2020⁷) to the NWS EGA was undertaken, providing forecasts for the period 2019-2036. This set out to:
- i.) sensitivity check Oxford Economics Q4 2018 forecast, including against comparator forecasting from Experian;
 - ii.) consider Q2 2020 forecasts from Oxford Economics and Experian that take account of economic implications arising from COVID-19;
 - iii.) update the Past Development Rates forecast to take account of 2018/19 monitoring data;
 - iv.) update the Baseline Labour Supply forecast to take account of the supply-led Local Plan housing figure of 347 dwellings per annum, and a higher figure of 597dpa to takes account of a possible urban extension to Crawley.

Baseline Labour Demand (2018 Q4 Oxford Economics & Experian Forecasts)

- 4.34 The Oxford Economics 2018 forecast used in the NWS EGA 2020 anticipates 372 total jobs (all sectors) per annum 2019-2036, equating to a negative land requirement of -1.1ha over the period. The scale of job growth implied by this forecast would not provide an effective, positive basis in planning for economic growth in Crawley. For sensitivity analysis the Crawley EGA 2020 compared the OE forecast with equivalent Experian 2018 Q4 forecasts on a consistent basis with the methodology applied by the 2020 NWS EGA.
- 4.35 Both 2018 forecasts pointed to a slowing of growth for Crawley compared with previous years. To place this into context, ONS Business Register and Employment Survey (BRES) past growth data shows Crawley's economy to have grown by circa 1,780 total workforce jobs per annum between 2009 and 2018, a period characterised by relatively mixed economic conditions. By comparison, the Experian 2018 forecast implied growth rate of 871 jobs per annum to 2036 is less than half of this past trend (48%) with the OE forecast of 372 jobs per annum equivalent to just 20%.
- 4.36 Examination of local employment trends within the transport and storage sector through analysis of Inter Departmental Business Register (IDBR) data explores further the relationship between transport and storage-related jobs and land use within Crawley. Job apportionment assumptions made by the councils to feed into the 2020 NWS EGA had assumed that that 60% of employment uses within the wholesale, land transport storage and post sectors in Crawley would require B8 warehouse space, whereas IDBR data finds the actual proportion of Crawley businesses using this type of floorspace (c.30%) is lower. To reflect actual land use patterns in Crawley, the Crawley EGA adjusts the OE job apportionments to reflect land use patterns in Crawley, enabling the OE and Experian forecast to be more accurately compared.

⁷ Economic Growth Assessment focussed update for Crawley 2020, Lichfields
<https://crawley.gov.uk/sites/default/files/2020-10/Economic%20Growth%20Assessment%20-%20focussed%20update%20for%20Crawley.pdf>

- 4.37 The Crawley EGA 2020 undertakes further analysis to understand divergence between the OE and Experian forecasts, identifying significant variation between specific sectors that are expected to drive employment growth, or decline, over the period to 2036. For the Manufacturing sector, whilst both OE and Experian forecast a decline over the period, OE forecasts loss (-1,533 jobs) to a much greater extent than Experian (-600 jobs). For the Transport and Storage sector, Experian forecasts 14% growth (+3,600 jobs) over the period, whereas OE forecasts a small loss (-567 jobs) with the latter assuming significant automation will reduce job growth.
- 4.38 To understand which set of forecasts might be the most appropriate to plan for growth in Crawley, the Crawley EGA 2020 refers to BRES data, which provides an overview of actual sectoral growth or decline over time. This finds the Transport and Storage sector in Crawley to have grown by around 19% (394 jobs per annum) over the nine years to 2018. As of 2018, the largest Transport and Storage sub-sectors are ‘passenger air transport’ (10,000 jobs) and ‘service activities incidental to air transportation’ (6,000 jobs), both of which relate to the presence of Gatwick Airport, and which have remained relatively stable in employment terms. In contrast, the ‘warehousing and storage’ sub-sector grew significantly, by around 400% from 300 total jobs 2009 to 1,500 jobs in 2018, with this growth relating exclusively to land transport. This again serves to highlight the increasing demands arising from a growing logistics sector, consistent with the findings of commercial market analysis set out in the NWS EGA 2020.
- 4.39 The Experian forecast is found to align more closely with past job growth trends recorded in Crawley based on the types of transport and storage activity occurring in the borough. In contrast, the OE forecast, which assumes for a significant decline in manufacturing and storage & distribution jobs as a result of automation, does not reflect actual market performance or demand in Crawley. On this basis, the Experian view of how the transport and storage sector will grow in the future, albeit at a slower rate than the past trend, provides a more appropriate basis for anticipating the needs of this sector.
- 4.40 The adjusted 2018 OE forecast anticipates growth of 1,602 business sector jobs over the period 2019-2036, with the equivalent Experian forecast anticipating growth of 4,199 jobs. These are converted to floorspace and land requirements, with a 10% ‘buffer’ incorporated to allow for factors including delays in sites coming forward, replacement of floorspace losses and other market factors. The resulting business sector floorspace and land take requirement associated with each forecast differs significantly, with the labour demand identified equating to **+21,970sqm (+2.9ha) by OE 2018**, and **+154,680sqm (+38.7ha) by Experian**.

[Baseline Labour Demand \(2020 Q2 Oxford Economics & Experian Forecasts\)](#)

- 4.41 In response to the outbreak of COVID-19 in March 2020, a further two scenarios are considered to examine potential impacts of the pandemic on the Borough’s economic growth outlook. Analysis draws on initial COVID-19 economic forecasts published by OE and Experian in June 2020 which take account of revised macro-economic assumptions for the UK economy

including a recession in the UK economy during 2020 and a 'delayed V-shape' recovery.

- 4.42 The OE forecast is again more pessimistic than Experian, identifying a decline in business sector growth over the period 2019-2036 of -527 jobs, equating to negative growth of -29,913sqm business floorspace (-9.8ha business land). For the same period, the corresponding Experian forecast identifies business sector growth of 1,737 jobs, equating to a requirement for 57,400sqm business floorspace (13.4ha business land). Both forecasts provide a necessary sensitivity check to account for pandemic-led economic uncertainties but are subject to a high degree of variability, and not considered to represent a reliable basis for long-term planning given the uncertainty associated with them.

Past Development Rates

- 4.43 The Past Development Rates forecast is updated to take account of the 2018/19 reporting year, during which gross and net business sector floorspace completions were considerably higher than in previous years. This has had the effect of increasing the historic annual average take-up rate and therefore the resulting business sector floorspace (**159,290sqm**) and land requirement (**39.6ha**) for the period to 2036. Of the 39.6ha business land requirement, the need predominantly (33.4ha) relates to industrial sectors of light industrial, manufacturing and storage & distribution.
- 4.44 Past development continues to provide a useful barometer of expected growth requirements based on historic completions, and although set within the context of Crawley's constrained land supply position, it underlines the role of industrial sectors in driving take-up of employment space in Crawley over recent years. Whilst recognising that a 'past take up' approach cannot take account of future sectoral changes, variance in work practices, or unforeseen economic circumstances, it implies a level of growth comparable to that identified by the Experian 2018 Baseline.

Baseline Labour Supply

- 4.45 The 2020 NWS EGA provided a baseline labour supply scenario, generating a theoretical need for up to 113ha new employment land over the 2019-2036 period. However, as explained in para 4.26 above, the study recognised this figure was subject to change. As a result of Crawley's significantly constrained land supply position, the full 'uncapped' level of housing growth cannot be accommodated within Crawley's administrative boundary. The Crawley EGA 2020 therefore considered baseline labour supply using the anticipated Local Plan supply-led figure of 5,200 dwellings to 2036, 347 dwellings per annum (dpa). It also considered a higher figure of 597dpa, accounting for possible urban extensions to Crawley.
- 4.46 Consistent with the NWS EGA 2020, labour supply estimates provided by Icen (authors of the 2019 Northern West Sussex Strategic Housing Market Assessment) informed job growth numbers, which were converted into a business land requirement. Based on this approach, housing delivery at 347dpa would generate growth of 2,183 business sector jobs, and a

Topic Paper 5: Employment Needs and Land Supply July 2023

corresponding business land requirement of 21.7ha. The higher 597dpa would generate growth of 5,725 business sector jobs, and a corresponding business land requirement of 56.9ha.

Summary of Crawley EGA 2020 Employment Scenarios

4.47 The indicative gross land requirement to 2036 for each scenario is set out in Table 4.2.

Table 4.2: Gross Land Requirement (ha) to 2036 by Scenario

	1. Baseline Job Growth (Experian 2018)	2. Past Take-Up	3. Labour Supply (347 dpa)	3. Labour Supply (597 dpa)
Office (B1a/B1b)	5.9	6.2	2.3	6.0
Manufacturing (B1c/B2)	-0.6	33.4	4.8	12.5
Distribution (B8)	33.4		14.7	38.4
All B Uses	38.7	39.6	21.7	56.9

Source: Crawley Focused EGA Update (September 2020)/Lichfields analysis

4.48 The updated Crawley EGA 2020 scenarios generate employment land requirements that range from 22ha to 57ha, significantly narrowing the gap between the lowest and highest scenarios set out in the NWS EGA 2020. Analysis of the scenarios undertaken by Lichfields finds that the Experian 2018 forecast provides the most appropriate basis to plan for future employment land requirements reflecting (at the time) up-to-date economic information that is not skewed by the uncertainties of pandemic-led projections. More broadly, the 2018 Experian forecasts reflect the strong market demand for distribution floorspace and assume for the continuation of strong job growth in Crawley over the Local Plan period, albeit at a slower rate when compared with past trends. The 2018 Experian 38.7ha business land requirement aligns closely with the past take up figure of 39ha, reflecting the historically strong performance of storage & distribution sectors in Crawley, and remains greater than the supply-led Labour Supply (347dpa) figure of 21.7ha, representing a positive approach in planning for sustainable economic growth.

4.49 The higher Labour Supply (597dpa) figure of 56.9ha employment land factors in the possibility of an urban extension to Crawley. However, such an extension would not meet solely Crawley's housing needs but also those from the adjoining district. Therefore, it is anticipated that, although some employment needs arising from an urban extension may need to be met in Crawley, remaining employment need arising from the development may be accommodated within the urban extension itself, or if necessary, elsewhere within neighbouring districts.

Employment Land Demand/Supply Balance (January 2021)

4.50 Based on the 2018 Experian Baseline forecast, the Crawley EGA 2020 identified need for a minimum 38.7ha new business land over the Plan period. This figure can be broken down into an office land requirement of

5.9ha and an industrial land⁸ requirement of 32.8ha. It is necessary to consider the identified employment land need against the available employment land supply pipeline, identified through the Employment Land Availability Assessment (ELAA) (base date 1 September 2020).

- 4.51 The ELAA undertakes an assessment of the potential employment land supply position for Crawley. The document details the available employment land supply pipeline for the Local Plan and provides details of sites promoted to the council for employment use through the “call for sites” and the Local Plan consultations, considering these for the possible allocation of a Strategic Employment Location.
- 4.52 The majority of Year 1-5 sites set out in the ELAA are located within the designated Main Employment Areas, and either benefit from planning permission that would bring about an intensification of the site or form an underutilised or vacant plot where employment development is likely to be appropriate. These sites form the employment land supply pipeline, totalling 17.56ha, and made up of 8.84ha office land and 8.72ha industrial land. These sites are also set out in the Employment Land Trajectory included in the Local Plan.
- 4.53 The Crawley EGA 2020 business land requirement of 38.7ha is set against this available land supply pipeline in Table 4.3 below. This shows that the available office land supply pipeline meets Crawley’s identified quantitative office needs over the Plan period. Therefore, the identified employment land needs are substantially of an industrial nature, principally in relation to B8 storage and distribution use. With an existing available industrial land supply pipeline of 8.7ha, there remained outstanding need for 24.1ha new industrial land.

Table 4.3: Crawley Employment Land Demand/Supply

	2018 Experian Baseline Labour Demand Land Requirement (Hectares)
Office Requirement	5.9
Office Land Supply Pipeline	8.8
Surplus/Shortfall	+2.9
Industrial Requirement	32.8
Industrial Land Supply Pipeline	8.7
Surplus/Shortfall	-24.1

Source: Crawley Employment Land Trajectory (1 September 2020) /Crawley Focused EGA Update (September 2020) / Lichfields analysis

[Draft Crawley Borough Local Plan: Regulation 19 Publication \(January 2021\)](#)

- 4.54 To plan positively and pro-actively for sustainable economic growth, as required by the NPPF, it would be necessary for the Local Plan to identify new land capable of accommodating the outstanding 24.1ha industrial-led business land requirement. The ‘call for sites’ undertaken at Regulation 18 Local Plan consultation resulted in land totalling around 125ha being promoted to the council for business-led employment use. The ELAA provides

⁸ Industrial is defined as uses falling within Class B2 (general industrial), Class B8 (storage & distribution) and the former Class B1c (light industrial).

details of the promoted sites, including site area and, where known, the amount and type of business floorspace proposed, based on information provided by the site promoter. Commentary is provided for each site, having regard to information from the site promoter and high-level desktop assessment undertaken by the council. Further assessment for each site has been undertaken through the SA/SEA process.

- 4.55 The majority of sites promoted to the council are situated entirely or partly on land that is required to continue to be safeguarded. In preparing the draft Local Plan the council has carefully considered the extent of safeguarding set out in the Gatwick Airport Master Plan, particularly the *Airport Layout: Additional Runway* shown in Plan 20 of the Master Plan. Taking account of the location of the different uses shown on the Airport Layout Plan, the draft Local Plan safeguarded boundary includes the land that would be required to accommodate a southern runway, and essential road diversions. Delivery of strategic employment at these sites would prejudice the potential future delivery of a southern runway at Gatwick Airport should this be required, contrary to national policy. Therefore, as required by national policy, land to the south of Gatwick Airport continues to be safeguarded and cannot be considered for strategic employment at this time.
- 4.56 Only one of the sites promoted for employment is considered capable of providing the required quantum of business land in a manner that would not prejudice future delivery of a southern runway at Gatwick Airport should this be required by national policy. This is the land east of Balcombe Road and south of the M23 spur, referred to as Gatwick Green.
- 4.57 The draft Local Plan was published for a second period of Regulation 19 consultation in January 2021. The updated draft Plan proposed several significant changes to the strategy consulted upon in the January 2020 version. Due to the requirement to continue safeguarding, and following advice from the Planning Inspectorate, the North Crawley Area Action plan was not pursued, with draft Policy SD3 removed from the Plan. The draft Plan reinstated safeguarding (Policy GAT2), though in an amended form that excluded land East of Balcombe Road and South of the M23 spur (referred to as Gatwick Green), identified for allocation as a Strategic Employment Location (Policies EC1 and EC4) to meet Crawley's outstanding requirement for new industrial, principally storage & distribution, employment land.

[Crawley 'One Town' Economic Recovery Plan \(November 2021\)](#)

- 4.58 Crawley's economy was substantially impacted by the COVID-19 pandemic, more so than many other areas given its significant relationship with the aviation sector and related businesses. Centre for Cities (2020) identified over half of the borough's jobs to fall within sectors identified as 'very vulnerable' or 'vulnerable' to the economic impacts of the pandemic. During the pandemic over 25,800 Crawley residents (41% of the local workforce) were furloughed, with Local Universal Credit claimant count peaking at 8.9% in March 2021.

- 4.59 In response, Crawley Borough Council published its ‘One Town’ Economic Recovery Plan 2021⁹; an overarching, strategic plan presenting a vision for the borough’s future socio-economic prosperity. A key recommendation of the Recovery Plan is to ensure that Crawley’s economy diversifies, giving it greater resilience to adapt and respond to unforeseen economic changes. Linking in with the long-recognised issue of an insufficient and constrained employment land supply, the unlocking of new employment land to maximise growth opportunities and support the shift towards a more diverse and multi-sectoral economy is identified as a key means of supporting economic recovery and securing Crawley’s longstanding economic role moving forward.

EGA Supplementary Update for Crawley (January 2023)

- 4.60 Following an extended second consultation on the draft Reg. 19 Local Plan, which concluded July 2021, work to progress the Plan to submission was stalled following the emergence of water neutrality as an issue for all development in the Sussex North Water Resource Zone. Water neutrality is explained in the Water Neutrality Topic Paper and discussed in greater detail through the SA/SEA but, given the requirement to demonstrate that the Local Plan is water neutral individually and in-combination with the Plans of neighbouring authorities, a key implication of this new requirement was slippage to the Local Plan timetable and the need to draft a specific water neutrality policy to address the issue. The impact of this has been twofold; first it has necessitated a third period of consultation on the Reg. 19 Local Plan, and second it has meant that some evidence base documents have been revisited to ensure they remain up to date.
- 4.61 With the Crawley EGA 2020 drawing upon 2018 Experian forecasts, an EGA refresh, referred to as the Crawley EGA 2023¹⁰ was undertaken to provide updated economic forecasts and revisit implications for the employment land demand/supply balance in the context of updated scenarios, including whether there remained justification for a Strategic Employment Location. Consistent with earlier EGAs, the updated EGA assesses future employment floorspace and land requirements over an amended revised Plan period 2023-2040, having regard to labour demand (use of economic forecasts), consideration of past development trends, and future labour supply.

Baseline Labour Demand (2022 Q4 Oxford Economics & Experian Forecasts)

- 4.62 The updated Oxford Economics forecast anticipates growth of 413 jobs (all sectors) per annum over the period 2023-2040, with Experian anticipating 683 jobs (all sectors) per annum, implying a considerably higher scale of growth. Compared with BRES data showing actual job growth of 513 jobs per annum for the period 2009-2021, the OE forecasts imply a slowdown

⁹ Crawley ‘One Town’ Economic Recovery Plan, 2021 <https://crawley.gov.uk/sites/default/files/2021-12/%27One%20Town%27%20Crawley%27s%20Economic%20Recovery%20Plan.pdf>

¹⁰ Economic Growth Assessment Supplementary update for Crawley 2023 Lichfields <https://crawley.gov.uk/sites/default/files/2023-02/Economic%20Growth%20Assessment%20supplementary%20update%20for%20Crawley%20January%202023.pdf>

compared to historic trends, with its more pessimistic outlook assuming a slower economic recovery from the pandemic followed by very modest growth, compared with the Experian outlook which anticipates more rapid economic recovery with continued job growth to 2040. Across all sectors, the Oxford Economics overall employment growth figure per annum (which includes other sectors such as health, retail, education, public sector and so on) is closer to what has been recorded by BRES historically for Crawley. However, further analysis finds there to be significant variation between the forecasts regarding expectations for individual sectors and the extent to which they will grow or decline over the period to 2040.

- 4.63 In absolute terms the greatest difference is in the ‘transportation and storage sector’, where OE forecasts limited growth of +104 total jobs to 2040, compared with Experian’s anticipated +3,300 total jobs for the same period. This sector is typically associated with warehousing and logistics use, though ‘passenger air transport’ remains the largest sub-sector within it. To understand which set of forecasts might be more appropriate for planning purposes, comparison is made with BRES sectoral change data, showing actual job growth for the period 2009-2021. This finds the transportation and storage sector to have grown by 3,000 jobs (231 jobs per annum) in Crawley over this period, which aligns more closely with Experian’s outlook for the sector of 183 jobs per annum. This also reflects market analysis in the NWS EGA 2020, which points to strong growth being experienced in the wider industrial and logistics market. On this basis, the Experian outlook for the transport and storage sector growth – albeit at a lower rate than the past trend – is found to provide a more appropriate basis for anticipating the needs of this sector.
- 4.64 Although the two sets of forecasts have significant differences in the overall workforce growth (i.e. total economy) and some individual sectors, when aggregated, they ultimately point to similar levels of growth within the business focussed sectors of office, industrial and distribution. Both forecasts expect 5% total job growth across the business sectors (equivalent to 1,740-1,820 jobs) to 2040. Both forecasts are broadly consistent in terms of the expectations for office-based sectors (+1,636 to 2,018 jobs), identifying a decline in light/general industrial job numbers (albeit with Experian expecting a smaller decline than OE), and growth in storage & distribution jobs (+1,112 to 1,142) over the period to 2040. Converting business sector job growth to floorspace and land take requirements, **Oxford Economics indicates need for 95,060sqm new floorspace (21.4ha) to 2040, with Experian forecasting a requirement for 100,890sqm new floorspace (23.3ha).**
- 4.65 In summary, although the two forecasts have significant differences in terms of overall projected employment growth for Crawley, once a detailed analysis is undertaken in relation to those sectors that have a direct impact on the need for office, industrial and distribution space footprint, similar levels of employment growth are identified. However, it is Experian’s projection of annual growth for the office, industrial and distribution-based sectors that appears more closely aligned to what has been recorded historically by BRES,

and in the case of transportation and storage, it is Experian's outlook that more accurately reflects market feedback collected at the time of the EGA.

Past Development Rates

- 4.66 In line with the PPG, past development rates for employment space are used to help inform the assessment of future needs. Assessing completions over a period of ten years or more can provide a reasonable basis for estimating future needs provided land supply has not been unduly constrained. In Crawley, where land supply is generally constrained and only very limited new employment land has come forward, past development rates are likely to have been suppressed. This aligns with the consistently held market view that limited availability of suitable industrial land and premises has resulted in 'pent-up' demand that frequently is unable to be satisfied within the market, increasing rents and in some cases necessitating occupiers to locate elsewhere.
- 4.67 The past take-up scenario from the Crawley EGA 2020 has been updated, reflecting availability of the 2019/20 and 202/21 monitoring years. This shows that net completions of office and industrial (including Eg(iii), B2 and B8 uses) over the period 2011 to 2021 is at a lower level to those recorded within the NWS EGA 2020 covering the period 2011 to 2018. This is primarily due to lower office space completions, including consents not being implemented and subsequently expiring. In terms of industrial space, the last two monitoring years have seen more moderate increases compared with the completions recorded since 2019. For the period 2023 to 2040, the resulting **business sector floorspace requirement is 124,100sqm, equating to 29.1ha new business land**. The overall business land requirement predominantly (26.3ha) relates to the industrial sectors of light industrial, manufacturing and storage & distribution. This underlines the role of industrial sectors, including both light industrial and distribution, as the main driver of net completions of employment space in the Borough over recent years.

Future Labour Supply

- 4.68 To assess employment needs associated with population growth, the Crawley EGA 2023 applies the same assumptions as its predecessor, taking a 'supply-led' approach to consider the implication of housing growth equivalent to 314 dwellings per annum (dpa), and to account for the possibility of urban extensions to Crawley in Horsham and Mid Sussex, a higher average delivery of 544dpa.
- 4.69 This level of housing delivery would support growth of between 5,181 (at 314 dpa) and 13,683 (at 544 dpa) jobs in Crawley over the period 2023-2040. The proportion of jobs within B class sectors assumes the same shares as the 2022 Experian baseline forecast, showing that light/general industrial uses will decline, but the increase in distribution-based sectors not only will offset the losses, but will also drive growth across the area to 2040. Translating job numbers into estimated requirements generates need for **103,050sqm floorspace (23.7ha land) at 314dpa, and 272,150sqm (62.7ha land) at**

544dpa, with most of the identified need within the storage & distribution sector.

Summary of Crawley EGA 2023 Employment Scenarios

4.70 Adopting the same approach as the NWS EGA 2020 and Crawley EGA 2020, a 10% ‘buffer’ allowance is added to account for factors such as delays in sites coming forward, replacement of some ongoing losses of employment space during the Local Plan period, and other relevant factors in the local market. Table 4.4 below presents gross employment land requirements in Crawley across the Plan period to 2040.

Table 4.4: Gross Land Requirement (ha) to 2040 by Scenario

Type of Space	1.Labour Demand (Experian 2022)	2.Past Take Up	3.Labour Supply (314 dpa)	4.Labour Supply (544 dpa)
Office and R&D E(g)(i)/(ii)	3.3	3.1	3.3	8.8
Light Industrial E(g)(iii)	-2.9	28.9	-3.3	-8.7
General Industrial B2	-1.8		-2.0	-5.3
Distribution B8	27.6		28.1	74.2
Total	26.2	32.0	26.1	69.0

Source: Lichfields analysis

Note: totals rounded

4.71 The updated scenarios generate gross employment floorspace requirements that range from 113,351 sqm (or 26.2 ha) to 299,362 sqm or (69.0 ha) over the 2023-2040 period. Within this, Scenarios 1 (Labour Demand), 2 (Past Take Up) and 3 (Labour Supply at 314dpa) generate similar requirements. For office/research & design, the requirement is around 21,000-22,000sqm, or around 3ha. For industrial uses, the overall requirement is within the range of between 91,000 and 116,000sqm, or between 23 and 29ha land. Set against the small forecast reductions in light/general industrial needs, there is a consistent positive requirement across all three scenarios for circa 110,000 to 115,000sqm B8 storage & distribution floorspace, which equates to around 28ha.

4.72 The Crawley EGA 2023 advises that **as a minimum, the Local Plan should seek to accommodate the requirements related to the labour demand scenario, of 113,390sqm floorspace (26.2ha)**. This is found to align closely with the lower of the labour supply (314 dpa) scenarios and indicates a broadly balanced approach between labour demand and labour supply-based growth. The Past Development Rates scenario provides some basis to plan for slightly higher industrial land requirements, taking the overall requirement to 32ha, but would not change the office requirements. This would be consistent with market analysis pointing to strong growth being experienced in the industrial and logistics market. More broadly, the past trends figure is informed by an historically constrained land supply position that has suppressed delivery, and growth associated with past trends may have been greater in an unconstrained position. Scenario 4 reflects the relatively significant scale of housing delivery that may come forward adjoining Crawley’s boundary, which if delivered in full, could support a greater uplift in local labour supply, economic activity and associated employment land

requirements over and above the 26.2-32.0 ha identified by the other scenarios.

Employment Land Demand/Supply Balance (January to May 2023)

- 4.73 Based on the 2022 Q4 Experian forecast, the Crawley EGA 2023 identifies need for a minimum 26.2ha new business land over the Plan period. This can be broken down into an office (E(g)(i)/E(g)(ii)) land requirement of 3.3ha and an industrial (E(g)(iii)/B2/B8) land requirement of 22.9ha. It is necessary to consider the identified employment land need against the available employment land supply pipeline. For preparation of the 2023 EGA update, this has been identified through the Employment Land Trajectory (base date 30 September 2022).
- 4.74 The 30 September ELT identifies a total employment land supply pipeline of 17.5ha, comprising 5.3ha office land, and 12.2ha industrial land. As shown in Table 4.5, sufficient capacity is identified in the ELT to accommodate future office needs under all scenarios except for the higher labour supply (544dpa) where a shortfall arises. By comparison, for industrial and warehousing needs (E(G)(iii)/B2/B8) there is a shortfall under all scenarios, a position consistent with the NWS EGA 2020 and Crawley EGA 2020.

Table 4.5: Demand/Supply (ha) Balance by Sector 2023-40

	Labour Demand (Experian 2022)	Past Take Up	Labour Supply (314 dpa)	Labour Supply (544 dpa)
Office (EG(i)/Eg(ii))				
Employment Land Requirement	3.3	3.1	3.3	8.8
Available Employment Land	5.3			
Surplus (+) / Shortfall (-)	+2.0	+2.2	+2.0	-3.5
Industrial (Eg(iii)/B2/B8)				
Employment Land Requirement	22.9	28.9	22.8	60.2
Available Employment Land	12.2			
Surplus (+) / Shortfall (-)	-10.7	-16.7	-10.6	-48.0

Source: CBC (2022) / Lichfields analysis

- 4.75 The updated analysis points to an unmet industrial need of between 10.7ha and 48ha, similar to the scale of need identified by the Crawley EGA 2020 (which implied a shortfall of industrial land between 11ha and 42ha). The Crawley EGA 2023 concludes, consistent with its predecessor, that the Local Plan will need to consider the extent to which additional land can be brought forward in the Borough to meet the identified industrial land needs, either in part or in full. The nature and scale of these requirements means that it does not appear likely that relying solely on redevelopment and/or intensification of existing employment areas (e.g. within Manor Royal) would appropriately address these needs without adversely affecting the functioning of other employment sectors or impacting the diversity of economic activity within the Borough. The report also outlines that any needs that could not be accommodated within the Borough may give rise to industrial land requirements in the Northern West Sussex area.

Topic Paper 5: Employment Needs and Land Supply July 2023

- 4.76 Since publication of the Crawley EGA 2023, the ELT has been updated with a revised Base Date of 31 March 2023. There has been no change in the office land supply pipeline. The industrial land supply pipeline has been updated, rectifying an error in the previous ELT which had included a recently completed and since occupied site (The Office in Manor Royal) in its supply pipeline. This adjustment amends the demand/supply position as shown in Table 4.6 below.

Table 4.6: Crawley Employment Land Demand/Supply May 2023 (Experian 2022)

	Business Floorspace Demand/Supply (Sqm)	Business Land Demand/Supply (ha)
Office Requirement	21,770	3.3
Office Land Supply Pipeline	21,020	5.32
Surplus/Shortfall	-750	+2.02
Industrial Requirement	91,620	22.9
Industrial Land Supply Pipeline	50,305	9.17
Surplus/Shortfall	-41,315	-13.73

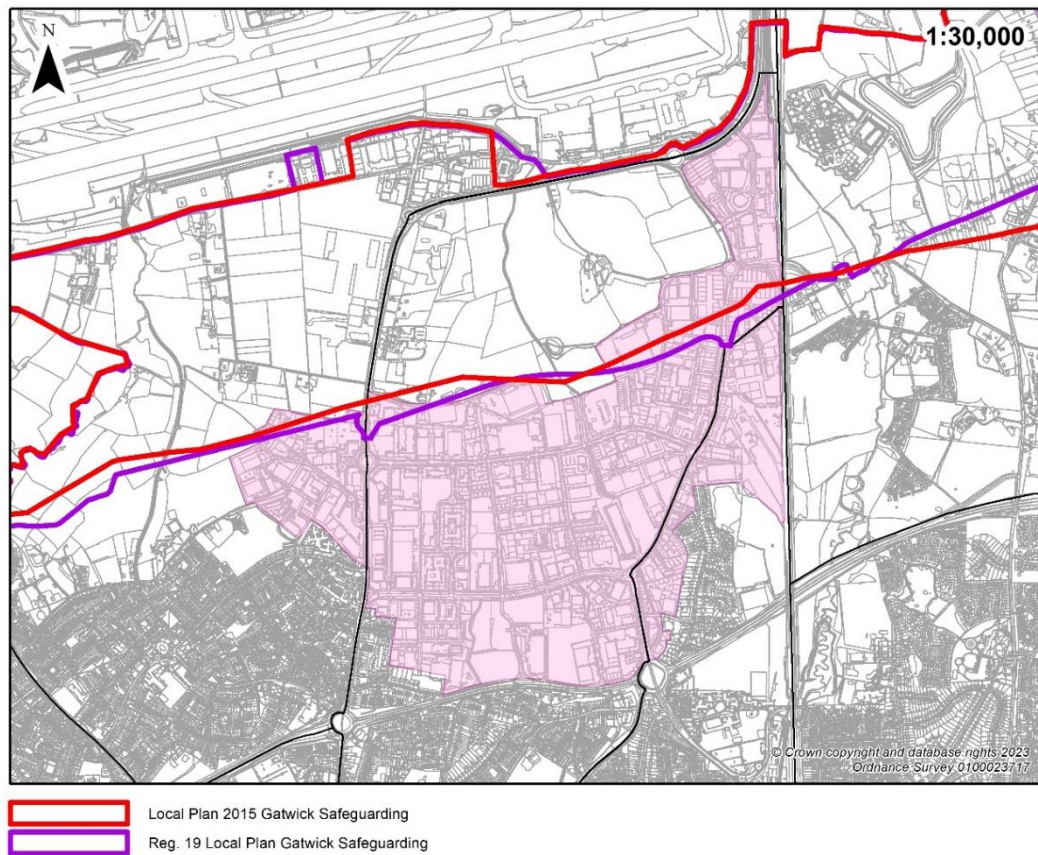
Source: Crawley Employment Land Trajectory (Base Date 31 March 2023)

- 4.77 The updated industrial land supply shortfall of 13.73ha is set out in the May 2023 Reg. 19 draft submission Local Plan. This has reduced in comparison to the land supply shortfall identified in the previous draft Local Plan. However, as shown through the 2023 EGA, the Experian Labour Demand figure must be viewed as representing a minimum business land requirement, falling some way short of the 'past trends' scenario (28.9ha), which is itself a product of a historically constrained land supply. From the adopted 2015 Local Plan, and across the Northern West Sussex EGA and its Crawley focussed updates, a consistent theme has been the unmet need for new industrial land, reflected in quantitative forecasts, and through market feedback and analysis.

Gatwick Airport Safeguarding as a land supply constraint

- 4.78 As discussed, such is the long-standing nature of Crawley's employment need that the adopted 2015 Local Plan was required, at request of the Planning Inspector, to incorporate text supporting appropriate extensions of Manor Royal into the countryside to provide new business land. This approach has enabled land at Jersey Farm Site A (0.69ha) to come forward, but the scope to bring forward such extensions to Manor Royal has largely been restricted by Gatwick Airport safeguarding. The requirement to safeguard land is retained in the draft Local Plan, with the geographic extent of safeguarding largely consistent (with exception of the Gatwick Green allocation) to that shown in the 2019 Gatwick Master Plan. Figure i. shows the adopted 2015 Local Plan safeguarded boundary and the updated boundary, which extends further south into Manor Royal. This reduces significantly the already limited scope to bring forward new business land through extensions to Manor Royal.

Figure i. Extent of Gatwick Airport Safeguarding, 2015 and draft Reg. 19 2023
Local Plans

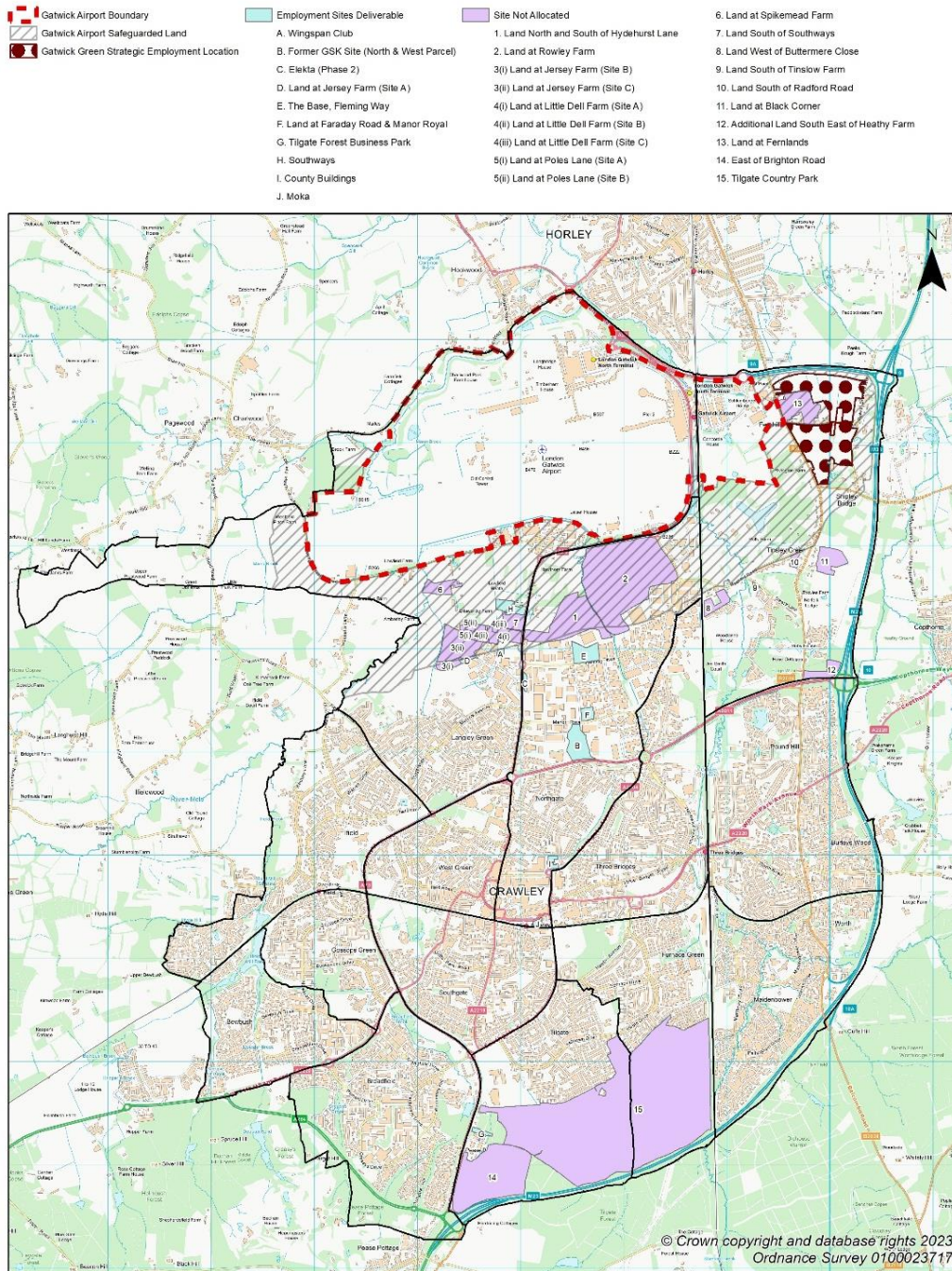


Update to ELAA

- 4.79 The ELAA has been revised to an updated Base Date of 31 March 2023 to include sites identified through representations made during the second Reg. 19 Local Plan consultation. Additional sites were added, including Land at Fernlands, and several small residual land parcels close to the Forge Wood neighbourhood. A majority of sites promoted to the council continue to fall within the safeguarding area, on land required to accommodate the physical land take of a southern wide spaced runway should this come forward. Figure ii. shows all sites identified in the updated ELAA, including those forming the employment supply pipeline identified in the ELT Base Date 31 March 2023.
- 4.80 Land at Fernlands is an 8.8ha site located to the east of Gatwick Airport and Balcombe Road, and north of Fernhill Road, with the proposed Gatwick Green allocation bounding the site to its north, south and east. It was initially promoted at the first Reg. 19 consultation for airport parking, and subsequently promoted for B2/B8 industrial use. The site is promoted as either an extension to, or an alternative layout for, the proposed Gatwick Green allocation. The council is not proposing to allocate Land at Fernlands, as the Gatwick Green site is able to accommodate Crawley’s outstanding employment need in full, and in the absence of the two site promoters working together it cannot be demonstrated with certainty that such a scheme would be suitable, available and achievable.

Topic Paper 5: Employment Needs and Land Supply July 2023

Figure ii. Crawley ELAA Map Base Date 31 March 2023



5. Market Evidence/Signals - Strategic Industrial/Logistics Development

5.1 The council’s evidence summarised above, including the Manor Royal Economic Impact Study and the EGA and its updates, has drawn upon market feedback and analysis. Through market engagement, a consistent message has been a significant and long-standing demand for industrial and logistics space in Crawley which, as a result of the severely constrained land supply position, has gone unmet. This section of the Topic Paper sets out further evidence from published market assessments that support the need for a

Strategic Employment Location near to Crawley/Gatwick. The section is structured as follows:

- i. Market evidence
- ii. Major locational considerations
- iii. National Industrial and Logistics (I&L) demand
- iv. The Crawley/Gatwick market
- v. Industrial and Logistics supply and demand
- vi. What is driving logistics demand to Crawley?
- vii. Strategic Employment Development in Northern West Sussex FEMA

i. **Market evidence**

5.2 In line with national planning policy contained in the NPPF and PPG, a holistic assessment of economic need must be informed by a range of data, including economic forecasts and evidence of market demand and signals. In Crawley, the historically constrained employment land supply and the limited ability of the borough to accommodate all its housing needs, tends to suppress the level of forecast demand. This is particularly the case for the ‘past trends’ forecast, which in addition to reflecting a constrained land supply position, is limited by Crawley’s inability to take account of the requirements of new and changing employment sectors. The range of forecasts identified through the Crawley EGA 2023, based on the methods identified in the NPPF and PPG, establish a minimum need requirement. It is also important that, consistent with national guidance, further market signals and wider market indicators are taken into account as these are critical to fully understanding the scale of demand for employment land. In Crawley, this demand is primarily focussed on the industrial and logistics sector.

ii. **Major locational considerations**

- 5.3 To enable fast deliveries, stock needs to be held near the end customer before it is picked up for the last mile delivery. This requires logistics and storage space in regional and local distribution hubs nearby to population centres. These trends are expected to increase demand for space as reduced delivery times are required to benefit online retailers.
- 5.4 A report for the British Property Federation¹¹ identifies several key transport nodes as the focus for regional (and national) distribution uses, including airports such as Gatwick (Fig. iii). The report details the attractiveness of locations with to tri-modal (air, rail, road) transport connectivity for logistics providers, including national distributors and parcel couriers, particularly where modal connectivity offers options on fast international and nationwide delivery. Other key locational considerations include Strategic Rail Freight Interchanges (SRFI) with direct rail access, accessibility to the major road network; access to customers in the London area; access to a large labour pool; access to major freight handling infrastructure; and proximity to London.

¹¹ What Warehousing Where? Understanding the Relationship between Homes and Warehouses to Enable Positive Planning, A report by Turley for the British Property Federation, 2019
<https://bpf.org.uk/media/3838/bpf-what-warehousing-where-report.pdf>

Topic Paper 5: Employment Needs and Land Supply July 2023

Figure iii. England's Key Cargo Ports, Airports and SRFIs. Source: British Property Federation, 2019



iii. National Industrial & Logistics Demand

5.5 There is increasing evidence that the demand for industrial and logistics space is driven by structural, rather than temporary, changes in consumer habits. The National Infrastructure Commission¹² estimates that e-commerce growth to 65% by 2050 is plausible, though this timeframe may be conservative, with another report, 'The Digital Tipping Point, 2019 Retail Report'¹³ estimating that e-retail sales would reach 53% by 2028. The growth in online shopping has significant implications on future I&L demand given that e-commerce requires around 3 times the logistics space of traditional bricks-and-mortar retailers¹⁴. Consumer expectations, particularly the desire for same or next-day delivery are reshaping the operating models of logistics companies and adding to the demand for space. The Covid-19 pandemic accelerated this shift but 27% of retailers have since added same-day delivery for online orders as a fulfilment option, with 1 in 3 retailers planning to add same-day delivery options in the next 6 to 12 months¹⁵.

¹² National Infrastructure Commission (2019) 'Better Delivery: The Challenge for Freight' <https://nic.org.uk/app/uploads/Better-Delivery-April-2019.pdf>

¹³ The Digital Tipping Point, 2019 Retail Report, Retail Economics and Womble Bond Dickinson https://www.womblebond Dickinson.com/sites/default/files/2019-07/WBD_Retail-Report_0.pdf

¹⁴ Prologis (2016), Global E-Commerce Impact on Logistics Real Estate [Global E-Commerce Impact on Logistics Real Estate | Prologis](https://www.prologis.com/global-e-commerce-impact-on-logistics-real-estate)

¹⁵ Bringg (2022), State of Retail Delivery & Fulfilment. The report uses evidence from retailers in the US, UK, Canada, Germany, France and Italy. <https://www.bringg.com/2022-retail-barometer/>

- 5.6 The significant national demand for I&L space is borne out by market evidence published by a number of property advisors. This recognises the industrial and logistics sector as providing critical national infrastructure that supports the functioning of the economy. Extracts from the research is summarised below:

Lambeth Smith Hampton (LSH): Back into Balance Industrial and Logistics Market (2023) identifies logistics property as playing a key role in supporting economic activity, with UK-wide I&L take-up hitting 60.5 million sq.ft for 2022, the second strongest year on record behind 2021. The growth of e-commerce will continue to underpin demand, but the focus has shifted from expansion to optimisation of supply chains. Moving forward, demand will focus on improving both supply chain efficiencies and resilience. Brexit and the pandemic are leading to nearshoring/on shoring of manufacturing and distribution hubs within the UK, and this is expected to increase in 2023.

CBRE UK Real Estate Market Outlook (2023) anticipates continued occupational demand in the UK logistics market above the long-term average, with third-party logistics distributors leading take-up as they seek greater flexibility in supply chains. I&L assets remain attractive to investors, with occupier demand continuing in 2023 and take-up volumes remaining above the 10-year average. Vacancy rate is set to remain at a critically low level, and with a lack of available units holding back take-up levels, rental growth will continue, driven by the demand and supply imbalance. Overall, the logistics sector is expected to reinforce its position as a major contributor to total real estate investment and will remain an attractive asset class.

Colliers Industrial and Logistics Market Pulse 2023 UK identifies industrial sector average rental growth of 3.7% for 2023, anticipated to outperform other commercial real estate sectors through to 2027. Online spending is considered to remain elevated compared to pre-pandemic levels, prompting some occupiers to improve their supply chains.

iv. The Crawley/Gatwick Market

- 5.7 The fundamental economic drivers of population growth and growth in the number of businesses increase the need for industrial and logistics space. These are both strong in the South East and in Crawley, with population growth driving e-commerce while business growth requires supply chain support from I&L companies in terms of delivering supplies and materials used in business processes and/or to move product to end customers either locally, nationally, or internationally.
- 5.8 Stiles Harold Williams (SHW)¹⁶ recent February 2023 market update confirms that industrial and logistics demand continues to outstrip supply across the South East. It provides a snapshot of the local market, finding rents in Crawley and Gatwick to have increased from £13.75 to £16.00 per square foot over the four years to 2022. The update points to availability of two new build schemes in Manor Royal, totalling 319,500 sq.ft, though emphasises a

¹⁶ Industrial & Logistics, SHW News, 1 February 2023 - <https://www.shw.co.uk/articles/2023/demand-continues-to-outstrip-supply-across-the-south-east-industrial-market.html>

wider logged demand for Crawley/Gatwick of almost 3.5million sq.ft floorspace as of 2022.

v. Storage & Distribution supply & demand in Crawley

5.9 Long-standing market demand for storage and distribution floorspace and land is evident in the prevalence of industrial-led development that has come forward in recent years. Reference to past development data¹⁷ shows for the period 2011-2021, just under 85% of floorspace completed annually fell within the industrial sectors (E(g)(iii)/B2/B8). Given the limited scope for new employment land, the market has largely been led to redeveloping and/or intensification of existing Manor Royal sites to deliver the required floorspace, often through the demolition of office space or outdated warehouse stock. This is evident in Table 5.1, showing notable warehouse schemes delivered in Manor Royal since adoption of the 2015 Local Plan, where a net loss of office and general industrial floorspace in favour of warehousing can be seen. Some of the developments listed have come forward on cleared sites that once contained employment buildings, but at the time of the application were in other use, so a net loss of employment floorspace is not recorded, for example at Space Gatwick where the former employment site was in temporary car parking use.

5.10 The Employment Land Trajectory (Base Date 31 March 2023) sets out the gross floorspace and land supply pipeline position but does not provide detail of net floorspace gains and losses. To better illustrate this wider picture, Table 5.2 shows the net floorspace/land supply position for those sites included in the ELT (Base Date 31 March). As can be seen, whilst the ELT identifies a gross pipeline of 50,305sqm B8 floorspace, once net losses are accounted for, this reduces to 41,925sqm. More broadly, this shows continuation of the trend of Manor Royal sites being redeveloped for storage & distribution, exemplified through schemes at The Base and Land at Faraday Road.

Table 5.1: Key Manor Royal Storage & Distribution Developments since 2015 Local Plan adoption

Address	Reference	Floorspace Gained (Sqm)			Floorspace Lost (Sqm)		
		Office	B2	B8	Office	B2	B8
Rackspace Building 1, Former GSK Site	CR/2013/0255/FUL	0	0	12,658	0	-10,125	0
CCF Travis Perkins, County Oak Way	CR/2015/0397/FUL (change of use)	0	0	4,604	-4,604	0	0
Former GSK, Manor Royal	CR/2014/0415/ARM (cleared brownfield site)	0	0	13,431	0	0	0
2-14 Crompton Way	CR/2017/0589/FUL (cleared brownfield site)	486	2,217	2,217	0	0	0
Space Gatwick, Faraday Road	CR/2016/0722/FUL (cleared brownfield site)	0	0	*10,437	0	0	0

¹⁷ Crawley EGA 2023, Table 2.9 Net Employment Requirements (sqm, ha) in Crawley 2023 to 2040 – Past Development Rates. Source: WSCC / Crawley Borough Council / Lichfields analysis.

Topic Paper 5: Employment Needs and Land Supply July 2023

Address	Reference	Floorspace Gained (Sqm)			Floorspace Lost (Sqm)		
		Office	B2	B8	Office	B2	B8
	3 x unit scheme of 3,331/4,237/ 2,869sqm						
South of White House, London Road	CR/2018/0433/FUL (cleared brownfield site)	0	0	2,961	0	0	0
The Office, Crawley Business Quarter	CR/20210247/FUL	0	0	6,978	-13,754	0	0
		486	2,217	53,286	-18,358	-10,125	0

Net Gain/Loss (sqm)	Office	B2	B8
	-17,872	-7,908	53,286

5.11 As shown by Tables 4.7 and 4.8, with exception of large data centres at the former GSK site, recent warehouse development in Manor Royal has fallen largely within the 'mid-box' bracket. These schemes have gone some way to placate a frustrated market, though demand for storage & distribution space in Crawley remains strong. At the national level, it is generally recognised that an availability rate of 8%¹⁸ represents a market that is in equilibrium, where supply and demand are broadly in balance. Where availability dips beneath this threshold, a market is considered to be supply-constrained, and where above a market is considered over-supplied. Market data provided by Savills¹⁹ finds Crawley's availability rate for industrial and logistics has fallen below the 8% equilibrium level since 2012, and during the last decade has repeatedly reached critically low levels of 2%-3%. While availability has slightly increased in recent years, a reflection of redevelopments for warehouse use in Manor Royal, it is still well below the market equilibrium level at 6.9%. This shows that the local market for industrial and logistics space remains supply constrained.

Table 5.2: Employment Land Trajectory (Base Date 31 March 2023) Net Floorspace Gain/Loss (sqm)

Address	Commentary	Floorspace Gained (Sqm)			Floorspace Lost (Sqm)		
		Office	B2	B8	Office	B2	B8
Wingspan Club	Private open space	0	0	0	0	0	0
Former GSK Site (north & west land parcel)	Long-term cleared site	2,954	0	19,391	0	0	0
Elekta (Phase 2)	Vacant brownfield plot	4,345	0	0	0	0	0

¹⁸ Levelling-up, the logic of logistics, Savills 2022
https://www.savills.co.uk/research_articles/229130/326244-0

¹⁹ Savills, on behalf of Wilky, Gatwick Green Employment Land Need 2021, Representation to Crawley Borough draft (Jan 2021) Reg. 19 Local Plan https://crawley.gov.uk/sites/default/files/2021-01/Appendix_4b_Wilky_Group_appendices_combined.pdf

Topic Paper 5: Employment Needs and Land Supply July 2023

Address	Commentary	Floorspace Gained (Sqm)			Floorspace Lost (Sqm)		
		Office	B2	B8	Office	B2	B8
Land at Jersey Farm (Site A)	Greenfield site	0	0	2,095	0	0	0
The Base, Fleming Way	Redevelopment of former offices for 2 x B8 buildings (8,035/13,387sqm)	0	0	21,422	-21,029	0	0
Land at Faraday Road & Manor Royal	Redevelopment of offices & warehouse for 1 x warehouse	0	0	7,397	-1,881	0	-8,380
Tilgate Forest Business Park	Vacant brownfield plot	4,630	0	0	0	0	0
Southways, London Road	Greenfield site	3,241	0	0	0	0	0
County Buildings, Northgate Avenue	Redevelopment of civic buildings	5,200	0	0	0	0	0
Moka, Station Way	Redevelopment of former nightclub	650	0	0	0	0	0
		21,020	0	50,305	-22,910	0	-8,380

Net Gain/Loss (sqm)	Office	B2	B8
	-1,890.0	0	41,925.0

5.12 More broadly, the focus of recent delivery on mid-size units reinforces the market view that demand for small (sub 10,000sqft/930sqm) and larger (plus 75,000sqft/ 6,970sqm) floorspace is not currently being catered for in Crawley. Some Manor Royal redevelopments are seeking to meet larger-scale needs, for example the Land at Faraday Road scheme, but opportunities for large-scale warehouse schemes in Manor Royal remain limited, and in the absence of new employment land being allocated the needs for larger-scale premises will likely remain frustrated.

Implications for Manor Royal

5.13 Manor Royal is the leading business district in Crawley and the wider Gatwick Diamond, home to over 600 businesses and accommodating over 30,000 jobs. A key strength is its mixed-use business offer, with its combination of office, industrial and warehouses uses complemented by a wider range of business-supporting economic activities. The Local Plan has a key role to play in supporting the mixed business-led economic role of Manor Royal, setting in place a framework to retain its mixed business-led focus whilst supporting wider improvements that will enable Manor Royal to build on its established strengths.

5.14 The limited available land supply at Manor Royal presents an obstacle as existing businesses seek to grow and new businesses seek to locate in the business district. Despite declining land availability, new stock continues to be delivered through the reuse and intensification of land. Movement

between different business uses has been a key aspect of Manor Royal's success, with the Local Plan applying a flexible policy approach that supports movement between office, industrial and warehouse uses, helping facilitate economic growth.

- 5.15 A constrained land supply position has long seen Manor Royal sites being redeveloped within the business sectors, but a clear and frustrated demand for storage & distribution land has seen this trend overwhelmingly shift to the redevelopment of office and general industrial floorspace to warehouse uses. This approach is consistent with policy, but recent demand has been such that continuation of this trend, particularly where development is coming forward in a piecemeal way, risks undermining Manor Royal's defining mixed-use business function. The greater southward extent of safeguarding effectively prevents the identification of new land through northward extensions to Manor Royal and stymies the scope to re/develop other areas such as City Place, placing even greater pressures on the heart of Manor Royal. Given the key focus on economic diversification identified in the Economic Recovery Strategy 2021, it is vital for Crawley that Manor Royal's mixed-use function is retained to support a diverse economy. This lends further weight to the pressing need to identify new business land in Crawley to meet industrial and warehouse needs.

vi. [What is driving the logistics demand to Crawley?](#)

- 5.16 It is helpful to understand the specific factors that are driving the scale of storage & distribution demand in Crawley. The Hatch Regeneris/Coast to Capital LEP Commercial Property Study 2019²⁰ finds the warehouse sector to be undergoing profound changes resulting from shifts in consumer habits, retail trends, sector growth and government policy. This is attributed to various sectoral changes:
- the shift to online shopping and desire for next day deliveries;
 - convenience retail changes, with movement from large supermarkets to smaller 'neighbourhood' scale stores, coupled with the typically smaller footprint of discount supermarkets, reducing storage space and placing greater reliance on supply chains operating from warehouses;
 - a renaissance in UK manufacturing increasing demands on transport companies serving their needs.
- 5.17 These trends are found to be driving record demand for warehouse space at the edge of urban conurbations. The report identifies the Gatwick Diamond as having seen the greatest amount of lease and sales deals for industrial space since 2013, with average rental values having increased across the region. Demand for industrial space is confirmed to be strong, particularly in sectors operating in warehousing and 'last mile' delivery, with the Coast to Capital report citing agent views that Crawley and Gatwick, as a result of good road links and proximity to London and Brighton customer base, is well located to meet industrial needs. However, reflecting wider market analysis,

²⁰ Commercial Property Study, Coast to Capital/Hatch Regeneris 2019
https://www.coast2capital.org.uk/storage/downloads/coast-to-capital-commercial-property-study_1578587898.pdf

Coast to Capital identifies the under-supply of large warehouse space as a regional issue to be addressed, transcending local authority boundaries.

- 5.18 The economic importance of Gatwick Airport is well recognised, with Coast to Capital LEP identifying it as the single biggest driver of economic growth in the area. Savills²¹ consider the presence of Gatwick Airport to be a key driver of storage & distribution demand, making the area around Gatwick an ideal anchor for further development of business space, benefitting Crawley and the wider sub-region.

vii. [Strategic Employment Development in Northern West Sussex FEMA](#)

- 5.19 A number of strategic employment developments are planned by Crawley's neighbouring authorities within, or very close to, the Northern West Sussex FEMA. The focus of these development is quite different to the long-standing storage & distribution needs of Crawley, seeking to cater for other forms of economic growth. As such, with the exception of the proposed allocation of Gatwick Green, no strategic employment sites are planned that would meet outstanding logistics needs. Key development in neighbouring areas is summarised below.
- 5.20 **Horley Strategic Business Park, Reigate & Banstead Borough:** The range of uses currently proposed (predominantly offices with limited B1b, B1c, B8 and airport related Sui Generis uses) focus the site on a much greater office role than industrial. Crawley's business land needs over the period to 2040 are principally industrial focussed, and the planned offer at Horley Strategic Business Park is not anticipated to contribute significantly, if at all, to accommodating Crawley's identified shortfall for industrial space.
- 5.21 **Burgess Hill Science & Technology Park, Mid Sussex District:** This 49ha site, situated west of Burgess Hill on the A2300, was allocated as a broad location in the Mid Sussex District Plan (Policy DP1) with the exact site identified in the Site Allocations DPD. The site will accommodate approximately 2,500 jobs across including the start-up, incubation and development of innovation-led, high-growth, knowledge-based businesses. The allocation is clear that proposals in Use Class B8 storage & distribution will not be supported within the allocation.
- 5.22 **Land north of Horsham, Horsham District:** The strategic allocation at Land North of Horsham seeks to provide a new 500,000sqft (46,450sqm) modern, high quality business park. This offers a significant opportunity for the district to re-establish and grow its business base and office market. Horsham's broader employment strategy supports smaller business spaces and start-ups.

²¹ Savills, on behalf of Wilky, Gatwick Green Employment Land Need 2021, Representation to Crawley Borough draft (Jan 2021) Reg. 19 Local Plan (link as per footnote 19)

6. Draft Submission Local Plan Approach: Allocation of Gatwick Green

- 6.1 The draft Submission Crawley Borough Local Plan 2024 – 2040 (May 2023) continues to allocate land at Gatwick Green as a Strategic Employment Location through Policies EC1 and EC4 for the comprehensive development of an industrial-led Strategic Employment Location that will provide a minimum 13.73ha new industrial land, predominantly for B8 storage and distribution uses. Consistent with national planning policy, the Gatwick Green allocation is required to meet Crawley’s outstanding employment floorspace needs, specifically within the industrial and logistics sectors. This site, in combination with sites identified in the Employment Land Trajectory as making up the immediate employment land supply pipeline, will meet Crawley’s business land requirement for the Plan period.
- 6.2 It is considered that the exclusion of the Gatwick Green from safeguarding would not prejudice delivery of a southern runway at Gatwick Airport should this be required by national policy. The Gatwick Green land is not shown by the Gatwick Airport Master Plan as being required to accommodate the physical land-take of a southern runway, nor any essential road diversions. Rather, it is shown in the Master Plan as being utilised for a large area of surface car parking. Given the long-standing and highly constrained land supply situation within the borough, coupled with significant employment needs, the council does not consider surface parking to represent an efficient use of this land. This is particularly the case given that the airport is accommodating parking more efficiently through decked and robotic parking, and its Surface Access Strategy seeks to reduce access to the airport by private vehicle.
- 6.3 Policy EC1 sets out the overarching strategy through which Crawley’s requirement for a minimum 26.2ha business land will be met. As with the adopted Local Plan and earlier stages of the LPR, Manor Royal is protected for business-led employment, with the designated Main Employment Areas protected for a broader range of employment uses, with the redevelopment and intensification of under-utilised sites in the Main Employment Areas supported. Wording is retained to support carefully planned business land extensions to Manor Royal, though must be acknowledged that the updated extent of safeguarding likely limits the scope for new land to come forward in this way.
- 6.4 With the Employment Land Trajectory (Base Date 31 March 2023) identifying an industrial land supply pipeline of 9.17ha, Gatwick Green is allocated as a Strategic Employment Location to meet the outstanding requirement of a minimum 13.73ha industrial land, principally within the B8 storage & distribution sector. Recognising this to be a minimum requirement, the Gatwick Green allocation covers a larger area of 44h, providing scope for a greater quantum of development that responds to the evidence of significant market demand for new storage & distribution land, whilst allowing for a carefully master planned and well-designed scheme.

- 6.5 Gatwick Green will help address identified shortages within the industrial sector, particularly for larger premises of 75,000sqft + (6,970sqm+), and possibly also smaller scale industrial stock (sub 10,000sqft/930sqm) with these ends of the market not comprehensively catered for in Manor Royal. This will ensure Gatwick Green achieves complementarity with Manor Royal, providing new industrial land that can reduce development pressures in Manor Royal, helping retain its core mixed-use business function and wider economic diversity. Given the industrial focus of Gatwick Green, it will complement the offer of other planned strategic employment developments within or close to the Northern West Sussex FEMA.
- 6.6 Policy EC4 provides detail on the requirements of a Gatwick Green Strategic Employment Location. Strategic employment development at Gatwick Green will be required to come forward in a manner that is complementary to the mixed-use business function of Manor Royal, delivery of the allocated office-led Horley Strategic Business Park in Reigate & Banstead Borough, and other planned strategic employment development in the functional economic market area. As set out by Policy EC4, an Impact Assessment will be required to demonstrate how the Strategic Employment Location will address Crawley's identified need for industrial and logistics focused business floorspace, and how its offer will be complementary to the existing and planned employment growth in the Gatwick Diamond.
- 6.7 The allocated site area is larger than the anticipated built area of any scheme, with an expectation that development is carefully master planned to ensure comprehensive supporting infrastructure and appropriate landscaping. Resident representations have expressed significant concern regarding the impact of development, and the amenity of existing properties bordering the site will need to be protected by way of an appropriate and carefully considered landscape buffer that retains a sense of separation between the site and adjoining countryside and settlements.
- 6.8 Master planning of the site will be required to ensure that highways improvements required as part of any growth related to a new southern runway at Gatwick Airport would not be prejudiced. A Strategic Employment Location of the scale proposed will generate surface access demands that will impact upon the existing highways network. The focus will be to maximise opportunities to access the site by sustainable transport modes, particularly for employees. An HGV ban for traffic headed into Gatwick Green from the north on Balcombe Road is proposed at the access junctions into the site to prevent this traffic travelling through the built-up area in Horley. A right turn ban is also proposed for HGV traffic egressing the site, to prevent this traffic using the northern sections of Balcombe Road thus mitigating any potential adverse impacts from this HGV traffic such as noise and air pollution.

7. Conclusion

- 7.1 This Topic Paper summarises the national policy and evidence that has led to the identification of land at Gatwick Green for the delivery of a new storage & distribution-led strategic employment location. The approach to meeting

Crawley's employment needs has evolved as the Plan has progressed, unpinned by the evidence of the Manor Royal Economic Impact Study, three Economic Growth Assessments, and market analysis.

- 7.2 Crawley's available employment land supply pipeline has fluctuated over time, an inevitability as planning applications are granted, and new developments are built out. The current ELT (Base Date 31 March 2023) identifies outstanding need for a minimum 13.73ha employment land over the period to 2040. This figure represents a *minimum* need, and though the land supply position has and will continue to change over time, there is a clear and consistent message across multiple Economic Growth Assessments, reiterated by market analysis, that Crawley has not been able to meet its employment needs in full, and there remains significant demand for new industrial and storage & distribution land.
- 7.3 Through the adopted 2015 Local Plan, the council sought to maximise the use of its constrained employment land supply, protecting the function of the Main Employment Areas, supporting the redevelopment and intensification of employment sites, and putting in place a policy framework to support opportunities to extend Manor Royal. Since its adoption, Crawley has seen significant market demand for new storage & distribution floorspace, a demand that has been frustrated by a lack of available land supply. Manor Royal has seen a number of its sites redeveloped for warehouse use, and only a limited extension to Manor Royal has been possible, at Jersey Farm. With the Gatwick Airport safeguarded boundary moving further southward, the already limited scope to identify new land becomes further constrained, whilst opportunities to redevelop sites in the north of Manor Royal is lost.
- 7.4 Whilst market demand for new logistics space has grown, the scope to continue recycling Crawley's existing employment land is reducing. Manor Royal's sites are increasingly coming under pressure for logistics floorspace, potentially undermining its core mixed-use business function. With many sites now having been redeveloped, or with redevelopment applications in the process of being determined, there is a question as to how much more piecemeal redevelopment Manor Royal can take before its core strengths become undermined. As the Crawley Economic Recovery Strategy seeks to support economic diversification through the identification of new business land, it would be a significant concern if Manor Royal itself were to become less economically diverse due to a failure to identify the employment land required. More broadly, the scale of logistics floorspace typically coming forward through redevelopment at Manor Royal is failing to meet demands for small and much larger warehouse floorspace.
- 7.5 Crawley is now at a point where a choice needs to be made to support its continued recovery and plan for economic growth moving forward. It is preferable to plan strategically to accommodate Crawley's employment needs, and the identification of new land for storage & distribution will support economic recovery and increase its resilience against unforeseen economic changes in the future. There is a clear need, evidenced through the EGA forecasts in combination with clear evidence of market demand, for new

logistics floorspace, not just in Crawley but in the wider Northern West Sussex FEMA and beyond. This need will not be met through the strategic employment growth of Crawley's neighbouring authorities, and the onus is on Crawley to meet its own employment needs for the period to 2040.

- 7.6 The industrial-led employment allocation at Gatwick Green is needed to meet Crawley's identified employment for the upcoming Plan period, and to meet the significant demands of the logistics sector in line with national planning policy. Identification of new employment land to address the provision gap in the industrial sector, particularly in storage and distribution, will support the shift towards a more diverse and multi-sectoral economy in Crawley, adding to the type and range of employment sites within the borough. This will help to meet the growth and locational requirements of businesses that have outgrown existing sites and attract new investment that has not previously been able to locate in the borough due to the scale of their operations and lack of appropriate sites. More broadly, Gatwick Green will reinvigorate Crawley's economy, supporting existing businesses, attracting new and diverse growth, particularly demand that has been historically frustrated by a lack of suitable employment sites, reinforcing the key economic role of Crawley within the Gatwick Diamond.