Nathaniel Lichfield & Partners
Planning. Design. Economics.

Northern West Sussex Economic Growth Assessment

Crawley Emerging Findings Paper

Crawley Borough Council

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1.0 Introduction

1.1 This paper has been prepared by Nathaniel Lichfield & Partners (NLP) on behalf of Crawley Borough Council to present the emerging findings of the Northern West Sussex Economic Growth Assessment (EGA) as far as they relate to Crawley Borough.

Background

1.2 The Northern West Sussex authorities comprising Crawley Borough Council, Horsham District Council and Mid Sussex District Council commissioned NLP to prepare the EGA with the following requirements:

1. to define and consider the current position of the local economy and demand/supply considerations in respect of employment land;
2. to evaluate the options available for future growth, including the testing of various scenarios, and;
3. to provide recommendations as to the most appropriate option(s), outlining a clearly defined approach as to how the three authorities may best achieve economic growth

1.3 A draft report was circulated to each authority in September 2013, and it is anticipated that a final report will be published by the end of the year. This paper therefore presents emerging findings as they relate to Crawley, but it should be noted that some elements may be subject to change or further analysis as the study is finalised. This paper does not specifically present or consider the EGA findings for the wider Northern West Sussex area as they relate to either the Horsham or Mid Sussex local authority areas.

Scope and Methodology

1.4 The purpose of the EGA is to provide an evidence base to inform the emerging Local Plans for each of the three authorities, and support the development of a partnership approach to joint working across a range of planning policy and economic development issues in line with the National Planning Policy Framework (NPPF) duty to cooperate.

1.5 The focus of the analysis set out in the EGA and in this Crawley-specific emerging findings report is on the employment space needs for the group of B-class sectors outlined below:

- B1 Business (offices, research & development, light industry);
- B2 General Industrial; and
- B8 Storage or Distribution (wholesale warehouses, distribution centres).

1.6 Demand for B-class employment land and floorspace represents the particular focus of both this report and the wider EGA, reflecting the approach of the NPPF and recognition that business uses represent a key barometer of economic need. References to “employment space” are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses.

1.7 The study also considers future projections for growth in non B-class sectors to set out how the overall economy in each area could change in the future, although does not specifically assess the space implications of these other sectors because they are planned for using different methodologies.

1.8 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources has not been checked or verified by NLP.

1.9 As part of the study process, consultation has been undertaken with a range of stakeholders including commercial agents, economic development and business organisations. An internal workshop attended by officers from each authority comprising a presentation of interim findings and structured group discussion was held in June 2013.

Future Expansion of Gatwick Airport

1.10 The Airports Commission is currently examining the need for additional UK airport capacity, and will make final recommendations to government in 2015 about how this can be met in the short, medium and long term. West Sussex County Council has voted to support in principle the expansion of Gatwick Airport on economic grounds.

1.11 The terms of reference for this study do not require specific consideration of the potential employment or economic impacts arising from any additional runway capacity at Gatwick Airport but assumes that the Airport develops to its maximum capacity of 45 million passengers per annum within its existing runway capacity. Any future policy decisions regarding expansion of Gatwick Airport may necessitate updates to the analysis and conclusions contained in this study.

1.12 The report does however consider the implications for economic growth within the context of land that is currently safeguarded to accommodate a potential second runway at Gatwick Airport. Until such time as there is a formal Government decision on the future of UK airport capacity, the land will continue to be safeguarded from development in the Crawley Local Plan. This significantly limits the availability of developable land within Crawley, and represents a key constraint that must be considered through the EGA work.

Structure

1.13 The remainder of this paper is structured as follows:

- **Section 2.0** provides an overview of baseline economic conditions and recent trends within Crawley;

- **Section 3.0** summarises key employment space trends, property market conditions and an assessment of the quality of current and potential employment sites across the Borough;
- **Section 4.0** considers future scenarios of economic growth for Crawley and the employment space requirements arising from these;
- **Section 5.0** assesses the gap between current land supply and future needs, in both quantitative and qualitative terms, by comparing forecast requirements with availability of sites; and,
- **Section 6.0** considers policy and other measures to meet future economic growth and business needs in Crawley.

2.0 Baseline Economic Review

2.1 Crawley Borough is situated in the northeast of West Sussex, bounded by Horsham to the west, Mid Sussex to the south and east, and Surrey to the north. The Borough is tightly confined to its administrative boundaries and is mainly urban in character, but is surrounded by areas of countryside. The Borough benefits from direct access to the M23 and London-Brighton mainline (via Three Bridges) and Mid Sussex branch line rail connections, and includes Gatwick Airport to the north of Crawley town.

2.2 Key economic conditions and trends are summarised below.

- **Employment:** Crawley is the largest workplace economy in the Northern West Sussex sub-region recording 94,200 workforce jobs in the Borough in 2013[1], having grown by 5.5% since 1997. B-class jobs represent just over a third of the total and have been relatively stable, with growth of office jobs offsetting industrial job losses.
- **Key sectors:** The Borough has a broad economic base, but the profile is particularly impacted (directly and indirectly) by the presence of Gatwick Airport, with the largest sectors including transport, administration and support, business services and retail. The presence of high value sectors means that average GVA per worker in Crawley (at £46,380) is higher than other Sussex and South Coast authorities.
- **Business demography:** Crawley has a relatively significant base of larger corporate occupiers (mainly at Manor Royal), and new business formation rates and self-employment levels are below regional averages. However, over recent years the Borough's business base has expanded in line with the regional average.
- **Spatial distribution of business activity:** Industrial (manufacturing and wholesaling) activities tend to be clustered around Manor Royal to the north of the Borough, alongside transport and storage activities. The largest concentrations of retail and recreation sectors can be found in and around the town centre, at Manor Royal and the K2 Leisure Centre.
- **Labour market**: The Borough's unemployment rate has historically closely mirrored the South East regional average, and currently stands at about 2.7%. The skills profile of the resident workforce is below average, reflected in lower resident than workplace earnings (which are higher than the regional average) as higher paid jobs are taken by in-commuters.
- **Functional economic area:** Crawley is a net importer of labour, with 46,300 in-commuters exceeding the 15,000 residents who work outside of the Borough. While the Borough predominately competes with neighbouring authorities for labour, this competition also extends further afield to other centres including Brighton & Hover, Worthing and Lewes.

[1] Experian 2013

3.0 Supply of Employment Space & Sites

Current Stock of Employment Space

3.1 Crawley contains about 1.2 million sq.m of commercial office, industrial and warehousing space, the largest concentration in the sub-region. About two-thirds comprises industrial and warehousing space which has reduced by 7% since 2000, whilst there has been a modest 4% increase in office space over this time.

Spatial Distribution

3.2 The Borough's factory and warehousing stock is predominantly concentrated within the Manor Royal employment area between the town centre and Gatwick Airport, while office space is more evenly distributed across the Borough with key clusters in Crawley town centre, Manor Royal and around Gatwick Airport. The Three Bridges corridor also represents an important location for both industrial and office activity in the Borough.

Age and Vacancy of Premises

3.3 Crawley's stock of industrial and office space is relatively new, with a high proportion of modern business premises relative to what is recorded in other parts of the region.

3.4 Latest commercial property market intelligence points to a relatively high office vacancy rate of around 14%, while vacancy amongst the Borough's industrial space is much lower at around 7%. These figures compared with a typical vacancy rate of around 10% for a normal market with a reasonable amount of space available for firms to relocate and expand.

Development Trends

3.5 The gross amount of floorspace developed for employment uses in Crawley averaged 44,500m^2 per annum over the last 11 years, the majority for office uses. The net development rate was significantly lower at just under 25,380m^2 p.a., reflecting losses of B-class space through redevelopment to other uses (including non B uses and change of use to other B uses).

3.6 The rate of new development in Crawley has been very uneven over recent years. Relatively low levels of B class development have been recorded since 2007/8, with office space accounting for the majority of all completions since then. The general decline in overall completions over the last few years is likely to be due to the economic downturn and subdued property market alongside increasingly constrained supply of land available for new development in the Borough.

Commercial Property Market Conditions

3.7 As the largest and most significant commercial centre within the sub-region, demand for employment space in Crawley remains strong for both industrial and office uses. Its locational strengths, including proximity to an international airport at Gatwick, the M23/motorway network and fast rail links to London and the South Coast combine to make Crawley an attractive business location to a wide range of occupiers and uses.

3.8 The overwhelming view amongst local agents is that Crawley needs at least one new strategic employment site to accommodate the growth of indigenous firms, attract inward investment and enable the churn and re-configuration of existing sites to better meet the needs/demands of firms. If new space of a significant scale does not come forward in the short to medium term, there is a risk that the Borough will become increasingly unable to compete for and capture economic and inward investment opportunities as and when they arise.

Review of Employment Sites Portfolio

3.9 The characteristics and quality of 18 existing and potential new employment sites (identified by the Council) in Crawley were assessed alongside their suitability to meet future employment development needs. These sites amounted to about 465 ha in total area and are summarised in Table 3.1 below. Individual site plans are included at Appendix 1.

Table 3.1 Crawley Employment Sites by Type

Type of Site	Number of Sites	Total Site Area (ha)	% of Total Site Area
Existing Sites	15	371.4	80
Potential New Sites	3	94.1	20
Total	**18**	**465.5**	**100**

Source: NLP analysis

Note: Site areas measured by NLP from GIS site boundaries supplied by Crawley Borough Council

3.10 Assessment criteria reflected those in the ODPM Guidance on Employment Land Reviews and included strategic road access and local road access; accessibility to public transport and services; adjoining uses that might constrain employment uses; site size, characteristics and potential development constraints; and attractiveness to the market, including vacancy and market activity.

Existing Employment Sites

3.11 Overall, the assessments of existing sites indicate that the Borough contains a reasonable range of employment sites of differing quality and type, totalling about 371 ha. The majority of sites assessed were predominantly within B1a, B2 and B8 uses with some smaller B1b uses also evident.

3.12 The assessment process has identified two high scoring good quality sites accounting for 6.3% of total supply, 13 (93.7% of supply) average quality sites and no sites of poorer quality. A summary of site scorings is provided in Table 3.2. It should be noted that the broad 'good', 'average' and 'poor' groupings are purely indicative to provide an estimation of the quality of supply of sites.

Table 3.2 Summary of Site Assessments (Existing Sites, Crawley)

Site Name	Status	Size (ha)	Potential Uses	Score (/30)	Rank
Maidenbower Business Park	Unallocated	6.3	B1a, B1c	25	Good
Cityplace/The Beehive	Employment Area	17.2	B1a, B1b, B8	25	
Manor Royal	Employment Area	48.1	B1a, B1b, B1c, B2, B8	23	Average
Three Bridges Corridor/ Spindle Way	Three Bridges Corridor	7.3	B1a, B1c, B8	23	
Tilgate Forest Business Centre	Unallocated	3.5	B1a, B1b, B8	23	
Broadfield Business Park	Unallocated	1.4	B1a	22	
Core Business Area	Employment Area	83.9	B1a, B1b, B1c, B2, B8	22	
Hazelwick Avenue	Unallocated	6.3	B1a, B1b	22	
County Oak Way	Employment Area	23.3	B1b, B1c, B2, B8	22	
Northern Industrial Zone	Employment Area	50.2	B1a, B1c, B2, B8	22	
Three Bridges Corridor/ Stephenson Way	Three Bridges Corridor	19.1	B1a, B1c, B8	21	
Former Thales Site/Buffer Zone Industrial Estates	Part Employment Area/Part Manor Royal Buffer Zone	15.8	B1a, B1b, B1c, B2, B8	20	
Crawley Town Centre	Main Shopping Area, Strategic Housing Development Opportunity Sites, Additional Mixed Use Development Opportunity Sites and Conservation Area	67.0	B1a, B1c	20	
Lowfield Heath	Unallocated	18.3	B1a, B1b, B1c, B8	19	
Three Bridges Business Retail	Unallocated	3.7	B1a	19	
Total		**371.4**			

Source: NLP Analysis

Potential New Employment Sites

3.13 In addition, three potential development sites have also been assessed as summarised in Table 3.3. In total, these sites amount to 94.1 ha, although in reality the potential to develop any of these sites hinges critically on the expansion plans for Gatwick Airport. The assessment of these sites also reflects that they have limited or no existing infrastructure/servicing, which it is assumed would be addressed if these sites were promoted for future development.

3.14 Land at Jersey Farm appears the most natural extension to the overarching Manor Royal employment zone with an existing access at County Oak Way, although the northern part of the site falls within safeguarded land.

3.15 Southways also falls within the safeguarded land, benefiting from an extant planning permission granted prior to the identification of safeguarding. It is detached from the existing employment area.

3.16 Gatwick Green is located east of the airport, away from the Crawley labour supply, but is strategically well positioned. The site has been promoted to the council through the Core Strategy (2008) and Local Plan process. The promoted site falls within the safeguarded area, and its development potential is subject to the airport expansion plans. The site also represents a countryside site with no existing access provision.

3.17 The above is by no means a comprehensive list of sites, though represents potential opportunities that have either been promoted to the Council or benefit from existing consents. It is possible that other sites may potentially be suitable for additional employment land over the Local Plan period, though this will be subject to a formal decision on the status of safeguarded land, and addressing any other development constraints.

Table 3.3 Summary of Site Assessments (Potential Sites, Crawley)

Site Name	Status	Size (ha)	Potential Uses	Score (/ 30)	Rank
Land at Jersey Farm	Land within safeguarding zone/Outside built up area boundary	15.7	B1a, B1b, B1c, B2, B8	18	Average
Southways		14.2	B1a, B1b, B1c, B8	18	
Gatwick Green		64.2	B1a, B1b, B1c, B2, B8	17	Poor
Total		**94.1**			

Source: NLP analysis

4.0 Future Employment Space Needs

4.1 A number of potential future economic scenarios have been developed to provide a framework for considering future economic growth needs in Crawley. These scenarios are used to inform the analysis of the potential economic growth drivers within each authority and the employment land and planning policy implications that flow from these.

4.2 These scenarios draw on the latest Experian economic modelling based on national and regional projections profiled to take account of past trend growth and representation of economic sectors at a local level. The scenarios are as follows:

Baseline scenario

4.3 The baseline scenario is based on the May 2013 model run of the Experian UK Regional Planning Service (RPS) which provides local area forecasts covering 38 industrial sectors and providing detailed employment and GVA estimates to 2031. This reflects a range of standard assumptions about the way in which the national and regional economy is expected to perform, incorporating short and long term drivers.

Alternative scenarios

4.4 Two alternative scenarios have been considered which take account of planned investment or intelligence about future sector/site potential as the basis for modelling an uplift factor applied to the growth rates for individual sectors by 2031. These factors have been identified by Crawley Borough Council and provide an indication of additional growth potential over and above the baseline scenario.

- **Alternative 'policy-on/plan-led' scenario** - specifically factors in key policy priorities and regeneration opportunities for the Borough as identified within the emerging Local Plan. This policy-on scenario also explores the potential for enhanced higher-value economic growth within a number of key growth sectors identified by the Gatwick Diamond[2] and Coast to Capital LEP[3].
- **Alternative 'potential sites' scenario** - explores the employment and spatial implications associated with a number of potential employment sites coming forward for development over the plan period. This scenario provides a purely theoretical assessment of the economic implications that could arise if two strategic employment sites (location not defined) were to be brought forward in Crawley. It is therefore not a measure of market demand per se but rather economic potential, and does not take account of delivery or planning policy factors.

2 Gatwick Diamond Local Strategic Statement, July 2011

3 Coast to Capital Local Enterprise Partnership, Our Strategy for Growth, July 2012

4.5 The resulting employment and spatial requirements associated with alternative scenarios are presented in cumulative terms alongside the baseline but are considered separately from each other and presented as mutually exclusive. To varying degrees they incorporate a supply based approach that assesses the potential uplift to economic growth that could be achieved if a certain number and type of sites were brought forward over the plan period. This approach differs from the baseline scenario which is purely driven by employment demand.

4.6 The overall employment change in Crawley resulting from these three scenarios is shown in Table 4.1 along with expected job growth in the main B class sectors.

Table 4.1 Forecast Employment Change in Crawley 2011-2031 by Scenario

	Change in Employment 2011-2031		
	Baseline	**Policy-On**	**Potential Sites**
Manufacturing (B1c/B2)*	-970	130	-970
Distribution (B8)**	1,475	1,475	1,475
Offices (B1a/b)***	5,370	6,710	9,945
Total B-class Jobs	**5,880**	**8,310**	**10,450**
Jobs in All Sectors	**16,440**	**20,130**	**22,440**

Source: Experian /NLP analysis, 2013 - total jobs including self-employed

Note: Totals rounded
Note: * includes vehicle repair and some construction activities
** includes parts of transport & communications sectors that use industrial land
*** includes publishing and a proportion of government offices

Future employment space requirements

4.7 The B-class element of these job forecasts have been converted to future employment space requirements by applying the latest published density figures for employment space which take account of recent trends in occupancy for the different B class uses. An allowance of 10% is added to all floorspace requirements to reflect a normal level of market vacancy in employment space. A safety margin allowance has also been added to take account of factors such as delays in some sites coming forward for development. Finally, an allowance is also made for some replacement of losses of existing employment space that may be developed for other, non B Class uses.

4.8 Gross employment space requirements by scenario are presented in Table 4.2 below. Under the baseline scenario, this results in a significant B-class requirement of 387,540 m^2 or 77.2ha by 2031, split relatively evenly between office (B1a/b) and industrial (B1c/B2/B8) space in terms of floorspace.

4.9 This requirement increases to 435,300 m^2 or 87.6ha under the alternative policy-on scenario, with industrial uses accounting for just over half of this floorspace. In floorspace terms, the alternative potential sites scenario results in a similar requirement for B class space to 2031 (440,330m²) but a higher requirement in land take terms (110.1ha), reflecting the lower density nature of business park sites that have been modelled into this scenario.

Table 4.2 Gross Floorspace Requirement by Scenario to 2031 (m2)

Use	Baseline		Policy-On		Potential Sites	
	Floorspace (m2)	Land (ha)	Floorspace (m2)	Land (ha)	Floorspace (m2)	Land (ha)
Offices (B1a/b)	197,200	29.6	212,620	31.9	250,000	62.5
Industrial (B1c/B2/B8)	190,330	47.6	222,680	55.7	190,330	47.6
All B uses	**387,540**	**77.2**	**435,300**	**87.6**	**440,330**	**110.1**

Source: NLP analysis * totals rounded

Sensitivity Tests

Comparison with Past Growth Trends

4.10 It is useful to compare the employment growth implied by these amounts of land with employment growth actually achieved in Crawley in recent years. Across the Borough, 2013 Experian baseline forecasts indicate overall employment growth of 16,440 jobs between 2011 and 2031, or 822 jobs per annum. This figure is more than double the annual growth of 309 jobs recorded in Crawley over the last 16 years (1997-2013), and therefore implies a significantly higher level of future economic growth than the Borough has achieved in the recent past. As that period was one of relatively strong economic growth (followed by a severe recession with an outlook of fragile recovery) these estimates would appear optimistic, but not inconsistent with local authority, Gatwick Diamond and wider LEP visions for a strong and prosperous sub region.

4.11 On this basis, compared with relatively recent economic performance, planning to meet the employment and spatial implications associated with the minimum baseline scenario would in itself constitute positive planning for growth. The alternative, higher growth scenarios generate an even higher level of job creation than has been achieved in the Borough in the recent past, although as previously noted these alternative scenarios should be regarded as yardsticks to illustrate the growth potential of Crawley's local economy under different circumstances rather than a prescriptive forecast of future employment growth.

Comparison with 2009 EGA Forecasts

4.12 The Borough's existing Core Strategy incorporates the 2008/09 EGA as the key evidence base to inform the overall quantum of employment land that Crawley should plan for over the plan period to 2016. It is therefore useful to compare those requirements with the 2013 study to identify any deviation in overall employment space requirements.

4.13 Table 4.3 below presents a comparison of the baseline forecast of employment growth in Crawley set out in the 2009 EGA and the new baseline scenario developed by NLP, alongside past employment trends recorded in the Borough over the last 16 years (1997-2013). While the different forecasts relate to slightly different time periods, they each apply to 20-year periods. This indicates that overall job growth associated with the baseline scenario in the current EGA significantly exceeds job growth identified within the 2009 study. Furthermore, the job growth implied by the 2009 based forecasts was lower than Crawley had achieved in recent years, and effectively represented a slowing down in local economic growth and job creation.

Table 4.3 Employment Forecasts by Scenario

Time Period	Forecast Source	Employment Growth Implied			
		Total	B Class	Industrial	Offices
2006-2026	Experian (Feb 2009)	5,900 *(295 p.a.)*	n/a	n/a	n/a
2011-2031	Experian (May 2013)	16,440 *(822 p.a.)*	5,880 *(294 p.a.)*	505 *(25 p.a.)*	5,370 *(269 p.a.)*
1997-2013	Past Employment Trends	4,940 *(309 p.a.)*	4,223 *(264 p.a.)*	-3,641 *(-228 p.a.)*	7,864 *(492 p.a.)*

4.14 Employment forecasts used in the 2009 study would have been based on Experian's macro-economic assumptions and indicators at the time. Following shortly after the onset of recession, these forecasts reflected a continuing period of recession and less optimistic economic outlook and can consequently be viewed as conservative. In contrast, the May 2013 forecasts indicate higher levels of growth and a more optimistic outlook as the economy is expected to catch up and maintain growth following recovery. It is important to note that economic forecasts build in a range of assumptions about the way in which the national and regional economy is likely to perform, and these are refreshed on a regular (quarterly) basis to reflect the changing economic climate.

Benchmarking with Past Development Rates

4.15 In order to sensitivity test the spatial requirements emerging from the baseline and alternative (higher) employment growth scenarios, it is useful to estimate future employment land needs in Crawley using past development trends as a proxy (because they reflect market demand and actual development patterns).

4.16 One view of future growth in Crawley could simply assume that future development rates carry on at the long term average achieved in the past. If it were assumed that the past net completion rates in Crawley continued in the 20 years between 2011-2031, and after converting the net requirement for employment space into a gross requirement (i.e. the amount of employment space or land to be allocated), this would equate to a need for 749,500m^2/137.4ha of employment space by 2031, equivalent to nearly double the requirement estimated using baseline job forecasts.

4.17 Notwithstanding the difficulty, within the context of an uncertain economic outlook, to select the most appropriate option from these alternative growth pictures to plan for, the above benchmarking analysis indicates that the baseline job growth scenario – whilst implying higher levels of job growth than Crawley has achieved in recent years – should be considered as the minimum objectively assessed requirement to accommodate future economic growth within Crawley. Beyond this, the extent to which the Council should or could provide additional capacity within the Borough to meet the higher past take-up requirement represents a key policy choice, and if adopted, an inherently pro-growth approach to future employment development.

5.0 Need for Additional Employment Land

5.1 This stage of the study draws together the forecasts of future economic growth and land requirements and the estimates of currently available land across the sub-region to identify any need for more provision of employment space, or surpluses of it, in both quantitative and qualitative terms.

Quantitative Balance

5.2 The supply of employment space in the Borough's development pipeline comes from employment allocations that have not yet been built out or have recently been cleared, and from other sites with outstanding planning permission (at March 2012).

5.3 Together, these allocations, cleared sites and planning permissions have the potential to provide just over 42 ha of employment floorspace[4] across a range of B class uses, but with a focus upon flexible, mixed B uses. Just over a third (35%) of this supply relates to office (B1a/b) space, 16% comprising industrial (B1c/B2/B8) space with the remaining 49% of space relating to flexible mixed B uses. The overall quantum of employment space is split relatively evenly between undeveloped allocations or cleared/vacant sites and sites with outstanding planning permission for B class use. A full breakdown of this supply by location and use is presented in Appendix 2.

5.4 A broad comparison of estimated demand for B Class space arising from the baseline scenario (as set out in the previous Section) against all currently identified supply, as shown in Table 5.1, implies that Crawley would not have enough employment space in quantitative terms up to 2031 to meet the needs arising from the 'base case' scenario of future requirements. The potential shortfall would equate to just under 35ha of employment space.

Table 5.1 Demand/Supply of B Class Employment Space in Crawley (to 2031)

	1. Baseline Job Growth
Requirement for B Class Space (ha)	77.2
Available Employment Space (ha)	42.3
Surplus (+)/Shortfall (-) (ha)	**-34.9**

5.5 Under the more aspirational 'policy-on' alternative scenario of future economic growth in Crawley, this deficit would increase by a further 10.4ha or 30% to 45.3ha by 2031. Under the alternative potential sites scenario, the shortfall would not change from the 34.9ha identified under the baseline, as the inclusion of the sites themselves would be sufficient to accommodate any job growth associated with new employment development.

4 Subject to these sites being deliverable and viable

Needs of Different Employment Uses

5.6 Ensuring an adequate choice of types of sites is also important to meet the needs of different employment sectors and the aims for diversity of employment opportunities at different skill levels. Potential supply of employment space for both industrial and office uses was therefore compared with estimated requirements for these uses. This comparison indicates that there would be insufficient supply available, in purely quantitative terms, to meet both industrial and office needs arising under the baseline scenario. The shortfall would be most significant with regards to industrial space (30.6ha), while the potential deficit of office space is estimated to be around 4.3ha.

Table 5.2 Demand/Supply for office and industrial space to 2031 (ha)

	1. Baseline Job Growth
Industrial	
Industrial space requirement	47.6
Potential supply of industrial space	17.0
Surplus(+)/Shortfall(-)	**-30.6**
Offices	
Office space requirement	29.6
Potential supply of office space	25.3
Surplus(+)/Shortfall(-)	**-4.3**

Source: Demand supply balance estimate assumes a 50:50 split of flexible B class uses into industrial and office uses for the purposes of comparison

5.7 This predicted shortfall assumes that all remaining, undeveloped employment allocations and outstanding planning permissions (at March 2012) come forward in full for employment development over the plan period. Any deviation from this assumption, such as loss of this space to non B uses, could potentially worsen the existing deficit of employment space.

Qualitative Factors

5.8 In addition, there are a range of qualitative requirements that point to the need for some new land being made available in Crawley over the plan period. The office market is characterised by an oversupply of poorer quality, 'Grade B' stock but a shortage of good quality, modern accommodation. Meanwhile, high levels of occupancy and a general shortage of readily deliverable industrial sites is preventing the churn and intensification that some of the Borough's stock requires to remain attractive to occupiers. In order to minimise the risk of current allocations/planning permissions not coming forward, and to cater for the needs of both indigenous firms and inward investors, the Council should consider allocating additional land for employment uses that is readily available and located near to strategic routes and existing employment areas.

6.0 Policy Implications and Conclusions

6.1 Within the context of an identified shortfall of employment floorspace to meet future needs in Crawley over the plan period, the final stage of the study considers appropriate policy approaches in relation to planning for economic growth and employment space in the Borough, and sets out some overall conclusions.

Policy approach

6.2 The scenarios considered indicate the broad scale and type of growth arising from different approaches to modelling the future employment space needs for Crawley. In line with the NPPF requirement to positively plan for growth, the Council's policy approach should (particularly in the aftermath of a period of economic recession) aim to at least fully meet the Borough's baseline employment and employment space needs so that the local economy is not constrained, recognising that developments and proposals in adjoining areas will also be a key influence.

6.3 However, to ensure a flexible and responsive policy framework, it will be necessary not just to focus on meeting forecast quantitative requirements (which will fluctuate over time), but to think about the opportunities and risks that flow from particular policies. This requires choices in the respective Local Plans about which sites to protect or allocate for employment development, or which to consider for release to other uses (either in whole or part).

6.4 Ultimately, planning policy should seek to plan for a choice of sites and locations which are attractive to the market and which will provide a range of jobs to meet local needs, taking into account that across the sub-region there is a marked under-supply of land to meet future needs over the plan period. New allocations will be required, and this will require the local authorities to work together to determine how these needs can best be met through bringing forward new sites in locations that are likely to cater for market demand.

6.5 Some further commentary on the issues and potential options for providing for economic growth and the different B-class uses in Crawley are considered below.

Planning for Economic Growth

6.6 Crawley is the largest economy in Northern West Sussex and is forecast to deliver significant job growth of around 16,440 (5,880 B-class) under the baseline scenario by 2031. Furthermore, the alternative scenarios modelled for Crawley indicate that it has potential to support significant additional job growth over and above the baseline if particular policy or site-based opportunities are pursued. This reflects the Borough's broad economic base, accessibility and critical mass of employment space including – at Manor Royal – one of the largest employment areas in the South East. The presence of Gatwick Airport also provides a significant economic asset for the local economy, supporting both direct and indirect employment and contributing to the good infrastructure network in this location.

6.7 In quantitative terms, Crawley has insufficient office and industrial supply to meet the spatial requirements emerging from the baseline scenario over the period to 2031, i.e. the minimum objectively assessed requirement to accommodate future economic growth within Crawley. The emerging pipeline of available supply identified by the EGA (at just over 42 ha) is roughly equivalent to just under five years of past average net take-up in the Borough (over the 11 years 2002-2012 which included a period of economic growth and recession). This suggests that in quantitative terms Crawley would have sufficient employment space to accommodate short term needs arising over the first few years of the plan period, subject to these identified sites being deliverable, available and viable for development.

6.8 The potential shortfall is reflected by qualitative market feedback which indicates that Crawley requires additional employment land to accommodate indigenous growth, enable the necessary churn and upgrading/intensification of existing sites, and to offer the potential to accommodate inward investment opportunities that are reported to be currently frustrated. In the context of an overall shortfall of supply to meet future needs, there are a number of potential options for how additional supply might be provided (which are not necessarily mutually exclusive):

1. Identify new land allocations, potentially as selective extensions to existing sites such as Manor Royal or through any new site allocations. However, it is recognised that (particularly in the context of safeguarded and other constrained land supply around Gatwick Airport) the options for identifying new supply are limited (at least until such time as the future position on runway capacity at Gatwick is determined by government).
2. Assume additional development can be yielded through more intensive (re)development on the Borough's existing main employment areas. Immediate opportunities for additional development within Manor Royal have already been accounted for as part of the supply calculations undertaken by this study (and generally are assumed as being available to help meet to short-term needs), but the Council could consider the extent to which further supply could be yielded through general intensification of existing sites. There is greater risk attached to this option, including how aligned it is to market/business needs for space, and implementation would likely need to be supported and managed through additional Supplementary Planning Documents (SPDs) on key sites, building upon the guidance of the Manor Royal Design Guide SPD that has recently been adopted.
3. If, as a result of safeguarding, it is not possible to identify additional capacity for employment space, Crawley would effectively exhaust its available supply early in the Plan period. By implication, this would assume thereafter that these needs are met outside of the main employment areas and/or are displaced to adjoining local authority areas.

Such an approach would need to be carefully investigated through duty-to-cooperate arrangements to ensure consistency of approach, and Crawley would need to give careful consideration to the potential harm that would be caused to the local economy (and the Gatwick Diamond more widely) if it were to rely upon meets being met in other areas without sufficient confidence that plans were in place to address those unmet needs..

6.9 Alongside the basic issue of providing sufficient land to meet future needs, a number of other issues relevant to future planning for the economy in Crawley have been identified through the EGA, as considered below.

Planning approach at Manor Royal

6.10 Manor Royal functions as Crawley's premier employment location, and is of sub-regional importance in terms of scale and range of activities. It is regarded as a key economic asset to drive growth within both the Gatwick Diamond and Coast-to-Capital LEP area more widely. This places significant responsibilities on the Council to protect and enhance the functioning of the site.

6.11 This extensive site has undergone, and is still undergoing, an evolution from its original character as a 1950s New Town industrial estate to an employment area of very mixed character. It accommodates both very high quality development (e.g. City Place), bespoke campus developments for major employers (e.g. Thales), alongside a range of lower grade industrial and warehousing activities. There has also been significant recent incursion of non B-class activities, notably retail warehousing (e.g. County Oak) and car showrooms. The market feedback was clear that this trend is gradually eroding the role of the site as a "business" location which may deter future investors, but in practical terms is also undermining delivery of new B-class development as landowners and developers are incentivised to propose higher value non B-class uses (accepting the market conditions remain challenging in the short term).

6.12 The Council is already taking steps to improve the functioning and quality of the site, for example through a recently adopted SPD. Occupiers have also recently elected to form a Business Improvement District (BID) to bring about collective improvements and lobby on behalf of site interests. However, the key policy choice ultimately centres of the extent to which the Council should resist pressure from non B-class uses and more expressly protect the site for B-class activities.

6.13 Given the overall quantitative shortfall noted above, and in the context of the major economic significance that Manor Royal holds, a more prescriptive policy approach would appear justified. This needs to be realistic and take account of the mixed character of Manor Royal, but approaches should include consideration of:

1 Defining a core business area within the site where only B-class uses will be permitted, taking account of the current pattern of development, key frontages and where scope for improvements (e.g. public realm, linkages)

have been identified. A more flexible approach could remain in place on other parts of the site where a wider range of uses are permitted subject to criteria so that the overall employment functioning of the site is not undermined. The Council will need to consider the implications this may have on meeting other development needs within the Borough.

2 Explore opportunities to de-risk planning issues for certain types of development, in a way that is appropriate to the site context and managing the range of B-class uses to be accommodated. This could include, for example, a Local Development Order (LDO) for defined core business areas, which has the effect of making delivery of B-class space easier by reducing planning uncertainty.

3 Planning for provision of new facilities that support the employment functioning of the site and maintain its appeal for business occupiers; there is an acknowledged need for some central 'hub' facilities (akin to what is provided on many modern business park developments), but this should be pursued in a proportionate way without losing the site's character as a B-class employment location.

Town centre office space

6.14 Crawley town centre contains a substantial stock of office accommodation; some is older space that is clearly outdated for current (and future needs), whilst some is high quality new build space recently completed. Vacancy levels are currently high, and in particular there is an oversupply of larger footplate space (mainly originating from the 1980s and 1990s) for which there is now less market demand. This reflects the wider "hollowing out" market trend, in which businesses increasingly migrate to smaller and more efficient buildings to reduce costs (and reflecting more hot-desking of employees) or seek larger bespoke design and build opportunities to meet their specific requirements. The implication is that some of this vacant space is essentially structural, and therefore may not be reduced as the economy recovers. Immediate options for reuse of vacant include sub-division into smaller footplates (e.g. The Pinnacle), and this is important in terms of meeting the needs of smaller businesses or those preferring a town centre location. However, the recent introduction of permitted development rights for office to residential uses may result in some town centre office space being converted, at least for the next three years.

6.15 There are also wider considerations about the role of the town centre as an office location. The regeneration of Crawley town centre has been an important ambition for the Council over a number of years, and remains a stated priority in the emerging Local Plan. A general uplift in the retail and leisure offer of the town centre would potentially increase the attraction for office occupiers and help stimulate and strengthen the office market in this area, but recognising that it will likely continue to play a secondary role to Manor Royal which is the Borough's more established and dominant office location (although some of the office space in that location is ancillary to other uses). As a town centre use defined in the NPPF, the Council should continue to support and encourage office development in the town centre (whilst actively encouraging office uses at

Manor Royal, given the contribution they make to the functioning of that site), and monitor any major changes to supply resulting from the new permitted development rights noted above. However, it may be necessary to consider how office development can be focused in key quarters in order to more clearly define a core office zone, and allowing some redevelopment of older outdated space where this can allow replacement with more modern accommodation (which might imply a net loss of floorspace). A focused concentration of office space could also provide confidence for investment in ancillary uses/services supplying to offices, thereby supporting its attractiveness and vitality as an office location.

Need for a strategic employment site

6.16 The potential for a new strategic employment site in Crawley to meet future needs has been promoted by local commercial agents to provide greater choice for potential occupiers and to support inward investment to the sub-region and Gatwick Diamond. The 2010 employment land study[5] made a similar recommendation as follows:

"…while there is not a quantitative case for strategic employment development based on the evidence of locally-generated demand, there is a qualitative argument and potential for a supply-led approach to capture investment and drive forward economic performance and to improve the sub-region's commercial property offer. This however represents a policy choice."

6.17 The difference between the current study and the 2009 EGA conclusions is that the quantitative requirement for additional employment land in Crawley under the baseline scenario of this study is somewhat greater than was the case in 2009 at circa 35 hectares. It is unlikely that all of this residual balance would necessarily be fulfilled through a new strategic site allocation, and most of the requirement is for industrial rather than offices, but there is clearly now a stronger quantitative argument for new land supply to be provided than was the case previously. A new strategic employment site could be part of the solution to help meet this requirement, in the context of the commentary above.

6.18 Notwithstanding this, qualitative considerations remain important. Some consultees, including the Gatwick Diamond Initiative, viewed such a strategic allocation as important to help put the wider Gatwick Diamond 'on the map' and provide a branded business park equivalent to major employment areas elsewhere (e.g. the M3 corridor), targeted at knowledge-based industries. In more practical terms, a new strategic allocation could provide capacity for new high quality development in a masterplanned environment that might otherwise be difficult to create within the more fragmented and varied character of Manor Royal, even if the Council were to adopt a more controlled approach. In this way, the two sites could be viewed as complementary rather than competitive. Such a site would, however, to some extent fulfil a sub-regional function and would therefore need to be considered in the context of any other strategic site proposals in Horsham and/or Mid Sussex.

5 Northern West Sussex Employment Land Review Part II, GL Hearn 2010

6.19 In terms of options for providing an employment-led strategic site, a general sequential approach should be applied that seeks to appraise options within, close or near to Crawley.

6.20 The first preference (subject to certainty on safeguarding) should be to locate additional employment growth in the north of Crawley, where it is best able to complement the existing employment function of Manor Royal and Gatwick Airport. It would appear that a fuller assessment of the range of potential sites to meet strategic needs is required, although this will be contingent on future decisions regarding additional runway capacity at Gatwick Airport which currently results in safeguarding of large areas of potential land.

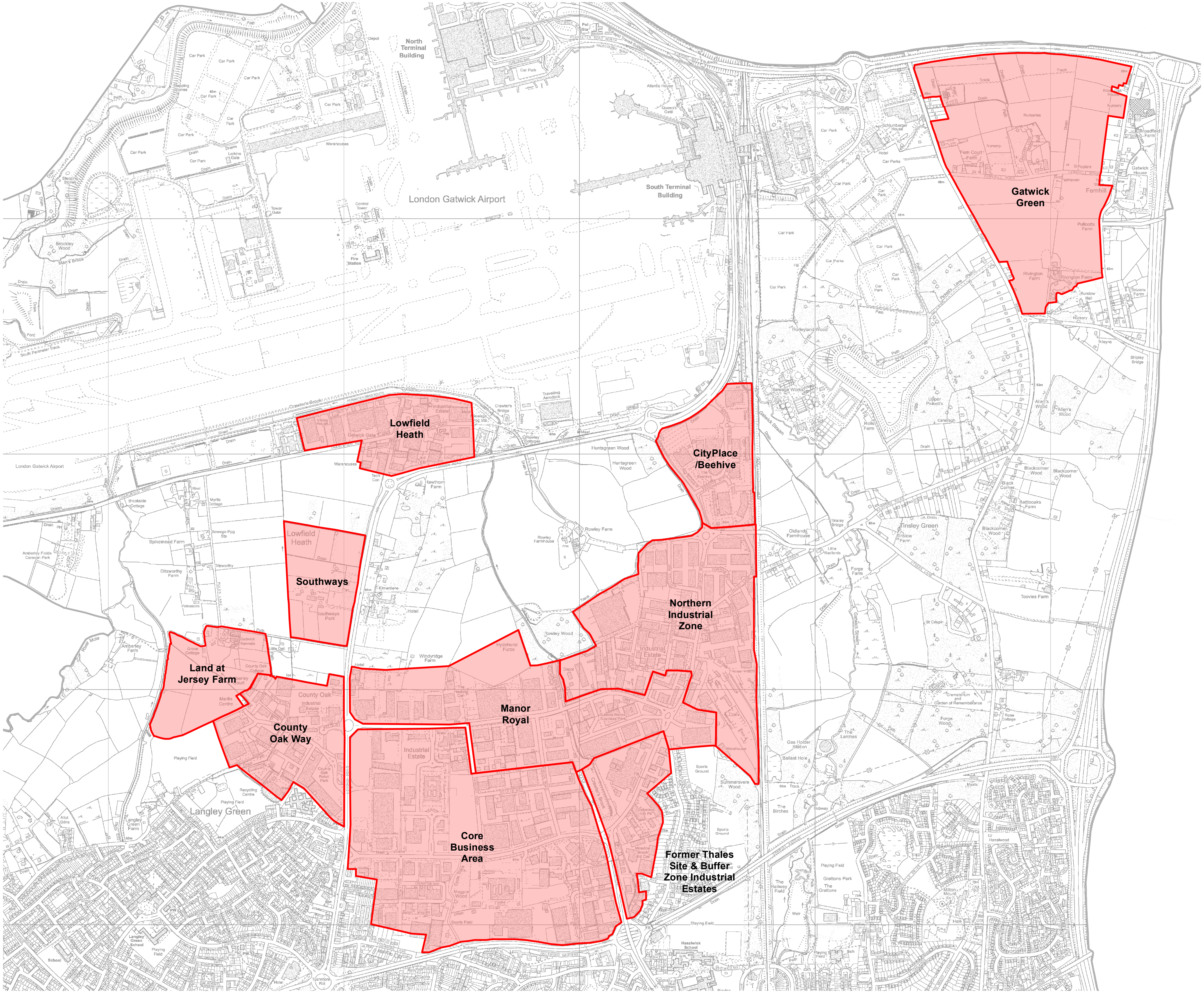
6.21 Taken overall, there is now a stronger quantitative case for additional employment land allocations in Crawley to meet needs arising under the baseline scenario to which a new strategic employment site could contribute additional supply. As noted above, qualitative aspects are also important and it would appear that the promotion of a new strategic employment proposition for Crawley would offer potential for significant economic growth in Crawley, allow the Borough to respond to a wider range of potential business and investment opportunities, and be consistent with sub-regional policy objectives for both the Gatwick Diamond and Coast-to-Capital LEP area. This would need to be pursued in conjunction with a clear planning policy direction for Manor Royal as discussed above, using the Local Plan and other mechanisms to support its role and function as a business district.

Summary

6.22 Crawley has the largest workplace economy in Northern West Sussex with a concentration of high value sectors, expanding business base and one of the largest employment sites in the South East at Manor Royal. Demand for employment space in Crawley remains strong for both industrial and office uses, with market feedback pointing to the need for at least one new strategic employment site to accommodate future growth.

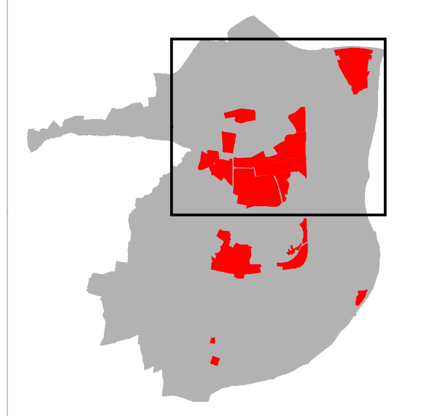
6.23 In quantitative terms, Crawley only has sufficient office and industrial supply to meet the Borough’s short term needs, subject to this identified supply of land being deliverable, available and viable. Airport safeguarding is currently constraining the availability of land for longer term strategic employment development within the Borough. Within the context of the NPPF requirement to plan positively for economic growth, it will be important that the Council continues to pursue opportunities for accommodating this demand in conjunction with partners across the wider Gatwick Diamond area.

Appendix 1 Site Plans



Key

Employment Site



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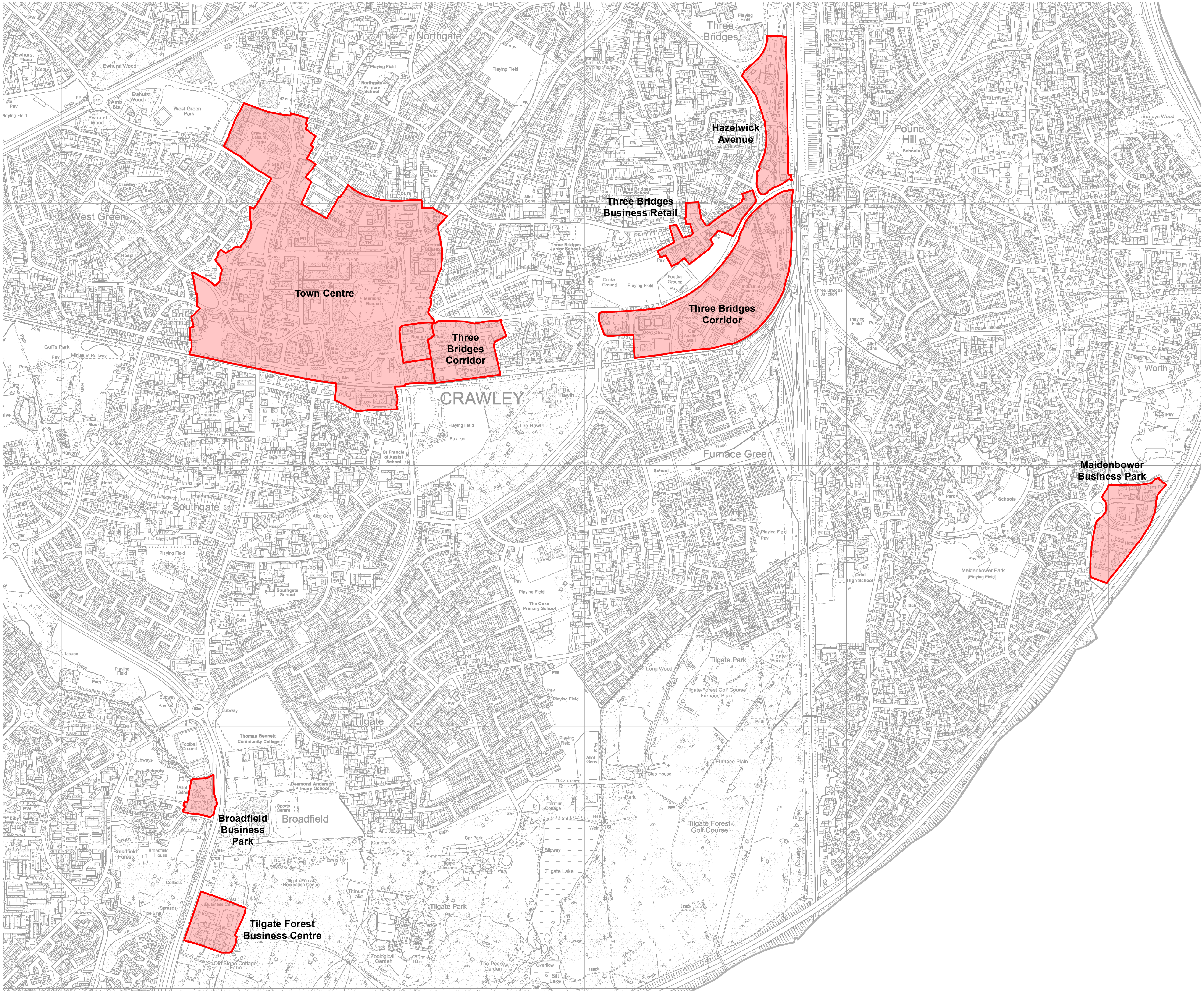
Title	Employment Sites - Crawley
Client	Crawley Borough Council, Horsham District Council & Mid Sussex District Council
Date	31.07.2013
Scale	-
Drawn by	MAR
Drg. No	GIS13512/01-01

N

GIS Reference: S:\CL13512 - Northern West Sussex EGA\CL13512 - Northern West Sussex EGA - Employment Sites - Crawley - 01 - 12.06.2013.mxd



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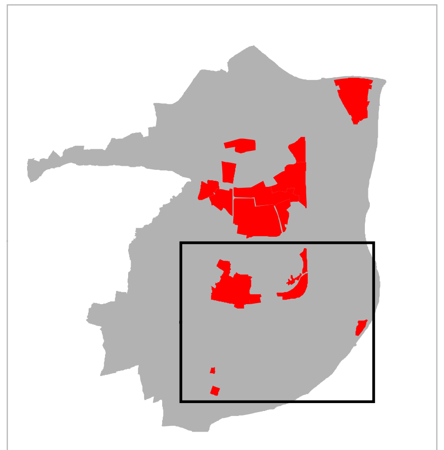
Employment Site



Crawley Local Authority Context

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GIS Reference: S:\CL13512 - Northern West Sussex EGA\CL13512 - Northern West Sussex EGA - Employment Sites - Crawley - 02 - 12.06.2013.mxd

Appendix 2 Supply of Employment Land

Analysis of Available Supply in Crawley

Site/Location	Undeveloped employment allocations/vacant sites		Outstanding planning permissions					
	Flexible B Class		Offices		Industrial		Flexible B Class	
	ha	sqm	ha	sqm	ha	sqm	ha	sqm
Tilgate Forest Business Centre			0.9	4,630				
Astral Towers/The White House, Betts Way			2.7	19,921				
Premier House, Betts Way			0.8	6,121				
15-29 The Broadway			0.1	2,533				
Aviareps House, Gatwick Road			0.1	163				
Royal British Legion Club, Charlwood Road			0	36				
Linac House, Fleming Way			0.3	300				
Crawley Business Qtr (E2)			0.7	6,611				
Crawley Business Qtr (E1) (pt)			0.8	-6,758				
Oxford Aviation Academy, Fleming Way			0.02	288				
NE Sector							0.8	5,000
Off Fleming Way, Manor Royal							7.5	33,000
4 Acre Site (Manor Royal Opportunity Area)	2.5							
GSK Site, Manor Royal			5.6	1,858	6.6	2,138		
Former BOC Edwards site, Manor Royal	3.8							
Thales, Gatwick Road	4.1							
Segro West, Manor Royal	2.1							
Southways			2.9	941				
Total	**12.5**		**14.9**	**36,644**	**6.6**	**2,138**	**8.3**	**38,000**
Total ha	**42.3**							
Total sqm	**76,782**							

Note: Figures are presented as net additional floorspace

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