

Northern West Sussex EGA Update Final Report

Crawley Borough Council, Horsham District Council, Mid Sussex
District Council

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Executive Summary

This Economic Growth Assessment (EGA) Update has been prepared by Lichfields on behalf of the Northern West Sussex ('NWS') authorities comprising Crawley Borough Council, Horsham District Council and Mid Sussex District Council.

The study provides an up-to-date, robust and comprehensive evidence base for employment and economic development needs during the period to 2036, having regard to the revised National Planning Policy Framework ('NPPF') and Planning Practice Guidance ('PPG'). It updates the previous Northern West Sussex EGA prepared in 2014 by updating the current position of the local economy for the three authority areas and reflecting the changing circumstances on supply and demand that have emerged since completion of the previous EGA work.

Due to the different stages of Local Plan preparation that each authority is currently at, the analysis presented for Mid Sussex is more specifically focused than for the other two authorities; the EGA update does not give any consideration to economic growth potential within Mid Sussex but does provide updated market demand intelligence and advice on cross boundary implications in terms of accommodating economic growth at a NWS level, in conjunction with Crawley and Horsham.

The key findings of the study can be summarised as follows:

- 1 NWS continues to operate as a broad functional economic market area, with the spatial extent of its FEMA largely consistent with the authority boundaries of Crawley, Horsham and Mid Sussex. Economic linkages with adjoining areas such as Coastal West Sussex, Reigate & Banstead (e.g. Horley) and East Sussex are comparatively weaker but still have an influence.
 - 2 The economic environment and context has changed quite markedly since the original NWS EGA was undertaken in 2014 characterised by both economic recovery (following the 2008/09 recession) and a period of some economic uncertainty following the EU Referendum in 2016. During this time, national policy interventions such as the introduction of office to residential PDR have also had a significant impact upon the local economy and property market while structural changes in the way that businesses operate (such as increasingly flexible working practices and consolidation of formal space) have also played out to varying degrees across NWS over the last few years.
 - 3 Each NWS authority is characterised by its own set of economic strengths and challenges which will influence future economic growth and change. Whilst the stock of jobs and business base within each authority has increased over the last few years, there remains scope for economic performance to improve across some parts of NWS, including in terms of workforce productivity, enterprise and business start-up.
 - 4 From a property market perspective, NWS has seen a great deal of development activity over the last few years and since the original EGA was undertaken. The commercial property market in NWS is relatively self-contained, and continues to be relatively buoyant, boosted by its central location within the Gatwick Diamond and wider South East, and access to a range of transport links.
 - 5 Each of the three local authority areas within NWS has a different role to play in property market terms. Crawley represents the dominant commercial centre in NWS and drives demand for employment space, attracting the most activity and commands the highest rents. By comparison, Horsham and Mid Sussex districts tend to operate as secondary property markets but are also accommodating new (predominately industrial) development and continue to attract demand from a range of occupiers. There is some interaction and competition between different centres in NWS for occupiers and investment and forthcoming developments of a strategic nature (such as The Hub at Burgess Hill and North Horsham) offer potential for more competition in future.
 - 6 The study has assessed three different scenarios of future economic growth in Crawley and Horsham, focusing upon growth in labour demand, labour supply and continuation of past B class development
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trends. These produce a series of B class floorspace requirements that range from 10,360 sqm to 476,200 sqm for Crawley (-1.1 ha to 113 ha in land terms) and from 45,585 sqm to 286,940 sqm for Horsham (8.3 ha to 64.3 ha in land terms), covering the 17-year study period 2019 to 2036. This includes a 10% buffer or margin to allow for flexibility and choice in the local market, to provide an illustration of indicative gross employment floorspace requirements.

- 7 For Crawley, it is recommended that the Council consider planning to accommodate the past take-up based requirement as a minimum (i.e. 33 ha), to enable historically strong levels of employment development to continue in the Borough over the new plan period. When compared with pipeline supply, 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 emerging pipeline of available supply identified by the Council's Employment Land Trajectory would be sufficient to accommodate office needs identified, but a significant shortfall would arise for industrial uses, equivalent to over 25 ha.
 - 8 This is supported by qualitative market feedback which indicates that Crawley requires additional employment land (for industrial uses in particular) to accommodate strong levels of market demand and development activity. There are a number of potential options for how additional supply might be provided including intensification of existing sites, and through wider supply side opportunities elsewhere in the Functional Economic Market Area (most notably at Horley Strategic Business Park located in Reigate & Banstead). There could also be scope to plan to accommodate the higher level of economic growth associated with the baseline labour supply scenario in an unconstrained employment land supply position, subject to the outcome of a forthcoming North Crawley Area Action Plan.
 - 9 For Horsham, the scale of requirement implied by the past take-up and baseline labour supply scenarios (i.e. between 35 and 39 ha / 154,940 sqm and 157,710 sqm) appears to represent the most robust and aspirational scenario to plan for, and would appear to align well with the Council's ambitions for development and regeneration over the coming years. The quantitative balance between identified future employment development needs and pipeline supply appears to be more even in Horsham District, with pipeline planning permissions providing a quantum of employment floorspace that would broadly match future growth needs associated with the past take-up and baseline labour supply scenarios, albeit with a likely shortfall in terms of industrial space.
 - 10 From a more qualitative perspective, there is significant scope to enhance the quality of offer associated with Horsham's office market, and to support the District to strengthen its office-based economy following significant losses of office space and occupiers as a result of PDR over the last few years. Development schemes in the pipeline including North Horsham and the Novartis site provide short to medium opportunities to realise this ambition in and around the town of Horsham, and could be complemented by smaller scale, new office developments in smaller locations and settlements elsewhere in the District.
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1.0 Introduction

- 1.1 The Northern West Sussex authorities comprising Crawley Borough Council, Horsham District Council and Mid Sussex District Council (“the Councils”) commissioned Lichfields to undertake an updated Economic Growth Assessment (‘EGA’) for the Northern West Sussex (‘NWS’) sub-region.
- 1.2 The purpose of the study is to provide an up-to-date, robust and comprehensive evidence base for employment and economic development needs associated with the three authority areas during the period to 2036, having regard to the revised National Planning Policy Framework (‘NPPF’). The methodology used in the study also draws on guidance contained in the Planning Practice Guidance (‘PPG’).
- 1.3 This EGA updates the previous Northern West Sussex EGA prepared by Lichfields in 2014 which provided an evidence base to inform the emerging Local Plans for the three authority areas and to support the development of a partnership approach to joint working across a range of planning policy and economic development issues.
- 1.4 Specific requirements of the brief are to:
- a Update the current position of the local economy for the three authority areas;
 - b Take account of the updated NPPF and the adopted policies in the three NWS local plans;
 - c Have regard to changing circumstances on supply and demand that have emerged since completion of the previous EGA work, including new planning permissions and developments, the proposed RBBC Strategic Business Park allocation at Horley, and anticipated impact of growth at Gatwick Airport; and
 - d Take account of the current and potential impacts to economic climate both nationally and locally.

Scope of Study

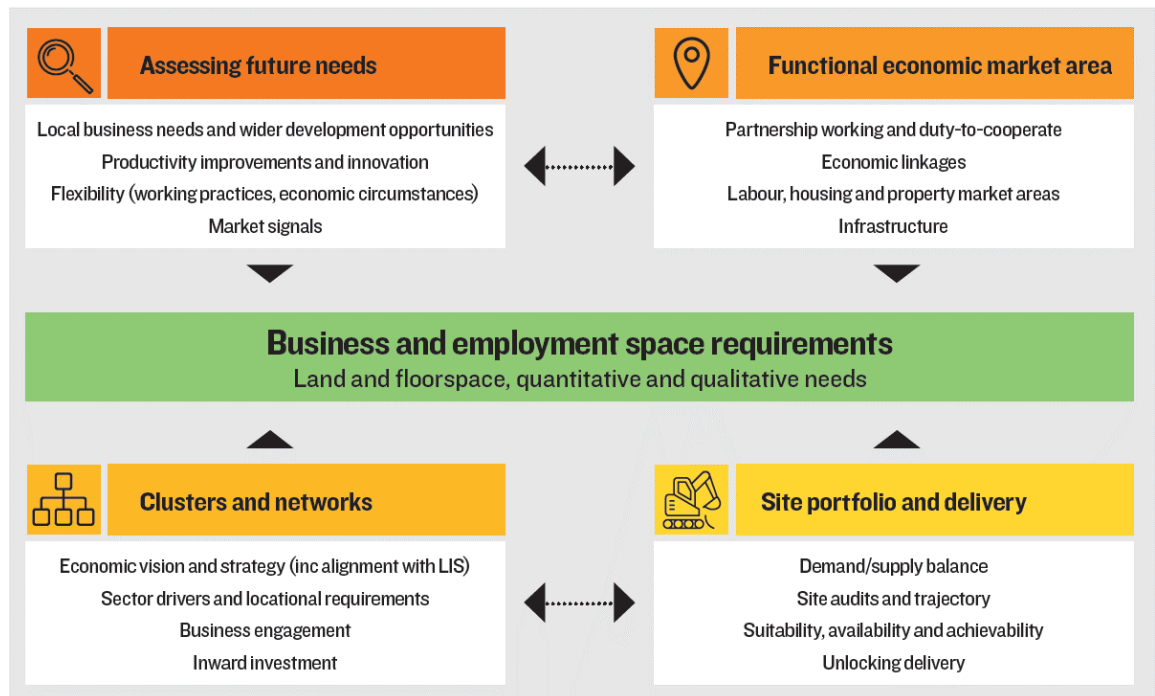
- 1.5 The scope of this EGA Update includes consideration of economic development as defined by the NPPF, with a primary focus upon the typologies set out in the ‘B’ Use Classes as outlined below, but drawing on other evidence base information that is available to ensure that there is consideration of other (non B-use) industries insofar as they form economic and employment growth opportunities.
- **B1 Business:** offices (B1a), research & development (B1b) and light industrial (B1c).
 - **B2 General Industrial:** typically comprising factory and manufacturing space.
 - **B8 Storage and Distribution:** warehouses, wholesale and distribution.
- 1.6 References to ‘employment space’ refer to all B class elements noted above. In addition, the term ‘industrial space’ is used to refer to both manufacturing (B1c/B2) and warehouse and distribution (B8) uses.
- 1.7 It should be noted that there are a variety of factors and drivers to consider when objectively assessing the business context and needs for a local economy. The study uses a combination of quantitative and qualitative analysis to examine these issues in the context of NWS, and synthesises this analysis to draw overall conclusions and policy implications for long-term planning across the three local authority areas.

- 1.8 An important consideration for any technical work of this type is that the study is inevitably a point-in-time assessment. The study post-dates the outcome of the UK referendum on membership of the European Union (EU) in June 2016, but is unable to give specific consideration for how the timing and basis for the UK's future exit from the EU could impact national or local economic change given current ongoing uncertainty regarding these arrangements.
- 1.9 The study has used the latest available data and other evidence available at the time of reporting, while the accuracy of third party data has not been checked or verified by Lichfields.

Study Methodology

- 1.10 The methodology that has been applied for the EGA Update conforms to the requirements of the updated NPPF and PPG, and is summarised in Figure 1.1 below.

Figure 1.1 EGA Update Methodological Framework



Source: Lichfields

- 1.11 Due to the different stages of Local Plan preparation that each authority is currently at, the scope of analysis undertaken as part of the EGA Update differs across the group of authorities. The analysis presented for Mid Sussex is more specifically focused than for the other two authorities; the EGA update does not give any consideration to economic growth potential within Mid Sussex but does provide updated market demand intelligence and advice on cross boundary implications in terms of accommodating economic growth at a NWS level, in conjunction with Crawley and Horsham.
- 1.12 For Crawley and Horsham, the full scope of analysis outlined in Figure 1.1 above has been applied as part of this EGA Update.
- 1.13 It should also be noted that initial analysis of economic growth potential (based on employment projections) and employment land requirements for the NWS study area have been prepared separately by Mid Sussex District Council, based on the broad methodology applied as part of

the original EGA in 2014. The outputs from this exercise have been provided to Lichfields and are summarised in Chapter 8.0 of this report.

Consultation

- 1.14 As part of the study, consultation has been undertaken with a range of local and sub-regional commercial property agents, to gather commercial viewpoints and up-to-date intelligence regarding the current local commercial property market in and around NWS. A list of consultees is provided in Appendix 1.

Structure of Report

- 1.15 The report is structured under the following sections:
- **Functional Economic Market Area (Chapter 2.0):** establishes the various functional economic market areas that operate across NWS and the wider sub-region, to provide an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy.
 - **Economic Context and Trends (Chapter 3.0 to 5.0):** a review of economic conditions and recent trends within each of the NWS authority areas, and the key strengths and weaknesses of the local economy that may influence the future need for employment space.
 - **Overview of Commercial Space (Chapter 6.0):** an analysis of the current stock and trends in employment space across NWS in terms of total stock, spatial distribution, past development rates, gains and losses.
 - **Commercial Property Market Signals and Intelligence (Chapter 7.0):** a review of the local commercial property market including supply of and demand for different types of employment space, and the needs of particular market segments.
 - **Future Requirements for Employment Space (Chapter 8.0):** considers future scenarios of economic growth for Crawley and Horsham authority areas and the employment space requirements arising from these.
 - **Review of Supply Portfolio (Chapter 9.0):** provides a high-level appraisal of a selection of 18 employment sites across Crawley Borough and Horsham District to consider their current and future capacity to support the economic and business development needs of the local economy.
 - **Emerging Conclusions and Policy Implications** are presented in **Chapter 10.0**.

2.0 Northern West Sussex Functional Economic Market Area

2.1 This section summarises the various Functional Economic Market Areas (FEMAs) that operate across the NWS sub-region to provide an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy.

Rationale

2.2 When planning for economic growth, the Government's Planning Practice Guidance (PPG) states that economic needs should be assessed in relation to the most appropriate geographies and relevant FEMAs, that is, the spatial level at which local economies and markets actually operate. In most cases, these will extend beyond existing administrative boundaries such as local authority boundaries.

2.3 The PPG recognises that no single source of data is comprehensive in identifying appropriate assessment areas, and highlights a number of factors to be considered when assessing and defining relevant FEMAs, including travel to work areas, housing market areas, service markets for consumers and transport networks¹. In order to consider and define the various FEMAs operating across NWS, a number of these key market and catchment areas are considered, to allow the key drivers and dynamics that impact on the local economy to be identified and further assessed. These themes are considered in turn below.

Labour Market Areas

2.4 The latest commuting flows data from the 2011 Census can be used to define Travel to Work Areas (TTWAs) to consider the relationship between where people live and where they work.

Commuting Flows

2.5 Commuting patterns to and from NWS can be analysed using the latest travel-to-work flows data from the 2011 Census. Table 2.1 and Figure 2.1 overleaf summarise a number of key commuting indicators for NWS.

2.6 In 2011, a total of 55,279 working residents commuted outside of NWS for their employment, mainly to the nearby areas of Brighton and Hove, Reigate and Banstead, Wealden and Worthing. At the same time, 58,187 working people commuted into NWS for their employment, with the greatest quantities originating from Reigate and Banstead, the London Borough of Westminster, Brighton and Hove, Tandridge and Mole Valley.

2.7 As a result, NWS is characterised as a net importer of labour with a net in-flow of 2,908 at the time of the 2011 Census. NWS had a self-containment rate of just over 60%, reflecting the proportion of working residents that also work within the area. This self-containment rate is relatively high when compared with other functional economic areas in the wider South East (by way of example Berkshire's labour self-containment rate is 47%) and is likely to reflect the presence of significant economic and employment centres within NWS, most notably the town of Crawley.

¹ PPG: Plan-making: Paragraph: 019 Reference ID: 61-019-20190315

Table 2.1 Commuting Metrics for Northern West Sussex

Indicator	Crawley	Horsham	Mid Sussex	North West Sussex
Total working residents†	55,676	66,864	72,805	195,345
Total workplace workers*	79,815	56,804	61,335	197,954
Live and work in authority*	36,583	40,076	40,925	117,584
Resident self-containment rate*	65.7%	59.9%	56.2%	60.2%
Out-commuting workers‡	19,093	26,788	31,880	55,279
Top out-commuting destinations	Reigate & Banstead, Mid Sussex, Horsham, Westminster, City of London	Crawley, Mid Sussex, Westminster, City of London, Brighton & Hove	Crawley, Brighton & Hove, Westminster, City of London, Tandridge	Brighton & Hove, Reigate & Banstead, Wealden, Worthing
In-commuting workers	43,232	16,728	20,410	58,187
Top in-commuting destinations	Mid Sussex, Horsham, Brighton & Hove and Croydon	Crawley, Worthing, Arun, Brighton & Hove	Brighton & Hove, Crawley, Wealden, Lewes	Reigate & Banstead, Westminster, City of London, Brighton & Hove, Tandridge, Mole Valley
Net Flow of workers	+24,139 (inflow)	-10,060 (outflow)	-11,470 (outflow)	+2,908 (inflow)

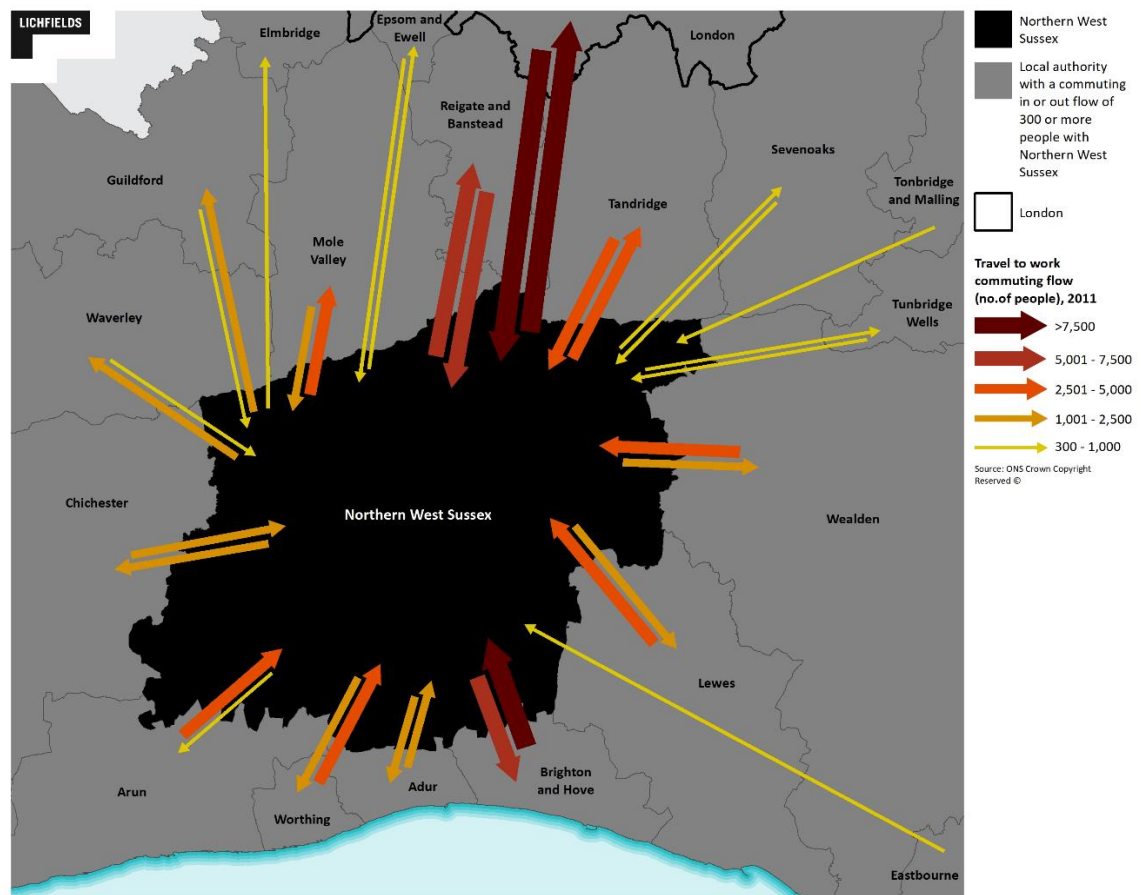
Source: ONS Census 2011 / Lichfields analysis

† Includes those that work mainly at or from home, at an offshore installation, outside the UK, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

* Includes NWS residents that work mainly at or from home, at an offshore installation, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

‡ Includes NWS residents that work outside the UK (in line with ONS guidance on defining resident and workplace workforce).

Figure 2.1 Travel-To-Work Flows for NWS, 2011

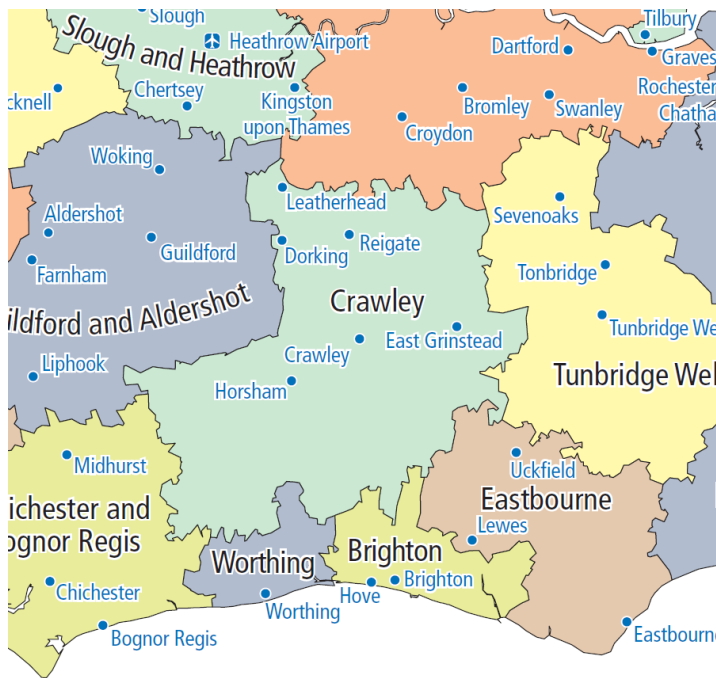


Source: ONS (2011 Census) / Lichfields analysis

ONS Travel to Work Areas

- 2.8 The Office for National Statistics (ONS) defines labour market areas as those areas where most of the resident population also work in the same area. Defining labour market areas requires analysis of commuting flows data to identify the Travel to Work Areas (TTWAs) of a local economy. The standard definition of TTWAs offered by the ONS is that they are the area from which at least 75% of an area’s resident workforce is employed, and at least 75% of the people who work in the area also reside. The area must also have a working population of at least 3,500.
- 2.9 TTWAs represent the area from which local businesses are most likely to recruit their employees, while key strategic routes can extend these TTWAs well beyond the immediate sub-region.
- 2.10 In 2015, the ONS used 2011 Census data on home and work addresses to define 228 TTWAs that cover the whole of the UK. This analysis identifies a Crawley TTWA that covers the Borough of Crawley as well as the majority of Horsham and Mid Sussex Districts, and parts of neighbouring Surrey Districts such as Reigate and Banstead and Mole Valley (Figure 2.2).

Figure 2.2 Crawley Travel to Work Area, 2011

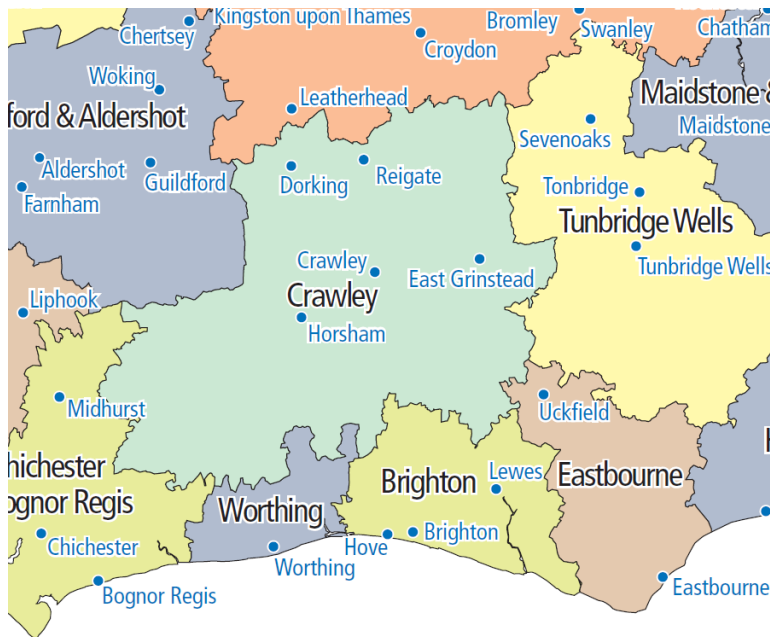


Source: ONS (2015) based on 2011 Census commuting data

- 2.11 In spatial terms, the Crawley TTWA is one of the largest TTWAs in the South East, with a sizeable labour market catchment in geographical terms which is likely to be influenced by the pool of employment opportunities available within key centres such as Crawley itself, Gatwick Airport, Horsham, Haywards Heath and Burgess Hill. It is larger than the adjoining Eastbourne, Brighton, Worthing, Tunbridge Wells and Chichester and Bognor Regis TTWAs, and comparable in size with neighbouring Guildford and Aldershot TTWA.
- 2.12 A comparison with the equivalent analysis prepared using the 2001 Census commuting data (as shown in Figure 2.3 overleaf) identifies some key changes to the spatial extent and reach of the Crawley TTWA during this time.

- 2.13 Since 2001, the Crawley TTWA has changed in terms of spatial reach, now extending further north into Surrey (e.g. now including the town of Leatherhead) but extending less far into south western parts of Sussex. The eastern reach of Crawley’s TTWA has broadly stayed the same.
- 2.14 This suggests that the strength of the labour market relationships between NWS and Surrey has increased over the last 10 years at the expense of labour market linkages with more south western parts of Sussex, albeit the difference in overall terms is not significant.

Figure 2.3 Crawley Travel to Work Area, 2001

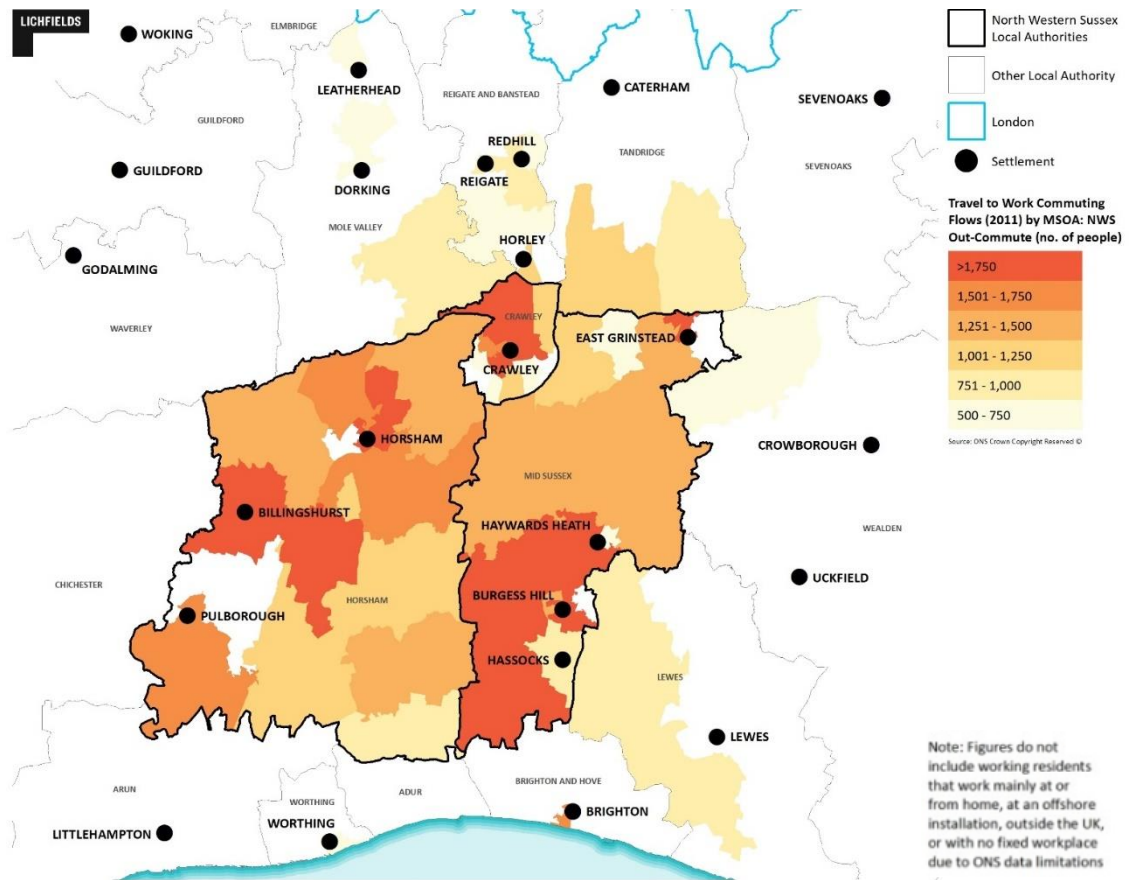


Source: ONS (2013) based on 2001 Census commuting data

NWS Local Travel to Work Area

- 2.15 Commuting data from the 2011 Census also allows travel-to-work patterns to be examined at a more detailed geographic scale, with travel-to-work flows provided at the Middle Super Output Area (MSOA) level. This level of analysis provides a much more detailed understanding of the travel-to-work linkages between NWS and other centres within the surrounding region.
- 2.16 The most significant destinations for out-commuting employed residents from NWS at the MSOA level are the southern parts of Mid Sussex which includes Haywards Heath and Burgess Hill, the northern area of Crawley and the town of Billingshurst. Figure 2.4 overleaf shows that out-commuting flows do not tend to extend much beyond the boundary of NWS, indicating a relatively self-sufficient labour market with the majority of out-commuters travelling elsewhere within NWS for employment.

Figure 2.4 Out-Commuting Flows at MSOA Level for NWS, 2011



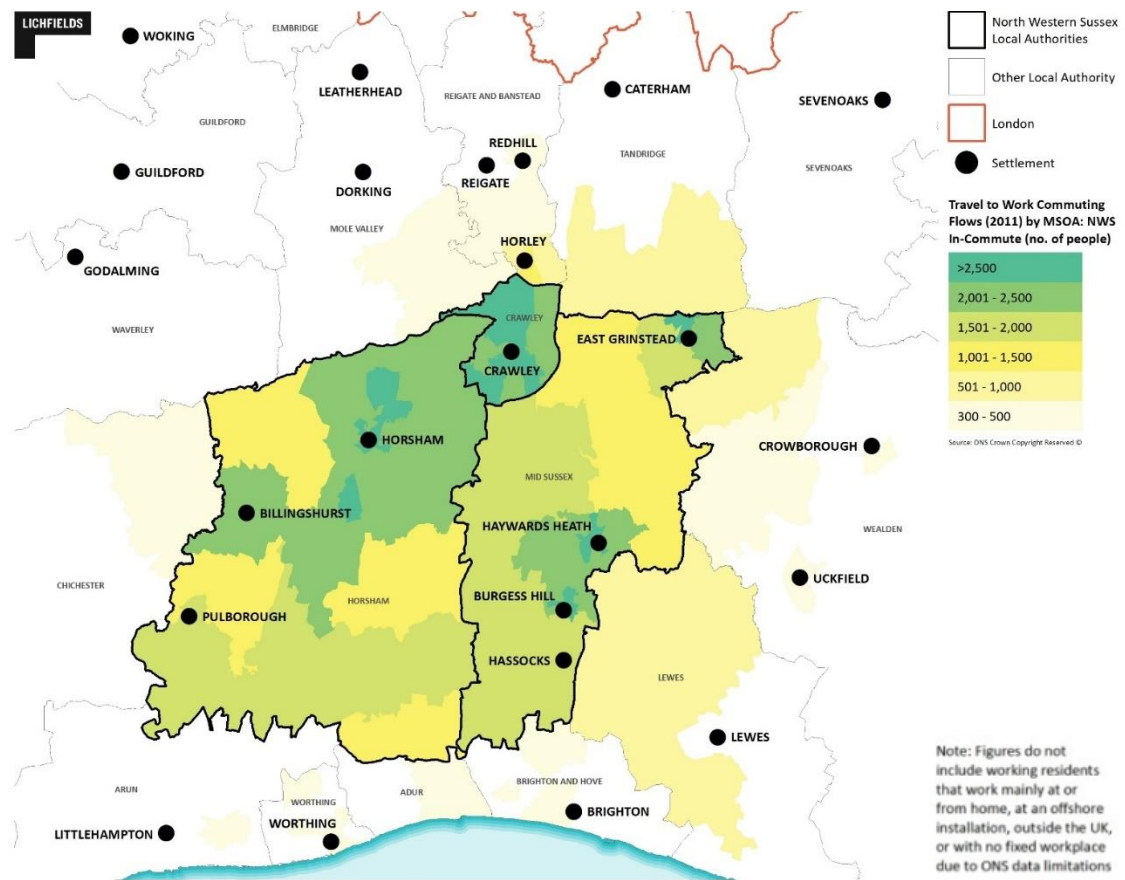
Source: ONS (2011) / Lichfields analysis

Note: Shaded MSOAs represent 75% of flows

2.17

In terms of in-commuting flows, the pattern is similar, with the majority of in-commuting to NWS originating from within NWS itself. Figure 2.5 overleaf indicates that in-commuting is slightly more self-contained than out-commuting, but with some labour market relationships with Lewes District and Reigate & Banstead (e.g. the settlement of Horley).

Figure 2.5 In-Commuting at MSOA Level for NWS, 2011



Source: ONS (2011) / Lichfields analysis
 Note: Shaded MSOAs represent 75% of flows

Housing Market Areas

- 2.18 Housing market areas are a useful input to the process of considering the spatial extent of FEMAs due to the influence they have upon travel-to-work and labour market flows. Close relationships typically occur between the boundaries of sub-regional housing markets and sub-regional labour markets (generally referred to as Travel to Work Areas as explored above). Unless resident workers are taking a job in another location outside an acceptable journey time, they are likely to look for somewhere to live within the same travel to work area if they move house.
- 2.19 The PPG defines a housing market area as:

“a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.” (PPG para 018)
- 2.20 A Strategic Housing Market Assessment (SHMA) is currently being prepared for NWS in order to provide an up to date, NPPF and PPG-compliant evidence base for Local Plan preparation on overall housing needs. This applies the Government’s new standard methodology for assessing local housing need and models the potential for further growth in housing needs arising from economic growth across the sub-region.
- 2.21 The SHMA begins by considering housing market geography and notes that the evidence continues to support the definition of a Northern West Sussex Housing Market Area (HMA)

which is comprised, as a best fit to local authority boundaries, of Crawley, Horsham and Mid Sussex.

- 2.22 It does however point to evidence of an overlap with surrounding housing market areas, in particular in the southern parts of Horsham and Mid Sussex in and around Steyning, Hurstpierpoint and Hassocks (and potentially Burgess Hill). In the northern part of the area, the evidence shows a functional relationship with parts of Surrey, with the strongest relationship (in house price and commuting terms) being with Horley. The SHMA also recognises that the growth of the economic hub around Crawley/Gatwick could over time influence the housing market geography, and that the HMA geography could change over time, particularly if/when Gatwick Airport expands.

Commercial Property Market Areas

- 2.23 Commercial property market intelligence represents a key element to defining FEMAs as the geographical extent of markets can be defined by the location of customers, supply chains, competitors (including competing employment schemes) and enquiries, as well as the proximity to key transport infrastructure. Much of the activity occurring within a commercial property market represents the gradual churn of occupiers, as a company's location can often be largely dictated by the need to be easily accessible to where most of their staff reside.
- 2.24 The commercial property market in NWS is relatively self-contained, with local agents reporting that the majority of enquiries for business space tend to originate from within the sub-region itself. These tend to be sourced from within a 15-20 mile radius, with the M25 generally providing the 'cut off' in terms of occupier movement north of the sub-region. While some recent enquiries have been received from Croydon and Brighton & Hove based firms, this has yet to translate into actual relocations to NWS.
- 2.25 Each of the three local authority areas within NWS has a different role to play in economic and property market terms. As the largest and dominant commercial centre in the sub-region, Crawley continues to attract the strongest levels of demand from business occupiers, across both office and industrial sectors and from major multinational firms as well as local SMEs. The Borough is currently seeing the most commercial development activity within NWS and commands the highest rental values, helping to stimulate speculative commercial development which has been occurring at pace over recent months and years.
- 2.26 By comparison, Horsham and Mid Sussex Districts have traditionally had more localised commercial property markets, a smaller overall stock of business accommodation and operate as more secondary business locations. Centres such as Horsham town, East Grinstead, Burgess Hill, Haywards Heath and Billingshurst interact and compete with Crawley – and each other – to some degree (particularly if and when occupiers cannot find suitable accommodation/sites within Crawley Borough), so it is therefore sensible to continue to consider the sub-region as a broad property market area.
- 2.27 In future, key developments such as The Hub at Burgess Hill (from an industrial perspective) and Gatwick Park at Crawley (from an office perspective) have the potential to start to change this traditional dynamic, by offering the scale of business space and critical mass to attract larger occupiers from further afield into NWS. Other opportunities such as office development at North Horsham offer potential to diversify NWS' local commercial property markets by providing a wider range and choice of business accommodation across a wider range of locations than have previously been available to the market. At the same time, the proposed expansion of Gatwick Airport could also serve to cement Crawley's dominant property market role further.

Retail and Consumer Catchments

- 2.28 Within the context of identifying FEMAs, it is relevant to review existing retail and consumer market areas across the sub-region to consider the spatial area from which users of goods and services are drawn.
- 2.29 The latest retail study for Crawley² shows that the Borough has a wide retail catchment area, extending to other parts of NWS and beyond. It identifies a retail catchment area that extends north to the M25 and beyond (up as far as Warlingham just south of Croydon), north west to Dorking, south west to Billingshurst, south to Burgess Hill, south east to Uckfield and north east to just west of Sevenoaks.
- 2.30 The Horsham 2017 retail study³ suggests that the District (focused in particular upon Horsham town) is performing well as a retail destination, with a strong turnover, improved market share making it an attractive destination which consists of both niche and high-end operations. The study identifies a retail catchment area for the District (defined by survey zones) that extends north east out of the District to include Dorking to the north and Haywards Heath to the east. To the south it extends to include Shoreham-by-sea, and in the west, it extends to include a number of small towns including Loxwood.
- 2.31 With regards to Mid Sussex, the District's 2014 retail study⁴ identifies a study/catchment area which extends outside of the District to include Lingfield (in Tandridge District), Uckfield (in Wealden District), Brighton & Hove and Henfield (in Horsham District). The study found that the towns of Haywards Heath, East Grinstead and Burgess Hill command the highest spending retention rates, highlighting the relatively self-contained nature of Mid Sussex's retail market. However, the District's retail centres compete with Crawley and Brighton in terms of higher value comparison goods spending.

Summary

- 2.32 Based on the assessment of various market areas in and around NWS (in terms of labour markets, housing markets, commercial property markets and consumer catchments), it is possible to consider the spatial extent of the core FEMA for the sub-region.
- 2.33 This suggests that NWS operates as a broad functional economic market area, with the spatial extent of its FEMA largely consistent with the authority boundaries of Crawley, Horsham and Mid Sussex. This is particularly the case in terms of labour market, housing market and property market areas. Economic linkages with adjoining areas such as Coastal West Sussex, Reigate & Banstead (e.g. Horley) and East Sussex are comparatively weaker but still have an influence, particularly from a retail catchment perspective.
- 2.34 These conclusions are based on what existing data and evidence indicates about the economic geographies and flows of labour, residents and businesses across the wider sub-region. It does not take account of policy positions or approaches that may or may not be adopted by local planning authorities across NWS and neighbouring areas; through the Duty to Cooperate process, local planning authorities will need to determine how the conclusions from this EGA Update study are taken forward in planning policy terms.

² Nexus (2020) Crawley Retail, Commercial Leisure and Town Centre Neighbourhood Needs Assessment

³ Horsham District Council (2017) Horsham Town Retail and Leisure Study 2017

⁴ Mid Sussex District Council (2014) Retail Study Update

3.0 Crawley Economic Context and Trends

3.1 This section summarises recent economic conditions and trends in Crawley Borough. The analysis identifies the key strengths and weaknesses of the Borough’s economy and the factors that are likely to influence the future demand for employment space in the Borough. The analysis draws upon datasets from a range of sources and underlying definitions, and therefore figures may not be directly comparable with each other in all cases.

Spatial Overview

3.2 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 surrounded by areas of countryside. The Borough benefits from direct access to the M23 and London-Brighton mainline (via Three Bridges) and Arun Valley Line rail connections.

Figure 3.1 Crawley Context Map



Source: Lichfields

3.3 The town centre is surrounded by a number of residential neighbourhoods, each supported by a dedicated neighbourhood centre. Manor Royal Business District and Gatwick Airport are located in the north of the Borough.

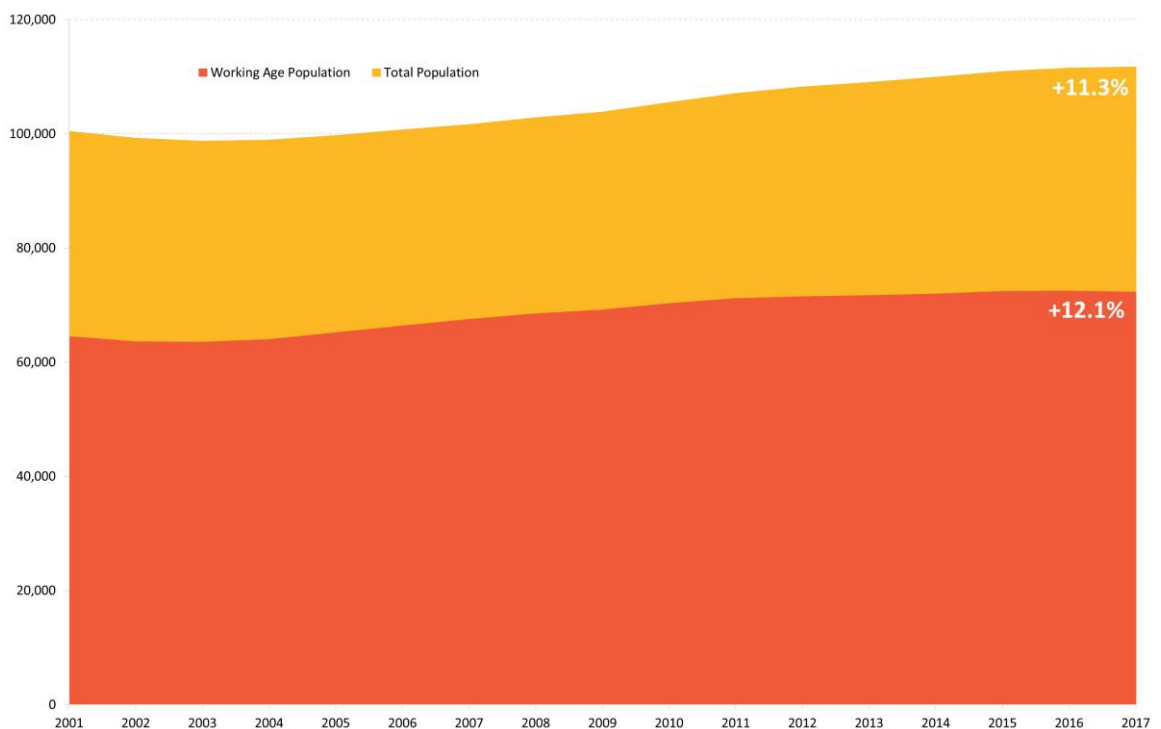
Economic Conditions and Trends

Population

3.4 In 2017, Crawley had a resident population of 111,664, having increased by 9.9% over the previous 10 years since 2007⁵, and 11.3% since 2001. This population growth exceeded that recorded across the South East (8.7%) and the UK (7.7%) over the same 10-year period. Crawley’s recent population growth has also out-performed the West Sussex-wide average which was equivalent to 8.7% over the 10 years to 2017.

3.5 The proportion of Crawley’s population that is of working age (i.e. 16 to 64) has fluctuated slightly over recent years, from 64.3% in 2001 to a high of 66.8% in both 2009 and 2010, before falling back to a similar percentage to 2001 of 64.8% in 2017 as shown in Figure 3.2.⁶

Figure 3.2 Total and Working age Population in Crawley, 2001-2017



Source: ONS (2017) / Lichfields analysis

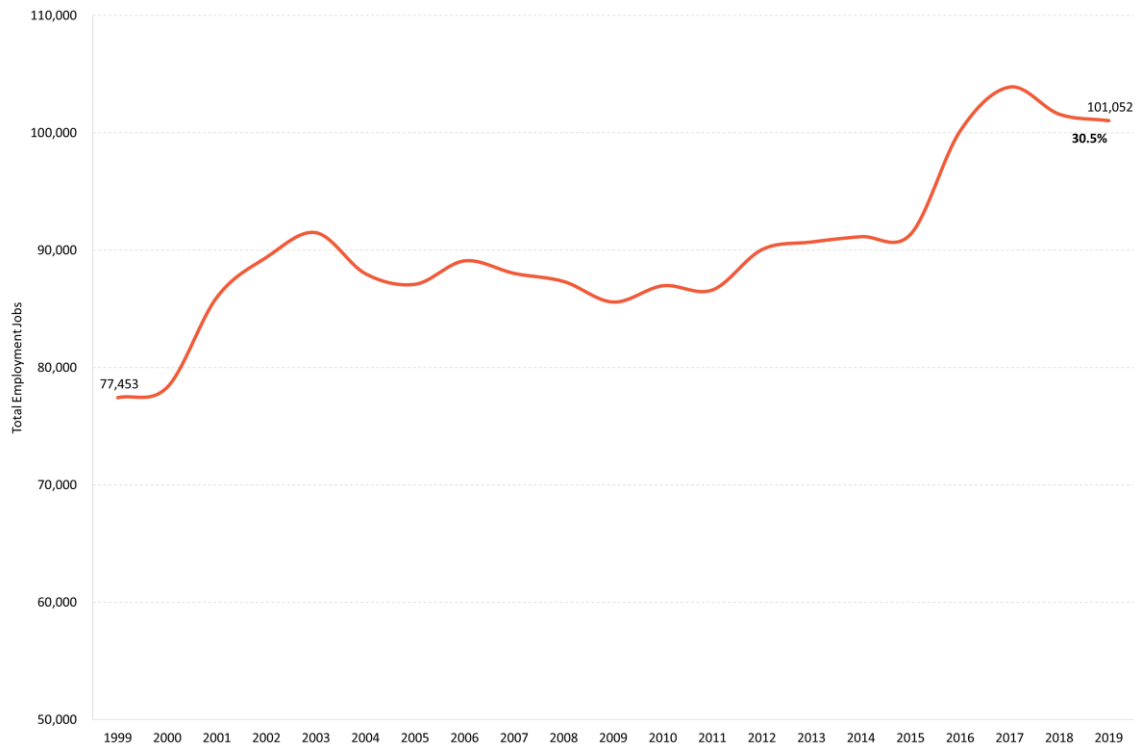
Employment

3.6 Based on Oxford Economics data provided by the NWS client group, Crawley accommodated 101,052 workplace jobs in 2019. As shown in Figure 3.3, the Borough’s stock of jobs has increased by 23,600 since 1999, which is equivalent to a 30.5% increase over the last 20 years. The greatest increase in jobs occurred in 2000 (9.8%) and in 2015 (9.6%) with a stagnant job growth period between 2003 – 2015. The Borough has exceeded job growth rates of both the South East (18.7%) and the United Kingdom (20.0%) over this 20-year period.

⁵ ONS Mid-year population estimates, (2018).

⁶ ONS annual population survey, (2018).

Figure 3.3 Crawley Total Employment Jobs (1999-2019)

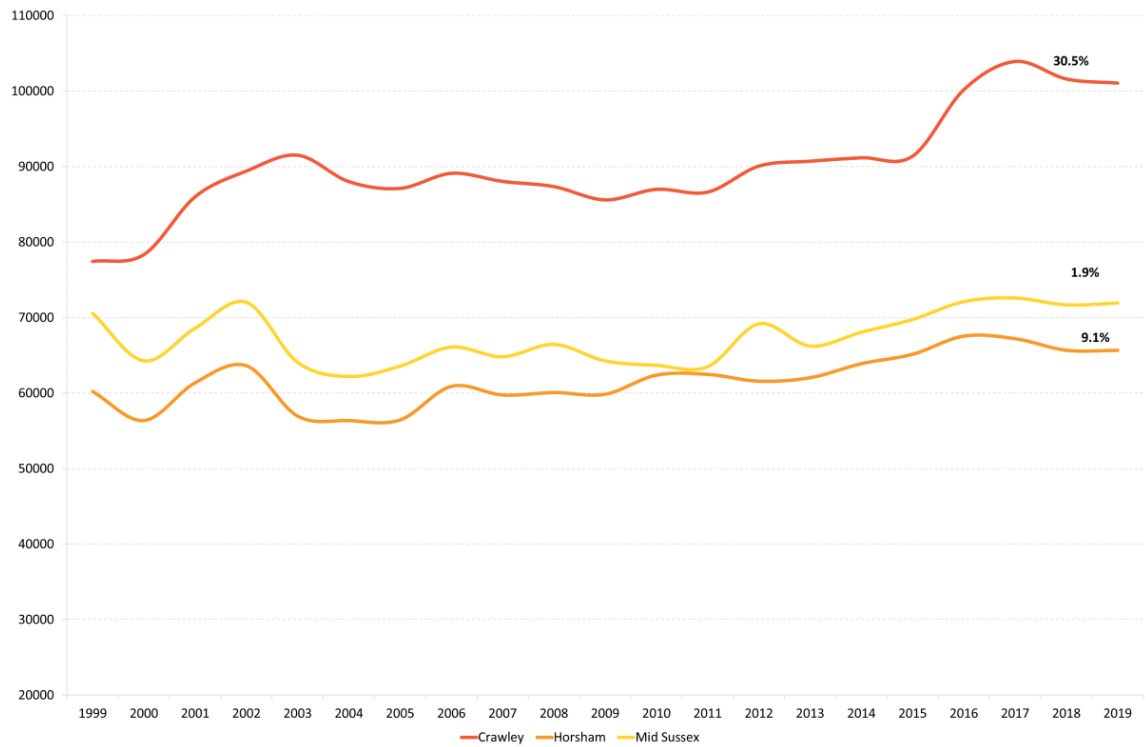


Source: Oxford Economics (2018) / Lichfields analysis

3.7

Figure 3.4 overleaf illustrates how the change in total employment jobs across Crawley compares with Horsham and Mid Sussex over the period 1999 – 2019. Crawley experienced the greatest job growth over this time, and it accommodates the highest number of jobs as at 2019. The employment gap between Crawley and the other two authorities increased significantly from 1999 to 2019.

Figure 3.4 Total Employment Jobs by Local Authority (1999-2019)

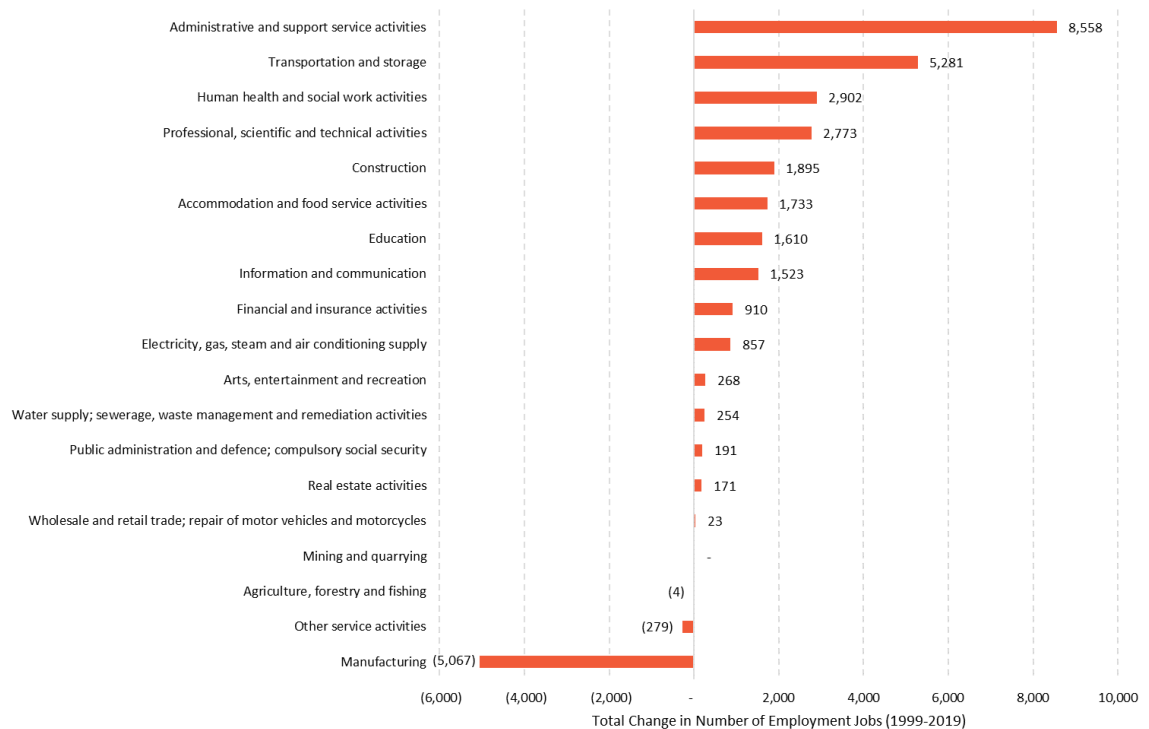


Source: Oxford Economics (2018) / Lichfields analysis

3.8

Figure 3.5 demonstrates the change in employment jobs by sector over a 20-year period spanning between 1999 and 2019 in Crawley Borough. This shows that some sectors have seen a large proportional increase in employment including administrative and support services (8,558) and transportation and storage (5,281), the latter in part reflecting the growth in activity at Gatwick Airport over this time. Meanwhile, the manufacturing sector has experienced a significant decline in employment (5,097), however, on the whole the majority of sectors have experienced an increase in employment over the 20-year period.

Figure 3.5 Employment Job Change by Sector in Crawley (1999-2019)



Source: Oxford Economics (2018) / Lichfields analysis

3.9

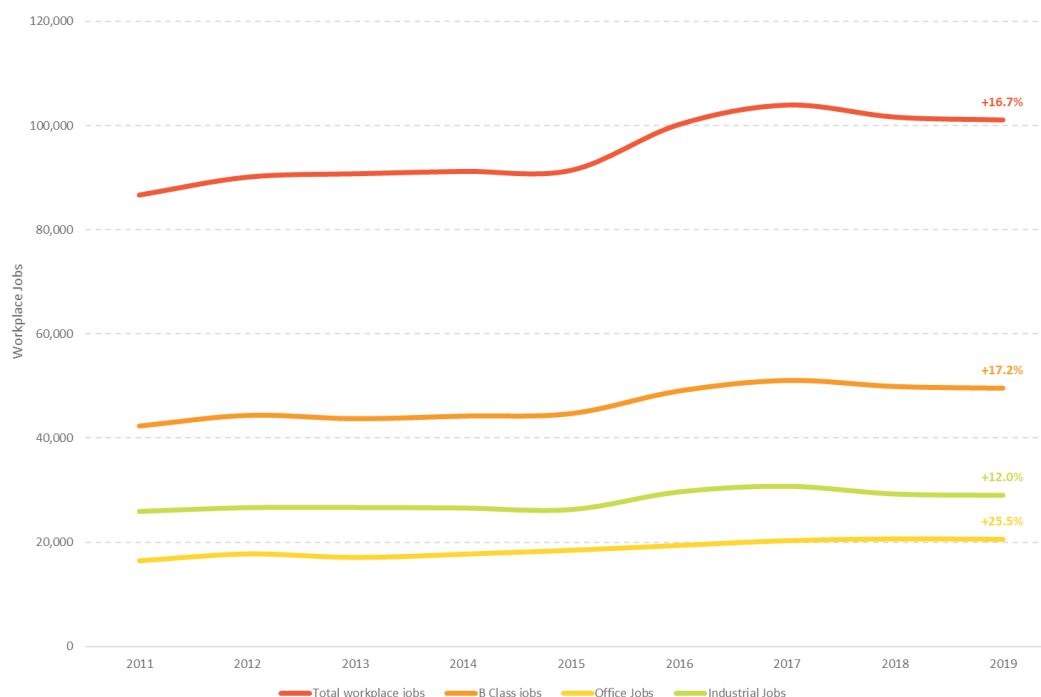
In terms of B use class sectors, Table 3.1 and Figure 3.6 below illustrate how employment within these sectors has changed in recent years in Crawley. Sectors associated with B class land uses recorded a slightly higher increase in jobs compared with all sectors of the economy. This was driven by office-based jobs, which as a sector saw an increase of 25.5% over the period, with industrial jobs increasing by 12%. This slower increase can be partly explained by the significant loss of jobs in the manufacturing sector displayed in Figure 3.5.

Table 3.1 Employment change in Crawley (2011-19)

Land Use	Workforce Employment		Change (2011-2019)	
	2011	2019	Number of Jobs	%
Office Jobs	16,400	20,580	4,181	25.5
Industrial Jobs	25,885	28,995	3,109	12.0
B Class Jobs (sum of office + industrial jobs)	42,285	49,575	7,290	17.2
Total Workplace Jobs	86,625	101,055	14,427	16.7

Source: OE (2018) / Lichfields analysis

Figure 3.6 Workplace Jobs (2011-2019)



Source: OE (2018) / Lichfields analysis

Workforce Productivity

- 3.10 During 2019 Crawley's economy is expected to generate £5.2 billion of gross value added (GVA) over the course of the year. This represents an increase from £4.1 billion in 2010, equivalent to a 25.6% increase over the period.
- 3.11 On a per worker basis, workforce productivity in Crawley falls just below the UK average, as shown in Table 3.2. It is expected that in 2019 each job in Crawley Borough is estimated to generate £51,300 GVA over the year, equivalent to just £400 lower than the estimated UK average. This gap increases when compared to the estimated South East average of £55,700 GVA per worker. Average workforce productivity in Crawley also falls slightly behind Mid Sussex and more significantly behind Horsham's expected GVA per worker in 2019.

Table 3.2 GVA per Worker by Local Authority (2019)

Location	GVA per Worker (p.a.)
Crawley	£51,300
Horsham	£57,100
Mid Sussex	£52,800
South East	£55,700
United Kingdom	£51,700

Source: Oxford Economics (2018) / Lichfields analysis

- 3.12 It is worth noting that other data sources, such as ONS data⁷ used by both Insight Intelligence and recent Centre for Cities⁸ research, provide varying results on typical workforce productivity in Crawley. The ONS data provides a figure for GVA per head (i.e. a population-based metric)

⁷ ONS (2016) Regional Gross Value Added (Balanced) by Local Authority in the UK

⁸ <https://www.centreforcities.org/city/crawley/>

for Crawley of £44,691, which is significantly greater than both Horsham (£25,889) and Mid Sussex (£24,623). The variations in data are likely to be explained by differing methodologies that provide an alternate GVA per head figure for the three authorities, and this underlines the need to treat this local level GVA data with caution.

- 3.13 Crawley has experienced the smallest scale increase in GVA per worker over the last 20 years when compared to both the South East and the UK. Additionally, as a Borough it's increase in GVA per worker has lagged behind the local authorities of Horsham and Mid Sussex (see Table 3.3 below).

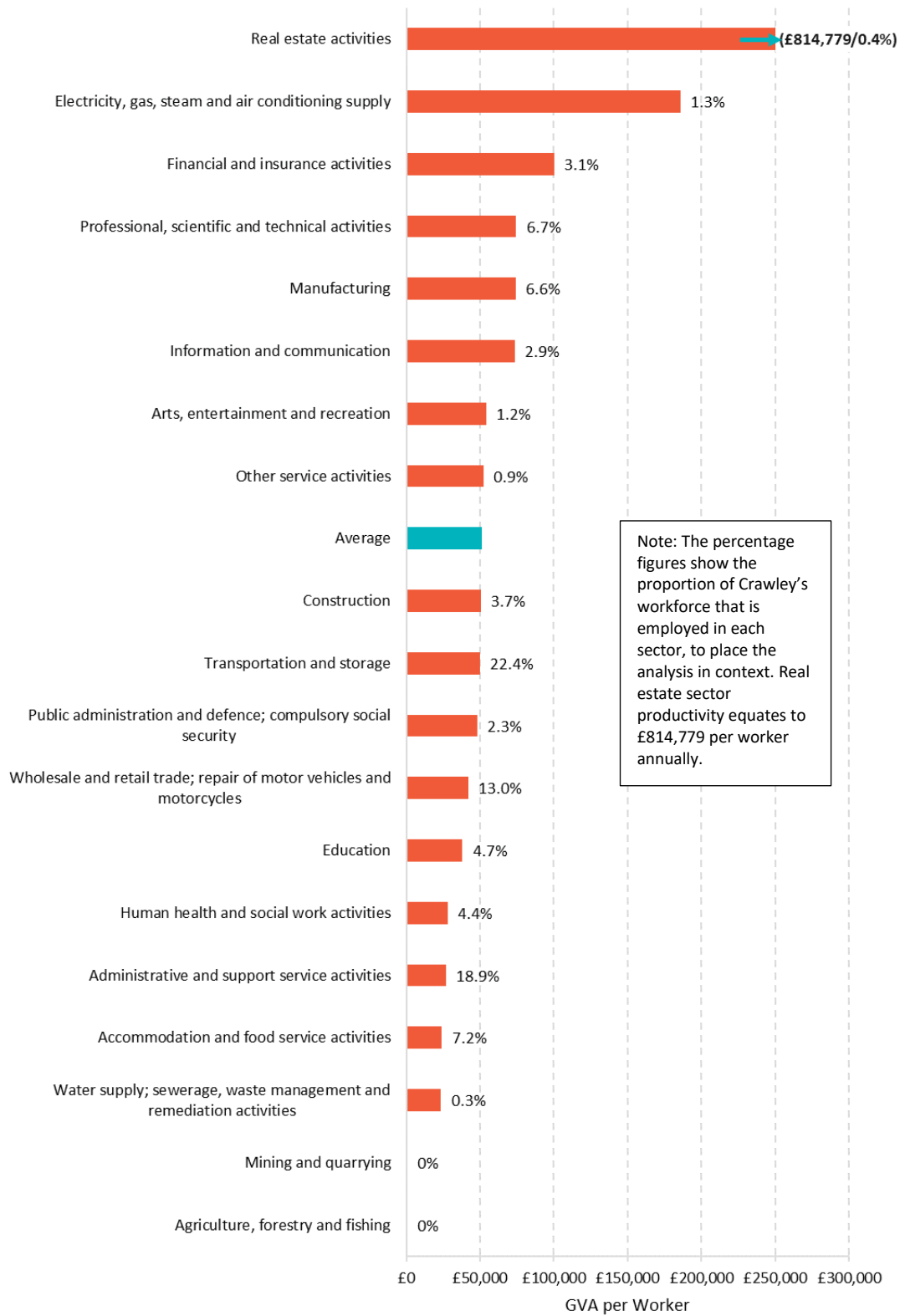
Table 3.3 Change in GVA per Worker by Local Authority (1999-2019)

Location	GVA per Worker (p.a.)		Change in GVA per Worker (p.a.)
	1999	2019	1999-2019
Crawley	£42,700	£51,300	20.1%
Horsham	£45,800	£57,100	24.9%
Mid Sussex	£38,100	£52,800	38.9%
South East	£46,200	£55,700	20.7%
United Kingdom	£42,100	£51,700	22.6%

Source: Oxford Economics (2018) / Lichfields analysis

- 3.14 Workforce productivity within Crawley's economy inevitably varies by sector, with sectors such as real estate, electricity and gas, and financial and insurance activities generating the highest average levels of GVA per worker (see Figure 3.7). Comparatively the added economic value supported by sectors such as water supply, accommodation and food and administrative is much less significant. However, the sectors with lower levels of added value such as administrative, transportation and wholesale and retail trade employ a significant proportion of the local workforce, resulting in below regional average levels of productivity in Crawley, particularly when compared with Mid Sussex and Horsham.

Figure 3.7 Crawley Sector Productivity (2019)



Source: Oxford Economics (2018) / Lichfields analysis

3.15 Other recent analysis carried out as part of the emerging Local Industrial Strategy for the Coast to Capital LEP area shows that Crawley makes the largest contribution to economic output (measured by GVA) of all three NWS authorities (Figure 3.4).

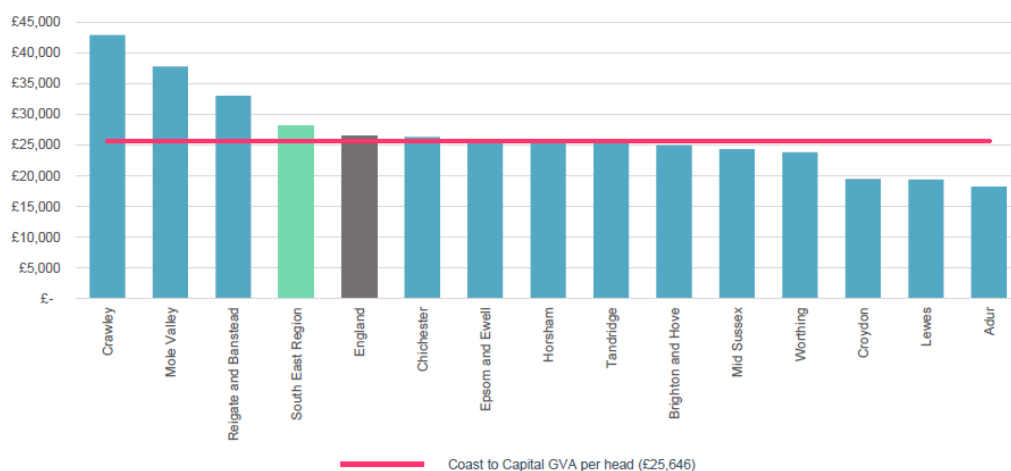
Figure 3.4 GVA by Local Authority, 2016 (£m)

Local Authority	Total GVA (Balanced)
Croydon	£ 7,730
Brighton and Hove	£ 7,350
Crawley	£ 4,980
Reigate and Banstead	£ 4,300
Mid Sussex	£ 3,620
Horsham	£ 3,570
Mole Valley	£ 3,500
Chichester	£ 3,130
Worthing	£ 2,590
Arun	£ 2,550
Tandridge	£ 2,230
Lewes	£ 2,050
Epsom and Ewell	£ 1,990
Adur	£ 1,170
Coast to Capital*	£ 50,750

Source: Coast to Capital Local Industrial Strategy, Draft Economic Profile (for consultation September 2019)

3.16 This analysis also suggests that on a ‘per head of population’ basis, Crawley generates more GVA than any other authority within the Coast to Capital LEP area (Figure 3.5), also exceeding the South East regional and England averages. This is likely to be explained by the relative balance of population to workforce jobs at a local level, with Crawley accommodating a significant stock of jobs relative to its overall population size, compared with other locations such as Horsham and Mid Sussex.

Figure 3.5 GVA Per Head by Local Authority, 2015 (£ per head)



Source: Coast to Capital Local Industrial Strategy, Draft Economic Profile (for consultation September 2019)

Knowledge Economy

3.17 As part of research currently underway into Coast to Capital’s urban centres, emerging analysis shows that Crawley accommodates a relatively low share of ‘knowledge intensive’ employment (Figure 3.6), which also helps to explain the local level GVA metrics presented above. Other

urban centres within NWS such as Burgess Hill and Horsham perform comparatively better on this indicator.

Figure 3.6 Ranking of Urban Centres by Share of knowledge economy jobs, 2017

Knowledge economy	
Leatherhead	37%
Reigate and Redhill	33%
Croydon	29%
Burgess Hill	29%
Dorking	25%
Lancing	23%
Brighton and Hove	23%
Horsham	23%
Haywards Heath	22%
Coulsdon	21%
Epsom and Ewell	21%
East Grinstead	19%
Purley	19%
Crawley	17%
Banstead	16%
Chichester	15%
Horley	14%
Caterham	14%
Shoreham by Sea	13%
Peacehaven	12%
Worthing	12%
Lewes	11%
Seaford	11%
Newhaven	9%
Bognor Regis	9%
Littlehampton	8%

Source: Coast to Capital Local Industrial Strategy, Draft Economic Profile (for consultation September 2019)

Business Demography

- 3.18 Looking at the size of businesses in Crawley, the Borough has a lower proportion of small firms with 1-9 employees (85.9%) than the regional (89.9%) and national (89.5%) averages, and a relatively high number of larger firms. To some extent this is likely to reflect the concentration of larger corporate occupiers at Manor Royal. However, Crawley has experienced a 42% increase in businesses consisting of 0-4 employees since 2010, compared to 26% regionally and 33% nationally, therefore seeing proportionally a greater increase in small firms.
- 3.19 Crawley performs relatively poorly in relation to new business start-ups, with a lower proportion of the resident population setting up new businesses in the Borough than elsewhere across the South East and UK (Table 3.4). This showcases a relatively weak entrepreneurial culture and underlines the opportunity for local economic policy and strategy to address this trend through targeted intervention, for instance to raise awareness about the opportunities and benefits associated with starting a business and/or around provision of dedicated incubator space.

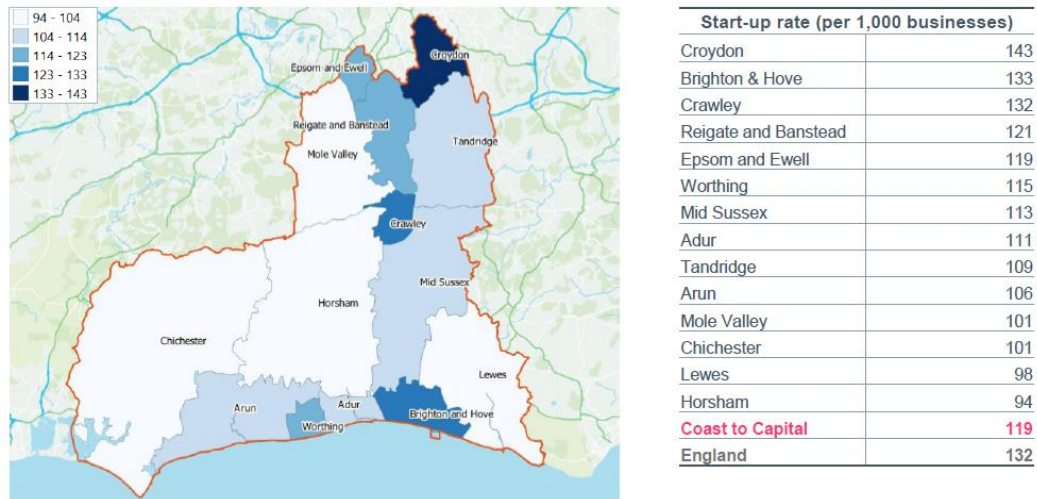
Table 3.4 Key Business Characteristics

Metric	Crawley	South East	UK	
Business Size	Micro (0 to 9)	85.9%	89.9%	89.3%
	Small (10 to 49)	10.4%	8.2%	8.7%
	Medium (50 to 249)	2.6%	1.5%	1.6%
	Large (250 +)	1.0%	0.4%	0.4%
Self-employment	7.3%	11.9%	10.6%	
Start-ups per 10,000 working age residents	72.5	92.7	91.9	

Source: ONS (2018) / Lichfields analysis

3.20 On a slightly different measure of business start-up – based on existing stock of businesses – data below taken from the emerging Coast to Capital LIS work suggests that Crawley is one of the best performing authorities in the LEP area (Figure 3.7), with business start-up rates exceeding Coast to Capital and England-wide averages.

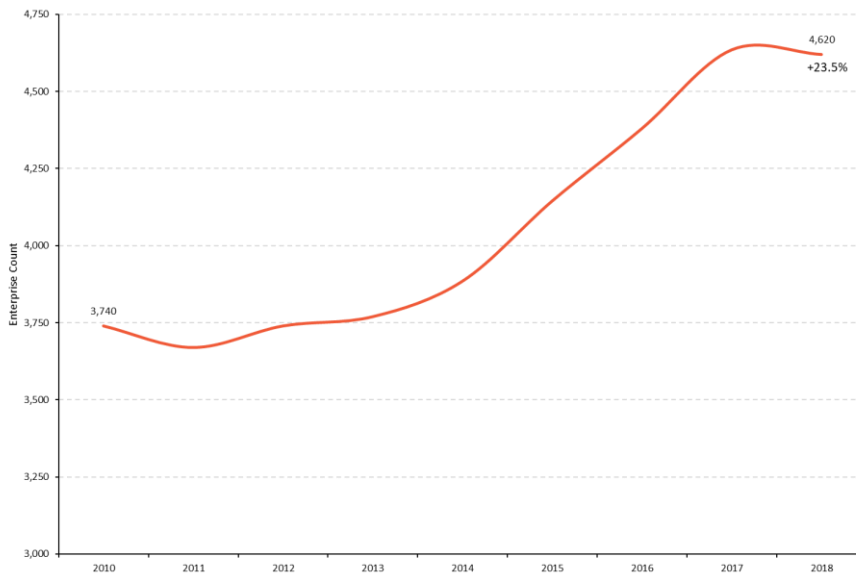
Figure 3.7 Business Start Up Rates by Local Authority (per 1,000 businesses), 2018



Source: Coast to Capital Local Industrial Strategy, Draft Economic Profile (for consultation September 2019)

3.21 The number of recorded enterprises in Crawley stood at 4,620 in 2018, having increased by 23.5% since 2010. As shown in Figure 3.8 below, Crawley’s business base saw rapid growth between 2013 and 2017, with a slight decrease in the final year between 2017 and 2018.

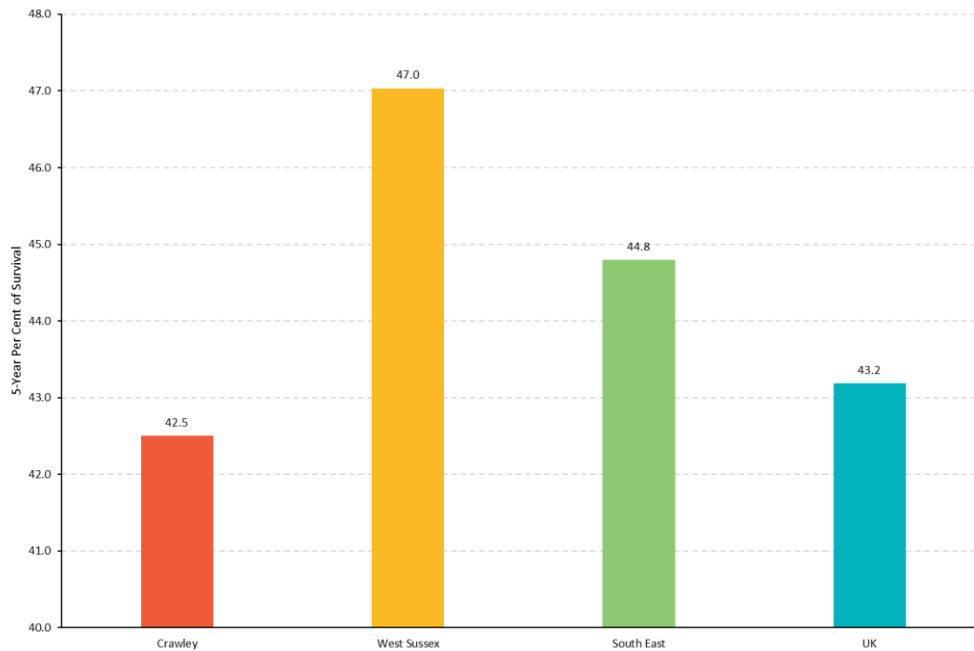
Figure 3.8 Crawley Enterprise Count (2010-2018)



Source: ONS 2018 / Lichfields analysis

3.22 Following start-up, businesses based in Crawley experience relatively low levels of survival over the first few years of trading. Latest ONS data (shown in Figure 3.9) shows that 5-year business survival rates in Crawley (42.5%) are far lower than equivalents for West Sussex and the South East and slightly lower than the UK as a whole.

Figure 3.9 Enterprise 5 Year Survival Rates (based on business births in 2012)

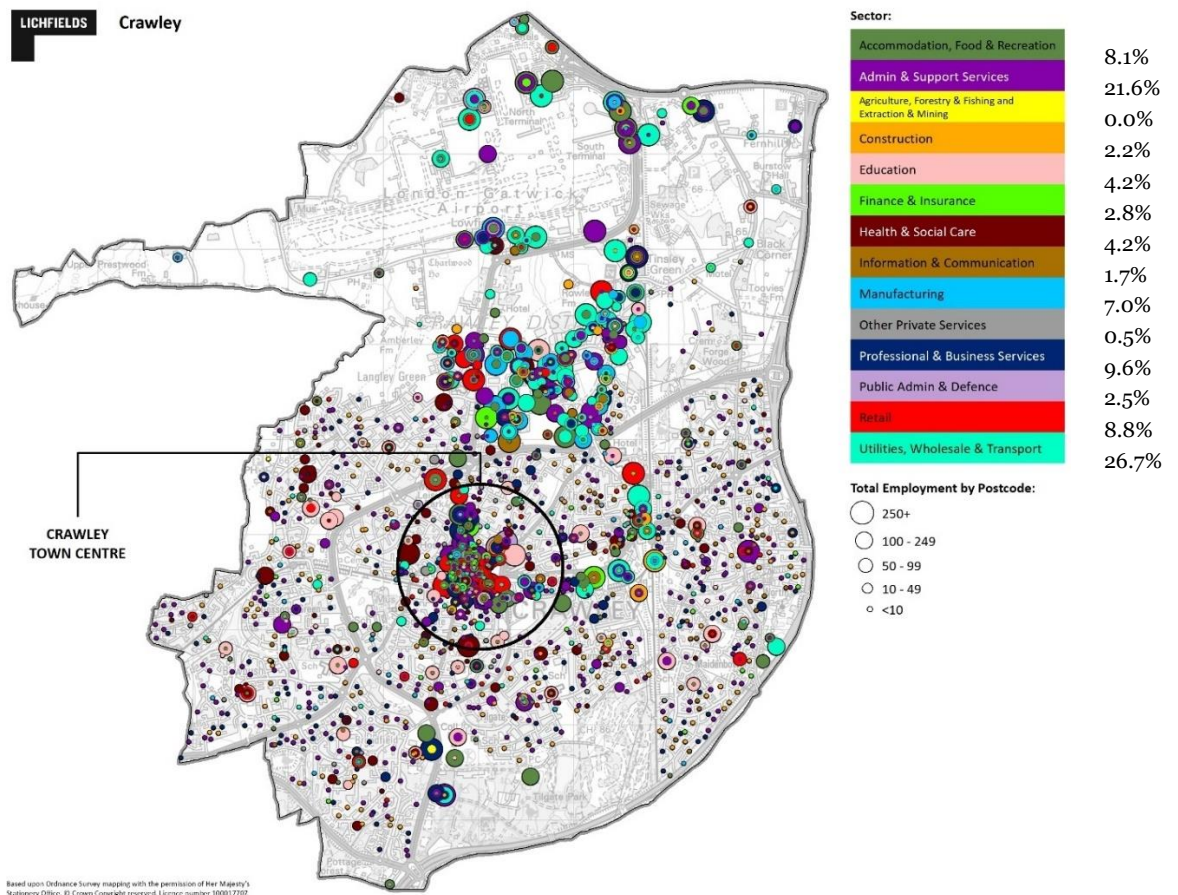


Source: ONS (2018) / Lichfields analysis

Spatial Distribution

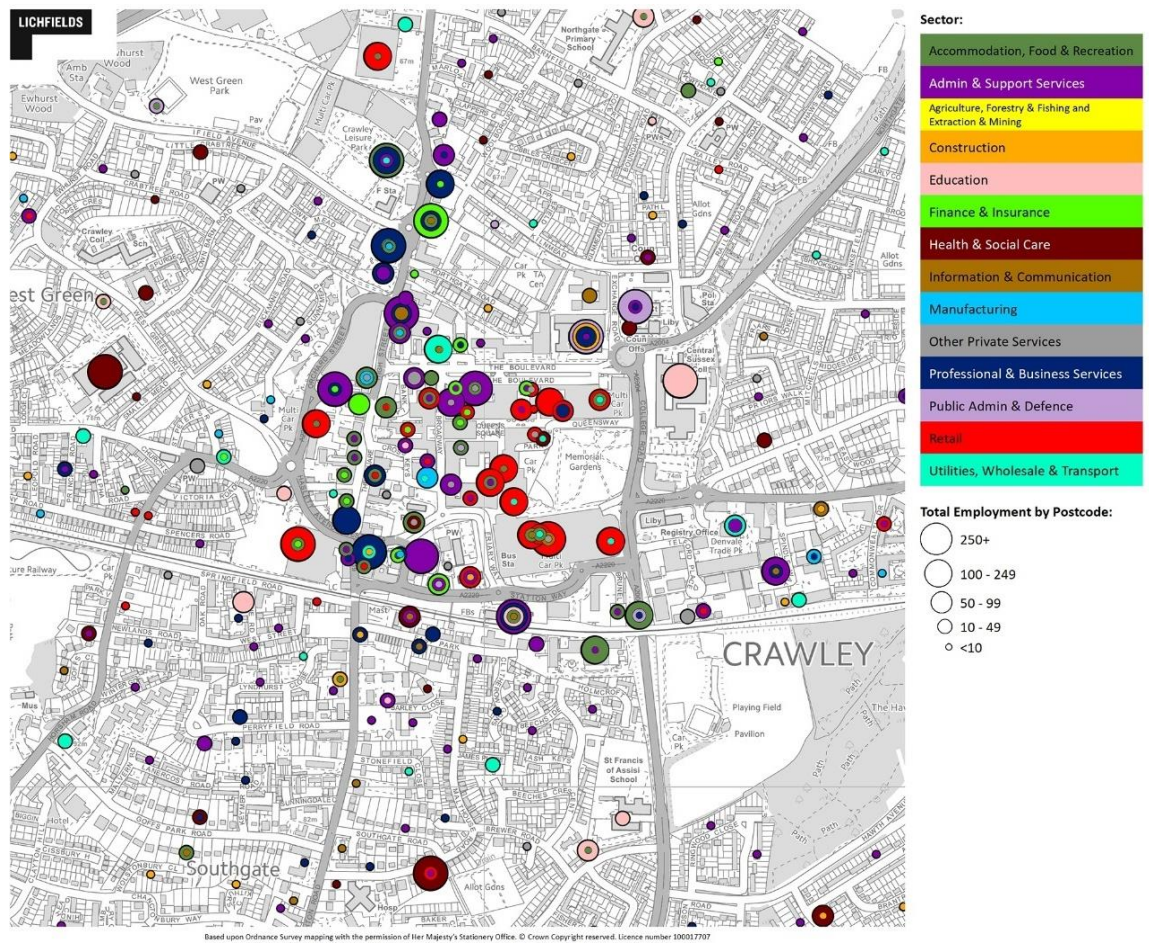
- 3.23 Using Inter Departmental Business Register (IDBR) data from the ONS, it is possible to map where registered employers and employees are located within Crawley by sector and size. The results from this analysis are shown in Figures 3.10 to 3.12 below.
- 3.24 The maps highlight a strong concentration of businesses in Crawley Town Centre, with a mix of both small and large firms in employment terms. There is a noticeable split between the north of the Borough which consists of larger firms, typically consisting of utility, admin and manufacturing firms (largely due to the presence of the Manor Royal employment area and Gatwick Airport), with a greater spread of smaller employers located across the southern part of the Borough. There are also some larger employers situated at key employment sites such as Tilgate Forest and Maidenbower Business Park.

Figure 3.10 Crawley Borough Sector Distribution



Source: ONS 2019 / Lichfields analysis
 Note: Percentages indicate how employment is split by sector

Figure 3.11 Crawley Town Centre Sector Distribution



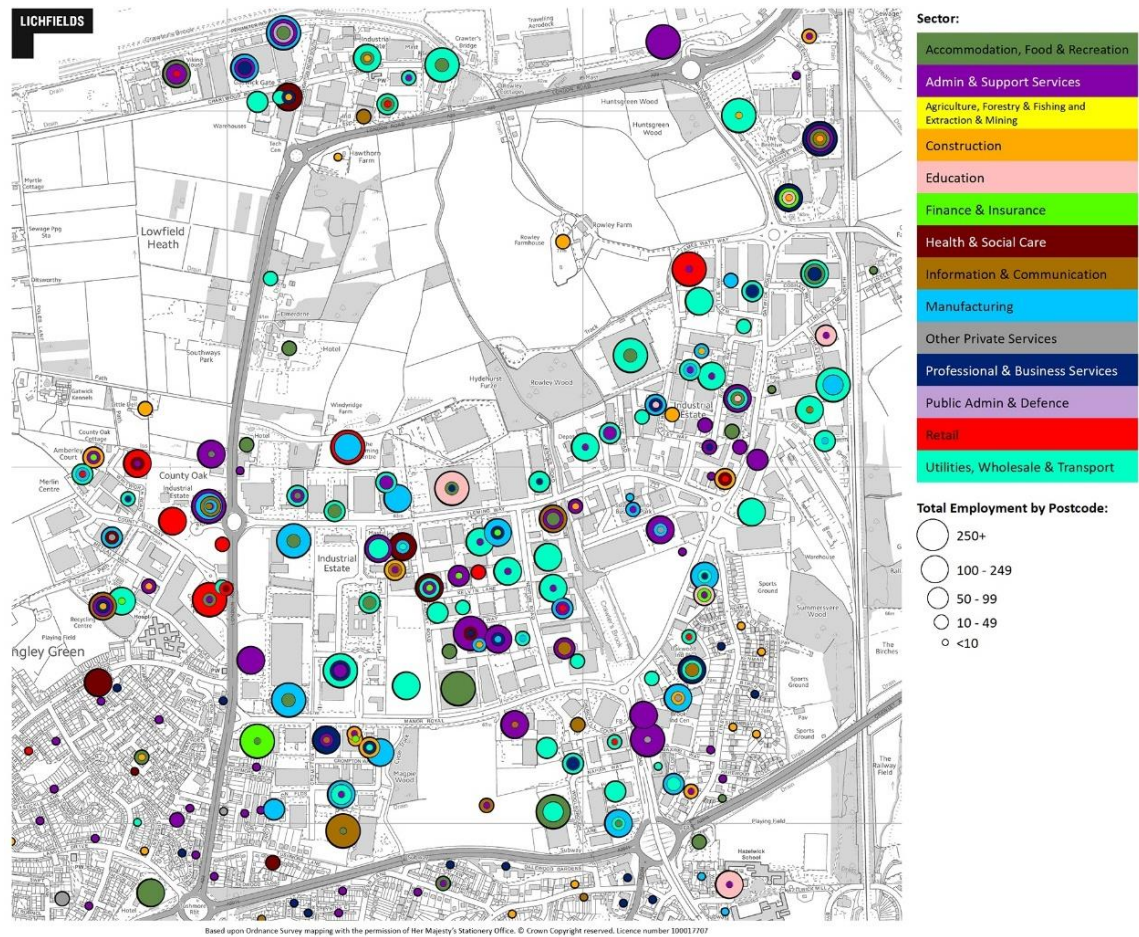
Source: ONS 2019 / Lichfields analysis

3.25

Figure 3.11 above shows that there are many large-scale retail, admin, and professional business services firms congregated in the town centre. On the periphery of the town centre there are some smaller-scale firms predominantly consisting of admin and utilities. There are also a number of large health and social care employers located on the outskirts of the town centre.

3.26 Figure 3.12 provides a similar overview for Crawley’s largest employment centre in Manor Royal. There is a strong dominance of utility employers surrounding Gatwick Airport which range in terms of total employment.

Figure 3.12 Crawley Manor Royal Sector Distribution



Source: ONS 2019 / Lichfields analysis

3.27 Of the 96,075 people employed in Crawley, 29% are employed in Manor Royal and 14% employed in Crawley Town Centre. Together these two locations account for just under half (43%) of all jobs in the Borough. Gatwick Airport also represents another major employment location within the Borough context, accommodating approximately 24,000 on-airport jobs⁹.

Labour Market

3.28 Crawley’s economic activity rate – the proportion of working age residents in or seeking employment – at 84.8% is greater than both the South East (80.9%) and the UK (78.3%) averages¹⁰. These figures suggest there remains some scope (albeit limited) to further expand local labour supply from existing residents.

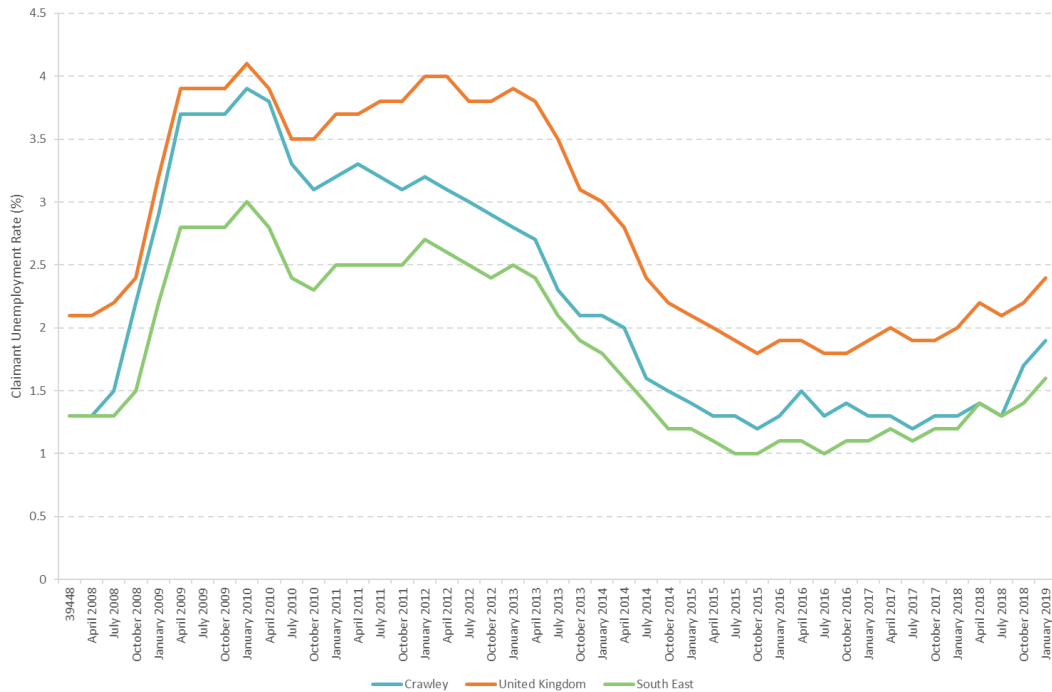
3.29 Total claimant unemployment has increased by approximately 65% in Crawley since the start of the recession in early 2008 (1.3%) to 1.9% in January 2019. While the Borough’s rate compares favourably with the national average (2.4%), it is slightly higher than the South East region

⁹ Gatwick Airport 2018 Performance Report

¹⁰ ONS Annual Population Survey 2018

(1.6%), a pattern that has prevailed historically (Figure 3.13). On the wider Annual Population Survey Measure, the Borough’s unemployment rate is higher at 3.4%, which falls between the national (4.1%) and regional (3.1%) averages.

Figure 3.13 Claimant Unemployment Jan 2008 to Jan 2019



Source: Source: Nomis 2019 / Lichfields analysis

- 3.30 Crawley’s resident workforce has a lower than average level of higher skills (NVQ4 and above 33.2%) when compared to the South East region (41.4%) and United Kingdom (38.4%) as a whole. The Borough has a lower than average proportion of residents employed in higher skilled, higher earning occupations, when compared to the South East and Great Britain ratios.
- 3.31 As Table 3.5 illustrates, wages for those working within the Borough (workplace) are higher than those for people who live in the Borough (resident). This is likely to reflect the high levels of in-commuting from residents that live outside of the Borough. The disparity also reflects that workplace wages in Crawley (£633 per week) are high compared to the South East (£589 per week) and the UK (£569 per week) as a whole. Meanwhile, average resident wages in Crawley (£559 per week) fall behind South East (£615) and UK (£569) averages.

Table 3.5 Key Labour Market Characteristics

Metric		Crawley	South East	United Kingdom
Economic activity rate age 16 to 64 (2018)		84.8%	80.9%	78.3%
Out-of-work benefits claimants as a proportion of residents aged 16-64 (Jan 2019)		1.9%	1.6%	2.4%
Resident qualification level age 16 to 64 (2017)	NVQ4 and Above	33.2%	41.4%	38.4%
	NVQ3 and Above	58.8%	61.1%	57.0%
	NVQ2 and Above	78.9%	78.6%	74.5%
	NVQ1 and Above	92.4%	89.5%	85.2%
	Other or No Qualification	7.6%	10.5%	14.8%
Resident occupation group (2018)	SOC Major Group 1 - 3	51.0%	50.7%	45.6%
	SOC Major Group 4 - 5	17.3%	19.6%	20.4%
	SOC Major Group 6 - 7	18.3%	16.1%	16.7%
	SOC Major Group 8 - 9	13.4%	13.4%	16.9%
Median gross weekly earnings by residence (2018)		£558.70	£614.50	£569.00
Median gross weekly earnings by workplace (2018)		£632.80	£589.20	£569.00

Source: Source: ONS 2018/19 / Lichfields analysis

Note: SOC Major 2010 Group 1-3 includes managers, directors and senior officials; SOC 2010 Major Group 4-5 includes administrative and trade occupations; SOC 2010 Major Group 6-7 includes services and sales occupations; and SOC 2010 Major Group 8-9 includes machinery, part and process operatives and elementary occupations.

Commuting Flows

- 3.32 In 2011, a total of 19,093 working residents commuted outside of the Borough for their employment, mainly to the nearby areas of Reigate and Banstead, Mid Sussex, Horsham and the London Boroughs of Westminster and the City of London.
- 3.33 At the same time, 43,232 working people commuted into the Borough for their employment, with the greatest numbers originating from the boroughs of Mid Sussex, Horsham, Brighton and Hove and Croydon. With this in mind, Crawley is characterised as a net importer of labour with a net in-flow of 24,139 at the time of the 2011 Census. Crawley also had a self-containment rate just over 65%, and whilst this has dropped by 5% since the 2001 Census, this remains the highest self-containment rate of all NWS authorities.

Table 3.6 Commuting Data for Crawley

Indicator	Crawley
Total working residents [†]	55,676
Total workplace workers [*]	79,815
Live and work in authority [*]	36,583
Resident self-containment rate [*]	65.7%
Out-commuting workers [‡]	19,093
Top out-commuting destinations	Reigate and Banstead, Mid Sussex, Horsham, Westminster, City of London
In-commuting workers	43,232
Top in-commuting destinations	Mid Sussex, Horsham, Brighton and Hove and Croydon
Net in-flow of workers	24,139

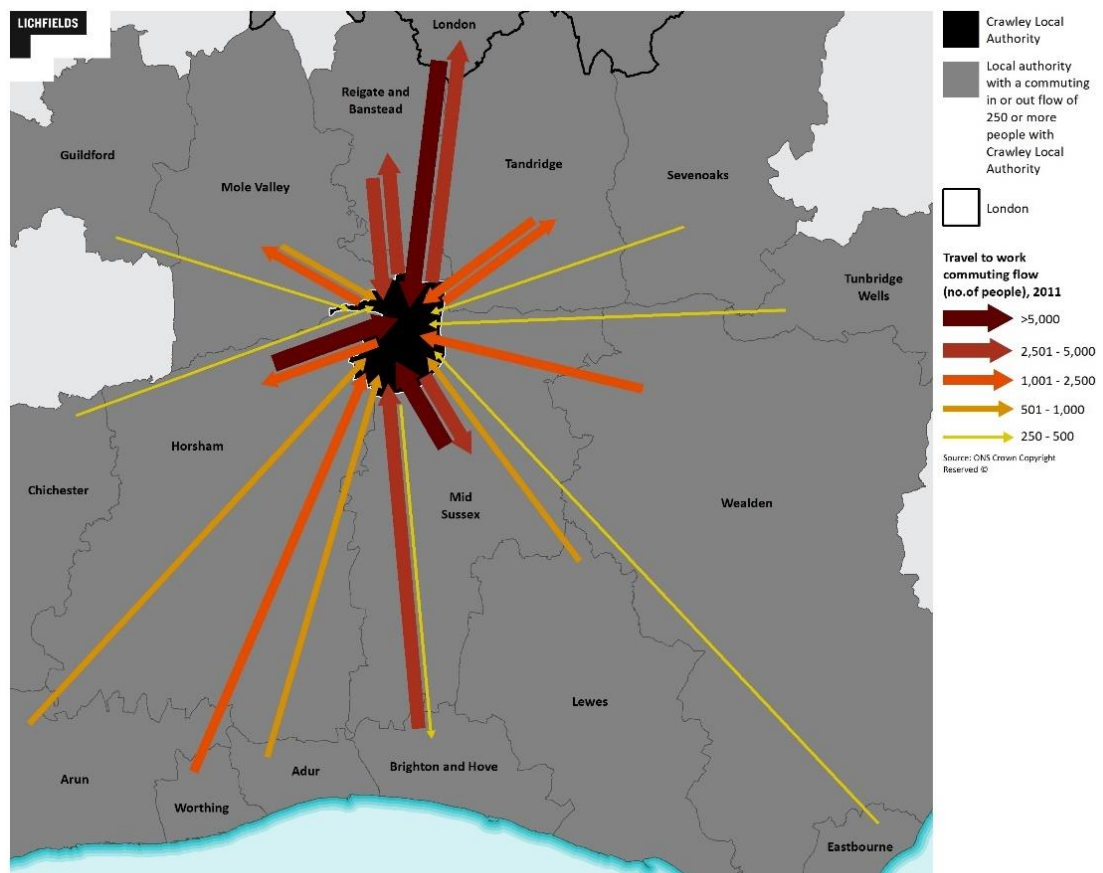
Source: ONS (2011 Census) / Lichfields analysis

† Includes those that work mainly at or from home, at an offshore installation, outside the UK, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

* Includes those Crawley residents that work mainly at or from home, at an offshore installation, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

‡ Includes those Crawley residents that work outside the UK (in line with ONS guidance on defining resident and workplace workforce).

Figure 3.14 Travel-To-Work Flows for Crawley, 2011



Source: ONS (2011 Census) / Lichfields analysis

3.34 Beyond the NWS FEMA, the greatest flows of in-commuters to the Borough come from Reigate and Banstead, Brighton & Hove and Croydon. 42% of the Boroughs workforce commute in from non-NWS locations.

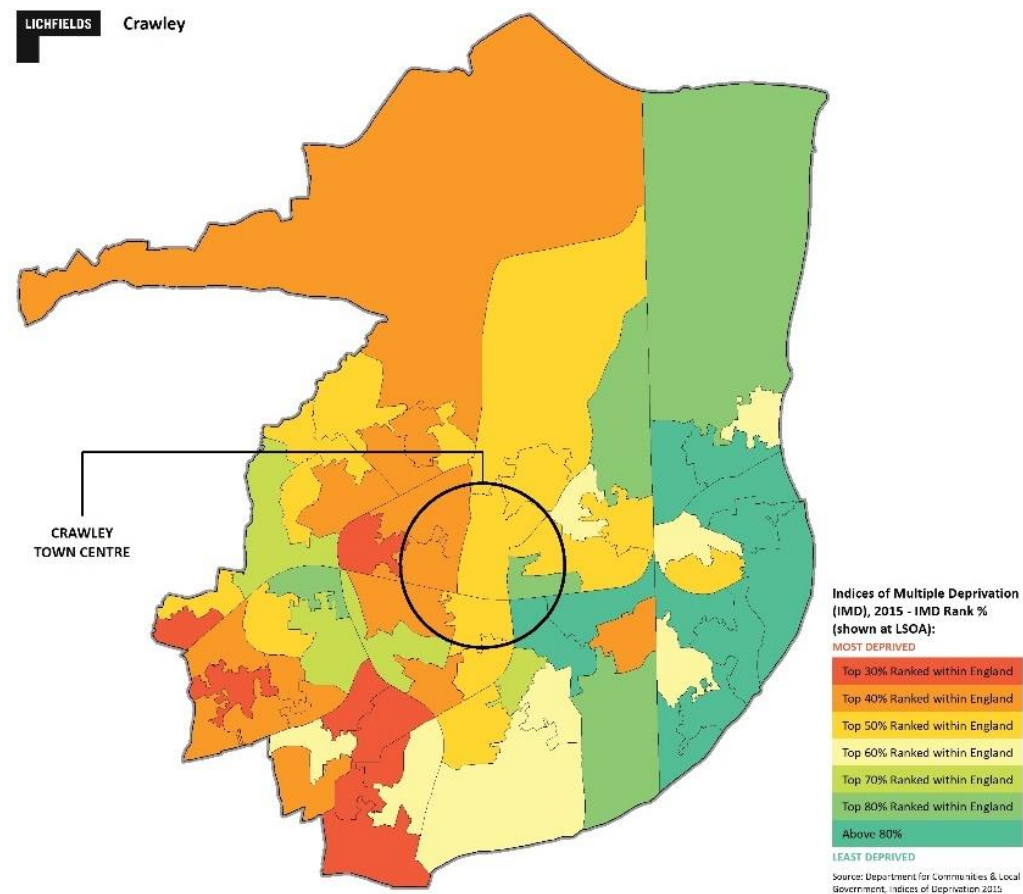
3.35 Similarly, with regard to out-commuting, largest flows beyond NWS were to Reigate and Banstead, Westminster, Mole Valley and Tandridge. 29% of all out-commuting from the Borough was to non-NWS locations.

Deprivation

3.36 The Ministry of Housing, Communities and Local Government’s (MHCLG’s) Indices of Multiple Deprivation (IMD) (2015) scores how deprived different local authorities and LSOAs in England are across several domains of deprivation to produce an overall score. This allows for different parts of the country to be ranked against each other in terms of relative deprivation levels¹¹.

3.37 Figure 3.15 below demonstrates how this relative level of deprivation varies across the Borough and identifies particular concentrations of socio-economic deprivation.

Figure 3.15 Crawley Deprivation by LSOA



Source: MHCLG (2015) / Lichfields analysis

3.38 Crawley has relatively high levels of deprivation characterised by the average ranking of 151 out of the 326 local authorities in England on the Indices of Multiple Deprivation 2015, which places the Borough within the top 50% most deprived local authorities in England. However, the

¹¹ MHCLG, (2015); Indices of Multiple Deprivation

Borough wide profile does mask some significant variation within the Borough with a clear divide between the deprivation in the East of the Borough and the West. The East of the Borough largely consists of Lower Super Output Areas (LSOA) that are ranked at least in the top 70%. Comparatively the West consists of a number of LSOAs that rank in the top 30% most deprived.

Summary

3.39 Based upon the analysis presented above, a number of key findings are summarised below:

- 1 Crawley Borough has experienced rapid job growth over the last 20 years, which exceeds both the South East and the UK averages. The Borough records the largest employment base in NWS, with particularly strong employment growth having been driven by admin and support services and transportation and storage sectors. By contrast, jobs have continued to decline within more traditional manufacturing sectors.
- 2 Growth of Crawley's population has also outpaced regional and national equivalents in recent years.
- 3 Workforce productivity within the Borough falls behind other parts of NWS and also lags behind regional and national averages. It has also experienced the smallest growth in GVA per worker over the last 20 years.
- 4 Crawley's business base has been rapidly increasing in recent years, and its business base is noticeably larger in terms of business size than both the UK and the South East. However, the Borough lags behind other areas in terms of business start-up and survival.
- 5 The Borough has a strong economic activity rate, but it also has a higher unemployment rate than both the South East and the UK. Resident skills fall behind regional and national averages, although workplace wages remain comparatively high.
- 6 Concentrations of deprivation exist across the Borough, particularly around the south west of the Borough, with Crawley characterised by a high level of deprivation in overall terms.

4.0

Horsham Economic Context and Trends

4.1

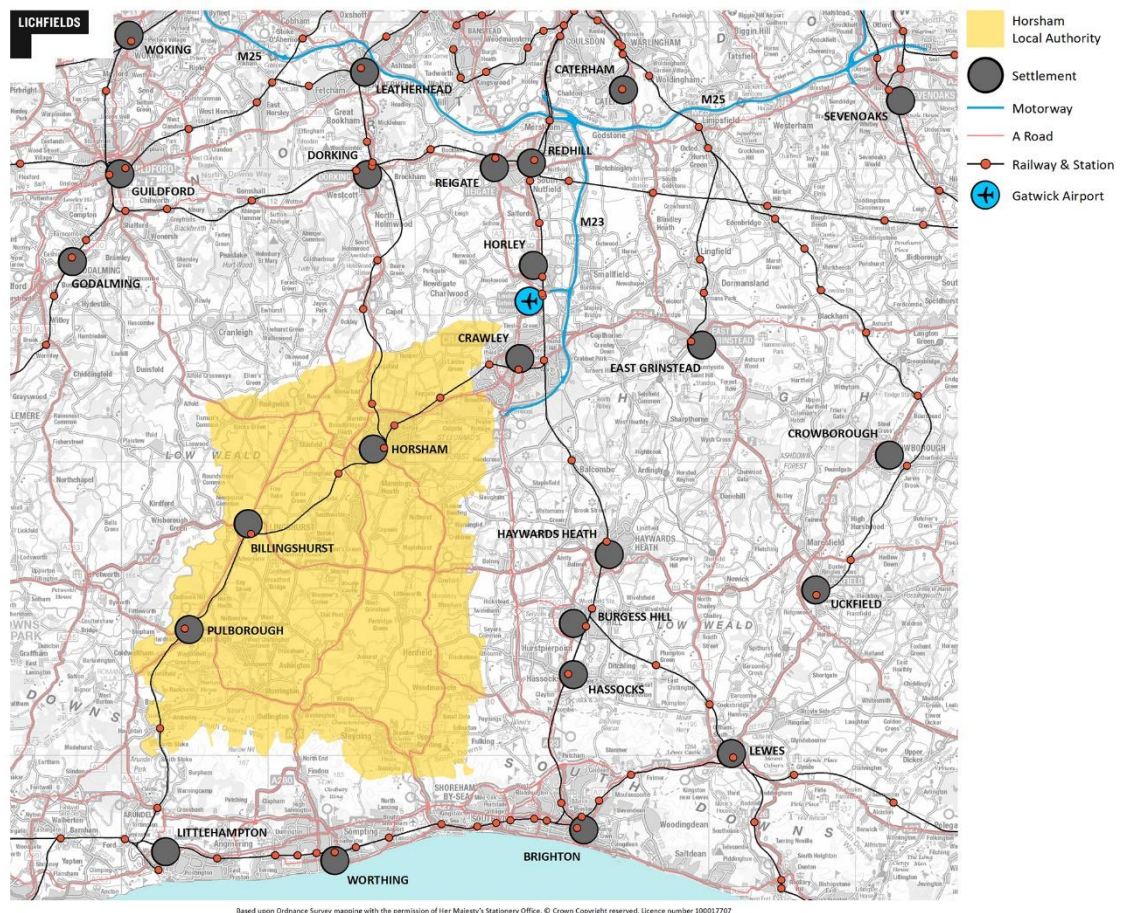
This section summarises recent economic conditions and trends in Horsham District. The analysis identifies the key strengths and weaknesses of the District’s economy and the factors that are likely to influence the future demand for employment space in the District. The analysis draws upon datasets from a range of sources and underlying definitions, and therefore figures may not be directly comparable with each other in all cases.

Spatial Overview

4.2

Horsham District is situated in the west of NWS and is bordered by Crawley to the northeast, Mid Sussex to the east, Mole Valley and Waverley to the north and Chichester to the west. Meanwhile, Arun, Adur and the South Downs National Park (SDNP) administrative area lie to the south.

Figure 4.1 Horsham Context Map



Source: Lichfields

4.3

The District is largely rural in character with villages and small towns dispersed throughout the countryside. Horsham itself is the largest historic market town and is situated in the north of the District close to the Crawley boundary. Large areas of Horsham are open countryside, ancient woodlands, designated AONB and SSSI, as well as areas that fall within the South Downs National Park. The District does not benefit from direct motorway access but has a well-connected highway network given its rural character, and is connected to the London – Portsmouth/Southampton railway.

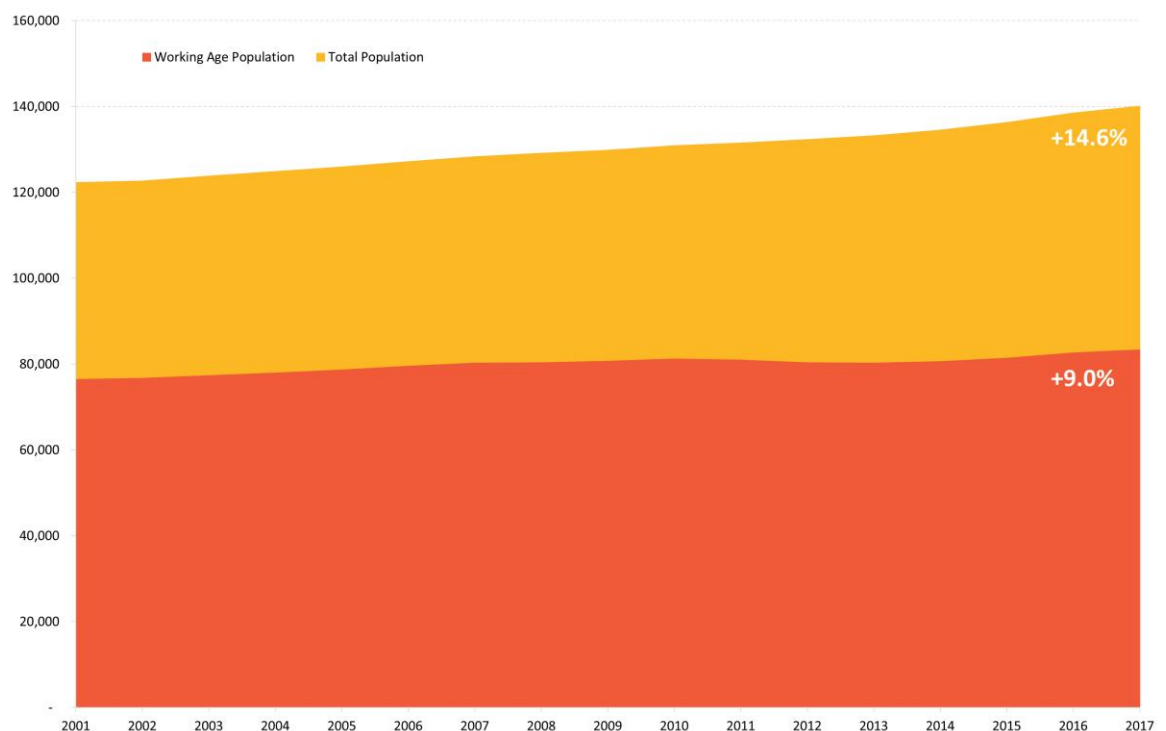
Economic Conditions and Trends

Population

4.4 The population in Horsham in 2017 stood at 140,142, representing an increase of 14.6% since 2001. Horsham's increase of 9.2% in total population over the last 10 years has exceeded equivalent rates recorded across both the South East (8.7%) and the UK (7.7%).

4.5 Although Horsham's working age population (i.e. 16 to 64) has increased in absolute terms by 3.9% over the period 2001 to 2017, its contribution to total population in the District has in fact reduced. The percentage of Horsham's population of working age in 2001 was 62.6%, however, over the 10-year period this percentage has decreased to 59.6%, with the greatest reduction occurring between 2011 and 2012 as seen in Figure 4.2.

Figure 4.2 Total and Working Age Population in Horsham, 2001-2017



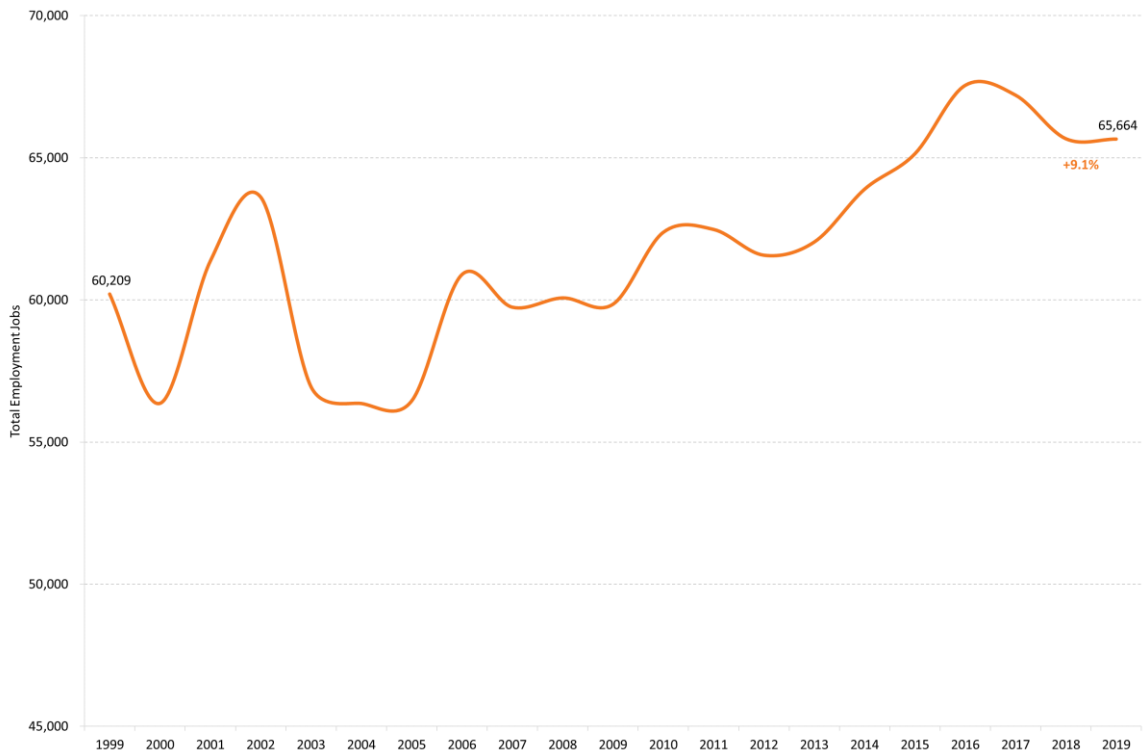
Source: ONS (2017) / Lichfields analysis

Employment

4.6 Based on Oxford Economics data provided by the NWS client group, Horsham accommodated 65,664 employment (workplace) jobs in 2019. As shown in Figure 4.3, the District's stock of jobs has increased by 5,455 since 1999, which is equivalent to a 9.1% increase over the last 20 years. The greatest increase in jobs occurred in 2001 (8.9%) with a decrease of 10.5% following in 2003. Apart from these two years there was a general trend of a gradual job increase.

4.7 Employment growth over this time in Horsham District fell below both the South East (18.7%) and UK (20.0%) equivalents.

Figure 4.3 Horsham Total Employment Jobs (1999-2019)

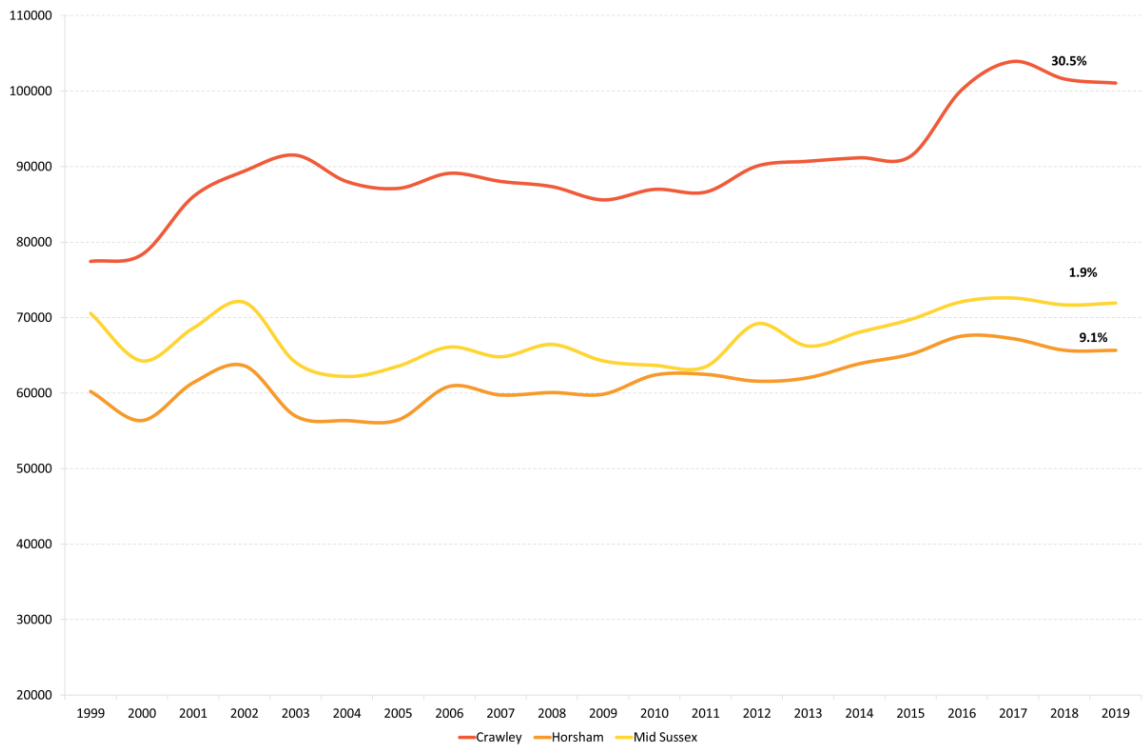


Source: Oxford Economics (2018) / Lichfields analysis

4.8

Figure 4.4 below illustrates how the change in total employment jobs across Horsham compares with Mid Sussex and Crawley over the period 1999 – 2019. Job growth exceeded Mid Sussex and fell behind Crawley in proportionate terms, and as at 2019, Horsham District accommodates the smallest stock of workplace employment of all NWS authorities.

Figure 4.4 Total Employment Jobs by Local Authority (1999-2019)

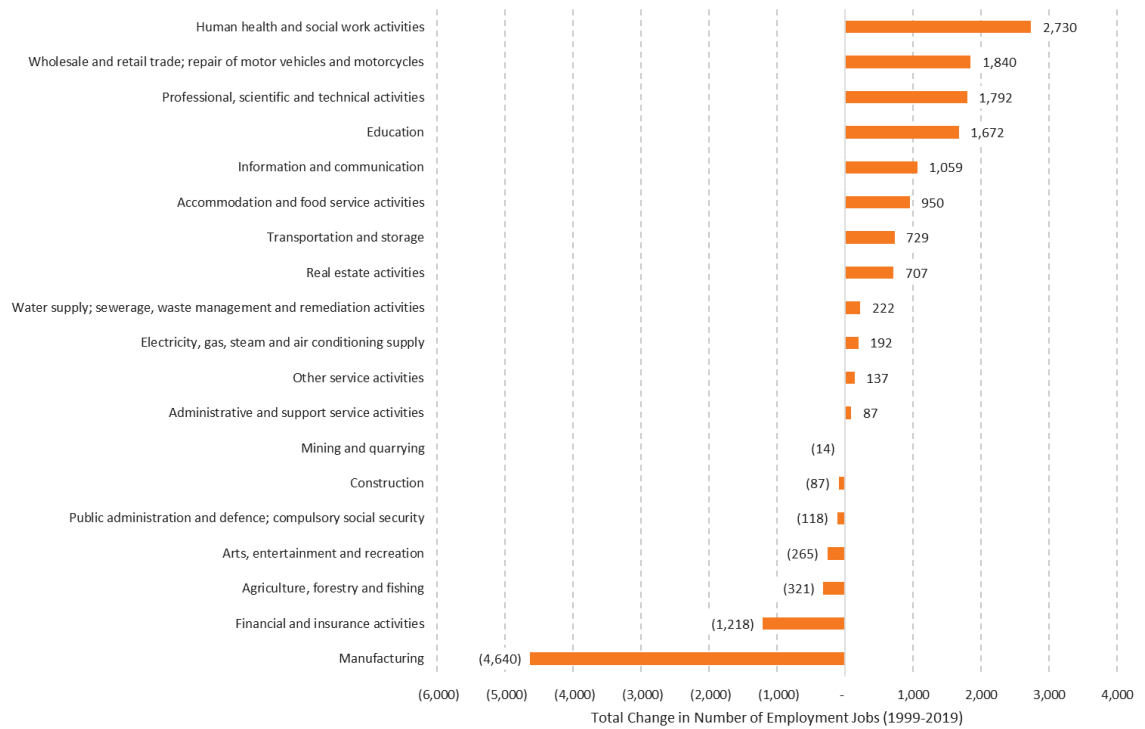


Source: Oxford Economics (2018) / Lichfields analysis (Note: percentages refer to total employment change 1999-2019)

4.9

Figure 4.5 displays change in jobs by sector between 1999 and 2019 in Horsham District. Over half of the sectors have experienced an increase in employment, notably the human health and social work activities sector (2,730) and wholesale and retail trade sector (1,840). There is a clear sector that has experienced a high level of job loss which is the manufacturing sector (4,640), also financial and insurance activities have experienced relatively high levels of job losses over the 20-year period (1,218).

Figure 4.5 Employment Job Change by Sector in Horsham (1999-2019)



Source: Oxford Economics (2018) / Lichfields analysis

4.10

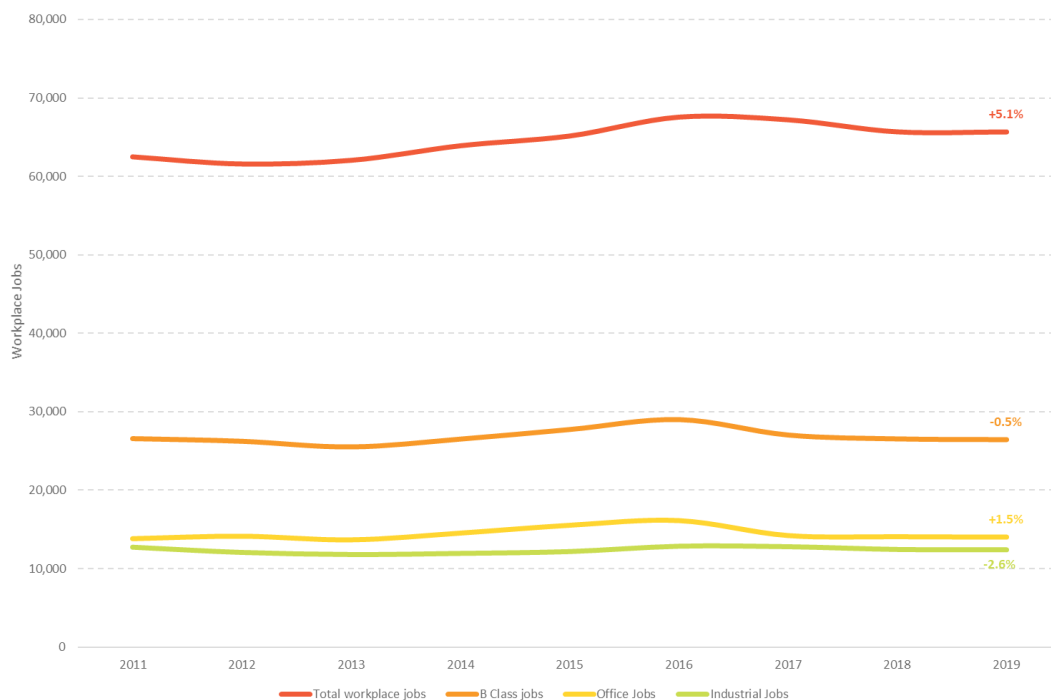
From a B use class perspective, the stock of jobs in the District decreased by 0.5% between 2011 and 2019. As shown in Table 4.1, this decline has been driven by industrial sectors, with office jobs recording a small increase over this period.

Table 4.1 Workforce employment in Horsham

Land Use	Workforce Employment		Change (2011-2019)	
	2011	2019	Number of Jobs	%
Office Jobs	13,799	14,000	201	1.5
Industrial Jobs	12,748	12,419	-328	-2.6
B Class Jobs (sum of office + industrial jobs)	26,547	26,420	-127	-0.5
Total Workplace Jobs	62,485	65,665	3,180	5.1

Source: OE (2018) / Lichfields analysis

Figure 4.6 Change in Workforce Jobs in Horsham (2011-2019)



Source: OE (2018) / Lichfields analysis

Workforce Productivity

- 4.11 Horsham District's economy is expected to generate £3.8 billion of gross value added (GVA) over the course of 2019. This represents an increase of just over £435 million from 2010, equivalent to a 13.1% increase over this period.
- 4.12 Average workforce productivity in the District is over £5,000 per annum greater than the UK average (see Table 4.2). It is expected that in 2019 each job in Horsham District will generate £57,100 GVA over the year which is greater than the South East average by £1,400. Workforce productivity is also significantly higher than both Mid Sussex (by £4,300) and Crawley (by £5,800).

Table 4.2 GVA per Worker by Local Authority (2019)

Location	GVA per Worker (p.a.)
Horsham	£57,100
Crawley	£51,300
Mid Sussex	£52,800
South East	£55,700
United Kingdom	£51,700

Source: Oxford Economics (2018) / Lichfields analysis

- 4.13 It is worth noting that there are various ways in which relative economic output – presented in terms of GVA – is measured and compared, and that local level GVA data should be treated with caution.

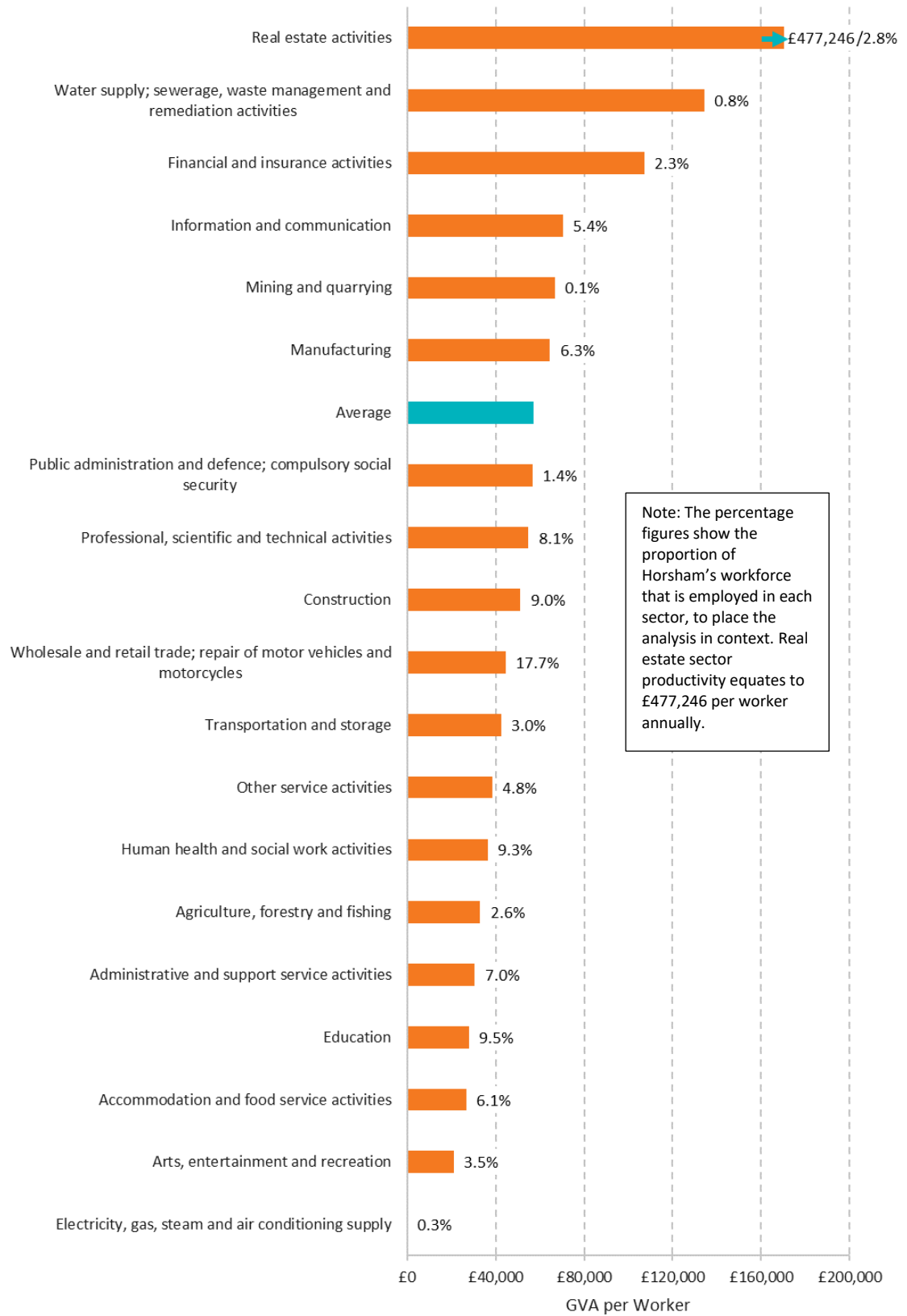
Table 4.3 Change in GVA per Worker by Local Authority (2019)

Location	GVA per Worker (p.a.)		Change in GVA per Worker (p.a.)
	1999	2019	1999-2019
Horsham	£45,800	£57,100	24.9%
Crawley	£42,700	£51,300	20.1%
Mid Sussex	£38,100	£52,800	38.9%
South East	£46,200	£55,700	20.7%
United Kingdom	£42,100	£51,700	22.6%

Source: Oxford Economics (2018) / Lichfields analysis

- 4.14 Workforce productivity within Horsham's economy inevitably varies by sector, with sectors such as real estate, utilities (water supply, sewage, waste management and remediation activities), and financial and insurance activities generating the highest average levels of GVA per worker (see Figure 4.7).
- 4.15 Comparatively, the added economic value supported by sectors such as recreation, accommodation and food and education is much less significant. However, the sectors generating the highest added value such as real estate, information and communication and manufacturing employ a significant proportion of the local workforce, resulting in above average levels of productivity in the District, particularly when compared with Mid Sussex and Crawley.

Figure 4.7 Horsham Sector Productivity (2019)



Source: Oxford Economics (2018) / Lichfields analysis

- 4.16 As detailed in Chapter 3.0, recent analysis carried out as part of the emerging Local Industrial Strategy for the Coast to Capital LEP area shows that Horsham makes the smallest contribution to economic output (measured by GVA) of all three NWS authorities (Figure 3.4). It also suggests that on a 'per head of population' basis, Horsham generates average levels of GVA compared with other authorities within the Coast to Capital LEP area (Figure 3.5) but falls behind the South East regional and England averages.
- 4.17 As part of research currently underway into Coast to Capital's urban centres, emerging analysis shows that Horsham accommodates a relatively high share of 'knowledge intensive' employment (Figure 3.6). This appears to support and reflect the workforce productivity indicators presented above in Table 4.3.

Business Demography

- 4.18 Data from the ONS shows that the size profile of the local business base in Horsham is very similar to the regional and national average, dominated by micro firms (0 to 9 workers) and to a lesser extent small sized (10 to 49 workers) firms (Table 4.4). The share of the working age population in Horsham that is self-employed is higher than the regional and national average.
- 4.19 Horsham performs slightly less well in relation to new business start-ups, with a slightly lower proportion of the resident population setting up new businesses in the District than elsewhere across the South East and UK (Table 4.4). This rate was higher than Crawley but lower than Mid Sussex. In absolute terms, Bankshare data provided by HDC shows that 971 new businesses were formed in the District in 2017, the second highest number of all West Sussex authorities behind only Mid Sussex.

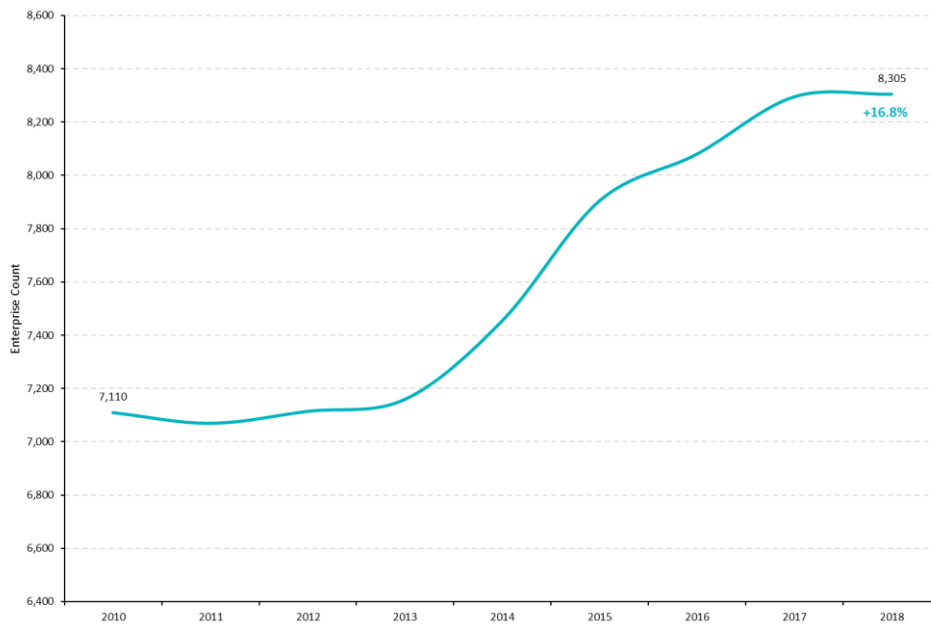
Table 4.4 Key Business Characteristics

Metric		Horsham	South East	UK
Business Size	Micro (0 to 9)	90.5%	89.9%	89.3%
	Small (10 to 49)	8.1%	8.2%	8.7%
	Medium (50 to 249)	1.1%	1.5%	1.6%
	Large (250 +)	0.2%	0.4%	0.4%
Self-employment		13.0%	11.9%	10.6%
Start-ups per 10,000 working age residents		89.2	92.7	91.9

Source: ONS (2018) / Lichfields analysis

- 4.20 In 2018 Horsham recorded 8,305 enterprises, representing an increase of 16.8% from 2010. As shown in Figure 4.8 below, Horsham has experienced a steady increase in enterprises since 2013, following a stagnant number of enterprises for the few years prior.
- 4.21 Key employers in Horsham District include Creative Assembly which currently employs c.500 staff and RSA Insurance Group with around 250 employees. The recent acquisition of Broadlands by Schroder will also see Schroder become a significant employer for the District.

Figure 4.8 Horsham Enterprise Count (2010-2018)

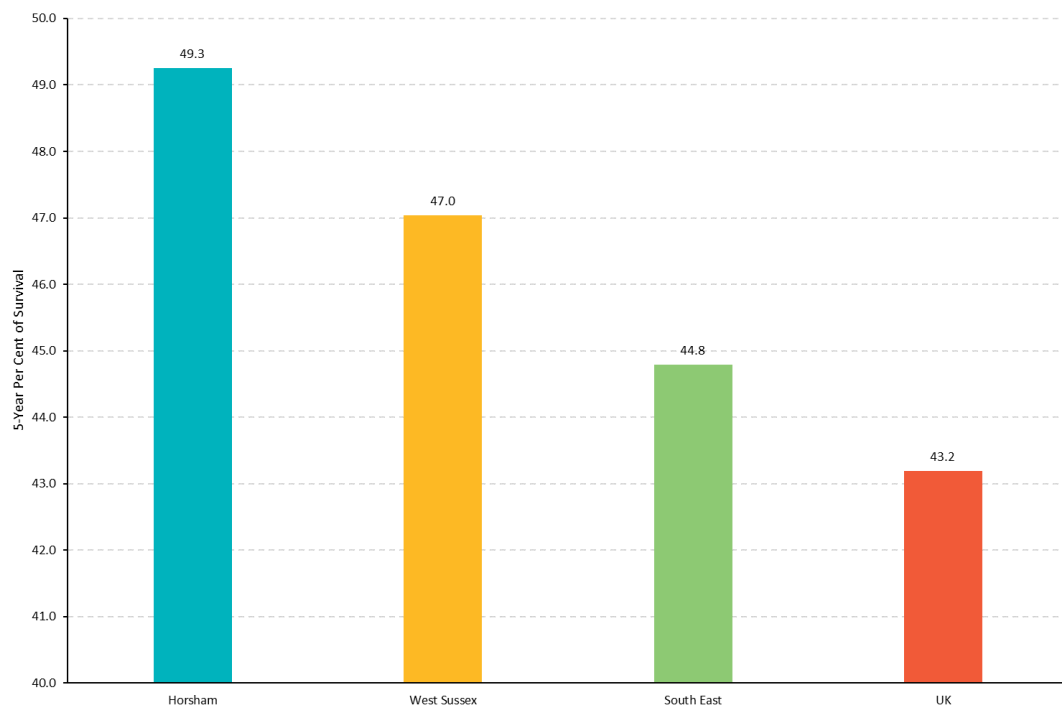


Source: ONS (2018) / Lichfields analysis

4.22

Latest ONS data (shown in Figure 4.9) shows that new business start-ups in Horsham District experience relatively high levels of survival over the first few years of trading. The survival rate in Horsham is 49.3% which compares favourably to West Sussex (47.0%), the South East (44.8%) and the UK (43.2%).

Figure 4.9 Enterprise 5 Year Survival Rates (based on business births in 2012)

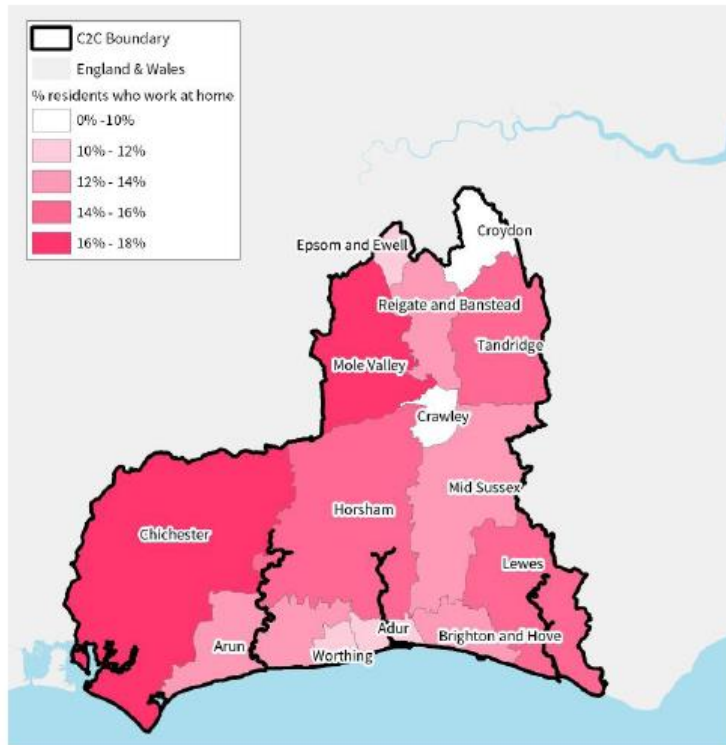


Source: ONS (2018) / Lichfields analysis

Home Working

- 4.23 Recent analysis undertaken as part of the emerging Coast to Capital LIS shows that Horsham District accommodates some of the highest levels of home working across the LEP area, representing approximately 15% of the District's workforce in 2011 (Figure 4.10). This is slightly higher than the equivalent figure for Mid Sussex, and double that of Crawley. It is also higher than the LEP-wide average of 11%.

Figure 4.10 Map of Residents Who Work at Home, 2011

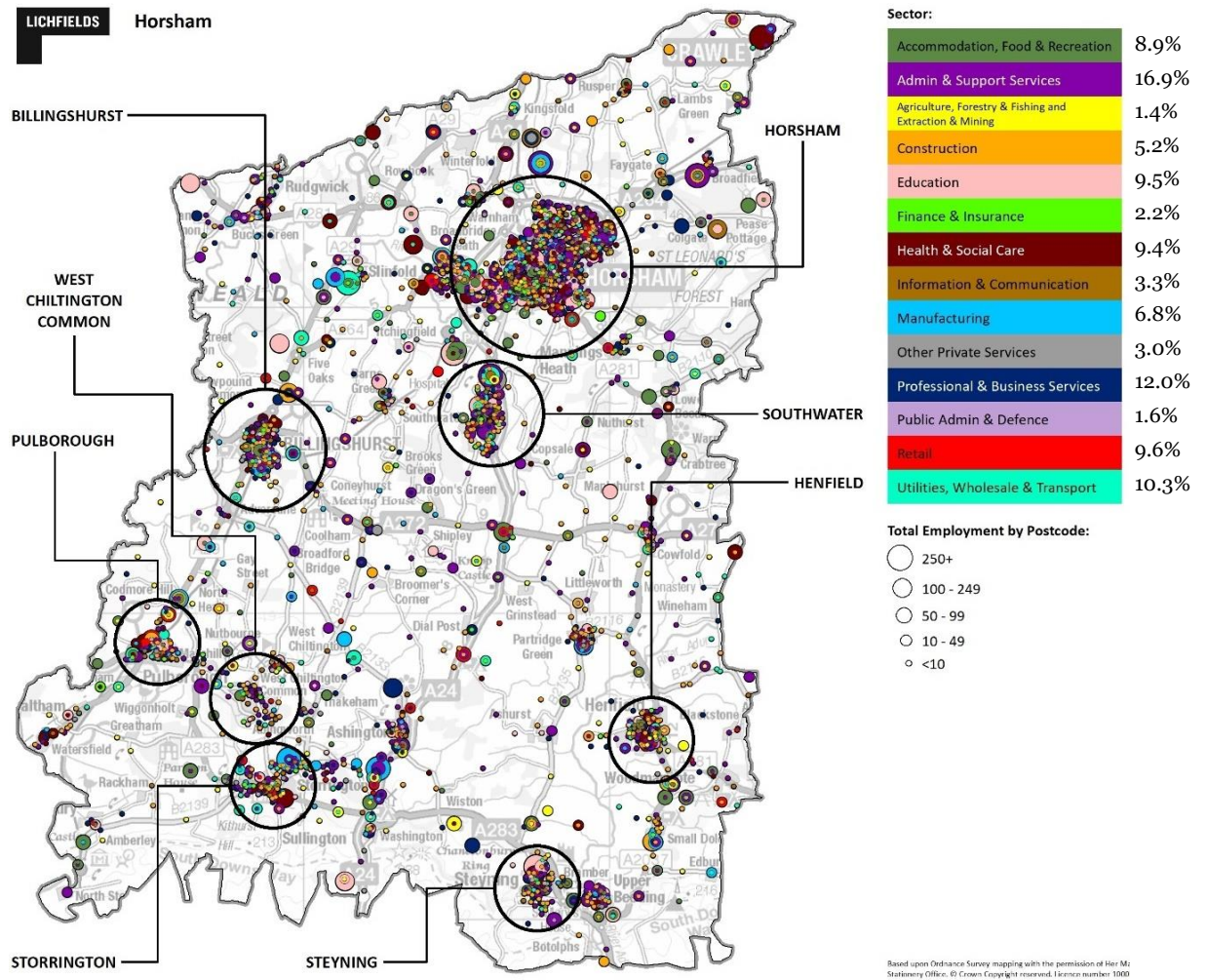


Source: Coast to Capital Local Industrial Strategy, Draft Economic Profile (for consultation September 2019)

Spatial Distribution

- 4.24 Using Inter Departmental Business Register (IDBR) data from the ONS, it is possible to map the spatial distribution of employment within Horsham District by sector and size.
- 4.25 Figures 4.11 to 4.13 below show that across the District of Horsham there are eight main employment clusters, with the town of Horsham accommodating the largest concentration of jobs (Table 4.5).
- 4.26 The majority of employment clusters are located close to the strategic road network. As a whole, Horsham District is characterised by mainly smaller employment firms with a handful of larger employment firms on the outskirts of the key employment centres. These larger employment companies tend to operate within the manufacturing, utilities and education sectors.

Figure 4.11 Horsham District Sector Distribution



Source: ONS (2019) / Lichfields analysis

Table 4.5 Spatial distribution of employment in Horsham District

Location	Share of Total District Employment
Horsham town	37.8%
Southwater	4.5%
Billingshurst	3.8%
Storrington	3.2%
Steyning	2.8%
Henfield	1.8%
Pulborough	2.0%
West Chilmington Common	0.6%
Elsewhere in District	43.5%
Urban Total	67.3%
Rural Total	32.7%

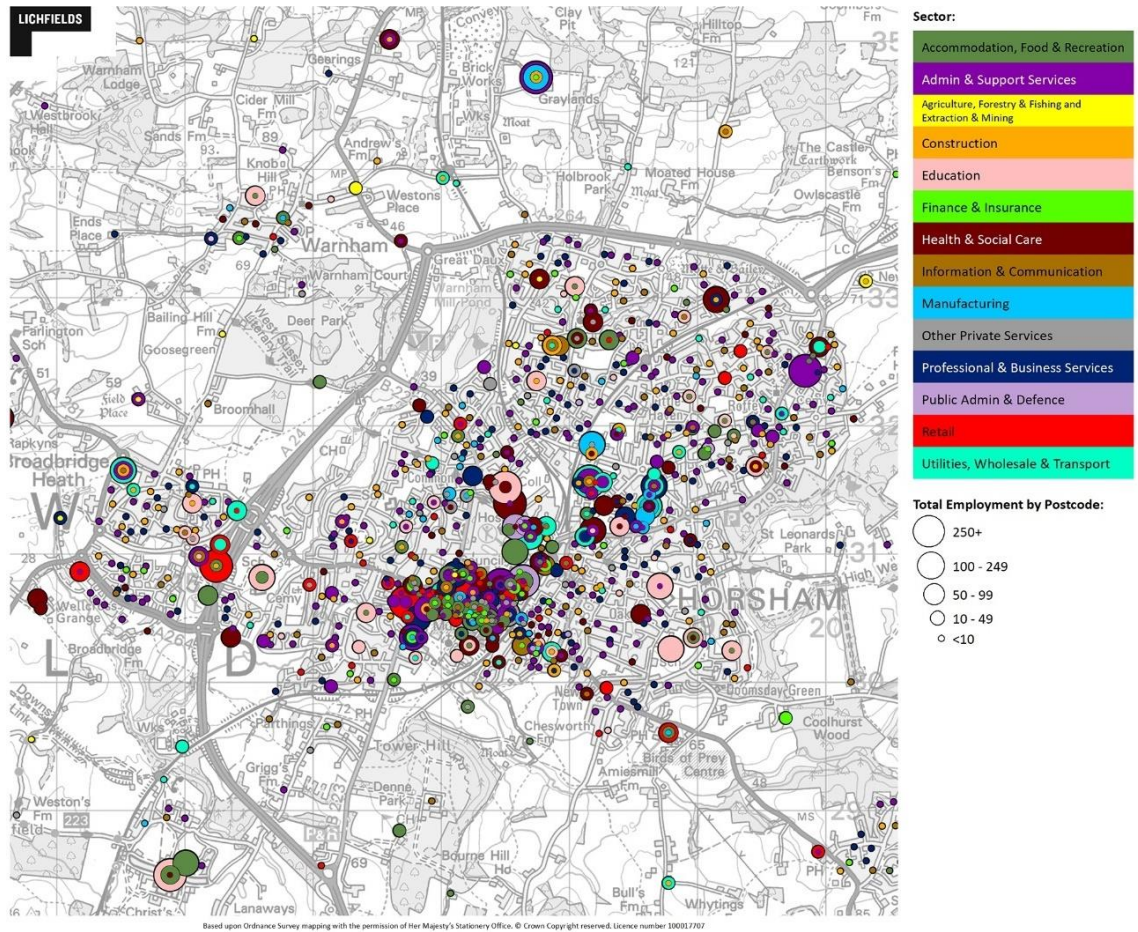
Source: ONS (2019) / Lichfields analysis

Note: 'Urban' refers to areas within HDC's built-up area boundary and 'rural' relates to all areas that fall outside of a built-up area boundary

4.27

Figure 4.12 shows the spread of employment across Horsham town, illustrating a particular concentration of firms in the town centre, operating within a range of sectors including education, administration, utilities and retail. There is an obvious cluster of manufacturing and utilities employment located near the centre of the town located at Parsonage Farm Industrial Estate.

Figure 4.12 Horsham Town Sector Distribution



Source: ONS (2019) / Lichfields analysis

4.28

Within Southwater, the largest clusters of employment can be found on the fringes of the village, within key sites such as Oakhurst Business Park and Southwater Business Park (Figure 4.13). there are also a number of smaller clusters of construction, business and professional services employment located within the residential areas of the village.

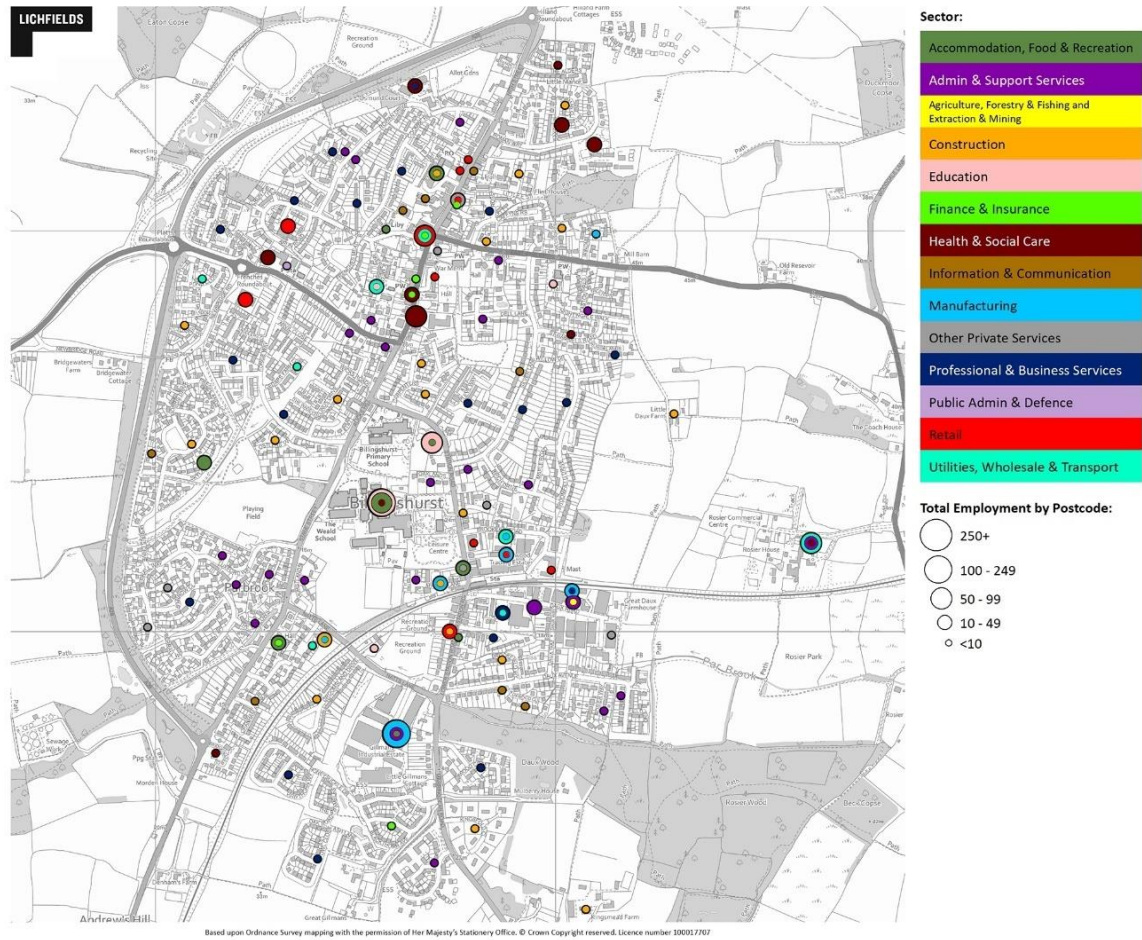
Figure 4.13 Southwater Sector Distribution



Source: ONS (2019) / Lichfields analysis

4.29 In terms of Billingshurst, Figure 4.14 shows that employment is distributed across the town but within much smaller concentrations than can be found in Horsham town. Greater concentrations of retail and health employment can be found to the north of the town, with the south consisting of more manufacturing and construction-based firms.

Figure 4.14 Billingshurst Sector Distribution



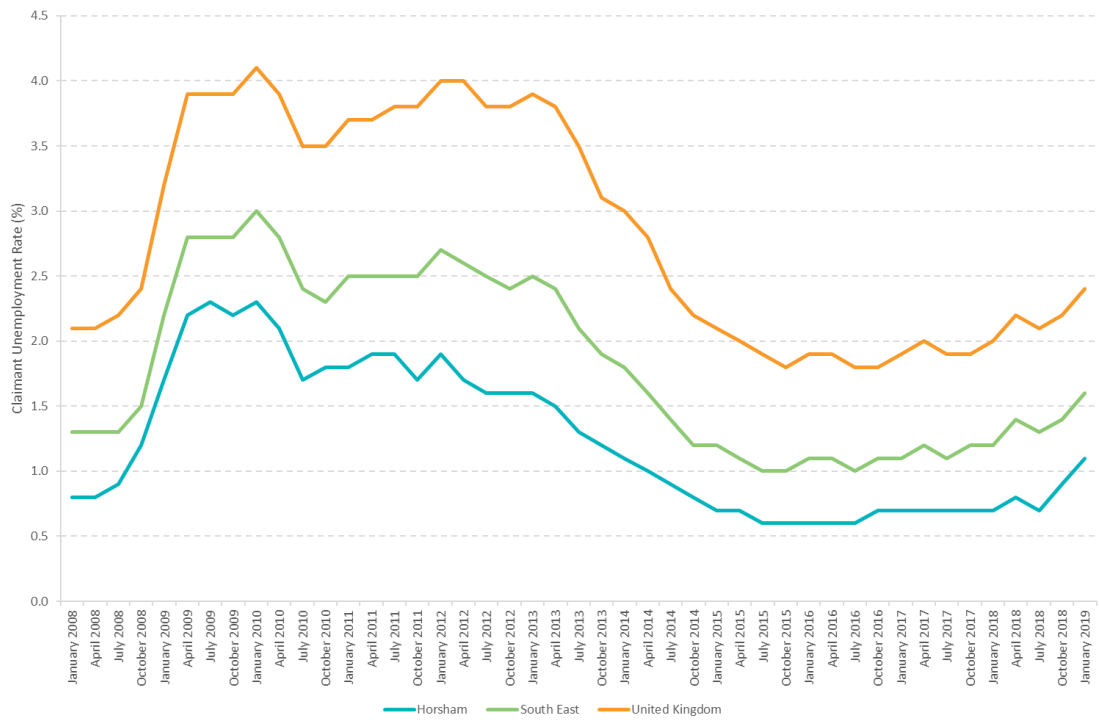
Source: ONS (2019) / Lichfields analysis

Labour Market

4.30 Table 4.15 overleaf summarises a range of labour market metrics for Horsham District, the South East and United Kingdom. This shows that the economic activity rate in Horsham stands at 79.1%, which is higher than the United Kingdom (78.3%), but slightly lower than the rate of the South East (80.9%). The District also supports a lower level of out-of-work benefit claimants than other parts of the South East and the United Kingdom.

4.31 On the wider Annual Population Survey Measure, the District's unemployment rate is slightly higher at 2.6%, but this falls below both the national (4.1%) and regional (3.1%) averages.

Figure 4.15 Claimant Unemployment Jan 2008 to Jan 2019



Source: Nomis (2019) / Lichfields analysis

4.32

From a resident skills perspective, the proportion of the resident workforce in Horsham holding higher level qualifications at NVQ4 and above (42.3%) was greater than the South East (41.4%) and United Kingdom (38.4%) averages. At the same time, the proportion of the District’s population holding ‘other’ or no qualifications is significantly lower than the South East and the UK.

Table 4.6 Key Labour Market Characteristics

Metric		Horsham	South East	United Kingdom
Economic activity rate age 16 to 64 (2018)		79.1%	80.9%	78.3%
Out-of-work benefits claimants as a proportion of residents aged 16-64 (Jan 2019)		1.1%	1.6%	2.4%
Resident qualification level age 16 to 64 (2017)	NVQ4 and Above	42.3%	41.4%	38.4%
	NVQ3 and Above	63.0%	61.1%	57.0%
	NVQ2 and Above	84.7%	78.6%	74.5%
	NVQ1 and Above	96.2%	89.5%	85.2%
	Other or No Qualification	3.8%	10.5%	14.8%
Resident occupation group (2018)	SOC Major Group 1 - 3	52.3%	50.7%	45.6%
	SOC Major Group 4 - 5	20.9%	19.6%	20.4%
	SOC Major Group 6 - 7	17.6%	16.1%	16.7%
	SOC Major Group 8 - 9	9.2%	13.4%	16.9%
Median gross weekly earnings by residence (2018)		£649.80	£614.50	£569.00
Median gross weekly earnings by workplace (2018)		£538.70	£589.20	£569.00

Source: Source: ONS (2018) / Lichfields analysis

Note: SOC Major 2010 Group 1-3 includes managers, directors and senior officials; SOC 2010 Major Group 4-5 includes administrative and trade occupations; SOC 2010 Major Group 6-7 includes services and sales occupations; and SOC 2010 Major Group 8-9 includes machinery, part and process operatives and elementary occupations.

- 4.33 A higher share of Horsham's resident population is employed in higher-skilled occupations represented by SOC Major Group 1-3 compared to the South East and the UK. Conversely, the proportion of the District's resident base working in mid skilled occupations (4-7) is also higher than regional and national averages, with significantly lower residents employed in lower skilled occupations indicating a relatively high skilled occupation mix.
- 4.34 Average earnings in Horsham are significantly higher for residents (£649.80 per week) compared to workplace workers (£538.70 per week). This implies that many of Horsham's residents are commuting to access higher paid jobs elsewhere, which is also highlighted by the relatively low weekly work place wage compared to the South East (£589.20) and the UK (£569.00) averages.

Commuting Flows

- 4.35 In 2011, a total of 26,788 working residents commuted outside of the District for their employment, mainly to the nearby areas of Crawley, Mid Sussex, the London Boroughs of Westminster and the City of London and Brighton & Hove.
- 4.36 At the same time, 16,728 working people commuted into the District for their employment, with the greatest flows originating from Mid Sussex, Brighton & Hove and Croydon. Horsham

District is therefore characterised as a net exporter of labour with a net out-flow of 10,060 at the time of the 2011 Census. Horsham’s self-containment rate amounts to just under 60%, which is down by 1.5% since 2001.

Table 4.7 Commuting Data for Horsham

Indicator	Horsham
Total working residents [†]	66,864
Total workplace workers*	56,804
Live and work in authority*	40,076
Resident self-containment rate*	59.9%
Out-commuting workers [‡]	26,788
Top out-commuting destinations	Crawley, Mid Sussex, Westminster, City of London, Brighton & Hove
In-commuting workers	16,728
Top in-commuting destinations	Crawley, Worthing, Arun, Brighton & Hove
Net out-flow of workers	10,060

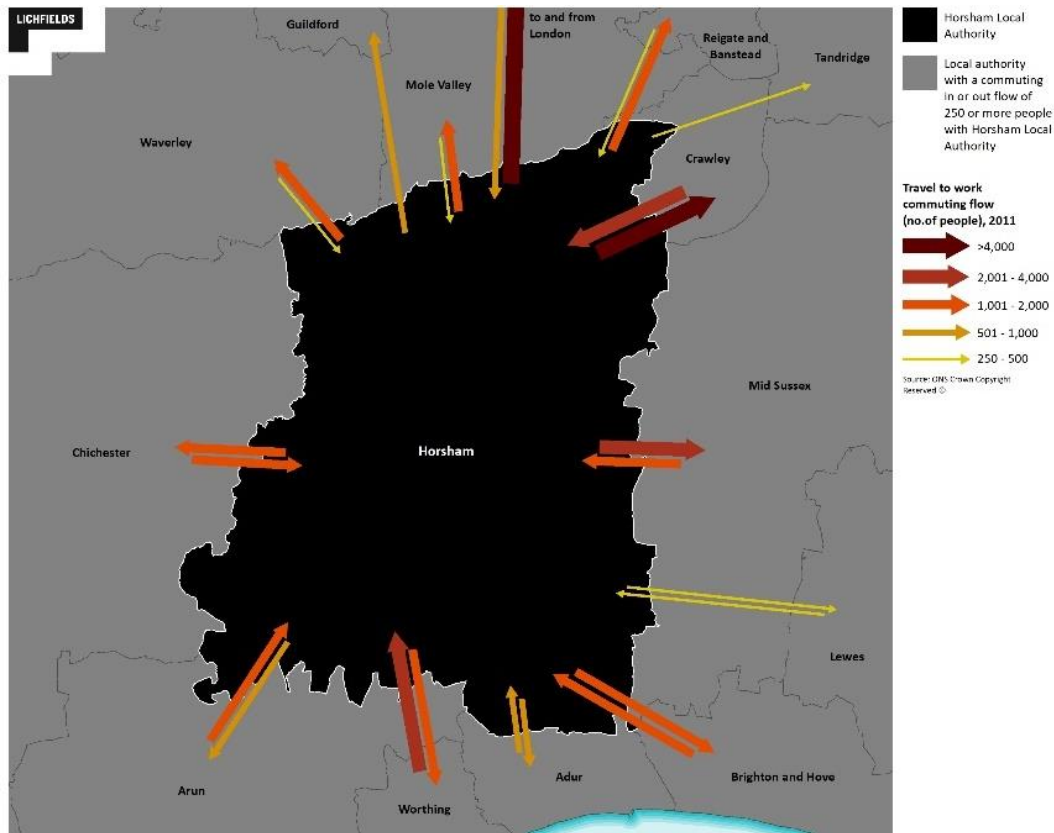
Source: ONS (2011 Census) / Lichfields analysis

† Includes those that work mainly at or from home, at an offshore installation, outside the UK, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

* Includes those Horsham residents that work mainly at or from home, at an offshore installation, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

‡ Includes Horsham residents that work outside the UK (in line with ONS guidance on defining resident/workplace workforce).

Figure 4.16 Travel-To-Work Flows for Horsham, 2011



Source: ONS (2011 Census) / Lichfields analysis

4.37 Beyond the NWS FEMA, the greatest flows of in-commuters to the District come from Worthing, Arun and Brighton & Hove. Just over 30% of the District’s workforce commute in from non-NWS locations.

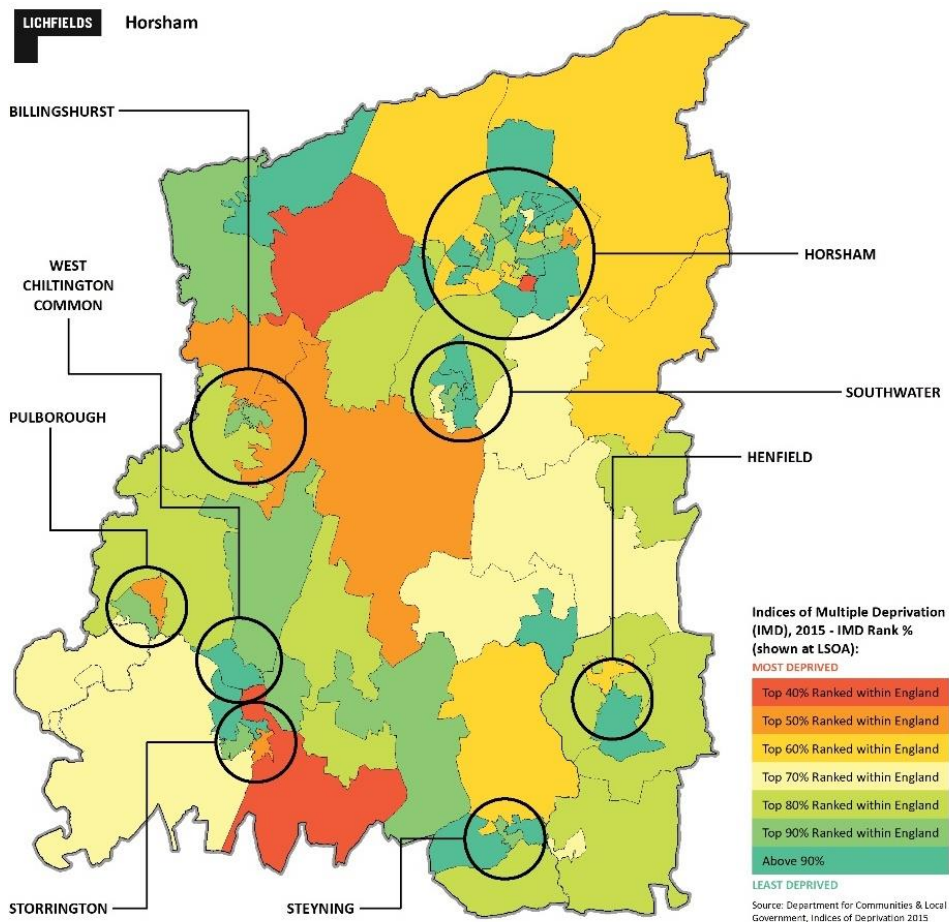
4.38 Similarly, with regard to out-commuting, largest flows beyond NWS were to Westminster, Brighton & Hove and Mole Valley. 36% of all out-commuting from the District was to non-NWS locations.

Deprivation

4.39 The Ministry of Housing, Communities and Local Government’s (MHCLG’s) Indices of Multiple Deprivation (IMD) (2015) scores how deprived different local authorities and LSOAs in England are across several domains of deprivation to produce an overall score. This allows for different parts of the country to be ranked against each other in terms of relative deprivation levels¹².

4.40 Figure 4.17 below demonstrates how this relative level of deprivation varies across the District and identifies particular pockets and concentrations of socio-economic deprivation. Horsham is characterised by relatively low levels of deprivation overall, with the District ranking 295 out of the 326 local authorities in England on the Indices of Multiple Deprivation 2015, which places Horsham within the top 10% least deprived local authorities in England.

Figure 4.17 Horsham Deprivation by LSOA



Source: MHCLG (2015) / Lichfields analysis

¹² MHCLG, (2015); Indices of Multiple Deprivation

- 4.41 There are clear levels of disparity within the District, ranging from Lower Super Output Areas (LSOA) within the top 40% most deprived and LSOAs within the 10% least deprived.

Summary

- 4.42 Based upon the analysis presented above, a number of key findings can be summarised:

- 1 The District has recorded job growth over recent years, although the pace of growth has fallen behind regional and national rates. B use class jobs have also been declining within Horsham District, driven by job losses within manufacturing-based sectors in particular. The District now accommodates the smallest stock of jobs within NWS.
- 2 In contrast, recent population growth within the District has exceeded regional and national equivalents, but the proportion of Horsham District's population that is of working-age (and therefore able to contribute towards economic activity going forward) has been declining.
- 3 Workforce productivity (measured by GVA) within the District exceeds regional and national averages, as well as average productivity elsewhere within NWS. It has also been growing at a greater rate than regional and national averages.
- 4 Enterprise indicators remain positive for Horsham District, with significant recorded growth in enterprises in recent years, coupled with healthy levels of business survival and business start-up.
- 5 The District records higher economic activity rates than the national average but falls behind the regional average, although resident skills remain high.
- 6 In overall terms, Horsham District has relatively low levels of deprivation although some concentrations of socio-economic deprivation exist, particularly in and around the settlement of Storrington.

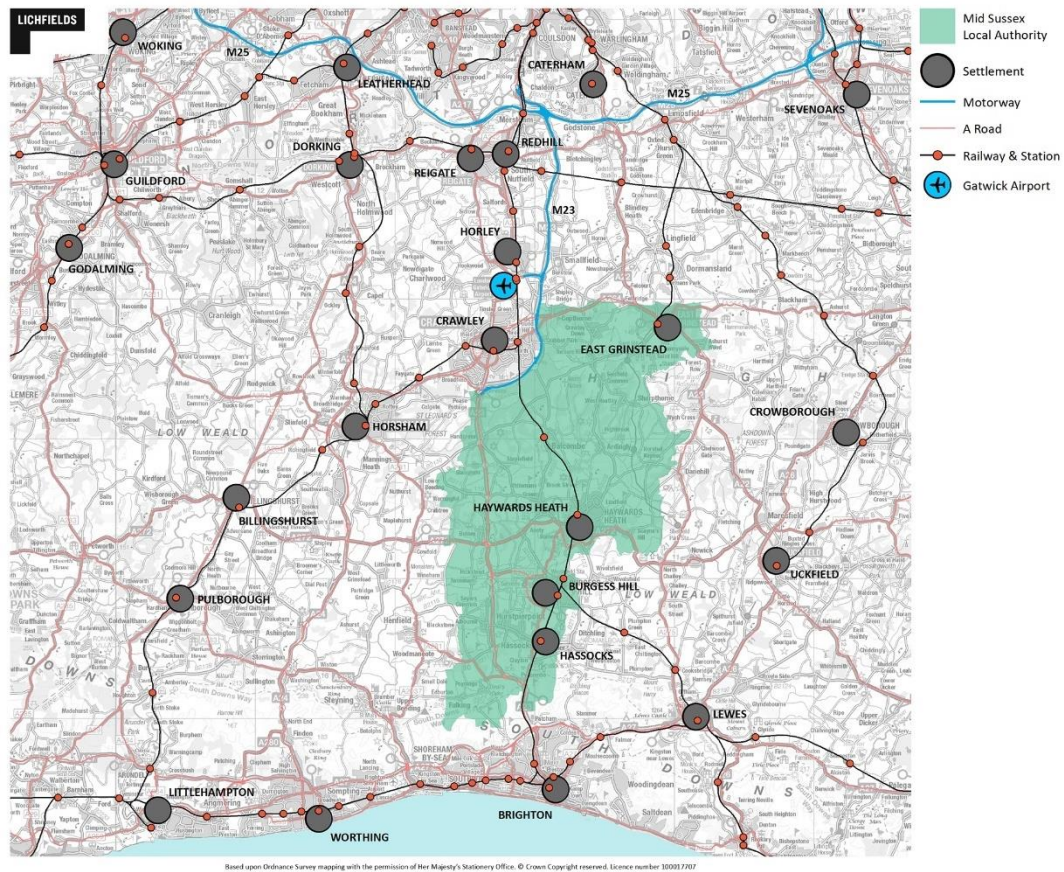
5.0 Mid Sussex Economic Context and Trends

5.1 This section summarises recent economic conditions and trends in Mid Sussex District. The analysis identifies the key strengths and weaknesses of the District’s economy and the factors that are likely to influence the future demand for employment space in the District. The analysis draws upon datasets from a range of sources and underlying definitions, and therefore figures may not be directly comparable with each other in all cases.

Spatial Overview

5.2 Mid Sussex District is situated in the east of West Sussex and borders Horsham to the west and Crawley to the northwest. Brighton & Hove and other South Coast authorities are located to the south, with East Sussex to the east (Figure 5.1).

Figure 5.1 Mid Sussex Context Map



Source: Lichfields

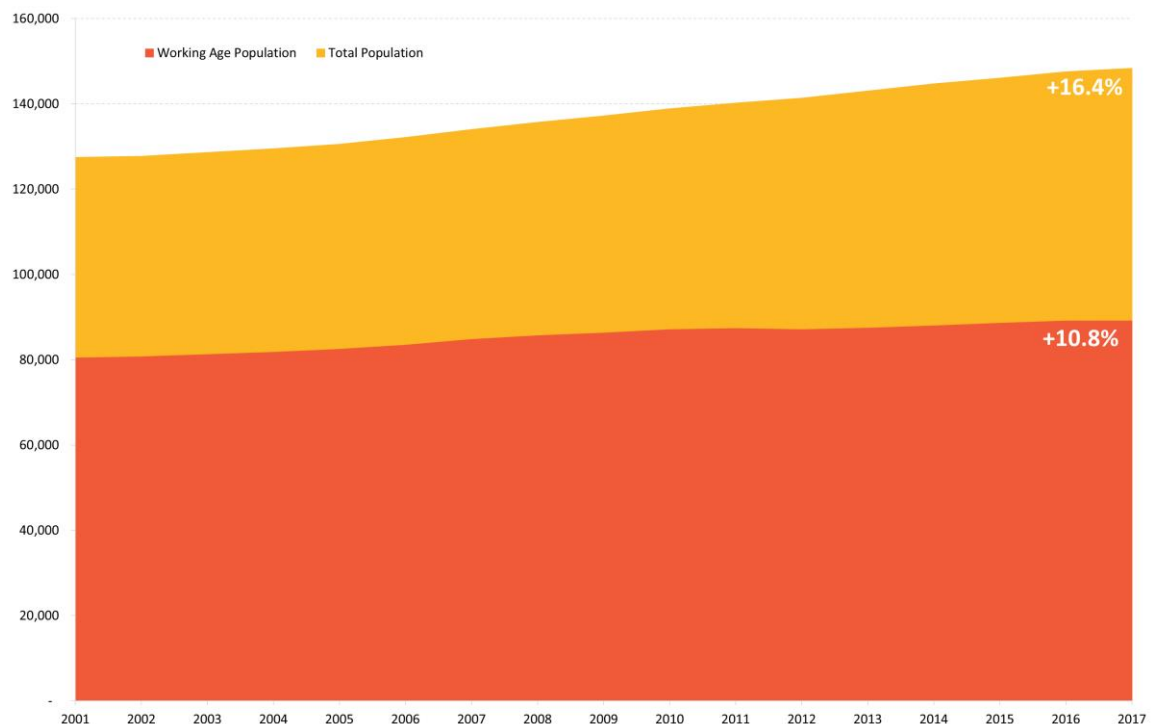
5.3 The District is very much rural in character with the three main towns of Burgess Hill, East Grinstead and Haywards Heath surrounded by smaller villages and hamlets throughout the countryside. Approximately 50% of the District falls within the High Weald AONB, and it borders the South Downs National Park Authority. The majority of the District is well connected to the highway network and benefits from good railway linkages between London and the South Coast.

Economic Conditions and Trends

Population

- 5.4 In 2017 the population of Mid Sussex stood at 148,345, representing an increase of 10.7% over the previous 10 years from 2007, and an increase of 16.4% since 2001. This rate of population growth has exceeded the rates recorded across the South East (8.7%) and the UK (7.7%) over this period. The total population has increased year on year since 2001, with the greatest increase occurring in 2007 as the total population increased by 1.4%.
- 5.5 The proportion of Mid Sussex's population that is of working age has been decreasing over the last few years, from 63.3% in 2001 to 60.2% in 2017, as shown in Figure 5.2.

Figure 5.2 Total and Working Age Population in Mid Sussex, 2001-2017

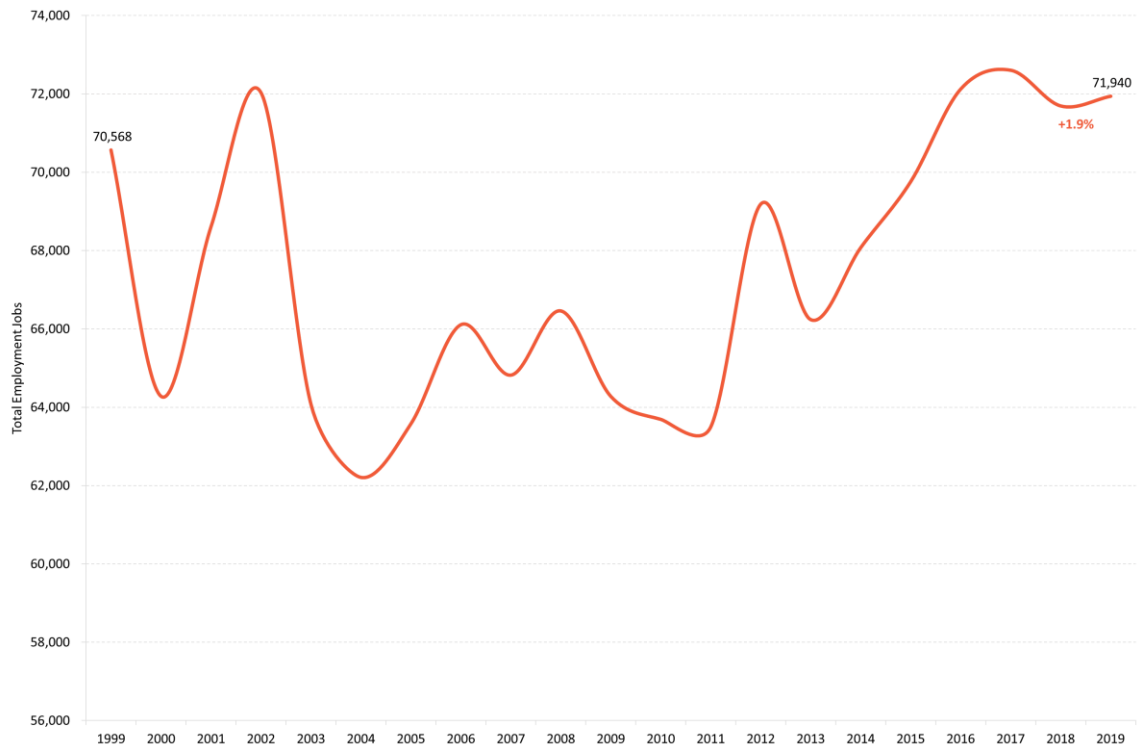


Source: ONS (2017) / Lichfields analysis

Employment

- 5.6 Based on Oxford Economics data, Mid Sussex accommodated 71,940 employment (workplace) jobs in 2019. As shown in Figure 5.3, the District's stock of jobs has increased by 1,373 since 1999, which is equivalent to a 1.9% increase over the last 20 years. The District's employment base has fluctuated significantly over this time, recording a particularly sharp decline in jobs in 2003 (11.0%).
- 5.7 The rate of job growth recorded across Mid Sussex over the last 20 years falls significantly behind both the South East (18.7%) and the United Kingdom (20.0%) averages over this period.

Figure 5.3 Mid Sussex Total Employment Jobs (1999-2019)

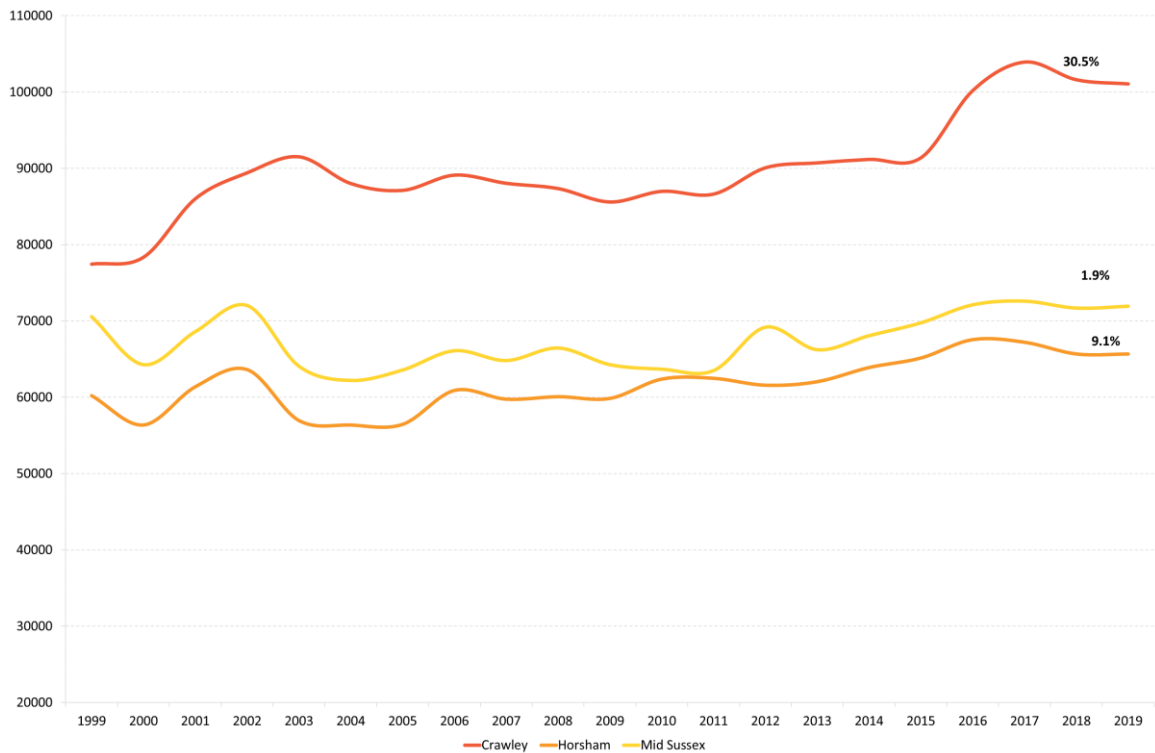


Source: Oxford Economics (2018) / Lichfields analysis

5.8

Figure 5.4 below illustrates how the change in total employment jobs across Mid Sussex compares with Horsham and Crawley over the period 1999 – 2019. Mid Sussex experienced the smallest growth in job figures, although it remains the second largest economy in terms of total stock of jobs as at 2019.

Figure 5.4 Total Employment Jobs by Local Authority (1999-2019)

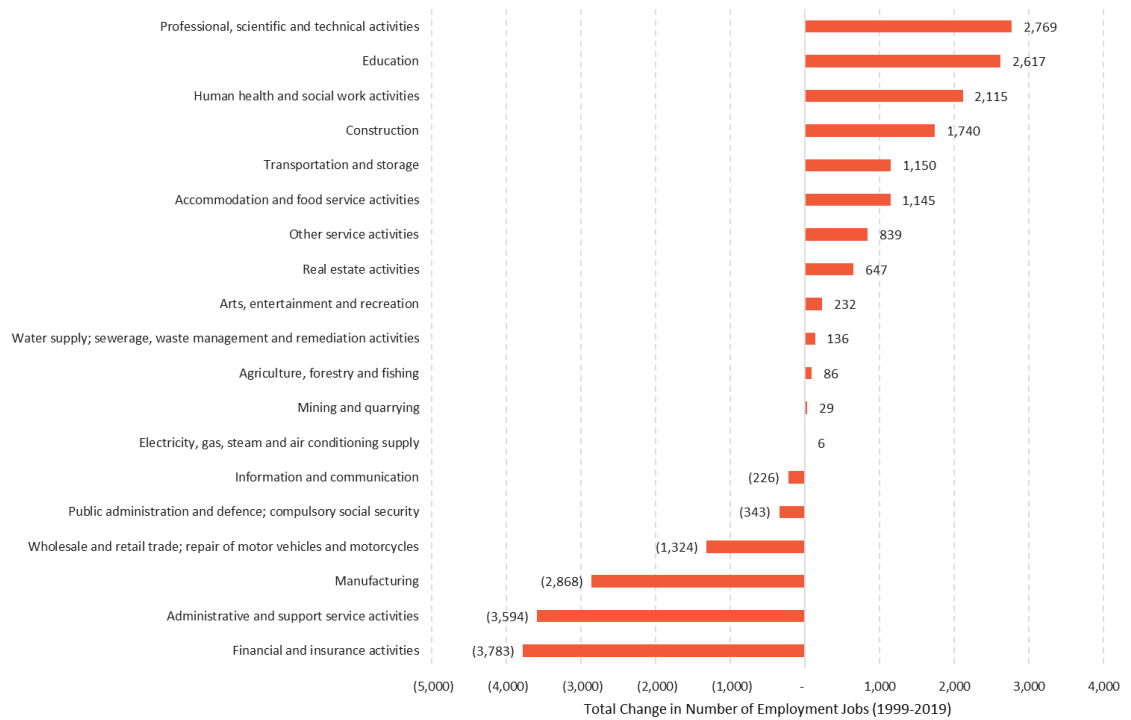


Source: Oxford Economics (2018) / Lichfields analysis

5.9 Figure 5.5 below shows the change in jobs by sector between 1999 to 2019 in Mid Sussex. This shows that over half of the sectors have experienced an increase in employment such as the professional, scientific and technical activities (2,769), education sector (2,617) and human health and social work activities (2,115) sectors.

5.10 At the same time, there are several sectors that have experienced a decline in employment most notably financial and insurance activities (3,783) and administrative and support services (3,594).

Figure 5.5 Employment Job Change by Sector in Mid Sussex (1999-2019)



Source: Oxford Economics (2018) / Lichfields analysis

5.11 The pattern of job growth has been more positive in recent years, with B use class jobs driving this growth in particular, as shown in Table 5.1.

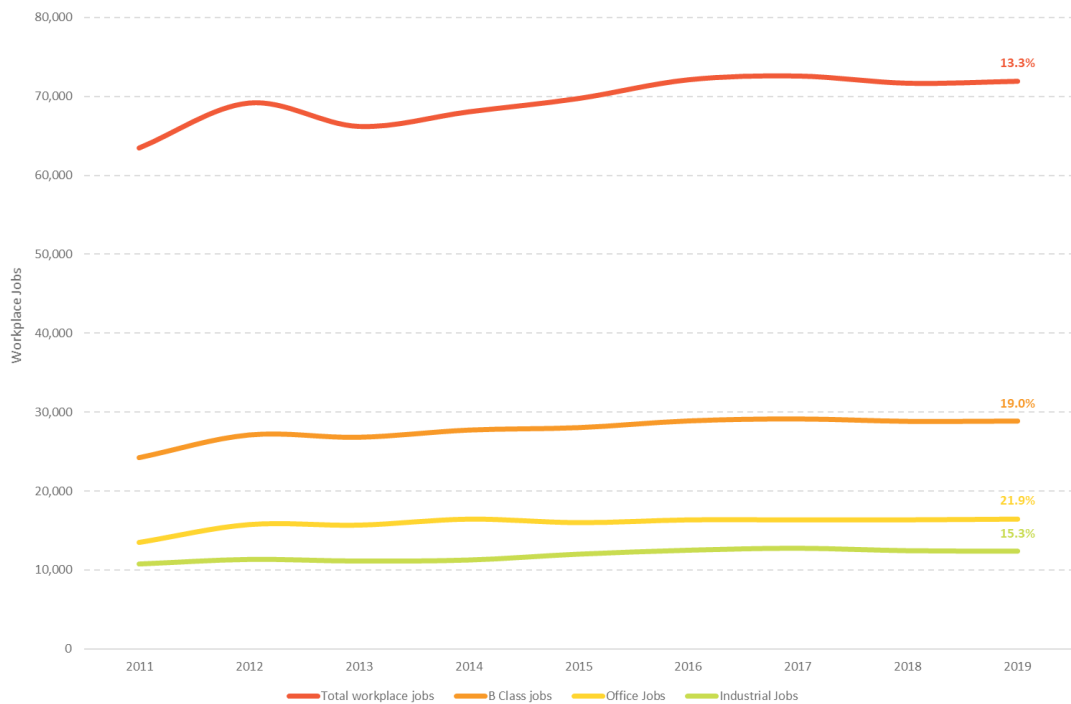
Table 5.1 Workforce employment in Mid Sussex

Land Use	Workforce Employment		Change (2011-2019)	
	2011	2019	Number of Jobs	%
Office Jobs	13,520	16,480	2,960	21.9%
Industrial Jobs	10,715	12,355	1,640	15.3%
B Class Jobs (sum of office + industrial jobs)	24,235	28,835	4,600	19.0%
Total Workplace Jobs	63,505	71,940	8,435	13.3%

Source: OE (2018) / Lichfields analysis

5.12 Within the B class uses, both office and industrial uses have been driving job growth, although the increase in office jobs was highest (at 21.9% between 2011 and 2019).

Figure 5.6 Change in Workforce Jobs (2011-2019)



Source: OE (2018) / Lichfields analysis

Workforce Productivity

5.13 Mid Sussex District’s economy is expected to generate £3.8 billion of gross value added (GVA) over the course of 2019. This represents an increase of just over £507 million from 2010, equivalent to a 15.4% increase over this period.

5.14 Workforce productivity within Mid Sussex on a per worker basis is just over £1,000 per annum greater than the UK average (see Table 5.2). It is expected that in 2019 each workplace job in Mid Sussex is estimated to generate £52,800 GVA over the year.

Table 5.2 GVA per Worker by Local Authority (2019)

Location	GVA per Worker (p.a.)
Mid Sussex	£52,840
Horsham	£57,141
Crawley	£51,309
South East	£55,707
United Kingdom	£51,667

Source: Oxford Economics (2018) / Lichfields analysis

5.15 The District performs less favourably against the South East average and sits in the middle of the three NWS Districts, falling behind Horsham but above Crawley.

5.16 It is worth noting that there are various ways in which relative economic output – presented in terms of GVA – is measured and compared, and that local level GVA data should be treated with caution.

- 5.17 Mid Sussex has experienced the greatest increase in GVA per worker over the last 20 years (38.9%), when compared to the South East and the UK (20.7% and 22.6% respectively). This increase also exceeded both Crawley and Horsham (Table 5.3).

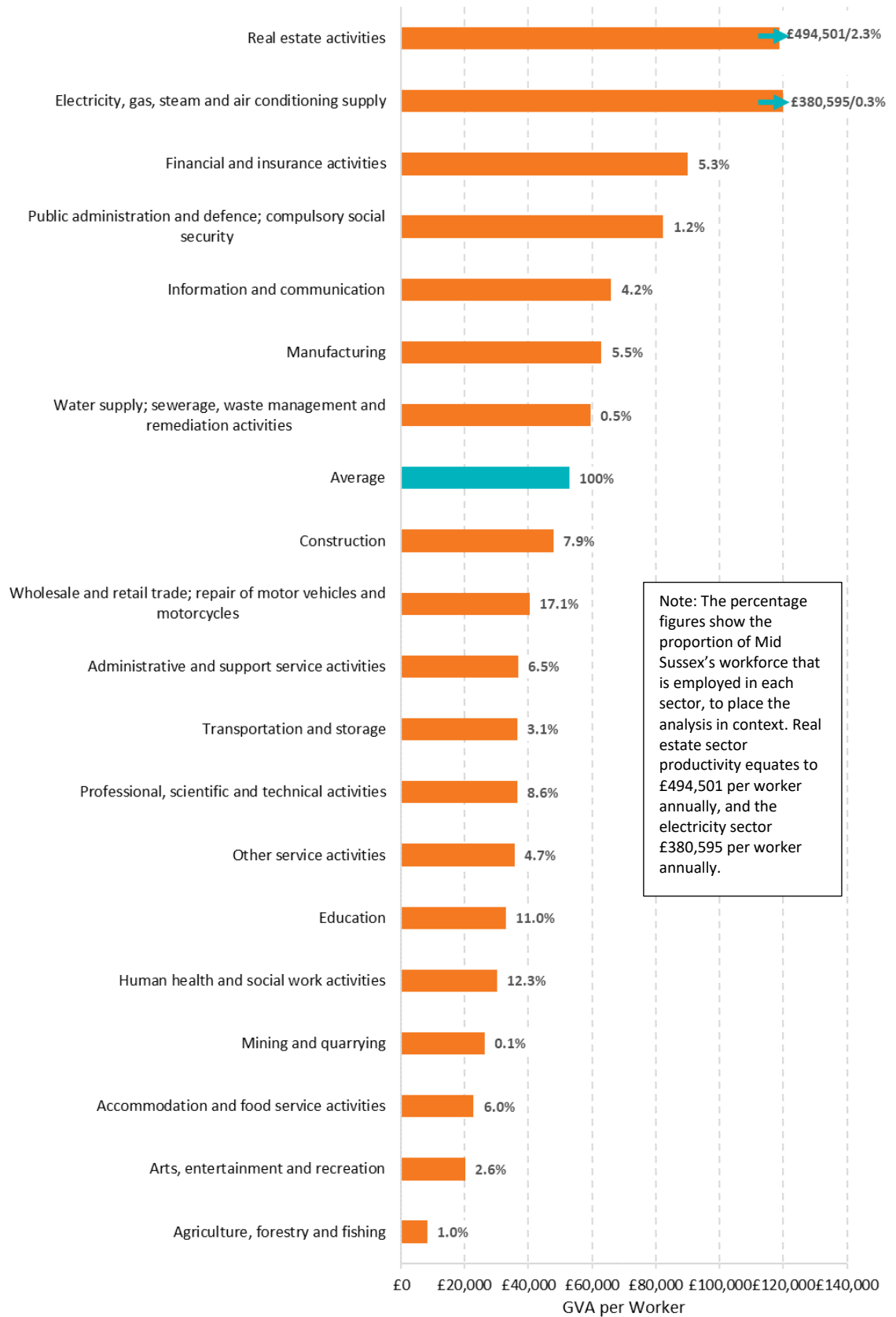
Table 5.3 Change in GVA per Worker by Local Authority (1999-2019)

Location	GVA per Worker (p.a.)		Change in GVA per Worker (p.a.)
	1999	2019	1999-2019
Mid Sussex	£38,100	£52,800	38.9%
Crawley	£42,700	£51,300	20.1%
Horsham	£45,800	£57,100	24.9%
South East	£46,200	£55,700	20.7%
United Kingdom	£42,100	£51,700	22.6%

Source: Oxford Economics (2018) / Lichfields analysis

- 5.18 Workforce productivity within Mid Sussex's economy inevitably varies by sector, with sectors such as real estate, electricity and gas, and financial and insurance activities generating the highest average levels of GVA per worker (see Figure 5.7).
- 5.19 Comparatively the added economic value supported by sectors such as agriculture, arts and entertainment and accommodation and food are much less significant. However, the sectors with the lower added value such as human health and social work, education, and wholesale and retail trade employ a significant proportion of the local workforce, helping to partly explain below regional average levels of workforce productivity in Mid Sussex.

Figure 5.7 Mid Sussex Sector Productivity



Source: Oxford Economics (2018) / Lichfields analysis

Business Demography

- 5.20 The size profile of the local business base in Mid Sussex is very similar to the regional and national average, dominated by micro firms (0 to 9 workers) and to a lesser extent small sized (10 to 49 workers) firms (Table 5.4). The share of the working age population in Mid Sussex that is self-employed is higher than the regional and national average.
- 5.21 Mid Sussex performs very strongly in relation to new business start-ups, with a higher proportion of the resident population setting up new businesses in the District than elsewhere across the South East and UK (Table 5.4). This provides a very positive indicator of enterprise in the District.

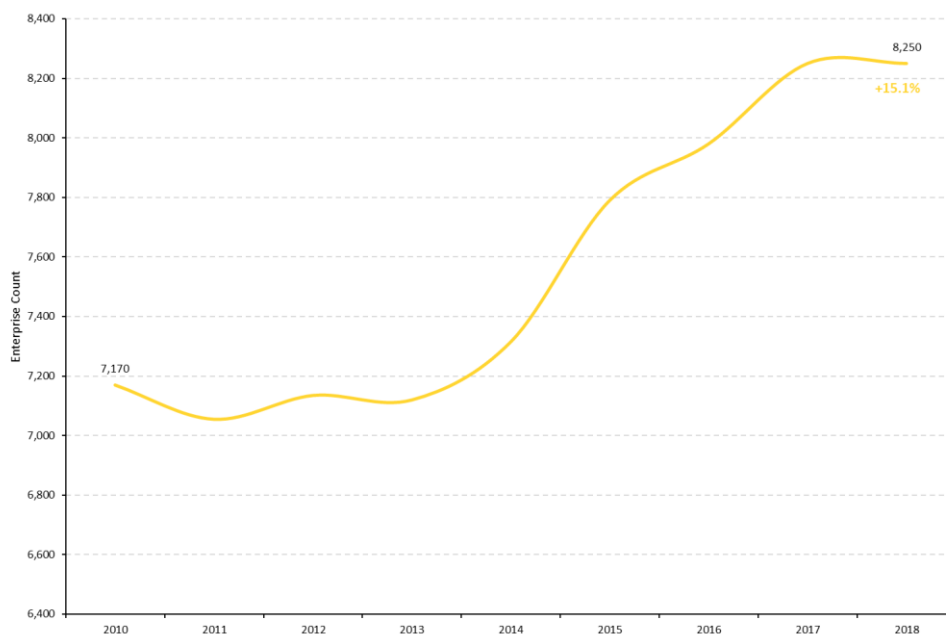
Table 5.4 Key Business Characteristics

Metric		Mid Sussex	South East	UK
Business Size	Micro (0 to 9)	90.3%	89.9%	89.3%
	Small (10 to 49)	8.1%	8.2%	8.7%
	Medium (50 to 249)	1.3%	1.5%	1.6%
	Large (250 +)	0.3%	0.4%	0.4%
Self-employment		13.4%	11.9%	10.6%
Start-ups per 10,000 working age residents		101.3	92.7	91.9

Source: ONS (2018) / Lichfields analysis

- 5.22 The number of recorded enterprises in Mid Sussex stood at 8,250 in 2018, having increased by 15.1% since 2010. As shown in Figure 5.8 below, Mid Sussex's business base has seen consistent growth over the last few years, however the main increase occurred during the period 2013-2017 following a slight decline between 2010 and 2013.

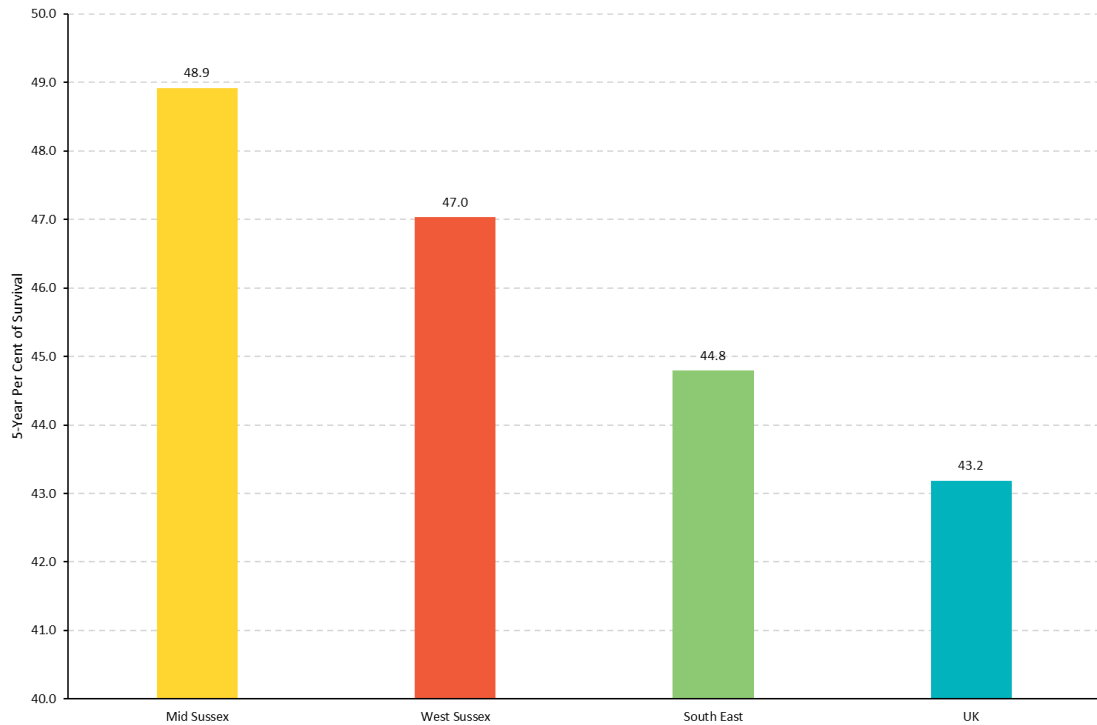
Figure 5.8 Mid Sussex Enterprise Count (2010-2018)



Source: ONS 2018 / Lichfields analysis

- 5.23 Businesses in Mid Sussex generally perform well in terms of survival, following start-up, in the first few years of trading. Latest ONS data (shown in Figure 5.9) shows that the 5-year business survival rate in Mid Sussex (48.9%) exceeds that of West Sussex (47.0%), the South East (44.8%) and the UK (43.2%).

Figure 5.9 Enterprise 5 Year Survival Rates (based on business births in 2012)



Source: ONS (2018) / Lichfields analysis

Spatial Distribution

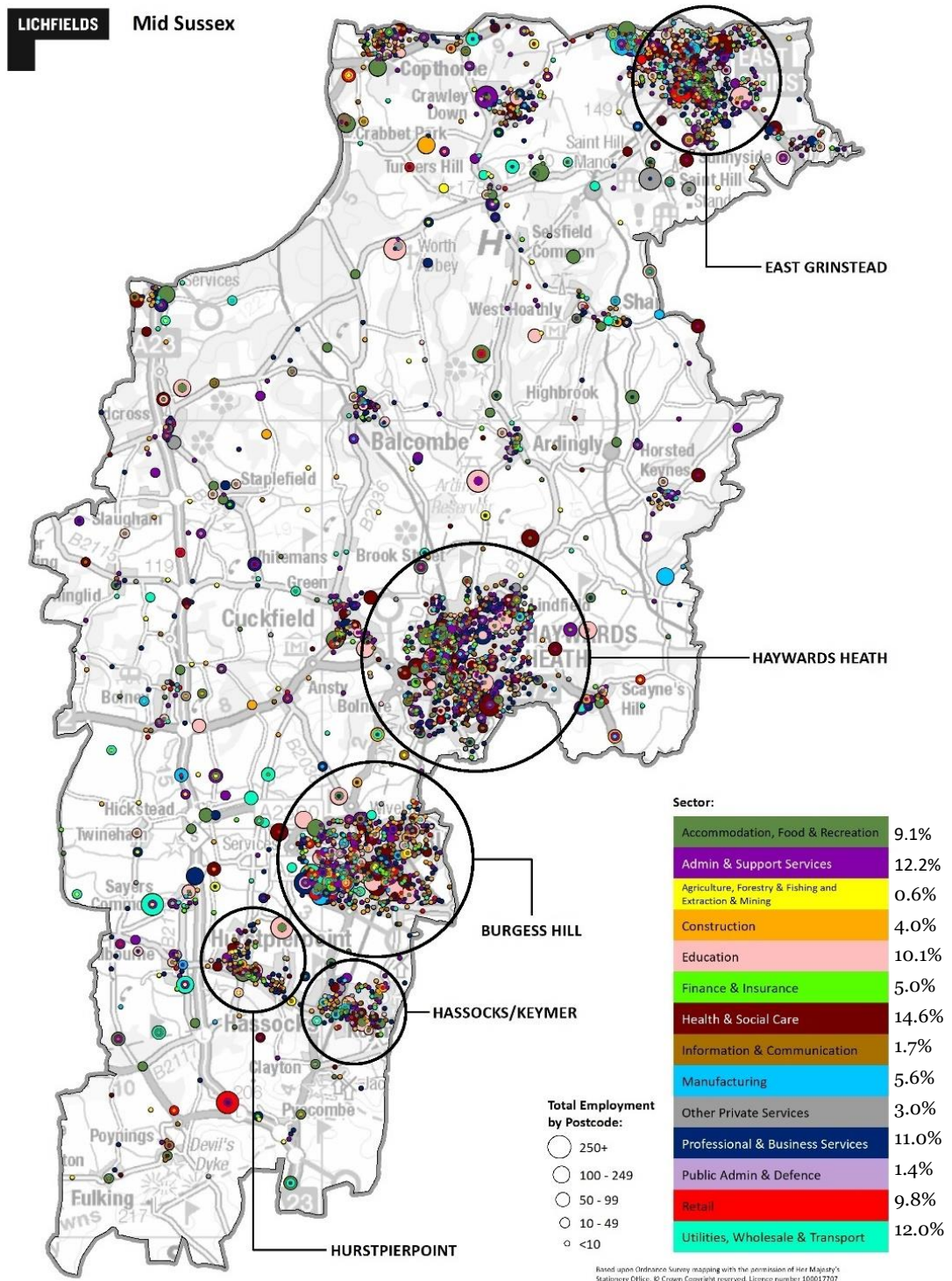
- 5.24 Using Inter Departmental Business Register (IDBR) data from the ONS, it is possible to map the spatial distribution of employment within Mid Sussex by sector and size.
- 5.25 Figures 5.10 to 5.13 identify five main clusters of employment across the District. These generally include a high density central core of small-scale firms, with some larger employers situated nearer the outskirts of main settlements. A breakdown of employment by key settlement and by urban/rural area is provided in the table below.

Table 5.5 Spatial distribution of employment in Mid Sussex District

Location	Share of Total District Employment
Haywards Heath	24.1%
Burgess Hill	25.4%
East Grinstead	16.0%
Hassocks/Keymer	2.1%
Hurstpierpoint	2.0%
Elsewhere in District	30.4%
Urban Total	76.5%
Rural Total	23.5%

Source: ONS (2019) / Lichfields analysis

Figure 5.10 Mid Sussex Sector Distribution

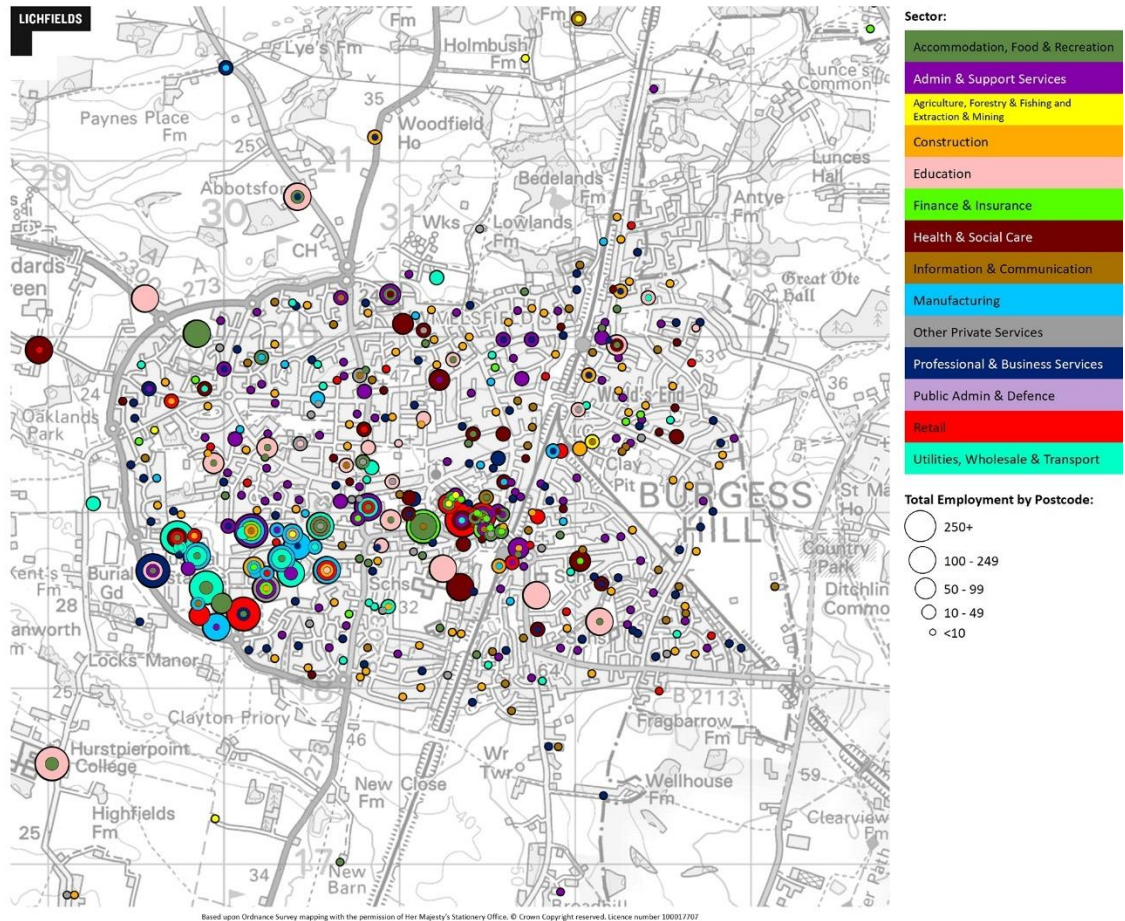


Source: ONS (2019) / Lichfields analysis

5.26

Figure 5.11 below shows that there are many small-scale firms distributed across the town of Burgess Hill, with a cluster of larger employment firms in the south west corner of the town. The larger firms mainly consist of manufacturing and utilities sectors which are located alongside the A273. Outside of the built up area the number of firms decreases substantially, however, there are a few large education employers located on the outskirts of the town.

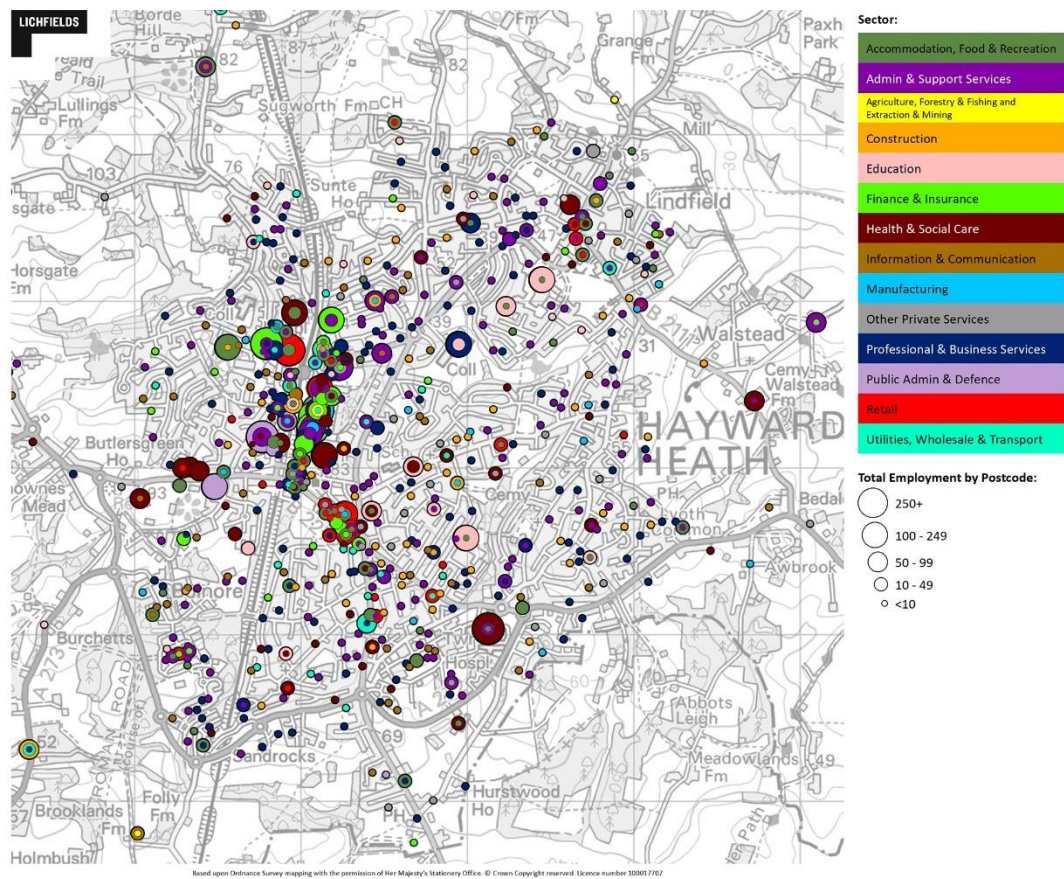
Figure 5.11 Burgess Hill Sector Distribution



Source: ONS (2019) / Lichfields analysis

5.27 Figure 5.12 identifies a significant number of employers located in close proximity to Haywards Heath train station along Perrymount Road. Most of the businesses located in this area operate within the private sector and notably relate to finance and insurance and professional business services firms. Just to the south is another cluster of retail-based employment at Orchards Shopping Centre, along with some finance and insurance firms on South Road and Church Road.

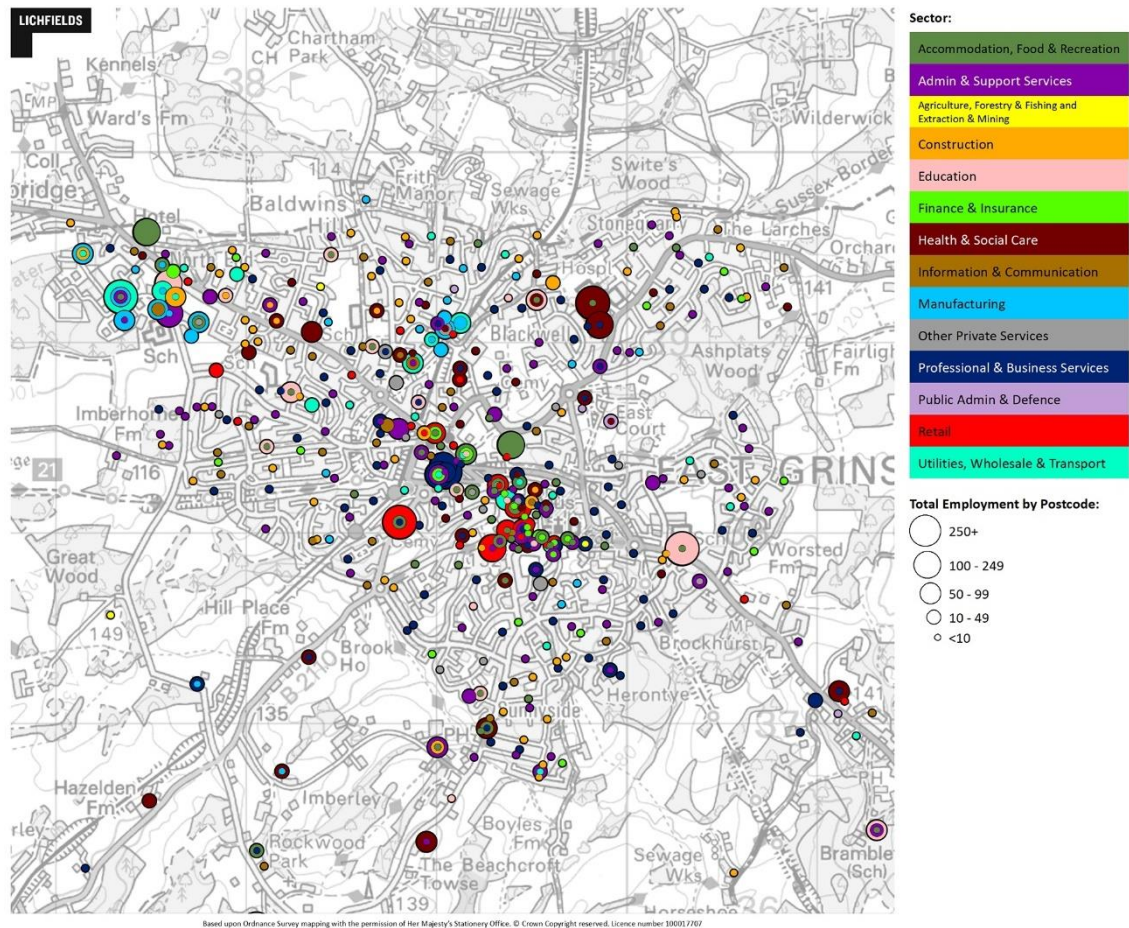
Figure 5.12 Haywards Heath Sector Distribution



Source: ONS (2019) / Lichfields analysis

5.28 Figure 5.13 illustrates a mix of both large employment firms (which are generally clustered in specific locations) and smaller scale firms which are scattered across the town of East Grinstead. Towards the north west of the town there are a number of large utilities, manufacturing and accommodation employers which coincides with Birches Industrial Estate. In the centre of the town, employment tends to be dominated by retail and professional business services firms.

Figure 5.13 East Grinstead Sector Distribution



Source: ONS (2019) / Lichfields analysis

5.29 This data shows that Burgess Hill accommodates the greatest cluster of employment within Mid Sussex (26.8%), followed closely by Haywards Heath (24.4%). East Grinstead accommodates a further 16.6% of jobs, with the remainder dispersed across other areas of the District including more rural areas.

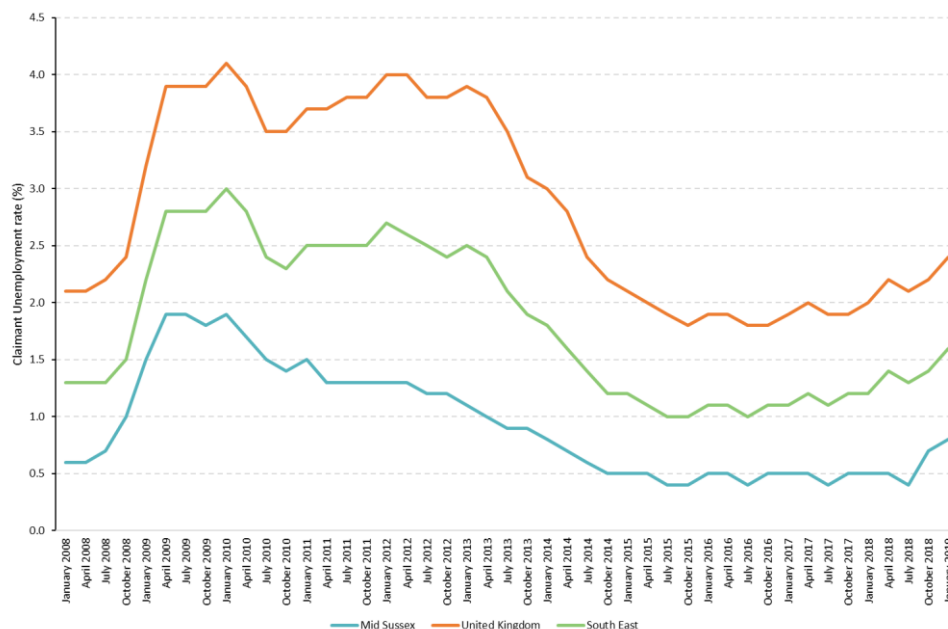
Labour Market

5.30 Table 5.6 overleaf summarises a range of labour market metrics for Mid Sussex, the South East and United Kingdom. This shows that the economic activity rate in Mid Sussex stands at 85.0%, which is 6.7% higher than the United Kingdom (78.3%), and 4.1% higher than the rate of the South East (80.9%).

5.31 The District also supports a much lower level of out-of-work benefit claimants than other parts of the South East and the United Kingdom. Claimant unemployment has increased by approximately 29% in Mid Sussex since the start of the recession in early 2008 (0.6%) to 0.8%

in January 2019 (as seen in Figure 5.14). The District compares favourably to both the regional average (1.6%) and the national average (2.4%).

Figure 5.14 Claimant Unemployment Jan 2008 to Jan 2019



Source: Nomis (2019) / Lichfields analysis

5.32

From a resident skills perspective, the proportion of the resident workforce in Mid Sussex holding higher level qualifications at NVQ4 and above (42.3%) was greater than the South East (41.4%) and United Kingdom (38.4%) averages. At the same time, the proportion of the District's population holding 'other' or no qualifications is significantly lower than the South East and the UK.

Table 5.6 Key Labour Market Characteristics

Metric	Mid Sussex	South East	United Kingdom	
Economic activity rate age 16 to 64 (2018)	85.0%	80.9%	78.3%	
Out-of-work benefits claimants as a proportion of residents aged 16-64 (Jan 2019)	0.8%	1.6%	2.4%	
Resident qualification level age 16 to 64 (2017)	NVQ4 and Above	46.3%	41.4%	38.4%
	NVQ3 and Above	63.6%	61.1%	57.0%
	NVQ2 and Above	88.5%	78.6%	74.5%
	NVQ1 and Above	95.8%	89.5%	85.2%
	Other or No Qualification	4.2%	10.5%	14.8%
Resident occupation group (2018)	SOC Major Group 1 - 3	52.4%	50.7%	45.6%
	SOC Major Group 4 - 5	24.4%	19.6%	20.4%
	SOC Major Group 6 - 7	18.4%	16.1%	16.7%
	SOC Major Group 8 - 9	3.1%	13.4%	16.9%
Median gross weekly earnings by residence (2018)	£645.40	£614.50	£569.00	
Median gross weekly earnings by workplace (2018)	£559.50	£589.20	£569.00	

Source: ONS (2018) / Lichfields analysis

Note: SOC Major 2010 Group 1-3 includes managers, directors and senior officials; SOC 2010 Major Group 4-5 includes administrative and trade occupations; SOC 2010 Major Group 6-7 includes services and sales occupations; and SOC 2010 Major Group 8-9 includes machinery, part and process operatives and elementary occupations.

- 5-33 Mid Sussex resident occupations are also generally higher skilled, with a greater percentage of residents employed in SOC Major Group 1-3. Mid Sussex has 52.4% of resident occupations falling within the 3 highest SOC groups, which consist of managers and director jobs, compared to both the South East (50.7%) and the UK (45.6%).
- 5-34 In terms of average earnings in Mid Sussex, the resident weekly earnings are around £86 a week greater than workplace earnings, which suggests that many Mid Sussex residents leave the District to access higher paid employment elsewhere.

Commuting Flows

- 5-35 In 2011, a total of 31,880 working residents commuted outside of the District for their employment, mainly to the nearby areas of Crawley, Brighton and Hove, Westminster, City of London and Tandridge.
- 5-36 At the same time, 20,410 working people commuted into the District for their employment, with the greatest flows originating from the boroughs of Brighton and Hove, Crawley, Wealden and Lewes.
- 5-37 As such, Mid Sussex is characterised as a net exporter of labour with a net out-flow of 11,470 at the time of the 2011 Census. The District's self-containment rate stood at just over 56%, which is down by 2% since the 2001 Census.

Table 5.7 Commuting Data for Mid Sussex

Indicator	Mid Sussex
Total working residents [†]	72,805
Total workplace workers*	61,335
Live and work in authority*	40,925
Resident self-containment rate*	56.2%
Out-commuting workers [‡]	31,880
Top out-commuting destinations	Crawley, Brighton & Hove, Westminster, City of London, Tandridge
In-commuting workers	20,410
Top in-commuting destinations	Brighton & Hove, Crawley, Wealden, Lewes
Net out-flow of workers	- 11,470

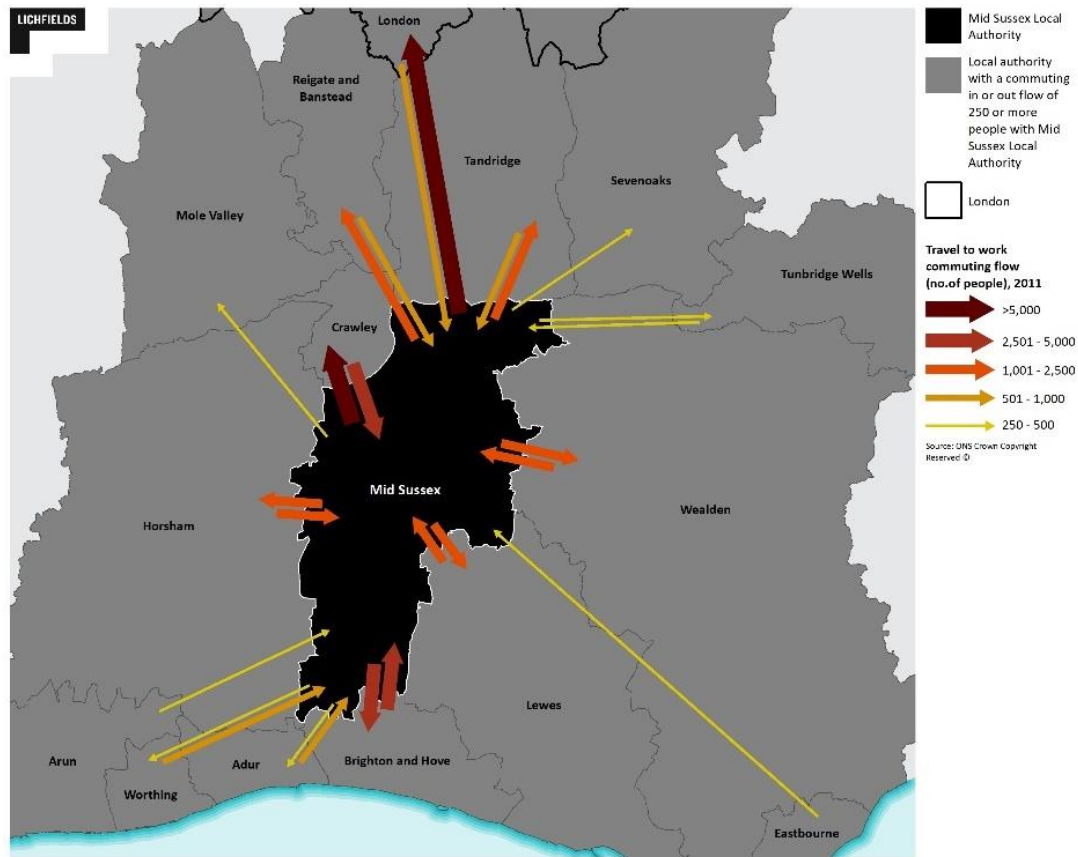
Source: ONS (2011 Census) / Lichfields analysis

[†] Includes those that work mainly at or from home, at an offshore installation, outside the UK, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

* Includes those Mid Sussex residents that work mainly at or from home, at an offshore installation, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

[‡] Includes those Mid Sussex residents that work outside the UK (in line with ONS guidance on defining resident and workplace workforce).

Figure 5.15 Travel-To-Work Flows for Mid Sussex



Source: ONS (2011 Census) / Lichfields analysis

5.38 Beyond the NWS FEMA, the greatest flows of in-commuters to the District come from Brighton & Hove, Wealden and Lewes. 34% of the District’s workforce commute in from non-NWS locations.

5.39 Similarly, with regard to out-commuting, largest flows beyond NWS were to Brighton & Hove and Westminster. 40% of all out-commuting from the District was to non-NWS locations.

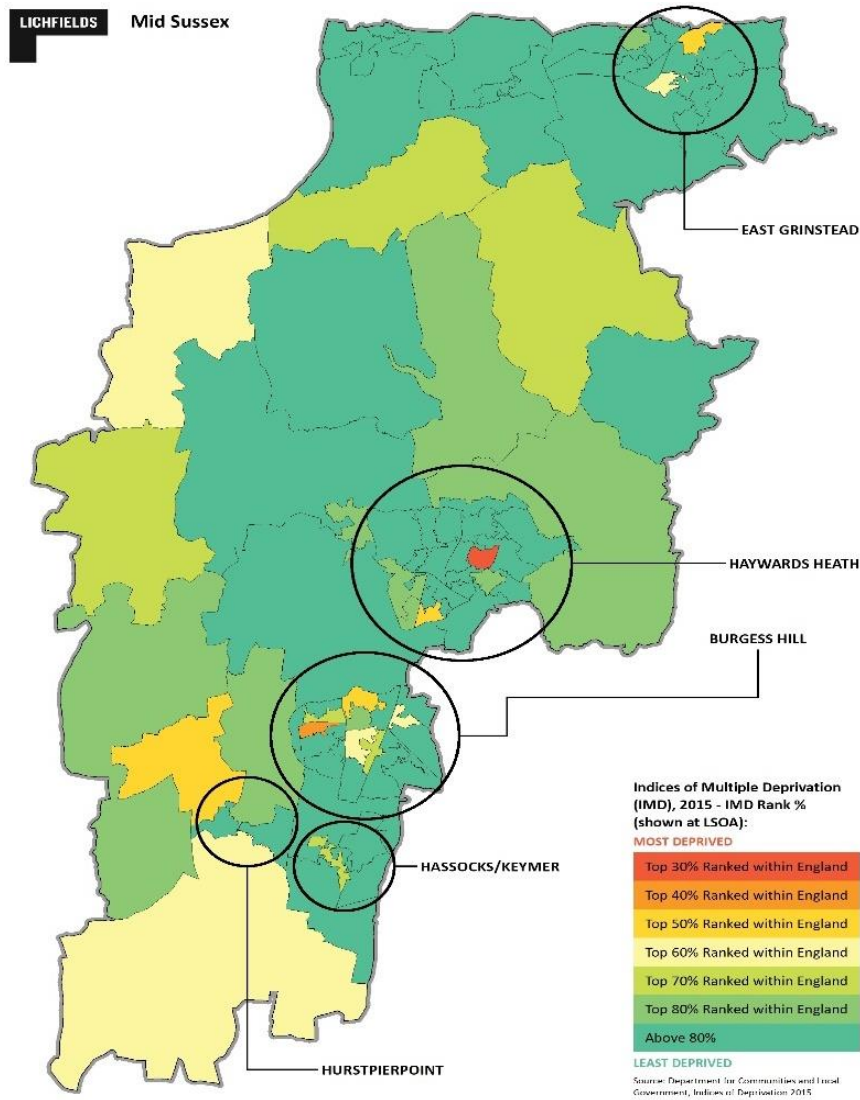
Deprivation

5.40 The Ministry of Housing, Communities and Local Government’s (MHCLG’s) Indices of Multiple Deprivation (IMD) (2015) scores how deprived different local authorities and LSOAs in England are across several domains of deprivation to produce an overall score. This allows for different parts of the country to be ranked against each other in terms of relative deprivation levels¹³.

5.41 The relative deprivation across the District is displayed below in Figure 5.16, which identifies particular pockets and concentrations of socio-economic deprivation. As a whole, the District ranks very low in terms of deprivation, at 321 out of the 326 local authorities in England, making the District the sixth least deprived in England. This makes it significantly less deprived than other parts of NWS.

¹³ MHCLG, (2015); Indices of Multiple Deprivation

Figure 5.16 Mid Sussex Deprivation by LSOA



Source: MHCLG (2015) / Lichfields analysis

Summary

5.42

Based upon the analysis presented above, a number of key findings can be summarised as follows:

- 1 Mid Sussex’s population has been growing in recent years, at a rate that slightly exceeds regional and national averages. Like other NWS authorities, the District’s proportion of working-age population has been in decline, posing challenges to future economic growth from a labour supply perspective.
- 2 The District’s employment base has also been growing, but at a much lower rate than elsewhere in NWS and across the South East and UK as a whole. More recently job growth trends have been more positive, with B use class sectors in particular making an important contribution (across office and industrial sectors). The majority of sectors experienced an increase in job growth although financial and insurance and admin support experienced a significant decrease.

- 3 Workforce productivity generated by the District's employment base is average (when compared with other areas in NWS, the region and UK) but has increased significantly over recent years, suggesting that the District's key employment sectors have become more productive.
- 4 Mid Sussex's business base mirrors the regional and national business bases in terms of business size, however it performs very well in terms of start-ups and self-employment, indicating a strong entrepreneurial culture locally. Furthermore, its stock of businesses has been increasing in recent years, and business survival remains strong.
- 5 From a labour market perspective, Mid Sussex also performs well, with high levels of economic activity and low levels of unemployment. This is coupled with very low overall levels of deprivation, with the District representing one of the least deprived in England.

6.0 Overview of Commercial Space

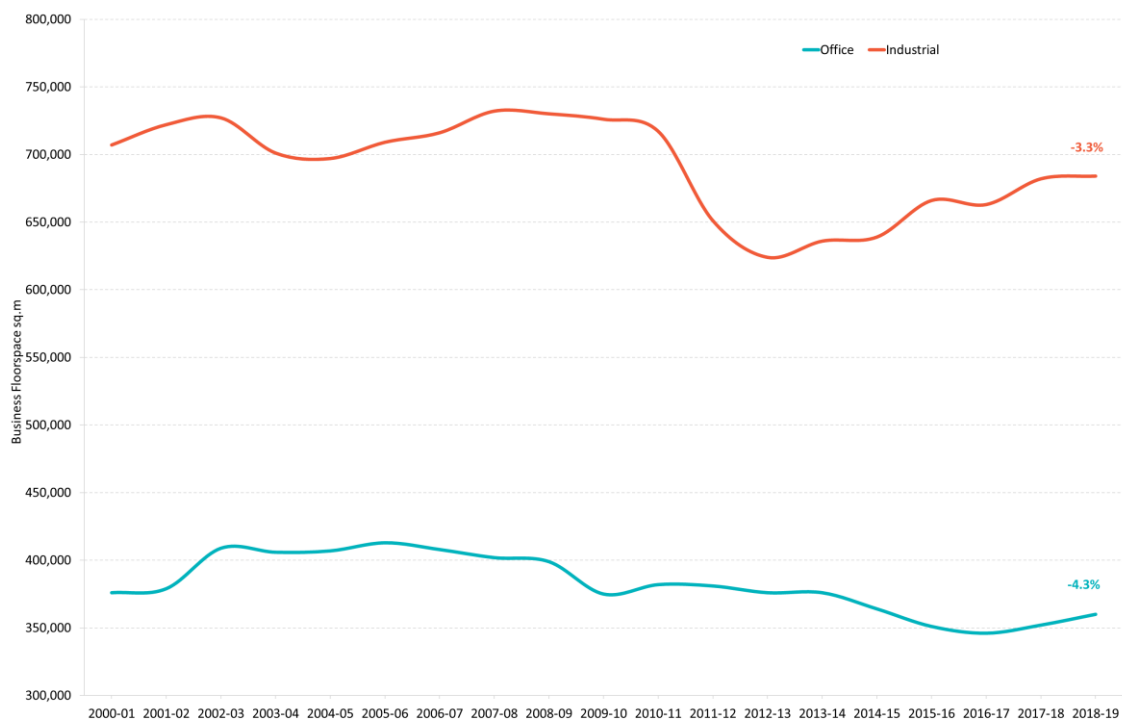
6.1 This section provides an overview of the existing stock of B class employment space in NWS, as well as recent trends and changes to this stock of space. Analysis draws on commercial floorspace data from the Valuation Office Agency (VOA) and monitoring data on commercial floorspace gains and losses obtained from each Council.

Crawley

Stock of Employment Space

- 6.2 In 2019, Crawley contained 1,044,000 sqm of B class floorspace (i.e. industrial and office). The majority of this floorspace is industrial in nature (684,000 sqm), with offices comprising 360,000 sqm, or 34.5%, of the total¹⁴ (see Figure 6.1).
- 6.3 From 2001 to 2019, the stock of industrial and office floorspace in Crawley decreased by 23,000 sqm and 16,000 sqm respectively (-3.3% and -4.3% respectively). At the West Sussex level, the stock of industrial floorspace in the county increased at a rate of 8.4%, while the total stock of office floorspace decreased by 10.1%. Additionally, the South East saw an increase in both office and industrial floorspace over the same period (2.9% and 1.6% respectively).

Figure 6.1 Change in Employment Floorspace in Crawley (2001-2019)



Source: VOA 2019 / Lichfields analysis

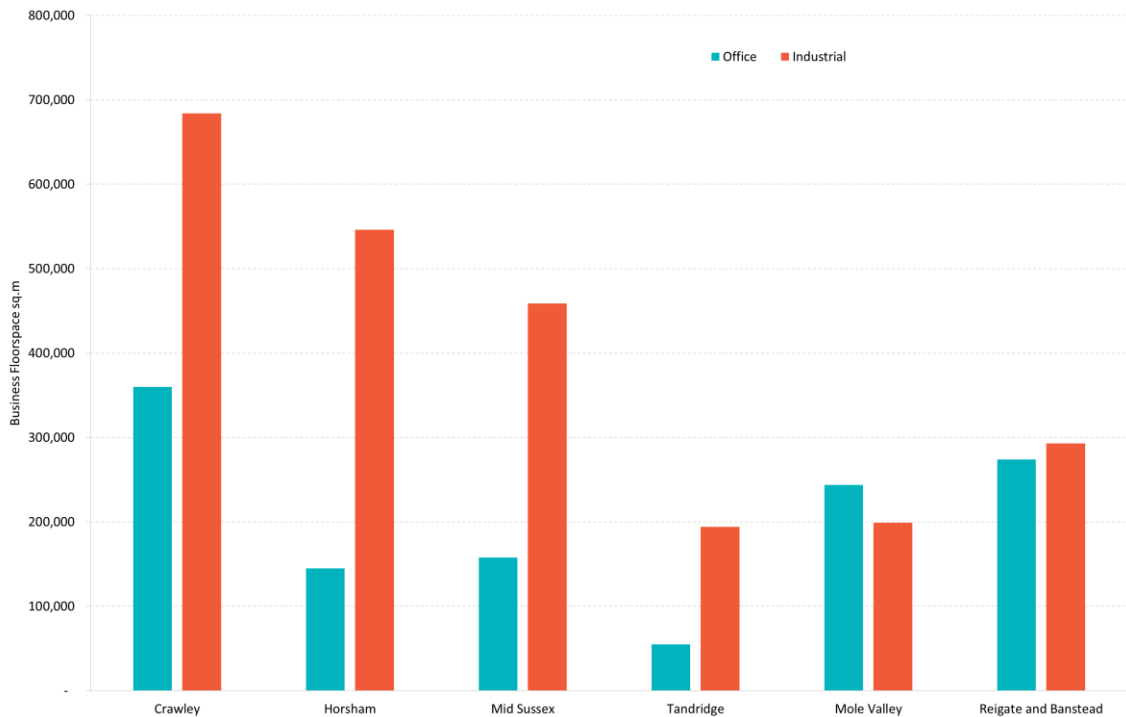
6.4 This declining floorspace is likely to reflect the ongoing redevelopment and re-use of sites across the Borough, and in particular within the Manor Royal employment area where the majority of development has occurred in recent years. It should be noted that this VOA data contrasts with CBC monitoring data which records an overall net gain in B use class floorspace across the

¹⁴ Valuation Office Agency (VOA), Business Floorspace (2019)

Borough over the period between 2011 and 2018 (as described later in this chapter), underlining the need to treat this data with caution.

6.5 Figure 6.2 below provides an overview of the total office and industrial floorspace in Crawley compared with the stock of floorspace in local authorities adjacent to the Borough. The chart shows that Crawley is the largest office centre among the six authorities, followed by Reigate and Banstead and Banstead and Mole Valley (at 274,000 sqm and 244,000 sqm respectively). Among the six authorities, NWS authorities have by far the largest stocks of industrial floorspace.

Figure 6.2 Overview of Employment Floorspace by Local Authority (2019)

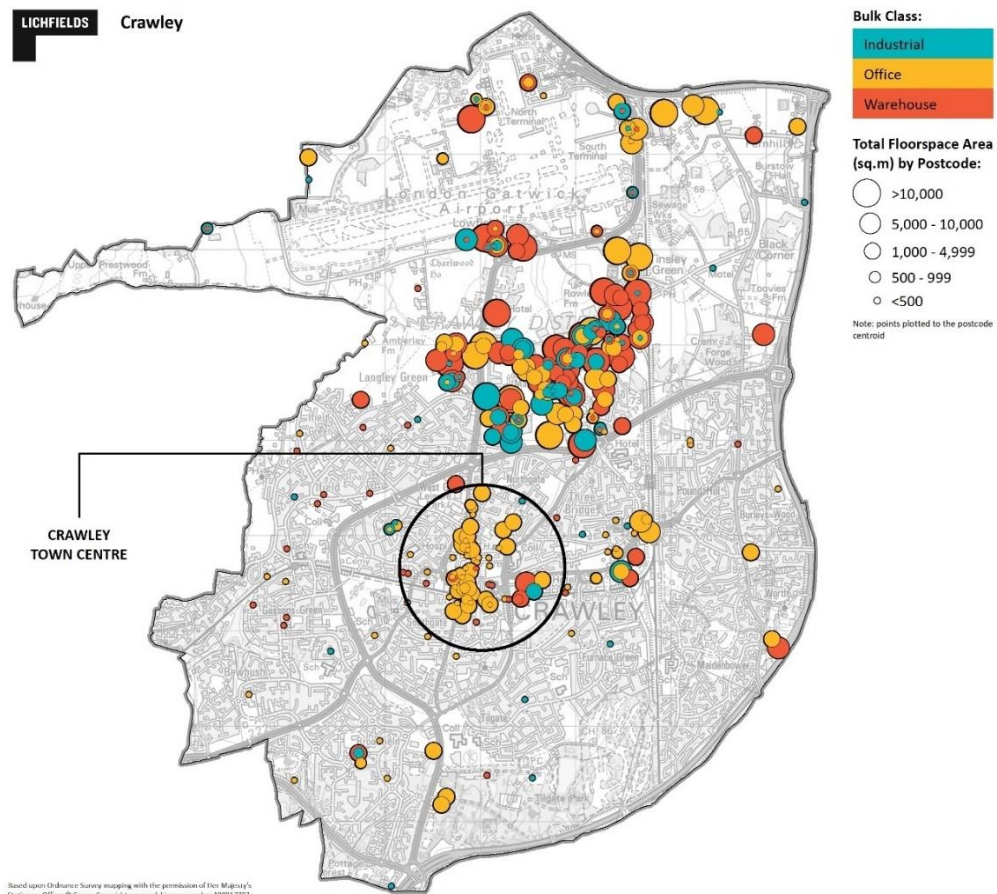


Source: VOA (2019) / Lichfields analysis

Spatial Distribution

6.6 The spatial distribution of office and industrial floorspace in Crawley is shown in Figure 6.3 based on the latest available data from the VOA. This shows that office floorspace is concentrated within Crawley town centre, but also located within the key employment sites throughout the Borough, notably Manor Royal, Three Bridges and Broadfield Business Park. Warehousing and industrial floorspace is dominated by Manor Royal, with some smaller pockets of industrial space found elsewhere across the Borough.

Figure 6.3 Industrial, Office and Warehouse Space in Crawley Borough



Source: VOA 2019 / Lichfields analysis

Development Trends

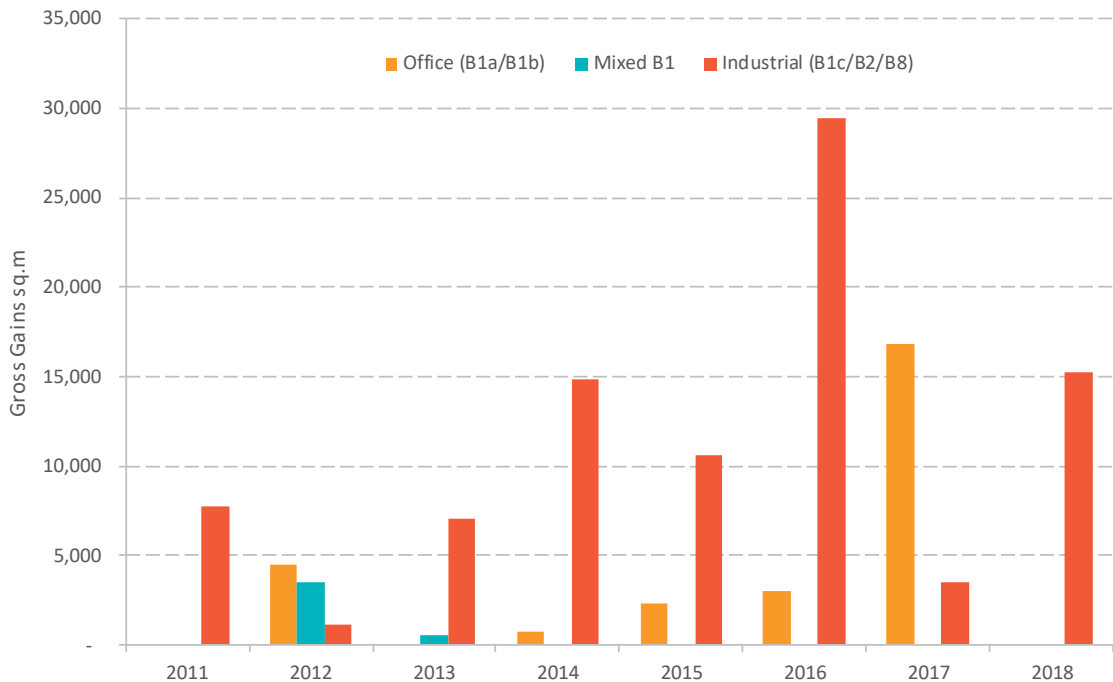
6.7 Monitoring Data from Crawley Borough Council (via West Sussex County Council) covering the eight-year period from 2011 to 2018 can be used to analyse the scale and nature of B class development that has occurred in the Borough over recent years. Gains and losses refer to actual completions rather than planning permissions (which may or may not be implemented).

Gross Gains

6.8 Over the period 2011 to 2018, the gross area of B-use floorspace constructed in Crawley totalled 120,900 sqm, equating to an average delivery rate of 15,100 sqm per annum. Most of this new B-class space consisted of B1c, B2 and B8 uses (89,600 sqm or 74.1%).

6.9 Gross industrial completions peaked in 2016, when 32,400 sqm of B-use floorspace was completed. As shown in Figure 6.4 below, most of the completions in 2016 consisted of either B1c, B2 or B8 use space (90.9%).

Figure 6.4 Gross B Class Employment Space Completions in Crawley, 2011 - 2018



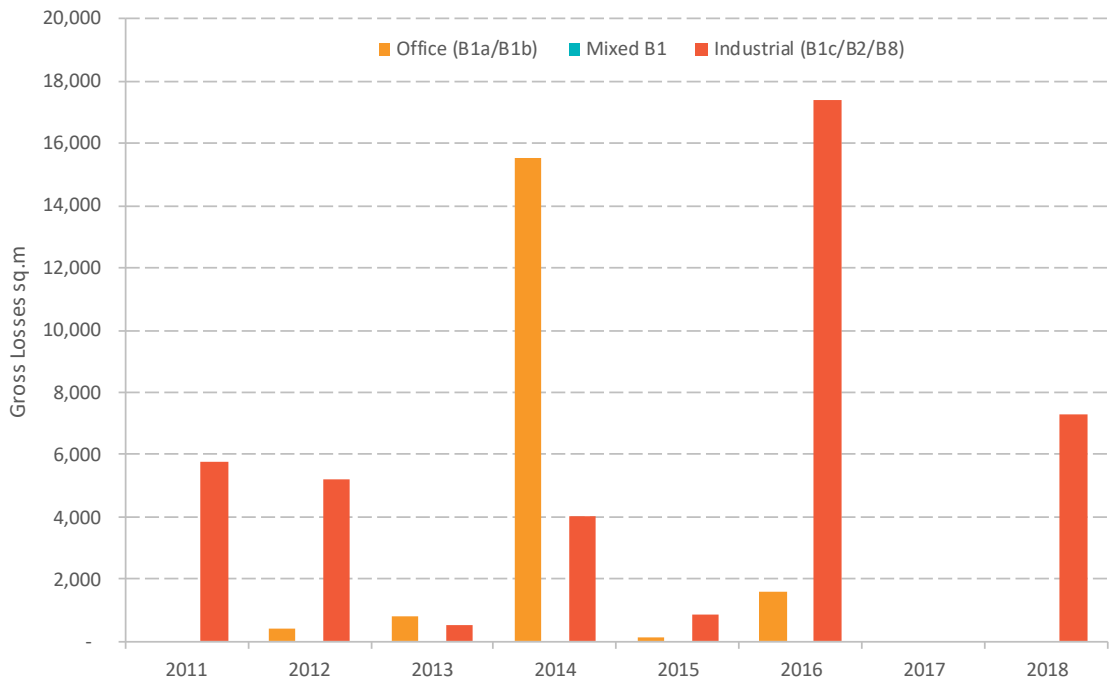
Source: West Sussex County Council / Lichfields analysis

- 6.10 Office completions peaked in 2017, when 16,800 sqm of B1a and B1b space was completed. A significant proportion of the office completions that year can be attributed to the completion of office development at Crawley Business Quarter.

Gross Losses

- 6.11 The monitoring data indicates that from 2011 to 2018, losses of B-use floorspace in Crawley totalled 59,600 sqm, or 7,400 sqm annually over the period. Gross losses over the period equated to 18,500 sqm and 41,100 sqm respectively between B1a/b and B1c/B2/B8 uses, with no mixed B1 use space being lost over the period.
- 6.12 Figure 6.5 below shows how much floorspace was lost in each year of the period. One notable point is the spike in B1a/b losses in 2014, which was largely caused by the transfer of several offices near to Gatwick Airport over to hotel uses. Otherwise, B1a/b floorspace losses were less than 2,000 sqm in all other years of the period. In comparison, B1c/B2/B8 losses exceeded 2,000 sqm in multiple years, with losses peaking in 2016, when 17,400 sqm of floorspace was removed from the Borough's total stock.

Figure 6.5 Gross B Class Employment Space Lost in Crawley 2011 - 2018

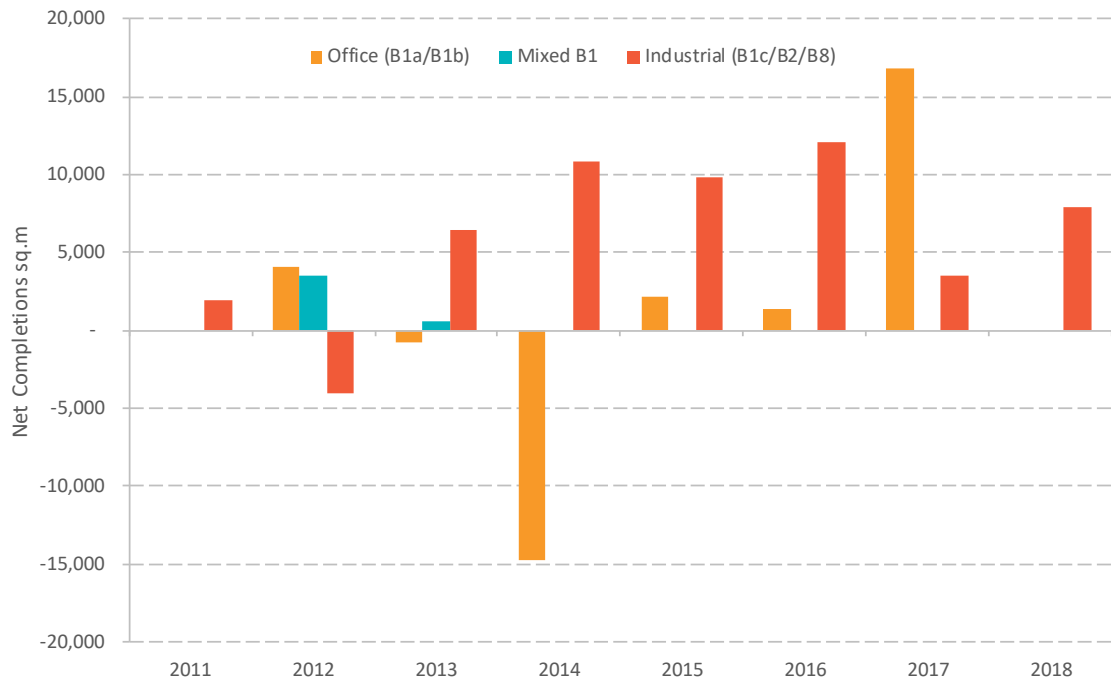


Source: West Sussex County Council / Lichfields analysis

Net Floorspace Change

- 6.13 In overall terms, Crawley experienced a net increase in B-use floorspace of 61,300 sqm between 2011 and 2018. The largest gain in floorspace occurred in B1c/B2/B8 uses followed by B1a/b and mixed B1 (48,500 sqm, 8,800 sqm and 4,000 sqm respectively), with net losses of any floorspace type only occurring in 2012, 2013 and 2014 as highlighted in Figure 6.6 below. The only net decrease in total B-use floorspace occurred in 2014, when losses in B1a/b floorspace (14,800 sqm) outweighed gains in B1c/B2/B8 uses (10,800 sqm).
- 6.14 The monitoring data shows that the Borough has recorded a net gain in B use class floorspace since adoption of the Crawley Local Plan in 2015. Just under 42,000 sqm of employment floorspace has been added to the Borough's portfolio since 2015, just over half (56%) of this relating to industrial (B1c/B2/B8) space.

Figure 6.6 Net B Class Floorspace Change in Crawley 2011 - 2018

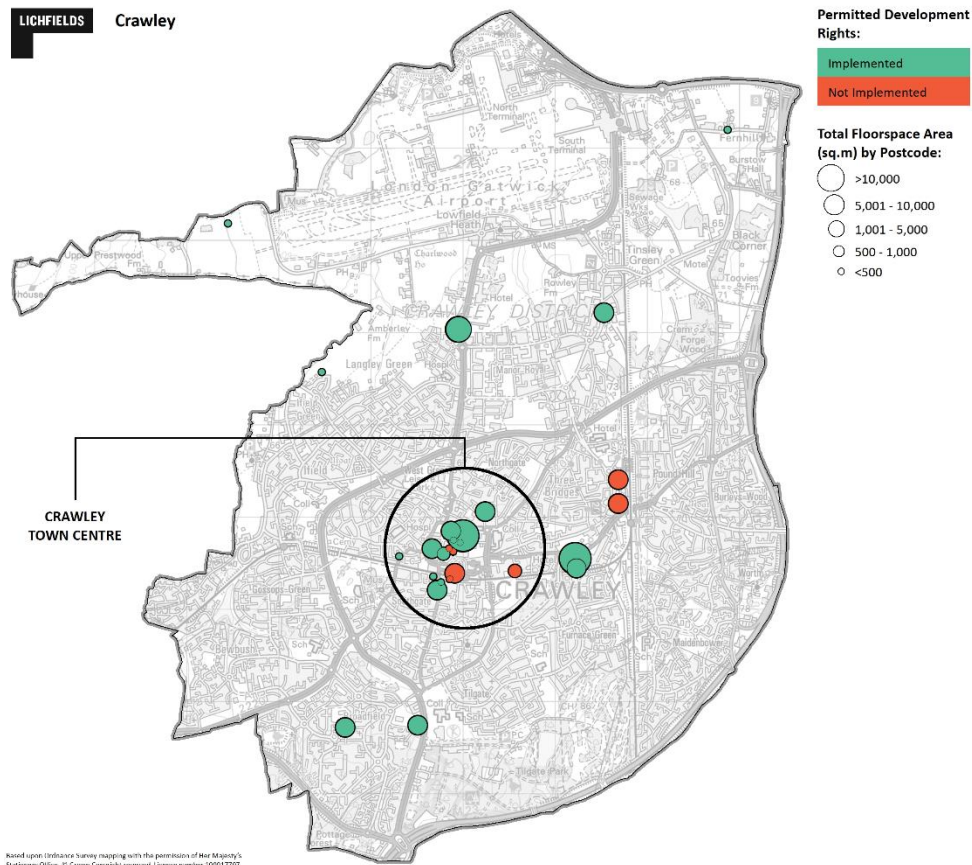


Source: West Sussex County Council / Lichfields analysis

Permitted Development Rights

- 6.15 In 2013, the Government announced the proposed introduction of Permitted Development Rights (PDR) to allow for the change of use from B1(a) offices to C3 residential uses through the prior approval process. In October 2015, the Government confirmed that temporary PDR would be made permanent. In many locations across the country, the effect of the PDR has been to increase the rate of losses of office floorspace, often above historic trends.
- 6.16 Analysis of monitoring data provided by Crawley Borough Council indicates that 35 prior approval applications have been submitted since May 2013, with the majority (28) having been implemented. A further 7 remain unimplemented. The location of these prior approvals is shown below in Figure 6.7.

Figure 6.7 Office to Residential Prior Approvals in Crawley Borough (2013-2019)



Source: Crawley Borough Council / Lichfields analysis

- 6.17 The total quantum of office floorspace associated with those sites with prior approvals that have been implemented is 52,160 sqm. A further 5,880 sqm of office floorspace with prior approval under PDR has not yet been implemented. This suggests that a total of 58,040 sqm of office floorspace could be lost due to PDR in Crawley, equivalent to 15% of the total 376,000 sqm stock of office floorspace recorded in the Borough in 2013/14¹⁵.
- 6.18 With PDR now confirmed as permanent, it will be important for Crawley Borough Council to carefully monitor the future loss of office space to determine whether additional provision becomes necessary. The Council has already implemented an Article 4 Direction to remove office to residential PDR at Manor Royal (as well as Article 4 Directions for storage and distribution and light industrial to residential PDR) and is proposing additional Article 4 Directions at its designated main employment areas at Lowfield Heath, Maidenbower Business Park, Tilgate Forest Business Centre and the majority of the Three Bridges Corridor.

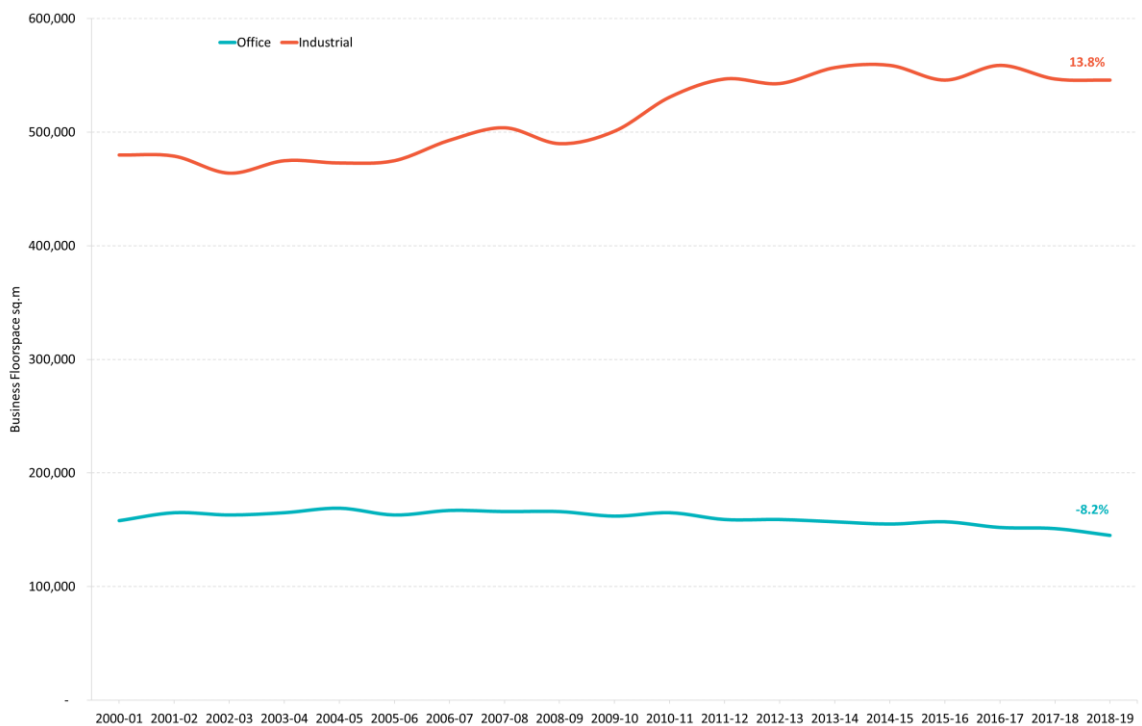
¹⁵ VOA, Business Floorspace (2019)

Horsham

Stock of Employment Space

- 6.19 In 2019 Horsham District contained 145,000 sqm of office floorspace and 546,000 sqm of industrial floorspace. This therefore equates to a total stock of 691,000 sqm of B class floorspace (i.e. industrial and office).
- 6.20 Industrial stock in Horsham increased by 13.8% over the period 2001-2019, with office floorspace seeing a decrease of 8.2% to 145,000 sqm (see Figure 6.8). At the county level the West Sussex industrial stock increased at a slower rate of 8.4% and the office stock decreased at a rate of 10.1%.

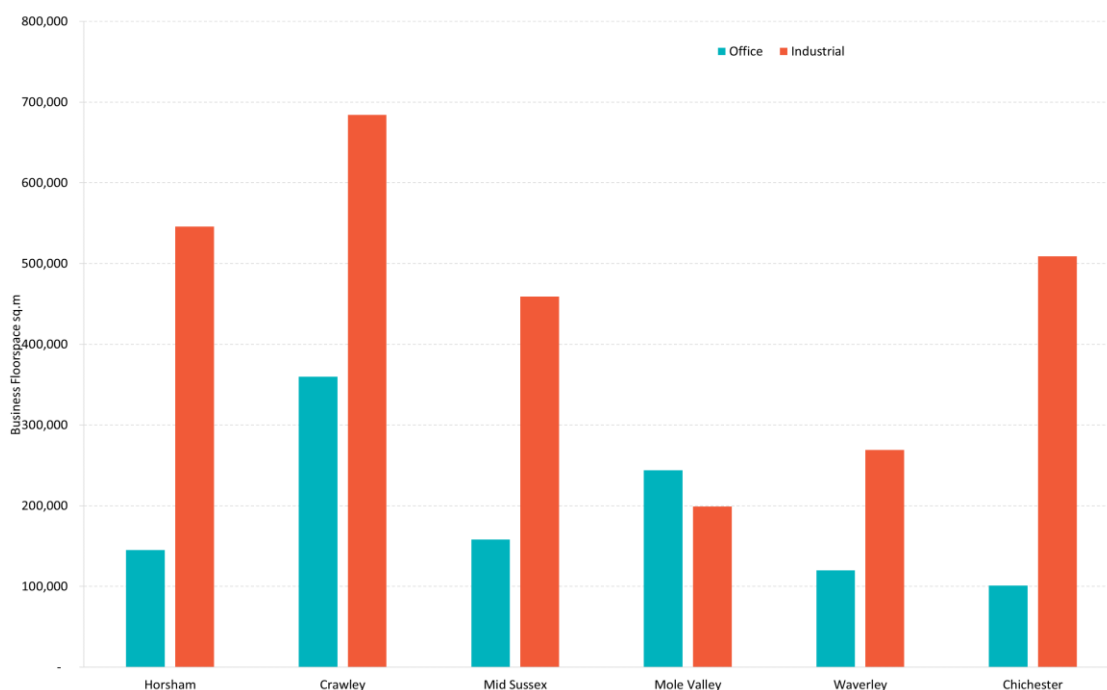
Figure 6.8 Change in Employment Floorspace in Horsham (2001-2019)



Source: VOA 2019 / Lichfields analysis

- 6.21 Figure 6.9 below provides an overview of total office and industrial floorspace in Horsham District compared with the stock of floorspace in local authorities adjoining the District. The chart shows that Horsham District is the third smallest office centre among the six authorities, behind Crawley, Mole Valley and Mid Sussex (at 360,000 sqm, 244,000 sqm and 158,000 sqm respectively). Among the six authorities, Crawley, Horsham and Chichester are the three authorities with the largest stocks of industrial floorspace, closely followed by Mid Sussex.

Figure 6.9 Overview of Employment Floorspace by Local Authority (2019)



Source: VOA (2019) / Lichfields analysis

Spatial Distribution

6.22

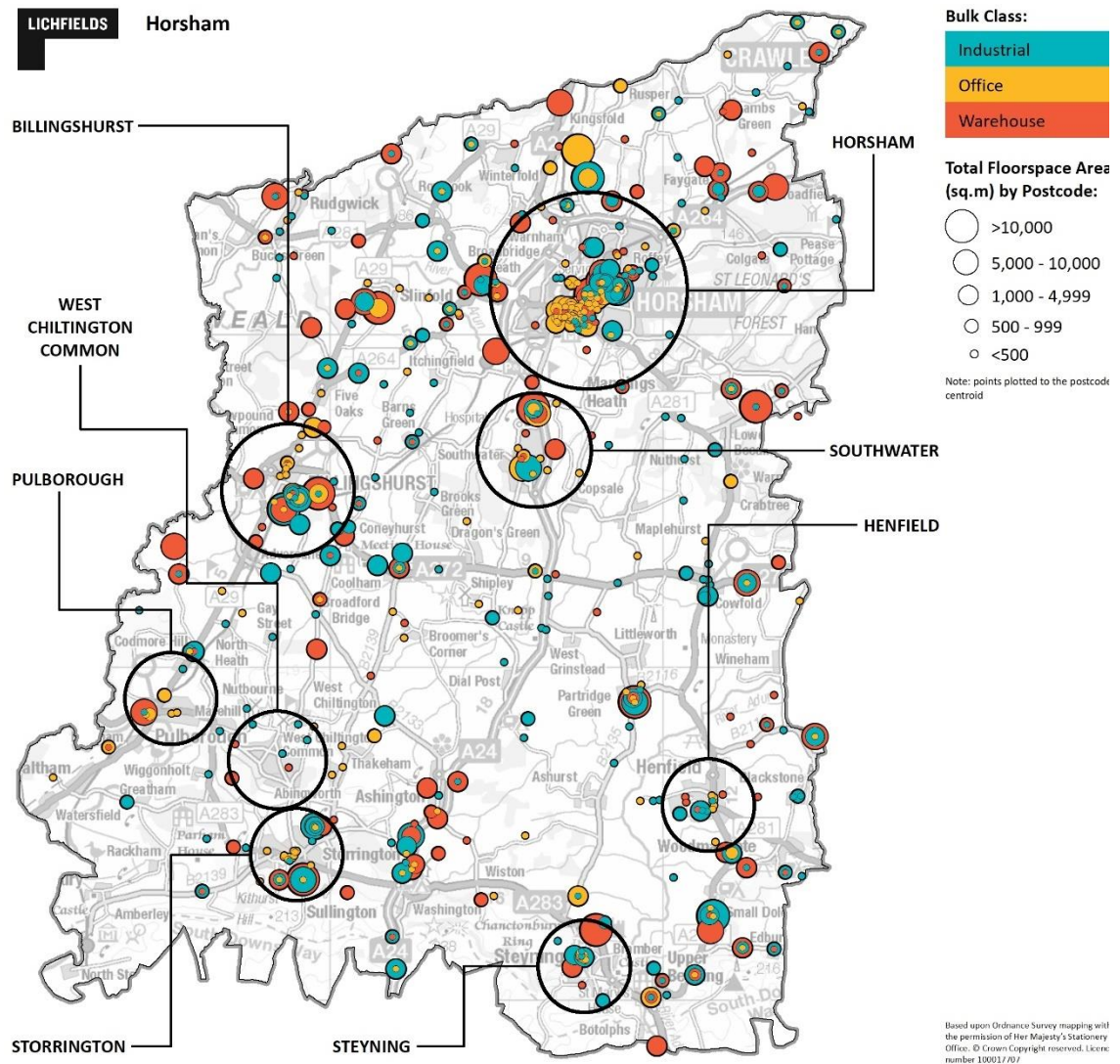
The spatial distribution of office and industrial floorspace in Horsham District is shown in Figure 6.10 based on the latest available data from the VOA. The map indicates that the majority of larger warehousing space is located outside of the main employment centres located within easy access to main roads. In terms of office floorspace, the majority is located within Horsham town, followed by Southwater and Billingshurst (also see Table 6.1).

Table 6.1 Spatial distribution of employment space in Horsham District

Location	Share of Office Space	Share of Industrial Space	Share of Warehouse Space	Share of Total Employment Space
Horsham town	52.9%	17.3%	15.2%	22.5%
Southwater	10.8%	4.9%	3.6%	5.3%
Billingshurst	2.5%	9.7%	4.1%	5.5%
Storrington	1.7%	4.8%	2.3%	2.9%
Steyning	1.0%	1.2%	0.7%	0.9%
Henfield	0.6%	0.6%	0.2%	0.4%
Pulborough	1.2%	0.1%	1.3%	0.9%
West Chiltington Common	0.0%	0.2%	0.0%	0.1%
Elsewhere in District	29.4%	61.3%	72.7%	61.6%
Urban Total	72.4%	51.9%	41.4%	50.0%
Rural Total	27.6%	48.1%	58.6%	50.0%

Source: VOA (2019) / Lichfields analysis

Figure 6.10 Industrial, Office and Warehouse Space in Horsham District



Source: VOA (2019) / Lichfields analysis

Development Trends

6.23 Monitoring Data provided by Horsham District Council (via West Sussex County Council) can be used to analyse the change in the stock of B-use floorspace in the District between 2011 and 2018. Gains and losses refer to actual completions rather than planning permissions (which may or may not be implemented).

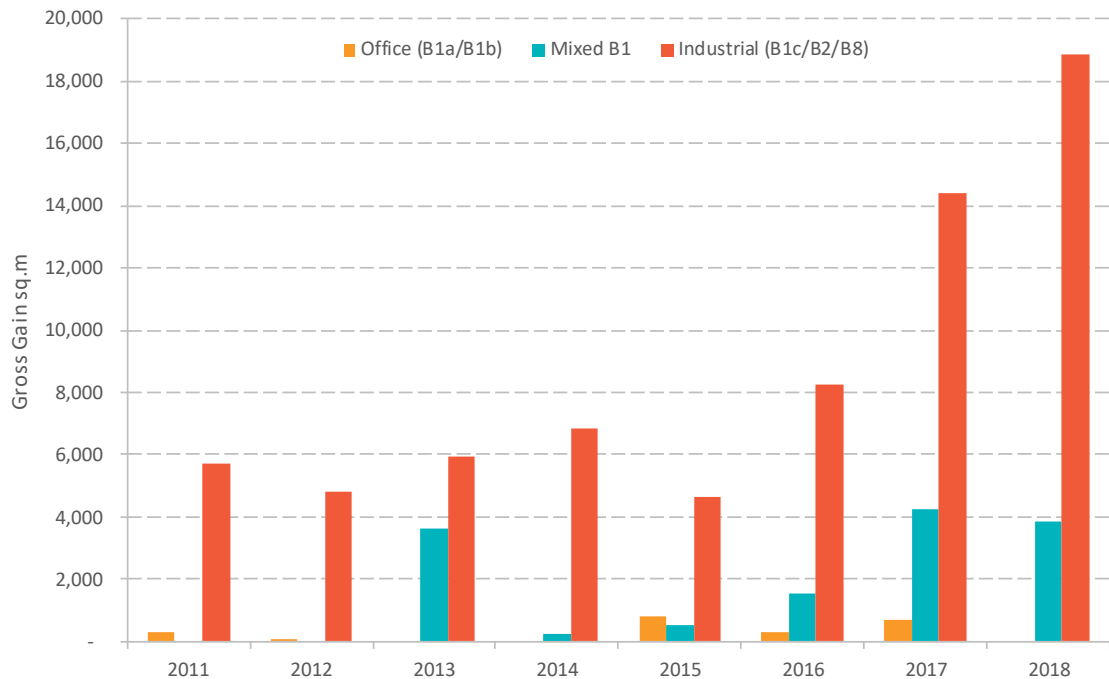
Gross Gains

6.24 Over the period from 2011 to 2018, 85,680 sqm of new B-use floorspace was completed (gross) in the District. The largest gross gains related to floorspace categorised as either B1c/B2/B8 or mixed B1 use (69,430 sqm and 14,110 sqm respectively). There was only a small gross gain in B1a/b floorspace (2,140 sqm).

6.25 Gross gains in B1c/B2/B8 have continued to grow significantly over the eight years, peaking in 2018 when gross completions reached 18,830 sqm. In comparison, gains in mixed B1 use space have occurred more sporadically, while annual gains in B1a/b floorspace have remained below

1,000 sqm, peaking in 2015 with a gain of just under 800 sqm. Figure 6.11 below provides further information on how much floorspace was gained annually over this time period.

Figure 6.11 Gross B Class Employment Space Completions in Horsham District, 2011 - 2018

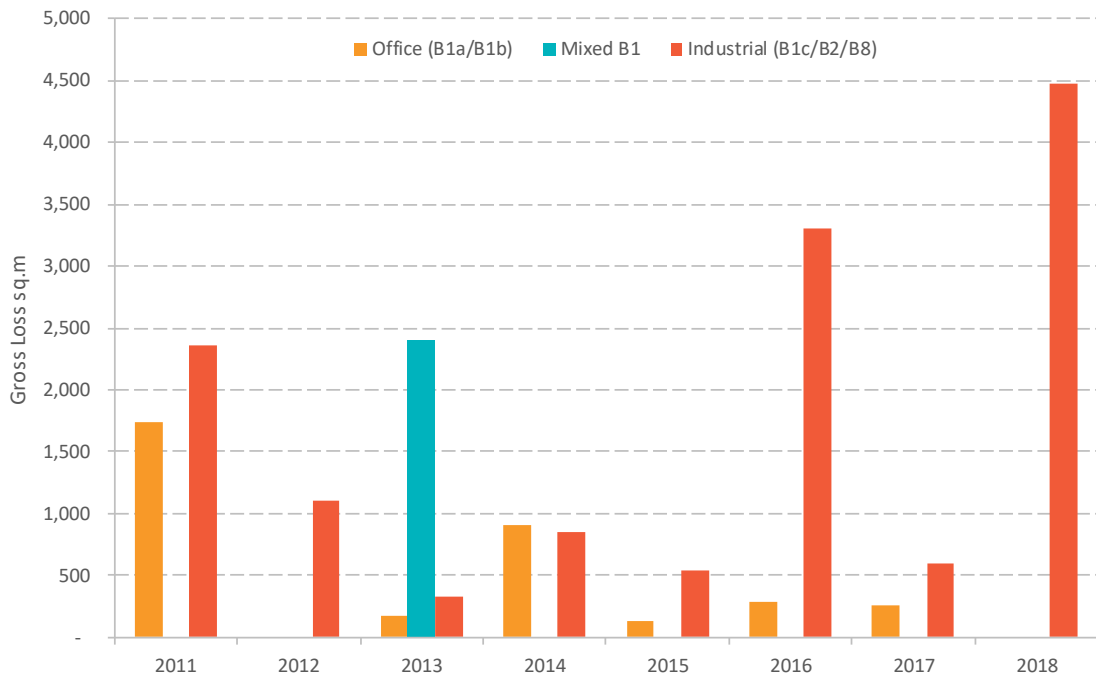


Source: West Sussex County Council / Lichfields analysis

Gross Losses

- 6.26 Over the monitoring period, gross losses of B-use floorspace in Horsham amounted to 19,440 sqm. The largest amount of floorspace lost was in B1c/B2/B8 use buildings (13,560 sqm), with significantly smaller areas of B1a/b and mixed B1 floorspace lost over the same period (3,480 sqm and 2,400 sqm respectively).
- 6.27 As highlighted in Figure 6.12, the largest losses of B1c/B2/B8 floorspace occurred in 2011, 2016 and 2018. These losses were primarily driven by a mix of smaller-scale applications in 2011 (e.g. the transfer of 1,100 sqm of B1c floorspace to D2 uses at the Barn, Newmans Gardens; the transfer of Unit B2, Foundry from one B-use to another in 2016; and the transfer of AD Williams Accident and Repair from one B-use to another in 2018).

Figure 6.12 B Class Employment Space Losses in Horsham District, 2011 - 2018



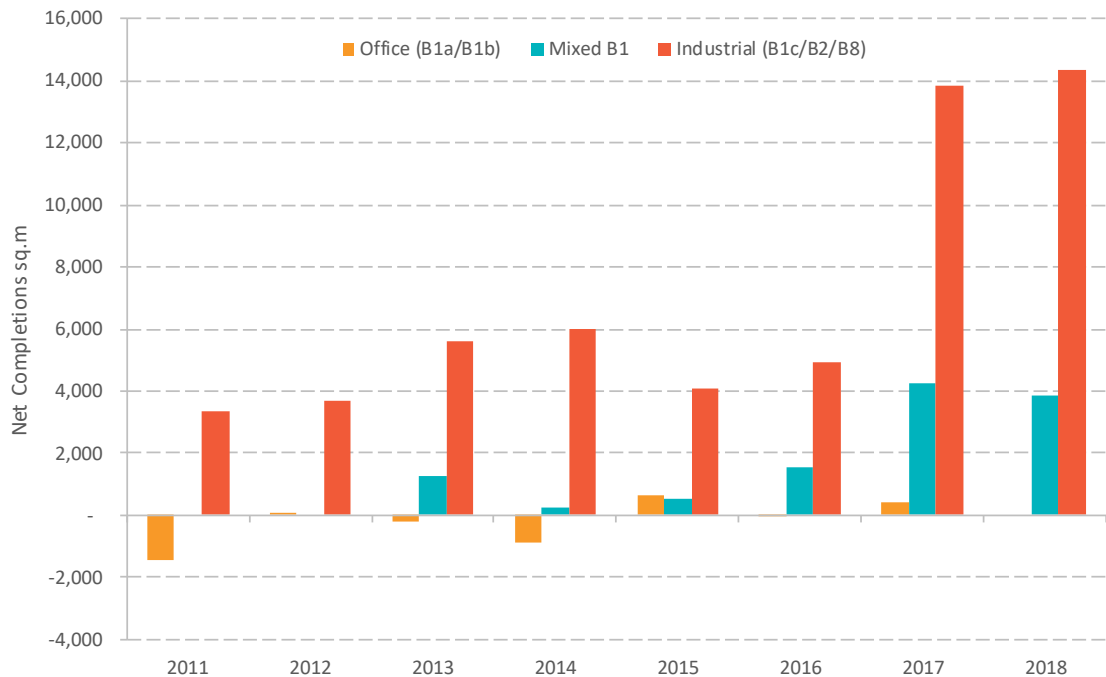
Source: West Sussex County Council / Lichfields analysis

6.28 The largest losses of B1a/b floorspace occurred in 2011 and 2014, while mixed B1 floorspace was only lost in 2014. The losses of B1a/b floorspace in 2011 and 2014 were driven by the redevelopment of Exchange House, Worthing Road from an office block into a Travelodge hotel and transfer of a property at the Maydwell Avenue Business Park from B1a to B2 use. The loss of mixed-B1 space in 2013 was primarily caused by the re-development of the RJ Case and CO Ltd premises on Bognor Road.

Net Floorspace Change

6.29 Overall, the monitoring data suggests that more B-use floorspace has been gained than lost in Horsham District between 2011 and 2018, resulting in a net gain of 66,240 sqm of B-use floorspace. The net increase was driven by growth in the District’s stock of B1c/B2/B8 and mixed B1 use properties (55,870 sqm and 11,710 sqm respectively), which easily mitigated the slight decrease in B1a/b floorspace (-1,340 sqm) that occurred over the eight-year period. Figure 6.13 below presents the net change in floorspace by use class over the eight-year monitoring period.

Figure 6.13 Net B Class Floorspace Completions in Horsham, 2011 - 2018



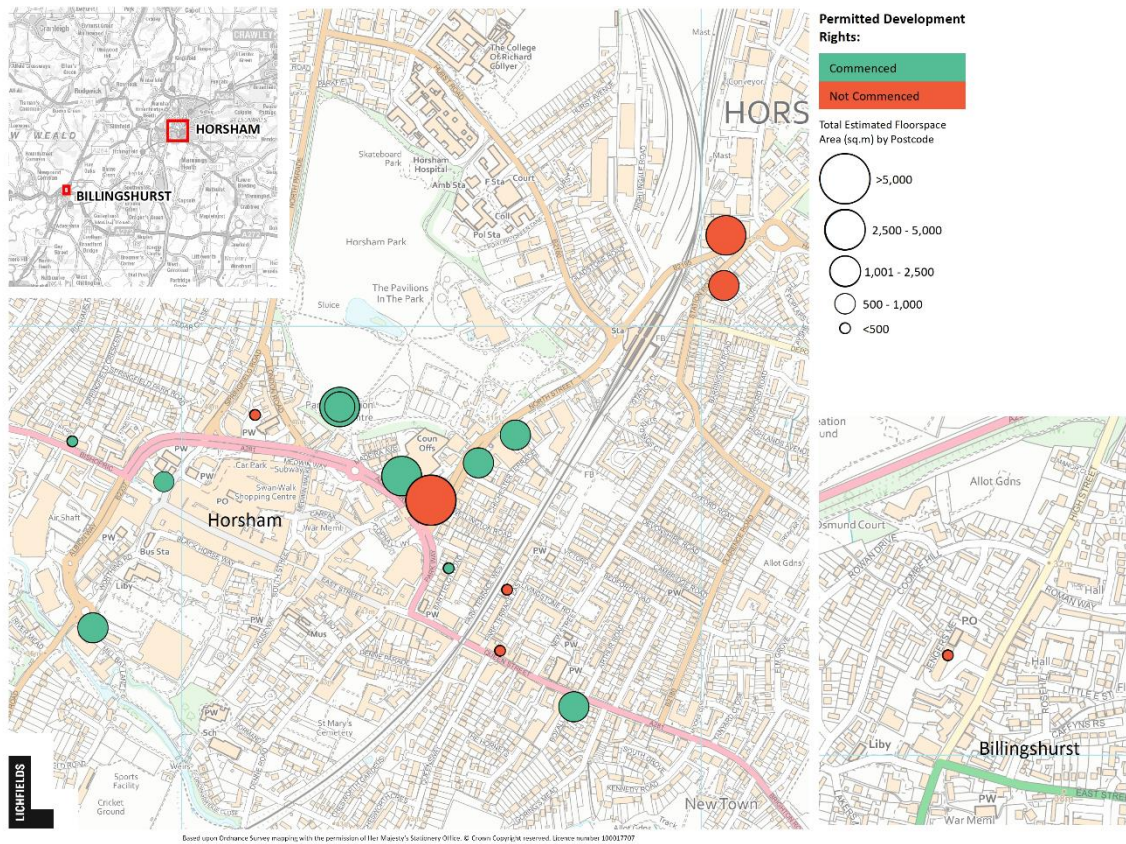
Source: West Sussex County Council / Lichfields analysis

- 6.30 The monitoring data shows that the District has recorded a net gain in B use class floorspace since adoption of the Local Plan in 2015. Just over 43,200 sqm of employment floorspace has been added to the District's portfolio since 2015. Over three quarters (77%) of this related to industrial (B1c/B2/B8) space, 22% for mixed B1 class space, and the remaining 1% for office (B1a/b) space.

Permitted Development Rights

- 6.31 Analysis of monitoring data provided by Horsham District Council indicates that 17 prior approval applications have been submitted since May 2013 for office to residential PDR, with the majority (10) having commenced. A further 7 have yet to commence.
- 6.32 The location of these prior approvals is shown below in Figure 6.14. This shows that all but one prior approval are located in and around Horsham town centre, supplemented with one small prior approval in the town of Billingshurst.

Figure 6.14 Office to Residential Prior Approvals in Horsham District (2013-2019)



Source: Horsham District Council / Lichfields analysis

- 6.33 The total quantum of office floorspace associated with those sites with prior approvals that have commenced is 16,700 sqm, equivalent to 11% of the total 157,000 sqm stock of office floorspace recorded in the District in 2013/14.
- 6.34 A further 19,220 sqm of office floorspace with prior approval under PDR has not yet commenced/been implemented, equivalent to a further 12% of stock.
- 6.35 This suggests that a total of 35,920 sqm of office floorspace could be lost due to PDR in Horsham District, equivalent to 23% of the total 157,000 sqm stock of office floorspace recorded in the District in 2013/14¹⁶.

Mid Sussex

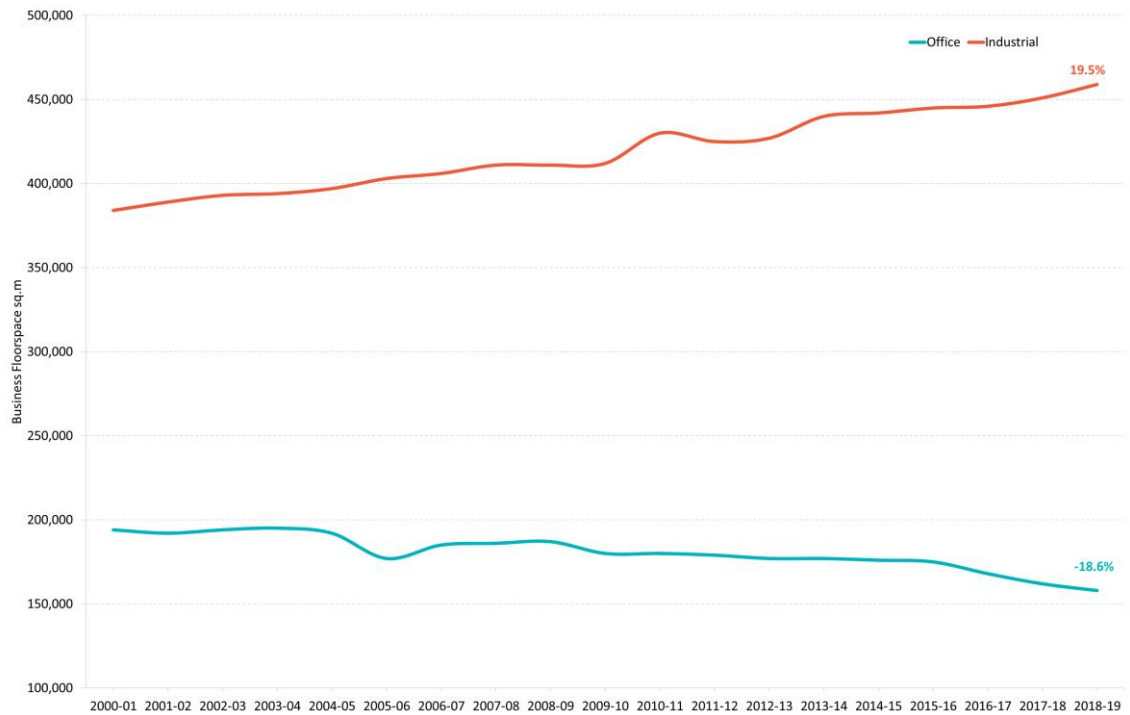
Stock of Employment Space

- 6.36 In 2019, Mid Sussex contained 617,000 sqm of B class floorspace. The majority of this floorspace was industrial in nature (459,000 sqm), with offices making up 158,000 sqm, or 25.6%, of the total¹⁷.
- 6.37 From 2001 to 2019, the stock of industrial floorspace in Mid Sussex increased by 75,000 sqm (15.6%), exceeding the West Sussex county average growth over this time. Meanwhile, office floorspace decreased by 36,000 sqm over the same period (equivalent to a decrease of 18.6%), out pacing office space decline recorded across West Sussex as a whole.

¹⁶ VOA, Business Floorspace (2019)

¹⁷ Valuation Office Agency (VOA), Business Floorspace (2019)

Figure 6.15 Change in Employment Floorspace in Mid Sussex (2001-2019)

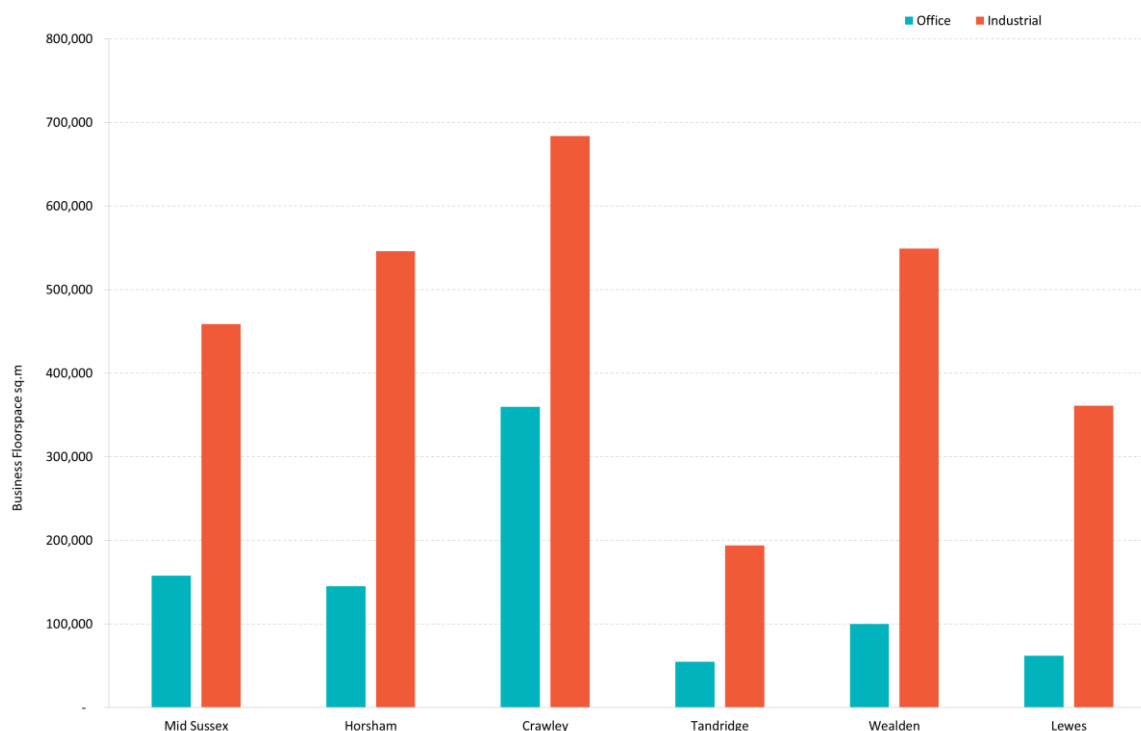


Source: VOA (2019) / Lichfields analysis

6.38

Figure 6.16 below provides an overview of total office and industrial floorspace in Mid Sussex compared with the stock of floorspace in the local authorities adjacent to the District. The chart shows that Mid Sussex has the 4th highest quantity of industrial floorspace with 444,000 sqm, exceeding only Lewes and Tandridge. In contrast, Mid Sussex is the second largest office centre of the authorities considered, after Crawley.

Figure 6.16 Overview of Employment Floorspace by Local Authority (2019)



Source: VOA (2019) / Lichfields analysis

Spatial Distribution

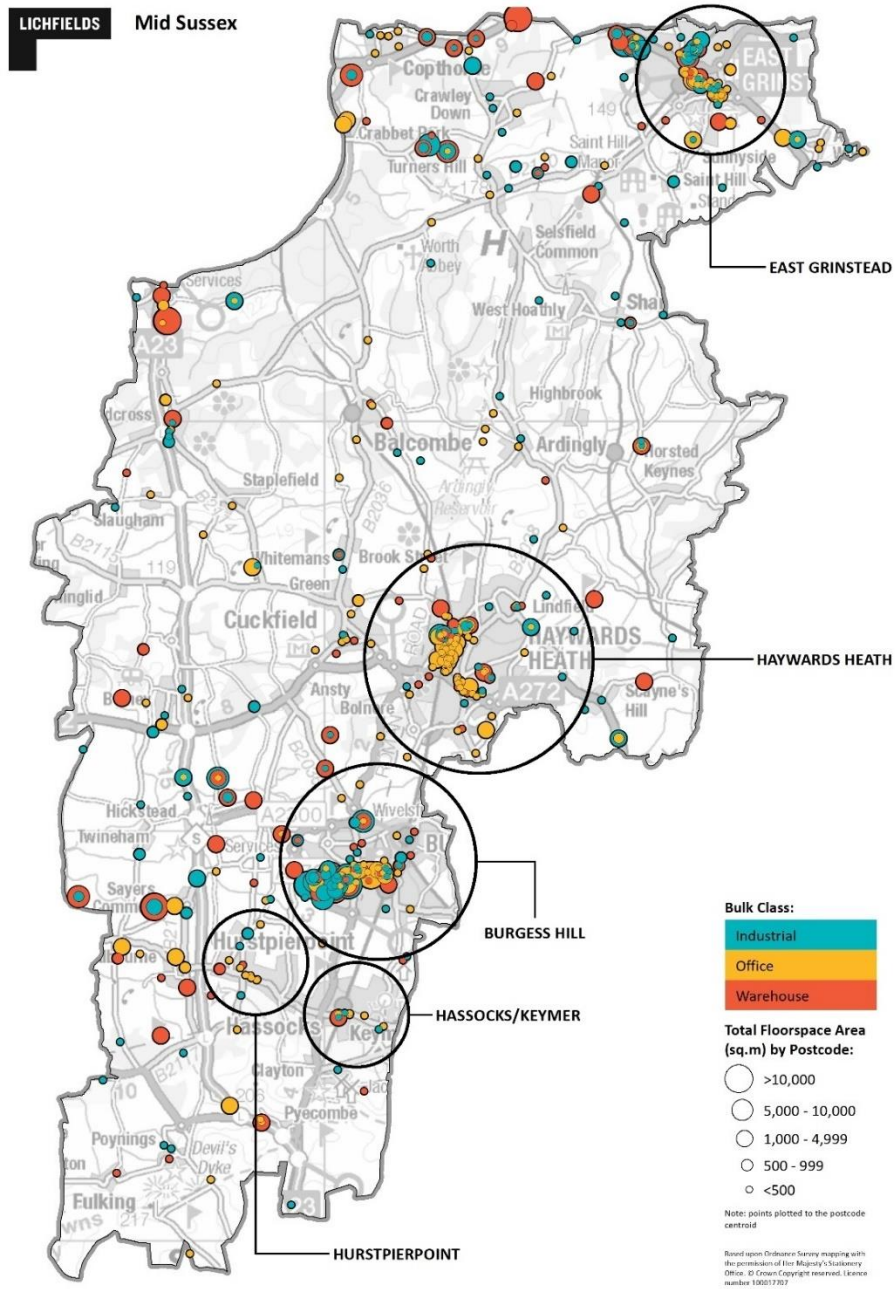
- 6.39 The spatial distribution of office and industrial floorspace in Mid Sussex is shown in Figure 6.17 based on the latest available data from the VOA. This illustrates a broad spatial distribution across the District, with employment space clustered in particular within the District's key settlements and along the A23 corridor.
- 6.40 The majority of office floorspace is located within the District's three largest employment hubs, in particular within the town of Haywards Heath. By comparison, industrial floorspace tends to be clustered in and around Burgess Hill, near to the strategic road network, and East Grinstead. Elsewhere, pockets of employment floorspace tend to be relatively small in scale and dispersed across the more rural areas of Mid Sussex (Table 6.2).

Table 6.2 Spatial distribution of employment space in Mid Sussex District

Location	Share of Office Space	Share of Industrial Space	Share of Warehouse Space	Share of Total Employment Space
Haywards Heath	34.6%	6.0%	5.4%	12.5%
Burgess Hill	24.9%	49.6%	23.7%	31.7%
East Grinstead	22.2%	19.9%	15.5%	18.4%
Hassocks/Keymer	0.3%	0.4%	1.2%	0.8%
Hurstpierpoint	0.6%	0.3%	0.1%	0.3%
Elsewhere in District	17.5%	23.8%	54.1%	36.3%
Urban Total	84.7%	78.3%	48.2%	65.9%
Rural Total	15.3%	21.7%	51.8%	34.1%

Source: VOA (2019) / Lichfields analysis

Figure 6.17 Industrial, Office and Warehouse Space in Mid Sussex



Source: VOA (2019) / Lichfields analysis

Development Trends

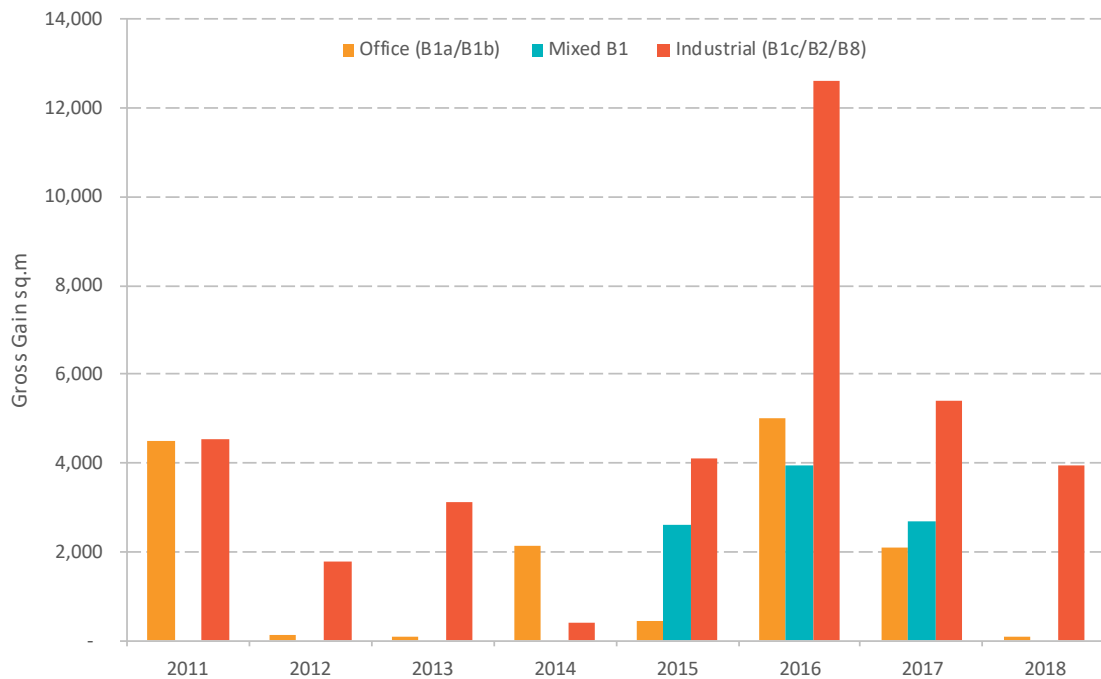
6.41 Monitoring data provided by Mid Sussex District Council (via West Sussex County Council) can be used to analyse the nature of B-use floorspace completions in the District between 2011 and 2018. Gains and losses refer to actual completions rather than planning permissions (which may or may not be implemented).

Gross Gains

6.42 In overall terms, gross gains of B-use floorspace in Mid Sussex totalled 59,500 sqm between 2011 and 2018. The main driver of these completions was new B1c/B2/B8 floorspace, which amounted to 35,900 sqm in total. There were also considerable gains in B1a/b and mixed B1 use floorspace (14,400 sqm and 9,200 sqm respectively), contributing 15.5% and 24.2% of the total gain respectively.

6.43 As shown in Figure 6.18, the greatest gain in floorspace occurred in 2016, when gross B-use gains amounted to 21,500 sqm. The largest driver of growth in this year was new B1c/B2/B8 floorspace (12,600 sqm) followed by B1a/b and mixed B1 uses (5,000 sqm and 4,000 sqm respectively). Outside of 2016, the largest gains of B1a/b, mixed B1 and B1c/B2/B8 occurred in 2011 and 2017.

Figure 6.18 Gross B Class Employment Space Completions in Mid Sussex, 2011 - 2018

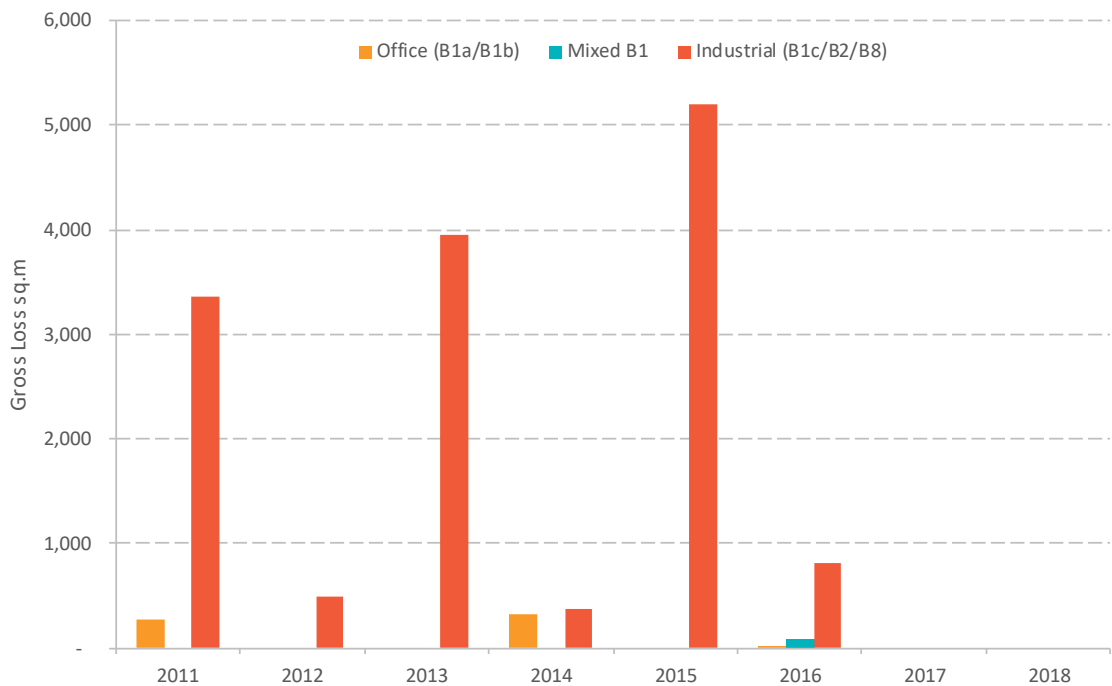


Source: West Sussex County Council / Lichfields analysis

Gross Losses

6.44 Between 2011 and 2018, gross losses of B-use floorspace amounted to 14,900 sqm in total. The majority of this total loss comprised B1c/B2/B8 floorspace (14,200 sqm), with B1a/b and mixed B1 losses representing only 4.1% and 0.6% respectively. The largest losses of B1c/B2/B8 floorspace occurred in 2011, 2013 and 2015 (3,400 sqm, 3,900 sqm and 5,200 sqm respectively). Notably, no losses of B-use floorspace occurred in 2017 and 2018 (see Figure 6.19).

Figure 6.19 Gross B Class Employment Space Losses in Mid Sussex, 2011 - 2018



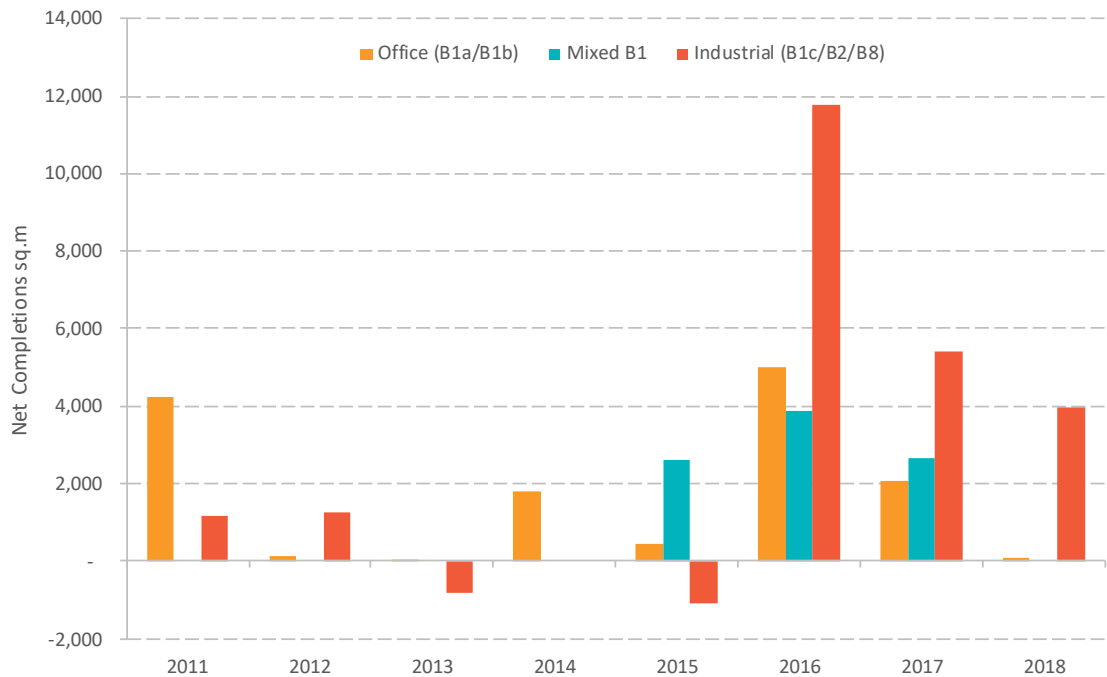
Source: West Sussex County Council / Lichfields analysis

Net Floorspace Change

6.45

Taken together, the monitoring data suggests that gains of new employment space significantly outweighed losses of existing floorspace in Mid Sussex over the last eight years. Figure 6.20 below summarises the net change in B-use floorspace for each year of the monitoring period, which amounted to an overall net gain of 44,700 sqm of B-use floorspace in the District. An overall net gain in floorspace was recorded in the B1a/b, mixed B1 and B1c/B2/B8 monitoring categories (13,800 sqm, 9,100 sqm and 21,700 sqm respectively).

Figure 6.20 Net B Class Floorspace Completions in Mid Sussex, 2011 - 2018

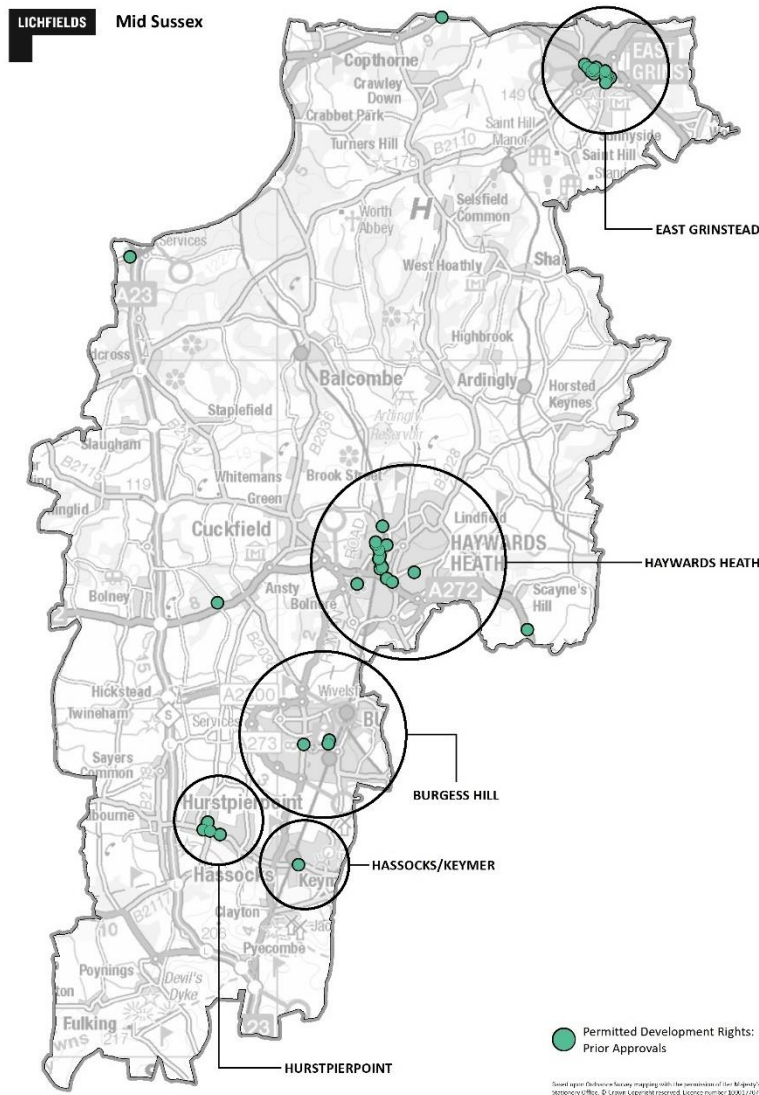


Source: West Sussex County Council / Lichfields analysis

Permitted Development Rights

- 6.46 Analysis of monitoring data provided by Mid Sussex District Council indicates that 71 prior approval applications have been submitted since May 2013 for office to residential PDR.
- 6.47 The location of these prior approvals is shown below in Figure 6.21. This shows that the majority of prior approvals are located in the town of East Grinstead to the north of the District, and the town of Haywards Heath, the latter of which has historically operated as the main office location within the District. By comparison very few prior approvals have come forward in Burgess Hill and the smaller settlements of Hassocks/Hurstpierpoint.
- 6.48 Information about the scale of office floorspace associated with these prior approvals and their current status is unavailable, so it is not possible to quantify the total amount of office floorspace that has been, or could be lost from the District’s office supply portfolio as a result of PDR.

Figure 6.21 Office to Residential Prior Approvals in Mid Sussex District (2013-2019)



Source: Mid Sussex District Council / Lichfields analysis

Summary

6.49

The following key findings and conclusions can be drawn with respect to the stock of employment space within NWS:

- 1 NWS accommodates a significant stock of employment floorspace, totalling 2.4m sqm as at 2019. Nearly half (44%) of the space is located in Crawley Borough, with the remainder split broadly evenly between Horsham District and Mid Sussex. Across NWS, industrial (B1c, B2 and B8) uses dominate current supply.
- 2 The stock of employment floorspace has changed to varying degrees across NWS over the last 20 years or so, with VOA data indicating a universal trend in office floorspace decline across each authority area, and across West Sussex as a whole. By contrast, the stock of industrial floorspace has generally increased over this time, driven by some significant new developments.
- 3 More detailed monitoring data provided by each authority (typically covering the 8 years to 2018) suggests that net change in employment floorspace has been more positive in more

recent years, with Crawley for instance recording more floorspace gains than floorspace losses over the last 8 years. In all cases, industrial development has been the main driver behind the net increase.

- 4 In spatial distribution terms, B class floorspace is dispersed right across NWS, generally clustered in and around the key employment sites and locations. Within Crawley Borough, office floorspace tends to be concentrated within Crawley town centre and Manor Royal, with warehousing and industrial floorspace largely clustered around Manor Royal which represents one of the largest employment areas in the South East.
- 5 Within Horsham District, office floorspace tends to be concentrated within Horsham town centre and within the District's other commercial centres such as Billingshurst, Pulborough and Storrington. Most of the District's larger warehousing space is located outside of the main employment centres within easy access to main roads, with more rural areas accommodating a large number of smaller scale clusters of industrial space.
- 6 Mid Sussex's employment space is largely located within the District's three key employment hubs at Haywards Heath, Burgess Hill and East Grinstead. The largest concentrations of office space can be found within Haywards Heath; by comparison, industrial floorspace tends to be clustered in and around Burgess Hill, near to the strategic road network, and East Grinstead.
- 7 Monitoring data indicates that office to residential PDR have so far had a significant impact upon NWS's stock of office space. In quantitative terms, the amount of office space associated with prior approvals (that either have or have not been implemented yet) is highest in Crawley Borough, representing 15% of the Borough's office supply. Most of these prior approvals are located in and around the town centre. The quantum of floorspace associated with prior approvals is lower for Horsham District, but represents a higher proportion of the District's office stock (equivalent to 23% if all are implemented, and 11% for those implemented to date), with Horsham town centre representing the location for the majority of prior approvals. A further 71 prior approvals have been granted in Mid Sussex, mainly located in the towns of East Grinstead and Haywards Heath, although the quantum of office floorspace that could be or has been lost as a result is unknown. Further analysis regarding the qualitative implications of PDR is provided in the following chapter.

7.0 Commercial Property Market Signals and Intelligence

7.1 This section describes the commercial property market in and around NWS, including recent trends in demand and supply. The findings draw upon discussions with several commercial property agents currently active in the individual local authority areas and wider sub-region (see Appendix 1) and where appropriate this has been supplemented with information derived from other sources including commercial property availability databases and published reports.

National Property Market Overview

7.2 The UK economic recovery, which began in 2013, has slowed during 2019. However, sentiment in commercial property generally appears to be remaining strong. While central London offices are still the outperforming market segment, some investors and developers are also looking further afield to access stock and achieve good returns. Much of this activity is focusing on the best performing locations in the South East or major provincial cities, including within parts of NWS. In more economically marginal locations, and those without a significant existing commercial property market, there is still uncertainty and lenders and developers are likely to remain cautious.

7.3 The UK's forthcoming withdrawal from the European Union and associated economic uncertainty is also anticipated to have an impact upon commercial property markets across the country with investor and developer confidence likely to be hit in the short term at least. Given the focus of the EGA Update upon longer term needs as well as short term needs, it is important that any analysis of commercial property market signals takes a longer-term view.

Market Geography

7.4 The NWS sub-region continues to have a relatively buoyant commercial property market, boosted by its central location within the wider South East and excellent transport links and connectivity, making it an attractive and competitive business location for a wide range of industries and occupiers. Strong quality of life factors and access to a highly skilled workforce combine to both retain indigenous firms within the sub region and attract investment from elsewhere.

7.5 The commercial property market in NWS is relatively self-contained, with local agents reporting that the majority of enquiries for business space tend to originate from within the sub-region itself. These tend to be sourced from within a 15-20 mile radius, with the M25 generally providing the 'cut off' in terms of occupier movement north of the sub-region. Agents report that some recent enquiries have been received from Croydon and Brighton & Hove based firms, but this has yet to translate into actual relocations to NWS. There are some exceptions to this general trend, with occasional activity originating from national occupiers looking for a new presence in Sussex and seeing the Gatwick Diamond area as the top location for this.

7.6 Each of the three local authority areas within NWS has a different role to play in economic and property market terms. As the largest and dominant commercial centre in the sub-region, Crawley continues to attract the strongest levels of demand from business occupiers, across both office and industrial sectors and from major multinational firms as well as local SMEs. The Borough is currently seeing the most commercial development activity within NWS and commands the highest rental values, helping to stimulate speculative commercial development which has been occurring at pace over recent months and years. The Borough's two main commercial centres of Manor Royal and the town centre both remain popular amongst

occupiers; the town centre in particular has been attracting interest as a result of some recent office refurbishment, the ongoing programme of regeneration, and as the issue of parking becomes more acute at Manor Royal.

- 7.7 By comparison, Horsham and Mid Sussex Districts have traditionally operated as more secondary business locations accommodating a smaller overall stock of business accommodation, but also a number of longstanding internationally renowned companies (such as SME in Steyning and Tesla in Storrington). The market towns within these Districts – such as Billingshurst, Storrington and Steyning – generally serve a local business base through a portfolio of dedicated employment areas and industrial sites.
- 7.8 Larger centres such as Horsham Town, Burgess Hill and Haywards Heath are home to some larger employers (including high profile firms such as American Express, Boeing and RSA Group) and interact and compete with Crawley – and each other – to some degree (particularly if and when occupiers cannot find suitable accommodation/sites within Crawley Borough). It is therefore sensible to continue to consider the sub-region as a broad property market area. In future, key developments such as The Hub at Burgess Hill (from an industrial perspective), Gatwick park at Crawley and North Horsham (from an office perspective) have the potential to start to change this traditional dynamic, by offering the scale of business space and critical mass to attract larger occupiers from further afield into NWS.
- 7.9 Proximity to Gatwick Airport represents an important locational factor for some business occupiers based in Crawley and the surrounding sub-region, although the Airport does not exert as much of an influence over the local commercial property market as it once did (for instance agents note that around 20 years ago airport proximity accounted for around 30% of market activity, with this share now more like 5-10%). This shift reflects a range of factors including ongoing consolidation/rationalisation of business space and the expansion and diversification of Crawley’s commercial base over this time. 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.
- 7.10 Nevertheless, current proposals by the Airport to expand its operations including through bringing the existing standby runway into routine use through a Development Consent Order (DCO) provides an important backdrop to the EGA Update, and these growth plans are likely to influence the wider Gatwick Diamond commercial property market from both a demand and supply perspective. Technical work is currently being prepared by Gatwick Airport on the potential employment land implications of Gatwick’s growth based on forecast increases in passenger numbers, aircraft traffic movements and freight tonnage, and this may have some implications for the overall type and scale of employment land provision to be planned for within NWS.

Market Segments

Industrial

- 7.11 Nationally, the industrial market has been the strongest performing commercial sector over the last few years and a shortage of stock combined with rental growth in many areas has combined to deliver both capital and income returns. The position in NWS reflects this trend. The weakening of sterling since the EU Referendum has provided a boost to the manufacturing sector, although uncertainty is impacting on investment levels. Meanwhile, online retailing has continued to gather pace, with implications for retailer distribution strategy.

- 7.12 NWS is generally perceived as a strong industrial location, benefiting from excellent transport links (notably the M23 transport corridor), good supply of skilled local labour and historically a reasonable supply of land for new development. Industrial uses (B1c, B2 and B8) account for the majority of demand for business space within NWS. Distribution uses tend to drive demand in and around Crawley in the current market (reported to account for 75-80% of industrial demand), with a broader mix of uses accounting for market demand within the Districts of Horsham and Mid Sussex.
- 7.13 Occupier demand is currently reported to be strong and spans a wide size range of between c.5,000sqft and 20,000sqft (465sqm and 1,850sqm), with smaller units generally sought for B1c/B2 uses and larger units typically accommodating B8 occupiers. Crawley is the main driver for NWS's industrial market, although other more secondary locations within NWS also attract strong demand from industrial occupiers.
- 7.14 The market has benefited from a sizeable quantum of new industrial development that has come forward within NWS in recent months (or is currently under construction), significantly adding to the supply position. This is the first time in a number of years that new industrial development has occurred on this scale, and contrasts with the position back in 2014 (when the original EGA was undertaken) when industrial space was in very tight supply. Some examples of recent industrial development and development schemes currently underway include:
- **Gatwick 55** (Rutherford Way, Manor Royal): a single 55,000 sqft (5,110sqm) warehouse which was pre-let to Barker and Stonehouse and developed by Goya and Barwood Capital.
 - **Centron** (Crompton Way, Manor Royal): a 54,000 sqft (5,020sqm) speculative warehouse development in Manor Royal, one of the units is currently available (33,000 sqft / 3,070sqm).
 - **Space Gatwick** (Faraday Road, Manor Royal): a 117,000 sqft (10,870sqm) warehousing development by London Metric now built with two units currently available (47,000sqft and 37,000sqft / 4,370sqm and 3,440sqm).
 - **St. Modwen Park Gatwick** (Jct 10 of the M23): up to 183,000 sqft (17,000sqm) of warehouse space in two phases, phase 1 pre-let to begin construction in October 2019 to create a bespoke 100,000 sqft (9,290sqm) cross-docked warehouse facility.
 - **North Gatwick Gateway** (Cross Oak Lane in Horley): a development by Goya of 5 new industrial/warehousing units with accommodation ranging in size from 20,000 – 170,000 sqft (1,860sqm – 15,800sqm). This is a speculative development currently under construction which once complete, will offer some of the largest new units in the Gatwick region.
 - **Gatwick 33** (London Road, Manor Royal): another speculative development by Goya and Barwood Capital currently under construction to provide a 33,000 sqft (3,070sqm) warehouse.
 - **Link 23** (Handcross): a terrace of 83,000 sqft (7,710sqm) warehousing units located on the former Wyevale Garden Centre site on London Road, seven miles south of Crawley on the A23. One unit has been pre-sold to Pets Corner for its UK distribution centre, another has been sold to Martin's Properties (currently under construction). Due for completion in August 2019.
- 7.15 Many of these schemes are located in and around Manor Royal/Crawley which represents NWS's prime industrial location, and are overwhelmingly focused on warehousing/distribution (B8 uses). 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). Feedback from the Manor Royal Business Improvement District (BID) indicates that demand for more traditional industrial space (in particular B2) is also high within the Manor Royal employment area, but with very few B2 schemes in the development pipeline many enquiries are unable to be satisfied.

- 7.16 Other parts of NWS have benefited from new industrial development in recent years, including the development of Rock Business Park at Washington in Horsham District. Following the successful letting of phase one of the development (over 27,000 sqft (2,510sqm) of light industrial /warehouse space), phase two has recently been completed and the Business Park is now 100% occupied. Further industrial (B1c/B2/B8) developments are proposed at Billingshurst (e.g. Land North of Hilland Farm, Platts Roundabout) while the Hub development is currently ongoing at Burgess Hill.
- 7.17 These recent and ongoing developments demonstrate a strong level of investor and developer confidence in the NWS market, and together comprise more than 500,000 sqft (46,450sqm) of new industrial space in the development pipeline. As noted above, units are currently available within a number of these recently completed schemes, indicating that these developments have been successful in absorbing some of the pent-up demand that existed across NWS when the EGA was previously undertaken in 2014. Going forward, it is likely that the scale and pace of new industrial development slows down as the supply/availability of sites reduces. Local agents expressed concern about the limited portfolio of sites and supply that currently exists across NWS for the sub-region's next phase of growth and development (i.e. over the next 5 to 10 years), and where the next strategic development opportunity will come from.
- 7.18 The supply of industrial premises within the 75,000 sqft+ (6,970sqm) bracket is reported to be very low in the current market, with the larger end of the market not really being catered for by recent supply and new development. There is also reported to be a very limited supply of smaller scale industrial stock (sub 10,000 sqft / 930sqm), particularly newer stock, and this issue is reported to be particularly acute within Manor Royal. This often results in SMEs occupying less traditional forms of premises such as converted farm buildings outside of NWS' main commercial centres.
- 7.19 Beyond the prime Crawley/M23 corridor market area, other parts of the NWS study area have also accommodated new industrial development recently, in some cases to serve a local market and in other cases, as a result of 'spill over' from Crawley (i.e. where development sites have been unavailable in Crawley). Some examples include the Oakhurst Business Park in Southwater (Horsham District) which has a range of starter units available, and The Hub at Burgess Hill which benefits from an excellent location and has attracted pre-lets some of which are currently being built out (including for occupiers such as DPD and Rosh Diagnostics). The scale and quality of industrial accommodation on offer at The Hub makes the site a key competitor to Crawley and also to locations such as Brighton & Hove, both of which have limited land availability. This is supported by its location near to the A23 within the Northern Arc strategic development area which is likely to appeal to industrial occupiers and will add to the town's existing modern and prominent industrial estate which is already home to some high-profile occupiers such as Boeing.
- 7.20 Elsewhere within Horsham District, outline planning consent has been granted for a 290,000 sqft (26,940sqm) B1c, B2 and B8 industrial/warehouse development on a 27 acre site at Nowhurst Business Park which will be available on a pre-let basis. The scheme has reportedly already attracted interest from occupiers based elsewhere in Horsham and Crawley.
- 7.21 At Billingshurst, construction is shortly due to commence for a 21-acre commercial hub on a greenfield site south of New Road, to provide more than 200,000 sqft (18,580sqm) of industrial units (plus associated facilities). The town currently serves a localised market (mainly

manufacturing based) but this development offers potential to draw in occupiers from further afield, including from other parts of NWS that lack site development opportunities.

7.22 Industrial occupiers are prepared to pay for brand new, state of the art accommodation, and top industrial rents have increased significantly across NWS over the last 18 months to stand at around £14/sqft (£150/sqm) in Crawley (for top quality space). Land values have also increased sharply over last couple of years, off the back of a couple of major transactions.

7.23 Table 7.1 overleaf illustrates typical asking rents for industrial and office space within NWS and nearby locations. This underlines Crawley/Gatwick’s role as the prime industrial location in the sub-region, commanding the highest rents which are second only to Brighton & Hove. Other smaller centres within NWS tend to command similar rents, with £10-12 sqft (£108-£130/sqm) typically being the highest rent achieved. As a result of generally limited supply, even secondary poorer quality industrial stock is able to achieve reasonably strong rents (for example, lower quality space in Crawley (for instance at the Three Bridges corridor) still achieves £10/sqft / £108/sqm).

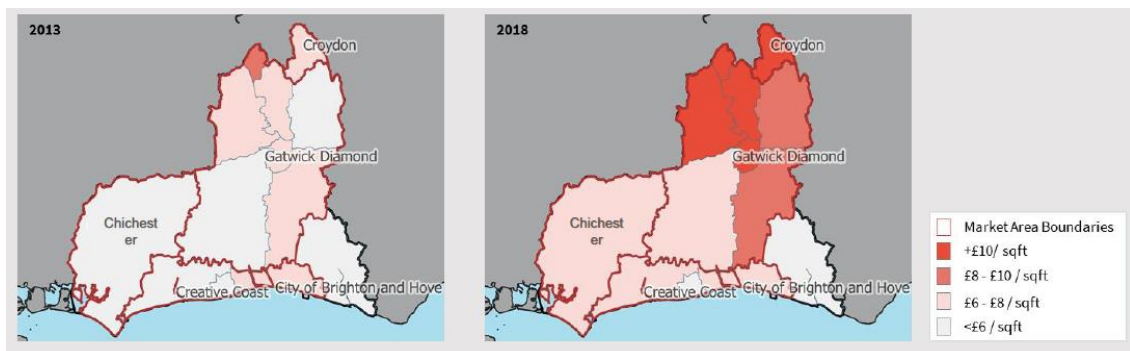
Table 7.1 Industrial & Office Rents

Location	Industrial		Offices	
	(£ / sqft)	(£ / sqm)	(£ / sqft)	(£ / sqm)
Crawley & Gatwick	£14	£150	£27	£290
Horsham	£12	£130	£20	£215
Burgess Hill	£12	£130	£23	£248
Haywards Heath	£10	£108	£23	£248
Billingshurst	£11	£118	n/a*	
East Grinstead	£12	£130	n/a*	
Redhill, Reigate & Salfords	£12	£130	£32	£344
Bognor & Chichester	£10	£108	£17	£183
Brighton & Hove	£16	£170	£35	£377
Lewes & Newhaven	£9	£97	£15	£160

Source: Stiles Harold Williams South East Industrial & Logistics Focus Q1 2019 / Discussions with local agents
 Note: Rents indicate highest achieved * Office rents for Billingshurst and East Grinstead not available

7.24 Recent analysis undertaken as part of the emerging Coast to Capital LIS shows that there has been an increase in average industrial rents between 2013 and 2018 across the LEP area in nearly all local authority areas and including the three NWS authority areas (Figure 7.1).

Figure 7.1 Industrial Rents by Market Area



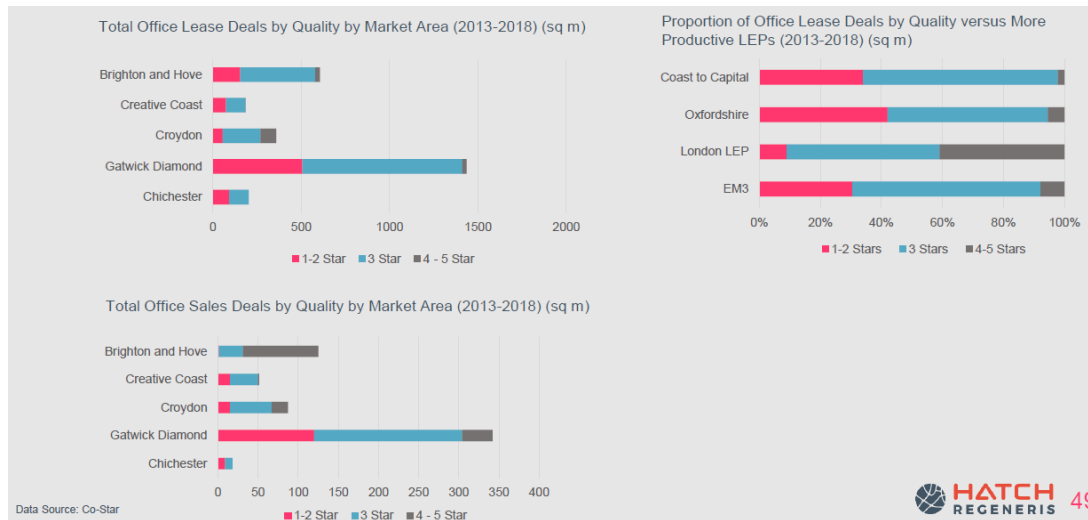
Source: Coast to Capital Local Industrial Strategy, Draft Economic Profile (for consultation September 2019)

- 7.25 The market around Crawley/Gatwick is largely leasehold based, driven by institutional investment across a number of large industrial estates. This provides fewer opportunities for occupier ownership, and contrasts with locations such as Horsham and Burgess Hill where there are generally more freehold opportunities and occupiers tend to own their own buildings.

Offices

- 7.26 The office market across NWS is comparably weaker than the industrial market, and has been characterised by more challenging conditions recently, namely sluggish demand from office occupiers and low levels of take-up. As noted in the previous chapter, NWS has recorded a gradual decline in office floorspace over the last few years.
- 7.27 The sub-region has traditionally been a popular location for office occupiers, with centres such as Crawley, Horsham and Haywards Heath attracting the majority of demand and accommodating the largest clusters of office space. Local property agents report that ‘pent-up’ demand does exist in the current market for new, high quality office stock across the full size spectrum, with no demand at all for lower quality ‘grade B’ space. This reflects the shifting focus amongst office occupiers upon staff well-being with this now representing a key consideration for occupiers, with most office activity/churn involving a move into upgraded accommodation.
- 7.28 However much of this demand cannot be satisfied by the existing stock on offer, with the portfolio of office space across NWS lacking any significant quantum of new, Grade A accommodation sought after by occupiers. Crawley represents the sub-region’s largest and most dominant office centre, but provides little in the way of new high quality office stock, with the town centre in particular lacking new Grade A space. There is some Grade A office space at Manor Royal (with one floor available at the Nexus office development for instance), although parking issues at Manor Royal are reported to be deterring some office occupiers. Outside of Crawley, the quality of office accommodation on offer in locations such as Horsham town, Haywards Heath and Burgess Hill rarely meets the Grade A standard.
- 7.29 Analysis presented within the emerging Coast to Capital LIS evidence base shows that recent office take up across the whole LEP area has been for mid-to-lower quality stock, driven by a lack of higher quality stock across the region (Figure 7.2). There have also been fewer 4-5 star office transactions than in more productive competitor areas. The Gatwick Diamond area (encompassing NWS) has accommodated the highest number of office lease and sales deals between 2013 and 2018, although only a small proportion of this space was higher quality stock (i.e. 4-5 star).

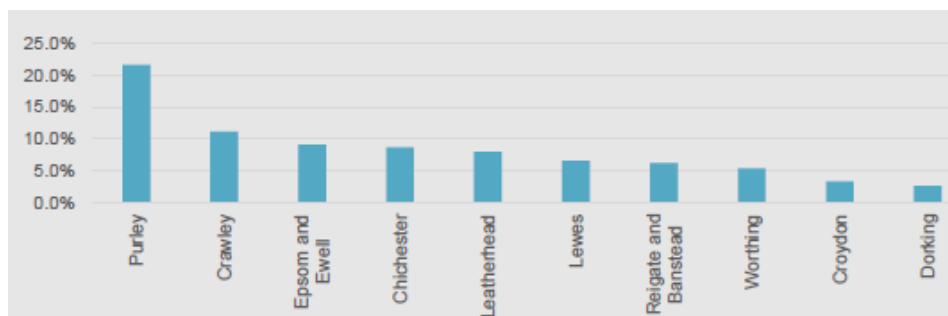
Figure 7.2 Office take-up across Coast to Capital LEP area



Source: Coast to Capital Local Industrial Strategy, Draft Economic Profile (for consultation September 2019)

7.30 From a broader supply perspective, property market agents report that the market in and around Crawley is characterised by an oversupply of office space, and this has been the position for a number of years. Indeed, emerging work on the Coast to Capital LIS shows that Crawley currently has the second highest office vacancy rate of all areas within the LEP (Figure 7.3).

Figure 7.3 Top 10: Highest Office Vacancy Rates, 2018



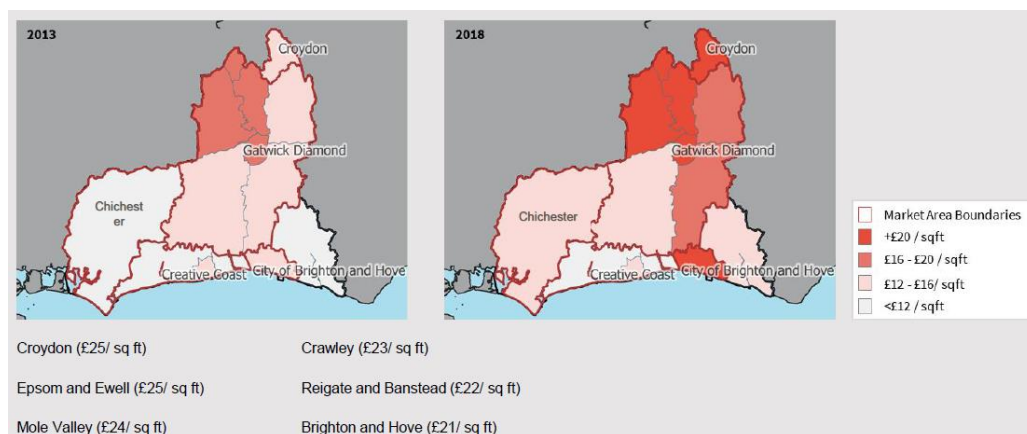
Source: Coast to Capital Local Industrial Strategy, Draft Economic Profile (for consultation September 2019)

7.31 Whilst some office space has been lost through PDR (as described further below), wider consolidation trends have added a sizeable quantum of office floorspace back into the market, resulting in relatively high vacancy rates in parts of NWS (in particular within Manor Royal where two occupiers (Virgin Atlantic and Elekta) recently downsized their office premises to collectively add around 200,000 sqft (18,580sqm) of office space to the market). Meanwhile, there are a number of examples of refurbished office accommodation available to let (for which there is little reported demand) within centres such as Crawley, for example 40,000 sqft (3,715sqm) available at The Galleria building in the town centre. Whilst refurbished office space can provide good quality accommodation, it can also offer limitations or disincentives to occupiers such as out-dated building configurations and large floorplates.

7.32 Coupled with ongoing economic uncertainty associated with Brexit (which is reported to have affected demand amongst larger corporate office occupiers in NWS), this has resulted in a relatively subdued office market across NWS. Relative build costs and rental values also combine to mean there is limited appetite in the current climate for speculative office building.

- 7.33 The position is somewhat different in Horsham District, and in Horsham town in particular as the District’s largest office location, where recent losses of office space under permitted development conversion to residential in the town centre has put a strain on occupiers with requirements wishing to stay in the town but with no options to consider. Recent market intelligence¹⁸ suggests that office supply is low for a town of this size and will continue to frustrate occupiers and result in tenant loss, potentially benefitting nearby Crawley which as noted above, has an oversupply of stock. Going forward, key office development opportunities at North Horsham and the former Novartis site will provide more options for companies to consider, albeit with regard to North Horsham an out of town option may not appeal to all occupiers.
- 7.34 Another recent trend influencing office activity has been a gradual entrenchment of office space and markets across NWS and the wider Gatwick Diamond area, with occupiers increasingly gravitating towards Crawley – as the sub-region’s major commercial centre – in order to benefit from its central/accessible location and also the best quality stock of office space on offer in NWS. Smaller, secondary centres such as Horsham town, Haywards Heath and East Grinstead have seen their office markets consolidate as a result, driven in part by office to residential PDR which has removed a significant quantum of office floorspace from these more localised markets. This provides a growth opportunity for Crawley (if the town can provide the quality and configuration of office space being sought) but also underlines the challenge facing other towns and locations across NWS to revitalise their remaining office markets to ensure they remain attractive to their local business base.
- 7.35 Table 7.1 above illustrates the typical range in highest achieved rents for office space in NWS and comparator locations. This indicates a significant range in highest achieved rents across different centres in the sub-region, with Crawley/Gatwick commanding the highest rents, followed by Haywards Heath and Burgess Hill, and Horsham town. Rents in Crawley/Gatwick still remain competitive compared with locations such as Reigate/Redhill and Brighton & Hove.
- 7.36 Recent analysis undertaken as part of the emerging Coast to Capital LIS shows that average office rents have increased between 2013 and 2018 across the region over the last few years, including within Mid Sussex and Crawley (Figure 7.4).

Figure 7.4 Office Rents by Market Area



Source: Coast to Capital Local Industrial Strategy, Draft Economic Profile (for consultation September 2019)

¹⁸ Stiles Harold Williams, South East Office Focus Q1 2019

Permitted Development Rights

- 7.37 The introduction of Permitted Development Rights (PDR) for change of use from office to residential has had a significant impact upon the office market in NWS since its introduction in 2013. Much of the office space that has been lost has been poorer quality and obsolete stock within the sub-region's town centres, and generally not fit-for-purpose with regards to the type of office space in demand from occupiers.
- 7.38 From a qualitative market perspective, the effect of PDR has been mixed across different parts of NWS. The general perception is that Crawley's office market has benefited from this national policy, by effectively removing a sizeable quantum of older outdated secondary office space from the market, for which there had been an oversupply for a number of years. This has increased the overall quality of residual stock and rationalised it at a time when many office occupiers are seeking to downsize. It has also given developers the confidence to invest in remaining office accommodation to refurbish and bring up to a higher standard. It should be noted that concern has been expressed by CBC regarding the quality of some of the residential accommodation being provided through PDR, as well as the potential for this policy to undermine the longer term role and function of key employment areas across the Borough and wider NWS area.
- 7.39 By comparison, PDR is reported to have had a less positive effect in Horsham town, which has seen a number of its office premises converted to residential use over the last few years. The resulting increase in new residential space has reduced the scale of commercial activity in the town centre and as a result, the role of the town centre as an office location. It is reported to have had a noticeable effect upon the balance of uses in the town centre, and as a result a number of Horsham-based office occupiers have relocated to other locations in the sub-region such as Crawley to find new space of a good quality. The reduced scale of office activity now occurring with Horsham town has sought to reinforce the town's secondary role as an office location (rather than enabling the town to more effectively compete with primary locations such as Crawley for occupiers and investment). It remains popular amongst office occupiers, but tends to be dominated by a small number of occupiers/employers, and has attracted a declining number of enquiries in recent months. Agents believe there is scope to rejuvenate Horsham's office market through some new office development, drawing on the town's strong economic foundations, alongside other settlements in the District.
- 7.40 East Grinstead is another location that has been severely impacted by office to residential PDR, to the extent that the majority of the town's office stock has been removed from the portfolio, resulting in a very limited residual supply. However, the town has never been viewed as a particularly strong office location, so the severity of the impact is much less than has been the case in Horsham town.
- 7.41 Chapter 6.0 provides further quantitative information regarding the impact of PDR upon office markets across NWS, based on Council monitoring data.

Future Office Development

- 7.42 The key challenge facing the office market in NWS going forward is to accommodate changing patterns of demand through provision of high quality, smaller scale, Grade A space in accessible locations. At the same time, ongoing losses of existing poorer quality office space will need to be carefully monitored and managed to ensure this does not undermine the continued economic role played by each centre within NWS, for instance to support business occupiers to secure alternative accommodation locally where possible.
- 7.43 In the short to medium term, property market agents suggest there is a need for a 'step change' intervention or development to kick-start the office market in NWS, and within Crawley in particular as the main driver of the sub-region's market, to deliver some new office

accommodation to satisfy current requirements. There are a number of emerging developments and proposals in the pipeline that could help to achieve this, including the forthcoming redevelopment of the Crawley Town Hall site to incorporate five floors of commercial floorspace (approx. 80,000 sqft / 7,430sqm). This would represent the first new build speculative office development in Crawley for a number of years, supported by wider town centre regeneration including redevelopment of Crawley railway station to provide a new gateway entrance to the town.

7.44 Gatwick Park represents another potential ‘game changer’ scheme for Crawley offering an innovative hub style office concept to develop a new office business district inside Manor Royal. The scheme has planning consent for 110,000 sqft (10,220sqm) of office space and would follow a similar concept to proposed business hubs in Haywards Heath and Bromley. Construction cannot commence for a couple of years (due to lease restrictions) so Gatwick Park does not represent an immediate opportunity, but could offer the scale and quality of office space to not only satisfy local requirements but also potentially draw office occupiers from further afield to help diversify the town’s business base.

7.45 As noted above, proposals are underway for an equivalent office hub/business district at Haywards Heath, which could help to revitalise the town’s office market which has reportedly weakened in recent years. Given the nature of occupiers likely to be targeted for such a scheme, the proposal for Haywards Heath would likely seek to capture unmet office demand from other adjoining market areas such as Brighton & Hove to the south.

7.46 Within Horsham District, the key office development opportunity is the strategic allocation at Land North of Horsham which seeks to provide a new 500,000 sqft (46,450sqm) modern, high quality business park. Whilst this offers a significant opportunity for the District to re-establish and grow its business base and office market, an out-of-town office park is a relatively untested concept in Horsham, and may not appeal to the town’s traditional office occupiers based in the town centre. However, in 2017 Schroders, a global investment management company, acquired the Broadlands Business Campus north of Horsham which indicates that this area is commercially attractive. Establishing a critical mass of businesses and employment space on site is likely to be key to success for an out-of-town business location like North of Horsham, alongside a range of amenities and facilities to accommodate the increasing focus on staff well-being.

7.47 This is complemented by proposals to redevelop the former Novartis site near Horsham town centre to deliver innovative and sustainable employment and business opportunities in a new area called the Horsham Enterprise Park (c.25,000sqm), alongside 300 homes and associated amenities. This represents a significant opportunity to support the revitalisation of Horsham town’s commercial property market and offer, with proximity to the town centre a particular draw for occupiers.

Summary

7.48 The key points in terms of commercial property market trends and dynamics in NWS can be summarised as follows:

- 1 The commercial property market in NWS is relatively self-contained, with the majority of enquiries for business space tending to originate from within the sub-region itself (typically from within a 15-20 mile radius). It continues to be relatively buoyant, boosted by its central location within the wider South East and access to excellent transport links.
- 2 Each of the three local authority areas within NWS has a different role to play in property market terms. Crawley represents the dominant commercial centre in NWS and drives demand for employment space, attracts the most activity and commands the highest rents.

Other locations within Horsham and Mid Sussex districts tend to operate as secondary property markets by comparison but are also accommodating new (predominately industrial) development and continue to attract demand. There is some interaction and competition between different centres in NWS for occupiers and investment and forthcoming developments of a strategic nature (such as The Hub at Burgess Hill and North Horsham) offer potential for more competition in future.

- 3 NWS is generally perceived as a strong industrial location, and industrial uses (B1c, B2 and B8) account for the majority of demand for business space. For the first time in a number of years the market has had a sizeable supply boost through a number of new industrial developments that have either completed in recent months or are due for completion soon. Many of these schemes are located in and around the prime Manor Royal/Crawley area, although such is the scale of demand that other parts of NWS have also attracted new speculative industrial development with schemes currently in the pipeline at Billingshurst and Burgess Hill for example. This emphasises developer confidence in NWS's industrial market, but having largely exhausted current supply, also raises questions regarding where the next strategic development opportunity will come from.
- 4 The office market across NWS is comparably weaker than the industrial market and has been characterised by challenging conditions over recent months and years, namely sluggish demand from office occupiers and low levels of take-up, as well as gradual entrenchment of office space and markets across NWS and the wider Gatwick Diamond area, with occupiers increasingly gravitating towards Crawley as the sub-region's major commercial centre.
- 5 There is reported to be an existing mismatch between demand (albeit of a modest scale) for high quality 'Grade A' new office space and available supply which rarely meets this specification. This situation relates to the whole of NWS but is particularly acute within secondary office locations such as Horsham town and Haywards Heath. Meanwhile, there is reported to be an oversupply of poorer quality office space (including some refurbished space) in and around Crawley in particular, which is having the effect of suppressing rental values to the extent that speculative office building is some way off being financially viable. In the short to medium term, there is scope for a 'step change' intervention or development to kick-start the office market in NWS, and within Crawley in particular as the main driver of the sub-region's market, to deliver some new office accommodation to satisfy current requirements.
- 6 Office to residential PDR has had a mixed impact upon the sub-region's office market from a qualitative market perspective, with agents suggesting that the effect has been broadly positive in Crawley (by removing a sizeable quantum of outdated secondary office space from the market, albeit with some concerns regarding quality of residential accommodation provided and the potential to undermine the economic role and function of key employment areas) but comparatively less positive in Horsham town by reducing the scale of office activity now occurring within the town.
- 7 The key challenge facing the office market in NWS going forward is to accommodate changing patterns of demand through provision of high quality, Grade A space in accessible locations which also offers the flexibility sought by occupiers (in terms of smaller units and associated amenity space). There are also some sizeable new build office schemes in the development pipeline which, if successfully delivered over the short term, could help to 'kick-start' the office market by satisfying currently unmet demand and potentially attracting new office occupiers in from outside of the sub-region. Particular opportunities exist within Horsham District (for instance at the former Novartis site and North Horsham) to transform the District's office market to appeal to a wider range of office occupiers.

8.0 Future Requirements for Employment Space

8.1 This section considers future economic growth needs in Crawley and Horsham by drawing on several methodologies that are guided by the PPG. These scenarios are used to inform an assessment of future employment space needs for office and industrial (i.e. manufacturing and distribution) uses over the study period to 2036.

8.2 Updated estimates of employment land requirements for Mid Sussex have been prepared separately by Mid Sussex District Council in order to feed into a Site Allocations Development Plan Document (DPD) due for adoption at the end of 2020. As such, no specific assessment for Mid Sussex is presented within this EGA Update.

Methodology

8.3 The NPPF requires local authorities to “*set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration*” (para 81.a).

8.4 Within this context, a number of potential future economic scenarios have been developed in this study to provide a framework for considering future economic growth needs and B class employment space requirements in Crawley and Horsham up to 2036. In line with the PPG, these future scenarios draw upon:

- 1 Projections of employment growth in the main B class sectors (**labour demand**) derived from economic forecasts produced by Oxford Economics (dated Q4 2018);
- 2 Consideration of **past trends in completions of employment space** based on monitoring data collected by Crawley Borough Council and Horsham District Council, and how these trends might change in the future.
- 3 Estimates of future growth of local **labour supply** based on demographic assumptions applied as part of the 2019 Northern West Sussex Strategic Housing Market Assessment (SHMA).

8.5 All of these approaches have limitations and consideration needs to be given as to how appropriate each is to the circumstances in Crawley, Horsham and the surrounding sub-region. Further, to be robust, the economic growth potential and likely demand for employment space in Crawley and Horsham needs to be assessed under a variety of future scenarios, to reflect both lower and higher growth conditions that could arise in the future.

8.6 It should also be noted that the ultimate judgement as to the level of need that the two authorities should plan for is not purely quantitative, and that there will be a number of qualitative factors to consider (discussed in other sections of the report). These factors will influence the employment space requirements that will need to be planned for, and should be considered alongside the following modelled scenarios.

A. Forecasts of Job Growth

8.7 Forecasts of employment growth across the NWS authorities to 2036 were commissioned by the client group from Oxford Economics (OE), based upon OE’s Q4 2018 release which take into account recent regional and national macroeconomic assumptions. Further information about

OE's forecasting model and assumptions is provided in Appendix 2, with a short summary also provided below.

OE forecasts are dependent on three factors:

1. National/regional outlooks – fully consistent with the broader global and national forecasts which are updated on a monthly basis;
2. Historical trends in an area (which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development built up over decades of expertise; and
3. Fundamental economic relationships which interlink the various elements of the outlook.

OE produces its own demographic forecasts, derived from an economically driven model, which differ from ONS demographic projections.

A summary of OE's underlying assumptions from the Q4 2018 release is set out below¹⁹.

- Household spending power gradually recovering as the weakness of core price pressures means that inflation will resume its descent in 2019.
- However, the strength of the recovery in household spending power will be constrained by the government's welfare reforms, higher interest rates and softer employment growth. And with the savings ratio already very low, we expect households to become more reticent about borrowing, such that spending growth moves into line with real incomes.
- We expect global growth to cool as the impact of more protectionist trade policy is seen. And though Brexit uncertainty and dollar strength will weigh on sterling in the short term, our modelling suggests that the pound remains heavily undervalued and we expect it to recover through 2019, assuming that Brexit proceeds in an orderly fashion.
- Brexit uncertainty weighs heavy on business investment. We expect this to persist until the UK's future trading relationship with the EU becomes clearer.
- The squeeze on welfare spending noted above, will be accompanied by other cuts to current spending and tax rises. Indeed, forecasts from the Office for Budget Responsibility (OBR) imply that fiscal tightening will drag on GDP growth in each year between 2018/19 and 2022/23.
- Brexit: our forecast assumes the successful completion of the withdrawal agreement, meaning that after the UK formally leaves the EU in March 2019 there will then be a 21-month transition period where trading arrangements remain unchanged. But there is a sizeable risk that the process is derailed, either by the failure of the UK and EU to agree a deal or by the UK parliament voting against it.

8.8

It is important to note that there are inherent limitations to the use of economic forecasts of this type, particularly within the context of recent economic and political changes. National macroeconomic assumptions are taken as the starting point and then modelled down to the

¹⁹ Note: Q4 2018 forecasts are now almost a year old and given the unpredictable and fast changing environment over the past year, some of these assumptions are no longer considered by OE as relevant.

regional and local levels by reference to the existing economic profile and sectoral composition of an area. Local level data is less comprehensive and reliable than at national and regional levels, which can affect how the modelling is calibrated. Similarly, top-down forecasts do not take account of specific local factors that might influence employment growth. However, forecasts are seen as a valuable input to indicate the broad scale and direction of future economic growth within different sectors, which helps assess the future space requirements of a local area.

Scenario 1: Baseline Job Growth

- 8.9 Forecasts of job growth by sector reflect recent trends and are based on projections at the regional level and how sectors within Crawley and Horsham have fared relative to historic growth in the region. OE forecasts are based on observed past trends. For example, where particular sectors have performed well compared with the regional average (i.e. South East England) the forecasts generally assume that these sectors will continue to drive growth within the local authority area in the future. OE's projections reflect the current post-recession economic climate and assume a slowdown in economic activity due to Brexit-related uncertainties and rising inflation impacting on consumer and investment spending.
- 8.10 As part of the work undertaken by MSDC to generate employment land requirements for the District based on OE projections (to feed into a Site Allocations DPD), MSDC have also analysed OE employment projections for Crawley and Horsham to estimate expected B class job change, floorspace and land requirements, using a consistent methodology across all NWS authority areas. The outputs from this analysis are presented in the form of 'Scenario 1' below.

Crawley Outputs

- 8.11 The OE employment projections indicate overall growth of 6,340 workforce jobs for Crawley over the 17-year period from 2019 to 2036, equivalent to around 373 jobs per year on average (Table 8.2). Table 8.1 shows the fastest growing sectors under this scenario, alongside those that are expected to see a decline in employment.

Table 8.1 Fastest Growing and Declining Sectors in Crawley, 2019-2036

Oxford Economics Sector	Use Class	Employment Change (2019-2036)	% Change (2019-2036)
Admin and support services		+3,660	+19.1%
Wholesale and retail trade		+1,240	+9.4%
Professional, scientific and technical activities		+995	+14.7%
Human health and social work activities		+725	+16.3%
Construction		+625	+16.8%
Accommodation and food services		+530	+7.3%
Electricity, gas, steam and air conditioning supply		-150	-11.4%
Public admin and defence		-200	-8.5%
Transport and storage		-565	-2.5%
Manufacturing		-1,530	-23.0%

Source: Oxford Economics 2018 / Lichfields analysis

Key: **GREEN** = B class sector

ORANGE = Part B class sector

RED = Non B class sector

- 8.12 The admin and support, wholesale and retail sectors are expected to be key drivers of employment growth within the Borough over the 17-year plan period, while sectors forecast to incur the largest employment losses include manufacturing, transport and storage (Table 8.1).

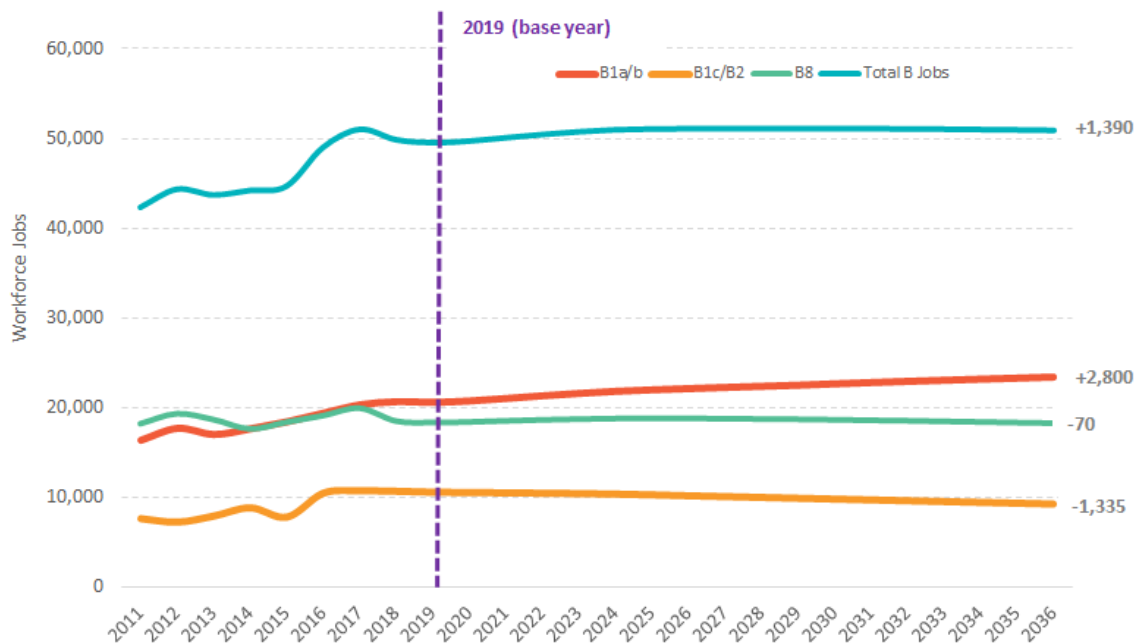
8.13 Table 8.2 and Figure 8.1 show the implied employment change by office and industrial uses as well as total employment change. This includes an allowance for jobs in other non B class sectors that generally use office or industrial space (outlined further in Appendix 3).

Table 8.2 Forecast Employment Change in Crawley, 2019-2036

Use	Number of Workforce Jobs		Change (2019-2036)
	2019	2036	
Office (B1a/B1b) Jobs	20,580	23,380	+2,800
Industrial (B1c/B2) Jobs	10,575	9,240	-1,335
Warehouse (B8) Jobs	18,415	18,345	-70
Total B Class Jobs	49,575	50,965	+1,390
Total Workforce Jobs	101,050	107,390	+6,340

Source: Oxford Economics 2018 / MSDC analysis (totals rounded)

Figure 8.1 Forecast Employment Change in Crawley, 2019-2036



Source: Oxford Economics 2018 / MSDC analysis / Lichfields analysis

8.14 These figures indicate a reasonable level of net job growth in B class sectors of 1,390 to 2036. All of this job growth is expected to be driven by office-based jobs, while industrial (B1c/B2/B8) jobs are expected to decline over this period.

8.15 Within the context of total job growth of 6,340 for the Borough over the plan period, this suggests that 'other' sectors of the economy are expected to contribute most to job growth, with B use class job growth accounting for less than a quarter of all projected growth.

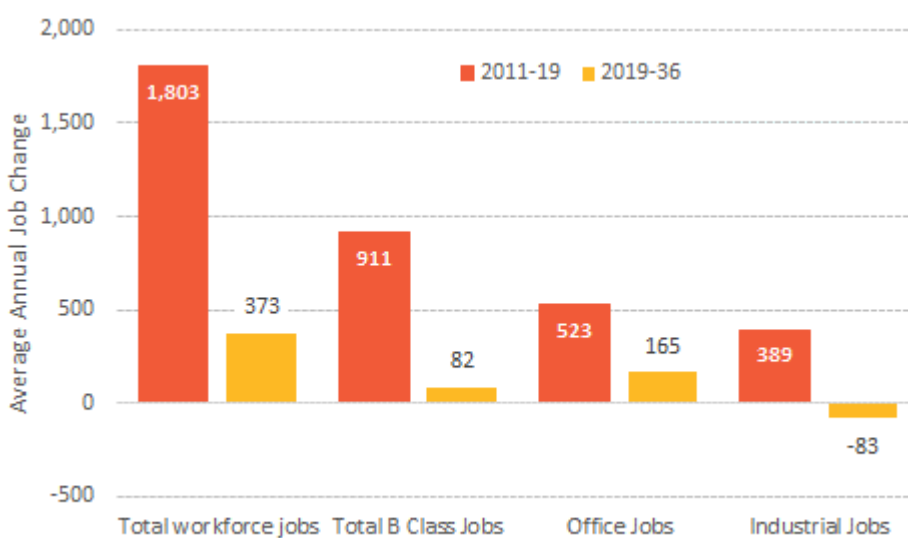
8.16 These other growth sectors (such as healthcare, accommodation and food services) will also require additional floorspace to accommodate an increase in employment over the period to 2036. Whilst some of this activity may require conventional office space, the spatial implications of this growth are considered using different methodologies and other forms of technical evidence which fall outside the scope of this EGA Update.

- 8.17 It should be noted that the process of mapping OE sectors to B use classes (and subsequently into land use requirements) has been undertaken by MSDC (rather than Lichfields), applying a broadly similar methodology to the original EGA study. The outputs from this exercise are summarised in this chapter.

Comparison with past trends

- 8.18 The baseline employment projections for Crawley imply a significant slowdown in job growth over the study period between 2019 and 2036 compared with recent patterns of job change in the Borough going back to 2011. As shown in Figure 8.2 below, future job growth is expected to slow down in overall terms and for B class jobs, with industrial job change being most significant (projected decline going forward compared with past job growth).

Figure 8.2 Annual Job Change Implied by OE Baseline Forecast

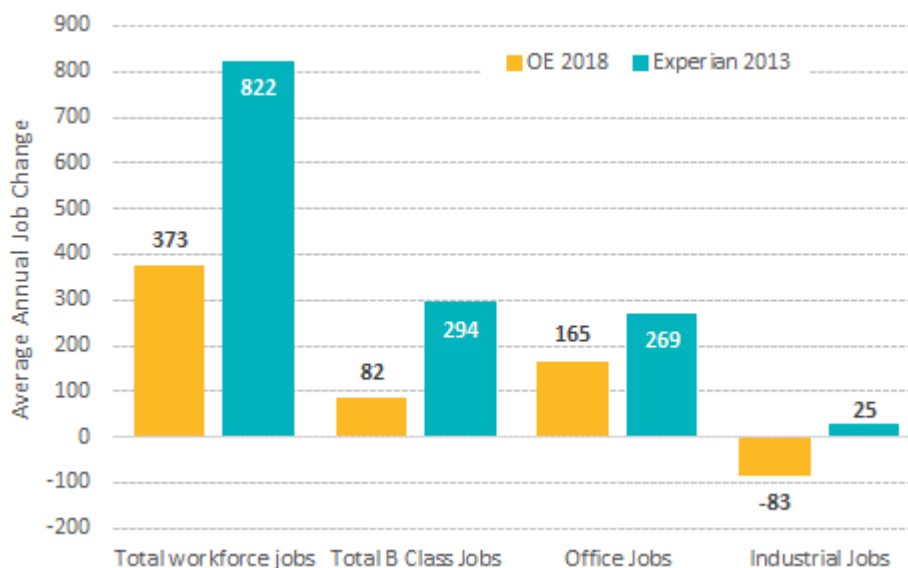


Source: Oxford Economics 2018 / MSDC analysis / Lichfields analysis

Comparison with original EGA

- 8.19 The scale of employment growth implied by the latest projections from OE is also lower than projected growth implied by the baseline labour demand scenario presented in the original EGA (in 2014) which used employment forecasts taken from Experian's 2013 release. As shown in Figure 8.3 below, the greatest differences relate to implied total B class job growth and industrial job growth. This suggests that the latest economic outlook for Crawley as implied by OE 2018 based forecasts is less optimistic than was the case when the original EGA was prepared.
- 8.20 An EGA Update was also prepared for CBC in 2015 which utilised Experian employment forecasts taken from the December 2014 release. These projections implied overall job growth of 1,011 per annum within Crawley to 2030, which was significantly higher than the OE results presented below.

Figure 8.3 Annual Job Change Crawley Implied by OE and Experian Forecasts (Original EGA and EGA Update)



Source: Oxford Economics 2018 / MSDC analysis / Lichfields analysis / 2014 EGA

Horsham Outputs

8.21

The OE employment projections indicate overall growth of 5,835 workforce jobs for Horsham over the 17-year period from 2019 to 2036, equivalent to around 343 jobs per year on average (Table 8.4). Table 8.3 shows the fastest growing sectors under this scenario, alongside those that are expected to see a decline in employment.

Table 8.3 Fastest Growing and Declining Sectors in Horsham, 2019-2036

Oxford Economics Sector	Use Class	Employment Change (2019-2036)	% Change (2019-2036)
Wholesale and retail trade	ORANGE	+1,200	+71.5%
Construction	ORANGE	+1,155	+68.9%
Admin and support services	ORANGE	+1,030	+61.4%
Professional, scientific and technical activities	GREEN	+935	+55.9%
Human health and social work activities	RED	+820	+49.1%
Arts, entertainment and recreation	RED	+615	+36.7%
Water supply; sewerage, waste management and remediation activities	ORANGE	-75	-4.6%
Public admin and defence	ORANGE	-80	-4.9%
Financial and insurance activities	GREEN	-95	-5.8%
Agriculture, forestry and fishing	RED	-275	-16.4%
Manufacturing	GREEN	-960	-57.2%

Source: Oxford Economics 2018 / Lichfields analysis

Key: GREEN = B class sector

ORANGE = Part B class sector

RED = Non B class sector

8.22

The wholesale and retail, construction, admin and support sectors are expected to be key drivers of employment growth within the District over the 17-year plan period, while sectors forecast to incur the largest employment losses include manufacturing, agriculture, finance and insurance and public admin (Table 8.3).

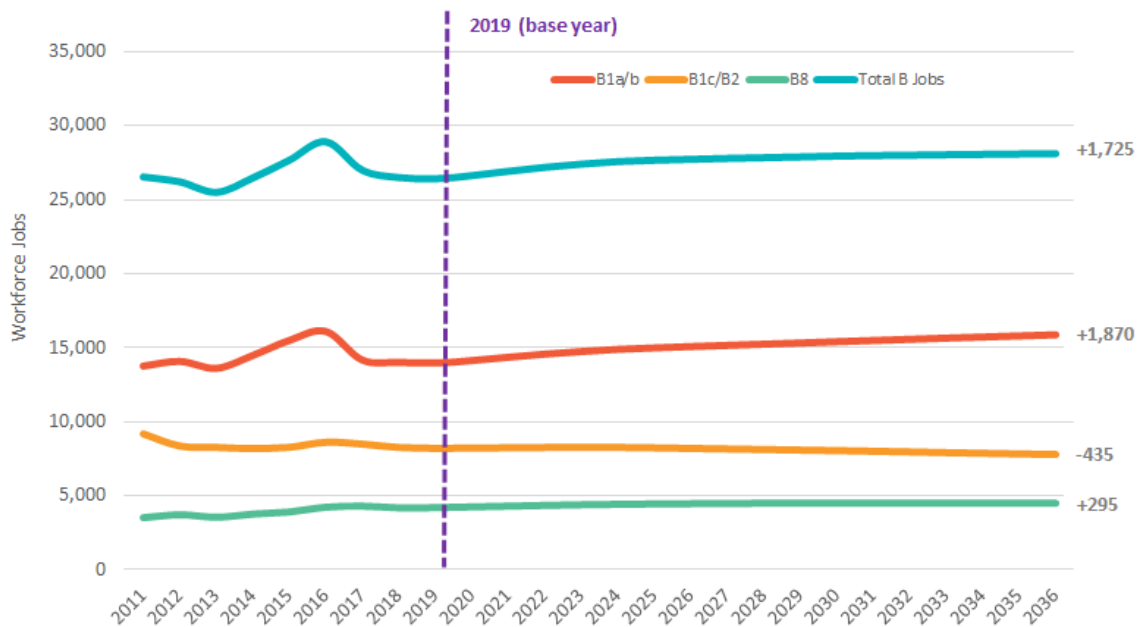
8.23 Table 8.4 and Figure 8.4 show the implied employment change by office and industrial uses as well as total employment change. This includes an allowance for jobs in other non B class sectors that generally use office or industrial space (outlined further in Appendix 3).

Table 8.4 Forecast Employment Change in Horsham, 2019-2036

Use	Number of Workforce Jobs		Change (2019-2036)
	2019	2036	
Office (B1a/B1b) Jobs	14,000	15,870	+1,870
Industrial (B1c/B2) Jobs	8,210	7,775	-435
Warehouse (B8) Jobs	4,210	4,505	+295
Total B Class Jobs	26,420	28,145	+1,725
Total Workforce Jobs	65,665	71,500	+5,835

Source: Oxford Economics 2018 / MSDC analysis (totals rounded)

Figure 8.4 Forecast Employment Change in Horsham, 2019-2036



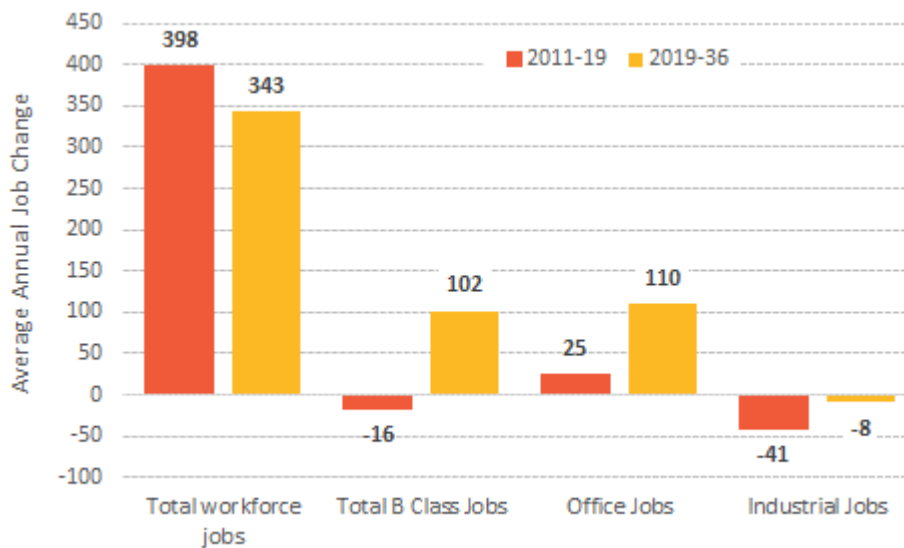
Source: Oxford Economics 2018 / MSDC analysis / Lichfields analysis

- 8.24 These figures indicate a reasonable level of net job growth in B class sectors of 1,725 jobs to 2036. The majority of this job growth is expected to be driven by office-based sectors, with B8 sectors expected to account for a small share of job growth. Meanwhile industrial (B1c/B2) jobs are expected to decline over this period.
- 8.25 Within the context of total job growth of 5,835 for the District over the plan period, this suggests that 'other' sectors of the economy are expected to contribute most to job growth, with B use class job growth accounting for less than a third of all projected growth.
- 8.26 These other growth sectors (such as healthcare and recreation) will also require additional floorspace to accommodate an increase in employment over the period to 2036. The spatial implications of this growth are considered using different methodologies and other forms of technical evidence which fall outside the scope of this EGA Update.

Comparison with past trends

- 8.27 The baseline employment projections for Horsham imply a mixed picture in terms of job growth over the study period between 2019 and 2036 when compared with recent patterns of job change in the District going back to 2011.
- 8.28 As shown in Figure 8.5 below, future job growth is expected to slow down slightly in overall terms over the study period to 2036, but significantly increase in scale for total B class and office-based jobs. Indeed, the recent pattern of B class job decline in Horsham (between 2011 and 2019) is expected to reverse over the coming years, while the pace of industrial job decline is expected to slow down going forward.

Figure 8.5 Annual Job Change Implied by OE Baseline Forecast

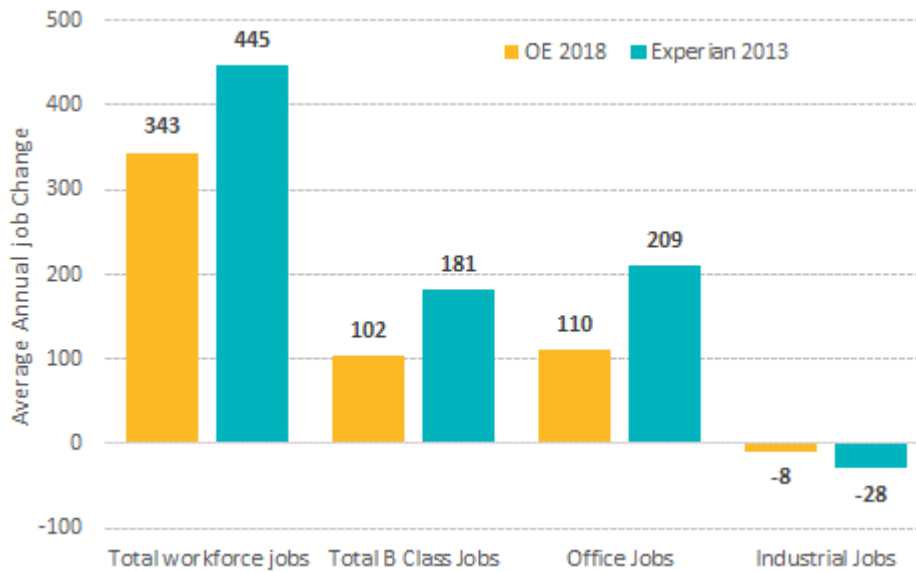


Source: Oxford Economics 2018 / MSDC analysis / Lichfields analysis

Comparison with original EGA

- 8.29 The scale of employment growth implied by the latest projections from OE is lower than projected growth implied by the baseline labour demand scenario presented in the original EGA (in 2014) which used employment forecasts taken from Experian’s 2013 release.
- 8.30 As shown in Figure 8.6 below, this is the case for total workforce, B class and office-based jobs, while the scale of industrial job decline is expected to be lower under the OE baseline scenario when compared with the equivalent projections from Experian in 2013.
- 8.31 This suggests that the latest economic outlook for Horsham as implied by OE 2018 based forecasts is generally less optimistic than was the case when the original EGA was prepared.

Figure 8.6 Annual Job Change Horsham Implied by OE and Experian Forecasts (Original EGA and EGA Update)



Source: Oxford Economics 2018 / MSDC analysis / Lichfields analysis / 2014 EGA

Floorspace Requirements

8.32 The B class part of these employment growth forecasts have been converted to future employment space requirements by MSDC by applying the latest published density figures for employment space, which take account of recent trends in occupancy for the different B class uses. To estimate space requirements, the following average ratios have been applied:

- **Offices:** 1 workforce job per 11 sqm for general office space;
- **Industrial:** 1 workforce job per 36 sqm as an average across B1c and B2 uses; and
- **Warehousing:** 1 workforce job per 80 sqm for warehousing uses.

8.33 These assumptions are based on latest Homes & Communities Agency (HCA) guidance on job density ratios produced in 2015²⁰. The guidance takes account of recent trends in terms of changing utilisation of employment space, with the key change being the more efficient use of office floorspace due to the higher frequency of flexible working and hot-desking. This has resulted in a reduction in the amount of floorspace per office worker assumed compared to earlier guidance.

8.34 An allowance of 10% is added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space. Where a reduction in jobs is forecast (e.g. manufacturing), the associated negative floorspace was halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production approaches), it does not automatically follow that all of the existing employment space will be lost.

²⁰ Homes and Communities Agency, Employment Density Guide 3rd Edition, November 2015

Table 8.5 Net Employment Space Requirements in Crawley and Horsham (Baseline Job Growth)

	Floorspace (GEA sqm) 2019 to 2036	
	Crawley	Horsham
Offices (B1a/B1b)	33,890	22,610
Manufacturing (B1c/B2)	-24,065	-7,850
Distribution (B8)	-2,855	25,970
Total B Class	6,970	40,730

Source: MSDC analysis

Note: Totals rounded

B. Past Development Rates

- 8.35 Past development rates reflect market demand and actual development patterns, so can provide a reasonable basis for informing future space needs. Completions over a period of ten years or more should even out demand fluctuations over a business cycle, and normally provide a reasonable basis for estimating future needs provided land supply has not been unduly constrained. Whereas job forecasts show growth in net terms, past trend-based assessments take into account development that offsets the redevelopment of employment sites, and from the recycling of sites.

Scenario 2: Past Development Rates

- 8.36 Monitoring data on past completions of B class uses between 2011 and 2018 was provided by Crawley Borough Council and Horsham District Council. Table 8.6 summarises average annual net and gross completions for B class uses/space across the two authority areas over this time period, with more detail provided in Chapter 6.0.

Table 8.6 Annual Completion Rates of Employment Space in Crawley and Horsham, 2011 to 2018

Use	Crawley		Horsham	
	Net Annual Completions (sqm)	Gross Annual Completions (sqm)	Net Annual Completions (sqm)	Gross Annual Completions (sqm)
Office (B1a/B1b)	1,600	3,900	-170	270
Industrial (B1c/B2/B8)	6,100	11,200	6,980	8,680
Mixed B1	-	-	1,460	1,760
Total	7,700	15,100	8,280	10,710

Source: CBC / HDC / Lichfields analysis

Note: Totals rounded

- 8.37 One view of future growth in NWS could therefore simply assume that these past development rates carry on in the future at the long term average. If it were assumed that past net completion rates were to continue over the next 17-year period, this would equate to an overall net floorspace requirement of 130,900 sqm for Crawley and 140,590 sqm for Horsham by 2036 (Table 8.7).
- 8.38 These employment requirements, based on recent market/delivery trends, are significantly higher than that estimated using job-based forecasts (Scenario 1).
- 8.39 In both Crawley and Horsham, this requirement is largely driven by industrial uses. In Horsham the requirement also includes a mixed B component, reflecting the market trend for a flexible mix of B class uses associated with a number of recent planning applications and subsequent developments in the District (in an attempt by applicants to split development risk). Reflecting

recent losses of office space in Horsham, this scenario generates a negative requirement for office floorspace over the study period to 2036.

Table 8.7 Net Employment Space Requirements Based on Past Completion Trends, 2019 to 2036

Use	Crawley		Horsham	
	Assumed Net Annual Floorspace Change (sqm)	Net Floorspace Requirements (2019 to 2036) (sqm)	Assumed Net Annual Floorspace Change (sqm)	Net Floorspace Requirements (2019 to 2036) (sqm)
Office (B1a/B1b)	1,600	27,200	-170	-2,890
Industrial (B1c/B2/B8)	6,100	103,700	6,980	118,660
Mixed B1	-	-	1,460	24,820
Total	7,700	130,900	8,280	140,590

Source: CBC / HDC / Lichfields analysis

Note: Totals rounded

C. Future Labour Supply

8.40 It is also important to take into account how many jobs, and hence how much employment space, would be necessary to broadly match forecast growth of the resident workforce in Crawley Borough and Horsham District. In contrast to the labour demand approach, this approach focuses on the future supply of labour rather than the demand for labour. It then estimates the amount of new jobs needed to match the future supply of working-age population, and how much employment space would be needed to accommodate the B class component of these jobs.

Scenario 3: Baseline Labour Supply (Standard Method)

8.41 A labour supply based scenario has been considered based on population projections and other demographic assumptions that have been used to inform the Northern West Sussex Strategic Housing Market Assessment (2019). The SHMA provides an assessment of the growth in resident workforce which might be supported by the local housing need in Crawley and Horsham and what this means for potential total labour supply, after taking account of commuting, unemployment rates and double jobbing.

8.42 On the basis of these assumptions, Table 8.8 below shows how many additional jobs (or workplace labour supply) might be supported by population growth under the Standard Method (of calculating housing need). This population growth is associated with the following local 'uncapped' housing need figures:

- **Crawley: 752 dwellings per annum**
- **Horsham: 965 dwellings per annum**

8.43 This shows that the demographic need would support jobs growth of 20,541 in Crawley and 11,438 in Horsham over the 17 year period to 2036²¹. The proportion of jobs within B class sectors assumes the same shares as the OE baseline forecast/MSDC analysis (as presented in Scenario 1 – see Tables 8.2 and 8.4). The comparatively higher resulting workplace labour supply in Crawley reflects current commuting patterns, and the Borough's existing role as a net importer of labour, and Horsham District's comparative role as a net exporter of labour.

²¹ SHMA outputs on jobs supported by Standard Method cover the 20-year period 2019-39, so have been pro-rated to cover the 17 year study period for the EGA Update (2019-36)

Table 8.8 Baseline Labour Supply and Job Requirements for Crawley and Horsham, 2019 to 2036

Indicator	Total Change (2019 to 2036)	
	Crawley	Horsham
Workplace Labour Supply (Total Jobs)	20,541	11,438
Office Jobs (B1a/B1b)	4,472	2,539
Manufacturing Jobs (B1c/B2)	1,767	1,244
Distribution Jobs (B8)	3,509	721
All B Class Jobs	9,749	4,503

Source: Northern West Sussex SHMA 2019 / Lichfields analysis (based on MSDC analysis) Note: Totals rounded

- 8.44 These job numbers can then be translated into estimated requirements for B class employment space by applying the same standard employment densities used in the job growth based approach, and adding a 10% vacancy allowance (Table 8.9).

Table 8.9 Net Employment Floorspace Required from Labour Supply Growth, 2019 to 2036

Use	Floorspace (sqm)	
	Crawley	Horsham
Offices (B1a/B1b)	54,115	30,715
Manufacturing (B1c/B2)	69,990	49,255
Distribution (B8)	308,805	63,405
Total B Class	432,910	143,375

Source: Lichfields analysis, based on Northern West Sussex SHMA 2019 and MSDC analysis

- 8.45 This baseline labour supply based estimate produces a positive space requirement that exceeds both the labour demand and past take up based approaches.

Scenario 4: Alternative Housing Delivery (Horsham Only)

- 8.46 Two alternative labour supply based scenarios (and subsequent employment space requirements) have been prepared for Horsham District to consider how different levels of housing delivery may affect the amount of land which is required for employment use in the future. This is intended to inform Duty to Cooperate discussions at a NWS housing market area level.
- 8.47 Estimates of the jobs or local labour supply supported by these alternative housing growth scenarios have been provided directly by Icení (the SHMA authors), to ensure consistency with the baseline labour supply based approach outlined in Scenario 3. These estimates take account of the alternative scale of housing delivery implied by each scenario, and associated population growth within each authority, as well as an allowance for commuting, unemployment rates and double jobbing.
- 8.48 The job change and net employment floorspace outputs from these scenarios are summarised in the tables below.

Table 8.10 Alternative Labour Supply and Job Requirements, 2019 to 2036

Indicator	Total Change (2019 to 2036)	
	1,200 dpa (‘medium growth’)	1,400 dpa (‘high growth’)
Workforce Labour Supply (Total Jobs)	16,501	20,810
Office Jobs (B1a/B1b)	3,662	4,619
Manufacturing Jobs (B1c/B2)	1,794	2,263
Distribution Jobs (B8)	1,039	1,311
All B Class Jobs	6,496	8,192

Source: Lichfields analysis, based on Northern West Sussex SHMA 2019 and MSDC analysis Note: Totals rounded

Table 8.11 Net Employment Floorspace Required from Alternative Labour Supply Growth, 2019 to 2036

Use	Floorspace (sqm)	
	1,200 dpa (‘medium growth’)	1,400 dpa (‘high growth’)
Offices (B1a/B1b)	44,315	55,885
Manufacturing (B1c/B2)	71,055	89,610
Distribution (B8)	91,470	115,360
Total B Class	206,840	260,855

Source: Lichfields analysis, based on Northern West Sussex SHMA 2019 and MSDC analysis

Summary of Net Employment Space Requirements

- 8.49 Drawing together the results from each of the future growth scenarios for Crawley and Horsham, the net B class employment floorspace requirements for the two local authority areas over the period 2019 to 2036 reflect a range of potential growth trajectories and assumptions, as summarised below.

Crawley Summary

- 8.50 The net employment floorspace requirements for Crawley cover a significant range, from 6,970 sqm under the baseline labour demand scenario to 432,910 sqm under the baseline labour supply scenario.

Table 8.12 Net Floorspace Requirements by Scenario to 2036 (sqm)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply
Offices (B1a/B1b)	33,890	27,200	54,115
Manufacturing (B1c/B2)	-24,065	103,700	69,990
Distribution (B8)	-2,855		308,805
All B Uses	6,970	130,900	432,910

Source: Lichfields analysis

Horsham Summary

- 8.51 By contrast, the range of potential requirements for Horsham is narrower, starting from 40,730 sqm under the baseline labour demand scenario and extending to 260,855 sqm under the ‘high growth’ alternative labour supply scenario (Table 8.13).

Table 8.13 Net Floorspace Requirements by Scenario to 2036 (sqm)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply	4. Alternative Labour Supply (med)	4. Alternative Labour Supply (high)
Offices (B1a/B1b)	22,610	-2,890	30,715	44,315	55,885
Manufacturing (B1c/B2)	-7,850	118,660	49,255	71,055	89,610
Distribution (B8)	25,970		63,405	91,470	115,360
Mixed B1	n/a	24,820	n/a	n/a	n/a
All B Uses	40,730	140,590	143,375	206,840	260,855

Source: Lichfields analysis

- 8.52 The ‘mixed B1’ category is provided for the Horsham past development rates scenario only, reflecting the market trend for a flexible mix of B class uses associated with a number of recent planning applications and subsequent developments in the District (in an attempt by applicants to split development risk).

Planning Requirement

- 8.53 While the net employment space requirements presented above represent the minimum recommended quantum of employment space to plan for in Crawley and Horsham over the study period, the Councils will need to take a view on the extent to which additional space should be planned for over and above the net requirements, in order to allow for such factors as delays in development sites coming forward, an allowance for replacement of ongoing losses of employment space during the Local Plan period, and other relevant factors in the local market.
- 8.54 Whilst no specific guidance or recommendations are provided by the PPG, the former South East England Partnership Board (SEEPB) guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. This is equivalent to around 10% of the total 17-year study period for the EGA Update.
- 8.55 The tables below provide an illustration of indicative ‘gross’ employment floorspace requirements or ‘planning requirements’ by scenario for Crawley and Horsham to 2036 after applying this 10% buffer or margin.

Crawley

Table 8.14 Indicative Gross Floorspace Requirements by Scenario to 2036 (sqm)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply
Offices (B1a/B1b)	37,280	29,920	59,525
Manufacturing (B1c/B2)	-24,065	114,070	76,990
Distribution (B8)	-2,855		339,685
All B Uses	10,360	143,990	476,200

Source: Lichfields analysis

Note: Totals rounded

Note: Additional allowance has not been applied where the net floorspace requirement is negative.

Horsham

Table 8.15 Indicative Gross Floorspace Requirements by Scenario to 2036 (sqm)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply	4. Alternative Labour Supply (med)	4. Alternative Labour Supply (high)
Offices (B1a/B1b)	24,870	-2,890	33,785	48,745	61,475
Manufacturing (B1c/B2)	-7,850	130,530	54,180	78,160	98,570
Distribution (B8)	28,565		69,745	100,620	126,895
Mixed B1	n/a	27,300	n/a	n/a	n/a
All B Uses	45,585	154,940	157,710	227,525	286,940

Source: Lichfields analysis

Note: Totals rounded

Note: Additional allowance has not been applied where the net floorspace requirement is negative.

Land Requirement

8.56 The final step, for all scenarios, is to translate floorspace into land requirements for both office (B1a/B1b) and industrial (B1c/B2/B8) uses. This translation takes account of the total land/site area typically needed to accommodate industrial and office uses, once both premises and associated car parking, space for lorry turning, landscaping etc have all been factored in.

8.57 This has been calculated by applying appropriate plot ratio assumptions to the floorspace estimates presented above using the following assumptions and local adjustment factors to reflect the pattern of development in NWS:

- **Industrial (B1c/B2/B8):** a plot ratio of 0.4 is applied so that a 1.0 ha site would be needed to accommodate a footprint of 4,000sq.m of employment floorspace; and
- **Offices (B1a/B1b)**
 - **Crawley** – assumed that 50% of new floorspace would be in lower density developments with a plot ratio of 0.4, with 50% in higher density urban/town centre locations at a plot ratio of 2.0.
 - **Horsham** – assumed that 40% of new floorspace would be in lower density developments with a plot ratio of 0.4, with 60% in higher density urban/town centre locations at a plot ratio of 2.0.

8.58 The resulting land requirements for the main scenarios are set out below.

Crawley

Table 8.16 Indicative Gross Land Requirements by Scenario to 2036 (ha)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply
Offices (B1a/B1b)	5.6	4.5	8.9
Manufacturing (B1c/B2)	-6.0	28.5	19.2
Distribution (B8)	-0.7		84.9
All B Uses	-1.1	33.0	113.0

Source: Lichfields analysis

Note: Totals rounded

8.59 Within Crawley, where existing (and proposed) Local Plan policies actively encourage intensification of employment uses within key employment areas such as Manor Royal, and where land supply is particularly constrained, there is an opportunity for new B class development to come forward at higher densities than those assumed by the above plot ratios. For instance, recent analysis undertaken on behalf of the Manor Royal Business Improvement District²² found that some office developments at Manor Royal are achieving a plot ratio of 0.7, with industrial developments typically achieving a plot ratio of 0.5. This could have the effect of slightly reducing the overall quantum of land associated with the scenarios considered.

Horsham

Table 8.17 Indicative Gross Land Requirements by Scenario to 2036 (ha)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply	4. Alternative Housing Delivery (med)	4. Alternative Housing Delivery (high)
Offices (B1a/B1b)	3.2	-0.4	4.4	6.3	8.0
Manufacturing (B1c/B2)	-2.0	32.6	13.5	19.5	24.6
Distribution (B8)	7.1		17.4	25.2	31.7
Mixed B1	n/a	6.8	n/a	n/a	n/a
All B Uses	8.3	39.0	35.3	51.0	64.3

Source: Lichfields analysis

Note: Totals rounded

Synthesis and Conclusions

8.60 In interpreting the outputs of this section, regard should be had to PPG guidance which states that local authorities should develop an idea of future economic needs based on a range of data and forecasts of quantitative and qualitative need. It is also important to recognise that there are inevitable uncertainties and limitations associated with modelling assumptions under the future growth scenarios considered. For example, there are some inherent limitations to the use of local level economic forecasts, particularly in the context of significant recent changes and

²² Manor Royal Economic Impact Study: Final Report, Lichfields (2018)

uncertainty in the economy. Economic forecasts are regularly updated and the resulting employment outputs will change over the plan period.

- 8.61 Three different scenarios of future employment space requirements have been considered for Crawley and Horsham based on a range of lower and higher growth conditions that could arise in the future. Two alternative (higher) housing growth scenarios have also been considered for Horsham District to help inform duty-to-cooperate discussions with adjoining authorities in the NWS housing market area.

Baseline Job Growth

- 8.62 The economic forecasts provided by OE represent a ‘business as usual’ view of Crawley and Horsham’s economic growth prospects and draw on the latest macro-economic outlook and assumptions. They forecast positive job growth in both local authority areas over the study period to 2036, although most of this growth is expected to occur within non B use class sectors. Within the B class sectors, job growth is expected to be driven by office-based sectors, but dampened by industrial job losses within Crawley.
- 8.63 The OE projections point to a slowdown in implied job growth compared with both recent job growth across Crawley and Horsham and economic forecasts procured as part of the previous EGA (dated 2013) (and 2015 EGA update for Crawley Borough). In that context, the baseline job growth scenario does not appear to be particularly optimistic for either local authority and is unlikely to provide an effective basis for planning for local economic growth.

Past Development Rates Continue

- 8.64 The second scenario assumes that past take-up rates of B class space in Crawley and Horsham continue unchanged in future. Council monitoring data suggests that both authority areas have been delivering positive net increases in B class floorspace in recent years, so projecting this forward results in a reasonably high employment floorspace requirement by 2036.
- 8.65 Reflecting past development trends, the majority of this requirement is industrial in nature in both Crawley and Horsham. In Horsham the requirement also includes a mixed B component, reflecting the market trend for a flexible mix of B class uses associated with a number of recent planning applications and subsequent developments in the District (in an attempt by applicants to split development risk).
- 8.66 This scenario implies that appetite exists amongst local businesses and the development sector to continue to deliver employment space if sites can be made available within those areas of market demand across NWS. It also represents a more optimistic development outlook than the baseline job growth approach implied by OE forecasts.

Baseline Labour Supply

- 8.67 Population growth assumptions based on the Standard Method (as applied as part of the NWS SHMA) imply a much higher scale of total and B class job growth in both Crawley and Horsham to 2036, and as a result, a higher employment floorspace and land requirement. Further information about population and demographic assumptions that feed into the Standard Method is set out in the NWS SHMA.
- 8.68 The B class component of this job growth is an estimate only, as it applies sector proportions for 2036 taken from the OE data/MSDC analysis as a proxy (see Appendix 3 for further detail). The resulting employment space requirements arising from the baseline labour supply scenario should therefore be used as a guide to the overall scale of employment growth that could occur within the two authority areas in future rather than a prescriptive requirement.

- 8.69 Nevertheless, it implies a more significant scale of local labour supply in overall terms than the baseline job growth approach. Indeed, it suggests that projected population growth could be the most significant driver of economic growth in Crawley and Horsham over the plan period. Planning for this scenario would not in itself generate housing need; rather it provides an estimate for how many additional jobs – and associated employment land – would be needed to ‘match’ population growth associated with local housing need, and to provide new working-age, economically active residents with employment opportunities (assuming existing commuting patterns continue). This approach considers the employment land use requirements that would be needed to achieve a broadly sustainable balance between local housing, population and jobs growth within Crawley and Horsham over their respective new plan periods.
- 8.70 It should be noted that the baseline labour supply requirement is based upon ‘uncapped’ local housing need for each authority resulting from the Standard Method approach to calculating housing need. This represents the ‘starting point’ for the purposes of each Local Plan, and adjustments will likely be made to these figures 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. For this reason, the resulting employment space requirements should be treated with caution and may be subject to change as respective Local Plans develop.
- 8.71 Two alternative housing growth scenarios have been modelled for Horsham District to test the scale of employment land that could be required to match the scale of population growth implied by different (higher) levels of housing delivery within the District. These are intended to be indicative and to inform ongoing Duty to Cooperate discussions, which could result in a spatial strategy that seeks to accommodate some of Crawley’s unmet housing need within the District of Horsham (and indeed elsewhere in the housing market area).
- 8.72 The baseline labour supply requirement for Crawley will need to be considered by the Council, particularly if any unmet housing needs from the Borough are accommodated in the form of an urban extension to Crawley. The Borough’s emerging Local Plan (through Policy SD3) commits to the preparation of a North Crawley Area Action Plan to explore the scope to allocate land for a strategic employment location or locations on land that has until recently been safeguarded for future expansion of Gatwick Airport alongside consideration of growth needs of the airport. Depending upon the outcome from this process, the Borough’s currently constrained land supply position could change, providing scope to accommodate a higher level of economic growth more akin to the baseline labour supply scenario.

Space Requirements

- 8.73 The overall ‘gross’ floorspace requirements that have been estimated range from 10,360 sqm to 476,200 sqm in Crawley and from 45,585 sqm to 286,940 sqm in Horsham over the period 2019 to 2036. The equivalent land requirements range from -1.1 ha to 113 ha (Crawley) and from 8.3 ha to 64.3 ha (Horsham).
- 8.74 For Crawley, the baseline job growth scenario does not appear to provide a robust scenario for positively planning for future employment space needs. It lies significantly lower than past job growth performance in Crawley and does not align with the more qualitative market intelligence captured in terms of drivers of demand. The growth scenarios considered above 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). It is therefore recommended that the Council consider planning to accommodate the past take-up based requirement as a minimum, to enable historically strong levels of employment development to continue in the Borough over the new plan period.

8.75 For Horsham, the gap between the various scenarios is smaller, and the baseline job growth requirement appears to be conservative considering levels of employment space take-up that have occurred in recent years. The scale of requirement implied by the past take-up and baseline labour supply scenarios (i.e. between 35 and 39 ha) represents a more robust and aspirational scenario to plan for, and would appear to align well with the Council's ambitions for development and regeneration over the coming years, including across some key regeneration and development sites (such as Novartis and North Horsham). Reflecting the position in Crawley, population growth is likely to represent one of the most significant drivers of economic growth in Horsham over the plan period, and this is reflected through the scale of employment land requirement generated by the labour supply based approach set out above. If the District were to plan for a higher level of housing development than implied by the Standard Method (and reflected in the baseline labour supply scenario here), this would increase the amount of employment space required in the District to ensure a sustainable balance of housing and jobs growth over the Plan period.

9.0 Review of Supply Portfolio

- 9.1 In order to support future economic development in the NWS economy over the new Local Plan period, and beyond, it is important that the area has a suitable portfolio of employment sites that are capable of meeting local business needs.
- 9.2 The EGA Update therefore provides a review and update of the employment land supply position in both quantitative and qualitative terms in order to identify potential strategic sites and priority areas for economic regeneration over the coming years and to provide a clearer understanding of which sites will be best placed to contribute to supporting the future economic development needs going forward.
- 9.3 This analysis has not been requested by MSDC, and so is provided for Crawley Borough and Horsham District only.

Sample Site Appraisal

- 9.4 In order to inform key recommendations about accommodating future employment growth and market needs across NWS, a high level appraisal has been undertaken as part of the EGA Update of a sample of 18 employment sites across Crawley Borough and Horsham District to consider their current and future capacity to support the economic and business development needs of the local economy. These sites comprise a mix of allocated employment areas and non-allocated sites, some of which have recently been proposed for employment development through early stage Local Plan consultation work.
- 9.5 It should be noted that from a Crawley perspective, Manor Royal and Gatwick Airport do not form part of the site appraisals because there is already a good recent understanding of the employment and business role that these areas play.
- 9.6 This appraisal exercise has taken into account a wide range of PPG-compliant site assessment factors that are typically included within assessment work of this type to draw conclusions on the position of each of these sites to support new developments going forward. These are outlined in Figure 9.1 below.

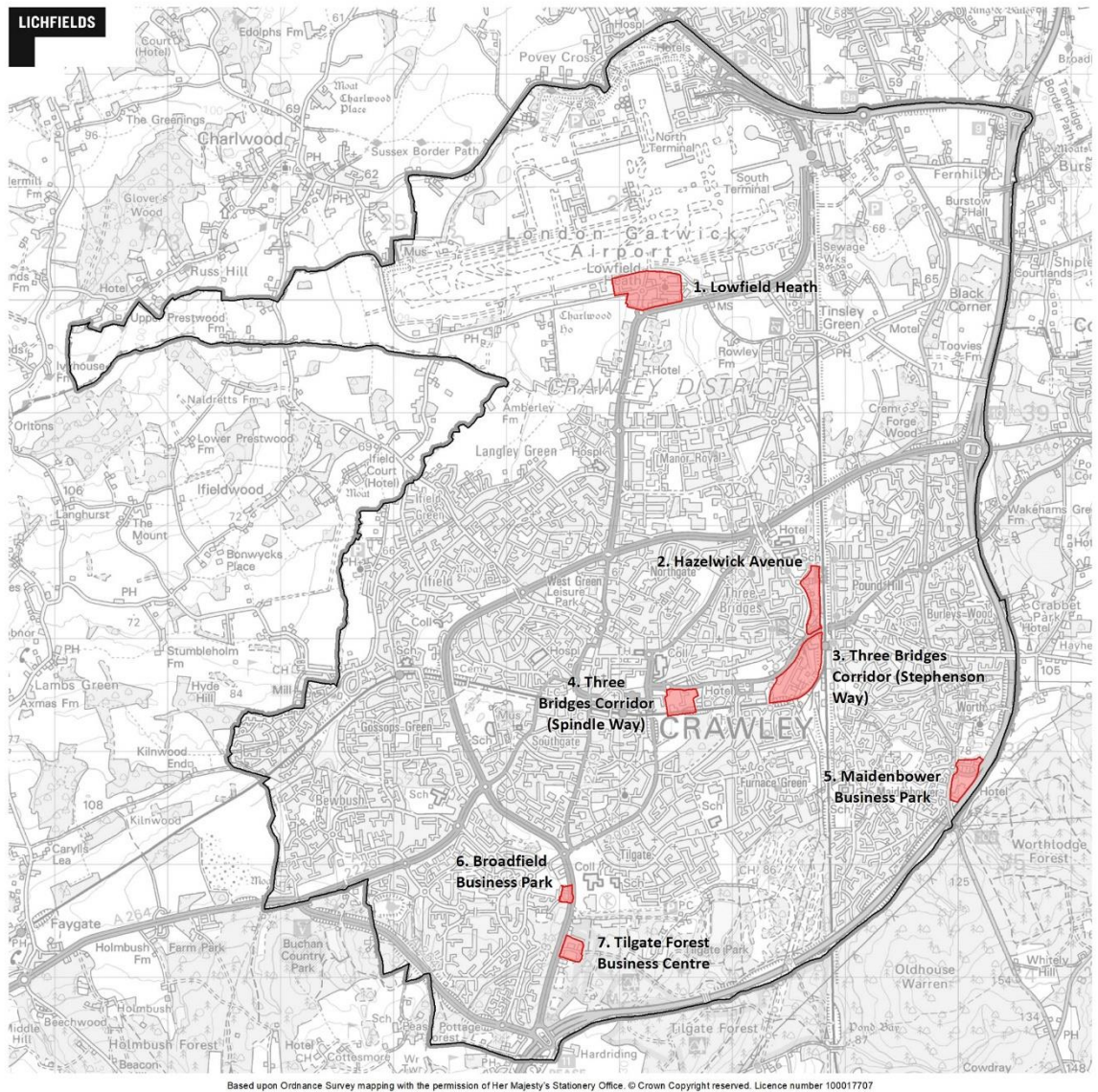
Figure 9.1 Site Assessment Criteria

Assessment criteria	Key considerations
Site overview	Current status (allocated / non allocated etc) Current / recent planning applications Recent changes that have occurred on-site (inc PDR conversions etc)
Current characteristics	Existing buildings on site and condition Occupier type, mix and vacancy General market attractiveness Accessibility (strategic and local road, pedestrian etc)
Site opportunities	Emerging proposals for development / redevelopment Scope to use site more efficiently Future development potential and other uses
Site constraints	Adjoining uses Environmental constraints Infrastructure constraints

Source: Lichfields

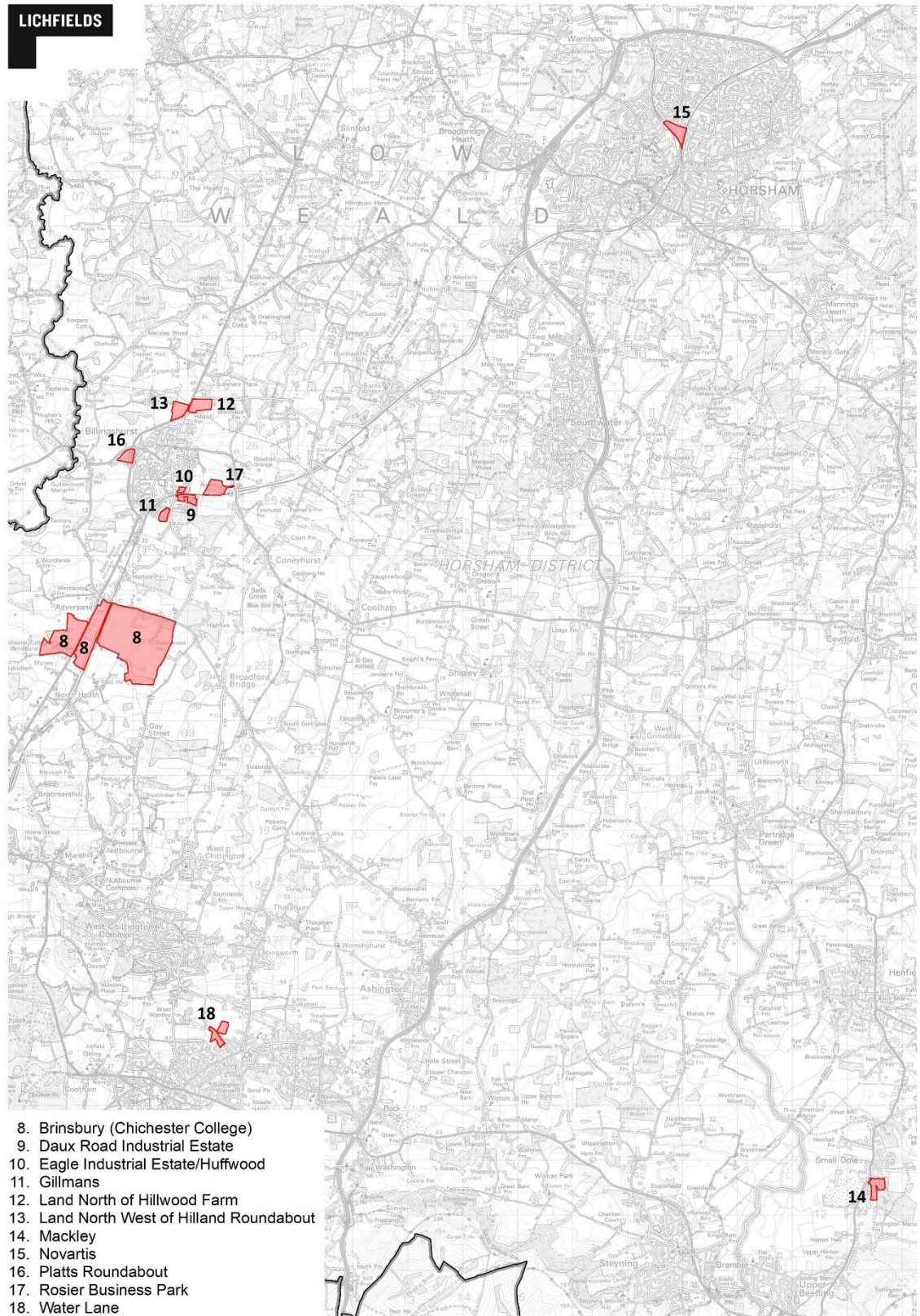
- 9.7 Each site has been visited and independently appraised in terms of their potential to accommodate economic development and business needs, particularly those that have recently been subject to redevelopment (including PDR prior approvals). The location of the 18 sites is shown in Figures 9.2 and 9.3 below and in Appendix 4.
- 9.8 A summary of the outputs from this site appraisal exercise is presented in Appendix 5, including relevant information on the site’s policy status and intended use, quantum of developable land, emerging proposals, strength of market demand, and scope for meeting future needs.

Figure 9.2 Crawley Employment Sites



Source: Lichfields

Figure 9.3 Horsham Employment Sites



Source: Lichfields

Future Contribution

- 9.9 Based on these appraisals, a number of conclusions and implications can be drawn regarding the prospects for these sites to contribute to meeting future needs in Crawley and Horsham over the study period to 2036. Commentary is provided below which also draws upon market intelligence and feedback obtained from discussions with local and sub-regional property market agents.

Crawley

- 9.10 The majority of sites considered in Crawley appear to be playing an important business role and are generally well occupied and busy. The quality of business space accommodated on many of the sites is relatively low grade, serving the lower value segment of the market (with locations like Manor Royal providing higher quality accommodation by comparison).
- 9.11 A number of the sites included within the assessment (such as Hazelwick Avenue and Broadfield Business Park) appear to have been impacted from recent office to residential PDR which has changed the mix of uses on site and has begun to undermine the longer term employment role of these sites. In these instances, there is scope for the Council to amend the site boundary and/or consider de-allocating these as employment sites, to reflect these recent changes.
- 9.12 Within the sample of seven employment sites considered in Crawley, there is generally limited scope to accommodate new B class development of any size and scale, although a number of opportunities were identified for intensification should re-development occur over the coming months and years, for example within the Three Bridges Corridor (Stephenson Way and Spindle Way) and at Maidenbower Business Park. These opportunities should be proactively supported through planning policy to encourage redevelopment and intensification across the Borough's portfolio of employment sites (beyond the existing policies for Manor Royal which already actively encourage intensification).

Horsham

- 9.13 A mix of sites have been considered within Horsham District including existing operational employment areas, potential new (or proposed) employment sites and a brownfield regeneration site.

Existing operational employment sites

- 9.14 A number of the sites subject to appraisal are currently in employment use and these accommodate a range of business uses and tend to be dominated by older, secondary stock. These include Daux Road Industrial Estate, Eagle Industrial Estate, Rosier Business Park and Gillmans in Billingshurst, Water Lane in Storrington, and Mackley in Small Dole.
- 9.15 These sites are generally well occupied and appear to be serving their respective local markets. There is scope to amend site boundaries in some cases (for instance where housing has been/is planned to be developed on parts of the site, such as at Daux Road Industrial Estate) and some have scope for expansion/intensification of uses. Otherwise, it is recommended that these existing employment locations are retained in employment use, and that the Council considers allocating sites where they do not already benefit from formal protection as business areas.

Sites not currently in employment use

- 9.16 The appraisal has also considered a number of additional sites not currently in employment use, that could potentially help to accommodate employment needs going forward. Some of these sites already have planning permission for new B class development, and generally benefit from

a good location that is likely to be attractive to the market. Further commentary regarding each site is provided below.

- 9.17 Three of these sites are located on the edge of **Billingshurst** (Land North of Hilland Farm, Land North West of Hilland Roundabout and Platts Roundabout) and offer scope to accommodate the next phase of the town's business development by providing well-located space for modern, high quality employment space to serve the needs of local firms and ease the pressure on the town's existing industrial estates which are generally full up. From a quantitative point of view, it is unlikely that all three sites would be necessary to accommodate demand over the new Local Plan period, so the Council will want to be selective about which sites represent the most sustainable locations (taking into account a range of other planning factors). One of these sites (Land North of Hilland Farm) currently benefits from extant planning permission for a flexible range of B class uses so is likely to represent the most immediate development opportunity within the town, while Platts Roundabout is subject to a planning application. If implemented in full, these permissions are likely to provide sufficient additional floorspace in Billingshurst to meet the town's employment (B class) needs over the new Local Plan period.
- 9.18 The former **Novartis** site represents a key employment development opportunity for both the town of Horsham and the wider District. Redevelopment of this site for business uses would help the town to retain its traditional employment role, which has suffered over recent years through the introduction of office to residential PDR. As noted in chapter 7.0, proposals to redevelop the former Novartis site seek to deliver innovative and sustainable employment and business opportunities in a new area called the Horsham Enterprise Park (to include c.25,000sqm B1 office floorspace), alongside 300 homes and associated amenities. It represents a significant opportunity to support the revitalisation of Horsham town's commercial property market and offer, with proximity to the town centre a particular draw for occupiers.
- 9.19 The other major employment development opportunity considered as part of the site appraisals is the Chichester College site at **Brinsbury & Steepwood Farm** which is being proposed as a location for a new mixed-use settlement. Although the location is relatively untested in market terms and lacks the proximity to larger centres that the opportunity sites at Billingshurst provide, there is scope to incorporate an element of employment use as part of a wider new settlement in this location, to serve largely local business needs. Planning permission has recently been granted on part of the site for up to six commercial buildings comprising a mix of B1, B2 and B8 use classes (alongside a separate application for a car showroom) which if implemented, will provide a good indication that this location is attractive to the local market.
- 9.20 Within the context of future employment development opportunities within Horsham District, it is also important to reference the strategic allocation at **Land North of Horsham** which seeks to provide a new 500,000 sqft (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, although an out-of-town office park is a relatively untested concept in Horsham, and may not appeal to all office occupiers, including those preferring a town centre location and the proximity to amenities (such as shops, services and rail station) this provides. However in 2017 Schroders, a global investment management company, acquired the Broadlands Business Campus north of Horsham which suggests that this area is commercially attractive.

Other Key Employment Areas

- 9.21 Beyond the sites outlined above, Horsham District accommodates a varied portfolio of existing employment sites, including protected Key Employment Areas (KEAs) which continue to play an important role in accommodating economic development activity across the District. A

recent review was undertaken by HDC of these KEAs to inform the Local Plan Review Issues and Options 2018 consultation, focusing upon whether they remain fit for purpose.

- 9.22 This concluded that although a small amount of land in KEAs has been lost to other uses, most KEAs have remained in employment use and continue to perform an important role in providing land for employment in the District. The review also found that some sites have some potential for further intensification, while others are more constrained. In particular, the accessibility of some KEAs to modern large vehicles is limited. Further detail can be found in the Council's Issues and Options consultation document²³. Overall, and taken together with the sample assessments carried out as part of the EGA Update, this underlines the need for continued protection to be placed upon the District's stock of employment sites to ensure that economic development in the District is not undermined by a lack of suitable space (sites and premises).

²³ https://beta.horsham.gov.uk/_data/assets/pdf_file/0010/70957/Local-Plan-Review-Issues-And-Options-2018.pdf

10.0 Emerging Conclusions and Policy Implications

10.1 This section draws together overall conclusions and considers potential policy approaches in relation to employment space for the new Local Plans being prepared for Crawley and Horsham and considers some overarching cross-boundary issues.

Functional Economic Market Area

10.2 In light of the inevitably nebulous nature of functional economic markets, it is helpful for local planning authorities to identify a pragmatic and logical 'best fit' with these various areas within the context of establishing Local Plan evidence and for the purposes of developing policy.

10.3 Data considered as part of the EGA Update confirms that NWS continues to operate as a broad functional economic market area, with the spatial extent of its FEMA largely consistent with the authority boundaries of Crawley, Horsham and Mid Sussex. Economic linkages with adjoining areas such as Coastal West Sussex, Reigate & Banstead (e.g. Horley) and East Sussex are comparatively weaker but still have an influence.

10.4 Through the Duty to Cooperate process, the NWS local planning authorities will need to determine how the conclusions from this EGA Update study, particularly in terms of accommodating future economic development needs, are taken forward in planning policy terms.

10.5 There is already a long-established joint working relationship between CBC, HDC and MSDC through previous Plan and numerous joint evidence base documents, most recently including this EGA Update and the SHMA. It is recommended that councils continue to work jointly to ensure that needs within the housing market area and FEMA are planned for in a sustainable and complementary manner.

Economic Performance and Key Challenges

10.6 The economic environment and context has changed quite markedly since the original NWS EGA was undertaken in 2014 characterised by both economic recovery (following the 2008/09 recession) and the period of some economic uncertainty following the EU Referendum in 2016. During this time, national policy interventions such as the introduction of office to residential PDR have also had a significant impact upon the local economy and property market while structural changes in the way that businesses operate (such as increasingly flexible working practices and consolidation of formal space) have also played out to varying degrees across NWS over the last few years.

10.7 Each NWS authority is characterised by its own set of economic strengths and challenges which will influence future economic growth and change. Whilst the stock of jobs and firms within each authority has increased over the last few years, as the local economy has grown, there remains scope for economic performance to improve across the following areas:

- **Crawley:** Workforce productivity lags behind other areas, with GVA growth also falling behind regional and national averages. The Borough also faces challenges to boost business start-up and survival rates, as well as levels of resident skills (particularly higher level skills).
- **Horsham:** the pace of growth has fallen behind regional and national rates, with the District now accommodating the smallest stock of jobs within NWS. The proportion of the

District's population that is of working-age (and therefore able to contribute towards economic activity going forward) has also been declining.

- **Mid Sussex:** employment growth has been lagging behind the rest of NWS, the region and UK and has been declining within sectors that have traditionally formed core components of the local economy (such as finance and insurance).

Property Market Signals

- 10.8 From a property market perspective, NWS has seen a significant level of development activity over the last few years and since the original EGA was undertaken. The commercial property market in NWS is relatively self-contained, and continues to be relatively buoyant, boosted by its position within the Gatwick Diamond and the wider South East, and access to a range of transport links.
- 10.9 Each of the three local authority areas within NWS has a different role to play in property market terms. Crawley represents the dominant commercial centre in NWS and drives demand for employment space, attracting the most activity and commands the highest rents. Other locations within Horsham and Mid Sussex districts tend to operate as secondary property markets by comparison but are also accommodating new (predominately industrial) development and continue to attract demand from a range of occupiers. There is some interaction and competition between different centres in NWS for occupiers and investment and forthcoming developments of a strategic nature (such as The Hub at Burgess Hill and North Horsham) offer potential for more competition in future.

Industrial Market

- 10.10 NWS is perceived as a strong industrial location, with industrial uses (B1c, B2 and B8) accounting for the majority of demand for business space in the current market. Industrial supply has grown for the first time in a number of years due to a number of new industrial developments that have either completed in recent months or are due for completion soon. Many of these schemes are located in and around the prime Manor Royal/Crawley market area, although such is the scale of demand that other parts of NWS have also attracted new speculative industrial development with schemes currently in the pipeline at Billingshurst and Burgess Hill for example. This emphasises developer confidence in NWS's industrial market, and it will be important that the new Local Plans being prepared across NWS identify additional opportunities for future industrial development, with current/recent supply having been largely exhausted.
- 10.11 Reflecting this scale of new development that has occurred, Council monitoring data suggests that the stock of industrial space has been increasing across each NWS authority area in recent years. At the same time, the stock of traditional industrial jobs (typically occupying B1c/B2 space) has been declining (reflecting shifts towards automation and as the economy continues to shift away from production activities to services) although logistics and distribution related jobs (typically occupying B8 space) jobs have increased in Crawley and Horsham. These trends illustrate that the relationship between jobs and floorspace is not always straightforward, and underline the need to monitor local market signals throughout respective plan periods.

Office Market

- 10.12 The office market across NWS is comparatively weaker than the industrial market and has been characterised by challenging conditions, namely sluggish demand from office occupiers and low levels of take-up. This situation is not unique to NWS, but has been dampened in part by the ongoing economic uncertainty (which is having a greater influence over office occupiers than

industrial) as well as gradual entrenchment of office space and markets across NWS and the wider Gatwick Diamond area, with occupiers increasingly gravitating towards Crawley as the sub-region's major commercial centre.

- 10.13 Most locations within NWS have lost office stock during the last few years, driven in large part by office to residential PDR. From a more qualitative perspective, the impact of PDR is reported to be mixed; agents noted that in Crawley the effect has been to remove a sizeable quantum of outdated secondary office space from the market (albeit giving rise to concerns regarding quality of residential accommodation provided through conversions and the potential to undermine the economic role and function of key employment areas) but comparatively less positive in Horsham town by removing a sizeable stock of office space from the supply and in doing so, displacing some occupiers. Over this same time period, the stock of office jobs has been increasing across NWS, indicating that the use of office space and relationship between office space and jobs is changing, and that office requirements may be more modest (in quantitative terms) in future.
- 10.14 A key feature of the NWS office market at present is a reported mismatch between demand (albeit of a modest scale) for high quality 'Grade A' new office space and available supply which rarely meets this specification. This situation relates to the whole of NWS, but is particularly acute within secondary office locations such as Horsham town and Haywards Heath. Meanwhile, there is reported to be an oversupply of poorer quality office space (including some refurbished space) in and around Crawley in particular, which is having the effect of suppressing rental values to the extent that speculative office building is some way off being financially viable.
- 10.15 The key challenge facing the office market in NWS going forward is to accommodate changing patterns of demand through provision of high quality, Grade A space in accessible locations which also offers the flexibility sought by occupiers (in terms of smaller units and associated amenity space). There are also some sizeable new build office schemes in the development pipeline which, if successfully delivered over the short term, could help to 'kick-start' the office market by satisfying currently unmet demand and potentially attracting new office occupiers in from outside of the sub-region. Particular opportunities exist within Horsham District (for instance at the former Novartis site and North Horsham) to transform the District's office market to appeal to a wider range of office occupiers.

Future Growth Scenarios

- 10.16 In line with PPG guidance on undertaking economic development needs assessments, three different scenarios of future economic growth in Crawley and Horsham have been developed as part of this study, focusing upon growth in labour demand, labour supply and continuation of past B class development trends²⁴.
- 10.17 These indicate the broad scale and type of growth associated with different approaches to modelling economic development needs and requirements for the two authorities over the period 2019 to 2036. To varying degrees, these scenarios reflect both the indigenous growth needs in NWS as well as a degree of footloose demand that operates within a wider sub-regional market. In the context of the NPPF and PPG, the policy approach adopted by the two Councils should aim to positively plan to support the economic development needs of each local area so that the local economy is not unduly constrained over the plan period, but also to recognise the issues around land supply and competing pressures on available development sites.

²⁴ Future economic development needs for Mid Sussex have been prepared separately by MSDC

10.18

These growth scenarios – summarised in the tables below – produce a series of B class floorspace requirements that range from 10,360 sqm to 476,200 sqm for Crawley (-1.1 ha to 113 ha in land terms) and from 45,585 sqm to 286,940 sqm for Horsham (8.3 ha to 64.3 ha in land terms), covering the 17-year study period 2019 to 2036. This includes a 10% buffer or margin to allow for flexibility and choice in the local market, to provide an illustration of indicative gross employment floorspace requirements.

Crawley Planning Requirements

Table 10.1 Indicative Gross Floorspace Requirements by Scenario to 2036 (sqm)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply
Offices (B1a/B1b)	37,280	29,920	59,525
Manufacturing (B1c/B2)	-24,065	114,070	76,990
Distribution (B8)	-2,855		339,685
All B Uses	10,360	143,990	476,200

Source: Lichfields analysis

Note: Totals rounded

Note: Additional allowance has not been applied where the net floorspace requirement is negative.

Crawley Land Requirements

Table 10.2 Indicative Gross Land Requirements by Scenario to 2036 (ha)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply
Offices (B1a/B1b)	5.6	4.5	8.9
Manufacturing (B1c/B2)	-6.0	28.5	19.2
Distribution (B8)	-0.7		84.9
All B Uses	-1.1	33.0	113.0

Source: Lichfields analysis

Note: Totals rounded

Horsham Planning Requirements

Table 10.3 Indicative Gross Floorspace Requirements by Scenario to 2036 (sqm)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply	4. Alternative Labour Supply (med)	4. Alternative Labour Supply (high)
Offices (B1a/B1b)	24,870	-2,890	33,785	48,745	61,475
Manufacturing (B1c/B2)	-7,850	130,530	54,180	78,160	98,570
Distribution (B8)	28,565		69,745	100,620	126,895
Mixed B1	n/a	27,300	n/a	n/a	n/a
All B Uses	45,585	154,940	157,710	227,525	286,940

Source: Lichfields analysis

Note: Totals rounded

Note: Additional allowance has not been applied where the net floorspace requirement is negative.

Horsham Land Requirements

Table 10.4 Indicative Gross Land Requirements by Scenario to 2036 (ha)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply	4. Alternative Housing Delivery (med)	4. Alternative Housing Delivery (high)
Offices (B1a/B1b)	3.2	-0.4	4.4	6.3	8.0
Manufacturing (B1c/B2)	-2.0	32.6	13.5	19.5	24.6
Distribution (B8)	7.1		17.4	25.2	31.7
Mixed B1	n/a	6.8	n/a	n/a	n/a
All B Uses	8.3	39.0	35.3	51.0	64.3

Source: Lichfields analysis

Note: Totals rounded

- 10.19 For **Crawley**, the baseline job growth scenario does not appear to provide a robust scenario for positively planning for future employment space needs. 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. The growth scenarios considered above 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). For this reason, it is recommended that the Council consider planning to accommodate the past take-up based requirement as a minimum, to enable historically strong levels of employment development to continue in the Borough over the new plan period. There could also be scope to plan to accommodate the higher level of economic growth associated with the baseline labour supply scenario in an unconstrained employment land supply position, subject to the outcome of a forthcoming North Crawley Area Action Plan which will explore the scope to allocate land that has until recently been safeguarded for future expansion of Gatwick Airport.
- 10.20 For **Horsham**, the gap between the various scenarios is comparatively smaller than for Crawley, and the baseline job growth requirement appears to be conservative considering levels of employment space take-up that have occurred in recent years. The scale of requirement implied by the past take-up and baseline labour supply scenarios (i.e. between 35 and 39 ha) represents a more robust and aspirational scenario to plan for, and would appear to align well with the Council's ambitions for development and regeneration over the coming years, including across some key regeneration and development sites (such as Novartis and North Horsham). Reflecting the position in Crawley, population growth is likely to represent one of the most significant drivers of economic growth in Horsham over the plan period, and this is reflected through the scale of employment land requirement generated by the labour supply based approach set out above. If the District were to plan for a higher level of housing development than implied by the Standard Method (and reflected in the baseline labour supply scenario here), this would increase the amount of employment space required in the District to ensure a sustainable balance of housing and jobs growth over the Plan period.
- 10.21 It should be noted that updated estimates of employment land requirements for **Mid Sussex** have been prepared separately by MSDC in order to feed into a Site Allocations Development Plan Document (DPD) due for adoption at the end of 2020. These are based on the same OE employment projections that have informed the baseline labour demand scenarios presented within this report for Crawley and Horsham. This identifies an additional employment land requirement of approximately 10-15 ha for Mid Sussex District. This is in addition to 25 ha of

employment land that has already been allocated within the District Plan. MSDC are therefore seeking to allocate sites within the Site Allocations DPD to meet this requirement as a minimum.

Demand/Supply Balance

- 10.22 Forecasts of future employment land needs set out above need to be compared with the latest position in terms of employment land supply in order to identify any need for more provision of employment space, or surpluses of it, in both quantitative and qualitative terms for Crawley and Horsham.
- 10.23 The supply of employment space in the development pipeline comes from sites that have been allocated for employment uses as well as extant planning permissions for B use class development taken from latest WSCC monitoring data.

Crawley

- 10.24 Following a 'call for sites' exercise as part of the Local Plan Reg. 18 consultation, CBC identifies a total of 11.53 ha employment land supply within the Borough, related to sites that are not subject to Gatwick Airport safeguarding. 8.61 ha (75%) of this relates to office (B1a/b) land, with the remaining 2.92 ha (25%) relating to industrial (B1c/B2/B8) land.
- 10.25 When this 11.53 ha of supply is compared against the employment land requirements developed as part of this EGA Update, Table 10.5 identifies a shortfall of land under the past take-up and baseline labour supply scenarios, and a surplus under the baseline job growth approach.

Table 10.5 Crawley Demand/Supply Balance to 2036

	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply
Requirement for B Class Space (ha)	-1.1	33.0	113.0
Available Employment Space (ha)		11.5	
Surplus / Shortfall (ha)	+12.6	-21.5	-101.5

Source: Lichfields analysis

- 10.26 This indicates that CBC's latest position identifies insufficient land supply to meet the Borough's future development needs associated with the past take-up based scenario, i.e. the scenario recommended to plan for as a minimum. The shortfall in this instance would be over 21 ha, all of which relating to industrial uses. The potential shortfall would be even greater under the baseline labour supply scenario, at just over 100 ha.
- 10.27 There would appear to be limited scope to accommodate net additional employment floorspace across the sample of existing sites appraised as part of the EGA Update.

Horsham

- 10.28 Latest WSCC monitoring data indicates that B use class floorspace associated with extant planning permissions in Horsham District (as at March 2019) totals 157,980 sqm as summarised in Table 10.6.

Table 10.6 Horsham Pipeline Employment Floorspace Supply

	Office (B1a/b)	Industrial (B1c/B2)	Warehousing (B8)	Mixed B1	All B
Net Floorspace Implied by Planning Permissions	49,810	34,090	30,375	43,710	157,980

Source: West Sussex County Council / HDC / Lichfields analysis

Note: Monitoring data excludes planning permissions granted since March 2019, such as Land North of Hilland Farm in Billingshurst

- 10.29 This floorspace is distributed across all B use classes, but with the largest quantum (32%) associated with office (B1a) uses/permissions. The vast majority of this office space relates to the North Horsham allocation and outline planning permission for a mixed use strategic development to include up to 46,450 sqm business park, housing (up to 2,750 dwellings), retail, community centre, leisure facilities, education facilities and related infrastructure.
- 10.30 Just over a quarter (28%) of this supply relates to mixed B1 planning permissions, which as noted previously, reflects a recent market trend in the District whereby developers appear to be seeking flexibility with regard to employment developments in an attempt to split development risk and respond to local market dynamics/characteristics.
- 10.31 When compared against the employment space requirements for Horsham District developed as part of this EGA Update, Table 10.7 identifies a surplus of employment space under the baseline job growth, past take-up and baseline labour supply scenarios, and a shortfall of space under the two higher growth labour supply scenarios.

Table 10.7 Horsham Demand/Supply Balance to 2036

	1. Baseline Job Growth	2. Past Development Rates	3. Baseline Labour Supply	4. Alternative Labour Supply (med)	4. Alternative Labour Supply (high)
Requirement for B Class Space (sqm)	45,585	154,940	157,710	227,525	286,940
Available Employment Space (sqm)	157,980				
Surplus / Shortfall (sqm)	+112,395	+3,040	+270	-69,545	-128,960

Source: Lichfields analysis

- 10.32 This indicates that the latest monitoring data identifies sufficient floorspace supply to meet the District's future employment development needs associated with the past take-up and baseline labour supply scenarios, i.e. the scenarios recommended to plan for as a minimum. Demand and supply would be broadly in balance under these scenarios, in quantitative terms.
- 10.33 As shown in Table 10.7, a shortfall of employment space is identified under the two higher growth labour supply scenarios, which assume a higher level of housing delivery in the District than implied by the Standard Method approach.
- 10.34 Within the individual B use classes, the analysis presented above does suggest a potential imbalance, with pipeline supply (through planning permissions) weighted towards office uses,

while the majority of the requirement identified (for the past take-up and baseline labour supply scenarios) is for industrial uses. If all planning permissions included within the pipeline supply analysis presented above are implemented in full, there is likely to be a slight shortfall in industrial floorspace to meet the District's identified employment needs in full over the period to 2036.

Accommodating Growth

Crawley

- 10.35 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 emerging pipeline of available supply identified by the Council would be sufficient to accommodate office needs identified, but a significant shortfall would arise for industrial uses, equivalent to over 25 ha. This is supported by qualitative market feedback which indicates that Crawley requires additional employment land (for industrial uses in particular) to accommodate strong levels of market demand and development that have been coming forward in recent months and years.
- 10.36 It should be noted that the Borough's emerging Local Plan (through Policy SD3) commits to the preparation of a North Crawley Area Action Plan to explore the scope to allocate land for a strategic employment location or locations on land that has until recently been safeguarded for future expansion of Gatwick Airport. Depending upon the outcome from this process, the Borough's currently constrained land supply position could change, providing scope to accommodate a higher level of economic growth more akin to the baseline labour supply scenario.
- 10.37 In the current context of an overall shortfall of industrial 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 Seek to yield additional development capacity through more intensive (re)development on the Borough's existing main employment areas, including Manor Royal. Recent analysis undertaken to investigate the scope for further intensification and growth at Manor Royal identified significant scope for accommodating new development across a number of sites.²⁵ It also recognised that the ability to redevelop sites across Manor Royal more efficiently and effectively in future will depend to a large extent upon the provision of supporting infrastructure to 'keep up' with the pace and nature of development (such as car parking provision and road/highways capacity).
 - 2 Assume that the Borough's unmet employment land needs can be accommodated by the Horley Strategic Business Park site in adjoining Reigate & Banstead District, which has been allocated with a specific purpose to help accommodate unmet employment development needs from Crawley. As noted below, the site offers significant potential to meet Crawley's future office growth needs (indeed the quantum of office development proposed significantly exceeds the requirement identified for Crawley through this EGA Update) but is less likely to provide a source of capacity and supply to accommodate industrial development, where the shortfall is expected to be. This means that unmet industrial needs are unlikely to be met in full at Horley. Expected timing and phasing of the business park at Horley also means that the site is unlikely to deliver the full scale of proposed floorspace development within the emerging Local Plan period for Crawley (i.e. up to 2036).

²⁵ Manor Royal Economic Impact Study: Final Report, Lichfields (2018)

- 3 Through the emerging Crawley Local Plan, the Council are proposing to commit to preparing a North Crawley Area Action Plan to explore the scope to allocate land for a strategic employment location or locations on land that has until recently been safeguarded for future expansion of Gatwick Airport. Depending upon the outcome from this process, the Borough's currently constrained land supply position could change, providing additional capacity to accommodate Crawley's future economic growth.
- 4 Beyond this, Crawley's unmet employment development needs could potentially be accommodated elsewhere in the wider NWS FEMA, effectively becoming displaced to adjoining local authority areas including Mid Sussex and Horsham. For instance, some of Crawley's unmet industrial needs could be met within current/forthcoming schemes at Burgess Hill (such as The Hub) although this would be subject to the overall employment land demand/supply balance position in Mid Sussex to which this EGA Update does not have specific regard. A general sequential approach should be applied that seeks to appraise options within, close or near to Crawley. 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 needs being met in other areas without sufficient confidence that plans were in place to address those unmet needs.

10.38 As noted above, CBC's forthcoming Local Plan provides a timely opportunity to reconsider the requirement for safeguarding of land around Gatwick Airport and to reappraise the Borough's land supply – and the ability of this supply to accommodate future employment needs - on this basis. However, depending upon the outcome of this process, it is possible that some business needs will not be capable of being met in Crawley once existing available land supply is developed out. In this situation, some business needs could be displaced to other parts of NWS or outside the sub-region entirely. The extent to which this occurs will depend on the relative availability and cost of alternative sites at that point in time, as well as other business location factors such as labour force and proximity to suppliers and customers that are beyond planning considerations. The implication of this is that, should it not be possible to meet future needs in Crawley, this would not necessarily translate into a commensurate increase in land requirements for adjoining authorities, and further analysis will be required to assess the scale, type and phasing of any unmet needs.

10.39 With regard to existing employment space in the Borough, the overall balance identified above suggests that there is a need to continue the current planning policy approach of protecting (as well as intensifying) the economic use of Crawley's designated main employment areas. This would help to ensure that the Borough's limited available land supply is not eroded further, and that the function of the main employment areas is not undermined by the incursion of non-employment uses that could jeopardise the operation of existing businesses.

Horsham

10.40 By comparison, the quantitative balance between identified future employment development needs and pipeline supply appears to be more even in Horsham District, with pipeline planning permissions providing a quantum of employment floorspace that would broadly match future growth needs associated with the past take-up and baseline labour supply scenarios, i.e. the scenarios recommended to plan for as a minimum.

10.41 The analysis does however point to a likely shortfall in industrial space, so the Council will want to consider how this shortfall could potentially be addressed through intensifying existing employment sites and/or providing additional land through site allocations. It should be noted that recently approved applications for B use class development in Billingshurst (i.e. Land North

of Hilland Farm) do not feature within the pipeline supply data presented above (due to timing/date of approval) but would help to meet this shortfall. These applications are good examples of the trend within Horsham District for flexibility being sought within planning applications for B use class development which help to reduce developer risk and encourage new employment development to come forward.

- 10.42 Whilst future office development needs in Horsham District are likely to be accommodated through pipeline supply in quantitative terms, evidence gathered through this EGA Update points to significant scope to enhance the qualitative offer associated with the District's office market, and to support the District to strengthen its office based economy following losses of office space and occupiers as a result of PDR over the last few years. Development schemes in the pipeline including North Horsham and Novartis provide short to medium opportunities to realise this ambition in and around the town of Horsham, and could be complemented by smaller scale, new office developments in smaller locations and settlements such as Southwater and Billingshurst. Whilst a sizeable proportion of the District's office supply has already been lost through PDR (and could continue to be lost), the Council could consider implementing an Article 4 Direction to prevent further loss in future, which could undermine any future strategy to 'kick start' Horsham's office market over the coming months and years.

Cross Boundary Working

- 10.43 The NWS sub-region is an economically successful location and continues to offer significant future growth potential over the period to 2036. In the context of the NPPF and the requirement to plan positively for growth, it is incumbent on the three local authorities to consider ways in which this growth can be accommodated, both to meet indigenous business needs and to cater for footloose investment that operates across and within the sub-region. Unlike the original EGA prepared in 2014, this EGA Update does not have specific regard to future growth needs in Mid Sussex and the overall employment land demand/supply balance position in Mid Sussex including any potential surplus of employment land within the District which might be available to help accommodate unmet needs from elsewhere in the NWS FEMA. This reflects the fact that the Mid Sussex District Plan was recently adopted in 2018, although further work around employment needs will be undertaken as part of the District Plan review in due course.
- 10.44 Continued cross-boundary working through Duty to Cooperate will be needed to ensure that housing and economic needs are planned for over the forthcoming Plan periods. There is already a long-established joint working relationship between CBC, HDC and MSDC through previous Plan and numerous joint evidence base documents, most recently including this EGA Update and the SHMA. It is recommended that councils continue to work jointly to ensure that needs within the Housing Market Area and Functional Economic Market Area are planned for in a sustainable and complementary manner.
- 10.45 Particularly pertinent in this regard is the forthcoming North Crawley Area Action Plan that CBC are proposing to commit to preparing through the new Local Plan (Policy SD3) which would explore the scope to allocate land for a strategic employment location or locations on land that has until recently been safeguarded for future expansion of Gatwick Airport alongside consideration of growth needs of the airport. Depending upon the outcome from this process, the Borough's currently constrained land supply position could change, providing scope to accommodate a higher level of economic growth more akin to the baseline labour supply scenario presented in this EGA update.

Wider Factors

Gatwick Airport

- 10.46 Gatwick Airport plays an important role within the NWS economy (and indeed further afield), although as noted in section 7.0, feedback from property agents indicates that the extent of the Airport's influence in terms of development activity, occupier movement and churn has lessened in recent years as the local market has grown and diversified.
- 10.47 In July 2019, Gatwick Airport published its final masterplan which sets out how Gatwick could develop to meet demand in the most sustainable way over the next 15 years²⁶. This proposes using new technology to build capacity and resilience on the main runway, and bringing the existing standby runway into routine use for departures only alongside the main runway by the mid-2020s. Additionally, Gatwick recommends that national and local planning policy continues to safeguard land should a new runway be required in the longer-term. Safeguarding leads to significant constraint on the potential supply of employment land in the Borough.
- 10.48 Gatwick Airport is now preparing a planning application to bring the standby runway into routine use through a Development Consent Order (DCO), with a scoping report for the Northern Runway project submitted to the Planning Inspectorate in September 2019²⁷. To inform this process, technical work is being prepared by Gatwick Airport on the potential employment land implications of Gatwick's growth based on forecast increases in passenger numbers, aircraft traffic movements and freight tonnage. This may have some implications for the overall type and scale of employment land provision to be planned for within NWS, and therefore the conclusions from the EGA may need to be reviewed in this context.
- 10.49 It should also be noted that through the emerging Crawley Local Plan, the Council are proposing to commit to preparing a North Crawley Area Action Plan to explore the scope to allocate land for a strategic employment location or locations on land that has until recently been safeguarded for future expansion of Gatwick Airport alongside consideration of growth needs of the airport. Depending upon the outcome from this process, the Borough's currently constrained land supply position could change, providing additional capacity to accommodate economic growth.

Horley Strategic Business Park

- 10.50 From a wider Gatwick Diamond perspective, it is important to consider the potential impact that a new strategic business location at Horley (in adjoining Reigate & Banstead) could have upon the overall employment land demand/supply balance in NWS, and in particular upon meeting unmet needs from Crawley.
- 10.51 The Horley Strategic Business Park site comprises an area of approximately 31 ha located to the south of Horley and east of Gatwick Airport, and is highly accessible to the north of the M23, Gatwick and Horley rail stations. It has been subject to recent examination of the Reigate & Banstead Development Management Plan, as an allocation to provide approximately 200,000 sqm of employment floorspace through Policy HOR9, with the policy having recently been found sound subject to a number of Inspector's modifications.
- 10.52 Whilst the site will contribute to the employment needs of Reigate & Banstead, the site's prime function is to provide jobs for the wider Gatwick Diamond economic sub region and to assist in

²⁶ Gatwick Airport Master Plan 2019, <https://www.gatwickairport.com/globalassets/business--community/growing-gatwick/master-plan-2019/gatwick-master-plan-2019.pdf>

²⁷ Gatwick Airport Northern Runway, Planning Inspectorate, <https://infrastructure.planninginspectorate.gov.uk/projects/south-east/gatwick-airport-northern-runway/?ipcsection=overview>

providing around 75% of the office floorspace shortfall in adjoining Crawley (as identified by the previous EGA).

- 10.53 The proximity of this site to Crawley and NWS means that future provision of employment space on site will effectively serve a Crawley/Gatwick market, and therefore could make a significant and important contribution to future employment land supply, particularly in light of the ongoing shortfall in Crawley (identified by the previous EGA and echoed in this update).
- 10.54 Although a key part of the planning justification for the site was its expected role in accommodating Crawley's unmet office needs identified by the 2014 EGA, the Borough's future employment land requirements are effectively superseded by the updated requirements presented in this report. Because the Horley Strategic Business Park site has not yet been built, any future provision of employment space there would effectively be meeting objectively assessed need for Crawley (and potentially elsewhere in NWS) associated with the new Local Plan period (i.e. 2019-2036).
- 10.55 The range of uses currently proposed (predominantly B1a with limited B1b, B1c, B8 and airport-related Sui Generis uses) suggests that the site is likely to play a much greater office role than industrial, placing pressure on other sites/locations to accommodate the Borough's industrial space requirements (which make up the majority of B use class requirements both now and over the period to 2036). Indeed, at 31 ha, and having regard to Crawley's updated office floorspace supply pipeline, the site would be over-providing office space when considered just against Crawley's office growth needs. It is recognised that although the proposed office focus at Horley may help to achieve some complementarity with the existing offer at Manor Royal, several sites within Crawley's supply pipeline take the form of higher specification office developments in Manor Royal. A significant proportion of Crawley's unmet business land needs are industrial focussed, and the anticipated offer at Horley Strategic Business Park is likely to make limited, if any, contribution to accommodating Crawley's identified shortfall for industrial space.
- 10.56 In reality, the contribution that the site will make to meeting needs will be determined by its timescale for delivery and phasing, which may extend beyond the respective emerging Local Plan periods for the NWS authorities.

Burgess Hill Science and Technology Park

- 10.57 Elsewhere across NWS, employment development of a strategic scale is also proposed at Burgess Hill in Mid Sussex, through the form of a Science and Technology Park west of Burgess Hill on the A2300. This was allocated as a broad location in the Mid Sussex District Plan (policy DP1) with the exact site identified in the Reg18 Site Allocations DPD that was recently subject to consultation. This represents around 50ha in size and is likely to accommodate approximately 2,500 jobs across the B1/B2 use classes.
- 10.58 The rationale for a Science and Technology Park in this location was identified by the Coast to Capital LEP in their Strategic Economic Plan (2014), recognising that such a development could impact positively on the wider region and beyond, supporting high end economic and business growth across the Coast to Capital and South East LEP areas.
- 10.59 The scale and nature of proposed (B class) uses on the Science and Technology Park site suggests that any future development could feasibly accommodate occupiers seeking a location within the wider NWS commercial property market area, albeit the focus on science and technology activity means that the site is likely to serve the needs of specific sector based occupiers rather than 'general market' needs.

Appendix 1 Consultees

Andrew Algar, Henry Adams

David Bessant, Graves Jenkins

Neil Cooper, Graves Jenkins

Adam Godfrey, Stiles Harold Williams

Tim Hardwicke, Stiles Harold Williams

Suzanne Holloway, Vail Williams

Stephen Oliver, Vail Williams

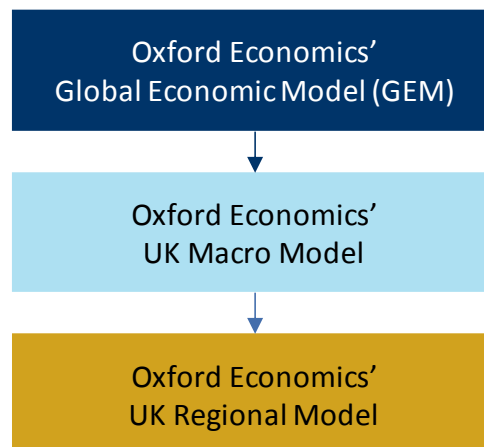
Steve Sawyer, Manor Royal Business Improvement District

Appendix 2 Oxford Economics Methodology Note

Local Authority District Forecasting Model

Oxford Economics Local Authority District Forecasting Model sits within the Oxford suite of forecasting models. This structure ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This empirical framework (or set of 'controls') is critical in ensuring that the forecasts are much more than just an extrapolation of historical trends. Rather, the trends in our global, national and sectoral forecasts have an impact on the local area forecasts. In the current economic climate this means most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years.

Figure 1.1: Hierarchical structure of Oxford Economics' suite of models

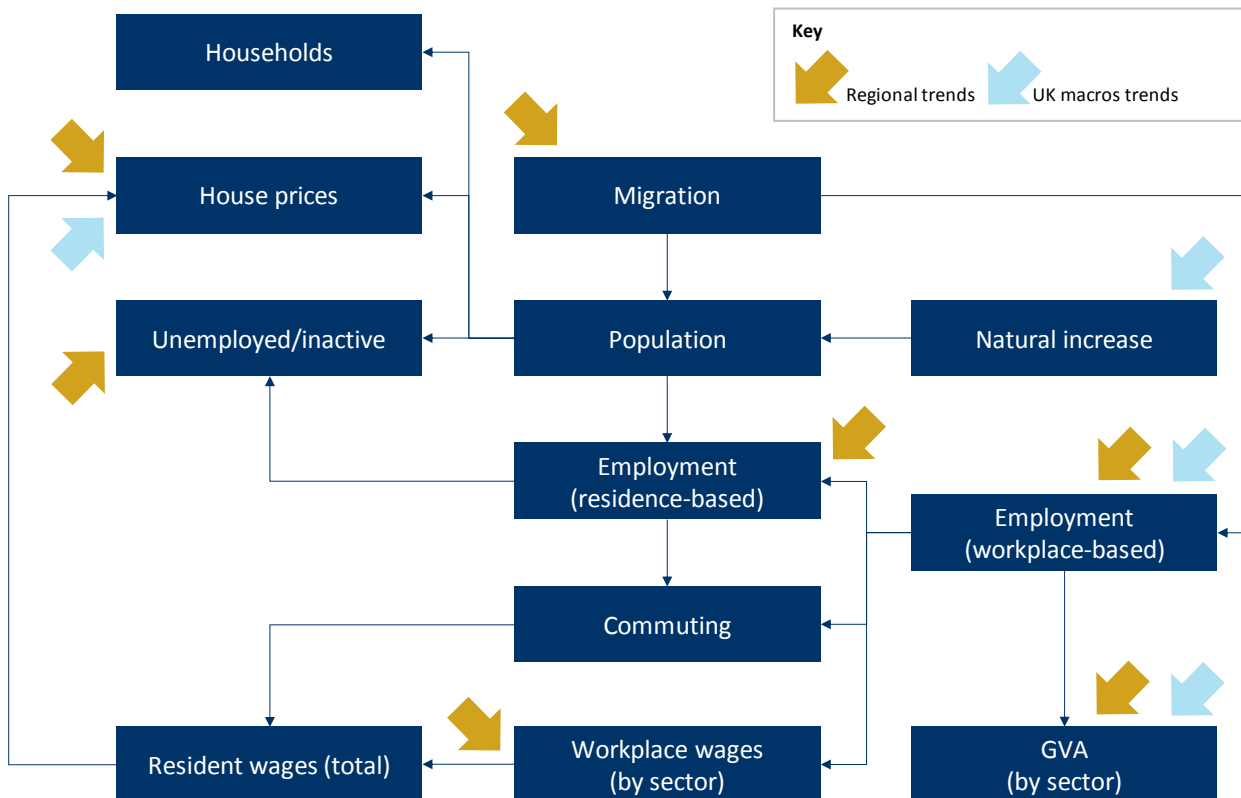


Our local forecasting model depends essentially upon three factors:

- National/regional outlooks – all the forecasting models we operate are fully consistent with the broader global and national forecasts which are updated on a monthly basis.
- Historical trends in an area (which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development built up over decades of expertise, and
- Fundamental economic relationships which interlink the various elements of the outlook.

The main internal relationships between variables are summarised in Figure 1.2. Each variable is related to others within the models. Key variables are also related to variables in the other Oxford Economics models.

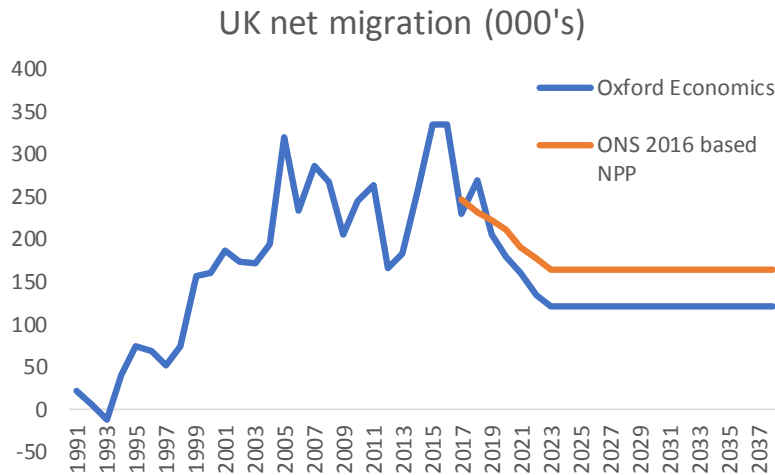
Figure 1.2: Main Relationships



The forecasts are produced within a fully-integrated system, which makes assumptions about migration, commuting and activity rates when producing employment and population forecasts.

Population

Oxford Economics produce their own forecasts of population which are economically driven and thus differ from the official population projections. Trends in the official births and deaths projections (2016-based) are used, but we have our own view on UK migration. The chart below sets out the Oxford migration forecast for the UK compared with the 2016-based population projection. Oxford Economics expect UK net migration to average 120,000 per annum compared to 165,000 in the official projections.



Oxford Economics population forecasts are derived from an economically driven model whereas official projections are trend based and do not consider how demand in the economy (and the likely impact on employment rates) affects migration.

At the local level, migration is linked to the employment rate forecast. If the employment rate within an area is falling too fast, migration reacts as the model assumes that people would not be attracted into this area to live, given that the employment prospects are weak. This ensures that the relationship between the labour market outlook and the demographic forecast is sensible. This series is scaled to be consistent with the migration forecast for the region from the UK Regional Model.

The total population forecast is then constructed using the forecast of migration and the natural increase assumptions. Natural increase for local areas is forecast based upon recent trends in both the historical data and the official projections.

Appendix 3 Economic Growth Projections Methodology

Prepared by Mid Sussex District Council

Introduction

The following briefing note explains the methodology for converting economic forecasts to land-use requirements for employment use: namely B1, B2 and B8. The method is almost identical to the one used by Nathaniel Lichfield in the 'Northern West Sussex Economic Growth Assessment' (2014) as reviewed by Chilmark Consulting in the 'Burgess Hill Employment Sites Study' (2015).

Forecasting Baseline

Economic forecasts were obtained from Oxford Economics for the Northern West Sussex authorities (Crawley, Horsham & Mid Sussex) in December 2018 ('Quarter 4 2018').

The economic forecasts are based on population projections. The following sources were used:

- Crawley: ONS Mid-Year Population Estimates
- Horsham: ONS Mid-Year Population Estimates
- Mid Sussex: Mid Sussex forecasting (POPGROUP)

The Mid Sussex forecasts were a bespoke projection, as the housing requirement (average 964 dwellings per annum) within the Mid Sussex District Plan is significantly greater than the level that off-the-shelf projections show (approximately 700 dwellings per annum). Bespoke projections may be required for Crawley and Horsham in the future to account for policy interventions which may only be known/tested through the Plan review process.

Step 1 – Convert Oxford Economics Data

Data from OE is expressed in '000s so is converted.

Previous assumptions by NLP/Chilmark suggests only 60% of industry sector 'G- Wholesale and retail trade; repair of motor vehicles and motorcycles' is in B-Class use, so this is reflected.

Step 2 – Map Oxford Economics Data to B-Class Uses

Each industry sector has been mapped to B-Class uses.

NLP previously mapped sectors to B-Class uses, and these are presented in appendix 7 of the 2014 study. However, this work was based on Experian data which separates the data into 38 sectors whereas OE does into 20. In the majority of cases this does not matter, as it is obvious which use class each industry falls into. The exception is 'G- Wholesale and retail trade; repair of motor vehicles and motorcycles' which has been split into B2 (17%) and B8 (83%) based on previous assumptions. This split is of a figure that has already been broken down to 60% in B-Class uses at step 1.

Step 3 – Increase/Decrease in B-Class Uses

The forecasts for Non B-Class are removed. Using the assumptions made at Step 2, the total forecasts jobs in B-Class uses are totalled for two years to calculate the increase/decrease for each industry between the years chosen.

Step 4 – Workforce Jobs to Floorspace

To convert to floorspace, ratios of jobs to floorspace are applied based on the HCA “Employment Density Guide – 3rd Edition” (November 2015). This is the most up-to-date at the time of writing.

Based on the above, total m² for B1, B2 and B8 uses can be calculated.

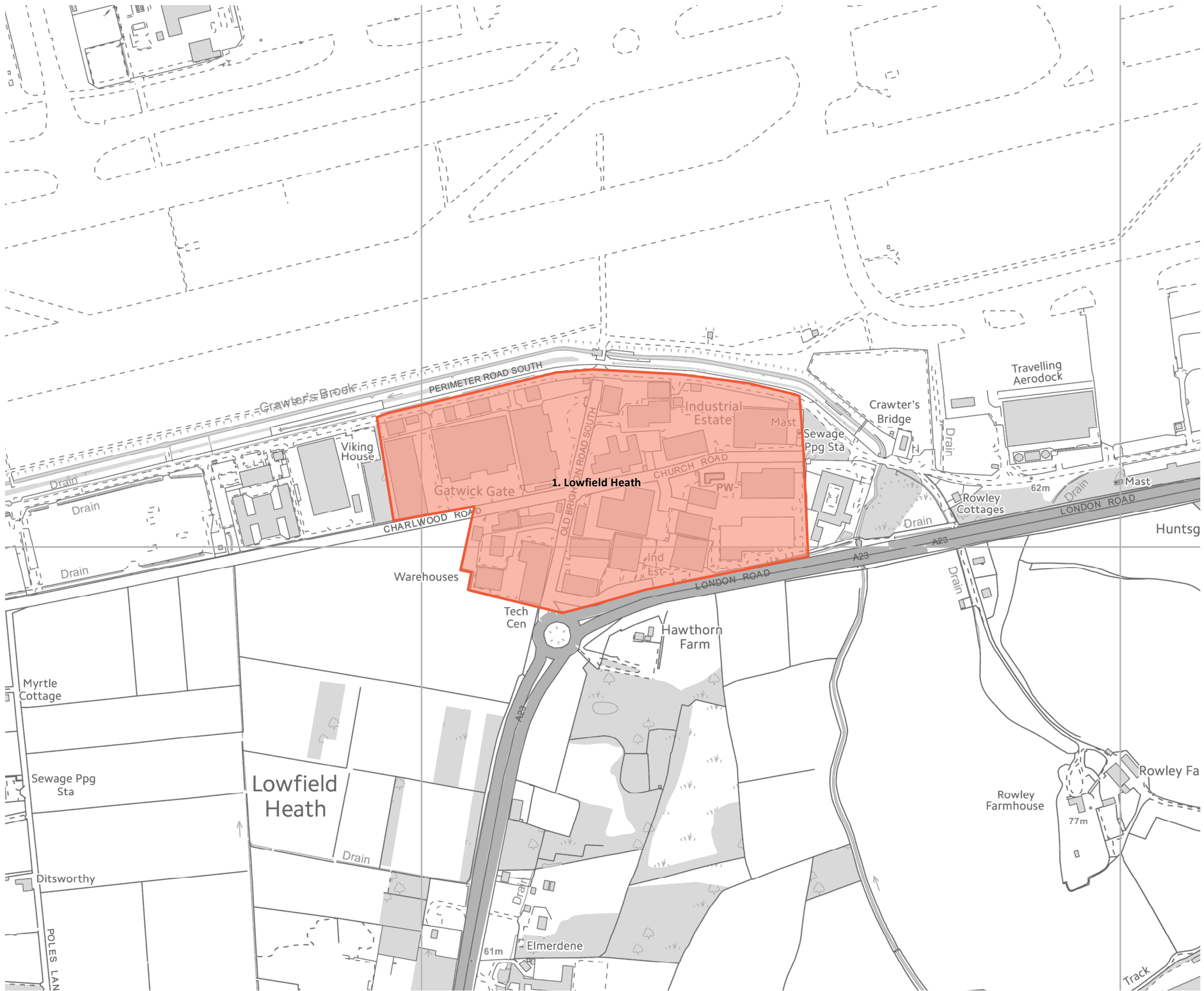
Step 5 – Floorspace to Land


Step 4 calculates square metres in employment floorspace, but for land-use planning purposes the total area of land (including external uses) needs to be calculated.

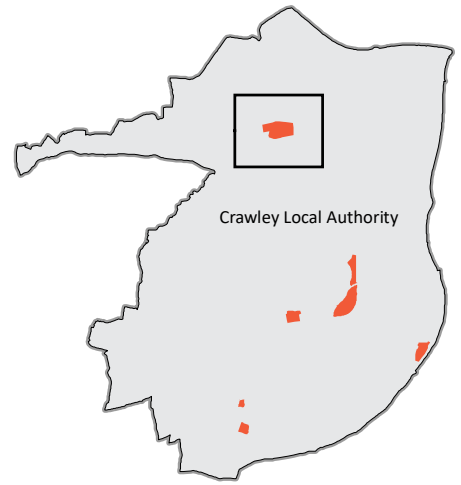
Plot ratios have been used to convert floorspace to land use.

The same ratios that were used in the NWS EGA (2014) have been used. These are set out in Appendix 8.

Appendix 4 Site Location Plans



Key
 Site to be assessed



0 100 200m

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LICHFIELDS

Project Northern West Sussex Economic Growth Assessment

Title Sites to be assessed: Crawley

Client Crawley Borough Council, Horsham District Council & Mid Sussex District Council

Date 11.07.2019

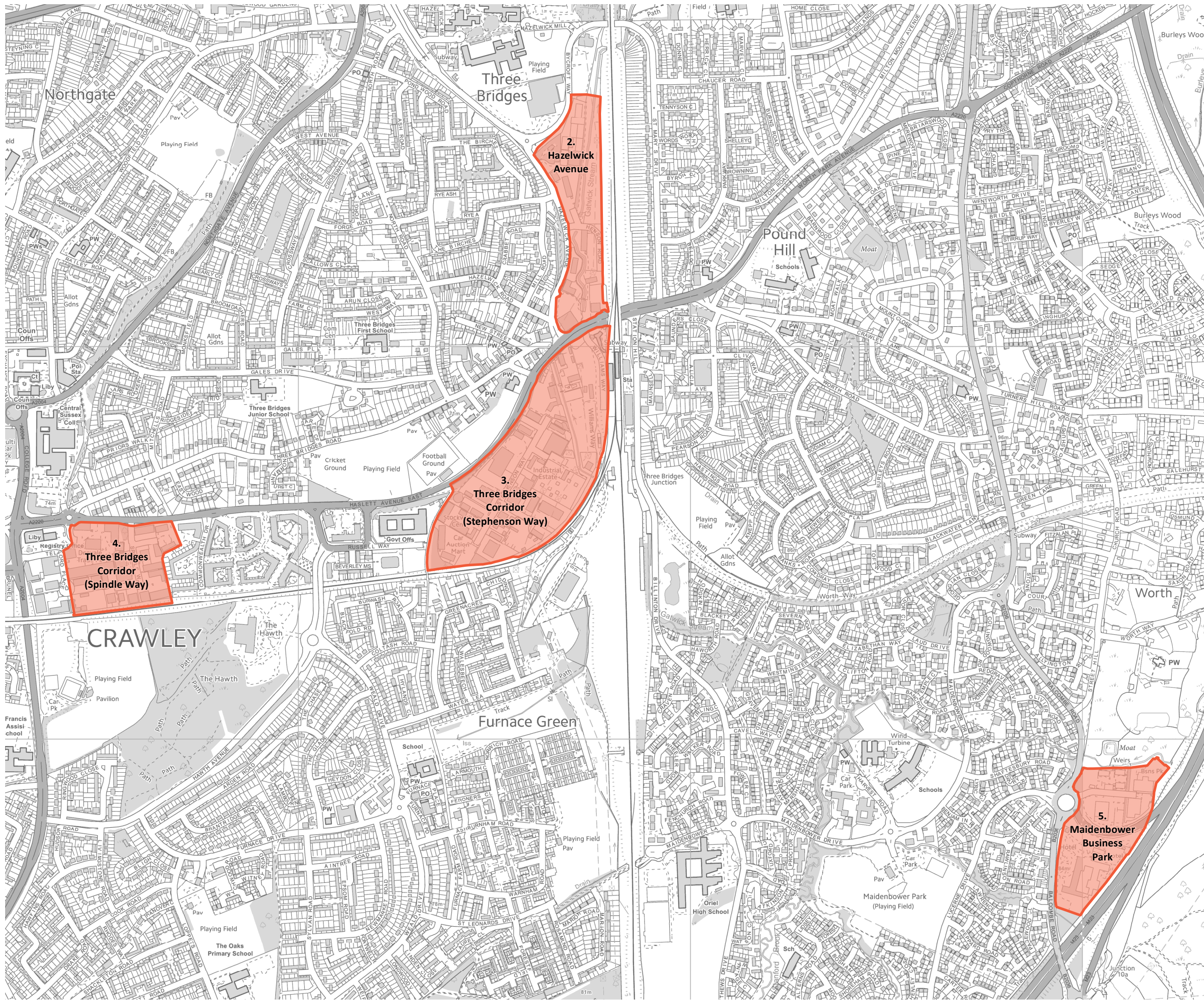
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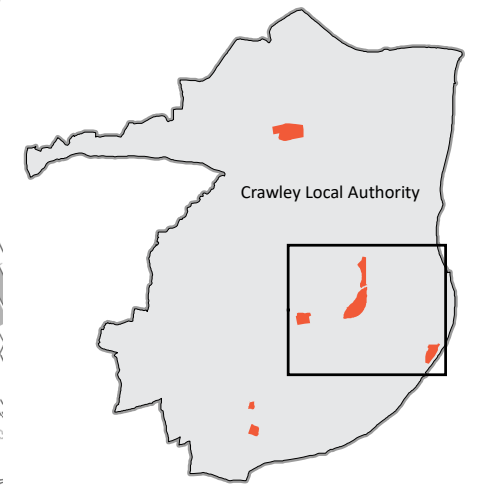
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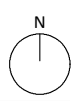


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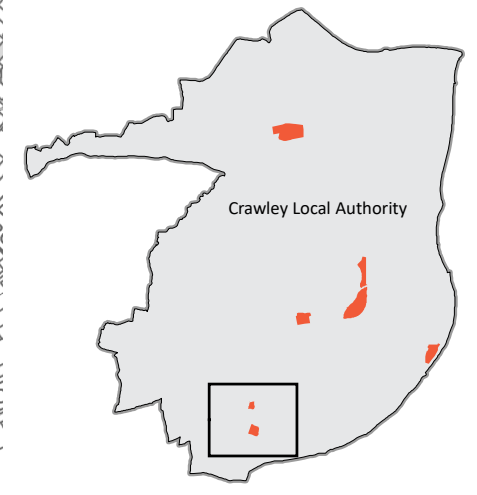
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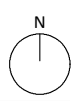


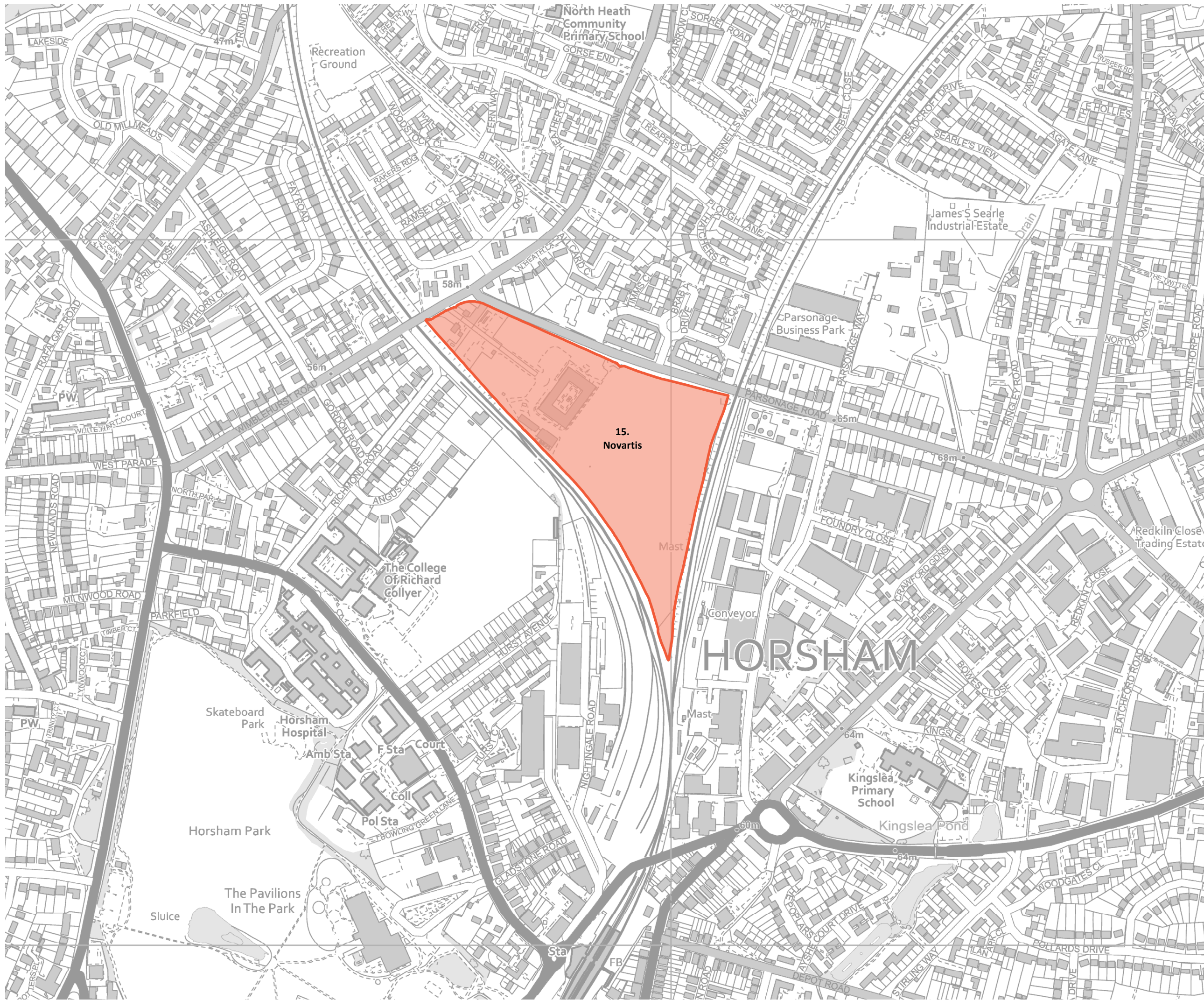
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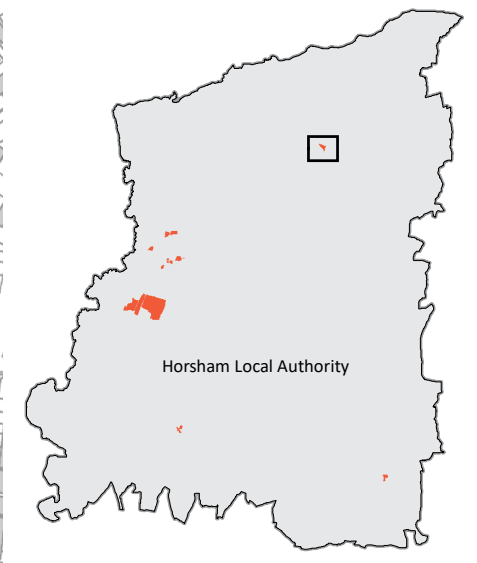
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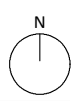


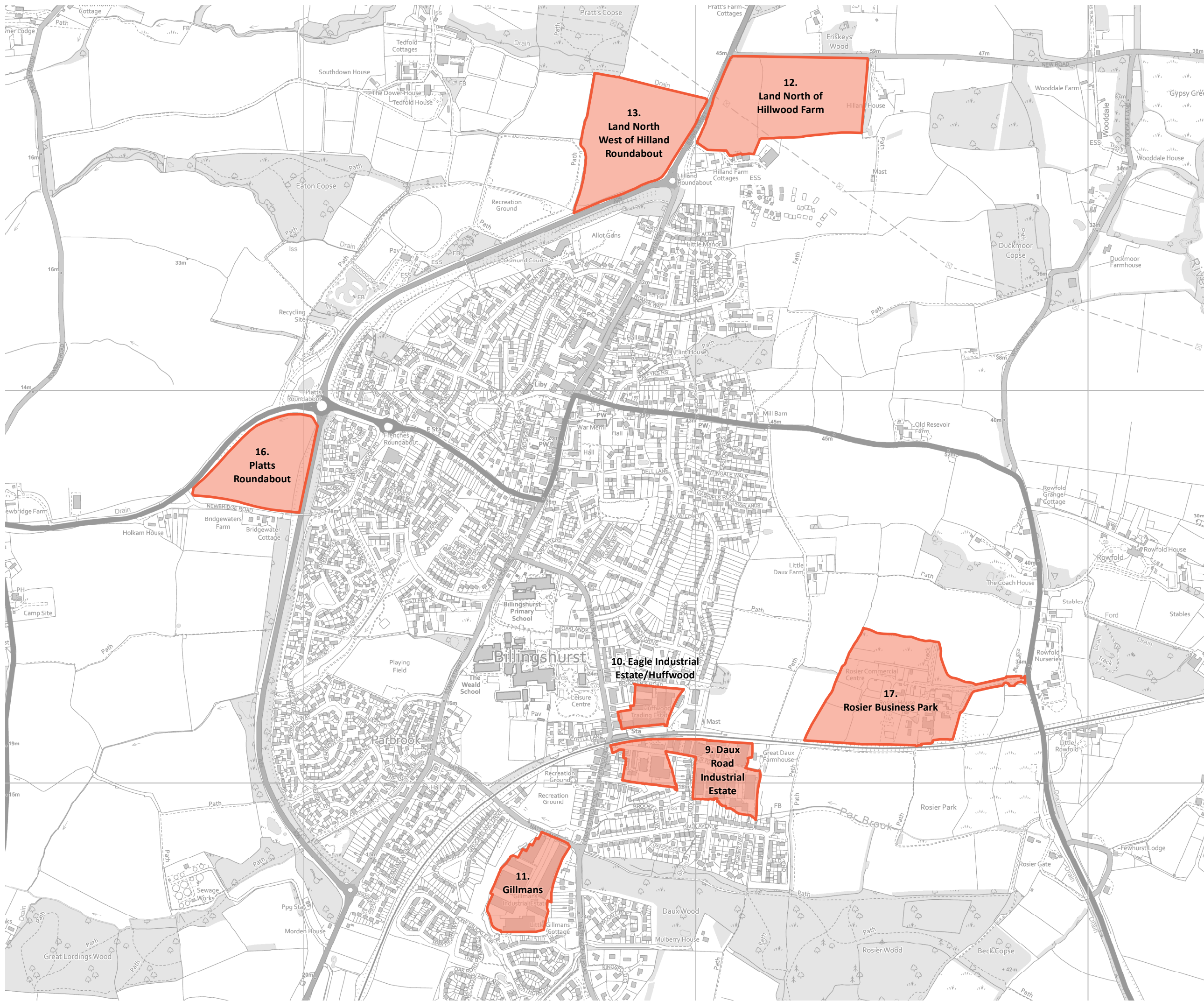
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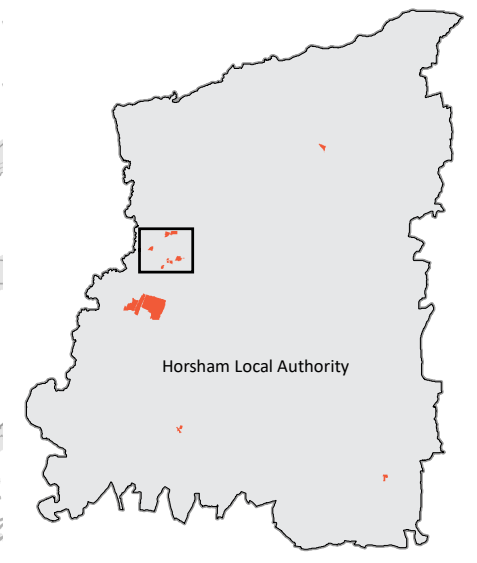
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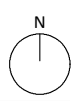


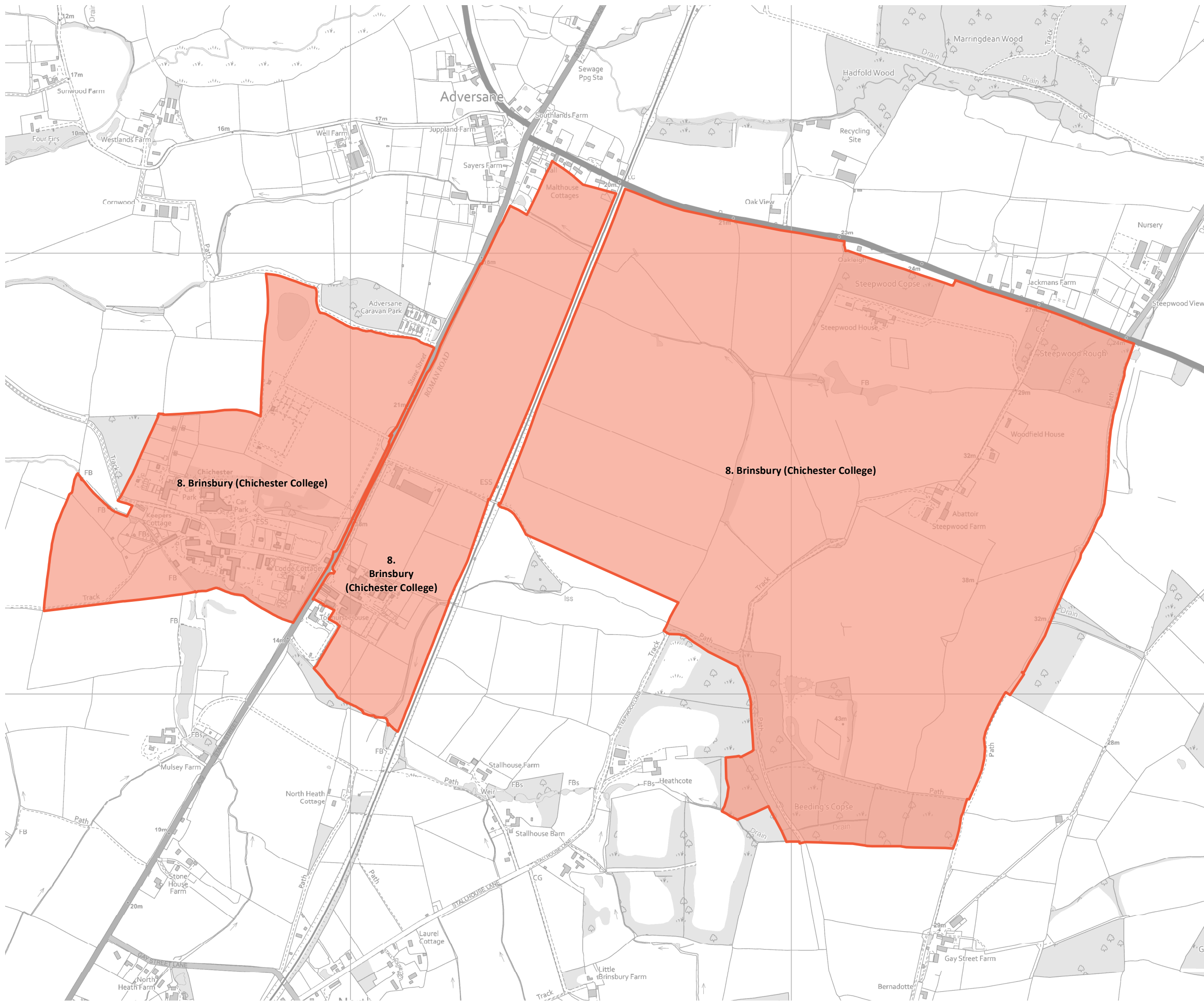
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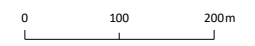
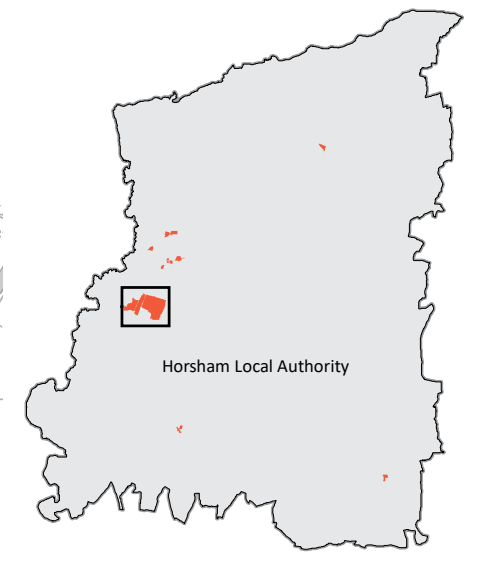
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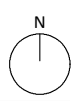


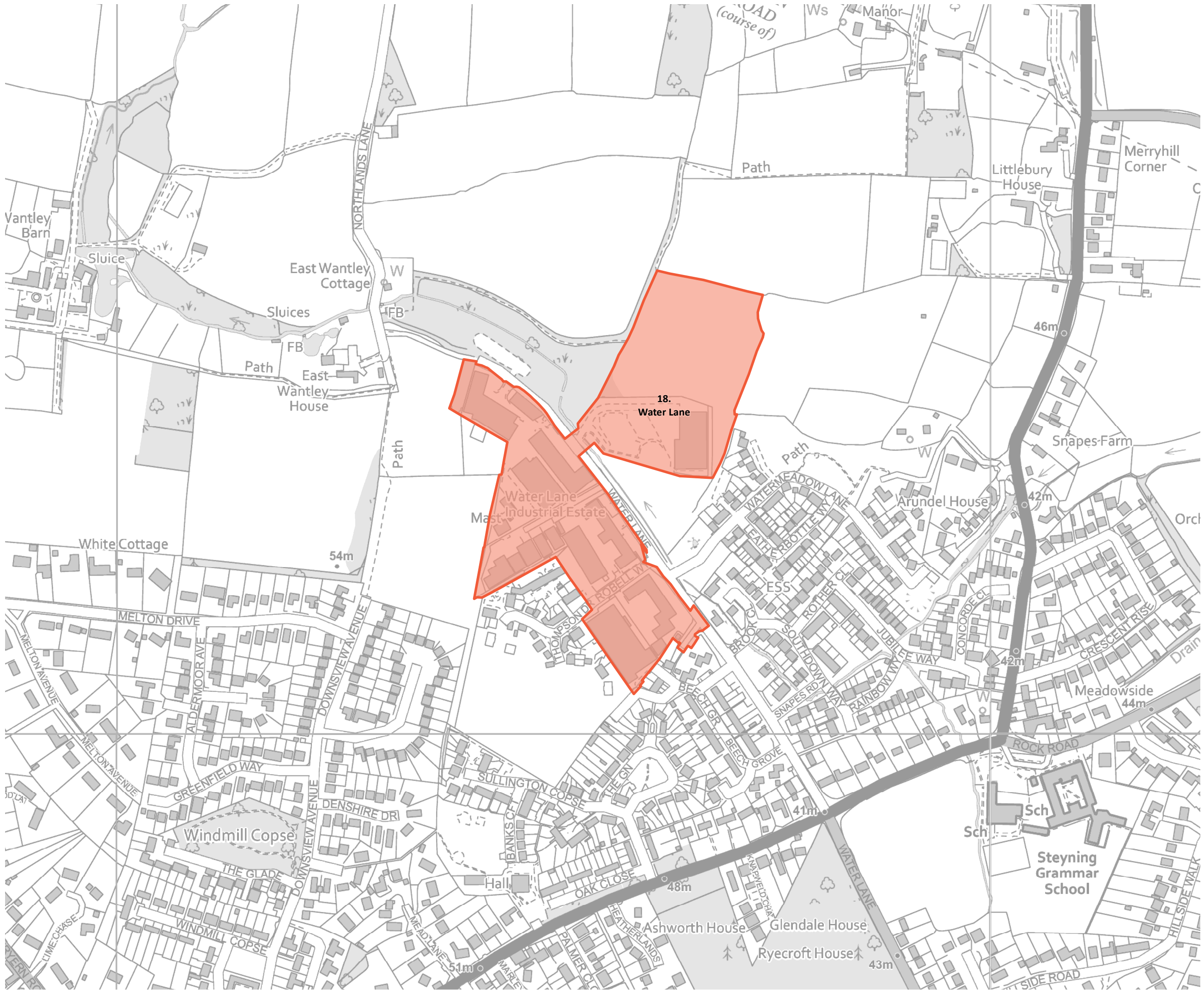
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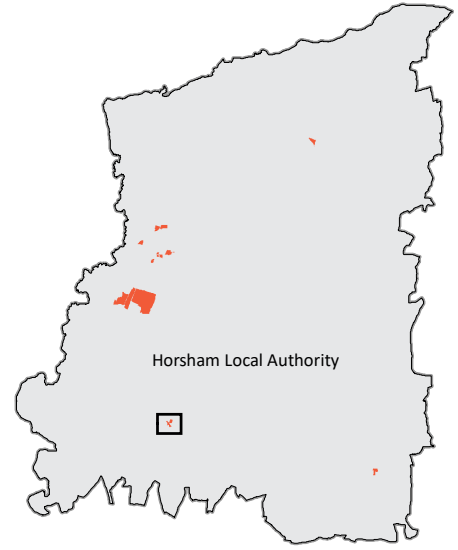
Project	Northern West Sussex Economic Growth Assessment
Title	Sites to be assessed: Horsham
Client	Crawley Borough Council, Horsham District Council & Mid Sussex District Council
Date	11.07.2019
Scale	1 : 8,000 @ A3
Drawn by	MAR
Drg. No	GIS\LF\60562\01-06

GIS Reference: S:\LF Jobs\LF60562 - NW Sussex EGA\LF60562 - NW Sussex EGA - Sites to be assessed - Horsham (03) - 23.04.2019.mxd





Key
 Site to be assessed



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Project	Northern West Sussex Economic Growth Assessment
Title	Sites to be assessed: Horsham
Client	Crawley Borough Council, Horsham District Council & Mid Sussex District Council
Date	11.07.2019
Scale	1 : 4,000 @ A3
Drawn by	MAR
Drg. No	GIS\LF\60562\01-07

GIS Reference: S:\LF Jobs\LF60562 - NW Sussex EGA\LF60562 - NW Sussex EGA - Sites to be assessed - Horsham (04) - 23.04.2019.mxd



Appendix 5 Employment Site Appraisals

Site Reference	Site Name	Site Size (ha)	Site Overview			Current Characteristics				Site Opportunities			Site Constraints		
			Current site status (allocated, non allocated etc)	Current / recent planning application	Has the site been subject to PDR conversions?	Existing buildings on site and condition. (Office / industrial, old / new)	Occupier(s) (Type and mby, % occupied / vacant	General market attractiveness. (Quality of premises, profile/location within the town, quality of occupiers)	Accessibility: (Strategic road access, local pedestrian accessibility)	Does the site have emerging proposals for development / redevelopment?	Scope to use site more efficiently / maximise employment uses on site?	Future development potential and uses: (B1/B2/B8 or other?)	Do adjoining uses act as constraints to future development?	Environmental constraints: (e.g. flood zone, SPAs, AONBs, etc.)	Infrastructure constraints: (e.g. transport, services, etc.)
1	Lowfield Heath	16.3	Main Employment Area	CR/2014/0830/FUL, WESTFIELD HOUSE LOWFIELD HEALTH ROAD LANGLEY GREEN, B1A offices. (Development started)	N/A	The existing buildings are very mixed with industrial, office and warehousing all present. The existing stock looks very dated, and in some cases in poor condition.	The site is around 80% occupied. The most obvious vacancy is a large office block situated in the middle of the site. There are also potentially some smaller sites also vacant.	The site is in close proximity to both Manor Royal and Gatwick Airport. However, the sites are very spread out and are dissected by a roundabout and road system. The site is a good business location.	Close to a main road (A23, London Road), with good pedestrian access.	Yes - B1a offices (development started) - single storey side extension	There are vacant buildings and large empty spaces that could be utilised.	Offers some scope for redevelopment with a large vacant building in the middle. The rest of the site seems very busy and active, therefore limited scope for further development.	Constrained by being adjacent to Gatwick Airport boundary and land safeguarded for potential future airport expansion.	N/A	N/A
2	Hazelwick Avenue	6.3	Main Employment Area	N/A	Ocean House: CR/2016/0237/PA3 approval of 26 units, not progressed. Pacific House: CR/2018/0110/PA3 approval of 20 units, work not started yet. Energy House: CR/2018/0107/PA3, approval of 40 units, work not started yet. Ocean House: CR/2016/0755/PA3, approval of 29 apartments, work now completed and occupied	Mix of old and new office stock. Good condition and in use.	The site is mainly occupied by energy companies, namely EDF and UK Power Networks. There is also some retail present (Lidl and Iceland)	The site benefits from being close to a main road, very close to Three Bridges train station and the town centre. There are two main offices rented to 2 individual companies. The site is a good business location due to the location and accessibility.	Close to main road (Haslett Ave), lack of public parking but easily accessible by foot.	A number of office to resi PDR prior approvals yet to commence - coupled with existing PDR have potential to undermine longer term employment role of site	The site is rather compact, the only space available is the allotments.	Limited scope for further development as all the buildings are currently in use and working effectively.	Train line running down the back, public footpath and allotments dissecting the site. There are electrical pylons also present on the plot.	N/A	No public services in the office site, surrounded by residential, main road and train line.
3	Three Bridges Corridor (Stephenson Way)	14.96	Main Employment Site	CR/2017/0265/FUL, 11 STEPHENSON WAY THREE BRIDGES CRAWLEY, B8 storage. (Permitted)	N/A	Combination of industrial/office/car parking/ workshops. All low value apart from a new BMW car show room and self storage facility	Occupied, apart from Crawley Business Centre	The site is attractive due to being very close to Three Bridges Railway Station and Haslett Avenue. However, the site is not of the best quality in terms of the stock and the businesses on site.	Easy access by car and foot, close to main road and train station. Congestion at peak times.	Yes - B8 storage (permitted)	Scope to upgrade uses on site.	Limited scope for further development, however there is potential to develop new B class uses in the place of old poor quality stock.	Train line and accompanying offices and storage is adjacent to the site. Main road running adjacent on the opposite side and very near a residential area.	N/A	Few small cafes
4	Three Bridges Corridor (Spindle Way)	5.66	Main Employment Area	CR/2016/0989/FUL, UNIT 1 SPINDLE WAY THREE BRIDGES CRAWLEY, A1 retail. (Occupied)	International Business Centre: CR/2017/0748/PA3 approval for 10 flats, not started yet	Very mixed stock, and range of quality. There is a relatively new office area adjacent to secondary stock. Additionally there are car repair workshops, industrial buildings and old warehouses.	Majority occupied with at least two very obvious vacancies which are the old lazer world and one old set of offices. Some of the lots seem very busy, especially the Enterprise rent-a-car which is situated at the front of the lot.	The site is situated in a good location near the train station and town centre.	Near the A20, and easily accessible by foot	N/A	Scope for intensification on site.	Limited scope for new development due to the space constraints on the site.	Playing fields (Southgate Park) behind the site on the other side of the train tracks. A county council library on the site. Next door there is a large employment area that consists of more modern stock including a Halfords, Majestic Wine and a big gym.	N/A	One obvious cafe on site and a council library
5	Maidenbower Business Park	6.3	Main Employment Area	CR/2015/0736/FUL, MAIDENBOWER OFFICE PARK, BALCOMBE ROAD CRAWLEY, B2 General Industry. (Permitted)	N/A	Site consist of a pub, a selection of offices, an Audi car showroom and a large self storage facility. All modern and in use. Europa Hotel occupies the entire bottom section which is located across the road.	Seems to be fully occupied.	The site is located on the outskirts of Crawley, however it does benefit from being close to a main road (M23), and has lots of space and parking. The site is of good quality and the stock onsite is all in good condition.	Direct access to B2036, also accessible by foot but made harder due to the main road crossing.	Yes - B2 general industrial (permitted)	Lots of space taken up by large self-storage and parking, intensification could be achieved through redevelopment.	Further development opportunities are limited, the site is virtually at capacity in terms of buildings with the small size of the site.	Has a main road on two of the sides, and it is also situated in a very residential area.	N/A	The Coaching Halt Pub, residential area and main roundabout
6	Broadfield Business Park	1.48	Main Employment Area	N/A	Maplehurst House: CR/2015/0374/PA3 69 units completed. CR/2015/0373/PA3 53 units, completed Ashburn House: CR/2015/0090/PA3 92 units, completed	Consists of relatively new office stock.	Occupied, two of the main buildings by William Reed. Those 2 buildings were noticeably the busiest. The others appear to be in use but not very busy. Also some old offices on edge of site are now residential flats (through PDR).	Generally good quality with lots of parking available. However, the site is relatively isolated, apart from the residential housing behind.	Directly adjacent to the main road (A23) but indirect access. Poor access by foot, unless you are coming from Broadfield town.	N/A	There is some unused parking space available.	Due to surrounding constraints and limited space available, future development opportunities are very limited. PDR has undermined employment role of part of site.	Football stadium (Crawley Town FC) next door, also the main road restricts further development at the front of the site.	N/A	Main road, no services available on site
7	Tilgate Forest Business Centre	3.33	Main Employment Area	CR/2015/0733/FUL, ELM PARK COURT TILGATE FOREST BUSINESS CENTRE, BRIGHTON ROAD, B1a Offices. (Permitted)	N/A	Four large office blocks, all looks relatively new stock.	At least one block vacant (which looks more dated), with another block being refurbished. KPMG occupy one of the large office blocks.	Site is directly adjacent to main road (Brighton Road and M23), although the site is situated outside of town and is rather isolated with Tilgate Forest surrounding the majority of the site. The site is of good quality but represents a secondary business location.	Direct turn off from Brighton road, which leads up to the M23 just down the road. Poor access by foot.	Yes - B1a offices (permitted)	The site is relatively low density, with space between buildings and large unused car parking.	There is room for limited further development.	There is a main road acting as a boundary, and there is a public footpath/road at the back of the site. Additionally, the site is surrounded by Tilgate Forest.	N/A	N/A

Site Reference	Site Name	Site Size (ha)	Site Overview			Current Characteristics				Site Opportunities			Site Constraints		
			Current site status (allocated, non allocated etc)	Current / recent planning applications	Has the site been subject to PDR conversions?	Existing buildings on site and condition. (Office / industrial, old / new)	Occupier(s) (Type and mix, % occupied / vacant)	General market attractiveness. (Quality of premises, profile/location within the town, quality of occupiers)	Accessibility: (Strategic road access, local pedestrian accessibility)	Does the site have emerging proposals for development / redevelopment?	Scope to use site more efficiently / maximise employment uses on site?	Future development potential and uses: (B1/B2/B8 or other?)	Do adjoining uses act as constraints to future development?	Environmental constraints: (e.g. flood zone, SPAs, AONBs, etc.)	Infrastructure constraints: (e.g. transport, services, etc.)
8	Brinsbury (Chichester College)	195.37 (across 3 site parcels)	Centre for Agricultural Excellence.	There has been growth around the college, and is now home to Architectural Plants and Hepworth's Brewery. More recently applications for commercial use have been submitted and recently permitted to allow for a car showroom on land on the eastern side of the A29. (DC/16/2963), together with a range of B1, B2 and B8 uses (DC/17/0177).	N/A	Parts of the site are dominated by College buildings with additional farm buildings, greenhouses and an equine centre.	All buildings appear to be occupied, but also significant area of open land.	Nearest facilities are 4km away south or north along the A29 to Billingshurst or Pulborough. Untested market location.	Site has good access from entrances on the A29	Yes - car showroom (DC/16/2963) plus range of B1, B2 and B8 uses (DC/17/0177).	N/A	Significant scope for future development linked to rural based sectors and/or the educational offer at this campus, to help support the future of this organisation. Largest site parcel (to east of railway line) subject to proposed new settlement so not available for employment use in its entirety.	The site is surrounded by fields and open space.	Land falling within Flood Zones 2 and 3. Proximity to barbastelle bats and their flight path (recorded in the area)	Limited public transport means there will be a greater reliance on cars to access
9	Daux Road Industrial Estate	4.23	Key Employment Area	DC/04/1118 Change of Use from B8 Warehouse to B1 Light Industrial PERMITTED 23/07/2004 DC/10/1912 Construction of 14 houses PERMITTED 05/04/2011	N/A	Mix between old industrial, warehousing and office buildings. There are two newer buildings (Anco Warehouse & Premier Energy offices)	Almost fully occupied mostly by small industrial (B2) businesses with some storage (B8) and office (B1) use with one vacant unit.	Good location next to the train station, Tesco's and other services are present at the end of the road. To get to the main shops you have to cross a level crossing. Therefore, it acts as a good business location, however the stock is generally of low quality.	Very easily accessible for pedestrians and the site is situated near the A29	N/A	The Economic Growth Assessment 2014 described the site as having limited scope for expansion or intensification. This is still the position today.	Little to no room for future development at this site.	Great Daux Farmhouse at the far end which is a listed building. Very close to residential uses.	There are 36 horse chestnut trees which are subject to a TPO on the western boundary of the site, however this is the area covered by the residential application. Proximity to barbastelle bats and their flight path (recorded in the area)	There is a main train line that runs along the side of the site.
10	Eagle Industrial Estate/ Huffwood	1.18	Huffwood is an existing KEA, but the Eagle site is not	On the Eagle site an application for 19 dwellings B1/154/03 (later reduced to 17) was dismissed on appeal in 2005.	N/A	The site comprises a mix of warehousing and industrial stock and poor quality offices. The site mainly comprises of little sheds most of which are relatively run down. Occupied by Low value repair workshops, pallet storage and I.T. support services. ACS have the main offices at the back and they supply services and tools for printing industries. Both date back to the 1970s and comprise a mix of B1, B2 and B8 uses over both sites.	Virtually all occupied, clearly a vacancy at the front adjacent to the street which appears to be the prime area (in Eagle ind. Estate)	Close proximity to Billingshurst train station and a Tesco/café at the end of the road as well as a community/leisure centre/school. So there are lots of services near by making it an attractive location, although the current uses are of low quality and the buildings are in poor condition.	Public Footpath ROW1938 runs to the north of the site along Brookers Road	N/A	Limited scope for expansion	Little to no room for future development at this site.	Residential buildings surround the estates	Proximity to barbastelle bats and their flight path (recorded in the area)	Main train line runs behind the sites, and access to the site can be difficult for larger vehicles.
11	Gillman's	3.27	Key Employment Area	N/A	N/A	Industrial and warehousing all relatively old stock (1980-90s) all relatively large in size, with some accompanying old office buildings. A bigger more modern warehouse at the back occupied by BPH (plant hire).	Entirely occupied. Engineers/HydrachemPlant Hire	Quiet road access off Natts Lane, relatively close to Billingshurst. The EGA 2014 described the site as an average quality employment site that is fulfilling its local and district wide role. That is still the case today.	Accessible on foot and located near the A29	N/A	The industrial estate is fully occupied with no room for further expansion, although it may be possible to intensify existing uses with the estate.	The site is busy, with all the warehouses occupied and in working order, therefore limited scope for future development.	There are sports fields across the road and a pre-school group. Residential area and what looks like a power grid down the road	The site is accessed directly off Natts Lane. The entrance from Natts Lane is subject to flooding. The northern boundary to the site is located within Flood Zone 2. Proximity to barbastelle bats and their flight path (recorded in the area)	N/A
12	Land North of Hilland Farm	8.25	Non-allocated	DC/18/2122 hybrid app seeks to deliver 19,073 B1c/B2/B8 and Petrol Filling station with A1 retail and drive through coffee unit (8.2 hectare) - Decision Approved	N/A	No buildings on site	N/A	It is 600m to the services and facilities within the centre of Billingshurst. There is a station in the village but this is in the southern part of the settlement and is not within easy walking distance to this site. It is likely to be attractive to the market due to the access and location that it offers in a prime spot at the edge of the town.	Very close to main road (A29), there is a road turning making the site accessible. There is currently no pedestrian access to this site.	N/A	N/A	Significant scope for employment development on site.	Farm building next door. No obvious constraints.	Ecological surveys may be necessary to identify impacts on the flight path of barbastelle bats which are a protected species and have been recorded in the area.	There is a pylon in the middle of the field with cables overhead. The field is not flat, creating potential landscape issues.

Site Reference	Site Name	Site Size (ha)	Site Overview			Current Characteristics				Site Opportunities				Site Constraints		
			Current site status (allocated, non allocated etc)	Current / recent planning applications	Has the site been subject to PDR conversions?	Existing buildings on site and condition. (Office / industrial, old / new)	Occupier(s) (Type and m ² , % occupied / vacant)	General market attractiveness. (Quality of premises, profile/location within the town, quality of occupiers)	Accessibility: (Strategic road access, local pedestrian accessibility)	Does the site have emerging proposals for development / redevelopment?	Scope to use site more efficiently / maximise employment uses on site?	Future development potential and uses: (B1/B2/B8 or other?)	Do adjoining uses act as constraints to future development?	Environmental constraints: (e.g. flood zone, SPAs, AONBs, etc.)	Infrastructure constraints: (e.g. transport, services, etc.)	
13	Land North West of Hilland Roundabout	7.09	Non-allocated	N/A	N/A	No buildings on site	N/A	The site is 550m away from the services and facilities within the centre of Billingshurst. There is a station in the village but this is in the southern part of the settlement and is not within easy walking distance of this site. The site is attractive as it provides the opportunity of a prime, high profile employment location along the main road into the town.	N/A	Near to a main road, but no direct access currently. No pedestrian access currently exists into the site.	N/A	N/A	Significant scope for employment development on site.	Council recycling site/ Billingham recreational ground/ cricket ground/ football pitches/ skate park/ good quality astro pitch.	Barbastelle bats, which are a protected species, have been recorded in the area.	N/A
14	Mackley	6.99	Key Employment Area	DC/18/2236 permitted 19/02/2019 the COU from light industrial (578.4sqm) to leisure use as a ski training centre (use class D2)	N/A	This site covers a large area and consists of very old office, both new & old industrial, coach storage, logistics, and warehousing. Some of the companies are Organic Vegan Chocolate, Truffle bakers, furniture makers, old car/sports car dealer.	Occupied, looks very busy (some busier than others).	Appears to be attractive based on current occupation, but peripheral. Quality logistics, big warehousing, but very far from town centre and Crawley and Horsham.	N/A	Difficult to locate, but relatively near a main road	N/A	Scope for some intensification of current use.	Due to the unrestricted nature of the surrounding area the site has potential for further development.	Surrounded by fields/farmland	N/A	No services on site.
15	Novartis	7.54	Non-allocated	Novartis left site in 2014 and has been vacant since. West Sussex County Council bought the site in 2016 to create a world leading science park. Plan is to now split it into 3 areas; housing, business and social.	DC/14/1624 Novartis phase one. 160 units	Existing office buildings on site appear to be old and run down. There were two security huts by the main gates to the north, and a set of turnstiles at the second set of main gates.	Currently vacant	Great location near to Horsham train station and Horsham town centre, offers a very attractive business location within Horsham town centre.	N/A	Easily accessible	Significant potential for re-use to provide a key employment site within the town. It will be necessary to ensure that the site retains the locally listed building and TPOs.	N/A	Scope for further development to maximise site's location/proximity to town centre.	Train line running down the side of the site, and recently built new residential buildings on the other side. The Art Deco building is Locally Listed and should be retained as part of any development.	There is an avenue of cedar trees lining the approach to the main building which are subject to TPOs	N/A
16	Platts Roundabout	4.96	Non-allocated	DC/19/0295 hybrid app seeks to deliver 4.627sqm B1b/B1c/B2/B8 and Petrol filling station with convenience store, sandwich bar and car wash; motorcycle showroom and workshop – Decision Approved	N/a	None - currently a field in agricultural use	N/A	Good location on the outskirts of Billingshurst which provides an attractive location with good access, in close proximity to the town.	N/A	Very good access adjacent to A272 with Newbridge Road that goes over the A29 and gives public access to Billingshurst on foot.	4,627sqm B1b/B1c/B2/B8 and Petrol filling station with convenience store, sandwich bar and car wash; motorcycle showroom and workshop (DC/19/0295) – Decision Approved	N/A	Significant scope for employment development on site.	Main road surrounds 3/4 of the site	Proximity to barbastelle bats and their flight path (recorded in the area)	N/A
17	Rosier Business Park	8.83	Non-allocated	N/A	N/A	Mix of uses	Mainly occupied but not all the space used effectively with large car parks and storage areas, the office section seems fully occupied.	Relatively remote location. Easy access from the road and from Billingham town centre by car. New housing being built down the road by Bellway, and across the road is a luxury bungalow park. Appears to be attractive to range of uses.	N/A	Site is connected to the wider strategic road network as it directly joins the A272. Whilst the site is only 500m east of the BUAB of Billingham, there is no direct pedestrian access from Billingham town centre.	N/A	Potential for intensification of current use due to the sizeable area used for storage. The easy access to the strategic road network adds to the potential for future employment growth on the site.	Some scope for employment development on site.	A low pressure gas pipeline runs along the western boundary of the site north to south	Ecological surveys may be necessary to identify impacts on the flight paths of Barbastelle bats which are a protected species and have been recorded in the area. Listed Building lies within the site.	N/A
18	Water Lane	7.33	Key Employment Area	New Tesla warehousing facility being built at the back of the site, with boundary site changes being made to accommodate the new Tesla expansion at the north of the site. The site is identified as a Key Employment area in 2015. Application for 98 residential units was granted planning permission on the southern (formerly Paula Rosa) portion of the site in December 2016 (DC/15/2788).	N/A	This site is divided into two main areas, with the low value old stock at the front, and the Tesla workshops at the back which are of higher quality.	Well occupied	The site is in a very residential area, but appears to be attractive to the market.	N/A	Easily accessible for local pedestrians. It is near to the A24, but the site is far away from major settlements/centres.	N/A	Limited scope, following expansion of the Tesla site opposite.	Within the current boundary there is limited scope for further development, however, as with the new Tesla shed there is potential to expand onto the surrounding land.	Public footpath at the rear of the site, very residential area. Also a school nearby with an active crossing at the front.	Proximity to barbastelle bats and their flight path (recorded in the area)	N/A