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West of England Employment Land Spatial Needs Assessment

Final Report

West of England Combined Authority

March 2023

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Executive Summary

Introduction

Atkins Ltd were commissioned in June 2020 to prepare the Employment Land Spatial Needs Assessment (ELSNA) for the West of England on behalf of the West of England Combined Authority (WECA) in collaboration with the Unitary Authorities (UAs) of Bristol City, Bath and North East Somerset (BANES), South Gloucestershire and North Somerset, covering the period 2020 to 2040 ('the ELSNA period'). This study assesses employment land demand and supply characteristics and provides recommendations for the client-identified study area for the West of England.

Purpose of Study

The study builds on a substantial body of previously undertaken work to inform future strategic economic and employment land policies and priorities in the West of England sub-region. This includes the Employment Land Review and Studies of the Unitary Authorities – which set out future employment floorspace demand and supply requirements at a local level – as well as the West of England Local Industrial Strategy (LIS), which provides the overall economic vision for the area and guides the sectoral focus of the ELSNA.

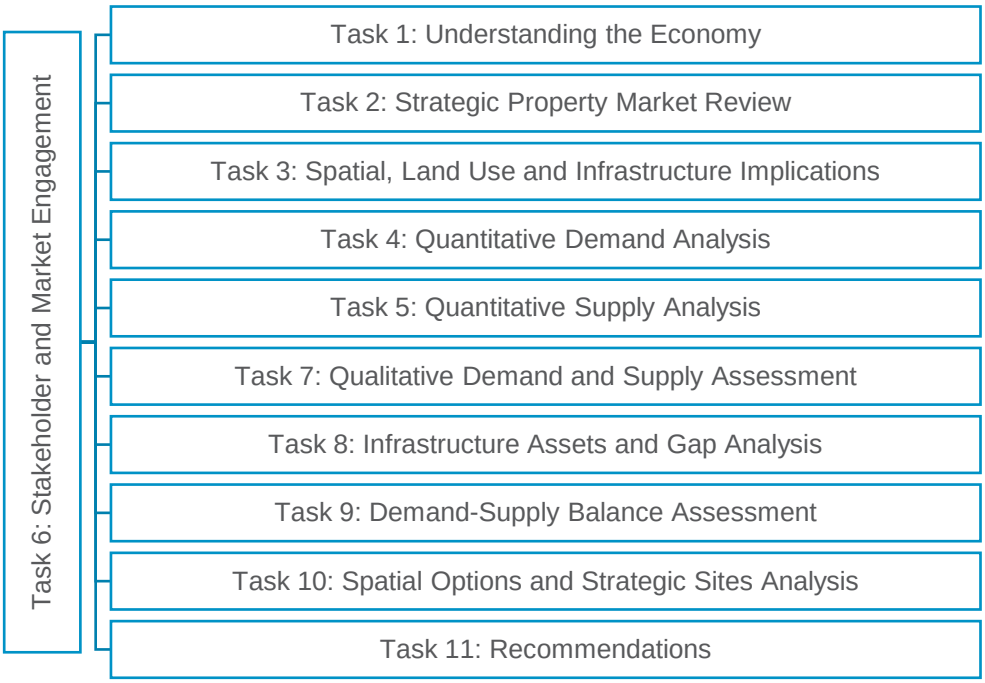
The study forms part of the evidence base for strategic and non-strategic policies in the West of England area and inform the preparation of the West of England (WECA area) SDS, the Local Plans within the four Unitary Authorities, as well as further policy development and review. In particular, the ELSNA will provide evidence to inform the development and underpin the employment aspects of spatial strategy at local and sub-regional level, including:

- The broad scale and nature of employment growth in different authority areas.
- The protection, intensification, change of use and/or release of existing and new employment-generating areas.
- Potential re-purposing of surplus retail and other oversupplied town centre land and floorspace.
- Potential re-purposing or mixed re-use of strategically significant clusters of retail; and
- The spatial relationships with key economic infrastructure, such as the Port of Bristol and Bristol Airport.

Methodology

The methodology for the ELSNA has been developed in a series of key tasks, across the four work packages specified in the brief, that iteratively inform each other, whilst recognising the interactions with parallel workstreams and the critical role of market stakeholder engagement in underpinning analysis.

Figure 0-1 - ELSNA Methodology



Source: Atkins (2020)

West of England Context

The study assesses existing policy, evidence base and the area's socio-economic profile. It concludes that the West of England is home to a broad, diverse and thriving economy, incorporating a range of major industrial and business sectors with several key specialisms. This growth potential is recognised in the West of England Local Industrial Strategy (LIS) and the spatial policies of the four UA's Core Strategies. However, the evidence suggests that there are pockets of significant deprivation, particularly in Bristol (with one concentration in South Bristol) and North Somerset. This deprivation creates an impetus for continuing spatial, economic and social policies that seek to generate additional employment and economic development opportunities. This economic growth should also seek to benefit all communities across the WoE.

The ELSNA takes a sectoral approach to the analysis of supply and demand in the West of England region and a range of key sectors were agreed with the client project group to be assessed for their employment land/floorspace needs. It should be highlighted that whilst the sectoral analysis enables an element of focus on key growth sectors, it is not to the exclusion of the wider economy. All sectors of the sub-regional economy are covered by the analysis, in order to provide a comprehensive picture of employment land demand and supply.

Table 0-1 - Key Market Sectors

Broader Manufacturing (including Aerospace and Advanced Engineering)	Housing, Construction and Development
Creative and Digital	Transport and Logistics
Professional Services	Health and Life Sciences
Retail, Culture and Leisure	Tourism
Food and Rural Enterprise	Circular Economy and Low Carbon
Public Administration	Education

Source: WECA (2020)

The key market sectors given particular prominence in the ELSNA emerged primarily from the West of England Local Industrial Strategy (LIS) and the West of England Employment Skills Plan, which collectively set out the

strategic economic approach for the region and identify these sectors on the basis of their significant potential to create jobs and growth in future, as well as market and stakeholder engagement.

Strategic Property Market Review

The strategic property market assessment is based on discussions with key stakeholders and local property market agents, as well as analysis of current property market data. Taking into consideration the dynamics and key trends of the commercial property market at a national level, it highlights the characteristics and performance of the key market sectors in the sub-region. These dynamics and trends are then used to inform the assessment of supply and demand for commercial employment land in the West of England. The conclusions drawn from the analysis are presented by property sub-market, and raise a range of important opportunities and issues:

Industrial Market

- Greater Bristol is an established hub for advanced manufacturing and engineering, primarily driven by clusters of innovative businesses spanning the arc from Emersons Green Enterprise Area to Filton Enterprise Area, via the University of the West of England to the M4/M5 interchange.
- The size and location of available sites is a major issue, particularly regarding medium and smaller sites in accessible areas, with limited availability of modern premises to meet current demand.
- Industrial occupiers seeking modern premises are increasingly shifting their interest towards more outlying locations in South Gloucestershire (such as Emersons Green) and along the M5 corridor.

Logistics and Distribution Market

- The national logistics and distribution market sector have flourished over recent years, a trend which has been accelerated by the COVID lockdowns and the increasing dominance of online retail. This includes an increased desire for large premises to support economies of scale, including 'super sheds'.
- Avonmouth and Severnside have consistently been the focus of market activity in the logistics and distribution sector, with steady demand projected to be sustained into the medium to long term. However, the supply of available land and market ready sites in Avonmouth and Severnside is diminishing at an increasing rate, with development take-up accelerating and the scale of schemes growing. Whilst historically identified as a location with a relatively large reserve of industrial land supply, current trends indicate that strain on this supply will emerge if demand continues as it has done over recent years.
- The more urban markets continue to play a key role in the West of England's logistics function, with prime edge-of-centre locations near to Bristol and Bath (as well as other major residential areas) anticipated to experience continued demand, driven by contemporary market trends such as last mile distribution.

Office Market

- The West of England office market is predominantly concentrated in the major city centres of Bristol and Bath, with Bristol City Centre (particularly the Temple Quarter Enterprise Zone) continuing to represent the most active location in the sub-region at present.
- Bath is playing an increasingly significant role in the office market pre-COVID, with high levels of demand from the Creative and Digital sector. The lack of modern office space in Bath is likely to be partially alleviated by the delivery of new major schemes like Bath Quays.
- The out-of-city centre office market is centred on the Bristol North Fringe, along with regional office locations such as Keynsham in BANES and Portishead in North Somerset.
- The West of England office market is constrained by low supply levels however, which has significantly reduced since 2010, with a substantial undersupply of Grade A space.

Other Employment-related Spatial Issues in the West of England

- Bristol University's second campus that is planned for construction in Temple Quarter presents significant spatial agglomeration potential, contributing to the research, innovation and skills capacity required to drive future competitiveness of the Enterprise Zone and the city centre as a whole.
- The recent shift in retail stock on the high street, especially in Bristol and Bath City Centres is likely to generate available space that previously would not be so available for other uses. It will be important for spatial and land-use planning policies and associated interventions to make best use of these sites and floorspace, particularly in accommodating the needs of key sectors and niche economic and employment-generating community activities that benefit from a central urban location.

- Improving public transport connectivity to key employment areas such as Avonmouth and Severnside and the North Fringe is considered critical both in terms of improving access to employment for the sub-region's most deprived localities and broadening labour market reach for existing and future employers.
- Reinforcing trends that have been emerging over recent years, an outcome of COVID-19 is that greater potential will exist for more dispersed demand including increased home working and clusters of smaller employment land requirements, located close to residential areas. These trends and changing needs will need to be closely monitored with appropriate responses made in terms of flexible planning policies and targeted interventions (such as enhance digital infrastructure and investment in flexible office workspace facilities).

Demand Assessment

A core requirement for the demand assessment was to establish quantitative scenarios which capture, within reason, the likely range of potential need for employment generating development (expressed in terms of floorspace and land) for all sectors of the economy including those identified by WECA and the Unitary Authorities as priority growth sectors. The quantitative demand assessment also explores the relationship with ongoing estimates of local housing needs which is presented in Section 6.2.2.

Furthermore, informed by comprehensive engagement with key private and public sector stakeholders, qualitatively driven demand assessment has also been prepared to add more depth and market-realism to the traditional, largely academic quantitative assessment. This gives particular consideration to local and sub-regional market evidence and key factors which have a significant bearing on both the scale and nature of demand across what is a diverse economy. It also takes into account influencing factors driven by local property market dynamics including 'hidden constraints' to aspects of identified supply. Furthermore, the qualitative analysis recognises that spatial and sectoral demand drivers vary across the West of England which raises the need for spatial policies to be sensitive to these local and functional variations which inevitably will evolve over time. The qualitative assessment is presented in Section 6.2.3 and the outcomes of which are highlighted below.

In presenting the demand assessment, a clear distinction has been made between demand which is driven directly by anticipated employment change in each key sector of the economy from that which is classified as 'replacement demand'. The latter relates to sites and premises which reach the end of their functional life with an increasing likelihood of obsolescence. Effectively, these premises need to be 'replaced' in order to safeguard the employment they have historically accommodated. A critical issue for spatial and local planning in the West of England is to plan effectively and efficiently in providing for replacement demand. In particular, if replacement sites and premises are 'lost' to redevelopment for other uses such as residential, the only way to make provision for the lost employment-generating floorspace will be through the identification of 'new' sites. Clearly, this raises the risk of putting a strain on future employment land supply as it will add significantly to needs identified for 'core' additional demand driven by future projected employment growth. Whilst impossible to avoid this completely, it will be essential for polices and supporting intervention mechanisms to maximise provision for replacement demand in-situ. In other words, maximising the redevelopment or re-use of existing employment sites for continued employment use.

In summary, based on a central quantitative assessment scenario, the key estimates of spatial employment demand for the period up to 2040 are as follows:

- To accommodate forecast employment change in the period up to 2040, a total estimated floorspace requirement of 631,000 sqm to accommodate additional demand has been estimated for the West of England.
- This comprises 303,000 sqm office, 155,500 sqm research and development, -9,000 sqm industrial, 135,000 sqm storage and distribution and 46,500 sqm retail.
- Replacement demand was identified separately, as the estimated amount of existing stock that will need replacement and/or upgrade over the ELSNA period.
- The replacement requirement was estimated to be greater for industrial and storage premises. Total replacement need was estimated at 1,069,000 sqm. This will need to be provided for either in-situ through re-build and upgrade or as additional provision elsewhere (thus adding to total estimates of future need on top of that driven by projected employment growth). Existing employment sites which do not accommodate their own replacement demand are likely to be those which are: not adequately protected by policy; no longer viable or suitable for modern occupiers because of inherent locational or other factors; and/or require some form of supporting intervention to ensure employment functionality can be

retained. With the need to make efficient use of land being a key priority for WECA and the Unitary Authorities, the SDS should place particular emphasis on adopting policies that maximise the opportunity for in-situ replacement. Moreover, they should also bring to bear effective intervention mechanisms that can ensure the viable delivery of redevelopment and upgrading schemes which recycle employment land for that continued use.

- Taking additional demand expressed in terms of anticipated employment growth together with total estimated replacement demand, a total resulting employment floorspace need of 1,700,500 sqm is identified for the West of England.
- The broad distribution of this need across unitary authorities is as follows: Bristol –58%; BANES –11%; North Somerset; 6%' and South Gloucestershire –24% (of the total floorspace need).
- Expressed in terms of land (in hectares), additional demand driven by anticipated employment growth amounts to approximately 92ha in total, made up of: 34ha for offices; 27 ha for research and development; -2 ha for industrial; 27 ha for storage and distribution; and 7 ha for retail.
- Total replacement demand amounts to approximately 182ha of total employment land need.

Informed by comprehensive engagement with private and public sector stakeholders and a thorough review of property market dynamics in the West of England, the qualitative analysis has been used to make refinements to the 'pure' quantitative assessment which by its nature is theoretical in nature. It indicates that the overall scale of quantitatively assessed demand is likely to be lower than that which is likely to be required by the market, particularly in terms of industrial space needs. Additionally, the evidence suggest that there are some key shifts between sectors and between specific premise and locational needs. These have been reflected with the demand profiling matrix assessment set out in Section 5 and applied in Section 6.

Overall, the summary outcomes of the applied qualitative analysis compared to the core quantitative assessment are as follows:

- Office and related demand – general alignment, although this is distributed across sectors and there is likely to be clusters of relatively small scale additional need at local hub locations.
- Research and development – general alignment, including for the forecast growth sub-sectors of health and life sciences, creative and digital, food enterprise and advanced engineering.
- Industrial demand – potential for upward movement on demand driven by strong activity in the aerospace and advanced engineering sector, compliance with the Net Zero agenda and ongoing growth of the logistics sector. In addition, there is a strong requirement for the supply of affordable 'lower value' industrial space to meet the needs of 'city-serving' and other specialist industries.
- Storage and distribution – general alignment, with a key need to retain supply to serve an increasingly diverse logistics sector. There is also a need for the employment land market being able to respond to the West of England's role in enabling growth in international trade and rapidly changing sectors such as the circular economy and low carbon.
- Retail – downward movement, considering ongoing changes in shopping patterns along with the dramatic short-term (and possibly longer) impact of COVID-19. In the longer term, demand may stabilise and grow in places in response to population growth driven by increased housing delivery and local place-making strategies.

Further areas of demand, beyond the use classes of the quantitative assessment, include specialist facilities for circular economy at residential and commercial locations; for health and life sciences with lab space; more flexible and mixed workspace for creative, digital and micro firms; and a range of uses to support the sustainability of the tourism, culture and leisure sectors.

The qualitatively adjusted employment demand sensitivity applied the informed assumption of zero decline in employment land for manufacturing, advanced aerospace and engineering, circular economy and food enterprise. Overall, for the period 2020-2040 this results in a greater quantum of additional demand for employment land (as presented in Table 6-35) as follows:

- Offices - 36ha
- Research and development - 35ha
- Industrial - 66ha
- Storage and distribution - 46ha

- Retail - maintained at 7ha

Overall, including the estimated replacement demand, this leads to an estimated 372ha of employment land demand.

A key conclusion from the qualitative assessment is the dependency of employment space demand on the emergence of both the identified drivers of change over the ELSNA period and key infrastructure and strategic developments. The qualitative assessment has considered their implications for sectoral spatial needs and these would need to be monitored.

Supply Analysis

The supply chapter provides a strategic review of the existing and potential supply of land which may be suitable for employment development within the West of England. The results of the analysis provide the basis upon which to consider the capacity of future supply to meet anticipated demand, offering a foundation from which to establish strategic development options for potential allocation and a strategic direction for employment growth.

The total supply of employment land, including land with planning consent for development and available land on Category 1 and 2 sites, is estimated to be approximately 545ha. This includes 347ha in South Gloucestershire, which mainly comprises land available in Severnside for storage and distribution space. Bristol contains 100.1ha of future supply, with BANES having 34.1ha and North Somerset 63.8ha. It should be noted that these quantitative supply estimates do not include the proposed allocations in the emerging Bristol Local Plan Review.

Table 0-2 - Total Supply by Use Class for the West of England (in ha)

Unitary Authority	Office	Industrial & R&D	Storage & Distribution	Retail	Total (inc. Other)
Bristol	26.4	19.6	18.6	7.6	100.1
Bath and North East Somerset	6.1	13.1	9.5	0.8	34.1
South Gloucestershire	21.4	61.0	225.6	8.8	347.0
WECA	53.9	93.7	253.7	17.3	481.1
North Somerset	15.0	27.9	8.7	3.6	63.8
West of England	68.9	121.6	262.4	20.9	544.9

Source: Atkins analysis

The supply analysis identified particular stresses in the office market, as well as in industrial and storage and distribution, not least due to the over-reliance on Avonmouth and Severnside, as well as losses and growth in particular sectors (e.g. health and life-sciences, circular economy/low carbon). There is also an issue with access to employment areas, with the jobs concentrated in areas remote from relatively deprived areas e.g. South Bristol.

Supply-Demand Balance

The comparison of demand and supply of employment land across the West of England incorporates projections and tables that are presented in each relevant Chapter. The tables within the Chapter use quantitative and qualitative-adjusted demand figures, with the below table showing the overall balance for each demand scenario. Within the quantitative figures, Atkins used 2019- demand.

Within the balance, there is an overall oversupply of employment land in the West of England. However, this total figure hides a number of critical shortfalls in the supply picture, as it is dominated extensively by the oversupply for storage and distribution space. This includes a critical undersupply with regards to industrial space and a lack of supply of office space for the West of England, as well as local supply issues within the four Unitary Authorities. Furthermore, as section 8.2.3 discusses, the inflated storage and distribution figure is predominantly due to the

significant available land at Severnside, which is steadily being taken up and does not necessarily alleviate pressures elsewhere in the sub-region.

Table 0-3 - Supply-Demand Balance Summary (in ha)

	Office	Industrial & R&D	Storage & Distribution	Retail	Total
Quantitative 2019-base demand	**3.9**	**15.6**	**181.4**	**-1.1**	**199.7**
Qualitatively-adjusted demand	**0.9**	**-60.4**	**163.4**	**-1.1**	**102.7**

Source: Atkins analysis

Recommendations for Policy

Based on the findings of the report, a series of strategic recommendations are presented with the purpose of informing the development of robust economic and employment land policies for the West of England, as part of the forthcoming SDS and the individual Local Plans for the Unitary Authorities. Informed by the shortfalls in industrial and office space identified in the supply-demand balance assessment, the recommendations include:

- **Protection of existing employment stock** – A fundamentally clear message from the quantitative and qualitative assessments undertaken for the ELSNA indicate the importance of maximising the economic potential from existing employment land stock. This will require appropriately robust and clear protection policies for land which can be maintained in viable employment use or invested in so that it can support use by modern commercial and industrial occupiers. Unitary Authorities should work closely with WECA and the private sector (including local property representative) to define workable policies and clearly, locally meaningful criteria. This could include implementation of Article 4 directions or potentially more flexible policies which can adapt to changing market dynamics and balance the supply and demand for employment space accordingly. However, it is acknowledged that Article 4 powers may not be as effective as previously envisaged which reinforces the need for WECA and local authorities to actively pursue appropriate intervention mechanisms to protect market-suitable employment land and enhance the delivery of modern commercial and industrial premises. This may include the use of Central Government economic recovery funds and potentially a greater role by local authorities as a 'direct developer' in partnership with the private sector. In the short-term during the recovery stage, it will be imperative that local authorities support existing local businesses by not compromising their existing space needs and providing them with sufficient choice and flexibility to accommodate growth requirements.
- **Identification of additional land supply** – The analysis indicates a need to identify additional industrial and office supply to address the projected shortfall / limited offer in Bristol, BANES and South Gloucestershire. In particular, this includes small-scale industrial space in accessible locations and edge-of-centre premises for 'city-serving' industrial activities and last mile distribution. This should be supported by policies and interventions to maximise potential from urban intensification potential including new opportunities arising from town centre restructuring. Floorspace and plot ratio targets are recommended to support this. Whilst positive planning activities such as the ongoing 'call-for-site' process should continue in the identification of potential development sites, it is increasingly evident that there is a clear scarcity of land available at key locations which could be regarded as suitable to accommodate strategic growth needs through normal market mechanisms. The implication of this is that the public sector may need to consider appropriate forms of intervention to enable delivery of suitable, sustainable sites. This is further enhanced by the critical need to meet net zero carbon and social value priorities.
- **Maximising the use of existing stock** – Policies and supporting interventions should strongly support the more efficient use of existing employment land, for example through intensification and through new forms of mixed-use development typologies. This could enable development and testing of an industrial intensification and co-location strategy for the West of England, supported by area-specific planning and design guidance. A clear conclusion from this study is that a substantial proportion of total demand is driven by the need to replace obsolete employment premises ('replacement demand'). Consequently, in making more efficient use of existing land, strong policies and targeted intervention will be required to

maximise in-situ replacement. In other words, enabling the redevelopment or reuse of existing employment land for ongoing employment use. In addition, intervention and support to help deliver the refurbishment and retrofitting of ageing and energy inefficient premises with low carbon and sustainable technologies should also be strongly encouraged. This will be critical not only in supporting the drive towards net zero carbon but will help facilitate the retention of sites for continued employment use.

- **Meeting emerging sector requirements** – Policies should promote the delivery of accommodation to cater for the specific needs of key market sectors, the growth of which may be constrained by the current employment space offer in key locations. This includes premises to serve the last mile logistics market and provision for sites in urban locations for day-to-day industrial activities essential for the competitive functioning of towns and cities. In addition, increasing provision will need to be made for flexible co-working hubs in areas with good access to residential locations. This will be required to meet components of need driven by a rapid increase in remote working and growth in demand for incubator/accelerator facilities in accessible location to support the thriving SME sector in the sub-region.
- **Locational principles to prioritise** – There is need for an increased focus on supporting businesses to be more energy efficient and inclusive by creating employment suitable in type and location for the population of the sub-region's most deprived communities. This should include provision being made in locations in close proximity to, or within priority areas, as well the enhancement of employment areas with good access to existing and planned affordable public transport services.
- **Promoting flexible employment land policies** – Spatial and employment land policies should build in sufficient flexibility to response to the unique commercial market circumstances surrounding COVID-19 and Brexit along with the uncertainty which is inherent in economic forecasting. National and localised data will be required to inform flexible and adaptive policies, which should focus on maintaining economic functionality of existing and future employment land supply in the West of England. This will require good quality and target monitoring of patterns of supply and demand, how this changes over time and how demand requirements vary across different business and industrial sectors.
- O**ngoing monitoring of supply and demand** – Conduct regular exercises to assess market signals and ensure there is sufficient provision of suitable employment land to meet the requirements of businesses and other employment generating activities. Throughout the lifetime of the SDS and the individual Local Plans, regular employment land review updates and business engagement activities should be undertaken to monitor changing local market conditions.

1. Introduction

Atkins Ltd were commissioned in June 2020 to prepare the Employment Land Spatial Needs Assessment (ELSNA) for the West of England on behalf of the West of England Combined Authority (WECA) in collaboration with the Unitary Authorities of Bristol City, Bath and North East Somerset (BANES), South Gloucestershire and North Somerset, covering the period 2020 to 2040. This study assesses employment land demand and supply characteristics and trends for the client-identified study area for the West of England.

This document is the Final Report of the study, setting out the findings of the work carried out, which has been prepared in line with the requirements of the brief as described below. It follows on from the issuing of an interim report in Autumn 2020 and a draft final report in January 2021, incorporating comments provided by the client group in response to these earlier versions of the evidence-based study.

1.1. Purpose of Study

The study builds on a substantial body of previously undertaken work to inform future strategic economic and employment land policies and priorities in the West of England region. This includes the Employment Land Review and Studies of the Unitary Authorities – which set out future employment floorspace demand and supply requirements at a local level – as well as the West of England Local Industrial Strategy (LIS), which provides the overall economic vision for the region and guides the sectoral focus of the ELSNA.

The study forms part of the evidence base for strategic and non-strategic policies in the West of England area and inform the preparation of the West of England SDS, the Local Plans within the four Unitary Authorities, as well as further policy development and review. In particular, the ELSNA will provide evidence to inform the development and underpin the employment aspects of spatial strategy at local and regional level, including:

- The broad scale and nature of employment growth in different authority areas.
- The protection, intensification, change of use and/or release of existing and new employment-generating areas.
- Potential re-purposing of surplus retail and other oversupplied town centre land and floorspace.
- Potential re-purposing or mixed re-use of strategically significant clusters of retail; and
- The spatial relationships with key economic infrastructure, such as the Port of Bristol and Bristol Airport.

1.2. Objectives

The core objectives of the Study are to:

- Prepare an objective, sound and resilient evidence base with a comprehensive understanding of the quantitative, qualitative and spatial employment needs to support sustainable and inclusive economic growth, productivity improvements and sectoral diversification.
- Align the quantitative, qualitative and spatial needs assessment to the wider economic and cross-boundary functionality of the West of England.
- Apply a robust, criteria-based approach to assessing the suitability of existing and potential sites, locations and premises to meet anticipated quantitative and qualitative needs.
- Embed a thorough, meaningful and market-focused process of stakeholder engagement and collaboration in identifying the spatial, land, space and strategic infrastructure needs of businesses, investors and employers across the West of England; and
- Set out recommendations for establishing a suitable and flexible portfolio of future supply of employment-generating land, sites and premises that is balanced against anticipated scenarios of economic recovery, growth and diversification. These recommendations will subsequently be used to inform strategic planning in the West of England, including in the SDS and the Local Plans of the constituent Unitary Authorities.

In accordance with national planning guidance, a number of distinct areas of activity have been undertaken in producing a strategic Employment Land Spatial Needs Assessment for the West of England Region, including the assessment of:

- Existing stock of land for employment uses.

- The recent pattern of employment land supply and loss.
- Evidence of market demand, including the locational and premises requirements of particular types of business sourced from regional data and market intelligence; and
- Wider market signals relating to economic growth, diversification and innovation.

In addition, the Study develops an understanding of future need for employment land, including demand for replacement stock, based on sectoral and employment forecasts/projections informed by market engagement – taking account of likely changes in skills needed, demographically derived assessments of current and future local labour supply, past take-up of employment land and property, as well as future property market requirements.

The Study recognises the key role that clustering of certain industries, including advanced manufacturing; engineering; logistics; and creative and digital can play in supporting collaboration, innovation, productivity and sustainability. Informed by this, the analysis gives consideration to the specific locational requirements of specialist sectors, whose needs are often more qualitative in nature, in line with national planning practice guidance.

In conducting the study, the analysis utilises extensive information provided by the Unitary Authorities and WECA, particularly in terms of existing and allocated employment sites in the sub-region. Independent and objective data has also been sourced from secondary data sets and third-party property, economic and demographic forecasting specialists. Furthermore, the findings of the study draw on considerable stakeholder engagement conducted at key stages throughout the research period including a comprehensive series of stakeholder workshops. This includes unitary authorities and the LEP along with a wide range of local and regional industry, business, real estate and infrastructure representatives.

1.3. Background

1.3.1. A Context for the West of England Region

At the centre of the West of England sits the City of Bristol, which is the largest urban area in the region, complemented by other strategically significant cities and towns, notably Bath (a World Heritage City) and Weston-Super-Mare. Beyond these principal urban areas, there are the market towns of Nailsea, Midsomer Norton, Radstock, Keynsham, Yate, and Thornbury; and the coastal towns of Clevedon and Portishead; as well as various villages set in rural surroundings.

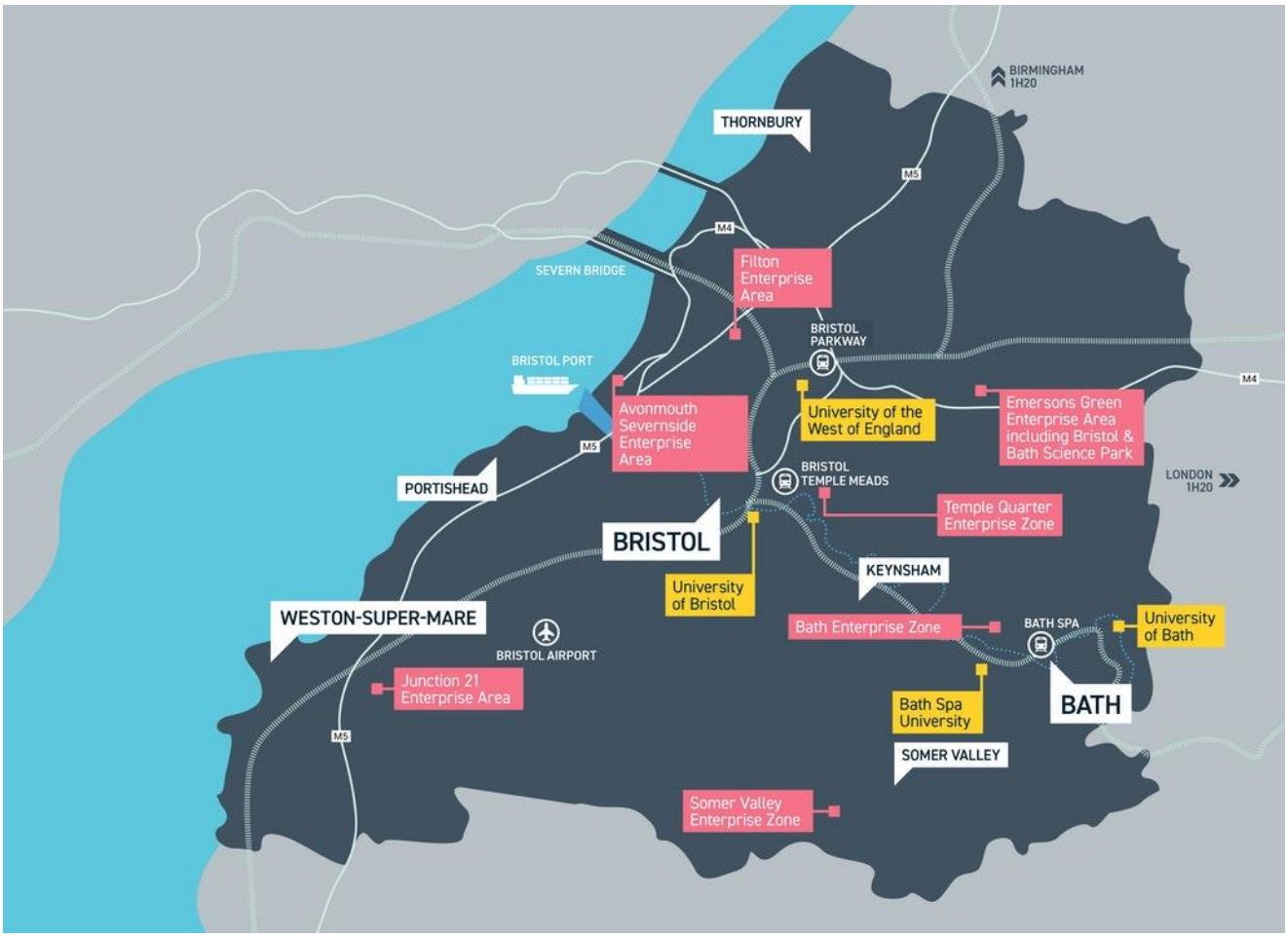
Founded on a base of high growth industry and business sectors which are well-connected along the M5/M4 corridor to London, Wales and Birmingham as well as internationally through its port and airport, the West of England economy competes strongly on a global scale. The West of England is one of the most prosperous regions in the UK, and it plays a central role in the national economy. With an economy worth over £33 billion per annum and one of the highest rates of employment in the country, the region accommodates a range of designated Enterprise Zones and Enterprise Areas at Filton, Temple Quarter, Junction 21, Bath, Avonmouth/Severnside, Somer Valley and Emersons Green. At the forefront of innovation and focused on the area around Filton, the West of England hosts the largest aerospace cluster in the UK. This includes 14 of the world's 15 major aerospace firms including Airbus, Rolls Royce and GKN. The region is also home toa world-renowned creative sector, with globally recognised studios, film and TV industry players, such as BBC and Aardman Animations. Driven by the presence of the Port of Bristol and the role of Avonmouth and Severnside as a regional distribution centre, the region also acts as a major national hub for distribution and logistics, whilst a thriving higher education sector and world-class universities push the level of skills and qualification in the West of England above the national average. Bristol airport adds significantly to the area's international connectivity both in terms of passenger and higher-value freight transport.

The West of England Local Enterprise Partnership (LEP) promotes economic growth across the region, which includes the four Unitary Authorities of Bristol City, BANES, North Somerset and South Gloucestershire. The LEP area is illustrated in Figure 1-1.

The broader economic vision for the region continues to be one of the fastest growing sub-regions in the UK and the West of England Local Industrial Strategy (LIS) identifies three distinct and overlapping 'sector strengths' that drive innovation in the region: Aerospace and Advanced Engineering; Creative, Cultural and Digital Industries; and Financial, Business and Legal 'Tech' Services. Alongside an ambition to act as a driving force for clean and inclusive growth in the region, it defines the key priorities for the West of England region, incorporating cross-sectoral innovation, inclusive growth, productivity and innovation in infrastructure delivery. Importantly, the key

growth sectors identified in the LIS complement the more established business and industrial sectors which are critical to the operation and competitiveness of the wider West of England economy.

Figure 1-1: The West of England LEP Area



Source: West of England LEP (2019) Local Industrial Strategy

1.3.2. Strategic Planning in the West of England

To drive forward innovation in infrastructure delivery, WECA and its partners in the West of England are developing an integrated strategic planning approach to set out how it will meet housing and transport needs over next 20 years and sustainably deliver these strategic plans.

WECA is working with its constituent councils – Bath and North East Somerset (BANES), Bristol and South Gloucestershire –to prepare a Spatial Development Strategy (SDS), which will set out the longer-term spatial vision for the region and direct the development of homes, infrastructure, jobs and communities, covering broadly a 20 year period. The SDS is to be a high-level strategy, supported by the Local Plans being developed by each Unitary Authority, which will be aligned and integrated with the SDS.

In addition to informing the SDS, the ELSNA will also support the ongoing preparation of the new North Somerset Local Plan for the period 2023 to 2038. The authorities are working to ensure that both the SDS and North Somerset Local Plan are closely aligned.

To underpin the SDS and support wider cross-boundary strategic planning reflecting functional geographies, a shared regional evidence base is being prepared by WECA, its three constituent authorities, and neighbouring North Somerset. Evidence base workstreams that are being carried out in parallel to the ELSNA and are iteratively informing and interfacing with this Study include:

- Housing needs

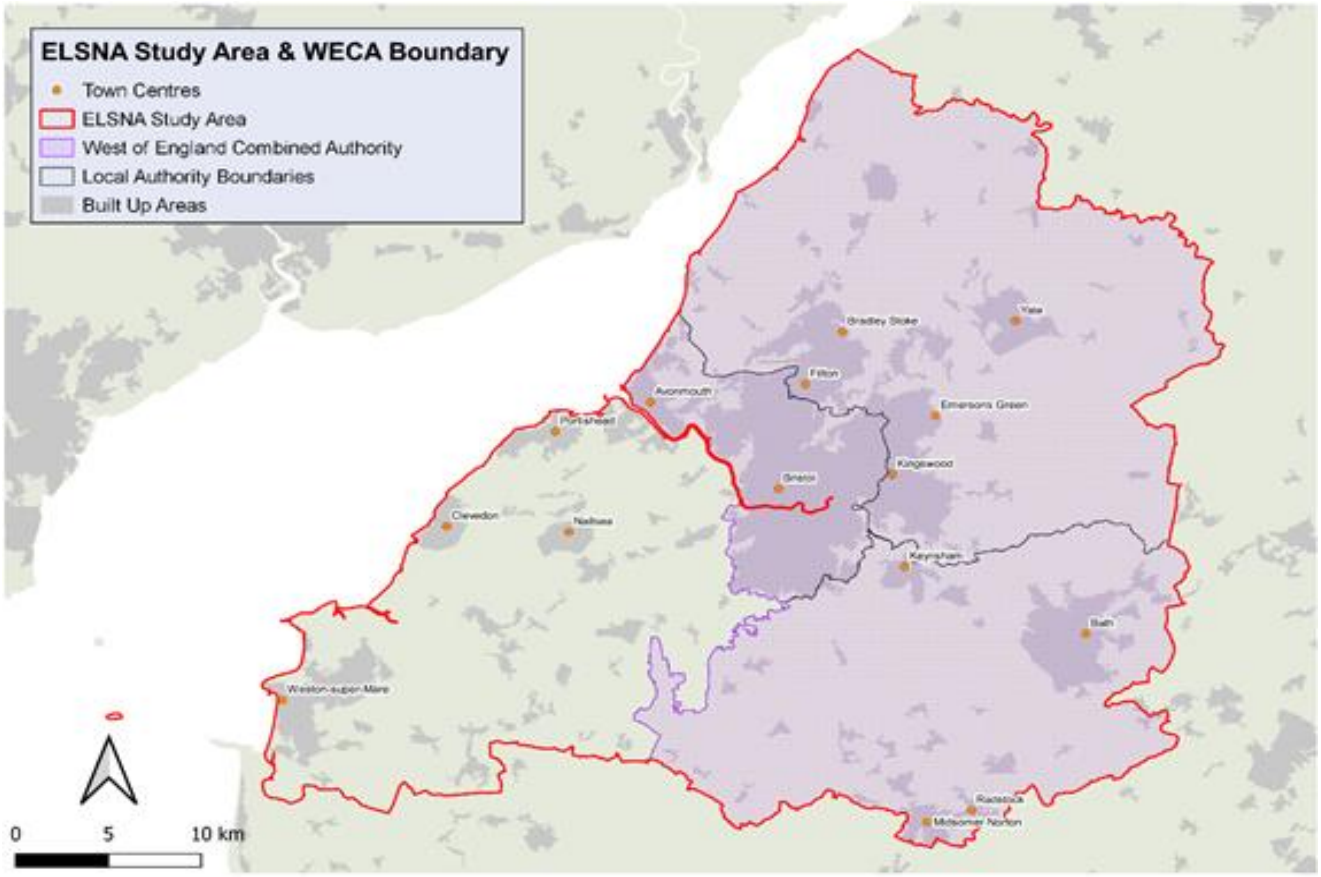
- Business intelligence
- Digital and transport infrastructure
- Climate change
- COVID-19 Recovery Plan

Further information on the SDS and parallel workstreams is contained in Chapter 2 of this study.

1.4. The Study Area

The Study area has been determined by the client group to include land within the four Unitary Authority areas of BANES, Bristol City, North Somerset, and South Gloucestershire – as presented in Figure 1-2. The Study area is aligned with the West of England Local Enterprise Partnership Area (identified in Figure 1-1) and the Functional Economic Market Area (FEMA) recognised in the Economic Development Need Assessment (EDNA) (2015/2016). The FEMA identified is unlikely to have changed since production of the EDNA, with no more recent data available regarding travel to work areas until the publication of the 2021 Census.

Figure 1-2: The ELSNA Study Area



Source: Atkins (2021)

1.5. Methodology

1.5.1. Challenges for the Study

In preparing the ELSNA, several key challenges are recognised:

- A shift in some of the fundamental parameters which underpin local strategic plans, policies, infrastructure and development proposals, including climate change emergency declarations, net zero carbon principles, social value and inclusion priorities, as well as the implications of COVID-19 and Brexit.
- The quickly changing relationships between economic and social need, land-use and real estate requirements. This includes significant changes in the nature and form of employment, substantial restructuring in the role of town centres and rapid growth of the 'green and clean' economy.
- The fundamental economic and social shock induced by the sudden onset of the COVID-19 pandemic, generating unprecedented short-term economic stagnation with many unknown, long-term implications for how we live, work, travel and communicate.

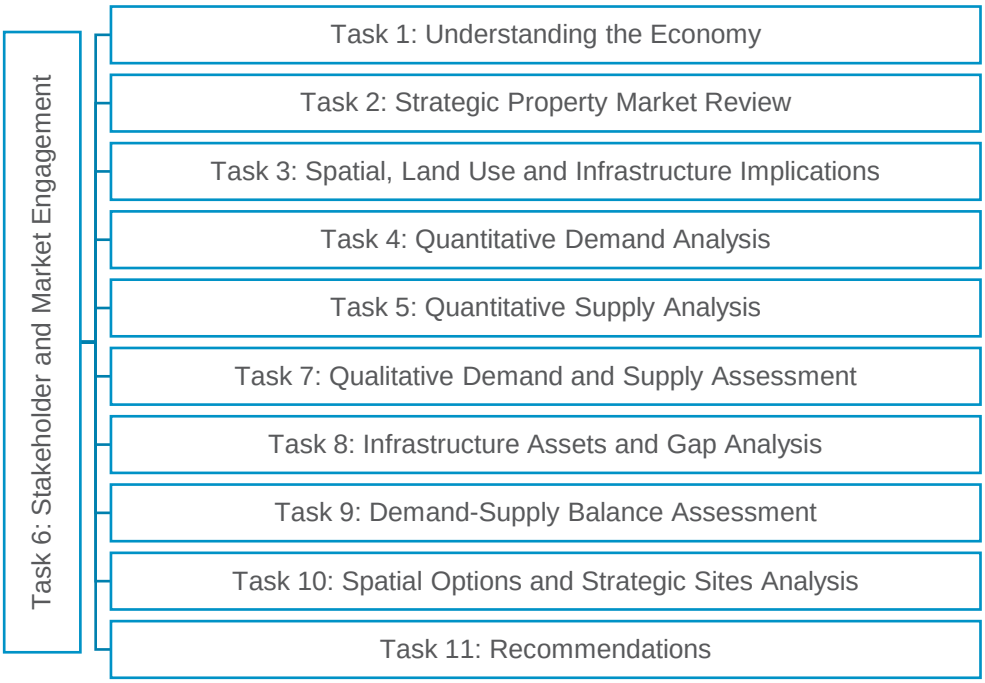
1.5.2. Approach to Assessment

In addressing these challenges as far as reasonably practicable, the study:

- Provides quantitative need scenarios that allow flexibility for adaption over time as a more detailed understanding of medium-to-long term economic restructuring and changes post-COVID 19 become apparent.
- Applies a strong sectoral approach which is not restricted by use class definitions which can be less meaningful in business and economic terms.
- Places particular emphasis on the qualitative aspects of both demand/need and supply, including a strong understanding of the changing nature of demand for land/property and existing mismatches in the spatial and type of supply of employment land relative to emerging and future need.
- Employs a robust engagement approach to fully understand the nature of business' needs, the economy and spatial markets of the West of England, in which assessments are embedded.

The methodology for the ELSNA has been developed in a series of key tasks, across the four work packages specified in the brief, that iteratively inform each other, whilst recognising the interactions with parallel workstreams and the critical role of market stakeholder engagement in underpinning analysis.

Figure 1-3: ELSNA Methodology



Source: Atkins (2020)

1.6. Structure of the Report

The ELSNA Report is structured in a series of chapters that broadly reflect the methodology tasks.

Chapter 1: Introduction sets out the context of the ELSNA Study, including the background and purpose of the Study. The chapter also outlines the approach to the assessment, defines the Study Area for the purpose of the ELSNA and sets out the structure of the Report.

Chapter 2: Strategic Policy Review considers the national, regional and local policy context of relevance to the Study area and identifies the key implications for the ELSNA.

Chapter 3: Defining the Economy and Strategic Trends provides a summary analysis of relevant socio-economic baseline data, employment trends and the spatial distribution of business and employment, as well as identifying the key market sectors which form the basis of the sectoral approach to analysis. The chapter also considers strategic cross-boundary issues, such as infrastructure and the role of education.

Chapter 4: Strategic Property Market Review analyses the commercial property market at a national level and the characteristics/performance of the key market sectors in West of England. Taking a spatial approach, the chapter further considers the strategic property market and key spatial trends within the four Unitary Authorities.

Chapter 5: Market Sector Framework reflects on national economic trends, challenges and opportunities, before identifying their ongoing implications for property and land use planning. In addition, this chapter provides an alternative, activity-based approach to understanding changing real estate requirements and a corresponding demand profiling matrix to demonstrate locational and premises requirements of the key sectors.

Chapter 6: Demand Assessment sets out the findings of the demand assessment, reflecting employment forecasts by the key market sectors and the resulting sectoral demand for employment space. The chapter is structured in presenting the methodology to the demand analysis, covering quantitative and qualitative approaches, before setting out the demand forecasts as qualitatively informed sector led demand needs.

Chapter 7: Supply Analysis provides a strategic review of the existing and potential supply of land which may be suitable for employment development across the West of England, presented by Unitary Authority. The analysis considers existing floorspace, historical completions, consented land and available land without consent on the sites submitted to Atkins, as well as the emerging allocations in Bristol. The outcomes of the assessment provide the basis upon which to consider the capacity of future supply to meet anticipated demand.

Chapter 8: Supply Demand Balance establishes the employment land requirement and identified pressures in the balance, informed by the outcomes of the supply and demand analysis. The chapter sets out an up-to-date, quantitative and qualitative assessment of the current supply of and demand for office, industrial, storage and distribution, and retail land within the West of England.

Chapter 9: Conclusions and Recommendations draws together the findings of the study and considers a number of policy and strategy recommendations for the West of England and the four Unitary Authorities. The recommendations are intended to inform the Spatial Development Strategy and the individual Local Plans.

2. Policy Context

This chapter provides a strategic review of the planning and economic development policy context of relevance to the ELSNA. The purpose of the review is to highlight and identify the key strategic policy drivers that need to be considered in the assessment of spatial needs for employment land in the West of England. The review includes an assessment of significant local, regional and national policies – including the National Planning Policy Framework and national guidance on producing appropriate and robust evidence bases.

The approach applied in the assessment of qualitative and quantitative need and supply of employment land in the West of England sub-region needs to take account of and be aligned with national policy. This includes being steered by national guidance on preparing evidence on future business needs, identifying existing stock of employment land and translating estimates of future employment need and demand into land requirements. Accordingly, the conclusions and recommendations in Chapter 9 aims to align with the requirements of national policy, whilst accounting for the relevant local authority policies discussed.

The key implications of these policies for the ELSNA are highlighted at the end of the chapter.

2.1. National Policy

This section outlines the key national level policies and guidance that should be considered when developing local employment land policies.

2.1.1. National Planning Policy Framework

The National Planning Policy Framework (NPPF) (2019) comprises the overarching strategic policy framework for the delivery of sustainable development through the planning system. In particular, the NPPF requires that significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development, whilst allowing each area to build on its strengths, counter any weaknesses and address the challenges of the future.

Furthermore, employment land planning policies should include the establishment of a clear economic vision and strategy for sustainable economic growth, including the identification of strategic sites suitable for both inward investment and the meeting of anticipated needs. Policies should also provide direction on how potential barriers to investment can be addressed, whilst being sufficiently flexible enough to accommodate a range of expected and unanticipated needs. This is particularly pertinent in the current economic circumstances surrounding Brexit and COVID-19, which reaffirm the need for policies to be sufficiently flexible and responsive to changing economic needs. The Framework also requires local planning authorities to cooperate on strategic matters that traverse administrative boundaries under the Duty to Cooperate. Cooperation should assist in determining where additional infrastructure is necessary and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.

The NPPF emphasises that planning policies and decisions should recognise and address the specific locational requirements of different sectors – including making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations. They also need to reflect changes in the demand for land – informed by regular reviews of land allocated for development and land availability. Crucially, the NPPF recommends that planning authorities should support applications for alternative uses of land which is currently developed but not allocated for a specific purpose in plans, where this would help to meet identified development needs. In particular, authorities should support proposals to:

- Use retail and employment land for homes in areas of high housing demand, provided this would not undermine key economic sectors or the vitality/viability of town centres; and
- Make more effective use of sites that provide community services such as schools and hospitals, provided this maintains or improves the quality of service provision and access to open space.

2.1.2. Planning Practice Guidance

The National Planning Practice Guidance (NPPG) sets out guidance for the assessment of economic need and requires strategic policy-making authorities to prepare a robust evidence base to understand existing business needs. This is to be kept under review to reflect local circumstances and market conditions. In gathering this evidence, authorities will need to consider the existing stock of land for employment uses; recent patterns of

employment land supply and loss; evidence of market demand and failure; as well as wider market signals relating to economic growth, diversification and innovation. This should involve close engagement with the business community and consideration of the Local Industrial Strategy, in order to understand their current and potential future requirements.

In addition, the NPPG provides guidance on how market signals can be used to forecast future need through consideration of sectoral and employment forecasts and projections, demographically derived assessments of current and future labour supply, analysis based on historic take-up of employment land and future property market requirements, as well as consultation with relevant organisations.

This evidence-focused study provides part of the evidence base which enables WECA and the West of England UAs to demonstrate how its approach to meeting economic development align with the requirements set out in the NPPF and NPPG.

2.1.3. Current Planning Reforms

In August 2020 the government published its Planning for the Future White Paper for public consultation, which will result in a renewed revision of the NPPF and NPPG when enacted. At the time of writing, proposals seek to simplify the role of Local Plans through a focus on identifying land under three categories:

- **Growth areas** – suitable for substantial development, and where outline approval for development would be automatically secured for forms and types of development specified in the Plan.
- **Renewal areas** – suitable for some development, such as densification; and
- **Protected areas** – where development is restricted.

Under the new proposals, Local Plans would be prepared over a fixed 30-month period with clear engagement points, be visual, map-based, standardised, based on the latest digital technology, and limited to setting out site- or area-specific parameters/opportunities. Local Plans would be subject to a single statutory "sustainable development" test – replacing the existing tests of soundness, updating requirements for assessments (including on the environment and viability), and abolishing the Duty to Cooperate.

The proposed new Standard Method for determining housing needs would have resulted in a national housing need of 337,000 homes and a new nationally determined, binding housing requirement would be placed on local planning authorities to be delivered through Local Plans. However, following consultation, this proposed Standard Method was superseded in December 2020. The decision was made to reinstate the original method introduced in 2018, with the variation of increasing housing need in the 20 largest urban areas by 35%, reflecting Government targets to direct housing into existing urban areas and promote brownfield development. To speed up construction and delivery, masterplans and design codes for sites prepared for substantial development should seek to include a variety of development types from different builders, in order to allow more phases to come forward together. Whilst the consultation document is largely silent on commercial development, it proposes to reform the current Community Infrastructure Levy as a nationally set, value-based flat rate charge (the 'Infrastructure Levy').

The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 came into effect in September 2020, which sit alongside the recent additions to Permitted Development Rights, introducing three new use classes:

- **Class E (Commercial, business and service)** – including retail, restaurant, office, financial/professional services, indoor sports, medical and nursery uses, along with "any other appropriate services";
- **Class F.1 (Learning and non-residential institutions)** – including non-residential educational uses, as well as use as a museum, art gallery, library, public hall, religious institution or law court; and
- **Class F.2 (Local community)** – including use as a shop of no more than 280 sqm, mostly selling essential goods (including food) and at least 1km from another similar shop, as well as use as a community hall, area for outdoor sport, swimming pool or skating rink.

A change of use within a single use class is not development for the purposes of the Town and County Planning Act 1990, and accordingly, the change of use between all of the commercial, business and service uses specified within the new E use class is permitted without the need for planning permission. Whilst changes made to the classification scheme for different uses provide flexibility for developers in England at a time when there is a need to repurpose town centres and high streets, this raises some concerns of the impact on existing employment sites and further reduces local control over the development that comes forward.

2.1.4. General Permitted Development Rights

Permitted Development (PD) Rights allow certain types of development, including changes of use without the need for a planning application. There have been changes to the PD rights in recent years, primarily aimed at allowing greater flexibility for the change of use/conversion to and alteration of residential development. The most significant impact on employment land results from the initially temporary Permitted Development Right introduced in 2013 to change buildings in office use to dwelling houses, which was made permanent in 2016 by an Amendment Order. PD Rights were extended in 2015 to include the conversion of storage / distribution (B8) to residential development, and again in August 2020 to allow the demolition of single detached buildings established for Class B1(a) office, Class B1(b) research and development or Class B1(c) industrial process, and the construction of new dwellings in their place. Since the amendments to PD came into effect in 2013, a substantial amount of employment stock across the West of England has already been lost to higher value uses (particularly residential), and will continue to be at risk until Article 4 Directions are put in place – as enacted in BANES and considered within Bristol's draft Employment Land Study (2019).

2.1.5. Industrial Strategy

The Government's Industrial Strategy White Paper: Building a Britain Fit for the Future was published in 2017 and aims to boost productivity by backing businesses to create sustainable, high value jobs and increase the earning power of people in the UK through investment in skills, industries and infrastructure. It is based on the 5 principle foundations of Ideas, People, Infrastructure, Business Environment and Places.

Alongside the 5 foundations, the Industrial Strategy identifies four Grand Challenges, including:

- Put the UK at the forefront of the artificial intelligence and data revolution.
- Maximise the advantages for UK industry from the global shift to clean growth.
- Become a world leader in shaping the future of mobility; and
- Harness the power of innovation to help meet the needs of an ageing society.

To enable business, academia, civil society and government to collectively respond to these Grand Challenges, the Industrial Strategy introduces a series of sector deals for Aerospace, Artificial Intelligence, Automotive, Construction, Creative industries, Life Sciences, Nuclear, Offshore Wind, Rail and Tourism. These are aimed at enabling partnerships between the government and industry on sector-specific issues to create significant opportunities and boost productivity, employment, innovation and skills.

2.1.6. The National Infrastructure Assessment and Infrastructure Strategy

The first-ever National Infrastructure Assessment (NIA) was carried out by the National Infrastructure Commission (NIC) and published in 2018 to analyse the UK's long-term economic infrastructure needs, outline a strategic vision over the next 30 years and set out recommendations for how identified needs should be met. Covering key sectors of economic infrastructure, the NIA sets out a series of recommendations in relation to low carbon energy, digital technology, the future for the nation's roads, encouraging growth of cities, tackling floods and cutting waste.

Following the NIA's publication in 2018, the Government committed to publishing a National Infrastructure Strategy. However, the Court of Appeal (Heathrow) ruling in early 2019 found that the Government's Airports National Policy Statement was unlawful, as it did not account for the Government's commitment to the provisions of the Paris Agreement (2015) on climate change. This opened the way for legal challenges against other aspects of government infrastructure policy and forced a rapid re-evaluation of national infrastructure priorities, delaying the publication of the National Infrastructure Strategy.

2.1.7. Net-Zero Carbon

In June 2019, the UK became the first major economy to pass net zero emissions legislation, with the target of bringing all greenhouse gas emissions to net zero by 2050. This means any emissions would be balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage. To achieve this target, a national review will determine how the UK can halt its contributions towards global warming. The Net Zero Review, the first of its kind, assesses how the UK can maximise economic growth opportunities from its transformation to a green economy and an Interim Report was published in December 2020, which sets out the analysis so far and seeks feedback ahead of

publication of the final report in spring 2021. This will be of key significance for strategic and local employment land provision in the West of England sub-region.

2.2. Sub-Regional Policy Context

This section provides a summary of the sub regional policies and strategies developed by WECA and the West of England UAs to address economic, infrastructure, housing and spatial planning matters within the WoE area.

2.2.1. Economic Development and Employment

Superseding the Strategic Economic Plan 2015-2030, **the Local Industrial Strategy** (LIS) (2019) identifies the region's strengths, challenges and ambition as a driving force for clean and inclusive growth with four key priorities at its core:

- Cross-sectoral innovation.
- Inclusive growth.
- Meeting the productivity challenge; and
- Innovation in infrastructure delivery.

In line with these priorities, the LIS highlights four key sectors with sustainable international competitive advantage within the West of England: Advanced Engineering and Aerospace; Financial, Business and Legal 'Tech' Services; Creative, Cultural and Digital Industries; and Low Carbon Technology. These sectors were identified based on their significant potential to create jobs and growth, whilst generating a multiplier effect in other sectors. The information on key sectors in the LIS form the basis of the sectoral approach and the identification of the key market sectors in Section 3.2.

The LIS also focuses resources on priority growth locations, particularly the three Enterprise Zones and four Enterprise Areas in the West of England. These are forecast to deliver long-term, sustainable growth based on cutting-edge technology and enterprise, and include the Enterprise Zones of Bristol Temple Quarter, Bath and Somer Valley, as well as the Enterprise Areas of Filton, Junction 21, Avonmouth/Severnside and Emersons Green.

The West of England **Employment and Skills Plan** (2019) sits alongside, and is a key component of, the LIS. Priorities identified include integrating employment, skills and education, encouraging all young people to achieve their potential, supporting those able to work by addressing barriers to employment, empowering people to progress within employment and ensuring employers are able to recruit and retain the diverse skills and talent they need. The Employment Skills Plan further develops the range of key growth sectors identified in the LIS to include Construction, Distribution, Health Life Sciences, High Tech, Retail, Rural Food Economy, Social Enterprise and the Visitor Economy.

In order to support the recovery and renewal of the economy following the impact of COVID-19, a West of England Regional Recovery Taskforce has been established to identify and address the adverse economic impacts of the pandemic and drive clean and inclusive recovery. Several sector working groups have been established, in order to help shape recovery and target initiatives that support businesses and residents for the long-term. These working groups have been identified to represent the key market sectors identified in the LIS and Employment Skills Plan, which at the same time form the basis of analysis for the ELSNA Study.

2.2.2. Infrastructure and Environment

In July 2019, WECA declared a climate emergency, committing the Combined Authority to achieving carbon neutrality by 2030, reflecting similar local declarations and pledges by the constituent Unitary Authorities and North Somerset Council. Reducing the emissions from transport, heating and the generation of electricity are the priority areas of action for the region. To take forward the commitments to carbon neutrality and frame appropriate action at a regional level, a **Climate Emergency Action Plan** was published by WECA in September 2020, underpinned by a climate change evidence base, which forms a key parallel evidence base workstream iteratively informing this Study. The Action Plan is centred around 5 key themes to support the rapid delivery of the West of England's climate emergency goal:

- **Low Carbon Transport System:** Work to decarbonise the transport system and increase cycling/walking and use of public transport; building on positive behaviour change following the COVID-19 lockdown.

- **Low Carbon Business:** Help business and local people benefit from growth in the green economy; maximising government investment in the region and supporting businesses to build back better.
- **Renewable Energy:** Work to decarbonise the energy system and increase local renewable energy.
- **Low Carbon Buildings and Place:** Increase the energy performance of buildings and develop low carbon standards in new developments.
- **Green Environment:** Protect and enhance the environment through a proactive approach to green infrastructure.

The **Joint Green Infrastructure Strategy** 2020-2030 seeks to contribute to addressing the climate and ecological emergency declared in the region, inequalities in provision of green infrastructure and health, and achieve well designed, attractive and healthy places that deliver economic benefits and community resilience. As part of an integrated approach to green infrastructure (GI) in the West of England, a number of outcomes are to be achieved – including improved and better-connected ecological networks, greater resilience to climate change, sustainable water management, optimised GI to deliver an improved water environment, health and wellbeing for all, sustainable places, valued healthy landscapes, sustainable local food production and a resilient economy.

The **Joint Local Transport Plan 4** (JLTP4) 2020-2036 sets out the transport strategy for the West of England. Alongside a vision of connecting people and places for a vibrant, inclusive and carbon neutral region, the JLPT4 sets out five strategic objectives that are linked to a range of outcomes. These include to act against climate change and address poor air quality, support sustainable and inclusive economic growth, enable equality and improve accessibility.

To achieve the delivery of regional objectives, the JLPT4 identifies a programme of transport interventions aimed at transforming travel choices and improving connectivity within and beyond the region, whilst embracing digital technology. These incorporate the provision of high quality and reliable mass and rapid transit, smart motorways and enhancement of existing public transport services, in addition to support for the delivery of Enterprise Zones/business clustering. Crucially, Policy B1 (Enhance Competitiveness of Major Gateways and Improve Connectivity to International Markets) encourages partnership work with Bristol Airport to maximise the airport's transport connectivity as a local, sub-regional and regional transport interchange, as well as to enable improved transport connectivity with the Port of Bristol.

The **5G Smart Tourism** project brings together 21 organisations and will see expansion of the region's initial 5G testbed (introduced in March 2018), establishing West of England as a world-leader in development of advanced fixed and mobile communication systems. As well as supporting the visitor economy, 5G is expected to offer increased connectivity and opportunities for businesses – including remote working – and is anticipated to generate growth opportunities for the region's tech sector.

In order to establish a way forward for digital infrastructure and regional operational capability, the **Regional Operations Capability** for the West of England is currently being reviewed. This workstream will include the development of a vision and objectives for regional operational capabilities, a review of existing data, an up-to-date map of the regional fibre network and other digital infrastructure, as well as a review of future commercial models to determine delivery of regional objectives. However, this project has not reported within the ELSNA project timeframe so its implications will need to be reflected in subsequent work.

Similarly, a **Joint Energy Strategy** for the West of England is being prepared to drive a diverse, resilient and affordable energy system that enables economic growth and reduces greenhouse emissions. The Strategy will be aligned to the national commitment to reducing greenhouse gas emissions by at least 80% by 2050.

The four West of England unitary authorities adopted their **Joint Waste Core Strategy** (JWCS) in 2011. The document sets out the strategic spatial planning policy for the provision of waste management infrastructure across the West of England and forms part of each authority's local development framework. Sites and locations considered to be key to the delivery of the strategy are identified in Policy 5A, alongside key development criteria, whilst operational and allocated waste sites are safeguarded by Policy 13. The JWCS is currently due for review.

2.2.3. Housing

The West of England Unitary Authorities have collaboratively prepared a Strategic Housing Market Assessment (SHMA) to cover the period 2016-2036. The SHMA identifies two distinct housing market areas (HMAs), one for Wider Bristol (covering Bristol, North Somerset and South Gloucestershire), and one covering Bath and North East Somerset; as well as the Objectively Assessed Need for Housing in both HMAs.

The SHMA is currently being revised through the preparation of a Local Housing Needs Assessment, a key parallel workstream to the ELSNA. The Local Housing Needs Assessment takes account of changing national guidance, using the Government's new Standard Methodology of December 2020 for assessing local housing need in developing the housing evidence underpinning the SDS. The indicative housing need amounts to a total of 6,621 dwellings per annum across the West of England, as 3,196 annual dwellings in Bristol, 648 in Bath and North East Somerset, 1,365 in North Somerset and 1,412 in South Gloucestershire.[1].

2.3. Local Context

This section of the report provides a summary of development plans for each of the four authorities within the West of England area. The summary is focused on the economic development vision, goals and/or policies contained within the development plan for each local authority. This section demonstrates the way in which the four local authorities have developed economic development plans which conform to national and sub-regional policy and guidance. Understanding the individual council's economic objectives also helps to guide the ELSNA study.

2.3.1. Bristol City Council

Bristol City Council's (BCC) overarching planning approach is set out in its Local Plan, which includes the Core Strategy (2011), Site Allocation and Development Management Policies (2014) and Bristol Central Area Plan (2015), covering the plan horizon 2006-2026.

The Bristol **Development Framework Core Strategy** (2011) sets out the adopted spatial strategy for Bristol and identifies ambitious and sustainable economic growth as one of its key objectives. Policy BCS8 (Delivering a Thriving Economy) is the overarching employment policy, seeking to strengthen economic performance by providing a sufficient and flexible supply of employment land, addressing barriers to employment and promoting the city as a place to invest. The policy establishes a number of targets for commercial space, requiring the provision of up to 236,000m² of net additional office floorspace; 10 ha of additional industrial and warehousing land and the retention of Principal Industrial and Warehousing Areas (PIWAs) for industrial and warehousing uses. Priority areas for change are set out in Policies BCS 1 to 4 – which cover South Bristol, the City Centre, the regeneration areas of the Northern Arc and Inner East, Avonmouth and the Port of Bristol.

Policy BCS4 identifies Avonmouth as a priority area for industrial and warehousing development and renewal, particularly encouraging proposals for port-related activities, the manufacturing industry, logistics/distribution, waste management and other environmental technology related industries. The policy also recognises potential opportunities for development of energy from waste facilities, biomass energy and large-scale wind turbines.

Reflecting the adopted spatial strategy, the Council's **Sites Allocations and Development Management Policies** (SADMP) (2014) defines site specific allocations for development. Policy SA allocates a range of sites, however the majority of these are housing led, with 22 site allocations including some element of employment space. In very few circumstances is the amount of space identified for employment use specified.

Alongside the SADMP, the **Bristol Central Area Plan** (BCAP) (2015) forms part of the Bristol Local Plan and covers Bristol City Centre, in addition to an area to the east of the City Centre. The BCAP identifies key development areas, such as Bristol Temple Quarter (Policy BCAP35) – identified for 100,000 sqm/1,076,000 sqft net of office space – and other areas, such as Redcliffe, Old City and Harbourside. In addition, Policy BCAP8 seeks to safeguard the presence of the maritime industries around the Floating Harbour.

The Council is currently in the process of reviewing its Local Plan, rolling forward the plan period to 2036. The Bristol **Local Plan Review Draft Policies and Development Allocations** (2019) consultation was held in 2019, which sets out the proposed development strategy for four broad parts of the city – Central Bristol, East Bristol, South Bristol and North Bristol – and proposes specific locations for change and development.

Section 8 of the consultation document outlines the proposed employment land strategy, which aims to support sustainable and inclusive economic growth across the city, to be achieved through development of new workspace (principally at Bristol City Centre, Temple Quarter, St. Philip's Marsh and Avonmouth Enterprise Area) and the retention of core commercial land. Draft Policy E5 (Avonmouth Industrial Area and Bristol Port) reserves over 640 ha for industry, distribution, port and energy uses within the Avonmouth Enterprise Area, with 60 ha of additional industry and distribution proposed on currently undeveloped sites. Similarly, Draft Policy E4 (Industry and Distribution Areas) reserves 234 ha of core industrial estates and areas exclusively for those uses, including

[1] ORS (2020) *Establishing a Housing Need Figure for the West of England LHNA*

approximately 150 ha in South Bristol – which remains a priority spatial focus for development and regeneration in the draft Local Plan, including investment in sustainable transport infrastructure.

Section 4 of the consultation document identifies the key development locations, referred to as Growth and Regeneration Areas (AGRs). The majority of these areas are proposed for mixed-use growth and regeneration, including new homes. The draft Local Plan encourages brownfield sites to come forward for new homes by promoting redevelopment of vacant/underused office or industrial land, whilst also recognising it is crucial that opportunities for employment are maintained or enhanced. Accordingly, Draft Policy E7 (New Workspace within Mixed Use Development) indicates that proposals for redevelopment of sites/premises currently or recently used for business, industry or distribution should include provision for new workspace as part of mixed-use developments. The workspace element should be proportionate to the proposal's scale/location and include flexible workspace for enterprise start up and early stage growth – combining B1a/b/c uses, virtual office, desk and co-working space and community-oriented facilities.

The **Draft Bristol City Employment Land Study** (ELS) was prepared and issued to the Council by JLL in 2019. This study has not yet been finalised and therefore its conclusions and recommendations should be treated as such. The draft ELR highlights that Bristol is the largest and most active commercial hub in the South West for both office and industrial space and demonstrates that there is good demand for commercial space, both office and industrial, within Bristol.

Within the context of evidence indicating strong levels of demand, the study identifies a lack of existing office and industrial space as both sectors have less than one-year worth of latent annual take-up. Given the lack of current availability, coupled with the pressure for redevelopment from alternative uses, protection of the existing stock is encouraged. To address the substantial impact and significant risk that permitted development rights pose to the supply of office stock, the study recommends the adoption of an Article 4 direction to minimise future impact. Whilst recognising that new sites that are under construction (for instance, The Distillery and Assembly) which could help relieve pressure on office and industrial supply, these are considered unlikely to overcome the significant supply challenges.

The Draft Study further notes that pipeline supply in Bristol does not appear to be appropriately spread across the city, with the majority of additional industrial space to be delivered at Avonmouth; whereas other active markets in the central area and eastern areas may see a considerable loss – depending on policy and market behaviour.

Alongside its Local Plan, the Council has worked with city partners to prepare the **One City Plan** (2020). The plan, with its first iteration launched in January 2019, sets out a vision for the type of city Bristol is intended to become by 2050 and key outcomes in relation to a number of priority themes of relevance to the ELSNA – including Connectivity, Economy, Environment, Learning and Skills.

The **One City Economic Recovery and Renewal Strategy** (2020) sets out the priorities for recovering and renewing the city's economy in the context of sustainable development. The overarching priorities of the strategy are to seek to reduce poverty and inequality, to increase Bristol's resilience and environmental sustainability, and to enhance the economic and social wellbeing of every community. The strategy is built around three pillars (People and Labour Markets, Business and Investment, and Bristol's Places), with priority areas for response and recovery identified within each pillar, alongside a detailed analysis of the evidence and context for each.

2.3.2. Bath and North East Somerset

The adopted planning framework and spatial strategy for Bath and North East Somerset (BANES) is set out in the Council's **Core Strategy (2014)** and **Placemaking Plan (2017)** which cover the period up to 2029. The vision for BANES includes a sustainable local economy with increased local employment, less overall commuting and a strong low-carbon business sector. This is to be delivered through a district-wide net increase of 10,300 jobs across Keynsham (2,150 homes/1,600 jobs), Bath 7,020 homes/6,950 jobs, the rural areas (1,120 homes/ 700 jobs) and Somer Valley (2,470 homes, 900 jobs).

The **Bath City Riverside Enterprise Area Masterplan** (2014) provides a spatial vision for the redevelopment of land within the Enterprise Area and forms part of the Placemaking Plan evidence base. The Enterprise Area plans to accommodate up to 9,000 new jobs and 3,400 homes up to 2029 along the river corridor in central and western Bath and is expected to play a key role in providing accommodation for high-value business sectors. The masterplan includes provision of flexible workspace options (including Grade A office space), a residential quarter and leisure facilities with new employment to focus on strengths in Creative Industries, Professional Financial and Business Services, Information Technology and Software Development.

To prevent the further loss of good quality or reusable office space to residential development, BANES has implemented an **Article 4 Direction** as part of its development plan. The Article 4 came into effect in 2019 and exempts parts of Bath City north of the River Avon from Permitted Development Rights that allow change of use from office to residential. However, it is important to note that the Planning for the Future White Paper stated that existing Article 4 Directions will remain in place until 31st July 2021, at which point they will be reviewed. As such, there is currently uncertainty with regards to the longevity of the existing Article 4 Direction in BANES. This raises potentially significant implications for the supply of employment floorspace stock in future.

The BANES **Economic Development Strategy** 2014-2030 seeks to build on the area's strengths to create a more productive, higher value-added economy – envisioning an increase of 12% in local employment and an additional 11,500 jobs created by 2030. Banking Finance and Insurance; Transport and Communication; Distribution, Hotels and Restaurants; Other Services and Construction are identified as key growth sectors, whilst Creative and Digital; Information and Communication; Advanced Engineering and Electronics; and Environmental and Low Carbon are noted as having potential for significant future expansion. The Strategy identifies a need for up to 50,000 m² of modern, centrally located Grade A office floorspace within Bath. Areas identified to address the potential shortage of industrial floorspace include former industrial sites in Keynsham and Somer Valley, as well as regeneration of brownfield sites in the Bath City Riverside Enterprise Area.

The BANES **Employment Growth and Land Review** (2020) was undertaken by Hardisty Jones Associates and Lambert Smith Hampton to underpin the re-evaluation of the BANES Economic Development Strategy and Local Plan. The review forecasts 9,000 – 12,000 net additional jobs across BANES in the period 2016-2036, as well as requirements of 100,000 – 170,000 m² for office space and 120,000 – 270,000 m² for industrial and warehousing space. Whilst the review identifies a quantitative matching of supply and demand across BANES as a whole, a locational disparity is recognised, with the most acute issues identified within the industrial and warehouse market – primarily fuelled by a critical lack of supply in the Bath City area. However, it is important to recognise that this review was undertaken in the context of (and therefore shaped by) the now superseded Joint Spatial Plan and its associated Oxford Economics growth projections.

2.3.3. South Gloucestershire

The South Gloucestershire **Core Strategy** 2006-2027 comprises the authority's adopted spatial strategy and guides the location and quantum of development in South Gloucestershire. Policy CS11 (Distribution of Economic Development Land) seeks to maintain a supply of economic development land and directs employment development to the North Fringe of Bristol urban area (355 ha), East Fringe of Bristol urban area (147 ha), Yate & Chipping Sodbury (88 ha), the new neighbourhood at North Yate (up to 9 ha), Thornbury (19 ha), the rural area (14 ha) and Severnside (635 ha). Policy CS12 (Safeguarded Areas for Economic Development) allows for the change of use from B Class uses to other economic development uses on interim safeguarded sites, subject to a number of criteria. Policy CS13 prohibits a change of use on economic development sites not safeguarded in Policy CS12, unless it can be clearly demonstrated that all reasonable attempts have failed to secure a suitable economic development re-use. Where these circumstances occur, priority will be given to mixed-use schemes, followed by residential only schemes.

In addition to development management policies, the South Gloucestershire **Policies, Sites and Places Plan** (2017) sets out the Council's policy for safeguarding and allocating a range of land uses required to support sustainable communities. The Plan identifies several new allocations and sites carried forward from its previous 2006 Local Plan, including a range of town centre and mixed-use sites.

The Council is in the process of preparing a new Local Plan, setting a new plan period up to 2038, based on the current NPPF. A 'Phase 1' Local Plan consultation document is due to be published later this year.

As part of the annual Authority's Monitoring Report (AMR), South Gloucestershire prepare an **Employment Land Survey** (ELAS) to monitor the availability, distribution and loss of employment and non-residential land. The total amount of employment land available (sites with planning permission yet to be developed) has been steadily declining since the 2014 ELAS. The most recent ELAS (2019) takes account of significant new schemes approved over the past two years (such as development of a 10,872sqm B1b facility at East Works Site, Gloucester Road and the redevelopment of 100 Bristol Business Park to provide an additional 118,883 sqm of B1a/A3 floorspace). However, the ELAS suggests this has not been sufficient to stem the overall loss of employment land to non-traditional 'B' use classes (such as leisure, retail, hotels and residential). At the time of writing, the Council is in the process of reviewing its employment land evidence jointly with Atkins and the emerging South Gloucestershire Employment Land Review is progressing in parallel and feeding into the ELSNA process.

South Gloucestershire Council (SGC), along with its partners, are in the process of developing a masterplan for Yate, which sets out the long-term vision for improving the town. Early work highlights where change could take place with a focus on the town centre, Station Road and Yate railway station. Initial consultation on the vision and objectives for the masterplan is currently taking place until March 2021 and a **draft Yate Town Improvement Masterplan** will be consulted on next year.

2.3.4. North Somerset

The North Somerset **Core Strategy** (2017) sets out the strategic direction for employment growth in North Somerset between 2006 and 2026. The Core Strategy envisions a prosperous North Somerset, with lower levels of inequality and increased self-containment, taking an employment-led approach to address the existing imbalance between homes and jobs (particularly at Weston-super-Mare). Policy CS20 (Supporting a Successful Economy) seeks to provide at least 10,100 additional jobs in the plan period and allocates 114 ha for business, general industrial and storage and distribution, whilst Policy CS21 (Retail Hierarchy and Provision) focuses on town centre regeneration in Weston-super-Mare.

The **Employment-Led Delivery at Weston-super-Mare Supplementary Planning Document** (SPD) (2014) applies to Weston-super-Mare as a whole and provides further guidance on the implementation of Policy CS20. The SPD seeks to improve the balance between jobs and homes, by controlling the release of new housing in parallel with the provision of employment to ensure the imbalance is not exacerbated. Provision is made for 1.5 jobs per dwelling, to be provided from all qualifying residential proposals.

The North Somerset **Site Allocations Plan** (2018) identifies detailed allocations to deliver the requirements of the Core Strategy. Policy SA4 provides a schedule of proposed employment sites, allocating just under 70 ha at a range of sites including at Weston-super-Mare, 10 ha at Clevedon, and smaller scale provision elsewhere.

The Council is preparing a new Local Plan for the period 2023 to 2038. Consultations were held in 2020 for this exploring the key issues for the plan to address, and the overarching spatial strategy.

North Somerset adopted a revised **Economic Plan** in 2017 which envisions North Somerset as “a vibrant and successful place to live, work and study, with a distinct identity and quality of life that attracts and retains enterprise, investment, young people and visitors”. One of its major themes is the potential for improvement in areas such as innovation and export. The Plan also identifies skills shortages in the local workforce and ongoing difficulties in attracting skilled workers for certain industries, highlighting a need for continued collaboration with education providers. Strategic objectives for economic development and employment include:

- SO1: To create the conditions for higher value local employment.
- SO2: To grow and enhance the competitiveness of businesses base; and
- SO3: To foster a culture of enterprise, innovation and aspiration.

In order to meet these strategic objectives, the Economic Plan highlights the need to “create the right employment space in the right locations”, support start-ups and business growth (particularly SMEs and self-employed workers), attract high-value business and develop niche clusters and supply chains.

The North Somerset **Employment Land and Sites Review** (2018) highlights a strong traditional employment base and wide range of employment sites located across the unitary district, with the majority in Weston-super-Mare but also in Clevedon, Portishead, Yatton and smaller rural sites. The study indicates a relative oversupply, but suggests it is appropriate to retain this land for employment uses, as there is strong potential in North Somerset to enable a choice of provision for potential future investors. This aligns with the recommendations of the ELSNA, which encourages the implementation of strong employment land protection policies, focused on locations which are suitable and viable for modern occupiers from a range of market sectors. The Employment Land and Sites Review makes a number of recommendations – including to protect allocated and existing employment sites, review the existing Employment Policy for Weston-super-Mare, and consider additional sites around Bristol Airport, the Port of Bristol and any other sustainable employment sites should there be an appetite to pursue a ‘step change’ in economic prospects. This point is reflected further in the conclusions and recommendations of Chapter 6.

2.4. Key Messages and Implications for the ELSNA

The approach applied in the assessment of qualitative and quantitative need and supply of employment land in the West of England sub-region needs to take account of and be aligned with the requirements of the NPPF and PPG. This includes being steered by national guidance on preparing evidence on future business needs,

identifying existing stock of employment land and translating estimates of future employment need and demand into land requirements. Accordingly, Chapter 0 of this report aims to align with the requirements of the NPPF and PPG, whilst accounting for the relevant local authority policies discussed.

Recent changes to Permitted Development (PD) rights are reducing local authority control over development coming forward and have resulted in the loss of employment stock, particularly lower value stock, across the West of England. PD rights are likely to continue to pose a risk to employment stock across the sub-region and the ELSNA will provide recommendations on where Article 4 Directions to protect existing employment stock, as in effect in BANES, should be further explored to enable exemption from PD rights for key strategic locations in the sub-region.

Furthermore, changes to the use class order taking effect at the time of preparing the Study, which now put offices, R&D and light industrial uses in the same use class (Class E) as retail, indoor sports and medical uses, are likely to further exacerbate the loss of existing employment stock through increased flexibility for change of use away from traditional employment uses. In addition, the changes to the use class order requires the ELSNA to interpret data and evidence aligned with the traditional B-use classes in light of the new E use class combining commercial, business and service uses. However, taking a distinct step away from the traditional use-class based approach to assessing spatial needs for employment land, the Study will take a strong sectoral approach, which is not restricted by use class and places emphasis on the qualitative aspects of both demand and supply.

Whilst current proposals set out in the Planning White Paper are subject to consultation at the time of writing, if enacted as currently proposed, they will raise important implications in taking forward the findings of the ELSNA in the Spatial Development Strategy and in particular the Local Plans of the four Unitary Authorities. Any areas recommended for employment intensification would need to be considered for inclusion in renewal area allocations, whilst any recommended strategic employment locations with substantial employment development capacity would be taken forward through growth area allocations. Given the Planning White Paper is largely silent on employment and economic development, there are no immediate implications for this ELSNA Study.

As neighbouring authorities Bristol City, South Gloucestershire, North Somerset and BANES are required by national policy to cooperate on strategic cross-boundary issues. Alongside other evidence base workstreams, the ELSNA Study will form part of the sub-regional evidence base that will demonstrate cross-boundary cooperation in the approach to economic development, in line with the requirements of the NPPF.

Maximising the advantages for industry from the global shift to clean and inclusive growth is a key principle derived from the Government's Industrial Strategy that has filtered down to the LIS and is accordingly reflected in the objectives of the ELSNA study, particularly in the supply side assessment with regards to the potential of sites to contribute to clean growth.

Both the LIS and Employment Skills Plan (2019) provide the key strategic framework for the ELSNA and fundamentally inform the means by which the economy is defined for the purpose of the ELSNA Study. This includes the identification of the key market sectors, which provide the focus for the sectoral approach taken and form the basis for analysis as part of this ELSNA Study.

In addition to those market sectors flowing from the LIS and Employment Skills Plan, the ELSNA integrates the Circular Economy and Low Carbon, Public Administration, Education and Small Industrial Activities as key market sectors, informing the analysis of sectoral demand and site potential to accommodate these sectors. As such, the ELSNA provides a high-level update to the spatial aspects of the evidence underpinning the Joint Waste Core Strategy.

The range of parallel evidence base workstreams – including housing, transport and digital infrastructure, climate change, skills planning and business intelligence – gathered through the WECA Recovery Taskforce have interfaced with and iteratively informed the ELSNA to ensure an integrated SDS evidence base and, in particular, informed the assessment criteria in the analysis of supply in the West of England sub-region as part of the ELSNA.

The Local Housing Need Assessment represents a key parallel workstream which is incorporated as a driver for the second demand scenario – reflecting the scale of demographic change as a result of housing need assessments. The relationship between housing, population and employment forecasts is analysed and these implications inform the wider ELSNA work, in particular the balance between employment and housing spatial development.

The Core Strategies, Site Allocation Plans and other planning policy documents adopted as part of the development plans in the West of England sub-region provide the current strategic direction for employment growth, including strategic employment policies, locations for employment growth and the quantum of growth currently being directed to these locations. The ELSNA provides robust and evidence-based recommendations to guide the Local Plan revisions in the four Unitary Authorities, aligned with the wider SDS for the WECA area.

With the exception of South Gloucestershire currently updating their Employment Land Review, the existing Employment Land Reviews and Studies recently prepared by the Unitary Authorities provide a substantially up-to-date picture of employment land supply and demand at local level. These provide the basis for the strategic assessment of employment land and supply in the wider West of England sub-region.

3. Defining the Economy and Strategic Trends

This chapter provides a summary analysis of baseline socio-economic conditions in the West of England. This includes a review of demographic trends, key market sectors, employment trends, spatial distribution of business, major clusters of activity and cross-boundary relationships. It aims to assess the prevailing socio-economic conditions in the study area and the socio-economic context which shapes employment land demand and supply factors shown in Chapter 6 and Chapter 7 respectively. This provides an important context for understanding economic demand/need which form the basis of Atkins recommendations, which can be found in Chapter 9.

3.1. Socio-Economic Baseline

3.1.1. Demographic Trends

Recent ONS projections suggest that in 2020 there is an existing population of approximately 1.17 million people residing in the West of England, as divided by individual Unitary Authority in Table 3-1.

Table 3-1 - West of England Population Projections, 2020 and 2040

Unitary Authority	Projected Population in 2020	Projected Population in 2040	Percentage Change 2020-2040
Bristol	471,344	525,817	+11.6%
BANES	195,691	220,500	+12.7%
South Gloucestershire	289,478	346,664	+19.8%
WECA Total	956,513	1,092,980	+14.3%
North Somerset	217,015	244,054	+12.5%
West of England Total	**1,173,528**	**1,337,035**	**+13.9%**

Source: ONS (2020)

The four Unitary Authorities have largely similar age profiles, although Bristol and BANES have the youngest age profiles due to their significant student populations – with 69% and 70% of the population at working age respectively. South Gloucestershire and North Somerset have marginally older age profiles, with 24% of the population aged over 65 in North Somerset and 19% in South Gloucestershire[2].

Around 9% of the West of England working age population in 2018 were from a minority ethnic background[3]. Bristol is an especially diverse unitary authority, with residents from at least 187 countries of birth, 45 religions and no less than 91 languages spoken.

3.1.2. Migration

Short term international migration into the region is driven by Bristol, which accounts for 45% of the total short-term migration into the West of England[4]. Whilst short term migration has continued to increase year on year since 2011; net inflows of long-term international migration have been falling in recent years, following a peak in

[2] ONS (2020) *2018-Based Projected Household Population*

[3] ONS (2018) *Annual Population Survey*

[4] WECA (2019) *West of England Employment and Skills Plan*

2015. The timing of this reduction reflects the announcement of the Brexit referendum and further reductions in migration levels are expected as a result of the COVID-19 pandemic.

Internal migration is a key component of population change in the West of England, particularly in the last 20 years. Internal migration can be defined as migration within a nation from one region to another, typically driven by employment, educational or lifestyle factors. Whilst North Somerset consistently experiences the greatest net inflow of internal migration, Bristol as a core city has the highest levels of internal inflows and outflows. Students represent a majority of the region's transient population, with short term international migration dominated by young people moving to the West of England to study and 40% of internal migration into the region involving individuals aged between 15 and 24. In 2016, 2,534 students came into the West of England to study; this figure has been driven by a sharp increase in the number of short term international students moving into South Gloucestershire[5].

3.1.3. Earnings and Pay

Average median hourly earnings for full-time workers in the West of England are largely higher than in England at £12.78, with £13.17 in BANES, £13.29 in the City of Bristol and £13.06 in North Somerset. Only South Gloucestershire reports lower than the national average median hourly earnings of £12.73[6]. In 2018, there were approximately 100,000 jobs across the West of England that paid below the Living Wage, with many of these jobs being part-time and a high proportion focused in the City of Bristol.

Hourly pay for full-time employees remains higher for men than woman across all four Unitary Authorities, based on both residency and workplace medians. South Gloucestershire and North Somerset have the highest pay gap for full-time workers at 16.2%, whilst the pay gap for full-time workers in Bristol of 8.5% remains below the national pay gap of 8.6%[7].

3.1.4. Deprivation

Although the West of England ranks 26th out of 38 LEPs for the 2019 Index of Multiple Deprivation, which suggests overall relatively low levels of deprivation in the region[8], there are significant variations across the region.

Figure 3-1 below illustrates the levels of deprivation and its spatial distribution within the Study Area. There are substantial pockets of deprivation in Bristol (in particular South Bristol) and North Somerset, and smaller pockets of deprivation in Bath.

This indicates little change from the 2015 position, where 42 LSOAs in Bristol and 9 in North Somerset were within the 10% most deprived nationally. There are also small pockets of deprivation in BANES, with 2 LSOAs within the most deprived 10% nationally in 2019.

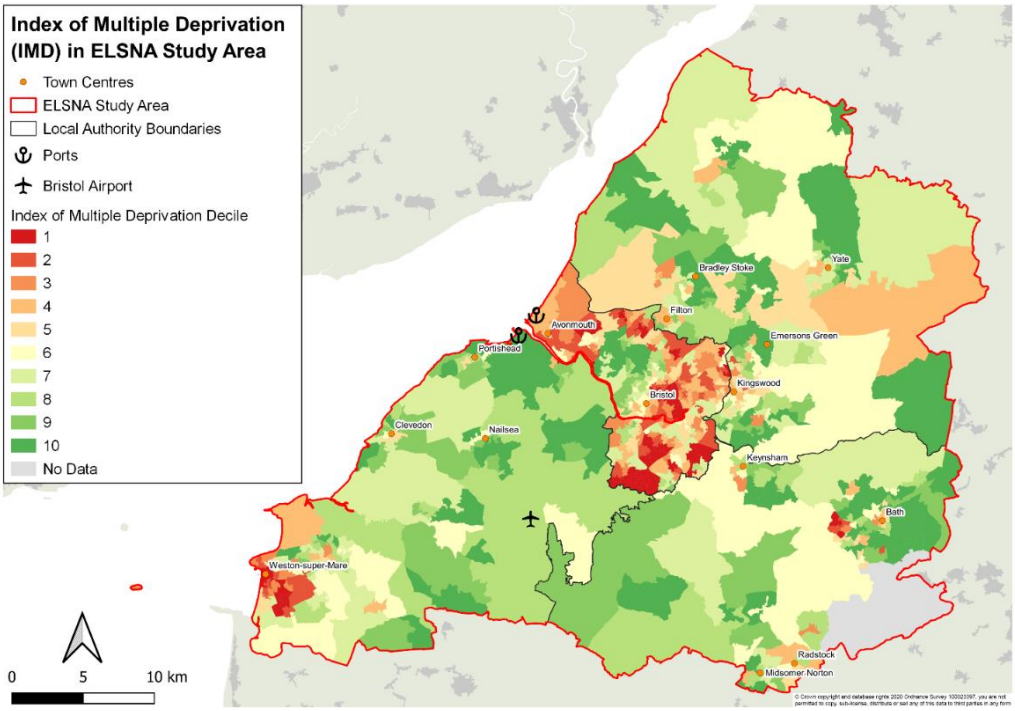
[5] WECA (2019) *West of England Employment and Skills Plan: Evidence Base*

[6] ONS (2018) *Annual Survey of Hours and Earnings*

[7] *WECA (2019) West of England Employment and Skills Plan: Evidence Base*

[8] Ministry of Housing, Communities and Local Government (2019) *English Indices of Deprivation 2019*

Figure 3-1 - West of England Index of Multiple Deprivation



Source: Atkins (2020)

3.2. Key Market Sectors

The West of England is home to a broad, diverse and thriving economy, which includes a range of key industrial and business sectors with evidence of several key specialisms. As indicated in Chapter 1 of this report, the ELSNA takes a sectoral approach to the analysis of supply and demand in the West of England region and a range of key sectors have been agreed with the client group to be assessed for their employment land/floorspace needs as part of the ELSNA (see Table 3-2). It should be highlighted that whilst the sectoral analysis enables an element of focus on key growth sectors, it is not to the exclusion of the whole economy. All sectors of the economy are covered by the analysis so that a full picture of employment land demand and supply is provided.

Table 3-2 - Key Market Sectors

Broader Manufacturing (including Aerospace and Advanced Engineering)	Housing, Construction and Development
Creative and Digital	Transport and Logistics
Professional Services	Health and Life Sciences
Retail, Culture and Leisure	Tourism
Food and Rural Enterprise	Circular Economy and Low Carbon
Public Administration	Education

Source: WECA (2020)

The key market sectors given particular prominence in the ELSNA emerged primarily from the West of England Local Industrial Strategy (LIS) and the West of England Employment Skills Plan, which collectively set out the

strategic economic approach for the region and identify these sectors on the basis of their significant potential to create jobs and growth in future, as well as market engagement. More information on these West of England documents can be found in Section 2.2 of this report.

Broader Manufacturing (including Aerospace and Advanced Engineering): The West of England is a heartland of high-value engineering and design, with a strong specialism for aerospace. 14 of the world's 15 major aerospace firms have bases located in the region – largely focused on the UK's largest aerospace cluster at Filton in North Bristol; including Airbus, GKN and Rolls-Royce. The sector is recognised globally for leading the way in aerospace research, development and design, which in turn supports manufacturing of aircraft, helicopters, satellites and communication systems. The sector also includes broader manufacturing businesses and their supply chains, as well as several nationally significant scientific research centres – such as the National Composites Centre, which supports innovation across a broad range of manufacturing and engineering activities. Aerospace and Advanced Engineering accounted for 6% of employment and 7% of sub-regional GVA in 2018[9].

Creative and Digital: The LIS identifies Creative and Digital as one of three priority sectors for supporting wider cross-sectoral innovation in the West of England, reflecting the Creative Industries Sector Deal (2019), which classifies the West of England as a "globally significant, high-growth creative cluster". The Creative and Digital sector has grown rapidly in the West of England, with a 27% growth in employment between 2015 and 2017 and represents a hugely dynamic part of the regional innovation ecosystem[10]. Bristol and Bath were acknowledged by Tech City as the third largest and most productive tech cluster nationally; with an estimated £8.1 billion digital tech turnover[11]. Creative and Digital accounted for 6% of employment and 7% of sub-regional GVA in 2018[9].

Professional Services: The Professional Services sector is one of the largest employers in the West of England, encompassing a diverse range of activities across financial, legal and business services, and identified in the LIS as a priority sector for driving cross-sectoral innovation. The region accommodates headquarters for various major international companies, such as Lloyds Banking Group, PwC, Hargreaves Lansdown, Aviva and Royal Bank of Scotland, as well as a thriving ecosystem of SMEs. The sector is increasingly harnessing the West of England's digital expertise to develop new products and ways of working, with recognised specialisms developing in FinTech and LawTech. Professional Services is one of the largest sectors nationally and in the West of England, accounting for 13% of employment and 11% of sub-regional GVA in 2018[12].

Retail, Culture and Leisure: The Retail sector in the region includes an impressive array of central and out-of-town shopping quarters, with leading retailers and smaller independent shops resulting in a combined annual footfall of over 100 million[13]. The wider sector also incorporates a vast array of companies focused on Culture and Leisure – such as museums, theatres, music venues, sports facilities and sites of significant cultural value. In addition to the major city centres of Bristol and Bath, which are a focus for retail, the region hosts 2 of the UK's 25 largest shopping centres in Cabot Circus and The Mall at Cribbs Causeway[14]. Driven by the rise in online retail and the COVID-19 pandemic, the sector is facing significant challenges, but remains one of the largest employers in West of England. Retail, Culture and Leisure accounted for 14% of employment and 10% of sub-regional GVA in 2018[12]. For the purposes of the ELSNA, 'Retail' in this report means shop premises (including traditional high street stores out of town retail parks), rather than retail distribution and warehousing – which is encompassed within the key market sector of Transport and Logistics.

Tourism: Tourism is a large employer in the West of England, particularly within Bath and Weston-super-Mare, with significant seasonal peaks. This broad sector is home to major travel and accommodation employers like Bristol Airport, Great Western Railway, Premier Inn and Marriott, as well as a large proportion of independent micro and artisan businesses, many of whom help define and enhance the character of the region. In 2018, the Tourism sector directly accounted for 10% of employment and 4% of sub-regional GVA[12]. However, due to restrictions put in place on international travel, alongside the closure of shops and hospitality as a result of COVID-19, the sector in the West of England remains under huge strain.

Food and Rural Enterprise: The West of England has a strong heritage of food and drink producers, including major companies such as Yeo Valley. The food sector in West of England is increasingly recognised as a driver

[9] WECA (2020) *West of England Regional Recovery Taskforce: Sector Summaries*

[10] WECA (2019) *West of England Local Sector Skills Statement: Creative and Digital*

[11] Tech City UK (2017) *Tech Nation: Bristol and Bath Tech Sector*

[12] WECA (2020) *West of England Regional Recovery Taskforce: Sector Summaries*

[13] WECA (2019) *West of England Local Sector Skills Statement: Retail*

[14] Global Data Consulting (2019) *Top 50 UK Shopping Centres by Size*

of innovation, largely as a result of the DEFRA designated Food Enterprise Zone near Weston-super-Mare. In addition to agriculture and food production, rural businesses incorporate an increasingly diverse spectrum of enterprises, including wider manufacturing uses and creative industries. This is driven by the increased provision of fibre optic broadband in the rural areas and the choice of 'rural living' as a lifestyle choice. Moreover, an increasing focus on food security, reducing food miles and the climate emergency, as well as changes to agricultural subsidies as a result of Brexit, will likely bring a renewed focus on rural areas for production and jobs within the green economy. Food and Rural Enterprise accounted for 11% of sub-regional employment in 2018[12].

Transport and Logistics: Driven by the presence of the Port of Bristol, the West of England is a major national hub for Transport and Logistics, with Avonmouth and Severnside acting as a key regional distribution centre. The region is home to Transport and Logistics firms like DHL, Royal Mail and Eddie Stobart, as well as distribution centres for established companies, such as Lidl and Amazon. The Port of Bristol, located in the Avonmouth and Severnside Enterprise Area, connects the West of England directly by motorway to London, Birmingham, Manchester and South Wales, as well as with international markets in Europe and beyond. Transport and Logistics accounted for 5% of employment and 4% of sub-regional GVA in 2018[12].

Health and Life Sciences: The Health and Life Sciences sector in the West of England is rapidly growing, driven by nationally significant scientific research centres, such as the Bristol and Bath Science Park in Emersons Green. The sector has become an established specialism, built on the strengths of university research and the opportunities offered by the application of digital tech. Co-location is accelerating research, development and commercialisation within the Health and Life Sciences sector, in particular in health tech robotics[15]. An increasing proportion of inward investment enquiries to Invest Bristol and Bath are for Health and Life Sciences. The success of the Unit DX premises in Bristol, along with its forthcoming sister premises Unit DY, has provided a new model for life science incubator space – establishing the sub-region as a centre of excellence. The Health and Life Sciences sector accounted for 14% of employment and 8% of sub-regional GVA in 2018[12].

Housing, Construction and Development: The Housing and Construction sector is a key employer in the West of England, driven by major infrastructure and development projects within the region and neighbouring counties, including Hinkley Point C, HS2 and the Ashton Gate Development, valued at approximately £1.14 billion in 2017[16]. The sector has seen a strong rebound since the first site stoppages due to COVID-19 in March 2020, with a mini housing boom experienced nationwide. The Housing, Construction and Development sector accounted for 13% of West of England employment in 2018 and 21% of sub-regional GVA in 2018[12].

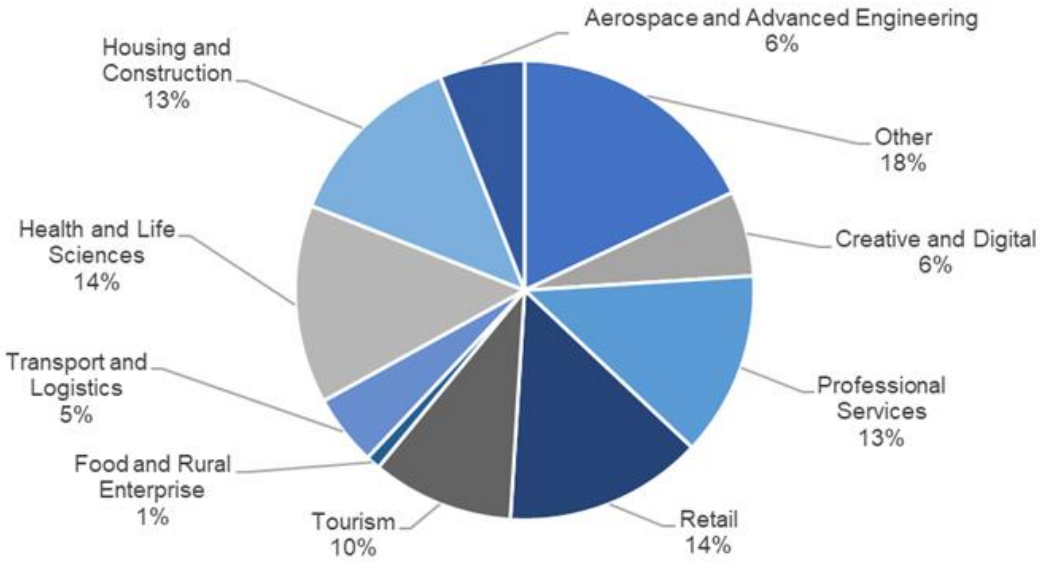
Circular Economy and Low Carbon: The Circular Economy is crucial to the function of the wider West of England economy, incorporating both waste and energy related activities. The sub-region accommodates a number of innovative waste-to-energy and biomass projects, as well as some major renewable energy providers, including Ecotricity, Bristol Energy and OVO. This sector is seen as crucial in the sub-region's move towards zero carbon and broader aspects of a 'clean and green' economy.

The proportion of employment in the West of England by market sector in 2018 is illustrated in Figure 3-2.

[15] WECA (2019) *West of England Local Sector Skills Statement: Health and Life Sciences*

[16] WECA (2019) *West of England Local Sector Skills Statement: Construction*

Figure 3-2 - Sub-Regional Employment by Market Sector, 2018



Source: WECA (2020)

It is recognised that, in addition to the 10 key market sectors outlined, there are various market sectors that make a significant contribution to job creation and economic output in the West of England. These include Education and Public Administration, as well as lower value sectors, including for example city servicing activities, all of which are essential to a successful and balanced economy. Consequently, the ELSNA demand and supply analysis addresses the whole economy and is not exclusive to these key sectors.

3.3. Employment Trends

At 79.1%, the average employment rate for the working age population in West of England in 2018 was significantly higher than the national average of 75.4%. Nevertheless, disparities in employment exist across the four Unitary Authorities with an average employment rate for the working age population of 77.1% in Bristol, 79.9% in BANES, 80.6% in North Somerset and 81.1% in South Gloucestershire[17]. Mirroring national trends, a higher rate of employment exists amongst men than women within all four Unitary Authorities. This is most apparent in South Gloucestershire, with 83.4% of working age men in employment compared to 77.9% of women. The employment rate for ethnic minorities in the West of England is just under 70%. Variations in the employment rate at Unitary Authority level range from 65.7% in Bristol to 79.3% in North Somerset[18].

The challenges facing businesses due to COVID-19 have had a significant impact on jobs. The proportion of people in the West of England claiming unemployment benefits increased from 2% in February 2020 to 5% in January 2021, an increase of 21,560 people. The national furlough scheme has helped to reduce the impact, with 199,200 furloughed employments in the West of England up to 15th March 2021[19]. While job losses are anticipated across all sectors and skills levels, certain groups are projected to be impacted harder than others, for instance due to higher exposure to affected sectors or reduced opportunities. This includes young people, over 50s, and those already disadvantaged in the labour market (including women, disabled people and people from BAME backgrounds). As a result, the pandemic poses the risk of amplifying existing inequalities within the West of England employment profile.

[17] ONS (2018) *Annual Population Survey 2018*

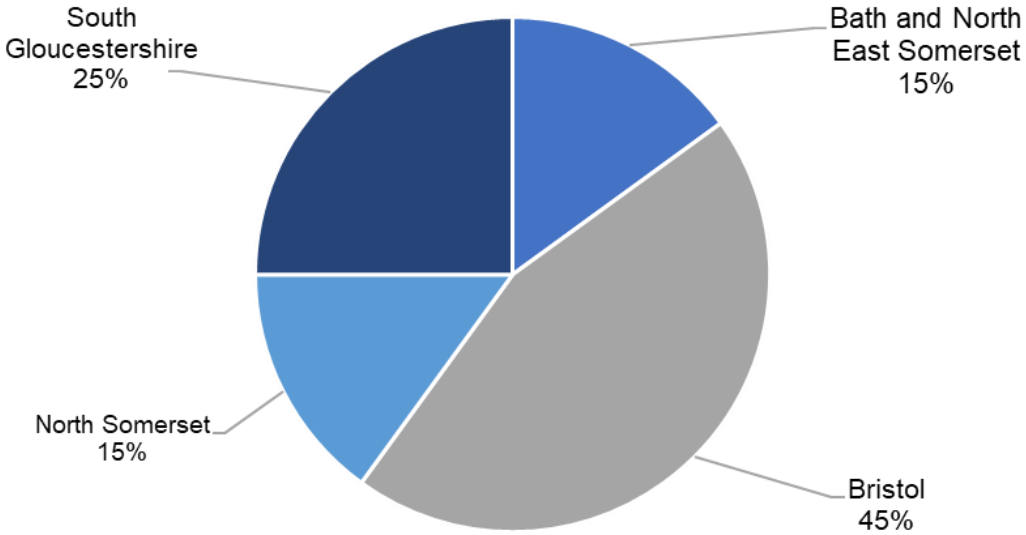
[18] WECA (2019) *West of England Employment and Skills Plan: Evidence Base*

[19] WECA (2021) *Labour Market Intelligence Pack*

The occupational profile of the West of England indicates that around 25% of people in employment are in professional occupations and a further 16.5% in associate professional and technical occupations[20]. This broadly mirrors national trends of increasing proportions of the workforce in higher skills occupations.

The proportion of overall employment in each Unitary Authority Area is illustrated in Figure 3-3.

Figure 3-3 - Proportion of Overall Employment by Unitary Authority Area



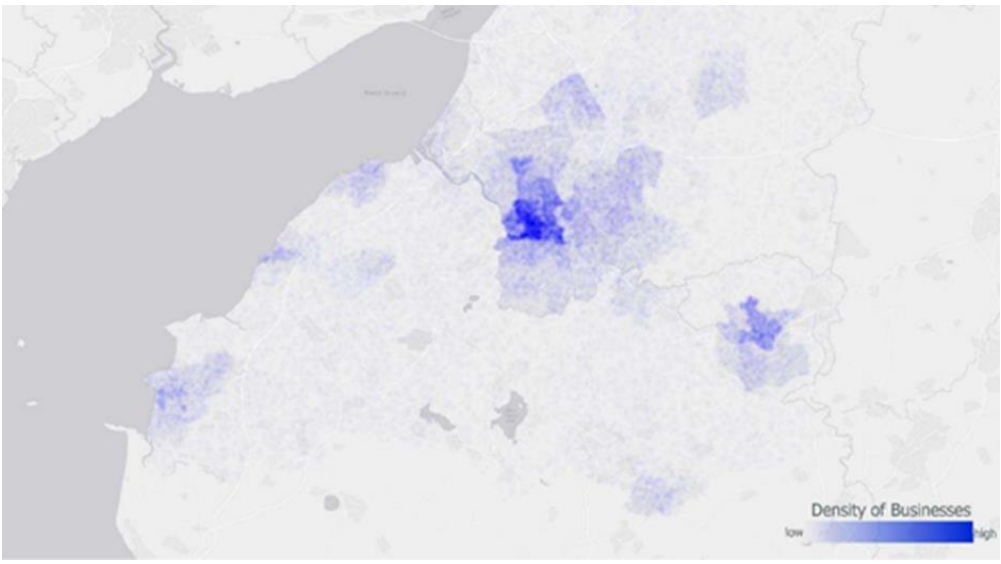
Source: ONS (2017)

3.4. Spatial Distribution of Economic Activity

Substantial employment activity is distributed across the West of England, with significant concentrations in the economic centres of Bristol and Bath and major towns like Weston-super-Mare. In addition, considerable economic activity is focused in strategic employment locations such as the Bristol North Fringe and Avonmouth and Severnside. Figure 3.4 illustrates the distribution of businesses in the West of England sub-region in 2017.

[20] WECA (2019) *West of England Employment and Skills Plan: Evidence Base*

Figure 3-4 - Concentration of Businesses in the West of England



Source: WECA (2019)

3.5. Strategic Economic Functionality

3.5.1. Strategic Infrastructure

The West of England is strategically located at the convergence of several long-distance inter-city and regional train services. GWR links the region with inter-city trains to London, South Wales and the South West, and regional trains between South Wales and the south coast. Cross-country intercity train services provide links to the Midlands, the North, Scotland and the far South West, in addition to South West Rail, which provides services to London Waterloo[21]. Both Bristol Temple Meads and Bristol Parkway are recognised as nationally and regionally significant transport interchanges, acting as gateways to the city and wider region.

Located in North Somerset and southwest of Bristol City Centre, Bristol Airport is a significant economic driver in the West of England sub-region, providing international connectivity and supporting the tourism economy in the sub-region. It is important to note that Bristol Airport has a net outflow of tourists from the region, as passenger catchment extends to the wider South West region and South Wales, with a population of around 7.5 million people living within a 2-hour drive. Pre-COVID, the airport served around 10 million passengers annually, an increase from around 8.6 million in 2018. However, few industries have been affected by COVID-19 as significantly as aviation, with a 97% reduction in UK passenger flights in April 2020 compared to the previous year. Industry estimates suggest that passenger numbers may remain below 2019 levels until at least 2022[22].

Bristol Airport is a major employer for the West of England sub-region, with around 3,500 people directly employed at the airport in 2019[23], in addition to supporting a significant number of jobs, such as through supply chain companies and private transport services. Whilst most passengers use Bristol Airport for leisure travel, it also serves a growing base of business passengers. In 2017, the majority of business passengers worked in Advanced Manufacturing (12%), Business and Professional Services (12%), Public Services (10%), Energy and Utilities (7%) and Leisure Services (7%)[24].

Bristol Airport submitted an application in 2018 to expand its site, proposing development on adjoining Green Belt land, to enable an increase of passenger numbers from 10 million to 12 million. Proposals for expansion

[21] Travelwest (2020) *Joint Local Transport Plan 4: 2020-2036*

[22] House of Commons Transport Committee (2020) *The Impact of the Coronavirus Pandemic on the Aviation Sector*

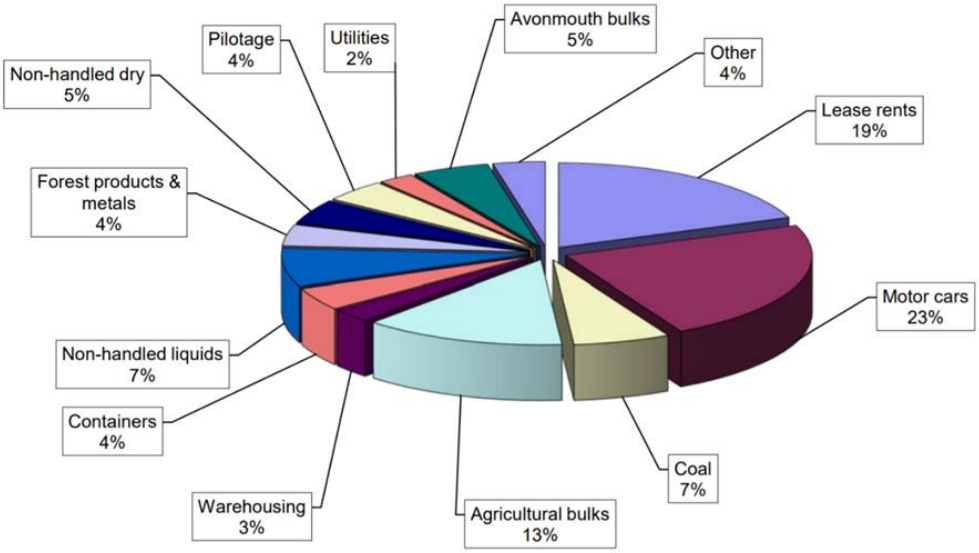
[23] Acuity Analysis (2019) *Economic and Social Importance of the UK's Regional Airports: Airport Profiles*

[24] York Aviation (2017) *Economic Impact Assessment of Bristol Airport*

included enlarging the passenger terminus and plane taxiways, as well as additional parking for 3,000 cars[25]. However, permission was refused by North Somerset Council in February 2020 and an appeal is ongoing.

The Port of Bristol comprises 2,600 acres of commercial docks situated near Avonmouth. Operated by Bristol Port Company, which owns both Avonmouth and Royal Portbury Docks, the Port of Bristol is strategically located for nationwide road and rail delivery, 4 miles from the Second Severn Crossing and 7 miles from the M4/M5 interchange. Recent estimates suggest that businesses on the Port Estate contribute more than £1 billion to UK GDP[26]. Key trades and companies served by the Port include the import of coal for companies such as RWE, Npower and Simec; aggregates serving companies, such as Tarmac, Hanson and Cemex; motor vehicles for companies, including Renault, Honda and Toyota; animal feed and grain, as well as forest products and metals serving companies such as Mondi, International Paper, International Plywood. Annually, the Port handles 27% of all UK aviation fuel imports, 6 million tonnes of dry bulk goods, 25% of all animal feed imports, 750,000 motor vehicles and 10% of UK coal imports for electricity generation[27].

Figure 3-5 - Proportion of Port Turnover by Trade in 2015-16



Source: Bristol Port Company (2016)

As a major employer in the sub-region, the Port directly employs over 570 people, but up to 10,000 jobs in the wider South West region reportedly depend on port-related businesses[26]. The location of the Port has resulted in notable employment concentrations in Avonmouth and Severnside, which acts as a strategic distribution and logistics hub. These areas have experienced significant take-up in recent years, dominated by large distribution and warehouse facilities built for major international firms like Amazon, DHL, Mercedes-Benz, Tesco and Lidl.

Plans for the expansion of the Port through the creation of a £800 million Deep Sea Container Terminal on brownfield land in Avonmouth were submitted in 2005. This expansion is estimated to generate over £114 million annually for the local economy through employment and multiplier effects, as well as an additional 1,500 new jobs[28]. However, construction towards these plans has not yet commenced.

3.5.2. Cross Boundary Relationships

The West of England Combined Authority (WECA) was established in 2017 and supports the development and delivery of key strategies in the West of England, including the Unitary Authorities of Bristol, Bath and North East

[25] Bristol Airport (2017) *Preparing a New Master Plan: Public Consultation*

[26] Bristol Port Company (2018) *Bristol Port Company Today*

[27] Bristol Port Company (2016) *Bristol Port Bulk Terminal*

[28] Bristol Port Company (2016) *Deep Sea Container Terminal Proposal*

Somerset and South Gloucestershire. The role of WECA is to drive strategic cross-boundary issues across these local authorities, including frequent collaboration with the Unitary Authority of North Somerset. In addition to WECA, the West of England's Local Enterprise Partnership (LEP) is a business-led partnership with the aim to secure the wider region's "continuing and ambitious economic success and attractiveness as a place for its residents to live and thrive and for businesses and communities to grow in a sustainable way". The LEP Board includes up to fourteen business members, one higher education representative, the Mayor of the West of England Combined Authority, the Mayor of Bristol City Council and the Leaders of Bath and North East Somerset Council, South Gloucestershire Council and North Somerset Council.

Beyond the West of England, the LEP has nurtured several cross-boundary relationships with neighbouring LEPs, including Swindon and Wiltshire LEP, Heart of the South West LEP, and Gloucestershire LEP. In addition, a number of synergies have developed beyond the Study Area, such as linkages with Cheltenham and Gloucester relating to cyber-tech industries and the energy sector, as well as wider Somerset in relation to the food sector[29]. Cross-boundary synergies include involvement in several economic alliances and initiatives to promote shared growth, for instance:

The **Western Gateway** is a strategic partnership promoting and maximising economic growth across South Wales and the West of England to create jobs, boost prosperity and support the universities and businesses in the region. Linking towns and cities either side of the Severn, the partnership intends to mirror the success of the Northern Powerhouse and support the region in remaining globally competitive[30].

As part of the **Great West Way Initiative**, the West of England collaborates with six other LEPs – London, Thames Valley Berkshire, Buckinghamshire, GFirst, Oxfordshire and Swindon and Wiltshire – to develop a multi-modal tourist route funded by the Government's Discover England Fund and designed to boost inbound tourism[31].

Working with partners along the M4 and A420, including GFirst, Swindon and Wiltshire, Oxfordshire and Thames Valley Berkshire through the **New Energy Vehicle Fuelling Infrastructure initiative**, the West of England supports the transition to electric/hydrogen vehicles where the private sector will not adequately develop the required infrastructure[32].

3.5.3. Skills

The working age population in the West of England is well qualified overall, with 46% possessing an NVQ level or above qualification. This compares to 39% in England as a whole and places the West of England LEP amongst the top 5 out of 38 LEPs nationally in terms of its qualified working age population[33]. The high level of qualifications amongst the working age population reflects the range and quality of higher education provision across the sub-region, including four universities, four further education colleges and a sixth form college. Both the City of Bristol College and Weston College provide degree courses, whilst Bath College and South Gloucestershire and Stroud College provide degree level qualifications.

Despite a substantially qualified working age population, about 4% of the sub-region's working age population have no qualifications – approximately 28,600 people[33]. In comparison with BANES, North Somerset and South Gloucestershire, Bristol accommodates the largest proportion of the working age population without qualifications at 4.5% or 14,000 people.

In 2017 the National Employers Skill Survey[34] identified a degree of misalignments between the skills base and jobs in the sub-region, with 21% of employers reporting to have existing staff not fully proficient, compared to 13% nationally. Furthermore, 41% of employers in the West of England indicated that they were underutilising staff, which compares to 34% nationally, and 34% of employers identified the inability to recruit staff with the required skills as a reason for skills shortages. Employers in the West of England were more likely to report skills shortages in higher and mid-skilled occupations, whilst skills gaps were likely to be reported in service and labour-intensive occupations. In addition, businesses identified a short-term need for basic, digital skills, operational

[29] Business Groups Market Engagement Workshop, 11th September 2020

[30] Western Gateway (2020) *Western Gateway: Propelling a Greener, Fairer, Stronger Britain*

[31] Living Reading (2018) *Reading Part of England's new Great West Way Tourist Route*

[32] Swindon and Wiltshire LEP (2020) *New Energy Vehicle Infrastructure for the M4 Corridor*

[33] WECA (2019) *West of England Employment and Skills Plan: Evidence Base*

[34] Department for Education (2017) *Employers Skill Survey*

skills and complex analytical skills. The West of England Employment and Skills Plan[35] addresses these issues and sets out how WECA and the West of England LEP intend to support people and businesses to obtain the skills needed in the region and benefit from opportunities created.

3.5.4. Role of Education

The sub-region's four universities drive the higher levels of qualification amongst the working age population in the West of England and play a crucial role as a major source of skills for industries and businesses. In the academic year 2018/2019, the West of England's universities accommodated around 81,000 students[36].

Table 3-3 - Students by HE 2018-2019

Higher Education Establishment	Number of students
Bath Spa University	7,770
University of Bath	18,065
University of Bristol	25,955
University of West England (UWE)	29,555
Total	**81,340**

Source: HESA (2019)

The sub-region's diverse economy is reflected in its educational offer. It contains a rich base of high-quality universities which offer a wide range of courses, including specialist courses that broadly reflect the sub-region's market sector specialisms, and produce highly skilled graduates for labour markets in the West of England and beyond. Graduates from West of England universities are statistically more likely to gain employment than in the wider UK, with 83.5% of 2012/13 leavers from higher education establishments in the South West in employment in 2018/19, compared to 81.7% nationally[37].

Crucially, a high percentage of students remain in the West of England sub-region after graduating, which is a distinctive characteristic compared to many other regions outside the South East. This is particularly relevant for the University of Bath, where around 60% of students complete a year in industry, with placement companies including Airbus, Ford and McLaren[38]. Furthermore, the University of Bristol is increasingly engaging with industrial sectors as technology-based investment has grown within the city.

Largely through collaborations between the universities, the West of England accommodates a considerable quantity of applied research and technology centres, which drive innovation in the region and contribute to the creation of new ideas and application of new technology. These include Bristol Robotics Laboratory (a collaboration between University of Bristol and UWE), the Institute of Bio-Sensing Technology (University of Bristol and UWE), the National Composites Centre at Emersons Green Science Park (owned by the University of Bristol) and the Centre for Digital Entertainment at University of Bath. Bristol and Bath Science Park encompasses several leading research and technology centres/initiatives, such as the Institute for Advanced Automotive Propulsion Systems and the DETI Initiative.

3.6. Key Messages and Implications for the ELSNA

The approach applied in the ELSNA for assessment of supply and demand of employment land needs to take into consideration the baseline socio-economic conditions and strategic economic functionality of the West of

[35] WECA (2019) *West of England Employment and Skills Plan*

[36] HESA (2019) *Student Enrolments by Higher Education Provider 2018-19*

[37] Institute for Fiscal Studies (2018) *The Relative Labour Market Returns to Different Degrees: Research Report*

[38] WECA (2019) *West of England Employment and Skills Plan*

England. In particular, the demographic and employment trends, major clusters of activity and cross-boundary relationships with other LEPs must be used to inform the assessment. The following key messages and implications for the ELSNA, which form the basis of Atkin's recommendations found in Chapter 0, can be drawn from the review of socio-economic data and economic functionality:

- 2018-based household projections suggest that the **West of England population will increase by approximately 14% between 2020 and 2040**, with a particularly strong growth of nearly 20% in South Gloucestershire. The ELSNA considers the increased demand for jobs and housing associated with such growth.
- While the West of England LEP's overall Index of Multiple Deprivation suggests relatively low levels of deprivation in the region, there are **significant pockets of deprivation in Bristol (with a particular concentration in South Bristol) and North Somerset**, in addition to small pockets of deprivation in BANES. One of the key priorities for the LIS was inclusive growth and the desire for everyone who lives and works in the region to have the chance to both contribute to, and benefit from, its economic success. This has been a major motivation for the ELSNA process.
- The West of England is home to a broad, diverse and thriving economy, incorporating a range of major industrial and business sectors with several key specialisms. The key market sectors agreed with the Project Team have been identified on the basis of their significant potential to create jobs and growth, however it is recognised that **other market sectors make a significant contribution** in the West of England. Consequently, the ELSNA demand and supply analysis is not exclusive to the key sectors and considers the demand for and supply of a wide range of employment activity within the sub-region.
- The average employment rate for the West of England is significantly higher than the national average, however disparities exist across the Unitary Authorities, with Bristol representing the lowest levels of employment at 65.7%. The unemployment rate is highest amongst the age groups of 16 to 19 and 20 to 24, suggesting **barriers to employment for young people** which are considered in the ELSNA analysis.
- Substantial employment activity is distributed across the study area, with significant concentrations in **Bristol** (accounting for 45% of employment in the West of England in 2017), **Bath** and **major towns like Weston-super-Mare**. Considerable activity is focused in strategic employment locations and clusters such as **Avonmouth and Severnside, Emersons Green and Filton**. The distribution of strategic employment land is addressed in further detail in the strategic property market review within Chapter 4 and significantly informs both the supply-demand balance assessment and strategic recommendations for the ELSNA.
- The sub-region hosts a number of **regionally significant strategic transport hubs**, including the Port of Bristol, Bristol Airport and Bristol Temple Meads station. These are **key economic drivers of the West of England**, and employment is clustered around these locations accordingly. In particular, the Avonmouth and Severnside area around the Port of Bristol has experienced significant take-up in recent years, dominated by logistics and distributions occupiers. The proposed expansions of Bristol Airport and the Port of Bristol have been reviewed and considered throughout the ELSNA process as potential uplifts to the employment spatial needs (qualitative demand assessment), and as reflected in the demand conclusions and recommendations from the demand-supply balance.
- The West of England possesses **strong cross-boundary relationships** between the Unitary Authorities, with WECA supporting collaboration and delivery of key strategies in the sub-region. Beyond the study area, the West of England LEP has nurtured synergies with LEPs like Gloucestershire and the South West. This includes involvement in several collaborative economic initiatives, such as the Western Gateway. These synergies are accounted for when assessing demand for employment land in the ELSNA.
- The sub-region's diverse economy is fuelled by its four universities, which **drive the market sector specialisms**. These universities also encourage innovation through applied research and technology centres, such as the National Composites Centres and Institute for Advanced Automotive Propulsion Systems at Emersons Green and the Bristol Robotics Laboratory, with the **demand for similar collaborative/flexible sites** considered within the strategic recommendations.

4. Strategic Property Market Review

This section provides a strategic overview of the property market across the West of England. Taking into consideration the dynamics and key trends of the commercial property market at a national level, it highlights the characteristics and performance of the key market sectors in the sub-region. These dynamics and trends are then used to explain the supply and demand for commercial employment land in the West of England.

The analysis is drawn from evidence provided by a range of sources, most notably: market data published by national property agents; secondary data sets; and information provided by engagement with local property agents and business representatives in the West of England through individual interviews and group workshops conducted in August and September 2020.

Crucially, any forecasts for future property market demand must be viewed with caution, as outcomes will vary significantly depending on government public health interventions relating to COVID-19 and the progress of the vaccine programme, as well as future investment decisions and trade arrangements due to Brexit. Occupier sentiment and market indicators will need to be monitored, particularly over the next 12 to 18 months, and their implications on market demand reviewed as appropriate.

4.1. UK Commercial Property Market

4.1.1. Economic Indicators

The UK economy has been impacted particularly severely by lockdown measures and public health interventions taken throughout 2020 to limit the spread of COVID-19. In the second quarter of 2020, gross domestic product (GDP) fell over 20%[39], with significant knock on impacts for real estate markets. At the time of submission of the Interim Report for the ELSNA in September 2020, optimism existed amongst forecasters that the UK economy would experience a “tick shaped” recovery. Indeed, evidence in summer 2020 did indicate signs of revival in the latter stages of Q2 as the first national lockdown eased, with GDP growing at 8.7% in June. The Purchasing Managers Index (PMI), typically a sound forecast of GDP, was estimated at 60.1 for August 2020, well above the ‘50’ level which indicates an expansion in business activity and consumer spending[40]. However, the rise in COVID-19 cases in the UK in autumn and winter 2020 has led to the reintroduction of restrictions to suppress the spread of the virus. Bank of England analysis for Q3 indicates that UK GDP was around 9% lower than the previous year, and some high-frequency indicators of economic activity — for example, motor vehicle traffic and the number of train journeys, as well as retail footfall and the number of people eating in restaurants — have declined significantly since August[41]. Accordingly, UK GDP is expected to have fallen again in Q4, reflecting the impact of stricter measures and the third national lockdown[42].

4.1.2. Commercial Property Investment Market

The average prime yield across all sectors remained broadly stable in December 2020. However, Industrial Distribution and Retail Warehousing were the sectors of choice, with both sectors moving in by 25 base points to 3.75% and 6.50% respectively in November – potentially signally a gradual recovery within the national investment market, following the impacts of COVID-19. Data released suggests the UK may have surpassed the lowest point of this cycle of investment volumes in May 2020, with £10.6bn invested into UK commercial property in September, October, and November – a 69% rise on the preceding three-month period. While this implies a degree of positivity, it does not eclipse the fact that Q2 2020 was the weakest quarter ever recorded for investment activity in the commercial property market. Indeed, Savills estimates suggest that investment volumes for the first half (H1) of 2020 were 43% lower than the national five-year average[43].

In terms of the retail investment market, total H1 investment was £1.58 billion – a decline of 37% on the previous year and 69% below the 10-year H1 average of £5.09 billion (Figure 4.1). Leasing activity began to

[39] CBRE Economics and Forecasting Team (2020) *UK Economic Outlook, August 2020*

[40] Trading Economics (2020) *United Kingdom Purchasing Managers Index, August 2020*

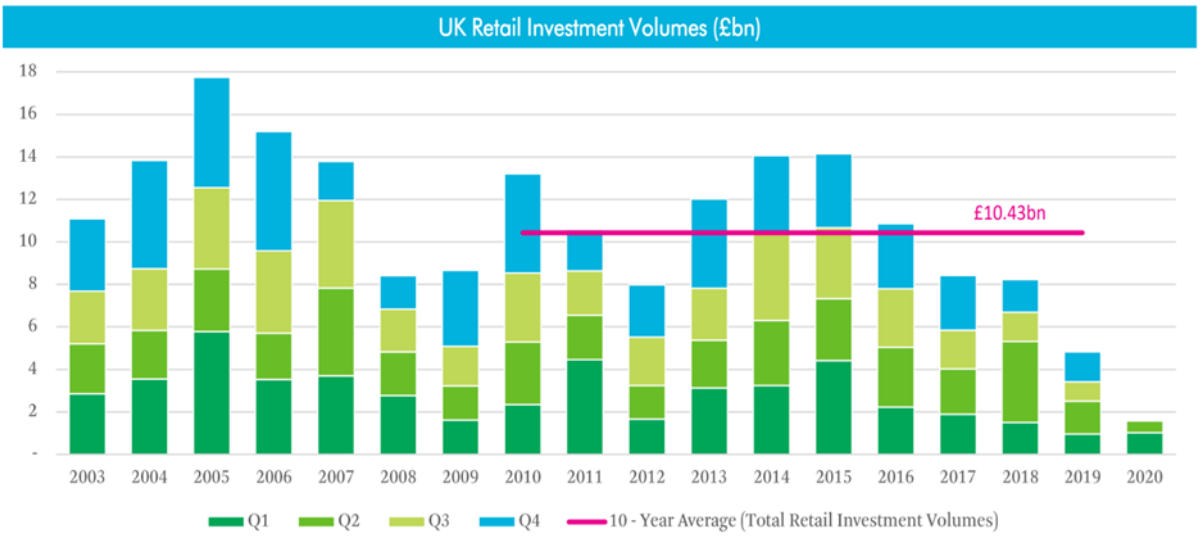
[41] Bank of England (2020) *Monetary Policy Report, November 2020*

[42] Bank of England (2020) *Monetary Policy Summary, December 2020*

[43] Savills (2020) *UK Commercial Market in Minutes, August 2020*

pick up following the reopening of the retail market in June 2020, although mostly for deals already in the pipeline before the first national lockdown. As valuations stabilise with the introduction of the COVID-19 vaccine, retail assets should provide appetite for investors, although this may well drive sales for asset repurposing to non-retail. Most retailers will not expect to see revenues reach pre-COVID levels until H2 2021 at the very earliest[44].

Figure 4-1 - UK Retail Investment Volumes



Source: CBRE (2020)

Furthermore, historically low levels of transactional activity have persisted nationwide due to the COVID-19 pandemic – with retail, leisure and hospitality remaining the most affected asset classes[45]. The Q2 2020 RICS Commercial Property Survey[46] indicated a deterioration in demand across the occupier and investment markets, due to the economic impacts of COVID-19. A net balance of -55% of respondents experienced decline in demand during Q2, compared to -22% in Q1. Critically, every sector reported a decline, though the decrease in tenant demand was most prominent for retail space (-86%) and offices (-79%). In contrast, the industrial sector registered a less significant net balance of -13% identifying a drop in demand – the first negative result in this sector since 2012. The near-term forecast for rents was negative across all sectors; with predictions down for each sector when compared with Q1, including a net balance of -85% for retail (the lowest result since 2008) and -62% for office (down from 24% previously). Overall, the 2020 annual take-up in the West of England has shown resilience with annual office take-up of roughly 400,000 sqft in Bristol and 90,000 sqft in Bath and North East Somerset. Both 2020 totals are only 10-20% off of the annual average over the past five years. However, this is due to deals in play at the beginning of the year going through by the end of 2020, with the impact of COVID-19 likely to be delayed and seen in the 2021 figures.

4.1.3. National Industrial and Logistics Market Trends

Despite the outlook presented above, the national industrial and logistics market sector thrived in 2020. In fact, many changes effected during the national and local lockdowns, particularly the dramatic shift to online retail, have favoured the distribution and logistics sector. This has highlighted the significance of logistics to the national economy, and occupiers have rushed to adapt to shifts in consumer expectations[47]. Despite the economic fallout and challenges for tenants associated with the pandemic and Brexit, industrial and logistics take-up for H1 2020

[44] CBRE (2020) *UK Retail Market Summary, H1 2020*

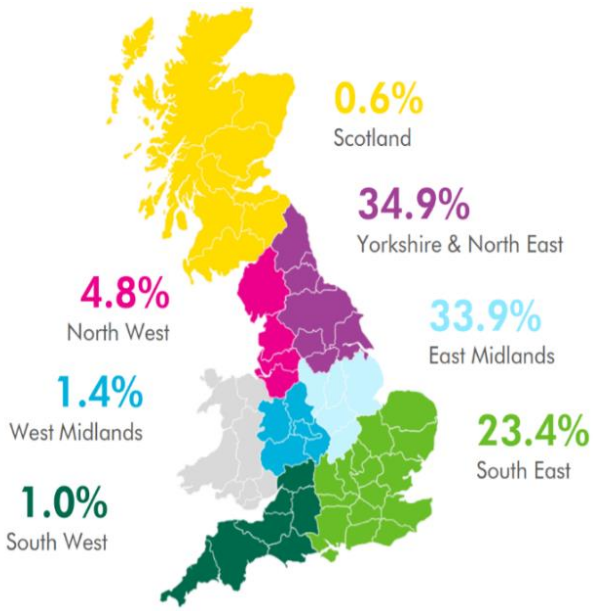
[45] JLL (2020) *The Big 6 Report, H1 2020*

[46] Royal Institute of Chartered Surveyors (RICS) (2020) *UK Commercial Property Survey Q2 2020*

[47] Colliers International (2020) *Industrial UK Barometer, July 2020*

reached 22.4 million sqft – the highest H1 take-up recorded, and 38% above 2019[48]. In particular, occupiers have continued to seek prime Grade A space, with take-up for new units making up 71%, whilst second-hand space accounted for the 29%.

Figure 4-2 - Logistics Take-Up Regions, H1 2020



Source: CBRE (2020)

The shift to online retail signifies a key driver of this demand nationally, directly increasing the need for logistics space. The UK is leading the major European countries with regards to online penetration, and sustained growth is projected for the near future. In May 2020, UK e-commerce sales reached £2.19 billion versus £1.38 billion year-on-year[49], equating to a record online share of retail sales at 32.8%[50]. In line with this, the online retail sector was reported to have taken the greatest share of space in H1 2020 at 40% of take-up, with Amazon's dominating acquisitions constituting 37% of all take-up[51].

In terms of existing supply, available distribution and logistics supply remains well-balanced at 34 million sqft nationally. However, there is potential for this balance to change as agents have indicated that several major schemes were forecasted to be acquired before the end of 2020. Estimates from H1 2020 suggested that there was 1.1 years' worth of supply in the market, based on the five-year annual average take-up of 30.4 million sqft[52]. Developers have largely stuck to development programmes where possible during both national and local lockdowns and completed 4.3 million sqft of speculative space over H1 2020, with a further 5.2 million sqft forecast to have been completed by January 2021[53].

The Logistics and Distribution Market in the West of England

In line with national trends, it is anticipated that positivity in the logistics and distribution market will continue in the West of England, with sustained enquiries for new warehousing and distribution space on both a leasehold and freehold basis. Consistent with trends accelerated by the national lockdowns, shifts in consumer retail behaviours and the increase in online retail have benefitted the Greater Bristol market, with increasing demand for retail warehousing space and last mile logistics[54]. Market engagement has established that distribution and logistics schemes have been dominating the employment land market over the last five years or more, distorting take-up statistics for the industrial land and property market within the wider Bristol area – with this set to continue in the short to medium term at least.

A key national trend in the distribution market mirrored in the West of England is an intensified desire for larger buildings and greater eaves heights, termed as 'super sheds', to accommodate the rise in economies of scale and automation. For instance, the Central Park warehouse and distribution development at Severnside accommodates buildings in excess of 750,000 sqft and eaves heights of up to 40m, with occupants including Amazon and Lidl. The result is increased demand for larger sites, with certain developers focusing on land over 50 acres, of which supply is limited. This was reflected in the national H1 2020 average deal size of 394,000 sqft

[48] Savills (2020) *UK Logistics Big Shed Briefing, July 2020*

[49] JLL (2020) *The Big 6 Report, H1 2020*

[50] CBRE (2020) *Market Update: UK Logistics, June 2020*

[51] Royal Institute of Chartered Surveyors (RICS) (2020) *UK Commercial Property Survey Q2 2020*

[52] JLL (2020) *The Big 6 Report, H1 2020*

[53] Savills (2020) *UK Logistics Big Shed Briefing, July 2020*

[54] Avison Young (2020) *Big Box Bulletin, H1 2020*

– 37% larger than the five-year, six monthly average of 288,000 sqft[55]. While prime rents remain steady, in some cases incentives have moved out to 9 to 12 months on a five-year term, although evidence suggests that incentives are starting to move back with recent rises in demand[56].

The most active logistics and distribution market continues to be focused on Avonmouth and Severnside, with demand expected to be maintained for the foreseeable future, largely as a consequence of commercial recognition of its strategic significance and success, linked to its access to strategic transport networks and the port. The area has seen rapid expansion in recent years, with numerous transport and logistics businesses locating regional distribution centres there. Avonmouth and Severnside also accommodates a combination of light and heavy industrial, storage and distribution, and trade counters. Current occupants include Amazon, Tesco, Lidl, Next and Network Rail[57]. However, it is important to note that supply of available land and market ready sites in Avonmouth and Severnside has reduced significantly, with potential for future strain if the current level of demand increases[58]. Furthermore, employers based in the area have reported difficulties in recruiting and retaining skilled staff, thus improved transport connectivity from residential areas through infrastructure investment is crucial to safeguarding sustained future growth in the area[59]. The significant investment in MetroWest may assist in promoting such areas for employees, with Phase 1a and 1b of the project including hourly services on the Severn Beach line with half hourly services to Avonmouth from Temple Meads.

Despite national trends towards larger buildings, the transport and logistics market in the West of England historically has largely been characterised by smaller deals, especially in the Central and South Bristol markets. The majority of transactions in recent years have been for sites under 20,000 sqft, with this characteristic expected to prevail alongside occasional deals for 'super sheds' likely to be concentrated in Avonmouth and Severnside. For example, Amazon's acquisition of 1.1 million sqft at Central Park represented the largest transport and logistics transaction in the UK for 2017[60].

In spite of the dominance of Avonmouth and Severnside, the more urban industrial markets continue to contribute significantly to the West of England's logistics profile. In particular, Central Bristol (including Bedminster, Lawrence Hill and St Philips) and South Bristol (including Hengrove, Brislington and Ashton) accommodate a mix of logistics businesses, including those who need to locate here for operational and staffing purposes[61]. Demand for more urban and edge-of-town locations is forecast to continue in future, driven by emerging trends such as last mile distribution[62]. Demand is also expected for new build multi-let units, however there is limited land available to accommodate this.

Demand is also expected to increase for logistics and distribution space in North Somerset across Weston, Portishead, Clevedon and Nailsea. Indeed, one of the major Transport and Logistics deals for the South West in H1 2020 saw Bakers Coaches acquiring 70,000 sqft at Westland Distribution Park in Weston-super-Mare[63]. In light of the accelerated trends in online retail brought about by COVID-19, there is also strong demand for distribution uses in Weston-super-Mare and along the M5 corridor, including for last mile logistics and light industrial use[64]. Weston-super-Mare is attractive to such occupiers due to its large labour force and associated proportionately lower cost base. The increase in last mile logistics has also emphasised the key role played by smaller units in accommodating businesses, particularly in areas such as Bath and central Bristol – echoing localised supply and demand issues[65]. Small units, for instance below 200 sqm, constitute a significant proportion of take-up and transaction levels in recent years. When this is coupled with low vacancy rates, it becomes evident

[55] CBRE (2020) *UK Logistics Market Summary, H1 2020*

[56] Royal Institute of Chartered Surveyors (RICS) (2020) *UK Commercial Property Survey Q2 2020*

[57] Bristol City Council (2018) *Locate to Avonmouth Severnside*

[58] Business Groups Market Engagement Workshop, 11th September 2020

[59] WECA (2019) *West of England Local Sector Skills Statement: Distribution*

[60] GVA (2018) *Industrial Intelligence, Spring 2018*

[61] JLL (2019) *Draft Bristol City Council Employment Land Study*

[62] Savills (2019) *Spotlight on Europeans Logistics*

[63] Alder King (2020) *South West of England and South Wales Market Monitor 2020*

[64] Sector Groups Market Engagement Workshop, 1st September 2020

[65] Hardisty Jones Associates (2020) *BANES Employment Growth and Land Review*

that this type of unit is critical to meeting the demand of local businesses and the functions of the local logistics and distribution market[66].

Despite the significance of smaller units, BANES is not currently viewed as an important location for large-scale logistics activities, reflecting the lack of supply. At present, the logistics needs of BANES are predominantly being met beyond the boundaries of the unitary district, for example by the large-scale activities occurring at Avonmouth and Severnside. Development market challenges including competition from higher value uses, inadequate rental levels to attain viable development, and a shortage of development sites in BANES are hindering attempts to bring forward new floorspace. This imbalance in supply and demand has pushed rents up as much as 50% in the last five years in BANES, with headline rentals for new space up to 2,000 sqft reaching circa £10 per sqft[67].

The Industrial Market in the West of England

The Greater Bristol area is the largest industrial market in the West of England, accommodating a range of multinational firms and SMEs. Take-up figures published by the Industrial Agents Society demonstrate year-on-year growth in the Bristol industrial market[68]. Nationally, the number of industrial deals recorded from September to November 2020 saw a 37% increase from the three months prior, which was the largest growth in this time period when compared to the other asset classes[69]. In line with this, the West of England industrial market proved its resilience to challenging market conditions, delivering continued strong performance throughout 2020. Industrial take-up in Greater Bristol in Q1 2020 saw an increase on the same period in 2019, with 342,740 sqft let or sold across 36 deals, which market commentators suggest was encouraged by an injection of certainty following the general election. The largest transactions were focused in Avonmouth: the largest leasehold transaction of Q1 was 44,462 sqft with B2/B8 uses at St Modwen Park in Avonmouth, whilst the largest land sale was 6.53 acres at Plot 5B on Severn Road, Avonmouth[70]. Leasehold transactions dominate the industrial market, accounting for over 75% of transactions since 2010. There is, however, growing demand from major and smaller occupiers for freehold space which the market is not currently fully meeting[71].

The sub-region is an established centre of excellence for high-tech manufacturing industries, such as Aerospace and Advanced Engineering[72]. The industrial market is largely driven by businesses located within the informally labelled 'TEC ARC', which represents a magnet for deep-tech and innovation – connecting the strategic locations of Emersons Green Enterprise Area and Filton Enterprise Area[73].

The significant weight of investment money into the distribution sector in the wider Bristol market has been driving down yields and putting upward pressure on land values, leading to shortages in the supply of land and premises for industrial and manufacturing companies. This combined with the long-term trend in conversion of traditional industrial locations to trade counters and warehousing, as well as residential, has resulted in reduced availability. The size and location of available industrial sites are key problems in the West of England, with particular shortages in medium and larger sites and premises, and limited availability of modern industrial premises of a scope and size to meet market demand. In addition to supply of land and premises for manufacturing companies wishing to expand in the area, it is particularly difficult to find suitable land and premises for SMEs based in the Bristol area wishing to expand and for medium and major manufacturing businesses wishing to relocate into the wider Bristol area. Generally, market engagement indicates that vacancy rates in industrial estates in the wider Bristol area are at or below 10%, offering scope for selective small-scale redevelopment. However, this will prove difficult to achieve without effective active management[74].

The consequence is increased rental values in recent years. For instance, secondary units in Greater Bristol under 10,000 sqft increased from £6 to £7.95 per sqft over the last 5 years. The lack of supply and consequent rent increases pose a growing threat to the West of England's industrial demand, particularly when coupled with the removal of the tolls from the Severn Bridge. This has presented Wales as an enhanced alternative for

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[66] Alder King (2020) *South West of England and South Wales Market Monitor, H1 2020*

[67] BANES Council (2014) *Local Plan 2011-2029: Core Strategy and Placemaking Plan*

[68] Colliers International (2020) *Greater Bristol Industrial Take-Up Figures*

[69] Savills (2020) *UK Commercial Market in Minutes, December 2020*

[70] Colliers International (2020) *Greater Bristol Industrial Take-Up Figures*

[71] JLL (2019) *Draft Bristol City Council Employment Land Study*

[72] South Gloucestershire Council (2010) *South Gloucestershire Employment Land Review: Stage 3*

[73] South Gloucestershire Council (2020) *Locate in South Gloucestershire*

[74] Sector Groups Market Engagement Workshop, 1st September 2020

occupiers – boasting improved connectivity, as well as lower property rents and land prices. Indeed, whilst historically Wales has represented an average 33% of take-up throughout the wider South West and Wales region, this has risen to an average of 47% annually over the past three years[75].

Progressively more and more industrial space is being converted to higher value land uses in BANES, such as student and residential accommodation, which in turn is driving up rents. The extensions to Permitted Development Rights are also likely to pose a threat in areas where residential values significantly exceed commercial values. With rent at record highs and demand increasing post-lockdown, strong industrial market conditions prevail for new development, however BANES' constricted supply of industrial sites means opportunities are limited. The vast majority of existing industrial stock in BANES is also rated as Grade C, with Grade A space very limited when compared with supply in areas like Filton and Avonmouth[76]. As a result, businesses based in BANES looking for modern accommodation or expansions are consequently focusing their interest on locations outside of BANES, with Chippenham, South Bristol and (to a lesser extent) parts of North Bristol gaining particular attention.

Market engagement also indicates that industrial occupiers are increasingly being pushed away from the major clusters in Filton and Avonmouth towards more outlying locations in South Gloucestershire and further south along the M5 corridor due to a shortage of industrial stock. The impact of this was highlighted during the first national lockdown in spring 2020, exemplified in the rapid succession of deals in Q1 2020 which saw the industrial development Vertex Business Park at Emersons Green almost fully let. The increasing demand for these units during challenging market conditions demonstrates the strength of the West of England market, particularly the enduring demand for smaller edge-of-town units away from the city centres. The scheme was launched by industrial developer Chancery gate in Q4 2019 and is already 83% occupied by primarily trade counter businesses including Screwfix, Toolstation and Halo – rather than industrial / manufacturing users, with just three units remaining[77]. This could be viewed as an example of industrial / manufacturing users failing to compete with trade counter businesses for rents, which potentially represents an increasing issue in the West of England.

The demand for smaller units, in line with trends in distribution and logistics, has also seen the growth of an increasingly active industrial market in central Bristol, which includes estates in areas such as St Philips Marsh, Bedminster and Lawrence Hill. Central Bristol now has the second-highest level of take-up in Greater Bristol with mixed occupiers, although units tend to be smaller (typically less than 50,000 sqft)[78]. Market engagement has alluded to the significant, and often overlooked, area of South Bristol within the function of the Bristol City economic area. Bristol City Council has invested considerable levels of public money into South Bristol in recent years, however a situation remains where the area is not receiving the benefits of private business driven growth evident in North Bristol. Market engagement attributes this issue partly to a lack of available employment land, but also issues surrounding transport provision which may constrain private sector investment and demand[79]. Demand likely exists in South Bristol for service-based industrial uses, particularly for SMEs, however a lot of the current accommodation is very dated. As a result, redevelopment to provide new accommodation is needed on existing estates in South Bristol, though this is difficult to achieve when businesses are trading on site. Land allocated for industrial and warehousing at Vale Lane (Bedminster Down) and the proposed allocation of Western Drive (Hengrove) will offer opportunities to meet demand from small and medium sized businesses.

The continuing industrial supply issue for the West of England is that the bulk of available land is situated in out-of-town locations like Severnside and Somer Valley, with an extremely limited supply in more central areas where location-specific demand from SMEs and start-ups exists. Future demand for industrial space will likely be underpinned by development of new facilities in the region, such as the University of Bath's Institute of Advanced Automotive Propulsion Systems at the Bristol and Bath Science Park; the Airbus Wing Integration Centre at Filton and GKN's aforementioned Global Technology Centre in Filton[80]. Space is anticipated to be sought on a freehold basis due to the considerable capital investment of delivery and bespoke machinery, with Bristol North Fringe likely to remain the spatial focus, reinforced by the aforementioned development. In order for the West of England industrial market to continue to grow, there is a need to protect key manufacturing premises and sites for medium and larger businesses, and to allocate new areas suitable for medium and larger industrial users. These premises

[75] Savills (2020) *Big Shed Briefing, July 2020*

[76] Alder King (2020) South West of England and South Wales Market Monitor, H1 2020

[77] BPP Media (2020) *The Strength of the Bristol Industrial Market*

[78] JLL (2019) *Draft Bristol City Council Employment Land Study*

[79] Business Groups Market Engagement Workshop, 11th September 2020

[80] WECA (2020) *West of England Regional Recovery Taskforce: Sector Summaries*

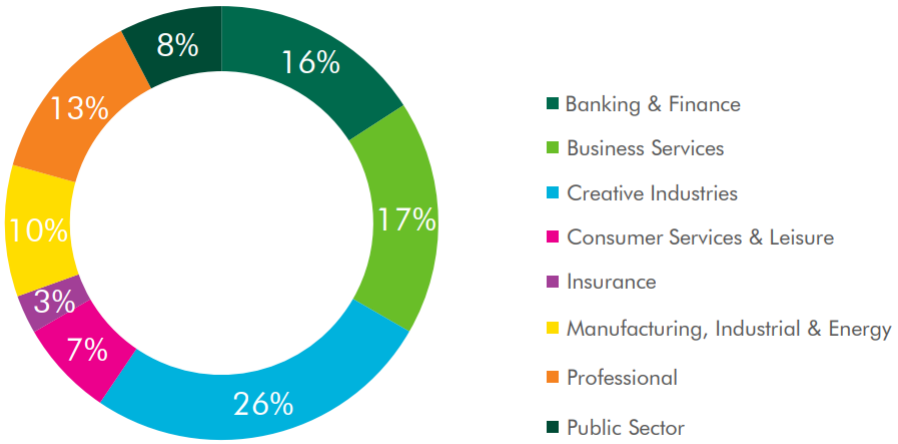
need to be detached and well screened from residential uses, with strong connectivity via the strategic road network and access to the local workforce[81].

4.1.4. National Office Market Trends

Compared with the success of the distribution sector during the COVID-19 pandemic, the office market fared particularly badly in 2020. The property market was effectively in limbo throughout the first national lockdown, with occupiers unable or unwilling to make significant real estate decisions. In the three months to June 2020, just over 258,000 sqft was let, with all the Big 6 English regional cities except Birmingham showing their lowest levels of quarterly activity for at least 10 years. In total, Big 6 volumes for H1 2020 equated to 1.6 million sqft – down 40% for the same period in 2019 and 25% below the 10-year average for H1[82]. This total figure masks significant variations in market performance, with Edinburgh, Leeds and Manchester experiencing declines in activity of over 50%. Conversely Bristol fared much better and recorded increased leasing activity during H1 2020 compared to H1 2019. The general market consensus is that Q2 2020 represented the market's low point, as take-up for office space in the UK markets totalled 796,500 sqft during Q3 – an increase of 149%. Despite this positivity, it important to note that take-up still remained significantly below the Q3 average of 1.3m sqft.

The office lease market has unsurprisingly been characterised by smaller deals throughout the pandemic and its associated public health interventions, with a mere 5 transactions over 10,000 sqft completed in Q2 nationally. Larger requirements are still being pursued, but typically more slowly and in some instances with reduced footprints. In terms of demand by sector, the largest proportion of take-up over the 12 months to Q3 2020 was from creative industries – accounting for 26% total national take-up, with BT leading the way in these acquisitions[83] (Figure 4-3).

Figure 4-3 - Office Market Take-Up by Sector



Source: CBRE (2020)

Savills research on average rents and vacancy rates of the Big 6 regional city markets revealed a 45% decrease in supply since the global financial crash in 2008, resulting in rental growth for prime space[84]. In September 2020, 13.6 million sqft of offices were available in the UK regional office markets. with just over 3 million sqft of this supply being Grade A – a decrease of 4% since the end of 2019. Based on annual averages for take-up rates pre COVID-19, existing supply can only meet demand for 11 months – revealing a serious national shortage of Grade A office space. Limited supply of Grade A office space is particularly acute in certain regional markets,

[81] Sector Groups Market Engagement Workshop, 1st September 2020

[82] JLL (2020) *The Big 6 Report, H1 2020*

[83] CBRE (2020) *UK Office Market Snapshot, Q3 2020*

[84] Savills (2020) *UK Regional Office Investment Market Watch, June 2020*

including Bristol which – alongside Birmingham, Leeds and Glasgow – currently holds less than six months' supply based on past take-up rates. Savills consider that this presents opportunities for selective new office development and refurbishment. Speculative developments scheduled to start in 2020 have largely been delayed, due to market uncertainty – placing pressure on new supply in the medium-term, especially when combined with high pre-letting levels[85].

The future demand for office space, and how the market will adapt to lifestyle changes post COVID-19 is a key subject of ongoing discussion. The increase in home working during lockdown is widely expected to alter corporate behaviours, potentially accelerating existing trends of increasingly flexible working[86]. Indeed, results from the CBI's July 2020 Growth Indicator[87] revealed that 37% of companies were conducting or planning to conduct conversations with landlords or managing agents to review their future office space needs. This number was highest in banking, where 88% of firms reported a review of office space, and lowest in the manufacturing sector at 18%. Moreover, considering both social distancing and remote working, 47% of companies stated that they would require no more than 70% of their existing office space in future.

Although the rise of remote working in 2020 could reduce office footprints, it may also re-emphasise the value of the 'office' and possibly drive landlords, developers and occupiers to reconsider the role of such spaces. Consistent with this, focus is gradually turning to flexible space, an increasingly important component of the UK office market – driven by both new entrants and established operators expanding rapidly[88]. Increasing acknowledgement of the sector by investors has meanwhile generated record activity in flex leasing in recent years and more landlord delivered models, motivated by the evolving nature of work and rapid technological advances. The market is largely concentrated on core regional cities with established office markets, such as Bristol. However, the lower return on investment compared with London means certain secondary cities currently remain economically unviable for operators.

Despite COVID-19 and considerable decreases in GDP, prime office rents for the UK major cities remained stable throughout 2020 – as observed in previous downturns. Prime rental growth is anticipated to resume in 2021 following the introduction of the COVID-19 vaccine and associated recovery plans, with prime rents across the Big 6 cities projected to increase by 2% annually on average over the next five years. Out of the Big 6, Bristol is forecast to deliver the strongest growth over this time period, at 2.8% per annum[89].

The Office Market in the West of England

The West of England office market is largely focused on the major city centres of Bristol and Bath. Bristol City Centre is both the largest and most active office location in the West of England. Predictably, H1 2020 represented a 'half of two halves' for the wider Bristol office market, with Q1 starting strong in response to the certainty introduced by the general election. In contrast, Q2 take-up reached just 53,000 sqft as the market slowed with lockdown restrictions, whilst out-of-town transaction volumes declined to just 10,800 sqft[90]. Nevertheless, H1 take-up totals for Bristol City Centre totalled 272,400 sqft, 15% higher than that recorded for 2019. This is particularly remarkable when considering that Bristol was the only office market of the Big 6 centres to record H1 leasing activity ahead of H1 2019[91]. Major Q1 deals are responsible for this, including the significant pre-letting of 74,000 sqft at the 116,000 sqft Halo building in Finzels Reach to Osborne Clarke and Sanlam Life and Pensions Ltd taking 20,365 sqft at One Temple Quay[92]. The wider Bristol market continued to remain fairly steady in challenging market conditions throughout 2020, with total take-up activity amounting to 233,000 sqft during Q3, 5% up on the ten year quarterly average.

Office take-up in Bath City in 2019 reached approximately 90,000 sqft, consistent with the 10-year average but a decline on 2018. The Technology, Media and Telecom sector remains the most active in this area[93], with notable transactions in 2019 including the letting of 9,500 sqft at Chartist House to PlaySports Network (Discovery

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[85] JLL (2020) *The Big 6 Report, H1 2020*

[86] Avison Young (2020) *The Big Nine: Q1 2020 Update on Regional Office Activity*

[87] CBI (2020) *July 2020 Growth Indicator*

[88] JLL (2019) *Disruption or Distraction: Where Next for the UK Flex Space Market?*

[89] JLL (2020) *The Big 6 Report, H1 2020*

[90] Avison Young (2020) *The Big Nine: Q2 2020 Update on Regional Office Activity*

[91] JLL (2020) *The Big 6 Report, H1 2020*

[92] Morton Property Consultants (2020) *Mortons Market Monitor, H1 2020*

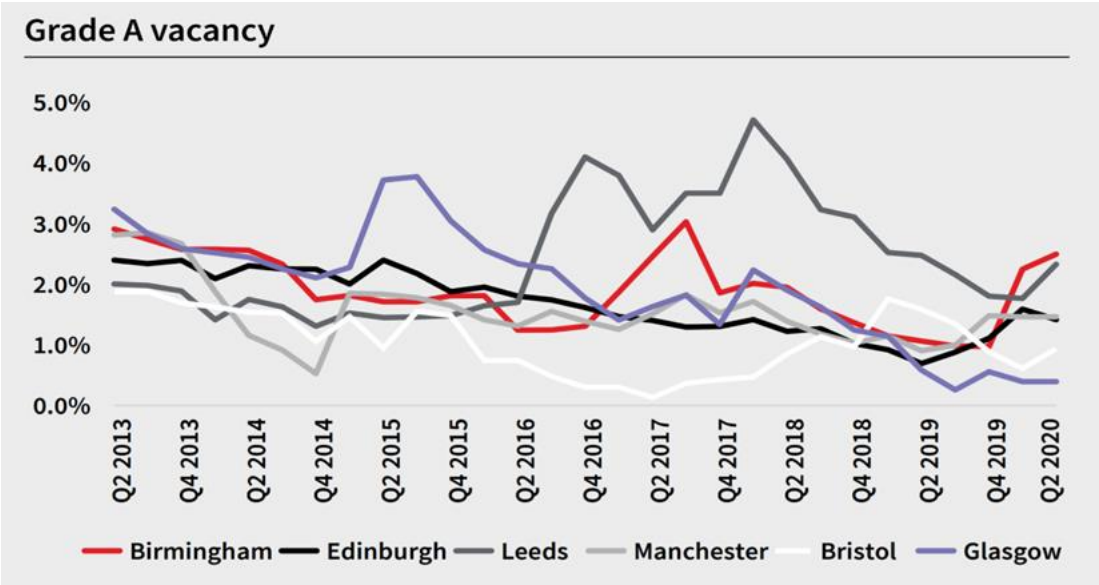
[93] Nomis (2019) *Labour Market Profile: Bath and North East Somerset*

Channel)[94]. Market engagement also indicates that office demand in Bath was very high pre-COVID, particularly from the region's strong Creative and Digital sectors, with this demonstrated through take-up and rent increases[95].

The out-of-city centre office market was key to the West of England's take-up activity in H2 2020, dominated by a 132,000 sqft off-market transaction to engineering company Babcock at Bristol Business Park. The out-of-city centre market is focused on areas in the Bristol North Fringe, as well as locations such as Portishead in North Somerset and Keynsham in BANES. As London-based occupiers increasingly look to the regions to reduce costs, facilitate social distancing and reduce public transport reliance, the question arises as to whether the West of England's out-of-town market will see increased demand post-lockdown due to its significant car parking capacities, increased floorspace densities and natural ventilation[96] - in addition to access to the region's skilled workforce.

Prior to COVID, the out-of-town market recorded an incredibly strong 2019, with above average transactional activity, driven by acquisitions at the major office developments of Aztec West and Stoke Gifford[97]. This includes St James Place's acquisition of 40,760 sqft at 2610 Aztec West, with two further 13,000 sqft transactions at Aztec West to Integral and a confidential occupier, which set a new record rent for the out-of-town market at £23.50 per sqft[98]. This demonstrates the significance of the Aztec West Business Park to the market, located in the Bristol North Fringe, which houses over 100 companies – including Nokia, General Electric, Virgin Media and HSBC[99]. Keynsham has also performed well in recent years, capitalising on its location between Bristol and Bath, and aided by the lack of supply in Bath – particularly in terms of take-up of the 95,000 sqft of office floorspace on the Somerdale site, including acquisition of 16,915 sqft by Mitie.

Figure 4-4 - Grade A Vacancies in Big 6 Markets



Source: JLL (2020)

In line with national trends, the West of England's office market is constricted by limited supply, with supply rapidly decreasing since 2010[100]. In particular, Bristol remains undersupplied for Grade A office space, as demonstrated in Figure 4.4. Nevertheless, overall vacancy crept up to 3.8% in Q2, and supply is anticipated to rise during H2

[94] Alder King (2020) *South West of England and South Wales Market Monitor 2020*

[95] Business Groups Market Engagement Workshop, 11th September 2020

[96] Morton Property Consultants (2020) *Mortons Market Monitor, H1 2020*

[97] Alder King (2019) *South West of England and South Wales Market Monitor 2019*

[98] Avison Young (2020) *The Big Nine: Q1 2019 Update on Regional Office Activity*

[99] South Gloucestershire Council (2019) *Authority's Monitory Report 2019*

[100] Savills (2019) *Spotlight on Bristol Offices, February 2019*

as tenant-released space returns to the market. In light of limited supply, speculative development remains crucial to meeting demand, with the development pipeline gradually picking up post-lockdown. At the end of Q2, there was circa 157,000 sqft under construction on a speculative basis in Bristol, with delivery expected between early 2021 and 2022. Furthermore, some substantial refurbishment projects are in progress, including Pivot and Mark on Baldwin Street and South Plaza (renamed 360 Bristol)[101].

Despite strong demand for flexible modern office accommodation, Bath's inability to deliver an adequate supply of office floorspace has also acutely constrained the city's capacity to entice and retain occupiers[102]. Total supply in 2020 was assessed to be circa 82,000 sqft, which represents only 12 months' supply. This issue of reduced supply was intensified by the introduction of Permitted Development Rights and the associated conversion of suitable offices to residential use, which has been responsible for removal of circa 20% of the city centre office stock to date[103].

Nevertheless, looking to the future, supply levels are expected to improve through significant developments at Bath Quays in the Riverside Enterprise Area, including: 45,000 sqft of Grade A offices at Bath Quays South; 40,000 sqft of workspace for creative businesses at Newark Works (both expected 2021); and a major mixed-use development on the Bankside site in the longer term (expected 2024)[104]. In total, these developments will inject approximately 260,000 sqft of Grade A office space into the Bath market, with significant interest already. Bath Quays is envisioned to become a central area in addressing the enduring shortage of office space, and as a key location in providing the appropriate amenities and access for the office workforce – critical drivers for businesses when deciding on location.

As lockdown restrictions were gradually eased in autumn 2020, market activity in the West of England was returning, however occupiers remain cautious in considering their options. Following several substantial deals in Q1, as discussed, the leasing market since has been characterised by smaller deals – in line with national trends[105]. Market agents have argued that both the city centre office market and out-of-town market in the West of England may be well positioned for post-pandemic recovery with the introduction of the vaccine, as central London occupiers seek to grow their regional footprints, or establish new regional footprints, to reduce the density of their existing office use[106].

Reports released since May 2020 suggest that claims of the demise of the office market in England are not reflected in the West of England. This includes intense interest in over 50% of the refurbished space in the 2 Trinity Quay building on Temple Quay, Bristol[107]. However, office space will be used differently, with a significant proportion of the property market shifting towards flexible working – along with the growing popularity of co-working space to cut overheads and support innovation – accelerated by the COVID pandemic. This is echoed in recent examples of the expanding flex space market in Bristol, such as Instant Offices taking 4,900 sqft at One Castlepark in Tower Hill. Increasing demand for flexible space is likely to be focused in the centre of Bristol, where it is already visible, for example in the form of Runway East and Desklodge.

Another trend identified during market engagement has been a rise in demand during COVID-19 from SMEs for self-contained smaller office suites, including those above retail units in town centres, due to the staff isolation they provide. This may be a short-term trend pending the introduction of the COVID-19 vaccine or indicate a more fundamental shift toward a 15-20 minute live-work paradigm.

Occupier demand for office space in central and accessible locations with broad amenity offers is likely to continue in the West of England, likely in Bristol and Bath. A key focus of future demand for the office market is the Temple Quarter Enterprise Zone, based around Bristol Temple Meads railway station. The 70ha business quarter provides a range of modern Grade A office stock with superfast broadband for businesses from a range of key sectors – including Creative and Digital Technology; Professional Services; and Housing, Construction and Development. Current occupants include the Top 50 law firm Burges Salmon, IBM, Osborne Clarke, the Real

[101] JLL (2020) *The Big 6 Report, H1 2020*

[102] Battens Solicitors (2020) *Bath Property Market: Leases in a Post-COVID World*

[103] Hardisty Jones Associates (2020) *BANES Employment Growth and Land Review*

[104] BANES Council (2019) *Major Projects: Bath Quays*

[105] JLL (2020) *The Big 6 Report, H1 2020*

[106] Colliers International (2020) *South West and Bristol Regional Economic Briefing Webinar*

107107[107] Avison Young (2020) *The Big Nine: Q2 2020 Update on Regional Office Activity*

Adventure Company and Kevin McCloud's HAB Housing[108]. It is expected that the majority of new high-quality office space and flexible workspace within Bristol City Centre in the near future is expected to be delivered in Temple Quarter.

4.1.5. National Retail Market Trends

The retail property market continues to be impacted considerably by COVID-19. The pandemic has accelerated the pre-existing trend of the closure of multiple retailers in high street and purpose-built shopping centres resulting from the rise of online shopping commerce. A record number of shops closed on UK high streets during the first half of 2020, with some 11,120 chain store outlets shut down between January and June[109]. In spite of considerable weekly growth following the reopening of non-essential retail in June, the footfall in high streets across England remained 49.5% below 2019 levels in December 2020, with shopping centres slightly ahead at -47.3%[110]. Throughout the lockdown and thereafter, retail parks have performed better nationally compared with other retail asset types, despite still recording a footfall around -17.3%. This can mainly be attributed to their open-air environment, spacious layout, car parking spaces, and the presence of essential stores[111].

COVID-19 has obviously had detrimental impacts on the retail property market. Changing consumer behaviour, such as the increasing trend of purchasing goods online, is likely to continue to dampen demand for shops, as high streets continue be impacted by the rise of online shopping, particularly as new technologies improve the ease and efficiencies in online browsing and delivery. This downward trend in demand for shops (particularly multiples) is the flip side of the massive increase in demand for distribution and logistics space and the rise in last-mile distribution facilities. Demand is expected to increase however for out-of-town locations and retail parks, due to their spacious layouts and potential to ensure social distancing[112]. Major national retailers, such as Next, Dixons and John Lewis have stated that COVID-19 recovery is likely to see them switch from high street stores to larger locations in out-of-town shopping centres and retail parks[113]. In parallel to this, demand is also likely to increase for click and collect points in residential areas, alongside the rise in last mile distribution. Local high street stores have the opportunity to adapt a proportion of their footprint as click and collect points, particularly if they are in a high pedestrian traffic area, whilst automated lockers are increasingly being installed in communal locations such as convenience stores, petrol stations, apartment buildings and university campuses. The planning response to these trends will be lead by Local Plans and supplementary planning policy mechanisms.

4.2. Property Market Performance and Characteristics by Sector

This section provides an overview of the key economic sectors in the West of England, as identified in Chapter 3 of this report, and presents a summary of the defining characteristics and performance of each property market segment in the sub-region. These characteristics and performances can then be used to determine the key messages and recommendations that explain the supply and demand situation with the study area. The review is set within the context of COVID-19 and Brexit, both of which generate considerable market uncertainties. The analysis draws on evidence provided by insights from the Unitary Authorities' recent employment land studies, emerging sector data and direct stakeholder and local business engagement.

4.2.1. Broader Manufacturing (inc. Aerospace and Advanced Engineering)

The Local Industrial Strategy acknowledges the role played by Broader Manufacturing (including Aerospace and Advanced Engineering) in making the West of England a high-value engineering and design heartland, accommodating major international businesses like Airbus, GKN, Rotork, Rolls Royce and Horstmann[114]. Indeed, it is estimated that West of England accounts for a third of all UK aerospace jobs, employing 28,000 people in high-skill and high-value jobs, with 14 of the world's 15 major firms locating bases in the region[115]. The sector also includes broader manufacturing and their supply chains; as well as a number of nationally significant

[108] Bristol City Council (2016) *Bristol Temple Quarter Enterprise Zone Spatial Framework*

[109] PwC and Local Data Company (2020) *Store Openings and Closures, H1 2020*

[110] British Retail Consortium (2020) *BRC-ShopperTrak Footfall Monitor, December 2020*

[111] Savills (2020) UK Commercial Market in Minutes, August 2020

[112] Sector Groups Market Engagement Workshop, 1st September 2020

[113] WECA (2020) *West of England Regional Recovery Taskforce: Sector Summaries*

[114] HM Government (2019) West of England Local Industrial Strategy

[115] WECA (2020) *West of England Regional Recovery Taskforce: Sector Economic Summary*

scientific research centres such as the National Composites Centre within **Emersons Green Enterprise Area**, which supports innovation across a broad range of manufacturing activities[116] and FoodWorksSW within the **Junction 21 Enterprise Area** in Weston-super-Mare, which is pioneering innovations within food and drink manufacturing.

Prior to the economic disruption caused by COVID-19, the cluster and supporting supply chains had seen consistent growth and were recognised as leading the way in aerospace research; development and design; and manufacturing of aircraft, helicopters, military transport, satellites and communication systems across the country and on a global scale. Major employers in the Aerospace and Advanced Engineering sector remain focused in the North Fringe of Bristol, particularly around the **Filton Enterprise Area**, which is home to the UK's largest aerospace cluster[117]. This area has sustained a large specialist labour market and attracted supply chain companies to locate nearby, with functional linkages continuing to develop. Filton Enterprise Area continues to hold potential for future development, although available land is becoming constrained, with some capacity for development on land east of the A38 and surrounding Filton Northfield. The Enterprise Area continues to attract inward investment from UK and international businesses looking to establish a UK/European presence. Both the Filton and Emersons Green Enterprise Areas are expected to be involved heavily in the WECA Future Transport Zone (FTZ) programme, trialling innovative new solutions and digital technologies to make public transport better and more connected within the West of England[118].

Regional trends indicate that firms within the sector favour large land parcels in clusters with low density, high spec, purpose-built facilities for research and development – therefore typically preferring out of town locations like Filton. However, desired tenure is likely to vary with increasing demand for flexible office space in town centres, as employee demands look towards accessible and central locations[119].

Future demand within the sector is underpinned by development of new facilities in the region, such as University of Bath's new Institute of Advanced Automotive Propulsion Systems at Bristol and Bath Science Park, Emersons Green; the new Airbus Wing Integration Centre and GKN's plan to develop a £32 million Global Technology Centre – both to be located in Filton. Space is anticipated to be sought on a freehold basis due to the considerable capital investment of delivery and bespoke machinery, with Bristol north fringe likely to continue to be the focus, reinforced by the aforementioned development.

North Somerset is currently not regarded as a key growth area for Broader Manufacturing. In order to encourage businesses from the sector, new major sites will need to be identified. In addition, the lack of both broadband and transport connectivity to key existing sites should be considered within the next Local Plan, particularly the congestion associated with Weston-super-Mare only having access to one motorway junction.

4.2.2. Creative and Digital

The West of England was identified as a "globally significant, high-growth creative cluster" in the Creative Industries Sector Deal[120], reflecting the sector's rapid expansion. Creative and Digital Tech employment grew 27% in the region between 2015 and 2017[121], and accounted for 9% of sub-regional GVA in 2019[122].

The sector is strongly focused in Central Bristol, as well as Central Bath. In Bristol, early growth was centred around Clifton and the docks, with a trend for conversion of disused warehouses into low cost studio space in areas like Spike Island. As rents became more expensive, demand has shifted towards areas like Bedminster and Stokes Croft[123]. One noteworthy exception is Bottle Yard Studios in South Bristol, which is a relatively detached outpost for this sector, drawn by availability of suitable and most importantly, low-cost premises. The spatial needs of the sector typically include a range of facilities, such as Grade B office space, purpose-built studios and workshops in refurbished industrial premises.

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[116] WECA (2019) *Local Sector Skills Statement 2019: Advanced Engineering & Aerospace*

[117] SQW (2018) *Bristol-Bath Innovation Cluster Report*

[118] WECA (2019) *Future Mobility Zone, Final Proposal*

[119] Sector Groups Market Engagement Workshop, 1st September 2020

[120] HM Government (2019) *Creative Industries Sector Deal*

[121] WECA (2020) *West of England Regional Recovery Taskforce: Sector Summaries*

[122] ONS (2019) *Regional GVA by Industry*

[123] SQW (2018) *Bristol-Bath Innovation Cluster Report*

Development of clusters and networks of knowledge are crucial to the strategic function of the sector, and it is anticipated that this trend will continue in the West of England's town and city centres, except where there are links to specific catalysts such as the studios in South Bristol. Market agents have also indicated high demand for smaller light industrial units in Central Bristol, as well as for flexible studio and workshop space, with rents increasing. Local commercial property agents identified that prime small sheds in and around Bristol typically achieve rental values of £9 per sqft[124].

The West of England, particularly Bristol, remains an attractive location for Creative and Digital firms. This was demonstrated immediately prior to the COVID-19 pandemic, as tech giant Netflix began to invest heavily in Bristol – both in terms of commissions and in-house production capacity. Large take-up and commissioning of space is also true of other big content platforms as major companies, such as Amazon, Apple and Sky – are attracted by the existing pool of talented labour, high quality of life and place. Market engagement indicates that fitness firm Strava and food tech company Cookpad have also recently relocated their European headquarters to Bristol, after their staff consultation identified Bristol as preferred location based in particular on the city's tolerant, diverse and sustainable ethos[125]. Accordingly, a significant opportunity exists post-lockdown to attract investment away from the London market and crucial to this is will be maintaining the quality of place within Bristol and Bath, as well as the wider infrastructure environment through investments in active transport and public realm.

With regards to future tenure demand, it is anticipated that increasing flexibility will be key to occupiers. As in many of the key market sectors, lockdown has demonstrated to the Creative and Digital sector that its workforce can maintain productivity, whilst working remotely. The anticipated acceleration in existing trends of agile working is expected to alter spatial needs in the West of England[126]. Specifically, opportunities exist to develop neighbourhood hubs for co-working space within the region's residential areas, indicating the potential for expansion of the flex space market in the West of England.

In line with national trends, the Creative and Digital sector has seen intensifying pressure on affordability in **Bristol City Centre** and **Bath City Centre**[127]. This is partly a reflection of the contemporary trend in repurposing second grade space into housing, which has had a particularly negative impact upon creative industries[125]. Increasingly, both nationally and regionally, the domestic situation of business locations is becoming more important, with affordability of places to live high on the agenda. As a result, whilst Bristol and Bath (especially start-ups related to the university) still have potential to grow, smaller town centres are becoming more and more important in compensating for the lack of existing affordable city centre workspace. Market engagement indicates significant potential in North Somerset at Weston-super-Mare and Clevedon, which provide the affordable housing and trendy environment sought by Creative and Digital businesses, subject to improved connectivity to Bristol.

In order to accommodate this demand post-COVID, North Somerset needs to address the relative shortage of appropriate affordable flexible and 'grow-on' space (typically 100-1,500 sqm) for SME businesses/home-based businesses to expand or hire additional employees. This unmet demand across North Somerset, especially in Weston-super-Mare and Clevedon, effectively constrains the area's economic potential due to its high proportion of SMEs. Therefore, if such accommodation is not provided, local SMEs may relocate outside of North Somerset to expand. The Hive in Weston-super-Mare is an existing positive example of this type of 'grow-on' space. Based within the Junction 21 Enterprise Area, it hosts office space from 150 sqft to 465 sqft on very flexible leases – offering turnkey solutions for the SME and flex space markets[128]. In terms of delivery, the opportunity has been identified for development of similar facilities to The Hive in Clevedon, Nailsea and Portishead. A dynamic incubator hub in Clevedon or Nailsea could assist in retaining employment and reducing numbers commuting to Bristol.

4.2.3. Professional Services

Professional Services is a significant sector in the West of England, both in terms of number of people employed and the value it creates – representing 11% of sub-regional GVA in 2019[129]. The LIS (2019) identifies this sector

[124] JLL (2019) *Draft Bristol City Council Employment Land Study*

[125] Sector Groups Market Engagement Workshop, 1st September 2020

[126] Avison Young (2020) *The Big Nine: Q1 2020 Update on Regional Office Activity*

[127] Hardisty Jones Associates (2020) *Bath & North East Somerset Employment Growth and Land Review*

[128] Cylex (2019) *The Hive, Weston-super-Mare*

[129] ONS (2019) *Regional GVA by Industry*

as one of the three priority sectors to support regional cross-sectoral innovation, with recognised growing strengths in FinTech and LawTech. The West of England accommodates a vibrant cluster of Professional Services businesses, employing 58,000 people, which are increasingly harnessing the region's digital expertise to develop new products and methods of working[130]. Several major national and international organisations have chosen to locate UK centres in the Study area, including Lloyds Banking Group; Royal Bank of Scotland; PwC; KPMG; TSB; Aviva and Hargreaves Lansdown.

These businesses are predominantly concentrated in the major city centres of Bath and Bristol, typically occupying office buildings on corporate leases. For instance, 35% of office take up in **Bristol City Centre** in Q1 2020 was from the sector. This includes the biggest deal of the quarter, with Osborne Clarke taking 73,991 sqft in a pre-let, out of the 116,000 sqft available at The Halo in Bristol[131]. Before choosing Halo, Osborne Clarke carried out an extensive consultation to ensure any new office space would meet the needs of its people – an indication of how the business space market is evolving. This locational preference for city centres for medium and larger office occupiers is anticipated to continue, as reflected in the requirements submitted since the start of 2014. Increasingly, Professional Services are clustering within the **Temple Quarter Enterprise Zone**[132]. This 70ha Enterprise Zone accommodates over 4,000 jobs in over 350 businesses, including Professional Services firms, in modern high-quality office stock.

However, while demand for central office stock will remain, it is anticipated that due to changing working environments, some professional services firms may begin to take less central office space but of a better quality, supplemented with more localised flexible office hubs. Regional trends in recent years had demonstrated office space being more intensely utilised by Professional Services, with higher employment densities (FTEs/sqm)[133]. Post-COVID, office employment is likely to become more flexible (between central office, local flexible workspace and home) with the use of flexible term co-working spaces maximised, as opposed to traditional corporate leases.

The West of England leased-office market remains patchy, with supply of new-build likely to slow. However, property agent engagement suggests office refurbishments have continued throughout the pandemic, thus suggesting market confidence in the wider Bristol office market[134]. Agents also reported a widespread reduction in demand for regional office space in recent years, in more peripheral areas such as Thornbury or Portishead, which has continued to diminish during the pandemic. However, there is potential for demand to return in such areas with the introduction of the COVID-19 vaccine, in line with moves to more peripheral office locations with good quality supply and options for flexible space. Changes to the type of space provided in the existing office stock and a move to more flexible occupational terms (day terms / licences rather than traditional leases) are likely to be needed to support this.

4.2.4. Tourism

Tourism is a large employer in the West of England, particularly within **Bath City Centre** and **Weston-super-Mare town centre**, with seasonal peaks, accounting for approximately 10% of employment in the region. The Tourism sector is broad, including major travel and accommodation employers such as Bristol Airport, Marriott, Premier Inn and GWR, as well as micro and artisan businesses. Accordingly, types of sites and premises and their tenure vary significantly[135].

Due to the restrictions put in place on international and national travel alongside the closure of cultural assets to support social distancing measures, the Tourism sector is currently undergoing a significant period of strain. Prior to COVID-19, the Tourism market in West of England was extremely healthy, with 2019 providing a record year for international visits to Bristol and Bath, as well as a significant growth in the domestic market. However, a fair proportion of the sector remains closed as a result of the pandemic, and the market is far from recovery. Business travel is also likely to decline over time as virtual conferencing continues to prevail; however, the national lockdowns have seen increased demand for walking, cycling and other outdoor activities in the region.

The impact of Brexit will also be considerable for the tourism market. In particular, the region has benefitted from international school group visits, as such groups can travel on EU identity cards – removal of this will have a

[130] HM Government (2019) *West of England Local Industrial Strategy*

[131] Morton Property Consultants (2020) *Mortons Market Monitor, H1 2020*

[132] WECA (2019) *West of England Local Sector Skills Statement: Professional and Financial Services*

[133] WECA (2020) *West of England Regional Recovery Taskforce: Sector Summaries*

[134] Business Groups Market Engagement Workshop, 11th September 2020

[135] WECA (2019) *West of England Local Sector Skills Statement: Visitor Economy*

devastating impact on this market sector. In order to sustain demand, market engagement highlighted the importance of maintaining the quality of city centres and cultural offers[136]. The West of England has been working collaboratively to produce a bid for an ambitious Sector Deal in line with the government's Modern Industrial Strategy, which would see implementation of a 10-year growth plan, including the introduction of Tourism Zones[137]. In spite of the market conditions, a significant amount of tourism development is underway in the region. This includes 6 major hotel projects in Bristol and South Gloucestershire, as well as the Ashton Gate Development and Bristol Arena.

4.2.5. Food and Rural Enterprise

In the West of England, the Food and Rural Enterprise sector is significant, supporting 53,000 jobs and representing 11% of employment across the region – across agriculture, food production and a variety of more diverse sectors[138]. The region has a strong heritage of food and drink producers, and is home to one of just 17 DEFRA designated Food Enterprise Zones in the UK. Located in Weston-super-Mare in North Somerset, this zone includes the flagship food and drink innovation centre, Food Works SW. This offers food-grade business units, product development facilities and food labs, plus hands-on business support to help new businesses begin and established producers to innovate and grow. The business park site is located within the **Junction 21 Enterprise Area** – North Somerset's major employment, innovation and enterprise location[139].

In addition to agriculture and food, Rural Enterprise businesses are split between manufacturing and increasingly creative industries, as well as typical office uses with recent improved provision of fibre optic broadband in rural areas removing a major constraint to development of this market sector[140]. Typically associated with low-rise converted or purpose-built low spec premises in out-of-town locations, the type of space and tenure required by this sector is increasingly variable as a result of growing business diversity. Manufacturing uses in the rural areas are largely located close to road networks and markets, whilst the increased prevalence of office-type uses, and creative sectors focus primarily in locations of quality broadband connection. Co-location remains important, with like-minded businesses increasingly locating in converted farm units, particularly in South Gloucestershire and North Somerset, with farm diversification becoming a key component in the rural economy.

It is unlikely that the Food and Rural enterprise sector's spatial needs will significantly change in terms of typical volume and size. However, the region is likely to see increasing demand for smaller units located in business parks. The success of **Food Works SW** has demonstrated the exciting opportunities that exist for food services within the region, whilst the introduction of fibre optic broadband to rural areas has created desirable homeworking locations, which could result in an increase in workers relocating to rural areas as a lifestyle choice.

4.2.6. Transport and Logistics

In the West of England, the Transport and Logistics sector directly employ 15,000 people, together with 14,000 people in wider supporting occupations, forming 5% of the workforce of the local economy and contributing 4% of sub-regional GVA in 2019. The presence of the **Port of Bristol** and the **Avonmouth and Severnside Enterprise Area** support the West of England's role as a regional distribution centre and has resulted in a highly active distribution property market, which continues to remain steady despite COVID-19.

Regional trends indicate the sector typically occupies purpose-built warehouse locations with large footprint sites in out-of-town areas – particularly low-density sheds with good circulation for storage – driven by strong connectivity to the primary road and motorway network. Increased demand for major warehousing, distribution and logistics space at prime locations is expected to continue for the foreseeable future, alongside increasing demand for last mile logistics and distribution space in urban locations to allow for quick distribution to housing areas[141]. Locations for last mile logistics require quality transport links, cheap and available labour, and reliable and high levels of energy supply[142].

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[136] Business Groups Market Engagement Workshop, 11th September 2020

[137] WECA (2019) *West of England Local Sector Skills Statement: Visitor Economy*

[138] WECA (2019) *West of England Local Sector Skills Statement: Rural and Food Economy*

[139] WECA (2020) *West of England Regional Recovery Taskforce: Sector Summaries*

[140] Sector Groups Market Engagement Workshop, 1st September 2020

[141] Business Groups Market Engagement Workshop, 11th September 2020

[142] Savills (2019) *Spotlight on Europeans Logistics*

Within the more rural areas of the West of England, there are clusters of distribution and logistics businesses. These clusters are specialised in warehousing and storage, large scale distribution and logistics and environmental technologies. **Avonmouth and Severnside** remains the most active distribution market area, particularly Avonmouth Severnside Enterprise Area – a mix of industrial and former industrial areas and greenfield sites immediately adjacent to the M5 and M49 motorways[143]. This area is expected to carry continued demand, with construction of Viridor's £252m Resource Recovery Centre a focus for employment for the local and wider workforce, providing an overlap with the Circular Economy and Low Carbon[144].

4.2.7. Retail, Culture, Leisure

Retail, Culture and Leisure remains a major employer in the West of England, despite a significant reduction in the number of retail units nationally and regionally. Retail, Culture and Leisure accounted for 14% of sub-regional employment in 2018 and contributed 10% of sub-regional GVA[145]. The region hosts an array of central and out-of-town shopping quarters, with a combined regional annual footfall exceeding 100 million, in addition to several major cultural assets and significant leisure facilities.

Bristol City Centre (Broadmead) remains the focus of retail in West of England, however Bath and North East Somerset account for an increasing proportion of employment in the sector – particularly Bath City Centre and SouthGate Shopping Centre[146]. SouthGate has established itself as a major retail destination for the region, displaying an annual footfall of 26 million prior to the COVID pandemic[147]. The West of England includes a number of other major shopping centres including **Cabot Circus** in Bristol and The Mall at **Cribbs Causeway**, which are amongst the 25 biggest shopping centres in the UK[148]. In addition, both the Sovereign Shopping Centre in Weston-super-Mare and Yate Shopping Centre display annual footfalls of over 10 million. The presence of major retailers and an array of smaller independent shops offers a unique and varied shopping experience, which significantly contributes to employment in the region.

4.2.8. Health and Life Sciences

Health and Life Sciences is the largest single employer by sector in the West of England, accounting for circa 15% of all employment and 8% of sub-regional GVA in 2019. The sector has grown 25% in the last three years within the region – built on co-location, the strengths of university research and the growing opportunities offered by digital tech[149].

Businesses in this sector typically locate near universities and science parks, where they can become established as SMEs or start-ups, then develop into clusters. Co-location within this sector is accelerating research, development and commercialisation, especially in health tech robotics, and has the potential to set the West of England apart from other locations. Health and Life Sciences businesses in West of England largely occupy edge/out-of-town locations, particularly low-density business park sites with ample parking provision – including office and flexible space, but also purpose-built laboratories and specialist spaces. In the West of England, take up of out-of-town locations by health and social care stands at 8% - the fourth largest sector[150].

One of the major clusters of health and life sciences businesses in the West of England is at the 24ha **Bristol and Bath Science Park**, the central focus of the **Emersons Green Enterprise Area** in South Gloucestershire. Opened in 2011, the Science Park provides a focal point for convergence of science, innovation, technology, creative and digital media. The Science Park is purpose-built for occupants and tenants from fields of research and technology, as well as businesses which work collaboratively within these fields. The site houses 40 companies from across these sectors, with strong university links. The largest tenant is currently the acclaimed National Composites Centre for carbon fibre research[151].

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[143] JLL (2019) *Draft Bristol City Council Employment Land Study*

[144] WECA (2019) *West of England Local Sector Skills Statement: Distribution*

[145] ONS (2019) *Regional GVA by Industry*

[146] Hardisty Jones Associates (2020) *Bath & North East Somerset Employment Growth and Land Review*

[147] British Land Company (2021) *SouthGate Shopping Centre: Key Information*

[148] Global Data Consulting (2019) *Top 50 UK Shopping Centres by Size*

[149] WECA (2019) *West of England Local Sector Skills Statement: Health and Life Sciences*

[150] WECA (2019) *West of England Local Sector Skills Statement: Health and Life Sciences*

[151] West of England Growth Hub (2019) *Bristol and Bath Science Park*

Establishment of incubators are central to the future development of the sector, and demand will continue to increase for such spaces. Successful examples of incubators exist throughout the West of England, driven by co-location and links with the region's universities. Increasingly these spaces are appearing in city centres rather than peripheral locations, such as Unit DX in **Bristol City Centre**[152]. This science and deep tech incubator provide specialist laboratory facilities and science-focused business support, housing 32 businesses. Future demand for such facilities will continue to complement the region's network of Enterprise Zones and Areas.

4.2.9. Housing, Construction and Development

Housing, Construction and Development remains a key specialist sector in the West of England, representing 13% of the sub-regional workforce and 9% of the total West of England GVA in 2019[153]. Employment growth in the sector of 1% per year is also predicted to reach above the national average of 0.5%[154]. This growth is supported by a large number of infrastructure projects and major developments within and beyond the West of England LEP area, which are currently drawing on the region's construction industry. This includes the major £20.3 billion construction of Hinkley Point C nuclear power station near Bridgwater, Somerset; a £59.3 million investment into Metro West Phase 1, including a new rail station at Portishead; as well as the aforementioned **Ashton Gate** development and planned **YTL Arena Bristol**[155]. The former Filton Airfield site has also been allocated by South Gloucestershire Council for 2,675 new homes, as part of the new Brabazon neighbourhood. In addition to these major projects, the sector also includes a variety of smaller businesses which operate across the West of England, as well as builders' yards, which typically display demand for smaller industrial estates.

WECA has set up a pioneering Joint Assets Board, which enables collaboration across the public sector to use land more efficiently, transform services and strengthen local communities. Through the Joint Asset Board, the West of England is developing an ambitious approach to modern methods of construction (MMC) and other housing innovations – such as co-living communities, smart homes, carbon/energy efficiency homes.

4.2.10. Circular Economy and Low Carbon

The West of England is home to exemplar waste-to-energy and biomass projects, as well as significant investment in renewable energies and infrastructure. Notable green or renewable energy providers include: Ecotricity, Bristol Energy, GenECO, OVO and Good Energy. WECA also hosts the government-funded £3.5 million project, the South West Energy Hub, which supports projects that reduce energy use and increase clean energy capacity. The sector is broad and incorporates a range of employment activities – including office-based sales and services, research and development, and large-scale manufacturing / waste disposal activity. In terms of larger waste facilities, businesses typically prefer to be physically remote from residential uses – in large-scale, specialist, *sui generis* premises.

Market engagement indicates that **Avonmouth and Severnside** increasingly acts as a major cluster location for the West of England's Circular Economy/Low Carbon businesses, with some particularly interesting examples of waste to energy production focused in the area – including major sites for Suez, Viridor and GenECO[156]. The appeal of the area for waste processing includes its strategic road and rail connections, distance from residential zones, functional linkages and highly skilled workforce on the ground. The West of England Waste Partnership awarded three long-term contracts to Suez, Viridor and ETM to treat the region's residual and bulky waste in Avonmouth and Severnside from March 2020, with an estimated saving of £300,000 a year across the four local authorities[157]. This will see Viridor treat waste at its new £252 million **Avonmouth Resource Recovery Centre**; while Suez utilises its Severnside Energy Recovery Facility, which is capable of processing up to 400,000 tonnes of waste annually.

4.3. Key Property Market Locations by Unitary Authority

Having examined the West of England commercial property market by sector, this section offers a more spatial focus by presenting a brief summary of the key property market locations and their functions within the West of

[152] HM Government (2019) *West of England Local Industrial Strategy*

[153] ONS (2019) *Regional GVA by Industry*

[154] WECA (2020) *West of England Regional Recovery Taskforce: Sector Summaries*

[155] Business Groups Market Engagement Workshop, 11th September 2020

[156] Sector Groups Market Engagement Workshop, 1st September 2020

[157] Viridor (2019) *South West Project to Power Plastic Recycling with Non-Recyclable Waste*

England – organised by Unitary Authority. By analysing the key property market locations and their functions, it can show which areas within the study area are key for addressing the supply demand imbalance within each commercial market sector. This will draw on insights from existing Employment Land Reviews, Local Plans, property market reports and market stakeholder engagement.

One of the major existing property market trends being accelerated by COVID-19 is the notion of the '15-20-minute city'. The national and local lockdowns have highlighted the need for local neighbourhoods with a diverse range of local businesses and services, as well as increased space for pedestrians. The 15-20-minute city concept envisions thriving local areas with easily accessible jobs and services; better street space and active travel; and greener more resilient communities. This places increased interest on the West of England's smaller towns and neighbourhoods for future employment space and affordable domestic situations, such as Weston-super-Mare and Clevedon in North Somerset; Brislington and Clifton in Bristol; Keynsham and Midsomer Norton in BANES; and Yate and Thornbury in South Gloucestershire.

4.3.1. Bristol City Council

The Bristol City Council area can largely be divided into three functional commercial property sub-markets[158]:

- **Bristol City Centre**, which includes West of England's central office and retail areas, as well as industrial, trading and logistics estates which provide supply chain links to the city centre and surrounding housing areas;
- **Avonmouth and Severnside Enterprise Area**, a large industrial and distribution area alongside the M5 straddling the authorities of Bristol and South Gloucestershire, focused on the Port of Bristol – including potential development sites for new occupiers, mainly from the Transport and Logistics key sector; and
- **South Bristol**, which includes significant industrial estates like Brislington Trading Estate, Cater Road Industrial Estate and Hawkfield Industrial Estate. South Bristol has significant potential to develop into a major sub-market if infrastructure to improve physical access to Central Bristol and to Bath is realised[159].

While many investors have viewed the COVID-19 crisis as a temporary market disruption, others have identified it as a driver of a large-scale shift in commercial activity patterns and real estate. Some of the local property agents' forecasts suggest Bristol has the potential to receive an unexpected boost post-lockdown as London-based occupiers look to the regions to reduce overheads and density of working space[160]. Two key property market locations have been identified below:

Avonmouth

- Mixed industrial area located adjacent to the Severn Estuary, with a significant concentration of Transport and Logistics and industrial-related businesses. Historically the most active location with regards to take-up and new supply in logistics and distribution, focused on the Port of Bristol.
- The area forms part of the Avonmouth Severnside Enterprise Area, an internationally significant industrial location, covering 1,800ha adjacent to the M5 and M49 motorways[161]. The Enterprise Area is split between the unitary districts of Bristol City Council and South Gloucestershire Council, with the remaining areas of major developable land predominantly located in South Gloucestershire.
- Suitable for warehousing and storage, large scale distribution and logistics, environmental technologies, and heavy industry and manufacturing.

Temple Quarter Enterprise Zone

- Temple Quarter is a 70ha Enterprise Zone in the city centre, which accommodates over 4,000 jobs in over 350 businesses. This includes a number of Creative and Digital and Professional Services firms, in modern Grade A office stock with superfast broadband provision.

[158] Atkins (2015) *West of England Economic Development Needs Assessment*

[159] Business Groups Market Engagement Workshop, 11th September 2020

[160] Colliers International (2020) *South West and Bristol Regional Economic Briefing Webinar*

[161] Bristol City Council (2018) *Locate to Avonmouth Severnside*

- Home to rapidly growing clusters of start-ups and SMEs. It is expected that the majority of new high-quality office space and flexible workspace within Bristol City Centre in the near future is expected to be delivered in Temple Quarter Enterprise Zone.

4.3.2. Bath and North East Somerset Council

The BANES area can largely be divided into four functional commercial property sub-markets[162]:

- **Bath City**, the main employment centre including the unitary authority's central office and retail areas.
- **Keynsham**, which mainly accommodates industrial uses like Advanced Manufacturing and Transport and Logistics, as well as increasing office sites.
- **Somer Valley**, developing employment location around Midsomer Norton and Radstock, including the Somer Valley Enterprise Zone – an allocated greenfield development site for manufacturing and office uses; and
- **Rural areas**, which predominantly accommodate Food and Rural Enterprise businesses.

Between 2007 and 2017, the BANES area accounted for only 10% of West of England employment growth, accounting for 9,000 of 91,000 additional jobs, despite sustained population growth[163]. In addition to infrastructure constraints, this reduced level of growth compared with the wider region can be attributed to a constrained supply of employment land and sites for both office and industrial space[164]. Two key property market locations are identified below:

Bath City Centre

- The City Centre remains the key location for offices and retail in BANES, with the bulk of supply and demand focused here. The Technology, Media and Telecom sector remains the most active for office demand, with notable transactions in 2019 including the letting of 9,500 sqft at Chartist House to PlaySports Network.
- Incorporates Bath Riverside Enterprise Area – a new commercial quarter and central business district that will offer flexible workspace options including new grade A office space, a residential quarter and leisure facilities. It has the potential to deliver approximately 1 million sqft of workspace.

Somer Valley Enterprise Zone

- Located at Old Mills, a 13.5ha greenfield site on the western edge of Midsomer Norton.
- Somer Valley Enterprise Zone has the potential to deliver 54,000 sqm of bespoke employment floor space. The Zone is developed for the purposes of manufacturing, engineering and supply chain sectors as the area has an existing skilled workforce that currently out-commute for work.
- The wider Somer Valley area includes the Westfield Industrial Estate, a major manufacturing and distribution location with 83,082 sqm of stock across 114 units.

Keynsham

- Keynsham is located between Bath and Bristol. It has strong east-west links via the A4 and rail connectivity. Existing primary employment areas are located to north of the town, namely Broadmead Lane, Ashmead Road and Pixash Lane in close proximity to the A4 Bath Road (Keynsham Bypass). Its rail connectivity to Bristol and Bath is a key driver in recent success as an office market.
- Keynsham is believed to be the second strongest market location for offices in BANES, following Bath City, particularly due to the take up of the Somerdale site (the former Cadbury factory).
- Additional supply at Keynsham may enable further strengthening of its employment role, for instance through the allocated 7.5ha of employment uses at the KE3a Land Adjoining East Keynsham site, north of the A4. This site has the potential to be expanded as part of a larger strategic mixed-use development to the north or north-east of the town, options of which have been considered and consulted on through work on the Draft Local Plan.

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[162] Hardisty Jones Associates (2020) *BANES Employment Growth and Land Review*

[163] BANES Council (2017) *North Keynsham Strategic Planning Framework*

[164] Sector Groups Market Engagement Workshop, 1st September 2020

4.3.3. North Somerset Council

The North Somerset area can largely be divided into six functional commercial property sub-markets[165]:

- **Weston-super-Mare,** North Somerset's major employment location which contains several established industrial and office sites – including the key innovation location of **Junction 21 Enterprise Area.** J21 includes one of only 17 Food Enterprise Zones designated by The Department for Environment, Food & Rural Affairs, including the South West's first Food and Drink Innovation Centre in FoodWorksSW.
- **Portishead**, which provides regional office space and a mix of industrial/warehouse accommodation.
- **Clevedon**, including the established estates of Kenn Road Business Park, Hither Green Trading Estate and Strode Road – delivering self-contained offices and industrial premises; and
- **Nailsea,** which predominantly provides small and medium-sized industrial units, with some small retail uses.
- **Pill and Gordano,** including small-scale office premises and local-scale retail activity; and
- **More rural areas**, including the major Thatcher's Cider brewery in Sandford, large-scale business uses in places like Yatton, small industrial parks in locations like Winford and Wrington, and agricultural employment sites.

Reflecting on the high rents and supply constraints in Bristol and Bath, North Somerset has a significant opportunity post-COVID to attract investment away from these locations. In particular, the increase in remote working and desire for lower density spaces associated with the pandemic means both industrial and office-based businesses are increasingly looking to more peripheral locations with good quality supply to accommodate these shifting corporate behaviours[166]. Therefore, the question exists as to whether North Somerset can accommodate such a shift. This point is considered further in the balance considerations and conclusions of the demand assessment in Chapter 6. Two key property market locations are identified below:

Junction 21 Enterprise Area

- The Enterprise Area offers a range of employment space and land opportunities set within a growth area to the south east of Weston-super-Mare, and is increasingly recognised as North Somerset's major employment, innovation and enterprise location, with a range of occupiers in industrial/warehousing premises – including Network Rail and Lidl.
- A particularly positive example of Junction 21's future potential is exemplified through the FoodWorksSW, a regionally significant food and drink development centre[167].
- Demand for small units is likely to gain traction for the Food Services industry – as businesses increasingly look to capitalise on the success of the Enterprise Area and the functional linkages developing here[168].
- The Hive presents an existing positive example of the type of 'grow-on' and flexible space required post-COVID, hosting office space from 150 sqft to 465 sqft on very flexible leases – offering turnkey solutions for the SME and flex space markets.

Weston-super-Mare Town Centre

- Weston-super-Mare remains North Somerset's major retail centre and a key office location, and the focus of demand from these sectors.
- The area is anticipated to see increased demand post-COVID, particularly from the Creative and Digital sector as it provides the affordable and trendy atmosphere that such businesses desire. This could include conversion of vacant retail space to accommodate flexible workspace in accessible locations.

4.3.4. South Gloucestershire Council

The functional commercial property sub-markets of South Gloucestershire overlap with those of Bristol, and can largely be divided into four areas:

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[165] North Somerset Council (2019) *North Somerset Business Locations*

[166] Royal Institute of Chartered Surveyors (RICS) (2020) *UK Commercial Property Survey Q2 2020*

[167] FoodWorksSW (2020) *A Recipe for Success*

[168] Business Groups Market Engagement Workshop, 11th September 2020

- **Bristol North Fringe**, including Filton and the advanced manufacturing heartland, as well as major office locations like Aztec West, Bristol Business Park and Almondsbury Business Park.
- **Severnside**, a large industrial and distribution area alongside the M5 straddling the authorities of South Gloucestershire and Bristol, focused on the Port of Bristol – including potential development sites for new occupiers, mainly from the Transport and Logistics key sector; and
- **Bristol East Fringe,** including the cluster developing around Bristol and Bath Science Park at Emersons Green, as well as office and general industrial activity in Kingswood, Longwell Green and Hanham.
- **Yate and Chipping Sodbury**, smaller employment areas which present location-specific demand; and
- **More rural areas**, including regional office locations like Thornbury and agricultural employment sites.

The South Gloucestershire economy has expanded rapidly over the last fifteen years, accounting for a high proportion of sub-regional growth as a result of attracting investment from outside the sub-region and from elsewhere within the West of England, notably from Central Bristol. Much of the area's growth in recent years has occurred in the Bristol North Fringe area, especially Filton, and in the strategic location of Emersons Green – home to the nationally renowned Bristol and Bath Science Park. Furthermore, Severnside now offers strategic-scale accommodation of large-scale warehouse and distribution, industrial, energy and waste processing sectors – with significant potential for further development. These key property market locations are identified below:

Emersons Green Enterprise Area

- Located alongside the A4174 ring road in South Gloucestershire, the Enterprise Area provides excellent transport access around the eastern fringe of Bristol and directly to the M32 and M4/M5 motorway corridors.
- The central focus of the Enterprise Area is the 24ha Bristol and Bath Science Park, which hosts a major cluster of science and health businesses. Owned by South Gloucestershire Council, the purpose-built Science Park provides a focal point for the convergence of science, innovation and technology. The site houses 40 companies from across these sectors and boasts strong university links[169]. However, there is currently limited scope for further site release as the majority of the area is developed out or committed.
- The Enterprise Area also includes well established businesses at the Harlequin and Emerald Business Parks, as well as the Vertex Park, which has seen considerable take-up since opening.

Filton Enterprise Area

- Located in the Bristol North Fringe, alongside the A38 and near the M4/M5 interchange – thus offering direct east-west access to London and Cardiff, as well as north-south access to the Midlands and South West.
- Filton represents an internationally significant cluster for Aerospace and Advanced Engineering, and the UK's largest aerospace cluster[170]. Occupiers include 14 of the world's 15 major aerospace firms, including Airbus, Rolls-Royce and GKN.
- The Enterprise Area continues to attract inward investment from the UK and from international industrial businesses looking to relocate, with GKN due to open their 110,000 sqft Global Technology Centre within the Enterprise Area in H2 2021.
- Filton and Patchway also includes key retail and office accommodation for South Gloucestershire, principally focused around Cribbs Causeway. In addition to the major shopping centre of The Mall, this incorporates other significant out-of-town retail parks and considerable provision of car dealerships.

Severnside Employment Area

- Located adjacent to the Severn Estuary, offering a strategic location next to the M5 and M49 motorways, near to the Port at Avonmouth. It forms part of the wider Avonmouth Severnside Enterprise Area.
- Severnside Employment Area is a regionally significant employment location with strategic-scaled distribution centres, logistics, manufacturing premises, an energy centre, recycling recovery and car dealerships.
- Severnside includes the major distribution parks of Central Park and Western Approach, which house major distribution centres for international firms like Amazon, Lidl, Tesco and DHL.

[169] West of England Growth Hub (2019) *Bristol and Bath Science Park*

[170] SQW (2018) *Bristol-Bath Innovation Cluster Report*

- There is currently significant land available for development within the area, with demand expected to be sustained in the long term. This will include an increased desire for 'super sheds' at Severnside, as demonstrated by Amazon's acquisition of 1.1 million sqft at Central Park in 2017[171]. However, land availability is significantly reducing at Severnside, with the rate of development accelerating rapidly in recent years. As land at Severnside continues to get taken up, plans may need to be put in place to replace what has previously been considered as a steady reserve of medium to long-term land supply for industrial and warehousing uses.

4.4. Key Messages and Implications for the ELSNA

The assessment of the key national and regional commercial property market trends raises a range of key opportunities and issues for the West of England:

4.4.1. The West of England Industrial Market

- Greater Bristol is the largest industrial market in West of England, with take-up figures indicating year-on-year growth. The sub-region is an established hub for advanced manufacturing, primarily driven by innovative businesses within the informally labelled 'TEC ARC', which represents a magnet for deep-tech and innovation – connecting the strategic locations of Emersons Green Enterprise Area and Filton Enterprise Area in particular.
- Significant investment in the wider Bristol distribution market has forced industrial yields down and land values up. This, coupled with the conversion of industrial locations into warehousing and residential uses, has resulted in restricted levels of industrial and manufacturing supply.
- The size and location of available sites is a major issue, particularly regarding medium and larger sites, with limited availability of modern premises to meet current demand. In particular, supply is limited for land / premises suitable for SMEs looking to expand and for medium to major manufacturing businesses looking to relocate into the wider Bristol area.
- In order to for the West of England industrial market to continue to grow, key manufacturing premises and sites for medium / larger businesses must be protected, and new areas allocated for such occupiers. This accommodation ideally needs to be planned comprehensively, made compatible with surrounding uses and benefit from good access to the strategic road network and local supply of labour.
- Industrial occupiers are increasingly shifting their interest towards more outlying locations in South Gloucestershire (such as Emersons Green) and along the M5 corridor. As with the distribution market, demand is increasing for smaller edge-of-town units, including an increasingly active central Bristol market (including estates in St Philips Marsh and Bedminster).
- Future demand is anticipated to be on a freehold basis, with Bristol North Fringe likely to remain the most active location, reinforced by major developments like GKN's Global Technology Centre at Filton. Location-specific demand is also anticipated in more outlying areas like Yate and Thornbury; however, supply remains particularly limited.
- Constricted supply of industrial sites in BANES means opportunities remain limited, especially Grade A space. Businesses in BANES looking for modern accommodation or expansion are therefore looking towards areas elsewhere, like South Bristol. South Bristol has scope for new industrial development, particularly for SMEs, however current premises are largely dated. Thus, new accommodation is required on existing estates, as well as new land allocations.

4.4.2. The West of England Logistics and Distribution Market

- The national logistics and distribution market sector have flourished over recent years, a trend which has been exacerbated by the COVID lockdowns (primarily as an outcome of a substantial shift towards online retail, directly intensifying demand for large-scale logistics space).
- Logistics and distribution schemes have dominated the employment land market in West of England in recent years, distorting the industrial property market. Forecasts for the logistics market are strongly optimistic, with continued enquires for both leasehold and freehold warehousing / distribution space – driven by heightened demand for retail warehousing and last mile logistics.

[171] Sector Groups Market Engagement Workshop, 1st September 2020

- Avonmouth and Severnside remains the most active market, with demand projected to be sustained for the medium to long term. The supply of available land and market ready sites has reduced significantly here though, with future strain likely if present demand levels rise.
- The market in the West of England has generally been headed by smaller deals, especially in central and south Bristol. The growth of automation and economies of scale has however produced increased demand for larger premises (often termed 'super sheds'). This demand is expected to be focused on Avonmouth/ Severnside, as demonstrated by substantial warehouse/distribution developments such as Central Park.
- The more urban markets continue to play a key role in the West of England's logistics profile, including central Bristol (such as Bedminster and Lawrence Hill) and south Bristol (such as Hengrove and Brislington). These urban and edge-of-town locations are anticipated to experience continued demand, motivated by emerging trends like last mile distribution, with increasingly strong demand for smaller units (for instance below 200 sqm). Areas in North Somerset and along the M5 corridor are likely to experience an increased proportion of demand as supply reduces elsewhere – including Weston-super-Mare, Portishead and Clevedon.
- Despite the importance of its smaller units, BANES is not perceived as a significant large-scale logistics location, indicating a lack of supply. Development market challenges including competition from higher value uses, inadequate rental levels to attain viable development, and a shortage of development sites are thwarting efforts to bring forward new sites and floorspace.

4.4.3. The West of England Office Market

- The West of England office market is predominantly concentrated in the major city centres of Bristol and Bath, with Bristol city centre representing the most active location in the sub-region. Bath was playing an increasingly significant role in the office market pre-COVID, with high levels of demand from the Creative and Digital sector.
- The out-of-city centre office market is centred on the Bristol North Fringe, along with areas such as Keynsham in BANES and Portishead in North Somerset. Prior to the challenging market conditions introduced by COVID, the out-of-town market was strong, led by key developments at Aztec West and Stoke Gifford. Keynsham also performed well in recent years, benefiting from its position between Bristol and Bath, and facilitated by Bath's limited supply.
- The West of England office market is constrained by low supply levels, which has significantly reduced since 2010, with substantial undersupply of Grade A space. In spite of strong demand for modern accommodation, Bath has particularly been unable to provide sufficient supply of office floorspace, exacerbated by the introduction of Permitted Development Rights.
- Speculative development is therefore crucial to meeting demand, with the development pipeline steadily resuming as lockdown eases. Supply levels in Bath are anticipated to increase in the short to medium term through considerable development at Bath Quays in the Riverside Enterprise Area, which is intended to play a key role in addressing the shortage of office space.
- Market agents have reasoned that the city centre and out-of-town markets in the West of England may be well positioned for post-pandemic recovery, as London occupiers look to the regions to reduce the density of their office use. A significant proportion of the property market will also shift towards flexible working and co-working space, with demand for flexible space likely to be focused in the centre of Bristol.
- Occupier demand for office space in central and accessible locations with broad amenity offers is expected to continue, likely in Bristol and Bath. A key location of future demand is the Temple Quarter Enterprise Zone, with the majority of new high-quality office space and flexible workspace within Bristol City Centre expected to be delivered here in the short term.

5. Market Sector Framework

5.1. National Economic Trends, Challenges and Opportunities

The past two decades have seen enormous change in the economy; and the speed and ubiquity of change shows no signs of abating. In the early 1990s, technology continued its spread as the internet, emails, social media and laptop technology ultimately changed business structures, workstyles and high streets. Soon the global economy was plunged into financial turmoil with the global financial crisis and its fallout. More recently, the Brexit decision and COVID-19 pandemic have given rise to significant uncertainties which pose enormous ramifications for trade and businesses. This section examines some of the national economic trends, challenges and opportunities which have developed in recent years of particular significance to the ELSNA and its supply-demand analysis.

5.1.1. Consumption/Experience

High streets and town centres have largely struggled in recent years. This can be explained by a range of factors including the growth of regional malls, rapid expansion of online sales and rising property costs. However, the retail sector is evolving rapidly and fundamental changes in shopping habits, including greater spend on leisure activities rather than goods; more purchases online and a desire for a more experiential retail environment are unlikely to be addressed by providing more of the same. Consumers are prioritising experiences over commodities, engaging directly with product or service brands in return for an enhanced experience that suits their individual lifestyles and aspirations. Consumers are spending on experience rather than acquisition, with areas such as travel, leisure and food generally predicted to rise sharply over the coming decade.

There is opportunity for town centres and high streets to embrace the ‘experience economy’ whether for shopping, dining, relaxing, working or living, and evolve from the typical monoculture of ground floor retail units and mostly vacant upper levels to a far more mixed economy model, including residential and commercial activities. In short, high streets should re-invent their role and provide a wider set of reasons for visiting them.

The challenge is to maintain and improve the design quality of high streets, while reintroducing a wider range of uses. High streets will have to provide for work, including business centres, offices, light industry, studios and so forth, and offer a range of food and beverage outlets, culture and leisure and health and wellbeing. This requires the provision of genuinely mixed-use buildings and restoration of the role of community functions, such as open space, meeting places, leisure centres, places of worship, markets and public transport hubs, seeking multi-generational appeal, whilst recognising demographic, social and cultural diversity. Shops themselves must become more experiential rather than simply transactional with customers likely to increasingly place value on expert dialogue, advice, demonstration and testing.

5.1.2. Knowledge Economy

The shift to the knowledge economy has changed demand for corporate office space. Corporate occupiers now operate within short-term planning horizons, responding to an ever-changing economic landscape and seeking to maximise their flexibility to adapt. This means a different approach to real estate with focus on minimising commitment and cost, whilst maximising flexibility. More commoditised and non-core activities are being undertaken by specialists; more work is being undertaken collaboratively, and by small companies and contingent workers, often in flexible/hybrid workspace.

Office design is increasingly about simpler, ‘loose fit’ buildings. Centralised computing power and thin client terminals have already begun to cede to cloud-based technology; with smart phones, laptops and tablets, together with wireless technology such as 5G and Wi-Fi, removing all the physical limitations of the past. The technology has left the building, people now connect with each other, rather than with a physical space. As a result, buildings are likely to become simpler with shallower floorplates, lower structural heights, natural ventilation and natural light all likely to become increasingly important.

As the occupier market evolves, the property supply industry is beginning to adapt its approach to leasing buildings. For example, owners are becoming more accepting of multi-let buildings, with more lettings to small occupiers. This will mean, for example, designing buildings for greater divisibility, with implications for base building design in areas such as building depth, configuration and servicing.

Knowledge workers do not feel tied to a single or limited number of employers as was the case in the past; they have transferable skills. Consequently, they are more demanding in terms of choice and quality in the workplace. Similarly, as work, home and leisure become increasingly blurred in terms of when, where and how they are

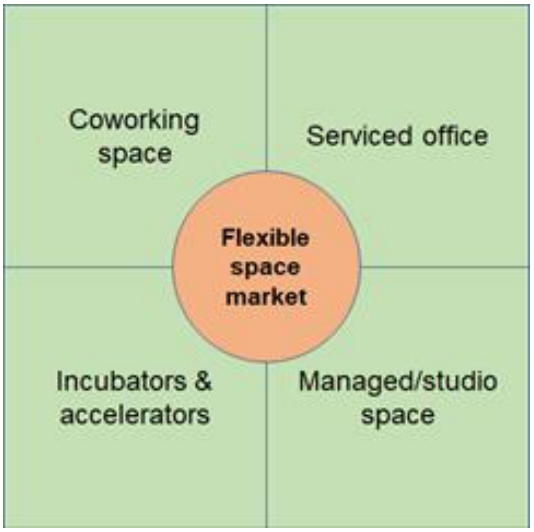
undertaken, so the workplace will have to provide workers with greater flexibility, particularly the ability to work in an agile manner. In short, the workplace will have to work harder to attract and retain skilled workers; it will have to provide an experience and choice rather than simply a place to go to 'do work'.

It is also worth highlighting that future workplaces will not be limited to new buildings. As the 'tech revolution' has demonstrated in many parts of the South West, older stock – both office and industrial – can be brought back into contemporary usage. Many older buildings are ideal for refurbishment and occupation by smaller organisations for whom being 'within a community of shared interest' is a critical requirement. Some providers now specialise in providing such space.

5.1.3. Flexible Space Market

The flexible workspace market is playing an increasingly important role in the wider economy, catering both for small, modern, knowledge-based businesses, which increasingly interact with large businesses in a complex web of supply chain relationships, and for larger organisations seeking to supplement their footprint with 'flex-space' to meet short-term fluctuations in demand.

Figure 5-1 - The Flexible Space Market



Source: Ramidus Consulting (2020)

Flexible workspace is provided in a number of different formats. The largest and longest established component of the flexible space market is serviced offices. Regus (known by its group name of IWG today) was and remains the largest operator. Managed workplaces are similar to serviced offices in terms of flexible occupation, but they also provide for larger occupiers, more segregated space and for more specialist users. Similarly, incubators and accelerators provide spaces that are similar to co-working environments, but they involve a far more intensive form of management, often putting start-ups through fixed-term programmes to test their ideas and plans.

Co-working spaces provide a 'less corporate' style of space than serviced offices, and respond to technology enablement, the growth of the tech, online and creative industries and an increase in micro businesses and independent workers. They provide clubs where members can work alone or interact with like-minded people on a pay-as-you-go basis.

Over the next decade, more large, corporate organisations are likely to migrate towards some form of networked, "hub and spoke" model. The largest occupiers will maintain at least one corporate headquarters in a key city to provide a 'corporate hub', to bring employees and clients together, nurture the corporate culture, encourage collaboration and learning, and to instil a sense of 'shared purpose'. Elsewhere, they will occupy flexible workspace which will afford them the ability to change their occupational footprint speedily and cost effectively.

5.1.4. Commerce

Much activity situated on land designated in planning policy as 'industrial' or 'employment' land, is not in fact 'industrial' in the common sense of firms manufacturing or processing goods and products. In many cases, buildings have been adapted and re-used by businesses that are not 'making things', but rather are involved in 'servicing the services'.

Many of the activities in these buildings use a blend of production, storage, office, creative and sales space. In other words, they are occupying 'hybrid' space, undertaking activities that do not fit neatly into one of the traditional and revised Use Classes, which fail to recognise the breadth of activities taking place. This causes problems when, for example, policies seek to release 'industrial' land that is, in fact, meeting the demands of a much richer, and economically critical, demand profile.

The very wide variety of these businesses and activities suggests that the conventional understanding of 'industrial' property needs to be developed in order that spatial policy can be more sensitive to the dynamics of demand on industrial and employment land, which is under intense pressure for conversion to residential uses, potentially undermining the viability of activities that are vitally important to larger urban economies.

5.1.5. Logistics

In line with many other developed economies, consumer spending has been one of the main drivers of the UK's economic growth in the years since the global financial crash. However, the high street has not been a major beneficiary. Rather, technology is driving profound change in consumer behaviour as online shopping takes a relentlessly growing share of total retail spend. A key outcome of the switch to online shopping has been a rapid growth in demand for logistics facilities.

Where once 30,000 sqm (broadly, seven full-sized football pitches) was considered to be a large footprint, today it is the average. Sheds often now reach towards 100,000 sqm, and in recent times have far exceeded even this size. These large logistics facilities are often fully automated with high bay racking. A 50,000 sqm facility is likely to have at least 21m clear eaves height, sufficient for ground plus ten rack levels, and a floor loading of 80 KN per sqm. It will likely have over 100 dock levellers, with double deck loading doors in every position: with parking for 100 HGVs and over 350 cars. The building is likely to have LED lighting, solar thermal heating, rainwater harvesting, power charging stations for electric vehicles and strengthened steel to incorporate Solar PV across the whole roof. Warehouses also now employ skilled workers (to manage automated systems) and provide support facilities such as gyms and cafeterias. One of the implications of Brexit is that there is likely to be a sharp rise in demand for bonded and chilled warehousing around key ports in the UK.

Perhaps of even greater interest has been the recent interest in multi-storey warehouses. Rising land values and land shortages (in some areas) are leading developers and operators to consider vertical schemes. Uniserve has recently completed a multi-storey structure at Clickett Hill Road, near the port of Felixstowe. The building will be 40 metres high and will include a bottling operation, general merchandise, chilled and frozen foods, clothing distribution and e-fulfilment operations. The structure is designed as a multi-user facility, covering around 137,000 sqm over four floors providing more than 150,000 racked pallet positions.

5.1.6. Urban Logistics

In cities, and in response to the growth of online retailing, there is also a growing demand for final stage logistics. Retailers are starting to acquire smaller, urban warehouses, in order to reduce delivery times. For example, Amazon has developed a network of smaller urban centres to supplement its fulfilment centres, allowing the retailer to carry out same day deliveries. There are a number of operational responses to growing demand:

- Hub and spoke where depots serving a sub-region market are provided with goods from a larger hub location.
- Consolidation centres which enable deliveries from a variety of firms to be amalgamated into fewer vans before despatch.
- Last mile solutions which focus on the final point of delivery and include narrow delivery timeframes and rapid one hour/same day delivery.
- Click and collect which enables online consumers to place an order for a good online and collect from a local store or alternative pick up point.
- Reverse logistics and returns processing where vans are filled in their return journey with waste products and other goods for delivery to the store or depot.

The main features of these centres are described below:

- Located in inner city locations to enable a narrow time window.
- They are smaller and carry fewer stock lines. Typical size: 5,000 to 7,500 sqm.
- They are manual rather than automated with hand-picking of goods.
- They are cross-docked and must be vehicle and cycle friendly for goods dispatch. They still need traditional truck docks to received goods but at much lower frequencies.
- Click and collect facilities and parcel lockers are also likely to grow rapidly over the coming years, suggesting further blurring of demarcations between commercial, retail and residential uses.

5.2. Implications for Land and Property Planning

Deep and pervasive change in the economy is driving enormous disruption across the real estate sector. Whether in high streets, on industrial estates, in logistics sheds, in corporate offices or in flexible workspaces, rapid economic and technological changes are leading to new business processes and patterns of work. Change and uncertainty are replacing the traditional, long-term, stable nature of real estate[172]:

- There is a trend away from 'one-size-fits-all' solutions to far more customised or tailored products and solutions.
- Long-term commitments are yielding to commoditised 'rental-purchasing' and 'on-demand' as attitudes to ownership shift radically.
- Monolithic organisations are morphing into networks of relationships, with core and contingent workers and complex supply chain relationships.
- Fluidity is replacing stability and uncertainty is the new norm.
- Technology is disintermediating markets and stripping out layers of cost and inefficiency.
- There is a rapidly expanding sharing economy with innovations such as Airbnb, Deliveroo, eBay and Uber.

The commercial real estate market cannot remain immune from such pressures. The traditional sectors – shops, offices and industrial – are all seeing radical new demand profiles emerging. The economy has changed dramatically, and accepted methods for understanding jobs (Standard Industrial Classification) and buildings (Use Class Order) are increasingly unreliable for conveying how land and buildings are being used. Many new and diverse uses have emerged, including 3D printing, accelerators, click-and-collect facilities, consolidation centres, co-working centres, dark kitchens, data centres, e-commerce, incubators, laboratories, last mile logistics, robotic manufacturing, serviced offices and virtual reality development. Office buildings can accommodate high tech manufacturing. Modern industrial sheds are used for retail and older industrial buildings are used by the creative industries. Warehouses perform retail functions. Boutique apart-hotels straddle hotels and residential, while apartments can be Airbnb. Whether from an investment or land use perspective, there is a need to think about commercial real estate in terms appropriate to the emerging economy.

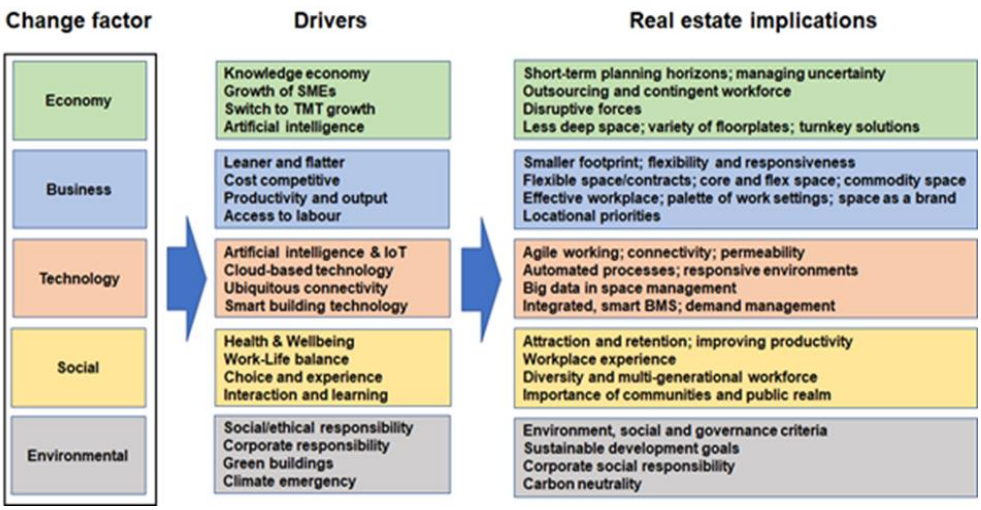
5.3. Change Factors and Drivers of Change

With change having become the norm, the certainties implied by the traditional tools, such as the Use Classes Order and employment forecasts are becoming increasingly less suited as tools for measuring land and property need, coupled with an increasing need to plan for uncertainty. This section sets out a framework that captures the dynamic relationships between the changing 'global' context and the demand / need for land and property in the sub-region and develops a profiling matrix for simply demonstrating the locational and premises requirements of the key market sectors in the sub-region.

Figure 5-2 provides a framework that identifies five key change factors. These include economy, business, technology, social and environmental. Each change factor is translated into a series of specific drivers, for which the real estate implications are identified.

[172] Ramidus Consulting (2016) *Commercial Real Estate: Planning for Change*

Figure 5-2 - Drivers of Change and Implications for Real Estate

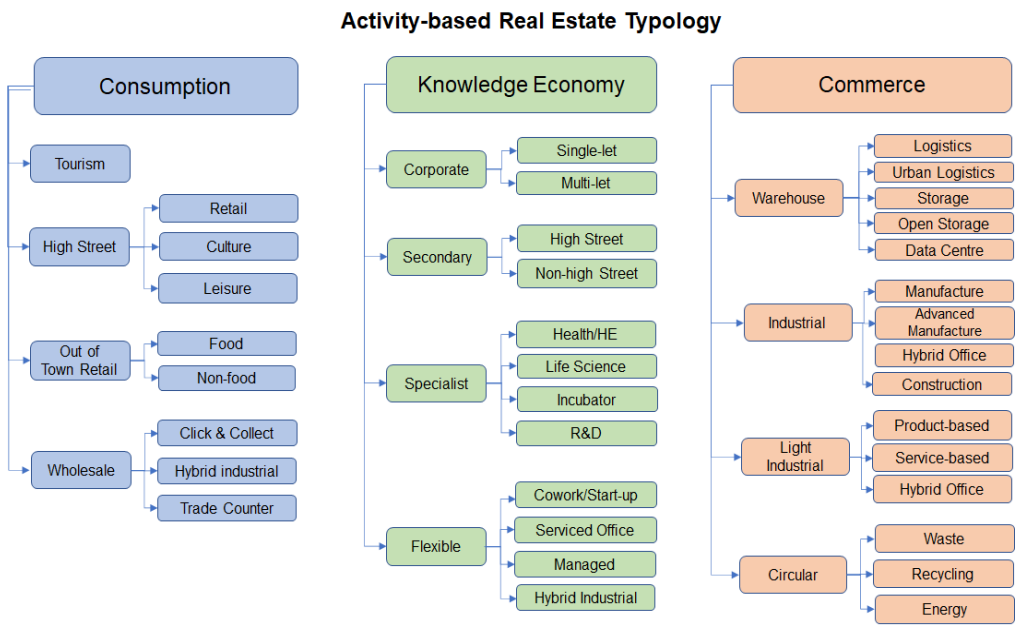


Source: Atkins (2020)

To capture the dynamic relationships between the changing 'global' context and the demand / need for land and property in the sub-region, an 'activity-based' approach to understanding real estate is employed, which enables a more accurate understanding of real estate requirements in terms of location and premises.

The approach illustrated in Figure 5-3 broadly interprets the traditional markets of retail, office and industrial through the categories of Consumption, Knowledge Economy and Commerce. Each of these three categories are broken down into more detailed sub-categories, or activities. For example, the Knowledge Economy type separates demand for flexible space from demand for corporate space.

Figure 5-3 - Activity-based Approach to Understanding Real Estate



Source: Atkins (2020)

This has been informed with client and market engagement to identify a set of drivers of change for the ELSNA, which are also considered through the qualitative demand assessment and inform the demand profiling matrix below, as:

- COVID-19 and the economic recovery
- Brexit
- Zero carbon/clean growth
- Circular economy
- Future of working
- Inclusive growth/social enterprises
- Emerging sectors
- Enterprise structure changes, including incubators, hubs and accelerators
- Digitization and smart technology
- AI and autonomous processes

5.4. Profiling Demand

To assess the suitability of potential employment land supply in terms of sectoral demand, Atkins have developed a demand profiling matrix that identifies the locational and premises requirements for the key market sectors that form the basis of analysis for the ELSNA. Each market sector is broken down into a series of activity-based sub-sectors; for example, Professional Services breaks down into national/regional headquarters, larger local businesses and independent and sole traders, with specific locational and premises requirements identified for each of the activity-based sub-sectors.

The matrix has been refined through the ELSNA market engagement.

The demand profiling matrix has been utilised in the qualitative assessment of demand (Section 6.2.3).

Table 5-1 - Demand Profiling Matrix

Sector	Activity	Key building features	Town centre	Edge-of-centre business park	Business park prime location	Business park secondary location	Industrial estate	Land near motorway junction or transport hub	Specialist facility
Professional Services	National/regional HQ	Grade A office with large floorplate, a/c, contiguous layout. High BREEAM rating.	Yes - likely to be purpose-built	Yes - likely to be purpose-built.	Yes - likely to be purpose built	Unlikely	No	Possibly	No
	Larger local business	Grade A/Grade B office. Typically multi-let.	Yes but stock may be lost through PDR	Yes. Risk of loss through PDR	Possible	Possible	No	No	No
	Independent/sole trader	Office suites space above retail. Flexible space.	Yes	Yes	No	Yes	No	No	No
Creative & Digital	Office-based	Office suites in Grade B building. Flexible space. Clustering preferred.	Yes	Yes	No	Yes	No	No	No
	Studio-based	Purpose-built; flexible workspace.	Possibly	No	No	No	Yes	No	Yes
	Workshop-based	Secondary space, Refurbished industrial.	Yes	Yes	No	No	Yes	No	No
Start-Ups & Micro Firms	Office-based	Town centre, affordable for start-ups.	Yes	No	No	No	No	No	No

Sector	Activity	Key building features	Town centre	Edge-of-centre business park	Business park prime location	Business park secondary location	Industrial estate	Land near motorway junction or transport hub	Specialist facility
		Premises for rural micro firms.	No	No	No	No	No	No	Rural premises
Service-based Industrial	'Clean' industrial activities.	Flexible, lightweight structures for multiple uses	No	Possibly	No	Possibly	Yes	No	No
Logistics	Regional/national distribution	Purpose built, large footprint, high bay, and automated. 24/7 access.	No	No	No	No	Yes	Yes	Yes
	Last mile	Edge of centre buildings	Yes	Yes	No	No	Yes	No	No
	Storage	Single storey, low density sheds with good circulation.	No	Yes	No	No	Yes	No	No
Health & Life Science	Office-based	Grade A office. Large floorplate and a/c. Can be purpose-built.	No	No	Yes	Yes	No	No	Yes
	Lab-based	Purpose-built building with ancillary offices	No	No	No	No	No	Yes	Yes
	Specialist	Purpose-built facility	No	No	No	No	No	Yes	Yes
Food Enterprise	High-tech food production	Good quality modern industrial stock	No	No	No	Possibly	Yes	No	Possibly
Manufacturing	Aviation	Purpose-built manufacturing facility.	No	No	No	No	No	Yes	Yes

Sector	Activity	Key building features	Town centre	Edge-of-centre business park	Business park prime location	Business park secondary location	Industrial estate	Land near motorway junction or transport hub	Specialist facility
		Low density, large space user.							
	Advanced manufacture	Purpose-built manufacturing Facility. High spec; low density.	No	No	No	No	Yes	Yes	Yes
	Food & rural business	Converted buildings and purpose-built buildings. Low rise; low spec High tech	No	No	No	No	No	No	Yes
Circular Economy and Low Carbon	Waste management	Potential for specialist, large-scale, *sui generis* building	No	No	No	No	Yes	Yes	Yes
		Civic facility for household waste	No	Yes	No	No	Yes	Yes	Yes
	Open storage	Land for storing vehicles, freight, other goods. Large open land with potential for security	No	No	No	No	Yes	Yes	Yes
	Energy	Recycling facilities with good access. Specialist facility	No	No	No	No	Yes	Yes	Yes
Retail	High Street Units	Single units & larger format (1-2 storeys).	Yes	No	No	No	No	No	No

Sector	Activity	Key building features	Town centre	Edge-of-centre business park	Business park prime location	Business park secondary location	Industrial estate	Land near motorway junction or transport hub	Specialist facility
	Shopping Centres	Prime, purpose-built, single owner.	Yes	No	No	No	No	No	No
		Secondary centre for local shopping. Purpose-built, single owner.	No	Yes	No	No	No	No	No
	Out-of-town	Retail warehouse and trade counter. Single storey, low density.	No	Yes	No	No	Ye	No	No
	.								
Cultural & leisure	Culture and tourism are intrinsically linked. Destination driven	Hotel. Purpose-built. Good parking.	Yes	Yes	No	No	No	No	No
		Cinema/theatre	Yes	Yes	No	No	No	No	No
Tourism		Food & Beverage. High street units	Yes	No	No	No	No	No	No

6. ELSNA Demand Assessment

In accordance with NPPF requirements, this section sets out the findings of the demand assessment, reflecting employment forecasts by the key market sectors and the resulting sectoral demand for employment space. The Section is structured in presenting the methodology to the demand analysis, covering quantitative and qualitative approaches, before setting out the demand forecasts as qualitatively informed sector led demand needs.

6.1. Demand Assessment Methodology Overview

Introduction

It is well acknowledged that the demand forecasts for the ELSNA need to be sufficiently flexible to accommodate information that may be forthcoming at a later stage. The current uncertainties from the COVID-19 pandemic and its legacy, as well as from the implications of Brexit, are key drivers for this requirement.

The core approach is to establish quantitative scenarios which capture, within reason, the likely range of potential need (floorspace/ land) for each key market sector and as informed by the LIS and existing employment studies. The quantitative demand assessment also has implications in iteration with the Local Housing Needs and these are presented in Section 6.2.2. The assessment reflects the latest available sectoral forecasts from Oxford Economics to assess employment forecasts and spatial needs demand quantitatively. The quantitative demand assessment is presented in Section 6.2.1.

A qualitative demand assessment has been prepared to consolidate and provide a locally adjusted scenario to the quantitative assessment. This qualitative assessment utilises ELSNA market engagement and locally relevant insights across a set of identified drivers of change to determine their likely implications on sector-led demand for employment space. There is a recognition that these drivers of change have cross-boundary implications and will evolve over the ELSNA time period. The qualitative assessment is presented in Section 6.2.3, and concludes with an application of the demand profiling matrix. This matrix is an alternative to traditional land use approaches, as a market sector framework (presented in Section 5) for spatial requirements.

6.1.1. Quantitative Methodology

For the quantitative demand assessment, 2019 is adopted as the base year and reference point for the pre-COVID situation. The 2019 and 2020 positions in the OE forecasts reflect end of year estimates. Therefore:

a. the 2019 base estimates reflect the prevailing economic situation just before the COVID-19 pandemic struck in early 2020
b. the 2020 base estimates reflected the unprecedented position of substantial short-term economic contraction incorporating a large quantity of job losses which took place over a short period of time.

Therefore, it was agreed between the consultants and the client group that the (end of year) 2019 employment estimates represent the most appropriate base point for the purpose of this study which uses employment change projections over time as a proxy of long-term demand for future employment space. Taking the substantially reduced employment levels at end 2020 would have the effect of potentially inflating employment land demand over time. Whilst base levels of employment dropped dramatically during 2020, an equivalent fall in supply of physical employment premises will not have occurred.

Oxford Economics Forecasts

Produced in 2020, Oxford Economics (OE) employment forecasts by Unitary Authority and economic sector have been used for the ELSNA. These comprise long-term forecasts to 2040 (issued in May 2020) and more recent short-term forecasts produced for the period up to 2025 to capture of the emerging impacts of the COVID-19 pandemic at the time and projections for economic recovery (issued in July 2020). The employment forecasts use numbers of jobs as the core metric, and as such adjustment are needed to convert these to full time equivalents for some of the analysis.

The forecasts were prepared for the South West Local Authorities and reflect the impact of COVID-19 and its recovery through to 2025 in advance of long-term economic trends and the impact of Brexit.

The OE long-term forecasts are based on the OE local authority district forecasting model, reflecting[173]:

- National/regional outlooks reflecting the broader global and national forecasts
- 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
- Fundamental economic relationships which interlink the various elements of the outlook, including households and house prices, migration, population, workplace and residential employment and activity rates, commuting, wages and GVA.

The July 2020 OE scenarios to 2025 included a base, downside and upside scenario in respects of the COVID-19 impact.

The base scenario is summarised as:

- A 7.3% – 8.3% economic contraction in 2020 across the four UAs
- A 2020 jobs loss of 2.5% for Bristol, and between 3.2% and 3.9% across the three other UAs
- A recovery where the economy returns to 2019 (pre-COVID) size at end of 2022 for the South West, with Bristol and North Somerset returning earlier (Q4 2021)
- A recovery where total jobs return to 2019 (pre-COVID) levels between 2022 and 2024 for the UAs

And the downside scenario:

- Deeper economic contraction and jobs loss - GVA contraction 11%-13% and jobs loss averaging 4%
- Assumed a second wave of the virus, with more restrictive containment measures and deeper financial concerns and damage to business investment and consumer confidence
- Almost all sectors would see a significant reduction in activity rather than the COVID-19 vulnerable sectors

The OE May 2020 long-term forecasts are of a base as well as an upside and downside scenario, where the non-base scenarios are only forecast to 2035 and the base reflects a higher likelihood of playing out. However, across these three scenarios, the forecasts largely align by 2035 so that the overall change in employment from pre-COVID through to 2035 is consistent across the three scenarios. The long-term forecasts therefore reflect differing job losses in 2020 (as of the May 2020 position) and recovery patterns. For example, the May 2020 downside scenario has deeper employment decline before greater increases in later years to catch-up to the base scenario by 2035. These May 2020 long-term forecasts and their alignment to 2040 is demonstrated for the West of England as a whole in Figure 6-1**.**

Figure 6-1: Oxford Economics long-term employment projections

[173] Methodology Appendix 1, provided in: *Economic Impact Scenarios: A Report for South West Council*, Oxford Economics (July 2020)

Source: Oxford Economics, May & July 2020 forecasts for the South West – base, downside and upside scenarios

These long-term scenarios therefore do not reflect an outcome where a deeper impact of COVID-19 causes more significant long-term damage to the economy and subsequent employment levels across the West of England.

In consideration of the OE forecasts and scenarios, the ELSNA:

- considers the latest understanding of the COVID-19 pandemic and recovery to 2025, using the OE July 2020 forecasts to 2025;
- then reverts to the long-term May 2020 base projections for 2025 to 2040; and
- the COVID-19 downside scenario of the 2020-25 is also considered in the analysis.

Throughout the rest of this section, the OE forecasts are labelled as the OE base and OE downside, reflecting:

- OE base – 2020-25 base scenario and 2025-40 base scenario
- OE downside – 2020-25 downside scenario and 2025-40 base scenario

An upside is not considered in the analysis as, firstly, the upside COVID-19 2020-25 projections is no longer realistic due to the emerging situation since July 2020. Secondly, the longer-term upside scenario shows no absolute difference in job numbers by 2035 compared to the base scenario.

The OE base is used across the quantitative demand assessment as the central quantitative assessment, though the downside is also referred to as a scenario of a worsened short-term COVID-19 impact and in turn lower demand outcomes by 2040. It is recognised that such forecasts are subject to significant uncertainty in 'normal' economic times and this uncertainty is only increased with the COVID-19 pandemic and the impact of Brexit. The OE base is used as the central assessment through to the land demand estimates rather than the OE downside to avoid under-estimating demand.

Sectoral Basis

The OE forecasts are disaggregated by standard industrial classification (SIC) sectors, as 19 sectors.

In developing demand projections for the key market sectors, mapping has been utilised for the SIC sectors to these ELSNA sectors. This has been done by assessing the current sub-sector composition of the SIC sectors for each Unitary Authority to determine the share of current employment that can be apportioned to each ELSNA sector. The OE forecasts are then applied to this sectoral mapping.

The sectoral mappings were undertaken for each UA (presented in Appendix E). The table below shows the mapping as an average across the West of England, with the following sectors:

1. Manufacturing, including Aerospace & Advanced Engineering
2. Creative and Digital Technology
3. Professional Services
4. Tourism
5. Food and Rural Enterprise
6. Transport and Logistics
7. Retail, Culture, Leisure
8. Health and Life Sciences
9. Housing, Construction and Development
10. Circular Economy and Low Carbon

As well as the key market sectors for the ELSNA, the demand assessment ensures full coverage of the West of England economy by including further sectors as:

11. Small Industrial Services (not elsewhere included)
12. Other Services (not elsewhere included)
13. Public Administration
14. Education

Table 6-1 - Oxford Economics Sector Mapping to Key Market Sectors – UA Average

Key sector mapping	1	2	3	4	5	6	7	8	9	10	Other, 11-14
A : Agriculture, forestry and fishing					100%						
B : Mining and quarrying									100%		
C : Manufacturing	84%	6%			8%			3%			11: Small industrial
D : Electricity, gas, steam and air conditioning supply									50%	50%	
E : Water supply; sewerage, waste									42%	58%	
F : Construction									100%		
G : Wholesale and retail trade; repair of motor vehicles							94%				11: Small industrial
H : Transportation and storage						100%					
I : Accommodation and food service activities				37%			64%				
J : Information and communication		100%									
K : Financial and insurance activities			100%								
L : Real estate activities			100%								
M : Professional, scientific, technical	24%	5%	63%						8%		
N : Administrative and support services			49%	2%		5%	4%		7%		11, 12
O : Public administration and defence											13: Public admin
P : Education											14: Education
Q : Human health and social work activities								100%			
R : Arts, entertainment and recreation		13%		20%			46%				12: Small services
S : Other service activities		6%									12: Small services

Source: Atkins mapping based on current sub-sector composition of SIC sectors used in OE forecasts. Percentages are shown as rounded so may not total.

There are ELSNA market sectors that are not well-aligned to the traditional SIC codes, which are addressed under the qualitative demand assessment with a sector-led approach. The sectors which are in particular not well represented include:

- Aerospace and advanced engineering, reflecting locally specific and potential growth areas for emerging sub-sectors;
- Circular economy and low carbon, as an emerging and future growth sector; and

- Food and rural enterprises, which is broader than agriculture and locally includes some high technology and value sub-sectors.

Demographics and Labour Market Led Demand Implications

An important parallel workstream is the Local Housing Needs Assessment (LHNA). This work has provided demographic projections for housing need, covering total and age-band population for 2020-2040. These projections are based on the new standard methodology for housing need of December 2020.

The LHNA demographic projections have been determined according to:

- Assumptions on dwelling housing needs per annum for each UA
- Assumed vacancy rate of residential property for each UA
- Assumed continued levels of migration and in-commuting for each UA

The quantitative assessment of demand considers the level of employment change for each of the UAs and how this relates to the LHNA working age population projections, and in turn employment density.

Assessment is made for whether the scale of forecast ELSNA employment would outpace the housing numbers or visa-versa. Reference to ONS population projections, which informed the OE forecasts, is also made in looking at any divergence between population forecasts and their implications on employment and in turn spatial needs.

6.1.2. Qualitative Methodology

The quantitative scenarios are used as basis for the quantum of employment change across the West of England and provide a perspective on the sectoral distribution of this. The purpose of the qualitative assessment is to incorporate the local trends and emerging research and insights on the drivers of change to develop a sector-led approach to future employment space needs and provide adjustment to the quantitative assessment outcomes. The assessment is presented in Section 6.2.3.

The assessment is framed by a drivers of change approach to consider emerging and potential trends for the key market sectors, as sector led employment change and the market sector framework for spatial demand (Section 5). The key drivers of change considered in the demand analysis are:

- COVID-19 and the economic recovery
- Brexit
- Zero carbon/ clean growth
- Circular economy
- Future of working
- Inclusive growth/ social enterprises
- Emerging sectors
- Enterprise structure changes, including incubators, hubs and accelerators
- Digitization and smart technology
- AI and autonomous processes

The qualitative demand assessment has been informed by three key elements: the ELSNA property market review; local engagement; and further available research. The ELSNA has included engagement with sectoral group representatives, across each of the ten sectors, and business groups – which is presented in Appendix A.

The ELSNA demand analysis has also been informed by various research reports and local insight papers including:

- WECA Recovery Plan (2020)
- WECA Clean Growth Strategy (2020)
- Regional Recovery Taskforce – briefings and economic sector summary (2020)
- WECA COVID-19 business impact briefings (2020)
- Bristol Economic Renewal Statement (2020)
- North Somerset Economic Renewal Steering Group briefing (2020)
- KPMG report Commuting beyond COVID-19 (2020)
- Cushman and Wakefield report Future of Workplaces (2020)
- DfE Working Futures – long-run skills and employment projections (2020 projections due)
- SQW Bristol-Bath Innovation report (2018)
- CBI Growth Indicator analysis (2020)

Taking account of these insights and research, the sector led demand assessment sets out a qualitative framework for the potential magnitude, direction and timeframe for the drivers of change on each of the key market sectors. This is used to inform judgement on the quantitative demand assessment in the scale, timeframe and spatial needs of the sectors to inform the ELSNA's strategic recommendations.

The qualitative assessment is used to form a qualitative adjusted sensitivity for demand, which is presented in the demand conclusions (Section 6.3) and used for the Supply Demand balance (Section 8).

The assessed employment space needs consider both traditional land uses and a more sector-led approach with the developed demand profiling matrix, as presented in Section 5.4.

6.1.3. Employment Space Requirements

Land Use Class Basis

The traditional approach to spatial requirements follows the estimation steps:

- translates total employment to full time equivalents (FTEs) for each sector based on the current share of full: part time employees, to better reflect spatial demand;
- maps key market sectors to traditional use classes of office space, research and development space, industrial space, storage and distribution, and retail, with some employment of these sectors being apportioned to other uses; and
- applies the employment densities as informed by the relevant guidance[174] and previous ELRs and EDNA, with floorspace sqm to jobs and plot ratios for the resultant land requirements, as below.

The ELSNA assumptions for translating sectoral employment to use classes is presented below.

Table 6-2: Sector to use class shares

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Other
Manufacturing, incl. Aerospace & Advanced Engineering	10%	10%	70%	10%		0%
Creative and Digital Technology	40%	20%	20%	0%	10%	10%
Professional Services	90%	10%				0%
Tourism	10%				20%	60%
Food and Rural Enterprise	10%		30%	20%	20%	20%
Transport and Logistics	5%	5%	10%	60%		20%
Retail, culture, leisure	10%			30%	40%	30%
Health and Life Sciences	10%	10%	10%			70%
Housing, Construction and Development	10%		40%	10%		40%
Circular Economy and Low Carbon	10%	10%	20%	20%		40%
Public administration	70%					30%
Education	10%					90%
Small industrial services (n.e.i)	5%		80%	10%		5%
Other services	10%			10%	30%	40%

Source: Atkins judgement for ELSNA assumptions, referring to previous employment land reviews and ELSNA sector mapping

[174] *HCA's Employment Densities Guide 3rd Edition (2015)*

The next step of density and plot ratio application has been undertaken with the following assumptions.

Table 6-3: Employment density and plot ratio use for the ELSNA

Use type	GEA Sqm: FTE	Plot ratios			
		BANES	BCC	NS	SGC
Office	15	80%	100%	60%	80%
Research & development	60	60%	60%	50%	50%
Industrial	47	40%	40%	40%	40%
Storage & distribution	70	50%	50%	50%	50%
Retail	21	70%	70%	70%	70%

Source: Atkins use of HCA and ODPM guidance and wider research

No single employment density or plot ratio can be easily applied, especially in the strategic context of the ELSNA covering a wide basis of employment space and locations.

For office development in particular, plot ratios vary significantly depending on the nature and intensity of development. The employment land review guidance recognises there is a clear difference between plot ratios expected at business parks, with car parking and landscaping, and town centre office space containing more and higher storeys occupying the majority of a plot and with significantly higher plot utilisations possible. This has a significant implication on the land requirement. Research referenced in previous ODPM employment land review guidance[175] showed business park plot ratios of 0.25 to 0.4 and town centres with 0.75 to 2.

For most industrial and warehousing development, ratios of 0.4 – 0.5 are well used for employment land reviews, with research referenced in the ODPM guidance showing 0.35 - 0.45 and 0.4 - 0.6 respectively.

The Bristol Business Development Survey (2018) provides data on completions for 2017-18 with both site areas and employment floorspace. Using sites with only office use, the sample of 14 sites showed plot ratios of between 0.6 and 5.9, with an average 2.6 though this is a limited sample. It is generally recognised Bristol, and to some degree Bath, have higher office plot ratios than the wider West of England area.

A further reference point is provided by the Greater London Authority in the London employment sites database[176], where outer London boroughs were recommended to use plot ratios of 0.9 for office space and 0.65 for other uses.

Assumptions have been made with consideration of available reference points.

In interpreting the findings of the quantitative demand analysis set out in this report, it is important to have in mind the potential variation changes to plot ratio (and employment density) assumptions can have on estimates of future employment land need. Similarly, the employment capacity of any given land supply estimate can vary significantly depending on the plot ratio and employment densities assumed. Taking into consideration this limitation faced by all strategic employment land studies, it is appropriate where possible to quantify employment need in different sectors in floorspace terms. Consequently, the demand assessment set out in this report presents findings in terms of both floorspace and land estimates. Futhermore, more detailed data on estimates of floorspace requirements are provided in Appendix E. .

The assessment also translates the quantitative assessment of spatial need to the updated use class regulations which came into effect in September 2020, as:[177]

- E class – business, commercial, service
- B2-class - industrial
- B8-class - storage and distribution
- Other – C1, C2, F1, F2

[175] *Office of the Deputy Prime Minister, Employment Land Reviews: Guidance Note (2004)*
[176] GLA, London Employment Sites Database (LESD), 2017
[177] The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020

It is recognised that some of the employment densities may change going forward, where office space may be less densely used through the future of work (driver of change) whilst technological advancements will impact the use of research and development and industrial space. These are considered within the qualitative assessment further below.

Sector-led Spatial Requirements

Economic, business, technological, social and environmental trends and issues are creating an array of drivers that are changing the ways in which businesses engage with commercial property. This means that the traditional 'shops, offices and sheds' approach is no longer adequate.

The sectoral employment change estimates determined by the demand assessment are applied to the ELSNA demand profiling matrix in a more bespoke approach than traditional land use approaches.

The demand profiling matrix, set out in Section 5, has been determined with analysis of the property market the Economy and Strategic Trends. The types of property needs for each of the key market sectors has been based on activity-based premise typologies and have been broken down by sub-sectors where each has different locational and specification requirements.

Following the quantitative demand assessment with a use-class basis of spatial needs, the qualitative assessment is undertaken and considered with the demand profile matrix (Section 6.2.3).

Replacement Demand

Estimates of replacement demand have been included in the analysis to account for the ongoing need over time to replace a proportion of obsolete or ageing employment property stock each year. This replacement maintains viability of property and ensures the overall stock meets the needs of modern use in terms of its quality and characteristics, recognising that obsolete stock can be vulnerable to loss through change of use. Furthermore, the need for replacement stock is being increasingly reinforced in response to the net zero agenda and emerging trends in energy-efficient construction and building technology.

In order to meet net zero carbon, significant upgrade of existing building stock will be required to reduce energy demand of buildings by 40% by 2050 as part of the Climate Change Act target. Significant upgrade of existing stock will be required through a strategy for refurbishing and retrofitting of existing building to reduce embodied carbon. Replacement demand considers that which needs extensive refurbishment or new build. How this replacement stock is provided for is becoming a critical strategic and local issue for land-use planning policy. Whilst this study identifies estimates of replacement stock separately, the need which arises can be accommodated either:

- on new or existing employment land allocation; or
- in situ through redevelopment and regeneration of the established sites themselves where premises are facing a need for replacement.

Consequently, in making efficient use land, local planning policy should seek to maximise the re-use of existing employment sites and premises so long as viability and market suitability criteria can be met. Otherwise, the need to meet replacement requirements will be focused on finding new allocations and putting both the land supply market and net zero priorities under increasing pressure.

Age and energy efficiency performance of stock have been used as a proxy to estimate projected replacement need. This included use of the following data:

- CLG data for age of stock by broad use[178]. The latest data is from 2004 and only at a West of England level, as used in previous employment land reviews the area; and
- Energy Performance Certification (EPC) data as more recent proxy for stock quality and reflecting the scale of buildings that are likely to require refurbishment over retrofitting. This data covers broad use at the UA level and over 8,000,000 sqm of employment land.

The following tables present a breakdown of the data. Stock shares that are aged pre-1970 and pre-1990 are showed for the CLG dataset, recognising the age of the dataset such that this is an approximation of share as new stock has been added since and existing stock has further aged.

[178] Age of Commercial and Industrial Stock, DCLG, 2004

Table 6-4: CLG Data on West of England Stock Age

Employment type	Pre-1970 stock	Pre-1990 stock
Office	45%	79%
Industry	50%	75%
Warehouse	39%	80%
Retail	59%	75%

For the EPC data, the share of stock sqm that are of a low EPC rating (certificate E or lower) are shown for the available stock types (office, industrial, warehouse, retail). The evidence is not available for R&D type space, which will be embedded across the office and industrial uses.

Table 6-5: EPC Data on West of England Stock Performance – Low EPC Rating Share

Area	Office	Industrial	Warehouse	Retail
BANES	31%	37%	23%	20%
Bristol	30%	15%	22%	31%
North Somerset	23%	22%	23%	18%
South Gloucestershire	38%	37%	28%	34%
West of England	33%	31%	26%	28%

The EPC data shows generally lower shares of existing employment stock that are at an estimated replace/ upgrade level. It is also recognised in the supply assessment that rates of obsolesce are relatively low (Section 7.3). Previous work supporting the West of England Joint Spatial Plan based replacement demand on the age of stock data shown above to derive an annual replacement of between 1% and 2%, the EPC data suggests a lower level may be required.

The resulting assumptions used for the ELSNA based on this evidence are as follows. A 1% annual replacement over the ELSNA period reflects around 20% of total existing stock to be replaced over the 20-year period to meet future Net Zero requirements and needs resulting from ageing property becoming obsolete and unsuitable for modern business and industrial needs.

Table 6-6: ELSNA Period Replacement Demand Assumptions

Area	Office	Industrial wide	Warehouse	Retail
BANES	20%	20%	10%	10%
Bristol	20%	10%	10%	10%
North Somerset	10%	10%	10%	10%
South Gloucestershire	20%	20%	10%	10%
West of England	20%	20%	10%	10%

It is recognised that replacement need will in part be met with on-site upgrade and redevelopment for continued employment use, rather than requiring new land in all cases. As such, the assessment assumes that, with the exception of retail, 20% of the replacement need will be met on-site. This is based on trend evidence revealed from planning monitoring data for West of England local authorities. For retail, the estimates of on-site replacement are assumed to be higher at 50%. This reflects the rationale that retail floorspace requiring replacement is less likely to require the identification of new sites and that existing retail areas will be suitable

and viable for recycling and redevelopment. Indeed, this expectation is likely to be reinforced by trends in the retail sector which point in the direction of gradual decline in some places and restructuring and consolidation in others. Bearing in mind the increasing importance of meeting replacement needs in a land efficient manner and the challenges faced in projecting these needs into the medium to long terms, it will be essential for local authorities to put in place sound monitoring systems to provide more accurate, empirical estimates of replacement activity on and off-site. Indeed, this monitoring framework will be important in assessing the effectiveness of policies aimed at encouraging and enabling the redevelopment and re-use of employment sites for employment purposes (i.e. meeting replacement needs on-site).

Should the above mentioned policies be successfully implemented, it may well transpire that on-site replacement levels increase over time as the supply of alternative sites becomes increasingly limited and policies to enable more efficient use of land have a greater impact on development patterns. It is recommended that WECA and local authorities investigate appropriate policies and supporting interventions to enable more on-site replacement to take place (see Chapter 9).

Employment space losses will also occur with any future redevelopment of stock to housing or non-employment use. This will need to be monitored by WECA over the ELSNA period, alongside the ongoing level of completions over future periods, as the net stock of employment space.

The ELSNA study has incorporated various categories of employment stock use class in the supply analysis for the 2020-40 period as the reference point of supply in assessing the demand-supply balance which captures recent completions and losses.

6.2. Demand Forecasts

6.2.1. Quantitative Demand Assessment – Oxford Economics

6.2.1.1. Historic Employment

The total change in employment from 2000 to 2019 is presented in Table 6-7 below, this uses the Oxford Economics model. It highlights the change to 2019 to remove the effect of COVID-19 in employment across the Unitary Authorities and for the whole of the sub-region.

Table 6-7 - Change in Total Employment 2000-2019

Area	2000	2005	2010	2015	2019	Change (2000-19)	% change (2000-19)
Bristol	267,341	259,785	267,002	291,641	311,035	+43,694	16.3%
BANES	87,453	97,828	95,039	99,317	105,381	+17,928	20.5%
South Gloucestershire	126,251	160,902	158,557	163,044	175,039	+48,788	38.6%
WECA total area	**481,045**	**518,515**	**520,598**	**554,002**	**591,455**	**+110,410**	**22.9%**
North Somerset	75,170	85,624	88,455	98,674	107,024	+31,853	42.4%
West of England	**556,214**	**604,140**	**609,053**	**652,677**	**698,479**	**+142,264**	**25.6%**

Source: Oxford Economics

This shows that there has been a 25.6% increase in employment over the whole of the West of England, equating to an increase of approximately 142,000 jobs. This has been driven by North Somerset and South Gloucestershire which have increased by 42.4% and 28.6% respectively from their base employment figures in 2000, whilst the absolute growth levels in South Gloucestershire and Bristol were the most significant.

The increase in employment in the West of England is driven by change in sectoral employment. These are summarised below:

- BANES has significant employment in retail, which has decreased by 15% from the 2000 total, and education and healthcare, which have both increased by 53% and 61% respectively. Employment in professional, scientific and technical activities have also significantly increased as a proportion of the total employment in BANES, increasing by 66% from its employment figure in 2000.

- Bristol's total employment has increased in 2019 compared to the 2000 total the least of the Unitary Authorities, but also has the highest employment figures. Its significant employment sectors are retail and healthcare, with retail decreasing by 10% but healthcare increasing by 50%. The largest and most significant increase in employment is in professional, scientific and technical activities, which increases as a proportion of total employment from 6% in 2000 to over 12.5%. Manufacturing employment decreases from 10% to under 4% as a proportion of total employment in Bristol.
- North Somerset follows a similar trend to Bristol, with retail and healthcare as the significant employment sectors and both experience similar changes from 2000-19 as Bristol. Professional activities also sees a similar increase in significance as a source of employment. However, manufacturing decreased from 12% to 7%, thus a less significant decrease. Administrative and support service activities in North Somerset increases significantly compared to the other unitary authorities, with an increase of 142% from the 2000 employment figure. It also increases from 7% to over 11.5% as a proportion of total employment.
- South Gloucestershire's most significant employment sectors are retail, which only decreases by 5%, the least decrease out of the four unitary authorities, and manufacturing, which starts at just under 15% of total employment but decreases to just under 10%. However, manufacturing only decreases by 8%, again the least decrease of the four regions. South Gloucestershire also sees a 200% increase in employment in professional, scientific and technical activities, but actually this decreases from the proportion of total employment in 2010 to 2019 (11% to 8.6%).
- Every unitary authority except Bristol sees a significant increase in employment in water, sewerage and waste-related activities from 2000 to 2019, ranging from 380% to 900%. However, these are very small proportions of total employment even in 2019, with only BANES having over 2% of total employment in this sector.

6.2.1.2. COVID-19 Projected Impact

Looking at the individual UAs, the COVID-19 impact is demonstrated with OE projected jobs losses in 2020 and 2021, with recovery through to 2025, such that that each UA is projected to have more jobs in 2025 compared to 2019 (pre-COVID), as summarised below for the base and downside scenario for 2020-25. The projected loss of jobs is already beginning to be reflected in rising unemployment rates and lower employment rates (see section 3).

Table 6-8: Employment Outcomes from OE 2020-25 Forecasts

UA	2019 jobs total	Base 2020 jobs change	Base 2019-25 change	Downside 2020 jobs loss	Downside 2019-25 change
Bristol	311,000	-7,900	+14,800	-10,400	+9,500
BANES	105,400	-3,400	+3,700	-4,200	+2,100
S. Gloucestershire	175,000	-5,800	+3,900	-7,400	+700
WECA total area	**592,200**	**-17,100**	**+22,400**	**-22,000**	**+12,300**
N. Somerset	107,000	-3,600	+3,000	-4,500	+900
WoE	**698,400**	**-20,700**	**+25,400**	**-26,500**	**+13,200**

Source: Oxford Economics, July 2020 forecasts. Rounded to nearest 100.

This shows a base decline in 2020 of 20,700 jobs across the WoE, with job losses being greatest in absolute numbers in Bristol at 7,900. Under the base scenario, recovery and subsequent growth leads to a total addition of 25,400 jobs by 2025 compared to 2019. This growth is highest in Bristol at 14,800.

Under the downside scenario the jobs loss increases by 28% for a total loss of 26,500 and as such the jobs growth from 2019 to 2025 is reduced to 13,200 jobs. In the downside there is very modest growth in jobs for South Gloucestershire and North Somerset by 2025, reflecting their sectoral compositions that align more to sectors in the OE modelling that are most negatively impacted alongside wider assumptions on regional and local growth.

6.2.1.3. Sectoral Projections

The existing jobs (and total jobs share) of employment by the key market sectors is presented in Table 6-9 below for 2019.

Table 6-9: Key Market Sector Job Shares, 2019

Sector	BANES	Bristol	NS	SGC	WoE
Manufacturing, Aerospace and Advanced Engineering	6%	6%	7%	12%	7%
Creative and Digital Technology	7%	7%	4%	5%	6%
Professional Services	13%	22%	13%	11%	16%
Tourism	5%	4%	3%	2%	4%
Food and Rural Enterprise	1%	0%	2%	1%	1%
Transport and Logistics	2%	4%	8%	7%	5%
Retail, Culture, Leisure	19%	17%	19%	18%	18%
Health and Life Sciences	16%	15%	13%	9%	13%
Housing, Construction and Development	10%	7%	8%	11%	8%
Circular Economy and Low Carbon	1%	1%	1%	1%	1%
Public Administration	2%	4%	4%	10%	5%
Education	12%	9%	7%	8%	9%
Small Industrial Services (n.e.i)	1%	2%	3%	2%	2%
Other Services	5%	3%	7%	3%	4%
Total Employment	105,400	311,000	107,000	175,000	698,400

Source: Oxford Economics, July 2020 forecasts. Atkins Analysis and sector mapping. Rounded to nearest 100. Small industrial services are those not elsewhere included.

The change in employment for the sectors is presented below, as average annual changes showing where sectors are forecast to grow or decline across the West of England.

Table 6-10: Forecast Employment Change by Sector 2019-40 – Annual Change (CAGR) %

Sector	BANES	Bristol	NS	SGC	WoE
Manufacturing, Aerospace and Advanced Engineering	-0.8%	-0.3%	-1.4%	-1.2%	-0.9%
Creative and Digital Technology	0.2%	-0.1%	0.4%	0.2%	0.1%
Professional Services	0.7%	1.0%	0.7%	0.6%	0.9%
Tourism	0.3%	0.6%	0.3%	0.4%	0.5%
Food and Rural Enterprise	-1.3%	-2.1%	-1.5%	-1.6%	-1.6%
Transport and Logistics	-0.4%	0.4%	0.1%	0.4%	0.3%
Retail, Culture, Leisure	-0.1%	0.3%	-0.1%	0.0%	0.1%
Health and Life Sciences	1.0%	1.2%	0.6%	1.1%	1.1%
Housing, Construction and Development	0.3%	0.7%	0.2%	0.6%	0.5%
Circular Economy and Low Carbon	-1.1%	-1.0%	-0.9%	-0.8%	-0.9%

Public Administration	0.0%	0.0%	0.0%	0.0%	0.0%
Education	-0.3%	0.0%	-0.5%	0.0%	-0.1%
Small Industrial Services (n.e.i)	0.5%	0.4%	0.1%	0.4%	0.4%
Other Services	0.6%	0.6%	0.6%	0.6%	0.7%
Total all employment	**0.3%**	**0.6%**	**0.2%**	**0.2%**	**0.4%**

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins Analysis.

The annualised growth rates show that projected growth in total employment is apportioned strongly toward Bristol, with North Somerset and South Gloucestershire at just 0.2% per annum growth in total employment over the period from 2019. This spatial disaggregation of employment, and in turn employment space requirements, is considered in the qualitative demand analysis and through the ELSNA recommendations.

The absolute changes in job numbers for the sectors are presented below.

Table 6-11: Forecast employment change by sector, 2019-40

Sector	BANES	Bristol	NS	SGC	WECA	WoE
Manufacturing, including Aerospace and Advanced Engineering	-950	-1,200	-1800	-5,000	-7,150	-8,950
Creative and Digital Technology	250	-300	400	450	350	750
Professional Services	2,250	15,500	2,300	2,550	20,300	22,600
Tourism	300	1,700	200	350	2,350	2,600
Food and Rural Enterprise	-200	-300	-500	-450	-950	-1,450
Transport and Logistics	-150	1,100	200	1,100	2,050	2,250
Retail, Culture, Leisure	-250	3,700	-250	0	3,500	3,250
Health and Life Sciences	3,900	13,800	2,000	4,000	21,700	23,700
Housing, Construction and Development	750	3,200	300	2,350	6,300	6,600
Circular Economy and Low Carbon	-150	-450	-150	-200	-800	-900
Public Administration	2,000	5,150	1,300	2,650	-250	11,100
Education	-150	-200	-400	100	-250	-650
Small Industrial services (n.e.i)	1,300	2,950	150	1,150	5,400	5,550
Other Services	200	1,150	450	450	1,800	2,250
Total employment	**7,800**	**41,900**	**4,050**	**7,850**	**57,500**	**61,550**

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins Analysis. Rounded to nearest 50.

The increase in employment from 2019 (the pre-COVID position) as the central quantitative scenario is 61,550 additional jobs across the WoE and 57,500 additional jobs for the WECA area. This growth is largely apportioned to Bristol in the OE projections at 68% of the WoE total, with particularly modest growth projected for North Somerset at 4,050.

Whilst a 2019 base and the central quantitative scenario has been deemed most appropriate for assessing the employment space baseline and requirements to 2040, the employment projections from 2020 are a relevant portrayal of employment change to 2040 from the existing situation across the WoE.

The corresponding employment changes are presented in Table 6-12 below. This shows particular differences for the retail, culture and leisure and tourism sectors, which are forecast to have significant losses during 2020 such that the change from the pre-COVID position is more modest. Alternatively, health and life sciences has a lower level of growth from 2020 as there is a significant forecast increase in its employment during 2020. The downside scenario shows greater losses in manufacturing related jobs compared to 2019 and 2020 base projections, rising to 10,250 in the sensitivity of a downside scenario from a 2019 base year.

Table 6-12: Forecast employment change by sector – 2020 and downside differences- WoE

Sector	WoE base 2019-2040	WoE –base scenario 2020-40	WoE sensitivity: downside scenario 2019-40	WoE sensitivity: downside scenario 2020-40
Manufacturing, including Aerospace & Advanced Engineering	-8,950	-6,400	-10,250	-7,700
Creative and Digital Technology	750	1,800	-500	550
Professional Services	22,600	24,200	19,750	21,350
Tourism	2,600	5,950	2,050	5,400
Food and Rural Enterprise	-1,450	-1,100	-1,500	-1,150
Transport and Logistics	2,250	3,600	1,250	2,600
Retail, culture, leisure	3,700	13,900	150	10,650
Health and Life Sciences	23,700	21,450	24,300	22,000
Housing, Construction and Development	6,600	8,800	4,600	6,800
Circular Economy and Low Carbon	-900	-850	-1,050	-1,000
Public administration	-650	-950	-300	-600
Education	5,550	5,050	5,350	4,850
Small industrial services (n.e.i)	2,250	2,600	1,800	2,200
Other services	3,550	4,400	3,300	3,900
Total employment	**61,550**	**82,450**	**49,000**	**69,900**

Source: Atkins analysis of OE forecasts. Rounded to nearest 50 jobs.

Table 6-13 below presents these sensitivities at the different UAs, WECA and WoE levels, which is then summarised.

Table 6-13: Total forecast employment change by Unitary Authority – central scenario and sensitivities

UA	WoE base 2019-2040	WoE –base scenario 2020-40	WoE sensitivity: downside scenario 2019-40	WoE sensitivity: – downside scenario 2020-40
Bristol	41,900	49,950	36,100	44,150
BANES	7,800	11,200	6,500	9,900
S. Gloucestershire	7,850	13,550	4,400	10,100

WECA	**57,500**	**74,700**	**47,000**	**64,150**
N. Somerset	4,050	7,750	2,000	5,750
WoE	**61,550**	**82,450**	**49,000**	**69,900**

Source: Atkins analysis of OE forecasts. Rounded to nearest 50 jobs.

The central scenario determines an overall change in employment of 61,500 for the West of England between 2019 and 2040, and 57,500 for the WECA area. This growth is projected to be shared between the Unitary Authorities as:

- A 41,900 increase in employment for Bristol, representing 68% of the West of England total employment growth, compared to current employment share of 45%;
- A 7,800 increase in employment for BANES, representing 13% of West of England growth compared to a 15% share of current West of England employment;
- A 7,850 increase for South Gloucestershire, representing 13% of West of England growth compared to a 24% share of current West of England employment; and
- A 4,050 increase for North Somerset, representing 7% of West of England growth compared to a 16% share of current West of England employment.

These employment outcomes reflect the impact of COVID-19 between 2019 and 2021. These projections show significant sectoral growth in professional services; tourism; retail, culture and leisure; health and life sciences; and housing, construction and development. Circular economy/low carbon; rural and food enterprise and manufacturing are the notable sectors projected to decline across the area, noting that these are not easily mapped to the Oxford Economics forecast sectors.

Employment changes from 2020 (as end of year) show a total jobs change from 69,900 to 82.450 using OE downside and OE base. Under the OE base from 2020, the split of jobs change differs, with Bristol reflecting 61%, BANES 14%, South Gloucestershire 16% and North Somerset 9% of the WOE total.

The range of total employment change for each UA should be considered from the same base year separately, as follows:

- Bristol
  - at 36,100 to 41,900 from 2019 (end of year)
  - at 44,150 to 49.950 from 2020 (end of year estimate)
- BANES
  - at 6,500 to 7,800 from 2019
  - at 9,900 to 11,200 from 2020
- South Gloucestershire
  - at 4,400 to 7,850 from 2019
  - at 10,100 to 13,550 from 2020
- North Somerset
  - at 2,000 to 4,050 from 2019
  - at 5,750 to 7,750 from 2020

These findings emphasise the need for a flexible and sector-led approach, utilising local qualitative and research insights, to test and develop the approach to the ELSNA demand assessment.

The OE long-term forecasts have also included a breakdown of employment change by a set of occupations, which can supplement the sector projections with specific sub-sector elements. Of the 25 occupations that OE provided forecasts for, some have been identified as being relevant to the West of England and the key market sectors. Their estimated employment changes for are presented in Table 6-14.

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Table 6-14: Forecast employment change by occupation set, 2019-40

Occupational change	Relevant sector	BANES	Bristol	NS	SGC	WoE
12 Managers / Proprietors in agriculture and services	Food and rural enterprise	350	2,550	750	800	4,400
51 Skilled Agricultural Trades	Food and rural enterprise	100	300	150	100	650
34 Culture, Media and Sports Occupations	Creative and digital; retail, culture and leisure	1,150	3,050	750	550	5,550
62 Leisure and Other Personal Service Occupations	Retail, culture and leisure; tourism	200	800	350	400	1,750
21 Science and Technology Professionals	Advanced engineering and manufacturing; professional services	750	2,500	500	1,250	5,000
31 Science and Technology Associate Professionals	Advanced engineering & manufacturing; professional services	100	400	50	50	650
81 Process, Plant and Machine Operatives	Manufacturing	100	1,250	50	-200	1,200
52 Skilled Metal and Electrical Trades	Manufacturing	-150	450	-250	-550	-450
53 Skilled Construction and Building Trades	Housing, construction and development	250	1,400	200	500	2,400
82 Transport and Mobile Machine Drivers and Operatives	Transport and logistics	50	1,850	250	650	2,800
91 Elementary Occupations: Trades, Plant & Storage related	Transport and logistics	50	400	-	50	500

Source: Oxford Economics, May 2020 forecasts. Rounded to nearest 100.

This breakdown of employment change identifies some notable projections at a sub-sector level:

- Across the UAs, the science and technology professions (occupation 21 and 31) are projected to grow, where this occupation may be understood to reflect both professional services (SIC sector) and the advanced engineering and broader manufacturing sector;
- Across the UAs, there is growth in skilled agricultural trades, though this is modest, alongside growth in managers and proprietors in agriculture and services. This reflects aspects of the rural and food enterprise sector that are more likely to grow, though agriculture as a traditional sector category is estimated to decline in the OE sector forecasts;
- Across the UAs, the culture, media and leisure services included here are set to grow, capturing occupations within culture and digital; retail, culture and leisure; and tourism; and
- There is a mixed picture across the UAs on specific occupations within broader manufacturing, with projected declines in skilled metal and electrical trades apart from Bristol and declines in process, plant and machine operatives apart from in Bristol and BANES.

6.2.1.4. Employment space requirements – use class basis

The traditional approach to employment land use as a result of sectoral employment change has been undertaken to provide a perspective for employment space demand to 2040. This is in advance of the sector-led and qualitative approach to assess spatial requirements.

The market sectors have been mapped to the traditional ELR use class designations (Section 6.1.1). This captures uses of office, research and development, industrial, storage and distribution and retail uses. As per the use classes, there is a proportion of forecast employment that is retail and other (non-B). Of the total employment change of 61,500, there are an estimated 28,000 jobs that are not captured by the traditional or presented new use classes such as construction site jobs, health and education provision, hotels, leisure facilities and other A1 uses, and visitor and cultural attractions.

Table 6-15 and Table 6-16 set out the estimated employment floorspace requirements for the OE base scenario by type and sector for the West of England and the individual UAs as totals. This reflects new demand in advance of replacement demand, assessed further below.

Appendix E presents the full breakdown of floorspace forecasts by sector and UA.

Table 6-15: Forecast employment floorspace (sqm) demand by sector, 2019-40 – West of England

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-12,000	-40,500	-279,500	-62,500	-	-395,000
Creative and Digital Technology	4,000	7,000	6,500	-	1,500	19,000
Professional Services	263,000	97,500	-	-	-	360,500
Tourism	3,000	-	-	-	8,000	11,000
Food and Rural Enterprise	-2,000	-	-18,000	-18,500	-5,500	-44,000
Transport and Logistics	1,500	5,000	10,000	92,500	-	109,000
Retail, culture, leisure	3,500	-	-	53,500	21,500	79,000
Health and Life Sciences	27,500	91,500	89,500	-	-	208,500
Housing, Construction and Development	9,000	-	120,500	46,000	-	176,000
Circular Economy and Low Carbon	-1,500	-4,500	-8,500	-13,000	-	-27,000
Public administration	-6,000	-	-	-	-	-6,000
Education	6,500	-	-	-	-	6,500
Small industrial services (n.e.i)	1,500	-	70,000	13,500	-	85,000
Other services	4,500	-	-	23,500	20,500	49,000
Total	**303,000**	**55,500**	**-9,000**	**135,000**	**46,500**	**631,000**

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm.

Table 6-16: Forecast employment floorspace (sqm) demand by sector, 2019-40 – by UA

Area	Office	R&D	Industrial	Storage & dist.	Retail	Total
Bristol	206,500	112,000	102,000	122,500	35,000	577,500
BANES	32,500	21,500	2,000	-10,500	2,500	48,000
South Gloucestershire	37,500	9,500	-81,500	27,500	5,500	-2,000
WECA area total	**70,000**	**31,000**	**-79,500**	**17,000**	**8,000**	**46,500**
North Somerset	26,500	13,000	-31,500	-4,500	3,500	7,500
West of England total	**303,000**	**155,500**	**-9,000**	**135,000**	**46,500**	**631,000**

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm

The quantitative demand assessment of employment space requirements determines a total need of 631,000 sqm, split by use types as office (48%), research and development (16%), industrial (-1%), storage and distribution (11%) and retail (4%) space. This split of employment land use needs is tested with the qualitative assessment. Table 6-17 below presents the West of England base forecasts by sector in hectares using the assumed plot ratios for new demand. This totals 92ha, with office (34ha), research and development (27ha) and storage and distribution (27ha) making up the greatest shares of the estimated land requirement, with industrial projected at -2ha and retail at 7ha.

Table 6-17: Forecast employment land (Ha) demand by sector, 2019-40 – West of England

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-2	-8	-62	-13	0	-84
Creative and Digital Technology	1	1	1	0	0	4
Professional Services	30	17	0	0	0	46
Tourism	0	0	0	0	1	1
Food and Rural Enterprise	0	0	-4	-4	-1	-9
Transport and Logistics	0	1	2	18	0	22
Retail, culture, leisure	0	0	0	11	3	14
Health and Life Sciences	3	16	20	0	0	39
Housing, Construction and Development	1	0	27	9	0	37
Circular Economy and Low Carbon	0	-1	-2	-3	0	-5
Public administration	-1	0	0	0	0	-1
Education	1	0	0	0	0	1
Small industrial services (n.e.i)	0	0	16	3	0	18
Other services	1	0	0	5	3	8
Total	**34**	**27**	**-2**	**27**	**7**	**92**

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest Ha.

The following section looks at potential replacement demand, which is identified separately in order to distinguish it from demand driven by employment growth. As already highlighted, the extent to which replacement demand is additional to that driven by employment growth will depend on the extent to which it cannot be re-

accommodated on site through redevelopment and/or re-use. For the purposes of this study, making best use of evidence available, the following analysis includes assumptions regarding on-site replacement rates for different sectors / uses.

6.2.1.5. Replacement demand

Replacement demand is important in ensuring older, lower quality stock will be fit for purpose over the ELSNA period, especially in keeping with Net Zero priorities and the need for upgrade to accommodate technological trends and physical obsolescence.

The resulting replacement need for the ELSNA period based on the study assumptions and the latest data of existing floorspace (Section 7.3) are as follows (which are net of that assumed to be replaced through on-site redevelopment and re-use).

Table 6-18: ELSNA period replacement need – sqm

Area	Office	Industry and warehouse	Retail
Bristol	167,000	200,500	48,000
BANES	34,500	91,000	16,500
S. Gloucestershire	72,000	315,500	25,000
WECA total area	**273,500**	**607,000**	**89,500**
North Somerset	13,500	69,500	16,000
West of England	**287,000**	**676,000**	**105,000**

Source: Atkins analysis based on replacement assumptions as set out in section 6.1.3 applied to VOA data 2020

Replacement demand is an indicative estimate and should be treated as estimates that are subject to many forces of change over time including how land and buildings become used more efficiently as they get recycled, increased lifecycle of building stock due to better and more sustainable construction and trends arising from changing working and shopping patterns.

6.2.1.6. Total demand for employment space

The resulting total demand for employment space is an addition of new demand from sectoral employment change and with replacement demand on existing stock. The total level of replacement demand is above new demand, at 1,069,000 sqm in total for the WoE, and with significantly more spatial requirements for industrial stock than the new demand proportion.

The addition of new and replacement demand determines a total level of employment floorspace needs at 1,700,500sqm, presented in Table 6-19.

This is split by the UAs in similar proportions to the employment change, as Bristol –58%, BANES –11%, North Somerset –6%, and South Gloucestershire - 24%. Table 6-20 shows the UA split by total use class employment space requirement for 2019-2040.

Table 6-19: ELSNA period demand floorspace requirements (sqm) – use type

Area	Office	R&D*	Industrial**	Storage & dist.	Retail	Sqm total
Forecast driven new demand						
Bristol	206,500	112,000	102,000	122,500	35,000	578,000
BANES	32,500	21,500	2,000	-10,500	2,500	48,000
S. Gloucestershire	37,500	9,500	-81,500	27,500	5,500	-1,500
WECA total area	276,500	143,000	22,500	139,500	43,000	624,500
N. Somerset	26,500	13,000	-31,500	-4,500	3,500	7,000
West of England	303,000	155,500	-9,000	135,000	46,500	631,000
Replacement demand						
Bristol	167,000		120,500	80,000	48,000	415,500
BANES	34,500		54,500	36,500	16,500	142,000
S. Gloucestershire	72,000		189,500	126,000	25,000	412,500
WECA	273,500		364,500	162,500	89,500	890,000
N. Somerset	13,500		41,500	28,000	16,000	99,000
West of England	287,000		406,000	270,500	105,500	1,069,000
Total demand						
Bristol	373,500	112,000	162,500	183,000	83,000	993,500
BANES	67,000	21,500	29,500	17,000	19,000	190,000
S. Gloucestershire	109,500	9,500	13,500	122,500	30,500	411,000
WECA	550,000	143,000	205,500	322,500	132,500	1,594,500
N. Somerset	40,000	13,000	-10,750	16,500	19,500	106,000
West of England	590,000	156,000	194,750	339,000	152,000	1,700,500

Source: Atkins analysis[179], nearest 500sqm

Table 6-20: ELSNA period demand floorspace requirements (sqm) – UA shares

Area	Office	R&D	Industrial	Storage & dist.	Retail	Sqm total
Bristol	63%	72%	61%	47%	55%	58%
BANES	11%	14%	14%	7%	13%	11%
S. Gloucestershire	19%	6%	23%	39%	20%	24%
N. Somerset	7%	8%	1%	6%	13%	6%

The West of England spatial needs are also mapped to the new use classes, presented in Table 6-21.

[179] **R&D stock is not separated out in replacement analysis from the evidence base but will be embedded within office and industrial existing uses. **Industrial replacement demand captures industry and warehouse use and is split between these.*

Table 6-21: ELSNA period demand floorspace requirements (sqm) – new classes

Area	E	B2	B8	Sqm total
Forecast driven new demand				
Bristol	422,500	32,500	122,500	577,500
BANES	65,500	-7,000	-10,500	48,000
South Gloucestershire	37,500	-67,000	27,500	-2,000
WECA	525,500	-41,000	139,500	623,500
North Somerset	44,000	-32,500	-4,500	7,500
West of England	569,500	-73,500	135,000	631,000
Replacement demand				
Bristol	239,000	96,500	80,000	415,500
BANES	62,000	43,500	36,500	142,000
South Gloucestershire	135,000	151,500	126,000	412,500
WECA	436,000	291,500	242,500	970,000
North Somerset	38,000	33,000	28,000	99,000
West of England	473,500	325,000	270,500	1,069,000
Total demand				
Bristol	661,500	129,000	202,500	993,000
BANES	127,500	36,500	26,000	190,000
South Gloucestershire	172,000	85,000	153,500	410,500
WECA	961,500	250,500	382,000	1,593,500
North Somerset	82,000	500	23,500	106,500
West of England	1,043,500	251,000	405,500	1,700,500

Source: Atkins analysis. To nearest 500sqm, totals may not sum.

The application of plot ratios, as an approximation of the scale of land need for the differing uses, determines the following land requirements for the West of England and each UA. In total, 198ha of new demand are forecast in the base scenario, with a 306ha level of replacement demand which is largely driven by industrial and storage requirements with higher rates of obsolescence. The total demand is forecast at 504ha for the West of England.

This demand has been driven by UA-level demand forecasts and assumptions, as set out in the methodology in Section 6.1.1, and has been estimated to be shared across the UAs as Bristol (47%), BANES (12%), North Somerset (10%) and South Gloucestershire (31%). Replacement demand is also based on the UA level existing stock levels and their replacement assumptions by type.

Table 6-22 and Table 6-23 present the quantitative demand requirements by traditional and new classes.

Table 6-22: ELSNA period demand land requirements (Ha) – use type

Area	Office	R&D	Industrial	Storage & dist.	Retail	Total
Forecast driven new demand						
Bristol	21	19	23	24	5	91
BANES	4	4	0	-2	0	6
South Gloucestershire	5	2	-18	6	1	-5
WECA	29	24	5	28	6	92
North Somerset	4	3	-7	-1	1	-0
West of England	34	27	-2	27	7	92
Replacement demand						
Bristol	17		24	16	7	64
BANES	4		11	7	2	24
South Gloucestershire	9		38	25	4	76
WECA	30		73	48	13	164
North Somerset	2		8	6	2	18
West of England	32		81	54	15	182
Total demand						
Bristol	38	19	47	40	12	155
BANES	8	4	11	5	2	30
South Gloucestershire	14	2	20	31	5	71
WECA	59	24	78	76	19	256
North Somerset	6	3	1	5	3	18
West of England	66	27	79	81	22	274

Source: Atkins analysis. Rounded to nearest Ha. 60% industrial replacement to Industrial and 40% to Storage and dist.

Table 6-23: ELSNA period demand floorspace requirements (Ha) – new classes

Area	E	B2	B8	Total	
Forecast driven new demand					
Bristol	59	8	24	91	
BANES	10	-2	-2	6	
South Gloucestershire	6	-17	6	-5	
WECA	75	-10	28	92	
North Somerset	9	-8	-1	-0	
West of England	84	-18	27	92	
Replacement demand					
Bristol	29	19	16	64	
BANES	8	9	7	24	
South Gloucestershire	21	30	25	76	
WECA	58	58	48	164	
North Somerset	6	7	6	18	
West of England	63	65	54	182	
Total demand					
Bristol	88	27	40	155	
BANES	18	7	5	30	
South Gloucestershire	26	14	31	71	
WECA	132	48	76	256	
North Somerset	14	-1	5	18	
West of England	147	46	81	274	

Source: Atkins analysis. Rounded to nearest Ha. Industrial replacement 20% B1c, 80% B2

The quantitative demand assessment provides a relatively crude perspective on employment space demand, which is tested and adapted through a sector led approach as the qualitative assessment, building a more flexible approach to spatial needs.

6.2.2. Demographic and labour market implications

The purpose of this section is to test projected demographic and household change in terms of minimum job growth required to serve the local population and how this compares to the ELSNA quantitative demand outcomes. The results below are focused on the provided ORS Local Housing Need Assessment (LHNA) projections of December 2020, reflecting the new standard methodology for housing need. This work has provided demographic projections for housing need, covering total and age-band population for 2020-2040.

6.2.2.1. Overview of findings

The LHNA work has utilised annual dwelling needs to determine demographic forecasts for the West of England area and by each Unitary Authority.

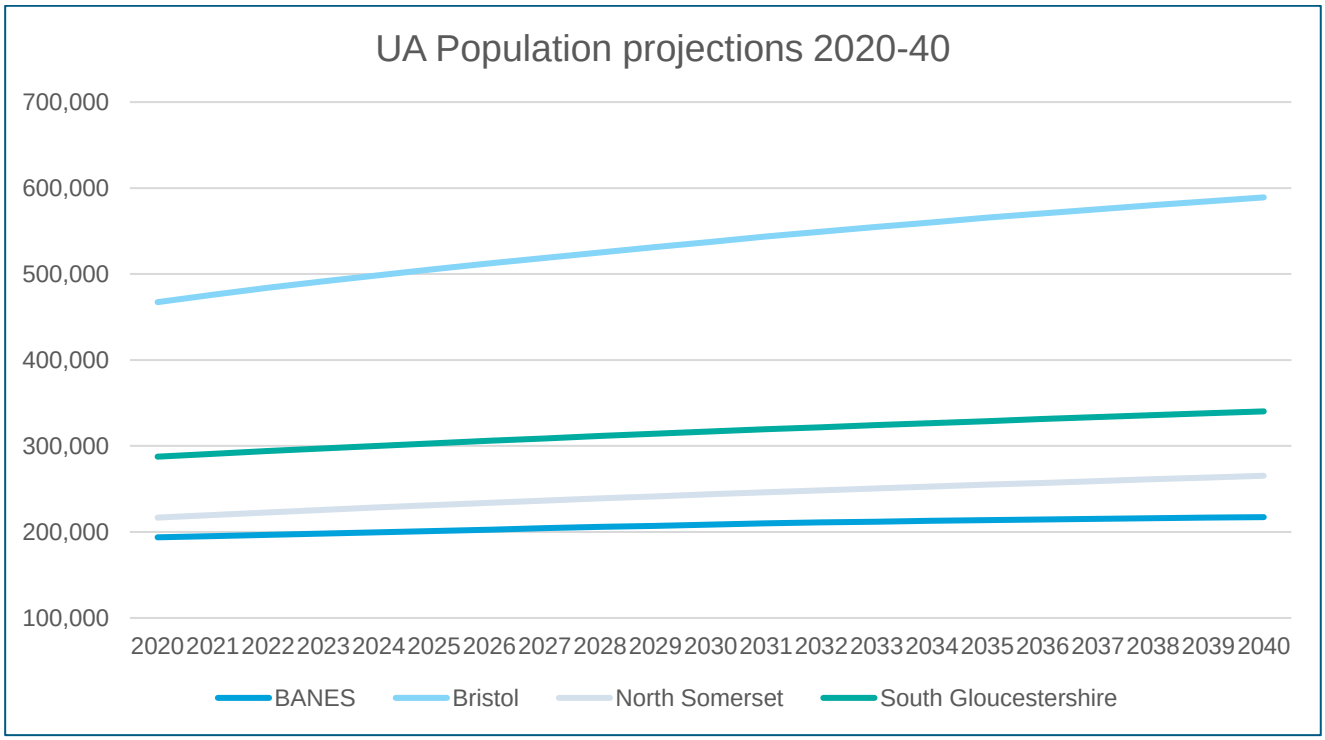
The proposed methodology outcomes reflect the following housing needs for 2020-40:

- Dwellings per annum of 648 for BANES, with a vacancy rate of 3.7%

- Dwellings per annum of 3,196 for Bristol, with a vacancy rate of 3.8%
- Dwellings per annum of 1,365 for North Somerset, with a vacancy rate of 4.1%
- Dwellings per annum of 1,412 for South Gloucestershire, with a vacancy rate of 2.3%

The resulting demographic projections show growth across the West of England area as shown in Figure 6-2.

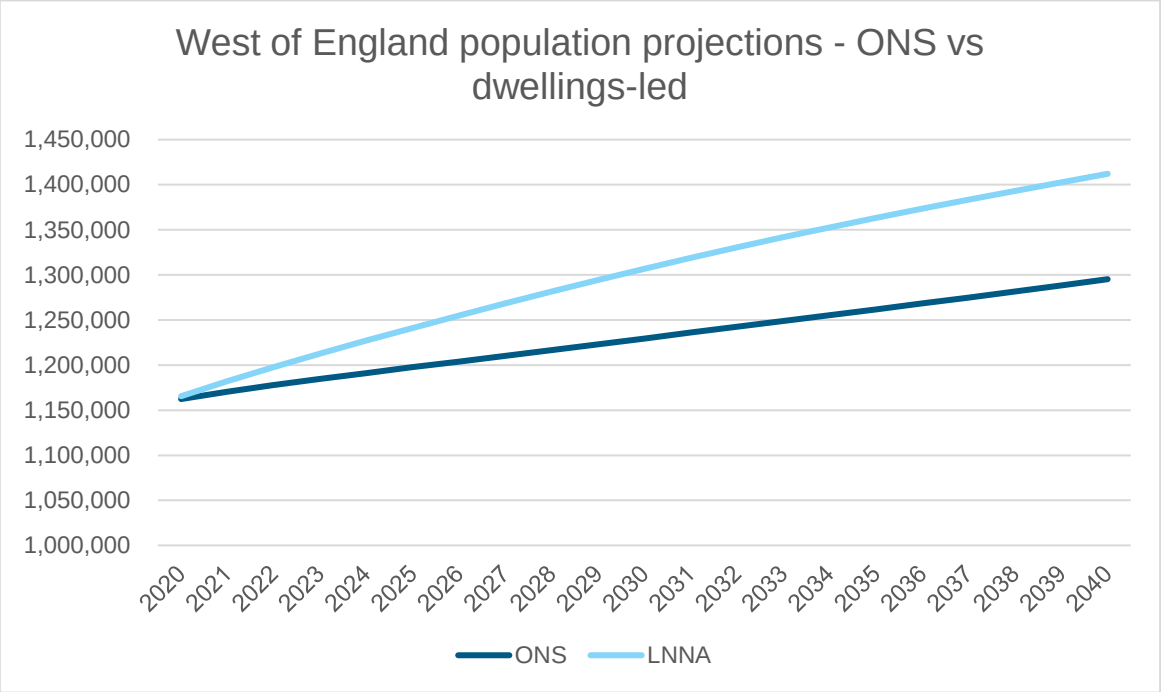
Figure 6-2: Dwellings led demographic projections by Unitary Authority



Source: ORS Local Housing Need Assessment (LHNA) dwelling-led projections of December 2020, reflecting the new standard methodology for housing need

The LHN level of dwelling-led population growth, as determined by the Standard Methodology, shows a significant uplift on the population projections available from ONS and as used as an input to the Oxford Economics employment forecasts. This is presented below for the West of England as a whole. In interpreting these outputs, it is of particular importance to highlight the dwellings-led method is very much a theoretical approach which does not incorporate key determining factors such as local economic and property market dynamics, labour supply or the distribution of demand for economic activity. Consequently, it is presented for illustrative purposes only for use only as a comparator benchmark.

Figure 6-3: Dwellings-led and ONS demographic projections



Source: ORS Local Housing Need Assessment (LHNA) dwelling-led projections of December 2020, reflecting the new standard methodology for housing need, ONS population projections May 2020

By 2040, the differential in population for the West of England is 116,900 higher for the LHNA projections, as a result of the housing need implications for each UA determined by the new Standard Housing Methodology of December 2020. The projected change in population from 2020-2040 is 246,600 under the LHNA scenarios, and a projected increase of 138,400 working age population across the West of England.

The demographic projections of the LHNA are summarised for each Unitary Authority as total population in Table 6-24 and working age population in Table 6-25.

Table 6-24 - Demographic projections, LHN derived – total population

Area	2020 population	2040 population	2020-40 change
Bristol	467,300	589,200	121,900
BANES	193,800	217,300	23,500
South Gloucestershire	287,600	340,300	52,700
WECA area total	**948,800**	**1,146,700**	**197,900**
North Somerset	216,700	265,400	48,700
West of England total	**1,165,500**	**1,412,100**	**246,600**

Source: ORS Local Housing Need Assessment (LHNA) dwelling-led projections of December 2020, reflecting the new standard methodology for housing need. Rounded to 100

Table 6-25 - Demographic projections, LHN derived – working age population

Area	2020 working age population	2040 working age population	2020-40 change
Bristol	319,900	403,200	83,300
BANES	124,000	132,400	8,400
South Gloucestershire	179,100	204,700	25,600
WECA area total	**623,100**	**740,300**	**117,200**
North Somerset	125,100	146,300	21,200
West of England Total	**748,200**	**886,600**	**138,400**

Source: ORS Local Housing Need Assessment (LHNA) dwelling-led projections of December 2020, reflecting the new standard methodology for housing need. Rounded to 100

The LHN (dwellings-led) projected total population change of 246,600 is a significant uplift on ONS projections (Table 6-26) of an additional 132,000 population for sub-region as a whole and with notably higher growth for North Somerset (48,700 compared to 12,000), Bristol (121,900 compared to 68,100) and South Gloucestershire (52,700 compared to 34,800).

The LHN (dwellings-led) 'projected' working age population change of 138,400 is a key driver for assessing the impact on employment demand and in turn employment space. This is a significant uplift on the baseline perspective from ONS population projections, at an additional 32,800 working age population, which inform the Oxford Economics model, as shown in Table 6-26.

Table 6-26 - Demographic projections, ONS

Area	2020-40 total population change	2020-40 working age population change
Bristol	68,100	23,200
BANES	17,100	1,800
South Gloucestershire	34,800	9,400
WECA area total	**119,900**	**34,400**
North Somerset	12,000	-2,000
West of England Total	**131,900**	**32,800**

Source: ORS Local Housing Need Assessment (LHNA) dwelling-led projections of December 2020, reflecting the new standard methodology for housing need ONS population projections May 2020

The LHN (dwellings led) population projections, as determined by the Local Housing Need (standard methodology) calculation, show a significantly higher level of demographic growth, with an additional increase of working age population of over 100,000 compared to the ONS projections for the West of England area, and with significant uplifts for all of the UAs.

The ONS population projections show a decline in working age population for North Somerset and modest change in BANES. The LHNA projected working age population has a significant increase for North Somerset as well as South Gloucestershire and Bristol as a result of the UAs' annual dwelling needs.

These projections have been considered in their potential impact on sectoral forecasts of the ELSNA quantitative assessment by accommodating this potential additional level of working age population with jobs growth in the WoE and its UAs should this level of housing need be met. This will be the subject of separate plan-making work on the housing requirement.

6.2.2.2. Population to employment relationships

The Oxford Economics employment forecasts and accompanying ONS demographic projections determine the following job densities - ratios of total jobs to working age population – for the existing and projected future position.

Table 6-27 - Employment: working age population ratio

Area	2019 jobs density	2040 jobs density
BANES	85%	89%
Bristol	97%	102%
North Somerset	86%	90%
South Gloucestershire	98%	97%
West of England Total	93%	97%

Source: ONS demographic projections, Oxford Economics employment projections

These densities between employment and working age population reflect that a portion of the areas' population work outside the area and there are in-commuters. In addition to residential employment, these in-commuters make up the workplace employment. The 2040 projections determine that all areas other than South Gloucestershire have a higher job: population ratio in 2040, with Bristol going above 100% reflecting a greater in-commuting requirement to meet jobs demand.

This jobs density analysis has been used to determine the level of jobs change required to maintain the future level of jobs density. This in implication means the same level of jobs availability for the residential working age population, keeping in-out commuting levels consistent. Table 6-28 below shows the outcomes of this as a quantum of 'required' employment growth.

Table 6-28 – Employment change projections, LHN derived

Area	2019 employment	2020 employment	2040 employment	2019-40 change
Bristol	310,800	302,700	381,500	70,700
BANES	105,400	102,000	108,900	3,500
South Gloucestershire	175,000	169,300	193,450	18,450
WECA area total	**591,200**	**574,000**	**683,900**	**92,700**
North Somerset	107,000	103,250	120,750	13,800
West of England Total	**698,200**	**677,300**	**804,650**	**106,500**

Source: ORS Local Housing Need Assessment (LHNA) dwelling-led projections of December 2020, reflecting the new standard methodology for housing need, Atkins analysis. Nearest 50 jobs

This quantum of employment change is significantly higher at 106,500 at than the central quantitative scenario projection of 61,550 additional jobs compared to 2019. This would clearly have a significant implication on spatial needs, if assumptions are applied on keeping jobs density consistent and if this level of housing need was met. However, BANES has a lower jobs change for 2019-40 (3,500) than the central quantitative scenario (7,800). This this due to the indicative approach being driven by jobs density which is lower for BANES (89%) and with its more modest scale of housing need.

To look at the theoretical impacts on spatial needs, this level of jobs growth is applied to the Oxford Economics projected sectoral trends.

The level of population growth would also drive demand for sectoral, and employment, growth in sectors such as retail, culture and leisure, health and life sciences, and transport and logistics, in serving the local population and

economy. The level of housing growth would also be anticipated to drive growth in the housing, construction and development sector.

Therefore, considering the sectoral shares forecast by Oxford Economics is a very indicative approach to the scale of employment space to serve the needs of a larger pool of working age residents. In this indicative comparison a general, indicative approach is used but with these key sectoral caveats noted.

6.2.2.3. Employment space indications – use class basis

The traditional approach to employment land use has been applied to test the level of spatial needs as a result of higher sectoral employment change from the LHN (dwelling-led) projections.

The indicative employment space to meet the quantum of employment growth is presented in the following table.

Table 6-29 – Implied level of employment floorspace (sqm) need from LHNA projections

Area	Office	R&D	Industrial	Storage & distribution	Retail	Total
Bristol	327,000	185,500	236,500	276,500	77,000	1,102,500
BANES	19,000	12,500	-20,000	-32,000	-5,000	-25,500
South Gloucestershire	73,500	30,500	-7,500	113,000	21,500	231,000
WECA area total	419,500	228,500	209,000	357,500	93,500	1,308,000
North Somerset	57,500	32,500	23,000	76,000	21,500	210,500
West of England total	477,000	261,000	232,000	433,500	115,000	1,518,500

Source: LHNA demographic projections, September 2020; Atkins analysis with OE 2020 forecasts

The LHNA indicative scale of employment space requirements determines a significant increase of floorspace needs across the use types. The total of 1,518,500 sqm is significantly higher and more than double that of the base quantitative demand forecast of 631,0000 sqm of new employment space demand.

BANES is projected to have a decline in employment space use driven by declines in industrial use sectors, with a relatively lower annual dwelling need driving lower changes in its working age population, in advance of any consideration of replacement. Elsewhere, Bristol is indicated to have significantly higher employment space needs (1,102,500 sqm) driven from its working age population uplift resulting from its assessed housing need. Both North Somerset and South Gloucestershire are indicated to have over 200,000 sqm of additional employment space need, beyond the central quantitative assessment of 7,000 sqm and a slight decline respectively, in advance of replacement demand.

The following table shows the implied level of employment land need from the LHNA projections. This indicative analysis implies a total land demand of 254ha over the West of England, with an implied disaggregation of this across the UAs with Bristol at 182ha, North Somerset 40ha and South Gloucestershire 39ha. BANES has an implied overall decline given industrial use sector declines not being compensated by higher working age population growth. This reflects new demand and does not include replacement need.

Table 6-30 – Implied level of employment land (Ha) need from LHNA projections

Area	Office	R&D	Industrial	Storage & distribution	Retail	Total
Bristol	33	31	53	55	11	182
BANES	2	2	-4	-6	-1	-7
South Gloucestershire	9	6	-2	23	3	39
WECA area total	**44**	**39**	**47**	**71**	**13**	**215**
North Somerset	10	7	5	15	3	40
West of England total	**54**	**46**	**52**	**87**	**16**	**254**

Source: ORS Local Housing Need Assessment (LHNA) dwelling-led projections of December 2020, reflecting the new standard methodology for housing need; Atkins analysis with OE 2020 forecasts

Overall, this provides a crude assessment of employment space demand impacts from housing need, but provides an initial indication of the balance between these.

In summary, the quantitatively assessed employment forecasts do not outpace the LHN-derived (dwellings-led) population projections. Rather they are more modest in comparison with the scale of employment that could theoretically be required to provide jobs for the new working age population, at the same jobs density as otherwise forecast. The current housing need assessment is therefore compatible with the forecast jobs growth of the ELSNA, and doesn't require additional uplift to account for economic growth, however there will need to be careful consideration of the alignment of land needed for housing delivery and employment space. Dwellings-led population change in excess of demographic trends would put upward pressure on employment space needs. This is considered through the qualitative assessment below.

6.2.3. Qualitative and sector-led demand assessment

6.2.3.1. Introduction

It is well recognised that the UK, regional and local economies are in a period of significant uncertainty with regards to COVID-19 and the induced recession, the emerging Brexit deal and its implications, and the short to medium-term recovery.

COVID-19 may accelerate some of the previously emerging trends, such as home working and online retailing, whilst COVID-19 and Brexit may change the course of some drivers of change, with uncertain interactions.

The market engagement provided a series of insights, evidence and judgement on a sectoral basis. The sectoral interaction with the drivers of change and the trends, implications and potential outcomes for sectoral employment and spatial needs over time were considered. Engagement activity emphasised that such judgement is difficult to make in the current environment of both dynamic threats and opportunities to the sectors and with deep economic uncertainties and a shift from 'normal-time' trends.

As such, qualitative insights, as with the quantitative assessment, should be considered with due caution. There is an important role in the monitoring of sectoral trends and emerging changes in the economy over time in relation to spatial needs.

6.2.3.2. Overview of findings

A key finding is that many employees have worked intensely from home and employers in certain industries are now considering and engaging on the use of office, and centralised, space going forward. However, there is an emerging consensus that a decline in staff use of office space is unlikely to translate to a proportional decline in spatial needs. Rather, offices will likely be used in a less intensive way to provide space conducive to productive time and ultimately the change in rents will be a key driver for office demand. It is recognised that current non-commitments to office space are a response to near term uncertainties, but that collaborative space remains critical to sectors including creative & digital going forward.

A key insight that applies across several sectors is the need for affordable and flexible workspace to accommodate emerging sub-sectors including creative and digital activities and rural enterprise. The provision

of mixed light industrial, research and workspace for sub-sectors within creative and digital, health and life sciences (including lab space) and advanced manufacturing is also highlighted.

There is a recognised need for 'lower value' industrial space to be maintained and provided to support employment activities across some of the sectors. This includes light industrial space for small industrial services, which are important for the functioning of the local economy and as the supply chain to higher value sectors.

The market engagement also emphasised the role of place-making as being critical for the sustainability and development of sectors including retail, leisure and culture; creative and digital; and food and rural enterprise in providing appeal and access for employees, businesses and start-ups, alongside footfall increases and accessible community services.

It is assessed that:

a) some of the sectors have potential for higher employment than that assessed quantitatively with the Oxford Economic sector forecasts;

b) some of the sectors have key challenges and changes that could result in lower employment than forecast quantitatively, especially where further job losses are experienced in 2020-21; and

c) some of the sectors have spatial needs that are likely to differ significantly from the quantitative assessment, in terms of scale, type and locale.

Further, the projected spatial disaggregation of the employment-led projected demand in the quantitative demand assessment does not reflect various sector and employment opportunities in particular for North Somerset and South Gloucestershire that have been raised through market engagement and the strategic property market review (Section 0).

These overview findings are further detailed within the qualitative assessment further below.

6.2.3.3. Drivers of change

The ELSNA drivers of change have been considered for how they may impact the key market sectors over the short, medium and long-term and the direction and potential magnitude of change.

An overall consideration is demonstrated in Figure 6-4. This shows the interactions between the drivers of change and the sectors. There are examples where the overall change is unclear, where there may be challenges/opportunities in the shorter-term but more opportunities/challenges in the longer-term, such as the Brexit impact on food enterprise and the impact of digitisation and automation in the manufacturing, transport and logistic sectors.

The qualitative assessment has used these interactions as a guide in bringing together the implications for each sector's employment and spatial needs and in relation to the quantitative assessment. The qualitative assessment follows.

Figure 6-4: Drivers of Change interaction with Key Market Sectors – change relevance and time period

Sector	COVID-19	Brexit	Future of work & leisure	Emerging sub-sectors	Enterprise/ structure changes	Digital & automation	Net zero	Circular economy	Employment Inclusion
Manufacturing, with aerospace & advanced engineering,	Medium ST	Medium, ST-LT		High ST-LT	High MT-LT	High ST-LT	High MT-LT	High MT-LT	Medium ST-MT
Creative & digital	Medium ST		High ST-MT	High ST-LT	High, ST-LT	High ST-LT	Medium MT-LT		
Professional services	Medium ST		High ST-MT		Medium, MT-LT	Medium LT			
Tourism	High ST-MT	Medium ST-MT	Medium MT				Medium MT-LT		
Food and rural	High ST	High ST-LT			Medium MT-LT	High MT-LT	Medium MT-LT	Medium MT-LT	
Transport & logistics	High ST	High ST-LT	High ST-MT			High MT-LT	High ST-LT	Medium MT-LT	Medium ST-MT
Retail, culture & leisure	High ST-MT	Medium ST-MT	High ST-LT		Medium ST-LT	High ST-LT			
Health & life sciences	High ST-MT	Medium MT		High MT-LT					
Housing, construction & development	High ST					Medium, MT-LT	High ST-LT	Medium MT-LT	Medium ST-MT
Circular Economy and Low Carbon			Medium MT-LT	High MT-LT	Medium MT-LT	Medium MT-LT	High ST-LT		Medium ST-MT

Source: Atkins judgement based on insights and research.

Impact magnitude: High, Medium, Low or unknown (not indicated). Impact timeline: Short-term (ST), medium-term (MT), long-term (LT)

6.2.3.4. Employment and employment space requirements – sector-led assessment

The qualitative assessment provides key points and judgement on the potential change from the quantitative demand position.

The following tables set out the qualitative assessment for a) employment and b) spatial needs and type by sector. This makes reference to time period where relevant and recognises the most important drivers of change for each sector.

Table 6-31 presents the quantitative employment as a summary of the jobs change for the West of England and whether this reflects a low, medium or high change compared to current employment. The qualitative assessment provides key commentary and an overall judgement on whether the scale of employment, and in turn implications of the scale of spatial need, is aligned, upward or downward and whether it is likely of a low, medium or high nature. This provides a summary of the market engagement and sectoral insights gathered as part of the ELSNA, as presented in Appendix A and Section 0.

Table 6-32 presents the qualitative employment spatial needs as a summary of new demand (without replacement demand as this is stable and not sector specific) by type. The qualitative assessment provides key commentary and an overall judgement on the scale and type of employment space required and whether this is a change from the quantitative position. This provides a summary of the market engagement, sectoral insights and property market review of the ELSNA, presented in Appendix A and Sections 0 and 5.

Table 6-31: Scale of employment change – qualitative assessment

Sector	Quantitative employ**ment, from 2019** (base)	Qualitative assessment	**Key drivers of change** (likely direction of employment impact)	Judgment on **employment level**
Manufacturing, with aerospace & advanced engineering,	High decrease 8,900 jobs. Focussed in S-Gloc and N-Somerset.	The short-medium term impact of COVID has been significant on the aerospace sector, with aircraft production rates and load factors below breakeven – impacting the supply chain. Recovery rates to pre-COVID levels may not be expected to 2025. Brexit has an uncertain medium-long term impact with trade impacts. The recovery of Bristol airport and port will be important. Defence spending may though remain stronger. Medium-long term impacts through automation and with smart manufacturing to increase GVA but decrease employment. There is a role for greater inclusion in employment, which could be through skills development and initiatives. The Net Zero agenda offers opportunities into the long-term with new air travel technology, electric and autonomous vehicles. OVERALL: **Potential medium upward**	Automation and digitisation (down) Brexit (down) Net zero (up) Other: Strategies to support clean, specialist sectors (up) Freeport, port and airport developments (up)	**MEDIUM UPWARD** movement on the forecast decline
Creative & digital	Low increase 750 jobs. Split across UAs, quantitative forecasts show decline in Bristol	Recent employment and demand in the sector has been strong, with creative and digital technology employment growing 27% between 2015 and 2017. This sector is not well captured with traditional SIC sectors and their forecasts. West of England is recognised as a "globally significant, high-growth creative cluster". Demand for microbusinesses has remained strong and resilient, whilst there has been recent investment from streaming businesses, food tech and major companies. OVERALL: **High upward movement for jobs increase**	Emerging sub-sectors (up) Automation and digitisation (up)	**HIGH UPWARD**
Professional services	High increase 22,600 jobs. Bristol focus.	Engagement points to a resilient and stable sector in the West of England. Some sub-sectors may be more impacted by longer-term digitisation of business and administration for areas of employment decline. Growth forecast in this sector is significant, where this broad category in is likely to reflect other and emerging sub-sectors such as media, advertising, creative, digital and Net Zero consultancy – as such this sector growth is more spread across other sectors and relates to office and R&D space needs for a range of professional services. OVERALL: **Jobs increase also reflects other emerging sectors including creative and digital and rural enterprise. Professional services in isolation likely be lower than forecast.**	Automation and digitisation (down)	**ALIGN –** professional jobs across sectors

Tourism	Medium increase 2,600 jobs notable losses in 2020 Bristol focus	Similar to retail, culture and leisure in this sector has been forecast significant job losses in 2020-21, where the quantum of jobs increase from 2020 is more in the realm of 6,000 additional jobs. Recent sector growth was strong with a record year for international visitors to Bristol. There was a challenge in filling skilled roles within the sector. Major development has been underway with hotels in Bristol and South Gloucestershire, as well as Ashton Gate Development and Bristol Arena. Brexit has a significant impact in reducing European visitors and school groups, more relevant to Bristol whilst Bath is more long-haul visitors. UK tourism to support some of this gap but also expect less business travel into long-term as an accelerated trend. Short-medium term impact on sector likely significant downward impact on employment and its recovery from COVID-19. Longer term role of Bristol airport and its investment/ growth to support the sector. OVERALL: **Alignment with longer-term recovery potential to increase further than forecast employment.**	COVID-19 (down) Brexit (down) Future of work (down) and leisure trends (up) Other: Airport development supporting increased visitors	ALIGN to low upward
Food and rural enterprise	Medium decrease 1,450 jobs Split across UAs	COVD-19 and Brexit impact significant impact on the sector. In short-medium term this depends on trade terms, but there is also an opportunity to expand local food production. There has been good recent growth and jobs demand in the food and beverage production sector, with wider applications to food and health technology also emerging. Engagement has identified opportunity for more growth around the Food Enterprise Zone in North Somerset. The Net Zero agenda and clean growth will also impact sector with need areas across re-use, recycling and packaging. Rural centres of employment can also grow with good digital connectivity and quality of place appeal for more affordable and flexible space. OVERALL: **dependent on emerging areas of opportunity. Potential for an increase in employment.**	Brexit (down, up) Emerging sectors (up) Net Zero (up)	MEDIUM UPWARD
Transport & logistics	High increase 2,300 jobs S-Gloc and Bristol focus	In the short-medium term the sector has an increasingly important role to retail and final mile distribution. Trends in home working will impact travel patterns across the region, with an uncertain impact of leisure trends to counterbalance this. There is a role for greater inclusion in the sector within jobs growth. The development of Bristol airport and the port further supports the sector in raising the role of logistics in the regional economy.	Automation and digitisation (down) Net Zero agenda (up) Future of work and leisure time (down, up) Other:	ALIGN

		The Net Zero agenda is a critical aspect with the decarbonisation of transport providing supply chain jobs and the role of zero carbon transport for other sectors. This may be balanced by the role of automation and digitation. O**VERALL: Significant sector changes over the ELSNA period, with key dependencies on infrastructure development and drivers of change. Jobs growth judged to largely align.**	Development of Airport, Port and the Freeport opportunity providing sector uplifts	
Retail, culture & leisure	Medium increase, 3,300 with notable losses in 2020 Significant focus in Bristol with greater 2020-21 losses elsewhere	Retail will be significantly impacted by the role of consumer and retail trends from the short to medium-term changing the sector's operation. Automation into the longer-term may reduce the need for different types of employment in the sector such as logistics. Wider sector growth depends upon footfall resurgence through the cultural offer and the approach to local centres and their offerings through place-making. The realisation of a scale of homes growth indicated by the current needs assessment would support sector jobs increase, especially where centres are planned to provide crucial local services for residents and local and home-based employees. OVERALL: **Alignment with quantitative forecast, dependent on emerging local strategies and the continuing retail trends.**	COVID-19 (down) Future of work and leisure trends (uncertain) Digitisation and automation (down) Other: Housing delivery and locations driving demand Place making and centre footfall resurgence	ALIGN
Health & life sciences	High increase, 23,700 Bristol focus	Recent demand was strong for the sector with enquiries from life science organisations and strong employment demand with jobs advertised. A significant element of the growth is driven with traditional health sector. But the emergence of SMEs, such as those at Unit DX, has helped catalyse spin-off and start-up companies alongside research institutions. Recognised as a key sector with emerging sub-sectors and innovation into the longer-term. OVERALL**: Judged to align with quantitative forecast of significant jobs increase with some downward potential.**	COVID-19 (up) Emerging sub-sectors (up) Changing enterprise structures (up)	ALIGN to low downward
Housing, construction & development	High increase, 6,600 SGc and Bristol focus	Into the longer-term the sector is becoming increasingly automated, with employment growth less than GVA growth. Net Zero agenda to bring changes to the industry with productivity gains but unclear outcome on jobs. There is a role for greater inclusion in the sector within jobs growth. Higher housing need and delivery would drive sector increase. The potential development around Bristol Airport and the Port to further support the sector.	Automation and digitisation (down) Net Zero Agenda Inclusion Other: Housing delivery	ALIGN

		OVERALL**: Judged to align with quantitative forecasts of jobs increase, the level is dependent upon housing targets.**	Bristol Airport and Port development construction work	
Circular Economy and Low Carbon	Low decline, 900 jobs Split across UAs	This is a key emerging sector and employment demand will look very different to demand forecasts. It is not clear the scale of employment that could be driven by the Net Zero agenda and the need for a new approach to waste and the emerging sub-sectors from this including energy. There are key linkages to the aerospace and manufacturing sectors in their circular economy and waste re-use and recycling, as well as for new housing, employment space and infrastructure development, all of it which require an approach that enables new waste and re-use practices. OVERALL: **A significant growth sector, with jobs demand to be assessed in more detail as strategies and organisations emerge.**	Net Zero agenda (up) Emerging sub-sectors (up) Other: Housing delivery Employment space upgrade and additions Bristol Airport and Port development requiring enhanced waste approaches	HIGH UPWARD
Other – tertiary / small industry	Medium increase, 3,950 jobs Split across UAs	Considered important in the market engagement as a series of important services and functions for the local economy with residents and supporting larger sectors. OVERALL: **An important sector with service needs growing into the long-term, with population growth and supply chain role.**	Other: Sectoral changes in manufacturing, transport and logistics may support the supply chain Housing delivery	ALIGN

Source: Atkins judgement based on market engagement and research.

Overall, judgements have been made on sectors with general alignment to the scale of quantitative employment forecasts, as the following:

- Manufacturing, aerospace and advance engineering – the sector is forecast to experience significant job declines over the ELSNA period with automation a key driver. There are important areas of innovation and decarbonisation, whilst the sector's employment depends on how production areas recover from COVID-19 and Brexit. This will need to be considered going forward.
- Health and life sciences – a key growth sector for the West of England, where the availability of specialised space is important and is detailed below.
- Logistics and transport – there are significant sector changes across the ELSNA period with its short-term role supporting retail and final mile distribution, through the Net Zero agenda and automation into the longer-term alongside proposed port, rail and road transport schemes to support connectivity. Jobs growth will depend on the development of the region's key assets and trade role.
- Housing, construction and development – though the sector is dependent on wider plans and development including the housing delivery, the port and airport development and other transport infrastructure development.
- Retail, culture and leisure - this sector is highly impacted by COVID-19. The continued digitisation of the retail sector would dampen its recovery to previous levels in advance of further growth. The future of work and leisure trends are uncertain in their impact for how people engage with local and regional centres of retail and leisure. The sector's level of growth depends on spatial strategies and place-making across the West of England and is expected to grow overall, in the longer term particularly through culture and leisure. This is supported with schemes set out in the WECA Transport Delivery Plan for local connectivity.
- Small industrial services – provide an important economic role and a series of sub-sectors have been forecast to grow over the ELSNA period.

The assessment identified sectors with upward movements on the quantitative employment forecasts as:

- Creative and digital sector - a key sector for the region and one with strong recent growth and a good profile for further growth.
- Tourism – the sector has been significantly impacted by COVID-19 and there would be some initial recovery of jobs losses before additional employment is realised. In the longer-term, the pre-COVID growth trends could return though there are key changes in the medium-term with the nature of visitors to the West of England and potentially lower visitor spend.
- Food and rural enterprise – a broader sector and with areas of innovation and growth beyond the standard sectoral classification. This sector could experience an increase, rather than a decline, in jobs where emerging sectors can flourish.
- Circular Economy and Low Carbon - the sector is emerging and not well classified at present, though the scale of new employment is uncertain and requires further assessment as strategies and approaches emerge.

The assessment also judged the following sectors to have a downward movement from the quantitative employment forecasts:

- Professional services - it is likely that the high growth forecasts for professional services would be spread across other sectors and in particular creative and digital services and rural enterprise.

As such, the overall quantum of employment may not differ significantly from the quantitative demand assessment. However, there are likely to be some key shifts between sectors, and between UA locations. The quantitative assessment had a significant share of the employment change (68%) and resulting employment space needing to be located in Bristol. However, employment space requirements can be met across the UAs, especially with connectivity improvements, and with particular consideration of the premises and locational needs of different sectors, demonstrated with the demand profiling matrix further below.

There are also likely to be differing profiles of sector decline and growth over the ELSNA period. These sectoral profiles are dependent on the drivers of change and the wider development of key infrastructure and regional assets and spatial strategies.

The key drivers of change that have been identified will continue to become clearer in their impact on the relevant sectors as economic uncertainty is reduced and strategy and plans emerge in the West of England. These include

the West of England Clean Growth Plan, the Regional Recovery Plan, the scale and locale of housing delivery, the Climate Emergency Action Plan, the West of England Transport Delivery Plan, the recovery and development of the Port and the recovery and development of Bristol Airport. These are further considered in the demand conclusions.

The qualitative assessment of sectoral employment change helps guide the assessment of the scale of spatial needs for these sectors, recognising areas where digitisation and automation changes the relationship between sector growth, employment demand and spatial needs. This is particularly the case for aerospace and advanced engineering, transport and logistics, food enterprise and retail. The nature of spatial needs in their type and location has been assessed qualitatively. This is presented in Table 6-32 with judgement on changes from the quantitative demand forecasts of new spatial need. This is followed by application of the demand profiling matrix to demonstrate the sectoral spatial needs as premises and locational requirements, identifying those that are most relevant to each sector's needs.

Table 6-32: Spatial employment land needs– qualitatively informed adjustment of central quantitative assessment

Sector	Quantitative spatial needs **– new demand** (base)				Qualitative assessment	Key drivers of change
	Office	Industry, R&D	Storage	Retail		
Manufacturing, with aerospace & advanced engineering,	-2	-70	-13		Employment led spatial needs show a significant decline, however sector has productivity gains (GVA growth) and upward potential for some sub-sectors. Spatial needs from this basis can be judged to stay more stable to current level, with space upgrade for fit for purpose and technology enabled space. Market engagement indicates areas of need with building efficiency and purpose-built new technology centres. There is a recognition of industrial land squeeze and a tightening of stock across Bristol city and BANES. Lab space has been key area of requests, to accommodate specialist and smaller industrial services. Business incubators with access to low carbon energy would be a key area of need. The low-carbon aviation sector needs technology and innovation ready space and for the surrounding supply chain with the right transport connectivity. This relates to airport expansion and land availability and includes testing grounds. **OVERALL: Judgement of no large decline in industrial space, but with upgrades required. An upward need for R&D and tech-enabled industrial space and incubators.**	Automation and digitisation Net zero Circular economy Emerging sub-sectors Other: Recovery of aerospace Emergence of clean, specialist sectors Port and airport developments
Creative & digital	1	2	0		Qualitative assessment for employment indicates a greater increase in employment space need. Market engagement has indicated the lack of sites in Bristol for creative start-ups. Office demand in BANES was very strong pre-COVID and this was partly from creative and digital sectors. Affordable city space has been under pressure. Work from home trends are significant driver of change, with recruiters already looking for flexibility and Wfh ability. Some companies are not currently renewing leases whilst small co-working and serviced office locations for SMEs/start-ups/scale-ups are experiencing current occupancy reduction. However, there is consensus that touch point and collaborative space is critical for the sector into the medium and longer-term. Quality hubs with multi-communal purposes, with culture and social aspects, are a future need. This is potentially in a more dispersed manner to align to living areas. There are opportunities for smaller centres of activity alongside potential in Bath and Bristol with start-ups. The clustering and flexibility of workspace is important going forward, particularly for start-ups from affordable turnkey solutions.	Future of work trends Emerging sub-sectors Enterprise changes Automation and digitation Other Place making and local hubs to attract employees and business

					OVERALL – Medium upward on quantitative position for mixed uses with office, studio and light workspace in the right locations with local quality of place considerations.	
Professional services	30	17			The qualitative assessment of employment suggests employment growth may be lower for this sector specifically but reflect wider services growth with a need for office and R&D space. The market engagement identified the role of COVID-19 on accelerating existing trends for working from home. This sector has been most able to shift effectively to home working, with companies reviewing space though larger organisations have been able to maintain more of current space. However, reduced density in office space occupation does not necessarily require a shift to smaller spaces, as these will be used more flexibly. It is suggested up to 50% of the decline in full-time employment use of space would require space reduction. Increased levels of productivity may mean some smaller businesses consider moving away from town centre offices with home working and flexible approach to office working and collaborative space, potentially in more peripheral areas. **OVERALL – Office space remains important across professional and service sectors, including creative and digital and small firms, with consideration of more local provision.**	Future of work trends Automation and digitisation Other: The place offer in local centres
Tourism	0			1	The qualitative assessment of employment suggests employment growth may return the sector to its pre-COVID levels before continued growth as previously anticipated. Market engagement highlighted the importance of maintaining the quality of city and town centres, and their cultural offer. The sector's spatial needs are intrinsically linked to retail, culture and leisure (below), being destination driven. There are varied employment space requirements with hotels, restaurants, leisure destinations, outdoor and natural assets, food and beverage and high street units. Spatial needs may become more targeted to UK visitors and less to business tourism in the short-medium term, with international visitors returning in medium to longer term. **OVERALL: General alignment to upward movement on long-term growth but with varied spatial needs beyond the uses of the quantitative assessment.**	Future of leisure trends Other: Town and city centre place strategies and cultural offer
Food and rural enterprise		-4	-4	-1	The qualitative assessment of employment suggests employment has growth potential, which drive an increase in spatial needs for the sector unlike the quantitative position. Market engagement has raised the need for industrial clusters for food production and innovation, where this will be well integrated with distribution activity and in some specialist sub-sectors with health and life sciences. Growth potential for around the Food Enterprise Zone in North Somerset.	Future work trends Emerging sub-sectors Enterprise changes Other:

					Various peripheral and rural locations have potential to be used to provide space for SMEs and local hubs. Lower value properties around local centres like Portishead and small units at business parks are identified as being important. The overall scale of spatial needs was suggested to not be significantly different to the current level but with a re-purpose to supporting emerging sectors. The lack of connectivity needs to be addressed and the provision of high-speed broadband critical to emerging rural enterprise locations. **OVERALL: No decline but medium increase in spatial needs, with space re-purposing to support more innovative sub-sectors.**	The offer in peripheral areas and local place making
Transport & logistics		3	18		The qualitative assessment of employment suggests an alignment to the quantitative jobs growth, recognising dependencies on infrastructure development and drivers of change. The spatial needs may be greater than employment change given emerging automation and decarbonisation. The market engagement identified a need for inner primary industrial and warehouse areas. Concern was raised on areas of loss and in lower value industrial space for this sector's growing importance and change drivers. Emerging sub-sectors will require proximity to the international gateways and clustering with key activity in the decarbonisation of transport. **OVERALL: Increase in spatial needs generally aligned to quantitative position, in strategic locations to support other key sectors and with technology enabled space.**	Future of work and leisure trends Net zero agenda Automation and digitisation
Retail, culture & leisure			11	3	The qualitative assessment of employment suggests jobs growth may be aligned with the quantitative position, in turn spatial needs judged to be aligned for B-class uses however there are alternative use needs for culture and leisure elements of the sector. However, market engagement has raised critical needs for the sector's sustainability in its local economic and quality of place role. This includes the Bristol and BANES centres in their regional role as well as more local centres supporting housing growth and local and home-based work. Place strategies will be important for the sector, whereby a move to the provision of essentials, general stores and small manufacturing/ workshops for local residents will support footfall. Leisure, cultural and community assets are important for such local activity. Specifics such as repair and recycle operations were suggested in their importance. Small flexible offices will provide access to local workspace and services, supporting start-ups, whilst contributing to footfall and the sector in local centres. The retail sector is increasingly dependent on the logistics sector, which needs to be considered together alongside connectivity. **OVERALL: Alignment with quantitative position, but with rethinking of the local offer and place-making to support longer-term growth and housing delivery response.**	Future of work and leisure trends Digitisation and automation Other: Housing delivery and locations Local place strategies

Health & life sciences	3	36			The qualitative assessment of employment suggests strong jobs growth and in turn a strong demand for employment space. It has been well recognised in market engagement that existing companies and start-ups in the innovation sub-sectors require facilities for manufacturing, testing and R&D – the majority of this type of work requires physical lab space. R&D in particular should be located near the University of Bristol and University of Bath. Broader health sub-sectors could also be located near the University of West England. **OVERALL – significant spatial needs with specialised R&D and lab space required**	Emerging sub-sectors Enterprise changes
Housing, construction & development	1	27	9		The qualitative assessment of employment suggests strong jobs growth, which is dependent upon the scale of housing development and development at the airport and Port. Market engagement indicated the sector would have less office space needs, though meeting and ancillary space remains important. This could be met with local hubs for working space and collaboration, including the periphery of towns. **OVERALL - Industrial space need is judged to be largely aligned with quantitative position, though key dependencies exist.**	Automation and digitisation (down) Net Zero Agenda Other: Housing delivery Ports development
Circular Economy and Low Carbon		-3	-3		The qualitative assessment of employment suggests the sector has potential for strong jobs growth but with uncertainty of the level. The spatial needs for the sector will be additional to current provision, driven by the Net Zero agenda, residential demand and growth of industry. Market engagement has clarified the types of need, with the potential re-use of vacant shops for local re-use and repair centres in high housing areas. Modern waste facilities will be required at large housing areas. Space is required near large industry and manufacturing areas. The existing and growing Avonmouth cluster is one such example with emerging producers. **OVERALL: significant spatial needs for the emerging sector, with location critical to serve residential and commercial needs.**	Net Zero Agenda Emerging sub-sectors Other: Housing delivery Industry and manufacturing sector growth
Other – tertiary / small industry		16	3		The qualitative assessment of employment suggests strong jobs growth, there is a need for affordable industrial space to support sector sustainability. Market engagement identified that tertiary and lower value industrial use needs to be available and in connected locations in the urban and urban periphery. Lower grade properties are vital to localised employment areas and should be maintained. **OVERALL: General alignment to quantitative demand assessment**	Other: Housing delivery Industry and manufacturing growth

Source: Atkins judgement based on market engagement and research.

Overall, judgement has been made on sectors with general alignment to the scale of quantitatively assessed spatial needs, as the following:

- Professional services, and implied wider office demand, from other sub-sectors.
- Logistics, with a key need for technology enabled storage space, but with dependency on wider sector growth and drivers of change (automation, Net Zero).
- Health and life science, including a requirement for affordable and specialist facilities including lab space.
- Housing, construction and development, with industrial space need and key dependencies in the region's housing and infrastructure development.
- Tourism, with growth into the long-term but with varied spatial needs beyond the quantitative assessment and dependencies on the retail, leisure and cultural offer and airport development.
- Retail, culture and leisure, with spatial needs aligning to those quantitively assessed for the traditional uses, but with a key interaction with place-making and alternative uses needed for growing element of culture and leisure.
- Small industrial services, with 'lower value' industrial and storage space needs.

The assessment identified sectors with notable differences in the scale and/or the type of employment spatial needs, as the following:

- Aerospace and advanced engineering, with sectoral productivity separate to employment demand and a need for technology enabled space in key locations.
- Creative and digital, with greater spatial needs and more of a role for workshop and refurbished industrial space.
- Food enterprise, with an upward movement toward maintain industrial space and modest increases, with re-purposing.
- Circular Economy and Low Carbon, with significant spatial needs across several types to serve residential and commercial demand.

As is highlighted in Table 6-32, the assessment of spatial needs includes various dependencies on the drivers of change and how they develop, as well as West of England developments in housing delivery, infrastructure and local and regional strategies.

It is judged that the overall employment spatial needs will be greater than those quantitatively assessed. This is largely driven by sectors that require industrial space, with the assessment that significant forecast declines in manufacturing, aerospace and advanced engineering industrial space is not reflective of the emerging sub-sectors and longer term growth potential. The OE forecasts for broad manufacturing sector GVA also show that GVA does not decrease to 2040 but grows modestly (4% over the ELSNA period). This sector's future productivity and GVA growth may be met with less employment (but with less of a decline as quantitatively forecast) but is unlikely to be accommodated with such a loss of industrial space.

The circular economy is not well captured in the quantitative forecasts but is viewed to have significant growth potential and need for industrial and storage space. Market engagement has provided a view that food enterprise should require at least a maintenance (and some re-purposing) of its industrial space.

Further, it is recommended that the geographical basis of demand may not be split as projected with the quantitative assessment. The quantitative assessment projected a large share of the employment space demand to be in Bristol, with low shares in the other UAs. A functional economic market and region-wide approach to delivering employment space to meet sectoral demand is recommended. More consideration should be given to the employment premises and locational requirements, reflected with the demand profiling matrix below, than a broad projection of employment land use demand by UA.

6.2.3.5. Employment space requirements - demand profiling matrix

The qualitative assessment of spatial needs, moderating the quantitative forecasts, has been translated to the ELSNA demand profiling matrix below. The matrix identified the premises and locational needs for each sector and sub-activity and was refined through market engagement.

Table 6-33 below presents the matrix with the quantitatively assessed scale of spatial need as new demand (without replacement demand which is stable and non-sector specific) with statements of movement from these quantitatively assessed needs as derived from the qualitative assessment.

The qualitative assessment is used in combination with the matrix development (presented in full in Section 5.4) to identify the most relevant locational and premises requirements for the sectors' spatial need. A scoring scale has been used from 1-5 to indicate relevance, from low to very high (*1=low relevance, 2 = some relevance, 3 = moderate relevance, 4=high relevance, 5=very high relevance*). Those requirements without a score have already been identified as not relevant in the matrix development.

Table 6-33: Spatial needs and type – demand profiling matrix

Sector	Activity	Key building features	Assessment of additional spatial need – quantitative scale with qualitative judgement of movement	Town centre	Edge-of-centre business park	Business park prime location	Business park secondary location	Industrial estate	Land near junction / transport hub	Specialist facility
Professional Services	National/regional HQ	Grade A office with large floorplate, a/c, contiguous layout. High BREEAM rating.	30 Ha forecast for office – with some downward movement for the sector but this is captured with other service sectors. 17 Ha flexible and research type space for emerging and wider service sectors	3	2	2			1	
	Larger local business	Grade A/Grade B office. Typically multi-let.		3	2	1	1			
	Independent/sole trader	Office suites space above retail. Flexible space.		2	1		1			
Creative & Digital	Office-based	Office suites in Grade B building. Flexible space. Clustering preferred.	Qualitative assessment of significant upward movement on forecasts – above 1Ha office, above 2Ha R&D. This sector also captures some of the professional services total.	3	2		3			
	Studio-based	Purpose-built; flexible workspace.		3				2		2
	Workshop-based	Secondary space, Refurbished industrial.		2	2			2		
Start-Ups & Micro Firms	Office-based	Town centre, affordable for start-ups.	Share of professional services total need	5						
		Premises for rural micro firms.	Share of professional services total need							5

Sector	Activity	Key building features	Assessment of additional spatial need – quantitative scale with qualitative judgement of movement	Town centre	Edge-of-centre business park	Business park prime location	Business park secondary location	Industrial estate	Land near junction / transport hub	Specialist facility
Service-based Industrial	'Clean' industrial activities.	Flexible, lightweight structures for multiple uses	16 Ha forecast for industrial and 3 Ha Storage		2		2	4		
Logistics	Regional/national distribution	Purpose built, large footprint, high bay, and automated. 24/7 access.	3 Ha forecast for industrial use and 18 Ha for storage –potential increase dependent on key port development, net zero and automation needs					2	3	3
	Last mile	Edge of centre buildings		3	3			2		
	Storage	Single storey, low density sheds with good circulation.			3			3		
Health & Life Science	Office-based	Grade A office. Large floorplate and a/c. Can be purpose-built.	16 Ha of R&D and 20 light industrial facilities. Qualitatively assessed need for lab and specialist space within this scale			3	3			2
	Lab-based	Purpose-built building with ancillary offices							1	5
	Specialist	Purpose-built facility							2	5
Food Enterprise	High-tech food production	Good quality modern industrial stock	Qualitative assessment of maintenance of current land and some upward movement on forecast decline. Need for industrial space re-purposing and growth around the Food Enterprise Zone – .				1	4		2

Sector	Activity	Key building features	Assessment of additional spatial need – quantitative scale with qualitative judgement of movement	Town centre	Edge-of-centre business park	Business park prime location	Business park secondary location	Industrial estate	Land near junction / transport hub	Specialist facility
Manufacturing	Aviation	Purpose-built manufacturing facility. Low density, large space user.	Qualitative assessment of upward movement from forecast decline – for specialist and technology enabled space for Net Zero and automation drivers of change. Upgrade of space important.						5	4
	Advanced manufacture	Purpose-built manufacturing Facility. High spec; low density.						1	3	4
	Food & rural business	Converted buildings and purpose-built buildings. Low rise; low spec High tech	Qualitative assessment for maintaining rural industrial space with re-purposing and with capacity for growth							5
Circular Economy and Low Carbon	Waste management	Potential for specialist, large-scale, *sui generis* building	Qualitative assessment of significant spatial need, dependent on housing and industry growth and sector strategy.					3	2	4
		Civic facility for household waste			3			3	3	2
	Open storage	Land for storing vehicles, freight, other goods. Large open land with potential for security						2	4	2
	Energy	Recycling facilities with good access. Specialist facility						3	3	5

Sector	Activity	Key building features	Assessment of additional spatial need – quantitative scale with qualitative judgement of movement	Town centre	Edge-of-centre business park	Business park prime location	Business park secondary location	Industrial estate	Land near junction / transport hub	Specialist facility
Retail	High Street Units	Single units & larger format (1-2 storeys).	Qualitative assessment of some retail space need 3 Ha with notable storage space 11 Ha. Further retail space from other small local services (3Ha).	5						
	Shopping Centres	Prime, purpose-built, single owner.		2						
		Secondary centre for local shopping. Purpose-built, single owner.			3					
	Out-of-town	Retail warehouse and trade counter. Single storey, low density.			3			3		
	.									
Cultural & leisure	Culture and tourism are intrinsically linked. Destination driven	Hotel. Purpose-built. Good parking.	Qualitative assessment of sector recovery and return to growth in long-term, with place-making and cultural strategies Wider uses than those quantitatively assessed	3	3					
		Cinema/theatre		3	3					
Tourism		Food & Beverage. High street units		5						

Source: Consultant's assessment informed by stakeholder engagement: 1=low relevance, 2 = some relevance, 3 = moderate relevance, 4=high relevance, 5 =very high relevance

6.3. Demand Assessment Conclusions

The demand assessment has presented a range of quantitative scenarios aimed at capturing the range of potential employment land and floorspace need under different economic and demographics conditions. At the core of the analysis is central quantitative assessment which has been moderated by a supplementary qualitatively informed assessment. This has been used to provide a rounded estimate of future requirements drawing on both quantitative and qualitative evidence.

The employment spatial needs determined by the central quantitative assessment can be summarised as follows:

- A total estimated floorspace requirement of 631,000 sqm of new demand over the ELSNA period for the West of England (presented in Table 6-15).
- This is composed of 303,000 sqm office, 155,500 sqm research and development, -9,000 sqm industrial, 135,000 sqm storage and distribution and 46,500 sqm retail (presented in Table 6-15).
- Replacement demand was considered in addition, as the level of stock that will need replacement and/or upgrade over the ELSNA period on the basis of the age and energy performance of existing stock.

The replacement requirement was greater for industrial and storage stock. The total replacement need was 1,069,000 sqm (presented in Table 6-18). The total resulting employment floorspace for the West of England was 1,700,500 sqm (presented in Table 6-19).

The distribution of this need across the West of England UAs is presented, with Bristol –58%, BANES –11%, North Somerset – 6%, and South Gloucestershire –24% of the total floorspace need (presented in Table 6-20**)**.

In land terms, total demand (as new demand and replacement demand) reflects an estimated 274ha of total demand over the ELSNA period, as 66ha office, 27ha research and development, 79ha industrial, 81ha storage and distribution, and 22ha retail (presented in Table 6-22).

There is a share of total employment change that are not captured by the use types considered for this study assessment (as the traditional or presented new use classes) such as construction site jobs; health and education provision; hotels, leisure facilities and other A1 uses; and visitor and cultural attractions.

A downside for where there is a deeper impact of COVID-19 with greater job losses and a slower recovery has been considered. This should be monitored over the near-term where this has implications for the level of spatial needs to 2040. The application of the downside drives a lower level of new demand which can be treated as a sensitivity test.

The quantitative demand assessment was also considered in comparison to the parallel Local Housing Need Assessment workstream (presented in Table 6-29). In summary, the forecast ELSNA jobs growth do not outpace the LHNA (new Standard Methodology) dwellings-led population projections. Rather they are more modest in comparison with the scale of employment that could theoretically be required to provide jobs for the new working age population were housing needs to be met at the level assessed, at the same jobs density as otherwise forecast. The current housing need assessment can be understood to be compatible with the forecast jobs growth of the ELSNA, however there will need to be careful consideration of the alignment of land needed for housing delivery and employment space as requirements are planned. There is significant upward movement on the indicative scale of spatial needs to provide the jobs for the /housing need' (new Standard Methodology) driven population change. The level of housing growth has also been considered as a driver for sectoral outcomes in the qualitative demand assessment e.g. relating to construction, development and retail sectors.

The demand assessment sets out several constraints of a forecast led approach. A further constraint is that the relationship between employment change and spatial need is not always so direct, especially with emerging automation and technology. For example, manufacturing, aerospace and advanced engineering may experience employment decline but still have spatial requirements to meet relating to high productive growth sub-sectors.

There are moreover, significant uncertainties that mean a flexible approach to assessing demand is required so that sector trends and recovery profiles are more effectively responded to. It is also recognised that whilst there may be short-term declines for spatial need for some of the sectors, that over the longer-term these sectors can recover and grow. This is particularly the case for tourism, retail, culture and leisure, and food and rural enterprise.

The qualitative demand assessment (presented in Section 6.2.3) has taken a more bespoke sector-led approach to inform spatial needs, from the quantitative forecast basis, and to address some of the constraints of a forecast led approach. An overall recommendation here is the need to monitor and reflect the identified drivers of change over time where these have short, medium and long-term implications, with current uncertainty, on the sectors' spatial needs in scale and locational and premises requirements.

The qualitative assessment (presented in Section 6.2.3) considered sectoral employment and spatial needs in turn with consultant-based judgements made on their movement from the quantitative position. Overall, it is assessed the scale of employment change may not differ significantly from the quantitative forecasts but there are likely to be shifts between ELSNA sectors, and between UAs. However, it is also assessed overall that there is an upward movement on the sectoral new demand for employment space over the ELSNA period.

The following provides a summary of the assessed new demand for spatial needs for the ELSNA sectors. It summarises Table 6-32 for the purpose of providing some concluding remarks on the demand section.

Table 6-34: Demand assessment of forecast driven new sectoral spatial needs – quantitative and qualitative

	Quantitative forecasts of new spatial demand (central scenario)						Qualitative assessment
Sector	Office	R&D	Ind.	S&Dis	Retail	Total	Overview
Manufacturing, including Aerospace & Advanced Engineering	-2	-8	-62	-13	-	-84	Upward movement from forecast decline, separate from employment forecast – for specialist and technology enabled space for Net Zero, automation and identified drivers of change. Upgrade of space important through estimated replacement demand. **Upward to no decline**
Creative and Digital Technology	1	1	1	-	0	4	Significant upward movement on forecasts, with need for purpose-built and flexible workspace and refurbished industrial. Captures some of the professional services total. **Upward need**
Professional Services	30	17	-	-	-	46	Some downward movement on the office demand, though this is counterbalanced by other ELSNA sector needs. Flexible and research type space for emerging and wider service sectors **Downward need – apportioned to other sectors**
Tourism	0	-	-	-	1	1	Qualitative assessment of tourism, culture and leisure sector recovery and return to growth in long-term, with role of place strategies **Wider uses than those quantitatively assessed – leisure destinations**
Food and Rural Enterprise	-0	-	-4	-4	-1	-9	Maintaining rural industrial space with re-purposing, as well as some flexible office provision. Modest increase for high tech sub-sector, with need for industrial space re-purposing and growth around Enterprise Zone. **Upward to no decline**
Transport and Logistics	0	1	2	18	-	22	**Upward movement potential** dependent on key port development, net zero and automation needs
Retail, culture, leisure	0	-	-	11	3	14	For **culture and leisure**, **some upward potential, and for retail alignment** in a

							lower need for customer facing traditional retail space and greater storage and distribution need.
Health and Life Sciences	3	16	20	-	-	39	**General alignment** in scale of need, but with need for lab and specialist research space
Housing, Construction and Development	1	-	27	9	-	37	Key dependencies on infrastructure development work and housing need. **General alignment**
Circular Economy and Low Carbon	-0	-1	-2	-3	-	-5	Qualitative assessment of significant spatial need, dependent on housing and industry growth, with waste sector strategy. **Significant upward**
Small industrial services (n.e.i)	-	-	16	3 -	-	19	Alignment up to the level forecast, with need for 'lower value' industrial estate space
Other services	1	-	-	5	3	1	Alignment.
Total employment	34	27	-2	27	7	92	**Overall, upward movement**

Source: Atkins analysis of OE forecasts

Overall, the qualitative assessment suggests movements from the total land requirement of the quantitative assessment, which can be summarised as:

- New office type demand, with a central quantitative assessment of 34ha – general alignment up to the total level, though this is distributed beyond professional services to creative and digital and rural enterprise. The assessment also raised need for alternative locations with a more local hub and co-working emphasis. Replacement demand was estimated at an additional 32ha, reflecting the stock age and quality data and assumptions (Section 6.2.1.5) whilst office losses driven by PDR will need to be monitored.
- New research and development demand, with a central quantitative assessment of 27ha – general alignment up to the total level, where this matters in particular for the forecast growth sector of health and life sciences, creative and digital, and food enterprise and in advanced engineering sub-sectors. There is no separate replacement demand estimated for research and development where some of the office replacement could deliver for more research type uses and the sector's stock itself is relatively newer.
- New industrial demand, with a central quantitative assessment of -2ha – with assessed medium upward movement and a consideration of no decline in new demand. This reflects the aerospace and advanced engineering sector and Net Zero agenda Affordable 'lower value' industrial space is assessed as needing to be maintained in urban/ urban periphery locations. Replacement demand was estimated for industrial uses at 81ha. Replacement of stock is particularly important for advanced manufacturing and the circular economy due to greater levels of obsolesce and with poor energy performance and fitness for modern methods a detriment to sector productivity.
- New storage and distribution demand, with a central quantitative assessment of 27ha – a general alignment to this level with some upward potential given the key role in retail and logistics as well as in response to wider development potential through the international gateways. This type of space will likely also need to be utilised for circular economy/ waste facilities. Replacement demand was estimated at 54ha, driven by the age and energy performance of existing stock.
- New retail employment land demand, with a central quantitative assessment of 7ha –general alignment assuming the LHNA scale of housing delivery and the development of local place-making to encourage local hubs for work and leisure. This refers to traditional, customer facing retail. Where the sector has a greater need for storage and distribution with the changing nature of retail, this is captured in the land need above. Replacement demand was estimated at 15ha, following the broad assumptions and as

elsewhere this needs to be well considered and caveated where on-site replacement and upgrade has a key role to play.

- Specialist facilities/other [Further areas of demand beyond the use classes of the quantitative assessment,]:specialist facilities required for circular economy at residential and commercial locations; for health and life sciences with lab space; more flexible and mixed workspace for creative and digital and micro firms; and a range of uses to support the sustainability of the tourism, culture and leisure sectors. These have been identified in the demand profile matrix.

The qualitative assessment suggests that the overall scale of quantitatively assessed demand is lower than that which may likely be required, particularly for industrial space. Further, there are some key shifts between sectors and between specific premises and locational needs. These have been reflected in the demand profiling matrix which was considered through the qualitative demand assessment outcomes.

Overall, the qualitative assessment recommends that for assessing supply-demand balance the significant projected losses in the quantitative assessment in industrial space, especially for the manufacturing, with aerospace & advanced engineering sector, are reconsidered.

As such, Table 6-35 and Table 6-36 below present a **qualitatively adjusted employment demand sensitivity** by applying:

- No decline in manufacturing, with aerospace and advanced engineering sector employment land;
- An assumption that some of this land may be utilised for the other sectors identified for upward movements in industrial and storage and distribution land, as circular economy and food enterprise;
- No decline in circular economy employment land need, as this was not well captured by the quantitative forecasts; and
- No decline in the quantitatively assessed food enterprise employment land.

This qualitative adjusted scenario also determines a different split of total employment land need by UA by following through these sensitivity adjustments, as Bristol - 46%, BANES - 11%, South Gloucestershire - 33%, and North Somerset - 10%, projecting more for the UAs other than Bristol compared to the quantitative demand assessment.

Table 6-35: ELSNA period demand land requirements (Ha) – use type – qualitative adjustment sensitivity

Area	Office	R&D	Industrial	Storage & dist.	Retail	Total
Forecast driven new demand						
Bristol	21	20	33	28	5	107
BANES	4	4	8	-0	0	17
South Gloucestershire	6	7	18	14	1	45
WECA	31	31	59	42	6	169
North Somerset	5	4	7	3	1	20
West of England	36	35	66	46	7	190
Replacement demand						
Bristol	17	-	24	16	7	64
BANES	4	-	11	7	2	24
South Gloucestershire	9	-	38	25	4	76
WECA	30	-	73	48	13	164
North Somerset	2	-	8	6	2	18
West of England	32	-	81	54	15	182
Total demand						
Bristol	38	20	57	44	12	171
BANES	8	4	19	7	2	41
South Gloucestershire	15	7	56	40	5	121
WECA	61	31	131	91	19	333
North Somerset	7	4	16	9	3	38
West of England	68	35	147	100	22	372

Source: Atkins analysis. Rounded to nearest Ha

Table 6-36: ELSNA period demand land requirements (Ha) – new use classes –qualitative adjustment sensitivity

Area	E	B2	B8	Total	
Forecast driven new demand					
Bristol	52	26	28	107	
BANES	11	6	-0	17	
South Gloucestershire	17	14	14	45	
WECA	80	47	42	169	
North Somerset	11	6	3	20	
West of England	91	53	46	190	
Replacement demand					
Bristol	29	19	16	64	
BANES	8	9	7	24	
South Gloucestershire	21	30	25	76	
WECA	58	58	48	164	
North Somerset	6	7	6	18	
West of England	63	65	54	182	
Total demand					
Bristol	81	45	44	171	
BANES	19	15	7	41	
South Gloucestershire	37	45	40	121	
WECA	137	105	91	333	
North Somerset	17	12	9	38	
West of England	154	118	100	372	

Source: Atkins analysis. Rounded to nearest Ha

The presented demand profiling matrix in Table 6-33 provides guidance on the relevance of the different premise and locational requirements for each sector sub-activity in reference of the qualitatively assessed scale and type of need for each sector.

A key conclusion from the qualitative assessment is the dependency of employment space demand on the emergence of both the identified drivers of change over the ELSNA period and key infrastructure and strategic developments. Key drivers to be considered with their suggested implications for sectoral spatial needs (Table 6-32) are:

- Bristol Airport – on aerospace, transport and logistics, and tourism sectors
- Bristol Port - on aerospace, transport and logistics sectors

- The Transport Delivery Plan[180] for transport scheme delivery to support local connectivity – on logistics, tourism, retail, culture and leisure sectors, and will impact the suitability of sites for different sector activity.

  This includes the Bristol to Bath strategic A4 corridor, MetroWest, Bus infrastructure, cycleways including Weston-Super-Mare to Clevedon, Mass Transit routes and Future Transport Zones.
- The housing targets set by the SDS and NSC Local Plan to meet need over the ELSNA period
- Net Zero and the Clean Growth strategy and identification of waste and circular economy facility needs
- The recoveries of sectors badly impacted by the COVID-19 pandemic, including aerospace, retail, leisure and culture and tourism
- Emerging trends in automation and technology for West of England's manufacturing, engineering and logistic sectors, alongside decarbonisation, for how sites are re-purposed and the spatial implications of such activity.
- The duration/permanence of recent changes to office space demand and sectoral home-based working trends

It is recognised that at the West of England level, employment spatial strategies should consider suitable locations that meet the spatial need and sector specific requirements (premise and location requirements) across the functional economic market and region. This approach, informed with the demand profiling matrix, provides a more fitting approach to delivering required employment space than a more prescriptive approach of meeting estimated demand at each UA in isolation.

The quantitatively assessed demand projected a significant share of demand to be located in Bristol, with low relative demand projected elsewhere. This shows a differential to the historic employment change (6.2.1.1), where South Gloucestershire had the greatest absolute change from 2000 to 2019 and North Somerset had a significantly higher change than has been estimated by the Oxford Economic forecasts to 2040 (and the greatest change in percentage terms).

The quantitatively estimated share of employment spatial needs by UA should be considered as a guide, with limitations, where the West of England wide demand would more soundly be used to then attribute this through a demand profiling approach that considers the availability and suitability of employment sites across the area. The qualitatively adjusted demand scenario determines total demand for employment land that is distributed somewhat more to South Gloucestershire, BANES and North Somerset, reflecting uplifts in the manufacturing, aerospace, and advanced engineering and circular economy needs in particular. This may also be more in line with various opportunities to respond to high rents and supply constraints through shifting organisational cultures and working behaviours, whereby industrial and office-based businesses would consider alternative locations beyond core market areas.

Further, it is recognised that the presented employment land requirements are highly sensitive to assumed plot ratios and the implications of this are drawn out further in Section 8 and 9. The demand chapter and Appendix E have provided the employment requirements as floorspace sqm where possible.

Replacement demand needs to be approached with caution as the ability to re-generate and build on existing sites to meet these needs can dramatically reduce any estimated shortfalls based on the assumptions used.

Following the next section on supply, Section 0 presents the supply-demand balance. This uses the central quantitative assessment scenario in the main, as a higher level of demand than the downside scenario from 2019 to consider the extent of potential gaps in employment stock across different use types considering new demand in advance of replacement demand. The qualitative assessment outcomes as the qualitative adjustment sensitivity is considered for their implications on this balance position.

[180] WECA (2021) *West of England Transport Delivery Plan*

7. Supply Analysis

This chapter provides a strategic review of the existing and potential supply of land which may be suitable for employment development within the West of England. The results of the analysis provide the basis upon which to consider the extent to which future supply can meet anticipated demand, offering a foundation from which to establish strategic development options for potential allocation and a strategic direction for employment growth.

The chapter considers historical completions and patterns of loss/gain in employment stock to provide context and identify significant trends in the supply of employment land for the sub-region, before assessing the suitability of existing stock to meet anticipated qualitative employment needs and ultimately calculating the future supply of employment land across the West of England from quantitative data on extant permissions for commercial floorspace and available land on existing employment allocations without permission.

7.1. Sites Assessed

The ELSNA is a strategic-scale study and therefore the site identification process was commensurate. The Unitary Authorities' individual Employment Land Reviews contain a more detailed assessment of local employment land supply.

The sites for assessment through the ELSNA were provided by the Unitary Authorities in the West of England and include a total of 114 sites for consideration, with a list of the sites received presented in Appendix C. In selecting sites of significance for the ELSNA, the Unitary Authorities were guided by the following categories:

- **Category 1:** Existing employment site/cluster or town centre/retail cluster with obvious potential for change, taking account of factors such as available land, high level of vacancy, existing consents and allocations, ELR advice or known infrastructure investment.
- **Category 2**: Existing employment site/cluster or town centre/retail cluster functioning well without intervention, including those which could perhaps see change if 'pushed' by policy/strategy.

Table 7-1 below summarises the sites submitted, which have been individually assessed within the supply analysis process for their suitability to meet anticipated quantitative and qualitative employment needs.

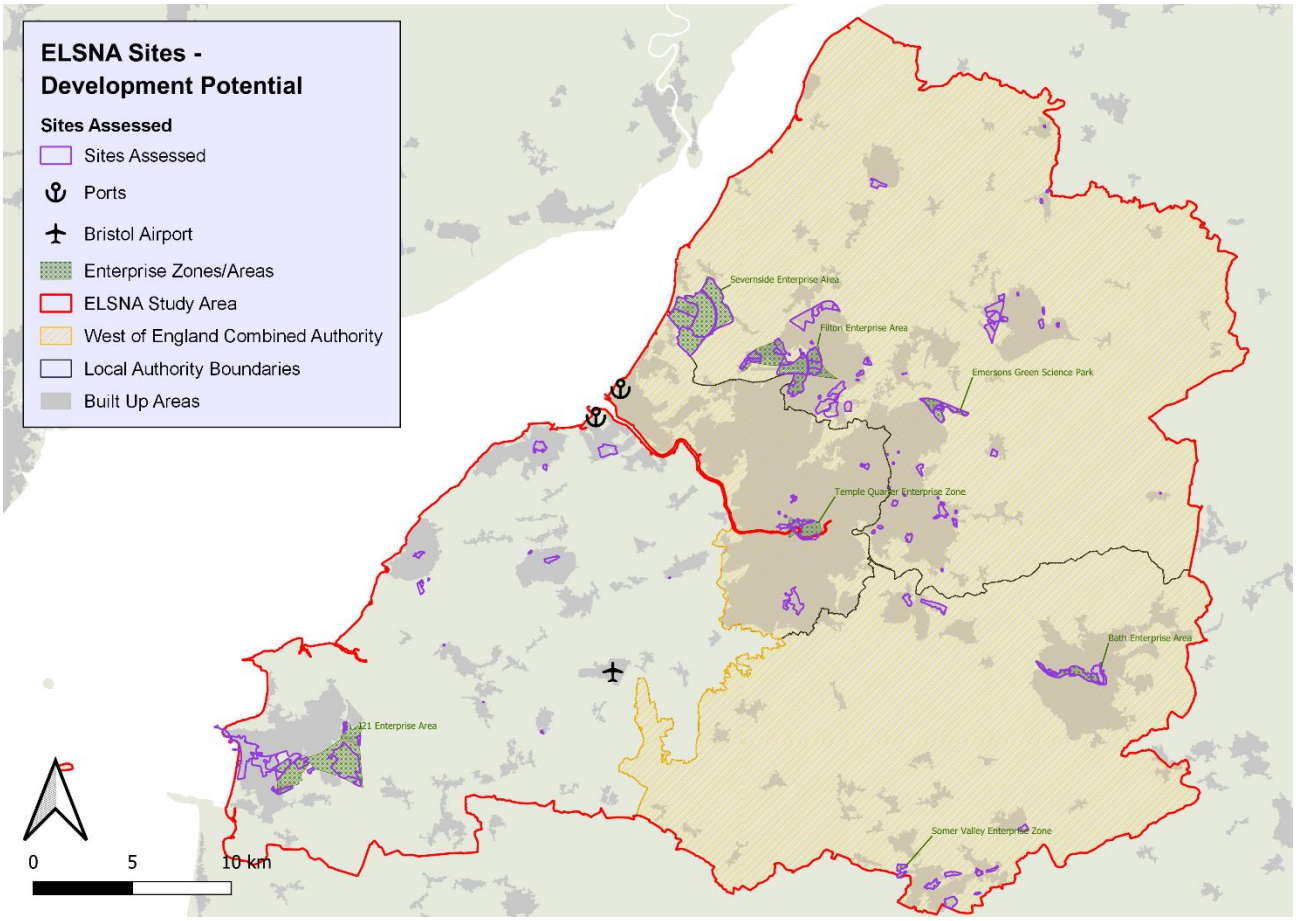
Table 7-1: Number of Potential Development Sites Provided by Unitary Authorities by Category

Unitary Authority	Category 1	Category 2	Total Sites
Bristol	19	2	21
Bath and North East Somerset	5	9	14
South Gloucestershire	28	25	53
North Somerset	26	-	26
Total	78	36	114

Source: Data provided by Unitary Authorities and analysed by Atkins

As Table 7-1 indicates, a total of 114 Category 1 and 2 sites were evaluated across the four Unitary Authorities. Figure 7-1 below demonstrates the spatial distribution of the Unitary Authorities' Category 1 and 2 sites assessed during the supply-side analysis, as well as the sub-region's Enterprise Zones and Enterprise Areas.

Figure 7-1: Spatial Distribution of Sites Assessed



Source: Atkins (2020)

7.2. Assessment Methodology

The assessment of employment land supply for the ELSNA integrates both quantitative and qualitative approaches to analysis and applies a criteria-based approach to assessing the suitability of existing and potential sites, locations and premises to meet anticipated quantitative and qualitative needs. In examining strategic options and alternatives for meeting need for employment land supply in the West of England, the supply-side assessment draws heavily on the recent Employment Land Reviews and Studies undertaken or currently being updated by the Unitary Authorities, underpinning quantitative assessment outputs with intelligence gathered through the market engagement process and stakeholder workshops.

It is recognised that this report provides a 'snapshot in time' and that additional sites may come forward through the HELAA process which are not currently being considered in this Study. These sites should be fully assessed in accordance with the criteria utilised in this Study, as well as the policy and development management requirements of the relevant local planning authorities. Subject to a reasonable degree of certainty of such sites being implemented, it may be necessary to take these into consideration when updating the supply estimates set out in this report.

7.2.1. Integrating Quantitative and Qualitative Approach to Assessment

To assess whether the supply of existing and potential future employment sites has the capacity to meet future economic development needs in the West of England, it is necessary to quantify the amount of available employment land that could fulfil this purpose. For sites that form part of wider mixed-use plans, only the area with potential for employment development is measured and assessed. The quantitative analysis of employment land supply incorporates consideration of pipeline supply, which includes sites consented and under construction.

Quantitative assessments have been integrated with qualitative assessment, informed by evidence provided through market engagement. To help identify a suitable portfolio of strategic development options for the West of England, the qualitative assessment considers the suitability and opportunity of potential employment land supply to contribute to meeting sectoral demand – including cross-sectoral spatial needs, as well as the ability to achieve clean and inclusive short-term recovery and longer-term growth.

7.2.2. Assessment Criteria

In order to provide a comprehensive and consistent site appraisal, sites have been assessed on a range of strategic criteria. Aligned with national guidance, these criteria were developed in consultation with WECA and the four Unitary Authorities and agreed at the beginning of the site assessment process to ensure consistency and to make the assessment as objective as possible.

The assessment proforma is structured in two parts. Whilst Part A considers baseline site information through a high-level narrative and descriptive commentary of site characteristics, Part B provides a qualitative assessment of site potential to meet sectoral demand and cross-cutting spatial needs, as well as opportunities to contribute to regeneration, economic recovery, and clean and inclusive growth.

7.2.2.1. Part A

A1. Site Context – Collates contextual information such as site typology, address, location and site area, in addition to relevant planning histories and existing or emerging policy status.

A2. Current Use – Considers the current role and sectors served by the site/cluster/location, the estimated amount of undeveloped land and the quality and fitness of purpose of existing sites and premises – including age and condition of stock, evidence of significant vacancies, suitability of buildings for modern occupiers, environmental conditions and parking provision where relevant.

A3. Description of Qualitative Features of Site – Using data primarily sourced from ELRs, GIS and other secondary sources, this assessment considers strategic connectivity (including location and access relative to the strategic road, freight and passenger rail network, as well as other strategic transport hubs like the Port of Bristol and Bristol Airport). In addition, access to public transport, the local highway/urban road network and town centres/local amenities are considered. The assessment of qualitative site features also examines digital connectivity, compatibility with neighbouring uses/the wider area and identifies any spatial or functional linkages.

7.2.2.2. Part B

Part B provides a range of strategic criteria for qualitative assessment, focused on establishing site potential to meet sectoral demand, as well as to contribute to clean and inclusive recovery and growth – including the scale of opportunity, strength of suitability, likely delivery timeframe and any requirements for infrastructure investment. In addition, Part B explores site potential to provide for social enterprise and emerging forms of workspace (such as flexible, co-worker space, incubator and start up hub space) in considering cross-sectoral spatial needs.

This section of the site proforma uses a combination of descriptive narrative and RAG rating to enable a conclusion to be reached on the extent to which a site/cluster or location offers strong strategic potential to contribute to employment growth and key sector prioritisation across the West of England. In addition to providing a rationale for the conclusion reached, recommendations have been made elsewhere in this report to identify appropriate policy interventions for further testing through the plan-making process at sub-regional (SDS) and local (Local Plans) level.

The site proforma for the purpose of assessing the ELSNA sites portfolio, as agreed with the client, is contained in Appendix C.

7.2.3. Use Classes

The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 came into effect in September 2020. The changes implemented were three new Use Classes (as seen in Table 7-2 below). For the purposes of this supply analysis, all calculations are presented in both the traditional and new Use Classes. However, the pipeline supply data submitted by each of the Unitary Authorities has not incorporated these new Use Classes, due to the planning applications being submitted and approved with the traditional Use Classes.

Table 7-2: Use Class September 2020 Update

Traditional Use Classes	Traditional Use Classes	New Use Classes (as of Sep 2020)
Office	A2	E
	B1a	
R&D	B1b	
Retail	A1	
	A2	
	A3	
Industrial	B1c	
	B2	B2
Storage & Distribution	B8	B8
Other	C1	C1
	C2	C2
	D1	F.1/E
	D2	F.2/E
	Sui Generis	Sui Generis

Source: Government Guidance on New Use Class Orders, September 2020

As Table 7-2 illustrates, a new E Class – a general "commercial, business and service" use class – absorbs previous classes A1, A2, A3, B1 and parts of D1 and D2 and covers retail, food, financial services, indoor sport and fitness, medical or health services, nurseries, offices and light industry. This allows a change from one use to another without the need for planning permission. Furthermore, new regulations recently consulted on propose that any use in Class E can change to residential without the need for planning permission. It is likely that employment sites in the West of England will be redeveloped for residential use due to these changes to the Use Class Order, as well as Permitted Development Rights, particularly near high-value residential areas. This may have significant impacts on the supply of employment land in the sub-region. As a result, there may be a need to safeguard a 'reservoir' of employment land provision to compensate for any potential decline in future supply within the four Unitary Authorities going forward. Crucially however, this must align with the NPPF requirement to promote the development of underutilised land, especially if this would help to meet identified needs for housing where land supply is constrained. This issue will be considered further within the supply analysis.

7.3. Patterns of Loss and Gain in Employment Land Stock

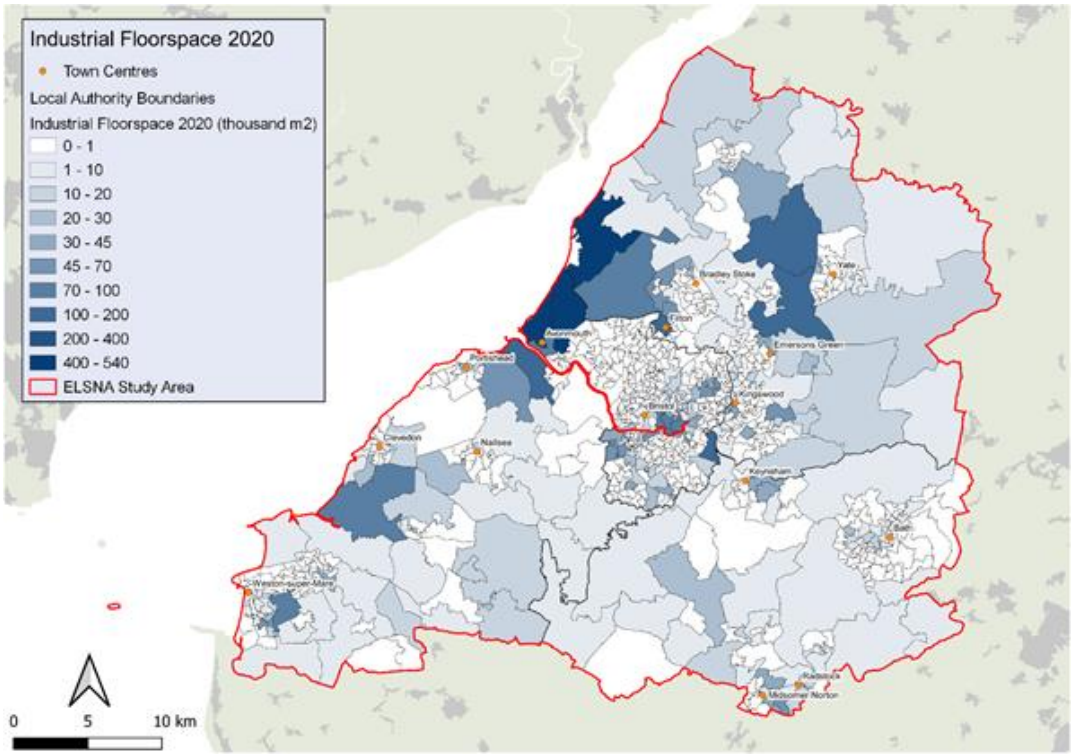
In order to identify major historic trends and critical issues in the supply of employment across the West of England, it is important to first consider the spatial distribution of commercial floorspace and patterns of loss/gain in employment stock. This section highlights the employment floorspace within the West of England, split into industrial, office and retail. Based on Valuation Office Agency (VOA) data published in 2020, there is approximately 11,009,000 sqm of employment floorspace in the West of England. The majority of this total employment floorspace is located in Bristol, 4,975,000sqm, and South Gloucestershire, 3,170,000 sqm. A further 1,296,000 sqm of employment floorspace is situated within BANES and 1,568,000 sqm in North Somerset. This total floorspace can be used to show the net change in employment floorspace in the West of England, as seen in Section 7.3.4.

7.3.1. Industrial Floorspace

More than half of overall employment floorspace in the West of England (53.7%) is comprised of industrial floorspace, a total of 5,913,000 sqm, just below the national average (56%). This includes 2,505,000 sqm in Bristol, 1,971,000 sqm in South Gloucestershire, 869,000 sqm in North Somerset and 568,000 sqm in BANES. Figure 7-2 demonstrates the spatial distribution of industrial floorspace in the West of England, highlighting in particular the significant industrial sub-markets of Avonmouth-Severnside and Bristol North Fringe. Examining

the spatial distribution of industrial floorspace across the sub-region also demonstrates small concentrations of activity in BANES, for instance at Bath Riverside and Somer Valley, as well as within the J21 Enterprise Area.

Figure 7-2: Distribution of Industrial Floorspace in the West of England

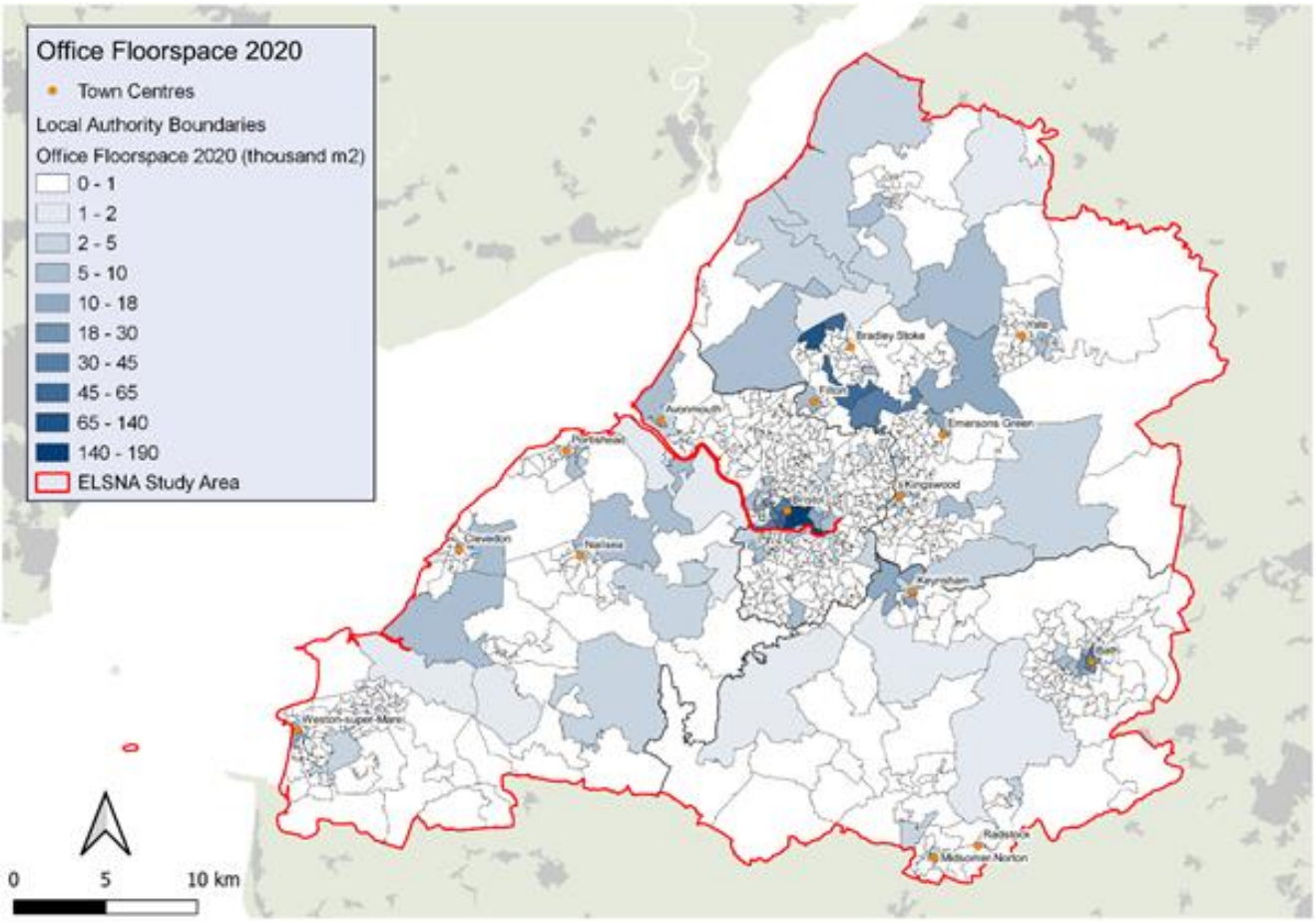


Source: Atkins (2020)

7.3.2. Office Floorspace

Office floorspace in the West of England totals 1,879,000 sqm, representing 17% of the total employment stock. The majority (56%) of this office floorspace is located in Bristol, equating to 1,043,000sqm, particularly focused around the City Centre. In addition to this, there is 449,000 sqm of office floorspace in South Gloucestershire (24%), alongside 216,000 sqm in BANES (11%) and 171,000 sqm in North Somerset (9%). Figure 7-3 illustrates the spatial distribution of the West of England's office floorspace, demonstrating the significant office markets around Bristol City Centre (particularly Temple Quarter) and the North Fringe, as well as regional office locations such as Portishead and Keynsham. Surveying the spatial distribution of office floorspace across the West of England also particularly highlights the increasing significance of Bath Quays as an office location for BANES.

Figure 7-3: Distribution of Office Floorspace in the West of England

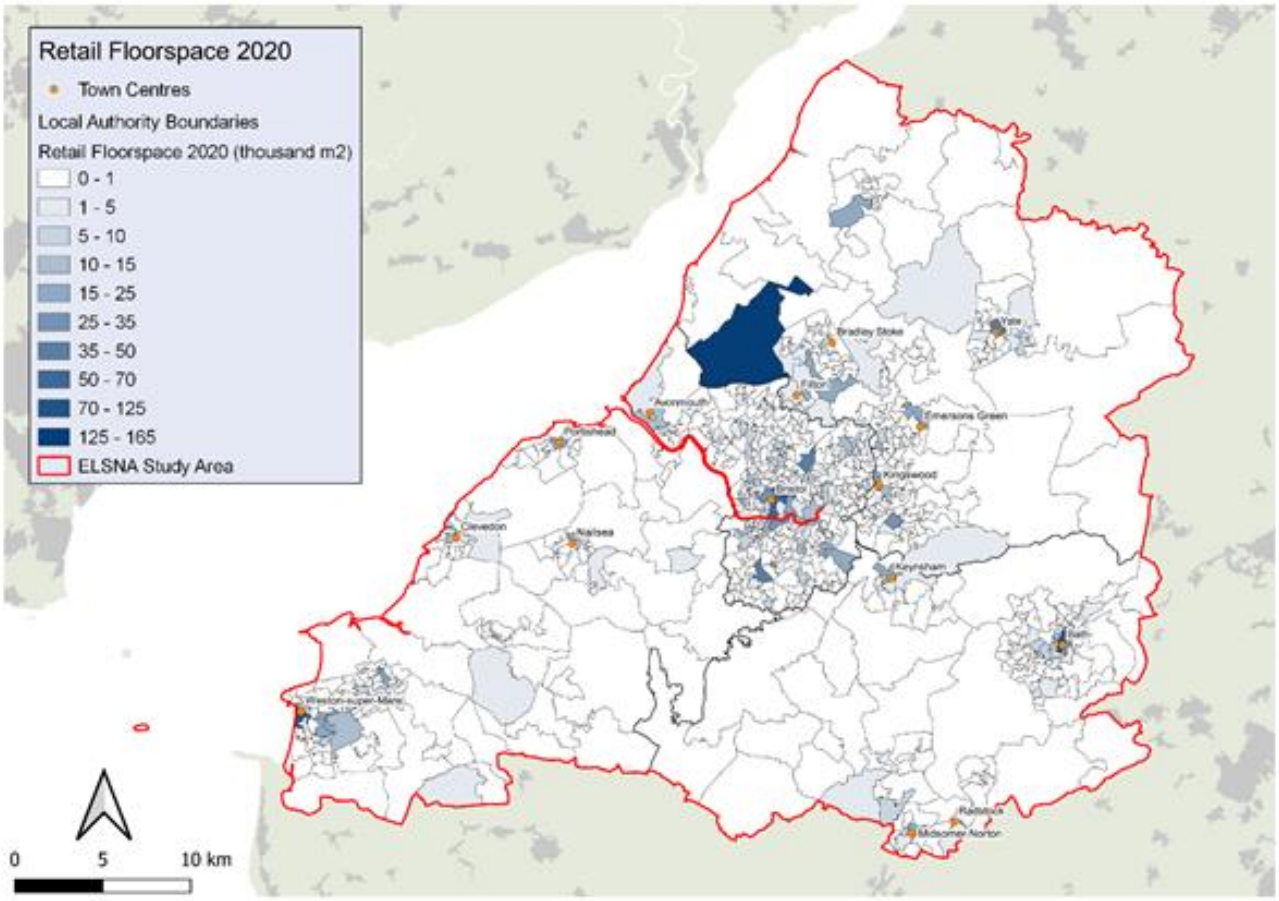


Source: Atkins (2020)

7.3.3. Retail Floorspace

The West of England's retail floorspace makes up a total of 2,063,000 sqm of its employment stock, accounting for 19% of total floorspace. This includes a significant proportion located in Bristol (46.4%), equating to 959,000 sqm, distributed across the unitary district. South Gloucestershire currently accommodates 495,000 sqm of retail floorspace (24%), with the remaining floorspace divided between BANES (325,000 sqm) and North Somerset (321,000 sqm). Figure 7-4 shows the spatial distribution of retail floorspace in the West of England, including the significant concentration of retail activity at Cribbs Causeway, as well as city and town centre focused retail in Bristol and Bath city centres and Weston-Super-Mare.

Figure 7-4: Distribution of Retail Floorspace in the West of England



Source: Atkins (2020)

7.3.4. Net Change in Total Employment Stock

Analysis of VOA data indicates that total stock of employment floorspace in the West of England has seen a net increase of 5.6% or 0.5% annually since 2009, which has resulted in approximately 585,000 sqm additional employment floorspace overall. Table 7-3 below illustrates the change in employment floorspace between 2009 and 2020 in five-year intervals, highlighting the overall contraction of office space across the sub-region, particularly as a result of loss of lower value stock to Permitted Development Rights. This was most notable in North Somerset and Bristol, where 5% and 2% of total office stock was lost respectively between 2009 and 2020. As explored in Section 7.2.3, the introduction of the new E Use Class has the potential to further exacerbate this issue. In contrast, an 8% increase in total industrial stock across the sub-region over the same period reflects the exponential rise of the distribution and logistics sector, as highlighted through market engagement, with South Gloucestershire experiencing the most substantial increase in industrial floorspace (24%) since 2009.

Table 7-3: Change in Total Employment Stock in the West of England (in '000 sqm)

	2009-2010	2014-2015	2019-2020	2009-2020 % - Change	Annual Growth
Office	1,885	1,988	1,879	-0.3%	0.0%
Industrial	5,474	5,527	5,913	8.0%	0.8%
Retail	2,028	2,084	2,063	1.7%	0.2%
Other	1,037	1,122	1,154	11.3%	1.1%
Total	**10,424**	**10,721**	**11,009**	**5.6%**	**0.5%**

Source: VOA, 2020

The total stock of employment floorspace in BANES has remained largely stable, with a net growth of 1.1% or 0.1% annually between 2009-2020. Retail floorspace increased substantially at 10.8%, with 32,000 sqm of additional floorspace since 2009. For office stock, there has been no annual growth over the period from 2009-2020. However, there was an increase in office stock from 2009 to 2015, and then a decrease from that point to 2020. Therefore, office stock in the West of England fluctuates considerably. Moreover, total industrial stock contracted by 8.7% over the same period, resulting in the loss of 54,000 sqm of industrial floorspace.

Accommodating a total of 4,975,000 sqm of employment floorspace, Bristol has the largest proportion of total employment stock in the West of England, comprising 50.4% industrial and 21.6% office space. Since 2009 total stock in Bristol has increased marginally by 0.9% since 2009, including a 3.4% increase in industrial floorspace – providing an additional 83,000 sqm. However, Bristol has also seen both retail space and office space decrease by 3.9% and 2% respectively over the same period.

In North Somerset, total employment floorspace increased 2.5% overall in the period 2009-2020, including an increase in industrial floorspace of 3.3%. Total retail floorspace also increased in North Somerset, with a growth of 4.2%. Conversely, 171,000 sqm of office floorspace was lost over the same period.

South Gloucestershire's employment stock is comprised of 62.2% industrial floorspace and 15.6% retail space. Since 2009, total employment floorspace increased by 18.2% overall or 1.7% annually. The biggest overall increase was in industrial floorspace (24%), resulting in an additional 382,000 sqm over the period 2009-2020. Table 7-4 provides an overview of the change in total employment stock by Unitary Authority.

Table 7-4: Change in Employment Stock by Unitary Authority ('000 sqm)

	BANES			Bristol City			North Somerset			South Gloucestershire		
	2009 - 2010	2019 - 2020	% change	2009 - 2010	2019 - 2020	% change	2009 - 2010	2019 - 2020	% change	2009 - 2010	2019 - 2020	% change
Office	216	216	0.0%	1,064	1,043	-2.0%	180	171	-5.0%	425	449	5.6%
Industrial	622	568	-8.7%	2,422	2,505	3.4%	841	869	3.3%	1,589	1,971	24.0%
Retail	293	325	10.9%	959	922	-3.9%	308	321	4.2%	468	495	5.8%
Other	151	187	23.8%	486	505	3.9%	201	207	3.0%	199	255	28.1%
Total	**1,282**	**1,296**	**1.1%**	**4,931**	**4,975**	**0.9%**	**1,530**	**1,568**	**2.5%**	**2,681**	**3,170**	**18.2%**

Source: VOA, 2020

7.4. Historical Completions

Historical completions up to the base date of the plan period must be taken into account and form part of the context for explaining the employment land development capacity for the sub-region. Atkins have utilised the information provided by the Unitary Authorities to estimate supply from completed development in the West of England. Completions are important to analyse, as they highlight the capacity of each Unitary Authority, and the West of England as a whole, to deliver employment land. Whilst completions do not directly influence future supply, it is useful in providing an idea of how much development has occurred in each Unitary Authority over the last decade, providing a proxy for market demand and benchmark for delivery capacity based on historical market conditions and existing infrastructure provision.

The following tables provide a total for the time period 2011/12-2017/18 (based on data supplied by each Unitary Authority; all four Unitary Authorities have data for this date range). The data is presented as raw completions, which is the total number of completions that occur in each Unitary Authority, as well as a total for the net square meters of completed developments by use class that have occurred during the time period. Information of what is included within each use class category can be found in Section 7.2.3. North Somerset only provided data on completions in terms of square metres, with no data on raw completions. For completions which have multiple uses, for instance B2 and B8, these have been double counted in both Industrial and Storage and Distribution for raw completions, although this does not significantly impact the total figures.

The completions that occurred in each Unitary Authority during the period 2011-18 by the traditional use classes are presented in Table 7-5 and Table 7-6. The tables indicate that South Gloucestershire and Bristol have in recent years seen significant investment in large sites for employment use, however, this does not necessarily reflect future capacity. BANES Unitary Authority experienced more completion of developments than Bristol, however these were typically smaller in scale. Bristol saw the majority of large-scale completed developments being used for Storage and Distribution in the West of England. South Gloucestershire has experienced significant historical completions in other use classes, e.g. education or leisure centres.

Table 7-5: Completions by Unitary Authority and Use Class from 2011 – 2018 (Raw Completions)

Unitary Authority	Office	R&D	Industrial	Storage & Distribution	Retail	Other	Total
Bristol	30	0	33	35	11	48	157
Bath and North East Somerset	52	0	25	5	57	30	169
South Gloucestershire	25	5	46	51	41	93	261
WECA	**107**	**5**	**104**	**91**	**109**	**171**	**587**
North Somerset	-	-	-	-	-	-	-
West of England	**107**	**5**	**104**	**91**	**109**	**171**	**587**

Source: Data provided by Unitary Authorities and analysed by Atkins

Table 7-6: Net Completions by Unitary Authority and Use Class from 2011 – 2018 (sqm)

Unitary Authority	Office	R&D	Industrial	Storage & Distribution	Retail	Other	Total
Bristol	77,829	0	80,056	256,377	7,926	74,607	496,795
Bath and North East Somerset	32,191	0	5,905	1,519	20,581	43,276	103,472
South Gloucestershire	70,847	26,576	76,457	257,783	61,569	213,835	707,065
WECA	**180,867**	**26,576**	**162,418**	**515,679**	**90,624**	**332,608**	**1,307,332**
North Somerset	17,028	3250	41,524	18,777	0	0	80,579
West of England	**197,895**	**29,826**	**203,942**	**534,456**	**90,076**	**331,718**	**1,387,911**

Source: Data provided by Unitary Authorities and analysed by Atkins

Table 7-7 and Table 7-8 show the historical completions by Unitary Authority for each new use class (a re-presentation of the above data). This shows that BANES and Bristol saw the most completions from 2011/12 to 2017/18 for E use classes, however South Gloucestershire had the most significant developments in terms of square meters during the same time period, followed by Bristol. The 'Other' use class is the same for both traditional and new use classes, and B8 is, by definition, the same as Storage and Distribution. The completions in the B2 use class in Bristol indicate that there have previously been significant completions for light industrial space. This is not the case for the other Unitary Authorities, where the majority of use class Industrial land consists of heavy industry (B2).

Table 7-7: Completions by Unitary Authority and New Use Class from 2011 – 2018 (Raw Completions)

Unitary Authority	E	B2	B8	Other (F.1/F.2/SG)	Total
Bristol	52	22	35	48	157
Bath and North East Somerset	117	17	5	30	169
South Gloucestershire	82	35	51	93	261
WECA	**251**	**74**	**91**	**171**	**587**
North Somerset	-	-	-	-	-
West of England	**251**	**74**	**91**	**171**	**587**

Source: Data provided by Unitary Authorities and analysed by Atkins

Table 7-8: Net Completions by Unitary Authority and New Use Class from 2011 – 2018 (sqm)

Unitary Authority	E	B2	B8	Other (F.1/F.2/SG)	Total
Bristol	116,469	49,342	256,377	74,607	496,795
Bath and North East Somerset	53,505	5,172	1,519	43,276	103,472
South Gloucestershire	173,383	62,065	257,783	213,835	707,065
WECA	**343,357**	**116,579**	**515,679**	**331,718**	**1,307,332**
North Somerset	25,241	36,561	18,777	0	80,579
West of England	**368,598**	**153,140**	**534,456**	**331,718**	**1,387,911**

Source: Data provided by Unitary Authorities and analysed by Atkins

The average annual historical completions by use class are shown below in Table 7-9, by use class in square meters for each Unitary Authority, as well as a total for the West of England. This highlights the significant uptake in storage and distribution in Bristol, compared to the other unitary authorities. Bristol also has had significant completions in industrial, office and other types of employment use class over the past decade. However, there is a notable lack of annual retail completions in Bristol compared to BANES and South Gloucestershire, mainly due to the timing of strategic retail development. South Gloucestershire has a significant historical completion rate for the 'Other' use class, mainly down to waste uses at Severnside, with the other classes being relatively equal per annum. The majority of North Somerset's completions per annum are in industrial employment use classes, whereas BANES is mainly in office, retail or other.

Table 7-9: Average Annual Historical Completions by Use Class from 2011 – 2018 (sqm)

Unitary Authority	Office	R&D	Industrial	Storage & Dist.	Retail	Other	Total
Bristol	9,729	-	10,007	32,047	991	9,326	62,099
Bath and North East Somerset	4,024	-	738	190	2,573	5,410	12,934
South Gloucestershire	8,856	3,322	9,557	32,223	7,696	26,729	88,383
WECA	**22,608**	**3,322**	**20,302**	**64,460**	**11,260**	**41,465**	**163,417**
North Somerset	2,129	406	5,191	2,347	-	-	10,072
West of England	**24,737**	**3,728**	**25,493**	**66,807**	**11,260**	**41,465**	**173,489**

Source: Data provided by Unitary Authorities and analysed by Atkins

The overall aim of this section was to paint a picture of historical completions / take-up rates for each Unitary Authority roughly over the last decade. Over the last ten years (excluding the last two years), the drivers for completions in employment land developments has been storage and distribution, with the bulk of that occurring in Bristol and South Gloucestershire Unitary Authorities. There has also been relatively significant completions in developments of other use classes in South Gloucestershire; for instance, care homes and leisure facilities. Almost half the completions in North Somerset have been in industrial employment land uses, with office and other use classes having the majority of completions in Bath and North East Somerset. Relatively speaking, retail completions are also high in BANES. Finally, Bristol and South Gloucestershire have also seen some significant completions in office and industrial employment land uses over the last decade, with a rough average of annual completions being around 10,000 sqm for each Unitary Authority in both use classes.

7.5. Suitability and Intensification of Existing Stock

As previously stated, sites for assessment were provided by each Unitary Authority. Within this, it was important to examine the ability of each site to be used by businesses with modern requirements, and thus the suitability of sites to be used as modern employment land. The site assessments involved a qualitative evaluation of the stock and suitability of each site across the four Unitary Authorities. The site assessment looked at the quality and fit for purpose of the existing sites, as well as the age and suitability of stock and the suitability of buildings for modern occupiers. As the EPC data in Table 6-5 demonstrates, a proportion of stock was deemed suitable for modern occupiers, with adequate specification for businesses to occupy, displaying market appeal and value to businesses. However, there will be a need for some investment and redevelopment of stock to meet modern occupier needs. From the site proforma data that was provided by the Unitary Authorities and site assessments undertaken by Atkins, it can be seen that even if the stock is regarded as being older on a site, at least some sections of the site had typically been redeveloped recently, which would be operational for modern occupiers. Section 6.2.1.5 details how the replacement demand for the supply-demand assessment considers the need to replace older, lower quality stock over the ELSNA period, particularly with regards to the Net Zero agenda and the requirement to upgrade existing premises to accommodate technological trends. The pattern of replacement stock provision suggests this is a viable proposition across the majority of sites, implying they continue locationally to be meeting needs with at least some degree of success.

Although not representing a majority, approximately 27% of sites were identified as having at least some form of significantly ageing stock across all four Unitary Authorities, typically industrial/trading estates in out-of-centre and rural locations – for instance at Wickwar in South Gloucestershire and Yatton in North Somerset, as well as traditional industrial locations in Bristol and BANES such as St Philip's Marsh and Twerton Riverside. Redevelopment of such sites should be encouraged in the long term to attract modern occupiers and a diverse

range of employment activity. It is noted that lack of redevelopment does not necessarily indicate that this is unviable, but particularly in urban areas may indicate residential 'hope' value at play.

In line with priorities for the West of England, the majority of the sites assessed have started to recognise the need for clean inclusive growth and therefore incorporate efforts to transition towards low carbon by improving the efficiency of existing premises; whether that be office or industrial stock. Other cross-sectoral spatial priorities considered included provision for SMEs and start-ups, with some major employment locations like Avonmouth and Severnside deemed inappropriate for such uses, despite their significance for larger businesses, for instance due to the lack of affordable public transport provision and limited provision of local amenities. The significant investment in MetroWest may assist in promoting such areas for SMEs, with Phase 1a and 1b of the project including half hourly services to Avonmouth from Temple Meads via a new station at Portway and hourly to stations beyond that[181].

Considering the declining supply of new employment land in the sub-region, it is of critical importance that the four Unitary Authorities and WECA encourage more efficient use of the existing stock available going forward, for instance through intensification and new mixed-use typologies. Given the existing stock in the West of England and possible interventions, intensification of industrial space presents the most viable and sustainable option for maximising the use of the employment land available. This could include the commission of an industrial intensification and co-location study (as commissioned by the Greater London Authority for the new London Plan[182]), to identify sub-areas or sites in the sub-region that offer potential for intensification, giving regard to industrial/distribution occupier requirements and the physical potential/viability of intensification.

From the initial high-level assessment undertaken for the ELSNA, these sub-areas could include established large-scale industrial locations such as Avonmouth and Portbury, with potential also existing on development sites within the Junction 21 Enterprise Area and Somer Valley Enterprise Zones. Once the sites deemed feasible for intensification have been appropriately identified, the Unitary Authorities could also consider provision of generalised or area-specific planning and design guidance. In light of the somewhat untested status of industrial intensification, such guidance could offer a degree of reassurance to developers and investors – demonstrating how development should be carried out and giving assurance that if proposed schemes comply with the guidance provided, permission would likely be granted. The provision of such guidance, as well as other options for public sector interventions to support intensification, will be considered further within the recommendations of this report.

Various new and innovative typologies for industrial intensification have emerged across Europe and the rest of the world in the last decade, with individual characteristics which can be matched to a suitable premises/site, based on its scale and the activities it could accommodate. Table 7-9 below outlines the key features of a selection of these typologies which could potentially be delivered in the West of England, including a best practice example and possible locations within the sub-region which could be suitable for such development. These should be regarded as strategic-level suggestions and further in-depth assessments will be required to test the broad viability of industrial intensification within the four Unitary Authorities, as well as wider deliverability issues.

[181] WECA (2021) *West of England Transport Delivery Plan*

[182] Greater London Authority (2018) *Industrial Intensification and Co-Location Study*

Table 7-10: Potential Industrial Intensification Typologies – Best Practice Examples

Typology	*Industrial Units*	*Attached Structure*	*Multi-Storey Industrial*	*Co-Location with Employment*
Example	Gewerbehof Laim, Munich, Germany	The Gantry Studios, Hackney Wick, London	Prologis Georgetown, Seattle, USA	Binck Business Centre, The Hague, Netherlands
Image				
Description	Light industrial units stacked vertically on top one another, served by cargo lifts. Focused on premises and activities which do not require operational yards.	Small stackable light industrial / R&D units adjoining a larger ground dependent industrial premises, generating an active frontage to a large unit.	Potential to stack smaller light industry on top of medium or large units, maximising land use. Served by cargo lifts and consolidated parking on site.	Cluster of small / medium office and industrial units with active frontage. Ground dependent units, with stacked office/light industry which do not need operational yards.
Possible Location	Smaller industrial areas with restricted space such as South Bristol, Yate and Keynsham.	Key cluster locations for R&D/innovation such as Emersons Green and J21 Enterprise Area.	Established, large-scale industrial locations such as Avonmouth, Portbury and Severnside.	Accessible locations serving both office and industrial such as Filton and St Philip's Marsh.

7.6. Proposed Allocations in Bristol

Bristol City Council is the only authority within the West of England that has published early draft allocations in its emerging Local Plan. Although not currently adopted, it is critical that the ELSNA considers these proposed policies and allocations, given how important the new Local Plan envisages them to be in delivering employment in Bristol and their potential impact upon supply of commercial floorspace across the sub-region. Due to the lack of quantitative data currently available on the emerging policies and allocations, for instance job or floorspace targets, these allocations have not been considered in the final quantitative assessment of future employment land supply. In addition, it is also important to note that these proposed policies and allocations are to be reviewed in light of the Spatial Development Strategy and its evidence base. However, where possible, the emerging planning policy and allocations have been incorporated into qualitative discussions regarding the capacity of employment land to meet future business needs where possible, as well as when identifying spatial needs currently not well represented in future employment land supply.

The employment land strategy for the proposed Local Plan proposes new sites allocations for industrial and distribution uses, in addition to the provision of new forms of workspace through mixed-use redevelopment of industrial and distribution land. Several policies contained within the emerging Local Plan could affect future supply of employment floorspace, particularly the planned Growth and Regeneration Areas (AGRs). The AGRs are identified as having significant opportunities for delivery of housing and other supporting uses.

The information provided in the following sub-section is linked to the following Section 7.7 in that it relates to future supply land supply. However, for pragmatic reasons it is helpful to present the information separately below.

7.6.1. Proposed Office Development in Bristol

Draft Policy E3 identifies the core areas for future office development and the approach to the "provision of smaller scale office development and flexible workspace as part of mixed-use development". The Draft Policy indicates that office development will be provided at:

- Bristol City Centre, particularly Bristol Temple Quarter and St. Philip's Marsh.
- Town and district centres, as well as on the edge of these centres.
- Growth and Regeneration Areas, within mixed-use developments.

Bristol Temple Quarter and St. Philip's Marsh is planned to be developed as a "mixed-use quarter", incorporating high-quality office space and flexible workspace. In addition, the Draft Policy states mixed-use redevelopment of sites which served business, industrial and distribution uses should include provision of offices/flexible workspace for start-ups and early stage growth. It is specified that the workspace should be proportionate to the scale and location of the development, accounting for the employment intensity of the original site.

7.6.2. Proposed Industrial and Distribution Areas in Bristol

Draft Policy E4 allocates 234ha of land as Industry and Distribution Areas (IDAs) – safeguarding them for industrial and distribution uses – including 150ha in South Bristol. A significant amount of the 35 planned IDAs are currently allocated as PIWAs (as discussed in section 7.4.4.). Unlike the adopted policy for PIWAs, the Draft Policy supports delivery of further B1b, B1c and B8 floorspace and other complementary employment-generating land uses on the IDAs. Consequently, much needed additional supply of such accommodation could be delivered, providing there is developable land available within the IDAs. Furthermore, unlike adopted Policy DM13, lack of demand is not included as an acceptable justification for release of the IDAs, suggesting an enhanced protection of these 35 allocated sites.

However, development on former PIWAs is not prevented where these fall within the proposed AGRs, and exceptional circumstances are not required for redevelopment (such as lack of demand), consequently the supply of industrial and warehousing space could be impacted. Nonetheless, it is important to recognise that several of the former PIWAs currently contain non-industrial uses, as well as several vacant sites and sites which lack any significant employment content. Furthermore, the AGR policy (E7) indicates that redevelopment of sites currently/recently used for business must deliver provision of a proportionate scale of workspace. In order to prevent a significant loss of industrial and distribution space, which could significantly affect existing and potential businesses, it is recommended that floorspace/jobs targets are identified for the proposed AGRs. These will need to accommodate a degree of flexibility to respond to changing market dynamics and demand – including continued local business engagement to inform comprehensive development frameworks for the AGRs. Flexible targets will assist in identifying any potential impact of the policy change on Bristol and the West of England's industrial and distribution supply.

7.6.3. Avonmouth Industrial Area and Bristol Port

Draft Policy E5 safeguards over 640ha for industry, distribution, port and energy uses within the Avonmouth Industrial Area. Within this, 60ha of greenfield land adjacent to the existing industrial area is proposed for allocation for industrial and distribution uses. This includes the following currently undeveloped sites:

- Land at Kings Weston Lane, south of Access 18.
- Land east of Chittening Road.
- Land east of Packgate Road; and
- Land south of Seabank Power Station.

Considering the demand for Avonmouth and Severnside, the proposed allocations will undoubtedly provide desirable industrial and warehousing space. This area is regionally important for industry, distribution and other related areas, and will continue to support a significant number of jobs and development proposals. However, the allocations should not be regarded as an all-purpose solution for the anticipated industrial/distribution supply pressures elsewhere in Bristol. This is predominantly due to the inability of some businesses to transfer their industrial and warehousing activity to Avonmouth, owing to their operational and workforce demands, including the limited provision of affordable public transport and local amenities. Furthermore, the area is predominantly suitable for large-scale industrial and distribution activity, instead of the smaller light industrial and local

distribution uses which favour accessible locations in Central and South Bristol at present. The significant investment in MetroWest referenced above may however go some way to redressing this.

7.7. Future Employment Land Supply

The summary tables at the end of this Chapter show the sum of consented supply (section 7.7.1) and available land on existing employment allocations (the Category 1 and 2 sites submitted to Atkins) without permission (Section 7.7.3), providing a figure for the total supply of employment land across the West of England and for the individual Unitary Authorities. The following section provides a quantitative analysis of future employment land supply across the West of England, assessing both the quantity of future supply and its indicative suitability to meet demand from the key market sectors. The results of this analysis will be contrasted with the demand assessment (Chapter 6) and will then provide the basis upon which to consider how future employment land requirements (detailed in Chapter 8) can be met.

Future employment land supply comprises:

- Land with permission for commercial floorspace by Use Class ('Consents'); and
- Available land on existing employment allocations (Category 1 and 2 sites) without permission ('Existing Allocations without Consent').

7.7.1. Consents

7.7.1.1. Net Employment Land Change across the Sub-region

Consented pipeline opportunities are deliverable and therefore affect the overall supply of commercial stock. The Unitary Authorities have provided a schedule of planning permissions that have been approved. The data has been provided from different dates:

- Bath and North East Somerset – March 2020
- Bristol – March 2020
- North Somerset – March 2020
- South Gloucestershire – March 2020

The information provided includes planning permissions for both new commercial space and the loss of existing. It is important to consider both to ensure a robust understanding of the office, industrial and warehousing supply in future and consider any loss of employment sites to other uses. Atkins have exclusively relied on the information provided by the Unitary Authorities to estimate consented supply and no engagement with landowners and developers in respect of these sites has taken place as part of this Study.

The overall gain or loss in gross internal floor area or hectares are shown below in Table 7-11 and Table 7-12, by use classes and Unitary Authority. Use classes are split by the activities listed in

Table 6-2. Information on the split between traditional and new use class can be seen in Section 7.2.3. In addition, information on how plot ratios have been used to determine the total hectares for each Unitary Authority from the gross internal floor area is presented in Section 6.1.3.

Plot ratios are used to convert

Table 7-11 into Table 7-12, as converting all the data into hectares enabled a more consistent approach to analysis. However, as already highlighted, the conversions are sensitive to the plot ratio assumptions applied. The pipeline supply figures indicate which areas in the West of England will experience gains or losses in GIFA by traditional use class. The net figures, which factor in unimplemented schemes which will lead to a loss of employment land, are separated into Office, R&D, Retail, Industrial, Storage and Distribution and other uses.

BANES is expected to see an increase in each use class other than industrial which experiences an insignificant decrease. Bristol's main employment land class increase is from office and storage and distribution. North Somerset sees the smallest consented employment floorspace change, with offices and industrial uses expected to see the largest increase. South Gloucestershire's consented employment floorspace and land change is the largest of the Unitary Authorities, with storage and distribution and offices experiencing the largest increase. Overall, for the West of England, all types of employment land use are expected to increase given the planning application consents for each of the Unitary Authorities, with storage and distribution and offices experiencing the largest increase.

Table 7-11: Net Floorspace Change (in GIFA) by Unitary Authority and Use Class

Unitary Authority	Office	R&D	Industrial	Storage & Distribution	Retail	Other	Total
Bristol	199,132	3,137	75,836	88,831	53,269	139,636	559,841
Bath and North East Somerset	29,163	7,179	-2,171	14,345	1144	17,037	66,697
South Gloucestershire	142,128	37,708	11,370	409,958	41,505	92,227	734,896
WECA	**370,423**	**48,024**	**85,035**	**513,134**	**95,918**	**248,900**	**1,361,434**
North Somerset	11,344	-817	10,167	3,681	-	-	24,375
West of England	**381,767**	**47,207**	**95,202**	**516,815**	**95,918**	**248,900**	**1,385,809**

Source: Data provided by Unitary Authorities and analysed by Atkins

Table 7-12: Net Change in Hectares by Unitary Authority and Use Class

Unitary Authority	Office	R&D	Industrial	Storage & Distribution	Retail	Other	Total
Bristol	19.9	0.5	19.0	17.8	7.6	27.9	92.7
Bath and North East Somerset	3.6	1.2	-0.5	2.9	0.2	3.4	10.7
South Gloucestershire	17.8	7.5	2.8	82.0	5.9	18.4	134.5
WECA	**41.3**	**9.3**	**21.3**	**102.6**	**13.7**	**49.8**	**238.0**
North Somerset	1.9	-0.2	2.5	0.7	0.0	0.0	5.0
West of England	**43.2**	**9.1**	**23.8**	**103.4**	**13.7**	**49.8**	**243.0**

Source: Data provided by Unitary Authorities and analysed by Atkins

The overall gain or loss in gross internal floor area or hectares are shown below in Table 7-13 and Table 7-14, by new use class and Unitary Authority. These indicate which area in the West of England will experience gains or losses in GIFA by new use class from the consents. The net gain figures, which factor in unimplemented schemes which will lead to a loss of employment land, are separated into Class E, B2, B8 and other uses.

The breakdown for the overall gross internal floor area or hectares into new use classes is by definition proportionally similar to the traditional use class breakdown. For instance, B2 is industrial with a slight difference due to the inclusion of B1c within industrial. B8 is storage and distribution and thus remains the same, with 'Other' also remaining the same (including C1, C2, D1, D2 and sui generis for both cases). The E use class makes up the remaining uses, including mainly all of retail as well as offices, research and development and light industrial.

The majority of each Unitary Authorities' consents are within the E class, except for South Gloucestershire which has very significant consents in B8 due to the strategically significant development planned in Severnside. South Gloucestershire commitments also project a net loss in B2 floorspace, which is the only decrease in floor space in the region. Whilst the majority of Bristol's consents are for E class, a significant increase in floor space for B2, B8 and other classes is also consented. The reason for the difference in Total gain/loss in GIFA for the new use classes compared to the traditional use classes is due to A4 and A5, part of retail traditionally, not being included under E. However, this is a very insignificant difference, as shown by the lack of change in total hectares for the different use class categories.

Table 7-13: Net Floorspace Change (in GIFA) by Unitary Authority and New Use Class

Unitary Authority	E	B2	B8	Other	Total
Bristol	272,983	58,939	88,831	139,636	560,389
Bath and North East Somerset	34,128	456	14,345	17,037	65,966
South Gloucestershire	250,256	-17,766	409,958	92,227	734,675
WECA	**557,367**	**41,629**	**513,134**	**248,900**	**1,361,030**
North Somerset	15,062	5,632	3,681	-	24,375
West of England	**572,430**	**47,261**	**516,815**	**248,900**	**1,385,405**

Source: Data provided by Unitary Authorities and analysed by Atkins

Table 7-14: Net Change in Hectares by Unitary Authority and New Use Class

Unitary Authority	E	B2	B8	Other	Total
Bristol	32.3	14.7	17.8	27.9	92.8
Bath and North East Somerset	4.2	0.1	2.9	3.4	10.6
South Gloucestershire	38.5	-4.4	82.0	18.4	134.5
WECA	**75.1**	**10.4**	**102.6**	**49.8**	**237.9**
North Somerset	2.9	1.4	0.7	0.0	5.0
West of England	**77.9**	**11.8**	**103.4**	**49.8**	**242.9**

Source: Data provided by Unitary Authorities and analysed by Atkins

7.7.1.2. Employment Land Losses across the Sub-region

A substantial amount of employment land is expected to be lost through consented development as can be seen by the following analysis. The previous section (Section 7.7.1.1) shows the net change in employment land that is planned from consent data, with this section purely highlighting the loss of employment land that is planned from consent data. It tends to be different developments with planning consent that experience loss of one type of use class for the gain in another e.g. a development changes use class from industrial to offices. However, there are a few cases of developments losing one type of use class for the same use class to be part of the

planning development and thus there is also a gain in that use class. By analysing employment land losses from developments that have planning consent, this will enable further understanding on what is occurring within each Unitary Authority in terms of what use classes are experiencing employment land loss, irrespective of whether they are experiencing gains from other developments.

The following tables use the consent data that was also part of the analysis in Section 7.7.1.1. The analysis in Table 7-15 and Table 7-16 is not included in the summary supply tables at the end of this chapter due to the net change (shown in the previous section) in employment land, incorporating the gains as well as the losses in different use class that is planned from developments that have planning consent, being used as part of working out total future supply. Across the whole of the WoE sub-region there is a total projected loss of 86.7ha. This includes a total of 47.2ha of industrial employment space and 16.7ha of office space lost to higher value uses indicating the likely need for some protection of office and industrial floorspace, with the data suggesting that Bristol is particularly in need. Overall, loss of employment has been spatially concentrated in Bristol, where over 53.4ha is expected to be lost (62% of WECA total). This compares to 18.3ha in South Gloucestershire and 6.9ha and 7.6ha in BANES and North Somerset, respectively.

Table 7-15: Employment Land Losses by Unitary Authority and Use Class (ha)

Unitary Authority	Office	R&D	Industrial	Storage & Distribution	Retail	Other	Total
Bristol	12.0	0.9	24.5	4.6	1.9	10.0	53.9
Bath and North East Somerset	1.9	0.0	1.9	1.0	0.9	1.2	6.9
South Gloucestershire	1.0	0.0	15.7	0.6	0.2	0.7	18.3
WECA	**15.0**	**0.9**	**42.1**	**6.3**	**3.0**	**11.9**	**79.1**
North Somerset	1.7	0.2	5.1	0.6	0.0	0.0	7.6
West of England	**16.7**	**1.1**	**47.2**	**6.9**	**3.0**	**11.9**	**86.7**

Source: Data provided by Unitary Authorities and analysed by Atkins

As expected, it is a similar case for employment land lost in terms of new use classes, where 24.1ha of E class employment land and 43.6ha of B2 space are expected to be lost from the period of planning consents. The most significant area of E class employment land loss is Bristol where 16.1ha is expected to be lost. Bristol and South Gloucestershire are expected to experience the largest losses in B2 class employment land.

Table 7-16: Employment Land Losses by Unitary Authority and New Use Class (ha)

Unitary Authority	E	B2	B8	Other (F.1/F.2)	Total
Bristol	16.1	23.1	4.6	10.0	53.8
Bath and North East Somerset	4.0	0.7	1.0	1.2	6.9
South Gloucestershire	1.2	15.7	0.6	0.7	18.2
WECA	**21.3**	**39.4**	**6.3**	**11.9**	**78.9**

North Somerset	2.8	4.2	0.6	0.0	7.6
West of England	**24.1**	**43.6**	**6.9**	**11.9**	**86.4**

Source: Data provided by Unitary Authorities and analysed by Atkins

7.7.2. Existing Allocations in the West of England

In total there are currently circa 202 safeguarded and allocated employment sites across the West of England, covering approximately 3,157ha of land, that are identified in the Unitary Authority Local Plans and towards which adopted policies currently direct employment development, subject to a number of criteria.

The Bristol Site Allocations and Development Management Policies (SADMP) provide a number of high-level allocations that seek to protect employment use, including approximately 1,130ha of Principal Industrial and Warehousing Areas (PIWAs) distributed across the Unitary District (incorporating over 650ha at Avonmouth). The scale of the PIWAs and their individual characteristics vary considerably from site to site – ranging from relatively large established sites like Lawrence Hill Industrial Park and Temple Gate Distribution Centre, to much smaller sites such as Netham Road/Blackswarth Road and Hungerford Road/Yelverton Road. The Central Area Plan also allocates sites in Old Market and The Dings, St. Paul's and Stokes Croft and other areas of inner east Bristol for employment uses. However, as previously discussed, it is important to note that Bristol City Council are in the process of preparing their new Local Plan, with the Regulation 18 Draft published for consultation between March and May 2019. This includes a number of emerging policies that could impact the supply of commercial floorspace, specifically those related to the proposed Growth and Regeneration Areas (AGRs). These proposed allocations are considered in further detail within Section 7.6., particularly regarding their potential impact on future employment land supply across the sub-region.

Existing allocations in BANES are drawn from the Core Strategy and Placemaking Plan. In total, the capacity of these allocations is estimated at almost 100,000 sqm of floorspace. Office allocations in BANES are concentrated in Bath City and make up 43,350sqm, distributed across six sites – The Bath Press, South Bank, Bath Quays North/South & Bath College, Manvers Street, Walcot Street/Cattlemarket Site and Green Park Station West. Bath Quays North is the most significant of these allocations, accounting for more than 21,000sqm. Industrial allocations in BANES are located entirely in the Somer Valley. This includes 48,000sqm as an extension to Old Mills Industrial Estate (now designated as the Somer Valley Enterprise Zone), as well as a 5,000sqm as an expansion to the Midsomer Enterprise Park at the former sewage works. Allocation KE3a Land adjoining East Keynsham within the Placemaking Plan is anticipated to deliver a further 30,000sqm on 7.5ha. At present, there is effectively no industrial or warehouse supply identified in Bath, indicating the need for protection of existing sites and identification of potential sites to service the central Bath market.

South Gloucestershire Council's Safeguarded and Interim Safeguarded Employment Sites are identified within the Council's 2013 Core Strategy Plan and Policies and the Sites and Places Development Plan (PSP). Overall, 1,266ha of land is safeguarded for employment uses under Core Strategy policy CS12 – including 635ha at Severnside and 355ha within the Bristol North Fringe. In addition to this, the PSP allocates three Enterprise Areas under Policy PSP26 – Filton, Severnside and Emersons Green. However, it is important to note that the majority of sites allocated are fully developed, with the majority of remaining land available for development concentrated at Severnside – indicating it will predominantly be suitable for distribution/industrial uses, as Section 7.7.5 explores.

The North Somerset Site Allocations Plan provides a schedule of proposed employment sites, which are allocated for B1, B2 and B8 use. A total of 68.5ha is allocated on seven sites in Weston-Super-Mare, including Weston Villages; Haywood Village Business Quarter; West Wick Business Park – Land adjacent to west of M5; Europark, Summer Lane, North of A370; Land at Aisecombe Way; and Moor Park, A371. A further 10.3ha are allocated in Clevedon, as well as smaller allocations at Nailsea (1.5ha) and Portishead 1.1ha. Cumulatively, employment allocations within North Somerset comprise 83.01ha.

7.7.3. Available Land on Existing Sites

As identified in Section 7.7.1, a significant proportion of existing sites in the West of England are already consented, collectively amounting to 243ha. In addition to this, further (unconsented) available land has been calculated on the 114 Category 1 and 2 sites submitted to Atkins, through desk-based site assessments and

analysis of ELRs and Authority Monitoring Reports, and represents the quantum of land available for employment uses (without extant permissions) on these sites. Table 7-17 and

Table **7-18** below set out an overview of the available land without permission within the sub-region (by traditional Use Class and new Use Class respectively) and identifies a total of 301.9ha. The majority of this available land is located in South Gloucestershire and dominated by available storage and distribution space at Severnside. Notably, BANES, South Gloucestershire and Bristol have limited office supply, whilst the majority of available office supply is located in North Somerset. Furthermore, there is a significant lack of both industrial and storage and distribution supply in Bristol. Available land suitable for retail remains relatively scarce across the sub-region, particularly in both BANES and Bristol. However, it is important to recognise that the Category 1 and 2 sites assessed did not include typical city centre retail sites and therefore this does not present the full picture for retail supply. A comprehensive retail capacity study will be required to assess the supply and demand for retail floorspace across the sub-region in the long term. The available land without consents across the four Unitary Authorities is analysed in detail in section 7.7.5.

Table 7-17 - Available Land on Category 1 and 2 Sites without Consent by Use Class (ha)

Unitary Authority	Office	R&D	Industrial	Storage & Distribution	Retail	Other	Total
Bristol	6.52	-	0.08	0.8	-	-	7.4
Bath and North East Somerset	2.5	1.13	11.3	6.65	0.68	1.06	23.32
South Gloucestershire	3.6	16.79	33.86	143.6	2.89	11.7	212.44
WECA	**12.62**	**17.92**	**45.24**	**151.05**	**3.57**	**12.76**	**243.16**
North Somerset	13.08	9.9	15.6	7.96	3.59	8.65	58.78
West of England	**25.7**	**27.82**	**60.84**	**159.01**	**7.16**	**21.41**	**301.94**

Source: Data provided by Unitary Authorities and analysed by Atkins

Table 7-18 - Available Land on Category 1 and 2 Sites without Consent by New Use Class (ha)

Unitary Authority	E	B2	B8	Other (F1/F2)	Total
Bristol	6.52	0.08	0.8	-	7.4
Bath and North East Somerset	7.22	8.39	6.65	1.06	23.32
South Gloucestershire	40.21	16.93	143.6	11.7	212.44
WECA	**53.95**	**25.4**	**151.05**	**12.76**	**243.16**
North Somerset	33.99	8.18	7.96	8.65	58.78

West of England	**87.94**	**33.58**	**159.01**	**21.41**	**301.94**

Source: Data provided by Unitary Authorities and analysed by Atkins

7.7.4. Suitability to Meet Strategic Demand from Key Market Sectors

In order to consider the indicative suitability of the aforementioned available land for the key market sectors, Atkins have applied the land use outcome percentages for the use classes, developed in Section 6.1.3, to the available land on the existing sites detailed above. The purpose of this exercise is to identify potential capacity to meet supply requirements through the available land on existing Category 1 and 2 sites, however it is recognised that redevelopment and reuse of land (not considered to be available) will play a significant role in meeting strategic demand (particularly in Bristol). The Category 1 and 2 sites add up to most of the strategic employment land designations. The quantitative outcomes of this exercise are presented in Table 7-19.

Suitability was identified for a range of market sectors for each site, as it would not be appropriate to attribute a specific sector to an individual site, hence the inflated land figures when compared with Table 7-17. Rather than calculating approximate land supply figures for each sector, the purpose of this exercise is to strategically distinguish the key market sectors which likely do not have adequate suitable future supply on the 308.5ha of available land identified, as well as those sufficiently served by the available land on existing sites. It must be acknowledged that this is a high-level exercise to categorise suitability, and individual businesses will have specific locational and spatial requirements for sites.

In particular, Table 7-19 identifies a significant proportion of available land suitable to meet strategic demand from the key market sectors of Transport and Logistics; Small Industry Services; Circular Economy/Low Carbon and Broader Manufacturing, with these sectors likely to be magnified by the significant available land at Severnside (although it is recognised that Severnside is probably not a suitable location for Small Industry Services). In contrast, a limited amount of available land suitable to meet strategic demand from the sectors of Tourism, Creative and Digital Technology, Professional Services, Education and Health and Life Sciences was identified through the exercise. Given the nature of these sectors, this is predominantly due to the considerable shortage of available land suitable for office space across the West of England, particularly in South Gloucestershire and BANES.

Table 7-19 - Indicative Supply Suitability of Available Land on Category 1 and 2 Sites

Key Market Sector	Bristol	BANES	South Glos	North Somerset
Broader Manufacturing, inc. Aerospace & Advanced Engineering	0.79	8.94	40.38	14.01
Creative & Digital Technology	2.62	3.66	13.11	11.56
Professional Services	5.87	2.36	4.92	12.76
Tourism	0.65	1.09	8.25	7.58
Food & Rural Enterprise	0.83	5.32	42.28	10.03
Transport & Logistics	0.81	5.51	92.95	9.22
Retail, Culture & Leisure	0.81	2.13	32.87	6.43
Health & Life Sciences	0.66	2.24	13.66	9.91

Housing, Construction & Development	0.76	5.86	33.1	11.8
Circular Economy and Low Carbon	0.83	4.38	42.29	10.47
Public Administration	4.57	2.07	6.03	11.75
Education	0.65	1.2	10.89	9.09
Small Industry Services (not elsewhere included)	0.47	9.88	42.53	14.36
Other Services	0.73	1.61	20.56	7.01

Source: Atkins analysis, 2020

Broader Manufacturing, including Aerospace and Advanced Engineering – Suitable industrial land identified in South Gloucestershire and North Somerset, particularly within the Severnside and J21 Enterprise Areas, presents the major focus of available land supply for Broader Manufacturing. The existing aerospace cluster at Filton also provides potential for future supply, principally focused on land at Filton Northfield and east of the A38.

Creative and Digital Technology – Currently limited available land suitable for this sector in Bristol and Bath, with supply focused on South Gloucestershire and North Somerset. Space suitable for flexible, office-based activities could be accommodated on the edge of Weston-super-Mare, while available land for larger studio and workshop-based uses is predominantly available in the both the J21 and Filton Enterprise Areas.

Professional Services – Suitable supply of land for Professional Services office space is mainly focused within the Temple Quarter Enterprise Zone in Bristol and Bath Quays development within B&NES, although this is limited due to constrained availability and limited available land for development, as well as small availability on established business parks like Aztec West in Almondsbury. In addition, the Weston Villages, including Haywood Business Quarter, provide potential supply in North Somerset if market demand exists here. However, in all of these areas, there is the potential to expand into previously core retail areas.

Tourism – Available land suitable for Tourism is currently relatively limited across the sub-region, particularly in the centres of Bristol and Bath, with the exception of Enterprise Zones within the city centres. However, there is reasonable potential supply around Weston-super-Mare, including within the Weston Villages. Away from the main centres, there is also potential for the development of hotels on the available land at Severnside to serve the transient (contractor based) working population and as workforce amenities (ancillary coffee shops etc), as demonstrated at Avonmouth.

Food and Rural Enterprise – Small-scale/artisanal food production supply is spread throughout the sub-region, with small concentrations in industrial locations on the edge of built-up areas in South Gloucestershire and North Somerset. Supply suitable for large food processing facilities is located away from the main centres along transport corridors, for instance at Severnside or in rural locations between Portishead and Weston-super-Mare.

Transport and Logistics – The supply of available land suitable for Transport and Logistics is principally dominated by Severnside, with the level of supply indicating it will likely continue its role as a strategic distribution centre for the wider region. Beyond Severnside, available land suitable for the sector predominantly comprises small-scale sites, both in North Somerset within the gateway to Wiltshire and in BANES along the M5 corridor.

Retail, Culture, Leisure – Available land suitable for Retail, Culture and Leisure is relatively scarce in the typical locations of Bristol and Bath, with existing supply in the Category 1 and 2 schedule favouring out-of-town locations suitable for 'Big Box' retail and leisure use in South Gloucestershire and North Somerset. However, it is noted that central Bristol retail sites, where vacancy rates are increasing, do not feature in the list of sites appraised.

Health and Life Sciences – Supply in the Cat 1 and 2 sites suitable for the Health and Life Sciences sector is principally split between South Gloucestershire and North Somerset, for instance office-based activity could be provided for around Weston-super-Mare. There is also very limited availability in the Emersons Green Enterprise Area, which has the potential to continue to develop into a cluster for the sector, founded around Bristol and Bath Science Park. In addition, there is potential for St Philip's Marsh in Bristol to develop into an innovation cluster, building on its proximity to the new Bristol University campus.

Housing, Construction and Development – Small sections of available land suitable for this sector exist on industrial estate locations in South Gloucestershire and arterial routes leading to Bristol, such as Old Gloucester Road in Hambrook or Station Road in Kingswood. Suitable office-based supply is available in Bristol, for instance within Temple Quarter EZ or Hengrove Park, as well as edge-of-centre office parks proximal to the road network.

Circular Economy and Low Carbon – Avonmouth and Severnside is likely to continue to develop as a major cluster location for the Circular Economy and waste to energy production, due to the significant available land, strategic road network and relative distance from residential areas. Limited supply is also currently available in North Somerset, for instance as an extension of the existing recycling centre at Aisecombe Way, Weston-super-Mare.

7.7.5. Overview of Future Supply

An overview of the quantitative supply picture across the four Unitary Authorities and the West of England sub-region are shown below in Table 7-20 and Table 7-21, segmented by traditional Use Class or new Use Classes respectively. For these calculations of total future employment land supply, both consents (land with permission for commercial floorspace, detailed in Section 7.7.1.1) and available land on Category 1 and 2 sites without permission (detailed in Section 7.7.3) have been included. The final sum tables incorporate data from Table 7-12 and Table 7-17 for the traditional Use Classes and Table 7-14 and Table 7-18 for the new Use Classes. The total future supply for the West of England is assessed to be just under 545ha – including 347ha in South Gloucestershire (extensively dominated by the available land at Severnside), 100.1ha in Bristol, 63.8ha in North Somerset and 34.1ha in BANES. It is important to note that the future quantitative supply figure for Bristol does not include the proposed new allocations contained within the emerging Local Plan Review.

Consented supply comprises 44.6% of the overall future supply, covering 243ha. Based on average annual historic take-up rates for the West of England, this equates to approximately 3 and a half years' worth of supply for both office and storage and distribution uses, compared with less than 6 months' supply of industrial space. The significant majority of consents are located in South Gloucestershire (134.5ha) and Bristol (92.7ha).

The remaining 55.4% of future supply comprises available land on existing Category 1 and 2 sites without consent, equating to 301.94ha. The overall available land figure is significantly inflated by 212.4ha at South Gloucestershire, particularly the 192.6ha of availability within the Severnside Employment Area. In contrast, there is assessed to be only 7.4ha of unconsented available land on existing sites in Bristol. The following section examines the overall future supply across the West of England by office, industrial, storage and distribution, and retail supply. The results of the analysis will be compared with the anticipated demand range in Chapter 6, in order to identify pressures in the supply-demand balance across the West of England and to establish the future spatial/locational needs which require prioritisation across the sub-region.

Table 7-20 - Overview of Future Supply by Use Class (ha)

	Office	Industrial & R&D	Storage & Distribution	Retail	Other	Total
Bristol						
Consented Supply	19.9	19.5	17.8	7.6	27.9	92.7
Available Land without Consents	6.5	0.1	0.8	-	-	7.4
Total Future Supply	**26.4**	**19.6**	**18.6**	**7.6**	**27.9**	**100.1**
Bath and North East Somerset						
Consented Supply	3.6	0.7	2.9	0.2	3.4	10.7
Available Land without Consents	2.5	12.4	6.7	0.7	1.1	23.3
Total Future Supply	**6.1**	**13.1**	**9.5**	**0.8**	**4.5**	**34.1**

	Office	Industrial & R&D	Storage & Distribution	Retail	Other	Total
South Gloucestershire						
Consented Supply	17.8	10.4	82.0	5.9	18.4	134.5
Available Land without Consents	3.6	50.7	143.6	2.9	11.7	212.4
Total Future Supply	**21.4**	**61.0**	**225.6**	**8.8**	**30.1**	**347.0**
WECA						
Consented Supply	41.3	30.5	102.6	13.7	49.8	238.0
Available Land without Consents	12.6	63.2	151.1	3.6	12.8	243.2
Total Future Supply	**53.9**	**93.7**	**253.7**	**17.3**	**62.5**	**481.1**
North Somerset						
Consented Supply	1.9	2.4	0.7	0.0	0.0	5.0
Available Land without Consents	13.1	25.5	8.0	3.6	8.7	58.8
Total Future Supply	**15.0**	**27.9**	**8.7**	**3.6**	**8.7**	**63.8**
West of England						
Consented Supply	43.2	32.9	103.4	13.7	49.8	243.0
Available Land without Consents	25.7	88.7	159.0	7.2	21.4	301.9
Total Future Supply	**68.9**	**121.6**	**262.4**	**20.9**	**71.2**	**544.9**

Table 7-21 - Overview of Future Supply by New Use Class (ha)

	E	B2	B8	Other (F1/F2)	Total
Bristol					
Consented supply	32.3	14.7	17.8	27.9	92.8
Available land	6.5	0.1	0.8	-	7.4
Total future supply	**38.9**	**14.8**	**18.6**	**27.9**	**100.2**
Bath and North East Somerset					
Consented supply	4.2	0.1	2.9	3.4	10.6
Available land	7.2	8.4	6.7	1.1	23.3

	E	B2	B8	Other (F1/F2)	Total
Total future supply	**11.5**	**8.5**	**9.5**	**4.5**	**34.0**
South Gloucestershire					
Consented supply	38.5	-4.4	82.0	18.4	134.5
Available land	40.2	16.9	143.6	11.7	212.4
Total future supply	**78.7**	**12.5**	**225.6**	**30.1**	**346.9**
WECA					
Consented supply	75.1	10.4	102.6	49.8	237.9
Available land	54.0	25.4	151.1	12.8	243.2
Total future supply	**129.0**	**35.8**	**253.7**	**62.5**	**481.1**
North Somerset					
Consented supply	2.9	1.4	0.7	-	5.0
Available land	34.0	8.2	8.0	8.7	58.8
Total future supply	**36.9**	**9.6**	**8.7**	**8.7**	**63.8**
West of England					
Consented supply	77.9	11.8	103.4	49.8	242.9
Available land	87.9	33.6	159.01	21.4	301.9
Total future supply	**165.9**	**45.4**	**262.4**	**71.2**	**544.8**

Office Supply

Future office supply for the West of England remains relatively low, with 43.2ha of consented supply and 25.7ha of available land. This represents just 12.6% of future employment land supply across the sub-region.

Future office supply is predominantly concentrated in the Greater Bristol urban area and on the edge of Weston-Super-Mare. Temple Quarter Enterprise Zone in the centre of Bristol represents a major growth zone for office space, with the supply analysis identifying approximately 5ha of office development with planning consent and 3.74ha of available land without consent suitable for office use. In these locations, and perhaps for office and retail generally, potential floorspace is likely to be a more relevant metric than land due to the likelihood of increasing heights and therefore plot ratios in excess of 1. So, in effect this could yield more sqm than elsewhere. It is also important to note that the analysis is based around plot ratios, and thus shortfalls are sensitive to these assumptions. Local authorities should put in place robust monitoring systems to gather empirical local data on current plot ratios for new developments. The Temple Quarter Development Framework (due to report later in 2021) will provide an updated assessment of the potential quantum of employment space development that could be delivered in the area. However, once the Enterprise Zone reaches maximum capacity, office supply in the

centre of Bristol is likely to be limited without adequate provision through the proposed redevelopment and reuse of employment land outlined in the emerging Local Plan.

Central office supply in BANES also remains relatively limited at present, in addition to a low level of office supply overall within the Unitary Authority of 6ha. One of the key issues for Bath has always been the lack of modern office floorspace, however this is gradually being addressed through a number of significant projects including the current development of Bath Quays South and Newark Works, and the planned flagship development at Bath Quays North. Bath City Centre is another location that is likely to have a plot ratio of over 1 due to increasing heights, and therefore floorspace could be a more relevant measure. There are also small levels of supply in BANES located in the more outlying areas of the unitary district, such as within Keynsham and Somer Valley, where demand is unlikely to be as strong.

Although North Somerset currently has very minor consented supply, it comprises 51% of the total available office land for the West of England. This available land is predominantly located in the Junction 21 Enterprise Area, including 3.9ha in the Haywood Village Business Quarter and 2.8ha in the wider Weston Villages. Office supply remains low in South Gloucestershire, including just 3.6ha of available land for office use. This includes the last remaining 2.95ha at the established Aztec West Business Park, as well as a small scale potential provision at Old Gloucester Road in Hambrook.

South Gloucestershire is not currently well positioned to absorb the demand from the urban Bristol market when Temple Quarter Enterprise Zone and the existing consented accommodation reach capacity – predominantly due to a lack of available office land (3.6ha). The Bristol North Fringe is however expected to benefit from public transport improvements outlined in the WECA Transport Delivery Plan, which will enhance its attractiveness as a potential office location for national and regional businesses.

Industrial Supply

Industrial supply is dominated by South Gloucestershire which accounts for 50% of the West of England offer. Avonmouth and Severnside remains the most active industrial market in the West of England, with industrial supply likely to remain focused on this area, reinforced by the proposed allocations of the emerging Bristol Local Plan and significant available land at Severnside. Approximately 60ha of greenfield land bordering the existing industrial areas in Avonmouth are proposed to be allocated for industrial and distribution uses. Whilst this does offer potential provision of new industrial and warehousing space for the sub-region, which is likely to experience demand given the strength of this market, it is not likely to significantly ease the industrial supply pressures elsewhere in the West of England. In particular, this is because some businesses will not be able to relocate to Avonmouth and Severnside due to their operational and workforce demands, with a number of the existing businesses here experiencing difficulties in recruiting staff. This is in part due to the inadequate affordable public transport provision and limited existing amenities to serve the working population at Avonmouth and Severnside. The significant regional investment in MetroWest may alleviate some of these issues and support further growth at Avonmouth and Severnside, with Phase 1a and 1b of the project including half hourly services to Avonmouth from Temple Meads via a new Portway station and hourly services beyond that.

Supply of industrial space is currently severely limited in Bristol, (excluding Avonmouth), with the proposed reallocation of PIWA land posing a potential threat to industrial and warehousing supply, if sites are redeveloped for alternative uses without suitable re-provision. This could potentially be addressed through identification of floorspace/jobs targets in Bristol's Growth and Regeneration Areas going forward. These will need to accommodate a degree of flexibility to respond to changing market dynamics and demand – including continued local business engagement to inform comprehensive development frameworks for the AGRs. Without suitable provision in Bristol, it is likely that relocating businesses would be driven towards the small pockets of supply that exist in edge-of-centre locations in South Gloucestershire, for instance around Filton, Emersons Green and Hanham. However, the capacity to relocate will be subject to specific workforce and operational requirements. Furthermore, supply is restricted in these locations and unable to absorb significant demand from the Bristol markets.

Both BANES and North Somerset currently have low levels of consented industrial supply, contrasted with reasonable available land suitable for development of industrial uses. The available land is situated in small clusters adjoining existing industrial estates within the Junction 21 Enterprise Area, as well as in the more rural locations of Somer Valley Enterprise Zone. Whilst this available space could provide accommodation for small-scale manufacturing activity and industry services, it is unlikely to experience demand from those businesses looking to relocate from the Bristol market due to the isolated location and relative lack of public transport connectivity.

With regards to R&D space, future supply of suitable land is similarly limited across the sub-region. In particular, land available for flexible and affordable lab space is low in the urban areas of Bristol and Bath, where demand currently exists due to the success of prevailing incubators like Unit DX and knowledge economy spin offs from university based activity. Most of the available land and consented land for R&D is located in South Gloucestershire.

Storage and Distribution Supply

The sub-regional supply picture for storage and distribution space is dominated by the significant available land at Severnside Employment Area suitable for such activity, assessed to be approximately 140.5ha. This land could be considered to represent a long term 'reservoir' of employment land to meet future demand from the storage and distribution markets. In addition to these significant levels of available land, Severnside is consented for around 13ha, the vast majority of which sits within the storage and distribution use class. Severnside currently operates as a strategic distribution location for the West of England, and therefore should be considered in a sub-regional context. However, it is important to note that the majority of this supply at Severnside is predominantly suitable for regional/national distribution activity, involving purpose-built and large footprint warehouse facilities for major firms, and therefore cannot be regarded as an all-purpose storage and distribution location. Furthermore, as discussed with regards to industrial supply, Severnside is not likely to considerably reduce stresses on supply elsewhere in the West of England. This is partly due to the inability of some businesses to relocate to Severnside due to operational requirements, in addition to the limited provision of transport/amenities.

Away from Severnside, there is a relatively limited supply of storage and distribution land across the West of England, with the significant available land here concealing the shortfall and suggesting a possible overreliance on the area. Severnside currently accounts for approximately 76% of consents for storage and distribution uses, in addition to 88% of available land for such purposes. In particular, Bristol currently has just 18.6ha of future storage and distribution supply available, including 17.8ha of consents. This includes a crucial lack of future supply for edge-of-centre premises which serve the last mile logistics market in Central and South Bristol. There is a risk that this lack of supply in Bristol could be exacerbated by the proposed reallocation of PIWA land for alternative uses, discussed in section 7.6.3, without suitable re-provision. This should be addressed through Bristol's land use planning going forward, for instance through identification of potential floorspace/jobs targets for the AGRs.

BANES and North Somerset present fairly similar levels of storage and distribution supply, with 9.5ha and 8.7ha respectively, with particularly limited levels of consented supply. Future supply is predominantly concentrated in existing industrial estates within the gateway to Wiltshire (for instance in Midsomer Norton and Keynsham) and the M5 corridor (such as Clevedon and West Wick), however such sites are predominantly suitable for smaller-scale single storey, low density sheds which likely do not serve national distribution activities.

Retail Supply

There is limited supply of readily identifiable retail space across the West of England, as shown by Table 7-20 and Table 7-21, with a total future supply of 20.9ha. However, it is important to recognise that land available for retail uses has only been assessed on the Category 1 and 2 sites utilised for this study. Therefore, the 'retail' assessment presented in this report should be considered a high-level analysis of future retail supply with analysis limited by the study's core focus on employment uses. Market engagement did however reveal that retail supply is relatively limited in the typical city centre retail destinations within the sub-region, including both Bristol City Centre and Bath, beyond a small amount of brownfield redevelopment sites in Bath City Centre and Sydenham Park. However, it is important to note that this engagement happened before decisions were made regarding some key retail space in Bristol e.g. Debenhams. In these locations, and perhaps for retail and office generally, floorspace is likely to be a more relevant measure than land due to the likelihood of increasing heights and therefore plot ratios in excess of 1, for example, the Debenhams store is about 5 or 6 storeys. So, in effect this could yield more sqm than implied by standard plot ratio metrics. Supply of retail space is also relatively limited in the sub-region's smaller town centres, with little to no supply identified in centres such as Keynsham, Kingswood and Yate. The Weston Villages site offers potential for provision of small retail premises to serve the local population, with an estimated 1.3ha available for development of such uses. The majority of consented supply identified during analysis is small-scale and situated within mixed-use developments across the sub-region.

Retail supply needs to be considered with regards to the impacts of COVID-19, with a strong likelihood that the closure of non-essential retail will produce significant vacancies on the West of England's high streets. Moreover, the increasing penetration of online retail throughout the pandemic will likely reduce store portfolios and increase retail vacancy where the offer is not appropriately aligned with the needs of the catchment. As a result, it is

expected that significant recycling of retail space will occur in the short term, particularly in the urban centres across the West of England which rely heavily on tourism and office workers for footfall, such as Bath and Bristol.

Future retail supply on the Category 1 and 2 sites is predominantly dominated by 'Big Box' and out-of-town retail locations in South Gloucestershire and North Somerset – including Gordano Gate in Portishead, Filton Northfield and potential for accommodation of large-scale premises at Severnside (such as car dealerships, wholesalers and other retail uses which can operate in out-of-town locations). As discussed in the property market review, COVID-19 has increased demand for these out-of-town locations and retail parks, due to their spacious layouts and potential to ensure social distancing.

7.8. Locations with Significant Potential to Contribute to Economic Growth and Employment in the West of England

The following section provides an overview of the key strategic sites with significant potential to contribute to economic growth and employment in the West of England, presented by Unitary Authority. The ELSNA is a strategic-scale study and therefore the analysis is focused on major employment locations from a sub-regional perspective – taking account of existing employment activity, consents for development and available employment land. The Unitary Authorities' individual Employment Land Reviews contain a more detailed assessment of land with the potential to be developed to assist in meeting projected demand at a local level.

Table 7-22 - Strategic Sites with Significant Potential to Contribute to Economic Growth & Employment Needs

Unitary Authority and Strategic Site	Potential to Contribute to Economic Growth and Employment in the West of England
BANES	
Somer Valley Enterprise Zone	Somer Valley Enterprise Zone has the potential to deliver a total of 54,000 sq m of bespoke employment floor space, with a proportion of this already committed as supply. Employment in Somer Valley has been increasing in recent years, alongside a steady growth in the number of business units, accounting for 15% of BANES' total employment in 2018. The Enterprise Zone has been developed for the purposes of manufacturing, engineering and supply chain sectors, as the area has an existing skilled workforce that currently out-commute for work. The wider Somer Valley area also includes Westfield Industrial Estate, a strongly functioning manufacturing and distribution location with 83,082 sqm of stock across 114 units. Short-term industrial supply for BANES is likely to be predominantly concentrated in the Somer Valley area, with the potential to contribute to economic growth and employment in the West of England. There is already some committed supply (as seen in the above paragraph), which is concentrated at the Old Mills Industrial Estate allocation (primarily land within the designated EZ), as well as significant land available for development. Although not assessed for the ELSNA, there are also several additional opportunity sites within Somer Valley – approximately 150ha. All of these sites may not be necessarily required to meet market demand; however, they may add a wider range to the BANES market. Despite the increasing significance of Somer Valley's industrial supply, the area is likely to have limited demand from office occupiers, apart from SMEs/sole traders or one/two main companies. This absence of interest is centred around a lack of connectivity and the market preference for locations with better transport access.
Keynsham	Keynsham is strategically located between Bath and Bristol, with strong east-west links via the A4 and rail connectivity. Existing primary employment areas are located to the north of the town, including Broadmead Lane and Ashmead Road. The BANES Core Strategy outlines an objective for 1,600 additional jobs in Keynsham for the period 2011-2029, principally through office development, to establish Keynsham as a more significant employment location for the sub-region and magnetise higher value-added jobs to lessen out-commuting. Recent delivery

Unitary Authority and Strategic Site	Potential to Contribute to Economic Growth and Employment in the West of England
	of desirable office floorspace, such as the Somerdale scheme and Civic Centre, has increased levels of interest in Keynsham and highlighted its considerable potential as a regional office location – aided by constrained supply in Bath. Opportunities exist for additional office supply in Keynsham, particularly surrounding the railway station, which could further strengthen its office role in the sub-region. Placemaking Plan allocation KE2b, known as the Riverside and Fire station Site, allocates 2,500sqm of office development as part of the area's wider regeneration. In addition, Core Strategy Policy KE3a allocates land to the east of Keynsham for around 250 homes and 30,000 sqm of employment space. It will be important to ensure appropriate provision of amenities and affordable public transport across the Keynsham area to attract office occupiers. Depending on the scale of industrial supply brought forward, market engagement suggests there is an opportunity for Keynsham to accommodate some demand that cannot presently be met at Bath, as well as businesses displaced from Central and South Bristol. However, it remains improbable that the total unmet demand will be retained within BANES (due to the fairly limited scale of opportunity) or that businesses would be prepared/be able to re-locate to Keynsham without appropriate provision of amenities and public transport.
Bristol	
Avonmouth	The industrial areas at Avonmouth form a regionally important business location of approximately 644 hectares within the Avonmouth Severnside Enterprise Area, focused on strategic-scale distribution and manufacturing activity. The area is concentrated around the Port of Bristol, which represents a significant piece of infrastructure for the national economy, and currently has consent for a deep-sea container terminal on brownfield and reclaimed land at Avonmouth Dock. Studies by Bristol Port suggest that the proposed terminal will generate over £114 million a year in the local economy through employment and multiplier linkages, including almost 1,800 new jobs and 360 further jobs expected in the construction phase. Avonmouth requires enhanced defences to maintain a low risk of tidal flooding and sustain its contribution to economic growth, accounting for the impacts of climate change. The first stage of the £80M Avonmouth and Severnside Enterprise Area Ecology Mitigation and Flood Defence Project was completed in December 2020, reinforcing Bristol City Council's proposed allocations for development of industrial/distribution uses on circa 60 ha of greenfield land at Avonmouth in the emerging Local Plan. Although this is unlikely to alleviate supply pressures in the rest of the sub-region, as discussed in this chapter, the allocation of currently undeveloped sites will likely enhance Avonmouth's contribution to economic growth and employment in the West of England in the long term. In order for Avonmouth to reach its potential as an employment location, it is crucial that current issues surrounding limited provision of amenities and restricted workforce accessibility are addressed. The significant investment in MetroWest will be crucial in addressing the issues of accessibility, with Phase 1a and 1b of the project including hourly services on the Severn Beach line with half hourly services to Avonmouth from Temple Meads.
Temple Quarter Enterprise Zone	Bristol City Centre remains a hugely significant area for economic development and employment in the West of England, with Temple Quarter Enterprise Zone representing a major area with significant potential for future growth. This area adjacent to Bristol Temple Meads train station represents a particularly thriving and rapidly growing office location, with the supply assessment identifying almost 5ha of planning consents for office development and approximately 3.73ha of available land for further development spread across various plots. In addition to this, the emerging Local Plan provides new proposals for the Temple Quarter, which are

Unitary Authority and Strategic Site	Potential to Contribute to Economic Growth and Employment in the West of England
	likely to continue to drive its role as one of the sub-region's major office locations and Bristol's primary source of office supply. The emerging Local Plan proposes that further floorspace is provided up to 2036 through new development, redevelopment and refurbishment throughout the city centre and with a particular focus on Bristol Temple Quarter. The Temple Quarter area is designated for development into a new mixed-use quarter, including flexible forms of workspace and opportunities for collaborative working. The Enterprise Zone's reputation is likely to be further enhanced in the long term through station redevelopment plans at Temple Meads, which will improve connectivity and access to local amenities, as well as construction of a new University of Bristol campus adjacent to the station.
St. Philip's Marsh	St. Philip's Marsh is a large industrial and warehousing area of 69ha in Central Bristol. The area currently supports numerous businesses, including an estimated 3,500 jobs. The existing stock includes some well-planned and occupied estates, such as St Philips Central, contrasted with more dated premises, including the cluster of waste management activity on Albert Road. Demand from industrial occupiers is likely to be maintained in the short term – especially from businesses who benefit from a city centre location, such as last mile logistics. These needs are likely to exist in the long term, with the edge of centre location useful for needs such as the circular economy or as an office location. In addition to its current industrial role, the location of St. Philip's Marsh suggests it is well placed to complement the aforementioned development of Temple Quarter and accommodate more intensive forms of employment activity. Draft Policy E3 identifies St. Philip's Marsh as a core area for future office development. The emerging Local Plan also highlights St Philip's Marsh as area of growth and regeneration for mixed-uses, including workspace and provision of new homes. Should the policy be successful in delivering new office and/or mixed-use capacity, this will need to be accompanied by an equally robust policy to enable the relocation of much needed waste management services. This should be driven by a clear sub-regional strategy on planning for the land-use needs of the waste sector and the circular economy. It is expected that any redevelopment will be concentrated on land west of Albert Close, situated in close proximity to the proposed university campus and within a 15-minute walk of Temple Meads. Whilst not currently regarded as an office location, there is a growing trend in the Bristol market from a range of businesses pursuing city centre locations with strong provision of amenities and national connectivity through public transport. As a result, St. Philip's Marsh could feasibly absorb unmet demand and overspill of office activity from the Temple Quarter, particularly for flexible workspace. Its office role will be enhanced through improvements to Temple Meads, enhancing connectivity and local amenities.
North Somerset	
Junction 21 Enterprise Area	The Junction 21 Enterprise Area has the capacity to play a crucial role in economic and employment growth within the sub-region, including provision of over 2 million sqft of mixed-use commercial space integrated with residential development. A particularly positive example of Junction 21's future potential is exemplified through the Food Works SW, a regionally significant food and drink development centre. Demand for small units is likely to gain traction for the Food Services industry – as businesses increasingly look to capitalise on the success of the Enterprise Area and the functional linkages developing here. FoodWorksSW will play a critical role in supporting the Food and Drink industry, which is the largest sub-sector in the South West manufacturing sector, whose growth has historically been restricted

Unitary Authority and Strategic Site	Potential to Contribute to Economic Growth and Employment in the West of England
	by the lack of food-grade premises, specialist product development facilities and access to technical expertise. There is significant available land within the Enterprise Area with the potential to contribute to economic and employment growth for the West of England. This includes undeveloped greenfield land such as the allocated West Wick Business Park (approximately 4.7ha), situated adjacent to the M5 with strong connectivity via road. Due to its strategic location, this site is suitable for regional/national distribution activity, including purpose-built and large footprint warehouses, as well as high-tech food production facilities to complement the offer at Food Works SW. In addition, the site could accommodate development of flexible office space – incorporating co-working and remote working facilities. Demand for flexible working hubs is expected to increase in residential areas with the rise of remote working, with the site's proximity to the West Wick residential area and Weston-super-Mare offering a reasonable scale of opportunity to accommodate such uses.
Weston Villages	Much of the employment land supply within the Junction 21 Enterprise Area is located within the Weston Villages, which is currently allocated for the provision of residential development and at least 17.6ha of B Use class employment land, with an emphasis on new B1a office space. Based within the aforementioned J21 Enterprise Area, the ongoing development of the Weston Villages is currently required to be employment-led and should provide for 1.5 jobs per dwelling. The existing employment space currently developed on the site provides significant potential to contribute to economic growth and employment for the sub-region in the long term. The Hive Business Centre is a particular example of the thriving employment activity on site, providing flexible workspaces and advice for start-ups and growing businesses. This facility is almost at full capacity, with some businesses operating at their full allocation and requiring further grow-on space. The Weston Villages are assessed to have the capacity to deliver 9.8ha of employment space to complement the existing offer. Market engagement indicated the success of the Weston Villages, particularly the Parklands Village, in providing the '15 minute' communities which serve the desire of residents to engage more cohesively with their communities and live/work in an integrated way due to the lifestyle impacts of COVID-19. The provision of flexible integrated office units, such as The Hive, within the wider development is recognised as a successful example of assimilating employment into strategic housing sites, with demand for such flexible units predicted to increase in the short term, particularly grow-on and incubator facilities. As a result, residential developments, such as Weston Villages, could see both businesses and staff attracted to the area post-COVID by the available facilities and easy access to labour – offering significant future potential for employment growth.
South Gloucestershire	
Severnside Employment Area	Severnside Employment Area is a regionally significant employment location with strategic scaled distribution centres, logistics, manufacturing premises, an energy centre, recycling recovery and car dealerships. This strategic site should be considered alongside the neighbouring location of Avonmouth. Severnside offers a strategic location adjacent to the M5 and M49 motorways, near to the Port of Bristol and possesses strong connectivity via road. The warehousing and industrial supply picture for the sub-region is dominated by Severnside at present, in addition to neighbouring Avonmouth. However, this is unlikely to alleviate supply pressures in the sub-region, as some businesses will not relocate to Severnside due to operational and workforce demands, with some existing businesses reporting difficulties in recruiting staff. Accessibility and other infrastructure improvements will be required to address these constraints.

Unitary Authority and Strategic Site	Potential to Contribute to Economic Growth and Employment in the West of England
	Nevertheless, the Employment Area has significant potential for future economic and employment growth, with the site assessment identifying a maximum capacity of 192.6ha of available land for employment uses. Demand is expected to be sustained for the site in future across the key market sectors, with potential for increased demand as a result of trends accelerated by COVID. Severnside has also seen an intensified need for larger buildings and greater eaves heights, termed as 'super sheds', to accommodate the rise in economies of scale and automation – for instance, the Central Park development accommodates buildings in excess of 750,000 sqft and eaves heights of up to 40m. Market engagement indicates that Severnside also has the potential to further develop as a major cluster location for the region's waste and energy businesses, with some interesting examples of waste to energy production already focused in the Avonmouth-Severnside Area. In addition to available land, there is currently 13ha of planning consents located within Severnside Employment Area, intended for mixed B Use Classes – including storage and distribution, office and industrial space.
Filton Enterprise Area	Filton represents an internationally significant cluster for Aerospace and Advanced Engineering, and the UK's largest aerospace cluster, located alongside the A38 and near the M4/M5 interchange – offering direct east-west access to London and Cardiff, as well as north-south access to the Midlands and South West. The Enterprise Area continues to attract inward investment from the UK and from international industrial businesses looking to relocate, with GKN due to open their 110,000 sqft Global Technology Centre within the Enterprise Area in H2 2021. Due to the significant development of Filton, available land without consents has reduced considerably in recent years, with the site assessment identifying 3.79ha of suitable employment land. Filton Enterprise Area has significant amounts of land with planning consent for mixed B use. Planning permission has been granted for a prime regional neighbourhood development called Brabazon on Filton Airfield, led by YTL Developments, including 2,675 residential units and provision of office and industrial premises as part of the mixed-use scheme. This will include headquarter office buildings (Grade A offices with large floorplates), as well as more flexible Grade A and B office space, purpose-built research institutions, and high-tech manufacturing premises (high-spec and low density). The development could have an important impact on the investment potential of this part of the sub-region and thus expected to be a success. The site has significant potential to drive economic and employment growth across the key market sectors of Aerospace and Advanced Engineering, Professional Services, Creative and Digital, as well as supporting start-ups and micro-firms, mainly through the existing capabilities of being the UK's largest aerospace cluster.
Emersons Green Enterprise Area	Located alongside the A4174 ring road in South Gloucestershire, the Emersons Green Enterprise Area is a major employment location for the sub-region and provides excellent transport access around the east fringe of Bristol and directly to the M32 and M4/M5 motorway corridors. The central focus is the Bristol and Bath Science Park, which hosts a strongly functioning cluster of science and health businesses, promoting key sector prioritisation in the sub-region. The site houses 40 innovative companies from across these sectors and boasts strong university links, contributing significantly to both economic and employment growth in the West of England. The Enterprise Area also includes well established businesses at the Harlequin and Emerald Business Parks, as well as the Vertex Park, which has seen considerable take-up since opening and is likely to continue to develop into a major cluster of distribution and industrial activity due to its prime location. The extensive development of Emersons Green in recent years means available land for employment use without consents is currently limited, estimated at 3.6ha, however there are significant planning consents in place which will further increase

Unitary Authority and Strategic Site	Potential to Contribute to Economic Growth and Employment in the West of England
	the area's contribution to economic growth and employment in the West of England. This comprises 3ha of permissions for highly sought-after R&D space (B1b use class) – including an extension the National Composites Centre to form a research and development workshop – as well as a mixed-use development at Harlequin Office Park comprising of a 90 bedroom hotel, a restaurant and coffee shop – providing employment opportunities within the Retail, Culture and Leisure sector and amenities for the local workforce. Moreover, the Enterprise Area is recognised as having significant potential to contribute to economic growth due to the existing employment activity on the site, which serves a range of key market sectors and innovative start-ups.

8. Supply Demand Balance

This chapter compares the projected demand for employment land across the West of England, as outlined in Chapter 6, with the future supply of employment land presented in Chapter 7 (incorporating land with consents for development and available land without consents on existing Category 1 and 2 sites). The data is disaggregated by Unitary Authority and both the Use Class and new Use Class Orders. In addition to the standard demand assessment (drawn from Table 6-24 and Table 6-25), the qualitatively adjusted employment demand sensitivity is also considered (drawn from Table 6-37 and Table 6-38).

Although not considered in the quantitative assessment, the proposed allocations in Bristol are considered in the qualitative discussion of pressures in the supply-demand balance in section 8.2 and subsequent conclusions and recommendations. The main objective of the supply-demand balance exercise is to evaluate whether there is sufficient employment land in the West of England to meet future business and economic development needs, as well as to identify any potential spatial needs which are currently not well represented in the supply available that could be addressed through spatial planning policy (see Chapter 9).

8.1. Overview of Supply Demand Balance in the Sub-region

The comparison of demand and supply of employment land across the West of England incorporates projections and tables that have been presented in each relevant Chapter. Atkins have included two sets of tables, showing a comparison between quantitively assessed demand using a 2019-base and then qualitative-adjusted demand. Total Supply is the sum of consented supply and available land on Category 1 and 2 sites without consents, as seen in Table 7-20 and Table 7-21 in Chapter 7.

Tables 8-1 and 8-2 below set out the relationship between the quantitatively assessed demand and supply of employment land in the West of England. These tables present employment-forecast driven new demand, from a 2019 base, and replacement demand (presented in Table 6-22 and Table 6-23) to generate a figure for total demand for Use Classes and new Use Classes respectively. The demand figures are shown in hectares to allow comparison with the supply figures, converted using the plot ratio assumptions summarised in Chapter 6. The demand range highlights the potential need for employment land based on a set of identified drivers, with replacement demand showing the need to replace a proportion of obsolete or employment property stock each year to meet the needs of Net Zero and modern, technology enabled use. These combine to provide a total demand which illustrates the total need for employment space by traditional and new Use Class Order.

Table 8-1 - Supply Demand Balance across the West of England in Ha (Use Class Order) (2019 demand base)

	Office	Industrial & R&D	Storage & Distribution	Retail	Total
Bristol					
Total Supply	26.4	19.6	18.6	7.6	72.2
Demand	*21*	*42*	*24*	*5*	*92*
Balance	**5.4**	**-22.4**	**-5.4**	**2.6**	**-19.8**
Replacement Demand	*17*	*24*	*16*	*7*	*64*
Total Demand (including replacement need)	38	66	40	12	155
Balance including replacement need)	**-11.6**	**-46.4**	**-21.4**	**-4.4**	**-82.8**
Bath and North East Somerset					
Total Supply	6.1	13.1	9.5	0.8	29.6
Demand	*4*	*4*	***-2***	*0*	*6*
Balance	**2.1**	**9.1**	**11.5**	**0.8**	**23.6**
Replacement Demand	*4*	*11*	*7*	*2*	*24*
Total Demand (including replacement need)	8	15	5	2	30
Balance including replacement need)	**-1.9**	**-1.9**	**4.5**	**-1.2**	**-0.4**
South Gloucestershire					
Total Supply	21.4	61.0	225.6	8.8	316.8
Demand	*5*	***-16***	*6*	*1*	***-5***
Balance	**16.4**	**77.0**	**219.6**	**7.8**	**321.8**
Replacement Demand	*9*	*38*	*25*	*4*	*76*
Total Demand (including replacement need)	14	22	31	5	71
Balance	**7.4**	**39.0**	**194.6**	**3.8**	**245.8**

including replacement need)					
WECA					
Total Supply	53.9	93.7	253.7	17.3	418.6
Demand	*29*	*29*	*28*	*6*	*92*
Balance	**24.9**	**64.7**	**225.7**	**11.3**	**326.6**
Replacement Demand	*30*	*73*	*48*	*13*	*164*
Total Demand (including replacement need)	59	102	76	19	256
Balance including replacement need)	**-5.1**	**-8.3**	**177.7**	**-1.7**	**162.6**
North Somerset					
Total Supply	15.0	27.9	8.7	3.6	55.1
Demand	*4*	*-4*	*-1*	*1*	*0*
Balance	**11.0**	**31.9**	**9.7**	**2.6**	**55.1**
Replacement Demand	*2*	*8*	*6*	*2*	*18*
Total Demand (including replacement need)	6	4	5	3	18
Balance including replacement need)	**9.0**	**23.9**	**3.7**	**0.6**	**37.1**
Total Balance for the West of England					
	35.9	**96.6**	**235.4**	**13.9**	**381.7**
Total Balance with replacement need for the West of England					
	3.9	**15.6**	**181.4**	**-1.1**	**199.7**

Table 8-2 - Supply Demand Balance across the Sub-region in Ha (new Use Class Order) (2019 demand base)

	E	B2	B8	Total
Bristol				
Total Supply	38.9	14.8	18.6	72.2
Demand	*59*	*8*	*24*	*91*
Balance	**-20.1**	**6.8**	**-5.4**	**-18.8**
Replacement Demand	*29*	*19*	*16*	*64*
Total Demand (including replacement need)	88	27	40	155
Balance including replacement need)	**-49.1**	**-12.2**	**-21.4**	**-82.8**
Bath and North East Somerset				
Total Supply	11.5	8.5	9.5	29.5
Demand	*10*	*-2*	*-2*	*6*
Balance	**1.5**	**10.5**	**11.5**	**23.5**
Replacement Demand	*8*	*9*	*7*	*24*
Total Demand (including replacement need)	18	7	5	30
Balance including replacement need)	**-6.5**	**1.5**	**4.5**	**-0.5**
South Gloucestershire				
Total Supply	78.7	12.5	225.6	316.8
Demand	*6*	*-17*	*6*	***-5***
Balance	**72.7**	**29.5**	**219.6**	**321.8**
Replacement Demand	*21*	*30*	*25*	*76*
Total Demand (including replacement need)	26	14	31	71
Balance including replacement need)	**52.7**	**-1.5**	**194.6**	**245.8**
WECA				
Total Supply	129.0	35.8	253.7	418.5

Demand	*75*	*-10*	*28*	*92*
Balance	**54.0**	**45.8**	**225.7**	**326.5**
Replacement Demand	*58*	*58*	*48*	*164*
Total Demand (including replacement need)	132	48	76	256
Balance including replacement need)	**-3.0**	**-12.2**	**177.7**	**162.5**
North Somerset				
Total Supply	36.9	9.6	8.7	55.1
Demand	*9*	*-8*	*-1*	*0*
Balance	**27.9**	**17.6**	**9.7**	**55.1**
Replacement Demand	*6*	*7*	*6*	*18*
Total Demand (including replacement need)	14	**-1**	5	18
Balance including replacement need)	**22.9**	**10.6**	**3.7**	**37.1**
Total Balance for the West of England				
	81.9	**63.4**	**235.4**	**381.7**
Total Balance with replacement need for the West of England				
	19.9	**-1.6**	**181.4**	**199.7**

The supply-demand balance set out in Tables 8-1 and 8-2 highlights what is ostensibly a quantitative oversupply of employment land supply for the West of England, equating to approximately 381.7ha, and lowers to 199.7ha when including replacement need. However, this total figure hides a number of critical variations in the supply picture, as it is dominated extensively by the 181.4ha of a current 'snap-shot' oversupply of potential storage and distribution space. The overall figures also hide a limited supply in critically important industrial and office space in the West of England. Furthermore, as section 8.2.3. discusses, the inflated storage and distribution figure is predominantly due to the significant amount of land identified as currently available at Severnside. Despite the quantum of this supply, it is diminishing rapidly at present due to high rates of take-up by relatively large occupiers. Should these rates continue, the surplus land at Severnside will be developed out over a reasonably short period of time.

Crucially however, as discussed in section 6.2.3, the qualitative demand assessment indicated that the overall scale of quantitatively assessed demand (presented in Table 8-1 and Table 8-2) is lower than that which may likely be required, particularly in terms of industrial space. Furthermore, there are assessed to be some key shifts between sectors and between specific premise and locational needs.

Overall, the qualitative assessment recommended that for assessing supply-demand balance the significant projected losses in industrial space, especially for the manufacturing, aerospace & advanced engineering sector, is reconsidered from the quantitative employment-led assessment. This applies:

- No decline in Manufacturing, with aerospace and advanced engineering sector employment land;

- An assumption that some of this land may be utilised for the other sectors identified for upward movements in industrial and storage and distribution land, as circular economy and food enterprise;
- With no decline in the quantitatively assessed circular economy employment land need, where this is not well captured by the quantitative forecasts; and
- With no decline in the quantitatively assessed food enterprise employment land.

The Total Supply figures for Table 8-3 and Table 8-4 remain the same as those included in Table 8-1 and 8-2, which comprises consented supply and available land on Category 1 and 2 sites without consents, as seen in Table 7-20 and Table 7-21 in Chapter 7.

Table 8-3 - Supply Demand Balance across the West of England in Ha (Use Class Order) using Qualitative-adjusted Sensitivities for Demand

	Office	Industrial & R&D	Storage & Distribution	Retail	Total
Bristol					
Total Supply	26.4	19.6	18.6	7.6	72.2
Demand	*21*	*53*	*28*	*5*	*107*
Balance	**5.4**	**-33.4**	**-9.4**	**2.6**	**-34.8**
Replacement Demand	*17*	*24*	*16*	*7*	*64*
Total Demand (including replacement need)	38	77	44	12	171
Balance (including replacement need)	**-11.6**	**-57.4**	**-25.4**	**-4.4**	**-98.8**
Bath and North East Somerset					
Total Supply	6.1	13.1	9.5	0.8	29.6
Demand	*4*	*12*	*-0*	*0*	*17*
Balance	**2.1**	**1.1**	**9.5**	**0.8**	**12.6**
Replacement Demand	*4*	*11*	*7*	*2*	*24*
Total Demand (including replacement need)	8	23	7	2	41
Balance (including replacement need)	**-1.9**	**-9.9**	**2.5**	**-1.2**	**-11.4**
South Gloucestershire					
Total Supply	21.4	61.0	225.6	8.8	316.8
Demand	*6*	*25*	*14*	*1*	*45*
Balance	**15.4**	**36.0**	**211.6**	**7.8**	**271.8**
Replacement Demand	*9*	*38*	*25*	*4*	*76*
Total Demand (including replacement need)	15	63	40	5	121

Balance (including replacement need)	**6.4**	**-2.0**	**186.6**	**3.8**	**195.8**
WECA					
Total Supply	53.9	93.7	253.7	17.3	418.6
Demand	*31*	*90*	*42*	*6*	*169*
Balance	**22.9**	**3.7**	**211.7**	**11.3**	**249.6**
Replacement Demand	*30*	*73*	*48*	*13*	*164*
Total Demand (including replacement need)	61	162	91	19	333
Balance (including replacement need)	**-7.1**	**-69.3**	**163.7**	**-1.7**	**85.6**
North Somerset					
Total Supply	15.0	27.9	8.7	3.6	55.1
Demand	*5*	*11*	*3*	*1*	*20*
Balance	**10.0**	**16.9**	**5.7**	**2.6**	**35.1**
Replacement Demand	*2*	*8*	*6*	*2*	*18*
Total Demand (including replacement need)	7	20	9	3	38
Balance (including replacement need)	**8.0**	**8.9**	**-0.3**	**0.6**	**17.1**
Total Balance for the West of England					
	32.9	**20.6**	**217.4**	**13.9**	**284.7**
Total Balance including replacement need for the West of England					
	0.9	**-60.4**	**163.4**	**-1.1**	**102.7**

Table 8-4 - Supply Demand Balance across the Sub-region in Ha (new Use Class Order) using Qualitative-adjusted Sensitivities for demand

	E	B2	B8	Total
Bristol				
Total Supply	38.9	14.8	18.6	72.2
Demand	*52*	*26*	*28*	*107*
Balance	**-13.1**	**-11.2**	**-9.4**	**-34.8**
Replacement Demand	*29*	*19*	*16*	*64*
Total Demand (including replacement need)	81	45	44	171
Balance (including replacement need)	**-42.1**	**-30.2**	**-25.4**	**-98.8**
Bath and North East Somerset				
Total Supply	11.5	8.5	9.5	29.5
Demand	*11*	*6*	*0*	*17*
Balance	**0.5**	**2.5**	**9.5**	**12.5**
Replacement Demand	*8*	*9*	*7*	*24*
Total Demand (including replacement need)	19	15	7	41
Balance (including replacement need)	**-7.5**	**-6.5**	**2.5**	**-11.5**
South Gloucestershire				
Total Supply	78.7	12.5	225.6	316.8
Demand	*17*	*14*	*14*	*44*
Balance	**61.7**	**-1.5**	**211.6**	**272.8**
Replacement Demand	*21*	*30*	*25*	*76*
Total Demand (including replacement need)	37	45	40	121
Balance (including replacement need)	**40.7**	**-31.5**	**186.6**	**196.8**
WECA				
Total Supply	129.0	35.8	253.7	418.5
Demand	*80*	*47*	*42*	*169*

Balance	**49.0**	**-11.2**	**211.7**	**249.5**
Replacement Demand	*58*	*58*	*48*	*164*
Total Demand (including replacement need)	137	105	91	333
Balance (including replacement need)	**-9.0**	**-69.2**	**163.7**	**85.5**
North Somerset				
Total Supply	36.9	9.6	8.7	55.1
Demand	*11*	*6*	*3*	*20*
Balance	**25.9**	**3.6**	**5.7**	**35.1**
Replacement Demand	*6*	*7*	*6*	*18*
Total Demand (including replacement need)	17	12	9	38
Balance (including replacement need)	**19.9**	**-3.4**	**-0.3**	**17.1**
Total Balance for the West of England				
	74.9	**-7.6**	**217.4**	**284.7**
Total Balance with replacement need for the West of England				
	10.9	**-72.6**	**163.4**	**102.7**

8.2. Identified Pressures by Use Class

The qualitative-adjusted supply-demand balance assessment set out in Tables 8-3 and 8-4 highlights a significant supply of employment land for the West of England to meet forecast need demand, equating to 284.7ha. This lowers significantly to 102.7ha when including replacement need. However, this total figure hides a number of crucial variations in the supply picture, as it is dominated by the 163.4ha of 'oversupply' for storage and distribution space. This includes a significant undersupply with regards to industrial and R&D space of 60.4ha when replacement demand is also considered. The following section identifies these potential pressures in the balance of employment land supply and projected demand by traditional Use Class, as well as any potential future spatial needs which are not provided for in the supply available that could possibly be catered for through spatial planning policy – as discussed in the recommendations of this report.

8.2.1. Office

The assessment of future employment land supply against projected demand highlights an absence of available land for office space provision overall in the West of England when replacement demand is considered. In terms of additional new demand, there is a sufficient supply of 32.9ha. It is important to note that this includes a significant level of undersupply in Bristol of 11.6ha when replacement demand is included, as well as a shortfall of 1.9ha in BANES. The need for new land to accommodate the replacement need, and resulting shortfall, is sensitive to the plot ratios that can be achieved with new sites through the provision of multiple storeys and densification, whilst replacement demand could be met on-site with protection, re-build and upgrade.

North Somerset is identified as having a surplus of 8.0ha of future office supply, even where replacement demand considered, which is predominantly driven by the potential for further development at Weston Villages and Haywood Business Quarter. However, it would not be appropriate to apportion unmet office needs in the other Unitary Authorities to the available future supply in North Somerset, as the operational and workforce demands

of businesses looking to locate in Bristol City Centre or Bath are unlikely to be adequately met in present office supply locations Weston-super-Mare or out-of-centre locations like Portishead. There is some small potential to accommodate office uses in the existing vacant retail space in Weston-super-Mare, owing to the introduction of the new E Use Class and the associated flexibility of uses.

As highlighted elsewhere in this report, it is important to emphasise that estimates of floorspace capacity of any given site is sensitive to variations in plot ratio assumptions, which is particularly the case for offices where development densities can be much higher than average in central locations.

As discussed in Chapter 7, the Temple Quarter Enterprise Zone in Bristol is a significant growth area for office uses, encompassing almost 5ha of planning consents. Nevertheless, beyond the Temple Quarter Enterprise Zone, future supply of office space is severely limited in Bristol, with intensifying pressures from alternative uses through Permitted Development Rights (particularly in Central and South Bristol) and the introduction of the new E Use Class. The introduction of the E Use Class does, however, present the opportunity to convert vacant retail space to office premises here. The emerging Local Plan for Bristol states mixed-use redevelopment of sites which previously served business, industrial and distribution uses should include provision of offices or flexible workspace. It is specified that the workspace should be proportionate to the scale and location of the development, accounting for the employment intensity of the original site. However, it is uncertain to what extent the proposed policies for office and mixed-use development will alleviate the anticipated pressures on future supply, due to the current lack of floorspace targets and consequent uncertainty surrounding the quantum of development.

Established and desirable office park locations in South Gloucestershire, such as Aztec West in Almondsbury and Bristol Business Park in Stoke Gifford, are essentially at full capacity currently and unlikely to provide significant future supply. The smaller town centre office locations in South Gloucestershire, such as Kingswood, Staple Hill and Yate also currently possess little to no supply. At present, South Gloucestershire is not particularly well positioned to absorb any unmet demand arising from the Bristol market, with just 21.4ha of future office supply available. Similarly, BANES is currently constrained by a limited supply of suitable available land for office development, assessed to be circa 2.5ha. However, the proposed flagship development at Bath Quays North is anticipated to play a key role in addressing the lack of modern office space in Bath going forward, complemented by small levels of potential supply in the more outlying areas of the unitary district, such as Keynsham, where demand is likely to increase following the commercial success of developments such as the Somerdale scheme and Civic Centre. It will be important to ensure appropriate provision of amenities and affordable public transport across the Keynsham area in order to strengthen its role as a regional office location. Crucially, BANES will benefit from the Article 4 Direction implemented on parts of Bath City north of the River Avon, which will prevent further loss of existing office stock and enable the renovation and recycling of its central office premises in the long term. However, it is important to note that the Planning for the Future White Paper stated that existing Article 4 Directions will remain in place until 31st July 2021, at which point they will be reviewed. As such, there is currently uncertainty with regards to the longevity of the existing Article 4 Direction in BANES.

COVID-19 has evidently had significant impacts upon the office workforce, accelerating pre-existing trends for remote working and virtual conferencing. Market engagement with property agents indicated that while requirements for office space in central areas are not expected to decline in the long term, there is likely to be increased demand for a hub-and-spoke model approach to working – including more local and suburban sites to supplement central offices. This is likely to include development of flexible working hubs within residential communities, which provide bookable desks for staff to work from, closer to where they live, offering the facilities they would expect in their main office. In addition to the proposed delivery of flexible workspace within mixed-use developments in Bristol, North Somerset presents a reasonable scale of opportunity for development of such hubs, motivated by the success of The Hive in Weston-super-Mare. In terms of delivery, the opportunity has been identified for provision of similar facilities to The Hive in Clevedon and Nailsea. A dynamic flexible workspace hub in Clevedon or Nailsea could assist in retaining employment and reducing numbers commuting to Bristol.

8.2.2. Industrial and R&D

The base quantitative assessment for supply and demand, displayed in Table 8-1 and Table 8-2, identifies limited supply of 15.6ha for industrial and R&D space across the West of England. The qualitative adjusted demand assessment suggested that the overall scale of quantitatively assessed demand is lower than that which may likely be required, particularly with regards to industrial space. This included the need to reconsider the significant projected reductions in demand for industrial space from an employment driven approach. Consequently, the qualitatively adjusted employment demand sensitivity applied to Table 8-4 and Table 8-5 recognises a critical

shortfall in industrial and R&D space for the sub-region, equating to 20.6 ha in new demand and a significant replacement need of 81ha for a total estimated supply deficit of 60.4ha.

This includes a deficit of 33.4ha in Bristol for meeting new demand and a further 24ha of replacement need. This represents a major issue for the West of England as a whole. Whilst the proposed allocation of 60ha of greenfield land at Avonmouth for industrial and warehousing uses is likely to offer much needed industrial accommodation in Bristol, which could significantly reduce this shortfall, there is also the potential for the proposed reallocation of PIWA land to offset any additional supply delivered in the long term without appropriate reprovision – particularly in key urban demand locations for small-scale industrial space like Central and South Bristol. As a result, any potential redevelopment in these areas will need to be monitored and managed carefully, including possible identification of floorspace/jobs targets for the AGRs. However, it is important to recognise that several of the former PIWAs currently contain non-industrial uses, as well as several vacant sites and sites which lack any significant employment content, and therefore reallocation of such sites will likely not represent a significant loss of industrial and distribution space.

BANES also displays a shortfall in supply against qualitative-adjusted demand for industrial and R&D land when replacement need is included of 9.9ha where it otherwise has sufficient supply to accommodate forecast new demand. Future supply in BANES is predominantly focused on the Somer Valley area, including consented supply concentrated at the Old Mills Industrial Estate allocation, as well as significant land available for development. In contrast, there is a relative lack of future supply in BANES' traditional industrial locations, such as Newbridge and Twerton Riverside, as well as of small-scale premises in Central Bath.

South Gloucestershire exhibits supply capacity of 36.0ha in relation to additional new demand. This however translates to a shortfall of 2ha when replacement demand is added in the qualitative adjusted demand assessment, further emphasising the need to consider site protection and appropriate upgrade to meet these total needs. This undersupply is reduced by the significant available land at Severnside, which comprises almost 76% of the available land suitable for industrial and R&D uses in the Unitary Authority. However, the significant available land present at Severnside is not expected to reduce pressures on supply in the rest of South Gloucestershire, as certain businesses will not be able to transfer to Severnside due to their operational and workforce requirements. Severnside represents a key location for large footprint, purpose-built manufacturing facilities to serve major firms, however small industry services and local manufacturers are unlikely to exhibit demand for the area. Moreover, land availability is significantly reducing at Severnside and the rate of development is significantly accelerating – suggesting the level of supply will decline considerably over the next 5 years. Beyond Severnside, supply of industrial space is critically low in key locations of demand in South Gloucestershire, for instance in the North Fringe at Filton, within the cluster of aerospace engineering, and Emersons Green, which has been developed considerably in recent years. As a result, there should be a focus within spatial planning on intensification and making efficient use of existing industrial stock in South Gloucestershire in order to limit pressures on supply in the long term, as well as across the West of England as a whole. The potential for intensification and new typologies which make efficient use of employment space are considered further within section 7.5.

North Somerset is assessed to have an oversupply of 16.9ha, which declines to 8.9ha when replacement demand is included, for industrial and R&D uses. The majority of available land in North Somerset is distributed across existing industrial estates on the edge of Weston-super-Mare, as well as land adjoining the Weston Villages development. This is predominantly suitable for small-scale uses, which could be compatible with residential areas, as well as R&D premises to complement the existing FoodWorksSW site. Although this represents a relative oversupply, North Somerset cannot be considered as a solution to the unmet industrial needs in Bristol, as the workforce and operational requirements of businesses looking to locate in Central or South Bristol are unlikely to be sufficiently served here.

Future employment land supply suitable for R&D uses remains low across the sub-region, particularly for specialist lab facilities in the centres of both Bristol and Bath. The Unit DY premises, due to open on the Kingsland Trading Estate in Bristol in 2021, is anticipated to deliver approximately 30,000 sq ft of laboratory and office space. However, demand is high for these premises, especially considering the success of its sister Unit DX, and it will likely reach capacity within two years of opening. As a result, there is clear emerging spatial need for specialist incubator facilities and grow-on space in accessible central locations, particularly near to existing research institutions and universities, as well as in close proximity to emerging clusters of innovative start-ups.

A large share of the R&D and industrial demand is driven by replacement need, where future requirements for more specialised and technology-enabled space for some of the sectors needs to be carefully considered in their premise and locational priorities. This should be planned for separately to lower value and supporting industrial and supply chain space where location and affordability are the key requirements and differ. The estimated

balance of supply for storage and distribution could be considered in how it can be re-purposed to serve the wider R&D and industrial needs of sectors. However, this needs to monitor the potential upward movement of the transport and logistics sector in response to potential development of the West of England's international gateways.

8.2.3. Storage and Distribution

There is a significant supply of storage and distribution land overall in the West of England to accommodate future demand, as shown in Table 8-4, with an ostensible oversupply of 163.4ha once replacement demand is incorporated. Storage and distribution represents the traditional Use Class with the greatest level of supply for the sub-region. However, approximately 89% of the total future supply of storage and distribution space is situated in South Gloucestershire, including almost 156.5ha of future supply within the Severnside Employment Area. Beyond Severnside, there is expected to be a considerable shortfall in employment land suitable for storage and distribution uses in South Gloucestershire, particularly for smaller-scale premises in edge-of-centre locations like Emersons Green, Kingswood and Longwell Green. There may be some limited potential to accommodate such uses in retail warehouse locations in the North Fringe, for instance around Cribbs Causeway. As with industrial land, the significant supply available at Severnside is unlikely to alleviate supply pressures in the sub-region, as some businesses will not relocate to Severnside due to operational and workforce demands, with a number of existing businesses experiencing difficulties in recruiting and retaining staff. Severnside is suitable for large footprint warehouses for regional and national distribution, however smaller premises for last mile logistics and local distribution/storage activity are unlikely to locate here. Furthermore, due to the increased demand for 'super sheds' at Severnside – as demonstrated by the large-scale developments which accommodate major international firms like Amazon and Lidl – it is likely that the quantum of available land could be depleted rapidly and therefore the allocation should not be regarded as a safeguarded source of supply in the long term.

Bristol is assessed to be the Unitary Authorities with the greatest undersupply of storage and distribution space. This is projected as 9.4ha of deficit in relation to forecast new demand, and 25.4ha with the addition replacement demand, within the qualitative-adjusted assessment. Meanwhile, North Somerset and BANES are both assessed to have a broad balance between supply and anticipated demand for storage and distribution space, equating to 0.3ha undersupply and 2.5ha oversupply respectively once replacement is considered. Whilst the proposed allocation of 60ha of greenfield land at Avonmouth for industrial and warehousing uses is likely to reduce the deficit in Bristol, it should not be regarded as an all-purpose solution to the supply issues elsewhere in Bristol and the sub-region. In particular, future supply is limited across all four Unitary Authorities for last mile logistics premises in key demand locations, for instance in St. Philip's Marsh and Brislington in Bristol, Twerton in BANES, Filton in South Gloucestershire and along the M5 corridor outside Weston-super-Mare.

Three main types of distribution facilities support the 'last mile' segment of urban deliveries, favouring premises on the edge of major urban areas: fast delivery hubs, delivery stations and micro-hubs. The objective of a fast delivery hub is to supply time-dependent fulfilment requests, housing a smaller number of high demand items in high-density areas. These small-scale premises are strategically positioned and therefore enable faster deliveries. This can involve conversion of a retail facility, supporting pickup and deliveries, which can decrease costs since additional distribution centres are not necessary. However, this entails several significant alterations to standard retail accommodation. Delivery stations are flow-based facilities serving deconsolidation of urban deliveries by dividing up loads for last mile deliveries. These typically have a small footprint and are positioned at accessible locations on the edge of central urban areas. Micro-hubs are small delivery stations in dense urban areas, usually operated by express parcel delivery operators seeking a faster and cleaner last mile delivery process. From micro-hubs, vehicles such as cargo cycles or small electric vans can be used to transport parcels rapidly onto the final customer. These can be developed in underground car parks, or in underutilised premises in urban areas (for instance former petrol stations and vacant retail premises). Due to the rapid rise in e-commerce, which has been accelerated by the lifestyle trends implicated by COVID-19, demand is expected to increase for such premises and their associated spatial requirements across all four Unitary Authorities.

8.2.4. Retail

The supply of retail space in the West of England ostensibly indicates a modest potential shortfall overall for the West of England, where there is supply capacity of 13.9ha in relation to new demand and an undersupply only where estimated and indicative replacement demand is added. However, it is important to recognise that available land for retail uses was only assessed on the Category 1 and 2 sites submitted to Atkins, therefore this supply-demand balance assessment should be regarded as high-level and not reflective of the full supply picture for retail space. In order to comprehensively assess supply and demand for retail space within the four Unitary

Authorities, a comprehensive retail study should be undertaken to assess the need / capacity for additional floorspace in the long term relative to planned supply.

This relative potential shortfall in retail supply also needs to be considered in light of the longer term impacts of COVID-19 and other shopping trends, with a strong likelihood that the closure of non-essential retail will produce significant vacancies at some West of England's retail locations. Moreover, the increasing penetration of online retail throughout the pandemic will likely reduce store portfolios and increase retail vacancy where the offer is not appropriately aligned with the needs of the catchment. As a result, it is expected that significant recycling of retail space will occur in the short term, particularly in the urban centres across the West of England which rely heavily on tourism and office workers for footfall, such as Bath and Bristol. This will likely reduce the requirement for new retail space, if such premises are not lost to residential uses through Permitted Development Rights or recent changes to the Use Class Order.

Market engagement for the ELSNA indicated a lack of supply of retail floorspace in the smaller town centre high street retail settings across the West of England, for instance in Keynsham, Kingswood and Weston-super-Mare. The demand assessment projected a modest need in traditional, customer facing retail need with more demand for storage and distribution to support the changing and online nature of retail, as captured in storage and distribution space above. Future retail supply identified within this assessment is instead principally focused on edge-of-centre retail parks and out-of-town 'big box' premises in North Somerset and South Gloucestershire – including Gordano Gate in Portishead and surrounding Cribbs Causeway. As discussed in the property market review, COVID-19 has increased demand for these out-of-town locations and retail parks, due to their spacious layouts and potential to ensure social distancing.

9. Conclusions and Recommendations

9.1. Introduction

This chapter sets out a summary and conclusions of the key study findings and evidence assessed. Based on these findings, strategic recommendations are presented with the purpose of informing the development of robust economic and employment land policies for the West of England as part of the forthcoming SDS and the individual Local Plans for the Unitary Authorities.

This report is based an objective, sound and resilient evidence base which sets out a comprehensive assessment of the quantitative, qualitative and spatial employment needs to support sustainable and inclusive economic growth, productivity improvements and sectoral diversification in the West of England. To do so firstly required a strategic review of influencing policy issues to be given consideration (Chapter 2) followed by a thorough assessment of strategic economic and spatial trends (Chapter 3) and national and regional property market conditions and trends (Chapter 4). In meeting the core requirements of the brief:

- The broad scale and nature of quantified employment growth is assessed fully in Chapter 6 with detailed consideration of qualitative and spatial needs set out in Chapters 5 and 8, having regard to changing market, business, sectoral and infrastructure trends.
- A comprehensive, consistent and criteria-based assessment of suitability of existing and potential sites and locations to meet anticipated quantitative and qualitative needs is provided in Chapters 7 and 8. This includes consideration of strategic issues such as those relating to protection, intensification and potential change of use and the strategic and spatial implications for meeting future employment needs in the region.
- Delivery of a thorough, objective and market-focused process of stakeholder engagement and collaboration with Unitary Authorities and private sector representatives throughout the study, the findings of which are captured in Chapters 3, 4, 5, 6 & 7 and in Appendices A & B.
- Recommendations for establishing a suitable and flexible portfolio of future supply of employment-generating land and premises balanced against anticipated scenarios of economic recovery, growth and diversification are provided in Chapters 8 and 9. These recommendations can be used to inform strategic planning in the West of England, including in the SDS and the Local Plans of the constituent Unitary Authorities.

9.2. Summary and Conclusions

The main conclusions drawn from the key report chapters are presented below:

9.2.1. Strategic Economic and Spatial Trends

The recommendations which follow must take into consideration the existing socio-economic conditions and strategic economic functionality of the West of England. Key messages include:

- 2018-based ONS projections indicate that the West of England population will increase by approximately 14% over the next 20 years generating demand for employment and housing associated with this growth.
- Despite being a relatively prosperous region in general terms, there are significant spatial pockets of deprivation concentrated in parts of the sub-region.
- The West of England is characterised by a diverse and thriving economy, including a range of key sectors with substantial opportunities for growth. The supply of suitable land and premises in the right locations will be critical to their future success.
- In looking to the future, it will be important for spatial development policy to enable the reinforcement of established strengths and ensure existing employment clusters are protected and enhanced where feasible.
- The sub-region hosts a number of regionally significant strategic transport hubs, including the Port of Bristol, Bristol Airport and strategic railway stations which act as key economic drivers Employment land policy in the area should support and reinforced the economic function of these key infrastructure assets.
- The sub-region's diverse economy is fuelled by its four universities and a strong innovation sector, which are critical in maintaining and enhancing the competitiveness of key sector specialisms. It will be critical that

spatial development and local employment land policies are sufficiently flexible and responsive to the needs of specialist industries which often have specific spatial, locational and premises needs.

9.2.2. Strategic Property Market Issues

Having regard to national and regional trends, Chapter 4 provides a strategic overview of the property market across the West of England, highlighting the characteristics and performance of key market sectors in the sub-region. It also considers the dynamics and key trends of the commercial property market, whilst noting that any forecasts for future property market demand must be viewed with caution given the current climate and COVID-19. The assessment identified a range of key opportunities and issues within the ELSNA area in terms of industrial, distribution and office markets.

9.2.2.1. Industrial

- The West of England is a **strongly established hub for advanced manufacturing and other forms of specialist industrial activity**. This is driven in part by the sub-region's innovative heritage and capability which acts as a magnet for deep-tech and design-led manufacturing. Hosting many global names, this includes the corridor along Bristol's North and East Fringe which connects the strategic employment clusters of Emersons Green and Filton in particular. It is critical that spatial employment land policies protect and enhance the competitiveness of these locations and reinforced other high productivity sectors in other key locations within the sub-region.
- **High levels of demand coupled with restricted levels of industrial land supply in many parts of the region is a risk to the future growth of the advanced manufacturing sector**. Consequently, there is a critical need for a strong employment land response in the SDS and Local Plans to protect existing manufacturing locations and provide sufficient additional capacity for expansion, inward investment and diversification in key locations to serve the sector.
- The size and location of available industrial sites is an increasing constraint on the industrial sector in the West of England. This ranges from medium to large sites to the supply of adequate modern premises to meet current demand amongst SMEs and companies seeking to relocate to the area. **Providing choice including a range of site types of varying sizes is an important consideration for future strategic employment land policy in the West of England.** This includes the need to provide for sufficient urban industrial sites which are critically to the day-to-day functioning of the region's towns and cities.
- Spatial considerations in the industrial sector including the need to respond to growth demand for premises in locations in South Gloucestershire (such as Emersons Green) and along the M5 corridor. **As with the distribution market, industrial demand is also increasing for smaller edge-of-town units.**
- Another important issue to be addressed by strategic employment land policy will be to have regard for the impact of industrial stock replacement demand. A significant proportion of existing industrial premises are close to becoming obsolete and as a result, are vulnerable for release to other uses (most notably residential). Consequently, **policies should seek to protect existing industrial sites which remain competitive and attractive to occupiers**. In doing so, policies and specific forms of intervention should actively seek to enable the refurbishment and/or redevelopment of dated premises into modern and flexible industrial units. This should particularly hold firm in the urban areas where SME industrial occupiers typically need to be located.

9.2.2.2. Storage and Distribution

- The national logistics and distribution market sector has flourished over recent years, a trend which is replicated in the West of England. Indeed, the sector has dominated the employment land market in the region which has impacted negatively on the supply of land and premises for industrial occupiers. **Forecasts for the logistics market are strongly optimistic, driven by heightened demand for retail warehousing and last mile logistics**.
- **Avonmouth and Severnside remains the most active market for storage and distribution**, with demand projected to be sustained for the medium to long term. However, with strong rates of take-up in recent years, the supply of available land and market ready sites has reduced significantly in Avonmouth / Severnside which raises the growing challenge of finding additional supply in this location and other key locations along the M5/M49/M4 Corridors.
- Traditionally the market in the West of England has generally been dominated by smaller deals, especially in central and south Bristol. However, **the growth of automation and economies of scale has increased**

demand for larger premises (often termed 'super sheds'). This demand is expected to be focused on Avonmouth/ Severnside, as demonstrated by substantial warehouse/distribution developments such as Central Park.

- **The more urban markets continue to play a key role in the West of England's logistics profile**, including central Bristol (such as Bedminster and Lawrence Hill) and south Bristol (such as Hengrove and Brislington). These urban and edge-of-town locations are anticipated to experience continued demand, motivated by emerging trends like last mile distribution, with increasingly strong demand for smaller units (for instance below 200 sqm). Areas in North Somerset and along the M5 corridor are likely to experience a significant proportion of demand as supply reduces elsewhere – including Weston-super-Mare, Portishead and Clevedon. A suitable employment land policy response will be required to meeting these urban-focused needs.

9.2.2.3. Office

- **The West of England office market is predominantly concentrated in the major city centres of Bristol and Bath, with Bristol city centre representing the most active location in the sub-region**. Bath was playing an increasingly significant role in the office market pre-COVID, with high levels of demand from the creative and digital sector alongside business and professional services. It is anticipated that by 2022, the market will see demand for these specialist employment sectors returning strongly. Consequently, **strategic and local employment land policy has an important role to play in enabling the economic recovery of key business sectors.**
- **The out-of-city centre office market is centred on the Bristol North Fringe, along with areas such as Keynsham in BANES and Portishead in North Somerset.** Prior to the challenging market conditions stimulated by COVID, the out-of-town market was strong, led by key developments at Aztec West and Stoke Gifford. Keynsham also performed well in recent years, benefiting from its position between Bristol and Bath, and facilitated by Bath's limited supply. Demand in the medium term for these out-of-town facilities is likely to be moderate although car-based locations will be attractive at least in the short-term.
- **From a strategic and longer-term perspective, the West of England office market is constrained by constrained supply levels, particularly for Grade A space**. Stock levels have reduced significantly since 2010 following the introduction of PD rights. With the introduction of the new Use Classes Order there is a major risk that redevelopment for other uses will accelerate which could result in a chronic undersupply of office and workspace provision in urban areas. Consequently, it will be imperative for strategic and local employment land policies to support the protection of existing viable sites and enable the development of additional supply in key locations with good access to labour and markets.
- **As a result of growth shortages, speculative office development has become crucial to meeting demand**. This is reflected by large investments in key developments such as those at Bath Quays in the Bath Riverside Enterprise Zone. In Bristol, a key location for accommodating future office demand is the Temple Quarter Enterprise Zone, with the majority of new high-quality office space and flexible workspace within Bristol City Centre expected to be delivered here in the short term.
- As a result of the COVID pandemic, there is a reasonably strong likelihood that cities such as Bristol will become targeted for office relocations from London and other metropolitan areas. This should be considered in the development of the SDS.

9.2.3. Demand Assessment

A key requirement of the brief was to set out the broad quantitative scale and nature of employment growth and the associated impact on future employment land and floorspace needs. This is provided primarily in Chapter 6 which utilises the latest employment forecasts provided for the West of England by Oxford Economics. These forecasts are disaggregated by Unitary Authority and sector, which have been aligned by Atkins with the key growth sectors identified by WECA and the other main sectors of the economy.

The Oxford Economics forecasts identified manufacturing as a broad sector expected to decline in employment over the period to 2040. Importantly, it should be highlighted that this reflects national trends and the broad definition of manufacturing using SIC codes hides potential expansion of critical sub-sectors including those likely to be defined as advanced manufacturing and processing activities. Food and rural enterprise and the 'circular economy' are also forecast to decline, again partly as a result of not being well captured by the SIC codes. Health and life sciences are forecast to experience significant growth over the ELSNA period, as well as professional services, retail, culture and leisure and housing, construction and development.

The key headline results of the quantitative assessment of employment floorspace needs in the West of England include:

- A total estimated floorspace requirement of 631,000 sqm of additional demand.
- This additional demand comprises approximately of 303,000 sqm office; 155,500 sqm research and development; 135,000 sqm storage and distribution and 46,500 sqm retail. Also included in the forecast is a projected net reduction in demand equivalent to 9,000 sqm of industrial floorspace.
- On top of additional demand, there is also a significant amount of projected replacement need as described in Chapter 6. This represents the need to replace ageing and obsolete property which becomes increasingly unviable and unsuitable for modern business and industrial use. It also is increasingly driven by the net zero requirements which seek to increase the energy efficiency of land and property stock. Including an allowance for on-site replacement, the total replacement requirement over the 20-year period is estimated at over 1 million sqm.
- The total resulting employment floorspace requirement for the West of England is estimated at 1,700,500 sqm.
- The distribution of this need across the West of England UAs is as follows: Bristol – 58%, BANES – 11%, North Somerset – 6%, and South Gloucestershire – 24%.
- In land terms, total demand reflects an estimated total requirement of 274 ha up to 2040 comprising:34 ha of new office (and 32 ha replacement demand); 27 ha new research and development; 2 ha decline in industrial demand (with 81ha of replacement demand); 27 ha new storage and distribution (with 54 ha of replacement demand); and 7 ha new retail (with 15ha of replacement demand).

For testing and comparative purposes, the quantitative demand assessment was also considered in terms of the potential 'implied need for jobs' which would arise from a dwelling-led population approach linked to dwelling-led population growth over the 20-year period. This is based on the LHNA economically active population projections which result from application of the updated Government housing needs methodology (i.e. new Standard Housing Methodology and dwelling-led population projections). This calculation indicates that the demand-driven (Oxford Economics) forecasts are notably lower than the theoretical estimate of 'need for jobs' estimates driven by the resident-based population projections. This differential highlights the importance of giving careful consideration to the alignment of land needed for housing delivery and employment space. Consequently, future employment land forecasts will need regular review to ensure reasonable balance with housing delivery and population growth, particularly if strategic policy seeks to encourage a reasonable degree of functional self-containment at the West of England spatial level.

The qualitative demand assessment has taken a more bespoke sector-led approach to inform spatial needs, from the quantitative forecast basis, and address some of the constraints of a forecast led approach. An overall recommendation here is the need to monitor and reflect the identified drivers of change over time where these have short, medium and long-term implications, with current uncertainty, on the sectors' spatial needs in scale and locational and premise requirements.

The qualitative assessment suggests that the overall scale of quantitatively assessed demand is lower than that which may likely be required, with a focus on industrial space. Further, there are some key shifts between sectors and between specific premise and locational needs.

Overall, the qualitative assessment suggests movements from the total land requirement of the quantitative assessment, which can be summarised as:

- Office type demand – general alignment, though this is distributed across sectors and may have a more local hub emphasis.
- Research and development – general alignment, where this matters for the forecast growth sector of health and life sciences, creative and digital, food enterprise and advanced engineering sub-sectors..
- Industrial demand – with potential upward movement considering the aerospace and advanced engineering sector, Net Zero agenda and role for logistics alongside potential development at the port and airport. Affordable 'lower value' industrial space is assessed as needing to be maintained..
- Storage and distribution – general alignment, with a key role in retail and logistics as well as in response to wider development potential through the international gateways and circular economy..
- Retail – downward movement, considering the sector impact of COVID-19 and initial period of recovery. Though a higher level may be required with high housing delivery and local place-making approaches..

Further areas of demand, beyond the use classes of the quantitative assessment, include specialist facilities for circular economy at residential and commercial locations; for health and life sciences with lab space; more flexible and mixed workspace for creative, digital and micro firms; and a range of uses to support the sustainability of the tourism, culture and leisure sectors.

The qualitatively adjusted employment demand sensitivity applied conditions of no decline in employment land for manufacturing, advanced aerospace and engineering, circular economy and food enterprise. This results in a greater quantum of employment spatial needs (as presented in Table 6-35) as:

- Office new demand at 36 ha
- Research and development new demand at 35 ha
- Industrial new demand at 66 ha
- Storage and distribution new demand at 46 ha
- Retail new demand maintained at 7 ha

In total, with the estimated replacement demand, this leads to an estimated 372 ha of employment land demand. These qualitatively-adjusted demand estimates were more distributed toward other UAs than Bristol compared to the forecast-led quantitative assessment. Further, a spatial employment strategy that considers the West of England level of demand, beyond estimated demand at a UA level in isolation, for meeting these needs is recommended. This will consider suitable locations that meet the spatial need and sector specific requirements (premise and location requirements) across the functional economic market and region.

9.2.4. Meeting Forecast Employment Needs

The supply analysis and subsequent assessment of the supply-demand balance suggests the West of England has more than enough land to meet its overall needs with a 102.7ha surplus of land overall. However, this disguises a number of critical shortfalls in supply – including a notable undersupply with regards to industrial space, in addition to constrained provision of land for office accommodation overall. Storage and Distribution is identified as the only traditional Use Class with sufficient employment land in the West of England to meet future demand over the next 20 years. The main outcomes of the assessment are described below:

9.2.4.1. Offices

- No spare supply of land for office space provision overall. This includes a significant undersupply in Bristol of 11.6ha, as well as a shortfall of 1.9ha in BANES.
- North Somerset is identified as having a surplus of 8.0ha of future office supply driven by the potential for development at Weston Villages and Haywood Business Quarter.
- Future supply of office space is severely limited in Bristol beyond the growth zone of Temple Quarter, with intensifying pressures from Permitted Development Rights. It is uncertain to what extent proposed Local Plan policies for mixed-use development will alleviate pressure.
- Established office park locations in South Gloucestershire, such as Aztec West in Almondsbury, are unlikely to provide significant future supply.
- BANES is currently constrained by a limited supply of suitable available land for office development, assessed to be circa 2.5ha, as well as a relatively limited commercial pipeline.
- Market engagement indicated that while demand for office space in central areas is not expected to decline long term, there is likely to be increased demand for a hub-and-spoke model – including more local sites to supplement central offices.

9.2.4.2. Industrial and R&D

- Future supply of industrial and R&D represents the most significant shortfall across the traditional Use Classes in the qualitatively adjusted assessment, with a total deficit of 60.4ha. Shortfall predominantly due to the considerable deficit of 57.4ha in Bristol. This could be reduced significantly by the proposed allocations at Avonmouth and with suitable re-provision in the reallocation of PIWA land.
- BANES displays a shortfall of a considerably smaller scale at 9.9ha. This includes a relative lack of future supply in traditional industrial locations, such as Newbridge and Twerton.
- North Somerset is assessed to have an oversupply of 8.9ha, with the majority of available land distributed across existing industrial estates on the edge of Weston-super-Mare.

- While South Gloucestershire is projected to have a undersupply of 2ha, despite the significant supply of industrial land available at Severnside. This is not expected to reduce pressures on supply in the rest of South Gloucestershire, as certain businesses will not relocate due to operational and workforce requirements. Furthermore, development is accelerating rapidly and therefore Severnside cannot be regarded as a safeguarded source of longer-term supply.
- Future employment land supply suitable for R&D uses remains low across the sub-region, particularly for specialist lab facilities in both Bristol and Bath. There is an emerging spatial need for specialist incubators in accessible central locations.

9.2.4.3. Storage and Distribution

- Sufficient storage and distribution land overall in the West of England to accommodate future demand for larger premises, with a possible oversupply of 163.4ha when compared against the qualitative-adjusted demand scenario. However, approximately 86% of the total future supply of storage and distribution space is situated in South Gloucestershire, including almost 156.5ha of future supply within the Severnside Employment Area. It would not be appropriate to apportion the unmet demand in the other Unitary Authorities to Severnside, as it is not suitable for smaller premises for local distribution/storage activity. Moreover, qualitative market information indicates that there is an increasing shortage of small-scale urban logistics and storage premises required to serve the day-to-day needs of businesses and residents. This is particularly the case in Bristol and Bath and trends indicate that demand for these facilities will increase over time as last-mile distribution increasingly becomes a key feature of well-functioning urban economies.
- Beyond Severnside, there is expected to be a considerable shortfall in employment land suitable for storage and distribution uses in South Gloucestershire, particularly for smaller-scale premises in edge-of-centre locations like Emersons Green, Kingswood and Longwell Green.
- BANES and North Somerset are both projected to have a broad match between supply and demand for storage and distribution space, equating to an oversupply of 2.5ha in BANES and an undersupply of 0.3ha in North Somerset.
- Bristol is projected to have a significant undersupply of storage and distribution space, assessed to be 25.4ha. This was supported through the market engagement process. Future supply is limited across all four Unitary Authorities for last mile logistics premises in key demand locations, for instance in St. Philip's Marsh and Brislington in Bristol, Twerton in BANES, Filton in South Gloucestershire and along the M5 corridor.

9.2.4.4. Retail

- Supply of retail space in the West of England indicates a modest forecast shortfall, equating to a total undersupply of 1.1ha. However, it is important to recognise that available land was only assessed on Category 1 and 2 employment sites, which largely did not include typical city centre retail where core shopping takes place and emerging vacancy levels are accelerating. Indeed, the retail findings in this study should be treated with caution in terms of any use for retail planning purposes. The calculations set out in this report are based on projected employment change in the retail sector and it is likely that the relationship between retail jobs and the use of retail floorspace will be subject to significant change over the next 10 years. A comprehensive retail study should be undertaken to assess the full picture of demand and supply, taking account of on-going trends in the sector including the long-term implications of the COVID-19 pandemic.
- Future retail supply is principally focused on edge-of-centre retail parks and out-of-town 'big box' premises in North Somerset and South Gloucestershire – including Gordano Gate in Portishead and surrounding Cribbs Causeway. COVID-19 has increased demand for these out-of-town locations, due to their spacious layouts and potential to ensure social distancing; however, they do not necessarily relate well to sustainable transport objectives.

9.3. Recommendation 1: Protection of Existing Employment Stock

The supply and demand balance analysis set out in this report identifies a shortfall in the provision of market suitable industrial and R&D floorspace across the West of England for the period up to 2040. The analysis indicates this is particularly acute in the Bristol area, although shortages are also evident in South Gloucestershire and BANES. There are also likely to be some constraints on the future total supply of office land to meet the

West of England's forecast demand for office premises, as illustrated the lack of spare supply. Again, the shortfall is greatest in Bristol.

It is also recommended that the response to the balance analysis is guided by the West of England levels, rather than a prescriptive approach of responding to the UA levels in isolation. This supports an employment spatial strategy that considers suitable locations that meet the spatial need and sector specific requirements (premise and location requirements) across the functional economic market and region. The potential for investment and demand to be attracted and met away from areas of high rents and supply constraints to other suitable locations for industrial and office based business is also recognised, partly due to shifting working and travel behaviours accelerated with the COVID-19 pandemic.

For storage and distribution activities, there is an overall significant forecast surplus of supply for the West of England area. However, this disguises spatial and market differentials, particularly in terms of there being a forecast shortfall in pipeline storage and distribution space in Bristol. Importantly, the forecast 'surplus' supply of storage and distribution land and floorspace is heavily concentrated at Severnside in South Gloucestershire. As highlighted in this report, development rates at Severnside have been increasing significantly over recent years, with the possibility that the available land there be taken up relatively quickly and well in advance of 2040. Indeed, should the area attract a small number of additional 'super shed'-style distribution investments (similar to those which have recently taken place), the long-term supply of land at Severnside could be promptly developed out.

In addition, the ELSNA analysis has found clear evidence that there is an increasing shortage of urban storage and logistics space available in the market. Very much a growing land and property sector and reflected by the quantified shortfall in Bristol and tight supply in Bath, this element of need focuses on serving the day-to-day requirements of functionally balanced urban economies. Typically, these urban facilities are relatively small in scale and are critical to last-mile distribution activity. Consequently, as for industrial and office sectors, employment land policy in the West of England should seek to ensure that an adequate, varied and flexible supply of storage and warehousing land is identified in the development pipeline throughout the plan period.

A range of policy responses will be required to ensure an adequate supply of employment land space offering choice and flexibility for different market segments is maintained over the next 20 years. This should include the adoption and implementation of strong employment land protection policies which are commensurate, balanced and appropriate to the market circumstances in different locations. Effective protection policies should be focused on key locations, sites and premises which are suitable and viable for modern business and industrial occupiers. This will require consistent, collaborative, and sustained engagement with the private sector – including local business and real estate representatives. Protection policies will need to be reinforced and supported by complementary policies and interventions including measures to enable viable intensification and redevelopment activity and, in some circumstances, a more proactive and direct development role by the public sector in local employment land markets (see below).

Reflecting on patterns over the last decade, the implementation of Permitted Development Rights has resulted in the loss of significant amounts of employment floorspace, particularly in the larger urban areas. Indeed, pressure for redevelopment to alternative uses is intensifying and will continue to do so as the impact of the new Use Classes emerges. These ongoing change-of-use pressures reinforce the need for strong and effective protection policies, which are focused on sites and premises which the local economy and occupier markets require most. This focus on the protection of a wide range of occupier suitable sites should ensure that the market delivers on the policy by bringing them forward for productive employment use.

The use of Article 4 Directions should be considered, where appropriate with local policy, as a potential tool to complement balanced employment land retention policies. However, it is important to recognise that Article 4 Directions are increasingly difficult to introduce, may be time-limited and require robust justification in the context of national policy. Consequently, policies aimed at protection of market suitable employment sites and premises should be complemented by other appropriate policy mechanisms and delivery instruments. This may include making targeted use of relevant government funds aimed at stimulating economic recovery (such as the Levelling-up fund and Towns Fund). Local authorities could also consider taking on a selective role as a direct developer in order to control the supply of employment space in key locations, particularly for sites in their ownership. In doing so, policies and other mechanisms must remain focused on factors which will determine the viability and deliverability of key sites. This will require a robust prioritisation approach.

9.4. Recommendation 2: Identify Additional Land Supply

The supply and demand balance analysis contained in this report concluded that there is an overall potential shortfall particularly of land for industrial and R&D uses across the West of England. There is also a likely deficit

in future office supply in key locations. Furthermore, despite the current supply of land at Severnside for storage and distribution uses, this is being taken up at an increasing rate and the location of the area will not be suitable for serving urban last-mile distribution needs. As a result, there is growing evidence of need for Unitary Authorities to identify potential additional industrial land supply to address the anticipated undersupply in the sub-region. This should include comprehensive consideration and short-listing appraisal of sites put forward under recent 'Call for Sites' exercises. For some authorities, the Call for Sites process is ongoing and site information still being gathered. When complete, it will be important for a region-wide and consistent appraisal approach to be defined and undertaken. Crucially, consideration of future employment land allocations will need to be balanced with sufficient land to serve strategic housing delivery plans and policies. The current outcomes of the Call for Sites process suggest there is a scarcity of opportunities for strategic-scale employment sites. As a result, it is possible that public intervention will be required to identify additional employment land supply in the long term. Accordingly, local authorities should make effective use of current and emerging Government funding programmes aimed at stimulating local economic growth and employment creation.

A key finding of the ELSNA is that Bristol as a Unitary Authority is subject to the greatest shortage of employment land, with deficits in future supply evident in all core sectors. Consequently, the proposed allocation of approximately 60ha of greenfield land at Avonmouth for industrial and warehousing uses within the emerging Local Plan for Bristol is supported, as it will deliver much needed industrial space into an already strong market. This could potentially be supported by medium to long-term plans to consider extending the scale of industrial and distribution land in the Severnside area in South Gloucestershire. The proposed draft industrial land allocations outside Avonmouth (contained in the Local Plan Review) are also supported, and could prove to be of fundamental importance in mitigating the current shortfall in industrial space in Bristol.

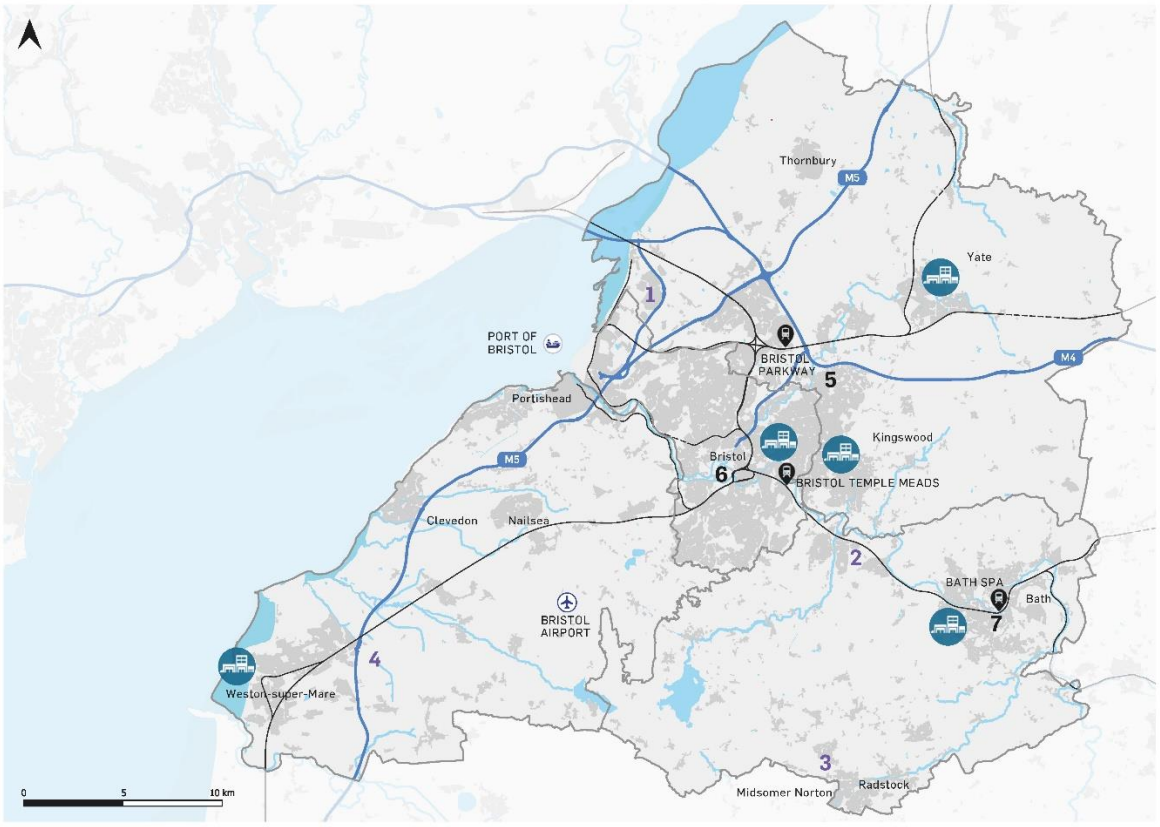
In addition, it is acknowledged that the proposed policy in Bristol regarding AGRs and the reallocation of PIWA land represents a proactive response to the existing challenge of delivering new employment supporting development opportunities. These policies are aimed at addressing the balance between the pressing need for both employment space and housing. Providing positive signals to the market, the use of floorspace targets for areas of undersupply in Bristol and other key locations in the West of England should be considered as a region-wide approach. Such an approach would require robust and regular monitoring to ensure market needs are being met in the right places and at the right time, enabling a degree of flexibility – including continued local business engagement to inform comprehensive development framework for the AGRs.

Consideration should also be given to allocating additional industrial and office land in BANES, including that aimed at meeting the needs of Bath – which is currently not well positioned to meet anticipated demand. In particular, there is a pressing need to identify additional supply in proximity to the central areas of Bath. A number of potential sites are being assessed and will need to be tested through the Local Plan process.

In South Gloucestershire, there is a pressing need to identify additional industrial supply to meet anticipated demand, particularly in locations which will complement Severnside and serve a wider range of market needs. As already highlighted, the remaining available land at Severnside is being developed at an increasing rate, with the scale of premises also rising through the realisation of demand for super sheds. Demand for industrial premises in the North Fringe is expected to be maintained, driven by new developments such as GKN's Global Technology Centre, and identification of additional supply will be required to support such growth. The pressures on industrial supply in South Gloucestershire, as well as Bristol and BANES to some extent, could also be partially eased through intensification and efficient use of existing stock, as the following section explores.

Representing the views of the consultants, Figure 9-1 sets out summary map of spatial issues and opportunities derived from the above analysis.

Figure 9-1: Strategic Employment Locations: Issues and Opportunities



GROWTH LOCATIONS

1. Avonmouth / Severnside

- Regionally significant business location serving strategic-scale distribution and manufacturing activity, energy, waste & environmental technologies.
- Supporting & enabling growth of Bristol Port as an international trading gateway.
- Land take-up increasing with opportunities to expand to serve medium to long-term industrial needs.
- Infrastructure investment required including accessibility to wider labour market is important to fully realise the area's economic potential.

2. Keynsham

- Opportunities exist to establish Keynsham as a significant office and services location for the sub-region bringing higher value-added jobs to complement Bristol and Bath city centres. lessen out-commuting.
- Some potential to accommodate light industrial relocating or expanding from Bath.
- Potential increase in developable land include locations around the station and the riverside area.

3. Somer Valley

- Key sub-regional growth location for advanced manufacturing, engineering and supply chain sectors, with significant land available for development and committed supply concentrated at the Old Mills Industrial Estate allocation.
- Enhancing public transport access and provision of local amenities will be crucial to maintaining competiveness in the long term.

4. Junction 21 area

- Capacity to play crucial role in sub-regional economic growth, including opportunity to deliver 2 million sq ft of mixed-use commercial space.
- Includes Weston Villages, allocated for at least 37.7ha of employment land, with an emphasis on flexible office space. Demand for residential working hubs is expected to increase with the rise of remote working.
- Critical to enabling economic diversification and community regeneration in Weston.

INTENSIFICATION AND PROTECTION

5. North Bristol Fringe

- Internationally significant cluster for aerospace and advanced engineering focused on Filton, which continues to attract inward investment from major industrial businesses.
- Significant land with consent for mixed B use, including a regional neighbourhood development on Filton Airfield, which has potential to deliver employment growth across key sectors including advanced engineering, professional services and creative and digital.
- Emersons Green is home to the strongly functioning Bristol and Batch Science Park which represents a major employment location with excellent transport access.
- Available land is currently limited, however significant consents are in place to increase the contribution to economic growth / employment, complementing the existing range of sectors and innovative start-ups including those in the health sciences sector.
- Opportunity to consolidate and grow the North Bristol Fringe into a larger, integrated economic cluster.

6. Central Bristol

- Temple Quarter is expected to play a key role in maintaining Bristol City Centre's contribution to regional economic growth and employment, with almost 5ha of office consents in place and a further 4ha of potential development land available.
- Investment potential is likely to be enhanced through redevelopment plans at Temple Meads, which will improve strategic connectivity alongside better access to local amenities.
- St. Philip's Marsh provides a large industrial/ warehousing area in Central Bristol, with demand likely to be maintained – especially from businesses seeking a central and accessible location, such as last mile logistics and other city-serving industries.
- The area could feasibly absorb unmet demand for office activity from the Temple Quarter, particularly flexible workspace, benefitting from its connectivity and provision of amenities.
- Strong need to protect against further loss of Central Bristol employment land stock (office and industrial).

7. Central Bath

- Critical lack of modern office floorspace in Bath is gradually being addressed through significant projects within Bath Enterprise Area, including Bath Quays South and the planned flagship development at Bath Quays North.
- Bath Quays North is anticipated to generate employment opportunities in the Creative and Digital and Professional Services sectors.
- Strong need to protect against further loss of Central Bath employment land stock.

1 Community regeneration / levelling-up priority area

Town centre regeneration

9.5. Recommendation 3: Maximising Use of Existing Stock

Given the projected undersupply of available industrial land in the West of England to meet anticipated market need, it is recommended that a region-wide approach is taken to proactively promote maximising the use of the existing stock. This could take a variety of forms but may include policies aimed at intensification and replacement of stock through both redevelopment and refurbishment. In some highly accessible locations, this may include consideration of new mixed-use typologies, which can result in viable co-location of industrial, small scale distribution and workshop premises with residential and other uses. Such an approach is being explored in London by the GLA and London Boroughs. Intensification of employment areas will be important in maximising the amount of replacement demand that can be re-provided on existing employment sites. In many locations, this process will be important to maintain the inherent market viability of sites and ensure the effectiveness of employment land retention polices. The process could be supported by other complementary policies and potential public sector interventions.

From the initial high-level assessment undertaken for the ELSNA, the sub-areas identified for intensification could include established large-scale industrial locations such as Avonmouth and Portbury, with potential also existing on development sites within the Junction 21 Enterprise Area and Somer Valley Enterprise Zones. These should be regarded as strategic-level suggestions and further in-depth assessments will be required to test the broad viability of industrial intensification within the four Unitary Authorities, as well as wider deliverability issues. Once the sites deemed feasible for intensification have been appropriately identified, the Unitary Authorities could also consider provision of generalised or area-specific planning and design guidance. In light of the somewhat untested status of industrial intensification, such guidance could offer a degree of reassurance to developers and investors – demonstrating how development should be carried out and giving assurance that if proposed schemes comply with the guidance provided, permission would likely be granted. The provision of such guidance, as well as other options for public sector interventions to support intensification, will be considered further within the recommendations of this report. Table 7-9 in Chapter 7 outlines the key features of a selection of new intensified typologies which could potentially be delivered in the West of England.

In addition to the intensification of industrial premises, refurbishment and retrofitting of existing premises should be promoted to support the drive towards net zero carbon. Research shows that sympathetically upgrading and recycling existing premises, instead of demolishing and building new, could significantly improve a building's energy efficiency and contribute substantial energy savings. Indeed, research undertaken by the Low Carbon Innovation Coordination Group in 2013 indicated that upgrading business premises to be energy efficient and/or utilising low carbon technologies could contribute potential energy cost savings worth £13 billion for the UK by 2050. In the West of England, considerable progress has been made in reducing the carbon footprint of new build premises, as demonstrated in innovative new schemes like One Portwall Square in Bristol, however this has the potential to be counteracted by low retrofit and replacement rates of existing building stock. Generating, evaluating and accelerating opportunities for refurbishment of existing commercial premises should be considered as important as maintaining high performance standards for new buildings in the long term. To support the push towards net zero, there is a need for effective policy across the Unitary Authorities which will support adaptation and mitigation, whilst overcoming the following barriers associated with low carbon retrofitting:

• Financial/Governmental – Introducing initiatives and policies to incentivise carbon neutral refurbishments.

• Behavioural – Familiarising occupiers with low carbon technologies and educating them in how to use buildings in a carbon responsible manner.

• Technological – Limiting disruption to existing occupiers and structure, whilst establishing the appropriate combination of intervention measures/sustainable technologies for the diverse existing stock of premises.

9.6. Recommendation 4: Meeting Emerging Premises Requirements

The supply and demand balance assessment undertaken for the ELSNA identified certain key market sectors which are being restricted from further economic and employment growth by the current employment space offer in the West of England. As a result, Atkins recommends that the SDS and the individual Local Plans consider potential policies/allocations to support delivery of accommodation that could meet the following emerging spatial needs, which have been informed by market engagement and application of the demand profiling matrix presented in Chapter 5:

9.6.1. Transport and Logistics

The evolving nature of the Transport and Logistics sector means there is now an increasing need for supply of premises to serve last mile logistics market in key demand locations, for instance in the centre and on the edge of major urban areas, complementing the well-established strategic distribution areas. This includes three main types of distribution facilities which support growing demand for last mile deliveries, accelerated by the increased penetration of online retail:

- Fast Delivery Hubs – Supply the local market with pre-positioned high demand or perishable goods. These include small to medium-scale premises in high-density areas, such as city or town centres. Fast delivery hubs could involve the repurposing of vacant retail premises, where a small number of high demand items can be easily stored and efficiently transferred directly onto delivery vans or other conveyances.
- Delivery Stations – Flow-based facilities which allow for cargo to be deconsolidated into unit loads for delivery. These premises tend to be purpose-built, small footprint facilities situated in accessible locations on the edge of central areas. With the advent of drone technology and automated vehicles, some delivery stations could also be used as a delivery hub for these vehicles; and
- Micro-hubs – Small delivery stations in dense urban areas, often used in networks to create faster and cleaner last mile delivery operations. From micro-hubs, conveyances such as cargo-cycles or small electric vans can be used to transport parcels rapidly to the final consumer. These are relatively flexible premises and can be accommodated in underutilised spaces such as car parks, as well as vacant industrial or retail premises.

9.6.2. Professional Services

Market engagement identified the role of COVID-19 on accelerating existing trends for working from home. Professional Services has easily been able to acclimatise to the shift to home working, with increased productivity levels suggesting some businesses may consider a more flexible approach to their day-to-day operations. This sector is still expected to produce significant requirements for office space in central areas, however there is also likely to be increased demand for a hub-and-spoke model approach to working – including more local and suburban sites to supplement central offices. This is likely to include development of flexible working hubs within residential communities, which provide bookable desks for staff to work from, closer to where they live, offering the facilities they would expect in their main office.

While accelerated by COVID-19, this has been an emerging trend in the office market in the last 5 to 10 years. For instance, in 2015, the Ministry of Justice launched their 'Commuter Hubs' programme – providing bookable desk settings and meeting rooms in 16 locations across London and the South East. The programme has delivered a sustainable and functional working ecosystem, which has increased productivity and reduced commuting time. In the West of England, this could involve repurposing of vacant retail premises or community facilities, as well as small existing office suites above retail. The proposed employment land strategy for Bristol includes provision of flexible workspace within mixed-use developments, which could likewise be used to serve this emerging spatial need to some extent.

9.6.3. Health and Life Sciences

The demand assessment highlighted the strength of the Health and Life Sciences sector in the West of England, recognising it as a key growth sector for the sub-region. The emergence of thriving SMEs from start-ups as incubator facilities like Unit DX in St Philip's Marsh in Bristol and the Bristol and Bath Science Park at Emersons Green has demonstrated the West of England's potential as an innovation heartland for the sector. After opening in 2017, Unit DX reached full capacity in two years and is now home to a range of science and engineering businesses, indicating the strong level of demand. In addition, the new Unit DY facility currently under construction in Old Market is expected to experience significant take-up. Market engagement suggests that additional space is required, both for start-ups and scale-ups, to accommodate the growth of the existing SMEs, the needs of potential entrepreneurs inspired by the sub-region's successes in innovation, and to accommodate inward investment into the West of England. Consequently, provision of incubator space which incorporates premises for manufacturing, testing and R&D will be required to maintain the economic and employment growth of the Health and Life Sciences sector in the long term.

Unit DX should be utilised as a best practice case study when developing incubator premises – providing 15,000 sqft of specialist laboratory and office space in an accessible Central Bristol location. Formerly a bathroom factory

on an industrial estate, DX demonstrates how vacant industrial and retail premises can be repurposed to serve this significant spatial need. If possible, provision of such accommodation should be focused in close proximity to the region's universities, in order to develop functional linkages and knowledge sharing, therefore driving innovation.

9.7. Recommendation 5: Locational Principles to Prioritise

The West of England Climate Emergency Action Plan and Recovery Plan set out the ambition of clean and inclusive growth for the sub-region. This includes objectives to work towards decarbonisation of the transport system, support businesses to benefit from the growth in the green economy, build an inclusive economy where everyone can achieve their potential and offer security of employment. In line with these ambitions, a number of locational principles should be prioritised in the ongoing supply of employment land across the West of England to drive clean and inclusive growth. Through the Local Energy Scheme, Low Carbon Challenge Fund and South West Energy Hub, there is an increasing focus on regional renewable energy, supporting businesses to be more energy efficient and creating new green jobs. Atkins recommends that these initiatives be complemented by locational principles which support low carbon business and green transport systems.

For instance, there needs to be an increased emphasis upon employment areas which have strong access to affordable provision of sustainable transport. Actions to improve the uptake of active travel and public transport in commuting patterns should be undertaken, whilst simultaneously disincentivising car trips. In addition to this, those strategic important locations which are primarily accessible by private car and do not currently have strong sustainable transport links, such as Avonmouth and Severnside, require targeted infrastructure investment to drive clean growth and the move towards carbon neutrality by 2030. This could include a sustainable network of additional rail stations, rapid bus routes and cycle corridors, as well as facilities for electronic vehicle charging and hydrogen refilling to serve the Transport and Logistics sector and commuters.

There is a nationwide need to facilitate the inclusion of social value in decision making about land valuation, acquisition and development. The Better Places Toolkit[183], conducted by the University of Reading and Stantec, is an ongoing project which aims to use evidence to factor social value into current decision-making in early strategic land development. The Toolkit aims to provide an accessible tool that meets industry needs: identifying when social value could be created in the project, who the key parties will be in promoting social value, why social value is often not considered in strategic land development, and what would create effective incentives to drive for more social value. The outcomes of this project should be monitored closely by WECA and the Unitary Authorities, in order to explore opportunities for maximising social value during the planning, construction and operational phases of development in the West of England.

As identified in section 3.1.4, significant areas of deprivation currently exist in Bristol (in particular South Bristol) and North Somerset (such as southern areas of Weston-super-Mare and Pill). Locational principles to drive inclusive growth could include making more provision for employment in these areas of deprivation which responds to unmet spatial needs where there is the opportunity to do so, as well as enhancing public transport accessibility to connect people in these areas to employment opportunities elsewhere in the West of England. This will create more and better jobs, connecting people in areas of deprivation to employment opportunities and improving people's prospects for benefiting from economic growth. Provision of employment space could include flexible workspace and incubator facilities, providing support for entrepreneurs and start-ups. This could involve the repurposing of town centre retail premises or underutilised community facilities. Enhancement of sustainable transport connections and developing linkages with the region's universities and research centres will be crucial to increasing demand for such premises in these areas of deprivation.

9.8. Recommendation 6: Flexibility in Policy Development

The West of England Recovery Plan states that there is a need to "build back better, greener and stronger" following the COVID-19 pandemic, ensuring the region continues to be attractive to residents, talent and investment. The events of the last year have demonstrated that local authorities are able to promptly devise and implement new policies to address the health emergency and support a faltering economy. The public health crisis has also emphasised the importance of using national and localised data to inform flexible and adaptive policies in fast-changing situations. This remains crucial in the current political and social climate, with enduring uncertainty surrounding the longer-term implications of both COVID-19 and Brexit for the West of England economy and thus the commercial property market.

[183] Stantec and University of Reading (2020) *Better Places (Social Value) Toolkit, Scoping Review*

The introduction of the new E Use Class has injected a degree of flexibility into planning policy, by enabling a building to be used for a range of uses with changes between uses being much more fluid than has previously been the case. However, the existing market conditions also require forms of flexibility which need consideration in the development of spatial and employment land policies. An example of a more flexible approach to spatial planning is demonstrated in Bristol City Council's emerging planning policy approach which seeks to adjust to changes in demand for employment land, allowing for continued development and aiming to make the most efficient use of land within the city. Such an approach should be considered across all four Unitary Authorities, as flexible and adaptive policies will be crucial in meeting shifting spatial needs and addressing emerging areas of pressure for employment land. For instance, policies which relate to future office development and provision of flexible workspace should closely monitor supply and demand, allowing for a degree of flexibility in floorspace targets – informed by regular business engagement and comprehensive development frameworks.

Central to the issue of flexibility is the need to build market-readiness into key planning and spatial policies, subject to other policy imperatives including environmental protection and carbon reduction priorities. Responsiveness of spatial and development policies to changing market conditions and needs will also be critical to ensuring the economic recovery in the West of England is optimised.

As discussed previously in this report, COVID-19 has undoubtedly accelerated the pre-existing trends towards remote working, with a likely scenario that less desirable office stock will be abandoned as the market consolidates. Nevertheless, it is not correct to suggest that demand will diminish in the long term, as it is unlikely that the majority of organisations will see a sustained commitment to remote working. As section 9.5.2. discusses, this may involve increased demand for a hub-and-spoke model approach to working – including more local and suburban sites to supplement central offices. After all, the office represents more than just a place to work; it drives collaboration, innovation and productivity. As a result, development of policies must allow a degree of flexibility for these changing patterns of demand, with varying expectations of the longer-term implications of COVID-19 for the office market.

Flexibility is also required within spatial policy and strategy relating to provision of retail and community facilities in the West of England. Similar to the office market, COVID-19 has reinforced pre-existing trends in the retail sector, particularly the shift towards online retail, with online retailers such Amazon and delivery services like Yodel recording high profits during 2020. While the high street is far from dead, retail design and operations are indisputably experiencing fundamental change. There is a clear need to identify where new opportunities exist to reconfigure and rethink existing retail environments and space, with adoption of flexible spatial strategies improving the prospects for placemaking. Vacant retail premises and reduced floorspace will open up the possibility for the introduction of other complimentary uses through collaborative, mixed-use spaces to serve the local community and address otherwise unmet employment space requirements.

9.9. Recommendation 7: Ongoing Monitoring of Supply and Demand

The NPPF expects local authorities to be responsive to market signals and ensure that there is sufficient provision of suitable employment land to meet the requirements of the business community. However, there is also little value in safeguarding employment sites that are not fit-for-purpose and could feasibly be redeveloped to partially alleviate the housing pressures facing the West of England. This Study forms part of the evidence base to identify the employment land needs for the sub-region, which requires continuing monitoring and updating. Atkins recommend that, in order to respond to market signals, WECA and the Unitary Authorities should conduct the following exercises throughout the lifetime of the SDS and the individual Local Plans. These exercises are of particular importance during the present market uncertainty surrounding COVID-19 and Brexit and will play a key role in informing the continuing development of the West of England's regional recovery plan.

- Regular employment land review updates (as a guide, every 2-3 years for Unitary Authorities and every 5 years for WECA) so the evidence base remains up to date and responsive to changing market dynamics.
- Engagement with locally based businesses to gauge ongoing business needs and aspirations. This will need to involve an appropriate sample size and consider the suitability of the location, type, size and quality of existing premises, as well as aspirations for growth/expansion.
- Frequent engagement with local property agents to obtain informed perspectives of local market conditions.

9.10. Summary of Recommendations – Timeframe

The recommendations are presented below with indicative timeframes for implementation. These could be used to inform the preparation of the West of England SDS, the Local Plans within the four Unitary Authorities, as well as further policy development and review. To support the transition to the new system, the Planning White Paper proposes a statutory duty for local authorities to adopt a new Local Plan by the end of current parliament (May 2024). Consequently, there is a short term need to identify additional land supply, prioritise locational principles and recognise how emerging spatial needs will be catered for through spatial planning at a local and sub-regional level, in order to align with the proposed statutory timetable.

Recommendation	Short Term: 2020-2025	Med Term: 2025-2030	Long Term: 2030-2040
Recommendation 1: Protect Existing Employment Stock			
Recommendation 2: Identify Additional Land Supply			
Recommendation 3: Maximising Use of Existing Stock			
Recommendation 4: Meeting Emerging Premises Requirements			
Recommendation 5: Locational Principles to be Prioritised			
Recommendation 6: Flexibility in Policy Development			
Recommendation 7: Ongoing Monitoring of Supply and Demand			

Appendices

Appendix A. Key Messages from Stakeholder and Property Market Engagement

Qualitative assessment of employment demand and land and property supply plays a critical role in development of the Employment Land Spatial Needs Assessment for the West of England. Atkins have conducted structured engagement throughout the study with a range of local stakeholders, business sector representatives and local and national property market agents. This chapter summarises the key issues and evidence established through feedback from the engagement process.

A.1. Stakeholders Engagement

Two workshops were held in September 2020, one engaging with property market sector representatives and the other with key business umbrella groups and organisations active in the West of England in the region; a full list of invitees is shown in Appendix A2.

Workshops were structured around key questions as shown in Appendix A2. The workshop focussed on a Q&A session that was proceeded by a formal presentation; further data/information was subsequently provided by attendees and key issues identified during the workshop were followed up with them by with the study team.

The attendees at each of the workshops are shown below.

Table A1: Sector Group Workshop, 1st September 2020

Business	Sector
Arcadis	Housing, Construction and Development
Destination Bristol/Visit Bath	Tourism
Dick Penny	Culture, Creative and Digital
Lye Cross Farm	Food and Rural Enterprise
PwC	Professional Services
Grafton LSR (comments in writing)	Retail

Table A2: Business Group Workshop, 11th September 2020

Business Umbrella Group
Bristol City Council
North Somerset Council
South Gloucestershire Council
Banes and North East Somerset Council
Business West
Bristol Property Agents Association
West of England Rural Network
Meanwhile Creative
Bristol Airport

South Bristol Business
Confederation of British Industries (comments in writing)
Federation of Small Businesses (comments in writing)
West of England Combined Authority (comments in writing)

In addition to these workshops, focussed 1-2-1 discussions with key property agents on major supply and demand issues for land, sites and premises within the WECA area and its constituent markets and sub-markets have been undertaken with representatives from Avison Young, Knight Frank and Gerald Eve.

A.2. Challenges and Opportunities

Some of the key challenges raised by business stakeholders and market agents are summarised below:

Some attractive locations for employers are within the Bristol-Bath corridor but are located in the Green Belt where development is severely restricted by policy.

A significant challenge facing rural enterprises is a lack of connectivity and broadband access, particularly in more remote areas. Addressing this issue is crucial if demand for space in rural areas is anticipated to increase. Access to funding is also a significant issue for the rural enterprise sector.

Bristol City Council has invested significant amounts of public money into south Bristol, but situation remains where area is not receiving benefits of private business driven growth. The key challenges which constrains private sector demand and investment relate to physical access and public realm.

Low cost industrial and employment floorspace for businesses vital to serving the local economy - “servicing the services”, “white man and a van” and business meeting the need of residents - are being pushed out of Bristol city centre, Bath and other urban centres because of pressures for redevelopment for higher value alternative uses – primarily residential use. These businesses are vital to the successful functioning of the economy and there is a need to protect land and property in appropriate, often central, locations for these types of lower value uses.

There is a continued squeeze on lower cost office space resulting from the loss of many low-cost offices through conversion to residential under Permitted Development Rights.

Many of the traditional industrial estates and locations have suffered from under-investment with a high and increasing proportion of poor quality and poorly maintained premises. One reason for such under investment may be anticipation of change to more valuable uses, e.g. residential.

The potential to co-locate employment and residential through redevelopment of employment sites is limited to particular types of use (e.g. craft manufacturing and creatives); this solution does not work for many types of employment and most uses involving manufacturing. The end values of employment space created through this type of redevelopment are high and attractive to only a small proportion of end users.

Much lower cost industrial and employment space in traditional employment and industrial locations has been and is being converted/redeveloped for higher value alternative uses such as trade showrooms, retail warehouses, leisure uses (gyms). This loss of low-cost space will be more widespread, and the effect much more pronounce following the changes to the Use Classes Order that came into force in mid-2020.

The loss of the lower quality employment space and land in central areas and well -located estates is placing pressure on supply leading to increased rents for premises suitable for new start-ups (particularly in the creative sector which are extremely price sensitive) and for SMEs wanting to establish and expand close to their key, central, markets. The likely trend for such businesses to move to more peripheral locations does not support the Net Zero Carbon agenda.

A significant challenge facing the tourism and leisure sector is how to address issues surrounding seasonal nature of the businesses and employment. This has been particularly pronounced during COVID-19 related lockdowns and there is widespread concern that businesses will be lost, if continued and sector – specific support is not provided by the government.

Both the food and agricultural sectors could be significantly affected by a poor Brexit deal and subsequent legislation/future international Trade Deals. Until the government provides significant information on likely import and export tariffs, it is difficult for businesses in this sector to plan for the future and adjust plans accordingly.

Some of the key opportunities identified by business stakeholders are summarised below.

The potential move of the focus of future trading links more toward the United States, Canada and the rest of the world rather than Europe may benefit parts of the UK with good access to ports on the western coast.

Net zero represents a substantial opportunity for Bristol Airport and the wider aerospace supply chain for innovation at the forefront of clean growth in aviation.

Increased opportunities for the flex space market in Bristol and surrounding areas, as more people work productively in a flexible way, particularly in sectors where this is more achievable, such as Professional Services.

The potential for the Port of Bristol to become a Freeport under government policy holds significant opportunities for the growth of the transport and logistics sector; depending on the trading agreements reached and the amount of time that goods may need to be held at ports, there may be q need for more bonded and climate controlled warehousing at Bristol Freeport.

The businesses in the creative and digital economy prefer to be in a “buzzing”, thriving and affordable environment. Both Bath and Weston-Super-Mare, as well as smaller centres such as Clevedon, could have significant potential in this sector, particularly if connectivity to Bristol is improved.

The quality of life and sense of place in Bristol is increasingly attracting major tech firms like Netflix and Strava, based on the preferences of their workforce. The opportunity exists post-COVID to press hard and attract investment away from dominant London market.

Significant development is underway in the visitor economy, including 6 major hotels in Bristol and South Gloucestershire, as well as the Ashton Gate Development and Bristol Arena.

A.3. Workforce

Market engagement highlighted significant concerns around the impact of COVID-19 and possible future effects on the workforce in the West of England. Lack of business confidence in the short term may have a negative impact on employment levels and growth prospects, whilst repayment of existing government and bank loans means future plans will be cautious. The pandemic means people increasingly want to travel less, with a changing outlook emerging around work-life balance. Interest has heightened in the notion of ’15 minute’ communities, with people expressing a desire to engage more cohesively with their communities and live/work in an integrated way.

A.3.1. Sector-Specific Workforce Characteristics

Creative and Digital: Particularly in microbusinesses and the creative digital sector, the workforce is getting younger and is increasingly dominated by Generation Z (19 to 24 years old), which marry lifestyle with flexibility in working patterns. The young people who move to work in the West of England and Bristol are typically drawn by softer factors – such as a sense of place that is tolerant, diverse and sustainable.

Tourism: The tourism sector finds itself in a peculiar position, with high vacancies and redundancies. Alongside significant levels of redundancies, and with more expected at end of the Coronavirus Job Retention Scheme in October if no sector specific government support is provided, the tourism sector also experiences considerable levels of vacancies in highly skilled roles difficult to fill.

Housing, Construction and Development: Elements of the construction sector are becoming increasingly automated, with productivity improving significantly, meaning fewer people are needed to return the same outputs. This is likely to result in a GVA increase, but with a smaller increase in jobs. As a result, the types facilities required to support the future workforce will change, including reduced demand for office accommodation on the consultancy side of the sector.

Transport and Logistics: The high level of growth in demand for space in well-connected location is set to continue in the medium term. The range of skills required on site is expanding with much greater needs for IT and computing skills as the processing of goods is increasingly automated with 24/7 working patterns.

A.3.2. Lifestyle Choice

Lockdown has accelerated existing trends of flexible working and working from home. This is anticipated to have implications on the internal design of new homes and for placemaking with the anticipated attraction of 15-20-minute neighbourhoods, attractive local quarters providing good quality public realm and open places with a range of local services including workspace available to rent by the day or week. These “softer” design issues are likely to have a greater and increasing influence on where people choose to live, and businesses chose to locate.

The workshops highlighted that the environment of the locality – from the business estate itself to the urban centre - is becoming increasingly important for firms deciding where to locate, with affordability of places for the workforce to live being key. Many of the key centre and locations on the West of England are attractive to mobile businesses as the area provides a diverse range of sustainable high-quality lifestyle choices.

Market engagement has also highlighted that the desire to work in rural areas is increasing as a lifestyle choice, and rural locations are now seen as desirable home working locations with increased provision of fibre optics.

A.4. Infrastructure

Market engagement highlights the strategic importance of gateway locations, such as Bristol Airport and the Port of Bristol, to long term growth. However, land availability and greenbelt policy around the airport continues to be an issue, impacting site benefit realisation. Workshop contributors stated it is important to have policies which support the airport in achieving sustainable growth objectives. The resilience of the transport network has also been identified as critical to the airport’s operation, alongside access to skills and workforce.

Both the M5 corridor and A38 corridor were identified as a vital location for employment and growth and access for residents and business. In particular the A38 corridor is crucial to major employers in North Somerset, such as Yeo Valley, who have staff which are entirely reliant on private transport from urban locations – as rural house prices remain too high for workers to relocate.

The market workshops also identified the need for investment in infrastructure to improve connectivity from Weston-Super-Mare and towns like Clevedon to Bristol, if the potential of these areas is to be achieved. South Bristol is a potential key employment location serving both Bristol and Bath business needs; connectivity between them is essential to unlock the full future growth potential in south Bristol.

A.5. Drivers of Change

As part of the market engagement, stakeholders and property agents were asked to consider the impact of different change factors on their business or the wider commercial market. Comments received in response are summarised around the following drivers of change.

A.5.1. AI/Automation

Elements of the construction sector are becoming increasingly automated, with productivity improving significantly. This means fewer people are needed to return the same outputs – resulting in an increase in GVA, alongside a smaller increase in jobs.

Automation is also anticipated to have an impact in terms of the workspace and facilities required to support the future workforce, including reduced demand for office accommodation.

In the food industry, increased automation is anticipated to shift how businesses operate, but employment levels are likely to stay at similar levels.

A.5.2. Future of Working

Alongside automation, market engagement indicates that agile working patterns will have impacts in terms of facilities required to support future workforce as business real estate choices are likely to evolve. In addition to an increasing focus on business parks, which are seen crucial in their support of supply chain business, and edge of town locations with firms more inclined to bring teams together on the urban periphery of towns, engagement suggests an anticipated reduction in demand for office accommodation.

The office market in the West of England has been active but patchy since June with 60%-70% workforce ambivalent towards returning to office, 20% keen to carry on working from home and 10% never wanting to return. Offices are likely to operate at up to 60% occupancy over next 18 months, although the 40% drop in workforce is likely to result in only a 20% reduction in the required office space. Whilst the supply of new build is anticipated to slow down, office refurbishments have continued throughout the pandemic with confident for a return to market.

Whilst some stakeholders have indicated that reduced density in office space does not necessarily require a shift to smaller spaces, as these will be used more flexibly, others have indicated that demand for space is likely to reduce as more people work productively in a flexible way, particularly in sectors such as Professional Services. Although many businesses have found that working from home has not reduced their productivity, businesses seem to be taking cautious approach to returning to the office for several reasons, including health concerns, childcare responsibilities and staggered approaches to social distancing. Informal studies suggest increased productivity among remote workers, but not equally distributed between genders, which is likely to be caused by childcare responsibilities and may be addressed by schools and childcare providers reopening from September.

Many businesses have planned to reopen offices from September onwards, to coincide with schools, some looking at using blended working, such as A/B teams and increased flexibility around working hours, whilst others are implementing long-term remote working policies, such as for example Google announcing employees can work from home until at least July 2021. As companies review their office space requirements going forward, market engagement indicates that 47% of companies believe they need no more than 70% of current office space.

Market engagement further suggests that social distancing of 2 metres in an office environment would be likely to reduce operating capacity of businesses by over 25% on average, while 1 metre may reduce capacity by 15%; and highlights the need for businesses to consider how social distancing impacts on operations.

A.5.3. COVID-19

Whilst it is evident that COVID-19 had a significant impact on the economy in the West of England, market engagement highlighted the varying degrees of impact the pandemic has on different market sectors in the region, engagement has highlight that some sectors have shown notable resilience, whilst others have been severely affected by the resulting economic downturn.

Many firms have told CBI they have not changed their approach to returning to office, with most operating either at less than 20% capacity, or still consulting with employees. Businesses seem to be taking cautious approach for several reasons, including health concerns, childcare responsibilities and staggered approaches to social distancing. Many businesses finding that working from home has had no negative impact on productivity but are also aware that many employees are keen to return for variety of reasons. Results showed that 37% of companies will conduct conversations to review office space requirements going forward. This number is highest in banking at 88% and lowest in the manufacturing with 18%. Considering social distancing and remote working, 47% of companies believe that they needed no more than 70% of current office space.

A deeper understanding is required concerning the functionality of why workers want to spend time together, such as with regards to collaboration, and how this impacts organisations' land use. For instance, a significant amount of collaboration in R&D can now be carried out in a remote way, however activities like product testing might require interaction within a physical facility.

The two biggest expenses for businesses are staff and rent, and any potential savings will be taken in difficult economic situation. Increased levels of productivity may mean some small businesses consider moving away from town centre offices and using largely home-based workforce, with more flexible approaches to office working. Manufacturing and warehousing should ultimately be less affected by such implications.

Broader Manufacturing: Land use demands are expected to see a less dramatic shift, however the levels of staff required onsite are likely to lessen with increased automation.

Professional Services: This sector is likely to see a shift in demand, as organisations look to reduce their office footprint. This is an existing trend which has been underway since the start of the decade, however COVID-19 has accelerated the shift. For instance, Lloyds Banking Group have instructed staff that they are not expected in the office for the foreseeable future, which will likely have implications for floorspace if productivity levels have been maintained over the past year. Lloyds currently occupy a major space in Bristol at Canons Marsh, therefore it will be interesting to observe how this space is used going forward.

Food and Rural Enterprise: With food prices currently at their lowest in a generation and specialist food manufacturers having lost significant sector markets as a result of restrictions on food services such as restaurants, pubs, the food industry has been severely impacted by the pandemic. If food outlets do not fully re-open, specialist producers may struggle to find markets to fill these voids. Although lockdown saw food businesses opening different retail outlets to fill voids, such as home delivery, there are concerns over sustainability in long term and the significant rises in sale volume from domestic customers does not necessarily offset lack of food services, such as school meals.

Tourism: Following a phenomenally healthy pre-COVID period in the tourism sector with 2019 a record year for international visits to Bristol (national and European market) and Bath (international market and higher per capita spend) and growth in the domestic market, a fair proportion of the industry now remains closed as a result of the pandemic. Amidst a generally slow start to the leisure travel market on reopening the economy, Bath and elements of Bristol recorded better August levels than expected. Yet, the visitor economy continues to lose out on over a million international visits as a result of continued international lockdown. Business travel is likely to further decline as virtual conferencing increases, potentially increasing need for meeting spaces outside offices. By contrast, the lockdown has seen increased demand for walking, cycling and outdoor activities in this sector.

Digital and Creative: Although several microbusinesses and SMEs in the digital and creative sector are transitioning to permanent home working as a result of COVID-19, the role of offices is likely to remain key. Recent enquiries demonstrate increasing interest in more conventional leases with sole use/occupation as well as collaborative workspace. This includes smaller traditional types of office spaces, such as smaller suites of offices and offices above shops, which are in limited supply due to pressure from housing.

The pandemic currently poses a threat to the tech sector as collaboration remains crucial e.g. through incubators such as in Temple Quay and serving Bath and Bristol Universities. The majority of start-up hubs and incubators will suffer due to the smaller premises, for instance staircases are typically only one person wide. This is particularly an issue in Bath, where the majority of buildings are listed, and therefore cannot be made COVID-friendly. Some larger retail premises are likely to become vacant due to COVID-19, therefore they should be considered for development to accommodate incubator or accelerator space – inspired by success of Unit DX.

A.5.4. Brexit

The food and agricultural sectors could be significantly affected by a poor Brexit deal and subsequent legislation/future international Trade Deals. Until the government provides a significant idea regarding its position on import and export tariffs, it is difficult to understand implications, but will likely require significant infrastructural investment.

The impact of Brexit on the tourism sector in long term will be considerable with in particular Bristol being more reliant on the European market and Bath on long haul market. For example, the region benefits from international school groups, which can currently travel on EU identity cards. The removal of this will have a huge impact on market. The reputational damage of Brexit will also have a significant impact in reducing international travel. This is detrimental for the region as international visitors tend to stay for longer and spend more money within the local economy.

Brexit does not pose a major impact upon high-tech companies, as technologies are unique and not competing against one another. Tariffs on imports and exports may harm larger companies, but not smaller tech businesses.

A.5.5. Net-Zero Carbon

Market engagement indicates that the drive towards net zero carbon will have significant impacts on the types of jobs emerging, including an increase in the net-carbon related skills required, but less likely to impact demand for/types of employment land required.

A.6. Future Spatial needs – Locational and Premises Requirements

Rural businesses are split between manufacturing and increasingly creative sectors/small scale office uses with good access to broadband. Manufacturing uses need to locate close to road networks for market access, while creative/office uses focus more primarily on broadband connectivity. Co-location is important for these sectors, with likeminded businesses increasingly establishing in converted farm units.

Creative industries recognise they can work remotely and require collaborative spaces and are looking to reduce fixed costs of larger offices. Opportunity to develop neighbourhood hubs for co-working as people look for change of scene when working from home. Clustering and flexibility of workspace are critically important, particularly for start-up sector – desire easy and affordable turnkey solutions.

In the food sector, spatial needs are not anticipated to significantly change in volume/size, however small units on business parks such as FoodWorksSW are likely to continue gaining traction and provide lots of opportunities for food services.

A.7. Sector Specific Messages

Retail: Place strategies are crucial to city centres/towns if a path to vibrancy is to be re-established. This includes repurposing retail units to stimulate footfall in city centres, e.g. Galleries in Bristol example of positive change. Data can also be key in streaming investment decisions within retail, e.g. providing useful insights on demographics and spending patterns, which can therefore be utilised when defining spending priorities.

Transport and Logistics: The notion of the Freeport holds significant potential for increased growth in the sector around the Port of Bristol.

Creative and Digital: Pressure on affordable city centre space and trend for repurposing second grade office space into housing substantially impacted on creative industries. Whilst creative companies recognise they can work remotely, they require collaborative spaces, and are looking to reduce fixed costs of larger offices. Opportunity exists to develop neighbourhood hubs for co-working as people look for change of scene when working from home. Clustering and flexibility of workspace remain important, particularly for start-ups.

Food and Rural Enterprise: Fibre optic broadband in rural areas has seen an increase in home working, including increasing desire for set down hub spaces in rural communities, but also hot desking spaces. Availability of fibre broadband should act as a key guide for the future location of SMEs and home working. The workshops also highlighted the wide variety of industries encompassed within rural enterprise, with the range increasing as fibre optic broadband becomes more available.

Housing, Construction and Development: One of the he major issues facing the sector is resources being pulled out of the West of England into neighbouring locations like Hinkley and Berkley.

A.8. Place Specific Messages

A.8.1. Bristol

There is market concern that current policy for inner Primary Industrial and Warehousing Areas (PIWAs) will have a significant impact on total supply in market, which should be met elsewhere in the city region. Bristol ELS and employment planning policy will be a key element in understanding overall future supply and how it works to meet demand. For example, key creative companies like Aardman are seeing supply chain and collaborators getting shifted off current sites due to price rises and potential redevelopment. Bedminster PIWA and St Philips PIWA offer opportunities for a creative cluster that can benefit from cluster effects of being near city centre – but clearly requires strong employment protection policy in these areas of potential redevelopment and change.

Immediately prior to COVID, Netflix made huge investments in Bristol, both in terms of commissions and in-house production capacity – large commissioning true of other big content platforms like Apple, Amazon, Sky. Production companies are continuing to locate in Bristol as there is talent on the ground and an existing high quality of life and place – crucial factors. Strava and CookPad have also recently set up EMEA HQs in Bristol, as a result of consultation with their workforce. As a result, an opportunity exists post-COVID to press hard and attract investment away from the dominant London market. Maintaining quality of place is crucial to this, as is wider infrastructure investment like active transport and public realm.

A.8.2. South Bristol

Bristol City Council hold a strong aspiration to raise the economic level of South Bristol, particularly in relation to North Bristol. The Council has invested public money into South Bristol, but a situation remains where the area is not receiving benefits of private business driven growth. Part of this issue relates to employment land, but also

transport provision. The key issue here is physical access, which constrains private sector demand and investment.

A.8.3. Bath and North East Somerset

Office demand in Bath was very high pre-COVID, particularly from the region's strong creative and digital sectors – as demonstrated through take-up and rent increases.

Low grade industrial space is prevalent throughout the BANES area, particularly along the river corridor, with significant pressure for higher land values such as housing. The planning system does its best to protect these low grade uses, but losses are noticeable. The question exists as how BANES can seek to protect its remaining land supply.

A.8.4. North Somerset

Portishead and similar local employment areas are particularly important to North Somerset, particularly Grade B and C properties which are vital to. In addition, business park locations are crucial, as they support much of supply chain and those areas within/beyond sector groups.

North Somerset has seen a considerable reduction in demand for regional office space at locations like Clevedon or Portishead, which continues to diminish. However, market engagement highlighted such areas as potential sites for demand to return, in line with the move to more peripheral office locations with good quality supply.

The Weston Villages, particularly the RAF Locking development, present a positive example of how employment space can be implemented into strategic housing sites in a strategic way.

A.8.5. South Gloucestershire

There is a significant quantity of unused land at Severnside, which should be considered as a 'reservoir' of employment land for large-scale industrial and warehousing uses. For example, if a start-up company at Emersons Green develops a next generation product which could be used internationally and creates a massive commercial opportunity, Severnside would be able to accommodate construction of a new manufacturing and distribution facility. The remaining available land should not be filled immediately, with a bank of land reserved for new facilities in future.

Severnside is unlikely to experience demand for office space and smaller units, due to its distance from residential units and poor provision of amenities. There is a negative view of Severnside, as well as Avonmouth and Portbury, due to the industrial character of the area and its association with dirty industries. The area has significant potential for distribution depots and large-scale manufacturing activity, but cannot be considered as an all-purpose supply of employment land.

The cluster of aerospace activity at Filton and the wider North Fringe is performing well, including developing linkages with the National Composites Centre at Emersons Green and the region's universities.

A.8.6. Town Centres

Market engagement indicates the importance of maintaining city and town centres with a high-quality cultural offer and the need for town centres to be more flexible in how they can be repurposed for cultural offers, education and flexible employment, creating both destinations and employment opportunities of high-quality design and place-making, including public realm, green infrastructure as well as flexible working and digital connectivity.

The recent significant changes on the Use Classes Order will have wide ranging impacts on both Town Centres and well-located retail warehouse and business parks and employment estates. The future introduction of appropriate leisure. employment uses within Town Centres will depend on positive urban design and place making/ planning to integrate such uses into the urban fabric. Site specific policy interventions including Article 4 Directions will be needed on key employment sites to protect them from fragmentation and loss of space for which there is market demand.

Appendix B. Key Workshop Questions and Invitees

B.1. Workshop Invitees

The following tables list the invitees at the market engagement workshops. Those who attended are highlighted in bold and those who submitted comments in writing/individual interviews are marked in italics.

Table B-1 - Sector Group Workshop

Name	Sector
David Carter	**WECA**
Jane Whytock-Celeste	**WECA**
Sophie Donaldson	**WECA**
Paul Craig	Aerospace/Advanced Engineering
Samantha Payne	Creative & Digital Tech
Katharine Finn	**Professional Services**
Kathryn Davis	**Tourism**
Peter Alvis	**Food & Rural Enterprise**
Rick Sturge	*Retail*
Dick Penny	**Culture**
Natasha Swinscoe	Health and Life Sciences
Richard Bonner	***Housing, Construction and Development***
Margot Day	Low Carbon
Claire Smith	Low Carbon
Jon Reynolds	Digital Connectivity
Neil Douglas	*Incubators and accelerators*
David Coombes	Transport and Logistics

Table B-2 - Business Group Workshop

Name	Business Group
David Carter	**WECA**
Laura Ambler	**WECA**
Sophie Donaldson	**WECA**
Jane Whytock-Celeste	**WECA**
Tatjana Humphries	*WECA*
Eric Sanders	WECA
James Durie	Business West
Matt Griffith	***Business West***

Name	Business Group
Rebecca Windemer	***Business West***
Richard Daone	**BANES**
Jack Allan	**Bristol City Council**
Alastair Shankland	**North Somerset Council**
Joshua Gunn	BNP Paribas (obo NSC)
Ian Steele	South Gloucestershire Council
Nicky Williams	*CBI (rep from Business Insights Panel)*
Sam Holliday	*FSB (rep from Business Insights Panel)*
Tom Watkins	Industrial Agents Association
Roxine Foster	Office Agents Association
Chris Grazier	**BPAA**
Chris Head	**West of England Rural network**
Mike Knight	***South Bristol Business***
Fred Wyatt	**Meanwhile Creative**
Simon Earles	**Bristol Airport**

B.2. Key Questions for market stakeholders

Stakeholders were asked to provide a commentary on the following key questions.

1. Can you provide local insights into the challenges, issues and opportunities in your sector/for the businesses you work with?

2. How do you see the drivers of change impacting on your sector/the businesses you work with in the short and longer term? [COVID-19, Brexit, net zero, inclusion, future of work, emerging sub-sectors, enterprise structures, digital and smart, AI and automation, circular economy]
   2.1 Which ones are most significant?
3. What are the implications of these change factors on growth and employment levels in your sector/for the businesses you work with?

4. What are the implications of these change factors for spatial needs (locational and premises) in your sector/for the businesses you work with?

5. Do you have any emerging evidence on these implications and their magnitude?

Appendix C. Sites Submitted by Unitary Authority

UA	Site Ref	Site Name	Category
BANES	BN-1	Bath Riverside (Enterprise Zone)	2
	BN-2	Somer Valley (Enterprise Zone)	2
	BN-3	Newbridge Riverside	2
	BN-4	Ashmead Road & Unity Road Industrial Estate, Keynsham	2
	BN-5	Westfield Industrial Estate	2
	BN-6	Old Mills Industrial Estate, Paulton	2
	BN-7	Mill Road, Radstock	2
	BN-8	Midsomer Norton Enterprise Park, Radstock	2
	BN-9	Haydon Industrial Estate	2
	BN-10	Bath Business Park, Peasedown	2
	BN-11	Twerton Riverside	1
	BN-12	Bath city centre	1
	BN-13	Keynsham town centre	1
	BN-14	Midsomer Norton town centre	1
	BN-15	Radstock town centre	1
Bristol	BR-7	Plots 12A & 12B Cabot Circus Land to Front Multi-storey Car Park Newfoundland Street Bristol	1
	BR-11	4 Glass Wharf (ND9) Glass Wharf Bristol	1
	BR-22	Land Surrounding Dove Lane St Pauls Bristol	1
	BR-23	Land Surrounding Dove Lane St Pauls Bristol	1
	BR-27	Diamonite Industrial Park Goodneston Road Bristol BS16 3JX	1
	BR-31	Riverwood International Packaging Ltd Filwood Road Bristol BS16 3SB	2
	BR-79	ALD Automotive Oakwood Park Lodge Causeway Bristol BS16 3JA	1
	BR-114	Temple Quarter EZ - Former Petrol Filling Station, Bath Road	1
	BR-115	Temple Quarter EZ - Plot 3 Temple Quay, The Friary	1
	BR-116	Temple Quarter EZ - Former Petrol Station site, Temple Gate	1
	BR-117	Temple Quarter EZ - Templegate Peugeot site	1
	BR-118	Temple Quarter EZ - Bristol and Exeter Yard (TCN) site	1
	BR-119	Temple Quarter EZ - Plot 6 Temple Quay, The Friary	1
	BR-120	Temple Quarter EZ - Fish Dock/ Kwik-Fit site	1
	BR-121	Temple Quarter EZ - Avon Riverside site, Bath Road	1
	BR-122	Temple Quarter EZ - Silverthorne Lane	1
	BR-123	Hengrove Park	1
	BR-124	Newfoundland Way	1
	BR-125	Redcliffe Way Corridor and Redcliffe Wharf	1
	BR-126	Land at High Street/ Wine Street (St. Mary-le- Port)	2
	BR-128	Fire Station, Temple Back	1
North Somerset	NS-1	Middle Bridge Business Park	1
	NS-2	Portbury Dock	1
	NS-3	Warne Road, retail park	1
	NS-4	Weston Villages – other employment sites set out in Weston Villages SPD and sites with planning permission	1
	NS-5	Haywood Village Business Quarter	1
	NS-6	Land to the west of Kenn Road, Clevedon	1
	NS-7	Clevedon 5/20 Kenn Road Business Park and Yeo Bank Business Park, Clevedon	1
	NS-8	Gordano Gate, Portishead	1
	NS-9	Elliott Medway, Congresbury	1
	NS-10	West Wick Business Park - Land adjacent to west of M5	1
	NS-11	Europark, Weston-Super-Mare	1
	NS-12	Summer Lane, North of A370	1

UA	Site Ref	Site Name	Category
	NS-13	Moor Park, A371	1
	NS-14	Land at North West Nailsea	1
	NS-15	Estune Business Park, former Long Ashton Research Station, Long Ashton	1
	NS-16	Park Farm, Yatton	1
	NS-17	Burnett Industrial Estate and Havyatt Road Business Park, Wrington	1
	NS-18	Aisecombe Way, Weston-Super-Mare	1
	NS-19	West of Winterstoke Road	1
	NS-20	Land off Winterstoke Rd/Old Junction Rd	1
	NS-21	Land at Bridge Farm, WSM	1
	NS-22	Station Gateway, WSM	1
	NS-23	Weston Super Mare	1
	NS-24	Portishead	1
	NS-25	Nailsea	1
	NS-26	Clevedon	1
South Gloucestershire	SG-1	Abbey Wood Business Park - Emma Chris Way	2
	SG-2	Almondsbury Business Park	2
	SG-3	Aztec West	2
	SG-4	Bristol Business Park	2
	SG-5	Employment Land at Filton Northfield	1
	SG-6	Land East of A38, Filton/Patchway	1
	SG-7	Land West of A38 and south of Hallen railway line (inc. Airbus) - South	2
	SG-8	Ministry of Defence - Abbey Wood	2
	SG-9	Old Gloucester Road, Hambrook	1
	SG-10	Parkway Business Park	2
	SG-11	Parkway North Business Park	2
	SG-12	Emersons Green	1
	SG-13	Chapel Lane, Warmley	2
	SG-14	Tower Road, Warmley	2
	SG-15	Bristol Uniforms site	2
	SG-16	Oatley Trading Estate, Kingswood	1
	SG-17	The Civic Centre, Kingswood	1
	SG018	Station Road, Kingswood	1
	SG-19	North of Douglas Road	1
	SG-20	Eclipse Office Park	2
	SG-21	McBraida site	2
	SG-22	Longwell Green Industrial Estate	1
	SG-23	Southway Drive, North Common	2
	SG-24	Hanham Business Park	2
	SG-25	Former Kleeneze site	1
	SG-26	Bath Road, Bitton	2
	SG-27	Hayward Industrial Estate	1
	SG-28	2-8 London Road, Warmley	1
	SG-29	Beeches Industrial Estate, Yate	1
	SG-30	Bowling Hill, Chipping Sodbury	1
	SG-31	Broad Lane, Yate	1

UA	Site Ref	Site Name	Category
	SG-32	Council Offices, Badminton Road, Yate	1
	SG-33	Great Western Business Park, Yate	1
	SG-34	Indesit Site, Station Road	1
	SG-35	The Ridge, Yate	1
	SG-36	Westerleigh Business Park	1
	SG-37	Thornbury Industrial Estate	2
	SG-39	Arnolds Fields Trading Estate, Wickwar	2
	SG-40	Old Cider Mill Trading Estate	2
	SG-41	Pucklechurch Trading Estate	2
	SG-42	Station Premises and Yard, Winterbourne	2
	SG-43	Station Road, Charfield	2
	SG-44	Sunguard Vivista Premises, Marshfield	2
	SG-45	Severnside Employment Area	2
	SG-47	Cribbs Causeway	1
	SG-46	Employment Land at Filton Northfield	1
	SG-48	Jupiter Road	1
	SG-49	Patchway Industrial Estate	2
	SG-51	University of the West of England	1
	SG-52	Land West of A38 (inc. runway & Royal Mail Depot)	1
	SG-53	Badminton Court / Dairy Crest site	1
	SG-55	Hatters Lane	1
	SG-57	Stover Road and North Road Industrial Estates	1
	SG-58	Badminton Road Trading Estate	1

Appendix D. Site Assessment Proforma

A: BASELINE SITE INFORMATION

A1. Baseline/Context - *All baseline data to be provided by UAs either via ELR, GIS layers or other sources*			
Site Typology	Existing		*Tick relevant box* *Note: Subject to the type of site being considered not all fields in this site proforma will be populated.*
	Committed (permitted)		
	Allocated (in UA Local Plans)		
	Proposed (submitted to HELAA)		
	Strategic retail/town centre sites		
	Strategic Waste (incl. recycling) /energy		
Site Name & Address			
Location Plan / Geospatial reference			
Site area (ha)			
Environmental context	Site location context relative to national, regional or locally significant environmental designations		
Policy Status (existing/emerging)	If available		
Planning history	*If available and relevant to study: Existing application, extant permission, loss to Permitted Development Rights/other uses. Article 4 Direction*		
Location	*Brownfield/greenfield, within centre/urban area, edge of centre/urban area, out of centre/urban area*		

A2. Current Use *(Existing employment and town centre sites only)*	
Current role and sectors served by site	*Description of broad range and mix of uses on site if known.* If known, highlight evidence of key sectors being served including*: Aerospace and Advanced Engineering, Creative and Digital Technology Professional Services, Culture and Tourism, Food and Rural Enterprise, Transport and Logistics, Retail, Leisure, Health and Life Sciences, Housing, Construction & Development, Circular Economy/Low Carbon*
Amount of undeveloped land on site/within cluster	*Source ELR for existing sites; subject UAs providing data for all other sites* *Source quantum from ELRs or apply % provided by UAs to overall site area.*
Quality and fitness of purpose of existing site and premises (existing sites only)	Based on available evidence, factual commentary on current, productive use of site to assess general current market appeal, having regard to factors including: • Age and condition of stock • Evidence of significant vacancies • Suitability of buildings for modern occupiers • Environmental conditions • Parking provision if relevant Sourced from ELRs and other information provided by UAs.

A3. Description of qualitative features of site (sourced from ELRs, GIS & other secondary sources)	
Strategic connectivity	Factors to consider include location and ease of access relative to: • Strategic Road Network

	• Rail Freight Network • Passenger Rail Network • Port, airport, other strategic transport or multi-modal hub Provide descriptive commentary on relevant characteristics.
Local accessibility	Factors to consider include ease of access to: • Local public transport network • Local highway and urban road network Provide descriptive commentary on relevant characteristics.
Accessibility to town centres/local amenities	Describe location and position of site in terms of access to town centres and local services and amenities. If not relevant, set out reasons why.
Digital Connectivity	Subject to information made available in ELRs and by UAs, provide commentary on digital connectivity characteristics of the site / location.
Compatibility with neighbouring uses/character of wider area	Using ELR and geospatial / mapping information, provide commentary on general compatibility of site (if used for employment generating purposes) with surrounding land-uses.
Strength of functional and/or spatial linkages	Describe if there is an identifiable spatial linkage between the site and: • Strategic employment and business / industrial clusters. • Port, airport or other gateway / transport hub. • City or town centres. • Universities or innovation clusters • Nearby sites with complementary functions • Other.

B: QUALITATIVE ASSESSMENT – SITE SUITABILITY

B1. Site Potential and Opportunities – Application of market sector frameworks						
Suitability of site/cluster for key market sectors	*Aerospace and Advanced Engineering, Creative and Digital Technology Professional Services, Culture and Tourism, Food and Rural Enterprise, Transport and Logistics, Retail, Leisure, Health and Life Sciences, Housing, Construction and Development, Circular Economy/Low Carbon other business or industrial sector (specify)*					
Strength of <u>existing or potential</u> suitability and rationale	Excellent	Good	Adequate	Poor	V. Poor	*RAG rating*
	5	4	*3*	2	1	
	Fully, readily and viably meets market / sector needs	Committed infrastructure or other planned investment will enable market / sector needs to be met	Potentially meets sector / market needs if uncommitted infrastructure or constraints are overcome	Only partial potential to meet needs and/or marginal viability being likely	Does not meet sector / market needs and/or demonstrates notable market failure (unviable)	
	Rationale/justification - Provide narrative / commentary including identification of suitable sectors. Distinguish between existing and potential suitability.					
Scale of Opportunity	*Identify quantity of land area for development (see A1 & A2)*					
Requirement for infrastructure investment to	*Specify key infrastructure requirements to enable development potential to take place.*					

enable suitability potential to be realised.						
Short-term Recovery						
Significant opportunity to provide short term job generation or supply chain support	Yes 5-4		No 2-1			
	Likely to provide significant jobs or supply chain support within the next year Scores to reflect scale of job opportunities		Not Likely to provide jobs or supply chain support within the next year Scores to reflect scale of job opportunities			
Inclusive Growth						
Potential to provide significant job and/or skills opportunities for priority socio-economic groups and/or areas of high deprivation.	Excellent	Good	Adequate	Poor	V. Poor	
	5	4	3	2	1	
	High to good degree of proximity to areas of high deprivation and scale / type of employment likely to be generated		Reasonable proximity to high deprivation and/or provision of suitable jobs	Very low to low degree of proximity to areas of high deprivation and poor suitability of employment likely to be generated		
Potential for affordable and flexible space for start-ups and SMEs	Commentary on suitability of site and likelihood of providing affordable, start-up or flexible units.					
Clean Growth						
Potential to meet demand for new/emerging green industries	Commentary on potential suitability of site to accommodate clean growth industries. Specify and provide rationale.					
Potential to contribute to zero/low carbon growth?	High level commentary on potential role (if any) site could play in contributing to zero / low carbon growth. Specify and identify investment requirements if known.					
Regeneration (existing sites only)						
Potential for (in-situ) expansion of businesses/ intensification/ repurposing /redevelopment to meet sectoral demand	Excellent	Good	Adequate	Poor	V. Poor	
	5	4	3	2	1	
	Strong to good market demand with solid viability prospects for repurposing / redevelopment to key sector use.		Reasonable market demand with viability prospects good subject to site or wider infrastructure investment.	Very low to low market demand and/or likely viability constraints for repurposing / redevelopment to key sector use.		
	Rationale/justification - Provide narrative					
Cross-sectoral spatial needs *(if not yet captured above)*						
Can provide space for social enterprise	Provide commentary on potential and associated rationale / evidence. Identify key functions and opportunities where relevant.					
Capable of providing flexible/co-working space / and/or facilitate remote working						
Capable of providing incubator/ accelerator/start-up hub space.						
Delivery						
Ownership	*Known ownership constraints that may prevent the site/cluster from effectively being delivered - subject to data being made available by UAs/ELRs*					

Physical and/or environmental constraints	*Physical constraints that may prevent the site/cluster from effectively being delivered – flood risk, contaminated land, infrastructure costs, environmental or heritage protection designations. Source: Existing UA GIS layers/ELRs*					
	Excellent	Good	Adequate	Poor	V. Poor	
	5	4	3	2	1	
	No significant or relatively minor constraints that will not undermine development feasibility, viability or deliverability.		Some constraints that can be addressed or mitigated through achievable infrastructure investment or other measures. Costs of doing so may reduce but not significantly diminish development viability or deliverability	Major or prohibitive constraints that will undermine development feasibility, viability or deliverability. Environmental constraints sufficiently important to prevent development for employments.		
Likely Delivery Timeframe	*Years 1-5 years, 6 -10 years, 11-20 years, 21-30 years and 31- 40 years* *Circle as appropriate*					
Conclusion and Recommendations						
Conclusion: To what extent d*oes the site/cluster offer strong strategic potential to contribute to employment growth and key sector prioritisation across the West of England?*				**RAG Summary** Strong Reasonable Low		
Justification/rationale - *Provide narrative*						
Recommendation • *Identify recommended policy interventions for further testing through the plan-making process (Allocate/retain and protect in whole or part)* • *Identify mitigations for development option, recognising where infrastructure gaps or constraints exist*						

Appendix E. Demand Assessment – detailed tables

Sectoral mapping

Table E1: Oxford Economics sector mapping to key market sectors – Bristol

Key sector mapping	1	2	3	4	5	6	7	8	9	10	Other, 11-14
A : Agriculture, forestry and fishing					100%						
B : Mining and quarrying									100%		
C : Manufacturing	87%	6%			7%						11: Small industrial
D : Electricity, gas, steam and air conditioning supply									50%	50%	
E : Water supply; sewerage, waste									22%	78%	
F : Construction									100%		
G : Wholesale and retail trade; repair of motor vehicles							95%				11: Small industrial
H : Transportation and storage						100%					
I : Accommodation and food service activities				37%			63%				
J : Information and communication		100%									
K : Financial and insurance activities			100%								
L : Real estate activities			100%								
M : Professional, scientific, technical	19%	6%	73%						1%		
N : Administrative and support services			68%	2%		1%	2%		5%		11, 12
O : Public administration and defence											13: Public admin
P : Education											14: Education
Q : Human health and social work activities								100%			
R : Arts, entertainment and recreation		23%		47%			19%				12: Small services
S : Other service activities		12%									12:Small services

Table E2: Oxford Economics sector mapping to key market sectors – BANEs

Key sector mapping	1	2	3	4	5	6	7	8	9	10	Other, 11-14
A : Agriculture, forestry and fishing					100%						
B : Mining and quarrying									100%		
C : Manufacturing	80%	14%			6%			0%			11: Small industrial
D : Electricity, gas, steam and air conditioning supply									50%	50%	
E : Water supply; sewerage, waste									80%	20%	
F : Construction									100%		
G : Wholesale and retail trade; repair of motor vehicles							96%				11: Small industrial
H : Transportation and storage						100%					
I : Accommodation and food service activities				44%			56%				
J : Information and communication		100%									
K : Financial and insurance activities			100%								
L : Real estate activities			100%								
M : Professional, scientific, technical	21%	7%	65%						7%		
N : Administrative and support services			46%	4%			5%		11%		11, 12
O : Public administration and defence											13: Public admin
P : Education											14: Education
Q : Human health and social work activities								100%			
R : Arts, entertainment and recreation		17%		14%			33%				12: Small services
S : Other service activities		1%									12:Small services

Table E3: Oxford Economics sector mapping to key market sectors – South Gloucestershire

Key sector mapping	1	2	3	4	5	6	7	8	9	10	Other, 11-14
A : Agriculture, forestry and fishing					100%						
B : Mining and quarrying									100%		
C : Manufacturing	94%	2%			3%			1%			11: Small industrial

D : Electricity, gas, steam and air conditioning supply									50%	50%	
E : Water supply; sewerage, waste									17%	83%	
F : Construction									100%		
G : Wholesale and retail trade; repair of motor vehicles							94%				11: Small industrial
H : Transportation and storage						100%					
I : Accommodation and food service activities				30%			70%				
J : Information and communication		100%									
K : Financial and insurance activities			100%								
L : Real estate activities			100%								
M : Professional, scientific, technical	37%	3%	46%						14%		
N : Administrative and support services			37%	1%		12%	4%		11%		11, 12
O : Public administration and defence											13: Public admin
P : Education											14: Education
Q : Human health and social work activities								100%			
R : Arts, entertainment and recreation		4%		8%			69%				12: Small services
S : Other service activities		5%									12:Small services

Table E4: Oxford Economics sector mapping to key market sectors – North Somerset

Key sector mapping	1	2	3	4	5	6	7	8	9	10	Other, 11-14
A : Agriculture, forestry and fishing					100%						
B : Mining and quarrying									100%		
C : Manufacturing	75%	5%			14%			7%			11: Small industrial
D : Electricity, gas, steam and air conditioning supply									50%	50%	
E : Water supply; sewerage, waste									48%	52%	
F : Construction									100%		
G : Wholesale and retail trade; repair of motor vehicles							92%				11: Small industrial
H : Transportation and storage						100%					

I : Accommodation and food service activities				35%			65%				
J : Information and communication		100%									
K : Financial and insurance activities			100%								
L : Real estate activities			100%								
M : Professional, scientific, technical	17%	5%	69%						9%		
N : Administrative and support services			43%	1%		2%	3%		2%		11, 12
O : Public administration and defence											13: Public admin
P : Education											14: Education
Q : Human health and social work activities								100%			
R : Arts, entertainment and recreation		8%		12%			63%				12: Small services
S : Other service activities		9%									12:Small services

Employment space demand – sector-led OE base (central quantitative demand assessment)

Table E5: Forecast employment floorspace (sqm) demand by sector– Bristol

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-1,500	-5,500	-38,000	-8,000	-	-53,000
Creative and Digital Technology	-1,500	-3,000	-3,000	-	-500	-8,000
Professional Services	180,000	66,500	-	-	-	246,500
Tourism	2,000	-	-	-	5,500	7,500
Food and Rural Enterprise	-500	-	-4,000	-4,000	-1,000	-9,000
Transport and Logistics	500	2,500	5,000	43,500	-	51,500
Retail, culture, leisure	4,000	-	-	61,500	24,500	90,000
Health and Life Sciences	16,000	53,000	52,000	-	-	121,500
Housing, Construction and Development	4,500	-	58,000	21,500	-	84,500
Circular Economy and Low Carbon	-500	-2,000	-4,000	-6,000	-	-13,000
Public administration	-1,500	-	-	-	-	-1,500
Education	3,500	-	-	-	-	3,500
Small industrial services (n.e.i)	500	-	35,000	6,500	-	42,500
Other services	1,500	-	-	7,500	6,500	15,500
Total	206,500	112,000	102,000	122,500	35,000	577,500

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm.

Table E6: Forecast employment floorspace (sqm) demand by sector– BANES

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-1,500	-4,500	-30,000	-6,500	-	-42,000
Creative and Digital Technology	1,500	2,000	2,000	-	500	6,000
Professional Services	26,500	10,000	-	-	-	36,500
Tourism	500	-	-	-	1,000	1,500
Food and Rural Enterprise	-500	-	-2,500	-2,500	-500	-6,000
Transport and Logistics	-	-500	-500	-6,000	-	-7,000
Retail, culture, leisure	-500	-	-	-4,000	-1,500	-6,000
Health and Life Sciences	4,500	15,000	15,000	-	-	34,500
Housing, Construction and Development	1,000	-	13,500	5,000	-	19,500
Circular Economy and Low Carbon	-	-500	-1,000	-1,500	-	-3,500
Public administration	-1,500	-	-	-	-	-1,500
Education	1,500	-	-	-	-	1,500
Small industrial services (n.e.i)	-	-	6,000	1,000	-	7,500
Other services	1,000	-	-	4,000	3,500	8,000
Total	32,500	21,500	2,000	-10,500	2,500	48,000

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm.

Table E7: Forecast employment floorspace (sqm) demand by sector– South Gloucestershire

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-7,000	-22,500	-156,000	-35,500	-	-220,500
Creative and Digital Technology	2,500	4,000	4,000	-	1,000	11,500
Professional Services	30,000	11,000	-	-	-	41,000
Tourism	500	-	-	-	1,000	1,500
Food and Rural Enterprise	-500	-	-5,500	-5,500	-1,500	-13,000
Transport and Logistics	500	2,500	5,000	45,500	-	53,500
Retail, culture, leisure	-	-	-	500	-	500
Health and Life Sciences	4,500	15,500	15,000	-	-	35,500
Housing, Construction and Development	3,500	-	43,000	17,000	-	63,500
Circular Economy and Low Carbon	-500	-1,000	-2,000	-3,000	-	-6,000
Public administration	1,000	-	-	-	-	1,000
Education	1,500	-	-	-	-	1,500
Small industrial services (n.e.i)	500	-	14,500	3,000	-	17,500

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Other services	1,000	-	-	5,500	5,000	11,500
Total	37,500	9,500	-81,500	27,500	5,500	-2,000

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm.

Table E8: Forecast employment floorspace (sqm) demand by sector– North Somerset

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-2,500	-8,000	-56,000	-12,500	-	-79,000
Creative and Digital Technology	2,000	3,500	3,500	-	500	9,500
Professional Services	27,000	10,000	-	-	-	37,000
Tourism	-	-	-	-	500	1,000
Food and Rural Enterprise	-500	-	-6,500	-7,000	-2,000	-16,000
Transport and Logistics	-	500	1,000	9,500	-	11,000
Retail, culture, leisure	-500	-	-	-4,000	-1,500	-6,000
Health and Life Sciences	2,500	8,000	7,500	-	-	17,500
Housing, Construction and Development	500	-	6,000	2,500	-	8,500
Circular Economy and Low Carbon	-	-500	-1,500	-2,000	-	-4,500
Public administration	-4,000	-	-	-	-	-4,000
Education	-	-	-	-	-	-
Small industrial services (n.e.i)	500	-	14,500	3,000	-	17,500
Other services	1,500	-	-	7,000	5,500	14,000
Total	26,500	13,000	-31,500	-4,500	3,500	7,500

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm.

<u>Employment space demand – qualitatively adjusted assessment</u>

Table E9: Forecast employment floorspace (sqm) demand by sector– West of England

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-	-	-	-	-	-
Creative and Digital Technology	4,000	7,000	6,500	-	1,500	19,000
Professional Services	263,000	97,500	-	-	-	360,500
Tourism	3,000	-	-	-	12,500	15,000
Food and Rural Enterprise	-	-	-	-	-	-
Transport and Logistics	1,500	5,000	10,000	92,500	-	109,000
Retail, culture, leisure	3,500	-	-	53,500	21,500	79,000
Health and Life Sciences	27,500	91,500	89,500	-	-	208,500

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Housing, Construction and Development	9,000	-	120,500	46,000	-	176,000
Circular Economy and Low Carbon	-	-	-	-	-	-
Public administration	-6,000	-	-	-	-	-6,000
Education	6,500	-	-	-	-	6,500
Small industrial services (n.e.i)	1,500	-	70,000	13,500	-	85,000
Other services	4,500	-	-	23,500	27,500	55,500
Total	318,500	201,000	297,000	229,500	62,500	1,108,000

Table E10: Forecast employment floorspace (sqm) demand by sector– Bristol

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-	-	-	-	-	-
Creative and Digital Technology	-1,500	-3,000	-3,000	-	-500	-8,000
Professional Services	180,000	66,500	-	-	-	246,500
Tourism	2,000	-	-	-	8,000	10,000
Food and Rural Enterprise	-	-	-	-	-	-
Transport and Logistics	500	2,500	5,000	43,500	-	51,500
Retail, culture, leisure	4,000	-	-	61,500	24,500	90,000
Health and Life Sciences	16,000	53,000	52,000	-	-	121,500
Housing, Construction and Development	4,500	-	58,000	21,500	-	84,500
Circular Economy and Low Carbon	-	-	-	-	-	-
Public administration	-1,500	-	-	-	-	-1,500
Education	3,500	-	-	-	-	3,500
Small industrial services (n.e.i)	500	-	35,000	6,500	-	42,500
Other services	1,500	-	-	7,500	8,500	17,500
Total	209,500	119,500	147,500	140,500	41,000	657,500

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm.

Table E11: Forecast employment floorspace (sqm) demand by sector– BANES

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-	-	-	-	-	-
Creative and Digital Technology	1,500	2,000	2,000	-	500	6,000
Professional Services	26,500	10,000	-	-	-	36,500

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Tourism	500	-	-	-	1,500	2,000
Food and Rural Enterprise	-	-	-	-	-	-
Transport and Logistics	-	-500	-500	-6,000	-	-7,000
Retail, culture, leisure	-500	-	-	-4,000	-1,500	-6,000
Health and Life Sciences	4,500	15,000	15,000	-	-	34,500
Housing, Construction and Development	1,000	-	13,500	5,000	-	19,500
Circular Economy and Low Carbon	-	-	-	-	-	-
Public administration	-1,500	-	-	-	-	-1,500
Education	1,500	-	-	-	-	1,500
Small industrial services (n.e.i)	-	-	6,000	1,000	-	7,500
Other services	1,000	-	-	4,000	4,500	9,500
Total	34,000	26,500	36,000	-	5,000	101,500

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm.

Table E12: Forecast employment floorspace (sqm) demand by sector– South Gloucestershire

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-	-	-	-	-	-
Creative and Digital Technology	2,500	4,000	4,000	-	1,000	11,500
Professional Services	30,000	11,000	-	-	-	41,000
Tourism	500	-	-	-	1,500	2,000
Food and Rural Enterprise	-	-	-	-	-	-
Transport and Logistics	500	2,500	5,000	45,500	-	53,500
Retail, culture, leisure	-	-	-	500	-	500
Health and Life Sciences	4,500	15,500	15,000	-	-	35,500
Housing, Construction and Development	3,500	-	43,000	17,000	-	63,500
Circular Economy and Low Carbon	-	-	-	-	-	-
Public administration	1,000	-	-	-	-	1,000
Education	1,500	-	-	-	-	1,500
Small industrial services (n.e.i)	500	-	14,500	3,000	-	17,500
Other services	1,000	-	-	5,500	6,500	13,000
Total	45,000	33,000	81,500	71,500	9,000	240,000

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm.

Table E13: Forecast employment floorspace (sqm) demand by sector– North Somerset

Sector	Office	R&D	Industrial	Storage & dist.	Retail	Total
Manufacturing, including aerospace & Advanced Engineering	-	-	-	-	-	-
Creative and Digital Technology	2,000	3,500	3,500	-	500	9,500
Professional Services	27,000	10,000	-	-	-	37,000
Tourism	-	-	-	-	1,000	1,000
Food and Rural Enterprise	-	-	-	-	-	-
Transport and Logistics	-	500	1,000	9,500	-	11,000
Retail, culture, leisure	-500	-	-	-4,000	-1,500	-6,000
Health and Life Sciences	2,500	8,000	7,500	-	-	17,500
Housing, Construction and Development	500	-	6,000	2,500	-	8,500
Circular Economy and Low Carbon	-	-	-	-	-	-
Public administration	-4,000	-	-	-	-	-4,000
Education	-	-	-	-	-	-
Small industrial services (n.e.i)	500	-	14,500	3,000	-	17,500
Other services	1,500	-	-	7,000	7,500	15,500
Total	30,000	21,500	32,000	17,500	8,000	109,000

Source: Oxford Economics, May 2020 and July 2020 forecasts. Atkins analysis. Rounded to nearest 500 sqm.

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