



Bromsgrove District Housing and Economic Development Needs Assessment

Volume 1: Housing, Jobs and Employment Land

For **Bromsgrove District Council**

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1 Introduction

- 1.1 This study was commissioned by Bromsgrove District Council in March 2021, as part of the evidence base supporting the review of the Local Plan. As shown in the Council's specification, the aim of the study is to assess future needs and supply for housing and employment land in the district, over the plan period to 2040 and beyond. The specification notes that the study should follow government policy and guidance. In relation to the economy, it adds that the study is to consider how a step change in employment growth can be achieved, '*to ensure that Bromsgrove district's economy can grow in a sustainable and positive manner*', and how this employment growth relates to housing need.
- 1.2 The study is being reported in two volumes. This document, Volume 1, covers total housing numbers, together with the economy, labour market alignment and employment land. Volume 2 looks at housing in more detail, considering the mix and tenure of new homes needed – including unit sizes, numbers of affordable homes and special groups such as the elderly.
- 1.3 Below, Chapter 2 of this volume sets out the policy context for the study. Chapter 3 establishes Bromsgrove district's Local Housing Need, briefly sets out the demographic evidence around it and draws implications for the district's future population. Chapters 4-7 deal with employment land, analysing demand and supply and setting out policy options for the Local Plan. Finally, Chapter 8 brings together our conclusions.

2 Policy context

National policy and guidance

2.1 As noted in the Council's specification, this study, like the plan policies it will inform, must follow current government policy and guidance, as set out respectively in the National Planning Policy Framework (NPPF) and National Policy Practice Guidance (PPG). In this section we briefly summarise salient points from those documents about development needs and related issues.

The presumption in favour

2.2 An overarching principle of the NPPF (2021) (para 11) is the presumption in favour of sustainable development. For plan-making, this means that:

- a) *all plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects;*
- b) *strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas unless:*
 - i *the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area; or*
 - ii *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.'*

2.3 At para 11 b)a, footnote 7 provides a list of the 'policies in this framework' that can exempt authorities from meeting needs in full. The list includes, for example, habitats sites, Sites of Special Scientific Interest, the Green Belt, Areas of Outstanding Natural Beauty and National Parks. The footnote also stresses that the exemption applies only to national planning designations, not to policies in development plans.

The Duty to Cooperate and cross-boundary unmet need

Overview

2.4 The Framework advises that:

'24 Local planning authorities and county councils (in two-tier areas) are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries...

26 Effective and on-going joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy...'

2.5 One area for cooperation between local planning authorities is the sharing of unmet development needs in accordance with para 11 of the Framework, which we quoted earlier. At para 11 b), footnote 6 advises that provision for unmet needs from neighbouring areas should be ‘*as established through statements of common ground (see paragraph 27)*’. Para 27 confirms that joint working between authorities should be progressed through statements of common ground, which are described further in the PPG. Para 26 of the Framework says that joint working among other things ‘*should help to determine... whether development needs that cannot be met wholly within a particular plan area could be met elsewhere*’. Also, as part of the tests of soundness at para 35, development plans are required to accommodate unmet need from neighbouring areas ‘*where it is practical to do so and is consistent with achieving sustainable development*’.

Defining neighbouring areas

2.6 Para 17 of the Guidance, referred to above, is part of a section titled ‘Maintaining effective cooperation’. Para 17 advises on the geography of joint working as follows:
‘Which geographical areas does a statement of common ground need to cover?’

This will depend on:

- *The strategic matters being planned on...*
- *The most appropriate functional geographical area to gather evidence and develop policies to address these matters, based on demonstrable cross-boundary relationships.*

For example, housing market and travel to work areas, river catchments, or landscape areas may be a more appropriate basis on which to plan... Authorities should be pragmatic in determining the areas.’¹

2.7 This suggests that, in order to identify neighbouring authorities among which there should be cooperation, including sharing of unmet housing need, it is helpful to look at Housing Market Areas (HMAs). In our opinion the same logic applies to unmet economic needs and Functional Economic Market Areas (FEMAs). Admittedly the examples above do not mention FEMAs, as they might helpfully have done. But two paragraphs later, still part of the section on ‘Maintaining effective cooperation’, there is a full discussion of FEMAs, which follows the discussion of HMAs.

2.8 This suggests that FEMAs, alongside HMAs, are candidates for co-operation, statements of common ground and the sharing of unmet needs. But there is no suggestion that either HMAs or FEMAs are the *only* geographical areas over which authorities should cooperate.

2.9 Elsewhere in the Guidance, in the section on assessing employment land needs, there is a further comment on FEMAs:

¹ Paragraph: 017 Reference ID: 61-017-20190315 (Plan-making)

*'Functional economic market areas can overlap several administrative areas so strategic policy-making authorities may have to carry out assessments of need on a cross-boundary basis with neighbouring authorities within their functional economic market area.'*²

- 2.10 This says that authorities in the same FEMA might assess their needs collectively. It does not mention whether those needs should also be *met* collectively.

Sharing out unmet needs

- 2.11 On the question of how unmet need might be shared out among neighbouring authorities, both the NPPF and PPG are silent. For practical guidance on how the issue might be approached, we must look at the experience of earlier Local Plan examinations. These precedents usually relate to housing. The general lesson is that examining Inspectors tend to accept any broadly reasonable apportionment, as long as it is jointly agreed by the authorities concerned. But if authorities disagree on where unmet need should go, plans are at risk of failing the Duty to Cooperate, the test of soundness, or both.
- 2.12 A topical example of successful cooperation is Oxfordshire, where since 2018 a series of Local Plan Inspectors' reports have supported the housing figures agreed by the Oxfordshire Growth Board, which brings together Oxford City Council and the six Oxfordshire districts. The most recent of these Inspectors' reports, dated August 2020, assesses the Cherwell Local Plan³. The report noted that in the two Oxfordshire districts whose plans had already been examined:
- '28 ... Inspectors conducting examinations... have accepted the figures [in the Memorandum of Cooperation], concluding that the process by which they were produced was a robust a reasonably transparent one...'*
- 2.13 The report concluded on housing numbers as follows:
- 30 ... In that overall context, I find no fault in the way in which the Oxfordshire Growth Board have approached the difficult problem of identifying Oxford's unmet housing needs and apportioning them between the different authorities involved.'*
- 2.14 The Cherwell Inspector does not discuss the details of the evidence behind the Growth Board's housing numbers. Rather, his focus is to ascertain that the numbers were agreed by the authorities concerned through a proper process.
- 2.15 A further, more recent example of this approach is the Inspectors' report on the Central Bedfordshire Local Plan, issued in July 2021⁴. In their *'assessment of Duty to*

² Paragraph: 025 Reference ID: 2a-025-20190220

³ The Planning Inspectorate, Report on the Examination of the Cherwell Local Plan 2011-31 (Part 10, Partial Review – Oxford's Unmet Housing Need), August 2020

The allocation of land in Cherwell to meet Oxford's housing need was challenged in the High Court – though the challenge related to the total need figure, rather than its apportionment between districts. On 30th July 2021 Mrs Justice Thornton ruled in favour of the Council, paving the way for large-scale development in the Green Belt north of Oxford.

⁴ The plan was examined by two Inspectors, Mr Birkinshaw and Ms Hockenhill.

Co-operate, the Inspectors recount a long history of disagreement between Central Bedfordshire and Luton Councils about how much Central Bedfordshire should contribute to Luton's unmet housing need. They go on to note that the matter has now been resolved, as the authorities have agreed on 7,350 homes (though they still disagree on the location of those homes). The Inspectors comment approvingly that *'... reaching agreement on the amount of unmet housing need to accommodate in Central Bedfordshire is a substantial step forward, given the history of plan-making in the area, and a clear sign of collaboration on a critical strategic issue'*.

- 2.16 In the section on the Duty to Cooperate, the report concludes that the Central Bedfordshire plan has met statutory requirements. In the section that considers the soundness of the plan's housing provision, it reiterates the agreed figure of 7,350 homes to be 'exported' from Luton to Central Bedfordshire, and endorses that figure without further comment.
- 2.17 Closer to Bromsgrove, the sharing of unmet housing need is considered in the Inspector's report on the North Warwickshire Local Plan, also issued in July 2021⁵. The draft plan in this case proposed to import cross-boundary unmet need from two housing market areas, comprising 540 homes from Coventry and Warwickshire and 3,790 homes from Greater Birmingham and the Black Country (the district 'falls between' those two HMAs). These figures were agreed between all the authorities concerned. Again, this proposal is discussed in two sections of the Inspector's report:
- Under the heading 'Duty to Cooperate', the Inspector notes approvingly that the proposed imports *'insofar as the DtC is concerned... clearly demonstrate how engagement [with neighbouring authorities] has resulted in tangible outcomes.'* Based on this and other findings, he concludes that the draft plan has met the requirements of DtC.
 - In the section on housing need, the Inspector's report provides a lengthy summary of the evidence behind the draft plan, including the proposed cross-boundary imports, and concludes:
'... those figures are arrived at in part out of pragmatism. However they are also based on evidence of needs and functional relationships; they have not simply been arrived at via brokering availability of sites relative to unmet needs from elsewhere. They may therefore fairly be described as housing needs that it is appropriate for North Warwickshire Borough Council to seek to accommodate.'
- 2.18 In short, the North Warwickshire Inspector has supported the draft plan's cross-boundary provision for two reasons: it is agreed between the authorities concerned, and it is based on reasonable evidence. Given that these conditions are met, he does not scrutinise that evidence in detail.

Summary

- 2.19 National policy requires planning authorities to accommodate unmet need from neighbours where this is practical and sustainable. The Framework and Guidance

⁵ The Planning Inspectorate, Report on the Examination of North Warwickshire Local Plan, July 2021

provide no firm rules on what counts as a neighbour, but they do suggest that authorities in the same housing market area and functional economic market area are good candidates. On how unmet need should be apportioned between neighbours there are no ground rules at all; but Local Plan Inspectors tend to support ‘pragmatic’ apportionments – those that are agreed between exporting and importing authorities – without close critical scrutiny of the underlying evidence.

- 2.20 Later in this chapter, we will discuss cross-boundary development needs in Bromsgrove district’s market area. But first we continue our summary of national policy, looking at housing, employment land and the Green Belt in turn.

Housing

The standard method

- 2.21 The main points about housing need and provision are at para 61 and 66 of the Framework:

‘61 To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.’

‘66 Strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period...’

- 2.22 As noted above, the PPG provides the standard method, or formula, that calculates each authority’s Local Housing Need (LHN). That method has changed repeatedly in recent years. The current version was introduced in December 2020. It starts from the household growth shown in the 2014-based official demographic projections, to which it applies an affordability uplift based on the ratio of house prices to earnings, in some cases a cap depending partly on the age and housing provision of the approved development plan, and a further uplift for selected cities and urban centres. Chapter 3 below looks closely at the LHN and the underlying evidence.
- 2.23 Para 010 of the Guidance⁶ is titled ‘*When might it be appropriate to plan for a higher housing need figure than the standard method indicates?*’ Introducing the topic, the text says that ‘*the government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth*’. It then gives three examples of where actual need may be greater than the standard method shows, comprising growth strategies such as Housing Deals, strategic infrastructure improvements, and taking unmet need from neighbouring authorities.

⁶ 010 Reference ID: 2a-010-20201216

Labour market alignment

- 2.24 It is important to note that the Guidance no longer links housing need to future jobs. In previous versions, housing need assessments were required to ensure that there would be enough housing to accommodate enough workers to meet the expected demand for labour in the area. This requirement, known as labour market alignment, led to much complication and controversy, mainly because the data and analytical tools that would provide clear answers do not exist. When the Guidance was updated in December 2020 the requirement was removed, so the section on housing need makes no reference to jobs or the economy.
- 2.25 This of course does not mean that Local Plans should ignore labour market alignment. A Local Plan whose housing target is grossly inconsistent with its employment land policies would risk being found unsound at examination, for example because:
- It may fail the general NPPF tests of being effective – which includes being deliverable – and being justified – which includes being based on evidence.
 - More specifically, it could show failure to comply with the requirement that planning policies should address potential barriers to investment, which include *'inadequate housing'* (NPPF para 82c, part of the Economy section).
 - Perhaps most important, it could go against sustainability objectives, for example if it causes longer journeys to work, especially by car.
- 2.26 As discussed in the next section, Bromsgrove District Council's latest Local Plan consultation paper states that housing and employment growth in the district should broadly align. The paper was issued in 2019, before the Guidance was updated to remove mention of labour market alignment. But the above considerations suggest that broad alignment between housing and jobs remains a valid objective for the new Local Plan.
- 2.27 In this study we will aim to establish how such broad alignment can be achieved. But our analysis will steer clear of the excessive detail and spurious accuracy that was often found in evidence base documents under the old Guidance.

The cities / urban areas uplift and cross-boundary need

- 2.28 In the current standard method, the '20 top cities and urban centres' selected for the 35% uplift are settlements, or continuous built-up areas, defined by ONS without reference to administrative boundaries. As such, all or most are larger than a single local authority, often much larger. But for each city or urban centre the standard method applies the uplift to just one local authority – the one that contains the largest proportion of population in that city or urban centre.
- 2.29 The interaction between the uplift and cross-boundary need is a difficult issue. The Guidance comments indirectly on cross-boundary needs at para 035, as part of the discussion of the housing need calculation, and specifically the 35% 'cities and urban areas' uplift:

'This increase in the number of homes to be delivered in urban areas is expected to be met by the cities and urban centres themselves, rather than the surrounding areas, unless it would conflict with national policy and legal obligations. In considering how need is met in the first instance, brownfield and other under-utilised urban sites should be prioritised and on these sites density should be optimised to promote the most efficient use of land. This is to ensure that homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable'.⁷

- 2.30 In the vicinity of Bromsgrove district two authorities are subject to 35% uplifts, Birmingham City and City of Wolverhampton, both part of the West Midlands conurbation. From the guidance above, it is unclear whether the uplifted need should be met:
- a) in the Birmingham City / City of Wolverhampton local authority areas respectively, or
 - b) in the wider ONS-defined 'cities and urban areas' that Birmingham City / City of Wolverhampton stand for, or
 - c) in urban areas or brownfield sites generally.
- 2.31 The first interpretation would be wrong in our view, because it is clear from the Guidance that the objective of the uplift is to encourage housebuilding in the 'cities and urban areas', which are larger than the individual local authority areas that is subject to the uplift. Logically, if some of Birmingham City's uplifted need is met elsewhere in the Birmingham urban area, this objective will be served.
- 2.32 This is why the second interpretation does make sense. Under para 11 of the Framework, as discussed earlier the Birmingham 'city and urban area' should meet its needs in full if it has enough capacity to do so within the national policy constraints set out at NPPF 11 b. But if the area lacks that capacity, para 11 advises that any need it cannot meet should be exported to neighbouring areas. Logic suggests that point c) above is about such exports – saying that cross-boundary need should be accommodated in existing built-up areas.
- 2.33 This is not a new point, as paras 119-120 of the NPPF already set out a 'brownfield-first' policy in relation to all development. But in relation to the 35% uplift, the PPG provides more specific advice – suggesting that this element of need should be met in *the same* city or urban area as the authority which it belongs to.

Employment land

- 2.34 In the NPPF, employment land is covered by Section 6, titled *Building a strong, competitive economy*. The section is short and focuses on general principles, advising that planning policy should create the right environment for businesses, positively and proactively encourage sustainable economic growth, and be flexible

⁷ Paragraph: 035 Reference ID: 2a-035-20201216

enough to respond to rapid change in economic circumstances. In more specific requirements, the Framework (paras 82 - 83) says that planning policies should:

- *'Set out a clear economic vision and strategy... having regard to Local Industrial Strategies and other local policies for economic development and regeneration'*
- *'Address potential barriers to investment'*, which include inadequate housing as mentioned earlier
- *'Address the specific locational requirements of different sectors'*, including knowledge-based, creative and high-tech industries, and also storage and distribution industries (logistics) *at a variety of scales and in suitably accessible locations'*.

2.35 The PPG provides more detail on assessing employment land need (which it calls 'economic need', although employment land uses are only part of the whole economy⁸). The Guidance advises that strategic policy-making authorities should prepare a robust evidence base to understand business needs, and provides a long list of requirements that such evidence bases should meet. We will provide evidence accordingly in Chapter 4 below.

2.36 For the most part, the guidance on employment land need is generic, with no mention of specific activities or economic sectors. One large exception is para 031, added in 2019, which encourages plan-makers to pay particular attention to logistics⁹. Para 031 says that logistics plays a critical role in the economy and has distinct locational requirements, which plan-makers should consider separately from those relating to general industrial land. It advises that planning authorities should co-operate across larger than local market areas to identify the industry's needs and most appropriate locations for meeting those needs.

2.37 Para 032¹⁰, also added in 2019, is also sector-specific. It advises that policy should pay particular attention to the specialist requirements of specialist or new sectors or clusters that are particularly valuable to the economy – including some high-tech, engineering, creative and logistics activities. This advice echoes the NPPF, which as mentioned earlier also prioritises logistics, in the same breath as knowledge-based / high-tech / creative industries.

The Green Belt

2.38 Section 13 of the NPPF deals with the protection of Green Belt land. The Framework says (para 137) that *'the Government attaches great importance to Green Belts'*, whose fundamental aim is *'to prevent urban sprawl by keeping land permanently open'*. It explains (para 140) that *'once established, Green Belt boundaries should only be altered where exceptional circumstances are fully evidenced and justified,*

⁸ Employment land uses comprise industrial uses (including both manufacturing and distributions), offices and Research and Development. They exclude other economic activities, such as retail, leisure, education and health services, which in the UK provide around half of all jobs.

⁹ Paragraph: 031 Reference ID: 2a-031-20190722

¹⁰ Paragraph: 032 Reference ID: 2a-032-20190722

through the preparation or updating of plans'. Before concluding that such circumstances exist (para 141), the plan-making authority must demonstrate that it has examined fully all other options for meeting its development needs, including:

- Maximising the use of brownfield sites and underused land;
- Optimising the density of development,
- 'Exporting' need to neighbouring authorities.

2.39 As discussed later (para 2.55), Bromsgrove District Council in its 2019 Local Plan consultation suggests that it is justified in releasing Green Belt land for development - because it has exhausted the first two options, and the third option is unlikely to be feasible, as many neighbouring authorities have their own unmet needs. However, this does not apply to all neighbouring authorities, and therefore it would be reasonable for the Council to ask neighbours if they can take any of its need, as part of the Duty to Cooperate process.

Forthcoming reforms

2.40 In August 2020 the Government launched a White Paper titled Planning for the Future, which proposes radical changes to England's planning system. In the present context, the most important changes relate to housing need and housing provision. The white paper proposes a new standard method, or formula, to distribute the England-wide target of 300,000 new homes p.a. between authorities.

- The housing requirements, or targets, produced by the formula would be binding on local authorities.
- While earlier formulas 'only' measure housing need, the new formula would also take account of supply-side factors – including constraints such as the Green Belt, the availability of brownfield land, and the need to provide land for other uses. *'The existing policy for protecting the Green Belt would remain'*.
- It would also take account of cross-boundary unmet need, and the Duty to Cooperate would be removed.
- Local authorities would have a statutory duty to adopt a new plan, including the new housing numbers, within 30 months (2 ½ years) of the legislation coming into force¹¹.

2.41 At the time of writing there has been no indication of what the new standard method will be.

2.42 Before the September 2021 government reshuffle, Ministers suggested that the White Paper would be implemented through a Planning Bill that would come forward in autumn 2021. If that were the case, and if the White Paper were implemented as it stands, Bromsgrove District Council would need to submit a new plan by early-to-mid 2024. The Council intends to do this in any case, as the intended submission date of

¹¹ More time is allowed for authorities that have adopted a Local Plan in the previous three years or have submitted a draft plan, at the time the legislation comes into force. These circumstances do not apply to Bromsgrove District Council.

the current plan review is 2023. The new plan would have to provide for housing in line with the new standard-formula target. At this time we have no indication of what that new housing number might be. Much will depend on the weight that the new formula gives to different factors. If Green Belt protection is heavily weighted, Bromsgrove district's requirement could be lower than the current Local Housing Need, because virtually all the undeveloped land in the district is designated Green Belt.

2.43 However, the position appears to have changed following the government reshuffle of 15 September 2021. On 16-17 September the press reported that the White Paper proposals were 'put on ice' by the new Secretary of State, pending a review on how they could be improved¹². In late September a junior Minister, in evidence to parliamentary committees, advised that the forthcoming bill was '*in a state of flux at the moment*', it would be brought to Parliament '*in the relatively near future*', and it would be accompanied by a '*full review*' of the NPPF¹³. These developments suggest that the White Paper may not be implemented as it stands, and its implementation will be delayed beyond what was previously promised.

2.44 A separate problem with the White Paper proposals is the massive technical difficulty of designing a new housing need formula. Planning magazine on 8 July 2021, commented:

'... a new standard method factoring all these issues is a hugely challenging task. Even the current standard method, which simply purports to produce a figure for local housing need, has been hard enough to get right, with a series of revisions issued since it was first proposed in 2017, culminating in last year's row over the so-called 'mutant algorithm'.

However, to produce a final housing requirement number, this new formula would not only have to determine local need; it would also have to find ways to both factor in the multiple constraints on land availability in each area – be they from designated protections such as national parks, green belt or areas of outstanding natural beauty, or from flood risk or other land uses – and then separately distribute unmet demand among other planning authorities.¹⁴

2.45 Even if, surprisingly, it proves possible to devise a good enough 'do-everything' formula, in our view this is very unlikely to emerge in the near future. It may be that the new standard method will be considerably delayed, so the status quo remains for some time. One problem with this is that the present method relies on increasingly outdated household projections. If this is considered a significant issue, the

¹² <https://www.planningresource.co.uk/article/1727151/government-intends-ditch-white-papers-binding-housing-targets-water-down-zonal-proposals>

¹³ [https://www.planningresource.co.uk/article/1729073/six-things-need-know-governments-latest-thinking-planning-bill?bulletin=planning-daily&utm_medium=EMAIL&utm_campaign=eNews%20Bulletin&utm_source=20211005&utm_content=Planning%20Resource%20Daily%20\(156\)::www_planningresource_co_u_14&email_hash=](https://www.planningresource.co.uk/article/1729073/six-things-need-know-governments-latest-thinking-planning-bill?bulletin=planning-daily&utm_medium=EMAIL&utm_campaign=eNews%20Bulletin&utm_source=20211005&utm_content=Planning%20Resource%20Daily%20(156)::www_planningresource_co_u_14&email_hash=)

¹⁴ Full disclosure: one of the sources quoted in the article was Cristina Howick of Stantec, who is leading the present study.

Government might perhaps provide an interim method that updates the housing need calculation, but does not yet attempt to build in other factors, such as supply constraints and cross-boundary need.

- 2.46 Either way, a protracted period of uncertainty may lie ahead, as the Government develops its proposals, consults on them and takes final decisions.

Local policy

The adopted Local Plan

- 2.47 The current Local Plan, known as the Bromsgrove District Plan (BDP), was adopted in January 2017 and covers the period 2011-30. The starting point for this study is Policy BDP 3.1, Housing and Employment Growth. The policy sets a target of 7,000 net new dwellings over the plan period equal to 368 dwellings per annum (dpa). This target is based on the district's Objectively Assessed Housing Need, calculated in line with the government guidance of the day.
- 2.48 Policy BDP 3.1 states 4,700 of those homes would be provided outside the Green Belt, exhausting the maximum capacity identified by the Strategic Housing Land Availability Assessment (SHLAA). This non-Green-Belt capacity is severely constrained, because around 90% of the district's land area is designated as Green Belt. Therefore, the policy says that the need for 2,300 homes not provided for in the plan is to be met in the Green Belt, following a Green Belt review and Local Plan review, which are to be completed by 2023 at the latest.
- 2.49 The purpose of the present study is to inform that Local Plan review, as mentioned earlier. Policy BDP4.1 of the adopted plan gives further details on the review. It says that, as well as some 2,300 homes to deliver Bromsgrove district's Objectively Assessed Need, the review will identify land to help deliver unmet need from the West Midlands conurbation to 2030, and safeguarded land for the period 2030-2040 to meet needs both for Bromsgrove district and adjacent authorities.
- 2.50 In addition to the above, Policy BDP3.1 states that the plan is allocating land for 3,400 homes to help meet the needs of Redditch Borough. Supporting text explains that the borough requires immediate help to maintain a five-year land supply against its plan target of 6,400 homes (336 homes per year), which it cannot fully meet within its own administrative boundaries. To provide the 3,400 homes for Redditch borough, the Bromsgrove District Plan allocates land for urban extensions, which adjoin Redditch town, but is part of Bromsgrove district's administrative area. This exported housing need is also shown in Redditch Borough's current Local Plan, which was adopted at the same time as Bromsgrove district's.
- 2.51 However, according to the latest standard method calculation Redditch borough's Local Housing Need is just 174 homes per year, roughly half the figure in the adopted plan. Redditch Borough Council has not commented publicly on the implications of this new number for its Local Plan review, but it seems clear that, in a new plan submitted under the current system, there would be no unmet need in Redditch borough to export to Bromsgrove district. As part of its own plan review, Bromsgrove

District Council must decide how to deal with the land that it has allocated to meet Redditch borough's needs.

- 2.52 A further element of BDP 3.1 relates to needs in the wider sub-region. The policy says that the timing of the plan review will partly depend on updated evidence of sub-regional housing need. Supporting text explains that Birmingham City might need help to meet housing needs, but notes the extent of its shortfall was not yet known at the time. It adds that Bromsgrove District Council is already helping Birmingham City, with 700 houses being developed on a cross-boundary site at Longbridge and could potentially identify further land for Birmingham City's need as part of the Green Belt and Local Plan review.
- 2.53 In relation to employment land, Policy BDP3.1 sets a target of 28 ha to be delivered over the plan period, partly based on an employment land review completed in 2012. Additionally, it provides 10 ha of development land to help meet the employment needs of Redditch borough, allocated at the Ravensbank expansion site, part of the Redditch Eastern Gateway strategic employment site.

Consultation documents

- 2.54 As part of the current Local Plan review, the Council carried out an Issues and Options consultation in autumn 2018, followed by further consultation in autumn 2019. The second consultation was informed by the results of the first one and ran in parallel with a Call for Sites exercise. The second consultation document¹⁵ sets out '*possible directions of travel*¹⁶' for the emerging plan. The document proposed to roll forward the plan period, so the new plan would be adopted in 2023 and end in 2040. In relation to housing and employment land provision, its main points include the following:
- i Although the plan will only cover the geographical area of Bromsgrove district (it has no authority over other areas), discussions under the Duty to Co-operate will establish any needs from other authorities that it could cater for.
 - ii The new plan as a minimum will be required to provide for Bromsgrove district's Local Housing Need, as calculated through the government's standard method. That need (at the time of writing) was 379 net new dwellings per annum (dpa), very close to the 368 dpa in the adopted plan.
 - iii The plan will also look '*to provide a step change in employment delivery, to ensure that Bromsgrove's economy can grow in a sustainable and positive manner*¹⁷.
 - iv It is expected that the plan will set a housing requirement above the standard method minimum, for two reasons: firstly to help accommodate unmet need from the West Midlands conurbation, and secondly to align with the district's future employment, so that housing and employment growth are broadly aligned.

¹⁵ Bromsgrove District Plan Review Update and Further Consultation, September 2019

¹⁶ Para 1.2

¹⁷ Para 5.3

- 2.55 As noted earlier, the adopted Local Plan has already established that any significant development over and above existing requirements will need to be in the Green Belt. The consultation document refers to NPPF advice on the exceptional circumstances that can justify development in the Green Belt¹⁸. It concludes that these circumstances do apply to Bromsgrove district, for three reasons:
- a) Bromsgrove district does not have nearly enough brownfield sites and underused land to meet its development needs; indeed lack of previously developed land has been a consistent feature of the district for a long time, and has led previous plans to release land from the Green Belt.
 - b) Increasing densities would not create enough capacity to overcome the need for Green Belt releases.
 - c) Planning processes across the West Midlands have established that neighbouring authorities are unlikely to meet cross-boundary need from Bromsgrove district. On the contrary, they are relying on more rural authorities, such as Bromsgrove District Council, to import unmet need from the West Midlands conurbation.
- 2.56 Also in relation to the Green Belt, the consultation document refers to the NPPF requirement that, where necessary, Local Plans should identify safeguarded land between the urban area and the Green Belt, in order to meet development needs beyond the plan period. For Bromsgrove district, this means that such land *will also need to be taken out of the Green Belt for the post-2040 period*.
- 2.57 The 'directions of travel' in the Council's consultation document set the agenda for the present study, in terms of the range of issues to be considered, the factors it must take into account and the policy options it must consider.

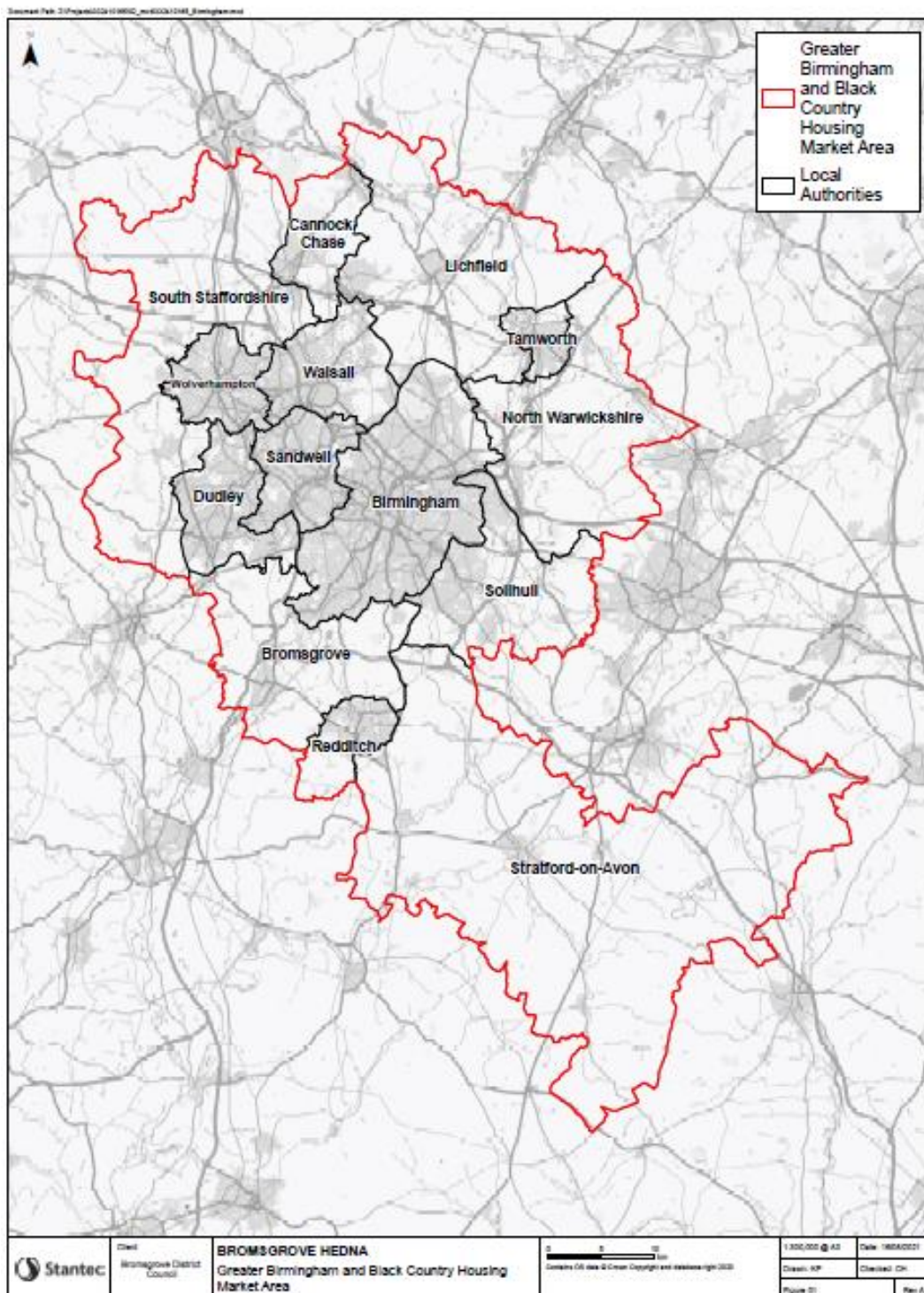
Unmet need and the wider market area

Identifying the neighbours

- 2.58** As mentioned earlier, national policy requires Local Plans to accommodate unmet need from neighbouring areas when it is practical and sustainable for it to do so. National planning guidance does not define what areas count as 'neighbouring' in this context, but it does suggest that housing market areas and functional economic market areas are strong possibilities. For Bromsgrove district, the obvious candidate is the Greater Birmingham and Black Country (GBBC) Housing Market Area, pictured below.

¹⁸ Section 7

Figure 2.1
The Greater Birmingham and Black Country housing market area



2.59 The GBBC HMA was initially defined in a 2014-15, as part of the first Strategic Housing Needs Study report by Peter Brett Associates (PBA, now Stantec). It is not of course the only possible definition of a HMA for Bromsgrove district, as for any authority there are many alternative HMAs that meet the criteria set out in the Guidance (as mentioned earlier, the Guidance suggests that authorities should make

a pragmatic choice between those different possibilities). But the GBBC HMA is useful because it has been accepted by its 14 constituent authorities working together, under a previous version of the Framework, and continues as the basis for joint working under the Duty to Co-operate. It is recognised by all the development plans adopted or emerging in recent years – including in Bromsgrove district, as discussed earlier.

- 2.60 In relation to economic land uses, GBBC is not universally recognised as a FEMA in the same way as it is recognised as an HMA. This may be because unmet need is much less of an issue for economic land uses than housing, and therefore there has been no incentive for the authorities to work together on an agreed economic geography. But our analysis in Chapter 4 below suggests that the GBBC HMA is also a good definition of a functional economic market area – although of course not the only possible definition (again, there are many possible FEMAs for Bromsgrove district, of which Chapter 4 considers a selection). It is helpful for our present analysis, partly because it means we are using the same geography for employment land as housing.
- 2.61 Below, we discuss policies and supporting evidence relating to unmet needs in the GBBC HMA, first for housing and then for employment land.

Housing

The present position

- 2.62 From the middle of the last decade and until recently, it was accepted that Birmingham City had a major shortfall of housing supply against its need, which led to a shortfall for the GBBC HMA as a whole. The Birmingham Development Plan, adopted in 2017, established that the shortfall for Birmingham City was 37,900 homes, based on an evidence base study by PBA. Policy TP 48 of the plan said that, if progress fell short of what was required to resolve the shortfall
- ‘The Council will undertake a review of the reasons for this, and if this indicates that it is necessary to reassess the capacity for housing provision in Birmingham, a full or partial review of this Plan will be undertaken.’*
- 2.63 Since 2018 the GBBC HMA authorities have been issuing annual Position Statements on housing need and supply in the area. The latest such statement was published in December 2021 and shows the position on 31st March 2020.
- 2.64 For the period 2011-31, the Position Statement estimates that housing need and planned supply are roughly in balance across the GBBC HMA, with an insignificant shortfall of just 2,597 homes. This is a much smaller shortfall than shown in earlier studies by PBA – which showed a shortfall of 37,600 homes in 2011-31. The main reason for this dramatic reduction is increased supply, including from more optimistic assumptions about housing densities, and from additional urban capacity identified in Birmingham City.
- 2.65 By contrast, post 2031 the Position Statement reports that a shortfall is clearly emerging for GBBC HMA., whose size is not yet known – though the Black Country

alone estimates a shortfall of 29,620, of which the most (over 20,000) will arise after 2031. The statement adds that this shortfall has not yet been established through adopted plans nor tested through emerging plans, but ongoing Duty to Co-operate discussions will consider how it can be met.

2.66 Going forward, it is difficult to predict how the Duty to Cooperate process will unfold, especially as the national planning system may be about to change radically. Below, we first consider what might happen under the present planning system, and go on to discuss the implications of possible changes to the system.

Going forward under existing planning system

2.67 Under the present planning system, the two main areas of likely housing shortfall – Birmingham City and the Black Country authorities – are in different positions, due to different plan timetables:

- For Birmingham City, the new standard-method need and 35% will not be translated into policy until the next plan review, with Regulation 18 Issues and Options consultation planned for June/July 2022.
- But the Black Country authorities already have an emerging Local Plan, known as the Black Country Plan and launched for consultation in August 2021. In that plan, housing provision is based on the standard-method LHN. While the adopted Black Country Core Strategy showed housing supply in line with need, the new draft identifies a shortfall of some 28,000 homes in 2020-39, based on the current standard-method Local Housing Need and an updated view of supply.

2.68 The draft Black Country Plan advises that this deficit will be '*exported through the Duty to Co-operate*'. It also shows a shortfall of supply against need in every year of the plan period, both before and after 2031¹⁹.

2.69 When the draft Black Country Plan is tested at examination, the examining Inspector will consider if its view of the housing shortfall is correct. Since housing need is fixed by the standard formula, the main question for them will be whether the area could produce more supply than shown in the draft plan, in which case the shortfall would be lower. At the next step in the process, there will be joint working between authorities on how the shortfall can be met. The plan's supporting text describes this as follows, in text that covers both housing and employment uses:

'3.24 ... the BCA [Black Country Authorities] have worked openly and constructively with neighbouring authorities to help provide as much certainty as possible about where the Black Country's full housing and employment land needs will be delivered...

3.25 The BCA recognise that this approach may only address a proportion of the housing and employment shortfall, as it is inappropriate and beyond the powers of the BCA to establish the limits of sustainable development in neighbouring authorities.

¹⁹ Source: Draft Black Country Plan, August 2021, Appendix 17. Local Housing Need is 76,076 over the plan period, equal to 4,004 units per year. Expected supply is significantly below 4,004 in each year – see chart headed 'Black Country Housing Trajectory'.

3.26 Notwithstanding, the BCA are committed to continued and constructive engagement, through the Duty to Co-operate, with their neighbours to secure the most appropriate and sustainable locations for housing and employment growth to meet Black Country needs. In terms of housing, the engagement will extend beyond the adoption of this plan and will build on the partnership approach developed across the Greater Birmingham and Black Country Housing Market Area to address the combined housing shortfalls of the Birmingham and Black Country authorities in particular.’

- 2.70 Judging by the experience of the Birmingham Development Plan, the discussions between authorities are likely to be complex and protracted. As the potential exporter, logically the Black Country authorities should take the lead by proposing solutions, for others to respond to.

Future national reforms

- 2.71 If the White Paper proposals are implemented as they stand, the issue of cross-boundary housing need will disappear from the Local Plan agenda. Bromsgrove District Council, like all other planning authorities, will simply be required to plan for housing development in line with its own need, as calculated through the new standard method. If it is right for the authority to import unmet need from other authorities, that will be one of the many factors built into the method.
- 2.72 But, as we also discussed earlier, it is far from certain that the White Paper will be implemented as it stands, due to difficulties that are both political and technical. The new standard formula has already been delayed beyond the promised date of autumn 2021; and consequently the government may produce an interim formula that recalibrates Local Housing Need, but does not yet take account of cross-boundary need or supply-side constraints.

Employment land

- 2.73 A large unmet need for employment land is identified in the draft plan. The plan states that for employment, as for housing:

‘The capacity of the Black Country is finite; it is not possible to provide for all the Black Country’s housing and employment land needs within its administrative boundaries, given the circumstances around land deliverability, justifiable constraints and the need to protect the unique character of the area.’²⁰

- 2.74 Accordingly, over the plan period to 2039 the plan proposes to export 210 ha of employment land need, equal to 37% of its total gross need. It adds that this unmet need should be exported, as far as possible, to ‘authorities that have a strong existing or potential functional economic relationship with the Black Country, for example in terms of migration patterns, commuting links and / or connectivity through physical infrastructure such as rail and motorway... ‘this work is ongoing and will be secured

²⁰ Draft Black Country Plan 2018-39, August 2021, para 3.20

through the Duty to Co-operate and evidenced through Statements of Common Ground’.

- 2.75 As supporting evidence, the plan quotes the Black Country Economic Development Needs Assessment (EDNA), which was published in 2017 and updated in 2021²¹. The 2021 EDNA indicates that all of the need to be exported is industrial (manufacturing and logistics). It also reports that 121-134 ha of that need is already being met, as shown in the table below.

**Table 2.1 Contributions to Black Country unmet need
As shown in Black Country Plan evidence base**

Outside the Black Country/External Contributors	Estimated Supply (Ha)
South Staffs Surplus (as per EDNA ²⁷)	19
West Midlands Interchange apportionment ²⁸	72 - 94
Shropshire (Regulation 19 Plan)	30
Total	121 -134

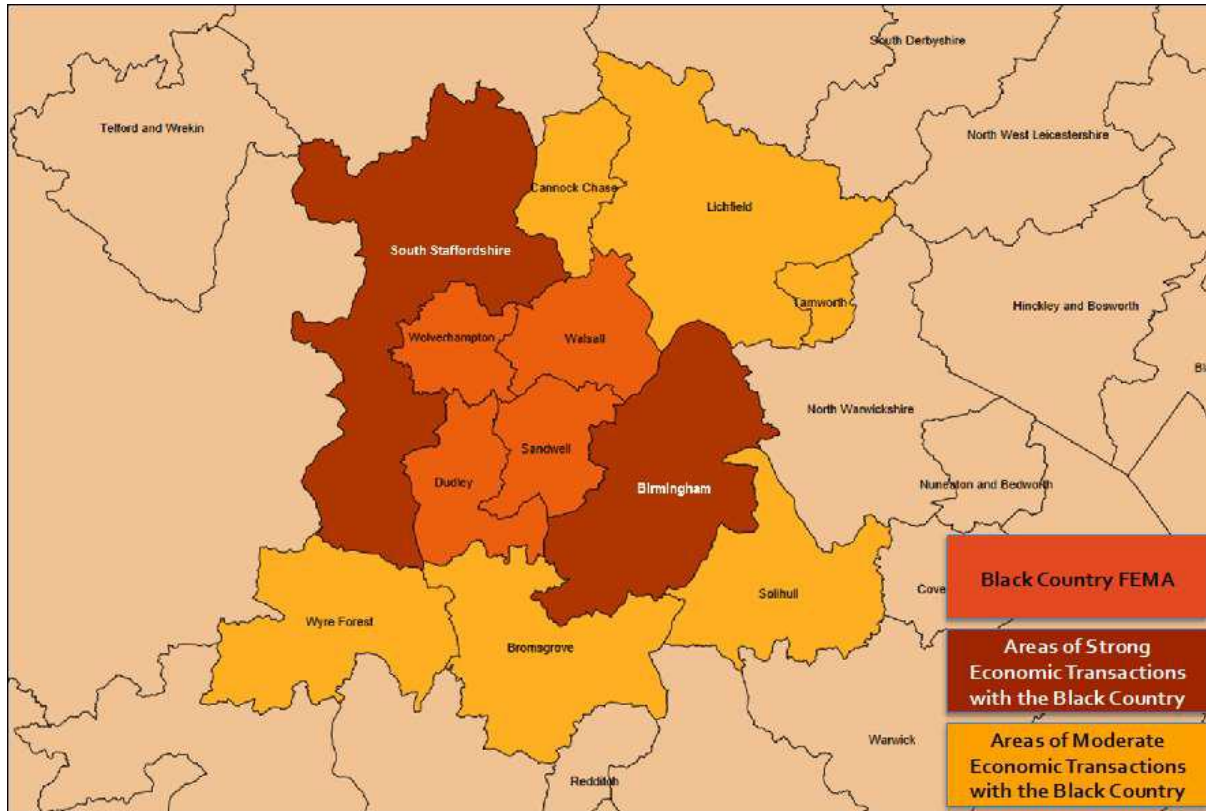
Source: Copied from Black Country Economic Development Needs Assessment (EDNA) Update, August 2021, Figure 4.2

- 2.76 As a caveat, we note that none of the potential contributions in the table are part of an adopted plan as yet. For the largest contribution, relating to the West Midlands Interchange, the source is an evidence base report by Stantec (see footnote in the EDNA).
- 2.77 The 2021 EDNA advises that the contributions total of 121-134 ha is a minimum, and the eventual figure:
- 4.6 ‘... has the potential to be higher as other neighbouring Local Plans progress. For example, the Black Country has made representations to the Stafford, Cannock Chase, Lichfield and Telford Local Plan reviews requesting that they consider making a contribution towards meeting needs arising in the Black Country.’*
- 2.78 In the 2017 EDNA there is evidence on the economic geography of the Black Country, which is not updated in the 2021 version, but remains interesting. The analysis concludes that the Black Country qualifies as a FEMA in its own right, but also identifies local authority areas to which it has ‘strong’ or ‘moderate’ economic links, as mapped in Figure 2.2 below. In the ‘strong links’ category there are just two authorities, Birmingham City and South Staffordshire District. Authorities moderately linked to the Black Country cover much of the remainder of the Greater Birmingham and Black Country market area we defined earlier, including Bromsgrove district.
- 2.79 If this analysis has implications for the destination of the Black Country’s unmet needs, the EDNA does not draw them. Indeed the summary of the 2021 update

²¹ Warwick Economics & Development for Black Country Authorities, Black Country Economic Development Needs Assessment, Stage 1 Report, May 2017, and Update, August 2021

explicitly states that something ‘*the study does not do*’ is ‘*set out how the gap between demand and supply should be met through the Duty to Cooperate*’²².

Figure 2.2 Black Country Economic Relationships
As shown in Black Country Plan evidence base



Source: Copied from Black Country Economic Development Needs Assessment (EDNA,) 2017, page 49

2.80 The process for dealing with the Black Country’s unmet employment land needs will be similar as that for housing, which we described earlier. First, following the examination of the plan, the Inspector will determine whether its assessment of the area’s employment land shortfall is sound. In relation to housing, as noted earlier any debate or challenge is likely to focus on the supply side, because housing need is fixed by the government’s standard formula. By contrast, in relation to employment land there are many possible ways to measure need, so there may be disagreement around need as well as supply.

2.81 Assuming that the existence of an employment land shortfall is supported, there will be discussions between authorities on how to deal with it. Logically, this should start with the Black Country authorities proposing solutions, to which potential ‘importing’ authorities should respond. As part of their input to the discussion, the Black Country authorities should specify broadly the nature of employment land uses they are seeking to export, the requirements of those uses in terms of potential locations, and what places outside the Black Country can meet those requirements.

²² Source: Black Country Edna2-summary.pdf.

3 Local Housing Need and future population

3.1 In this short chapter we briefly consider the implications of Bromsgrove district's Local Housing Need for the district's future population. The analysis is taken selectively from Volume 2 of this report (Chapter 4), which considers demography in much more detail, in order to disaggregate housing need by type, size and tenure. In this volume, we need to understand future population in order to assess future labour market alignment – which we will do in Chapter 4 below.

Bromsgrove district's Local Housing Need

3.2 As discussed earlier, Local Housing Need (LHN) is the minimum amount of housing the local authority should plan for, unless it lacks supply capacity due to nationally recognised constraints. Using the current standard method, Bromsgrove district's annual housing need is calculated in two steps as follows:

Net new dwellings per annum (dpa)

Step 1 Baseline

Average annual household growth for the next 10 years (2021-31), from 2014-based official household projection

277 dpa

Step 2 Adjust to take account of affordability

Latest affordability ratio (March 2020) (a) 10.3

Affordability adjustment $\left(\frac{a-4}{4}\right) \times 0.25 + 1 = 1.38$

Adjusted baseline **383 dpa**

3.3 In the PPG, the housing need calculation comprises two further steps. Step 3 may apply a cap, depending on circumstances, and Step 4 uplifts the figure for selected 'cities and urban centres'. Neither of these steps applies to Bromsgrove district.

3.4 Therefore, Bromsgrove district's LHN at the time of this study in 2021 is 383 dpa. Under the current Standard Method this annual figure applies indefinitely to the future, so that it covers both the plan period to 2040 and subsequent years.

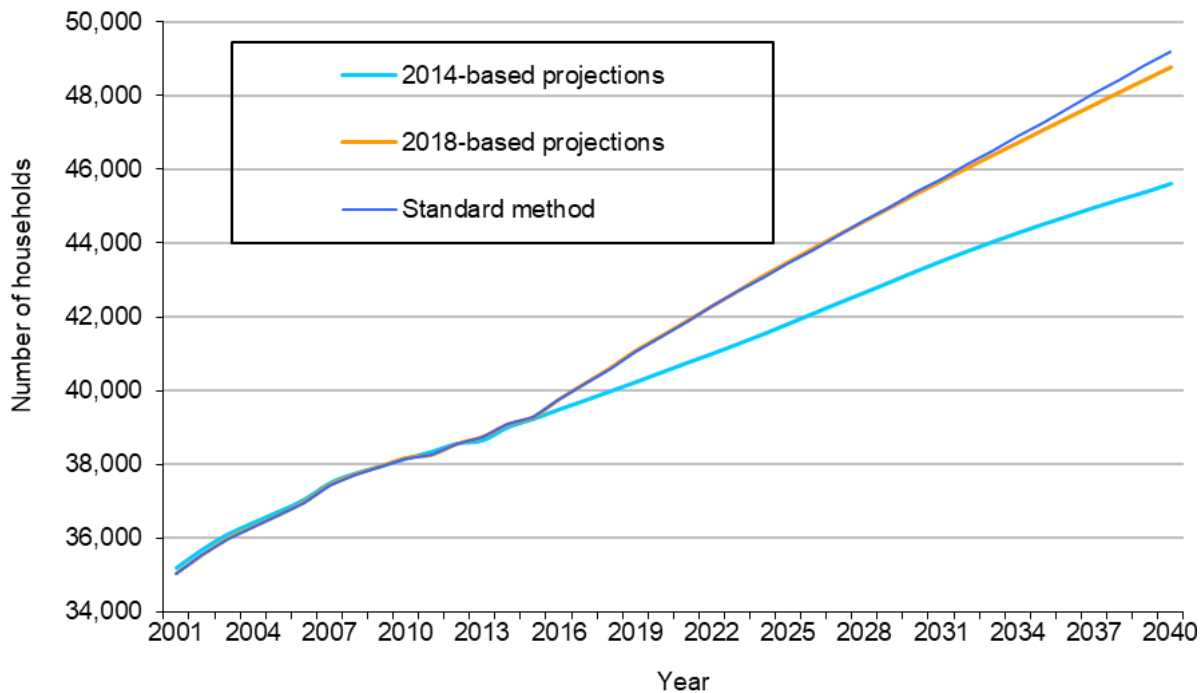
Demographic projections

3.5 The 2014-based household projection that underpins the LHN ('HP 2014') is very out of date. Since it was published in 2016 there have been two updated versions, 2016-based and 2018-based, published in 2018 and 2020 respectively. The Government decided not to use these more recent projections in the housing need formula, because it considered that they rolled forward low growth caused by constrained housing supply in the past, and hence would produce too-low estimates of future need.

3.6 For England as a whole, the 2016- and 2018- based projections show lower household growth than the 2014-based one - the outcome of both lower population

growth and lower household formation rates²³. But this is not true of all local authority areas. For Bromsgrove district, contrary to England, the 2018-based projection shows considerably more household growth than the 2014-based projection. By 2040, the 2018 version shows around 3,000 more households than the 2014 version. The comparison is shown in the figure below.

Figure 3.1 Household numbers, Bromsgrove district, alternative scenarios



Source: Bromsgrove district Housing and Economic Needs Assessment 2021, Volume 2, Figure 4.1

- 3.7 As the figure also shows, the 2018-based projection shows virtually the same household numbers as the Local Housing Need calculation. Due to this helpful coincidence, in this study we do not need to create a population projection to match the Local Housing Need. Rather, the 2018-based ONS Sub-National Population projection (SNPP 2018), which is the basis of HP 2018²⁴, provides a ready-made view of the population change that would result from housing delivery in line with the LHN.
- 3.8 Accordingly, we use SNPP 2018 both in this volume to assess future labour market balance, and in Volume 2 to disaggregate future need by housing mix and tenure. Using the latest official population projection makes the study more robust, because it incorporates the ONS's latest data and methods.
- 3.9 It is useful also to understand why HP 2018 shows so much more household growth in the future than HP 2014. As shown in Volume 2 of this report (para 4.14 onward), it is because between the two projections the ONS changed its approach to past population growth in Bromsgrove district, and specifically past migration. For the

²³ The household formation rate is the proportion of the population that are heads of household. For a given population, the higher the formation rate, the greater will be the number of households and hence the number of homes needed.

²⁴ The household projection translates the population projection into households.

period 2014-2018, the historical Mid-Year Population Estimates that informed HP 2014 showed net inward migration to Bromsgrove district (both within-UK and international) as 2,400 people. In the 2018 Mid-Year Estimates, net migration for the same period had doubled, to 4,818 people. The 2018-based projection rolls forward this higher rate of migration into the future, resulting in more population, and hence more households, than the 2014-based version.

- 3.10 We do not know why the ONS changed its approach to recent population growth in Bromsgrove district. It is not uncommon for history to be rewritten in this way, because migration is very difficult to measure.

Future population

- 3.11 SNPP 2018 shows Bromsgrove district's future population growth as follows:

2019-23	3,682 persons (3.7% increase in total, 921 persons p.a.)
2023-40	11,822 persons (11.4% increase in total, 695 persons p.a.)
2019-40	15,504 persons (13.5% increase in total, 738 persons p.a.)

- 3.12 As explained earlier, this is the ONS's latest view of what would happen to the district's population if past demographic trends continued. It is also the best available estimate of what will happen to the district's population if housing is delivered in line with the Local Housing Need of 383 dpa. We call this population 'LHN demographic scenario'.
- 3.13 The projection suggests that Bromsgrove district's growth will be well above the national benchmark. Over the plan period 2023-40, while Bromsgrove district's population is projected to increase by 11.4%, the figure for England is just 6.3%.
- 3.14 Another feature of the projection is that Bromsgrove district's population growth is entirely driven by inward migration, while natural change is negative – i.e. there are more deaths than births. From 2023 to 2040 for example, in round numbers natural change produces a loss of 6,000 people and net migration a gain of 18,000 people. This dependence on migration is a continuation of the status quo. In recent years the bulk of net migration to Bromsgrove district has been from within the UK, and the bulk of it has been from Birmingham City (see detailed analysis in Volume 2 of this report).
- 3.15 The population projection discussed in this section is entirely based on past demographic trends and housing market signals. It takes no account of the future demand for labour in Bromsgrove district²⁵. In Chapter 4 below, we will consider if the projected population provides enough workers to meet that future demand.

²⁵ On a technical note, population projections do reflect past labour demand indirectly. That is because demographic projections are made by rolling forward ('projecting') past demographic trends. Those past demographic trends were driven by past job opportunities among other factors. In effect, therefore, the projections assume that future labour demand – like other factors that drive population change – is similar in the future to what it was in the past. But if future labour demand departs from past trends, the projections cannot capture the resulting impact on population.

4 The local economy

4.1 In this chapter we begin a new strand of analysis, looking at the future economy and employment land. First, in the next section we attempt to define the wider functional economic area (FEMA) of which Bromsgrove district is part, as required by national guidance. In the rest of the chapter we focus in on Bromsgrove district itself, to provide a profile of the local economy, which will feed into our conclusions on both housing and employment land.

The functional economic market area (FEMA)

4.2 As discussed in Chapter 2 earlier, the FEMA is a wider collection of local authorities with which Bromsgrove District Council should cooperate in relation to economic development, probably including sharing of unmet needs for employment land.

National guidance

4.3 The PPG provides a list of factors that might be taken into account in defining FEMAs, as follows:

- *'extent of any Local Enterprise Partnership within the area (LEPs)*
- *travel to work areas; (TTWA)*
- *housing market area;*
- *flow of goods, services and information within the local economy;*
- *service market for consumers;*
- *administrative area;*
- *catchment areas of facilities providing cultural and social well-being; and*
- *transport network.*'²⁶

4.4 The underlying thinking is that FEMAs are relatively self-contained economies, so people live, work and access services like retail largely within the same area. Hence, for many businesses seeking a new site the FEMA will be the area of search, because if they moved outside the area they would lose workers and / or customers. Such businesses will be relatively footloose within the FEMA, regardless of administrative boundaries. Accordingly plan-makers should provide land to meet their needs within the FEMA, regardless of administrative boundaries. This is why authorities are advised to cooperate with their FEMA partners in planning for economic development.

4.5 Of the factors listed in the PPG, our analysis focuses on Travel to Work Areas (TTWAs) and travel to work, and also takes account of LEPs, housing market areas and administrative areas. In relation to administrative areas, we aim to define the FEMA as a collection of local authorities; a definition that cuts across local authority boundaries would not be helpful in terms of practical planning (in the words of the

²⁶ Paragraph: 019 Reference ID: 61-019-20190315

PPG, which we discussed earlier, it would not be 'pragmatic'). Also, we take account of transport links indirectly, because travel to work depends largely on accessibility.

- 4.6 The remaining factors on the list are not covered in our analysis. 'Flows of goods, services and information' are relevant in principle, but there is no method for measuring such flows or using them to define market areas. 'Service markets for consumers' and catchment areas of cultural / social facilities are important for economic land uses that need to be close to people's homes, namely consumer and public services, like retail, leisure and culture. But for employment land uses - industry, logistics and offices - they are less relevant, because in general those activities do not deal with domestic consumers face-to-face.

Travel to Work Areas

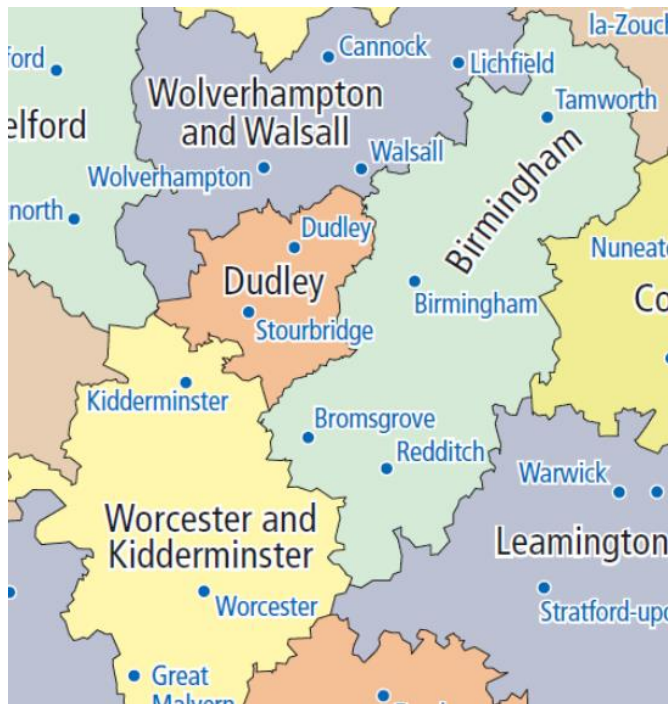
- 4.7 TTWAs are relatively self-contained labour markets, where most journeys to work happen within the area and few such journeys cross the area's boundaries.
- 4.8 ONS publishes TTWA maps based on commuting data from the Census. Extracts from the 2001 and 2011 TTWA maps showing Bromsgrove town in its context are copied below.

Figure 4.1 TTWAs 2001



Source: ONS

Figure 4.2 TTWAs 2011



Source: ONS

- 4.9 In the most recent analysis, based on the 2011 Census, Bromsgrove town is part of the Birmingham TTWA. This is a change from the 2001 analysis, where it was part of the Worcester and Malvern TTWA. In the intervening 10 years commuting links between Bromsgrove town and Greater Birmingham have strengthened relative to those between Bromsgrove town and Worcestershire.
- 4.10 We suspect that the public transport improvements in recent years between Bromsgrove town and Birmingham may have further increased commuting flows between Bromsgrove town and Birmingham, so in the future Bromsgrove town and the surrounding district will likely remain part of the Birmingham TTWA.

Commuting flows

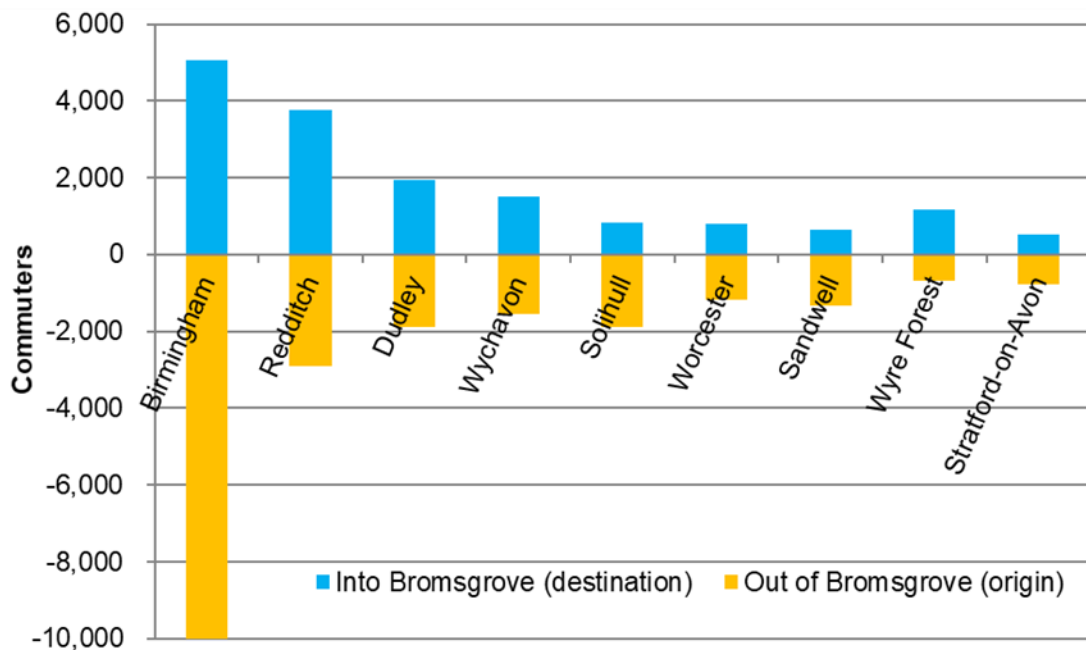
- 4.11 TTWAs, as defined by the ONS, do not fit local authority boundaries. In a planning context this is unhelpful, because FEMAs, as discussed earlier, are groups of local authorities that plan cooperatively for the economy and employment land. In order to define a FEMA that does fit administrative boundaries, we have used a similar approach to the definition of TTWAs, but applied it to local authority areas. The ONS approach is based on labour market containment, as follows:

*'The current criterion for defining TTWAs is that generally at least 75% of an area's resident workplace work in the area and at least 75% of the people who work in the area also live in the area... However, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted.'*²⁷

²⁷ ONS, Travel to work area analysis in Great Britain: 2016

4.12 The ONS analysis is based on commuting between ONS super-output areas, which are much smaller than local authorities. In our own analysis below, we consider commuting between local authority areas. The chart below shows the closest commuting links between Bromsgrove district and other local authorities, measured by travel-to-work flows across local authority boundaries at the 2011 census (links with other authorities are much weaker). These closely linked authorities comprise all the areas adjacent to Bromsgrove district (except South Staffordshire district), plus Worcester City and Sandwell Metropolitan Borough.

Figure 4.3 Commuting in and out of Bromsgrove district, 2011



Source: ONS, Census WU01UK - Location of usual residence and place of work (2011 Census), Stantec

- 4.13 We have used these data to calculate commuting containment for various combinations of local authority areas, as shown in the table below. Like the TTWA analysis, it shows two measures of containment. Origin containment is the proportion of an area's resident labour force that also works in the area. Destination containment is the proportion of the people working in the area who are also residents of the area. 'Nine closest commuting links' denotes the local authorities shown in Figure 4.3.
- 4.14 For Bromsgrove district on its own, both self-containment measures are far too low to meet the 75% threshold. Bromsgrove district with Birmingham City, and Bromsgrove district with Birmingham City and Redditch Borough, have low containment in terms of destination, though not origin. But the 'nine places with strongest commuting links' and GBBC HMA both have self-containment well above 75%.

Table 4.1 Containment rates – Bromsgrove district and various combinations

	Containment	
	Origin	Destination
Bromsgrove	40%	48%
Bromsgrove and Birmingham	74%	65%
Bromsgrove, Birmingham and Redditch	75%	68%
Bromsgrove plus nine highest commuting links*	86%	84%
Birmingham and Black Country HMA	90%	90%

Source: ONS, Census WU01UK, Location of usual residence and place of work (2011 Census), Stantec

* The nine places with closest commuting links are those shown in Figure 4.3 above.

Conclusion

- 4.15 The above evidence suggests that the ‘nine most closely linked’ authorities at Figure 4.3 and the GBBC HMA are both legitimate definitions of Bromsgrove district’s FEMA²⁸. These two definitions represent fundamentally different approaches to FEMAs:
- The ‘nine closest links’ definition would be a FEMA centred on Bromsgrove district. If authorities defined their FEMAs one at a time using this approach, there would be as many FEMAs as there are local planning authorities, and all the FEMAs would overlap. Bromsgrove district, for example, would likely be part of six or seven FEMAs, because all its immediate neighbours would identify it as part of its FEMA, just as Bromsgrove district identifies them. It would be cumbersome in practice to fulfil the Duty to Cooperate.
 - The GBBC HMA definition sees Bromsgrove district as part of a market area centred on Birmingham. It is no coincidence that this accords with the official TTWA definitions that we discussed in the last section. ONS’s method is applied simultaneously to all authorities, and is designed to maximise containment across England as a whole, while producing non-overlapping areas. The result is that TTWAs are centred on large urban areas such as Birmingham and Worcester. This result is closer to how the property industry sees market geography.
- 4.16 The PPG does not dictate a choice between these two approaches. The decision is a matter for the Council. Pragmatically, the GBBC HMA definition seems more practical, partly because GBBC HMA is already recognised as the basis for planning co-operation in regard to housing.
- 4.17 As noted earlier, according to national guidance the FEMA is a collection of local authorities which should plan co-operatively for economic development. If the Council

²⁸ These two FEMAs are not the only two choices. There are no doubt other collections of local authorities that would meet the 75% threshold, but in terms of practical opportunities for cooperation the ones we have tested seem the most likely to be helpful

does identify Bromsgrove district as part of the GBBC FEMA, it should cooperate with the GBBC authorities as part of its Local Plan review. It should also make it clear that Bromsgrove district also has strong economic links with Worcester and Worcestershire, and the Council as part of its plan-making is ready to cooperate with those authorities also. Conversely, if the Council chooses the 'nine most closely linked' authorities as its FEMA, it should aim to co-operate with them, but also with authorities in GBBC.

- 4.18 This approach would acknowledge that the FEMA, no matter how carefully defined, cannot be a wholly self-contained economy, and there may be needs and opportunities for cooperation beyond its boundaries. It would also be in line with national guidance, because there is no suggestion in the guidance that the FEMA defines an exclusive relationship.

Economic profile

- 4.19 In this section we briefly describe Bromsgrove district's local economy. The analysis revisits the themes in the 'Bromsgrove's Local Economic Future' study produced by the PBA (now Stantec) for the Council in 2018. Broadly, the study found that by national standards the district's population was well skilled, well-paid and fully employed. But the people's economic well-being largely relied on job opportunities outside the district, especially in Birmingham city. Bromsgrove district's workplace economy was described as lower-value and lacking in dynamism, with comparatively low earnings and slow growth. Below, we consider how far this portrait remains accurate, in light of the latest available data.

The labour market

- 4.20 Current statistics confirm that residents of Bromsgrove district are well qualified relative to national and regional benchmarks, with 68% having NVQ3 or above compared to 57% for the West Midlands and 61% for the UK²⁹. As shown in the table below, the district's residents are also in more senior occupations, with greater proportions in the higher Major Groups (1-5) than the region and the UK, and smaller proportions in the lower groups (6-9). Major Group 8-9, which comprises Process, Plant and Machine Operatives and Elementary Occupations, accounts for just 9% of residents in Bromsgrove district against 18% in the West Midlands and 15% in the UK.

²⁹ Source: ONS, Annual Population Survey, Apr 2020-Mar 2021

Table 4.2 Occupation of employed residents, Apr 2020-Mar 2021

	Bromsgrove		West Midlands	UK
	Number	%	%	%
Soc 2010 Major Group 1-3	28,700	57	46	50
1 Managers, Directors And Senior Officials	8,000	16	11	11
2 Professional Occupations	13,000	26	22	23
3 Associate Professional & Technical	7,700	15	14	15
Soc 2010 Major Group 4-5	10,900	22	19	19
4 Administrative & Secretarial	#	#	10	10
5 Skilled Trades Occupations	7,500	15	9	9
Soc 2010 Major Group 6-7	6,100	12	16	16
6 Caring, Leisure And Other Service Occupations	#	#	10	9
7 Sales And Customer Service Occs	#	#	7	7
Soc 2010 Major Group 8-9	543	9	18	15
8 Process Plant & Machine Operatives	!	!	7	6
9 Elementary Occupations	#	#	11	9

Source: ONS, Annual Population Survey / Labour Force Survey

Sample size too small for reliable estimate.

! Estimate is not available since sample size is disclosive (so if the data were published they would risk identifying individuals).

Table 4.3 Weekly Earnings (£), 2020

Weekly pay, £			
	Place of work	Place of residence	Ratio Place of work/ place of residence
Bromsgrove	511	599	85%
Redditch	492	460	107%
Solihull	589	649	91%
Birmingham and Black Country HMA	533	562	95%
UK	586	586	100%

Source: ONS. Annual Survey of Hours and Earnings. Figures are rounded to the nearest £.

4.21 The earnings of Bromsgrove district residents on average, at £599 per week, are fractionally more than the UK average – though not as much as those residing in Solihull and GBBC HMA as a whole (which are heavily influenced by Birmingham). But the earnings of people who work in Bromsgrove district are dramatically lower, at £511, well below the national average, and just 85% of residents' earnings – the lowest proportion of any area shown in the table. Solihull and GBBC HMA also show workplace earnings below residents' earnings, but the gaps are much smaller (while

in Redditch the relationship is reversed, so residents on average earn less than workplace workers).

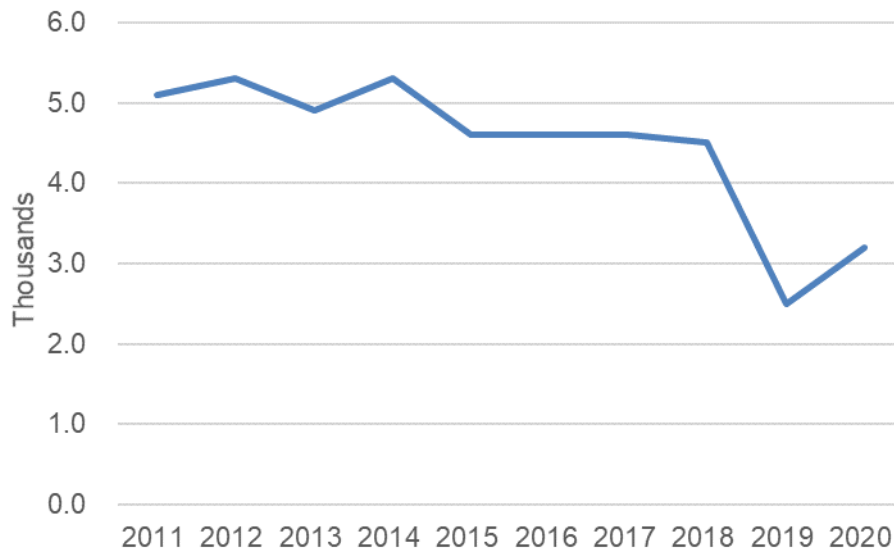
Table 4.4 Unemployment rates, Jan 2020-Dec 2020

	Unemploy ment rate	% of UK rate
Bromsgrove	4.0%	87%
Redditch	4.8%	104%
Solihull	4.3%	93%
Birmingham and Black Country HMA	5.0%	108%

Source: ONS, Annual Population Survey / Labour Force Survey

- 4.22 The unemployment rate in Bromsgrove district is relatively low, below the national average and all the other comparators shown. It is even slightly lower than in Solihull, which has a buoyant workplace economy and an economically advantaged resident population. For residents of Bromsgrove district, this means that job opportunities are good (though these jobs are not necessarily in Bromsgrove district, as we discuss in relation to commuting below). For employers in Bromsgrove district, it suggests that hiring and retaining labour may be more difficult than elsewhere. We return to this point later in the report.
- 4.23 A final measure of labour market balance is commuting across local authority boundaries. Bromsgrove district is a net exporter of labour, so more residents travel to work outside the district (largely to Birmingham) than people who live elsewhere and travel to work into the district. Net out-commuting, which is the difference between these two numbers, historically has been between 4,000 and 5,000 people, as shown in the chart below. (The much lower figure for 2019 is an anomaly possibly due to sampling error as discussed in detail at para 4.50 below.) We discuss this)

Figure 4.4 Net out-commuting from Bromsgrove district, 2011-19



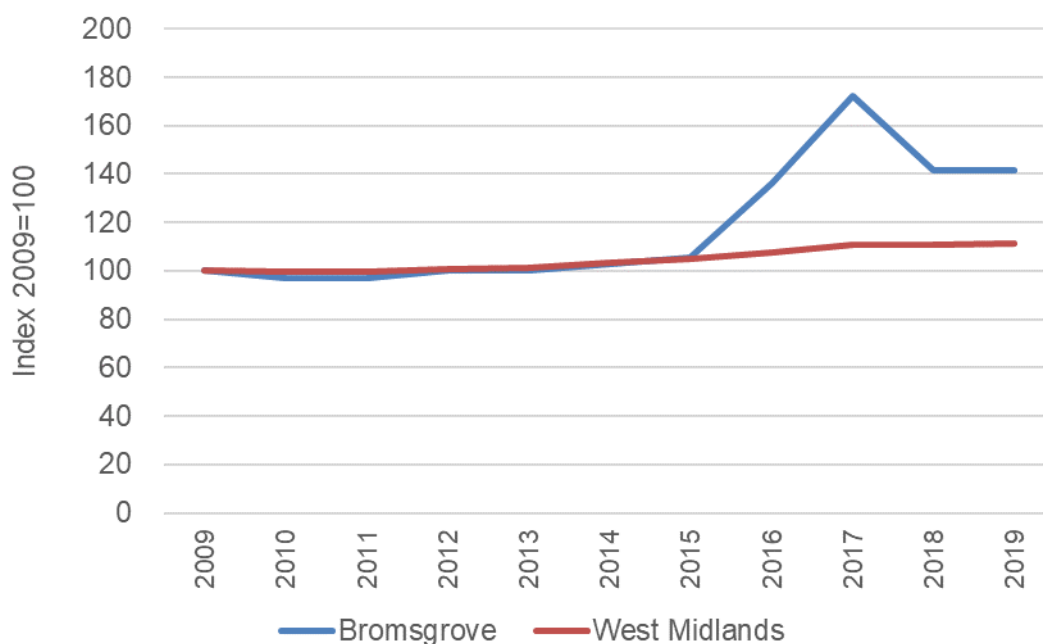
Source: Experian Regional Economic Service, April 2021

We believe that the 2019 figure is misleading, as discussed in the text.

Job growth

- 4.24 Long-term statistics suggest that Bromsgrove district's job growth, from the turn of the century or earlier until 2015, closely paralleled the West Midlands trends – which in turn was similar to the UK trend. But from 2015 onwards it seems Bromsgrove district saw a major upswing. The clearest way to see this is from the ONS's BRES (Business Register and Employment Survey) series, shown in the chart below. Between 2015 and 2017 BRES records a huge upswing of 24,000 jobs (63%), while the West Midlands total increases by 6%. In 2018 the district loses 11,000 jobs, but it is still on a much higher growth path than before. In 2019 its growth rate again parallels that of the region, but from a much higher base.

Figure 4.5 Employee jobs, Bromsgrove district and West Midlands, 2009-19



Source: BRES, via Experian

- 4.25 These numbers should not be taken literally. BRES is an annual sample survey by ONS that broadly speaking only covers employees, excluding the self-employed (the exact coverage has varied over time). BRES does not provide a consistent long-term series, due to frequent changes in coverage³⁰. Also, when broken down by local authority – or, worse, by local authority and sector – the results are unreliable, due to small samples.
- 4.26 Despite these limitations, BRES is the main official data source on job numbers for local authority areas. The ONS does not provide local data on total jobs including the self-employed³¹. The estimates of total jobs created by Experian, like other forecasters, are largely based on BRES. Accordingly, the Experian series show a similar huge upswing to that of BRES, at a similar time for Bromsgrove district.
- 4.27 We have discussed the apparent anomaly in job numbers with both Council officers and ONS. The officers are unable to identify any business openings, closures, relocations etc that would remotely account for change on the scale recorded between 2015 and 2018. ONS’s response is shown at Appendix A below. In essence, it says that the truth about this period cannot be known, as the statistics are unavoidably uncertain. The underlying principle is that sources such as BRES should be broadly correct on average. But for particular geographies (especially small areas)

³⁰ This is why the chart does not show any figures previous to 2009. But for the earlier years there are other ONS statistics, which also show Bromsgrove district being close to the regional trend.

³¹ Except for the job numbers that are published as part of the ONS’s Job Density series. These are also based on BRES and are broad approximations, too crude to provide a useful measure of change.

and particular time periods (especially short periods), they may be wrong, sometimes badly wrong.

4.28 For the purpose of our analysis, we must accept this uncertainty. Our conclusion from the statistics is that:

- Bromsgrove district's job long-term job growth has been at least in line with regional and national benchmarks.
- Since around 2015 Bromsgrove district's growth has probably accelerated above those averages, though we cannot be certain of the extent or exact timing of this.

4.29 These conclusions inform the discussion of future jobs in the next section.

4.30 Bringing together our economic and demographic analysis, it is striking that the latest statistics point to more growth in Bromsgrove district than was estimated a few years ago, both in regard to population and jobs.

Conclusion

4.31 The analysis above confirms some findings of the 2018 'Bromsgrove's Local Economic Future' study, but not all. Now, as then, in terms of economic well-being Bromsgrove district is a good place to live, and a better place to live than it is a place to work. On average, the district's residents are comparatively well skilled and well paid, with good job opportunities. To a significant extent that economic well-being relies on jobs located outside the district, both in terms of quantity (continues to be a net exporter of labour) and quality (residents earn more than people who work in Bromsgrove district); this suggests that the latter group have not only less money, but also less skilled and less desirable jobs.

4.32 What *has* changed since the Economic Future study is Bromsgrove district's growth record. The evidence suggests that since the middle of the last decade both jobs and population have grown faster than was previously estimated or expected. This is one of the reasons why projections and forecasts of the district's future growth are now higher than at the time of the Local Economic Future Report.

Bromsgrove district currently relies on out-commuting which applies to many local authorities on the edge of large urban centres, and many such authorities consider it good, because it provides what many people consider an attractive residential setting. Alternatively, authorities may aspire to a more dynamic future, where economic growth happens within their own boundaries and residents can get the best jobs without commuting out. Which of these visions is best, is a matter of judgment and political priority. In this study, as required by our brief, we assess how far this more dynamic future may be a realistic possibility, and what it would require in terms of planning for employment land and housing supply.

Future jobs

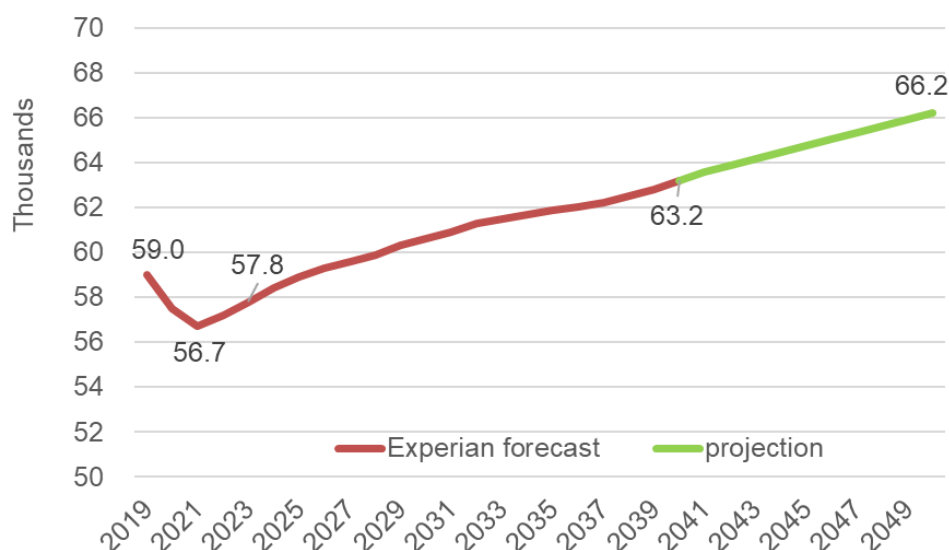
4.33 In this section we consider future jobs growth, as the first step in assessing employment land needs and labour market balance over the plan period. As a study period we would normally use 2020-2040 – starting at the latest year for which

complete data are available, and ending in the final year of the plan period. But 2020 is a highly anomalous year, due to the Coronavirus pandemic. Therefore we use as our base date the pre-pandemic year 2019.

The baseline forecast

- 4.34 In this study we need a view of Bromsgrove district’s future job growth for two reasons: to assess the future balance of the labour market, and to forecast the long-term demand for employment space. As a baseline, or business-as-usual, forecast, we use the latest Experian release (April 2021), pictured at Figure 4.6 below. As the Experian forecast ends in 2040, but our study brief requires a view of growth to 2050, for the years after 2040 we project forward the annual job growth forecast for 2023-40 (we do not project forward preceding years, in order to leave aside the one-off event that is the Covid pandemic).

Figure 4.6 Workplace jobs, baseline forecast, Bromsgrove district, 2019-50



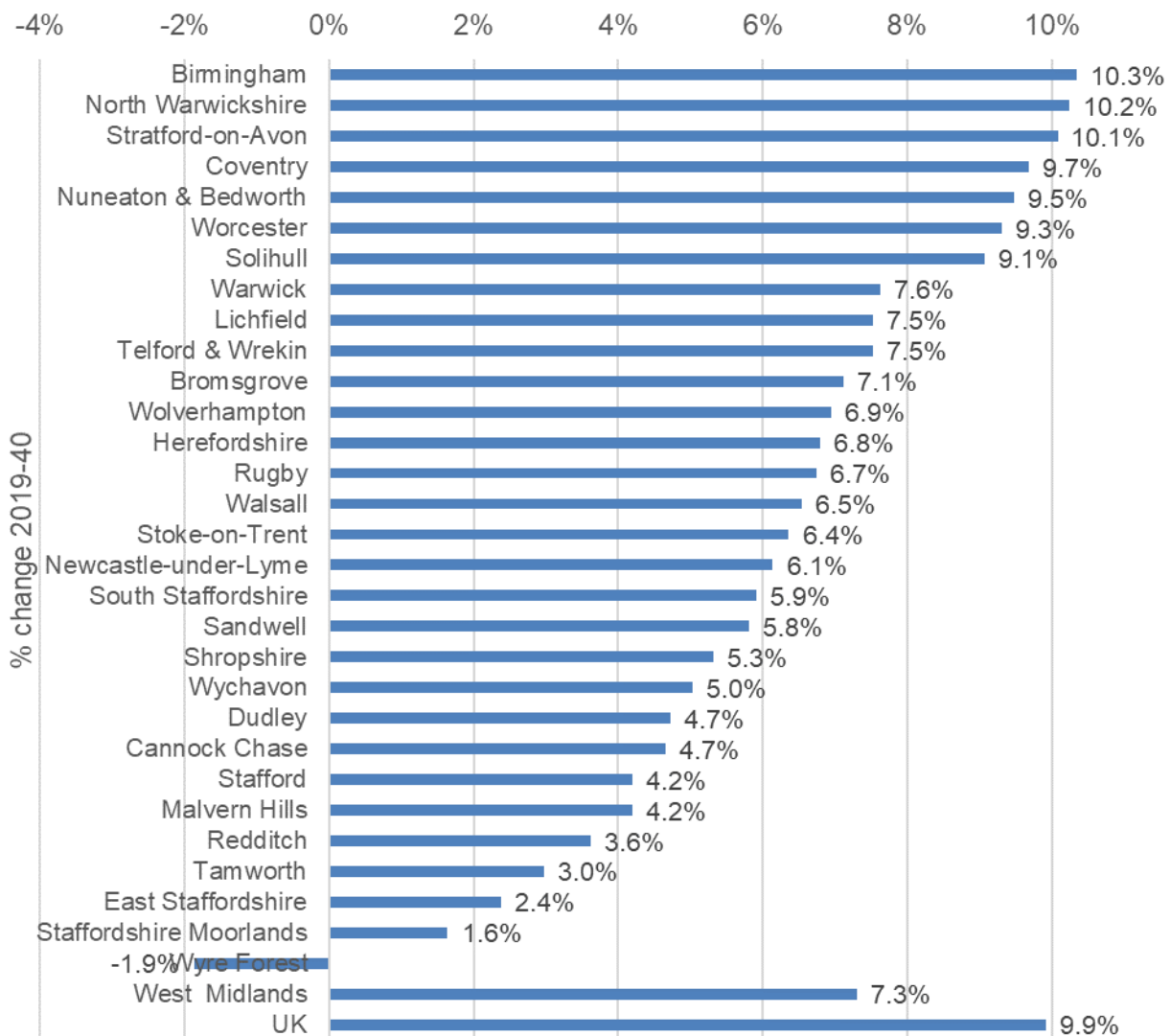
Source: Experian Regional Planning Service April 2021, Stantec

- 4.35 This forecast takes account of both Covid and Brexit. Covid had a brutal but short-lived impact: total jobs fall in 2020 and 2021, but start growing again in 2022, and by 2025 have returned to the 2019 level. Brexit lowers annual economic growth by much smaller proportion, but over a much longer or indefinite period.
- 4.36 Over the whole study period, 2019-2040, the Experian forecast shows Bromsgrove district’s jobs increasing by 4,200, equal to 200 jobs p.a. This is the net outcome of Covid-related decline of 1,200 jobs in 2019-23, and growth of 5,400 jobs in 2023-2040. Our linear projection for 2040-2050 sees job numbers rising by some 3,000 over the decade, equal to 300 jobs p.a.
- 4.37 In percentage terms, over the whole study period 2019-40 the forecast shows Bromsgrove district’s job growth as 7.1%. This is close to the West Midlands total (7.3%), but below the UK total (9.9%). When the 30 local authorities in the West

Midlands are ranked in order of their forecast growth rate (Figure 4.7), Bromsgrove district is in 11th place.

4.38 The baseline forecast is Experian’s view of Bromsgrove district’s future economy, based on a suite of econometric models that takes account of both macroeconomic conditions and local characteristics. In our judgment it is a reasonable view of a business-as-usual future for Bromsgrove district, bearing in mind the economic history discussed in the last section.

Figure 4.7 Change in number of workplace jobs, 2019-40, Experian baseline forecast



Source: Experian Regional Planning Service, April 2021

The high scenario

4.39 As an alternative to the baseline forecast, we have built an aspirational or high scenario, in which Bromsgrove district’s economy grows faster than one would expect from its past performance. In that alternative, the Council actively promotes economic

development, including through allocating more and better-quality employment sites in the Local Plan, so the district offers more and higher-paid jobs.

- 4.40 In the high scenario we assume that Bromsgrove district's total employment in 2019-40 grows by 10.0%, rather than the 7.1% shown in the baseline forecast. Over the study period this produces an additional 1,700 jobs by 2040, so total job growth over the period becomes 5,900. In the high scenario, proportionally Bromsgrove district gains about 40% more jobs than the West Midlands, as many jobs as the UK, and also as many jobs as the fastest-growing three local authority areas in the West Midlands (Birmingham City, North Warwickshire Borough and Stratford-on-Avon District).
- 4.41 What level of growth represents reasonable ambition, is of course a matter of judgment. The 10% assumption is an agreed judgment between the study team and the client group of Council officers. One reason why it seems reasonable is that, as we show later, in recent years Bromsgrove district's job growth has been constrained by a severe lack of employment land. The baseline employment forecast carries forward this constraint, because among other things it takes account of the district's past growth. Therefore, if in future more and better employment sites are provided, one would expect job growth above the forecast.
- 4.42 In the next section, we test the implications of the two economic scenarios for population and housing. In later chapters, we will look at implications for employment land need.

Labour market alignment

- 4.43 A central question for this study is whether, if future housing delivery meets the standard-method Local Housing Need, Bromsgrove district's population will be large enough to meet labour demand. If it were not, then to keep the labour market in balance would require additional population, and hence additional housing development, over and above the Local Housing Need.

Baseline scenario

- 4.44 In relation to the baseline scenario, the answer is provided by the Experian forecast itself. The table below is an extract from that forecast, focusing on the predicted balance of the labour market in the end year of the study period, 2040.
- 4.45 Before looking at the figures, it will be helpful to explain their underlying logic:
- i The Experian model includes a forecast of labour demand, or the number of workplace jobs that employers will want to fill.
 - ii This labour demand is unconstrained by local labour supply: it is largely driven by UK job totals in each economic sector, together with the sector mix of the local economy and the historical performance of each sector in that local economy against the national trend.
 - iii To estimate future labour supply, Experian starts from the expected resident population, which it takes from the latest ONS projection – in this case, SNPP 2018.

- iv To estimate the relationship between workplace job demand and the resident population, taking account of the variables that link the two – which are economic activity rates, unemployment, double-jobbing and net commuting³². These variables are forecast as part of the model, taking account of both national trends and local factors – including jobs and population in authorities that are linked to the subject authority by commuting.
 - v If the projected population in the subject authority is enough or more than enough to meet the forecast demand, the forecast jobs are equal to job demand.
 - vi Conversely, if the authority's population is not enough to meet demand, the forecast constrains the number of workplace jobs, so it matches the labour force that is produced by the projected population. In that case, workplace jobs fall short of job demand. The difference between the two represents unfilled (or excess) jobs. If demand is to be met, excess jobs need to be filled by net in-migration over and above the SNPP.
- 4.46 For Bromsgrove district, as discussed earlier the SNPP population is virtually the same as the LHN population. In the baseline forecast, at 2040 job demand equals workplace jobs, at 64,900. There are no unfilled jobs, suggesting that, if housing is delivered in line with the standard-method LHN, the resulting population will be enough or more than enough to meet job demand.
- 4.47 To assess whether it is enough or more than enough, we look at two indicators of labour market balance: unemployment and economic activity rates.
- 4.48 In the Experian figures, Bromsgrove district's unemployment rate is consistently below the UK average throughout the study period, as it has been historically. In absolute terms, except for a small rise in the pandemic years - which reflects the national picture³³ – the district's unemployment stays between 3-4% throughout the study period, as it has been since around 2015. At 2040 it is forecast to be 3.4%. This is a low unemployment rate, probably close to the 'natural rate' below which it cannot go (unemployment can never be zero, because there will always be people who are between jobs, or who for one reason or another have difficulty getting jobs).
- 4.49 In relation to economic activity rates, the evidence is less clear-cut:
- The economic activity rate is the proportion of the population aged 16+ that is either working (employed) or not working but looking for work (unemployed).
 - High activity rates indicate high pressure of demand for labour, due to the 'discouraged worker effect': when job opportunities are poor some people tend to withdraw from the labour market, and when opportunities improve they are encouraged to come back.

³² In the present context, commuting means travel to work across local authority boundaries.

³³ At present unemployment remains low, despite the pandemic. But forecasts factor in the end of furlough in September 2021, which they expect will result in increased unemployment.

- In the Experian figures, Bromsgrove district's overall activity rate³⁴ is very slightly below the UK average, both in the past and throughout the study period to 2040. At 2040 it is 5% below the average.
- This insignificant deficit for Bromsgrove district is entirely due to lower activity rates in the 65+ age group. The underlying ONS statistics suggest that this may be unreliable, due to small sample sizes in that age group.
- In short, the figures suggest that Bromsgrove district's activity rates are and will continue to be close to, or perhaps very slightly below, the national benchmark. The data are not available that would allow a more specific conclusion.

Table 4.5 Labour market balance, selected years, baseline forecast

Row	Area	Thousands unless otherwise specified	2019	2023	2040
1	Bromsgrove	Labour Force 16-64	48.4	50.5	54.1
2	Bromsgrove	Labour Force 65+	1.6	1.2	2.6
3	Bromsgrove	Total Labour Force	50.0	51.7	56.6
4	Bromsgrove	Population 16-64	58.9	60.7	65.2
5	Bromsgrove	Population 65 +	22.6	23.8	29.9
6	Bromsgrove	Population 16 +	81.6	84.5	95.1
7	Bromsgrove	Total Population	100.0	103.6	115.4
8	Bromsgrove	Economic Activity Rate (%) 16-64	82.1	83.1	82.9
9	Bromsgrove	Economic Activity Rate (%) 65+	7.2	5.1	8.6
10	Bromsgrove	Economic Activity Rate (%) 16+	61.3	61.2	59.5
11	Bromsgrove	Workplace Jobs	59.0	57.8	63.2
12	Bromsgrove	Job Demand	59.0	57.8	63.2
13	Bromsgrove	Net commuting balance (outflow)	2.5	4.0	4.3
14	Bromsgrove	Unemployment	1.7	2.3	1.9
15	Bromsgrove	Unemployment Rate (%)	3.4	4.4	3.3
16	UK	Economic Activity Rate (%) 16-64	78.5	78.5	80.9
17	UK	Economic Activity Rate (%) 65+	10.8	11.5	18.2
18	UK	Economic Activity Rate (%) 16+	63.0	62.5	62.8
19	UK	Unemployment	1,305.8	1,752.8	1,619.5
20	UK	Unemployment Rate (%)	3.8	5.1	4.3

Source: Experian Regional Planning Service, April 2021

4.50 In the table above, Bromsgrove district's net commuting balance of 2.5 thousand people in 2019 is an outlier, or one-off. More detailed data (not displayed in the table) show much higher numbers either side of 2019: net commuting outflows are shown as an average of 5.0 thousand for the earlier period 2004-2018, 3.2 thousand in 2020, and between 3.5 and 4.3 thousand for all later years in the study period. These figures strongly suggest that the figure of 2.5 thousand for 2019 is seriously

³⁴ The overall activity rate is defined as the rate for the 16+ age group. Children under 16 are not counted in the calculation, albeit some of them (very few) may have jobs.

underestimated, probably due to sampling error in the source data - which is the ONS Labour Force Survey / Annual Population Survey.

- 4.51 In summary, in the baseline scenario Bromsgrove district's labour market balance remains healthy over the study period. There is no shortage of jobs for the district's residents, either now or in the future. Nor is there a shortage of residents to fill the jobs on offer in the district and neighbouring areas – though in this respect the position is borderline, because unemployment is so low.

High scenario

- 4.52 In the high scenario, as shown earlier, in 2040 job demand exceeds the baseline by 1,700 jobs – just under 3%. The question is whether these extra jobs can be accommodated without additional population, and hence additional housing over and above the LHN of 383 new homes per year.
- 4.53 It is unlikely that the gap can be filled by reduced unemployment. This is because, as discussed earlier, unemployment in Bromsgrove district is already low, and is forecast to remain so over the study period. Realistically, the rate of 3.3% forecast for 2040 (1,900 persons) may be close to the lowest achievable.
- 4.54 One option is to reduce the net commuting outflow, which is the difference between Bromsgrove district residents working in other local authority areas and residents of other local authorities working in Bromsgrove district. This net out-commuting is largely to Birmingham, and in 2040 it is forecast to be 4,300 persons – a number which remains almost constant through the study period, except that 2019 is an anomaly, as noted earlier. To put this in perspective, total jobs in Bromsgrove district are in the region of 60,000.
- 4.55 To provide 1,700 extra workers, net out-commuting would have to fall by 39%³⁵. In the high scenario, it seems realistic to expect a reduction of this order, because in the high scenario employers would offer more jobs in Bromsgrove district than in a business-as-usual future, and also more highly paid jobs – which should reduce the incentive to commute out.
- 4.56 Alternatively or additionally, another potential source of additional workers is a slight increase in the economic activity rate. As discussed earlier, the Experian figures show Bromsgrove district's overall activity rate as being 5% below the UK's at 2040, but the figure may not be reliable. Arithmetically, if Bromsgrove district's activity rate at 2040 equalled the UK average, this would increase the resident labour force by 3,100 workers. This on its own would be enough to fill the additional 1,700 jobs in the high scenario, with another 1,400 jobs to spare.
- 4.57 This fractional uplift in the local activity rate may be regarded as a small correction to the data - which are not conclusive, as we have seen. Alternatively, if we assume the data are correct, it may be seen as a small 'encouraged worker' effect – where some people join or re-join the labour force in response to the availability of more and better

³⁵ In reality, to fill 1,700 extra jobs would probably require fewer than 1,700 workers, because some people have more than one job ('double-jobbing'). We ignore this effect, for simplicity.

jobs in the high scenario. In effect, the uplift in activity rates required to fill the extra jobs is so small that it is within the margin of error.

- 4.58 In summary, by the year 2040 the high economic scenario for Bromsgrove district adds 1,700 jobs to the district. Given that Bromsgrove has around 60,000 jobs in total, this is a small uplift. Our analysis suggests that this small uplift can be met from the LHN population, through reduced out-commuting, a fractional increase in the forecast economic activity rate, or a combination of both. Hence, our analysis suggests that, if Bromsgrove district delivers housing to meet the standard-method Local Housing Need, there will be enough workers to match the labour demand in the high scenario.
- 4.59 In a sense, this detailed labour market analysis is beside the point, because the effects being analysed are so small that available data and forecasts are too crude to capture them. The common-sense conclusion is that additional job creation in the low thousands, in a district that has around 60,000 jobs, would not lead to a labour shortage that justifies additional housing development.

5 Employment land: Forecast demand and planned supply

Introduction

- 5.1 In this and the following chapter, we forecast the need for employment space (floorspace and land) in Bromsgrove district over the study period 2019-2040. As defined here, employment land uses comprise Use Classes B2, B8 and E(g) of the current Use Classes Order³⁶. We classify these as follows:
- Industrial uses
 - Core industrial – factories and workshops
 - Logistics - warehouses
 - Office uses
- 5.2 The terminology around industrial uses can be confusing, as ‘industrial’ sometimes refers to factories or manufacturing only, and other times also covers warehousing (logistics). We use the latter definition, which is now the more common, being used in government statistics and by property agents. In this report, therefore, the term ‘industrial’ covers both factories / workshops and warehouses.
- 5.3 Our analysis is guided by the PPG, and in particular para 027³⁷, which lists four possible ways of assessing future need:
- i Economic forecasts and projections (*‘labour demand’*)
 - ii Demographic projections (*‘labour supply’*)
 - iii *Past take-up* of employment land and property
 - iv Market intelligence, including *consultation with relevant organisations’* and *‘studies of business trends’*.
- 5.4 The difference between the first two items needs some interpretation. As we understand it:
- ‘Labour demand’ means the number of jobs that employers will want to fill.
 - ‘Labour supply’ means the number of jobs required to provide full employment³⁸ for the expected future population.
- 5.5 In the more depressed local economies, the forecast labour demand may be less than the expected labour supply; the implication of the Guidance is that authorities should consider providing land in line with labour supply, in the hope that it might

³⁶ Use Classes Order 1987 as amended. The latest package of amendments came into effect on 20 September 2020 through the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020.

³⁷ Paragraph: 027 Reference ID: 2a-027-20190220

³⁸ ‘Full employment’ also needs some interpretation. Broadly speaking, it means low unemployment rates and high economic activity rates. But for individual local areas these rates very much follow the national economic cycle. Accordingly, no local area will achieve low unemployment and high activity rates at times of national recession. Therefore, in practice ‘full employment’ means ‘unemployment and activity reasonably aligned to national benchmarks’.

attract labour demand in excess of the forecast. In the more buoyant local economies, which include Bromsgrove district, the risk is that labour supply will fall short of labour demand – which could stifle economic growth, push up house prices or cause unsustainable levels of commuting.

- 5.6 In this study we have already created two alternative labour demand scenarios, based on the Experian forecast. We have also tested these scenarios against the expected population that would result from housebuilding in line with the Local Housing Need ('the LHN demographic scenario'). With reference to the PPG, therefore, the baseline and high job scenarios shown in the last chapter represent both the 'labour demand' and 'labour supply' methods for assessing employment need.
- 5.7 In this chapter, we use these scenarios to forecast Bromsgrove district's employment land need to 2040 and beyond. We also consider the past take-up of employment land, but conclude that it is not a good indication of future need, because take-up in recent years has been severely constrained by lack of planned land supply. We then compare the forecast need or demand³⁹ with today's planned land supply, and draw initial conclusions about supply to be provided in the new Local Plan. In the next chapter we use market analysis, the fourth method suggested by the PPG.
- 5.8 These different strands of analysis are mutually complementary. The weaknesses of market analysis are that it has a short time horizon, and does not provide quantitative demand forecasts. The advantage of market analysis is that it relies on the direct and concrete evidence of real-life transactions. Therefore we use the market analysis to reality-check the quantitative forecasts created earlier. This is an important and necessary job, because economic forecasts are hugely uncertain. Also, the market analysis adds essential qualitative dimensions that the forecasts cannot provide, distinguishing between different kinds of space and different locations within the district.
- 5.9 Below, we provide forecasts of the demand for employment land to 2040, based on the job forecasts in Chapter 4. We then compare that demand with the current planned supply and draw initial conclusions about the demand-supply balance. In the next chapter we will revisit those conclusions in light of market evidence.

Economic sectors

- 5.10 In order to forecast employment land demand, the change in total jobs must be disaggregated into economic sectors (industries and services). In the baseline scenario, that disaggregation is provided as part of the Experian forecast. In the high scenario, we have uplifted each sector by the same proportion – assuming that in the high scenario the Council pursues a high-growth strategy across the board, both

³⁹ In the present context, these terms are synonymous. They denote the employment space that business occupiers will want to use, and landowners and developers will want to provide for them. (By contrast, 'occupier demand' means simply the space that occupiers want to use; as discussed in the report, landowners and developers may or may not want to provide that space, depending on whether it is viable to develop).

through the Local Plan and other policy tools. In practice this could shift the sectoral mix of the local economy, but we do not have the analytical tools to model such shifts.

- 5.11 The table below shows jobs by sector in both scenarios. To get an initial broad idea of how the employment sectors translate into employment land use classes, we have grouped the sectors to indicate those that are largely of either an industrial (blue tone), warehouse (green tone) or office nature (orange tone). All other sectors, which do not mainly occupy employment land, are in white tone. For the industrial sectors under either baseline or high scenario job change is either flat or negative, but for the main warehousing sector (land transport) job change is very positive. The forecast for office jobs under both scenarios is also positive particularly in professional services jobs. Jobs in non-employment classes - health and education etc are also forecast to grow.

Table 5.1 Future jobs by sector, thousands, Bromsgrove district, 2019-2040

SIC		Baseline scenario			High Scenario	
Div	Sector	2019	2040	Change	2040	Change
A	Agriculture, Forestry & Fishing	0.4	0.1	-0.3	0.1	-0.3
B	Extraction & Mining	0.0	0.0	0.0	0.0	0.0
C	Food, Drink & Tobacco (manufacture of)	0.0	0.0	0.0	0.0	0.0
C	Textiles & Clothing (manufacture of)	0.0	0.0	0.0	0.0	0.0
C	Wood & Paper (manufacture of)	0.0	0.0	0.0	0.0	0.0
C	Printing and Recorded Media (manufacture of)	0.5	0.3	-0.2	0.3	-0.2
C	Fuel Refining	0.0	0.0	0.0	0.0	0.0
C	Chemicals (manufacture of)	0.0	0.0	0.0	0.0	0.0
C	Pharmaceuticals (manufacture of)	0.0	0.0	0.0	0.0	0.0
C	Non-Metallic Products (manufacture of)	0.0	0.0	0.0	0.0	0.0
C	Metal Products (manufacture of)	0.2	0.2	0.0	0.2	0.0
C	Computer & Electronic Products (manufacture of)	0.0	0.0	0.0	0.0	0.0
C	Machinery & Equipment (manufacture of)	0.7	0.4	-0.3	0.4	-0.3
C	Transport Equipment (manufacture of)	0.8	0.8	0.0	0.8	0.0
C	Other Manufacturing	1.3	1.4	0.1	1.4	0.1
D/E	Utilities	0.2	0.2	0.0	0.2	0.0
F	Construction of Buildings	1.7	1.5	-0.2	1.5	-0.2
F	Civil Engineering	0.2	0.2	0.0	0.2	0.0
F	Specialised Construction Activities	3.9	3.9	0.0	4.0	0.1
G	Wholesale	3.1	3.1	0.0	3.2	0.1
G	Retail	2.5	2.5	0.0	2.6	0.1
H	Land Transport, Storage & Post	5.4	6.6	1.2	6.8	1.4
H	Air & Water Transport	0.0	0.0	0.0	0.0	0.0
I	Accommodation & Food Services	3.5	3.9	0.4	4.0	0.5
R	Recreation	1.7	1.8	0.1	1.8	0.1
J	Media Activities	0.4	0.5	0.0	0.5	0.0
J	Telecoms	0.0	0.1	0.0	0.1	0.0
J	Computing & Information Services	1.1	1.2	0.0	1.2	0.1
K	Finance	1.1	1.4	0.3	1.4	0.3
K	Insurance & Pensions	0.9	0.9	0.0	0.9	0.0
L	Real Estate	0.9	1.0	0.1	1.0	0.1
M	Professional Services	3.7	4.7	1.0	4.8	1.1
N	Administrative & Supportive Services	11.1	11.4	0.3	11.7	0.6
S	Other Private Services	1.7	1.8	0.1	1.8	0.1
O	Public Administration & Defence	1.0	1.1	0.1	1.1	0.1
P	Education	4.2	4.5	0.3	4.6	0.4
Q	Health	2.8	3.6	0.8	3.7	0.9
Q	Residential Care & Social Work	3.8	4.2	0.4	4.3	0.5
TOTALS		58.9	63.1	4.2	64.8	5.9

Source: Experian Regional Economic Service April 2021, Stantec

5.12 The largest forecast increase in jobs are in the land transport and storage sector (1,200/1,400 jobs), professional services (1,000 /1,100 jobs) and health (800/900 jobs). Together these three categories account for approaching three quarters of all the job change (71%). Compared to the forecast for the UK, the growth in health related jobs is the same proportion, with both transport and professional jobs in Bromsgrove district growing faster than the national average.

5.13 At the next stage in the analysis, we need to separate industry and offices. These two sectors are considered in turn below.

Industrial space

Step 1 Jobs by sector to jobs by type of space

Method

- 5.14 In an earlier section we showed the Experian job forecasts by SIC sector for baseline and high scenarios. Here we translate the jobs by sector to jobs by type of space. The method is described in detail at Appendix B. Briefly, the calculation starts from assumptions about the type of space occupied by different economic sectors (industries and services). In broad terms, we distinguish between:
- Core industrial - space occupied by manufacturing and elements of construction, utilities and other services;
 - Warehousing - space occupied by elements of transport, distribution and wholesale;
 - Offices - space occupied by administration, finance and insurance, professional services, media and computing.
- 5.15 As shown in Appendix B, our mapping of sectors into space starts from five-digit categories in the government's Standard Industrial Classification (SIC 2007). District level data is provided in the official published dataset Business Register and Employment Survey (BRES). The most recent BRES is 2019 and this provides a very fine-grained analysis of the economy – running to 729 SIC categories.
- 5.16 But in translating job forecasts into space we cannot use this classification directly, because the economic forecasts use a much coarser version, comprising only 38 sectors. For example, our mapping scheme counts as employment uses only part of the Construction industry (SIC Division F - 43.2, 43.3 and 43.9), whereas the economic forecasts show only Construction as a whole (SIC 43).
- 5.17 To estimate future employment in all sub-sectors such as SIC 43.2 (electrical, plumbing and other construction installation activities), we assume that the share of each sub-sector's employment in its 'parent' sector stays constant in future. For example, if at the base date of the forecast SIC 43.2 in the subject district accounted for 10% of all Construction jobs, we assume that the same ratio will apply over the forecast period.
- 5.18 Our assumptions about sector-to-space relationships were tested successfully in a large study for the Yorkshire and Humber regional partners in 2010⁴⁰. Nevertheless they are subject to uncertainty, because individual business units may be untypical of the wider sector of which they are part, as discussed in more detail in the final paragraphs of Appendix B, and relationships may have changed since the 2010 study.

⁴⁰ Roger Tym & Partners for Yorkshire Forward, Planning for Employment Land: Translating Jobs into Land, Final Report, April 2010
https://www.kirklees.gov.uk/beta/planning-policy/pdf/examination/city-region-evidence/CR25_Planning_for_employment_land_translating_jobs_into_land.pdf<https://www.kirklees.gov.uk/beta/>

5.19 We include the outputs for both the baseline and high scenario in the results section below. The high scenario factors in raising the growth in jobs from 7.1% to 10%. This uplift - is applied as a flat rate to all 38 economic sectors.

Results

5.20 The output from mapping Bromsgrove district's five digit BRES SIC data to the 38-sector economic forecast is shown in the table below. The 38 sectors are shown in the first two columns, then the 'jobs' columns shows how the jobs in the BRES data for Bromsgrove district map to these 38 sectors by types of space. Noteworthy is the total jobs in 2019 in the BRES data sum to 50,530, which is less than the 58,900 figure in the Experian forecast. This difference is that, as mentioned earlier, BRES excludes all or most self-employed jobs. The final set of columns identify the percentage of jobs within each forecast sector by type of space. These are the percentages that will be applied to the jobs in the base and plan years.

Table 5.2 Translating job sectors into types of space, Bromsgrove district, 2019

SI C	Sector	Jobs						Per cent of total jobs					2019 Jobs
		Core Industrial		Whse	Office	Other	Total	Core Industrial					
Mfr	Oth Indl	Mfr	Oth Indl					Whse	Office	Other	Mfr	Oth Indl	Whse
A	Agriculture, Forestry & Fishing	0	0	0	0	605	605	0%	0%	0%	0%	100%	400
B	Extraction & Mining	0	0	0	0	75	75	0%	0%	0%	0%	100%	0
C	Food, Drink & Tobacco (manufacture of)	280	0	0	0	0	280	100%	0%	0%	0%	0%	0
C	Textiles & Clothing (manufacture of)	70	0	0	0	0	70	100%	0%	0%	0%	0%	0
C	Wood & Paper (manufacture of)	110	0	0	0	0	110	100%	0%	0%	0%	0%	0
C	Printing and Recorded Media (manufacture of)	80	0	0	0	0	80	100%	0%	0%	0%	0%	500
C	Fuel Refining	0	0	0	0	0	0	0%	0%	0%	0%	0%	0
C	Chemicals (manufacture of)	0	0	0	0	0	0	0%	0%	0%	0%	0%	0
C	Pharmaceuticals (manufacture of)	0	0	0	0	0	0	0%	0%	0%	0%	0%	0
C	Non-Metallic Products (manufacture of)	140	0	0	0	0	140	100%	0%	0%	0%	0%	0
C	Metal Products (manufacture of)	290	0	0	0	0	290	100%	0%	0%	0%	0%	200
C	Computer & Electronic Products (manufacture of)	80	0	0	0	0	80	100%	0%	0%	0%	0%	0
C	Machinery & Equipment (manufacture of)	665	0	0	0	0	665	100%	0%	0%	0%	0%	700
C	Transport Equipment (manufacture of)	650	0	0	0	0	650	100%	0%	0%	0%	0%	800
C	Other Manufacturing	605	0	0	0	0	605	100%	0%	0%	0%	0%	1,300
D/E	Utilities	0	85	0	0	60	145	0%	59%	0%	0%	41%	200
F	Construction of Buildings	0	0	0	0	950	950	0%	0%	0%	0%	100%	1,700
F	Civil Engineering	0	0	0	0	150	150	0%	0%	0%	0%	100%	200
F	Specialised Construction Activities	0	2,320	0	0	80	2,400	0%	97%	0%	0%	3%	3,900
G	Wholesale	0	360	1,890	0	625	2,875	0%	13%	66%	0%	22%	3,100
G	Retail	0	0	0	0	2,445	2,445	0%	0%	0%	0%	100%	2,500
H	Land Transport, Storage & Post	0	0	1,255	0	230	1,485	0%	0%	85%	0%	15%	5,400
H	Air & Water Transport	0	0	0	0	0	0	0%	0%	0%	0%	0%	0
I	Accommodation & Food Services	0	0	0	0	3,665	3,665	0%	0%	0%	0%	100%	3,500
R	Recreation	0	0	0	0	1,030	1,030	0%	0%	0%	0%	100%	1,700
J	Media Activities	0	0	0	145	5	150	0%	0%	0%	97%	3%	433
J	Telecoms	0	0	0	0	155	155	0%	0%	0%	0%	100%	33
J	Computing & Information Services	0	0	0	1,045	0	1,045	0%	0%	0%	100%	0%	1,133
K	Finance	0	0	0	1,115	0	1,115	0%	0%	0%	100%	0%	1,100
K	Insurance & Pensions	0	0	0	800	0	800	0%	0%	0%	100%	0%	900
L	Real Estate	0	0	0	890	0	890	0%	0%	0%	100%	0%	900
M	Professional services	0	0	0	2,320	285	2,605	0%	0%	0%	89%	11%	3,700
N	Administrative & Supportive Services	88	83	104	10,526	2,719	13,520	1%	1%	1%	78%	20%	11,100
S	Other Private Services	0	40	0	430	575	1,045	0%	4%	0%	41%	55%	1,700
O	Public Administration & Defence	0	0	0	350	730	1,080	0%	0%	0%	32%	68%	1,000
P	Education	0	0	0	0	3,805	3,805	0%	0%	0%	0%	100%	4,200
Q	Health	0	0	0	0	2,125	2,125	0%	0%	0%	0%	100%	2,800
Q	Residential Care & Social Work	0	0	0	0	3,400	3,400	0%	0%	0%	0%	100%	3,800
TOTALS		3,058	2,888	3,249	17,621	23,714	50,530	6%	6%	6%	35%	47%	58,900

Source: Experian Regional Economic Service April 2021, Stantec

5.21 In 2019, estimated jobs in the industrial sector - manufacturing and 'other' industrial and warehousing account for 18% of total jobs in Bromsgrove district. Office jobs account for double the industrial sector at 35%, and collectively these four sectors, for

which the Council needs to plan for account for just over half of all jobs in the district. All other job sectors – such as health, education and retail account for 47% of all jobs.

5.22 Next, we apply the sector proportions of type of space to the job numbers in the economic forecast.

Table 5.3 Jobs by type of space, Bromsgrove district baseline forecast, 2019-2040

SIC	Sector	Jobs			Jobs change by type of space			
		2019	2040	Change	Industrial	Whsing	Office	Other
A	Agriculture, Forestry & Fishing	400	100	-300	0	0	0	-300
B	Extraction & Mining	0	0	0	0	0	0	0
C	Food, Drink & Tobacco (manufacture of)	0	0	0	0	0	0	0
C	Textiles & Clothing (manufacture of)	0	0	0	0	0	0	0
C	Wood & Paper (manufacture of)	0	0	0	0	0	0	0
C	Printing and Recorded Media (manufacture of)	500	300	-200	-200	0	0	0
C	Fuel Refining	0	0	0	0	0	0	0
C	Chemicals (manufacture of)	0	0	0	0	0	0	0
C	Pharmaceuticals (manufacture of)	0	0	0	0	0	0	0
C	Non-Metallic Products (manufacture of)	0	0	0	0	0	0	0
C	Metal Products (manufacture of)	200	200	0	0	0	0	0
C	Computer & Electronic Products (manufacture of)	0	0	0	0	0	0	0
C	Machinery & Equipment (manufacture of)	700	400	-300	-300	0	0	0
C	Transport Equipment (manufacture of)	800	800	0	0	0	0	0
C	Other Manufacturing	1,300	1,400	100	100	0	0	0
D/E	Utilities	200	200	0	0	0	0	0
F	Construction of Buildings	1,700	1,500	-200	0	0	0	-200
F	Civil Engineering	200	200	0	0	0	0	0
F	Specialised Construction Activities	3,900	3,900	0	0	0	0	0
G	Wholesale	3,100	3,100	0	0	0	0	0
G	Retail	2,500	2,500	0	0	0	0	0
H	Land Transport, Storage & Post	5,400	6,600	1,200	0	1,014	0	186
H	Air & Water Transport	0	0	0	0	0	0	0
I	Accommodation & Food Services	3,500	3,900	400	0	0	0	400
R	Recreation	1,700	1,800	100	0	0	0	100
J	Media Activities	433	467	33	0	0	32	1
J	Telecoms	33	67	33	0	0	0	33
J	Computing & Information Services	1,133	1,167	33	0	0	33	0
K	Finance	1,100	1,350	250	0	0	250	0
K	Insurance & Pensions	900	850	-50	0	0	-50	0
L	Real Estate	900	1,000	100	0	0	100	0
M	Professional services	3,700	4,700	1,000	0	0	891	109
N	Administrative & Supportive Services	11,100	11,400	300	4	2	234	60
S	Other Private Services	1,700	1,800	100	4	0	41	55
O	Public Administration & Defence	1,000	1,100	100	0	0	32	68
P	Education	4,200	4,500	300	0	0	0	300
Q	Health	2,800	3,600	800	0	0	0	800
Q	Residential Care & Social Work	3,800	4,200	400	0	0	0	400
TOTALS		58,900	63,100	4,200	-392	1,016	1,563	2,013

Source: Experian, BRES, Stantec

5.23 The baseline forecast for Bromsgrove district shows a growth of 4,200 jobs overall (as summed in the 'change' column above. The final four columns in the table to the right identify the type of space that the jobs are likely to occupy. Just over half the jobs are in the types of space (core industrial, warehousing and office) that need to be planned for in this study. Change is marginally negative for core industrial, but positive for warehousing and office. The warehousing jobs, although fewer than the

office jobs are significant in number, and generate significant demand for land as we shall see later.

5.24 The corresponding table for the high scenario is below, and identifies just over 5,900 jobs in total, which is 1,700 more jobs than the baseline scenario.

Table 5.4 Jobs by type of space, Bromsgrove district high scenario, 2019-40

SIC	Sector	Jobs			Jobs change by type of space			
		2019	2040	Change	Industrial	Whsing	Office	Other
A	Agriculture, Forestry & Fishing	400	103	-297	0	0	0	-297
B	Extraction & Mining	0	0	0	0	0	0	0
C	Food, Drink & Tobacco (manufacture of)	0	0	0	0	0	0	0
C	Textiles & Clothing (manufacture of)	0	0	0	0	0	0	0
C	Wood & Paper (manufacture of)	0	0	0	0	0	0	0
C	Printing and Recorded Media (manufacture of)	500	308	-192	-192	0	0	0
C	Fuel Refining	0	0	0	0	0	0	0
C	Chemicals (manufacture of)	0	0	0	0	0	0	0
C	Pharmaceuticals (manufacture of)	0	0	0	0	0	0	0
C	Non-Metallic Products (manufacture of)	0	0	0	0	0	0	0
C	Metal Products (manufacture of)	200	205	5	5	0	0	0
C	Computer & Electronic Products (manufacture of)	0	0	0	0	0	0	0
C	Machinery & Equipment (manufacture of)	700	411	-289	-289	0	0	0
C	Transport Equipment (manufacture of)	800	822	22	22	0	0	0
C	Other Manufacturing	1,300	1,438	138	138	0	0	0
D/E	Utilities	200	205	5	3	0	0	2
F	Construction of Buildings	1,700	1,541	-159	0	0	0	-159
F	Civil Engineering	200	205	5	0	0	0	5
F	Specialised Construction Activities	3,900	4,006	106	102	0	0	4
G	Wholesale	3,100	3,184	84	11	55	0	18
G	Retail	2,500	2,568	68	0	0	0	68
H	Land Transport, Storage & Post	5,400	6,779	1,379	0	1,165	0	214
H	Air & Water Transport	0	0	0	0	0	0	0
I	Accommodation & Food Services	3,500	4,006	506	0	0	0	506
R	Recreation	1,700	1,849	149	0	0	0	149
J	Media Activities	433	479	46	0	0	44	2
J	Telecoms	33	68	35	0	0	0	35
J	Computing & Information Services	1,133	1,198	65	0	0	65	0
K	Finance	1,100	1,387	287	0	0	287	0
K	Insurance & Pensions	900	873	-27	0	0	-27	0
L	Real Estate	900	1,027	127	0	0	127	0
M	Professional services	3,700	4,827	1,127	0	0	1,004	123
N	Administrative & Supportive Services	11,100	11,709	609	8	5	474	122
S	Other Private Services	1,700	1,849	149	6	0	61	82
O	Public Administration & Defence	1,000	1,130	130	0	0	42	88
P	Education	4,200	4,622	422	0	0	0	422
Q	Health	2,800	3,697	897	0	0	0	897
Q	Residential Care & Social Work	3,800	4,314	514	0	0	0	514
TOTALS		58,900	64,809	5,909	-187	1,225	2,077	2,793

Source: Experian, BRES, Stantec

5.25 Compared to the baseline, the extra jobs reduce the core industrial job losses by around 200, increase the warehousing job growth by 200 from 1,016 to 1,225 and increase office jobs by 500 to 2,077. With the balance 800 jobs being the increase in the 'other' aggregation of job sectors to 2,793.

Step 2 Net demand for space

Method

5.26 This step has four stages:

- First, we identify how much net additional floorspace the net additional jobs will require;
- Second, we make an allowance for some flexibility in the market – referred to as the vacancy factor;
- Third, we make an allowance for any current under-provision or over-provision in the existing stock – the stock vacancy adjustment;
- Fourth, we translate floorspace into land area.

5.27 We expand on these stages below.

Density ratios

5.28 Each new job generates a requirement for additional floorspace; the floorspace needed for a job is referred to as the employment density ratio. We can base the floorspace required for each type of use on a locally calculated estimate using Valuation Office Agency (VOA) floorspace data and our estimate of jobs by type of space. We do this routinely, and the density ratios calculated in this way have proved reliable. However, for the reasons discussed above historic job numbers mean we cannot trust the output here, and so we default to the density ratios in the HCA Employment Densities Guide⁴¹. That guide, published in 2015 is the most recent evidence on employment densities and is an industry standard source for this purpose. The guide identifies densities for a number of different sub-categories of the use classes:

- For industrial the HCA range is 36 sq m Gross Internal Area⁴² (GIA) /worker for B2 and for light industrial 47 sq m Net Internal Area⁴³ (NIA) / worker. To ensure consistent data, we calculate the GIA for light industrial by adding 15% as advised in the HCA guide and then average the sum of the B2 and light industrial to arrive at 45 sq m GIA / worker for the combined industrial class. We convert NIA to GIA rather than the other way round because data for one of the adjustments made here uses GIA floorspace, and ultimately GIA is what is required for planning purposes.
- The guide identifies three types of warehousing: national distribution centres, regional distribution centres and 'final mile'. For Bromsgrove district we consider the latter two types most likely (and the former unlikely), and so we take the mid-point of the 77 sq m and 70 sq m / worker Gross External Area (GEA) that equals 73.5 sq m GEA/worker. The HCA Guide advises that for warehouses the net area

⁴¹ Homes and Communities Agency, Employment Density Guide 3rd edition, Nov 2015

⁴² Gross Internal Area refers to the entire area inside the external walls of a building and includes corridors, lifts, plant rooms, service accommodation (e.g. toilets).

⁴³ Net Internal Area includes entrance halls, kitchens and cleaners' cupboards, but excludes corridors, internal walls, stairwells, lifts, WCs and other communal areas.

can be as much as 95% of the gross area, and so to convert GEA to GIA it advises a reduction of 5%. The density ratio therefore works out as 70 sq m /worker.

- 5.29 We assume that the floorspace per job ratios for the base year continue unchanged over the forecast period.

Vacancy factor

- 5.30 To this demand for space generated by future change in jobs we make an allowance for some flexibility in the market – referred to in the tables that follow as the vacancy factor. This is because in a healthy property market there should always be some vacant floorspace, to allow for units that are empty between tenancies (perhaps while they are being refurbished) and generally for choice and competition. As a rule of thumb, property agents generally agree that this ‘normal’ or ‘natural’ vacancy should be between 5% and 10% of the floorspace stock. We have used the mid-point of these figures, 7.5%.

- 5.31 A natural vacancy of 7.5% means that, of every 100 sq m of space, 92.5 sq m would be occupied and 7.5 sq m would be vacant. Therefore, for every 92.5 sq m of additional space that will be taken up by occupiers, developers will aim to provide a further 7.5 sq m that will remain vacant. Hence the developer demand for net additional space will be $7.5 / 92.5 = 8.1\%$ above occupier demand.

Under-provision in the existing stock

- 5.32 The third and final addition made in the net demand calculation is an allowance for current under-provision in the existing stock. This is referred to on the tables that follow as the ‘stock vacancy adjustment’. This builds in a little flexibility because an efficient property market needs between 5-10% vacant space to provide for choice and flexibility, thus we add a vacancy factor allowance to return the existing stock to 7.5% vacancy where it is below 7.5%, or make a deduction where there is surplus vacant stock, i.e. where vacancy exceeds 7.5%.
- 5.33 The existing stock adjustment is done in aggregate because the main data source for this - the VOA, does not provide separate data for core industrial and warehousing.

Translate floorspace to land area

- 5.34 The industrial floorspace demand is then converted into a land requirement, using the standard plot ratio of 40% (4,000 sq m of floorspace per hectare of land area).

Results

- 5.35 The tables below show the forecast demand for net additional industrial space.

Table 5.5 Demand for net additional industrial floorspace and land, Bromsgrove district baseline scenario 2019-40

	Core industrial	Warehousing	Industrial
a Jobs change (2019-40)	-392	1,016	624
b Density factor (sq m GIA /job)	45	70	0
c Occupier demand (sq m GIA) [a*b]	-17,666	70,973	53,307
d Vacancy factor (sq m) [c*8.1%]	-1,431	5,749	4,318
e Stock vacancy adjustment (sq m GIA)			20,550
f Net demand (c+d+e) (sq m GIA)			78,175
g Land (hectare)			20

Source: Stantec

As explained at para. 5.2, industrial space, shown in the last column, is the sum of core industrial and warehousing categories.

The calculation at row c may look slightly inaccurate due to rounding.

5.36 The table shows that for core industrial the job forecast and therefore the floorspace demand are marginally negative, much less so than it has been in the past, but forecast job losses inevitably produce a negative demand for space. For warehousing the forecast is positive, generating a 77,000 sq m demand (rows c & d). Combining these two elements of industrial demand identifies a 58,000 sq m occupier demand (rows c and d, last column).

5.37 The final allowance shown in the net demand table above is the stock vacancy adjustment (row e). This is the additional floorspace that would be required, over and above the existing stock, to lift vacancy in the base year to the 'natural rate' of 7.5%. In that base year, 2019, industrial vacancy stood at 2.9%. To lift it to 7.5% would need the stock to increase by $7.5\% - 2.9\% = 4.6\%$. At 2019 Bromsgrove district had 4,350 thousand sq m of industrial floorspace, as measured by the Valuation Office Agency. Therefore the stock vacancy adjustment is

$$4,359,000 \times 0.046 = 20,550 \text{ sq m}^{44}$$

5.38 Net industrial demand totals 78,185 sq m. Of this total, 57,625 sq m ($53,077 + 4,318$) is space to accommodate future job growth. The remaining stock vacancy adjustment of 20,550 sq m is the additional space that would be needed to eliminate the current undersupply, so that the market is in balance today.

5.39 Just over 78,000 sq m, three quarters from forecast job growth and one quarter from correcting existing under-provision, equates in land terms at the industry standard 40% plot ratio to a 20 ha requirement.

5.40 Next we repeat the industrial net demand calculation for the high scenario.

⁴⁴ Figures have been rounded

Table 5.6. Demand for net additional industrial floorspace and land, Bromsgrove district high scenario, 2019-40

	Core industrial	Warehousing	Industrial
a Jobs change (2019-40)	-187	1,225	1,038
b Density factor (sq m GIA /job)	45	70	0
c Occupier demand (sq m GIA) [a*b]	-8,414	85,537	77,123
d Vacancy factor (sq m) [c*8.1%]	-682	6,929	6,247
e Stock vacancy adjustment (sq m GIA)			20,550
f Net demand (c+d+e) (sq m GIA)			103,920
g Land (hectare)			26

Source: Stantec.

As explained at para. 5.2, industrial space is the sum of core industrial and warehousing categories. The calculation at row c may look slightly inaccurate due to rounding.

- 5.41 Compared to the baseline, the high scenario adds around 400 jobs overall, which requires an additional 26,000 sq m, lifting the net floorspace demand to 103,920 sq m. Of this total, 83,370 sq m (77,123+6,427) is space to accommodate future job growth. The remaining stock vacancy adjustment of 20,550 sq m is the additional space that would be needed to eliminate the current undersupply, so that the market is in balance today. That stock vacancy adjustment is the same in both scenarios, because it does not depend on future job growth, only on the current market balance.
- 5.42 Over the 21-year study period, annual net demand averages between 1.1 ha and 1.4 ha, depending on the scenario.

Step 3 Gross demand

- 5.43 The table below starts with net demand for baseline and high scenarios, and then identifies losses of industrial floorspace completed since 2019 (h), losses of industrial space implied by outstanding planning permissions (a) and losses identified through plan allocations (j). Total future losses are given (k) and then gross demand is summed in floorspace terms (l) and in land terms (m). Losses are taken from Council monitoring data to 31 March 2020⁴⁵.

⁴⁵ Here and throughout the analysis, we would normally use the latest monitoring data, which are to 31 March 2021. But in this case we use data to 31 March 2020, because the year 2020/21 (to 31 March 2021) is likely to be untypical due to the pandemic. In practice, there was no significant development in 2020/21.

Table 5.7 Gross demand for industrial floorspace and land, Bromsgrove district, 2019-40

	Baseline scenario	High scenario
g Net demand, sq m GIA	78,175	103,920
Future losses, sq m GIA		
h Completions 2019/20, sq m GIA	570	570
i Planning permissions, sq m GIA	6,020	6,020
j Plan allocations, sq m GIA	0	0
k Total future losses, sq m GIA (h+i+j)	6,590	6,590
l Gross demand, sq m GIA	84,765	110,510
m Gross demand, hectares	21	28

Source: Bromsgrove District Council, Stantec

- 5.44 We have calculated the losses from monitoring data provided by the Council. The completed loss is:
- The Retreat, Curr Lane, Upper Bentley, Redditch where storage buildings have been replaced by dwellings.
- 5.45 There are four unimplemented planning permissions that each result in an industrial loss, with the main scheme being:
- Kiln Court, Scarfield Hill, Alvechurch where construction is underway, and the loss is 5,280 sq m of the industrial stock.
- 5.46 In the baseline scenario, the gross industrial demand is approximately 85,000 sq m, which at a 40% plot ratio requires 21 ha of land. In the high scenario gross demand is for 111,000 sq m of floorspace, or 28 ha of land.

Step 4 Gross supply

- 5.47 The table below summarises the industrial supply pipeline and the text that follows identifies specific schemes and sites. Total outstanding supply totals some 60,000 sq m of floorspace, equivalent to 15 ha of land area.

Table 5.8 Gross planned supply of industrial land, Bromsgrove district, 2019

Floorspace and land area		
n	Completions, sq m	0
o	Planning permissions, sq m	8,420
p	Plan allocations, sq m	52,020
q	Total supply, sq m GIA	60,440
r	Total supply, hectares	15

Source: Bromsgrove District Council, Stantec

- 5.48 No new industrial space was delivered in 2019/2020. At 31 March 2020 there were five schemes with planning permission that total to 8,420 sq m, but are yet to be implemented. These are:
- Land adjacent Corbett Business Park, Shaw Lane, Stoke Prior, which is the largest with 3,700 sq m of consented floorspace;
 - The next largest is Plot 3B Buntsford Drive, which has permission for 2,800 sq m;
 - 23 Aston Road, Bromsgrove has permission for 1,300 sq m;
 - The final two schemes are small in scale at 138 Hanbury Road, Stoke Prior and Land adjacent to Unit 31 Sugarbrook Road, Bromsgrove.
- 5.49 The plan allocations are much more substantial, totalling 52,000 sq m. These are:
- Bromsgrove Technology Park (BROM 7) – where 9 ha in total has been available for around 10 years but not taken up. At a standard industrial plot ratio of 40% the site could deliver 36,000 sq m of industrial floorspace.
 - Land at Perryfields Road within the allocated BROM2 Sustainable Urban Extension area. In August 2021 (after our monitoring date of 31 March 2020) a planning application was granted on appeal for a scheme that provides 12,500 sq m of light industrial floorspace (as well as offices).
 - The final and much the smallest allocation is Land at Buntsford Hill Phase 3 (BROM8a). It provides 0.84 ha, which could support an estimated 3,400 sq m of industrial floorspace.

Step 5 Demand-supply balance

- 5.50 The table below compares gross demand with gross supply, for both demand scenarios.

Table 5.9 Industrial market balance, Bromsgrove district, 2019-40

	Baseline scenario	High growth scenario
Floorspace, sq m		
Gross demand (sq m)	84,765	110,510
Gross supply (sq m)	60,400	60,400
Over (under) supply (sq m)	-24,365	-50,110
Land area, ha		
Gross demand (hectare)	21	28
Gross supply (hectare)	15	15
Over (under) supply (hectare)	-6	-13

Source: Stantec

- 5.51 On this calculation, the district has a shortfall of industrial land of 6 ha under the baseline scenario, which doubles to 13 ha under the high scenario.
- 5.52 The supply-demand-calculation does not show separate results for core industrial and warehousing space, because some of the data we use, such as vacancy, does not distinguish between those two sectors. This is a reflection of property market reality, as many buildings and sites are equally suitable for both uses.
- 5.53 This quantitative balance does not tell the whole truth about the demand-supply relationship. The planned land supply shown in the table will not deliver real buildings or real jobs, until landowners and developers turn it into market supply. This in turn will only happen if the sites provided are attractive to occupiers and financially viable to develop. But more than half of Bromsgrove district's industrial land supply is at one site, Bromsgrove Technology Park, which has been available for many years without coming forward (the remaining supply is a collection of much smaller schemes). This raises the question of whether the Technology Park allocation has realistic prospects of being taken up. If it were not, Bromsgrove district would have no significant sites for industrial development. We will consider this question as part of the property market analysis in Chapter 6.

Office uses

- 5.54 To assess demand and supply for offices, we use the same method as for industrial uses. Below, we provide the results of the assessment without explaining the method again, except where it differs from the method used for industrial.

Step 1 Jobs by sector to jobs by type of space

- 5.55 Numbers of office jobs are shown in Table 5.2 and Table 5.3 above, together with industrial jobs. Forecast growth in office jobs in 2019-40 under the baseline is 1,563 jobs. The high growth scenario adds just over 500 jobs, to a total of 2,077.

Step 2 Net demand for land

Method

- 5.56 First, we consider what employment density ratio is appropriate for offices in Bromsgrove district. The HCA Guide identifies a very narrow range for general office functions, at 10-13 sq m/worker Net Internal Area (NIA). Professional services has a density of 12 sq m NIA, and so we use 12 sq m / worker. When we come to convert the office floorspace to Gross Internal Area (GIA), we do so by increasing the NIA by 15% as advised in the HCA guide.
- 5.57 As we did for industrial space, we assume that job density in offices is fixed over the forecast period. In relation to offices this is a generous assumption, because changing working practices, may lead to ongoing and future reductions in the floorspace per worker ratio. Evidence suggests that before Covid-19, the ratio was already falling, and that the pandemic has accelerated change, so that in future more office workers will be working remotely, for a higher proportion of the time.
- 5.58 In the tables below we do not translate office floorspace into land area, because plot ratios can vary enormously, depending on setting. In particular, the ratios are normally much higher in town centres than out of town. For Bromsgrove, where it is necessary to estimate land areas, as broad assumptions our experience suggests 100% (10,000 sq m of floorspace per ha of land area) for the town centre and 60% (6,000 sq m per ha) in out-of-town business parks.

Results

- 5.59 In round numbers, the forecast demand for net additional offices is 32,000 sq m in the baseline scenario and 39,000 sq m in the high scenario. Over the 21-year study period, this makes an annual average of 1,600-2,000 sq m p.a., depending on the scenario.

Table 5.10 Net demand for office floorspace, Bromsgrove district, 2019-40

	Baseline scenario	High growth scenario
a Jobs change (2019-40)	1,563	2,077
b Density factor (sq m NIA /job)	12	12
c Occupier demand (sq m NIA) [a*b]	18,759	24,925
d Vacancy factor (sq m NIA) [c*8.1%]	1,520	2,019
e Stock vacancy adjustment (sq m NIA)	6,005	6,005
f Net demand (c+d+e) (sq m NIA)	26,284	32,949
g Net demand sq m GIA (g/0.85)	30,922	38,764

Source: Stantec

- 5.60 These figures are a maximum, and could well be overestimates. This is because, as noted earlier, they assume that floorspace per job is fixed at a figure taken from the 2015 HCA guidance. In practice, it may be that floorspace per head is falling and will continue, partly due to the impact of the pandemic – which may result in much more remote working in the future. Even before the pandemic, in many other studies over the years we found that actual growth in office floorspace fell far short of what would have been expected on the basis of job growth. In our opinion this is largely due to changing ways of working, which long pre-date the pandemic.

Step 3 Gross demand

- 5.61 There are no completed losses to other uses to report and no planned losses in the allocations. But in the planning pipeline there are five unimplemented planning permissions and permitted development prior approvals that imply a total loss of office space, totalling 6,000 sq m. Most of these commitments are very small. The largest is Bordesley Hall, The Holloway, Alvechurch, where prior approval has been granted for change of use from office (approximately 4,600 sq m⁴⁶) to residential.
- 5.62 In round numbers, over the 21-year study period the resulting gross demand for offices is 37,000 sq m in the baseline scenario and 45,000 sq m in the high scenario. Based on the broad-assumption plot ratios suggested earlier (para 5.58), in the town centre this would take up 3.7-4.5 ha of land, depending on the scenario. In out-of-town business parks it would take up 6.1-7.5 ha. The annual average demand is between 1,750 sq m and 2,120 sq m, depending on the scenario. These figures are probably a maximum and could well be overestimates, like the net demand figures from which they are derived.

⁴⁶ No information is provided in the PA application as to the office floorspace to be lost. The figure is a Stantec estimate based on the PA block plans.

Table 5.11 Gross demand for office floorspace, Bromsgrove district, 2019-40

	Baseline scenario Sq m	High growth Sq m
g Net demand (sq m GIA)	30,922	38,764
Future losses		
h Completions 2019-20	0	0
i Planning permissions	5,851	5,851
j Plan allocations	0	0
k Total future losses (h+i+j)	5,851	5,851
l Gross demand (sq m GIA)	36,773	44,615

Source: Stantec

Step 4 Gross supply

5.63 There have been no office completions in 2019/20 and there are no office schemes in the permitted pipeline. Two sites are allocated for office use:

- Wythall Green Business Park includes a large out-of-town office building occupied by the Phoenix Life Group. Some 6 ha remain available for development. The site is two miles from M42 Junction 3 (within five minutes' drive-time), but has been available for a number of years and not come forward. A lapsed permission promoted the site for 24,500 sq m of office floorspace.
- Land at Perryfields Road within the allocated BROM2 Sustainable Urban Extension area. As mentioned earlier, an employment proposal for this site was recently granted on appeal. The scheme includes 7,500 sq m of office floorspace (in addition to the light industrial uses discussed earlier).

5.64 Together, these two sites could provide at least 32,000 sq m office floorspace.

Table 5.12 Gross planned supply of office floorspace, Bromsgrove district, 2019

	Sq m
m Completions 2019-20	0
n Planning permissions	0
o Plan allocations	31,995
p Total supply (sq m GIA)	31,995

Source: Bromsgrove District Council, Stantec

Step 5 Demand-supply balance

Table 5.13 Offices market balance, Bromsgrove district, 2019-40

	Baseline scenario	High growth scenario
l Gross demand (sq m GIA)	36,773	44,615
p Total supply (sq m GIA)	31,995	31,995
q Over (under) supply (p-l) (sq m GIA)	-4,778	-12,620

Source: Stantec

- 5.65 In purely quantitative terms, demand and supply are almost aligned, with small supply deficits of some 5,000 sq m in the baseline and 13,000 sq m in the high scenario. Based on our broad-assumption plot ratios, to fill the gap would require 0.5-1.3 ha if new offices were to be in the town centre or 0.8-2.1 ha in out-of-town business parks. Since our demand forecast is a maximum estimate, this deficit is also a maximum estimate. Our market analysis suggests that there may be no deficit at all, as discussed in Chapter 6 below.
- 5.66 However, for offices as for industrial, there are questions about the quality of supply. The bulk of the district's office land supply is at one site, Wythall Green – which has been available for some years without coming forward. If Wythall Green were not attractive or viable for office development, Bromsgrove district's supply of land for offices would dwindle to an insignificant 7,495 sq m. We will assess Wythall Green as part of the market analysis in Chapter 6.

Past take-up

- 5.67 As discussed earlier, the PPG advises that one way of assessing employment land needs is to look at past take-up. That past take-up is shown in the table below, based on the Council's monitoring data.
- 5.68 For industrial land, annual net take-up averaged 0.2 ha in 2012/13 - 2020/21, and 0.4 ha in the shorter period from 2016/17 to 2020/21. By contrast, our forecast shows future annual net demand of 1.1 ha -1.4 ha, depending on the scenario.

Table 5.14 Industrial past take-up, Bromsgrove district

Year	Gross gains ha	Gross losses ha	Net change ha
2010-11	0.00	no data	-
2011-12	3.14	no data	-
2012-13	0.52	0.24	0.28
2013-14	0.13	0.00	0.13
2014-15	0.00	0.58	-0.58
2015-16	0.44	0.00	0.44
2016-17	0.11	0.00	0.11
2017-18	1.73	0.00	1.73
2018-19	0.22	0.00	0.22
2019-20	0.00	0.14	-0.14
2020-21	0.00	0.00	0.00
Per annum average			
2012-13 / 2020-21 (ha)			0.24
2016-17 / 2020-21 (ha)			0.38

Source: Bromsgrove District Council, Stantec

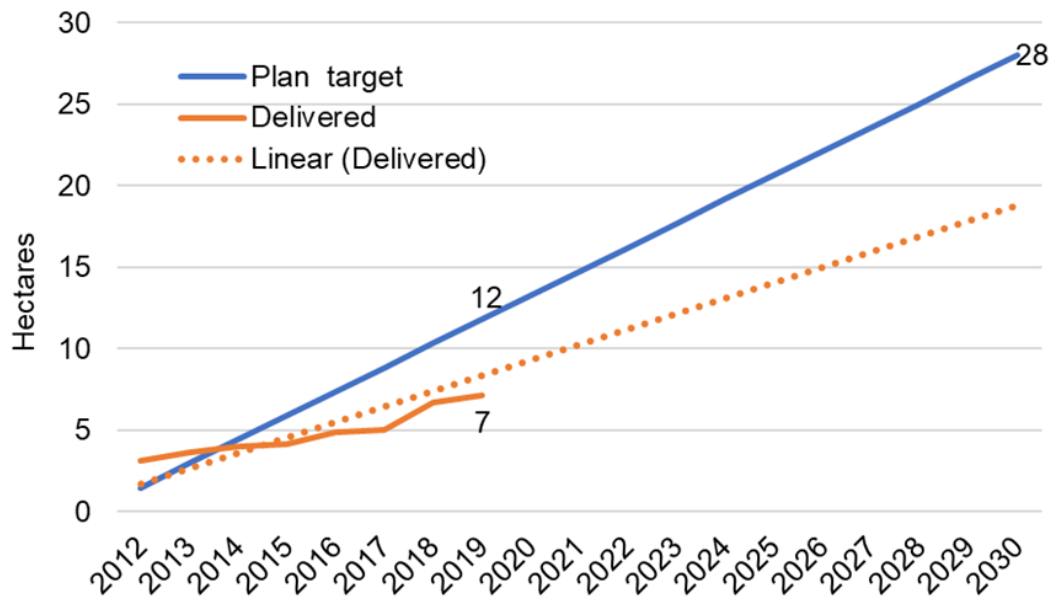
Table 5.15 Office past take-up, Bromsgrove district

Year	Gross gains sq m	Gross losses sq m	Net change sq m
2010-11	5,206	n/a	n/a
2011-12	0	n/a	n/a
2012-13	0	215	-215
2013-14	2,400	445	1,955
2014-15	1,300	2,781	-1,481
2015-16	1,189	650	539
2016-17	0	0	0
2017-18	0	1,437	-1,437
2018-19	328	762	-434
2019-20	0	0	0
2020-21	0	0	0
Per annum average			
2012-13 / 2020-21			-134
2016-17 / 2020-21			-374

Source: Bromsgrove District Council, Stantec

- 5.69 For offices, annual net take-up was negative in both the historical periods we have considered. By contrast, as shown earlier, our forecast shows positive demand in the future – although this is subject to caveats, because floorspace per head in future may be lower than our calculation assumes.
- 5.70 In short, the past take-up of employment land has been far below the future demand we have forecast. It has also been far below the targets in the adopted Local Plan, as shown in the chart below – where delivery is taken from the Council’s monitoring data.

Figure 5.1 Employment land delivered against adopted plan target



Source: Bromsgrove District Council, Stantec. The orange dotted line (labelled 'linear') shows the trend of land delivered.

5.71 The fact that past take-up is so low suggests that it may have been supply-constrained by lack of suitable land. In regard to industrial take-up, this is very much confirmed by the market analysis in Chapter 6 below. Because of this constraint, past take-up in this case is not a reliable indicator of future demand or need. But it is interesting in its own right, as it shows just how little new employment space Bromsgrove district has provided to businesses over the last decade.

Conclusions

5.72 Comparing forecast land need with planned land supply for the study period, 2019-40, our headline figures are:

- For industrial land (manufacturing and logistics), total need of 21-28 ha, and a supply deficit of 6-13 ha
- For offices, total need of 37,000-45,000 sq m, and a small deficit of 5,000-13,000 sq m.

5.73 The above figures are broad approximations surrounded by large uncertainties. On the demand side, we cannot be certain either about future jobs or about the employment densities that translate those jobs into employment space:

- The industrial demand figures are probably a minimum, because forecasts among other things are based on past growth, and the evidence suggests that for Bromsgrove district that past growth has been severely constrained by lack of land.
- The office demand figures are probably a maximum, because office floorspace per worker may continue to decline in future as more people work flexibly.

- 5.74 On the supply side, our figures may be overstated, because the planned supply identified in planning allocations and permissions may not come forward in practice. Both for industry and offices, the bulk of that planned supply is at a single site; and both those sites have been available for years but have not come forward, suggesting they may be unattractive to the market or financially unviable to develop.
- 5.75 In Chapter 6 below we will look at both demand and supply from a different angle, using market evidence. This new strand of analysis will complement the forecasts and planning data used in this chapter, by reality-checking the expected demand and gauging the market prospects of the land supply currently identified. In Chapter 7 we bring together the new strands of analysis to identify policy options for the Local Plan.

6 Employment land: Property market analysis

Overview

- 6.1 This chapter reviews the market for employment space in the district of Bromsgrove, covering office and industrial space (which covers both manufacturing (factories) and logistics (warehouses)).
- 6.2 For office and industrial space⁴⁷ in turn, we consider in turn demand, supply and the balance of the market. The main purpose of the analysis is to identify where there is potential demand for new floorspace, and hence a need for development land to be identified in the emerging plan.
- 6.3 In relation to demand, we identify the types of business that are taking space in the district or may consider doing so, and what property they are looking for in terms of size and quality. In relation to supply and market balance, we analyse the stock which is currently available, recently developed and in the pipeline, and the rental values that properties in the area are achieving. The purpose of our analysis is to determine:
- How far the existing floorspace stock is meeting current and foreseeable occupier requirements;
 - Hence, how far there is likely to be demand for more or different space, now or in the future;
 - Conversely, if property and land are oversupplied, overall or in particular sections of the market.
- 6.4 These findings help assess the potential demand for additional employment floorspace, over and above the existing stock – an indicator of the quantity and qualitative mix of development sites that the emerging plan should identify for employment uses.
- 6.5 A strength of the market-facing analysis is that it considers real-life property transactions, including the values (rents and prices) realised in such transactions, and whether these values are enough to support viable development. This provides evidence of effective, or viable, demand – which means that potential occupiers will pay enough, and (where relevant) provide sufficient covenant strength⁴⁸ to support financially viable development.
- 6.6 The main market indicators we have considered are rental values, recent take-up and floorspace availability. In a property market context, ‘take-up’ means businesses

⁴⁷ As stated earlier, the term ‘industrial’ in this report covers warehouses (logistics) as well as factories and workshops (manufacturing).

⁴⁸ A business tenant has strong covenant if there is good evidence that they will be in good financial health, and able to pay the rent, through the period of the tenancy.

taking occupation of business floorspace⁴⁹ Take-up covers both new-build and second-hand space (second-hand being the larger share of the market).

- 6.7 For evidence of take-up, availability and values, we have relied on the property market database CoStar and commercial property research reports, both for the market overall and individual properties. For the supply side analysis in the report, we have used availability figures as described by CoStar as follows:

'The total amount of space that is currently being marketed as available for lease or sale in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. CoStar includes only existing, under construction, and under renovation buildings in its statistical calculations of available space.'

- 6.8 Availability is different from vacancy, as availability indicates that a property is being advertised for occupation, but the property may not necessarily be vacant.
- 6.9 Total stock figures across the district have been derived from analysis of Valuation Office Agency (VOA) Non Domestic Rating statistics. This data provides a round figure of total business floorspace in square metres and total number of properties. We have cross-referenced this data with the CoStar availability data to provide an indication of availability rates. Cross-referencing the CoStar and VOA data does have limitations, as there is no guarantee that the two sources are consistent in regard to unit sizes and descriptions. The reason why there may be discrepancies with the unit type is that the VOA data has 117 description codes, which do not always correspond with the definition of employment premises as classified by CoStar. By contrast, properties listed on CoStar are divided into just three categories - industrial, light industrial and office – and some of them may fall outside the VOA definition of industrial or office units. Due to the figures being provided as a lump sum, it has not been possible to 'iron out' these discrepancies.
- 6.10 For evidence on the regional market, we have also referred to West Midlands Strategic Employment Sites Study, May 2021, by Avison Young and Arcadis.
- 6.11 Industrial property has been split into different floor area bandings as follows:
- X large: 23,225 sq m (250,000 sq ft) plus
 - Large: 9,290 - 23,224 sq m (100,000 – 249,999 sq ft)
 - Mid box: 4,645 – 9,289 sq m (50,000 - 99,999 sq ft)
 - Small box: 929 – 4,644 sq m (10,000 – 49,999 sq ft)
 - SME (small and medium enterprise) space: 0 - 928 sq m (0 – 9,999 sq ft)
- 6.12 Offices have been split into the following floor area bandings:
- Large: 4,645 sq m (50,000 sq ft) plus
 - Mid: 2,232 – 4,645 sq m (25,000 – 49,999 sq ft)

⁴⁹ By contrast, in a planning context 'take-up' means the development of new floorspace and the land used in the process.

- Small: 929 – 4,644 sq m (10,000 – 24,999 sq ft)
- SME space: 0 - 928 sq m (0 – 9,999 sq ft)

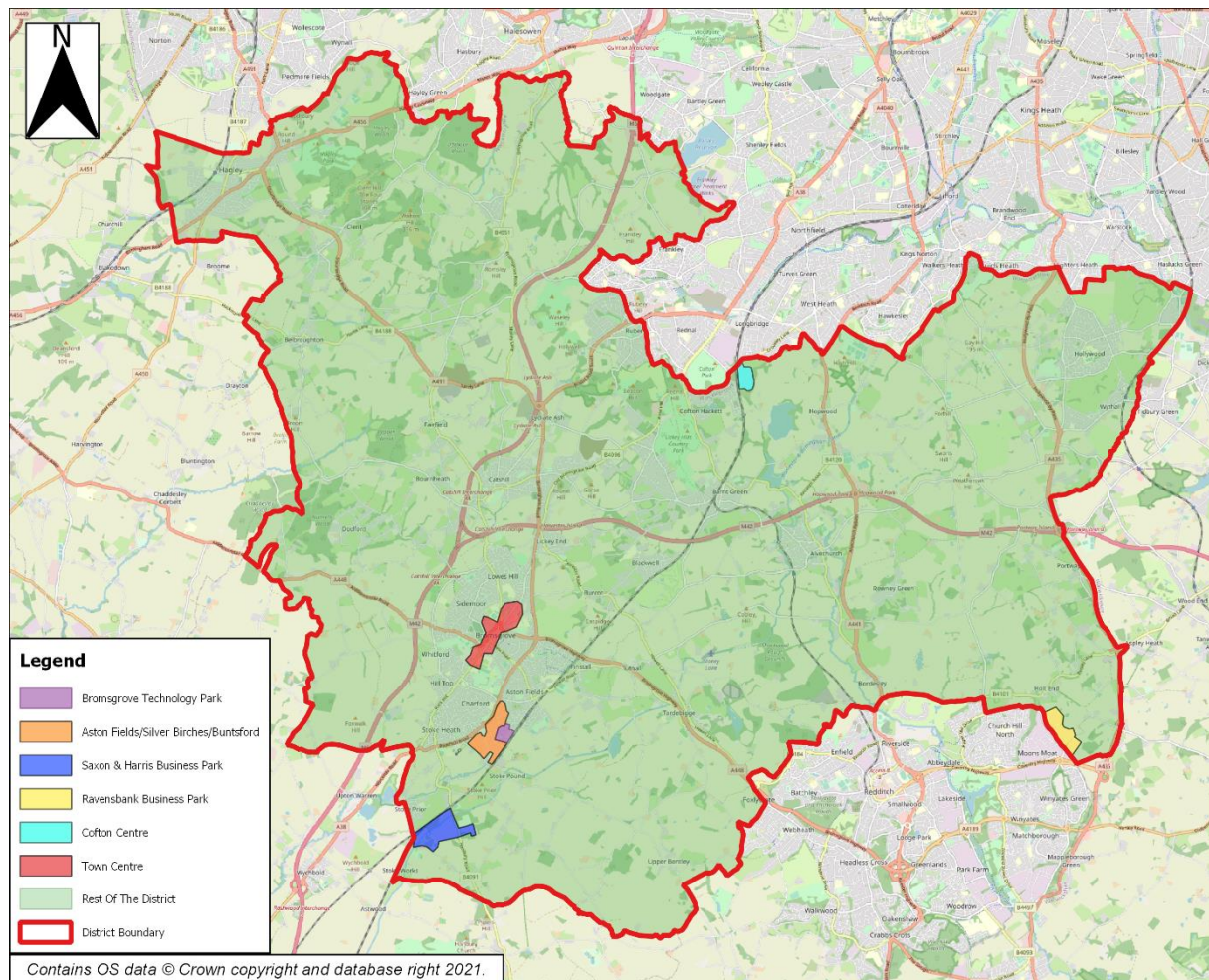
6.13 For greater qualitative understanding of the market, we have consulted property agents and developers, both by phone and at a virtual stakeholder event (a summary record of the event is at Appendix C).

Employment areas in Bromsgrove district

6.14 For our analysis, we have identified the main employment areas in the district as follows:

- Bromsgrove Technology Park – covers Bromsgrove Technology Park as detailed in the adopted Local Plan – includes Sapphire Court, Aston Court and Basepoint Business Centre.
- Aston Fields/Silver Birches/Buntsford, Bromsgrove – covers commercial property at Aston Fields Industrial & Trading Estates, Silver Birches Business Park and Buntsford Park Drive.
- Saxon & Harris Business Parks (Stoke Prior) – covers commercial property at Saxon & Harris Business Park, Corbett Business Park and the LG Harris site.
- Ravensbank Business Park (Redditch) – covers Ravensbank Business Park excluding the Amazon logistics unit at Redditch Eastern Gateway. For the purposes of the property market assessment, we analyse this because part of the site falls in the district boundary but acknowledge it meets the need (in planning terms) of Redditch borough.
- The Cofton Centre –located south east of the Longbridge regeneration area in Birmingham.
- Town Centre –comprises Bromsgrove Town Centre, as defined in the adopted Local Plan.
- Rest of the district – other employment areas that are found in the district.

Table 6.1 Bromsgrove district sub-areas



Source: OS data, AspinallVerdi, July 2021

The industrial market

6.15 For our market analysis, we consider manufacturing and logistics uses (E(g)(iii), B2 and B8) as one property market sector, rather than separate industrial and logistics. This is because, in Bromsgrove district, despite there being occupier demand for logistics property, there has been a lack of new supply, so for logistics there is no meaningful data to analyse. We therefore have had to analyse the market as a whole and draw out the relevant data where available.

Regional overview

- 6.16 The West Midlands is one of the UK's main industrial locations, Occupiers are attracted to the area due to many reasons that include:
- Strategic access - able to access the majority of the country in the maximum permitted drive time without the need for a break.
 - Airport access – although the district does not have its own airport the M42 provides easy access to both Birmingham International and East Midlands

airports. The East Midlands airport is important for the industrial market, as it is the second largest freight airport in the UK after Heathrow. The airport handles over 440,000 tonnes of freight each year, and is a hub for DHL, UPS, FedEx and Royal Mail.⁵⁰

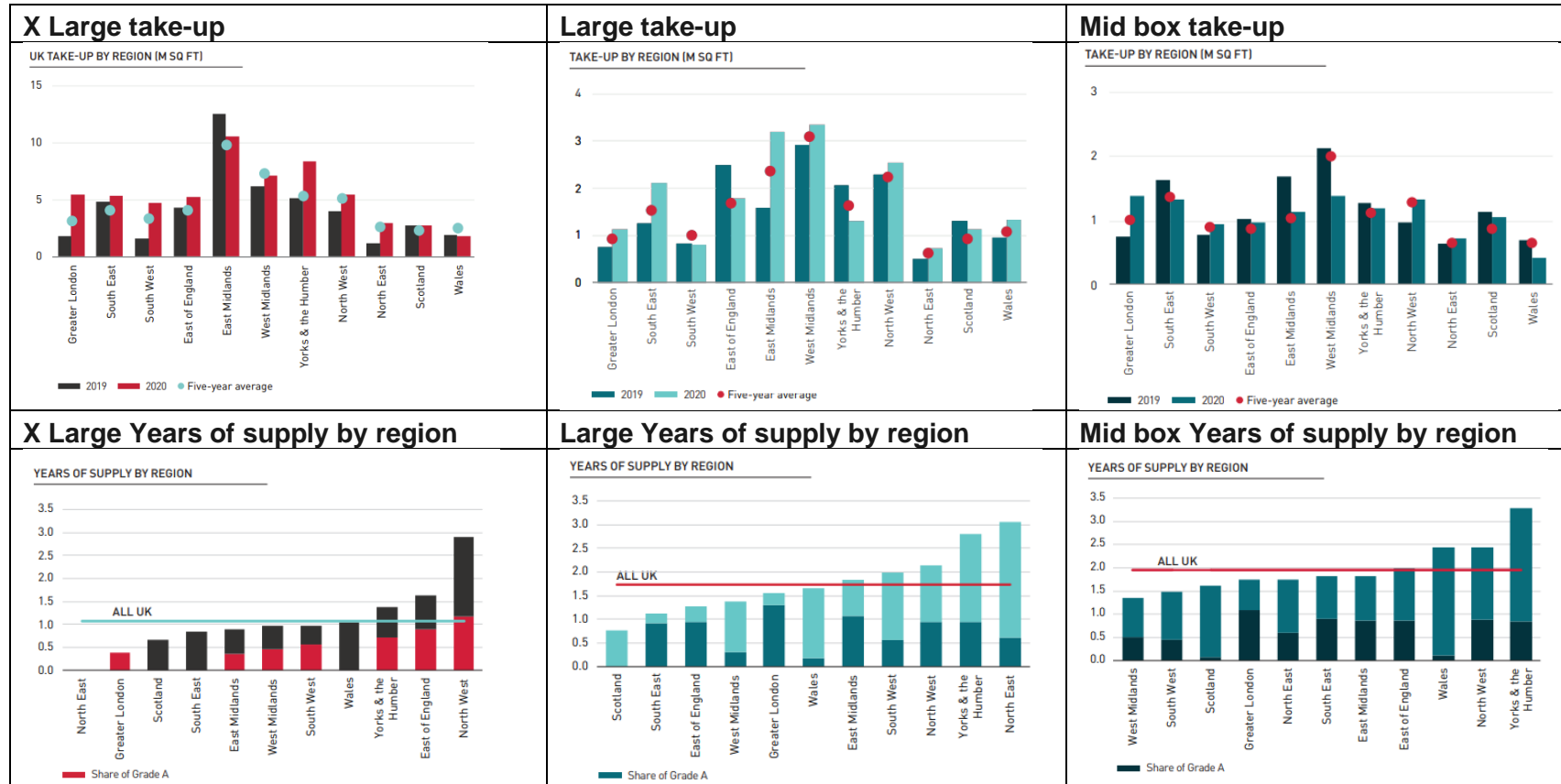
- Long history of manufacturing – the area has a long and established manufacturing history, especially in the automotive industry. Historically, the area had companies like Rover and LDV, both of which are closed, but Jaguar Land Rover and Aston Martin remain. This long history means the area has a skilled workforce in this sector which is attractive to occupiers.

6.17 As shown in the charts below, take-up of industrial space across the West Midlands is strong; the region has some of the highest take-up across all regions and unit sizes. The majority of take-up for the XL and large units has come from e-commerce and third-party logistics (3PLs). Whereas take-up for the mid-sized units has come from last mile logistics and manufacturing. The research does not break the analysis down into small and SME space – therefore we cannot draw any data.

6.18 The Lambert Smith Hampton research below shows that floorspace supply (availability of new and second-hand space) in the West Midlands is constrained. Across all unit sizes analysed the West Midlands supply is below the UK averages. The mid box market appears particularly constrained in the West Midlands, as it has the lowest level of supply compared to other regions.

⁵⁰ <https://www.eastmidlandsairport.com/about-us/cargo/>

Figure 6.1 Take-up and availability

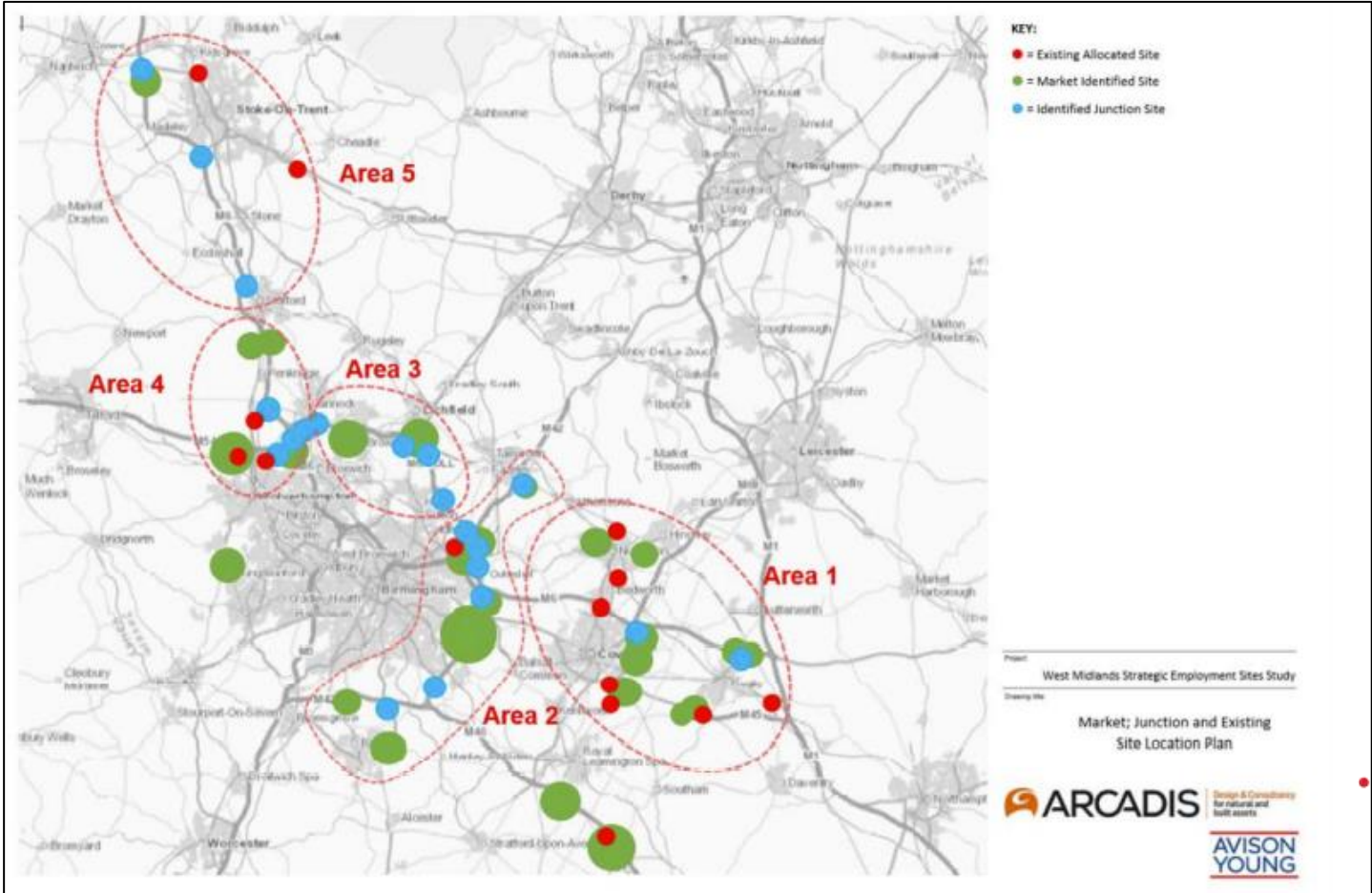


Source: Lambert Smith Hampton, Industrial & Logistics 2021

6.19 The West Midlands Strategic Employment Sites Study⁵¹ identifies existing and potential strategic industrial sites. The focus of the analysis are sites of 25 hectares (62 acres) plus in 'key locations', with key locations being those areas identified in Figure 6.2 overleaf.

⁵¹ Avison Young & Arcadis, May 2021, West Midlands Strategic Employment Sites Study

Figure 6.2 West Midlands ‘Key Locations’



Source: West Midlands Strategic Employment Sites Study, May 2021 Page 2

6.20 As summarised in Figure 6.3, the study identifies 71 hectares of allocated sites, equating to less than 1-year supply along the M42 corridor (shown as Area 2 on Figure 6-2). The study identifies 905 hectares being promoted but as even the study admits not all these sites are likely to be allocated.⁵²

Figure 6.3 Existing and potential supply in key locations

	M42 Corridor	M6 East Corridor	M6 Toll	Black Country & South Staffs	Stoke & North Staffs	Years supply	Outside 5 clusters
Allocated/committed Sites	71 ha	264 ha	-	323 ha	83 ha		100 ha
Years supply	0.71	2.64	-	3.23	0.83	7.41	1
Industry Promoted Sites	905 ha	448 ha	152 ha	494 ha	70 ha		301 ha
Years supply	9.05	4.48	1.52	4.94	0.7	20.69	3
TOTAL	976 ha	712 ha	152 ha	817 ha	153 ha		401 ha
Years Supply	9.76	7.12	1.52	8.17	1.53	28.1	

Source: Table 6.8, West Midlands Strategic Employment Sites Study, May 2021

6.21 The broad headline rents across the West Midlands are:

- X Large: £63 psm (£5.85 psf)
- Large: £75 psm (£6.95 psf)
- Mid box: £73 psm (£6.75 psf)
- Small: £86 psm (£8.00 psf)
- SME space: £108 psm (£10.00 psf)

6.22 Although there will be individual cases where rents exceed those stated above, the headlines provide a good indication of the various rental levels per size band.

6.23 At the rents stated, speculative development is viable for industrial and logistics space. But this may not necessarily be sufficient to fund enabling infrastructure.

General profile - Bromsgrove district

6.24 In this section, we provide a brief profile of the stock of industrial floorspace in Bromsgrove district, and the businesses that occupy that stock. This snapshot of the present situation provides context for the analysis of recent take-up that follows.

6.25 The industrial market in the district is mostly concentrated around Aston Fields/Silver Birches Business Park, Bromsgrove Technology Park and Saxon & Harris Business Parks. Industrial space is also found at Ravensbank Business Park and the Cofton Centre, which, despite both being in Bromsgrove district, are considered part of the Redditch and Birmingham markets respectively. Finally, there are smaller industrial areas found in the rest of the district.

⁵² Ibid, Paragraph 6.61

Aston Fields/Silver Birches Business Park

6.26 Aston Fields/ Silver Birches is an industrial area located to the south of Bromsgrove town along the A38. The area is mostly a mix of small box and SME space with some trade counter units. The units are purpose built and of generally good quality, although some are more dated, especially around Sherwood Road. There is also a small number of non-industrial buildings interspersed in the area including retail and office buildings.

Figure 6.4 Examples of industrial units, Aston Fields/Silver Birches



Source: CoStar, accessed July 2021

6.27 Occupiers are attracted to the park because of the size of units and the quality of units available. The park attracts occupiers from a diverse range of sectors. Many are considered local occupiers i.e. solely located in Bromsgrove district but are active in national markets; manufacturing, selling and distributing specialist items. Examples include Cardinal Steels (manufacturing), occupying 1,450 sq m (15,600 sq ft), Falcon Flooring (flooring installers) occupying 1,100 sq m (11,500 sq ft) and Starflex Packaging Europe (advanced manufacturing) occupying 475 sq m (5,100 sq ft). Starflex Packaging Europe is an example of the more advanced hi-tech manufacturing uses, which are well represented across the district. More detail about the company is shown below.

Figure 6.5 Starflex Packaging Europe

Starflex Packaging Europe Ltd are a technology and manufacturing firm that deals in the design, manufacture and installation of standard and bespoke weighing, filling, dosing and counting equipment. They mostly focus on the manufacturing of conveyor belt systems and Checkweighers. Some of their clients include meat, fish and dairy suppliers, Farms and chocolate manufacturers.



Source: Starflex, CoStar, accessed July 2021

Saxon & Harris Business Park

- 6.28 Saxon & Harris Business Park is located to the south of Bromsgrove town, in the Stoke Prior area of the district. The park predominantly comprises SME space units, with a few small box size units. These industrial units are occupied by local companies but again, many manufacture, sell and distribute specialist items in national markets. Occupiers include BG Developments (manufacturer of brake discs for cars) occupying 1,300 sq m (14,000 sq ft), Quick Grass (artificial grass manufacturer and distributor), and TLM Laser (laser manufacturer). There is one large scale manufacturer on the park, LG Harris (decorating product manufacturer), who has occupied the same unit since 1936.

Figure 6.6 Examples of industrial units, Saxon & Harris Business Park



Source: CoStar, accessed July 2021

Bromsgrove Technology Park

- 6.29 Bromsgrove Technology is located opposite Aston Fields/Silver Birches Park, south of Bromsgrove town. It comprises a small number of modern, purpose built, SME space units and a single small box unit of 4,500 sq m (48,400 sq ft) occupied by Contract Flooring. The area also contains Basepoint Business Centre, which provides small modern workshop premises catering for start-ups and SMEs. The business centre was purpose-built in the early 2010s.
- 6.30 Occupiers are attracted to the Technology Park because of the availability of high quality smaller units. Current occupiers at Sapphire Court include Dental Warehouse (distribution) occupying 230 sq m (2,500 sq ft), Best Vending (supplier) occupying 280 sq m (3,000 sq ft) and EJ Electronics (advanced manufacturing – case study below).

Figure 6.7 Examples of industrial units, Bromsgrove Technology Park



Source: CoStar, accessed July 2021

EJ Electronics

EJ Electronics are a technology and manufacturing firm that designs, manufactures and repairs ultrasonic cleaning equipment for use in a variety of industries including automotive, food & beverage and jewellery. Notable clients include Warburton, Rolls Royce and SpecSavers. The company was initially based in Birmingham, they moved into Bromsgrove district in 2014 as part of an expansion after acquiring Langford Electronics, another ultrasonic cleaning firm.



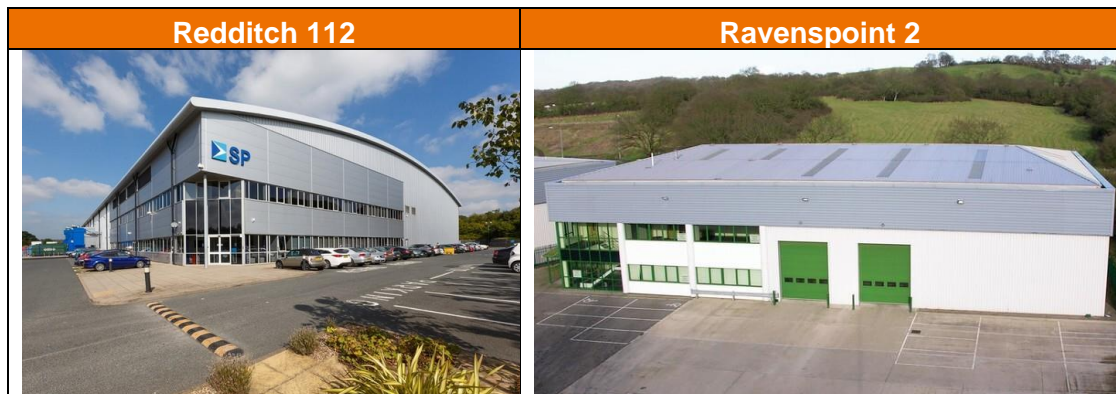
Source: EJ Electronics, CoStar, accessed July 2021

Ravensbank Business Park

- 6.31 Ravensbank Business Park is an industrial park that, whilst located in Bromsgrove district, is perceived to form part of the Redditch industrial market. The park is a different proposition compared to those areas described above, being in a comparatively more accessible location, with larger unit sizes available.
- 6.32 The park is located towards the east of the district, adjacent to the Redditch Eastern Gateway, a proposed development of large logistics units. Redditch Eastern Gateway is home to a new 37,200 sq m (400,000 sq ft) Amazon sortation centre which was completed and operational in early autumn 2021.

- 6.33 The park is well connected, with close access to the A435, which in turn links to the M42. The park provides a mix of small box and large units. Occupiers are advanced manufacturing and distribution companies that include Steatite (technology), occupying 1,860 sq m (20,000 sq ft), Solid State Supplies (computing suppliers) occupying 1,600 sq m (17,000 sq ft), DCS Group (healthcare manufacturing & distribution) occupying 8,500 sq m (91,000 sq ft) and Lear (technology) occupying 11,800 sq m (127,000 sq ft). Whereas the occupiers on the parks located closer to Bromsgrove town centre are solely based in Bromsgrove district, occupiers at Ravensbank have multiple locations across the UK and sometimes the world.

Figure 6.8 Examples of industrial units, Ravensbank Business Centre



Source: CoStar, accessed July 2021

Cofton Centre, Longbridge

- 6.34 The location of the Cofton Centre combined with the quality and size of units available provides a different proposition than compared to those units located closer to Bromsgrove town centre.
- 6.35 The Cofton Centre is part of the former MG Rover Longbridge factory site. The 14 hectares (35 acres) site is owned by St Modwen. It is located in the north of the Bromsgrove district, and it is perceived to form part of the Greater Birmingham market. It has good access to the A38, which in turn links to the M5 and Birmingham city centre as well as the A441, which provides a link to the M42, and the wider transport network.
- 6.36 The Cofton Centre currently comprises six industrial buildings ranging between 370 - 14,800 sq m (4,000 - 160,000 sq ft). A further 14,000 sq m (150,000 sq ft) unit has recently been granted planning permission and is due for completion in late 2022. The size of units cater for SME space through to large. The existing buildings at the site are generally modern, purpose built and suitable for modern occupier requirements.
- 6.37 Current occupiers include PRG (event lighting), occupying 14,900 sq m (160,000 sq ft), IT Fleet Automotive (vehicle refurbishment) occupying 2,500 sq m (27,000 sq ft), and TW Metals (specialist metal supplier) occupying 4,400 sq m (47,000 sq ft). As with Ravensbank, occupiers here are found in multiple locations and not just Bromsgrove district.

Figure 6.9 Examples of industrial units, Cofton Centre



Source: CoStar, accessed July 2021

Rest of the District

6.38 The remaining industrial market is dispersed throughout the district. These industrial areas are farm conversion schemes (such as Headley Technology Park or Wildmoor Mill Farms) as well as some dedicated industrial estates such as Brook Business Park. In the Rest of the District, the quality of stock is varied but is generally good quality.

Figure 6.10 Examples of industrial units, Rest of the District



Source: CoStar, accessed July 2021

6.39 Industrial occupiers located in the Rest of the District are servicing the local area, or have personal links to the local area. Occupiers in these areas vary, comprising a mix of traditional and modern industrial uses. Examples include Ultra Marble (fabricator)

who occupy 9,300 sq m (100,000 sq ft) at Wildmoor Mill Farm, 2Clean Plus (commercial cleaning) who occupy a 130 sq m (1,400 sq ft) unit at Brook Business Centre and Creating Better Homes (construction) who occupy a 345 sq m (3,700 sq ft) unit at Weights Farm Business Park.

Demand

- 6.40 In this section we analyse the take-up of industrial floorspace in the district over the last five years, drawing mainly on the CoStar database. This floorspace take-up is the space that business occupiers move into; this comprises lease agreements and owner-occupier acquisitions in any given year. It takes no account of floorspace vacated as businesses move out or close down. As noted earlier, it is important not to confuse this floorspace take-up with the land take-up discussed elsewhere in this report, which relates to the development of new floorspace.
- 6.41 As shown in the table below, in the five years to 2020 the take-up of industrial space in the district averaged 72,665 sq m (782,163 sq ft) p.a., over an average of 19 units.

Table 6.2 Industrial floorspace take-up, 2016-20, Bromsgrove district

Calendar year	No. of transactions	Total take-up sq ft	Total take-up sq m
2016	27	375,798	34,913
2017	18	98,620	9,162
2018	17	52,543	4,881
2019	21	64,997	6,038
2020	14	167,625	15,573
2021*	3	22,580	2,098
Total	100	782,163	72,665
Annual average 2016 - 2020	19	151,917	14,114

Source: CoStar 2021

*2021 is a partial year, data taken between 1st January–3rd June.

- 6.42 Floorspace take up varied from year to year, ranging from 35,000 sq m (375,000 sq ft) in 2016 to 9,200 sq m (98,600 sq ft) in 2017. The reason take-up was high in 2016 was due to iForce taking 22,000 sq m (237,000 sq ft) of space at Ravensbank Business Park i.e. a ‘one-off deal’ distorting the figures. Take-up in 2020 was above average, but that is again due to a single large deal – 8,500 sq m (91,000 sq ft) deal at Ravensbank Business Park to DCS Group. DCS Group needed a larger space to cope with the increased demand for hand sanitizers and soap due to the Covid-19 pandemic. Take-up so far in 2021 is in line with previous years which indicates that the pandemic has not had a negative effect on floorspace demand in the district.
- 6.43 Demand for industrial units in Bromsgrove district comes from a variety of businesses representing different sectors, with not one dominant sector driving demand. To illustrate this point, we have looked at the current occupiers at Saxon and Harris Business Park, one of the largest industrial areas in the district. At the time of writing this report, the estate is occupied by businesses involved in:

- Automotive repairs
- Construction
- Medical suppliers
- Logistics
- Commercial cleaning

6.44 Units taken up in the five-year period include:

- Saxon and Harris Business Parks:
 - IPT Technology took a new build 3,900 sq m (42,000 sq ft) unit at Corbett Business Park on a pre let basis in March 2020 as their head office. The development was completed on a greenfield site located east of the existing Corbett Business Park units. IPT Technology are a designer and manufacturer of heating and cooling systems for agricultural applications. They were previously located at an older 5,500 sq m (59,000 sq ft) unit also at Corbett Business Park. This was the largest transaction of industrial space in the district since 2016, excluding deals at Ravensbank Business Park.
 - HME Logistics took a 465 sq m (5,000 sq ft) unit at Priory House, where they have been located since at least 2010. HME Logistics are a local company (sole premises are in Bromsgrove) that manufactures and installs design and technology equipment for schools. They distribute UK wide and to Dubai.
 - Syntechnologies took 370 sq m (4,000 sq ft) at Harris Business Park. A local technology firm (sole premises are in Bromsgrove district) that configures and distributes mobile computing hardware. They were previously located at The Courtyard, an office building also at Harris Business Park.
- Aston Fields/Silver Birches Park
 - Cardinal Steels took 1,400 sq m (15,000 sq ft) at Aston Road. The unit was initially available for lease or sale but was taken on a 5 year term. Cardinal Steels is a newly formed company that was created in Solihull but moved to Bromsgrove district after finding an appropriate site with good access to the M5 and M42. Cardinal Steels are only located in Bromsgrove district with no other sites in the country.
 - Absolute Automation renewed a lease of 140 sq m (1,500 sq ft) at Silver Birches Business Park. The company supplies AC and DC drives for a variety of applications. The company was created in Gloucestershire but moved to Bromsgrove district in 2014.
 - Watters Designs Europe took 345 sq m (3,700 sq ft) of space at Buntsford Road. They are an international company headquartered in the US that designs and sells dresses and wedding gowns. Their UK Headquarters was previously located at a 50 sq m (575 sq ft) industrial/office unit in Hartlebury.
- Ravensbank Business Park
 - iForce (owned by Eddie Stobart) renewed a lease on a 22,000 sq m (237,000 sq ft) unit at Hedera Road. They are a 3PL (third-party logistics) firm with

clients such as John Lewis, Tesco and Dunelm. The company has been at the Business Park since 2007.

- 6.45 In terms of size profile, most of the take-up in Bromsgrove district has been in units sub 9,300 sq m (10,000 sq ft) i.e. SME space, small box and mid box markets. One might expect such units to be largely occupied by small and medium companies, serving local or regional markets but this is far from being the case. Although some companies may be local in the sense that their only premises are in Bromsgrove district, they are serving national and sometimes international markets. Other occupiers are part of much larger, multi-site businesses.
- 6.46 Agents report that the majority of local demand is from companies already located in the district, looking for space to expand or downsize. They also state that, although there is significant demand for mid box and larger industrial units in the area, these occupiers tend to go to nearby Worcester, Redditch or Droitwich, due to a lack of suitable available space in Bromsgrove district.
- 6.47 Occupiers are attracted to the district because of the skilled workforce and good access to the M5, M42 and the A38.
- 6.48 There is also strong demand for freehold units although the ratio of freehold sales to leasehold transactions currently stands at around 1:9 according to GJS Dillon⁵³. The low ratio is mainly due to a lack of available freehold stock.
- 6.49 Property agents report that, due to the substantial unmet demand in the market, companies who cannot find the space they need, move to other places, or perhaps stay in premises that no longer meet their needs, compromising growth or efficiency. These views are strongly confirmed by our analysis of market signals in the next section.

Supply and market balance

- 6.50 As of July 2021, there were only 16 industrial units available in the district, providing a total floorspace of 12,100 sq m (130,000 sq ft) – see Table 6.3. Against the total stock of 1,010 units and 457,000 sq m (4.919 million sq ft), this shows an availability rate of 2.6% of total floorspace and 1.6% of total units. Against the average annual take-up of 14,100 sq m (151,197 sq ft) in Table 6.2, it shows a supply of only 0.86 years, or just over 10 months. 44% of the available floorspace is located in one logistics unit at Ravensbank Business Park, if that was discounted, the total available floorspace percentage drops to 1.5%.
- 6.51 These indicators point to an exceptionally tight market, where demand is much in excess of supply. A 'normal' availability rate, is generally considered to be between 5% and 10%. We know from the regional analysis provided earlier (Figure 6.1) that the UK average availability for mid box and large units is around 2-years. Furthermore, we previously established that the West Midlands logistics/industrial market is tight compared to other regions. When we compare the vacancy in

⁵³ GJS Dillon, 2021, Worcestershire Commercial Property Market Report 2021

Bromsgrove district to that of West Midlands of around 1.25 years (see Figure 6.1) it shows that the Bromsgrove district market is even tighter.

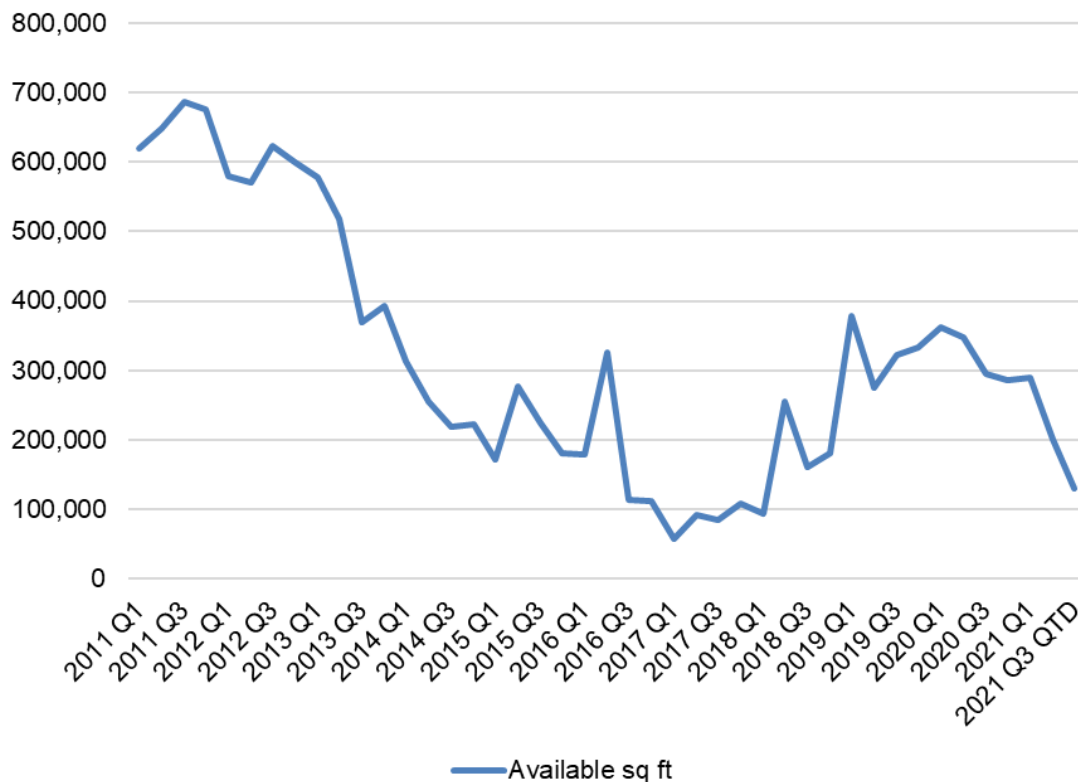
Table 6.3 Floorspace availability, industrial, Bromsgrove district, 2021

	Floorspace sq ft	Floorspace sq m	No. of units
Total stock	4,919,148	457,004	1,010
Availability	130,038	12,081	16
	2.6%	2.6%	1.6%

Source: CoStar, VOA, AspinallVerdi, 2021

6.52 To understand trends in availability of floorspace, we have considered the past change since 2011 for the district and each of the main employment areas identified at paragraph 6.14. The results are in Figure 6.11 and Figure 6.12.

Figure 6.11 Bromsgrove district industrial available floorspace stock, sq ft

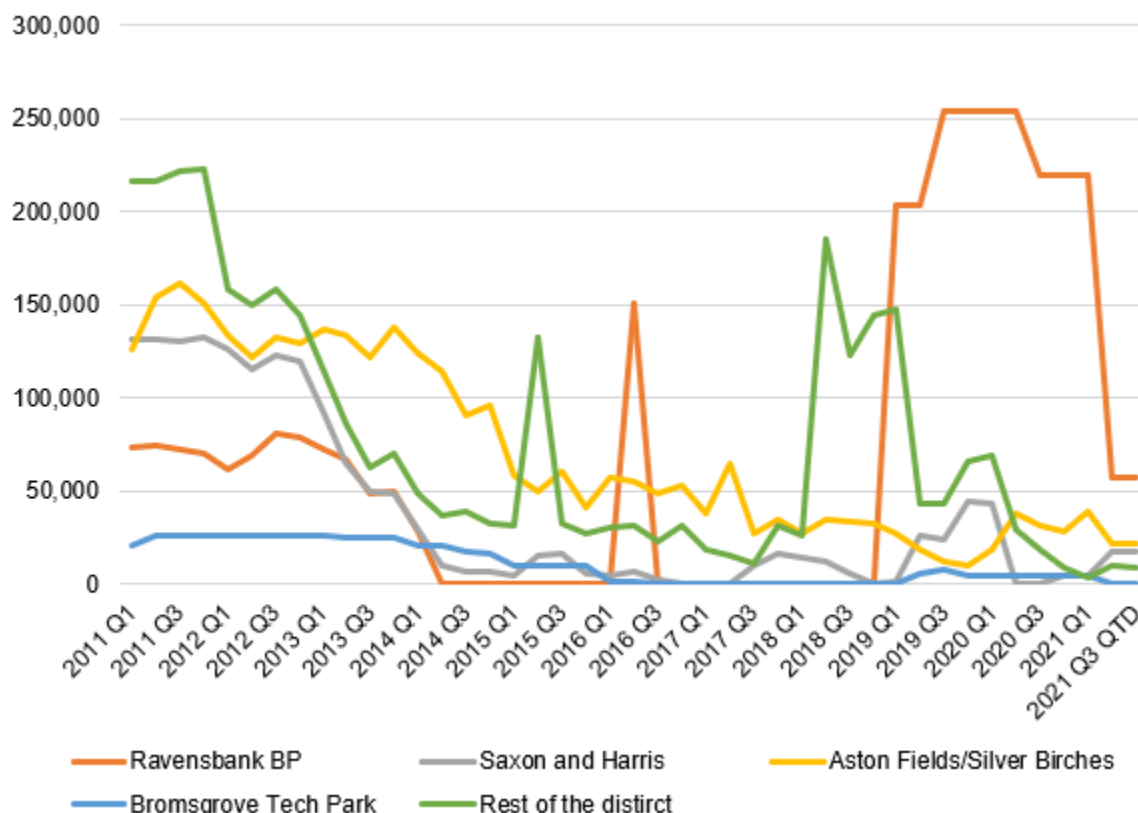


Source: CoStar (2021)

6.53 For the district as a whole, the CoStar availability rate has been on a steep downward trend since 2012, after the double-dip recession – here the available space was around 46,500 sq m (500,000 sq ft) which is around 3.8 times higher than current availability.

- 6.54 Availability, continued to fall before a sharp rise in 2016 and a more constant rise between 2018 and 2020. Since the start of the pandemic in Q1 2020, floorspace availability has reduced from 33,600 sq m (362,000 sq ft) to its current rate of 12,000 sq m (130,000 sq ft). The fall in availability can be attributed to the natural ‘market churn’ i.e. as one occupier moves out the space becomes vacant and over time it is re-occupied. In constrained markets such as Bromsgrove, graphs such as Figures 6.11 and 6.12 will always appear ‘lumpy’, because the availability on a single mid-box units will cause a spike in availability.
- 6.55 For the individual main employment areas, availability is generally reflective of the district as a whole with the rate at every industrial area except for Ravensbank being sub 1,858 sq m (20,000 sq ft) - echoing the comments made earlier about the severely constrained supply. Overall the general trend across all the main employment areas is downward with supply virtually non-existent. In the case of Ravensbank Business Park, the curve appears more ‘lumpy’, due to the impact of individual large transactions, as the area contains most of the largest units in the district.

Figure 6.12 Industrial areas available floorspace stock sq ft



Source: CoStar (2021)

- 6.56 We provide further analysis of the available units in the main employment areas as follows:

- Aston Fields/Silver Birches: 5 units available ranging between 170 – 920 sq m (2,800 – 9,900 sq ft) – this is considered a reasonable level of availability across a range of unit sizes.
- Saxon & Harris Business Park: 6 units available ranging between 46 – 650 sq m (500 – 7,000 sq ft) – this is considered a reasonable level of availability across a range of unit sizes.
- Bromsgrove Technology Park: no availability – this is a concern given that this provides an important role for SME space.
- Ravensbank Business Park: one 5,295 sq m (57,000 sq ft) unit available – this is a concern as a single transaction could remove all availability. Furthermore, the park provides an important role in attracting larger occupiers to the district.
- Cofton Centre: one 440 sq m (4,700 sq ft) unit available – this is again a concern given the important role in attracting larger occupiers. In addition, a further unit (L155) has just obtained planning permission which is due for completion in Q3 2022 – this will provide an additional 14,340 sq m (154,393 sq ft).
- Rest of the District: 3 units available ranging between 56 - 400 sq m (600 – 4,300 sq ft) – this is considered very low availability across a large area of the district.

Summary

6.57 In summary, all the evidence shows that industrial floorspace in the district is in extremely short supply, and discussions with local commercial agents point to strong demand pushing against virtually non-existent availability. The explanation for this lack of supply lies in the economics of development, as discussed in the next section.

Rents and the economics of development

- 6.58 Industrial rents across the district typically range between £65 - £91.50 psm (£6.00 - £8.50 psf). There is evidence of higher rents, such as the trade counter units at Aston Fields, around £102 psm (£9.50 psf). This is due to the quality of units on offer, dedicated trade park nature of the area, and their proximity to the A38 (where local tradesmen will require quick access). Quoting rents in the district currently range between £59 - £86 psm (£5.50 - £8.00 psf) at Saxon & Harris Park and Aston Fields Industrial Estate.
- 6.59 Although there are not many freehold units available for lease, when available, capital values range between £755 - £1,100 psm (£70 - £100 psf).
- 6.60 In terms of viability, these rents are sufficient to maintain the existing stock and for the mid box, large and potential X large units sufficient to support speculative development. For the small box and SME spaces, viability is more challenging, as these are more expensive to build than larger units, because of lack of economies of scale. Furthermore, smaller occupiers will typically take shorter term leases 3, 5 or 10-years with a break at year 5. The relatively short term nature of the secured income let to smaller companies makes this type of development more difficult to finance.

6.61 Nevertheless, as we have seen, very little new build has been occurring in recent years. In our stakeholder workshop, the feedback was provided that although there is an appetite to develop new units, there is no good available land due to a lack of suitable plan allocations. Currently, the only major industrial allocation in the district is land at Bromsgrove Technology Park, which has not seen any significant quantum of space developed since Sapphire Court in 2011. The reasons for this are explored in the section below.

Development opportunities

6.62 We have reviewed the pipeline of development opportunities in Bromsgrove district, to determine whether there are forthcoming developments that could relieve the current shortage of supply.

6.63 The CoStar database shows just two industrial opportunities: a site with planning permission at Buntsford Drive and a plan allocation at Bromsgrove Technology Park. We discuss these sites in turn below. This analysis does not include land at Ravensbank, which counts towards Redditch Borough's needs.

Buntsford Drive

6.64 Buntsford Drive is owned by Barnett Waddingham (pension and investment consultancy). The site was granted planning permission in August 2019 for 2,840 sq m (30,569 sq ft) of light industrial space in 17 units.

Figure 6.13 Proposed site layout – Buntsford Drive development



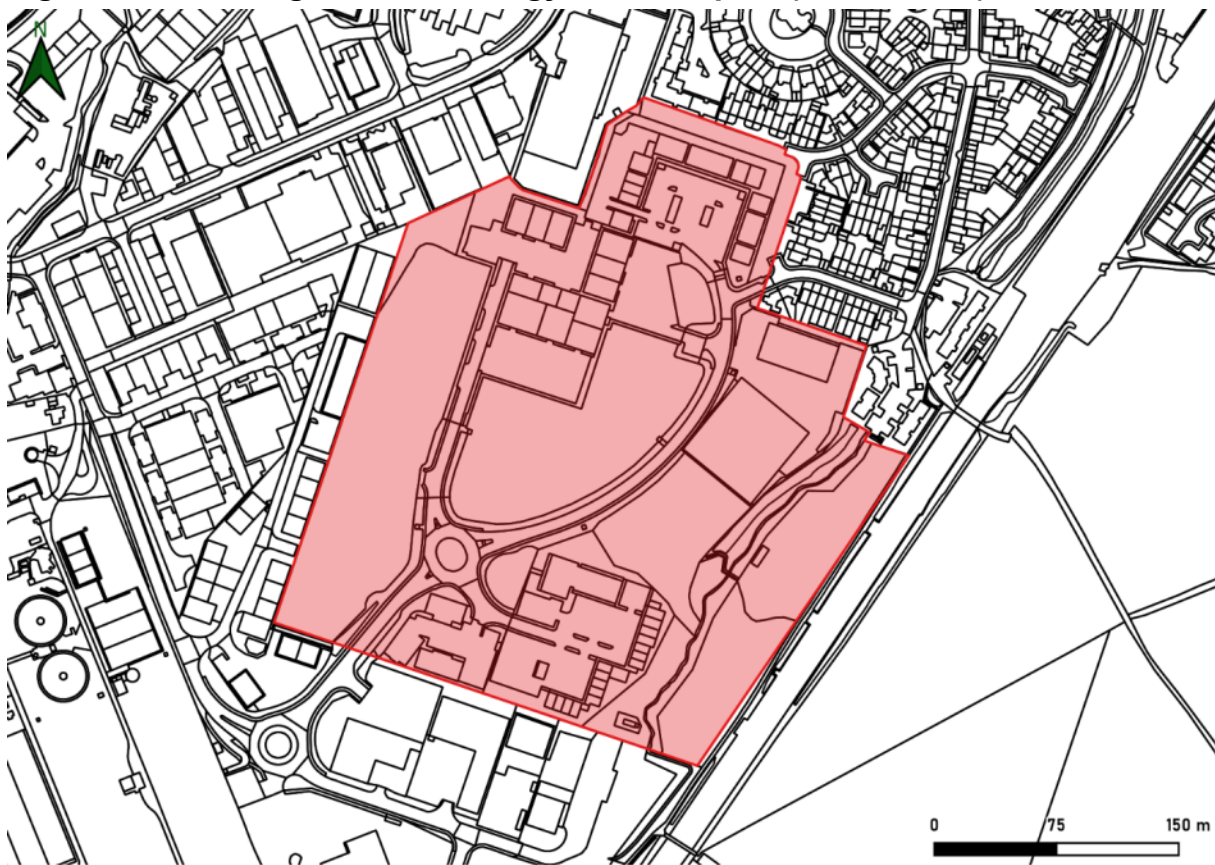
Source: much architects

6.65 Construction has yet to begin. If the Buntsford Drive site were to come forward, the total floorspace it provides would account for just over 2 months supply, based on the average take up rate for the district. We believe that, if industrial supply in Bromsgrove district is to meet demand, the district should have a much larger development pipeline.

Bromsgrove Technology Park

6.66 Bromsgrove Technology Park is a mixed-use employment site located close to Saxon & Harris Business Park.

Figure 6.14 Bromsgrove Technology Park site plan (not to scale)



Source: Bromsgrove District Council (October 2021)

6.67 The first phase of industrial development at the site (Sapphire Court) was completed in 2011. The development was brought forward as a joint venture between Langtree and Advantage West Midlands, i.e. with public sector support and in an era of easily available development finance (before the global financial crisis). The light industrial units were speculatively built and were fully let by 2016. There was also the development of the workshop units at Basepoint Business Centre and the B8 Building for Contract Flooring Solutions.

6.68 Since Sapphire Court, no major development of industrial units has occurred at the site, despite there being over 2 hectares of land available on a build to suit basis. The main reasons for the lack of take-up of the land, as reported by agents, is that,

although there is high demand, the land is not seen as suitable by the majority of occupiers that take build to suit space. This is due to the site's poor prominence. For the site to be developed, SME space and small box units will need to be speculatively built, so that potential occupiers can see the property 'product' before they commit to it. But, as we have explained above, that the viability of this is challenging.

- 6.69 It is our view that Bromsgrove Technology Park could alleviate some of the shortfall in high-quality small industrial floorspace that occupiers want in the area. Funding would need to be provided by the Council or other government bodies to enable speculative development here. The site has several strong positives, which means that if units were delivered, both on a leasehold and freehold basis, they would be taken-up. Positives include the strong demand for units in the area, the site's close proximity to the A38 and the diverse range of occupiers already located in and around the park.

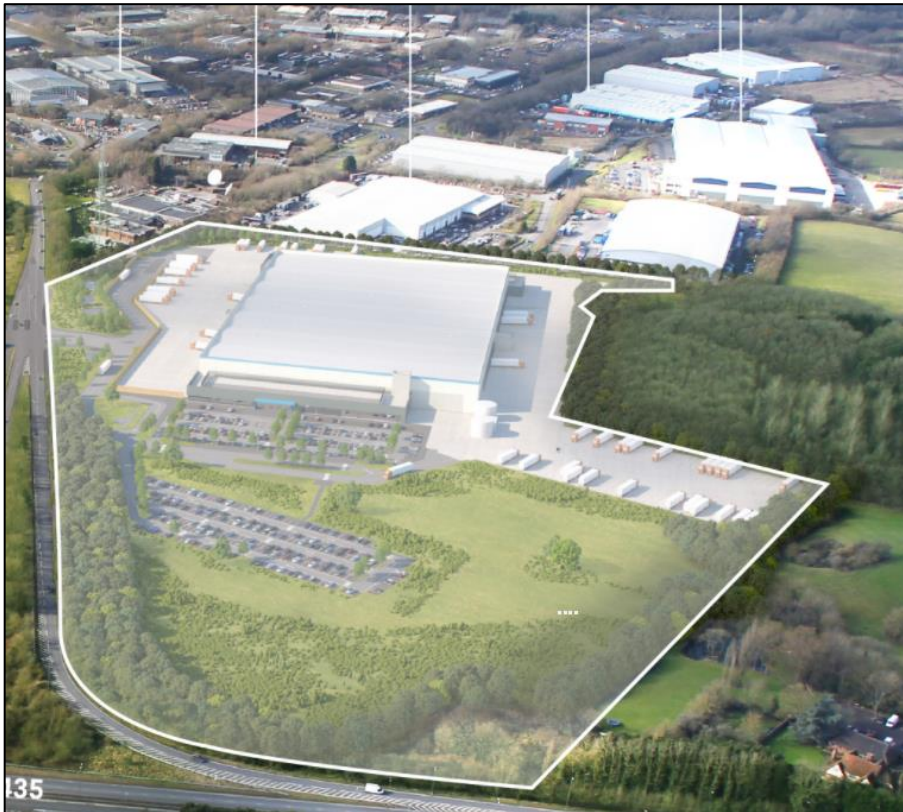
Examples from neighbouring areas

- 6.70 Our analysis clearly shows that there is not a sufficient supply of land in Bromsgrove district to meet demand. But if new land were allocated, what type of space could be delivered? And what potential occupiers could take the space? To help answer these questions, we have analysed developments which have come forward in neighbouring districts.

Redditch Eastern Gateway

- 6.71 Redditch Eastern Gateway is a 33 hectare (82 acres) site located close to junction 3 of the M42 via the A435. It is located south east of Ravensbank Business Park. Although part of the site falls in the district boundary it is an allocation to accommodate unmet employment needs identified in the Borough of Redditch Local Plan No.4 (2011-2030). The site is allocated as 'REDD 1' and 'REDD 2' in the Stratford-on-Avon District Core Strategy (2011-2031) and as 'Ravensbank Expansion Site' in the Bromsgrove District Plan (2011-2030). The entirety of 'REDD 2' and 'Ravensbank Expansion Site', have been taken up by Amazon for a 34,000 sq m (365,000 sq ft) unit. A number of build to suit opportunities are currently being advertised at the remainder of 'REDD 1' between 14,400 – 23,400 sq m (155,000 - 252,000 sq ft).
- 6.72 For the site infrastructure to be unlocked, the developer, Stoford, obtained grant and loan funding from GBSLEP AND WLEP. Stoford has informed us that they were prepared to deliver the infrastructure because they were confident that they could secure pre lets on the site due to the significant unmet demand in the area from logistics occupiers.

Figure 6.15 Amazon site at Redditch Eastern Gateway



Source: <https://www.redditchgateway.com/#aerial>

Worcester Six

- 6.73 Worcester Six is a 72 hectare (178 acres) greenfield site that is located directly off junction 6 of the M5. The site has outline planning permission granted for 140,000 sq m (1.5 million sq ft) mixed E/B2/B8 employment uses, of which 65,000 sq m (700,000 sq ft) has already been delivered by Stoford with the support of Worcestershire County Council and the LEP. This site was also previously identified as one of four key 'game changer' sites to drive the county's economic future prosperity⁵⁴. The LEP provided £5 million of funding to support the development.
- 6.74 The business park has delivered a range of different sized units, which have attracted a variety of occupiers. Some of the current occupiers at the park include:
- Kimal
 - The first occupier and took 13,000 sq m (140,000 sq ft) of space on a 15-year lease on a pre-let basis. The company develops and manufactures specialist healthcare products and relocated their headquarters to the park. The company's first manufacturing facility was located at Bromsgrove district, and they still retain a secondary site at Aston Fields Business Park.

⁵⁴ <https://www.insidermedia.com/news/midlands/123976-stoford-appointed-120m-worcester-tech-park>

- Marmon Food & Beverage Equipment
 - The company took 2,650 sq m (28,500 sq ft) of space for its UK headquarters. The company produces food preparation and holding equipment for restaurants as well as beverage dispensing units for customers worldwide. The company was not previously located in the region and is an example of inward investment as a result of the availability of a suitable site. According to Stoford '*Worcester Six Business Park (was) selected due to its excellent communications and proximity to quality work force*'. The company moved its headquarters to the site.
- IONOS
 - IONOS, who is one of Europe's largest data hosting companies, has recently taken a 4,600 sq m (50,000 sq ft) design and build unit for a data centre. The company, operating through its Fasthosts subsidiary, will move its 10,000 servers from Gloucester to the site. In this relocation, a high tech occupier that was previously outside the area has chosen the area due to its strategic location and good infrastructure links.

6.75 During the stakeholder event, Stoford informed us that, as part of an agreement with the LEP and local authority partner, they have set up a joint board. The board is consulted about potential occupiers and how to maintain the right mix of unit sizes and occupier activities (however, it does not control development or lettings).

Figure 6.16 Worcester Six site plan



Source: <https://www.worcester6.co.uk/>

Conclusion

- 6.76 Current industrial occupiers in Bromsgrove district span from a wide range of industries for space across all size ranges but especially below 9,300 sq m (10,000 sq ft). Many of these smaller companies, use Bromsgrove district as their sole location to service the whole country and sometimes internationally. There are a number of high-tech industrial occupiers located around the district but especially at Ravensbank Business Park, which provides larger sized properties that are not typically seen in the district.
- 6.77 Our market analysis confirms the conclusion of the last chapter - that industrial space across Bromsgrove district is severely undersupplied at present⁵⁵, as demand is frustrated by almost non-existent immediate availability. The root cause of the

⁵⁵ Market analysis by its nature focuses on present market conditions. Therefore it tells us little about the long-term future. For this long-term perspective we have to rely on forecasts, which are presented in Chapter 5 above.

shortage is that very little space has been developed over a prolonged period. The implication is that, if additional floorspace were provided in the short term, it would be readily taken up (subject of course to quality and location).

- 6.78 As well as local demand, Bromsgrove district has the potential to attract footloose demand from the wider region. Our analysis suggests that there is strong demand for manufacturing and logistics space across the whole of the West Midlands, from a range of medium and large occupiers, while there is a lack of suitable units and sites. Bromsgrove district is in a good position to capture this regional demand, due to its excellent transport links and skilled workforce.
- 6.79 Some of the district's supply shortfall in our view could be alleviated by development at Bromsgrove Technology Park, to provide the high-quality small industrial spaces that occupiers want in the area. Funding would need to be provided by the Council or other government bodies to enable speculative development here
- 6.80 Additionally, we believe that, if a new large, high-profile, highly accessible, greenfield industrial site were allocated in Bromsgrove district, it would have good prospects of being taken up and would attract new types of occupier – larger and higher-value than those currently seen in the district. For critical mass, the site should provide around 25 hectares (62 acres), as per the size cut-off identified in the Avison Young & Arcadis, May 2021, West Midlands Strategic Employment Sites Study). As identified in the Avison Young & Arcadis, West Midlands Strategic Employment Sites Study the M42 corridor industrial/logistic market is tight, with existing allocations providing less than 1-year supply. The study promoted sites (with no guarantee they will be all allocated) potentially adding a further 9-years supply.
- 6.81 Inevitably, a new large site would attract strategic logistics operators. This sector has both positive and negative features. On the positive side, strategic logistics creates jobs and wealth in its own right. It also acts as a facilitator to fund infrastructure to help open up sites to deliver mid box, small box and SME space for other uses. Unless infrastructure is to be funded by the public sector, this cross-subsidy is necessary, because land values for other industrial land uses generate lower land values, too low to pay for that infrastructure.
- 6.82 Strategic distribution does also come with threats, also resulting from the fact that it usually creates the highest land values. This means that it is able to outbid other industrial uses for space. The danger is that strategic distribution at a high-quality new allocation would crowd out opportunities for manufacturing, including high-tech priority sectors, and for smaller-scale occupiers in any sector. A single large warehouse could easily take up 25 hectares (62 acres) or more –which would be footloose regional demand, over and above the local forecast. Such regional need should not be accommodated in Bromsgrove district, unless a regional assessment shows that there is no more sustainable location for it.
- 6.83 To limit the amount of strategic logistics development, the Council should consider policies that control the mix of uses. We saw at Cygnet Court at junction 15A of the M1, where constrained land could not be brought forward for larger units, it was

developed for SME space. The scenario could also be achieved through a policy that reserves a section of the allocated site for small and medium industrial uses. As a guideline, we would suggest that section comprise 25% of the site (unless it can be demonstrated that development in line would not be in demand or not viable). This would relieve the shortage of space for existing local businesses, and also create new opportunities for Bromsgrove district to attract more potentially high tech jobs.

- 6.84 Worcester Six Business Park and Redditch Eastern Gateway are examples of what could potentially be achieved if large, high-quality, highly accessible land were allocated in the district and managed by the Council, whether actively by providing infrastructure or through site-specific planning policies that control the mix of occupiers.

The office market

- 6.85 For our market analysis, we consider offices found in the main employment areas defined above. Before dealing with Bromsgrove district, in the next section we provide an overview of the regional office market.

Regional overview

- 6.86 The West Midlands is considered a key regional office market. The West Midlands Strategic Employment Sites Study⁵⁶ defines the region's main sub-markets as Birmingham, Solihull, Coventry and Warwickshire and the Black Country. Other areas, such as Leamington Spa, Stoke-on-Trent, Stafford, Worcester and other smaller centres, were not considered in the study, as they are deemed to service local requirements and not to attract regional significant investment from national or international occupiers.
- 6.87 Demand for office space in recent years has been driven by financial services, technology media and telecoms (TMTs) and professional services. Prior to the pandemic there was also strong demand from workspace operators such as WeWork.
- 6.88 In recent years we have also seen a shift in occupier preferences, as more businesses prefer to be located in town and city centres, seen as more desirable locations to attract and retain staff. Staff want easy access to offices on public transport and access to amenities.
- 6.89 Since the start of the global pandemic many companies have had to allow staff to work from home, and as a result video conferencing and flexible working have become the norm. Despite the easing of restrictions, it is still too early to tell what the future of the office market will look like. Some companies, such as Nationwide, are now allowing all staff to work remotely⁵⁷ but others such as Goldman Sachs are insisting everyone return to the office.⁵⁸ Despite these extreme examples, the current

⁵⁶ Avison Young & Arcadis, May 2021, West Midlands Strategic Employment Sites Study

⁵⁷ <https://www.nationwidemediacentre.co.uk/news/people-power-13-000-employees-put-in-control-as-nationwide-rolls-out-work-anywhere-approach>

⁵⁸ <https://www.bbc.co.uk/news/business-56993886>

consensus is that some form of hybrid working (part work from home and part working in the office) will become the new norm. This approach has been announced by the likes of HSBC, KPMG and Deutsche Bank.⁵⁹

- 6.90 Many occupiers have been located in the West Midlands region for long periods of time and have established their headquarters. Examples include the legal firm Gateley, HSBC and Paragon Banking Group. The West Midlands is seen as an attractive office location because amongst other things:
- Ability to attract staff – Birmingham has a number of universities producing graduates whom employers wish to attract. Birmingham is considered more affordable than London but still offers a busy urban environment, which brings with it cultural activities and amenities.
 - Two international airports – pre pandemic, access to international airports was an important factor for international companies when choosing a UK base.
 - HS2 phase 1, connecting London Euston to Birmingham city centre - is due to open between 2029 and 2033. Work has already commenced, and once open will reduce the travel between the capital and Birmingham. Not only do the works present development opportunities, but it also influences corporate companies who are able to take a long-term view on where to locate.
- 6.91 The West Midlands Strategic Employment Sites Study highlights there is a significant pipeline of office development around most of the core markets but hardly any outside of this. But in turn, outside of the core markets there has also been a lack of development. Main findings of the West Midlands Strategic Employment Sites Study are summarised as follows:
- Birmingham City Centre – the report explains that in 2018 there was a vacancy rate across all stock of 9% (150,000 sq m (1.6 million sq ft)). The report also identified that around 166,000 sq m (1.789 million sq ft) of Grade A space was either immediately available or completing by the end of 2022 – this they say represents around 4 years supply based on past take-up of Grade A space.
 - Greater Birmingham out of town office market (predominately covers Solihull, focusing on Junction 4 to 6 of the M42, and the main business parks surrounding Birmingham) – the report explains that the vacancy rate in 2018 was around 4.2%. The report identifies a development pipeline of 1.1 million sq m (12 million sq ft). They state that annual average take-up is 31,506 sq m (339,000 sq ft) but they don't explain if this is just Grade A or all take-up. If we take this average annual take-up and apply it to the pipeline development, the pipeline development equates to 35-years supply.
 - Coventry & Warwickshire – the report says that the vacancy rate in 2018 was around 4.1%. The report does not provide a development pipeline for the whole area but explains that in Coventry alone the pipeline is 761,804 sq m (8.2 million sq ft), against a backdrop of no development occurring.

⁵⁹ <https://www.birminghammail.co.uk/news/midlands-news/hsbc-kpmg-deutsche-bank-reveal-20981923>

- Black Country (Dudley, Sandwell, Walsall and the City of Wolverhampton) – the report provides the following analysis:
 - Dudley – vacancy rate of 4.4% - no development pipeline.
 - Sandwell – vacancy rate of 3% - no development pipeline.
 - Walsall – vacancy rate of 1.5% - no development pipeline.
 - Wolverhampton - vacancy rate of 6.6% - 10,223 sq m (110,000 sq ft) in the development pipeline.

General - Bromsgrove district

- 6.92 In this section, we provide a brief profile of the office floorspace in Bromsgrove district, and the businesses that occupy that stock. This snapshot of the present situation provides context for the analysis of recent take-up that follows.
- 6.93 The office market in the district is concentrated around the out of town designated employment areas of Saxon & Harris, Aston Fields and Bromsgrove Technology Parks as well as the town centre. In addition, offices are found in the in the Rest of the District around the villages.
- 6.94 The district has one large office occupier, the Phoenix Group. Phoenix Group is the UK's largest specialist consolidator of closed life assurance funds and is located in a 37,000 sq m (400,000 sq ft) unit at Wythall Green Business Park. This is their long-established main operating base, which they acquired when they took over Britannic Assurance in 2006. Planning permission for the site was granted in 1991 as the head office of Britannic Assurance. This is an atypical example of office stock in Bromsgrove district.

Figure 6.17 Phoenix Group offices



Source: CoStar, accessed July 2021

Saxon & Harris/Aston Fields/ Bromsgrove Technology Parks

- 6.95 These parks are very similar, comprising purpose built pavilion style office buildings of SME space and small units. The kind of occupiers found in these areas are mostly local/regional companies, although there are also a number of national companies.

Examples include AFH Group (investment management) occupying 1,400 sq m (15,000 sq ft) at Buntsford Drive, Controlaccount (debt recovery) who occupy 372 sq m (4,000 sq ft) at Harris Business Park and Air Technology Systems (temperature control) who occupy 557 sq m (6,000 sq ft) at Bromsgrove Technology Park as their head office. Occupiers are attracted to these areas as the offices are purpose built (meeting modern occupier requirements of open plan working) and have good access to the A38 and town centre.

- 6.96 The photographs below show the types of offices found in these areas. The ages of the units span a number of decades, for example, Sugarbrook Court was built in the 1990s, and 4-5 Birch Court was built in 2016. But the vast majority of stock was built between 2000 and 2009.

Figure 6.18 Examples of office units, out-of-town business parks



Source: CoStar, GJS Dillon, accessed July 2021

Bromsgrove Town Centre

6.97 As illustrated below, the offices in the town centre are mostly located in converted units above shops or older 1980s/90s purpose-built office buildings, the majority of the units are dated. The units are predominately SME space. Occupiers in Bromsgrove Town Centre are a mix of local and regional firms, attracted here due to access to amenities. They include Gough Bailey Wright (advertising) who occupies a 557 sq m (6,000 sq ft) unit, Platform 81 (web services) who occupies a 19 sq m (200 sq ft) unit and Clay Knox (accountancy) who occupy 557 sq m (6,000 sq ft).

According to CoStar, there has been no new build office space in the town centre since 2000.

Figure 6.19 Examples of office units, Bromsgrove Town Centre



Source: CoStar, accessed July 2021

Rest of the District

6.98 The remaining offices are dispersed around the district's villages and rural areas. In these areas the office stock is mostly dated, and there is little or no critical mass. The offices are either found in small business parks or single standalone SME units. Notable areas include:

- Topaz Business Park
 - 10 modern purpose built units providing 4,200 sq m (45,000 sq ft) of office space, built in 2011 close to junction 1 of the M42. Occupiers include Vigo Software (logistics software) who occupy 465 sq m (5,000 sq ft) of space at Unit 2 and MV Kelly (civil engineering) who occupy 280 sq m (3,000 sq ft) of space at Unit 5. This park is attractive due to the quality of units available and direct access to the motorway.
- Mill Pool Office Park
 - 7 purpose built office buildings located in Belbroughton, the units were built around 2000. Occupiers include Sinops (project management) who occupy 130 sq m (1,400 sq ft) and M & E Global (recruitment) who occupy 250 sq m (2,700 sq ft) as their UK headquarters.
- Barnt Green
 - Mostly local centre offices, located above shops or converted premises.

Demand

6.99 In this section we analyse the take-up of office floorspace across the district over the last five years, drawing mainly on the CoStar database. This floorspace take-up is the space that business occupiers move into, this includes lease agreements and owner-occupier acquisitions in any given year. Like industrial floorspace take-up, it takes no account of floorspace vacated as businesses move out or close down.

6.100 As shown in the table below, over the five years to 2020, the take-up of office space in the district averaged 4,300 sq m (46,500 sq ft) p.a., over an average of 25 units.

Table 6.4 Office floorspace take-up, 2016-2020, Bromsgrove district

Calendar year	No. of transactions	Total take-up sq ft	Total take-up sq m
2016	41	86,534	8,039
2017	19	28,724	2,669
2018	27	50,944	4,733
2019	23	40,751	3,786
2020	14	25,683	2,386
2021*	8	10,180	946
Total	132	242,816	22,558
Annual average 2016-2020	25	46,527	4,322

Source: CoStar, accessed July 2021

*2021 is a partial year, data taken between 1st January – 6th June

6.101 Floorspace take-up fell from a peak of 8,000 sq m (86,500 sq ft) in 2016 to 2,700 sq m (28,700 sq ft) in 2017. This is a fall of 67%. Take-up also dropped between 2018 and 2019 before a further sharp drop in 2020 due to the Covid-19 pandemic. Based on the current measures for 2021, take-up is on course to be even lower than 2020.

6.102 Take-up has been the highest in the south of the district, in the out of town offices at Saxon & Harris, Aston Fields and Bromsgrove Technology Parks. By analysing CoStar results focusing on this area, around 9,300 sq m (100,000 sq ft) of office space was taken over the period. In comparison during the same period, Bromsgrove Town Centre saw approximately 2,800 sq m (30,000 sq ft) taken-up. Based on take-up, these two areas represent the bulk of the market activity. Using the same data, the average unit size in the town centre was 120 sq m (1,300 sq ft) and slightly larger at 180 sq m (1,900 sq ft) for the parks to the south of the town. These results echo the comments made by commercial agents who outlined that typical take-up in Bromsgrove district is around 140 sq m (1,500 sq ft), due in part to the type of occupiers attracted to the district.

6.103 Demand for space has been adversely impacted by the Covid-19 pandemic, with agents reporting that while the market has started to recover, floorplate requirements are smaller than was required pre-pandemic, sometimes reducing by a third. Companies are also beginning to downsize as they adapt to a post-Covid working environment. Agents are reporting that there is some increasing demand for space from companies downsizing from Birmingham. Potential occupiers are attracted to the area because of the cost effective nature of space and its good transport links.

Out of town market

6.104 Occupiers attracted to the out of town stock in the district are those who require larger purpose built premises, with on-site car parking and good access to major roads such as the A38 and M5/M42. As discussed previously, in recent years, there has been a

general shift away from out of town offices and towards more town centre stock, but in Bromsgrove district the out of town market is still active. These areas still attract a wide range of local and regional companies. Take-up here includes:

- Walter (GB) – The German precision tool manufacturer took 370 sq m (4,000 sq ft) of space in 2016 at Buntsford Gate as its UK sales office headquarters.
- IQ Verify – this certification body took 66 sq m (708 sq ft) of space in 2018 at Harris Business Park.

6.105 In the last 5 years, a significant number of companies located in these parks have relocated to other parts of Worcestershire and elsewhere in the UK. Examples of this include Aerocoach, who were based at Buntsford Park Road but are now located in Droitwich. Rimila Europe (now Blackline) were located at Corbett House, Stoke Prior but are now located in London, and Niche Health, who were located at Aston Court but were acquired by Oasis Group and as a result, terminated their lease.

Bromsgrove town centre

6.106 The take-up of offices in the town centre has been predominantly for smaller units. Those occupiers who take space are attracted by access to amenities and better public transport.

6.107 Recent deals include the accountancy practice Clay Knox taking a relatively long lease (10-years) on a relatively large unit (557 sq m (6,000 sq ft)) at St John's House. The company relocated from Redditch as they needed larger premises due to growth. This deal is considered to be unique due to the availability of good quality refurbished space of an appropriate size to attract a more regional corporate occupier into the town centre.

6.108 Also, Platform 81 took a new 3-year lease on a 19 sq m (200 sq ft) unit, Red Sauce took a 2 year lease on a small 70 sq m (750 sq ft) unit and Wills Wigs took a 5 year lease on a 133 sq m (1,427 sq ft) unit.

Rest of the district

6.109 The occupiers taking space in the Rest of the District are taking small units, usually under 280 sq m (3,000 sq ft) over terms generally no longer than 5-years. Examples include Heyrod Communications taking 62 sq m (669 sq ft) of space at Brook Business Centre, Beoley on a 5 year term, Budget Shipping Containers taking 140 sq m (1,500 sq ft) of space at Carillon House on a 3-year term.

Supply and market balance

6.110 There are 65 office units currently available in the district, providing a total of 116,000 sq ft of floorspace, as shown in Table 6.5. This is against a total stock of 800 units /128,000 sq m (1.37 million sq ft) registered on the VOA. This equates to a current vacancy rate of 8.48% of floorspace and 8.13 % in number of units. If we cross-reference the availability in Table 6.5 with annual average take-up in Table 6.4, of 4,300 sq m (46,500 sq ft) / 25 units, the availability across the district equates to around 2 years 7 months' supply in relation to the number of units and 2 years and 6

months' supply in relation to floorspace. Availability in terms of floorspace and number of units is high.

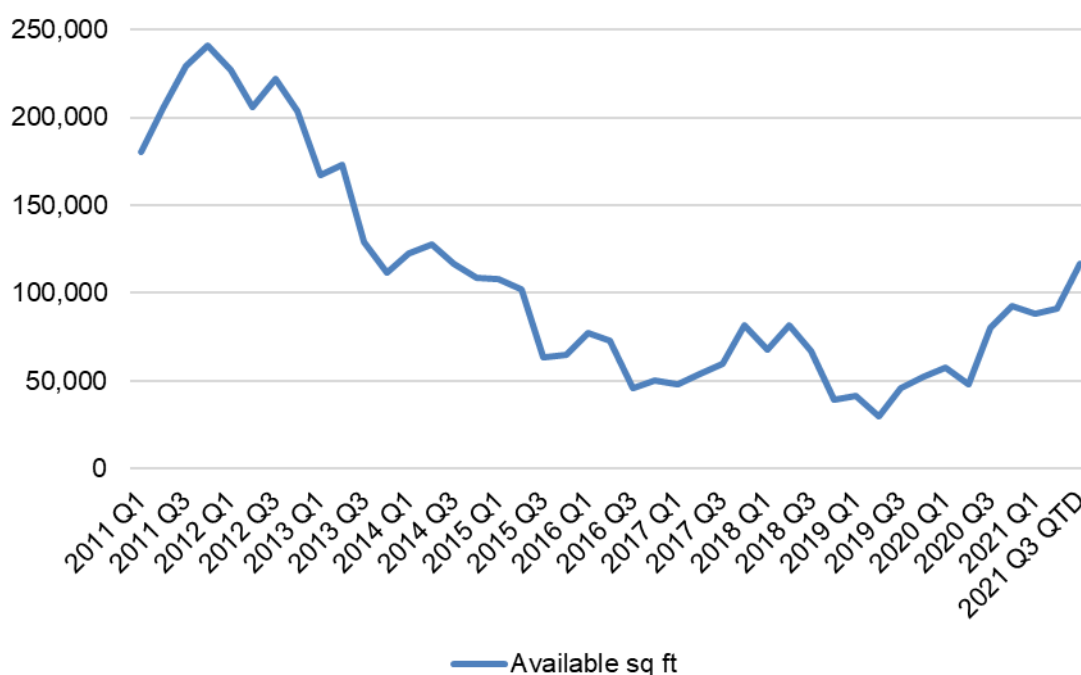
Table 6.5 Office floorspace availability, Bromsgrove district, 2021

	Floorspace sq ft	Floorspace sq m	No. of units
Total stock	1,377,792	128,001	800
Availability	116,816	10,853	65
	8.48%	8.48%	8.13%

Source: CoStar, Aspinall Verdi, 2021

- 6.111 As with industrial we have looked at the trend of office floorspace availability, across the local sub-areas and the district as a whole. Results are shown in the charts below.
- 6.112 For Bromsgrove district as a whole, the CoStar data shows the office vacancy rate was on a steady downturn between 2012 and 2019, however, since the start of 2020, availability has risen sharply to its current rate of 10,800 sq m (116,000 sq ft). This is a result of the pandemic. The sub-areas also show a similar trend.

Figure 6.20 Bromsgrove district office available floorspace stock sq ft

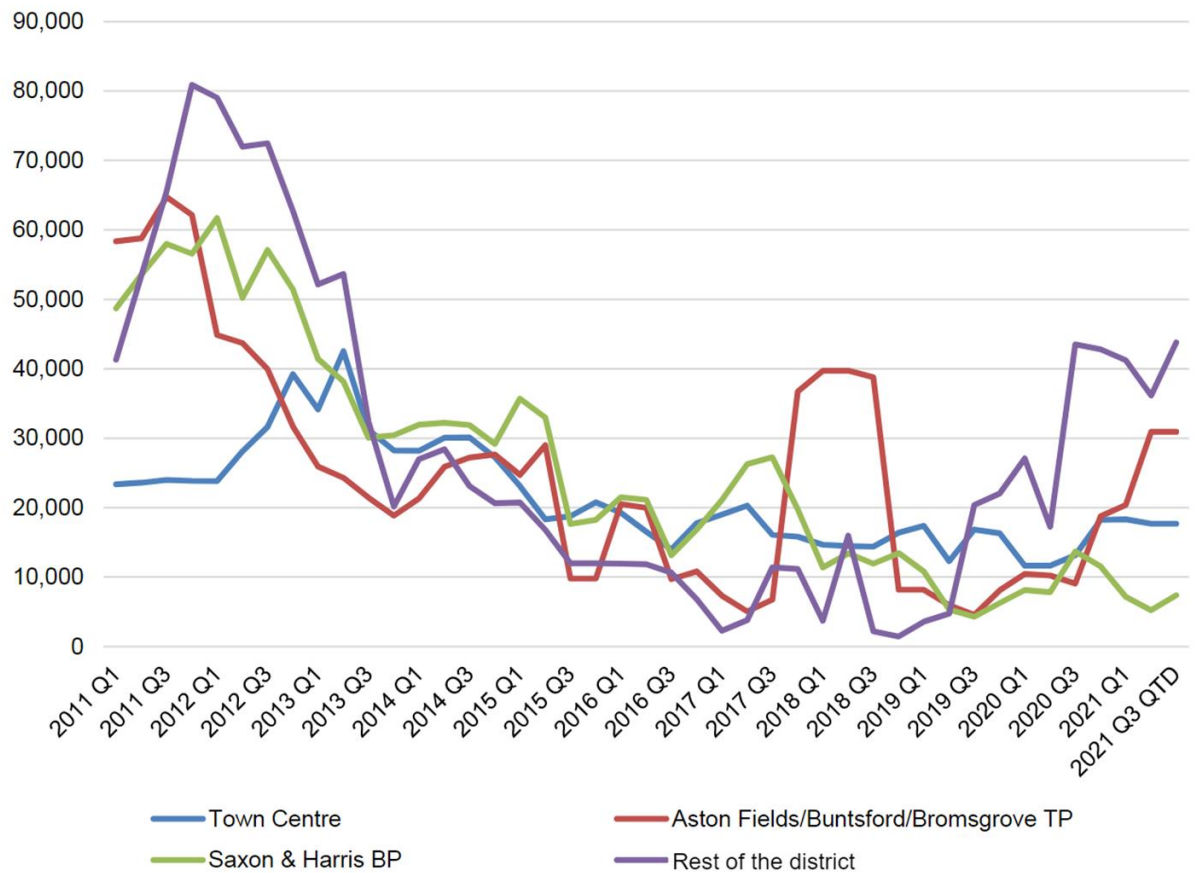


Source: CoStar, 2021

- 6.113 For individual areas availability is generally reflective of the district as a whole. Availability across all main employment areas from 2011 to 2015 was on a downward trend. Availability appeared to level out in the subsequent years but then started to increase since 2019, except at Saxon and Harris Business Park. The availability rate at the Rest of the District increased relatively significantly from 140 sq m (1,500 sq ft)

in 2019 to 4,000 sq m (43,000 sq ft) available in June 2021. But this is mainly due to a number of larger than average office floorplates becoming available at Topaz Business Park. Overall, the percentage increase is not considered a concern.

Figure 6.21 Office areas available floorspace stock, sq ft



Source: CoStar, 2021

6.114 Units available immediately in the main employment areas (at 2021 Quarter 2), as recorded by CoStar, are as follows:

- Saxon & Harris/Aston Fields/ Bromsgrove Technology Park: 22 units, floorspace ranges between 50 – 650 sq m (550 sq ft – 7,000 sq ft), comprising all second-hand space. In general, these parks contain the largest available floorspace in the district. The number of units, at some 8% of the total, available appears high.
- Bromsgrove Town Centre: 12 units, floorspace ranges between 37 – 557 sq m (400 – 6,000 sq ft), the majority is dispersed within the High Street and is all second-hand space. We would not consider this level of availability to be a concern.
- Rest of the District: 23 units, of which 6 are located at Topaz Business Park which has space for sale and lease. The rest of the properties are located in the various villages in the district including Barnt Green and Alvechurch. We would consider this level of availability high.

Rents and the economics of development

- 6.115 Office rents in Bromsgrove district are generally more expensive than surrounding areas such as Redditch borough, Wychavon district, and Worcester city. Due to a lack of recent office development, there is no evidence of recent new build rents. Headline rents in the district are around £200 psm (£18.50 psf) achieved at Topaz Business Park. The higher rents are reflective of the district's attractiveness in the regional context due to its good transport links, close proximity to Birmingham and the availability of small units.
- 6.116 Second-hand rents typically range between £108-£162 psm (£10.00-£15.00 psf) at the out of town office parks and range between £129- £172 psm (£12.00-£16.00 psf) in Bromsgrove town centre. These figures are in line with commercial agents quoting prices. The varied rents in Bromsgrove town centre are reflective of the more variable quality of stock found here compared to the purpose built stock found out of town.
- 6.117 The rents across the district make it generally viable to maintain and refurbish the existing stock but not to stimulate speculative development. To support new development, rents will need to be in excess of £269 psm (£25 psf). Admittedly, there are some lettings in Bromsgrove town centre where this can be achieved, but these units are typically small between 9–27 sq m (100-300 sq ft). These small lettings are typically on short term leases to small companies, and as such do not provide the surety of income to enable development to be financed.

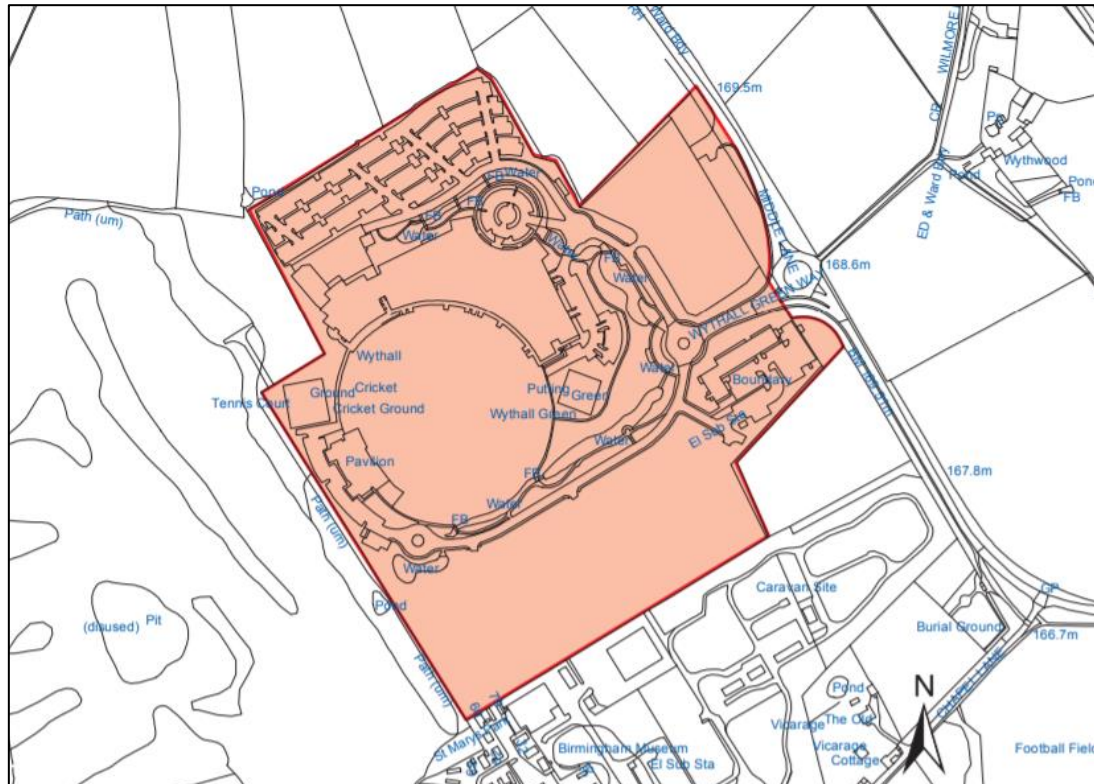
Development opportunities

- 6.118 As with the industrial market, we have looked at the main opportunities for office development the district.
- 6.119 According to CoStar, there are currently two sites that have planning permission or allocation and available for development to deliver standalone office space in the district. These are Wythall Green and Bromsgrove Technology Park. These are discussed in detail below.

Wythall Green Business Park

- 6.120 Wythall Green Business Park is a 17.3 hectare (43 acres) office site located west of the settlement of Wythall.

Figure 6.22 Wythall Green Business Park site plan (not to scale)



Source: Bromsgrove Employment Land Study, December 2012

- 6.121 The whole of the site is owned by the Phoenix Group, who also occupy the whole of the main 37,200 sq m (400,000 sq ft) office building. The site also contains Boundary House, a 2,800 sq m (30,000 sq ft) office building constructed in 2004 that currently serves as the head office address of some of the Grafton Groups brands such as Buildbase and Selco Builders Warehouse.
- 6.122 Since Boundary House, there has not been any further development at the site despite there being planning permission for the development of an office park. The last known permission was granted in 2012 and was an extension of an original planning application granted in 1999. There are currently over 6 hectares (15 acres) of land available for development, which has been advertised on a build to suit basis for a number of years with no pre lets being secured. Rents in the area are not sufficient to enable speculative development.
- 6.123 Although the site offers a large amount of development land and is located in close proximity to the A435, there has not been any new development of office space since 2004. The main reason for this, as reported by agents is that the area is too remote from amenities to attract an occupier large enough to take a pre-let on a substantial unit. Furthermore, as stated above, regionally there is a large pipeline of out of town offices closer to the core markets. In the current market the site does not appear to be attractive for office development. It has been promoted for residential development in the past.

6.124 It is our view that Wythall Green Business Park will not be developed for office units in the near future, for the reasons explained above. As an alternative, we would suggest that the land be used to deliver primarily clean, high-tech light industrial units to satisfy the local market - rather than office space, which is in low demand and economically unviable.

Bromsgrove Technology Park

6.125 As mentioned in the industrial section above, Bromsgrove Technology Park is a 9.5 hectare (24 acres) employment allocation that is earmarked to deliver mixed office and industrial uses. The only office developments on the site to date are Aston Court, a scheme of 15 units built between 2006 and 2008, and the Basepoint Business Centre. As previously discussed, Basepoint was brought forward in a joint venture between Langtree and Advantage West Midlands.

6.126 Aston Court was delivered pre-financial crisis, and since then there has not been any significant quantum of office development at the site. This is because speculative development is not viable and potential office occupiers in the area are not prepared to commit to pre-lets, preferring to take existing space.

6.127 It is our view that, whilst development has not occurred in a number of years, the site should be retained for both office and industrial uses. This is because the site has strong positives, which mean that it is well positioned to capture any future demand for new office space in the district.

Conclusion

6.128 Set in its regional context, Bromsgrove district's office market is small and unable to attract inward investment. Furthermore, the analysis has shown that in the core regional office markets, especially Birmingham, there is a large amount of pipeline development planned. Therefore, it is difficult for Bromsgrove district to pick up any 'overspill' from Birmingham, unless an occupier has a specific requirement to be located in the district, of which there is no evidence.

6.129 The office market in Bromsgrove district was performing reasonably well pre-pandemic – although it is now in a state of flux following the pandemic, like the UK office market overall. The two main types of stock found in the district are modern purpose built out of town offices and some purpose built or converted premises in the town centre. Evidence shows that the bulk of recent take-up comes from SMEs with a focus on the town centre and the office parks to the south of the town. Take-up has been from a number of sectors, some servicing the local market and others using the district as their head office.

6.130 The market signals are not sufficient at the moment to trigger new build development on a speculative basis. Rents are sufficient to refurbish space, examples include Buntsford Park and Ravens Court at Ravensbank Business Park. This means that the current office stock can continue to be maintained and should be enough to meet the local demand for offices in the foreseeable future.

- 6.131 We think that the 6 hectares (15 acres) allocated at Wythall Green Business Park should be promoted for high quality light industrial units. This would help address the severe lack of good quality industrial space in the district but would require some level of public sector support.
- 6.132 Policy should support office development at Bromsgrove Technology Park, to deliver any office space that may be required in the plan period. Furthermore, the policy should be flexible on our proposed circa 25-hectare (62-acre) industrial site so that should an office occupier require a plot here it can be accommodated. Offices at a new allocation close to a motorway junction of critical mass is likely to be a more attractive proposition to an occupier than that currently offered at Wythall Green Business Park.
- 6.133 The Council should consider whether to protect some of the existing town centre office stock, as this is where there is likely to be a need to meet current and future demand. The scope of protection should be carefully defined, because some of the stock is dated and will not meet modern occupier requirements. New stock in the town centre should be promoted where possible but will likely require public intervention to help enable viable development due to current low rents achievable.

7 Employment land: policy options

7.1 In the last two chapters we used two approaches to analyse the demand and supply of employment land, the first based on economic forecasts and planning data and the second based on economic analysis. In this chapter we bring together those two sets of findings and draw implications for employment land policies in the new Local Plan.

Industrial

Analysis

- 7.2 Chapter 5 (Table 5.9) has forecast gross demand / need⁶⁰ for industrial space in the district for the study period 2019-40 as 84,765 sq m in the baseline scenario, and 110,510 sq m in the high scenario. It noted that these figures might be underestimates, because the economic forecast on which they were based is partly derived from past growth, and in Bromsgrove district that growth had been supply-constrained for many years.
- 7.3 It is a matter of judgment for the Council which forecast scenarios it accepts as the better indicator of industrial land need, and how much weight it attaches to those scenarios. Despite the large uncertainties and imperfections that inevitably affect all forecasts, in our opinion either scenario provides a reasonable measure of objectively assessed need, in line with national policy and guidance.
- 7.4 In relation to supply and market balance, our earlier analysis (summarised at Table 5.9) has found that:
- The gross planned industrial supply (outstanding planning permissions and plan allocations) totals 60,400 sq m.
 - That supply is concentrated at one significant site, Bromsgrove Technology Park, where the allocated land has been available for many years without coming forward (the remaining supply is scattered among much smaller sites).
 - Against the forecast demand there is an undersupply, or deficit, of 24,365 - 50,110 sq m, depending on the scenario. In terms of land area, the forecast deficit is 6-13 hectares.
- 7.5 If in future there are losses of existing industrial space over and above those already committed (which are very small), the forecast gross demand will increase accordingly, as will the forecast undersupply.
- 7.6 The market analysis in Chapter 6 has reality-checked and expanded the above findings. This analysis cannot look nearly as far into the future as forecasts do. But in relation to the current market, it confirms that floorspace supply falls far short of demand – so that, if additional floorspace were provided, it would be readily taken up. There is no land available to fill the gap, because the one significant development site in the district, Bromsgrove Technology Park, is not financially viable to develop

⁶⁰ As discussed earlier, in the present context the two terms are interchangeable.

without public sector support. If it did come forward, the Technology Park would be attractive to small and medium occupiers. But it would still leave a qualitative gap in the market, as there would be no land available for larger industrial spaces or occupiers who want to be close to the motorway.

7.7 As a policy option to be considered by the Council, Chapter 6 has suggested the new plan could supply industrial land as follows:

- Retain the existing allocations, including Bromsgrove Technology Park
- Re-allocate the development land at Wythall Green, currently allocated for offices, to provide small to medium industrial units. Like Bromsgrove Technology Park, this would help address the severe shortage of space for existing local businesses. It would also create new opportunities for Bromsgrove district to attract more potentially high tech jobs. But again, to make development viable would require public sector support.
- Allocate for industrial development a new large, high-profile, highly accessible greenfield site close to a motorway junction.
 - Policy for the site would allow both industrial and office development, although in practice we believe that all or most of it would come forward as industrial.
 - As well as a quantitative supply gap, this would fill a qualitative one, attracting larger and higher-value businesses than are currently seen in the district.
 - To provide the critical mass that is necessary to attract such occupiers, the new site would probably need to be around 25 hectares. The property market analysis suggests that this quantum of land would have good prospects of being taken up in the study period to 2040.
 - Allocate a section of the site for small and medium industrial uses(subject to market demand and viability).

7.8 Table 7.1 below assesses what the supply-demand balance would be if these suggestions were implemented as they stand, and there were no other changes in the planned industrial supply. The purpose is to illustrate the options available to the Council; we are not suggesting that our suggestions will be, or should, be implemented literally, or at all.

7.9 In the table, the first four rows repeat the current industrial land balance, as calculated earlier and summarised in para 7.2 above. For simplicity we assume that the land at Bromsgrove Technology Park is taken up for industrial uses, although in practice some of it could come forward for offices. Rows 5-8 estimate the industrial floorspace that would be developed at the two new allocations that we have suggested (assuming the standard plot ratio of 40%, or 4,000 sq m of floorspace per hectare of land area⁶¹). Here we assume that the new motorway site is wholly developed for industrial uses; if some of it goes to offices, the industrial floorspace will be less than the 100,000 sq m shown in the table. Finally rows 9-12 recalculate the

⁶¹ At Wythall Green, the floorspace shown in the table equals the office floorspace provided by the now lapsed planning permission. This also equals 40% of the site area of 6 ha.

market balance, using the same demand figures as before, but adding the suggested new sites to the supply. The calculation shows that:

- Under the baseline demand scenario, allocating Wythall Green alone would exactly close the supply gap. Allocation of a suggested motorway site would constitute oversupply against the forecast demand, amounting to some 100,000 sq m of floorspace (25 ha of land area). If some of the site went to offices, the industrial oversupply would be less.
- Under the high demand scenario, if only Wythall Green were allocated there would still be a supply gap. But if a new motorway site is also allocated there would still be a large oversupply against the forecast demand, equal to some 74,000 sq m (18 ha). Again, if some of the site were taken up for offices this figure would be lower.

Table 7.1 Suggested new industrial allocations: impact on market balance, 2019-40

Row	Industrial floorspace Gross change, sq m	Base demand scenario	High demand scenario
(1)	Current market balance		
(2)	Demand	84,765	110,510
(3)	Supply	60,400	60,400
(4)	Over (under) supply	-24,365	-50,110
(5)	Additional supply suggested		
(6)	Wythall Green	24,495	24,495
(7)	New motorway site	100,000	100,000
(8)	Total additional supply proposed	124,495	124,495
(9)	Market balance with proposed additional supply		
(10)	Demand	84,765	110,510
(11)	Supply	184,895	184,895
(12)	Over (under) supply	100,130	74,385

Source: Stantec

7.10 Table 7.2 below estimates the industrial jobs that would be provided at the suggested new industrial sites, over and above the job growth already shown in our high demand scenario. One reason why this is of interest is that we need to consider whether allocating more industrial land would produce more jobs in Bromsgrove district than the local labour supply can support. We focus on the high demand

scenario because we have already estimated that the jobs in that scenario can be filled by the forecast labour supply, assuming housing development in line with the Local Housing Need.

- 7.11 In Table 7.2 we assume that 75% of the space at the suggested sites would be taken up for logistics, and the remaining 25% for core industrial uses. Assumed employment densities are the same as in our demand forecast, 70 sq m per job for logistics and 45 sq m per job for core industrial uses.

Table 7.2 Suggested new industrial allocations: potential impact on jobs, 2019-40

High demand scenario	
Over (under)supply of Industrial floorspace against forecast demand	
Sq m	
Core industrial	18,596
Logistics	55,789
Total industrial	74,385
Employment densities, sq m per job	
Core industrial, sq m	45
Logistics, sq m	70
Job growth over and above demand forecast	
Core industrial	413
Logistics	799
Total industrial	1,212

Source: Stantec

- 7.12 The table suggests that, if our suggested additional allocations were implemented as they stand, by 2040 they would add some 1,200 industrial jobs to our high demand scenario. This is only a broad approximation, because we cannot predict the mix of activities that would be attracted to the new sites.
- 7.13 Allocating a large amount of land produces a relatively small number of jobs, because core industry and warehousing are land-hungry uses.
- 7.14 In earlier analysis (para 4.52 onwards), we estimated that to fill the jobs in the high scenario would need just small changes to the Experian baseline forecast. A small technical adjustment to activity rates on its own would result in labour supply capacity

for 1,400 jobs over and above the high scenario, which on its own would be enough to balance the additional labour demand created at the suggested additional sites.

- 7.15 As we also noted earlier, this detailed labour market analysis in a sense is beside the point. The common sense conclusion is that, in round numbers, adding 1,000 jobs to the district's 60,000 jobs would not lead to a labour shortage that justifies additional housing development.

Policy

- 7.16 In summary, our analysis suggests that there are two broad options open to the Council.
- 7.17 The first is a business as usual option, which aims to meet the demand forecast in the baseline scenario. In this option, the Local Plan would retain the existing plan allocations and add the land at Wythall Business Park.
- 7.18 Secondly there is an ambitious option, in which the plan adds a further industrial allocation, to provide around 25 ha at a greenfield motorway site. As well as a quantitative supply gap, this would fill a qualitative one, attracting larger and higher-value businesses than are currently seen in the district.
- 7.19 The second option would meet the demand forecast in the high scenario and more. Such additional development would be best understood as a contribution to meeting wider regional need, which is footloose within Greater Birmingham and the Black Country (Bromsgrove FEMA), or the wider West Midlands market.
- 7.20 In the past Bromsgrove district has contributed little or nothing to meeting that wider regional need. How far it should do so in future, is a matter of judgment for the Council. There is no doubt that the need is acute, given the shortage of strategic sites documented in regional and local evidence bases. One essential consideration is where in the wider region the need can be met most sustainably, given that the land that could be considered for allocation is mostly in the Green Belt, not only in Bromsgrove district but also in the wider region. Planning authorities should consider this jointly through the DtC process.

Offices

Analysis

- 7.21 Chapter 5 (Table 5.11) has forecast gross demand / need for office space in the district for the study period 2019-40 as 36,773 sq m in the baseline scenario, and 44,615 sq m in the high scenario. In terms of land area, in the town centre this would take up 3.7-4.5 ha of land, depending on the scenario. In out-of-town business parks it would take up 6.1-7.5 ha. These figures could well be overestimates, because floorspace per job may continue to fall in the future, due partly but not only to the Covid pandemic.
- 7.22 In regard to supply and market balance, our earlier analysis (summarised at Table 5.13) has found that:

- The planned gross office supply (outstanding planning permissions and plan allocations) totals 31,995 sq m.
 - The bulk of that supply is at a single site, Wythall Business Park – where the allocated land has been available for many years without coming forward.
 - There is also a much smaller allocation, at Perryfields Road (BROM2), which could provide 7,500 sq m of offices.
 - Against the forecast demand there is a small undersupply, or deficit, of 4,778-12,620 sq m, depending on the scenario.
- 7.23 If in future there are losses of existing office space, the forecast gross demand will increase accordingly, as will the forecast undersupply.
- 7.24 The market analysis in Chapter 6 has found that there is no viable demand for net additional office space in Bromsgrove district currently, and the market foresees no prospects of such demand. For the short term at least, the existing office stock is financially viable to maintain and should be enough to meet occupier demand, especially if the better office spaces in the town centre are protected from a shift to other uses.
- 7.25 The market analysis has suggested that the allocated land at Wythall Business Park is not an attractive location for any office demand that may emerge in the longer term. Rather, small-scale, local demand for new offices, if there is any, could be met on the allocated development land at Bromsgrove Technology Park. If the Council wished to attract office demand from larger, regional occupiers, the best chance of success would be at the suggested new motorway site discussed earlier. Even so, we cannot be certain that significant demand for additional office space will be forthcoming over the study period.

Policy

- 7.26 Based on the above analysis, we suggest that the new Local Plan identify the need for gross additional office space for 2019-40 as a maximum of 36,773-44,615 sq m, depending on which demand scenario it considers more robust (this is a matter of judgment, as discussed in relation to industrial demand at para 7.3). The plan should note that this figure is highly uncertain and could well be an overestimate. In terms of land area, in the town centre this would take up 3.7-4.5 ha of land, depending on the scenario. In out-of-town business parks it would take up 6.1-7.5 ha
- 7.27 In regard to land allocations, as a policy option we have suggested that the new Local Plan could:
- Re-allocate the land at Wythall Business Park to light industrial development;
 - For the employment allocations at Bromsgrove Technology Park, continue to allow both office and industrial development;
 - Similarly, if the Local Plan allocates a large new motorway site for employment, the policy should allow both office and industrial development on the site.

- 7.28 This option would be an effective way to manage the uncertainty around office demand. The total employment allocation at Bromsgrove Technology Park provides 9 ha, and a new motorway site would be around 25 ha and could be larger. If market demand in line with the forecasts did materialise, these two locations should be enough to meet it, while still leaving most of the allocated land for industrial uses.
- 7.29 Alternatively or additionally, the Local Plan might include policies to support office development in the town centre. Within the scope of this study we have not considered if there are potential development opportunities there.

8 Summary and conclusions

8.1 This final chapter is structured according to topics in the emerging Local Plan. We consider in turn job numbers, housing numbers, employment land policies for Bromsgrove district, and unmet needs from neighbouring authorities. In relation to each topic, we start with a brief summary of our findings and then draw policy implications for the new Local Plan.

Bromsgrove district: housing need and future jobs

8.2 We have provided two alternative views of future job growth in Bromsgrove district over the study period 2019-40, based on local economic forecasts from Experian.

- The baseline forecast shows jobs increasing by 4,200 the net outcome of Brexit-related decline of 1,200 jobs in 2019-23 and growth of 5,400 in 2023-2040 (equating to 7.1% jobs growth).
- The high scenario models what would occur if the district's economy grew faster than expected, with total job growth of 10% over the study period. The forecast adds a further 1,700 jobs, showing total job growth of 5,900 over the period.

8.3 As regards number of homes, the new Local Plan will be required to meet the Local Housing Need (LHN), calculated through the government's standard method – unless its land supply is restricted by nationally recognised constraints. At the time of this study, Bromsgrove district's LHN is 383 net new dwellings per annum (dpa), very close to the figure of 368 dpa shown in the adopted Bromsgrove District Plan. Following the government's standard method, this annual figure is calculated from projections for the next 10 years; but it applies to any future period, regardless of end date, including the future beyond the plan period.

8.4 Our analysis suggests that, if over the study period 2019-2040 housing in Bromsgrove district is built in line with the Local Housing Need, there will be enough resident workers to meet labour demand in either job scenario.

8.5 As part of the new Local Plan, the Council will probably want to choose one of the two job scenarios as the basis for employment land policies, including site allocations. That choice is a matter of judgment and political priorities. At present, the working residents of Bromsgrove district are economically advantaged, with comparatively high earnings and good access to jobs. These advantages will persist in future under either job growth scenario. The main difference between them is that the high scenario would provide more local job opportunities, so more residents could get work without needing to commute out. If the new Local Plan provides larger, higher-quality sites close to motorway junctions, the resulting job opportunities should also be higher skilled and higher paid. Consequently, there would be more opportunities for local residents in the higher occupations – who at present are especially dependent on jobs outside the district (mainly in Birmingham).

8.6 In any event, it must be recognised that economic forecasts are surrounded by uncertainty, and whatever job scenario is chosen can only be a broad indication of

the future. This is one reason why we have reality-checked the forecasts (Chapter 5) against property market analysis (Chapter 6).

Bromsgrove district: employment land policies

Industrial (manufacturing and logistics)

Analysis

- 8.7 We forecast the demand / need⁶² for industrial space in the district for the study period 2019-40 as 84,765 sq m in the baseline scenario, and 110,510 sq m in the high scenario. It noted that these figures might be underestimates, because the economic forecast on which they were based is partly derived from past growth, and in Bromsgrove district that growth had been supply-constrained for many years.
- 8.8 It is a matter of judgment for the Council which of the forecast scenarios it accepts as the better indicator of industrial land need, and how much weight it attaches to those scenarios. In our opinion either scenario provides a reasonable measure of objectively assessed need, in line with national policy and guidance.
- 8.9 In relation to supply and market balance, our analysis has found that:
- Against the forecast demand there is an undersupply, or deficit, of 24,365 - 50,110 sq m, depending on the scenario. In terms of land area, the forecast deficit is 6-13 hectares.
 - Supply is concentrated at one significant site, Bromsgrove Technology Park, which is attractive to occupiers, but not viable to develop without financial support.
- 8.10 If in future there are losses of existing industrial space over and above existing commitments (which are insignificant), the forecast gross demand will increase accordingly, as will the forecast undersupply.
- 8.11 Market analysis confirms that industrial supply falls far short of demand – so that, if additional floorspace were provided, it would be readily taken up. There is also a qualitative gap in supply, as there is no land available for large industrial spaces or occupiers who want to be close to the motorway.

Policy

- 8.12 Our analysis suggests that there are two broad options open to the Council.
- 8.13 The first is a business as usual option, which aims to meet the demand forecast in the baseline scenario. In this option, the Local Plan would retain the existing plan allocations and add the land at Wythall Business Park. Both allocations would help address the severe shortage of space for existing local businesses. Wythall Green in particular would also create new opportunities for Bromsgrove district to attract more potentially high tech jobs. But again, to make development viable would require public sector support.

⁶² As discussed earlier, in the present context the two terms are interchangeable.

- 8.14 Secondly there is an ambitious option, in which the plan adds a further industrial allocation, to provide around 25 ha at a greenfield motorway site. As well as a quantitative supply gap, this would fill a qualitative one, attracting larger and higher-value businesses than are currently seen in the district. It would also attract logistics, which would help fund infrastructure to open up the site. We suggest that a section of the site, perhaps 25% subject to market demand and viability, be reserved for small and medium units.
- 8.15 The second option would meet the demand forecast in the high scenario and more. The additional development, over and above the high scenario, would be best understood as a contribution to meeting wider regional need, which is footloose within Greater Birmingham and the Black Country (Bromsgrove FEMA), or the wider West Midlands market.
- 8.16 The ambitious option would create jobs over and above our high demand scenario. We estimate that, if housing in Bromsgrove District is built in line with Local Housing Need, there will be enough resident workers to fill those additional jobs.

Offices

Analysis

- 8.17 Our forecast of gross demand / need for office space in the district for the study period 2019-40 as 36,773 sq m in the baseline scenario, and 44,615 sq m in the high scenario. These figures could well be overestimates, because floorspace per job may continue to fall in the future, due partly but not only to the Covid pandemic.
- 8.18 In regard to supply and market balance, we find that:
- Against the forecast demand there is a small undersupply, or deficit, of 4,778-12,620 sq m, depending on the scenario.
 - The bulk of supply is at a single site, Wythall Business Park – which in our view has poor prospects of being taken up, as it is not attractive to occupiers.
- 8.19 If in future there are losses of existing office space, the forecast gross demand will increase accordingly, as will the forecast undersupply.
- 8.20 Our market analysis has found that there is no viable demand for net additional office space in Bromsgrove district currently, and the market foresees no prospects of such demand.
- 8.21 The market analysis suggests that small-scale, local demand for new offices, if there is any, could be met on the allocated development land at Bromsgrove Technology Park. If the Council wished to attract office demand from larger, regional occupiers, the best chance of success would be at the suggested new motorway site discussed earlier. Even so, we cannot be certain that significant demand for net additional office space will be forthcoming over the study period.

Policy

- 8.22 Based on the above analysis, we suggest that the new Local Plan identify the need for gross additional office space in 2019-40 as a maximum of 36,773-44,615 sq m, depending on which demand scenario it considers more robust (this is a matter of judgment, as discussed earlier). The plan should note that this figure is highly uncertain and could well be an overestimate.
- 8.23 In regard to land allocations, as a policy option we have suggested that the new Plan could:
- Re-allocate the land at Wythall Business Park to light industrial development;
 - For the employment allocations at Bromsgrove Technology Park, continue to allow both office and industrial development;
 - If the plan allocates a large new motorway site for employment, allow office as well as industrial development on the site;
 - Protect the better-quality office stock in the town centre from a shift to other uses.
- 8.24 Alternatively of additionally, the plan might include policies to support office development in the town centre. Within the scope of this study we have not considered if there are potential development opportunities there.

Unmet needs of neighbouring authorities

- 8.25 Under current national policy and guidance, Local Plans should accommodate unmet need from neighbouring authorities when it is reasonable and sustainable to do so; and the most likely destinations for those exports are authorities in the same housing market area (HMA) or functional economic market area (FEMA). There are no ground rules on how unmet need should be apportioned between destination authorities.
- 8.26 For Bromsgrove district, the most appropriate definition of a housing market area is Greater Birmingham and the Black Country (GBBC). GBBC HMA is also a good definition of Bromsgrove district's FEMA, though other definitions are possible. Within the GBBC HMA, the main likely exporters of unmet need are the Black Country for both housing and employment land, and Birmingham city for housing, but only after 2031. It is for those exporting authorities to make proposals on where their unmet needs should go, and for potential importers like Bromsgrove district to respond to those proposals.

Appendix A

Correspondence with ONS

From: BRES BRES@ons.gov.uk
To: [Howick, Cristina](#)
Cc: BRES; [Lynch, Andrew](#); [Ashford, Jordanne](#)
Subject: RE: Bromsgrove
Date: 21 May 2021 11:35:03

Cristina,

Apologies for the slow reply.

The team have now looked into this and have drawn the following conclusions;

The spike in 2017 was as a result of the estimation methodology, rather than any particular business. Estimation is calculated by similarly homogenous units sampled in the population to represent the none-sampled element. In the case of BRES, the similarly homogenous units are defined by size-band, industry sector and region.

The West Midlands as a whole had a 70k increase in employment in division 82 once estimation had ran its course. That 70k has to be apportioned across the regions at the lower geographic level. It seems Bromsgrove got its fair share of the apportionment, hence the increase of 11k in division 82 for Bromsgrove.

There is an argument that the representative sampled units driving this upward shift could have been manually outliered but of course, there is the contrariwise view that they should remain as they are there to represent the movement of the non-sampled element.

Thank you for bringing this to our attention. It's certainly something for us to take a closer look at as we continue to prepare BRES 2020 results.

Neil

From: Howick, Cristina <cristina.howick@stantec.com>
Sent: 17 May 2021 13:12
To: BRES <BRES@ons.gov.uk>
Cc: Lynch, Andrew <andrew.lynch@stantec.com>
Subject: Bromsgrove

Dear ONS,

Please could you help with an apparent anomaly in the BRES data? It's about employee jobs for Bromsgrove local authority district, which show as:

2009	36,000
2010	35,000
2011	35,000
2012	36,000
2013	36,000
2014	37,000
2015	38,000
2016	49,000
2017	62,000
2018	51,000
2019	51,000

In 2017 the number increases massively by 13,000 jobs, in 2018 it falls back by 12,000 jobs. We suspect that in 2017 there was an error, whereby one large employer (or several?) was temporarily miscoded to the wrong geography. We have come across this before, with the former Egg head office – sometimes coded to Derby, sometimes South Derbyshire. Please could you advise, could something similar have happened for Bromsgrove?

Thanks,

Cristina

Cristina Howick

Planning Director

Stantec UK Ltd

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Appendix B

Translating economic sectors into types of space

- 1 Economic statistics and forecasts tell us nothing directly about employment space, because they do not classify jobs according to the type of space they occupy. Rather, the statistics split jobs into economic sectors (industries and services), according to the Standard Industrial Classification (SIC). To estimate how many jobs will be based in offices and industrial space, and how many in 'non-B' spaces such as retail premises, schools and hospitals, we need to translate sectors into land uses.
- 2 As the starting point for this translation we use a method developed by Roger Tym & Partners (now PBA) over a series of employment land reviews and tested in a large-scale study of the Yorkshire and Humber region in 2010⁶³. To our knowledge there is no other published empirical research on the relationship between activity sectors and land uses.
- 3 The tables below show the sectors that are classified to industrial space and offices respectively. The names and numbers that identify each activity sector are from the UK Standard Classification of Economic Activities 2007 (SIC 2007)⁶⁴.

⁶³ Roger Tym & Partners with King Sturge for Yorkshire Forward, Planning for Employment Land: Translating Jobs into Land, March 2010

⁶⁴ <http://www.businessballs.com/freespecialresources/SIC-2007-explanation.pdf>

Table A1 Industrial sectors

Manufacturing		
Manufacturing and repairs	10-33	All manufacturing
	95.00	Repair of computers and personal and household goods
Other industrial		
Construction	43.2	Electrical, plumbing and other construction installation activities
	43.3	Building completion and finishing
	43.9	Other specialised construction activities not elsewhere specified (nec)
Motor vehicle activities	45.2	Maintenance and repair of motor vehicles
	45.4	Sale, maintenance and repair of motor cycles and related parts and accessories
Sewage and refuse disposal	37	Sewage
	38	Waste collection, treatment and disposal activities
Employment activities (part)	78	
Warehousing		
Wholesale trade except of motor vehicles and motorcycles	46	
Freight transport by road	49.41	
Removal services	49.42	
Storage and warehousing	52.10	
Other supporting land transport activities	52.21	
Cargo handling	52.24	
Post and courier activities	53.00	
Packaging activities	82.92	
Employment activities (part)	78	

Note

SIC 78, Employment Activities, covers workers employed through agencies in all activity sectors. They should be redistributed across the whole economy, both to B-class sectors and other sectors, in proportion to each sector's share of total employment.

Table A2 Office sectors

Office sectors		
Publishing	58	Motion picture production activities
Motion picture, video and TV programme activities	59.11	Motion picture, video and TV programme production activities
	59.12	Motion picture, video and TV programme post-production activities
	59.13	Motion picture, video and TV programme distribution activities
	59.20	Sound recording and music publishing activities
Programming and broadcasting activities	60	
Computer programming, consultancy and related activities	62	
Information service activities	63	
Financial service activities except insurance and pension funding	64	
Insurance, reinsurance and pension funding except compulsory social security	65	
Activities auxiliary to financial services and insurance activities	66	
Real estate activities	68	
Legal and accounting activities	69	
Activities of head offices, management consultancy activities	70.	
Architectural and engineering activities, technical testing and analysis	71	
Scientific research and development	72	
Advertising and market research	73	
Other professional, scientific and technical activities	74	
Renting and leasing activities	77.40	Leasing of intellectual property and similar products
Employment activities (part)	78	
Security and investigation activities	80	
Office admin, office support and other business support activities	82	
Public administration and defence; compulsory social security	84.1	Administration of the State and the economic and social policy of the community
	84.3	Compulsory social security activities

Note

SIC 78, Employment Activities, covers workers employed through agencies in all activity sectors. They should be redistributed across the whole economy, both to B-class sectors and other sectors, in proportion to each sector's share of total employment

- 4 On a technical note, most economic forecasts show around 20-30 broad activity sectors, a much coarser-grained classification than the SIC sectors in the table above. For example, the table counts as a B-space activity only part of the Construction industry (SIC 43.2, 43.3 and 43.9), whereas forecasts typically show only Construction as a whole (SIC 43). To estimate future employment in sub-sectors such as SIC 43.2, we assume that the share of each sub-sector's employment in its 'parent' sector stays constant.
- 5 There are two further technical difficulties with the relationship of sectors to land uses. The first is that the line between production space (factories and workshops) and warehousing is blurred. This is not surprising, because manufacturing and warehousing largely occupy the same kinds of buildings, many units combine both functions in proportions that vary over time, and smaller buildings are allowed to shift between the two without planning permission.
- 6 In setting total land provision targets, therefore, factories, workshops and warehouses, should generally be merged into a single 'industrial' category. This should not cause any problems, because these uses operate in similar buildings and at similar employment densities, except for very large units including strategic warehousing. In areas where they form a significant part of the stock, these large units should be allowed for separately.
- 7 The other problem with the tables is that some of the jobs which the table allocates to industrial space are in fact in offices. These jobs are probably in administration, sales and marketing functions of industrial and related businesses. A construction or plumbing business, for example, will often have an office that deals with orders, appointments, record-keeping and the like. In some cases this will be ancillary to an industrial unit and therefore not count as office space, but in other cases it will be free-standing. If the business is small, the office may be its only premises.
- 8 In total, the Yorkshire and Humber survey found that around one tenth of the jobs which our method allocates to industrial space (factories, workshops and warehouses) are in fact in offices. For a large area such as the region, this is too small a proportion to distort land provision targets. But in some local authority areas, especially the more highly urbanised, it is likely that the distortion is significant. Employment land reviews should aim to correct these distortions, using local knowledge to adjust the relationships shown in the tables above.
- 9 There are many other, place-specific factors why the sector-to-land-use relationships in the tables above may be invalid. For example, in some places large business units are assigned to the wrong sector or the wrong side of the local authority boundary. In other places, particular sectors are untypical and do not occupy the kinds of space that one would normally expect. In one local authority area in England, for example, there are many jobs classified to Other Supporting Land Transport Activities, SIC

52.21, which normally would occupy warehousing in the local authority area. But in this case most of the SIC 52.21 jobs relate to railway maintenance and the people concerned work all over the country, mostly outdoors.

- 10 Where such anomalies arise, close inspection of the numbers, combined with local knowledge, should help correct the statistics and customise the sector-to-land-use assumptions.
- 11 However, it is inevitable that sector-to-land-use relationships are less reliable for small than larger areas. As the Yorkshire and Humber survey illustrated, the relationships shown in our tables work very well for whole regions. But they are not reliable for individual buildings or employment areas, and may not be reliable at local authority level. This is one of the reasons why demand forecasts are more robust for regions than individual local authority areas.
- 12 The Yorkshire and Humber report provides further information and advice on sector-to-land-use relationships.

Appendix C

Employment land: consultation workshop

Introduction

- 1 As part of this study, the Council, supported by the consultant team, held a virtual consultation workshop on 17th June 2021. Invitations went out to industrial and office occupiers, property agents and property developers active in the district's commercial property market. A list of participants is below.

Individual	Organisation
Andy Croot	Thomas Lister
Ben Truslove	John Truslove,
David Green	Delta Planning
Gary Woodman	WLEP
Ian Parker	John Truslove
Joanne Russell	Stoford
Martin Crossley	Lloyds Bank
Peter Vaughan	Oakland International
Richard Cooke	Marrons Planning
Robert Elliot	Chamber of Commerce
Stephanie Edmondson	Fisher German LLP
Andy Hartwright	Stoford
Jon Elmer	NWEDR

- 2 The consultants set out questions for discussion as follows:
 - Existing allocations
 - Will they be taken up?
 - What occupiers want to be there?
 - Is development viable?
 - If new sites were allocated, would *those* be taken up?
 - For what occupiers?
 - Models and competitors (for industrial uses only)
 - What is happening elsewhere in the region?
 - Where large greenfield sites have been released for employment?
- 3 Below, we summarise the comments made in response. These are views expressed by individual participants. Participants do not necessarily agree with each other.

Industrial

Existing allocations

- 4 Bromsgrove Technology Park:
 - There is a lot of demand for floorspace

- Some occupiers want to be near the best infrastructure (motorway). They won't go to 'Tech Park'.
- There are developers who would build industrial there, but can't secure the land. You'd have to pay top dollar for the land, so speculative development is more viable.
- Maybe lower-quality units would be more viable.
- There is nothing wrong with the location. It's the landowner and the viability.
- The market has gone crazy in the last 10 years. Businesses can't get space and we lose them.
- One of the big successes on the site has been Gymshark. It outgrew its unit and moved to Blythe Valley Park (Solihull). We should have publicised Gymshark more, it shows what can be achieved in Bromsgrove.

If new, large, greenfield, high-quality motorway sites were allocated...

5 Would they be taken up?

- The lack of industrial floorspace supply in the West Midlands is purely down to lack of allocated sites. If you provide land close to motorway junctions, it will be taken up, no doubt.
- Local admin boundaries don't matter.
- Past take-up doesn't reflect demand.
- The regional Strategic Sites Study is now out. It shows desperate need and hardly any supply.
- Before the current Local Plan was adopted, Bromsgrove District had no Local Plan for years and years, so the market has been constrained by lack of allocated sites forever.
- You need a mixture of allocated sites, including large sites that can take large units. This means sites over 20 ha. Bromsgrove does not have any of those.

6 For what occupiers?

- There is a dated view that industry and logistics don't bring high-value jobs. They do. Take Pets-at-Home distribution centre in Stafford, granted planning permission in 2020. Brought 850 jobs, including 250 office jobs. A significant % of those will be tech. With growing automation, there is a lot of technology involved in warehouses these days.
- The market is blurred. Logistics and manufacturing should be seen as one sector together.
- There is a wealth of high-tech firms in Worcestershire, including Bromsgrove. People don't know this. There should be a lot more PR from the Council to publicise it.
- For developers, an occupier like Amazon is best – one huge transaction, you've made your money and you're out. But for the local area, Amazon does not do

much. There should be a way, not to force, but to encourage a mix, so there are smaller industrial units as well.

Models and competitors

- 7 What happened elsewhere in the region, where large greenfield sites were released for employment?
- Worcester Six: Infrastructure was delivered with support from Local Growth Fund and LEP.
 - Redditch Gateway: 10 ha went in in one deal. Admittedly it's more Redditch than Bromsgrove, but the market doesn't care about local authority boundaries. It's a testament to how big the opportunities are, including for Bromsgrove.

Offices

Existing allocations

- 8 Wythall Green:
- People still want out-of-town offices, with unlimited parking. Sustainability is all very well but what people want is parking.
 - I disagree. Being on the motorway is not so useful now. Young recruits want to be in city centres. People want to be able to get to the office in sustainable ways.
 - In Bromsgrove the local office demand is for Saxon, Aston Fields and the like. Firms want small units with own front door. Wythall Green is maybe OK for occupiers out of Solihull and Birmingham, but not for the local market. And historically Bromsgrove and Redditch have not attracted office business from beyond the local area. As Bromsgrove agents we have never had an enquiry from outside the local area.
 - But this could change. Birmingham Business Park is filling up and rents there are going through the roof. Bromsgrove is the next stop on the M42 after that.
 - The problem with Wythall Green is viability. Suspect that if office were built they would be occupied. But why would you build an office rather than an industrial unit, when rents are about the same and the industrial unit costs much less to build?

If new sites were allocated...

- 9 Would they be taken up? For what occupiers?
- See comments in the last section, which bear on out-of-town offices generally as well as Wythall Green specifically.
 - The important thing is to try and put small office requirements, and maybe medium ones as well, in the town centre. Yes, there is demand in other places – Bromsgrove Tech for example is a good location. But offices *should* be in the town centre if space can be found.
 - There is potential for Bromsgrove to take demand from central Birmingham. A lot of principals or senior staff travel into Birmingham on the Bromsgrove /

Worcestershire line. It would be on a small scale, but there are definitely opportunities there.

- 10 Basepoint is full and some companies are trying to move on from there. Could there be an opportunity to replicate Basepoint in the town centre?