

SOUTH TYNESIDE EMPLOYMENT LAND REVIEW

2014 UPDATE



TOPIC PAPERS

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The Topic Papers are:

- Topic Paper 1: Economic and Policy Context
(Section 2 of the 2011 ELR refers)
- Topic Paper 2: The Market for Employment Premises
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Topic Paper 1

Economic and Policy Context





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Topic Paper 1 : Economic and Policy Context

INTRODUCTION

- 1 This Topic Paper considers how the local economy in South Tyneside has changed since 2011, as well as the impact of changes to national policy as a result of the publication of the National Planning Policy Framework (NPPF) and the supporting National Planning Policy Guidance (NPPG) in respect of assessing future economic development needs.

CHANGES SINCE THE 2011 EMPLOYMENT LAND REVIEW

Policy Context

- 2 In 2012 the government published the NPPF. It replaces all previously issued Planning Policy Statements (PPSs) and Planning Policy Guidance notes (PPGs) with a single national planning policy document.
- 3 The cornerstone of the NPPF is to proactively deliver sustainable development to support the government's economic growth objectives and deliver the development which the country needs. NPPF identifies three dimensions of sustainable development:
 - Economic – contributing to building a strong, responsive and competitive economy through ensuring the right land is available in the right places;
 - Social – provision of housing to meet the needs of present and future generations which supports strong, vibrant and healthy communities; and
 - Environmental – contributing to protecting and enhancing our natural, built and historic environment.
- 4 Paragraph 17 of the NPPF sets out 12 Core Planning Principles. The most relevant of these states that planning should: “Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs...”
- 5 In paragraph 18, the NPPF notes the Government's commitment to securing economic growth, jobs and prosperity to meet **global competition and a low carbon future**. It also indicates the planning system should do “everything it can to support sustainable economic growth”.
- 6 For plan-making specifically NPPF identifies that:



- LPAs should positively seek opportunities to meet the development needs of their area; and
 - Local plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change.
- 7 Local authorities should set a clear and positive economic vision and address barriers to investment, including making specific provision for local and inward investment. There is also the requirement for **greater flexibility to cater for changing circumstances and new or emerging sectors/clusters**. Existing business sectors and their expansion are to be supported and policy flexibility should apply to enable business needs not anticipated in the development plan to be accommodated (paragraph 21).
- 8 The NPPF seeks to avoid the unnecessary protection of employment land and buildings which have no reasonable prospect of economic development use (paragraph 22/51). Local authorities are encouraged to consider alternative uses for such sites and premises on their merits.
- 9 Office uses are defined as a town centre use and subject to the sequential test.

National Planning Policy Guidance

- 10 Communities and Local Government (CLG) published the NPPG in 2013 which provides guidance and advice on delivering the policies set out in NPPF.
- 11 It gives guidance on the appropriate methodology for **assessing future economic growth** based upon;
- Past trends – considering recent trends in employment land take-up;
 - Economic forecasts (based on future scenarios) in order to provide an understanding of the future growth of the working age population;
 - An assessment of the underlying requirements for each type of employment use.
- 12 In relation to forecasting future trends, the guidance states that plan makers should take into consideration **market signals** based on the following:
- Information on labour demand and supply;
 - Past take-up of employment land and property and/or future property market requirements; and



- Consultation with relevant organisations, studies and other economic and employment statistics.

Economic Context

13 This section of the topic paper considers the changes to the local economy which have occurred since 2011. The 2011 ELR provided a fuller and more comprehensive assessment of baseline conditions, presented under the following headings;

- Industrial structure;
- Knowledge-based industries;
- Workforce;
- Earnings;
- Deprivation;
- Inward investment; and
- Commuting flows.

14 For the purposes of this topic paper, it has not been necessary or, in some instances, practical to provide and update on the analysis present in the 2011 ELR against each of the above headings. Rather, the analysis presented in the following paragraphs focuses on those issues where updated data is available and circumstances have changed since 2011:

- Workforce;
- Demography; and
- Industrial structure.

15 For a full understanding of economic conditions in South Tyneside, it is recommended that this paper should be read alongside Section 2 of the 2011 ELR.

Demography

16 South Tyneside has a resident population of approximately 148,400 (2012), of which 95,000 are of working age. South Tyneside has experienced a 2% decline in population in the last 10 years, whilst the North East has experienced a modest increase (3%). The 2011 interim population projections forecast that the borough's population will increase by 4% between 2011 and 2021 (148,162 to 153,878). Alternatively, the council's recent '2012-Based

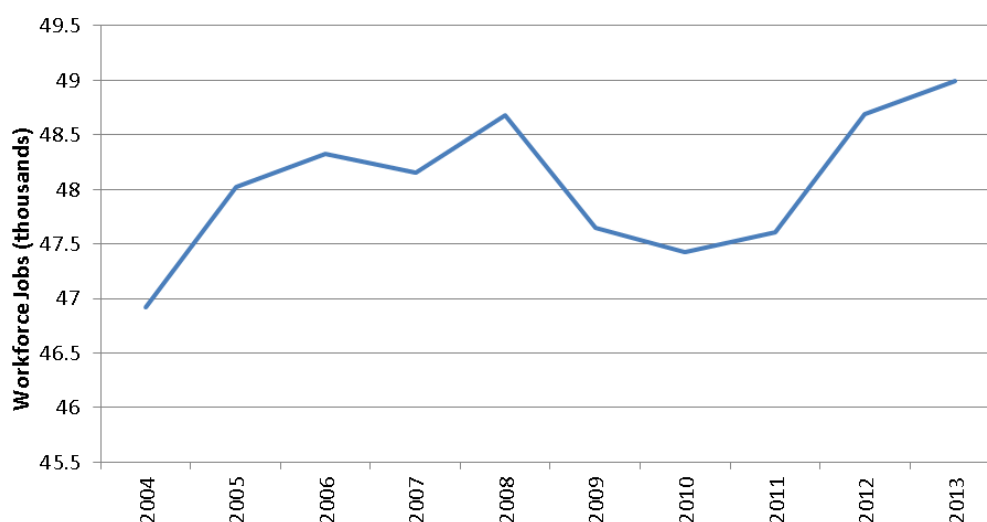


Population and Household Projections' undertaken by TWRI Policy and Research forecast that the figure will rise to 151,700 by 2021, and then 153,100 by 2037.

Workforce

- 17 South Tyneside has an estimated economically active population of 76,500, which equates to an economic activity rate of 75.1%. This has increased from 73.5% in 2011.
- 18 The current economic activity rate is largely in line with economic activity rates for the North East (74.1%). It is however lower than the national average (77.3%) suggesting there is some potential for further growth within the local economy.
- 19 Figure 1 shows how the number of 'workforce jobs' has changed over the last 3 years. The number of 'workforce jobs' in South Tyneside was 49,000 (Experian Business Strategies) in 2013.
- 20 The impact of the recession can be clearly seen from Figure 1, with workforce jobs falling by 1,000 between 2008 and 2011. Since 2011, a modest growth has been experienced; 1,450 jobs between 2011 and 2013

Figure 1 Change in Workforce Jobs 2004 to 2013



Source: Experian Business Strategies/NLP Analysis

Industrial Structure

- 21 Figure 2 highlights that the largest sectors of all employment in South Tyneside include; health (18.3%), manufacturing (11%) and education (9.6%). The sectoral distribution of employment in the borough is not significantly different from the national average, South Tyneside, however, is characterised by a higher proportion of jobs in;

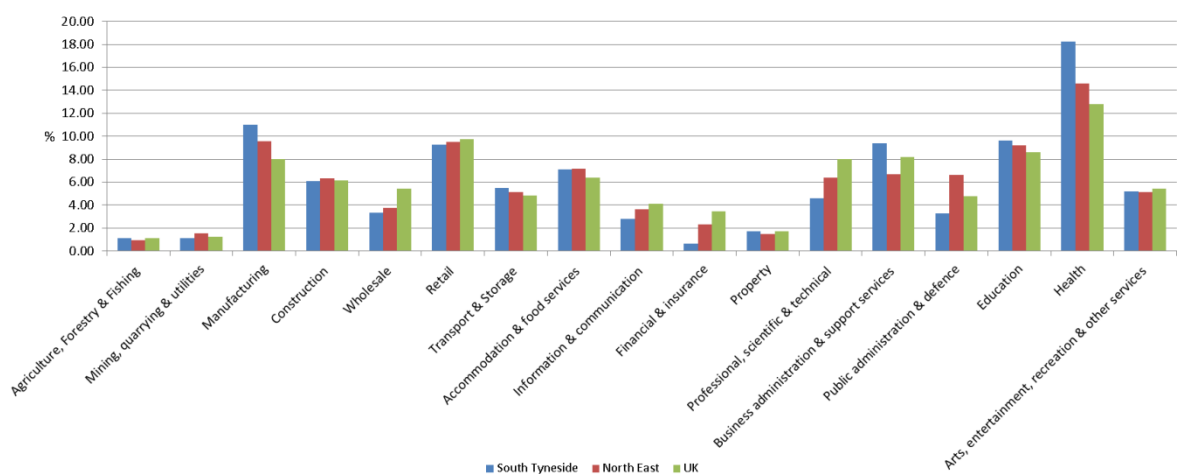


- Health (18.27%) (UK 12.7%);
- Manufacturing (10.9%) (UK 8.03%);
- Education (9.64%) (UK 8.60%);
- Business administration and support services (9.39%) (UK 8.2%);
- Accommodation and food services (7.09%) (NE 6.39%); and
- Transport and storage (5.47%) (UK 4.81%).

22 Lower proportions of jobs are found in:

- Retail (9.25%) (UK 9.77%);
- Construction (6.07%) (UK 6.17%);
- Arts, entertainment and recreation (5.19%) (UK 5.42%);
- Professional, scientific and technical (4.57%) (UK 8.01%);
- Wholesale (3.36%) (UK 5.40%);
- Public, administration and defence (3.26%) (UK 4.75%);
- Information and communication (2.81%) (UK 4.11%); and
- Finance and insurance (0.64%) (UK 2.84%).

Figure 2 Employment by Sector in South Tyneside (2013)



Source: Experian/NLP Analysis



23 An analysis of employment change in recent years shows that South Tyneside has experienced growth in;

- Business administration and support services (13.09%) (UK 8.97%);
- Transport and storage (16.09%) (UK 4.91%);
- Information and communication (33.01%) (UK 8.77%);
- Professional, scientific and technical (11.05%) (UK 8.77%); and
- Accommodation and food services (10.19%) (UK 6%).

24 It is anticipated that the growth in 'transport and storage' sectors (which includes the manufacture of vehicles) is likely to reflect the continued success of Nissan and the supply chain benefits to the local economy, as well as activities focussed on the Port of Tyne.

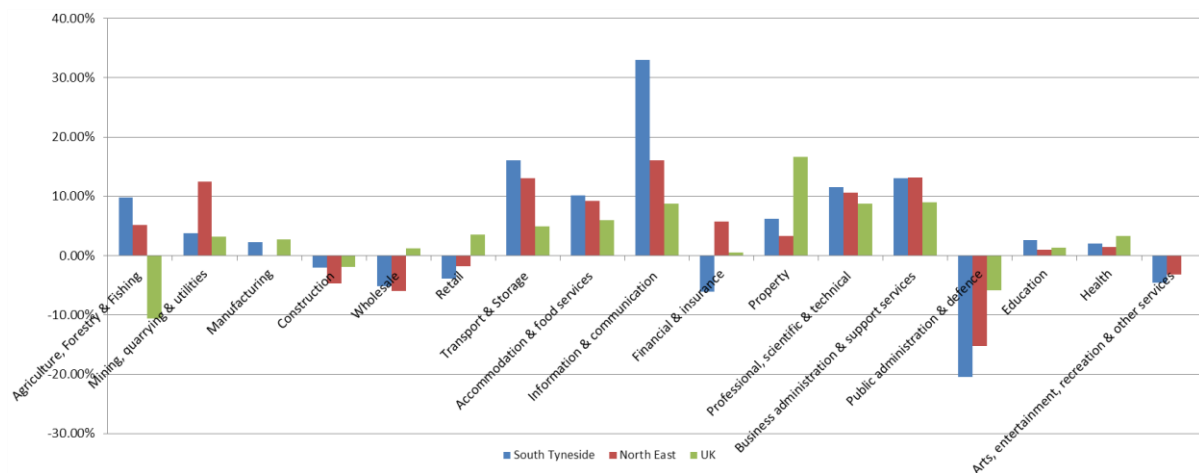
25 Growth has also occurred in 'business services and administration' (13%, 540 jobs) and 'accommodation and food services' (10.19%, 320 jobs). The increase in these sectors locally has exceeded those experienced at the regional and national level.

26 The growth in employee jobs highlighted above was, however, offset in part by the contraction of the following sectors;

- Public, administration and defence (20.50%);
- Wholesale (5.20%);
- Arts, entertainment and recreation (4.53%);
- Retail (3.84%);
- Financial and insurance (6.06%); and
- Construction (1.99%).



Figure 3 Employment Change in South Tyneside 2011 to 2013

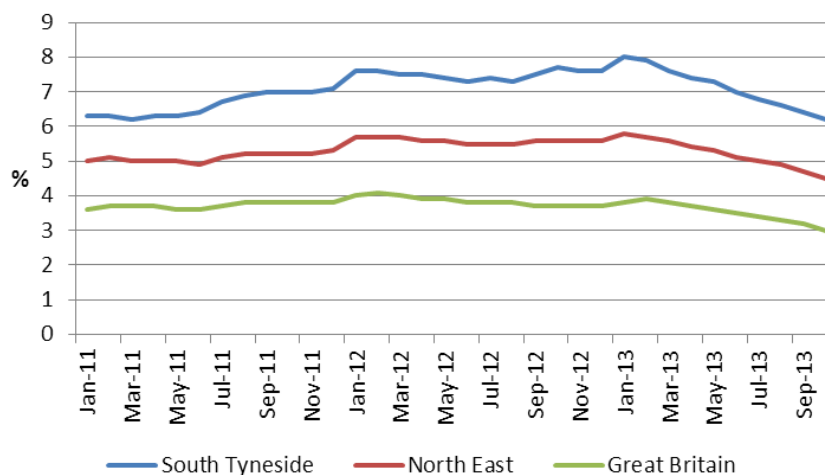


Source: Experian/NLP Analysis

Claimant Count

27 Claimant unemployment¹ in South Tyneside (6.0%) is higher than the regional average (4.4%) and more than double the national average (2.9%). Figure 3 shows claimant unemployment has changed over the period from January 2011 to November 2013. It shows that South Tyneside has followed regional and national trends, albeit at a higher rate.

Figure 4 Claimant Unemployment



Source: ONS Claimant Count

28 Between January 2011 and January 2013, a gradual upward trend in claimant rates was observed. Since January 2013, there has been period of decline but the claimant remains higher than the pre-recession average in South Tyneside, 6% (November 2013) compared to

¹ ONS November 2013



4% (November 2007). In November 2013 almost 6,000 residents of South Tyneside were claiming JSA.

Future Opportunities

29 The study team undertook a series of telephone interviews with key stakeholders. These interviews were used to provide a qualitative understanding of changing economic circumstances since 2011 and current prospects as of late 2013.

30 The interviews also considered the emerging opportunities and constraints which could shape the economic future of the borough. The suitability of the area's portfolio of employment land/premises was also considered. Interviews were conducted with the following organisations:

- Inward Investment Officers at South Tyneside Council;
- South Tyneside Manufacturing Forum;
- Port of Tyne; and
- A number of prominent local businesses.

31 The key issues raised during the discussions are summarised below:

- Proactive Council who work efficiently and effectively with local businesses;
- Lack of larger, well located sites which would enable the borough to capitalise on opportunities particularly in relation to sub-sea opportunities;
- Good links to further education providers in South Tyneside to secure appropriately skilled local labour force;
- Lack of opportunities to accommodate demand for larger industrial premises; and
- The importance of securing the opportunities presented through IAMP/City Deal in the borough – irrespective of the success of the City Deal.

International Advanced Manufacturing Plant (IAMP)/City Deal

32 One of the key messages emerging from the discussions with stakeholders is the significant opportunity for the borough in relation to the IAMP. It is understood that the proposals offer the potential to create over 2,500 new jobs in South Tyneside – figures provided by the Council project that over 2,000 of these jobs will be in manufacturing, with around 400 within the distribution sector.



Conclusions

- 33 The publication of NPPF and NPPG has placed greater emphasis on the need to plan positively in terms of supporting and bringing forward economic development opportunities and growth. NPPF highlights the need for development plans to be flexible in terms of catering for new/emerging sectors.
- 34 NPPG in particular places weight on utilising market signals alongside demand forecasts and projections with labour supply techniques to identify future land requirements. This gives weight to ensure characteristics of the local economy are considered which may not be captured through national trends.
- 35 Since 2011, the changes which have been experienced in the economy in South Tyneside have been largely positive, most noticeably:
- An increase in the number of workforce jobs; and
 - A decline in JSA claimant count.
- 36 In South Tyneside, consideration of the current economic context and discussions with stakeholders indicates a relatively positive future in a market which is emerging from recession. There are significant opportunities for South Tyneside in relation to the IAMP and low carbon vehicles, an opportunity not taken into account in the 2011 ELR. As such, the land requirements and portfolio recommended by that study risks constraining the boroughs potential to unlock this opportunity. Providing the flexibility to adapt to local circumstances and opportunities is central to NPPF and supported through NPPG.

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Topic Paper 2

The Market for Employment Premises





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Topic Paper 2 : The Market for Employment Premises

INTRODUCTION

- 1 This Topic Paper considers the market for offices and industrial premises in South Tyneside through an analysis of the stock, availability and demand. The market for premises influences the market for employment sites particularly in the short term. It can identify where there is oversupply or shortages of particular types or sizes of property and thus inform the type and size of employment sites that are required.

CHANGES SINCE THE 2011 EMPLOYMENT LAND REVIEW

Office Market

- 2 The table below compares VOA data on office stock with Council data on the availability of office premises in January 2014. The stock data has been adjusted to include individual units at three managed workspace complexes, which for rating purposes have been assessed as single hereditaments. There are 140 available office units; these represent a vacancy rate of 21%. The 2011 ELR Update identified 97 available units and a vacancy rate of 16%. The rising vacancy rate indicates deterioration in the market. A healthy property market operates at a vacancy rate of 5% to 10%.

	SIZE (sq ft)									TOTAL
	< 500	500 - 1000	1000 - 2500	2500 - 5000	5000 - 10000	10000 - 20000	20000 - 40000	40000 - 75000	> 75000	
STOCK OF UNITS	289	138	133	67	21	12	3	3	1	667
VACANT UNITS	74	19	29	13	3	2	0	0	0	140
VACANCY RATE	26%	14%	22%	19%	14%	17%	0%	0%	0%	21%

- 3 At the start of January 2014 there were only five available offices in excess of 5,000 sq ft; and though these equate to a substantial void rate amongst units in the 5,000-10,000 and 10,000-20,000 sq ft size bands, the small sample sizes can make such analysis misleading. By the end of March 2014 only one office of more than 5,000 sq ft remained available, suggesting an emerging shortage of larger units
- 4 Oversupply of office space will dampen office development activity until the market has recovered and the surplus has been absorbed. Where property is of poor quality then extended periods of vacancy can push owners into either demolishing or considering alternative uses. Either will help to restore market equilibrium. In South Tyneside however a



substantial proportion of office vacancies are amongst modern premises of good specification. It is only when the supply of such space starts to become restricted that new development activity will be triggered.

- 5 Oversupply is particularly acute amongst units of less than 500 sq ft. South Tyneside has a number of managed workspace complexes that are aimed at accommodating and supporting small and start-up businesses. The latest addition “One Trinity Green” opened in September 2012 offering 35 offices up to 570sq ft. The particularly high vacancy rate amongst small units to some extent reflects this new stock coming to the market and the extended period before it can achieve full occupancy. However agents have expressed concern over the impact on the wider market of such managed workspace schemes which through providing additional services to tenants and keeping rents competitive draw demand from private sector schemes.
- 6 The Council’s Economic Development Department monitors enquiries. Latest data is for 2011/12. It should be noted that although enquiries are an indicator of demand, a minority of enquiries actually result in take-up, and requirements can extend over multiple local authority areas and properties. Thus, although enquiry levels were around five times greater than the number of available units, the vacancy rate has subsequently risen substantially.

OFFICES	SIZE (sq ft)							TOTAL
	<1000	1000 - 2500	2500 - 5000	5000 - 10000	10000 - 20000	20000 - 50000	>50000	
ENQUIRIES 2011/12	205	126	65	30	17	20	4	467
VACANT UNITS 2011	55	25	13	1	1	1	1	97
VACANT UNITS JAN 2014	93	29	13	3	2	0	0	140

- 7 Comparison of the ratio of enquiries to take-up identifies a relatively higher number of enquiries for offices over 5,000 sq ft. There is a limited supply of offices of such size within South Tyneside, but a substantial oversupply in the wider sub-region; particularly in former Enterprise Zones at Peterlee, Seaham, North Shields and Longbenton.
- 8 At the time of the 2011 ELR low levels of market activity made it difficult to see the extent to which rents and capital values had fallen. Transaction levels are still low and receivers trying to attract occupiers within short time periods have led to heavy discounting, but some evidence of rental levels is emerging. We have used this evidence to inform a viability appraisal for a typical out-of-town office scheme. This viability appraisal assumes a serviced site with no abnormal development costs or planning obligations.



9 At the time of writing, DTZ is appointed by South Tyneside Council to prepare viability evidence to support the proposed introduction of a Community Infrastructure Levy (CIL). To ensure consistency within the Council's evidence base we have adopted the assumptions used by DTZ in assessing the viability of development (see Appendix 1). Our appraisal on this basis is set out at Appendix 2 and is summarised below.

Development Size	Out of Town Offices 2,000 sq m GIA on 0.4 ha	
Net Development Value		£1,604,375
Development Costs	£3,115,563	
Developer's Profit @ 15%	<u>£ 467,336</u>	
Total Cost		<u>£3,582,877</u>
Funding Requirement		£1,978,524

10 Our appraisal demonstrates that in current market conditions the speculative development of out-of-town office premises is not viable even when there are no abnormal costs or planning obligations. For speculative development to be viable, shorter letting periods, reduced levels of tenant incentives and rents of £12 - £13 per sq ft would be required. To put this into context, agents are currently letting new business park accommodation at Boldon & Monkton for £7.50 - £10 per sq ft.

11 DTZ assumes construction costs of £1,112 per sq m (£103 per sq ft). In our experience developers such as Gladman using standard office designs can build more cheaply than this. Our sensitivity analysis demonstrates that higher rents and lower construction costs on their own are insufficient to generate a positive land value and thus to deliver development. Yields will need to improve, professional fees to be reduced and development finance to become more readily available if viable out-of-town office development is to recur.

12 The market for private sector offices is also affected by public sector provision of managed office space of which there is a relatively high proportion in South Tyneside. Competitive rents and high levels of services provided at Quadrus and other managed workspace centres create strong competition for office space developed by the private sector and there is a risk that continuing public sector provision could deter future private sector investment. The effect could be to prolong the period before speculative office development can return to South Tyneside.

Industrial Market

13 The table below compares VOA data on industrial stock with Council data on the availability of industrial premises. The stock data has been adjusted to include individual units at three Council managed workspace complexes ,formerly managed by TEDCO, which for rating purposes have been assessed as single hereditaments. There are 136 available industrial units; these represent a vacancy rate of 14%. The 2011 ELR Update identified 117 available



units and a vacancy rate of 12%. The rising vacancy rate indicates a modest deterioration in the market.

	SIZE (sq ft)									TOTAL
	< 500	500 - 1000	1000 - 2500	2500 - 5000	5000 - 10000	10000 - 20000	20000 - 40000	40000 - 75000	>75000	
STOCK OF UNITS	116	220	239	137	97	73	51	19	31	983
VACANT UNITS	18	52	35	10	11	3	3	2	2	136
VACANCY RATE	16%	24%	15%	7%	11%	4%	6%	11%	6%	14%

- 14 Vacancy rates are highest amongst units of less than 2,500 sq ft; but relatively low amongst units of more than 10,000sq ft. Between the start of January and the end of March 2014, of ten available units greater than 10,000 sq ft, one is no longer on the market and a further four are under offer. The vacancy rate amongst units of 10,000 - 20,000 sq ft has fallen from 23% in 2011 to just 4% in January 2014. In the wider sub-region high levels of development activity at the height of the market left a stock of vacant new large industrial units when the market turned. This surplus has now been largely absorbed and there is an emerging need for larger units and for sites on which to accommodate them. The decline in availability amongst larger units in South Tyneside is symptomatic of tightening of supply in the wider region.
- 15 Within Tyne & Wear the strongest industrial locations are those on the southern periphery of the conurbation where there is easy access to the strategic highway network. Locations such as Team Valley, Follingsby Park and the Washington industrial estates have been the focus for new development. On Team Valley demolitions of old factories have created plots for redevelopment but at Follingsby Park and on the Washington estates capacity for additional development is starting to become constrained. In recognition the neighbouring local planning authorities of Sunderland and Gateshead are considering the allocation of new employment sites within this market area. South Tyneside should give serious consideration to opportunities to allocate land for industrial development on the southern edge of the conurbation, particularly in locations with good access to the strategic highway network.
- 16 The Council's Economic Development Department monitors enquiries. Latest data is for 2011/12. It should be noted that although enquiries are an indicator of demand, a minority of enquiries actually result in take-up, and requirements can extend over multiple local authority areas and properties. Thus, although enquiry levels were around five times greater than the number of available units, the vacancy rate has subsequently risen.



INDUSTRIAL	SIZE (sq ft)							TOTAL
	<1000	1000 - 2500	2500 - 5000	5000 - 10000	10000 - 20000	20000 - 50000	>50000	
ENQUIRIES 2011/12	95	85	95	86	65	60	40	526
VACANT UNITS 2011	38	23	16	16	16	6	2	117
VACANT UNITS JAN 2014	70	35	10	11	3	4	3	136

- 17 Comparison of the ratio of enquiries to take-up identifies a relatively higher number of enquiries for industrial units over 10,000 sq ft. There are relatively few industrial units of this size within South Tyneside and the number available has fallen since 2011, giving credence to anecdotal evidence of a now limited supply of large premises in the sub-region. By contrast the number of vacant units below 2,500 sq ft has increased substantially since 2011.
- 18 The Council advise that targeting advanced manufacturing and engineering as a key sector for the future growth of employment has stimulated a range of enquiries for medium to large B2 / B8 accommodation. Moreover increasing business confidence is noted by the South Tyneside Manufacturing Forum which reports that the manufacturing sector is experiencing an uplift in demand. One of the drivers is the demand for high quality products which is resulting in a reversal in the trend for off-shoring.
- 19 At the time of the 2011 ELR low levels of market activity made it difficult to see the extent to which rents and capital values had fallen. Transaction levels are still low and some heavy discounting has occurred where receivers require short marketing periods, but some evidence of rental levels is emerging. We have used this evidence to inform viability appraisals of industrial schemes. These viability appraisals assume a serviced site with no abnormal development costs or planning obligations.
- 20 At the time of writing, DTZ is appointed by South Tyneside Council to prepare viability evidence to support the proposed introduction of a Community Infrastructure Levy (CIL). To ensure consistency within the Council's evidence base we have reviewed the assumptions used by DTZ. These are set out in the "*South Tyneside Council Community Infrastructure Levy Viability Assessment Workshop, 6 November 2013*", a copy of which is attached at Appendix 1. The assumptions are reasonable and we have adopted these for the purpose of our own appraisals.
- 21 DTZ has considered three different industrial schemes:
- Small workshops: 5 x 500 sq m = 2,500 sq m



- Medium industrial: 2 x 2500 sq m = 5,000 sq m
- Large industrial: 1 x 10,000 sq m

Our appraisals on these three bases are set out in Appendices 3-5 and summarised below.



Development	Small Workshops	
Size	2,500 sq m GIA on 0.5 ha	
Net Development Value		£1,179,688
Development Costs	£1,748,159	
Developer's Profit @ 15%	<u>£ 262,224</u>	
Total Cost		<u>£2,010,383</u>
Funding Requirement		£ 830,695

Development	Medium Industrial	
Size	5,000 sq m GIA on 1.0 ha	
Net Development Value		£2,359,375
Development Costs	£2,890,640	
Developer's Profit @ 15%	<u>£ 433,597</u>	
Total Cost		<u>£3,324,237</u>
Funding Requirement		£ 964,861

Development	Large Industrial	
Size	10,000 sq m GIA on 2.5 ha	
Net Development Value		£5,308,594
Development Costs	£6,072,227	
Developer's Profit @ 15%	<u>£ 910,835</u>	
Total Cost		<u>£6,983,062</u>
Funding Requirement		£1,674,468

- 22 All three appraisals produce a negative residual land value (which can be expressed as a funding requirement) which indicates that development of industrial premises is not viable even when there are no abnormal costs or planning obligations. The appraisals include sensitivity analyses which consider the impact of increasing rents by £5 & £10 per sq m and reducing costs by £10 & £20 per sq m. The sensitivity analyses demonstrate that these changes, by themselves, are insufficient to allow viable speculative development.
- 23 For viable speculative development of industrial premises in South Tyneside market conditions would have to improve substantially and lead to changes in a broader range of factors, such as shorter letting periods, reduced levels of tenant incentives, cheaper development finance and tighter profit margins.
- 24 The appraisal results are consistent with past patterns of development activity within Tyne & Wear. Only within market hotspots, such as Team Valley, and during favourable market conditions can speculative industrial development occur. Elsewhere within the sub-region industrial development depends upon public sector financial subsidy and/or fiscal inducements, often through Enterprise Zone status.

Summary

- 25 The 2011 ELR identified an oversupply of office premises in South Tyneside. This has worsened and now stands at 21%. When assessed by size, oversupply amongst smaller



units has persisted and there is now no evidence of a tight supply amongst units of 500 – 1,000 sq ft; but amongst units of over 5,000 sq ft there are increasing signs of a shortage of supply. Even over the first quarter of 2014 the supply has tightened significantly. However with low levels of rent there is no immediate prospect of private sector office development being resumed. It follows that sites identified for office development, such as at Monkton South, are likely to remain undeveloped until the market recovers, rents increase, business confidence improves and development finance becomes more readily available. It seems unlikely, having regard to widespread oversupply of out-of-town offices across the sub-region, that private sector speculative office development will occur within the current economic cycle or, say, the next three to five years, without some form of subsidy.

26 Within the industrial market there has been a modest deterioration in the market since 2011 but amongst units of over 10,000 sq ft (1,000 sq m) there is evidence of the market tightening, which could encourage developers to start building again. The viability of industrial development remains marginal and private sector speculative development is likely to require subsidies. Gap funding of construction may be sufficient to allow the development of plots on serviced industrial estates, but public sector funding of infrastructure provision and site preparation will be required elsewhere.

27 Our appraisals of four development types identify that in current market conditions speculative private sector development of employment premises would require substantial levels of gap funding. Funding requirements for different types of development are summarised below.

Type	Size	Funding Requirement
Out of Town Offices	2,000 sq m GIA on 0.4 ha	£1,980,000
Small Workshops	2,500 sq m GIA on 0.5 ha	£830,000
Medium Industrial	5,000 sq m GIA on 1.0 ha	£960,000
Large Industrial	10,000 sq m GIA on 2.5 ha	£1,670,000

28 In allocating employment sites the Council should pay particular regard to ensuring that there are readily available development opportunities capable of accommodating units in excess of 10,000 sq ft in locations with good access to the strategic highway network where market demand is strongest. A 10,000 sq ft unit will require a plot of around 0.25 ha. The provision of development plots of greater than 0.25 ha is therefore a priority.

29 There are few opportunities for such development on currently allocated employment sites within South Tyneside and consideration should be given to preparing and, where necessary, allocating sites that are capable of accommodating such requirements, particularly in strong market locations such as on the southern edge of the conurbation.

**SOUTH TYNESIDE EMPLOYMENT LAND REVIEW
2014 UPDATE**

Topic Paper 3

Understanding Future Land Requirements





TOPIC PAPERS

South Tyneside Council has commissioned Storeys Edward Symmons and Nathaniel Lichfield & Partners to update the 2011 South Tyneside Employment Land Review (2011 ELR) and to consider in greater detail five employment areas and six potential employment sites. Much of the 2011 ELR remains relevant; to avoid duplication we have focussed on those topics that require updating and on the requirements for more detailed assessments of sites and areas.

The Topic Papers are:

- Topic Paper 1: Economic and Policy Context
(Section 2 of the 2011 ELR refers)
- Topic Paper 2: The Market for Employment Premises
(Section 4 of 2011 ELR refers)
- Topic Paper 3: Understanding Future Land Requirements
(Section 6 of the 2011 ELR refers)
- Topic Paper 4: Employment Land – The Supply Demand Balance
(Section 7 of the 2011 ELR refers)
- Topic Paper 5: Assessments of Six Potential Employment Sites
(Section 8 of the 2011 ELR refers)
- Topic Paper 6: Assessments of Five Employment Areas
(Section 9 of the 2011 ELR refers)

These Topic Papers should be read in conjunction with the 2011 ELR.



Topic Paper 3 : Understanding Future Land Requirements

INTRODUCTION

1. This section considers the future B Class employment space requirements in South Tyneside over the period 2014 to 2029. It also assesses projected changes since the 2011 ELR, having regard to updated input assumptions.
2. The forecasting work has been commissioned because South Tyneside Council is keen to understand the implications for future land use planning of changes in the economic context since the completion of the 2011 ELR, including;
 - More positive macro-economic forecasts, as reflected in recent upward revisions to UK economic growth forecasts. At present the Office of Budgetary Responsibility¹ (OBR) predict GDP growth of 2.4 in 2014; and
 - Emerging, locally-specific opportunities including the proposed Sunderland and South Tyneside City Deal International Advanced Manufacturing Park / and the low carbon vehicle sector.
3. This exercise is initially intended to test the land requirement identified in the 2011 ELR in order to determine whether it remains valid in light of the changes outlined above. It should, however, be noted that the 2011 ELR provides a more comprehensive assessment of demand and market conditions which should be read alongside this update.
4. The assessment takes account of:
 - a Forecasts of employment growth in the main B class sectors (labour demand) drawing upon Experian economic projections;
 - b Future growth in the local labour supply and an analysis of the jobs and employment space that this can support; and
 - c Past rates of development activity.
5. It is important to recognise that each of these approaches to forecasting future employment space needs (as outlined above) have their individual merits and limitations. As such, careful thought needs to be given to how appropriate each is to the specific circumstances of South Tyneside.
6. Forecasts of future demand for employment space in South Tyneside have been considered under four different growth scenarios for the Borough:

¹ Economic and Fiscal Outlook (December 2013)



- Scenario 1: Labour Demand (Experian Baseline) – this policy-neutral scenario is based on econometric forecasts produced in late 2013 by Experian Business Strategies;
- Scenario 2: Labour Supply (Sectoral Change) - based upon the change in labour supply associated with estimated population growth in South Tyneside, disaggregated on the basis of the sectoral change² implied by Experian. Population growth data has been taken from 'Option 4' as set out in the Tyne and Wear Research Institute (TWRI) paper on future population and household projections (Nov 2013);
- Scenario 3: Labour Supply (Sectoral Distribution) – based on population change from 'Option 4' as above. The associated labour supply has been disaggregated by sector on the basis of the 2029 proportionate shares implied by the econometric modelling produced by Experian³; and
- Scenario 4: Development Rates (Continuation of Past Take-Up) - underpinned by historic trends in the take-up of B Class employment space across the Borough.

Scenario 1: Labour Demand (Experian Baseline)

7. Experian Business Strategies were commissioned to produce forecasts of job growth for the Borough over the period 2014-2029. These forecasts of job change by sector reflect recent trends and economic growth projections at the national and regional level, and take account of how economic sectors in South Tyneside have performed relative to regional growth in the past.
8. The forecasts do not take account of any local policy interventions, planned major developments or infrastructure changes at the local/regional level. As such, they are unlikely to yield the highest estimate of future demand in situations where there are significant place-based interventions/opportunities or other policy drivers aiming to accelerate local economic growth.
9. Econometric forecasts of this nature tend to be most reliable at the regional and national level, and less so when considering local economies. Nevertheless, they provide a valuable input by indicating the broad scale and direction of economic growth in different sectors, thereby helping to assess future land requirements.

² The change in employment sectors between 2014 and 2030 implied by Experian econometric modelling is used as the basis to disaggregate the future labour supply in South Tyneside – where the greatest sectoral change has occurred the greatest proportionate share of labour supply has been attributed

³ The 2029 sectoral breakdown of employment in South Tyneside implied by the Experian econometric modelling is used as the basis for disaggregating the future labour supply in South Tyneside



10. Table 1 provides a summary of the overall employment change forecast under the Experian Baseline scenario, along with expected job growth in the main B class sectors.

Table 1 Experian Baseline Employment Change in South Tyneside

	No. of Jobs		Change
	2014	2029	2014-2029
Manufacturing (B2)	6,880	5,884	-996
Distribution (B8)	3,427	3,704	278
Offices (B)	5,448	6,697	1,249
Total B Class Jobs	15,755	16,285	530
Jobs in All Sectors	49,440	54,750	5,130

Source: Experian/NLP Analysis

11. The table indicates that total employment (ie jobs in all sectors) is projected to increase to 2029 – growing by 5,130 jobs. This compares to the 2010 Experian projections which projected an increase of 4,300 jobs by 2029.
12. With respect to B class employment, it can be seen from the table that the Experian Baseline scenario forecasts a growth of 530 jobs (c.3.4%) to 2029, with the remaining increase in jobs within the non-B use class sectors such as retail, tourism, health and construction. This is forecast to be driven primarily by an increase in office employment (1,249 jobs) and a more modest growth in distribution (278). This growth is anticipated to be offset, in part, by a decline in employment in manufacturing (-996 jobs)
13. However, it should be noted that this decline projected at the local level by Experian reflects the trends which have been experienced nationally. It is important that these are considered alongside local intelligence and market signals to understand how well they reflect local circumstances (these local factors are considered in Topic Paper 2).
14. The projected job change outlined above can then be converted into future (net) employment space requirements by applying typical employment densities (the ratio of floorspace to jobs) for the different B class uses. To estimate employment space needs for South Tyneside, the following employment densities⁴ have been applied:
- Manufacturing: 1 job per 43sq m;
 - Warehousing
 - General, smaller scale warehousing (assumed to account for 80% of future jobs): 1 job per 65sq m;
 - Large scale, lower density, strategic warehousing (assumed to account for 20% of future jobs): 1 job per 74sq m; and

⁴ Based on HCA/OffPAT Employment Densities Guide, 2010



- Offices: 1 job per 12.5sq m.
15. The net floorspace requirements generated via the process outlined above are summarised in Table 2 and indicate a net demand for approximately 2,881sq m less industrial space and 15,611sq m more office space in 2029 than in 2014. The former reflects a projected decline in manufacturing jobs and hence greatly reduced need for manufacturing space, which serves to outweigh the projected growth in distribution needs.

Table 2 Experian Baseline Employment Space Requirements in South Tyneside

	Floorspace (sq m)
Manufacturing (B1c/B2)	-21,422 ⁵
Distribution (B8)	18,541
Offices (B1a/b)	15,611
Total	12,730

Source: NLP Analysis. Totals may not sum due to rounding

16. The net increase of 530 B class jobs over a 15 year period forecast by the Experian Baseline scenario (which underpins the employment space requirements summarised in Table 2) is equivalent to a growth of c.35 jobs each year. Data from Experian shows that between 1999 and 2013 B class jobs declined by nearly 750, with manufacturing contracting by more than 3,600 jobs. Within this context, whilst B-Class job estimates based on labour demand are higher than historic trends, the land requirement identified is less than past take-up rates⁶.

Scenario 2: Labour Supply (Sectoral Change)

17. The projected level of future labour supply with respect to South Tyneside – and the land requirements that could flow from this – has also been considered by NLP. The labour supply scenario has been underpinned by data produced by the Tyne and Wear Research Institute (TWRI) in relation to future population and household growth in South Tyneside.
18. ‘Option 4’ set out within ‘2012-based Population and Household Projections for South Tyneside’ is accepted in the report as the best method for projecting the population of the area. ‘Option 4’ projects a net population increase of 4,011 over the period 2014 to 2029.
19. It is understood that ‘Option 4’ is underpinned by the 2011-based Subnational Population Projections published by ONS. It is assumed by TWRI that the working age population will

⁵ It is assumed that where there is a projected loss of B-Class jobs only 50% of this loss is transferred into the floorspace requirement. This assumes that some of the loss of jobs is in relation to automation and may not result in a corresponding direct linear reduction in floorspace requirement.

⁶ Recent data from the ONS Business Register & Employment Survey (2014) identifies that over a three year period, 2009-12, employment growth in South Tyneside was stronger than the Experian Baseline forecast. Whether this will be sustained remains to be seen. As we recommend in our conclusions, the Council should continue to monitor and review key trends in the local economy.



reduce from 2014 (63.4%) to 2029 (60.3%), economic activity is assumed to remain unchanged at the current rate of 75.4%⁷.

20. Taking account of the above – as well as a labour force ratio of 0.58⁸ (to reflect South Tyneside’s role as a net exporter of labour) – suggests that there would be a reduction in the labour supply arising from ‘Option 4’ scenario in the order a loss of 965 by 2029. Assuming a labour supply: jobs ratio of 1:1, this would imply a loss in employment of approximately 965 jobs between 2014 and 2029. Despite an overall growth in population projected, the declining proportion of working age population results in an overall decline in jobs required.
21. In order to understand the employment space requirements that flow from a projected net decrease of 965 jobs, the overall job figure was disaggregated by sector using a ‘top-down’ approach. The Experian Baseline sectoral change was used as the basis for estimating future requirements.
22. The implied job numbers for 2014 have been disaggregated using the Experian sectoral breakdown for 2014. This has been repeated in the same way for the 2029 implied job numbers, which have been disaggregated on the basis of the 2029 Experian sectoral breakdown. The loss of 965 jobs derived via this process is clearly significantly lower than the 5,130 job growth projected by Experian. However, using the approach described above ensures that the employment outputs from this scenario reflect the anticipated direction of travel for individual sectors and the overall structural shifts assumed by Experian.
23. The resultant job change projections are summarised in Table 2.3. From this, it can be seen that projected population growth under the ‘Option 4’ scenario corresponds to a decline of 965 jobs. A decline in B class employment is anticipated under this scenario with jobs *falling* by approximately 1,125 by 2029. This is driven by a fall in manufacturing and distribution jobs. The number of jobs in office-based sectors is projected to increase over the study period.

Table 3 Labour Supply Scenario Forecast Employment Change

	No. of Jobs		Change
	2014	2029	2014-2029
Manufacturing (B1c/B2)	5,756	4,355	-1,400
Distribution (B8)	2,867	2,742	-125
Offices (B1a/b)	4,557	4,957	400
Total B Class Jobs	13,180	12,054	-1,125
Jobs in All Sectors	41,358	40,393	-965

Source: TWRI / NLP Analysis. Totals may not sum due to rounding

⁷ ONS/NOMIS December 2013

⁸ Workplace-based employment of 43,000 (ONS Jobs Density, 2011) ÷ 74,000 residents in employment (ONS Annual Population Survey, 2011)



24. The above job forecasts can then be converted into future (net) employment space requirements, using the same methodological assumptions outlined with respect to Scenario 1.
25. It can be seen from Table 4 that a positive future requirement for office floorspace (4,996 sq m) is anticipated within South Tyneside under this scenario. In contrast, a net demand for 34,267 sq.m less industrial space is projected overall, driven by a decline in the net requirement for manufacturing space.
26. The labour supply scenario forecasts a net decline of just over 1,000 B class jobs over the 15 year period to 2029, which corresponds to an average annual loss of c.66 jobs. This represents a comparable performance in relation to B class employment that was observed across South Tyneside between 1999 and 2013, where there was a loss of approximately 750 jobs (c.53 per annum). Nevertheless, the resultant floorspace requirements are significantly lower than the historic take-up levels observed over the same period. In terms of a floorspace requirement, therefore, the labour supply scenario can be viewed as conservative within the context of past trends.

Table 4 Labour Supply Scenario Employment Space Requirements in South Tyneside

	Floorspace (sq m)
Manufacturing (B1c/B2)	-30,105
Distribution (B8)	-4,162
Offices (B1a/b)	4,996
Total	-29,271

Source: NLP Analysis

Scenario 3: Labour Supply (Sectoral Distribution)

27. 'Option 4' taken from the TWRI '2012-based Population and Household Projections for South Tyneside' has been used to derive an overall net job decline of 965– applying the same methodology and assumptions detailed above in relation to Scenario 2. Where Scenarios 2 and 3 differ, however, is in their approach to the disaggregation – by B Class use – of the decline of 965 jobs.
28. Under Scenario 3, the net job growth is allocated between sectors on the basis of the *proportionate* share of employment projected in 2029 under the Experian Baseline. As such, the analysis is more static and does not have regard to whether sectors are projected by Experian to grow or contract over the Plan period. The most obvious example of this relates to the manufacturing sector. The Experian figures project a decline in manufacturing employment between 2014 and 2029. Scenario 3, however, projects an increase in manufacturing employment, as a share of the overall net jobs growth is apportioned to the manufacturing sector – with the percentage share determined by the sector's proportionate share of jobs as of 2029.



29. The job change projections generated under Scenario 3 (and calculated using the methodology outlined above) are summarised in Table 5. From this, it can be seen that B Class jobs are anticipated to decline by 285 over the period to 2029 – a decline across all B Class sectors. This however, reflects Experian job growth figures, which also project a contraction in manufacturing employment over the plan period.

Table 5 Labour Supply Scenario Forecast Employment Change

	Share of Employment (2029)	Net job growth (2014-2029)
Manufacturing (B1c/B2)	36%	-103
Distribution (B8)	23%	-65
Offices (B1a/b)	41%	-117
Total B Class Jobs	30%	-285
Jobs in All Sectors	100%	-956

Source: TWRI / NLP Analysis. Totals may not sum due to rounding

30. The job forecasts outlined above can then be converted into future (net) employment space requirements, using the same methodology detailed previously in relation to Scenario 1.
31. It can be seen from Table 6 that a negative future requirement is anticipated for all B Class sectors under Scenario 3⁹.

Table 6 Labour Supply Scenario Employment Space Requirements in South Tyneside

	Floorspace (sq m)
Manufacturing (B1c/B2)	-2,215
Distribution (B8)	-2,171
Offices (B1a/b)	-731
Total	-5,117

Source: NLP Analysis

Scenario 4 Past Development Rates (Continuation of Past Take-Up)

32. Scenario 4 considers past completion rates for employment space in South Tyneside. It is important to note that the profile of future demand may not reflect past trends and some adjustments may be required.
33. Data on past (gross) completions by B Class sector has been provided by South Tyneside Council for a 13 year period to 2013. This has been verified and updated to March 2014 as part of our work (see Topic Paper 4). This represents a relatively long time frame and one that covers periods of both recession and economic buoyancy.

⁹ It should be noted that the labour supply scenarios assume that the borough's current high unemployment and out-commuting rates will remain broadly static over the next 15 years. The Council's 'vision', strategies and delivery priorities include economic growth and new jobs. If successful this would impact on both labour supply scenarios and increase employment land requirements.



34. The take-up data provided by South Tyneside was presented on the basis of hectares of land developed for B1, B2 and B8 uses. This is in contrast to scenarios 1-3 which are considered in floorspace terms. It should however, be noted that the final stages of analysis set out in this paper translate the requirement identified under each scenario into hectares of land.
35. Over the 14 year period for which data is available, gross completions of B Class floorspace amounted to 54.48ha. This corresponds to an annual average of 3.89ha, disaggregated by sector as shown in Table 7. The majority of completions were for manufacturing (40%), offices (31%) and warehousing (30%).

Table 7 Annual Gross Completion Rates in South Tyneside (2000-2014)

Sector (Use Class)	Gross Annual Completion (ha)
B1b/c/B2 Manufacturing	1.55
B8 Warehousing	1.16
B1a Office	1.19
Total	3.89

Source: South Tyneside / NLP Analysis

36. Data provided by Storeys Edward Symmons indicates that losses of employment land to non B Class uses amounted to 30.84 ha across the Borough over a 14 year period, representing an annual loss of 2.20 ha. This gives rise to net take-up of 1.69ha per annum. From this it can be seen that net take-up for B2 was -0.41ha, with losses outstripping gross rates of development.

Table 8 Annual Gross Completion and Losses in South Tyneside (2000-2014)

Sector (Use Class)	Gross Completion (ha)	Losses (ha)	Net Completions (ha)
B1b/c/B2 Manufacturing	1.55	1.95	-0.41
B8 Warehousing	1.16	0.23	0.93
B1a Office	1.19	0.02	1.17
Total	3.89	2.20	1.69

Source: South Tyneside / NLP Analysis

37. However, local circumstances display a more positive position than the net take up identifies in respect of B2 Floorspace. In order to reflect this going forward, to ensure there is no negative impact on the choice of B2 land going forward (e.g. within the margin of choice used), the gross take-up for B2 floorspace between 2000 and 2013 has been used. This corresponds to 1.55ha per annum. For B1 and B8, net figures are used.



38. Table 9 sets out the annual completions rates for employment land which have been applied within this scenario.

Table 9 Completion Rates in South Tyneside (2000-2013)

Sector (Use Class)	Annual Completion (ha)
B1b/c/B2 Manufacturing (gross)	1.55
B8 Warehousing (net)	0.93
B1a Office (net)	1.17
Total	3.65

Source: South Tyneside/Storeys Edward Symmons / NLP Analysis

39. One view of future growth in South Tyneside could be to simply assume that future development rates reflect the long term average that has been achieved in the past as detailed in Table 9.
40. In simple terms, projecting the above figures forward to 2029 would suggest a requirement for approximately 37.2 ha of industrial floorspace and 17.55 ha of office floorspace. In total, this would indicate demand for **54.75 ha** of net employment space to 2029.
41. Table 10 outlines the projected sectoral breakdown of the requirement identified above. It should be noted that this distribution has been arrived at simply by projecting forward historic rates of development and does not take account of the need to replace some future losses. In addition, it does not include a margin of choice. Both adjustments are considered later in this paper.

Table 10 B Class Take-Up Forecast (2014-2029) Baseline Scenario

Sector (Use Class)	Assumed Annual Completion Rate (ha)	Space Required (ha)
B1b/c/B2 Manufacturing	1.55	23.25
B8 Warehousing	0.93	13.95
B1a Office	1.17	17.55
Total	3.65	54.75

Source: South Tyneside / NLP Analysis

42. As outlined previously, this scenario assumes that past trends of development will continue unchanged and, as such, may not fully reflect future demand over the Plan period. For instance, the baseline scenario *may* underestimate future demand if, for instance, the proposed International Advanced Manufacturing Park (IAMP) opportunity results in the emergence of significant demand from new manufacturing and supply chain businesses seeking a presence in South Tyneside or growth of existing companies through supply chain opportunities.



NET EMPLOYMENT SPACE REQUIREMENTS

43. Drawing together the various scenarios discussed above, Table 11 summarises the net space requirement (to 2029) arising from each.

Table 11 Net Requirement to 2029 for Different Growth Scenarios

	Labour Demand	Labour Supply		Past Take-Up
	1. Experian Baseline Job Growth	2. Population Change (Sector Change)	3. Population Change (Sector Distribution)	4. Past Development Rates
Manufacturing (B1c/B2)	-21,422 sq m	-30,105 sq m	-2,215 sq m	23.25 (ha)
Distribution (B8)	18,541 sq m	-4,162 sq m	-2,171 sq m	13.95 (ha)
Offices (B1a/b)	15,611 sq m	4,996 sq m	-731 sq m	17.55 (ha)
All B Uses	12,730 sq m	-29,271 sq m	-5,117 sq m	54.75 (ha)

Source: NLP Analysis

44. The different approaches and forecasts produce a wide range of projected space requirements.

SAFETY MARGIN

45. To estimate the overall requirement of employment space that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as:

- (1) Delays in sites coming forward for development;
- (2) The provision of developer choice;
- (3) The need for some flexibility and decanting space while older premises are redeveloped and new premises are coming forward; and
- (4) Forecasting error.

46. A commonly accepted approach is to provide an allowance to reflect the average time for a site to gain planning permission and be developed – typically two years. As such, a margin equivalent to two years' worth of past completions is often applied and has been applied in the table below.

47. Scenarios 1-3 are set out in terms of floorspace, until they are converted to an estimated land requirement following the adjustment for safety margin and replacement of losses. Scenario 4 however, continues to be dealt with in hectares of land as a result of the data on past take up being provided by NLP and South Tyneside Council in hectares. As such, the approach



adopted with respect to Scenario 4 (applying margin in terms of ha rather than sq.m) avoids the unnecessary steps of conversion to floorspace and back.

Table 12 Safety Margin Allowances

Sector (Use Class)	Average Annual Take-Up		Safety Margin Added	
	sq m	ha	sq m	ha
B1b/c/B2 Manufacturing	6,200	1.55	12,400	3.10
B8 Warehousing	3,720	0.93	7,440	1.86
B1a Office	4,680	1.17	9,360	2.34
Total	14,520	3.65	29,040	7.26

Source: NLP Analysis

48. To convert the net employment space requirements (derived above) into a gross requirement (the amount of employment space or land to be allocated), an allowance is also typically made for some replacement of losses of existing employment space that may be redeveloped over the Plan period for other, non-B Class uses.
49. As noted earlier, past losses in South Tyneside have averaged 2.20 ha per annum. The data provided by the Council relating to losses is broken down as follows:
- 1.95 ha per annum for manufacturing;
 - 0.23 ha per annum for warehousing; and
 - 0.02 ha per annum for office space.
50. It is necessary to make a judgement regarding the scale of future losses and the need to replace these over the Plan period. Without some replacement, the current supply of employment space would gradually be eroded. However, typically it is not necessary to replace all losses as some will reflect restructuring in the local economy and a general move towards the more efficient use of land and premises in the Borough. Also, future losses *may* reduce over time as poorer quality sites are removed from the supply.
51. Two considerations have been made in identifying an appropriate rate of replacement for losses:
- The characteristics of sites which have been redeveloped for alternative uses in the past; and
 - Potential future employment land losses – informed by the work undertaken to inform Topic Papers 5 and 6 of this study to assess 6 specific sites and 5 employment areas.



52. This highlights that:

- Past losses of employment land in South Tyneside have typically included sites which have been underused for a number of years including; Bedewell Industrial Park, Reyrolle's site (Riverside Village) and Middle Docks. Premises on these sites were in decline for a prolonged period and the buildings were largely unsuitable for employment use. As a result these sites were not required to be replaced in their entirety, as the employment "lost" was accommodated on a much smaller replacement site. One such example was Reyrolle (subsequently Siemens) who occupied a 9.7 ha site. As a result of change in their business and over several decades, the site and premises were underutilised and the business was able to relocate its operations at a new site of just 1.2 ha; and
- Future losses based upon work undertaken in Topic Papers 5 and 6 are likely to include sites which have a higher occupancy rate than past losses and therefore a greater rate of replacement needs to be considered to accommodate any future displacement.

53. Taking the above factors into account, it is considered that a 66% replacement rate is appropriate to accommodate relocation future losses. This corresponds to the following adjustments:

- 1.287 ha per annum (or 19.305ha over the Plan period) for manufacturing;
- 0.152 ha per annum (or 2.28ha over the Plan period) for warehousing; and
- 0.0132 ha per annum (or 0.198ha over the Plan period) for office space.

54. As a result of Scenario 4 using the gross annual take-up to calculate the net land requirement for B2 uses, only the margin of choice has been applied to the net figure. Applying an allowance for replacement of losses to the future requirement for B2 uses in Scenario 4 would result in an element of double counting in respect of the identified future land requirement.

55. The resultant gross space requirements – reflecting the adjustments for margin of choice and the replacement of losses discussed above – are set out in Table 13.



Table 13 Gross Space Requirement to 2029 for Different Growth Scenarios

	Labour Demand	Labour Supply		Past Take-Up
	1.Experian Baseline Job Growth	2. Population Change (Sector Change)	3. Population Change (Sector Distribution)	4.Past Development Rates
Manufacturing (B1c/B2)	68,198sq m	59,515 sq m	87,405 sq m	26.4ha *
Distribution (B8)	35,101 sq m	12,398 sq m	14,389 sq m	18.1 ha
Offices (B1a/b)	25,766 sq m	15,151 sq m	9,424 sq m	20.1 ha
All B Uses	129,065 sq m	87,064 sq m	111,218 sq m	64.6 ha

Source: NLP Analysis (totals rounded)

* Calculated using land requirement plus margin of choice. No allowance has been made for the replacement of losses as the take-up for B2 has been based upon gross figures and therefore adding an allowance for losses would contribute to double counting

ESTIMATED LAND REQUIREMENT

56. The final step, for scenarios 1-3, is to translate floorspace into land requirements for both office and industrial uses. This has been calculated by applying the following plot ratio assumptions to the floorspace estimates outlined above:

- **Industrial** – a plot ratio of 0.4 was applied so that a 1 ha site would be needed to accommodate 4,000sq m of industrial floorspace; and
- **Offices** – it was assumed that 80% of new office floorspace in South Tyneside would be in lower density developments with a plot ratio of 0.4, with 20% in higher density central locations at a plot ratio of 2.0.

57. The resulting land requirements are set out in Table 14 and Figure 1.

Table 14 Gross Land Requirement (ha) by Scenario (to 2029)

	Labour Demand	Labour Supply		Past Take-Up
	1.Experian Baseline Job Growth	2.Population Change (Sector Change)	3. Population Change (Sector Distribution)	4.Past Development Rates
Manufacturing (B1c/B2)	17.0	14.9	21.9	26.4
Distribution (B8)	8.7	3.1	3.6	18.1
Offices (B1a/b)	5.5	3.2	2.0	20.1
All B Uses	31.2	21.2	27.5	64.6

Source: NLP Analysis (totals rounded)

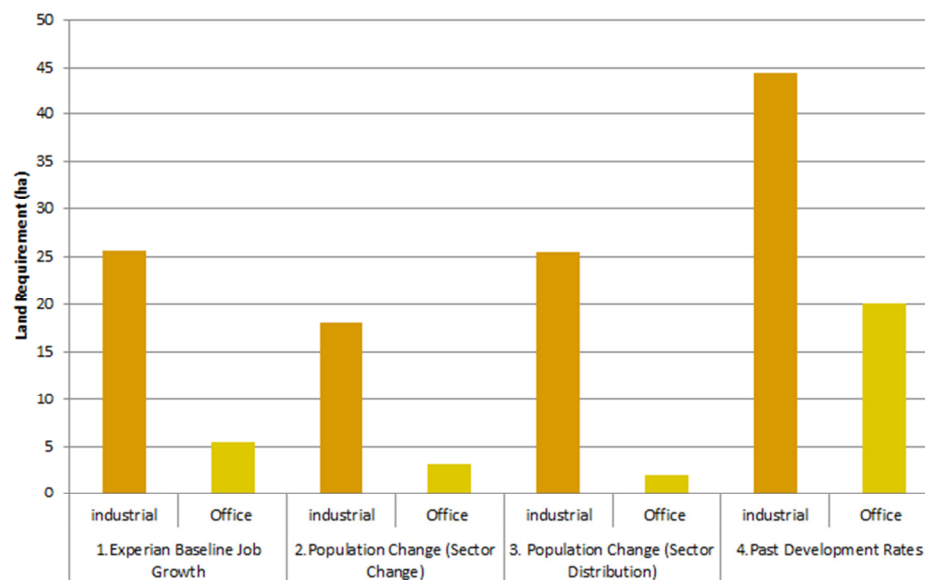


58. Table 14 highlights that there is a range in the overall land requirement generated by the 4 scenarios, of between 21.2 ha and 64.6 ha. The scenarios are split as follows:

- Scenario 4 at the top end (64.6ha);
- Scenarios 1 and 3 mid-range (31.2ha and 27.5ha respectively); and
- Scenario 2 at the lower end of the range (21.2ha).

59. There are differences between manufacturing and distribution requirements across all scenarios, however, this is less significant when manufacturing and distribution are considered together (a range of 18.0 ha to 44.5 ha), as an overall industrial requirement as shown in Figure 1.

Figure 1 Gross Land Requirement by Scenario



Source: NLP Analysis (totals rounded)

60. On balance, considering past take up rates, losses and local circumstances, it is considered reasonable to plan for a future requirement for c.25ha to 30ha of industrial land. The 30ha figure broadly corresponds with the mid-point in the range (of 18.0ha to 44ha), whereas the 25ha clearly falls slightly below.

61. In relation to the land requirement for office use; Scenarios 1-3 which model future trends, identify a low future land requirement between 2.0 ha and 5.5 ha over the plan period. This compares to Scenario 4, based on past take up, which identifies a future requirement of 20.1ha.

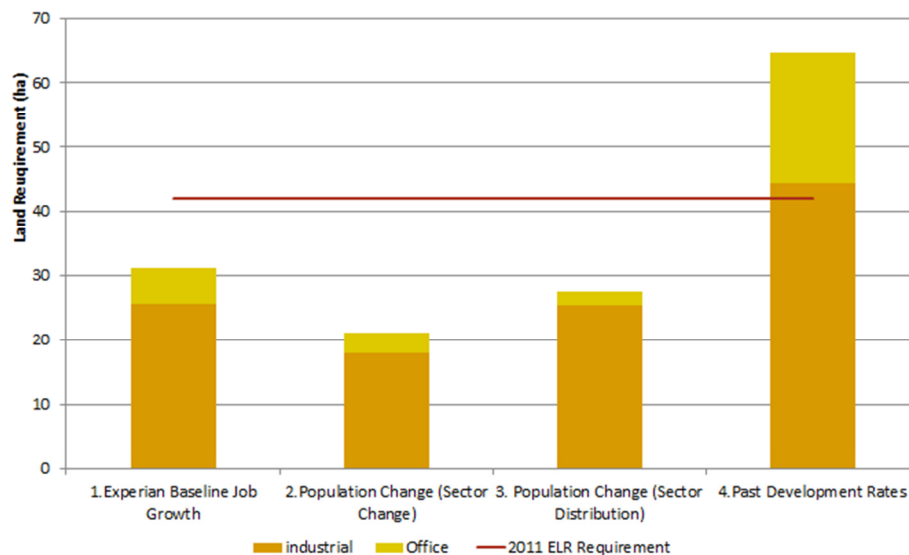
62. On balance, there would seem to be greater risks associated with planning for a future land requirement for office use based upon projected economic/demographic growth scenarios



(Scenarios 1-3) compared to Scenario 4, given the difference between the requirement generated by Scenarios 1-3 and Scenario 4. Scenario 4 is based on past development rates which better reflect local trends observed in recent years.

63. Experian forecasts highlight that the future of office use is positive and is expected to be a greater driver of growth compared to B2/B8 use. There is the risk that planning on the basis of the lower range identified by Scenarios 1-3, will result in a shortfall of land over the plan period. On this basis, c.20 ha of future employment land for office use would be appropriate.
64. One of the main purposes of this update is to test and verify the land requirement identified through the 2011 ELR. Figure 2 below compares the land requirements from the 4 scenarios modelled here to the 2011 ELR requirement.

Figure 2 Land Requirement 2014 compare to 2011



Source: NLP Analysis

65. The 42 ha identified in the 2011 ELR falls within the range of requirements identified by this update. The 2011 ELR provided a comprehensive assessment of the need for employment land over the plan period. Planning on the basis of c.25 ha - 30 ha of industrial land and c.20 ha of office land is considered to be broadly in alignment with the 42 ha identified within the 2011 ELR.

POLICY-ON ADJUSTMENTS

66. All of the scenarios which have been tested in the preceding paragraphs are policy neutral, in so far as they take no account of future interventions to support the growth of specific sectors over the period to 2029 in South Tyneside. This section considers the policy-on adjustments which may need to be made in respect of key local opportunities.



Low Carbon Vehicles

67. There are significant growth opportunities within the manufacture of low carbon vehicles which are expected to be brought forward either through the City Deal/IAMP, or by the Council themselves who recognise the tangible future opportunities in this sector.
68. The IAMP is projected to generate around 2,500 jobs in South Tyneside predominantly in the advanced and automotive engineering sectors, with some potential for large-scale distribution. It is anticipated that over 2,000 jobs will be created in manufacturing with c. 400 within the distribution sector.
69. The expected demand has been identified by forecasts commissioned jointly by both South Tyneside and Sunderland Councils. These assessments considered local take-up rates and enquiries, together with key trends across high growth industries that operate in the North East and wider global market, including automotive, advanced engineering and manufacturing, offshore wind and distribution. The assessment considered current land requirements within these sectors to ensure that the future land requirement identified was robust and justified. It is considered that the majority of these needs are based on a more regional, national and international basis rather than the local economy.
70. A total requirement of 100ha has been identified across Sunderland and South Tyneside specifically to accommodate the IAMP informed through the modelling of a range of future scenarios undertaken by consultants on behalf of both local authorities and the LEP. It is considered that there is a potential indicative requirement for at least c.45ha within South Tyneside, with scope for a further c.30ha to be provided as an extension to the IAMP at a later phase if market conditions require.

Port of Tyne

71. The Port makes a significant contribution to the economy of the Borough. The Port has recently taken ownership of McNulty Yard, an adjacent site and has ambitions to use it for either the manufacture of wind turbines or as part of their plans to allow the development of a wood pellet handling facility in addition to the recent Tyne Dock / Riverside Quay infill projects. Taken together the development ambitions of the Port could potentially create:
- 300 FTE port-related jobs;
 - 2,000 indirect jobs; and



- c.900 construction jobs (direct, indirect and induced) during the peak year of construction¹⁰.
72. The plans and the recent purchase of McNulty Yard are likely to satisfy the Port's development ambitions in the short term (5 years). Beyond this, it is anticipated that activity will be focused on relocating companies located at the Port but not reliant on the Port to trade, as and when lease agreements near the end of their term. Within this context it is difficult to model future land requirements from the Port with any certainty. Nevertheless, there is the possibility that such displaced activity could see take-up exceed the levels suggested under the policy neutral scenarios considered by NLP.
73. As a result, this adds further weight to the c.42 ha land requirement identified by the 2011 ELR which sits towards the upper end of the range of future land requirements presented in this paper. This would ensure that in the medium/longer term there is the ability to relocate businesses displaced by the Port to employment land elsewhere in the Borough.
74. It will be important for the Council to monitor activity at the Port of Tyne and respond in due course. Alongside monitoring activity, close liaison is also needed with the Port and the businesses currently located there.

CONCLUSIONS

75. In seeking to verify and test the 2011 ELR land requirement and identify an appropriate land requirement for the future, four different scenarios have been considered. These are based on a number of approaches which reflect past development trends, population projections and forecast economic change across the Borough. The total gross requirement for general employment land ranges from 21.2 ha to 64.6 ha.
76. The economic projection scenarios and the labour supply scenario differ significantly in relation to future jobs growth in the Borough; over 5,000 jobs growth projected by Experian compared to a contraction of almost 1,000 on the basis of the TWRI 'Option 4' projections. The job change figure from the population growth projected under 'Option 4' is influenced by a low working age population, high unemployment and significant out commuting.

¹⁰ The growth scenarios in this paper do not factor in the Port's current expansion plans. The forecast requirements for general employment land will incorporate a small component of Port-related employment growth as the forecasts are based on recent trends and economic growth projections at a national and regional level. As some of this growth will be situated at the Port, then it could be argued that the requirement for general employment land is overstated. In practice, however the Port's expansion plans are expected to result in the displacement of some businesses from the Port of Tyne Estate to general employment land elsewhere in the Borough. The influence of these two factors on the requirement for general employment land will tend to cancel each other out. We have therefore made no adjustment to our figures. Analysis of the availability and take-up of land at the Port is considered at Paragraph 18 of Topic Paper 4



77. Out-commuting is a key characteristic of the South Tyneside economy which could be influenced and changed in the future. However, this would require a significant commitment by the Council and acknowledgement that change to this rate would be a long term aspiration.
78. Despite the differing labour supply profiles which underpin the scenarios, a range of c.18ha to c.44ha is identified as the future requirement for industrial use. It is recommended that South Tyneside Council plan for 25-30ha of industrial land, this broadly corresponds with the mid-point of the range. There is greater difference, however, in proportionate terms with respect to future land requirement for office use. On balance, it is considered that there is less risk in planning on the basis of past take-up for office use (c.20 ha), compared to the lower land requirement identified by Scenarios 1-3 (between 2.0 ha and 5.5 ha).
79. It is recommended that in relation to general employment land, c.45 ha to 50 ha of land should be retained as the future land requirement over the 15 year plan period, reviewed periodically to take into consideration take-up rates and local market circumstances. This would ensure that South Tyneside remains responsive to local opportunities and changes to market circumstances.
80. In addition to the general employment land requirement set out, South Tyneside Council needs to consider how they respond to the considerable opportunities presented by the IAMP/City Deal. This is not explicitly considered within the demand forecasting, which is policy neutral. The opportunity to accommodate future investment through the City Deal clearly needs to be captured in the emerging Local Plan. Evidence used by the LEP to support the IAMP/City Deal indicates an additional requirement of c.45 ha in South Tyneside to support this specific opportunity.
81. A number of pros and cons of planning on the basis of each scenario has been considered overleaf.



Table 15 Scenario Pros and Cons

	1.Experian Baseline Job Growth	2.Population Change (Sector Change)	3.Population Change (Sector Distribution)	4.Past Development Rates
Positives	Inputs sourced from a recognised forecasting house. Reflects anticipated sectoral change	Considers how sectors of the local economy are likely to change in the future Takes into consideration future population growth	Takes into consideration future population growth	Market perspective highlights that there is a shortage in supply of large industrial units – captured by the high requirement for distribution in this scenario Based on data which covers a long time period – economic buoyancy and recession – gives weight to outcomes
Negatives	This scenario does not take account of the local growth opportunities in relation to IAMP/City Deal Strength of manufacturing locally not captured by the shift-share approach of projections taking national trends and applying them to the local level	Policy neutral - this scenario does not take account of the local growth opportunities in relation to IAMP/City Deal and the Port of Tyne It does not consider the impact of shifting commuting and unemployment patterns	This scenario does not consider how the economy might change in the future, including shifting commuting and unemployment patterns Policy neutral - This scenario does not take account of the local growth opportunities in relation to IAMP/City Deal and the Port of Tyne	This scenario does not take account of the local growth opportunities in relation to IAMP/City Deal Reflects historic trends – not emerging economic opportunities

Source: NLP

82. In conclusion:

- c.45ha to 50 ha of general employment land should be planned for over the plan period;
- Additional land for the Sunderland and South Tyneside City Deal Advanced Manufacturing Park IAMP should be identified to ensure that the borough can capitalise on the opportunities presented through IAMP/City Deal; and
- Economic development land requirements have been modelled over the next 15 year time horizon and provide sufficient flexibility and growth of key sectors, particularly IAMP/City Deal, regular review and monitoring is required to ensure South Tyneside remains responsive to future opportunities and changes in the local economy as the plan period progresses.

**SOUTH TYNESIDE EMPLOYMENT LAND REVIEW
2014 UPDATE**

Topic Paper 4

Employment Land – The Supply Demand Balance





TOPIC PAPERS

South Tyneside Council has commissioned Storeys Edward Symmons and Nathaniel Lichfield & Partners to update the 2011 South Tyneside Employment Land Review (2011 ELR) and to consider in greater detail five employment areas and six potential employment sites. Much of the 2011 ELR remains relevant; to avoid duplication we have focussed on those topics that require updating and on the requirements for more detailed assessments of sites and areas.

The Topic Papers are:

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(Section 2 of the 2011 ELR refers)
- Topic Paper 2: The Market for Employment Premises
(Section 4 of 2011 ELR refers)
- Topic Paper 3: Understanding Future Land Requirements
(Section 6 of the 2011 ELR refers)
- Topic Paper 4: Employment Land – The Supply Demand Balance
(Section 7 of the 2011 ELR refers)
- Topic Paper 5: Assessments of Six Potential Employment Sites
(Section 8 of the 2011 ELR refers)
- Topic Paper 6: Assessments of Five Employment Areas
(Section 9 of the 2011 ELR refers)

These Topic Papers should be read in conjunction with the 2011 ELR.



Topic Paper 4 :

Employment Land – The Supply Demand Balance

INTRODUCTION

- 1 This Topic Paper summarises the current availability and past take-up of employment land in South Tyneside to provide a context for the assessment of demand and supply and to inform individual judgements on sites. This analysis of demand using past take-up rates complements the econometric forecasts in Topic Paper 3.

CHANGES SINCE THE 2011 EMPLOYMENT LAND REVIEW

Currently Available Employment Sites

- 2 South Tyneside Council prepared an Employment Land/Premises Portfolio Supply and Demand Assessment in May 2013. This identifies vacant land and premises throughout the Borough. Storeys Edward Symmons re-inspected employment areas within the Borough in January 2014 to verify and update the Council data and to provide a comprehensive and current list of all available employment sites within the Borough.
- 3 The 2011 ELR recommended that three employment sites totalling 1.89 ha should no longer be allocated / designated for employment use¹. These are not included in the list below.

Available General Employment Land, January 2014

Sites Available for General Employment	Gross Area (ha)
Hebburn	
Former Trench, BSTS & UHV Lab, Victoria Road West	10.26
Former A&B Cranes, Prince Consort Road, Hebburn Riverside	0.50
Jarrow	
Former Hawthorne Leslie Shipyard, Ellison Street	3.70
Green Business Park, Hebburn / Jarrow Staithes	6.00
Sports Pitch, Wagonway Industrial Estate	0.50
Simonside / Bede	
Land at Towers Place, Shaftesbury Avenue, Simonside Ind Est	1.30
Filtrona Park, Shaftesbury Avenue, Simonside Ind Est	2.14
West of Pilgrims Way (east of Mitsumi), Bede Ind Est	1.41
West of Pilgrims Way (south of Mitsumi), Bede Ind Est	0.49
East of Pilgrims Way, Bede Ind Est	0.43
West of Bedesway / Jarrow Rd junction, Bede Ind Est	0.17

¹ Paragraph 8.7, 2011 ELR



East of Bedesway / Jarrow Rd junction, Bede Ind Est	0.10
Outer South Shields	
Rear of TEDCO Business Centre	0.30
Former Jerry's Drums, Garwood Street	0.34
North of One Trinity Green, Rekendyke Lane	0.35
Boldon	
North of Brooklands Way, Boldon Business Park	0.60
Monkton	
Phase 2 Blue Sky Way, Monkton Business Park South	0.70
Phase 2 Apollo Court, Monkton Business Park South	0.90
Monkton Fell South	4.14
Total	34.33

- 4 Within the Borough there are 19 sites providing a gross area of 34.33 hectares of available general employment land. These include sites currently allocated for employment use and sites formerly in employment use where buildings have been cleared and there is no designation for an alternative use. At the time of the 2011 ELR there were 20 sites comprising 22.09 hectares. The increased amount of available land is a result of a combination of factors. Some new sites were allocated in the Local Development Framework, there have been low levels of take-up and redundant employment premises have been cleared. Notably demolition of three adjoining industrial facilities at Victoria Road West, Hebburn has created a site of 10.26 hectares.
- 5 The site areas quoted in the table above are gross. The majority of these sites could be developed in their entirety and no adjustment is required to reach a net developable area. The exceptions are:
- Victoria Road West, Hebburn - the future of this site is assessed in Topic Paper 5; if retained for employment provision it is very unlikely that a single user would take the whole site, estate roads and landscaping would reduce the area by, say 15%, resulting in a net developable area of 8.72ha.
 - Former Hawthorne Leslie Shipyard – (also assessed in Topic Paper 5) the gross area of 3.7 ha includes the foreshore. For this to be developable a quay edge would have to be created along the river's edge and the land behind would require levelling. Excluding land and structures below the mean high water mark reduces the site area to 3.13 ha. The site sits between housing and the A&P Tyne ship repair yard; depending on the end use of the site further land could be required for noise mitigation works.



- Green Business Park, Hebburn – a brownfield site that falls around 15m from Blakett Street to the river’s edge; parts of site will be lost to banks and estate roads, reducing the area by, say, 25% and resulting in a net area of 4.5 ha.
- Monkton Fell South – This site is assessed In Topic Paper 5. Monkton Burn runs along the eastern edge of the site; a strip of land to mitigate flood risk and / or ecological impact and overhead electricity cables sterilising a corner of the site would reduce the developable area by around 5% to 3.93 ha.

The effect of these adjustments will be to reduce the developable area of available land by 3.82 ha to 30.51 ha.

6 It should be noted that three small sites, totalling around 0.9 ha, have recently been sold (part of the former A&B Cranes depot, land to the rear of South Shields Business Works and the former Jerry’s Drums depot). A change of ownership does not necessarily mean that a site is about to be taken-up and we classify a site as available until such time as it is used or developed for employment purposes, but these sites have left the market and their take-up may be imminent.

7 It should also be noted, further to our detailed assessment in Topic Paper 5, that:

- all, or the majority, of the land at Victoria Road West has been put forward to the council for residential development by site promoters;
- at the former Hawthorne Leslie Shipyard a planning application for mixed-use development is expected imminently; the proposal is for housing with a modest amount of employment to provide a buffer.

8 The potential effect of the sales (Paragraph 6) and the housing proposals (Paragraph 7) could be to reduce the developable area of available employment land by up to 12.75 ha (0.90 + 8.72 +3.13), leaving just 17.76 ha.

9 Some mixed use sites could accommodate an employment component. In the majority of cases this will be limited. We have identified three sites where the employment component is likely to be substantive. These total 3.67 ha.

Mixed Use Sites with Employment Component	Net Area (ha)
Inner South Shields	
Harton Staithes - North	0.18
Harton Staithes - South East	0.49
Outer South Shields	
Middle Docks / Windmill Hill	3.00
Total	3.67



- 10 Available employment land therefore totals 34.18 ha (30.51 + 3.67); but could fall to 21.43 ha (17.76 + 3.67) in the foreseeable future.
- 11 At the Port of Tyne one site of 5.60 hectares was available at the time of the 2011 ELR. Now there are seven sites totalling 17.57 hectares owned by the Port and available for port related uses.

Available Land at Port of Tyne, January 2014

Sites Available for Port Related Use	Gross Area (ha)
Port of Tyne	
Tyne Dock Infill	5.60
Former McNulty Yard	4.89
Former McNulty Car Park, Garwood Street	1.60
Former JT Dove	2.33
Former Tarmac	1.20
Former Premier Waste	1.38
Former Hill 6o	0.57
Total	17.57

- 12 In April 2014, the Port received planning consent for a major wood pellet storage facility, which if implemented will take the 5.6 hectare site and require some land currently used for other purposes. The knock-on effect of this development would be the take-up of additional land. Three other sites totalling 4.91 hectares are intended to accommodate an extended Tyne Car Terminal. The former McNulty Yard, occupied general employment land in 2011, has been vacated and has been brought into the Port's Estate. The increasing availability of land at the Port since the 2011 ELR, is therefore not indicative of surplus capacity, it is in fact a product of the Port's aim to rationalise and extend its Estate to enable planned growth.

Take-up of Employment Land

- 13 We have updated our site-by-site assessment of take-up. Sites taken-up over the last 14 years are listed at Appendix 1. The impact of very low levels of take-up of land for employment purposes over the last six years, when only 1.57 ha has been taken-up in total, has impacted on the average take-up when measured across all periods. This reduced level of take-up can be largely attributed to the difficult market conditions but lack of suitable available sites may be a contributory factor. The largest sites to have been developed in the last six years (with the exception of a warehouse at the Port) have been those where the Council has played a key role in bringing forward development. These are the managed workspace at One Trinity Green (0.40ha) and the BT Business Centre at Harton Staithes (0.55ha).



- 14 Past take-up is summarised in the table below. Take-up of land for the development of warehouses and storage facilities at the Port of Tyne is excluded from this analysis. In the longer term, take-up within South Tyneside now averages around 3.5 hectares per annum.

Past Take-up of Land for Employment Purposes in South Tyneside, 2000-2013

Period	Total Take-up (hectares)	Average Take-up (hectares p.a.)
Short Term (5 years) 2009 -2013	1.57	0.31
Medium Term (10 years) 2004 - 2013	25.13	2.51
Long Term (15 years) 1999 -2013	48.26	3.22
Very Long Term (25 years) 1989 -2013	90.77	3.63

Implied Supply

- 15 A comparison of currently available employment land of 34.18 hectares with past take-up of 3.5 ha per annum suggests that the Borough has around ten years supply.² This is insufficient for the plan period. When the potential effect of recent sales and housing proposals is factored in then the implied supply falls to just six years (21.43 ha ÷ 3.5).

Readily Available Employment Land

- 16 The four largest available employment sites (Victoria Road West, Hawthorne Leslie, Green Business Park and Monkton Fell South) require substantial expenditure on remediation, ground works, and / or infrastructure provision before development can take place. The time taken to bring forward such sites is more dependent on the availability and prioritisation of funding than the time taken to physically carry out the works; but until these works have been undertaken these sites will be of limited interest to the market and will not be regarded as readily available. It should also be noted that there are current owner aspirations for residential-led development on the sites at Victoria Road West, Monkton Fell South and Hawthorne Leslie.
- 17 The table below compares the amount of readily available land with the amount that requires preparation. The table uses estimated net developable areas. More than half of available land requires preparation. Readily available sites total 10.90 ha, when measured against average take-up of around 3.5 ha per annum, this represents only three years supply. Moreover the largest of these readily available sites is only 1.41 ha, and half are 0.5 ha or less. There is limited choice by size within South Tyneside.

² This analysis should be distinguished from the analysis of past take-up in Topic Paper 3, which factors in losses of employment land where it has been redeveloped for alternative uses.



	Readily Available (ha)	Requiring Preparation (ha)	Total (ha)
Employment Sites	10.23	20.28	30.51
Employment Component of Mixed Use Sites	0.67	3.00	3.67
Total	10.90	23.28	34.18

Port of Tyne

- 18 At the Port of Tyne, take-up since 2000 has averaged a little less than a hectare per annum. With 17.57 hectares of land currently available for development there at first sight appears to be no requirement for additional land to be allocated for Port purposes within the plan period. However much of the land that is currently available is earmarked for particular projects and could therefore be taken-up relatively quickly. That said, the Port has further substantial areas of land available on the north bank of the Tyne which can be expected to remove some of the pressure for future expansion of the Estate within South Tyneside. The Port has been opportunistic in its purchases and whilst further expansion and the take-up of general employment land in South Tyneside cannot be ruled out, the Port is most likely to select sites that adjoin or are in close proximity to its existing Estate. It has recently secured planning permission for further infilling of the Tyne Dock Riverside Quay which will generate a further 2.6 ha of developable land.³

Maritime & Offshore Industry Sectors

- 19 Past trends are evidence that the maritime and offshore industries go through periods of growth and decline; and employment at individual yards can change dramatically as contracts are won or lost. On the south bank of the Tyne there is surplus capacity within existing yards, whilst on the north bank, major investment in site preparation means that there is land available for immediate development. So even though growth in these sectors is expected to continue, demand for sites that require preparation, particularly those that are relatively complex and costly to restore, will be limited.

Conclusion

- 20 South Tyneside has a limited stock of readily available land. On the basis of anticipated average take-up of around 3.5 ha p.a. there is just three years supply. We recommend that the Council aims to maintain a five year reservoir of readily available employment land through a programmed investment of site preparation and through allocations that provide a range of development opportunities by plot size and location.

³ Proposals at Port of Tyne are further considered in Topic Paper 3 at paragraphs 71-74.



- 21 In allocating sites the Council should have regard to the costs of site preparation and whether this is justified having regard to anticipated demand. Topic Paper 2 highlights a) the current surplus of out-of-town office space and the limited likelihood of further development within the next three to five years; and b) the emerging shortage of industrial accommodation upwards of 10,000 sq ft and the need to allocate suitable sites in areas where market demand will be strongest.

- 22 Topic Paper 5 considers and compares the likely costs of bringing forward six sites for employment use. Four of these are in locations where market demand for industrial or warehouse premises is expected to be strong and where the abnormal costs of site servicing and preparation having regard to the size of the sites are expected to be modest.

- 23 The development viability appraisals in Topic Paper 2 identify that speculative development of employment premises in current market conditions is not viable even on serviced sites with no abnormal costs. Viability can be improved by building premises for identified occupiers, as costs can be reduced by avoiding the time and expense of marketing. As market conditions improve and the increasing shortage of larger industrial starts to push-up values, we would expect levels of bespoke development to increase. To ensure that sites within South Tyneside compete effectively for development with sites elsewhere in the sub-region, the Council should consider working alongside developers that own land in the Borough to identify and overcome site specific barriers to development. It is beyond the scope of this study to identify specific interventions or support as these will depend on the circumstances of individual sites and landowners / developers.



APPENDIX 1

TAKE-UP OF EMPLOYMENT LAND, 2000-2013 (14 years)

Business Park	Site Address	Use	Area	Date
Hebburn				
Prince Consort Industrial Estate	Adjoining Unit 16/17	Scrap yard	0.16	2010
Hebburn / Jarrow Riverside				
Viking Industrial Park	Jarrow Network Centre (EZ)	Workshops	1.14	2000
	15 Rolling Mill Road (EZ)	Ind / Wh	2.81	2000
	Berkley Way (EZ)	Warehouse	1.84	2001
	Strathmore & Hawthorne (EZ)	Offices	3.78	2004
Wagonway Ind Est	Clarendon, Windmill Way (EZ)	Offices	0.97	2001
	Premier House, Windmill Way	Ind / Wh	0.23	2002
Bede, Simonside, Elswick Way & Middlefields Industrial Estate				
Bede Industrial Estate	2a-2f Bede Trade Park, Abbotsway	Trade Park	0.34	2004
Middlefields Industrial Estate	8 Throckley Way	Ind / Wh	0.35	2003
	9 Throckley Way	Ind / Wh	0.15	2005
Simonside East Industrial Park	1-9 Findlay Court	Ind / Wh	0.97	2006
	2 Waldridge Way	Ind / Wh	0.92	2001
	3-10 Waldridge Way	Ind / Wh	3.55	2007
Simonside Industrial Estate	6b, 6c Shaftesbury Avenue	Ind / Wh	0.07	2003
Port of Tyne Estate				
Tyne Dock (Offices)	Atlantic & Baltic House	Offices	0.58	2002
	Collingwood House	Offices	0.08	2005
	Compass House	Offices	0.45	2000
	Keel House & Sextant House	Offices	0.44	2000
Tyne Dock (Warehouses)	Units 1, 2 & 3 Tyne Dock East Side	Warehouse	2.70	2005
	Warehouse 20	Warehouse	2.33	2002
	Warehouse 21	Warehouse	2.50	2004
	Jarrow Road	Warehouse	2.00	2010
South Shields Riverside & Town Centre				
Garwood Street	1, 2 Garwood Street	Ind / Wh	0.36	2006
Harton Staithes	The Business Centre (BT)	Offices	0.30	2010
	Land at Station Rd / Commercial Rd	Parking B1	0.25	2010
Market Dock	1-10 Waverley	Offices	0.49	2006
	30/31 & 32 Low Lane	Offices	0.74	2007
Mitre Place	Plot L	Ind / Wh	0.18	2007
	Adjoining Plot L	Ind / Wh	0.05	2013
Portberry Street	Unit 16	Ind / Wh	0.04	2003
	Units 5 - 12, & 14	Ind / Wh	0.15	2002
	Units A - F	Ind / Wh	0.11	2002
Rekedyke Industrial Estate	Plot D	Ind / Wh	0.07	2007
	1a -d, 2a-e	Ind / Wh	0.52	2005
	Cell Pack Solutions, West Walpole St	B1	0.11	2013
Tudor Rd / Wilson Street	Harkers Coaches	Ind / Wh	0.02	2009
Havelock Street	One Trinity Green	Offices	0.40	2011
Henry Robson Way	Compound to rear of TEDCO	Compound	0.30	2013
Boldon				
Boldon Business Park	12 Burford Way	Ind / Wh	0.20	2004
	1-9 Boldon Court, Burford Way	B1	0.85	2006
	20 Burford Way	Ind / Wh	0.96	2000
	6, 8-15 & 17 Burford Way	Ind / Wh	3.57	2000
	8/9 Brooklands Way	Ind / Wh	0.67	2003



	A1-3, B1-3, C1-3 Woodstock Way	Offices	0.79	2006
	NASUWT, Woodstock Way	Offices	0.35	2002
	Quadrus, Woodstock Way	Offices	0.90	2004
Boldon Colliery	15-20 Bensham Street	Ind / Wh	0.23	2006
	2-6 Bensham Street	Ind / Wh	0.04	2004
	7-14 Bensham Street	Ind / Wh	0.16	2006
Monkton				
Monkton Business Park North	Unit 4	Warehouse	1.85	2003
	Unit 5	Warehouse	2.71	2005
	Units 1, 2 & 3	Ind / Wh	2.30	2000
	Units 6 & 7	Ind / Wh	1.19	2006
Monkton Business Park South	2 Koppers Way	Offices	1.15	2004
	Apollo Court Phase 1	Offices	1.03	2006
	Blue Sky Way Phase 1	Offices	0.96	2006
	Merchant Court	Offices	2.02	2006
Miscellaneous				
Cleadon Lane Ind Est	7a-7h	Ind / Wh	0.10	2006
Total			54.48	

**SOUTH TYNESIDE EMPLOYMENT LAND REVIEW
2014 UPDATE**

Topic Paper 5:

Assessments of Six Potential Employment Sites





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Topic Paper 5: Assessments of Six Potential Employment Sites

INTRODUCTION

- 1 The provision of a sufficient quantity of employment land is not, on its own, enough to meet the Council's economic development requirements. In the North East the viability of developing employment premises is marginal. South Tyneside is at the heart of the Tyne & Wear conurbation. Its urban area is tightly constrained by the North Sea coastline, River Tyne and greenbelt. It is therefore inevitable that the majority of potential employment sites will be previously developed land requiring some level of expenditure before they can be redeveloped. Abnormal costs of site preparation, policy burdens, the requirement for studies to support planning applications etc. can when combined frustrate viable development of employment premises.
- 2 Local planning authorities are required to consider viability issues when allocating sites. Paragraph 173 of the National Planning Policy Framework (NPPF) states *"Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is affected."* Moreover, where a developer can demonstrate that the development of employment premises on a particular site would not be viable, there may be pressure for its development for more valuable alternative uses.
- 3 This Topic Paper considers the viability of six potential employment land allocations that have been identified by South Tyneside Council. These range from greenfield sites served by established infrastructure to complex brownfield sites requiring site works, infrastructure provision etc. To fully understand the viability of bringing these sites forward for employment use, and to accurately assess abnormal development costs would require site investigations, topographical surveys, habitat studies, transport statements and other studies and would involve qualified professionals for each specialism. Such detailed work is beyond the scope and budget of this study.
- 4 We have adopted a two stage approach to considering the viability of development. The first stage considers the viability of speculative private sector development assuming a serviced, immediately developable site. In Topic Paper 2 we assess the viability of developing offices, small workshops, medium industrial and large industrial units on this



basis. We establish that in current market conditions none of these would be viable. The second stage is to identify site specific development constraints and costs for each of the six sites. We have inspected each site and spoken to the owner and / or agent to understand their ambitions or proposals for the site, what reports have been commissioned, what costs of development have been assessed, and what constraints to the development of the site have been identified.

5 None of the owners have commissioned detailed studies that provide a comprehensive understanding of the abnormal costs of developing their sites. We have therefore described the level of costs as modest, substantial etc. The six sites that we have assessed are:

- Former Hawthorne Leslie Shipyard, Ellison Street, Hebburn.
- Former Trench UK and laboratories, Victoria Road West, Hebburn.
- Monkton Fell South, Luke's Lane, Monkton.
- Towers Place, Simonside Industrial Estate, South Shields
- Filtrona Park, Simonside Industrial Estate, South Shields
- Wardley Disposal Point, Follingsby Lane

6 The site assessments assume that the end-use of the land is for employment purposes, and thus whilst noting potential contamination, it is recognised that remediation is not always necessary. However where site works could release potentially contaminative materials remediation may be necessary.



<p>Site Address</p> <p>Former Hawthorne Leslie Shipyards Ellison Street Hebburn</p>	
<p>Capacity of Site</p>	
<p>Gross Area</p> <p>Undevelopable parts</p> <p>Net Developable Area</p> <p>Employment Floorspace that could be accommodated</p>	<p>3.70 ha including foreshore.</p> <p>Redevelopment would require raising land at river's edge and bunds to mitigate noise.</p> <p>Uncertain at this stage as ecological value of mud flats not known.</p> <p>Employment use of this site could take a number of forms including a range of small units, a single large unit, or use for external storage / load out areas.</p>
<p>Ownership</p>	
<p>Owner</p> <p>Agent</p> <p>Current Use</p> <p>Owner's Intentions for Site</p> <p>Marketing History</p>	<p>MMC Developments Limited (Barry Holmes)</p> <p>Knight Frank (Simon Haggie)</p> <p>Vacant.</p> <p>Mixed use redevelopment to include housing and employment. No detailed scheme prepared but considering a one-third employment and two-thirds housing split. Employment would provide buffer from A&P's yard.</p> <p>Vacant since 2006. Buildings demolished in 2011. Marketed since 2008 and particulars refreshed in 2011.</p> <p>In 2008 two offers were made for the site. Both were less than the price that MMC paid for the site and reflected a nominal value for the buildings.</p>



	<p>In 2010 one of these parties made a second and conditional offer.</p> <p>The owner of adjoining land has also approached the owner to increase their own landholding, but is understood to have no immediate use for site.</p>	
Legal Constraints to Development		Estimated Cost of Mitigation
Land Assembly	Single ownership	None
Restrictive Covenants	Mines and mineral rights in separate ownership. Any excavation on site would require approval and involve cost.	Unknown at this stage
Ransom Strips	None	None
Tenancies	None	None
Physical Constraints to Development		Estimated Cost of Mitigation
Contamination	<p>The owner is in the early stages of commissioning studies. None are available to inform this study.</p> <p>Contamination from former shipbuilding use can be expected to include oil, sludge, metals and paints. No land contamination study has been prepared.</p>	High
Topography	Sloping site falling c.10 m to river. To maximise development potential of site a hard river frontage should be created and the level of the northern part of the site raised.	High
Ground Conditions / Stability	No site investigations carried out.	
	Mud foreshore, jetty structures in poor repair, floor slabs to part.	High
Existing Structures	The Coal Authority identifies that the site is within an area of past mining activity but not one where development is of high risk. The mine entry to Hebburn Colliery C Pit is 200m to the south east of the site; this was filled in 1968.	Low
	Redevelopment of the site is likely to require the removal of slipways, jetties, railways, floor slabs and listed buildings.	High
Flood Risk from River / Sea	Flood Zone 3 along river frontage (> 1% annual probability of flooding).	High
	<p>Flood Zone 2 in western corner (1% - 0.1% annual probability of flooding).</p> <p>The redevelopment of the site would require the construction of a quay to the river's edge and raising of the land behind to create level development areas above areas at risk from</p>	High



	flooding.	
Infrastructure		Estimated Cost of Mitigation
Condition / quality on-site	Poor quality on site infrastructure requires renewal. Mains gas, electricity water and drainage to site. Vandalism including theft of wiring and cables may increase cost of reinstating.	High
Condition / quality off-site	Ellison Street is a well lit, wide road serving housing, which links to the B1297 Wagonway Road linking Jarrow and Hebburn town centres and serving the riverside industrial areas.	Low
Proximity to dual carriageway	>2km along roads shared with residential traffic.	
Neighbouring uses	Mitigation Works	Estimated Cost of Mitigation
NW: River	Raise ground levels and create hard river frontage.	High
SE and SW: Housing	Noise attenuation works.	Unknown at this stage
NE: A&P Tyne Ship Repair Yard		
Planning Constraints		Estimated Cost of Mitigation
Heritage	Former listed building in southern corner of site is in poor condition and a dangerous state and has now been de-listed.	Unknown
Environmental	Tidal mudflats at river's edge are likely to have habitat value, but no survey has been undertaken to assess this.	Unknown
	The river is a receptor for on-site contamination, redevelopment of the site should incorporate mitigation measures to minimise pollution of the river.	Unknown
Costs of Application		Estimated Cost
Planning Application	Application for de-listing of buildings has been approved by English Heritage.	None
	Cost of planning application for continued employment use will depend on development proposal.	Unknown
Building Regulations		



Studies to accompany application	Ecology Report Noise Statement Transport Assessment Geo-Environmental Report Planning & Design & Access Statement Statement of Community Engagement Archaeology Report Flood Risk Assessment	£5,000 £2,000 £6,000 £4,000 £7,000 £1,000 £2,000 £1,000
Other factors affecting viability		
Market attractiveness / values	Limited demand for general employment	
Market segment	Potential for offshore & marine engineering uses but lacks load-out areas.	
Niche Sector	Too remote for Port of Tyne.	
Other barriers to development		
Other attributes		
Summary		
<p>Having regard to market demand for employment use in this location, there are two principal alternative options for the redevelopment of this site for employment purposes: a) construction of small industrial units to serve the local market, or b) accommodating offshore / maritime sectors, which would require the construction of load-out areas and large manufacturing sheds.</p> <p>Both options will require substantial site works to create a hard frontage to the river, raise the site, deal with contamination, protect or replace habitats, demolish and/or grub-up existing structures and renew on-site infrastructure.</p> <p>The costs of site preparation to allow redevelopment for employment use will be substantial. The current owners have regard to the price that they paid for the site whilst it was an income producing investment. Past offers received for the site, which reflected the value of land for external storage were substantially lower than the owner's expectations.</p>		



<p>Site Address</p> <p>Former Trench UK, British Short-Circuit Testing Station and Ultra High Voltage Testing Laboratory, Victoria Road West, Hebburn</p>	
<p>Capacity of Site</p>	
<p>Gross Area</p> <p>Undevelopable parts</p> <p>Net Developable Area</p> <p>Employment Floorspace that could be accommodated</p>	<p>10.26 ha.</p> <p>New site infrastructure could reduce developable area (15%)</p> <p>8.72 ha</p> <p>40% site density 34,880 sq m (375,000 sq ft)</p>
<p>Ownership</p>	
<p>Owner</p> <p>Agent</p> <p>Current Use</p> <p>Owner's Intentions for Site</p> <p>Marketing History</p>	<p>Siemens PLC</p> <p>Blue Sky Planning (Paula Stratford)</p> <p>Vacant</p> <p>Residential or mixed-use redevelopment.</p> <p>The Trench UK factory closed in 2012 and was demolished in 2013. No marketing of the buildings was carried out, but there would have been little demand for the Trench factory due to its age and condition.</p> <p>The British Short Circuit Testing Station comprised laboratories and associated plant that had been unused for several years and for which there was no demand due to its specialised nature.</p> <p>The UHV Testing "Clothier" Laboratory was purpose built to test power station components, whilst it was only one of a few in the country once the manufacture of these components in the adjoining factories ceased</p>



	<p>there was little demand for its facilities.</p> <p>A factory that manufactured resinous compounds in the south west corner of the site was demolished in the 1980s. This was marketed for employment uses over a period of years. The site had no independent access and marketing generated no serious interest.</p>	
Legal Constraints to Development		Estimated Cost of Mitigation
Land Assembly	Single ownership	£0
Restrictive Covenants	None known	
Ransom Strips	None known	
Tenancies	None	
Physical Constraints to Development		Estimated Cost of Mitigation
Contamination	Contamination from former electrical engineering can be expected to include oil, resins and metals. No land contamination study has been commissioned.	Unknown
Topography	Level site. Earth bunds to SE corner could be levelled to maximise developable area.	Modest
Ground Conditions / Stability	The Coal Authority identifies that the site is within an area of past mining activity. A small area of land on the western boundary is identified as a Development High Risk location. A developer would need to demonstrate that new development will be safe and stable taking full account of former coal mining activities.	Modest
Existing Structures	Concrete floor slabs and roads will need grubbing up prior to redevelopment.	Modest
Flood Risk from River / Sea	Flood Zone 1 (< 0.1% annual probability of flooding).	None
Infrastructure		Estimated Cost of Mitigation
Condition / quality on-site	Poor quality on site infrastructure requires renewal.	High
	Mains gas , electricity, water and drainage served the factory	Low
Condition / quality off-site	Victoria Road West is a well-lit, wide road – housing to east is set back. South Drive is narrow road serving housing.	Low
Proximity to dual carriageway	< 2km from A194 at Monkton South along A185 and B1036 which run along edge of residential areas.	



Neighbouring uses	Mitigation Works	Estimated Cost of Mitigation
W: Metro line	None	£0
N: Housing	Noise attenuation works	Unknown
E: Wide road with housing beyond	None	£0
S: Victoria Road Ind Est	None	£0
Planning Constraints		Estimated Cost of Mitigation
Heritage	None	£0
Environmental	Trees in southeast part of site may have habitat and / or amenity value.	Unknown
Costs of Application		Estimated Cost
Planning Application	Cost dependent on development proposal.	
Building Regulations	Cost dependent on development proposal.	
Studies to accompany application	Ecology Report Noise Statement Transport Assessment Geo-Environmental Report Planning and Design & Access Statement Statement of Community Engagement	£5,000 £2,000 £6,000 £4,000 £7,000 £1,000
Other factors affecting viability		Estimated Cost of Mitigation
Market attractiveness / values	Adjoins established local industrial estate.	
Market segment	Local market	
Niche Sector	None	
Other barriers to development		
Other attributes		
Summary		
<p>Although the land is relatively remote from the strategic highway network, access to the A194(M) avoids passing through residential areas and is reasonably direct. The land is on the edge of Hebburn and adjoins an established industrial estate; it is conveniently situated to provide local employment opportunities and could accommodate expansion of Victoria Industrial Estate which has been developed to capacity.</p>		




Demand for employment land and premises in this location will mainly be from local businesses. For this purpose the scale of the site is likely to be excessive. One option may be to allow the development of the northern part of the site for a higher value use such as housing and to retain the southern part of the site for employment. Cross subsidy could meet the costs of servicing the southern part of the site.

Our analysis of the market for employment premises in Topic Paper 2 identifies an oversupply of small industrial units. On Victoria Industrial Estate 15 of the 44 units are available, which equates to a 34% vacancy rate. This is evidence of oversupply and the case for additional provision in this location is therefore likely to be weak. We recommend that the land be marketed to understand the extent of demand for employment purposes and to determine whether all or part of the site should be released for redevelopment for non-employment use.

Residential development would accord with the owner's aspirations for the site.



<p>Site Address</p> <p>Land at Luke's Lane Monkton Hebburn</p>	
<p>Capacity of Site</p>	
<p>Gross Area</p> <p>Undevelopable parts</p> <p>Net Developable Area</p> <p>Employment Floorspace that could be accommodated</p>	<p>4.14 ha.</p> <p>Monkton Burn runs along eastern boundary of site. A strip of land to mitigate flooding / ecological impact may be required. High voltage cables across north east corner of site may sterilise development of small area. Assuming that no access through the site is required to facilitate development of the land to the west, we estimate that the net developable area will be around 95% of the site</p> <p>3.93 ha</p> <p>If developed for industry at 40% site density - 15,720 sq m GIA (170,000 sq ft).</p> <p>If developed as offices at 35% site density – 13,755 sq m GIA (148,000 sq ft)</p>
<p>Ownership</p>	
<p>Owner</p> <p>Agent</p> <p>Current Use</p> <p>Owner's Intentions for Site</p> <p>Marketing History</p>	<p>Messrs O'Neill and Lawson</p> <p>Youngs RPS (John Turnbull)</p> <p>Grazing land</p> <p>Residential development. Taylor Wimpey has option over this site and land to east which is owned by Durham Cathedral.</p> <p>No marketing.</p>



Legal Constraints to Development		Estimated Cost of Mitigation
Land Assembly	Single ownership.	£0
Restrictive Covenants	None known. There may be a wayleave across site to allow access to pylon in north-east corner.	£0
Ransom Strips	If this site were to form an extension to Monkton South Business Park, and access were to be taken from the western end of the estate road the access would cross land owned by a) Priority Sites and b) Gladman Developments Limited.	Subject to negotiation
Tenancies	We have assumed that any grazing licence could be terminated at no cost.	£0
Physical Constraints to Development		Estimated Cost of Mitigation
Contamination	None known.	£0
Topography	Level site with railway embankment to north.	£0
Ground Conditions / Stability	No site investigations carried out.	
Existing Structures	The Coal Authority identifies that the site is within an area of past mining activity but not one where development is of high risk. High voltage electricity pylon in north east corner of site.	£0
Flood Risk from River / Sea	Flood Zone 1 (< 0.1% annual probability of flooding). Land to north of railway had to be raised, potential for surface water flooding in this location should be further investigated.	Unknown at this stage
Infrastructure		Estimated Cost
Condition / quality on-site	Extent of on-site infrastructure dependent on proposed layout.	Unknown at this stage.
Condition / quality off-site	Surface water drains to burn. Luke's Lane is narrow unlit road with no access from Mill Lane at southern end. Restricted visibility at hump-back bridge over railway.	Unknown
Proximity to dual carriageway	Southern edge of site fronts A194 at Monkton.	
Neighbouring uses	Mitigation Works	Estimated Cost of Mitigation
N: Metro line	None	£0
W: Road with Business Park beyond.	None	£0



E: Grazing land	None	£0
S: A194 dual-carriageway	None	£0
Planning Constraints		Estimated Cost of Mitigation
Heritage	None known	£0
Environmental	<p>Phase 1 Habitat Survey prepared by E3 Ecology Ltd in January 2014 considers this site and land to east. Grassland of low ecological value. Hedgerows, trees and scrub of local value. Local ornithological value.</p> <p>Report recommends:</p> <ul style="list-style-type: none"> • survey of Monkton Pond (outside site and to north of railway line) for presence of great crested newts, • seasonal bat survey work including assessment of roosts in shed (outside site), • survey of Monkton Burn (along eastern boundary of site) to assess potential use by water vole. <p>Mitigation measures to be considered prior to development.</p>	No cost estimates provided but likely to be modest.
Costs of Application		Estimated Cost
Planning Application	On basis of 13,000 sq m GIA	£28,000
Building Regulations		
Studies to accompany application	<p>Further ecological studies £2,000</p> <p>Transport Assessment £6,000</p> <p>Geo-Environmental Report £3,000</p> <p>Planning & Design & Access Statement £5,000</p> <p>Statement of Community Engagement £1,000</p>	
Other factors affecting viability		
Market attractiveness / values	Adjoins business park developed between 2004 & 2006. Further capacity for development on 1.8 ha at northern end of business park.	
Market segment	B1 offices have been developed at Monkton South Business Park. Site would also suit B2 / B8.	
Niche Sector	None.	
Other barriers to development	High voltage electricity cables cross north east corner of site, development beneath cables may be prevented.	
Other attributes		



Summary

Good market demand for employment use in this location.

The site is greenfield with few abnormal development costs, but lacks infrastructure provision. Extent and costs of provision will depend on layout and use of the site.

A national housebuilder has an option over the site and the owners may be unwilling to sell for a use with a lower end value.

Overall, it is considered that based on market demand, including the identified historical success, low vacancies and significantly reduced land capacity in the existing Monkton Business Park South, that this site should be retained for economic development uses.



<p>Site Address</p> <p>Land to north of Tesco Towers Place Simonside Industrial Estate South Shields</p>	
<p>Capacity of Site</p>	
<p>Gross Area</p> <p>Undevelopable parts</p> <p>Net Developable Area</p> <p>Employment Floorspace that could be accommodated</p>	<p>1.55 ha</p> <p>Neck of land to west of Tesco store is to be retained by owner. A narrow grass verge along the front of the site enhances the amenity of the estate. A strip of land at the rear of the site should be retained as a buffer for the adjoining houses.</p> <p>The roughly rectangular, previously developed, part of the site amounts to around 1.1 ha.</p> <p>At 40% site density the site would accommodate 4,400 sq m (47,000 sq ft). Previous site density was circa 80% of site.</p>
<p>Ownership</p>	
<p>Owner</p> <p>Agent</p> <p>Current Use</p> <p>Owner's Intentions for Site</p> <p>Marketing History</p>	<p>TESCO plc</p> <p>Davison Blackett (Ian Blackett)</p> <p>Former industrial premises have been cleared. Site bought by Tesco but now being marketed.</p> <p>Tesco have store adjacent to site, and it is assumed that they bought the site to enable future expansion.</p> <p>The site has been off market for several years, but Davison Blackett instructed to put on market in January 2014. The asking price is £250,000.</p>



Legal Constraints to Development		Estimated Cost of Mitigation
Land Assembly	Site in single ownership	None
Restrictive Covenants	Understood to be restrictive covenants over site, which would restrict development for non-employment uses, including retail, but are not thought to be an impediment to redevelopment for employment purposes	None
Ransom Strips	None	None
Tenancies	None	None
Physical Constraints to Development		Estimated Cost of Mitigation
Contamination	Former industrial use, but demolition of the building completed to good standard and there is not thought to be any significant contamination.	Low
Topography	Level development site cut into slight slope down from south to north.	Low
Ground Conditions / Stability	No site investigations carried out. Site has previously supported building. The Coal Authority identifies that the site is within an area of past mining activity but not one where development is of high risk.	Low
Existing Structures	Concrete floor slab of demolished factory will need to be grubbed up.	£10,000
Flood Risk from River / Sea	Flood Zone 1 (< 0.1% annual probability of flooding).	Negligible
Infrastructure		Estimated Cost of Mitigation
Condition / quality on-site	We are advised by the agents that all mains utilities are available to the edge of the site. Any on-site infrastructure to be renewed.	Modest
Condition / quality off-site	Serviced industrial estate with lit roads of average quality.	Low
Proximity to dual carriageway	Traffic light controlled junction at entrance to Simonside Estate gives access to the A194 Leam Lane dual-carriageway which links to the A19 1km to the west of the site.	
Neighbouring uses	Mitigation Works	Estimated Cost of Mitigation
W: Back gardens of housing	A strip of land formerly provided a buffer between the factory and the housing. It is assumed that other mitigation works would not be required.	£0



N: Industrial	None	£0
E: Industrial on opposite side of Shaftesbury Ave	None	£0
S: Tesco and McDonalds	None	£0
Planning Constraints		Estimated Cost of Mitigation
Heritage	None	£0
Environmental	None	£0
Costs of Application		Estimated Cost
Planning Application	On basis of 4,400 sq m	£20,000
Building Regulations		
Studies to accompany application	Transport Assessment Planning & Design & Access Statement	£5,000 £4,000
Other factors affecting viability		
Market attractiveness / values	Simonside Industrial Estate is an established industrial estate with good access to the A19 and Tyne Tunnel. The site is situated near the entrance of the estate.	
Market segment	Local and regional B2 & B8. Trade counter uses.	
Niche Sector		
Other barriers to development		
Other attributes		
Summary		
<p>Reasonable market demand for employment use in this location.</p> <p>The site is brownfield with few abnormal development costs.</p> <p>The site is owned by Tesco and though it is on an industrial estate, the site adjoins higher value uses - a small Tesco supermarket and a McDonald's restaurant.</p> <p>Marketing commenced recently. The asking price of £250,000 equates to around £125,000 per developable acre. We regard this price as a little ambitious for brownfield industrial land in this location in current market conditions; we understand that early interest in the site has been deterred by the price. Marketing should be continued over a longer period and some compromise on the price may be required.</p>		



<p>Site Address</p> <p>Filtrona Park, Shaftesbury Avenue Simonside Industrial Estate South Shields</p>	
<p>Capacity of Site</p>	
<p>Gross Area</p>	<p>2.14 ha</p>
<p>Undevelopable parts</p>	<p>Site could be developed as plots each with direct access from Shaftesbury Avenue, no site area need be lost to estate infrastructure. Other buildings set back from Shaftesbury Avenue to retain grass verge to road.</p>
<p>Net Developable Area</p>	<p>1.95 ha</p>
<p>Employment Floorspace that could be accommodated</p>	<p>At a density of 40% site could accommodate 7,800 sq m (84,000 sq ft)</p>
<p>Ownership</p>	
<p>Owner</p>	<p>Mr John Rundle (former chairman of South Shields FC)</p>
<p>Agent</p>	<p>Keith Pattinson Commercial (James Barlow)</p>
<p>Current Use</p>	<p>Football pitches and Mariners Club bars and function rooms. Pitches used by youth clubs and charity games. South Shields FC no longer use as home ground. Club used for private functions only.</p>
<p>Owner's Intentions for Site</p>	<p>Sale of site and buildings due to age. Owner would not be opposed to future development of site for employment purposes.</p>
<p>Marketing History</p>	<p>On market with Keith Pattinson. Asking price reduced from £399,000 to £350,000. Interest for various uses shown including housing and employment. Early offer at £300,000 for conference centre proposal has not been realised.</p>



Legal Constraints to Development		Estimated Cost of Mitigation
Land Assembly	Site in single ownership.	None
Restrictive Covenants	Access and parking via right of way across private road owned by adjoining Essentra factory. Electricity supply is provided by Essentra.	Unknown at this stage
Ransom Strips	Essentra have benefit of covenant restricting site to sports use. Legal searches should verify. Mr Rundle's ownership includes grass verge alongside Shaftesbury Avenue. Road along eastern edge of site owned by Essentra.	Unknown at this stage None
Tenancies	Lease to South Shields Football Club expired in 2013. No other tenancies.	None
Physical Constraints to Development		Estimated Cost of Mitigation
Contamination	Site has been sports ground since industrial estate first laid out.	Low
Topography	Level development site with railway embankment along northern edge.	None
Ground Conditions / Stability	No site investigations carried out. Drainage excavations have uncovered bricks. 1862 OS map shows brick and tile works to east of site. Intrusive site investigation should be commissioned to identify if site is made ground.	Unknown at this stage
Existing Structures	The Coal Authority identifies that the site is within an area of past mining activity but not one where development is of high risk. Mariners Club, steel framed stand, flood lighting. Consideration should be given to retention or demolition of Club.	Low Unknown at this stage
Flood Risk from River / Sea	Flood Zone 1 (< 0.1% annual probability of flooding).	Low
Infrastructure		Estimated Cost of Mitigation
Condition / quality on-site	Club has mains gas, water and sewers. Electricity supply is metered and comes from adjoining Essentra factory. Drainage mains run beneath site.	Unknown at this stage
Condition / quality off-site	Serviced industrial estate with lit roads of average quality.	Low
Proximity to dual carriageway	Traffic light controlled junction at entrance to Simonside Industrial Estate gives access to the A194 Leam Lane dual-carriageway which links to the A19 one kilometre to the west of the site.	



Neighbouring uses	Mitigation Works	Estimated Cost of Mitigation
W: Back gardens of housing beyond footpath	Noise mitigation works may be required. No recent noise studies.	Not known at this stage
N: Metro line embankment	None	£0
E: Essentra factory	None	£0
S: Warehouse on opposite side of Shaftesbury Avenue	None	£0
Planning Constraints		Estimated Cost of Mitigation
Heritage	None	None
Environmental	No studies undertaken	Low
Costs of Application		Estimated Cost
Planning Application	On basis of 7,800 sq m, application fee	£25,300
Building Regulations		
Studies to accompany application	Phase 1 Habitat Study Noise Statement Traffic Statement Geo-Environmental Report Planning & Design & Access Statement Statement of Community Engagement	£1,000 £2,000 £2,000 £3,000 £4,000 £1,000
Other factors affecting viability		
Market attractiveness / values	Established industrial estate with easy access to A19 and Tyne Tunnel. Whittle Jones have enquired about the site.	
Market segment	B2 / B8	
Niche Sector		
Other barriers to development		
Other attributes	Shared security with Essentra. No vandalism or graffiti.	
Summary		
<p>Established industrial estate with reasonable access to A19 and established market demand for employment premises.</p> <p>Existing estate infrastructure could serve individual plots, reducing the costs of development. But separate utility provision will be required.</p> <p>Owner willing to sell and industrial developer has expressed interest in site. The asking price is at an appropriate level for industrial land in this location.</p>		



<p>Site Address</p> <p>Wardley Disposal Point, Follingsby Lane, Wardley</p>	
<p>Capacity of Site</p>	
<p>Gross Area</p> <p>Undevelopable parts</p> <p>Net Developable Area</p> <p>Employment floorspace that could be accommodated</p>	<p>Land to east of Leamside Line = 57.6 ha. Bunding to west of railway = 2.4 ha.</p> <p>Owner proposing removal and remodelling of the spoil heap to create larger development area.</p> <p>One third of eastern site already level and developable. Owner proposing that further third to be made level, remainder to be retained as wildlife habitat. Developable land could therefore be around 38 ha gross. On basis that estate infrastructure takes 15% of site the net developable area would be around 33 hectares.</p> <p>On basis of 40% site density 132,000 sq m (1.4 million sq ft) could be accommodated.</p>
<p>Ownership</p>	
<p>Owner</p> <p>Agent</p> <p>Current Use</p>	<p>Harworth Estates (Investments) Limited a fully owned subsidiary of Harworth Estates (Eddie Peat). Harworth Estates invests in development sites through site preparation, infrastructure provision and construction of premises.</p> <p>R & K Wood Planning (Katie Wood)</p> <p>Coal disposal point – coal brought to site to be processed, crushed, mixed and then sent to power stations.</p> <p>Storage of containers.</p> <p>Storage of inert material. Spoil heap from deep mine workings has never been restored.</p>



<p>Owner's Intentions for Site</p> <p>Marketing History</p>	<p>Tamar Energy has submitted planning application for an anaerobic digester on 1.4 ha in south-west part of site.</p> <p>Harworth Estates has submitted planning application for change of use from Coal Disposal Point to use of site as rail head for transportation and storage of coal, minerals and other products. As part of this proposal the loading bunkers and associated structures would be demolished.</p> <p>Owner would like to see the site allocated for general employment use. Site regarded as suitable for storage & distribution. Potential link to Port to accommodate Port's surplus storage requirements. Potential for rail connection to be reinstated as part of sustainable employment use.</p> <p>None.</p>	
<p>Legal Constraints to Development</p>		<p>Estimated Cost of Mitigation</p>
<p>Land Assembly</p> <p>Restrictive Covenants</p> <p>Ransom Strips</p> <p>Tenancies</p>	<p>Site in single ownership.</p> <p>1987 planning consent included legal agreement to restore the site for agricultural or forestry when disposal point use ceases.</p> <p>Network Rail legally obliged to reopen Leamside Line within two years if request received by business that plans to use railway.</p> <p>None known.</p> <p>Long lease to Tamar Energy proposed for anaerobic digester development. This development would be incorporated into the scheme</p>	<p>None</p> <p>Uncertain</p> <p>None</p> <p>None</p> <p>None</p>
<p>Physical Constraints to Development</p>		<p>Estimated Cost of Mitigation</p>
<p>Contamination</p> <p>Topography</p> <p>Ground Conditions / Stability</p>	<p>Former coal spoil.</p> <p>Western part of site is level, but extensive spoil heap on eastern part of site. Spoil heap is undulating and up to 20m high. Harworth Estates has in-house capability to remove / remodel spoil heap to enable development.</p> <p>No site investigations carried out. The spoil heap has compacted the land beneath, which is therefore not anticipated to have adverse ground conditions.</p> <p>The Coal Authority identifies that the site is within an area of past mining activity but not one where development is of high risk. The mine entry to Wardley Colliery No.1 Pit is on the western edge of the site; this shaft was capped in 1975 and filled and recapped in 1980.</p>	<p>Low</p> <p>High</p> <p>Low</p>



Existing Structures	Coal industry infrastructure including covered conveyors linking coal bunkers on western part of site. Owner intends to demolish these as part of the application to develop a rail head. Some non-permanent buildings provide office space.	Modest
Flood Risk from River / Sea	Flood Zone 1 (< 0.1% annual probability of flooding). Drainage ditches within site provide surface water drainage.	Low
Infrastructure		Estimated Cost of Mitigation
Condition / quality on-site	Road into site is designed for use by HGVs. This could serve early phases of development. Extended road infrastructure required to serve later phases.	High but not in early phases
	Flood lighting to stockyards. Mains electricity and telecoms to site. There is no gas main to site.	High
	Leamside Line railway tracks are still in-situ at northern end of site, but have been taken-up at southern end. Network Rail obliged to re-open northern track if required.	None
Condition / quality off-site	Follingsby Lane is unlit road bounded by hedgerows. Water main runs along Follingsby Lane. Mains gas supply serves Follingsby Park.	Unknown
Proximity to dual carriageway	Entrance to site is c.1.5 km from junction of A194(M) along roads that avoid built-up areas.	
Neighbouring uses	Mitigation Works	Estimated Cost of Mitigation
W: Former Leamside Railway	None	£0
N: Small fields with housing beyond	Any physical works to mitigate impact of employment use on homes could be incorporated into site remodelling.	Modest
E: Fields	None	£0
S: Follingsby Lane with open fields beyond	None	£0
Planning Constraints		Estimated Cost of Mitigation
Heritage	None	None
Environmental	Site designated as Local Wildlife site. Ecological Impact Assessment submitted as part of Tamar Energy application considers that there will be no significant impacts on nature conservation for 2.77 ha Application Site. This EIA refers to Phase 1 Habitat Survey undertaken in June 2013.	Unknown at this stage



Costs of Application		Estimated Cost
Planning Application	Scope of development uncertain at this stage.	Unknown
Building Regulations	Scope of development uncertain at this stage.	Unknown
Studies to accompany application	Ecology Report	£5,000
	Noise Statement	£2,000
	Transport Assessment	£6,000
	Geo-Environmental Report	£4,000
	Planning & Design & Access Statement	£7,000
	Statement of Community Engagement	£1,000
Other factors affecting viability		
Market attractiveness / values	<p>Site is immediately to the east of Follingsby Park an established warehouse and distribution park. 26ha have been developed here since 1995; c.7.5ha remains undeveloped. Gateshead Council is proposing the allocation of Green Belt land to the south of Follingsby Lane to accommodate the future expansion of employment uses in this location.</p> <p>Infrastructure provision at Follingsby Park received ERDF funding and early phases of development also reliant on gap funding.</p>	
Market segment	Warehouse and distribution (use class B8)	
Niche Sector	None	
Other barriers to development		
Other attributes	<p>Proximity to broad area with potential for an International Advanced Manufacturing Park.</p> <p>Site owned by company that has the ability, resources and incentive to bring forward the land for employment uses. Reliance on public sector funding to bring forward land for development would therefore be reduced.</p>	
Summary		
<p>The success of Follingsby Park demonstrates the strength of market demand for employment use in this location. The site is also in reasonable proximity to Nissan which is the focus of proposals to develop an International Advanced Manufacturing Park.</p> <p>This is a large site that would need to be brought forward in phases. There is scope to incorporate substantial areas of landscaping and wildlife habitat to mitigate the impact of employment development on surrounding areas of open countryside.</p> <p>Only a third of the site is level and substantial works would be required to create further development areas. However the owner has the capability and incentive to undertake this work. Infrastructure is currently confined to the western part of the site. This could serve initial phases of development and be extended as required.</p> <p>Having regard to the size of the site, the costs of site preparation and infrastructure provision to allow redevelopment for employment use will be substantial. The owner is willing and able to invest significant sums in the site and elsewhere the company is working with LEPs where funding assistance is required to enable schemes to be developed viably.</p>		



SUMMARY

- 7 The speculative development of employment premises in the North East is generally limited to locations where occupier demand is strongest and to periods when economic and property market conditions are supportive. Bespoke development is dependent on the requirements of individual businesses, but even here economic conditions, the availability of finance and business optimism impact upon investment decisions.
- 8 Given the marginal viability of development, when identifying sites to allocate for employment their location and the scale of abnormal costs are critical considerations, but sources of gap funding are also relevant. The availability of public sector funding for property development has, like other areas of public expenditure, been under review. The scale and wide ranging nature of cuts has not only reduced the amount of available funding, but has also radically changed the mechanisms through which support and funding for economic development is to be delivered. Local Enterprise Partnerships (LEPs) are now responsible for prioritising expenditure to promote economic development.
- 9 With lower amounts of public sector funding available to support both the preparation of employment sites and the construction of employment premises, alternative funding solutions including identifying opportunities for cross subsidy from the development of more valuable uses should be given serious consideration.
- 10 Our site assessments have considered a wide range of sites in terms of size, physical attributes and constraints. The two smallest sites, Filtrona Park and Towers Place, are both being actively marketed and some interest has been shown by parties interested in using the sites for employment purposes. We recommend that both these sites remain allocated for economic development.
- 11 The asking price of Towers Place has deterred early interest and this may need to be reviewed in due course. Filtrona Park is being marketed as a club house and playing field but is allocated in the Local Development Frameworks for employment purposes. The owner and agent should be informed of this allocation so that marketing material promotes the employment potential of the site.
- 12 Owners of three other sites have aspirations for residential redevelopment. The land at Victoria Road West is relatively remote from the strategic highway network but access to the A194(M) avoids residential areas and is reasonably direct. We recommend marketing the site to establish if there is any demand for employment use; and subject to this market testing considering whether all or part of this 10 hectare site should be allocated for alternative use. We consider it unlikely that there is sufficient demand for the whole of the site to be retained for employment use. The opportunity for housing development to cross-subsidise the provision of employment premises should be borne in mind.



- 13 At Monkton Fell South, Taylor Wimpey has agreed an option with the owners. This option covers not only the four hectares at the western end of the site which we have been asked to appraise, but also another four hectares to the east. Though the land is within an area of strong market demand, road access is poor, and it has already been deemed inappropriate for residential development within the adopted Local Development Framework due to flooding and green infrastructure constraints. Monkton Fell South provides an opportunity to build upon the success of Monkton South Business Park, and should be retained for economic development.
- 14 The costs of redeveloping the Hawthorne Leslie Shipyard will be substantial and without this investment demand from employment uses is likely to be limited to relatively low value storage operations on the usable parts of the site. In attracting manufacturing industries in the maritime and offshore sectors the site is disadvantaged when compared to other riverside sites on the Tyne. As a sloping site with no quay edge creating a level load out area would require substantial investment. Moreover the site narrows to the rear so the cost of improving the river frontage will be a high per acre when compared to more regularly shaped sites. The site adjoins A&P Tyne which makes the introduction of alternative uses such as housing problematic. Any mixed-use approach would have to incorporate a buffer strip, which would reduce the developable area of the site.
- 15 At Wardley Disposal Point the owner is supportive of an employment allocation, but having regard to its location within the Green Belt it is anticipated that part of the site should be retained for wildlife and to adequately screen employment uses from surrounding countryside. This site is in an area of strong market demand and benefits from established infrastructure that could serve initial phases of development. The scale of the site is such that it could meet demand beyond the plan period.
- 16 Having regard to viability issues we consider that the six sites considered could deliver the following amounts of employment land.

Site	Recommendations	Estimated Net Developable Area for Employment use (ha)
Hawthorne Leslie	Consider releasing majority of site from employment use but use light industrial or storage as a buffer adjoining A&P Tyne.	c. 1 ha
Victoria Road West	Release site from employment use	0 ha
Monkton Fell South	Retain for employment.	3.9 ha
Towers Place	Retain for employment.	1.1 ha
Filtrona Park	Retain for employment.	1.95 ha
Wardley Disposal Point	Allocate part for employment. Phased release appropriate.	Up to 33 ha
Total		Up to 41 ha

**SOUTH TYNESIDE EMPLOYMENT LAND REVIEW
2014 UPDATE**

Topic Paper 6

Assessments of Five Employment Areas





TOPIC PAPERS

South Tyneside Council has commissioned Storeys Edward Symmons and Nathaniel Lichfield & Partners to update the 2011 South Tyneside Employment Land Review (2011 ELR) and to consider in greater detail five employment areas and six potential employment sites. Much of the 2011 ELR remains relevant; to avoid duplication we have focussed on those topics that require updating and on the requirements for more detailed assessments of sites and areas.

The Topic Papers are:

- Topic Paper 1: Economic and Policy Context
(Section 2 of the 2011 ELR refers)
- Topic Paper 2: The Market for Employment Premises
(Section 4 of 2011 ELR refers)
- Topic Paper 3: Understanding Future Land Requirements
(Section 6 of the 2011 ELR refers)
- Topic Paper 4: Employment Land – The Supply Demand Balance
(Section 7 of the 2011 ELR refers)
- Topic Paper 5: Assessments of Six Potential Employment Sites
(Section 8 of the 2011 ELR refers)
- Topic Paper 6: Assessments of Five Employment Areas
(Section 9 of the 2011 ELR refers)

These Topic Papers should be read in conjunction with the 2011 ELR.



Topic Paper 6 : Assessments of Five Employment Areas

INTRODUCTION

1 In South Tyneside where the urban area is tightly constrained by the River Tyne, the North Sea and Green Belt, there is strong competition from different land uses for development sites. A balance therefore needs to be struck between protection of the Borough's best employment areas and the release of land for which there is little or no demand for employment use, but which could provide opportunities for the development of alternative uses.

2 The Council's Strategic Housing Land Availability Assessment identifies three industrial areas that are considered suitable for the development of housing:

- Cleadon Lane Industrial Estate, Station Approach, East Boldon
- Ashworth Frazer Industrial Estate, Argyle Street, Hebburn, and
- Wilson Street, South Shields

In this Topic Paper we assess demand for employment use of these areas and consider the practicality of occupiers being relocated, should these areas be ultimately considered more appropriate for housing.

3 Ensuring the provision of sufficient allocated employment sites over the plan period depends upon South Tyneside Council being able to protect existing employment areas in the long term. In the past there has been pressure for the development of sites on established industrial estates for alternative and typically more valuable uses such as retail. To defend allocated employment sites against such applications for alternative uses, it is important that the ELR does not over-allocate land and that the retention of employment sites is clearly articulated and robustly justified. The Council has identified two established employment areas that are of importance to the Borough, where there is some pressure for redevelopment of alternative uses. These are:

- Bede Trading Estate, and
- Simonside Industrial Estate

In this Topic Paper we assess these industrial areas having regard to their attributes for employment use and indicators of demand.

4 In assessing demand we rely upon data from the following sources:

- Vacancy Rates – www.southtyneside.northeastbusinessspace.com



- Marketing Periods – FOCUS commercial property information website
- Past Take-up – South Tyneside Council and Storeys Edward Symmons
- Rental Levels – Valuation Office Agency, Focus & EGi
- Covenant Strength of Occupiers – Equifax Credit Checks

5 Our inspections of the estates were carried out in January 2014 and data was collated over the following couple of months. Our assessment of demand thus principally reflects market conditions in the period leading up to this particular point in time. It is also important to consider current changes in market conditions and in particular we have had regard to units going under offer to understand how market conditions might change in the foreseeable future.



CLEADON LANE INDUSTRIAL ESTATE

The Estate

6 This industrial area is not a planned estate but rather a large cluster of industrial and warehouse buildings to the east of the Metro line at East Boldon. The “industrial estate” is split by Station Approach and Moor Lane into three areas.

7 The largest area to the northwest of the junction of Station Approach and Cleadon Lane is around 9.1 hectares. At the junction is a restaurant/ take-away, a vacant shop and a pair of semi-detached houses. At the northern end of the estate O’Brien and Roger Bullivant occupy large sites with direct access off Cleadon Lane. The remainder of the area has a mix of industrial units of various ages, sizes and styles accessed via a limited and poor quality estate road network.



8 To the south of Station Approach and to the west of Moor Lane is 0.9 hectares. The units front and take access from Station Approach. To the west of the industrial premises is Sleepers public house with the Metro station car park beyond, which we have excluded from the above site area.

9 To the east of Moor Lane is a small complex of buildings on a site of 0.5 ha.

The Buildings

10 Data from the Valuation Office Agency identifies 32 rating hereditaments on the estate which are described as workshops, offices or stores. These range in size from 300 sq ft to 40,500 sq ft and, when aggregated, amount to 199,000 sq. ft. of floorspace. A further two hereditaments, described as “land used for storage” do not include buildings.

11 Of the 32 hereditaments with buildings, some 60% (19 hereditaments) have less than 2,500 sq ft of floorspace. The majority of buildings on the estate are old and of poor specification. Most buildings have yard areas and provide affordable accommodation for occupiers for whom external storage is important, but the quality of buildings is less so.

12 Data supplied by the Council identifies one vacant building of 689 sq ft. This low level of vacancies suggests a tight supply for units at Cleadon Lane Industrial Estate.



- 13 FOCUS can be poor in picking up details of transactions on secondary industrial estates. There is insufficient detail of marketing periods for premises on Cleadon Lane to analyse.
- 14 For the assessment of business rates for the 2010 revaluation the VOA has regard to rental values as at 1st April 2008. Using average rents on an industrial estate provides a broad indicator of relative demand and provides a means of comparing different industrial estates. The average rent of £3.10 per sq ft at Cleadon Lane Industrial Estate is 10% lower than the average rent for industrial property within South Tyneside of £3.45 per sq ft.
- 15 At Cleadon Lane Industrial Estate there is a mix of occupiers including local, regional and national businesses. Whilst we have not carried out title searches it is reasonable to assume that some of the larger sites are owner occupied, whilst smaller premises are let.
- 16 Credit checks of those businesses that are registered companies give financial stability assessments of A (Excellent) to F (Very Poor). Of the thirteen businesses with credit ratings, six are rated average or better and seven below average. The estate would be regarded as a secondary property investment, of limited covenant strength.

Sites

- 17 Over the course of the past decade one plot has been redeveloped, another has been more intensively developed. There is a small plot of unused previously developed land to the rear of the houses and restaurant on the corner of Cleadon Lane. Overall the intensity of occupation suggests that the estate continues to have a role in the wider market.

Market Assessment

- 18 Cleadon Lane Industrial Estate is level, is partially within an area of high flood risk due to a tributary of the River Don flowing through the site; however this is culverted below ground and is not visible. The area is predominantly separated from residential areas by the metro line to the west and agricultural fields to the east and north. The condition and specification of the estate infrastructure is poor. We have not carried out title investigations, but we would expect these would show that the estate is in multiple ownership. Comprehensive redevelopment of the estate would require relocation of businesses, land assembly, remediation and major infrastructure provision.
- 19 The industrial estate is relatively distant from the strategic highway network; Testos roundabout at the junction of the A19 and A184 is 4km to the west and access to it is through the villages of East and West Boldon. Relative to other industrial estates within South Tyneside, Cleadon Lane ranks poorly, but the estate does appeal to recycling industries and other sectors that require large areas of land and / or affordable premises, who are not



concerned with the quality of the estate, and whose operations may be incompatible with housing areas.

- 20 Given the low specification of existing buildings we would expect that, if they were to be relocated, businesses would not struggle to find premises of suitable specification. There are around 300 available industrial premises within a five mile radius of the estate. Whilst occupiers are unlikely to consider high specification premises on prestige industrial estates, within a five mile radius, premises are available within the industrial areas of Jarrow, Hebburn and South Shields as well as on estates within neighbouring local authority areas, such as Howdon, Felling, Pandon, Pallion and other secondary industrial areas where low cost premises are available. O'Brien occupy a site of 4 ha (10 acres) and Roger Bullivant a site of 1.5 ha (3.6 acres). Within South Tyneside there are a few sites that could accommodate requirements for outside storage of this scale. O'Brien owns other large sites within Tyne & Wear and it may be that these could accommodate part or all of the Cleadon Lane operations.

Summary

- 21 Compared to other industrial estates in South Tyneside and the wider sub-region Cleadon Lane Industrial Estate ranks poorly. It is relatively remote from the strategic highway network and has a very poor quality of environment. However the estate does provide affordable accommodation and whilst we have no title information, we would expect a high proportion of premises to be owner occupied. Currently the estate is well occupied with a low proportion of vacant sites and premises. Since 2000 there has been little new development on the estate largely due to a lack of opportunities; but some redevelopment and expansion of premises has occurred. Rental values are a little below the average for South Tyneside and the financial stability of businesses is overall a little below average.
- 22 Whilst it is not an attractive estate Cleadon Lane does provide affordable sites and premises in a location physically separated from residential areas and thus meets the requirements of sectors such as recycling industries. With multiple occupiers and ownerships, the cost and complexity of relocating businesses and site assembly could have a substantial impact on the viability of redeveloping the estate for alternative uses.
- 23 Having regard to the age of the estate and poor condition of some buildings there is a prospect that vacancy rates could increase over the plan period. With low rents undermining the viability of redeveloping the estate for employment purposes, we recommend that the Council monitors occupancy levels and keeps open the option of redevelopment for alternative uses. We do not consider that it is appropriate to allocate the estate for housing at this stage. We recommend that Cleadon Lane Industrial Estate is retained as a predominantly industrial area.



- 24 There is a broader mix of uses on those parts of the estate that front Station Approach; this should be allowed to continue. There is some merit in considering more closely the boundaries of the estate in these peripheral areas so that areas where a broader mix of uses would be acceptable can be more precisely identified. Where vacant employment premises in these areas have been through a proper marketing exercise and failed to attract an occupier, then redevelopment for alternative uses should be allowed.



ASHWORTH FRAZER INDUSTRIAL ESTATE

The Estate

25 A complex of buildings previously occupied by Ashworth Frazer, but now subdivided to provide a range of workspace. The estate is situated beside the railway and Metro line 300 metres to the north of Hebburn town centre.



26 Employment premises are situated on a site of 2.26 hectares. Adjoining the estate are Hebburn Community Centre and a three storey building (3, Prince Consort Road) with an Italian restaurant trading from the ground floor, a fitness club on the first and offices on the top floor. These buildings are excluded from our measurement of the site.

27 The principal access to the estate is from Argyle Street, from which an estate road runs through the complex to link this to Ropery Road (a short spur off Station Road); a yard on the north side of the estate has separate access from Bell Street.

28 The estate is owned by Olnato an industrial property investor. In the short term the intention is to retain it as an investment.

The Buildings

29 For rating purposes the VOA regards the estate as two hereditaments: the unit let to Ashworth Frazer which now stands vacant, and the remainder of the units. A tenancy schedule provided by Olnato identifies ten tenants. Three tenants occupy 2,000 sq ft or less, three others occupy 5-6,000 sq ft. EME occupies units totalling 20,000 sq ft and Phoenix occupies 58,000 sq ft. Ashworth Frazer's lease is for 35,000 sq ft. Vodafone have a tenancy of a telecommunications mast. We understand that there are also some vacant office suites, but as Olnato plan to demolish the office building these are no longer being marketed.

30 FOCUS is poor at picking up details of transactions on secondary industrial estates. No transactions on the Estate have been recorded since 2007. Olnato's tenancy schedule identifies that many of the units are occupied on yearly licences. Phoenix occupies on the basis of a 21 year lease which has six years to run. Ashworth Frazer's 25 year lease has ten years unexpired.



- 31 For the assessment of business rates for the 2010 revaluation the VOA has regard to rental values as at 1st April 2008. Using average rents on an industrial estate provides a broad indicator of relative demand and provides a means of comparing different industrial estates. The average rent of £0.84 per sq ft at Ashworth Frazer Industrial Estate is substantially below the average rent for industrial property within South Tyneside of £3.45 per sq ft. It is clear that the age, condition and location of these premises all limit demand and impact on rentals.
- 32 Some of the buildings at the southern end of the estate date from the 19th Century, and are of poor specification. Beside the railway is a long warehouse originally constructed as an open sided store but subsequently clad, which incorporates craneage; this is currently occupied by Phoenix Steel. At the eastern end of the site two industrial units constructed about twenty years ago together with an older warehouse and yard areas are let to Ashworth Frazer, but are no longer occupied. Ashworth Frazer would like to surrender its lease which has ten years to run.
- 33 With the exceptions of Ashworth Frazer and Phoenix Steel, tenants of the estate are local businesses most of which are not registered companies. Credit checks of these tenants identify that the financial stability of the few companies that are registered is poor or very poor. Were it not for Phoenix Steel, rated B (very good), the estate would be a property investment of very poor covenant strength.
- 34 We are advised that tenants' incentives include service charge caps and landlord liability for business rates. These incentives will restrict returns to the Landlord.

Sites

- 35 It is around two decades since new development or major investment in upgrading buildings occurred on the estate. Undeveloped land is used for circulation, parking and storage and whilst the estate could accommodate a limited amount of infill development, there are no obvious development plots.

Market Assessment

- 36 Ashworth Frazer Industrial Estate is level, not within an area of high flood risk and does not immediately adjoin housing. The condition and specification of the estate infrastructure is poor. The majority of the buildings are also old and of low specification, though some units have been re-clad to prolong their economic life. Olnato estimate that the costs of bringing the estate up to a proper standard would be in excess of £1 million, but this level of investment is not considered viable when assessed against rental returns.
- 37 The industrial estate is relatively distant from the strategic highway network. White Mare Pool and the A194(M) are around 4km to the south and Tyne Tunnel and the A19(T) around 4km



to the east. Access to either is along single carriageway roads through the urban area. Demand for industrial premises in central Hebburn is poor.

- 38 Given the low specification and unexceptional size and specification of the buildings we would expect that the majority of businesses would not struggle to find alternative premises if they were to be relocated. Whilst there are units available to meet the size requirements of Phoenix Steel, units with craneage are less common.

Summary

- 39 Ashworth Frazer Industrial Estate has some old buildings of very poor specification. Past maintenance, including recladding, has extended the economic life of these buildings but rental values indicate that they are failing to meet current market requirements. Vacancy rates are high and there is reason to believe that other vacant floorspace has gone unrecorded. The tenants on the estate are mainly of poor financial stability and as an industrial investment the estate is poorly performing with low, poorly secured returns and high operating costs.
- 40 At the eastern end of the estate are some more modern units, which provide accommodation of a reasonable specification and have dedicated yard areas. These are let to Ashworth Frazer but surplus to requirements. For a period they were occupied by Pasquill, a sister company within the Saint-Gobain group, but they are now vacant again and despite the landlord allowing the tenant to sub-let at a lower rent there has been no serious interest in the premises. This lack of interest underlines the weak market demand for premises in this location.
- 41 Over the plan period the investment performance of the estate can be expected to further deteriorate to the point at which it is no longer viable. If the older buildings on Ashworth Frazer Industrial Estate were to be demolished there would be limited demand for new units in this location and redeveloping the estate for employment use would not be viable. The loss of this employment area would have little impact on employment in South Tyneside. Reallocation of all or part of this estate for an alternative use should be considered. The difficulty of relocating Phoenix Steel will impact upon the timing of any redevelopment and early efforts should be made to identify appropriate alternative premises.



WILSON STREET

The Estate

42 This industrial area is not a planned estate but rather a small cluster of industrial buildings in separate ownerships. The intensively developed 2.0 hectare estate, which is roughly triangular, fronts Western Approach and Tudor Road on the southern periphery of South Shields town centre. Wilson Street, a cul-de-sac leads into the estate from Tudor Road.



43 To the south side of Tudor Road is a small housing estate, to the east side of Western Approach are industrial and storage premises and to the north-west, beyond a footpath and wooded embankment is the police station and Magistrates Court. To the west of the site is the South Shields Riverside Regeneration Area, which is allocated for mixed-use development including residential.

44 The condition and specification of the estate infrastructure is reasonable.

The Buildings

45 Data supplied by the Council identifies 8 premises on the estate totalling around 118,000 sq ft. The largest business on the estate is Be Modern whose factory fronts Western Approach and backs onto Wilson Street. The factory was purpose built for the company and is now over forty years old. This and a small workshop that is also occupied by the company, total 100,000 sq ft and represent about 85% of floorspace and 60% of the estate's site area.

46 Be Modern recently transferred manufacturing operations from this factory to premises on Bede Industrial Estate. The company will move its head office function across to Bede in a matter of months; by the summer Be Modern's Wilson Street premises will be completely vacant.

47 A small showroom fronting Western Approach is also vacant. On the opposite side of Wilson Street, Harkers Coaches occupy garage premises. At the eastern end of the estate smaller workshops in separate ownership are accessed from Tudor Road. At the time of our inspection it was unclear whether these were occupied.

48 The relocation of Be Modern will leave the estate substantially vacant.



- 49 No transactions on the Estate have been recorded since 2007 and consequently no recent data on marketing periods for premises.
- 50 For the assessment of business rates for the 2010 revaluation the VOA has regard to rental values as at 1st April 2008. Using average rents on an industrial estate provides a broad indicator of relative demand and provides a means of comparing different industrial estates. The average rent of £2.37 per sq ft at Wilson Street is 31% lower than the average rent for industrial property within South Tyneside of £3.45 per sq ft. Though the size of Be Modern's factory will reduce the average rent, the values on the estate indicate that this is an area where demand is weak.
- 51 The financial stability of Be Modern is A (Excellent); once the company has vacated, Wilson Street will be characterised by local occupiers of low covenant strength. The viability of redevelopment for employment purposes would be limited by low capital values resulting from the poor covenant strength of typical tenants.

Market Assessment

- 52 The Wilson Street industrial area is relatively distant from the strategic highway network; the A19 is situated 4km to the west and access to it is through the suburbs of South Shields along roads that can become congested at peak times. For industrialists with requirements for premises of 100,000 sq ft this poor road access would be regarded as a disability.
- 53 The industrial estate is level and not within an area of high flood risk. There is a mix of uses in the surrounding area and the closest housing is within 25 metres of the Be Modern factory, for some employment uses this proximity to housing would constrain operations.
- 54 The age of the Be Modern factory, the lack of external yard space, its size, distance from the strategic highway network and proximity to housing will all limit demand for the premises for continued employment use. Once it has been vacated we would expect it to be on the market for a substantial period. In our experience demand for such buildings is generally limited to those proposing redevelopment.
- 55 Relative to other locations within South Tyneside we consider that there would be limited demand for premises if, the Be Modern factory were to be converted or redeveloped for continued employment uses. Having regard to rental levels, voids and letting periods such a scheme is unlikely to be viable. In theory the factory could be subdivided, but limited circulation around the factory would tend to restrict demand for units. However it is noted that a number of existing businesses within South Shields Town Centre and along the riverside are looking to relocate as part of wider regeneration plans and this site whilst having a number of constraints might provide an attractive location which is not too distant from existing users.



- 56 Comprehensive redevelopment of the estate would require relocation of a few businesses, land assembly, remediation and major infrastructure provision; but with Be Modern moving voluntarily and at the company's own expense, the costs of site assembly will be significantly reduced.
- 57 Given the specification and size of these other buildings we would expect that occupiers, if they were to be relocated, would not struggle to find premises of suitable size and specification.

Summary

- 58 Having regard to the age, size and location of the Be Modern factory we would anticipate little demand for its continued use for employment purposes. The relocation of the business to Jarrow creates an opportunity to consider the future of this employment area, which appears to have few occupiers. The loss of this employment area would have limited impact on employment in South Tyneside; and this should be weighed against requirements for sites for the development of other uses. It is considered that redevelopment of this site for alternative uses could provide opportunities to support regeneration in the wider area. This may include the relocating of existing businesses from regeneration areas and/or improving the east-west connections between the town centre and plans for residential-led schemes along the riverside.



BEDE TRADING ESTATE

The Estate

59 Bede is an established industrial estate covering around 27 hectares that was laid out in the 1940-50s and has been developed over subsequent decades. It is situated south east of Jarrow town centre around 600 metres to the east of the A19 dual carriageway at its entrance to the Tyne Tunnel. The estate, elliptical in shape, is bounded by the Metro line to the south and by the A185 Straker Street to the north.



60 The principal accesses to the estate are from the A185 Straker Street, which links Jarrow and South Shields town centres and separates Bede Trading Estate from the Port of Tyne Estate. Secondary access is from Simonside Industrial Estate via a narrow road which passes beneath the Metro line. By either route the industrial estate is linked to the strategic highway network via roads that are suitable for HGVs and which avoid residential areas.

61 With the Port to the north and Simonside Industrial Estate to the south, Bede forms the central section of a much larger industrial area, which extends to over 200 hectares. The resurgence of the Port and the dualling of the Tyne Tunnel have helped to underpin the strengths of Bede as an employment location.

62 The principal estate road, Bedesway, runs east-west; a network of side roads link to the A185 and provide access to individual plots. Estate infrastructure is reasonable, though limited provision of car parking within the curtilage of factories has resulted in parking of cars and HGVs on some of the estate roads.

The Buildings

63 Data from the Valuation Office Agency identifies 74 rating hereditaments on the estate which are variously described as factories, workshops, or warehouses. These range in size from 500 sq ft to 265,000 sq ft and, when aggregated amount to over 1 million sq. ft. of floorspace.

64 Of the 74 hereditaments, some 60% (44 hereditaments) are less than 2,500 sq ft. but there is a wide range of unit sizes across the estate as a whole. There is also a wide range of specification and age amongst the buildings. The most recent developments have been Bede



Trade Park, a terrace of six trade counter units built in 2004 and Aidan Court detached industrial units built in the 1990s. Older buildings tend to have been developed at higher density leaving little space for circulation and parking, whilst modern units have yard areas.

- 65 Council data identifies 80 units of which 11 are vacant, representing a vacancy rate of 14%. Eight of these vacant units are at Lindisfarne Court, where 36 small terraced workshops are let on flexible terms and for which a running void of 10% would not be abnormal even in periods of strong economic growth. Having regard to current economic circumstances the overall vacancy rate for the estate is considered low and indicative of its popularity.
- 66 Details of transactions on FOCUS identify that since the start of 2007 the average marketing period for premises on Bede Trading Estate is 320 days (10½ months). Having regard to the weakness of the economy and the industrial property market over this period an average marketing period of less than a year is indicative of a popular estate.
- 67 For the assessment of business rates for the 2010 revaluation the VOA has regard to rental values as at 1st April 2008. Using average rents on an industrial estate provides a broad indicator of relative demand and provides a means of comparing different industrial estates. The average rent of £4.11 per sq ft at Bede Trading Estate is 19% higher than the average rent for industrial property within South Tyneside of £3.45 per sq ft; this is further evidence of the popularity of the estate. Current asking rents for units of around 5,000 sq ft equate to £4.40 per sq ft.
- 68 At Bede Trading Estate there is a mix of occupiers including local, regional and national businesses. Whilst we have not carried out title searches it would be reasonable to assume that the some of the larger sites are owner occupied, whilst smaller premises are let.
- 69 Credit checks of those businesses that are registered companies give financial stability assessments of A (Excellent) to F (Very Poor). Of the twenty five businesses with credit ratings, eleven are rated Average or better (A, B, C & D) and fourteen Poor or Very Poor. Some smaller premises are let to businesses which are not registered companies, and which will be regarded as being of limited covenant strength. Overall the estate would be regarded as a secondary investment.

Sites

- 70 Within Bede Trading Estate are five plots totalling 2.6 ha which could accommodate additional development. Two of these plots, either side of the junction of Bedesway and the A185, are less than half an acre (0.2ha) and provide limited development opportunities. The remaining three are larger and could accommodate a range of unit sizes. The availability of these plots which comprise around 10% of the total estate is not indicative of lack of demand as they



were for many years held as expansion land by adjacent occupiers, but now they are owned by developers.

Market Assessment

- 71 Bede Trading Estate is level, not within an area of high flood risk and does not adjoin housing areas, except a small part of its western boundary which is separated by the metro line. It has good connections to the strategic highway network and good public transport connections with Bede Metro Station at the back of the estate and bus stops on Bedesway and the A185. The condition and specification of the estate infrastructure is reasonable.
- 72 Development activity has been steady, and there is evidence of occupiers investing in their premises, notably Be Modern which is relocating its head office to Bede. Due to the weak viability of speculative industrial development within the region, future development activity is likely to be bespoke premises for specific occupiers. Growth at the Port of Tyne and the prospect of relocations as part of the Port's plans to rationalise its Estate, together with a general improvement in the industrial property market can be expected to benefit the estate. It should also be noted that due to the relative under-provision of larger-scale industrial units within the borough, Bede offers an important supply of vacant units in an accessible location to help remedy this deficiency.
- 73 We have not carried out title investigations, but we would expect these would show that the estate is in multiple ownership. Comprehensive redevelopment of the estate would require relocation of businesses, land assembly and remediation. This would be complex and costly.

Summary

- 74 Bede Trading Estate is an integral part of a much wider industrial area. It has a range of attributes that has ensured steady demand for sites and premises over the decades. However whilst rental levels and marketing periods indicate good demand, vacancy rates particularly amongst small terraced units suggest some oversupply and the covenant strength of occupiers is relatively poor. Conversely there are limited larger-scale units that are readily available. Compared to other estates in South Tyneside Bede Trading Estate is well located and with the dualling of the Tyne Tunnel and the growth of the Port, future prospects for the estate are good.
- 75 The environment of the estate could be improved by investment to provide dedicated parking areas and some upgrading of landscaping particularly at the entrances to the estate.
- 76 Bede Trading Estate is an important part of South Tyneside's employment land portfolio and should be retained as an established industrial area in planning policy documents. Proposals for non-B-use class employment uses and residential development should be strongly



resisted. This is particularly important to ensure that the limited availability of larger-scale stock is not further depleted and that opportunities continue to be available for sectors, such as manufacturing and distribution, which require this type of environment and accommodation.



SIMONSIDE INDUSTRIAL ESTATE

The Estate

77 Simonside is an established industrial estate of around 24 hectares that was laid out in the 1970s and has been developed over subsequent decades. The Estate is situated south east of Jarrow town centre around a kilometre to the east of the Lindisfarne roundabout junction which links the A194 Leam Lane to the A19. The estate is bounded by the Metro line to the north-east, by the A194 Leam Lane to the south and by housing to the west.



78 Simonside Industrial Estate is the south western part of a contiguous employment area that includes Simonside East, Bede Trading Estate and the Port of Tyne Estate which in total extends to over 200 hectares.

79 The principal access to the estate is from the A194, which is the main road to South Shields town centre from the west and which provides dual-carriageway access to the A19(T). Beyond the A19 the A194 heads out of the urban area to meet the A194(M) at White Mare Pool. Secondary access is from Bede Trading Estate via a narrow road which passes beneath the Metro line. By either route the industrial estate is linked to the strategic highway network via roads that are suitable for HGVs and which avoid residential areas.

80 Along the western edge of Simonside Industrial Estate a band of trees and grassed areas act as a buffer for the housing estate beyond. Similarly Leam Lane is a buffer between the estate and housing areas to the south.

81 The principal estate road, Shaftesbury Avenue, runs from the Leam Lane entrance to the back of the estate. Fronting the A194 is a small supermarket and a McDonalds restaurant which are accessed from within the estate. Estate infrastructure is of reasonable specification and condition.

The Buildings

82 Data from the Valuation Office Agency identifies 40 rating hereditaments on the estate which are variously described as factories, workshops, warehouses or offices. These range in size



- from 400 sq ft to 108,000 sq ft and amount to around 650,000 sq. ft. of floorspace when aggregated.
- 83 Of the 40 hereditaments, some 45% (18 hereditaments) are less than 2,500 sq ft. but there is a wide range of unit sizes across the estate as a whole. There is also a wide range of specification and age amongst the buildings.
- 84 Council data identifies 53 units of which eight are available, representing a vacancy rate of 15% and which, in terms of floorspace equate to a vacancy rate of 21%. Of these available units three of the largest are under offer. On completion of these deals the vacancy rate on the Estate will be considerably reduced to a level that suggests a healthy property market, but it should be noted that amongst larger units there is an increasingly tight supply.
- 85 Details of transactions on FOCUS identify that since the start of 2007 the average marketing period for premises on Simonside Industrial Estate is 604 days (20 months). Whilst this is not unusual in the prevailing economy and market circumstances, it is nearly double the marketing periods recorded at Bede.
- 86 For the assessment of business rates for the 2010 revaluation the VOA has regard to rental values as at 1st April 2008. Using average rents for an industrial estate provides a broad indicator of relative demand and provides a means of comparing different industrial estates. The average rent of £3.10 per sq ft at Simonside Industrial Estate is 10% lower than the average rent for industrial property within South Tyneside of £3.45 per sq ft.
- 87 At Simonside Industrial Estate there is a mix of occupiers including local, regional and national businesses. Whilst we have not carried out title searches it would be reasonable to assume that the some of the larger sites are owner occupied, whilst smaller premises are let.
- 88 Credit checks of those businesses that are registered companies give financial stability assessments of A (Excellent) to F (Very Poor). Of the fourteen businesses with credit ratings, eleven are rated Average or better (A, B, C & D) and three Poor or Very Poor. Some smaller premises are let to businesses which are not registered companies, and which will be regarded as being of limited covenant strength. Overall the estate is likely to be regarded as a secondary investment.
- 89 For two adjoining estates, these indicators of demand reveal a significant difference between Simonside and Bede. Vacancy rates, average rents or marketing periods, all point to weaker demand for units on Simonside. The reasons for this are that on Bede whilst there are some large old buildings, these have not come to the market, and it is the newer smaller buildings amongst which the majority of transactions have occurred. By contrast, on Simonside there is not only a narrower range of units by age, with little having been developed in the last two decades; but also fewer small units amongst which tenant turnover is typically higher. The



differences in the range of buildings on each estate also explain the difference in average rent.

Sites

- 90 Within Simonside Industrial Estate there are two plots which could accommodate additional development. These are a previously developed plot at Towers Place (1.55 ha) and Filtrona Park (2.14 ha) until recently used as the home ground of South Shields Football Club. Both are considered in more detail in Topic Paper 5. There are also undeveloped strips of land where the estate adjoins housing, but these function as part of a buffer strip and are therefore unlikely to be available for development. The availability of these two plots which comprise around 15% of the total estate is not indicative of lack of demand as both have only recently come to the market.

Market Assessment

- 91 Simonside Industrial Estate is mainly level and is not within an area of high flood risk. It has good connections to the strategic highway network and good public transport connections with a metro station at the back of the estate and bus stops on Leam Lane. The condition and specification of the estate infrastructure is reasonable.
- 92 There has been little recent development activity, principally because until recently there have been no development opportunities. Due to the weak viability of speculative industrial development within the region, future development activity is likely to be limited to bespoke premises for specific occupiers. It is also noted that in the context of a relative under-provision of larger-scale industrial units within the borough, Simonside Industrial Estate does provide an important stock of larger buildings, in an accessible location.
- 93 We have not carried out title investigations, but we would expect these would show that the estate is in multiple ownership. Comprehensive redevelopment of the estate would require relocation of businesses, land assembly and remediation. This would be complex and costly.

Summary

- 94 Simonside Industrial Estate, an integral part of a much wider industrial area, is prominently situated on the main road to South Shields. Much of the floorspace dates from the 1970's and as well as a site that has been cleared there are a number of larger buildings which were vacant at the time of our inspection. Some of these have subsequently gone under offer and vacancy rates on the estate particularly amongst larger buildings are declining. The underlying attributes of the estate (e.g. proximity to the strategic highway network) remain strong, and the recent release of a greenfield site has prompted an enquiry from an industrial developer, which in the current market is notable and clearly shows that the estate is



regarded in the market as a prospective development location. Compared to other estates in South Tyneside it is well located and with the dualling of the Tyne Tunnel and the growth of the Port, future prospects for the estate are strong.

- 95 The estate is however at a stage where it needs investment. There is scope for upgrading roads and landscaping, but having regard to the weak viability of new development, cosmetic improvements alone are unlikely to stimulate the redevelopment of sites as they become available. The estate may be able to attract some bespoke development, but such requirements are infrequent. If speculative development of brownfield plots is to take place some sort of gap funding will be required. The adjoining Simonside East Industrial Estate provides an example of what public sector funding of industrial development can achieve in this location.
- 96 Simonside Industrial Estate is an important part of South Tyneside's employment land portfolio which in terms of planning policy should be retained as an established industrial area. Proposals for non-B-use class employment uses and residential development should be strongly resisted. This is particularly important to ensure that the limited availability of larger-scale stock is not further depleted and that opportunities continue to be available for sectors, such as manufacturing and distribution, which require this type of environment and accommodation.