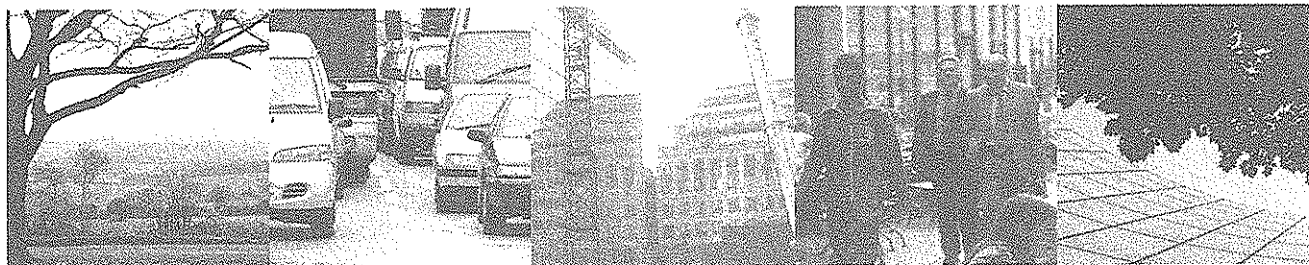


Hertsmere, St Albans and Welwyn Hatfield Councils CENTRAL HERTFORDSHIRE EMPLOYMENT LAND REVIEW



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INTRODUCTION

- 1 This note provides a limited update to the Interim Report of the Central Hertfordshire Employment Land Review (ELR), produced by Lambert Smith Hampton in November 2006. The update follows the publication, in December 2006, of the Secretary of State's Proposed Changes to the Regional Spatial Strategy (the East of England Plan). The Proposed Changes amend the employment growth targets which in the Employment Land Review drive the forecast demand for employment space. In this note, we produce a new forecast of demand and market requirements based on these new employment growth targets. We then compare the resulting market requirement, for the plan periods 2001-16 and 2001-21, with the planned supply of employment land (which remains the same as in the Interim Report), to produce an updated estimate of market balance.
- 2 The Secretary of State's Proposed Changes only affect Chapter 6 of the Interim Report. Below, we provide an update of that chapter, following the same order as the original text. As we shall see, the Proposed Changes have an insignificant impact on employment space. Therefore, the overall conclusions of the Interim Report remain unchanged.

EMPLOYMENT FORECASTS

- 3 In the original ELR, we provided three forecast scenarios of the demand for employment space to 2021. The preferred scenario was based on the targets in Policy E2 of the draft East of England Plan (December 2004), which shows Hertfordshire's employment growth in 2001-21 as 64,700 jobs. The Proposed Changes amend these figures in different ways for different geographical areas. For the 'London Arc', which includes Central Hertfordshire, they propose that employment land changes be based on Experian's EBS(02)EG21 forecast scenario, in which Hertfordshire's employment growth is 60,200 jobs.
- 4 It is not surprising that these two Hertfordshire totals are so close. As explained in our 2006 Interim Report, Policy E2 of the draft RSS was in fact derived from the EBS(02) scenario, which the Regional Assembly had adjusted to reflect economic development and regeneration objectives. For Hertfordshire, this adjustment was small, amounting to just 4,500 extra jobs. The ELR and supporting documents did not show clearly how they would be distributed across districts, but suggested they would be concentrated in the Stansted/M11 corridor, away from Central Hertfordshire. For the purpose of the ELR preferred scenario, and as explained in the Interim Report, we estimated that Central Hertfordshire's share of these 4,500 jobs would be 1,200 jobs. This is the difference in total employment growth between the E2 forecast used in the ELR's preferred scenario and the EG21 forecast preferred by the Secretary of State and used in this update.
- 5 The table below shows estimated employment growth targets for Central Herts based on the Secretary of State's Proposed Changes, which in turn is based on the EG21 scenario.

Table 1 Net Employment Change, 2001-21

	EBS (02) EG21	
	Jobs	% of Herts total
Hertsmere	11,600	19%
St Albans	5,900	10%
Welwyn Hatfield	7,700	13%
Central Herts	25,200	42%
Hertfordshire	60,200	100%

Source Experian, RTP. Numbers are rounded to the nearest 100

- 6 These figures show very slightly lower growth than those in our Interim Report (Table 6.2. The difference between the two scenarios is insignificant at just 400-500 jobs for each District.
- 7 In Table 2 below, we show employment change by type of space, following the same method as the ELR.

Table 0 Net Employment Change 2001-21

	EBS (02) EG 21	
	Jobs	%
Central Herts		
Industrial	-6,102	-28%
Warehousing	879	5%
Office	11,188	28%
Total B Space	5,965	7%
Total Jobs	25,187	13%
Hertsmere		
Industrial	-1,620	-27%
Warehousing	313	6%
Office	4,553	42%
Total B Space	3,247	15%
Total Jobs	11,609	20%
St Albans		
Industrial	-1,417	-22%
Warehousing	-115	-2%
Office	3,355	18%
Total B Space	1,823	6%
Total Jobs	5,920	9%
Welwyn Hatfield		
Industrial	-3,065	-32%
Warehousing	681	9%
Office	3,280	31%
Total B Space	896	3%
Total Jobs	7,658	12%

Source Experian, RTP

- 8 Yet again, these figures do not differ significantly from the ELR (Table 6.3 of the Interim Report). Over the twenty-year planning period, just over three quarters of the employment growth is in non B-space sectors such as retail and education. Industrial jobs fall by approximately 6,100 jobs (28%); warehousing and office employment grow by approximately 900 jobs (5%) and 11,200 (28%) respectively.
- 9 The figures for individual districts show similar trends, with falling industrial employment offset by warehousing and office growth:

- In Hertsmere, office employment rises by 4,600 jobs (42%), more than all other districts in both absolute and percentage terms. Warehousing gains 300 jobs (6%), while industrial employment falls by 1,600 jobs (27%). The net outcome is a rise of 3,200 B-space jobs (15%).
- In St Albans, office employment increases by 3,400 (18%), industrial employment falls by 1,400 jobs (22%) and warehousing employment is virtually unchanged. Total B-space employment grows by 1,800 jobs (6%).
- In Welwyn Hatfield, industrial employment falls by 3,100 jobs (32%) offices gain 3,300 jobs and warehousing gains 700 jobs (9%). Total B-space employment increases by 900 jobs (3%).

THE FUTURE DEMAND FOR SPACE

- 10 To translate these employment forecasts into demand for space we have assumed the same floorspace per head as in our Interim Report.
- Offices: 18 sq m per worker
 - Industrial and warehousing: 31 sq m per worker.
- 11 Table 3 translates these employment forecasts into demand for space, using the same employment densities as the ELR - 18 sq m per worker for offices and 31 sq m per worker for industry and warehousing. Yet again, the figures are virtually identical to those in the ELR: For Central Herts as a whole:
- Office space for Central Herts increases by 201,400 sq m, 26% of the 2001 floorspace stock
 - Industrial/ warehousing floorspace falls by 161,900 sq m (10%).
 - Total B floorspace increases 39,500 sq m, 2% of the 2001 floorspace stock, which over the three districts and over 20 years is an insignificant change.
- 12 For individual Districts:
- In Hertsmere, industrial/ warehousing losses of 40,500 sq m are offset by gains in offices of 82,000 sq m. This produces a net gain of 41, 500 sq m of employment space, 7% of the stock.
 - In St Albans industrial and warehousing losses of 47,000 sq m (11%) and office gains of 60,400 sq m (23%) almost exactly offset each other, so that total B space is virtually unchanged.
 - In Welwyn Hatfield, offices grow by 59,000 sq m and industrial and warehousing space falls by 74,000 sq m. Yet again, total B space is virtually unchanged.

Table 3 Floorspace Demand, 2001-21 Net Floorspace Change, sq m

		Floorspace Stock , 2001	Net Floorspace Change 2001-21	% of Floorspace Stock , 2001
Central Herts	Ind/Whsg	1,626,000	-161,901	-10%
	Offices	778,000	201,385	26%
	Total B Space	2,404,000	39,484	2%
Hertsmere	Ind/Whsg	422,000	-40,502	-10%
	Offices	202,000	81,957	41%
	Total B Space	624,000	41,455	7%
St Albans	Ind/Whsg	436,000	-47,497	-11%
	Offices	267,000	60,390	23%
	Total B Space	703,000	12,894	2%
Welwyn Hatfield	Ind/Whsg	768,000	-73,903	-10%
	Offices	309,000	59,038	19%
	Total B Space	1,077,000	-14,865	-1%

Source Experian, RTP

SUPPLY AND MARKET BALANCE

- 13 In the tables and graphs below, we compare the updated requirements for employment space with the land supply identified by the planning system. As before, to calculate market requirements we add to the forecast demand a frictional margin that represents land in the planning and development pipeline. This margin, and the supply figures, are the same as in the ELR Interim Report. Since demand is almost exactly the same as in the Interim Report, it is not surprising that the market balance is also virtually unchanged.

Table 1 Market Balance, Central Hertfordshire, 2001 - 21

	C Herts			Hertsmere			St Albans			Welwyn Hatfield		
	Ind/	Whsg	Offices	Ind/	Whsg	Offices	Ind/	Whsg	Offices	Ind/	Whsg	Offices
Supply	88,736		314,985	-12,786		80,080	-11,002		46,647	112,524		188,258
Margin	71,369		95,045	13,545		18,086	19,987		23,018	37,838		53,941
Demand	-161,901		201,385	-40,502		81,957	-47,497		60,390	-73,903		59,038
Requirement	-90,532		296,430	-26,957		100,043	-27,510		83,408	-36,065		112,979
Over (Under) Supply	179,268		18,555	14,171		-19,963	16,508		-36,761	148,589		75,279

Source RTP

Table 5 Market Balance, Central Hertfordshire, 2001-16

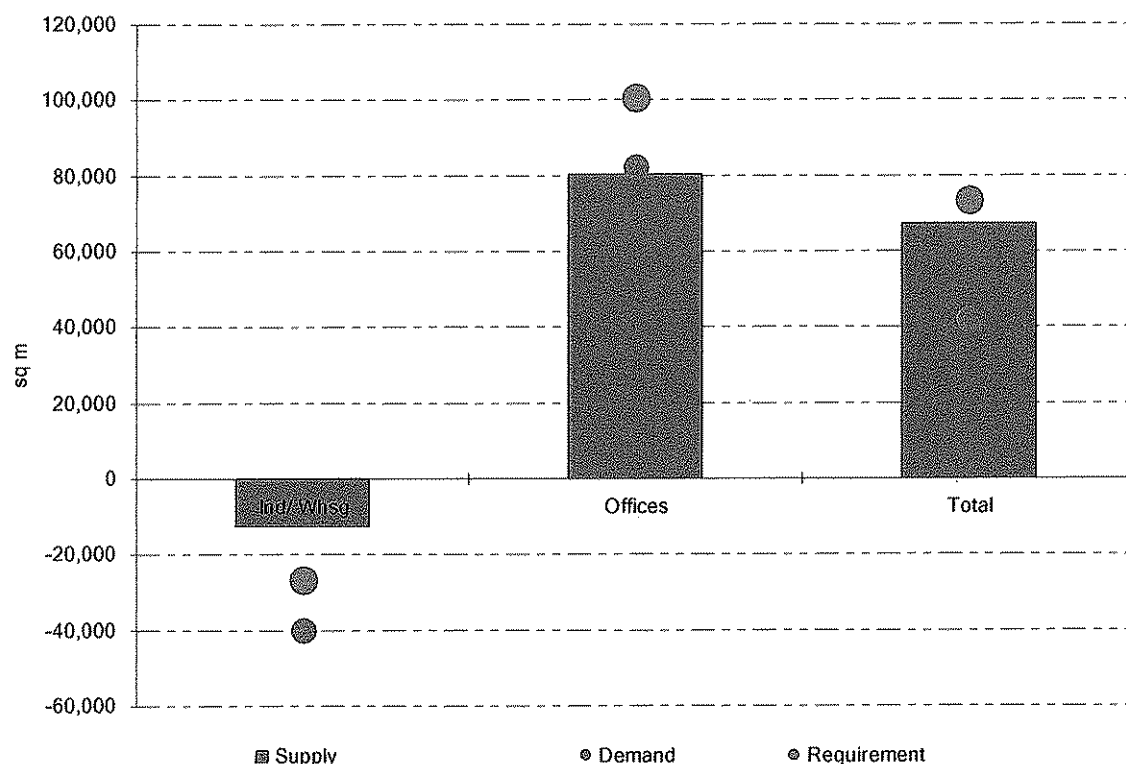
	C Herts			Hertsmere			St Albans			Welwyn Hatfield		
	Ind/	Whsg	Offices	Ind/	Whsg	Offices	Ind/	Whsg	Offices	Ind/	Whsg	Offices
Supply	88,736		314,985	-12,786		80,080	-11,002		46,647	112,524		188,258
Margin	71,369		95,045	13,545		18,086	19,987		23,018	37,838		53,941
Demand	-121,426		151,039	-30,377		61,468	-35,623		45,293	-55,427		44,279
Requirement	-50,057		246,084	-16,832		79,554	-15,636		68,310	-17,589		98,220
Over (Under) Supply	138,793		68,901	4,046		526	4,634		-21,663	130,113		90,038

Source: RTP

- 14 For Central Hertfordshire as a whole, the planned supply of land for offices is almost exactly equal to the forecast requirement. For industry and warehousing, supply greatly exceeds requirements, by 179,300 sq m. At a plot ratio of 40%, this implies that 45 ha of employment land could be transferred to other uses while still meeting the forecast market requirement.

Hertsmere

Figure 1 Market Balance, Net Floorspace Change, sq m, 2001-21



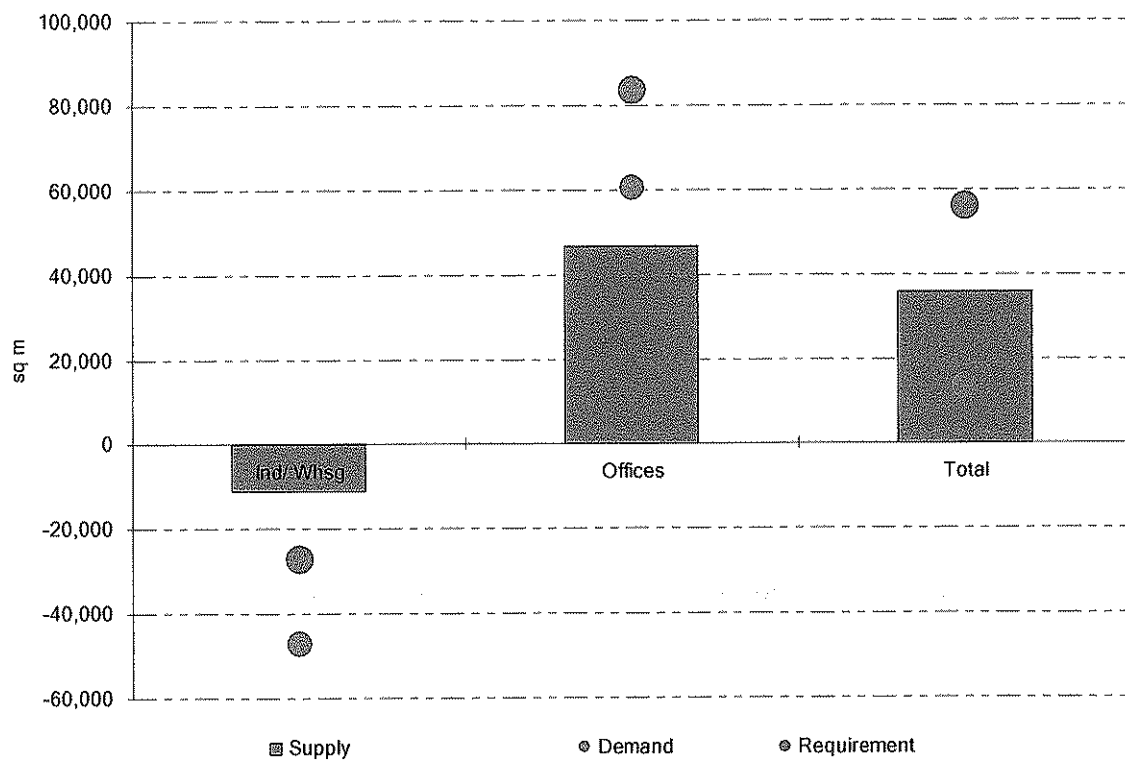
Source RTP

- 15 Hertsmere's planned office supply falls short of the forecast requirement by some 20,000 sq m. The supply currently identified would last till 2016.
- 16 In the industrial/warehousing sector, Hertsmere has a small oversupply of of 14,200 sq m. If this over supply could be transferred to offices, Hertsmere's resulting office supply would last till 2019, close to the end of the planning period.

St Albans

- 17 The market balance for office shows a shortfall of 36,800 sq m over the planning period to 2021. If our forecasts are correct, the identified land supply will only last till 2009.

Figure 2 Market Balance, Net Floorspace Change, sq m, 2001-21

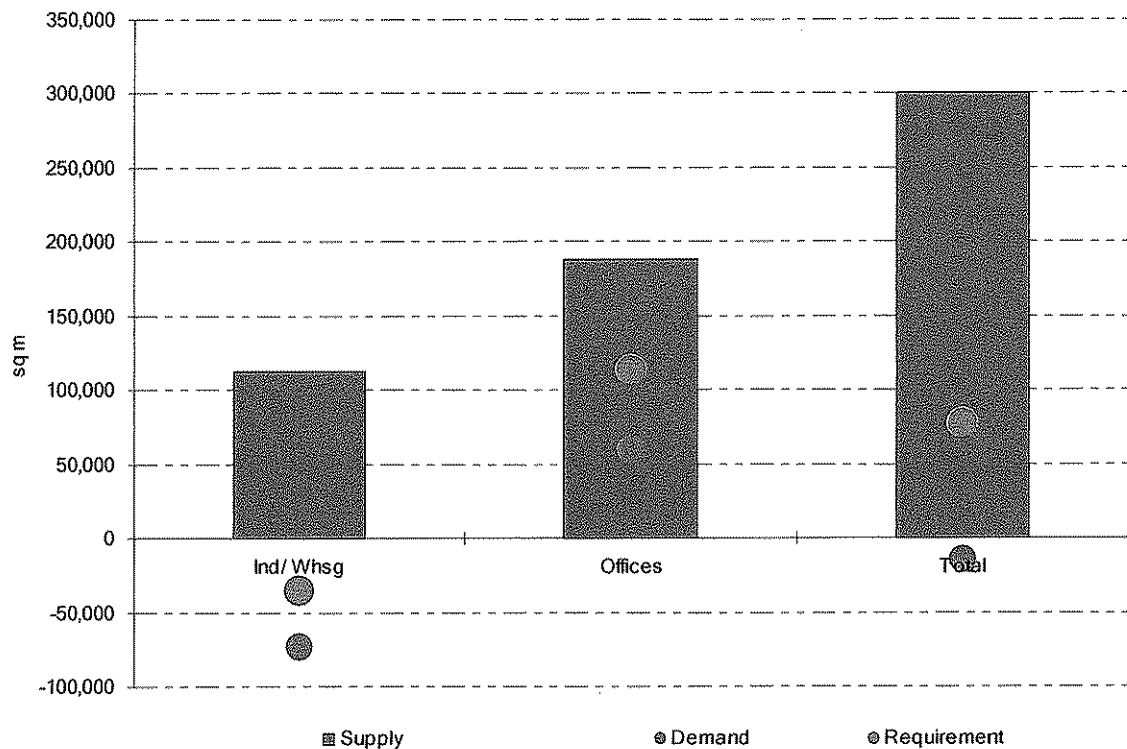


Source RTP

- 18 For industrial and warehousing, there is an estimated oversupply of 16,500 sq m. If all this surplus land transferred to offices, the planned office supply would last till 2015.

Welwyn Hatfield

Figure 3 Market Balance, Net Floorspace sq m, 2001-21



Source RTP

- 19 In Welwyn Hatfield, supply exceeds requirement both for offices and industry/warehousing, by 75,300 sq m and 148,600 sq m respectively. However, as discussed in detail in the Interim Report, this oversupply will be greatly reduced if, as proposed, 12 ha at Hatfield Business Park are developed for a hospital instead of business space. Another factor which could reduce the oversupply is strategic distribution development, which on average has much lower employment densities than assumed in our calculations.

IMPLICATIONS

- 20 The update makes no difference to the implications of the analysis which are set out in paragraphs 6.87-6.92 of the Interim Report.