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South West Hertfordshire  
Economic Study

A Final Report by  
Regeneris Consulting and  
GL Hearn

South West Hertfordshire Councils

South West Hertfordshire Economic Study

February 2016

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# Executive Summary

## Purpose of the Study and Approach

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- i. This study provides a comprehensive economic baseline and growth scenarios for South West Hertfordshire (South West Herts). Commissioned by Dacorum, Hertsmere, Three Rivers and Watford Councils, the key purpose of the study is to identify the scale and characteristics of employment growth that the area might plan for over the period from 2013 to 2031 and 2036, and the related requirements for employment land and floorspace that this entails. The study also provides a high level review of some existing employment areas and potential future sites, and considers whether there is likely to be sufficient supply to meet the needs of the South West Herts economy.
- ii. The approach to the study has been designed to meet the requirements of the National Planning Policy Framework and the Planning Practice Guidance. This specifies that plan making should be informed by an objective assessment of economic needs, and that this assessment should be carried out for a functional economic market area. The study follows the detailed methodological recommendations provided by the Planning Practice Guidance.
- iii. This report sets out future growth scenarios for South West Herts grounded in a detailed analysis of the past performance of its economy, its current characteristics and known future investment plans. The conclusion to the report identifies the preferred scenario which we judge to be the most likely outcome for South West Herts, and sets out the implications for the demand for floorspace, including an analysis of the requirements of key growth sectors and locations. This is brought together with the analysis of the supply of sites to identify the key priorities for the South West Herts authorities.

## Functional Economic Market Area (FEMA)

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- iv. Analysis of a range of data on travel to work, leisure and retail, migration, market linkages points to clear and strong relationships between Dacorum, Hertsmere, Three Rivers and Watford. Set alongside administrative boundaries and local policy, it points to the four authorities as a good starting point for considering how to define the FEMA.
- v. In addition, the analysis has also pointed to clear links between the four commissioning authorities and St Albans district in terms of the M1/M25 Growth Corridor and sector value propositions identified by the Hertfordshire Local Enterprise Partnership, public service catchments, retail and leisure markets. While St Albans District Council has not yet undertaken work to identify its FEMA, for the purposes of this study the FEMA includes the four commissioning authorities and St. Albans given the balance of the evidence.
- vi. It is noted that St Albans also has strong relationships with Welwyn Hatfield and so has also been included in the Welwyn Hatfield Economy Study Update as falling within the Welwyn Hatfield FEMA. This is not inconsistent with our own conclusions because there is inevitably a degree of overlap between different functional economic areas.
- vii. This definition of the FEMA corresponds with that of the Housing Market Area (HMA). The study has been prepared in collaboration with GL Hearn, who are also carrying out a Strategic Housing Market Assessment. This has provided the opportunity to carry out an assessment of economic growth needs and housing for the relevant market areas informed by consistent assumptions

which should assist in ensuring the alignment between the two components of the emerging evidence base.

- viii. It is also important to recognise the area's strong two way connections with London. These span a wide range of flows and exchanges from substantial travel to work movements (56,000 residents working in London in 2011, 26,000 commuting to South West Herts) to market relationships between businesses and the role the capital plays as a retail and leisure destination.

## Policy Context

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- ix. Local economic policy identifies a set of clear and consistent messages about South West Herts's economic priorities and aspirations. The local authorities' Core Strategies and economic development strategies are broadly aligned with the headline priorities earmarked by the Hertfordshire Local Enterprise Partnership.
- x. Themes common to local policy objectives include:
- Recognition of the need to capitalise on the area's strengths as a location in which to develop and expand a business, including the need to attract and retain inward investment.
  - The importance of developing the area's strengths in the knowledge economy, essentially attaching priority to higher value added business activity, research and development and innovation.
  - The critical importance of investing in the skills of the area's residents, including the role of education facilities in supporting the economy.
  - The need to deliver investment in housing and infrastructure to support the area's economy.
  - The opportunities and challenges of the area's relationship with London, with several of the area's major investment plans centred on improving transport connections with the capital.
- xi. In terms of specific priority sectors, there is a mixed picture across South West Herts. Commonality is found in the emphasis on the service economy, reflecting the established strengths of business and professional services in the area. Tourism and the broader visitor economy are also recognised as potential growth opportunities, while priorities to develop the creative economy attest to both the significant assets provided by Leavesden and Elstree, and to the broader role that creative industries are expected to play in future economic growth.

## Economic Baseline

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- xii. The economic baseline points to an area with strong economic assets and one which has benefited from its advantageous location close to London and as part of the most economically dynamic area of the UK economy. The following features stand out in the baseline assessment:
- A strong labour market with a resident workforce with higher than average skill and qualification levels, and lower than average rates of economic inactivity and unemployment. 35% of the area's residents are qualified to degree level or higher compared to 27% nationally.

- A growing business base with the area having sustained higher than average rates of start ups per capita (7.9 compared to 5.7 nationally) over the past 10 years.
  - While employment in public services such as health and education remains an important part of the area's employment base, a high ratio of private to public sector employment, provides a bulwark to some extent against the impacts of current constraints on public sector expenditure.
  - Evidence that the area weathered the recession reasonably well, with employment growing by 7% between 2008 and 2013 compared with 2% nationally.
  - Concentrations of employment in business and professional services, wholesale and retail trade, information and communications, construction and real estate.
  - Strengths in professional, scientific and technical occupations reflecting the presence of assets such as the BRE and Rothamsted but also the area's skills base. Other key assets include internationally significant film and television studios (Elstree and Leavesden).
- xiii. However, this relatively strong performance as a business location and as a provider of employment has not been allied with substantial commercial land and floorspace development in recent years. Past take-up data for the area show that, in net terms, there has been contraction rather than growth. In short, while the economy has grown, this does not appear to have been reflected in commensurate increases in the supply of offices and other types of industrial development.
- xiv. The reasons for this lie in part in the strong demand for housing development experienced by the area during the 2000s, which has seen residential land values outstrip commercial values. This reflects the area's attractiveness as a residential location and particularly its connections with London where the growth of the capital's economy and labour market has fuelled demand for housing in the surrounding area.

## Market Assessment

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- xv. Sub-regional markets for both office and industrial (including warehouse) space are dominated by Maylands Business Park in Dacorum, which provides the highest amount of both office and industrial floorspace in the FEMA. However, demand for office floorspace, and particularly for high spec Grade A accommodation, at Maylands is limited compared to other locations in the FEMA, reflected in the amount of vacant office floorspace in the area, and a number of plots allocated for office development which have remained undeveloped for some time.
- xvi. Strong demand for office space is evident in Watford and St Albans town centres which are attracting leading financial, legal, and professional service occupiers and headquarter type uses. This is reflected in the headline rents being achieved in these areas. However there is a significant shortage of sites in these locations, and certain employment sites are coming under significant pressure to be converted to residential uses. Commercial agents report that the lack of supply in Watford and St Albans is leading potential investors to widen their search, to include a number of locations outside the FEMA.
- xvii. Commercial rental values have not yet reached pre-recession levels to drive speculative office developments, even in St Albans where rents are highest. However, the direction of travel is upwards as headline rents rise as the economy recovers.

- xviii. Industrial and distribution markets are also dominated by Maylands Business Park in Dacorum. This benefits from excellent motorway access with Junction 8 of the M1 close by, and is home to a number of large distribution depots occupied by leading national and international businesses. Beyond this there is a smaller but still significant amount of industrial space in Watford, the majority of which comprises medium sized industrial units in more traditional industrial areas.

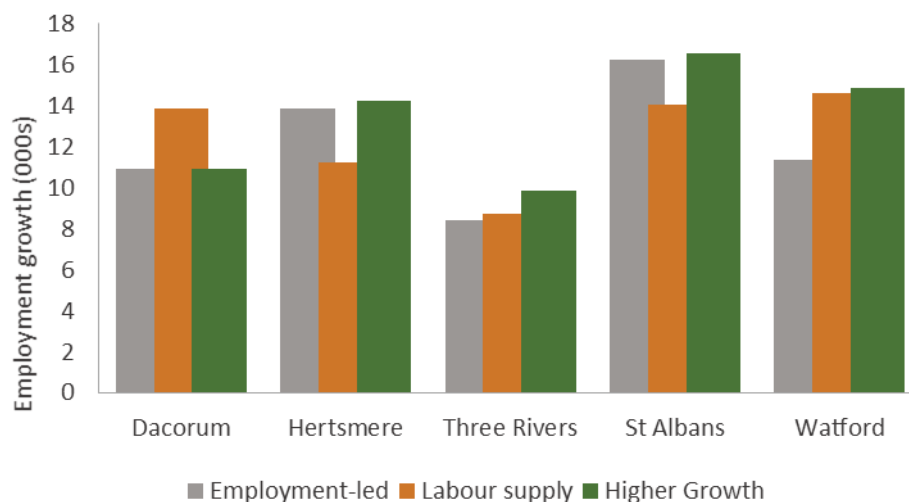
## Growth Scenarios

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- xix. The study considered an extensive range of evidence to develop growth scenarios for South West Herts including:
- A forensic examination of past growth trends and the characteristics of employment sectors.
  - Independent economic forecasts from Oxford Economics (East of England Forecasting Model) and Cambridge Econometrics.
  - Analysis of past take up data for land and floorspace.
  - Assessment of the implications for employment growth of the labour supply projections carried out for the SHMA.
- xx. The outcomes of this analysis are three main growth scenarios:
- **Employment-led Scenario** – Drawing on the employment forecasts, this scenario sees the area create just over 60,000 new jobs by 2036, representing an annual growth rate of 0.8% p.a. (compared to a national average of 0.5% p.a.).
  - **Labour Supply Scenario** – Using ONS’s 2012 sub-national population projections as a starting point, we estimate the number of new jobs that would need to be created to support South West Herts’s growing population. This would result in the creation of 62,000 new jobs, which is very close to the employment-led scenario.
  - **Higher Growth Scenario** - The growth potential of the economy is enhanced still further as a result of the major transport investment planned which will increase the appeal of South West Herts as an investment location and improve the viability of new development. We estimate that the growth rate could increase to 0.9% p.a. in a higher growth scenario, equating to 66,000 additional jobs over the period to 2036.
- xxi. Employment growth in each of these scenarios is driven by the expansion of the services sector, a finding consistent with the current strengths of the area’s economy and with expectations about the drivers of growth nationally.
- xxii. Business and professional services emerge as substantially the largest contributors to jobs growth in the area. These are broad sectors which encompass a range of higher value services including legal and accountancy services, consultancy and headquarters functions, with Watford and St. Albans both currently well-positioned in the latter. They also span a diverse range of other office based services including recruitment, facilities management, property services and other business support services.



Growth Scenarios for South West Herts Districts, Additional Jobs 2013-36

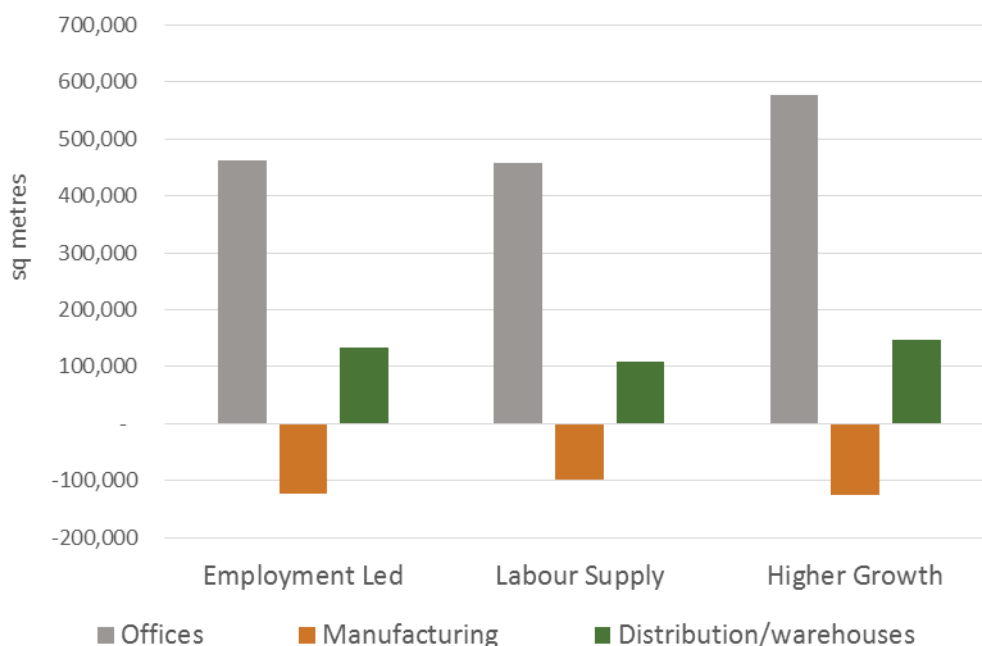


Source: Regeneris Consulting calculations

### Employment Floorspace

- xxiii. Around 48% of the total jobs will require space in the form of offices, factories and warehousing. The overall demand for factory space is falling. However, the continued growth in professional services and other office based sectors in South West Herts will result in a significant increase in demand for office space over the next twenty years, which is forecast in each of the scenarios (with the exception of past completions). The total demand for floorspace in these three scenarios ranges from 458,000 to 577,000 sq m over the period 2013 to 2036. The demand for office space will increase in each of the authorities, but will be greatest in Watford and St Albans in most scenarios. Demand for manufacturing space contracts in each of the scenarios.
- xxiv. Most of the scenarios point to a modest increase in B8 space, but is greatest in the higher growth scenario where it increases by 148,000 sq m, with the greatest demand in Dacorum. We note that the proposed Radlett Strategic Rail Freight Interchange development (Radlett SRFI) would potentially result in a substantial increase in the demand and supply of B8 space in the FEMA, which is significantly in excess of the demand implied by any of the growth scenarios.
- xxv. After consideration of the experience of other SRFIs, we conclude that this development should be treated as additional to the other scenarios, and that the supply at Radlett SRFI should not be used to address the demand for B8 space identified for other locations in the FEMA. This is because the proposals would be addressing a shortfall in the supply of rail linked intermodal sites at a regional level (London and the South East), which should be seen as a different segment of the market to general warehouse and distribution. The experience of other SRFIs suggests that Radlett would attract investment from major retailers distribution companies, and would be used primarily for the very largest units which are not currently found in South West Herts. There is therefore a difference in the scale and nature of potential occupiers between the proposals for Radlett SRFI and the existing distribution market in South West Herts which means the two are still likely to be compatible, and may even complement each other.

Demand for Floorspace in Scenarios, 2013-2036



Source Calculations by Regeneris Consulting

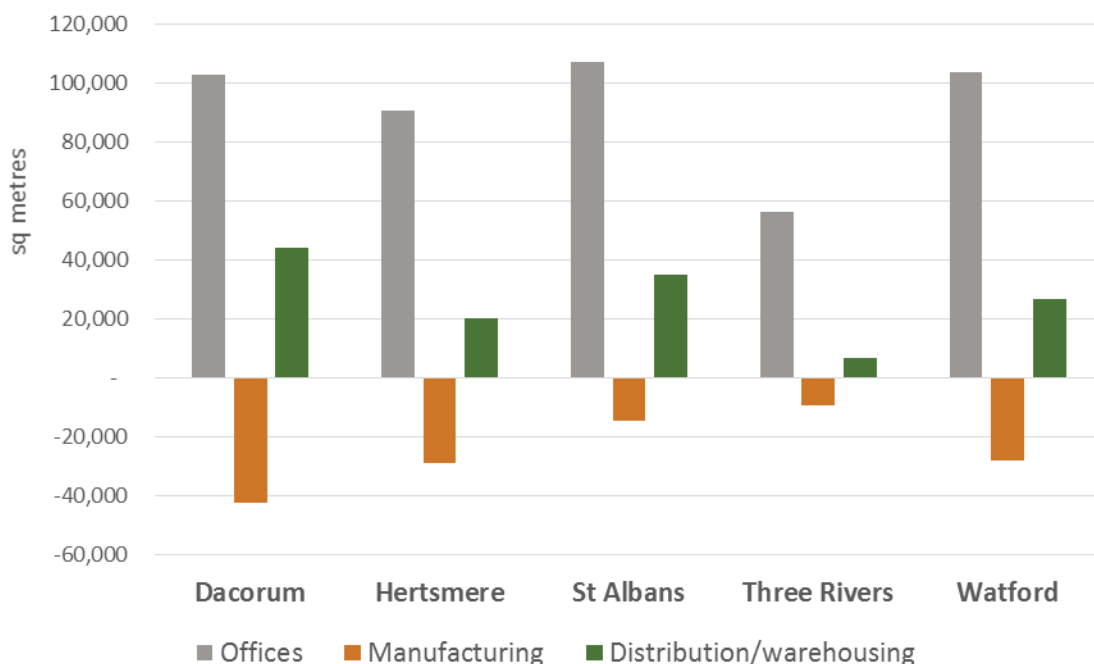
### Preferred Scenario

xxvi. The employment-led scenario is identified as the preferred scenario. This is for the following reasons:

- The growth rate of 0.8% p.a. in total jobs is slightly higher than a number of other comparator areas (including the South East and the Hertfordshire LEP), but still below the level of growth forecast for London according to EEFM. It is also well above the forecast growth rate of the UK, which is what we would expect for an area with the economic and labour market strengths of South West Herts. We therefore conclude that 0.8% represents an aspirational and strong growth rate which meets the requirements of NPPF to adopt a positive approach to plan making.
- The growth rate of 0.8% p.a. is also broadly consistent with past trends in employment in South West Herts. A growth rate of 0.9% p.a. would not be inconsistent with this analysis, but would be at the upper end of growth rates that have been achieved in the past. We therefore conclude that the preferred scenario is plausible and can be justified by past trends.
- The close alignment between the employment led and labour supply scenario means that the demand for, and supply of, labour are expected to be broadly balanced over the plan period. This offers further weight to the plausibility of the employment led scenario since it implies that employers would have access to the skills they need to grow, and that jobs growth would not require any significant change to existing commuting or migration patterns.

- Jobs growth in the preferred scenario would be driven by those highly skilled service sectors, which are well established in South West Herts and draw upon skills which are abundant among the existing and future South West Herts workforce.
- xxvii. The greatest increase in demand for office space in the preferred scenario is in St Albans, Dacorum and Watford, while the greatest increase in the demand for B8 industrial space is in Dacorum. Demand for manufacturing space is expected to fall in each of the scenarios.

**Demand for Floorspace in the Preferred Scenario**



Source Regeneris Consulting Calculations

- xxviii. The importance of professional services in the preferred scenario means that demand will primarily be for sites with access to a highly skilled workforce and good connections by road and public transport. Certain sub-sectors, particularly HQ functions and larger professional services firms, will value locations which offer quick access to clients and collaborators based in London. Sites should provide access to high quality amenities and a high quality work environment in order to attract and retain staff. Key amenities includes cafes, bars, gyms, a landscaped environment and childcare facilities.
- xxix. Town centre locations in Watford and St Albans are particularly valued by professional services employers because of their large labour market catchments, rail connections to London and town centre amenities (particularly important for employers with a younger workforce). However demand for very high quality, prestigious business parks will also hold investor appeal, particularly where there is good access by road and public transport and the site provides a high quality, modern business environment.

**Supply of Sites**

- xxx. The study has not undertaken a comprehensive analysis of all employment land within the FEMA, but has focused on the most important part – i.e. the larger employment sites or those of more

strategic significance. The sites identified are either existing significant sites or have been put forward as potential locations for future employment development.

- xxxi. The analysis reveals that the vast majority of employment sites are trading well, with most having very high levels of occupancy, and should therefore be protected as employment areas. However there is very little development potential at most of the existing employment areas to accommodate future growth. In particular, there is a severe shortage of development land in the two most sought after locations in the FEMA; St Albans and Watford town centres.
- xxxii. The known potential to address at least some of the increase in demand for employment space is outlined in the following paragraphs.

### Intensification and redevelopment opportunities

- xxxiii. Watford Junction is a very well located site, which would provide a natural extension to Watford town centre's main office district. The site is being promoted as a mixed use development which would include over 46,000 sq m of office space. Although there are likely to be a number of complexities in bringing this site forward, the scale of the development and its status as the only town centre scheme in the FEMA with significant development potential means that it should be viewed as a priority project by South West Herts authorities.
- xxxiv. There are also redevelopment opportunities at Watford Business Park which adjoins Croxley Green Business Park. Although not situated in a town centre location, this site will soon benefit from a new Metropolitan Line Underground Station at the Ascot Road roundabout which will increase the appeal of the site. This presents opportunities to deliver high quality office floorspace by redeveloping the dated industrial space for higher value activities and should result in the creation of a large, high quality business park with good access by road and public transport.

### Maylands Business Park

- xxxv. Maylands Business Park is the largest employment site in the FEMA and the only one with significant vacant land with development potential (32 Ha at the Maylands Gateway site). The site offers excellent access to the M1 and can draw upon a highly skilled workforce. The recent and planned office developments are all high-spec and offer access to high quality amenities. Although demand for office space has not been as strong as other locations in recent years, over the longer term we would see Maylands Business Park as representing an attractive office location which could address a significant proportion of the demand for office floorspace identified for Dacorum. It could also potentially address a proportion of the displaced demand from investors who have been unable to find space in other locations.
- xxxvi. However there is a danger in relying too extensively on this site to address shortfalls in other parts of the FEMA, such as St Albans and Watford, where access to London and public transport connections are particularly valued by potential occupiers. In particular, there would be a risk that many of the HQ functions and large professional service occupiers may look outside the FEMA and the investment would be lost to South West Herts.
- xxxvii. All of the consultees identified Maylands Business Park as the key location for distribution uses in the FEMA, on account of its location at Junction 8 of the M1 and large plot sizes. However a number of commercial agents reported that there is still a lack of supply of premises to meet demand due to sites being safeguarded for office development. The Maylands Master Plan proposes a high quality business park on the Gateway site and states that there is potential for around 130,000 sq. metres of office space, although the Maylands Gateway Development Brief (2013) which sits

underneath the master plan document, allows for the flexibility of various B-class uses with appropriate caveats. In our view an exclusively office led development would potentially result in an oversupply of office space in this location, and a development with a greater proportion of B8 space would be expected to attract greater market interest.

### Green Belt Sites

- xxxviii. The sites review has considered a number of other sites outside established employment areas. Some are safeguarded for employment use, but others are located in the Green Belt and would be subject to a green belt impact assessment. A number of these sites have been identified as good potential locations for new employment development (subject to consideration of green belt impacts). However these are primarily in edge of town and out of town locations which do not benefit from good public transport connections, and may require significant investment in new transport infrastructure.
- xxxix. In conclusion, even if all redevelopment and intensification opportunities at existing sites were delivered, there would still be a significant shortfall of employment land to meet demand, with the most pressing priority being new sites suitable for office development. We recognise the significant constraints faced by the South West Herts authorities, particularly given the coverage of green belt in the FEMA. However, a failure to meet these targets for the provision of new employment land would risk the key employment locations losing investment to competitor locations, where there has been much greater investment in new floorspace, and the potential for much higher levels of out commuting of residents.

# 1. Introduction and Purpose of Study

1.1 Regeneris Consulting, with GL Hearn, were commissioned to produce an Economy Study for four Local Authorities in South West Herts: Dacorum, Hertsmere, Three Rivers and Watford. The key purpose of the study was specified in the brief as follows:

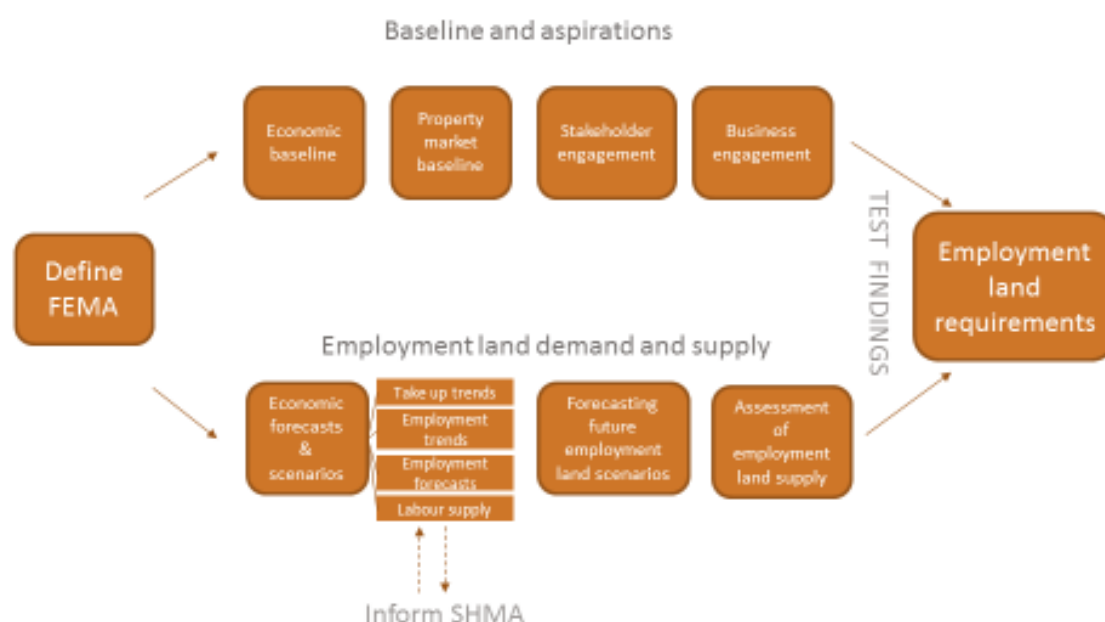
*‘the study will provide an objective assessment of the role and function of the local economy in South West Herts and identify the functional economic market area operating in and across the area... It will provide recommendations to inform a long-term land use planning for employment’ (para 1.2).*

1.2 The study is intended to provide a key contribution to the evidence being assembled by the local authorities as they develop their respective Local Plans. It is set in the context of the requirements for plan making specified in the National Planning Policy Framework, and in the specific guidance on planning to meet economic needs set out in the Planning Practice Guidance.

1.3 It is also being undertaken at a time when the UK economy is emerging from a prolonged period of recession. Adverse economic conditions during the time in which Core Strategies in South West Herts were adopted have given way to increased optimism and a gradual return to growth as business and investor confidence recover. It is important that the assessment presented in this study recognises and reflects the changes that have occurred as a result of the recession but also the need to support a return to growth that can be sustained as the economy recovers lost ground.

1.4 The following diagram sets out the individual components involved in the study, which draws together an extensive range of evidence in order to inform future land use planning in South West Herts.

Figure 1.1 Flow Diagram of Economy Study



1.5 The study is being carried out in parallel with work by GL Hearn on a Strategic Housing Market Assessment for the commissioning authorities. The SHMA will establish the full, objectively assessed need for housing in the housing market area, meeting another of the key requirements of the NPPF.

- 1.6 Recent planning case law and examinations in public of local plans have highlighted the need to ensure alignment between planned housing provision for an area, employment growth and the labour force. The approach to the two studies has enabled the sharing of evidence on population change, housing need, the labour market and economic growth, and the opportunity to test and refine the findings of each of the studies in light of this. Where appropriate, this report cross refers to evidence produced in the SHMA.
- 1.7 This is the draft full baseline and economic growth scenarios report for the study. It is structured as follows:
- Chapter 2 defines the Functional Economic Market Area (FEMA) for South West Herts. The FEMA has been agreed as Dacorum, Hertsmere, Three Rivers and Watford, and also includes St Albans. This same geography has been identified as the Housing Market Area for the SHMA.
  - Chapter 3 sets out the national and local policy baseline relevant to the economy for the five districts. It identifies key strategic priorities for the area's economy to inform later assessment of its future growth prospects.
  - Chapter 4 provides a detailed economic baseline for the study. It focuses on the indicators that help to build a clear picture of the current structure of the area's economy and its recent past performance.
  - Chapter 5 provides the first results of a commercial market assessment for the area. This sets out the current position and recent past market trends in commercial development.
  - Chapter 6 draws on evidence from past economic performance, the take up of floorspace and land along with employment forecast data to provide a set of growth scenarios for South West Herts. It translates these scenarios into implied floorspace and land requirements.
  - Chapter 7 reviews the evidence of South West Herts's changing relationship with London and considers the implications for the study, and whether a further adjustment is required to the scenarios.
  - Chapter 8 provides a review of the supply of employment land within South West Herts, focusing on the larger employment sites or those of strategic significance.
  - Chapter 9 provides the key conclusions to the study and the priorities for South West Herts authorities.
- 1.8 The study has been based on analysis of a wide range of data sources and extensive consultation. Consultation has involved:
- Interviewing key planning and economic development officers at the five local authorities in the market area
  - Conducting an interview with the Hertfordshire Local Enterprise Partnership (LEP)
  - Interviewing a selection of business stakeholders/estate agents (see Appendix D for a list)
  - Seeking periodic feedback from a Project Advisory Group, which included representatives from neighbouring authorities and the LEP (all were invited to attend meetings; all received meeting notes and all were specifically invited to comments on the draft report), and
  - Discussing the key conclusions at a stakeholder workshop.
- 1.9 The key findings and conclusions of the study were presented and discussed at a stakeholder workshop held in Hemel Hempstead in September 2015. A separate Workshop Report is available

## South West Hertfordshire Economic Study

for this event<sup>1</sup>, which sets out the key focus of discussions and the main messages from the feedback from consultees. The feedback received at this workshop generally supported the key findings of the study. Most attendees agreed that the definition of the functional economic area was justified and based on good evidence. There was also general support for the methodology for translating employment forecasts in to floor space and land requirements, and the level of growth in the preferred scenario. It should be noted however that St Albans District Council disagrees that the district should be included in the FEMA and has questioned the employment floorspace figures identified for the district.

<sup>1</sup> Watford, Three Rivers, Hertsmere and Dacorum Councils (2015): Workshop Report: SW Herts SHMA and Economy Study



## 2. Defining the Functional Economic Area

- 2.1 The first step in carrying out a review of employment land requirements is to identify the Functional Economic Market Area (FEMA) for the study area. This allows for employment growth and resulting employment land needs to be considered across a more realistic geography than presented by looking at each district in isolation. For example, the main employment area of Watford sits adjacent to employment sites in Three Rivers.
- 2.2 There is no standard approach or data source to define a FEMA. Government Guidance suggests the use of a range of indicators. The Planning Practice Guidance (PPG) (2014) offers the following advice on defining a FEMA:

*'The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply – often referred to as the functional economic market area. Factors for consideration in defining an areas FEMA include:*

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

Source: Planning Practice Guidance, CLG, 2014

### Methodology

- 2.3 We have collated and analysed data across each of the indicators presented above. As there is no one source for defining the FEMA we have assessed these data sets in the round. Importantly, a key component in defining the FEMA is the evidence and findings which define the Housing Market Area (HMA). This includes commuting patterns, house prices and migration trends. This is based on data sets for local areas which are collated nationally on a regular basis and are therefore based on consistent and up to date data sets.
- 2.4 We therefore draw upon the analysis undertaken by GL Hearn to define the HMA for South West Herts. We present a summary of the findings within this paper. This should be read alongside the HMA paper which provides further detail and background evidence to inform the conclusions. As well as being a key part in the Strategic Housing Market Area work being undertaken simultaneously for South West Herts, this data forms a fundamental component in defining the FEMA as advised by PPG.
- 2.5 Other indicators set out by PPG to inform the FEMA vary in the amount of data available and are not always up to date or prepared on a consistent basis. We have given a degree of weight to each indicator according to the quality of the data. We consider the travel to work, migration and house price data (i.e. the HMA evidence base) to be the most reliable and robust given that they are based on consistent and up to date data. Data on the flow of goods, services and information (i.e.

business flows) and transport connectivity is less useful due to data gaps, lack of consistency in data collection and publication and the geography covered (e.g. Hertfordshire-wide business survey which does not break down results by district). Data and evidence sources include the following:

Indicator	Method/Source	Weight
Travel to Work Areas	Commuting patterns (Census 2011)	✓✓✓
Housing Market Area	Migration House prices	✓✓✓
Local Enterprise Partnership (LEP)	Hertfordshire LEP growth corridors/sector areas	✓✓
Administrative Area	South West Herts LA boundaries	✓
Flow of Good, Services and Information	Business flows – customers and supply chains (Hertfordshire County Council Business Survey 2011)	✓
Service Market for Consumers	Comparison spend retail flows (LA retail and leisure studies) Leisure and culture attractions	✓✓
Cultural and Social Well-Being Catchments	Healthcare catchments (West Hertfordshire NHS Trust and Herts Valley Clinical Commissioning Group)	✓✓
Transport Network	Road and rail connectivity	✓

Weight given to data: ✓ = weak    ✓✓ = medium    ✓✓✓ = strong

2.6 Administrative boundaries are identified by the Government as one of the indicators for the FEMA. We use these as the starting point for the FEMA. Using pre-defined district boundaries is a practical approach to identifying a FEMA and undertaking data analysis; the data required for the Economy Study (such as population and employment projections) is often not available at a sub-district level.

2.7 As part of the process in identifying the FEMA we reviewed the conclusions of work undertaken to identify FEMAs in neighbouring areas. The most relevant are:

- St Albans – no work has been published by St Albans Council identifying a FEMA for their authority’s area, however we are advised that the travel to work area in which St Albans falls (ONS August 2015) will be used as a guide.
- Welwyn Hatfield – the Economy Study<sup>2</sup> used commuting data to identify the FEMA, illustrating a geography incorporating the borough together with those wards outside of the borough where commuting flows exceed 200 people. It focused on Welwyn Hatfield and primarily considered data in accordance with the borough boundary. However, the Study Update identifies a FEMA covering Welwyn Hatfield, North Hertfordshire, East Hertfordshire, Stevenage, Luton and St Albans, using a travel to work methodology (modified by other considerations).
- Central Bedfordshire and Luton – The Central Bedfordshire FEMA Study and Employment Land Review is currently being undertaken by Peter Brett Associates; a separate Luton FEMA study is being carried out in parallel by Nathaniel Lichfield Partnership.
- Aylesbury Vale and Buckinghamshire – Aylesbury Vale forms part of the Central Buckinghamshire FEMA. It was initially concluded that Central Buckinghamshire incorporated Aylesbury Town; and Wycombe, Chiltern and Beaconsfield<sup>3</sup>. On the basis of

<sup>2</sup> Welwyn Hatfield Economy Study, Final Report (July 2014) Atkins

<sup>3</sup> Housing Market Areas and Functional Economic Market Areas in Buckinghamshire and the surrounding areas (2015) ORS and Atkins

'best fit' local authority area geography, Wycombe and Chiltern districts came within the Central Buckinghamshire FEMA, while South Bucks district fell within Reading and Slough (Berkshire FEMA). Because South Bucks and Chiltern Councils have now agreed to prepare a joint local plan, ORS recommend that South Bucks can reasonably be included as part of the Central Buckinghamshire FEMA.

## Housing Market Area

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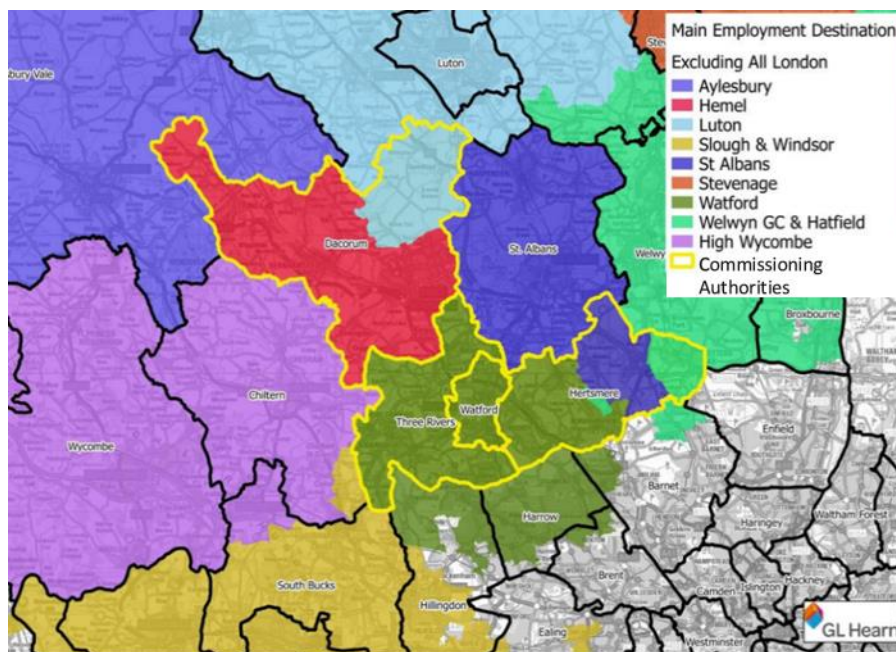
- 2.8 Housing Market Area (HMA) data, including travel to work, house price and migration data, is a key component in determining the FEMA, as outlined in PPG. Although the definition of a FEMA and HMA for an area can differ, there is inevitably some cross-over between the two, since they are both concerned with the locations of workers, jobs and houses, and draw upon many of the same datasets. In South West Herts, we have concluded that the FEMA and the HMA are the same. This conclusion was reached after reviewing all of the factors identified by PPG as being important for determining FEMAs.
- 2.9 We include below the findings from GL Hearn's analysis of the HMA which has been undertaken to inform both the Economy Study and the Strategic Housing Market Assessment which is being undertaken simultaneously. This chapter should be read alongside the full GL Hearn HMA paper which provides more information.

## Travel to Work Area

- 2.10 Commuting patterns have been analysed by GL Hearn as part of the Housing Market Area analysis. Travel to work data from the 2011 Census highlights strong commuting flows between Hertfordshire and London. However, it also demonstrates the economic influence of Watford on surrounding local authorities where over 5% of residents in work living in Hertsmere, Three Rivers and Dacorum commute to the district.
- 2.11 Self-containment rates within each of the commissioning authorities are low, reflecting the strong pull of the London jobs market. South West Herts is a little different to other local authorities in the Home Counties in this regard. Excluding those commuting to London, there are four key employment centres for those living in South West Herts. These are Hemel Hempstead, St Albans, Watford and Welwyn Hatfield.
- 2.12 There are low levels of self-containment in the catchment zones of these employment centres, including when London is discounted. However, grouping these areas achieves a self-containment rate of 75% which is the threshold recommended by ONS for identifying a Travel to Work Area. This covers the four commissioning authorities together with St Albans.
- 2.13 ONS has recently published new Travel to Work Areas (TTWAs) based on the 2011 Census, which divides the whole country into separate TTWAs. Although this arrives at a slightly different result for the South West Herts authorities, there is some degree of consistency in that it recognises a TTWA based around the M1/M25 corridor. The four authorities of St Albans, Dacorum, Three Rivers and Watford are all grouped together in the Luton TTWA, along with Luton and Central Bedfordshire, however Hertsmere is found to form part of the London TTWA.
- 2.14 This is not inconsistent with GL Hearn's analysis, which acknowledges that links to London are very strong in South West Herts, particularly for Hertsmere. Their analysis deliberately removes London from the analysis as the capital exerts a significant pull over a large part of the East and South East. Including London would result in a very large TTWA and FEMA which is not practical for the purpose of planning.

- 2.15 Although ONS's definition includes Luton and Central Bedfordshire, GL Hearn's analysis shows that commuting links to these authorities are weaker than with St Albans and Welwyn Hatfield. There are therefore strong grounds for excluding Luton and Central Bedfordshire from the TTWA and the FEMA. This is reinforced by analysis from ORS on behalf of Central Bedfordshire, which identified a separate HMA for South West Herts which was highly consistent with GL Hearn's definition, and groups St Albans with the four commissioning authorities.

Figure 2.1 Main Destination for Employment, Excluding London Commuting, 2011

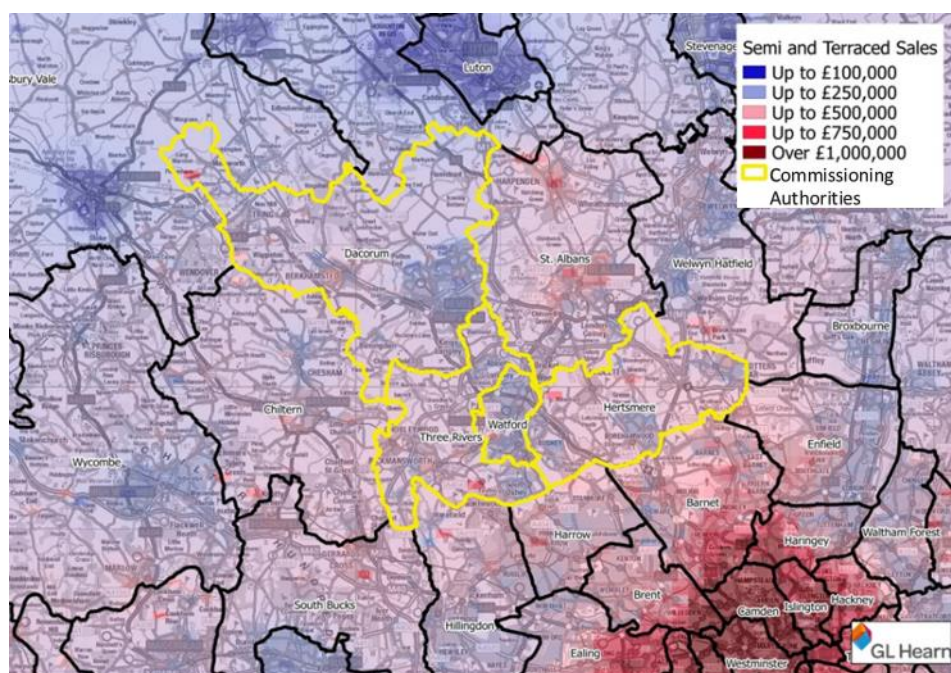


Source 2011 Census, GL Hearn

## House Prices

- 2.16 The London housing market has a large influence, extending into Hertfordshire and other parts of the Home Counties. This supports the concept of the London Commuter Belt housing market, characterised by strong commuting relationships with London and higher house prices relative to areas at a further distance from the Capital.
- 2.17 There is a particularly notable distinction in prices between areas within Hertfordshire and those in Luton and Bedfordshire. This indicates a market-based distinction between Housing Market Areas in Luton and Central Bedfordshire and South West Herts. There is also a price distinction between South West Herts and Aylesbury Vale.

Figure 2.2 Price of Semi-Detached and Terraced Homes Sold - SW Hertfordshire, 2014

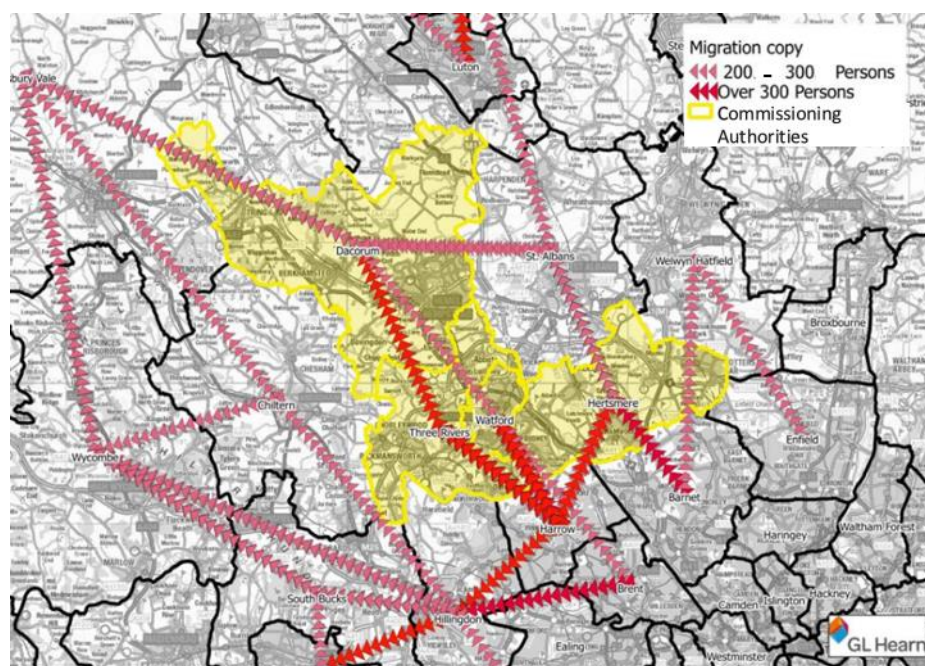


Source Land Registry, 2015; GL Hearn

## Migration

- 2.18 Paragraph 11 of the PPG states that analysis of migration flow patterns can be used to identify the areas within which a relatively high proportion of household moves are contained. It suggests a threshold of 70 per cent for an area to be considered a self-contained housing market area. None of the four commissioning or surrounding local authorities reach this threshold in their own right and therefore cannot be considered to be a self contained HMA. Data from the 2011 Census shows there is a strong level of migration between areas in Hertfordshire and London. However, if London is considered as a separate HMA (i.e. excluded), the migration analysis indicates a strong relationship between Dacorum, Hertsmere, Three Rivers, St Albans and Watford, with a containment rate of around 84% of household moves.

Figure 2.3 Net Migration Flows between Local Authorities, 2010-11



Source 2011 Census; GL Hearn

#### Implications for the FEMA

- Based on the above analysis the HMA for South West Herts should be defined as Dacorum, Hertsmere, St Albans, Three Rivers and Watford. Further justification for this conclusion is set out in the separate GL Hearn paper.
- The HMA implies a sensible FEMA for the area would cover the four commissioning authorities, plus St Albans.

## Local Enterprise Partnership Geographies

- 2.19 The Hertfordshire LEP corresponds with the administrative area for the county. The county is further segmented to reflect commercial property markets (referred to as Growth Areas) as well as sector strengths.

### Growth Areas

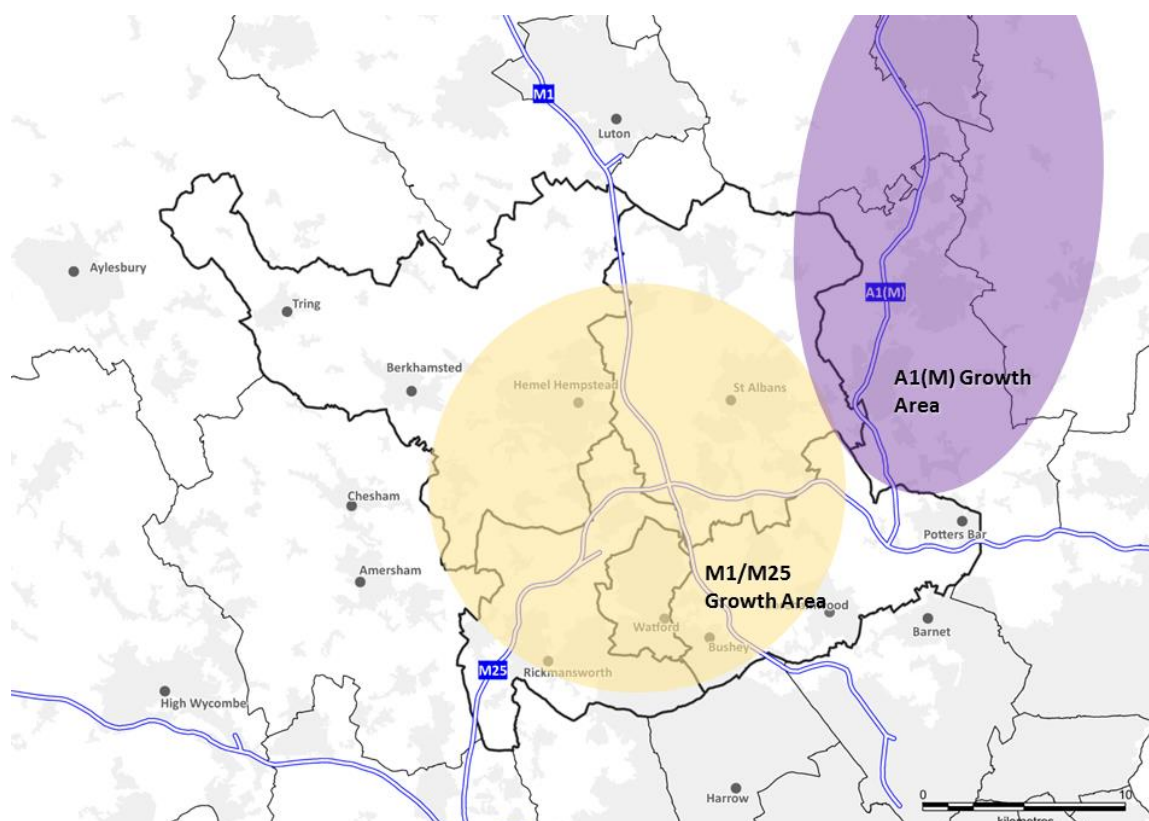
- 2.20 The LEP has identified £19m of funding to 2020/21 to set up three Growth Area Forums. The Growth Areas are 'defined spatially around key transport corridors and Hertfordshire's new towns, these areas have been chosen due to their significant potential for economic growth' (Hertfordshire LEP website). The Growth Areas are:

- M1/M25 Growth Area – covering Watford, Hemel Hempstead, St Albans, Radlett, Elstree, Borehamwood and Bushey. This refers to the districts of Dacorum, Hertsmere, Three Rivers, Watford and St Albans i.e. the four commissioning authorities plus St Albans.
- A1(M) Growth Area – covering Stevenage, Letchworth, Baldock, Welwyn Garden City, Hatfield and Hitchin. This refers to the districts of Welwyn Hatfield, Stevenage and North Hertfordshire.

- M11/A10 Growth Area – covering Hertford, Hoddesdon, Ware, Broxbourne, Cheshunt, Waltham Cross and Bishops Stortford. This equates to the districts of Broxbourne and East Hertfordshire.

- 2.21 The £19m investment will be used to coordinate the Growth Areas across local authority boundaries and ensure that the Growth Area Forums have the capacity to commission and take forward key projects. Each Growth Area will also have access to transport funding packages, totalling £67m. This will be used to reduce road congestion, improve station access and facilitate public and sustainable transport options.
- 2.22 Over the next two decades, the M1/M25 Growth Area is projected to experience much stronger economic performance than the A1(M) Growth Area; between 2011 and 2031 the number of jobs in the M1/M25 Growth Area are projected to grow by 26% compared to 16% in the A1(M) Growth Area (East of England Forecasting Monitor, Baseline Forecasts, 2014).
- 2.23 The following map illustrates the commercial investment market of relevance to the study: the M1/M25 Growth Area, as well as the adjacent A1(M) Growth Area.

Figure 2.4 Hertfordshire Growth Areas



Source: Hertfordshire LEP

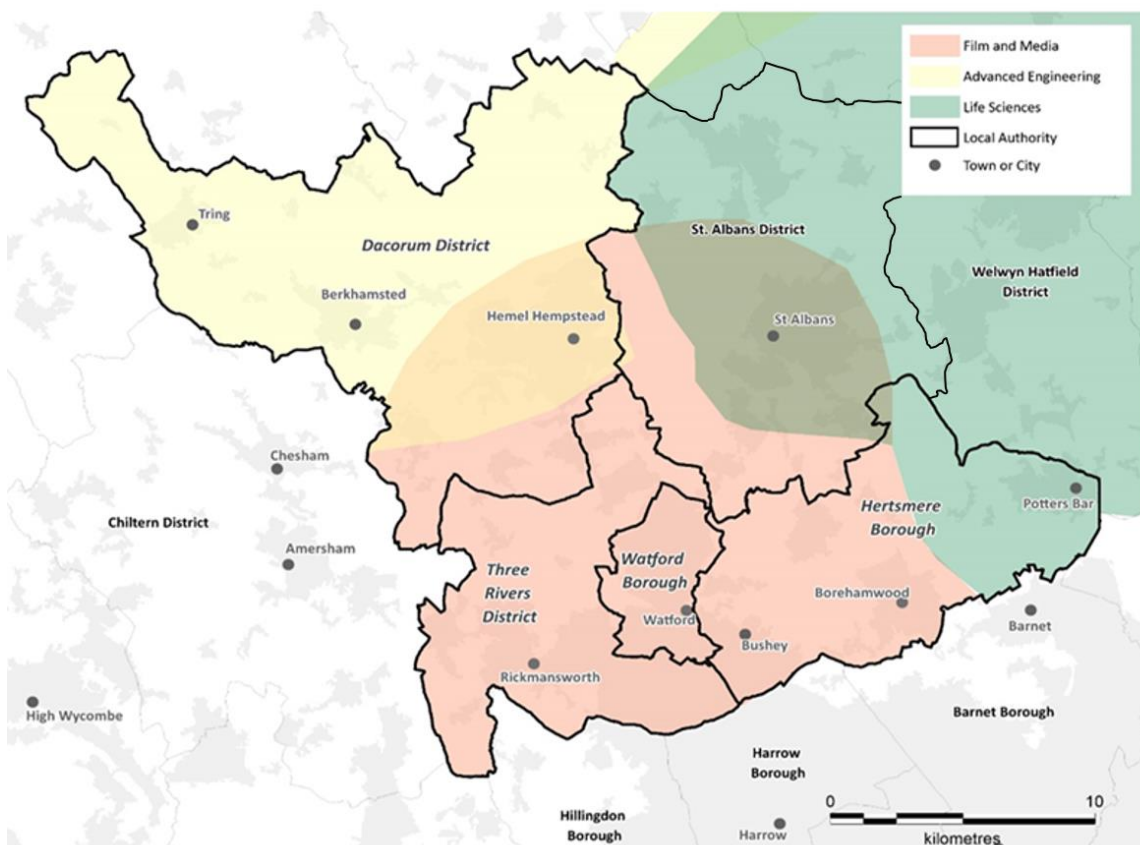
## Sector Specialisms

- 2.24 The LEP recognises particular sector strengths and clustering of activity within the county. These are identified to be ‘sector value propositions’, demonstrating the importance of these sectors to the inward investment offer. The LEP is working to promote these sectors, growing the number of businesses and jobs within them and generating economic growth.

- 2.25 These sectors were identified through cluster research undertaken by TBR on behalf of Hertfordshire County Council in 2012 (*Cluster Studies: Evidence Report, TBR, 2012* and *Cluster Studies: Recommendations, TBR, 2012*). The research contained an in-depth analysis of strengths based on business and employment clusters using data from the Business Register and Employment Survey together with qualitative analysis.
- 2.26 Strong clusters were identified in:
- Advanced manufacturing
  - Creative industries
  - Information technology
  - Life sciences
- 2.27 The research showed that:
- There are recognised sector specialisms in film and media focused in Watford and Three Rivers (Leavesden studios), Elstree (Hertsmere) St Albans and parts of Dacorum. There are particular strengths in TV and film sub-sector in Elstree, Leavesden and Watford. There is therefore coherence in the film and media sector across the four South West Herts districts (Dacorum, Hertsmere, Three Rivers and Watford) together with St Albans.
  - Life sciences activities are predominantly in a small number of large firms spreading east to west across Hertfordshire and reinforcing connections with the 'golden triangle' (London-Cambridge-Oxford). Particular clusters are located in Dacorum, Stevenage, Hertsmere and Welwyn, North Hertfordshire and East Hertfordshire.
  - The main locations for advanced manufacturing/engineering are Stevenage and North Hertfordshire. There are specialisms at the sub-sector scale in manufacturing of instruments and appliances in Broxbourne, Hertsmere and North Hertfordshire.
  - There is clustering of software and information technology activity in St Albans, Stevenage, Hertsmere, Dacorum, North Hertfordshire and Three Rivers. Computer consultancy activities are particularly evident in Dacorum and St Albans. While computer programming activities are not a specialised strength for the county, it is significant in Hertsmere, St Albans, Stevenage and Three Rivers indicating agglomeration in the South West of Hertfordshire.
- 2.28 The following map illustrates the sector value propositions around South West Herts as promoted by the LEP.



Figure 2.5 Hertfordshire Sector Specialisms



Source: Hertfordshire LEP

### Implications for the FEMA

- The M1/M25 Growth Area focuses on Dacorum, Hertsmere, Three Rivers and Watford as well as St Albans and suggests that in commercial property market terms this would be a sensible FEMA.
- There are also strengths in sector clusters (most notably the film and media sector) in the same five local authorities, which again imply that St Albans should be included within the FEMA.

## Flow of Goods, Services and Information

- 2.29 The flow of goods, services and information from businesses to consumers (customer markets) and between businesses (supply chains) represents the business market of an area.
- 2.30 There is limited local information to illustrate the business market of the area. The data we review below covers the location of customers and suppliers to Hertfordshire businesses as well as the commercial rents achieved in key towns in the area in recent transactions. However, this data is not conclusive and is included here more for illustrative purposes.

### Customer and Supplier Markets

- 2.31 Data obtained from the Hertfordshire Business Survey (2011) does provide a proxy. The research surveyed a total of 749 businesses across the whole of Hertfordshire. Among the results are the location of businesses customers and suppliers. These demonstrate the importance of local markets and supply chains.
- 2.32 Two-thirds (66%) of businesses in Hertfordshire sell products or services locally (within 20 miles). London (47%), Bedfordshire (37%) and Buckinghamshire (32%) are also important markets.
- 2.33 Around half of Hertfordshire businesses (46%) have suppliers within 20 miles. Other common locations for suppliers include London (32%), Essex (18%) and Bedfordshire (17%). Over half (57%) of businesses in Hertfordshire source their inputs in the UK but from outside of the East and South East of England. A notable proportion of businesses have suppliers overseas including the rest of Europe (19%), the USA and Canada (13%) and the rest of the world (15%).

Table 2.2 Location of Customers of Hertfordshire Businesses, 2011

District	% of Businesses
Local – within 20 miles (but Hertfordshire only)	15%
Local – within 20 miles (including parts of London and neighbouring counties)	66%
Rest of Hertfordshire	50%
Rest of London	47%
Rest of Buckinghamshire	32%
Rest of Bedfordshire	37%
Rest of Cambridgeshire	30%
Rest of Essex	31%
Rest of East of England/South-East	36%

Source: Hertfordshire Business Survey, Hertfordshire LEP (2011)

Table 2.3 Location of Suppliers of Hertfordshire Businesses, 2011

District	% of Businesses
Local – within 20 miles (but Hertfordshire only)	19%
Local – within 20 miles (including parts of London and neighbouring counties)	46%
Rest of Hertfordshire	35%
Rest of London	32%
Rest of Buckinghamshire	14%

## South West Hertfordshire Economic Study

Rest of Bedfordshire	17%
Rest of Cambridgeshire	14%
Rest of Essex	18%
Rest of East of England/South-East	25%
Rest of UK	57%
Rest of Europe	19%
USA/Canada	13%
Rest of the World	15%

Source: Hertfordshire Business Survey, Hertfordshire LEP (2011)

- 2.34 Importantly, the data indicates that a third of businesses have customers within 20 miles and around half of businesses have suppliers within 20 miles. That said, a significant proportion of businesses have suppliers outside of the UK illustrating the geographical breadth of business operations.

**Figure 2.6 Business Customer and Supplier Markets**



Source: Hertfordshire Business Survey (2011)

## Commercial Rental Markets

- 2.35 Office and industrial rents (EGi<sup>4</sup>, December 2015) show that the most buoyant markets are in St Albans and Watford, particularly for office space where prime rents reach around £25 for St Albans and £23 for Watford. However, this is still below the rate required to support speculative development - around £30psf. Agents expect prices to slowly creep towards this figure over the next few years (see Chapter 5).
- 2.36 Outside these towns, Borehamwood demonstrates the strongest office market (£20 per sqft) and industrial (£9 per sq ft) markets in rental price terms. Locations outside of South West Herts generally show weaker office markets in rental price terms, with Luton being the exception.

<sup>4</sup> Estates Gazette property data

- 2.37 The industrial market is mixed, with Borehamwood, Watford and St Albans demanding the highest rents at between £9 and £11 per sq ft, and other locations operating around the £7 per sq ft price bracket.

Table 2.4 Commercial Rents by Key Town (£ per sqft)

	Office (Grade A)	Industrial (average)
<b>St Albans</b>	25	11
<b>Watford</b>	23	9
<b>Borehamwood</b>	20	9
<b>Rickmansworth</b>	19	n/a
<b>Luton</b>	19	6
<b>Hemel Hempstead</b>	18	8
<b>Hatfield</b>	16	7
<b>Welwyn Garden City</b>	15	7
<b>Stevenage</b>	15	7

Source: EGI, Comparable Deals/Auctions Data, December 2015

#### Implications for the FEMA

- The Business Survey data demonstrates that many businesses have suppliers and customers located within a 20 mile radius. This would suggest a 20 mile buffer of the districts. In FEMA terms, this is a considerable distance (and would incorporate parts of London).
- Based on market rents, the office market within the four commissioning authorities appears stronger than other locations with the key locations being Watford and St Albans and a number of secondary markets in Borehamwood, Rickmansworth and Hemel Hempstead. It is difficult to draw conclusions with regards to the industrial market other than strengths around Borehamwood and St Albans.
- Overall, the data is inconclusive and highlights relationships across much wider areas (e.g. regional, national and international) than reasonable for a FEMA to consider.

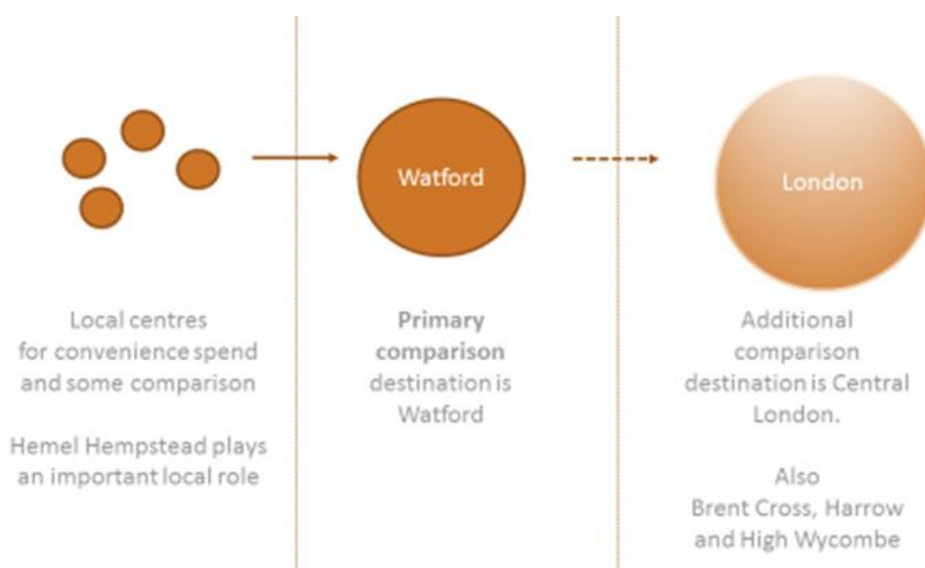
## Service Market for Consumers

- 2.38 The main source of information and evidence for consumer services, covering retail and leisure, are local retail and leisure studies. The majority of these studies indicate preferred retail destinations for food (convenience) and other shopping (comparison). This information is primarily based on surveys of local residents. There is less comprehensive evidence relating to leisure spend though most studies highlight key locations.

### Retail

- 2.39 There is a hierarchy of retail destinations in South West Herts, with local centres being the focus for convenience spend, Watford the focus for comparison spend and destinations including Central London for one off trips.

Figure 2.7 Retail Destinations



Source: Regeneris Consulting

- 2.40 Local retail studies illustrate the importance of a local convenience offer, with the majority of residents undertaking their food shop within their district. Some spend also goes to London Colney in St Albans where there is a large out-of-town retail offer including Sainsbury's, Marks and Spencer (including Marks and Spencer Food), Next and Boots. For example, for Hertsmere residents, London Colney is the most popular food shopping destination.
- 2.41 Watford exhibits a clear pull for the wider area in terms of comparison shopping (e.g. 74% of Three Rivers comparison spend and ranked first for Hertsmere and Watford comparison spend), with less frequent trips also being made to London Colney (St Albans), central London and shopping centres in outer London such as Brent Cross. However, compared to retail spend in Watford these are less significant.
- 2.42 Table 2.5 draws on local retail studies and illustrates the importance of various retail centres to each district.

Table 2.5 Summary of Retail Market Areas

District	Key Towns within District	Key Retail Destinations	Source
Dacorum	Hemel Hempstead Berkhamstead Tring	Watford Hemel Hempstead Berkhamsted Tring	Dacorum Retail and Leisure Study (2006) Dacorum Retail Study Update (2011)
Hertsmere	Borehamwood Potters Bar – High Street Radlett Bushey Bushey Heath Potters Bar – Darkes Lanes	Watford London Colney St Albans Brent Cross* Central London*	Hertsmere Town Centres and Shopping Study (2008)
Three Rivers	Rickmansworth South Oxhey Abbots Langley Chorleywood Croxley Green Mill End	Watford Hemel Hempstead Bushey Uxbridge* Rickmansworth Chorleywood St Albans Central London*	Three Rivers Retail and Leisure Study (2012)
Watford	<u>Watford</u>	Watford Harrow* Brent Cross* Hemel Hempstead St Albans High Wycombe* Central London*	Watford Retail Study (2010) Watford Leisure Study (2010)
St Albans	St Albans Harpenden	St Albans Watford Hatfield* Luton* Welwyn Garden City* London Colney Hemel Hempstead Harpenden Central London*	St Albans Retail Study (2009)

Key:

**Column 2: (Key Regional Centre)**    **(Town Centre)**    (District Centre)    (Small Town Centre)  
\* = Outside of South West Herts Region

Source: Retail and leisure studies as listed

## Leisure

- 2.43 Watford, Hemel Hempstead, St Albans and Central London are the main locations for culture and leisure in the area. Leisure spending is widely spread, with the influence of London, St Albans and other large towns on the periphery of the region attracting residents for leisure purposes. The cultural offer for local residents is primarily focused on London with its international offer including the West End, the O2 Arena, Wembley and so on. International and domestic tourists are attracted to Harry Potter World located at Leavesden Studios, Roman ruins at Verulamium in St Albans and Hatfield House in Welywn Hatfield.
- 2.44 The table below provides a summary of the leisure destinations for South West Herts residents.

Table 2.6 Summary of Leisure Market Areas

District	Key Towns within District	Key Leisure Destinations	Source
Dacorum	<b>Hemel Hempstead</b> <i>Berkhamstead</i> Tring	Watford <i>Central London*</i> Hemel Hempstead <i>Luton*</i> <i>Aylesbury*</i>	Dacorum Retail and Leisure Study (2006) Dacorum Retail Study Update (2011)
Hertsmere	<b>Borehamwood</b> <i>Potters Bar – High Street</i> <i>Radlett</i> <i>Bushey</i> <i>Bushey Heath</i> Potters Bar – Darkes Lanes	<i>Central London*</i> Watford <i>St Albans*</i>	Hertsmere Town Centres and Shopping Study (2008)
Three Rivers	<b>Rickmansworth</b> <i>South Oxhey</i> <i>Abbots Langley</i> <i>Chorleywood</i> Croxley Green Mill End	Watford <i>Central London*</i> Rickmansworth	Three Rivers Retail and Leisure Study (2012)
Watford	<b><u>Watford</u></b>	Watford Berkhamsted <i>Central London*</i> <i>St Albans</i> Hemel Hempstead <i>Harrow*</i> <i>High Wycombe*</i>	Watford Retail Study (2010) Watford Leisure Study (2010)
St Albans	<b>St Albans</b> <i>Harpenden</i>	St Albans Watford <i>Central London*</i> <i>Hatfield*</i> <i>Luton*</i> Hemel Hempstead	St Albans Retail and Leisure Study (2006)

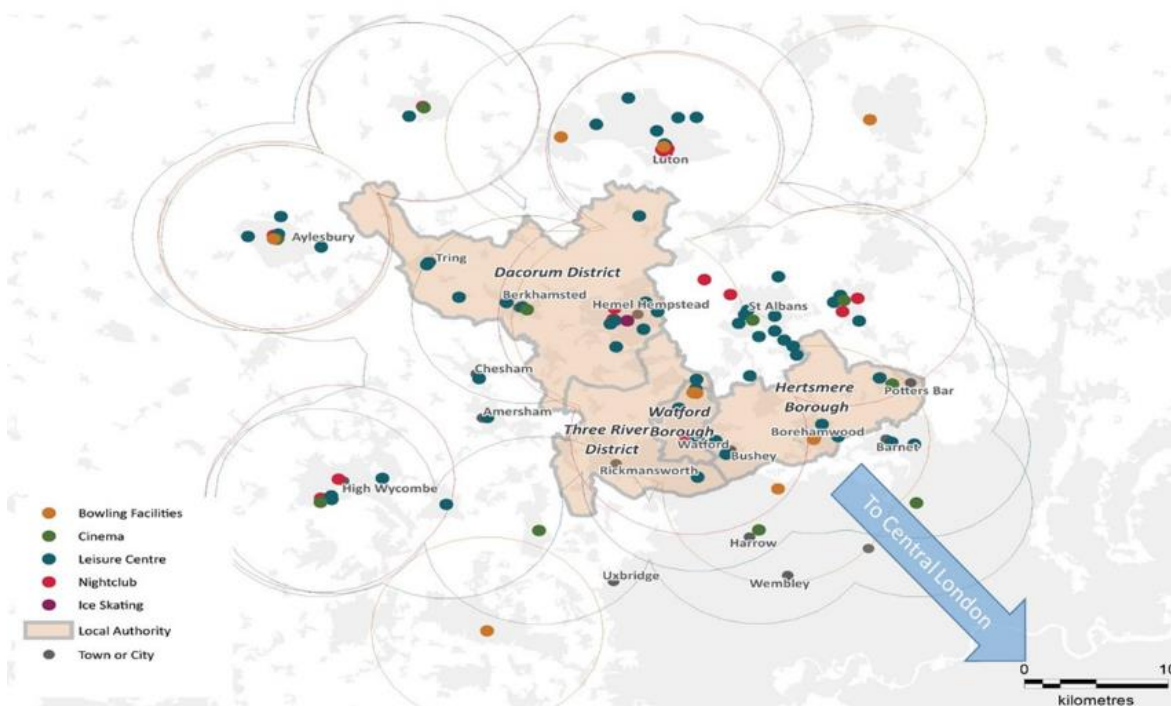
Key:

**Column 2: (Key Regional Centre)**    (Town Centre)    (District Centre)    (Small Town Centre)  
\* = Outside of South West Herts Region

Source: Retail and leisure studies as listed

- 2.45 The following map indicates key leisure services across the area and illustrates 5 mile radii as proxy catchments. This covers bowling facilities, cinemas, leisure centres, nightclubs and ice skating. It does not capture cultural facilities such as museums, art galleries and stately homes.

Figure 2.8 Key Leisure Destinations



Source: Regeneris Consulting

### Implications for the FEMA

- The retail data points towards a FEMA centred around Watford; the town draws comparison spend from elsewhere in South West Herts (Dacorum, Three Rivers and Hertsmere). Other destinations include Central London and to a degree St Albans city and London Colney (St Albans). Local retail centres such as Hemel Hempstead (Dacorum), Rickmansworth (Three Rivers) and Borehamwood (Hertsmere) serve local convenience and to a degree comparison markets.
- This is supported by the information available on leisure destinations, which confirms that Watford, Hemel Hempstead, St Albans and Central London are the main destinations for culture and leisure.
- In summary, this broadly supports a FEMA focused on Watford, Dacorum, Three Rivers and Hertsmere and to a lesser degree St Albans.

## Cultural and Social Well-Being Catchments

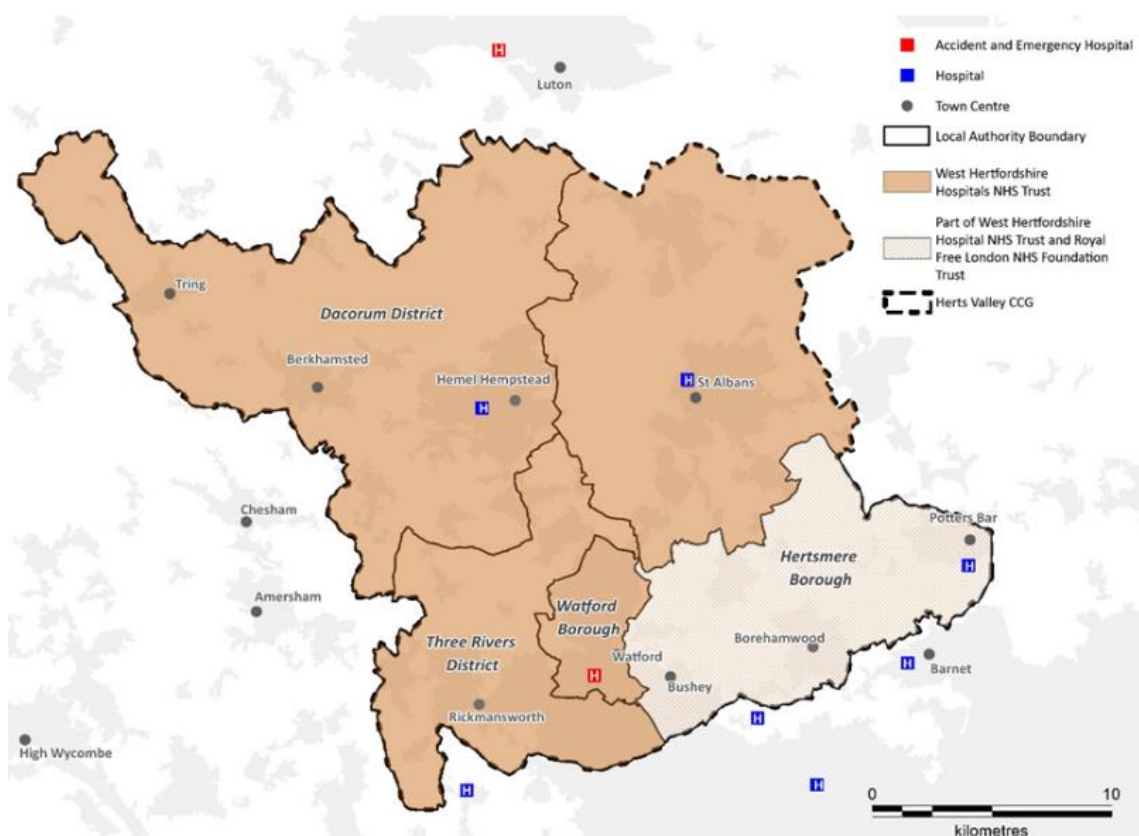
- 2.46 For this indicator we focus on healthcare catchments. Leisure/culture catchments are considered within consumer markets above while there is insufficient data on further and higher education catchments for the area.
- 2.47 Health service catchments largely reflect administrative boundaries of South West Herts. West Hertfordshire NHS Trust includes the four commissioning authorities as well as St Albans and part



of Hillingdon. The Trust provides general acute services for a population of approximately 500,000-700,000 people.

- 2.48 The largest hospital in the Trust area is Watford General Hospital which has an accident and emergency department. The other hospitals in South West Herts are Hemel Hempstead Hospital which has an Urgent Care Centre and Potters Bar Community Hospital which has only two inpatients wards and outpatients services. Residents might also access acute care at St Albans, Luton or in neighbouring outer London boroughs.
- 2.49 Herts Valley Clinical Commissioning Group, which has primary care responsibility, also covers the four commissioning authorities and St Albans. It accounts for 70 GP practices. The Clinical Commissioning Group commissions local hospital services, mental health services and community services such as community nurses and therapists.
- 2.50 The Royal Free Hospital NHS Foundation Trust covers part of Herts as Barnet Hospital is located nearby. The main hospitals in this Trust are Barnet Hospital, Chase Farm Hospital and the Royal Free Hospital.

Figure 2.9 Primary and Acute Healthcare Catchments



Source: West Hertfordshire Hospitals NHS Trust; Herts Valley Clinical Commissioning Group

### Implications for the FEMA

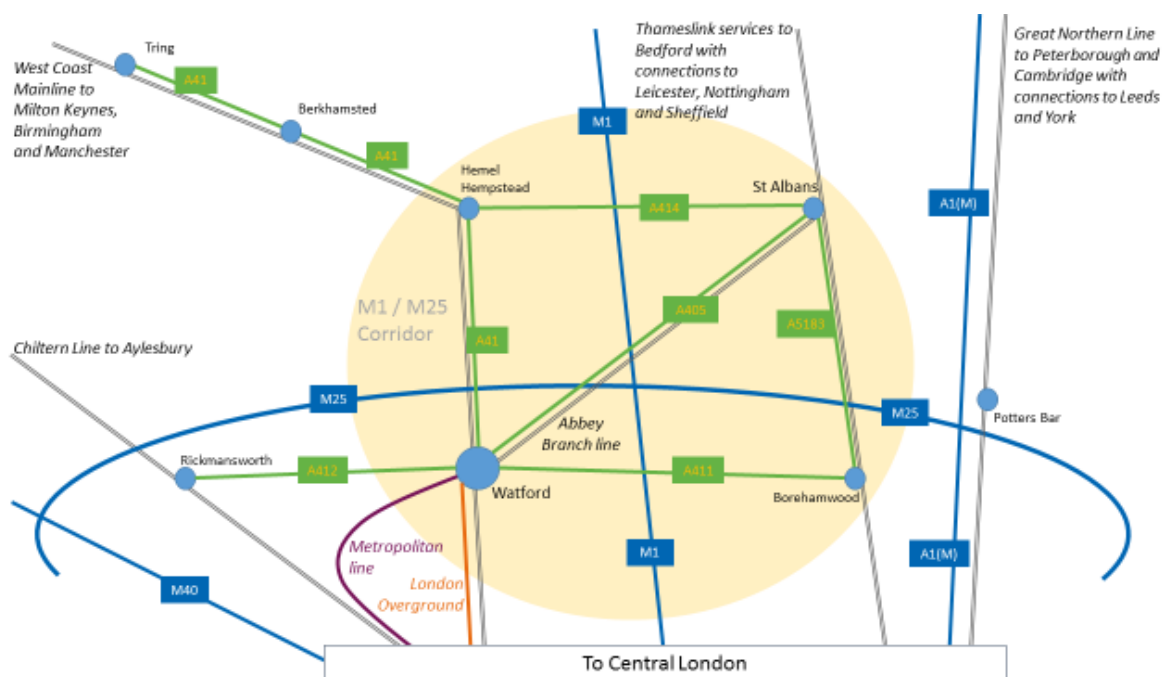
- The catchments for primary and acute healthcare provision would suggest a FEMA incorporating Dacorum, Hertsmere, Three Rivers and Watford as well as St Albans.

## Transport Network

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- 2.51 Assessing evidence around the transport network is slightly arbitrary. We base our assessment on our perceptions of the connectivity in and around South West Herts, focusing on the nodes and connections available. This indicator is less robust in informing the FEMA than others, such as the HMA and retail markets, as it relies on interpretation of the connectivity as opposed to quantitative evidence.
- 2.52 The area has some strong road network connections, with proximity to the M25, M1 and A1(M). A roads provide links between the core towns and reflect the migration patterns evidenced in the HMA paper and summarised earlier.
- 2.53 Several locations in the area have direct rail links to London including Watford (rail, tube and overground), Borehamwood (rail), Hemel Hempstead (rail) and Rickmansworth (tube and rail). Watford Junction has the most notable rail connectivity across a wider geography, with suburban connections north through Dacorum to Milton Keynes and Northampton and intercity links to Birmingham and beyond. Elstree & Borehamwood and St Albans are on the Bedford line, Elstree & Borehamwood for stopping services only. The line goes through Luton and links South West Herts with London, Kent and Brighton. East-west rail links are less convenient, though there is a local service operating between Watford and St Albans.
- 2.54 There is an extensive bus network operating throughout South West Herts and providing connections to neighbouring areas and to other strategic transport hubs (e.g. Luton and Heathrow Airports). Major bus routes operating through the area include
- 300/301 operated by Arriva (Stevenage – Welwyn Garden City – St Albans – Hemel Hempstead)
  - 306 operated by Sullivan Buses (Borehamwood – Elstree – Bushey - Watford)
  - 320 operated by Arriva (Hemel Hempstead – Watford – Rickmansworth)
  - 321 operated by Arriva (Watford – St Albans – Harpenden – Luton Airport - Luton)
  - 500 operated by Arriva (Aylesbury – Tring – Berkhamsted – Hemel Hempstead – Watford)
  - 724 operated by Greenline (St Albans – Watford – Heathrow Airport)
  - 748/758 operated by Greenline (Hemel Hempstead – Brent Cross – Central London)
- 2.55 The forthcoming Metropolitan Line extension will enhance Watford’s and Three Rivers (at Croxley Green) connections with London. High Speed 2 is also planned to pass through the area to the west of Rickmansworth, though no stations are planned within South West Herts.

Figure 2.10 Transport Connectivity



Source: Regeneris Consulting

### Implications for the FEMA

- Transport connections link South West Herts to Central London and local towns, particularly in St Albans, Welywn Hatfield and Chiltern Districts. As well as being well connected locally, the area has strong rail and underground connections into Central London. Connections northwards are stronger by road than rail, with most fast services bypassing the area’s stations apart from Watford Junction.
- Whilst this factor should not necessarily be given strong weight, the information tends to support our conclusions of a FEMA focused upon South West Herts and St Albans.

## Future Considerations

- 2.56 There are a number of developments which may come forward in the coming years which will affect business and people movements in relation to South West Herts. These are considered in Table 2.7. The certainty of some of these developments, and their timeframes could change. However, the implementation of these developments will reinforce some existing movements rather than alter the FEMA for South West Herts.

Table 2.7 Potential Key Developments

Development	Detail	Possible Impact
Metropolitan Line Extension	Extension/redirection of Metropolitan line from Croxley Green to Watford High Street and Watford Junction (with closure of the existing Watford underground station). Regeneration plans at Watford Junction, Watford Health Campus and Watford Business Park are based on this coming forward.	<ul style="list-style-type: none"> <li>Strengthen out-commuting to London</li> <li>Attract additional inward investment to Three Rivers and Watford</li> <li>Reinforce Watford's offer as a business location</li> </ul>
Watford Regeneration Projects	Plans to deliver c.1,500 homes at Watford Junction as well as to improve commercial offer at Watford Business Park, focused primarily on local businesses and deliver regeneration around a new Watford Health Campus incorporating a new hospital, homes and employment land. The Health Campus will strengthen the character and distribution of healthcare across South West Herts and St Albans. To come forward during the Core Strategy period.	<ul style="list-style-type: none"> <li>Reinforce role of Watford as economic centre of South West Herts</li> <li>Increase out-commuting to London</li> <li>Additional labour force to attract businesses</li> </ul>
Cricklewood and Brent Cross Regeneration	Plans to create 27,000 jobs and deliver 7,500 new homes with supporting community and transport infrastructure (including a new mainline station) and enhancement of Brent Cross Shopping Centre. Construction is expected to commence in 2015.	<ul style="list-style-type: none"> <li>Potential pull of some additional retail spend towards Cricklewood and Brent Cross</li> <li>Cricklewood becomes an enhanced competitor as an inward investment location</li> </ul>
Expansion of Luton Airport	Capacity increase of airport to cater an additional 6 million passengers and 45,000 extra flights a year. Major expansion/remodelling of the terminal building is now taking place, with the full scheme due to be completed in 3 phases over 12 years.	<ul style="list-style-type: none"> <li>Strengthen out-commuting flows to Luton</li> </ul>
Radlett Strategic Rail Freight Interchange	Development of rail freight interchange and associated warehousing. Secretary of State approval (outline planning permission) in July 2014. St Albans Council's High Court Challenge was dismissed so the development is now dependent on whether Hertfordshire County Council as landowners decide to sell the land to developers.	<ul style="list-style-type: none"> <li>St Albans becomes an enhanced competitor as an inward investment location for warehouse activities</li> <li>Some strengthening of commuting flows to St Albans.</li> </ul>
Expansion of Heathrow Airport	Expansion of Heathrow is being considered. The Final Report from the Davies Commission (July 2012) recommends a new north west runway. An estimated 35,000 additional jobs could be supported at Heathrow.	<ul style="list-style-type: none"> <li>Strengthen out-commuting to Heathrow</li> <li>Reinforce proximity to Heathrow (and transport connections to Heathrow) as an important locational factor for businesses</li> </ul>
High Speed 2	Three sites have been identified for construction compounds within Three Rivers. These are reported to support 10,000 construction jobs over 7 years <sup>5</sup> .	<ul style="list-style-type: none"> <li>Temporary increase in in-commuting to Three Rivers within construction trades</li> <li>Fewer intercity trains on West Coast Mainline could free up capacity for improved local services.</li> <li>Likely to result in increased levels of commuting in and out of London.</li> </ul>
Crossrail Extension to Tring	The Government is considering a Crossrail extension into Hertfordshire with potential stations including Tring, Hemel Hempstead, Watford Junction and Berkhamstead. The Department for Transport's current study will help to determine whether the extension should be approved.	<ul style="list-style-type: none"> <li>Strengthen out-commuting to London</li> </ul>
East Hemel Hempstead Expansion	Plans for an eastward expansion of Hemel Hempstead into St Albans. This would deliver substantial housing and employment space.	<ul style="list-style-type: none"> <li>Reinforce economic links with St Albans</li> </ul>
Proposed Enterprise Zone in St Albans and Dacorum Districts	The West Herts 'Enviro Tech Enterprise Zone' was confirmed as one of 18 new enterprise zones in the 2015 Autumn Statement. This covers various sites in Dacorum including Maylands Business Park, land west of Green Lane and land near Buncefield, and in St Albans including Rothampstead (Harpenden) and BRE (Bricketwood). The EZ will target companies looking for advanced manufacturing and distribution space, as well as high tech, exemplar office provision.	<ul style="list-style-type: none"> <li>Increased investment in St Albans and Dacorum.</li> <li>Increased levels of in-commuting to both districts</li> </ul>

<sup>5</sup> Based on consultation with Hertfordshire LEP

Development	Detail	Possible Impact
Park Plaza North	Proposed 24 acre site located at Junction 25 of the M25. The site does not currently have planning permission but would offer potential occupiers excellent access to the motorway and would be likely to appeal to both B1 and B8 occupiers	<ul style="list-style-type: none"> <li>Increased commuting in to Broxbourne</li> </ul>

## The FEMA of South West Herts

2.57 There are clear relationships internally within South West Herts (Dacorum, Hertsmere, Three Rivers and Watford) indicating that this area is a useful starting point in determining a FEMA for the area. The data also points towards the inclusion of St Albans.

- Connections east and north mainly relate to St Albans. Importantly, the HMA evidence points towards the inclusion of St Albans alongside the four commissioning authorities. This evidence is the most comprehensive consistent and up to date of all the indicators considered. There are also clear links between the four commissioning authorities and St Albans district in terms of the M1/M25 Growth Corridor and sector value propositions identified by the LEP, healthcare catchments and retail and leisure markets. St Albans Council has not undertaken work to identify its FEMA.
- There are connections south into London. While some of the neighbouring London boroughs have the strongest direct links, extending the FEMA into London would necessitate the inclusion of the city which is beyond the useful and practicable scope of a FEMA for an Economy Study
- Connections westwards, for example to Chiltern District, are relatively limited, with clearly different housing market and retail catchments. In line with this, the Atkins/ORS study investigating the FEMA for Buckinghamshire identifies a Central Buckinghamshire FEMA which does not look east to Hertfordshire.
- St Albans also has a strong economic relationship with Welwyn Hatfield, so St Albans has also been identified in the Welwyn Hatfield Economy Study Update as falling within the Welwyn Hatfield FEMA. This is not inconsistent with our own analysis since there is inevitably a degree of overlap when functional economic areas are defined by local authority boundaries, particularly in areas where there are multiple employment centres. The Welwyn Hatfield Study is based primarily on travel to work patterns (modified by other considerations). Analysis of commuting patterns for St Albans shows that commuting links are stronger with Welwyn Hatfield in the east, but stronger with the South West Herts authorities in the south and west. While we accept the conclusions of the Welwyn Hatfield study, we believe there are strong grounds for including St Albans with the four authorities because of its location in the M1/M25 growth corridor.

2.58 **The FEMA for South West Herts therefore covers:**

- **Dacorum**
- **Hertsmere**
- **Three Rivers**
- **Watford**
- **St Albans.**

2.59 During consultation, St Albans Council has criticised the inclusion of St Albans district within the FEMA, referring to evidence on house prices, the housing market area, commercial markets/values

and commuting patterns. We have reviewed the evidence in the light of this Council's comments, both at an early stage and later in the study. Our key conclusions are as follows:

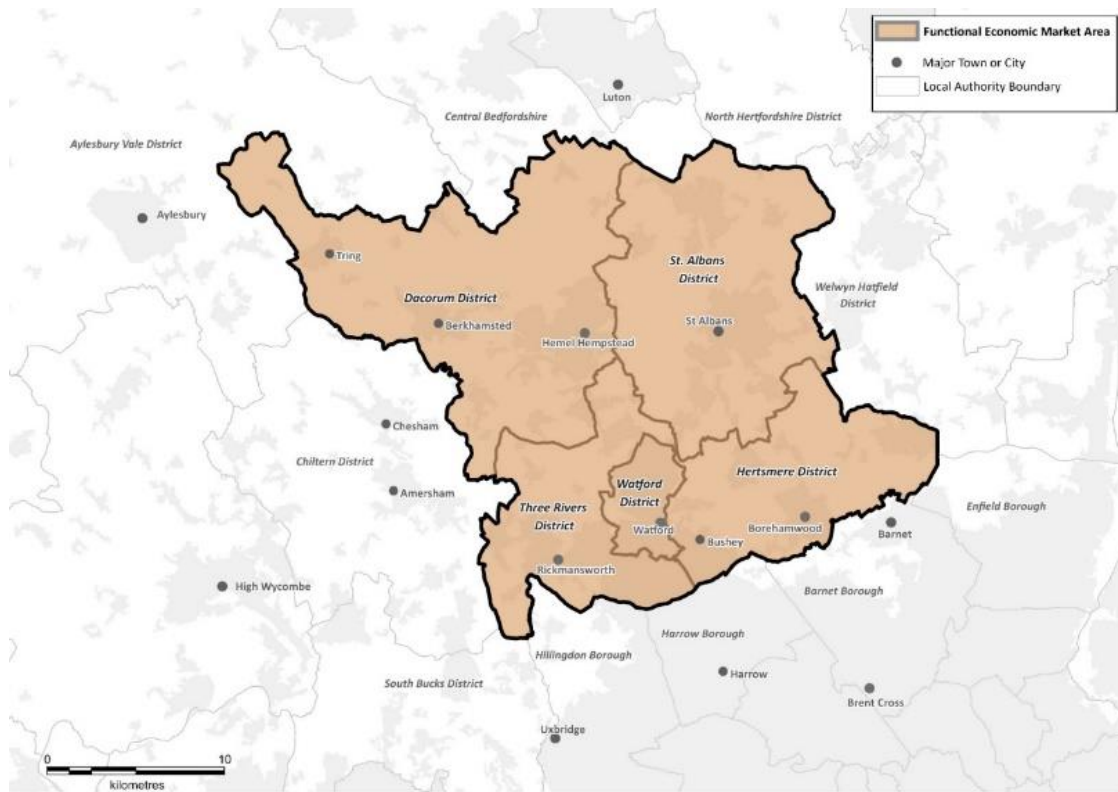
- The HMA analysis undertaken by GL Hearn provides strong grounds for including St Albans in the HMA with the other four South West Herts authorities, which is a key factor when determining a FEMA. Of particular relevance is that St Albans falls well short of the threshold identified by ONS to be considered a travel to work area in its own right (75%). However when the district is grouped with the South West Herts authorities, the area as a whole exceeds this threshold and therefore meets the ONS's criteria (after excluding flows to London).
- A number of the other factors identified in PPG as being important for determining a FEMA point to the same conclusion. This includes service markets for consumers, cultural and social well-being catchments and transport connections. Of particular importance is the fact that the Hertfordshire LEP has identified a growth area around the M1/M25 corridor which includes the four commissioning authorities and St Albans and is therefore consistent with our definition.
- The findings of consultations conducted throughout the study have all pointed to a FEMA which includes St Albans. This includes consultations carried out with the Hertfordshire LEP, commercial agents and with a wide range of stakeholders at the Stakeholder Workshop held in September 2015.
- The definition of the FEMA has been supported by the findings of other studies. In particular, we note that ORS has undertaken housing market area analysis for Central Bedfordshire and identified an HMA for South West Herts which was highly consistent with GL Hearn's definition, and groups St Albans with the four commissioning authorities.

2.60 We therefore believe there are very strong grounds for including St Albans in the FEMA with the four commissioning authorities. This conclusion has been based on an objective assessment of the evidence, which has been conducted in line with the requirements of PPG. Taken together, the five authorities represent a high performing economic area, where the main assets are its highly skilled workforce and transport connections. To exclude any one of the five authorities from the market area would undermine the robustness of the study and could not be justified on the basis of the evidence.

### Considering Future Changes to the FEMA

2.61 Forthcoming changes such as investments in transport infrastructure including the Metropolitan Line extension and Luton Airport expansion will not alter the FEMA, rather enhance certain relationships which already exist with areas such as central London and neighbouring authorities. The FEMA therefore remains relevant when considering change in employment land requirements.

Figure 2.11 South West Herts Functional Economic Market Area



Source: Regeneris Consulting

### 3. Policy Context

3.1 There are a number of local and regional policies related to economic development and planning which are of relevance to South West Herts. These are introduced below and provide the policy context for the Economy Study. In particular, we draw out key points in relation to economic growth, key sectors and employment targets. It should be noted that some of the local plans will be reviewed following the completion of this Economy Study.

#### Hertfordshire Local Enterprise Partnership (LEP)

3.2 The Hertfordshire LEP was established to promote steady, sustained economic growth over the next two decades whilst taking into consideration the sustainability of this growth. The four strategic objectives for the Hertfordshire LEP are:

- To encourage enterprise and business growth and build on innovation assets
- To maintain and improve the skills and employment prospects of residents
- To identify and prioritise the strategic infrastructure required for economic growth
- To secure greater investment from business and government in Hertfordshire by improved promotion and advocacy activity.

#### Hertfordshire LEP Strategic Economic Plan (2014)

3.3 The Hertfordshire LEP Strategic Economic Plan (SEP) sets out a long term blueprint for smart economic growth in Hertfordshire. It describes the measures to be taken by the Hertfordshire LEP to deliver 16,600 additional homes, 38,600 additional jobs and generate £3billion net additional uplift in GVA by 2030. Hertfordshire’s position within the Golden Triangle, connecting London, Cambridge and Oxford, is a core component in its locational opportunities.

3.4 Hertfordshire LEP aims to drive forward delivery of these priorities, principally through three growth areas, centred on strategic transport links. The two most relevant to South West Herts are:

- M1/M25 Growth Area: Film, TV and Digital Industries are physically focused in South West Herts with links to London (and also into Buckinghamshire).
- A1(M) Growth Area: which hosts a large amount of bioscience and pharmaceutical industries with key links to London and Cambridge

3.5 Hertfordshire LEP has two “game changers” which will tackle head-on the principle delivery challenges which are facing Hertfordshire, namely delivery of housing and investment in infrastructure. The highest priority project within Hertfordshire is the Croxley Rail Link (Metropolitan Line extension), with ambitions for this to be operational from 2017. Beyond this, the implementation priorities for 2015/16 will:

Figure 3.1 Hertfordshire LEP Strategic Economic Plan

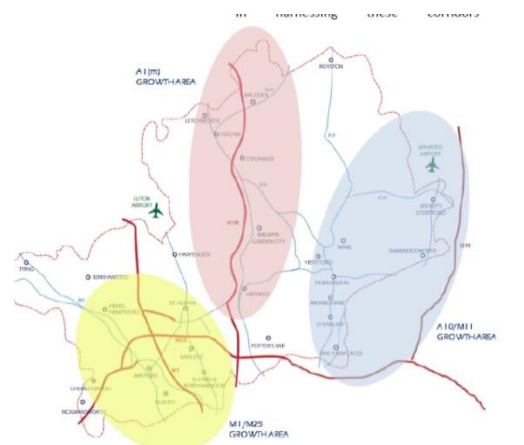


Source: Hertfordshire LEP SEP (2014)



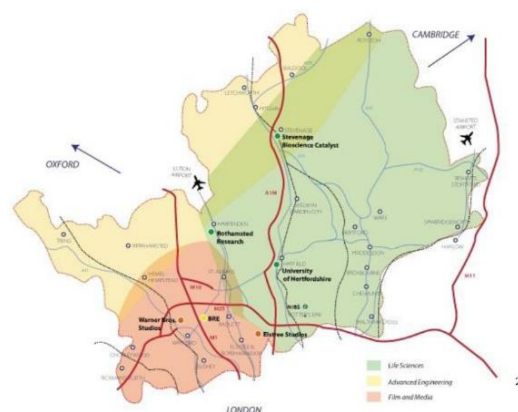
- Focus on three Growth Areas identified (including the A1(M) corridor and M1/M25 Growth Area)
- Advance two county-wide initiatives
  - Hertfordshire Business Growth Programme – delivering a Growth Hub which co-ordinates business support across a wide range of national and local service providers, with a specific target of SMEs in technology clusters
  - Hertfordshire Skills Programme– a partnership with four local Further Education Colleges to improve skill levels within Hertfordshire and reduce inequalities in the area.

Figure 3.2 Growth areas in Hertfordshire LEP



Source: Hertfordshire LEP SEP (2014)

Figure 3.3 Hertfordshire’s Key Sectors



Source: Hertfordshire LEP SEP (2014)

3.6 The LEP has also been successful in its bid for a West Herts ‘Enviro Tech Enterprise Zone’, which includes land in St Albans and Dacorum. It is hoped that this will help to support the enviro-tech sector in west Herts, helping to attract more businesses to the area due to its strong national and international transport links.

## Dacorum

### Dacorum Core Strategy (Adopted September 2013)

- 3.7 The Dacorum Core Strategy sets out plans for high growth in the borough. Sufficient land will be allocated to accommodate growth in the economy of approximately 10,000 jobs between 2006 and 2031. Development that supports the knowledge-based economy, the transition to a low carbon economy, the rural economy and sustainable tourism, will be particularly encouraged.
- 3.8 Most employment generating development will be located in town and local centres and General Employment Areas. Hemel Hempstead will be the main focus for new economic development uses, which will be used to support the regeneration of the Maylands Business Park and Hemel Hempstead town centre. Employment levels elsewhere within the borough will be maintained to ensure a spread of job opportunities. Initiatives will be developed by the council to help the local workforce adjust to change and develop their skills.

- 3.9 To support this growth, a target of around 131,000 sqm (net) additional office space will be provided, although the stock of floorspace for industry, storage and distribution will remain broadly unchanged.
- 3.10 An average of 430 net additional dwellings will be provided each year (between 2006 and 2031), creating a total of 10,750 dwellings, to help support population growth as the number of jobs in the area increases. 35% of these new homes should be affordable.

### Dacorum Economic Development Strategy (2013-16)

- 3.11 The Dacorum Economic Development Strategy sets out the council's ambitions over the next three years with aspirations to make the District a place where business flourishes, where people will want to come to live and work and where they will be able to do so safely. The strategy concentrates on enabling opportunities to come forward, attracting new inward investment and continuing and enhancing support services to businesses.
- 3.12 Maylands Business Park and Hemel Hempstead town centre are key employment areas for both the borough and the county. This strategy in part focuses on their regeneration and encourages a high standard of design and construction to ensure an attractive work place.
- 3.13 The council has identified eight focused delivery streams for its resources and these include:
- **Inward investment and marketing:** The council seeks to work closely with partners such as UKTI and the Hertfordshire LEP to maximise the area's potential to attract inward investment. By raising the profile of the area and its reputation it is hoped that more businesses will be attracted to Dacorum.
  - **Economic Development:** In addition to attracting new firms, the council acknowledges the need to retain indigenous businesses, thereby minimising the loss of businesses and employment. The council will ensure that all businesses located in Dacorum are able to access improved business support schemes. The Maylands Business Centre (opened in 2011) aims to help provide local businesses with a diverse and full range of business support functions and business incubation facilities.
  - **Tourism:** This is a new target for Dacorum, which aims to maximise the potential of tourist attractions already present in the area, such as the Snow Centre in Hemel Hempstead. It is hoped that by marketing Dacorum's attractions collaboratively, it will increase the attraction of the area to tourists.
  - **Skills and Employment:** The council aims to build on its employer-led Skills Partnership which has brought together a wide range of businesses and key stakeholders such as the National Apprenticeship Services and Jobcentre Plus. By doing so it is hoped that this will improve the skills base of the local workforce and help to match the skills required by Dacorum's businesses.
  - **Simplify the planning process:** The council is committed to ensuring that the planning process does not act as a deterrent to businesses wanting to undertake development. By simplifying the process and using Local Development Orders (LDOs) it is hoped that this will encourage those wishing to expand their businesses.
  - **Key Sites and developments:** The council has established clear plans to help regenerate the main business areas within the District, in particular Maylands Business Park and Hemel Hempstead town centre, in order to ensure that these areas can reach their full potential. A proactive relationship with the HCA and other land owners will enable key sites to come forward and deliver economic growth and housing.

- Regeneration: The existing master plan for regeneration at Maylands Business Park will be complemented by a Physical Improvement Strategy to offer advice on improvements to the public realm. Hemel Hempstead Town Centre Masterplan contains key proposals for each of the town centre character zones which are aimed to be completed in three phases over the next ten years. In addition, plans for sustainable transport and superfast broadband will make the area more attractable to inward investment.

### Hertsmere

#### Hertsmere Core Strategy (Adopted January 2013)

- 3.14 The Hertsmere Core Strategy sets out the strategic aims of the council over the next 15 years (2012 – 2027).
- 3.15 The Council will support development of proposals which attract commercial investment, maintain economic competitiveness and provide employment opportunities for the local community. In order to encourage economic development and promote the local economy, provision will be made for the supply of at least 110ha of designated employment land for B-class development within the Borough up to 2027.
- 3.16 For a number of years, Hertsmere has sought to limit the proportion of B1(a) office development within any designated employment site to 50% of the overall gross space. However the London Arc Job Growth and Employment Land Study suggests that there is likely to be a small deficit of office accommodation and advocates the removal of these restrictions. As a result the council will generally allow new office developments up to 2,500 sqm, and higher in the Elstree Way Employment Area.
- 3.17 The Council also aims to promote the film and television production industry in the Borough, supporting proposals relating to film and television production and ancillary or associated uses in Borehamwood.
- 3.18 The Core Strategy outlines plans to make provision for at least 3,990 additional dwellings between 2012 and 2027, a development rate of 266 dwellings per year. Up to 60% of these homes will be built in and around Borehamwood and up to 25% of these will be built in Bushey. 35% to 40% of housing will need to be affordable depending on the postcode of the development.

#### Creative Hertsmere Economic Development Strategy (2014)

- 3.19 Creative Hertsmere has been established to present the council's aims and proposed actions for improving economic prosperity across Hertsmere so that residents and businesses can thrive and contribute to creating sustainable communities. Creative Hertsmere presents a vision that outlines the aspirations for what the borough's economy will look like in 2026 and a set of priorities for action to 2016 as the first steps to achieving this vision. The strategy is considered alongside the comments of other local and strategic stakeholders as part of the council's Local Plan process.
- 3.20 Creative Hertsmere has established a vision for the borough, with the ambition that by 2026, the borough will have a thriving, vibrant and prosperous economy that is underpinned by creativity and enterprise which:
- Drives innovation and business growth to deliver the 8,000 jobs cited in the Hertsmere Core Strategy
  - Has a well-educated and skilled population willing and able to compete in the local and global economy

- Supports creative driven economic development within the borough and across the wider area with a particular focus on the film and television industry
- Targets support for the most vulnerable
- Leads and champions town centre improvements to improve the retail and leisure offer across the borough
- Creates a labour market where the educational institutions (connected from early years to higher education) meet the current and future needs of the economy.

3.21 To translate this vision into action, the following priority projects will be pursued:

- Creating certainty for investment with critical infrastructure, a coherent and robust policy framework and a joined up “can do” approach to deliver the following work programmes:
  - ‘Invest Hertsmere’ to develop key sites, to improve both physical and digital connectivity of the area and to market what Hertsmere has to offer.
  - ‘Vibrant Hertsmere’ to increase the attractiveness of the borough.
- Nurturing employment and enterprise through business support, promoting exports, providing suitable business space, developing key sectors and driving effective networks, all of which will be provided by delivering the following work programmes:
  - ‘Enterprising Hertsmere’ to support local businesses with advice and infrastructure including modern flexible accommodation
  - ‘Hertsmere Connect’ to provide business engagement and support delivery
  - ‘Hertsmere Business Charter’ to ensure council services support and nurture the local economy.
- Championing learning and skills by working with employers and training providers to deliver the following work programme:
  - ‘Skilling Hertsmere’ to promote apprenticeships, traineeships, work placements and entrepreneurship which will reinforce the existing strong skill base.
- Generating quality places that will focus on unlocking the economic potential of the borough through:
  - ‘South Hertfordshire/North London Creative Corridor’ which focuses on the M25 corridor and is currently being explored with neighbouring authorities
  - ‘Elstree Creative Corridor’ covering the east/west corridor stretching from the M1 through Borehamwood and Elstree to the A1 and encompassing the Elstree Way Employment Area, Centennial Park Industrial Area, Borehamwood town centre and other commercial opportunity sites
  - ‘Town Centre Improvement Strategies’ which will look at improving the vitality and viability in Borehamwood, Potters Bar and Bushey.
- Driving a sector approach to support all types of businesses across the borough with a particular emphasis on creative industries, scientific research and development, and niche pharmaceutical activity.

3.22 Progress on the Economic Development Strategy will be monitored using the following indicators:

## St Albans

### St Albans Draft Strategic Local Plan (2014)

- 3.23 The St Albans Draft Strategic Local Plan delivers the Council's long term spatial planning strategy for delivering development and infrastructure from 2011 to 2031. The Local Plan is set to replace the previous Local Plan which was adopted in 1994. Public consultation was completed in November 2014.
- 3.24 The Draft Strategic Local Plan has seven strategic objectives, of which relevant objectives are:
- 1) *Mixed and balanced/sustainable communities*: through the promotion of new housing, in particular, addressing the need for more affordable housing
  - 2) *A thriving economy*: Ensuring that the District becomes even more economically vibrant, reinforcing existing economic strengths in the higher level knowledge and skills sectors
  - 3) *A connected district with ease of movement*: Providing a sustainable movement network which encourages the use of public transport, walking and cycling and which improves access to services, jobs and facilities
  - 4) *Delivering Infrastructure*: The Council will take appropriate measures to ensure that the infrastructure deficit is addressed and that new development fully addresses current and future physical, social and green infrastructure needs.
- 3.25 To meet these strategic objectives, the Council seeks to build 8,720 additional dwellings in the plan period (2011—2031), an average of 436 new dwelling per annum. Of these homes, 40% should be affordable homes. 2,500 of these proposed additional dwellings are at East Hemel Hempstead.
- 3.26 Provision will be made for new employment development within the East Hemel Hempstead area. No other land has been designated as additional employment land. Existing employment sites should be retained for employment unless they are genuinely unsuitable for employment generating uses. There are no jobs or employment land targets set within the Draft Strategic Local Plan.
- 3.27 St Albans does not have a separate economic development strategy.

## Three Rivers

### Three Rivers Core Strategy (Adopted October 2011)

- 3.28 The Three Rivers Core Strategy sets out the ambitions for the district from 2001 to 2026.
- 3.29 The council will provide support for South West Herts's existing economic clusters including film, printing and publishing, telecommunications and construction. It also aims to further develop knowledge-based industries including advanced manufacturing, finance and business services, computing, communications and media industries.
- 3.30 To support the proposed economic development, the council will identify sufficient land for the provision of 180 dwellings per year until 2026. Seventy-five percent of these houses will be provided in existing urban areas. Forty-five percent of all new housing will be affordable homes, incorporating a mix of tenures.
- 3.31 The Core Strategy recognises the importance of maintaining and improving the economic performance of the District, with the need to broadly align housing development with economic growth. The economy of the area is dominated by service industries such as those associated with

motor vehicles sales and maintenance, computing, post and telecoms, construction, printing and publishing. These sectors are identified as the sectors which offer the greatest opportunity for economic growth in the future.

- 3.32 Findings from the 'London Arc' Study, which followed proposals in the Regional Spatial Strategy, suggested that Three Rivers should make provision for 2,378 additional jobs between 2006 and 2026. This can be broken down into B Class activities (offices, factories and warehousing) (1,568 jobs) and non-B class activities such as hotels and catering, transport and communications, retailing, education and health (810 jobs). Having taken into account this business job growth, it was considered that there would be an oversupply of office floorspace by 60,000-70,000 sqm and a deficit of general industrial and warehousing space by approximately 44,000 sqm. Since the publication of the Study, some sites have been converted to housing land meaning that the forecast surplus of office space has not been realised.

### Three Rivers Site Allocations LDD (Adopted November 2014)

- 3.33 The Site Allocations LDD allocates sites throughout the District for development to support the delivery of the Core Strategy. It allocates an additional 4ha to the east of Maple Cross Employment area and safeguards employment sites for business, industrial and storage or distribution uses.
- 3.34 In order not to compromise the ability of the Leavesden Studios to contribute to the national and regional economy, both as local employer and as a centre to contribute to the economic growth of Three Rivers District the site was allocated specifically for Leavesden Studios Operations.

### Three Rivers Draft Economic Development Strategy (2015)

- 3.35 Three Rivers has a wide variety of different businesses across a broad range of sectors. The main employment areas are at Croxley Business Park, Tolpits Lane, Kings Langley, Maple Cross, Rickmansworth and Leavesden. The finance, business administration and IT sectors are the largest employment sector in Three Rivers. It is also a major centre for the film industry given the Leavesden studios.
- 3.36 Large businesses include Warner Bros, Camelot, VocaLink, Imagination Technologies, Skanska and RES.
- 3.37 In order to provide support for business and the local economy and to contribute towards economic prosperity of the area, the following priorities have been proposed by the council:
- Support Apprenticeships: The Council will work with the Government through the National Apprenticeship Scheme and local businesses, the voluntary and community sector and other stakeholders to set up apprenticeships within the area.
  - Provide Training and Skills: The Council will work with Job Centre Plus and other training providers such as 'Step-Up' to assist people into employment. It will also seek external funding to support this activity and promote the use of local community centres such as the Maple Cross Club to facilitate this.
  - Engage with Businesses: The Council will work with local businesses to understand their needs and provide new employment opportunities. It will facilitate opportunities and events to encourage businesses to network with each other, encourage local procurement of goods and services and inward investment into the area.
  - Promote the Local Economy and Tourism: The Council will promote the opportunities for economic development and tourism in Three Rivers through existing events and activities such as the Rickmansworth Festival.

- **Support Regeneration and Infrastructure:** The Council will support regeneration schemes such as the South Oxhey Initiative, which seeks to modernise the South Oxhey Estate. It will also work with the Hertfordshire LEP, the County Council and others to enable the necessary infrastructure to be provided in Three Rivers to support businesses and to enhance vitality and viability of the town centres.
- **Provide Information for Businesses:** The Council will bring together useful information for businesses, principally through its web site, in relation to starting up and running a business. It will also work with adjoining authorities to develop a comprehensive business directory for South West Herts.

## Watford

### Watford Core Strategy (Part 1 – Adopted January 2013)

- 3.38 The Watford Core Strategy sets out the key elements of the council's planning vision and spatial strategy for the borough. The strategy seeks to deliver a minimum of 6,500 additional homes (260 per year) and 7,000 additional jobs (300 per year) between 2006 and 2031 along with other supporting services and facilities. 'Special policy areas' identified for regeneration and high density development are Watford Town centre, Watford Junction, Health Campus and Western Gateway.
- 3.39 Many of the additional 7,000 jobs expected to be created will be in office, retail and service sector jobs located in the wider town centre. This job growth is needed to accompany the expected population growth of the borough and maintain Watford's role as a regional centre.
- 3.40 The Local Plan will be released in two parts, with the first part adopted in January 2013 and covering Watford's Spatial Strategy to 2031 and Special Policy Areas and Infrastructure Projects. The second part of The Local Plan which has just undergone its second consultation will contain sections on Sustainable Development, Town and Local Centre, Housing, Economic Development and Employment, Transport and Infrastructure Delivery

### Watford Draft Economic Development Strategy 2015 - 2020

- 3.41 The Watford Economic Development Strategy sets out the council's aims and objectives for progressing economic development in Watford.
- 3.42 Watford Borough Council has identified five priority areas to focus resources on. These are:
- **The Sustainable Growth of Watford and its Economy:** The council recognises there is a need to strike a balance between the competing pressures for residential and commercial development and optimise the limited number of development sites in Watford. By delivering new transport and social infrastructure, it is hoped that this will alleviate congestion and deliver new capacity to support growth. The council aims to generate 'smart growth' through the delivery of major development projects which have the ability to bring a step change in both economic and social benefits delivered in Watford. Major development projects which have been identified by the council include the Metropolitan Line extension, Watford Town Centre, Ascot Road, Watford Business Park, Watford Health Campus and Watford Junction redevelopment.
  - **Transport and Connectivity:** Watford's location and transport infrastructure continues to be one of its primary assets. The council aims to maximise this strength, and reinforce the town's role as a regional transport hub for London and South West Herts. The council will continue planning for and delivering improvements to transport infrastructure and services to attract more investment and secure high-quality long-term employment. Improvements

in local, regional and national transport connectivity will help deliver improved access to employment, leisure and community services.

- Inward Investment and Business Retention: The council seeks to ensure that Watford has the right places and spaces to retain and attract current and future employers. By improving the promotion of the town as a place to do business, it is hoped that more business investment can be attracted into the town.
- Innovation and Enterprise: The council aims to support Watford's entrepreneurial and innovative local economy by ensuring that the right spaces, advice and guidance are available for both start-up and growth businesses within the town. By nurturing the local business environment, the council hopes to help local employers improve their productivity and competitiveness.
- Employability and Skills: The council will work with local employers to deliver the right labour pool to support private sector job growth. This will be achieved by ensuring that local residents have the appropriate skills to access the new jobs being created and by addressing any gaps in the local skills market that may have a knock on effect on the overall sustainability of the local economy.

### Watford Economic Growth and Delivery Assessment (2014)

3.43 The Economic Growth and Delivery Assessment (EGDA), prepared by Nathaniel Lichfield & Partners, provides an evidence base for the Watford Borough to inform the preparation of the Economic Development Strategy 2015 – 2020 (see above) and shape the Council's Local Plan Part 2. To help this preparation, the study explores the Borough's employment growth potential and considers the current and future balance of demand and supply for employment land space.

3.44 The key findings of this study are as follows:

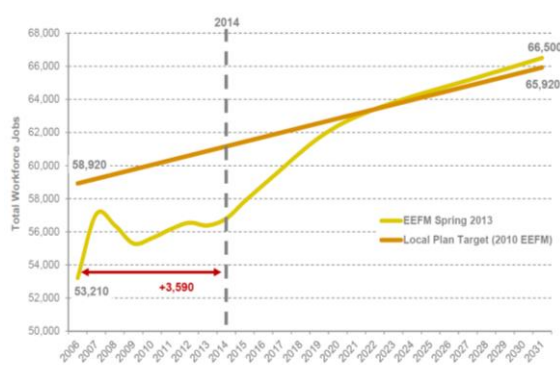
- Watford has a relatively successful economy, although its economic performance has been uneven, with the Borough recording average employment growth, strong working-age population growth, relatively high levels of business start-up and self-employment but below average productivity levels. This may in part reflect a mismatch within the local economy between lower skilled jobs available and a more highly qualified workforce, many of whom commute out of the Borough to higher paid employment.
- The Borough is identified as a key location for growth by the Hertfordshire LEP, with the proposed extension of the Metropolitan Line providing a key catalyst to enable a series of Major Development Projects to come forward and deliver step-change development within Watford. These projects have the potential to deliver 14,300 jobs across a range of sectors.
- Watford's employment space is dominated by industrial uses although commercial office stock is also relatively significant at 200,000 sqm. Both office and industrial space have been gradually eroded in recent years due to increasing pressure from higher value uses.
- The Borough represents a key driver of Hertfordshire's commercial property market with a critical mass of occupiers across the spectrum of sectors, including a thriving SME community. Watford's industrial market has been resilient to the recession and demand for industrial premises is presently strong. By contrast, the Borough's office market has been more turbulent in the last few years, however this has now picked up since the recession as occupier demand and take-up of space has risen.
- Watford contains a reasonable range of employment sites of differing quality and type. The majority of sites accommodate a combination of office (B1a/b) and industrial (B1c/B2/B8)



uses and the current mix of employment sites appears to be adequate to meet future needs, with all but two sites in the Borough being of at least average quality.

- Based on four different scenarios for future employment space requirements up to 2031, the study found that Watford has insufficient employment floorspace to meet future needs up to 2031, with a need to provide an additional -74,275 sqm to 299,750 sqm of all types of B-class employment land space. The lowest (negative) value is based in past take-up rates continuing and as such provides a less robust basis for understanding objectively assessed needs arising from economic growth. The majority of this requirement relates to office (B1a/b) uses.
- The Borough’s employment potential remains constrained by a number of factors, with there being an acute shortage of available employment land and indications that it requires more industrial space to accommodate indigenous growth and enable the necessary churn and upgrading or intensification of existing sites.
- There has been a lack of delivery of high quality office space in Watford in recent years, which has led to a perception that the Borough is underperforming in the commercial property market.
- The Borough’s Local Plan Part 1 identifies a target to provide at least 7,000 additional jobs in the Borough between 2006 and 2031 based on EEFM employment forecast data published in 2009/2010. The latest EEFM baseline projections (obtained from the EEFM Spring 2013 release) imply a scale of job growth in Watford for the plan period that is nearly twice as high as the Core Strategy figure. Despite this, both sets of employment projections point to a similar level of workforce jobs in Watford in 2031 (at around 66,000) and a general alignment in workforce jobs by around 2020.

Figure 3.4 Local Plan Job Growth Compared with EEFM Employment Forecasts



Source: Watford Economic Growth and Delivery Assessment (2014)

## 4. The South West Herts Economy: An Overview

4.1 In this section, we set out the main characteristics of the South West Herts economy, incorporating:

- Jobs;
- Businesses;
- Recent Economic Performance;
- Labour Market;
- Sectoral Composition;
- Sector Strengths;
- Enterprise.

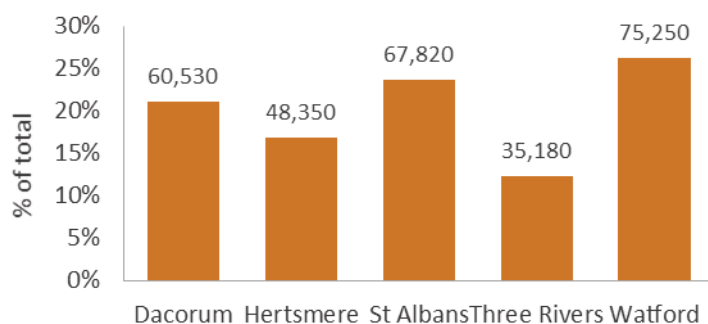
4.2 As concluded in Chapter 2, South West Herts’s functional economic market area consists of the following districts:

- Dacorum;
- Hertsmere;
- St Albans;
- Three Rivers;
- Watford.

### Size of the South West Herts Economy

4.3 There are approximately 219,300 jobs in the South West Herts region. Watford, Dacorum and St Albans have the most jobs. Three Rivers and Hertsmere have the least. This reflects the main employment locations in the South West Herts area.

Figure 4.1 Jobs by District 2013



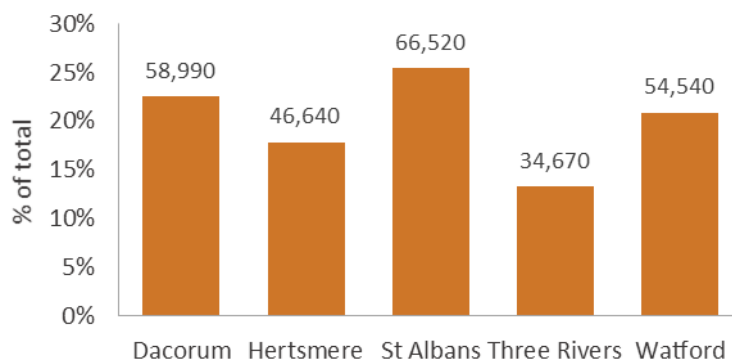
Source: BRES (2013)

4.4 A closer inspection of the BRES data reveals that for the ‘activities of employment placement agencies’ sub sector employs over 20,000 people in Watford (27.5% of the workforce) compared to a national level of 2.6%. This is a result of NHS Professionals, based in Watford, who have 40,000 registered nurses, doctors, midwives and other healthcare professionals,

providing NHS trusts across the country with temporary staff. A large proportion of these staff will not work in Watford. Removal of this sub-sector from the employment data has a significant impact on Watford’s employment figures, falling from the District with the highest number of jobs, to the third highest after St Albans and Dacorum.

4.5 The distribution of full time and part time jobs in South West Herts varies across the different Boroughs. Three Rivers (72.2%) and Hertsmere (71.2%) has the highest proportion of its workforce in full time employment, whereas Watford (51.8%) has the lowest proportion. South West Herts (63.2%) has a lower proportion of people in full time employment than the national level (67.8%) and compared to

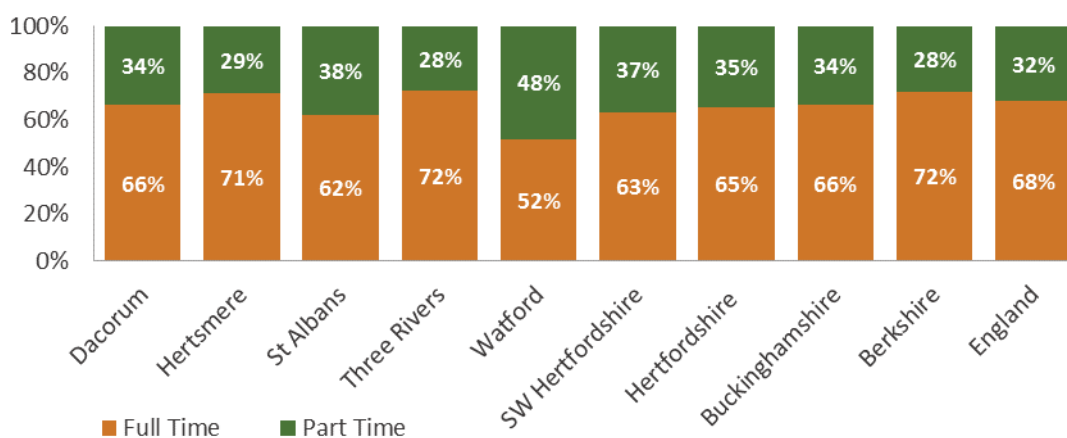
Figure 4.2 Jobs by District (without employment agencies), 2013



Source: BRES (2013)

Buckinghamshire (66.4%) and Berkshire (71.9%). This may be largely due to the high number of part time workers in Watford in the business administration and support services sub-sector (20,740), of whom many will work for NHS Professionals and not work in Watford. Excluding this sub-sector from the analysis, 69.6% of South West Herts employees work full time, compared to 68.2% nationally.

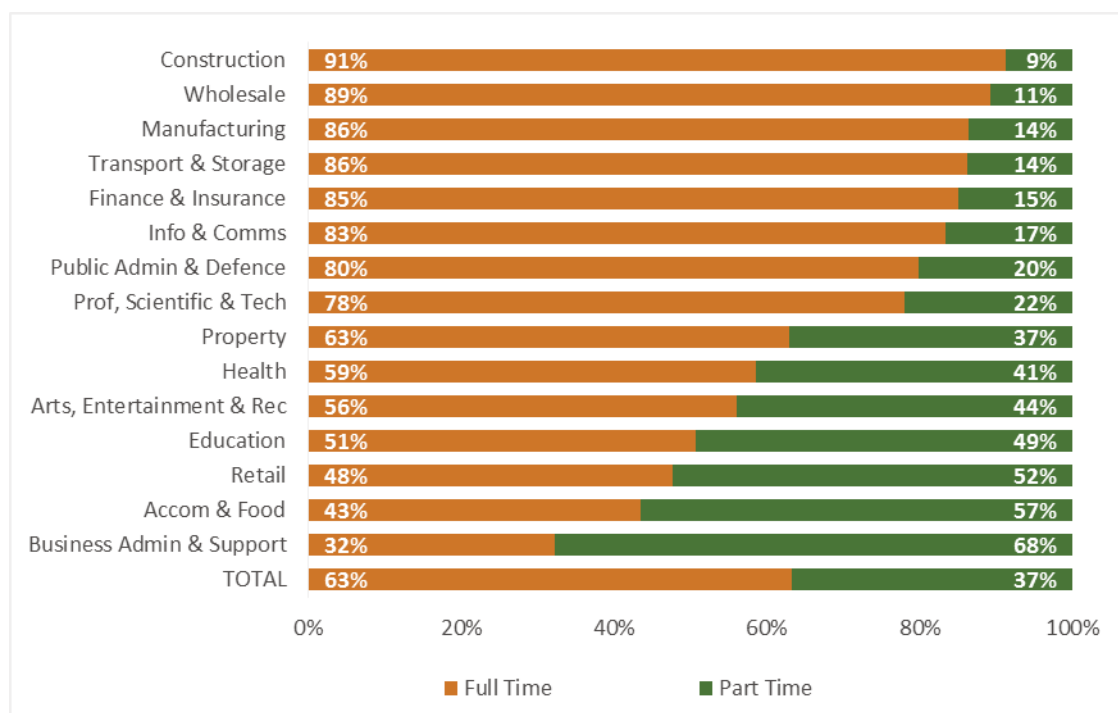
Figure 4.3 Full Time and Part Time Distribution, 2013



Source: BRES (2013)

4.6 An analysis of full time and part time jobs by sector within South West Herts reveals that the ratio between full time and part time employees varies considerably by sector. The sectors with the highest proportion of full time employees are construction (91.3% full time), wholesale (89.2%), transport and storage (86.1%) and finance and insurance (85.1%). Sectors with a high proportion of part time employees are business administration and support (68% part time), accommodation and food (57%), retail (52.4%) and education (49.3%).

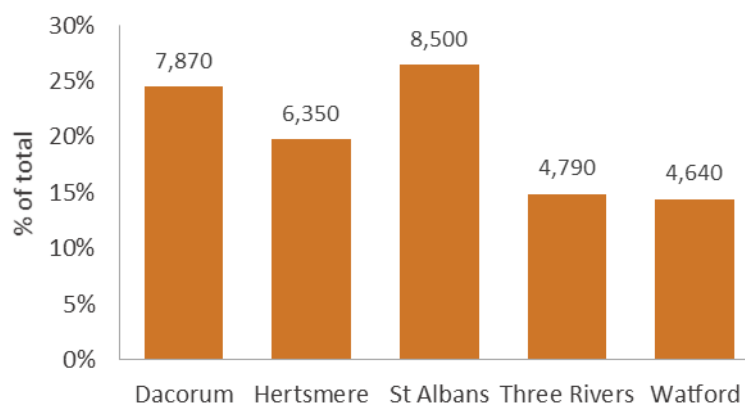
Figure 4.4 Jobs in South West Herts by sector, 2013



Source: BRES (2013)

4.7 There are 32,150 businesses in total in South West Herts. Watford has the fewest businesses (4,640) indicating an above average business size in the District. However this is strongly influenced by the number of non-permanent staff working as NHS Professionals. St Albans and Dacorum have the most businesses, accounting for 50.9% of the total.

Figure 4.5 Businesses by District, 2014



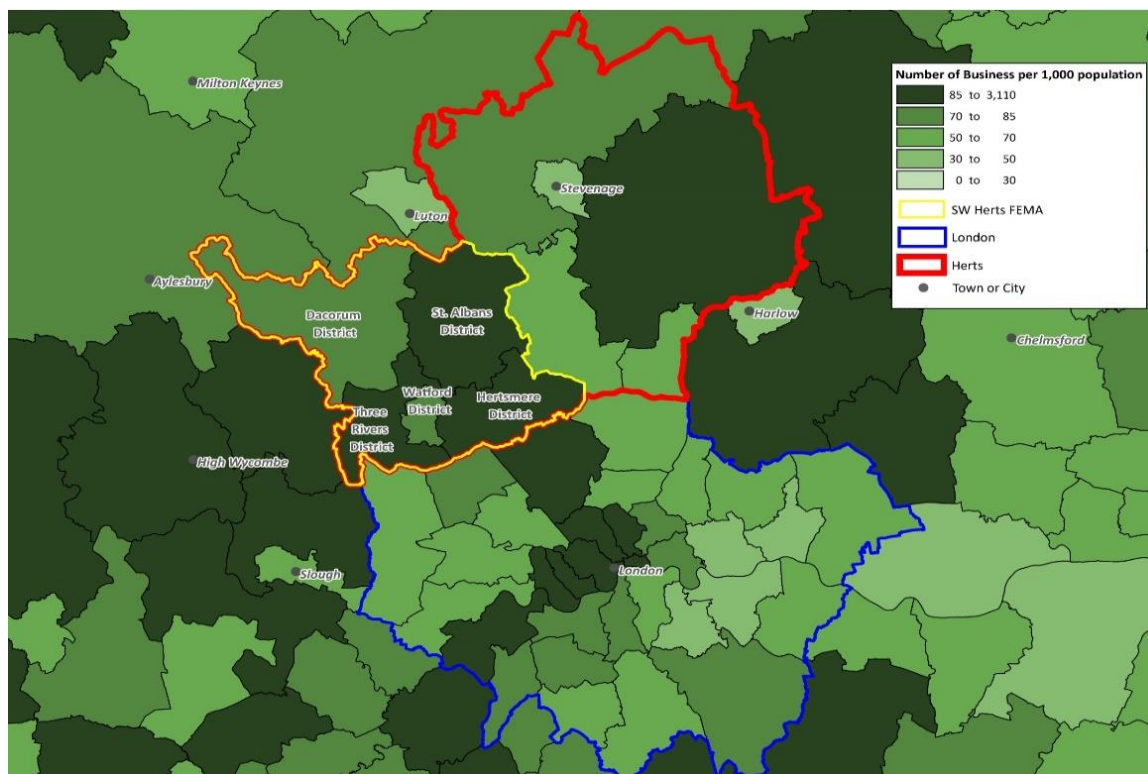
Source: ONS Business Demography (2014)

## Geography of the South-West Hertfordshire Economy

4.8 All districts within South West Herts have a higher business density than the national average. Hertsmere (91.6 businesses per 1,000 population) has the 12<sup>th</sup> highest business density in the UK. St Albans, which has the 19<sup>th</sup> highest level of business density in the UK, has 90.5 businesses per

1,000 population. Watford has the lowest business density in South West Herts (63.2 businesses per 1,000 population). This is largely the result of a number of large businesses based in Watford which account for a high proportion of jobs. Three Rivers has a business density of 79.8 and Dacorum has a business density of 73.5. When compared to regional and national comparators, South West Herts (76.7) has a relatively high business density, being higher than the national density (56.8). Only Buckinghamshire (84.2) has a higher business density than South West Herts.

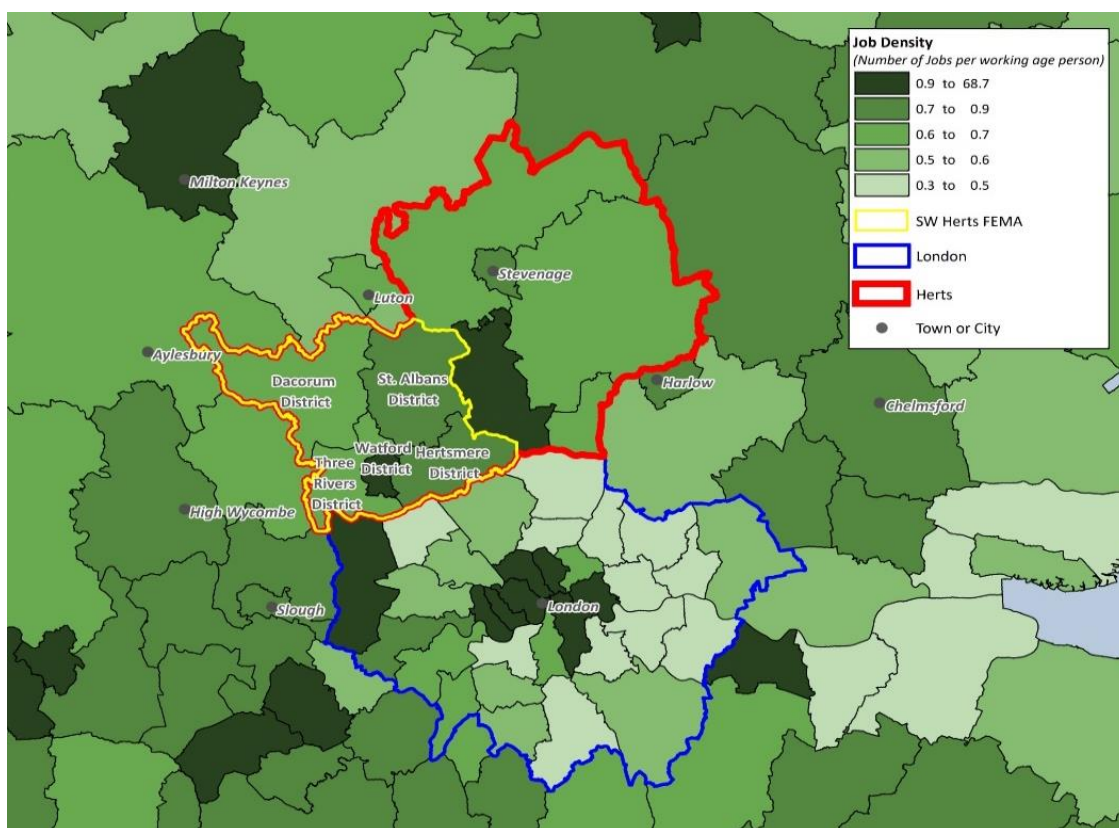
Figure 4.6 Business Density, 2013



Source: ONS Business Demography (2013) & Annual Population Survey (2013)

4.9 South-West Herts has a job density of 0.8 jobs per working age person, with a high concentration in Watford (1.2). This suggests that many people commute into Watford for work, with many of these living elsewhere in South West Herts and further afield. Hertsmere (0.8) and St Albans (0.8) also have marginally higher job densities than the national density (0.7). Dacorum and Three Rivers have a slightly lower job density than the rest of the area (both 0.6). Relative to neighbouring areas, South West Herts has a comparable job density, with Berkshire having a job density of 0.9 and Buckinghamshire a job density of 0.8.

Figure 4.7 Job Density, 2013

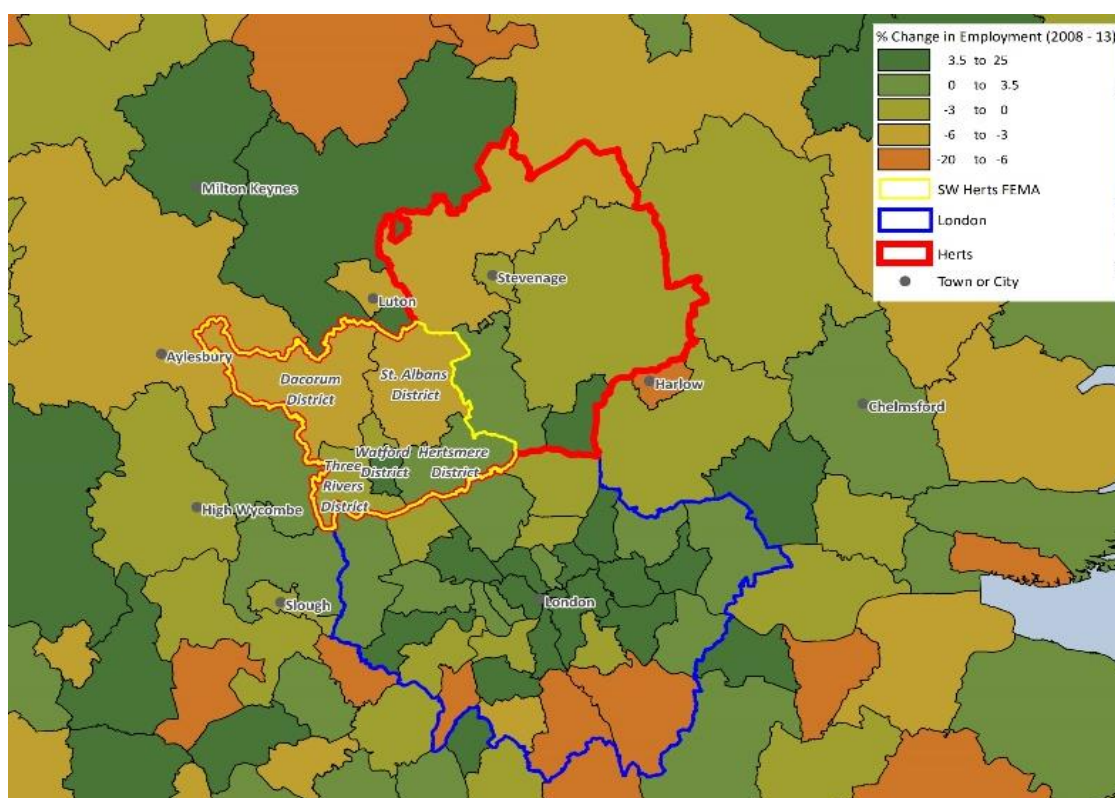


Source: BRES (2013) & Annual Population Survey (2013)

## Recent Economic Performance

- 4.10 Jobs in South West Herts have increased by 7.4% (15,170 jobs) in the last five years (2008-13) with high growth rates experienced in Watford (13.1%) and Hertsmere (10.3%). Only St Albans has seen a small decline in employment since 2008 (-280 jobs; -0.4%). Jobs in South West Herts have increased faster than nationally (2.0%) and compared to Berkshire (2.7%) and Buckinghamshire (3.7%).

Figure 4.8 Employment Change (2008 – 2013)



Source: BRES (2013) & ABI (2008)

4.11 The historic trends of employment in South West Herts can be measured using two different data sources:

Figure 4.9 Number of Jobs in South West Herts (2003 – 2013)



Source: EEFM (2013) & BRES (2013)

1) The East of England Forecasting Model (EEFM), developed by Oxford Economics, provides data on past and projected economic, demographic and housing figures on a consistent basis for districts across the East of England. The most recent release (2014) runs from 1991 to 2036;

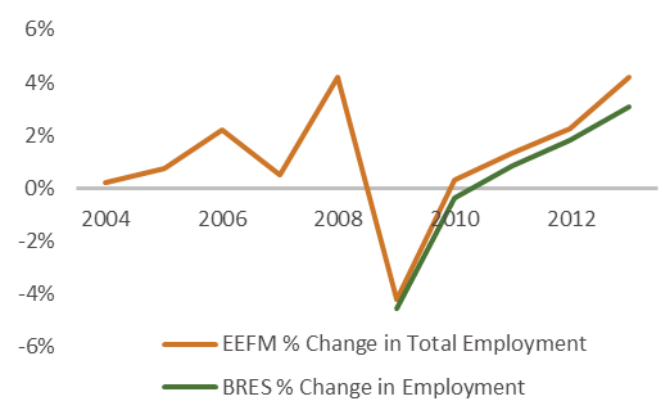
2) The Business Register and Employment Survey (BRES) provides data from 2008 to 2013 and its predecessor, the Annual Business Survey provides data from 1991 to 2008. Both indicators measure employees as the number of employee jobs in an area, whether full- or part-time. This measures the number of

jobs, and not the number of workers, and so those occupying two separate jobs will be counted twice.

4.12 The main difference between EEFM and BRES data is that BRES data is obtained from estimates based on an employer survey of approximately 82,000 businesses whereas the EEFM data is based on forecasts of future jobs based on previous data.

4.13 Comparing these two datasets provides a more reliable picture of employment trends in South West Herts over the last ten years. Between 2003 and 2013, the number of jobs increased by 21,950 (8.4%) (EEFM). The datasets show an upward trend in the total number of jobs over the period, with a decline experienced between 2007 and 2008 due to the recession. This indicates that the economy has been consistently growing, and this growth rate has accelerated over the last two years, with an additional 20,500 jobs (6.6%) created between 2011 and 2013 according to EEFM data.

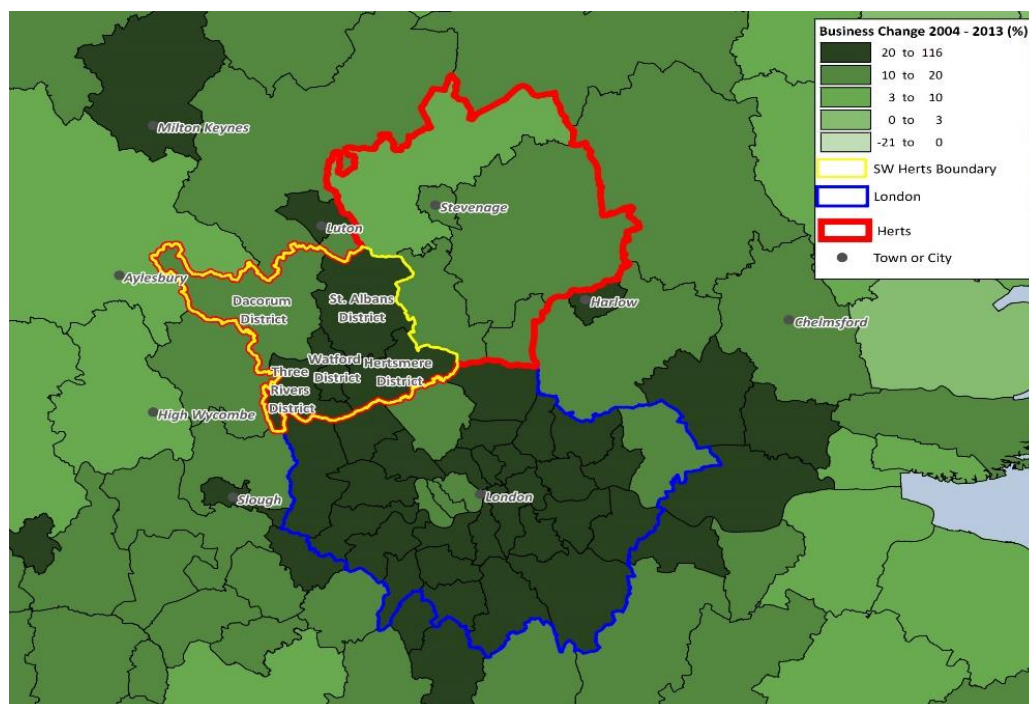
Figure 4.10 % Change in Number of Jobs in South West Herts (2003 – 2013)



Source: EEFM (2013) & BRES (2013)

4.14 South West Herts has a growing number of businesses, with all districts experiencing growth between 2004 and 2013. Hertsmere has seen the largest increase in the number of businesses (37.5%), with strong growth also experienced in Three Rivers (28.0%) and St Albans (25.0%). Dacorum had the lowest level of business growth since 2004 (17.5%). South West Herts has experienced much stronger growth in its business base than Buckinghamshire (11.6%) and Berkshire (19.6%). Nationally the business base has increased by 11.8%.

Figure 4.11 Business Change (2004 – 2013)



Source: ONS (2013) Business Demography



## Labour Market

4.15 South West Herts has 303,000 economically active residents, representing 67.8% of residents. This is above the national level of 63.6% and similar to the overall Hertfordshire level of 67.5%. Watford has the highest economically active in South West Herts (71.1% of the working aged population). St Albans (67.8%) and Dacorum (67.5%) are the next best performing Districts. Berkshire has a slightly higher proportion of its population that are economically active (69.6%) whereas Buckinghamshire has a slightly lower proportion (66.9%).

4.16 The number of economically active people within South West Herts increased by 11.7% between 2001 and 2011, lower than the national increase (16.9%) although this is mainly because the national average started from a much lower base. The increase in South West Herts was a higher increase than Berkshire (8.3%) and Buckinghamshire (9.8%).

4.17 This shows that South West Herts's economically active population is increasing, providing more labour to businesses within its travel to work area.

4.18 South West Herts has a highly skilled labour force. The area has a higher proportion of its population qualified above NVQ Level 4 (35.4%) than the national average (27.4%). St Albans (46.6%) has the highest proportion of its population qualified over NVQ Level 4 in South West Herts, followed by Three Rivers (33.9%) and Watford (32.2%). Overall, South West Herts has a higher proportion of its population qualified above NVQ Level 4 than Berkshire (33.9%) and Buckinghamshire (34.8%).

4.19 There is a lower proportion of people with no qualifications in South West Herts (17.0%) than nationally (22.5%). All districts within South West Herts have lower levels of people with no qualifications than the national level, with the lowest levels recorded in St Albans (12.9%) and Watford (17.5%). South West Herts has similar levels to Berkshire (16.6%) and Buckinghamshire (16.8%).

Table 4.1 Economic Activity (2011)

	Economically Active Population	
	No.	%
Dacorum	78,292	67.5%
Hertsmere	52,944	66.3%
St. Albans	74,998	67.8%
Three Rivers	46,617	66.8%
Watford	50,975	71.1%
<b>South West Herts Total</b>	<b>303,826</b>	<b>67.8%</b>
Herts	602,122	67.5%
Berkshire	475,597	69.6%
Bucks	269,708	66.9%
England	27,332,373	63.6%

Source: Census 2011

Table 4.2 Labour Market Functionality (2011)

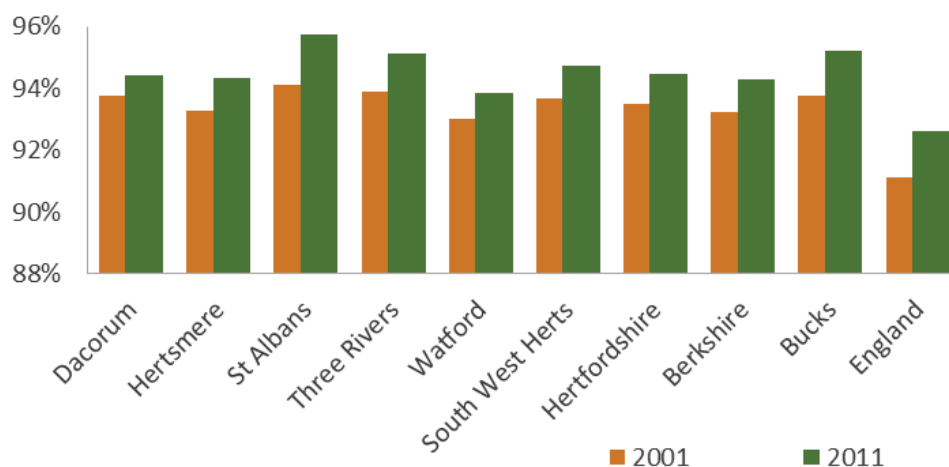
	Population with No Qualifications		Population with NVQ 4+	
	No.	%	No.	%
Dacorum	21,770	18.8%	35,872	30.9%
Hertsmere	15,500	19.4%	24,588	30.8%
St. Albans	14,270	12.9%	51,251	46.6%
Three Rivers	12,260	17.6%	23,675	33.9%
Watford	12,510	17.5%	23,082	32.2%
<b>South West Herts Total</b>	<b>76,310</b>	<b>17.0%</b>	<b>158,468</b>	<b>35.4%</b>
Herts	162,750	18.2%	286,856	32.1%
Berkshire	113,330	16.6%	231,537	33.9%
Bucks	67,660	16.8%	140,346	34.8%
England	9,656,810	22.5%	11,769,360	27.4%

Source: Census, 2011.

Note: A NVQ Level 4 qualification is broadly equivalent to a foundation degree and generally is the accepted indicator of highly skilled qualifications

- 4.20 It should be noted that St Albans has a significant impact on South West Herts’s qualifications level, improving the proportion with NVQ Level 4+ and reducing the proportion without any qualifications.
- 4.21 Census data reveals that the employment rate<sup>6</sup> across all of South West Herts’s districts has increased, with an additional 33,070 people employed (13% increase) across the area. St Albans (95.8%) and Three Rivers (95.1%) have the highest employment rate in area, with South West Herts having an overall employment rate of 94.7%. This is higher than the national rate (92.6%) and Buckinghamshire (94.3%) although slightly lower than Berkshire (95.2%).

Figure 4.12 Employment Rate (2001 – 2011)

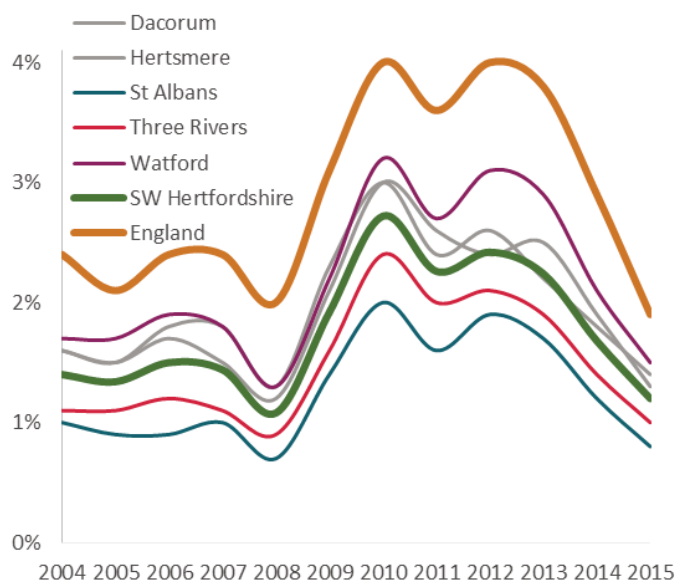


Source: Census 2001 & 2011

<sup>6</sup> The employment rate refers to the percentage of economically active people who are in work. Economically active people are those who are in work or actively seeking work and therefore includes unemployed people.

4.22 Reflecting the high employment rate, Claimant Count data for the period 2004 to 2015 reveals that the number of people claiming Jobseekers Allowance (JSA) in South West Herts is below the national level, with 1.2% of the working age population claiming JSA in January 2015, compared to 1.9% nationally. Districts with a consistently low proportion of working-aged people claiming JSA are St Albans (0.8%) and Three Rivers (1.0%). South West Herts has a comparable proportion of working aged people claiming JSA to Berkshire (1.1%), but more than Buckinghamshire with only 0.9% of its working age population claiming JSA. The trend over the

Figure 4.13 Claimant Count (2004 – 2015)



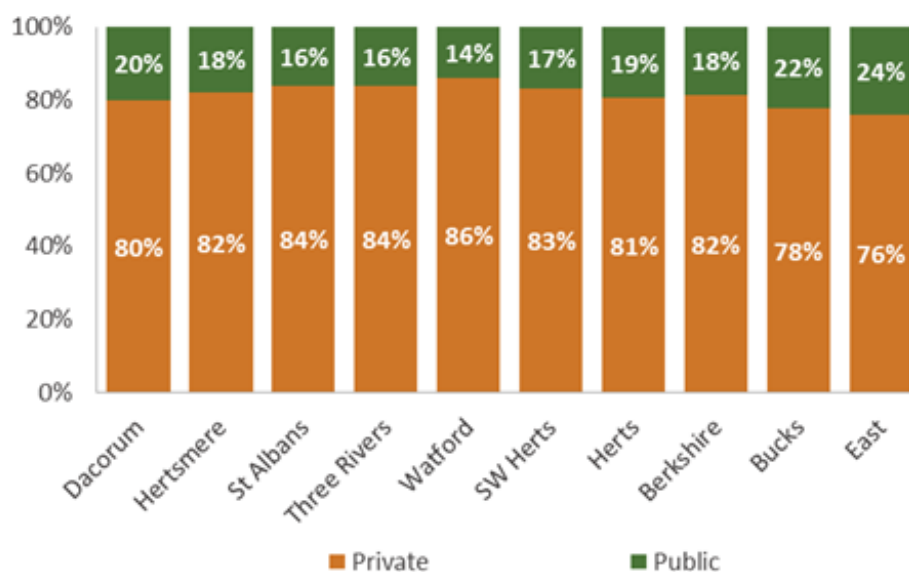
Source: Claimant Count 2004 - 2013

last 11 years has seen significant fluctuations, largely due to the effects of the recent recession. However all districts within South West Herts have now returned to pre-recession levels.

## Broad Sectoral Composition

4.23 An analysis of the composition of jobs in South West Herts reveals that a larger proportion of jobs are in the private sector than nationally. 83% of all jobs in South West Herts are in the private sector, compared to 76% nationally. Districts which have a large proportion of jobs in the private sector are Watford (86.2%) and Three Rivers (84.0%). South West Herts (83.2%) has comparable levels of private sector employment to Buckinghamshire (77.7%) and Berkshire (81.5%).

Figure 4.14 Public/Private Sector Split, 2013



Source: BRES 2013

4.24 The private sector has created an additional 12,560 jobs in South West Herts since 2009, whereas the public sector has only created an additional 2,610 jobs, although it has had a slightly higher growth rate (7.6%) than the private sector (7.4%). Both private and public sector job growth in South West Herts was higher than the national level (1.7% and 2.9% respectively), Berkshire (2.8% and 2.6% respectively) and Buckinghamshire (3.6% and 4.2% respectively).

4.25 At the district level, there has been significant differences in the growth rate of private and public sector employment. The best performing districts for private sector employment growth between 2009 and 2013 are Watford (14.3% growth and 8,100 jobs) and Hertsmere (12.8% growth and 4,510 jobs). By contrast private sector employment in Dacorum has declined by 2.9% (-1,430 jobs) since 2009. Districts which have seen strong public sector employment growth are Dacorum (14.2% growth and 1,520 jobs) and Three Rivers (9.0% growth and 470 jobs).

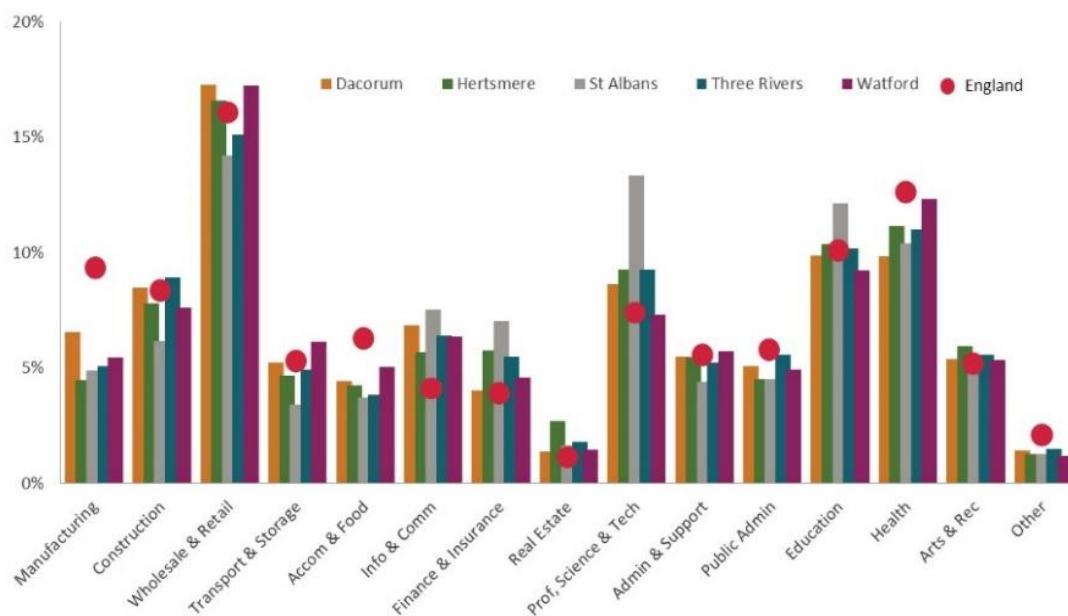
4.26 Analysing the sectoral breakdown of jobs across the districts of South West Herts, shows that the sectors which employ the highest proportion of labour are wholesale and retail, education and health. This is a largely similar distribution of employment to regional and national levels, although a slightly higher proportion of people work in the professional, scientific and technical activities in South Hertfordshire, in part due to the strong presence in St Albans.

Table 4.3 Growth Rate of Private and Public Sector Employment (2009 – 2013)

	Growth Rate of Employment by Sector (%)	
	Private	Public
Dacorum	-2.9%	14.2%
Hertsmere	12.8%	0.1%
St. Albans	-0.9%	1.5%
Three Rivers	4.9%	9.0%
Watford	14.3%	6.3%
South West Herts <b>Total</b>	7.4%	7.6%
Herts	2.2%	7.3%
Berkshire	2.8%	2.6%
Bucks	3.6%	4.2%
England	1.7%	2.9%

Source: BRES 2009 & 2013

Figure 4.15 Sectoral Breakdown of Jobs, 2013



Source: BRES 2013

Table 4.4 Employment by Sector (2013)

	Dacorum	Hertsmere	St Albans	Three Rivers	Watford
<b>Manufacturing</b>	4,820	2,220	3,500	2,240	2,610
<b>Construction</b>	6,220	3,850	4,420	3,940	3,630
<b>Wholesale &amp; Retail</b>	12,670	8,200	10,140	6,660	8,210
<b>Transport &amp; Storage</b>	3,840	2,320	2,450	2,180	2,930
<b>Accom. &amp; Food</b>	3,270	2,100	2,660	1,680	2,400
<b>Info. &amp; Comms.</b>	5,040	2,810	5,390	2,820	3,030
<b>Finance &amp; Insurance</b>	2,960	2,850	5,030	2,420	2,200
<b>Real Estate</b>	1,010	1,340	1,170	800	690
<b>Prof. Science &amp; Tech.</b>	6,330	4,590	9,530	4,080	3,490
<b>Admin. &amp; Support</b>	4,050	2,700	3,140	2,300	2,720
<b>Public Admin</b>	3,730	2,240	3,220	2,460	2,350
<b>Education</b>	7,260	5,130	8,670	4,480	4,390
<b>Health</b>	7,230	5,520	7,430	4,850	5,870
<b>Arts &amp; Rec.</b>	3,950	2,940	3,370	2,450	2,550
<b>Other</b>	1,060	640	900	660	570

Source: BRES, 2013

## Sector Strengths

4.27 This section seeks to identify where businesses in the key and growth sectors are located, and better understand where concentrations of employment occur.

### Key sectors

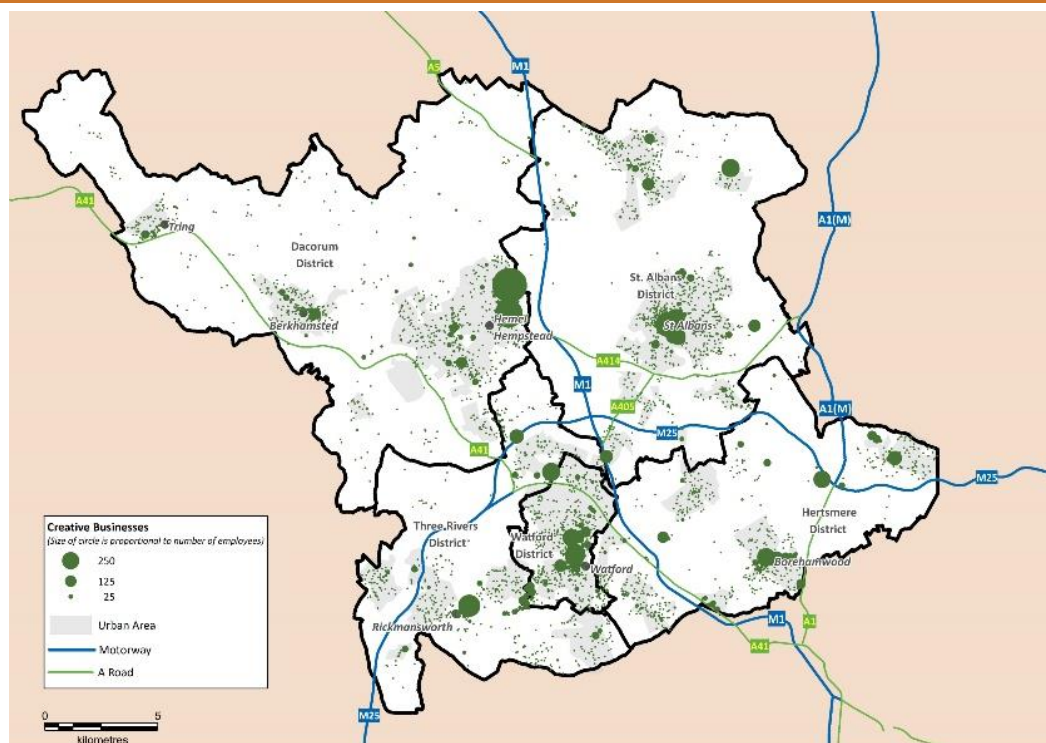
4.28 The key sectors in South West Herts have all been identified through analysis of local economic development or planning policies and strategies published by the South West Herts authorities. The key sectors that have been analysed are:

- Creative Industries (including IT and the Film and Media industry);
- Scientific Research and Development;
- Niche Pharmaceuticals;
- Finance and Business Services;
- Wholesale and Retail Trade.

### Creative Industries

4.29 The creative industries covers a broad range of industries, including: publishing; IT; architecture; motion picture, video and TV production; advertising; and creative, arts and entertainment. The map below shows the distribution of businesses in the creative industries sector across South West Herts.

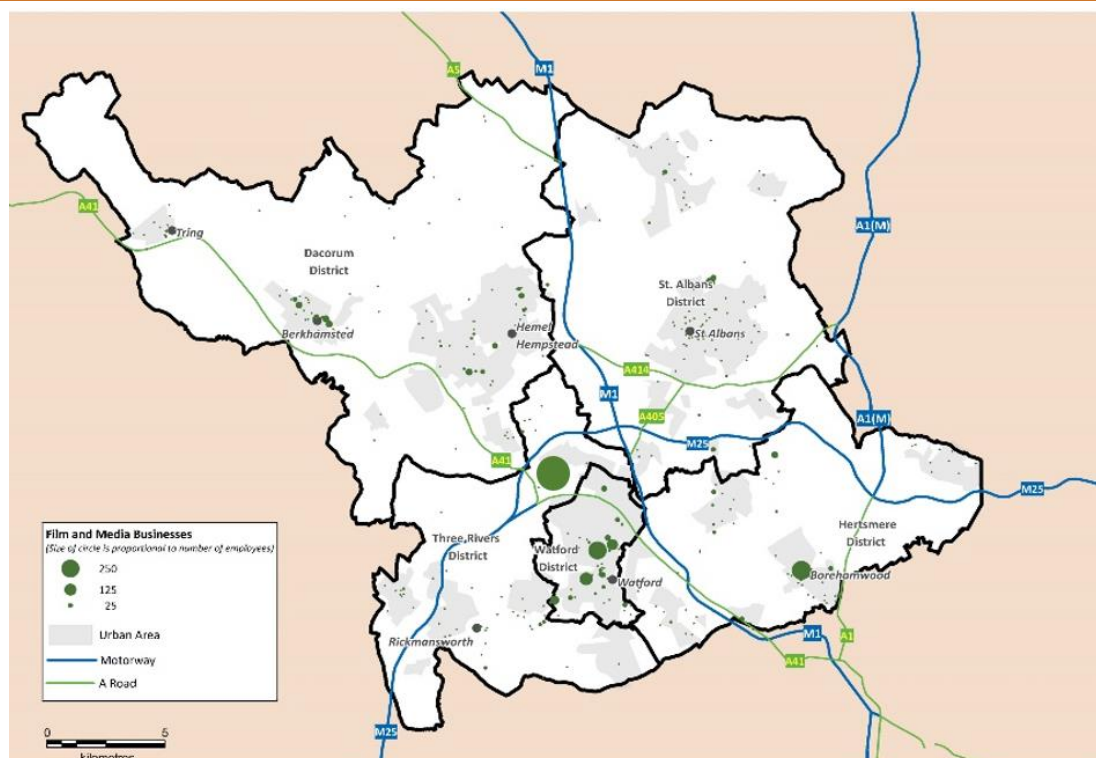
Figure 4.16 Location of Creative Industries Businesses



Source: IDBR, 2014

- 4.30 There is a reasonable spread of activity across South West Herts, with significant clusters of businesses around Hemel Hempstead and Watford, with several large firms present, accompanied by a number of smaller supply chain firms.
- 4.31 Sopra Steria is the largest firm in the creative industries sector within South West Herts, employing 860 people from its headquarters in Hemel Hempstead (Dacorum). Other large employers include Northgate Information Solutions (570 staff) in Dacorum and the BBC (270 staff) located in Hertsmere.
- 4.32 Within the creative industries sector, the Film and Media sub-sector has a significant strength in South West Herts due to the presence of several large firms including the BBC Elstree Studios and Warner Brothers (Leavesden Studios). There are several clusters of activity around Elstree and Watford as shown in the map below.

Figure 4.17 Location of Film and Media Businesses

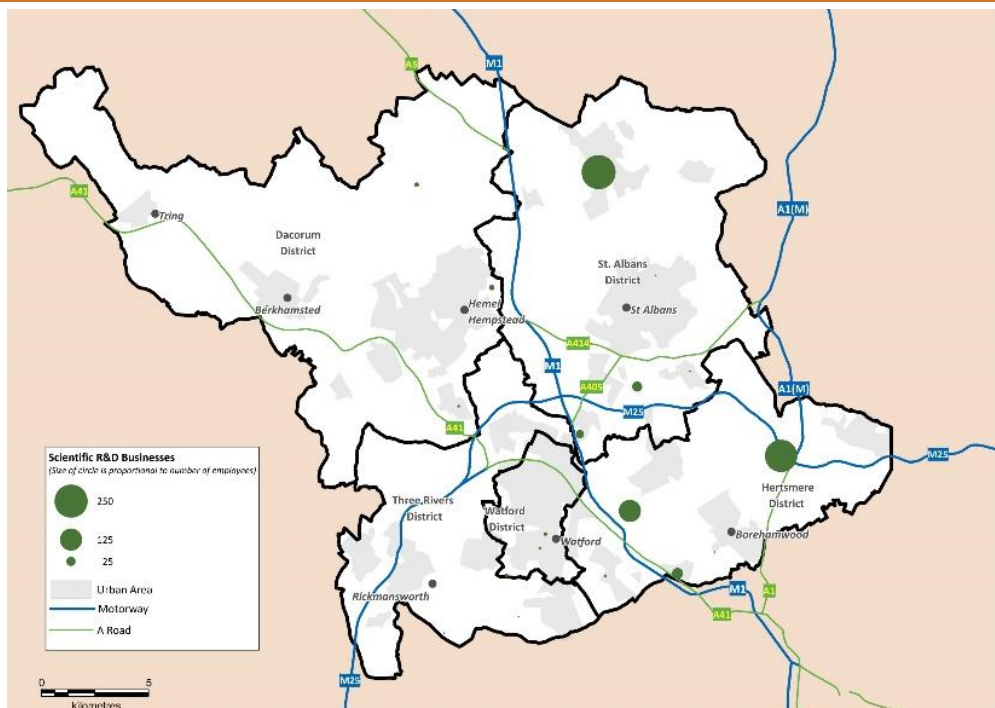


Source: IDBR, 2014

Scientific Research and Development

- 4.33 The Scientific Research and Development sectors covers firms that are actively undertaking research and experimental development on sciences and engineering. The Scientific Research and Development sector is much smaller than other sectors, accounting for 24 businesses and 770 jobs in South West Herts. Clusters of activity in this sector are found in Hertsmere and Harpenden (St Albans District).

Figure 4.18 Location of Scientific Research and Development Businesses



Source: IDBR, 2014

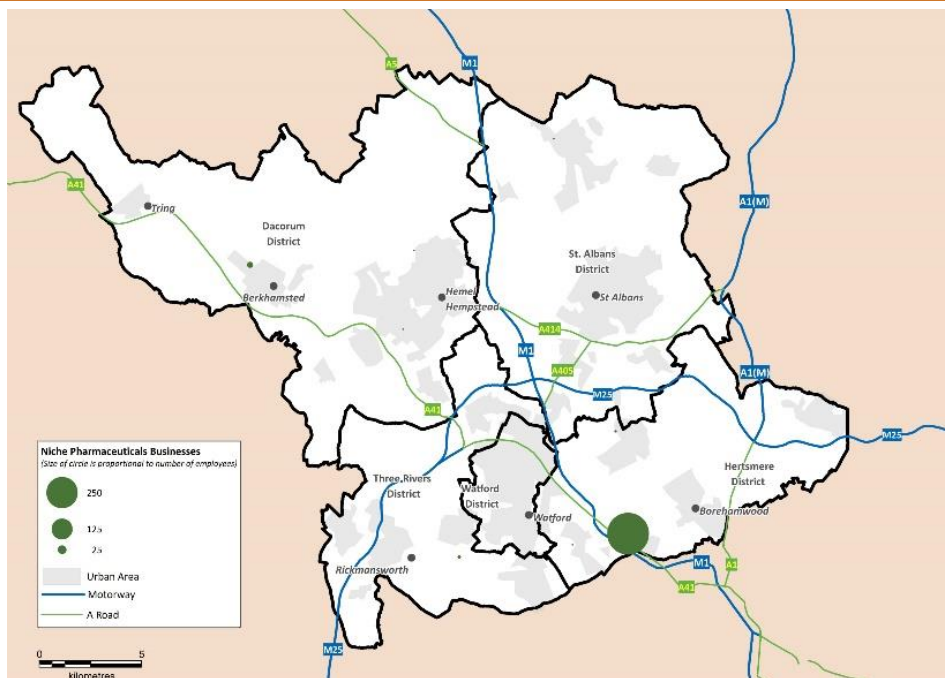
- 4.34 Large firms located in South West Herts include Rothamsted Research and the Institute of Grocery, both of which are located in Hertsmere. Cancer Research was also formerly located in Hertsmere at the Clare Hall site, but has now moved. Creative Hertsmere is working with site agents to promote this site for life science usage going forward in order to maintain jobs in the area.
- 4.35 In addition, there are a number of other businesses which are involved in this sector, but have not been included as their business is classified under a different definition. An example is The National Institute for Biological Standards and Control, based in Hertsmere, employing 290 staff, which is defined as ‘Regulation of health care, education, cultural and other social services’.
- 4.36 The Hertfordshire LEP has recently been successful in its bid for an Enterprise Zone covering parts of St Albans and Dacorum. This is targeted at the environmental technology sector, which could increase the number of R&D businesses locating in South West Herts.



Niche Pharmaceuticals

- 4.37 The niche pharmaceuticals sector includes firms that are manufacturing and preparing basic pharmaceutical products for the healthcare industry. The niche pharmaceuticals sector accounts for only nine firms in South West Herts and employs 620 people. The map below shows the distribution of businesses in this sector, and the number of employees at each business.

Figure 4.19 Location of Niche Pharmaceuticals Businesses



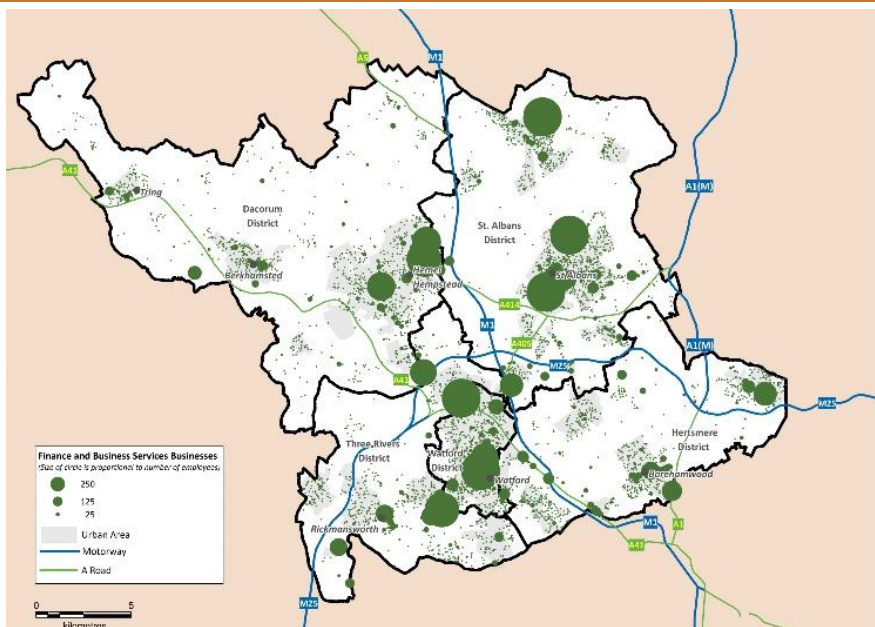
Source: IDBR, 2014

- 4.38 The business which dominates the niche pharmaceuticals market in South West Herts is Bio Products Laboratory (580 staff) in Hertsmere, who provide the market with plasma-derived products.

Finance and Business Services

- 4.39 The Finance and Business Services sector comprises three sub-sectors: financial services, professional services and business support services. Activities in this sector includes legal and accountancy, head offices, advertising and market research, rental and leasing services and financial service activities, including insurance, banking and pension funding.

Figure 4.20 Location of Finance and Business Services Businesses



Source: IDBR, 2014

- 4.40 There are 9,480 businesses within South West Herts in the finance and business services sector accounting for approximately 81,400 jobs. Figure 4.20 shows the location of these businesses and gives an indication of where the largest employers are within this sector.
- 4.41 Activity within the sector is well spread across South West Herts, with particular clusters of activity found predominately in the largest urban areas, including Watford, Hemel Hempstead, St Albans and Borehamwood. Among the largest employers in this sector are KPMG (Watford), Hilton Hotels (Watford), PricewaterhouseCoopers (St Albans) and Canada Life (Hertsmere).
- 4.42 South West Herts (and particularly Watford) has been very successful in attracting head offices to locate in the FEMA. In 2014 there were over 9,000 people employed in head offices, with the largest firms listed in Table 4.5.

Table 4.5 Head Offices in South West Herts

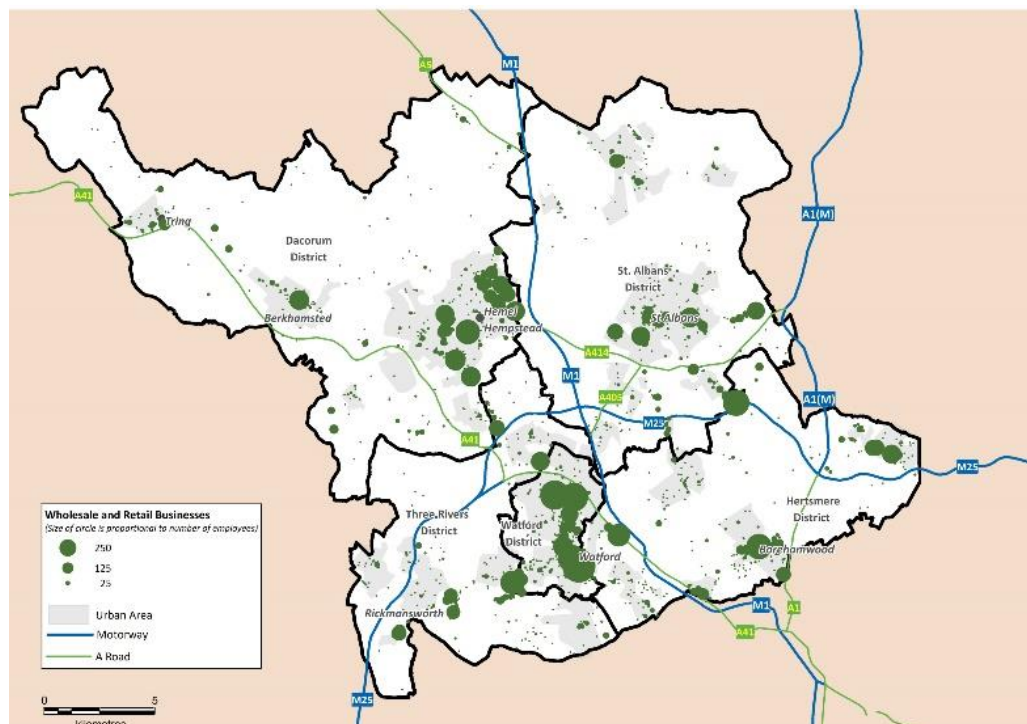
Company Name	Number of Employees	District
Dixons	1,150	Dacorum
J D Wetherspoon	1,140	Watford
TJX (T K Maxx)	890	Watford
Bourne Leisure	800	Dacorum
Vinci Construction	780	Watford
Hilton Hotels	650	Watford
Premier Foods	350	St Albans
Skanska Construction	340	Three Rivers

IDBR 2014

## Wholesale and Retail Trade

- 4.43 The wholesale and retail sector covers the process which allows manufactured goods and services to be consumed. Wholesale relates to the sale of goods in large quantities generally to retailers, where as retailers are businesses that sell goods directly to individuals.

Figure 4.21 Location of Wholesale and Retail Trade Businesses



Source: IDBR, 2014

- 4.44 The wholesale and retail trade sector in South West Herts accounts for 3,180 businesses and 47,000 jobs. The map below gives an indication of where these businesses are located and the number of jobs in each location.
- 4.45 The map shows a high concentration of businesses in urban areas, and this is likely to be the result of large retail stores and supermarkets within towns such as Watford, Hemel Hempstead, St Albans, London Colney and Borehamwood.
- 4.46 Some of the largest employers in this sector are Tesco (31 stores and 3,000 staff), Mothercare (640 staff) and Sainsbury's (nine stores and 2,000 staff).

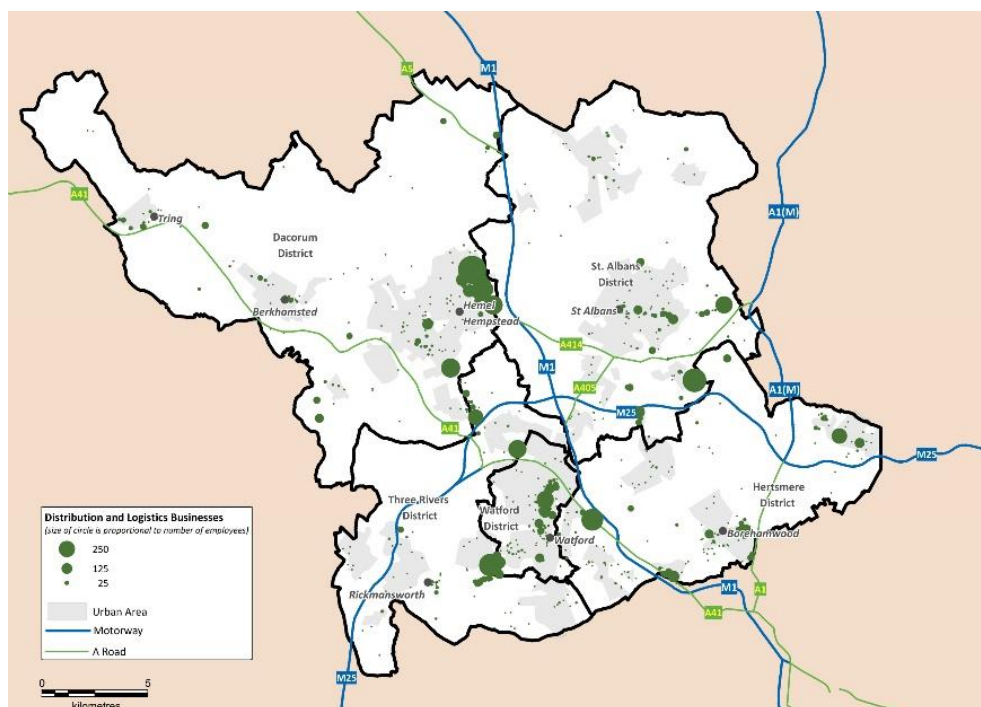
## Employment Land Sectors

- 4.47 In addition to the key sectors identified in local planning and economic development policies, we have also analysed the locations of employers in certain sectors which are likely to generate a significant demand for B class employment floorspace. These include:
- Distribution and Logistics, which alongside wholesale generates significant demand for B8 space; and
  - Manufacturing (B2 space).

## Distribution and Logistics

- 4.48 The distribution and logistics sector includes three sub-sectors covering a wide range of transportation and warehousing businesses. The three sub sectors are: Logistics, including freight transport by road, rail, water and air; Warehousing and Logistics Support and Postal and Courier Activities.

Figure 4.22 Location of Distribution and Logistics Businesses



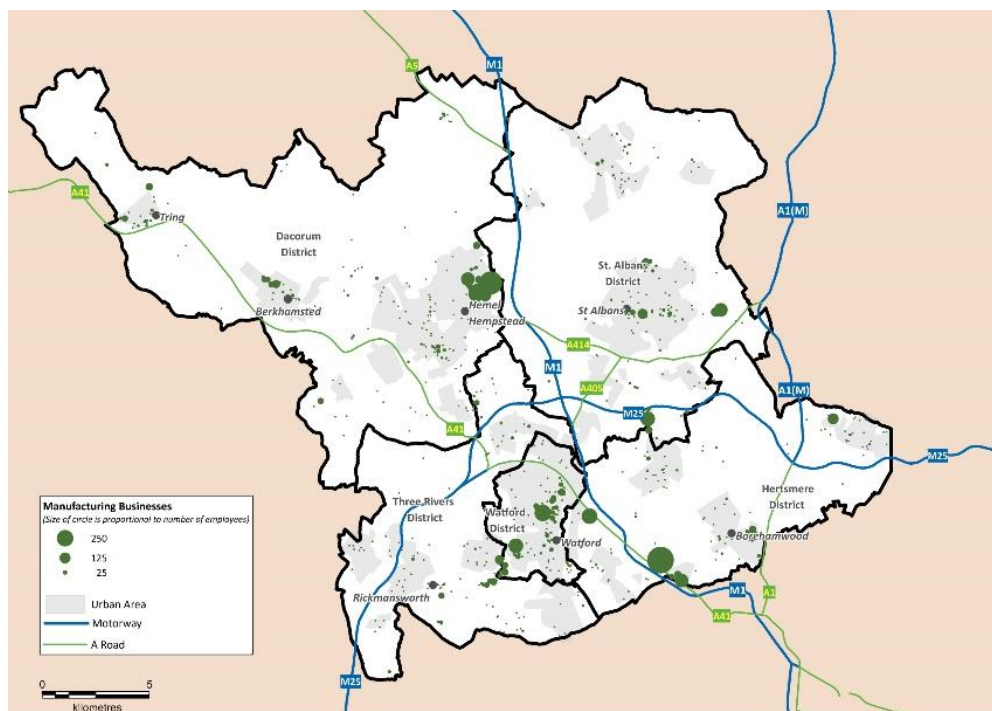
Source: IDBR, 2014

- 4.49 The distribution and logistics sector accounts for 1,150 businesses in South West Herts and employs 19,000 people.
- 4.50 Activity in this sector is largely concentrated around key transportation infrastructure, such as motorway junctions and the rail network, with clusters of activity in Hemel Hempstead (on the Maylands Business Park), Watford and London Colney.
- 4.51 The largest employers in South West Herts within the distribution and logistics sector are Gist in Hemel Hempstead (640 employees), NFT Distribution (500 employees), Martin-Brower (420 employees) and Pitney Bowes (290 employees).

## Manufacturing

- 4.52 The manufacturing sector includes all manufacturing activities and includes the manufacturing of: food and beverage; textiles, wood and paper; metals and chemicals; and electronics and engines.

Figure 4.23 Location of Manufacturing Businesses



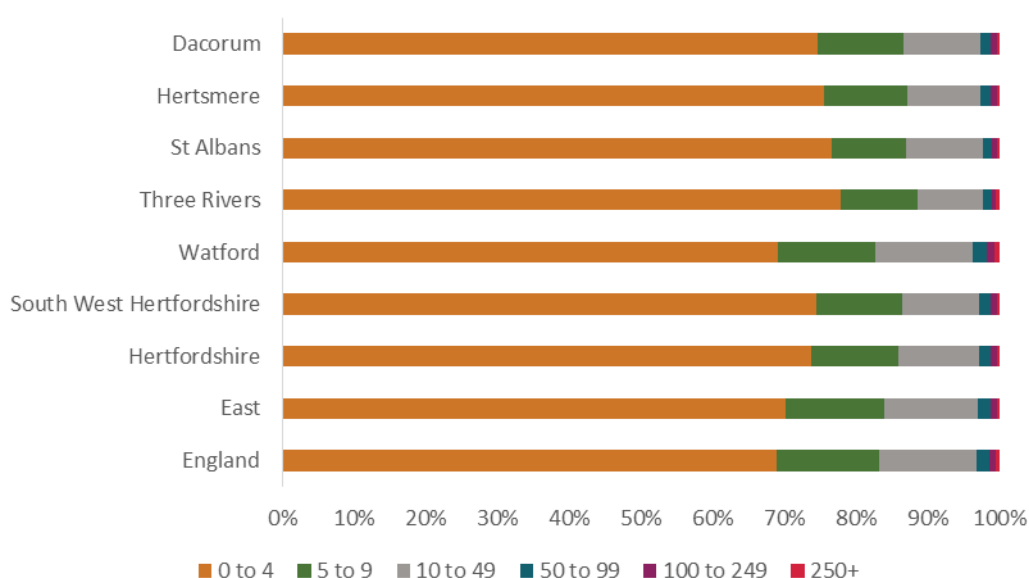
Source: IDBR, 2014

- 4.53 The sector consists of 940 businesses across South West Herts, and employs over 10,150 people. It is heavily concentrated in Hemel Hempstead (around the Maylands Business Park) and Watford.
- 4.54 The largest employers in the manufacturing sectors are Bio Products Laboratory (manufacturing human plasma), Viglen (manufacturing IT products), Kodak (manufacturing camera equipment), Henkel (manufacturing chemical products) and Opro (manufacturing sports mouth guards).

## Structure of Business Base

- 4.55 The profile of South West Herts’s business base by size band is largely similar to regional and national patterns, with around 99% of businesses employing fewer than 250 people (the traditional definition for SMEs). Of these, the majority are micro businesses, employing fewer than five people. Official statistics indicate that micro businesses account for just over 75% of businesses. In reality this figure is likely to be much higher given that many of the smallest enterprises are excluded from government datasets as they fall below official accounting thresholds, such as the VAT registration threshold of £81,000.

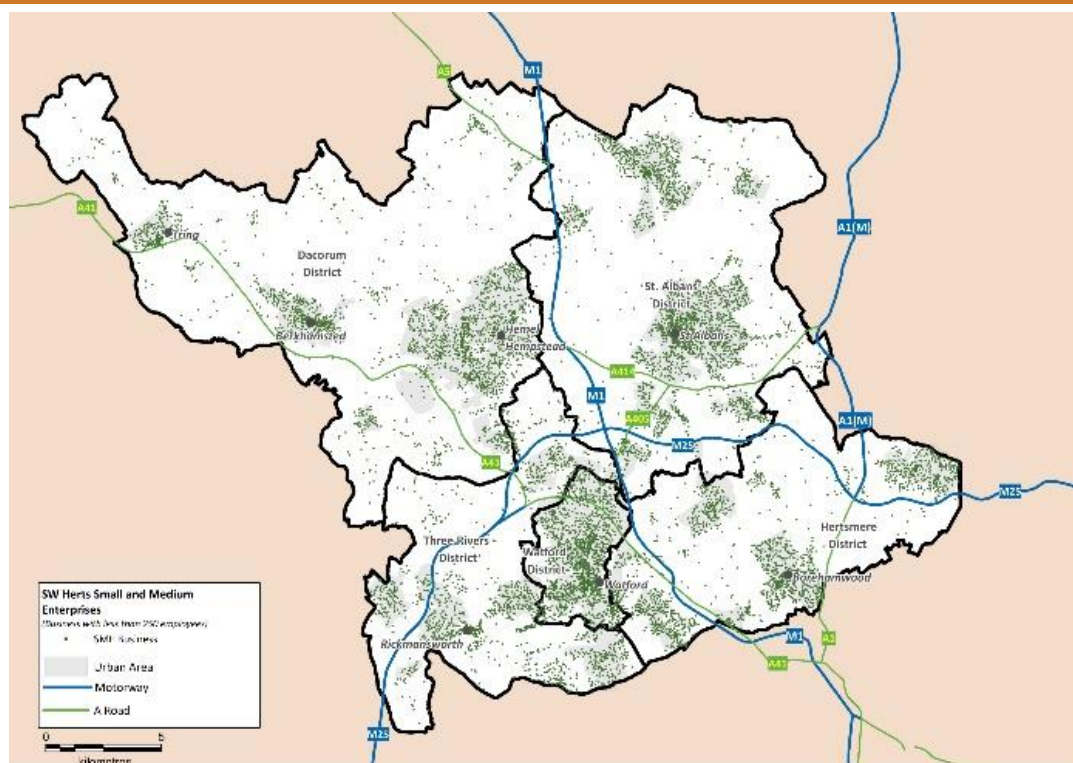
Figure 4.24 Business by Employment Sizeband, 2013



Source: Business Demography 2013

- 4.56 Figure 4.25 shows the location of micro (0-9 employees) and SME (10-249 employees) businesses throughout South West Herts. There are notable clusters in all urban areas, as would be expected, with significant clusters in Watford, St Albans and Hemel Hempstead.

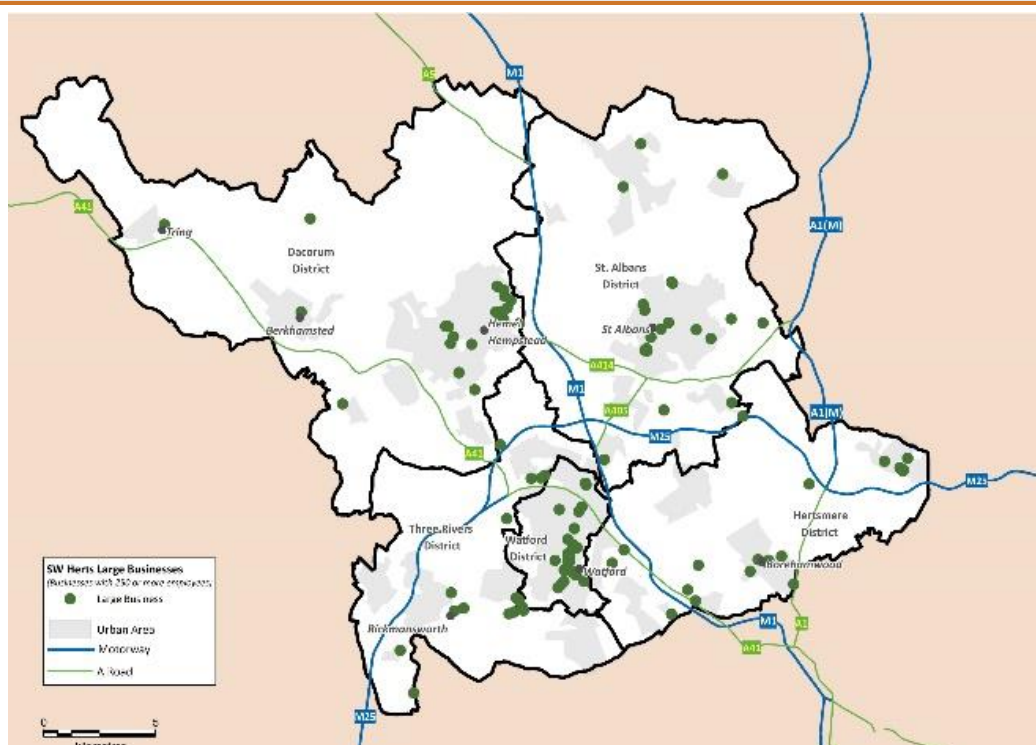
Figure 4.25 Location of Micro and SME Businesses



Source: IDBR, 2014

4.57 Figure 4.26 shows the location of large businesses (over 250 employees) within South West Herts. There are significant clusters in Watford, Croxley Green Business Park and Maylands Business Park (Hemel Hempstead).

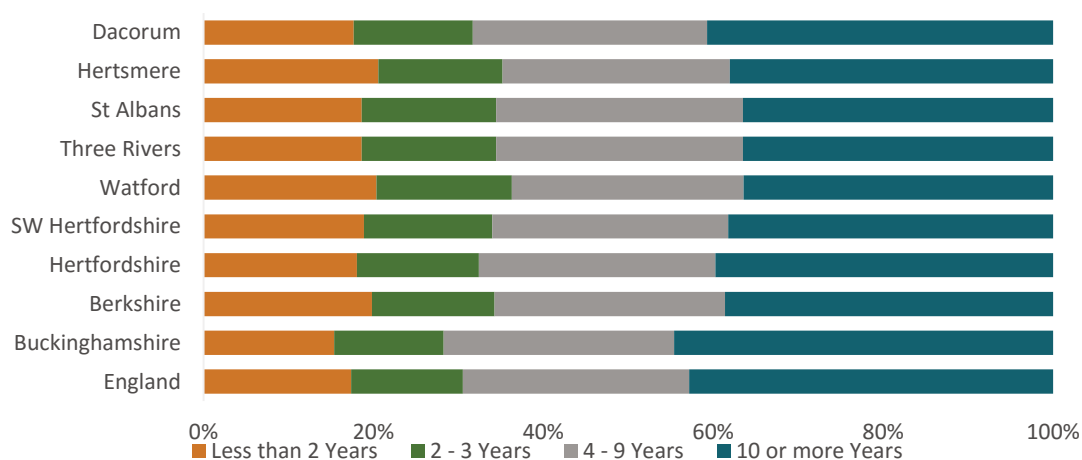
Figure 4.26 Location of Large Businesses



Source: IDBR, 2014

- 4.58 South West Herts has a younger business base relative to the national average. Thirty-four percent of businesses are younger than three years old, compared to a national figure of 30.5%. This is further evidence of South West Herts’s increasing business base in recent years. Districts with a high proportion of young businesses (under three years old) are Watford (36.3%) and Hertsmere (35.2%). Dacorum has the most mature business base in South West Herts, with 40.7% of businesses over 10 years old. This is still below the national level of 42.8%.
- 4.59 South West Herts’s businesses have a similar age profile to businesses in Berkshire. However, businesses in Buckinghamshire are on average older, with 44.6% over 10 years old.

Figure 4.27 Business by Age, 2013



Source: Business Demography 2013



## Enterprise

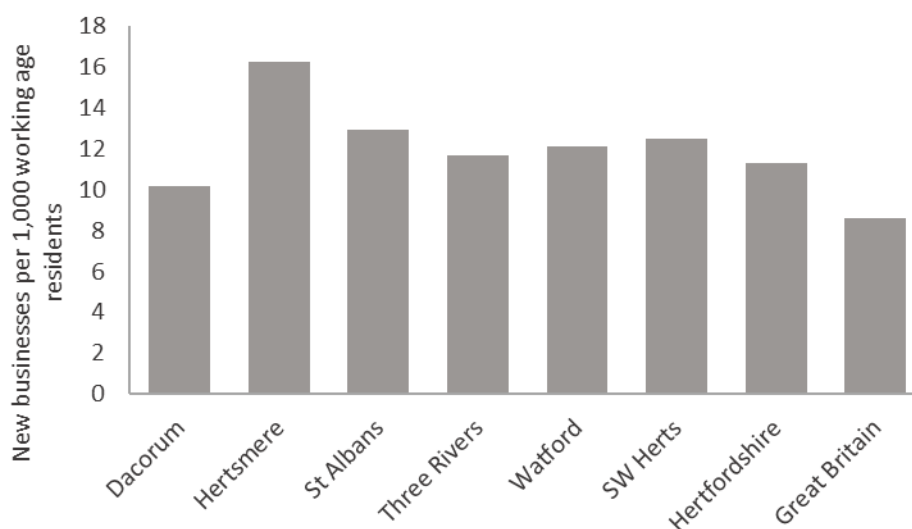
4.60 This section provides an overview of enterprise performance in South West Herts, drawing on a range of indicators to understand levels of enterprise and the performance and characteristics of enterprise.

### Business Start Ups

4.61 ONS Business Demography data shows there were 4,530 businesses started in South West Herts in 2013, which was the highest number of new businesses recorded in the last ten years and represents a 51% increase since 2004 (compared to a 24% increase nationally).

4.62 Figure 4.28 shows there were 12.5 new businesses for every 1,000 working age residents in South West Herts in 2013, which is a much higher business start-up rate than the Hertfordshire or Great Britain average (11.3 and 8.6 respectively). The district of Hertsmere has a particularly high business start-up rate which is almost twice the national average (16.3). This business start-up rate is even higher than London (14) and suggests that Hertsmere has a highly entrepreneurial population, which is a key driver of growth.

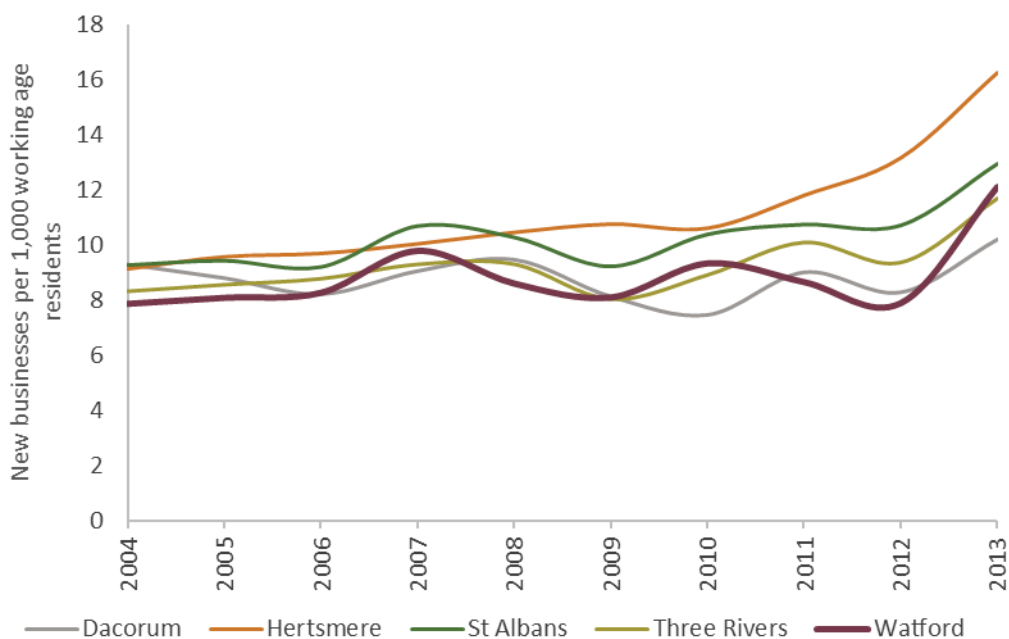
Figure 4.28 Business Start-up Rate, 2013



Source ONS Business Demography and Mid Year Population Estimates

4.63 Analysis of time series data shows that Hertsmere has always been among the most entrepreneurial districts in South West Herts, but has seen a significant increase in the start-up rate since 2011, increasing by nearly 40% (see Figure 4.29). The ONS business data does not allow us to identify the specific sectors where new businesses are being created. However the Duedil dataset (which is based on Companies House records) shows that over a third of the businesses started in Hertsmere since 2013 have been in the professional and business services sector, with over 260 businesses created in management and IT consultancy sectors alone.

Figure 4.29 Business Start-up Rate of South West Herts Districts, 2004-2013



Source ONS Business Demography

4.64 Business survival rates, measured as the number of businesses surviving five years since they started, reveals that 42.2% of businesses set up in 2008 in South West Herts survived until 2013. This is a higher proportion than the national figure (41.2%), although it is lower than Berkshire (45.2%) and Buckinghamshire (46.0%). At a district level, there is variable performance. Three Rivers has the highest five year business survival rate (48.0%) followed by St Albans (46.6%). Watford has a significantly lower number of businesses surviving five years (36.7%). Across all districts and more widely, business survival rates have decreased since 2004, with Watford experiencing the highest fall in the survival rate (a decline of 9.2%). The recent recession largely explains the decline in survival rates, as the rate of business closures increased during this period.

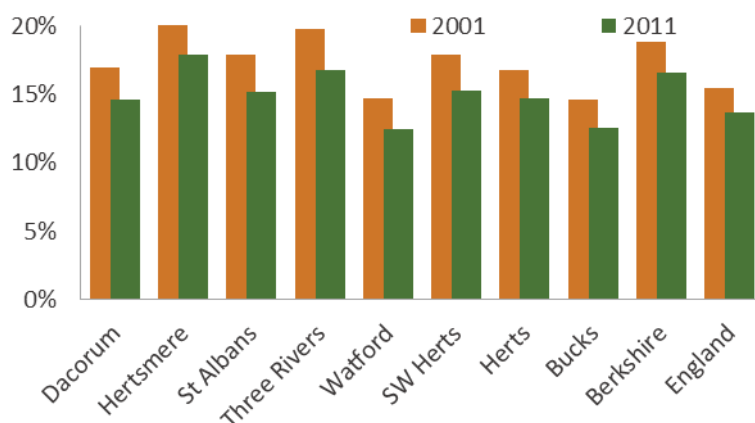
Figure 4.30 Five Year Business Survival Rates, 2004 and 2008 births



Source Business Demography 2009 and 2013

4.65 Sole traders are an indicator of entrepreneurialism among local residents. Census data shows that South West Herts has a self-employment rate of 17.9%; higher than the national rate (15.4%) and that of Berkshire (14.6%), although not as high as Buckinghamshire (18.8%) (see Figure 4.31). At a district level, Hertsmere has the highest level of self-employment (20.6%), closely followed by Three Rivers (19.8%). Watford has the lowest level of self-employment (14.7%) which is a reflection of the area as a location for large business.

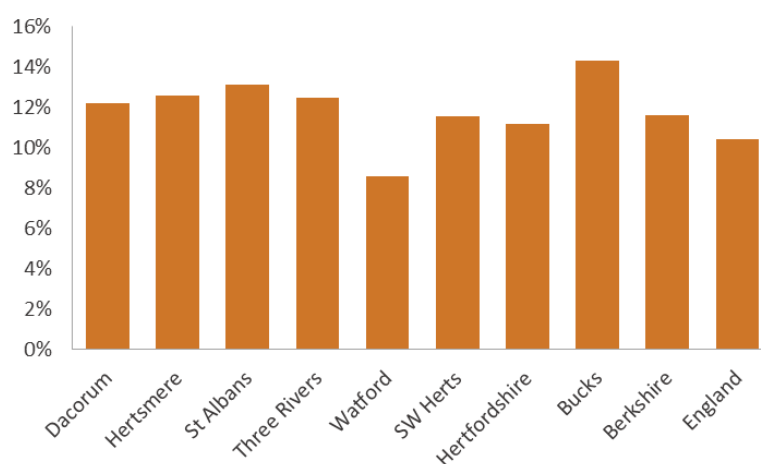
Figure 4.31 Percentage of Employed Residents who are Self-Employed, 2001-2011



Source

4.66 The proportion of employed residents who work from or at home is another indicator of enterprise levels. Just under 25,000 people in South West Herts work from home representing 11.5% of the workforce (see Figure 4.32). This is slightly above the national level (10.4%), but lower than Berkshire (11.6%) and Buckinghamshire (14.3%). Levels of homeworking are relatively consistent across South West Herts with the exception of Watford (8.6%).

Figure 4.32 Percentage of Employed Residents who work from home, 2011



Source Census 2011

## 5. Commercial Property Market Assessment

### National Economic Conditions

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- 5.1 Nationally, economic growth has been above trend over the last year and a half supported by growth across a range of different parts of the economy. The pick-up in growth since early 2013 reflects a cyclical recovery in demand which is supported by growing confidence and improving credit conditions. However, this has not been accompanied by an improvement in underlying supply potential.
- 5.2 The Office for National Statistics (ONS) published its economic review in October 2015, which showed that the UK economy grew by 0.7% in Q2 2015. It also introduced a range of methodological changes and new data which resulted in it revising upward its previous estimates of growth during the recovery from the economic downturn. In Q2 2015, GDP is now estimated to be 5.9% above its pre-downturn level, compared with 5.2% on previous estimates. This means that the latest forecasts published by the Office for Budget Responsibility (OBR) (in March 2015) may underestimate the growth potential of the UK economy in the short term (its current estimates are that GDP will grow by 2.5% in 2015 and 2.3% in 2016).
- 5.3 Recent growth in employment across the UK has fed into occupier demand for property. However a significant proportion of recent growth in employment relates to growing self-employment, rather than employee jobs.
- 5.4 The Bank of England base rate continues to remain at its historic low of 0.5%. Forward guidance provided by the Governor of the Bank of England in August 2013 stated that a rise in the base rate would not be considered until the rate of unemployment fell below 7%. In February 2014, as unemployment approached 7%, the Monetary Policy Committee (MPC) made a further guidance statement. This reported that despite the sharp fall in unemployment, there remains scope to absorb spare labour market capacity further before raising the Bank Rate. When the Bank Rate does begin to rise, this is expected to be gradual, with the approach to eliminate slack over the next two to three years and keep inflation close to the 2% target.
- 5.5 Growth in house prices has been supported by an improvement in the availability and a reduction in the cost of credit, partly as a result of the Government's 'Funding for Lending' and 'Help to Buy' schemes. This is an important influence on the construction sector.

### Office Market Review

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- 5.6 At a national level, the office market performed strongly in 2013 with take-up 33% up on the previous year. The first half of 2014 saw more modest take-up, despite improving wider economic confidence, according to Lambert Smith Hampton. Availability levels have however continued to fall, and are now below the 10 year average reflecting limited new development since 2009. Availability of Grade A stock remains relatively static with the main movement at the secondary end of the market. Speculative development has begun to return, although this has been limited to the larger regional centres. Falling availability is now starting to feed through into positive rental growth in some areas.
- 5.7 Trends in office take-up are upwards, reflecting wider economic drivers. Development activity is increasing, but from a low level. Rental growth is positive with the South East region<sup>7</sup> seeing the most investment outside London and consequently returns here were on a par with Central London

<sup>7</sup> The FEMA is included in the South East office market despite officially being located in the East of England

at 13-14%. In areas with limited supply of quality space, rental growth can be expected to accelerate.

- 5.8 In addition to increased take-up, there has been a significant decrease in the amount of office space available. Office supply in South West Herts has been impacted by a large number of conversions of office accommodation to residential uses, allowed under the changes to permitted development rights (PDR) introduced as a temporary measure in 2013, but now made permanent. The strong residential market has driven large numbers of such conversions with Lambert Smith Hampton reporting that up to 900,000 sq ft of office space has received prior approval for office to residential conversion since 2013. There are however a number of qualifying factors to take in to account when considering the impact of PDR:
- Whilst a number of prior approvals have been granted, some of these conversions have not been implemented meaning there is uncertainty about the potential future loss of floor space. However if all permitted prior approval schemes were implemented it would result in the significant loss of B1 floor space.
  - The impact of PDR varies across the South West Herts authorities. Some have experienced conversions of vacant, poor quality office space and this does not therefore necessarily impact the supply of good office space required to attract inward investment and growth. However, in the more buoyant housing markets such as St Albans some of the losses have involved good quality offices, including the conversion of modern office space at Ziggurat House in Grosvenor Road in to apartments.
- 5.9 Based on the above factors and the fact that PDRs will play out differently across the FEMA, the scenarios presented in Chapter 6 do not make an allowance for the replacement of employment floor space lost to residential uses as part of the assessment of need.

### Sub-Regional Market

- 5.10 There are three main office locations in South West Herts: Watford town centre, Maylands Business Park to the east of Hemel Hempstead, and St Albans town centre. Additionally, there are smaller quanta of office space in Hemel Hempstead<sup>8</sup> and Borehamwood town centres, and at out of town business parks at Croxly Green Business Park between Watford and Rickmansworth, and at Centennial Place in Elstree. Beyond South West Herts there is considerable provision in Welwyn and Hatfield at Hatfield Business Park, and at various business parks around Luton.
- 5.11 Maylands is a mixed employment area on the eastern edge of Hemel Hempstead, close to, and with good access to, Junction 8 of the M1. The area is home to a mix of employment uses including larger floorplate office space - with significant amounts of Grade A floorspace at Peoplebuilding (9,000 sq m), Breakspear Park (18,000 sq m), and Hemel One (9,000 sq m). The Peoplebuilding development also has planning permission for six high spec large floorplate office buildings. Currently just one office building is built and operational. The remaining plots are undeveloped and are currently being advertised, as has been the case for the past decade. This reflects the fact that demand for office floorspace in Maylands is less strong than in Watford or St Albans.
- 5.12 There is considerable office space in Watford Town Centre, particularly based around Clarendon Road which links the Town Centre with Watford Junction train station. This provides large floorplate office space occupied by financial and professional services occupiers and is home to a number of high end national and international corporate occupiers. Headline rents in Watford are currently reaching around £22 psf, with £14 psf for Grade B space.

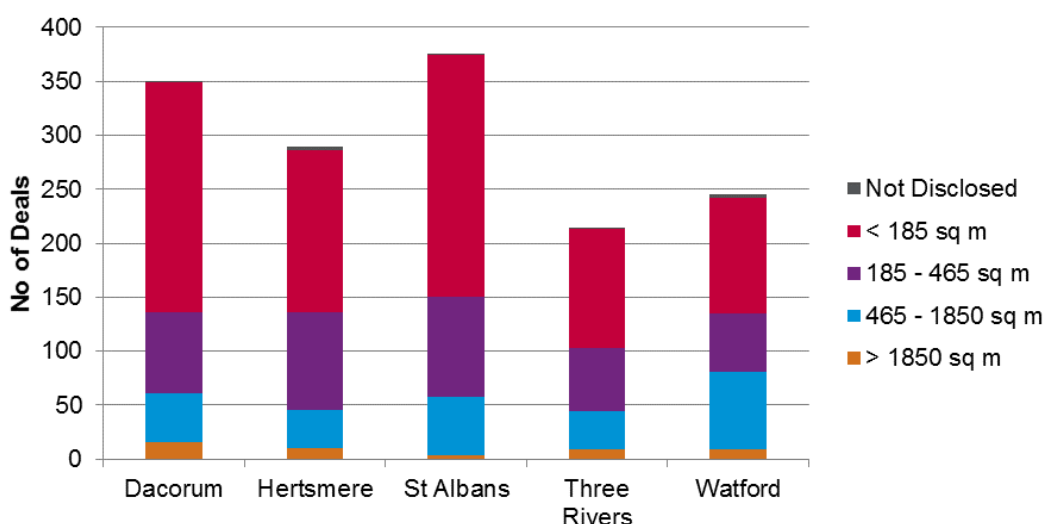
<sup>8</sup> Although this is declining significantly due to changes to residential uses such as Kodak Tower and other prior approval schemes

- 5.13 St Albans has a strong office market however it is limited both in terms of existing size and the potential for future development opportunities. The office stock is mostly focused in the town centre and comprises generally smaller scale high quality office space with a key concentration of professional, legal, and financial service occupiers. Colliers estimate headline rents in St Albans of £21.50 psf, and £18 psf for Grade B space; however other data suggests headline rates of closer to £25 psf in the town.

### Office Take-up

- 5.14 Figure 5.1 profiles the number of deals for office space recorded by Costar Focus across South West Herts. An average of 160 deals per annum has been recorded since 2006. Figure 5.1 shows that St Albans has seen the highest number of office deals followed by Dacorum, with Three Rivers seeing the fewest.
- 5.15 The data also demonstrates that the profile of demand is focused on SMEs requiring units of 185 sq m or less with 55% of deals being for units within this size bracket. In particular there are few deals from larger corporate occupiers requiring over 1,850 sq m. Over the 2005-14 period shown, only 3% of deals were in this category; 16% were for units of 465-1,850 sq m; 25% for 185-465 sq m; and 1% of the deals reported no size.

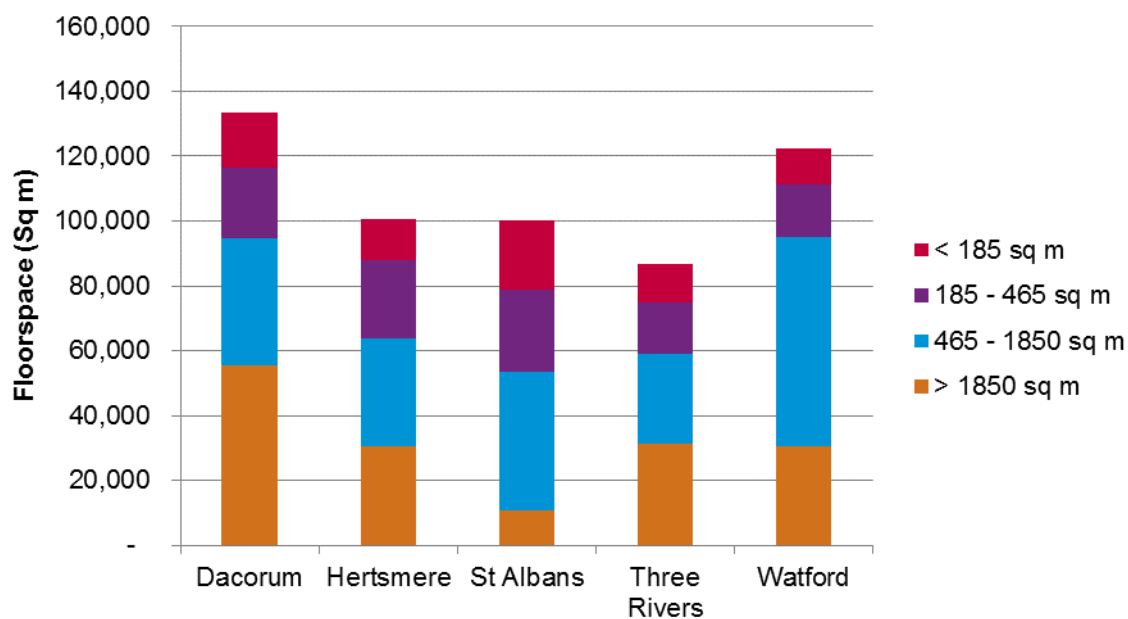
Figure 5.1 Profile of Office Deals in South West Herts by Size, Jan 2006 - Apr 2015



Source Focus/GL Hearn

- 5.16 Figure 5.2 profiles the take-up of office space in terms of floorspace. We consider this to provide a more realistic assessment of the scale of the office market. Dacorum has seen the greatest activity with an average annual take-up of office floorspace of 14,400 sq m. Watford has slightly less with an average annual take-up of office floorspace of 13,200 sq m. This reflects the larger office stock within these districts at Maylands Business Park and in Watford Town Centre.
- 5.17 Hertsmere, St Albans, and Three Rivers have seen lower levels of take-up of office floorspace with annual averages of 10,900 sq m, 10,800 sq m, and 9,400 sq m respectively. The majority of activity in St Albans is focussed on smaller units - the average unit size per deal is just over half the average seen in Watford. This reflects the stock of St Albans's historic town centre, where the majority of the district's office stock is located.

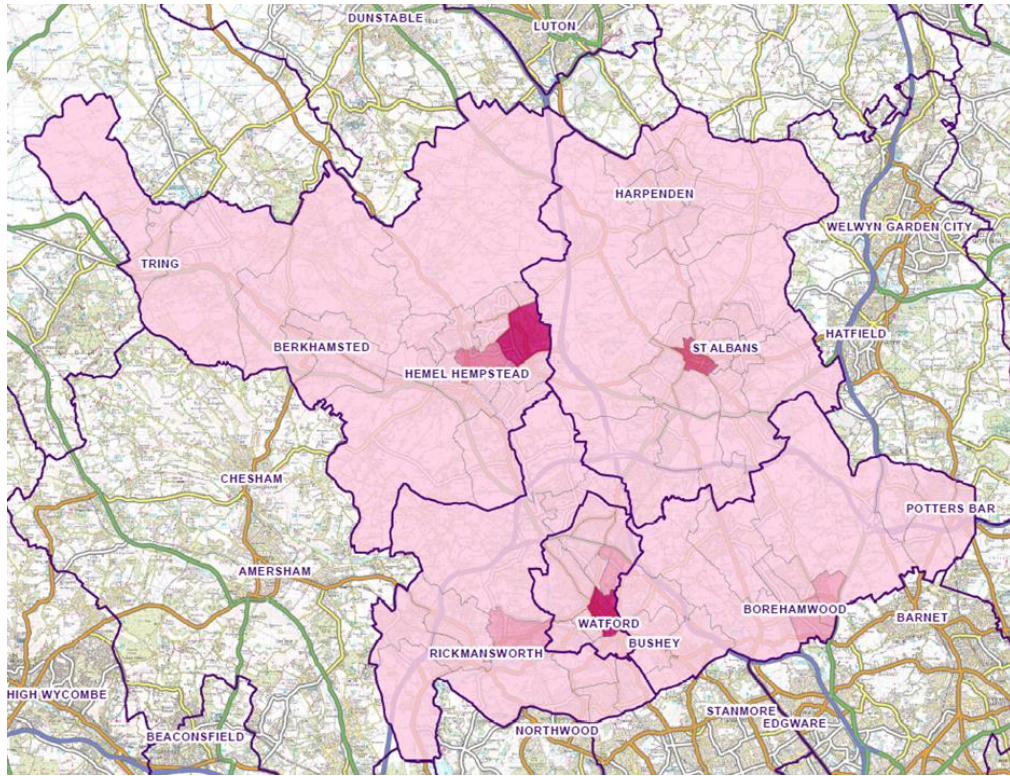
Figure 5.2 Office Floorspace Take-Up in South West Herts by Size, Jan 2006 - Apr 2015



Source Focus/GL Hearn

5.18 Figure 5.3 below maps the latest available Valuation Office Agency data (dated 2008). It shows the quantum of office floorspace per Super Output Area (Mid Layer) which provides detail at a sub-local authority level. The darker shades show a higher amount of office floorspace. This clearly shows that the greatest amount of office floorspace is concentrated at Maylands Business Park and in Watford town centre.

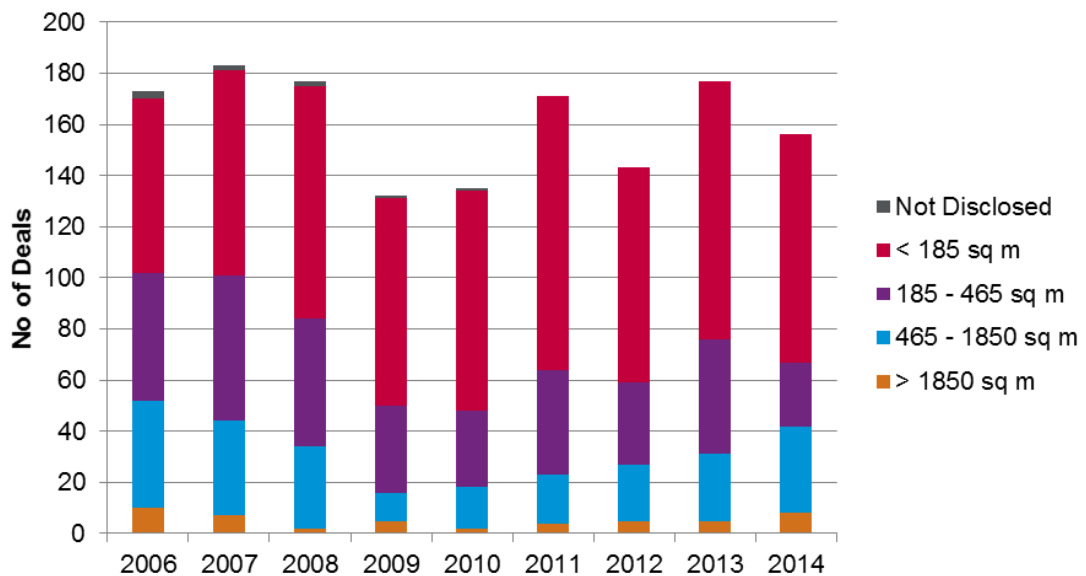
Figure 5.3 Location of Office Floorspace in South West Herts



Source Valuation Office Agency 2008

5.19 Figure 5.4 below shows the office deals across South West Herts by size and by year. The impact of the recession is clear with a notable decrease in the number of transactions in 2009 and 2010, followed by a slight upward trend through to 2014 but with the number of deals still below the pre-recession levels.

Figure 5.4 Annual Office Deals in South West Herts by Size, 2006 - 2014

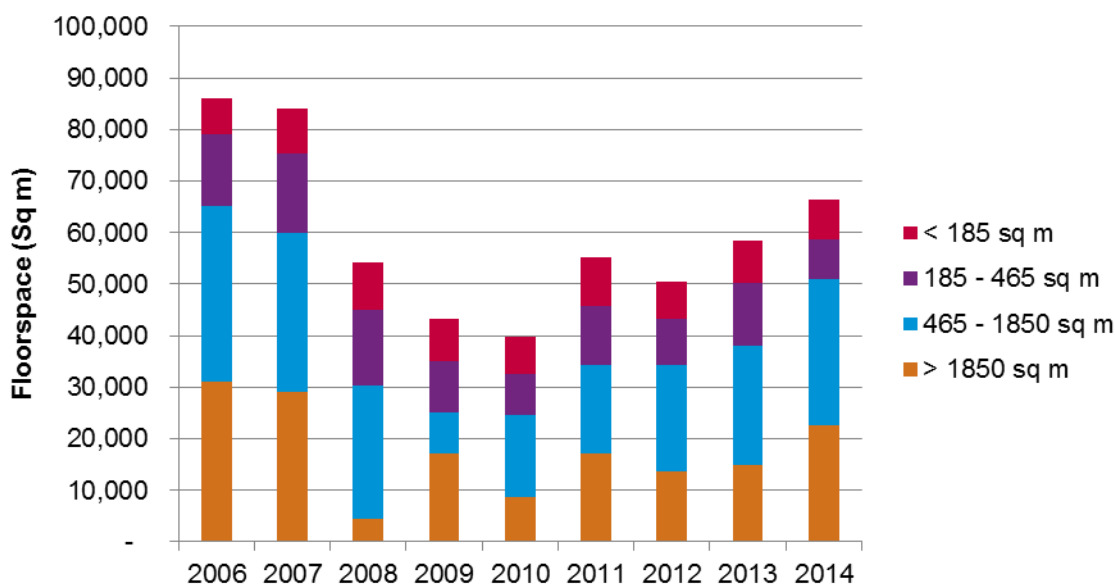


Source Focus/GL Hearn



5.20 The impact of the recession is seen more clearly in Figure 5.5 which shows the amount of floorspace take-up by unit size by year. This particularly shows a reduction in take-up for larger unit sizes (i.e. those above 1,850 sq m) following the recession. This resulted in a substantial overall drop in office floorspace take-up with the 2010 low of 46% of the pre-recession peak.

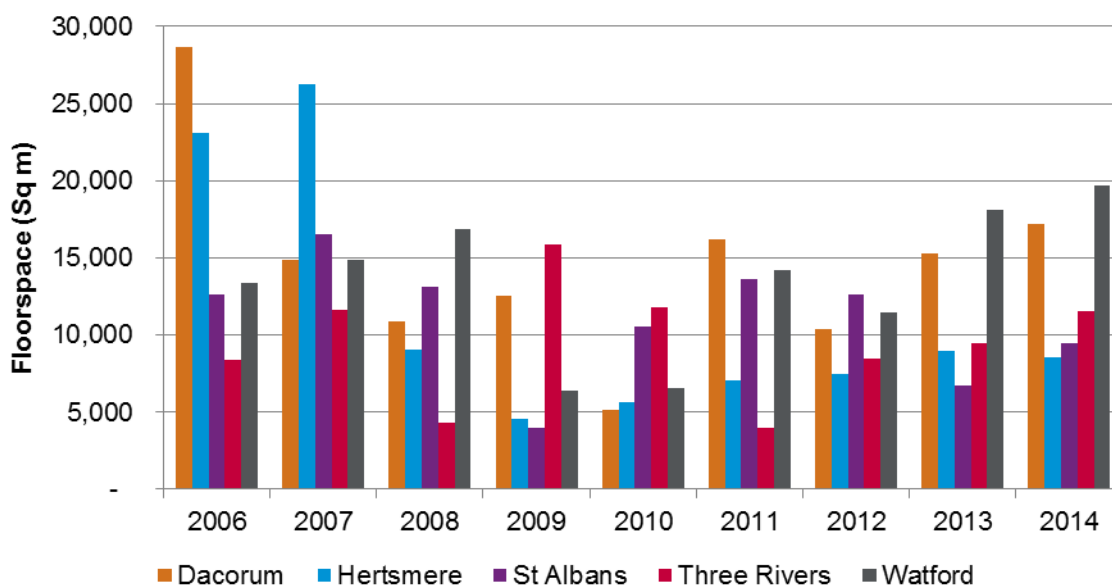
Figure 5.5 Annual Office Floorspace Take-Up in South West Herts by Size, 2006 - 2014



Source Focus/GL Hearn

- 5.21 Figure 5.6 compares the annual office take-up by floorspace in the five South West Herts districts. Again the impact of the recession is evident. Dacorum and Watford appear to have been impacted most by the recession although there has been steady year on year growth in take-up since then and in 2013 and 2014 these two authorities saw far higher levels of take-up than elsewhere in the FEMA indicating quicker and stronger post-recession recovery. This reflects the fact that, as discussed above, these include the main office centres in the area and the largest supply of office space.
- 5.22 The other main office location in the FEMA - St Albans - has seen a steadier amount of office take-up over this period. This indicates a reasonably strong office market in St Albans but suggests a constraint on take-up due to limited turnover of stock and limited delivery of new premises, as well as considerable loss of office floorspace to residential use in the district.
- 5.23 Herts mere saw considerable amounts of office take-up in 2006 and 2007. This was due to a number of office developments coming online - 12,000 sq m at Imperial Place in Borehamwood, and 9,000 sq m at Centennial Park in Elstree. We would consider the lower levels of delivery in the following years to be a return to long trends rather than an impact of the recession. This is evidenced in low post-recession take-up rates.
- 5.24 Three Rivers has historically seen the smallest quantum of office floorspace take-up. However, there have been a number of transactions for larger sized office units at Croxley Green Business Park and The Boulevard to the north of this. This area will benefit from the proposed extension of the London Underground Metropolitan line from Croxley to Watford Junction via Watford High Street - which is due to begin operation in 2018. This will create a new station at Cassiobridge to the north of Watford Business Park improving links into Watford, the national rail line at Watford Junction, and into London.

Figure 5.6 Annual Office Floorspace Take-Up in South West Herts by Authority, 2006 - 2014

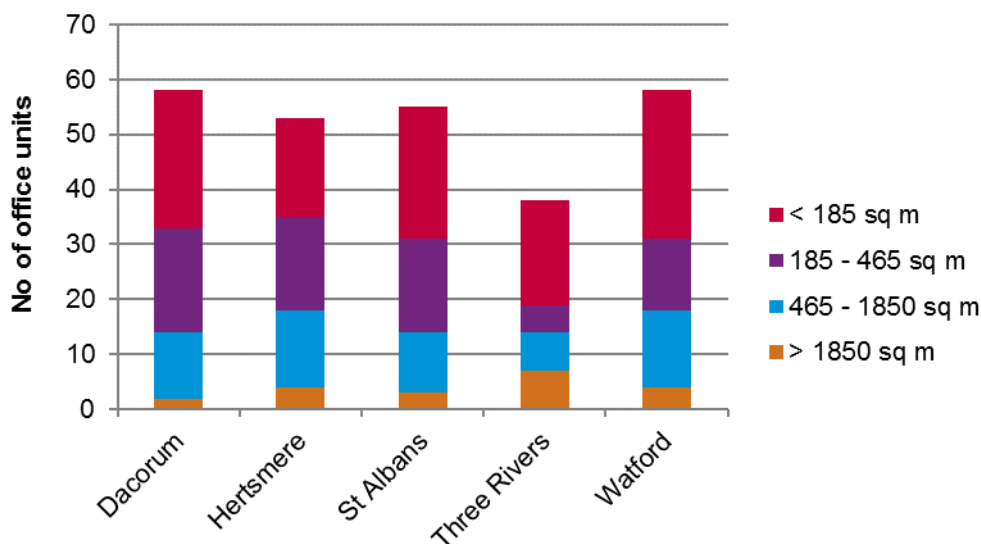


Source EGI/GL Hearn

### Office Availability

5.25 Costar Focus records 263 available office units in South West Herts as of April 2015. The breakdown of available office units is shown in Figure 5.7. Of the five FEMA authorities the greatest number of available office units is in Dacorum and Watford, which both have around 22% of available units.

Figure 5.7 Profile of Office Availability, April 2015

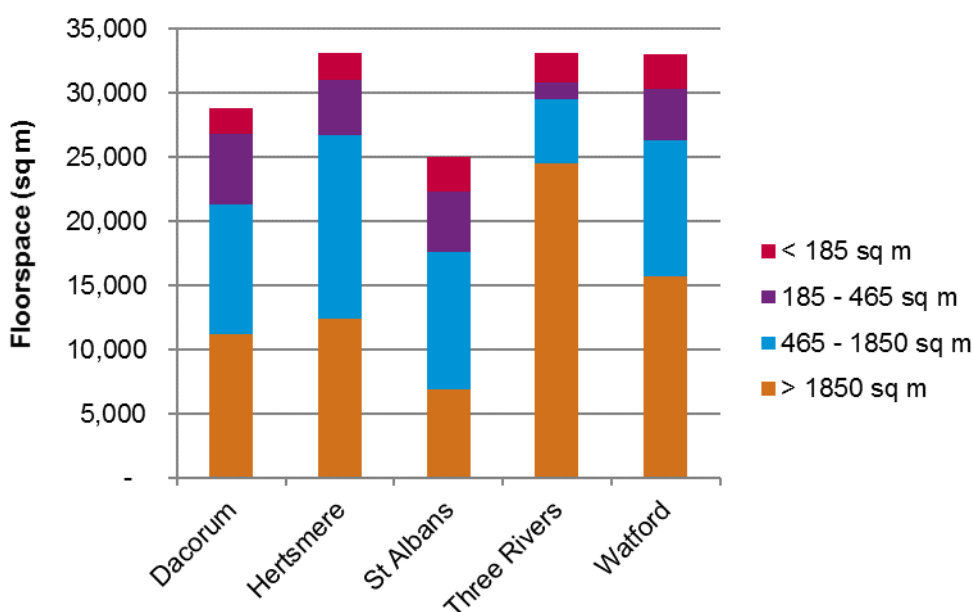


Source Focus/GL Hearn

5.26 Figure 5.8 shows that available office space is quite widely distributed among the five authorities, with Hertsmere, Watford and Three Rivers all having over 33,000 sq m of vacant space as of April 2015. St Albans has the lowest supply of available office space, with 25,000 sq m.

- 5.27 Dacorum also has a slightly lower supply of vacant space than three of the other authorities, despite the district having the largest total stock of office space. It should be noted, however, that this excludes the 40,000 sq m of advertised office space at the Peoplebuilding development which has planning permission but which has not yet been developed. If this was included, it would mean that Dacorum has the largest supply of office space in the FEMA.
- 5.28 The strong levels of office take-up in Dacorum (see Figure 5.2), coupled with the fact that it has the lowest vacancy rates in the FEMA, suggest that demand for office space has continued to be strong in the district, particularly for small and medium sized floorplates. However the undeveloped plots at the Peoplebuilding development suggest that there is not yet sufficient confidence in the market for larger, speculative office builds.

Figure 5.8 Office Floorspace Availability, April 2015

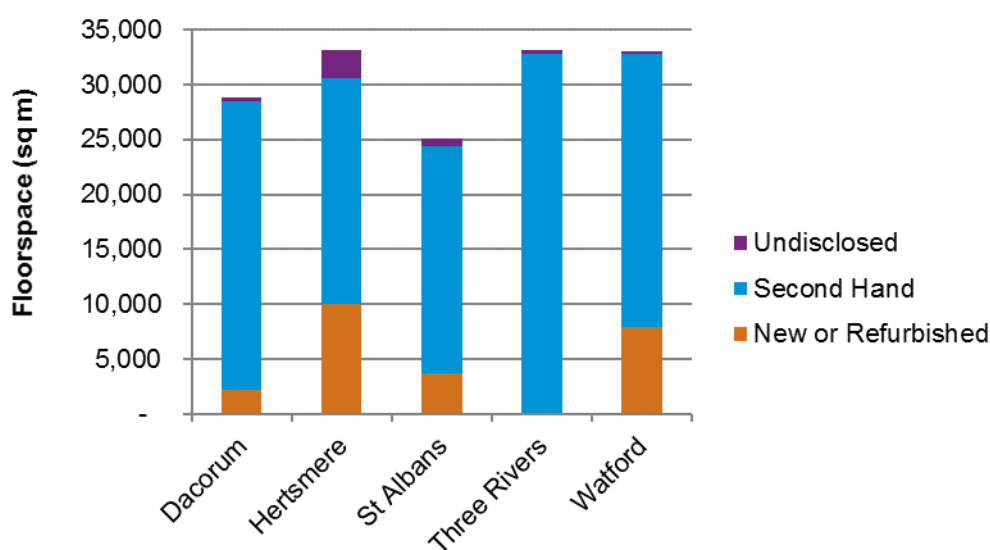


Source Focus/GL Hearn

Note that data for Dacorum includes office space at the Peoplebuilding development which has not yet been built

- 5.29 In Dacorum the current available office space represents approximately two years supply based on past take-up since 2006: however this increases to 5.2 years supply if the undeveloped space at the Peoplebuilding is included. This level of supply is higher than seen in the other South West Herts authorities. In Three Rivers the 33,000 sq m of available office space would comprise 3.5 years supply. In Hertsmere the 33,000 sq m of available office space would comprise 3.0 years supply. In Watford the 33,000 sq m of available office space would comprise 2.5 years supply. In St Albans the 25,000 sq m of available office space would comprise 2.3 years supply.
- 5.30 Figure 5.9 profiles available office space by quality. Just under 84% of the available space is second-hand and 15% is new or refurbished space. Hertsmere has the largest supply of new or refurbished space but there is a significant shortage of supply in Dacorum, St Albans and especially Three Rivers.

Figure 5.9 Office Floorspace Availability by Quality by Authority, April 2015



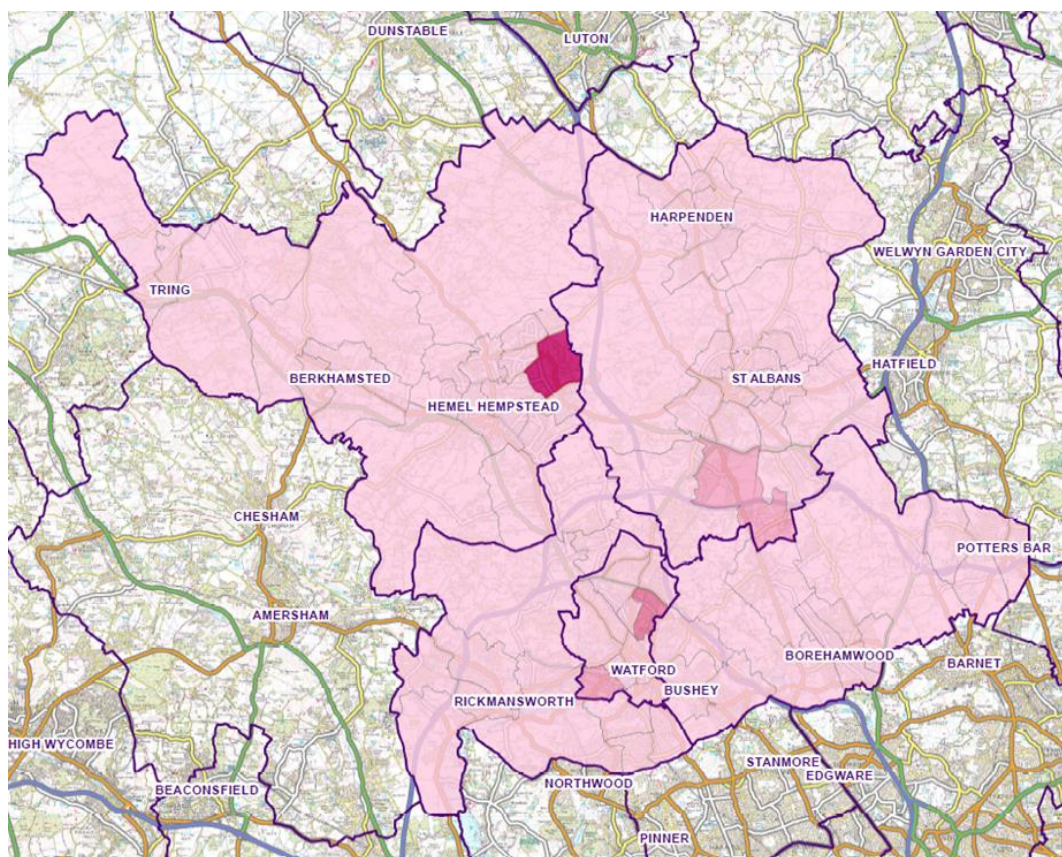
Source Focus/GL Hearn

## Industrial Sector Review

- 5.31 Overall, the UK industrial market is currently in a strong position with high demand for both industrial and logistic warehouse space. UK manufacturing is benefitting from growth in key sectors such as the advanced engineering, aerospace, and automotive sectors.
- 5.32 Nationally, there was an increase in take-up of industrial space in 2014 on the previous year. There is a lack of available Grade-A space limiting growth in some sectors. In the industrial sector, average rental values started increasing in spring 2013 and have accelerated through the first half of 2014 - particularly for prime markets such as London and the South East. Development levels are improving as a result of rising capital values, low (but increasing) tender price inflation, improving availability of finance and a decreasing supply of Grade A space according to GVA . GVA expect industrial rents to continue to grow in the short-term at 2.8-3.0% per annum.
- 5.33 Nationally, there is a growing demand for large scale logistics warehouses. This is, in part, driven by the continuing growth of the on-line retail sector and increasing customer expectations for same- or next-day delivery. This is driving demand for retailers to have a larger number of smaller regional depots. These uses generally require excellent motorway access, and the M1 and M25 provide good transportation links throughout South West Herts. However, much of the FEMA is washed over by the Green Belt which has largely prevented the proliferation of large scale distribution warehouse developments along these corridors. Industrial development has tended to be in the form of expansion to existing employment areas or at small scale mixed employment sites on the edge of existing settlements.
- 5.34 In South West Herts the industrial and distribution market is dominated by Maylands Business Park to the east of Hemel Hempstead. This provides excellent access to the M1 with Junction 8 nearby and is home to the largest concentration of large floorplate warehouse and industrial units in the FEMA. Figure 5.10 illustrates the amount of industrial and warehouse uses at Maylands compared with the rest of the FEMA. Colliers estimates headline rents for 'big box' accommodation in Hemel Hempstead of £8.25 psf and secondary rental values of £6.50 psf. For smaller industrial accommodation Colliers estimates headline rents of £9.50 psf and secondary rents of £7.50 psf.

- 5.35 Watford provides a considerable quantum of industrial and warehouse space. Most of this is split between the industrial town centre quarter in North Watford and the out of town Watford Business Park on the south-west fringe of the town. Both of these areas provide a mix of employment uses and both comprise generally older more traditional industrial stock. Headline rents in Watford are around £11 psf and secondary rents are £8 psf.
- 5.36 Beyond these two areas, industrial and warehouse provision is disaggregated among numerous smaller scale business parks and small industrial areas within existing settlements. These generally comprise smaller scale premises and are generally older second hand stock.

Figure 5.10 Location of Industrial and Warehouse Floorspace in South West Herts, 2008

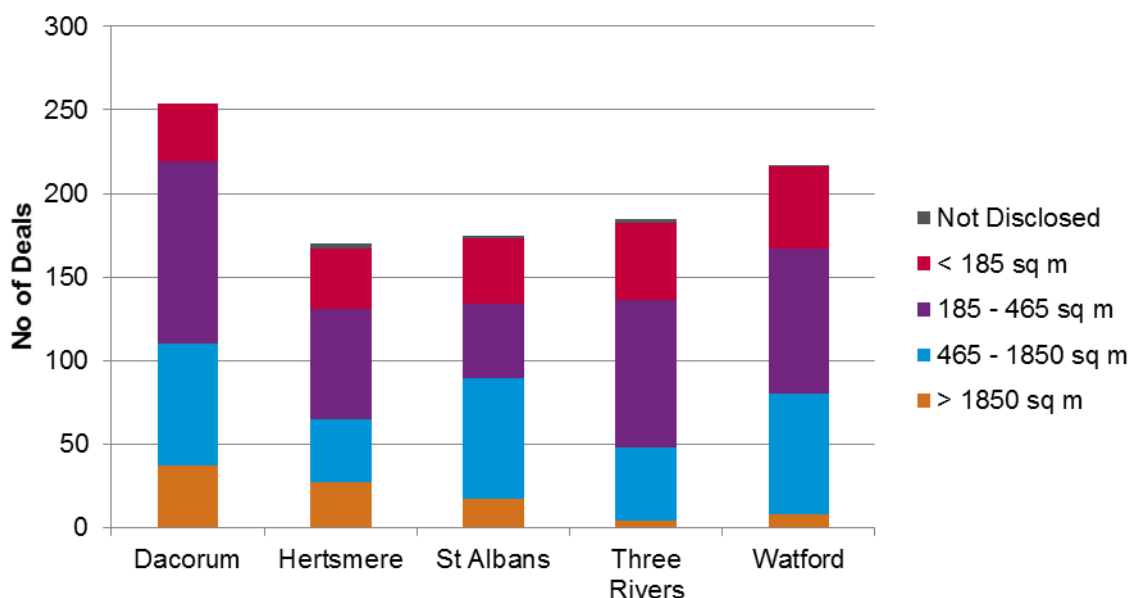


Source Valuation Office Agency 2008

## Industrial Take up

- 5.37 Figure 5.11 tracks the volume of deals for industrial space recorded in South West Herts since 2006. On average 108 deals are recorded per year (including new-build and second hand space). There has been an annual average of 27 deals in Dacorum, 23 in Watford, 20 in Three Rivers, 19 in St Albans, and 18 in Hertsmere.
- 5.38 20% are for units of under 185 sq m; 39% for units of 185-465 sq m; 30% for those between 465-1850 sq m; and 9% for those of over 1,850 sq m. 1% of deals reported no size.

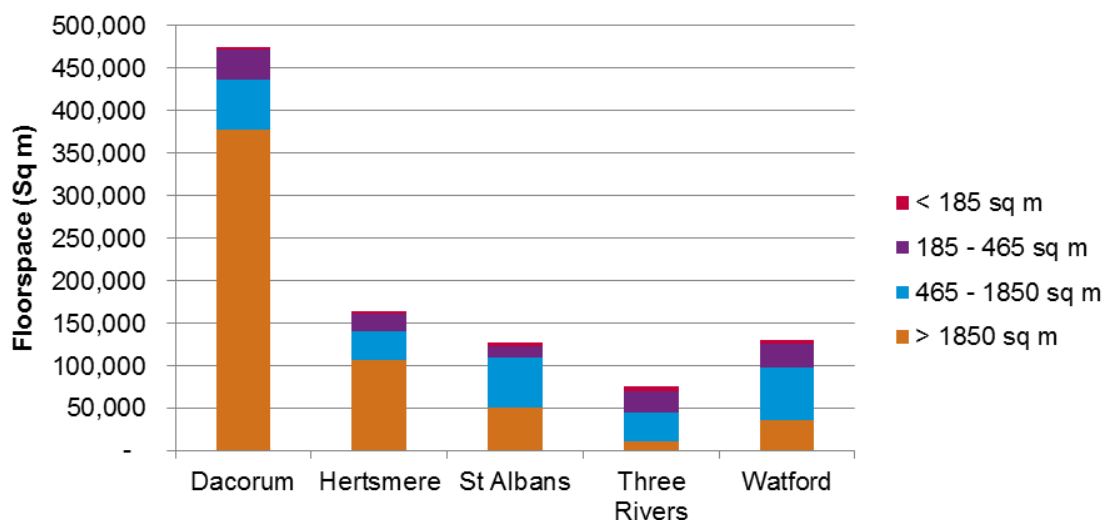
Figure 5.11 Industrial Deals by Sizeband 2006-2014



Source Focus/GL Hearn

- 5.39 Figure 5.12 quantifies the trend in floorspace take-up. This shows that the majority of activity in the FEMA has been in Dacorum, the vast majority of which is located at Maylands Business Park which provides the largest concentration of large floorplate units in the FEMA. 65% of the floorspace take-up for larger units (over 1,850 sq m) across the FEMA is at Maylands, including large scale distribution warehouses the largest of which being the 450,000 sq ft Amazon depot on Boundary Way.
- 5.40 The deals data above shows that while there has been less activity in the four other districts than seen in Dacorum this disparity doesn't match the difference seen in terms of floorspace. This suggests that the industrial market in these districts is more focussed on smaller scale premises. Watford, St Albans, and Three Rivers all saw greater total floorspace take-up for smaller and medium sized industrial units than for larger units.
- 5.41 In Watford there is a considerable quantum of industrial uses within the town, centred around Imperial Way / Colonial Way and around Greycaine Road / Sandown Road areas. There is considerable industrial floorspace out of town at Watford Business Park and the neighbouring Croxley Green Business Park and Tolpits Lane industrial areas which actually lie within Three Rivers District. These provide a mix of employment uses including office, industrial, and warehousing. While Croxley Green Business Park comprises considerable office floorspace, Watford Business Park is predominantly under industrial uses and comprises a higher proportion of older premises with a mix of unit sizes. This more mixed industrial stock is evidenced in the take-up by size band in Figure 5.12.

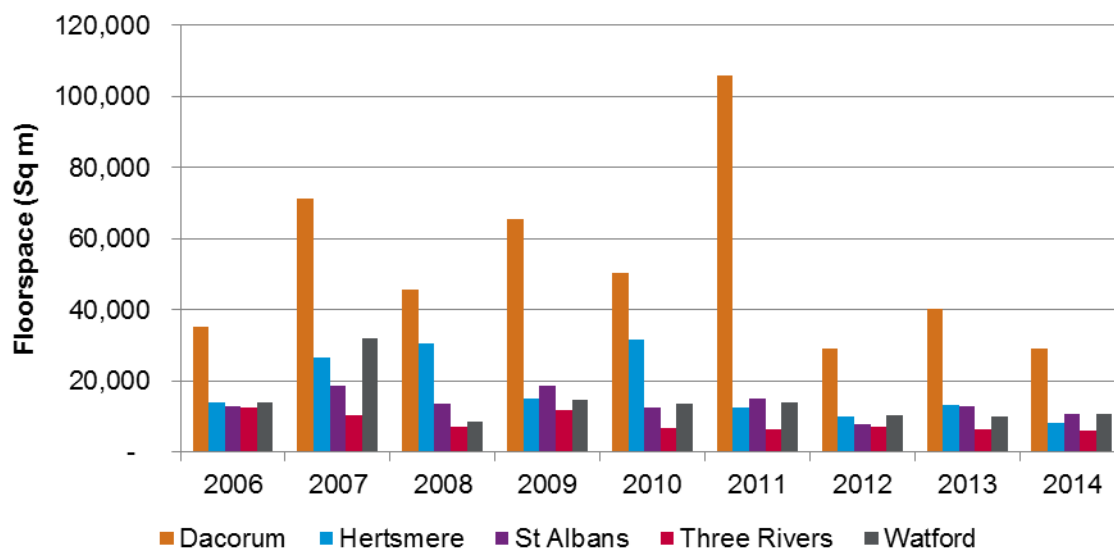
Figure 5.12 Industrial Floorspace Take-up by Size band 2006-14



Source Focus/GL Hearn

5.42 Figure 5.13 compares the take-up of floorspace in the South West Herts authorities from 2006 to 2014. Clearly Dacorum - i.e. Maylands - dominates the sub-regional industrial market with the highest annual take-up every year and a 49% of total industrial take-up over this period across the five authorities occurring in Dacorum. 17% of total take-up was in Hertsmere; 13% in St Albans and Watford, and 8% in Three Rivers.

Figure 5.13 Industrial Take-up by District 2006-2014



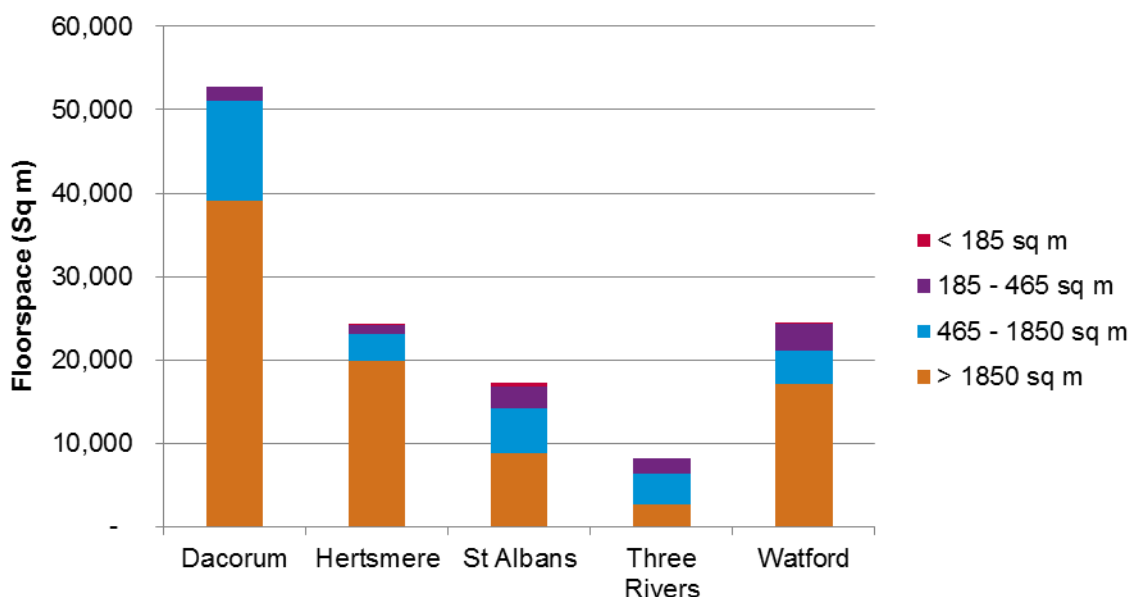
Source Focus/GL Hearn

### Industrial Availability

5.43 As of April 2015, there is 120,000 sq m of industrial and warehouse floorspace available and being actively marketed on Costar Focus in South West Herts. The breakdown of available floorspace by district and unit size is shown in Figure 5.14. There is considerably more space available in Dacorum

than elsewhere in the FEMA. 45% of the total floorspace for large units (more than 1,850 sq m) in the FEMA is in Dacorum, and 42% of floorspace for units between 465 sq m and 1,850 sq m are in Dacorum. Conversely, only 15% of the FEMA's total available floorspace in smaller units (less than 465 sq m) is in Dacorum.

Figure 5.14 Available Industrial Floorspace, February 2015

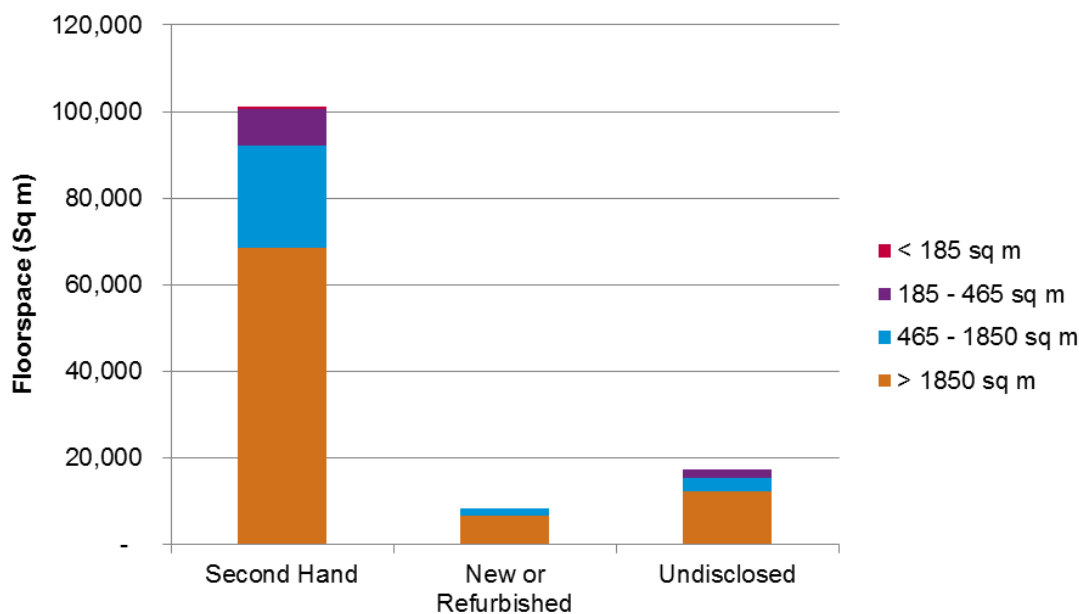


Source Focus/GL Hearn

- 5.44 In Dacorum the 53,000 sq m of currently available industrial space would comprise just over 1 years supply based on past take-up since 2006. In Watford the 24,000 sq m of available industrial space would comprise 1.75 years supply. In Hertsmere the 18,000 sq m of available industrial space would comprise 1.4 years supply. In St Albans the 14,000 sq m of available industrial space would comprise 1.25 years supply. In Three Rivers the 8,000 sq m of available industrial space would comprise 1 years supply.
- 5.45 Figure 5.15 profiles the quality of floorspace available in South West Herts. 101,000 sq m of available floorspace is second-hand grade. This accounts for 80% of total available floorspace. 8,000 sq m (7%) of available floorspace is new or refurbished space - 6,500 sq m of this is the 'Vision' site in Maylands Business Park which is currently unbuilt, being advertised as a 'development opportunity' with planning permission for 7 industrial units, currently being advertised at £9 psf. The other available new build units in the FEMA are two small warehouse units on Watling St, Flamstead being advertised for £9.50 psf. 14% was undisclosed.



Figure 5.15 Industrial Floorspace Availability by Quality



Source Focus/GL Hearn

## Commercial Agents Consultations

- 5.46 As part of the commercial market assessment GL Hearn has undertaken consultation with local commercial estate agents operating across the five South West Herts authorities. Consultation comprised phone interviews undertaken during April 2015. A summary of the findings of the agent consultations is set out below. See Appendix D for a list of agents contacted and commenting.
- 5.47 Agents report that across the South West Herts functional economic market area (FEMA) market conditions are still affected somewhat by the impacts of the recession. However the market is beginning to show signs of improvement, although that improvement has generally been slow. The market was showing signs of recovery and was fairly buoyant throughout 2013 and 2014. This cooled off slightly during the first quarter of 2015, possibly due to uncertainty surrounding the outcome of the general election.
- 5.48 Consultation with the agents identified three main centres of activity for commercial uses in the FEMA. Watford was identified as a key location for both office and industrial (factory and warehouse) space. Maylands Business Park near Hemel Hempstead is the key area in the FEMA for industrial and warehouse and distribution uses. St Albans city centre is a key office location with a strong office market.
- 5.49 The consultation with commercial agents confirms that while these three key locations have distinct market characteristics, the South West Herts area does operate as a single FEMA. The consensus of those interviewed is that currently demand for both office and industrial space is outstripping supply. As a result occupiers that were interested in one of these locations are being forced to look further afield to alternatives within the FEMA and beyond.
- 5.50 In Watford agents reported that there is currently a strong demand for both office and industrial floorspace. The most popular areas are at Clarendon Road in Watford Town Centre and at Croxley Green Business Park to the south-west of the town. However the agents reported a severe lack of available stock at these locations or elsewhere in the town.

- 5.51 Watford is many businesses' preferred location - especially popular for businesses looking for premises with good accessibility to London but with lower rents, or for businesses relocating out of London. However the lack of available suitable commercial floorspace has meant occupiers looking further afield for suitable properties. This wider search area spans from Barnet and Hatfield out to Luton and Leighton Buzzard, and includes the whole of the FEMA. The key attributes occupiers are seeking is good access into London, access to the wider strategic and motorway network, and access to the highly skilled labour force in London and the nearby commuter towns.
- 5.52 The commercial agents reported that there is very limited office or industrial development coming through in Watford, as has been the case since the recession in 2008. Since the recession many sites under B-class uses have been redeveloped for residential uses and have not been replaced. This phenomenon has been seen across the FEMA, and indeed across much of the London commuter belt, where house prices and pressure for residential development has remained high even in the years following the recession.
- 5.53 Recent improvements in the economy have resulted in renewed activity in the office and industrial markets across the FEMA. Following the economic recession the growth in employment floorspace take-up has, until recently, generally constituted absorption of existing vacant stock. However, the stock of existing available floorspace has now virtually diminished. During this time there has been little new commercial development coming through. Rental prices are reaching a level where new development, and speculative development, is viable. However the loss of employment land, rather than a lack of demand, has restricted development coming forward.
- 5.54 Much of the FEMA is covered by the Green Belt. This has exacerbated the loss of employment land to residential uses as bringing forward new sites, or extensions to existing employment areas, is more difficult. The Green Belt has also limited the development of employment sites along the key A road and motorway corridors which would be popular locations for employment uses - particularly for larger scale warehouse and distribution uses.
- 5.55 All of the consultees identified Maylands Business Park as the key location for industrial uses in the FEMA - both for factory and workshop (B2) and warehouse and distribution (B8) uses. Demand for industrial uses at Maylands has remained higher than elsewhere in the FEMA and has seen some large scale developments come through in recent years. This is generally seen as an issue of space with Maylands providing more space to develop, especially for larger scale 'big box' warehouse and distribution centre uses. This has seen some large scale development come through in recent years - most notably the large Amazon distribution depot.
- 5.56 Although Maylands is by far the largest industrial site in the FEMA, agents report that there is still considerable lack of supply of industrial premises to meet demand. This is due to sites being safeguarded for office development. Agents report that Maylands is a popular location for warehouse and distribution uses, primarily due to its location close to Junction 8 of the M1. However there is an undersupply of premises for such uses. Agents report this is due to the Council's preference for office development, and lack of support for 'large sheds' at the site.
- 5.57 Conversely there is an oversupply of office floorspace at Maylands. The People Building development has been approved and advertising high spec large floorplate office space for the last decade and remains only part built. The People Building is advertising at £18.50psf which is considerably higher than the rents being offered elsewhere in Maylands. In addition there is Grade A office floorspace available at Maylands at Breakspear Park and at Hemel One.
- 5.58 St Albans has the strongest office market in the FEMA. The key attractiveness of the city is the direct and fast train link with London and the key concentration of blue chip professional, legal, and financial service occupiers represented in the city. The majority of offices are located close to the city centre and / or around St Albans City and St Albans Abbey rail stations.

- 5.59 There is a decent supply of good quality office stock in St Albans although there has been a considerable reduction in stock in recent years. There has been a substantial amount of office space lost in the city following the relaxation of the permitted development rights in 2013 to allow change of use from office to residential use. This has been a particularly acute issue in St Albans due to severe pressure for housing in the city which has pushed house prices to some of the highest in the country, making residential conversion a particularly attractive proposition. This has led to the loss of office space including larger scale prestige buildings such as the Ziggurat Building in the city centre.
- 5.60 Agents report that demand for office space in the city is good and that the high level of office to residential conversion is being driven by high residential demand and values rather than a lack of commercial demand. Agents report that demand for offices in the city has risen in recent years and is expected to continue to increase. This, allied with the lack of supply, has led to occupiers expanding their area of search - including to Watford and Welwyn Garden City.
- 5.61 St Albans commands higher rents than elsewhere in the FEMA with Grade A office space reaching around £25psf. However, this is still below the rate required to support speculative development - around £30psf - however agents expected prices to slowly creep towards this figure over the next few years.
- 5.62 Agents report that outside of the three main employment centres of Watford and St Albans town centres and Maylands Business Park, demand for employment space is patchy. Demand is generally from more locally based businesses looking for smaller premises. Demand for industrial floorspace has been more consistent than office demand in recent years. However, demand for commercial floorspace in the smaller centres and industrial estates / business parks across the FEMA is still outstripping supply.
- 5.63 Outside of the three main employment areas the most activity in the FEMA is in Borehamwood. The town centre provides a considerable quantum of office development and includes a number of prestige headquarter type uses. Rental prices in Borehamwood are generally slightly lower than in Watford or St Albans centres with headline rents of around £18.50psf. Demand for office space in Borehamwood is fairly high and, as with other centres in the FEMA, demand outstrips supply.
- 5.64 Hemel Hempstead town centre provides a much smaller quantum of commercial floorspace than at nearby Maylands. Commercial stock in the town centre is generally smaller and older, more focussed on local businesses. This is reflected in the rental values which are around £12.50-13.50psf. Agents report that in recent years there has been a considerable amount of older office floorspace converted to residential uses.
- 5.65 Key sites such as Centennial Park on the edge of Elstree and Cranbourne Road in Potters Bar are in demand but are now nearing capacity, although there is safeguarded land at Cranbourne Road and possible potential land adjoining Centennial Park. There has been little in the way of development for commercial uses with development since the economic downturn restricted to smaller units. The most notable exception to this is the extensive redevelopment of the Imagination Technologies headquarters site in Kings Langley.

## Summary

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- 5.66 The market analysis highlights that the sub-regional markets for both office and industrial (including warehouse) space is dominated by Maylands Business Park in Dacorum, which provides the highest amount of both office and industrial floorspace in the FEMA. Maylands is home to the largest number of large floorplate units including large scale office and distribution uses. Maylands offers excellent transportation links and a large critical mass of existing occupiers. It has seen a

considerable amount of new development in recent years and offers considerable scope for future development.

- 5.67 However, demand for office floorspace, and particularly for high spec Grade A accommodation, at Maylands is limited and there is a considerable amount of space with permission but not built at the Peoplebuilding site. There is much higher demand in Watford and St Albans town centres which are attracting leading financial, legal, and professional service occupiers and headquarter type uses. This is reflected in the headline rents being achieved in these three areas. The rental levels currently being achieved are not sufficient to drive speculative office developments, even in St Albans where rents are highest, however rental prices here and in Watford continue to increase.
- 5.68 The industrial and distribution markets are dominated by Maylands Business Park in Dacorum. This benefits from excellent motorway access with Junction 8 of the M1 close by, and is home to a number of large distribution depots occupied by leading national and international businesses. Beyond this there is a smaller but still significant amount of industrial space in Watford, the majority of which comprises medium sized industrial units in more traditional industrial areas.

## 6. Future Growth Scenarios

- 6.1 This section sets out future scenarios for all jobs and for B class employment floorspace and land requirements (i.e. offices, factories and warehousing). The approach used to generate projections of future need follows the methodology specified by the Planning Practice Guidance (Methodology: Assessing Economic Development and Main Town Centre Uses). It recommends that three main approaches should be considered in assessing future employment land needs (para. 032 Reference ID: 2a-032-20140306).
- Employment led scenarios - using sectoral employment forecasts to assess potential future demand for land and floorspace
  - Past take up approach – projections which are based on the past take-up of land and floorspace<sup>9</sup>
  - Labour supply approach – assessing how employment might change and related employment land needs in light of projected growth in an area’s resident workforce.
- 6.2 These approaches should be informed by and reinforced with consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.
- 6.3 The forecasts and projections set out in this section show potential employment growth for each of the constituent local planning authority areas in the SW Hertfordshire FEMA and in total. We then consider the range of scenarios that emerge from our analysis, and translate these into potential floorspace and land requirements.
- 6.4 The PPG also specifies that the outputs of this assessment should include both quantitative and qualitative needs, identifying the type and characteristics of floorspace required, breaking it down by sector and considering proximity to infrastructure.<sup>10</sup>
- 6.5 It should be noted that this report calculates total jobs first and then focuses on B class employment, which includes those sectors which require either offices (B1), factory space (B2) or warehousing (B8). There are a range of sectors which do not generate significant demand for B class space, but which are important sectors for the South West Herts economy, such as retail and hospitality sectors. While this Chapter does comment briefly on the potential growth of these sectors, it does not identify what the retail floorspace requirements might be. These are best addressed through retail capacity assessments which use a different methodology.

### Employment Led Scenario

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- 6.6 It has become established practice in assessing future employment land requirements to consider forecast employment growth in building a picture of how an area’s economy is likely to change. The PPG treats jobs forecasts as a core part of the methodology for assessing both economic development needs and housing needs.
- 6.7 Employment forecasts show future changes in the number of jobs in different sectors based on a range of evidence including:
- past trends nationally, regionally and locally in terms of Gross Value Added and employment change.

<sup>9</sup> Paragraph: 032 Reference ID: 2a-032-20140306

<sup>10</sup> Ibid

- the share of jobs in different sectors in an area compared to national and regional averages as a measure of particular concentrations of employment. This serves as a proxy for the sectoral strengths of an area in terms of current and past performance. Where there are high concentrations and strong past growth in certain sectors, these might be expected to continue in future.
  - forecast growth rates nationally and regionally, taking account of Government projections and other sources to understand how the UK economy is expected to perform in future.
  - data on an area's current population and labour force and projected changes. Forecasting models generally factor in projected change in an area's workforce (resident and in-commuting) which represents a constraint on the level of jobs growth it might sustain in future.
- 6.8 Population inputs to forecasting models are also reflected in the employment growth forecasts for some sectors, specifically those (eg. retail) in which demand from an area's population is a key determinant of the jobs they sustain.
- 6.9 Several specialist organisations across the UK provide employment forecast services. There are often marked variations between the outputs of these forecasts, because of the underlying assumptions that each forecasting house makes in its model and the timing of the forecasts. For example, Government economic projections during the course of 2013 and 2014 became increasingly optimistic as the UK recovered from recession. This carried over into forecasting models, and is reflected in local forecasts which became more positive as the national projections were taken into account.
- 6.10 It is therefore good practice both to carefully examine the main assumptions in forecasting models, and to consider different forecasts in arriving at a view about an area's growth prospects. In essence, employment forecasts should be triangulated through comparison with other forecast data and recent trends.
- 6.11 To address these issues, this study has drawn on forecasting data from two sources:
- East of England Forecasting Model (EEFM) – Developed by local authorities in the East of England and Oxford Economics, this model is a widely used source of data on both employment forecasts and their housing implications. Forecasts have been used in other studies carried out in South West Herts, including recent work for Watford Council.
  - Cambridge Econometrics (CE) – CE operates a long established and authoritative local economic forecasting model which provides local authority level jobs forecasts.
- 6.12 To ensure that the most up-to-date forecasts were available for this study, it has drawn on EEFM forecasts produced in January 2015 (the 2014 version), and CE forecasts commissioned in March 2015 but which are based on August 2014 forecasts.

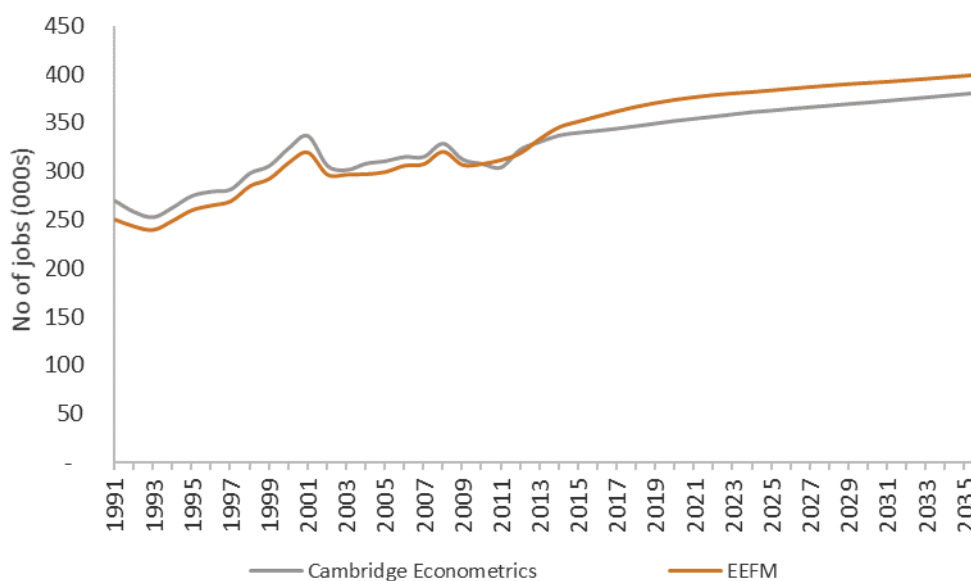
### Comparison of Forecasts

- 6.13 Figure 6.1 compares employment change according to the two sets of forecasts. As well as modelling future change, the forecasts also show the historic data on which the projections are based. This shows that Cambridge Econometrics has consistently estimated a higher level of total

employment than EEFM. This is true across almost all sectors, which suggests that the difference between the forecasts is explained by CE assuming higher rates of self-employment than EEFM<sup>11</sup>.

- 6.14 The chart shows EEFM is forecasting a slightly higher growth rate of 0.8% p.a. between 2013 and 2036 (66,800 new jobs) compared to 0.6% p.a. in the CE forecast (51,000 new jobs)<sup>12</sup>. Both sets of forecasts suggest that the rate of growth will be above the five year average (a period which includes the economic downturn), but below the ten year and twenty year average<sup>13</sup>. Both sets of forecasts also suggest that growth in South West Herts will be stronger than the national average (0.5% p.a. in both forecasts). This is what we would expect for an economy with the advantages of South West Herts, including a highly skilled and entrepreneurial workforce, growing population and proximity to London.
- 6.15 It is also consistent with the structural changes that are occurring in the UK economy. They include increases in the number of part time jobs in relation to full time jobs, a pattern evident as the recovery gathers pace. Reductions in public sector expenditure have seen a slow down or reduction in the number of public sector jobs created and sustained. At the same time, there have been marked increases in self-employment, linked both to changes in the way that companies recruit and retain their workforce, and in the number of people opting to pursue self-employed work.

Figure 6.1 Comparison of Past and Future Trends in Economic Forecasts



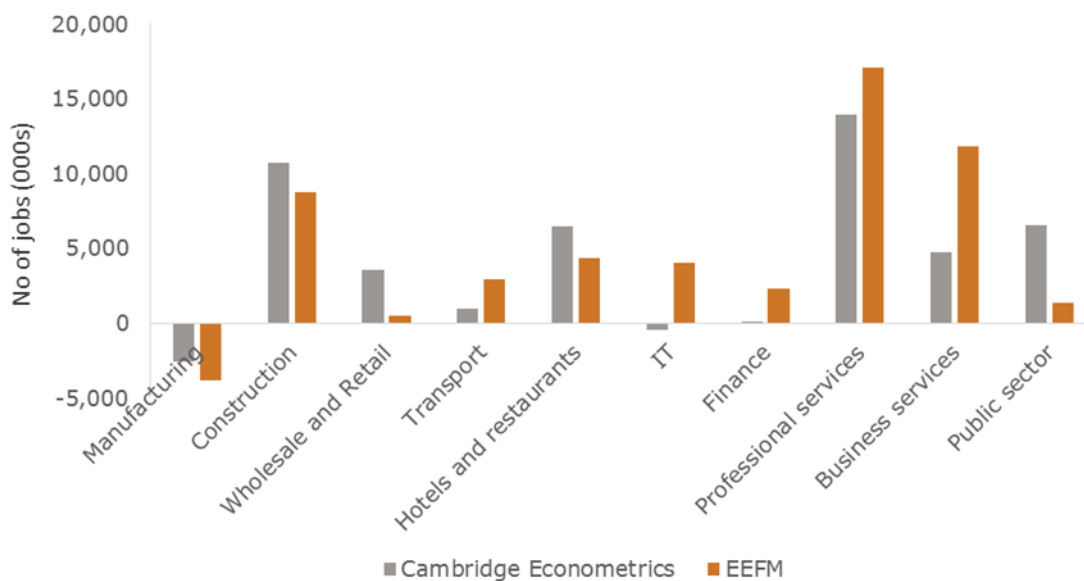
Source Cambridge Econometrics and East of England Forecasting Model

Note: data shown in chart is unadjusted and therefore includes growth in business services and a number of other sectors which are known to be inaccurate. These inaccuracies are addressed below.

- <sup>11</sup> Both forecasting houses use the same data source to estimate employees (ABI/BRES) so the difference is likely to be for self-employed people for whom there is less robust data.
- <sup>12</sup> It should be noted that both sets of forecasts are likely to overestimate growth in a number of sectors based on inaccuracies in employment trends data. Paragraphs 6.22 to 6.24 set out the adjustments which are made to the forecasts to take account of these inaccuracies
- <sup>13</sup> The ten year average growth rate is 0.7% p.a. according to Cambridge Econometrics and 0.9% p.a. according to EEFM. The 20 year growth rate is 1.1% p.a. and 1.4% p.a. respectively.

6.16 There is general agreement between the forecasts in terms of which sectors will grow and which will decline in South West Herts. These are broadly consistent with past trends, with the professional and business services sectors being among the fastest growing sectors and manufacturing continuing its long term trend of contraction. The key difference between the forecasts is in the scale of growth in these sectors, with EEFM forecasting much stronger growth in professional services, business services, IT and financial services, and CE forecasting a stronger performance in lower skilled service sectors (including retail and hospitality), the public sector and construction (see Figure 6.2).

Figure 6.2 Forecast Jobs Growth by Sector, 2013 to 2036



Source EEFM and Cambridge Econometrics

Note: based on adjusted data which takes account of inaccuracies in past employment trends data (see 6.20). A number of low employment sectors are not shown in the chart

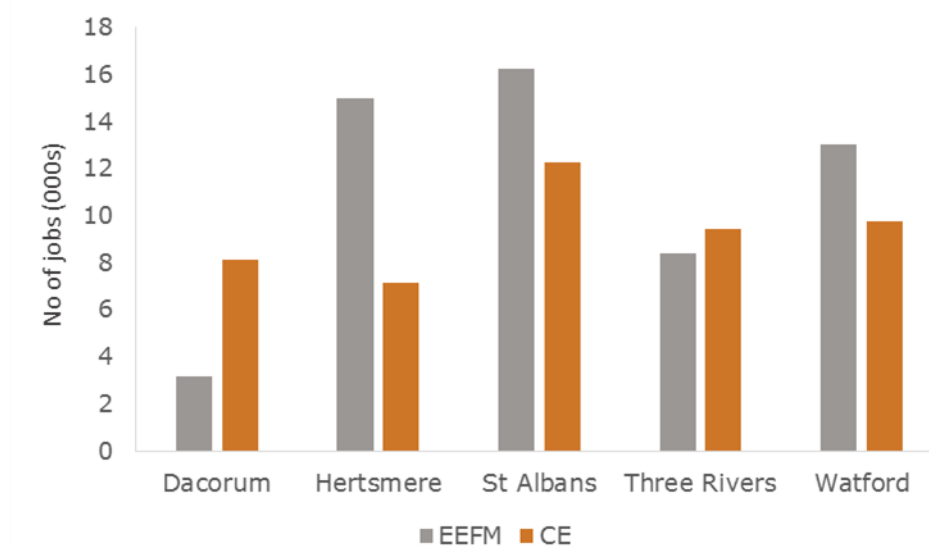
6.17 The forecasts also show significant differences in the spatial distribution of employment growth in South West Herts (see Figure 6.3). CE suggest that growth will be more evenly distributed across the FEMA, while the EEFM forecasts show much stronger growth in St Albans, Watford and Hertsmere and limited growth in Dacorum, which accounts for only 6% of growth in South West Herts between 2013 and 2036. This is a very low share of employment given that Hemel Hempstead is one of the key employment locations in the FEMA.

6.18 The high rate of growth in Hertsmere may be seen as surprising given that the district is not home to any of South West Herts’s major employment locations. However recent trends show that growth in the district has been particularly strong since the economic downturn, creating 6,500 jobs since 2009, or 1,300 p.a., which is double the rate of job creation being forecast by EEFM. We also showed in Chapter 4 that this district has a very high business start-up rate, with a large number of businesses created in the professional and business services sector in the last few years. Further analysis of employment data shows that it is the professional and business services sector which has driven the recent jobs growth, accounting for 40% of jobs created between 2009 and 2014. In this context, the high rate of growth forecast for Hertsmere looks realistic and achievable. In contrast, the growth rate for Hertsmere by Cambridge Econometrics looks very pessimistic and is likely to underestimate the growth potential of the district.



6.19 Although Watford has a lower level of job creation than some districts, it is forecast to create the highest number of jobs in those sectors which have the greatest demand for employment floor space such as business and professional services.

Figure 6.3 Forecast Jobs Growth by District, 2013-2036



Source EEFM and Cambridge Econometrics

Note: based on adjusted data which takes account of inaccuracies in past employment trends data (see 6.20)

6.20 All forecasts are subject to a large degree of uncertainty, especially when they are concerned with a sub-regional economy and are looking so far into the future. While we can take reassurance from the fact that both forecasts are pointing toward a similar level of growth overall in South West Herts, there are significant differences in the implications for structural change and the spatial distribution of growth. The challenge for this study was therefore to identify which forecast represents the most plausible view of future prospects, based on our knowledge of the strengths of South West Herts and its past performance.

6.21 The EEFM forecasts have been selected mainly on the grounds that they point towards a stronger performance in many of South West Herts' established and growing sectors, particularly those which rely on a highly skilled workforce and which benefit from proximity to London, including professional services and IT. These are also sectors which local councils themselves have identified as being priority growth sectors in local policies. The following evidence supports our conclusion:

- Consistency with past trends:** the professional services and business services sectors have been the fastest growing sectors in South West Herts in the short, medium and long term. Both sets of forecasts are projecting slower rates of growth in the future, but the Cambridge Econometrics forecasts would imply a significant slowdown in growth in these sectors (below the 5 year, 10 year and 20 year average).
- Comparison with UK average.** Cambridge Econometrics show a lower rate of growth than the national average in some of South West Herts' most well established sectors. The forecasts suggest that employment in the IT sector will grow by 0.6% p.a. in the UK, but will contract by 0.1% p.a. in South West Herts, despite this sector accounting for a much higher share of employment in South West Herts than the national average (nearly twice as high). Similarly, business services, is forecast to grow at a rate of 0.6% p.a. in South West Herts

compared to 0.9% p.a. in the UK. EEFM show a stronger rate of growth than the national average in the case of business services, and a very similar rate of growth in IT.

- **Growth in the public sector.** There is currently a great deal of uncertainty about the prospects for public sector. Forecasting employment over a long time period is subject to a large degree of uncertainty as it is subject to a wide range of factors including government policy and spending, and an ageing population. On balance, we would expect the share of employment in the public sector in South West Herts to decline over time. This happens in both sets of forecasts, but at a much slower rate in the Cambridge Econometrics forecasts (0.7 percentage points between 2013 and 2031 compared to 2.5 percentage points in EEFM).

## Adjustments to Forecasts

### Inaccuracies in Employment Datasets

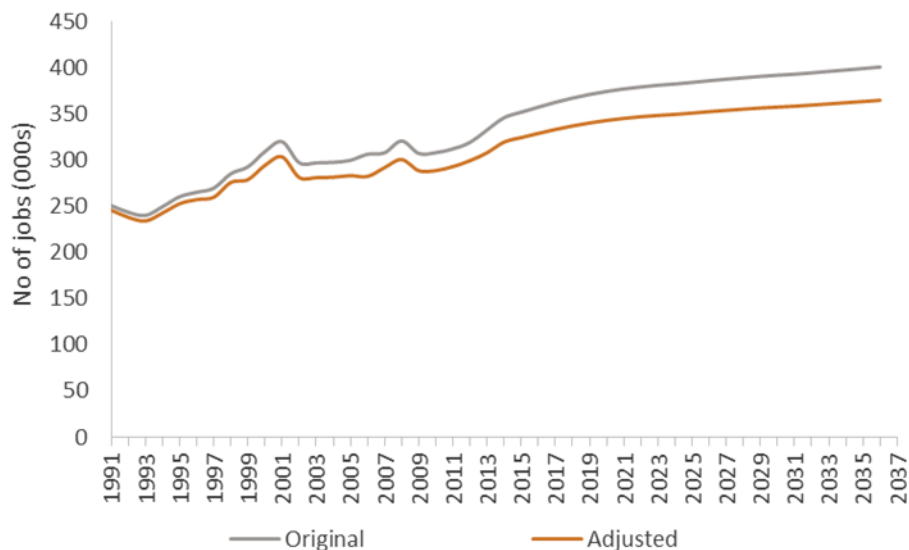
6.22 Both the Cambridge Econometrics and EEFM forecasts are based partly on the past performance of sectors in an area. The models base their data on past performance on a number of employment datasets, including the Annual Business Inquiry/Business Register and Employment Survey (ABI/BRES). ABI/BRES is based on data from the Inter Departmental Business Register (IDBR) and is the most comprehensive and reliable source of data on employment by sector. However it does have a number of limitations and inaccuracies at a local level because of the nature of how the data is collected. Jobs are allocated to the business address where employees are paid, rather than where the jobs are actually based. This gives rise to a number of problems in the data in the following sectors:

- **Construction:** contractors in the construction sector might work across a very wide area, but the jobs themselves are all allocated to the registered business address. This is not such a problem for small construction firms who do most of their work in their local area, but the data gives a very misleading picture in areas with very large construction and civil engineering firms who often work across the whole of the UK (examples in South West Herts include Clancy Docwra in Three Rivers and MacNichols Construction in Hertsmere).
- **Payroll companies and employment agencies:** these businesses may be the registered pay point for a large number of employees, even though the jobs themselves are located elsewhere. Examples include NHS Professionals in Watford (employment agency) and JSA Services in Watford (payroll company).
- **Head offices.** Head offices are often the pay point for employees, although the jobs are located elsewhere. Examples include the head office of a cleaning company in St. Albans that secures contracts nationwide.

6.23 These anomalies in the data have been identified by comparing ABI/BRES with Census workplace data for middle super output areas, which shows the number of people who work in an area by broad sectors. Where there is a significant mismatch, we have applied an adjustment to the historic data, which is then carried forward in to the economic forecasts. The appendix includes a full description of the adjustments which have been applied.

6.24 The effect of these adjustments is shown in Figure 6.4. Although the growth rates of individual sectors remain the same, this reduces the overall growth rate in South West Herts to 0.7% p.a. (since employment is lower in the sectors affected in 2013). The total level of jobs growth is reduced by 13,900 jobs.

Figure 6.4 Effects of Adjustments applied to EEFM Forecasts

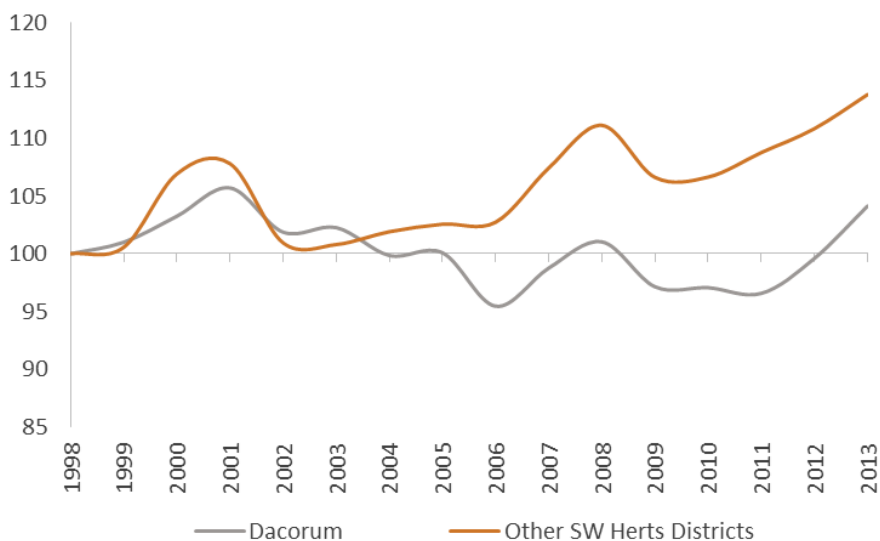


Source EEFM, Oxford Economics

### Dacorum

- 6.25 As noted above, the EEFM forecasts suggest there will be very limited jobs growth in Dacorum compared to the rest of the FEMA. This district is forecast to achieve an average annual growth rate of 0.2% p.a. between 2013 and 2036 compared to an average of 0.85% p.a. in the other districts. One possible explanation for this is that Dacorum has achieved lower levels of jobs growth than the other districts in South West Herts over the past 15 years (see Figure 6.5), which is likely to influence future economic projections.
- 6.26 The poor performance of Dacorum may be due in part to the effects of the Buncefield oil depot fire in 2005, which resulted in a fall in employment in 2005-2006 and significant disruption to Hemel Hempstead (Dacorum’s main employment centre), while employment in other districts was increasing. It is therefore possible that EEFM is forecasting future employment on the basis of past trends which have been adversely affected by a one-off event.
- 6.27 Recent evidence suggests that the disruption caused by Buncefield has not had a lasting effect on the economy or labour market of Dacorum. The district has achieved strong rates of jobs growth since 2011, the total number of businesses has grown by just under 10% between 2011 and 2014, and the unemployment rate, as measured by claimant count data, has fallen to historically low levels; just 1.2% of working age residents were claiming Jobseekers Allowance (JSA) in 2015. This recent evidence suggests that the EEFM forecasts may be significantly underestimating potential economic growth in Dacorum.

Figure 6.5 Employment Change Index in Dacorum and other South West Herts Districts, 1998=100



Source EEFM

6.28 There are further reasons why an adjustment to the EEFM forecasts may be justified for Dacorum:

- The underlying data for the EEFM forecasts show a fall in the working age population of 4% in Dacorum between 2013 and 2036, but increases for the other districts. This is at odds with past trends in Dacorum and the latest ONS population projections which show a large increase in the working age population of over 10% over the same period. A falling working age population is likely to constrain labour supply and economic growth, and is therefore likely to contribute to the poor performance of Dacorum in the forecasts.
- The low jobs growth in the EEFM forecasts is due to the poor performance of a number of key sectors including wholesale and retail and professional services, which either decline or achieve very little growth between 2013 and 2036. Both of these sectors account for a much higher percentage of employment in Dacorum than the national average (location quotients of 1.3 and 1.5<sup>14</sup>) but fail to match the forecast UK growth rate in EEFM. There is no apparent reason why these sectors would perform so poorly compared to the South West Herts and UK average when they are already well established in Dacorum, and while the district continues to offer a number of advantages for investors in these sectors, including excellent access to the M1 for wholesale/retail investors. The recent enquiries data provided by Dacorum also suggests that investor interest remains strong, with a large number of enquiries from these sectors in recent years.

6.29 We therefore conclude that there are strong grounds for an adjustment to the forecasts for Dacorum. The adjustment we have made is based on the professional and business services and wholesale and retail sectors matching the UK average growth rate of these sectors in EEFM (0.4% p.a. for wholesale and retail, 1.6% p.a. for professional services and 1.4% p.a. for business services). This results in total jobs growth of 10,900 in Dacorum between 2013 and 2036, which is 7,700

<sup>14</sup> Location quotients measure the concentration of employment in a sector relative to the national average. An LQ of 1.5 indicates that a sector accounts for 50% more employment than is the case in Great Britain.

higher than the baseline EEFM forecasts. We believe the adjustment is proportionate and justified for the following reasons:

- these sectors are already more concentrated in Dacorum than they are in the UK as a whole. It is therefore reasonable to assume that they will keep pace with the national average.
- Dacorum is likely to have sufficient labour supply to accommodate this level of growth (based on ONS projections). Indeed, it implies that there will still be surplus labour which may still result in out commuting from Dacorum.
- the adjustment increases the overall growth rate of Dacorum to 0.6% p.a., which is still below the other districts (all 0.8% p.a. or above).

6.30 This adjustment increases total employment growth across South West Herts to 60,700 between 2013 and 2036 (from 52,900), representing a growth rate of 0.8% p.a. (up from 0.7% p.a.).

### Treatment of Radlett Strategic Rail Freight Interchange

6.31 Radlett Strategic Rail Freight Interchange (Radlett SRFI) is a major intermodal freight interchange which has been proposed for the former Radlett Aerodrome site in St Albans. The development would provide 330,000 sq m of rail linked distribution space with major inter-modal facilities to facilitate the transfer of goods between road and rail.

6.32 The development was approved in July 2014, and has since been the subject of several appeals by St Albans District Council to overturn the decision, all of which have been unsuccessful. At the time of writing, progression of the site is now dependent upon Hertfordshire County Council's decision regarding sale of the land. The statement provided by Hertfordshire County Council to the BBC makes clear that this is dependent on an approach being made by the developers, but is still likely to result in a lengthy delay before any formal decision is made:

6.33 *"Should Helioslough approach the Council to acquire the land, we will refresh our legal advice and decide how to proceed, including whether the County Council is under a legal obligation to dispose of the land and if so whether any other party interested in acquiring the land can also be part of the process. A significant amount of technical and legal work will have to be undertaken by officers and our lawyers before a report can be brought to members for a decision."*

6.34 Should the sale of the land go ahead, it would represent a major investment in the FEMA and would potentially create over 3,000 new jobs, primarily in the logistics and distribution sector. If developed, this would result in a substantial increase in B8 space which is significantly in excess of the demand implied by employment forecasts or any of the other scenarios, and raises questions over whether this would displace some of the demand for B8 space in other locations in the FEMA.

6.35 Our view is that there is still likely to be a strong requirement for B8 space in other locations even if the plans for Radlett SRFI go ahead. Therefore the potential for displacement is low. This is because the proposals would be addressing a shortfall in the supply of rail linked intermodal sites at a regional level, which should be seen as a different segment of the market to general warehouse and distribution. There is an identified need for several major intermodal freight interchanges in the greater South East to facilitate the shift from road to rail freight. There are very few suitable sites that combine the right road and rail connectivity and the space that is needed. The proposed Radlett SRFI location is one of the few suitable sites which has been identified.

6.36 The experience of other SRFIs suggests that Radlett would attract investment from major retailers such as Sainsburys, Tesco and M&S, and major distribution companies, and would be used primarily for the very largest units which are not generally found in South West Herts. There is therefore a difference in the scale and nature of potential occupiers between the proposals for

Radlett SRFI and the existing distribution market in South West Herts which means the two are still likely to be compatible, and may even complement each other.

- 6.37 The one area where there may be greater potential for displacement of demand is at East Hemel Hempstead where there are a number of very large warehouses (including Amazon's distribution centre) and scope to add further large depots. However we believe the scale of the market for large warehouses serving the London and South East market should mean that the risk of demand at East Hemel Hempstead being undermined is still low. Furthermore, East Hemel Hempstead is likely to appeal to occupiers that need good access to the motorway, but for whom rail linked sites are less important.
- 6.38 For these reasons, the potential effects of Radlett are considered separately from other developments and are only shown in the Higher Growth Scenario, which considers the potential impacts of a number of policies and planned investments. Although we recognise that the approval to develop the site would result in an increase in demand in any of the scenarios described here.

### Translating Jobs Growth to Floorspace

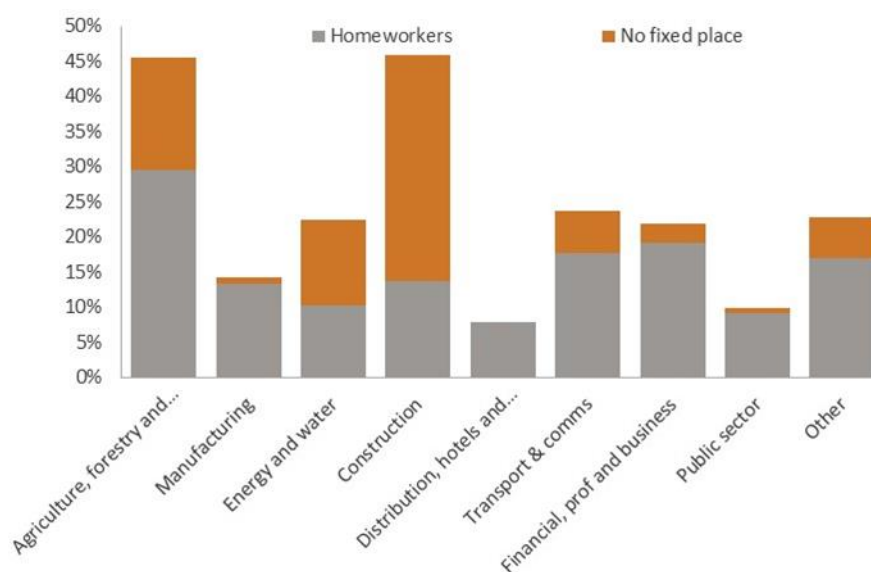
- 6.39 The employment forecasts have been translated in to a requirement for floor space by considering the nature of employment in each sector and the implications for the types of floorspace which employers in the sector will need to grow. The following categories of floor space were used:
- B1(a)/B1(b): office based and R&D
  - B1(c)/B2: manufacturing
  - B8: distribution and logistics
- 6.40 The EEFM forecasts are broken down in to 31 broad sectors, which have been built up through groupings of 2 digit SIC codes<sup>15</sup>. Within each of the 31 sectors, there may be a number of sub-sectors with quite different requirements for floor space. For instance, the broad sector 'Business Services' includes office based sectors such as labour recruitment, but also includes sectors which are likely to have a minimal requirement for any type of employment floorspace (eg cleaning services, landscaping and security activities). We therefore required a methodology for apportioning employment growth in each sector to different use classes.

### Home Working

- 6.41 It was also necessary to take account of the fact that a significant proportion of employment in B class sectors is likely to be self-employed people with no employees, and other people who work from home rather than in a traditional workplace. This is particularly important in an area such as South West Herts, which has a particularly high self-employment rate in B class sectors such as professional services (26%), and a large proportion of people who work from home (see Figure 6.6).

<sup>15</sup> Standard Industrial Classification (SIC) Codes are the building blocks of sectoral analysis. Each business and employee is categorised with a 5 digit SIC code, which can then be grouped in to broader categories of sectors, including 4 digit, 3 digit, 2 digit and broad industrial groups.

Figure 6.6 Percentage of employed residents in South West Herts who work from home or with no fixed place by sector, 2011



Source Census 2011

- 6.42 This study has assumed that the proportion of people who work from home will remain constant over the study period, and does not make any further allowance for potential changes in working practices which could increase office job densities, including flexible working patterns and hot desking. A number of consultees cited examples of large employers in South West Herts who have reduced their floor space requirements while maintaining employment levels by implementing more flexible working patterns. However there is insufficient evidence to conclude that there is widespread adoption of these working practices across South West Herts. While the percentage of people in South West Herts working from home did increase between the 2001 and 2011 Census, the largest increases were in the construction sector. In financial and professional services, which is the key source of demand for office space, the proportion who work from home did not change between 2001 and 2011 (at 19%).
- 6.43 A number of studies have considered how employers' use of office space is changing. All of these studies note that office densities have been increasing, but stress that the use of office space is highly dependent on the specific sectors and occupiers using the space. A 2015 study looking at the changing dynamics of offices (NLP/TRIP, 2015) found that technological improvements and flexible working practices have reduced floor space requirements, but also warned that this does not always result in smaller floorplates as in many cases declining workstation space is offset by growing space for break-out areas, meeting rooms and amenities such as cafés and gyms.
- 6.44 An Occupier Density Study by the British Council of Offices (BCO, 2013) found evidence that the increases in density have now begun to slow, and noted large differences in density between different sectors and locations. The corporate sector and the professional services sector were found to have employment densities of 13.1 sq m per FTE and 12.3 sq m per FTE respectively, which is a lower density than applied for this study (12.0 sq m per FTE taken from the latest HCA guidance). These are among the largest office based sectors in South West Herts, and we have therefore concluded that, in the absence of any strong evidence, there is not a strong case to apply higher jobs densities in office based sectors.

## Safety Margin

- 6.45 The application of a safety margin is common practice in employment land reviews (ELRs), with the justification being that it allows for a choice of sites for the market and delays in sites coming forward. Although national guidance on ELRs does state the need to provide a portfolio that allows for choice, there is no official benchmark on what allowance should be made, with many local authorities basing it on past take-up, others applying a figure of 20% and others applying none at all. We believe it is necessary to make some allowance in South West Herts, given that it is a buoyant market where the supply of employment land is tight. We have applied a safety margin of 10% for office space and 5% for industrial land and applied these where demand for floorspace is growing. This is broadly consistent with the assumptions made in previous ELRs in the FEMA, such as the 2007 Central Hertfordshire Employment Land Review which covered Hertsmere and St Albans<sup>16</sup>.

## Key Steps

- 6.46 The floor space requirements have been derived by applying the following steps:
- 1) Deduct home workers from sector employment forecasts using data from the 2011 Census for individual districts.
  - 2) Allocate detailed, 4 digit SIC sectors to employment use classes. This was done using the professional judgement of Regeneris, and our knowledge of the nature of key sectors in South West Herts.
  - 3) Using data from the Business Register and Employment Survey (BRES) for 2013, estimate the proportion of employment in 4 digit sectors for each of the 31 broad sectors. This was done for each of the five districts within South West Herts.
  - 4) Use these proportions as 'weights' to derive the total number of jobs in each sector which will require different types of floorspace.
  - 5) Convert total employment in to full time equivalent jobs (FTEs) at broad sector level. This was based on the long term average of the ratio between full and part time employment, taken from ABI/BRES.
  - 6) Convert the total number of FTE jobs in each use-class in to floor space by applying employment densities from the HCA Additionality Guide, as follows:
    - B1(a)/B1(b): 12.0 sq m per FTE (net internal area) and 14.4 sq m per FTE (gross external area)
    - B2 and B1(c): 41.5 sq m per FTE (NIA) and 47.1 sq m per FTE (GEA)
    - B8: 65.2 sq m per FTE (NIA) and 70 sq m per FTE (GEA). The only exception to this is in Dacorum, where we have applied a lower employment density of 80 sq m per FTE (GEA) to reflect the large scale warehousing at Maylands.
  - 7) An allowance of 10% is added to all floorspace requirements to reflect normal levels of market vacancy in employment space. This is only added where demand for floorspace is growing.

<sup>16</sup> Roger Tym and Partners (2007): Central Hertfordshire Employment Land Review



8) A safety margin of 10% is added to office space and 5% for industrial space to allow for flexibility and to provide a choice of sites for potential occupiers. This is only added where demand for floorspace is growing.

- 6.47 There are a number of caveats which should be applied when interpreting the forecasts. It is possible that the structure of employment within each sector may change over the course of the study period. However there is no way of knowing how or where this might occur. The methodology is based on the assumption that future growth in the demand for floorspace will be driven by the same sub-sectors which are already established in South West Herts.
- 6.48 Using this methodology, it is estimated that **around 48% of future jobs growth in South West Herts will require B Class employment space** in the employment led scenario, although this figure varies for individual districts, with the highest proportion being in Watford and Dacorum (58% in both) and lower proportions in Hertsmere (41%).

Table 6.1 Employment and FTEs Requiring B Class Floorspace

	Total jobs growth	B class jobs growth	Percentage of jobs in B class sectors	B class FTEs
Dacorum	10,900	6,300	58%	5,500
Hertsmere	13,800	5,600	41%	4,800
Three Rivers	8,400	3,600	43%	3,100
St Albans	16,200	7,200	44%	6,300
Watford	11,300	6,500	58%	5,700
	60,700	29,200	48%	25,400

Source: Calculations by Regeneris Consulting

- 6.49 The total number of FTEs and floorspace requirements using this approach are shown in Table 6.2. The continued growth in office based sectors will be the key driver of demand for employment space, with just under 394,000 sq m of additional office floorspace required by 2031 and 461,000 sq m by 2036. Falls in employment in the manufacturing sector would see demand for floorspace contract by over 120,000 sq m by 2036, while demand for B8 will increase by 134,000 sq m.

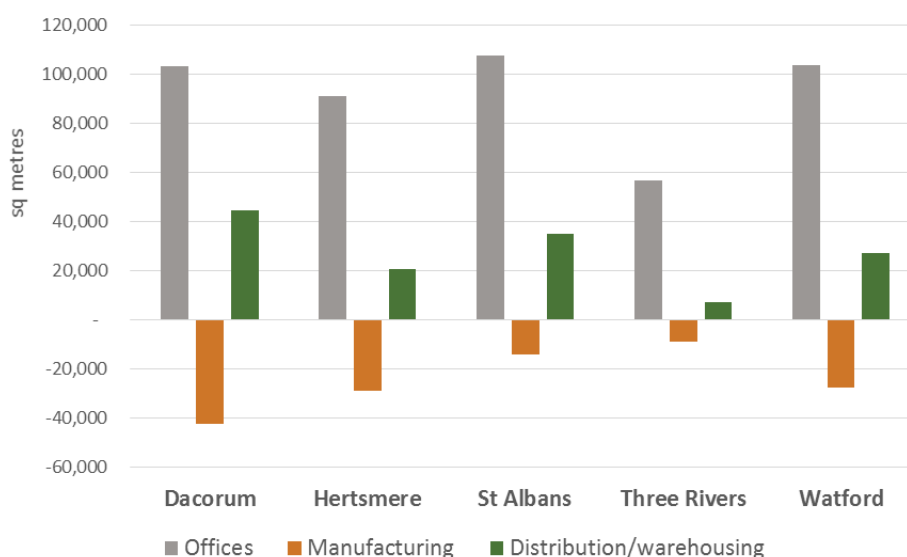
Table 6.2 Floorspace Requirements in Employment Led Scenario

	FTEs				Floorspace (sq m)			
	2013-31		2013-36		2013-31		2013-36	
	total	p.a.	total	p.a.	total	p.a.	total	p.a.
<b>B1a + B1b</b>	22,700	1,260	26,500	1,150	393,700	21,900	461,300	20,100
<b>B2 + B1c</b>	-2,000	-110	-2,600	-110	-94,700	-5,300	-122,300	-5,300
<b>B8</b>	1,400	80	1,500	70	125,900	7,000	133,600	5,800

Source: Calculations by Regeneris Consulting. Note: tables for individual districts are provided in Appendix A

- 6.50 The greatest increase in demand for floorspace in the employment led scenario is in Watford, St Albans and Dacorum (see Figure 6.7). This is consistent with feedback for the commercial property market review which recognised St Albans and Watford as the two main office markets in South West Herts, while Hemel Hempstead and Maylands in Dacorum were also recognised as key employment locations.

Figure 6.7 Demand for Floorspace by District in Employment led Scenario, 2013-2036



Source Calculations by Regeneris Consulting

### Translating Floorspace in to Land Requirements

- 6.51 The next step is to translate floorspace in to land requirements. This is determined by the nature of employment land development in South West Herts, and specifically the density of development. This varies considerably for different types of floorspace and in different parts of the FEMA. For instance, most of the office space in Watford is built to a high density in the urban core (eg Clarendon Road), with very little space available for car parking and landscaping. In other districts such as Hertsmere and Three Rivers, most of the office space is in business parks or in urban fringe locations. Although these are generally built to a lower density than town centre locations, office development in these districts often still involves buildings of 3-4 storeys in addition to basements and under-croft car parking,
- 6.52 It is therefore necessary to apply different assumptions for plot ratios (the relationship between gross floorspace and total site area) in different parts of the sub-region. The assumptions for different use classes in each of the districts is shown in Table 6.3. These assumptions have been based on industry standards, feedback from the local authorities about the nature of development in their area, and GL Hearn’s knowledge of the characteristics of employment land in South West Herts. The key difference between areas is a difference in the plot ratios for offices in St Albans and Watford, where the town centre office market means it is necessary to assume a plot ratio of 1.
- 6.53 Because of the uncertainty surrounding the exact plot ratios in different parts of the FEMA, Table 6.2 should be interpreted as providing broad guidance. The actual plot ratios achieved on individual sites will vary, depending on their particular characteristics and location. Therefore, when the local authorities reach conclusions on employment land requirements, they may not wish to apply the plot ratios in a mechanistic way, but should consider the circumstances of each site separately when deciding what plot ratios to apply.

Table 6.3 Plot Ratio Assumptions

	B1(a)/B1(b)	B1(c)/B2	B8
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Dacorum	0.8	0.4	0.45
Hertsmere	0.8	0.4	0.45
St Albans	1	0.4	0.45
Three Rivers	0.8	0.4	0.45
Watford	1	0.4	0.45

Source: GL Hearn/Local Authorities

- 6.54 The land requirements for each district between 2013 and 2036 are shown in Table 6.4. The employment led scenario gives rise to a total requirement for 52 Ha of land for office development between 2013 and 2036, 30 Ha for B8 and a negative requirement of 31 Ha for B2. The table does not provide a total land requirement for individual districts or for South West Herts as a whole. This will ultimately depend on the potential for land currently used for manufacturing (which is forecast to decline) to be recycled for other employment uses, such as B1 or B8. There may be high potential for recycling of land in some of South West Herts' established employment areas. However the potential will vary from site to site, depending on the nature of the site and its location.
- 6.55 The greatest requirement for employment land is in Dacorum, which requires 12.9 Ha of land for office development and 9.8 Ha for distribution. This is due to the growth forecast in office based sectors and distribution sectors coupled with the fact that the employment sites are likely to be built to a lower density than other employment locations such as Watford and St Albans.

Table 6.4 Employment Land Requirements in Hectares, 2013-2036

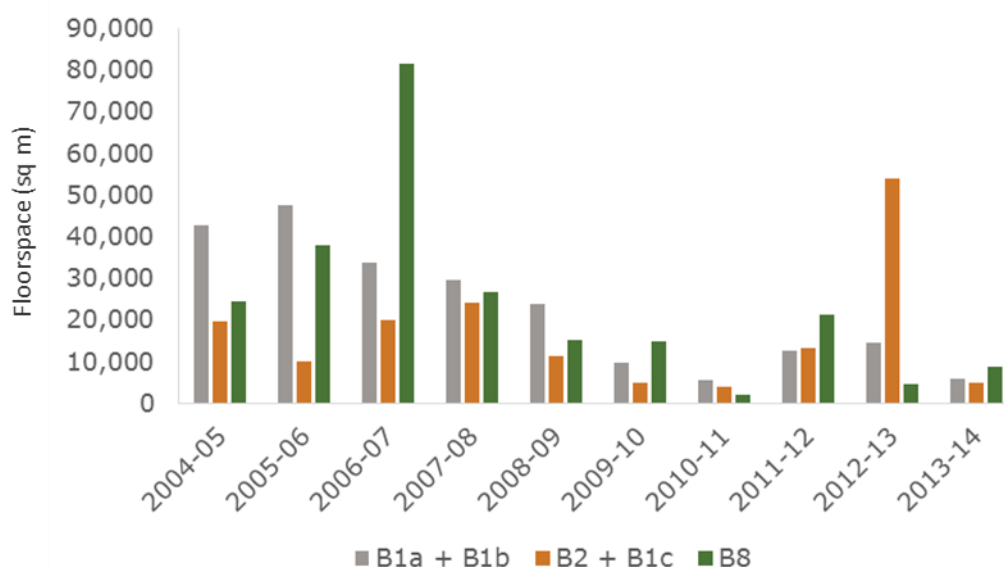
	Office		Manufacturing		Distribution	
	13-36 total	Average p.a.	13-36 total	Average p.a.	13-36 total	Average p.a.
Dacorum	12.9	0.6	-10.5	-0.5	9.8	0.4
Hertsmere	11.3	0.5	-7.2	-0.3	4.5	0.2
St Albans	10.7	0.5	-3.6	-0.2	7.8	0.3
Three Rivers	7.1	0.3	-2.3	-0.1	1.5	0.1
Watford	10.4	0.5	-6.9	-0.3	6.0	0.3
South West Herts	52.4	2.3	-30.6	-1.3	29.7	1.3

Calculations by Regeneris Consulting

## Past Completions Scenario

- 6.56 Past trends in the completion rates of employment floorspace offer an alternative view of how the demand for employment space might change in future. Over a long enough period, these scenarios can be a useful means of identifying future trends in demand as they reflect the actual development patterns on the ground. Monitoring data on past completions for the South West Herts authorities was available for the period 2004 to 2014, which provides a long enough period in which to reflect on a full business cycle, including a period of economic growth and recession. During this period, gross completions amounted to an average of 62,000 sq m p.a., with most new development in B1 and B8 uses.
- 6.57 The data shows a significant slowdown in the development of new floor space in South West Herts over the ten year period. Over 70% of total completions and 80% of office completions were in the five year period preceding the economic downturn. Since then there has been very little new development as investor confidence has been slow to recover.

Figure 6.8 Gross completions in South West Herts, 2004-2014

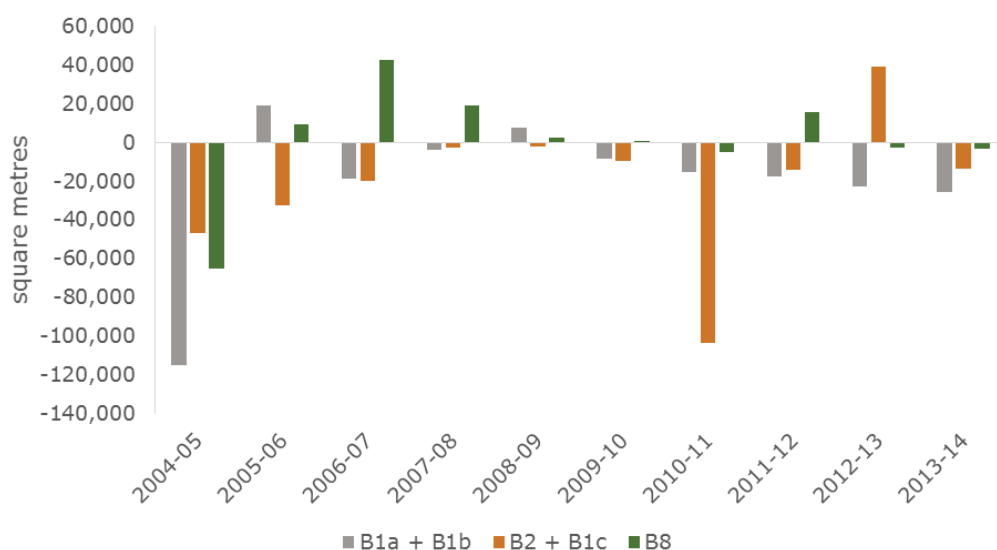


Source Council Monitoring Data

Note: 'Mixed B' completions have been split into B1a/B1b (office) and B1c/B2 (manufacturing) and B8 (distribution) use categories on a 33:33:33 basis for the purpose of analysis

- 6.58 The data on net completions, which also take account of the loss of employment space in South West Herts, show a very different picture, with an average loss of employment floorspace of 40,000 sq m per annum between 2004/5 and 2013/14, including an average loss of 20,000 sq m of office space.
- 6.59 Figure 6.9 shows that a large proportion of the fall in employment space occurred in 2004/05. Around 80% of this fall was in the district of Dacorum, and is explained by the fire at Buncefield Oil Depot in 2005, which resulted in the substantial loss of employment land. If this one year of data is removed, the average loss of employment space falls to 18,000 sq m p.a. and 9,000 sq m p.a. for office space (this is broadly consistent with Valuation Office Agency data which shows an annual average fall of 10,000 sq m p.a. over this period).
- 6.60 The other large fall in the study period was for B2 employment space in 2010/11 in Three Rivers, which declined by 95,000 sq m. This is explained by the loss of employment space at Leavesden Studios following its purchase by Warner Brothers in 2010. The subsequent increase in B2/B1(c) employment space in 2012/13 was also at Leavesden and reflects the redevelopment of the site.
- 6.61 The other net losses have been smaller in scale and represent a general erosion in the stock of employment space in South West Herts under pressure from higher value uses such as residential. The absence of any significant new office developments in South West Herts since the economic downturn coupled with the erosion of existing floorspace has resulted in a steady decrease in the amount of office space in the FEMA in recent years.

Figure 6.9 Net completions in South West Herts, 2004-14



Source: Council Monitoring Data

6.62 The greatest fall in office floorspace occurred in 2013/14 and may reflect the impact of permitted development rights (PDR) which were introduced in 2013 and have placed increased pressure on the supply of land for business use. Although some authorities report that the impact of PDR has only really been felt more recently and may not yet be reflected in the data. More generally, the strong demand for housing development across the area has served to constrain commercial development in recent years, in part fuelled by the area’s role as a housing location for London’s workforce. This has seen residential land values and yields significantly exceed commercial development values. Our assessment of the area’s market suggests that this has resulted in some conversion of employment land to residential uses and limited interest in new speculative development.

### Employment Floorspace

6.63 We have projected forward the trend in net completions for the period 2005/6 to 2013/14 (excluding the Buncefield oil depot incident). This results in fall in demand for employment space for both offices and manufacturing, although there is an increase in the demand for B8 (distribution and warehousing) as shown in Table 6.5.

Table 6.5 Change in Floorspace in Past Completions Scenario (sq m)

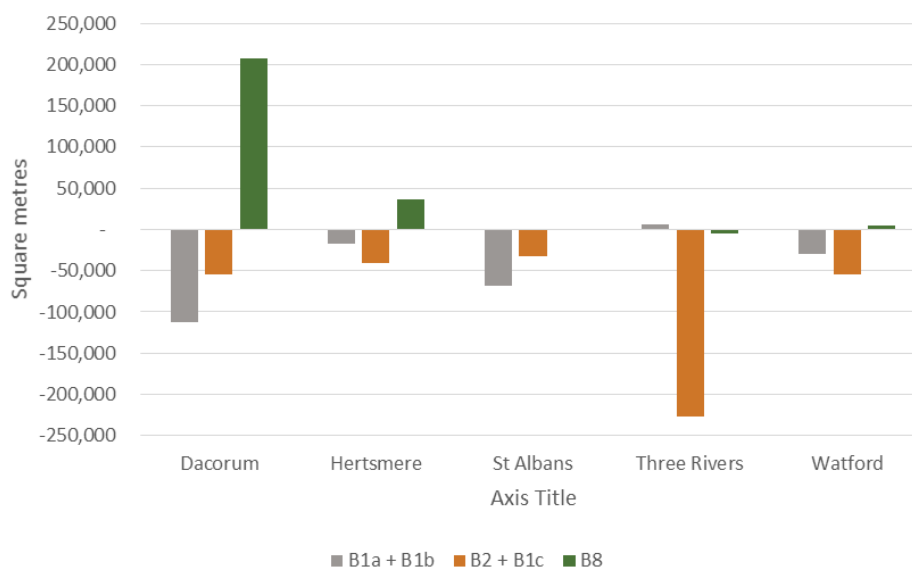
	13-31		13-36	
	Total	Average	Total	Average
B1a + B1b	-173,700	-9,600	-221,900	-9,600
B2 + B1c	-321,400	-17,900	-410,700	-17,900
B8	189,000	10,500	241,500	10,500

Source: Calculations by Regeneris Consulting. Tables for individual authorities are provided in Appendix A

6.64 Figure 6.10 shows the distribution of demand for floorspace in the past completions scenario. It shows a very different outcome to the employment led scenario, with demand for floorspace greatest in Dacorum as a result of the strong demand for B8 distribution space. This is likely to

reflect the replacement of B8 space in the years following the Buncefield fire and may give a misleading picture of future demand. If the scenario had been based on the trend between 2004 and 2014 rather than 2005 and 2014 it would give a very different outcome, with a large fall in demand in Dacorum.

Figure 6.10 Demand for Floorspace by District in Past Completions Scenario, 2013-2036



Source Calculations by Regeneris Consulting using AMR data collected by Councils

## Employment Land

- 6.65 The floorspace requirements have been converted in to employment land by applying the plot ratios in Figure 6.2. Table 6.6 shows this scenario would result in a fall in demand for employment land in all districts of South West Herts, with the greatest falls occurring in land for office developments (-25 Ha) and manufacturing (-103 Ha), while the need for land for B8 development will increase by 54 Ha.
- 6.66 We would conclude that this scenario gives a very misleading picture of the likely future demand for employment land in South West Herts. The scenario reflects a period when there has been substantial pressure on the supply of employment land by higher value uses, particularly residential, coupled with a major economic downturn which put downward pressure on rents and affected investor confidence, such that there has been very little new commercial development over the past five years. We would need data for a much longer time period to produce a more reliable assessment of trends in completions.
- 6.67 The impact of permitted development rights means there is likely to be continued erosion in employment space. However the majority of this is likely to be lower quality stock and employment space outside the main employment areas. Excluding the very large losses caused by Buncefield or the redevelopment of Leavesden studios, most of the erosion over the past ten years has occurred outside the core employment areas of South West Herts. For example, the 2014 EGDA study for Watford found that, where B class space was lost to other non B class uses, the majority (84%) occurred outside the main employment areas and two thirds (66%) was lost to residential uses. There is some evidence that high quality office developments are now coming under pressure for changes to residential use. However this is by no means widespread, and is mainly affecting those areas with the highest house prices, such as St Albans city centre.

- 6.68 Demand for employment space from occupiers in these established employment areas is likely to remain strong if they are protected from other, higher value uses such as residential, while the commercial property market assessment has suggested that growing investor confidence is likely to result in an increase in the supply of new sites in the next few years.

	Office		Manufacturing		Distribution	
	13-36 total	Average p.a.	13-36 total	Average p.a.	13-36 total	Average p.a.
Dacorum	-14.1	-0.6	-13.6	-0.6	46.1	2.0
Hertsmere	-2.2	-0.1	-10.2	-0.4	8.1	0.4
St Albans	-6.8	-0.3	-8.2	-0.4	-0.2	0.0
Three Rivers	0.8	0.0	-56.9	-2.5	-1.2	-0.1
Watford	-3.0	-0.1	-13.8	-0.6	1.0	0.0
South West Herts.	-25.3	-1.1	-102.7	-4.5	53.7	2.3

Calculations by Regeneris Consulting

## Labour Supply Scenario

- 6.69 The employment-led scenario represents a labour demand driven view of future employment floorspace and land requirements. However, it is also important to consider the implications of changes in the population and labour force for potential jobs growth in South West Herts. In effect, this is asking the question: “how many jobs in South West Herts would be required in response to future population and labour force growth in the area?”.

- 6.70 A labour supply scenario takes projected changes in South West Herts’s population by age group, and derives the implied size of the workforce and the number of jobs that this could support. The approach is summarised in Figure 6.11. The sectoral breakdown of this employment is then taken from the EEFM forecasts used for the employment led scenario.

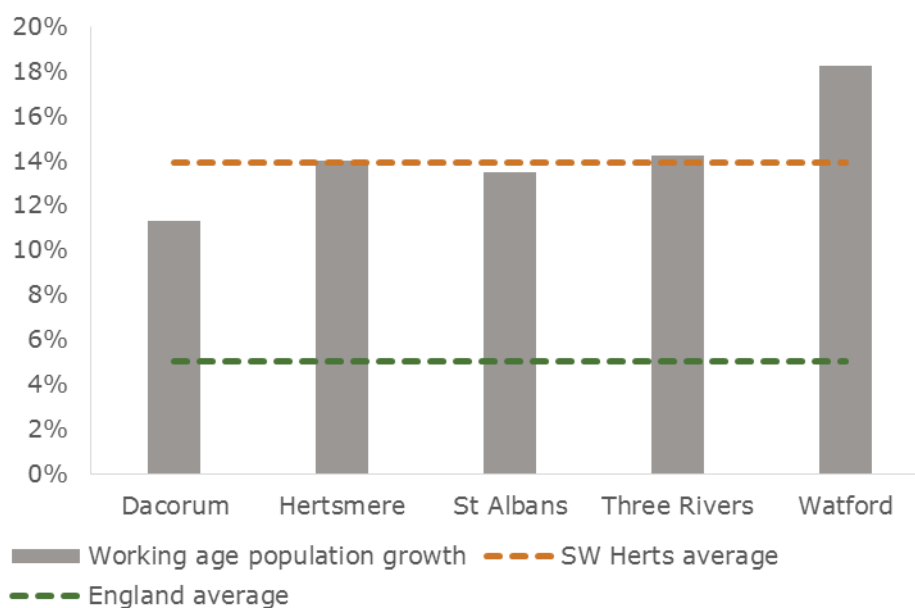
Figure 6.11 Labour Supply Methodology



- 6.71 To ensure consistency with the assessment of future housing need, this scenario has drawn on demographic projections generated as part of the Strategic Housing Market Assessment (SHMA) for South West Herts, which is itself based on ONS’s 2012 based sub-national population projections (SNPP). These latest projections, which are based on past trends in births, deaths and migration, show total population growth of 131,800 people in South West Herts between 2013 and 2036, an increase of 22% compared to growth of 15% in England as a whole.
- 6.72 The key difference with the national average, however, is in the age composition of population growth. The projections suggest that the working age population of South West Herts will increase by 51,000 people between 2013 and 2036, an increase of 14% compared to only 5% in England as a whole. This means that South West Herts will be better placed than many other areas of England

to sustain a high level of employment growth, as employers will have access to a growing supply of labour from which to recruit.

Figure 6.12 Projected Working Age Population Change, 2013-2036



Source ONS Sub National Population Projections, 2012

## Employment Change

- 6.73 The total number of jobs that this population growth could sustain is derived from the following steps:
- Change in the number of employed residents is derived by applying assumptions about how the employment rate will change. We have applied the same assumptions as the Strategic Housing Market Assessment which models an increase in employment rates over time to take account of the increase in the state pension age and the tendency for people to stay in work longer.
  - This is converted in to an estimate of people based in employment within South West Herts by applying the ratio of employed residents to workplace employment from the 2011 Census. In most districts, this ratio is more than one which means they are net out-commuting districts. The exception is Watford, where there are more jobs than employed residents.
  - This people based measure of employment is then converted in to jobs by applying assumptions about the percentage of people with two jobs. This uses the same assumptions as the housing study and is based on data from the Annual Population Survey
- 6.74 Table 6.7 shows each of these steps and arrives at an estimate of total employment growth. We estimate that population growth in South West Herts could support annual growth in employment of 0.9% p.a. (62,400 new jobs) which is only slightly higher than the employment-led scenario using EEFM forecasts (0.8% p.a. or 60,700 new jobs). The strongest rate of growth occurs in Watford (1% p.a.) because of the growth in the working age population in that district, according to SNPP 2012.



- 6.75 However, planning for housing growth at the level that would support projected population growth in the SNPP 2012 demographic scenario suggests that there could be insufficient labour to meet the demand linked to the increase in employment. The implications of this are:
- The area might meet this demand through higher in-commuting from other areas.
  - A tightening of the labour market could occur over time (i.e. a shortage in supply), a risk for an area with an ageing population.
  - Strategies to encourage a shift in the balance of commuting could be pursued to increase the number of residents working in the area.
  - A higher level of housing than the base demographic projections suggest could be accommodated to encourage more migrants of working age to move to the area.
- 6.76 There are risks in assuming that the area could meet its future labour force requirements through shifts in commuting and other changes in the labour market. In a dynamic part of the UK economy and with London continuing to see employment expand, demand for labour from other locations will also increase. These are issues that the local authorities will need to consider further as they reflect on the results of the studies.
- 6.77 Dacorum also shows a higher level of employment growth in this scenario than in the employment led scenario because of the size of the population in that district, which means the growth in the workforce is higher than other districts even though the percentage growth in the working age population is lower.

Table 6.7 Growth in Workforce in Labour Supply Scenario, 2013-2036

	Change in employed residents	Employed residents to jobs ratio	Change in people based employment	Double jobbing rate (%)	Change in jobs	Average growth rate
Dacorum	15,000	1.12	13,400	3.3	13,900	0.8%
Hertsmere	11,700	1.08	10,800	3.9	11,200	0.9%
Three Rivers	10,400	1.25	8,300	5.1	8,700	0.9%
Watford	13,000	0.93	14,000	4.2	14,600	1.0%
St. Albans	15,600	1.17	13,400	4.8	14,000	0.8%
South West Herts	65,700	1.10	59,900	4.3	62,400	0.9%

Calculations by Regeneris Consulting

## Employment Floorspace

- 6.78 This total employment growth was allocated to sectors based on the forecast industrial breakdown of employment in the EEFM forecasts (these are broken down by 31 different sectors, which are built up using SIC codes). The steps to convert this employment in to FTEs and allocate this sectoral growth to employment use classes were then the same as in the employment led scenarios (see paragraph 6.46). Table 6.8 shows that this scenario suggests the need for a significant increase in demand for office floorspace of 376,500 sq m by 2031 and 457,800 sq m by 2036, which is very similar to the employment led scenario (461,300 sq m by 2036).
- 6.79 Demand for distribution space is also broadly similar to the employment led scenario (109,500 sq m by 2036 compared to 133,000 sq m in the employment led scenario). However the fall in demand for manufacturing space is not as great.

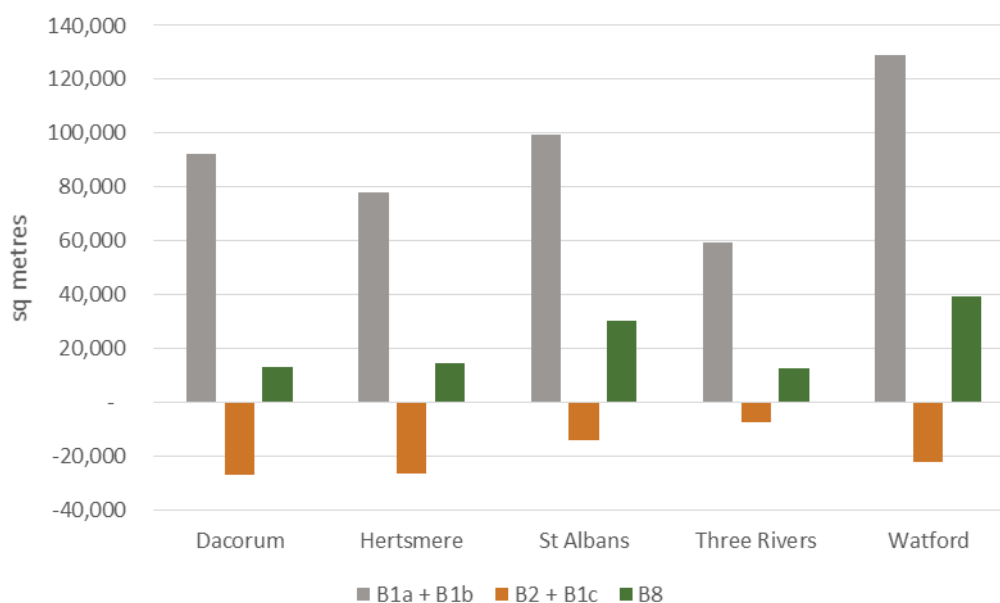
Table 6.8 Floorspace Requirements in Labour Supply Scenario

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	total	p.a.	total	p.a.	total	p.a.	total	p.a.
B1a + B1b	21,600	1,200	26,300	1,100	376,500	20,900	457,800	19,900
B2 + B1c	-1,700	-100	-2,100	-100	-79,400	-4,400	-97,800	-4,300
B8	1,000	100	1,300	100	84,600	4,700	109,500	4,800

Calculations by Regeneris Consulting. Tables for individual authorities are provided in Appendix A

6.80 Figure 6.13 shows the distribution of demand for floorspace by district in the labour supply scenario. It suggests that Watford and St Albans will be the main drivers of growth followed by Dacorum. These are the areas with the highest level of population growth, however this is also the pattern of growth that we might expect given that Watford, St Albans and Hemel Hempstead are the key employment locations in South West Herts.

Figure 6.13 Demand for Floorspace by District in Labour Supply Scenario, 2013-2036



Source Calculations by Regeneris Consulting

## Employment Land

- 6.81 The floorspace has been converted in to employment land using the plot ratios in Table 6.3. This shows a requirement for 52 Ha of employment land for office developments and 24 Ha of land for distribution developments (see Table 6.9). There is a large fall in the need for land for manufacturing uses, some of which could potentially be recycled to address the need for B1 and B8 developments. However this will depend on the nature and location of the sites which are no longer required.
- 6.82 The greatest increase in land requirements is in Watford. This is because it is a population driven scenario, and the greatest forecast increase in the workforce is expected to occur in Watford.

Table 6.9 Land Requirements in Labour Supply Scenario by District, 2013-2036 (Ha)

	Office		Manufacturing		Distribution	
	13-36 total	Average p.a.	13-36 total	Average p.a.	13-36 total	Average p.a.
Dacorum	11.5	0.5	-6.7	-0.3	2.9	0.1
Hertsmere	9.7	0.4	-6.6	-0.3	3.2	0.1
St Albans	9.9	0.4	-3.6	-0.2	6.7	0.3
Three Rivers	7.4	0.3	-1.9	-0.1	2.8	0.1
Watford	12.9	0.6	-5.6	-0.2	8.8	0.4
South West Herts.	51.5	2.2	-24.5	-1.1	24.3	1.1

Calculations by Regeneris Consulting

## Higher Growth Scenario

- 6.83 The final scenario considers the potential for a higher level of growth than is forecast in the baseline, employment-led scenario. This responds to the requirements of the brief for this study to consider how policy and planned investments might shape future employment growth and the need for economic land in South West Herts.
- 6.84 The purpose of this aspect of the study is to:
- provide an additional check on the consistency of employment growth projections and related land and floorspace needs with key policy and investment objectives for the area;
  - determine whether and how policy and planned investment might result in growth that is higher (or perhaps) lower than that suggested by forecasts and past trends; and
  - consider other factors besides policy and planned investments which might give grounds for a higher level of growth in certain sectors.
- 6.85 Some caution is needed in adding this extra layer to the economic needs assessment. The drawback in accounting for planned investments and policies is that there is a risk of double counting jobs which are already included in the baseline employment growth forecast. An element of the employment growth past trends on which forecasts are based will be the result of past investments in business sites and premises, transport and other types of infrastructure, skills and training initiatives and other local economic development initiatives (eg. inward investment incentives, business start-up support).
- 6.86 The key issue is to identify the net additional jobs that might result from such investment over and above forecast growth in different sectors. This is not a simple matter of applying an uplift effect in the different sectors which reflects the type of investment being made (for example, major investment in a science park facility contributing to extra jobs in scientific and technical sectors). As well as its positive effects in attracting new business and employment to an area, new investment might also displace some existing business activity, which could partly offset any uplift effects.
- 6.87 This subsection briefly sets out the key policies and planned investments which could increase employment growth in South West Herts over and above the baseline forecast, then sets out the adjustments which have been made and the justifications for these uplifts.

## Local Policy

- 6.88 The local authorities in South West Herts have identified a wide range of policy objectives relating to economic growth in their areas, priority business sectors, key locations for growth and

employment growth targets. These have been outlined earlier in Chapter 3 of the report, but are summarised in Table 6.10 below. The key points to note are as follows:

- In the four districts where jobs growth targets have been identified (all except St Albans), the implied annual growth is around 1,450 jobs. Assuming that St. Albans stood at around 400 jobs a year (based on the most recent SHMA for St Albans), this would imply 1,800 jobs a year over their respective plan periods. This compares to around 2,600 jobs a year in the baseline projections in this report, a figure which is significantly higher.
- All of the authorities prioritise growth in knowledge based industries. This spans a wide range of sectors including advanced manufacturing, R&D, creative and digital industries and financial and professional services. This is broadly consistent with the employment forecasts, where the majority of employment growth will be in professional services, with lower levels of growth in digital industries (eg ICT).
- A number of authorities prioritise growth in creative industries, including film, printing and publishing. There are major film and television studios located in Hertsmere and Three Rivers, which are likely to attract other associated businesses to these locations. However, both the independent forecasts we have reviewed do not point to the potential for these industries to see substantial employment growth over the next 20-25 years.

Area	Key Objectives and Sectors	Locations	Growth Targets
Dacorum	<ul style="list-style-type: none"> <li>• Business growth and new inward investment, including international investment</li> <li>• Knowledge based industry</li> <li>• Low carbon economy</li> <li>• Tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Maylands Business Park regeneration</li> <li>• Hemel Hempstead, including regeneration of town centre</li> </ul>	10,000 new jobs, 2006-31 (400 pa)
Hertsmere	Creative Hertsmere initiative to drive growth in: <ul style="list-style-type: none"> <li>• Creative industries</li> <li>• Scientific R&amp;D</li> <li>• Niche pharmaceuticals</li> </ul>	<ul style="list-style-type: none"> <li>• Town centre improvement Borehamwood, Potters Bar, Bushey</li> <li>• Elstree Creative Corridor (M1-A1 including Elstree Way Employment Area, Centennial Park, Borehamwood)</li> </ul>	8,000 additional jobs (2006-26/7), London Arc Study
Three Rivers	<ul style="list-style-type: none"> <li>• Film, printing and publishing</li> <li>• Telecommunications</li> <li>• Construction</li> <li>• Knowledge based industries including advanced manufacturing, finance and business services, computing, communications and media industries, tourism.</li> </ul>	<ul style="list-style-type: none"> <li>• Film opportunities around Leavesden Studios</li> <li>• Tourism opportunities in Leavesden/The Grove/Langleybury</li> <li>• Croxley Business Park</li> </ul>	2,400 jobs (2006-26)
Watford	Emphasis on diversity of business base, but recognition of growth potential in: <ul style="list-style-type: none"> <li>• Knowledge based business</li> <li>• Retail and role as major service centre</li> </ul>	<ul style="list-style-type: none"> <li>• Metropolitan Line Extension</li> <li>• Watford Town Centre</li> <li>• Ascot Road</li> <li>• Watford Business Park</li> <li>• Watford Health Campus</li> </ul>	7,000 jobs (2006-26) Core Strategy 13-15,000 jobs (EGDA Study 2014 and Draft Economic

## South West Hertfordshire Economic Study

	<ul style="list-style-type: none"> <li>• Creative economy</li> </ul>	<ul style="list-style-type: none"> <li>• Watford Junction redevelopment</li> </ul>	Development Strategy)
St. Albans	<ul style="list-style-type: none"> <li>• Knowledge based industries</li> <li>• Financial and business services</li> <li>• Rural economy</li> <li>• Green technology sector</li> <li>• Creative industries and visitor economy.</li> </ul>	<ul style="list-style-type: none"> <li>• M1 J8</li> <li>• Rothamsted Research, BRE and environmental technologies within the “Green Triangle” (formed by the Rothamsted, BRE and University of Hertfordshire sites).</li> <li>• Oaklands College’s improvement programme.</li> </ul>	No specific target set

### Planned Investments

- 6.89 There are a large number of future investments which may affect the economic prospects of South West Herts, summarised in Table 6.11. A large number of these are transport related projects which will improve links with London or other employment locations. Assessing the potential effect of these planned investments on the economy of South West Herts is complex as there is potential for both positive and negative effects on employment. While improved links to London and airports could increase the attractiveness of South West Herts as a location for inward investment, it could also result in a higher proportion of residents commuting to these locations which might have a negative effect on employment. Similarly, those schemes which are primarily housing led could increase the labour supply of South West Herts and therefore attract new investment to the area, but could also result in increased commuting, particularly in those areas with good connections to London. This issue is explored in more detail in Chapter 7.
- 6.90 A further challenge is that many of the major investments are outside South West Herts and are in the early stages of planning, or not yet fully approved. In most cases there are no economic impact assessments available for the proposed projects, which make estimating their specific economic impact in South West Herts very complex and subject to significant uncertainty.
- 6.91 In order to generate a credible and evidence based higher growth scenario, we have only focused on those genuinely game changing investments where there is a high degree of certainty that the investment will come forward and where there is a strong rationale and evidence for how the level of economic growth in South West Herts will generate benefits above the baseline. The only investment which we consider to meet these criteria is the Metropolitan Line extension which is likely to come forward in 2018 and which will generate a number of benefits for Watford and Three Rivers. Watford Borough Council commissioned Nathaniel Lichfield and Partners to undertake an assessment of the potential economic impacts associated with the extension to the Metropolitan Line in 2015, which also estimated what the net additional benefits of this scheme could be, over and above the EEFM forecasts.
- 6.92 We have also considered the potential impact of Radlett Strategic Rail Freight Interchange earlier in the chapter. The implications of this investment have been presented separately because of the ongoing uncertainty about whether this scheme will go ahead. We recognise that if this development did go ahead, it would affect the demand and supply of B8 space in all of the scenarios.

**Table 6.11 Major Investments in and around South West Herts**

Scheme	Description	Possible effects
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## South West Hertfordshire Economic Study

Metropolitan Line Extension	<ul style="list-style-type: none"> <li>• Improved rail connections to Watford and Three Rivers</li> </ul>	<ul style="list-style-type: none"> <li>• Inward investment to Watford and Three Rivers</li> <li>• Increased labour market catchment for Watford and Three Rivers</li> <li>• Increase out-commuting to London</li> </ul>
Watford Regeneration Projects	<ul style="list-style-type: none"> <li>• Watford Junction – jobs and homes</li> <li>• Watford Business Park regeneration</li> <li>• Watford Health Campus – jobs and homes</li> </ul>	<ul style="list-style-type: none"> <li>• Inward investment to Watford</li> <li>• In/out commuting to London and surrounds</li> </ul>
East Hemel Hempstead	<ul style="list-style-type: none"> <li>• Expansion in to St Albans</li> <li>• Housing and employment growth</li> </ul>	<ul style="list-style-type: none"> <li>• Inward investment in St Albans</li> <li>• Increased out commuting to London</li> </ul>
Expansion of Luton Airport	<ul style="list-style-type: none"> <li>• +6,000 passengers</li> <li>• +45,000 flights</li> <li>• 12 year delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Increase out commuting to Luton</li> <li>• Attract inward investment</li> </ul>
Expansion of Heathrow Airport	<ul style="list-style-type: none"> <li>• Two of three options for UK hub airport</li> <li>• 3<sup>rd</sup> runway and commercial space</li> <li>• +35,000 jobs at Heathrow</li> </ul>	<ul style="list-style-type: none"> <li>• Increase out commuting to Heathrow</li> <li>• Attract inward investment</li> </ul>
Radlett Strategic Rail Freight Interchange	<ul style="list-style-type: none"> <li>• Rail freight interchange with associated warehousing</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance appeal of area for distribution and warehousing</li> </ul>
High Speed 2	<ul style="list-style-type: none"> <li>• 2 construction compounds in Three Rivers</li> <li>• 10,000 jobs over 7 years</li> </ul>	<ul style="list-style-type: none"> <li>• Temporary increase in in-commuting</li> <li>• Increased demand for hospitality and retail sectors</li> </ul>
Crossrail Extension to Tring	<ul style="list-style-type: none"> <li>• Improved train services to Tring</li> </ul>	<ul style="list-style-type: none"> <li>• Increase out commuting to London</li> <li>• Attract inward investment</li> </ul>
Cricklewood and Brent Cross Regeneration	<ul style="list-style-type: none"> <li>• 7,500 new homes</li> <li>• 27,000 new jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Increased competition for inward investment</li> </ul>
Thameslink Scheme	<ul style="list-style-type: none"> <li>• Improvements to rail services on the St Pancras and Kings Cross lines in to London, due to be completed in 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Increased out commuting to London, particularly from Hertsmere and St Albans</li> </ul>

### Adjustments for Higher Growth Scenario

6.93 Adjustments to the baseline forecasts were made at sector level, where there was a strong rationale and evidence, linked either to a policy or planned investment, or another reason which provide grounds for higher levels of growth in certain sectors. The key adjustments are as follows:

- **Pharmaceuticals:** total employment in this sector is limited (600 employees), but it is identified as a priority growth sector in Hertsmere, reflecting the presence in the district of a large manufacturing facility of human plasma products and the National Institute for Biological Standards and Control (BBSRC). This sector has grown since 2009, and there are plans for further investment at the Rothamsted research facility that could support further employment growth. However the EEFM forecasts show employment in the sector falling by -0.5% p.a. between 2013 and 2036. Instead we assume stable employment in the sector in the higher growth scenario (0% p.a.)
- **Logistics and Distribution:** this sector could potentially see a jobs uplift of 3,400 jobs if plans for the Radlett Strategic Rail Freight Interchange go ahead. These jobs are treated as a discrete potential effect in the higher growth scenario because of the uncertainty about whether the plans will go ahead.
- **Publishing and Broadcasting:** this is a priority sector for Hertsmere and Three Rivers. The level of growth is highly dependent on the plans of Elstree and Leavesden Studios. Warner Brothers has already invested significantly in Leavesden Studios and has plans for further expansion, which would provide additional facilities and could attract additional supply

chain businesses to locate there. Jobs estimates for these expansion plans are currently unavailable: however we have assumed that the growth rate increases from 1% p.a. in the EEFM forecasts to 2% p.a. in the higher growth scenario, which would mean the creation of 1,100 additional jobs in the sector.

- **Professional, Business and Financial Services:** professional and business services are already high growth sectors. However they are likely to receive a further boost as a result of the extension of the Metropolitan Line. The modelling carried out by NLP on behalf of Watford Borough Council estimated that over 1,900 net additional office based jobs would be created in Watford and Three Rivers<sup>17</sup>. For the purpose of modelling it is assumed that these are distributed in line with the sectoral profile of office based employment in Three Rivers and Watford, which is concentrated mainly in professional, business and financial services.
- **Leisure and Hospitality:** these sectors experience a modest uplift in employment as a result effects of the extension to the Metropolitan Line on a number of mixed use developments in Watford.
- **Retail:** just over 800 additional jobs are created in Watford's retail sector as a result of the extension to the Metropolitan Line (based on NLP's estimates).

6.94 There were a number of other sectors where an adjustment was considered, but ruled out on the following grounds:

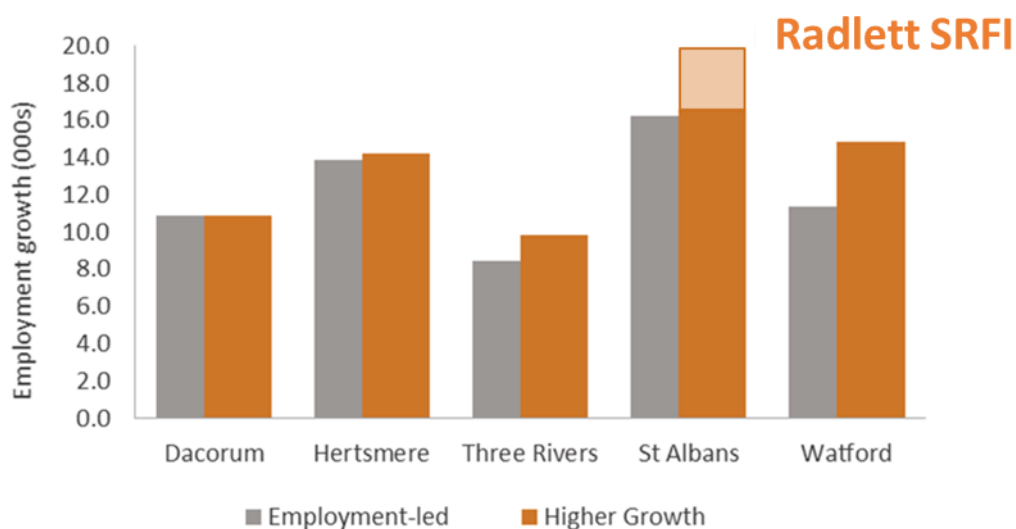
- **Low Carbon Economy:** The local authorities rightly highlight the need to recognise that environmental technology and the transition to a low carbon economy represent growth opportunities. But this reflects a change that is occurring nationally. Despite the presence of the Building Research Establishment facility at Garston, the area does not have a particularly strong presence of R&D, scientific or manufacturing assets that provide a platform for competitive advantage in these industries.
- **Construction:** major housebuilding plans as well as a number of other infrastructure investments could provide a significant boost to this sector. However the EEFM forecasts already show 30% growth in this sector between 2013 and 2036, which is higher than past trends and the national average (25%).
- **Digital Industries:** The ICT sector is forecast to grow by 1.1% p.a. which is a strong rate of growth but below the UK average. While computing and digital sectors have seen substantial growth in areas such as gaming and applications development, South West Herts does not have any notable strengths in this area compared with other locations, and this is reflected in growth forecasts.

## Jobs Growth

6.95 The cumulative effect of the adjustments applied in the higher growth scenario is shown in Figure 6.14. This scenario would result in total jobs growth of 67,000 jobs between 2013 and 2036. The most significant change is in Three Rivers and Watford, as a result of the extension to the Metropolitan Line and the uplift to the publishing and broadcasting sectors. The chart also shows the potential effects of the SRFI at Radlett Aerodrome on employment in St Albans.

<sup>17</sup> The study estimated that 4,900 office jobs would be created in total: however only 40% of this would be net additional to the EEFM forecasts. The study included the potential effects on Croxley Green Business Park which is associated with the Watford office market but lies in Three Rivers. These jobs were therefore allocated to Three Rivers.

Figure 6.14 Employment Growth in EEFM and Higher Growth Scenarios, 2013-2036



Source Calculations by Regeneris Consulting

## Employment Space

- 6.96 The revised jobs estimates have been translated in to floorspace requirements using the same method as the employment led scenario. Table 6.12 shows that the adjustments result in a uplift in the demand for office space compared to the EEFM baseline scenario, while B2 and B8 are broadly similar. As noted above, the demand for B8 space could be significantly higher if the plans for Radlett go ahead. This comprises 330,000 sq m of warehousing space so could potentially increase demand to nearly 480,000 sq m.
- 6.97 Over the longer time period (2013-36), the demand for office space would be over 100,000 sq m higher than in the employment led scenario.

Table 6.12 Demand for Employment Floorspace in Higher Growth Scenario (in the absence of Radlett SRFI)

	FTEs				Floorspace (sq m)			
	2013-31		2013-36		2013-31		2013-36	
	total	p.a.	total	p.a.	total	p.a.	total	p.a.
<b>B1a + B1b</b>	28,400	1,600	33,100	1,400	495,700	27,500	577,500	25,100
<b>B2 + B1c</b>	-2,100	-100	-2,700	-100	-96,900	-5,400	-125,800	-5,500
<b>B8</b>	1,600	100	1,700	100	138,600	7,700	147,500	6,400

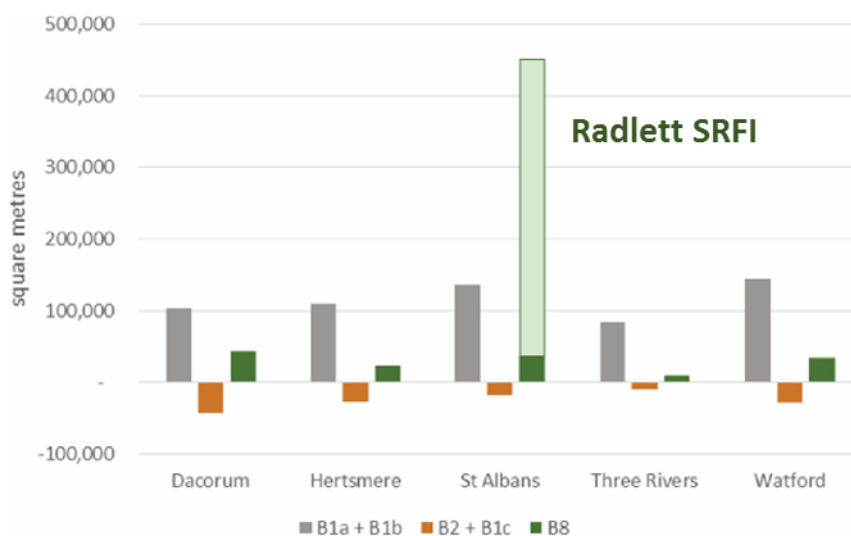
Calculations by Regeneris Consulting. Tables for individual authorities are provided in Appendix A

- 6.98 The distribution of demand for floorspace is shown in Figure 6.15. This shows the scale of proposals for Radlett SRFI in the context of forecast demand for warehousing space in South West Herts. As noted above, we would consider the demand for space at Radlett SRFI to be additional to the other demand for general warehouse and distribution space in the FEMA.



- 6.99 The increase in demand for office space in the higher growth scenario is greatest in Watford because of the effects of the extension to the Metropolitan Line (143,500 sq m), which is expected to increase demand for office space at a number of the main office locations.

Figure 6.15 Demand for Floorspace by District in Higher Growth Scenario, 2013-2036



Source Calculations by Regeneris Consulting

## Employment Land

- 6.100 The employment land implications of the higher growth scenario are shown in Table 6.13. The increase in land requirements is greatest for Watford, although this depends on the status of Radlett which would significantly increase the need for employment land in St Albans.

Table 6.13 Land Requirements in Higher Growth Scenario (in the absence of Radlett SRFI) (Ha)

	Office		Manufacturing		Distribution	
	13-36 total	Average p.a.	13-36 total	Average p.a.	13-36 total	Average p.a.
Dacorum	12.9	0.6	-10.5	-0.5	9.8	0.4
Hertsmere	13.8	0.6	-6.8	-0.3	5.1	0.2
St Albans	13.6	0.6	-4.5	-0.2	8.4	0.4
Three Rivers	10.6	0.5	-2.5	-0.1	1.9	0.1
Watford	14.3	0.6	-7.1	-0.3	7.4	0.3
South West Herts.	65.2	2.8	-31.4	-1.4	32.8	1.4

## Conclusions on Preferred Scenario

- 6.101 This chapter has tested and presented the findings of four possible scenarios for the demand for employment space and land in South West Herts over the period 2013-2036. Of these, three have been identified as plausible scenarios which meet the requirements of NPPF to plan positively for growth. We have concluded that the scenario based on past completions would give a misleading and unrealistic view of future demand. Furthermore, adopting this scenario would act as a significant constraint on economic growth and investment in South West Herts.

6.102 While all of the remaining scenarios could plausibly occur, we have selected the employment led scenario, based on adjusted EEFM forecasts, as our preferred scenario. The reasons for this are given below.

### Outperforming other areas

6.103 The average growth rate of 0.8% p.a. is slightly higher than a number of other comparator areas (including the South East and the Hertfordshire LEP), but still below the level of growth forecast for London, according to EEFM. It is also well above the forecast growth rate of the UK, which is what we would expect for an area with the economic and labour market strengths of South West Herts.

Figure 6.16 Forecast Growth Rates for Comparator Areas, 2013-2036



Source EEFM. Data for London based on Oxford Economics projections for period 2013-2023

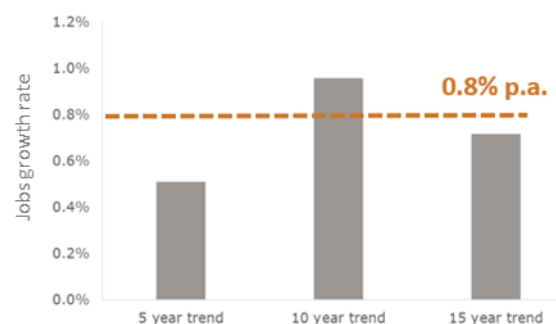
6.104 The FEMA benefits from good transport links and close proximity to London and access to a highly skilled and entrepreneurial population. It is therefore reasonable to expect South West Herts' economy to outperform other areas of England, without matching the high growth rate of London.

6.105 We would therefore conclude that 0.8% represents a strong growth rate which meets the requirements of NPPF to adopt a positive approach to plan making.

### Consistency with past trends

6.106 The growth rate of 0.8% p.a. is also broadly consistent with past trends in employment in South West Herts. Figure 6.17 shows that the growth rate is below the 15 year trend but above the ten year and five year trend<sup>18</sup>.

Figure 6.17 Past Trends in Employment



Source EEFM

6.107 A growth rate of 0.9% p.a. would be at the upper end of growth rates that have been achieved in the past.

### Consistency with the Labour Supply Scenario

6.108 The labour supply scenario is based on sub-national population projections which show substantial growth in the number of working age people in South West Herts, driven increasingly by high levels of out-migration from London (see Chapter 7).

6.109 The close alignment between the employment led and labour supply scenario means that the demand for, and supply of, labour are expected to be broadly balanced over the plan period. This

<sup>18</sup> The ten year and 15 year trends include the effects of the Buncefield Oil Depot incident which caused a loss of employment in Dacorum

offers further weight to the plausibility of the employment led scenario since it implies that employers would have access to the skills they need to grow, and that jobs growth would not require any significant change to existing commuting or migration patterns<sup>19</sup>.

### Continued strong growth in highly skilled sectors

- 6.110 Jobs growth in the employment led scenario is driven by the professional services sector, which is forecast to create nearly 20,000 additional jobs by 2036. This sector is firmly established in South West Herts, accounting for over 40,000 jobs and has been the key driver of growth in the past. The sector includes highly skilled sub-sectors such as HQs, legal services, accounting, consultancy and R&D services. Proximity to London and access to a highly skilled workforce are the key assets which increase the appeal of South West Herts to investors in this sector, and the increased migration flows of skilled workers from London are likely to increase the attractiveness of the area in the future.

<sup>19</sup> Chapter 7 takes a more detailed look at potential changes in commuting and migration patterns between South West Herts and London

## 7. Relationship with London

### Introduction

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- 7.1 The strong connections between South West Herts and London are covered extensively in the analysis of the Housing Market Area (provided by GL Hearn) and in the functional economic market area assessment set out in Chapter 2 of this report. This demonstrates the strong links between South West Herts and London in terms of migration, commuting, shopping patterns and supply chains.
- 7.2 The latest economic growth forecasts produced by the Greater London Authority (GLA) suggest that the capital will continue to be the major driver of economic growth in the UK over a 25 year period (2011-2036), with average growth of around 35,000 jobs per annum (0.7% p.a.)<sup>20</sup>. This is considerably lower than past trends and a range of other forecasts produced by Experian and Oxford Economics which suggest average growth rates could be as high as 1.2% per annum which would mean the creation of 66,000 jobs p.a.
- 7.3 The latest population projections suggest that future growth in the population in London may constrain employers' ability to recruit all of the labour they need from within the capital's workforce. Trends based projections produced by ONS and GLA suggest that the working age population of London will grow by between 40,000 and 53,000 people per year over 25 years. However the GLA's housing led forecast, which takes into account the future supply of housing as identified in the 2013 Strategic Housing Land Availability Assessment (SHLAA) suggest it could be as low as 25,000 p.a. This would mean that the capital's economy would struggle to achieve the high jobs growth forecasts without drawing upon more labour from outside Greater London.
- 7.4 Given the strength of the relationship between South West Herts and London, Regeneris was asked to consider the potential effect of future growth in the capital and assess whether there are grounds to apply additional adjustments to the growth scenarios.
- 7.5 It should be noted that the growth scenarios described in the previous chapter are strongly influenced by past trends, and therefore already factor in the economic benefits that South West Herts derives from its links with London. Proximity to London is recognised as one of South West Herts's key assets and has therefore played a key role in attracting investment which has contributed to past employment growth, which is then carried forward in to the EEFM employment projections. Therefore, a strong growth rate in London in the future does not in itself provide the grounds for an adjustment to the forecasts.
- 7.6 In assessing whether there are grounds for further adjustments, we need to consider whether there is evidence that the economic and demographic relationships between London and South West Herts are changing. We have looked at the following potential effects:
- Migration: London has long been a major attractor of mobile labour from a wide area, however the continued housing pressures experienced in London could result in increasing numbers of people moving out of the capital. This has potentially positive and negative effects in South West Herts.
  - Commuting: the strong rate of jobs growth forecast in London represents additional demand for labour from South West Herts and other surrounding areas. This will potentially result in increasing numbers of South West Herts residents commuting to

<sup>20</sup> Based on GLA's 2015 long term projections.

London (attracted by high wages) which reduces the labour supply available to South West Herts employers.

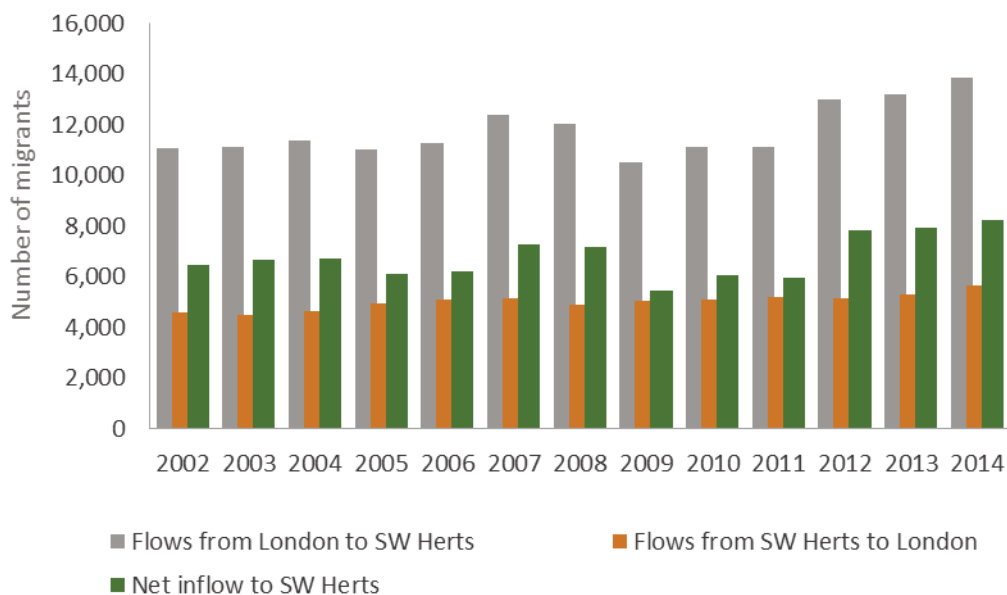
- Business investment: the overheating commercial property market and cost of housing in London presents opportunities for South West Herts to displace some of the forecast growth in the capital in to the FEMA by attracting firms from London or investors who would otherwise have invested in London.

## Migration

7.7 In-migration from London is an important driver of population growth in South West Herts; ONS migration flows data shows that just under 14,000 people moved from a London district to South West Herts in 2014, accounting for 49% of all in-movers (excluding internal moves within the FEMA).

7.8 Figure 7.1 shows that the FEMA has experienced a consistent, large net-inflow of migrants from London each year. The typical net inflow during much of the 2000s ranged from 6,500 to 7,200, before dropping as a result of the economic downturn. Since 2011, however, there has been a sharp increase in the net inflow to South West Herts which has been driven by increased rates of out-migration from London. The net inflow in 2014 was 8,200 which was the highest inflow from London to South West Herts on record. The data does therefore suggest that the housing pressures in London, which have become more acute since 2011, is causing increasing numbers of people to relocate to areas such as South West Herts where housing is more affordable than many parts of London (although still very expensive by national standards).

Figure 7.1 Migration flows between South West Herts and London

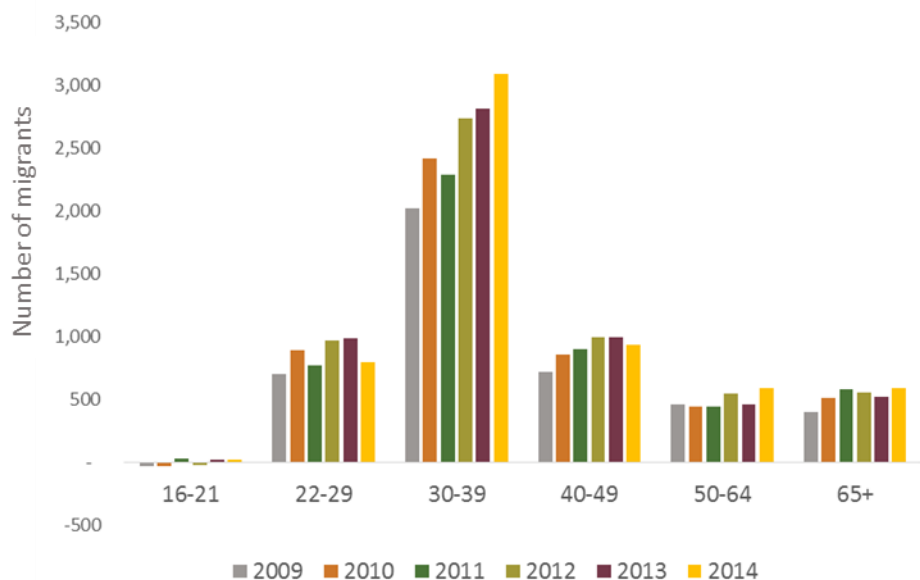


Source ONS

7.9 The age profile of migrants is only available from 2009 onwards, but the data shows that the recent large increases in in-migration from London has occurred in the 30-39 year old age group (see Figure 7.2). This is further evidence that the recent increases have been driven by people being priced out of London, as 30 to 39 year olds are the group most likely to be forming families and seeking larger accommodation which is prohibitively expensive in parts of London.

7.10 It is notable that South West Herts also experiences a net inflow of people in their 20s from London. This is contrary to aggregate net migration flows for the UK as a whole, which shows a large net inflow of people in their 20s in to London, as recent graduates look for job opportunities in the capital. However the reverse happens in South West Herts.

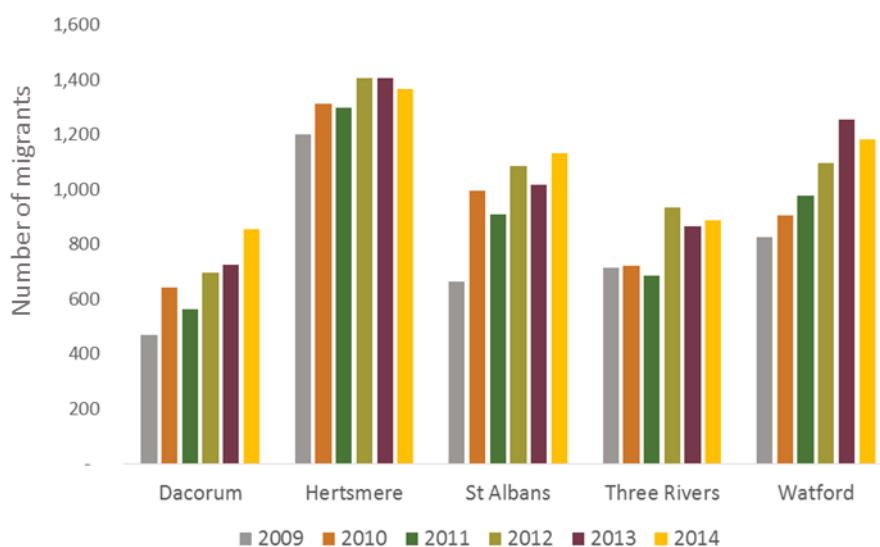
Figure 7.2 Net in-migration from London to South West Herts by age group, 2011-2014



Source ONS

7.11 Looking at the data for individual local authorities shows that all areas have experienced increases in working age migrants from London since 2009, with the largest increases occurring in Dacorum, St Albans and Watford (see Figure 7.3). The largest annual migration flows still occur in Hertsmere, however this district has not seen the large increases in migrants experienced elsewhere.

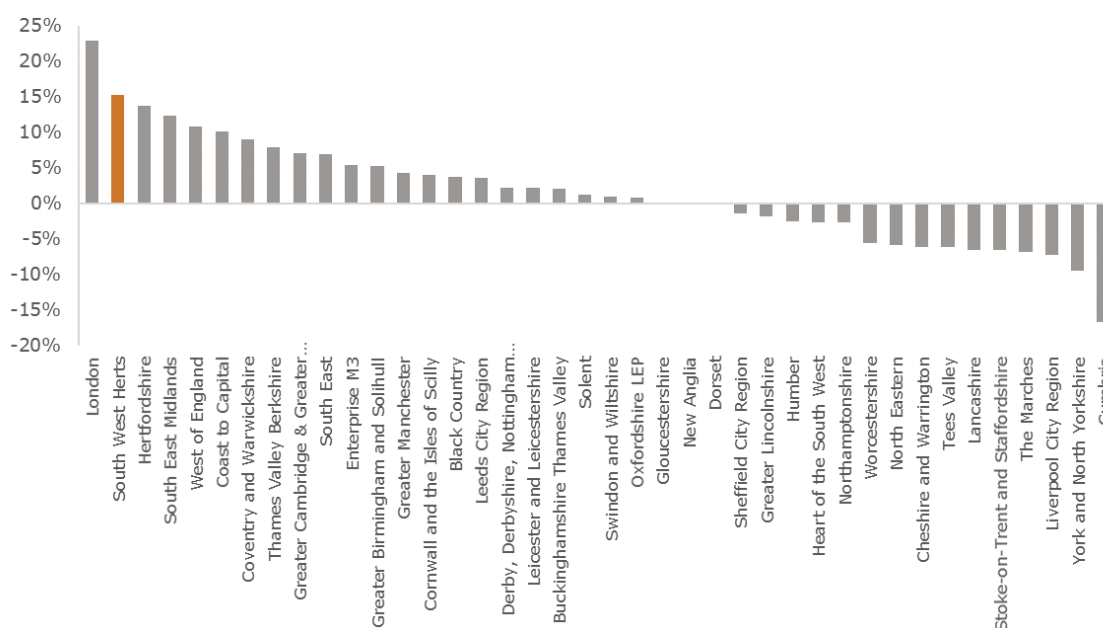
Figure 7.3 Net in-migration of working age people from London to South West Herts by district, 2011-2014



Source ONS

- 7.12 Based on these trends and the increasing housing pressures in London, it seems likely that these growing migration flows in to South West Herts will continue, at least in the short term. Over a longer time period, a fall in London house prices, or an increase in the cost of housing in South West Herts relative to London, could result in migration flows returning to the longer term trend.
- 7.13 The positive effect from increased migration flows of working age people from London is that it increases the size and density of the workforce available to employers in South West Herts. Since a large proportion of migrants from London are highly skilled, these inflows are also likely to increase the concentration of high level skills in South West Herts. This has the potential to generate a number of economic benefits for the area:
- It makes it easier for employers to recruit skilled labour which reduces the number of skill shortages
  - It could reduce the number of hours lost through congestion and long commuting distances as the workforce is in closer proximity to employers.
  - It increases the potential for ‘knowledge spill-overs’ where a greater concentration of skilled workers can result in increased levels of collaboration, learning and innovation.
- 7.14 Improved labour market matching and greater proximity to employment opportunities are two means by which increasing the ‘density’ of a labour market can generate productivity benefits for a local economy. The concept of dense labour markets centres on the breadth and quality of employment available in a specific area. They are closely associated with agglomeration theories, which recognise the mutually reinforcing relationship between strong demand for a higher skilled workforce, the supply of higher skilled workers and improvements in productivity levels through a shift to higher value added business activity.
- 7.15 Figure 7.4 shows that South West Herts is already forecast to have one of the fastest growing workforces in the country (as measured by the working age population). The access to a growing workforce is likely to be a key asset for South West Herts over a period when many areas are faced with a declining working age population.

Figure 7.4 Projected Change in Working Age Population (16 to 64) by LEP area, 2012-2037

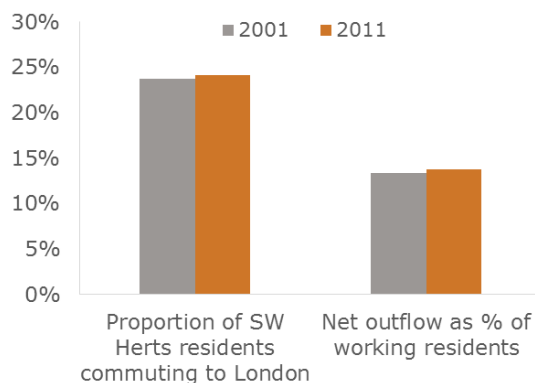


Source SNPP 2012

## Commuting

7.16 Robust and reliable commuting data is only available from the 2001 and 2011 Census. These show that, despite the much stronger growth rate in London than South West Herts<sup>21</sup>, the *proportion* of residents who commute to London remained broadly constant, increasing by just 0.4 percentage points. Similarly, the net outflow of commuters to London, as a proportion of working residents, only increased by 0.4 percentage points (see Figure 7.5).

Figure 7.5 Commuting Rates to London



Source Census 2011

7.17 The higher rate of job creation in London achieved in the past (relative to South West Herts) has not resulted in significantly higher rates of out-commuting from the sub-region, despite the strong links between the two areas. It therefore does not follow that higher rates of job creation in the future will necessarily result in large increases in the rate of out-commuting.

7.18 However this data only covers the period to 2011, and other evidence presented above shows that migration flows from London to South West Herts have increased sharply since then. If a large proportion of these additional recent migrants continued to work in London after moving to South West Herts, then we could expect to see a growing proportion of residents working in London. It should also be borne in mind that planned transport investments in South West Herts, such as the extension to the Metropolitan Line, will improve transport connections to London which could also increase commuting outflows.

7.19 Even so, the total number of additional in-migrants from London still account for a small proportion of working residents overall, so the increase may still be limited. Furthermore, transport investments will also make it easier for London residents to take up employment opportunities in South West Herts, which would reduce the net outflow of residents and increase the labour supply available to South West Herts employers. For instance, the economic case for investment in Croxley is based on improving connectivity to some of Watford's main employment centres and strategic sites, making it easier for these sites to draw upon a workforce from a much wider geographical area which includes London.

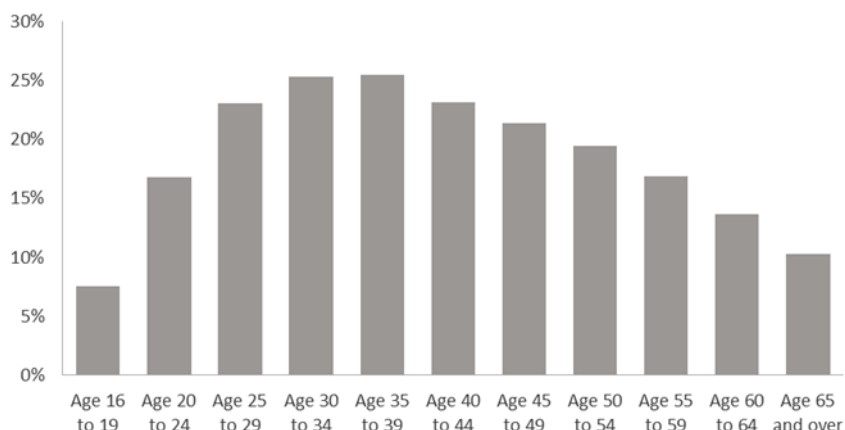
7.20 Over time, we may also expect to see a number of these London in-migrants change their commuting patterns and take up employment opportunities within South West Herts. Data from the 2011 Census shows there is a clear link between age and distance travelled to work, with older workers being less prepared to travel longer distances than people in their 30s (see Figure 7.6). This may be linked to higher rates of self-employment among older workers<sup>22</sup>, higher rates of flexible working (particularly home working) or simply a preference for more leisure time as workers grow older.

<sup>21</sup> Workplace employment in South West Herts grew by 0.5% p.a. between 2001 and 2011, compared to 1.6% p.a in London

<sup>22</sup> Census data shows that 15% of South West Herts residents in their 30s were self employed in 2011, but this increases to 23% for workers aged 50 and above



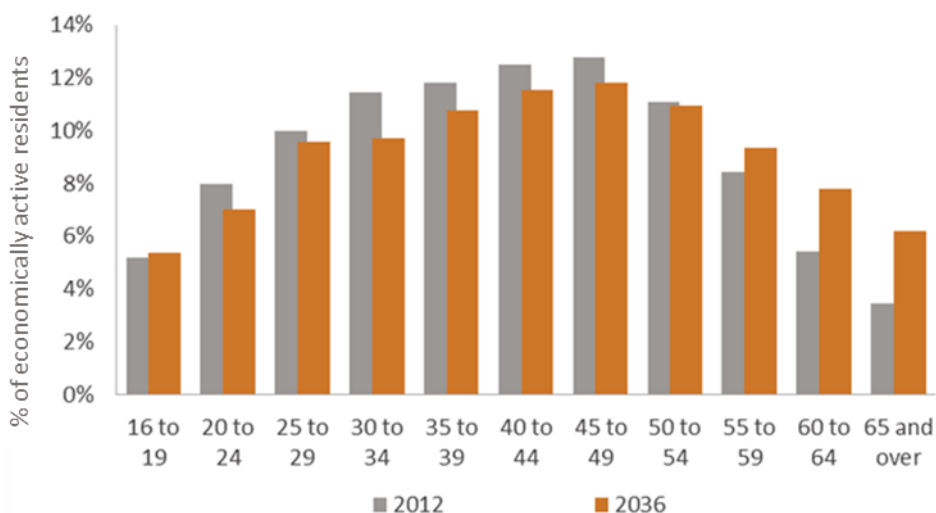
Figure 7.6 Percentage of Working Residents in South West Herts who commute further than 20km, 2011



Source Census 2011

7.21 When considered alongside data on the changing age profile of the workforce in South West Herts, which shows older workers becoming an increasingly important source of labour (see Figure 7.7) this could mean a large proportion of the workforce will increasingly look for job opportunities closer to home. This could potentially counteract the effects of young migrants moving in to South West Herts but who work in London, and reduce the rate of out-commuting.

Figure 7.7 Current and Future Age Profile of South West Herts, 2012-2036



Source Census 2011, ONS sub-national population projections. Calculations by Regeneris Consulting

Note: a number of assumptions are made about changing rates of economic activity of older workers, which are expected to increase due to changes in the State Pension Age and the trend for people to work longer. These are consistent with the assumptions made by the Office for Budget Responsibility in its forecasts.

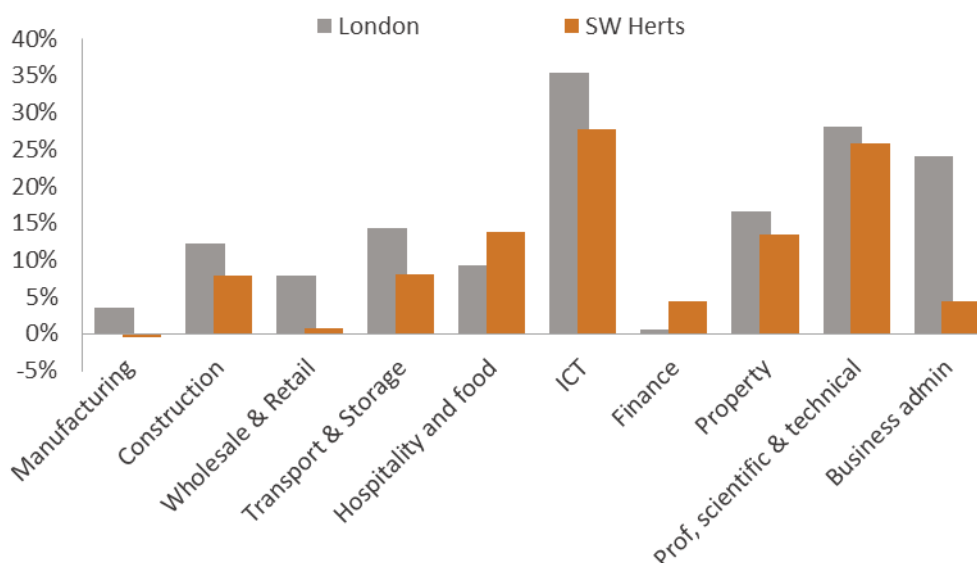
7.22 While there is still uncertainty about how commuting links with London may change in future, this analysis suggests it would be wrong to assume that future population growth in South West Herts will simply be used to meet the growing demand for labour in London. Even if there were modest increases in the rate of out-commuting, this would still leave an expanding labour supply available

to employers in South West Herts, which could generate productivity benefits for the economy as a whole, and provide the workforce required to support strong levels of employment growth.

## Business Investment

- 7.23 Finally we consider the potential for South West Herts to capture some of the forecast growth for London by attracting more London based employers to relocate to the FEMA, or for new investors to choose to invest in South West Herts who otherwise would have invested in London. This could be caused by one of two factors:
- Increases in commercial rents in London relative to South West Herts could make it more commercially attractive for employers to invest in South West Herts rather than London, or for existing London employers to relocate some of their functions outside the capital.
  - Skill shortages as a result of the out-migration of workers from London could cause some employers to choose South West Herts over London to take advantage of the growing workforce in the FEMA.
- 7.24 Proximity to London has long been one of the key advantages of investing in South West Herts. This is particularly the case in Watford, where a number of high profile, multinational companies have a substantial presence in the town, including the headquarters of Hilton Hotels, TK Maxx, J D Wetherspoons, Vinci Construction and the Camelot Group, and large office-based functions of a number of other companies such as KPMG. Watford is a popular location for the office-based functions of large businesses because of its connectivity and large labour market catchment area, and the more affordable rents available while still being only 20 minutes away from Central London.
- 7.25 The feedback received from commercial agents reinforced the view that Watford is likely to continue to see the most interest from firms looking to relocate functions out of London, or new investors looking for a more affordable location in close proximity to London. This is particularly the case for back office functions which do not require a city centre location, and sectors/functions which are less dependent on attracting a highly skilled and highly paid workforce (for whom a London based location is still likely to hold significant appeal). The challenge to date has been that the lack of available suitable commercial floorspace in Watford has resulted in occupiers looking further afield for suitable properties, including other parts of South West Herts.
- 7.26 Quantifying the number of London firms which have relocated to South West Herts is not possible, since there are no datasets which record business moves or the relocation of functions. However analysis of ONS business datasets shows that the total stock of businesses in London has continued to grow at a much faster rate than South West Herts in the last four years (across almost all sectors) (see Figure 7.8). This suggests that, if increasing labour or commercial property costs are having an effect on business location decisions, it is still some way from causing South West Herts to close the gap on the rates of business growth achieved in the capital.

Figure 7.8 Percentage Change in Number of Businesses, 2010-2014



Source ONS UK Business Counts

7.27 Of the two potential ‘push’ factors described above, skill shortages caused by the cost of housing is the challenge most frequently cited by businesses in recent surveys, with the cost of commercial accommodation not identified as a key issue. These surveys include:

- The 2014 London Business Survey by the CBI, which found that housing costs are one of the biggest threats to competitiveness in the capital. 61% of respondents listed housing costs and availability as having a negative impact on recruitment of entry level staff, and 50% listed it as being an issue for recruiting mid-level management staff. Almost a quarter (24%) said that they had employees who are moving away from the local area and their job because housing costs are too high. It also found that 16% of respondents have considered relocation of their business as a result of these factors.
- A survey by Turner and Townsend found that 73% of London business decision makers think London’s housing supply and costs are a significant risk to the capital’s economic growth. 46% believed that their business would face recruitment and retention challenges if London house prices continued to rise over the next ten years.
- A 2014 report by the London Chamber of Commerce found that three in five companies reported that high housing costs were putting upward pressure on wages, while a third of businesses reported that long commutes affected workers productivity and punctuality.

## Conclusions

7.28 The evidence presented above gives grounds for optimism that South West Herts could see growing economic benefits as a result of its links with London. The key source of benefit is likely to be the growing number of young migrants moving from London in to South West Herts, a large proportion of whom are likely to be highly skilled. This will increase the pool of skilled workers available to employers in South West Herts, which is already home to one of the fastest growing workforces in the country, which could improve the productivity of the economy and support higher levels of employment growth.

- 7.29 These effects could potentially be modelled through a revised labour supply scenario which included higher rates of in-migration based on the past three years data<sup>23</sup>. However this would also need to factor in the potential for changes in rates of out-commuting which could offset some of these labour supply benefits. The latest commuting data available is from 2011 which preceded the recent increase in-migration of London residents. We therefore have no way of knowing how many of the recent in-migrants are continuing to work in London and how this is affecting the commuting ratio. On balance, we would conclude that the increase in commuting to London would not totally offset the labour supply gains made through increased rates of migration, meaning South West Herts does secure benefits from the increase in London migrants. However the scale of these benefits is difficult to quantify with any degree of certainty.
- 7.30 There is also the potential for the growing workforce in South West Herts to increase the demand for labour by increasing the attractiveness of the FEMA as an investment location. This is particularly likely to be the case for those sectors and occupiers dependent on a skilled workforce, but who increasingly struggle to recruit staff in London due to the costs of housing, even for mid-management and professional roles. However there is, so far, limited evidence that there has been a significant increase in firms considering South West Herts as an alternative to London. The only evidence is through London employer surveys which warn about the growing difficulty of recruiting in London but give no indication that this has affected their investment decisions, and feedback from commercial agents, which notes that areas such as Watford are likely to see continued interest from investors looking for a more affordable location close to London or relocation of functions. Therefore, while we recognise the potential for this to be a source of benefit for South West Herts in the future, the evidence is not strong enough to justify an adjustment to the employment-led scenario.

<sup>23</sup> The current labour supply scenario is based on SNPP 2012 which uses data from the preceding five year period

## 8. Supply of Employment Land

### Introduction

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- 8.1 This section of the report provides a review of the supply of employment land within South West Herts. It does not represent a full assessment of all employment land within the sub-region, but focuses on the most important part i.e. the larger employment sites or those of more strategic significance. The sites identified are either existing significant sites or have been put forward as potential locations for future employment development. Other existing and potential employment areas will be surveyed separately by individual authorities for their local plans, as and when appropriate.

### Site Assessment Methodology

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- 8.2 Site surveys were undertaken by GL Hearn using a site assessment pro-forma which draws on best practice guidance and the PPG. An example of the pro-forma is included as Appendix C. The site assessments addressed:
- The nature and intensity of use of the employment site;
  - Road access, including access by HGVs and servicing of existing businesses;
  - Access to local services/ amenities for employees;
  - Physical constraints to the development and use of this site;
  - Nature of any bad neighbour or adjacency issues;
  - The age and quality of existing buildings;
  - Public transport accessibility and adequacy of parking provision.
- 8.3 A general description of each employment site was prepared. The site survey included specific consideration of the quality of sites and floorspace and their future suitability to meet market demand.
- 8.4 We have reviewed the development potential of sites, the potential for intensification of use and potential for extension of existing sites. Vacant land on existing sites has been recorded. Where development opportunities were identified, information was collected regarding the potential availability of land for development, market attractiveness of the site, and any known constraints (including infrastructure) which might impact upon the deliverability of development.
- 8.5 The assessments come with the caveat that neither a detailed investigation of landownership and lease structures nor detailed development appraisals to assess viability at a site-specific level (in the absence of a development scheme) have been undertaken to inform conclusions on developability.

### Sites Considered

- 8.6 Table 8.1 lists the sites which have been assessed through this Employment Land Review. Most sites were visited in April, and a few others (asterisked in Table 8.1) in November 2015. Designated employment sites which were not covered by this assessment are listed in Appendix E.

## South West Hertfordshire Economic Study

**Table 8.1 List of Potential Employment Sites Reviewed**

Site	Local Authority	Nature of Site	Vacant Site Area (ha)
Maylands and Maylands Gateway	Dacorum	Identified in Hertfordshire Strategic Employment Sites Study (HSESS)	32 ha
Bourne End Mills	Dacorum	Employment Area in the Green Belt	0.8 ha
Centennial Park, Elstree	Hertsmere	Key Employment Site	10.8 ha
Cranborne Road, Potters Bar	Hertsmere	Allocated Employment Area	2.4 ha
Elstree Way, Borehamwood	Hertsmere	Allocated Employment Area	
Otterspool Way, Bushey	Hertsmere	Allocated Employment Area	
Station Close, Potters Bar	Hertsmere	Allocated Employment Area	
Stirling Way, Borehamwood	Hertsmere	Allocated Employment Area	
Hollies Way Business Park*	Hertsmere	Allocated Employment Area	
Wrotham Business Park*	Hertsmere	Allocated Employment Area	
Borehamwood Enterprise Centre*	Hertsmere	Allocated Employment Area	
Theobald Court*	Hertsmere	Allocated Employment Area	0.1 ha
Farm Close*	Hertsmere	Allocated Employment Area	
Beaumont Gate*	Hertsmere	Allocated Employment Area	
The Waterfront*	Hertsmere	Existing Employment Site	
Lismirrane Industrial Park*	Hertsmere	Allocated Employment Area	
Radlett Aerodrome	St Albans	Identified in HSESS	168 ha
Building Research Establishment (BRE) Site	St Albans	Identified in HSESS	
Land to the east of Green Lane	St Albans	Greenfield Site	55 ha
St Albans City Centre	St Albans	Identified in HSESS	
Croxley Business Park	Three Rivers	Allocated Employment Area	
Delta Gain, Carpenders Park West*	Three Rivers	Allocated Employment Area	
Kings Langley Employment Area	Three Rivers	Allocated Employment Area	
Leavesden Studios	Three Rivers	Identified in HSESS	16.5 ha
Maple Cross	Three Rivers	Allocated Employment Area	6 ha
Tolpits Lane Business Park	Three Rivers	Allocated Employment Area	
Clarendon Road	Watford	Allocated Employment Area	

Greycaine Road / Sandown Road	Watford	Allocated Employment Area	
Imperial Way / Colonial Way	Watford	Allocated Employment Area	
Watford Business Park	Watford	Allocated Employment Area	
Watford Health Campus & Fishers Industrial Estate	Watford	Allocated Employment Area	6.5 ha
Watford Junction	Watford	Allocated Employment Area	

8.7 The findings below from the site assessments are set out below in the same site order as Table 8.1.

## Sites in Dacorum

### Maylands and Maylands Gateway

Vacant Area (ha)	Nature of Vacant Land
32 ha	Gateway site – part developed / part undeveloped

Figure 8.1 Site Map of Maylands Gateway



Source GL Hearn

8.8 This large industrial area on the eastern edge of Hemel Hempstead, Maylands is home to a wide range of employment uses including industrial, warehouse and distribution, and office uses and supporting non B-Class uses (such as the County Council’s household waste recycling centre). Maylands is the largest employment area in the sub-region and provides a greater quantum of employment floorspace than any other site in the sub-region. It also provides a higher number of

large floorplate units than elsewhere in the sub-region, with a significant number of large units under each of the B-Class uses.

- 8.9 As is generally the case with employment areas the scale of Maylands the building stock is mixed – both in age and quality – as development and redevelopment of the area has come forward at different times. Following the Buncefield Oil Depot explosion in 2005, the Council produced the Maylands Masterplan, and there has been considerable redevelopment of the area – including rebuilding of the Buncefield Depot but also to rationalise land use and redevelopment of the wider area for B-Class employment uses.
- 8.10 The site has good access to the strategic road network and is located close to Junction 8 of the M1. This has made Maylands a popular destination for large scale industrial, warehouse and distribution uses. Generally, internal roads and vehicle circulation within the site is reasonable although there was considerable on street parking throughout. Public transport provision is poor and is identified as a key weakness for the area. This means developers feel it necessary to provide 100% car parking for staff and visitors on site.
- 8.11 Office floorspace is currently concentrated on Maylands Avenue and at Breakspear Park on the south side of Breakspear Way. Both of these sites are currently advertising large quanta of vacant Grade A office floorspace, highlighting the limited demand for office floorspace at Maylands.
- 8.12 The Peoplebuilding site on Maylands Avenue has planning permission for six high spec large floorplate office buildings. Currently one office building is built and operational – providing 100,000 sq.ft of floorspace and a health club and multi-storey car park on site. The office building is not fully occupied, with a small part currently being advertised. The remaining plots are undeveloped and are currently being advertised, as has been the case for the past decade. Cumulatively the site is being advertised for up to 600,000 sq.ft of office space. The site is being advertised as high quality built and pre-let opportunities at £18.50 per square foot (psf). However there is also a planning application proposing mostly retail floorspace with only 3,000 sq m for offices.
- 8.13 Breakspear Park – originally developed as BP’s headquarters building – 90,000 sq.ft of Grade A office space is currently being advertised following refurbishment. The prestige office accommodation is located in a prominent position close to junction 8 of the M1. The 16 acre site includes on-site parking and amenities such as restaurant and café.
- 8.14 Hemel One provides 96,000 sq.ft of new office accommodation on Boundary Way and has been more successful attracting blue chip occupiers including Kodak, Asus, BP and Ericsson.
- 8.15 The majority of floorspace in Maylands is in use as industrial and warehouse / distribution units. This includes some very large floorplate units including the 450,000 sq.ft Amazon distribution depot on Boundary Way. Maylands is home to a high number of blue chip companies, including Amazon, Next, Robert Dyas, Gist Distribution and DHL, who all have large distribution depots in the area, and high tech manufacturing companies, including Honeywell and Sopra Steria, are located there. Other major occupiers include Royal Mail which has a large distribution depot at the site. The area to the west of Maylands Avenue generally comprises small / medium industrial units which are predominantly of older stock.
- 8.16 32 hectares is available for employment development at the Maylands Gateway in accordance with the Maylands Gateway Development Brief. The land is mainly owned by the Council and the HCA. It is located to the south east of Maylands Business Park and bounded by Breakspear Way (A414) to the south and Green Lane and Maylands Avenue to the east and west. The site is largely flat and mostly undeveloped and is partially in use as a caravan park and as open grazing land. Additionally, Woodwells Cemetery is located within the site. Development of the site would represent a natural extension of the Maylands employment area linking Mayfields with the Breakspear Park site. This



could extend the employment area up to Breakspear Way (A414) which is a highly visible and accessible side of the site close to Junction 8 of the M1.

- 8.17 Recommendation: Strategically important employment area of regional significance. The area provides a considerable amount of large floorplate units in all B-Class uses. Demand for office accommodation at Maylands is not as strong as for other B-Class uses and there is a considerable amount of land allocated for office uses which have been available for some time. Demand for industrial and warehouse and distribution uses is strong and this is the premier location for such uses in the sub-region. There is considerable room for expansion of employment uses at the Gateway site, which we would recommend should be supported for future expansion of the industrial area. The site would be suitable for a variety of employment uses and any development of the site should be employment-led.**

### Bourne End Mills

Vacant Area (ha)	Nature of Vacant Land
0.85 ha	Vacant and Cleared Brownfield and Derelict

Figure 8.2 Site Map of Bourne End Mills



Source GL Hearn

- 8.18** The site is a relatively large industrial area in a semi-rural location in Dacorum district. The site is located in the village of Bourne End although access is directly off a slip road of the A41 which it shares with a small services area.
- 8.19** The site layout suggests it was formerly a site for specific occupier (mills) and some of the original buildings and foundations still exist. The current site is generally in poor condition and houses a mix of uses.

- 8.20 There are a number of tenants in the Mills including West Herts tools and pressing, DDC Foods, Gledhill Water Supplies and Eliss Tyre and Clutch. SPB metal works on the site illustrates that some heavy industry is still in place.
- 8.21 The site has very good access to the strategic road network and a number of the companies are distribution based. However circulation on the site is extremely poor as is parking which is largely informal and spills out onto the neighbouring road. There is also some roadside loading although most units have their own loading bays. Public transport in the area is also relatively poor with a limited bus service in the village. There are local amenities nearby including those in the village and the service station.
- 8.22 The site provides a number of opportunities for intensification and redevelopment. Part of the site is also being marketed as a development opportunity. These sites are likely to be single ownership with utilities in place. There may however be capacity issues with the local junction.
- 8.23 Recommendation: Poor quality out of town industrial estate with poor quality accommodation and built environment. Occupancy rates are poor with a number of vacant plots which could provide additional employment land. However, due to the scale of the site we recommend that policy supports the continued use of this site for employment provision with support for improvements to the site.**

## Sites in Hertsmere

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### Centennial Park, Elstree

Vacant Area (ha)	Nature of Vacant Land
5.9 ha and 4.9 ha	Greenfield expansion areas

Figure 8.3 Site Map of Centennial Park



Source GL Hearn

- 8.24 This good quality modern business park is located to the south west of Elstree, just off the A41. Although the site is also located close to the M1 there is no motorway access close to the site.
- 8.25 The business park comprises medium sized office and light industrial space all of which were built after 2000. The units are all high quality and include loading bays and dedicated car parking provision set within a high quality public realm. There has been clear investment in signage and site branding.
- 8.26 The site is performing well, occupancy rates are good with only two units being advertised as available at the date of assessment. The occupiers include a high prevalence of high tech businesses including blue chip firms such as Stanmore Implants and Fujitsu. The site also includes a hotel, café, and fitness centre. All plots have been built out and there is no scope for further development within the business park.
- 8.27 The business park is surrounded by undeveloped greenfield land which could provide opportunity to extend the existing business park. There is a 5.9 ha field to the west of the site and a 4.9 Ha site to the north which would provide a natural extension to the site and potentially link the site with Elstree Road, Lissmirrane Industrial Park and The Waterfront business park. However, the fields are crossed by overhead electricity lines which would present a constraint to development.
- 8.28 From a commercial perspective we would consider this an attractive business park which is performing well - the occupancy level is high and there is limited further development opportunity within the existing site. We would therefore recommend potential expansion opportunities are strongly considered by the Council. However the Green Belt designation of the surrounding areas means that these options require careful consideration.

- 8.29 **Recommendation: High quality out of town office business park with good quality accommodation and built environment. Occupancy rates are good with high proportion of high tech occupiers. Recommend that policy supports the continued use of this site for employment provision and expansion of the business park should be supported. Adjacent undeveloped fields provide potential for future expansion of Centennial Park. However, both sites are in the Green Belt and would be subject to a green belt assessment before any release could be agreed.**

Cranborne Road, Potters Bar

Vacant Area (ha)	Nature of Vacant Land
2.4 ha	Greenfield Potential Expansion Area

Figure 8.4 Site Map of Cranborne Road



Source GL Hearn

- 8.30 This is a successful medium sized industrial estate located on the northern edge of Potters Bar. The industrial area includes B1, B2, and B8 units of a range of ages and sizes. There is evidence of recent investment in the area including new office / warehouse space at Harvest House, small and medium sized industrial units at the Devonshire Centre, and larger warehouse unit at the northern edge of the site occupied by Expert Logistics. The site includes the Wenta Enterprise Centre which offers small scale office and workshop space on flexible contracts.
- 8.31 The site access is via Cranborne Road which is a minor road through a largely residential area. Access to the wider strategic road network is not good with access to the M25 and the A1(M) via the B road network either through Potters Bar town or via South Mimms.

- 8.32 Vehicular access and circulation within the industrial area is reasonable. Some sites have on-site parking provision: however there are car parks on Cranbourne Road and Summit Road and significant overspill parking on-street throughout the area. The site is served by a local bus service. Some of the newer units have on site loading provision; however this was lacking on some of the older stock.
- 8.33 Occupancy rates are generally good. However there was vacant space among the older stock, with Cranbourne House advertising 20,000 sq.ft of warehouse / office space and particularly high levels of vacancy at the Summit Centre at the end of Summit Road.
- 8.34 To the rear (west) of the employment area is an area currently used for open storage of vehicles and aggregate storage. To the north of this is a waste recycling centre.
- 8.35 To the west of the recycling centre is a 2.4 ha of greenfield land which could form a potential expansion of the employment area. This land is currently undeveloped and under agricultural use. Overhead telephone lines cross the site.
- 8.36 This site is separated from the more intensive industrial uses of the industrial area by the waste recycling centre and open storage site. Currently there is no vehicular access to the site and access would need to be established through either of the neighbouring sites.
- 8.37 The site suffers from a less prominent location and poor quality environment of the surrounding sites meaning the site is less commercially attractive than elsewhere in the business park. This notwithstanding, Cranborne Road is generally a well performing industrial estate and we consider the expansion area provides an attractive proposition for further expansion of the employment area.
- 8.38 Recommendation: Cranborne Road provides good quality provision for scale local businesses, and offers larger units than at Station Close in Potters Bar. The site is performing well and there is evidence of recent investment. We recommend that policy supports the continued use of this site for local level employment provision and supports the retention of the expansion area for employment related uses.**

Elstree Way, Borehamwood

Figure 8.5 Site Map of Elstree Way



Source GL Hearn

- 8.39 This is a large, intensively developed employment area within Borehamwood. The industrial area spans either side of Elstree Way to the east of Borehamwood town centre. The site forms part of the wider Elstree Way Corridor area. This wider area has been subject to considerable residential-led regeneration and is now identified in the Area Action Plan as capable of accommodating between 1,000 – 1,500 residential units. The employment area is intensively developed and supports a mix of employment uses including B1, B2, B8 and supporting non-B Class uses.
- 8.40 The area is home to a wide variety of accommodation of varies ages and sizes. Generally the quality of accommodation is good and there are reasonable amounts of modern floorspace, particularly to the south east of the site. There are several larger scale distribution warehouses in the area, including the large Sainsbury’s distribution centre. Occupancy rates are good and there is limited opportunity for further development or intensification within the area.
- 8.41 The area is in an accessible location within walking distance of Borehamwood town centre and public transport hubs. Access to the strategic transport network is good with the A1 Barnet By-Pass nearby; however Elstree Way is one of the main thoroughfares through Borehamwood supporting high levels of traffic.
- 8.42 **Recommendation: Key employment area within Borehamwood providing good quality and large variety of accommodation across all B-Class uses. The area is performing well with high occupancy levels and there is limited opportunity for further development within the area. We recommend that policy supports the continued use of this site for local level employment provision.**

Otterspool Way

Figure 8.6 Site Map of Otterspool Way



Source GL Hearn

- 8.43 This medium sized employment site is located on the eastern edge of Watford, just off the A41 close to the junction with the M1 (J5). The building stock is generally of reasonable quality and occupancy rates are good – particularly of the larger units.
- 8.44 The site currently comprises a limited number of B-Class uses with more units under sui generis uses. Alternative uses include the large Porcelanosa showroom, several car showrooms, and builders merchants. A number of the smaller units at the southern end of the site are currently vacant. These vacant units are generally of older stock and this could represent a redevelopment opportunity.
- 8.45 **Recommendation: Site is in a good strategic location and is currently performing well albeit the majority of uses are in non-B Class uses, though still providing jobs. In these circumstances we recommend that the site is considered for a wider range of non-B Class employment uses.**

Station Close, Potters Bar

Figure 8.7 Site Map of Station Close, Potters Bar



Source GL Hearn

- 8.46 This local industrial estate lies just to the north of Potters Bar railway station. The site is intensively developed and principally comprises office and light industrial units in one- and two-storey units built in the 1970s. The quality of units was generally reasonable and occupancy rates are high. The size and quality would likely limit demand to local occupiers. The site is tightly bounded with no obvious room for expansion or redevelopment opportunities.
- 8.47 The site is located close to Potters Bar town centre with Darkes Lane – the town’s main shopping street – and train station within walking distance. Station Close itself is a cul-de-sac off Darkes Lane. All access to the site is via Darkes Lane which could cause issues if the volume of site traffic were to increase. Parking provision is limited with considerable on street parking. There was some evidence of double parking and loading of delivery vehicles in the road. The road is considered unsuitable for HGV traffic.
- 8.48 **Recommendation: Locally important site, well-functioning and meeting the needs of local and SME businesses. Continued employment use should be supported.**



Stirling Way, Borehamwood

Figure 8.8 Map of Stirling Way



Source GL Hearn

- 8.49 This small industrial area on the southern edge of Borehamwood comprises a row of industrial units along Stirling Way which itself runs alongside the A1 Barnet By-Pass. To the south of the site is a Morrisons supermarket and to the rear (west) of site is residential.
- 8.50 The site comprises a mix of units of varying quality and ages providing a mix of small scale office and workshop space. This ranges from old and poorer quality workshop space to the modern Cardiff Pinnacle office building at the north of the site. The area has been subject to retail creep with a number of the units now in use as trade counter, tool hire, and car showroom uses.
- 8.51 Road access is good with access directly onto the A1 from the site. Parking provision appeared adequate for existing needs with dedicated car parking on the strip of land between Stirling Way and the A1.
- 8.52 **Recommendation: Employment site of non-strategic importance. Considerable amount of site used for non-B Class uses and remaining employment provision generally small scale and mixed providing for local market. Recommend that the site is considered for a wider range of non-B Class employment uses.**

Hollies Way Business Park

Figure 8.9 Map of Hollies Way Business Park



Source GL Hearn

- 8.53 The site is located just off High Street in Potters Bar. The site does not offer an active street frontage, being situated behind an existing four storey mixed use building that is currently in a residential and office use. To the south of the site is a bus station. The site is in a close proximity to residential areas and a local parade of shops.
- 8.54 The site comprises several small traditional units, all of which are in use as vehicle repair or garage related uses. At the date of assessment only one unit was vacant. The site is generally well kept but has some external storage for car parts or tyres, as well as informal parking / vehicle storage and designated parking space for customers.
- 8.55 The site does not have a good vehicular access. Site access is via a narrow and poorly maintained road adjacent to the boundary of the bus station. Access is adequate for the existing users, but is too narrow for HGV access. Internal circulation is limited by compact site layout and extensive vehicle parking / storage.
- 8.56 From a market perspective, the site is well occupied and functioning well, however the site is compact and is not prominent, and is unlikely to be attractive to anything other than local businesses similar to those already located at the site.
- 8.57 **Recommendations: The site is meets the need for small scale garage/ vehicle repair/ car wash type uses. There is limited prospect for further development or intensification of uses. This is primarily due to the existing local context: neighbouring uses, lack of frontage, as well as its limited external access for vehicles. We recommend the council to take a flexible approach to allow use of the site for employment related uses.**

Wrotham Business Park

Figure 8.10 Map of Wrotham Business Park



Source GL Hearn

- 8.58 Wrotham Business Park is located in Wortham Park, south of the M25 and west from Hadley Wood, the site is an out of town office park comprising high quality smaller office units. Adjacent to the site's boundary there are a few industrial units used as storage for agricultural machinery. The site is surrounded by open agricultural land and is registered under the Historic Parks and Gardens by English Heritage for its special historic interest. The existing units located on the site are within Grade II listed buildings.
- 8.59 The site is an existing employment site with small- scale high quality office spaces. The site is well maintained and provides an adequate level of well organised parking provision among the existing employment buildings. The quality of the business park's buildings is very good; buildings have been refurbished to the high standard and are fully occupied by a number of smaller businesses.
- 8.60 The site is located off the A1000. The access road is able to accommodate larger vehicles. Internal circulation is not suitable for HGVs. The site is not located closely to public transport modes.
- 8.61 Assessed on the basis of the quality of the local infrastructure, environment and occupancy levels, we consider that the site has a high level of overall market attractiveness.
- 8.62 **Recommendation: The site is well maintained and fully occupied. Existing space is well organised and managed. It is a well-functioning site that provides high quality small scale office space in an attractive environment. We recommend retention for continued employment use. From a market perspective, the site is functioning well and could attract further expansion. However, the constraints of the site's landscape and historic environment mean that any further expansion is unlikely to be appropriate.**

Theobald Court

Vacant Area (ha)	Nature of Vacant Land
0.1 ha	Minor redevelopment/intensification opportunity

Figure 8.11 Map of Theobald Court



Source GL Hearn

- 8.63 Theobald Court is located adjacent to Theobald Street in Borehamwood. It is situated in the Town Centre, with a good access to public transport, including the railway station and several bus stops. The site is in close proximity to the established retail centre, as well as next to Borehamwood Enterprise Centre and Kinetic Business Park. Theobald's Court is also adjacent to several residential units.
- 8.64 The site has an active street frontage and offers a good external access to the Theobald Street. Internal access and circulation is suitable for cars and appears adequate for the existing use. Neither internal nor external access is suitable to HGV use.
- 8.65 The site comprises a 3 storey building containing a high quality small size office spaces with a car park on the back. The existing office space is occupied by a range of specialist companies, including hi- tech, legal consultancies and dental services. Occupancy rate across the office building is relatively high, yet, there are a number of units available to let.
- 8.66 To the rear of the site is a detached derelict residential unit and a vacant car park, which is underused and poorly maintained. This could offer prospect for small scale redevelopment to provide similar small scale office uses.

- 8.67 **Recommendation:** The site provides good quality office space. It is situated in close proximity to established and well performing employment, retail and industrial facilities close to the Town Centre. Parts of the site are underused and poorly managed. The site has a potential for redevelopment of the rear land and abandoned dwelling. This would be suitable to support an additional small scale office development.

Borehamwood Enterprise Centre and Adjoining Sites, Borehamwood

Figure 8.12 Map of Borehamwood Enterprise Centre



Source GL Hearn

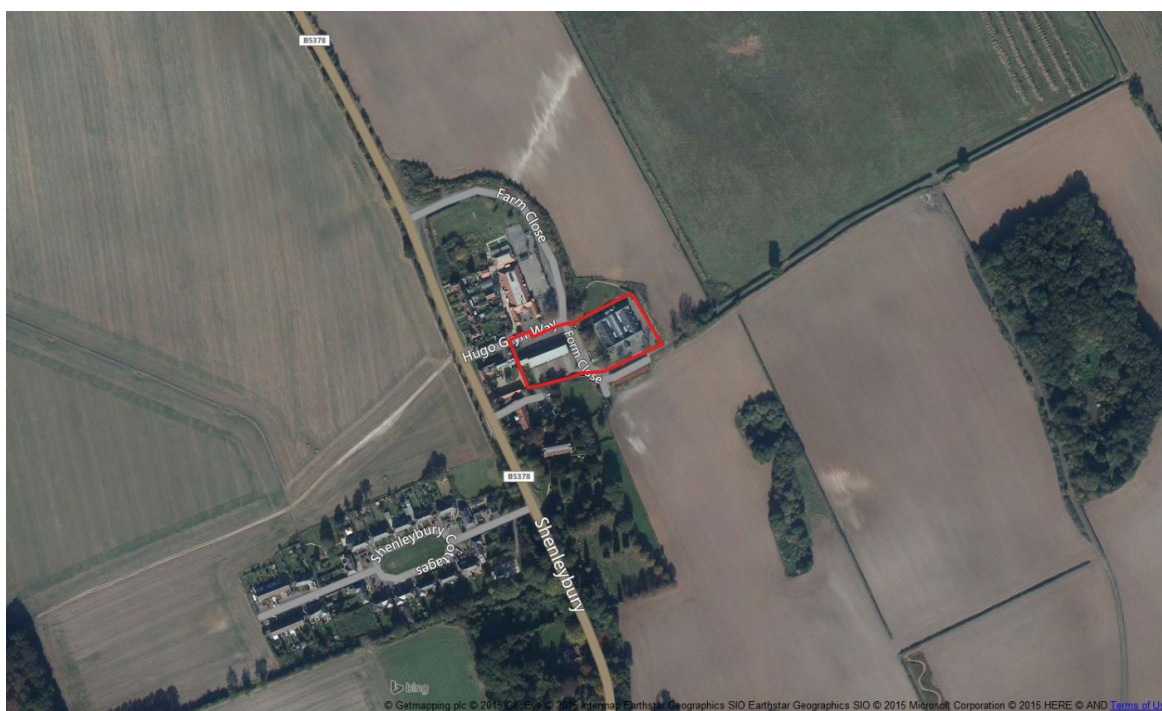
- 8.68 Borehamwood Enterprise Centre is located within the Town Centre of Borehamwood. It adjoins the large retail centre, offering access to a wide range of amenities. The site is located on Theobald Street which offers a good connectivity to the main vehicle routes. Borehamwood Enterprise Centre is located in a close proximity to the railway station and bus stops.
- 8.69 The site consists of a high quality Kinetic Business Centre to the east of Theobald Street and mixed quality ad- hoc development to the West. Kinetic Business Park is highly occupied and offers suitable car park provision for its workforce and clients.
- 8.70 Both parts of the site offer a good external access; adequate for existing users. Internal access and circulation is suitable to the existing use.
- 8.71 The site to the West of Theobald Street consisting of some dated industrial/ office stock. This area has a reasonably high occupancy rate. We have identified only one medium size industrial unit that remained vacant; and one agent's board advertising offices to let. The office space had adequate parking facilities for light vehicles. The industrial units to the rear of the site have dedicated loading

bays and sufficient space available for unloading and parking larger vehicles, however there was evidence of on street loading elsewhere in the site.

- 8.72 Overall, the site is a well-functioning local employment area including several business centres that provide accommodation for small/ micro businesses.
- 8.73 **Recommendation: It is situated in close proximity to established and well performing employment, retail and industrial facilities close to the Town Centre. The ad-hoc development to the west of the site comprises fairly mixed stock and caters for the lower end of the market. The site appears to meet this need sufficiently and has high occupancy rate. The site should be retained and safeguarded for employment uses.**

### Farm Close, Shenley

Figure 8.13 Map of Farm Close, Shenley



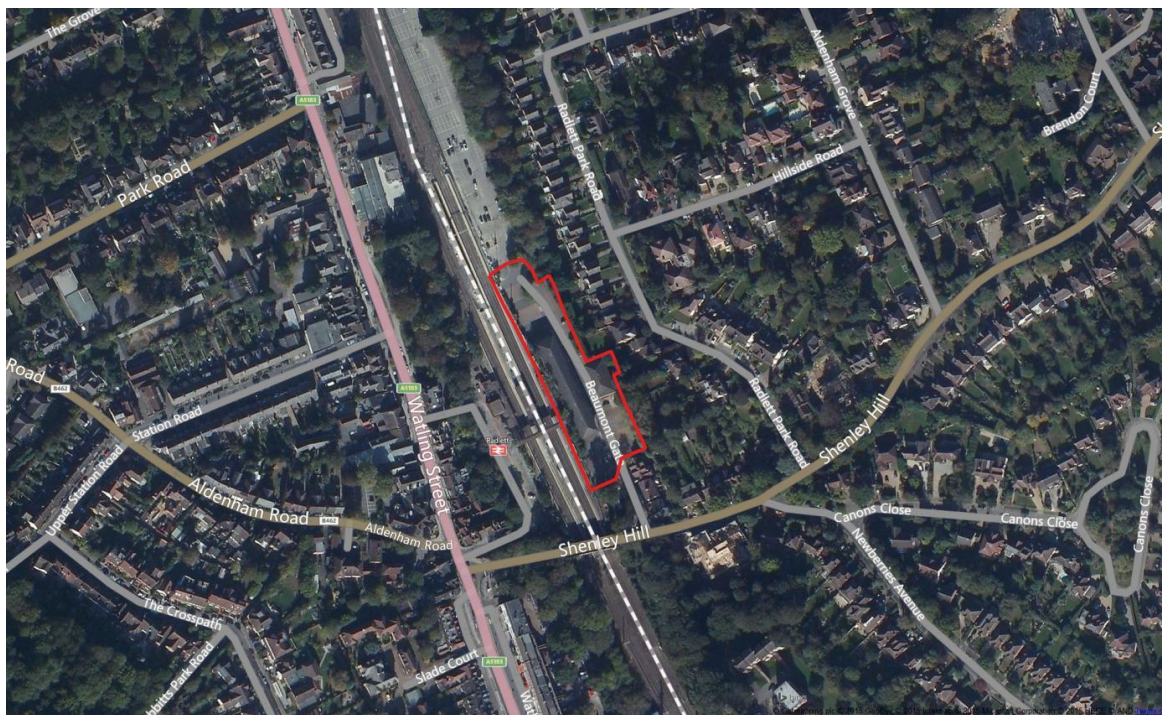
Source GL Hearn

- 8.74 Farm Close is an out of town Business Park consisting of a number of single storey office buildings in a rural setting. The site is located north of Shenley, on the east side of Shenleybury Road. It is in close proximity to the M25 offering a strategic access to the motorway network. The site is surrounded by agricultural land. It does not offer any access to local services and amenities.
- 8.75 The site offers good quality small scale office buildings that accommodate mostly local businesses. The overall environment is well maintained and landscaped. The office units have high occupancy rate.
- 8.76 The site offers a good amount of car park provision in relation to the size of the business activity. Access is not suitable to HGV access. Site provides a good vehicular access, with an adequate internal circulation for cars.
- 8.77 **Recommendation: The site is situated close to the M25, but has limited access to public transport or other amenities. It is a well maintained good quality business park which is well occupied.**

There is limited opportunity for further intensification of the existing site. The site should be retained for employment uses.

### Beaumont Gate Radlett

Figure 8.14 Map of Beaumont Gate, Radlett



Source GL Hearn

- 8.78 Beaumont Gate is located in the District Centre of Radlett, adjacent to the railway station. It offers good links to the key public transport facilities and close to the main roads, including A5183 (Watling Street). The site comprises of two well-functioning business units and car park facilities. The wider surroundings comprise of residential stock, complemented by local retail amenities.
- 8.79 The site has a good external/ internal access and offers reasonable circulation for vehicles. It is not suitable for HGVs, however is sufficient for the existing users. There is limited loading / unloading provision and there was evidence of on-road loading of vehicles.
- 8.80 The site had a good occupancy rate at the date of the assessment - only 480 sq ft of the office floorspace was available and being advertised.
- 8.81 **Recommendation: The site is well located offering good quality office space in the District Centre, which should be retained. The site has high occupancy rates and offers sufficient parking facilities. There is no potential for intensification of the existing site.**

The Waterfront Elstree

Figure 8.15 Map of the Waterfront, Elstree



Source GL Hearn

- 8.82 The Waterfront is situated to the north west of Centennial Business Park, adjacent to the Lismirrane Industrial Estate and south from Estree Road. The site is located close to the A41.
- 8.83 The Waterfront is an existing employment site in the form of a Business Park. The site offers three office units, from 5,000 to 24,700 sq ft accommodating range of smaller/ medium size businesses.
- 8.84 There is a high occupancy rate across the park. Main users are including high- tech or medical companies that moved into the park around 2013 on 5-10 year leases. The park still has available office space to let. There are several available units of a size range between 5,000 and 16,052 sq ft.
- 8.85 The site offers a good external access, with an active frontage onto Elstree Road which is linked to the A41. There is poor accessibility to public transport modes. The site provides adequate parking facilities which appear adequate for current needs of the existing users. Internal circulation is suitable for passenger vehicles, serving its current use.
- 8.86 The site could form part of a larger employment area expansion of Centennial Park, creating a larger employment area.
- 8.87 **Recommendation: The Waterfront is a well maintained business park that provides good quality office accommodation and should be retained as such. There is no opportunity for further development or intensification of the existing site itself but has potential form part of a larger employment area.**



Lismirrane Industrial Park

Figure 8.16 Map of Lismirrane Industrial Park



Source GL Hearn

- 8.88 Lismirrane Industrial Park is adjacent to Elstree Road and The Waterfront Business Park. It offers a good location to the strategic road network, including the A41.
- 8.89 The site is a mixed employment site comprising industrial and office units. It comprises of medium/large size corrugated metal units and three storey office unit with another several loading bays at the back of the building. The site has high occupancy rate. Existing tenants include range of manufacturing and servicing companies. The office unit at the front of the site is of a good quality and is highly occupied.
- 8.90 The quality of the existing industrial units is considered to be average; frontages of the existing industrial units are poorly maintained and loading bays are poorly organised and managed. There appears to be an under provision of car parking and there is considerable over parking throughout the site and on the access roads. There is a poor accessibility to public transport modes.
- 8.91 The site offers a good external access, with an active frontage to the Elstree Road which is linked to North Western Avenue A41. Industrial units offer loading bays which are suitable for HGV access, however these appear to be used as an additional car parking area.
- 8.92 **Recommendation: The site offers office space and several industrial units. The quality of the existing units varies: industrial units are considered to be in an average condition while office space is assessed as of a good quality. The site has an inadequate car park provision what puts a pressure on the existing car spaces. There is no opportunity for further development or intensification of the existing site itself but has potential form part of a larger employment area.**

## Sites in St Albans

### Radlett Aerodrome

Vacant Area (ha)	Nature of Vacant Land
168 ha	Part developed / part undeveloped site

Figure 8.17 Radlett Aerodrome



Source: GL Hearn

- 8.93 The Radlett Aerodrome site is a large former aerodrome site located to the south of St Albans. The site is largely bounded by the A414 to the north, the M25 to the south, Park Street, and Frogmore to the west and the Midland Main Line to the east.
- 8.94 The site benefits from being located close to the Park Street Roundabout which provides excellent access to the strategic road network with access to the A414 and the North Orbital Road which in turn provide direct links to the M1, M25, and A1(M). The existing accesses are not suitable for a major employment development. The rail freight scheme proposes two new accesses, one onto the A414 and another onto the A5183. There is a railway station at Park Street close to the site.
- 8.95 The site is generally flat and falls within the Green Belt. As such it would need to be promoted through the development plan or special circumstances would be required to justify its development.
- 8.96 In July 2014 outline planning permission was granted for the construction of a Strategic Rail Freight Interchange comprising an intermodal terminal and rail and road served distribution units (331,665 sq m of B8 floorspace including ancillary B1/B2 floorspace). This follows the Secretary of State's decision to allow the appeal of the Council's original refusal, and thereby grant planning permission for the scheme. Hertfordshire County Council, which owns most of the site, has not yet decided whether to sell their land to enable the development to proceed.

- 8.97 **Conclusion: Large greenfield site in good location provides a good opportunity to develop a potentially large scale business park supporting a range of larger scale employment uses. The site has been granted planning permission for a Strategic Rail Freight Interchange comprising 331,665 sq m of B-Class uses.**

### Building Research Establishment (BRE) Site

Figure 8.18 Site Map of Building Research Establishment



Source GL Hearn

- 8.98 The BRE site is located to the south west of Bricket Wood. The site has developed from a Government-funded research establishment focusing on research and development and testing of construction techniques and methods. Due to the nature of these activities and the types of jobs supported at the site we would consider BRE to be of potential strategic significance in supporting green activities and in particular R&D in this area.
- 8.99 The site is secured with gated entry. Site access from the North Orbital Road (A405) is via two residential roads, Bucknalls Lane and Bucknalls Drive. The site is bounded by the M1 to the west, which is reached via the A405.
- 8.100 100 homes have been permitted on part of the site on appeal. This will facilitate improved facilities for BRE elsewhere on the site, however there may be limited potential for further expansion on this Green Belt site since it is located next to a Site of Special Scientific Interest (SSSI).
- 8.101 **Conclusion: Future developments or expansion at the site to meet the needs of BRE should be supported subject to it being possible to achieve this without harming the Green Belt and SSSI.**

### Land to the east of Green Lane

Vacant Area (ha)	Nature of Vacant Land
55 ha	Greenfield Site

Figure 8.19 Site Map of Land to East of Green Lane



Source GL Hearn

- 8.102 This greenfield site is bounded by Green Lane and Maylands to the west, the M1 to the east Breakspear Way (A414) to the south and Punchbowl Lane to the north. Junction 8 of the M1 is to the south east of the site. The site lies just within St Albans district.
- 8.103 The generally flat site is currently undeveloped land under agricultural use. The site could accommodate an expansion of the existing industrial area effectively ‘filling in’ a strip of land up to the motorway.
- 8.104 The central part of the site is directly opposite the Buncefield Depot which provides a less attractive frontage onto Green Lane. The southern part of the site is opposite to the Maylands Gateway site which is currently also undeveloped. As with the Maylands Gateway site the site benefits from excellent accessibility to the M1 and the site location is very prominent for traffic on the A414 and the M1.
- 8.105 Although in the Green Belt, the Draft St Albans Strategic Local Plan proposes employment development here as part of the proposals for East Hemel Hempstead - i.e. “significant scale employment provision for a range of uses including: offices, research and development, light industrial and logistics; broadly within the 55 Hectare area north of Breakspear Way and south of Punchbowl Lane”. Any development close to Buncefield Oil Depot will require consultation with the Health and Safety Executive and will most likely need to be B8 (as employment densities are low).
- 8.106 Conclusion: Greenfield site which could form expansion to the existing industrial area taking advantage of excellent location close to motorway access. Location and size would make the site attractive to larger warehouse and distribution uses although the prominent southern end of the site would warrant more prestigious uses. Recommend bringing forward the site in conjunction and co-ordination with Maylands Gateway site.**

St Albans City Centre

Figure 8.20 Site Map of St Albans City Centre



Source GL Hearn

- 8.107 The city centre office ‘quarter’ is concentrated to the east of the shopping centre and St Albans City and District Council offices along and to the north of Victoria Street and south of the A1057. It extends to St Albans City National Rail station with office uses proliferating to the north and south of the station. The west side of Upper Lattimore Road and the south side of Hatfield Road (west of Upper Lattimore Road) is mainly in residential use however.
- 8.108 St Albans’s office stock comprises high spec, medium size offices mostly dating from the 1980s and 1990s, with some offices occupying refurbished historic buildings. The quality of the accommodation is high and offers reasonably large floorplates for town centre offices, although sizes are generally smaller than in Clarendon Road, Watford.
- 8.109 The offices are in the main occupied by financial, legal, and professional service firms and include a high concentration of blue chip businesses including Barclays, Grant Thornton, Diaverum, Lifetime Group, NeoGrid, Aecom, VOA and NFU Mutual.
- 8.110 The environmental quality is generally good with good quality public realm. Given its urban location some of the sites have limited car parking provision. However there is considerable car parking provision nearby. There is limited scope for redevelopment/intensification opportunities although there is evidence of redevelopment on a site by site basis. A vacant plot on Victoria Street is being advertised as a residential development opportunity.
- 8.111 A considerable amount of office space is being lost to housing through prior approval schemes. This includes some high quality office developments.
- 8.112 **Conclusion: High quality city centre quarter providing high quality office floorspace in St Albans, and occupied by a critical mass of blue chip professional service occupiers. St Albans city centre**

is a highly accessible location with good access to National Rail links. Rents achieved are higher than elsewhere in the sub-region. It is important to retain and encourage office uses.

## Sites in Three Rivers

### Croxley Business Park

Figure 8.21 Site Map of Croxley Green Business Park



Source GL Hearn

- 8.113 This high quality business park is located on the south western edge of Watford next to the Watford Business Park. The business park comprises nine office buildings set within landscaped grounds, each with car parking provision. The buildings date from the 1990s and 2000s and are of very good quality. There has been considerable investment in landscaping and site signage and branding.
- 8.114 Occupancy rates are good and there are a mix of occupiers of different sizes including a high proportion of high tech firms such as Kodak, Medtronic, Optelec, and Contactum. In addition to office uses there is also a nursery, café, and salon on site.
- 8.115 The site has reasonable access to the wider strategic road network with the A412 and A4145 nearby. Currently the site is serviced by a public bus service. The site is set to benefit from the proposed extension of the London Underground Metropolitan line from Croxley, to Watford Junction via Watford High Street. This will create a new station at the northern tip of Watford Business Park providing direct links to Watford Junction station and into London. The target date for trains to start running on the new link is 2018.
- 8.116 **Recommendation: High quality office accommodation adds to the industrial offer of the nearby Watford Business Park. The site is performing well with high occupancy rates and is home to a high proportion of high tech businesses. The proposed extension to the Metropolitan Line will improve accessibility in the near future. Continued employment use should be supported.**

Kings Langley Employment Area

Figure 8.22 Site Map of Kings Langley Employment Area



Source GL Hearn

- 8.117 This is not a single site but rather five sites in employment use along a single road (Station Road/Primrose Hill/Railway Terrace). None of the sites have any significant potential for additional employment land although a number have recently been developed or are under construction.
- 8.118 All of the sites have good access to the amenities in Kings Langley and public transport is very good with the train station located at the Southern End of the Road. Access to the strategic road network is also excellent with the A41/M25 junction nearby. All of the sites have high occupancy rates.
- 8.119 The most northerly of the sites is the poorest quality site. It includes two main sections one of which is used for highways maintenance with the other (Langley Wharf) used for a variety of uses including cleaning services and a specialist mechanics. The latter of these has poor circulation around the site and only limited parking.
- 8.120 The second most northerly site is comprised of a very recently built office park (Kingfisher/Abbotts Business Park) and an older distribution based industrial estate. Although the later has a large area with development potential this is likely to remain operational space for the distribution uses on site. The newer area which is separated with some residential units still has a number of vacant units.
- 8.121 The middle site (Kings Park Industrial Estate) is a typical industrial area which is home to a mix of uses including ICW Power, Cotswold Communications and NBM Distribution. This site is largely a good quality site with a relatively high occupancy rate although there are a number of trade counters in the site. Access and circulation to the site are good and there appears to be ample parking.

- 8.122 Kingley Park is the second most southern of the sites and comprises large industrial units. All the units have been recently developed or modernised and have loading bays and an element of offices although they are primarily B1c or B8 sites. Access, circulation and parking are all adequate. Tenants include Swagelok and Keypart.
- 8.123 The southern most site is partially under construction and contains premises for the digital radio manufacturing company PURE/Imagination Technologies and another 1990s office block occupied by Annodata. The PURE sites are extremely high quality office accommodation. There is also an element of manufacturing on the site closest to the railway station and M25 junction.
- 8.124 Recommendation: All of the sites are functioning well and are highly occupied. The sites have excellent access and links to the strategic road network. Even the poorer quality sites serve a specific function of the market. Continued employment use should be supported.**

### Leavesden Studios

Vacant Area (ha)	Nature of Vacant Land
16.5 ha	Intensification Opportunity

Figure 8.23 Site Map of Leavesden Studios



Source GL Hearn

- 8.125 The Warner Brothers Studios which include The Making of Harry Potter Studio Tour is located in Leavesden. There are some significant offices for Warner Bros and BT. The site is located near junction 19 of the M25 in Abbots Langley/Leavesden which is located in Three Rivers.
- 8.126 There are a number of plots around the studios some of which are used for large sets for films being shot at the studios. To the west of the studios site lies the De Vere Hotel and its substantial grounds and South Way playing field. None of these sites are considered suitable or available for employment uses.



- 8.127 The site was allocated specifically for Leavesden Studios Operations and the Green Belt designation was removed from the majority of the studios site area with the exception of the backlot through the Site Allocations LDD (Adopted November 2014).
- 8.128 The employment sites are well maintained, the commercial stock is of a very high quality and appear to be 100% occupied. The links to the strategic road network are excellent and public transport is reasonable (there is a shuttle bus to Watford Station). There is ample parking and circulation is good. Amenities could be improved although a new shop has opened as part of the residential development.
- 8.129 The remaining parts of the site could be developed for a mix of uses, with the southern parts (including the island site adjoining Aerodrome Way) more suitable for employment uses due to their proximity to the M25 Junction (11.3 ha). This would however require a review of the Green Belt.
- 8.130 Recommendation: The majority of the site is occupied by the Warner Brothers Studios. This area, together with the plot on Aerodrome Way, would be suitable for employment uses given the site's excellent transport links. However the site lies within the Green Belt and would only become available as part of a green belt review.**

### Maple Cross

Vacant Area (ha)	Nature of Vacant Land
6 ha	Vacant cleared site

Figure 8.24 Site Map of Maple Cross



Source GL Hearn

- 8.131 This business park is located on the North Orbital Road (A412) in a rural position just beyond the south west development boundary of Rickmansworth. The site provides high quality headquarter office space and is home to key occupiers including Skanska, Nissan, Renault, and Unisys.
- 8.132 The site benefits from excellent access to the strategic road network as it is located on the A412 which provides nearby access to the M25 (J17). The site is served by a regular bus service but there are few local amenities in the local vicinity. The quality of the buildings' environment is very good with landscaped grounds: the quality of the buildings is also generally very good. Businesses have dedicated on-site parking and provision appears adequate for existing requirements.
- 8.133 The employment site was extended by 4 ha and the Green Belt designation removed through the Site Allocations LDD (adopted November 2014). The adjoining plot to the north and east of the existing business park site is flat and currently vacant and could be developed to provide an extension to the existing B Class uses at the site. However there are considerable constraints to delivery which would need to be overcome including part of the site being in the floodzone, in Source Protection Zone 1, in the Green Belt and adjacent to a wildlife site.
- 8.134 Recommendation: This is a successful out of town office park site with excellent access to the strategic road and motorway network. The site is high quality and is currently home to the headquarters of several blue chip occupiers. There is space for additional expansion at the site, which would be attractive from a commercial perspective. However this land is heavily constrained and therefore has limited potential development opportunities.**

### Tolpits Lane Business Park

Figure 8.25 Site Map of Tolpits Lane Business Park



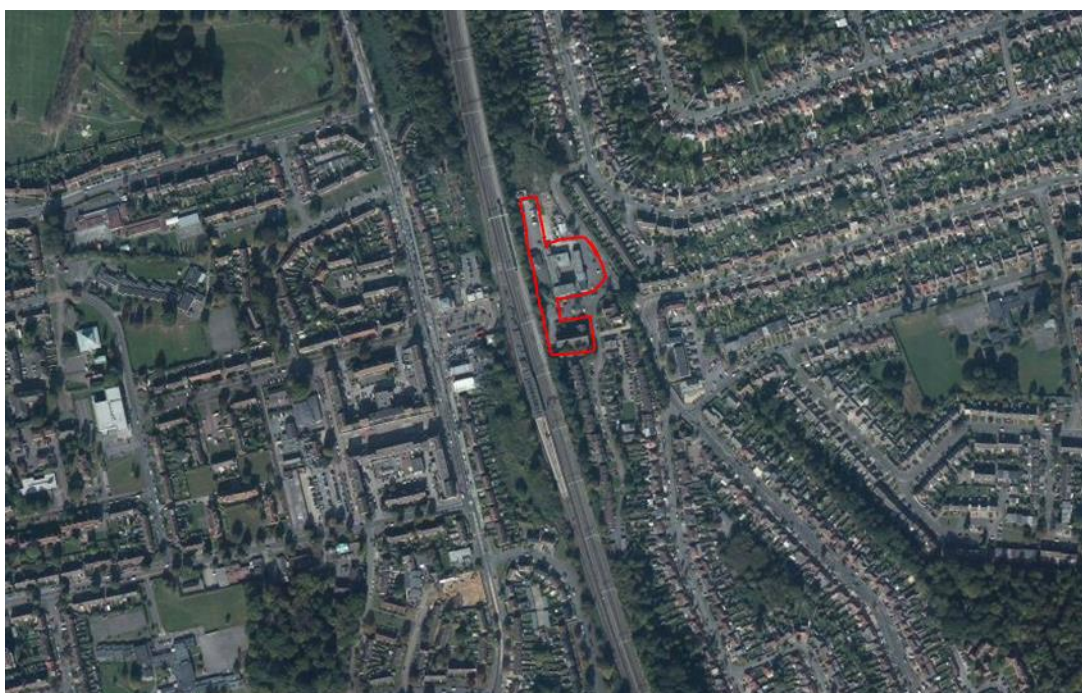
Source GL Hearn

- 8.135 This medium sized mixed employment area is located off the A4145 to the east of Rickmansworth and to the south of Croxley Business Park and Watford Business Park. The site is intensively developed and well occupied accommodating a mix of B1, B2, and B8 activities.

- 8.136 The quality of environment and accommodation varies by area within the business park. The Wolsey Business Park comprises mostly 1990s offices occupied in the main by Camelot. Orbital 25 Business Park comprises 38 office units including hybrid office / workshop units constructed post-2000. Moor Park Industrial Centre and Olds Industrial Estate comprise older industrial premises of small / medium sized industrial and warehouse/distribution uses. Occupancy rates are good throughout the site.
- 8.137 The site is generally very intensively developed. As a result, internal circulation and vehicle movement is constrained throughout the site. This is exacerbated by considerable vehicle parking on the estate roads.
- 8.138 The site is located adjacent to SSSI and a local nature reserve and is within a groundwater protection zone.
- 8.139 Recommendation: Overall good quality and intensively developed business park catering for a range of employment activities and sectors. There is little evident development potential. The Council should seek to support employment uses at the site.**

### Carpenders Park

Figure 8.26 Map of Carpenders Park



Source

- 8.140 This employment allocation lies within an urban location surrounded by residential areas to the east and south, with South Oxhey retail centre located to the west on the other side of the railway line. The site is adjacent to Carpenders Park Station which is accessed from the site via a pedestrian subway.
- 8.141 The quality of the environment is reasonable with the majority of office accommodation within the central part of the site built in the 1960s. At the date of the assessment there were 12 units, one of which was vacant. The majority of these are B1 uses. Hartcran House which forms the southern portion of the site dates from the 1980s and has prior approval for 18 flats, which is due to be completed in spring 2016. The site also includes Carpenders Park Community Hall.

- 8.142 Access to the site is gained from Delta Gain, via neighbouring residential streets, which is considered unsuitable for HGV traffic. There is designated on-site parking within the central, eastern and northern parts of the site. The northern car park may represent opportunities for further development. Internal circulation is considered to be good.
- 8.143 The site partly lies within flood zone 2 (medium probability of flooding).
- 8.144 Recommendation: Overall reasonable quality employment area with scope for redevelopment/intensification opportunities. Continued employment use should be supported.**

## Sites in Watford

### Clarendon Road

Figure 8.27 Site Map of Clarendon Road



Source GL Hearn

- 8.145 Clarendon Road is the main office location in Watford constituting an important town centre 'quarter'. It runs north from the town centre up to Watford Junction National Rail Station meaning there is excellent access to town centre amenities and transport links.
- 8.146 The road is home to large floorplate office accommodation in 4 to 5 storey blocks, providing high quality office accommodation in an urban location. The office stock comprises a mix of ages dating from the 1980s to post-2000s.
- 8.147 Demand for office accommodation at Clarendon Road is high with headline rents achieved around £22 per sq ft. The road is occupied by a mix of financial and professional service occupiers and headquarter functions. There is a strong representation of corporate occupiers including RBS, KPMG, Arup, Baker Tilly, TK Maxx, and Clydesdale Bank. Additional to this the Regus Business Centre provides space for smaller businesses.

- 8.148 The quality of the units is generally high. However some of the older blocks are in need of modernisation and redevelopment of some of the plots is currently commencing. Work has started at number 36 to erect 21,000 sq ft of Grade A office space and number 77 has been acquired for demolition and redevelopment.
- 8.149 Generally the environment and public realm is of high quality. Each plot has on site car parking facilities, although given the urban location car parking provision is more restricted than at other locations.
- 8.150 Recognising Clarendon Road as a prime office location, Watford Council has designated an Article 4 Direction (to control the change of use from employment to residential): this will help to ensure that the area remains a focus for new job creation.
- 8.151 Recommendation: High quality town centre quarter providing prestige office floorspace in Watford, greatly adding to Watford’s offer as a sub-regional office market. Clarendon Road provides high quality and large floorplate office space in a highly accessible town centre location. Rents achieved are relatively high and there is evidence to suggest further redevelopment within the area is coming forward on an individual site by site basis to renew stock. Recommend support of continued office uses at the site.**

### Greycaine Road / Sandown Road

Vacant Area (ha)	Nature of Vacant Land
1.6 ha	Vacant/Derelict Land and Premises

Figure 8.28 Site Map of Greycaine Road/Sandown Road



Source GL Hearn

- 8.152 Greycaine Road / Sandown Road is a major employment location in North Watford. It is comprised of six distinct areas which range from high quality single user sites to piecemeal development in converted mills.
- 8.153 All the sites have excellent access to the strategic road network and North Watford Station sits within the site giving excellent access to public transport. There are good amenities close to the site including two supermarkets and local shops. Car parking is adequate throughout the site with the exception of the most southern sections around Sandown Road.
- 8.154 The most northern part of the site is the Trinity Mirror Printworks which are located on the A41. Access to the site is restricted although from afar the site appears in good condition. The site has a single occupier and there are no vacant buildings or sites with development potential.
- 8.155 Wenta Business Centre/Colne Way Court is also located to the north of the site with access via a residential street. The site is comprised of a 1990s industrial estate of low rise B1c units with loading bays and upper floor offices. The Wenta Business Centre has a number of small start-up offices and workshops. There is a low level of vacancy on the site and the buildings and environment are in reasonably good condition.
- 8.156 The Odhams Trading Estate is home to a number of larger occupiers including UPS and Dairy Crest. Although close to the A41 the site shares access with a major supermarket and thus can be congested at times. There is a low level of vacancy on the site and the buildings and environment are in reasonably good condition. There are no opportunities to intensify employment floorspace.
- 8.157 The Pickfords warehouse is also a single occupier site. Access is restricted but the site is seemingly well used and has good access to both the strategic road network and Watford North Station. There appear to be no vacant buildings or sites with development potential.
- 8.158 The Greycaine Road area forms the bulk of the employment site. There is a wide variety of uses on the site including the Leonhard Kurz factory, a Booker cash and carry, and Virgin Media depot. The site ranges in quality from new build offices to derelict former factories. Most of the units on the site have their own car parking. The majority of the employment land potential is located on this part of the site. This includes buildings currently being refurbished. The majority of these vacant sites could be brought forward for any use class although light industrial is most suitable.
- 8.159 The southernmost part of the site is situated along Sandown Road. This areas has the lowest quality of all of the subsections of the site. The north of the site includes the Eclipse area which is of reasonable quality. Further south the quality of the site decreases and there are a number of vacant properties which could be redeveloped. The properties are derelict former factory sites or are being used for storage or small low quality units. However this part of the site adjoins a residential area and could be considered as a long term loss.
- 8.160 Recommendation: This is a key employment site within the FEMA. The majority of the site is functioning well and is well occupied. The sites have excellent access and links to the strategic road network. The poorer quality sites to the south have high vacancy levels indicating market failure and are located by a primarily residential area. Continued employment use should be supported on the majority of the site with the poorer parts south of the Eclipse area considered as potential long term loss if a surplus of land is identified. The vacant parts elsewhere in the site should be considered as part of the longer term supply.**

Imperial Way/ Colonial Way

Figure 8.29 Site Map of Imperial Way/Colonial Way



Source GL Hearn

- 8.161 Imperial Way/Colonial Way is a key employment centre close to Watford Town Centre. There are a number of uses on the site ranging from an aggregates yard to high quality office accommodation. The site is close to Watford Junction station although access could be improved. The site has excellent access to the M1.
- 8.162 The more northern parts of the site along Imperial Way are more industrial, with the southern part of the site along Colonial Way more focused on offices, although there are exceptions in each. Occupiers include Majestic Wine Warehouse Head Office and Sanyo European Head office.
- 8.163 The vast majority of the site is in good or very good condition and the general environment is good. Vacancy rates are reasonable. There are no parts of the site which are suitable or vacant for intensification or redevelopment.
- 8.164 Circulation in the site is very good with most units having their own spaces. There are a many trade counters, including a substantial cash and carry. As such the volume of traffic entering the site is quite significant. Entrance from the north of the site is slightly convoluted.
- 8.165 Recommendation: This is a key employment area within the FEMA. The majority of the sites are functioning well and are highly occupied. The sites have excellent access and links to the strategic road network. Continued employment use should be supported with non-B class uses prevented from proliferation.**

Watford Business Park

Figure 8.30 Site Map of Watford Business Park



Source GL Hearn

- 8.166 This large employment area lies on the south west edge of Watford accommodating a mix of B1, B2, and B8 activities. In addition to B Class employment uses there are a considerable number of car dealerships in the area.
- 8.167 The site comprises a variety of building ages and sizes including a considerable amount dating back to the 1960s and 70s. There is a greater representation of older stock from the 1970s in industrial uses.
- 8.168 The business park is reasonably well occupied, although there are a number of vacant warehouse units. A number of vacant units are potentially suitable for reoccupation or redevelopment including a 30,000 sq.ft and a 14,000 sq.ft warehouse.
- 8.169 The quality of the environment is reasonable and there is evidence of investment in the streetscape, including improvements to surfacing, one way system, cycleway, and parking. While on-street parking is now managed and internal vehicle circulation has improved, there remain some units with limited HGV access and some units still require road side loading.
- 8.170 The site is set to benefit from the proposed extension to the Metropolitan Line due to start running in 2018. This will create a new station at the northern tip of the business park providing direct links to Watford Junction station and into London.
- 8.171 Recommendation: Large business park supporting a variety of employment uses meeting local demand and generally well-occupied. Some vacant plots offer potential redevelopment / intensification opportunities. Continued employment use should be supported.**



Watford Health Campus & Fishers Industrial Estate

Vacant Area (ha)	Nature of Vacant Land
6.5 ha	Intensification Opportunity

Figure 8.31 Site Map of Watford Health Campus and Fishers Industrial Estate



Source GL Hearn

- 8.172 The site comprises land to the south (rear) of Watford General Hospital and Vicarage Road football stadium, to the south of Watford town centre. The site is situated in the valley of the River Colne and the land slopes south from the hospital into the valley.
- 8.173 The area currently comprises a mixture of parkland, allotments, car parking, and low level industrial uses. The area contains several pockets of small scale and low density industrial, storage, and sui generis uses as well as considerable areas of open storage. Each appears to have developed organically and independently.
- 8.174 Cardiff Road Industrial Estate lies to the south of the hospital site and comprises low density industrial uses. The site has poor quality access and environment is poor with low quality accommodation and considerable open storage.
- 8.175 Fishers Industrial Estate lies to the east of the Health Campus site, accessed directly from the A4178. Fishers is a small industrial estate, comprising light industrial warehouse units predominantly under B1c and trade counter uses. There are 18 units at the site, four of which were vacant at the date of assessment. The units, estimated to date from the 1990s, are in reasonable condition and there is a small but adequate level of informal vehicle parking/loading space to the front of each unit. Access and internal circulation is adequate.

- 8.176 Access into the area is difficult with access currently via the narrow residential streets. The steep topography of the site as well as the hospital and football stadium to the north restricts access options and may mean creating site access may be problematic.
- 8.177 Recommendations: Area contains low level and scrappy industrial and open storage uses amidst undeveloped and park land. The potential to bring forward more consolidated employment uses at the site appear limited. However, the new Watford Campus Link Road will improve prospects for the existing business areas and continued employment uses at these sites should be supported.**

### Watford Junction

Figure 8.32 Site Map of Watford Junction



Source GL Hearn

- 8.178 This site comprises land in the vicinity of Watford Junction Rail Station. It currently includes employment land, retail warehousing, the railway station and associated car parking. The site is dissected by the West Coast Main Line and the Watford-St Albans Abbey Line and associated rail sidings. Key occupiers include Homebase, TK Maxx, Staples, London Concrete, Thrifty Care Hire, Motor Services Watford and Balmoral.
- 8.179 Current B-class employment within this area is concentrated along Colonial Way and Clive Way. It includes a mix of light industrial and storage activities (B1c and B8) as well as sui generis activities. The London Concrete site benefits from rail access.
- 8.180 Access to parts of this site varies, with notable severance effects caused by the railway lines. Land within the eastern side of the site is currently accessed from Colonial Way. The central area is accessed from St Albans Road or from Station Road through an underpass under the railway line. Traffic flows through the underpass are however restricted. Iveco House sits above Watford Junction Station.

- 8.181 Watford Council's Core Strategy identifies the site as a Special Policy Area (SPA) and promotes mixed-use redevelopment to deliver residential, employment, retail and commercial space with associated infrastructure improvements. 1,500 homes are envisaged together with offices, retail and leisure floorspace, hotel and conference facilities, commercial leisure and associated infrastructure.
- 8.182 In respect of B-class employment land, the site is at a highly accessible location and benefits from a regular direct train service to London Euston, as well as destinations to the north. This supports its attractiveness as a potential location for expanded office floorspace provision. The journey time to London Euston is 15 minutes. Labour market accessibility will be improved further through the extension to the Metropolitan Line.
- 8.183 The site adjoins the current commercial office hub along Clarendon Road. It is the natural extension of this employment area, which performs well as a key office location within the sub-region with a number of larger corporate occupiers, including financial and professional service activities.
- 8.184 Successful delivery of new office space is likely to be contingent on improvements to quality of place through mixed use redevelopment; together with provision of suitable access.
- 8.185 Recommendation: Policy should continue to support central area mixed-use regeneration scheme(s), including provision of B1 commercial office space at this highly accessible location which adjoins an established sub-regional office location.**

## Conclusion

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- 8.186 All of the existing employment sites reviewed as part of this study are performing well, with high levels of occupancy. With some minor adjustments, we recommend that all of these sites are protected and retained for employment purposes as these form the key part of the core employment land supply in South West Herts. The sites listed in Appendix E that have not been surveyed are also important to future supply. Employment land lost - for example to residential development - cannot easily be replaced due considerable constraints in the supply of land, not least because of Green Belt restrictions. Protection of these sites is therefore key to the future growth and resilience of the South West Herts economy.
- 8.187 The sites assessment has identified a total of around 298 ha of land within South West Herts which is currently vacant or undeveloped and would be suitable for employment uses, with a large proportion in St Albans. These sites are shown in Table 8.2. Five of these are in existing allocated areas (Bourne End Mills, Theobald Court, Maylands Gateway, Maple Cross and Watford Health Campus/Fishers Industrial Estate), cumulatively providing 45.4 ha of vacant land. The first two have very small areas available, and surveys identified a number of challenges for the Maple Cross and Watford Health Campus sites linked to deliverability or attractiveness to the market. This means Maylands Gateway (32 ha) is the only allocated site with clear development potential and market appeal to potential B class occupiers. The other remaining sites are all unallocated sites in the Green Belt or safeguarded and so would be subject to a Green Belt impact assessment. A number of these sites have been identified as good potential locations for new employment development (subject to consideration of Green Belt impacts) which are likely to have market appeal and could make a substantial contribution to addressing the identified demand.
- 8.188 Table 8.2 does not include those existing sites where there may be potential for redevelopment and intensification of land which is already developed. Within the FEMA we would single out Watford Junction and Watford Business Park as priority developments, which would both offer excellent transport connections and are likely to have very high market appeal to high profile investors.

## South West Hertfordshire Economic Study

**Table 8.2 Existing and Potential Sites with Vacant Land in South West Herts**

Site	Local Authority	Comments	Vacant Site Area (ha)
Bourne End Mills	Dacorum	Poor quality out of town industrial estate with poor accommodation and built environment.	0.8 ha
Maylands and Maylands Gateway	Dacorum	Key strategic site with significant development potential. Site would be suitable for a variety of employment uses. Demand is likely to be particularly strong for warehouse and distribution uses.	32 ha
Cranborne Road	Hertsmere	Potential expansion area in a successful industrial estate which would appeal to range of uses.	2.4 ha
Centennial Park	Hertsmere	High quality out of town business park with high levels of occupancy. However would require Green Belt release.	10.8 ha
Theobald Court	Hertsmere	Minor opportunity by railway	0.1 ha
Radlett Aerodrome	St Albans	Planning permission for a SRFI but could also be a good opportunity for a large scale business park supporting other employment uses. However would require Green Belt release.	168 ha
Land to the east of Green Lane	St Albans	Attractive for B8 uses, with some parts suitable for B1. However would require Green Belt release.	55 ha
Leavesden Studios	Three Rivers	Land is suitable for B class uses but would depend on the interests of the occupier. Would also require Green Belt release.	16.5 ha
Maple Cross	Three Rivers	Attractive location for B1 uses but vacant area faces significant development constraints.	6 ha
Watford Health Campus & Fishers Industrial Estate	Watford	Existing employment area but potential to bring forward more employment uses appears limited.	6.5 ha

## 9. Conclusions

- 9.1 This section draws together the key findings from the preceding sections on the supply and demand for employment sites in South West Herts. It considers what this means in terms of the priorities that the South West Herts authorities will need to address.

### An area with high growth potential

- 9.2 The study has considered three main employment scenarios - Employment Led, Labour Supply and Higher Growth. These were based on both demand-led and supply-led approaches, and took account of local policy priorities and planned investments in South West Herts. The three scenarios produced broadly similar outcomes; all pointing to a level of growth between 0.8% and 0.9% p.a., which would mean the South West Herts economy would create between 60,700 and 67,000 new jobs between 2013 and 2036.
- 9.3 This level of growth is well above the forecast average growth rate of the UK (0.5% p.a.). However, it is consistent with the level of growth achieved in South West Herts in the past, and with what we would expect for an area with its economic and labour market strengths. The analysis of past trends and economic performance in South West Herts shows that the area has all of the key ingredients for a successful growing economy, including access to a highly skilled and entrepreneurial workforce, close proximity to London and good accessibility for a large part of the country.
- 9.4 The close alignment between the labour supply and employment led scenario also means (if land supply constraints are left aside) that the demand for and supply of labour are expected to be broadly balanced over the plan period. This means that, based on current trends, employers would have access to the skills they need to grow, and that jobs growth would not require any significant change to existing commuting or migration patterns.
- 9.5 **Based on the above, we conclude that following the approach in the PPG the employment led scenario represents an achievable and positive level of growth and provide an appropriate 'policy-off' assessment of economic growth potential and need for employment land provision.**
- 9.6 Table 9.1 shows that 60,700 jobs would be created in South West Herts in the preferred scenario, and we estimate that just under half of these would require B class floorspace.

Table 9.1 Employment and FTE growth in Preferred Scenario, 2013-2036

	Total jobs growth	B class jobs growth	Percentage of jobs growth in B class sectors	B class FTEs
Dacorum	10,900	6,300	58%	5,500
Hertsmere	13,800	5,600	41%	4,800
Three Rivers	8,400	3,600	43%	3,100
St Albans	16,200	7,200	44%	6,300
Watford	11,300	6,500	58%	5,700
South West Herts	60,700	29,200	48%	25,400

Source: Calculations by Regeneris Consulting

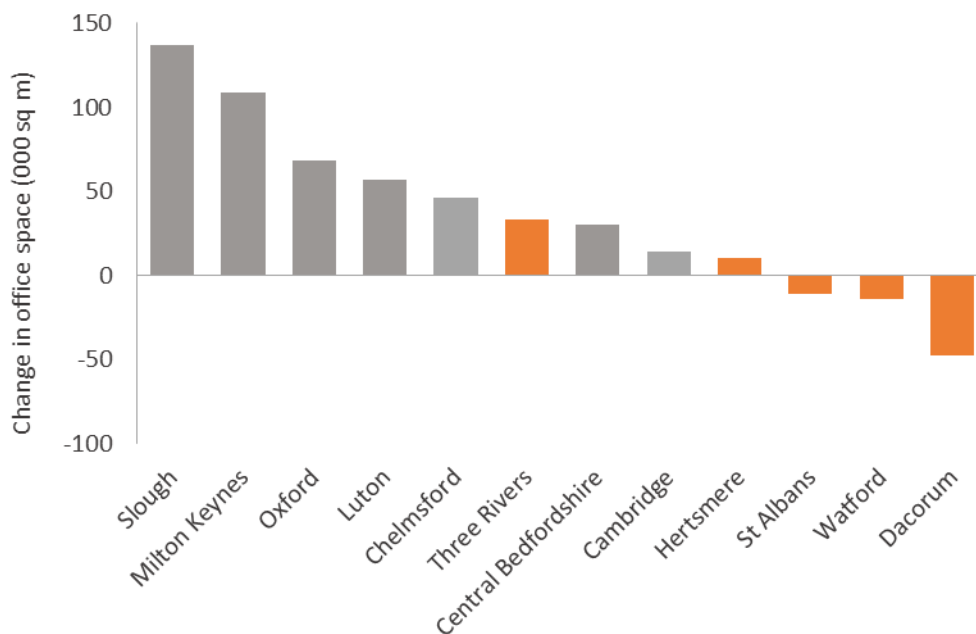
- 9.7 We also consider the higher growth scenario (at 0.9% p.a.) to be potentially achievable (again leaving aside potential supply-side constraints such as availability of sites and increased levels of

housing), although it is at the higher end of growth rates achieved in the past. It is also dependent on a number of investments coming forward (eg. approved investment in the extension to the Metropolitan Line). The South West Herts authorities should monitor developments and can consider whether an increase to the preferred scenario may be justified.

### **A significant increase in demand for office space**

- 9.8 Employment growth will occur across a wide range of sectors over the next 23 years. Just over half of the jobs which are created in the preferred scenario will not require B-class employment space. However the strong growth forecast for the professional and business services sectors implies there would be a significant increase in demand for office space of 460,000 sq m (20,000 sq m p.a.). Meeting this level of growth would represent a major challenge for the South West Herts authorities as it points to a need to increase the existing stock of office space in the sub-region by 40% over the next 23 years.
- 9.9 To put the scale of the challenge into context, South West Herts has actually experienced a net fall in office space since 2000, although this has been driven by the large fall in office space in Dacorum following the Buncefield oil depot explosion. Taking the average of the period before the oil depot incident (2000 to 2005) shows that South West Herts was still only delivering a net increase of 8,000 sq m of new office space per annum. This was at a time when the economy was growing and there were favourable conditions for the provision of new office space. The authorities now face the additional challenge brought by permitted development rights, which is placing additional pressure on office stock in many parts of the sub-region, and has contributed to a fall in office space in recent years.
- 9.10 However there are good reasons for the South West Herts authorities to aspire to rise to this challenge, and a number of risks associated with under-delivery. Consultations undertaken with local commercial agents indicated that there is sufficient demand in the market to sustain significant new office development, particularly in key office locations in South West Herts such as Watford and St Albans. They also reported that these key office locations are losing competitiveness and investment due to a shortage of good quality office space, and that established employment areas are at risk of losing their reputation for being prestigious business locations because of the encroachment of residential uses.
- 9.11 A review of some of the other established employment centres in the East and South East of England shows that the South West Herts has under-delivered new office space compared to comparator locations. Some other locations, including neighbouring areas such as Luton and Central Bedfordshire, are investing significantly in making their locations attractive to inward investment, for example through ensuring that there is a good supply of quality employment sites.

Figure 9.1 Change in Office Space in South West Herts districts and Competing Locations, 2000-2012



Source Valuation Office Agency

- 9.12 While the under-delivery of new office space since 2000 has not prevented South West Herts achieving high levels of jobs growth, this is likely to have been achieved by employers making use of vacant space in the existing stock in South West Herts or making more efficient use of office space. However there are likely to be limits to how much further this can go. The ratio of total net internal office space to employment has fallen from 16.5 sq m per FTE in 2003 to 13.5 sq m per FTE in 2012 (the latest date for which data is available), and there is currently very little vacant space in a number of the districts in South West Herts, including St Albans, Dacorum and Watford. Whilst the current position is partly a function of where we are within a market cycle, there is a danger of South West Herts losing ground on its competitors without significant investment in new stock.

### Employment Land Implications

- 9.13 Translating this growth in office space in to land requirements is complex and will vary in different parts of the FEMA and for individual developments. By applying plot ratios which take account of differences in local office and industrial markets, we estimate that the preferred scenario will give rise to the need to identify 52Ha of land for office development and 30 Ha of land for B8. Against this, we estimate that just over 30Ha of land for manufacturing will be freed up for alternative uses in the FEMA.
- 9.14 As we note in paragraph 6.53, these estimates should only be used as broad estimates of land requirements. The plot ratios achieved on individual sites will vary, depending on their particular characteristics and location. Therefore, when the local authorities reach conclusions on employment land requirements, they should consider the circumstances of each site separately when deciding what plot ratios to apply.

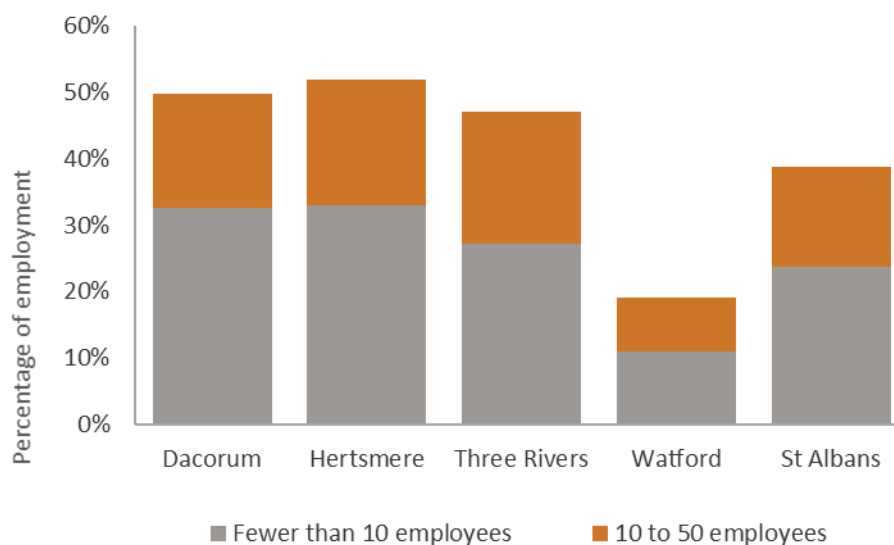
## Implications for key sectors

### Professional Services

- 9.15 The professional services sector has been central to the strong performance of South West Herts over the past twenty years and is forecast to continue to be the key driver of the sub-regional economy. The area's highly skilled workforce, transport connections and proximity to London are all key assets which enhance its appeal to employers in this sector. It is the growth in this sector which lies behind the large forecast increase in demand for office space.
- 9.16 Although the highest levels of growth are expected to be in St Albans and Watford, each of the authorities is forecast to experience strong growth, so it is important that the employment space which is planned is sensitive to the characteristics of the sector in each location. This varies considerably across the FEMA. Watford has experienced particular success in attracting major companies to locate their headquarters in the town, which will be enhanced by the extension to the Metropolitan Line, while St Albans and Hertsmere have seen significant growth in the number of smaller, knowledge based businesses such as consultancies.
- 9.17 Although there may be some variation in employment space requirements for different sub-sectors, the following are likely to be key considerations for employers when choosing sites:
- **Access to a highly skilled workforce.** All sub-sectors have a high demand for high level skills, so employers will look for sites with large labour catchment areas, and good connections by road and public transport.
  - **Access to London:** although not a primary concern for those professional services firms serving a local market, larger consultancies, law firms and HQ functions will value locations which offer quick access to clients and collaborators based in London.
  - **Access to high quality amenities and a high quality work environment.** The importance of staff attraction and retention means that employers increasingly look for sites with good on-site amenities or with amenities close by, and which offer a distinctive and high quality work environment. This is particularly important for HQ functions and large professional service firms. Key amenities includes cafes, bars, gyms, access to green space and childcare facilities.
- 9.18 Town centre locations in Watford and St Albans are particularly valued by professional services employers because of their large labour market catchments, rail connections to London and town centre amenities (particularly important for employers with a younger workforce). Whilst arguably less sustainable employment locations, high quality, prestigious business parks will also hold investor appeal, particularly where there is good access by road and public transport and the site provides a high quality, modern business environment.
- 9.19 In terms of size, it is important that South West Herts can offer sites capable of accommodating bespoke design and build developments to suit the needs of high profile HQ functions. However a high proportion of demand will be for smaller floorplates, particularly in Dacorum and Hertsmere where over 50% of employment in the sector is in small businesses with fewer than 50 employees (see Figure 9.2). The high business start-up rate in Hertsmere is likely to be an important source of demand for small, local office space. While a number of these start-ups may start life as home based businesses, it is important that they have access to grow-on space, shared workspace or incubator facilities, which means high growth businesses can be retained locally. Hertsmere District Council in particular should therefore focus on ensuring that there are adequate sites to cater for these types of business, whereas other locations such as Watford should prioritise large floorplates and sites capable of attracting HQ functions and high profile businesses.



Figure 9.2 Percentage of Employment in Professional Services Sector which is in Small Businesses



Source IDBR

### Creative and Media

- 9.20 South West Herts' creative and media sector is small in relative terms, and is not expected to be a major driver of demand for floor space. However the film and television sector is a strategically important sector for both Three Rivers and Hertsmere. Businesses in this sector have a high propensity to cluster, particularly around the key sites at Leavesden and Elstree, so any planned floor space should be in close proximity to these facilities. The sector accommodates a range of activities which may cut across B use classes. The provision of new floor space would also need to be flexible to reflect the needs of the sector which is made up of a high proportion of freelancers, who may only require workspace close to the studios for short periods of time during production, but which are based at home most of the time.

### Digital Industries/ICT

- 9.21 Digital industries are also among the fastest growing sectors in the preferred scenario. However analysis of past trends shows that it is IT consultancy which has driven growth over the past ten years and is therefore likely to continue to be the main source of demand for office space. More creative sectors, including web design, programming and games development are not well established in South West Herts and tend to cluster in urban/metropolitan locations.
- 9.22 IT consultancies are likely to share many of the space requirements of professional services employers. These have a high demand for high level skills and often service clients which are spread over a wide area. Good transport connections are therefore key requirements, particularly to London. Sites in Watford and St Albans are therefore likely to hold greatest appeal, although well connected business parks are also likely to attract investment.

### Logistics/Distribution

- 9.23 The logistics sector is a significant sector for South West Herts, and is forecast to achieve modest levels of growth in the preferred scenario. Nationally, there is a growing demand for large scale logistics warehouses, influenced by wider economic growth and in particular driven by the growth

of the on-line retail sector and increasing customer expectations for same- or next-day delivery. Occupiers generally require excellent motorway access, and the M1 and M25 provide good transportation links throughout South West Herts.

- 9.24 Employers will therefore value sites which offer large plots, with excellent access to motorway junctions and a skilled workforce. Maylands Business Park has been identified as a key location for distribution uses, with smaller concentrations in Watford.

### Supply of Sites

#### Offices

- 9.25 The analysis above highlights the need for a significant expansion in the supply of land suitable for office development in South West Herts. Assessing the total supply available in the FEMA is complex and beyond the scope of this study which has concentrated on the more significant sites. Based on the sites reviewed in Chapter 8, there are around 38 Ha of vacant or undeveloped land in existing employment areas which have the potential to be suitable for office development (at two sites; Maylands Business Park in Dacorum and Maple Cross in Three Rivers<sup>24</sup>). However there may be potential to provide further employment land through vacant land at other sites, intensification of existing sites or recycling of land which was previously used for manufacturing.
- 9.26 On the face of it this assessment would suggest that there is an undersupply of employment land suitable for office development in the FEMA, even before we consider the deliverability of existing sites with vacant land for office development. This is a particular issue for Maple Cross, which is likely to be a highly attractive location for office uses but is constrained by part of the site being in a flood zone and adjacent to a wildlife site.
- 9.27 The assessment also needs to consider the nature of demand for office space and the types of developments which are likely to have market appeal when considering the adequacy of supply. The importance of professional services means that there is likely to be particularly high demand for those town centre locations which offer good access to London, most notably Watford and St Albans, which are well established employment locations for HQ functions and blue chip professional services firms.
- 9.28 The analysis of key employment sites shows that both of these town centres are severely constrained, and have limited development potential. The one exception to this is Watford Junction, which has been identified as a Special Policy Area in Watford's Core Strategy and would form a natural extension to the established office district on Clarendon Road where over 40% of the Borough's office space is concentrated. The site offers excellent rail links to London and to the north, and will also benefit from improved transport connections through the extension to the Metropolitan Line. The site is being promoted as a mixed use development which would include over 46,000 sq m of office space. Although there are likely to be a number of complexities in bringing this site forward, the scale of the development and its status as the only town centre scheme in the FEMA with significant development potential means that it should be viewed as a priority project by South West Herts authorities.
- 9.29 There are also redevelopment opportunities at Watford Business Park which adjoins Croxley Green Business Park. Although not situated in a town centre location, this site will soon benefit from a new Metropolitan Line Underground Station at the Ascot Road roundabout in 2018 which will increase the appeal of the site. This presents opportunities to deliver high quality office floorspace

<sup>24</sup> Watford Health Campus & Fisher Industrial Estate could provide some land for office development: however these sites are likely to attract predominantly industrial occupiers.

by redeveloping the dated industrial space for higher value activities and should result in the creation of a large, high quality business park with good access by road and public transport.

- 9.30 The other existing employment site with significant development potential is at Maylands Business Park in Dacorum. This site has over 30 ha of vacant land at Maylands Gateway which is earmarked for office development in the Maylands Master Plan. This is the largest employment site in the FEMA, which offers excellent access to the M1 and can draw upon a highly skilled workforce. It therefore has the potential to attract interest from potential investors who are unable to find sites in the more established (but constrained) office locations in Watford and St Albans. New and planned developments at the site offer high-spec offices with access to high quality amenities including a health club, restaurants and cafes, and Maylands has enjoyed some success attracting blue chip occupiers including Kodak, BP and Ericsson. It therefore meets many of the requirements of a successful office location.
- 9.31 However, while there is potential to attract some overspill investment from other locations in the FEMA to Maylands, this is likely to be limited by the poor public transport access to the site and journey times to London, which remain key weaknesses compared to other locations, both in and outside the FEMA. This is reflected in the fact that a number of the existing office developments are advertising vacant space and that the remaining plots at the Peoplebuilding site are undeveloped and have been advertised for development for some time. The consultations with commercial agents also reinforced the view that Maylands is not well established as an office location, and that there is a more pressing need for land for warehouse and distribution uses (for which there are few alternative potential locations within the FEMA area).
- 9.32 Over the longer term, we would see Maylands Business Park and the Maylands Gateway Site as representing an attractive office location which would address a significant proportion of the demand for office floorspace identified for Dacorum. The site would also be attractive to those footloose office occupiers with a car based workforce and widely dispersed client base, who are unable to find space in other office locations. However there is a danger in relying too extensively on this site to address shortfalls in other parts of the FEMA, such as St Albans and Watford, where access to London and public transport connections are particularly valued by potential occupiers. In particular, there would be a risk that many of the HQ functions and large professional service occupiers may look outside the FEMA and the investment would be lost to South West Herts.
- 9.33 In conclusion, even if all redevelopment and intensification opportunities at existing sites were delivered, there would still be a shortfall in the scale of employment land required. Furthermore, there would also be a particular shortage of sites with good public transport connections and fast journey times to London which are likely to be particularly sought after by investors. Identifying further sites which offer these advantages or could do so with further investment should be the priority for South West Herts authorities.
- 9.34 The sites review has considered some sites outside established employment areas. Those which are located in the Green Belt would be subject to a Green Belt impact assessment. However these sites have been identified as good potential locations for new employment development (subject to consideration of Green Belt impacts), notwithstanding they are primarily in edge of town and out of town locations which do not benefit from good public transport connections, and may require significant investment in new transport infrastructure.
- 9.35 This study has not carried out a comprehensive study of possible Green Belt sites for employment development. In aiming to meet the level of demand identified in this report, the South West Herts authorities will need to consider whether the exceptional circumstances exist to justify Green Belt releases for employment purposes. It will therefore be necessary for the local authorities to carry out more detailed studies to decide the most suitable sites, which should include consideration of potential sites not reviewed in Chapter 8.

## Distribution/Warehousing

- 9.36 The preferred scenario identifies the need for just under 135,000 sq m of warehousing/distribution space in South West Herts. However it should be noted that demand could potentially be much greater than this if the supply was available. The market for warehouse/ distribution units of over 9,000 sq.m is regional in nature. There is a recognised shortage of warehousing and distribution sites serving the London and South East market, which means any sites offering large plot sizes with good access to the motorway could potentially attract footloose investment from elsewhere.
- 9.37 All of the consultees identified Maylands Business Park as the key location for distribution uses in the FEMA, on account of its location at Junction 8 of the M1 and large plot sizes. Demand for industrial uses at Maylands has remained higher than elsewhere in the FEMA and has seen some large scale developments come through in recent years. However a number of commercial agents reported that there is still a lack of supply of premises to meet warehousing demand due to sites being safeguarded for office development.
- 9.38 The key area with development potential is the Maylands Gateway site, for which there is a separate development brief. The Maylands Master Plan proposes a high quality business park on the Gateway site and states that there is potential for around 130,000 sq. metres of office space. In our view this would potentially result in an oversupply of office space in Dacorum where we estimate there is a need for 103,000 sq m in total, although the Maylands Gateway Development Brief (2013) which sits underneath the master plan document, allows for the flexibility of various B-class uses with appropriate caveats.
- 9.39 As we state above, we think the Maylands Gateway could address a significant proportion of the demand for office space identified for Dacorum, but there are risks in relying on this site to cater for demand from other parts of the sub-region. We would also expect a development with a greater proportion of B8 space to attract greater market interest. Indeed, the Economic Wellbeing Team within Dacorum Council recognises that large B8-type businesses have already expressed an interest in the Maylands Gateway/HCA land.
- 9.40 The status of Radlett Strategic Rail Freight Interchange is also a key consideration which could affect the market for B8 space. The proposals for this site include around 330,000 sq m of rail linked distribution space with major inter-modal facilities to facilitate the transfer of goods between road and rail. If developed, this would result in a substantial increase in B8 space in excess of the demand implied by employment forecasts and raises questions over whether there is a need for B8 development in other locations such as Dacorum.
- 9.41 Our view is that there is still likely to be a strong requirement for B8 space in other locations even if the plans for Radlett SRFI go ahead. This is because the Radlett proposals would be addressing a shortfall in the supply of rail linked intermodal sites at a regional level, which should be seen as a different segment of the market to general warehouse and distribution. There is an identified need for several major intermodal freight interchanges in the greater South East to facilitate the shift from road to rail freight. There are very few suitable sites that combine the right road and rail connectivity and the space that is needed. The proposed Radlett SRFI location is one of the few suitable sites which has been identified. The experience of other SRFIs suggests that Radlett would attract investment from major retailers such as Sainsburys, Tesco and M&S, and major distribution companies, and would be used primarily for very large units (30,000 sq.m+). There is therefore a difference in scale and potential occupiers between the proposals for Radlett SRFI and the existing distribution supply in South West Herts which means the two are still likely to be compatible. There is even the potential for some distribution occupiers at Maylands to benefit from the proximity to Radlett SRFI.

## Summary

- 9.42 The Economy Study has considered a number of scenarios for the future growth of South West Herts. All of these point to a high level of growth which is above the national average. This reflects the strong economic performance of South West Herts, which has been driven by its transport connections, access to London and highly skilled labour market. We believe the most realistic of these is the employment led scenario which would see the creation of 60,700 new jobs between 2013 and 2036 (a growth rate of 0.8% p.a.), with around half of these in B class sectors.
- 9.43 This translates to a need for 461,300 sq m of additional office space and 133,600 sq m of B8 space (warehousing), while the need for manufacturing space (B2) will fall by 122,300 sq m. These make an allowance for market flexibility and vacancy rates. Based on typical plot ratios this would imply the need for 52 Ha of land for office developments and 30 ha of land for warehousing, while the fall in the need for manufacturing space should release 30 ha of land, some of which could be used for alternative uses. To successfully deliver the economic potential of South West Herts the authorities will therefore need to decide how to provide more good quality sites and to help ensure labour supply needs are met (e.g. through provision of sufficient homes within the area).
- 9.44 The greatest market demand for office space is likely to be in St Albans city centre and Watford town centre. These are the two locations capable of attracting major investors due to their access to London and town centre locations, however both are severely constrained. The few redevelopment schemes which exist in these locations, or which offer good connections to London (Watford Junction and Watford Business Park) should therefore be seen as priority investments.
- 9.45 The only site which has significant land available for development is Maylands Business Park (Maylands Gateway). This site could meet a large proportion of the demand for office space identified for Dacorum and could also potentially attract footloose investment which is displaced from Watford and St Albans. However the site's poor public transport connections means it is unlikely to be suitable for many occupiers, particularly those HQ functions which value quick access to London. Demand is also likely to be very strong for distribution uses.
- 9.46 Even after all intensification and redevelopment opportunities were pursued, there would still be likely to be a shortfall of employment land available to meet the needs of the economy, and a particular shortage of sites which offer good access to the road and rail network. There is therefore a pressing need for the South West Herts authorities to identify additional sites in order to retain its competitiveness with other locations in East and South East England. Based on this evidence, the South West Herts authorities may need to consider whether the exceptional circumstances exist to justify Green Belt releases for employment purposes.



## Appendix A - Tables for Local Authorities

A.1 The following tables provide a district by district subdivision of the employment floorspace forecasts in:

- Table 6.2: Employment Led Scenario;
- Table 6.5: Past Trends Scenario;
- Table 6.8: Labour Supply Scenario; and
- Table 6.12: Higher Growth Scenario (excluding Radlett SRFI).

### Dacorum

Table A.1 Employment Led Scenario

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	5,600	310	6,700	290	86,600	4,800	103,000	4,500
B2 + B1c	-700	-40	-900	-40	-32,700	-1,800	-42,200	-1,800
B8	500	30	500	20	47,900	2,700	44,300	1,900

Table A.2 Past Trends Scenario

	2013-31		2013-36	
	Total	Average	Total	Average
B1a + B1b	-88,100	-4,900	-112,500	-4,900
B2 + B1c	-42,700	-2,400	-54,500	-2,400
B8	162,200	9,000	207,300	9,000

Table A.3 Labour Supply Scenario

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	4,400	200	5,300	200	76,200	4,200	92,200	4,000
B2 + B1c	-500	-	-600	-	-21,600	-1,200	-26,900	-1,200
B8	100	-	100	-	14,100	800	12,900	600

Table A.4 Higher Growth Scenario (excluding Radlett SRFI)

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	5,600	300	6,700	300	86,600	4,800	103,000	4,500
B2 + B1c	-700	-	-900	-	-32,700	-1,800	-42,200	-1,800

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B8	500	-	500	-	47,900	2,700	44,300	1,900
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## Hertsmere

**Table A.5 Employment Led Scenario**

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	5,100	280	6,000	260	77,600	4,300	90,800	3,900
B2 + B1c	-500	-30	-600	-30	-23,300	-1,300	-28,900	-1,300
B8	100	10	300	10	7,600	400	20,400	900

**Table A.6 Past Trends Scenario**

	2013-31		2013-36	
	Total	Average	Total	Average
B1a + B1b	-14,000	-800	-17,800	-800
B2 + B1c	-32,100	-1,800	-41,000	-1,800
B8	28,500	1,600	36,500	1,600

**Table A.7 Labour Supply Scenario**

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	3,700	200	4,500	200	64,500	3,600	78,000	3,400
B2 + B1c	-500	-	-600	-	-22,100	-1,200	-26,400	-1,100
B8	-	-	200	-	100	-	14,300	600

**Table A.8 Higher Growth Scenario (excluding Radlett SRFI)**

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	6,200	300	7,300	300	93,700	5,200	110,200	4,800
B2 + B1c	-500	-	-600	-	-22,300	-1,200	-27,300	-1,200
B8	100	-	300	-	8,800	500	23,100	1,000



## St Albans

Table A.9 Employment Led Scenario

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	5,800	320	7,000	300	88,600	4,900	107,400	4,700
B2 + B1c	-200	-10	-300	-10	-10,800	-600	-14,400	-600
B8	400	20	400	20	33,300	1,900	35,100	1,500

Table A.10 Past Trends Scenario

	2013-31		2013-36	
	Total	Average	Total	Average
B1a + B1b	-53,200	-3,000	-67,900	-3,000
B2 + B1c	-25,500	-1,400	-32,600	-1,400
B8	-800	-	-1,100	-

Table A.11 Labour Supply Scenario

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	4,600	300	5,700	200	80,500	4,500	99,300	4,300
B2 + B1c	-200	-	-300	-	-11,300	-600	-14,400	-600
B8	300	-	400	-	27,600	1,500	30,200	1,300

Table A.12 Higher Growth Scenario (excluding Radlett SRFI)

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	7,300	400	8,900	400	111,500	6,200	135,800	5,900
B2 + B1c	-300	-	-400	-	-13,400	-700	-17,800	-800
B8	500	-	500	-	36,100	2,000	38,000	1,700

## Three Rivers

Table A.13 Employment Led Scenario

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	3,200	180	3,700	160	48,500	2,700	56,400	2,500

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B2 + B1c	-100	-10	-200	-10	-6,700	-400	-9,100	-400
B8	100	10	100	-	8,400	500	6,900	300

**Table A.14 Past Trends Scenario**

	2013-31		2013-36	
	Total	Average	Total	Average
B1a + B1b	5,300	300	6,700	300
B2 + B1c	-178,100	-9,900	-227,500	-9,900
B8	-4,300	-200	-5,500	-200

**Table A.15 Labour Supply Scenario**

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	2,800	200	3,400	100	48,500	2,700	59,200	2,600
B2 + B1c	-100	-	-200	-	-6,000	-300	-7,600	-300
B8	100	-	100	-	10,700	600	12,600	500

**Table A.16 Higher Growth Scenario (excluding Radlett SRFI)**

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	4,800	300	5,600	200	73,500	4,100	85,000	3,700
B2 + B1c	-200	-	-200	-	-7,400	-400	-10,100	-400
B8	100	-	100	-	10,400	600	8,600	400

## Watford

**Table A.17 Employment Led Scenario**

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	6,100	340	6,800	300	92,400	5,100	103,700	4,500
B2 + B1c	-500	-30	-600	-30	-21,200	-1,200	-27,800	-1,200
B8	400	20	300	10	28,700	1,600	26,900	1,200

**Table A.18 Past Trends Scenario**

	2013-31		2013-36	
	Total	Average	Total	Average
B1a + B1b	-23,800	-1,300	-30,400	-1,300

## South West Hertfordshire Economic Study

B2 + B1c	-43,100	-2,400	-55,100	-2,400
B8	3,400	200	4,300	200

**Table A.19 Labour Supply Scenario**

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	6,100	300	7,400	300	106,800	5,900	129,100	5,600
B2 + B1c	-400	-	-500	-	-18,500	-1,000	-22,500	-1,000
B8	400	-	500	-	32,100	1,800	39,500	1,700

**Table A.20 Higher Growth Scenario (excluding Radlett SRFI)**

	FTEs				Floorspace			
	2013-31		2013-36		2013-31		2013-36	
	Total	Average	Total	Average	Total	Average	Total	Average
B1a + B1b	8,600	500	9,400	400	130,400	7,200	143,500	6,200
B2 + B1c	-500	-	-600	-	-21,100	-1,200	-28,400	-1,200
B8	500	-	400	-	35,400	2,000	33,500	1,500

## Appendix B - Adjustments made to Employment Forecasts

### Adjustments for Inaccuracies in Historic Employment Data

- B.1 Paragraph 6.22 and 6.23 describe how a number of adjustments were made to both the Cambridge Econometrics and EEFM forecasts to take account of inaccuracies in past trends data. ABI/BRES data was compared with Census workplace data at MSOA level to identify those areas where there was a significant mismatch in the number of people who reported that they worked in a sector with the number of jobs that appear there in employment datasets. The main adjustments are set out below.

Table B.1 Adjustments made to employment forecasts to take account of inaccuracies in past trends data

District	Need for adjustment	Adjustment applied
Watford	Business services data is skewed by very large employment agency in the district, where jobs are likely to be located over a very wide area	Assumed that only 5% of jobs in employment agencies are actually located in Watford. Then apportioned to Business Services based on share of jobs in the sector
St Albans	Head office of large company in the business services sector showing an additional 5,500 jobs	Subtracted 5,500 jobs from business services in 2008 when company first appears in the data, then the same growth rate applied
Watford	Two payroll companies appear in data for professional services showing extra 3,300 jobs (who are likely to be based elsewhere in the country)	Subtracted 3,330 jobs in 2013, then apply same growth rate
Hertsmere	Location of a major construction company	Total construction employment reduced by 33%
Three Rivers	Location of a large construction company	Construction employment reduced by 20%

- B.2 Table B.2 shows these adjustments for the individual sectors affected in different districts in the FEMA.

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**Table B.2 Adjustments made to individual sectors at district level (000s)**

Sector/ District	Original/ Adjusted	Forecast	1991	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Business Services - Watford	Original	EEFM	6.7	23.0	24.0	24.9	25.8	26.6	27.2	27.8	28.2	28.6	28.9	29.1	29.3	29.5	29.8	30.0	30.2	30.3	30.5	30.6	30.8	31.0	31.2	31.4	
	Adjusted	EEFM	2.1	4.5	4.7	4.9	5.0	5.2	5.3	5.4	5.5	5.6	5.7	5.7	5.8	5.8	5.9	5.9	6.0	6.0	6.0	6.1	6.1	6.1	6.2	6.2	
	Original	CE	9.8	19.6	19.7	19.8	19.8	19.8	19.9	19.9	19.9	19.9	20.0	20.0	20.1	20.1	20.1	20.2	20.2	20.2	20.3	20.3	20.4	20.4	20.4	20.5	20.5
	Adjusted	CE	3.0	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.1
Business Services - St Albans	Original	EEFM	2.9	12.6	13.0	13.4	13.8	14.1	14.4	14.7	14.9	15.1	15.2	15.4	15.5	15.7	15.8	16.0	16.1	16.2	16.4	16.5	16.6	16.8	16.9	17.1	
	Adjusted	EEFM	2.9	6.5	6.7	6.9	7.1	7.3	7.5	7.6	7.7	7.8	7.9	8.0	8.0	8.1	8.2	8.3	8.3	8.4	8.5	8.5	8.6	8.7	8.8	8.8	
	Original	CE	2.9	11.2	11.4	11.5	11.5	11.6	11.7	11.8	11.8	11.9	12.0	12.1	12.2	12.2	12.3	12.4	12.5	12.5	12.6	12.7	12.8	12.9	13.0	13.0	
	Adjusted	CE	2.9	5.6	5.7	5.8	5.8	5.9	5.9	5.9	6.0	6.0	6.1	6.1	6.1	6.2	6.2	6.3	6.3	6.3	6.4	6.4	6.5	6.5	6.5	6.6	
Professional Services - Watford	Original	EEFM	2.9	13.4	14.0	14.6	15.2	15.7	16.1	16.4	16.7	16.9	17.2	17.3	17.5	17.7	17.9	18.0	18.2	18.3	18.5	18.6	18.8	18.9	19.1	19.2	
	Adjusted	EEFM	2.9	9.8	10.2	10.6	11.1	11.5	11.8	12.0	12.2	12.4	12.5	12.7	12.8	12.9	13.0	13.2	13.3	13.4	13.5	13.6	13.7	13.8	13.9	14.0	
	Original	CE	4.2	11.7	12.1	12.5	12.8	13.0	13.3	13.6	13.8	14.0	14.2	14.4	14.5	14.7	14.9	15.1	15.3	15.5	15.7	16.0	16.2	16.4	16.6	16.9	
	Adjusted	CE	4.2	8.3	8.6	8.8	9.1	9.2	9.4	9.6	9.8	9.9	10.1	10.2	10.3	10.4	10.6	10.7	10.9	11.0	11.2	11.3	11.5	11.7	11.8	12.0	
Construction - Hertsmere	Original	EEFM	4.0	9.3	9.6	9.8	10.0	10.2	10.4	10.5	10.7	10.8	10.9	11.0	11.1	11.3	11.4	11.6	11.7	11.8	12.0	12.1	12.2	12.4	12.5	12.7	
	Adjusted	EEFM	2.6	6.1	6.3	6.5	6.6	6.8	6.9	7.0	7.0	7.1	7.2	7.3	7.3	7.4	7.5	7.6	7.7	7.8	7.9	8.0	8.1	8.2	8.3	8.4	
	Original	CE	4.4	7.5	7.9	8.1	8.4	8.6	8.9	9.1	9.3	9.5	9.7	9.8	10.0	10.1	10.2	10.4	10.5	10.6	10.8	10.9	11.1	11.2	11.4	11.5	
	Adjusted	CE	2.9	4.9	5.2	5.4	5.5	5.7	5.9	6.0	6.1	6.3	6.4	6.5	6.6	6.7	6.8	6.9	6.9	7.0	7.1	7.2	7.3	7.4	7.5	7.6	
Construction - Three Rivers	Original	EEFM	4.9	5.7	5.8	5.9	5.9	6.0	6.0	6.1	6.1	6.1	6.2	6.2	6.2	6.3	6.3	6.4	6.4	6.4	6.5	6.5	6.6	6.6	6.6	6.7	
	Adjusted	EEFM	3.9	4.6	4.6	4.7	4.7	4.8	4.8	4.9	4.9	4.9	4.9	4.9	5.0	5.0	5.0	5.1	5.1	5.1	5.2	5.2	5.2	5.3	5.3	5.4	
	Original	CE	4.4	6.6	6.9	7.2	7.4	7.6	7.8	8.0	8.2	8.3	8.5	8.7	8.7	8.9	9.0	9.1	9.2	9.4	9.5	9.6	9.7	9.9	10.0	10.1	
	Adjusted	CE	3.5	5.3	5.5	5.7	5.9	6.1	6.2	6.4	6.5	6.7	6.8	6.9	7.0	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8	7.9	8.0	8.1	

## Adjustments for Dacorum

- B.3 Adjustments were made for Dacorum as the employment forecasts in EEFM appear to have been influenced by a one-off shock to Dacorum's economy (Buncefield Oil Depot) which resulted in a fall in employment in 2005/6, and the very low rate of growth forecast for wholesale, retail and professional services sectors. The adjustment we have made is based on the professional and business services and wholesale and retail sectors matching the UK average growth rate of these sectors in EEFM (0.4% p.a. for wholesale and retail, 1.6% p.a. for professional services and 1.4% p.a. for business services). The effect on individual sectors is shown in Table B.3.

Sector	2013	2036 (EEFM)	2036 (Adjusted)	Total Adjustment
Agriculture & fishing	0.3	0.3	0.3	0.0
Mining & quarrying	0.0	0.0	0.0	0.0
Food manufacturing	0.2	0.1	0.1	0.0
General manufacturing	1.6	1.1	1.1	0.0
Chemicals excl. pharmaceuticals	0.6	0.4	0.4	0.0
Pharmaceuticals	0.0	0.0	0.0	0.0
Metals manufacturing	0.4	0.2	0.2	0.0
Transport equipment, machinery & equipment, etc	0.3	0.1	0.1	0.0
Electronics	0.4	0.2	0.2	0.0
Utilities & Waste & remediation	0.3	0.2	0.2	0.0
Construction	6.1	7.3	7.3	0.0
Wholesale	7.5	6.2	8.2	2.0
Retail	6.7	5.6	7.3	1.8
Land transport	4.6	5.0	5.0	0.0
Water & air transport	0.0	0.0	0.0	0.0
Hotels & restaurants	4.1	4.8	4.8	0.0
Publishing & broadcasting	0.8	1.2	1.2	0.0
IT services	5.3	6.7	6.7	0.0
Finance	1.4	1.5	1.5	0.0
Real estate	1.2	1.5	1.5	0.0
Professional services	9.1	10.3	13.2	2.9
Business services	5.4	6.4	7.4	1.0
Public administration	2.1	1.8	1.8	0.0
Education	5.9	5.0	5.0	0.0
Health & care	6.0	6.2	6.2	0.0
Arts & entertainment	2.2	2.7	2.7	0.0
Other services	2.0	2.4	2.4	0.0
Total	74.0	77.1	84.8	7.6

## Appendix C - Site Proforma

**Q1. DETAILS OF EMPLOYMENT AREA (EA)**

REFERENCE: \_\_\_\_\_ NAME & LOCATION: \_\_\_\_\_

SIZE (HA): \_\_\_\_\_ POSTCODE: \_\_\_\_\_ SURVEY DATE: \_\_\_\_\_

PHOTOGRAPH NUMBERS: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**Q2: USE OF EMPLOYMENT AREA**

THE EMPLOYMENT AREA IS BEST DESCRIBED AS:

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Business Park                     | <input type="checkbox"/> Local Shopping Centre  | <input type="checkbox"/> Car Hire/ Sale   |
| <input type="checkbox"/> Mixed Employment Site             | <input type="checkbox"/> Small-Scale Office     | <input type="checkbox"/> Waste/ Recycling |
| <input type="checkbox"/> Local Industrial Estate           | <input type="checkbox"/> Small-Scale Industrial |   |
| <input type="checkbox"/> Town Centre Quarter               | <input type="checkbox"/> Single User Site       |   |
| <input type="checkbox"/> Other Sui Generis (specify) _____ |   |   |

Key Sector Location?     Tourism     Wood related     Food and Drink Manufacturing

REVIEW AND AMEND SCHEDULE OF FLOORSPACE AND OCCUPIERS

IDENTIFY VACANT LAND AND BUILDINGS ON PLAN

IDENTIFY AREAS FOR POTENTIAL REDEVELOPMENT/ INTENSIFICATION ON SITE PLAN AND NOTE STOREYS & EXISTING PLOT RATIO.

General Description of Employment Area	
--	--

**Q3: PHYSICAL CHARACTERISTICS**

3.1 Location Typology:

- Urban                       Urban Fringe                       Rural

3.2 ROAD ACCESS IS:

- Adequate for existing users  
 Not adequate for existing users  
 There are sites with limited HGV access

Assess external and internal access and circulation for vehicles
--

Describe strategic (truck road) access
--

3.3 Other Strategic Access:

- Rail                       Seaport                       Airport

3.4 THE SITE IS IN CLOSE PROXIMITY TO:

- Residential Areas  
 Town/ Local Centre  
 Local Parade of Shops  
 Open Space/ Park/ Watercourse  
 Other \_\_\_\_\_

Assess access to local services / amenities and area character
--



3.5 BUSINESSES IN THE EMPLOYMENT AREA CAUSE:

- Noise pollution
- Smell/ Air Pollution
- HGV Traffic
- Significant Car Traffic
- Other \_\_\_\_\_

*Identify nature/ impact of bad neighbour uses*

3.6 PHYSICAL CONSTRAINTS ARE:

- Topography
- Neighbouring Uses
- Shape
- Ecology/ Environmental Designations
- Flooding
- Contamination
- Cultural/Heritage Constraints

*Identify physical constraints to existing use and/or development*

3.7 ESTIMATED AGE OF BUILDINGS (%)

\_\_\_\_\_ % PRE-1940    \_\_\_\_\_ % 1940 – 1969    \_\_\_\_\_ % 1970 – 1989    \_\_\_\_\_ % 1990 - 1999    \_\_\_\_\_ % 2000+

3.8 QUALITY OF BUILDINGS (%)

\_\_\_\_\_ % VERY GOOD    \_\_\_\_\_ % REASONABLE    \_\_\_\_\_ % POOR    \_\_\_\_\_ % VERY POOR

3.9 APPROXIMATE VACANCY RATE (%)     0%     0% - 25%     25%–50%     50%–75%     75% - 100%

3.10 QUALITY OF ENVIRONMENT

- Very Good
- Reasonable
- Poor
- Very Poor

*Describe quality of environment (identify key characteristics/ issues)*

Is the site in an immediate area of high landscape value?    \_\_\_\_\_ Yes    \_\_\_\_\_ No

3.11 PARKING PROVISION

- Businesses have dedicated on-site parking
- On-street parking available within area
- Overspill parking in adjacent streets
- Car parks available nearby
- Free parking available for employees
- Parking provision adequate for existing businesses

*Describe quality of environment (identify key characteristics/ issues)*

3.12 SUSTAINABLE ACCESS

THE LOCATION IS:

- Served by Quality Bus Service
- Served by Local Bus Service
- Walking Distance from Rail Station
- Bus Service at Peak Hours Only
- Served by Cycle Route

PUBLIC TRANSPORT ACCESSIBILITY IS:

- Very Good
- Reasonable
- Poor
- Very Poor

3.13 SERVICING

- Road Site Loading/ Unloading
- Off-Road Loading/ Unloading
- Loading Bays

*Adequacy of servicing for existing businesses*

**Q4. DEVELOPMENT OPPORTUNITIES**

IDENTIFY OPPORTUNITIES FOR DEVELOPMENT OR REDEVELOPMENT ON PLAN. COMPLETE THIS ELEMENT OF THE QUESTIONNAIRE FOR EACH SITE IDENTIFIED.

4.1 NATURE OF THE SITE: THE SITE IS:

- |   |                                      |  |   |
|---|--------------------------------------|--|---|
| <input type="checkbox"/> Existing Allocation                            | <input type="checkbox"/> Serviced    | <input type="checkbox"/> Vacant        | <input type="checkbox"/> Previously-Developed |
| <input type="checkbox"/> Extant Consent                                 | <input type="checkbox"/> Un-serviced | <input type="checkbox"/> Occupied      | <input type="checkbox"/> Greenfield           |
| <input type="checkbox"/> Under Construction                             |                                      | <input type="checkbox"/> Part Occupied |   |
| <input type="checkbox"/> Potential Land                                 |                                      |  |   |
| <input type="checkbox"/> Opportunity for Redevelopment/ Intensification |                                      |  |   |

*Describe nature of development opportunity. Mark on plan existing vacant land/ buildings.*

4.2 SUITABILITY ASSESSMENT

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Accessible from Main Road          | <input type="checkbox"/> Accessible by Public Transport         | <input type="checkbox"/> Local Amenities Nearby |
| <input type="checkbox"/> Steep Topography                   | <input type="checkbox"/> Poor Ground Conditions                 | <input type="checkbox"/> Contaminated Land      |
| <input type="checkbox"/> SSSI/ Nature Conservation Impact   | <input type="checkbox"/> SAM/ Archaeology Impact                | <input type="checkbox"/> In Flood Zone          |
| <input type="checkbox"/> Impact Listed Building/ Cons. Area | <input type="checkbox"/> Potential Significant Landscape Impact |   |

*Describe any specific environmental constraints or characteristics*

4.3 NATURE OF POTENTIAL USE

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> General Manufacturing/ Industrial | <input type="checkbox"/> HQ/ Prestige Office Functions | <input type="checkbox"/> Small-scale/ Start-Up Businesses |
| <input type="checkbox"/> High-tech Manufacturing           | <input type="checkbox"/> General Office                | <input type="checkbox"/> Processing Industries            |
| <input type="checkbox"/> Large Warehouse/ Distribution     | <input type="checkbox"/> Residential                   | <input type="checkbox"/> Mixed Use (Describe Uses)        |
| <input type="checkbox"/> Other _____                       |  |   |

4.4 AVAILABILITY ASSESSMENT

- |   |  |
|---|--|
| <input type="checkbox"/> Likely Single Ownership            | <input type="checkbox"/> Agent's Boards Visible                  |
| <input type="checkbox"/> Likely Multiple Ownership          | <input type="checkbox"/> Agent known to be promoting Development |
| <input type="checkbox"/> Potential Multiple Existing Leases |  |

*Note details of any active marketing of opportunities (building, type of premises, floorspace, agent). Comment on availability for development (e.g. ownership or potential ransom issues)*

4.5 MARKET ATTRACTIVENESS

- |                                 |                               |                                 |                              |
|---------------------------------|-------------------------------|---------------------------------|------------------------------|
| Access to Facilities/ Amenities | <input type="checkbox"/> High | <input type="checkbox"/> Medium | <input type="checkbox"/> Low |
| Accessibility of Location       | <input type="checkbox"/> High | <input type="checkbox"/> Medium | <input type="checkbox"/> Low |
| Quality of Environment          | <input type="checkbox"/> High | <input type="checkbox"/> Medium | <input type="checkbox"/> Low |

Overall Market Attractiveness

High

Medium

Low

*Comment on quality and market attractiveness of site*

#### 4.6 DELIVERABILITY

- Deliverable (0-5 Years)     Developable (5-10 Years)     Developable (11-15 Years)     Developable (15+ Years)  
 Not Considered Suitable     Not Considered Viable  
 Dependent on Infrastructure

*Identify infrastructure requirements or other actions necessary to support delivery. Justify preferred phasing approach*

#### 5.0 Occupiers

Please list major occupiers

#### 6.0 Other Comments

## Appendix D - Consultees

Table D.1 List of Consultees	
Organisation	Name
Dacorum Borough Council	Laura Wood Chloe Thompson Lisa Devayya
Hertsmere Borough Council	Sarah Barker Richard Blackburn Alex Castle (shared resource with Broxbourne Council)
Three Rivers District Council	David Holmes Claire May Rennato Messere
Watford Borough Council	Cherie Norris Catriona Ramsay Andrew Gibson
St Albans City and District Council	John Hoad
Hertfordshire LEP	Paul Witcombe Joan Hancox
Hertfordshire Chamber of Commerce	Tamsyn Hammond
Hertfordshire County Council	Paul Donovan
Maylands Partnership	Andy Cook
Maylands Small Business Forum	Lesley Crisp
Hertsmere Connect	Sharon King
Warner Brothers	Daniel Dark
Brasier Freeth	
Smiddy and Co	
Aitchison Raffety	
Stimpsons	
Lambert Smith Hampton	
Perry Holt & Co	

Table D.2 List of Attendees at Stakeholder Workshop, 14 <sup>th</sup> September 2015	
Name	Organisation
Simon Andrews	DLA Town Planning Ltd
Steve Baker	CPRE
Melissa Balk	Bidwells
Jo Barrett	Thrive Homes Ltd
Chris Briggs	St Albans DC
Richard Butler	Bidwells
Michael Calder	Phase 2 Planning & Development Limited
Sarah Churchard	Robinson & Hall
Paul Cronk	JB Planning Associates
Alex Francis	Homes and Communities Agency
Sam Galvin	Hightown Housing Association
Amy Gilham	Turley

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Billy Gill	National Landlord Association
Nick Gough	HCC
Chris Green	SQW
Jed Griffiths	Griffiths Environmental Planning
Stephen Harris	Emery Planning
Steven Kosky	Barton Willmore
Ben Krauze	Audley
Rod Latham	
Tony Lewis	Watford Community Housing Trust
Andrew Marsh	Central Beds DC
Peter Merchant	Paradigm Housing Group
Danny Payton	Imagine Group
Chris Pearson	West Herts College
Charles Raikes	Bellway Homes
Ian Richardson	Box Moor Trust
Bob Sellwood	Sellwood Planning
Edward Sibley	Sibley Law
Isabella Slattery	CBRE
Mark Sommerville	Savills
Robert Taylor	Persimmon Homes
Jane Wakelin	Wakelin Associates
Simon Warner	Heronlea
Maureen West	
Ed Whetham	Horstonbridge Development Management
Matthew Wilson	HCC - Hertfordshire Property
Matt Wood	Lambert Smith Hampton
Nicky Parsons	Pegasus Group
John Heginbotham	Stimpsons
Oliver King	King & Co.
Stuart Oldroyd	Whiteacre
Joan Hancox	Herts LEP
Tom McBride	Imagine Group

## Appendix E - List of Designated Employment Areas not surveyed

### Dacorum

Billet Lane, Berkhamsted  
Northbridge Road, Berkhamsted  
River Park, Berkhamsted  
Bovingdon Brickworks  
Apsley, Hemel Hempstead  
Apsley Mills, Hemel Hempstead  
Corner Hall, Hemel Hempstead  
Doolittle Meadow, Hemel Hempstead  
Frogmore Mill, Hemel Hempstead  
Two Waters, Hemel Hempstead  
Paradise/Wood Lane End, Hemel Hempstead (part of Proposal MU/3)  
Akeman Street, Tring  
Brook Street, Tring  
Icknield Way, Tring (and proposed extension)  
Markyate

*Source for Information on Designations: Site Allocations DPD incorporating Focused Changes 2006-2031 (August 2015)*

### Hertsmere

-

*Source for Information on Designations: Site Allocations and Development Management Policies*

### St Albans

Coldharbour Lane, Harpenden  
Batford Mill Industrial Estate, Harpenden  
Southdown Industrial Estate and former Gas Works site, Southdown Road, Harpenden  
Rothamsted Experimental Station, Harpenden  
Redbourn Industrial Estate, High Street, Redbourn  
North of Buncefield, Hemel Hempstead  
Porters Wood/Soothouse Spring, St Albans  
Council depot and adjoining land, St Albans Road, Sandridge, St Albans  
Alban Park/Acrewood Way/Lyon Way, Hatfield Road, St Albans  
Brick Knoll Park, Ashley Road, St Albans  
Executive Park and adjoining land, Hatfield Road, St Albans  
Camp Road/Campfield Road, St Albans  
North Orbital Commercial Park, Napsbury Lane, St Albans  
Wellington Road, London Colney  
Bizspace Hertfordshire Business Centre, Alexander Road, London Colney  
Riverside Estate, London Colney  
Watling Street, Frogmore  
Colney Street Industrial/Warehousing Estate, Colney Street  
Home Office Centre for Applied Science & Technology, Woodcock Hill, Sandridge

*Source for Information on Designations: St Albans District Local Plan Review (1994)*

### Three Rivers

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*Source for Information on Designations: Site Allocations LDD*

Watford

Ascot Road (part of the Western Gateway Special Policy Area)  
Station Road/Bridle Path

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*Source for Information on Designations: Site Allocations*



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