



SEPTEMBER
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Uttlesford Employment Needs Update

Final Report

Iceni Projects Limited on behalf of
Uttlesford District Council

September 2023

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ON BEHALF OF
UTTLESFORD DISTRICT
COUNCIL

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Uttlesford Employment Needs Update
FINAL REPORT

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1. INTRODUCTION

1.1 Uttlesford District Council has commissioned Icen Projects to prepare an update report on its Employment Land Needs, following work undertaken in the 2021 Uttlesford Employment Needs & Economic Development Evidence report.

1.2 This 2023 update has been undertaken:

- Given the economic uncertainty in 2021 due to the Covid-19 pandemic;
- The availability of more recent monitoring data not previously available (up to 2022/23); and
- Significant recent planning commitments notably the approval of the large Northside employment development at Stansted Airport.

1.3 The Economic Needs and Economic Development Evidence report in 2021 considered a wider range of topics to inform the preparation of a new Local Plan and the Council's activities in supporting sustainable economic development and growth. This update is focused more specifically on the employment needs position, taking into account known supply, to assist in Local Plan development.

1.4 This report covers the following sections:

- Economic Baseline Information
- Commercial Market Review
- Economic Growth Outlook
- Employment Land Needs
- Summary and Recommendations

2. ECONOMIC BASELINE INFORMATION

2.1 The following section presents key baseline information regarding the Uttlesford economy from a range of public sources.

Population Structure

2.2 In comparison to the neighbouring Local Authority Districts (LADs), Uttlesford had the second largest 0-15 age population (19.4%) behind South Cambridgeshire (19.5%), the smallest working age population (60.4%) behind all four other neighbouring LADs and the second largest 65+ population (20.3%) behind Braintree (20.6%).

2.3 In comparison to the average for England, Uttlesford had a relatively large 0-15 population and 65+ population, and a relatively small working age population.

Table 2.1 Population Age Structure 2021 (% of Total Population)

	0-15	16-64	65+
Uttlesford	19.4%	60.4%	20.3%
Braintree	18.4%	61.0%	20.6%
Chelmsford	18.6%	62.0%	19.4%
East Hertfordshire	19.2%	62.5%	18.4%
South Cambridgeshire	19.5%	60.8%	19.7%
Essex	18.6%	60.7%	20.7%
East of England	18.7%	61.6%	19.7%
England	18.5%	63.0%	18.5%

Source: ONS Mid-Year Population Estimates (2021)

2.4 Dependency ratios are calculated by dividing the size of the dependent population (those not typically in the labour force, namely those aged 0-15 and 65+) by the size of the working age population (16-64). Higher values indicate a greater the level of dependency.

2.5 In 2021, Uttlesford recorded a dependency ratio of 65.7 (Table 2.2). The dependency ratios recorded for the neighbouring LADs were much lower. Looking across the county, regional and national comparators, Uttlesford had a relatively high level of dependency compared to Essex, the East of England and England.

Table 2.2 Dependency Ratios, 2021

	2021
Uttlesford	65.7%
Braintree	60.1%
Chelmsford	61.3%
East Hertfordshire	60.1%

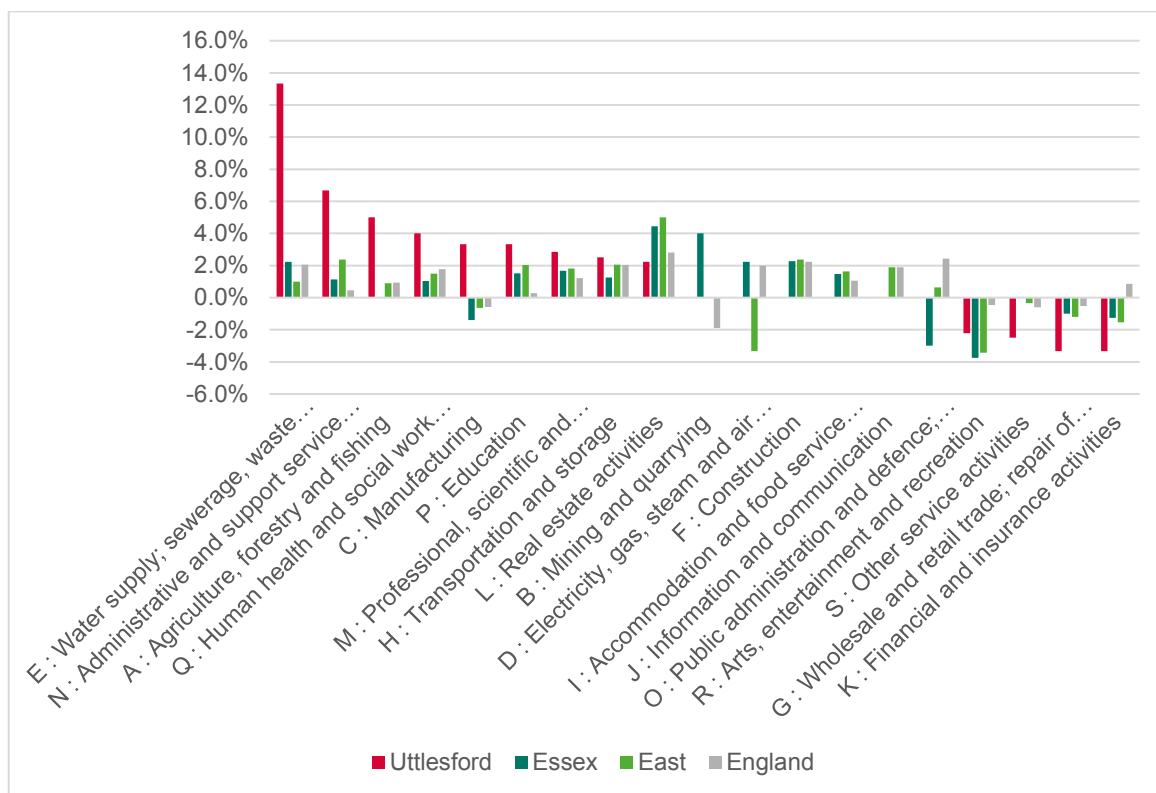
South Cambridgeshire	64.4%
Essex	64.6%
East of England	62.3%
England	62.3%

Source: Analysis of ONS Mid-Year Population Estimates (2021)

Employment

- 2.6 ONS Jobs Density Data suggests that, since 2010, the total number of jobs (both full and part time) in Uttlesford has increased by approximately 16,000. Between 2010 and 2015, the average annual growth in the number of jobs was 3.0%. This was on par with the growth rate observed in Braintree and, with the exception of East Hertfordshire (3.4%), exceeded the growth rates observed in the other comparator areas. Between 2015 and 2019, the average annual growth rate in the number of jobs in Uttlesford almost doubled to 5%, exceeding growth rates seen in LADs and across the county, regional and national comparators. However, growth rates dropped to 2% in 2020 and -2% in 2021, caused by the effects of the pandemic.
- 2.7 Data within the projections produced by Cambridge Econometrics (CE) differ slightly to the ONS Jobs Density data due to different methodologies including different assumptions about self-employment. The CE data estimated there to be 52,900 jobs in Uttlesford in 2021 (in comparison to 56,000 from ONS), and the growth rates between 2010-2015 and 2015-2019 were 1.5% per annum (lower than when derived from ONS Jobs Density data) and 5.1% per annum respectively. The CE data indicated an annual growth of 0.5% 2019-20 and a contraction of -2.5% in 2020-21.
- 2.8 The difference between the CE and ONS data sources, noting the ONS data is modelled to the nearest 1,000, is modest (less than 4%). For consistency with other elements of the assessment, the core figure used should be 53,000 jobs in 2021.

Figure 2.1 Employment Average Annual Growth Rate 2016-2021



Source: Icen Analysis of BRES 2021

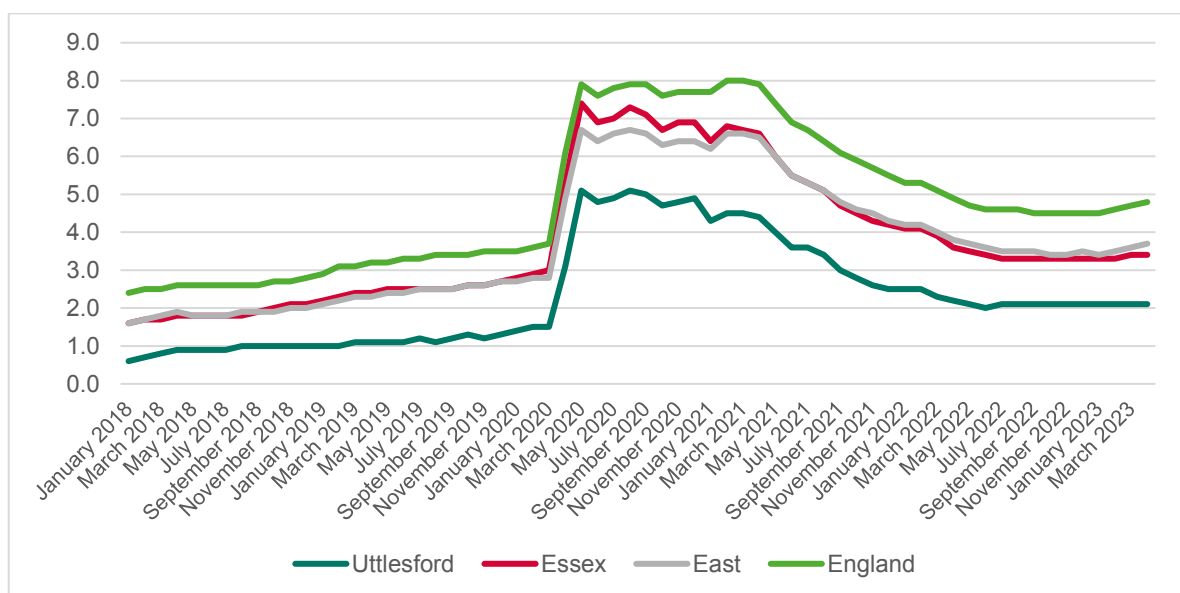
2.9 Analysis of compound annual growth rates (CAGR) for the period 2016 to 2021 revealed that Administrative and Support Services was one of the fastest growing sectors¹ in Uttlesford, growing an average of 6.7% per annum. High growth was also seen in Agriculture and mining (5.0%) and Health (4.0%). The data also shows that the Wholesale and Retail Trade (-3.3%); Financial and Insurance Activities (-3.3%), Other services (-2.5%) and Arts, entertainment and recreation (-2.2%) declined in size during the five-year period. This period will have been impacted by Covid-19 with likely adverse effects on the retail and leisure sectors.

Unemployment

2.10 Clearly the Covid-19 pandemic affected the local economy in the short-term. Unemployment rose sharply in Spring 2020 (5.1% claimant count), but the claimant count in Uttlesford – which stood at 2.1% in April 2023 – remains significantly below regional and national averages, as can be seen in the figure below. Unemployment has significantly declined since mid-2021, however has not returned to pre-pandemic levels in Uttlesford or the comparator areas.

¹ Utilities saw the largest growth over the period with an annual growth rate of 12.2% however this is not significant due to absolute low employment (change of 10 to 20 employees 2015-2021).

Figure 2.2: Trend in Unemployment Claimants, 2018-23



Source: Claimant Count, ONS (2023)

Sectoral Composition

2.11 Sectoral composition can be understood by looking at sectoral split of enterprises and employment and GVA in Uttlesford.

Employment-based

2.12 As can be seen in the Table 2.3, the largest sectors in Uttlesford by the proportion of total employment in 2021 were:

- Transportation and Storage (20.0%); Wholesale and Retail Trade (11.1%); Professional, Scientific and Technical Services; and Administrative and support (both 8.9%)
- Other sectors that recorded greater than 5% of total employment included Manufacturing; Education; Accommodation and food (all of which accounted for 7.8%), Construction; and Human health & social work (both accounted for 6.7%).

Table 2.3 Employment by Sector (% of Total Employment)

	Uttlesford	Braintree	Chelmsford	East Hertfordshire	South Cambridgeshire	Essex	East of England	England
A : Agriculture	2.8	2.2	0.9	1.2	1.9	1.3	1.6	1.3
B : Mining	0.2	0.1	0.0	0.1	0.0	0.0	0.1	0.1
C : Manufacturing	7.8	8.9	4.3	6.5	11.1	6.5	7.2	7.3

D : Utilities	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.4
E : Water	0.6	0.8	1.0	0.4	0.5	0.8	0.7	0.7
F : Construction	6.7	8.9	7.6	6.5	5.6	8.0	6.1	4.9
G : Wholesale and retail	11.1	17.9	14.1	13.0	11.1	15.6	15.1	14.4
H : Transportation and storage	20.0	4.5	3.3	1.8	2.2	5.5	5.5	5.2
I : Accommodation and food	7.8	6.2	6.5	7.2	4.4	7.2	6.8	7.4
J : ICT	2.8	2.7	4.9	3.6	10.0	3.6	4.0	4.5
K : Financial and insurance	1.1	2.7	3.8	1.4	1.1	2.4	2.0	3.6
L : Real estate	1.1	1.6	1.6	1.8	1.1	1.8	1.7	2.0
M : Professional Services	8.9	8.9	7.6	10.1	24.4	8.5	9.1	9.3
N : Administrative and support	8.9	8.0	7.6	18.8	7.8	9.1	11.6	8.9
O : Public administration	2.8	3.1	5.4	2.2	1.9	2.8	3.3	4.1
P : Education	7.8	8.9	9.8	10.1	7.8	9.3	9.2	8.5
Q : Human health and social work activities	6.7	10.7	17.4	10.1	6.7	13.3	11.8	13.1
R : Arts, entertainment and recreation	1.8	1.8	2.2	2.9	1.1	2.1	2.2	2.3
S : Other service activities	1.6	1.8	2.4	1.8	2.2	2.0	1.9	2.0

Source: Business Register and Employment Survey (2021)

- 2.13 In order to get an understanding of sectoral strengths in Uttlesford, location quotients (LQ) have been calculated which are a measure of the relative size of a sector in Uttlesford compared to the surrounding local authorities, the East of England and England as whole. An LQ of 1 shows that the same proportion of employment in Uttlesford is in the given sector compared to the comparator area. Where a LQ is greater than 1 this means that Uttlesford has a greater proportion of employment in a given sector than the comparator area. This would suggest that Uttlesford has a sectoral strength.
- 2.14 Analysis of location quotients (LQ) reveals that employment in the Transportation and Storage sector in Uttlesford in 2021 were nearly four times as concentrated than the national average, shown by a LQ of 3.8 (Table 2.4). This reflects the importance of Stansted Airport as an employer. Other highly concentrated sectors in Uttlesford are Agriculture and Mining, and to a lesser extent Construction, Accommodation and food services and Manufacturing.

Table 2.4 Employment-based Location Quotients

	Uttlesford	Braintree	Chelmsford	East Hertfordshire	South Cambridgeshire	Essex	East of England
A : Agriculture	2.2	1.7	0.7	0.9	1.5	1.0	1.2
B : Mining	2.0	1.0	0.0	1.0	0.0	0.0	1.0
C : Manufacturing	1.1	1.2	0.6	0.9	1.5	0.9	1.0
D : Utilities	0.0	0.0	0.3	0.3	0.3	0.3	0.5
E : Water	0.9	1.1	1.4	0.6	0.7	1.1	1.0
F : Construction	1.4	1.8	1.6	1.3	1.1	1.6	1.2
G : Wholesale and retail	0.8	1.2	1.0	0.9	0.8	1.1	1.0

H : Transportation and storage	3.8	0.9	0.6	0.3	0.4	1.1	1.1
I : Accommodation and food	1.1	0.8	0.9	1.0	0.6	1.0	0.9
J : ICT	0.6	0.6	1.1	0.8	2.2	0.8	0.9
K : Financial and insurance	0.3	0.8	1.1	0.4	0.3	0.7	0.6
L : Real estate	0.6	0.8	0.8	0.9	0.6	0.9	0.9
M : Professional Services	1.0	1.0	0.8	1.1	2.6	0.9	1.0
N : Administrative and support	1.0	0.9	0.9	2.1	0.9	1.0	1.3
O : Public administration	0.7	0.8	1.3	0.5	0.5	0.7	0.8
P : Education	0.9	1.0	1.2	1.2	0.9	1.1	1.1
Q : Human health and social work activities	0.5	0.8	1.3	0.8	0.5	1.0	0.9
R : Arts, entertainment and recreation	0.8	0.8	1.0	1.3	0.5	0.9	1.0
S : Other service activities	0.8	0.9	1.2	0.9	1.1	1.0	1.0

Source: Analysis of Business Register and Employment Survey Data (2021)

- 2.15 The table below shows the percentage of enterprises by size band in Uttlesford in comparison to the East of England, England and the United Kingdom. Uttlesford has a higher proportion of micro enterprises than the comparator areas and a lower proportion of small, medium-sized and large enterprises.

Table 2.5 Percentage of Enterprises by Size Band

	Uttlesford	East	England	United Kingdom
Micro (0 to 9)	91.0%	90.0%	89.6%	89.5%
Small (10 to 49)	7.8%	8.2%	8.5%	8.6%
Medium-sized (50 to 249)	1.1%	1.5%	1.5%	1.5%
Large (250+)	0.3%	0.4%	0.4%	0.4%

Source: UK Business Counts ONS (2022)

Economic Baseline Summary

2.16 In summary the analysis above suggests the following;

- Uttlesford has a relatively small working population, compared to surrounding LADs, the region and nation, as well as relatively high dependency ratios.
- Between 2015 and 2019, Uttlesford saw relatively rapid employment growth of 5%. This expectedly levelled off 2019-2021 due to the pandemic. High employment growth was seen in Administrative and support, Agriculture and Health.
- Uttlesford largest sector in terms of employment is Transport and Storage, making up 20% of employment, followed by Wholesale and Retail, Professional and Scientific Services and Administrative Support Services
- Uttlesford is home to a high proportion of micro-enterprises and a lower proportion of small, medium-sized and large enterprises when compared to the East of England and England as a whole.
- The Transportation and storage sector is the largest and has the highest LQ in Uttlesford in terms of employment, driven by Stansted airport. Other highly concentrated sectors in Uttlesford are Agriculture, Construction, Accommodation and food services and Manufacturing.

3. COMMERCIAL MARKET REVIEW

Office and R&D Market

- 3.1 The recent trend in office markets has been of subdued activity as a result of Covid-19 and the associated effect on the wider economy. Despite the overall subdued outlook, agents expect certain office (and R&D) sectors to see above average activity including the life sciences sector - which is an important component in the northern part of Uttlesford District at Chesterford Research Park.
- 3.2 This section considers the market indicators across the Functional Economic Market Area (FEMA) comprising Uttlesford, Epping Forest, East Hertfordshire and Harlow. For the purposes of this document, the PMA is the equivalent of the 'functional economic area' referred to in the PPG, although the PMA (Property Market Area) can differ for example by property type, with larger distribution units having a wider area than local offices of industrial units. The FEMA was defined in the 'Economic Evidence to Support the Development of the OAHN for West Essex and East Herts' (2015) by Hardisty Jones Associates and reinforced in AECOM's 2016 and 2017 Uttlesford District Employment Land Review Updates. It is considered that this area and analysis remains valid and not within the scope of this work to review.

Office Stock

- 3.3 Based on Valuation Office Agency (VOA) data, Uttlesford contains around 98,000 sq.m of office floorspace, equating to 23% of the total office stock across the FEMA. Whilst East Hertfordshire, Epping and Harlow have seen a notable decline in office floorspace over the last decade, the stock in Uttlesford has increased with a gain of 9,000 sq.m (+10%). This is in contrast to the trend seen across the East of England and England overall.

Table 3.1 Office Stock in the District and FEMA, 2021/22

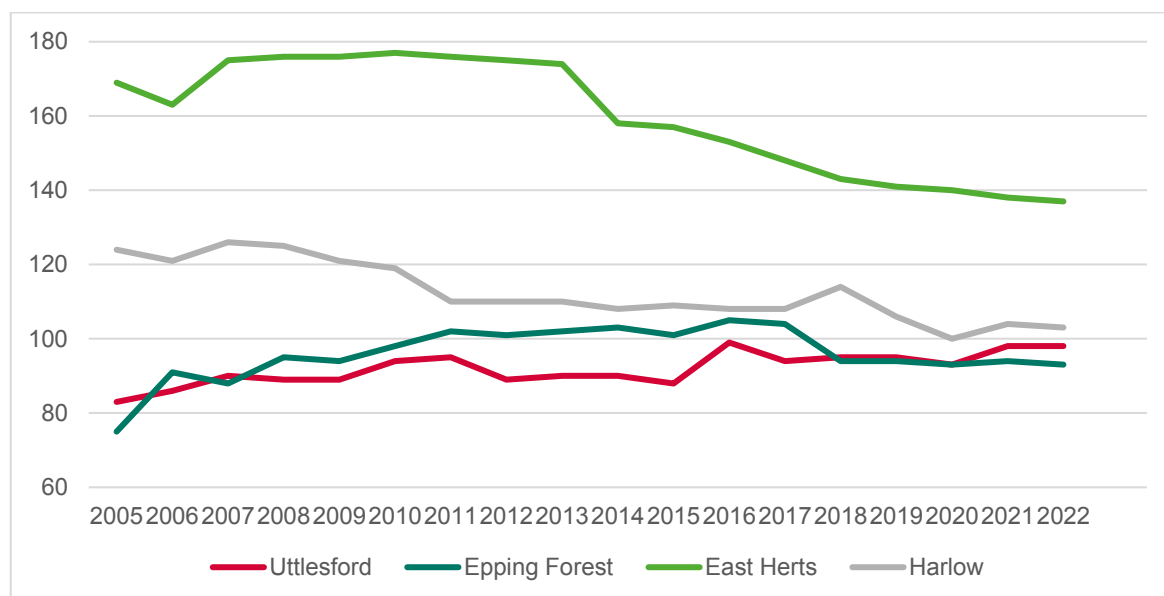
	Stock, 2022 (sq.m)	% FEMA Stock	Stock Change, 2012-22	% Change, 2012-22
Epping Forest	93,000	21.6%	-8,000	-8%
East Hertfordshire	137,000	31.8%	-38,000	-22%
Harlow	103,000	23.9%	-7,000	-6%
Uttlesford	98,000	22.7%	9,000	10%
FEMA	431,000		-44,000	-9%
East of England	6,855,000		-531,000	-7%
England	80,760,000		-4,602,000	-5%

Source: VOA Non-Domestic Rating Statistics

- 3.4 As the chart below shows, whilst the scale of office floorspace in the FEMA has historically been greatest in East Herts, followed by Harlow, the reduction in floorspace in these areas has reduced

these differentials. Historically, Uttlesford held the smallest proportion of office floorspace, however growth in its stock allowed the district to exceed Epping Forest in 2021. This may relate to space at Chesterford Research Park and the airport being recorded although it is not readily possible to analyse VOA data in this way.

Figure 3.1: Change in Office Floorspace, 2005-22



Source: VOA Non-Domestic Rating Statistics

3.5 The average office property size in the District is lower than in the other parts of the FEMA and across wider (regional/ national) geographies, and notably under half that in Harlow. This reflects the rural nature of the District and focus on SME businesses.

Table 3.2 Average Size of Office Properties, 2022

	Stock, 2021-22 (sq.m)	Rateable Properties	Average Floorspace (sq.m)
Epping Forest	93,000	1000	93
East Hertfordshire	137,000	1010	136
Harlow	103,000	500	206
Uttlesford	98,000	920	107
FEMA	431,000	14480	30
East of England	6,855,000	39300	174
England	80,760,000	419940	192

Source: VOA Non-Domestic Rating Statistics

3.6 We would note that CoStar shows a slightly higher level of office stock in the District than the VOA data (110,609 sq.m compared to 93,000 sq.m). CoStar rates the quality of existing office stock, which shows that just 8,177 sq.m (7.4%) of stock is rated 4 or 5 Star² so the majority is 3 star or below.

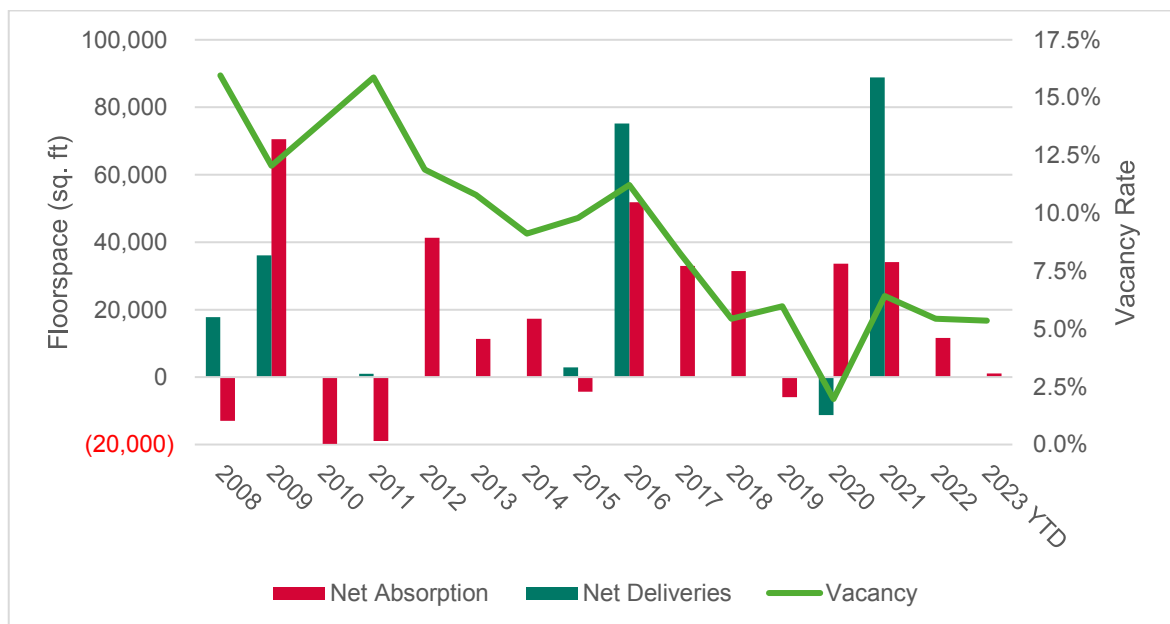
Take-Up and Net Absorption

3.7 CoStar provides data on net absorption. This is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs). It provides an indicator of the strength of demand. Net deliveries are the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).

3.8 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).

3.9 The District has seen positive net absorption in the majority of years over the 2012-2022 10 year period, meaning that more office floorspace was being take-up than coming onto the market (either through existing office space being vacated or new-build development). Net deliveries were positive in 2016 and 2021, with some floorspace loss in 2020. The level of vacant floorspace fell to a low point of 2.0% in 2019. This has however since risen and stands at 5.0% in mid-2023.

Figure 3.2: Office and R&D Net Absorption, Net Deliveries and Vacancy Rate – Uttlesford



² See Page 4 of the following link for definitions of each Star Rating - https://www.costar.com/docs/default-source/brs-lib/costar_buildingratingsystem-definition.pdf

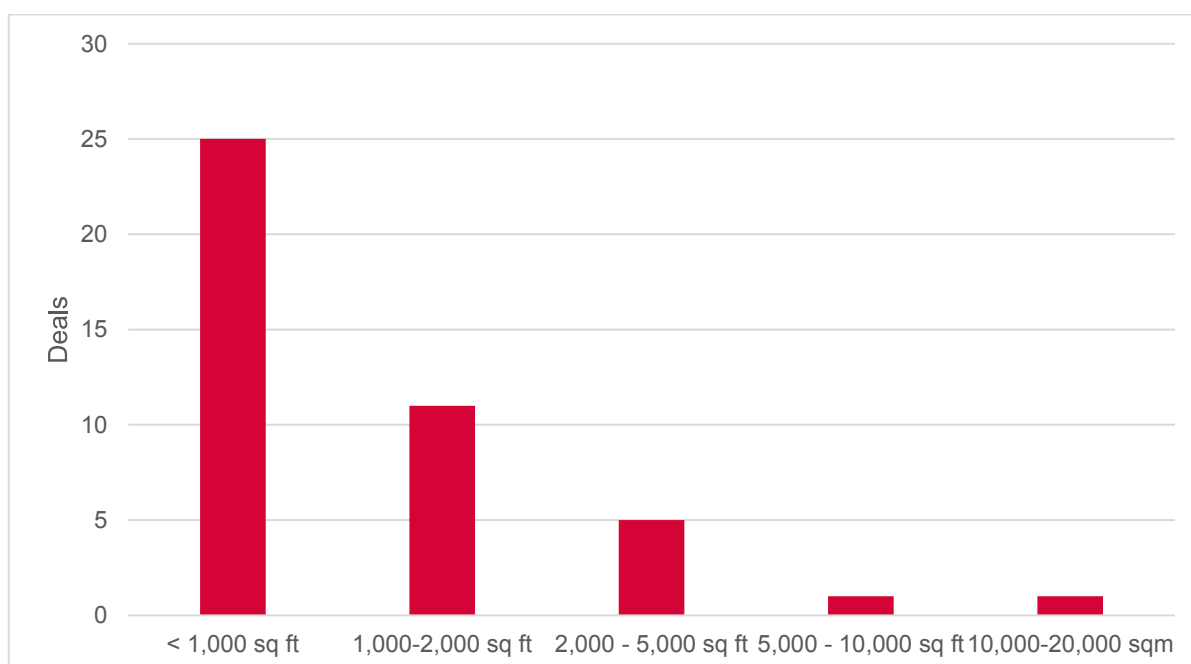
Source: Icen analysis of CoStar data

- 3.10 The overall vacancy rate for office and R&D stock at 5.0% is above the average for Essex (3.6%). However, analysis of CoStar data indicates this is reflective of vacant lower grade space, with little vacancy within the stock of Grade 4 space and none within the 5 Star space.

Leasing Activity

- 3.11 The median size of office and R&D floorspace leased in the District over the last three years (2020-22) has been 765 sq. ft, reflecting the focus of the District's economy towards micro- and small businesses. Indeed as the chart below shows, leasing activity is strongly focused on office units of < 1,000 sq. ft (93 sq.m). CoStar records just one deal over 10,000 sq. ft.

Figure 3.3: Leasing Activity by Size Band – Uttlesford, 2020-22

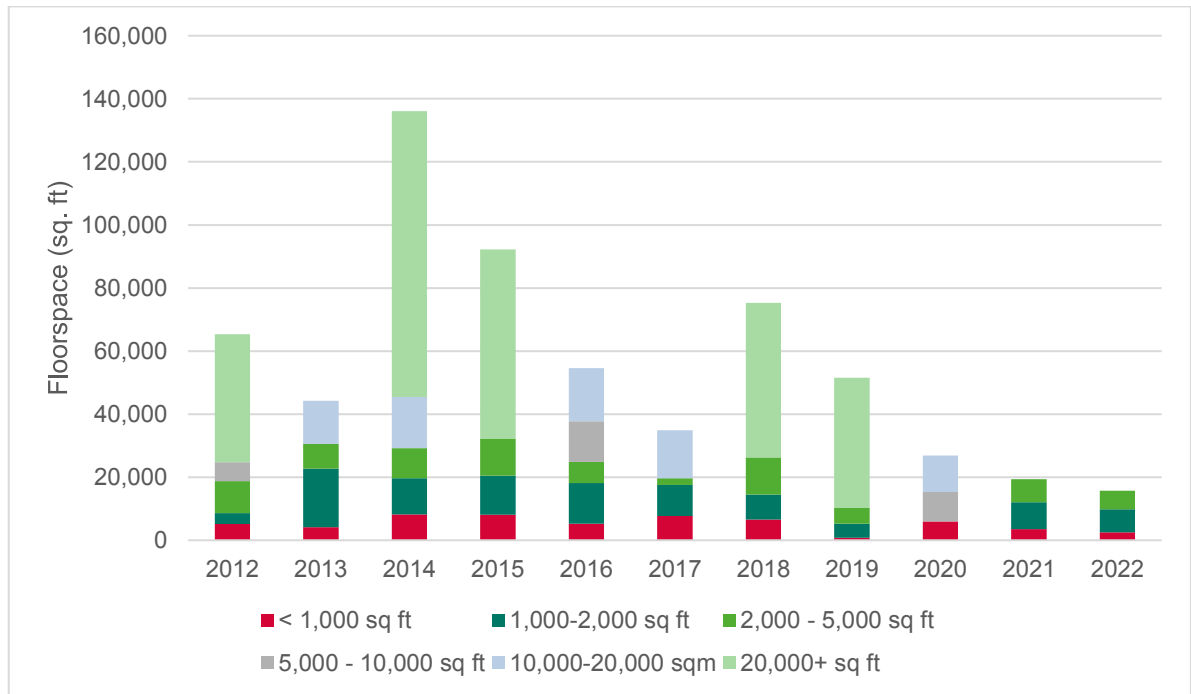


Source: Icen analysis of CoStar data

- 3.12 Before 2020, larger deals disproportionately affected overall take-up, as the figure below shows.
- 3.13 Strong take-up in 2014 reflected the leasing of 49,000 sq. ft of space at Parsonage Road in Takeley to Weston Homes and of 41,500 sq. ft of space at Chesterford Research Park to Retroscreen Virology Ltd.
- 3.14 Similarly, 2015 saw a single larger deal for 60,000 sq. ft of space at Chesterford Research Park to Biofocus. In 2018 Weston Homes renewed 49,000 sq. ft at Parsonage Road; with 2019 seeing 41,300 sq. ft unit occupied by Lonza at Chesterford Research Park.

3.15 Since 2019 there have been no deals over 20,000 sq. ft with just one large deal of 11,518 sq. ft in 2020 at Chesterford Research Park to Oncologia. Office take-up has significantly dropped off since 2020 potentially as a result of the shift towards home/hybrid working.

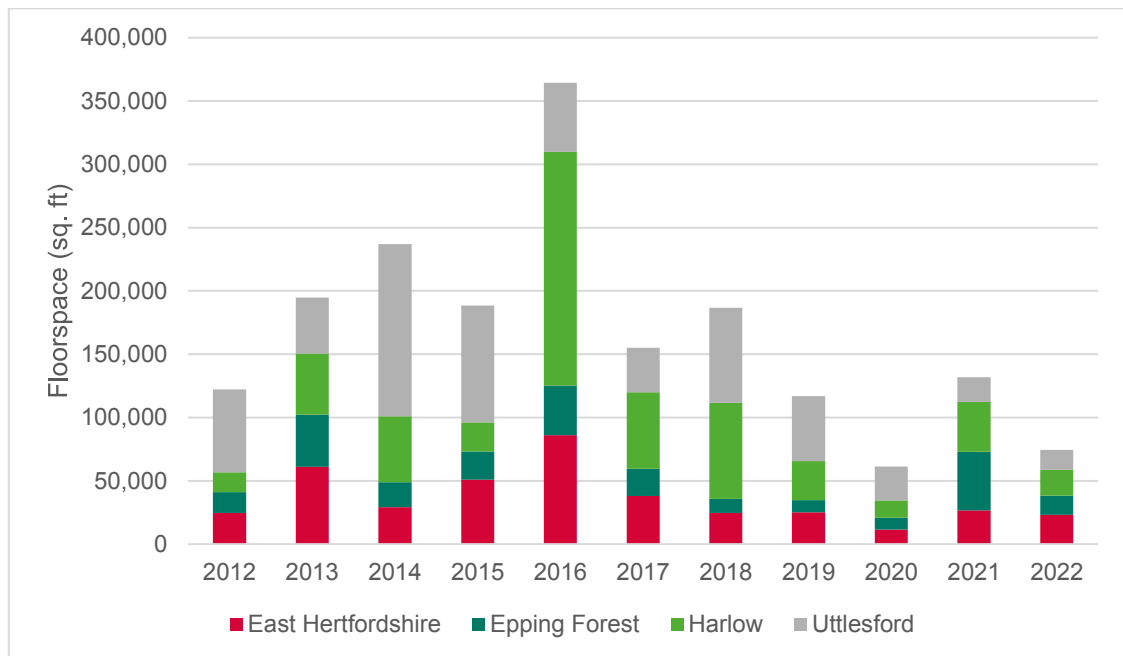
Figure 3.4: Office Leasing Activity by Size Band – Uttlesford



Source: Icen analysis of CoStar data

3.16 The analysis highlights the role which Chesterford Research Park has had on office/R&D take-up. The chart below shows take-up across the wider FEMA. Over the last 10 years, CoStar records an average take-up of 167,000 sq. ft (15,500 sq.m) per annum with Uttlesford accounting for on average a third (34%) of this, slightly higher than office take-up in Harlow (31%). East Hertfordshire accounted for 22% and Epping Forest 14%.

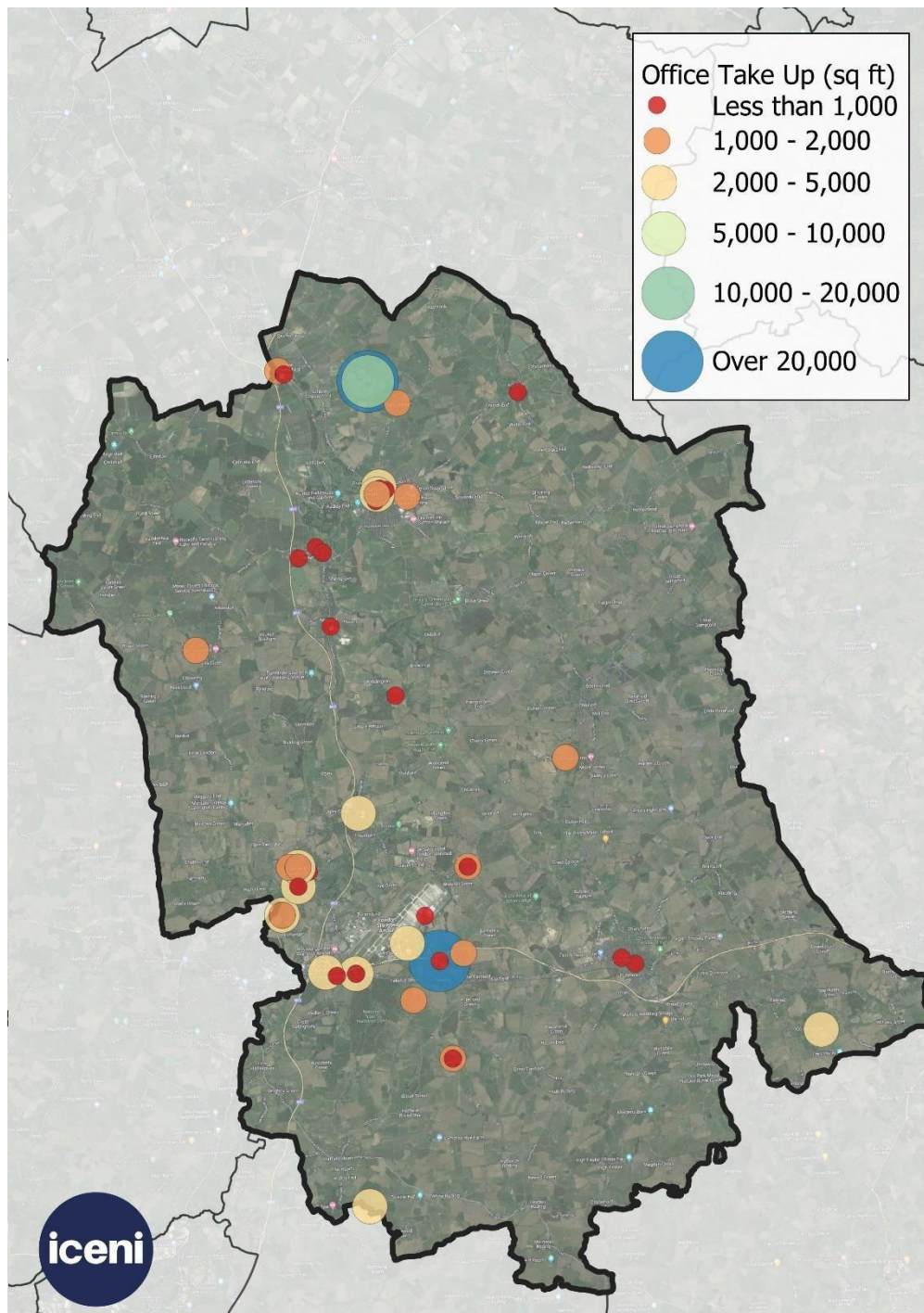
Figure 3.5: Office and R&D Take-Up across the Property Market Area



Source: IcenI analysis of CoStar data

3.17 Figure 3.6 below shows the spatial distribution of office and R&D leasing activity in the District between 2017-22. Most leases above 2,000 sq ft are around Stansted Airport, Stansted Mountfitchet and Saffron Walden with some larger deals over 10,000 sq. ft at Chesterford Research Park. There is a cluster of small leases less than 1,000 sq. ft in Wendens Ambo and in Saffron Walden town centre.

Figure 3.6: Office and R&D Leasing Activity in Uttlesford, 2017-2022

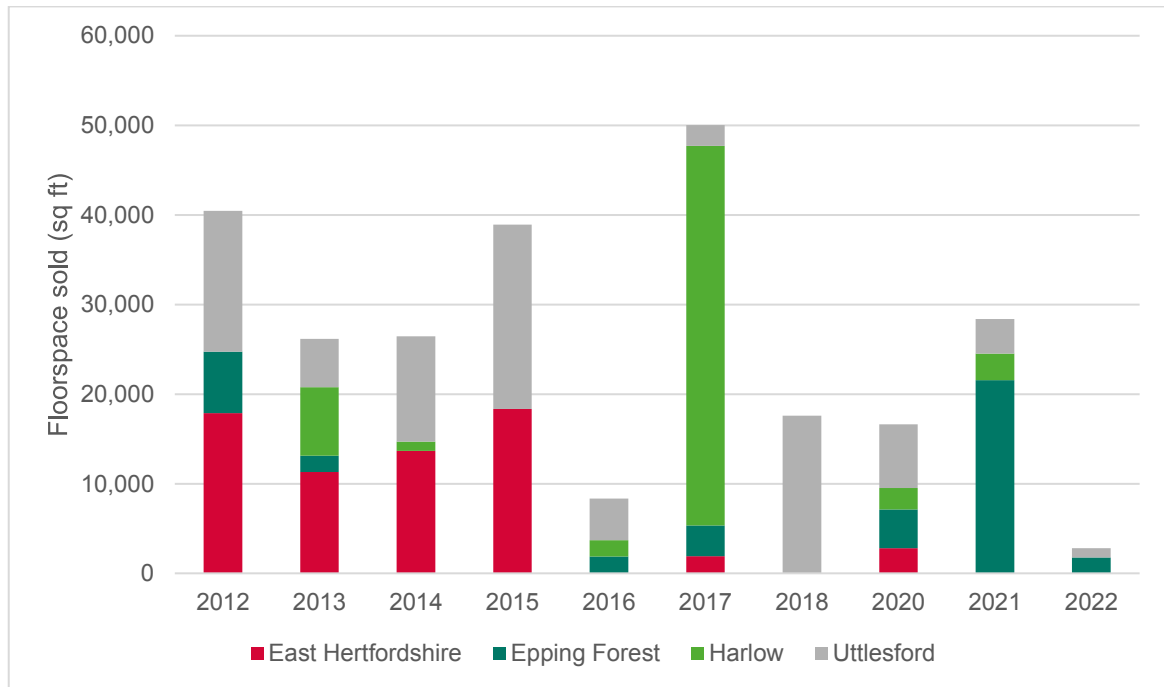


3.18 Recent new-build development of office and R&D space has been modest. The largest building constructed has been of 68,641 sq. ft at Innovation Centre, Parsonage Road for Weston Business Centres. Smaller schemes at Stansted Courtyard (9,476 sq. ft) and Thremhall Park (10,551 sq. ft) were completed in early 2020. There is an outline permission for the Downing Building (28,000 sq. ft) at Chesterford Research Park.

Freehold Activity

3.19 The chart below shows freehold sales of office / R&D space.³ Over the last 10 years, CoStar records take-up of just over 90,000 sq. ft of office space (8,400 sq. m) in Uttlesford accounting for around 35% of the total across the Property Market Area. Year-on-year take-up is significantly influenced by the larger deals.

Figure 3.7: Freehold Office and R&D Sales over Last 10 Years

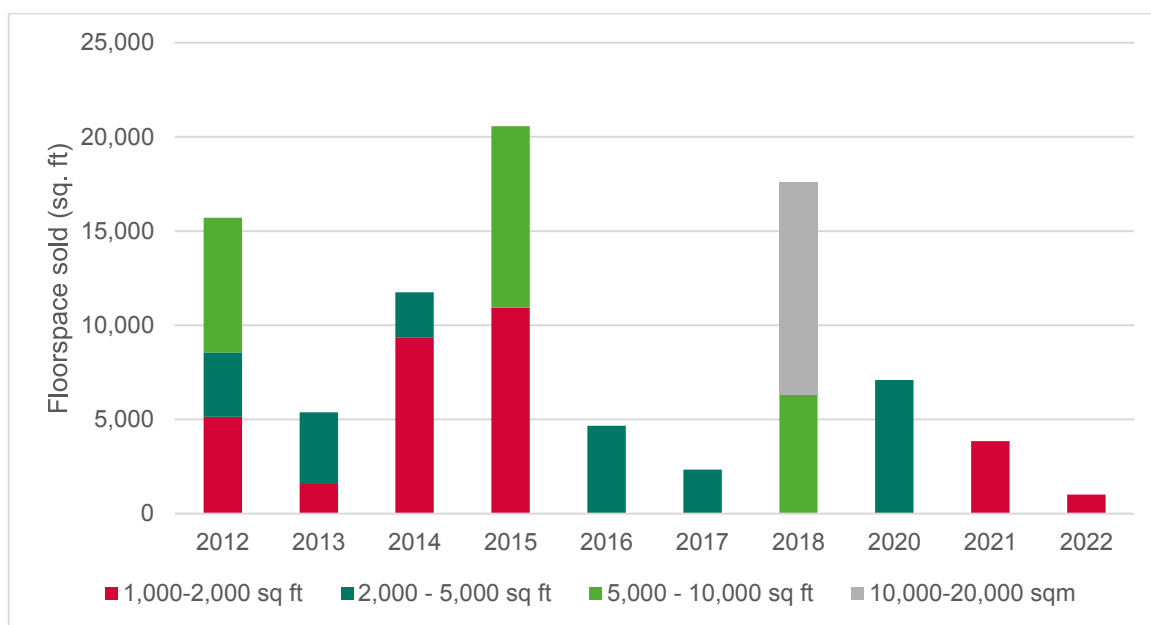


Source: IcenI analysis of CoStar data

3.20 In most years, freehold activity in Uttlesford is focused on units of < 5,000 sq. ft. There have not been any transactions over 5,000 sq. ft since 2018, with the last deal over 10,000 sq. ft in 2018 being the delivery of an Innovation Centre at Parsonage Road for Weston Business Centres, which was completed in 2020.

³ IcenI has sought to exclude investment transactions.

Figure 3.8: Freehold Office and R&D Sales in Uttlesford, 2012-2022



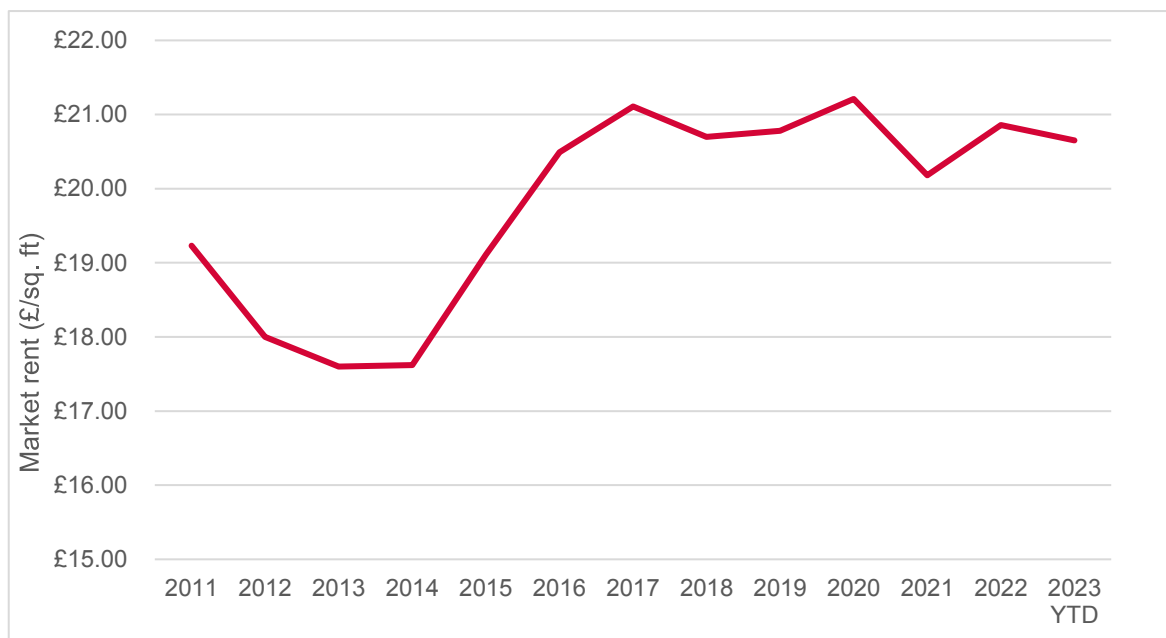
Source: Icen analysis of CoStar data

Rents

3.21 As availability has fallen in recent years, office rents have increased, growing from £17.62 per square foot (psf) in 2014 to £21.21 in 2020. They have since declined slightly and currently sit at £20.65 (June 2023). The market outlook is that rents will continue to weaken in the short term as more space is released to the market due to downsizing post covid. Headline rents for new/refurbished stock appear to have hit around £21 psf according to CoStar. This compares for instance with prime rents of £56 psf in Central Cambridge and rents exceeding £58 psf for new build fitted lab space⁴. Rents below £30 psf are unlikely to be viable for speculative office build (other than for owner occupier).

⁴Bidwells (January 2023) [cambridge-offices-and-labs-databook-2023.pdf \(bidwells.co.uk\)](https://www.bidwells.co.uk/cambridge-offices-and-labs-databook-2023.pdf)

Figure 3.9: Office Market Rent (inflation adjusted) - £/sq. ft



Source: IcenI analysis of CoStar data

Office Market Outlook

- 3.22 At the current time the market has very little activity. Demand is subdued due to the increase in home working and businesses downsizing, releasing space to the market. The limited activity is concentrated at the smaller end of the market with little appetite from larger companies to take on floorspace in the short term. There is uncertainty as to whether some London-based firms may seek to open satellite offices in commuter-belt locations or move out of the City.
- 3.23 Changing work patterns, accelerated by the pandemic, has seen an increase in homeworking with 40% of working adults reporting that they work from home at least one day a week according to ONS data (February 2023). However, the R&D and labs market is performing well particularly in the Greater Cambridge area which stretches down the M11 towards Uttlesford.

Agent Feedback

- 3.24 IcenI has spoken to a number of commercially active local agents to understand current market conditions. Agents are clear that the office market is slow and that the little office demand seen is focused generally on local SME businesses and with spaces up to 500 sq. ft most sort after. Many occupiers are looking to downsize, with little demand for larger HQ office space. At the time of writing (July 2023), the market is difficult, influenced by the rise in hybrid working as a result of Covid-19. Agents expressed that in many cases it has been difficult to find occupiers for properties on the market and the market is heavily over-supplied. As a result, landlords are starting to look at using office space for alternative uses, which has begun to reduce the market's stock levels.

-
- 3.25 Smaller units of 500 sq. ft and below see the most demand, suitable for occupiers with 1-4 employees. Deals have been primarily focused in Saffron Walden and Stansted Mountfitchet. The local market in Saffron Walden is focused typically on units of 200–1,500 sq. ft. Deals of over 2,000 sq. ft are rare. It is clear that there has been relatively little activity in the office market over the last year (as supported by the CoStar data). Agents reported some inquiries from small businesses, particularly where the owner lives locally, for satellite offices instead of commuting to London or Cambridge.

Industrial and Logistics Market

- 3.26 Whilst other sectors witnessed disruption from Covid-19, warehousing and logistics is a property sector which has thrived driven in particular by the substantial growth seen in online sales, continuing (and accelerating) the trend we have seen in recent years of growing demand for logistics space.
- 3.27 Nationally the Lambert Smith Hampton Commercial Property⁵ reports that UK industrial and logistics take-up reached 60.5 million sq. ft in 2022, just edging out 2020 to be the second strongest year behind 2021's colossal performance. However as the year progressed, it became clear that the pandemic-driven clamour for space had run its course, with take-up in the final quarter of 2022 sliding back into line with pre-2020 levels. The scaling back of e-commerce activity was the main reason for the downward shift in take-up with the likes of Amazon transacting 1.5 million sq. ft of space, compared to 13 million sq. ft in 2020. However, strong momentum was sustained in other sectors, with third party logistics keeping its foot on the pedal and low carbon-related industries behind some manufacturing commitments.
- 3.28 A key characteristic of 2022 was the focus on quality space, a trend expected to continue into 2023. There is an increasingly discerning attitude around quality, ESG credentials and energy efficiency – a 45% share of take-up in 2022 involved new spec or refurbished units. The ready absorption of new build space has vindicated developments decisions to spec-built at a grand-scale over the past two years.
- 3.29 Despite the unravelling of financial market conditions last year, speculative development soared to a new high of 23.6 million sq. ft at the end of 2022. However, supply has only partially recovered, with the UK availability rate standing at 3.6%.
- 3.30 Rental growth is starting to ease down after two years of unprecedented expansion. Growth was relatively modest at 4%, despite prime headline rents increasing by 13%. Nonetheless, despite a sharp rise in operating costs, economic headwinds and the prospect of significantly higher rates bills

⁵ [Occupier market | LSH](#)

in parts of the UK, overall levels of supply remain broadly conducive for continuing rental growth in 2023 and beyond.

3.31 Uttlesford is not traditionally a market for 'big box' logistics space which is more focused towards motorway corridors such as the M1 corridor through Hertfordshire and Bedfordshire. There is no evidence of big box take-up in the District over the last decade. However, the permission of 200,000 sq.m. of Warehousing space at Northside (adjacent to Stansted Airport) suggests that there is demand for 'big box' space, which is reasonable, given the growth of online retailing, the presence of the airport and proximity to London.

Industrial Stock

3.32 Uttlesford accommodated around 20% of the Functional Economic Market Area's (FEMA's) industrial stock, with a total of 465,000 sq.m of floorspace recorded by the Valuation Office Agency (VOA) in 2022. The largest share of stock is seen in Harlow (with a quantity 67% greater than in Uttlesford).

3.33 The total industrial stock across the FEMA has declined in net terms over the 2012-22 period, falling by 3.6%, compared to a regional and national picture of 2% and 2.7% growth respectively. However, in Uttlesford, the VOA data points to a growth in stock of 10.7% over this period. Industrial floorspace includes industrial and warehousing/logistics floorspace.

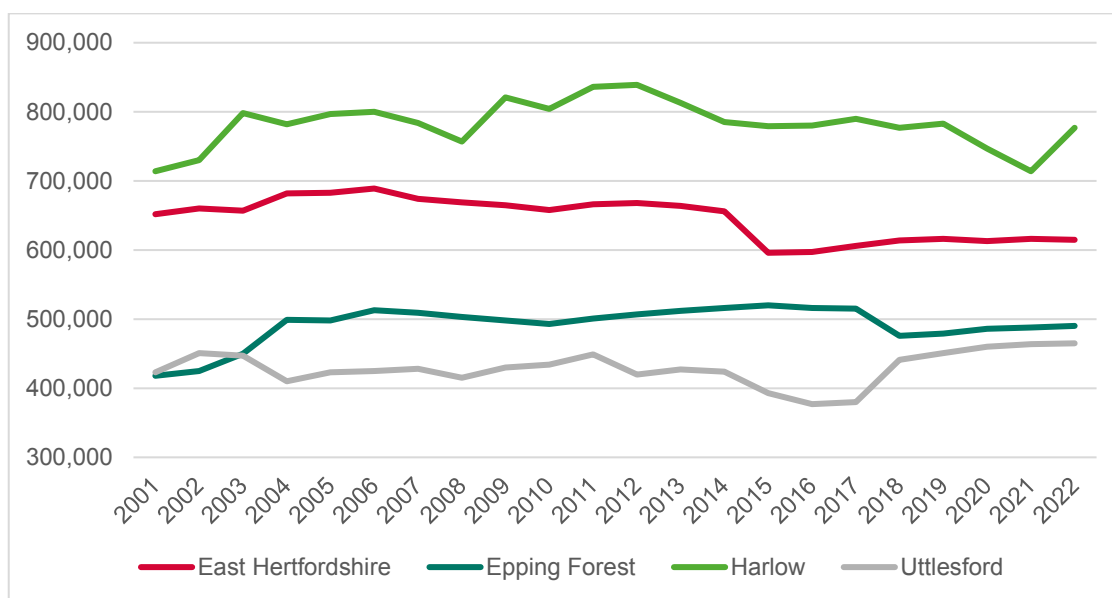
Table 3.3 Industrial Stock in the District and FEMA

	Stock, 2021-22 (sq.m)	% FEMA Stock	Stock Change, 2012-22	% Change, 2012-22
East Hertfordshire	615,000	26.2%	-53,000	-7.9%
Epping Forest	490,000	20.9%	-17,000	-3.4%
Harlow	777,000	33.1%	-62,000	-7.4%
Uttlesford	465,000	19.8%	45,000	10.7%
FEMA	2,347,000		-87,000	-3.6%
East of England	34,116,000		679,000	2.0%
England	314,741,000		8,419,000	2.7%

Source: VOA Non-Domestic Rating Statistics

3.34 The chart below shows the trend in industrial floorspace by area. It shows that industrial floorspace in Uttlesford fell between 2011-16 but has been increasing since (with subsequent growth of 88,000 sq.m, or 23%). There has been a general downward trend which is evident in East Herts and Harlow however recently some recovery has been made.

Figure 3.10: Change in Industrial Floorspace, 2001-2022



Source: Icen analysis of VOA Non-Domestic Rating Statistics

3.35 The average size of industrial properties is below the average of the wider area indicating a focus of industrial stock and demand towards SME businesses. It is notable that the average size of industrial units in Harlow is more than twice that in Uttlesford, with Harlow more likely to cater for larger requirements.

Table 3.4 Average Size of Industrial Properties, 2022

	Floorspace, 2022 (sq.m)	Rateable Properties	Average Floorspace (sq.m)
East Hertfordshire	615,000	1,560	394
Epping Forest	490,000	1,600	306
Harlow	777,000	830	936
Uttlesford	465,000	1,110	419
FEMA	2,347,000	5,100	460
East of England	34,116,000	59,330	575
England	314,741,000	520,050	605

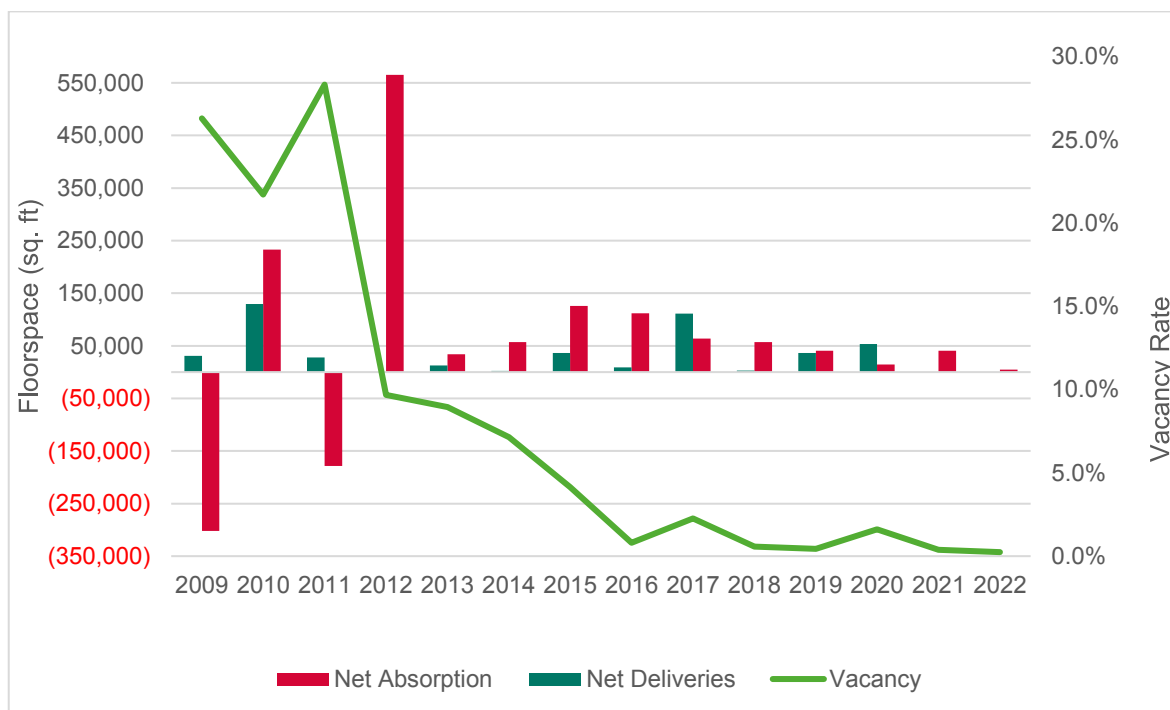
Source: VOA Non-Domestic Rating Statistics

Take-Up and Net Absorption

3.36 The District has seen positive net absorption since 2012, meaning that more industrial floorspace was being take-up than coming onto the market (either through existing office space being vacated or new-build development). As the graph below shows, this has resulted in a reduction in the level of vacant floorspace which fell to a low-point of 0.2% in 2022. It has been below 5% since 2014 which is 'too low' by market standards which seek 5-10% for choice and churn, and indicates an ongoing constraint on space and growth.

3.37 Between 2017 and 2021, net absorption averaged 43,200 sq. ft (4,000 sq. m) per annum of industrial space in the District. Record low net absorption of 4,809 sq. ft was seen in 2022, most likely due to a lack of available space suppressing demand, as the near zero vacancy rates suggest.

Figure 3.11: Industrial Net Absorption and Vacancy Rate – Uttlesford District



Source: Icen analysis of CoStar data

3.38 The industrial vacancy rate stood at 0.4% in mid-2022 – an extremely low level. This is representative of constrained supply and tight property market conditions. As the table below shows, there is a higher level of vacant space within the specialist industrial category representing manufacturing (albeit with this the vacancy level is still near zero); light industrial and logistics space has a vacancy rate of 0.1% and 0.4% respectively. These levels point to a tight market for all typologies and a need to bring forward further supply.

Table 3.5 Vacancy Rate for Different Types of Industrial Space – Uttlesford District

	Floorspace (sq. ft)	Vacancy Rate	Availability Rate
Logistics	2,492,790	0.4%	3.7%
Specialist Industrial	295,068	0.8%	0.8%
Light Industrial	507,046	0.1%	0.1%
All Industrial	3,294,904	0.4%	2.9%

Source: CoStar 2023

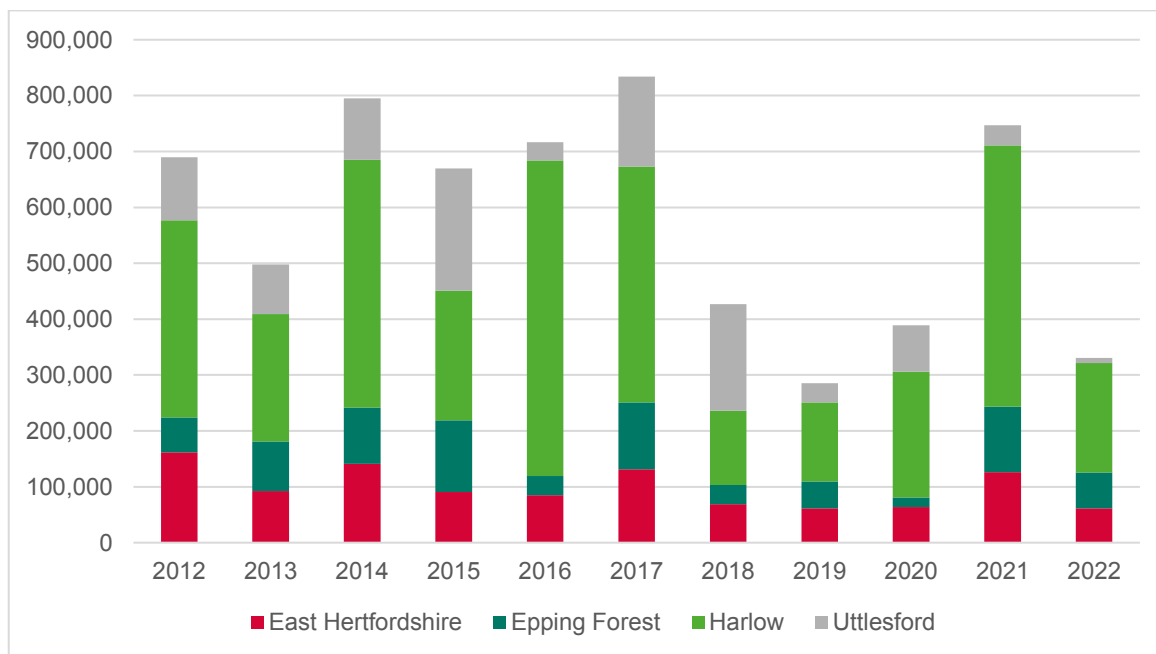
Leasing Activity

3.39 Across the PMA the average take-up of leased industrial space over the last 10 years has been 580,000 sq. m (62,400 sq. m). Harlow has dominated industrial take-up, recording 53% of the PMA

total. Uttlesford and East Hertfordshire have recorded 17% each, with Epping Forest 13%. Average take-up in Uttlesford has been 98,000 sq. ft per annum.

3.40 As Figure 3.12 clearly shows, there has been a notable drop off in take-up since 2018, with a slight recovery in 2020. This is likely to have been in part influenced by a constrained supply position. Take-up over since 2019 has averaged 434,000 sq. m across the 4 authorities.

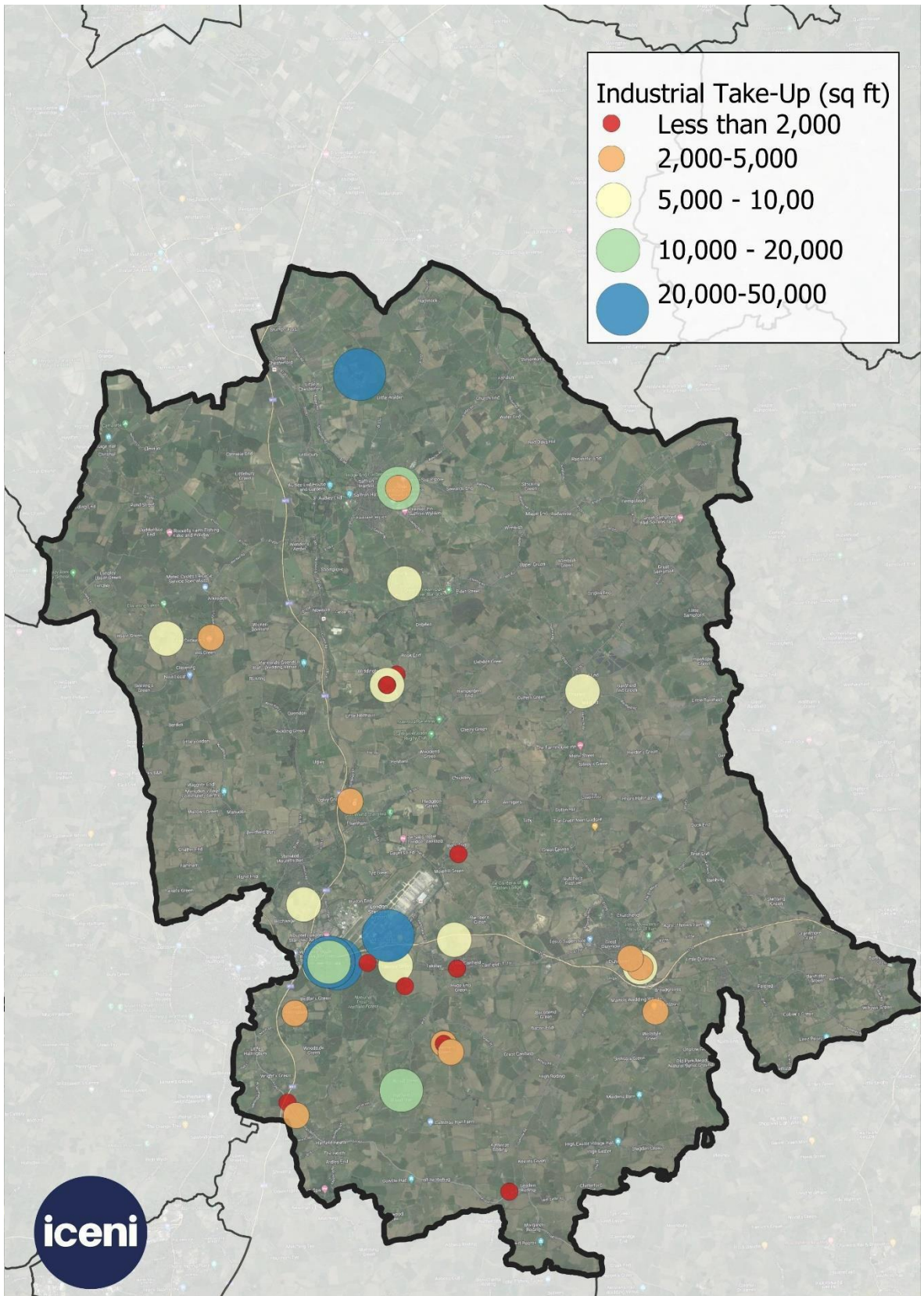
Figure 3.12: Industrial Take-Up – Property Market Area



Source: Icen analysis of CoStar data

3.41 The figure below shows the spatial distribution of industrial leasing activity in the District between 2017-2022. The strongest cluster is around Stansted Airport and Takeley. There has also been a large 20,000-50,000 sq. ft deal at Great Chesterford Park, where Domainex leased 20,000 sq. ft in 2018. Activity in Great Dunmow has been at the smaller end of the market, below 10,000 sq. ft, including 5,489 sq. ft leased by Alloy Febweld in 2020, 1,829 sq. ft leased by Powtier Control in 2020 and 4,844 sq. ft leased by Premier Crew Hospitality in 2018. There may be some crossover on R&D space being recorded on either industrial or office space data by CoStar.

Figure 3.13: Industrial Take-Up in Uttlesford (2017-2022)

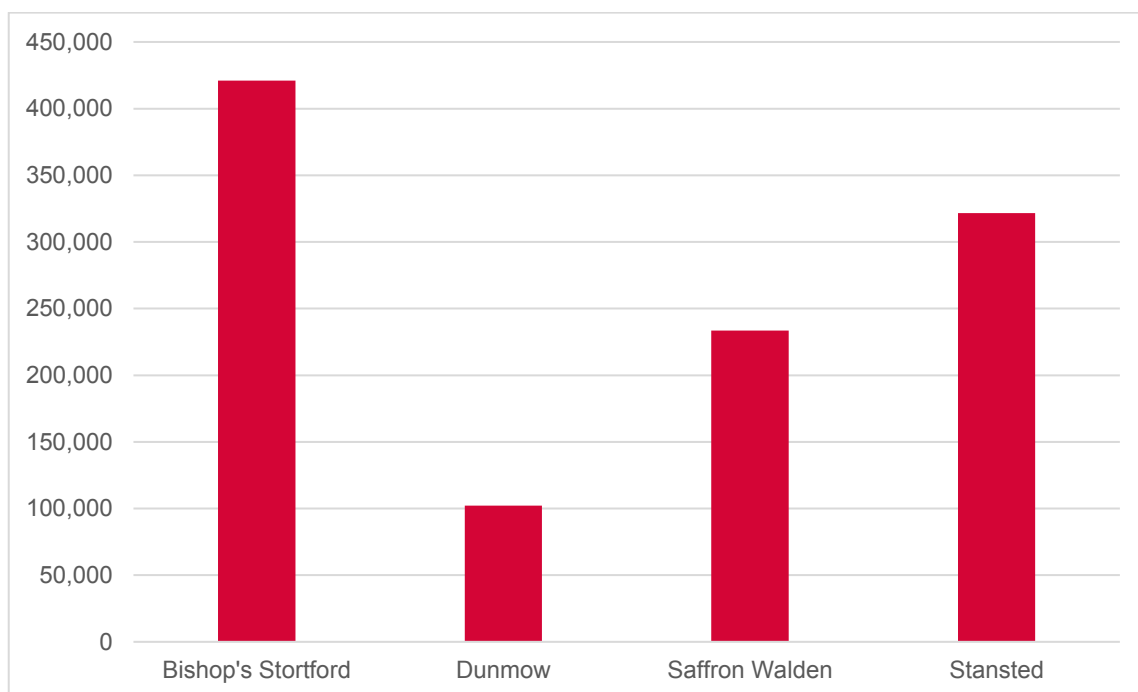


3.42 The chart below reports the take-up by location (nearest town, all postcodes are in Uttlesford).

- 30% at 'Stansted' covering Taylors End Road / M11 Business Link
- 39% at 'Bishop's Stortford' (in Uttlesford) being the wider southwest of the district near to Stansted
- 9% at Great Dunmow
- 2% Saffron Walden

3.43 Whilst CoStar will tend to miss off smaller rural transactions which do not register to the national database, this pattern suggests that the airport (and M11) has a strong influence on industrial demand in the district, attracting the majority of transactions.

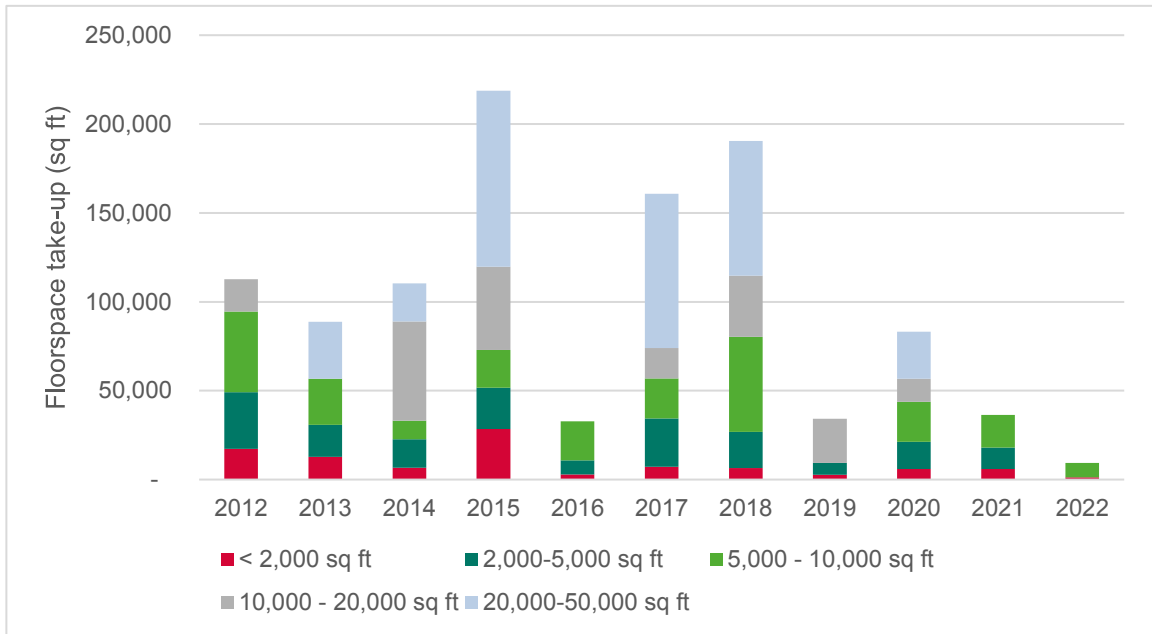
Figure 3.14: Industrial Take-Up by location – Uttlesford District



Source: Icen analysis of CoStar data

3.44 In terms of size band, it is evident from the figure below that there has been no take-up in the district of 'mid box' (50,000 – 100,000 sq. ft) or 'big box' industrial units (> 100,000 sq. ft) over the last decade. The largest units leased have been of around 35,000 sq. ft. Leasing activity has significantly fallen since 2018, with just one larger deal of 13,003 sq. ft in 2020.

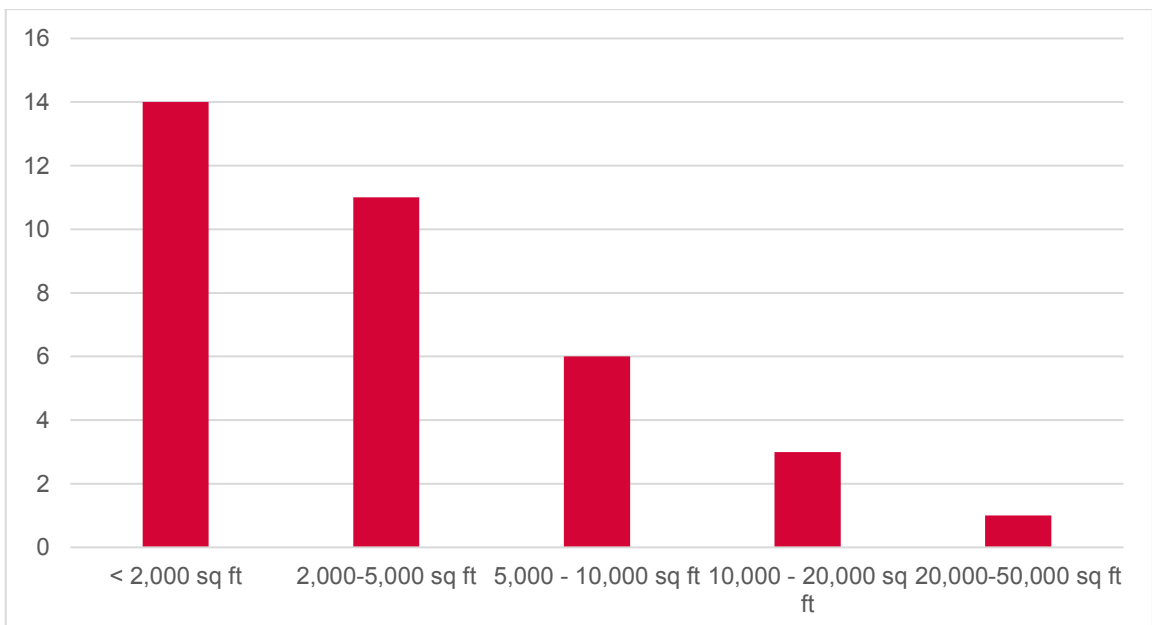
Figure 3.15: Industrial Take-Up by Size Band – Uttlesford District



Source: IcenI analysis of CoStar data (2023)

3.45 The chart below shows the profile of leasing deals of different sizes. Activity is strongest for smaller units of <10,000 sq. ft, with the most activity focused in sub-2000 sq. ft units, reflecting the focus of the economy on SMEs. There has been no leasing activity of space over 50,000 sq ft in the District although this may be due to the lack of larger scale and strategic logistics space in the District (which the introduction of Northside is likely to change).

Figure 3.16: Industrial Leasing Activity by Size Band – Uttlesford, 2019-2022

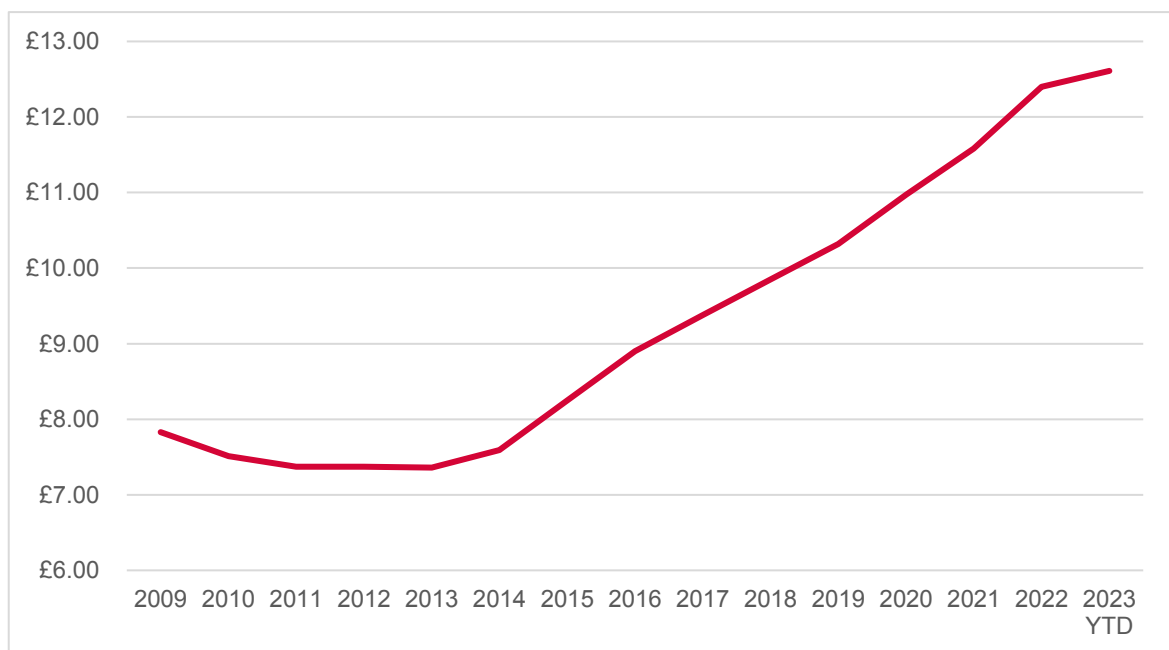


Source: IcenI analysis of CoStar data

Industrial Rents

- 3.46 Market rents vary depending on the location and quality of the property, by CoStar record typical market rents of £12.30 psf for logistics space, £15.70 for light industrial and £9.94 psf for specialist industrial stock.
- 3.47 Figure 3.17 demonstrates that there has been relatively strong growth in industrial rents since 2014 as industrial supply has tightened. Currently, average industrial rents sit at £12.61 per sq ft (Jan 2023).

Figure 3.17 Industrial Rents – Uttlesford



Source: IcenI analysis of CoStar data

- 3.48 Whilst it is typically expected that positive rental growth and declining availability results in new supply coming forwards, CoStar report that 85,500 sq. ft (SEGRO Airside Stansted) of industrial space is under construction in the District. This may alleviate some rental growth in the logistics market in the short-term.

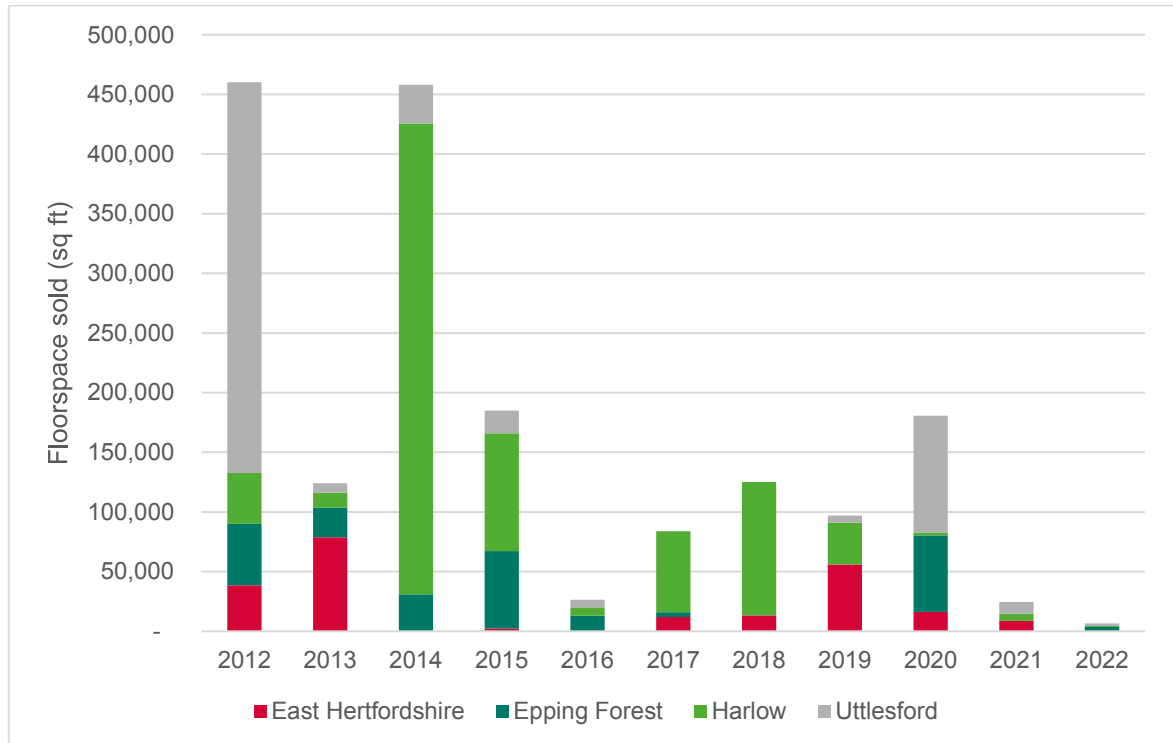
Freehold Activity

- 3.49 The figure below shows industrial freehold transactions⁶. Uttlesford has accounted for 29% of freehold take-up across the PMA since 2012 with 510,000 sq. ft (47,350 sq.m) of space being

⁶ IcenI has sought to exclude investment transactions

recorded as transacted, equivalent to an average 46,335 sq. ft per annum. In 2020, a majority of activity occurred in Uttlesford, driven by a 97,816 sq. ft sale on High Cross Lane, Dunmow.

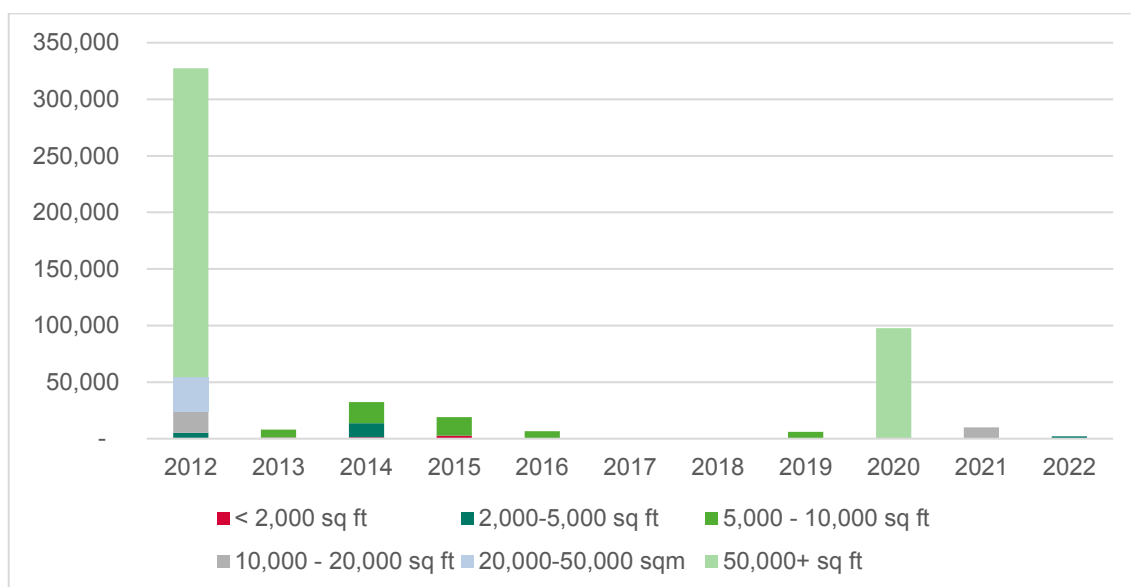
Figure 3.18: Industrial Freehold Transactions – PMA, 2012-2022



Source: IcenI analysis of CoStar data

The figure below demonstrates that there has been minimal activity since 2016, with just 5 deals. Since a 97,816 sq. ft deal on High Cross Lane in Dunmow in 2020, just 2,070 sq. ft was sold in 2022 and 10,032 sq. ft sold in 2021, both in Saffron Walden.

Figure 3.18: Uttlesford Industrial Freehold Transactions – by Size Band, 2012-2022



Agent Feedback

- 3.50 Icení has spoken to a number of commercially active local agents to understand current market conditions and gaps in supply. Agents reported that the market was strong across a range of size bands and there is a high level of churn, with properties being taken up within a short time scale of being advertised. Enquiries have been for storage and distribution space, manufacturing and gym use.
- 3.51 Coke Gearing notes a lack of industrial supply within the market in Uttlesford and more generally within 10 miles of Bishop’s Stortford with a 99.6% occupancy level within the industrial market. This is consistent with our findings from the CoStar data and our discussions with Mullucks. Demand outstrips supply and there is a need to bring forward new development as the lack of demand is currently restricting business growth.
- 3.52 Bishop’s Stortford has provided some supply for Uttlesford’s excess demand; however this has been limited to smaller units below 20,000 sq. ft. Rents for smaller premises of 750-1,000 sq. ft are around the £10/sq. ft mark. Agents state that there is an undersupply of mid-box units ranging from 20,000-50,000 sq. ft and as a result, businesses spread across multiple units are unable to consolidate into one premises.
- 3.53 The Northside consent will provide some new industrial space for the market. Based on discussion with promoters and the masterplan for the development it is expected that the first phase of the Northside development at Stansted Airport will focus on catering for big box regional/national logistics need. As a result, the first phase of the development is not expected to alleviate the high levels of local need. Future phases are expected to accommodate a combination of airport-related and other commercial businesses including local needs in due course subject to clarification of the scheme.

Currently, lack of floorspace at the airport has resulted in aviation businesses spilling out into surrounding areas, especially along the A120 towards Braintree. This is exacerbating the lack of supply to cater for the need of local businesses.

- 3.54 Agents report a need to bring forward additional supply, particularly close to M11 Junction 8 and along the A120, which is the area of strongest occupier demand. The Saffron Walden market, in the north of the District, is tilted towards Cambridge and focused more towards R&D and bioscience activities; with industrial demand more limited due to the lack of clear access to the motorway. Agents reported that there are opportunities for additional sites to the north of Bishop's Stortford at the district border and in Great Dunmow, which currently has a limited provision of industrial space.

4. ECONOMIC GROWTH OUTLOOK

4.1 This section considers the employment outlook for the District to 2041. These are developed from baseline forecasts acquired from Cambridge Econometrics for the period to 2021 and adjusted for planned projects or other potential growth.

4.2 The table below provides the historic annual rate of change by sector over the last ten and twenty years which provides a platform for analysing future growth. In particular we note strong growth in a wider range of sectors over the last decade with decline only in manufacturing and public administration.

Table 4.1 Jobs by Sector and Average Annual Growth Rate

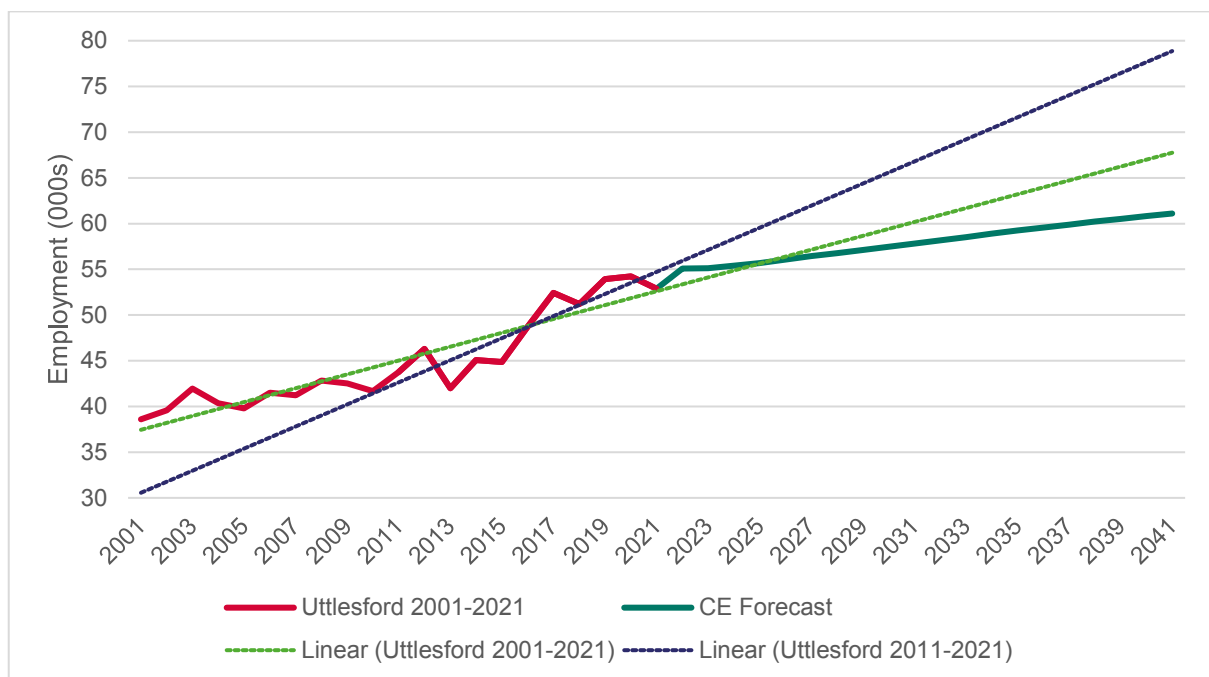
	2001	2011	2021	10 year change	20 year change
Agriculture and Mining	230	610	1,040	7.2%	17.3%
Manufacturing	4,140	4,340	3,350	-2.3%	-1.0%
Utilities	60	130	370	18.6%	24.1%
Construction	2,810	3,710	4,550	2.3%	3.1%
Wholesale and Retail Trade	5,410	5,930	5,920	0.0%	0.5%
Transport, Warehouse and Postal	4,500	6,370	8,720	3.7%	4.7%
Accommodation and Food Services	2,410	2,630	3,650	3.8%	2.6%
Media and IT	820	1,500	1,490	-0.1%	4.1%
Professional and Scientific Services	2,960	4,320	6,450	4.9%	5.9%
Business Support Services	1,900	2,910	4,530	5.6%	6.9%
Public Administration and Defence	1,170	1,440	1,190	-1.7%	0.1%
Education	1,630	3,050	3,930	2.9%	7.1%
Health	1,500	2,480	4,310	7.3%	9.4%
Creative and Recreation	540	930	1,250	3.5%	6.6%
Other	890	1,180	2,140	8.1%	7.0%
Total	30,970	41,510	52,880	2.7%	3.5%

Source: Cambridge Econometrics, 2023

Forecasts

4.3 As illustrated in the chart below, the CE baseline projections are expecting employment growth to be below historic trends. The historical growth trends have been pushed upwards by the period of high growth in the four-year period between 2013-2017 when the average annual growth in employment was 6.2%. In the 4-year period, employment grew by 10,400 jobs, of which 26% of those jobs were attributed to Warehousing and Postal, 15% to Professional and Scientific Services and 10% to Construction.

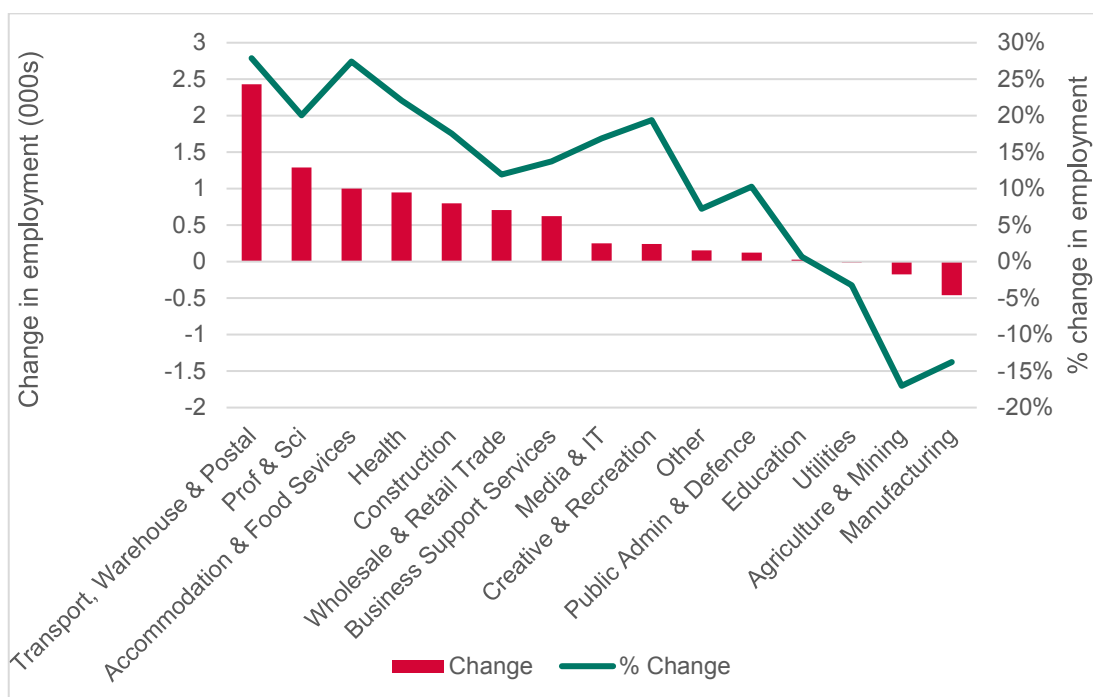
Figure: 4.1 Projected Baseline Growth (2001-2041)



Source: CE 2023

- 4.4 The CE baseline forecasts show steady performance throughout the planned period to 2041 and forecast a growth of 15% over the next 19 years, which is a total of 8,222 jobs or 411 jobs per annum.
- 4.5 The figure below shows the forecasted change in employment across broad sectors.
- 4.6 The forecasts indicate that Transport, Warehouse and Postal will see the greatest increase in employment and growth in percentage (+29%) with an increase of 2,486 jobs 2021-2041. Other high growth sectors include Professional and Scientific Services (+1,355 jobs), Accommodation and Food Services (1,057 jobs), Health (1,005 jobs) and Construction (+826 jobs).

Figure 4.2 Forecast change in employment 2021-2041 by sector



Source: IcenI Analysis of Cambridge Econometrics Data

Alternative outlooks

- 4.7 IcenI has undertaken detailed examination of sector performance between 2001-21 and 2011-19 in terms of year-on-year absolute growth and the average growth rate. The period to 2019 is used to avoid impacts of Covid on trend.
- 4.8 The fastest growing sectors in absolute terms from 2011-19 include Business Support Services, Health, Land Transport, Other Professional Services, Other Services and Food & Beverage Services. Looking back over a longer period from 2001-2021 these sectors were also the fastest growing sectors (as well as Education, Construction and Warehousing & Postal).
- 4.9 The sectors below have high average growth rates (as well as absolute growth) suggesting these have the potential to achieve strong growth in the future.
- 4.10 When extrapolating forward the 2011-19 growth trend we see a significant difference by 2041 in the outcomes compared to that of the CE projections in some sectors.
- 4.11 The purpose of this exercise is to highlight the potential for growth in some sectors over and above the forecasts. This 'trend' approach is not intended to replace the forecasts. An alternative economic outlook is considered later through an analysis of specific project potential.

Table 4.2 Projections of 2001-19 'fast growth' sectors vs CE forecast

	2001	2011	2019	2041 (CE baseline)	2041 (@ 2011-2019 trend)	Difference 2019 trend to baseline
Business Support Services	1,900	2,900	3,800	5,200	6,300	1,000
Health	500	1,000	1,400	2,700	2,500	-200
Land Transport	800	1,200	2,700	3,400	6,800	3,400
Other Professional Services (R&D)	700	1,000	3,200	2,900	9,300	6,400
Other Services	900	1,200	1,400	2,300	2,000	- 300
Food & Beverage Services	1,800	2,100	3,500	3,900	7,400	3,500
Warehousing and Postal	2,000	3,500	4,600	4,600	7,600	3,000
Education	1,900	2,900	3,800	5,200	6,300	1,100
Air Transport	1,600	1,600	2,600	3,200	5,200	2,000
Total (all sectors)	31,000	41,500	53,900	61,100	81,100*	20,000*

Source: Cambridge Econometrics

* adjustment applied to fast growth sectors (those listed) only

4.12 Overall the CE forecasts see notably slower growth compared to the trend in the sectors of:

- Air Transport
- Other Professional Services (which includes R&D),
- Food and Beverage Services
- Land Transport and
- Warehousing and Postal.

4.13 There are specific reasons why the forecasts may not pick up some of the growth drivers in Uttlesford. These are considered below and alternative growth potential explored in the sections that follow.

4.14 Due to the differences in the CE forecasts compared with the 2011-2019 trend projections for Other Professional Services and Business Support Services, it is Icení's view that it is likely that there is an **underestimation of the R&D sector potential** in the forecast outlook. Forecasts tend not to pick up local growth sectors due to the effect of a top down modelling technique and an inability to explore niche local sectors such as the cluster at Chesterford in the forecast model. A similar issue is noted in the Greater Cambridge Employment Evidence⁷ and its update⁸.

⁷ <https://www.greatercambridgeplanning.org/media/1399/greater-cambridge-employment-land-and-economic-development-evidence-study-gl-hearn-nov2020.pdf>

⁸ <https://www.greatercambridgeplanning.org/media/1399/greater-cambridge-employment-land-and-economic-development-evidence-study-gl-hearn-nov2020.pdf>

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- 4.15 It is also of note that growth over the last 10 to 20 years in a range of sectors will, at least in part, be influenced by Stansted Airport, both in direct and indirect employment terms. This includes the Air and Land Transport and Business Support Services (including car hire, cleaning, security and temping) and to a lesser extent Warehousing and Postal (which includes 'Support for Transportation'). The outlook for these sectors may therefore be influenced by airport activities and prospects as well as growth in e-commerce.

Life Sciences Research and Innovation

- 4.16 A key local economic driver in Uttlesford is Chesterford Research Park. Located in the north of the District, Chesterford Research Park provides laboratory and office space for biotechnology, pharmaceutical and technology R&D companies. Current occupiers include AstraZeneca, Isogenica, Microbiotica and Biomodal.
- 4.17 Chesterford Research Park is working closely with Granta Park, Babraham Research Park and the Wellcome Trust Sanger Institute (in South Cambridgeshire) as part of the South East Cambridge Cluster. Cambridge and South Cambridgeshire form a world leading cluster of life sciences research institutes including Addenbrookes Hospital and Cambridge University. The evidence base for the Greater Cambridge authorities suggests a very positive outlook for the life sciences sector which will facilitate employment growth and floorspace demand⁹.
- 4.18 Chesterford Research Park is Uttlesford's most prominent R&D facility. The Park's masterplan sets out the potential for around 1m sq. ft for research and development uses of which approximately 350,000 sq ft of space is already occupied. Around 650,000 sq. ft (c.60,000 sq. m) remains for construction of which 5,211 sq. m (c.56,000 sq. ft) was granted planning permission with conditions (UTT/22/1248/FUL) in May 2022 and is pending discharge of conditions. In addition, there is a hybrid application (UTT/23/0456/OP) awaiting decision for approximately 22,000 sq. m (234,000 sq. ft). Based on growth in recent years in the sector and high rates of demand for such accommodation, it would be reasonable to expect that by the end of the planned period the masterplan could have been developed in full. Assuming the 60,000 sq. m of remaining floorspace is built out in the planned period, at a density of 36 sq. m per FTE (GIA), this would support around **1,700** additional jobs direct. This would also support the out commuting pressures on the District's workforce, providing higher wage employment and improving sustainability considering the proximity to Saffron Walden.

⁹ [Greater Cambridge Employment and Housing Evidence Update \(greatercambridgeplanning.org\)](https://www.greatercambridgeplanning.org/)

Stansted Airport

- 4.19 In May 2021, Stansted Airport secured planning consent (through appeal) (UTT/18/0460/FUL) for expansion to 43 million passengers per year. However, the existing limit of 274,000 aircraft movements is still in place and therefore the increase in passenger numbers will be accommodated by increasing the proportion of passenger flights (in relation to cargo flights) and a shift towards larger, next generation aircraft. To facilitate the increased passenger number limit, the planning consent includes provision for two new taxiway links to the runway and nine additional aircraft stands, together with highways improvements including at M11 Junction 8.
- 4.20 The Appeal decision notes that the planning consent provides airlines and other prospective investors with greater certainty regarding the ability of Stansted to grow, secure long-term growth deals and expand their network, including long-haul routes¹⁰. Recent evidence from Manchester Airport Group (MAG) indicates that Stansted Airport passenger numbers in June 2023 were 98% of these seen in pre-covid years, serving 26.5 million passengers June 2022-June 2023¹¹.
- 4.21 Taking into account the impacts of Covid-19, MAG forecast that Stansted passenger numbers will grow to 35 million per year by 2027 and 43 million per year by 2032-34 if the development described above goes ahead¹². In the Do Minimum case the Airport would reach 35 million passengers per year by 2027.
- 4.22 As part of the 2020 Environmental Statement Addendum Socio-economic chapters which provided evidence in the Planning Appeal for the development of Stansted, the operational employment (and GVA) impact resulting from the expansion of Stansted Airport has been estimated (for the year 2032, when passenger numbers are forecast to peak and plateau). This estimate is based on forecast passenger growth and employment productivity (taking into account future productivity increases).
- 4.23 The figure below sets out the expected levels of employment and GVA generated due to the operation of Stansted Airport both with and without development in the year 2032.

Table 4.3 Stansted Related Employment & GVA in Development / Do Minimum Cases, 2023

	Without Development (Do Minimum)		With Development (Development Case)	
	Employment	GVA, £m	Employment	GVA, £m
Direct on-airport	13,300	891.9	16,300	1,095.8
Direct off-airport	500	30.4	600	37.3
Indirect & induced	11,000	737.8	13,500	906.5
Total	24,700	1,660.2	30,300	2,039.6

Source: Stansted Airport 35+ Environmental Statement Addendum – Chapter 11 Socio-economics

¹⁰ Stansted is targeting further long-haul routes, building on the launch of the Dubai route, with China, the Middle East and North America being key markets

¹¹ [UK's largest airport group served 5.8m passengers in June, equal to 96% of pre-pandemic levels \(magairports.com\)](https://www.magairports.com)

¹² [Report Template Blue \(hwa.uk.com\)](https://www.hwa.uk.com)

- 4.24 Based on the table above, the figure below sets out the effect of the development on Employment and GVA by the year 2032 – i.e. the additional impacts of the development. The ES Addendum assumes that no displacement of employment (and hence GVA) will occur.

Table 4.4 Additional Impact of Development on Stansted Related Employment & GVA, 2032

	Employment	GVA, £m
Direct On-Airport	3,000	203.9
Direct Off-Airport	100	6.9
Indirect and Induced	2,500	168.7
Total	5,600	379.5

Source: Stansted Airport 35+ Environmental Statement Addendum – Chapter 11 Socio-economics

- 4.25 All of the Direct On-Airport Employment will be within Uttlesford and therefore the Additional Direct **On-Airport Employment (3,000) could therefore be used to adjust the jobs forecast for the District.** However, as these jobs will be catered for by the planned Airport development, they will not require the allocation of further employment land.
- 4.26 It should be noted that Stansted's 2019 Airport Employee Travel survey suggests that 17.4% of those employed at the Airport reside within Uttlesford.
- 4.27 The table below sets out the current number of employees at Stansted Airport by their job type which have been assigned to sector. The top four job types have been assigned to Air Transport. Passenger Services, Sales and Clerical has been split in half between Retail and Business Support, with Catering, Cleaning and Housekeeping; Security, Passenger Search and Other also assigned to Business Services. IT and Managerial and Professional Services are under the Professional Services umbrella and Customs, Immigration, Police and Fire fall under Public Administration. These sector proportions are used to apportion the additional 3,000 On-Airport jobs generated by the expansion at Stansted Airport.

Table 4.5 Stansted Airport Employees by Job Type and Sector

Job Type	Number	%	Sector	%
Air Cabin Crew	2,100	16%	Air Transport	32%
Apron, Ramp, Cargo, Baggage Handling and Drivers	1,500	12%		
Maintenance Tradesman	300	2%		
Pilots, Air Traffic Control, Flight Operations	300	2%		
Passenger Services, Sales and Clerical	3,600	28%	Retail	14%
Catering, Cleaning and Housekeeping	1,100	8%	Business Support	41%
Security, Passenger Search	1,400	11%		
Other	1,000	8%		
IT	100	1%	Professional Services	11%
Managerial and Professional	1,300	10%		
Customs, Immigration, Police and Fire	500	4%	Public Administration and Defence	4%

'Policy on' forecast

4.33 Drawing on the overall analysis, there are a number of key factors to be considered which could lift the baseline forecasts to an alternative greater employment outcome. In order to draw this together we consider both the baseline forecasts and the planned development potential considered in previous sections of the report:

- Baseline (Cambridge Econometrics): growth of 8,222 jobs
- Additional 2,010 warehouse related jobs at Northside. This is presumed as additional to the baseline forecasts which report non-strategic type warehouse employment.
- Additional 1,700 R&D type jobs at Chesterford. In order to manage displacement effects these are instead of the 400 in the baseline forecast, not in addition.
- Growth of 3,000 jobs at the airport (and 2,500 indirect / induced of which c.400 in Uttlesford). Based on the current profile of direct employment¹⁵ at the airport, 32% of jobs would be in Air Transport, 41% in Business Support, 14% in Retail, 11% Professional Services and 4% Public Administration and Defence. This results in 1,000 Air Transport, 300 Professional Services, 1,200 Business Support, 400 Retail and 100 Public Admin jobs. For the purpose of this exercise, it is considered reasonable to replace the CE baseline forecasts for Air Transport Business Support and Retail with the above jobs. The above jobs for Public Administration and Defence and Professional Services are considered net additional jobs. There is uncertainty and little evidence related to the sector nature of the 400 indirect / induced jobs. For the purpose of this exercise they are divided as net additional between Land transport, Retail, Accommodation, Food and beverage.

4.34 Taking into account the above, the full sectoral breakdown for the baseline and the 'preferred scenario' is set out below. The preferred scenario is recommended for policy planning purposes.

4.35 Below we consider both the 2021 and 2022 baseline job positions because 2021-22 appears to be largely jobs growth rebound as a result of the pandemic rather than actual jobs growth – effectively people moving back out of temporary unemployment. This is particularly noticeable in air transport and warehousing and postal. It is recommended that the 2022-41 period be used to calculate jobs change not 2021-41 to avoid double counting.

¹⁵ STANSTED AIRPORT 35+ ENVIRONMENTAL STATEMENT ADDENDUM P12

Table 4.6 Baseline and preferred employment forecasts ('000s)

	CE	CE	CE baseline	Preferred scenario	2021-2041 Change (Pref. Scenario)	2022-2041 Change (Pref. Scenario)	Justification
	2021	2022	2041	2041			
Agriculture & fishing	1.0	0.6	0.5	0.5	-0.4	-0.1	
Mining & quarrying	0.1	0.4	0.3	0.3	0.2	-0.1	
Manufacturing	3.4	3.7	2.9	2.9	-0.5	-0.9	
Electricity & gas	0.1	0.1	0.1	0.1	0.0	0.0	
Water, sewerage & waste	0.3	0.3	0.3	0.3	0.0	0.0	
Construction	4.6	4.5	5.4	5.4	0.8	0.9	
Motor vehicles trade	0.7	0.8	1.0	1.0	0.4	0.3	
Wholesale trade	1.7	1.8	1.9	1.9	0.2	0.2	
Retail trade	3.5	3.4	3.7	3.9	0.4	0.5	Replace baseline forecast with +420 jobs plus an additional 100 indirect/induced jobs - Stansted Airport expansion
Land transport	2.8	2.7	3.4	3.5	0.8	0.8	Additional 100 jobs - Stansted Airport expansion
Water transport	0.0	0.0	0.0	0.0	0.0	0.0	
Air transport	2.0	2.7	3.2	3.7	1.7	1.0	Replace baseline forecast with additional 969 jobs - Stansted Airport expansion
Warehousing & postal	4.0	4.4	4.6	6.6	2.6	2.3	Additional 2,010 jobs at Northside
Accommodation	0.6	0.7	0.8	0.9	0.3	0.2	Additional 100 jobs - Stansted Airport expansion
Food & beverage services	3.0	3.0	3.9	4.0	1.0	1.0	Additional 100 jobs - Stansted Airport expansion
Media	0.5	0.5	0.5	0.5	0.0	0.0	
IT services	1.0	1.0	1.3	1.3	0.3	0.3	
Professional services (inc R&D)	6.4	6.7	7.8	8.7	2.3	2.1	Replace baseline forecast with 1,700 (Chesterford Research Park). Additional 323 jobs (Stansted Airport expansion)
Business support	4.5	4.6	5.2	5.6	1.1	1.1	Replace baseline forecast with 1,039

							jobs - Stansted Airport Expansion
Public Administration & Defence	1.2	1.2	1.3	1.4	0.2	0.2	Additional 109 jobs - Stansted Airport expansion
Education	3.9	4.0	4.0	4.0	0.0	0.0	
Health	2.1	2.1	2.7	2.7	0.5	0.6	
Residential & social	2.2	2.2	2.6	2.6	0.5	0.5	
Arts	0.7	0.7	0.8	0.8	0.0	0.1	
Recreational services	0.5	0.5	0.7	0.7	0.2	0.2	
Other services	2.1	2.4	2.3	2.3	0.2	-0.1	
Total	52.9	55.1	61.1	65.7	12.8	10.6	

Source: Cambridge Econometrics and Icen Analysis

Conclusions

- 4.36 This section has looked at detailed issues of future jobs change in Uttlesford.
- 4.37 It is recommended that the consideration of the preferred scenario be used rather than the baseline due to a number of known planned developments. It is also recommended that for the 2021-2041 Plan period, the jobs data at 2022 is the start point to avoid jobs fluctuation 2019-2021 related to Covid-19.
- 4.38 Overall, the recommended jobs change for the Plan period is considered to be 10,600.

5. EMPLOYMENT LAND NEEDS

5.1 This section provides commentary on the future employment land needs by type from 2021 to 2041. It primarily considers the labour demand (baseline) scenarios provided by Cambridge Econometrics, as well as floorspace trends using the local authority monitoring data, VOA data and property database CoStar. Consideration is also given to margins for flexibility, vacancy and replacement demand. The 'preferred scenario' for jobs is not used as that reflects space that is already going to be provided i.e. at Northside and Chesterford Research Park.

Floorspace Trend Model (VOA)

5.2 Using data from the VOA, we have derived net change in floorspace trends to model a future trend based need. Three periods have been used based on an annualised average need on the last 5, 10 and 15 years change.

5.3 For offices, there is a fairly consistent position of 12,000 – 14,000 sq. m. This is likely to include R&D space.

5.4 For industrial, using the most recent trends sees a high growth in industrial floorspace. The 10-15 years trends are more similar.

Table 5.1 VOA trend forecast by historic period 2020/21-2040/41, sq. m

	Offices			Industrial		
	5yr	10yr	15yr	5yr	10yr	15yr
Uttlesford	12,000	14,000	13,000	260,000	68,000	57,000

Source: VOA

5.5 For completeness the sq. m floorspace projections above have been converted to a land need on the following plot ratios:

- 0.3 for office and R&D uses;
- 0.4 for industrial uses; and
- 0.5 for warehouse / distribution floorspace.

Table 5.2 VOA trend forecast 2020/21-2040/41, ha

	Offices			Industrial		
	5yr	10yr	15yr	5yr	10yr	15yr
Uttlesford	4	5	4	58	15	13

Source: VOA

5.6 VOA trends should not be considered in isolation as they mask the gains and losses occurring which may paint an important picture in their own right, as new workspace types replace older ones in existing or new locations. VOA records will also be influenced by space at Stansted airport, although a detailed breakdown of the make up of space is not readily available.

Floorspace Trend Model (authority monitoring)

5.7 Using data from the Council, we have derived average gross floorspace trends.

5.8 Monitoring data has seen some inconsistency in data collection. Recent data has been cross referenced to previous employment studies to increase the length of known monitoring lookback. The West Essex and East Hertfordshire Assessment of Employment Needs reported an annual average gross completions of 8,300 sq. m across B1, B2 and B8 use classes 2010/11-2015/16. From 2016/17 to 2020/21 Uttlesford monitoring data has been used.

5.9 The split of typologies for the 2010/11-2015/16 period is based on the split of completions by use class, from 2011-14, sourced from Uttlesford District Council Employment Land Monitoring 2014. The 2016/17-2020/21 use classes were provided in the monitoring data and as a result are considered accurate.

5.10 The average gross completions for 2010/11-2020/21 is calculated using an average of both periods, weighted by the number of years of data in the period i.e. six years for the 2010/11-2015/16 period and five years for the 2016/17-20/21 period. The average annual gross completions are rolled forward 20 years to provide the 2021-41 need.

5.11 The data indicates a future need, unadjusted, of around 35.6 ha overall, using data trends back to 2010. This is higher than the VOA trend but that is expected as the gross completions mask losses picked up in the VOA records. Recent office completions are high in part due to completions at Chesterford Research Park.

Table 5.3 Gross completions trend forecast 2020/21-2040/41, sq. m

Source	Average gross completions			Roll forward 2021-41	
	West Essex and East Hertfordshire Assessment of Employment Needs (2010/11-2015/16)*	Uttlesford Monitoring (2016/17-20/21)	Average gross completions (2010/11-2020/21)		
Office	1,542	3,969	1,776	35,526	11.8
R&D	0	774	776	15,520	5.2
Industrial	6,664	3,663	8,014	160,272	35.6
Warehousing		4,416			

*8,300 sq. m apportioned based on use class completions split 2011-14 from Uttlesford District Council Employment Land Monitoring (October 2014)

Property Market Trend Model

- 5.12 Using data from CoStar, we can identify average net absorption trends (move ins minus move outs) for offices and industrial. Net absorption reports how much space is being occupied in the market. These occupancy trends are useful as an indication of actual needs which may differ from AMR completions that are supply or viability constrained. As an alternative to the trend, CoStar also provide their own short-term forecast (up to 5 years).

Offices

- 5.13 Using trend data from CoStar, average net absorption for office space was recorded as 18,300 sq. ft per annum from 2010-2022 or 1,700 sq. m per annum. Projecting this forward to 2041 is 34,000 sq. m of office requirement.
- 5.14 The CoStar forecast outlook for office space is conversely negative at -170 sq. m per annum, resulting in a negative need of -3,300 sq. m when rolled forward over the planned period. This reflects the general weakening in regional office markets post covid.

Industrial

- 5.15 Using data from CoStar, we can identify an annual average net absorption for industrial space as being 89,916 sq. ft from 2010-2022 or 8,350 sq. m per annum. Projecting this forward to 2041 is 167,000 sq. m of industrial requirement.
- 5.16 CoStar forecast for net absorption from 2023-28 leads to an average annual net absorption closer to 22,000 sq. ft or 2,300 sq. m over the next 5 years, which is lower than the last 5 years and may be in part due to a reflection of a constrained market. Projecting this annual forecast over the planned period would amount to a requirement of 46,000 sq. m 2021-41. The CoStar forecast for office space is negative at -170 sq. m per annum, resulting in a negative need of -3,300 sq. m when rolled forward over the planned period.
- 5.17 We also consider a scenario where we exclude Stansted Airport from the net absorption trend to isolate this from the wider district needs. A polygon tool on CoStar is used to isolate net take-up at Stansted Airport. The district take up is reduced by nearly 40% excluding Stansted down to 5,200 sq. m per annum over the 2010-22. Projecting the average take-up without Stansted leads to a lesser requirement of 103,800 sq. m. This helpfully separates the airport vs wider needs, although Stansted will also influence the wider area take up in its vicinity given its role as an economic driver.

Table 5.4 CoStar net floorspace take up trend based forecast needs 2021-2041, sq. m

	2010-22 average p.a.	2041 needs from past trend	CoStar forecast 2023-28 average pa.	2041 needs from trended 2023-28 forecast
Offices inc R&D	1,700	33,900	-170	-3,300
Industrial	8,400	167,100	2,300	45,800
Industrial (excl. Stansted Airport)	5,200	103,800	940	18,700

Source: CoStar and Icen Analysis

5.18 The above table indicates a considerable range most notably in the industrial outlook. The near-term industrial outlook as indicated by CoStar is perhaps unexpectedly low in light of the strong market indicators (and agent feedback) set out in the property review section.

5.19 Applying the plot ratios as previous gives the following land requirements:

Table 5.5 CoStar net floorspace take up trend forecast 2021-2041, ha

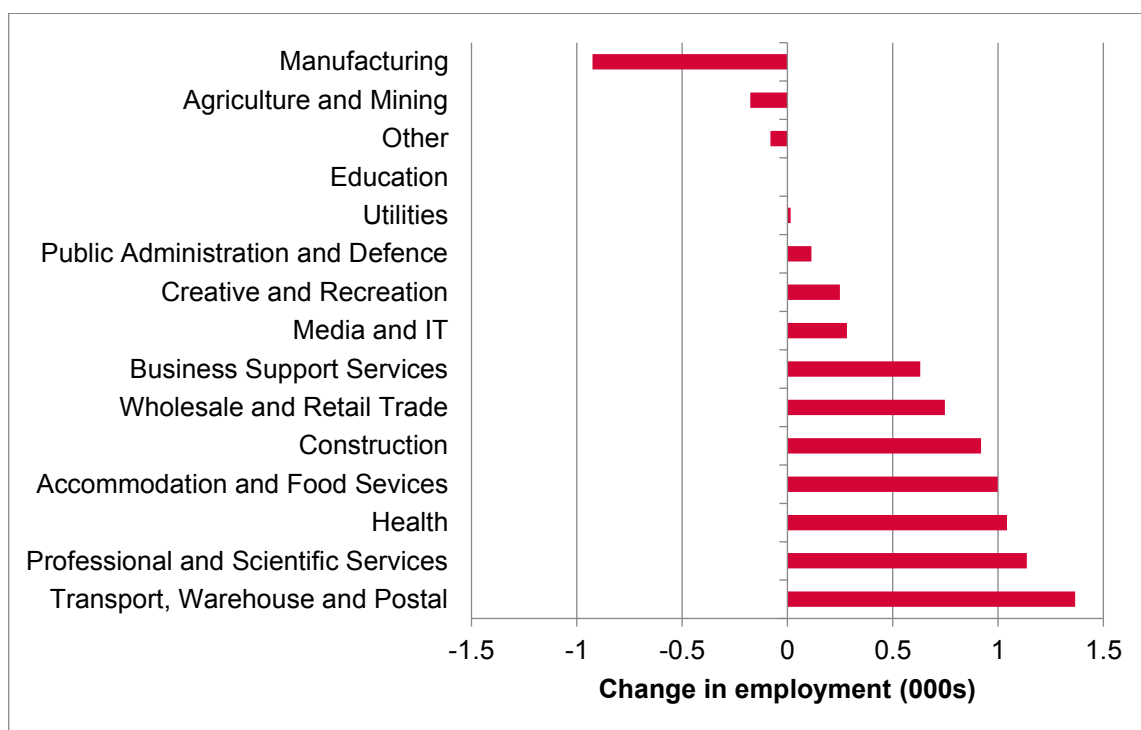
	2010-22 ave p.a.	2041 needs from past trend	CoStar forecast 2023-28 ave pa.	2041 needs from 2023-28 rolled forwards
Offices	0.6	11.3	0.1	-1.1
Industrial	1.9	37.1	0.5	10.2
Industrial (excl. Stansted)	1.2	23.1	0.2	4.2

Source: CoStar and Icen Analysis

Labour Demand Model: Baseline

5.20 The baseline scenario considers the quantum of employment land required to support the growth of 6,317 jobs from 2021-41 shown in the Cambridge Econometrics **baseline** forecast (this has been calculated pro-rata from the 2022-41 period to avoid Covid related jobs returns in 2020-21 and still reflects the full Plan period need). This is used as the floorspace requirements for the preferred growth scenario are already accounted for in other planned developments. The jobs change by sector is set out below:

Figure 5.1: Uttlesford baseline employment change, 2021-2041

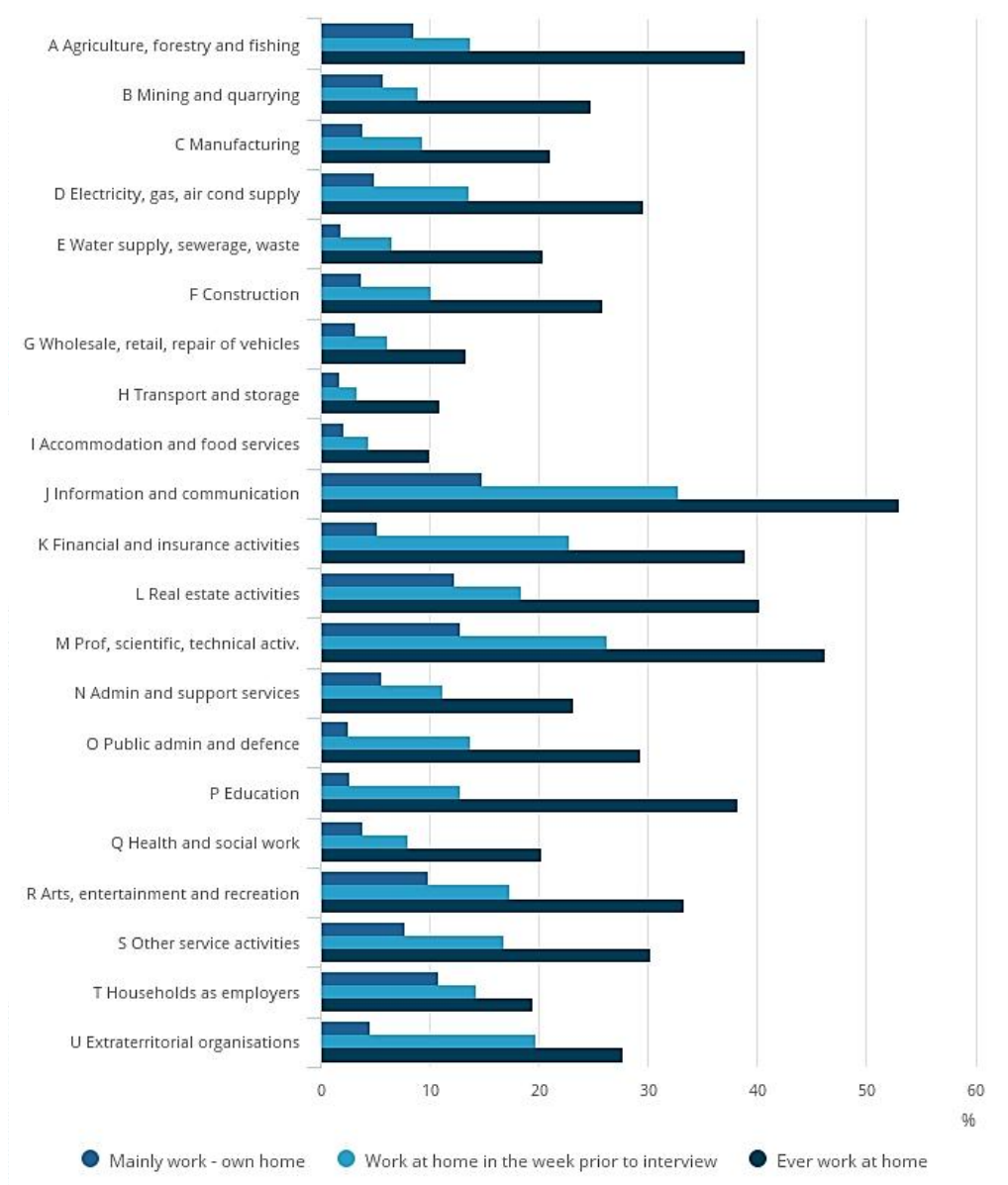


Source: Cambridge Econometrics, Icen analysis

5.21 Icen Projects has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in Uttlesford as of 2021 (BRES) on a 2 digit SIC sector by sector basis, aggregated up to the 45 sector forecast.

5.22 An adjustment has been made taking into account home working data based on 2019 as per the chart below. Data from 2020 during the pandemic shows increases of up to 50% home working particularly in office-based sectors, however this level is not expected to continue indefinitely and is discussed further below.

Figure 5.2: Homeworking by sector 2019



Source: ONS

5.23 Icení Projects has considered the proportion of employment in each sector which is likely to take place in the various use classes.

5.24 To do this we have calibrated our standard model which relates sectors and use classes for the local economy through interrogation of the current composition of employment in key sectors. This provides an estimate of the proportion of FTE jobs in each sub-sector which are currently located on each type of employment land (or other use class). The modelling assumes that this proportion will hold true moving forwards, which in reality will change.

5.25 This approach has been used to derive the following forecasts of net growth in FTE employment by use class over the plan period, relating to the district as a whole. This apportionment is then multiplied by the jobs growth in each sector, showing growth by class of employment. The table below sets out the 5-year band requirements.

Table 5.6 FTE Job Growth by Use Class Sector, 2021-41: Baseline Scenario

Area	2021-26	2026-31	2031-36	2036-41	2021-41
Offices Class E(g)(i)	230	250	240	240	960
R&D Class E(g)(ii)	20	70	60	70	220
Industrial Class E(g)(iii) / B2	-250	-140	-140	-130	-660
Storage or distribution (Class B8)	40	90	100	70	50
Total of above	50	270	270	250	570
Other sectors	600	1,080	1,070	920	3,690

Source: Icení analysis of Cambridge Econometrics

5.26 To these figures we have applied employment densities taking account of the HCA Employment Densities Guide: 3rd Edition (2015). We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office: an average of 12 sq. m NIA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 25% higher than the net internal area – note that further sensitivity is run on this further below to take account of remote working practices;
- Research and development: an average of 38 sq. m GEA per employee based on low density research premises and assuming that the gross external area of buildings is on average 25% higher than the net internal area;
- Light Industrial: an average of 49 sq. m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;

- General Industrial: an average of 38 sq. m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;
- Warehouse/ Distribution: an average of 70 sq. m GEA per employee.

5.27 Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. The breakdown by use class is shown below.

Table 5.1 Floorspace (sq. m) requirements by Use Class 2021-41, Baseline

Area	2021-26	2026-31	2031-36	2036-41	2021-41
Offices Class E(g)(i)	3,500	3,700	3,700	3,500	14,400
R&D Class E(g)(ii)	800	2,500	2,400	2,600	8,300
Industrial Classes E(g)(iii) / B2	-10,900	-6,300	-6,100	-5,700	-29,000
Storage or distribution (Class B8)	2,800	6,600	6,900	5,000	21,400
Total of above	-3,800	6,500	6,900	5,500	15,000

Source: Icen analysis of Cambridge Econometrics

5.28 Icen has also considered a further sensitivity, reflecting changing working patterns that most particularly influence office needs. With the COVID-19 pandemic leading to most office-based employees home working, it is likely that a greater rate of home working occurs in the future as a result, reducing the need for office floorspace. Whilst definitive evidence is yet to emerge, a sensitivity that reduces office need 50% is considered¹⁶.

Table 5.2 Floorspace (sq. m) requirements by Use Class 2021-41, sensitivity

Area	2021-26	2026-31	2031-36	2036-41	2021-41
Offices Class E(g)(i)	1,700	1,900	1,800	1,800	7,200
R&D Class E(g)(ii)	800	2,500	2,400	2,600	8,300
Industrial Classes E(g)(iii) / B2	-10,900	-6,300	-6,100	-5,700	-29,000
Storage or distribution (Class B8)	2,800	6,600	6,900	5,000	21,400
Total	-5,500	4,600	5,000	3,700	7,800

Source: Icen analysis of Cambridge Econometrics

¹⁶ Monitoring suggests occupancy now at around 40% compared to 80% pre pandemic – see <https://www.standard.co.uk/business/uk-office-occupancy-highest-level-lockdown-pandemic-covid-b1077677.html>

- 5.29 To calculate the land requirements to support these net changes, we have applied the plot ratios as previous.
- 5.30 This generates the following requirement for net additional land to support employment growth over the plan period:

Table 5.3 Labour demand net land (ha) requirements by Use Class 2021-41

Area	Baseline	Baseline sensitivity
Offices Class E(g)(i)	4.8	2.4
R&D Class E(g)(ii)	2.8	2.8
Industrial Classes E(g)(iii) / B2	-7.3	-7.3
Storage or distribution (Class B8)	4.3	4.3
Total	4.6	2.2

Source: IcenI analysis of Cambridge Econometrics

- 5.31 The labour demand model therefore indicates a total net need range of between 2.2 and 4.6 ha of employment land need.
- 5.32 It is important to note that these are net changes that do not take account of further matters such as a margin adjustment, which is considered further in this section below.

Comparing Labour Demand and Floorspace Trends

- 5.33 The table below compares the labour demand models, property models, completions and the VOA floorspace trends for the 2021-41 period.

Table 5.4 Employment Floorspace Needs 2021-2041, sq. m

	Labour demand	Labour demand sensitivity	10yr VOA	Gross Completions	CoStar historic floorspace take up 2010+	CoStar historic floorspace take up 2010+ exc. Stansted	CoStar future
Office	14,400	7,200		35,500			
R&D	8,300	8,300		15,500			
Office and R&D	22,700	15,500	14,000	51,000	33,900	33,900	-3,300
Industrial	-29,000	-29,000					
Warehouse	21,400	21,400					
Ind & warehouse	-7,600	-7,600	68,000	160,300	167,100	103,800	45,800
Total	15,000	7,800	82,000	211,300	201,000	137,700	42,500

Source: VOA / CE / IcenI / CoStar

5.34 This is translated to land requirements below.

Table 5.5 Employment land needs 2021-2041, ha

	Labour demand	Labour demand sensitivity	10yr VOA	Completions	CoStar historic floorspace take up 2010+	CoStar historic floorspace take up 2010+ exc. Stansted	CoStar future floorspace take up
Office	4.8	2.4		11.8			
R&D	2.8	2.8		5.2			
Office and R&D	7.6	5.2	4.7	17.0	11.3	11.3	-1.1
Industrial	-7.3	-7.3					
Warehouse	4.3	4.3					
Ind & warehouse	-3.0	-3.0	15.1	35.6	37.1	23.1	10.2
Total	4.6	2.2	19.8	52.6	48.4	34.4	9.1

Source: VOA / CE/ Icen / CoStar

5.35 Evidently there are substantial differences in the outcomes when looking across the model outcomes. These are most pronounced in relation to industrial needs. Before consideration of a preferred model, further adjustments are made as below.

Margin and adjustments

5.36 To provide an indication of the potential gross need for employment land in this scenario, it may be appropriate to make some allowance for frictional vacancy within employment floorspace; and provide some margin within the supply of land to provide a choice of sites.

Future vacancy

5.37 We have assumed a need to achieve a 7.5% vacancy rate within the additional floorspace for needs outlined above (mid-point between 5-10%), which is what we would consider reasonable in a functioning commercial property market. A level of vacant floorspace is necessary to support turnover and improvements to stock.

Current vacancy

5.38 It is also considered appropriate to make an allowance to increase the current vacancy levels which are at a historic low of 0.4% for industrial stock. To reach a minimum 5% vacancy the current stock of 465,000sq. m needs to increase by 21,400 or around 5.3 ha. For office this is not considered to be required in the current market.

5.39 It is also acknowledged that there will have been 'suppressed demand' in the past in relation to the inability of business moves to take place due to low industrial vacancy in past years. In part the flexible margin is designed to make an allowance for this.

Safety / flexible margin

5.40 In identifying how much land to allocate for development, we however consider that it would be prudent to include a 'margin' to provide for some flexibility, recognising:

- The potential error margin associated with the forecasting process;
- To provide a choice of sites to facilitate competition in the property market;
- To provide flexibility to allow for any delays in individual sites coming forward.

5.41 We consider that it would be appropriate to make provision for a 'margin'. There are different approaches to identifying a margin, using either a number of years of past take up (i.e. completions, typically 2-5 years) or 10-20% of future need with 20% used here.

Replacement demand

5.42 Replacement demand is the requirement to replace historic stock that is falling out of functional use. Industrial and warehouse units in particular have a typical life of 30-40 years and need to be replaced thereafter, whilst offices tend to last longer and can be more readily refurbished. Therefore, over time older industrial stock needs replacing. In markets where viability is weak or marginal, businesses can be trapped in old units that are unsuitable and inhibit growth. An alternative way of thinking about replacement demand is when industrial units or sites have been lost to other uses but not replaced – meaning business growth or choice is constrained. To understand what level of need this generates requires a detailed dataset on completions and losses by use class, which is not available.

5.43 Using market data we can draw inferences on replacement need. CoStar indicates 75% of the industrial stock is pre 2000 and may need replacing by 2041, equivalent to 260,000 sq. m (based on CoStar records). However, this rate may be excessive given that many more rural businesses will rely successfully on older barn buildings or warehouses and also as some units can be replaced on site. It is therefore difficult to accurately define this level of need, however considering a replacement level of older stock of just 25%-50% would add a further 64,600 – 129,200 sq. m of industrial requirements.

5.44 Loss and replacement rates can be 'checked' by looking at the ratio of gross completions to VOA data (net change). The difference, if monitoring is accurate, is equivalent to space lost. VOA change 2010/11-2020/21 is a total of +19,000 sq. m (3,000 office and 16,000 industrial). Gross completions are estimated as +82,000 over this period, although this uses averages to fill in missing years. This is a ratio of 77% for gross:net completions which means for every 10 sq. m built there are 8 sq. m

lost and a net gain of only 2 sq. m. There are uncertainties with this data comparison but it does suggest that high levels of replacement provision may be required. Relating this ratio to the gross completions projection of 160,300 for industrial (table 5.4) is 123,431 which indicates the 50% replacement rate (129,200) assumption in the paragraph above could be appropriate.

- 5.45 Replacement demand only needs to be considered against the net VOA model and the labour demand growth models, as it is effectively already captured by the absorption / gross completions.

Recommendations

- 5.46 The resulting summary of all needs elements is set out below.

Table 5.6 Employment Floorspace needs 2021-2041, sq. m

	Labour demand	Labour demand sensitivity	10yr VOA	Completions	CoStar historic floorspace take up	CoStar historic floorspace take up exc. Stansted	CoStar forecast floorspace take up
Office	14,400	7,200		35,500			
R&D	8,300	8,300		15,500			
Office and R&D	22,700	15,500	14,000	51,000	33,900	33,900	-3,300
Future Vacancy (7.5%)	1,700	1,200	1,100	3,800	2,500	2,500	0
Margin	4,600	3,200	2,800	10,200	6,800	6,800	0
Office & R&D Total	29,000	19,900	17,900	65,000	43,200	43,200	-3,300
Industrial	-29,000						
Warehouse	21,400						
Ind & warehouse	-7,600		68,000	160,300	167,100	103,800	45,800
Future vacancy	0		5,100	12,000	12,500	7,800	3,400
Margin	0		13,600	32,100	33,400	20,800	9,200
Current vacancy	21,400						
Industrial Total A	13,800		101,300	225,800	234,500	153,800	79,800
Replacement demand	129,200			-			
Industrial Total B	121,600		237,300	225,800	234,500	153,800	79,800

Source: VOA / CE (inputs) / IcenI / CoStar

- 5.47 This is summarised and translated to land requirements below.

Table 5.7 Employment land needs 2021-2041, ha

	Labour demand	Labour demand sensitivity	10yr VOA	Completions	CoStar historic floorspace take up	CoStar historic floorspace take up exc. Stansted	CoStar forecast floorspace take up
Office + R&D Total	9.7	6.6	6.0	21.7	14.4	14.4	-1.1
Industrial Total A	3.1		24.0	50.2	52.1	34.2	17.7
Industrial Total B inc. Replacement Demand	27.0		52.7	50.2	52.1	34.2	17.7
All Total	36.7	33.7	58.7	71.9	66.5	48.6	16.6

Source: VOA / CE (inputs) / IcenI / CoStar

5.48 The implication and recommendations from the modelling are considered below.

Offices & R&D

5.49 The range for office and R&D needs is from 6.0 ha (17,900 sq. m VOA) to 21.7 ha (65,000 sq. m).

5.50 Given the unique opportunities presented at Chesterford Research Park and the potential contribution to the wider M11 and Greater Cambridge innovation cluster, **the higher end of 21.7 ha should be prioritised for the needs position.** The labour demand models as noted previously appear to insufficiently reflect the potential of the R&D / lifesciences sector in Uttlesford. Other models here may not sufficiently capture the R&D premises type take up (i.e. CoStar / VOA).

5.51 Consideration needs to be given the split between office and R&D requirements. The past completions for offices (excluding R&D) are at 15.3 ha (45,800 sq. m) reflecting offices being 70% of past office / R&D completions. This does include some office completions at Chesterford Research Park.

5.52 Outside of Chesterford Research Park, demand is likely to relate to town centre or ad hoc edge of town locations for smaller office spaces. There may be some airport-related business demand for offices around Stansted.

Industrial

5.53 The range for industrial needs is varied but effectively c. 30-50 ha (121,600 to 234,500 sq. m) excluding the lower CoStar outlook which appears an outlier.

5.54 In the first instance IcenI is cautious about the use of the labour demand modelling (unadjusted) for future requirements for a number of reasons. The need without replacement demand would be only 3 ha based on the labour model which is wholly incongruous with market feedback and all other data. In the manufacturing and warehousing sectors, labour growth is not the driver for business space but rather the need to invest in new capital and respond to new markets. These support GVA growth rather than jobs growth, although as can be seen with Northside, industrial and warehousing investment can also lead to above trend jobs growth.

- 5.55 Replacement demand being the need to replace older premises (without necessarily creating new jobs) also appears a material factor here. The replacement demand rate is difficult to be precise about without detailed monitoring to evaluate the rate of past losses, however the VOA and AMR data used comparatively as done here is considered reasonable.
- 5.56 The trend based VOA, AMR completions and CoStar trends are considered the most useful models for future industrial needs and all point to a need of around 50 ha. The CoStar forecast outlook in their model does not accord with the property market feedback or historic position, which suggests it underestimates needs.
- 5.57 It is recommended that the **needs derived from the CoStar model is used of 52.1 ha or 234,500 sq. m** because this enables differentiation between Stansted / non Stansted specific trend. The Stansted element would therefore be 80,700 sq. m and the remainder of the district 153,800.

Demand – Supply position and recommendations

- 5.58 The supply position at August 2023 is set out below, based on monitoring data supplied by the Council. This also takes into account completions from 2020/21 onwards which contribute to the needs.

Table 5.8 Employment land completions from 2020/21 21 and commitments, August 2023 (sq. m)

	Gross	Net	Comments
Offices, Class E	23,990	18,077	Includes Tri Sail offices 6,596 net
B1b	7,290	7,290	All at Plot 800 Chesterford Park
Industrial	51,339	16,901	
Sub Total	82,619	42,268	
Stansted Northside	195,100	174,000	Of which 164,245 B8 and 9,755 Mixed E (net)
Total	277,719	216,268	

Source: Uttlesford District Council

- 5.59 Stansted Northside presents a unique development in Uttlesford. As noted previously, phase 1 is targeted towards very large strategic units. These are considered to relate to sub regional inward investment rather than locally derived requirements or even those of Stansted Airport. As a result it is recommended that part of the Northside supply is discounted from that which can support local needs.
- 5.60 It has not been possible to confirm the exact contribution of different phases of Northside to the overall permission. Considering the masterplan and engagement with Threadneedle, it is estimated that the around half of the development relates to the first phase providing for big box sub regional (strategic) needs. This equates to c82,123 sq. m B8, with the same amount remaining for non-strategic needs.

5.61 The net commitments / completions are compared below to the recommended needs.

Table 5.9 Employment land needs / supply (sq. m)

	Net Supply	Recommended needs	Requirements
Offices*	27,832	65,000	Shortfall of 29,878
R&D	7,290		
Office R&D total	35,122		
Industrial	16,901	Rest of district 153,800 Stansted 80,700	District shortfall 136,899 Stansted shortfall 1,423
Stansted Northside**	82,123		
Industrial total	181,146		
Total	216,268		

* including Stansted Class E,

** excluding Stansted Class E and removing half which is assumed as being for strategic needs

5.62 Taking into account the shortfalls above the following recommendations are made:

5.63 **Office:** the completions trend suggests that around 70% of the past completions are for offices. Taking into account that some are at Chesterford, the office need is estimated as around 50% of the total or 32,500 sq. m. This leads to only a small shortfall compared with the supply of 22,832 sq. m or 13,077 excluding the Class E at Stansted. The shortfall range would be 9,668 to 19,423 or 3.2 to 6.5 ha depending on the inclusion of the Class E at Stansted.

5.64 Overall it is recommended that some c.3-5 ha is considered for allocation in the wider Stansted area potentially Gaunt's End or Takeley. This reflects uncertainty in delivering office space at Northside and the potential of professional services growth around the airport. Beyond that, windfall sites around the district will help to meet needs in town centres such as Great Dunmow, Saffron Walden and Stansted Mountfitchet

5.65 **R&D:** if the requirement is around half the office / R&D need or 32,500 sq. m then there is a considerable shortfall beyond existing planning commitments at Chesterford Research Park of around 25,000 sq. m. There is however, c55,000 sq. m remaining at Chesterford Research Park in the masterplan. Given the unique offering to the district and sub region this could be considered for allocation in full despite it leading to a technical oversupply. If not allocated, applications for space at the park within the masterplan should be considered positively.

5.66 **Industrial:** the shortfall for the district (not Stansted) is 136,899 or 30.4 ha. Taking into account market signals and past trends, it is recommended that:

- Great Dunmow allocation of 5-10 ha.
- Saffron Walden additional land up to 5 ha

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- Despite the scale of Northside, there is uncertainty regarding phase 2. It is recommended that more land is allocated in the Stansted vicinity around Takeley / Bishop's Stortford borders / Stansted Mountfitchet / Birchanger of 15 ha. A larger allocation(s) may be preferable to piecemeal to improve deliverability.

Qualitative needs

5.67 The qualitative considerations from the 2021 report are considered to remain and are effectively reprovided here:

- Existing employment sites in the District are mainly catering for industrial premises (rather than office) - as the VOA analysis shows – and this is really the more substantive market. The office market is modest in scale, localised and focused on SME occupiers. There is little market for larger corporate offices.
- Currently there is little in the way of larger firms/premises, and the economy is very focused on local SMEs businesses (outside of the airport). This is true of both the industrial and office markets, with the office market in particular focused particularly on small businesses.
- In the short/medium-term the industrial market outlook is strong. Property agents report that attractive locations for new development will be those which are located close to / accessible from the M11 and A120, and which are at/close to the main settlements as centres of population. This is supported by the historic transactions data, being focused at around Stansted, Great Dunmow and Saffron Walden. Vacancy rates overall are very low with a clear need to bring forward new space in markets across the district in the short-term.
- Great Dunmow has the strong local industrial market with a range of local businesses. Across the industrial estates in the Town there is very limited vacant premises, and almost no vacant development land. Substantial residential growth is coming forwards, with a lot of consented residential development, and there is a need to bolster the employment role of the settlement to support sustainable development through managing commuting. We consider that the allocation of 5-10 ha or more of employment land would be justified.
- Saffron Walden is the largest settlement. This is less well located with respect to the strategic road network. Nonetheless, given the size of the settlement there is limited existing employment land provision – with current provision focused on the Shire Hall Industrial Estate. The allocation of some additional land (up to 5 ha) would therefore be warranted through the Local Plan having regard to current provision and to support sustainable development.
- Other Settlements and Villages: There are employment sites and premises located across a number of other settlements and villages, and in rural locations. Locations with a greater level

of provision include Takeley and Elsenham, Great Chesterford and Clavering (relative to their size). In contrast there is limited provision in some other settlements, such as Thaxted or Felsted.

- Historic take-up data shows a strong preference for industrial type business to be located up to 5 miles from Stansted where it can access the M11, population centres at Bishop's Stortford and supply chain and business benefits of Stansted Airport. The economic potential of the airport should not be underestimated and many if not most UK airports are able to catalyse industrial and business parks in their proximity. Further industrial and business space should be considered for allocation in this area, beyond Northside.
- The office market is focused on SME businesses. Demand is more modest and the market generally slower than is the case for industrial. Proposals for major HQ office development at Trisail Towers, Gaunts End, have not come forwards as yet in part due to the design and location of the scheme. However larger corporate office requirements are more likely to gravitate towards the region's larger / more established commercial centres. Harlow's growth may strengthen its role. Existing office schemes tend to be smaller scale and focused on providing for local SME businesses. The build-out of these has however been slow in some instances – with for instance further phases of development potential at Thremhall Park and Stansted Courtyard having extant consent (amendments approved in April 2020 and June 2022 respectively noted).
- Given competition from larger and more established centres in surrounding areas, we see a limited role for corporate offices. The Council should however look to maintain a supply of good quality, SME space to support local business formation and growth. To do so may however require public sector intervention and support to overcome viability challenges. There is a greater density of schemes in the south of the District, including Thremhall Park, Stansted Courtyard and Sion Park. The Council could appropriately target provision initially at boosting provision in the main urban centres of Saffron Walden, Great Dunmow and Stansted Mountfitchet. There are a range of potential options to do so, including repurposing retail space.
- Great Chesterford Research Park is somewhat unique and has developed as an important site for biology and life sciences, with a range of existing occupiers in this sector on a secure site which is accessible from Cambridge and sits within the wider Cambridge/South Cambridgeshire bio-tech cluster. This is a key higher value sector with growth potential, with the (model-based) forecasts showing a modest need for R&D land which could be accommodated within the existing allocation. However, there is a good case for the allocation of additional land at the site to provide larger plots which are capable of attracting investment from biotech businesses looking to establish a campus. There is the potential for international inward investment in this regard. There does not appear to be evidence indicating potential

for R&D / life sciences growth outside of Chesterford, which in itself links strongly into the Greater Cambridgeshire life sciences cluster. Expansion of the existing park is considered to be the best opportunity to grow this sector in the district.

- Industrial take-up in the District has been most likely constrained by supply historically, with the lack of progress with local plans potentially influencing this. This means recorded take-up is focused on smaller units influenced by the nature of development opportunities and profile of existing units. There is however, wider, strategic sub-regional market demand for larger industrial and particularly warehousing/logistics premises at locations which are accessible from the strategic road network. Stansted Northside in particular provides the potential to accommodate a component of strategic (as opposed to local) demand.
- In more rural settlements, there is a case for some flexibility within the policy approach to allow the in-situ expansion of existing businesses onto adjoining land where they outgrow existing employment sites; and to facilitate employment redevelopment of redundant agricultural buildings.
- The overall strategy for employment however needs to relate to the broad spatial development strategy for the District, with the potential for strategic development locations to deliver appropriate employment space alongside residential to support vibrant places, daytime population and sustainable travel. The scale and phasing of growth at strategic development locations will be influenced by their size and location. The employment strategy for such locations will need to evolve in an iterative way as the option generation and appraisal process develops and the preferred strategy emerges. It is however, reasonable for a proportion of the district's employment needs to be met in these locations; alongside existing settlements which have an existing concentration of population, businesses and local services.

6. SUMMARY AND RECOMMENDATIONS

6.1 The key findings and recommendations of the report are set out below:

Baseline

6.2 Uttlesford has a relatively small working population, compared to surrounding LADs, the region and nation, as well as relatively high dependency ratios.

6.3 Between 2015 and 2019, Uttlesford saw relatively rapid employment growth of 5%. This expectedly levelled off 2019-2021 due to the pandemic. High employment growth was seen in Administrative and support, Agriculture and Health sectors.

6.4 The **largest sectors in Uttlesford** by the proportion of total employment in 2019 were: Transportation and Storage (20.0%), Wholesale and Retail Trade (11.1%), Professional, Scientific and Technical Services and Administrative Support (both 8.9%). Other sectors that recorded greater than 5% of total employment included Manufacturing; Education; Accommodation and food (all of which accounted for 7.8%), Construction and Human health & social work (both accounted for 6.7%).

6.5 **Uttlesford is home to a high proportion of micro-enterprises** and a lower proportion of small, medium-sized and large enterprises when compared to the East of England and England as a whole.

Property market

6.6 **Office** demand is focused generally on local SME businesses and particularly space of up to 1,500 sq. ft. The market is difficult at the time of writing (July 2023) influenced by the rise of hybrid working. It is reported that that the outstanding requirements are all for small and medium-sized units, with little demand for larger HQ office space.

6.7 The local market in Saffron Walden is focused typically on units of 500 – 1,500 sq. ft. Some inquiries from small businesses are reported, for satellite offices instead of commuting to London or Cambridge.

6.8 A lack of **industrial supply** is noted in Uttlesford and more generally within 10 miles of Bishops Stortford with a 99.6% occupancy level within the industrial market. Demand outstrips supply and there is a need to bring forward new development. There is demand for industrial space in a range of small, medium and large size bands across the District including from established manufacturing businesses in the District. Additional supply is needed, particularly close to M11 Junction 8, which is the area of strongest occupier demand. Demand exists for smaller rural premises across the district and around the smaller towns and villages.

Economic Growth outlook

- 6.9 IcenI has considered baseline forecasts by Cambridge Econometrics which report 61,100 jobs by 2041 from a start of 52,900 in 2021, recovering to 55,100 by 2022. Based on potential developments at Stansted Airport, Northside and Chesterford Research Park, IcenI is of the view that employment could reach 65,700 by 2041 and that this is a more realistic figure.

Employment Land Needs to 2041

- 6.10 For **R&D** the sector is performing well and past forecasts and trends may under estimate the potential for investment and high quality jobs growth. A shortfall of c25,000 sq. m in needs can be met at Chesterford Research Park and an allocation towards the full masterplan would be justified, which will include some office space.
- 6.11 For **offices** beyond existing commitments there is a need for a range of between 3.2 to 6.5 ha based on past completions, the range depending on the contribution that Northside Class E makes. Whilst windfalls in town centres can provide general local requirements, there is potential to meet further business related needs with a 3-5 ha allocation in the wider Stansted area based on some evidence of historic demand for this in the longer term, albeit current market signals are weak.
- 6.12 For **industrial** the Northside permission will make a substantial contribution to employment provision. It is expected that around half the development will cater for large-scale logistics type needs that do not relate to the locally derived demands of Uttlesford. The remaining components of Stansted are expected to be taken up by Stansted related type occupiers based on a continuation of past absorption of space at the airport.
- 6.13 Beyond Stansted there is a remaining need of around 136,900 or 30.4 ha based on past trends in completions and space leased. Taking into account market signals, it is recommended that:
- Great Dunmow has the strong local industrial market with a range of local businesses. We consider that the allocation of 5-10 ha or more of employment land would be justified.
 - Saffron Walden is the largest settlement. Given the size of the settlement there is limited existing employment land provision. The allocation of some additional land (up to 5 ha) would therefore be warranted through the Local Plan having regard to current provision and to support sustainable development.
 - There are then employment sites and premises located across a number of other settlements and villages, and in rural locations. Historic take-up data shows a strong preference for industrial type business to be located in the broad Stansted proximity where it can access the M11, population centres at Bishop's Stortford and supply chain and business benefits of Stanstead Airport. It is recommended that more land is allocated in the Stansted vicinity around Takeley / Bishop's Stortford borders / Stansted Mountfitchet / Birchanger of 15 ha. A larger allocation(s) may be preferable to piecemeal to improve deliverability.