

## 6. Stage 1: Supply – Office Site Portfolio

- 6.1 In accordance with the ODPM guidance, the first stage in assessing the demand for office need up to 2021 is to quantify the baseline supply and it is against this figure that the second stage comprising demand analysis and growth forecasts can be assessed.
- 6.2 The bespoke methodology used to obtain the baseline supply at April 2006 has been explained, in detail, at Section 4.0. The systematic and rigorous approach taken with, extensive consultations have provided a robust baseline supply for Stage 1..
- 6.3 The supply baseline comprises a number of components, the description and sources of which are set out in the table below. This section of the report depicts the findings of our supply investigations under the following supply component headings.

**Table 6.1 – Baseline Supply Components**

Supply Component	Description	Source and Base Date
Existing Stock (sq.m)	Total built office premises including both occupied and vacant stock.	ODPM April 2005
Recent Completions (sq.m)	Total completed office developments, since April 2005 .	Chorley, Preston and South Ribble Local Planning Authorities April 2005 to April 2006
Vacant Stock (sq.m)	Currently vacant premises (existing office stock and unoccupied recent completions) located on the Council's vacant property register.	"Locate in Lancashire" database April 2006
Commitments (ha and sq.m)	Sites with extant planning permission (full or outline) or under construction at April 2006.	Chorley, Preston and South Ribble Local Planning Authorities April 2006
Allocations (ha)	Sites allocated for office uses (either within a mixed use allocation, general employment site or as office only) within the adopted local plans for Chorley, Preston and South Ribble.	Chorley, Preston and South Ribble adopted local plans and employment land monitoring reports April 2006
Non-Allocations (ha)	Vacant land which has been subject to a qualitative assessment as part of this study but is neither allocated in a local plan nor subject to an extant permission/under construction.	Chorley, Preston and South Ribble Local Planning Authorities April 2006
Residual Capacity (sq.m)	The indicative floorspace capacity calculated for office provision on each site based upon the residual vacant land available for development.	Drivers Jonas/QESR bespoke methodology April 2006
Site Appraisal Proformas	Qualitative assessment of all selected sites based on indicators of 'Market Attractiveness' and 'Strategic Planning and Sustainability'.	Drivers Jonas/QESR bespoke proforma based upon ODPM best practice guidance April 2006

Source: Drivers Jonas.

- 6.4 In total 45 sites were individually assessed and their locations illustrated at **Appendix 7**.

### Existing Stock, Completions and Vacant Stock

- 6.5 These components are considered collectively as, together, they form the results of the total built office floorspace (sq.m) within the CLC at the base date of April 2006. The total figure relates to both occupied and vacant premises.

Existing Stock

- 6.6 Table 6.2 below shows the total existing built floorspace for the Study Area based on the property ages of stock pre and post 1980, (up to the year 2000, the latest date to which data is available on stock ages, by local authority). This data provides an indicative market benchmark to subdivide the floorspace quantum between modern standards and older office stock.
- 6.7 The results of the table indicate an abundance of older office stock, with little new investment within the Central Lancashire area, when compared to England and Wales. Analysing the data at the local level shows a clear distinction between offices investment in Preston/South Ribble compared with Chorley.
- 6.8 The South Ribble/Preston areas are both characterised by a high percentage (83/84% respectively) of older stock, and this highlights a serious lack of recent investment, particularly given the size and importance of Preston as a new City in the wider Lancashire area.
- 6.9 Although Chorley has the highest proportion of very old (Pre-1940s) stock, it has also attracted the highest amount of modern office investment (32%), exemplified by the recent Ackhurst Park development, when compared to total existing floorspace stocks.
- 6.10 Overall the analysis reveals a surprisingly outdated stock profile considering the historic new town proposals and associated levels of investment at that time. This may reflect the former emphasis on manufacturing and distribution in the economy, and the lack of an established (modern) office market at that time, apart from Winkley Square, Preston which itself pre-dates 1980 by a long way.

**Table 6.2: Offices Stock by Age**

	Sq.m of Offices Stock by Age		Total sq.m of Offices Stock	% of Offices Stock by Age	
	Pre 1980	Post 1980		Pre 1980	Post 1980
England & Wales	56,797,000	31,575,000	88,372,000	64	36
North West	7,251,000	2,520,000	9,771,000	74	26
Chorley	54,000	25,000	79,000	68	32
Preston	269,000	52,000	321,000	84	16
South Ribble	76,000	16,000	92,000	83	17
CLC	399,000	93,000	556,000	72	17

Source: QESR based on ODPM information.

Note: Analysis excludes most recent (Post 2000) stock, and stock of unknown ages, due to gaps in ODPM base data

- 6.11 The ODPM data on which the above analysis was based also includes useful information on rateable values, yielding some insights into office market values. Table 6.3 below sets out the rateable value by local authority area (£ per square metre), with regional and national benchmarks for comparison.
- 6.12 The rateable values across CLC are substantially below those across England & Wales and also below the North West average, although on a local authority basis, Preston is not far behind the North West for modern office stock.

6.13 The older stock at Chorley appears to command higher rateable values more on a par with the North West, but Preston and South Ribble's values generally reflect an outdated and underperforming stock.

**Table 6.3: Rateable Values by Local Authority Area and Age**

	Rateable Value per Sq m for Offices Stock by Age	
	Pre 1980	Post 1980
England & Wales	86.9	139.8
North West	58.9	91.5
Chorley	58.6	77.5
Preston	52.6	89.2
South Ribble	50.1	59.1
CLC	53.0	80.9

Source: QESR based on ODPM information.

Completions

6.14 The baseline date established for this study, for the overall office supply, was set at April 2006, however the latest existing stock data available from ODPM was April 2005. To ensure the supply figures had a common base date, the total floorspace (sq.m) of completions for April 2005 – April 2006 were obtained from each of the authorities and added to the stock figures for April 2005.

6.15 Table 6.4 below highlights the completion data together with the total existing stock to provide a complete picture at April 2006.

**Table 6.4 Office Stock and Completions (sq.m) April 2006**

	Total Stock including Completions at April 2006
Chorley	87,500
Preston	386,800
South Ribble	104,600
CLC	578,900

Source: QESR based on local authority data.

Vacant Stock

6.16 ODPM has recently published experimental data series on vacant commercial property stocks, but it was decided to use the up to date vacant and available floorspace records from the local authorities' property registers, as held on the Locate in Lancashire database. The total vacant stock figures were checked and agreed for each authority and the CLC as a whole to identify the extent of vacant existing stock:

**Table 6.5 Vacant Offices Stocks in Relation to Total Stock**

	Total Stock at April 2006	Vacant Stock at April 2006	Implied % Vacancy Rate
Chorley	87,500	6,459	7%
Preston	386,800	30,683	8%
South Ribble	104,600	8,016	8%
CLC	578,900	45,158	8%

Source: QESR based on local authority data.

6.17 The rates implied by this data are very close to those from ODPM's database for Commercial and Industrial Floorspace as a whole, but slightly higher in each authority's case than the 2003/04 levels. The 'official' data for all types of commercial property in Table 6.6, reveals slightly lower vacancy rates for the sub-regional authorities than typical of the region or the nation as a whole, suggesting a reasonably buoyant offices market, although this observation should be tempered by the differences in data, and the lower local values for offices reported earlier in this section.

**Table 6.6 Trends in Vacant Commercial and Industrial Stocks**

Commercial and industrial Floorspace Vacancy Rates (as % of stock)				
	2000/2001	2001/2002	2002/2003	2003/2004
England	7	8	8	9
North West	7	10	10	10
Chorley	4	6	8	7
Preston	6	7	6	6
South Ribble	5	5	4	5

Source: ODPM

### Commitments, Allocations, Non-Allocations and Residual Capacity

- 6.18 These supply components have also been considered collectively as, together, they comprise the current potential land supply for office uses, which, when developed, will form the potential future offices supply for the Study Area.
- 6.19 These figures are later tested against the growth scenarios and employment forecasts in Sections 7.0 and 8.0 to understand the implications for future offices policy up to 2021.

#### Commitments

- 6.20 Commitments have been defined as the vacant land supply with either extant planning permission (outline or full) or development under construction and are listed by site in Table 6.7 below.
- 6.21 The location of these sites with reference to the CLC is illustrated at **Appendix 7**, more detailed location maps are found in the **Technical Appendix** which accompanies this report.

**Table 6.7 Office Commitments and Floorspace Quantums (sq.m)**

Ref	Site	Floorspace (office only)
<b>Chorley Total</b>		<b>13,711 (11%)</b>
CHR_09	M61/Botany, Chorley	3,716
CHR_32	Land South of NIS Building, Ackhurst Road, Chorley	949
CHR_33	Land to the north of Euxton Business Park, Euxton	920
CHR_34	Land adjacent to Canal Mill, Botany Brow, Chorley	3,226
CHR_35	Chorley Business and Technology Centre, Euxton Lane, Euxton	4,900
<b>Preston Total</b>		<b>57,069 (47%)</b>
PRS_01	Former Whittingham Hospital Complex	18,500
PRS_19	Millennium Park	7,542
PRS_32	Tithebarn Regeneration Area	9,300
PRS_33	Preston Riversway (Site 13c) -Riversway Business Park	5,874
PRS_34	City Office Park (Phase 2), Bluebell Way	1,538
PRS_35	Beech House, The Oaks Business Park	832
PRS_36	Former Bus Repair Depot	204
PRS_37	Sharoe Green Hospital	2,322
PRS_38	North Preston Employment Area	12,495
<b>South Ribble Total</b>		<b>50,763 (42%)</b>
SRB_01	Royal Ordnance Village (RO Matrix Park)	13,585
SRB_03	Between Lostock Lane and M65 Cuerden (South Rings)	23,185
SRB_09	Kellet Lane, Bamber Bridge	854
SRB_12	North of Lostock Lane, Lostock Hall	2,419
SRB_17	Land to north of Leyland Business Park (Centurion Way)	10,720
<b>CLC</b>		<b>121,543 (100%)</b>

Source: Drivers Jonas with data obtained from Chorley, Preston and South Ribble local authorities.

- 6.22 The committed land as at April 2006 has the potential to provide 121,543 sq.m for office development within a total of 18 sites. As will be evident from the previous section, this in itself is a substantial supply, when viewed against recent rates of market take-up.
- Just under half of the committed office supply (47%) is located in the Preston area with the majority of this provision located outside the City Centre and indeed on the outskirts of Preston conurbation, comprising Whittingham Hospital, North Preston, Millennium Park and Riversway.
  - The sole site located within the City Centre boundary is 9,300sq.m of office development earmarked as part of the Tithebarn Regeneration Scheme, which is not yet subject to a planning permission but remains as a key component of the Tithebarn masterplan and has been subject to the due consultation process in adoption of the associated Supplementary Planning Guidance (SPG).
  - The commitments in South Ribble make up a further 42% of the provision, predominately focussed on three key sites, namely Matrix Park (brownfield), South Rings (Greenfield) and Centurion Park (greenfield).
- 6.23 The remainder (12%) comprises commitments in the Chorley area, dominated by two key locations:
- the Business and Technology Centre, Euxton -a brownfield site located to the north of the Chorley conurbation on the edge of the Royal Ordnance site.
  - the closely related sites of M61/Botany and Canal Mill, which are both located strategically near the junction of the M61 motorway and at the edge of the Chorley urban area. The former is part of a mixed use general employment business park site on greenfield land, whilst the latter comprises a brownfield site in the same vicinity.

#### Allocations

- 6.24 The sites allocated for, inter alia, office uses in the relevant statutory local plan are listed in Table 6.8 below. The sites are represented here in terms of their estimated floorspace potential rather than site area, to facilitate later comparisons with future office floorspace requirements. The process by which the floorspaces have been estimated is set out in Section 4.0
- 6.25 For completeness those sites that are identified as allocated but have already been identified in Table 6.7 with a committed supply are also included here; however, to avoid duplication, the floorspace amounts have been shown as zero.
- 6.26 In some cases sites have both committed floorspace and a further supply of vacant land for which a residual capacity for future offices has been identified, e.g. South Rings (South Ribble). In such instances, the total floorspace quantum for the site has been split between Tables 6.7 and 6.8 below as appropriate.
- 6.27 The location of these sites with reference to the CLC is illustrated at **Appendix 7**, more detailed location maps are found in the **Technical Appendix** which accompanies this report.

**Table 6.8 Office Allocations and Indicative Floorspace Quantum (sq.m)**

Ref	Site	Floorspace (office only)
<b>Chorley Total</b>		<b>94,456 (42%)</b>
CHR_01	Royal Ordnance Site, Euxton, Buckshaw Urban Village (Central Business area)	31,680
CHR_03	Railway Road, Adlington	8,000
CHR_04	Plot B, Ackhurst Park Employment Area, Chorley	3,300
CHR_05	Botany/Great Knowley, Chorley	28,200
CHR_09	M61/Botany, Chorley	0
CHR_11	Euxton Business Park, Euxton	800
CHR_13	Rear of New Street, Mawdesley	600
CHR_14	Stump Lane, Chorley	3,300
CHR_15	RedBank, Carr Lane, Chorley	8,976
CHR_16	Southport Road (South), Chorley	8,400
CHR_23	Clayton Green Centre, Clayton Green	1,200
<b>Preston Total</b>		<b>75,392 (33%)</b>
PRS_01	Former Whittingham Hospital Complex	0
PRS_02	Preston East Employment Area	13,956
PRS_13	Broughton Business Park, North Fulwood, between D'urton Lane and Eastway	24,680
PRS_15	Hill Street, Land adjacent to Ringway	1,500
PRS_17	Ringway/Falkland Street	12,600
PRS_19	Millennium Park	2,408
PRS_21	Fox Street, Corporation Street, Surgeon's Court	7,819
PRS_22	Avenham Street	1,946
PRS_25	Hope Street, Corporation Street	446
PRS_26	Walker Street, Great Shaw Street	1,782
PRS_29	Riversway Phase B	4,040
PRS_30	Cottam Hall Brickworks	2,776
PRS_31	Cottam Local Centre	1,440
PRS_32	Tithebarn Regeneration Area	0
PRS_38	North Preston Employment Area	0

<b>South Ribble Total</b>		<b>55,352 (25%)</b>
SRB_01	Royal Ordnance Village (RO Matrix Park)	0
SRB_03	Between Lostock Lane and M65 Cuerden (South Rings)	10,920
SRB_09	Kellet Lane, Bamber Bridge	12,200
SRB_29	Moss Side Vehicle Test Track	4,200
SRB_30	Lostock Hall Gas works	14,520
SRB_31	Liverpool Road, Walmer Bridge	5,512
SRB_33	Land at West Paddock, Leyland	8,000
<b>CLC</b>		<b>225,201 (100%)</b>

Source: Drivers Jonas with data from Chorley, Preston and South Ribble authorities.

6.28 As Table 6.8 shows, the allocated land supply has the capacity to provide an indicative floorspace of 225,201 sq.m on a total of 33 sites (5 of which also include committed sites). Other important findings include:

- Almost half (42%) of the potential floorspace is on allocated sites located within Chorley, of which almost two-thirds is made up from two sites -the brownfield Royal Ordnance site at Euxton and the greenfield site at Botany/Great Knowley.
- Preston accounts for the second largest share of allocated floorspace at 33%. The allocations of greenfield sites close to motorway junctions comprise half of the Preston supply, namely Broughton Business Park and Preston East. A third key site in supply terms is Ringway/Falkland Street located in Preston City Centre adjacent to the railway station.
- A quarter of the allocated land is located within South Ribble with the majority of floorspace (68%) available between the three sites of South Rings, Kellet Lane and Lostock Hall gasworks.

Non-Allocated

6.29 Table 6.9 below sets out the remainder of the land supply sites, comprising land identified by the employment land monitoring reports for office use, but which is not yet subject to an extant planning consent or allocated in the statutory local plan. The method for choosing these sites for inclusion in the assessment is set out in the Methodology at Section 4.0.

6.30 The location of these sites with reference to the CLC is illustrated at **Appendix 7**, more detailed location maps are found in the **Technical Appendix** which accompanies this report.



**Table 6.9 Office Non-Allocations and indicative Floorspace Quantums**

Ref	Site	Floorspace (office only)
<b>Chorley Total</b>		<b>1,980 (16%)</b>
CHR_29	Rear of Brewery Depot, Cowling Farm, Chorley	1,980
<b>Preston Total</b>		<b>0 (0%)</b>
N/A		0
<b>South Ribble Total</b>		<b>10,432 (84%)</b>
SRB_17	Land to north of Leyland Business Park (Centurion Way)	3,040
SRB_18	North of School Lane, Bamber Bridge	7,392
<b>CLC</b>		<b>12,412 (100%)</b>

Source: Drivers Jonas with data from Chorley, Preston and South Ribble authorities.

- 6.31 The provision of additional indicative floorspace through the inclusion of Non-Allocated land could amount to 12,412 sq.m on a total of only 3 sites within Chorley, but predominately (84%) within South Ribble.
- 6.32 Non-Allocated sites in Preston City Council for inclusion in the assessment were considered.
- 6.33 The sites presented form part of the strategic Preston Vision aspirations, namely; Tithebarn Regeneration Area; Preston CBD and Knowledge Nuclei and were dealt with in the following ways:
- Tithebarn Regeneration Area – Although strictly not an allocated site, this has been treated as such by virtue of its status through the adopted SPG, Development Agreement between Preston City Council and Grosvenor and imminently anticipated Planning Application.
  - Preston CBD – This ‘aspirational site’ did not meet the criteria set out in Section 4.0 for inclusion in the assessment. However, an indicative site had been identified by the Delivery Partners at April 2006, which incorporated a number of Allocated sites into its boundary. These sites, PRS\_15, PRS\_17 and PRS\_21 are considered by PCC to have the potential to form a key component of the CBD to deliver its vision and are included, as Allocated sites, in this assessment.
  - Knowledge Nuclei – This site did not meet the criteria set out in Section 4.0 for inclusion in the assessment, as having no identifiable boundary by which calculate a level of floorspace.

### Residual Capacity

- 6.34 The residual capacity comprises the total indicative floorspace (sq.m) that the vacant land could supply, in addition to existing commitments, based upon plot ratio assumptions of 0.75 for Preston City Centre sites and 0.4 for all other sites (see **Appendix 2** for the rationale underpinning these assumptions).

6.35 The total residual capacity across the CLC, based upon the total provision of Allocated and Non-Allocated sites, equates to a total of 237,613 sq.m and contributes 66% of total provision in the pipeline for CLC, with the remaining 34% contributed by existing Commitments.

#### Flexibility

6.36 The methodology described in detail at Section 4.0 explains the robust and consistent approach taken on all sites across CLC with the continued input of the Client Team. As such, the supply side figures represent the 'best estimate' scenario at April 2006, however, the figures are not set in stone and there is flexibility both to increase and decrease the supply baseline.

6.37 The levels of supply can change drastically through decision-making at the Local Authority level. As an example, the 'Apportionment' for office land use on sites identified for either mixed use developments or general employment uses gives rise to a capacity of 174,372 sq.m in this assessment, based on the 'best estimate scenario'.

6.38 Accordingly, if no office development came forward on these sites (i.e. the apportionment was 0%) and instead the land was developed for, say, residential and industrial land uses, the overall decrease in office floorspace supply across CLC would thus be 174,372 sq.m.

6.39 By contrast, if these sites came forward for only office development (i.e. the apportionment was 100%), the overall increase in floorspace supply across CLC would be an immense 684,555 sq.m.

6.40 Given that the potential baseline supply at April 2006, based on the 'best estimate' scenario, is almost 400,000 sq.m, this potential increase would create a supply situation of almost £1million sq.m of office floorspace!

#### Site Appraisal Process

6.41 In total some 45 sites were identified for inclusion in the review. The list was compiled from a number of sources: sites with established commitments for office uses; employment related designations within the adopted local plans, and sites with potential for office uses identified by the authorities in their annual employment land monitoring reports.

6.42 The purpose of undertaking site specific appraisals has been to rigorously and systematically evaluate all local plan employment land allocations and commitments, and other sites identified by the respective councils against market attractiveness and sustainability/strategic planning criteria.

6.43 To ensure consistency of approach in assessing the quality of individual sites both a site appraisal proforma and guide to the quality indicators were established, as attached at Appendices 4 and 5.

6.44 The detailed and bespoke methodology in undertaking the qualitative assessment is found at Section 4.0. In summary a total of 7 indicators were assessed and scored individually with the average providing two overall rating scores based upon the overall criteria of Market Attractiveness or Strategic Planning and Sustainability.

6.45 To ensure the results of the site appraisal did not fall into an 'average' situation, a four point scoring system was established to categorise as either Poor/Fair (1/2) or Strong/Very Strong (3/4). The results of imposing each of these criteria are summarised in Table 6.10 and discussed in turn below.

**Table 6.10 Summary Results of Qualitative Appraisal**

	Market Attractiveness		Strategic Planning and Sustainability	
	/Fair (1 / 2)	Strong/Very Strong (3 / 4)	Poor/Fair (1 / 2)	Strong/Very Strong (3 / 4)
Chorley	6 (37%)	10 (63%)	7 (44%)	9 (56%)
Preston	5 (26%)	14 (74%)	9 (47%)	10(53%)
South Ribble	3 (33%)	6 (67%)	5 (56%)	4 (44%)
CLC	14 (32%)	30 (68%)	21 (48%)	23 (52%)

Source: Drivers Jonas

### Market Attractiveness

- 6.46 The quality indicators for the market attractiveness criteria sought to identify the sites that the market would view positively as a location to meet office demand, irrespective of planning policy constraints. These were:
- accessibility to motorway/strategic road;
  - business image; and
  - site development constraints.
- 6.47 Table 6.10 above highlights that 68% of all sites in CLC score highly against the market attractiveness criteria, with Preston pushing this average with almost three-quarters of sites (74%) appraised meeting the indicators.
- 6.48 Chorley's site supply contains the least amount of sites, within CLC, to meet the criteria, however more than 63% of the sites do contribute to the high levels of market attractiveness to be found in the current land supply.
- 6.49 The results for South Ribble are in accordance with the average across the CLC at 67% and confirm the high levels of sites which are attractive to the market in all three local authority areas.
- 6.50 The majority of sites which meet the criteria can be summarised to be immediately adjacent to motorway or strategic road access, with high frontage visibility in prime locations, with no known site development constraints and predominantly greenfield.

### Strategic Planning and Sustainability

- 6.51 By contrast the quality indicators of strategic planning and sustainability sought to take a very robust view on compliance with planning policy with no regard to the market or the needs driven by the market. These were:
- accessibility to public transport;
  - enhancement of the environment;
  - sequential location; and
  - potential to address area of deprivation.
- 6.52 When the sites were tested against the strategic planning and sustainability criteria, they did not score as highly as for market attractiveness. Table 6.10 above illustrates that only just over half (52%) of all sites in CLC scored highly, with Chorley leading the CLC area with 56% appraised meeting the indicators.
- 6.53 South Ribble has the least number of sites (44%) which meet the quality indicators for this criteria. Whilst Preston is in the line with the average across CLC at 53%. Given the low number of sites for each authority the

percentage differences are minimal given that there is only one or two sites difference in each case.

- 6.54 The majority of sites which meet the criteria can be summarised to be immediately adjacent to public transport interchange, predominantly brownfield and located within town or key service centres.

Summary of Findings

- 6.55 A high number of sites (68%) meet the market attractiveness criteria, and yet, the sites which meet the strategic planning /sustainability criteria are only around 50%. This is surprising given that the majority of sites comprise committed or allocated sites which would need to adhere to key planning policy considerations to be identified for office use.
- 6.56 That said, the criteria used to assess the policy compliance of each site is based upon generic national objectives of key drivers such as the resourceful use of land, the promotion of town centres and sustainable modes of transport, rather than a site specific test of sites against their statutory development plan.
- 6.57 The sites that cumulatively performed either the strongest or the weakest against both criteria have been identified in Tables 6.11 and 6.12 below.
- 6.58 A total of six sites (14%), two in each authority, were found to only score 1 or 2 in both criteria, although notably none of the sites scored 1 in both. These sites are considered to contribute little to meeting the office need supply up to 2016 as they are unlikely to be in demand from the market or comply with planning policy.

**Table 6.11: The Weakest Sites: For the Combination Scenario**

Ref	Site	Overall Site Appraisal Scores	
		Market Attractiveness	Strategic Planning and Sustainability
<b>Chorley</b>			
CHR_13	Rear of New Street, Mawdesley	2	2
CHR_29	Rear of Brewery Depot, Cowling Farm, Chorley	1	2
<b>Preston</b>			
PRS_29	Riversway Phase B	1	2
PRS_31	Cottam Local Centre	2	2
<b>South Ribble</b>			
SRB_29	Moss Side Vehicle Track	2	2
SRB_31	Liverpool Road, Walmer Bridge	2	1

Source: Drivers Jonas

- 6.59 At the other end of the scale, a total of 15 sites (34%) were identified as scoring either 3 or 4 in all quality indicators, being the strongest sites in providing the future office supply, as shown in Table 6.12 below.

**Table 6.12 The Strongest Sites for the Combination Scenario**

Ref	Site	Overall Site Appraisal Scores	
		Market Attractiveness	Strategic Planning and Sustainability
<b>Chorley</b>			
CHR_01	Royal Ordnance Site, Euxton , Buckshaw Urban Village (Central Business Area)	3	3
CHR_04	Plot B, Ackhurst Park, Chorley	3	3
CHR_14	Stump Lane, Chorley	3	4
CHR_33	Land South of NIS Building, Ackhurst Road, Chorley	3	3
CHR_35	Land adjacent to Canal Mill, Botany Brow, Chorley	4	3
<b>Preston</b>			
PRS_15	Hill Street, Land adjacent to Ringway	3	4
PRS_17	Ringway/Falkland Street	3	4
PRS_21	Fox Street, Corporation Street, Surgeon's Court	3	4
PRS_25	Hope Street, Corporation Street	3	4
PRS_32	Tithebarn Regeneration Area	4	4
PRS_33	Preston Riversway (Site 13c), Riversway Business Park	3	3
PRS_36	Former Bus Repair Depot	3	3
<b>South Ribble</b>			
SRB_01	Royal Ordnance Village (RO Matrix Park)	4	3
SRB_09	Kellet Lane, Bamber Bridge	4	3
SRB_12	North of Lostock Lane, Lostock Hall	3	3

Source: Drivers Jonas

6.60 The Tithebarn Regeneration Area is the only site to score the highest in all the quality indicators and is located within the Preston City Centre, alongside the majority of the other Preston sites. Both South Ribble and Chorley, in particular, contribute to the 'best' land supply within CLC. However, there is very little to choose between these sites.

6.61 The results of the site appraisal scores have been further utilised to formulate a number of scenarios in which the adequacy of the supply is tested, using a series of differing constraints, against the future requirements for offices up to 2021. These scenarios and findings are discussed in detail in Section 8.0.

6.62 The site schedules are attached at **Appendix 3** and Site Appraisal Proformas are bound within a separate **Technical Appendix**.

Baseline Supply at April 2006

6.63 Together the total floorspace figures in sq.m as identified in the sections above provide the baseline office supply at April 2006, against which forecast demand will be assessed.

**Table 6.13: Summary of committed, allocated and residual capacity supply (sq.m)**

	No. of Sites	Land Type <sup>13</sup> (%)				Committed (Allocated and Non-Allocated) (sq.m)	Residual Capacity (sq.m)		TOTAL (sq.m)
		Gen	Mix	Off	CC		Allocated	Non-Allocated	
Chorley	16	44	17	39	0	13,711	94,456	1,980	110,147
Preston	19	12	38	23	27	57,069	75,392	0	132,461
South Ribble	10	19	36	45	0	50,763	55,352	10,432	116,547
CLC	45	25	30	36	9	121,543	225,201	12,412	359,156

Source: Drivers Jonas;

Note: GF – Greenfield, BF - Brownfield

- 6.64 The vacant land supply in Preston is made up entirely of committed and allocated sites.
- 6.65 Noteworthy in this context is the key contribution made by South Rings to total provision across the Study Area accounting for both committed provision and residual capacity through its allocation, totalling 34,104 sq m or 10% of the total land supply.

**Table 6.14: Summary of Brownfield/Greenfield Supply Comparison**

	GF (%)	BF (%)	Committed (sq.m) (Allocated and Non-Allocated)		Residual Capacity (sq.m)			
			Greenfield	Brownfield	Allocated		Non-Allocated	
					Greenfield	Brownfield	Greenfield	Brownfield
Chorley	57	43	3,716 (25%)	10,944 (75%)	61,976 (60%)	41,080 (40%)	1,980 (100%)	0 (0%)
Preston	32	68	21,575 (37%)	37,032 (63%)	46,524 (62%)	28,869 (38%)	0 (0%)	0 (0%)
South Ribble	50	50	34,759 (68%)	16,004 (32%)	36,632 (66%)	18,720 (34%)	3,040 (29%)	7,392 (71%)
CLC	43	57	60,050 (48%)	63,980 (52%)	145,132 (70%)	61,669 (30%)	5,020 (40%)	7,392 (60%)

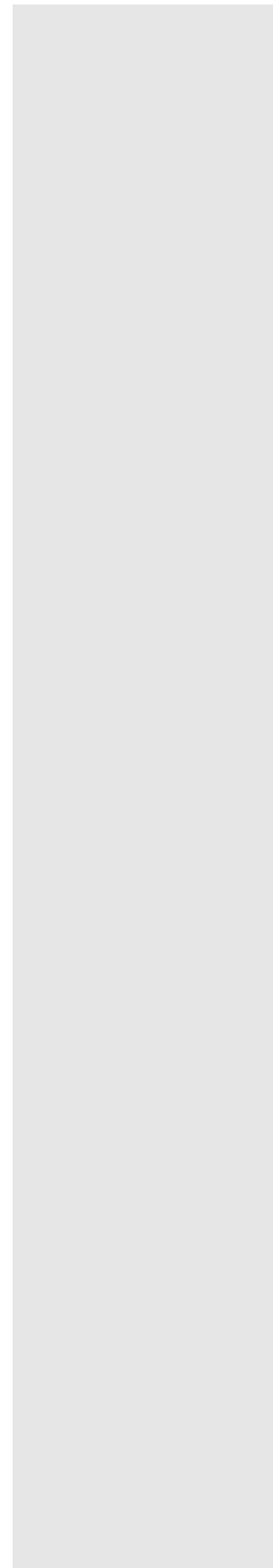
Source: Drivers Jonas

- 6.66 Table 6.14 above shows a high reliance upon greenfield sites across the allocated land supply for CLC, with South Ribble having the highest dependence on greenfield sites across the total supply including 68% of committed sites.
- 6.67 In summary, the main findings of the supply assessment are as follows:
- The offices floorspace stock is surprisingly dated, by comparison with regional and national benchmarks, a position most marked in Preston and South Ribble markets.

<sup>13</sup> Land Type: **Gen** - general employment sites (B1/B2/B8), **Mix** – mixed use sites (office and other land uses), **Off** – office sites only and **CC** – City Centre sites.

NB: Figures do not equate to number of sites as some sites have multiple land uses i.e. Mixed uses and General employment sites

- There is a significant but not unduly large vacant stock of offices. This is mainly relatively old, secondary market property, which may prove difficult to re-let, without refurbishment.
- Rateable values lag well behind the national averages, but are closer to the regional average. In Preston, the values for more modern properties are only marginally below the regional average.
- There is a substantial bank of commitments for new office developments which provide security of supply for a number of years into the future, but limit the scope for new policy directions in the short to medium term.
- The future land supply within CLC is heavily reliant upon a small number of key greenfield sites.
- Two-thirds (65%) of the total land supply (241,121 sq.m) is made up of sites with an individual capacity of over 10,000sq.m.
- This accounts for a total of 13 sites out of 45 sites (29%), therefore two-thirds of the land supply is held by only one-third of the sites.
- In addition, the emphasis of this supply is on greenfield sites (62%) and/or in locations which do not meet the Strategic Planning and Sustainability criteria (66%).
- The highest proportion of the sites are attractive to the market in Preston (74%) , but this is generally spread evenly across CLC.



## 7. Stage 2: Demand - Future Office Requirements

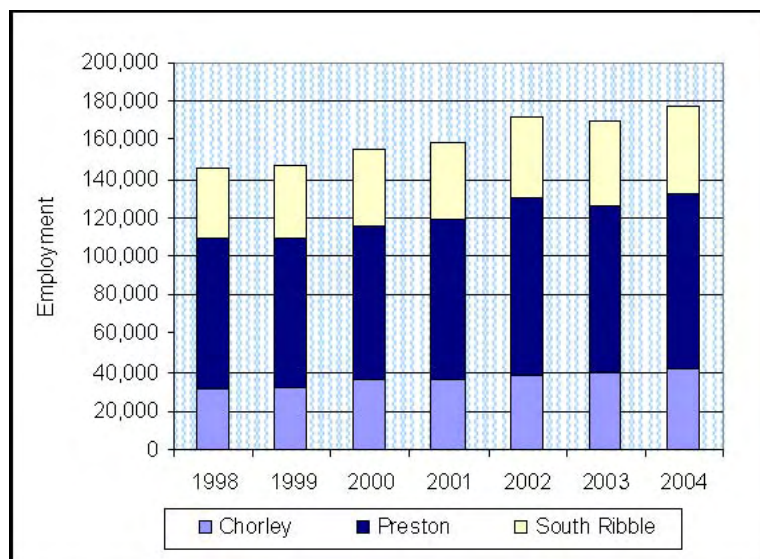
### Introduction

- 7.1 ODPM guidance on carrying out employment land reviews indicates that such reviews should take into account local intelligence on market demand for employment accommodation and land, alongside any employment forecasts available, both of which can inform the potential for future demand.
- 7.2 This study touches on all these aspects, and also considers the pattern of enquiries and project successes, not only at local level, but also within the North West region as a whole.
- 7.3 This section of the report now focuses on these matters, addressing the issues under the following broad headings:
- recent economic trends;
  - recent trends in investment, business stocks and workplaces; and
  - employment forecasts and implications for future demand.
- 7.4 Recent evidence of demand for offices is also an important indicator of the health of the offices market, and the level of interest, and this was addressed in Section 5, Market Overview.

### Recent economic trends and employment growth

- 7.5 Evidence from the main source of information on employment levels (the Annual Business Inquiry) suggests that the Central Lancashire sub-region has been enjoying a period of almost unprecedented economic growth over the last decade, with the number of employee jobs increasing by 31,000 from 1998 to 2004, to be 176,600, a rise of no less than 21%, well above the national and regional growth rates (6.5% and 8.5%, respectively):

**Figure 7.1 Employment Growth in Chorley, Preston and South Ribble, 1998 to 2004**



Source: NOMIS (ABI data)



- 7.6 The ABI covers only employee jobs, so to reach an estimate of total employment in the area, it is necessary to account for self-employment, which was available at the Census date, 2001, and has been estimated for future years. Adding these two sources together produces an estimate of total employment in the three districts of around 196,000 for 2006, of which 52.6% is in the service industries, including 17.2% in financial and business services, and 27.7% in the public sector, (31.1% in Preston, emphasising the City's established role as an administrative services centre for Lancashire.)
- 7.7 Importantly for this study, the weight of the growth achieved in recent years (23,700 jobs of 31,000) has been in three broad sectors:
- banking, finance and insurance, etc;
  - public administration, education & health; and
  - other services.
- 7.8 All three of these sectors make extensive use of B1 office floorspace, and A2, High Street offices, to a lesser extent. Although of course many established public sector functions are located in institutions such as schools, colleges, the university and hospitals, these sectors have also been important drivers of the offices market in recent years; for example, at Ackhurst Park alone, DEFRA and the Commission for Social Care Inspections have both established offices, as has Synexus, a private company classified to the health sector.
- 7.9 Central Lancashire was of course designated as a new town to act as a growth centre for Lancashire, and it is clear that its locational advantages, combined with a renewed economic vigour in the north west, and the ready availability of marketable sites and premises have contributed to its fulfilment of this role over the last decade, with or without a development corporation in place to artificially stimulate such growth.
- 7.10 The growth of Chorley, where employment rose by a third from 1998 to 2004, almost as an extension of Greater Manchester along the M61 axis, has been particularly striking.

#### Recent investment trends

- 7.11 Investment trends are the key drivers of the commercial property market – investments govern the extent to which a local economy may be generating local moves and expansions, attracting new businesses from elsewhere, or suffering from company closures or moves out.
- 7.12 There are no comprehensive, official statistics on these factors, although some indications can be gained from a variety of sources, including: VAT registration data; data on workplace change from the ABI; local enquiries and, where known successes handled through economic development units/agencies; and enquiries and successes handled by, or known to NWDA, and UKTI. We begin with analysis at the most strategic level – the region.

#### Regional Investment Record: Inward Investment Projects

- 7.13 At the regional level, the north west is relatively successful in attracting labour intensive projects from overseas origins. Although its share of the national cake of projects is as low as about 8% (compared to an 11% share of UK population), its share of the new jobs associated with such projects averages around 16% over the last three years.

**Table 7.1 Investment Projects in the North West Region known to NWDA**

	All projects			New jobs created		
	North West	UK	Share	North West	UK	Share
2002/03	61	717	8.5%	7,496	34,624	21.6%
2003/04	64	834	7.7%	3,162	25,778	12.3%
2004/05	97	1117	8.7%	5,377	39,724	13.5%

Source: NWDA, UKTI

- 7.14 However, most of these projects have been attracted to locations elsewhere in the region than Central Lancashire. Records maintained by NWDA show that from 2000 through to 2005, Central Lancashire attracted only a handful of projects (6), associated with only around 130 jobs between them (of a total of 230 projects, which had 15,000 new jobs, and 13,700 safeguarded jobs associated with them). Two of these projects related to acquisitions of established operations, and one to expansion of an established, overseas-owned operation.
- 7.15 Unless these statistics misrepresent the local track record for some reason, the conclusion must be that the area has a relatively weak recent track record in attracting overseas investment projects. On this measure, the area has actually been slightly less successful than East Lancashire, which attracted 8 projects over the same period. Of course, parts of East Lancashire benefit from the availability of Selective Finance for Investment in England, notably, Blackburn, which benefits from Tier 2 assistance, which is a particular lure for larger, capital intensive projects, while other areas benefit from the lower Tier 3 support available to SMEs.
- 7.16 The relatively low profile the area has, in relation to overseas investors, raises the question of how attractively the sub-region, and Preston in particular are perceived by footloose UK investors, seeking to expand or relocate operations or public sector relocations.
- 7.17 The Lyons Review, recommending the continuing dispersal of civil service operations, in keeping with the Government's efforts to reduce the financial burden of Central Government administration, has already resulted in a number of relocations from London to the provinces, estimated to comprise in total 7,800 jobs by April 2006. The moves thus far have included:
- DTI: 190 posts, including 70 to the Tees Valley and 50 to Cumbria;
  - Home Office: 430 posts to locations including Birmingham, Bristol, Glasgow, Leeds, Leicester, Manchester and Sheffield; and
  - DWP: over 600 posts in the first six months of 2005-06, including 80 to Taunton, 60 to Derby and 40 to South Wales.
- 7.18 So far, therefore, although the North West as a whole has received 1,600 relocated jobs, Preston does not appear to have received any evident benefits from the dispersal policies and is not listed in the towns and cities on the Government's relocation portal for Civil service departments considering relocations - <http://www.ogc.gov.uk/relocation/>.
- 7.19 We do not have any recent evidence of the business world's perceptions of Preston as an investment location, save through the enquiries and lettings data analysed below, however, King Sturge assessed the City as one of the potential locations for Lyons Review relocations, and Preston succeeded in

joining the first quartile of locations for some of the potential relocation types, including:

- interactive contact centre;
- high value back office; and
- science scenario – relocation involving high proportions of technical/scientific staff.

7.20 This is a better showing than in Quality of Life in Britain, in 1997, in which Preston was ranked 126th of 189 British towns and cities.

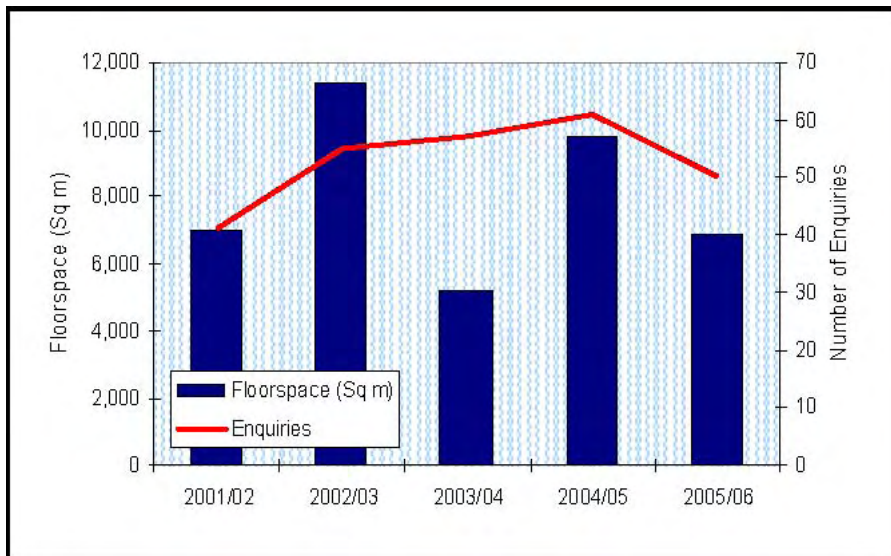
Local Property Enquiries and Successes

7.21 More generally, records from the local economic development units reveal a fairly healthy level of property enquiries. Furthermore, it should be borne in mind that these enquiries may under-represent the true overall level of property enquiries, as public sector agencies and website, while well-utilised, represent only one avenue of enquiry for business managers; with property needs.

*Chorley*

7.22 In Chorley, the number of enquiries has averaged a little over 50 per year, associated with approximately 8,000sq m per annum of floorspace (estimated from banded data), but fluctuating significantly from year to year (Figure 7.2, below):

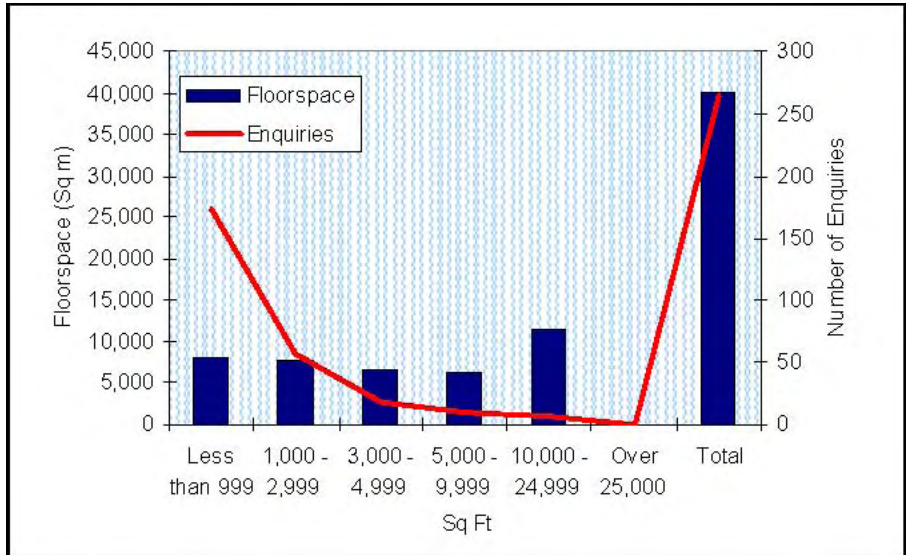
*Figure 7.2 Analysis of Offices Enquiries, Chorley, 2001/02 to 2005/06*



Source: Chorley Borough Council, Locate in Lancashire Database

7.23 Figure 7.3, overleaf, shows that the flow of enquiries is unsurprisingly dominated by small businesses, (the vast majority of enquires are for small quantities of floorspace) but the demand for floorspace as evidenced by enquiries, is spread much more evenly across the bandings, with the most floorspace accounted for by a very small number of large enquiries.

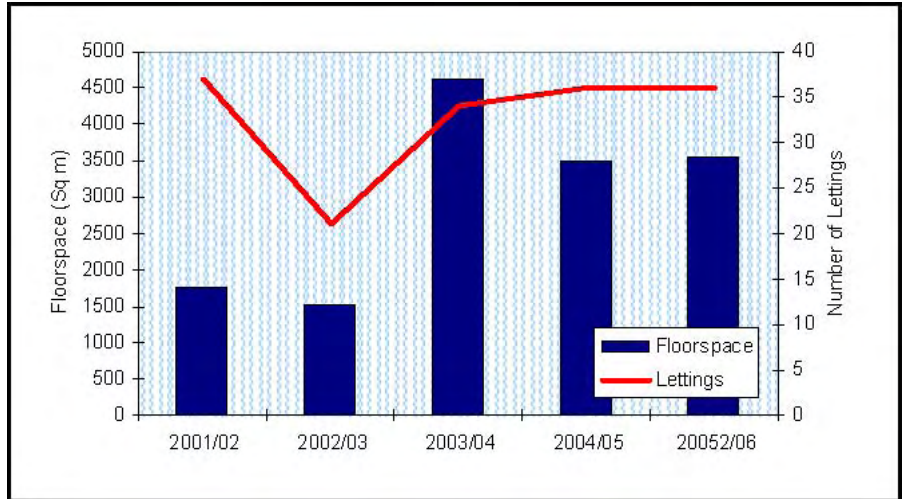
**Figure 7.3 Analysis of Offices Enquiries by Size, Chorley, 2001/02 to 2005/06**



Source: Chorley Borough Council, Locate in Lancashire Database

7.24 Figure 7.4, below, illustrates the extent to which the enquiries received have translated into property take-up:

**Figure 7.4 Analysis of Offices Take-up, Chorley, 2001/02 to 2005/06**



Source: Chorley Borough Council, Locate in Lancashire Database

7.25 With a small blip in 2002/03, lettings have proved remarkably consistent over the last five years, averaging around 35 a year, with average floorspace per annum associated of 3,000sq m; however, as the chart clearly shows these averages mask a significant pick-up of demand for floorspace over the last three years, when demand has averaged closer to 4,000sq m pa.

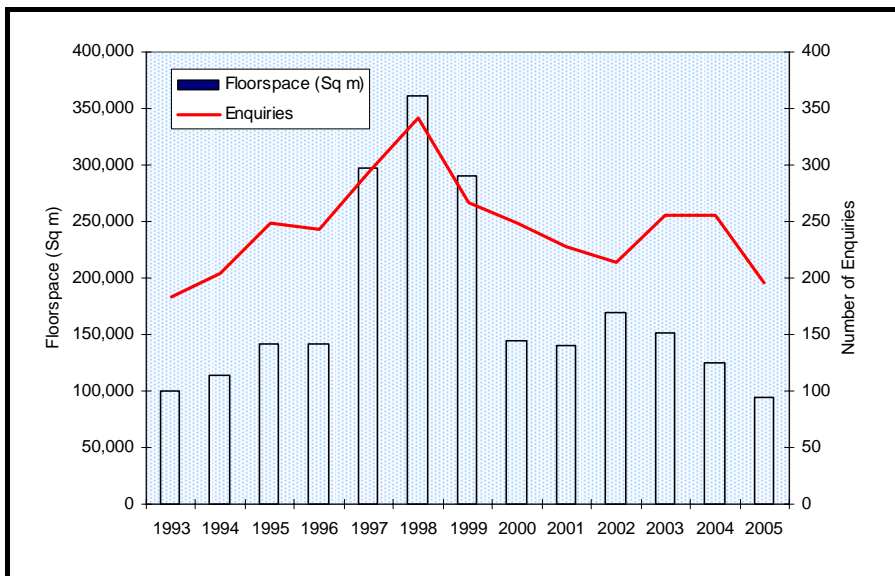
7.26 Lettings as a proportion of enquiries represent 62% of enquiries, but only 37% of floorspace, indicating, perhaps, a greater degree of seriousness, or attachment to the locality within the smaller end of the market. At the larger end, businesses are presumably casting their nets a little wider, and considering more options.

7.27 Chorley serves a relatively, though not exclusively, local or sub-regional market according to data on the origins of enquiries over the last two years, when 69% originated from Central Lancashire. Very few enquiries were generated by businesses in East Lancashire or Fylde Coast, but 4% were from West Lancashire, and a quarter (26%) from the North West (15%) or UK (11%). Only 1 out of 264 enquiries over the last two years was international in origin. Of course, many of the regional and UK enquiries are 'round robin' enquiries, that are widely circulated, and it would be useful to explore what proportion of lettings are to organisations from outside the sub-region.

**Preston**

7.28 The enquiries picture for Preston reveals sharp growth in interest during the latter part of the 1990s, with a notable feature being the number of enquiries for large amounts of floorspace. After 1999, though, interest returned to a level more typical for the area, since when has averaged a little under 250 enquiries a year..

**Figure 7.5: Analysis of Offices Enquiries, Preston, 1993 to 1998, 2003 to 2005**



Source: Preston City Council

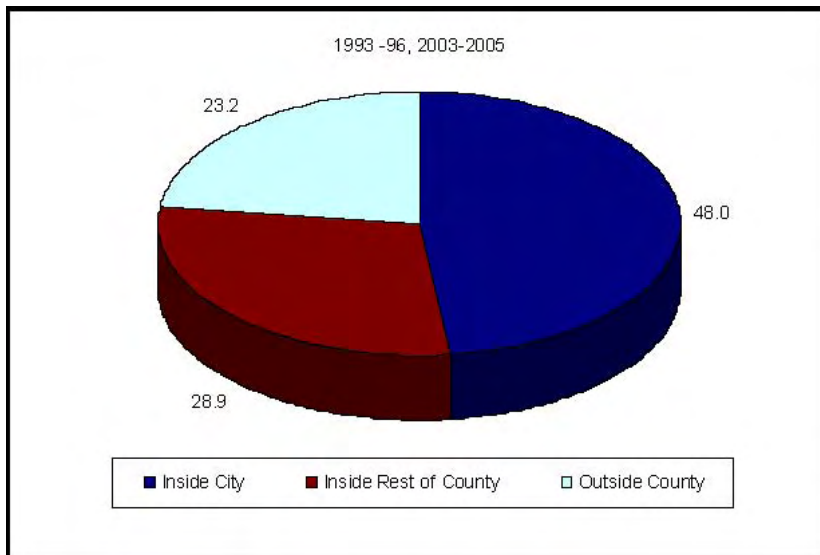
7.29 The trend in the number of enquiries has been matched by the trend in demand for floorspace, with the average for the 13 years of data available around 175,000 sq m per annum.

7.30 However, many of these enquiries are round robin enquiries, circulated widely to EDUs all over the region and sometimes all over the country. Their seriousness varies greatly, and a better indication of market demand is yielded by levels of market take-up, as indicated in the EGI database, for example, (average of less than 5,000sq m pa over the last five years), or local agents' estimates (around 12,000sq m pa over the last two years<sup>12</sup>, with a total greater in the last year than the previous.)

7.31 More recent data on lettings supplied from the Locate in Lancashire database indicates an average take-up of around 9,000sq m per annum, although of course, not all lettings and purchases may be recorded on this database. Interestingly, though, the figure for the latest year of 13,568sq m equates closely with the agent's estimate for the same year

- 7.32 The drop-off in both the level of enquiries and associated floorspace over the last three years seems inconsistent with the level of market demand as evidenced by take-up, which seems to have been on an upward trend (previous paragraph and Chapter 5), but the fall in enquiries may have been due to other factors, such as reduced marketing and promotion, or the rising availability of commercial property data on the Internet, reducing the benefit for businesses of utilising a local authority held property database.
- 7.33 The picture of origins of enquiries reveals that only around half of enquiries for property in Preston stem from local interest (48%), with a further 29% from within Lancashire County. A significant minority of enquiries – almost a quarter, originate from places farther afield (Figure 7.6, below), indicating that Preston holds some appeal to a market beyond local and sub-regional boundaries, even if the track record on inward investment has not been very strong.

**Figure 7.6: Analysis of Offices Enquiries, Preston, 1993 to 1998, 2003 to 2005**

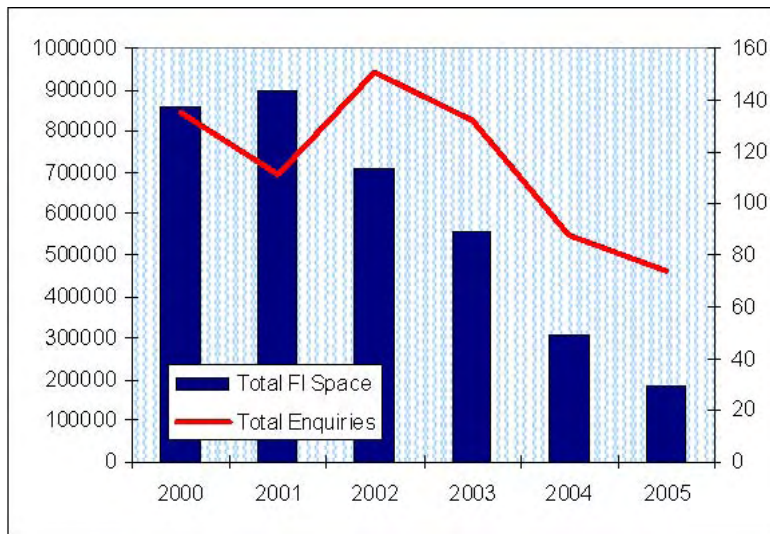


Source: Preston City Council

**South Ribble**

- 7.34 Prior to 2001, data for South Ribble includes Central Lancashire Development Agency enquiries handled by South Ribble, which may affect the levels of enquiries at that time. Figure 7.7 below reveals the levels of offices enquiries and associated floorspace for the period 2000 through to 2005, for South Ribble.

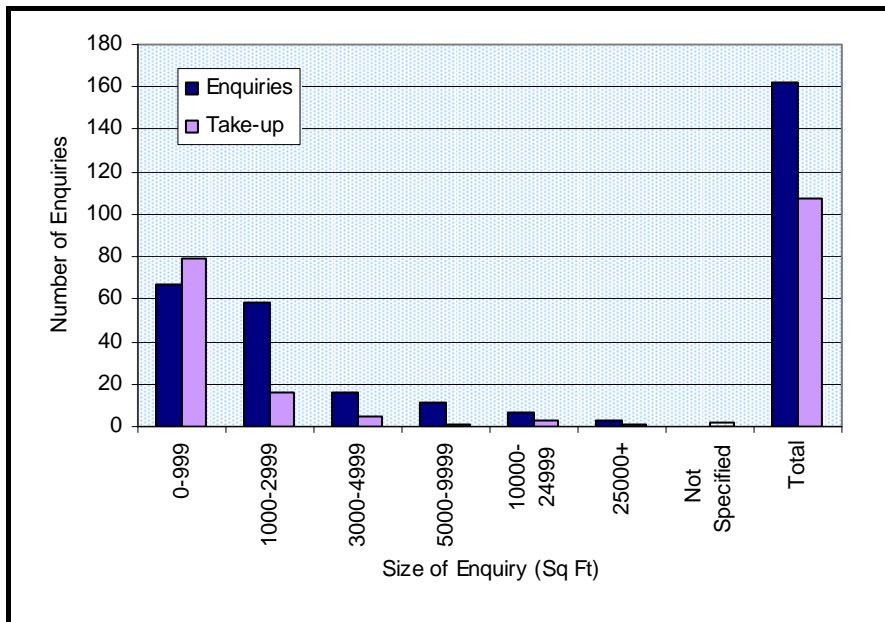
**Figure 7.7 Analysis of Offices Enquiries, South Ribble, 2000 to 2005**



Source: South Ribble District Council

- 7.35 Much as with Preston, the analysis reveals a decline in both the numbers of enquiries, and more dramatically, the floorspace associated with them, over the last few years. Again, this seems to run counter to the evidence of growth in the district from other indicators, although of course much of the employment growth reported above may have been in existing companies, rather than new ones.
- 7.36 Discussions with officers have failed to identify any clear cause for this fall-off, which might be attributed to a range of factors, including changes in systems, the increase in commercial property availability on the Internet, reductions in promotional/ marketing activities, greater interest in alternative locations, or less likely, from the other evidence available, a downturn in market demand.
- 7.37 Data on fulfilled enquiries, or successes, was available for the latest three years – 2003/04 to 2005/06. This revealed 107 lettings by comparison with the 162 enquiries received in the two years 2004 and 2005 period, a high success to enquiry ratio (Figure 7.8, below). The lettings corresponded to an estimated total uptake of around 14,300sq m of floorspace, with the majority of this in 2004, when a number of relatively large office lettings took place.
- 7.38 Over the entire three year period, lettings and sales averaged 5,600sq m per annum, a figure above that for Chorley, but well below take-up in Preston.

**Figure 7.8 Offices Enquiries and Take-up in South Ribble, 2004 and 2005**



Source: South Ribble District Council

Summary: Enquiries and Lettings in Central Lancashire

**Enquiries**

7.39 Putting the data together for all three authorities, nearly 1,200 enquiries were received over the last three years, the only years for which given records were available for all three areas. The enquiries rate thus averaged almost 400 per annum. In floorspace terms, this was reflected in enquiries for nearly half a million sq m, an average of just over 160,000 sq.m pa.

**Table 7.2 Offices Enquiries and Floorspace, Central Lancashire, 2003 to 2005**

	2003	2004	2005	Total	Average
Enquiries	445	405	320	1,170	390
Floorspace (Sq m)	208,984	163,787	118,636	491,407	163,802

Source: Local Authorities Data

7.40 Of course, many of these enquiries may be quite speculative, may be of a very general nature, may be repeated in the records of more than one local authority, and may be also be received by authorities across the region, and even more widely.

**Lettings and Sales**

7.41 Market take-up recorded by the authorities was expectedly therefore at a much lower level. Data from the Locate In Lancashire database revealed the following statistics:



**Table 7.3: Offices Lettings and Sales, Central Lancashire 2003 to 2005**

	Floorspace (Sq m)			
	2003/04	2004/05	2005/06	Average Take-up Per Annum
CLC	17,639	18,180	19,495	18,438

Source: Locate in Lancashire Database

7.42 Although this picture masks significant variations from authority to authority and year to year within each, the trend has been remarkably constant overall for the sub-region for the three years of data available. The take-up indicated by this data is considered to represent a strong level of demand and if replicated as an average over the next 15 years (i.e. to 2021) would aggregate to 275,000sq m of floorspace.

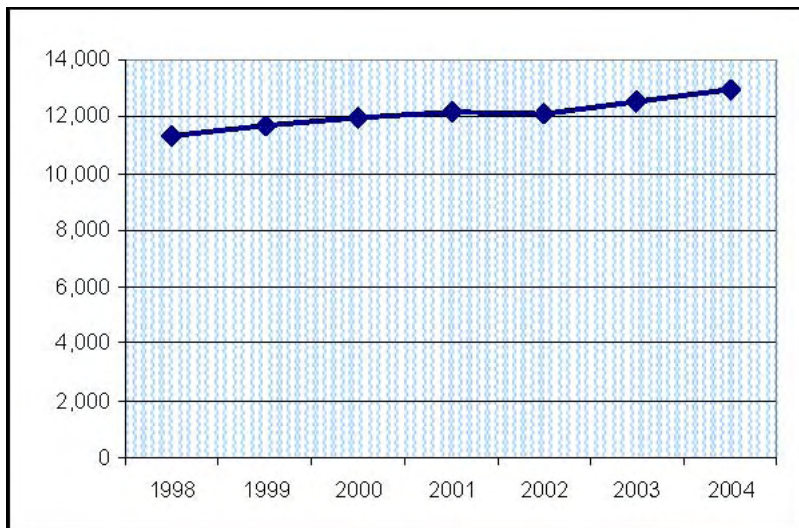
Other indicators of Latent Market Demand

7.43 In the following sub-sections, we move on to analyse other market signals, relating to change in the numbers of workplaces, and change in the numbers of businesses, two economic indicators in which we would expect to see any positive change reflected in increased demand for commercial accommodation.

**Change in Workplaces**

7.44 Further analysis of ABI data confirms that the employment has not simply been growing in existing businesses. The number of workplaces in Central Lancashire has grown by 1,600 in the six years between 1998 and 2004, an increase of 14%. Again, this is well above the regional figure of 7%, and a little above the average for Lancashire of 11%. However, the growth rate for workplaces is well below that of employment growth generally, indicating that a significant amount of the employment growth has taken place within existing companies.

**Figure 7.9 Growth in Workplaces, 1998 to 2004**



Source: ABI

7.45 As with employment, Preston has also experienced the greatest numerical growth in workplaces, primarily due to its size, however, South Ribble has experienced the most rapid workplace growth rate, at 16%.

**Change in VAT Business Stocks**

7.46 Employment in Central Lancashire is still focused within larger employers, to an extent which is now unusual in the UK, and as a consequence remains inherently less likely to host proportionately as many small businesses as might be expected by comparison with the nation. In 2005, it the local economy supported 351 businesses per 10,000 working age population, 91% of the national rate, but above the regional rate (Table 7.4).

**Table 7.4 Change in Business Stocks in Central Lancashire, 1994 to 2005**

	Stock per 10,000 working age population		Change in stock (%)	
	1994	2004	1998- 2005	2001 - 2005
England	339	385	9.9	3.8
North West	296	316	6.7	3.8
Lancashire County	331	348	6.6	3.1
Chorley	322	355	7.9	2.2
Preston	333	359	4.1	-2.2
South Ribble	292	337	12.2	3.4
CLC	317	351	7.6	0.8

Source: SBS Data

7.47 From 1994, the area lost a little ground to the nation in terms of growth in VAT registered businesses; nevertheless, it increased its stock by 10.8%, more than twice the growth rate of Lancashire as a whole (5.5%), and well above the North West rate of 6.6%.

7.48 As Table 7.4 also reveals, business stocks have grown little during the latest five years, and have actually shrunk in Preston; however, there has been growth in the number of businesses in those sectors most likely to generate demand for premises – Business Services, Public Admin and Education/Health Services (Table 7.5). Furthermore, this growth has been highest in Preston, where offices demand has been the greatest, gravitating naturally to the largest services centre in the sub-region.

**Table 7.5 Change in B1 Oriented Business Stocks in Central Lancashire, 1994 to 2005**

	% Growth in B1 Oriented Sectors	
	1994 - 2004	2001 - 2005
England	51.4	8.0
Lancashire County	56.0	11.9
Chorley	53.4	6.3
Preston	59.1	9.4
South Ribble	66.1	7.7

Source: SBS Data

## Employment forecasts and implications for future floorspace demand

- 7.49 Employment forecasts have been prepared that draw on the modelling carried out in 2005 for work on the Central Lancashire Economic Development Strategy. These forecasts showed significant expected growth in the sub-regional economy, predicated on recent trends, and expected further economic success, albeit at a rate of growth behind that of the last few years, which has been exceptional historically.
- 7.50 For the purposes of this study, the growth rates in those forecasts have been applied to the various local economic structures, as at 2004, on a sector by sector basis for each of the districts in turn, with assumptions made for self-employment, based on baseline data from the Census 2001. As the baseline forecasts reach only as far as 2016, an assumption has been made for the period 2016 to 2021, that further growth will occur at the average rate for the previous five years.
- 7.51 Overall employment growth is projected to be in the range of 11,800, from 2006 to 2021, but this masks some decline in some sectors, notably manufacturing, and higher growth in the services sector, driven mainly by continuing rapid growth in the wider business services sector – professional services, computer services and ‘other’ business services. The full data for the three districts and the sub-region as a whole, is set out in Table 7.6

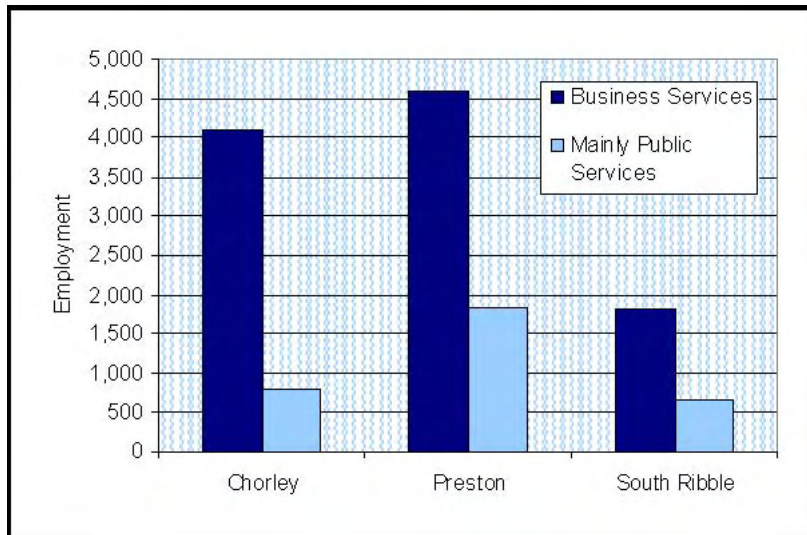
**Table 7.6 Projected Employment Growth in Central Lancashire, 2006 to 2021**

Employment	2006 -2011	2011 -2016	2016 - 2021	2006 - 2021
Business Services	2,712	3,331	3,950	9,993
Mainly Public Services	1,079	1,016	1,036	3,132
Total Service Sector	4,647	5,115	5,819	15,581
Other Sectors	-1,585	-1,222	-951	-3,758
<b>Total Change</b>	<b>3,062</b>	<b>3,893</b>	<b>4,868</b>	<b>11,823</b>

Source: QESR, based on forecasts for Central Lancashire supplied by Cambridge Econometrics

7.52 This breaks down into the following picture for each district:

**Figure 7.10 Projected Business Services and Mainly Public Services Growth in Central Lancashire, by District, 2006 to 2021**



Source: QESR, based on forecasts for Central Lancashire supplied by Cambridge Econometrics

7.53 This chart provides a number of important findings:

- the majority of relevant growth is projected to occur in Preston, although more as a result of its relative size, than its rapid growth;
- business services growth is anticipated to be focused almost equally between Chorley and Preston, as projections tend to assume a continuance of prior trends, and employment in Chorley has been growing very fast; and
- the impact of future growth in South Ribble is projected to be relatively slight by comparison with the other districts.

7.54 In the light of recent trends in sectoral growth, it is no surprise that future growth is also anticipated to be focused within sectors likely to be accommodated mainly in offices.

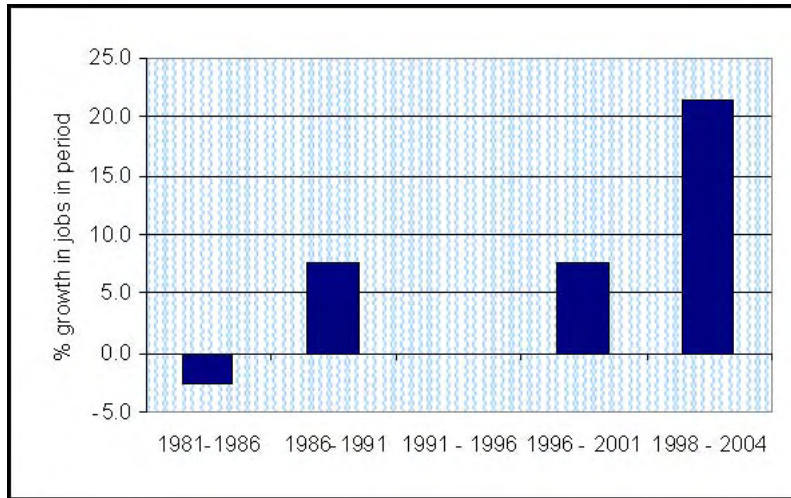
*Robustness of the Forecasts*

7.55 It must be acknowledged that while local employment forecasts are a useful tool for gaining an indicative idea of how the jobs picture is likely to shape up in the future, there is a significant degree of uncertainty attached to the process. The further the forecasts look into the future, the greater the degree of uncertainty.

7.56 The forecasts which have been used for this study have been prepared using information from past national, regional and local trends, by sector, and projecting these forward within the context of expectations about of the performance of the national and regional economies.

7.57 The forecasts used reveal fairly strong growth by regional and Lancashire standards, although they project a more conservative rate of growth than has apparently been achieved by the sub-regional economy over the last 7 or 8 years, according to ABI data. However, in the context of longer run growth, as Figure 7.11 below shows, the recent run of growth is exceptional by the standards of the last two decades:

**Figure 7.11 Long-run Employment Trends in Central Lancashire**



Source: Cambridge Econometrics LEFM, based on Census of Employment, Annual Employment Survey and Annual Business Inquiry data

7.58 It is clear that long-run growth in the sub-regional economy has been both cyclical, and overall much more subdued than in the recent past, according to the main sources of employment data. In the light of these trends it seems unlikely that future growth can be expected to achieve the high levels apparently experienced from 1998 to 2004. Indeed the long-run picture tends to cast some doubt on the robustness of the data which underpins the meteoric growth of the last few years.

7.59 For these reasons, we investigated alternative estimates of local (workplace based) employment which are available from the 2001 Census and the most recent Annual Population Surveys for 2004 and 2005. At the respective survey dates of 2001 and 2004/05, these sources yield estimates of employment around 20,000 less than totals which draw on the ABI as a main source, including the projections, as shown in Table 7.7:

**Table 7.7 Alternative Estimates of Employment for Central Lancashire**

	Employees in Employment (ABI) plus Self-Employed Estimate (from Census 2001)	Census 2001 and APS 2004 and 2005
1998	162,526	
1999	164,223	
2000	172,461	
2001	176,554	156,819
2002	190,258	
2003	187,829	
2004	195,109	173,700
2005		170,500
Change 2001 to 2004	+18,555	+16,881

Sources: ABI, Census 2001, Annual Population Survey

7.60 However, the growth indicated by combining Census/APS figures for the period 2001 to 2004 is very similar to that coming from the ABI data. Our conclusion is that the ABI sourced data and therefore the employment projections, are probably over-exaggerating current levels of employment in the sub-region, but nevertheless yield a relatively robust estimate of growth over the last five years or so.

7.61 In summary:

- the employment data from ABI and the employment projections based on this starting point are probably exaggerating the true levels of local employment in the area;
- despite this, the picture portrayed of rapid growth over the last few years is considered to be relatively robust; and
- however, in the light of longer run trends, the more conservative growth being forecast over the next ten to fifteen years is also considered to be relatively robust.

Future Offices Demand

*Translating Forecast Growth in Employment into Future Offices Demand*

7.62 The projections of employment described above have been converted into floorspace forecasts using a sector:land use class matrix which allocates employment change in each sector to an appropriate land-use class (see **Appendix 6**). The matrix is based on real world experience, but considers modern trends rather than historic ones. Thus, it recognises that some sectors which traditionally would not occupy B1 premises often do so increasingly, now, in operations often physically separate from the main one – for example, Communications, Health, Education, Utilities, and even Manufacturing, to a lesser extent, all use office space for some functions, such as contact or shared service centres.

7.63 The demand for floorspace is translated from employment by applying standard worker:floorspace ratios to the employment change figures for each land use type, which flow from the matrix discussed in the preceding paragraph. A number of worker:floorspace densities have been tested, but the main one relied on in this report has been 20 sq m per worker. This is a compromise between the 19sq m per worker recommended in the Government’s OFPAT guidance for ‘general offices’, but based on net internal areas, and the fact that our estimates of pipeline capacity are based on gross external areas. The assumptions made for worker:floorspace densities and their underpinning logic, are set out in more detail in **Appendix 2**.

*Forecast Offices Demand: Quantitative Baseline*

7.64 Clearly, it is important that any projections of future demand for offices should take qualitative factors into account as well as the sheer volumetric question of whether sufficient land is available to support offices that can accommodate X or Y no. of jobs. However, before consideration of these qualitative factors, it is important to establish the numeric baseline position, and this is set out in Table 7.8 below, for A2 (High Street) offices and B1 Offices:

**Table 7.8 Projected Offices Floorspace Demand in the Study Area, 2006 to 2021**

High-Street Offices (Sq m)	5 Year Periods			Cumulative Requirements	
A2	2006-2011	2011-2016	2016-2021	2006-2016	2006-2021
Chorley	1,647	1,699	1,874	3,347	5,220
Preston	2,078	2,136	2,412	4,214	6,626
South Ribble	741	748	845	1,489	2,334
CLC	4,467	4,583	5,130	9,050	14,180
B1 Offices (Sq m)	5 Year Periods			Cumulative Requirements	
B1	2006-2011	2011-2016	2016-2021	2006-2016	2006-2021
Chorley	20,298	24,086	28,508	44,384	72,892
Preston	26,522	30,447	35,599	56,969	92,568
South Ribble	9,776	11,948	14,063	21,724	35,787
CLC	56,596	66,481	78,170	123,077	201,247
CLC Total Offices	61,063	71,064	83,300	132,127	215,427

Source: QESR Estimates

7.65 Some important findings are revealed by these tables:

- Total demand amounts to around 215,000sq m, with the vast majority in B1, and higher demand arising in the latter periods of the study timeframe. Of the 201,000sq m of B1 demand, 39% falls into the last five years.
- The growth in demand for A2 is relatively slight, and this reflects a continuation of recent trends which show very little movement in the stocks of A2 properties in the sub-region.
- Preston generates 45% of total B1 demand within the sub-region, with Chorley accounting for the major part of the rest (36% of the total).

7.66 In the next section we go on to assess this demand in the light of the available supply and consider the implications for policy.