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EXECUTIVE SUMMARY

Introduction

- i) This report assesses the supply of and demand for employment land and premises in the District of Blaby. It has been carried out on behalf of Blaby District Council, Leicestershire County Council and the Leicester Shire Economic Partnership.
- ii) There are three main elements to the study:
 - An assessment of the District's economy that will inform the amount, location and type of employment land and premises required to facilitate its development and growth
 - A review of the current portfolio of employment land and premises
 - Recommendations on the future allocation of employment land and premises to maintain the District's economic growth.
- iii) It has involved extensive consultation with those public sector agencies with responsibility for the study area; dialogue with private sector property market stakeholders; site visits, physical survey and inspection; discussions with landowners; and a survey of major companies, which has been used to identify occupier demand from a nine percent sample of the District's businesses.
- iv) It is a responsibility of local and regional government to support and encourage economic growth. This includes the provision, through planning policy initially, of sufficient employment land and premises. This must be of the right scale, type, location, and be readily available for development. This means that the employment land portfolio needs to be balanced with and adequately cater to all sectors of the economy, i.e. small and large businesses, offices and industrial, high and low quality operations. This is supported by a number of strategic documents: the Regional Spatial Strategy for the East Midlands; Leicestershire, Leicester & Rutland Structure Plan; Blaby Local Plan; East Midlands Regional Economic Strategy; and the Leicester and Leicestershire Economic Strategy.
- v) Blaby (the more urban north eastern half at least) in strategic planning terms is within the Principal Urban Area of Leicester and as such is a focus of economic development and regeneration for the whole of the East Midlands. Its economic success is strongly influenced by Leicester City. For example, according to the 2001

Census, of the 41,078 workplace population in the District 16,141 of them actually worked in Leicester (39 percent).

- vi) The District's property market is very healthy, with active private sector developers and very strong demand related to its excellent location astride the M1 and close to Leicester. However there is a lack of sites, especially for industrial/distribution uses, which is recognised by previous studies and research into the area. This problem is exacerbated by the strong footloose demand for sites along the M1 in the District from national businesses.
- vii) There is substantial public sector investment and regeneration that is transforming the City of Leicester. This is especially so in the City centre, and particularly with regards the office and high technology sectors. This will help the City realise its untapped potential, attracting inward investment, both private and public sector, to the office core resulting in more (and better) jobs for the people of Blaby.
- viii) There are approximately 2300 businesses in Blaby operating from B1, B2 or B8 land or premises. Most of them (81 percent) are micro-businesses employing less than ten people. A further 15 percent employ up to 49 people – small businesses. Consequently most commercial property required is also small: 0-100 sqm offices, 0-500 sqm industrial.

Property Issues

- ix) Private sector commercial property agents report that generally industrial need far outweighs office, certainly in the local market. Requirements are for the smaller end up to: 200 sqm offices; 1000 sqm industrial. However there are also much larger office and distribution requirements – as Blaby also has a regional role, attracting companies that may have gone to Leicester City Centre, but would prefer an out-of-town location or that need to be close to the M1.
- x) There are few vacant premises in the District, in part reflecting the strength of the property market generally. There are shortages of small (up to 200 sqm) and freehold offices; and a lack of industrial space of all sizes, but especially 0-500 sqm units for small businesses and units of above 2000 sqm for growing, local and regional businesses. More managed workspace, and other types of small business

accommodation would also prove very popular, but must be developed bearing in mind what is happening in Leicester to avoid duplication and/or competition.

- xi) There is also a general shift to higher value activities that is leading to a need for more modern and efficient business space. This is raising the quality expected in accommodation, both industrial and office. Modern needs are generally moving a substantial proportion of industrial companies away from town centres to more accessible out-of-town locations. There are also office companies looking for more accessible, peripheral locations, as the success of office campus schemes across the sub-region shows, and again another reason for the success of the District's property market. Some office-based companies are also looking for shorter term, more flexible property solutions, as the demand for the serviced office shows in the Leicester & Leicestershire Urban Area (LLUA), as everywhere else.

Employment Land

- xii) The major issue affecting the District is the shortage of B1 light industrial, B2 and B8 employment land. There is just over 48 ha of land available (as at 31st March 2005) in the District, most of it good quality and readily developable. An additional 20.9 ha is required based on past take-up rates or 41 ha based on Structure Plan recommendations to 2016 (which also includes the allocation of a Strategic Employment Site of 25 ha programmed for 2011-2016).
- xiii) The alternative forecast models used are employment and labour supply based assessments. The former suggests 5.8 ha of land is needed to 2016, the latter a reduction of 1.6 ha – which would mean the District reallocating vacant employment land for other uses. However these methods are flawed, although their principles (little workforce growth and a shift to office based employment requiring less land) are correct. They take no account of pent-up, historic demand or the array of failures in the property market; and are overwhelmingly contradicted by empirical evidence generated by this study, i.e. consultations with property specialists and the company survey.

Employment Land Forecast Scenarios 2005 - 2016

Scenario	Gross Land Need, ha	Realistic Land Supply, ha	Net Land Need, ha
Historic Land Take-up	+69.3	48.4	+20.9
Employment Changes	+5.8		-42.6
Labour Supply Changes	-1.6		-50.0
Company Survey	+56.2		+7.8
Structure Plan (2005-2016)	+89.4		+41.0

xxix) Due to land shortages throughout the LLUA and M1 corridor, Blaby could allocate land as guided in the Structure Plan (and more) and this would find occupiers because of its attraction in the regional marketplace. However there will be pressure on this land from other non-District businesses in the LLUA and regionally, especially as the regeneration of Leicester improves the whole sub-regional economy and expands the property market.

Recommendations

xxx) To conclude, the key recommendations are:

- Strategically reconsider the District's employment land supply situation, as there is pent-up demand for land and property, especially industrial/distribution space, in the LLUA and M1 Corridor
- Allocate a further 8-21 ha of employment land for local needs (based on the company survey and/or historic take-up) for the period 2005-2016. Also allocate a Strategic Employment Site of 25 ha for regional needs. Combined this roughly matches the remaining 1996-2016 Structure Plan allocation land requirement needed for the District
- Land needs to be allocated close to the strategic highway network where possible. This includes the provision of freehold land and premises (available independent of developers direct to owner-occupiers), which should account for 20-30 percent of the total
- Two-thirds of this land needs to be geared towards B1 light industrial, B2 and B8 uses, to compensate for the weight of office sites that exist currently
- There has to be strategic cross-border co-operation, facilitated at the regional level, to allocate sufficient employment land to allow Leicester and surrounding urban areas to grow and catalyse improvements throughout the sub-region

- Consider the feasibility of more small, starter workshops, managed workspace and serviced offices for which there is demand, maximising public sector support to facilitate their development
- Continue to encourage rural diversification by allowing conversion of agricultural space for employment uses, this may require public sector support
- Review and monitor this position and undertake the study again in five years, 2016 is a long time into the future, and much will happen before then.

1.0 INTRODUCTION

- 1.1 This report assesses the supply of employment land and premises (use class B) in the District of Blaby in Leicestershire. It has been carried out on behalf of Blaby District Council (the Council), Leicestershire County Council (LCC) and Leicester Shire Economic Partnership (LSEP).
- 1.2 It has been commissioned to provide robust evidence for the client team and will help underpin and inform the Local Development Framework (LDF), the new style review of the Local Plan, in the future.
- 1.3 The report has been compiled by BE Group, economic development, property and planning consultants based at the Genesis Centre, Birchwood Science Park, Warrington WA3 7SN.
- 1.4 There are three main elements to the study:
- An assessment of the District's economy that will inform the amount, location and type of employment land and premises required to facilitate its development and growth
 - A review of the current portfolio of employment land and premises
 - Recommendations on the future allocation of employment land and premises to maintain the District's economic growth.
- 1.5 The Leicestershire, Leicester and Rutland Structure Plan was adopted in March 2005 and covers the period to 2016, and it is over this 11 year timescale that this report is concerned (in the absence of other policy statements). This is the key policy document until the Regional Spatial Strategy takes precedence in 2008 as the strategic level plan that will set out employment land requirements. In order to establish a consistent approach to the analyses the baseline date for the land assessment is the 31st March 2005.

Methodology

- 1.6 It is a statutory obligation that there is extensive consultation as part of the LDF preparation, and most other public sector strategies, and this has been reflected in our methodology.

- 1.7 A number of research methods have been used in the compilation of data for this study. They include site visits, face-to-face and telephone interviews with property market stakeholders such as developers, investors and their agents.
- 1.8 Extensive consultation with various public sector agencies with responsibility for the study area has also been entered into. Analysis of existing reports and documents with a bearing on the study area has also been filtered into the overall findings. A full list of consultees is included at Appendix 1.
- 1.9 A number of strands of evidence are used which are drawn together from the study's conclusions and recommendations. Individually any one piece of evidence is insignificant – together they are conclusive. It should also be noted that a number of different employment land scenarios are considered, all look at the situation as it stands now and is independent of any guidance in the Structure Plan. Therefore any differences in the land supply required are based on what is currently available they are not in addition to requirements stipulated by the Structure Plan.

Study Area

- 1.10 The District of Blaby (population 91,600, midyear estimate 2004) is situated in the East Midlands of England and covers 50 square miles, its largest settlement Blaby is a few miles south of the City of Leicester linked by road and rail connections along the A540 and A426 corridors and through other highway routes.
- 1.11 The District lies in the south west part of Leicestershire. The arterial M1 and M69 corridors divide this area, which has strong relationships with Hinckley & Bosworth and Leicester City local authority areas.
- 1.12 The physical geography and infrastructure of the area tends to create quite diverse communities, e.g. Kirby Muxloe and Glenfield, Narborough and Blaby, which leads to a strong sense of individual identity. There is also a difference between the eastern part of the District, which is close to Leicester and strongly influenced by this economic centre, and effectively is the City's suburbs; and the western, which is more rural in nature.

- 1.13 Employment and residential land uses tend to be distinct except in the various town centres where office based employment adds to the diversity of uses including retail, residential, commercial, leisure, community services and open space.

Employment Land Review: Guidance Note (ODPM 2004)

- 1.14 At this point it is worth reiterating recent government guidance covering employment land review that promotes a three-stage process, and provides a framework for this report.
- 1.15 Stage One: Taking stock of the existing situation including an initial assessment of 'fitness for purpose' of existing allocated employment sites. The objective is to identify the best employment sites to be protected; identify employment sites where alternative uses may be preferable and prepare an effective brief for stages two and three of the review. The outcome of this stage is to understand key employment land supply issues and generate a portfolio of potential employment sites to take forward for more detailed review.
- 1.16 Stage Two: To understand the future quantity of land required across the main business sectors; to provide a breakdown of that analysis in terms of quality and location and to provide an indication of 'gaps' in supply through economic forecasting; consideration of recent trends and/or assessment of local property market circumstances. The outcomes of this stage are broad quantitative employment land requirements across the principal market segments covering the study period and an analysis of the likely 'gaps' in supply that need to be filled.
- 1.17 Stage Three: This entails a qualitative review of all significant sites (and premises) in the existing portfolio in order to: confirm which of them are unsuitable for/unlikely to continue in employment use; to establish the extent of 'gaps' in the portfolio; and if necessary, identify additional sites to be allocated or safeguarded. The outcome is the completion of an employment land review that could be used to inform the local development framework.

2.0 STRATEGY CONTEXT

Introduction

- 2.1 As part of our research we have reviewed a number of reports and strategies that have relevance to the allocation of employment land and premises. Whilst some documents have a focus local to Blaby District we have considered others that have a national or regional perspective.
- 2.2 An understanding of the strategies and reports contained within this review is needed to show strategic alignment and a holistic approach to promote sustainable development. BE Group's recommendations will follow the general principles set by them.
- 2.3 The following key documents have a major influence on development decisions in the District and include Regional, County and local planning guidance together with the Regional Economic Strategy. Because the City of Leicester is adjacent to the District, and has an influence over it, some documents and initiatives focused on Leicester will have an impact on Blaby, especially the urban areas to the east.

Regional Spatial Strategy for the East Midlands RSS8 (2005)

- 2.4 The Regional Spatial Strategy (RSS) provides a broad development strategy for the East Midlands up to 2021 (soon to be 2026). One of its ten regional core objectives is, "to promote and improve economic prosperity, employment opportunities and regional competitiveness."
- 2.5 Blaby falls within the Three Cities Sub-area, which includes three (of five) major Principal Urban Areas (PUAs) of Derby, Leicester and Nottingham. Development is focused on these PUAs as the major commercial, industrial, administrative and cultural centres of the region, with the area surrounding Blaby contributing to the wider regeneration of Leicester.
- 2.6 Whilst the current RSS does not set employment land targets (these will be included in future versions) it indicates that employment land in this sub-area should be made available to meet the expansion needs of indigenous manufacturing and distribution uses and to encourage new investment. Deprived inner urban areas and outer estates should be regenerated. Together with promoting sustainable patterns of

development, it also pushes for an improvement to the collective economic performance of the sub-area.

- 2.7 In terms of specific priorities for employment land the RSS directs that there should be an adequate supply of good quality land for office and industrial uses available for development in sustainable locations; that local authorities should promote the bringing forward of good quality allocated employment sites to meet the specific requirements of potential investors; and ensure that allocations are relevant to need. It also promotes the continued diversification of the rural economy.

Planning Policy Statements/Guidance Notes

- 2.8 In respect of employment, national planning policy guidance points to six key areas which will be considered in our conclusions and recommendations:
- PPS1: Delivering Sustainable Development including Economic Development
 - Update to PPG3: Housing: Supporting the Delivery of New Housing
 - PPG4: Industrial and Commercial Development and Small Firms
 - PPS6: Town Centres and Retail Development
 - PPS7: Sustainable Development in Rural Areas
 - PPG13: Transport.
- 2.9 These guidance notes and statements set out the Government's policy stance on various spatial planning issues. Local authority policies should be consistent with these. The key themes (summarised below) are important in deciding new employment land allocations within Local Development Frameworks:
- Provide sufficient land to meet future business and commercial requirements
 - Provide land readily capable of development i.e. servicing and remediation costs minimal
 - Provide sites well served by infrastructure i.e. services, communication and transport
 - Utilise sustainable locations i.e. does not perpetuate use of the motorcar
 - Avoid locations that are not well served by public transport.

The Leicestershire, Leicester & Rutland Structure Plan (1996-2016)

- 2.10 In respect of employment land and premises in the District of Blaby, the Structure Plan (approved 2005) states that 146 hectares of land will be made available for

employment development between 1996 and 2016. 144 ha of this is to be achieved in the Central Leicestershire Policy Area, the remainder in the Rest of Plan Area.

- 2.11 This figure should be made up of a range of sites for employment uses in terms of size, quality and location. It also directs that a Strategic Employment Site of 25 ha should be allocated within this total in the District close to Leicester, phased to come forward between 2011 and 2016. Strategic Employment Sites can be made up of a number of smaller sites (where appropriate) and should adjoin urban areas; be highly accessible to both the car and other more sustainable forms of transport; and be of good quality design, layout and landscaping.
- 2.12 It generally applies a sequential approach to development around the County to make optimum use of the capacity of urban areas. Other policies include:
- Major office development should be directed towards the City centre
 - Key existing and proposed employment sites will be protected from other types of development
 - Storage and distribution sites should have good access to the road network
 - Ensure sites can be developed.
- 2.13 It also encourages the diversification of the rural economy by promoting, for example, small scale development provided it is in character and scale with the settlement.

The Blaby District Local Plan (1991-2006)

- 2.14 In respect of employment land and premises the Blaby District Local Plan, which was adopted in September 1999 and is saved up to September 2007, seeks to reinforce the objectives of the previous Leicestershire Structure Plan. In summary it aims to support the local economy by:
- Providing sufficient land to meet the Structure Plan employment land allocation
 - Ensuring employment allocations provide sites for a range of uses, including land for local businesses in sustainable locations
 - Maintaining and protecting existing employment areas as appropriate and improving their environment where necessary
 - Enabling the relocation of businesses where they create a nuisance to amenity

- Identify and protect Primarily Employment Areas and Primarily Business Areas from alternative forms of development.

2.15 This Plan is soon to be superseded by a new style Local Development Framework which will cover the period to 2026 in line with the emerging Regional Plan. This study forms one strand of the research to inform this, and the Council will be commencing work on an 'Employment Development Plan Document' in May 2006.

East Midlands Regional Economic Strategy (2003-2010)

2.16 This document is the East Midlands Development Agency's (EMDA) economic strategy for the region over the period 2003-2010. It has a significant focus on creating a sustainable and competitive economy, in respect of attracting and retaining the skilled and talented, kindling creativity, innovation and competitiveness and attracting new investment.

2.17 The aim is to be a top 20 competitive region based around sustainable communities, and to achieve this they have identified three drivers of success: Enterprise and Innovation, Employment Learning and Skills and Climate for Investment.

2.18 These drivers are broken down into a number of sub-aims that include:

- Cluster development
- Attract inward investment
- Develop network of innovation centres
- Provide incubators for science and technology start-ups
- Improve the provision of quality employment land
- Invest in region's transport infrastructure
- Increase connectivity.

2.19 In particular the cluster programme concentrates on developing the following sectors:

- High Performance Engineering – particularly motorsports and aerospace
- Clothing and Textiles – particularly design-led fast turn manufacturing and technical textiles
- Food and Drink – particularly food technology
- Healthcare – particularly bio-science
- Creative Industries – particularly new media
- Environmental Technologies.

2.20 To achieve these aims the strategy is broken down into twelve strands. They are highlighted below, together with the particular actions arising from them which are relevant to this study:

- Enterprise - implement cluster development plans
- Enterprising Communities
- Employment, Learning and Skills
- Innovation
- International Trade and Inward Investment
- Economic Growth and the Environment
- Site Provision and Development - provide quality employment sites, on previously developed land, where appropriate, in areas of need
- Transport
- Information and Communication Technologies
- Tourism and Culture - develop the creative industries cluster
- Rural Development - improve the rural physical infrastructure, including transport, housing and workspace
- Urban Regeneration - create a sustainable and sequential land supply for new businesses and residential use through bringing derelict and under-used sites and premises into use, and by providing new quarters of development in the cities and towns to meet needs of high growth industry and its support services, ensuring the design and density thresholds reinforce the urban environment.

2.21 The next Regional Economic Strategy (from 2010 to 2020) is now being prepared and there is a current consultation document out in respect to this. It is likely to reiterate that an appropriate supply of high quality sites is needed, particularly for high skill employment sectors; and that any decisions to approve losses of such sites must not be detrimental to the overall supply and quality of employment land (strategic priority 4b). A priority action is likely to involve ensuring the availability of appropriate workspace and incubation facilities for micro, small, medium and large companies.

Leicester and Leicestershire Economic Regeneration Strategy (2003-2012)

2.22 The Leicester Shire Economic Partnership (LSEP) is the sub-regional strategic partnership covering the District (as well as the rest of the County and Leicester

City), which works with EMDA to promote the economic prosperity, quality of life and social inclusion of the sub-region's communities.

2.23 The LSEP wants to achieve economic growth that will:

- Help to reduce present inequalities between differing parts of the sub-region
- Improve the quality of the built and rural environment
- Create economic advantage using the sub-region's great diversity.

2.24 Its strategy is centred upon four key themes: People and Skills; Enterprise and Innovation; Land and Buildings; and Sustainable Communities. Within each of these there are key objectives. These are highlighted in Table 1.

Table 1 – LSEP Strategy Theme Objectives

Theme	Objectives
People and Skills	<p>Becomes a 'centre of excellence' through the quality of its education and training.</p> <p>Gives people the confidence to develop and better use their talents and abilities.</p> <p>Enables graduates to be attracted to and stay in the area because of the increased number and variety of jobs on offer.</p> <p>Uses its ethnic and cultural diversity in promoting employment opportunity.</p>
Enterprise and Innovation	<p>Has a strong enterprise culture where many more local people are prepared to set up business and have the support to succeed.</p> <p>Supports the transfer of research ideas from its universities into business opportunities.</p> <p>Has a broad mix of innovative businesses which are at the cutting edge of technology.</p> <p>Has increased household incomes through higher wage rates.</p>
Land and Buildings	<p>Maximises the use of development sites and buildings and revitalises derelict and under-used land and buildings.</p> <p>Has an established image which it uses to attract investment and capital to further its ambitions.</p> <p>Has high quality health, education and other public services achieved through increased investment.</p> <p>Promotes quality buildings and community spaces through sensitive design and development which projects the vibrancy and safety of the area.</p>
Sustainable Communities	<p>Reduces the gap between its more deprived and wealthy communities.</p> <p>Has a measurably better environment and has increased its environmental 'capital' for future generations.</p> <p>Secures partnership commitments to work together to deliver the vision for the sub-region.</p>

Source: LSEP Leicester and Leicestershire Economic Regeneration Strategy

East Midlands Urban Action Plan (2005-2011)

- 2.25 The Urban Action Plan sets out the framework for urban renaissance in the East Midlands. It identifies a number of Priority Urban Areas where action will have the greatest impact, catalysing improvements around the region. One of these areas is Leicester which includes parts of the District of Blaby.
- 2.26 This area is included in the Three Cities concept of Derby, Leicester and Nottingham to form a collective of connected centres. Part of the vision of the Urban Action Plan is 'managing the regeneration of communities affected by structural economic change to ensure that everyone has equality of opportunity to live in neighbourhoods which provide accessible housing, excellent services and the chance for all to engage and contribute.'
- 2.27 It takes a themed approach to ensure that a step change in the level of impact as a whole is more likely. These themes are:
- Land Supply
 - Public Realm
 - Skills & Business Development
 - Transport Issues
 - Tourism, Culture & Sport.
- 2.28 Under the first theme, the one with most relevance to this study, the key actions are to help provide quality employment sites on previously developed land; creating sustainable and sequential land supply for businesses; improving the built environment; masterplanning development; and increasing the contribution of Nottingham East Midlands Airport.

Quality of Employment Land Study (2002)

- 2.29 The Quality of the Employment Land Study (QUELS) assessed the quantity and quality of employment land throughout the East Midlands. It considered both supply and demand issues (the main trend being a loss of manufacturing employment and growth of office based jobs) before drawing its conclusions.
- 2.30 The East Midlands was broken down into seven sub-regions in the study, one of which, Three Cities Leicester, covers Blaby. A number of findings related to the

wider sub-region are worth reiterating to provide context to our current analysis of the District.

Offices

- 2.31 Three main office markets were identified in Three Cities Leicester: Leicester City centre; out-of-town, motorway related; and Loughborough. Even in Leicester the highest levels of demand were for small spaces, 100-500 sqm. Much of this take-up came from local companies rationalising or upgrading. Take-up of motorway related supply was also particularly robust, and covered a wide range of sectors, occupying all sizes of space.
- 2.32 It predicted local companies would continue to upgrade and consolidate driving office demand, although the professional services sector will be vulnerable to the competing attractions of Birmingham and Nottingham. However Leicester will remain an attractive location for inward investors based upon good labour availability, a low cost base and its London train connections.
- 2.33 It suggested that the three universities of Leicester, De Montfort and Loughborough (together with Loughborough's strong pharmaceutical R&D base) provided the potential to create a R&D/Science Park development in the sub-region.
- 2.34 Blaby was not mentioned in its analysis of the office market as it fell in the shadow of Leicester (and still does) with its attractive labour availability, although it had some capacity for out-of-town requirements for example at Carlton Park, especially given the poor range of City centre accommodation. Demand was expected to be driven by local requirements, although there may be scope to attract back-office functions from the high cost London and South East markets. However the market was found to be quite dependent on the catalyst of Leicester City centre, which required significant public sector intervention to realise its potential.

Industrial

- 2.35 Although there has been contraction in manufacturing the industrial base remained strong, with increased demand for B8 warehouse and distribution uses linked to the motorway network. Although there is available, good quality land in Blaby it was quickly being occupied leaving only longer term options elsewhere. It mentions Kirby Park Farm, Ratby Lane as a high quality industrial site.

- 2.36 Historically, demand has been in the main for quite small units of 500 to 1000 sqm, with the occasional larger requirement. A trend that was forecast to continue.
- 2.37 The high quality road networks, central UK location and availability of key sites has led to the East Midlands becoming something of a distribution hotspot. There were four key sites identified as accounting for much of this development – Magna Park; Bardon; Willow Farm and Nottingham East Midlands Airport. The District fell in the ‘Golden Triangle’ for the distribution sector (M1, M6, M69) and demand is likely to continue for large, strategic distribution and warehouse uses, despite the increasing land values and labour shortages affecting the Leicestershire-Warwickshire-Northamptonshire area. The demand from this logistics sector is likely to continue, with premises requirements continuing to increase in size – typically 30,000 to 40,000 sqm.

Sites

- 2.38 To 2002, there had been very strong growth in the demand for employment land, with a doubling of take-up over the preceding five years compared to the five before them - 295 hectares compared to 148. The bulk of this (some 60 percent) came from B8 distribution developments. There was a perceived shortfall in sites to accommodate Leicester’s requirements both within the City centre and in peripheral locations.
- 2.39 Throughout the sub-region, on the basis of historical take-up, the forward land supply was not sufficient to provide for the needs of the next ten years and allows little margin for choice or flexibility.

Major Inward Investment Sites

- 2.40 In the last decade (to 2002) the East Midlands attracted just one single-user project of 25 hectares plus – Toyota at Burnaston. It is becoming increasingly difficult to predict what inward investors want, especially as they diversify away from traditional large-scale manufacturing towards smaller office, high-tech and distribution operations. The concept of allocating fixed, large sites, which perhaps do not meet their needs, it suggested, was therefore flawed.
- 2.41 The study suggested that inward investment should not be considered as a separate market segment as they share equally diverse characteristics to indigenous demand.

However one trait they do have generally is a requirement for higher quality accommodation.

- 2.42 The QUELS report recommended a more flexible approach to speeding through the planning process, to allocate large sites to bespoke requirements when major footloose occupiers arise, to ensure their needs are met more closely.
- 2.43 A key conclusion was that if future demand is to be fully met, any employment land lost to other uses should be replaced. This is particularly the case in Three Cities Leicester where employment land is in short supply, particularly for industrial and distribution uses.

Regional Employment Land Priorities Study (2003)

- 2.44 Commissioned by EMDA this study considered the regional property market with a view to identifying areas requiring public sector intervention to achieve the Regional Economic Strategy's policy objectives.
- 2.45 It reiterated that there was a reasonable supply of out-of-town and motorway-related offices in the short-medium term. However the next wave of potential sites was poor, constrained by ownership, environmental and aesthetic issues.
- 2.46 Industrial land was found to be in short supply to meet needs over the next ten years, and allows little margin for choice or flexibility, especially for companies looking to relocate to the outskirts of the Leicester & Leicestershire Urban Area. Assuming strong continuing demand from the distribution sector, the medium-long term supply of sites was also identified as a cause of concern.
- 2.47 The report drew out a number of employment land implications from the Regional Economic Strategy and those that are relevant are reproduced in Table 2 below. They hold true in 2006, as they did in 2003.

Table 2 – RES Employment Land Implications

Priorities (General)	Rationale And Linkage To RES
<p>1P Ensure that there is adequate supply of land of the right quantity and quality for employment development (B1, B2 and B8) in sustainable locations.</p>	<p>Adequate land and property provision is a necessary condition for economic competitiveness. Well functioning and responsive markets for land will facilitate economic progress.</p>
<p>2P Enhance the provision of incubator space in order to:</p> <ul style="list-style-type: none"> (i) provide accommodation for start up companies (ii) assist regeneration by supporting enterprise in areas of need (especially in relation to micro businesses and social enterprises) (iii) foster growth in science and technology start ups, especially in locations close to universities and research institutions 	<p>75% of all new employment between 1995 and 1999 was created through new business starts and it is anticipated that much of the employment in the region in 2010 will be in businesses that do not exist in 2003.</p> <p>Growth of enterprise in areas of need is also an important contributor to regeneration in these areas.</p> <p>Incubators for science and technology will assist technology transfer.</p>
<p>3P Enhance the provision of expansion space to support businesses graduating from incubator accommodation.</p>	<p>As above.</p>
<p>4P Create network of international recognised innovation centres capable of attracting new research funding, new business and new knowledge to the region.</p>	<p>Innovative companies, (defined as companies that successfully exploit new ideas enabling profitable change), grow faster, are more profitable and sustain higher performance than their non-innovative counterparts. The region's economy is skewed towards low skilled sectors with poor record of innovation.</p>
<p>5P Enhance provision and science and technology parks.</p>	<p>As above.</p>
<p>6P Provide high specification ICT locations.</p>	<p>ICT is now widely regarded as a critical component of regional competitiveness. High quality ICT provision is fundamentally important to a wide range of high growth, high knowledge, high productivity activities of the sort the region needs to attract to improve competitiveness.</p>

Priorities (General)		Rationale And Linkage To RES
7P	Ensure there is an adequate range of high quality employment land to attract new inward investment.	This priority is virtually a subset of priority 1P in so far as the site requirements of inward investors are generally not so different from the requirements of the more discerning indigenous sector. That said, given the wider choice of competing locations open to them, 'mobile' investors typically have less reason to accept sub-optimal conditions than indigenous business which might be 'tied' to a particular location. It follows that success in this sector is more critically dependent on quality.
8P	Enhance the supply of sites that will facilitate modal shift of freight transport from road to rail.	Need to reduce predicted growth in road traffic and enhance sustainability of freight industry.

Source: EMDA

2.48 The report went on to identify locational requirements for each of the different types of property. These needs are used as the basis against which the supply and demand for accommodation in the District is assessed.

Table 3 – Offices (B1) - Summary of Locational Requirements

Market Segment	Locational Requirements
Incubators to support enterprise and innovation	Within urban centres (or rural equivalent) on the edge but not within the central core. Particular priorities include areas with high deprivation.
Follow on accommodation	As above.
Incubators to support R&D activities	Primarily in areas where there is established R&D capacity (Note: These are specialist units to be distinguished from general incubator provision.
Provision for mainstream:	
(i) City / town centre sites	(i) Within city/town centres on sites well supported by public transport and ICT infrastructure, with good quality internal and external environment and ready accessibility to facilities.
(ii) Out of town business park sites	(ii) On edge of settlement locations adjacent or very close to the primary road network with high quality internal and external environments and good ICT infrastructure.
Science and technology parks	Only where there is a sufficient capacity in the locality (in terms of research activity / skills / entrepreneurial depth / existing R&D firms, etc) to justify dedicated provisions.

Source: EMDA

Table 4 – Manufacturing (B1/B2) and Wholesale (small B8) - Summary of Locational Requirements

Market Segment	Locational Requirements
Small workspace incubators	Within or on the edge of urban centres.
Second stage provision	As above
Provision for mainstream	Within or on the edge of urban centres close to labour (but not within residential areas) and with good access to the primary road network primarily.
Large scale manufacturing units.	Needs are variable but usually require very large sites close to labour and primary road networks. Special requirements could include proximity to airports, component suppliers, availability of grants, robust utility providers.

Source: EMDA

Table 5 – Distribution and Warehouse (B8) – Summary of Locational Requirements

Market Segment	Locational Requirements
Small units to provide warehouse / distribution depots to serve a local market	Within or on the edge of urban centres.
Medium sized units serving a local and sub regional need	Within or on the edge or urban centres, preferably with good access to national road network.
Large regional distribution centres serving a wide region (for example South East and Midlands)	Strategic locations that maximise operational efficiency (usually defined by locations that minimise distance between centre and markets served). Good accessibility to national road network critical and near availability of labour important. Does not need to locate close to urban centres but preferable for labour requirement
National distribution centres serving the entirety of the UK.	As above.

Source: EMDA

2.49 A number of key recommendations were made, three are particularly applicable to Blaby and are repeated below.

- Enhance supply within the incubator segment, particularly where stock is limited and especially where there is evidence that lack of 'second stage' accommodation is impeding the transition of maturing firms from incubator space to next stage provision
- Support provision of small workspace, where there is market failure
- Support the provision of employment land for industrial uses, where there is evidence of market need. Especially in relation to cluster strengths.

Economic Planning and Infrastructure Context Study [EPIC] (2002)

- 2.50 This study assessed the implications of a number of transport planning studies in the East Midlands. This included multi-modal studies for the M1, A543, West to East Midlands, as well as examinations of the A38 and Junction 19, air transport, freight distribution and employment land issues.
- 2.51 The effect of the various improvements will be felt strongest around Leicester and Nottingham and will lead to economic growth; improved business competitiveness; will attract innovative and high growth companies; enhance labour market competitiveness and support economic inclusion partly by enhancing the attractiveness of the region and its employment land and premises portfolio.
- 2.52 The M1 and Junction 19 improvements will have real benefit to the study area, as will the opportunities to improve public transport links from East Midlands Airport and through Leicester.

Summary

- 2.53 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 2.54 It is a responsibility of local and regional government to support and encourage economic growth. This includes the provision, through planning policy initially, of sufficient employment land and premises. This must be of the right scale, type, location, and be readily available for development. One of the most important issues to consider is that the land must be allocated in sustainable locations. The employment land portfolio needs to be balanced and to adequately cater to all sectors of the economy, i.e. small and large businesses, offices and industrial, high and low quality operations.
- 2.55 The Leicestershire, Leicester & Rutland Structure Plan makes provision for 146 ha of employment land for Blaby to accommodate its economic expansion over the 20 year plan period – this equates to 7.3 ha per year.
- 2.56 Blaby should consider its role in providing appropriate land and premises as one complementing the regeneration of Leicester within their part of the Leicester and Leicestershire Urban Area. There is substantial regeneration happening in Leicester

that will have a ripple effect, influencing the District, and enhancing the property market, local economy and its residents' job opportunities.

- 2.57 The existing employment areas in the District, some of which are very good quality, should be consolidated and reinforced, i.e. Grove Park, Carlton Park, Meridian Park. The office market is perceived to be strong, based on providing quality, accessible space in competition, and in marked contrast, to what is on offer in Leicester city centre. Even so most demand is for small units of 100-500 sqm. The industrial, especially distribution, market is also strong (mainly for 500-1000 sqm units) because of the District's position straddling the M1, however there is a shortage of land to accommodate these uses. There is also a small rural property market, which has quite different characteristics (mainly in terms of scale and volume) but that is nevertheless important as it provides important sustainable employment.

3.0 LEICESTER'S REGENERATION

Introduction

3.1 In this section we make reference to initiatives in Leicester that are likely to impact upon the property markets in the adjoining local authority area of Blaby. There is a close linkage between Leicester and Blaby economically, especially in the eastern half of the District. This is illustrated by the fact that, according to the 2001 Census, 16,141 of the 41,078 workspace population in Blaby (39 percent) actually work over the border in Leicester.

Regenerating Leicester: A Masterplan for the City's Renaissance (2003)

3.2 The research for this masterplan underpins the rationale for the Leicester Regeneration Company's (LRC) intervention projects and has three key aspects – it looks at retail and leisure consumption; residential aspects and, of relevance to this employment land study, improving the usability and appeal of the City centre to knowledge-based service businesses (creative industries, business and financial services, office-based technical industries).

3.3 The research found that Leicester underperforms as a City, there are too few jobs, they tend to be lower quality and paying; economic growth has been poor; office jobs are under represented; manufacturing over represented; and this is explained primarily by slower than average growth in office-based and consumer service sectors that have driven the expansion of the national economy over the last 15 years. Other issues are highlighted as:

- Lack of suitable property
- Difficulty in redeveloping brownfield sites
- Large stock of out dated offices (it is conservatively estimated that there is 72,885 sqm of obsolete offices in the LRC area)
- Degraded environment deterring investment
- No true prime office core
- Poor use of the universities' brain power to develop and attract businesses and retain graduates
- Competition from out-of-town office developments in neighbouring areas [e.g. Blaby]
- Poor image and marketability.

- 3.4 To address these a number of strategic objectives were suggested:
- A significant additional residential population (minimum 3000 dwellings) with appropriate community facilities
 - A prime office core
 - A strong retail circuit and new heart for the City centre
 - A waterfront edge for the City centre
 - A unified central core (including landscape framework and improved connectivity)
 - A new science park
 - Plus, express Leicester's multi-culturalism in the central area and develop bold icons and a new image for the City.
- 3.5 To guide the work of the LRC into the future, forecasts were made with respect to employment growth in the City and the implications that this had for land and premises to 2016. To summarise, total employment was expected to grow by six percent, a gain of 10,100 jobs. Most jobs were expected be in office-based sectors, 5400 additional jobs increasing this sector to 44,400 in total (although under higher, but still plausible, growth assumptions the gain will be 8800 jobs). The rest would generally be concentrated in health and education, hotels and catering and other services. Conversely employment in the City's industrial sectors was forecast to contract by between 11.2 and 14.4 percent, a loss of between 4900 and 6300 jobs over the period.
- 3.6 The implications of this upon the demand for floorspace are:
- Net gain (occupied) offices of 98,000-160,000 sqm
 - Net reduction (occupied) industrial/warehousing premises of 174,000-221,000 sqm.
- 3.7 It forecast that it is likely that there would be a much greater need for new offices in Leicester because much of the existing stock is out dated and would need replacing, while some would be redeveloped for alternative uses.
- 3.8 Even though industrial demand was predicted to fall, there would still be a need for new industrial development because new firms enter the market, and existing firms grow or modernise. It found that each year in Leicester roughly 5000-6000 sqm of new industrial and warehousing floorspace is built. Furthermore, part of the office and

industrial need would comprise science and technology floorspace, e.g. laboratory and R&D facilities, which could account for about 45,000 sqm.

- 3.9 Of all this floorspace outlined above (98,000 – 160,000 sqm offices) it is estimated that the LRC area will account for 78,000 sqm of the offices as well as all the high office content, technology space, with the remainder distributed through the rest of the City.

Leicester Regeneration Company Masterplan (2003/04)

- 3.10 The LRC's Masterplan developed this work, and the strategic framework proposes five intervention areas:

- **New Business Quarter.** The creation of a prime office core around the rail station (incorporating 50,000 sqm offices creating 4000 jobs, although there is potential for 9000). The beginning of this is Akeler's £22 million scheme to redevelop a 0.5 ha site for 10,000 sqm of new office space. This was to comprise an initial speculative development of 5000 sqm, but demand has been so great that the whole first phase will be speculatively built. The company is now looking to bring forward a second phase as soon as possible.
- **A New Community.** The creation of a new community in an area between St George's, St Matthew's Way and Belgrave Gate; 1700 homes are planned close to the City's new cultural quarter.
- **The Retail Circuit.** The creation of a strong retail circuit, a fourth retail anchor and a new heart of the City. This includes a £350 million scheme that will transform a 10 ha site into 65,000 sqm of retail, leisure and residential space, which is expected to start early 2006 with completion in mid 2008. There will also be £19 million of City centre improvements.
- **The Waterside.** Re-uniting the City core with its waterfront, cutting a significant new water inlet into the City core capable of supporting a marina (including up to 10,000 sqm offices and leisure) and creating over 3000 new homes.
- **Abbey Meadows – Science & Technology Park and Environment.** Creating a new science and technology based campus business park around the National Space Centre (incorporating 45,000 sqm technology space) at Abbey Meadows. Initially looking to create 2580 sqm incubator, 3670 sqm follow-on units and open up 3 ha for employment use. Part of a mixed-use development that will also deliver over 1000 waterside homes and expects to create 1800 jobs to attract high technology university graduates.

- 3.11 These interventions will lead to significant remodelling and a change of land use patterns in Leicester close to the City centre. In areas such as Waterside and New Community there will be a step-change to residentially-led, mixed-use development. The short term impact of this is the need to relocate a number of businesses to alternative sites in the City.

LRC Relocation Requirements

- 3.12 The LRC has already helped relocate a first tranche of businesses from the intervention area to alternative sites across Leicester. A good number of these have been (or are in the process of being) moved to Bursom Business Park in Leicester. However this is just the start of the moves, and more land will be required to accommodate further relocations.
- 3.13 LRC have provided a schedule of definite land and property requirements for the next tranche of relocations. There are currently 32 companies looking for a variety of space, from 250 sqm workshops through to 5000 sqm factories, as well as sites of between 0.05 and 0.8 ha. At standard development densities, these industrial requirements amount to a total land need of about 10 ha, two thirds of them preferring freehold acquisition of land and premises. Given that the LRC estimates that this amounts to just one third of the companies likely to need relocating to enable the regeneration of Leicester, the total land need is more likely to be 30 ha, of which 20 ha would need to be available freehold.
- 3.14 It is worth noting this because there is a shortage of employment land and premises in the City, and LRC will struggle to accommodate these businesses. This is a substantial amount of demand that could get displaced to surrounding locations such as Blaby. If displaced businesses cannot find an alternative location in the City, they will normally look to neighbouring locations, increasing the pressure on land and property in areas such as Blaby, Oadby and Wigston, Charnwood, etc.

Summary

- 3.15 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.

- 3.16 Leicester is considered to be underperforming as a city in terms of employment levels; economic growth; service sector activity. It has not generated office-based employment at levels achieved nationally.
- 3.17 Research underpinning the masterplan for the City's renaissance highlighted issues pertinent to Blaby's consideration of employment land provision – the lack of suitable premises; outdated building stock; difficulty in redeveloping brownfield sites; competition from out-of-town developments in neighbouring local authority areas.
- 3.18 The LRC's activities will significantly re-model and change land use patterns close to the City centre. As a result businesses have to be relocated from this part of the City. One tranche of businesses have already been moved within the City. There are currently a further 32 companies looking for industrial property, equating to some 10 ha of land. The LRC estimates the ultimate need from all further relocations will be around 30 ha, of which two thirds would be freehold requirements.
- 3.19 There is a well-recognised shortage of employment land and premises in Leicester, as evidenced by previous studies into the area (in Section 2.0), LRC research and BE Group analysis which shows a shortfall of over 60 ha. There will be problems in accommodating the LRC relocations, and the substantial demand arising could put pressure on adjacent areas such as Blaby, Oadby & Wigston and Charnwood.

4.0 BUSINESS PROFILE

Introduction

- 4.1 It is important to understand the nature of the economy in the District if the Council is to provide suitable employment opportunities to allow sustainable growth. For example there is need to try and provide employment land close to existing concentrations of businesses or in areas where companies want to locate.
- 4.2 This section therefore considers the size of the economy, where the businesses are, what type of businesses they are. It also considers how things may change in the future, given that this report is assessing land provision to 2016. By appreciating these aspects the Council is in a better position to facilitate economic development by allocating land in the correct locations.
- 4.3 The profile is a result of secondary research, drawing together a number of existing studies and background documents. It also uses demographic data to build the picture, given that there are no readily available answers to some of the key questions included within this section.

East Midlands

- 4.4 Blaby shares many characteristics of the wider East Midlands economy. This is an economy of low-productivity, low pay and low skill, although there are high rates of employment, when compared to other regions in the EU.
- 4.5 The region also has an above average proportion of employment in manufacturing, which suggests it is vulnerable to structural change as the national economy shifts towards the service sector.

Demographic Assessment

- 4.6 The District has 91,600 people (mid 2004 estimate), which is 14.7 percent of the County total. 82.4 percent of the working age population are in employment, compared to a national average of 74.4 percent. Unemployment is also low, below regional and national averages as Table 6 shows.

Table 6 - Unemployment Rates

Area	Unemployment Rate, percent
Blaby District	1.2
Leicestershire	2.9
East Midlands	4.3
Great Britain	4.8

Source: Annual Population Survey 2004 based on economically centre population

- 4.7 The District, in general, has a skilled workforce employed in higher value jobs as Table 7 illustrates.

Table 7 – Occupational Profile, 2005

Occupation	Percent Total All Employment	
	Blaby District	Great Britain
Managers and Senior Officials	18.5	14.9
Professional	12.1	12.6
Associate Professional and Technical	14.4	14.0
Administrative and Secretarial	11.3	12.6
Skilled Trades	12.9	11.2
Personal Service	9.6	7.7
Sales and Customer Service	6.7	7.8
Process Plant and Machine Operatives	8.2	7.5
Elementary	8.2	11.5

Source: Annual Population Survey (April 2004 – March 2005)

Economic Activity

- 4.8 As Table 8 shows the District's economy is diverse and covers all sectors from agriculture to business and professional services. However the strong service sector is slightly under represented (notwithstanding quite a large public sector) but this is growing steadily at the expense of manufacturing – a national trend, based on increasing globalisation. This is shown by the fact that 'Banking, Finance & Insurance, etc', 'Public Administration, Education & Health' and 'Other Services' account for 42.7 percent of jobs which is ahead of regional figures but behind the national proportion of 50.8. Distribution and logistics is a high employer, not surprising given the District's locational advantages, to illustrate 'Distribution, Hotels

& Restaurants' and 'Transport & Communications' at 39.3 percent of jobs is way ahead of the regional and national equivalents.

Table 8 – Standard Industrial Classification Breakdown

SIC 92	Employment Structure, percent jobs			
	Blaby	Leicestershire	East Midlands	England & Wales
Agric & Fishing	1.5	1.5	1.5	1.1
Energy & Water	0.8	0.7	1.1	0.8
Manufacturing	12.0	20.4	18.3	12.6
Construction	5.4	4.9	4.7	4.4
Distribution, Hotels & Restaurants	32.0	26.9	24.8	24.7
Transport & Communications	7.3	8.5	5.7	6.0
Banking, Finance & Insurance, etc	17.2	13.3	14.4	19.8
Public Administration, Education & Health	22.3	19.7	25.7	25.8
Other Services	3.2	4.3	4.4	5.2

Source: Annual Business Inquiry 2003, NOMIS, Crown Copyright 2005

Numbers and Sizes of Businesses

- 4.9 There is no definitive figure for the number of employers in the District, although an estimate can be made based upon a number of sources.
- 4.10 These include, for example, VAT and Valuation Office data. In 2004 there were 2585 companies registered in the District for VAT, however this will not pick up on very small companies operating below the minimum financial threshold, nor the corporate/national companies registered elsewhere. It will also include retail organisations, which are not the subject of this study. The Valuation Office state there are 1017 office, industrial and factory hereditaments in the District. The flaw with this latter data being that it will not include all occupiers within multi-let buildings. The Annual Business Inquiry indicates that there are 3283 businesses, on average 30 percent are non B1, B2 or B8 type operations (e.g. retailers) and therefore there are approximately 2300 relevant to this study.
- 4.11 Nationally over 96 percent of all businesses are classified as small (up to 49 employees according to DTI definitions). This percentage includes micro businesses

(up to 9 employees) and indeed the growth in numbers of businesses in the UK over the last two decades has been fuelled by increasing numbers of sole traders and micro businesses.

- 4.12 As Table 9 shows 81.4 percent of Blaby's businesses employ 1-9 people, close to the national average. 96.1 of the District's companies employ up to 49 people, almost identical to the national figure.

Table 9 – Business Size, by numbers of businesses

Area	Size of Workplace, defined by number of employees, percentage of total workplaces			
	1-9 Micro	10-49 Small	50-199 Medium	200+ Large
Blaby	81.4	14.7	3.3	0.6
Leicestershire	84.6	12.2	2.7	0.5
East Midlands	82.7	13.6	3.2	0.5
Great Britain	83.3	12.9	3.0	0.8

Source: NOMIS, Annual Business Inquiry 2003

Geographic Location

- 4.13 Businesses and employers in the District are distributed relatively evenly throughout the area. Reasonable evidence of this is provided by Valuation Office hereditament statistics at ward level for Blaby. Table 10 shows that Enderby and St John's has the highest concentration with 17 percent of all properties, based on the presence of Mill Hill Industrial Estate and Grove Park there.
- 4.14 The importance of rural areas as defined by Department for Environment, Food and Rural Affairs is shown by the fact that just four wards account for over 150 properties within this area, there are proportionally more industrial units than offices.

Table 10 – Valuation Office Hereditaments Ward Location

Wards	Offices	Industrial/ Warehouse
	Number of units	Number of units
Blaby South	18	25
Cosby with South Whetstone	12	81
Ellis	10	31
Enderby and St John's	72	100
Fairestone	3	5
Forest	11	6
Millfield	3	7
Muxloe	8	4
Narborough and Littlethorpe	16	63
North Whetstone	30	39
Pastures	10	2
Ravenhurst and Fosse	6	17
Saxondale	41	90
Winstanley	62	63
Urban	308	533
Rural	25	127
Counteshorpe	11	34
Croft Hill	3	16
Normanton	1	26
Stanton and Flamville	16	51

Source: Valuation Office 2004 / DEFRA

Business Clusters

- 4.15 In its sub-regional economic strategy the LSEP identifies a number of priority industry sectors that are to be promoted and developed (Table 11). These are broken down into those that are directly relevant to this study, because they generally occupy B1, B2 or B8 space, and those that are not, although elements of the public sector will be occupying office accommodation and cannot be wholly excluded. These industries have been chosen by the LSEP as they are going to be the primary drivers of the sub-region's economy in the future generating quality jobs, high added value and strong growth, or are existing strengths.

Table 11 – LSEP Priority Sectors

Relevant Sectors	Other Sectors
Finance and Business Services High Tech Industries Food and Drink Clothing and Textiles Creative and Cultural Industries Logistics and Transport	Tourism Sport Development Public Sector and Higher Education

Source: Leicester Shire Economic Partnership

- 4.16 The research suggests that finance and business services are forecast to be the dominant performer. Leicester City is expected to benefit from most of them, but the District of Blaby will still see impressive gains. Even though manufacturing is on the wane, certain sub-sectors such as high-tech manufacturing are expected to experience employment growth. Although clothing and textiles and food and drink will see one in three jobs lost over the period, productivity gains will mean increased value-added created as a result of more efficient operations and activities as these industries move more towards the service sector.
- 4.17 The on-going regeneration and development of central Leicester is fundamental to realising the potential of the sub-region’s fledgling cultural and creative industries, which are currently under represented according to regional and national averages. Logistics and transport will provide continuing benefits to the economy.
- 4.18 There is though a continuing shift to the office sector by all high growth sectors, and they tend to employ highly skilled personnel, who also want somewhere nice to live. One of the surprising things about these growth sectors is that their property needs are often not much different to those of the wider business population. There will be some exceptions, e.g. laboratories for certain research companies, but not many.
- 4.19 Leicester City Growth Strategy research (which although it looked at Leicester City, is applicable here as well) has shown that there is a wide range of industrial clusters each with its own set of needs regarding premises. Table 12 is illustrative of the scope of these needs which must be met to provide the range of opportunities required to see these economic sectors thrive and develop.

Table 12 – Cluster Premises Needs

Industry	Type of Business	Typical Type of Space
Food processing	National secondary processing operation	Up to 10,000 sqm with good access to the road network and a supply of low cost labour. Must meet the specialist requirements of food production units.
	Supply chain operation	Up to 3000 sqm preferably near to national secondary processing units. Must meet the specialist requirements of food production units.
Creative industries	Software / design / fashion / agency	Affordable units up to 60 sqm would consider space above shops. Broadband essential. Would prefer units within a multiple tenancy facility of around 3000 sqm dedicated to creative industries.
Call centres	Large multi-national operators, likely to be from inward investment.	500 to 5000 sqm of industrial / manufacturing space with good access to road network, would consider affordable space in secondary locations.
Financial services	Local independent business, i.e. solicitors, accountants or brokers	200 to 400 sqm can be located above high street shops, or at ground floor level with local commercial centres.
	National financial services businesses, likely to be from inward investments	2000 to 4000 sqm of high spec office space with access to specialist labour and transport networks.
Logistics	Local / regional / national distribution and logistic operators	5000 to 60,000 sqm (dependent upon the size and type of operator) closeness to road network and access for articulated vehicles vital.
Life sciences	National advisory businesses	2000 to 4000 sqm of high spec office space with access to specialist labour and transport networks.
	Biotech and bio manufacturing / R&D operators	2000 to 5000 sqm purpose built lab space divisible upwards of 10 sqm located in branded parks with access to specialist labour and within vicinity of University or existing operators.

Source: City Growth Strategy Leicester Final Report 2004

The Future

- 4.20 EMDA employment forecasts that cover the period to 2015 for Blaby indicate an employment gain of 5.1 percent (from 2005). They have also looked at different employment sectors and considered how these will fare to 2015. As Table 13 shows, the service sector increase will continue. Sectors that will decline include: 'Textiles and Clothing', 'Paper, Printing and Publishing', however it should be noted that these forecasts are based on historic trends and take no account of the public sector's

interventionist strategy that will radically alter Leicester's (and the surrounding area's) economy in a positive manner.

Table 13 – Sectoral Employment in Blaby

Sector	Employment, 000s		Percent Change 2005-2015	Employee Change
	2005	2015		
Communications	1.07	1.50	39.7	+430
Banking & Insurance	3.03	3.46	14.0	+420
Business Services	3.90	4.42	13.3	+520
Health	2.34	2.85	22.0	+510
Other Services	1.87	2.38	27.1	+510
Metals	0.90	0.79	-12.3	-110
Textile & Clothing	0.25	0.07	-70.7	-180
Paper, Printing & Publishing	0.36	0.31	-13.4	-500
Other Financial & Business Services	0.78	0.48	-38.3	-300

Source: EMDA and Experian 2005

- 4.21 In conjunction with this economic forecast it is worth reiterating some of the findings of the Government's Foresight programme - a think tank predicting future trends and influences on the UK's socio-economic environment.
- 4.22 It expects that structural forces at work in the economy will create an explosion of SMEs (small and medium enterprises) in the near future. Currently the UK has around 3.75 million such businesses. This rapid growth and change will be driven by:
- Computing and communication technologies
 - Advances in other technologies such as material sciences and biotechnology
 - Growth in knowledge-intensive work supplanting labour-intensive industries
 - The rise of intellectual capital as the key value creation.
- 4.23 This will lead to new opportunities for SMEs throughout the Country, trends that will occur in Blaby as well. Many more will be in technology intensive sectors. Other opportunities will arise from large corporations outsourcing, spinning off departments or investing in start-ups. There will be parallel opportunities in the public sector – in health, caring services for the elderly and the disabled.

- 4.24 The size of the SME population will have grown to at least 4.5 million by 2010. The majority of today's SMEs will not exist in 2010 and the majority of SMEs that will exist in 2010 do not exist today. This will obviously lead to very dynamic business profiles in all areas increasing the emphasis on planning policy to be equally dynamic and flexible.
- 4.25 We will also see new ownership patterns (with more companies owned by women, minorities, and people in their 20s and 60s); intangible assets as the main drivers of value; SMEs acting in collaborative groups, in procurement for example; access to more financing options; and proportionately more companies trading internationally.
- 4.26 This business growth, predicted above, is already happening in the District, for example, there are now 2585 VAT registered businesses in Blaby, a 9.8 percent increase from 1998 (see Table 14), which is higher than the equivalent change at County, region and national levels – illustrating the entrepreneurial nature of the District's population. Between 2000 and 2004 on average there have been 248 new VAT registrations each year. Very roughly this equates to 10 percent of the business stock. However, taking into account the deregistrations, there have been on average a net addition of only 29 businesses each year.

Table 14 – Numbers of Businesses by VAT Registrations

Area	Number of VAT Registered Businesses		Change, percent
	1998	2004	
Blaby	2,355	2,585	9.8
Leicestershire	19,110	20,640	8.0
East Midlands	114,465	123,955	6.6
Great Britain	1,628,335	1,752,780	7.6

Source: Small Business Service 2005

Summary

- 4.27 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 4.28 The socio-economic conditions in Blaby are reasonable, based on a diversified economy that has reacted well to the structural decline of manufacturing. There has been a reasonable shift to more dynamic, sustainable employment – distribution, professional services, etc. Having said that, manufacturing whilst in decline, remains

important, and certain sub-sectors will grow in the future – high technology, some textile activities, food technology. There is also an entrepreneurial, small business sector. And, due to its location close to Leicester, which is about to undergo economic renaissance, prospects are good.

- 4.29 It is estimated that there are about 2300 businesses relevant to this study in the District. As in all areas, most companies are either micro-businesses, employing less than ten people, or small businesses, employing up to 50. The increasing dynamism of business is increasing the need for small, flexible property solutions. There is a reasonable proportion of business in the rural part of the District – approximately 15 percent, particularly companies in industrial premises.

5.0 PROPERTY MARKET – GENERAL

Introduction

- 5.1 Prior to analysing the District's property market by the individual components of sites, industrial and offices – we provide commentary relating to the overall market situation.
- 5.2 This section also includes research about the City of Leicester because of the close relationship between the City and the District, the two cannot be divorced. And although the focus of these studies is Leicester, really one needs to think of a larger area that incorporates not only Leicester but also the more urban eastern half of Blaby (an area covers the Leicester and Leicestershire Urban Area (LLUA) and the M1 corridor), which shares many of the same strengths, weaknesses, opportunities and threats.

Leicestershire Chamber of Commerce and Business Link

- 5.3 The Leicestershire Chamber of Commerce and Business Link view is that there is a lack of employment land in this area, and there is a serious issue surrounding the re-use of brownfield employment sites where many of the buildings are at the end of their economic life. The cost of demolition and rebuild far outweighs the potential returns from development for modern space, therefore public sector support is required.
- 5.4 They also think that there is also a shortage of people and housing to cope with the existing number of jobs (there is a skills mismatch) and those to be created in the future from the various regeneration efforts and investments, e.g. NHS, Leicester City Centre office redevelopment, retail improvements.

Leicester Business Voice

- 5.5 Leicester Business Voice was established five years ago to promote the views of local businesses to the public sector, in a similar way to the Chamber of Commerce. They recognise that traditional industries are in decline and have contributed to the large amount of vacant, low quality space much of which is being redeveloped for housing, especially in the LLUA. Other concerns include the poor quality of life in the area – poor schools; graduates leave rather than stay; traffic congestion.

Invest Leicestershire Enquiries

- 5.6 The prime public sector agency with regard to sites and premises marketing and/or enquiry handing is Invest Leicestershire.
- 5.7 The economic driver of Leicester and its role in the wider region, as well as the wide ranging inward investment marketing activity of Invest Leicestershire is well illustrated by the breakdown in enquiries received by them for Leicestershire and Leicester. As Table 15 indicates.
- 27.5 percent from Leicestershire
 - 20.4 percent from the City
 - 43.0 percent from outside the East Midlands.

Table 15 – Invest Leicestershire Enquiries Source for Whole Sub-region

Source	2001	2002	2003	2004	Total	Percent
Leicestershire	127	117	87	132	463	27.5
Leicester	106	102	72	64	344	20.4
Rest East Midlands	33	27	33	26	119	7.1
Rest UK	112	90	107	71	380	22.6
Overseas	104	95	83	61	343	20.4
Not known	10	11	8	5	34	2.0
Total	492	442	390	359	1683	100.0

Source: Invest Leicestershire

- 5.8 Between 2001 and 2004 Invest Leicestershire received almost 700 enquiries for the District, industrial premises accounted for over half, with relatively few land requirements, as Table 16 shows.

Table 16 – Invest Leicestershire Enquiries Type – Blaby

Sector	2001	2002	2003	2004	TOTAL	Percent
Office	90	65	51	48	254	37.4
Industrial/ Warehouse/ Workshop	75	95	90	91	351	51.7
Land	21	31	18	4	74	10.9
Total	186	191	159	143	679	100.0

Source: Invest Leicestershire

5.9 As Table 17 below shows, most enquiries are for premises at the smaller end of the spectrum:

- Below 500 sqm for offices
- Below 500 sqm for industrial, with some demand above this level
- Some very large land enquiries.

Table 17 – Invest Leicestershire Enquiry Sizes – Blaby

Type	Size Band, sqm					Total
	0-499	500-999	1000-1999	2000-4999	5000+	
Office	175	36	21	14	8	254
Industrial/ Warehouse/ Workshop	109	69	67	71	35	351
Land Size Band, ha	0-2.0	0.21-4.0	4.1-8.0	8.1-20.0	20.1+	Totals
Number	7	12	7	12	36	74

Source: Invest Leicestershire

5.10 Although (and reflecting its City role) Leicester dominates the enquiries that Invest Leicestershire receive, with almost a quarter of applicants are looking for premises in the City, Blaby is the second most popular location. This is due to its good motorway connections and close relationship to Leicester.

Table 18 – Invest Leicestershire Enquiry Locations

Location	2001	2002	2003	2004	Total	Percent
Blaby	190	198	180	149	717	17.7
Leicester City	302	253	243	195	993	24.6
Oadby & Wigston	89	111	114	92	406	10.0
Charnwood	165	168	159	135	627	15.5
Harborough	59	65	73	58	255	6.3
Hinckley & Bosworth	79	113	104	90	386	9.6
Melton	21	29	34	17	101	2.5
North West Leicestershire	156	161	139	99	555	13.7
Total	1061	1098	1046	835	4040	100

Source: Invest Leicestershire

Inward Investment

- 5.11 One of Invest Leicestershire's main remits is the promotion of Blaby, the rest of the County and the City of Leicester, sourcing inward investment enquiries from around the UK and internationally. However inward investment has changed from the 1980s scenario. No longer is it about major multinationals investing millions in major manufacturing plants, eg: Toyota. The situation has moved onto acquisitions and joint ventures, and smaller, service sector investments, eg: regional sales offices, consultancy practices.
- 5.12 Since 1997 Invest Leicestershire have achieved seven successes in Blaby (out of 83 in total) creating or safeguarding 2098 jobs. Three of these are reinvestments from Leicester itself, and there is one company included twice, which has invested and then invested again. There is an even split of the total jobs between the industrial and office sectors. Throughout the sub-region there is a strong demand for freehold property; a perceived shortage of quality sites and premises; and companies' preference to stay very local if they have to relocate, because they want to keep their staff.

Table 19 – Invest Leicestershire Blaby Successes

Year	Company	Origin	Sector	Jobs Created/ Safeguarded
1998	AD Aerospace Finishes	Netherlands	Aerospace	23
1999	People's Choice	Manchester	Call Centre	600
2000	SR Communications	London	Direct Marketing	150
2001	Extrusion Dies Inc	USA	Engineering	10
2002	Samworths	Leicester	Food Production	900
2002	Boden	London	Warehousing	350
2002	Britannia Labels	Leicester	Printing	25
2004	Samworths	Leicester	Food Production	40

Source: Invest Leicestershire

- 5.13 As Table 20 shows, Blaby does relatively well in attracting its share of inward investment, ranking third behind Leicester and Charnwood. Although as the few successes show inward investment is actually quite a small component of the property market as a whole, when you consider how many investments occur annually by local businesses.

Table 20 – Distribution of Invest Leicestershire Successes

Area	Number of Successes
Blaby	8
Leicester City	38
Charnwood	14
Hinckley & Bosworth	7
North West Leicestershire	7
Harborough	5
Melton	2
Not Known	2

Source: Invest Leicestershire

City Growth Strategy Research

- 5.14 Since 2000 there has been over 5800 inward investment projects within the UK. Forecasts suggest that inward investments can be expected to continue at the rate of about 1000 projects per year.

Table 21 – Inward Investment Industry Projects

Sector	UK Competitive Position	UK Projects since 2000	Expected Annual Projects	Key Types of Investment
ICT	Strong (declining)	1500	>200	Call centres, software design and production, training, recruitment and sales offices.
Tourism	Very strong (increasing)	1300	200	Increasing foreign investment in hotel/conferencing, casinos, leisure and arts centres
Financial Services	Strong (declining)	1100	220	Call and telemarketing centres, office facilities and UK corporate head office buildings.
Media	Extremely strong (stable)	870	150	Film and broadcast media production, printing and fulfilment and call centres.
Food and drink	Strong (consistent year on year)	700	150	Production and processing plants for baked goods, dairy and confectionary, R&D and logistics.
Electronics	Weak (declining)	370	40	Opportunities for R&D, sales and marketing, training and head office buildings.

Source: City Growth Strategy Leicester – Research and Business Engagement 2005

- 5.15 The research also reviewed Leicester's (and the wider area's) competitive strengths and weaknesses against the requirement of a range of inward investments to identify the types of project where the LLUA has competitive advantage over other City Growth Strategy locations.
- 5.16 Project types where the LLUA has a good competitive position include:
- Financial services operations
 - Food manufacturing and processing
 - Distribution centres
 - Printing facilities.
- 5.17 The LLUA also has a potential competitiveness for project types including:
- Cost-driven software design and development (quality-driven projects are likely to go to London or Manchester)
 - Cost-driven and/or space related electronic R&D
 - Cost-driven call centres
 - Low-cost and/or strategically positioned tourism.

Independent Review of Public Sector Relocation

- 5.18 As part of Sir Michael Lyon's Independent Review of Public Sector Relocation, a comparative assessment of 102 potential locations was also carried out. This provided an objective high-level assessment of the relative merits of alternative locations for public sector activity. A wide range of locations were considered, appraising factors such as labour markets, property markets and quality of life.
- 5.19 Six types of public sector activity were considered to assess their respective suitability for each location. These were:
- Information support contact centres
 - Interactive contact centres
 - Back offices
 - Higher value back offices
 - Policy functions
 - Science functions.

5.20 The review concluded that Leicester (and hence the LLUA) ranks in the top quartile for each of these six types of activity.

Property Supply

5.21 A definitive schedule of the vacant floorspace being marketed in the District has been compiled from Invest Leicestershire databases, physical survey, a trawl of commercial property agents and consultation with other stakeholders.

5.22 Separate lists for vacant, available industrial (including warehouses and workshops) and office space have been included at Appendix 2. In such a dynamic market, and given the scale of the commission, the figures should be taken as approximate only, but more accurate than the Invest Leicestershire database. For ease of reference sqft has been used in this subsection.

Industrial

5.23 Table 22 shows that there is just under 200,000 sqft of vacant industrial floorspace, with availability in most size bands, although there are no properties above 40,000 sqft.

Table 22 – Amount of Vacant Industrial Property in Blaby

Size Band, sqft	0-1000	1001-2000	2001-5000	5001-10,000	10,001-20,000	20,001-50,000	50,001+	Total, sqft
Floorspace	2339	1326	11,149	23,889	79,471	73,354	-	191,528
Number	5	1	3	4	5	2	-	20

Source: BE Group

5.24 Only one property, Unit 19B, Meridian Park can be classed as primary accommodation, the rest is secondary and on the lower profile industrial estates. No premises are available freehold. There are only three 'rural' options, all in Stoney Stanton.

Offices

5.25 Table 23 shows that there is just over 100,000 sqft of vacant office floorspace in 28 properties, with availability across all sizes bands, although nothing available above 17,000 sqft.

- 5.26 Only six of these are available freehold. There is a good range of new, primary accommodation as a result of developments at Meridian Park and Grove Business & Distribution Park. There is only one 'rural' option (again in Stoney Stanton).

Table 23 – Amount of Vacant Office Property in Blaby

Size Band, sqft	0-500	501-1000	1001-2000	2001-5000	5001-10,000	10,001-20,000	20,001+	Total, sqft
Floorspace	974	1701	7110	25,990	53,585	17,000	-	106,360
Number	4	2	5	7	9	1	-	28

Source: BE Group

Valuation Office Data

Industrial

- 5.27 According to Valuation Office (VO) statistics there are 669 hereditaments in the District, totalling 731,000 sqm. Out of all this space there are only 20 vacant premises totalling 17,793 sqm (from Table 22 above). This suggests an overall occupancy rate for the whole District of 98 percent by floorspace, 97 percent by premises numbers.

Table 24 – Valuation Office Statistics 2004 – Factories and Warehouses

Area	Number Hereditaments	Area, sqm	Average Size, sqm
Blaby	669	731,000	1093
Leicestershire	6379	6,808,000	1067
East Midlands	43,666	40,709,000	932

Source: Valuation Office

- 5.28 The data also shows that the average size of premises is 1093 sqm, above County and regional averages, and which will be linked to the strong distribution sector (Table 24). Per head of population there are 137 people per industrial unit, a far lower ratio than in Leicestershire or the East Midlands, again an indication of the size of the distribution sector.

Office

- 5.29 There are 348 office hereditaments in the District, totalling 183,000 sqm. Out of all this space there are only 28 vacant premises totalling 9881 sqm (from Table 23 above). This suggests an overall occupancy rate for the whole District of 95 percent

by floorspace, and 92 percent by premises numbers. Due to the speculative floorspace being built at Grove and Meridian Parks, these statistics are slightly lower than they should be (compared to other areas), given the strength of the market.

Table 25 – Valuation Office Statistics 2004 – Offices

Area	Number Hereditaments	Area, sqm	Average Size, sqm
Blaby	348	183,000	526
Leicestershire	2703	685,000	253
East Midlands	19,950	5,178,000	260

Source: Valuation Office

- 5.30 Table 25 also shows that the average size of office premises is 526 sqm, which is more than twice the equivalent County and regional figures, and will be linked to the major office parks in the District, and headquarter facilities for organisations such as Next, Alliance & Leicester, NHS, etc.

Modern Occupier Needs

- 5.31 At this stage we consider what modern businesses are looking for in terms of their property, as well as what those developers providing space for them regard as important characteristics of the sites they build on.
- 5.32 There are two key property sub-markets to consider in understanding the demand for premises. The first is the demand from companies looking for sites for their own occupation; the second, which is necessarily derived from the first, comes from specialist property developers who will provide solutions for these companies, either through speculative or designed build development.
- 5.33 Most end-user companies looking for accommodation prefer occupying an existing building to either organising the construction of one for themselves or entering into a design and build agreement with a developer. This is due to the management time and hassle involved; while it is also difficult to rationalise and visualise such an important acquisition off-plan, hence the benefit of speculative development.
- 5.34 Having premises built requires a long lead-time to cover the planning, negotiation and construction time involved. Furthermore not every company wants a brand new building, partly because they are generally more expensive than second hand ones.

- 5.35 However the recent combination of low interest rates and the depressed stock market has led to an unusually large number of companies looking to own their premises. One route to achieving this is by developing their own site, especially if they cannot find a suitable freehold property. Most requests are for small sites of less than 0.4 ha in size, because most companies (90 percent) are relatively small (under 10 employees).
- 5.36 Although design and build options can be convenient, they are quite expensive because the controlling developer makes its profit not only on the land sale, but also on managing the building process. Consequently if the company is able, it prefers to buy land direct and organise building contractors itself. This is especially the case with lower value added industries where high quality buildings are of secondary importance. However without strong planning control this scenario can lead to business areas of lower aesthetic value and layout, as each company considers only its own site and property – there is no overall co-ordination of the estate or park.
- 5.37 Developers acquiring sites consider the nature of the market, as outlined above, as well as the potential for speculative development, i.e. riskier, supply-led, rather than demand-driven construction.
- 5.38 They also prefer to acquire prominent, (easy to develop) greenfield sites close to arterial roads or motorways because irrespective of sustainable transport policies, private transport still predominates. They naturally want land that is attractive to end-users.
- 5.39 Furthermore property development is intensely entrepreneurial and extremely price sensitive. So although land may be available on the open market, if it is at too high a price, then the developer will not acquire it. This activity is fraught with market failure in general, with for example, land held back by owners looking to redevelop for higher value uses in the future or those looking for 'hope value' from public sector regeneration proposals.
- 5.40 Following on from this, it is worth reiterating the commentary about the needs of companies operating in the target cluster sectors. Contrary to common belief, it is only a very small percentage of companies that need specialist property of one form

or another, whether that be a food processor requiring special drainage systems or an environmental technologist needing laboratory space.

- 5.41 Far more important for the high technology, knowledge economy growth sectors is the availability of skilled labour supply, networking opportunities, training and business support. Their property needs are very similar to the vast bulk of the business population.

Summary

- 5.42 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 5.43 There is a lack of employment land in the eastern, urban area of Blaby surrounding Leicester as well as a legacy of poor quality property due to the decline of historic manufacturing industries (mainly in the LLUA). Irrespective of this, demand for industrial space remains strong and higher than for offices. As in most areas, freehold property is much sought after.
- 5.44 Based on its location close to Leicester and the presence of the M1 the District is a popular business area and has good occupancy rates. Most enquiries are local and tend to be for small units. Blaby is also an attractive inward investment, with positive prospects for the future based on changing patterns of investment, the regeneration of Leicester and the potential to attract certain key target markets. However inward investment is actually quite a small part of the property market as a whole.
- 5.45 Although there are new, good quality offices under construction there appears to be an overall shortage of such space, with few premises under 100 sqm or above 1000 sqm. There is also a problem on the industrial side: a lack of small workshops under 200 sqm and large properties of above 4000 sqm, the latter a concern given Blaby's strength as a distribution location.
- 5.46 Modern businesses (and developers) want easily developable, accessible, prominent sites for their premises. They move from existing property to provide themselves with better, more efficient, cost effective accommodation of an appropriate size.

6.0 PROPERTY MARKET– ANALYSIS

Introduction

- 6.1 This section considers the supply and demand conditions prevalent in the property market in the District. It is important to consider this as a prelude to understanding the need for land, as the demand for land is essentially derived from the demand for property.
- 6.2 The analysis is broken down into two sections: industrial and offices. Industrial space, in this instance, refers to accommodation for manufacturing, storage, distribution and warehousing purposes, together with smaller workshop premises.
- 6.3 These findings are primarily derived through consultation with private sector stakeholders, and although some findings are contradictory, they are drawn together in the summary at the end of this section. It should be noted that these stakeholders consider the District's property market (especially the urban part to the north) to be an extension of the City of Leicester's with similar issues to those suburbs on the periphery of the City. Due to the nature of their business and relative strengths of the District, most of their activity tends to be in the urban areas to the east, with less involvement in the more rural parts of the District.

Industrial

- 6.4 The private sector property stakeholders consulted made a wide range of comments covering all aspects of the market. To best illustrate the weight of feeling their views have been summarised in Table 26.
- 6.5 To summarise what those consulted thought, even though manufacturing is contracting there remains very strong demand for industrial property in the area. This in turn leads to strong demand for land, of which there is a shortage. There is demand for all types and sizes of property – both new and second hand, large and small.
- 6.6 Most demand is actually for small units, up to 1000 sqm. Larger buildings, anything above 5000 sqm, operate in the regional distribution market and will also find an occupier. Much of the demand is essentially from a local market reliant on

businesses relocating to more modern, or different sized, premises. However there is also a more regional market based on the District's location astride the M1.

- 6.7 There is a shortage of readily developable industrial land that all recognise, especially allied to the strategic highway network, which is where modern industrial companies would like to be located. It should be noted however that this is leading to highways capacity problems around the main motorway junctions due to increasing development and the traffic it generates.

Table 26 – Property Market Stakeholder Comments – Industrial

Contact	Comment
Local Developer	General shortage of industrial employment land
Regional Agent	Good demand for freehold space. Limited involvement as Birmingham based
Local Agent	Severe lack of development land in Leicester and surrounding urban areas, former employment areas have been lost to industry (which is correct because they are uneconomic) however replacement land has not been found Real shortage of all types of space up to 5000 sqm, especially freehold
Regional Agent	Strong demand for industrial units, they tend to let and sell very quickly, especially units up to 200 sqm
Local Agent	Older factory premises are now redundant for economic use
Local Agent	Few enquiries at the moment
Local Agent	Strong demand for freehold space
Local Developer	Generally deals with older, former manufacturing space, whole sector in decline and very difficult to let space Now going for alternative uses such as services and wholesale
Regional Agent	Numbers of enquiries are increasing, industrial premises in greater demand than office
Local Agent	Rising numbers of enquiries, have recently let or sold all their available premises
National Agent	Lack of land throughout the sub-region Strong indigenous demand up to 500 sqm, larger units take longer to let or sell Industrial uses gradually being forced out of the LLUA as values rise and redevelopment takes place, looking for alternative accessible locations on outskirts Old textile areas are now really struggling as Far East competition bites, consequently lots of poor quality, vacant space which is lying derelict, lying underused or being redeveloped for housing Residential redevelopment is occupying former industrial stock, but this is mainly in poor quality space, which is difficult to re-use for employment, e.g. multi-storey mills

Contact	Comment
Regional Developer	Have a portfolio of 80 properties through the region, ranging from small workshops to large warehouses. All are fully let, whenever units come to market they find occupiers very quickly, especially freeholds
Local Agent	Mainly retail agent with some commercial space, very few enquiries, none for manufacturing
Regional Agent	Industrial market is stronger than office, especially for small units to 500 sqm and freehold space
Regional Agent	Very good demand for industrial in the whole sub-region, recently acquired and sold a 15 ha site just outside Leicester to a single occupier. For the last 40 years there has been an under supply of employment land, more needs to be allocated preferably close to the motorway or highway network Leicester and the surrounding urban areas need one or two large 40 ha sites rather than taking the piecemeal approach favoured in the past
National Agent	Good demand
Local Developer	Bulk of industrial demand is for units of 100-400 sqm
Regional Agent	There is a shortage of industrial land and freehold properties Good demand for units up to 500 sqm
Local Agent	If modern, small light industrial units are created they will find occupiers very quickly Real shortage of all types and sizes of industrial space Market constrained by a lack of land, which is forcing prices up, leading to its development for higher value uses (i.e. office and residential) to make its purchase viable
Local Developer	Healthy demand for large, motorway related sites with good access
Regional Developer	Tremendous demand for industrial units of all sizes, recently completed a 5000 sqm speculative scheme where all the units were pre-let off-plan prior to their completion LLUA struggling because too much land has been lost to residential uses forcing demand outwards
Local Agent	Demand for industrial greater than for office, extremely high demand for freehold space
Local Agent	Specialises in marketing older factory premises, demand is weak and lots of space lies empty, rents falling and some going for residential redevelopment No manufacturing anymore, premises are being occupied by service sector
Local Developer	Have a large number of units throughout the sub-region, over 100 and only one available, demand is very good in part because they keep rents low Land shortage is creating inflated prices
National Agent	Development hot-spots in the East Midlands are driving up wages and forcing logistics operators to look elsewhere, although this is most marked in the 'golden triangle' near Rugby and Lutterworth. Occupiers now looking at South and West Yorkshire.

Contact	Comment
National Agent	<p>Poor land supply and ensuing rising prices has dampened industrial demand, especially over the last three to six months</p> <p>Second hand market now increasingly expensive due to property shortages, there is also a lack off good quality space of this type leading to companies relocating out of the sub-region</p> <p>Manufacturing is dead on its feet, there remains some specialist textiles manufacture, but the industry is now primarily design focused with production outsourced abroad</p> <p>There is also still some food manufacturing, but this is also now being lost to imported goods, for example one company finds it cheaper to import samosas than make their own</p> <p>Engineering and printing is still strong, and there are a number of high tech businesses doing well</p>

Source: BE Group

- 6.8 Businesses now demand short, flexible lease terms, which, dependant upon the size of the unit, range from typically 10 years with a break option after five years, for anything above 2000 sqm, to three years for units between 200 and 500 sqm.
- 6.9 Consequently it is a combination of these factors, plus schemes with good car parking and security, that generate strong demand.
- 6.10 There is also a lack of freehold space. The strong demand for this type of property is a relatively recent phenomenon influenced by low interest rates and the underperformance of the stockmarket. This is driving two areas of demand. Firstly, company owners investing their pension funds into their business' property rather than the equity market in anticipation of greater gains. Secondly, private property investors expanding their residential buy-to-let portfolios by acquiring commercial interests. The preceding comments mirror a national trend.

Offices

- 6.11 The office market is also strong, although smaller than the industrial market. Due to Leicester's poor stock of accommodation, the District has been very successful in attracting occupiers, both from Leicester and the sub-region, to out-of-town, campus style, motorway-related office schemes. As the shortage of land causes prices to rise, developers are preferring office development because of the higher returns.
- 6.12 Consequently there is a plethora of good quality business park office schemes under development in the District and a lack of industrial and warehousing construction.

This strong performance is only likely to increase based on the regeneration efforts in Leicester and an expanding service sector.

- 6.13 For ease of reference property market stakeholders' key comments are summarised in Table 27.

Table 27 – Property Developers & Agents Comments – Offices

Contact	Comment
Local Agent	Strong demand for freehold offices Do not even have to use marketing boards, as they have waiting lists of enquiries
Regional Agent	There is great demand for motorway related locations Demand is generally for units of up to 200 sqm
Local Agent	Lack of space generally, especially freeholds
Regional Agent	Increasing office enquiries, although industrial is stronger market
Regional Agent	Office market is weaker than industrial, main demand is for small units to 200 sqm and freehold space
Local Developer	Good demand for motorway related campus offices
Local Agent	Good, modern, well specified schemes let well
National Agent	LRC pushing forward the office redevelopment of the City which will spin out into regions
Local Developer	Have a large number of small suites throughout the sub-region, only one available, demand is good
National Agent	Huge growth in office demand over last five years, and market has seen rents rise by 50 percent Weight of demand is for up to 200 sqm and often freehold Most demand is local, even for larger floor sizes, there is still little inward investment Lack of quality space has meant the LLUA has lost companies to neighbouring cities City centre market not helped by congestion and car parking issues; also residential developers are trying to develop properties for this use first before looking at office use, pushing companies out The sequential test is also constraining supply of offices – not all companies wish to be in the City centre, scope for Blaby.

Source: BE Group

- 6.14 However this sector is still perceived to be under threat from poor skilled workforce availability, outmoded stock, car parking issues and congestion and degraded environment.

- 6.15 There is a trend for out-of-town offices nationally, which is being replicated in the eastern half of the District, and is driven by a number of issues: companies requiring more efficient space, e.g. larger, open plan floorplates; a need for better accessibility, compounded by town centres' general car parking and congestion problems; a desire for better image and prominence; and the need to improve staff environments.
- 6.16 As for the industrial market, there is a strong demand for freehold space, and most need is at the bottom end, up to 200 sqm. There is also very strong demand for serviced office accommodation that provide small suites, on flexible terms, at all inclusive rates, taking away the sometimes cumbersome property management issues from small businesses.
- 6.17 In Table 28 we illustrate the performance of a limited number of office schemes, which shows the high occupancy rates common throughout the District. Two of these are rural, and illustrate how successful high quality rural conversions can be. Only one serviced office (The Old Rectory) and no managed workspace schemes have been identified.

Table 28 – Selected Office Schemes' Performance

Property Scheme	Total Floorspace, sqm	Unit Size Range, sqm	Occupancy Rate, percent	Comments
Dovecote Court, Potters Marston	700	45-175	100	
The Old Rectory, Glenfield	600	10-50	100	Serviced office, almost always fully let
High Cross Business Park, Sharnford	500	50-200	100	Vacant suites let immediately

Source: BE Group

Summary

- 6.18 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 6.19 There is a shortage of industrial employment land throughout the District, especially quality sites close to the M1 for B1 (light industrial), B2 and especially B8 uses. There is also strong demand for industrial space throughout the District, demand up to 1000 sqm from local businesses, and for large distribution units in the regional

market, where companies look for 10,000 sqm plus units, with some requirements even up to 30-50,000 sqm.

- 6.20 Blaby has a healthy office market, based on high quality, motorway-related developments, attracting occupiers regionally and competing well against the poor quality of stock in Leicester. Demand is generally for units up to 200 sqm.
- 6.21 There is also an unmet demand for freehold property in both industrial and office markets arising from the increasing trend towards commercial investment by private individuals and businesses, leading to a shortage of this type of space. As in the rest of the country businesses and employees are gradually improving their skills and therefore property needs to reflect higher aspirations and affluence. This is leading to greater demand for higher quality premises – both industrial and office.
- 6.22 Occupier demand is for increasingly flexible property options (e.g. short term leases, all-inclusive costs, easy-in easy-out) has led to good demand for serviced office accommodation and small workshops that provide this type of space.
- 6.23 The rural property market is perceived to be small with little activity compared to the more urban areas to the north east of the District. However there are healthy occupancy rates, especially for good quality schemes and need is generally for small offices up to 100 sqm, and workshops to 200 sqm.

7.0 EMPLOYMENT LAND

Introduction

- 7.1 There are two aspects that need to be looked at specifically. Firstly the existing portfolio of land in the District, not only how much there is, but also its quality, type, suitability and availability.
- 7.2 The District needs a balanced portfolio of land to accommodate a sustainable, growing economy that can respond to dynamic market conditions, changing business needs and working practices, including higher technology operations.
- 7.3 By initially establishing how much land there is, we must then, secondly, consider how much land is needed in the future (to 2016). This assessment is based on the roll forward of long-term trends in historic employment land take-up.
- 7.4 From the Leicestershire, Leicester and Rutland Structure Plan, it is established that the District should have a land supply of 146 ha to cover the period 1996-2016. This equates to an average take-up of 7.3 ha per year. 144 ha of this is to be achieved within the Central Leicestershire Policy Area, the remaining 2 ha in the Rest of Plan Area. It includes the allocation of 25 ha of Strategic Employment Site in the District, programmed for the period 2011-2016. In calculating the existing land supply and future needs it is important to set a base date for the analysis. For this report, that date is 31st March 2005.

Land Supply

- 7.5 The start point for the supply side assessment is the Council's monitoring data which identifies 16 sites with planning permission or allocated for employment uses, totalling 48.39 ha. These are identified in Table 30.
- 7.6 Table 29 schedules the location of each site; its size; provides comments on its current status (e.g. owner intentions) together with an assessment (by BE Group) as to when it might come forward for development or use. This assessment of timescale is based upon a number of factors – market demand, ownership situation, planning status, infrastructure and services required. Plans for each site are included in Appendix 3.

Table 29 – Employment Land in Blaby District

Site	Size, ha	Comment	Estimated Availability, years
Grove Business & Distribution Park, Enderby	21.70	Grove Park Ltd own Outline planning on all site Proposed High Quality Employment Site B1 and B2 no B8 uses Outline planning	0-1
Quarry Lane, Enderby	3.62	No development on shelf next to Quarry Lane Existing Conery and Seine Lane tree screens must be retained Vehicle access from Quarry Lane only Overgrown Former landfill site Poor ground conditions Open storage the most likely use B2 and B8 uses E7(ii) Planning application by Environ was withdrawn for an aggregate recycling facility in early 2005	5+
Grove Business & Distribution Park, Enderby	3.60	Grove Park Ltd own Outline planning on all site Proposed High Quality Employment Site B1 and B2 no B8 uses Detailed planning	0-1
Carlton Park, Narborough	2.91	B1 uses Detailed planning Alliance & Leicester own	0-1
Carlton Park, Narborough	2.52	B1 uses Outline planning Alliance & Leicester own	0-1
West of Cambridge Road, Whetstone	2.31	Expansion land for Alstom No public access B1, B2 & B8 uses E7(iii)	5+
Carlton Park, Narborough	2.10	B1 uses Detailed planning Alliance & Leicester own	0-1
Adjacent to M1, Meridian Park, Braunstone	1.89	Originally 5.54 ha Northern segment developed Southern segment undeveloped E7(iv) remainder B1, B2 & B8 uses	0-1

Site	Size, ha	Comment	Estimated Availability, years
		Adjacent M1 Wilson Bowden own	
Carlton Park, Narborough	1.33	B1 uses Detailed planning Alliance & Leicester own	0-1
Off Station Road, Stoney Stanton	1.26	B8 uses Detailed planning	1-3
Kirby Park Farm, Ratby Lane (Oak Spinney Park North), Kirby Muxloe	1.19	Samworth Brothers own Remainder Saladworks Retention of landscape and ecological features B1 and B2 uses Outline planning permission	0-1
Kirby Park Farm (Oak Spinney Park South), Kirby Muxloe	1.19	Samworth Brothers own Remainder Saladworks Requires landscaped belt to southern boundary Retention of landscape and ecological features B1 uses only Outline planning permission	0-1
Plot 5b, Meridian East	1.14	B1 uses Detailed planning for 2 x 2 storey offices Wilson Bowden own	0-1
Plot 5b, Meridian East	0.69	B1 uses Detailed planning for 3 x 2 storey offices Under construction Wilson Bowden own	0-1
Warrens Industrial Estate, Mill Hill Industrial Estate, Enderby	0.61	To be developed in association with adjacent landfill site Requires continued access from Mill Hill IE B1, B2 and B8 uses E7(i)	3-5
Land adjacent Couture Marketing, Station Road, Stoney Stanton	0.33	B1, B2 & B8 uses Outline planning	1-3
Total	48.39		

Source: Blaby District Council and BE Group

7.7 Many of these sites are high quality business park type developments targeting prestigious office developments. They include Grove Business & Distribution Park, Meridian East and Carlton Park.

7.8 The schedule includes a number of sites that are constrained in one way or another. 0.61 ha at Warrens Industrial Estate can only be developed in association with the adjacent landfill site; Quarry Lane, also in Enderby, has serious ground conditions and access issues and is likely to be used only for low grade open storage; while Cambridge Road, Whetsone is landlocked, potential expansion land for Alstom and not necessarily available on the open market. It is also likely that part of Carlton Park will be retained for use by Alliance and Leicester.

7.9 Therefore, in Table 30 a range of scenarios is presented for Blaby's land resource, considering the total supply initially and then altering it according to the various assumptions made above.

Table 30 – Blaby Land Supply Scenarios

Scenario	Cumulative Total Land Supply, ha	Comments
Baseline	48.39	Allocated sites and existing employment areas
Baseline less expansion land	42.08	Cambridge Road – 2.31 ha Carlton Park – 4.00 ha
Baseline less expansion land and potentially unviable land	37.85	Quarry Lane, 3.62 ha; Warrens Industrial Estate, 0.61 ha;

Source: BE Group

7.10 As Table 30 shows, in a best case scenario Blaby has just over 48 ha of employment land, and in a worst case only 38 ha, at the base date of March 31st 2005.

Geographic Distribution, Availability & Suitability

7.11 The vast bulk of the land (98.8 percent by area) is in close proximity to Leicester and is in the north of the District – there are few rural opportunities, only two relatively small sites in Stoney Stanton.

7.12 In Table 31 there is an analysis of the existing land supply by location and availability. This has been done to identify those areas with no available land at the moment and how this could change in the future. Over 83 percent is immediately available, within 0-1 years. Very little is constrained long term.

Table 31 - Location and Availability Assessment

Location	Availability, years				Total, ha
	0 - 1	1 - 3	3 - 5	5+ (& owner-specific)	
Kirby Muxloe	2.38	-	-	-	2.38
Enderby	-	-	0.61	3.62	4.23
Meridian Park, Braunstone	3.72	-	-	-	3.72
Grove Business & Distribution Park	25.3	-	-	-	25.3
Whetstone	-	-	-	2.31	2.31
Carlton Park, Narborough	8.86	-	-	-	8.86
Stoney Stanton	-	1.59	-	-	1.59
Total, ha	40.26	1.59	0.61	5.93	48.39

Source: BE Group

- 7.13 Much of the land is high quality and focused on B1 office development (and Grove Park is included in this based on discussions with the developers even though it does have planning for B2), as Table 32 shows. There is thus very little land actually available for B1 light industrial, B2 or B8 distribution uses, especially in highly accessible locations close to the M1.

Table 32 – Land Suitability

Type	Amount, ha	Percent
B1 office	35.99	74.4
B8	1.26	2.6
B128 various	11.14	23.0

Source: BE Group

Summary

- 7.14 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 7.15 The District has 16 sites totalling 48.39 ha of employment land recorded as available at March 31st 2005, after adjustment (and in a worst cast scenario) this land supply could fall to 37.85 ha.
- 7.16 The land supply is generally well located, being to the north and east of the District, close to Leicester and reasonably accessible to the M1. Although there are few rural

options, and they are all in Stoney Stanton, this is not really an issue, as rural growth is more dependant on property availability rather than land.

- 7.17 Neither is the availability of the land an issue, most is easily developable and can be brought forward for development quite quickly. However the orientation (if it is assumed that Grove Park will essentially be an office scheme) of the land to B1 office development is an issue. Although this matches forecasts of service sector growth and is much needed, it results in a lack of good quality B1 light industrial, B2 and B8 distribution options, still very important sectors to Blaby, and still very much in demand as previous sections of the report show.

8.0 COMPANY SURVEY

Introduction

- 8.1 There is a statutory emphasis on public consultation to help prepare the LDF and local authority strategies. The Council recognises this and a number of initiatives have been undertaken to do this in this study. Preceding chapters concentrate on consultation with the public sector and property market stakeholders. However there have also been attempts made to engage the local business community and other interested parties.
- 8.2 This empirical evidence is also supported by results from Leicester Shire Intelligence's six monthly business survey of a different sample the District's companies.

Methodology

- 8.3 A questionnaire (which is included in Appendix 4), with explanatory covering letter and pre-paid reply envelope, was sent out to 200 companies sourced from Data4Business databases. There are approximately 2300 companies in the District operating from B1, B2 or B8 premises or sites, so this is a reasonable sample, approximately nine percent.
- 8.4 We set out to achieve a minimum 40 percent response rate, based on previous experience.

Response

- 8.5 The unprompted response level achieved in excess of 22 percent – a better than average experience. Building on this we invested resources in follow up telephone calls and facsimiles to elicit better co-operation from businesses.
- 8.6 These actions significantly enhanced the numbers of responses as well as establishing those companies who have either ceased trading or no longer have a Blaby District address.
- 8.7 Overall 107 completed questionnaires have been received, over 50 percent of the total originally targeted, see Table 33.

Table 33 – Company Survey Responses

Total Questionnaires Issued	200	Percent
Received Responses	107	53.5
Too Busy / Unwilling	19	9.5
Companies Ceased / Moved	23	11.5
Still Awaiting (following reminder)	51	25.5

Source: BE Group

Company Size

- 8.8 From the 106 companies who indicated their employment size, 2500 people are employed. Of these less than eight percent (194) are part time employees.
- 8.9 The responses very much fit the profile of small company employment. Less than eight percent of the responding companies employ more than 50 people, whilst the majority (57 percent) employ ten or less. There is a corresponding breakdown in the size of premises occupied. Emphasis is much more on premises of 500 sqm or less.

Current Premises

- 8.10 Companies were asked to indicate the type of property they currently occupy i.e. offices; serviced offices; industrial; warehouse or high-tech space. Table 34 contains the responses which would indicate that half the companies are occupying industrial/warehouse accommodation. The other half are either in offices or working from home. There are none working from serviced offices or high-tech accommodation.

Table 34 – Responses by Premises Type Occupied

Type of Accommodation	Number	Percent
Office	39	37.4
Serviced Office	0	0
Industrial	34	30.8
Warehouse	22	19.6
High-tech/Lab	0	0
Site	0	0
Home	12	12.1

Source: BE Group

- 8.11 Companies were asked to indicate whether they were owner occupiers or lessees of property. To those whom it is applicable, slightly more rent their premises, 49 compared to 34.
- 8.12 Respondents were asked to comment on whether they were satisfied with their present accommodation, and if not to explain why. Table 35 shows that an overwhelming 87 percent are satisfied. Very few companies provided reasons for their satisfaction (or otherwise).

Table 35 – Satisfaction with Current Premises

Satisfaction with Premises	Number	Percent
Very Satisfied	53	49.5
Satisfied	40	37.4
Unsatisfied	10	9.3
Very Unsatisfied	1	1
No Comment	3	2.8

Source: BE Group

Future Accommodation Requirements

- 8.13 Companies were asked to indicate whether they were considering moving premises within either the next twelve months, or the next two to three years. 29 percent of the 107 indicated that this was the case, with half of them (16) proposing that this will happen within the next twelve months.
- 8.14 Our questionnaire invited those companies planning to move to indicate the amount of floorspace likely to be required. 31 companies (out of the 107 responding) cited the amount of space needed. In some instances a range of size was indicated. By adding these together we compile an overall need as shown in Table 37. Both gross and net figures are provided. The net figure takes into account the likelihood that the majority of the planned moves will release back onto the property market the premises presently occupied – to be reused by other businesses. Under both scenarios industrial need dominates.
- 8.15 This sample size has been accepted by comparable locations throughout the rest of the Country where similar exercises have been undertaken. Briefly, based on this sample size, one can be 95 percent confident that between 27 and 37 companies

would be looking for more property (compared to 31 in this sample) if the survey was carried out with an alternative sample of companies in the District.

Table 36 – Total Survey Property Requirements

Type	Number of Companies	Requirements, sqm			
		Gross		Net	
		Minimum	Maximum	Minimum	Maximum
Office / Serviced Offices	13	1200	3300	600	1100
Industrial / Warehouse	18	10,200	23,100	4000	10,200
Total	31	11,400	26,400	4600	11,300

Source: BE Group

- 8.16 We have accounted for the fact that although 200 companies were surveyed, only 107 responded and we presume that those companies that did not reply do not require new accommodation. And so when extrapolating the results to represent all the businesses in the District we use 200 as the sample size (and not 107). Thus the property requirements would need to be multiplied by a factor of 11.5 (because there are approximately 2300 B1, B2 and B8 businesses in the District). However, it should be noted that there was a slight skewing of the survey towards larger companies, which may have increased the overall property need a little.
- 8.17 The breakdowns of forecast future space needs by location within the District (and elsewhere), property type and size generated from the survey are shown in Tables 37 and 38. Each record is a different requirement and together they make up the totals in Table 36 above.

Table 37 – Gross Property Requirements by Location and Type - Offices

Area	Size, sqm	Quality & Tenure
M1/M69 Corridor	0-100	Moderate Freehold
Leicester City Centre	0-100	New Freehold
Blaby	0-100 200-500	New Leasehold Moderate Freehold
Anywhere District	100-200 100-200 100-200 200-500	Moderate Leasehold Moderate Leasehold New Freehold New Freehold Hi-tech/Lab

Stoney Stanton	0-100	Moderate Leasehold
Meridian Business Park	200-500	New Leasehold
South Leicestershire	100-200	New Freehold
South West Leicestershire	200-500	Moderate
Anywhere Leicestershire	0-100	New Leasehold
Total	1200-3300	

Source: BE Group

Table 38 – Gross Property Requirements by Location and Type - Industrial

Area	Size, sqm	Quality & Tenure
M1/M69 corridor	200-500	New Freehold
	200-500	Moderate Leasehold
	500-1000	Moderate Freehold
	500-1000	Moderate
	1000-2000	New Freehold
	2000-5000 x 2	Moderate Freehold
Anywhere East Midlands	1000-2000	Budget Freehold
Rothley	100-200	Freehold
Anywhere District	200-500	Moderate Freehold
Leicester City Centre	0-100	Moderate Leasehold
	0-100	Moderate Freehold
Anywhere Leicester City	200-500	Budget Freehold
North Leicestershire	100-200	Budget Leasehold
Blaby/Whetstone	200-500	Moderate Leasehold
	500-1000	Moderate Leasehold
West Leicestershire (Additional)	500-1000	New Freehold
Poland/Latvia	1000-2000	Moderate
Total	10,200-23,100	

Source: BE Group

8.18 Tables 37 and 38 show the similar levels of demand (in terms of numbers of requirements) for industrial and office space, although the individual industrial requirements are generally larger (200-1000 compared to 0-500 sqm). Table 37 also illustrates the equal preference of office occupiers between freehold and leasehold space and between moderate and new quality specifications. Those seeking industrial space tend to be looking for moderate quality freeholds, there were also

three after budget accommodation. Only one company is looking for 'high-tech' space, and one for an open storage site of 0.4 ha

- 8.19 Both industrial and office requirements are relatively footloose. Half will remain local, half would consider locations further afield from their current location. This includes one company looking to relocate its electronics manufacturing business to Eastern Europe as a result of the UK's high cost base, which would lead to the loss of 14 full and two part-time jobs.
- 8.20 Some respondents made additional comments relating to the wider business environment. By far the main concerns are the road infrastructure (congestion, roadworks and industrial estate access improvements); high rates; and poor image of the area. These concerns are highlighted in Table 39 below.

Table 39 – Company Comments

Aspect	Number mentioning	Percentage
Better road infrastructure needed	7	6.5
Rates too high	7	6.5
Poor estate image, maintenance and management	6	5.6
Planning issues	5	4.7
Lack of property options	4	3.7
Perceived limited business support available	3	2.8
Public transport	3	2.8
Parking problems	3	2.8

Source: BE Group

Leicester and Leicestershire Business Survey

- 8.21 The BE Group company survey findings are supported by the Leicester Shire Business Survey carried out in Leicester and Leicestershire by Leicester Shire Intelligence. This analysis of the views of 765 companies is quite wide ranging, however there are a number of issues pertinent to this land and property study. The responses have been broken down into two sections – those from the County (and so including Blaby) and those from the City of Leicester.

- 8.22 Almost half of the companies (49 percent) are planning to expand, slightly more in the County than in the City (53 compared to 44 percent). The larger the company the more likely they are to expand, with 70 percent of 200 plus employee companies planning to do so compared to 34 percent of those employing less than ten people.
- 8.23 The poor availability of suitable land and premises is viewed as a constraint to growth. Ten percent mention the availability of land as an issue, especially large companies (23 percent). Premises availability is a constraint to 19 percent of companies, and this is constant whatever the size of the company. Furthermore there is no difference in attitude between companies in the County and the City with regards to premises availability.

Summary

- 8.24 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 8.25 The survey of local companies (it takes little account of the role the District plays in the sub-regional property market) has identified up to 26,400 sqm of property need (mostly industrial). However this estimate makes no allowance for the recycling of existing space, and therefore a net need of about 11,400 sqm is considered a better approximation. Given that there are approximately 2300 businesses in the District, and our findings reflect an approximate nine percent sample of those businesses (we assume that those who did not respond to the survey are unlikely to require premises, so the sample size is therefore taken as 200), the likely land and property need could be substantially higher – 11.5 times as great – 125,400 sqm.
- 8.26 If we take the median net floorspace need of 8000 sqm (halfway between the maximum and minimum net figures identified in Table 36), this would equate to a site area of about 2.3 ha. This is based on standard industry development rates of 3400 sqm/ha. Extrapolating this by a factor of eight (as opposed to 11.5) to reflect not only the nine percent survey sample size but also counteract the effect of the size skew to larger companies; the available vacant space that could be occupied by these companies; and the trend towards higher density office (rather than industrial based) employment generates a representative land need of 18.4 ha for the total population of businesses in the District.

- 8.27 This illustrates the pent-up demand in the District and is forecast to be realised over the next two-to-three years. However business plans tend to be flexible and this may actually take place over the next five. If one reverts back to historic take-up rates (6.3 ha) for the final six years of the Structure Plan period, another 37.8 ha is needed. Adding these two segments together suggests the District needs 56.2 ha to 2016.
- 8.28 Findings from the survey show that the weight of demand is for moderate quality, freehold industrial space of all sizes up to 5000 sqm. On the office side, demand is for all types (leasehold and freehold, moderate and new) up to 500 sqm.
- 8.29 Referring the property need back to the findings in section 5.0, where a supply of 19,000 sqm industrial and 10,000 sqm of office space was identified, it suggests supply and demand is mismatched given that the survey only considered nine percent of all the District's companies and which extrapolated to represent all companies would be eight times larger. On the office side, although there are available offices there are not enough, there is especially a shortage of small (0-500 sqm) suites, although larger units could be subdivided to accommodate them in the future. There are also very few industrial properties, there are shortages of small workshops (especially 100-200 sqm) and larger units above 2000 sqm. There is also a lack of freehold space and quality premises to meet the requirements identified. This is shown in Table 40.

Table 40 – Blaby Premises Supply and Demand Analysis

Requirement	Industrial		Office	
	Property Size, sqm	Available Units (see Table 22)	Extrapolated requirements from nine percent sample (see Table 38)	Available Units (see Table 23)
0-100	5	16	6	40
101-200	1	16	5	32
201-500	3	40	7	32
501-1000	4	32	9	0
1001-2000	5	24	1	0
2001-5000	2	16	0	0
5001+	0	0		
Freehold	0	80	6	48
Good Quality	1	24	13	56

Source: BE Group

- 8.30 Local authority geographic boundaries are not especially important to the District's businesses. Business location is relatively fluid, there is an equal number of footloose requirements attracted by the nearby motorway network, available land and better quality locations outside the District.
- 8.31 Companies are concerned about the poor road infrastructure and image of their area.

9.0 GROWTH FORECASTS

Introduction

9.1 This chapter explains the three alternative models we have applied to the assessment of employment land allocations for the forthcoming Local Development Framework (LDF) period. None provide a definitive answer, but are influences to be considered. The three models are:

- Projection forward of historic land take-up
- Forecast based on employment projections
- Labour supply projection.

9.2 For the last two models we have commented upon the implications in terms of the volume of land required. Where appropriate, the options take into account standard assumptions regarding employment densities and the built floorspace associated with developable land areas used by regional planning agencies in other parts of the country, e.g. South East Regional Planning Conference, Advantage West Midlands.

Model 1: Historic Land Take-up Forecast

9.3 Employment land take-up is recorded by the District Council. In Table 41 a schedule of all completions between 1989 and 2005 is shown. The 56.65 ha of land developed over this period equates to an average take-up of 6.3 ha/year.

Table 41 – District Land Take-up 1996-2005

Year	Area, ha
1996/97	11.4
1997/98	2.84
1998/99	8.17
1999/00	4.06
2000/01	3.01
2001/02	4.70
2002/03	7.89
2003/04	11.50
2004/05	3.04
Total	56.65
Average Annual Take-up	6.3

Source: Blaby District Council

- 9.4 If long term trends continue, the District would need 69.3 ha to cater for an expected annual take-up of 6.3 ha for the next 11 years. However this is behind current Structure Plan targets of 7.3 ha/year, which would raise this total to an equivalent 80.3 ha.
- 9.5 There is 48.4 ha of available land in the District (from Section 7.0) which suggests the Council needs to find an additional 20.9 ha to match historic trends (of 6.3 ha/year), or 31.9 ha to meet the Structure Plan forward annual development rate (of 7.3 ha/year) discussed above.
- 9.6 The adopted Structure Plan indicates the District needs 146 ha between 1996 and 2016, including a Strategic Employment Site of 25 ha. From 1996 to 2005 56.6 ha has been developed, leaving a remainder of 89.4 ha to be made available for the period 2005-2016. There is actually 48.4 ha available, therefore this suggests an additional 41 ha needs to be allocated.

Model 2: Employment Based Forecast

- 9.7 This option uses the employment forecast produced by Experian and EMDA in 2005 to inform the Regional Economic Strategy. The forecast projects employment change through to 2015 – one year before the end of the Structure Plan period. It should be noted that this forecast reflects a ‘non-intervention’ scenario, in that it does not take into account any of the planned investment programmes of either Leicester City Council or LRC in Leicester or the Council in Blaby. They should also be treated with an element of caution in that the forecast is less robust at local authority level.
- 9.8 The forecast suggests that employment is set to grow within the District. Between 2005 and 2015 the area will see a 5.1 percent growth, which represents an additional 2200 jobs. Whilst the figure masks the general trend of the UK in terms of the decline in manufacturing employment and the growth in services, there are elements of both sectors that buck this trend. For example the forecasts see some growth in ‘Electrical and Optical Equipment’ and ‘Other Manufacturing not Elsewhere Classified’, and surprisingly reduced employment in some sections of financial and business, and government and other services.

9.9 This model, in terms of future employment land requirements is likely to be affected by three key factors:

- The future mix of activities in terms of office, manufacturing and warehousing employment within different sectors. It is impossible to predict the impact of evolving technical change over the Structure Plan period, and we have therefore assumed the current split is maintained
- The average space each employee occupies – the employment density. We have assumed no variation in the density rates through to 2015
- The average floorspace per hectare for office, manufacturing and warehousing activities.

9.10 Table 42 provides a breakdown of the projected sectoral changes.

Table 42 – Projected Employment Change by Industry Sector, 2005-2015

Industry Sector	Workforce Change (numbers of employees)	Percentage Workforce Change
Agriculture	(60)	-15.0
Mining & Quarrying	(20)	-77.2
Manufacturing	(350)	-32.2
Electricity, Gas, Water	-	-
Construction	100	+2.6
Distribution, Hotels, Catering	40	+0.1
Transport & Communications	600	+20.9
Financial & Business Services	640	+8.3
Government & Other Services	(120)	-1.8
Total	2200	+5.1

Source: EMDA and Experian 2005

9.11 It should be noted that the figures in the 'Workforce Change' column do not equate to 2200, as this figure includes other industry sector forecasts (i.e. health, education, retailing) which are not relevant to this study.

9.12 The assumptions used in calculating the employment land requirement are:

- The proportion of people in each industry sector that occupy B1, B2 or B8 space conform to those ratios used in other studies and accepted in comparable locations

- Employment densities for each sector are sourced from the South East Regional Planning Conference's (SERPLAN) 'The Use of Business Space'
- The development per hectare of land is uniform across office, manufacturing and warehouse functions - 3400 sqm per hectare the accepted industry norm.

9.13 Details of the first two assumptions are set out in Table 43.

Table 43 – Model Assumptions

Industry Sector	Employees		
	Proportion Occupying B1, B2, B8 Floorspace, percent	Floorspace per Person, sqm	Other Comments
Agriculture	5	21.0	Managerial, admin
Electricity, Water, Gas	5	21.0	Managerial, admin
Mining & Quarrying	5	21.0	Managerial, admin
Manufacturing	100	41.1	
Construction	26	21.0	Managerial, admin
Distribution	48	67.4	Warehouses, Offices
Transport	48	67.4	Warehouses, Offices
Financial & Business	100	21.0	
Government & Other Services	22	21.0	Local Government, Public Admin

Source: SERPLAN

9.14 Applications of these assumptions suggests the following in terms of future employment land provision:

- from sectors predicted to grow, the need for a further 10.2 ha
- from the sectors where reduced employment is predicted there will be a need for 4.4 ha less land.

9.15 The net result of this suggests Blaby will have a need for only 5.8 ha for the period to 2016, significantly less than is currently available. The detailed calculation is provided at Appendix 5, as is some additional data on the EMDA/Experian forecast model.

9.16 In reality the employment land provision situation will be reliant upon two issues:

- How far the growth in office employment takes place in the town centres, at higher densities, rather than in low-density business parks. However it is likely to be the latter in view of the District's geographic characteristics
- Whether the decline in manufacturing will lead to the release of land that is then regenerated for other employment uses.

9.17 It is probable that our land requirements calculations represent the minimum likely land need scenario. Irrespective of changes to employment densities, whilst growth sectors seek to expand by taking additional space, declining sectors may actually not release land in line with the above assumptions. Were this to be the case this model's outcome would change to a need for 10.2 ha of employment land.

9.18 It is also probable that employment densities in office employment will rise as a result of trends towards remote working, hot desking, increased use of ICT and smaller businesses. On the other hand densities in manufacturing and distribution may well continue to fall as a result of automation. It is impossible to project what the percent change in densities might be – and thus what the impact on future land requirements might be.

Model 3: Labour Supply Forecast

9.19 This option is based upon the latest population forecast projected by Leicestershire County Council (LCC) [the projection is based on ONS estimated migration rates 1991-2000 and LCC projections, March 2002]. The projection is consistent with the latest RPG new housing provision for Leicestershire and Leicester but does not reflect Structure Plan proposals for a shift to more residential development in the Leicestershire and Leicester Urban Area.

9.20 Analysis of this supply-led forecast involves the following assumptions:

- Labour supply figure is calculated from the sum of all persons between 15 and 64, as this is how the age groupings are presented in the LCC's projections
- A constant economic activity rate of 83.4 percent of the working age population, reflecting those used in the NOMIS Annual Population Survey (April 2004-March 2005)
- Aside from these, similar assumptions are used as in Model 2.

- 9.21 The LCC population projections indicate just over a 3.0 percent increase in the population of Blaby between 2006 and 2016. In contrast analysis of the numbers within the age group 15 to 64 shows there will be a small reduction equating to 421 people of working age. Applying the economically active rate of 83.4 percent indicates there would be 351 less people in the labour supply (421×0.834).
- 9.22 Consequently this suggests no more employment land would be needed. Indeed less land is required. To calculate this we have converted the effect of the reduced 351 economically active residents into an equivalent land area, based on the assumptions used for the Experian/EMDA model. We have also assumed that the relationship between employment densities and land requirements within industry sectors is the same as projected within Model 2 – the employment based analysis.
- 9.23 Assuming that all the jobs associated affected by this reduced labour supply would have been met within Blaby, it indicates a reduced employment land requirement of 1.6 ha. The detailed calculation is included in Appendix 5.

Summary

- 9.24 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 9.25 Applying the annual average take-up over the last decade or so of 6.3 ha/year (and Structure Plan forecasts of 7.3), there is a shortage of employment land to cater for the District's needs to 2016, 20.9 ha or 31.9 ha depending on which of these two forward development rates is used.
- 9.26 Both the other two forecasts suggest the District actually needs less employment land than predicted by historic take-up rates. The employment based model suggests only 5.8 ha is needed, the labour supply model actually 1.6 ha less than is occupied already. Consequently this would mean that much of the vacant employment land in the District is surplus to requirements according to these models and could be used for other activities such as housing or parks. Common sense suggests these models are flawed.
- 9.27 Both these models appear very simplistic, they assume the property market is a perfect market, and not rife with market failures as it is (for example they make no

allowance for companies modernising or relocating into different sized properties; that land is not used totally efficiently; that brownfield land will remain undeveloped due to the costs of remedying it; or that some companies occupy more space than they need, etc). Furthermore the company survey (see Section 8.0) identified a short term total land requirement of 2.3 ha (about half the land needed under Model 2, 50 percent more than Model 3) from just nine percent of companies which immediately throws in question the validity of these two models. Similarly those specialists in the commercial property industry consulted (Section 6.0) also state there is a very strong demand for land in the District, which again contradicts the outcome of Models 2 and 3.

9.28 In other comparable areas where similar exercises have been done, the use of Models 2 and 3 has also generated unusual outcomes. In all instances where BE Group has been involved they have been discounted in favour of the historic land take-up/company survey assessment.

9.29 It should also be noted that this only applies to the District's resident population. There is of course commuting in and out of the District. According to the 2001 Census 23,034 people commuted in, 29,092 commuted out. There may also be a slight growth in this in-commuting population, however the effect of this on the land need will be extremely marginal.

10.0 EMPLOYMENT AREAS ASSESSMENT

Introduction

- 10.1 In this section we draw together Valuation Office (VO) data on the size of property hereditaments (or premises units) in the District, with the physical survey of them carried out as part of the study research. Each property has been assessed to consider the nature of its occupancy, type, age and quality.
- 10.2 This base data has then been used to assess the strengths and weaknesses of the District's employment areas, in order to provide guidance as to their continued protection for employment uses.

Overall Physical Survey Findings

- 10.3 In total 485 premises have been assessed and mapped in the District's main B1, B2 and B8 employment areas using ESRI ArcView 9.0 GIS. Each property record is linked to a database that holds information about the property's location, occupation, use and specification. The 14 database fields making up each record are shown in Table 44. As this illustrates all but one of the fields are objective – primarily relating to the physical and geographical nature of the property. Only 'Building Quality' is subjective.

Table 44 – Property Database Fields

Field	Description
Property ID Number	Unique code linking mapped property to its database record
Property Number/Name	Self explanatory
Address	Self explanatory
Town/Area	Self explanatory
Industrial Estate/Business Park	Indicated if the property forms part of a dedicated employment area
Occupancy Rate	Assessment of the occupancy rate of the building. One of three options – full, part, vacant It was sometimes difficult to ascertain this to 100 percent accuracy, due to, for example, some apparently vacant, unsigned premises being used for storage
Occupier	Company name
Marketing Agent	If the building was being marketed, whether vacant or not, the marketing agent is included here

Field	Description
Building Type	An assessment of the occupier's use of the property. One of four options – industrial, warehouse, office or laboratory
Number of Storeys	The storey height of the premises. Without an internal inspection it is difficult to be exact, especially for older factory buildings
Other Uses	This identifies where a premises form part of a larger mixed use building, options are mainly office, residential or retail
Building Age	Based upon visual assessment, again very difficult to ensure complete accuracy due to vagaries in building styles. Options are – new, post 1990, post 1945 and pre 1945
Building Quality	Subjective assessment of the quality of the building, taking into account style and type of building and relying purely upon an external assessment. No account has been made of the internal specification, which is beyond the scope of this project
Comments	Contains other relevant information

Source: BE Group

- 10.4 485 premises have been surveyed in the District, almost 54 percent of them industrial, 36 percent office. Very few warehouses were identified, but that is merely a quirk based on the difficulty of understanding what may be happening within a building from just an external inspection. The 44 warehouse units tend to be large, high bay logistics facilities, the smaller terraced warehouse units will be included in the industrial total. This information is shown in Table 45.

Table 45 – Surveyed Building Types

Building Type	Number	Percent
Industrial	263	54.2
Warehouse	44	9.1
Office	176	36.3
Lab	2	0.4
Total	485	100.0

Source: BE Group

- 10.5 There are 47 vacant premises in the District, according to this survey, 9.7 percent of the total of 485. A further seven are only part occupied. Most of these vacant properties, 35 or 75 percent, are industrial premises: a quarter are offices. Both are slightly higher than the valuation office statistics.

- 10.6 Blaby is characterised by fairly modern development. Only 6 percent is pre 1945 and coming towards the end of its economic life. Over 40 percent can be considered modern, as Table 46 shows. 65 percent of the new and post 1990 space are offices.

Table 46 – Surveyed Building Ages

Building Age	Number	Percent
Pre 1945	31	6.4
Post 1945	241	49.7
Post 1990	176	36.3
New	37	7.6

Source: BE Group

- 10.7 The premises inspections have identified only five derelict buildings, and 98 that could be considered of excellent quality. The bulk of space is of average quality (75 percent) as Table 47 shows.

Table 47 – Surveyed Buildings' Quality

Building Quality	Number	Percent
Derelict	5	1.0
Poor	18	3.7
Average	364	75.1
Excellent	98	20.2

Source: BE Group

Overall VO Findings

- 10.8 Due to the difficulties in matching the VO data to the premises on the ground, because of the limited data available and the vague address information, it is possible to compile only aggregate floorspace figures for the major employment areas. Individual assessments for each area have also been included.
- 10.9 The District has 16 such employment areas, they have a combined floorspace of 681,920 sqm and comprise 477 hereditaments. There are 161 offices totalling 83,284 sqm in this amount, 11.6 percent by floorspace, 33.8 percent by unit numbers.

Area Assessments Template

- 10.10 Each of the areas have been appraised and assessed in line with the format in Table 48 to simplify the data and make it easier to interpret. The 'Map Location Number' is referenced to a plan at Appendix 6, the 'Address' contains the main street(s) making up the area, while the 'Description' is BE Group's comment on the area.
- 10.11 The 'Total Number of Units' is based on the physical site survey, as is the number of 'Vacant/Derelict Units'. The proportion between these two equates to the 'Occupancy Rate'.
- 10.12 Given that most of the areas are industrial, 'Buildings Type' is based on the number of offices in an area (which is usually quite low), and seemed the easiest way of illustrating this characteristic of the areas.
- 10.13 The age of property is broken down into the number of units in each of the four categories assessed in 'Buildings Age'. Most properties are either pre 1945 or post 1945, there are usually few in the post 1990 and new categories, so these fields have been highlighted for ease of viewing.
- 10.14 'Buildings Quality' has also been broken down into each of the four categories assessed. Again the two key fields have been highlighted – derelict and good. The former because it shows where regeneration could take place or where the property is vulnerable to alternative higher value use proposals.

Table 48 – Area Assessment Template

Map Location Number							
Description							
Total Number of Units		Vacant/Derelict Units			Occupancy Rate, percent		
Buildings Type, number of offices							
Buildings Age, number of units		Pre 1945		Post 1945		Post 1990	New
Buildings Quality, number of units		Derelict		Poor		Average	Good
Total Floorspace, sqm							

Source: BE Group

Area Assessments

Map Location Number	1	Mill Lane Industrial Estate, Glenfield							
Description	Large distribution centre mainly occupied by the Widdowson Group. The estate has a very wide access road with a close proximity to the M1 via J21A. The buildings are of reasonably to good quality and are relatively modern.								
Total Number of Units	7	Vacant/Derelict Units	0	Occupancy Rate, percent	100				
Buildings Type, number of offices	1								
Buildings Age, number of units	Pre 1945	0	Post 1945	5	Post 1990	2	New	0	
Buildings Quality, number of units	Derelict	0	Poor	0	Average	6	Good	1	
Total Floorspace, sqm	62,615								

Map Location Number	2	Coventry Road Industrial Estate, Narborough							
Description	Coventry Road IE is made up of relatively modern industrial units. There are various sized units with smaller units on the Oaks Industrial Estate and larger units opposite. The area has prominence to Coventry Road, is self contained, has reasonable access, and has a critical mass, due to its size.								
Total Number of Units	37	Vacant/Derelict Units	7	Occupancy Rate, percent	81				
Buildings Type, number of offices	0								
Buildings Age, number of units	Pre 1945	0	Post 1945	31	Post 1990	2	New	4	
Buildings Quality, number of units	Derelict	0	Poor	2	Average	30	Good	5	
Total Floorspace, sqm	42,092								

Map Location Number	3	Blaby Industrial Estate, Blaby							
Description	Moderate quality, purpose built industrial estate made up of units from the 1970s, 80s and 90s. Self contained site with reasonable access to J21 of the M1. Reasonable prominence to A426.								
Total Number of Units	40	Vacant/Derelict Units	3	Occupancy Rate, percent	93				
Buildings Type, number of offices	4								
Buildings Age, number of units	Pre 1945	0	Post 1945	18	Post 1990	22	New	0	
Buildings Quality, number of units	Derelict	0	Poor	40	Average	0	Good	0	
Total Floorspace, sqm	25,263								

Map Location Number	4	Winston Avenue, Croft						
Description	Winston Avenue is a small, self-contained industrial estate with relatively modern units. It is located midway between J2 of the M69 and J21 of the M1 with the B4114 providing reasonable access to both, however access is through Croft village centre.							
Total Number of Units	8	Vacant/Derelict Units	1	Occupancy Rate, percent	88			
Buildings Type, number of offices	0							
Buildings Age, number of units	Pre 1945	0	Post 1945	8	Post 1990	0	New	0
Buildings Quality, number of units	Derelict	0	Poor	0	Average	8	Good	0
Total Floorspace, sqm	7,519							

Map Location Number	5	Mill Hill Industrial Estate, Enderby						
Description	Large industrial area with units from 1960s onwards. There is also a variety of businesses in the area utilising varying types of space. The number of operating business provide this area with a large critical mass. Prominence is high fronting on to the M69. Good access to the M1 via J21.							
Total Number of Units	70	Vacant/Derelict Units	7	Occupancy Rate, percent	90			
Buildings Type, number of offices	31							
Buildings Age, number of units	Pre 1945	0	Post 1945	27	Post 1990	38	New	5
Buildings Quality, number of units	Derelict	0	Poor	2	Average	57	Good	11
Total Floorspace, sqm								

Map Location Number	6	Next, Mill Hill, Enderby						
Description	Next headquarter offices. Good quality, aesthetically pleasing buildings. Self contained site with high prominence on the B582. B582 provides access to motorway network via J21 of the M1.							
Total Number of Units	2	Vacant/Derelict Units	0	Occupancy Rate, percent	100			
Buildings Type, number of offices	2							
Buildings Age, number of units	Pre 1945	0	Post 1945	0	Post 1990	2	New	0
Buildings Quality, number of units	Derelict	0	Poor	0	Average	0	Good	2
Total Floorspace, sqm	29,863							

Map Location Number	7	Cambridge Road, Whetstone						
Description	The site is mainly occupied by the companies Alstrom and Alstec. The area is self contained, separate from the surrounding residential area but has prominence to the M1. Although it enjoys critical mass, access to the motorway is not ideal.							
Total Number of Units	44	Vacant/Derelict Units	0	Occupancy Rate, percent	100			
Buildings Type, number of offices	0							
Buildings Age, number of units	Pre 1945	0	Post 1945	34	Post 1990	7	New	3
Buildings Quality, number of units	Derelict	0	Poor	0	Average	41	Good	3
Total Floorspace, sqm	153,051							

Map Location Number	8	Enderby Road Industrial Estate, Whetstone						
Description	Popular estate, reasonably modern, well maintained. Comprising 1970s/1980s terraced units and fully occupied. Although not particularly prominent, it is sustainable and provides important function.							
Total Number of Units	20	Vacant/Derelict Units	0	Occupancy Rate, percent	100			
Buildings Type, number of offices	0							
Buildings Age, number of units	Pre 1945	0	Post 1945	20	Post 1990	0	New	0
Buildings Quality, number of units	Derelict	0	Poor	0	Average	20	Good	0
Total Floorspace, sqm	11,897							

Map Location Number	9	Grange Business Park, Whetstone						
Description	Modern office development, enjoys critical mass alongside sites 3 and 8.							
Total Number of Units	20	Vacant/Derelict Units	3	Occupancy Rate, percent	85			
Buildings Type, number of offices	20							
Buildings Age, number of units	Pre 1945	0	Post 1945	0	Post 1990	20	New	0
Buildings Quality, number of units	Derelict	0	Poor	0	Average	20	Good	0
Total Floorspace, sqm	3,631							

Map Location Number	10	Wharf Way, Glen Parva							
Description	Low quality industrial area which lacks prominence, being tucked away from the main road. It is serviced by untarmaced roads and there is a large derelict building. Access is poor.								
Total Number of Units	15	Vacant/Derelict Units		5	Occupancy Rate, percent		66		
Buildings Type, number of offices	7								
Buildings Age, number of units	Pre 1945	1	Post 1945	14	Post 1990	0	New	0	
Buildings Quality, number of units	Derelict	3	Poor	1	Average	11	Good	0	
Total Floorspace, sqm	23,560								

Map Location Number	11	Grove Park							
Description	High quality business park situated adjacent to J21 of the M1 motorway. Good access and prominence. Remaining development land.								
Total Number of Units	15	Vacant/Derelict Units		2	Occupancy Rate, percent		87		
Buildings Type, number of offices	13								
Buildings Age, number of units	Pre 1945	0	Post 1945	0	Post 1990	1	New	14	
Buildings Quality, number of units	Derelict	0	Poor	0	Average	0	Good	15	
Total Floorspace, sqm	30,218								

Map Location Number	12	Narborough Road South, Braunstone Town							
Description	Older factory space. Low quality and a number of vacant/derelict premises. However access good and prominence reasonable. Lacks critical mass and surrounded by residential.								
Total Number of Units	5	Vacant/Derelict Units		2	Occupancy Rate, percent		60		
Buildings Type, number of offices	0								
Buildings Age, number of units	Pre 1945	1	Post 1945	3	Post 1990	0	New	1	
Buildings Quality, number of units	Derelict	1	Poor	1	Average	2	Good	1	
Total Floorspace, sqm	10,617								

Map Location Number	13	Meridian Business Park						
Description	Good quality business location, mainly industrial and distribution, but some office development also. Has critical mass, prominence and is close to J21 of the M1 motorway providing excellent access.							
Total Number of Units	101	Vacant/Derelict Units	5	Occupancy Rate, percent	95			
Buildings Type, number of offices	52							
Buildings Age, number of units	Pre 1945	1	Post 1945	33	Post 1990	57	New	10
Buildings Quality, number of units	Derelict	0	Poor	1	Average	84	Good	16
Total Floorspace, sqm	189,945							

Map Location Number	14	Station Road, Stoney Stanton						
Description	Quite a substantial mixed, moderate quality area in small rural village. Low prominence and poor access, although only seven kilometres from M69 (restricted access junction). Area includes large derelict building and two perceived in-fill development sites.							
Total Number of Units	9	Vacant/Derelict Units	3	Occupancy Rate, percent	66			
Buildings Type, number of offices	1							
Buildings Age, number of units	Pre 1945	0	Post 1945	5	Post 1990	4	New	0
Buildings Quality, number of units	Derelict	1	Poor	0	Average	8	Good	0
Total Floorspace, sqm	31,913							

Map Location Number	15	Ratby Lane, Braunstone						
Description	Area forms an extension to Branstone Firth Industrial Estate (in Leicester) and is occupied by two industrial and one retail unit. This site has a high level of prominence to the M1 and Ratby Road and is close to J21a of the M1. Main occupier is Samworth Foods in large, modern industrial unit.							
Total Number of Units	2	Vacant/Derelict Units	0	Occupancy Rate, percent	100			
Buildings Type, number of offices	0							
Buildings Age, number of units	Pre 1945	0	Post 1945	0	Post 1990	1	New	1
Buildings Quality, number of units	Derelict	0	Poor	0	Average	0	Good	2
Total Floorspace, sqm	12,087							

Map Location Number	16	Carlton Park, Narborough							
Description	High quality self-contained office park, currently only occupied by Alliance and Leicester. Remaining development land. Good access to J21, M1.								
Total Number of Units	6	Vacant/Derelict Units	0	Occupancy Rate, percent	100				
Buildings Type, number of offices	6								
Buildings Age, number of units	Pre 1945	0	Post 1945	0	Post 1990	0	New	6	
Buildings Quality, number of units	Derelict	0	Poor	0	Average	0	Good	6	
Total Floorspace, sqm	31,327								

Employment Planning Policy

- 10.15 The adopted District Local Plan recognises its role of maximising and diversifying local employment opportunities through identifying additional employment land; ensuring a variety of sites to meet differing needs; allowing for the expansion and relocation of existing businesses and by protecting prime employment land from other forms of development.
- 10.16 However we note that present policies refer to designations of “*Primarily*” Employment and Business Areas. Against today’s background of pressure for higher value uses being promoted for employment land largely the consequence of central Government policy direction for housing on brownfield sites, we consider the District Council needs to re-address such descriptions. The use of the qualifying descriptor immediately suggests there may be scope for a challenge on future uses.
- 10.17 Blaby District Council should therefore address as it brings forward its new LDF the identification of specific areas as development zones or principal employment areas (Leicester City Council for example use the term Key Employment Areas) that are safeguarded for employment use. The descriptor *Primarily* Employment Area can still be continued into the LDF but reflecting that alternative uses would need to be looked at on their merits.
- 10.18 In line with the recommended policy that Hinckley and Bosworth have accepted as an outcome of that Borough’s Employment Land Study we suggest Blaby introduces

a more positive stance to safeguard against the loss of employment land to other high value uses such as residential. We believe the following wording would serve to achieve this:

“the redevelopment or change of use of employment sites or other land and buildings used for employment purposes (defined as Use Class B1, B2 and B8 of the Town and Country Planning (Use Classes) Order 1987 as amended) to non-employment uses will be permitted where the following exceptional circumstances can be demonstrated:

- a) The existing employment use causes unacceptable nuisance due to air, water, soil, noise, odour, light or other environmental pollution; or*
- b) The site or premises are no longer suitable or reasonably capable of being redeveloped for employment purposes; and where*
- c) The proposed development will provide a wider community benefit which outweighs the loss of the existing or proposed development use on the site; and*
- d) The proposed development will not constrain or prejudice the continued operation of the adjoining or nearby employment uses.”*

10.19 We certainly see advantage in adjacent local authorities reaching consensus on protective policy wording so that a standard approach is adopted across the sub-region.

11.0 CONCLUSIONS

11.1 In this section the findings from each of the preceding sections are drawn together into a number of conclusions, broadly themed under the three headings identified in the ODPM guidelines.

Economic and Property Market Assessment

11.2 Blaby is a very attractive location for business. The District's property market is very healthy, with active private sector developers and very strong industrial and office demand. This is due to its location close to one of the sub-region's economic centres, Leicester; the M1 and M69 and a strong small business sector. However this demand has partly built up due to a constrained market supply. There is a lack of employment land (particularly for industrial use), which is recognised by previous studies and research into the area, e.g. QUELS, RELS. This study supports the generic findings of those regional studies, many of which are equally applicable in Blaby.

11.3 There is substantial public sector investment and regeneration that is transforming Leicester, particularly with regards the office and high technology sectors. This will inevitably have substantial positive impact on Blaby, and is likely to increase the demand for housing, employment space, and community facilities, etc increasing the pressure on land for all types of uses. But at the same time it will improve the economy, provide more employment and better quality jobs. (According to the 2001 Census 39 percent of Blaby's resident workforce was employed in Leicester).

11.4 The service sector is a little smaller than it should be, but the District has responded well to structural decline in manufacturing and agriculture, with only 13 percent of those employed relying on such jobs. Furthermore there are a number of sub-sectors with good growth prospects (high-tech, certain textile activities and food technology).

11.5 There are approximately 2300 businesses in Blaby operating from B1, B2 or B8 land or premises. Most of them (81 percent) are micro-businesses employing less than ten people. A further 15 percent employ up to 49 people (small businesses).

11.6 The property market is quite complex in Blaby due to its location next to Leicester and astride the M1, as well as having semi-rural areas to the south and west. There is a strong local market, indigenous businesses relocating and starting-up locally.

Inward investment is usually quite a small proportion of the total market, and the limited investment in Leicester historically has contributed to this in Blaby. However the effect of the M1 is very positive making the District an attractive location for footloose requirements throughout the Midlands. Prospects for this sector are very strong due to inward investment business trends and the regeneration of Leicester. Activity in the semi-rural areas is lower key, but important locally, and is focussed on micro-businesses looking for very small spaces – 0-50 sqm offices, 0-100 sqm industrial.

- 11.7 Industrial need far outweighs office from the local market, and requirements are for the smaller end up to: 200 sqm offices; 1000 sqm industrial. However Blaby operates in the regional market, especially in the context of the poor quality accommodation available in Leicester which means Blaby has attracted certain companies that may have gone to the City. There is substantial demand for good quality, accessible campus style offices. There is also a healthy distribution sector, severely constrained by the lack of land, and again Blaby plays a regional role due to its excellent location astride the M1.
- 11.8 There is a general shift to higher value industries which is leading to a need for more modern and efficient business space. This is raising the quality expected in accommodation, both industrial and office. Modern needs are moving a substantial proportion of companies away from the town centre to out-of-town, more accessible locations. Companies are also looking for shorter term, more flexible property solutions, as the rise of the serviced office shows in Blaby, as in everywhere else.

Current Property and Land Supply

- 11.9 The major issue affecting Blaby's property market is the lack of industrial employment land. There is just over 48 ha of land in the District, a small amount of this is constrained and unavailable in the short term, but should still come forward in the medium term.
- 11.10 The existing employment areas are all productive, some of very high quality (e.g. Meridien Park, Grove Business Park) and most of reasonable quality. They attract local businesses as well as high technology companies and inward investment from the rest of the sub-region because of their locations close to the M1 and Leicester.

- 11.11 However, there is an overall shortage of employment land in Blaby. There is a need for more land ideally in locations close to the strategic road network especially the M1. There would also be strong demand for freehold development plots in these areas if they were to be available on an individual basis to owner-occupiers. The major concern is that three quarters of the land is geared towards office uses, which is preventing industrial and distribution users finding sites.
- 11.12 This available land shortage (especially for industrial use) throughout Leicester and surrounding urban areas is manifesting itself in even greater pent-up property demand in Blaby which attracts companies relocating out of the City. Relative to the number of enquiries identified from the company survey (perhaps only nine percent of the District's businesses) there are a number of property supply issues. On the office side, it is mainly a shortage of freehold options, and a lack of offices generally (especially up to 500 sqm), notwithstanding the speculative developments under construction, another indication of the health of the District's property market
- 11.13 Judged against the findings of the company survey there are few industrial properties. There are shortages throughout the size bands, both space in the 100-200 sqm size bands for small businesses, and in the 2000 sqm plus size band for larger businesses. There is also an issue District wide of a lack of freehold space and quality premises to meet the requirements identified. More managed workspace, business incubators and other types of small business accommodation would also prove very popular.
- 11.14 Given these property shortage issues, companies will consider a non-Blaby location, although they are likely to remain in the immediate area. Some respondents also made comments relating to the wider business environment. By far the main concerns are the poor environmental image and road infrastructure.

Future Land Requirements

- 11.15 A number of different employment land scenarios are considered, all look at the situation as it stands now and are independent of any guidance in the Structure Plan. Therefore any differences in the land supply required are based on what is currently available – they are not in addition to requirements stipulated by the Structure Plan. Based on historic take-up rates, 6.3 ha/year, which incidentally is behind Structure Plan land take-up forecasts of 7.3 ha/year (which also suggests latent demand in

Blaby), there is indicatively a shortfall of 20.9 ha of land to cater to 2016, given that there is 48.4 ha of employment land currently available. Although having said this there does appear to be enough land available in the short term, although this is geared towards the office market.

- 11.16 The alternative methods used are employment and population based assessments. The former suggests a modest need of 6 ha, the latter a reduction of 1.6 ha. However these methods make no allowance for companies modernising or relocating into different sized property, and are somewhat simplistic – and completely go against empirical evidence generated by the company survey and consultations with commercial property experts. Therefore common sense suggests they are flawed, even though their principles of limited job growth and higher density land use are correct.
- 11.17 Extrapolating the company survey results to generate a total demand for the whole District (the survey sample size was only nine percent) indicates a land need of 18.4 ha. A level that is covered by the existing land supply. However all this land is needed within the next two to three years, there would also be a need from 2010 onwards (if we assume the requirements identified stretch out for five years rather than the two-three indicated) to cater for those companies considering expansion or relocation then. There could well be six years of average annual take-up of 6.3 ha, another 37.8 ha. In total this amounts to 56.2 ha. As there is already 48.4 ha, there is a need to find an additional 7.8 ha to 2016.
- 11.18 Of course the company survey only really considers local companies, it does not account for inward investment, or new business start-ups; or the positive spin-off effects of the regeneration of the City of Leicester. In Blaby both these sectors account for approximately 10 percent of the total property market each.
- 11.19 According to the adopted Structure Plan the District needs to allocate 146 ha for the period 1996-2016. To 2005 there has been 56.6 ha developed. Therefore 89.4 ha is needed for 2005 to 2016. As there is 48.4 ha available, an additional 41.0 ha is required. Potentially this is to include a Strategic Employment Site of 25 ha programmed for 2011-2016, and which would help satisfy the strong demand for land identified from consultations with property developers, investors and agents.

11.20 The different scenarios are illustrated in Table 49, the various models for the net land need range from -50 to +41 ha. All four scenarios (which are independent of guidance and land allocations in the Structure Plan) tested in this study lead to lower land requirements than that suggested by the adopted Structure Plan.

Table 49 – Forecast Land Scenarios, 2005-2016

Scenario	Gross Land Need, ha	Existing Land Supply, ha	Net Land Need, ha
Historic Land Take-up	+69.3	48.4	+20.9
Employment change	+5.8		-42.6
Labour Supply Change	-1.6		-50.0
Company Survey	+56.2		+7.8
Structure Plan (2005-2016)	+89.4		+41.0

Source: BE Group

12.0 RECOMMENDATIONS

- 12.1 The Council and its public sector partners needs to strategically reconsider its employment land supply situation to meet the pent-up demand for land and property, especially industrial and distribution space, in the LLUA and along the M1 corridor, essentially the eastern half of Blaby.
- 12.2 The study has identified demand for 8-21 ha of additional employment land for its local needs based on the company survey/historic take up rates, although these do not fully include demand from the rest of the sub-region and inward investment. The lower end of this range is quite a conservative estimate, the higher end a fairer reflection of potential demand in the District. More land needs to be allocated close to the strategic motorway network. This includes the provision of freehold land and premises, which should account for about 20 percent of the total, and which may need direct land acquisition (either independently or via a joint venture) by the public sector.
- 12.3 However, Blaby is extremely well located astride the M1 and is the gateway to Leicester. Consequently it has a sub-regional and regional role to play in the property market. Therefore the allocation of a Strategic Employment Site of 25 ha (in addition to the 8.21 ha recommended above), as suggested in the Structure Plan, is appropriate and advisable for the wider economic prospects of the East Midlands. Combined this roughly matches the remaining 1996-2016 Structure Plan allocation land requirement needed for the District.
- 12.4 Beyond this Blaby could take a more aggressive economic policy stance, given that prospects are good and the District is a highly attractive location for business. There is the potential to benefit from the regeneration of Leicester City, attracting spin-off inward investment from both the public and private sector.
- 12.5 Irrespective of the service sector shift, at least two-thirds of the new employment land allocations need to be geared towards B1 light industrial, B2 and B8 uses to satisfy the demand for this type of space in the LLUA and along the M1 corridor (over three quarters of the existing land supply is currently targeted towards the office sector).

- 12.6 If the Quarry Lane and Warrens Industrial Estate sites prove to be undevelopable, then the Council should consider replacing them with more appropriate (and viable) alternatives. However they may be useable for lower grade, open storage or the like. Furthermore the true availability of Carlton Park needs to be monitored to make sure it is a realistic part of the District's overall land supply, and not just expansion land for Alliance and Leicester. This is also the case for Alstom's Whetstone site. Together these sites account for over 10 ha which potentially might have to be replaced elsewhere.
- 12.7 The Council might consider stricter planning policy to limit out-of-town offices to support Leicester's regeneration. However there will be local companies who will want such space, and this means that they will relocate outside the District's boundary. This might then facilitate the development of more industrial accommodation to satisfy latent demand.
- 12.8 It is difficult to make property recommendations (beyond support for rural conversions) for Blaby because of the substantial regeneration of Leicester which should make it very difficult for the peripheral local authority areas to compete effectively – especially for such things as large offices, incubators, high-tech space. The property market works well in Blaby and will react accordingly if there is the available land. However there is always strong demand for small, starter workshop units, and the study has identified a lack of such space (and good demand for 0-100 sqm units) and so the feasibility of new developments in Blaby could be considered.
- 12.9 Not all the property and land need is for high quality, modern space. There is a substantial market for lower quality, moderately priced accommodation. This type of space needs to be protected, especially in more rural areas (e.g. Stoney Stanton, Sharnford, Cosby) where it can provide important business space to help diversify the economy away from agriculture. It should be recognised that it may require public sector support to help those types of conversions. Following on from this the Council should continue to support rural diversification, however this generally requires premises conversion (as it is more economically feasible) not land allocations.
- 12.10 Review and monitor this position and undertake the study again in five years. 2016 is a long time into the future, and much will happen. The outcome of Leicester's

regeneration will have a dramatic impact and the effect on the wider sub-regional economy needs to continue to be considered and managed carefully.

- 12.11 Because of Blaby's regional role, and the impact of regeneration in Leicester, the public sector should consider the whole sub-regional land supply (Leicester and Leicestershire) to see how the various local authorities can work together especially in relation to the urban and suburban areas surrounding Leicester and along the M1 corridor – the eastern half of the District.

Appendix 1

Consultees

Appendix 2

Vacant Premises Schedules

Appendix 3

Employment Land Site Plans

Appendix 4

Company Survey Questionnaire

Appendix 5

Forecast Models Detailed Calculations

Appendix 6

Premises Distribution Maps