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EXECUTIVE SUMMARY

Introduction

1. This report assesses the supply of and demand for employment land and premises in the Borough of Oadby & Wigston. It has been carried out on behalf of Oadby & Wigston Borough Council, Leicestershire County Council and the Leicester Shire Economic Partnership.
2. There are three main elements to the study:
 - An assessment of the Borough'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 Borough's economic growth.
3. 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 16 percent sample of the Borough's businesses.
4. 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; Oadby & Wigston Local Plan; East Midlands Regional Economic Strategy; and the Leicester and Leicestershire Economic Strategy.
5. The Borough of Oadby & Wigston 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

19,018 workplace population in the Borough 11,014 of them actually worked in Leicester (63 percent).

6. The Borough's property market is generally healthy, albeit small (reflecting the size of the Borough), with active private sector developers and very strong demand complemented by a strong small business sector. However there is a lack of sites and premises, which is recognised by previous studies and research into the area. This problem is exacerbated by the tight boundaries and the rural nature of the south of the Borough.
7. 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 Borough's residents.
8. Compared to the sub-region, the Borough performs relatively well in terms of economic activity and employment with a strong professional sector. The service sector is smaller than it should be and even though manufacturing employment is in structural decline this sector remains extremely important to the Borough, over 26 percent of those employed rely on such jobs.
9. There are approximately 1250 businesses in the Borough operating from B1, B2 or B8 land or premises. Most of them (85 percent) are micro-businesses employing less than ten people. A further 12 percent employ up to 49. Consequently most commercial property required is also small: 0-100 sqm offices, 0-500 sqm industrial.

Property Issues

10. Inspection and mapping of the Borough's B1, B2 and B8 properties illustrates the lack of quality or modern properties. 86 percent of them are industrial; over 95 percent built before 1990, only two percent can be classed as excellent. Only 29 offices were identified in the main employment areas.
11. Private sector commercial property agents report that generally industrial need far outweighs office. Requirements are for the smaller end up to: 200 sqm offices; 100-500 sqm industrial.

12. There are few vacant premises in the Borough, in part reflecting the small property market generally. There are shortages at either end of the size spectrum in both office and industrial sectors, very small space for micro businesses (up to 100 sqm) and units of above 2000 sqm into which growing, local businesses can expand.
13. The shortage of available land is manifesting itself in pent-up property demand throughout the Borough and the rest of Leicester and Leicestershire Urban Area (LLUA). Relative to the number of enquiries identified from the company survey there are a number of property supply issues. There are very few available offices of any sort. There are also few industrial properties, with shortages in the 0-200, and 2000 plus sqm size bands. There is a lack of freehold space and modern premises to meet the requirements identified. More managed workspace, and other types of small business accommodation would also prove very popular.
14. Given these property shortage issues, companies are more likely to consider a location outside the Borough, although they are likely to remain in the immediate sub-region.
15. 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. Some office-based companies are also looking for shorter term, more flexible property solutions, as the demand for serviced offices shows in the LLUA, matching national trends.

Employment Land

16. The major issue affecting the Borough is the ready availability of employment land in accessible locations. There is 4.49 ha of land in the Borough, although the largest site is unviable. Consequently the land supply is realistically only 1.35 ha.
17. Based on historic take-up rates and Structure Plan guidance, the Borough has a shortage of employment land for B1 light industrial, B2 and B8 uses to 2016. An

additional 6.4 ha is required based on past take-up rates or 16 ha based on Structure Plan recommendations.

18. The alternative forecast models used are employment and labour supply based assessments. The former suggests 2.41 ha of additional employment land is needed, the latter a reduction of 8.96 ha. 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.

Forecast Land Scenarios 2005 - 2016

Scenario	Gross Land Need	Realistic Land Supply	Net Land Need
Historic Land Take-up	+7.37	1.35	+6.02
Employment Changes	+3.76		+2.41
Labour Supply Changes	-7.61		-8.96
Company Survey	+6.02		+4.67
Structure Plan	+17.50		+16.61

19. Although due to land shortages throughout the LLUA, the Council could allocate land as guided in the Structure Plan and this would find occupiers, this is an unrealistic scenario. A more prudent solution would be to allocate an additional 4.67-6.02 ha for its local companies' needs which would allow them to grow and develop. Having said this there will be pressure on this land from other non-Borough businesses in the LLUA, especially as the regeneration of Leicester improves the whole sub-regional economy and expands the property market.

Recommendations

20. To conclude, the key recommendations are:
- Strategically reconsider the Borough's employment land supply situation, as the Structure Plan guidance to allocate a Strategic Employment Site of 15 ha is questionable
 - Allocate a further 4.67-6.02 ha of employment land in addition to the existing 1.35 ha that is currently available for the period 2005-2016 this equates to less

than half the remaining 1996-2016 Structure Plan allocation requirement of employment land needed for the Borough

- More 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 approximately 20 percent of the total
- Make planning policy stronger to prevent the loss of existing employment land and premises to higher value uses
- Assess whether there are other areas of the Borough that are being underused in any way. The Borough has limited land and its use needs to be maximised, this could be looked at in connection with any urban capacity studies carried out
- There has to be strategic cross-border co-operation, facilitated at the regional level, to allocate sufficient employment land to allow the LLUA to grow and catalyse improvements throughout the sub-region
- Continue the planning policy to limit major out-of-town office development to promote sustainable development
- Maximise public sector support to facilitate the development of serviced offices and managed workspaces. The former to help boost the service sector; focus on the attraction of smaller businesses because of the Borough's accessibility issues, and capitalise on the University of Leicester's presence. The latter recognising the industrial strengths of the Borough
- There is little the Borough can do about its location, but if possible the feasibility of improving communication networks to Leicester City Centre and the M1 should be considered in conjunction with Leicestershire County Council
- Review and monitor this position and undertake the study again in the future.

1.0 INTRODUCTION

- 1.1 This report assesses the supply of employment land (use class B) and premises in the Borough of Oadby & Wigston in Leicestershire. It has been carried out on behalf of Oadby & Wigston Borough 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. It also examines, in particular, a perception that there is a lack of immediately available land and a lack of modern premises.
- 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 Borough'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 Borough'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 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 drawn together form the study's conclusions and recommendations. Individually any one piece of evidence is insignificant – together they are reasonably 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 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.

Study Area

- 1.10 The Borough of Oadby & Wigston (population 56,100, midyear estimate 2004) is situated in the East Midlands of England and covers just nine square miles, its three main settlements Oadby, Wigston and South Wigston are all a few miles south of the City of Leicester linked by road and rail connections along the A6 and A5199 corridors and through other highway routes.
- 1.11 The Borough lies in the southwest part of Leicestershire. The arterial M1 and M69 corridors are close by and the area has a very strong inter-relationship with Leicester City local authority area. Indeed part of the University of Leicester is situated in Oadby.
- 1.12 Only relatively narrow wedges of green land separate the three main towns from each other and the City of Leicester. To the south the Borough changes profile, becoming more rural in nature.
- 1.13 Due to the historic growth of the area employment and residential land uses tend to be intermingled with major industrial estates surrounded by housing areas. In the

various town centres modest office based employment adds to the diversity of uses including retail, residential, commercial, leisure, community services and open space.

- 1.14 The three main settlements exhibit varying economic conditions as illustrated by Table 1.

Table 1 – Economic Statistics – South Wigston, Wigston, Oadby

	South Wigston	Wigston	Oadby
Population	7400	25,500	27,400
Job seekers allowance claimants, percent	3	2	1
Population with no qualifications, percent	28	25	16
Average household income	23,500	28,700	32,500
No. of LSOAs in worst 40 percent IMD	2	3	0
No. or LSOAs in least 10 percent IMD	0	4	10

Source: Oadby & Wigston Borough Council

Employment Land Review: Guidance Note (ODPM 2004)

- 1.15 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.
- 1.16 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 to be released 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.
- 1.17 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 outcome of this stage is to be 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.

- 1.18 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, which 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 Oadby & Wigston Borough 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 Borough and include Regional, County and local planning guidance together with the Regional Economic Strategy. Because the City of Leicester is adjacent to the Borough some documents and initiatives focused on Leicester will also relate to the Borough.

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. One of its ten regional core objectives is, "to promote and improve economic prosperity, employment opportunities and regional competitiveness."
- 2.5 Oadby & Wigston falls within the Three Cities Sub-area, which includes the 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.
- 2.6 Whilst the current RSS does not set employment land targets 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 Borough of Oadby and Wigston, the Structure Plan (approved 2005) states that 24 hectares of land will be made available for employment development between 1996 and 2016, all of which will be in the Central Leicestershire Policy 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 15 ha should be allocated in the Borough to come forward before 2011. 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 Oadby & Wigston Adopted Local Plan (1991-2006)

- 2.14 In respect of employment land and premises the Borough's adopted Local Plan, which was adopted in 1999 and runs to 2006, seeks to reinforce the objectives of the Structure Plan. In summary it aims to support the local economy by:
- Providing sufficient land to meet the Structure Plan employment land allocation
 - Promoting employment and offering opportunities to all sections of society
 - Protecting and maximising existing employment areas
 - Developing the economy where possible, without harm to the environment
 - Enhancing the industrial environment.
- 2.15 In meeting the previous Structure Plan target of 10 hectares, the Council assessed the situation as shown in Table 2, allocating two new sites. It recognised that some of the sites making up this allocation were constrained (e.g. Wigston Railway Triangle), but were considered to be developable. Although there was a slight shortfall, no other sustainable sites were available at the time.

Table 2 – Employment Land Allocations

Category	Hectares
Structure Plan Allocation Requirement	10.00
Outstanding Commitments	3.37
Outstanding Allocations	3.69
New Allocations	1.61
Total	8.67
Deficit	1.33

Source: Oadby & Wigston Borough Council

- 2.16 The current Structure Plan is soon to be superseded by a new style Local Development Framework which will cover the period to 2021 in line with the emerging RSS. This study forms one strand of the research to inform this.

East Midlands Regional Economic Strategy (2003-2010)

- 2.17 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.
- 2.18 The aim is to be a European top 20 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.
- 2.19 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.
- 2.20 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.

2.21 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.

2.22 The next Regional Economic Strategy (from 2010 to 2020) is now being prepared, which 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. 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)

- 2.23 The Leicester Shire Economic Partnership (LSEP) is the sub-regional strategic partnership covering the Borough (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.
- 2.24 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.
- 2.25 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, they are highlighted in Table 3.

Table 3 – LSEP Strategy Theme Objectives

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

Source: LSEP Leicester and Leicestershire Economic Regeneration Strategy

East Midlands Urban Action Plan (2005-2011)

- 2.26 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 six areas is Leicester, which includes the Borough.
- 2.27 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.'
- 2.28 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.
- 2.29 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)

- 2.30 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.
- 2.31 The East Midlands was broken down into seven sub-regions in the study, one of which, Three Cities Leicester, covers Oadby and Wigston. A number of findings

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

Offices

- 2.32 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.
- 2.33 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.
- 2.34 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.
- 2.35 Oadby & Wigston was not mentioned in the report's analysis of the office market as it fell (and still falls) in the shadow of Leicester with its attractive labour availability and it lacked quality sites. The Borough's property 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

- 2.36 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. The lack of available good quality land in Oadby & Wigston meant the Borough was not highlighted in the study.
- 2.37 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.

2.38 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 demand from this logistics sector is likely to continue, with premises requirements continuing to increase in size – typically 30,000 to 40,000 sqm. However the Borough is a less attractive location than those closer to the arterial routes.

Sites

2.39 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.

2.40 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

2.41 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.

2.42 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.

2.43 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.

- 2.44 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)

- 2.45 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.
- 2.46 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.
- 2.47 Industrial land was found to be in short supply to meet needs over the next ten years, and allowed little margin for choice or flexibility, especially for companies looking to relocate to the outskirts of LLUA. Assuming strong continuing demand from the distribution sector, the medium-long term supply of sites was also identified as a cause of concern.
- 2.48 The report drew out a number of employment land implications from the Regional Economic Strategy and those that are relevant are reproduced in Table 4 below. They hold true now in 2006, as they did in 2003.

Table 4 – RES Employment Land Implications

Priorities (General)		Rationale And Linkage To RES
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.	Adequate land and property provision is a necessary condition for economic competitiveness. Well functioning and responsive markets for land will facilitate economic progress.
2P	Enhance the provision of incubator space in order to: <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>
3P	Enhance the provision of expansion space to support businesses graduating from incubator accommodation.	As above.
4P	Create network of international recognised innovation centres capable of attracting new research funding, new business and new knowledge to the region.	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.
5P	Enhance provision and science and technology parks.	As above.
6P	Provide high specification ICT locations.	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.
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.	<i>Need to reduce predicted growth in road traffic and enhance sustainability of freight industry.</i>

Source: EMDA

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

Table 5 – Offices (B1) – Summary of Location Requirements

Market Segment	Location 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 6 – Manufacturing (B1/B2) and Wholesale (small B8) – Summary of Location Requirements

Market Segment	Location 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 7 – Distribution and Warehouse (B8) – Summary of Location Requirements

Market Segment	Location 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

2.50 A number of key recommendations were made; three are particularly applicable to Oadby & Wigston 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 development.

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

2.51 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.

2.52 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.

- 2.53 The M1 and Junction 19 improvements will have real benefit to the study area, as will the opportunities to improve public transport links from Nottingham East Midlands Airport and through Leicester.

South Wigston Regeneration Master Plan (2003)

- 2.54 This regeneration masterplan proposed a series of inter-related programmes linking to a wide range of community concerns. Some of these concerns connect with this employment land study, particularly managing physical change and business support and investment.
- 2.55 Amongst the key underlying themes for South Wigston's new physical vision is the better use of vacant, under-used and derelict sites and premises. In this respect the masterplan referred to the following sites:

The Railway Triangle Site – a land-locked site largely surrounded by industrial uses and identified in the adopted Local Plan for a mix of employment purposes. However the site is not feasible for development because of severe access constraints; substantial infrastructure requirements and part is designated as a site of importance for nature conservation.

Land off Tigers Road – proposed for B1 uses.

- 2.56 A variety of other smaller sites and premises within the South Wigston Conservation Area were identified. It is considered there is potential to integrate new business incubation and start-up units within this area, taking into account the Council's Conservation Area Appraisal and development control guidance.
- 2.57 The masterplan also commented that a mix of business and economic sectors operate fairly autonomously within South Wigston. The existing vacant sites and derelict buildings were considered to be sites for new enterprise and opportunity, rather than places of no hope or ideas. As such they should contribute to business support and investment within the town.

Summary

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

- 2.59 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.
- 2.60 The Leicestershire, Leicester & Rutland Structure Plan makes provision for 24 ha of employment land in the Borough to accommodate its economic expansion over its 20 year plan period – this equates to 1.2 ha per year.
- 2.61 The Borough is inextricably linked into the regeneration of Leicester. There is substantial change happening that will have a ripple effect, influencing the Borough, and enhancing the property market, local economy and its residents' job opportunities.
- 2.62 The existing employment areas in the Borough should be consolidated and reinforced. It is recognised that the Borough does not have a large property market, due to its geographic size; although notwithstanding this there is a shortage of land and property.

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 Oadby & Wigston. There is a close linkage between Leicester and Oadby & Wigston economically. This is illustrated by the fact that, according to the 2001 Census, 11,014 of the 19,018 workforce population in the Borough (58 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
 - 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 landscaped 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 to 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 and thus 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 is 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. The remainder will be distributed throughout 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 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 initiative, and more land will be required to accommodate further relocations.
- 3.13 LRC has 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 put pressure on surrounding locations such as Oadby & Wigston. If displaced businesses cannot find an alternative location in the City, they will naturally look to neighbouring locations, increasing the pressure on land and property in areas such as Oadby & Wigston, Blaby, 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 the consideration of employment land provision in the Borough – 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. The substantial demand arising could put pressure on adjacent areas such as Oadby & Wigston, Blaby and Charnwood.

4.0 BUSINESS PROFILE

Introduction

- 4.1 It is important to understand the nature of the economy in the Borough 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 is also necessary to consider how things may change in the future, given that this report is assessing land provision to 2016. By appreciating these aspects the Council will be 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 The Borough 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 Borough has 56,100 people (midyear estimate 2004), which is nine percent of the County total. 76.7 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 8 shows, although slightly above the County average. There are differences between the three main towns in the Borough, which were highlighted in Table 1 in Section 1.0.

Table 8 – Unemployment Rates

Area	Unemployment Rate, percent
Oadby & Wigston	3.1
Leicestershire	2.9
East Midlands	4.3
Great Britain	4.8

Source: Annual Population Survey 2004, based on economically active population

- 4.7 The Borough, in general, has a mixed, reasonably skilled workforce employed in professional and elementary jobs based on an analysis of its residents as Table 9 illustrates, which is related to its location close to Leicester City and industrial heritage.

Table 9 – Occupational Profile, 2005

Occupation	Percent Total All Employment	
	Oadby & Wigston	Great Britain
Managers and Senior Officials	10.5	14.9
Professional	17.6	12.6
Associate Professional and Technical	11.1	14.0
Administrative and Secretarial	15.0	12.6
Skilled Trades	7.7	11.2
Personal Service	4.2	7.7
Sales and Customer Service	4.5	7.8
Process Plant and Machine Operatives	8.6	7.5
Elementary	16.3	11.5

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

Economic Activity

- 4.8 As Table 10 shows the Borough's economy is diverse and covers a wide variety of sectors from manufacturing to business and professional services. There is an increasing service sector, which is growing 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 38.7 percent of all jobs, ahead of the County figure but still lagging behind regional and national averages.

- 4.9 Nevertheless, manufacturing remains very important in the Borough, even more so than in both the County and region (see Table 10). Locally this sector is more than twice as important as it is nationally.

Table 10 – Standard Industrial Classification Breakdown

SIC 92	Employment Structure, percent jobs			
	Oadby & Wigston	Leicestershire	East Midlands	England & Wales
Agric & Fishing	-	1.5	1.5	1.1
Energy & Water	-	0.7	1.1	0.8
Manufacturing	26.2	20.4	18.3	12.6
Construction	3.1	4.9	4.7	4.4
Distribution, Hotels & Restaurants	27.6	26.9	24.8	24.7
Transport & Communications	4.4	8.5	5.7	6.0
Banking, Finance & Insurance, etc	11.3	13.3	14.4	19.8
Public Administration, Education & Health	21.9	19.7	25.7	25.8
Other Services	5.5	4.3	4.4	5.2

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

Numbers and Sizes of Businesses

- 4.10 There is no definitive figure for the number of employers in the Borough, although an estimate can be made based upon a number of sources.
- 4.11 These include, for example, VAT and Valuation Office data. In 2004 there were 1405 businesses registered in the Borough 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 697 office, industrial and factory hereditaments in the Borough. The flaw with this latter data being that it will not include all occupiers within multi-let buildings. The Annual Business Inquiry 2003 indicates that there are 1795 businesses, on

average 30 percent are non B1, B2 or B8 type operations (e.g. retailers) and therefore there are approximately 1250 relevant to this study.

- 4.12 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.
- 4.13 As Table 11 shows 85 percent of the Borough's businesses employ 1-9 people, slightly higher than the average, which nationally is around 83.3 percent. Furthermore 98 percent of the Borough's companies employ up to 49 people, compared to 96 percent nationally.

Table 11 – 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
Oadby & Wigston	85.4	12.6	2.0	0.0
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

- 4.14 Three wards account for the vast bulk of businesses – Oadby St Peter's, South Wigston and Wigston Fields. There is an overwhelming domination of industrial and warehouse properties over office. Evidence of this is provided by Valuation Office hereditament statistics at ward level for the Borough, shown in Table 12. All the wards are defined as urban by the Department for Environment, Food and Rural Affairs.

Table 12 – Valuation Office Hereditaments Ward Location

Wards	Offices	Industrial/ Warehouse
	Number of units	Number of units
Oadby Brocks Hill	1	0
Oadby Grange	8	22
Oadby St Peter's	62	127
Oadby Uplands	2	0
Oadby Woodlands	0	1
South Wigston	28	174
Wigston All Saints	23	38
Wigston Fields	10	118
Wigston Meadowcourt	11	13
Wigston St Wolstan's	25	21

Source: Valuation Office 2004

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 13). 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. It should be noted that 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 13 – 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 finance and business services are forecast to be the dominant performer. Leicester City is expected to benefit from 65 percent of them, the Borough will still benefit. 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, even if physically their location is elsewhere, major developments along the M1 corridor will continue to play an important role for the Borough's population.
- 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 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 14 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 14 – 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.

Industry	Type of Business	Typical Type of Space
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 Leicester Final Report 2004

The Future

- 4.20 EMDA employment forecasts that cover the period to 2015 for Oadby & Wigston point to a slight employment gain of 1.7 percent from 2005. They have also looked at different employment sectors and considered how these will fare to 2015. As Table 15 shows, the service sector increase will continue. Sectors that will decline include: 'Textiles and Clothing' and 'Paper, Printing & 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 and the surrounding area's economy in a positive manner.

Table 15 – Sectoral Employment in Oadby & Wigston

Sector	Employment, 000s		Percent Change 2005-2015	Employee Change
	2005	2015		
Banking & Insurance	0.41	0.55	34.3	+140
Business Services	1.82	2.34	28.1	+510
Health	2.38	2.88	20.9	+500
Other Services	1.40	1.68	19.7	+280
Textile & Clothing	0.41	0.08	-80.4	-330
Paper, Printing & Publishing	0.63	0.31	-50.7	-320

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 Oadby & Wigston as well. Many more will be in technology intensive sectors. Other opportunities will arise from large corporations outsourcing, spinning off developments 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 It 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 Borough, for example, there are now 1405 VAT registered businesses in the Borough, a 7.3 percent increase from 1998 (see Table 16), which is similar to the equivalent change at County, regional and national levels. Between 2000 and 2004 on average there have been 137 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 13 businesses each year.

Table 16 – Numbers of Businesses by VAT Registrations

Area	Number of VAT Registered Businesses		Change, percent
	1998	2004	
Oadby & Wigston	1,310	1,405	7.3
Leicestershire	19,110	20,640	8.0
East Midlands	114,465	123,955	6.6
Great Britain	1,628,355	1,752,750	7.6

Source: Small Business Service

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 the Borough of Oadby & Wigston are satisfactory, but not ideal. In part this is due to an above average representation of manufacturing employment that is in structural decline. However, prospects are good due to various regeneration initiatives underway in the Borough and the rest of the LLUA.
- 4.29 It is estimated that there are about 1250 businesses relevant to this study in the Borough. As in most areas, the majority of companies are either micro-businesses, employing less than ten people, or small businesses employing up to 50, however this is slightly more pronounced in the Borough of Oadby & Wigston. The increasing dynamism of business is increasing the need for small, flexible property solutions.

4.30 The service sector is under-represented, well below national averages. Having said, previously, that manufacturing is in decline, it remains very important, employing over a quarter of the workforce, and certain sub-sectors will grow in the future – high technology, certain textile activities, food technology.

5.0 PROPERTY MARKET – GENERAL

Introduction

5.1 Prior to analysing the Borough'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 Borough, the two cannot be divorced. 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 urban areas surrounding it, 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.

Leicester Business Voice

5.4 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.

Invest Leicestershire Enquiries

5.5 The prime public sector agency with regard to sites and premises marketing and/or enquiry handling is Invest Leicestershire.

5.6 The economic driver of Leicester and its role in the wider region, as well as the wide-ranging activities of Invest Leicestershire is well illustrated by the breakdown of all the enquiries received by the organisation for Leicestershire and Leicester. As Table 17 indicates:

- 27.5 percent from Leicestershire

- 20.4 percent from the City
- 43.0 percent from outside the East Midlands

Table 17 – 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

- 5.7 In line with the economic and employment characteristics highlighted in the Business Profile (Section 4.0), there is a strong emphasis on industrial sector need. Between 2001 and 2004 Invest Leicestershire received almost 400 enquiries for the Borough, industrial activity accounting for almost 60 percent, with relatively few land requirements, as Table 18 shows.

Table 18 – Invest Leicestershire Enquiries Type – Oadby & Wigston

Sector	2001	2002	2003	2004	Total	Percent
Office	42	31	25	18	116	30.2
Industrial/ Warehouse/ Workshop	38	57	62	65	222	57.8
Land	9	21	14	2	46	12.0
Total	89	109	101	85	384	100.0

Source: Invest Leicestershire

- 5.8 As Table 19 below shows, most enquiries are for premises at the smaller end of the spatial spectrum. Analysis shows the enquiries to be:
- Focused below 500 sqm for offices
 - Below 500 sqm for industrial, but good interest through to 5000 sqm
 - Some very large land enquiries

Table 19 – Invest Leicestershire Enquiry Sizes – Oadby & Wigston

Type	Size Band, sqm					Total
	0-499	500-999	1000-1999	2000-4999	5000+	
Office	73	17	12	7	7	116
Industrial/ Warehouse/ Workshop	68	47	39	46	22	222
Land Size Band, ha	0-2.0	0.21-4.0	4.1-8.0	8.1-20.0	20.1+	Total
Number	4	4	4	8	26	46

Source: Invest Leicestershire

- 5.9 Oadby & Wigston is a reasonably popular location, especially given its small size, due to its location near to Leicester. Although, reflecting its city role, Leicester dominates the enquiries that Invest Leicestershire receive, with almost a quarter of applicants looking for premises in the City.

Table 20 – Invest Leicestershire Enquiry Locations

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

Source: Invest Leicestershire

Inward Investment

- 5.10 One of Invest Leicestershire's main remits is the promotion of Oadby & Wigston, the City of Leicester and the rest of the County, 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.

- 5.11 Since 1997 Invest Leicestershire have achieved no successes in Oadby & Wigston, as Table 21 shows, reflecting its lack of available land and quality property, limited access to the motorway, small size, and the surfeit of better opportunities in close proximity (in Blaby and the City). Throughout the sub-region there is a strong demand for freehold property from potential investors; 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 21 – Distribution of Invest Leicestershire Successes

Local Authority	Number of Investments
Oadby & Wigston	0
Leicester City	38
Charnwood	14
Blaby	8
Hinckley & Bosworth	7
North West Leicestershire	7
Harborough	5
Melton	2
Not Known	2

Source: Invest Leicestershire

City Growth Strategy Research

- 5.12 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 22 – 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

5.13 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 locations.

5.14 Project types where the LLUA has a good competitive position include:

- Financial services operations
- Food manufacturing and processing
- Distribution centres
- Printing facilities.

5.15 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

- 5.16 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 was considered, appraising factors such as labour markets, property markets and quality of life.
- 5.17 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.
- 5.18 The review concluded that Leicester (and hence the LLUA) ranks in the top quartile for each of these six types of activity.

Property Supply

- 5.19 A definitive schedule of the vacant floorspace being marketed in the Borough has been compiled from Invest Leicestershire databases, physical survey, a trawl of commercial property agents and consultation with other stakeholders.
- 5.20 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 in this sub-section sqft has been used.

Industrial

- 5.21 Table 23 shows that there is almost 250,000 sqft of vacant industrial floorspace, with significant concentration of space between 5000 and 10,000 sqft. There is very little starter workshop space, and nothing in the 20-50,000 sqft size band. Two of the properties account for 133,963 sqft by themselves, over half the total.

Table 23 – Vacant Industrial Property in the Borough of Oadby & Wigston

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	800	7561	18,075	63,734	22,043	-	133,963	246,176
Number	1	3	4	9	2	-	2	21

Source: BE Group

- 5.22 Only five of the properties are available freehold. Nearly all of these properties are of secondary quality or location. Only one is new.

Offices

- 5.23 Table 24 shows that there is just under 20,000 sqft of vacant office floorspace in 8 properties. There is no space available below 500 sqft and nothing above 5333 sqft.
- 5.24 None of these are available freehold, all are secondary in quality or location, and none are new or modern.

Table 24 – Vacant Office Property in the Borough of Oadby & Wigston

Size Band, sqft	0-500	501-1000	1001-2000	2001-5000	5001-10,000	10,001-20,000	20,001+	Total, sqft
Floorspace	-	1314	3551	9329	5333	-	-	19,527
Number	-	2	2	3	1	-	-	8

Source: BE Group

Valuation Office Data

Industrial

- 5.25 According to Valuation Office (VO) statistics there are 524 hereditaments in the Borough, totalling 452,000 sqm. Out of all this space there are only 21 vacant premises totalling 22,870 sqm (from Table 24 above). This suggests an overall occupancy rate for the whole Borough of 95 percent by floorspace, 96 percent by premises numbers.

Table 25 – Valuation Office Statistics 2004 – Factories and Warehouses

Area	Number Hereditaments	Area, sqm	Average Size, sqm
Oadby & Wigston	524	452,000	863
Leicestershire	6,379	6,808,000	1,067
East Midlands	43,666	40,709,000	932

Source: Valuation Office

- 5.26 The data also shows that the average size of premises is only 863 sqm, well below County and regional averages (Table 25).

Office

- 5.27 There are 173 office hereditaments in the Borough, totalling 40,000 sqm. Out of all this space there are only eight vacant premises totalling 1814 sqm (from Table 24 above). This suggests an overall occupancy rate for the whole Borough of 95 percent by floorspace, and the same by premises numbers.

Table 26 – Valuation Office Statistics 2004 – Offices

Area	Number Hereditaments	Area, sqm	Average Size, sqm
Oadby & Wigston	173	40,000	231
Leicestershire	2703	685,000	253
East Midlands	19,950	5,178,000	260

Source: Valuation Office

- 5.28 Table 26 shows that the average size of office premises is 231 sqm, which is also below the equivalent County and regional figures.

Modern Occupier Needs

- 5.29 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.
- 5.30 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, that is necessarily derived from the first, comes from specialist property developers who will provide solutions for these companies, either through speculative or design and build development.

- 5.31 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.
- 5.32 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.
- 5.33 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).
- 5.34 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.
- 5.35 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.
- 5.36 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.

- 5.37 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.
- 5.38 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.
- 5.39 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

- 5.40 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 5.41 Oadby & Wigston is a small Borough, with a similarly small property market, with high occupancy rates. There is a shortage of good quality, modern industrial and office premises (especially small office units and workshops for small and start-up businesses (0-200 sqm) but also for larger, local businesses (1000 sqm plus)). There is also a shortage of employment land, much of what is available is of secondary quality.
- 5.42 Industrial demand remains strong irrespective of the structural change affecting the economy. It outweighs office demand, particularly from local companies. Requirements are for offices up to 500 sqm and industrial units up to 500 sqm usually, but there is also demand through to 1000 sqm.
- 5.43 Oadby & Wigston performs poorly relative to the rest of the sub-region in terms of attracting inward investment. Although this market is relatively small compared to that

generated by local businesses, the wider sub-region (including the Borough) has good potential to attract more investment in the future. However it requires an available supply of good quality land and premises to do this, something that is lacking at the moment.

- 5.44 Modern businesses (and developers) want easily developable, accessible, prominent sites for their premises. They move from their existing property to provide themselves with better, more efficient, cost effective accommodation of a more appropriate size.

6.0 PROPERTY MARKET– ANALYSIS

Introduction

- 6.1 This section considers the supply and demand conditions prevalent in the property market in Oadby & Wigston. 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 Borough's property market to be an extension of the City of Leicester's, with very similar issues to those suburbs on the periphery of the City.

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 27.
- 6.5 To summarise what those consulted thought, even though manufacturing is contracting, there remains strong demand for industrial property in the sub-region. 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, between 500 and 1000 sqm. Larger buildings can prove difficult to find an occupier, especially those above 5000 sqm, even though there is a certain amount of distribution related demand linked to the area's position close to the M1 and the (growing influence) of the A14. Inside the Borough itself, practically all the demand is essentially from an insular market reliant on local businesses relocating to more modern, or different sized, premises.

6.7 All recognise there is a shortage of readily developable industrial land, especially allied to the strategic highway network, which is where modern industrial companies would like to be located. The Borough's location to the south east of the LLUA makes access to the M1 difficult and congested (due to the need to travel through suburban areas), which reduces its attractiveness as a business location.

Table 27 – Property Market Stakeholder Comments – Industrial

Contact	Comment
Local Developer	General shortage of employment land
Local Agent	Severe lack of development land in Leicester and the 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	Good demand for freehold space. Limited involvement as Birmingham based
Regional Agent	Strong demand for industrial units, they tend to let and sell very quickly, especially units up to 200 sqm
Local Agent	Few enquiries at the moment
Local Agent	The older factory premises in the area are now redundant for economic use
Local Agent	Strong demand for freehold space
Regional Agent	Numbers of enquiries are increasing, industrial premises in greater demand than office
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
Local Agent	Rising numbers of enquiries, have recently let or sold all their available premises
Regional Developer	Have a portfolio of 80 properties, mostly in the Borough, ranging from small workshops to large warehouses. All are fully let, whenever units come to market they find occupiers very quickly, especially freeholds
National Agent	Lack of land throughout the sub-region Strong indigenous demand up to 500 sqm, larger units take longer to let or sell, anything above 3000 is difficult to let Industrial uses gradually being forced out of urban area as values rise and redevelopment takes place, looking for alternative, well-connected locations 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 One client company has been looking for 2000 sqm in Wigston for one and half years

Contact	Comment
Local Agent	Mainly retail agent with some commercial space, very few enquiries, none for manufacturing
Regional Agent	Very good demand for industrial in the whole sub-region, recently acquired and sold a 15 ha site just outside the city 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 highways network Sub-region needs one or two large 40 ha sites rather than taking the piecemeal approach favoured in the past
Regional Agent	Industrial market is stronger than office, especially for small units to 500 sqm and freehold space
National Agent	Good demand
Regional Agent	There is a shortage of industrial land and freehold properties Good demand for units up to 500 sqm
Local Developer	Bulk of industrial demand is for units of 100-400 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
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 Developer	Healthy demand for large, motorway related sites with good access
Local Agent	Demand for industrial greater than for office, extremely high demand for freehold space
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
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
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.
National Agent	Poor land supply and ensuing rising prices has dampened industrial demand, especially over the last three to six months 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

Contact	Comment
	<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 However there is 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 stock market. 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.
- 6.11 In Table 28 we illustrate the performance of a number of self-contained, multi-let industrial schemes, which shows the high occupancy rates common throughout the Borough. Unfortunately it has not been possible to secure much information on these types of properties.

Table 28 – Selected Oadby & Wigston Schemes' Performance

Property Scheme	Total Floorspace, sqm (approximate)	Unit Size Range, sqm	Occupancy Rate, percent	Comments
Chartwell Point, South Wigston	6000	700-3500	100	Modern units, strong demand Still gets enquiries even though fully let
Branston House, West Avenue, Wigston	5000	-	100	26 units
Crawford House, West Avenue, Wigston	3500	60-200	95	15 units
Canal Street Buildings, Canal Street, Wigston	4000	-	100	16 units
Premier Works, Canal Street, Wigston	3000	-	100	16 units
Wesley Grange, Chartwell Drive, South Wigston	3000	-	100	16 units
Cornwall Business Centre, Cornwall Road, Wigston	4000	-	100	15 units Serviced offices

Source: BE Group

Offices

6.12 The office market is perceived to be very small and less dynamic than the industrial market. However it is likely to grow based on the spin-offs from the regeneration efforts in Leicester and increasing service sector growth. There are very few modern, quality, bespoke schemes – much of the stock is secondary, and often above retail in the three town centres.

6.13 For ease of reference property market stakeholders' key comments are summarised in Table 29 as before.

Table 29 – Property Developers & Agents Comments – Offices

Contact	Comment
Local Agent	Property is 'thin on the ground' Strong demand for freehold offices Do not even have to use marketing boards, as they have waiting lists of enquiries
Regional Agent	Office market is poor, primarily because the infrastructure is lacking, there is greater demand for motorway related locations Demand is for units of up to 200 sqm
Local Agent	Competing cities in East Midlands far more attractive. Lack of space generally, especially freeholds
Regional Agent	Limited office demand
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

Source: BE Group

- 6.14 There is a trend for out-of-town offices nationally, which is being replicated in the Borough, 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.
- 6.15 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 provides small suites, on flexible terms, at all inclusive rates, taking away the sometimes cumbersome property management issues from small businesses.

Summary

- 6.16 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 6.17 There is a shortage of industrial employment land (B1, B2 and B8) throughout the Borough, especially quality sites close to the highways infrastructure. In this regard the Borough is not well located for modern business needs, as access to the M1 is difficult and congested. There is also this strong demand for industrial space, which dominates over a very small office market (although this cannot be discounted as it also provides important local employment). Much of the demand is for small space (offices to 200 sqm, industrial to 1000 sqm).
- 6.18 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.
- 6.19 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.

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 Borough, not only how much there is, but also its quality, type, suitability and availability.
- 7.2 The Borough 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 adopted Leicestershire, Leicester & Rutland Structure Plan, it is established that the Borough should have a land supply of 24 ha to cover the period 1996-2016. This equates to an average take-up of 1.2 ha per year.
- 7.5 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

- 7.6 The start point for the supply side assessment is the Council's monitoring data which identifies three sites, with planning permission or allocated for employment uses totalling 4.49 ha. These are identified in Table 30.
- 7.7 Table 30 schedules the location of each site; its size; provides comment 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 30 – Employment Land in Oadby & Wigston

Local Plan Reference	Site Name	Size, ha	Comment	Estimated Availability, years
EM5	Wigston Railway Triangle, South Wigston	3.14	Environmental issues – grasslands to be protected No access Constrained land Substantial infrastructure constraints – junctions improvements to Blaby Road, with access through South Wigston Rail station Unlikely to come forward B1 uses	5+
EM8	Sports Field off Tigers Road, South Wigston	0.80	Development brief Hammond Grange owned Part of recreation space B1 uses Can be extended to 1.55 ha Undeveloped	0-1
EM6	Land West of Magna Road, Magna Road Industrial Estate, South Wigston	0.55	Requires screening to south and west Has residential neighbours – so form and scale must relate to this B1 uses only Undeveloped	0-1
Total		4.49		

Source: Oadby & Wigston Borough Council and BE Group

7.8 One of the sites, Tigers Road, has the potential to be expanded (and for which there is a development brief to this effect); another, Wigston Railway Triangle, is recognised to be unviable due to access and environmental issues.

7.9 Therefore, in Table 31 a range of scenarios is presented for the Borough's land resource, considering the total supply initially and then altering it according to the various assumptions made above.

Table 31 – Oadby & Wigston Land Supply Scenarios

Scenario	Cumulative Total Land Supply, ha	Comments
Baseline	4.49	Allocated sites and existing employment areas
Baseline plus Expansion of Tigers Road Sports Field	5.24	Additional 0.75 ha
Baseline plus Tigers Road minus potentially unviable land	1.35	Wigston Railway Triangle – 3.14 ha

Source: BE Group

7.10 As Table 31 shows, in a best case scenario the Borough has 5.24 ha of employment land, and in a worst case (and more realistically) only 1.35 ha at the base date of March 31st 2005.

7.11 Apart from Wigston Railway Triangle, the other sites are readily available for development.

Land Take-Up

7.12 Employment land take-up is also recorded by the Council. In Table 32 a schedule of all completions between 1996 and 2005 is shown. The 6.04 ha of land developed over this period equates to an average historic take-up of 0.67 ha/year.

Table 32 – Oadby & Wigston Land Take-up 1996-2005

Year	Area, ha
1996/97	0.10
1997/98	0.11
1998/99	3.99
1999/00	0.00
2000/01	0.00
2001/02	0.00
2002/03	1.84
2003/04	0.00
2004/05	0.00
Total	6.04
Average Annual Take-up	0.67

Source: Oadby & Wigston Borough Council

- 7.13 Most of this take-up has been in Wigston, although this reflects purely the location of available employment land, and not necessarily market demand. (See Table 33).

Table 33 – Geographic Location of Development

Area	Employment Land Take-up 1996-2005	Percent
Oadby	0.00	0.0
Wigston	5.94	98.3
South Wigston	0.10	1.7
Total	6.04	100.0

Source: Oadby & Wigston Borough Council

- 7.14 Analysing the type of development this has involved shows that most has been for B8 uses (distribution and warehousing). There has been no B2 or B1 office development.

Table 34 – Type of Development

Type	Take-up 1996-2005	Percent
B1	0.11	1.8
B2	0.00	0.0
B8	4.09	67.7
B1, 2 8	1.84	30.5
Total	6.04	100.0

Source: Oadby & Wigston Borough Council

Borough Land Need

- 7.15 Drawing together these two strands of research (existing land supply and historic land take-up) we can calculate the estimated need for the Borough through to 2016.
- 7.16 If long-term trends continue, the Borough would need 7.37 ha to cater for an expected annual take-up of 0.67 ha for the next 11 years to 2016. However this is below current Structure Plan targets of 1.2 ha/year, which would equate to 13.2 ha.
- 7.17 Although there is a headline of 4.49 ha land available, only 1.35 ha is actually developable. Consequently the Borough has a shortage of employment land.

Summary

- 7.18 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 7.19 The Borough has three sites totalling 4.49 ha of employment land at March 31st 2005, however the realistic amount is only 1.35 ha, due to Wigston Railway Triangle being undevelopable.
- 7.20 The historic take-up rate is 0.67 ha/year, which suggests the Borough needs 7.37 ha of land for the period 2005 – 2016. This is behind current Structure Plan targets of 1.20 ha/year.
- 7.21 The adopted Structure Plan indicates the Borough needs 24 ha between 1996 and 2016, including a Strategic Employment Site of 15 ha. From 1996 to 2005 6.04 ha has been developed, leaving a remainder of 17.96 ha to be made available for the period 2005 – 2016. There is only 1.35 ha actually available which suggests an additional 16.61 ha needs to be allocated.
- 7.22 Unfortunately there are no obvious opportunities or areas of search where this amount of development land could be allocated, especially a Strategic Employment Site of 15 ha, due to the land constraints that exist within the Borough.

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 attempts have also been made to engage the local business community and other interested parties. This has been undertaken by using a business survey.
- 8.2 This empirical evidence is also supported by results from Leicester Shire Intelligence's six monthly business survey of a different sample of the Borough'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 1250 companies in the Borough operating from B1, B2 or B8 premises or sites so this is a reasonable sample, approximately 16 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 13 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 an Oadby & Wigston Borough address.
- 8.7 Overall 102 completed questionnaires have been received, representing over 50 percent of the total originally targeted, see Table 35.

Table 35 – Company Survey Responses

Total Questionnaires Issued	200	Percent
Received Responses	102	51.0
Too Busy / Unwilling	15	7.5
Companies Ceased / Moved	16	8.0
Still Awaiting (following reminder)	67	33.5

Source: BE Group

Company Size

8.8 From the 100 companies who indicated their employment size, 3771 people are employed. Of these less than five percent (180) are part time employees.

8.9 The responses very much fit the profile of small company employment. Only ten percent of the responding companies employ more than 50 people, whilst the majority (71 percent) employ 10 or less. There is a corresponding breakdown in the size of premises occupied. Emphasis is much more on premises of 200 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 36 contains the responses which would indicate that some 58 percent of the companies are occupying industrial/warehouse accommodation. The remainder are either in office space or working from home.

Table 36 – Responses by Premises Type Occupied

Type of Accommodation	Number	Percent
Office	22	21.6
Serviced Office	0	0.0
Industrial	45	44.1
Warehouse	14	13.7
High-tech/Lab	0	0.0
Site	0	0.0
Home	20	19.6
Not Known	1	1.0

Source: BE Group

8.11 Companies were asked to indicate whether they were owner occupiers or lessees of property. Almost twice as many rent their property.

- 8.12 Respondents were asked to comment on whether they were satisfied with their present accommodation, and if not to explain why. Table 37 shows that most are happy with their premises. Very few companies provided reasons for their satisfaction (or otherwise).

Table 37 – Satisfaction with Current Premises

Satisfaction with Premises	Number	Percent
Very Satisfied	44	42.7
Satisfied	47	46.5
Unsatisfied	9	8.7
Very Unsatisfied	1	1.0
No Comment	1	1.0
Total	102	100

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. 34 percent of the 102 indicated that this was the case, with 13 of them 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. 34 companies (out of the 102 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 38. 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 31 and 38 companies would be looking for more property if the survey was carried out with an alternative sample of companies in the Borough.

Table 38 – Total Survey Property Requirements

Type	Number of Companies	Floorspace Requirements, sqm			
		Gross		Net	
		Minimum	Maximum	Minimum	Maximum
Office/Serviced Offices	11	1000	2700	900	1900
Industrial / Warehouse	23	32,800	54,300	11,900	13,800
Total	34	33,800	57,000	12,800	15,700

Source: BE Group

- 8.16 We have accounted for the fact that although 200 companies were surveyed, only 102 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 Borough we use 200 as the sample size (and not 102). Thus the property requirements would need to be multiplied by a factor of 6.25 (because there are approximately 1250 B1, B2 and B8 businesses in the Borough). 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 that has been identified a little.
- 8.17 The breakdown of forecast future space needs by location, property type and size generated from the survey are shown in Tables 39 and 40. Each record is a different requirement and together they make up the totals in Table 38 above.

Table 39 – Gross Property Requirements by Location and Type – Offices

Area	Size, sqm	Quality & Tenure
Anywhere in Borough	0-100	New
	0-100	N/a
	200-500	Moderate Freehold
West Midlands	100-200	Moderate Freehold
Oadby	0-100	Moderate Leasehold
	100-200	Moderate Freehold
	500-1000	Moderate Freehold
Leicester City Centre	0-100	N/a
	100-200	Moderate
Anywhere Leicestershire	0-100	Moderate Leasehold
M69 Corridor	0-100	Moderate Leasehold
Total	1000-2700	

Table 40 – Gross Property Requirements by Location and Type – Industrial

Area	Size, sqm	Quality & Tenure
Anywhere in Borough	100-200	Budget Freehold
	100-200	Freehold
	100-200	Moderate
	200-500	Moderate Leasehold
	500-1000	New
	500-1000	Moderate Freehold
	500-1000	Moderate Leasehold
	1000-2000	Moderate Freehold
	2000-5000	Moderate Leasehold
Oadby	1000-2000	Budget Leasehold
West Leicester City	200-500	Budget Leasehold
Anywhere Leicestershire	200-500	Budget Freehold
	200-500	New Freehold
	500-1000	Moderate
	2000-5000	Moderate Freehold
	20,000-25,000	Budget Leasehold
M1/M69 Corridor	100-200	Moderate Leasehold
	200-500	Moderate Freehold
Wigston	200-500	New Freehold
	200-500	Budget Freehold
	500-1000	New Leasehold
	2000-5000	Moderate Freehold
South Leicester	500-1000	Moderate
Total	32,800-54,300	

8.18 Tables 39 and 40 show the domination of industrial demand over the office sector. They also illustrate the preference for freehold over leasehold space together with the tendency towards premises of moderate quality. Furthermore most companies are looking for industrial accommodation of between 200 and 1000 sqm; and office suites of less than 100 sqm.

8.19 Many requirements are footloose, i.e. choosing anywhere in the Borough, around the LLUA, or along the motorway corridors, and reflecting the merging of the various individual settlements into 'suburbia'.

8.20 We did ask companies to indicate whether their preferred area of search would be outside the Borough. Most will stay relatively local, with only one looking elsewhere – the West Midlands.

8.21 Some respondents made additional comments relating to the wider business environment. By far the main concerns are poor estate image and road infrastructure issues (congestion, roadworks and industrial estate access improvements). These concerns are highlighted in Table 41 below.

Table 41 – Company Comments

Aspect	Number of companies mentioning	Percent
Poor estate image / maintenance	14	13.7
Improved road infrastructure needed	13	12.7
Rates too high for service received	10	9.8
Perceived limited business support received	10	9.8
Lack of property options	8	7.8
Planning issues	7	6.7
Public transport	6	3.6
Poor security / Vandalism	4	3.9
Parking	4	3.9
Skilled staff shortage	4	3.9

Source: BE Group

Leicester and Leicestershire Business Survey

8.22 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 Oadby & Wigston) and those from the City of Leicester.

8.23 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 plan 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.

8.24 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

- 8.25 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 8.26 The survey of local companies has identified 57,000 sqm of property need (mostly industrial). However this estimate makes no allowance for the recycling of existing space, and therefore a net need of 15,700 sqm is considered a better approximation. Given that there are approximately 1250 businesses in the Borough, and our findings reflect an approximate 16 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 – perhaps six times as great – 94,200 sqm.
- 8.27 If we take the median net industrial floorspace need (and exclude the extra-ordinary 20,000-25,000 sqm requirement) of 2000 sqm (halfway between the maximum and minimum net figures identified in Table 38), this would equate to a site area of about 0.5 ha. This is based on standard industry development rates of 3400 sqm/ha. It also assumes that the majority of the office requirements will be satisfied in urban centres via ‘land less’ property redevelopment, while the industrial requirements will need ‘new land’. Extrapolating this by a factor of four (as opposed to 6.25) to reflect not only the survey sample size, but also counteract the effect of the size skew to larger companies; the available vacant space that could be reoccupied; and increasing office (rather than industrial) based employment, generates a representative land need of 2.0 ha for the total population of businesses in the Borough.
- 8.28 This illustrates the pent-up demand in the Borough and is forecast to be realised over the next two-to-three years. However business plans tend to be flexible and this expansion may actually take place over the next five. If one reverts back to historic take-up rates (0.67 ha) for the final six years of the LDF period, another 4.0 ha is needed. Adding these two segments together suggests the Borough needs 6.0 ha to 2016.

- 8.29 Findings from the survey show that the weight of demand is for moderate quality, freehold industrial space of between 100 and 1000 sqm. On the office side demand is for all types (leasehold and freehold, moderate and new), up to 200 sqm.
- 8.30 Referring the property need back to the findings in Section 5.0, where a supply of 22,870 sqm industrial and 1814 sqm of office space was identified, it suggests supply and demand (at least in terms of quantity) is mismatched, there is an overall shortage. On the office side, there is a shortage of freehold options and a lack of quality accommodation, and a particular shortage of suites up to 200 sqm. There are industrial shortages in all size bands but especially up to 1000 sqm and 2000-5000 sqm as well as a lack of freehold and new space. This is shown in Table 42.

Table 42 – Oadby & Wigston Premises Supply and Demand Analysis

Requirement	Industrial		Office	
	Available Units (see Table 23)	Requirements from 16 percent sample (see Table 40)	Available Units (see Table 24)	Requirements from 16 percent sample (see Table 39)
0-100	1	0	2	6
101-200	3	4	2	3
201-500	4	7	3	1
501-1000	9	6	1	1
1001-2000	2	2	0	0
2001-5000	0	3	0	0
5001+	2	1		
Freehold	5	11	0	4
Good Quality	1	4	0	1

Source: BE Group

- 8.31 Local authority geographic boundaries are not especially important to the Borough's businesses. Business location is relatively fluid, there are a significant number of footloose requirements attracted by the nearby motorway network, available land and better quality locations outside the Borough.
- 8.32 Companies are particularly concerned about the poor environment and image of their area; the lack of property and congestion problems.

9.0 GROWTH FORECASTS

Introduction

9.1 This chapter explains the 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 County, e.g. South East Regional Planning Conference, Advantage West Midlands. The projection forward of historic land take-up (model 1) is detailed in Section 7.0.

Model 2: Employment Based Forecast

9.3 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 LDF 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 Borough Council in Oadby and Wigston. They should also be treated with an element of caution in that the forecast is less robust at local authority level.

9.4 The employment forecast suggests that total employment is set to grow, but at a very marginal level. The Borough will see a 1.7 percent growth between 2005 and 2015, which represents only an additional 340 jobs. However this figure masks the decline in manufacturing employment and the growth in service sector employment.

9.5 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 LDF 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.

9.6 Table 43 provides a breakdown of the projected sectoral changes.

Table 43 – Projected Employment Change by Industry Sector, 2005-2015

Industry Sector	Workforce Change (number of employees)	Percentage Workforce Change
Agriculture	--	--
Mining & Quarrying	--	--
Manufacturing	(770)	-21.4
Electricity, Gas, Water	--	--
Construction	(300)	-28.0
Distribution, Hotels, Catering	30	+1.4
Transport & Communications	130	+15.5
Financial & Business Services	700	+27.1
Government & Other Services	130	+5.3
Total	340	+1.7

Source: EMDA and Experian 2005

9.7 It should be noted that the figures in the 'Workforce Change' column do not equate to 340, as this includes other industry sector forecasts (i.e. health, education, retailing) which are not relevant to this study.

9.8 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 in other studies and accepted in comparable locations
- Employment densities for each sector are sourced from the South East Regional Planning Conference (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.

9.9 Details of the first two assumptions are set out in Table 44.

Table 44 – Model Assumptions

Industry Sector	Employees		
	Proportion Occupying B1, B2 and 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

9.10 Application of these assumptions suggests the following in terms of future employment land provision:

- from sectors predicted to grow, the need for a further 6.03 ha
- from the sectors where reduced employment is predicted there will be a need for 9.79 ha less land.

9.11 The net result of this suggests the Borough will actually need less employment land for the period. The amount would be 3.76 ha to 2016. The calculation upon which this conclusion is based, is set out in Appendix 5, as is some additional data on the EMDA/Experian forecast model.

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

- How far the growth in office employment takes place in the urban areas, at higher densities, rather than in low-density business parks. However it is likely to be the former
- Whether the decline in manufacturing will lead to the release of land that is then regenerated for other employment uses.

- 9.13 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 then this model's outcome would change to a need for 6.0 ha of employment land.
- 9.14 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 however 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

- 9.15 This option is based upon the latest population forecast projected to 2016 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 recent Structure Plan proposals for a shift to more residential development in the Leicester and Leicestershire Urban Area.
- 9.16 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 LCC's projections
 - A constant economic activity rate of 79.2 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.
- 9.17 The LCC population projections indicate a 3.0 percent reduction in the population of Oadby & Wigston between 2006 and 2016. However, analysis of the numbers within the age group 15 to 64 shows a greater rate of reduction, of 5.6 percent. Applying the economic activity rate of 79.2 percent the difference between the 2006 and 2016 population figures suggests there would be 1574 less in the labour supply (1988 x 0.792).

- 9.18 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 1574 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 in Model 2 – the employment based analysis.
- 9.19 Assuming that all the jobs affected by this reduced labour supply would have been met within the Borough, it indicates a reduced employment land requirement of 7.61 ha. The detailed calculation is included in Appendix 5.

Summary

- 9.20 In this sub-section the findings of the preceding research are drawn together into a number of conclusions.
- 9.21 The two forecasts suggest the Borough actually needs less employment land than predicted by historic take-up rates. The employment based model actually indicates a reduction of 3.76 ha, the labour supply model, 7.61 ha less than is occupied already. Consequently this would mean that all the vacant employment land is therefore surplus to requirements in the Borough and, according to these scenarios, could be used for other activities such as housing or parks. Common sense suggests these models are flawed.
- 9.22 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 remediating it; or that some companies occupy more space than they need, etc). Furthermore the company survey (see Section 8.0) identified a short term additional land requirement of 0.5 ha from just 16 percent of companies which throws into question the validity of these two models. Similarly those specialists in the commercial property industry consulted (see Section 6.0) also state there is very strong demand for land in the Borough, which again contradicts the outcome of Models 2 and 3.

- 9.23 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 assessment.
- 9.24 It should also be noted that this only applies to the Borough's resident population. There is of course commuting in and out of the Borough. According to the 2001 Census 9,890 people commuted in, 17,523 commuted out. There may also be a slight growth in this population, however again the effect of this on the land need will be very 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 Borough, 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 Borough's employment areas, in order to provide guidance as to their continued protection for employment uses.

Overall Physical Survey Findings

- 10.3 In total 332 premises have been assessed and mapped in the Borough'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 45. 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 45 – 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, e.g. Oadby, Wigston, South Wigston
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
Building Type	An assessment of the occupier's use of the property. One of four options – industrial, warehouse, office or laboratory

Field	Description
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 Of the 332 premises surveyed in the Borough, over 85 percent are industrial, just under ten 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 14 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 46.

Table 46 – Surveyed Building Types

Building Type	Number	Percent
Industrial	287	86.4
Warehouse	14	4.2
Office	29	8.7
Lab	2	0.6
Total	332	100.0

Source: BE Group

- 10.5 There are 37 vacant premises in the Borough, according to this survey, 11 percent of the total of 332. A further nine are only part occupied. 95 percent of these vacant properties (35) are industrial/warehouse premises.
- 10.6 The Borough is characterised by fairly historic development. Almost 85 percent was built between 1945 and 1990. Only four percent can be considered modern, as Table

47 shows. 93 percent of the new and post 1990 space is industrial, the rest are offices.

Table 47 – Surveyed Building Ages

Building Age	Number	Percent
Pre 1945	36	10.8
Post 1945	282	84.9
Post 1990	7	2.1
New	7	2.1

Source: BE Group

- 10.7 The premises inspections have identified five derelict buildings and eight that could be considered of excellent quality. The bulk of space is either of average quality (91 percent) as Table 48 shows.

Table 48 – Surveyed Buildings' Quality

Building Quality	Number	Percent
Derelict	5	1.5
Poor	18	5.4
Average	301	90.7
Excellent	8	2.4

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 Borough has eight such employment areas, they have a combined floorspace of 313,071 sqm and comprise 307 hereditaments. There are only 11 offices totalling 1356 sqm in this amount, a minimal proportion, 0.4 percent by floorspace, four percent by unit numbers.

Area Assessments Template

- 10.10 Each of the areas have been appraised and assessed in a similar format. 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. The 'Total Floorspace' is based on VO data for the whole area, as explained above.

Area Assessments

Map Location Number	1	Saffron Road/Wilson Road/St Thomas Road, South Wigston							
Description	Small employment area to the west of South Wigston abutting the Blaby boundary. Split into two distinct areas. North side essentially comprises of large public sector offices. There is a relatively large area for potential development, however the capacity for expansion of this area is limited by the surrounding residential areas. South of rail line there are moderate quality industrial units.								
Total Number of Units	17	Vacant/Derelict Units	1	Occupancy Rate, percent	94%				
Buildings Type, number of offices	1								
Buildings Age, number of units	Pre 1945	1	Post 1945	16	Post 1990	0	New	0	
Buildings Quality, number of units	Derelict	0	Poor	0	Average	17	Good	0	
Total Floorspace, sqm	14,689								

Map Location Number	2	Magna Road Industrial Estate, South Wigston							
Description	Low grade industrial estate to the east of South Wigston. Most of the companies tend to be small companies closely allied to the local area. The estate comprises a mix of light industrial, manufacturing and small-scale distribution uses, there is little in the way of office space. There are two small, in-fill development sites, however there is no scope for major expansion due to neighbouring residential areas and the railway line which forms its eastern boundary.								
Total Number of Units	16	Vacant/Derelict Units	1	Occupancy Rate, percent	94%				
Buildings Type, number of offices									
Buildings Age, number of units	Pre 1945	1	Post 1945	13	Post 1990	2	New	0	
Buildings Quality, number of units	Derelict	0	Poor	3	Average	13	Good	0	
Total Floorspace, sqm	54,552								

Map Location Number	3	Blaby Road, South Wigston							
Description		Two large office blocks in middle of South Wigston on main road.							
Total Number of Units	2	Vacant/Derelict Units	0	Occupancy Rate, percent	100%				
Buildings Type, number of offices		Number of offices							
Buildings Age, number of units		Pre 1945	2	Post 1945	0	Post 1990	0	New	0
Buildings Quality, number of units		Derelict	0	Poor	0	Average	2	Good	0
Total Floorspace, sqm			9,340						

Map Location Number	4	Chartwell Drive/West Avenue/Pullman Road/Clarke's Road, South Wigston							
Description		The largest dedicated employment area in the Borough, and premier industrial location. On the north side of South Wigston, parts of which are close to the border with Leicester city, the estate is essentially fully developed following Cromwell's development of the former railway sidings site to the south, generally only recycled premises come available. There is no scope for expansion as it is sandwiched between residential areas and the railway line. Most of the companies tend to be small companies closely allied to the local area. The estate comprises a mix of light industrial, manufacturing and small-scale distribution uses, there is little in the way of office space.							
Total Number of Units	126	Vacant/Derelict Units	18	Occupancy Rate, percent	86%				
Buildings Type, number of offices		4							
Buildings Age, number of units		Pre 1945	1	Post 1945	117	Post 1990	1	New	7
Buildings Quality, number of units		Derelict	1	Poor	0	Average	118	Good	7
Total Floorspace, sqm			129,006						

Map Location Number	5	Gloucester Crescent/Cornwall Road/Radnor Road, South Wigston							
Description	A large dedicated employment area in the Borough, closely related to Chartwell Trading Estate, which is the other side of the railway line which forms its eastern boundary. On the north side of South Wigston, close to the border with Leicester City, the estate is essentially fully developed and generally only recycled premises come available. There is no scope for expansion as it is sandwiched between residential areas and the railway line. Most of the companies tend to be small companies closely allied to the local area. The estate comprises a mix of light industrial, manufacturing and small-scale distribution uses, there is little in the way of office space.								
Total Number of Units	40	Vacant/Derelict Units	4	Occupancy Rate, percent	90%				
Buildings Type, number of offices	1								
Buildings Age, number of units	Pre 1945	0	Post 1945	39	Post 1990	1	New	0	
Buildings Quality, number of units	Derelict	0	Poor	1	Average	39	Good	0	
Total Floorspace, sqm	47,222								

Map Location Number	6	North Street, Wigston							
Description	Small area of moderate quality industrial units on edge of Wigston town centre								
Total Number of Units	5	Vacant/Derelict Units	1	Occupancy Rate, percent	80%				
Buildings Type, number of offices	0								
Buildings Age, number of units	Pre 1945	1	Post 1945	4	Post 1990	0	New	0	
Buildings Quality, number of units	Derelict	0	Poor	1	Average	4	Good	0	
Total Floorspace, sqm	3,040								

Map Location Number	7	Oadby Industrial Estate, Oadby							
Description	Self-contained moderate quality industrial estate close to Oadby town centre. Mixed industrial and offices in poor location with constrained access through suburban, residential areas.								
Total Number of Units	76	Vacant/Derelict Units	7	Occupancy Rate, percent	91%				
Buildings Type, number of offices	9								
Buildings Age, number of units	Pre 1945	10	Post 1945	65	Post 1990	1	New	0	
Buildings Quality, number of units	Derelict	0	Poor	8	Average	68	Good	0	
Total Floorspace, sqm	53,277								

Map Location Number	8	Cross Street, Oadby							
Description	Very small area in residential area. Average quality buildings in area with no prominence and limited access, close to Oadby town centre.								
Total Number of Units	3	Vacant/Derelict Units	0	Occupancy Rate, percent	100%				
Buildings Type, number of offices	0								
Buildings Age, number of units	Pre 1945	0	Post 1945	3	Post 1990	0	New	0	
Buildings Quality, number of units	Derelict	0	Poor	1	Average	2	Good	0	
Total Floorspace, sqm	1,945								

Employment Planning Policy

10.15 The existing adopted Local Plan comments on the importance of retaining as many as possible business and industrial units and therefore sets out to protect the availability of employment uses within the identified employment areas. Employment Proposals 1 and 10 represent the two key policies in that they relate respectively to the Plan's identified employment areas and to existing employment uses located outside those employment areas.

10.16 In concert with other local authorities across the country the Borough is facing the challenge of applications for higher value use, in particular residential, on existing brownfield sites. This is a direct consequence of Government policy to direct new

housing development onto brownfield locations. Nevertheless Oadby & Wigston must ensure there remains a balance between the provision of employment land and housing sites during the new LDF period.

10.17 Safeguarding existing employment sites and encouraging the redevelopment of outdated premises or under-utilised land will reduce the pressure on industrial land and accommodation. Their protection will ensure land uses remain provided for and the Borough retains a broad employment base.

10.18 Indeed we consider there is scope for the Council to strengthen policy wording in terms of guidance. For example the introduction of a schedule of identified sites/locations to be accompanied with a policy that states...

“all these sites are safeguarded for the development of B1, B2 and B8 uses.”

10.19 For all other employment sites and premises within the Borough the Council should consider the introduction of policy wording similar to that accepted by Hinckley and Bosworth as a recommendation from its employment land study. A positively worded policy, rather than the previous negative stance, was proposed aimed at strengthening the guidance and safeguarding employment sites from residential or other high value uses. The wording recommended was:

“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.”

10.20 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.

10.21 Where a land or property owner is applying to the Council for change of use from employment to alternative use, (where appropriate or contentious) they should have to prove there is a lack of demand for that site or premises. The onus should be on the owner to show evidence of active marketing for typically, a 12 month period, and these efforts ought to include an on-site marketing board in a prominent position; marketing particulars that have been circulated to local and regional property agents; targeted mailings to local companies; and use of public sector property availability schedules.

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 The Borough's property market is generally healthy, with active private sector developers and very strong industrial demand. This is due to its location close to the sub-regional economic centre of Leicester and a strong small business sector. However this demand has built up due to a constrained market supply. There is a lack of employment land, which is recognised by previous studies and research into the area, e.g. QUELS, RELS. This study supports the generic findings of these regional studies, many of which are equally applicable in the Borough.

11.3 There is substantial public sector investment and regeneration that is transforming Leicester, particularly with regards to the office and high technology sectors. This will inevitably have substantial positive impact on the Borough, and is likely to also 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 58 percent of the Borough's resident workforce was employed in Leicester).

11.4 The service sector is smaller than it should be and even though manufacturing employment is in structural decline this sector remains extremely important to the Borough, providing 26 percent of all 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 an estimated 1250 businesses in the Borough operating from B1, B2 or B8 land or premises. Most of them (85 percent) are micro-businesses employing less than ten people. A further 12 percent employ up to 49 people (small businesses).

- 11.6 Industrial need far outweighs office (the office market is small in the Borough), requirements are for the smaller end up to: 200 sqm offices but the majority below 100 sqm; and up to 1000 sqm industrial, but again most to 500 sqm.
- 11.7 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 the Borough of Oadby & Wigston as in other locations.

Current Property and Land Supply

- 11.8 The major issue affecting the Borough's property market is the lack of employment land in accessible locations. There is 4.49 ha of land available in the Borough, although a substantial proportion of this is severely constrained and undevelopable. Hence realistically only 1.35 ha is truly available.
- 11.9 The existing employment areas are productive, although of average quality. They are not particularly large or well located, but they serve a need. They will not be particularly attractive for high technology companies or inward investment, but provide a valuable resource for local businesses.
- 11.10 There is a real shortage of employment land in the Borough especially for industrial purposes. There is a need ideally for more land in locations close to the strategic road network, although this will be difficult to achieve due to land constraints and existing traffic congestion in key areas. There would be strong demand for freehold development plots in these areas if they were available on an individual basis to owner-occupiers.
- 11.11 This available land shortage throughout the LLUA and along the M1 corridor (and so including the Borough of Oadby & Wigston) is manifesting itself in pent-up property demand. Relative to the number of enquiries identified from the company survey (perhaps only 16 percent of the Borough's businesses) there are a number of property supply issues. On the office side, there is an overall shortage, especially of freehold options and a lack of quality accommodation. Judged against the findings of

the company survey there are few industrial properties. There are shortages in the 0-200 and 2000 sqm plus size bands. There is also an issue Borough-wide of a lack of freehold space and modern premises to meet the requirements identified. More managed workspace, business incubators and other types of small business accommodation would also prove very popular.

- 11.12 Given these property shortage issues, companies will consider a non-Borough 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 limited property availability; congestion issues; and the poor environmental image of the area.
- 11.13 Given the tight Borough boundaries there is a shortage of land for all uses – there is the obvious competition from residential uses. It is quite clear that there are no obvious solutions to achieve new employment land allocations.

Future Land Requirements

- 11.14 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, 0.67 ha/year, which incidentally is some way behind Structure Plan land take-up forecasts of 1.20 ha/year, there is indicatively a need for 7.37 ha of land to cater to 2016.
- 11.15 The alternative methods used are employment and population based assessments. The former suggests 3.76 ha of employment land is needed, the latter a 7.61 ha reduction. However these methods make no allowance for companies modernising or relocating into different sized property, and appear somewhat simplistic and go against empirical evidence generated by the company survey and stakeholder consultations with commercial property specialists. Therefore common sense suggests they are flawed, even though their principles of limited job growth and higher density land use are correct.
- 11.16 Extrapolating the company survey results to generate a total demand for the whole Borough (the survey sample size was 16 percent) indicates a land need of

approximately 2.0 ha. However all this land is needed within the next two to three years, there would also be no 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 0.67 ha, another 4.02 ha. In total this amounts to 6.02 ha, as there is already 1.35 ha available, there is therefore a need to find 4.67 ha.

11.17 According to the adopted Structure Plan the Borough needs to allocate 24 ha for the period 1996-2016. To 2005 there has been 6.04 ha developed. Therefore 17.96 ha is needed for 2005 to 2016. As there is only 1.35 ha available, an additional 16.61 ha is required. Potentially this ought to include a Strategic Employment Site of 15 ha. Unfortunately this is going to prove extremely difficult to achieve due to a lack of potential development sites unconstrained by planning restrictions or used for alternative forms of development.

11.18 These different scenarios are illustrated in Table 49. Taking a realistic land supply of 1.35 ha, the net land required under the various scenarios ranges from -8.96 to +16.61 ha. All four scenarios tested in this study (which are independent of guidance and land allocations in the Structure Plan) 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	Realistic Existing Land Supply, ha	Net Land Need, ha
Historic Land Take-up	+7.37	1.35	+6.02
Employment Change	+3.76		+2.41
Labour Supply Change	-7.61		-8.96
Company Survey	+6.02		+4.67
Structure Plan	+17.5		+16.61

Source: BE Group

12.0 RECOMMENDATIONS

- 12.1 The Council and its public sector partners need to strategically reconsider its employment land supply situation to meet the pent-up demand for land and property, especially industrial space, in the LLUA.
- 12.2 The study has identified demand for 4.67-6.02 ha of additional industrial employment land based on the company survey and/or historic take-up rates – this means the Borough has a considerable under supply (there is only 1.35 ha at the moment). This equates to less than half the remaining 1996-2016 Structure Plan allocation requirement of employment land needed for the Borough. More land needs to be allocated close to the strategic highway network. This includes the provision of freehold land and premises, which should account for approximately 20 percent of the total, and which may need direct public sector land acquisition (either independently or via a joint venture) to achieve.
- 12.3 It will be almost impossible to find the required employment land within the Borough for the demand identified. There has to be strategic cross-border co-operation, facilitated at the regional level, to allocate sufficient employment land to allow the Borough to grow and benefit from improvements in Leicester following its regeneration. It is questionable whether allocating a 15 ha Strategic Employment Site in the Borough is the correct approach for two reasons. Firstly the Borough does not need this amount of land; secondly, this area is relatively poorly located and strategic land allocations would be better placed closer to the M1.
- 12.4 Given that it will be difficult to find potential new employment areas, the Council needs to assess whether there are other areas of the Borough that are being underused in any way. The Borough has limited land and its use needs to be maximised, whatever its existing use.
- 12.5 Small-scale office development should be encouraged to serve local needs and capture beneficial spin-offs from the regeneration of Leicester. The Council needs to be careful in planning its way forward in order that the improvements happening in Leicester complement the initiatives in the Borough. To this end ongoing dialogue and co-operation with Leicester City Council would be very beneficial to ensure the wider area presents a balanced portfolio of land and property to potential investors.

Consequently the Borough would have greatest success in concentrating on providing opportunities for local businesses, new start-ups, micro-businesses and those looking for good value accommodation e.g. serviced offices and managed workspace.

- 12.6 With such a shortfall of employment land and premises the Council cannot afford to lose any of its existing employment areas (as well as remaining sites). It should also consider which of its employment areas ought to be protected more strongly from alternative use redevelopments. It is recognised that some of this land and property is not ideal, however it is all the Borough has got. Not all the property and land need be for high quality, modern space. There is a substantial market for lower quality, moderately priced accommodation. This type of space needs to be protected.
- 12.7 Recognising the Borough's spatial limitations it obviously has to consider denser forms of development, both residential and employment, to make best use of its limited land supply. In a similar vein the Council ought to be trying to encourage higher skill, higher value industries into the Borough.
- 12.8 Given its access constraints to the motorway network, the Borough needs to focus on smaller businesses (medium to large business will eventually wish to relocate to more accessible locations). This could include the provision of modest managed workspace and serviced office schemes (especially as the office sector is under-represented) in the Borough which cater to new business start-ups and micro businesses with up to 9 employees. Initially the feasibility of a 1000-2000 sqm scheme should be considered wherever the opportunity arises in the Borough. This could also prove useful in providing space to retain graduates from the University of Leicester, which is partially based in the Borough.
- 12.9 While the focus must be on retaining employment land and premises the Council should recognise the redundancy of isolated, historic, town centre factories which are uneconomic to re-use and encourage their mixed-use redevelopment, where appropriate. This is a natural economic cycle that needs to be allowed. This will improve the efficiency and competitiveness of local business and gentrify urban areas. However the Council (in conjunction with premises owners) should look for employment re-use where possible (and where appropriate), given the land

shortages identified in this study, although public sector assistance will probably be required to facilitate such redevelopment.

12.10 As there are limited things that can be done in terms of land and property in the Borough, the Council (in conjunction with Leicestershire County Council) should perhaps consider looking at ways to improve communications infrastructure (if possible) into Leicester City and to the motorway network, in order to make it a more attractive business location.

12.11 Review and monitor this position and undertake the study again in the future. The prospects are good for the Borough based on regeneration and developments throughout the sub-region which will have a beneficial effect on the Borough.

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