Coast to Capital Commercial Property Study

December, 2019

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1. Introduction

1.1 Coast to Capital commissioned Hatch Regeneris to undertake a Commercial Property Study focusing on the Local Enterprise Partnership (LEP) area (Figures 1.1 and 1.2) and specific areas within it.

1.2 The study provides the intelligence and analysis required to support the LEP's *Develop Business Infrastructure and Support* priority area set out in their Strategic Economic Plan, Gatwick 360° [1]. The ambition of the priority area is to:

"…develop more flexible, high-quality sustainable enterprise space, to remain attractive to existing businesses and the industries of the future".

1.3 It will also form part of the evidence base to develop a Local Industrial Strategy (LIS).

Figure 1.1 Coast to Capital Local Authorities

Source: Hatch Regeneris, 2019

Figure 1.2 Coast to Capital Major Towns

Source: Hatch Regeneris, 2019

1.4 The commission has six key objectives:

1) **Identify** international, national and regional factors influencing the commercial property market

2) **Assess** commercial property characteristics and trends across the region and within specific areas

3) **Map** the commercial property pipeline and requirements within specific market areas

4) **Define** the commercial property requirements of priority sectors and assess whether the current market meets their needs

[1] Coast to Capital, Strategic Economic Plan, Gatwick 360°, 2017. Available here: https://www.coast2capital.org.uk/269-strategic-economic-plan-gatwick-360.html

5) **Model** the potential economic impacts that could be achieved across the region by delivering more commercial space

6) **Critically assess** the evidence compiled and create a series of recommendations to help Coast to Capital increase the quantum of in-demand commercial space

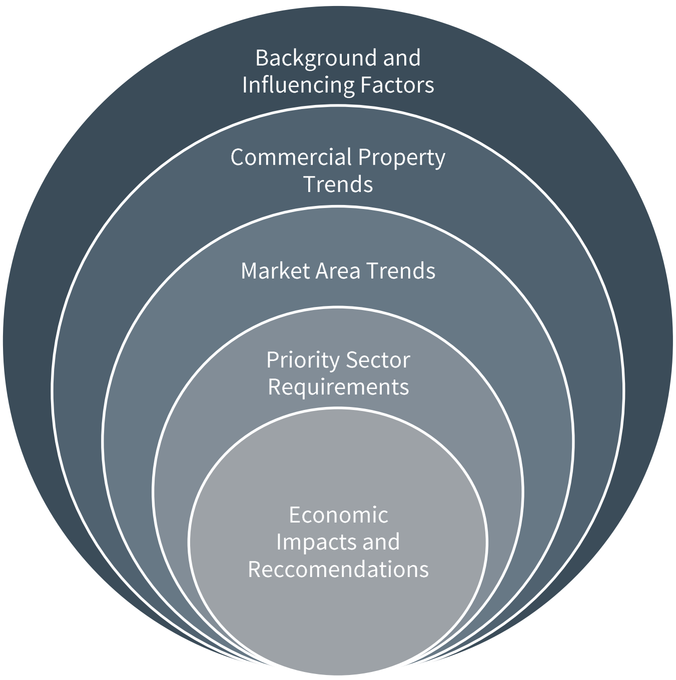
Study Structure

1.5 The study has been designed around the six objectives of the commission and is structured as follows:

1) Study Background
2) Influencing Factors
3) Regional Economy
4) Commercial Property Trends
5) Product Area Trends
6) Priority Sector Requirements
7) Economic Potential
8) Recommendations

1.6 Several layers of analysis have been undertaken to inform the final recommendations and to drive the economic impact modelling (Figure 1.3). At the highest level, the report begins by assessing the regional context and identifying factors that influence the commercial property market at different scales. It then narrows down to focus on the commercial property trends, characteristics and pipeline at the regional scale and in specific areas. It then considers the different requirements of the LEP's priority sectors and uses data from earlier parts of the report to assess to what extent the market meets their needs.

Figure 1.3 Structure of the Commission

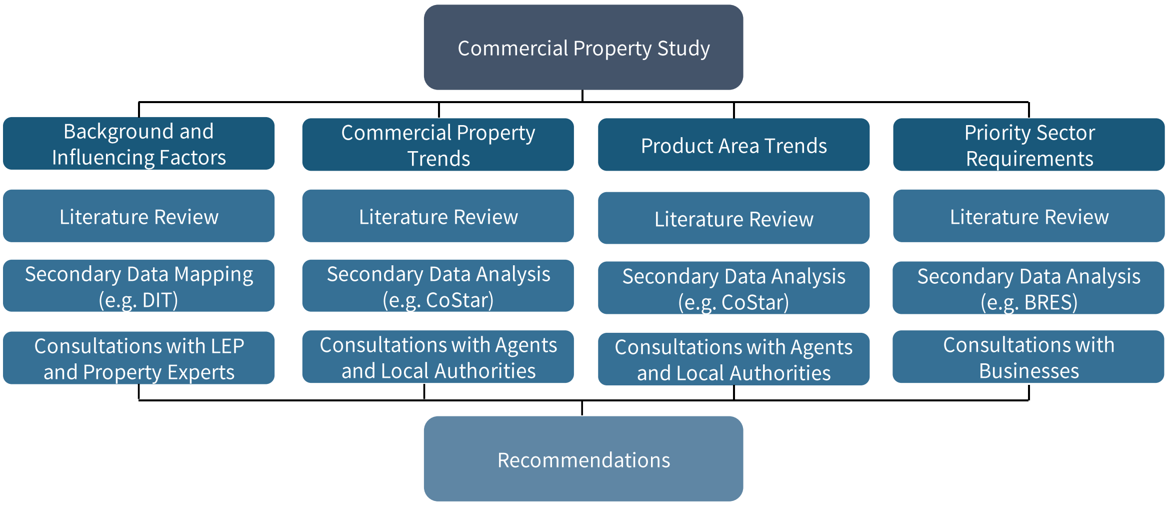


Source: Hatch Regeneris, 2019

Methodology

1.7 A clear and robust methodology was designed to provide the intelligence required for the study (Figure 1.4). Several different methods were used for each part of the report to triangulate the findings and build a robust picture of the current context.

Figure 1.4 Study Methodology



Source: Hatch Regeneris, 2019

1.8 The study is grounded in the analysis of quantitative data from secondary sources. This includes data from publicly available portals (e.g. from BRES and DIT) and privately held sources (e.g. from CoStar and Local Authorities).

1.9 This evidence was substantiated and interrogated through structured consultations with representatives across four key groups:

1) Property Agents
2) Local Authority Officers
3) Coast to Capital Officers
4) Business Leaders
5) A list of consultees is provided in Appendix

1.10 All of this was supported by a review of relevant literature, ranging from Coast to Capital's documents (e.g. Strategic Economic Plan) to research and policy documents at the national scale (e.g. EY UK Attractiveness Survey).

2. Background

This chapter provides an overview of Coast to Capital's vision and priorities and how they link with the Government's Industrial Strategy agenda. It also focuses on the most relevant priority to this commission (*Develop Business Infrastructure and Support*) and how the study contributes to the LEP's ambitions related to this.

Five key points:

- Coast to Capital have created an ambitious SEP which responds to the Government's Industrial Strategy agenda
- Coast to Capital's SEP will be used as a platform to shape a new Local Industrial Strategy (LIS) that will be negotiated with Government in early 2020.
- The most relevant priority to this study (*Develop Business Infrastructure and Support*) has been designed to deliver better commercial space in the region to help attract new businesses and consolidate existing businesses
- There are several challenges related to commercial property that need to be overcome for the region to fulfil its economic potential (e.g. low vacancy rates, high levels of office to residential conversion, lack of investment in business infrastructure etc)
- This study will provide the intelligence required for Coast to Capital to create a more detailed work programme for the *Develop Business Infrastructure and Support* priority as part of the preparation of their LIS

Vision and Priorities

2.1 Coast to Capital have set out an ambitious vision in their 2018-2030 Strategic Economic Plan (SEP):

"Our vision by 2030 is for our towns and cities to be known around the world as fantastic places to live, grow and succeed. We will become the most dynamic non-city region in England, centred around a highly successful Gatwick airport".

2.2 They also aspire to:

- Support Brighton and Hove, Crawley and Croydon to be ranked among the most productive places in the UK
- Ensure that other towns are more prosperous and do not become dormitory towns for London
- Enhance digital connectivity and infrastructure
- Build an economy based on international trade and innovation
- Deliver more business space to attract new businesses, support business start-ups and support the growth ambitions of existing business
- Increase the supply of housing to help tackle the affordability crisis
- Invest in infrastructure to maximise their competitive advantage
- Develop a stronger identity as a business location

2.3 To achieve the vision and ambitions, eight priority areas for action have been developed and these directly respond to the Government's Industrial Strategy's Five Foundations (Table 2.1).

Table 2.1 Coast to Capital Priorities and Links to Industrial Strategy

Industrial Strategy Five Foundations	*Gatwick 360° Priority*
Ideas	5) Pioneer innovation in core strengths
People	4) Create skills for the future
Infrastructure	6) Promote better transport and mobility
	7) Improve digital network capability
Business Environment	2) Develop business infrastructure and support
	8) Build a strong national and international identity
Places	1) Deliver prosperous urban centres
	3) Invest in sustainable growth

Source: Coast to Capital, Strategic Economic Plan, Gatwick 360°, 2017

2.4 An initial programme of work already has already been created related to the eight priority areas. This is currently being reviewed and developed in response to the Government including Coast to Capital in its third wave of Local Industrial Strategies (LISs). Coast to Capital are using the SEP as the platform to shape the LIS which, once complete, will be used in negotiations with Government.

Local Industrial Strategies

According to the Government, LISs should:

"…set out clearly defined priorities for how cities, towns and rural areas will maximise their contribution to UK productivity. Local Industrial Strategies will allow places to make the most of their distinctive strengths. They will better coordinate economic policy at the local level and ensure greater collaboration across boundaries.

Subject to Local Industrial Strategies being agreed in places by Government, they will help to inform local choices, prioritise local action and, where appropriate, help to inform decisions at the national level. They will also provide strategic overview which will inform Local Enterprise Partnerships' approach to any future local growth funding deployed through them.

In conjunction with the key reforms set out in the Strengthened Local Enterprise Partnerships, Local Industrial Strategies will help local areas in England decide on their approach to maximising the long-term impact of the new UK Shared Prosperity Fund once details of its operation and priorities are announced following the Spending Review…"

Develop Business Infrastructure and Support

2.5 This commission focuses on the second priority area identified in the SEP – *Develop Business Infrastructure and Support*. As previously stated, the ambition of this priority is to:

2.6 "…develop more flexible, high-quality sustainable enterprise space, to remain attractive to existing businesses and the industries of the future".

2.7 Coast to Capital have committed to delivering a three-pronged approach to meet this ambition:

- Actively support delivery of business space for the area, including through statutory and market-led frameworks and incentives
- Develop ways to match business growth to long term investment, such as Foreign Direct Investment and business rate retention

- Prioritise the growth and development of medium sized businesses in the area through active support and promotion, including export potential

2.8 This response has been developed to help overcome several challenges related to commercial property in the region.

2.9 These, and other factors, are contributing to the wider challenges facing the Coast to Capital economy as set out in Chapter 4.

2.10 While several actions are already underway for related to *Developing Business Infrastructure and Support*, the work programme is currently being developed further in readiness for the LIS submission. This study provides the intelligence and analysis required to shape the programme, while also better integrating information about commercial property across the region. It also provides critical analysis and a series of tailored recommendations to help combat some of the major commercial property challenges.

3. Influencing Factors

Chapter Summary

This chapter reviews and considers the implications of some of the wider factors and trends influencing the Coast to Capital commercial property market. A sample of international, national and regional factors are considered.

Five key points are:

- Brexit presents a key challenge to Coast to Capital's businesses and economy as the region is reliant on the EU for imports and exports
- Slow and uncertain economic growth at the national level may influence demand for commercial property if it continues to reduce business confidence and investment
- Several national trends are driving demand for new and different types of commercial space (e.g. related to warehousing, flexible working, permitted development rights)
- Addressing housing pressures and affordability issues will be crucial to ensure the region has the right skill mix to continue to attract investment from businesses
- The increasingly competitive commercial property market in London is driving businesses out of the capital and Coast to Capital can do more to attract them to the region

International Factors

Foreign Direct Investment

3.1 Attracting Foreign Direct Investment (FDI) is a major strength of the UK economy. Performance is higher than in all other European nations[2].

3.2 Despite a steady increase in successful projects over the last decade, the number has declined over the past two years. This is likely to link to the uncertainty created by Brexit and fluctuating global markets. There were still, however, 1,782 successful projects in 2018/19 which supported the creation of 57,625 new jobs[3].

Table 3.1 UK Foreign Direct Investment Trends

	2014-15	2015-16	2016-17	2017-18	2018-19
Total Projects	1,988	2,213	2,265	2,075	1,782
New Jobs	84,603	82,650	75,266	75,986	57,625

Source: Department for International Trade, Inward Investment Results 2018/19, 2019

3.3 London and the South East, which include parts of the Coast to Capital area, are the most successful regions in attracting foreign investment. London received 627 successful projects in 2018/19, which introduced 14,875 new jobs and the South East received 202 projects with 3,900

[2] EY UK Attractiveness Survey (2019)

[3] Department for International Trade (2019)

new jobs[4]. There have been several FDI successes in recent years, including Amex in Brighton, Clinuvel in Leatherhead and Westfield and Hammerson's recent and planned investments in Croydon.

3.4 The UK's FDI has been broad based and across a range of industries. The top nine performing sectors in terms of projects and jobs are set out below.

Table 3.2 UK's Top Nine Industries Attracting Foreign Direct Investment

Software and Computer Services 12,291 Jobs 366 Projects	**Wholesale** 7,136 Jobs 102 Projects	**Environment, Infrastructure and Transport** 6,805 jobs 142 Projects
Business and Consumer Services 6,758 Jobs 155 Projects	**Financial Services** 5,177 Jobs 148 Projects	**Automotive** 4,670 Jobs 93 Projects
Food and Drink 4,321 Jobs 115 Projects	**Advanced Engineering and Supply Chain** 2,394 Jobs 130 Projects	**Chemicals and Agriculture** 1,186 Jobs 43 Projects

Source: Department for International Trade, Inward Investment Results 2018/19, 2019

3.5 According to EY's UK Attractiveness Survey[5], investors think that the main industries that will drive growth and foreign investment in the coming years will be: financial; digital; pharmaceuticals; biotechnology; clean tech; energy; consumer goods; automotive; real estate; and, construction.

3.6 The study also sets out that the main factors attracting investors to the UK are:

- Quality of life, diversity, culture and language
- Education in trade and academics
- Technology, telecom and infrastructure
- Local labour and skill levels
- Political and social stability

While these factors relate to the national scale, they reflect other studies that assess the factors that attract investors to particular regions. Other regional attractors relate to transport infrastructure, local labour costs, available sites, suitable premises and clustering of relevant suppliers.

[4] Department for International Trade (2019)

[5] EY 2019 Attractiveness Survey (2019)

3.7 It is difficult to predict how FDI trends are going to change over time, but initial indicators are not positive. EY's Attractiveness Survey sets out that Brexit is creating a challenging and uncertain future for foreign investment:

- 42% of surveyed investors think that the UK's attractiveness to FDI will decrease over the next three years
- 38% of surveyed investors report that Brexit is one of the top risks affecting the attractiveness of Europe for foreign investment
- 15% of surveyed investors have put their investment plans on hold because of Brexit
- 34% of surveyed investors are concerned about border and supply chain delays because of Brexit

Implications

FDI continues to be a strength in the South East, and the Coast to Capital region is well placed to capitalise on this. The area has several sector strengths that align with inward investment trends, including in High Tech Manufacturing, Life Sciences and Construction. The area also performs well against criteria related to attractiveness, such as proximity to London, good skill levels, strong public transport and international connectivity.

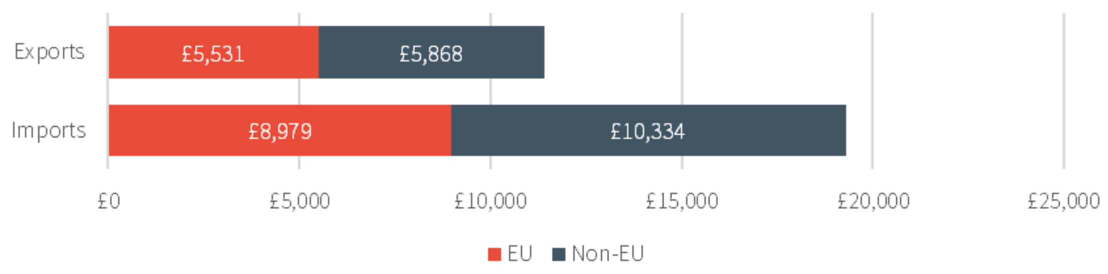
Brexit does, however, present a challenge to foreign investment. This could potentially constrain demand for commercial property in the region, especially in places that would traditionally be attractive to foreign investors (e.g. Gatwick, Croydon and Brighton).

Imports and Exports With the EU

3.8 The Coast to Capital region relies on the EU for exports and imports.

3.9 Broadly reflecting national trends, Surrey, East Sussex and West Sussex exported a total of £11,399m of goods in 2017, with around £5,532m (49%) going to the EU (Figure 3.1). While the USA is the biggest export destination, the next top five countries are all EU countries: Netherlands, Germany, France, Belgium and Ireland (Figure 3.2).

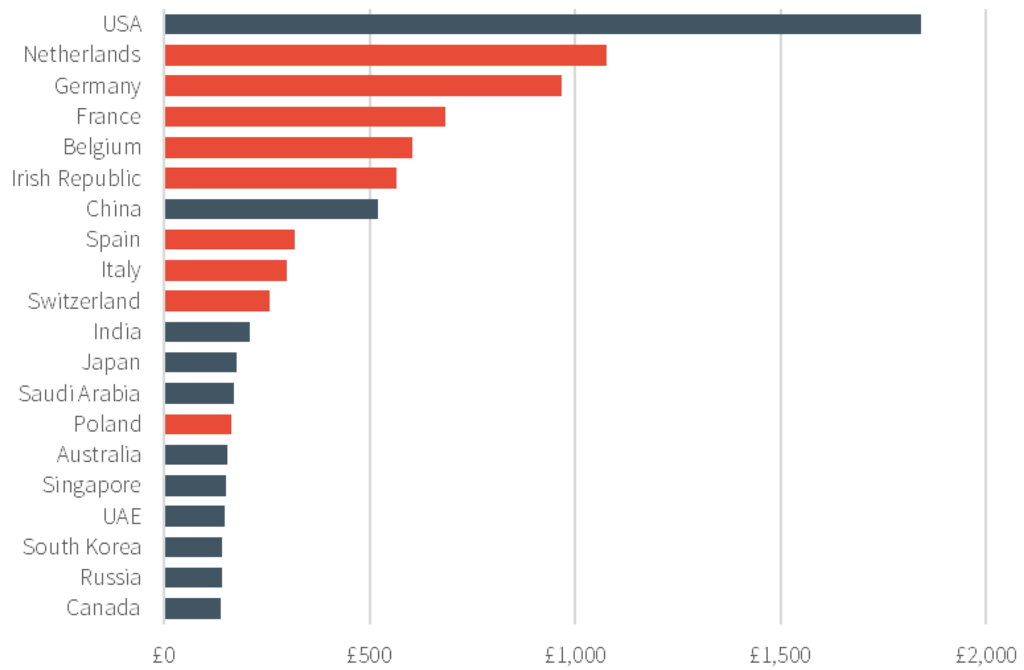
Figure 3.1 Statistical Value (£ million) of Trade in **Imports and Exports** to/from Surrey, East and West Sussex to/from EU and Non-EU Countries (Goods)



Source: HMRC, Regional Trade in goods statistics dis-aggregated by smaller geographical areas, 2017

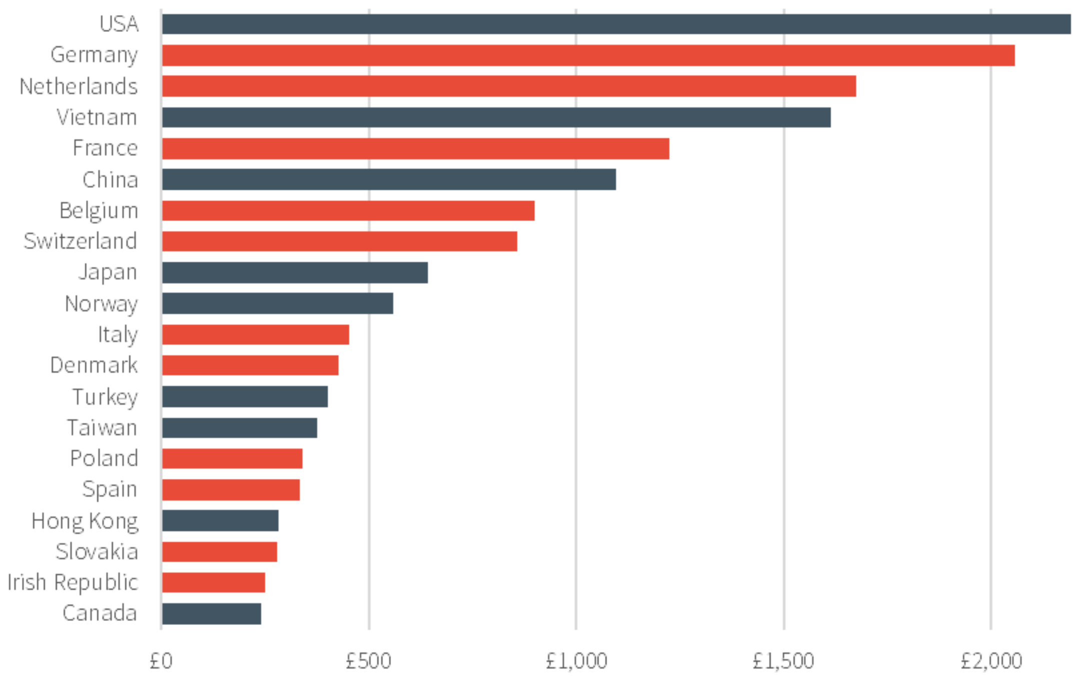
3.10 The picture for imports is similar. Around £19,313m of good were imported to Surrey, East Sussex and West Sussex in 2017, with around £8,979m (46%) coming from EU countries (Figure 3.1). The top five source countries for imports were USA, Germany, Netherlands, Vietnam and France (Figure 3.3).

Figure 3.2 Statistical Value (£ million) of Trade in **Exports** from Surrey, East and West Sussex to Partner Countries (Top 20) (Goods)



Source: HMRC, Regional Trade in goods statistics dis-aggregated by smaller geographical areas, 2017

Figure 3.3 Statistical Value (£ million) of Trade in **Imports** from Surrey, East and West Sussex to Partner Countries (Top 20)



Source: HMRC, Regional Trade in Goods Statistics dis-aggregated by smaller geographical areas, 2017

Implications

It is difficult to predict the impact that Brexit will have on businesses in the region, and the subsequent implications for the commercial property market, but it is clear that any changes to the tariff and non-tariff rules that govern trade with the EU would have significant impacts on the Coast to Capital region due to its strong trading relationship within the EU.

The magnitude of this will depend on the scenario under which the UK withdraws from the EU – a 'softer' Brexit would have fewer impacts on trade than a 'hard' Brexit. The potential consequences of the UK potentially losing preferential trading agreements with more than 70 countries, agreed via 40 separate trade deals under our current EU membership, could be significant.

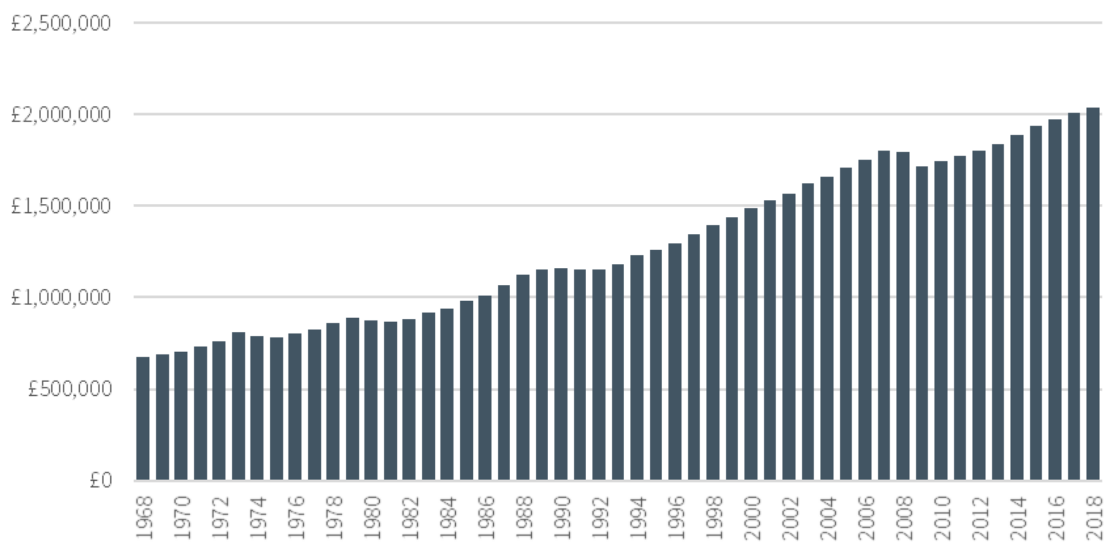
National Factors

National Economic Growth

3.11 The UK economy has continued to grow since 2008, despite fluctuating markets, uncertainty surrounding Brexit and potential global trade wars. Gross Domestic Product stood at over £2.3tn at the end of 2018 (Figure 3.4).

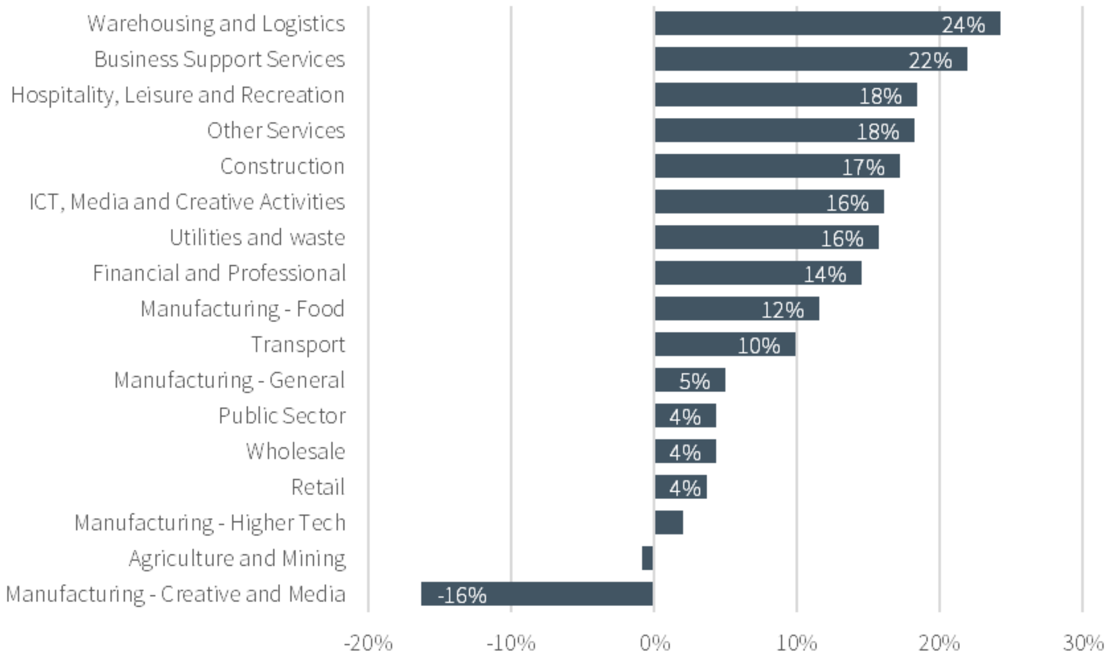
3.12 Growth has been slow, however, and this is expected to continue. The Office for Budget Responsibility's latest outlook report (March 2019) sets out that GDP growth was weaker than expected at the end of 2018. It also forecasts that growth is likely to be around 1.2% for 2019, but notes that this is difficult to predict as it is unclear under what terms the UK will withdraw from the EU.

Figure 3.4 UK Gross Domestic Product (GDP) (£million) Growth Over Last 50 Years



Source: ONS, Gross Domestic Product: Chained Volume Measures: Seasonally Adjusted £m, 2019

Figure 3.5 Proportional Employment Growth in England by Sector, 2012-17



Source: ONS, Business Register and Employment Survey, 2018 [Accessed via NOMIS]

3.13 There is little evidence to suggest that this slow growth has impacted the labour market to date. The most up-to-date statistics demonstrate that all areas of economic activity considered, bar agriculture and manufacturing (media and creative), have experienced employment growth since 2012 (Figure 3.5). The top performing sectors on this measure are: warehousing and logistics (24%); business support services (22%); hospitality, leisure and recreation (18%); other services (18%) and construction (17%).

3.14 It is expected that highly skilled service sectors will drive growth in the future. A number of independent economic forecasts, including from Oxford Economics, Experian and the UK Commission for Employment and Skills, all show that professional services are expected to be the main source of jobs over the next ten years.

3.15 There is still uncertainty about the impact that Brexit has had on employment to date and will have in the future. There is much anecdotal evidence to suggest that some major businesses are holding off investment, reducing their UK operations and/or moving their offices elsewhere. Several companies have revealed plans to contract or move, including Aviva, Bank of America Meryll Lynch, Barclays, Dyson, British Steel, Ford, Honda and Jaguar Land Rover. This presents a range of challenges and risks to both labour and commercial property markets.

Implications

The UK's uncertain economic future, coupled with slow growth, increases the risk of a loss of business confidence. This could mean less business investment, lower demand for business space and lower rental growth in the Coast to Capital area.

Despite this uncertainty, most sectors continue to prosper and the Coast to Capital economy continues to grow in terms of jobs and businesses. This is creating demand for commercial space, especially from the region's fastest growing sectors (e.g. High-Tech Manufacturing, Warehousing and Logistics, ICT, Creative and Media Activities and Construction). If this continues, despite uncertainty and falling confidence from foreign investors, demand is likely to continue to increase for good quality commercial space.

Warehouse Shortage

3.16 The warehousing sector is undergoing profound changes due to shifts related to consumer habits, retail trends, sector growth and government planning policy.

3.17 According to CBRE[6], around 60% of all warehouse space is now taken by retailers. The move towards online shopping, and the desire for next day deliveries, is placing significant demands on the sector which it has not seen in the past.

3.18 This has been coupled with shifts in the food industry – supermarket chains are moving away from larger superstores to convenience stores which is increasing demand for warehouse space. The emerging discount supermarkets also have smaller footprints than traditional chains.

3.19 UK manufacturing has also seen somewhat of a renaissance over the last decade, although there have been some recent negative headlines. The transport companies that serve the sector require warehouse space to service their needs.

3.20 These trends are driving record demand for more warehouse space on the edge of conurbations. About 235m sq ft of warehouse space was leased or purchased between 2007-2018 across the UK – this is about 44% higher than the preceding decade[7]

3.21 Several recent studies, however, warn that there a number of challenges to respond to the demand. For example:

- A 2015 study by the UK Warehousing Association (UKWA) and Savills found a national vacancy rate of 7.5% and a shortfall in the amount of land coming forward for new schemes. Based on supply levels and average take up, they estimated most regions of the UK have less than a year of supply left.
- A 2017 report from Colliers International sets out that more than 1.3m sq ft of additional industrial floorspace (including warehousing) is required each year in order to keep up with online retail demand in Greater London. The average annual take-up of industrial space in the capital has reached 7 million sq ft, with about one third of demand being driven by smaller urban warehouses.

Implications

Addressing the undersupply of large warehousing is a regional issue that transcends local authority and LEP boundaries. Planning authorities have few incentives to allocate scarce land for warehousing, which generates few jobs and competes with uses that generate higher land values.

The methodologies set out in Planning Practice Guidance and applied in employment land reviews also do not include any mechanisms for dealing with the regional shortage of warehousing. The adverse effects of this may be experienced by retailers and consumers across a very wide area.

[6] CBRE Global Industrial & Logistics Prime Rents report (2018)

The absence of incentives for individual planning authorities, or even functional economic areas to allocate land for warehousing development, means the response needs to be co-ordinated at a regional level and may require the input of several LEPs.

Permitted Development Rights

3.22 Permitted Development Rights (PDR) were introduced in 2013 and were made permanent in 2015. They allow developers to change a building's use from office to residential subject to seeking prior approval from the local planning authority. The legislation aims to promote and ensure empty and underused offices can be swiftly converted into dwellings. They are having a significant impact on the commercial property market across the country, especially in town and city centres.

3.23 As the data below demonstrates (Table 3.3), since 2014 around 11,063 office and 7,448 agricultural applications were submitted to planning authorities for prior approval and were given permission or did not need permission. While not all of these will have been realised, the actual number of conversions is likely to be higher because developers do not have to notify the planning authority about the conversion if all legislation is complied with.

Table 3.3 Successful Applications for Prior Approvals for Permitted Development

	2014	2015	2016	2017	2018	Total
Office to residential	2,597	2,694	2,307	1,954	1,511	**11,063**
Agricultural to residential	806	1,938	1,846	1,446	1,412	**7,448**

Source: Ministry of Housing, Communities and Local Government, 2019

*Number of planning applications accepted or did not require permission

3.24 PDR is often perceived negatively because in many places it has led to the loss of productive space and jobs. In some areas, especially town and city centres, it has led to the permanent loss of large amounts of office stock that could have been refurbished or redeveloped. Given the increasingly important role of town and city centres for knowledge-based industries, the loss of office space in these areas is a threat to long-term growth.

3.25 Despite this, PDR has had positive impacts in other places as it can remove old, poor quality commercial space from the market. Research by Regeneris in the Enterprise M3 LEP area shows that in some cases PDR has supported the removal of poor quality, unoccupied space that no longer meets business requirements while also delivering much needed housing. By reducing the oversupply of office space, it helped to increase rental values and the development of high quality, new space.

Flexible Working

3.26 The way people work has transformed over the last decade and continues to do so. The increase in service and knowledge-based jobs, together with advancing technology and the growth of the sharing economy, is driving up the number of people who are able to work independently of time and/or place. The daily commute to an office or a fixed workspace is becoming less common.

3.27 These trends are creating new practices relevant to the commercial property industry, including increased home working and rising demand for flexible workspace.

3.28 In relation to the former, evidence from the Office of National Statistics (2017) shows that over 4.3m people now work from home which is a significant increase on figures from ten years ago.

3.29 In relation to the latter, demand is rising, especially for co-working space, with record growth in 2017/18. According to Cushman and Wakefield (2018)[8], London saw a record 2.5m sq ft of lettings signed for flexible workspace in 2017/18, which is more than 21% of commercial office leases in the capital. The city is the global leader for co-working venues, outstripping New York in terms of floorspace and number.

3.30 Other parts of the UK have also seen rising demand, with around two thirds of the flexible workspace market being outside London. Most take up has been in the largest regional cities - Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Manchester and Newcastle have experienced an increase in city centre lettings from 2% in 2016 to 7.5% in 2017/18.

3.31 According to data from Deskmag, a co-working magazine and membership body, the ten things co-workers most valued by users are:

1. Sociable and enjoyable atmosphere
2. Interaction with others
3. Community
4. Close to home
5. Likeminded people
6. Good transport connections
7. Good value for money
8. Basic office infrastructure
9. Knowledge-sharing
10. Big-open workspace

3.32 While some of these are provided by traditional serviced offices, the key differentiators relate to the ability to interact with others, be close to home, have flexible terms and to share ideas.

Implications

Changing requirements are driving the development of new, flexible commercial properties in the Coast to Capital region. Examples include Cotribe (Horley), TMRW (Croydon), PLATF9RM (Brighton), The Skiff (Brighton), Rume2 (Chichester) and Lewes Werks (Lewes). The challenge is to ensure that enough space exists to meet increased demand, especially outside major towns and cities where they are typically found. Some of the regions specialist and growing sectors, particularly ICT, Media and Creative Activities, create demand for this type of space.

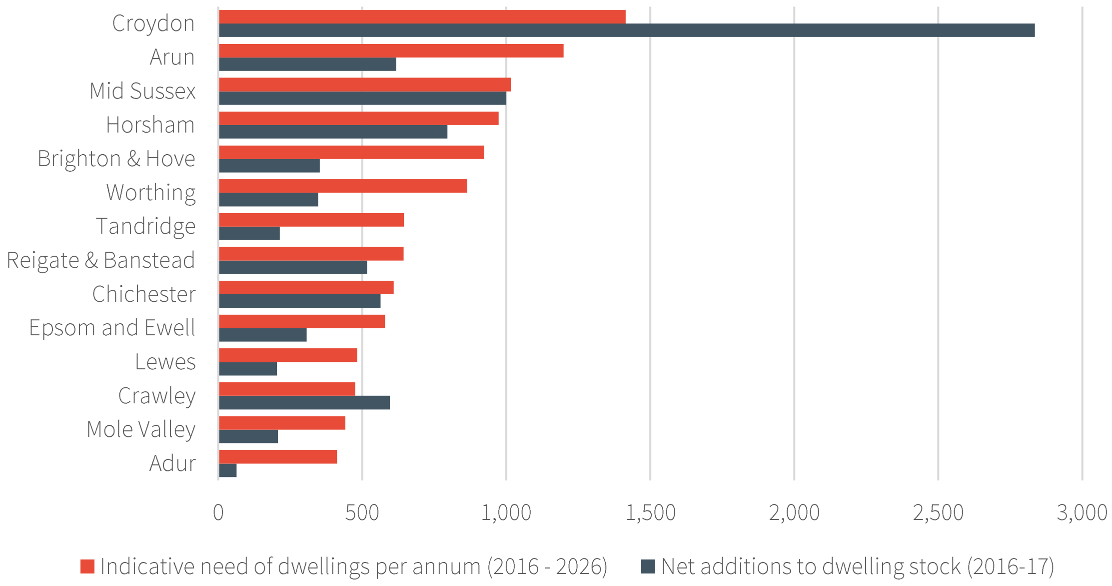
Regional Factors

Housing Pressures

3.33 Local authorities in the Coast to Capital region face a major challenge in meeting anticipated housing need and demand over the next decade. Some, including Adur, Chichester, Horsham and Arun, have a long way to go to deliver the number of new dwellings required (Figure 3.6).

[8] Cushman and Wakefield, Coworking – The Flexible Workplace Evolves (2018)

Figure 3.6 Housing Targets and Completions by Coast to Capital Local Authorities



Source: MHCLG, Application of proposed formula for assessing housing, 2017; MHCLG, Net additional dwellings by local authority district, 2018

3.34 Under-delivery of housing can act as a significant constraint on the ability of employers to recruit people with the skills they need. This can be as important as the availability of commercial space for the sustainability of economies.

3.35 This issue is exacerbated in the Coast to Capital region as it is one of the most unaffordable places to live in the country. The Government's Housing White Paper (2017) confirms that, while levels of affordability vary across the region, they are consistently above the national average and in many areas above the London average.

3.36 This, alongside the availability of housing, is fundamental to the success of the area in attracting businesses and growing the economy. If people cannot afford to live in the area they will move to other parts of the country and South East.

Implications

The relationship between housing and commercial property is complex. Both are required to support the needs of a growing economy, but environmental constraints and a shortage of sites mean that the need for residential and commercial development often come in direct competition with each other. All the local authorities in the Coast to Capital region will need to ensure that the balance between homes and commercial development is tuned to the needs of their local economy.

London Relocations

3.37 Over the last five years there has been a growing trend among businesses to decentralise or reduce the size of their London operations due to cost and supply constraints. Many businesses are looking to move large portions of their operations to cheaper sites outside London, while retaining a small presence in the city.

3.38 While a range of economic and political factors have reduced rental prices slightly, evidence from Carter Jones[9] (Q1 2019) demonstrates that many parts of London still have office rents well above £60 per sq ft:

- **Mayfair/St James's:** c.£102 per sq ft
- **Soho:** c.£90 per sq ft
- **King's Cross:** c.£81 per sq ft
- **Victoria:** c.£78 per sq ft
- **Paddington:** c.£78 per sq ft
- **Holborn:** c.£65 per sq ft
- **Southwark:** c.£65 per sq ft
- **City Prime:** c.£50 per sq ft

3.39 This is driving re-locations to a range of places across the country, including the South East and Coast to Capital region. High profile examples include EDF (Croydon), the Body Shop (Croydon), and Nestle (Gatwick). Businesses tend to look for well-connected places that have strong and well-educated workforces.

Implications

London's commercial property market is increasingly competitive and the Coast to Capital region is well placed to capitalise on the movement of businesses out of the city. While the area has many attractive features, it needs to present a clear offer due to strong competition from other parts of the South East which are benefitting from significant infrastructure investment (e.g. Berkshire and Essex are already profiting from the development of Crossrail) and the north (where there are bigger cities with cheaper rents).

[9] Carter Jonas Commercial Edge, London (2019)

4. Market Areas

Chapter Overview

This chapter provides an overview of the five market areas that structure this study and the process involved in selecting them. It also provides an overview of the main industrial estates and business parks in each market area for context. These will also be referenced throughout the report to add depth and commentary to key market trends.

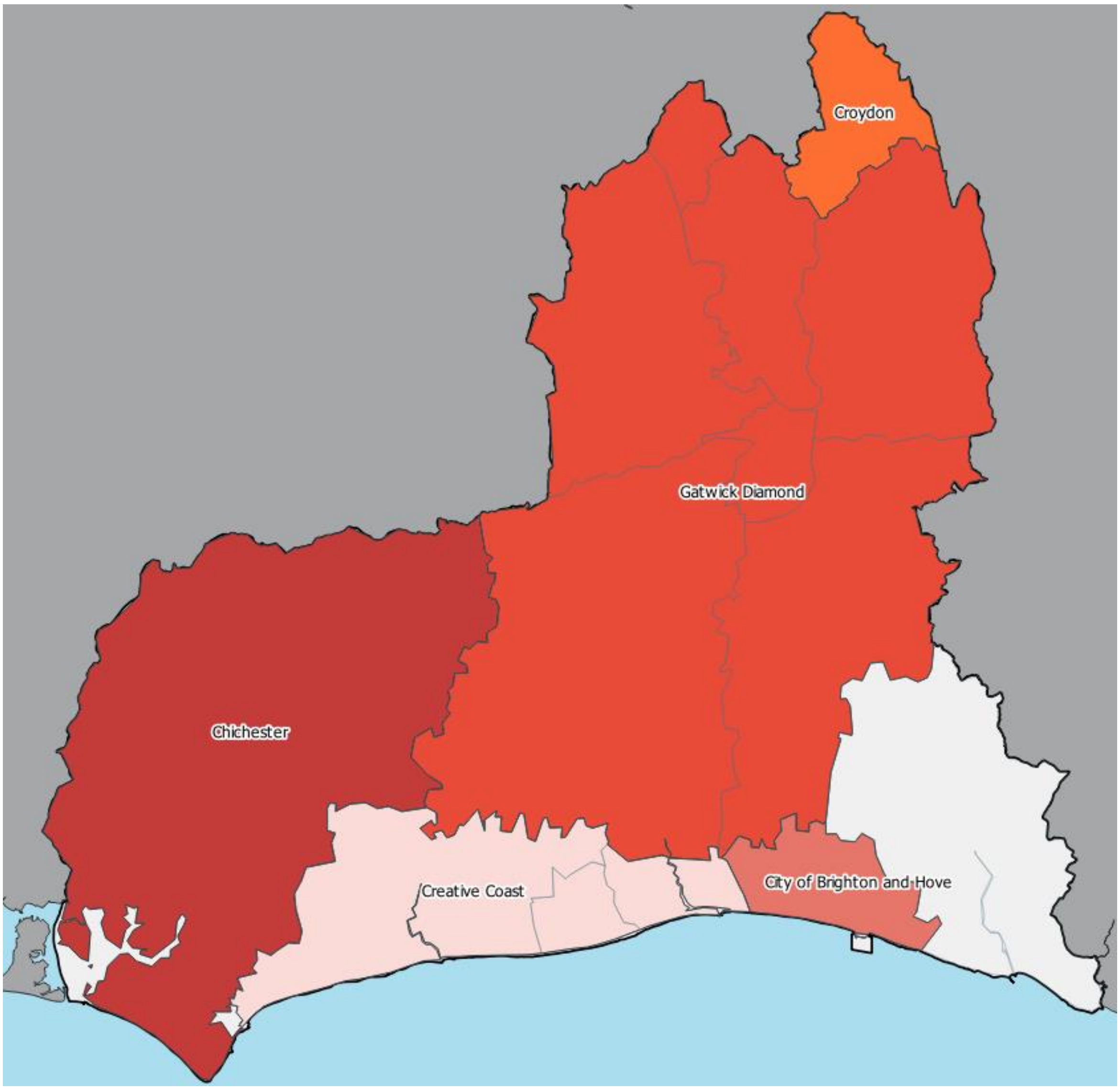
4.1 The analysis in this report is structured around market areas, which are geographies that broadly reflect the search areas of businesses in different parts of the region. They are used to assess whether there is shortage or oversupply of different types of commercial property at meaningful geographical levels.

4.2 As Figure 4.1 displays, five market areas have been defined: Sussex Creative Coast, City of Brighton and Hove, Gatwick Diamond, Chichester and Croydon.

4.3 Defining market areas requires an element of subjective judgment. While it is possible to make some generalisations, the search areas of businesses vary substantially based on the requirements of the occupier.

4.4 Many smaller businesses have local search areas, centred around business owners' closest towns or business parks. Larger occupiers, however, often have broad search areas and base decisions on a wider range of strategic factors.

Figure 4.1 Coast to Capital Market Areas



Source: Hatch Regeneris, 2019

4.5 A pragmatic approach has therefore been taken to select the market areas. This has primarily involved analysis of commercial property values and deals, while also taking into account policy drivers and established geographies. A high-level review of other factors, including skills levels, sector clusters and transport connections, has also been undertaken. Initial ideas were also tested and discussed with commercial agents and Coast to Capital staff through consultations.

4.6 Table 4.1 overleaf provides more detail about the Coast to Capital market areas and the rationale behind each.

4.7 It is important to note that the Croydon and Lewes local authority areas have been excluded from most of the statistical analysis, particularly where figures are aggregated to the Coast to Capital level. This is because they are more aligned with the activities of other LEPs and, due to the economic role of each place, strongly influence figures and trends. Notes have been provided under graphs, figures and tables to indicate where they are excluded. Croydon has, however, been included as a market because it plays a pivotal role in the region's growth corridor to Gatwick and is a key gateway into the London market.

Table 4.1 Coast to Capital Market Areas

Market Area	**Local Authority Areas**	**Rationale**
Sussex Creative Coast	Adur, Arun and Worthing	Sussex Creative Coast refers to the coastal area in the hinterland of Brighton and Hove. The creative, culture and arts sector are particularly important for these areas as they aspire to benefit from the spillover of business activity from Brighton & Hove and form a coherent partnership for growth. Unlike Brighton & Hove, these areas have relatively low commercial values and lower levels of commercial property activity.
Brighton and Hove	Brighton and Hove	While Brighton and Hove is a major urban area in its own right and has a unique set of commercial property market opportunities and challenges (as set out in the Brighton & Hove Economic Strategy). Treating it as a single entity brings these challenges to the fore and highlights its contribution to the wider Coast to Capital economy – it has the highest number of businesses and population compared to other local authority areas.
Gatwick Diamond	Crawley, Epsom & Ewell, Horsham, Mid Sussex, Mole Valley, Reigate & Banstead and Tandridge	This functional area (including areas in West Sussex and Surrey) is well defined in regional policy and has been successful in leveraging interest from central government. Considering the commercial property trends of the area is important to drive this agenda forward as one coherent, functional geography. It will help the area capitalise on the opportunities that Gatwick and the area's proximity to London provide.
Chichester	Chichester	This area is more rural in nature and is predominantly focused around trends in the Chichester local authority area. Again, evidence suggests that the market has a unique set of challenges compared to other areas in Coast to Capital due to its largely rural characteristics.
Croydon	Croydon	While Croydon is not considered in the wider statistical analysis related to the region, it has been selected as a market area because it plays a key role in the region's growth corridor to Gatwick and is a key gateway into the London market. The commercial property market is largely driven by regional drivers in London's business base and labour market and therefore poses a very unique set of challenges and opportunities compared to other areas.

Source: Hatch Regeneris, 2019

Strategic Employment Sites

4.8 There are a number of strategically important commercial property sites across the Coast to Capital region. Some of the largest and most important are set out below to provide additional context about each market area, as well as insight into what is available on the ground. These will be referenced throughout the report to add depth and commentary to key market trends. The pipeline of emerging employment sites by market area will be considered later in the report.

Sussex Creative Coast

Table 4.2 Lancing Business Park

Site Name	Lancing Business Park			
Site Location	Lancing, Adur			
Description	Lancing Business Park is a 37ha site which caters for a range of businesses. It includes a mix of industrial (50%), warehouse (36%) and office (6%) units, as well as a waste transfer and recycling centre, car sales/repairs and *sui generis* uses. The park includes a range of regionally important occupiers, including Crawley Luxury Coaches, Rabbit Group (recycling/energy from waste plant), Manhattan Furniture, Europcar, Rochester Medical and AMC Sheet Metal Fabrications.			
Commentary	Commentary from G.L. Hearn in the Adur Employment Land Review Update (2014) indicates that the age and quality of properties varies across the site. There are several industrial buildings built in the 1970s and 1980s, which are of poor quality, but this is mixed with some modern and higher quality industrial and office units. Vacancy rates across the site are relatively low. It is recommended that planning policy supports the progressive expansion and re-development of the site for employment uses and encourages upgrades and investment in the site.			
Plans	Lancing Business Park has its own Business Improvement District, which is now in its third term. There are no clear or concrete plans to expand or re-develop parts of the park, but the Business Improvement District has a Business Plan focused on improving and upgrading the site. There, however, opportunities for re-development that may come forward in due course.			
Links to Priority Sub-Sectors	Med Tech	✓	Air Transport	
	Pharmaceuticals		Horticulture and Food Manufacturing	
	Computer Software Programming and Publishing		Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting		Communications and Navigation Equipment Manufacturing	✓
	Insurance and Financial Services	✓	Automotive Manufacturing	
	Telecommunications	✓	Visitor Economy and Support	

<table>
<tr><th colspan="6">Table 4.3 East Worthing Industrial Estate and Broadwater Business Park</th></tr>
<tr><td>Site Name</td><td colspan="3">East Worthing Industrial Estate and Broadwater Business Park</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>Site Location</td><td colspan="3">East Worthing, Worthing</td></tr>
<tr><td>Description</td><td colspan="5">The East Worthing Industrial Estate and Broadwater Business Park make up the largest employment area in Worthing at around 36ha. It is not one contiguous area, but rather a series of sites that are in close to one another.

The Business Park provides relatively good quality office and industrial stock and is home to GlaxoSmithKline (GSK) and a range of other businesses. The Industrial Estate is home to older industrial and offices premises that meet the needs of small, medium and larger occupiers. Both areas house a significant proportion of the factory and warehouse stock in the district.

The presence of GSK in the Business Park has recently attracted a small cluster of pharmaceutical and health-based companies to the area, including Rayner Intraocular Lenses who have recently developed a large manufacturing plant at the estate.</td></tr>
<tr><td>Commentary</td><td colspan="5">Analysis by Nathaniel Lichfield & Partners as part of the Worthing Employment Land Review (2016) sets out that the quality of stock across the two sites is mixed. Using their own methodology, they give the site a rating of 19 out of 30 and rank it as the 11th best employment sites in the district (out of 21). There is a clear view that while vacancy rates are low, there is clear potential to increase the quality of stock available to attract more businesses to the area.</td></tr>
<tr><td>Plans</td><td colspan="5">The most significant extant planning application in the district is for the deliver of new 12,195 sq m of new industrial and office floorspace from the GSK site in Broadwater Business Park. GSK plan to invest £25m in the site, including the construction of new facilities for manufacturing antibiotics. There is also 2,060 sq m of extant planning permission in place for the rest of the East Worthing Industrial Site.

It is also worth noting that the Decoy Farm site, which is adjacent to this site, has been identified as an Area of Change by the Local Planning Authority. The site was previously used as landfill, so the Core Strategy suggests that open storage facilities would be most suitable for the site.</td></tr>
<tr><td rowspan="6">Links to Priority Sub-Sectors</td><td>Med Tech</td><td>✓</td><td>Air Transport</td><td colspan="2"></td></tr>
<tr><td>Pharmaceuticals</td><td>✓</td><td>Horticulture and Food Manufacturing</td><td colspan="2"></td></tr>
<tr><td>Computer Software Programming and Publishing</td><td></td><td>Computer and Consumer Electronic Manufacturing</td><td colspan="2">✓</td></tr>
<tr><td>Data Processing and Hosting</td><td></td><td>Communications and Navigation Equipment Manufacturing</td><td colspan="2">✓</td></tr>
<tr><td>Insurance and Financial Services</td><td>✓</td><td>Automotive Manufacturing</td><td colspan="2"></td></tr>
<tr><td>Telecommunications</td><td>✓</td><td>Visitor Economy and Support</td><td colspan="2"></td></tr>
</table>

Table 4.4 Shoreham Harbour

Site Name	Shoreham Harbour	
Site Location	Shoreham-by-Sea, Adur and Hove	
Description	Shoreham Harbour contains the working Shoreham Port, which receives 700-900 ship arrivals per year resulting in a trading throughput of around 1.8m tonnes per annum. The main commodities imported and exported are aggregates, timber, scrap metal, cereals, oil, sea food and increasingly steel. There are three main areas in the harbour area which contain different types of commercial property: (1) *South Quayside* - This includes common user berths (with associated storage space and transit warehouses) and leased wharfs occupied by Hanson/Tarmac and Shoreham Silo Services. It also includes non-port activities, including Scottish Power Station and Southern Water's Waste Treatment Plant. (2) *Southwick Waterfront* - This currently has a mix of vacant land, port uses and a small industrial estate. (3) *Western Harbour Arm* - The area is home to a range of different businesses. The main uses are a former Parcelforce depot (which is earmarked for development), the Surrey Boat Yard which provides moorings and brokerage and the Riverside Business Centre which comprises of a 1990s office block and hybrid B1 space. There is a wide mix of occupiers that are not port-related and housed in older, poorer quality buildings (e.g. garages, car dealerships, self-storage space etc).	
Commentary	In the Adur Employment Land Review Update (2014), G.L. Herne indicate that the age and quality of properties vary. They recommend that the regeneration proposals set out below come forward and are encouraged.	
Plans	Shoreham Harbour is a regeneration priority for the District Council and the Shoreham Harbour Regeneration partnership is driving this forward. A Port Masterplan and Joint Area Action Plan have been developed to support the Port's evolution as a modern viable port focused on construction materials and new areas like renewable energy, while also delivering new mixed-use development (incorporating housing, employment space, leisure uses and improved infrastructure). There will be around 21,500 sq m of new employment space, split across the Adur and Brighton & Hove Districts.	

Links to Priority Sub-Sectors	Med Tech		Air Transport	
	Pharmaceuticals		Horticulture and Food Manufacturing	✓
	Computer Software Programming and Publishing		Computer and Consumer Electronic Manufacturing	
	Data Processing and Hosting		Communications and Navigation Equipment Manufacturing	✓
	Insurance and Financial Services	✓	Automotive Manufacturing	
	Telecommunications		Visitor Economy and Support	
	Electricity and Power Generation	✓		

Table 4.5 Shoreham Airport / Brighton City Airport

Site Name	Shoreham Airport / Brighton City Airport			
Site Location	Shoreham-by-Sea, Adur			
Description	A 7.5ha employment site home to over 50 businesses is located to the south of the airport. There is a mix of commercial property types with most businesses having a connection to the aviation industry. Key occupiers include Ricardo, Northbrook College, which provides training in aviation and motor-engineering, Direct Travel Insurance and Fast Helicopters. It is estimated that 64% of stock is industrial, 30% warehousing and 6% office.			
Commentary	The Employment Land Review notes that the quality of the built stock varies and includes a number of older aircraft hangar-style units, alongside industrial and hybrid units. It is, however, one of only three sites in the district which is classified as having >70% of good quality stock and one of only four that is deemed to have a good quality environment. Vacancy rates are generally low, especially following the re-development of the a 0.2ha vacant plot to provide 5 small industrial units.			
Plans	Plans for two new commercial buildings were approved in October 2018. Initial plans are for a minimum of 15,000 sqm of warehousing and light industrial space on Cecil Pashley Way. The site had been allocated for employment space in emerging Adur local Plan.			
Links to Priority Sub-Sectors	Med Tech	✓	Air Transport	✓
	Pharmaceuticals		Horticulture and Food Manufacturing	
	Computer Software Programming and Publishing		Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting		Communications and Navigation Equipment Manufacturing	✓
	Insurance and Financial Services	✓	Automotive Manufacturing	
	Telecommunications	✓	Visitor Economy and Support	✓

Brighton and Hove

<table>
<tr><th colspan="5">Table 4.6 Holingbury Industrial Estate</th></tr>
<tr><td>Site Name</td><td colspan="2">Holingbury Industrial Estate</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>Site Location</td><td colspan="2">Brighton & Hove</td></tr>
<tr><td>Description</td><td colspan="4">Holingbury Industrial Estate is one of the city’s largest employment sites at 9.93 ha and is located adjacent to the A27.It was developed after the second world war as a strategic employment site for the city’s population. The site includes a range of different employment uses and is shared with an Asda supermarket and some other retail units. Example businesses include St John Ambulance, TG Fruits, Potts & Ward, Milllie’s Cookies Modern Media Communications, Kent, Surrey and Sussex Community Rehabilitation Company and Storagemart.</td></tr>
<tr><td>Commentary</td><td colspan="4">The Brighton and Hove Employment Land Study (2012) sets out that the quality of the buildings across the site is reasonable and it is classified as an ‘average’ site. It has been given a score of 21 out of 30, based on a number of criteria, which means it ranks 37th of 56 employment sites in the city area. Vacancy rates are not high, but 10,000 sq ft is currently available in Sussex house and a 1.5ha warehouse plot is currently vacant.</td></tr>
<tr><td>Plans</td><td colspan="4">There are no clear plans to re-develop or expand the site. The Employment Land Study (2012) indicates that there is little scope to intensify the site and that highways work would be required to expand the site in the future. There is, however, currently a large 1.5ha plot for lease or purchase, with existing planning consent to develop a B8 unit, builders’ merchant and trade counter with a yard.</td></tr>
<tr><td rowspan="6">Links to Priority Sub-Sectors</td><td>Med Tech</td><td></td><td>Air Transport</td><td></td></tr>
<tr><td>Pharmaceuticals</td><td></td><td>Horticulture and Food Manufacturing</td><td></td></tr>
<tr><td>Computer Software Programming and Publishing</td><td></td><td>Computer and Consumer Electronic Manufacturing</td><td></td></tr>
<tr><td>Data Processing and Hosting</td><td></td><td>Communications and Navigation Equipment Manufacturing</td><td></td></tr>
<tr><td>Insurance and Financial Services</td><td>✓</td><td>Automotive Manufacturing</td><td></td></tr>
<tr><td>Telecommunications</td><td></td><td>Visitor Economy and Support</td><td></td></tr>
</table>

Table 4.7 Hove Technology Centre

Site Name	Hove Technology Centre			
Site Location	Hove, Brighton & Hove			
Description	This is a high-profile 4.6ha site located along the A270. The site is a modern purpose-built business centre, which provide a mix of self-contained office and workshop units. It is home to a mix of unit types, but primarily offices and light industrial. Key businesses include Egp Technology Ltd, Mackenzie Thorpe Limited, Generation Game Limited and L.C. Switch			
Commentary	It is noted in the Brighton & Hove Employment Land Study (2012) that the quality of units are all reasonable to good quality with low vacancy rates. It concludes that it is a good quality employment site which is compatible with the surrounding residential areas. The site is given a score of 22 out of 36 which is based on a number of different indicators.			
Links to Priority Sub-Sectors	Med Tech		Air Transport	
	Pharmaceuticals		Horticulture and Food Manufacturing	
	Computer Software Programming and Publishing	✓	Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting		Communications and Navigation Equipment Manufacturing	
	Insurance and Financial Services		Automotive Manufacturing	
	Telecommunications	✓	Visitor Economy and Support	

Gatwick Diamond

Table 4.8 Manor Royal

Site Name	Manor Royal Business Park	
Site Location	Crawley	
Description	Manor Royal Business District is the largest single business area in West Sussex and the Gatwick Diamond. It covers an area of 240 hectares and is home to approximately 500 businesses generating 30,000 jobs. It provides 866,000 sqm commercial floorspace, of which 91.4% is B class, split across 700 properties, from large warehouses to small offices and workshops. Vacancy rates are estimated at 5.8% of all industrial floorspace and 6.2 of all warehouse floorspace, suggesting an overall low rate of vacancy in the business park. Manor Royal is home to a number of blue-chip companies such as Virgin Atlantic, CGG, Thales, Varian Medical Systems, Elekta, Vent-Axia, Doosan Babcock Energy and Grant Thornton. A Lichfield's Economic Impact Study of the Manor Royal Business District identified information and communication, professional services, manufacturing and wholesale and transport as key sectors.	
Commentary	A Lichfield's Economic Impact Study of Manor Royal highlights that the area performs well in a number of areas, including good strategic access links, a wide variety and mix of uses and a developing business community through the BID. Manor Royal also has a more distinguished and centralised brand than comparative options. However, the environment and landscaping of Manor Royal is lower quality than other existing business parks. Manor Royal is an older estate that has not been planned in the way newer business parks are. This is important in terms of helping on site businesses attract and retain talented staff.	
Plans	Manor Royal's Masterplan runs until 2026 and there are several key elements that have been developed to support Manor Royal's evolution, including: • Create character zones • Establish design principles • Improve public realm • Deliver better facilities • Form a more coherent working arrangement for the public and private sector • Enhance promotion and branding • Develop a Manor-Royal wide transport strategy • Establish priorities for improving sustainability	

Links to Priority Sub-Sectors	Med Tech	✓	Air Transport	✓
	Pharmaceuticals	✓	Horticulture and Food Manufacturing	✓
	Computer Software Programming and Publishing	✓	Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting	✓	Communications and Navigation Equipment Manufacturing	✓
	Insurance and Financial Services	✓	Automotive Manufacturing	✓
	Telecommunications	✓	Visitor Economy and Support	

Table 4.9 Burgess Hill

Site Name	Burgess Hill
Site Location	Burgess Hill, Mid Sussex
Description	Burgess Hill is the second largest employment area in the Gatwick Diamond with about 300 companies employing 8,000 in over 1.8m sq ft of premises. There are four key business parks in the area: Victoria Business Park, Sheddingdean Business Park, Ditchling Common Industrial Estate and Bolney Business Park. Collectively, Burgess Hill is home to a variety of businesses across 84 hectares, 95% of which is mixed B-use class and commercial in nature. Occupants include: Icon Live, which manufactures licensed products for the London 2012 Olympics; HPC Precision engineering which manufactures parts for some of the most iconic British motor cars; CAE (Aviation Training and Flight Simulators); and, the UK HQ of Roche (Swiss), a leading pharmaceutical and in-vitro diagnostics healthcare company.
Commentary	According to the Burgess Hill Business Parks Association, key priorities of businesses are to see improvements to the environment via better signage, road improvements, bigger companies, more space and a greater variety of facilities. Businesses are keen to stay in the area, but shortage of property supply for expansion, and particularly flexible/adaptable floorspace, is seen as a major concern. The 2015 Burgess Hill Strategic Employment Sites Report indicates that there is strained demand in Burgess Hill.
Plans	In 2018, the Department for International Trade announced the development of a new science and technology park in Burgess Hill, providing more than 90,000 sq m of commercial space.

Links to Priority Sub-Sectors	Med Tech	✓	Air Transport	✓
	Pharmaceuticals	✓	Horticulture and Food Manufacturing	
	Computer Software Programming and Publishing	✓	Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting	✓	Communications and Navigation Equipment Manufacturing	✓
	Insurance and Financial Services	✓	Automotive Manufacturing	✓
	Telecommunications	✓	Visitor Economy and Support	

Table 4.10 Graylands Estate				
Site Name	Graylands Estate			
Site Location	Horsham			
Description	Graylands Estate is a 13ha site in North Horsham currently in commercial and industrial use. There are a number of micro enterprises and SMEs. The site has car parking and an onsite café. All of the buildings on the site have been recently refurbished in varied styles and floorplates.			
Commentary	The buildings are all recently refurbished and fully occupied. Occupancy is evenly split between offices (B1), small industrial (B2) and storage/warehouse (B8) uses. Graylands Manor and The Pavilion have been converted to residential use. The estate particularly appeals to the micro enterprise business sector and small and medium sized enterprises (SMEs). Whilst the site is detached from the main settlement of Horsham, it is adjacent to the new allocation of land for development at Land North of Horsham and will be in close proximity to the services and facilities provided by this development once built out.			
Plans	There is potential capacity for the development east and west of the site, which are currently screened by trees			
Links to Priority Sub-Sectors	Med Tech	✓	Air Transport	
	Pharmaceuticals	✓	Horticulture and Food Manufacturing	
	Computer Software Programming and Publishing		Computer and Consumer Electronic Manufacturing	
	Data Processing and Hosting	✓	Communications and Navigation Equipment Manufacturing	
	Insurance and Financial Services	✓	Automotive Manufacturing	✓
	Telecommunications		Visitor Economy and Support	

Table 4.11 Broadlands Business Campus

Site Name	Broadlands Business Campus	
Site Location	Horsham	
Description	The site is located outside the built-up area boundary (BUAB) of Horsham. Broadlands Business Campus includes 2 large, high quality "prestige" office buildings, ‘Ashurst’ and ‘Holmwood’; and the site is landscaped. Ashurst has 1,105sq. metres of space to let, with 0.8- 2.8 Ha of land for sale which could accommodate additional buildings with car parking space to spare. The current occupants include - • Rockwell Automation - American provider of industrial automation and information technology to a number of sectors • CMED Clinical Research Services - Innovative electronic data capture technology designed to enhance the delivery of clinical trials • The Born Free Foundation – International wildlife charity • Daisy. - Unified communications provider, providing business broadband, VoIP, telephone systems and IT solutions • Loesche Energy Systems – Firm manufactures and distributes energy production machinery like turbine engines and generators for use by the electrical production sector throughout the United Kingdom • Benchmark Capital – Financial advisors and wealth management	
Commentary	The offices have recently been refurbished and now provide HQ style space.	
Plans		

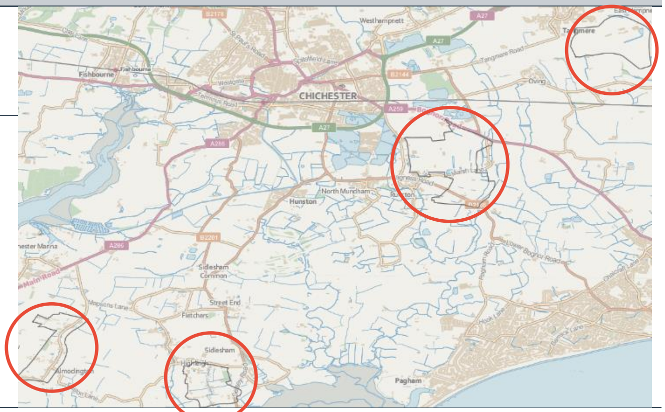
Links to Priority Sub-Sectors	Med Tech	✓	Air Transport	
	Pharmaceuticals		Horticulture and Food Manufacturing	✓
	Computer Software Programming and Publishing	✓	Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting	✓	Communications and Navigation Equipment Manufacturing	
	Insurance and Financial Services	✓	Automotive Manufacturing	✓
	Telecommunications		Visitor Economy and Support	

Chichester

Table 4.12 Chichester Business Park				
Site Name	Chichester Business Park 			
Site Location	Tangmere, Chichester			
Description	Chichester Business Park is an 8ha site recognised as a strategic location for employment. It was built in the 2000's and although is not especially prominent, has recognition locally due to its scale and business identity. Planning consent exists for additional office space, light industrial and associated warehousing use. The development is fully let and includes the administrative headquarters for Virgin Cosmetics and Epsicom Business Intelligence. Other occupants include: • Respironics, who have an 88,000 sq ft headquarter currently under construction for occupation later in 2019 • Carte Blanche Greetings Cards who recently took a pre-let of 40,000 sq ft as their World Headquarters, and • A 25,000 sq ft facility which has been pre-let to a Euopean computer company.			
Commentary	The site includes office floorspace (B1a use), clean rooms and laboratories (B1b use) and production and distribution floorspace (B2/B8) to support the production of specialist medical products. A quality assessment by Roger Tym & Partners' in the Chichester District Council Employment Land Review (2013) highlights that the site scores well in terms of business use identity, parking, public realm and ease of road access. There are, however, shortcomings in terms of the amenities available and prominence of the site.			
Plans	An office development is planned at Chichester Business Park: The Meteor Court development will comprise 30,850 sq ft of office space and Phase 1 will comprise two self-contained buildings of 3,250 and 7,750 sq ft.			
Links to Priority Sub-Sectors	Med Tech	✓	Air Transport	
	Pharmaceuticals	✓	Horticulture and Food Manufacturing	
	Computer Software Programming and Publishing		Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting		Communications and Navigation Equipment Manufacturing	
	Insurance and Financial Services		Automotive Manufacturing	
	Telecommunications		Visitor Economy and Support	

Table 4.13 Terminus Road				
Site Name	Terminus Road Industrial Estate			
Site Location	Terminus Road, Chichester			
Description	Terminus Road Industrial Estate is one of Chichester's principal industrial estates. The site supports both small, medium and large occupiers. At present, occupants include users of industrial space, trade counters, offices, showrooms, warehouses, training and leisure facilities. Notable are the new offices built for Hyde Martlet, John Wiley and Nicola Jane. There are also some dated office suites available at Mathis House Business Centre in Leigh Road. There has been some attempt to market specific plots such as "Chichester House" to scope office demand.			
Commentary	The Chichester Employment Land Review (2011) estimates that the oldest remaining aspects of the site date back to the 1960's, but there are also recently built offices. The dated appearance of some of the sites detracts from the urban setting and the public realm is viewed as functional rather than landscaped. The property is council owned and the ground leases are commonly considered to be a constraint on development. However, considering these factors, the number of voids is low. Analysis by GL Hearn as part of the Employment Land Review sets out that business use, identity, prominence and ease of road access are strengths of the site. Terminus Road performs less well in terms of public realm and amenities and facilities.			
Plans	Terminus Road Industrial Estate will play an ongoing role as a general industrial estate but has potential for more office accommodation, especially at the eastern end of the estate nearer the station and town centre.			
Links to Priority Sub-Sectors	Med Tech	✓	Air Transport	
	Pharmaceuticals	✓	Horticulture and Food Manufacturing	✓
	Computer Software Programming and Publishing		Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting	✓	Communications and Navigation Equipment Manufacturing	
	Insurance and Financial Services	✓	Automotive Manufacturing	
	Telecommunications		Visitor Economy and Support	✓

Table 4.14 Horticultural Development Areas

Site Name	West Sussex Horticultural Development Areas			
Site Location	Tangmere, Runcton, Sidlesham and Almodington			
Description	West Sussex and Chichester are home to one of the UK"s most important horticultural clusters, producing salad crops (including tomatoes, lettuce, peppers and aubergines), vegetables, soft fruit (including strawberries and raspberries) herbs, cut flowers, containerised/pot plants and hardy nursery stock that are sold throughout the country. The sector has changed significantly over the past two decades, however; consumer demands and international competition have resulted in a restructuring of the industry, with many of the once commonplace family-run nurseries being replaced by much larger units that provide better economies of scale. To ensure that the area's horticultural industry remains nationally and internationally competitive, it is important that sufficient suitable sites are available. To support this activity, Chichester has designated Horticultural Development Areas (HDAs) in the countryside, where glasshouses and related facilities, including pack houses, may be allowed and the impact of their large size and bulk is minimised.			
Commentary	Large-scale horticultural glasshouses at Tangmere and Runcton are characterised by major expanses of large buildings, which have good access to the main road network. Their businesses supply large supermarkets, garden centres and food chains, and are required to adapt and improve constantly to maintain this market. Smaller scale horticultural glasshouses will be focused at Sidlesham and Almodington due to the patchwork nature of landholdings and weaker accessibility.			
Plans	It is not expected that large scale glasshouse development will occur in the Sidlesham and Almodington HDAs to the same extent as at Tangmere or Runcton. The preferred approach for horticultural development is for land within existing HDAs to be used first.			
Links to Priority Sub-Sectors	Med Tech		Air Transport	
	Pharmaceuticals		Horticulture and Food Manufacturing	✓
	Computer Software Programming and Publishing		Computer and Consumer Electronic Manufacturing	
	Data Processing and Hosting		Communications and Navigation Equipment Manufacturing	
	Insurance and Financial Services		Automotive Manufacturing	
	Telecommunications		Visitor Economy and Support	

Croydon

Table 4.15 Purley Way

Site Name	Purley Way	
Site Location	Purley, West Croydon	
Description	Purley Way is a Strategic Industrial Location allocated in the London Plan, along the A23 Purley Way. It is a 'Tier 1' location due to its strategic function and its economic importance is subject to policy protection. Purley Way North and Purley Way South are designated in the LB Croydon Local Plan as Strategic Employment Areas, totalling 98ha space. The area has a heavy industry heritage, with car manufacturers and metal companies operating. More recently, retail warehouses have located along Purley Way and the area contains general industrial, light industrial and warehousing uses (use classes B1b/c, B2 and B8). The Croydon Employment Land Review (2013) notes a market change from an engineering/manufacturing basis to one of storage and distribution.	
Commentary	Commentary from Croydon's Employment Land Review update (2013) highlights varied site performance across the Purley Way cluster, although generally the area is considered a stronger performer: • Both Purley Way North and South have good or very good strategic road access, but none have a good or very good PTAL rating • Purley Way North has potential to accommodate SME workspace, has very good access to facilities and amenities and also has significant presence of non-B class occupiers. But there are issues with sites in poor condition in the Mill Lane area. • Purley Way South has vacant developable land, there is a significant presence of non-B class occupiers and in some areas, parking is inadequate for industrial uses.	
Plans	Purley way will remain an important centre of employment activity but there is potential for transition at the fringes to allow locations to better relate to surrounding uses. This could be in the form of new land uses or mix of land uses. There has been considerable development, including Phase 1 Spitfire Business Park, ZK Park, Commerce Trade Park and Commerce Park.	

Links to Priority Sub-Sectors	Med Tech		Air Transport	
	Pharmaceuticals		Horticulture and Food Manufacturing	✓
	Computer Software Programming and Publishing	✓	Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting		Communications and Navigation Equipment Manufacturing	
	Insurance and Financial Services		Automotive Manufacturing	✓
	Telecommunications		Visitor Economy and Support	

Table 4.16 Interchange				
Site Name	Interchange			
Site Location	Central Croydon			
Description	Interchange is the largest multi-let building to arrive in Croydon town centre for over 20 years, providing 182,187 sq ft Grade A office space. The historic building has been comprehensively modernised and enhanced into a contemporary workspace. The building is easily accessible to both East and West Croydon and has 420 car parking spaces. The building is now 100% leased with occupiers including Ramsay Healthcare, Vitality Health, Towergate Insurance, EDF Energy PLC, Carillion Construction, Siemens PLC, JT Global and IDE Group.			
Commentary	The lower cost of office space in Croydon is attractive for companies seeking a London presence and grade A space.			
Links to Priority Sub-Sectors	Med Tech	✓	Air Transport	
	Pharmaceuticals		Horticulture and Food Manufacturing	
	Computer Software Programming and Publishing	✓	Computer and Consumer Electronic Manufacturing	✓
	Data Processing and Hosting		Communications and Navigation Equipment Manufacturing	
	Insurance and Financial Services	✓	Automotive Manufacturing	✓
	Telecommunications	✓	Visitor Economy and Support	
	Electricity Power Generation and Transmission	✓		

5. Regional Economy

Chapter Summary

This chapter provides a high-level overview of the Coast to Capital economy and the barriers to its success and growth. The implications for the commercial property market, as well its role, are also considered.

Five key points are:

- Coast to Capital has a large and diverse economy, but it is facing several challenges particularly related to economic output, employment and business growth
- Employment growth has been relatively slow in recent years, but there has expansion across a number of key sectors, including High-Tech Manufacturing, ICT, Media and Creative Activities, Warehousing and Logistics, and Construction – these are likely to drive demand for commercial property moving forward if their positive trajectories continue
- The Croydon, Brighton and Hove and Gatwick Diamond market areas have experienced the highest levels of employment and business growth in recent years and are most likely to require more good quality commercial property stock in the future
- Most businesses in the region are micro (0-9 people) or small (10-49 people) - these types of businesses increasingly demand flexible workspace, including incubator spaces, co-working facilities and accelerators
- The region faces a range of barriers influencing its growth and progress – the availability of the right type of commercial space in the right places is one of the most significant

5.1 As set out in Coast to Capital's SEP, the area has a large and diverse economy and is an important economic engine. Even though it contributes around £50bn to the UK economy each year[10], it faces several significant challenges – particularly related to economic output, employment and business growth.

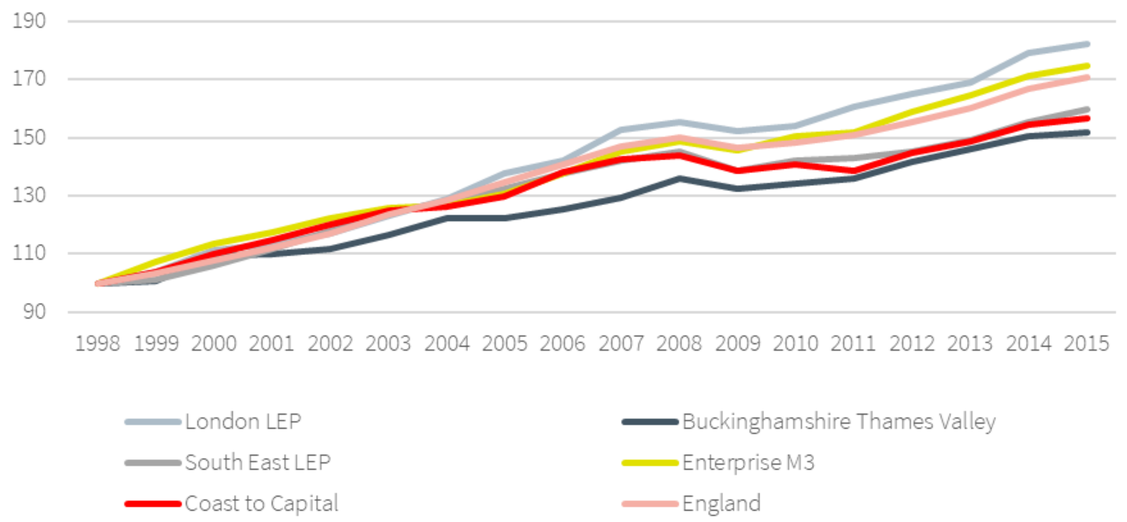
Economic Output

5.2 Despite having a strong economy, economic output in the Coast to Capital region has grown more slowly than in other LEP areas and the national average over the last two decades (Figure 5.1). It now ranks 13th out of the 38 LEPs across the country on this measure.

5.3 Economic output also varies significantly within the region. Evidence set out in the SEP shows that GVA per hour worked is highest in the north of the region, especially in Croydon and the northernmost parts of the Gatwick Diamond. Brighton & Hove, Sussex Creative Coast and Chichester have productivity levels that are lower than the Coast to Capital average, highlighting the economic disparities between the northern and southern parts of the region.

[10] Coast to Capital SEP

Figure 5.1 GVA per head in Coast to Capital region vs Comparators, 1998-2015



Source: ONS, Regional Gross Value Added by Local Authority in the UK, 2016

Employment

5.4 Employment data shows that the Coast to Capital region has experienced a relatively slow recovery from the economic downturn, with 53,700 jobs created between 2012 and 2017 which represents around 8% growth. This makes it the 18th worst performing LEP in the country on this measure (Figure 5.2).

5.5 The fastest growing sector over this period was Utilities and Waste, which grew by 34% due to the creation of 2,900 jobs. Other notable shifts include:

- Construction – grew by 27% through the creation of 8,000 jobs
- Creative – grew by 25% through the creation of 6,800 jobs
- Warehousing and Logistics – grew by 25% through the creation of 2,700 jobs
- Hospitality, Leisure and Recreation – grew by 14% through the creation of 7,200 jobs
- Life Sciences – grew by 11% through the creation of 500 jobs

5.6 In contrast, employment fell in the Wholesale, Transport and ICT & Digital sectors. More detail related to sectors and their requirements is provided later in the report.

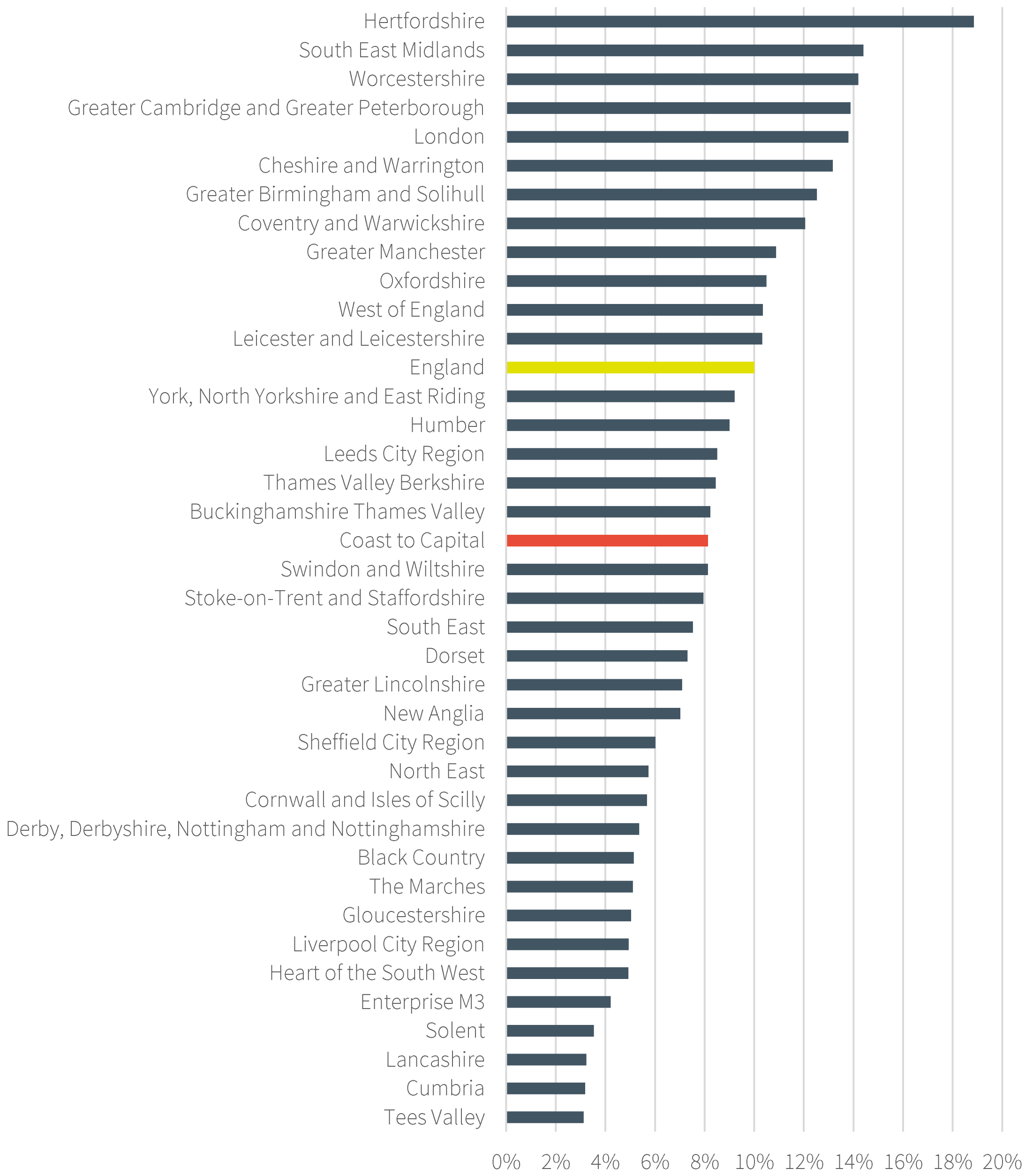
5.7 Figure 5.4 demonstrates how employment change was distributed across the market areas. The strongest growth was in Croydon, Brighton and Hove and the Gatwick Diamond area. This reflects the trends related to productivity and again highlights the disparity between the northern and southern parts of the LEP area.

Implications

While employment growth has been relatively slow, there has been strong growth across several key sectors. These industries are likely to create demand for employment space moving forward.

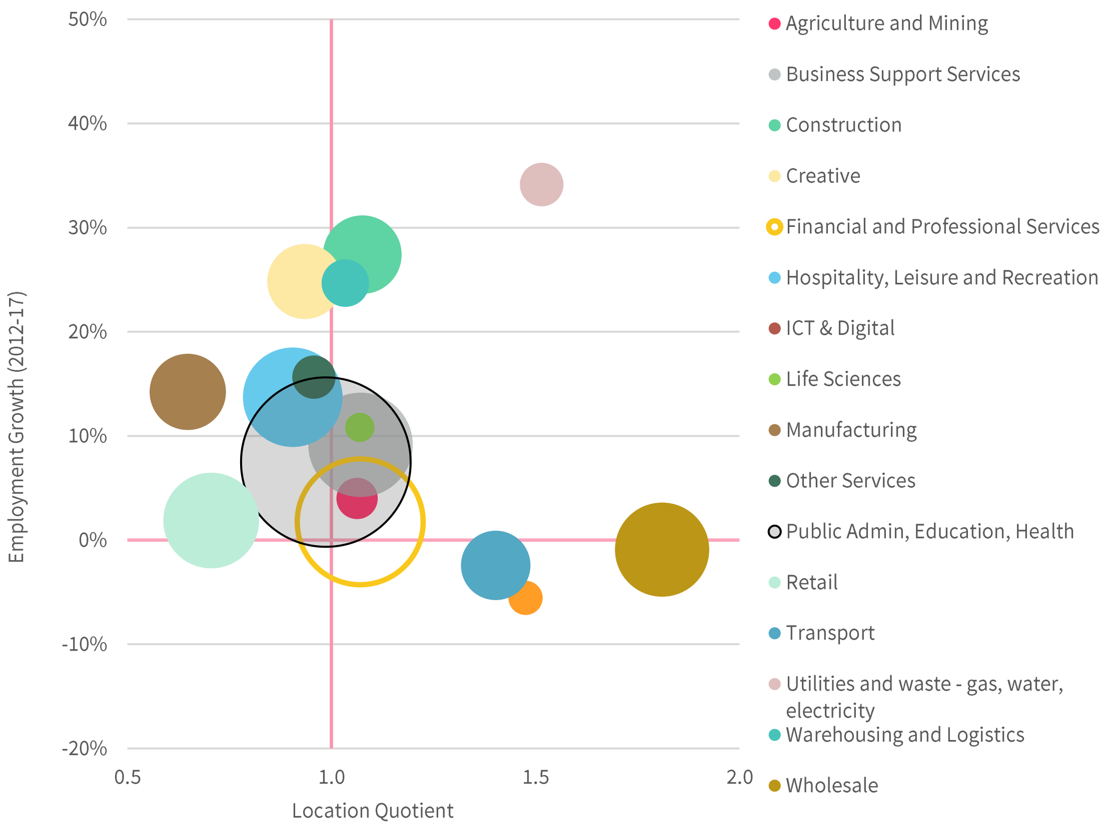
It is also evident that Croydon, Brighton and Hove and the Gatwick Diamond market areas have experienced the highest levels of employment growth. These are the key growth nodes that are most likely to require more good quality commercial property stock in the future.

Figure 5.2 Proportional Employment Growth by LEP, 2012–2017



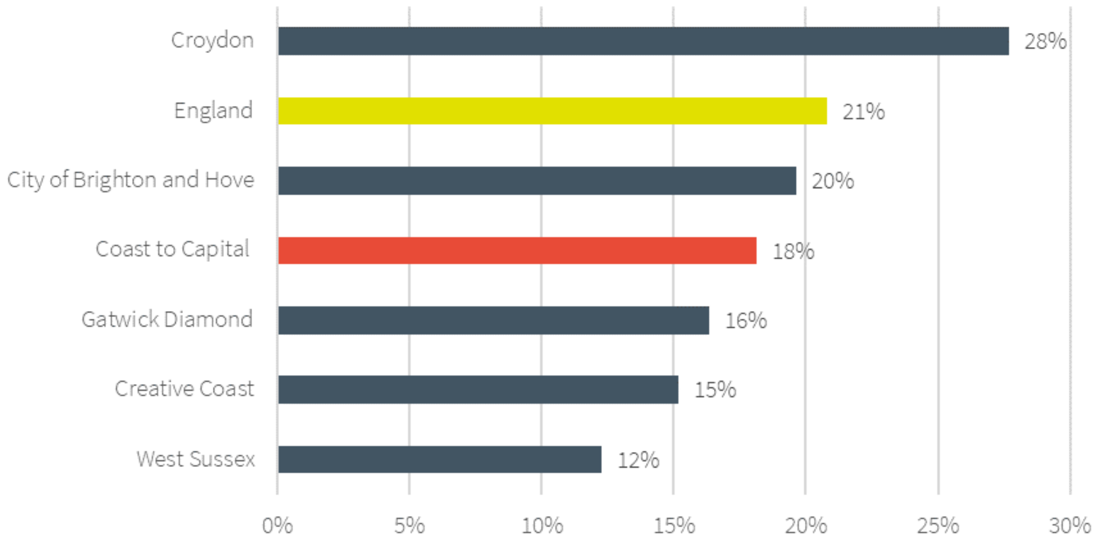
Source: ONS, Business Register Employment Survey, 2018 [Accessed via NOMIS]. Note: Excludes Croydon and Lewes local authority areas

Figure 5.3 Employment Trends and Specialisation by Sector, 2012-2017



ONS, Business Register Employment Survey, 2018 [Accessed via NOMIS]. Note: Excludes Croydon and Lewes local authority areas

Figure 5.4 Employment Growth by Market Area, 2012-2017

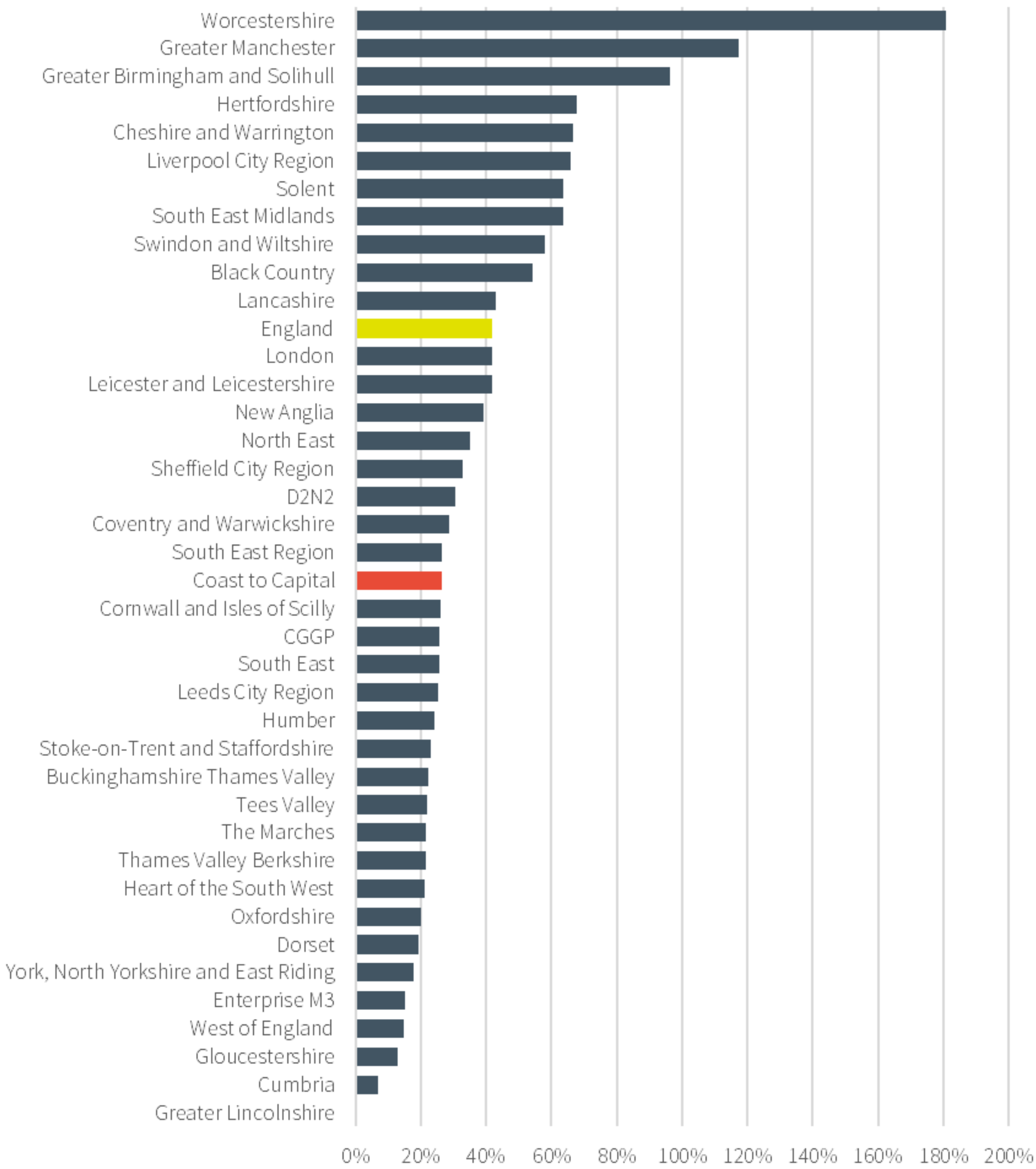


ONS, Business Register Employment Survey, 2018 [Accessed via NOMIS]. Note: Excludes Lewes local authority area

Businesses

5.8 The Coast to Capital economy has performed slightly better in relation to business growth. Between 2013 and 2018 the number of active businesses grew by 3,780, which is an increase of just over 26%. While this is still below the national average (c.40%), it puts Coast to Capital in 20th position among the 38 LEPs (Figure 5.4).

Figure 5.5 Proportional Business Growth by LEP, 2013-2018



Source: ONS, Business Demography, 2019 Note: Excludes Croydon and Lewes local authority areas

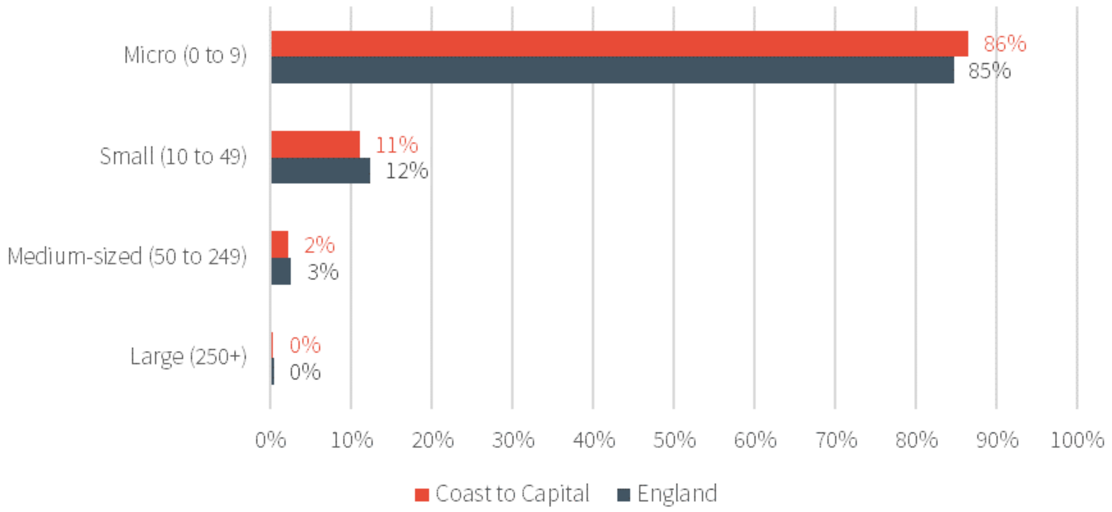
5.9 86% of businesses in the region are micro-business and 11% are small businesses, which is roughly in line with national averages. Only a very small proportion of businesses are classified as medium (2%) or large (0%) based on UK Business Count definitions.

5.10 The spatial distribution of business growth is similar to employment. The highest growth areas were the Croydon (9%), City of Brighton and Hove (9%) and Sussex Creative Coast (9%) market areas which were also among the best performing areas for employment growth.

Implications

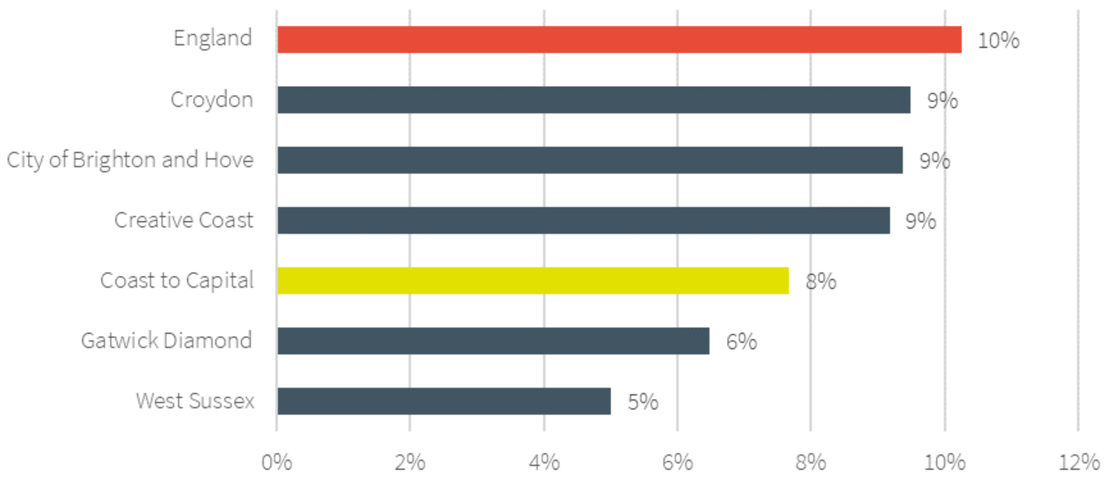
Business number has increased steadily since 2012. In line with national averages, most businesses are micro (0-9 people) or small (10-49 people). These types of businesses are increasingly demand flexible workspace, including incubator spaces, co-working facilities and accelerators. These offer businesses more flexible leases than typical commercial properties while also providing an environment for entrepreneurs to network and collaborate

Figure 5.6 Proportion of Businesses by Size, 2018



Source: ONS, UK Business Count, 2019 [Accessed via NOMIS] Note: Excludes Croydon and Lewes local authority areas

Figure 5.7 Business Growth by Market Areas, 2013-2018



Source: ONS, Business Demography, 2019 Note: Excludes Lewes local authority area

Barriers

5.11 There are a range of challenges and barriers influencing Coast to Capital's economic success. These need to be tackled to ensure the region's economy has the resilience and flexibility to maintain its competitiveness.

5.12 A summary of some of the key challenges presented in Coast to Capital's SEP are set out in Table 5.2 below.

Table 5.1 Summary of Economic Barriers and Challenges in the Coast to Capital Region

Infrastructure	The region's transport infrastructure has remained mostly unchanged since the 1980s. The road and rail network struggle to deal with the pressures on it from a growing economy and population. The area also suffers from inconsistent access to suitable broadband speeds. Ultrafast broadband is only available in limited areas and some places have been left behind.
Business Environment	The region has a diverse economy and has traditionally done well in attracting investment. Much commercial space in the area, however, is far more expensive than the England median which is a function of demand and supply. Business infrastructure has also struggled to keep up with expectations of businesses, particularly international companies looking to invest in the UK. No major business parks have been built in the area since Manor Royal at Crawley in 1950, and the area's business park capacity is well behind other parts of the South East. *This study assesses this challenge in more detail.*
Places	There are several challenges related to Coast to Capital's places, ranging from out commuting to inequality and wellbeing. Perhaps one of the greatest challenges, however, is the region's house prices. Evidence show that it is one of the most unaffordable places to live in the country when income is considered. If people cannot afford to live in the area they will move to other places, especially the most mobile and skilled socioeconomic groups.
People	While the workforce in general is well-educated and mobile, there are pockets of lower skill levels in coastal towns and Crawley. The region also suffers from brain drain to London and has an ageing population. In relation to the latter, this presents a significant risk to the productivity of the working age population as productive age cohorts are projected to grow at slower rates.
Ideas	The South East of England is the third most innovative place in Europe after Stockholm and Copenhagen. Coast to Capital is a big supporter and contributor to this. If the region is to take full advantage of the innovative businesses in the area, more needs to be done to ensure that universities and businesses are well connected across the region.

Source: Coast to Capital, Strategic Economic Plan, Gatwick 360°, 2017

5.13 Supply and cost of commercial property is also identified as a barrier to growth within the region. This is highlighted in the *2014 Greater Brighton and West Sussex Business Survey*. Of the 1,000 businesses surveyed, less than half viewed business premises as an asset in their region and 18% believed that the local commercial property offer needs to improve. 75% of the latter group reported that affordability is a key issue, as well as the lack of affordable workspace available.

5.14 There are also several research reports highlighting such issues. For example, a 2019 Office and Industrial Market Review by SHW for the Coastal West Sussex Partnership sets out that there is a scarcity of commercial and office space in the region. It reports that there is around a years' worth available office space left and around 16 months of industrial space available. A similar 2018 report by SHW for the Gatwick Diamond region reports that this area only has two years' worth of commercial supply left.

5.15 The rest of this report unpicks and analyses this challenge at different geographical and sectoral scales. It also considers what actions the LEP can undertake to tackle it and support economic growth.

6. Commercial Property Trends

Chapter Summary

This chapter provides an overview of office and industrial market trends in the Coast to Capital region and by market area. It considers demand and supply by assessing deals, deals by floorspace, rents and vacancy rates over time.

Seven key points are:

- The Gatwick Diamond, Brighton and Hove and Croydon are driving demand for office space.
- The above areas generally have an undersupply of office space, but also have average rents that make commercial development viable. Public and private sector bodies can better highlight the opportunities for investors and ensure that the right policies are in place to allow them to capitalise on them.
- There is a lack of high-quality office space, in terms of stock and availability, across most market areas. It appears that dated and lower quality stock often does not meet business needs and requirements. This is a particular issue in the Brighton & Hove, Croydon, Sussex Creative Coast and Chichester areas.
- Demand for industrial space is mainly being driven by deals in the Sussex Creative Coast, Croydon, Gatwick Diamond and Chichester market areas. There is an undersupply of space in the Sussex Creative Coast and Croydon.
- All market areas have almost no vacant high-quality industrial units and low stocks of this type in general. This is a key constraint on progress in the region and evidence presents a clear rationale to support the development of new high-quality space in the right locations.

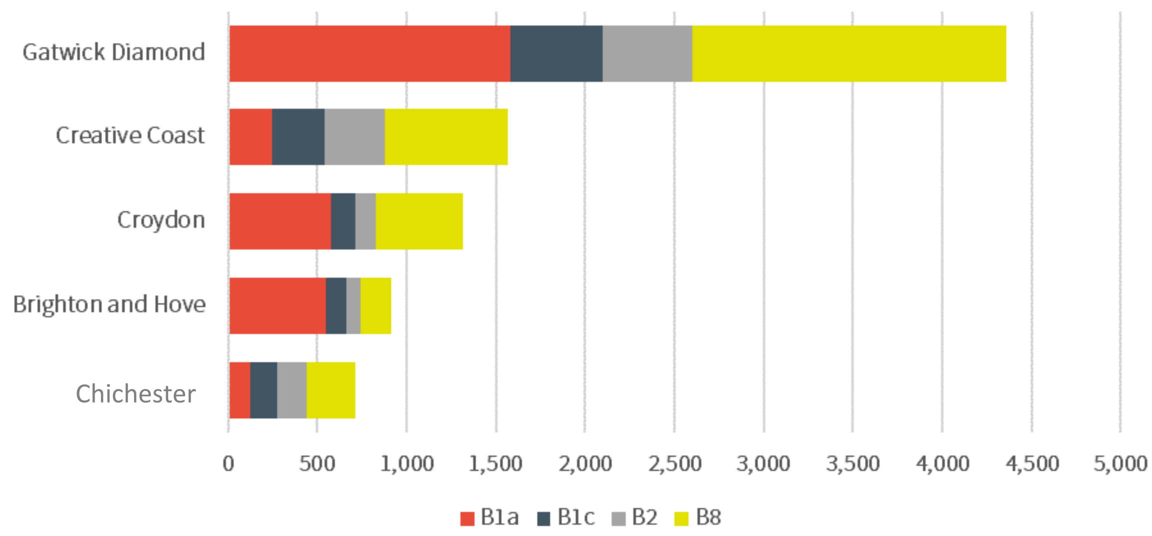
Current Supply of Commercial Space

Most commercial space in Coast to Capital is in the Gatwick Diamond market area…

6.1 Table 6.1 provides a summary of commercial space across Coast to Capital LEP and its sub areas using Valuation Office Agency (VOA) data. There are a number of key messages:

- The Gatwick Diamond area has around half of all commercial floorspace in the Coast to Capital LEP area
- Brighton has the highest proportion of its total floorspace (60%) taken by office uses, reflecting the strength of the office market
- The Creative Coast has the highest proportion of its total floorspace (38%) taken by heavy industrial uses, reflecting large industrial uses near Shoreham airport

Figure 6.1 Total Commercial Floorspace (1,000's sqm) by Use Class and Sub Area, 2017



Source: Valuation Office Agency, 2017 non domestic rating list entries valuations, 2017

Table 6.1 Total Commercial Units and Floorspace (1,000s sqm) by Sub Area, 2017

Sub Area	Measure	B1a	B1c	B2	B8	Total
Brighton and Hove	Units	2,434	641	149	256	3,480
	Floorspace	552	111	81	174	918
Sussex Creative Coast	Units	1,309	991	317	732	3,349
	Floorspace	248	294	338	687	1,567
Croydon	Units	2,095	441	148	535	3,219
	Floorspace	581	132	117	486	1,316
Gatwick Diamond	Units	6,568	2,256	482	1,998	11,304
	Floorspace	1,580	515	504	1,758	4,357
Chichester	Units	756	701	100	331	1,888
	Floorspace	125	153	162	273	713
Total	**Units**	**13,162**	**5,030**	**1,196**	**3,852**	**23,240**
	Floorspace	**3,086**	**1,205**	**1,202**	**3,378**	**8,871**

Source: Valuation Office Agency, 2017 non domestic rating list entries valuations, 2017 [11]

Note: Floorspace in sqm (1,000s)

Office Market Trends

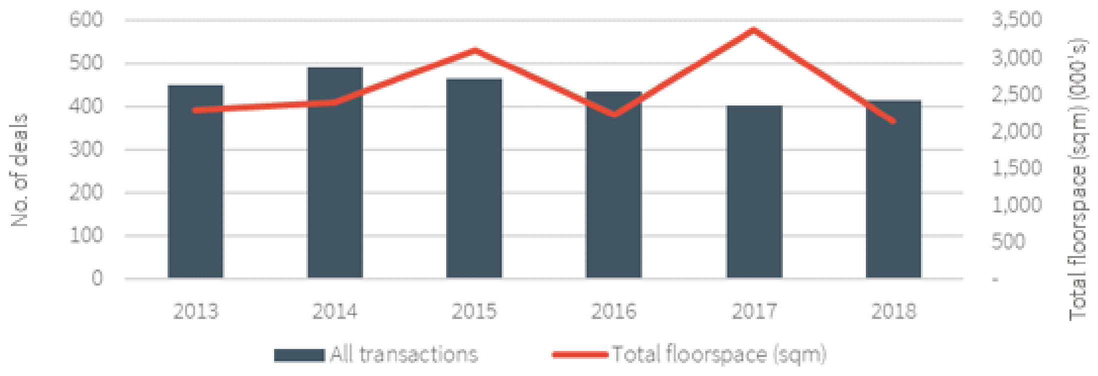
Office floorspace take-up has fluctuated in recent years, but remains relatively positive…

6.2 Figure 6.1 shows that there were around 415 office space deals across the Coast to Capital region in 2018, comprising 20% sales deals and 80% lease deals. This totals around 2,140,000 sq m of transacted office space in 2018.

[11] B1a Offices, B1c Light industrial, B2 General industrial, B8 Storage and distribution

6.3 Office floorspace take-up has fluctuated in recent years, the total transacted floorspace having been as high as 3,380,000 sq m in 2017. The total number of transactions in the office market has declined slightly since 2014.

Figure 6.2 Take-Up of Office Space, 2014-2018 – Leases and Sales (sq m)



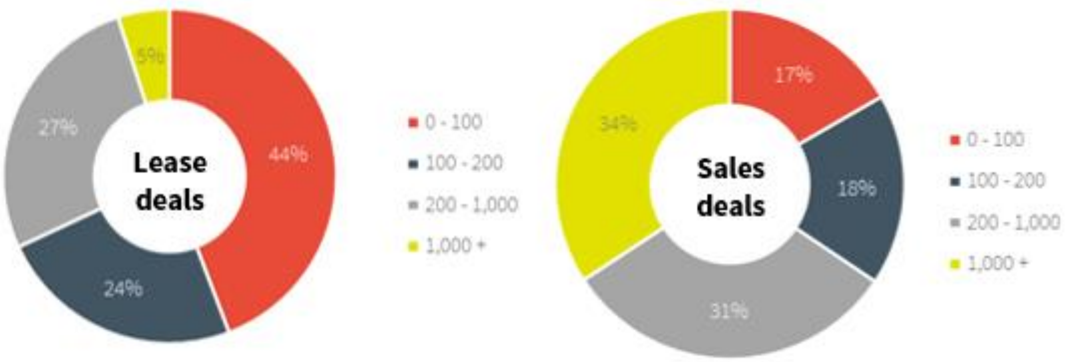
Source: CoStar, 2019 Note: Excludes Lewes and Croydon local authority area

Deals for offices bigger than 1,000 sq m are most common for buyers, but demand from businesses looking to lease space is greatest for spaces that are 0-100 sq m…

6.4 At 34%, a significant proportion of sales deals between 2013 to 2018 were for offices larger than 1,000 sq m. 31% of deals were for spaces of 200-1,000 sq m. There were considerably fewer sales of office stock of less than 1,000 sq m (Figure 6.2).

6.5 There has been a more mixed picture of take-up across floorspace size bands for lease deals. Most lease deals (44%) were office spaces less than 100 sq m and only 5% were for spaces larger than 1,000 sqm. The proportions of lease deals for spaces that were 100-200 and 200-1,000 sq m were 24% and 27% respectively.

Figure 6.3 Proportion of Deals in Coast to Capital by Floorspace Size, 2013-2018 (sq m)



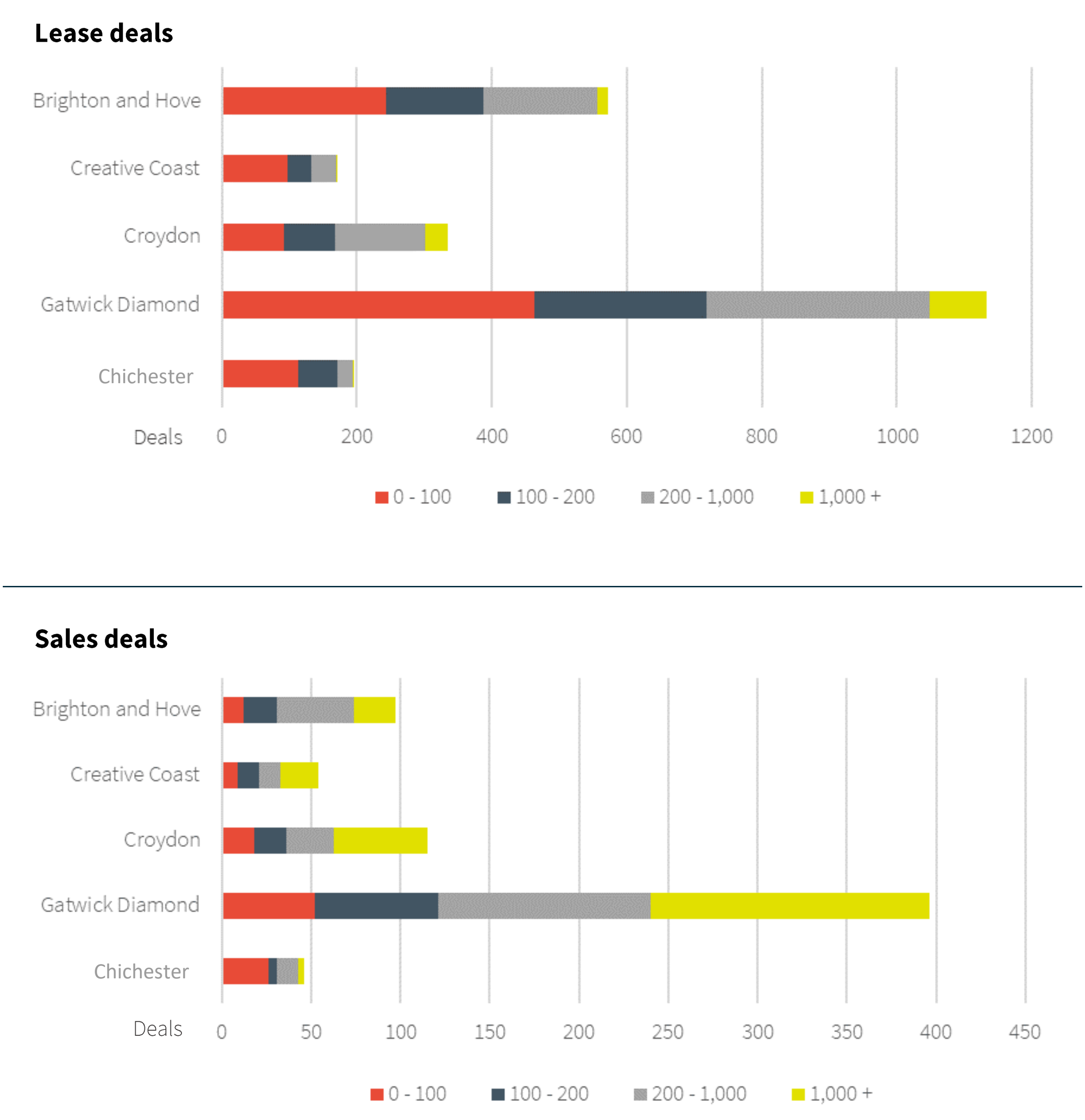
Source: CoStar, 2019 Note: Excludes Lewes and Croydon local authority areas

The highest number of deals has been in the Gatwick Diamond and Brighton and Hove areas…

6.6 There has been significant demand for office floorspace in the Gatwick Diamond market area, in terms of sales and leases (Figure 6.3). Just over 1525 deals were made between 2013 and 2018 across leases and sales. The area is home to several strategically important employment sites, especially around Gatwick and at Manor Royal.

6.7 Brighton and Hove has also seen significant levels of office floorspace take-up over the last five years of available data – just under 670 lease and sales deals.

Figure 6.4 Total Deals by Floorspace by Market Area, 2013-2018 (sq m)



Source: CoStar, 2019

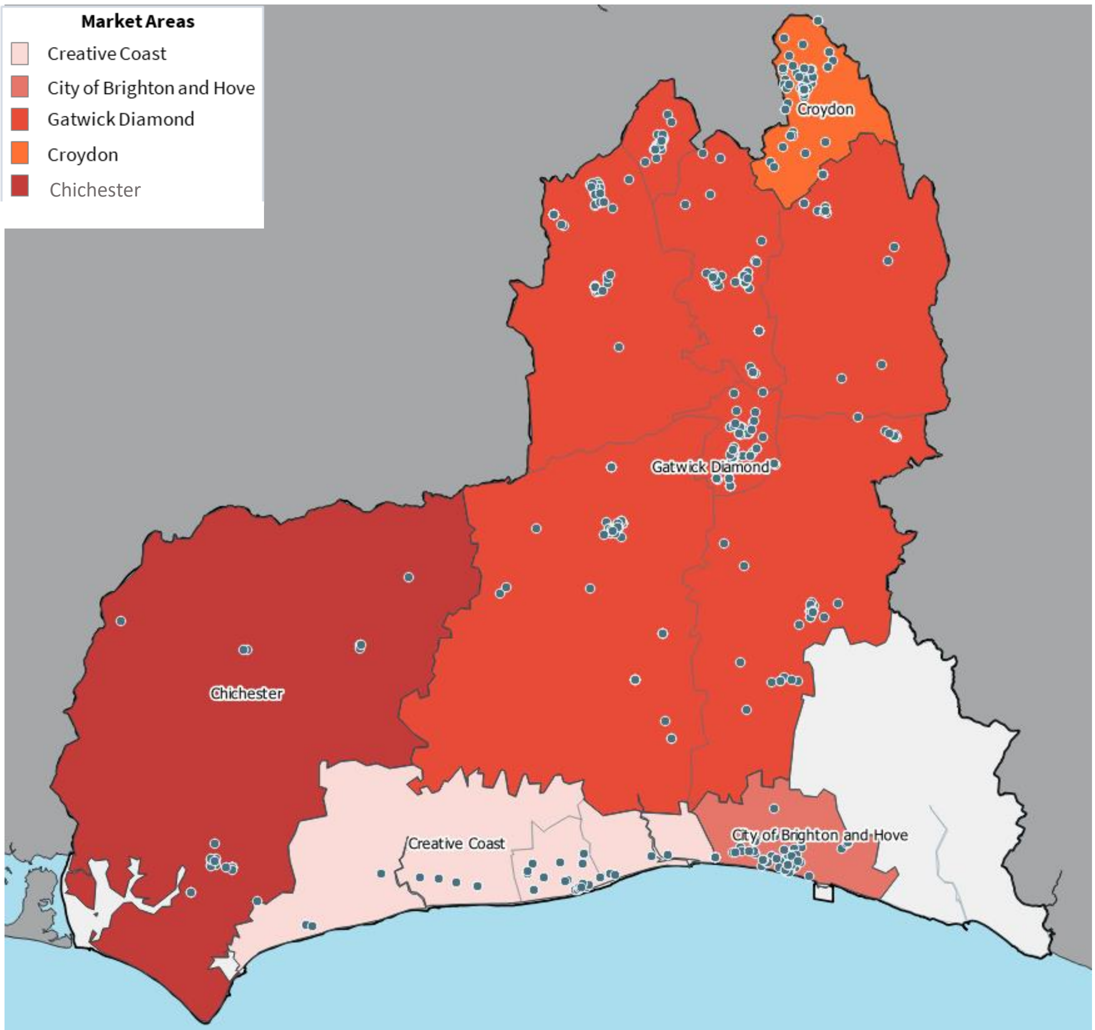
6.8 Reflecting trends in Figure 6.2, most office sales have been for floorplates larger than 1,000 sq m. This is the case in the Sussex Creative Coast, Croydon and Gatwick Diamond areas. Chichester and Brighton have a more mixed picture. The former has more sales of offices that are 0-100 sq m and the latter is dominated by 200-1,000 sq m deals.

6.9 Lease deals also reflect trends in Figure 6.2 – there is a mix of take up across different floorspace categories, but most leases have been for floorplates smaller than 100 sq m in all market areas. All areas have a reasonable proportion of deals for 100-200 and 200-1000 sq m spaces, but only the Gatwick Diamond has a notable proportion of deals for spaces over 1,000 sq m. Trends in the Gatwick Diamond are again likely to be linked to the large office spaces available at Manor Royal and in places like Burgess Hill and Horsham.

Offices that are larger than 1,000 sq m are in high demand in Croydon, Crawley, Worthing and Brighton…

6.10 Clusters of large floorplate sales activity can be seen across the Coast to Capital area, particularly in the urban areas of Croydon, Crawley, Brighton and Worthing (Figure 6.4). These are dense settlements with strong transport connections to both London and Gatwick. Clustering is also notable in their key employment sites, including the Purely Way (Croydon), Manor Royal (Crawley), Gatwick and East Worthing Industrial Estate/Broadwater Business Park (Worthing).

Figure 6.5 Location of Office Sales over +1,000 sqm, 2013-18

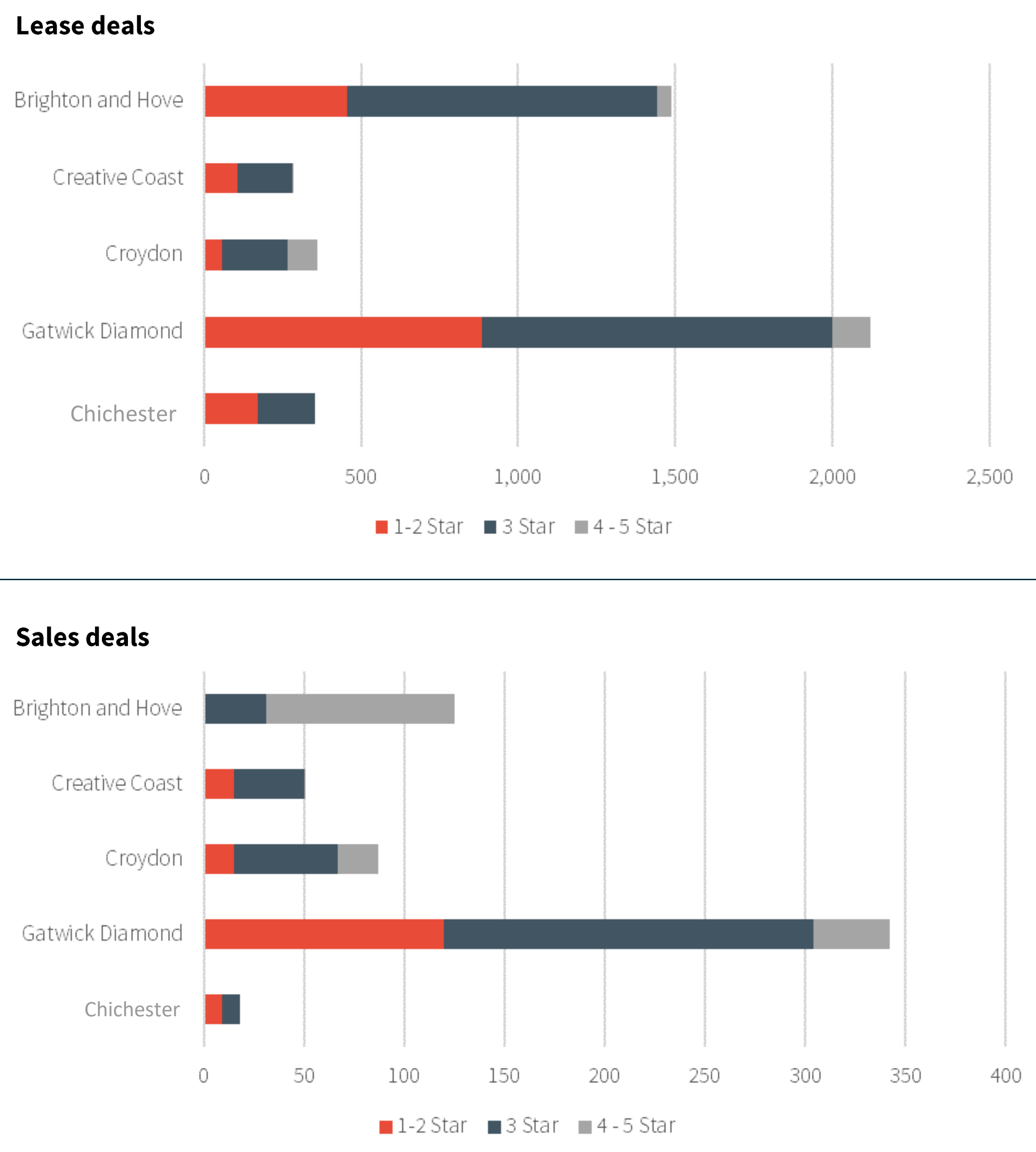


Source: CoStar, 2019

Most uptake has been for mid-to-lower rated stock, which has been driven by a lack of high-quality space across the region…

6.11 There has been a strong take up of 1-2 star and 3 star office space across the Coast to Capital region since 2013[12] for both sales and leases (Figure 6.5). 1-2-star spaces are defined as in need of significant refurbishment. 3 star offices are older structures that have not been re-furbished.

Figure 6.6 Total Deals by Co Star Rating by Market Area, 2013-2018



Source: CoStar, 2019

Note: The CoStar rating system defines stars as the following:

1-2 star: In need of significant refurbishment or only suitable for smaller tenants. • Lowest rents in market.

[12] Co-Star rank the quality of commercial property stock using a rating from 1 (lowest) to 5 (highest)

3 star: An older structure, but not refurbished. • Standard ceiling heights with less efficient floor plates. • Average or near average market rents.

4-5 star: New or refurbished construction exhibiting the latest trends in office design. • Prominent in its context. • Sustainable and energy efficient. • High quality materials and systems. • Efficient floor plates and generous ceiling heights. • High glazing ratios for daylight and views. • Rents above market averages.

Note: The total number of deals by market area is not consistent with Figure 6.3. This is because data is from different Co-Star portals and not all deal records include data related to quality.

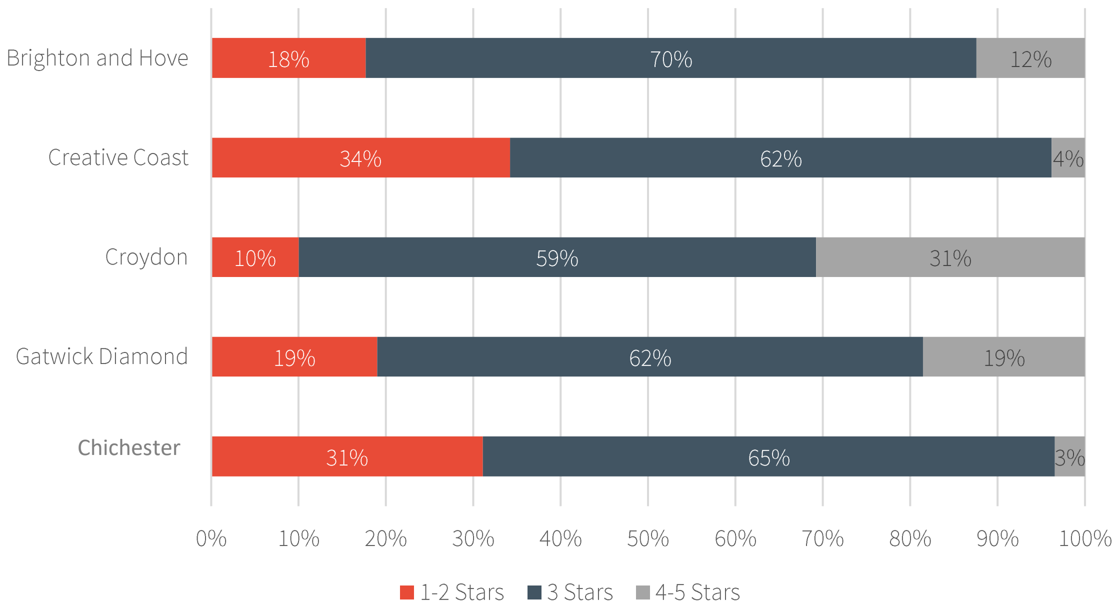
6.12 In terms of lease deals, most have been for 3-star properties. This is consistent across the market areas, though there has been significant take up of low-quality stock (1-2 star) in the Gatwick Diamond and Chichester areas. There has been almost no take up of high-quality stock in the Sussex Creative Coast and Chichester areas, and very little elsewhere.

6.13 The picture for sales is similar, though there has been a slightly higher take up of higher quality stock - particularly in Brighton and Hove.

6.14 These trends are partly determined by the quality of the stock that exists. As Figure 6.6 shows, most office stock across the region is rated 3 stars. Most market areas also have more poor quality than high quality space. The earlier overview of strategic employment sites across the region (Chapter 4) also indicates that there are very few new, high-quality sites or business parks across the region.

6.15 The places with the highest proportions of low-quality stock are the Sussex Creative Coast (34%), Chichester (31%) and the Gatwick Diamond (19%). In parallel to this, less than 4% of the Sussex Creative Coast and Chichester's office stock is high quality which explains why there have been almost no deals for this type of space in these areas since 2013.

Figure 6.7 Total Office Stock by Market Area and Quality, 2018

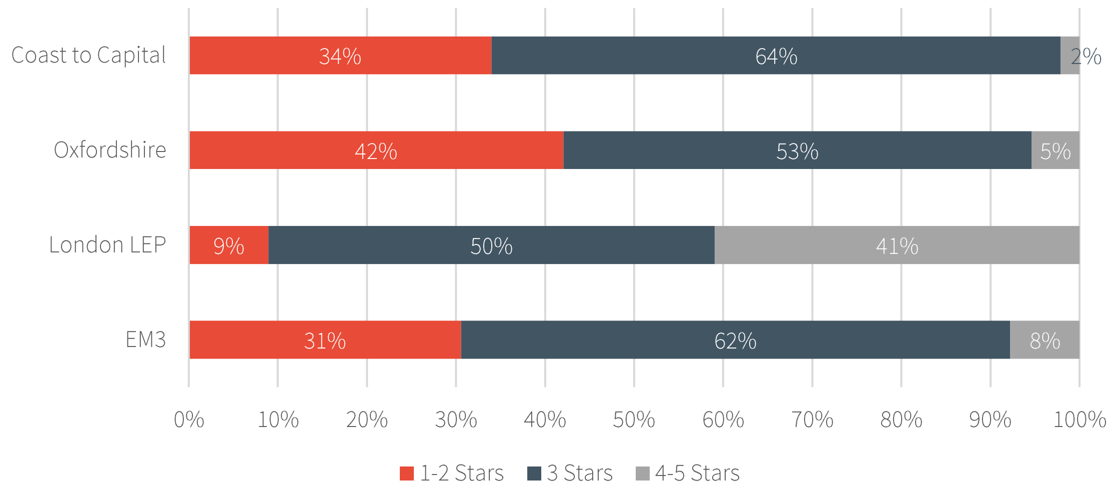


Source: Co-Star, 2019

More productive LEP areas have had a higher proportion of higher quality office transactions …

6.16 When compared to more productive LEP areas, Coast to Capital has experienced a lower proportion of lease deals for 4-5 star office space. This is particularly the case versus EM3 and London LEP. The quality of space transacted is likely to have a strong link to the nature and productivity of businesses coming into the area.

Figure 6.8 Proportion of Office Lease Deals vs More Productive LEP Areas, 2018



Source: Co-Star, 2019

There has been an increase in office rental values since 2013…

6.17 Average office rents have increased across the region since 2013 (Figure 6.7).

6.18 Most of the Gatwick Diamond area has experienced an increase in average rental values. They are now particularly high in the north west (+£20/ sq ft), including in Epsom and Ewell, Mole Valley, Reigate and Banstead and Crawley. They are also relatively high in Tandridge and Mid-Sussex at £16-20/ sq ft.

6.19 The picture is similar in the Croydon and Brighton and Hove market areas. Average rents in both have increased from £12-16/ sq ft in 2013 to +£20/ sq ft today.

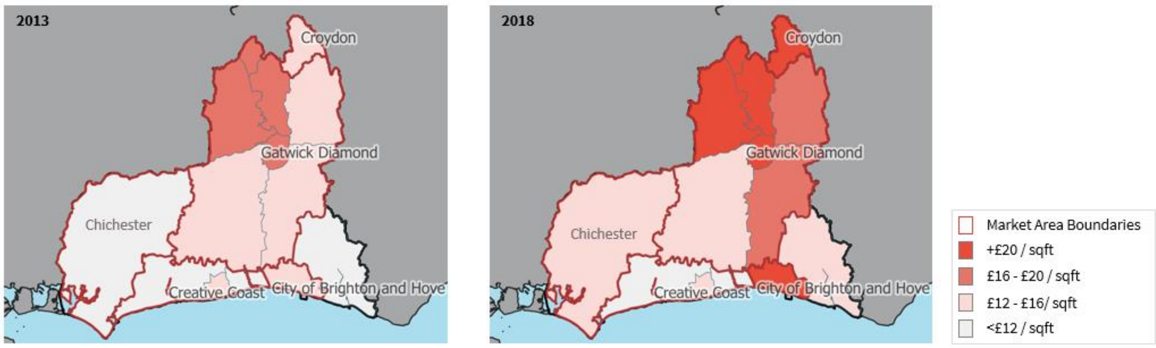
6.20 Given that £21-23 is considered as a key benchmark for the viability of developing new commercial office space, many of these areas hold potential for new development. Looking at it from a local authority perspective, the most viable places for new developments are:

- Croydon (£25/ sq ft)
- Epsom and Ewell (£25/ sq ft)
- Mole Valley (£24/ sq ft)
- Crawley (£23/ sq ft)
- Reigate and Banstead (£22/ sq ft)
- Brighton and Hove (£21/ sq ft)

6.21 Viability, however, is lower in the Chichester and Sussex Creative Coast areas. This reflects their more rural characteristics and distance from London. While rents have increased in the Sussex Creative Coast, they are still £12-16/ sq ft. Average rents in Chichester have been stagnant since 2013 at around £12-16/ sq ft.

6.22 It is worth noting that these are average rents over large areas. Specific places within each market and local authority areas will have higher and lower value rents, impacting on the viability of new development.

Figure 6.9 Average Office Rent by Local Authority, 2013 and 2018



Source: CoStar, 2019

Correlation between increasing rent and low vacancy rates…

6.23 There is a correlation between areas that have experienced growing average rents and low vacancy rates. The Brighton and Hove, Croydon and Sussex Creative Coast market areas have vacancy rates of 4% or less, which indicates constrained supply. Brighton and Hove's 1% vacancy rate is so low it is likely to limit churn in business activity. The City of Brighton and Hove's Employment Land Review Update (2013) indicates that there are relatively few employment sites across the area, which is severely limiting supply.

6.24 This undersupply of office space could limit economic growth in the region. It is likely to be a key constraint for new investment, especially in key urban areas (e.g. Brighton, Croydon and East Grinstead).

6.25 The Gatwick Diamond area has vacancy rates of 7%. While this is somewhat higher than Brighton and Hove, Croydon and the Sussex Creative Coast, it is much larger area and it is still considered to be a relatively normal rate.

6.26 When broken down to local authority levels, vacancy in the Gatwick Diamond is being skewed by higher rates in Crawley (10%) and Epsom and Ewell (9%), but is much lower elsewhere (e.g. Horsham, Mid Sussex, Tandridge and Reigate & Banstead). Crawley is home to Manor Royal, which has had office vacancy rates above 10% for a number of years - in 2010 they were 18.87%[13] in 2014 were 12.3%[14]. Commentary from GVA[15] indicates that the park experienced a surge in speculative development around the time of the recession and has been slow to recover since then. This has been coupled with some high-profile losses and relocations (e.g. departure of Unilever).

6.27 At 12%, the vacancy rate in Chichester is high which represents an oversupply of office stock.

6.28 When assessed for quality, most vacant space across the region has a 3-star rating – this is particularly the case in the Gatwick Diamond and Chichester areas. While this is the most

[13] Manor Royal Masterplan Technical Appendix and Evidence Base, Crawley Borough Council and GVA Grimley (2010)

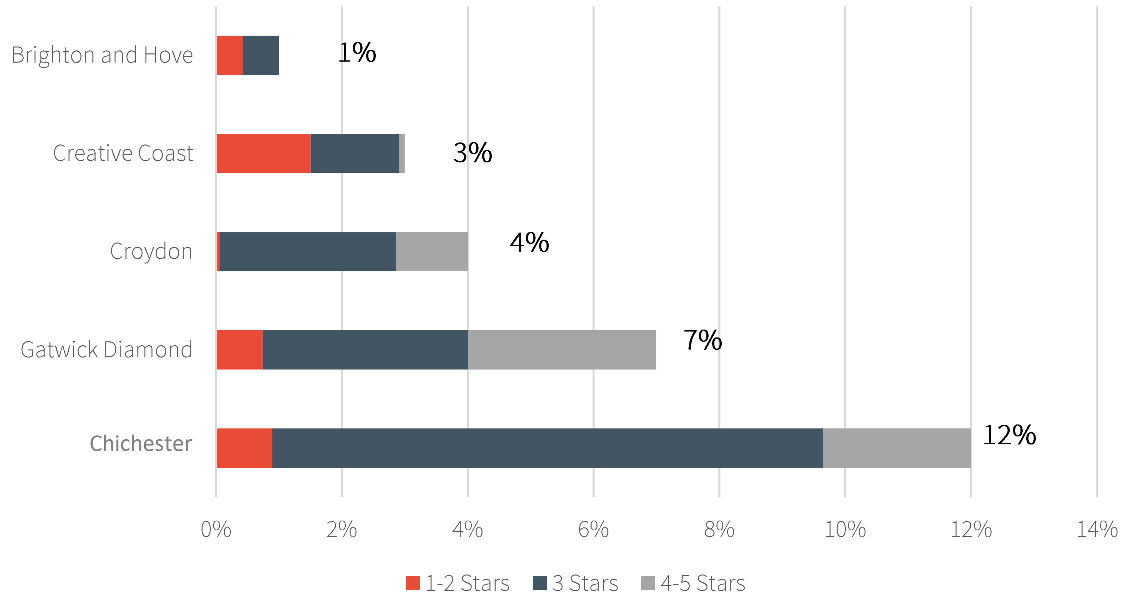
[14] Manor Royal Business District Property Analysis May 2014, Manor Royal Business District

[15] Manor Royal Masterplan Technical Appendix and Evidence Base, Crawley Borough Council and GVA Grimley (2010)

transacted type of space (Figure 6.5), the low amount of 4-5 star vacant space in most market areas (bar the Gatwick Diamond) suggests that higher quality stock is in demand. This, tied with data in Figure 6.6, indicates a deficit of high-quality stock across the region.

6.29 Despite having low vacancy rates, a high proportion of vacant stock in Brighton and Hove and the Sussex Creative Coast is low quality stock – 43% and 50% respectively. The rest is mid-quality stock with very little in-demand high-quality space available.

Figure 6.10 Office Vacancy Rates by Market Area and Quality, 2019 (Year to Date)



Source: CoStar, 2019

Implications

While the total number of deals has fallen relative to 2014, demand for office space still exists across the region.

The Gatwick Diamond, Brighton and Hove and Croydon are driving demand through strong lease and sales deals. They also generally have an undersupply of space, which is holding back the growth of their business base and local economies. Given that average rents are also above £21/ sq ft, making commercial development viable, they should be prioritised for private sector investment and new office development. Public sector bodies can better highlight the opportunities for investors and ensure that the right planning policies are in place to allow them capitalise on them.

Evidence also demonstrates that there is a lack of high-quality office space, in terms of stock and availability, across most market areas. Mid-quality and low-quality stock dominate, but demand also appears to exist for higher quality space. In many cases it is likely that dated and lower quality stock does not meet business needs and requirements. This is an issue in the Brighton & Hove, Croydon and Sussex Creative Coast areas. In the former two, where vacancy rates are low and viability is high, the public sector can play a role in incentivising the private sector to refurbish or convert lower quality stock. Even if space is converted to other uses, this can reduce supply, drive rents and increase viability.

In the Sussex Creative Coast, which also has low vacancy rates but is less viable from a developer perspective, there may be scope for direct public sector intervention where initial investments are used to generate wider benefits for the area by improving the its image as a high-quality office location.

Further commentary for each individual market area is provided in the next chapter.

Industrial Market Trends

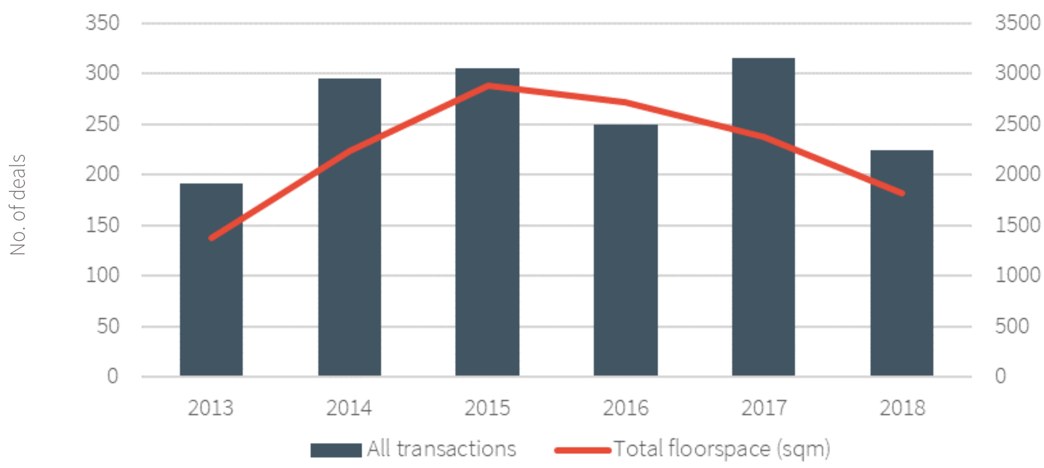
6.30 The industrial market includes warehousing (B8), light industrial and manufacturing space (B1c and B2). Though the requirements of businesses using these different types of space vary, data related to the industrial market does not distinguish between them. This means it is not possible to assess demand for each type separately.

Industrial floorspace take-up has fallen since 2014, but remains relatively buoyant…

6.31 As Figure 6.9 shows, there were around 225 industrial space deals across the Coast to Capital region in 2018 - 35% were sales deals and 65% were lease deals. The total floorspace taken was around 1,820,000 sq m.

6.32 Industrial floorspace take-up has fallen in recent years. The total transacted floorspace was around 2,880,000 sq m in 2015 but fell to its lowest position over the past five years last year. The total number of transactions in the industrial market has also declined since 2014.

Figure 6.11 Take-up of Industrial Space, 2014-2018

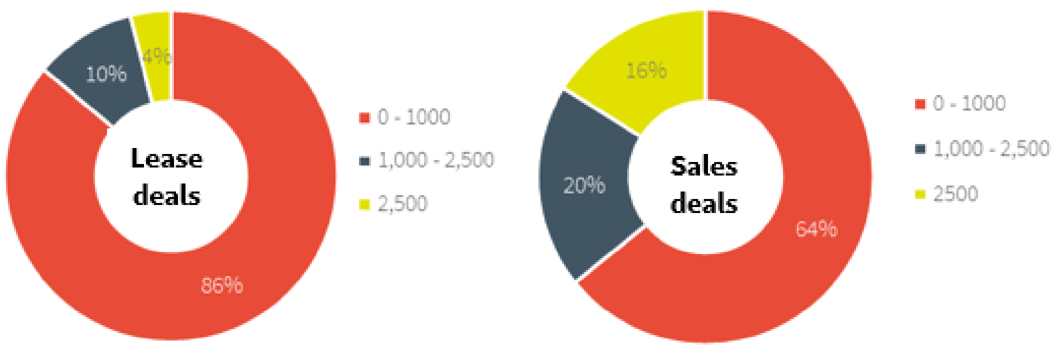


Source: CoStar, 2019 Note: Excludes Lewes and Croydon local authority areas

Industrial units under 1,000 sq m are in demand…

6.33 A a significant proportion of industrial sales between 2013 and 2018 were for units smaller than 1,000 sq m (Figure 6.10). 64% of deals were for this type of space, compared to 20% for 1,000-2,000 sq m and 16% for 2,500 sq m spaces. The trends for lease deals are similar, but an even higher proportion (86%) of lease deals have been for spaces smaller than 1,000 sq m.

Figure 6.12 Proportion of Deals in Coast to Capital by Floorspace Size, 2013-2018 (sq m)



Source: CoStar, 2019 Note: Excludes Lewes and Croydon local authority areas

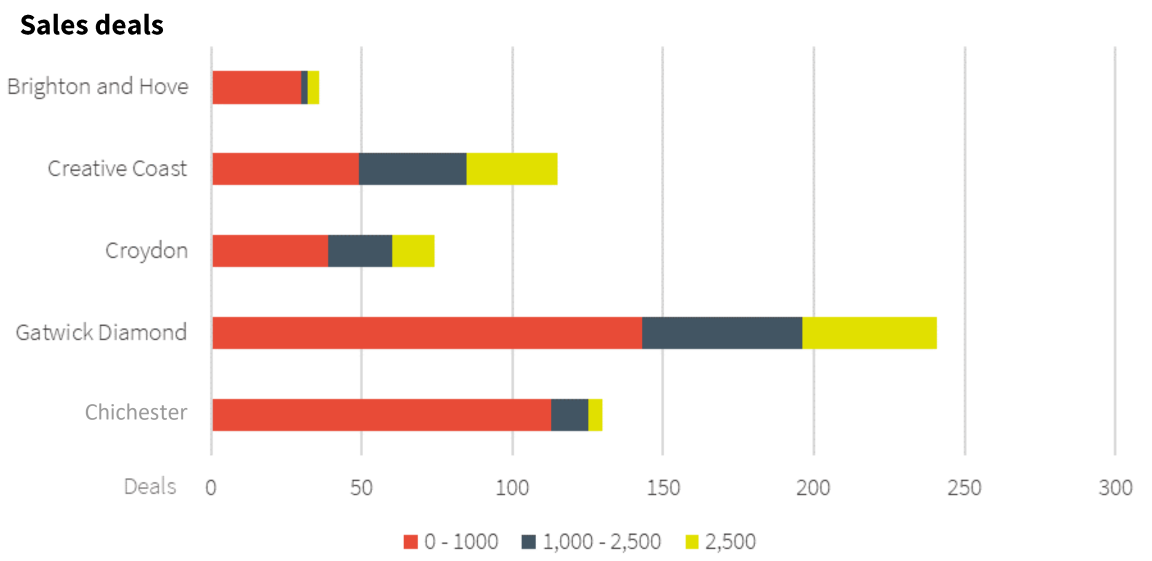
The Gatwick Diamond and Sussex Creative Coast market areas have had the most industrial deals in recent years…

6.34 The Gatwick Diamond has seen the most lease and sales deals for industrial space since 2013 compared to the other market areas. There have been just over 790 deals, which is over six times higher than in Brighton and Hove. The area is, however, very large compared to the other market areas and is home to a number of strategic employment sites.

6.35 The Sussex Creative Coast has seen the second highest number of deals - over 385 deals in total. This contrasts with office market trends in the area over the same period. Like the Gatwick Diamond, the area is home to a number of strategic and important industrial sites, including Shoreham Harbour, Shoreham Airport and East Worthing Industrial Estate.

6.36 Reflecting trends in Figure 6.10, most lease and sales deals have been for industrial space smaller than 1,000 sq m. There is a slightly more mixed picture for sales in the Sussex Creative Coast, Croydon and Gatwick Diamond areas, where there has been a slightly higher proportion of sales for spaces that are over 1,000 sq m. The strong industrial infrastructure in these areas, which include larger units, is likely to be behind this.

Figure 6.13 Total Deals by Floorspace by Market Area, 2013-18 (sqm)



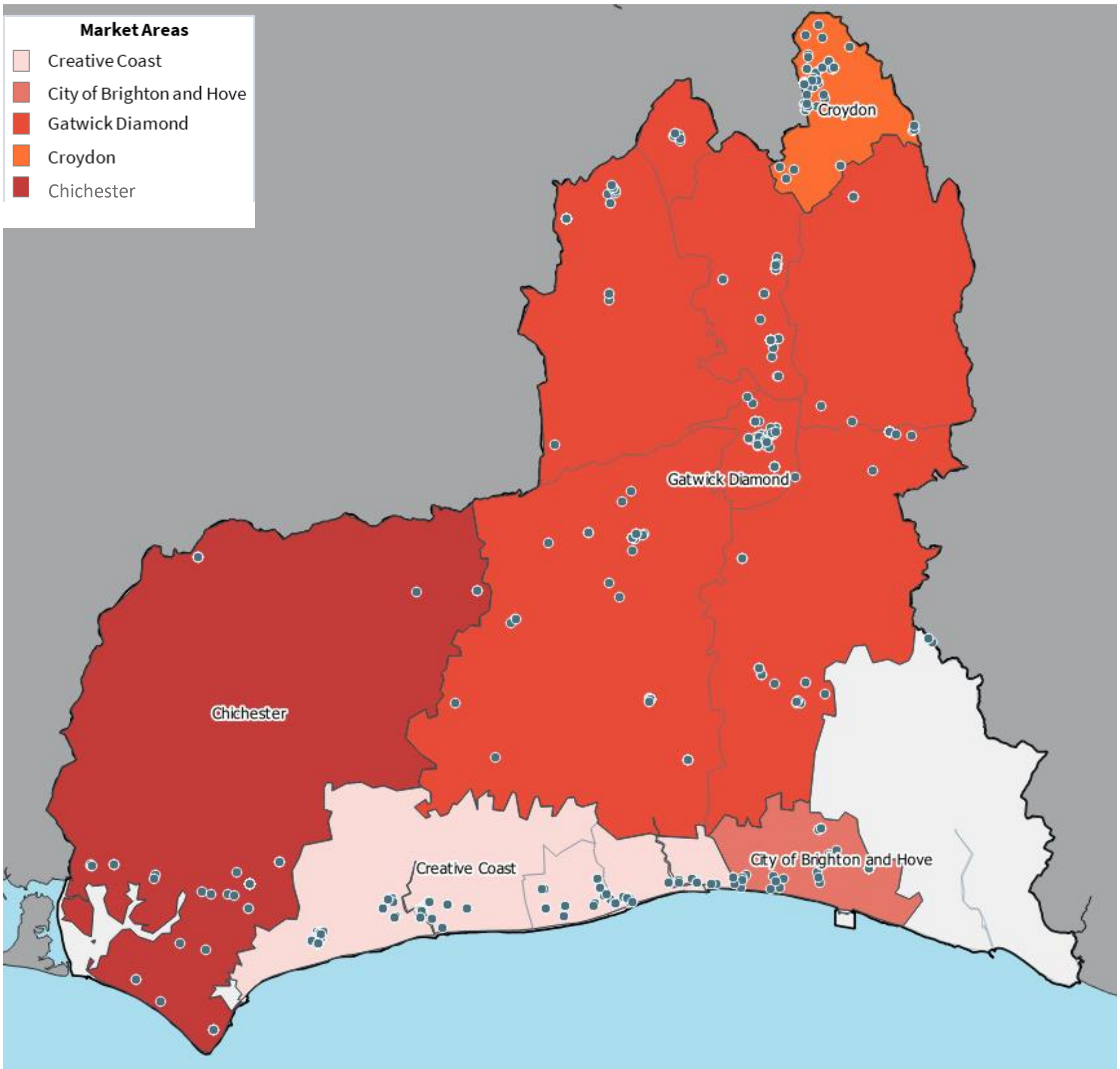
Source: CoStar, 2019

Sales for industrial units above 2,500 sq m have generally been widely dispersed…

6.37 Sales of industrial units above 2,500 sq m have been widely dispersed across the Coast to Capital region (Figure 6.12). This is particularly the case in the Gatwick Diamond market area, which has had the highest number of large floorplate sales since 2013.

6.38 There is, however, some clustering in the coastal corridor of the region, including both the Sussex Creative Coast and Brighton and Hove market areas. This is likely to be links to the industrial activity at Shoreham Habour, Shoreham Airport and the East Worthing Industrial Estate. There has also been a clustering of sales activity in Croydon, particularly in the west of the borough and along the Purley Way.

Figure 6.14 Location of Industrial Sales over 2,500 sqm, 2013-18



Source: CoStar, 2019

Most floorspace uptake has been for mid-to-low quality space…

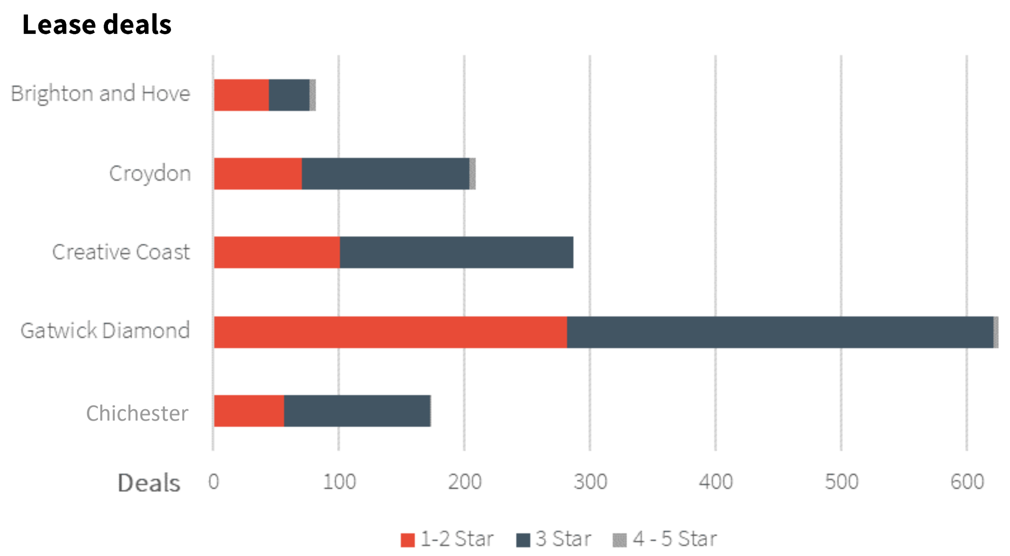
6.39 Mid-quality space (3-star) has predominantly featured across both sales and lease deals in recent years (Figure 6.13). These are older units that have not been refurbished. In almost all market areas, it has been the primary type of deal observed.

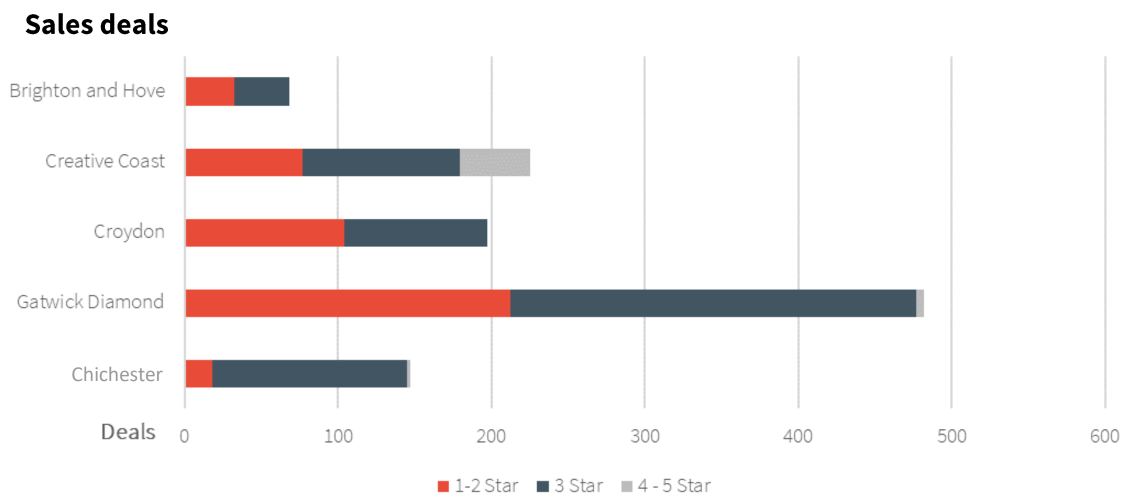
6.40 Low-quality deals (1-2 star) are more prominent than in the office market. This type of space tends to be in significant need of refurbishment. It is the second most common deal type for lease and sales combined across all market areas. As with office space, there has been a high take up of low-grade industrial space in the Gatwick Diamond area.

6.41 Almost no deals over the last five years have been for high-quality space. The only place that has experienced a notable number of deals for this type of space is the Sussex Creative Coast - there have been just over 20 deals since 2013.

6.42 A significant driver of these trend is the quality of stock available. As Figure 6.14 shows, most stock is mid-range with a large quantum of low-quality stock as well. The only location with a notable amount of high-quality space is Chichester with 20% - all others have less than 5%. Trends in Chichester are likely to link to new developments at Chichester Business Park and elsewhere.

Figure 6.15 Total Lease Deals by Co Star Rating by Market Area, 2013-2018





Source: CoStar, 2019

Note: The CoStar rating system defines stars as the following:

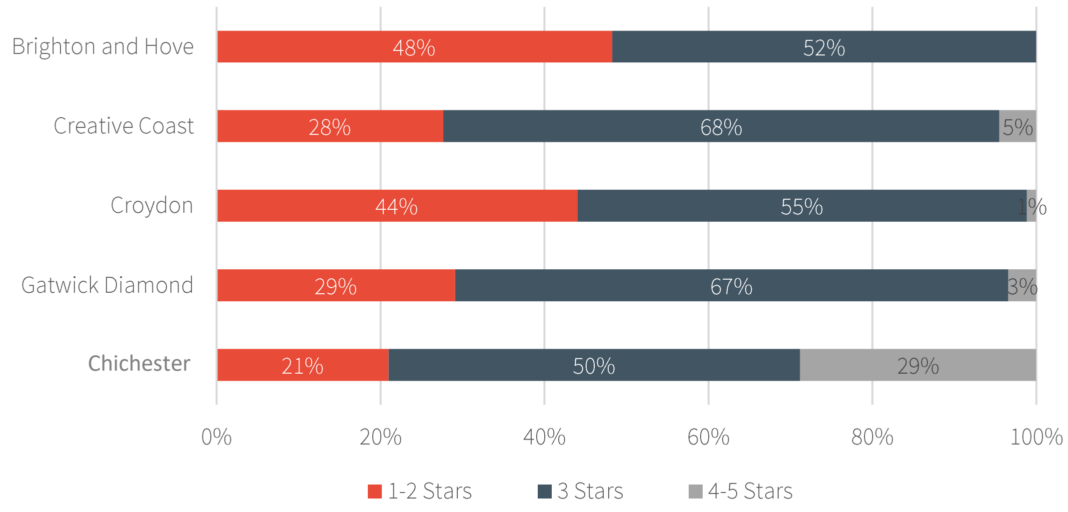
1-2 star: In need of significant refurbishment or only suitable for smaller tenants. • Lowest rents in market.

3 star: An older structure, but not refurbished. • Standard ceiling heights with less efficient floor plates. • Average or near average market rents.

4-5 star: New or refurbished construction exhibiting the latest trends in office design. • Prominent in its context. • Sustainable and energy efficient. • High quality materials and systems. • Efficient floor plates and generous ceiling heights. • High glazing ratios for daylight and views. • Rents above market averages.

Note: The total number of deals by market area is not consistent with Figure 6.11. This is because data is from different Co-Star portals and not all deal records include data related to quality.

Figure 6.16 Total Industrial Stock by Market Area and Quality, 2018

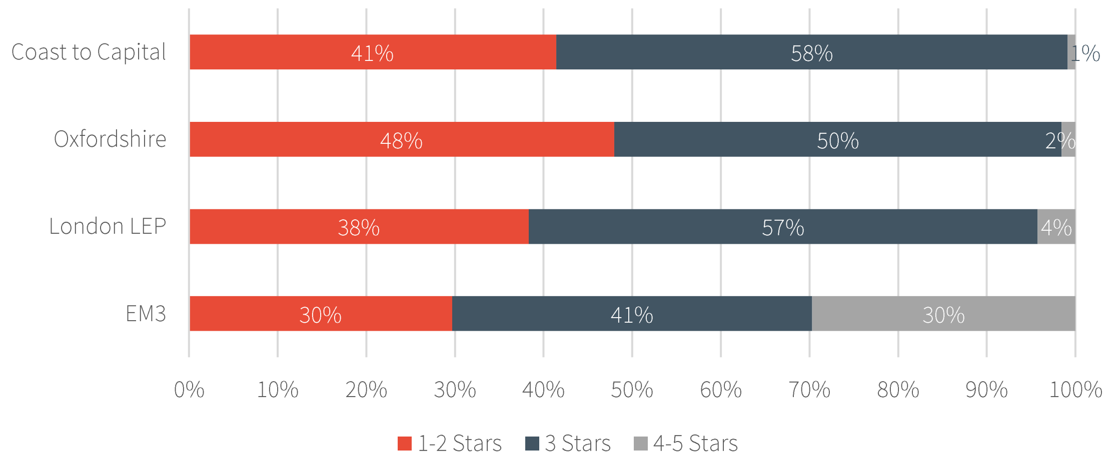


Source: Co-Star, 2019

More productive LEP areas have had a higher proportion of higher quality industrial transactions ...

6.43 Like office space, Coast to Capital has experienced a lower proportion of lease deals for 4-5 star industrial space than more productive LEP areas. This is particularly the case versus EM3, which experienced a significant proportion of high-quality lease deals in 2018. The quality of space transacted is likely to strongly relate to the nature and type of businesses coming into the area.

Figure 6.17 Proportion of Industrial Lease Deals vs More Productive LEP Areas, 2018



Source: Co-Star, 2019

Industrial rents have increased across the region...

6.44 There has been a substantial increase in average industrial rents across the region in nearly all local authority areas.

6.45 As with office space, most of the Gatwick Diamond area has experienced an increase in average rental values. They are again high (relative to other market areas) in the north west (+£10/ sq ft), including in Epsom and Ewell, Mole Valley, Reigate and Banstead and Crawley. They are also relatively high in Tandridge and Mid-Sussex at £8-10/ sq ft.

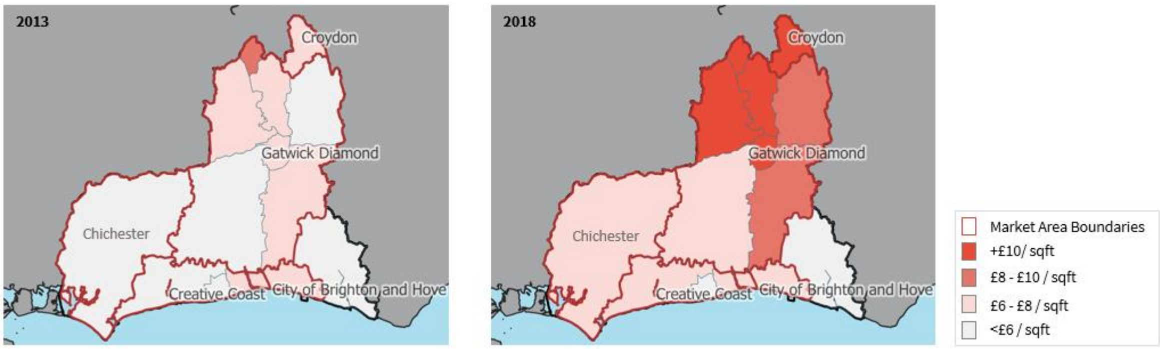
6.46 There is a similar picture in the Croydon, Chichester and Sussex Creative Coast market areas. Average rents in Croydon increased from £6-8/ sq ft in 2013 to +£10/ sq ft today and in Chichester they grew from <£6/ sq ft to +£6-8/ sq ft. Much of the Sussex Creative Coast also experienced growth from <£6/ sq ft to +£6-8/ sq ft.

6.47 Given that £9 per sq ft is considered as a benchmark for the viability of new speculative industrial space development, much of the Gatwick Diamond and Croydon are viable for new developing. Looking at it from a local authority perspective, the most viable places for new developments are:

- Epsom and Ewell (£12 / sq ft)
- Crawley (£12 / sq ft)
- Croydon (£12 / sq ft)
- Mole Valley (£11 / sq ft)
- Reigate and Banstead (£10 / sq ft)
- Tandridge (£10 / sq ft)
- Mid Sussex (£9/ sq ft)

6.48 Viability, however, is lower in parts of the Chichester, Creative Coast and Brighton & Hove market areas. This reflects their more rural characteristics and distance from London. Some agents report that some investors will consider developing industrial space at rents lower than £8 per sq ft if pre-lets are secured first.

Figure 6.18 Average Industrial Rent by Local Authority, 2013 and 2018



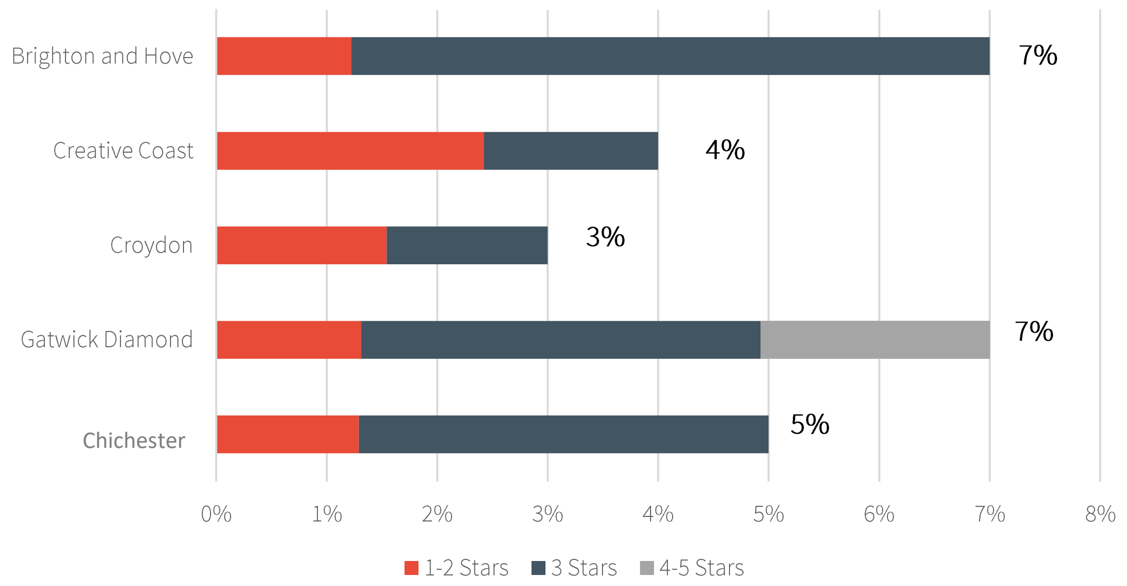
Source: CoStar, 2019

Vacancy rates are around the national average, but constrained in the Sussex Creative Coast and Croydon market areas…

6.49 Industrial vacancy rates in the Coast to Capital area are generally stable, allowing for a reasonable level of churn while also not indicating oversupply. Most areas have vacancy rates between 5-10%, which is considered as normal and around the national average. Industrial space is most constrained in the Sussex Creative Coast and Croydon areas where vacancy rates are 3% and 4% respectively.

6.50 At 7%, vacancy rates in the Gatwick Diamond and Brighton and Hove market areas are higher than other areas. A high proportion of this is mid-quality stock, particularly in Brighton & Hove. It is worth noting, however, that the amount of available stock in Brighton & Hove is much lower than in the Gatwick Diamond (c.9,000 sq m vs 32,207 sq m) and, because the market area is relatively small, the data may be skewed by a small handful of large vacant industrial units.

Figure 6.19 Industrial Vacancy Rates by Market Area, Year to Date



Source: CoStar, 2019

Implications

Even though the total number of industrial deals in 2018 is the lowest number over the last five years, demand remains relatively positive.

This is mainly being driven by deals in the Sussex Creative Coast, Croydon, Gatwick Diamond and Chichester market areas. Supply is particularly constrained for the first two and is at expected levels for the others. All of these areas also have almost no vacant high-quality units and very low stocks of this type in general. This aligns with conversations with agents who have indicated that the lack of high-quality and flexible industrial space is a key constraint in the Coast to Capital area. This evidence presents a clear rationale to directly invest in the right type of new industrial space in the right areas, or to support developers to do so.

The main challenge is that local authorities have few incentives to increase the supply of such space. The allocation of land for industrial uses often generates fewer jobs than other types of developments, can be politically unpopular and comes under pressure from higher value uses such as residential. Employment Density Guidance from the Homes and Communities Agency[16] demonstrates that only 8-13 sq m of space is generally required per office worker, versus 47 sq m for a light industrial unit and 70-95 sq m for a distribution centre. The LEP will need to work with local authorities to ensure cross-border challenges are addressed and to come up with meaningful and impactful solutions.

[16] Homes and Communities Agency, Employment Density Guide (2015)

7. Market Area Trends

Chapter Overview

This chapter explores the office and industrial market trends of the five market areas identified in Coast to Capital using a combination of consultation and desk-based research. The purpose is to provide an "on the ground" analysis to understand the key commercial locations, supply and demand trends, local challenges and opportunities and future priorities. A summary overview is provided in the table below.

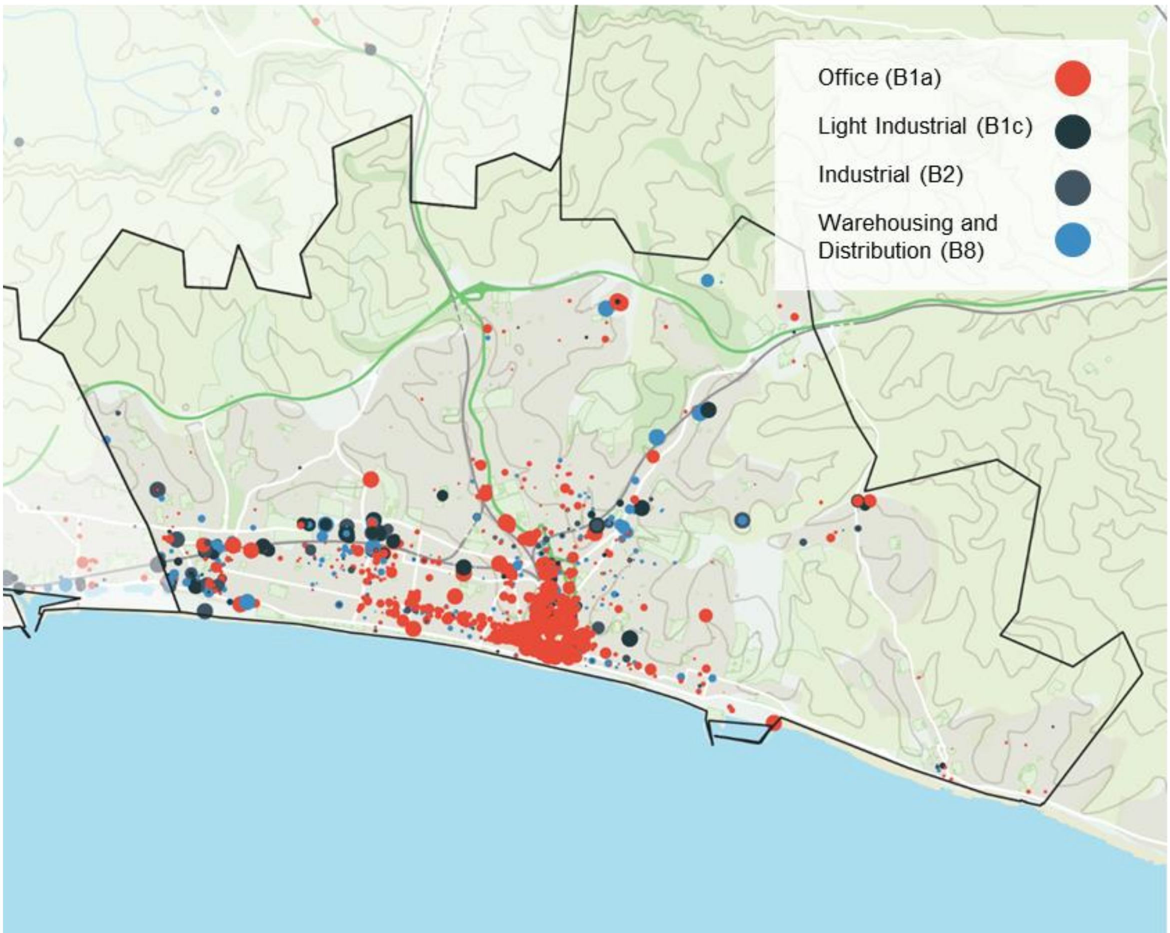
Table 7.1 Summary of Market Area Trends

Sub Area	Characteristics and Challenges	Priorities
Brighton and Hove	• Strong office market • Strong public transport connections to London • Constrained office supply • Lack of high quality and large footprint offices • Strong SME workspace provision but lack of grow on space	• Public sector intervention to help unlock sites and provide a variety of access points for business • Strong planning policy to support the development of new offices • Grow high quality, serviced office space to encourage inward investment • Refurbishment and re-development of existing low-quality industrial stock • Provision of a new business and/or science park to support clustering and agglomeration
Sussex Creative Coast	• Low commercial values impacting viability • Lack of grow on space for existing businesses • Lack of flexible industrial space • Demand for co-working space from start-ups • Close proximity to Brighton Market	• Public intervention to stimulate and de-risk private investment where appropriate • Direct delivery by public sector to support new markets • Enhanced promotion of specific locations and potential incentives for relocations • Clearer communication of an identity linked to Brighton's expansion and unmet demand • Identifying potential new industrial sites through planning process • New investment in co-working and flexible workspaces
Gatwick Diamond	• Largest market area with 50% of commercial office space in the LEP • Key assets of Manor Royal Business Park and Gatwick Airport	• Research and lobbying focused on the release of appropriate safeguarded land around Gatwick Airport • Supporting and pursuing the emerging Gatwick Airport City / Aerotropolis aspirations

	• Office demand has remained stable • Supply of office space in surrounding towns impacted by permitted development • Lack of available land restricting local business growth	• Identification of new sites for the delivery of new industrial space to serve the South East and London logistics market • Review of the impacts of PDR and associated policy across the area, but particularly in Horsham and East Grinstead
Chichester	• Limited supply of office space • Demand from existing businesses looking to expand • City centre regeneration catalyst to growing office market	• Delivering city centre regeneration ambitions in Chichester to support the delivery of new office space and potentially increase the viability of future developments • Reviewing the substantial public estate to identify where public bodies can consolidate • Delivery of more flexible workspace with supporting grow on space • Public intervention to stimulate and de-risk private investment in industrial space across the wider area where appropriate

Brighton & Hove

Figure 7.1 Location of Commercial Space in Brighton & Hove



Source: Valuation Office Agency, 2017 non domestic rating list entries valuations, 2017; Hatch Regeneris, 2019

Note: Each bubble is a single commercial space. The size of the bubble denotes the size of the space.

Office Market

7.2 Brighton & Hove has nearly 1 million sqm of commercial floorspace, including 550,000 sqm office space. This supports a critical mass of office-based businesses across a wide range of sectors. Large employers include American Express, Ink Fish, Lloyds Bank, Brandwatch and the Student Room.

7.3 The area has many strengths, including strong public transport connections into London, a highly skilled labour market and a unique cultural offer. Due to this, and its perception as a vibrant and forward-think place, it is a very attractive place for office-based businesses.

7.4 This is reflected in office lease prices, which have increased from £6-8/ sq ft in 2013 to +10/ sq ft in 2018. Agents report that this has primarily been driven by Permitted Development Rights and the emergence of a strong digital media sector in the city.

Brighton has constrained office supply…

7.5 Despite this, the area has a constrained office market. Around 6,650 sq m of space is currently available which accounts for around 1% of total supply. This is a low vacancy rate which is restricting churn in the business base and limiting the ability of the area to attract new investment.

7.6 While the area has experienced positive employment (11%) and business growth (20%) since 2012, it is likely that the lack of office supply is holding it back.

7.7 This undersupply has been exacerbated by a decline in the total stock in the area. Over the past five years around 19,100 sq m of office space has been lost. This was particularly pronounced in 2015/16 when there was a loss of 19,693 sq m of space.

7.8 A key driver of this loss is Permitted Development Rights. Between June 2013 and March 2016, 98 change of use applications were approved (out of 143), leading to a potential loss of around 44,943 sq m of space. Around 45% of these have been completed, leading to a loss of 44,943 sq m of office space over this period.

7.9 While this has constrained supply and impacted the local economy, agents report that it has helped to tighten the market and reduce the amount of dated and poor-quality stock. They believe that this has helped to increase rents and the viability of the area for office development, which the market is currently responding to. New office developments such as those at Circus Street are seen as proof of this.

There is a lack of high quality and large footprint offices available…

7.10 Consultations with agents indicate that businesses seek high quality office space, but very little is available in the area. Most offices were built in the 1960s, with progressively less space delivered over subsequent decades. It is only over the last six years that rents have grown sufficiently and office development has picked up. Recent high-quality developments such as the Brinell Building, which is completely pre-let, have been successful in filling space quickly.

7.11 These trends are reflected in Co-Star data – none of the vacant office space currently available has a 4-5 star rating and only 12% of the total office stock has this rating (compared to 31% in Croydon and 19% in the Gatwick Diamond).

7.12 Agents also report that that the area lacks larger footprint offices and does not have a clear commercial quarter. While the New England Quarter gone some way to addressing this, this is seen to be restricting inward investment from larger businesses.

7.13 There was a consensus, however, that businesses are not moving out of the area in high volumes. While the market is tight, occupiers want to be in Brighton and are willing to wait until the right property becomes available. Given market fluctuations, agents report that they are generally able to find space to meet the needs of different organisations, can take some time for it to become available.

SME workspace provision is strong, but there is a lack of 'grow on' space…

7.14 Evidence does, however, indicate that the SME workspace market has been growing in the area in recent years. Examples of key workspaces include The Project, PLATF9RM, Spaces, The Werks and The Skiff. Agents believe that there is good provision of space for small and growing enterprises, but it is challenging to find premises to allow these businesses and expand and grow. This is partially a function of physical space, but also of lease type and flexibility.

Agents are positive about the future of the office market area, but expect demand to exceed supply…

7.15 In general, commercial agents were positive about the future of the office market. They set out that a number of positive developments are in the pipeline which will help better meet demand. Examples such as the re-development of the Circus Street Market and the former Amex office on Edward Street were cited.

7.16 Some believe that the demand is likely to outstrip supply for the foreseeable future however. This is reflected in a 2018 Employment Land report, produced as part of the Brighton & Hove Economic Strategy, which sets out that if current employment growth trends continue at recent rates there is likely to be a shortfall of space to accommodate growth.

Industrial Market

7.17 Brighton & Hove is primarily an office-based economy, but it has several strategic industrial areas. Examples include Holingbury Industrial Estate, Holingdean Industrial Estate, the Hyde Business Park and Woodingdean Industrial Estate.

7.18 Consultation indicates that businesses are attracted to the area, but there is a lack of suitable space available. Vacancy rates are around 7%, which is considered normal, but due to the relatively small amount of stock that exists this is likely to be driven by a small number of units.

7.19 Even though vacancy rates are higher in the office market, agents report that the industrial market is tighter. They state that virtually no space is available and that they are often unable to meet the needs and demands of businesses. This is partly a function of supply, but also because the industrial market is less dynamic than the office market.

7.20 One of the major challenges reported is that good quality stock is in demand but difficult to find. Like for office space, data from Co-Star backs this up - almost no industrial stock in the area is rated as 4-5 stars. All other market areas have at least some 4-5 star rated industrial space, with Chichester having the highest proportion at 29% of its total stock.

7.21 Agents report Brighton-based industrial businesses often end up looking further afield if they need new space to expand into. Some move to the city peripheries, but they are increasingly moving to places like Burgess Hill, Newhaven and Woking. This is seen as positive for the wider South East, but is likely to constrain the economic performance of the city.

7.22 Unlike other major cities, there are no high-quality business, science or advanced manufacturing parks. Other places have been proactive in introducing these facilities and have reaped the benefits of attracting higher value businesses. Examples include Cambridge (Cambridge Science Park), Guildford (Surrey Research Park), Norwich (Hethel Technology Park), Bristol (Future Space) and Liverpool (Liverpool Science Park). Evidence produced as part of the Brighton & Hove Economic Strategy suggests that Toads Hall Valley, which is Allocated Site in the City Plan, would be an attractive location for such a development.

7.23 There is also limited amount of land available for new industrial development and low levels of new build forecast. Industrial development comes under intense pressure from competing uses as there is a very strong residential market in the area and office rents are relatively high. Industrial rents are comparable to Chichester and the Sussex Creative Coast, but lower than most of the Gatwick Diamond and Croydon.

Major Transactions and Developments

Table 7.2 Major Recent Transactions and Developments in Brighton and Hove

Name of Project	Photo	Type of Development	Location	Owner	Cost
Circus Street This new development will transform a derelict municipal market into an innovation quarter. It will deliver 142 new homes, 2,787 sq m of office space and 450 student bedrooms. Redevelopment is currently taking place and the building is expected to open in the summer of 2020.		Mixed-use development	Brighton, BN2 9QF	Delivered as a public-private partnership by the developer U+I and Brighton & Hove City Council Investor: GCP Student Living plc and Gravis Capital Management Ltd	Development Cost: £130m
AMEX House Conversion In September 2017, First Base and Patron Capital acquired the former AMEX headquarters in Brighton and plans to redevelop the site were approved by the city council in July 2018. The new site will include 14,864 square metres of Grade A office space, 168 new homes and food and beverage stores. Planning permission was secured in 2018 and construction commenced in may 2019		Mixed-use development	Brighton, BN88 1AH	Developer: First Base Investor: Patron Capital	Development Cost: £120m
Hove Gardens The Conway Street industrial area is located close to Hove Station and includes offices, warehouses, distribution centres, some research and development companies and various industrial buildings. As part of the masterplan for the site, the Hove Gardens Scheme will develop 186 flats, 1,317 sq m of office space and 228 sq m of retail. Planning permission was granted in feburary 2019 and construction has started.		Mixed-use development	Hove, BN3 3LW	Matsim Properties Ltd	Development Cost: £80m

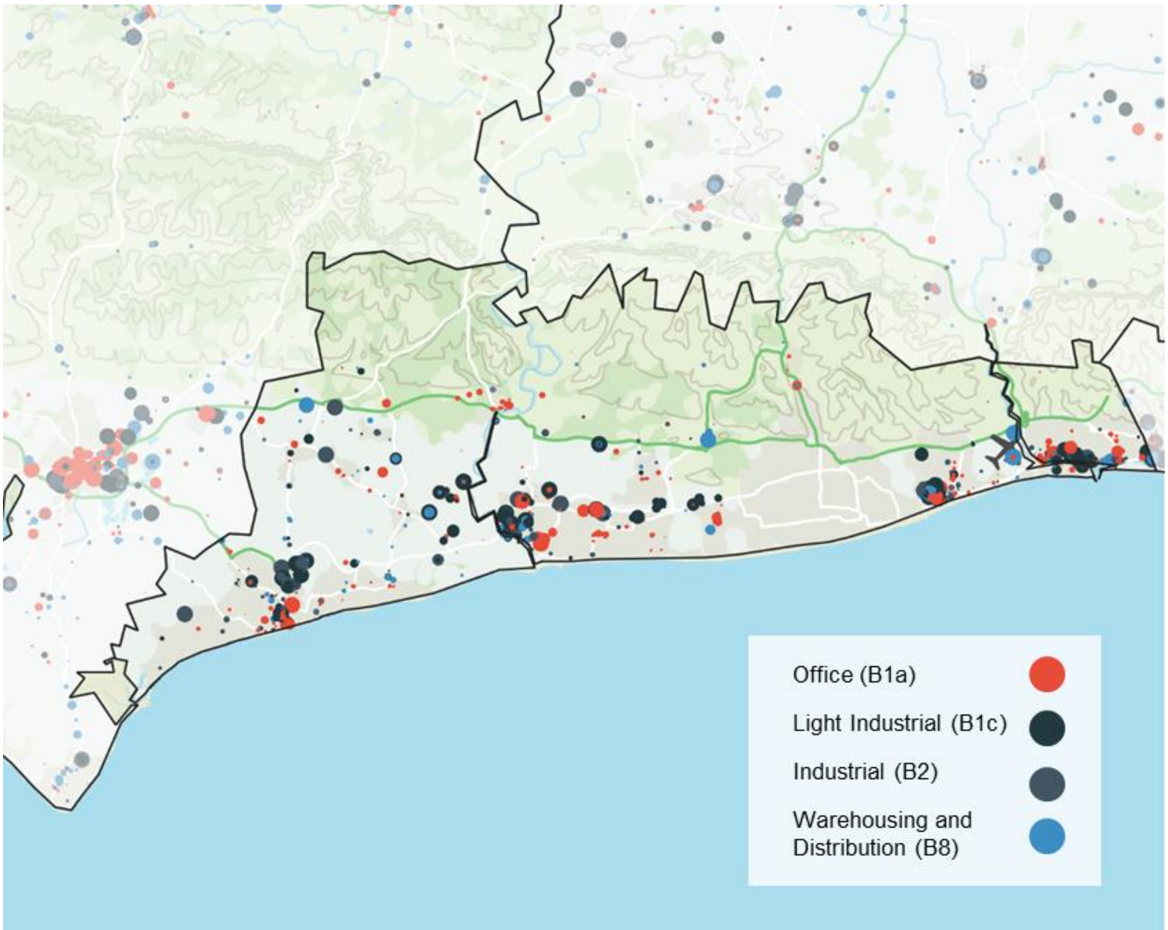
Preston Barracks Preston Barracks is one of Brighton's biggest regeneration schemes and will bring back into use the derelict military barracks. It will deliver 369 new homes, 534 student bedrooms and a new home for the University of Brighton's Business School and a 4,645 sq m innovation hub, Plus X, for start-ups and SME businesses. It was granted planning permission in December 2017.		Mixed-use developm ent	Brighton, BN2 4GL	Developer: U+I Investor: U+I, Coast to Capital	Development Cost: £150m
Brinell Building 6,062 square meters of new build office space, near Brighton station. Due to be completed by the end of 2019, it has already been fully pre-let to three tenant companies, Unity Technologies, Diversified and Dehns.		Office new build	Brighton, BN1 4GZ	Developer: McAleer & Rushe	Development Cost: £15.8m
Victoria Road Trading Estate Industrial New Builds 729 sq m of newly-built warehouses on Victoria Estate, the first to be constructed in the area in nearly 15 years.		Industrial new build	Brighton, BN41 1XQ	Developer: Endeavour Holdings	Rent: £50,000 - 52,000

Priorities for Market Area

- Public sector intervention to help unlock office and industrial development sites
- Strong planning policy to support the development of new offices
- New high quality, serviced office space to encourage inward investment
- Grow on and scale up space to complement the existing flexible workspace offer
- Refurbishment and re-development of existing low-quality industrial stock
- Provision of a new business and/or science park to support clustering and agglomeration

Sussex Creative Coast

Figure 7.2 Location of Commercial Space in Sussex Creative Coast



Source: Valuation Office Agency, 2017 non domestic rating list entries valuations, 2017; Hatch Regeneris, 2019

Note: Each bubble is a single commercial space. The size of the bubble denotes the size of the space.

Office Market

7.24 There is currently around 248,000 sqm of office space across the Sussex Creative Coast, accounting for a small proportion (8%) of all office stock in the Coast to Capital area. Office space is spread across urban areas along the coast in the three coastal towns of Worthing, Littlehampton and Bognor Regis. Each has its own distinct characteristics according to commercial agents:

- Worthing is considered as the main office location across the Sussex Creative Coast, with the largest amount of office space and a concentration of small professional and financial firms in the city centre. The Broadwater Business Park contains around 36ha of employment space across a series of sites and is home large employers such as GlaxoSmithKline (GSK). There are also large offices further outside the town, including a purpose-built office for HMRC containing 80,000 sq ft office space. Worthing is in closest proximity to Brighton via train (c. 20 mins and regular service) and has good train links to Gatwick Airport (c. 1 hour and regular service).

- Littlehampton has a small amount of office space and is generally not considered as an important office location. The largest office building is a purpose built complex for the Body Shop Headquarters which has around 70,000 sq ft office space.
- Bognor Regis has the smallest amount of office space of all three coastal towns, with singular buildings located sporadically across the town. It also has the most limited transport connectivity of all towns (c. 40 mins to Brighton via train).

7.25 The three coastal towns are considered as one functional office market due to good transport links via train and road (A27) and geographical constraints, with the South Downs preventing development to the north and encouraging greater density of development east to west. This is reflected in similar rental values of around £12 - £16 /sq ft.

Grow on space is needed to support existing businesses…

7.26 Consultation with agents indicates that demand for office space across the Sussex Creative Coast is limited. This is partly driven by limited transport connectivity to London compared to other regions in the LEP (such as the Gatwick Diamond area) and competition with Brighton. Previous chapters identify viability as a big challenge in the Sussex Creative Coast area as average rents are around £12 - £16 sq ft, which is below the threshold of £21 - £23 sq ft identified by agents as viable for speculative office development. This has resulted in a lack of speculative office development in recent years and is resulting in residential developments being prioritised over office space.

7.27 Demand for office space tends to come from Coastal areas and nearby districts, with minimal inward investment in recent years. However, agents suggest that growth potential comes from businesses operates in the area looking for flexible grow on space. These businesses require adaptable space in locations near transport nodes and key facilities (including super-fast broadband and rentable meeting space).

There is demand for flexible space from local start-ups…

7.28 Agents suggest there is increasing demand for flexible and co-working space from start-ups looking to move from temporary or makeshift locations (especially homes) to more appropriate fixed space. Start-ups require affordable space on flexible terms and access to shared facilities, such as meeting rooms, café's and networking space.

7.29 A good example of a new workspace coming onto the market is "The Track" (Bognor Regis Creative Digital Hub) which is being delivered by West Sussex County Council to support creative and digital businesses in Bognor Regis and coastal West Sussex. The project will deliver flexible collaborative workspace with ultrafast fibre connection inside Bognor Regis railway station. In this instance the public sector has played a key role to intervene in the market and provide workspace in a location which would potentially not have been favourable to a workspace provider.

7.30 Another example is the Lady Bee Enterprise Centre, which is a new flexible business centre for small and medium sized businesses in Shoreham Port (Southwick). Take up has been strong, but a few units are still available.

The Creative Coast can take advantage of positive spill over from Brighton…

7.31 Close proximity to Brighton is seen as a key opportunity from agents, given the strength of the office market there and the high proportion of small and micro businesses. Areas in the Creative Coast can position themselves as alternative locations for businesses looking for more affordable or suitable space. The locations most suited to share this market is Worthing and Shoreham where transport connections by rail are favourable and because rents are more affordable for freelancers and small businesses.

7.32 There are potential developments in Worthing which could strengthen the office, particularly for SMEs. For example:

- The council has a comprehensive town centre regeneration plan, including a major department store and wider public realm improvements. This will make the area a more desirable place to live and work which will have a positive impact on office market for SMEs.
- There is a significant development plan for 12,195 sq m of new industrial and office floorspace from the GSK site in Broadwater Business Park. GSK plan to invest £25m in the site, including the construction of new facilities for manufacturing antibiotics.

Industrial Market

7.33 There is around 1.3 million sq m of industrial space along the Sussex Creative Coast with the majority located on industrial estates near the A27 road in Bognor Regis, Littlehampton, Worthing and Shoreham. Examples include the East Worthing Industrial Estate, industrial parks around Shoreham Port and Airport, and Lancing Industrial park in Adur.

7.34 Most industrial transactions in recent years are from businesses moving internally along the Sussex Creative Coast and Chichester, either expanding or searching for higher quality stock. Moves are driven by availability of land and appropriate space and are not generally town or area specific.

7.35 According to agents, the supply of space and land in recent years has been restricted which has caused rents to increase and led to a lack of grow on space for existing businesses. This is supported by the data which indicates that around 3% of industrial space is currently vacant with almost no available high-quality space. This presents a risk where existing businesses could be forced to leave the area to find appropriate space. For example, agents cited the example of World of Books who had a 175,000 sqft warehouse and distribution space in Worthing but moved to Coventry in search of bigger space and more affordable rents.

7.36 Consultation suggests businesses have difficulty in finding the space they require. This was cited as a particular issue for businesses looking for flexible industrial space that can be easily fitted out to meet their needs. More established businesses tend to look to purchase property due to the flexibility it provides but the market is dominated by rentals, encouraging some to look elsewhere. Most property available to buy is bought by developers or investors for leasing, further compounding the issue.

7.37 Future industrial and warehouse developments are dictated by sites becoming available. Land supply is generally constrained, particularly in Worthing and Littlehampton. Having said this there are some future sites coming forward, including:

- The new Lyminster Bypass in Bognor Regis has opened around 30 acres of land for development at Southern Cross.

- Consent around Shoreham airport for 260,000 sqft industrial and distribution space.
- Future plans for 12,195 sq m of new industrial and office floorspace from the GSK site in Broadwater Business Park.

Major Developments and Transactions

Table 7.3 Major Recent Transactions and Developments in Sussex Creative Coast

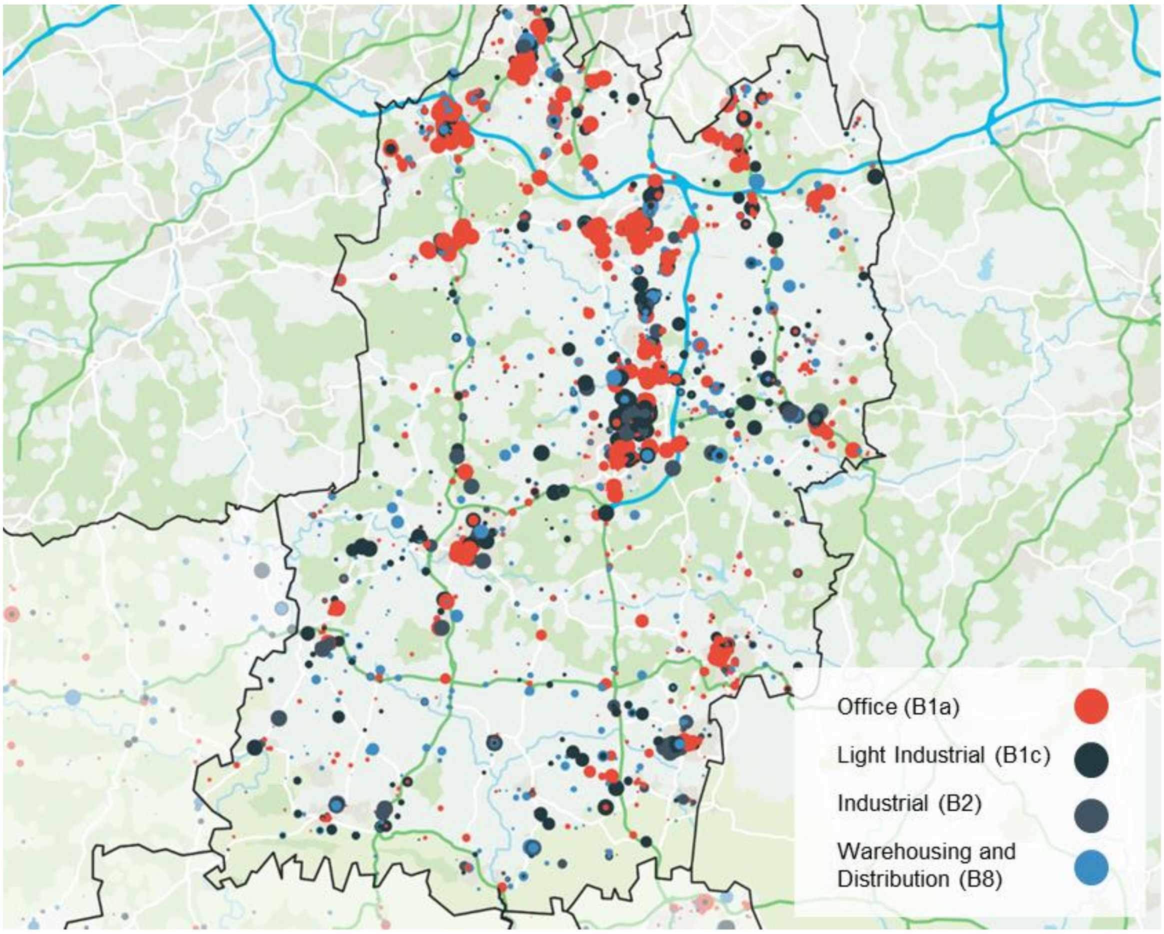
Name of Project	Photo	Type of Development	Location	Owner	Cost
Teville Gate House - HRMC Reconstruction This new development will sit on the site of a recently demolished vacant railway office block, and HMRC has already signed a lease for the new building prior to its completion. 8,612 square metres of office space are being developed.		Office new build	Worthing, BN11 1UR	Owner: HMRC	Sold for £23m to HMRC
The Hub The Hub will provide up to 150,000 square metres of employment space, including distribution and warehousing space. Works started on the site in 2018.		Industrial new build	Hassocks, BN6 9LG (near Burgess Hill)	Glenbeigh Developments	N.A.

Priorities for Market Area

- Public intervention to stimulate and de-risk private investment where appropriate
- Enhanced promotion of specific locations and potential incentives for relocations
- Identifying potential new industrial sites through planning process
- New investment in co-working and flexible workspaces

Gatwick Diamond

Figure 7.3 Location of Commercial Space in the Gatwick Diamond



Source: Valuation Office Agency, 2017 non domestic rating list entries valuations, 2017; Hatch Regeneris, 2019

Note: Each bubble is a single commercial space. The size of the bubble denotes the size of the space.

Office Market

7.38 The Gatwick Diamond is the largest market area. It is made up of six districts and overlaps two county council areas. The area contains around 1.5 million sq m of office space, which is around 50% of the total for Coast to Capital.

7.39 Crawley is considered by agents as the "engine room" of the Gatwick Diamond office market and this is driven by two key assets:

- **Manor Royal Business Park** – this is the largest industrial estate outside of London and covers an area of 240 hectares. It is home to approximately 500 businesses supporting 30,000 jobs. It provides 866,000 sqm of commercial floorspace split across 700 properties, from large warehouses to small offices and workshops.
- **Gatwick Airport** - the airport is a key driver of the Gatwick Diamond and Coast to Capital economy, attracting international businesses to base their UK and European operations

near the airport. The airport supports 24,000 jobs directly and a further 60,000 jobs in the wider economy[17].

7.40 Surrounding Crawley and Gatwick are several towns which function as submarkets according to agents, including:

- Horsham – Limited supply of office space but good environment for people to live, high residential values and strong retail and restaurant sector.
- Haywards Heath – Reasonably small office market with good quality stock. The area is also an attractive place to live with good transport links for commuting.
- East Grinstead – Limited supply of office space with a greater focus on residential uses.
- Burgess Hill – Strong industrial market and growing prominence as an office location, centered around Burgess Hill Industrial estate.

7.41 For the purpose of this analysis Crawley and Gatwick will be considered as the main components of the Gatwick Diamond office market.

Office demand has remained stable in recent years…

7.42 According to research undertaken by Savills[18], office demand around Crawley and Gatwick has remained stable over recent years with a small increase in occupancy of floorspace. Demand for office space will increase with Savills forecasting an additional 1.1 million to 3.2 million square foot required to 2050. This is equivalent to between 34,000 and 98,000 square feet of additional floorspace per annum.

7.43 A large proportion of transactions in the area have been from occupiers moving to higher quality premises (mid to high grade quality stock), enabling the overall stock to replenish itself either through refurbishment or redevelopment. This finding is supported by anecdotal evidence from agents, commenting on the limited amount of speculative office build over recent years.

7.44 The transformation to better quality space has been driven by demands from businesses looking to attract and retain staff with a better working environment. Improvements include more efficient use of space, buildings with green credentials, improve cycled storage, showers and creating a more pleasant environment.

7.45 The tendency to refurbish and develop has strengthened the office market through providing more high-grade office space. Values have continued to grow at a steady incremental rate to around £27/sq ft for top quality offices today. Agents suggest that this trajectory is likely to continue, given the strength of the office market and continued replenishment of high-quality stock.

Supply of office space in towns around Crawley and Gatwick are being impacted by permitted development…

7.46 Permitted development from office to residential has had varying impacts on areas in the Gatwick Diamond. Office space in Crawley and Gatwick have been safeguarded through the assignment of an Article 4 direction[19] which has encouraged the refurbishment of some older

[17] Coast to Capital, Strategic Economic Plan, Gatwick 360°, 2017

[18] Savills, Gatwick Economic Development Area Market Analysis, 2018

[19] Article 4 direction is a planning policy which prohibits the use of permitted development rights to convert office to residential without needed planning approval.

office stock into high quality space. In contrast towns such as Horsham and East Grinstead have lost substantial amounts of low-quality office space to residential which has not been replaced by new office development.

7.47 This has important implications for attracting and retaining businesses in the Gatwick Diamond area. Agents suggest there is a strong interrelationship between the office market in Crawley and surrounding towns (i.e. businesses unable to find appropriate space in Crawley and Manor Royal will look to surrounding towns and land in order to retain access to the Gatwick Diamond market). Limiting supply in these submarkets will continue to put pressure on supply of space in Crawley and Gatwick.

7.48 Permitted development also creates an imbalance between areas in the Gatwick Diamond, as places with high permitted development rates are at risk of becoming more dormitory towns due to a lack of employment space and day time activity.

Lack of available land is restricting inward investment and growth of local business…

7.49 According to agents the business base in Crawley has become more diverse over the last 15 years, transitioning from a large dependency on aviation and airport specific businesses to a broad business base with a variety of activities, including financial and professional, research and development, engineering and life sciences. High profile companies have moved to the area, including Elekta, Nestle and Deloitte. In this respect a key strength of the Gatwick Diamond has been attracting major occupiers from a broad range of sectors to the area and retaining them.

7.50 However, agents indicate that the biggest challenge facing the Gatwick Diamond is a lack of land for development, restricting the ability for large occupiers to find appropriate space to locate and grow. Agents cite the example of Unilever moving from Crawley to Leatherhead to find sufficient grow on space. In a similar fashion, smaller companies in areas such as Horsham and East Grinstead also move to Crawley to find appropriate grow on space.

7.51 The government safeguarding of sites to the south of the airport for a second runway is a key challenge restricting land supply. A recent publication by Savills[20] identifies around 150 hectares of land in sites around Gatwick airport (around 70% of the size of Manor Royal) which are currently under airport safeguarding. This site is seen as an excellent opportunity for development, due to excellent public transport via the M23 and Gatwick Airport train station. The report concludes that these sites could represent a significant development opportunity by meeting current demand of commercial space.

The Gatwick "Airport City" Opportunity

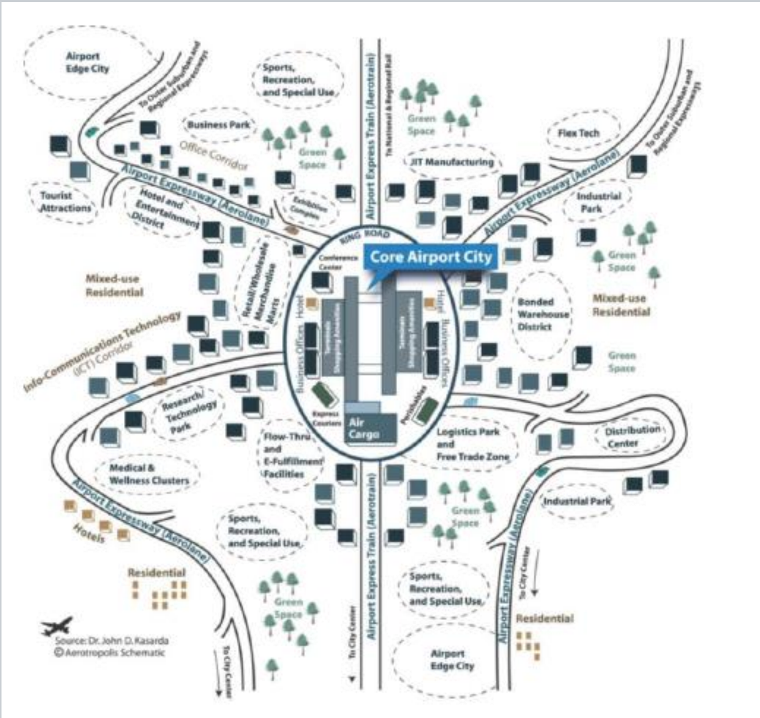
The concept of an airport city is a response to the surge in passenger numbers and the time spent in terminals. Airports are increasingly becoming urban microcosms themselves and prompting surrounding cities to develop, transforming from a facility for transportation to one which offers a variety of services and amenities, including shops, restaurants, hotels and entertainment.

The Gatwick Airport City follows this concept and identifies the opportunity to utilise land in neighbouring Crawley and Gatwick for new infrastructure, commercial space and built environments. This would capitalise on close proximity to an international airport and existing economic anchors such as Manor Royal Business Park and Crawley Town Centre. The ambition is for the Gatwick Airport City to note only provide for future commercial and enterprise

[20] Savills, Gatwick Economic Development Area Market Analysis, 2018

demand in Gatwick Diamond, but also to create a place that integrates facilities into wider regeneration possibilities.

Example of Airport City Concept Diagram (Source: Savills)



Industrial Market

7.52 Manor Royal Industrial Park is the main location for industrial space in the Gatwick Diamond, providing 866,000 sqm of commercial floorspace split across 700 properties, including large warehouses and workshops. Burgess Hill Industrial Park is another key location, providing 170,000 m sqm of commercial floorspace supporting 8,000 jobs.

7.53 According to agents the supply of industrial space has dropped and is currently at its lowest level historically in terms of availability. In conjunction with good demand for warehousing and distribution space in the sector, agents report that values have nearly doubled over the last five years to £14 / sq ft today.

7.54 Demand is strong for industrial space, particularly sectors operating in warehousing and distribution involved with "last mile delivery". Agents suggest that Crawley and Gatwick are well placed given the good road links and proximity to both London and Brighton customer bases. Demand for warehousing and distribution space is replacing heavy industrial space and agents suggests that demand is outweighing supply.

7.55 Forecasts from Savills[21] suggests that annual floorspace demand is between 118,000 sqft and 254,000 sqft through to 2050 in the Gatwick and Crawley area. According to the study, growth at the airport would be expected to be a significant driver going forward. Land to the east of Gatwick Airport would also be well-positioned to capture a significant proportion of this demand given its location close to the Airport and the M23.

[21] Savills, Gatwick Economic Development Area Market Analysis, 2018

Recent Developments and Major Transactions

Table 7.4 Major Recent Transactions and Developments in Gatwick Diamond

Name of Project	Photo	Type of Development	Location	Owner	Cost
Elekta Cornerstone Campus Opened in September 2018, this facility was designed as an international hub for the design, development and manufacturing of advanced cancer treatment solutions. It has became Elekta's (a Swedish oncology company) new campus. It is made up of 14,000 sq m of office space.		Office new build	Crawley, RH10 9RR	Property developer: Vail Williams LLP. Site owner: Elekta.	Development Cost: £42m
Horsham Enterprise Park West Sussex County Council has put forward proposals in 2018 to create a mixed-use scheme at the vacant Novartis site. The park will contain around 25,000 sqm of employment space, including office, research and development space, and innovation centres.		Mixed use new build	Horsham, RH12 5AB	Land Owner: West Sussex County Council	n/a
Origin One A self-contained refurbished contemporary office building available in Crawley's prime office location. Up to 1,112 sq m is available for let.		Office Refurbished	Crawley, RH10 1AS	Standard Life Investments	N/A
Woodcote Grove Redevelopment of Atkins' existing premises which will provide 10,000 sq m of Grade A office space. The redevelopment is currently in progress.		Office Redevelopment	Epsom, KT18 5BW	Developer: Speller Metcalfe and Henry Boot Developments. Owner: Atkins	Development Cost: £35m

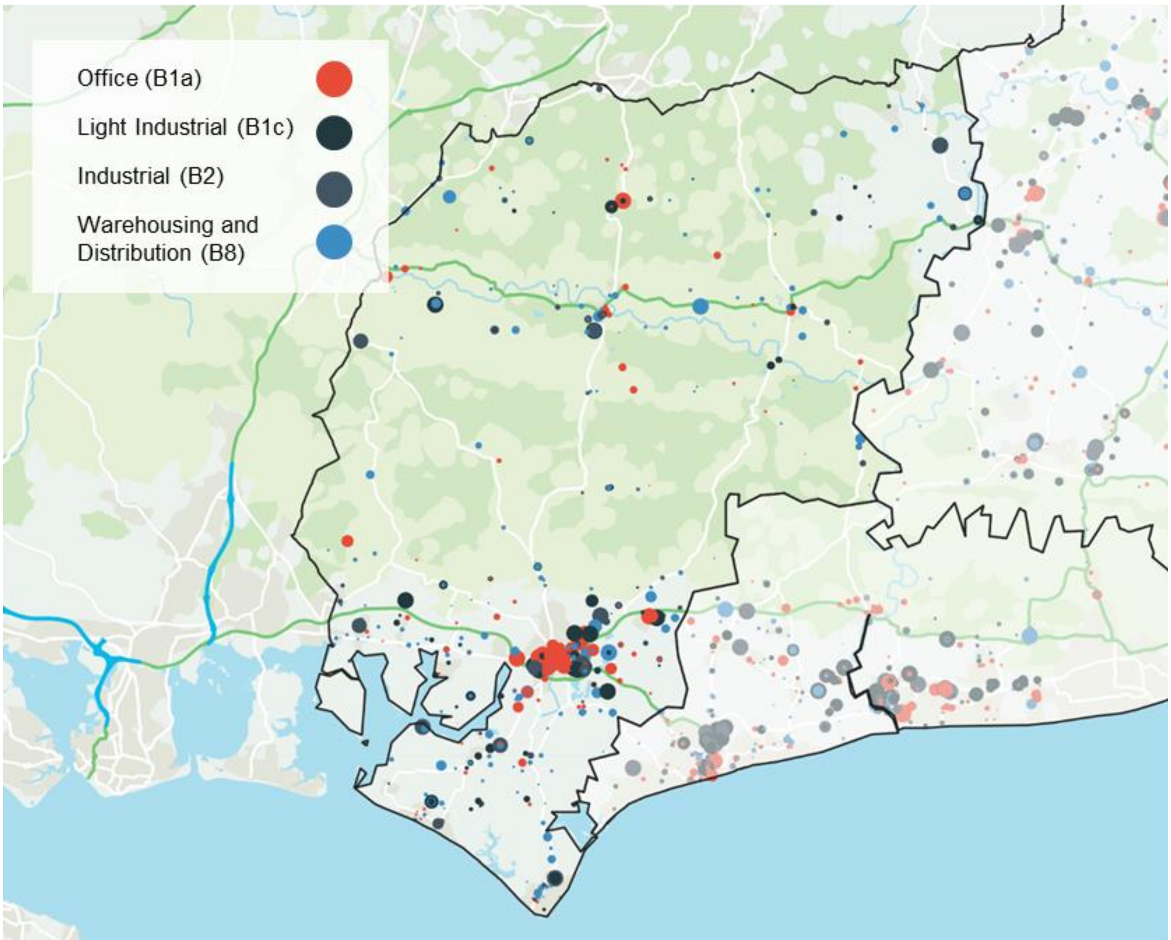
Implications and Priorities for Market Area

- Research and lobbying focused on the release of appropriate safeguarded land around Gatwick Airport

- Supporting and pursuing the emerging Gatwick Airport City aspirations
- Identification of new sites for the delivery of new industrial space to serve the South East and London logistics market
- Review of the impacts of PDR and associated policy across the area, but particularly in Horsham and East Grinstead

Chichester

Figure 7.4 Location of Commercial Space in Chichester



Source: Valuation Office Agency, 2017 non domestic rating list entries valuations, 2017; Hatch Regeneris, 2019

Note: Each bubble is a single commercial space. The size of the bubble denotes the size of the space.

Office Market

7.56 There is around 125,000 sqm B1a office space in Chichester with the majority in Chichester City Centre and Chichester Business Park. As such the analysis of the office market in Chichester focuses on the city and surrounding areas.

7.57 The area has many strengths as an office location, including an attractive place for staff to live, access to a main railway line and a local University with potential access to talent. Despite these strengths there is not a critical mass of office space locally and Chichester is not considered as a key office location.

There is a small amount of office space in Chichester constrained by public sector use and low-quality stock…

7.58 There is a relatively low supply of office space in Chichester compared to other areas in Coast to Capital. According to the Valuation Office Agency (VOA) data there is around 125,000 sq m of B1a office space in Chichester, accounting for small proportion (4%) of all office space across Coast to Capital.

7.59 The availability of suitable space is further impacted by specific local challenges. Local agents indicate that most office space in Chichester city centre is used by the public sector (Chichester City Council, Chichester County Council and West Sussex County Council). The quality of the remaining office stock is poor, with around a third of office stock rated as "1 to 2 stars" and only 3% rated as "4 to 5 stars"[22]. This is partly because a large proportion of office floorspace is located above retail units and there are few purpose-built office buildings in the city centre.

Demand for office space is from local start-ups or existing businesses looking to expand…

7.60 The office market in Chichester is localised and transactions are mostly restricted to local businesses. Local agents suggest that most professional businesses have been in the area for many years and there is limited demand from businesses outside Chichester.

7.61 Most enquires for office space are from local businesses either looking for start-up or grow on space. There are few flexible workspaces in Chichester compared to other more productive economies such as Brighton. A lack of supply of good quality office space in the city centre is, however, restricting start-ups and growth, resulting in businesses moving to other areas in Chichester and along the coast.

City centre regeneration can provide a catalyst for the office market…

7.62 The delivery of new office space is key to attracting new businesses and supporting local business to start and grow. According to agents the threshold for developers looking to build and let space is at least £20 / sqft, but rental values indicate that office values in Chichester are below this threshold at around £15 / sqft. This is one of the lowest value across the region and such there is little incentive for private developers to build new purpose-built office space speculatively.

7.63 According to agents, the public sector could play a role in increasing the demand and supply of office space through town centre regeneration. The Southern Gateway masterplan is a redevelopment opportunity South of Chichester City Centre which will provide homes, office, retail units, community uses and leisure facilities. The project is still in the design phase and council is currently seeking a development partner to take forward the project.

7.64 The masterplan presents an opportunity to deliver new office space in conjunction with an integrated masterplan, creating a "destination" and wider facilities to make it attractive for business. Agents suggest that amenities such as a hotel and/or leisure facilities would make new office development more attractive for business. Harnessing links to the current public

[22] Star rating system is based on Co Star definitions: 1 to 2 star office needs significant refurbishment or only suitable for smaller tenants, and also achieves lowest rents in market; 4 to 5 star offices are new or refurbished, achieve rents above market averages and are prominent in its context.

workforce and University of Chichester could also promote a hub of professional and technical activity.

Industrial Market

7.65 There is around 588,000 sqm of industrial, warehouse and distribution space in Chichester. The two main industrial estates (Chichester Business Park and Terminus Road Industrial Estate) are both near the city centre with good access to the A27, a key transport route for distribution.

7.66 Commercial agents indicate that the industrial market has performed more favourably than the office market in recent years, with growing demand for light industrial and warehousing space. This is particularly in response to the growing number of technology businesses who operate online but need large storage spaces for distribution. Demand for traditional industrial space (class B8) is generally in decline, although this is reported by agents as a national trend.

7.67 The industrial market is dependent on good transport accessibility through the A27 road link. Anecdotal evidence suggests capacity on the A27 is limited and often congested, causing delays for businesses distributing goods. According to agents some businesses are moving to other areas for better transport accessibility, including Peterborough located next to the A1 motorway which has excellent North / South links and has received investment in road expansions in recent years.

Major Developments and Transactions

Table 7.5 Major Recent Transactions and Developments in Chichester

Name of Project	Location	Type of Development	Location	Owner	Cost
Chichester Food Park 3,716 sq m developed for an innovative, first-class and low-energy building for Natures Way Foods (NWF), a leading supplier of ready-to-eat healthy fruit and salad products in the UK.		Industrial new build	Chichester, PO20 1EL	Amiri Construction and Kingsbridge Estates	£19m
Chichester Entreprise Centre New business centre offering high quality managed workspace to support existing SME's and new business start-ups in the local area. It covers 3,251 sq m of serviced and managed offices, workshops and shared workspace.		Office new build	Chichester, PO19 8TX	Basepoint Business Centre Ltd and Chichester Council	£6m
Glenmore Business Park Located on the eastern edge of Chichester, this site provides 9,746 square meters of newly built industrial space (75 new units). It sits across Chichester Retail Park, and has direct access to the A27.		Industrial new build	Chichester, PO19 7BJ	Glenmore Group	N.A.

Southern Gate Office Village 1,371 square meters of office space for let or sale.		Office refurbished	Chichester, PO198SG	Agent: Flude Commerci al	N.A.
Bicentennial Building 139 square meters of office space for let. Centrally located in the city.		Office refurbished	Chichester, O19 8EZ	M H Architects	Rent: £22,42 5

Priorities for Market Area

- Delivering city centre regeneration ambitions in Chichester to support the delivery of new office space and potentially increase the viability of future developments
- Reviewing the substantial public estate to identify where public bodies can consolidate
- Delivery of more flexible workspace with supporting grow on space
- Public intervention to stimulate and de-risk private investment in industrial space across the wider area where appropriate

8. Priority Sector Requirements

Chapter Summary

This chapter focuses on the commercial property requirements of Coast to Capital's priority sectors. It provides an overview of the characteristics, distribution and commercial property requirements of those with the greatest commercial property needs.

Five key points are:

- The relative importance of different sectors in the Coast to Capital region has fluctuated over time (e.g. over the last five years employment in the Financial and Professional Services sector has fallen, but has increased significantly in High-Tech Manufacturing)
- Businesses across most sectors primarily look for high quality, flexible commercial space that is adaptable to changing circumstances and need
- While business within each sector have specific locational requirements, businesses tend to be clustered in, around or close to urban centres
- Flexible lease terms are increasingly desirable (especially for start-ups and SMEs) to manage risk and to allow them to change rapidly to changing market demand
- Small businesses (especially in ICT, Media and Creative Activities, Life Sciences and High-Tech Manufacturing) value incubator spaces and the opportunities they provide (e.g. business support programmes, shared facilities, shared tools, shared technology, networking, flexible terms)

8.1 This chapter considers the individual requirements of priority sectors in order to develop tailored and bespoke responses to support their evolution and growth.

8.2 The relative importance of sectors to regional and national economies does, however, change and fluctuate over time. As previously discussed, between 2012 and 2017 employment in some sectors in the Coast to Capital region has grown and in others has shrunk (see Figure 5.3). The fastest growing sector over this period was Manufacturing (Higher Tech), which grew by 29% due to the creation of 4,000 jobs. Other notable shifts include:

- Construction – grew by 27% through the creation of 8,000 jobs
- Warehousing and Logistics – grew by 25% through the creation of 2,700 jobs
- ICT, Media and Creative Activities – grew by 17% through the creation of 6,100 jobs
- Hospitality, Leisure and Recreation – grew by 13% through the creation of 7,800 jobs
- Life sciences – grew by 11% through the creation of 500 jobs
- Transport - shrunk by -2% through the loss of 700 jobs
- Manufacturing (Creative and Media) – shrunk by -20% through loss of 490 jobs
- Wholesale – shrunk by 1% through the loss of 500 jobs

8.3 As technology develops and we enter the fourth industrial revolution, these changes may occur more rapidly as new solutions and products are developed more quickly.

8.4 Due to this, it is worth noting that several key commercial property requirements cut across all sectors. Our research shows that the availability of high quality, flexible commercial space that is adaptable to changing circumstances is most important. This needs to be supported by good infrastructure, particularly high-speed internet connectivity, with access to fast and reliable transport options.

8.5 Businesses are also increasingly demanding flexible lease terms to manage risk and allow them to adapt to changing market need. While there are clear distinctions between businesses that require office and industrial space, there are a range of similar requirements within these groups.

Implications

These trends have clear implications for the type of commercial property that Coast to Capital seeks to support and catalyse. Sector specific facilities and developments are often effective, delivering growth and agglomeration benefits, but it will be important to ensure that developments are sufficiently flexible and broad to adapt to future needs and requirements.

There may also be a case to encourage local authorities to develop consistent, LEP wide planning policies that allow commercial property uses to change in response to dynamic business needs – while at the same time continuing to protect commercial space and a suitable mix of uses. This may encourage investors to upgrade existing sites and promote speculative development due to reduced risk.

Priority Sectors

8.6 The Coast to Capital SEP identifies 13 priority sub-sectors. These were identified using research from the University of Chichester. To structure the analysis and commentary, sub-sectors are grouped according to Standard Industrial Classifications in Table 7.1 below. Those with the most obvious commercial property requirements have been considered in more detail.

Table 8.1 Coast to Capital's Priority Sub-Sectors

Sector	Coast to Capital's Priority Sub-Sectors	Relevant Market Areas
ICT, Media and Creative	• Computer software and programming • Data processing and hosting	Croydon, Brighton & Hove and Sussex Creative Coast
Financial and Professional	• Insurance and professional services • Telecommunications	All
Life Sciences	• Med tech • Pharmaceuticals	Gatwick Diamond
Manufacturing (High Tech)	• Computer and consumer electronic manufacturing • Communications and navigation equipment manufacturing • Automotive manufacturing	All

	• Electric power generation and transmission	
Manufacturing (Food)	• Horticulture and food manufacturing	Chichester and Gatwick Diamond
Hospitality, Leisure and Recreation	• Visitor economy and support services	Sussex Creative Coast, Chichester, Brighton & Hove and Gatwick Diamond
Transport	• Air transport	Gatwick Diamond

Source: Coast to Capital, Strategic Economic Plan, Gatwick 360°, 2017

ICT, Media and Creative

Coast to Capital Priority Sub-Sectors

- Computer software programming and publishing
- Data processing and hosting

Characteristics

8.7 Coast to Capital's ICT, Media and Creative sector is made up of around 11,000 businesses, which employ around 42,000 people. The sector has a very strong trajectory, with an increase in business and employment numbers of 23% and 17% respectively over the last five years of available data[23]. If this trend continues, it is likely that the sector will be a strong driver of demand for commercial property in the future.

8.8 Computer programming, consultancy and related activities, which cut across Coast to Capital's priority sub-sectors (see box above), are responsible for 18,000 jobs, which is 20% higher than five years ago. Key businesses in this field include:

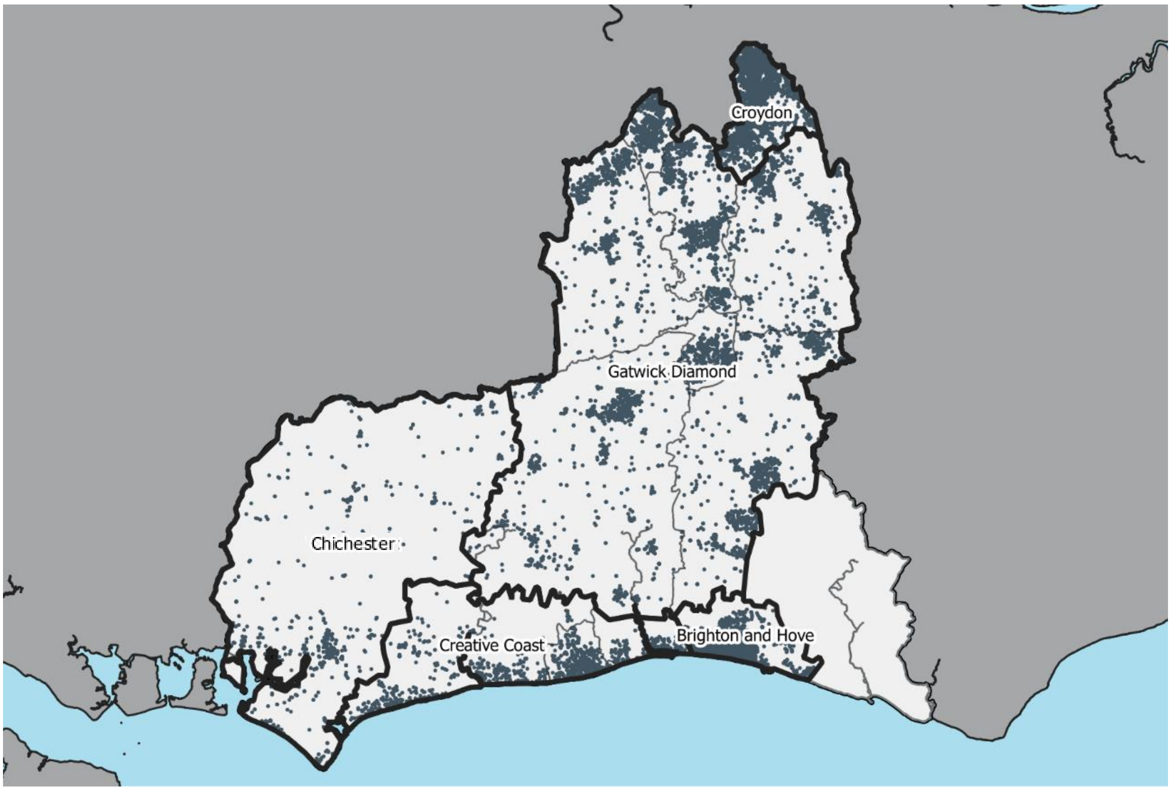
- Creative Assembly (Horsham)
- Brandwatch (Brighton)
- Dotmailer (Croydon)
- You at Work (Croydon)
- Custodian Data Centres (Gatwick)
- The Focus Group (Shoreham)

8.9 As Figure 8.1 below demonstrates, these businesses are distributed across the whole region – but particularly around urban centres.

8.10 Figure 8.2 shows that most businesses in the sector are in the Brighton & Hove and Gatwick Diamond market areas, with over 4,000 also in Croydon. These areas are particularly attractive to ICT and media businesses due to strong digital connectivity and fast access to London. While it appears that the other market areas (Sussex Creative Coast and Chichester) are weaker in relation to this measure, it is likely that they have a strong presence of creative businesses, but fewer ICT and media focused companies.

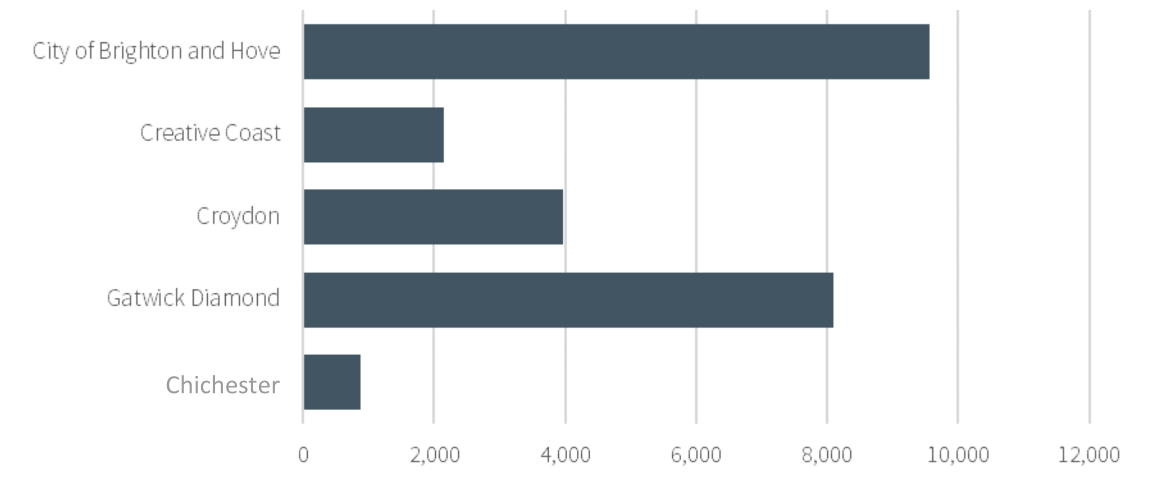
[23] Business Register and Employ Survey, 2018; ONS, Business Demography, 2019

Figure 8.1 Location of ICT, Media and Creative Businesses, 2019



Source: Companies House, 2019 Note: Excludes Lewes local authority area

Figure 8.2 Number of ICT, Media and Creative Businesses by Market Area, 2019



Source: Companies House, 2019

Requirements

Table 8.2 Requirements of Sector

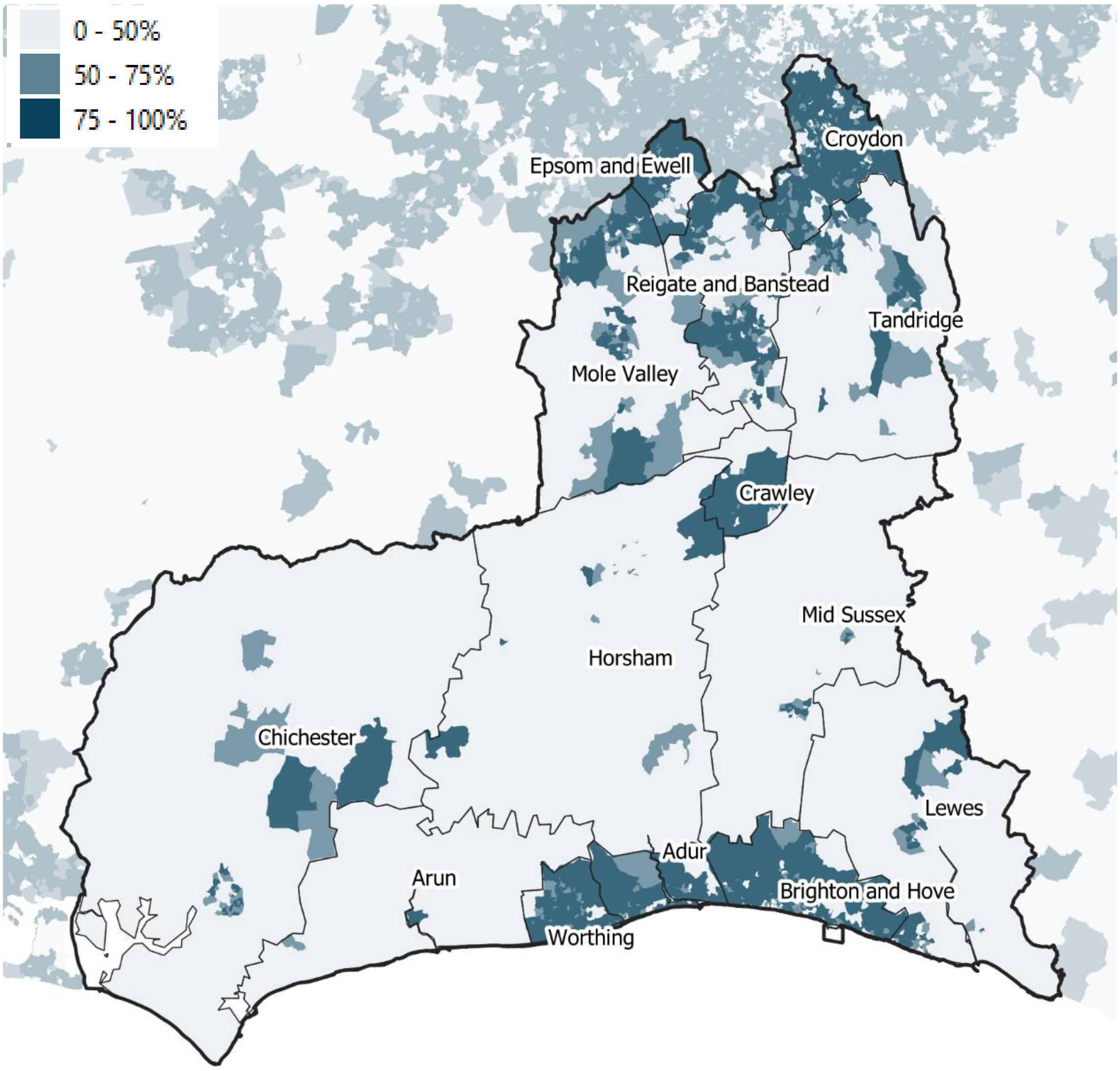
Level of Demand	There is a strong ICT, Media and Creative sector in the region. While trends vary by market area, business report that it can be difficult to find the right type of space for their needs. This is particularly the case for scale-up businesses looking to expand their operations and larger businesses.
Type of Space	The ICT, Media and Creative sector has high business start-up rates. Many businesses begin life within entrepreneurs' homes, but workspace becomes increasingly important as they grow. Scaling businesses tend to be attracted to flexible workspace due to the risk of failing in their early years. The flexible terms, opportunities to network, business support activities and shared office equipment are appealing. Evidence from the GLA demonstrates that the top four types of businesses taking flexible floorspace in London are part of the ICT, Media and Creative sector: Digital Technology (c.29%), Advertising and Marketing (c.24%), Design (c.13%) and TV, Music and Photography (c.10%)[24]. Evidence from the Instant Group provides further insights – it shows that 38% of demand for flexible space within Greater London is from businesses wanting 3-9 desks, with 36% wanting 0-2 desks and 18% wanting 10-25. More established businesses in the sector, especially ICT and Media companies, look for high-quality office space. Private space tends to be valued as work can often be sensitive or classified. The two priority sub-sectors within the Coast to Capital region (Computer Software Programming and Publishing and Data Processing and Hosting) mainly look for this type of space, but often also require space to house technical equipment and supporting infrastructure. Some creative businesses (e.g. artists, set designers and film producers) prefer adaptable studio, industrial or warehouse space.
Preferred Locations	ICT, Media and Creative companies are generally attracted to town and city centre locations. This is primarily because they tend to have clusters of similar economic activity – businesses in the sector particularly value being close to clients, supply chain companies and collaborators. Town and city centres are also attractive because the workforce across the sector tends to be relatively young, and more young people live in or close to urban environments. Evidence presented by the UK Commission for Employment and Skills sets out that around 64% of the workforce in the digital sector are below the age of 44, with 35% being under 33. That said, a lot of small-scale activity occurs in unexpected places. Industrial estates, visitor attractions, former agricultural buildings and high streets often host a range of creative activities ranging from music production to photography. Businesses within the creative sector often focus on finding low-cost and adaptable space within reach of urban centres and key markets.

[24] Greater London Authority, Supporting Places of Work: Incubators, Accelerators, Coworking spaces (2015)

Transport Modes	Due to the lower age of employees in the sector, it is important for business locations to be accessible by public transport. Evidence from the Department for Transport shows that driving licences among people aged 21-29 has dropped from 75% in the early 1990s to below 63%.[25] It can also be advantageous for businesses to be close to stations with fast connections into London or Brighton as young people are increasingly attracted to living in large, vibrant cities. Cycling infrastructure, including facilities within properties themselves, is becoming increasingly desirable for businesses in the sector. Given the nature of the Coast to Capital area, parking is still desirable for businesses in the sector. On site car parking is preferable, but often difficult to source in town centre locations.
Availability of Preferred Space	Businesses report that there is relatively good provision of flexible workspace to support small and new businesses. This is particularly the case in Brighton & Hove, which has experienced strong growth of this type of space (e.g. The Project, PLATF9RM, Spaces, The Werks and The Skiff). It does appear, however, that businesses struggle to find suitable space to expand and grow. This is partly because it is difficult to find high-quality office space in many of the region's urban centres. Businesses also report that the region would benefit from specific clusters of similar activity. There are few if any dedicated areas focused on supporting sector growth. While Brighton has a clearly understood cluster of activity in Brighton & Hove, there is also significant activity in the Gatwick Diamond area that remains relatively hidden. Dedicated clusters of activity elsewhere in the region would help businesses expand and grow, but also raise the profile of the sector and potentially attract new businesses.
Required Infrastructure	Access to high speed broadband is a core requirement for most sectors, but particularly ICT, Media and Creative businesses. The sector is dependent on high upstream and downstream bandwidth for sharing files with clients and collaborators – this is particularly the case for activities associated with Computer Software Programming and Publishing and Data Processing and Hosting. The map below demonstrates where the highest broadband speeds are in the Coast to Capital area and where areas of deficiency exist.

[25] Department for Transport, Young People's Travel – What's Changed and Why? (2018)

Figure 8.3 Coverage by Ultrafast Fibre Broadband in the Coast to Capital Region



Source: Ofcom, Connected Nations Update, 2019

Financial and Professional

Coast to Capital Priority Sub-Sectors

- Insurance and professional services
- Telecommunications

Characteristics

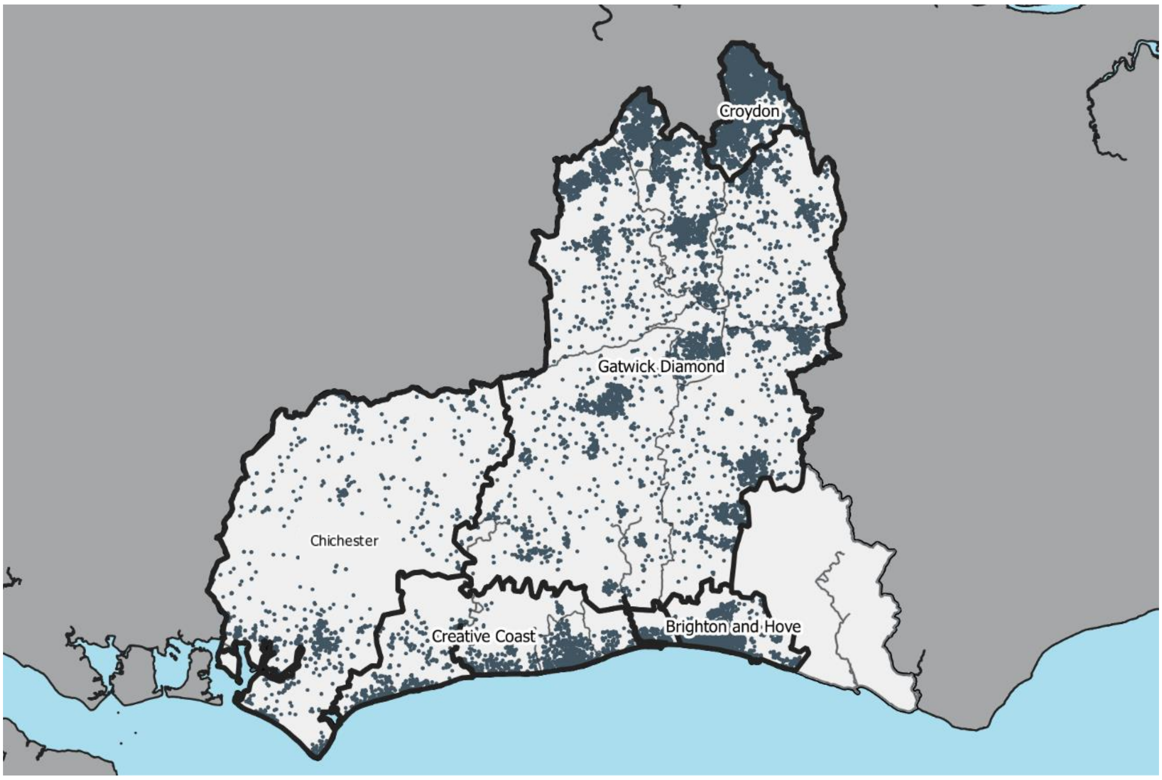
8.11 The Financial and Professional services sector is one of the largest in the Coast to Capital region, accounting for 18,000 businesses and 95,000 jobs. While the number of businesses has increased by 20% over the past five years, employment has only increased by 1%[26]. This may be linked to the high number of freelancers and sole traders associated with the industry.

8.12 There are a range of prominent businesses across Coast to Capital's priority sub-sectors. Examples include:

- RSA Insurance Group (Horsham)
- Zurich (Croydon)
- American Express (Brighton)
- Aircom International (Leatherhead)
- Spirent (Crawley)
- Berrycom Solutions (Croydon)

8.13 As Figures 8.4 and 8.5 illustrate, Financial and Professional service businesses are spread across the region. The strongest concentration is in the north, especially in the Croydon and Gatwick Diamond market areas, as well as in Brighton & Hove. Unlike some other sectors, there is a relatively high number of businesses across rural areas alongside clusters in key urban centres.

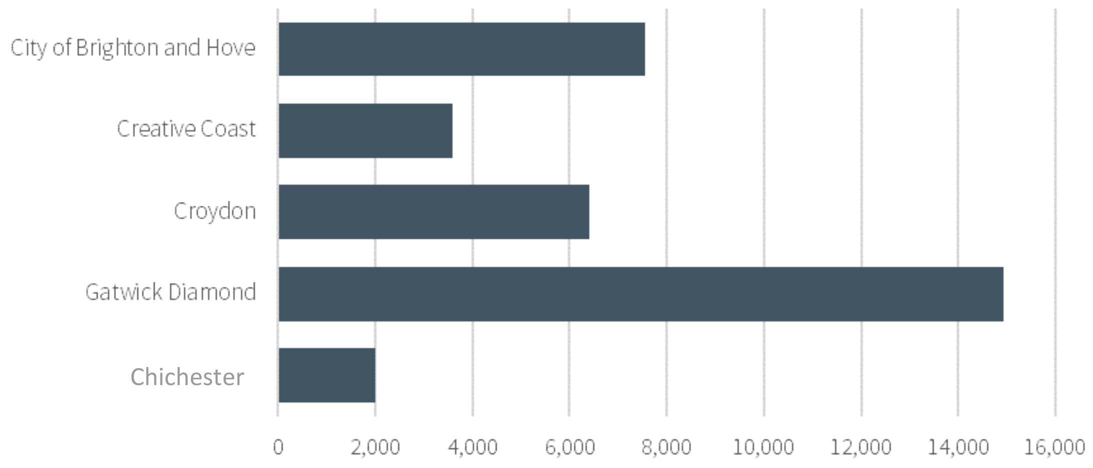
Figure 8.4 Location of Financial and Professional Businesses, 2019



Source: Companies House, 2019 Note: Excludes Lewes local authority area

[26] BRES, ONS – Employment (2012-17), Businesses (2013-2018)

Figure 8.5 Number of Financial and Professional Businesses by Market Area, 2019



Source: Companies House, 2019

Requirements

Table 8.3 Requirements of Sector

Level of Demand	The Financial and Professional services sector is relatively large and continues to grow. The sector is widely dispersed across the region, but is primarily creating demand for office space in major urban and office centres (e.g. Brighton and Hove, Croydon and parts of the Gatwick Diamond).
Type of Space	Many businesses in the Financial and Professional Services sector tend to prefer private offices due to the nature of their work. This is particularly the case for Coast to Capital's priority sub-sectors (Insurance and Professional Services and Telecommunications) owing to the sensitivity of their business transactions. Many value serviced offices, but it is not uncommon for businesses to take on offices that they run and manage themselves. While demand for co-working space is not particularly high for SMEs in the sector, freelancers and sole traders are increasingly using them – especially for meetings and functions. Small businesses in the sector are increasingly looking to take on private areas within flexible workspaces. Like businesses in the ICT, Media and Creative sectors, they value the flexible terms and shared facilities on offer.
Preferred Locations	Many Financial and Professional businesses want to be in town and city centres that have fast connections into London. This is because demand from the London market is strong for services provided by these sectors. Town and city centres are also viewed favourably because these businesses need to access highly skilled employees. People with such skills often live in these locations as they value the leisure and retail facilities on offer. Evidence from the EU, which includes data from the UK, shows that more than 1 in 3 persons (35%) living in EU cities have a university level qualification, compared with 1 in 4 persons (24%) living in towns and suburbs and 1 in 5

	(20%) in rural areas[27]. Town and city centres also tend to have strong public transport connections, which is important to attract young talent. Other businesses in the sector are attracted to business parks – especially if they offer high quality leisure activities, strong public transport connections and high parking ratios. Parking is particularly important to some businesses as travelling by car is still the most popular form of travel in the Coast to Capital area. It is especially important for working age people living and working outside of major urban hubs.
Transport Modes	As previously set out, fast connections to London are valued by businesses in this sector. Proximity to London and Gatwick are key attractors for the Coast to Capital Region. Available commercial space close to connections into London will become increasingly important if businesses continue to relocate from the city to surrounding areas. Other factors like good public transport connections and high car parking ratios are also valued by businesses in the sector.
Availability of Preferred Space	Office space is available across Coast to Capital, but it can be difficult to find the right type of space in certain market areas. Businesses in the sector are increasingly looking for high-quality space but there is a dearth across the region.

Life Sciences

Coast to Capital Priority Sub-Sectors

- Med Tech
- Pharmaceuticals

Characteristics

8.14 The Life Sciences sector is relatively small, so is only likely to account for a small proportion of demand for commercial property. There are currently around 200 businesses employing around 5,000 people. That said, the number of businesses and jobs has increased by 48% and 11% respectively over the last five years of available data[28] which, if it continues, will create demand for suitable space.

8.15 The pharmaceuticals priority sub-sector[29] is an important component of the Life Science sector in the region with 25 businesses and 1,860 jobs. Similarly, scientific research and development activities (which incorporates Med Tech) account for 140 businesses and 3,260 jobs. Key businesses in the sector include:

[27] EU, City dwellers: highly educated but weighed down by housing costs (2016)

[28] BRES, ONS – Employment (2012-17), businesses (2013-2018)

[29] SIC references 21100: Manufacture of basic pharmaceutical products and 21200: Manufacture of pharmaceutical preparations.

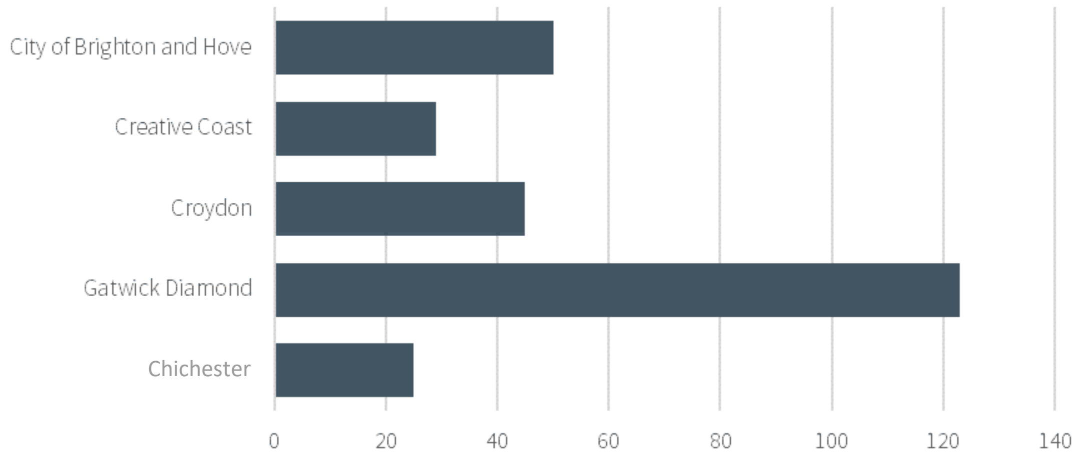
- Elekta (Crawley)
- Varian Medical Systems (Crawley)
- Philips (Chichester)
- Novo Nordisk (Gatwick)
- CSL Behring (Haywards Heath)
- Daval International (Eastbourne)

8.16 As Figure 8.6 below demonstrates, there is no clear pattern to the distribution of Life Science businesses in the Coast to Capital region. The most obvious cluster is in the Brighton and Hove market area, which is likely to be owing to the presence of the Sussex Innovation Centre and University of Sussex.

Figure 8.6 Location of Life Sciences Businesses, 2019

Source: Companies House, 2019 Note: Excludes Lewes local authority area

Figure 8.7 Number of Life Sciences Businesses by Market Area, 2019



Source: Companies House, 2019

Requirements

Table 8.4 Requirements of Sector	
Level of Demand	The level of demand from the life science sector is relatively low as there are only a small number of businesses in the region. It is a key specialism of the regional economy, however, and could become more important over time. This may drive demand for more space in the future.
Type of Space	The life sciences sector is diverse and commercial space requirements vary depending on the business. Start-up, micro and small businesses often look for incubator or innovation centres that offer office and/or lab space. Centres close to universities, hospitals and science parks are often favoured. Many universities run such centres to support their research, development and commercialisation efforts. More established businesses tend to look for offices that have space that can be easily converted for other uses. Industrial space with flexible use categories is also often sought. Medium-to-large businesses look for spaces that can split for different activities, including manufacturing, research/trials, office work and distribution. Proximity to universities, hospitals and science parks is also viewed positively by established businesses. The creation of specific Life Science parks and clusters has proven effective in attracting and creating businesses in some major towns and cities across the UK (e.g. Cambridge, Nottingham and Liverpool). At the other end of the scale, the region is home to the headquarters of a number of established life science companies. Examples include Novo Nordisk (Gatwick), CSL Behring (Haywards Heath) and Daval International (Eastbourne). While demand from larger companies is unlikely to be great, investors in the sector are likely to be looking for similar commercial space to

	those in the financial and professional services sector. The presence of Gatwick Airport and links to Europe is a fundamental attractor for these types of businesses.
Preferred Locations	As previously discussed, life science businesses prefer to cluster around other businesses and relevant institutions. They are often found on the edge of towns and cities, where suitable space is often located. Properties that are accessible by car and public transport is also desirable due to the wide spectrum of jobs associated with the industry (jobs range from warehouse pickers to pharmacists). Some more established businesses want to be close to strong transport links into London and others see proximity to an airport as advantageous. Due to the nature of the sector, businesses often aspire to be in high-quality business or science parks. The type of clients they serve have relatively high expectations, so established and well-maintained areas are desirable.
Availability of Preferred Space	There is a lack of incubator or innovation workspace dedicated to supporting the life science sector in the Coast to Capital region. One of the only relevant facilities is the Sussex Innovation Centre run by the University of Sussex. This is home to a range of businesses, including some from the life science sector (e.g. Destiny Pharma, Enterprise Therapeutics, Clearanail, Rayner, Cells4Life and One Research). The University of Sussex recognise that there is demand for dedicated space for the sector and are planning to develop a Bio-Innovation Centre as part of their new Life Science campus at Falmer. The aim is to support the needs of different types of organisations, including university spin offs, entrepreneurial start-ups, established businesses, emerging enterprises from the NHS and specialist consultants. This should make an important contribution to supporting the growth of small businesses within the sector. The region also has no sector-specific science parks and few high-quality business parks. Established businesses report that it is very challenging to find the right type of space in the right location.

Manufacturing (High Tech)

Coast to Capital Priority Sub-Sectors

- Computer and consumer electronic manufacturing
- Communications and navigational equipment manufacturing
- Automotive manufacturing
- Electric power generation

Characteristics

8.17 High Tech Manufacturing is an important and rapidly growing sector across the Coast to Capital region and is likely to create significant demand for commercial property moving forward. It currently employs 18,000 people, which is 29% higher than in 2012, and there are 900 businesses.

A particular specialism relates to computer and consumer electronic manufacturing, which is 2.7x more specialised than across England[30].

8.18 There are four relevant priority sub-sectors across the Coast to Capital region: computer and consumer electronic manufacturing, communications and navigational equipment manufacturing, automotive manufacturing and electric power generation. Example businesses across these sub-sectors include:

- Bowers and Wilkins (Worthing)
- Vindex Systems (Crawley)
- Eurotherm (Worthing)
- E.ON Rampion (Brighton)
- Doosan Babcock (Crawley)
- Rolls Royce (Chichester)

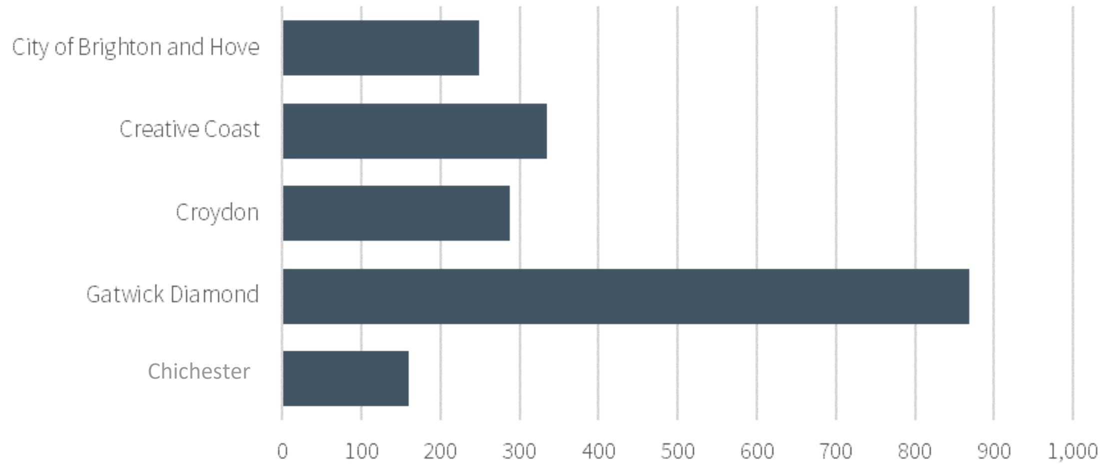
8.19 The highest concentration of businesses is in the Gatwick Diamond area – but they are relatively well dispersed across it. Clustering exists in the urban areas of Croydon, Brighton & Hove and Worthing (Figures 8.8 and 8.9).

Figure 8.8 Location of Manufacturing (High Tech) Businesses, 2019

Source: Companies House, 2019 Note: Excludes Lewes local authority area

[30] BRES, ONS – Employment (2012-17), Businesses (2013-2018)

Figure 8.9 Number of Manufacturing (High Tech) Businesses by Market Area, 2019



Source: Companies House, 2019

Requirements

Table 8.5 Requirements of Sector

Level of Demand	The manufacturing sector is relatively large and is growing steadily in the Coast to Capital region. It is currently a major source of demand for industrial space across the region and this is likely to continue, especially among high tech manufacturing industries.
Type of Space	High tech manufacturing businesses typically require light industrial space. Property that is flexible and can adapt to cope with new demands is increasingly in demand because manufacturing businesses are opportunistic and their needs change rapidly in response to new contracts and commissions. The availability of ready-built and accessible space is also desirable due to these pressures. This is particularly pertinent for the Computer and Consumer Electronic Manufacturing and Communications and Navigational Equipment Manufacturing priority sub-sectors. While developable land is attractive to some, most businesses in the sector need good quality and flexible space quickly. This can be hard to come by in the Coast to Capital region. Moving forward, trends in advanced manufacturing (as well as increased digitisation) may drive demand for smaller, high tech premises that are close to the skills and knowledge created through research and educational institutions. The facilities of the future are likely to have fully integrated ICT and automation technology. Sub-systems such as sales, suppliers, customers and R&D will likely be networked into single systems. It is also worth noting that start-up and small enterprises benefit from and value incubators centres. Small light industrial workshops with access to technology, tools, meeting rooms, networking events and business support programmes are desirable to reduce barriers to entering the market. These are often most

	successful when close to major supply chain companies or infrastructure (e.g. factories, ports and airports).
Preferred Transport and Location	The manufacturing industry relies heavily on the road network. Having access to key motorways and roads is important for businesses when choosing premises. Quick access to other cities is desirable, as is access to ports, stations and airports. While much manufacturing still goes on within town and city centres, it has increasing decentralised. Edge of town industrial estates or dedicated advanced manufacturing parks are favoured, especially when close to key road infrastructure. Parking and loading space is often a necessity for businesses. Clustering to key supply chain businesses and support services (e.g. logistics firms) is also desirable.
Availability of Preferred Space	Manufacturing businesses frequently reported that they found it difficult to find the right type of commercial space across the region, particularly in areas close to London and on the Sussex coast. Established and growing businesses find it particularly hard to find flexible industrial space that is big enough to house specialist equipment while also being accessible enough for distribution and logistics. Established businesses also reported that most industrial space that becomes available is for rent or lease only. Due to the changing and cyclical nature of demand for their products, larger businesses often prefer to purchase commercial property because it provides them with flexibility. When property does come up for sale the lack of supply drives up purchase prices which, in turn, is making many parts of the region unaffordable. Some businesses reported that much commercial stock is bought by investors or owned by developers who are not interested in selling property. Some manufacturing businesses set out that they would be interested in building new properties from scratch but that appropriate land is often difficult to find.
Required Infrastruct ure	High speed and reliable broadband internet is vital to the success of high tech manufacturing firms and will become increasingly important over time. Alongside access to roads, this is an important pre-condition for most businesses in the sector. Sufficient and robust electricity and water infrastructure is also important due to the nature of the work involved.

Manufacturing (Food)

Coast to Capital Priority Sub-Sectors

- Horticulture
- Food manufacturing

Characteristics

8.20 Food Manufacturing is another small sector with only 130 businesses and 3,700 employees. It has, however, grown rapidly in recently years – 24% business growth and 6% employment growth[31].

8.21 Notable businesses in the region include Nature's Way Foods (Chichester), Denbies Wine Estate (Woking), Higgidy (Shoreham), Barfoots (Chichester) and Tangmere Airfield Nurseries (Chichester).

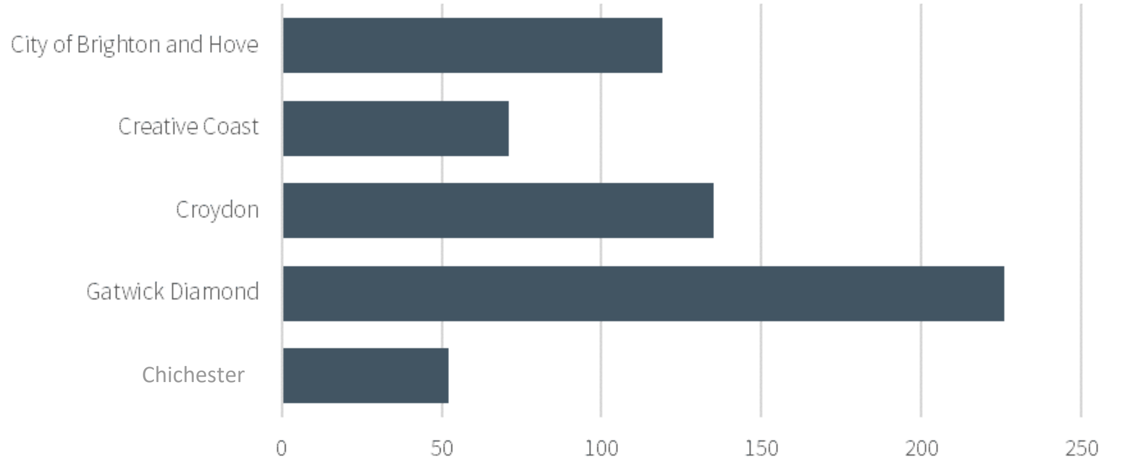
8.22 While the Croydon and Gatwick Diamond market areas are home to the greatest share of Food Manufacturing businesses, the Sussex Creative Coast and Brighton and Hove also perform strongly (Figures 7.10 and 7.11). This is likely to be because there are a significant number of businesses in the sector linked to rural activities and agriculture.

Figure 8.10 Location of Manufacturing (Food) Businesses, 2019

Source: Companies House, 2019 Note: Excludes Lewes local authority area

[31] BRES, ONS – Employment (2012-17), Businesses (2013-2018)

Figure 8.11 Number of Manufacturing (Food) Businesses by Market Area, 2019



Source: Companies House, 2019

Requirements

8.23 Horticulture businesses require glasshouses, warehousing and land. While requirements are relatively consistent, different parts of the sub-sector have slightly different requirements as shown in Table 8.6 below.

Table 8.6 Requirements of Different Businesses Types in the Horticulture Sector

Type of Horticulture Business	Nature of Activities	Requirements
Ornamentals	Growing, packaging and distributing ornamental plants.	Businesses require glasshouses, but the quality of the glasshouse is not a major concern due to the nature of the product. Pack houses and distribution centres are also required to support distribution of products. Products are mainly moved by lorries so need to be accessible and designed accordingly. Flexible warehouse space is typically used for this.
Edibles	Growing, processing, packaging and distributing food products including salads.	Also require glasshouses but needs to be good quality with appropriate LED lighting. Pack houses and distribution sites are again important and are often sophisticated and quite technical for this type of activity.
Soft Fruits	Growing, packaging and distributing soft fruits.	A lot of soft fruits are produced in polytunnels, which are inexpensive and easy to erect. Low quality glasshouses are also often used where appropriate. Pack houses and distribution sites are also required.

8.24 The requirements of Food Manufacturing businesses are similar to those in Horticulture and High-Tech manufacturing. Good quality, flexible warehouse space with some office space is desirable.

8.25 Horticulture and Food Manufacturing businesses are increasingly demanding space that is flexible. Businesses are primarily looking for warehouse space that can be adapted to incorporate their machinery but can also be modified to comply with rigorous food standard regulations. Horticulture businesses are also looking for glasshouses that can be adapted to combat issues such as excess heat and light.

8.26 While most horticulture businesses are found in rural areas where they can grow and produce products, food manufacturing businesses tend to prefer to be closer or within urban centres. This is so that employees are nearby and can get to work by foot or public transport. As many businesses distribute products across the country, and some around the world, access to key motorways is seen as highly advantageous, as is easy access to ports (e.g. Southampton, Newhaven and Dover).

8.27 The biggest constraint is accessibility of land and property, especially as land in the region is valuable and there is competition from other uses (particularly residential).

8.28 New property tends for the horticulture industry tends to be built by established businesses on existing land. Businesses without significant landholdings, or who are looking for new sites, often struggle to find appropriate properties to meet their needs. Despite the emergence of the Chichester Horticulture Development Zone, there are still few bespoke sites or facilities built speculatively to serve and support the sub-sector.

8.29 There is also lack of warehousing space suitable for food manufacturing businesses in some parts of the region. Businesses looking to expand and grow report that it is difficult to find space, which is causing them to move or pay above market rates to secure property. This is the case in the Sussex Creative Coast, Croydon, Chichester and Brighton and Hove areas. Freehold property is desirable for large businesses as it provides flexibility, but this is reported to be particularly difficult to find.

8.30 Consultations also indicate that planning can be a big constraint and barrier. Many businesses across the sub-sectors operate 24 hours a day, 7 days a week to remain profitable and meet demand. This means that new developments are often highly controversial due to the impact on light, noise and traffic. This restricts the number of new properties coming to market, but even when they do they often come with restrictions related to the timing of operations. This is unattractive to many Horticulture and Food Manufacturing businesses.

9. Economic Potential

Chapter Summary

Coast to Capital's economic potential is dependent on the delivery of new commercial space to attract new businesses, support existing businesses to expand, encourage new businesses to start up, generate employment opportunities and increase resident salary spend locally.

Previous chapters have identified limitations around the supply and type of commercial property in many places, as well as below average economic performance. In order to understand how trends are likely to change in the future, this chapter considers the commercial pipeline coming forward in the short and medium term and the potential economic impacts of delivery.

Three key messages are:

- Based on data provided by 8 of 11 local authorities, there is around 275,000 sq m of net additional commercial space either currently under construction or with planning approval.
- If pipeline commercial space is delivered, it would deliver around 8,500 jobs in the short to medium term.
- This represents a +4% net increase on current commercial space and a +1.5% increase in employment for the region. This falls below current employment population growth trajectory. A range other factors may however fill this gap and help deliver higher levels of employment growth (i.e. organic growth, innovation, home working, freelancing etc).

Commercial Pipeline

9.1 Data on commercial developments either with planning approved or under construction has been provided by local authority planning departments.

9.2 Data has been provided in a consistent and complete format by **8 of 11 local authorities across Coast to Capital**[32] (not including Croydon and Lewes). Therefore, analysis using cumulative figures is not representative of the whole LEP area and has been used as an illustration of wider trends and opportunities. A summary table of data by local authority is set out in Appendix B.

9.3 Table 9.1 below provides a cumulative summary of the commercial pipeline of the six local authorities either with planning approved or under construction, broken down by use classes.

9.4 In total around **75,000 sq m** of *net additional* commercial space is under construction and an additional **200,400 sq m** of *net additional* commercial space has planning approval (**275,000 sq m** in total). Combined this represents a **3% increase** on current commercial floorspace in the region. The actual figure is likely to be higher, given that current commercial pipeline data does not include a number of local authority areas in the Sussex Creative Coast and Gatwick Diamond.

[32] Current data includes the following local authorities: Brighton and Hove, Chichester, Epsom & Ewell, Horsham, Mid Sussex, and Reigate and Banstead. It excludes Adur, Arun, Crawley, Mole Valley, Tandridge and Worthing.

Table 9.1 Summary of Commercial Pipeline in Coast to Capital

	Office (Sq m NIA)	**Light Industrial (Sq m NIA)**	**General Industrial (Sq m GIA)**	**Warehouse and Distribution (Sq m GEA)**	**Total (Sq m)***
Planning Approved (2019)	65,900	36,900	29,100	68,500	200,400
Under Construction (2019)	13,700	58,600	1,100	1,600	75,000
Total Pipeline Commercial Space	79,600	95,500	31,200	70,100	275,400
Current Floorspace (2017)	2.5 million	1.1 million	1.1 million	2.9 million	7.6 million
% of pipeline vs current floorspace	3.2%	8.6%	2.9%	2.5%	3.6%

Source: Local Authority Data. ***Note:** Different units of measurement have been combined for total figure.

Use Class Order: B1a – Offices; B1c – Light Industrial; B2 – General Industrial; B8 – Warehousing and Distribution

Economic Impact

9.5 The delivery of this new commercial space could generate a range of positive impacts related to employment, salaries and economic output (Gross Value Added).

9.6 Gross additional employment has been calculated using pipeline commercial floorspace data and applying HCA employment densities guide[33] for the different types of employment likely to be supported.

9.7 Using the method above, the total commercial pipeline floorspace of around **275,000 sqm** (including commercial development under construction and with planning approved) could support an additional **8,500 jobs** in the short to medium term (assuming all developments come forward). This represents a **+1.5% increase** of combined total employment for the local authorities where data has been provided.

9.8 Based on calculations above, a **+1.5% increase** of additional employment across Coast to Capital may fall short of generating employment necessary to meet economic growth targets and provide local jobs for new residents. For example:

- **Employment Growth:** LEPs across England have achieved between + 3% - 18% growth in employment in the last five years, with Coast to Capital achieving around +8%.
- **Population Growth:** The Coast to Capital population is projected to increase by +4% from 2019 – 2025.

[33] HCA Employment Density Guide (3rd Edition 2015).

9.9 A range other factors may fill this gap and help deliver higher levels of employment growth (i.e. organic growth, innovation, home working, freelancing etc), but this demonstrates a need at a high level to accelerate and increase the quantum of commercial space coming forward.

10. Recommendations

Chapter Summary

This report demonstrates that there are a wide range of challenges related to the commercial property market in the Coast to Capital region. While these vary depending on the market area and sector, there are a range of general interventions that the LEP can implement to help create a stronger commercial property offer in the region. These should ultimately support ambitions related to delivering economic growth, improving productivity and increasing prosperity.

Five recommendations are set out in this chapter:

1. Support the public sector to make better use of their assets…
2. Develop a flexible Property Innovation Fund to help catalyse new and better commercial space…
3. Actively support and drive forward Gatwick Airport City aspirations…
4. Help local authorities to expediate development opportunities through an advisor panel…
5. Work with local authority partners to create a strategic planning statement focused on increasing the quantum and quality of industrial space…
6. Monitor the pipeline of commercial property coming forward in a consistent and co-ordinated way…

A series of best practice examples are provided for inspiration and learning.

Recommendation 1: Support the public sector to make better use of their assets…

10.1 Public sector bodies across the region can make better use of their land and property to support the commercial property market. There are several areas that have a relatively wide public estate alongside some demand for commercial property (e.g. Chichester, Worthing and Horsham).

10.2 Coast to Capital can support public sector bodies to re-purpose, intensify, develop and better use their assets through the provision of a central Commercial Property Lead and associated work programme.

10.3 The Lead should provide several services, including sharing of best practice, compiling public sector asset lists and signposting to relevant and recommended advisors. By offering this to all public bodies it should help enable a more joined up approach to the use of public assets which, in turn, should help deliver a strong and timely pipeline of commercial development.

10.4 A Land and Property Board should also be set up with clear terms of reference and the endorsement of LEP partners. This will need strong attendance from local authority representatives, public sector bodies with significant land holdings (e.g. NHS and Network Rail), commercial agents, major landowners and developers. The Enterprise M3 example below demonstrates how the board could work.

Inspiration and Learning: Enterprise M3 Land and Property Action Group

Enterprise M3's Land and Property Action Group's main task is to promote the health and efficient operation of the commercial and residential property market in the LEP area. The group brings together private sector property experts and public sector representatives to evaluate the nature of space for both residential and commercial uses and the market dynamics in the region.

The aims and objectives of the Group are to: inform the LEP on supply, demand and take-up in the commercial property market; provide an effective forum for wider discussion on land and property related issues and the alignment of those issues with Enterprise M3's Strategic Economic Plan; and, to identify future market opportunities in support of inward investment and business growth.

The group also seeks to engage and influence planning and economic policy strands at both the strategic level and through the local delivery process.

The group is coordinated by a LEP appointed Project Manager and is attended by a range of stakeholders (e.g. Propernomics, Barton Willmore, Surrey Chamber of Commerce, Local Authorities, Homes and Communities Agency, Housing Associations and other Commercial Agents).

Recommendation 2: Develop a flexible Property Innovation Fund to help catalyse new and better commercial space…

10.5 Use future capital funding pots to allocate resources to support more high-quality commercial space to come forward across the region. This should focus on addressing market failures rather than supporting viable development in prosperous places. It should primarily be used to improve the viability of marginal projects where demand exists and/or to demonstrate the market potential of areas for new investment.

10.6 Through this work four possible strands for investment have been identified (see table below). While these are recommended areas of focus, the fund should be flexible enough to support other proposals depending on the scale, value and nature of the proposition. The strands should also be reviewed and agreed with key partners with revisions over time.

Table 10.1 Recommended Property Innovation Fund Strands

Strands	Description
1. Public sector assets	Local authorities and other public sector bodies often have the assets but not the capital funding to create new and interesting commercial uses. Financial support in the form of grants or loans could be provided to support partners to develop, renovate, re-purpose, update and/or fit out space that they then operate directly or lease to a workspace provider. Projects that focus on maximising local economic and social impact should be prioritised to ensure that public investment delivers social value. If initial projects are successful it may encourage more private sector investment in areas that may be viable but are not currently as attractive as they could be to some investors (e.g. Crawley, Horsham and Biggin Hill).

2.	Managed workspace	Building on early investments and successes (e.g. the Track in Bognor Regis), money could be put aside for flexible managed workspace in coastal areas (particularly the Creative Coast and parts of Chichester). Demand for large, single-occupant offices is expected to be low in these places but the rise of flexible working and an increasingly freelance workforce is likely to drive demand for small offices and co-working spaces moving forward. Initial interest from the private sector is likely to be low to begin with in some of these areas, so public sector intervention may help kickstart a positive process and shift in perceptions.
3.	Marginal viability	Viability constrains speculative office and industrial development in several locations across the region. In some of these areas, such as the Creative Coast (industrial and office) and Chichester (industrial), vacancy rates are however low and some demand appears to exist. Where large-scale, transformational projects are being proposed but are limited by viability, Coast to Capital could provide some capital funding to make them less marginal (assuming demand has been fully assessed). This should only occur where it helps reduce the risk of a project and encourages a shift in perceptions.
4.	Refurbishment	A major issue in a number of areas is a lack of good quality office and industrial space. This is particularly the case in the Creative Coast (office and industrial), Brighton & Hove (office and industrial), Chichester (office) and the Gatwick Diamond (industrial) areas. Loan funds could incentivise and support landlords to renovate existing properties as leases come to an end and new tenants are sought. Coast to Capital could directly contact landlords using lease information to let them know about the loan opportunity and also offer to provide high level appraisals to demonstrate the likely financial benefits of upgrading assets and sites. The quality of the physical environment within and around business parks and estates also varies significantly across the region. Few new focussed business locations have come forward since the development of Manor Royal and there is a lack of premier business locations. Funds could be put aside to increase the quality of place in several locations to make them more attractive to businesses looking to locate in the region.

Inspiration and Learning: Platf9rm, Brighton

Brighton & Hove Council identified the need for more managed workspace in the city through the Brighton & Hove Economic Strategy and, as a result, decided to rent part of Hove Town Hall to a workspace provider. Working with local artists and designers, the operator refurbished the space to provide co-working, office, meeting and event space for the creative sector. The workspace has been a success and has a membership of over 80 small businesses who also receive business and collaboration support. The workspace was an important step change as it demonstrated the viability of and opportunities for managed workspace in the city to the private and third sectors. There are now a wide range of flexible workspaces in the area (e.g. Project, Spaces, The Werks and The Skiff) and in the pipeline. Agents report that the city is wellserved by managed workspaces and that the digital and creative sector has become a key strength of the economy.

Inspiration and Learning: Invest Northern Ireland Flexible Workspace Loan

Invest Northern Ireland have developed a fund for property developers with plans to develop start-up and early stage grow on workspace. The Flexible Workspace Loan Scheme offers loans for up to 40 per cent of total development costs. Subsidised interest rates apply for the initial loan period and interest rates revert to commercial rates thereafter.

Developers that bid for the fund and are expected to align with both council and Invest Northern Ireland strategic priorities. Plans also require endorsement from their local authorities with comment on alignment to strategic targets and also the supply of similar workspace in the council area.

Inspiration and Learning: International House, Brixton

International House is an eleven-storey, 50,000 sq ft. office block in Brixton. The building belongs to the London Borough of Lambeth who previously used it as an office.

With the restoration and renovation of Brixton Town Hall and the consolidation of Council staff into it, International House was deemed surplus to requirements and was handed over to the Council's Investment and Growth team for the Brixton Central Masterplan regeneration scheme. As this is unlikely to come forward for at least five years, the Council decided to transform the building into a temporary meanwhile workspace to introduce a range of new businesses to Brixton.

Following a competitive tender process, 3Space were selected to run and manage the building and signed a lease in September 2018. A phased approach is being taken to the refurbishment of the building and the introduction of tenants.

3Space are operating their Buy, Give, Work model which was successfully piloted at their previous meanwhile workspace in Bermondsey (Keeton's and Collett). The model involves commercial businesses paying market rent for space (Buy) and using this to cross-subsidise low or no rent space for not-for-profits that benefit the local area, early stage start-ups with a local founder and experimental projects (Give).

The workspace has created a new design-focused quarter for Brixton, building on existing local assets such as Squires and Partners and Jellyfish Pictures. Most of the tenants from Keeton's and Collett have moved into International House, including Resi, Idea Drop and Business Launchpad alongside a range of new businesses. Four 'give' floors have been given away with each one focusing on a different theme: innovation, community, art and youth entrepreneurship.

3Space have a five-year lease on the building which will run until at least September 2023. They are working with the Council on an approach to maximise the social and economic impact of the space for the local area and community.

The workspace has helped shift perceptions of Brixton as a place to do business as well as a place to live and visit.

Recommendation 3: Actively support and drive forward Gatwick Airport City aspirations…

10.7 Gatwick Airport City proposals represent the biggest opportunity to increase the quantum and quality of commercial space in the region, while also diversifying the commercial property offer. The provision of dedicated, high-quality space close to the airport should help to drive agglomeration, economic growth and productivity.

10.8 Working with key stakeholders (e.g. Gatwick Airport, Wilky Group, Gatwick Diamond, SHWetc), Coast to Capital should provide resources to help support co-ordinate and drive forward the aspirations in an active and collaborative way. Roles, responsibility and governance structures will need to be revised and agreed.

10.9 There are a range of activities that the LEP could undertake to support stakeholders. A series of workshops should be undertaken to define the work programme, but initial ideas include:

- Investigating the role and advantages that Enterprise Zone status could offer and the feasibility of designation
- Working with Government to explore the feasibility and potential for creating a Development Corporation to guide and influence development in the area
- Further investigating the opportunity to release safeguarded land around the airport and lobbying Government and other stakeholders to support this where appropriate
- Using future funding pots to prioritise infrastructure improvement projects in the area that will enable new developments to come forward
- Ensuring funding pots are flexible enough to support the remediation of land should this be required

10.10 Most importantly, the ambitions should feature prominently within the Local Industrial Strategy and discussions with Government. This will highlight to local authorities, stakeholders and decision-makers that this is a key project that could help transform the prosperity of the region and should be supported.

Inspiration and Learning: Schiphol Aerotropolis

Airports have traditionally been built as add-ons to cities and are often located on the outskirts of urban areas. A number of initiatives around the world are aiming to shift this pattern and promote the idea of 'aerotropolis' – this concept is a fully integrated airport city with international connectivity at its core. This is the aspiration held for Gatwick by several different stakeholders.

Amsterdam's main financial hub and business district, known as Zuidas, is an early example. It is strategically placed between Amsterdam city centre and Schiphol Airport - it is only six minutes by train to the airport and 15 minutes to Amsterdam's canal district and city centre. The neighbourhood, which has evolved to become a dynamic part of the Dutch capital, has been developed around the airport and is now home to around 2,300 people.

With 2,000 housing units already completed, the aim is to develop the area further by building an additional 7,000 homes ranging from studio apartments, student housing, mid-price and social housing to penthouses with panoramic views.

The district also hosts over 700 companies, including big names such as Google, AkzoNobel and ABN AMRO. A masterplan has been developed to increase the density of businesses and economic activity. It also aims to make the area as inviting as other parts of Amsterdam, and the next few years will see more schools, kindergartens, shops, cafes and restaurants built.

Recommendation 4: Help local authorities to expediate development opportunities through an advisor panel…

10.11 There are a range of development opportunity sites in each market area that could be supported to come forward more quickly if the right type of expertise and advice could be accessed.

10.12 Coast to Capital should create a panel of consultant experts that Local Authorities can utilise quickly and easily to support projects. This could include services related to masterplanning, urban design, architecture, surveying, development appraisal, economics, planning, funding, valuation.

10.13 Where possible, Coast to Capital should seek to negotiate lower daily rates from consultants on the panel to make it easier for Local Authorities to access the expertise they need. It may also be fruitful to put aside some money for local authorities where strategic, important projects require additional funding to help bring them forward more quality. At a high level, projects could be supported where:

- They are in a place where vacancy rates are low
- There is clear demand for additional commercial property
- A significant quantum of development can be brought forward quickly
- Feasibility work can help leverage additional public and private sector investment
- Local authorities have a positive track record in relation to project delivery
- There is an opportunity to change perceptions of a place and the delivery of the project could potentially catalyse further development
- Few projects have come forward in recent years

Inspiration and Learning: GLA Specialist Assistance Team

The Specialist Assistance Team (SAT) is a pre-procured panel of experts that helps partners of the Mayor of London's Regeneration team in the scoping, design and delivery of high-quality projects.

Following an open and competitive recruitment process, a team of 60 consultants across 16 areas of expertise have been appointed. Key areas of expertise include Project Set Up; Data, Analysis, Evaluation and Economics; Community Engagement; Cultural Curation; Business Planning and Organisational Development; Workspace; Public Space; Landscape Architecture and Growing; Heritage and Conservation; Communications, PR and Graphic Design; Digital Strategy and Enabling; Markets; Built Design; Architecture; Property Development Advice; Skills and Employability Support.

Local authority partners can access the support easily and quickly to support advance and progress their projects.

Recommendation 5: Work with local authority partners to create a strategic planning statement focused on increasing the quantum and quality of industrial space…

10.14 There is an increasing lack of appropriate land and property available for light industrial and distribution uses across the region. This is due to a range of factors including environmental constraints, competition from housing and office uses and a lack of political will to prioritise warehouses.

10.15 The areas with the most constrained supply are Croydon, the Creative Coast and Chichester.

10.16 A strategic planning statement should be developed with local authorities focused on collective action across the region. This should start with an assessment of the undersupply, followed by an analysis of the potential economic consequences of this and the identification of new sites that could be considered to overcome the issues. The economic work should focus on the impact on consumers, productivity and sectors that rely on just in time delivery (e.g. retail and manufacturing).

10.17 The planning statement itself should highlight the key issues across the region and demonstrate how local authorities will address them practically and through future rounds of planning policy development. A programme of events, workshops and meetings will need to be co-ordinated to bring this to fruition. These issues should also be highlighted in the LIS to bring them to the attention of Government and to demonstrate the importance of overcoming them to partners.

10.18 Evidence from Enterprise M3 and other LEPs around London indicates that this is an issue across the wider South East. There is also an opportunity for Coast to Capital to work with LEP partners to explore the possible negative consequences of not investing in industrial property at a wider scale and to identify steps forward to mitigate these.

Recommendation 6: Monitor the pipeline of commercial property coming forward in a consistent and co-ordinated way…

10.19 Forecasting economic impact data is an important indication of future growth trends. It begins to highlight the importance of commercial space in achieving wider growth aspirations and where shortfalls may arise. Monitoring and tracking of commercial pipeline data is not currently undertaken in a complete and consistent way by all local authorities across Coast to Capital.

10.20 A short-term action should be to investigate and evaluate how monitoring and tracking of commercial data is currently undertaken by local authorities and how this can be improved. This should inform a longer-term action to develop a sensible, accessible system for tracking and monitoring this information to inform strategic action and regional planning. This should be a pan-LEP process and could be co-ordinated by the LEP's Commercial Property Lead (see Recommendation 1).

Links Across the SEP

10.21 The findings and recommendations from this study should be considered alongside the other research Coast to Capital have commissioned to support the development of the LIS (e.g. related to innovation, infrastructure, skills and urban centres).

10.22 The research that has the greatest overlap is the Urban Centres commission which focuses on Priority 1 - 'Developing Prosperous Urban Centres'. This work demonstrates the importance of focusing on Urban Centres to deliver inclusive growth in the region and highlights which places have the greatest opportunities and those with the greatest need.

10.23 While some sectors and business activities are not suited to Urban Centres, where possible interventions related to commercial property should seek to support ambitions related to evolving and growing the region's urban places. As the table below illustrates, there are clear overlaps in the recommendations related to commercial property and urban centres.

Table 10.2 Summary of Recommendations from Urban Centres Research

Thematic Areas	**Recommendations**
A. Developing the Support and Investment Pipeline	A1. Defining the support package: using the LIS to establish a clear package of support for urban centres – from capital investment to revenue support and local capacity building A2. Visioning and Strategy: supporting local authorities with the development of clearer visions and strategies for urban centres to help define future support needs and investment A3. Pipeline Development: working with authorities across the area to define a longer-term investment pipeline across urban centres
B: Cross boundary working to tackle strategic barriers across the urban centres	B1. Cross-Boundary Planning – continuing to encourage collaboration at the sub-regional level to respond to issues around supply of homes, commercial space and community infrastructure B2. Strategic Infrastructure – continuing to prioritise cross area working to secure investment in major strategic infrastructure needed to unlock growth.
C: Targeting support spatially to reflect areas of greatest need and opportunity	C1. Focused support for urban centres with greatest potential for 'change': prioritising future investment on the urban centres where need and opportunity is greatest. C2. Strengthening socio-economic resilience across smaller urban centres: continuing to provide smaller scale and more ad hic support for other urban centres where a clear case can be made.
D: Focusing support thematically to support more distinctive, resilient and competitive town centres.	D1. Town centre vitality – supporting efforts to diversity and evolve the offer of town centres across the area D2. Commercial Space – enhancing the supply of employment space across urban centres D3. Assets and Anchors – working collaboratively to better maximise the value of key education, cultural and visitor economic assets and anchors D4. Local Accessibility – continuing to prioritise investment in enhancing local connections, with a focus on future modes of travel.

Appendix A - List of Consultees

Commercial Agents

- Malcolm Young, Wilky
- Andrew Halfacree , Fluid
- Adam Godfrey , SHW
- Martin Trundle, Henry Adams
- Suzanne Holloway, Vail Williams
- Sallyann Holley, Bridger Bell
- David Martin, SHW
- Stephen Oliver, Vail Williams

Sector Businesses

- Simon Pringle, River Red
- Steve Pullen, Varian
- Nigel Richardson, Custom Pharmaceuticals
- Mark Bullen, GB Electronics
- Richard Hopkins, Frargo
- James Foottit, Higgidy
- Piers Chapman, Cambian Engineering

Other Stakeholders

- Caroline Wood, Coastal West Sussex
- Rosemary French, Gatwick Diamond Limited
- Mark Powney, Savills

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