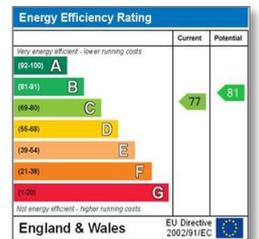




Buckinghamshire

Housing and Economic Development Needs Assessment 2015

Report of Findings
Consultation Draft: January 2016





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Buckinghamshire HEDNA 2015 Consultation Draft: January 2016

This report of the Buckinghamshire Housing and Economic Development Needs Assessment has been published as a consultation draft as part of the evidence base for the Councils' emerging Local Plans.

Chiltern District Council and South Bucks District Council would welcome any comments on the report.

Please ensure that all comments are received by 5:00pm on 14 March 2016.

Contents

Executive Summary	6
Summary of Key Findings and Conclusions	
Household Projections	7
Affordable Housing Need	8
Objectively Assessed Housing Need.....	9
Employment Land Requirements.....	12
1. Introducing the Study	15
Background to the project and wider policy context	
National Planning Policy Framework	15
Planning Practice Guidance	17
Duty to Co-operate.....	18
Overview of the HEDNA	19
2. Overview of the FEMA	23
Local policy context and key socio-economic indicators	
Aylesbury Vale District	23
Chiltern District	26
South Bucks District.....	27
Wycombe District.....	30
Other Relevant Cross-District Studies	31
Key Socio-economic Indicators	34
Summary	38
3. Demographic Projections	40
The starting point for Objectively Assessed Housing Need	
Process for Establishing Objectively Assessed Housing Need.....	40
Official Household Projections	41
Official Population Projections.....	42
Population Trends	42
Population Trends for Aylesbury Vale.....	43
Population Trends for Chiltern.....	53
Population Trends for South Bucks	57
Population Trends for Wycombe	61
Population Projections Based on Local Circumstances.....	65
Considering Migration Assumptions	67
Establishing Population Projections for Buckinghamshire HMA.....	73
Establishing Household Projections for Buckinghamshire	74
Household Population and Communal Establishment Population	74
Household Representative Rates	75
Household Projections	76
Conclusions.....	77

4. Affordable Housing Need	78
Identifying households who cannot afford market housing	
Past Trends and Current Estimates of the Need for Affordable Housing	79
Local Authority Data: Homeless Households and Temporary Accommodation.....	79
Census Data: Concealed Households and Overcrowding	80
English Housing Survey Data	84
Housing Register Data	87
Households Unable to Afford their Housing Costs	89
Establishing Affordable Housing Need	90
Current Unmet Need for Affordable Housing.....	90
Projected Future Affordable Housing Need	93
Assessing the Overall Need for Affordable Housing	101
Conclusions.....	103
5. Current Economic Market	105
Analysis of the local property market and existing supply	
Local Property Market.....	105
Offices	105
Industrial	106
Property Market Indicators.....	107
Office Rents	107
Industrial Rents	108
Investment Deals.....	109
Leasing Activity.....	110
B-Class Commercial Property Market	112
Existing Supply.....	114
Vacant Floorspace	114
Quality of Employment Supply.....	116
Conclusions.....	118
6. Employment Forecasts	120
Estimating future workers, jobs and demand for floorspace	
Economic Activity Rates	120
Labour Market Participation Projections	121
Older People.....	122
Female Participation	123
Young People.....	125
Projecting Future Economic Activity for Buckinghamshire.....	125
Economic Forecasts.....	127
Future Demand across the Scenarios.....	128
Employment Projections	130
Aylesbury Vale.....	131
Chiltern.....	133
South Bucks.....	134
Wycombe	135
Conclusions.....	137

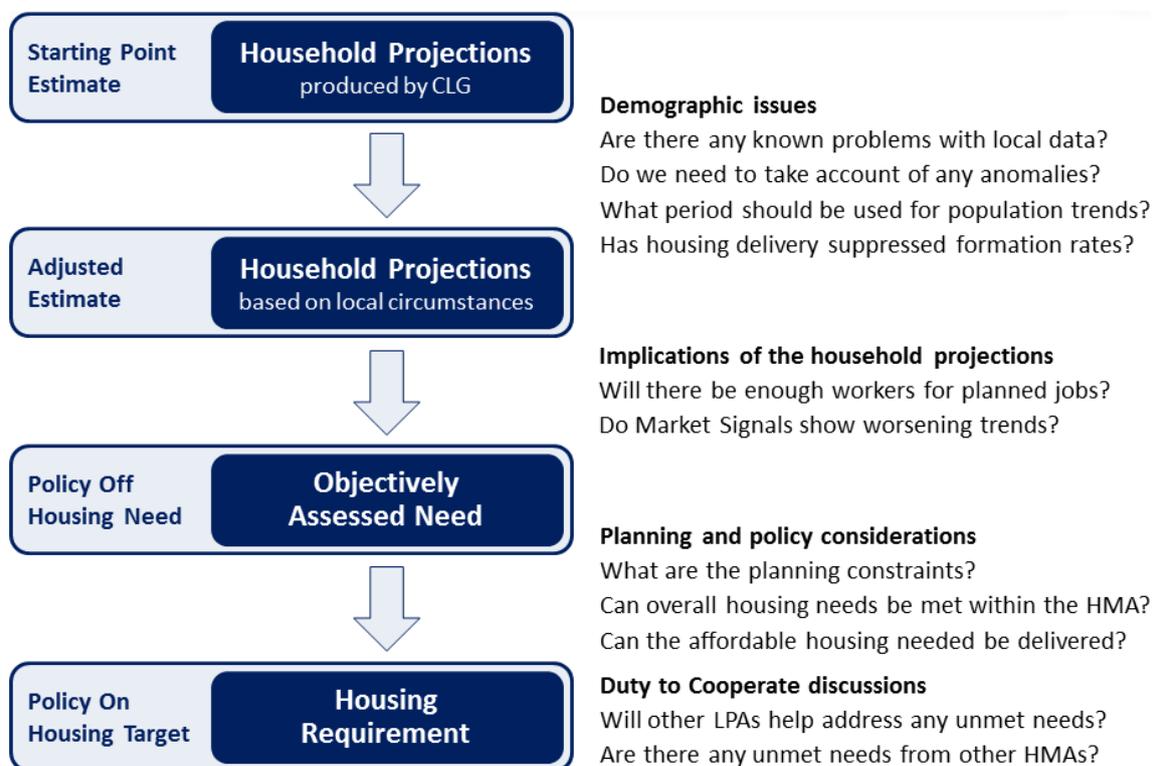
7. Objectively Assessed Housing Need	138
Analysing the evidence to establish overall housing need	
National Context for England	139
Household Growth	139
International Migration	139
Market Signals	140
Converting to Dwellings	140
Establishing Objectively Assessed Need for Buckinghamshire HMA	141
CLG Household Projections	141
Adjustments for Local Demographic Factors	142
Affordable Housing Need	142
Employment Trends	143
Conclusions on Jobs and Workers	146
Market Signals	147
House Prices	148
Affordability	151
Overcrowding	151
Summary of Market Signals	152
Housing Backlog	155
Conclusions	155
8. Housing Requirements	160
Considering the policy response to identified housing need	
Affordable Housing Need	161
Older People	164
Households with Specific Needs	167
People Wishing to Build their Own Homes	169
Service Families	171
9. Employment Land Requirements	172
Understanding the future mix of floorspace	
National Policy Context	172
Permitted Development Rights	172
Starter Homes Initiative	173
Brownfield Land	173
Implications	173
Potential Sources of Employment Land Supply	173
Allocated Employment Land (without planning consent)	174
Neighbourhood Plans	174
Commercial Development Pipeline	174
Prior Approvals	175
Demand / Supply Balance	176
Conclusions	178
Table of Figures	180

Executive Summary

Summary of Key Findings and Conclusions

1. The National Planning Policy Framework (NPPF)¹ requires Local Planning Authorities to “ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area” and “identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change” (paragraphs 47 and 159). The NPPF also identifies that “local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area” and establish “a robust evidence base to understand both existing business needs and likely changes in the market” (paragraph 160).
2. Figure 1 sets out the process for establishing the Objectively Assessed Need (OAN) for housing. Planning Policy Guidance (PPG)² identifies that “household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need” (paragraph 15) which should be adjusted to take account of local circumstances. External market and macro-economic constraints are then applied (‘Market Signals’) in order to embed the need in the real world. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the Council before establishing the final Housing Requirement.

Figure 1: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



¹ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

² <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

3. Opinion Research Services (ORS) and Atkins were jointly commissioned by Aylesbury Vale, Chiltern and Wycombe District Councils to prepare a Housing and Economic Development Needs Assessment that covered their three administrative areas: the Central Buckinghamshire HEDNA. Following the decision to prepare a Joint Plan for Chiltern and South Bucks, an update of the previous study was commissioned to incorporate additional analysis for South Bucks district and establish the Full Objectively Assessed Need for housing and the Full Objectively Assessed Economic Needs across the whole of Buckinghamshire.
4. Given this context, the Buckinghamshire HEDNA (Consultation Draft: January 2016) supersedes the Central Buckinghamshire HEDNA (Consultation Draft: October 2015). Nevertheless, it does not take account of consultation feedback received by Aylesbury Vale and Wycombe Councils in Autumn 2015. Chiltern and South Bucks Councils will be consulting on this report in early 2016 and the Buckinghamshire HEDNA will then be finalised taking account of the feedback received by all four local planning authorities.
5. The Buckinghamshire HEDNA is fully compliant with both the NPPF and PPG. In addition, the study, mindful of Planning Inspector Decisions and High Court Judgements, as well as emerging good practice including the technical advice note about Objectively Assessed Need and Housing Targets originally published by the Planning Advisory Service (PAS) in June 2014 with a second edition in July 2015.

Household Projections

6. The “*starting point*” estimate for OAN are the latest household projections published by the Department for Communities and Local Government (CLG). These projections suggest that **household numbers across Buckinghamshire will increase by 40,847 over the 20-year period 2013-33, an average of 2,042 per year.** However, the CLG household projections are based on short-term migration trends, and these risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.
7. ORS has also undertaken a detailed review of local demographic trends. This has identified inconsistencies in some of the data, and it is important when establishing future housing need that projections take proper account of these issues. In particular, the analysis has identified problems with the 2001 Census population estimate for Aylesbury Vale and also with historic migration data being too high in Aylesbury Vale and too low in Wycombe. Improvements to the ONS estimates appear to have improved the migration estimates for Wycombe, but administrative data sources show that systematic problems continue to affect more recent data for Aylesbury Vale.
8. The HEDNA has developed robust households projections based on local circumstances which take full account of errors in the trend-based data. The key scenario uses 10-year migration trends based on the period 2004-14. This projects that household numbers across the HMA will increase by 41,200 households over the 20-year period 2013-33.
9. The growth identified for Aylesbury Vale is marginally lower than the CLG starting point; however this is mainly due to errors in the local population trend data. The identified range in both Chiltern and Wycombe is higher than the CLG starting point, whereas the identified range in South Bucks is lower than the CLG starting point: all due to the underlying population projections and the associated patterns of migration. **Providing for this increase yields a housing need of 42,728 dwellings over the period 2013-33 across the Buckinghamshire HMA.**
10. As these projections are based on long-term migration trends and take full account of local demography issues, these give the most reliable and appropriate demographic projections for establishing housing need.

Affordable Housing Need

11. Based on evidence of current unmet need for affordable housing and the future household projections, the analysis has identified that the overall housing need should be increased by 634 households to take account of concealed families and homeless households that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were included, the analysis established an overall need from 3,291 households in need of affordable housing in 2013.
12. Based on the household projections, the HEDNA has established the balance between the future need for market housing and affordable housing; however, it is important to recognise that this need is based on a relatively stringent assessment of affordability. Overall, there will be a need to provide additional affordable housing for 9,940 households (10,083 dwellings) as a minimum. This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.
13. Private rented housing (with or without housing benefit) does not meet the definitions of affordable housing and is not counted as affordable housing supply; however households in receipt of housing benefit are assumed be able to afford their housing costs, so they are not counted towards the need for affordable housing. Nevertheless, if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
14. Given this context, the HEDNA has identified that the need for affordable housing could be considered as a range: from a minimum of around 10,100 dwellings to a maximum of 16,000 dwellings. **The proposed OAN for affordable housing is therefore 10,500 dwellings over the 20-year period 2013-33**, which recognises that some households currently renting privately with housing benefit support will need to move to affordable housing. Figure 79 identifies the range for each local authority area.

Figure 2: Range of assessed need for affordable housing by LA: 2013-33 (Source: ORS Housing Model)

	Affordable Housing Need (dwellings)				
	Aylesbury Vale	Chiltern	South Bucks	Wycombe	TOTAL
Bottom end of range: No change in number of households renting privately with housing benefit support	4,440	940	1,380	3,320	10,100
Top end of range: Affordable housing provided for all households renting privately with housing benefit support	6,580	1,750	1,950	5,670	16,000

15. As policy decisions about housing benefit support provided to households living in the private rented sector are determined by the Government, it will be necessary for the local planning authorities to consider the possible impact of any changes when determining the most appropriate affordable housing targets for the area. This will also need to take account of the latest information from the local authority housing registers. Furthermore, given the unmet need from almost 1,800 households needing affordable housing at the start of the Plan periods, it will be appropriate to maximise affordable housing delivery in the early years of the Plans, providing that this does not unduly compromise overall levels of housing delivery in the area.

Objectively Assessed Housing Need

Employment Trends

16. While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers.
17. Based on the conclusions about future jobs, the overall increase in employment is likely to yield 33,400 extra jobs in the Buckinghamshire HMA over the 20-year period 2013-33; so it is appropriate that we balance future workers against these extra jobs. Taking account of existing commuting patterns and changes to unemployment recorded over the period 2013-15, the demographic projections (without any uplift for market signals) would provide 21,400 extra workers locally whereas 29,900 extra workers would be needed. **Therefore, there is a need to increase housing delivery to ensure that there will be enough workers for the likely increase in jobs in the area.**
18. Considering the balance of jobs and workers in the two sub-FEMAs:
 - » Aylesbury town sub-FEMA (which on a “best fit” basis corresponds to Aylesbury Vale district) needs an extra 12,900 workers locally whereas a growth of 9,600 is identified: a shortfall of 3,300 workers. Balancing jobs and workers yields an extra housing need of 2,300 dwellings, which increases the overall housing need to 21,200 dwellings.
 - » High Wycombe and Amersham sub-FEMA (which on a “best fit” basis corresponds to Chiltern, South Bucks and Wycombe districts) needs an extra 17,000 workers locally whereas a growth of 11,800 is identified: a shortfall of 5,300 workers. Balancing jobs and workers yields an extra need of 3,600 dwellings, increasing the overall housing need to 27,400 dwellings.

Market Signals

19. NPPF sets out that *“Plans should take account of market signals...”* (ID 2a-017) and PPG identifies that *“the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals”*.
20. The HEDNA has considered the Market Signals for the Buckinghamshire HMA and compared these to other areas which have similar demographic and economic characteristics. On the basis of this data we can conclude:
 - » **House Prices:** lower quartile prices are higher than the national average, with a lower quartile price of £198,300, compared to England’s £126,200 (based on 2012-13 values). The current price in the HMA is higher than West Kent but lower than both South West Hertfordshire and West Surrey. Over the last 5-years, prices have remained relatively stable across all of the comparator areas;
 - » **Rents:** for average private sector rents in 2013-14, the study area is above the national average (£1,044 pcm cf. £720 pcm); however, market rents are notably higher in all of the comparator areas. Average rents in the study area have increased in the past 5 years at a similar rate to all comparator areas, which has been at a faster rate than the national rate for England (44%);
 - » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently ‘worse’ in the study area than across England as a whole (9.4x cf. 6.5x), however the rate is notably ‘better’ than in the comparator areas. Furthermore, affordability ratios in the study

area have improved since 2008 at a rate that is broadly consistent with the national average and comparator areas;

- » **Overcrowding** (in terms of Census occupancy rates) shows that 6.3% of households in the study area are overcrowded based on an objective measure, which is less than the rate for England (8.7%) and comparable with most of the comparator areas;
- » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development has increased the stock size by 7.6%, which is lower than England (8.3%), South West Herts and West Kent, but is higher than West Surrey. Of course, these figures will inevitably be influenced by local constraints as well as individual policies.

21. On the basis of the Market Signals (in particular indicators relating to price), we can conclude that conditions across Buckinghamshire suggest that the level of **Objectively Assessed Need for the HMA should be higher than suggested by household projections** in isolation.
22. Based on comparisons with other areas, the evidence supports a differential response for the local housing market areas:
 - » **Aylesbury Vale**: based on the “modest” affordability pressure identified, we would propose an overall uplift of **10% of the housing need** identified based on the household projections; and
 - » **Chiltern, South Bucks and Wycombe**: based on affordability being around double the level associated with “modest” pressure, we would propose that the response to Market Signals should also be doubled with an overall uplift of **20% of the housing need** identified based on the household projections.

Conclusions

23. We have calculated Objectively Assessed Need (OAN) based on demographic projections and assessed these against Market Signals to determine if a higher rate of housing delivery is needed. CLG Household Projections suggest that household numbers across Buckinghamshire will increase by an average of 2,042 per year, based on short-term migration trends. However, demographic projections that take full account of local demography and which are based on 10-year migration trends provide a more reliable and appropriate basis for establishing future housing need. On this basis, the HEDNA has identified a growth of 41,152 households: **a need for 42,728 dwellings over the 20-year period 2013-33, equivalent to an average of 2,136 dwellings per year.**
24. For Aylesbury Vale (as a “best fit” to the Aylesbury town local HMA) an uplift of 10% is proposed in response to market signals. Nevertheless, evidence from planned jobs and workers identifies a need to increase housing delivery by 2,313 dwellings to provide enough workers for the likely increase in jobs in the sub-FEMA. The baseline housing need is therefore increased to **a total of 21,289 dwellings over the 20-year Plan period 2013-33.** This will provide sufficient housing for the workers needed and exceed the proposed market signals uplift.
25. For Chiltern, South Bucks and Wycombe (as a “best fit” to the High Wycombe and Amersham local HMA) an uplift of 20% is proposed in response to market signals. This is higher than the uplift needed to balance jobs and workers. On this basis, the baseline housing need is increased to **a total of 28,664 dwellings over the 20-year period 2013-33.** This will provide sufficient housing to deliver the proposed uplift in response to market signals and exceed the identified number of workers needed.

26. The OAN includes the unmet needs of homeless and other households in unacceptable accommodation that existed in 2013 and identified all needs arising over the 20-year period 2013-33, so there is no need to include any further 'backlog' of additional unmet need for housing at the start of new Plan period.
27. Figure 3 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 3: Full Objectively Assessed Need for Housing across Buckinghamshire 2013-33

Stage	Aylesbury local HMA	High Wycombe and Amersham local HMA			TOTAL
	Aylesbury Vale	Chiltern	South Bucks	Wycombe	
HOUSEHOLDS					
Demographic starting point CLG household projections 2013-33	18,404	4,552	6,522	11,369	40,847
Adjustment for local demographic factors and migration trends 10-year migration trend	-260	+752	-902	+715	+305
Baseline household projections taking account of local circumstances	18,144	5,304	5,620	12,084	41,152
DWELLINGS					
Allowance for transactional vacancies and second homes Based on dwellings without a usually resident household	697	198	256	425	1,576
Housing need based on household projections taking account of local circumstances	18,841	5,502	5,876	12,509	42,728
Adjustment for suppressed household formation rates Concealed families and homeless households with allowance for vacancies and second homes	130 + 5 = 135	38 + 1 = 39	192 + 4 = 201	274 + 10 = 284	634 + 25 = 659
Baseline housing need based on demographic projections	18,976	5,541	6,077	12,793	43,388
Further adjustments needed...					
In response to balancing jobs and workers Projected growth in workers exceeds forecast jobs growth and planned jobs growth therefore no further adjustment needed	2,313	818	873	1,860	5,864
In response to market signals Dwellings needed (in addition to the adjustment for concealed families and homeless households) to deliver the overall percentage uplift proposed	10% x 18,841 = 1,884 1,884 - 135 = 1,749	20% x 5,502 = 1,100 1,100 - 39 = 1,061	20% x 5,876 = 1,175 1,175 - 201 = 974	20% x 12,509 = 2,502 2,502 - 284 = 2,218	15% x 42,728 = 6,409 6,409 - 659 = 5,750
Combined impact of the identified adjustments	+2,313	+1,061	+974	+2,218	+6,566
Full Objectively Assessed Need for Housing 2013-33	21,289	6,602	7,051	15,011	49,954

28. It is important to remember that PPG identifies that "establishing future need for housing is not an exact science" (ID 2a-014) and, whilst the OAN must be underwritten by robust evidence, the final conclusions should reflect the overall scale of the housing needed in the housing market area.
29. **The HEDNA therefore identifies the Full Objective Assessed Need for Housing in Buckinghamshire HMA to be 50,000 dwellings over the 20-year period 2013-33, equivalent to an average of 2,500 dwellings per year. This includes the Objectively Assessed Need of Affordable Housing for 10,500 dwellings over the same period, equivalent to an average of 525 per year.** This is the average number of dwellings needed every year over the period 2013-33 and represents a 1.1% increase in the dwelling stock each year across Buckinghamshire HMA (consistent with the 1.1% growth required across England to deliver 253,600 dwellings annually).

30. Figure 4 sets out the overall housing need for market and affordable housing in each local planning authority area, however the Local Plans will consider the spatial distribution of the OAN across the county and determine the most appropriate location for market and affordable housing, and the type and size of properties to be provided in different areas.

Figure 4: Market and affordable housing need by LA covering the relevant Local Plan periods (Source: ORS Housing Model.
Note: Figures relate to individual Local Authority Plan periods which differ across the HMA)

	Aylesbury Vale	Chiltern	South Bucks	Wycombe	Bucks HMA
Total Housing Need (dwellings)	<i>Plan period 2013-33</i>	<i>Plan period 2014-36</i>	<i>Plan period 2014-36</i>	<i>Plan period 2013-33</i>	<i>20-year period 2013-33</i>
Market Housing Need	16,700	6,200	6,200	11,700	39,500
Affordable Housing Need	4,600	1,100	1,600	3,400	10,500
Overall Housing Need	21,300	7,300	7,800	15,100	50,000
<i>Uplift from CLG starting point estimate</i>	<i>+12%</i>	<i>+38%</i>	<i>+4%</i>	<i>+28%</i>	<i>+18%</i>

31. It is important to note that the overall housing need was increased substantially from the CLG starting point, partly to balance jobs and workers and partly in response to Market Signal indicators. The affordable housing needs assessment identified that a number of households unable to afford their housing costs are likely to move away from the area, and some might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available. This trend is particularly evident in Chiltern and South Bucks where housing costs are highest.
32. The proposed market signals uplift should increase the overall amount of housing available in the market area and therefore ease the housing market pressures that have been identified. Nevertheless, it is unlikely that house prices will adjust sufficiently to enable many of those households who are unable to afford their housing costs from moving away from the area. **The Councils may therefore want to consider providing some of the additional housing proposed in response to market signals as intermediate affordable housing, including low cost home ownership products.** This would accord with the objectives set out at paragraph 50 of the NPPF to “*widen opportunities for home ownership and create sustainable, inclusive and mixed communities*”.
33. Providing some of the proposed uplift as affordable housing would not change the overall housing need identified but would increase the proportion of affordable housing (and intermediate affordable housing in particular). It would be appropriate for the local planning authorities to consider this option when determining the most appropriate affordable housing targets for the area.

Employment Land Requirements

Commercial Property Market

34. The Functional Economic Market Area’s (FEMA) industrial floorspace market is performing well with a steady stream of investment activity for B1c/B2 industrial units from local businesses in the FEMA. However, there is considered to be a lack of supply of suitable B1c/B2 stock across the FEMA area. Local commercial agents consider that additional sites need to be brought forward for B1c/B2 class development, in order to accommodate SMEs.

35. The FEMA's office market is much smaller when compared to the industrial market. The FEMA is not considered to be a prime office market and is considered by local agents to serve mainly locally based companies. In addition, Permitted Development Rights (allowing for the change of use from office to residential use without the need for a planning application) has contributed to the perceived decline in town centre office accommodation, particularly within Aylesbury and Chesham.

Future Requirements

36. The assessment of future employment land requirements considered a range of scenarios including:
- » A scenario based on the employment forecasts released by Experian in March 2015;
 - » A scenario based on the employment forecasts released by Oxford Economics in March 2015; and
 - » A trend-based scenario based on historical employment growth levels.
37. The Oxford Economics employment scenario is considered to provide the most realistic projection of future employment land requirements, and are aligned to the key signals emerging from the market review and stakeholder consultation.
38. The Oxford Economics forecasts identify potential growth in B class employment of around 14,360 full time equivalent employees for the FEMA over the period 2013-2033 (with an additional 2,270 jobs for the period 2033-2036).
39. Employment growth is anticipated to come primarily from B1a/b sectors (mainly office based jobs). The Oxford Economics forecasts identify smaller levels of B8 growth and decline in employment in industrial sectors.

Supply of Employment Land

40. The FEMA has approximately 5 million sq.m of B-class use employment floorspace. The majority of this floorspace consists of warehousing & distribution (B8) with a 45% share of total B-class employment floorspace, followed by industrial (B1c/B2) with a 31% share and office and research and development (B1a/b) with a 23% share.
41. The FEMA has a low vacancy rate of 8%. This vacancy level is considered to be consistent with the efficient operation of the market (allowing for churn) and suggests strong levels of demand and little to no opportunity to release employment land across the FEMA.
42. Buckinghamshire FEMA has a number of potential sources that could enable new employment floorspace to be developed, as follows:
- » Allocated Employment Land (without planning consent);
 - » Land identified in Neighbourhood Plans;
 - » Commercial development pipeline (sites with extant planning permission for employment floorspace); and
 - » Prior approvals (this is not a source of supply but is considered as it represents a future reduction in supply).

Demand-Supply

43. Figure 5 below sets out the relationship between the estimated demand and supply of employment floorspace in the FEMA by type of floorspace. It takes account of the total supply identified in the study and subtracts the total demand identified from the preferred Oxford Economics scenario. Figure 5 identifies the remaining surplus once the anticipated demand has been removed from the potential supply of new sites. Figure 5 identifies that the FEMA should theoretically have surplus of 80,100 sqm of B use class floorspace available, which should be sufficient to meet economic development needs over the period to 2036.

Figure 5: FEMA Supply/demand floorspace balance under the Oxford Economics Scenario (up to 2036) (sq. m) (Note: Negative values indicate shortfall, positive values indicate surplus. All numbers are rounded)

Use Class	2013-2033	2033-2036	2013-2036
Floorspace Balance (sq. m)			
B1a/b	-26,000	-26,200	-52,200
B1c/B2	+177,600	+15,400	+193,000
B8	-27,300	-33,400	-60,700
Total B use class	+124,300	-44,200	+80,100

Conclusions

44. Although there is a theoretical surplus of B use class floorspace available as identified in the supply-demand balance, our assessment (including stakeholder consultation and telephone interviews with stakeholders and property agents) suggests that there is a lack of suitable land. It is clear that some of the sites will require significant investment in infrastructure to come forward for development. There is also the perception that the type of premises available is lacking in certain respects. There is considered to be a lack of flexible space that is suitable for starts-ups or for SMEs looking to expand. Larger industrial premises are also considered to be in short supply.
45. It is therefore recommended that the following is take into account:
- » **Losses of employment space** - It is anticipated that over the plan period at the District and FEMA levels that there will be some further loss of employment land, which in some cases could lead to the displacement of existing business occupiers. Where this occurs each of the local authorities would be justified in seeking replacement employment land to account for these losses.
 - » **Non delivery of local plan allocations and sites with planning permission** - Given the long term nature of plan making, there may be some uncertainty as to whether all the allocated land and sites with planning permission will be delivered. If this is the case then the local authority would have a shortfall of employment floorspace. As such, each local authority may choose to build in a buffer in its land allocation to account for non-delivery of sites.