

3. Central Lancashire City (CLC): Policy Influences

Introduction

- 3.1 As recognised by the work undertaken by GVA Grimley⁷ the Core Central Lancashire sub-region's existence can be identified back to the establishment of a New Town in the Preston, Chorley and Leyland area in the mid-1960s and the subsequent establishment of the Central Lancashire Development Corporation in 1971.
- 3.2 The de-designation of the Corporation in 1992 by Central Government, the initial investment in the area into infrastructure, housing and the economy created, has influenced market conditions from which the sub-region still benefits today.
- 3.3 However, despite the introduction of infrastructure and spatial planning in the 1970s, with the devolution of the Corporation went the delivery of the new town vision. To the extent that CLC has witnessed no significant office new build in central locations since this time leaving a legacy of outdated stock which does not reflect the recent growth of CLC.
- 3.4 The CLC authorities form three of fourteen authorities located centrally within Lancashire, accessibility is focused upon the major conurbation of Preston as a multi-modal transport pivot for the entire Region, providing a choice of travel in both a north/south and east/west axis.
- 3.5 The rail connections directly to the West Coast Mainline serve destinations such as London and Glasgow. Bus services operate regular services both locally and nationally and the convergence of the M6/M61/M55 and M65 motorways provide strong communication links across the region and in particular to access the booming airports at Liverpool and Manchester.
- 3.6 The policy influence of the adopted Development Plan at the County and local levels are considered below.

County Level

- 3.7 The vision of the adopted Lancashire Joint Structure Plan (2005) was to fundamentally change the way in which development occurs in Lancashire and most notably to curtail the excessive rates of greenfield development along the M6 corridor with greater emphasis on urban regeneration and the focus on Town Centres.
- 3.8 The key economic targets by 2016 were to:
 - protect and enhance the vitality of the town centres and to ensure levels of vacant property were less than the national average;
 - encourage the most efficient use of land resources and reduce the amount of land allocated for business and industrial development; and
 - achieve a highly effective and efficient transport system with 90% of new development within 400m of a bus stop or 800m of a railway station and to reduce traffic flows to main towns.

⁷ Core Central Lancashire City Region Sub Regional Strategy, November 2005

- 3.9 The development strategy sought the de-allocation of surplus greenfield sites in some areas, to rationalise the land supply and create a balanced portfolio of quality sites.
- 3.10 New development (Policy 2) is sought to be concentrated in principal urban areas, namely Preston, supported by the main towns as key service centres, such as Chorley and Leyland. The objective is to achieve sustainable development of all land uses close to centres of population and public transport.
- 3.11 Business and industrial land provision (Policy 14) recognised an oversupply of land resulting in underused sites, marketing problems and potential piecemeal, uncoordinated urban extensions, with sites bearing no relationship to the labour force. The onus is placed on the local authorities to review historic allocations and de-allocate where necessary.
- 3.12 The location for new office development is driven by Policy 17 which establishes a sequential approach, stating that “new offices development will be located:
 - (g) in town centres consistent with the scale and function of the centre and the hierarchy of centres....
 - (h) where no town centre site is available, at transport hubs within the urban area; and
 - (i) where no site is available in (a) and (b), within accessibility corridors in the urban area.”
- 3.13 The explanatory text states that the local authorities will adopt the approach jointly, to emphasis the issue of accessibility and to promote the vitality and viability of town centres.

Local Level

Chorley

- 3.14 The development of Chorley, as a town and authority, was, like many other northern towns, based upon the expansion of the textile industry, coal mining and its traditions as a market town. In modern times, these industries have been replaced by the domination of the service sector, yet the operation of manufacturing and retail industries is still a key employer.
 - 3.15 Some of the sub-region’s most highly-skilled and high value companies can be found in the borough in key sectors such as high-tech engineering, software, digital design, testing and automation. Given its proximity to the major employment centres of Manchester, Liverpool and Preston and the relative accessibility the large rural areas of Chorley have provided a ‘honey-pot’ for high income earners who will travel out of the borough to access employment opportunities.
- Chorley Borough Local Plan (2003)*
- 3.16 The Chorley Borough Local Plan was adopted in 2003. The guiding principle is one of sustainable development, encouraging brownfield sites first in accessible locations. Supporting the reuse of existing buildings and refurbishing others where appropriate. The vision for the Borough is ‘to make Chorley a better place to live, work and visit’.
 - 3.17 The focus of development is to be achieved through a number of objectives:

- directing new development to central, accessible urbanised areas of the Borough (in accordance with the hierarchy of settlements set by the Structure Plan);
 - to guide development to sustainable and accessible locations, minimising new developments on greenfield sites and open spaces;
 - encouraging mixed use schemes to reduce the need to travel, maximising the use of land;
 - supporting the regeneration of run down areas; and
 - improving the vitality and viability of Chorley Town Centre.
- 3.18 The aim is to provide an adequate supply of land suitable for a range of employment purposes, where major employment sites are guided towards locations with a choice of modes of transport and which are easily accessible. The Borough is marketed to attract inward investment and encourage re-investment by local business.
- 3.19 A review of employment land within the Borough resulted in the de-allocation of sites which were the least suitable and least likely to become available for employment purposes up to 2006. A number of urban employment sites, previously allocated for residential redevelopment have been deleted to safeguard local sustainable employment opportunities. The allocations now allow for the expansion of indigenous firms, whilst providing opportunities for inward investment and supporting the diversification of the local economy.
- Chorley Town Centre Strategies (2006⁸)*
- 3.20 Chorley Borough Council is currently investigating the potential of Chorley Town Centre, to improve its vitality and viability, as part of the LDF process in order to:
- put Chorley at the heart of regional economic developments in the Central Lancashire sub-region; and
 - develop the character and feel of Chorley as a good place to live and visit.
- 3.21 Chorley is identified as a contemporary market town with a distinctive town centre, which operates in a very competitive retailing environment. However, the Town Centre is still a major retail destination within the Borough serving the needs of the local population.
- 3.22 The emphasis of the strategy is to upgrade the retail offer and leisure uses within and close to the Town Centre and realise its full potential through diversification and upgrading of the environment.
- 3.23 The encouragement of quality office development is sought as part of the land use diversification with office uses directed to designate 'office zones', whereby a sequential criteria based policy is promoted to ensure new office development is directed to these zones prior to any other sites being considered.

⁸ Chorley Town Centre Strategy: Consultation Draft March 2006 and Chorley into 2016: Chorley Town Centre Action Area and Retail and Leisure policies, Preferred Options DPD Addendum June 2006, both produced by Chorley Borough Council

Preston

3.24 Preston has an historical legacy based upon industrial workings and advanced manufacturing skills including workings involving the waterways and railways, being a major centre for good trade. Preston has survived the decline in manufacturing employment and indeed continued to prosper where other parts of Lancashire and the North West could not.

3.25 The role of Preston as the key service and public administration centre is entrenched in Lancashire being the seat of Lancashire County Council, centre for public services and the North West Regional Assembly. The presence of the University of Central Lancashire and designation as City status only reinforces the area as a significant driver for economic growth in the core area and beyond.

3.26 Preston also displays a critical mass of employment in those higher-value sectors that are or have been growing nationally, specifically computing, business services, retailing and finance.

Preston Local Plan (2004)

3.27 The Preston Local Plan was adopted in 2004 for the period 1996-2006. The Local Plan's vision is to move towards a better balance between economic growth and diversification, whilst safeguarding finite environmental resources for future generations. Development is guided towards existing urban areas and curtailed from outward city expansion on greenfield sites.

3.28 The focus of development is to be achieved through a number of objectives:

- The majority of new development should be located in existing urban areas.
- Rural development is generally restricted and will only be allowed if the location and design does not harm its character and appearance.
- Reusing previously developed land.
- More efficiently using existing urban infrastructure through careful regeneration and evolution.
- Encouraging mixed use developments within urban areas to achieve more sustainable development and a more vibrant economy.
- Supporting economic growth by providing a range of opportunities for new employment such as providing opportunities to replace outworn buildings and infrastructure.
- Restraining the use of the car especially in the city centre, supporting park and ride facilities, bus priority measures and a new railway station.

3.29 The aim is to provide opportunities for an expanding job market, whilst moving towards a more sustainable pattern of development. Preston has a large number of sites which are already committed for employment uses.

3.30 To this end, the majority of the allocations of employment land are on brownfield sites within urban areas. However, it is acknowledged that some of the Structure Plan requirements will have to be met on greenfield locations.

3.31 The focus is on providing a variety of sites to meet the needs of existing employers and to attract new business into Preston. The allocation of employment land both within the Local Plan and in the Lancashire Structure Plan reflects Preston's major role within Lancashire's economy and its expected increase in workforce numbers.

3.32 The Local Plan is guided towards promoting inward investment into the City. Employment sites are allocated which best meet environmental considerations, are accessible, improve the environment of existing employment areas and improve or relocate employment uses in inappropriate locations.

Tithebarn Regeneration Area, Updated Planning Statement (2005)

3.33 The original SPG for the Tithebarn Regeneration Area (TRA) was adopted in December 2001. Following a number of policy revisions, the SPG was updated and subject to a full public consultation. The updated and adopted Planning Statement represents a clear reflection of the City Council's planning guidance and policy framework for the TRA.

3.34 The TRA is Preston City Council's first priority for city centre regeneration and is seen as a catalyst to further regeneration aspirations. The initiative is aimed at enabling Preston to recover and sustain its position as Lancashire's principal urban area and sub-regional centre. It is an opportunity to enhance the City Centre quality and appeal. How successful it will be will impact on the future competitiveness of Preston City Centre.

3.35 The overall objective for the redevelopment of the TRA is to attract a mix of high quality development to act as a principle locus within the Lancashire sub-region for higher order office-based activity and other town centre uses.

3.36 There is a genuine need for regeneration within the TRA. The area is run-down, has high vacancy levels, and poor building designs which have a weak relationship with their surroundings. The key entry points are unattractive and a missed opportunity to promote the City Centre.

3.37 The office buildings are of 1960's and 1970's construction, are poorly integrated within the centre and do not meet modern office specifications. To this end, employment activity has declined in the Borough.

3.38 The focus is to ensure that development is evenly distributed across the regeneration area. In respect of office development there is guidance towards providing modern office sector space that relates well to the centre's retail, leisure, civic and cultural core and supports small businesses within Preston.

3.39 Although a major retail-led mixed use regeneration scheme, there are significant elements of office development incorporated within the vision, including a minimum of 9,300m² floorspace. This includes modern office and workspace allowing the city to have a competitive share of growth in the local economy including new start up businesses, building on existing strengths within the city, and taking advantage of potential links with the university. The initiative also seeks to replace/refurbish outworn and dated office and commercial premises (if economically viable), relating the office provision with the centre both functionally and in design terms.

Preston CBD -Aspiration to Develop a Commercial Quarter in Preston City Centre

3.40 Preston Vision instructed GVA Grimley to undertake an Economic Regeneration Strategy for Preston, through this work the concept of a Preston City Commercial quarter was established to provide 2million sq.ft of central office space as a market driven ambition.

3.41 The strategic reports provided the evidence base to the NWRA to promote a third City Region with Preston as being the key driver within the Central Lancashire area.

3.42 This ambition would sit alongside the proposals for Tithebarn Regeneration Area and Riverworks, with the aim to provide a significant improvement in the volume and quality of office accommodation available in Preston City Centre.

South Ribble

3.43 The traditional industrial strengths of South Ribble have been based around the light engineering and motor vehicle industries, including the Leyland Steam Motor Company, which evolved into the world renowned 'Leyland Motors' and now Leyland Trucks.

3.44 The economic strengths historically based on manufacturing, and particularly advanced manufacturing, remain an important sector within South Ribble, with major employers including British Aerospace.

3.45 The emergence of Preston as a centre for rapid growth has reduced the gap, both spatially and economically, between South Ribble and the City. Its proximity driving not just an economic market but an increased commuter market servicing the employment in Preston.

South Ribble Local Plan (2000)

3.46 The South Ribble Local Plan was adopted in 2000. The Plan's vision is 'to develop the concept of sustainable development with an emphasis on improving the quality of life in the Borough'.

3.47 The focus of development is to be achieved through a number of goals:

- development is guided towards the main sustainable, accessible urban areas as well as the built up areas of the smaller settlements and villages of South Ribble, maximising the use of existing infrastructure including public transport, to reduce the number of car journeys to work;
- promoting and encouraging the reuse of vacant land and buildings, to reduce the need to release greenfield sites;
- maximising the potential for economic growth through the support for restructuring the local economy by providing an adequate supply of industrial and business land, and providing more employment opportunities;
- promoting the rural economy of the Borough; and
- mixed use schemes are encouraged as they help to create vitality and viability and reduce the need to travel, they can also help to regenerate an area.

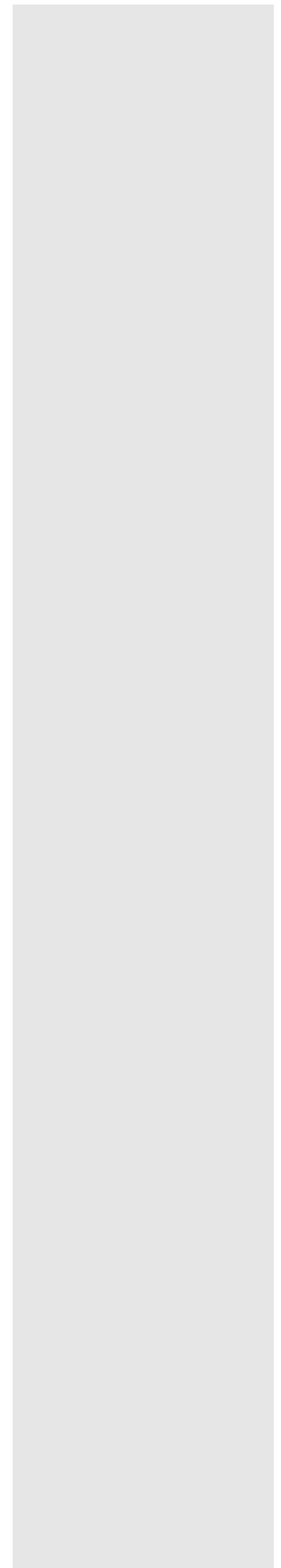
3.48 To meet the aspirations of the Local Plan, guidance is given in relation to expanding and redeveloping existing industrial and employment areas and creating employment opportunities in residential areas.

3.49 Development is curtailed in greenfield locations but supported for the creation of job opportunities and the diversification of the rural economy of the Borough, such as by the creation of small scale employment opportunities. In this context land is protected adjacent to small villages if it meets local needs, including employment and is appropriate in this location.

Summary

3.50 The policies at the county and local levels reflect the guidance and strategies set out at national level, but these were prepared at a time that predates the emergence of the Northern Way Growth Strategy and therefore does not reflect the City Region aspirations.

- 3.51 Further the underlying message of the policies is one of independence to each other to allocate the required employment land within the administrative boundaries with no regard to the market functionality of CLC as a whole.
- 3.52 The forthcoming LDF process will provide the appropriate forum to carry forward the national and regional aspirations at the local level with transparent baseline on which the policy decisions are to be made.



4. Methodology

4.1 A key theme underpinning this Study is the emphasis of 'change'. The methodology adopted does not dwell on the past or investigate the detail of historic change, instead focuses on how future changes will impact on the needs of CLC and how the client team may need to adapt their approach to accommodate this change.

Employment Land Reviews: Guidance Note (2004)

4.2 A guiding principle in the development of our approach has been to ensure that the methodology is robust and adapted to best practice as set out in the Government's guidance note. This guidance was published in December 2004 by the ODPM and aims to guide local planning authorities in undertaking employment land reviews.

4.3 The guidance recognises the importance of taking local circumstances into account and our approach has been developed in discussion with the client team.

4.4 Some specific features have been incorporated as a result:

- emphasis on the proposed new City Region;
- investigations for new employment sites have not been undertaken;
- reference to the delivery of Preston Vision CBD proposals; and
- complementary with emerging regional policies, sub-regional and local policies.

4.5 It is acknowledged that the document does not form a definitive statement of Government policy but as a tool to guide the approach to undertaking employment land reviews.

4.6 Our approach to the study has taken account of relevant advice in the guidance note and incorporated this into our existing methodologies.

4.7 This study does not however seek to define specific new employment sites (included within Stage 3). It does however make recommendations on the broad scale and location of possible future office employment requirements.

A Bespoke Methodology

4.8 A bespoke methodology has been created which tailors the approach suggested in the ODPM guidance to meet the local circumstances of the client team, the CLC and the focus upon the assessment of office supply and potential demand only.

4.9 The outputs of this bespoke methodology has been a systematic and rigorous approach to investigating, checking and detailed discussions with the client team on a site by site basis to ensure consistency in the results throughout.

4.10 This Office Need Assessment can be split into three key stages, namely;

- Stage 1: Supply – Office Site Portfolio
- Stage 2: Demand -Future Office Requirements
- Stage 3: Synthesis and Conclusions

- 4.11 These key stages and detail of the methodology are explained in the paragraphs below. In certain aspects of the more detailed areas of the methodology, such as defining the site specific plot ratio, an iterative process was undertaken with the client team to agree the methodology.
- 4.12 The thought process and methodology of these more defined areas, including underpinning assumptions, are explained in more detail in Sections 6.0 and 7.0 and their corresponding appendices.
- 4.13 The outcome of the Stage 1 process is to provide a baseline scenario at a set period in time against which the demand forecasting can be tested, which for this assessment is **April 2006**. It is important to remember that the decisions made on individual sites are against this base date, but that any future policy decisions could raise or lower this baseline figure.

Stage 1: Supply-Office Site Portfolio

- 4.14 The office supply methodology is further broken down into two key components of a 'Quantitative' and 'Qualitative' assessment. This section investigates not only the quantity of the supply but also the quality of that land supply and its fitness for purpose for office development using an agreed set of criteria.

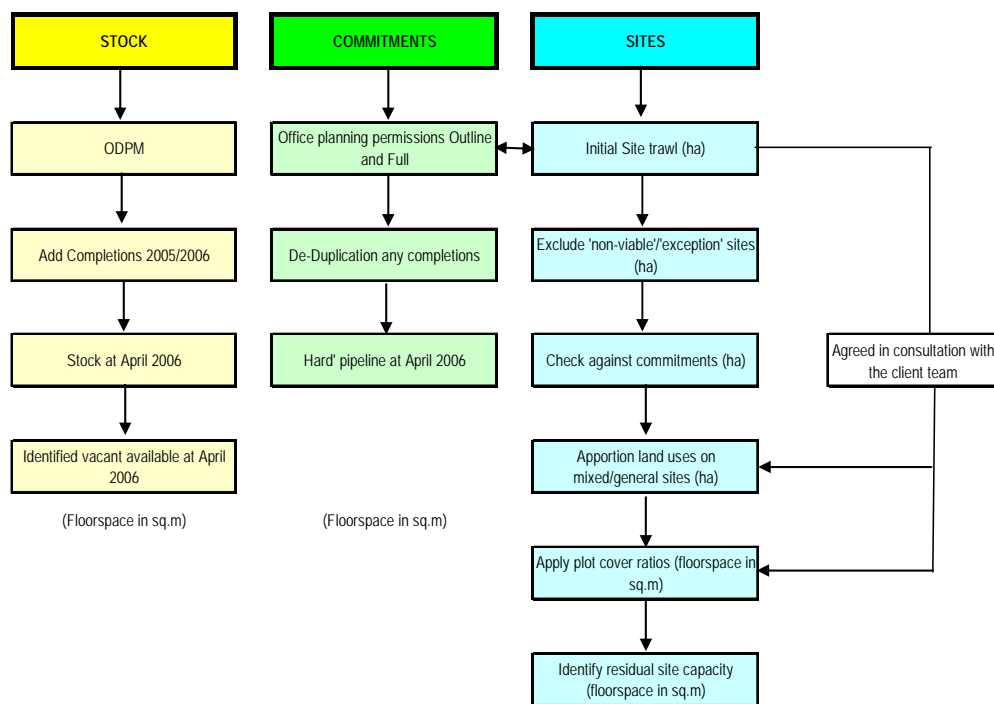
Quantitative Assessment

- 4.15 Our assessment of existing office land supply has focussed on a number of components as follows:
 - Existing Stock
 - Completions
 - Vacant Stock
 - Commitments
 - Allocations
 - Non-Allocations
 - Residual Capacity
- 4.16 The 'Existing Stock' information was obtained from the ODPM with a base date of April 2005. The most reliable figures for existing floorspace provision are provided by the ODPM.
- 4.17 The 'Completions' figures for April 2005 to March 2006 were required to bring the existing stock data in line with the remainder of the baseline figures being at April 2006 and were obtained from the relevant authorities.
- 4.18 The 'Vacant Stock' details were obtained via the local authorities from the combined Locate in Lancashire database with a base date of April 2006.
- 4.19 The figures for the 'Commitments and Allocations' details were initially extracted from the Study Area's three adopted Local Plans; which were, complimented with and brought up to date by, the relevant authorities Employment Land Availability Schedules⁹.

⁹ Chorley: Employment Land Monitoring Reports April 2005; Preston: Business and Industrial Land Availability January 2006; and South Ribble: No formal report produced, baseline figures of April 2006.

- 4.20 The 'Non-Allocations' comprise additional sites which are neither commitments nor allocations, which had come to the market or had been identified by the client team to contribute to the office supply with a base date of April 2006.
- 4.21 The selection criteria for the inclusion of Non-Allocated was based upon three key criteria.
- 4.22 Firstly, an identifiable site boundary was required in order to calculate the site area and thus allocate a residual capacity of office floorspace.
- 4.23 Secondly, the availability and deliverability of the site for development.
- 4.24 Finally, the likelihood of the site coming forward for office use based upon client team knowledge at the base date of April 2006.
- 4.25 The 'Residual Capacity' brings together the other components and is the translation between the residual vacant land (hectares) to potential capacity of floorspace (sq.m). The base date is also April 2006.
- 4.26 The interaction of the main components described above and the detailed analysis required at each stage to ensure a robust methodology in full agreement with the client team is summarised in Figure 4.1 below:

Figure 4.1 Interaction of Supply Components



Source: Drivers Jonas and QESR

Apportionment of land uses

- 4.27 The specific sites identified through the initial site trawl were not solely identified for office use. A high proportion were allocated for general (B1/B2/B8) or mixed uses (housing, retail, leisure etc). In a number of cases the split between differing land uses was identified through planning permission of local plan policies.

- 4.28 In the cases where no information was available on the office use across the site, the apportionment was agreed on sites individually in detailed consultation with the client team based on detailed local knowledge and the qualitative assessment of sites.
- 4.29 Noteworthy is that the apportionment of the site likely to come forward for office use is an estimate, albeit comprising a 'best estimate' scenario. The reality of more or less dependant upon planning policy and market factors at the time.
- Plot Ratios*
- 4.30 Once the apportionment of land uses were confirmed the residual vacant land for only office development was established the land area in hectares could be translated into floorspace (sq.m).
- 4.31 In most instances information was not available on the amount of floorspace that sites could deliver i.e. allocated and non-allocated sites. For these sites, i.e. the majority, a plot ratio of gross floorspace to site area was applied. However, committed sites, including outline, had an approved quantum of floorspace identified through the planning permission.
- 4.32 To provide the most robust approach, in agreeing what plot ratio figures to use the following information sources were used, where available, to quantify floorspaces for different employment uses:
- details included in planning applications and planning permissions;
 - development and site marketing briefs;
 - site-specific information provided by local agents; and
 - floorspace results derived for individual premises as revealed by the client team.
- 4.33 Each authority from the client team was asked to test a selection of office sites across the authority and average the plot ratio. The results were on average around 40%, which was then tested against the ODPM guidance as the maximum plot ratio for business parks. The figure was agreed given the client results and based on the ODPM data showing a better use of land resource by using the maximum figure.
- 4.34 The proposed Preston CBD and regional policy suggests that Preston City Centre is one area in CLC that could support higher densities and scale of new office development. However, given the lack of local evidence the Preston City Centre figure was based on the ODPM's minimum guidance for town centres. A detailed briefing note to explain the conclusions made is attached at **Appendix 2**.

Table 4.2 Use Class Average Plot Ratios

Use	Plot Ratio (Gross Floorspace to Site Area)
Preston City Centre ¹⁰	0.75
All other sites	0.40

Source: QESR, Drivers Jonas and ODPM guidance in conjunction with the client team

¹⁰ Preston City Centre boundary as identified on the adopted (2004) Local Plan

Site Schedules

- 4.35 The information collated as explained above has been expanded into three schedules to illustrate a more detailed picture of potential supply. The results of this process, for each authority, are attached at **Appendix 3**.
- 4.36 The schedules illustrate the potential supply of office floorspace in sq.m for allocations and commitments. This data is subsequently added to the existing stock, completions and vacant stock to equate to understand total office supply at the baseline date of April 2006.

Vacancy

- 4.37 Current vacancy rates in the area were established as being 7% in Chorley, 7% in Preston and 8% in South Ribble. It was assumed for assessing future supply that vacancy rates could be reduced but not eliminated. Therefore, with a fairly old existing stock, an ongoing rate of 5% was assumed to be the best that might be achieved.

Qualitative Assessment

- 4.38 In addition to a quantitative assessment of supply, it is important to undertake a qualitative review of the selected sites. The purpose of which is to rigorously and systematically appraise all local plan employment land allocations and commitments in terms of market attractiveness and sustainability/strategic planning considerations. Further this methodology accords with central government guidance¹¹ on undertaking office land studies to provide a robust assessment.

Site Appraisal Proforma

- 4.39 To assist with the process, a detailed site appraisal proforma was devised, incorporating seven individual assessment criteria within two broad themes of 'Market Attractiveness' and 'Strategic Planning and Sustainability'. Detailed qualitative assessment results are recorded for each site on the proformas. A copy of the Site Appraisal Proforma is attached at **Appendix 4**.
- 4.40 To ensure a common basis of assessment, a site appraisal pro-forma was developed. A guide to the questionnaire was also prepared which identified how each of the different questions should be completed. These specific guidelines were developed to enable the criteria-based questions to be answered consistently across different sites. Results have been derived from:
 - review of reports and other available information sources;
 - discussion with local commercial agents, developers; and
 - site by site discussions with the client team.

¹¹ PPG4, PPS6 and ODPM guidance

Table 4.3 Qualitative Assessment Appraisal Criteria

Factor	Appraisal Criteria	Description	Score criteria
Market Attractiveness	Accessibility to motorway/strategic road	Ease of access to the motorway/strategic road network	1. Poor 2. Fair 3. Strong 4. Very strong
	Business Image	Availability/marketing/adjoining land uses/road frontage visibility	
	Site Development Constraints	Environmental/ contamination/flood risk/access/ownership/pressure for alternative uses	
Strategic Planning and Sustainability	Accessibility to Public Transport	Ease of access to public transport interchange (bus and rail).	
	Enhancement of the Environment	Land type and potential to enhance the environment quality	
	Sequential Location	Regional city, town centre, urban area, out of urban area	
	Potential to address area of deprivation	Location within an area of high/low economic activity/affluent or deprived ward	

Source: Drivers Jonas

4.41 Regard has been had to good practice in setting appraisal criteria¹². The main criteria used to assess sites are listed in Table 4.3, above. A comprehensive list of criteria with a guide to explain the associated detailed indicators, is reproduced at **Appendix 5**.

Site ‘Scoring’ and ‘Ranking’

4.42 The completion of a rigorous and systematic qualitative appraisal allows allocations, non-allocations and commitments to be scored against relevant market and strategic planning and sustainability criteria.

4.43 Each separate detailed indicator has been scored with the average providing two overall rating scores for each of the sites assessed, one for market attractiveness and the other for strategic planning and sustainability.

4.44 The rating score system applied is outlined in the table below:

Description	Rating Score
Poor	1
Fair	2
Strong	3
Very Strong	4

4.45 In accordance with good practice, the scoring system used is relatively one-dimensional in approach. Firstly, it does not seek to weight scores in deriving an average. Secondly, only a four point scale has been used to prevent sites being scored as average, therefore all scores fall into either poor/fair (1/2) or strong/very strong (3/4) categories.

4.46 It is therefore important to read scores in conjunction with associated qualitative assessment commentary which summarises the key negative and positive factors identified. The completed Site Appraisal Proformas and plans for each site are included in the separate **Technical Appendix**.

¹² ODPM: Employment Land Review: Annex E – Stage 3 Site Appraisal Criteria

- 4.47 A single amalgamated score for each site is not recorded as it is important to separate out market and strategic planning and sustainability factors as these criteria are predominantly in conflict as commented upon in Section 5.0. This will aid the scenario testing of the Stage 2: Demand forecasting.
- 4.48 This qualitative exercise also enables sites to be categorised in terms of their attractiveness to the market or compliance with policy in order to test the 'real' supply against demand.
- 4.49 As agreed with the client team, individual site visits have not been undertaken as part of the qualitative assessment. The completion of the proformas and scoring has been finalised in consultation with the client team and built upon their detailed local knowledge base and understanding of the sites to give an accurate account and site description.
- 4.50 The detailed site schedules are located at **Appendix 3**.

Stage 2: Demand - Future Office Requirements

- 4.51 The ODPM guidance published in 2004 on carrying out employment land reviews indicates that such studies should take into account local intelligence on market demand for employment accommodation and land, alongside any employment forecasts available, (which it sees as being most useful at the sub-regional and regional levels) both of which can inform the potential for future demand.
- 4.52 The approach used in this study for estimating future demand covers all these aspects, and has also considered other evidence of demand, including trends in enquiries and project successes, not only at local level, but also within the North West region as a whole.
- 4.53 An overview of the current offices market is contained at Section 5.0. This draws on official statistics, as available from the DCLG; market intelligence from industry publications; interviews with local agents and developers; and feedback at the Developers' Forum event, held in May. It also draws on earlier work by GVA as part of the preparation of the Central Lancashire Economic Development Strategy.
- 4.54 Section 7.0 of the Study focuses on the remaining components of the demand analysis:
 - recent economic trends;
 - recent trends in investment, business stocks and workplaces; and
 - employment forecasts and implications for future demand.

Recent economic trends

- 4.55 Section 7.0 begins by looking back over the short, medium and longer term, to assess the trajectory of the Central Lancashire economy in recent years, with a focus on employment change, using information from the local economic forecasting modelling commissioned by Lancashire Economic Partnership in 2004/05, based mainly on Annual Business Inquiry data (Annual Employment survey/ Census of Employment for earlier years). The extent of structural changes in the economy is analysed, and the evidence for growth in those sectors driving business space is sifted.

Recent trends in investment, business stocks and workplaces

- 4.56 Recent trends in investment, business stocks and workplaces are analysed using ABI data, VAT Stocks and business formations data, and evidence

on investment trends from UKTI, NWDA, and local EDU enquiries and successes records.

Employment forecasts and implications for future demand

- 4.57 The main instrument for forward planning of offices demand has however been the preparation of office demand projections, using the employment forecasts prepared in 2005 for work on the Central Lancashire Economic Development Strategy. These forecasts showed significant expected growth in the sub-regional economy, predicated on recent trends, and expected further economic success, albeit at a rate of growth behind that of the last few years, which has been exceptional historically.
- 4.58 For the purposes of this study, the growth rates in those forecasts have been applied to the local economic structures for the three authorities, as at 2004, on a sector by sector basis for each of the districts in turn, with allowances made for self-employment, based on baseline data from the 2001 Census. As the baseline forecasts reach only as far as 2016, an assumption was made for the period 2016 to 2021, that further growth would occur at the average growth rate for the previous five years.
- 4.59 These employment forecasts have been translated into office floorspace requirements using two main devices:
 - First, a sector: land use matrix, which allocates sectoral employment change to appropriate land use classes. This is a well tried tool, which is adapted in the light of local knowledge and circumstances;
 - Second, a worker: floorspace ratio is applied to translate employment change into change in floorspace requirements, which can thus go down as well as up. The modelling allows for different densities to be applied which test the robustness of the supply against different outturn types of use of offices, from call centres, through business parks to head offices.
- 4.60 More detail on this process is contained at **Appendix 6**.
- 4.61 Section 7.0 also evaluates the robustness of the forecasts in the light of the other evidence on market and investment conditions and trends.

Stage3: Synthesis and Conclusions

- 4.62 The demand requirements identified above are a mathematical outcome of a complex econometric forecasting process, and produce a robust indicative demand of the broad level of floorspace compatible with best estimates of projected employment growth.
- 4.63 Stage 3 of the study assesses the offices supply against this quantitative requirement, then reviews this assessment in the light of qualitative factors, including: the quantity (and quality) of vacant offices stock; the extent of existing 'hard' planning commitments; the deliverability and attractiveness of sites allocated for offices development; the environmental, regeneration, and sustainability qualities of these sites.
- 4.64 This is done by testing the fit of supply and demand under a series of scenarios, which use the site appraisal scores to allow or disallow the inclusion of specific sites. The scenarios are described in more detail in Section 8.0, and the results presented and discussed.
- 4.65 Following this Synthesis of the results, the Section draws together the main findings of the study, and finally considers the policy implications, in the light of the current and emerging policy context at local, regional and national level, and local objectives, such as establishing a Preston CBD.

5. Market Perspective

5.1 The following chapters deal with the quantity and quality of supply, forecasting demand and the synthesis between them. This section, however, provides an overview of the market trends and demands and are based on the following:

- discussions with local commercial agents, including enquiries and general view of the market;
- review and interrogation of commercial database such as EGi and Focus etc; and
- discussions with local developers.

5.2 This section is based upon the ‘perceptions’ of the market only and not seek to express the views of the client team.

5.3 Normal reporting convention when discussing property is to provide all figures as metric with imperial figures following in brackets. This is despite market practice of still operating on the imperial system, quoting, letting and selling space on a price per sq ft basis. The only property sector that operates using metric measurements is business rates. To avoid repetition of numbers herein, we will adopt a reporting method of using only imperial measurements and prices in this section – this reflects current market practice.

General Office Market Overview

Location

5.4 It is recognised that the majority of office development has been and is firmly established in business park locations or at the docks on the edge of Preston City Centre.

5.5 The City Centre in Preston is characterised by secondary offices circa 1960s/70s/80s and a lack of new stock and parking provision. The limited specifications of the stock means much is not meeting the demands of modern office occupiers and remains vacant in the market. However, Preston always has been and still is the main driver for growth and location for business. As viewed by an Agent:

“Not to underplay the importance of Preston City Centre as a key location, but it does need to re-invent itself”.

5.6 Attempts to improve the quality of the Preston City Centre stock have proved problematic, to date, as redevelopment requires assembling sites with several ownerships. However, Preston City Council is proposing a state of the art commercial district to complement the Grosvenor Estates’ proposed retail and leisure-led Tithebarn regeneration scheme, which in itself seeks to include 9,300sq.m of modern office supply.

5.7 The centres of Chorley and Leyland are also dominated by old stock with all modern offices located in business parks. Within South Ribble, Leyland, the majority of employment development has been focused on industrial, with office developments going closer towards Preston.

Strengths and Weaknesses of Market

5.8 The strengths of the CLC market can be summarised as:

- recognised growth, historically, and potential to grow further;

- diverse range of labour in manufacturing/docklands, white collar and students;
- excellent communication links by road and rail;
- close associations with Greater Manchester and Merseyside; and
- access to the countryside (a pleasant area to live).

5.9 The City Region’s potential is being curtailed by weaknesses in the market:

- lack of available stock which meets DDA regulations;
- lack of car parking in city centre locations;
- traffic congestion;
- difficult to travel within CLC by public transport;
- industrial legacy leading to contamination on brownfield sites; and
- Chorley and South Ribble perceived as wanting to maintain independence.

5.10 The shortage of DDA compliant premises coupled with the cost and lack of car parking spaces is the most common deal breaker in Preston City Centre, as summed up by an Agent stating:

“Brave to develop in Preston City Centre due to the costs involved and car parking issues”.

5.11 The car parking problem has reached a situation where car parking spaces are being sold up to £1,000 each. A key reason that out of town business parks, e.g. Ackhurst Park, have been so successful is the provision of ample on site car parking included within the rental value.

5.12 Traffic congestion, particularly within Preston, has also had an adverse impact upon economic growth and development potential. For example, an existing city centre tenant is seeking to relocate outside of the city centre due to the traffic congestion.

Rents

5.13 The achievable rents of older stock, at £10-£11 per sq ft in Preston City Centre, are substantially lower than the out of town/business park headline level of around £14.50 per sq ft. There is little or no comparable modern stock available in the city centre at present.

5.14 Table 5.1 below summarises the current market rents across CLC. It is clear that Preston City Centre is under achieving its potential due to outdated stock, but agents consider new quality space would at least match business park rents.

Table 5.1 – Rents £ per sq. ft

	Preston City Centre	Standard Dated Stock		Business Parks
	Car Parking	Min	Max	Car parking included
CLC	£500-£1,000	£7/£8	£9/£11	£12/£14.50
	Developers expect to pay per space in the City Centre	Not DDA compliant with little or no car parking provision		Ackhurst Park and Matrix achieved higher and values.

Source: Discussions with agents based in Chorley and Preston

Overview

5.15 Preston City Centre is losing its traditional office occupiers in the private sector to business parks and has not filled the stock void which is still available. The market has not yet found a new niche to compensate for

this loss, albeit there have been some moves forward which have met with limited success.

- The owners of Buckingham House have been investigating a change of use for a hotel use instead of offices.
- Lowthian House, located in Preston City Centre on the Ringway, has undergone a comprehensive internal and external refurbishment to create an open plan office. The premises are now fully DDA compliant with air conditioning and 26 car parking spaces on-site by way of separate licence. The property has been on the market for 2 months seeking rents of £11.50 per sq.ft with car parking in addition.
- Many offices have been let to the training sector, which seek locations in key centres for the labour pool and communication links and are not reliant on car access. Leyland has also seen re-investment in the training sector for office use. Although a focus on attracting training companies has been underway since 1997/98 it has not had sufficient impact to fill the stock voids. Training companies that have moved into older city centre premises include: Age Concern, Learning Direct and Preston College.

5.16 All the Agents interviewed as part of this Study agreed that a Preston CBD would be welcomed and the market potentially had the ability to accommodate an increase in office provision in the city centre. The demand is perceived as likely to be for new business start-ups and to accommodate growth of existing companies to ensure they are retained in the area, rather than to accommodate major new inward investment.

Market take-up

5.17 There are no official sources for market take-up. Information used in this report has come from records supplied by economic development units, the Estates Gazette database of office deals, and other sources of 'soft' intelligence. It must be acknowledged that the sum of these sources represents only an imperfect window on the operation of local markets.

Table 5.2 Market Take-up In Central Lancashire, 2001 - 2006

	Jun01-Jun02	Jun02-Jun03	Jun03-Jun04	Jun04-Jun05	Jun05-Jun06
Preston	21,600	20,700	6,900	76,300	124,500
Chorley	0	13,000	7,800	2,900	9,000
Leyland	0	0	0	3,300	6,400

Source: Estates Gazette, EGI Database

5.18 The picture shown is dominated by the Preston market, which, as the largest, would be expected to reveal most activity. However, the extent of this over the last two years clearly owes more to factors other than this. The largest recorded letting was of 95,600 sq m of accommodation at Fulwood Park in 2005 to an unnamed occupant. Apart from this, just three deals of more than 10,000 sq ft were reported, and just four further deals of more than 5,000 sq ft. In Chorley and South Ribble combined, only one deal of more than 5,000 sq ft was recorded.

5.19 A recent feature on the area's offices market suggested that market take-up in Preston last year (2005) was around 140,000 sq ft – a rise of about 15% on the previous year. The same article reveals that Barret Commercial have already sold five of eight emerging units at Matrix Park, comprising 32,000 sq ft, to local companies and a public sector organisation. The

relative availability of new-build stock in such locations contrasts with a relative paucity of such space in the city centre:

“A lack of new stock and parking space characterises the city centre”, and “the limited specifications of the stock means that much is sticking in the market.” Local agents quoted in Estates Gazette, 19th April 2006.

5.20 This highlights some of the difficulties in establishing a city centre market in Preston, while so much capacity exists in the approved pipeline for developments in business parks around the periphery, a position summarised in the same article by another local agent:

“The fact is that the office market is firmly entrenched out of town and in the docks” Estates Gazette, 19th April 2006.

5.21 Market take-up in Chorley and South Ribble over the last 5 years was at much lower levels, less than 30,000 sq ft in Chorley, and less than 10,000 sq ft in South Ribble.

5.22 The agents contacted considered that in CLC there is a strong current demand in the market with a number of healthy enquiries, however this demand cannot be satisfied as there is not sufficient developed stock available. Many enquiries are for non-advertised space such as Ackhurst Park or Walton Summit where the market is demanding offices but none are available.

5.23 Where new developments, especially business parks, have come to the market they have been let “almost as quickly as they’ve been built” and there is perceived to be a current need for more business park type speculative development to come onto the market.

5.24 From the agent’s enquiries it appears that 90% of the demand is local, with companies moving out of Preston City Centre as there is not sufficient stock to meet their needs. This movement comprises a mix of Quangos, public and professional services.

5.25 Further key drivers of demand have been new start ups, call centres for mobile phone companies, financial services and recruitment agencies, who all prefer to be in Preston for the labour force, but have been unable to find stock suitable to meet their needs.

5.26 The supply is currently skewed to either outdated City Centre stock or modern business parks, whereas the market is seen as requiring a mix of business parks and modern City Centre office accommodation.

5.27 As an aside, the agents interviewed felt there was more of a frustrated demand for industrial premises than offices, particularly for South Ribble.

Summary

5.28 The out of town business parks are currently leading the market, command the highest rents, enjoy the best layout and have integrated car parking. There is currently a market perception of a shortage of supply of available and developable land to bring new offices to the market and offer a product, especially with the town/city centres.

5.29 The emphasis is currently focused on meeting this demand through more business parks, close to motorway junctions, given the constraints of the transportation infrastructure and lack of suitable stock currently available in the City Centre.