Report to: Strategic Planning Committee

Date of Meeting 14th February 2023

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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**Greater Exeter Economic Development Needs Assessment**

**Report summary:**

This report advises of the Greater Exeter Economic Development Needs Assessment January 2023 report by the consultants Hardisty Jones into future employment needs in the District.

**Is the proposed decision in accordance with:**

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

**Recommendation:**

1. **That Strategic Planning Committee note the Greater Exeter Economic Development Needs Assessment January 2023 report and agree its use as evidence for the purposes of the new Local Plan and other spatial plan making, for development management, and in support of achieving East Devon District Council's corporate objectives;**
2. **That Members note the issue of displacement of employment uses within Exeter arising from their recently consulted on draft local Plan and the further work that is needed to fully understand and discuss this with the partner authorities as well as the further work referred to in Section 4 of the report to more fully understand Economic Development issues in East Devon.**
3. **That Strategic Planning Committee recommend that the Greater Exeter Economic Development Needs Assessment January 2023 report be published on the council's website as part of the new Local Plan evidence base.**

**Reason for recommendation:**

To advise members of receipt of the consultants' work, to allow them to review the full report content, and to enable timely availability and use of the report as evidence.

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Portfolio(s) (check which apply):

☐ Climate Action

☐ Corporate Services and COVID-19 Response and Recovery

☐ Democracy and Transparency

☐ Economy and Assets
☐ Coast, Country and Environment
☐ Finance
☒ Strategic Planning
☐ Sustainable Homes and Communities

**Equalities impact** Low Impact

**Climate change** High Impact

**Risk:** Low Risk;

**Links to background information**
Greater Exeter Economic Development Needs Assessment Hardisty Jones Associates Final Report;
Greater Exeter Economic Development Needs Assessment JLL Final Report

**Link to Council Plan:**

Priorities (check which apply)

☐ Better homes and communities for all
☐ A greener East Devon
☒ A resilient economy

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## 1 Introduction

1.1 In 2021 this council, working collaboratively with Exeter City, Mid Devon District and Teignbridge District Councils, produced a consultants' brief for undertaking an update to a previous assessment into future employment needs for the Greater Exeter market area, broken down to assess the level of need for each of the four districts. The consultancy firm Hardisty Jones were appointed to undertake this work as they undertook the original Economic Development Needs Assessment (EDNA) in 2016 for the four districts as part of the then Greater Exeter Strategic Plan evidence base. This work was initially proposed for 2018 and was not intended to be a full repeat of the study, but rather to update areas that might have changed over that period. In addition to this work assessing likely employment needs, a market overview and assessment of potential supply has been provided as an appendix, by JLL property consultants.

1.2 Joint commissioning has been an efficient way to procure evidence, and ensure evidential consistency across the four districts in the Greater Exeter functional economic market area. Collaborative working also demonstrated a positive approach towards the Duty to Cooperate. Preparation of the EDNA included consultations with planning officers and economic development officers from the four authorities.

1.3 Although commissioned jointly by the four councils, it should be noted that in addition to the overall findings relating to the Greater Exeter Market Area, each council has its

own separate section of the report. This council therefore only considers noting the East Devon District report as evidence, not all four District reports.

1.3 In the case of this district, if noted as evidence, the EDNA will underpin our economic evidence base. Other evidence will add further sector-specific and site specific detail and further quantify the amount of provision that is needed.

1.4 The EDNA report enables the council to ensure that there is evidence on employment need that is up to date in accordance with the latest Government planning policy and practice guidance, and has been informed by available information.

## 2 Key EDNA findings

2.1 The report opens with an executive summary that provides a brief overview of key conclusions from the work, though for a more complete picture the report should be read in its entirety.

2.2 In line with the National Planning Policy Framework and the Planning Practice Guidance the focus of the EDNA report is on quantifying and justifying the economic development need for East Devon. Through the Local Plan the Council then needs to allocate enough employment land to meet the forecast demand over the 20 year plan period and support the delivery of allocated sites to ensure sufficient supply of suitable premises over the period. Members should be aware that there is an historic, and ongoing, issue with the delivery of suitable sites in the District despite sufficient land being allocated to meet previously identified demand. This is discussed later in the report.

2.3 The main body of the EDNA explains the methodology and assesses employment change, need arising from this change and likely demand for floorspace/sites in key employment sectors as a result. It also looks at the potential availability of sites to meet this need. This focuses on the Greater Exeter market area with detailed assessments being undertaken for each District in the appendices. The section relating to East Devon is appended to this report but should be read in the context of the whole report. In summary, the key conclusions which are particularly relevant to the emerging Local Plan are listed below:

### Economic context

2.4 Greater Exeter is a growing area which has seen population, Gross Value Added and employment growth rates above the regional and national comparators. The working age population is also growing, and aside from Mid Devon, the population is better qualified than the national and regional populations.

2.5 East Devon accounts for approximately 20% of employment and GVA across Greater Exeter and employment growth rates are the highest of the local authority areas in Greater Exeter. A large proportion of this growth is concentrated in the West End of the district. Provision of B8 use class land should be prioritised to support growth in the Transport & Storage sector.

### Demand for employment sites and premises

## Economic forecasts

2.6 Economic forecasts for each district in Greater Exeter have been purchased from Cambridge Econometrics (CE) and Experian. These forecasts have been aggregated to find total employment growth for Greater Exeter. Both forecasters suggest similar levels of employment growth to 2040 and both take account of the impact of Covid-19, but there is still some uncertainty about the long-term effect of this on the economy. These forecasts are considered to provide a baseline to test different growth scenarios against. In order to develop a robust evidence base, the local authorities selected four scenarios to take forward for employment land modelling purposes:

- *A 'Minimum' scenario which is based on selecting the lowest employment growth in each sector regardless of which baseline forecast this is.*

- *A 'Mid-point' scenario which takes the mid-point between the Cambridge Econometrics and Experian forecasts for every sector.*

- *A 'Clean growth' scenario which applies an uplift on the mid-point scenario to employment growth in the Information & Communication and Professional, Scientific & Technical Activities sectors. This is based on discussion with the 4 local authorities, and the review of local policies which indicate a desire to drive economic growth whilst also achieving net-zero carbon targets.*

- *A 'Maximum+' scenario, which is based on selecting the baseline forecast with the highest growth for each sector, plus accounting for the uplift in the clean growth scenario.*

Across each of these scenarios a 'Homeworking+' adjustment has been applied to the office requirements to take into account the latent impact of the Covid-19 pandemic on working practices. This adjustment reduces the office requirement by 10% of the existing (2021) stock, but does not affect employment in the sectors with greater homeworking.

## Additional Jobs

2.7 This figure shows the change in employment (no of full time equivalent jobs) in East Devon, under each of the four scenarios over the Local Plan period 2020-2040

| Scenario | Minimum | Mid-Point | Clean Growth | Maximum + |
|---|---|---|---|---|
| No of jobs | 3200 | 8400 | 9400 | 13700 |

The main report explains the sectoral changes that are predicted to occur. The greatest decline in employment is anticipated to take place in the manufacturing sector, although CE also predict a significant decline in retail trade whilst Experian predict a growth in that sector. Overall a reasonable level of growth is anticipated in most sectors, with construction and food and accommodation performing particularly strongly.

## Requirements for Sites and Premises

2.8 In calculating the additional land which may be required to accommodate the additional jobs, a staged approach was undertaken:

- Firstly, the projected growth and decline of employment in particular sectors was converted to Planning Use Classes. This provides an indication of the spread of future employment change across the full range of Planning Use Classes and none. From that point onward the focus is on employment land Use Classes E(g), B2, and B8. The net employment changes in the E(g), B2, and B8 Use Classes are then converted to property and land requirements using employment and development density assumptions.

- Secondly, consideration was given to wider market factors, particularly the need to recognise the churn in the economy and the associated need to replace and upgrade buildings. This demand can be driven by existing companies needing more/less space, a different location, or a different type of premises. It can also be driven by new companies in the market, which may not find the right type of property available in the right location within the market. As a result, whilst a sector may see overall employment decline (although this still applies to growing sectors too), there are changes beneath the surface that continue to drive demand for sites and premises. This can be a particular issue where existing stock is ageing or where vacant sites are no longer in the locations that are suitable to modern occupiers. This also ensures provision is made for replacing sites that might be lost to other uses. This stage of the assessment also builds in an allowance for choice and flexibility, taking account of offering location choice as well as choice in terms of the type of property and setting.

- In addition to these considerations, Planning Practice Guidance requires special consideration of the needs of the logistics sector, because of its role in the economy and distinctive locational requirements. This should include provision of premises for 'last mile' distribution as well as national and regional logistics sites. There is a significant amount of evidence of recent growth in demand for logistics sites and premises, and that demand is greater than supply throughout the UK and in the South West, although there is no quantitative figure for forecast future logistics demand in the Greater Exeter area. JLL estimates that 80% of the current industrial demand in East Devon is generated by logistics businesses and most of this logistics demand will be concentrated in the West End of East Devon.

### Offices

2.8 Total estimated future sites and premises requirements including 'Homeworking+' adjustment (offices) - all scenarios 2020 to 2040 are:

| | Minimum | Mid-point | Clean Growth | Maximum+ |
|---|---|---|---|---|
| **Total Requirement (sqm)** | **16,000** | **31,000** | **39,000** | **46,000** |
| **Average Annual Requirement (sqm)** | **800** | **1,500** | **2,000** | **2,300** |
| | | | | |
| **Total Land Requirement (ha)** | **2 - 4** | **3 - 8** | **4 - 10** | **5 - 12** |
| **Average Annual Land Requirement (ha)** | **0.1 - 0.2** | **0.2 - 0.4** | **0.2 – 0.5** | **0.2 – 0.6** |

Industrial

2.9 Total estimated future sites and premises requirements in East Devon (industrial) 2020 to 2040 are:

| | Minimum | Mid-point | Clean Growth | Maximum+ |
|---|---|---|---|---|
| **Total Requirement (sqm)** | **228,000** | **241,000** | **243,000** | **255,000** |
| **Average Annual Requirement (sqm)** | **11,400** | **12,100** | **12,200** | **12,700** |
| | | | | |
| **Total Land Requirement (ha)** | **57 - 65** | **60 – 69** | **61 – 69** | **64 -73** |
| **Average Annual Land Requirement (ha)** | **2.9 – 3.3** | **3.0 – 3.5** | **3.0 – 3.5** | **3.2 – 3.6** |

Logistics

2.10 HJA have calculated a Mid-Point scenario demand for between 80 ha and 92 ha of land for logistics (as part of a total Mid-Point demand for between 202 ha and 231 ha for all industrial uses). Based on its local market experience, JLL has estimated annual demand (mostly concentrated in the West End of East Devon) for between 3 ha and 5 ha of land for logistics in Greater Exeter. If sustained over a 20 year period, this would amount to between 60 ha and 100 ha of employment land for logistics.

2.11 Comparing these two estimates of demand for employment land for logistics businesses in Greater Exeter over the period from 2020 to 2040, there is overlap between the two. The upper end of JLL's estimate (extrapolated over 20 years) is slightly higher than the upper end of the range suggested by the main forecasting exercise, by 8 ha over 20 years. Therefore, demand for an additional 8 ha, above the current forecast industrial demand, could be considered in Greater Exeter.

**Overall Requirements in East Devon**

2.12 For simplicity Mid-Point total land requirements are set out in the table below. These mid-point figures closely align to the clean-growth scenario figures which take account of the proposed strategy in the emerging Local Plan.

| | Future sites and premises requirement (ha) |
|---|---|
| **Offices (Homeworking+)** | **3-8**<br>nb this increases to 4-10 if the homeworking allowance is not applied |
| **Industrial** | **60-69** |
| **Logistics** | **8**<br>nb the requirement was calculated for the GE area although most demand is identified in East Devon |

Demand for Sites and Premises

2.13 The last section of the report comprises a market review and a high level review of available sites in each District, undertaken by JLL on behalf of Hardisty Jones. A quantitative assessment has then considered the fit between supply and demand.

2.14 East Devon contains approximately 447,000 sq m of employment space, with industrial stock comprising 85% of this total. The employment floor space is focused around Exeter Airport (the Exeter and East Devon Growth Area), along the A3052 corridor (Hill Barton and Greendale), and within the key towns such as Exmouth and Honiton. In addition to these areas, there are also numerous small business premises in the smaller towns and in the countryside. The West End of East Devon is the most popular location within Greater Exeter for industrial occupiers. This is due to its accessibility to the regional road network and the availability of both serviced land and good quality second-hand options. It is evident that there is a large quantity of unsatisfied demand. JLL anticipates that the larger sites around the airport will experience good levels of take-up due to strong demand. It is important that the next tier of medium-term supply is identified and brought forward.

2.15 The revival of the former Aviva HQ at Winslade Park has skewed the office market take-up in the District. Historically, office occupiers have focused on established business parks or new-build opportunities west of the motorway in Exeter. Exacerbated by the pandemic, JLL does not envisage significant levels of office demand in East Devon. Take-up in Exeter is on average five times more than East Devon, which indicates the relative scale.

Demand

2.16 Known demand for industrial premises is significantly higher in East Devon than the other three Districts in the Greater Exeter area. This demand is particularly focused on the West End. It is estimated that 80% of the industrial demand is from businesses in Distribution and Logistics, with the remainder from Manufacturing and R&D. Rents have grown over 6% in the past year which is double the average annual change in the past decade. Known demand for office space is low, with occupiers preferring to locate in Exeter or on established business parks. The recently refurbished Winslade Park has seen rental rates far higher than that across the majority of the District, and reflect those seen in Exeter.

Supply

2.17 There is currently 2,100 sq m of employment space under construction in the District, which is the lowest amount in three years. The delivery of 17,000 sq m of employment space over the past three years represents an expansion of 4.4% of the total stock. The assessment considered available units, above 185 sq m, and found that at the time of the review there is 4,900 sq m of industrial space available in East Devon; and 11,900 sq m of office space. The report acknowledges that there are rural workshops and converted farm buildings within the district that currently provide employment space and these have not been assessed as most of that floor space is sub-standard, below the 185sqm threshold and unsuitable for the bulk of employment demand but they offer valuable job opportunities.

2.18 Relative to the scale of the total built stock, there is a very low amount of supply. In particular there are no larger industrial buildings close to the airport, and a limited supply of small to medium sized office properties, although the Winslade Park buildings can be sub-divided into smaller suites if viable. The office space at Airport House and Winslade Park offer some of the largest options in the Greater Exeter area.

**Total Land Available**

2.19 In total, 17 sites that are consented, allocated, or could be brought forward for employment development were identified by JLL (and can be viewed in the EDNA report). This amounts to 106.21 hectares of employment land in East Devon.

| | ha |
|---|---|
| **Total potential supply** | **106** |
| Suitable for offices | 16 – 41 |
| Suitable for offices (potentially deliverable in the short term) | 16 – 41 |
| Suitable for industrial | 65 – 90 |
| Suitable for industrial (potentially deliverable in the short term) | 39 - 64 |

Of this total land supply, the majority (81.95 hectares) may be deliverable in the short term (within three years) provided barriers such as landowner willingness and high infrastructure costs can be satisfactorily overcome (although it should be noted that, to date, some of these sites have been allocated in Local Plans for many years and have yet to be delivered). Further, detailed, assessment work will be undertaken by the District Council and the status, and therefore quantum of supply, may be revised in light of this. Within the district it is important that new opportunities continue to be identified that suit logistics and industrial use, to match the healthy levels of demand and undersupply in other districts.

## 3. Other Considerations

3.1 A number of employment allocations in the adopted Local Plan are very longstanding and have not been developed despite being identified for many years. As allocations, some of these sites are identified in the EDNA as potentially being available in the short term, but further work is required to understand the barriers to their delivery and why they have not come forward already despite clear policy support. Possible reasons could include landowner intention, infrastructure cost, title restrictions and land values. If these sites are not likely to be developed in the short term then, if need is to be met, alternative, additional sites will need to be identified.

3.2 In terms of additional employment land supply, a small number of potential employment sites were submitted in response to the two calls for sites undertaken as part of the emerging East Devon Local Plan. Further analysis is required, but an initial consideration of the sites suggests that there is very limited potential for allocations to meet the need already identified for East Devon. This situation is exacerbated if sufficient land is to be allocated to offer businesses a choice of premises.

3.2 There is also a potential pressure to identify further land to meet Exeter's employment need. In the introductory summary to the EDNA the consultants state "**East Devon** appears to have a sufficient amount of employment land which is consented, allocated, or suitable for development to meet the demand generated between 2020 and 2040 within the District. However, some of the sites may have barriers to their delivery, and the District Council needs to work with landowners and promoters to understand and potentially help to overcome these. *East Devon should also consider how to accommodate some of the forecast future demand driven by the economy of the City of Exeter, which may require further site allocations". (Italics are our emphasis)*

3.2 This point is expanded in the subsequent paragraph specifically relating to Exeter. "The **City of Exeter** is the main office location in Greater Exeter. However, it has insufficient employment land to meet its forecast demand for both offices and industrial development between 2020 and 2040. Delivery should be encouraged on all currently identified sites and conversion of redundant retail units should be considered. There is limited scope for more employment land in the city, above that already identified, so some of the demand for employment land stimulated by the city's economy will need to be accommodated in its hinterland, in adjoining local authority areas. The Liveable Exeter initiative sets out proposals to replace some industrial sites with mixed-use development, including residential as well as employment space. This, along with the lack of potential employment sites emphasises the need to accommodate new employment development in its hinterland."

3.3 The Exeter Plan is being developed at a similar timescale to our Local Plan and a number of Policies were consulted upon before Christmas. In response to the Exeter Policy EJ2:Retention of employment land, this Council suggested that the policy was not sufficiently robust in protecting jobs and employment sites, especially where existing employment sites are to be allocated for housing and mixed use development. Some existing employment sites are allocated for housing and mixed use development under Policy H2 allowing the loss of employment land to some, or perhaps substantial levels, of non-job uses without clearly referencing where or how commensurate new job provision, especially of the job types that might be lost, will be accommodated. To illustrate this with just one (big) example, Marsh Barton supports a significant number of businesses and jobs and many of these are of a nature that do

not typically sit comfortably alongside residential uses. So it would be difficult to integrate some existing businesses and job types into redevelopment schemes.

3.4 There are clear cross-boundary issues arising from the Exeter Plan proposals, noting two in particular:

1. Employment sites in Exeter provide jobs for people that commute from outside of the city into the city for work purposes; and
2. If jobs and business premises are lost as a result of development under Policy H2 then we would expect to see the need for relocations and allied to this provision of additional land to accommodate any net new jobs.

3.5 In EDDC's response to the Exeter Plan, it was recommended that the City Council should undertake more detailed assessment of the implications of the proposed housing sites in the plan in respect of impacts on employment. The main evidence supporting the employment proposals of the Exeter Plan is the Exeter Employment Study acknowledges that there is insufficient employment land supply in Exeter to meet the city's current and future demand (a deficit of up to 71 hectares of land based on accommodating a forecast of up to 21,000 new jobs to 2040). The employment study suggests that once sites in East Devon (and Teignbridge) are factored into the supply forecast, Exeter's demand can be accommodated. Not only have sites beyond the city boundary not been discussed with the local authorities but the Exeter Employment Study does not appear to factor into its analysis the demands on East Devon sites that may be generated from East Devon generated growth and development. In particular we would highlight potential East Devon specific trajectories for employment growth and the demands that these may place on employment land. It is essential that potential double counting is avoided – sites in the West End of the District cannot simultaneously meet both Exeter's and East Devon's future strategic requirements.

3.6 From our assessment it would appear that the Exeter Employment Study indicates a need (the net amount which can't be met within the city) at up to 71 hectares of land if the higher levels job forecasts are to be realised (less so, of course, if lower level forecasts occur). Some estimate that in reality this could be much higher if we look simply at the land take of the existing employment uses that would be displaced accepting that new employment spaces may be built as part of the liveable Exeter programme but these may not meet the needs of the existing uses on the site affected. Our reading is that there is more than an implied assumption that at least some will be accommodated outside of the city.

3.7 This is a very significant cross boundary issue that will need to be addressed with Exeter and the other neighbouring authorities. Members will be aware that work on the local plan is struggling to find sufficient appropriate sites to meet the needs of the district and so accommodating employment uses displaced by the Exeter Local Plan would be very problematic. Equally many residents of East Devon commuting into the city for work potentially to jobs at businesses which would appear to be displaced by the strategy being promoted by the city. There could be very significant economic

implications for the district if these businesses cannot be suitably relocated within the local area. Alternatively Exeter may need to reconsider their strategy. Further work is needed to understand the exact extent of displacement as a result of the Liveable Exeter programme and its implications. Members will be kept advised of progress and implications for the East Devon Local Plan.

## 4. Further Work

4.1 Aside from the further work referred to above it should be noted that the EDNA is not considered to be the total sum of all economic needs evidence needed for the new Local Plan. A number of meetings have been held with the Economic Development Team who were heavily involved in the early stages of work on the EDNA and have identified some issues that will need to be addressed.

4.2 The Economic Development Team raised substantive concerns in relation to a draft of the EDNA. In particular some of the conclusions regarding the economic needs do not align with their thinking and they would have liked to have seen more engagement with developers particularly within the logistics sector. There were also expectations that the issues identified above with the potential displacement of businesses within Exeter would be addressed more fully by the work. Although the points raised by the Economic Development Team are understood in many cases the brief for the work did not address the issues raised. This was also a joint commission with Exeter, Teignbridge and Mid-Devon Councils and so changes to the brief to address specific East Devon only issues would have been problematic. As a result these need to be picked up separately. There has not been an opportunity to seek further input/comment from Economic Development in relation to this final version. It was submitted shortly before reports needed to be submitted for this agenda and was urgently needed for consultation on the Teignbridge Local Plan. However the requirements of the brief for the EDNA have been satisfactorily met.

4.2 In order to address the remaining issues highlighted by the Economic Development Team it is proposed to carry out further work to supplement the EDNA. This would be likely to look in greater detail at the needs of key sectors within the district and explore in more detail the delivery of the currently allocated employment sites and their delivery constraints. The findings of this further work will be reported to Members in due course.

## 5. Making use of the consultants' report

5.1 The NPPF and planning practice guidance requires the production of a relevant, up to date, robust and proportionate Employment Need Assessment evidence and this evidence should be used to justify relevant policies in the local plan. It is therefore essential that the council's plan-making is underpinned by such evidence.

5.2 The purpose of commissioning the consultants' EDNA 2023 report is to provide the essential evidence to help inform the preparation of the new East Devon local plan, particularly relevant policies. It would also provide an evidence base to inform

development management as well as wider council work and activities related to provision and management of housing.

5.3 The EDNA is not a policy document. It is a jointly commissioned technical report, produced by consultants working with Officers. It is considered that the report meets the project brief, and is consistent with the NPPF and PPG regarding Local Plan evidence. The report can therefore be technically signed off.

## 6. Next steps

6.1 Subject to Committee recommending agreeing the use of the EDNA report for plan-making evidence, Committee are also requested to recommend that the report will then be published as part of the new Local Plan's evidence base. Clearly we did not have the final version in time for the recent draft plan consultation but regard was had to the emerging EDNA in producing the consultation document.

6.2 The EDNA will also shape plan making. It provides evidence relevant to the Local Plan and was produced in accordance with the requirements of the most recent NPPF and associated PPG. The evidence is robust, proportionate and up to date, to support plan-making. The report indicates a range of scenarios that the Council could consider when preparing the Local Plan and suggests a mid-range figure which could be used as a starting point in plan making.

6.3 Use of evidence is integral to the decisions which the council makes when shaping Local Plan policy content. To support this process, work has been undertaken in-house to understand the implications of the consultants' report, and to inform the recommended use of this evidence for plan making. As mentioned in section 4 further work is needed. When complete the evidence will shape policy options and help to justify which options to recommend be included or not included in the plan.

6.4 Policy options resulting from use of the EDNA 2023 evidence will be set out in a future report to this Committee on the new Local Plan. Any recommendations for draft policies will be subject to Committee recommending agreeing the use of the EDNA 2023 evidence for plan-making. This would include policies on meeting employment need; the total employment requirement and site allocations.

**Financial Implications**

There are no specific financial implications regarding the councils finances on which to comment.

**Legal Implications**

There are no legal implications other than as set out in the report.

# Appendix One – East Devon Specific EDNA Findings

# To be read in conjunction with the main EDNA report

- **The following Appendix sets out the results of the analysis in Chapters 4 – 6 inclusive for East Devon.**

## Baseline Forecasts

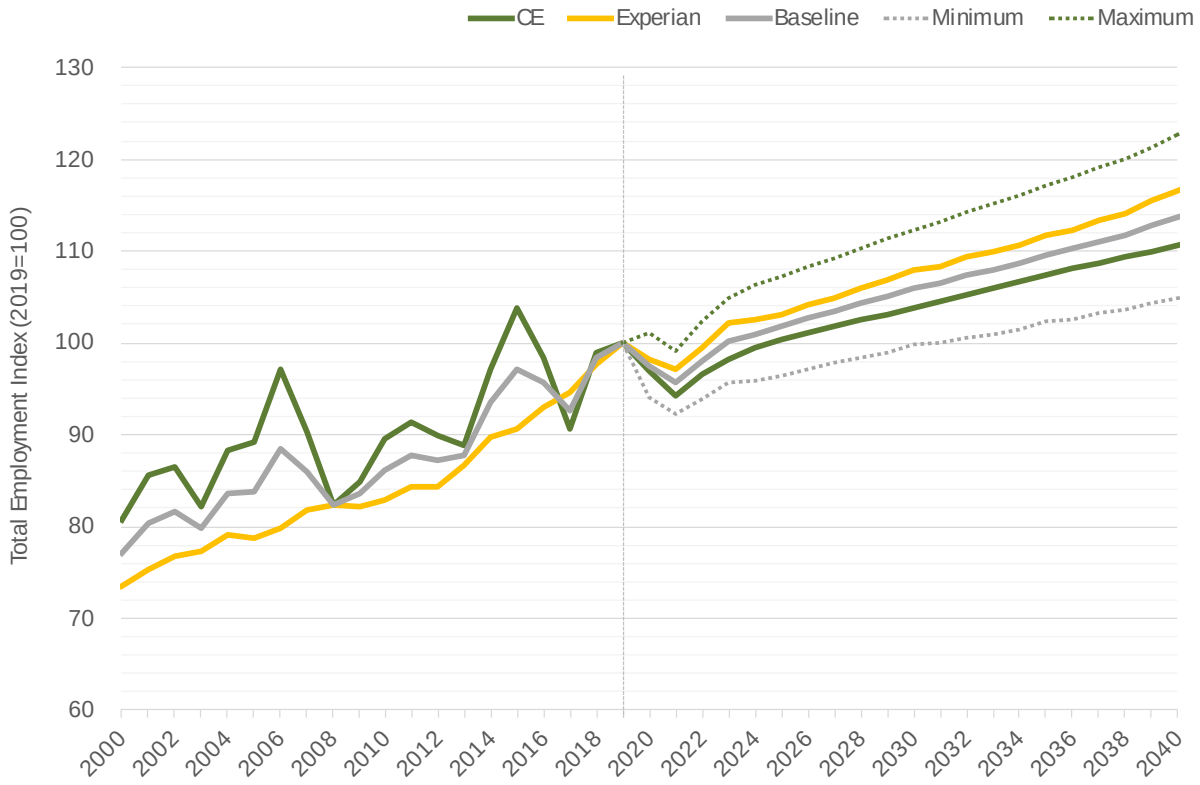
- **The figures below set out the baseline forecasts for the local authority area.**

Total Employment

- **CE is forecasting employment growth of +6,800 jobs over the period 2019 – 2040, with Experian forecasting employment growth of +10,900 over the same period. These equate to growth of +320 jobs and +520 jobs per annum respectively. Using these annual growth rates, jobs growth over the Plan period (2020 – 2040) is forecast at +6,500 in CE forecasts and +10,400 in Experian forecasts.**

- **The minimum forecasts shows jobs growth of +2,400 over the Plan period, whilst the maximum forecasts has jobs growth of +6,900.**

Figure **Error! No text of specified style in document.**.1: Historic and Forecast Employment Change, index (2019=100)




**Source: HJA based on Cambridge Econometrics and Experian forecasts**

Employment by Sector

- **Employment forecasts by sector are shown in the figure below.**

Figure Error! No text of specified style in document. .2: Employment Change by Sector 2020 - 2040


**Source: HJA based on Cambridge Econometrics and Experian forecasts**

- **There is a notable difference in the forecasts for the *Professional, Scientific & Technical* sector for East Devon compared to the forecast growth in this sector in Greater Exeter. CE forecasts a small decline in employment in the sector and Experian forecasting a reasonable level of growth.**

Gross Value Added

- **The figure below shows forecast GVA for the local authority area. Overall, these forecasts are in-line with the Greater Exeter forecasts.**

Figure **Error! No text of specified style in document.**.3: Historic and Forecast GVA Change, index (2019=100)


**Source: HJA based on Cambridge Econometrics and Experian forecasts**

## Demand for Employment Sites and Premises

Use Class Conversion Matrix

- **The Use Class conversion matrix used to convert employment to Use Classes is set out on the following page.**

Figure Error! No text of specified style in document..4: East Devon SIC Use-Class Matrix

| | B2 | B8 | C1 | C2 | C2a | E(a) | E(b) | E(c)(I) | E(c)(II) | E(c)(III) | E(d) | EI | E(f) | E(g)(I) | E(g)(II) | E(g)(III) | F1(a) | F1(b) | F1(c) | F1(d)I(e) | F1(f) | F1(g) | F2(a) | F2(b) | F2(c) | F2(d) | SG | None + Homeworking | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AB: Primary Industries | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 100% |
| C: Manufacturing | 81% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 17% |
| DE: Utilities | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 57% | 43% |
| F: Construction | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 4% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 96% |
| G (part): Wholesale | 0% | 55% | 0% | 0% | 0% | 2% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 30% | 12% |
| G (part): Retail | 0% | 1% | 0% | 0% | 0% | 85% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 2% | 12% |
| H: Transportation and storage | 0% | 20% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 14% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 1% | 65% |
| I: Accommodation and food services | 0% | 0% | 22% | 0% | 0% | 6% | 24% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 14% | 34% |
| J: Information and communication | 0% | 9% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 50% | 3% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 38% |
| K: Financial and insurance activities | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 33% | 0% | 0% | 0% | 0% | 0% | 48% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 19% |
| L: Real estate activities | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 19% | 0% | 0% | 0% | 0% | 60% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 21% |
| M: Professional, scientific and technical activities | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 2% | 0% | 0% | 0% | 0% | 57% | 5% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 8% | 28% |
| N: Administrative and support service activities | 0% | 0% | 0% | 1% | 0% | 3% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 32% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 10% | 51% |
| O: Public administration and defence | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 49% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 36% | 0% | 0% | 0% | 0% | 0% | 15% |
| P: Education | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 90% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 10% |
| Q: Human health and social work activities | 0% | 0% | 0% | 52% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 27% | 3% | 9% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 8% |
| R: Arts, entertainment and recreation | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 30% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 1% | 1% | 0% | 0% | 0% | 0% | 0% | 11% | 8% | 27% | 22% |
| S: Other service activities | 0% | 0% | 0% | 0% | 0% | 29% | 0% | 0% | 0% | 0% | 0% | 0% | 34% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 2% | 0% | 0% | 0% | 0% | 0% | 5% | 29% |
| Total | 4% | 5% | 3% | 6% | 0% | 12% | 3% | 0% | 1% | 0% | 1% | 3% | 2% | 11% | 0% | 0% | 7% | 0% | 0% | 0% | 0% | 0% | 1% | 0% | 0% | 0% | 0% | 6% | 34% |

Conversion to Use Class Order

- **Applying the matrix (above) to the FTE employment forecasts for the area provides the following results for change in FTE employment that will impact the E(g), B2, and B8 Use Classes.**

Figure **Error! No text of specified style in document.**.5: Change in FTE employment by use class over Plan period (2020–2040) based on 2019–2040 average change per annum

| Use Class | Description | Minimum | Mid-point | Clean Growth | Maximum+ |
|---|---|---|---|---|---|
| B2 | General industrial | (790) | (730) | (730) | (660) |
| B8 | Storage or distribution | 180 | 330 | 360 | 490 |
| E(g)(i) | Offices | 420 | 1,410 | 1,890 | 2,430 |
| E(g)(ii) | Research and development | 5 | 40 | 70 | 70 |
| E(g)(iii) | Light industrial | 0 | 5 | 5 | 10 |

***Source: HJA analysis based on Cambridge Econometrics and Experian. Figures may not sum due to rounding. Negative numbers in parenthesis.***

Net additional floorspace requirements

- **Applying employment density guidance figures to this data provides the net additional floorspace requirements for the area. These are set out in the figure below.**

Figure **Error! No text of specified style in document.**.6: Net additional demand for employment floorspace by use class over Plan period (2020–2040) (sq m)

| Use Class | Description | Minimum | Mid-point | Clean Growth | Maximum+ |
|---|---|---|---|---|---|
| E(g)(i) | Offices | 5,500 | 18,500 | 24,900 | 32,000 |
| E(g)(ii) | Research and development | 300 | 2,300 | 4,400 | 4,400 |
| | Offices | **5,800** | **20,800** | **29,300** | **36,400** |
| E(g)(iii) | Light industrial | 5 | 263 | 263 | 521 |
| B2 | General industrial | (29,800) | (27,400) | (27,400) | (25,100) |
| B8 | Storage or distribution | 14,600 | 26,700 | 28,800 | 39,300 |
| | Industrial | **(15,200)** | **(500)** | **1,600** | **14,800** |

**Source: HJA (negative values in parentheses). note: Figures are rounded to nearest 100**

Replacement Allowances

- **The forecast replacement allowance for the area is presented in the figure below.**

Figure **Error! No text of specified style in document.**.7: Forecast replacement requirement 2020-2040 (sq m)

| Use | Total Stock (2020-21) | Annual Replacement | 20 Year Plan Period Total |
|---|---|---|---|
| Office (1% pa) | 104,000 | 1,000 | 21,000 |
| Industrial (2% pa) | 687,000 | 13,700 | 275,000 |
| **Total** | **791,000** | **14,800** | **296,000** |

**Source: HJA based on VOA data**

Total Requirements

- **The total requirements for offices are shown in the figures below. There is a requirement for between 3 ha and 14 ha of office space over the Plan period. This reduces to 2 – 14 ha when taking into account the** Homeworking+ **adjustment.**

Figure **Error! No text of specified style in document.**.8: Total estimated future sites and premises requirements in East Devon (offices) (sq m unless otherwise stated) 2020 to 2040

| | Minimum | Mid-point | Clean Growth | Maximum+ |
|---|---|---|---|---|
| Replacement Provision (A) | 21,000 | 21,000 | 21,000 | 21,000 |

| | | | | |
|---|---|---|---|---|
| **Net Additional Requirement (B)** | 5,800 | **21,000** | **29,000** | **36,000** |
| Gross Requirement (C=A+B) | 27,000 | 42,000 | 50,000 | 57,000 |
| Flexibility allowance (D) | 3,000 | 4,000 | 5,000 | 6,000 |
| Net Requirement (E=C+D) | 29,000 | 46,000 | 55,000 | 63,000 |
| Delivered on Existing Employment Sites (F) | 3,000 | 5,000 | 6,000 | 6,000 |
| | | | | |
| **Total Requirement (G= E–F)** | 26,000 | **41,000** | **50,000** | **57,000** |
| **Average Annual Requirement** | **1,300** | **2,100** | **2,500** | **2,800** |
| | | | | |
| **Total Land Requirement (h–a)** | **3 - 7** | **4 - 10** | **5 - 12** | **6 - 14** |
| **Average Annual Land Requirement (ha)** | **0.1 - 0.3** | **0.2 - 0.5** | **0.2 – 0.6** | **0.3 – 0.7** |

N.b. Figures may not sum due to rounding

Figure Error! No text of specified style in document..9: Total estimated future sites and premises requirements including 'Homeworking+' adjustment (offices) - all scenarios (sq m unless otherwise stated) 2020 to 2040

| | Minimum | Mid-point | Clean Growth | Maximum+ |
|---|---|---|---|---|
| Replacement Provision (A) | 21,000 | 21,000 | 21,000 | 21,000 |
| **Net Additional Requirement (B)** | **5,800** | **21,000** | **29,000** | **36,000** |
| Gross Requirement (C=A+B) | 27,000 | 42,000 | 50,000 | 57,000 |
| Flexibility allowance (D) | 3,000 | 4,000 | 5,000 | 6,000 |
| Net Requirement (E=C+D) | 29,000 | 46,000 | 55,000 | 63,000 |
| Delivered on Existing Employment Sites (F) | 3,000 | 5,000 | 6,000 | 6,000 |
| Homeworking+ adjustment (G) | 10,000 | 10,000 | 10,000 | 10,000 |
| | | | | |
| **Total Requirement (H= E–F-G)** | **16,000** | **31,000** | **39,000** | **46,000** |
| **Average Annual Requirement** | **800** | **1,500** | **2,000** | **2,300** |
| | | | | |
| **Total Land Requirement (ha)** | **2 - 4** | **3 - 8** | **4 - 10** | **5 - 12** |
| **Average Annual Land Requirement (ha)** | **0.1 - 0.2** | **0.2 - 0.4** | **0.2 – 0.5** | **0.2 – 0.6** |

N.b. Figures may not sum due to rounding

- **The figure below shows a requirement of 57 – 73 ha of industrial land over the Plan period.**

Figure Error! No text of specified style in document..10: Total estimated future sites and premises requirements in East Devon (industrial) (sq m unless otherwise stated) 2020 to 2040

| | Minimum | Mid-point | Clean Growth | Maximum+ |
|---|---|---|---|---|
| Replacement Provision (A) | 275,000 | 275,000 | 275,000 | 275,000 |
| **Net Additional Requirement (B)** | **(15,000)** | **-** | **2,000** | **15,000** |
| Gross Requirement (C=A+B) | 260,000 | 274,000 | 276,000 | 290,000 |
| Flexibility allowance (D) | 26,000 | 27,000 | 28,000 | 29,000 |
| Net Requirement (E=C+D) | 286,000 | 302,000 | 304,000 | 319,000 |
| Delivered on Existing Employment Sites (F) | 57,000 | 60,000 | 61,000 | 64,000 |
| | | | | |
| **Total Requirement (G= E–F)** | **228,000** | **241,000** | **243,000** | **255,000** |
| **Average Annual Requirement** | **11,400** | **12,100** | **12,200** | **12,700** |
| | | | | |
| **Total Land Requirement (ha)** | **57 - 65** | **60 – 69** | **61 – 69** | **64 -73** |
| **Average Annual Land Requirement (ha)** | **2.9 – 3.3** | **3.0 – 3.5** | **3.0 – 3.5** | **3.2 – 3.6** |

N.b. Figures may not sum due to rounding

## Assessment of supply

Figure Error! No text of specified style in document..11: JLL Assessment of Employment Land Supply

| | ha |
|---|---|
| **Total potential supply** | **106** |
| Suitable for offices | 16 – 41 |
| Suitable for offices (RAG rated green) | 16 – 41 |
| Suitable for industrial | 65 – 90 |
| Suitable for industrial (RAG rated green) | 39 - 64 |

Source: JLL