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Greater Exeter Economic Development Needs Assessment

Final Report

Prepared for East Devon District Council, Exeter City Council, Mid Devon District Council, Teignbridge District Council

January 2023

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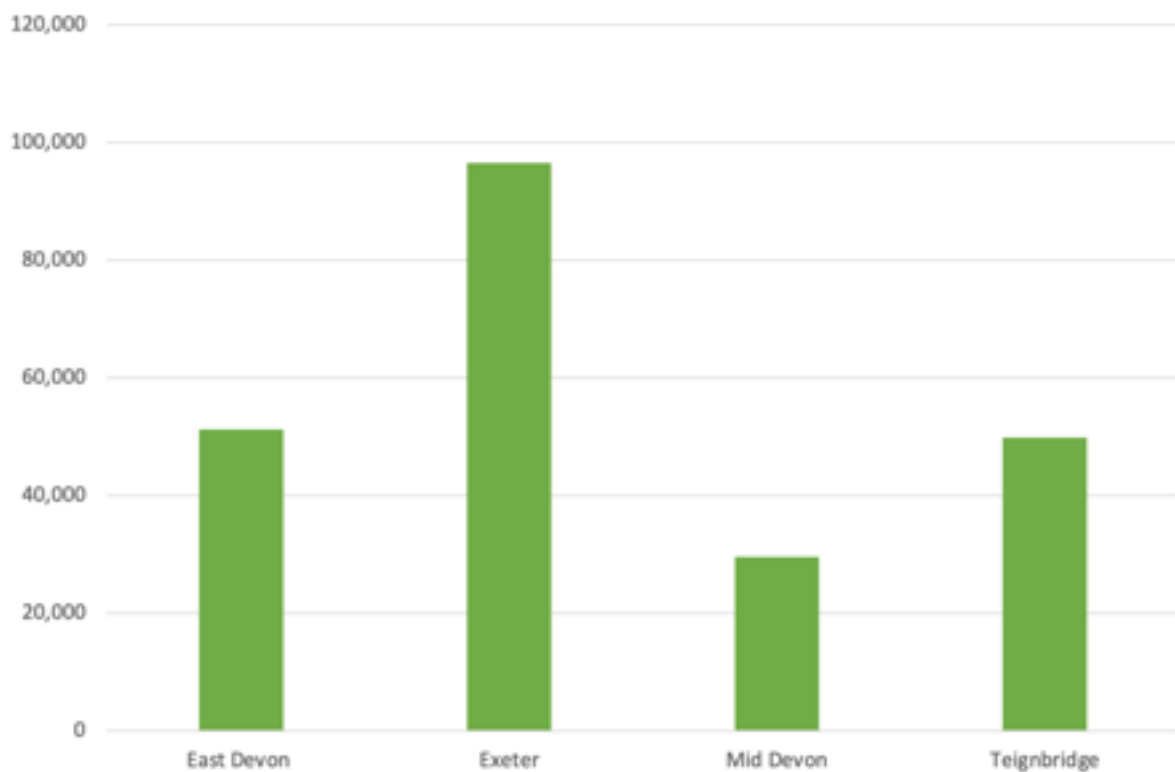
Executive Summary

- i. This Economic Development Needs Assessment (EDNA) will assist the Greater Exeter local authorities to identify the future scale and location of economic growth across the area. It considers employment land demand over the period from 2020 to 2040. This EDNA meets the requirements set out in National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

Economic context

- ii. Greater Exeter is a growing area which has seen population, GVA 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.

Figure A1: Employment in Greater Exeter Local Authority Areas, 2019



Source: Business Register and Employment Survey, 2020

- iii. **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.
- iv. Jobs density data, the concentration of employment and GVA, commuting patterns and business birth growth rates indicate that **Exeter** is the employment centre of Greater Exeter. Exeter also has the largest concentration of working age people and a highly qualified population. Due to a high concentration of GVA in the Information & Communication sector, allowances should be made for E(g) use class land.

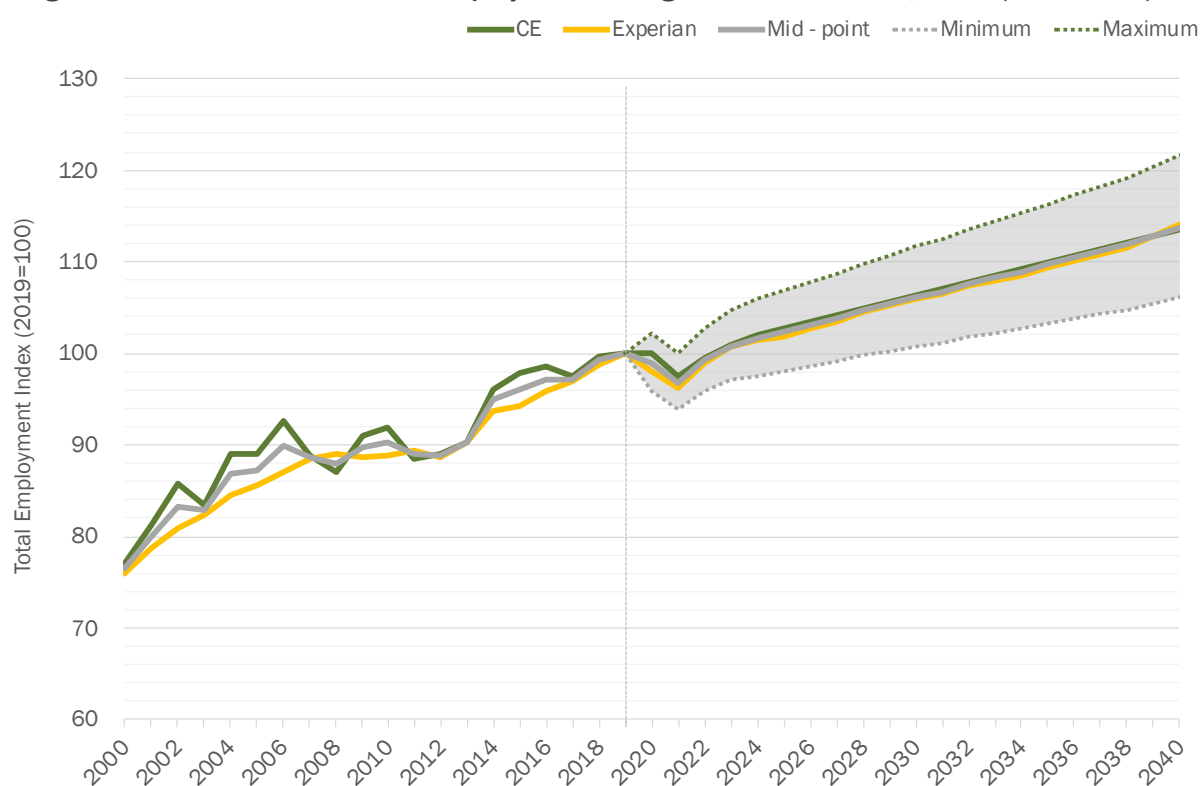
- v. **Mid Devon** has the lowest amount of employment and GVA of the local authorities in the Greater Exeter area. It has a relatively low proportion of qualified residents.
- vi. **Teignbridge** has experienced the highest number of business births per capita of any of the local authority areas in Greater Exeter in 2020 and should this trend continue then provision of employment land will be needed for new start businesses.

Demand for employment sites and premises

Economic forecasts

- vii. 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.

Figure A2: Historic and Forecast Employment Change in Greater Exeter, Index (2019=100)



Source: HJA based on Cambridge Econometrics and Experian forecasts

- viii. The baseline forecasts draw on the historic economic performance of the area, as well as detailed analysis of national and sectoral economic potential. Both forecasts take account of the impact of Covid-19, but there is still some uncertainty about the long-term effect of this on the economy.
- ix. To account for uncertainty, four economic growth scenarios have been modelled, based on the Experian and Cambridge Econometrics forecasts: a **Minimum** scenario which selects the baseline forecast with the lowest growth for each sector; 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 to the *Information & Communications* and *Professional, Scientific*

& *Technical Activities* sectors above the maximum baseline forecasts for these sectors in recognition of the Councils' policy and strategy approaches that look to drive economic growth whilst also achieving net-zero carbon targets¹; and a **Maximum+** scenario which selects the baseline forecast with the highest growth for each sector, plus accounting for the Clean Growth scenario.

- x. Due to the significant short-term impact of Covid-19 on employment we have used 2019 as the base year for modelling change across the plan period. This removes the potential for over-estimating increases in employment across the period 2020-2040.
- xi. Between 2020 and 2040 Greater Exeter is forecast to see employment growth of between +15,600 and +54,500 jobs across these four scenarios.

Demand for employment sites and premises

- xii. Employment forecasts were provided at the district level, and demand for employment sites and premises has been modelled at the district level.
- xiii. Phase 1 of our assessment of the demand for employment sites and premises takes account of the demand driven by future changes in employment across the economy i.e. the economic forecasts discussed above. Phase 2 then takes account of:
 - Replacement of existing premises that are no longer fit-for-purpose
 - The re-use of some redundant employment sites for new development
 - An allowance for choice and flexibility in the market
- xiv. This approach has been used to calculate land requirements in each district, which are then aggregated to identify the total land requirements for Greater Exeter as a whole.
- xv. Across the board, the replacement requirement is far more significant than the demand resulting from net changes in the economy.
- xvi. Total demand to 2040 across the four scenarios set out above comprises:
 - Demand for between 168,000 sq m and 271,000 sq m of office space. This falls to between 112,500 sq m and 214,000 sq m of office space if the decline in demand for offices leads to a reduction in the stock of office space by 10% during the plan period as a result of increased homeworking (hereafter referred to as homeworking+). Under the Mid-Point scenario, office land requirements range between 16 ha and 53 ha to 2040, depending on the density of site development
 - Up to 857,000 sq m of industrial space², which equates to land requirements of between 202 and 231 ha under the Mid-Point scenario, depending on the density of site development
- xvii. Taking the highest estimated demand for offices and industrial from the Mid-Point scenario, there is demand for up to 284ha of employment land in Greater Exeter between 2020 and 2040.

¹ Further work in the future may identify other areas of potential employment and economic growth stimulated by clean growth

² Which covers both manufacturing and distribution

Figure A3: Total estimated future sites and premises requirements in Greater Exeter (ha) 2020 to 2040

	Minimum	Mid-point	Clean Growth	Maximum+
Range of demand - Offices	17-42	21-53	25-62	27-68
- <i>Middle of range</i>	30	37	44	48
Range of demand - (Homeworking+)	11-28	16-39	19-48	21-54
- <i>Middle of range</i>	20	28	34	38
Range of demand - Industrial	190-217	202-231	203-232	214-245
- <i>Middle of range</i>	204	217	218	230

Market review and supply of sites and premises

- xviii. Current market activity and data reviewed by property adviser JLL suggests a shortfall of supply of industrial premises in each of the four Districts in Greater Exeter, and unmet demand in the market. This is particularly evident in the West End of East Devon. Whilst there is demand for offices in each District, this is particularly concentrated in Exeter and the city's fringe. There is supply of office premises, but the market is seeking new, high-quality, flexible offices.
- xix. JLL has identified 229 ha of employment land that is consented, allocated, or could be brought forward for development. The supply of sites is unevenly spread across the four Districts, with just under half of the potential supply in East Devon, 27% in Teignbridge, Mid Devon has 22%, and the City of Exeter has 5%.
- xx. Of this potential supply, 162 ha are RAG rated as Green (i.e. likely to be delivered); 65 ha of land has some barriers to delivery; and less than 2 ha (on a single site) is unlikely to be delivered.
- xxi. Some sites are allocated/suitable for industrial development; some sites are allocated/suitable for office development; and four sites (comprising 51 ha) are suitable for both. Of the total supply of 229 ha, up to 77 ha of this could be developed for offices, and up to 202 ha of this could be developed for industrial.

Assessment of match between supply and demand

- xxii. Nationally there is significantly more demand for industrial premises than supply, with rents and capital values reaching new highs. Evidence from local property advisers JLL shows that the current supply of premises is insufficient to meet industrial premises demand in all the Greater Exeter Districts. Demand for offices is more variable and is largely concentrated in the City of Exeter and its hinterland.
- xxiii. Looking beyond the immediate availability of premises in the market, the total potential availability of sites (with planning permission, allocated, and those which could be brought forward for development) is not sufficient to meet the mid-point forecast demand over the period from 2020 to 2040, as shown in the figure below.

Figure A4: Overall Demand and Supply of Employment Land in Greater Exeter (ha) 2020 to 2040

	Minimum	Mid-point	Clean Growth	Maximum+
Range of demand	201 – 259	218 – 284	222 – 294	235 - 313
- <i>Middle of range</i>	230	251	258	274
Total Supply	229	229	229	229
Deliverable land (RAG Rating Green)	162	162	162	162

Offices

- xxiv. The figure below shows the geographical distribution of demand and supply of sites for offices in Greater Exeter under the Mid-Point scenario. East Devon has an over-supply of office land whilst Exeter and Mid Devon have an under-supply of office space, particularly when Green RAG rating sites are considered. Sufficient supply in Teignbridge relies on sites that are suitable for both office and industrial uses delivering office space. When only sites with a RAG rating of Green are considered there is an under-supply of land to meet forecast demand.

Figure A5: Distribution of Demand and Supply of Employment Land for Office Development (Mid-Point scenario) (ha) 2020 to 2040

	East Devon	Exeter	Mid Devon	Teignbridge
Range of demand - Offices	4 - 10	12 - 30	2 - 4	3 - 9
- <i>Middle of range</i>	7	21	3	6
Range of demand - (Homeworking+)	3 - 8	8 - 21	1 - 4	3 - 7
- <i>Middle of range</i>	6	15	3	5
Total Supply	Up to 41 ³	4	6	Up to 26
Supply- RAG Rating Green	Up to 41	2	1	Up to 2

Industrial

- xxv. The figure below shows the distribution of demand and supply for industrial sites and premises in Greater Exeter. East Devon has sufficient industrial land to meet the Mid-point forecast demand. However, when only sites with a Green RAG rating are considered then there is a potential under-supply. Both Exeter and Mid Devon have an under-supply of industrial land. Teignbridge appears to have a small potential over-supply of industrial land. However, when only the sites which are RAG rated Green are considered then there is an under-supply of land.

Figure A6: Distribution of Demand and Supply of Employment Land for Industrial Development (Mid-Point scenario) (ha) 2020 to 2040

	East Devon	Exeter	Mid Devon	Teignbridge
Range of demand - Industrial	60 - 69	46 - 53	45 - 52	50 - 57
- <i>Middle of range</i>	65	50	49	54
Total Supply	Up to 90 ³	7	44	Up to 61
Supply- RAG Rating Green	Up to 64	7	41	Up to 29

³ Note: Some sites are suitable for both offices and industrial, so the maximum amount for either is included in these figures

Conclusions

- xxvi. Demand to 2040, particularly for industrial premises, in Greater Exeter is higher than availability in the current market. Insufficient development is taking place to address this challenge. Over the 20-year period from 2020 to 2040 there is greater forecast demand for employment land than current supply. This raises two challenges:
- The need to allocate enough employment land to meet the forecast demand over the 20-year plan period
 - The need to support the delivery of allocated sites to ensure sufficient supply of suitable premises over the period
- xxvii. **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.
- xxviii. 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.
- xxix. **Mid Devon** has insufficient employment land to meet its forecast demand for industrial sites over the 20 years to 2040. There is sufficient land allocated to meet office demand, but support to ensure delivery of the two sites is needed. Further allocations are needed to accommodate the forecast demand for industrial sites and premises.
- xxx. **Teignbridge** has enough potential employment land to meet its forecast demand for offices to 2040, although support for the delivery of some sites may be needed. There is insufficient land to meet the forecast demand for industrial sites to 2040, so additional site allocations will be needed.
- xxxi. In all of the local authority areas, the District Council needs to work with landowners and promoters to understand the barriers to employment land delivery, and potentially help to overcome these.

1 Introduction

- 1.0.1 This Economic Development Needs Assessment (EDNA) has been prepared for the Greater Exeter area (comprising East Devon, Exeter, Mid Devon and Teignbridge). It provides an update to the previous EDNA prepared in 2017. This report will assist the local authorities in the Greater Exeter area to identify the future scale and location of economic growth.
- 1.0.2 This EDNA is compliant with the latest National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

1.1 Latest NPPF and PPG guidance on employment land

- 1.1.1 The National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) suggest how Local Plans should consider the demand for, and supply of, employment land.

National Planning Policy Framework

- 1.1.2 NPPF Paragraph 81 sets out how the Local Plan should support business growth and productivity. Paragraph 82 confirms the need for sustainable economic growth within a strategic context, providing sufficient and suitable sites to enable this, overcoming barriers to growth, and ensuring flexibility:

Planning policies should:

a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

- 1.1.3 Paragraph 83 sets out the requirement to consider the needs of key sectors and clusters of activity within the local economy:

Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations

- 1.1.4 Given the size and diverse nature of the Greater Exeter area (including both a city and large rural areas) it is important to understand the NPPF requirements for both rural and urban areas.

1.1.5 In the rural economy (Paragraphs 84 and 85), NPPF sets out the need for sustainable growth; diversification; tourism and leisure that is appropriate; and the retention and development of services and facilities that serve the local communities.

1.1.6 In respect of town centres (Paragraphs 86 to 91), NPPF suggests that the Local Plan should take a positive approach to their growth, management, and adaptation. This means seeking to meet anticipated needs for a range of uses including offices over a period of at least ten years.

Planning Practice Guidance

1.1.7 PPG sets out guidance on assessing the need for and supply of employment land. The assessment of need should be evidence based. Need should be assessed at the level of the functional economic market area (FEMA). Consideration of the FEMA is set out in the following section.

1.1.8 The assessment should consider⁴:

- The existing stock of employment land
- Recent gains and losses to the stock
- Evidence of market demand, including market intelligence, surveys, and discussions
- Evidence of market failure
- Market signals relating to economic growth, diversification, and innovation

1.1.9 Market signals can include⁵:

- Economic and employment forecasts
- Assessment of local labour supply
- Analysis of past take-up and future property market requirements
- Consultations, studies of business trends, and an understanding of changes in business models

1.1.10 PPG notes that⁵:

Authorities will need to take account of longer term economic cycles in assessing this data, and consider and plan for the implications of alternative economic scenarios.

1.1.11 Employment and output forecasts should be translated into employment land demand, based on four key relationships⁶, between:

- Standard Industrial Classifications (SIC) sectors and Planning Use Classes
- Standard Industrial Classifications (SIC) sectors and types of property
- Employment to floorspace, using employment densities
- Floorspace to site areas, using plot ratios based on industry proxies

1.1.12 The logistics sector is highlighted in PPG as one that needs special consideration, 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. This has become

⁴ PPG Paragraph: 026 Reference ID: 2a-026-20190220 Revision date: 20 02 2019

⁵ PPG Paragraph: 027 Reference ID: 2a-027-20190220. Revision date: 20 02 2019

⁶ PPG Paragraph: 030 Reference ID: 2a-030-20190220. Revision date: 20 02 2019

increasingly important with the rise of internet retailing, which has accelerated during the Covid-19 pandemic. PPG notes that⁷:

Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas.

Supply

- 1.1.13 The availability of land for employment should be assessed. The allocation of land to meet demand should then be assessed.

Comparing supply and demand

- 1.1.14 The demand for employment land and supply should be compared, to identify any gaps in current provision.

1.2 Review of the Greater Exeter FEMA

- 1.2.1 The PPG states that the employment land assessment should be conducted at FEMA level. In the 2017 EDNA, the Greater Exeter area was defined as a single FEMA. The main contributor factors to this definition (Travel-to-Work Areas, commuting patterns, Housing Market Areas) have not changed since in the interim period so, Greater Exeter is considered a single FEMA.

1.3 Report Structure

- 1.3.1 The remainder of this report is structured as follows:
- **Chapter 2** sets out relevant economic baseline conditions
 - **Chapter 3** sets out a review of local policy and economic strategies
 - **Chapter 4** sets out analysis of economic forecasts for the Local Plan period and scenario development to aid policy decision making
 - **Chapter 5** sets out analysis of future employment sites and premises requirements for the area
 - **Chapter 6** sets out a market review and a current baseline supply of employment sites and available premises
 - **Chapter 7** considers the match between demand for and supply of employment sites and premises
 - **Chapter 8** presents the conclusions
 - **Appendices One to Seven** set out the forecast employment growth, estimated land requirements and supply of sites and premises for each district

⁷ PPG Paragraph: 031 Reference ID: 2a-031-20190722. Revision date: 22 07 2019

2 Socio-Economic Baseline

- 2.0.1 The following chapter sets out the most up-to-date data available for Greater Exeter as well as identifying changes to the economy since the last EDNA in 2017. It will help to build an understanding of the potential drivers of future economic growth in the area.

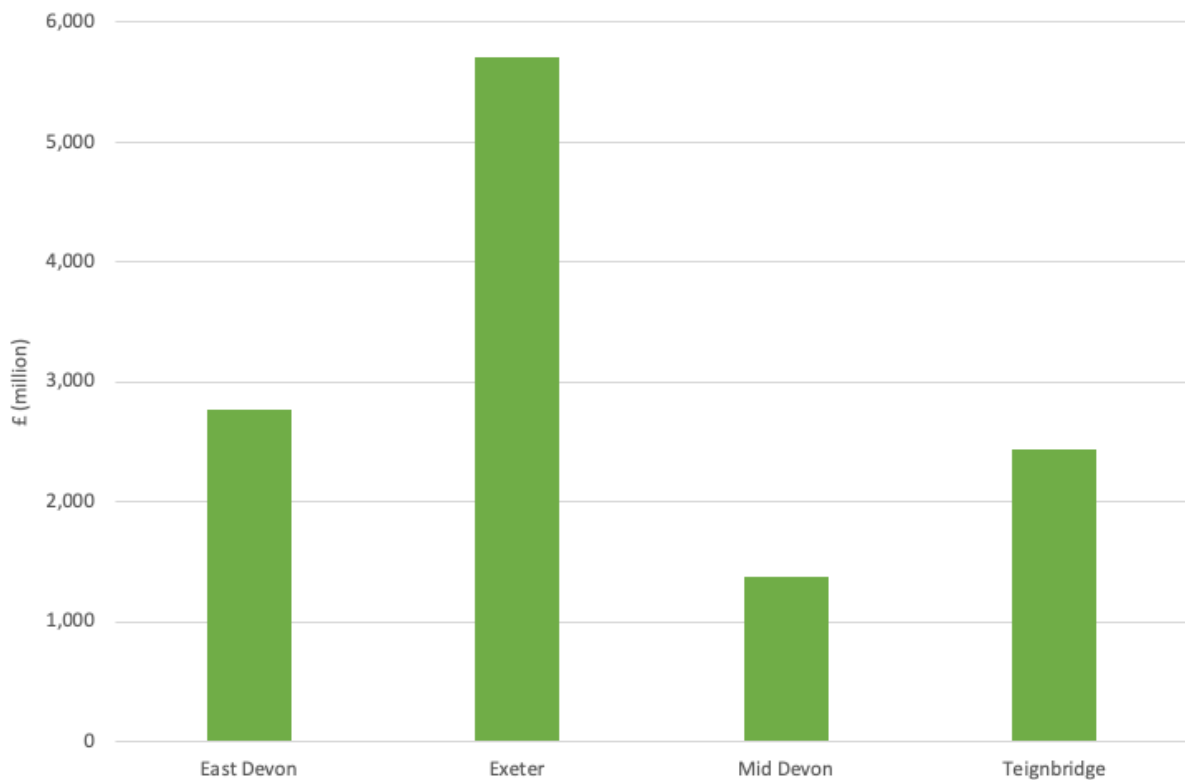
2.1 Gross Value Added

- 2.1.1 Gross value added (GVA) is a measure of the value of production by businesses and individuals in the local economy. Data is presented in current base prices which includes the effects of inflation.
- 2.1.2 The data shows that the GVA of Greater Exeter is growing. The City of Exeter contributes the most GVA to the Greater Exeter economy. This is in-line with the findings of the previous EDNA. Overall, there needs to be ongoing provision of employment land in order to facilitate and accommodate growth across Greater Exeter.
- 2.1.3 Greater Exeter does not have a particular concentration of GVA in many sectors that have a strong influence on demand for employment land. However, there will need to be office provision for the Public Administration & Defence sector across Greater Exeter.

Total GVA

- 2.1.4 The Greater Exeter area generated £12.3 billion of GVA in 2019. As shown in the figure below, close to 50% of this was generated in the City of Exeter. East Devon and Teignbridge each account for approximately 20% of GVA, and Mid Devon the remainder.
- 2.1.5 Since 2012 (the period analysed in the previous EDNA), Greater Exeter has seen year-on-year growth in GVA and has grown 30% over the period, above the 27% seen in the South West and UK (excluding London). Exeter saw the largest growth of 37% between 2012 and 2019, with East Devon a notable outlier with only 15% growth. East Devon saw a large decline in the GVA produced by the Financial & Insurance sector in 2018 which has contributed to this lower level of growth.
- 2.1.6 The lag in publishing GVA data for local authority areas meaning that impacts of Covid-19 on GVA cannot yet be reported.

Figure 2.1: GVA in Greater Exeter Local Authority Areas, 2019



Source: Regional gross value added (balanced) by industry: local authorities by ITL1 region: TLK South West current price, 2021

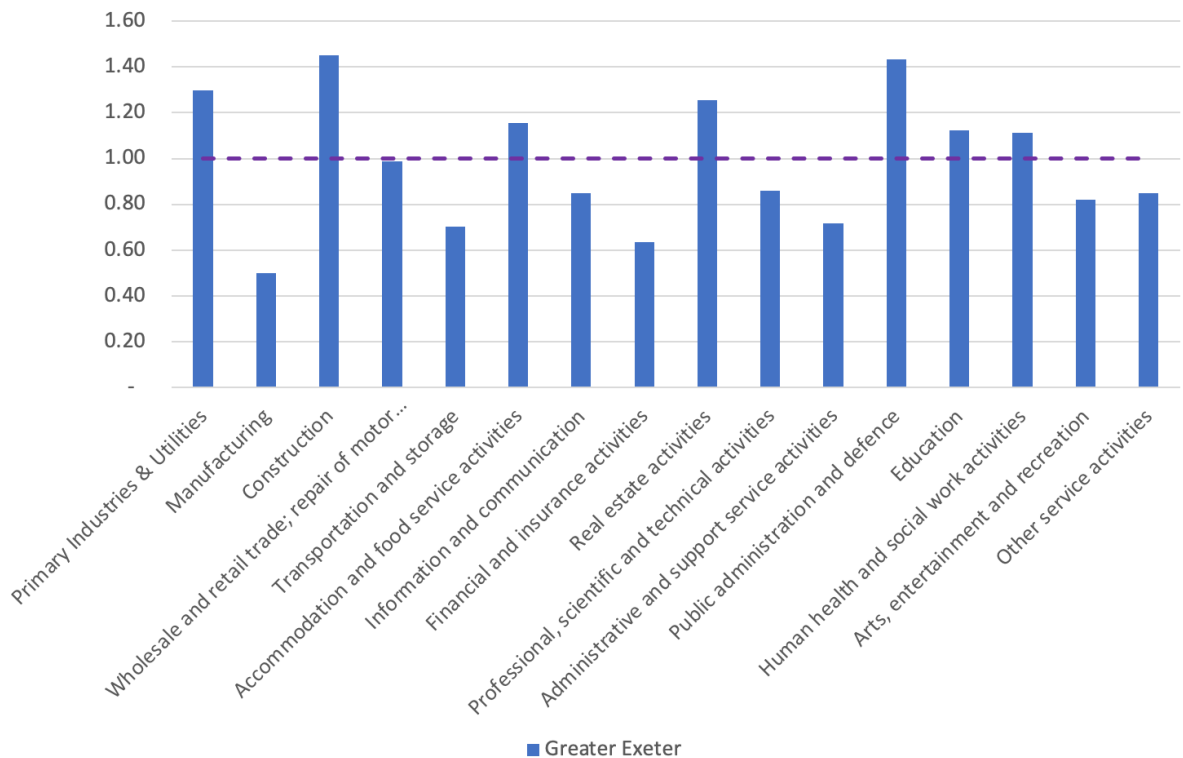
GVA by sector

- 2.1.7 To understand the relative strength of each sector in Greater Exeter in terms of GVA we have calculated a location quotient. This compares the proportion of total GVA generated by each sector in Greater Exeter with the proportion generated in each sector in the UK (excluding London). This is shown in the figure below.
- 2.1.8 Values above 1.2 highlight particular concentrations of a sector compared to the national benchmark. In 2019, the Primary Industries & Utilities⁸, Construction, Real Estate⁹, and Public Administration & Defence sectors were all particularly concentrated in Greater Exeter.
- 2.1.9 All local authority areas in Greater Exeter have a concentration of GVA in the Construction sector compared to the UK (excluding London). Exeter is the only local authority area that has a concentration of GVA in the Primary Industries & Utilities and Public Administration & Defence sectors relative to the UK (excluding London). Conversely, the Real Estate sector is concentrated in all local authorities except for Exeter.

⁸ This comprises the Agriculture, Forestry & Fishing; Mining & Quarrying; Electricity, Gas, Steam & Air Conditioning Supply; and Water Supply, Sewerage, Waste Management & Remediation Activities sectors

⁹ The majority of GVA in the Real Estate sector is composed of 'imputed rents' which is driven by house prices.

Figure 2.2: Greater Exeter GVA Location Quotient 2019 (UK=1)



Source: Regional gross value added (balanced) by industry: local authorities by ITL1 region: TLK South West current price, 2021

2.1.10 The location quotient for each sector in each of the local authority areas has also been calculated. In addition to the sectors set out above, the local authority areas have the following strengths by location:

East Devon

- Accommodation & Food Services
- Human Health

Exeter

- Information & Communication
- Education
- Human Health

Mid Devon

- Manufacturing
- Wholesale & Retail; Repair of Motor Vehicles
- Education

Teignbridge

- Accommodation & Food Services

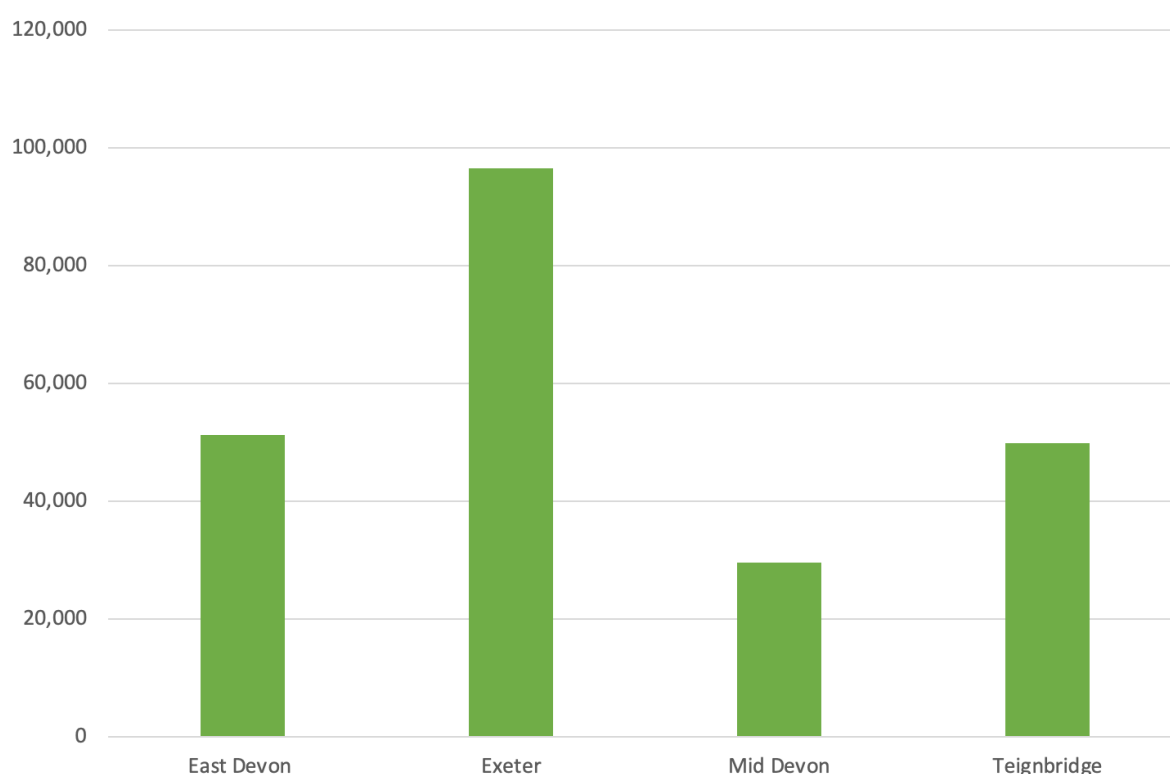
2.2 Employment and Jobs Density

- 2.2.1 Greater Exeter has seen growth in employment since 2017. The City of Exeter is the largest local authority area in terms of employment, and has a high jobs density figure which highlights its role as the employment centre of Greater Exeter. This is in-line with the findings of the previous EDNA. In order to facilitate and accommodate continued employment growth across the area there will be a requirement for provision of employment land.
- 2.2.2 Overall, Greater Exeter does not have a concentration of employment in any sector that has a particularly large requirement for employment land. There will be a requirement for office space to accommodate the Public Administration & Defence sector in Exeter, and the Real Estate sector in Teignbridge. In Mid Devon, there will need to be B2 provision made for the Manufacturing sector. East Devon will require B8 provision for the Transport & Storage sector, whilst Teignbridge will require B8 provision for the Wholesale sector.

Employment

- 2.2.3 Greater Exeter had approximately 226,000 people in employment in 2020¹⁰. The figure below shows the distribution of this employment across each of the local authority areas. As with GVA, Exeter accounts for a significant majority of employment in Greater Exeter.

Figure 2.3: Employment by Local Authority Area, 2020



Source: Business Register and Employment Survey, 2020

- 2.2.4 Greater Exeter has seen a higher rate of employment growth between 2017 and 2020 than in the South West and the UK (excluding London). Employment has increased in every local authority

¹⁰ Business Register and Employment Survey (2020)

area in Greater Exeter. East Devon has seen a 6% rise in employment over the period, which is the highest growth rate seen across the four local authorities.

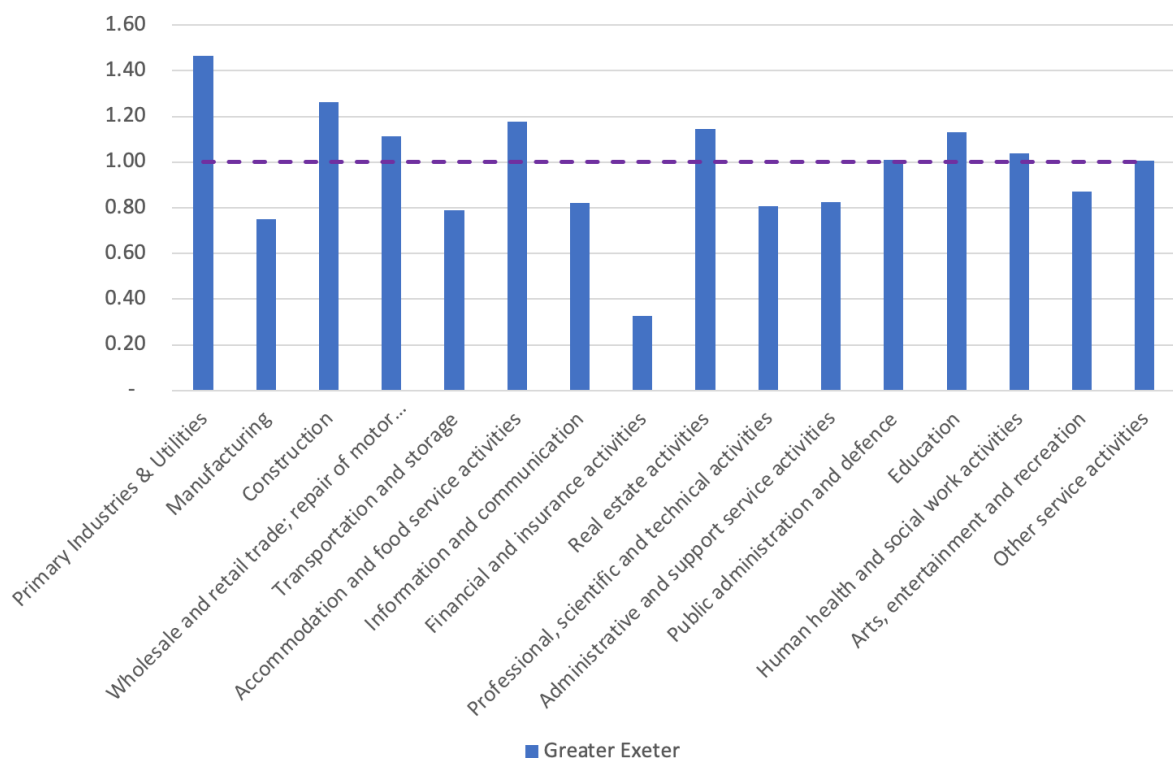
2.2.5 In all local authority areas except Exeter, employment grew between 2017 and 2019, then fell in 2020 (although the decline in Mid Devon was less than 1% of total employment). Exeter experienced growth throughout the period, including a 2% increase in employment between 2019 and 2020.

2.2.6 Vacancy rates are high throughout Greater Exeter in the summer of 2022.

Employment by sector

2.2.7 As per the analysis for GVA above, we have calculated a location quotient for employment. This shows that Greater Exeter has a particularly high concentration of employment in the Primary Industries & Utilities, Construction, and Accommodation & Food Services sectors as shown in the figure below.

Figure 2.4: Location Quotient of Greater Exeter Employment, 2020



Source: Business Register and Employment Survey, 2020

2.2.8 All local authority areas except for Exeter share above average concentrations in the Primary Industries & Utilities and Construction sectors. East Devon and Teignbridge both have a high concentration of employment in the Accommodation & Food Services sector.

2.2.9 In addition to these sectors each of the districts have high concentrations of employment as follows:

East Devon

- Transport & Storage
- Real Estate

- Other Service Activities

Exeter

- Public Administration & Defence
- Education
- Human Health

Mid Devon

- Manufacturing
- Arts, Entertainment & Recreation

Teignbridge

- Wholesale & Retail Trade; Repair of Motor Vehicles and Motorcycles
- Real Estate

Jobs density

- 2.2.10 Jobs density is the number of jobs in an area divided by the number of working age residents in that area. In 2020, Mid Devon had the lowest job density of the four districts in Greater Exeter and the City of Exeter had the highest, at 0.71 and 1.14 respectively¹¹. The high job density in the City of Exeter reflects its role as the employment centre for Greater Exeter, and in-commuting patterns from other local authority areas.
- 2.2.11 Teignbridge, Mid Devon and East Devon have lower job densities than the UK (excluding London) and the South West, with job densities of 0.82, 0.71 and 0.88, respectively.
- 2.2.12 Between 2017 and 2019 (prior to the Covid-19 pandemic) total jobs increased in all local authority areas in Greater Exeter except for Teignbridge, where there was a small decline in total jobs. East Devon and Exeter saw a decline in total jobs in 2020 compared to 2019 figures, whilst Mid Devon and Teignbridge saw total jobs figures remain the same.

2.3 Business base

- 2.3.1 The Greater Exeter area has seen growth in the number of active micro and SME (Small and Medium-sized Enterprise) businesses over the period from 2017 to 2021. There has also been an increase in the number of business births between 2017 and 2020, and five-year survival rates are above the regional and national averages.
- 2.3.2 Mid Devon has a notably lower rate of business births per capita compared to other local authority areas, but has high survival rates. Exeter has the second highest rate of business births per capita, but has lower survival rates at one, two, three, four, and five years than the other local authority areas.
- 2.3.3 Employment land will need to be provided to accommodate the growing number of micro and SME businesses in Greater Exeter. Mid Devon may require less land due to the lower business birth rate, but will see less churn in employment land due to high survival rates. Exeter will likely see higher levels of churn due to lower survival rates.

¹¹ Jobs Density (2020)

Active businesses

- 2.3.4 There are approximately 21,000 businesses located in Greater Exeter¹². The number of micro businesses (0-9 employees) in Greater Exeter has increased by 3% between 2017 and 2021, which is in line with UK (excluding London), but below the South West.
- 2.3.5 The Greater Exeter area has performed well in comparison to UK (excluding London) and the South West in terms of SME growth. Greater Exeter saw 2% growth in SME businesses between 2017 and 2021, whilst the region saw a 1% decline in SME businesses and the UK (excluding London) saw no growth. The number of SMEs has increased in all local authority areas aside from Exeter over the same period. The district with the highest SME growth rate was East Devon.
- 2.3.6 There was minimal change in the number of large businesses (250+ employees) between 2017 and 2021 in Greater Exeter. This is below the growth experienced in the UK (excluding London) and the South West respectively.

Business Births

- 2.3.7 The figure below shows the number of business births per 1,000 people in 2020 in Greater Exeter and each of the local authority areas compared with national and regional benchmarks.

Figure 2.5: Business Births per 1,000 people, 2020

Business births per 1,000 people	
East Devon	4.1
Exeter	4.7
Mid Devon	3.9
Teignbridge	4.9
Greater Exeter	4.4
South West	4.4
UK (excluding London)	4.8

Source: ONS Business Demography, 2020

- 2.3.8 Greater Exeter has a rate of business births in-line with the South West, but below the UK (excluding London) benchmark. Teignbridge had the highest number of births per 1,000 people and, alongside Exeter, is above the Greater Exeter benchmark.
- 2.3.9 Greater Exeter has seen growth in the number of business births in 2020 compared to 2017 figures. This is contrary to the trend seen in the South West and UK (excluding London). Exeter and Teignbridge have seen growth in the annual number of business births, with East Devon and Mid Devon seeing little to no change in the annual number of business births.

Business survival

- 2.3.10 The survival rate of newly born enterprises in Greater Exeter, and each of the local authority areas is shown in the figure below.

¹² Business Demography (2020)

Figure 2.6: Business Survival Rates

	One-year Survival Rate (Born 2019)	Five-year Survival Rate (Born 2015)
East Devon	90%	51%
Exeter	77%	44%
Mid Devon	91%	52%
Teignbridge	88%	50%
Greater Exeter	85%	49%
South West	90%	44%
UK (excluding London)	90%	41%

Source: ONS Business Demography, 2020

- 2.3.11 One-year business survival rates are slightly below regional and national comparators, but five-year survival rates are slightly above. Exeter stands out for having lower survival rates than other local authority areas, whilst Mid Devon has the highest survival rates.

2.4 Population

- 2.4.1 The Greater Exeter area is growing, and all local authority areas have seen a higher rate of growth than the regional and national averages. The working age population in the Greater Exeter area is also growing at a faster rate than the regional and national averages. Once again, this is the case across each of the local authority areas that make up Greater Exeter. This contrasts with the previous ENDA where some local authority areas had seen a decline in their working age population.

- 2.4.2 Growth of the Greater Exeter population, in particular the working age population, will lead to the requirement for more employment land across the area.

Total population

- 2.4.3 According to the 2021 Census there are just under 500,000 people in Greater Exeter. The population of the area has increased by 10% since the last Census. This is above regional and national comparators. East Devon has seen the largest increase in total population between 2011 and 2021 (14%), whilst Mid Devon has seen the smallest increase (6%).

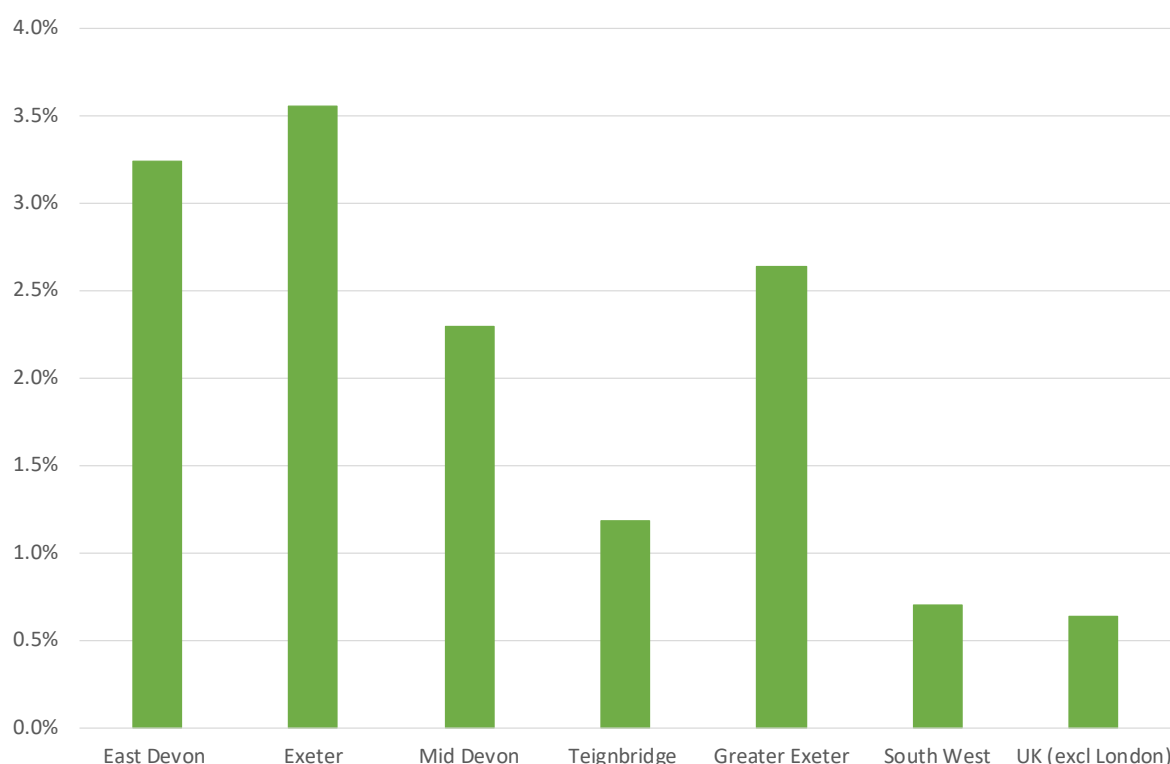
Working age population

- 2.4.4 Population data from the 2021 Census is not yet available by single year of age. Therefore, an analysis of the working age population (16-64) is not possible. We have examined the population aged 15-64 as a proxy for the working age population.
- 2.4.5 In Greater Exeter 61% of the population is aged 15- 64. This is slightly below the regional (62%) and national (63%) comparators. The proportion of the population that is of working age has declined by 2% in all these areas since the 2011 Census.
- 2.4.6 Seventy percent of the population in Exeter is of working age. This has remained consistent across both the 2011 and 2021 Censuses. In all other local authority areas in Greater there has been a small decline in the proportion of the population that is of working age. East Devon has the lowest proportion, at 56%.

2.4.7 It is possible to look at the population aged 16 to 64 and annual changes using Mid Year Population Estimates, with the latest data from 2020.

2.4.8 The working age (16-64) population of Greater Exeter accounted for 59% of the total population in 2020. This is just below the South West and UK (excluding London) percentages of 60% and 62% respectively. This population has grown 3% since 2017, which is larger than the 1% growth seen in the South West and UK (excluding London) over the same period.

Figure 2.7: Percentage Change in the Working Age Population 2017 - 2020



2.4.9 The City of Exeter has seen the largest rate of growth in its working age population over the period from 2017 to 2020 of 4%, and the working age population made up almost 70% of its total population in 2020. This is the only local authority area in Greater Exeter where the working age population as a proportion of the total population exceeds the South West and UK (excluding London) figures.

2.4.10 East Devon had the smallest proportion of its population of working age (54%) but, has seen 3% growth in this population since 2017.

2.5 Unemployment and economic activity

2.5.1 Economic activity rates in Greater Exeter show signs of decline, in particular since 2020. East Devon, Exeter and Teignbridge also experienced large increases in economic inactivity rates for over 50s post 2020, potentially as part of a shift towards early retirement. At this point it is unclear if this will be a short or long-term trend, and this needs to be monitored further. Claimant count rates have increased (largely attributable to the Covid-19 pandemic) and remain over double that seen prior to the pandemic.

2.5.2 The data contrasts with the previous EDNA where only Exeter had seen a decline in its economic activity rate. Due to the roll out of universal credit it is not possible to make comparisons with respect to the claimant count.

2.5.3 If the fall in economic activity rates becomes a long-term trend this may limit business growth (and so demand for employment land) as there is a smaller labour pool from which to recruit. However, in the short term there appears to be some slack in the labour market with more claimants than prior to the Covid-19 pandemic.

Economic activity rate

2.5.4 The economic activity rate measures the proportion of the population aged 16-64 who are economically active¹³. The economic activity rate in Greater Exeter was 76% in the period between October 2020 and September 2021¹⁴. This is below the South West and UK (excluding) London figures of 80% and 78%.

2.5.5 Mid Devon had the highest economic activity rate of the four local authority areas, which at 83%, is above the South West and UK (excluding) London comparators. All other local authority areas had an economic activity rate below these comparators, of which the City of Exeter had the lowest rate of 73%.

2.5.6 Between 2017 and 2020 the absolute number of economically active residents in Greater Exeter has declined. This is also true for all local authority areas except Mid Devon, which has seen an increase. The South West and UK (excluding London) have also seen a decline in the number of economically active residents in 2020 relative to 2017 as shown in the figure below.

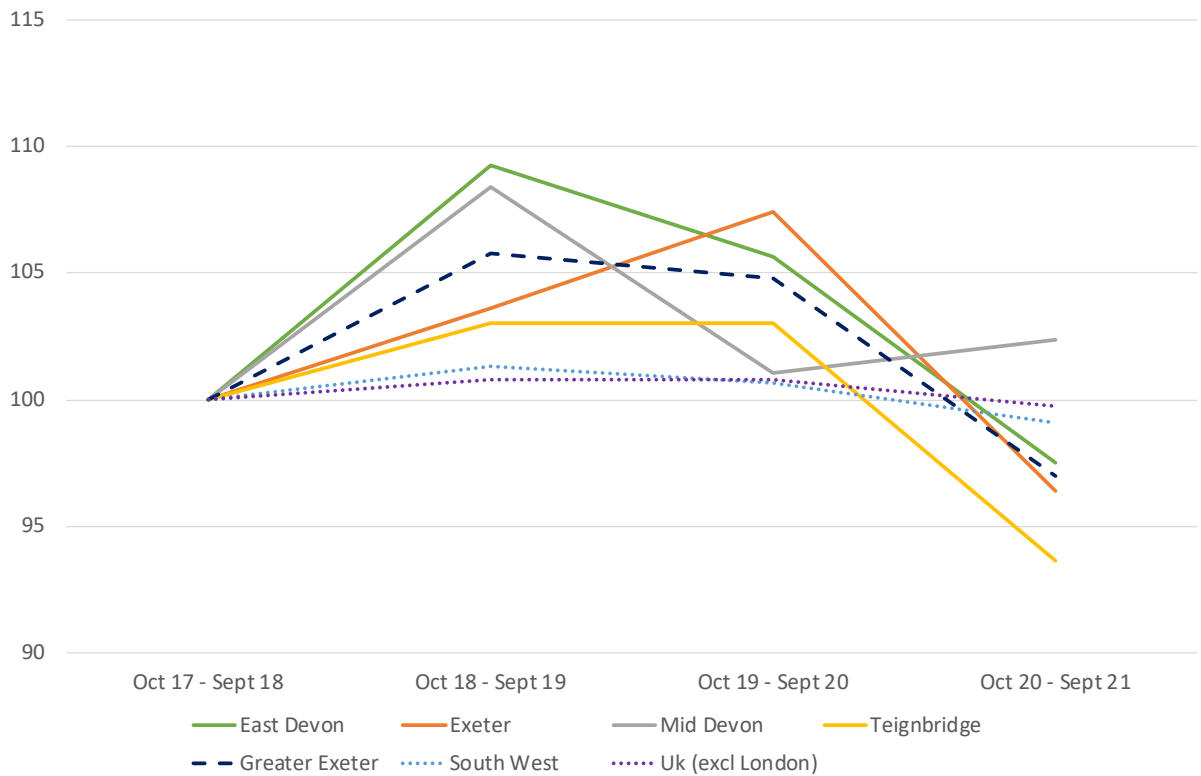
Claimant Count

2.5.7 The average annual claimant rate (claimants as a proportion of the working age population) for Greater Exeter between 2017 and 2021 can be seen in Figure 2.3 below. This shows that there was a significant increase in the claimant rate as a result of the Covid-19 pandemic, and that claimant rates are still over double that of the 2019 figures. This is still below the regional and national comparator areas.

¹³ Defined as those in employment or unemployed

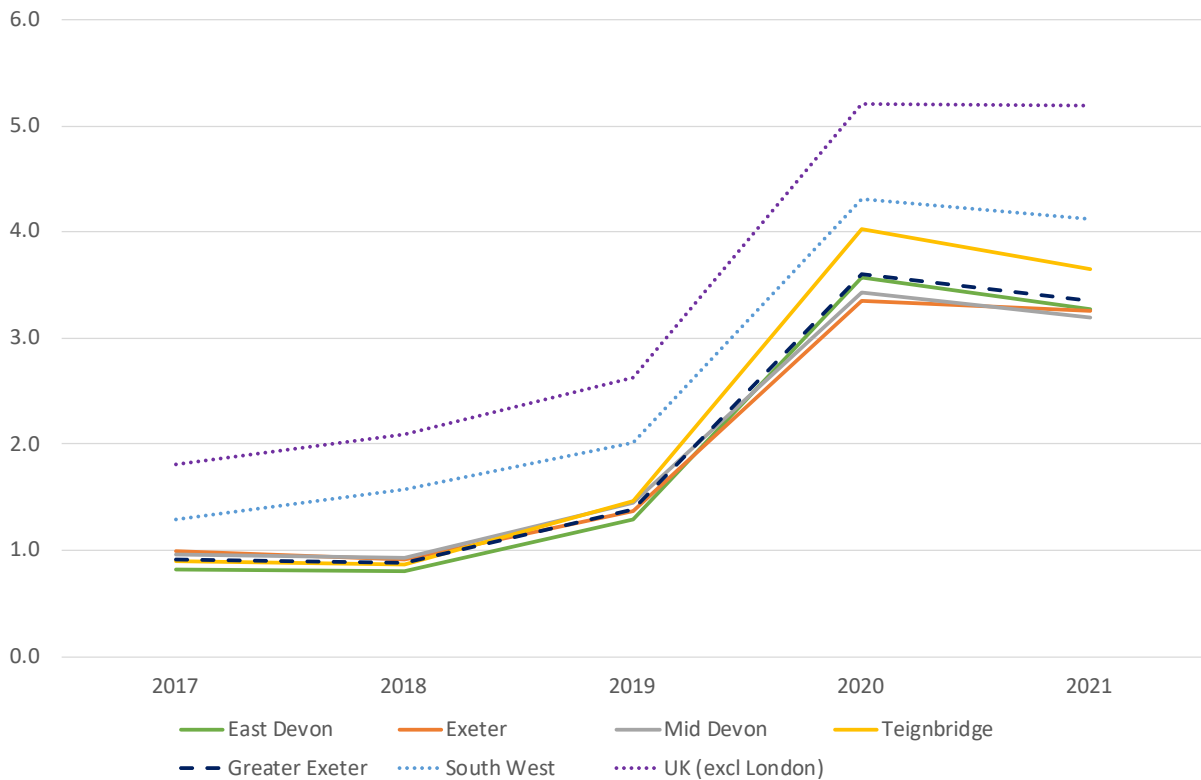
¹⁴ Annual Population Survey, 2022

Figure 2.8: Indexed Number of Economically Active Residents 2017 – 2020 (2017=100)



Source: Annual Population Survey, 2022

Figure 2.9: Claimant Count as a Proportion of Working Age Residents 2017 - 2021



Source: Claimant Count by Sex and Age, 2022

- 2.5.8 East Devon had the lowest claimant count rates up to 2019 but, has seen an increase during the Covid-19 pandemic. Teignbridge had the highest claimant count rate in 2019, and this trend continued during 2020 and 2021.

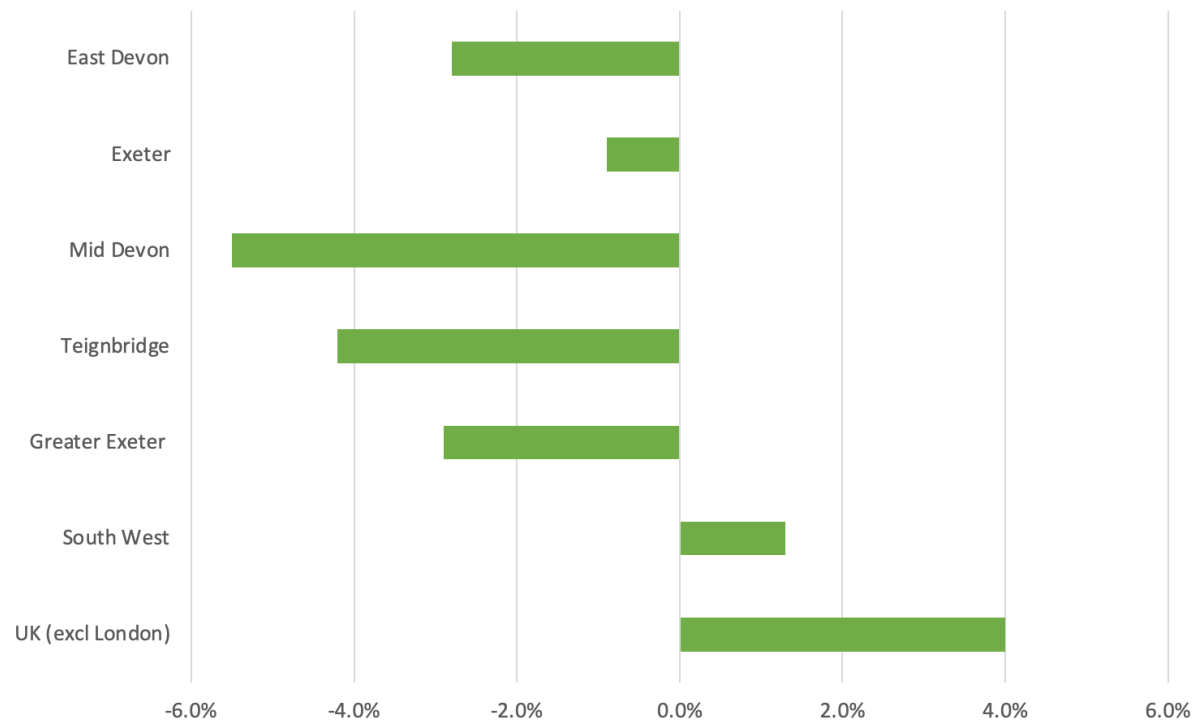
2.6 Qualifications

- 2.6.1 The proportion of residents qualified to NVQ4+ in Greater Exeter is in-line with regional and national average, but has seen a decline on 2017 figures, which is not in-line with the trend in these areas.
- 2.6.2 The previous EDNA found there was a higher proportion of working age residents qualified to NVQ4+ than the national average in all of the local authority areas in Greater Exeter. This contrasts with the data below which shows only Exeter with a higher proportion than the regional and national averages.
- 2.6.3 If there is continued decline in the level of people qualified to NVQ4+ in Greater Exeter it may suppress demand for employment land as existing business struggle to hire people with suitable skills and qualifications, and inward investors choose to locate somewhere with a larger pool of highly qualified residents.

Qualifications at NVQ4+

- 2.6.4 Data from 2020 shows that Greater Exeter has the same percentage of working age residents qualified to NVQ4+ as the regional and national averages at 40%. There is notable variation from the Greater Exeter average in Mid Devon, where 26% of residents were qualified to NVQ4+ in 2020, and the City of Exeter, where 51% of residents are qualified to NVQ4+.
- 2.6.5 The figure below shows the change in the percentage of residents qualified to NVQ4+ in 2020 compared to 2017.
- 2.6.6 The figure above shows that in Greater Exeter, and across all the local authority areas, there is a decline in the proportion of residents qualified to NVQ4+.
- 2.6.7 In absolute terms, there has been a decline in people qualified to NVQ4+ in Greater Exeter and across all local authority areas except Exeter. Once again, this is not in-line with the regional and national comparators.

Figure 2.10: Change in the Percentage of Residents Qualified to NVQ4+ between 2017 and 2020



Source: Annual Population Survey, 2021

2.7 Commuting

2.7.1 Greater Exeter sees a large number of its residents commuting into the City of Exeter for work. This will create more demand for employment land in and around the City of Exeter as it is the location of employment. However, providing employment land in other local authority areas could see cross-boundary commuting reduced or shifted to other locations.

2.7.2 Commuting data has not been updated since the previous EDNA as it is based on Census data, which has not been updated.

Commuting flows

2.7.3 Census data from 2011 provides commuting flows for each local authority area in Greater Exeter. The City of Exeter is the only local authority area with a net inflow of commuters, with approximately 26,000 travelling into Exeter for work. East Devon, Mid Devon and Teignbridge have net commuting outflows of 6,000, 8,000 and 9,000, respectively. For each of these districts the most prominent destination for outflowing commuters is Exeter.

2.8 Conclusions

2.8.1 Greater Exeter is a growing area which has seen population, GVA 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 equally as qualified as the national and regional populations. A growing area will require provision of employment land to facilitate continued growth.

- 2.8.2 Across both GVA and employment, Greater Exeter has a particular concentration in both the Primary Industries & Utilities and Construction sectors. Neither of these sectors have a large influence on the demand for employment land. There is a concentration of GVA in the Public Administration & Defence sector (driven by its concentration in the City of Exeter, where employment is also above the national average) which will contribute to demand for office space in the area.
- 2.8.3 Economic activity rates in Greater Exeter are slightly below the regional and national averages, but have been declining in recent years. If this trend continues it will suppress future growth due to a lack of labour supply unless those that are economically inactive can be encouraged back into the labour market. Students tend to make up a large majority of the economically inactive population. If these students become economically active in the area following graduation, then this will be a source of future labour in the market and facilitate growth.
- 2.8.4 Prior to the Covid-19 pandemic Greater Exeter had a lower claimant rate than the regional and national benchmarks. Covid-19 led to large increases in the claimant count across all districts in Greater Exeter. If the claimant rates return to those levels seen prior to the pandemic, there will be a large number of people re-entering the workforce which will provide labour for businesses and drive growth.

East Devon

- 2.8.5 The area has seen population growth, but has the lowest proportion of its population of working age. Historically, the District has had the lowest claimant count rate of the local authority areas in Greater Exeter. Labour supply could be a limiting factor for business growth in the area which could suppress demand for employment land.
- 2.8.6 East Devon accounts for approximately 20% of employment and GVA across Greater Exeter. Employment growth rates are the highest of the local authority areas in Greater Exeter, and the District has a concentration of employment in the Transport & Storage sector (likely driven by the presence of Exeter Airport and large distribution depots in the west of the District). Provision of B8 land in the District will allow for continued growth in this sector.
- 2.8.7 The area in the west of East Devon (known as the West End) is notable in terms of both employment and GVA. In 2020, the area¹⁵ was home to largest amount of employment of any MSOA¹⁶ in East Devon and generated the largest amount of GVA.
- 2.8.8 In 2020 the area accounted for 17% of total employment (excluding Agriculture) in East Devon, and 23% of the total GVA generated in the District.
- 2.8.9 This will likely be an area that continues to see demand for additional employment land and premises.

Exeter

- 2.8.10 Jobs density data, the concentration of employment and GVA, and commuting patterns indicate that the City of Exeter is the employment centre of Greater Exeter. Exeter also has the largest concentration of working age people, and has seen the largest growth in this population between 2017 and 2020. The proportion of this population that is qualified to NVQ4+ level is also above

¹⁵ The West End has been defined as MSOA E02004134 which encompasses the Exeter and East Devon Enterprise Zone Areas

¹⁶ Mid-Layer Super Output Area – a geographic area used for Census data reporting

the national and regional benchmarks. A large, highly qualified working age population will drive future growth and be attractive to firms wishing to locate close to a potential workforce.

- 2.8.11 Exeter also saw the largest number of business births per capita in 2019 compared to the other districts in the area, and saw business births increasing between 2015 and 2018. The survival rates for businesses in Exeter are however, the lowest of all the local authority areas. This will mean that Exeter will need to make employment land allowances for start-up businesses in the area. However, there will likely be higher levels of churn in employment land as businesses fail and others take up the available employment land.
- 2.8.12 Exeter has a particular concentration of GVA in the Information & Communication sector. To facilitate continued growth of this sector particular allowances should be made for E(g) use class land.

Mid Devon

- 2.8.13 Mid Devon accounts for the lowest amount of employment and GVA of the local authorities in the area. It a high economic active rate, but had the lowest proportion of its residents qualified to NVQ4+ in 2020.
- 2.8.14 Mid Devon has an above average concentration of both GVA and employment in the Manufacturing sector, and a concentration of GVA in the Wholesale & Retail Trade sector. These sectors will require the provision of B2 and B8 employment land to continue growing.
- 2.8.15 Mid Devon has seen the lowest number of business births per capita but, has the highest survival rates. This will lead to a low level of churn in employment land which will mean provision will need to be made for the (albeit low level) of new businesses in the area.

Teignbridge

- 2.8.16 Alongside East Devon, Teignbridge accounts for approximately 20% of employment and GVA in Greater Exeter. The area has experienced the highest number of business births per capita of any of the local authority areas in 2020, and has average survival rates for the area. If the growth in business births continues then provision of employment land will be needed for new start businesses.
- 2.8.17 The area has seen the smallest rate of growth in its population in recent years. The District has the highest claimant count rate of the local authority areas. A lack of population growth could suppress demand for employment land however, a high claimant count rate suggests there is some slack in the local labour market which could be attractive to some businesses.
- 2.8.18 Teignbridge has a concentration of employment in the Wholesale & Retail Trade and Real Estate sectors. These sectors will drive demand for office and B8 premises respectively in the area.

3 Policy

- 3.0.1 This chapter sets out a review of regional and local policy to identify policies that may have an impact on the demand for employment land in Greater Exeter.

3.1 Heart of the South West Local Enterprise Partnership (LEP)

Heart of the South West Employment and Skills Review (2022)

- 3.1.1 This report provides an employment and skills profile of the Heart of the South West LEP area. Key findings from the report and their implications for employment land demand are set out below.
- 3.1.2 Employment has recovered to pre-pandemic levels in the LEP area, although there remains a variety of sectors in which the numbers of jobs have not recovered, such as Manufacturing and Wholesale & Retail Trade sectors.
- 3.1.3 If jobs in these sectors return to pre-pandemic levels this will likely increase the demand for employment land, particularly B2 and B8.
- 3.1.4 Falling economic activity rates are a key concern in the LEP area and particularly in Devon. Annual Population Survey data reveals that this is largely driven by those aged 50–64 taking early retirement, and people choosing to leave the labour market.
- 3.1.5 Unemployment has fallen by 27 % between October 2020 and September 2021, although it must be noted that this is partly driven by a fall in the numbers of economically active individuals
- 3.1.6 Falling economic activity rates and high levels of employment may lead to a lack of people available to fill job vacancies which will suppress growth rates, and so, demand for employment land.
- 3.1.7 The Business Insights and Conditions Survey reveals that homeworking is still prevalent in the UK, with 17.3% of all employees working remotely in December 2021. The sectors with the highest proportion of staff working remotely include Information & Communication (58%) and Professional, Scientific & Technical activities (38%).
- 3.1.8 Higher levels of remote working in the Information & Communication and Professional, Scientific & Technical sectors may lead to falling demand for office/light industrial E(g) premises and land as businesses re-think their requirements. However, it is possible that increased levels of remote-working may also increase demand for flexible workspace by those remote workers that do not wish to work from home.

Heart of the South West Local Skills Report (2022)

- 3.1.9 Business growth is being restricted by a lack of skills in:
- Digital
 - High-tech specialisms in aerospace, photonics, and marine
 - Advanced engineering and manufacturing
 - Logistics
 - Areas that will support the transition to net zero

- 3.1.10 Skills shortages such as these have been exacerbated by current labour shortages arising from a decline in the economic activity rate (particularly amongst those aged 50+), as well as increasing house prices driving young people to more affordable areas. A shortage of labour and a lack of skills in these areas has the potential to restrict business growth and demand for employment land.
- 3.1.11 The distribution of the demand for, and supply of, skills in the Heart of the South West LEP is as follows:
- High supply and high demand for skills in the Exeter Travel to Work area (i.e. "High-skills equilibrium").
 - High supply, but lower demand across parts of Devon (i.e. "Skills surplus").
- 3.1.12 According to the Local Skills Report the Greater Exeter area has a high supply of skills. This will help to support business growth in the area. The report also outlines a skills action plan for the Heart of the South West LEP and the LEP commit to supporting skills renewal and recruitment through recovery in hard hit sectors.

3.2 Devon County Council

Devon's Economy – Covid-19 recovery update (2021)

- 3.2.1 This report details the various impacts of Covid-19 on the local authorities in Devon. The UK Government rated the Devon economy as 'red' in Spring 2020 due to its rapid decline following the introduction of nationwide lockdowns. The decline was concentrated in sectors such as Tourism, Hospitality, Manufacturing, Construction, and Fishing.
- 3.2.2 Since the reopening of the economy, there have been significant labour supply issues. An important driver of labour shortages has been a large increase in economic inactivity rates among those aged 50-64, likely caused by early retirements. Teignbridge has seen the greatest fall in economic inactivity rates of all districts in Devon over the period December 2019 to June 2021, with East Devon also seeing a significant decline.

Draft Interim Devon Carbon Plan (2020)

- 3.2.3 Devon County Council has declared a climate emergency and is seeking to become net-carbon neutral by 2050. Key outcomes of this Plan include transition to a circular economy and re-skilling the workforce to work in low-carbon sectors.

3.3 East Devon

East Devon Local Plan 2013 – 2031 (adopted January 2016)

- 3.3.1 The current Local Plan seeks to identify suitable land for employment uses to increase employment opportunities in East Devon. Much of the development is to be located in the West End of the District (part of the Exeter sub-region) to encourage job provision and inward investment here.
- 3.3.2 New jobs will be encouraged in locations near to residential dwellings and vice versa, to reduce commuting by cars. It is anticipated that approximately 250 new homes could generate the need for 1 ha of employment land. Over the remaining plan period (2022/23 to 2030/31) the Plan

details the provision of approximately 6,700 new homes across the District, which would lead to the requirement for 27.6 ha of employment land based on this formula.

East Devon Draft Local Plan 2020 – 2040 (January 2022)

- 3.3.3 East Devon is seeking to provide high quality jobs in close proximity to residents' homes, and drive economic growth and prosperity in the District. The Plan seeks to provide employment land to attract new and established businesses working in the transformational sectors¹⁷ to East Devon, as well as supporting the established mix of sectors. This will lead to a requirement for employment land in the District, particularly in the West End.
- 3.3.4 There will be a continuation of the patterns of development from the existing Local Plan through to the new plan. Development will be centred in the western side of the district, and this will also be the location of a new town.
- 3.3.5 Additional employment land provision, in particular office space, will primarily be located in Tier One (Exmouth) and Tier Two (Axminster, Cranbrook, Honiton, Ottery St Mary, Seaton, and Sidmouth) settlements. Development in these areas will be focussed on meeting local needs and encouraging self-sufficient service centres.

A Clean Growth Vision for Development in the West of the District (2021)

- 3.3.6 The vision states that long-term future growth in the area will be in Research and Development (R&D) driven businesses. However, the area is currently seeing growth in the logistics sector. To facilitate the continued growth of the logistics sector in the area it may be necessary to provide B8 employment land in the area. In the longer term there will be a requirement for E(g) employment land, in particular E(g)(ii) i.e. research and development facilities.
- 3.3.7 There are strong ambitions to build upon an opportunity for a clean aviation hub in and around Exeter Airport. Following the closure of Flybe, which resulted in 900 job losses at the airport, the Council aspire to strengthen East Devon's portfolio of pilots and demonstrators across all clean technologies, with Exeter Airport as a potential hub. Currently, the draft Local Plan appears to suggest that existing land will be used for this purpose so there would be no additional employment land implications at this point.
- 3.3.8 The Vision also emphasises a need for more agile, vibrant work hubs located within easy access to homes, nature, services and knowledge centres which will be linked together by cycleways. It is anticipated that together the hubs will provide a 'campus feel' to maximise opportunities for collaboration, innovation and growth.
- 3.3.9 Further work continues to be carried out on the potential for clean growth and the economic and employment impact of this in East Devon and Greater Exeter. As more work is done, the clean growth aspirations for the area will become clearer, and different future scenarios can be considered.

¹⁷ These are Smart Logistics and Transport, Data Analytics Health Innovation, Knowledge Based Industries and Environmental Futures.

3.4 Exeter

Core strategy 2012-2026 (adopted 2012)

- 3.4.1 The vision for Exeter is to drive growth by providing housing, jobs and supporting infrastructure to enable development. Because of the scale of the growth ambition for Exeter, Exeter and East Devon have been awarded Growth Point status.
- 3.4.2 Objectives to encourage economic development in Exeter include:
- Diversifying the Exeter economy with particular focus on knowledge-based activities and low and zero carbon technology
 - Providing sufficient land and an appropriate range of accommodation for businesses particularly in the Monkerton/Hill Barton, Newcourt and Matford areas
 - Providing opportunities for high quality office development within the City Centre
- 3.4.3 The strategy cites research by the RSS that states the key growth sectors in the area are Information and Communications, Biotechnology, and Computer Services. This will lead to increased demand for E(g) employment land.
- 3.4.4 However, Exeter does face some challenges including:
- Low 'staying-on' rate at 16+ and few young adults with high level qualifications
 - High demand for employment sites but lack of size and range available
 - Challenge of accommodating university growth
 - High level of CO2 emissions
- 3.4.5 The lack of people with high level qualifications, and a lack of employment sites could place a limit on the scale of growth. University growth may lead to competition for sites which may limit the supply of suitable employment land sites. High CO2 emissions will lead to the need for sustainable development in the city.
- 3.4.6 To maximise the sustainability of future development in the city, development will focus on the most sustainable locations. These include:
- The city centre, existing centres and previously developed land
 - Sustainable urban extensions
 - The Growth Point to the east of the city

Draft Outline Exeter Plan (September 2022)

- 3.4.7 Exeter has a strong ambition to grow the economy with a focus on innovative business sectors, making the most of a skilled workforce, the benefits of the University and the world-leading research on climate change. The new Exeter Plan seeks to take full advantage of the opportunities for economic growth and supports the economy and green growth by identifying the employment space and infrastructure needed.
- 3.4.8 There is a particular focus on unlocking further growth potential within the knowledge economy, especially transformational sectors. Transformational sectors that have potential for growth in Exeter include:

- Data analytics:
- Environmental futures
- Health innovation
- Digital innovation
- Other emerging transformational businesses

3.4.9 The Exeter Plan seeks to support these new transformational businesses, whether they be spin-offs from the University of Exeter or other local bodies, new start-ups or inward investment by existing firms.

3.4.10 The Plan also seeks to protect those established employment areas that are key to meeting future employment needs, whilst also allowing change of use where it can be established that mixed use development could sustain both employment and housing development or where there are unacceptable amenity impacts from current employment activities.

3.4.11 Flexible working is becoming more important and the Exeter Plan seeks to ensure that future development supports this. Shared workspaces help to increase employment densities and provide flexible opportunities for SME's and traders. Incorporating work hubs, co-working, collaborative workspaces and live-work units into all large-scale developments will ensure a truly liveable and sustainable environment and support the national shift to alternative ways of working. Shared use of public and community spaces can also contribute; community cafes and creative hubs can connect individuals and allow collaborative working.

3.4.12 The Plan also addresses access to jobs and skills with policies that support employment and learning opportunities, social mobility, and city-wide inclusion and require the submission of employment and skills plans for major development.

Building Exeter Back Better (2020)

3.4.13 The Exeter Build Back Better strategy outlines actions for local economic recovery from the Covid-19 pandemic. Actions which may impact employment land involve commissioning a study to review demand for, and supply of, commercial space within the city and to develop the proposition for major relocations to Exeter (Government/Company HQ's/charities) linked to the City Point development and in line with Exeter Live Better promotional activity.

3.4.14 Large relocations to the city will lead to additional demand for employment land that may not be captured by standard employment land forecast methodologies which rely on employment growth forecasts.

Liveable Exeter

3.4.15 The Liveable Exeter initiative sets out plans for significant housing delivery across eight sites in Greater Exeter. The delivery of significant housing growth is intended to bring major investment to the city, which will in turn create thriving neighbourhoods with new homes and meaningful, high value jobs.

3.4.16 Liveable Exeter will help to deliver the Exeter Plan.

Innovation Exeter Strategy

3.4.17 The aim of this strategy is to establish the Greater Exeter area (Exeter, East Devon and Teignbridge) as a knowledge economy, focused on high performance computing and data analytics.

- 3.4.18 At the time of writing there were a small number of ‘totemic’ projects proposed but no funding stream for them. Physical development was however, likely to be located in the Exeter Science Park.

Local Labour Market Outlook (2022)

- 3.4.19 Key trends highlighted by the report include a 16% rise in job numbers, a 29% fall in Claimant Counts and a 93% increase in job postings from January to December 2021.
- 3.4.20 Industries with a high concentration of employment compared with the UK average in 2021 include Water Collection, Treatment & Supply; Professional, Scientific & Technical Activities; Electricity, Gas Steam & Air Conditioning Supply; and Telecommunications.
- 3.4.21 This suggests that there is strong employment demand in Exeter, with commensurate increases in demand for employment land. The strength of the Professional, Scientific & Technical Activities and Telecommunications sector suggest demand for E(g)(i) office employment land.

University of Exeter: The Future of Work is Now summary report (2020)

- 3.4.22 This independent report provides a high-level analysis into trends impacting the future world of work, and those which have been accelerated by the Covid-19 pandemic.
- 3.4.23 The Covid-19 pandemic forced organisations (including those that had previously resistant to remote working) to embrace homeworking and the use of collaborative tools. The report anticipates that remote working patterns will continue for most organisations.
- 3.4.24 This may lead to a lower requirement for employment land, particularly E(g)(i), in the future if these staff need to be physically located in a central workplace.

Net Zero Exeter 2030 Plan (2020)

- 3.4.25 This Plan sets out proposals for Exeter to achieve net zero carbon by 2030. The key aspects of the plan that may influence the demand for, and location of, employment land are:
- Ensuring that the Local Plan identifies new employment sites that can be served by quality public transport links, walking, and cycling
 - Building a network of work hubs to reduce the need to travel into the city for work
 - Establish freight consolidation centres at key access points into the city to reduce the number of vehicles coming into the city centre

3.5 Mid Devon

Mid Devon Local Plan 2013 – 2033 (adopted July 2020)

- 3.5.1 The Local Plan seeks to deliver a realistic level of development across Mid Devon, whilst recognising that Exeter and Taunton remain important employment centres for Mid Devon’s working population.
- 3.5.2 Development across the District will be managed to increase inward investment and reduce the reliance on private vehicles for transport. Historically, there has been slow take-up of sites in the District. However, the Plan acknowledges that there is a shortage of small-scale employment sites and deliverability issues surrounding the very large employment sites.

- 3.5.3 Allocations of commercial land (all employment generating uses) have been made in proximity to future housing locations, so Cullompton will be the primary strategic focus for development in the medium to long term, with Tiverton and Crediton of secondary focus. At the time of writing there was an excess of commercial land supply (all employment generating uses) in Cullompton and Tiverton, and constrained supply in Crediton.

Mid Devon Employment Land Review Update (2018)

- 3.5.4 Key findings from economic analysis of the employment land review included:
- Wholesale & Retail represents the largest sector in Mid Devon in terms of workforce jobs, followed by Manufacturing.
 - Mid Devon has seen a 24% increase in workforce jobs in the 16 year period from 2000 to 2016. Between 2013 and 2016 there has been a particular strong increase in workforce jobs of approximately 17%.
 - Self-employment makes up 20% of all employment for working age people in Mid Devon, which is significantly higher than the South West average (12%) and almost twice the average for Great Britain (10.6%).
 - The vast majority of businesses in Mid Devon are smaller firms comprising 0-9 employees (92%), while large firms of over 250 people account for a very small proportion of businesses (0.1%).
- 3.5.5 Consultations with local stakeholders revealed that Mid Devon had seen significant levels of recent inward investment, particularly around the M5 corridor. There had also been a number of local companies seeking to expand, although this was more likely in Crediton and rural areas.
- 3.5.6 There was a continued high level of demand for employment sites and premises in the District, but a lack of land. Demand came primarily from those sectors already strong in the area. Businesses felt that the priority for future employment land provision should be provided in Tiverton, the M5 corridor and then, Cullompton or Crediton.

Economy Strategy for Mid Devon (2019–2024)

- 3.5.7 The council has an ambition for Mid Devon that GVA and the number of businesses will have increased by 10% over the strategy period.
- 3.5.8 The area currently has a strong Manufacturing sector, and is seeking to grow this alongside the Low Carbon and Hi-Tech sectors.
- 3.5.9 Established employment sites rarely become vacant, and when they do, they are often filled within a couple of months. A key employment site in Mid Devon is Hitchcock's Business Park, which is fully let and has a waiting list of businesses looking to occupy buildings once they become available. A key reason for its success is the flexibility of the workspaces and their ability to accommodate a wide variety of businesses.
- 3.5.10 There are few land allocations in Mid Devon, but each site is relatively large in terms of its proportion of total employment land in the district. This is a potential mismatch with the high proportion of micro businesses in the District.

- 3.5.11 An important issue for businesses in Mid Devon is the lack of commercial space available to accommodate businesses looking to scale up, particular for tenants of incubator spaces searching for 'next step' spaces.

3.6 Teignbridge

Teignbridge Local Plan 2013-2033 (adopted May 2014)

- 3.6.1 At the time of the Local Plan, there were too few jobs in Teignbridge to meet the needs of the working age population. This results in high levels of out-commuting by Teignbridge residents. To address this the Council will allocate approximately 3 ha of employment land per year, and ensure that a deliverable supply of 15 ha is always available.
- 3.6.2 Policy EC1 states that employment land development will be “appropriate in principle within defined settlement limits, on specific allocations and elsewhere” (pg. 41).
- 3.6.3 The majority of employment land development (60%) will be in the Heart of Teignbridge (Kingskerswell, Kingsteignton, Newton Abbot), and 5% in southwest Exeter.

Economic Development Plan 2018-2023

- 3.6.4 An analysis of the local economy in Teignbridge finds that the demand for employment space has far exceeded supply in the years prior to 2018. The Manufacturing, Construction and Professional, Scientific & Technical sectors are strong performers in the Teignbridge economy.
- 3.6.5 Teignbridge seeks to attract a diverse range of well-paid and highly skilled jobs, and be an attractive place to start and grow a business. This will require the provision of suitable employment land.
- 3.6.6 The Plan commits to supporting applications for employment sites and encouraging a mix of new commercial tenancy types to meet demand (i.e. business incubators and enterprise hubs). Teignbridge District Council also commits to bringing forward their own commercial sites where appropriate, and trialling new types of workspaces. These actions will also require the provision of suitable employment land.

Teignbridge Jobs Plan (2021)

- 3.6.7 The Teignbridge Jobs Plan sets out the mission to help the local economy recover from the Covid-19 pandemic. The District Council aspires to help businesses to start and grow through delivering and facilitating new employment sites; and matching employers to existing premises as well as working with partners to deliver work hubs. To enable this, the Council will be a first point of contact for new businesses looking to locate in the area and will monitor commercial vacancies and opportunities.

3.7 Conclusion

- 3.7.1 There are falling economic activity rates across the HotSW and Devon which, coupled with skills shortages across certain areas (that will particularly impact employment in the B2 and B8 use classes) may limit economic growth in the short term. However, the Exeter Travel to Work Area (TTWA) which encompasses the majority of the Greater Exeter Area has a high demand for skills but also high levels of supply.

- 3.7.2 All the local authority areas in Greater Exeter have declared a climate emergency and are committed to becoming net carbon neutral.
- 3.7.3 In East Devon, the West End will continue to be the focus for major strategic developments and is set to be the location of a new town. East Devon is seeking to attract inward investment into the West End, and this area will be the focus in growth in the transformational sectors¹⁷. This will mean the area will require E(g)(ii) (i.e. research and development]) and (iii) (light industrial) and B8 Use Class (storage or distribution) employment land.
- 3.7.4 Across other parts of East Devon there is a desire to maintain a diversified economy and to increase self-containment in towns by locating employment land (primarily office space) and housing in close proximity.
- 3.7.5 Exeter wants to continue to be a high growth area, and the Exeter Plan, together with the Liveable Exeter initiative, sets out how this will be done. There will be a focus on the transformational sectors and established employment areas will be protected.
- 3.7.6 Exeter is doing things differently and is seeking to deliver mixed-use communities that meet housing and employment needs. The aim will be to meet demands within the city but through alternative employment provision (works hubs, collaborative workspaces and live-work units) and provision for start-ups. However, the city does lack significant new sites for light manufacturing and demand is therefore some demand is likely to be met outside Exeter's administrative boundaries.
- 3.7.7 Mid Devon District Council is seeking to grow the local economy, whilst understanding that Exeter and Taunton are important employment centres for many residents. There are high levels of demand for employment sites and premises in the district, particularly in sectors in which they are already strong, including Wholesale and Manufacturing, from inward investors and local businesses. Policy suggests there is sufficient employment land in the area but, problems surrounding delivery of these sites and the suitability of premises for the businesses seeking to occupy them.
- 3.7.8 Teignbridge is seeking to address a lack of jobs in the area for residents by providing additional employment land to facilitate economic growth. Historically, demand for employment land has exceeded supply so the Council is looking to provide sufficient space to meet demand, and deliver a variety of workspace types.

4 Economic Forecasts and Scenario Development

4.0.1 This chapter sets out a summary of the forecasts used in this work, and discusses the scenarios developed for employment land forecasting across Greater Exeter.

4.1 Baseline Forecasts

4.1.1 Baseline or ‘business as usual’ forecasts were purchased from both Cambridge Econometrics (CE) and Experian. These are two of the leading economic forecasters for the UK’s local and regional economies. The forecasters have provided data for each of the four local authority areas in Greater Exeter. These forecasts have been aggregated to provide data for Greater Exeter. However, the data for each of the local authority areas is available in Appendices One to Four inclusive.

4.1.2 There is a need to consider whether forecasts should be termed ‘policy on’, ‘policy off’, ‘baseline’ or ‘business as usual’. Each of these terms has helpful and unhelpful connotations. Nevertheless, there is a need to use some form of terminology within this report. We therefore clarify the following:

- The forecasts as initially provided by the forecasters are referred to in this report as *baseline* forecasts. This enables a contrast between the original forecast scenarios and any adjusted scenarios that are considered.
- The forecasters’ ‘baselines’ draw on historic economic performance of the area as one of the determining factors. They also draw on detailed analysis of national and sectoral economic potential. The forecasts are not therefore developed assuming a policy vacuum or absence. Whilst they are not developed with explicit reference to future local policy, the historic period on which they draw included efforts from national, regional, and local economic development stakeholders to deliver a prosperous economy. A level of economic development action is therefore inherent within the forecasts

4.1.3 To test the parameters of these ‘baseline’ forecasts, the following scenarios have also been included as part of the analysis in this chapter:

- **Mid-point:** the mid-point of the two ‘baseline’ forecasts
- **Minimum:** the ‘lowest’ growth scenario, based on selecting the ‘baseline’ forecast (from either CE or Experian) with the lowest growth for each sector.
- **Maximum:** the ‘highest’ growth scenario, based on selecting the ‘baseline’ forecast (from either CE or Experian) with the highest growth for each sector.

Headline Economic Performance

4.1.4 The analysis set out below considers the historic period 2000–2019 and the future forecast period 2019–2040.

4.1.5 Although the EDNA covers the period 2020–2040, 2019 has been chosen as the baseline year for analysis in order to mitigate against the statistical risks associated with selecting a starting point (i.e. 2020) affected by the Covid pandemic.

4.1.6 Set out in this section is an analysis of:

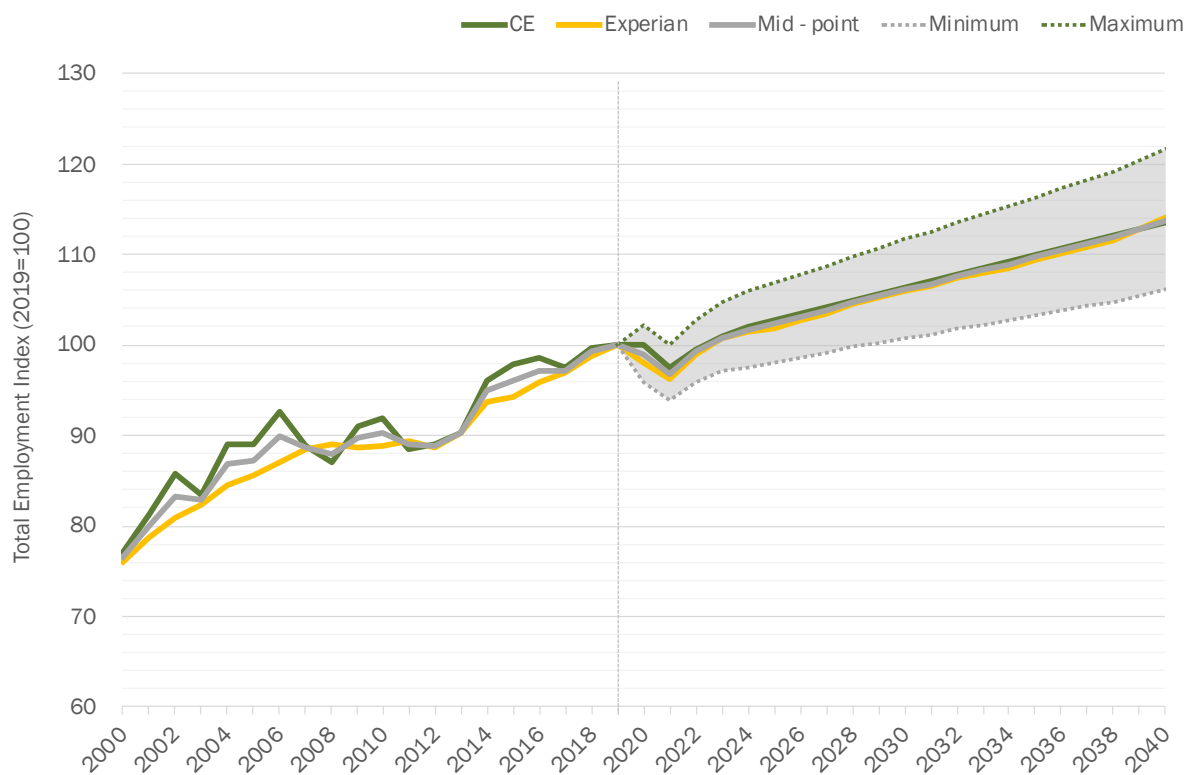
- Total Employment – a measure of total jobs including employment and self-employment¹⁸
- Employment by Sector – total employment distributed across employment sectors
- Gross Value Added (GVA) – a measure of economic output

4.1.7 As a result of small discrepancies in the way data is modelled by the two forecasters the charts set out below use an index rather than absolute values. This ensures that the two datasets align at 2019, and makes it easier to interpret any divergence between the different approaches.

4.2 Total Employment

4.2.1 Both forecasters suggest similar levels of employment growth over the forecast period 2019 – 2040 as shown in the figure below.

Figure 4.1: Historic and Forecast Employment Change, index (2019=100)



Source: HJA based on Cambridge Econometrics and Experian forecasts

- 4.2.2 Over the period from 2000 to 2019 CE saw employment growth of +60,100 and Experian had employment growth of +63,200.
- 4.2.3 CE is forecasting growth of +35,600 jobs over the period 2019 – 2040, which equates to +1,700 per annum. Experian is forecasting similar overall employment growth of +36,900 jobs between 2019 and 2040, equating to +1,800 jobs per annum.

¹⁸ Note: this is presented as total jobs, not FTE jobs.

4.2.4 Using these annual growth figures, over the plan period (2020 to 2040) CE is forecasting jobs growth of 33,900 and Experian is forecasting jobs growth of 35,300.

4.2.5 The Minimum and Maximum+ scenarios forecast growth of +15,600 jobs and +53,400 jobs respectively, equating to per annum growth of +800 and +2,700 jobs.

Comparison with the previous EDNA

4.2.6 As part of the EDNA in 2017, forecasts were purchased from CE and Experian in 2016.

4.2.7 CE forecasted overall employment growth of +41,900 and Experian forecast growth of +36,200 between 2015 and 2040. This equated to growth of +1,700 jobs per annum and +1,500 jobs over the 25-year forecast period.

4.2.8 Re-examining these forecasts for the period from 2019 to 2040, both forecasters had growth of +1,600 jobs per annum, which is slightly less than the latest set of forecasts.

4.3 Employment by Sector

4.3.1 The forecast change in total employment will be determined by expectations of sectoral performance by CE and Experian. In the figure below we set out the changes forecast over the plan period (2020 – 2040) for 18 sections of the economy.

Figure 4.2: Employment Change by Sector 2020 - 2040



Source: HJA based on Cambridge Econometrics and Experian forecasts

4.3.2 Sectors in bold are the ones that predominantly impact demand for employment land, so these are the only sectors discussed here. With the exception of the Financial & Insurance Activities

sector, there is agreement between the forecasters on which sectors will see growth in jobs, and which will decline.

- 4.3.3 The Manufacturing sector is notable for the forecast decline in jobs in the sector, and the Wholesale Trade, Information & Communication and Administrative & Support Service Activities sectors are notable for the difference in the scale of the forecasts of employment growth.

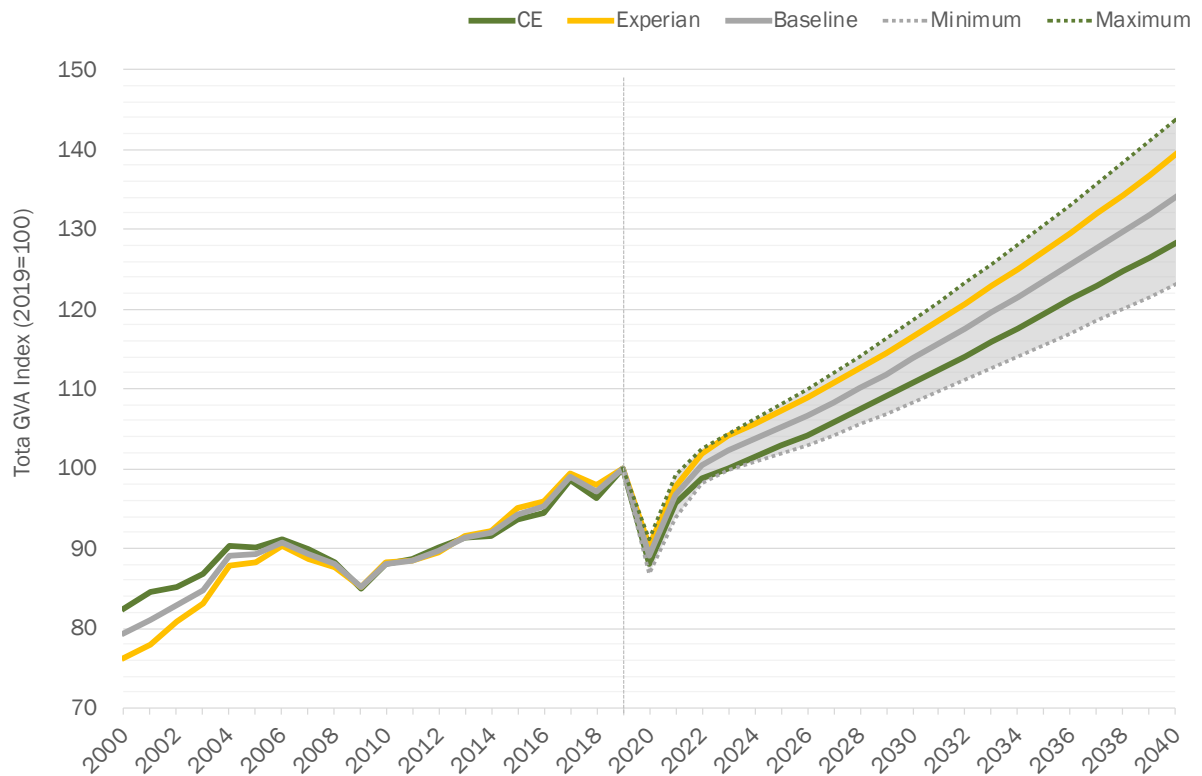
Comparison with the previous EDNA

- 4.3.4 Forecasts used in the previous EDNA also showed a decline in the Manufacturing sector. The requirement for B2 employment land will be based on a decline in employment in the Manufacturing sector as per the previous EDNA.
- 4.3.5 The forecasts in the previous EDNA disagreed on whether there would be growth or decline in the Transport & Storage sector. However, the forecasts used for this EDNA agree that there will be employment growth in this sector.
- 4.3.6 Previous forecasts did not show such a difference in the scale of growth in the Information & Communication sector. The Wholesale Trade and Administrative & Support Service Activities sectors were not modelled separately in the previous EDNA so direct comparisons are not possible.

4.4 Gross Value Added

- 4.4.1 Both forecasters indicate ongoing growth in GVA. However, Experian forecasts higher growth in GVA than CE despite the very similar levels of forecast employment growth.

Figure 4.3: Historic and Forecast GVA Change, index (2019=100)



Source: HJA based on Cambridge Econometrics and Experian forecasts

- 4.4.2 Both forecasters forecast a higher compound annual growth rate over the period 2019 – 2040 than over the period 2000 – 2019. CE forecast a compound annual growth rate of 1.2% over the period 2019 – 2040, whilst Experian forecast a compound annual growth rate of 1.6%. Historic annual growth rates are assessed as 1% and 1.4%, respectively.

Comparison with the previous EDNA

- 4.4.3 Forecasts used in the previous EDNA showed a higher level of GVA growth over the Plan period (2015 - 2040) compared to the current forecasts. In the previous EDNA CE forecast higher GVA growth than Experian.

4.5 Alternative Scenarios

- 4.5.1 Consideration needs to be given to whether the parameters of the baseline forecasts set out above are sufficient to take forward for employment land forecasting, or whether alternative scenarios should also be considered.
- 4.5.2 As discussed in paragraph 4.1.2, the forecasts are not produced in a policy vacuum. However, they do not take account of local policy which may affect the future demand for employment land. Discussion with local authorities, and the review of local policies indicate a desire to drive economic growth whilst also achieving net-zero carbon targets.
- 4.5.3 In order to develop a robust evidence base, we have 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 sectors¹⁹.
 - 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.
- 4.5.4 Across each of these scenarios we have applied a 'Homeworking+' adjustment 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.
- 4.5.5 Figure 4.4 shows employment change under the four scenarios for each District in Greater Exeter. The scenarios provide a range of between +15,700 and +54,500 jobs growth over the Plan period.

¹⁹ Further work in the future may identify other areas of potential employment and economic growth stimulated by clean growth

Figure 4.4: Change in Employment over Plan period (2020- 2040) based on 2019 average change per annum

	Minimum	Mid-Point	Clean Growth	Maximum+
East Devon	3,200	8,400	9,400	13,700
Exeter	6,900	13,500	14,900	20,700
Mid Devon	2,400	4,700	5,000	7,100
Teignbridge	3,200	8,000	8,600	13,000
Greater Exeter	15,600	34,600	37,900	54,500

Source: HJA analysis based on Cambridge Econometrics and Experian

- 4.5.6 Employment forecast figures from this chapter will be taken forward to inform four scenarios for employment land demand in the next stage of our assessment.

5 Assessment of Demand for Employment Sites and Premises

5.0.1 This chapter takes the forecast employment scenarios developed in the previous chapter and calculates the associated employment land requirements for Greater Exeter.

5.1 Approach to calculating demand for sites and premises

5.1.1 The figure below provides a summary diagram of the approach adopted to assess future sites and premises requirements, based on the forecast level of employment. This follows the approach suggested in Planning Practice Guidance discussed in paragraph 1.1.11 of this report.

Figure 5.1: Approach to assessing sites and premises requirements



5.1.2 **Phase 1** takes account of the net changes in the economy i.e. the growth and decline of employment in particular sectors. The sectoral employment projections are 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.

5.1.3 **Phase 2** then considers wider market factors, particularly the need to recognise the churn in the economy and the associated need to replace and upgrade property stocks. 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. Also, within Phase 2 the assessment builds in an allowance for choice and flexibility. This element needs to take account of offering location choice as well as choice in terms of the type of property and setting.

5.1.4 Phase 1 and Phase 2 were undertaken separately for all four local authority areas in Greater Exeter. The results of this analysis can be found in Appendices One to Four. Following this, net

additional employment, floorspace and total requirement figures for each area were aggregated to provide results for Greater Exeter as a whole. This chapter sets out the results of this analysis.

5.2 Phase 1: Net additional demand

- 5.2.1 In the first step, employment forecasts for each sector set out in the previous chapter are converted to Full-time Equivalent (FTE) employment using ONS data from the Annual Survey of Hours and Earnings.

Conversion to Use Class Order

- 5.2.2 FTE employment change by sector over the Plan period 2020 – 2040 (based on the average annual change 2019 – 2040 as discussed in paragraph 4.1.5) is converted to Use Classes using a conversion matrix. This matrix has been tailored to each local authority area using fine-grained employment data from the ONS BRES dataset. The conversion matrix used in each local authority area is set out in their respective appendices.
- 5.2.3 We then isolate the change in employment that will impact the E(g), B2, and B8 Use Classes. This is set out in the figure below.

Figure 5.2: Change in employment by Use Class over the Plan period (2020–2040) based on 2019–2040 average change per annum

Use Class	Description	Minimum	Mid-point	Clean Growth	Maximum+
B2	General industrial	(3,200)	(2,800)	(2,800)	(2,400)
B8	Storage or distribution	200	700	800	1,200
E(g)(i)	Offices	2,900	5,700	7,300	9,100
E(g)(ii)	Research and development	300	400	700	700
E(g)(iii)	Light industrial	0	0	0	100

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

- 5.2.4 Across all scenarios, employment in B2 general industrial uses is forecast to decline, whilst employment in B8 uses are forecast to grow. The greatest increases in employment are estimated for E(g)(i) offices.

Conversion to floorspace

- 5.2.5 To convert FTE employment to floorspace we use the latest Employment Density Guidance²⁰. This provides detail on the range of employment floorspace required per FTE in each Use Class. This has been converted to gross external area (GEA) for all uses in order to account for the full footprint of the building. Full detail of the assumptions used are set out in Appendix five.

²⁰ Homes and Communities Agency (2015) Employment Density Guidance. 3rd ed.

Net additional floorspace requirements

5.2.6 The results of the Phase 1 analysis are set out in the figure below.

Figure 5.3: 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	37,900	75,300	96,500	120,400
E(g)(ii)	Research and development	19,100	26,100	40,200	40,200
	Offices	57,000	101,400	136,700	160,600
E(g)(iii)	Light industrial	400	1,700	1,700	2,900
B2	General industrial	(119,300)	(104,200)	(104,200)	(89,100)
B8	Storage or distribution	18,800	57,900	63,300	97,600
	Industrial	(100,100)	(44,600)	(39,200)	11,400

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

5.3 Phase 2: Replacement, churn, and flexibility

5.3.1 Phase 1 considers only the net changes in employment in the E(g), B2, and B8 Use Classes. Phase 2 deals with the need to ensure that the existing economy, and the ongoing changes within it, are supported through the provision of sufficient employment land.

Allowance for Replacement

5.3.2 The methodology employed for estimating the level of replacement demand assumes that a proportion of the total existing stock of employment property needs to be replaced each year to ensure the overall stock of premises is sufficient and appropriate for modern needs, in terms of both building quality and site characteristics. This is particularly important for industrial uses where on-going development of industrial premises has been observed, despite a decline in forecast employment in the Manufacturing sector, which contributes towards a significant amount of the demand in this Use Class. HJA estimates a replacement requirement equivalent to 1% of office stock and 2% of industrial stock per annum²¹.

5.3.3 Data on commercial property stocks is available from the Valuation Office Agency (VOA) for 2020 to 2021. This indicates 564,000 sq m of offices²² and 2,405,000 sq m of industrial²³ premises in Greater Exeter over the period March 2020 to March 2021. Commercial stock data is only split by office and industrial, and does not therefore allow fine-grained analysis by Use Class. This estimate of commercial stocks is used to calculate replacement and upgrading requirements in the future.

5.3.4 In aggregate the replacement requirement is far more significant than the needs resulting from net changes in the economy; with up to +112,800 sq m of offices and +962,000 sq m of industrial (including light industrial and warehousing).

²¹ Further discussion of replacement allowances is set out in Appendix Six.

²² In the absence of detailed guidance, it is assumed that the VOA's definition of office space equates to E(g)(i) and E(g)(ii) in the new Use Class order.

²³ In the absence of detailed guidance, it is assumed that the VOA's definition of industrial space equates to E(g)(iii), B2, and B8 in the new Use Class order.

Figure 5.4 Forecast replacement requirement in Greater Exeter 2020-2040 (sq m)

Use	Total Stock (2020-21)	Annual Replacement	20 Year Plan Period Total
Office (1% pa)	564,000	5,640	112,800
Industrial (2% pa)	2,405,000	48,100	962,000
Total	2,969,000	53,740	1,074,800

Source: HJA based on VOA data

Reuse of Employment Sites

- 5.3.5 The analyses of both net additional and replacement requirements set out above do not consider whether the development activity takes place on existing employment sites (replacing or substantially refurbishing one building with another on the same plot of land) or whether currently unoccupied land needs to be made available. Likely, there will be elements of both, particularly as some former employment sites are lost to alternative uses e.g. to residential uses through Permitted Development Rights.
- 5.3.6 We have assumed that 20% of gross employment development activity which occupies industrial premises can be achieved through the reuse of previously developed employment sites. The corollary of this is a need for the remaining 80% of gross requirements to be provided on new development land (this can include previously or currently allocated but not yet developed employment sites). For employment development in offices, we have assumed that 10% can be achieved through reuse of employment sites.

Development Density

- 5.3.7 A development density of both 35% and 40% has been examined for industrial premises development to reflect the different needs of occupiers.
- 5.3.8 For offices, requirements are best reported in terms of floorspace for planning purposes, as the varying development densities generated by different types of office developments can create large ranges e.g. the differing nature multi-storey development 'in-town' (typically 100%+) and fewer storeys 'out-of-town' (typically ~40%). We have examined the employment land requirements of development densities of both 40% and 100% for office premises to reflect this range.

Choice and Flexibility

- 5.3.9 A percentage uplift of the combined requirement for net additional and churn/replacement is applied to ensure an allowance for range and choice is incorporated. This uplift also builds in some additional flexibility to allow the normal frictional movement in the market. As such, in line with industry standards, an uplift of 10% has been applied.

5.4 Total requirement

- 5.4.1 The total requirement for offices and industrial sites and premises in Greater Exeter is set out in the figures below.
- 5.4.2 Each table is colour coded. The row shaded grey (B) identifies the net additional requirements arising from the various scenarios. The green shaded row (G) indicates the overall requirement in floorspace terms that will need to be accommodated on new employment sites (i.e. redevelopment within existing employment areas has been removed). The pink/red shaded row shows the requirement in hectares for new employment land.

Office requirements

- 5.4.3 As discussed previously, office floorspace requirements are best reported in terms of floorspace due to the wide variation seen in development densities seen in office development. We have presented a range of total land requirement which reflects this variation. The bottom of the range assumes all office space is developed at 100% density, whilst the top of the range assumes all office space is developed at 40% density.
- 5.4.4 The figure below provides a range of between 168,000 and 271,000 sq m required for additional office space across Greater Exeter. This will lead to a requirement for an additional 17 ha to 68 ha depending on the development densities used.

Figure 5.5: Total estimated future sites and premises requirements (offices) – all scenarios (sq m unless stated) 2020 to 2040

Offices and R&D	Minimum	Mid-point	Clean Growth	Maximum+
Replacement provision (A)	113,000	113,000	113,000	113,000
Net additional requirement (B)	57,000	101,000	137,000	161,000
Gross requirement (C=A+B)	170,000	214,000	250,000	273,000
Flexibility allowance (D)	17,000	21,000	25,000	27,000
Net requirement (E=C+D)	187,000	236,000	275,000	301,000
Delivered on existing employment sites (F)	19,000	24,000	27,000	30,000
Total requirement (G=E-F)	168,000	212,000	247,000	271,000
Average annual requirement	8,400	10,600	12,400	13,500
Total land requirement (ha)	17-42	21-53	25-62	27-68
Average annual land requirement	0.8-2.1	1.1-2.7	1.2-3.1	1.4-3.4

- 5.4.5 The **Homeworking+** adjustment has then been applied to these figures to allow for a decline in the demand for office space as a result of increased levels of homeworking. The result of this analysis is presented in the figure below. This shows a requirement for between 112,000 and 214,000 sq m of office floorspace, equating to a requirement for between 11 ha and 54 ha of employment land.

Figure 5.6: Total estimated future sites and premises requirements with Homeworking+ adjustment (offices) – all scenarios (sq m unless stated) 2020 to 2040

Offices and R&D	Minimum	Mid-point	Clean Growth	Maximum+
Replacement provision (A)	113,000	113,000	113,000	113,000
Net additional requirement (B)	57,000	101,000	137,000	161,000
Gross requirement (C=A+B)	170,000	214,000	250,000	273,000
Flexibility allowance (D)	17,000	21,000	25,000	27,000
Net requirement (E=C+D)	187,000	236,000	275,000	301,000
Delivered on existing employment sites (F)	19,000	24,000	27,000	30,000
Homeworking+ adjustment (G)	56,000	56,000	56,000	56,000
Total requirement (H=E-F-G)	112,000	156,000	191,000	214,000
Average annual requirement	5,600	7,800	9,500	10,700

Offices and R&D	Minimum	Mid-point	Clean Growth	Maximum+
Total land requirement (ha)	11–28	16–39	19–48	21–54
Average annual land requirement	0.6–1.4	0.8–1.9	1.0–2.4	1.1–2.7

Industrial requirements

- 5.4.6 The figure below sets out the requirements for industrial premises. There is a requirement for 758,000 – 857,000 sq m of industrial space, equating to 190 – 245 ha of land over the Plan period.

Figure 5.7: Total estimated future sites and premises requirements in Greater Exeter (industrial) (sq m unless otherwise stated) 2020 to 2040

General industrial and warehousing	Minimum	Mid-point	Clean Growth	Maximum+
Replacement provision (A)	962,000	962,000	962,000	962,000
Net additional requirement (B)	(100,000)	(45,000)	(39,000)	11,000
Gross requirement (C=A+B)	862,000	917,000	923,000	973,000
Flexibility allowance (D)	86,000	92,000	92,000	97,000
Net requirement (E=C+D)	948,000	1,009,000	1,015,000	1,071,000
Delivered on existing employment sites (F)	190,000	202,000	203,000	214,000
Total requirement (G=E–F)	758,000	807,000	812,000	857,000
Average annual requirement	37,900	40,400	40,600	42,800
Total land requirement (ha)	190–217	202–231	203–232	214–245
Average annual land requirement	9.5–10.8	10.1–11.5	10.1–11.6	10.7–12.2

5.5 Additional logistics demand

- 5.5.1 The National Planning Policy Framework (NPPF) paragraph 83 sets out the need to consider the needs of key sectors and clusters of activity within the local economy:

Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations

- 5.5.2 The logistics sector is highlighted in Planning Practice Guidance as one that needs special consideration, 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. This has become increasingly important with the rise of internet retailing, which has accelerated during the Covid-19 pandemic. PPG paragraph 31 notes that:

Strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas.

- 5.5.3 The core methodology for forecasting employment land demand, set out above, includes some forecast demand for space by logistics operations within the 'industrial' demand (comprising Use Classes E(g)iii, B2, and B8). This is based on forecast employment growth and demand driven by the need for replacement. This approach may not account fully for the accelerated demand for logistics space driven by the impacts of the Covid-19 pandemic.
- 5.5.4 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 West²⁴. JLL estimates that 80% of the current industrial demand in East Devon is generated by logistics businesses.
- 5.5.5 Whilst there are published figures on demand in the South West²⁴, there is no quantitative figure for forecast future logistics demand in the Greater Exeter area.
- 5.5.6 A calculation by HJA based on forecast employment growth in logistics businesses in Greater Exeter, replacement of units that are no longer for-for-purpose, and allowances for the re-use of existing employment sites and flexibility and choice in the market suggest 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).
- 5.5.7 Based on its local market experience, JLL has estimated annual demand 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. Much of the demand for logistics will be concentrated in the West End of East Devon.
- 5.5.8 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.

5.6 District level demand

- 5.6.1 For simplicity Mid-Point total land requirements for each District in Greater Exeter are set out in the figure below. Employment forecasts, floorspace requirements, and the full range of scenarios for the districts are set out in Appendices One to Four.

²⁴ British Property Federation (2020) Delivering the Goods in 2020: The Economic Impact of the UK Logistics Sector
 CBRE (2020) Market Update: UK Logistics
 JLL (2021) The Future of Global Logistics Real Estate
 Knight Frank (2021) UK Logistics Market Outlook 2021
 Lambert Smit Hampton (2021) Scaling New Heights: Industrial and Logistics Market
 Savills (2021) Big Shed Briefing
 Turley and Tritax Symmetry (2020) The Increased Importance of Logistics During Covid-19 and Beyond
 Turley for the British Property Federation (undated) What Warehousing Where? Understanding the Relationship Between Homes and Warehouses to Enable Positive Planning

Figure 5.8: Total estimated future sites and premises requirements (Mid-point scenario) (ha) 2020 to 2040

	East Devon	Exeter	Mid Devon	Teignbridge
Range of demand - Offices	4 - 10	12 - 30	2 - 4	3 - 9
- <i>Middle of range</i>	7	21	3	6
Range of demand - (Homeworking+)	3 - 8	8 - 21	1 - 4	3 - 7
- <i>Middle of range</i>	6	15	3	5
Range of demand - Industrial	60 - 69	46 - 53	45 - 52	50 - 57
- <i>Middle of range</i>	65	50	49	54

N.b. An additional 8 ha for logistics could also be considered, with demand most likely in East Devon

- 5.6.2 The Exeter economy is the main driver of demand for offices in Greater Exeter, with an estimated requirement of between 8 and 30 ha when 'Homeworking+' and 'Offices' demand is combined. Demand for industrial land is the greatest in East Devon, whilst demand is relatively similar in Exeter, Mid Devon, and Teignbridge.

5.7 Validation

Stakeholder Discussions

- 5.7.1 Our methodology was tested through consultations with planning officers and economic development officers from the four local authorities in Greater Exeter. The consultations did not result in any changes to our approach.

Economically Active Population Forecasts

- 5.7.2 The figure below compares the number of economically active individuals in Greater Exeter in 2020 and 2040 (provided by consultancy ORS) to forecast employment under the Mid-Point scenario. The forecasts show that in 2020 the economically active population is very similar to the number of forecast jobs (less than 1% difference between them), and this is also the case in 2040 (1% difference between the two figures). Whilst some economically active people will have more than one job and some will have none, the close fit between the two figures in both 2020 and 2040 suggests good alignment between population and employment figures over the forecast period.

Figure 5.9 Comparison of forecast economically active population with forecast employment

	2020	2040
Economically active population		
East Devon	73,800	85,100
Exeter	71,700	84,000
Mid Devon	45,600	50,700
Teignbridge	67,900	76,900
Greater Exeter	259,000	296,700
Employment		
Forecast Jobs (Mid-Point scenario)	260,900	299,900

Source: ORS Economic Activity Forecasts

5.8 Summary

- 5.8.1 This chapter considers the requirements for E(g), B2, and B8 sites and premises to accommodate the net changes in the Greater Exeter economy and also to ensure a sufficiently high-quality ongoing stock to meet the needs of the existing economy and the continual changes within it.
- 5.8.2 Employment is forecast to decline in B2 occupying industrial activities, whilst employment in B8 occupying activities is forecast to grow. Office based activities are forecast to experience growth in employment over the Plan period.
- 5.8.3 The scenarios provide a range of net additional floorspace requirements. For simplicity, we summarise the Mid-point scenario as follows: +75,300 sq m of E(g)(i) offices, an additional +26,100sq m of E(g)(ii) research and development space, an additional +1,700 sq m of E(g)(iii) industrial processes space, a reduction of (-104,200) sq m of B2 premises, and an increase of 57,900 sq m of B8 floorspace.
- 5.8.4 Over the Plan period, 112,800 sq m of office floorspace and 962,000 sq m of industrial floorspace is anticipated to be needed to replace lost, dilapidated, or unsuitable premises within the existing portfolio.
- 5.8.5 After taking account of the reuse of existing sites and a buffer for choice and flexibility in the market, there is total requirement for between 21 and 52 ha for offices and between 202 and 231 ha of industrial land under the Mid-Point scenario. An additional 8 ha for logistics could also be considered, with demand most likely in East Devon.
- 5.8.6 Given the level of uncertainty surrounding the future demand for offices since the Covid-19 pandemic, we have considered increased homeworking and flexible working trends in the Homeworking+ scenario, which estimates Mid-Point demand for between 16 and 39 ha of office space.

6 Market Review and Supply of Sites and Premises

6.0.1 This chapter summarises the assessment of sites and premises that has been carried out by JLL, which is presented in full in Appendix Seven.

6.1 National market overview

6.1.1 In the **industrial** sector, market sentiment remains very positive. Locally, as well as across the country, there is an imbalance between high levels of demand and low levels of supply. As a consequence, there is aggressive rental and capital growth, reaching new market levels. This is not putting off occupiers who have been prepared to pay for the right type of building. The industrial sector was resilient and even strengthened through the pandemic as online retailing rapidly grew and we saw onshoring of manufacturing, fuelled by Brexit and supply chain delays.

6.1.2 There is a green premium in the industrial sector, as occupiers and investors are willing to pay more for high quality and energy efficient space.

6.1.3 Leasing activity in the **office** market is relatively subdued, with demand concentrated on good quality Grade A space. Nationally, the pandemic has had a significant impact on the office sector with employees now adopting a hybrid working approach and, in some cases, working from home as a default. The 'future of work' has yet to be cast and we are seeing an overall reduction in the floor space required by occupiers. What is evident is the need for employers to provide high-quality working environments to tempt employees back to the office.

6.2 East Devon

6.2.1 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.

6.2.2 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.

6.2.3 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.

6.2.4 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

- 6.2.5 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.
- 6.2.6 Rents have grown over 6% in the past year which is double the average annual change in the past decade.
- 6.2.7 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

- 6.2.8 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.
- 6.2.9 A full list of currently available units (above 185 sq m) is set out in Appendix Seven. At the time of this review there is 4,900 sq m of industrial space available in East Devon; and 11,900 sq m of office space.
- 6.2.10 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.
- 6.2.11 The office space at Airport House and Winslade Park offer some of the largest options in the Greater Exeter area.

Employment Land

- 6.2.12 A list of sites that are consented, allocated, or could be brought forward for employment development is set out in Appendix Seven.
- 6.2.13 There are 17 sites in East Devon with 106 ha of employment land. The majority (82 ha) is deliverable in the short term (i.e. up to three years). It will be important to find new employment land opportunities in the District, particularly to suit industrial uses.

6.3 Exeter

- 6.3.1 The Exeter industrial market remains strong with a lack of second-hand options or opportunities for new-build. This is increasing rental and capital values to levels above a number of larger UK cities. There is a significant amount of unsatisfied demand looking across the administrative boundaries to the adjacent local authority areas.
- 6.3.2 There is an under-supply of employment land suiting industrial development compared to other authorities and nationally. There is virtually no supply of serviced or deliverable development land suiting industrial development. It is evident that there is very little opportunity for local, indigenous businesses whether they are seeking new-build or second-hand options. There is pressure for housing delivery on some of the existing industrial estates.

- 6.3.3 Exeter is an important, sub-regional centre for financial, business services and the public sector. The office market is split into city centre and out-of-town. Post-pandemic, occupiers are seeking smaller office suites but of higher quality, and there has been an increase in demand for flexible space.

Demand

- 6.3.4 Exeter is a popular location for both industrial and office occupiers. Industrial demand is high in the area, however this includes demand that is not necessarily restricted by administrative boundaries.
- 6.3.5 Historically, industrial rents have tended to decrease moving south from Bristol, and south of Junction 24 storage and distribution occupiers have tended to be companies serving the local and regional populations. However, more recently a lack of supply has pushed rents in Exeter into balance with, and sometimes in excess of, some of these larger northern centres. Despite the strong levels of demand there has not been a significant increase in speculative development over the past five years.
- 6.3.6 Take-up of office space in the past three years has been relatively low. This is largely due to the lack of availability of good quality space, and the pandemic. Rental levels on Grade A stock have been maintained, but landlords letting secondary/tertiary space have had to reduce their rental aspirations and offer increased incentives.

Supply

- 6.3.7 There has been little new construction of offices in recent years. With a lack of new build, the focus has been on extensive refurbishment of existing buildings. There is likely to be an increase in supply in the short term as occupiers rationalise their estate post pandemic, both in-town and out-of-town. There is currently a wide supply of options of different sizes within the city.
- 6.3.8 Industrial availability at the end of 2021 was around half of the ten-year average and accounted for less than 1% of total stock (compared to 4% nationally). Since then, Ind-Exe properties have started to come to the market, but availability is still less than 2% of stock.
- 6.3.9 A full list of currently available units (above 185 sq m) is set out in Appendix Seven. At the time of this review there is 22,000 sq m of industrial space available in Exeter, and 24,500 sq m of office space.
- 6.3.10 There are very few units below 1,000 sq m in size suiting indigenous or SME businesses. It is also notable that there are no larger industrial buildings (over 2,000 sq m) suiting logistics operators who need extensive external areas. Despite the strong levels of demand, the supply levels have not been increased significantly by speculative development over the past five years within Exeter's boundaries.

Employment Land

- 6.3.11 A list of sites that are consented, allocated, or could be brought forward for employment development is set out in Appendix Seven.
- 6.3.12 In total, there are nine sites with 11.7 ha of land. One of these sites (Newcourt B) is at risk of not coming forward as a planning application for housing on the site has recently been approved by

the planning committee. Some of the sites are expansion land for adjoining occupiers, or being used for open storage.

- 6.3.13 JLL estimates there is a five to ten year supply of land suitable for offices, and a one year supply of land suitable for industrial premises. The land supply in Exeter is significantly lower than in similar sized cities in the UK.
- 6.3.14 There are limited opportunities to find more employment land, particularly for industrial use. The Liveable Exeter proposals for Marsh Barton and Sowton could also reduce the existing stock of employment land. However, it is acknowledged that further work is underway/will be undertaken to better understand the position with regard to these sites. Exeter City Council aims to retain employment at existing levels through the delivery of mixed use developments.

6.4 Mid Devon

- 6.4.1 The Mid Devon employment market is dominated by the industrial sector, which enjoys excellent access to the M5 motorway. There is a lack of second-hand building options in the District, but more employment land than neighbouring Exeter. Nevertheless, it is evident that there is an under-supply of deliverable employment sites relative to the positive levels of active demand and the perceived, additional latent demand.
- 6.4.2 In Mid Devon, the largest concentrations of employment uses are within estates close to the towns of Tiverton, Willand, Cullompton and Crediton, and are mainly focused on industrial uses. Most of the industrial estates include a mix of manufacturing and distribution uses, although in Tiverton there is trade counter/quasi-retail activity. Crediton has a higher proportion of manufacturing, whilst Willand and Cullompton's position adjoining the motorway has encouraged more warehousing and logistics uses.
- 6.4.3 Mid Devon has historically had very little employment within office space, and this is reflected in the take-up figures and levels of demand.

Demand

- 6.4.4 For industrial occupiers, Tiverton and Cullompton are popular due to their proximity to the M5. Lack of supply in neighbouring local authorities (including Exeter and South Somerset) has pushed occupiers into Mid Devon.
- 6.4.5 On the industrial side rents grew by 6.4% over the past year, easily exceeding the 2.9% average annual change over the past decade. A lack of development follows a considerable amount of recent construction. Over the past three years, around 21,000 sq m was delivered, representing a 9.8% cumulative expansion of the total industrial floor space.
- 6.4.6 There is minimal demand for office space in Mid Devon. There are no supply-side pressures on vacancy or rent in the near term, as nothing is under construction. This extends a prolonged hiatus of new development in Mid Devon. It has been more than five years since an office project was delivered.

Supply

- 6.4.7 At present, CoStar (a leading data source) estimates that the District of Mid Devon contains around 2.7 million sq ft (250,000 sq m) of industrial space. Vacancies currently stand at 0.5% of that total

and this level has have declined consistently over the past few years, leaving a chronically low level of available supply.

- 6.4.8 A full list of currently available units (above 185 sq m) is set out in Appendix Seven. At the time of this review there is 4,400 sq m of industrial space available in Mid Devon; and 400 sq m of office space. These figures are at a very low and ‘unhealthy’ level according to JLL’s experience.

Employment Land

- 6.4.9 A list of sites that are consented, allocated, or could be brought forward for employment development is set out in Appendix Seven.
- 6.4.10 There are 13 sites in Mid Devon, with 50 ha of employment land. There are opportunities for Mid Devon to provide additional employment land to suit industrial uses.

6.5 Teignbridge

- 6.5.1 In Teignbridge, the largest concentrations of employment uses are within estates close to the largest population centre, Newton Abbot, or adjoining the A38 Devon Expressway at Heathfield. The employment economy is influenced by the proximity and accessibility to the larger centres of Exeter and Plymouth. Teignbridge sees outward commuting of labour to employment locations outside of the district, creating pressure on the highways network. It should be acknowledged that Torbay provides further labour.
- 6.5.2 The industrial market is characterised by a strong manufacturing and food production heritage, served by a skilled labour pool.
- 6.5.3 Industrial demand is high in Teignbridge. Supply is significantly lower than the quantum of unsatisfied demand, which is preventing economic growth and may lead to relocations to neighbouring districts.
- 6.5.4 Viability of new-build industrial and office buildings is challenged due to relatively low market rental levels. This is putting further pressure on the supply side with a lack of pipeline and recycling of existing stock.

Demand

- 6.5.5 There is high demand for industrial space in Teignbridge. This was revealed when the BCT factory (now referred to as PowerPark 38) came to the market, with the final unit in the building under offer at the time of writing. Occupiers for the new space came from within the District, Exeter, Plymouth, and Torbay.
- 6.5.6 Office demand is low with the public sector and small-scale professional services dominating requirements.
- 6.5.7 Rental levels for both industrial and office space have not increased in-line with other areas in Greater Exeter, and are below the level that would make development viable. This is hindering progress on upgrading stocks and improving sustainability.

Supply

- 6.5.8 A full list of currently available units (above 185 sq m) is set out in Appendix Seven. At the time of this review there is 21,900 sq m of industrial space available in Teignbridge; and 700 sq m of office space.
- 6.5.9 Relative to the scale of the market, there are very few industrial office buildings currently available. The last remaining unit at PowerPark 38 dominates the figures and that building is currently under offer to an occupier. It is noticeable that there are no property options in excess of 200 sq m in Teignmouth, Dawlish, or Bovey Tracey.
- 6.5.10 There is no significant construction activity of industrial and office buildings, with the exception being the 4,000 sq m new distribution facility for RD Johns at Sandygate. The empty pipeline will limit stock growth in the years to come, which is unusual in a district like Teignbridge, which has experienced an expansion of 3.2% in inventory over the past three years.

Employment Land

- 6.5.11 A list of sites that are consented, allocated, or could be brought forward for employment development is set out in Appendix Seven.
- 6.5.12 There are 12 sites in Teignbridge with 60.5 ha of employment land.
- 6.5.13 From a quantitative perspective there appears to be a healthy supply of employment land with over 10 years of allocated land. The reality, from a qualitative assessment, is that the actual supply of deliverable land in Teignbridge is far less. Larger sites have physical constraints that negatively impact the likelihood and viability of those sites, and some of the sites are not being actively promoted for employment use.

6.6 Conclusion

- 6.6.1 Overall, there is 229 ha of employment land available in the study area, comprising sites with planning permission, allocations, or which could be brought forward for development.
- 6.6.2 The amount of land suitable for office use is 27 -77 ha, and 152 - 202 ha is suitable for industrial use. The ranges reflect the fact that some land has been deemed suitable for both office and industrial uses. The bottom end of the range is the scenario where all the land deemed suitable for office/industrial uses is used for the other use whilst the top of the range reflects the opposite scenario.

7 Assessment of Potential Supply to Meet Future Demand

- 7.0.1 This chapter brings together the demand for employment land set out in Chapter 5 and the supply set out in Chapter 6. This chapter provides a quantitative assessment of the fit between supply and demand.
- 7.0.2 The first step in this assessment is to look at the overall fit between demand and supply for employment land. We look at the fit between demand and supply across each of the four scenarios, followed by an assessment on a district-by-district level.

7.1 Overall fit

- 7.1.1 The overall demand for employment land in Greater Exeter is shown in the figure below. For offices, the bottom of the range assumes all space is developed at 100% density, whilst the top of the range assumes all office space is developed at 40% density (hence the need for larger sites). For industrial sites, we assume a range of densities from 35% to 40%.

Figure 7.1: Total estimated future sites requirements in Greater Exeter (ha) 2020 to 2040

	Minimum	Mid-point	Clean Growth	Maximum+
Range of demand - Offices	17–42	21–53	25–62	27–68
- <i>Middle of range</i>	30	37	44	48
Range of demand - (Homeworking+)	11–28	16–39	19–48	21–54
- <i>Middle of range</i>	20	28	34	38
Range of demand - Industrial	190–217	202–231	203–232	214–245
- <i>Middle of range</i>	204	217	218	230

N.b. An additional 8 ha for logistics could also be considered, with demand most likely in East Devon

- 7.1.2 The total supply of employment land (sites with planning permission, allocations, and sites which could be brought forward for development) is compared to the overall demand in the figure below. This shows that overall, there is sufficient supply to meet the lower end of the estimated demand in the Minimum, Mid-Point, and Clean Growth scenarios. The level of supply is not sufficient to meet the levels of demand forecast in the Maximum+ scenario.
- 7.1.3 When the level of supply is adjusted to remove land with a RAG rating²⁵ of Amber or Red (as set out in Appendix Seven), leaving only the most deliverable sites, there is insufficient supply to meet demand under any of the scenarios. When land with a RAG rating of Green or Amber is considered, there is more land available, but still insufficient to meet the middle of the range of demand between 2020 and 2040 under most scenarios.

²⁵ RAG rating: Red sites are unlikely to be delivered; Amber sites have barriers to delivery; and Green sites are likely to be delivered

Figure 7.2: Overall Demand (2020 to 2040) and Current Supply of Employment Land (ha)

	Minimum	Mid-point	Clean Growth	Maximum+
Range of demand	201 – 259	218 – 284	222 – 294	235 – 313
- <i>Middle of range</i>	230	251	258	274
Total Supply	229	229	229	229
Deliverable land (RAG Rating Green)	162	162	162	162
Land with RAG Rating Green or Amber	227	227	227	227

7.2 Fit at District level

- 7.2.1 The total supply available in each District is shown in the figure below. Note that some sites are suitable for offices or industrial development so are counted within the totals for both.

Figure 7.3: Current Supply of Employment Land by District

	Total	Office	Industrial
East Devon	106	Up to 41	Up to 90
Exeter	12	4	7
Mid Devon	50	6	44
Teignbridge	61	Up to 26	Up to 61
Total	229	Up to 77	Up to 202

- 7.2.2 The majority of sites across most of the Districts is anticipated to come forward in the short term (up to three years). The figure below compares total supply, to the supply that is available in the short term.

Figure 7.4: Total Supply and Short-Term Supply (up to three years) in Each District

	East Devon	Exeter	Mid Devon	Teignbridge
Total Supply	106	12	50	61
Short Term Supply	50	11	9	40
Short Term as % of Total	47%	92%	18%	66%

Offices

- 7.2.3 The figure below shows the geographical distribution of demand and supply of sites for offices in Greater Exeter under the Mid-Point scenario. East Devon has an over-supply of office land whilst Exeter and Mid Devon have an under-supply of land for office development for the period to 2040. Sufficient supply in Teignbridge relies on sites that are suitable for both office and industrial uses delivering office space. When only sites with a RAG rating of Green are considered there is an under-supply of land to meet forecast demand in Exeter, Mid Devon, and Teignbridge. When sites with a RAG rating of Green or Amber are considered then Teignbridge and Mid Devon may have sufficient land available to meet the forecast demand over the period to 2040.

Figure 7.5: Distribution of Demand (2020 to 2040) and Current Supply of Employment Land for Office Development (Mid-Point scenario) (ha)

	East Devon	Exeter	Mid Devon	Teignbridge
Range of demand - Offices	4 - 10	12 - 30	2 - 4	3 - 9
- <i>Middle of range</i>	7	21	3	6
Range of demand - (Homeworking+)	3 - 8	8 - 21	1 - 4	3 - 7
- <i>Middle of range</i>	6	15	3	5
Total Supply	Up to 41	4	6	Up to 26
Supply - RAG Rating Green	Up to 41	2	1	Up to 2
Supply – RAG Rating Green or Amber	Up to 41	2	6	Up to 26

N.b. An additional 8 ha for logistics could also be considered, with demand most likely in East Devon

Industrial

- 7.2.4 The figure below shows the distribution of demand and supply for industrial sites and premises in Greater Exeter.
- 7.2.5 East Devon has sufficient industrial land to meet the mid-point of the forecast demand under this scenario. However, when only sites with a Green RAG rating are considered then there is a potential under-supply.
- 7.2.6 Both Exeter and Mid Devon have an under-supply of industrial land.
- 7.2.7 Teignbridge appears to have a small over-supply of industrial land. However, when only the site which are RAG rated Green are considered then there is an under-supply of land.
- 7.2.8 When sites that are RAG rated as Green or Amber are considered then East Devon has sufficient land to accommodate the demand between 2020 and 2040, Exeter and Mid Devon have insufficient land, and Teignbridge may have sufficient land if all possible sites are developed for industrial use.

Figure 7.6: Distribution of Demand (2020 to 2040) and Current Supply of Employment Land for Industrial Development (Mid-Point scenario) (ha)

	East Devon	Exeter	Mid Devon	Teignbridge
Range of demand - Industrial	60 - 69	46 - 53	45 - 52	50 - 57
- <i>Middle of range</i>	65	50	49	54
Total Supply	Up to 90	7	44	Up to 61
Supply - RAG Rating Green	Up to 64	7	41	Up to 29
Supply – RAG Rating Green or Amber	Up to 90	7	44	Up to 61

N.b. An additional 8 ha for logistics could also be considered, with demand most likely in East Devon

7.3 Conclusion

- 7.3.1 There is forecast Mid-Point demand for up to 284 ha of employment land in Greater Exeter over the Local Plan period from 2020 to 2040. An additional 8 ha for logistics could also be considered, with demand most likely in East Devon. The current available supply of sites in Greater Exeter

amounts to 229 ha of employment land, of which 162 ha has a Green RAG rating, and 227 ha is rated Green and Amber.

- 7.3.2 Looking at demand over the period from 2020 to 2040, East Devon potentially has a small over-supply of land. This will be reduced if land that can be used for both office and industrial uses is brought forward for office uses.
- 7.3.3 Exeter and Mid Devon have an under-supply of employment land, particularly when only Green RAG rating sites are considered. The Liveable Exeter initiative sets out proposals to replace some industrial sites in Exeter 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.
- 7.3.4 Teignbridge potentially has an under-supply of land, in particular if only those sites which are RAG rated Green are considered.

8 Conclusions and Recommendations

- 8.0.1 This chapter sets out the conclusions and recommendations drawn from this economic development needs assessment for Greater Exeter.

8.1 Socio-economic baseline

- 8.1.1 The socio-economic baseline review looks at recent trends in Greater Exeter, particularly since the previous EDNA which was completed in 2017. Overall, the GVA, employment, and working-age population of the area have seen recent growth, at higher levels than in the South West and UK (excluding London). Continued future growth will stimulate demand for more employment land.
- 8.1.2 Economic activity rates in Greater Exeter are slightly below regional and national levels, and have been declining in recent years. Many of the economically inactive are students who may enter the workforce in future years. However, declining economic activity rates could constrain future growth and demand for employment land.
- 8.1.3 The claimant count has risen since the Covid-19 pandemic and not yet returned to previous levels. If claimants return to work, this could increase the size of the labour force, enabling economic growth, and further stimulating demand for employment land.
- 8.1.4 **East Devon** accounts for around 20% of the GVA and employment in Greater Exeter, with high levels of recent employment growth. The Transport & Storage sector is strong in the West End of the District, adjacent to the City of Exeter and M5 motorway, which is an area of concentrated employment and economic activity.
- 8.1.5 The **City of Exeter** accounts for 46% of total GVA in Greater Exeter. It has the greatest concentration of employment and economic activity in Greater Exeter, serving both its own population and in-commuters from adjacent Districts. Population growth, levels of qualifications, and levels of business formation are high in the City of Exeter. It has a high concentration of employment in office-occupying sectors.
- 8.1.6 **Mid Devon** accounts for the lowest proportion of total employment and economic activity in Greater Exeter, with 11% of the sub-region's GVA. It has a high economic activity rate, but a low proportion of highly qualified residents. Employment is particularly concentrated in the Manufacturing sector, and GVA is particularly concentrated in Wholesale & Retail Trade.
- 8.1.7 **Teignbridge** accounts for around 20% of the total GVA and employment in Greater Exeter. It has high levels of business births per capita which may drive demand for employment sites for new-start businesses. Population growth is relatively low, but the claimant count is relatively high, so there are mixed messages on the future availability of labour.

8.2 Policy context

- 8.2.1 Recent skills reviews carried out by the Heart of the South West LEP suggest that the economy has recovered from the impacts of Covid-19, but labour availability is limited and there are some skills shortages. However, the Exeter Travel to Work Area is characterised as being in *high-skills equilibrium* (i.e. demand and supply in balance) and there is a commitment to increasing skills

levels. Any labour and skills supply shortages, along with increased flexible and home-working, could moderate short-term demand for employment sites and premises.

- 8.2.2 Devon County Council and all four local authorities have declared a climate emergency. Local Plans will seek to locate new housing and employment sites close to each other to reduce car-borne commuting. East Devon and Exeter have expressed a strong desire to promote clean growth in the future. Part of this includes plans to grow the knowledge economy.
- 8.2.3 Exeter and East Devon have Growth Point status, reflecting the ambition for growth, in Exeter and the West End of East Devon.
- 8.2.4 Plans for significant residential development in the City of Exeter (Liveable Exeter) could lead to the redevelopment of existing employment areas for mixed-uses (i.e. residential and employment).

8.3 Economic forecasts and scenarios

- 8.3.1 Baseline economic and employment forecasts have been purchased from Cambridge Econometrics and Experian. These forecast employment growth of between 33,900 and 35,300 jobs in Greater Exeter between 2020 and 2040 (i.e. between 1,700 and 1,800 jobs per year). The future change in GVA diverges more between the two forecasters, with Experian showing greater GVA (and therefore productivity) growth than Cambridge Econometrics. Both forecasters are expecting a higher annual rate of growth in GVA over the period from 2020 to 2040 than in the previous 20 years.
- 8.3.2 A number of employment growth scenarios have been developed for consideration in this EDNA, namely:
 - A Minimum scenario combining the lowest sector forecast from either forecaster
 - A Mid-point scenario which takes the mid-point between Cambridge Econometrics and Experian for each sector
 - A Clean Growth scenario, based on the mid-point, but with uplift in sectors likely to be boosted by future clean growth. This could be revised in the future as more work is undertaken on the area's clean growth aspirations
 - A Maximum+ scenario combining the highest sector forecast from either forecaster
- 8.3.3 Total employment change in Greater Exeter ranges between 15,400 and 54,500 additional jobs across these scenarios, with the **mid-point** of 34,600 additional jobs.

8.4 Current market activity

- 8.4.1 Property adviser JLL has made the following observations, based on current market activity:
 - Market demand is strong for industrial premises in **East Devon**, largely from Distribution and Logistics occupiers, particularly in the West End. Demand for offices is more subdued, although there is interest at Winslade Park. Available supply is limited, particularly of large industrial buildings close to the Airport, and industrial rents have been growing faster in the last year than in the previous decade
 - Demand for industrial premises is strong in the **City of Exeter**. Supply is limited, particularly of serviced and deliverable development land, leading to occupiers looking to Mid Devon and

East Devon. There are distinct city centre and out-of-town office markets, and occupiers are seeking smaller, better quality, and flexible office spaces. The supply of available office space is better than the supply of industrial space

- Demand for industrial premises is strong in **Mid Devon**, but there is limited demand for office space. Industrial occupiers from outside the District also look to Mid Devon, exacerbating the pressure on the supply. Whilst there are some sites and premises available, there is not sufficient supply to meet current demand, leading to strong growth in industrial rents
- Demand for industrial premises is strong in **Teignbridge**, and with current low levels of supply it is often unsatisfied. The viability of new development is poor due to relatively low rent levels, which is restricting the delivery of more supply. Office demand is low

8.5 Twenty-year forecast demand

- 8.5.1 We follow a two-stage approach to forecasting the future demand for employment sites and premises over the period from 2020 to 2040. The first stage considers the net change in employment in each sector and the consequential demand for sites and premises. The second stage considers the need to replace premises that are no longer fit-for-purpose; the re-use of existing employment sites; and the allowance for choice and flexibility in the market.
- 8.5.2 The total demand for **office** space (without the homeworking adjustment) in Greater Exeter over the period from 2020 to 2040 is for 212,000 sq m under the Mid-point scenario (equivalent to 10,600 sq m per year). This translates to between 21 and 53 ha over the plan period, depending on the site density assumption used. The Minimum scenario suggests demand for between 17 and 42 ha of employment land. The Maximum+ scenario suggests demand for between 27 and 68 ha of land. The Clean Growth scenario is for between 25 and 62 ha of employment land.
- 8.5.3 When an adjustment is included to allow for the potential impacts of more homeworking in the future, the forecast demand for employment land is reduced to between 16 and 39 ha under the Mid-point scenario (and between 11 and 28 ha under the Minimum scenario; 19 to 48 ha under the Clean Growth scenario; and between 21 and 54 ha under the Maximum+ scenario).
- 8.5.4 The total demand for **industrial** sites in Greater Exeter under the Mid-point scenario is for between 202 and 231 ha over the period from 2020 to 2040 (allowing for replacement and flexibility as well as the forecast change in employment). This is equivalent to between 10.1 and 11.5 ha per year over the plan period. Under the Minimum scenario there is forecast demand for between 190 and 217 ha; and under the Maximum+ scenario there is demand for between 214 and 245 ha over the plan period. Under the Clean Growth scenario the demand is for between 203 and 232 ha, which is similar to the mid-point scenario. An additional 8 ha for logistics could also be considered, with demand most likely in East Devon.
- 8.5.5 At a District level the City of Exeter accounts for more than half of the demand for sites for offices. The demand for industrial sites is more evenly spread across the Districts, with East Devon showing the highest level of forecast demand.

8.6 Supply of employment sites and premises

- 8.6.1 Overall, 224 ha of potential employment land has been identified by JLL as being available in Greater Exeter which could help to meet the forecast demand over the plan period. Up to 72 ha

could be developed for offices, and up to 202 ha could be developed for industrial, noting that some sites could be developed for either and so are included in both figures.

- 8.6.2 The supply of sites is unevenly spread across the four Districts, with around half of the potential supply in East Devon (albeit that only 47% of the land in East Devon is available in the short-term i.e. up to three years). Teignbridge has 27% of the potential employment land supply, Mid Devon has 20%, and the City of Exeter has 5%.
- 8.6.3 The current supply of industrial premises is low in **East Devon**, with a particular shortage of industrial premises close to the Airport. There are 17 consented, allocated, or potential development sites in East Devon, with 106 ha of land. Of this, 82 ha is deliverable in the short-term (up to three years). A total of 81 ha of potential employment land is RAG rated as 'green' (i.e. highly deliverable), with the rest being 'amber' (i.e. some barriers to delivery). None of the land is RAG rated as 'red' (i.e. unlikely to be delivered).
- 8.6.4 There is an under-supply of industrial sites in the **City of Exeter** and little development taking place. There has been a modest amount of development of new offices, but there may be a short-term increase in supply as office occupiers rationalise their estate post-pandemic. There are only nine potential development sites in Exeter, with less than 12 ha of employment land. Of the total, 9.5 ha is RAG rated as 'green,' and one site of just less than 2 ha is RAG rated as 'red' i.e. unlikely to be delivered.
- 8.6.5 There are 13 consented, allocated, or potential employment sites in **Mid Devon**, with 50 ha of employment land. Eleven are RAG rated as 'green' so likely to be delivered, and two rated as 'amber'.
- 8.6.6 There are 12 consented, allocated, or potential employment sites in **Teignbridge**, with more than 60 ha of employment land. Less than half of the potential employment land – 29 ha – is RAG rated as 'green,' with rest RAG rated as 'amber' so having some barriers to delivery. None is RAG rated as 'red.'

8.7 Comparing the supply and demand for sites and premises

- 8.7.1 Nationally there is significantly more demand for industrial premises than supply, with rents and capital values reaching new highs. Energy efficient premises are particularly sought-after. The office market is more subdued, with a focus on the highest quality premises to attract workers back to the office.
- 8.7.2 Evidence from local property advisers JLL shows that the **current** supply of premises is insufficient to meet industrial premises demand in all the Greater Exeter Districts. Demand for offices is more variable and is largely concentrated in the City of Exeter and its hinterland. There is a reasonable supply of office space to meet the demand, but the demand focus is on new, better quality, flexible premises, to attract people to work in the offices.
- 8.7.3 Looking beyond the immediate availability of premises in the market, the total potential availability of sites (with planning permission, allocated, and those which could be brought forward for development) is not sufficient to meet the mid-point forecast demand over the period from 2020 to 2040 (i.e. a supply of up to 229 ha and demand for at least 218 ha, and up to 284 ha, plus possibly more for logistics). When only land that is RAG rated as 'green' (i.e. the most deliverable

sites) is considered then there is a significant shortfall of employment land to meet the 20 year demand (i.e. a supply of only 162 ha). When sites rated 'amber' are also considered, the potential supply is 227 ha.

8.7.4 When the supply of and demand for land for **offices** is considered (noting that some sites could be developed for either offices or industrial premises), there is supply of up to 77 ha of land that could be developed for offices, but only 47 ha of this is RAG rated as 'green', and much of this land could also be developed for industrial premises. The mid-point demand for office sites is between 21 and 53 ha over the plan period, depending on development density, falling to a range of 16 to 39 ha when homeworking+ is considered, so it is possible that this demand could be met.

8.7.5 The following pictures emerge within Greater Exeter:

- East Devon has more supply than forecast demand for land for offices
- The City of Exeter has insufficient supply to meet the 20-year demand, although this supply shortfall is lessened if sites RAG rated amber (i.e. with some delivery challenges) are considered.
- Mid Devon has two sites suitable for offices, but only a small amount of forecast demand
- Teignbridge likely has enough land to meet the forecast demand for offices, although only 2 ha are RAG rated as green, which is insufficient to meet the demand

8.7.6 When the supply and demand for **industrial** land is considered, (noting that some sites could be developed for either offices or industrial premises), there is supply of up to 202 ha of land that could be developed for industrial, but only 142 ha of this land is RAG rated as 'green' and some of this could potentially be developed for offices. The mid-point demand for industrial land in Greater Exeter is for between 202 and 231 ha (with potentially more demand for logistics), so there is insufficient supply currently available to meet the forecast demand between 2020 and 2040.

8.7.7 The following pictures emerge within Greater Exeter:

- East Devon has a sufficient supply of land to meet the forecast demand for industrial land from within the District, although when only 'green' sites are considered (i.e. the most deliverable), there is a potential under-supply. Any additional demand for logistics sites is likely to be seen in East Devon
- The Liveable Exeter initiative may increase the need to accommodate Exeter's growth in its hinterland, in adjoining local authority areas, although Exeter City Council is aiming to retain employment provision on the strategic brownfield development sites proposed in the Exeter Plan
- Mid Devon has insufficient supply to meet the demand over the plan period
- Teignbridge has insufficient supply to meet the demand over the plan period

8.8 Implications and recommendations

Greater Exeter

8.8.1 Current market demand for employment premises, in particular for industrial premises (including logistics), is greater than availability. This is leading to rising rents and capital values. Whilst some speculative development is taking place to meet this demand, development viability remains poor in most places (because values are generally not high enough to achieve viability for speculative

development), and insufficient development is taking place to meet future forecast demand. The lack of supply coming forward to meet future demand for sites may cause even greater increases in rent and capital values.

- 8.8.2 Looking over the 20 year plan period, there is insufficient employment land currently available in Greater Exeter to meet the forecast demand from 2020 to 2040. More sites need to be allocated in order to meet the forecast demand over the plan period. The geographical dimension of this is discussed below.

Site deliverability

- 8.8.3 The assessment of the supply of sites undertaken by JLL has identified 229 ha of potential employment land in Greater Exeter. However, only 162 ha is RAG rated as 'green' (i.e. most deliverable), so there are doubts about the deliverability of more than 65 ha of employment land (albeit that only one site of less than 2 ha is considered as 'red' or unlikely to be delivered). This suggests that approximately 65 ha of employment land in Greater Exeter has some barriers to delivery. Overcoming these barriers will be critically important to ensuring a sufficient supply of employment land in the plan period (noting that even with the delivery of this land the forecast demand cannot be met). Each of the District Councils will need to speak with site owners and promoters to identify the barriers to employment sites being delivered. It may be possible for the District Councils and other public sector organisations to help to overcome some of the barriers to site delivery.
- 8.8.4 The single site that is RAG rated as 'red' should be considered for de-allocation. No other sites should currently be considered for de-allocation.
- 8.8.5 Given the 'amber' rating of many sites, it is assumed that the barriers to delivery can be overcome. However, if over time it becomes apparent that some sites cannot be delivered within the plan period then de-allocation should be carefully considered, along with new allocations to overcome the shortfall.

Location of supply and demand within Greater Exeter

- 8.8.6 Current market activity suggests particularly strong unmet demand for industrial premises, particularly for Industrial and Logistics occupiers in the West End of East Devon. Industrial (including logistics) demand is also unmet in the other three Districts of Exeter, Mid Devon, and Teignbridge, suggesting the need for industrial units throughout Greater Exeter, particularly in more accessible locations close to larger towns and the M5 motorway. Whilst current office market activity does not suggest significant unmet demand, there is demand for new and high-quality offices, particularly in Exeter city centre and out-of-town business parks which may be located in adjoining Districts.
- 8.8.7 There is demand for the continued growth of the logistics sector in the West End of East Devon. Further, more detailed, assessment is required to quantify this demand and identify potential locations where it could be accommodated.
- 8.8.8 Looking at the 20-year forecast demand for industrial and office sites and premises:
- **East Devon** has sufficient land to meet forecast demand from within the District for offices, and may have sufficient land to meet forecast demand for industrial sites, if barriers to delivery on 'amber' sites can be overcome. However, economic and employment growth generated by

the City of Exeter cannot be met within its own boundaries, so sites in East Devon should help to meet this growth potential

- The **City of Exeter** has significant economic and employment growth potential, but it cannot all be accommodated within the city, given the constrained supply of employment land, and little scope for new potential employment sites. The Liveable Exeter initiative also seeks to redevelop some employment areas for mixed-use residential and employment uses. Some of the future economic growth stimulated by the City of Exeter will need to be accommodated in its hinterland in adjoining local authority areas, which is functionally part of the city. Future employment growth in areas adjoining the City of Exeter (the city fringe) could reduce levels of commuting into Exeter itself.
- **Mid Devon** does not have sufficient potential sites to meet its forecast demand for industrial sites and premises. It only has a small forecast demand for offices sites and has sufficient potential supply of Green and Amber rated RAG sites to satisfy the demand. However, it has a much greater demand for industrial sites. New allocations will be needed to meet the shortfall between demand and current potential supply
- **Teignbridge** has a shortfall of potential sites to meet the forecast demand. Additional allocations will be needed to meet the forecast demand to 2040, and efforts will be needed to overcome barriers to the deliverability of at least half of the currently identified potential supply

8.8.9 Locating employment sites close to residential areas and developments and public transport nodes will help to reduce car-borne commuting, congestion, and pollution.

9 Appendix One – East Devon

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

9.1 Baseline Forecasts

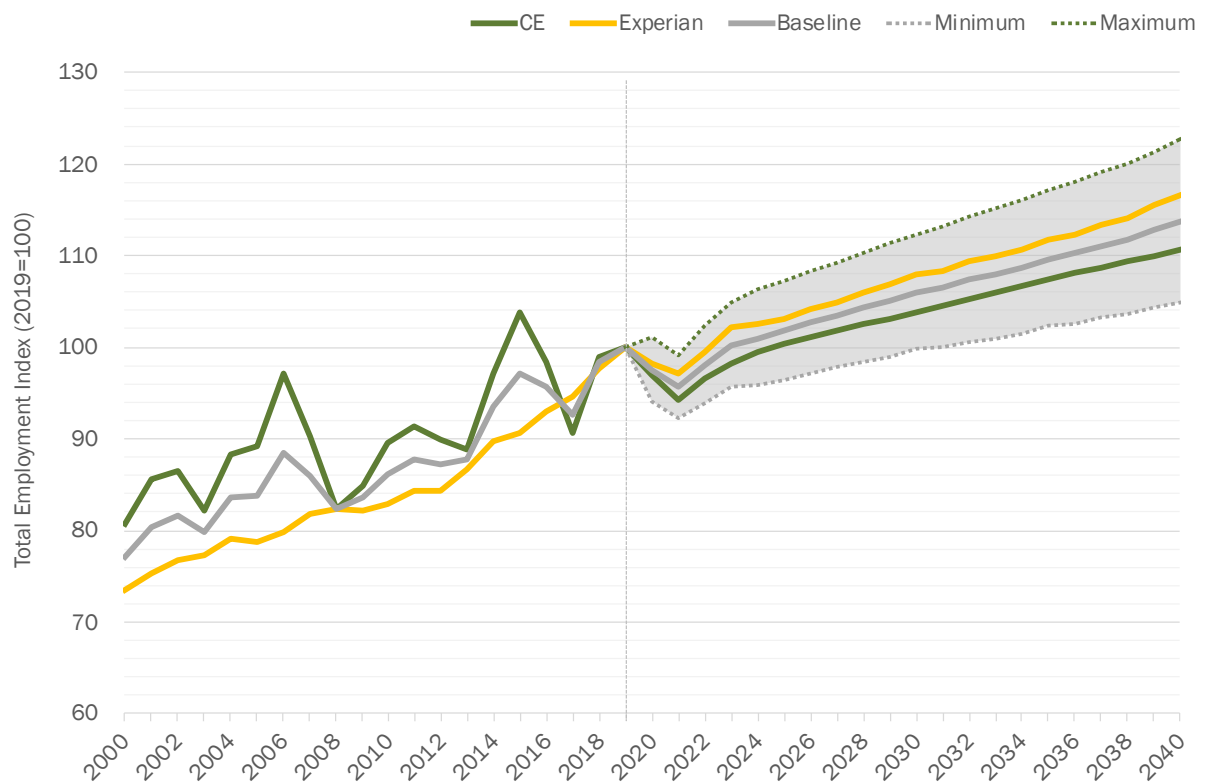
9.1.1 The figures below set out the baseline forecasts for the local authority area.

Total Employment

9.1.2 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.

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

Figure 9.1: Historic and Forecast Employment Change, index (2019=100)

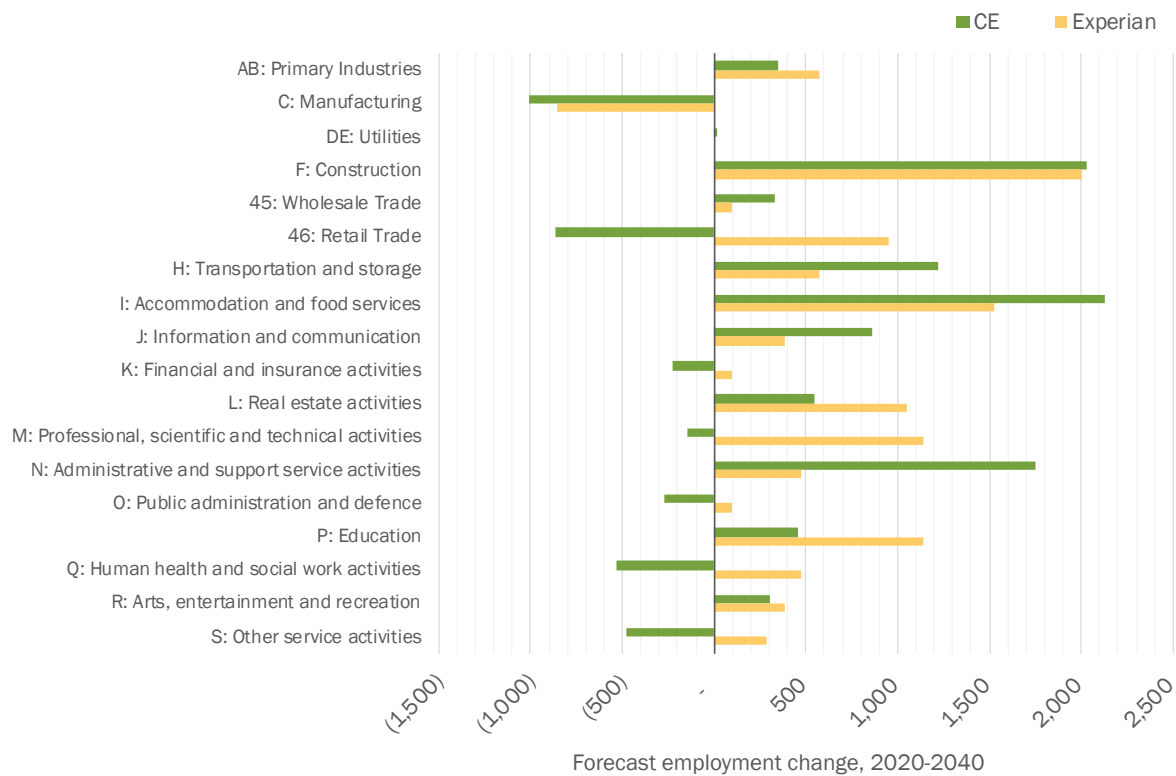


Source: HJA based on Cambridge Econometrics and Experian forecasts

Employment by Sector

9.1.4 Employment forecasts by sector are shown in the figure below.

Figure 9.2: Employment Change by Sector 2020 - 2040



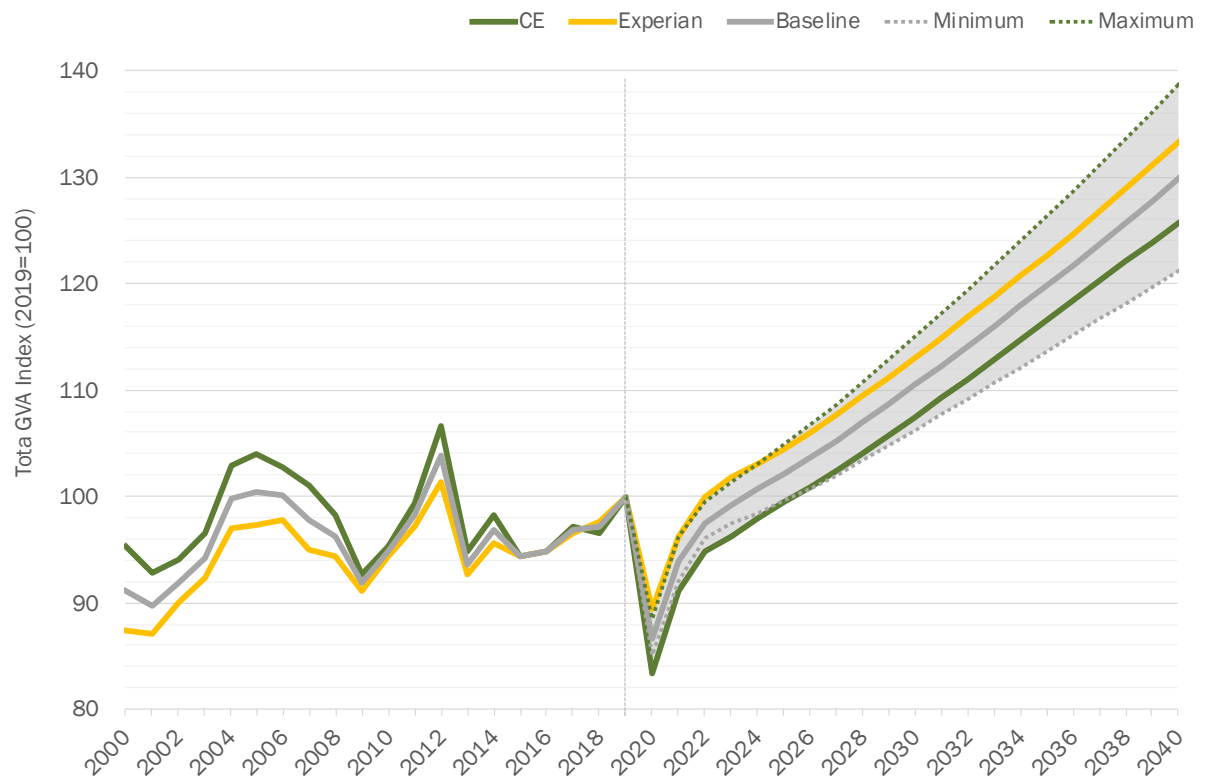
Source: HJA based on Cambridge Econometrics and Experian forecasts

- 9.1.5 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

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

Figure 9.3: Historic and Forecast GVA Change, index (2019=100)



Source: HJA based on Cambridge Econometrics and Experian forecasts

9.2 Demand for Employment Sites and Premises

Use Class Conversion Matrix

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

Figure 9.4: 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)(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

- 9.2.2 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 9.5: 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

- 9.2.3 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 9.6: 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

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

Figure 9.7: 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

- 9.2.5 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 9.8: 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 9.9: 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

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

Figure 9.10: 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

9.3 Assessment of supply

Figure 9.11: 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

10 Appendix Two – Exeter

10.0.1 The following Appendix sets out the results of the analysis in Chapters 4 – 6 inclusive for the City of Exeter.

10.1 Baseline Forecasts

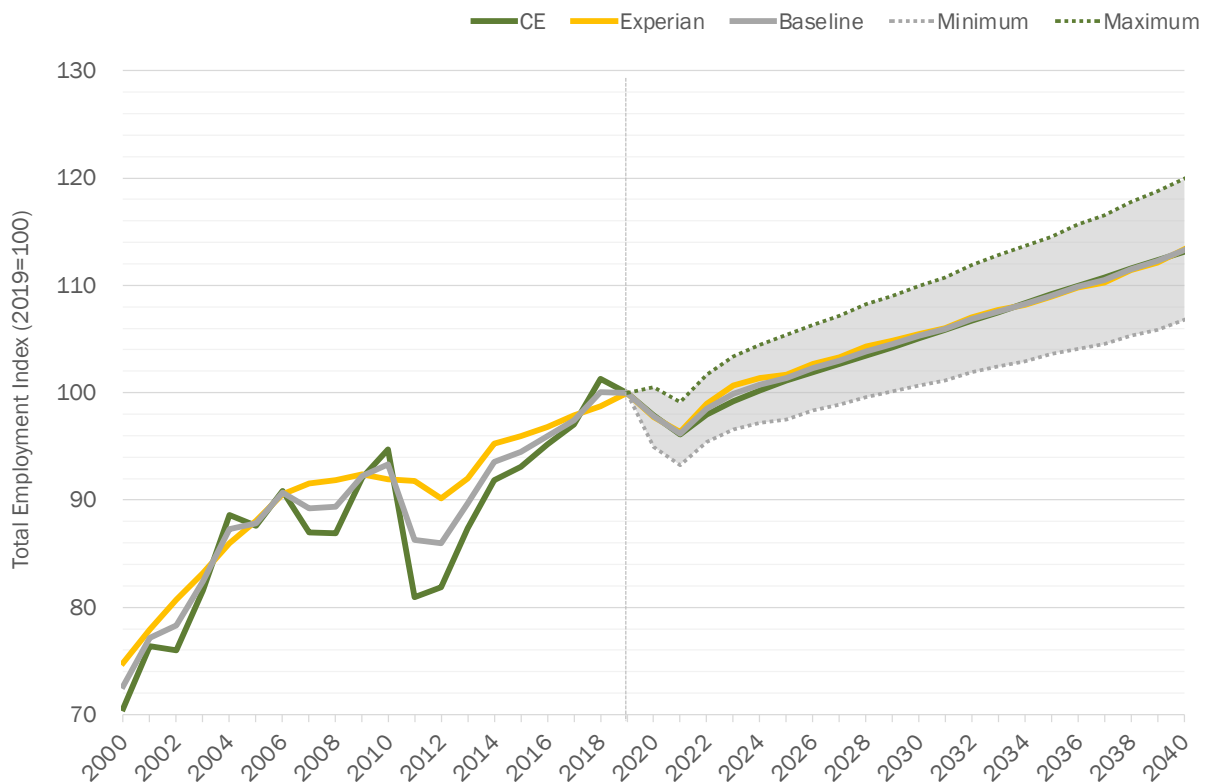
10.1.1 The figures below set out the baseline forecasts for the local authority area.

Total Employment

10.1.2 CE is forecasting employment growth of +14,200 jobs over the period 2019 – 2040, with Experian forecasting employment growth of +14,100 over the same period. These equate to growth of +680 jobs and +670 jobs respectively. Using these annual growth rates, jobs growth over the Plan period (2020 – 2040) is forecast at +13,500 in CE forecasts and +13,400 in Experian forecasts.

10.1.3 The minimum forecasts show jobs growth of +6,900 over the Plan period, whilst the maximum forecasts has jobs growth of +20,000.

Figure 10.1: Historic and Forecast Employment Change, index (2019=100)

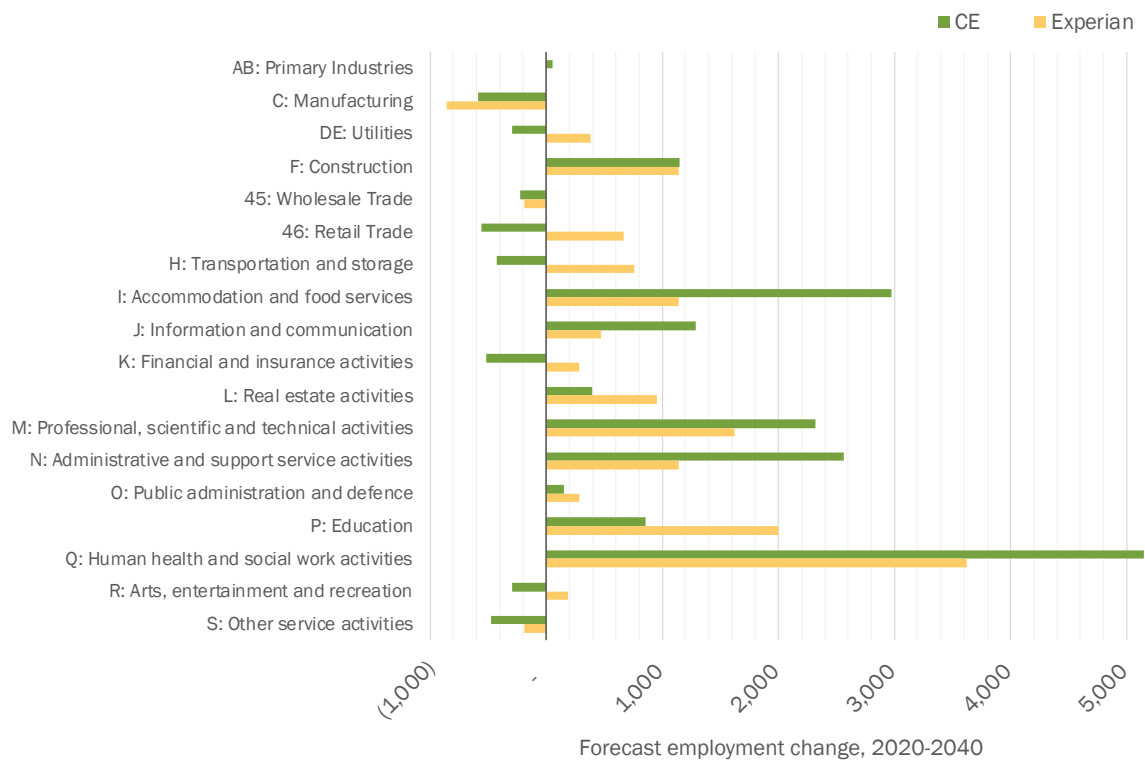


Source: HJA based on Cambridge Econometrics and Experian forecasts

Employment by Sector

10.1.4 Employment forecasts by sector are shown in the figure below.

Figure 10.2: Employment Change by Sector 2020-2040



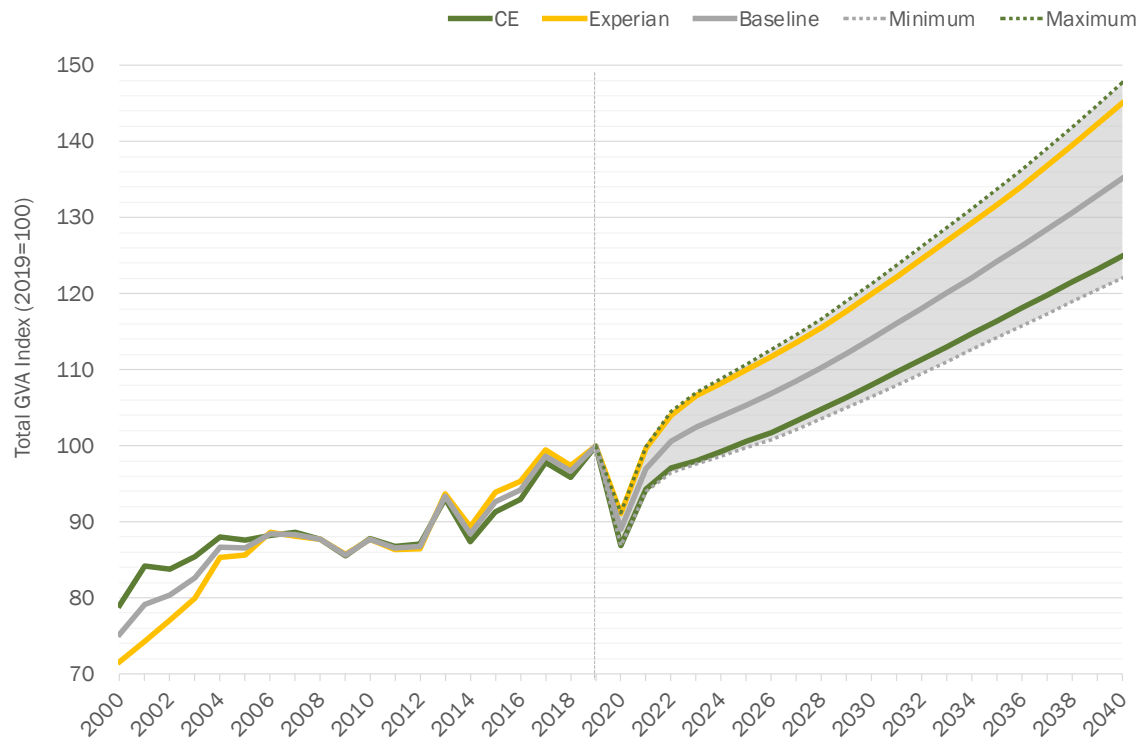
Source: HJA based on Cambridge Econometrics and Experian forecasts

- 10.1.5 The forecasts show a higher level of growth in the *Transport & Storage* sector than Greater Exeter. There is also a notable difference in the forecasts for the *Professional, Scientific & Technical* sector for East Devon compared to Greater Exeter. CE forecasts a small decline in employment in the sector and Experian forecasting a reasonable level of growth.

Gross Value Added

- 10.1.6 The figure below shows forecast GVA for the local authority area. The forecasts suggest GVA growth in line with growth in Greater Exeter.

Figure 10.3: Historic and Forecast GVA Change, index (2019=100)



Source: HJA based on Cambridge Econometrics and Experian forecasts

10.2 Demand for Employment Sites and Premises

Use Class Conversion Matrix

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

Figure 10.4: Exeter SIC Use-Class Matrix

	Percentage of employees working from home by industry and function																												
	B2	B8	C1	C2	C2a	E(a)	E(b)	E(c)(i)	E(c)(ii)	E(c)(iii)	E(d)	E(e)	E(f)	E(g)(i)	E(g)(ii)	E(g)(iii)	F1(a)	F1(b)	F1(c)	F1(d)	F1(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	90%	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%	9%
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%	94%	6%
F: Construction	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	94%
G (part): Wholesale	0%	56%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	35%	6%
G (part): Retail	0%	2%	0%	0%	0%	92%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%
H: Transportation and storage	0%	16%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	73%
I: Accommodation and food services	0%	0%	12%	0%	0%	7%	48%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	16%	16%
J: Information and communication	0%	4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	38%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	55%
K: Financial and insurance activities	0%	0%	0%	0%	0%	0%	0%	26%	0%	0%	0%	0%	0%	65%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%
L: Real estate activities	0%	0%	0%	0%	0%	0%	0%	0%	23%	0%	0%	0%	0%	62%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	15%
M: Professional, scientific and technical activities	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	60%	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	17%
N: Administrative and support service activities	3%	3%	1%	8%	1%	8%	2%	0%	0%	0%	1%	4%	1%	18%	0%	0%	1%	0%	1%	1%	1%	1%	1%	0%	1%	1%	1%	10%	32%
O: Public administration and defence	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	68%	0%	0%	0%	0%	0%	0%	0%	0%	27%	0%	0%	0%	0%	0%	5%
P: Education	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	94%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%
Q: Human health and social work activities	0%	0%	0%	61%	0%	0%	0%	0%	0%	0%	0%	25%	3%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%
R: Arts, entertainment and recreation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	37%	0%	0%	0%	0%	0%	0%	0%	3%	3%	0%	0%	0%	0%	0%	12%	8%	25%	13%
S: Other service activities	0%	0%	0%	0%	0%	33%	0%	0%	0%	0%	0%	0%	29%	0%	0%	0%	0%	0%	0%	0%	0%	15%	0%	0%	0%	0%	0%	4%	18%
Total	3%	4%	1%	12%	0%	11%	3%	1%	1%	0%	1%	5%	1%	18%	2%	0%	10%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	7%	18%

Conversion to Use Class Order

- 10.2.2 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 10.5: 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	(720)	(580)	(580)	(450)
B8	Storage or distribution	(140)	(5)	10	140
E(g)(i)	Offices	1,420	2,390	3,090	3,720
E(g)(ii)	Research and development	260	330	490	490
E(g)(iii)	Light industrial	10	20	20	30

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

Net additional floorspace requirements

- 10.2.3 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 10.6: 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	18,800	31,600	40,700	49,100
E(g)(ii)	Research and development	15,700	19,600	29,400	29,400
	Offices	34,500	51,200	70,100	78,500
E(g)(iii)	Light industrial	385	932	932	1,478
B2	General industrial	(27,100)	(22,000)	(22,000)	(16,900)
B8	Storage or distribution	(11,200)	(200)	1,000	10,900
	Industrial	(37,900)	(21,300)	(20,000)	(4,600)

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

Replacement Allowances

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

Figure 10.7: Forecast replacement requirement 2020-2040 (sq m)

Use	Total Stock (2020-21)	Annual Replacement	20 Year Plan Period Total
Office (1% pa)	341,000	3,400	68,000
Industrial (2% pa)	578,000	11,600	231,000
Total	919,000	15,000	299,000

Source: HJA based on VOA data

Total requirement

- 10.2.5 The total requirements for offices are shown in the figures below. There is a requirement for between 10 ha and 36 ha of office space over the Plan period. This reduces to 7 – 28 ha when

taking into account the **Homeworking+** adjustment. Taking the Mid-point estimates, there is a requirement of between 8-30 ha when 'Homeworking+' and 'Offices' demand is combined.

Figure 10.8: Total estimated future sites and premises requirements in Exeter (offices) (sq m unless otherwise stated) 2020 to 2040

	Minimum	Mid-point	Clean Growth	Maximum+
Replacement Provision (A)	68,000	68,000	68,000	68,000
Net Additional Requirement (B)	34,000	51,000	70,000	79,000
Gross Requirement (C=A+B)	103,000	119,000	138,000	147,000
Flexibility allowance (D)	10,000	12,000	14,000	15,000
Net Requirement (E=C+D)	113,000	131,000	152,000	161,000
Delivered on Existing Employment Sites (F)	11,000	13,000	15,000	16,000
Total Requirement (G= E-F)	102,000	118,000	137,000	145,000
Average Annual Requirement	5,100	5,900	6,800	7,300
Total Land Requirement (ha)	10 - 25	12 - 30	14 - 34	15 - 36
Average Annual Land Requirement (ha)	0.5 - 1.3	0.6 - 1.5	0.7 - 1.7	0.7 - 1.8

N.b. Figures may not sum due to rounding

Figure 10.9: 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)	68,000	68,000	68,000	68,000
Net Additional Requirement (B)	34,000	51,000	70,000	79,000
Gross Requirement (C=A+B)	103,000	119,000	138,000	147,000
Flexibility allowance (D)	10,000	12,000	14,000	15,000
Net Requirement (E=C+D)	113,000	131,000	152,000	161,000
Delivered on Existing Employment Sites (F)	11,000	13,000	15,000	16,000
Homeworking+ adjustment (G)	34,100	34,100	34,100	34,100
Total Requirement (H= E-F-G)	67,500	84,100	102,800	111,100
Average Annual Requirement	3,400	4,200	5,100	5,600
Total Land Requirement (ha)	7 - 17	8 - 21	10 - 26	11 - 28
Average Annual Land Requirement (ha)	0.3 - 0.8	0.4 - 1.1	0.5 - 1.3	0.6 - 1.4

N.b. Figures may not sum due to rounding

10.2.6 The figure below shows a requirement of 43 – 57 ha of industrial land over the Plan period.

Figure 10.10: Total estimated future sites and premises requirements in Exeter (industrial) (sq m unless otherwise stated) 2020 to 2040

	Minimum	Mid-point	Clean Growth	Maximum+
Replacement Provision (A)	231,000	231,000	231,000	231,000
Net Additional Requirement (B)	(38,000)	(21,000)	(20,000)	(5,000)
Gross Requirement (C=A+B)	193,000	210,000	211,000	227,000
Flexibility allowance (D)	19,000	21,000	21,000	23,000
Net Requirement (E=C+D)	213,000	231,000	232,000	249,000
Delivered on Existing Employment Sites (F)	43,000	46,000	46,000	50,000
Total Requirement (G= E-F)	170,000	185,000	186,000	199,000
Average Annual Requirement	8,500	9,200	9,300	10,000
Total Land Requirement (ha)	43- 49	46 - 53	46 - 53	50 - 57
Average Annual Land Requirement (ha)	2.1 -2.4	2.3 – 2.6	2.3 – 2.7	2.5 – 2.8

N.b. Figures may not sum due to rounding

10.3 Assessment of supply

Figure 10.11: JLL Assessment of Employment Land Supply

	ha
Total potential supply	12
Suitable for offices	4
Suitable for offices (RAG rated green)	2
Suitable for industrial	7
Suitable for industrial (RAG rated green)	7

Source: JLL

11 Appendix Three – Mid Devon

11.0.1 The following Appendix sets out the results of the analysis in Chapters 4 – 6 inclusive for Mid Devon.

11.1 Baseline Forecasts

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

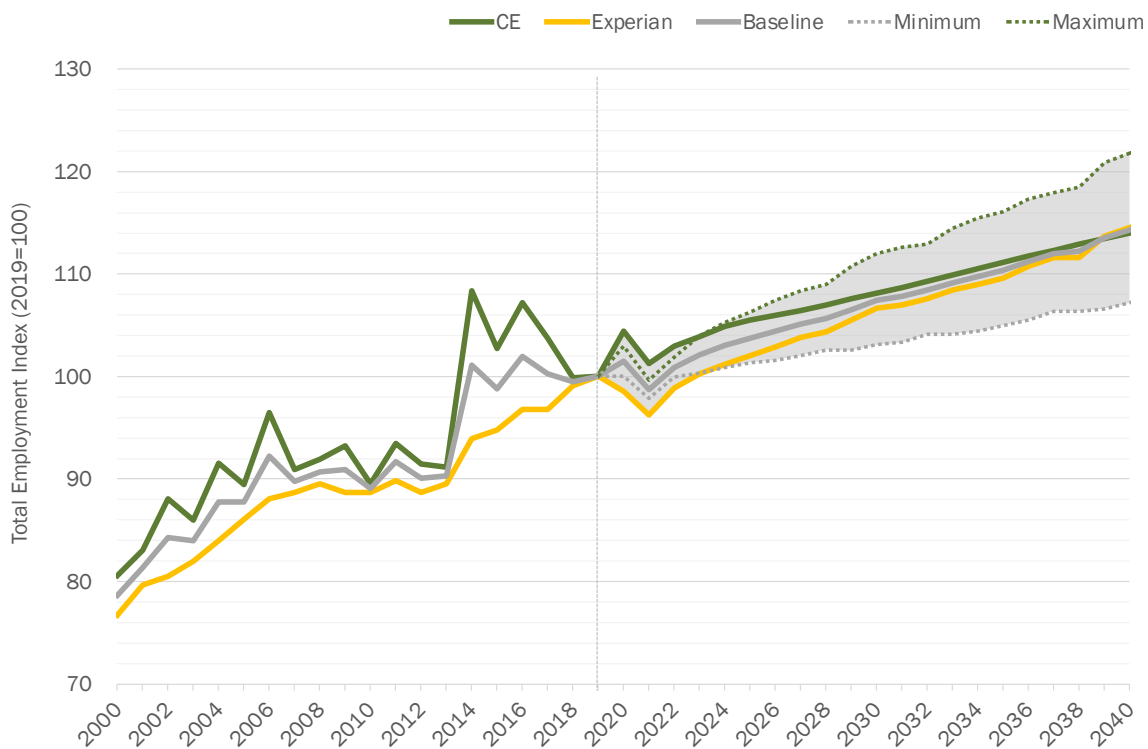
Total Employment

11.1.2 CE forecasts employment growth of +4,800 and Experian forecasts jobs growth of +5,000 over the period 2019 – 2040. Per annum, this equals 230 jobs and 240 jobs, respectively. Using these annual growth rates, jobs growth over the Plan period (2020 – 2040) is forecast at +4,600 by CE forecasts and +4,800 in Experian forecasts.

11.1.3 The minimum forecasts show jobs growth of +2,400 over the Plan period, whilst the maximum forecasts suggests jobs growth of +6,900.

11.1.4 The figure below shows the range of forecast jobs growth in Mid Devon over the Plan period.

Figure 11.1: Historic and Forecast Employment Change, index (2019=100)



Source: HJA based on Cambridge Econometrics and Experian forecasts

Employment by Sector

11.1.5 Figure 9.2 shows the employment forecasts by sector in Mid Devon.

11.1.6 The forecasts show a large decline in *Manufacturing* in Mid Devon, which is in line with Greater Exeter as a whole. Unlike the Greater Exeter forecasts, forecasts for Mid Devon suggest that all sectors apart from *Manufacturing* and *Financial & Insurance activities* will experience growth over

the Plan period. It is the only district in Greater Exeter in which employment in *Retail Trade* is not forecast to decline over the Plan period.

Figure 11.2: Employment Change by sector 2020-2040

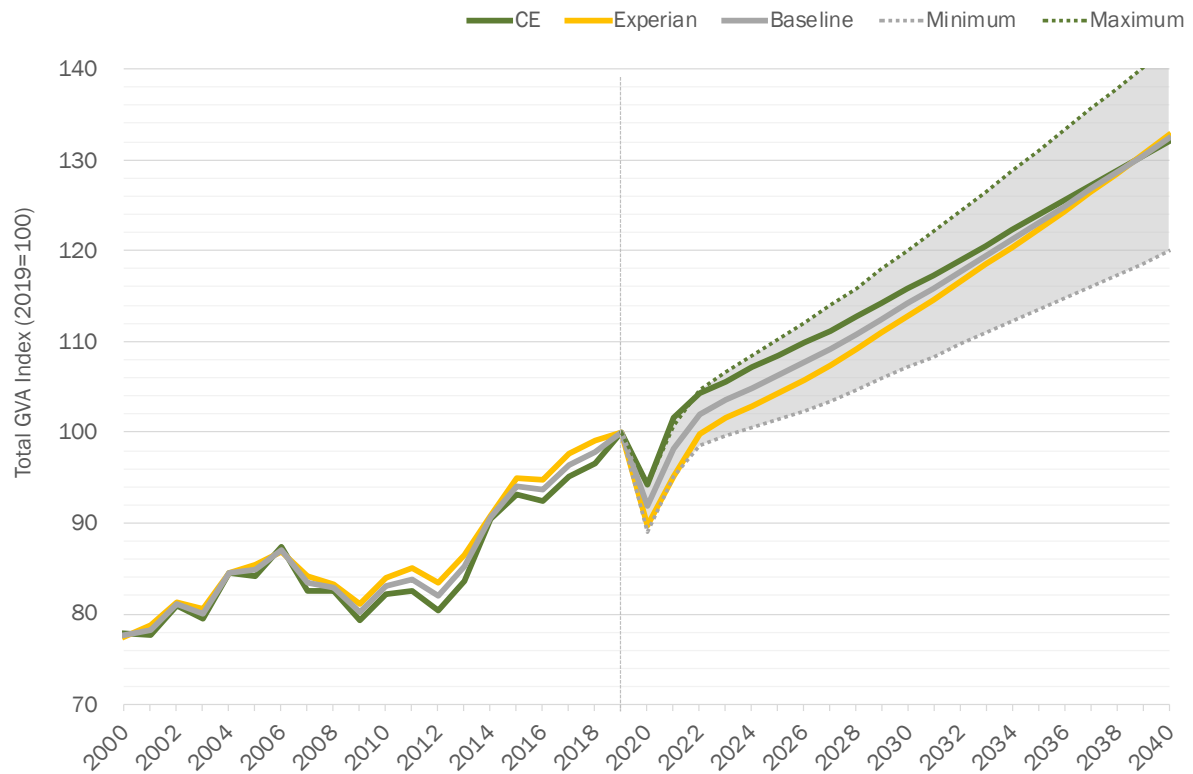


Source HJA based on Cambridge Econometrics and Experian forecasts

Gross Value Added

11.1.7 Figure 9.3 shows forecast growth in GVA over the Plan period. CE and Experian forecasts diverge in anticipated growth rates over time whilst in Mid Devon the forecasts converge. Overall, the forecasts suggest GVA growth similar to that in Greater Exeter.

Figure 11.3: Historic and Forecast GVA change, Index (2019=100)



Source: HJA based on Cambridge Econometrics and Experian Forecasts

11.2 Demand for Employment Sites and Premises

Use Class Conversion Matrix

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

Figure 11.4: Mid Devon SIC Use-Class Matrix

	B2	B8	C1	C2	C2a	E(a)	E(b)	E(c)(I)	E(c)(II)	E(c)(II)	E(d)	E(e)	E(f)	E(g)(I)	E(g)(II)	E(g)(III)	F1(a)	F1(b)(c)	F1(d)	F1(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	87%	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%	12%
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%	47%	53%
F: Construction	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	94%
G (part): Wholesale	0%	63%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	21%	11%
G (part): Retail	0%	2%	0%	0%	0%	84%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	11%
H: Transportation and storage	0%	14%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	84%
I: Accommodation and food services	0%	0%	10%	0%	0%	9%	30%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	20%	30%
J: Information and communication	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	49%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	46%
K: Financial and insurance activities	0%	0%	0%	0%	0%	0%	0%	42%	0%	0%	0%	0%	0%	41%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	17%
L: Real estate activities	0%	0%	0%	0%	0%	0%	0%	0%	21%	0%	0%	0%	0%	53%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	27%
M: Professional, scientific and technical activities	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	58%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	26%
N: Administrative and support service activities	5%	2%	0%	1%	0%	5%	1%	0%	0%	0%	0%	1%	0%	23%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%	50%
O: Public administration and defence	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	70%	0%	0%	0%	0%	0%	0%	0%	0%	23%	0%	0%	0%	0%	0%	7%
P: Education	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	91%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%
Q: Human health and social work activities	0%	0%	0%	39%	0%	0%	0%	0%	0%	0%	0%	36%	5%	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%
R: Arts, entertainment and recreation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	26%	0%	0%	0%	0%	0%	0%	0%	1%	12%	0%	0%	0%	0%	0%	9%	7%	18%	26%
S: Other service activities	0%	0%	0%	0%	0%	34%	0%	0%	0%	0%	0%	0%	19%	0%	0%	0%	0%	0%	0%	0%	0%	5%	0%	0%	0%	0%	0%	9%	33%
Total	13%	6%	1%	3%	0%	10%	2%	0%	0%	0%	1%	3%	1%	8%	0%	0%	8%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	37%	

Conversion to Use Class Order

- 11.2.2 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 11.5: 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	(1,080)	(950)	(950)	(830)
B8	Storage or distribution	90	110	110	140
E(g)(i)	Offices	440	750	900	1,150
E(g)(ii)	Research and development	20	20	40	40
E(g)(iii)	Light industrial	-	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

- 11.2.3 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 11.6: 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	5,800	9,900	11,900	15,200
E(g)(ii)	Research and development	1,200	1,400	2,200	2,200
	Offices	6,900	11,300	14,000	17,400
E(g)(iii)	Light industrial	(36)	202	202	440
B2	General industrial	(40,800)	(36,000)	(36,000)	(31,200)
B8	Storage or distribution	7,100	9,100	9,200	11,000
	Industrial	(33,700)	(26,700)	(26,600)	(19,700)

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

Replacement Allowances

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

Figure 11.7: Forecast replacement requirement 2020-2040 (sq m)

Use	Total Stock (2020-21)	Annual Replacement	20 Year Plan Period Total
Office (1% pa)	33,000	300	7,000
Industrial (2% pa)	579,000	11,600	232,000
Total	612,000	11,900	238,000

Source: HJA based on VOA data

Total requirement

- 11.2.5 The total requirements for offices are shown in the figures below. There is a requirement for between 1 ha and 6 ha of office space over the Plan period. This reduces to 1 – 5 ha when taking into account the **Homeworking+** adjustment.

Figure 11.8: Total estimated future sites and premises requirements in Mid Devon (offices) (sq m unless otherwise stated) 2020 to 2040

	Minimum	Mid-point	Clean Growth	Maximum+
Replacement Provision (A)	7,000	7,000	7,000	7,000
Net Additional Requirement (B)	7,000	11,000	14,000	17,000
Gross Requirement (C=A+B)	14,000	18,000	21,000	24,000
Flexibility allowance (D)	1,000	2,000	2,000	2,000
Net Requirement (E=C+D)	15,000	20,000	23,000	26,000
Delivered on Existing Employment Sites (F)	1,000	2,000	2,000	3,000
Total Requirement (G= E-F)	13,000	18,000	20,000	24,000
Average Annual Requirement	700	900	1,000	1,200

Total Land Requirement (ha)	1 - 3	2 - 4	2 - 5	2 - 6
Average Annual Land Requirement (ha)	0.1 – 0.2	0.1 – 0.2	0.1 – 0.3	0.1 – 0.3

N.b. Figures may not sum due to rounding

Figure 11.9: 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)	7,000	7,000	7,000	7,000
Net Additional Requirement (B)	6,900	11,000	14,000	17,000
Gross Requirement (C=A+B)	14,000	18,000	21,000	24,000
Flexibility allowance (D)	1,400	2,000	2,000	2,000
Net Requirement (E=C+D)	15,000	20,000	23,000	26,000
Delivered on Existing Employment Sites (F)	1,000	2,000	2,000	3,000
Homeworking+ adjustment (G)	3,000	3,000	3,000	3,000
Total Requirement (H= E-F-G)	10,000	14,000	17,000	20,000
Average Annual Requirement	500	700	900	1,000

Total Land Requirement (ha)	1 - 3	1 - 4	2 - 4	2 - 5
Average Annual Land Requirement (ha)	0.1 – 0.1	0.1 – 0.2	0.1 – 0.2	0.1 – 0.3

N.b. Figures may not sum due to rounding

- 11.2.6 The figure below shows a requirement of 44 – 53 ha of industrial land over the Plan period.

Figure 11.10 Total estimated future sites and premises requirements in Mid Devon (industrial) (sq m unless otherwise stated) 2020 to 2040

	Minimum	Mid-point	Clean Growth	Maximum+
Replacement Provision (A)	232,000	232,000	232,000	232,000
Net Additional Requirement (B)	(34,000)	(27,000)	(27,000)	(20,000)
Gross Requirement (C=A+B)	198,000	205,000	205,000	212,000
Flexibility allowance (D)	20,000	20,000	20,000	21,000
Net Requirement (E=C+D)	218,000	225,000	225,000	233,000
Delivered on Existing Employment Sites (F)	44,000	45,000	45,000	47,000
Total Requirement (G= E-F)	174,000	180,000	180,000	186,000
Average Annual Requirement	8,700	9,000	9,000	9,300

Total Land Requirement (ha)	44 - 50	45 - 52	45 - 52	47 - 53
Average Annual Land Requirement (ha)	2.2 – 2.5	2.3 – 2.6	2.3 – 2.6	2.3 – 2.7

N.b. Figures may not sum due to rounding

11.3 Assessment of supply

Figure 11.11: JLL Assessment of Employment Land Supply

	ha
Total potential supply	50
Suitable for offices	6
Suitable for offices (RAG rated green)	1
Suitable for industrial	44
Suitable for industrial (RAG rated green)	41

Source: JLL

12 Appendix Four – Teignbridge

12.0.1 The following Appendix sets out the results of the analysis in Chapters 4 – 6 inclusive in Teignbridge.

12.1 Baseline Forecasts

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

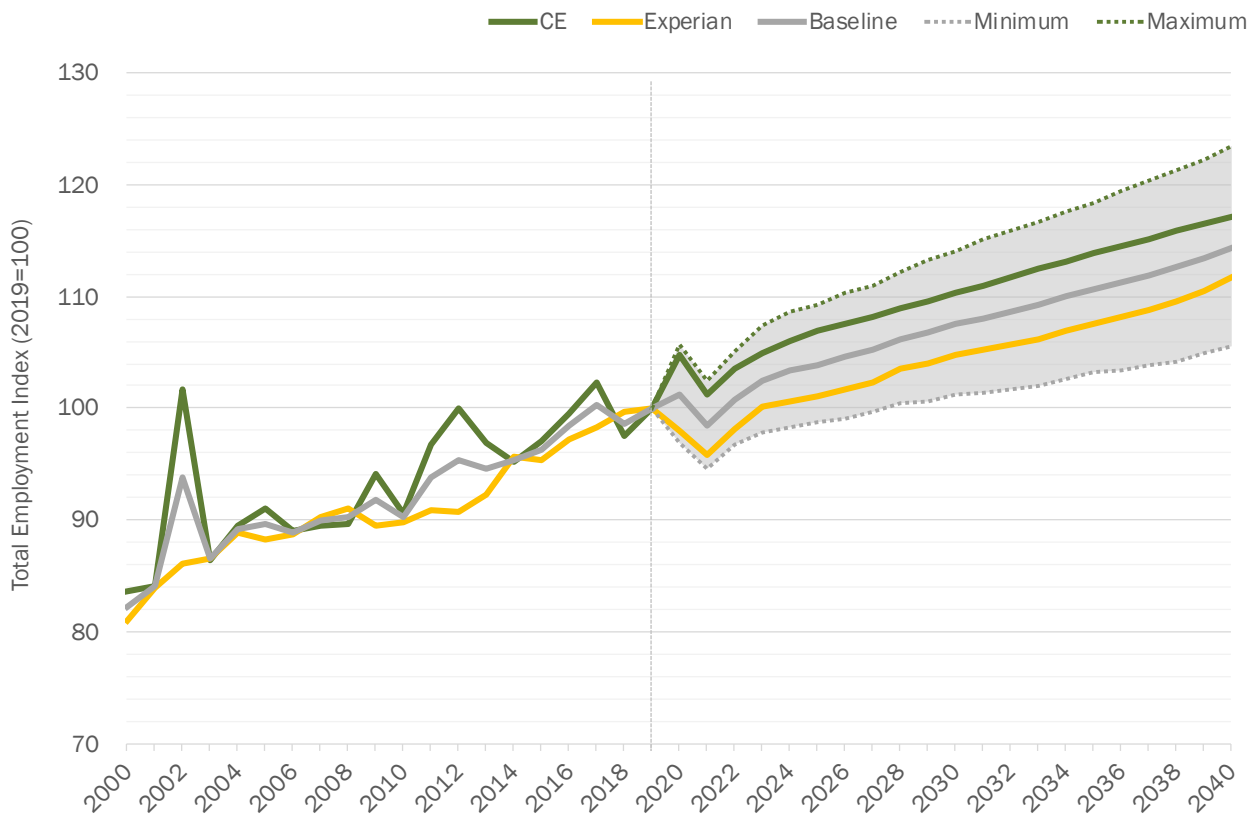
Total Employment

12.1.2 CE forecasts employment growth of +9,800 and Experian forecasts jobs growth of +6,900 over the period 2019 – 2040. Per annum, this equals 470 jobs and 330 jobs, respectively. Using these annual growth rates, jobs growth over the Plan period (2020 – 2040) is forecast at +9,300 by CE forecasts and +6,600 in Experian forecasts.

12.1.3 The minimum forecasts show jobs growth of +3,200 over the Plan period, whilst the maximum forecasts suggests jobs growth of +12,700.

12.1.4 The figure below shows the range of forecast jobs growth in Teignbridge over the Plan period.

Figure 12.1: Historic and Forecast Employment Change, index (2019=100)

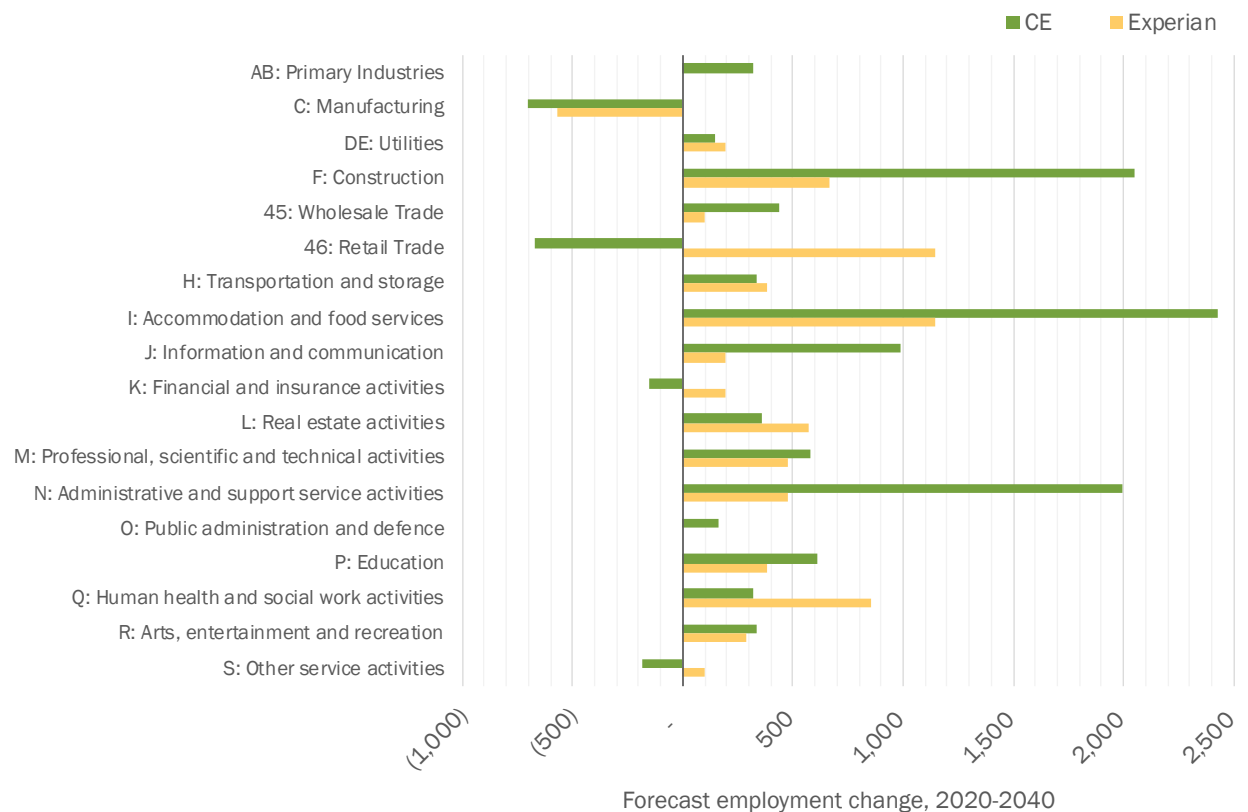


Source: HJA based on Cambridge Econometrics and Experian forecasts

Employment by Sector

12.1.5 Employment forecasts by sector are shown in the figure below.

Figure 12.2: Employment Change by Sector 2020-2040



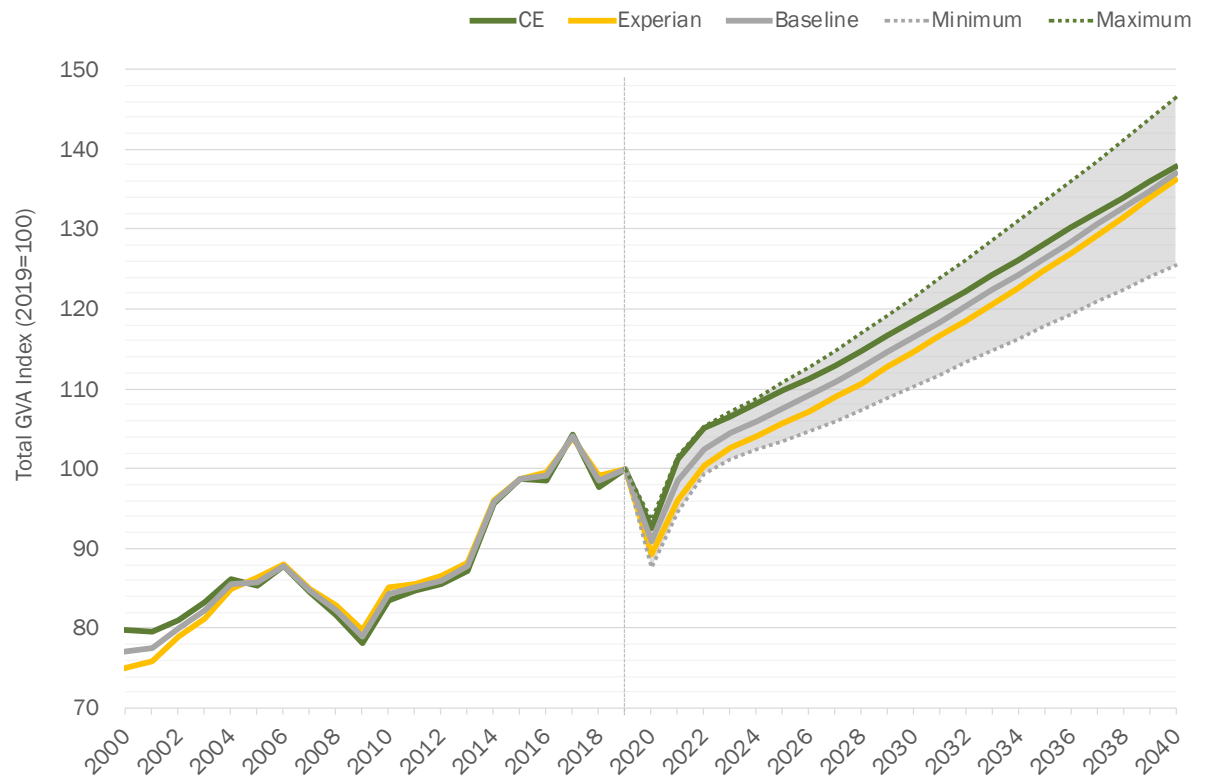
Source: HJA based on Cambridge Econometrics and Experian forecasts

- 12.1.6 The forecasts suggest similar changes in sectoral employment growth to other districts in Greater Exeter. However, there are slightly larger discrepancies between the two forecasts than in other districts, particularly in *Construction* and *Retail Trade*.

Gross Value Added

- 12.1.7 Figure 10.3 shows forecast GVA growth in Teignbridge is in line with the level of growth forecast in Greater Exeter as a whole. Unlike Greater Exeter in which the two forecasts diverge in GVA growth throughout the period, forecast GVA growth in Teignbridge converges over time.

Figure 12.3: Historic and Forecast GVA Change, index (2019=100)



Source: HJA based on Cambridge Econometrics and Experian forecasts

12.2 Demand for Employment Sites and Premises

Use Class Conversion Matrix

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

Figure 12.4: Teignbridge SIC Use-Class Matrix

	B2	B8	C1	C2	C2a	E(a)	E(b)	E(c)(i)	E(c)(ii)	E(c)(iii)	E(d)	E(e)	E(f)	E(g)(i)	E(g)(ii)	E(g)(iii)	F1(a)	F1(b)	F1(c)	F1(d)	F1(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	86%	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%	13%
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%	67%	33%
F: Construction	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	95%
G (part): Wholesale	0%	53%	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	31%	12%
G (part): Retail	0%	7%	0%	0%	0%	80%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	10%
H: Transportation and storage	0%	23%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	69%
I: Accommodation and food services	0%	0%	18%	0%	0%	8%	26%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	18%	30%
J: Information and communication	0%	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	42%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	49%
K: Financial and insurance activities	0%	0%	0%	0%	0%	0%	0%	29%	0%	0%	0%	0%	0%	52%	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%	16%	0%	0%	0%	0%	62%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	22%
M: Professional, scientific and technical activities	0%	0%	0%	0%	0%	1%	0%	0%	2%	0%	0%	0%	0%	52%	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	29%
N: Administrative and support service activities	3%	2%	1%	3%	0%	6%	1%	0%	0%	0%	0%	1%	0%	23%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	51%
O: Public administration and defence	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	55%	0%	0%	0%	0%	0%	0%	0%	0%	32%	0%	0%	0%	0%	0%	13%
P: Education	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	91%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%
Q: Human health and social work activities	0%	0%	0%	51%	0%	0%	0%	0%	0%	0%	0%	27%	3%	10%	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%	27%	0%	0%	0%	0%	0%	0%	0%	1%	2%	0%	0%	0%	0%	0%	0%	11%	9%	24%
S: Other service activities	0%	0%	0%	0%	0%	33%	0%	0%	0%	0%	0%	0%	21%	0%	0%	0%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	15%	29%
Total	8%	5%	2%	6%	0%	12%	3%	0%	0%	0%	1%	3%	1%	11%	0%	0%	6%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	7%	32%

Conversion to Use Class Order

- 12.2.2 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 12.5: 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	(570)	(500)	(500)	(420)
B8	Storage or distribution	100	280	300	460
E(g)(i)	Offices	590	1,160	1,440	1,820
E(g)(ii)	Research and development	30	50	70	70
E(g)(iii)	Light industrial	-	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

- 12.2.3 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 12.6: 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	7,800	15,300	19,000	24,100
E(g)(ii)	Research and development	2,000	2,700	4,300	4,300
	Offices	9,800	18,000	23,300	28,300
E(g)(iii)	Light industrial	76	263	263	451
B2	General industrial	(21,700)	(18,800)	(18,800)	(15,900)
B8	Storage or distribution	8,300	22,400	24,300	36,400
	Industrial	(13,300)	3,900	5,800	21,000

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

Replacement Allowances

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

Figure 12.7: Forecast replacement requirement 2020-2040 (sq m)

Use	Total Stock (2020-21)	Annual Replacement	20 Year Plan Period Total
Office (1% pa)	86,000	900	17,000
Industrial (2% pa)	561,000	11,200	224,000
Total	647,000	12,100	242,000

Source: HJA based on VOA data

Total requirement

- 12.2.5 The total requirements for offices are shown in the figures below. There is a requirement for between 3 ha and 11 ha of office space over the Plan period. This reduces to 2 – 9 ha when taking into account the **Homeworking+** adjustment.

Figure 12.8 Total estimated future sites and premises requirements in Teignbridge (offices) (sq m unless otherwise stated) 2020 to 2040

	Minimum	Mid-point	Clean Growth	Maximum+
Replacement Provision (A)	17,000	17,000	17,000	17,000
Net Additional Requirement (B)	10,000	18,000	23,000	28,000
Gross Requirement (C=A+B)	27,000	35,000	40,000	46,000
Flexibility allowance (D)	3,000	4,000	4,000	5,000
Net Requirement (E=C+D)	30,000	39,000	45,000	50,000
Delivered on Existing Employment Sites (F)	3,000	4,000	4,000	5,000
Total Requirement (G= E-F)	27,000	35,000	40,000	45,000
Average Annual Requirement	1,300	1,700	2,000	2,300

Total Land Requirement (ha)	3 - 7	3 - 9	4 - 10	5 - 11
Average Annual Land Requirement (ha)	0.1 – 0.3	0.2 – 0.4	0.2 - 0.5	0.2 – 0.6

N.b. Figures may not sum due to rounding

Figure 12.9 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)	17,000	17,000	17,000	17,000
Net Additional Requirement (B)	9,800	18,000	23,000	28,000
Gross Requirement (C=A+B)	27,000	35,000	40,000	46,000
Flexibility allowance (D)	2,700	4,000	4,000	5,000
Net Requirement (E=C+D)	30,000	39,000	45,000	50,000
Delivered on Existing Employment Sites (F)	3,000	4,000	4,000	5,000
Homeworking+ adjustment (G)	9,000	9,000	9,000	9,000
Total Requirement (H= E-F-G)	18,000	26,000	31,000	36,000
Average Annual Requirement	900	1,300	1,600	1,800

Total Land Requirement (ha)	2 - 5	3 - 7	3 - 8	4 - 9
Average Annual Land Requirement (ha)	0.1 – 0.2	0.1 – 0.3	0.2 – 0.4	0.2 – 0.5

N.b. Figures may not sum due to rounding

- 12.2.6 The figure below shows a requirement of 46 – 62 ha of industrial land over the Plan period.

Figure 12.10 Total estimated future sites and premises requirements in Teignbridge (industrial) (sq m unless otherwise stated) 2020 to 2040

	Minimum	Mid-point	Clean Growth	Maximum+
Replacement Provision (A)	224,000	224,000	224,000	224,000
Net Additional Requirement (B)	(13,000)	4,000	6,000	21,000
Gross Requirement (C=A+B)	211,000	228,000	230,000	245,000
Flexibility allowance (D)	21,000	23,000	23,000	25,000
Net Requirement (E=C+D)	232,000	251,000	253,000	270,000
Delivered on Existing Employment Sites (F)	46,000	50,000	51,000	54,000
Total Requirement (G= E-F)	186,000	201,000	203,000	216,000
Average Annual Requirement	9,300	10,000	10,100	10,800

Total Land Requirement (ha)	46 - 53	50 - 57	51 - 58	54 - 62
Average Annual Land Requirement (ha)	2.3 - 2.7	2.5 - 2.9	2.5 - 2.9	2.7 - 3.1

N.b. Figures may not sum due to rounding

12.3 Assessment of supply

Figure 12.11: JLL Assessment of Employment Land Supply

	ha
Total potential supply	61
Suitable for offices	0 - 26
Suitable for offices (RAG rated green)	0 - 2
Suitable for industrial	35 - 61
Suitable for industrial (RAG rated green)	27 - 29

Source: JLL

13 Appendix Five – Employment Floorspace per FTE

Historic Use Class	New Use Class	Assumption
B1a Offices	E(g)(i)	The Employment Densities Guide (2015) provides estimates for a range of office functions ranging from 8–13 sq m per FTE (Net Internal Area). The higher end of this range relates to Corporate HQ and the lower end relates to call centres. Financial Services, Public Sector and Professional Services fall within the 10–12 sq m range. The Occupier Density Study (2013) indicates an average density of 10.9 sq m for the UK. On this basis, an assumption of 11 sq m per employee has been adopted, with a 20% uplift to provide Gross External Area (GEA). The utilised assumption is therefore 13.2 sq m per FTE.
B1b R&D	E(g)(ii)	The most recent (2015) best practice guidance sets out a range of 40–60 sq m (NIA) for R&D B1b premises. The midpoint of this range has been adopted and uplifted by 20% to convert to GEA. A figure of 60 sq m per FTE has been used within the analysis.
B1c Light Industry	E(g)(iii)	The most recent (2015) best practice guidance indicates a figure for B1(c) light industry at 47 sq m per FTE (NIA). Allowances are made to align to GEA (+20%) with a final assumption of 56.4 sq m per FTE (GEA).
B2 General Industry	B2	B2 General is estimated at 36 sq m per FTE (GIA). Allowances are made to align to GEA (+5%) with a final assumption of 37.8 sq m per FTE (GEA).
B8 Storage & Distribution	B8	Latest available estimates suggest a range of 70 – 95 sq m per FTE. 70 sq m per employee (GEA) for ‘final mile’ distribution centres and 95 sq m per employee (GEA) for national distribution centres. There is the potential for a mix of both and 80 sq m per FTE has been adopted for this analysis.

14 Appendix Six – Replacement Allowances

- 14.0.1 An allowance for replacement has been included within the methodology to encapsulate the wider changes in the economy not picked up in the employment projections. Working practices change, new technologies are adopted, and the sites and premises used by firms need to adapt to these new ways of working. There are also losses to other uses either through sales and lettings or redevelopment. As a result, there will be a need for some existing employment stocks to be replaced. There will also be instances where existing buildings are so dilapidated that they require complete reconstruction.
- 14.0.2 A figure around 1–2% per annum is a sensible working assumption. This effectively equates to a replacement of the entire commercial employment stock every 50–100 years (clearly there will be some property which is not replaced and other buildings which could be replaced more than once).

Greater Exeter Economic Development Needs Assessment

Prepared for Hardisty Jones Associates

November 2022

Greater Exeter Economic Development Needs





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Executive Summary

JLL, as international property consultants, with extensive local market knowledge have been instructed by Hardisty Jones Associates to provide a market overview to assist the preparation of the Greater Exeter EDNA.

Industrial

Nationally and across the EDNA boundary, industrial market sentiment remains positive and the sector continues to be the strongest of all of the national commercial markets having been resilient during the pandemic.

In each of the EDNA districts, there is an imbalance between high levels of demand and chronically low levels of supply of existing buildings. This has led to aggressive rental and capital growth, reflecting new market levels across most of the study area. It should be noted that the total industrial take-up figures for all the districts do not sufficiently reflect the levels of actual demand, more the low levels of existing stock. With the exception of the west end of East Devon, there has been little new construction in recent years.

The total quantum of allocated and consented employment land within EDNA equates to in excess of 200 ha, most of which is suited to industrial uses. However, we estimate that just one quarter of this will be available or deliverable in the short-term (i.e. within three years). This market failure adds further pressure to pipeline supply issues, hindering economic growth and encourages occupiers to relocate across administrative boundaries.

Offices

The pandemic has had a significant impact on the office sector with employees now adopting a hybrid working approach. This will mean occupiers require far less accommodation moving forward and we anticipate the quantum of office supply across the districts to increase in the short-term as a result.

Demand for offices within Mid Devon, East Devon and Teignbridge is weak compared to Exeter. With demand being driven by smaller, indigenous enquiries or those which fall out of Exeter's administrative boundary.

Due to subdued demand and increased supply prime and secondary rental levels are under pressure and this is creating a greater viability gap to encourage new-build activity.

Methodology

The employment land supply site assessments included in this report are undertaken on the basis of being high level evaluations. We would encourage further detailed assessment work by the local authorities. This may alter their deliverable status and therefore impact upon the timescale for delivery and the quantum of overall supply.

Each employment site identified has been assessed individually to determine its suitability and deliverability to meet future demand. The quantitative assessment has considered the following parameters:

- Planning context
- Topography, physical attributes, and infrastructure provision
- Sustainability issues
- Road access – main arterial roads and local roads
- Access to labour and amenities
- Access to IT connectivity and power
- Location relative to public transport and other public services
- Market appeal / interest (evidenced by known requirements/actual market demand)
- Where known, landowners intentions to deliver / allow employment development
- Potential future requirements
- Options for alternative employment use

Alongside our written conclusions, a RAG status methodology (Red, Amber, Green) presents a means of visual and qualitative assessment against each of these criteria. JLL have relied on their extensive market knowledge, professional opinion and some input from the local authorities in determining the RAG status. In terms of timelines, we consider 'short-term' to be within three years, 'medium-term' to be between three to six years and 'long-term' indicating that we estimate that the site could be delivered no earlier than six years plus.

It is acknowledged that landowner intentions should be understood when considering the 'realistic' availability and deliverability of sites. We have used our market knowledge and in some cases made direct contact with the landowner to understand their objectives. This has then been factored into our comments and assessments.

When considering the supply of existing buildings, JLL have not referred to buildings below 185 sq m. Industry information sources and our own market data do not tend to track below this threshold, given the mainly informal and unrepresented nature of this market. We also note that these types of occupiers are less interested in employment land, which is the focus for new buildings. It is appreciated though that the smaller end of the employment market and those in rural workspaces provide valuable job opportunities. It is acknowledged that many of the rural workshops or diversified farm buildings are sub-standard

We note that monitoring reports have not been updated by all of the local authorities and therefore there are some sites, which may have been excluded or alternatively further information could be available on those sites listed about their deliverability.

1 National Market Overview

1.1 Industrial

1.1.1 Starting with the industrial sector, market sentiment remains very positive. It continues to be the strongest sector of all of the national commercial markets. Locally, as well as across the country, there is an imbalance between high levels of demand and chronically low levels of supply. As a consequence, there is aggressive rental and capital growth, reaching new market levels. This is not putting off occupiers who have been prepared to pay for the right type of building. The industrial sector was resilient and even strengthened through the pandemic as online retailing rapidly grew and we saw onshoring of manufacturing, fuelled by Brexit and supply chain delays.

1.1.2 The table below shows headline rental figures for second hand industrial units in a number of UK centres. The table indicates the average rates achieved and the percentage increase from the previous 12 months.

UK Industrial Rents Q1 2022		
Location	£ psf	Y-o-Y %
London	17.32	9.2
Bristol	8.10	5.0
Exeter	7.75	8.5
Edinburgh	6.96	7.7
Manchester	6.69	10.3
Birmingham	6.53	10.1
Leeds	6.28	10.4
Glasgow	6.00	8.0
Plymouth	5.86	6.9
Cardiff	5.60	9.2

Source: JLL

1.2 Offices

1.2.1 Leasing activity across the office market was relatively subdued across the (Big 6) regional markets as a whole in Q1, with 89,500 sq m transacted, below the 5-year quarterly average of 111,500 sq m. However, Bristol and Birmingham had strong starts to the year. Bristol saw 21,700 sq m transacted and Birmingham recorded 16,500 sq m. Overall vacancy remained steady in Q1, with the Big 6 average vacancy rate at 6.1%.

1.2.2 The majority of demand for offices is for good quality Grade A space and the Big 6 Grade A vacancy rate was also stable at 2.9% in Q1. The Big 6 markets typically remain undersupplied in terms of good quality space. Pressure on headline prime rents was sustained in Q1, as occupiers compete for the best quality space. Bristol rents increased by 10.4% on a quarterly basis to £42.50 per sq ft while Edinburgh rents increased 2.9% q-to-q to £39 per sq ft.

- 1.2.3 The table below shows headline rental figures for prime offices within the UK centres. The table indicates the average rates achieved and the percentage increase from the previous 12 months.

Prime UK Office Rents Q1 2022		
Location	£ psf	Y-o-Y
Central London (WE)	£120.00	2.2%
Central London (City)	£72.50	3.6%
Bristol	£42.50	13.3%
Edinburgh	£39.00	8.3%
Manchester	£38.50	0.0%
Birmingham	£38.50	0.0%
Glasgow	£35.00	1.4%
Leeds	£33.00	0.0%
Cardiff	£25.00	0.0%
Exeter	£22.50	0.0%
Plymouth	£17.50	0.0%

1.3 Structural Change

- 1.3.1 As we move closer to net-zero deadlines following on from COP26, we are observing more occupiers, investors and developers prioritise ESG commitments, with particular focus towards sustainability and carbon neutrality. This is translating into a green premium for the industrial sector, as for instance, occupiers and investors are willing to pay more for high quality and energy efficient space.
- 1.3.2 Nationally, the pandemic has had a significant impact on the office sector with employees now adopting a hybrid working approach and, in some cases, working from home as a default. The 'future of work' has yet to be cast and we are seeing an overall reduction in the floor space required by occupiers. What is evident is the need for employers to provide high-quality working environments to tempt employees back to the office.

2 Exeter

2.1 Market Synopsis

- 2.1.1 Exeter's position in the sub-regional market remains strong and this is cemented by its scale of population, extensive labour force within 45 minutes' drive and accessible location on the intersection of the M5 and A30.
- 2.1.2 The employment property market in Exeter has a healthy mix between industrial and offices. As the county's administrative centre and sub-regional city after Bristol, there is more office accommodation as a % of the whole than in most South West locations. Exeter does not have the same level of manufacturing as other Devon centres like Plymouth, Newton Abbot or Paignton.
- 2.1.3 On the industrial side, Exeter's lack of supply of both existing buildings and serviced land over the past 5-10 years has pushed occupiers into neighbouring East Devon and Mid Devon. It should be appreciated that the development schemes around Exeter Airport (within East Devon) have been delivering the larger build-to-suit occupiers. This includes the 18,210 sq m pre-let to Stovax on Skypark and 8,383 sq m and 5,143 sq m pre-lets to Amazon and DHL respectively across the London Road at Exeter Logistics Park.
- 2.1.4 Total take-up of industrial for 2021 in just Exeter (excluding transactions in East Devon) was circa. 15,500 sq m. As previously indicated, this total does not reflect the level of demand, more that low levels of existing stock. There is virtually no supply of serviced or deliverable development land, suiting industrial development. It is evident, that there is very little opportunity for local, indigenous businesses whether that be second-hand or new-build options. Rental levels have increased significantly on second-hand properties due to the lack of supply and this will have detracted from some indigenous businesses being able to commit to larger or improved space.
- 2.1.5 Exeter is an important, sub-regional centre for financial, business services and the public sector with Bristol still being regarded as the region's hub. Major office occupying employers include the Met Office, EDF Energy and South West Water, which all occupy buildings more than 5,000 sq m. The market is split into the in-town and out-of-town markets. The larger out-of-town developments post 1990 were Exeter Business Park, Pynes Hill and Peninsula Park.

- 2.1.6 At the end of 2021, total supply of offices in Exeter was 36,000 sq m down just 3.5% on the previous year. There has been little new construction in recent years. With a lack of new build, the focus has been on extensive refurbishment of existing buildings. Market take-up of office space in the past three years has been relatively low. In 2020, total take-up was 10,565 sqm and slightly more in 2021 at 11,700 sq m. This is largely due to the lack of available good-quality space in the market and the pandemic. Rental levels out-of-town have stagnated with tenants benefitting from higher rental incentives offered by landlords to secure occupier interest or as capital contributions to upgrade the dated space.
- 2.1.7 With more occupiers looking for transitional space, Exeter has seen strong demand in the flex-space markets, which are not included in the take-up statistics. The flex schemes in Exeter include Winslade Park (East Devon) out-of-town and in-town, Clockwise, Venaspace and Generator Hub.

2.2 Supply

2.2.1 Built Employment Stock

The table below shows the second-hand or brand new buildings currently available or under offer in within Exeter's boundaries. We have collated data of options over 185 sq m in size. This has been assembled using CoStar, EGi Radius, commercial agents' website listings and our own market intelligence.

Employment Building Supply (above 185 sq m)			
Address	Type	Size (Sq m)	Comment
Unit 2, Clyst Units, Cofton Road, Marsh Barton	Industrial	310	
10 Marsh Barton Road, Marsh Barton	Industrial	342	
3 Merriott House, Marsh Barton	Industrial	573	
Unit 2, Jardine Park, Grace Road West	Industrial	580	Under offer
Unit D3, Kestrel Way, Sowton	Industrial	618	Available Q2 2023
Unit D2, Kestrel Way, Sowton	Industrial	1,029	Available Q2 2023
Unit 18 Trade City, Apple Lane, Sowton	Industrial	1,586	
5 & 7 Osprey Road, Sowton	Industrial	1,618	Available Q2 2023
Unit D1, Kestrel Way, Sowton	Industrial	1,633	Available Q2 2023
Unit B Sanderling Court	Industrial	1,680	Available Q2 2023
The Otter Building, Grenadier Road	Industrial	1,819	
Matford Green Business Park, Matford	Industrial	2,218	Part under offer.
Part SSE Building, Heron Road, Sowton	Industrial	4,057	Whole building for sale.
Falcon Road, Sowton	Industrial	4,566	Available Q2 2023
B & C Osprey Road, Sowton	Industrial	5,141	Available Q2 2023
Total Industrial		22,033	
Suite C, Stratford House, Matford Park Road	Office	245	
Unit 8, Abbey Court, Eagle Way	Office	259	
1st Floor, Unit 8, Abbey Court, Eagle Way	Office	267	
236 High Street	Office	273	
Leeward House, Exeter Business Park	Office	277	
Units 8 & 9, Mulberry Court, Matford	Office	300	
Vantage Point, Pynes Hill	Office	301	Under offer

Emblem House, Pynes Hill	Office	304	
Unit 2 The Venture Centre, Yeoford Way, Matford	Office	305	
Units 9 & 10 Manaton Court, Matford	Office	314	
Glen House, Sigford Road, Matford Park	Office	336	
Ada House, Pynes Hill	Office	367	
Unit 7, Kew Court, Pynes Hill, Rydon Lane	Office	371	
Kew Court, Pynes Hill	Office	375	
Courtenay House, Pynes Hill	Office	476	
Unit 2, Newbury House	Office	495	
Unit 4, Killerton House	Office	537	
Park Five Business Centre, Harrier Way	Office	538	
Sowton Business and Technology Centre	Office	565	
Building 2, Capital Court, Bittern Road, Sowton	Office	566	
Units 1 & 2, Orchard Court	Office	616	Under offer
Roman House, Chancel Lane	Office	694	
Broadwalk House, Southernhay	Office	712	
Second Floor, Emperor House, Grenadier Road	Office	716	
1 Manor Court, Dix's Field	Office	744	
Osprey House, Sowton	Office	875	
Queens House	Office	1,085	
Estuary House, Rydon Lane, Peninsula Park	Office	1,186	
Emperor Way, Exeter Business Park	Office	1,342	
Stratus House, Exeter Business Park	Office	1,439	
Milford House, Pynes Hill	Office	2,055	Under offer
Aperture @ Vantage Point, Pynes Hill	Office	2,706	
Beaufort House, 51 New North Road	Office	2,712	
Total Office		24,545	
Total Employment Floorspace		46,578	

2.2.2 At the end of 2021, total supply of available industrial floor space in the Exeter area was only 10,200 sq m. This represented around half of the 10 year average. There is a total of circa 1.21 million sq m of built space within the Exeter industrial market, so that supply reflected just 0.85% of stock (compared to 4% nationally).

2.2.3 With the release onto the market of the Ind-Exe properties, due to the relocation of Stovax, the current level has doubled to 22,033 sq m, reflecting 1.8% of the total. However, this only represents 15 buildings of which six will not be available until Q2 2023. This level therefore remains very low. It is evident that there are very few options below 1,000 sq m in size suiting the indigenous or SME businesses. It is also notable that there are no larger industrial buildings (over 2,000 sq m) suiting logistics operators who need extensive external areas.

2.2.4 Despite the strong levels of demand, the supply levels have not been increased significantly by speculative development over the past five years within Exeter's boundaries. Exceptions have been new developments at Exeter Trade Park (trade counter) and Matford Green (manufacturing and distribution), which have all pre-let prior to construction finishing.

2.2.5 On the offices side, supply levels have increased against pre-pandemic levels to approaching 25,000 sq m. This is both in-town and out-of-town. The table above shows that Exeter has a wide variety of supply in terms of different sizes. We anticipate the quantum of office supply to increase in the short term as occupiers rationalise their estate and continue with hybrid or remote working models. Lease events provide occupiers with the chance to mitigate their liabilities on surplus space.

2.2.6 Employment Land

The table below shows Exeter sites that are consented, allocated or could be brought forward for employment development. You will see that we have assessed the deliverability of each site, with green being 'very deliverable' and red being 'unlikely to be delivered'.

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
Site 1, Park Five, Falcon Road	Sowton	0.24	Very prominent site overlooking the Exeter Services roundabout close to Junction 30 M5. Adjoins 1990's office development. Currently being used for containerised self-storage. Short Term.	Offices
CityPoint	City Centre	0.37	Future office floor space proposed as part of larger development scheme. Crown Estate and Exeter City Council as owners. Medium Term.	Offices
Land adjacent to Aperture	Pynes Hill	0.84	Greenfield site next to large office building. In same ownership as Aperture. Short Term.	Offices
Vospers Expansion Land, Matford	Marsh Barton	0.86	Greenfield consented land adjoining the car dealership. Suits further auto retail or industrial use. Short Term.	Industrial
Phase 4, Matford Green Business Park	Marsh Barton	0.90	Final plot within business park. In single ownership with local developer. Adjoining occupiers include Johnson Workwear and Vospers. Short Term.	Industrial
Land off Grenadier Road	Sowton	0.94	Greenfield development land in front of Oxygen House on Exeter Business Park. In single ownership. Short Term.	Offices
Site at Bakers Yard, Alphin Brook Road	Marsh Barton	1.09	Currently used for car storage but previous proposal for a small industrial unit scheme. Short Term.	Industrial

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
Newcourt B	Pynes Hill	1.82	Greenfield site owned by Ikea. Adjoins residential development. Short Term.	Offices
Newcourt A	Pynes Hill	4.64	Greenfield site in private ownership. Adjoins A379 dual carriageway. Short Term.	Industrial
Total		11.70		

2.2.7 Newcourt B has been serviced since 2018 and in 2021 a planning application for housing was submitted. The application is awaiting decision but the scheme was recently approved by Exeter City Council's planning committee.

2.2.8 It is evident that six of the ten sites listed would only suit office use and not industrial use. This is either down to the office park surroundings or proximity to residential use. CityPoint is the only in-town site. A selection of the sites could be delivered in the short term (i.e. next three years), although it is appreciated that some of the sites are expansion land for adjoining occupiers or being used for open storage.

2.2.9 Comparing Exeter's land supply to the national position and to other similar sized cities across the UK, we believe that the supply of employment land is significantly lower, especially suiting industrial use.

2.2.10 On the offices side, there is estimated to be 5-10 years' supply. On the industrial side, around one year. Save as to the site at Alphington, there is limited opportunity for Exeter to find more employment land, especially that suits industrial use. There is not another Matford Park or Pynes Hill in the pipeline. This is due to land already being delivered, environmental considerations or physical attributes preventing development.

2.2.11 It should also be noted that the Liveable Exeter proposals for Marsh Barton and Sowton would reduce the existing established employment areas.

2.3 Demand

2.3.1 For industrial occupiers, Exeter is popular due to its location with the M5 motorway providing direct access to Bristol and London via the M4. The A30 and A38 both service Cornwall and Plymouth respectively and the A303 provides good road links to the east. For office occupiers, Exeter is an important centre and has attracted occupiers including the Met Office, EDF Energy and South West Water.

2.3.2 JLL have a robust network of agents that work nationally to understand, share, and meet occupier needs. The table below shows active industrial and office requirements currently

within the Exeter market that we are aware of. Due to the commercial nature of relocation decision making, these requirements are sensitive and collated by us in confidence. These were accurate as of August 2022.

Demand	
	Sq m
Industrial	556,899
Office	29,751
Total	586,650

2.3.3 In total our assessment of demand shows that there is 586,650 sq m of active demand in Exeter for industrial and office property. However, we would anticipate that the actual figure for industrial demand is higher with a significant amount of latent demand, which would come forward if opportunities were brought to the market. There is a strong appetite from indigenous owner-occupiers within the industrial sector, whereas the national companies prefer hold their properties within leases. The demand profile is strongest for industrial properties below 278 sqm and between 1,858 sq m and 2,787 sq m. There is little freehold demand for offices but that may be because the most suitable-sized suites are within multi-let buildings.

2.3.4 It should be noted that that a large number of occupiers will not be constrained by administrative boundaries. Therefore, where an occupier will consider being in Exeter or East Devon we have accounted for this twice.

2.3.5 Pre and during pandemic the industrial sector has strengthened, in comparison to other sectors such as retail and offices. Offering a valuable chance to support and bolster wider economic resilience and recovery.

2.3.6 Rent

Historically, industrial rents have tended to decrease moving south from Bristol and south of Junction 24, storage and distribution occupiers have tended to be companies serving the local and regional populations. However, more recently, a lack of supply has pushed rents in Exeter into balance with, and sometimes in excess of, some of these larger centres. Rents in Exeter tend to be higher than found in Teignbridge, Mid Devon, or the market towns within East Devon (as opposed to Exeter Airport). At Matford Green in Marsh Barton, new build quoting has reached double digits per sq ft.

2.3.7 Grade A office rents in Exeter are now showing signs up upward traction. This has been pushed by a lack of supply in the city centre and a fight to quality out of town. For instance, £23.50 per sq ft has been established as a headline and £25.00 per sq ft is being quoted for Grade A refurbishments of Manor Court, Broadwalk House and Longbrook House. In comparison, at East Devon, out of town £20 per sq ft is the benchmark at Skypark and

Winslade Park with quoting rents there now at £24.50 per sq ft and Exeter Science Park is quoting and achieving £24.15 per sq ft.

At Pynes Hill, rents for completed and planned Grade A refurbishments now sit at £18.50 per sq ft.

Rent	
Industrial	
New-build	£9.50 - £10.00
Grade A second-hand	£7.00 - £8.50
Office	
New-build	£24.00
Grade A second-hand	£17.50 - £20.00

2.4 Take-up

2.4.1 The table below illustrates take-up of office and industrial accommodation for the last five years for Exeter (Source: Costar). It should be noted that this includes sales and lettings of both second-hand and new-build stock.

	2017	2018	2019	2020	2021
Industrial (sq m)	31,857	23,960	15,699	22,907	15,538
Office (sq m)	15,328	8,790	13,717	8,543	9,150
Total (sq m)	47,185	32,750	29,416	31,450	24,689

2.4.2 Industrial take-up has averaged circa 22,000 sq m over the last five years. Take-up levels have steadily declined over the last five years from circa 32,000 sq m in 2017 to circa 16,000 sq m in 2021. This provides evidence demonstrating Exeter's chronic lack of supply.

2.4.3 Office take-up has averaged circa 11,000 sq m over the last five years, impacted drastically by the pandemic and structural change.

2.5 Summary

2.5.1 The Exeter industrial market remains strong with a lack of second hand options or opportunities for new-build. This is increasing rental and capital values to levels above a number of larger UK cities. There is a significant amount of unsatisfied demand that is looking across the administrative boundaries into East Devon and Mid Devon.

2.5.2 There is an under-supply of employment land suiting industrial development, as compared to other authorities and nationally. This gap is preventing local economic growth. There is a

threat that some of the existing industrial estates will be eroded by the pressure for housing delivery.

- 2.5.3 By contrast the Exeter office market has a healthy supply of existing buildings and employment land relative to post-pandemic levels of demand. Occupiers are seeking smaller office suites but of higher quality. As a result, rental levels on the Grade A stock have been maintained but landlords letting secondary / tertiary space have had to reduce their rental aspirations and offer increased incentives.

3 Mid Devon

3.1 Market Synopsis

3.1.1 In Mid Devon, the largest concentrations of employment uses are within estates close to the largest population masses, being Tiverton, Willand, Cullompton and Crediton and are mainly focused on industrial related uses. Most of the industrial estates include a mix of manufacturing and distribution uses, although in Tiverton there is trade counter / quasi-retail activity. Crediton has a higher proportion of manufacturing, whilst Willand and Cullompton's position adjoining the motorway has encouraged more warehousing and logistics uses.

3.1.2 Willand and Cullompton

Willand and Cullompton are situated to the north of Exeter and historically their potential as employment locations, close to the motorway, has been slow to be fully realised. In recent years, however, Willand has grown as an important employment location. This again mainly due to its close proximity to Junction 27, which is the intersection of the M5 and A361. This accessibility is beneficial for the movement of product and labour. Major occupiers in the area include PenCarrie at South View Estate, Willand and Gregory Distribution at Kingsmill Industrial Estate, Cullompton. There is anticipated to be significant population growth in the Cullompton area, both sides of Junction 28.

3.1.3 Hitchcock's Business Park situated to the north of Willand has over the past six years been the main private sector development in the area. This 'speculatively' built business park now totals over 20,000 sq m of employment space employing over 500 people. It has attracted national (DFS), regional (Gregory Distribution) and local (Trucksmith) occupiers.

3.1.4 There are employment units at Longbridge Meadow, adjoining Junction 28 M5 with mostly national distribution occupiers (Menzies, SIG and EDF).

3.1.5 Tiverton

Tiverton has the largest population in the district (just over 22,500 as at 2020). It does have more offices than other centres in the Mid Devon district. This would include the local authority's offices in the centre and those at Oaklands Court on Tiverton Business Park. This business park is the largest concentration in the town and includes larger manufacturing companies like HepcoMotion, Rotolok and Potter & Moore. The other concentration of employment floorspace is within Howden Industrial Estate, to the west of the town.

3.1.6 Crediton

Similar to other small towns, Crediton's existing employment buildings are focused on industrial uses. The main concentration is at Lords Meadow Industrial Estate, although the Crediton Dairy factory closer to the town centre, employs a significant number of people. The Lords Meadow estate is fully developed but has benefited from enhanced highways access.

3.2 Supply

3.2.1 Built Employment Stock

The table below shows the second-hand or brand new buildings currently available or under offer within the district's boundaries. We have collated data of options over 185 sq m in size. This has been assembled using CoStar, EGi Radius, commercial agents' website listings and our own market intelligence.

Employment Building Supply (above 185 sq m)			
Address	Type	Size (Sq m)	Comment
Unit 8, Marsh End, Lords Meadow, Crediton	Industrial	236	
Mercury Business Park, Cullompton	Industrial	659	
Unit 5 Flightways, Honiton	Industrial	786	
Part MST, Blundells Road, Tiverton	Industrial	1,129	
Unit 1, Carlu Close, Hitchcocks Business Park, Cullompton	Industrial	1,620	Under offer
Total Industrial		4,430	
Unit 7 Millennium Place, Tiverton	Office	409	Under offer
Total Office		409	
Total Employment Floorspace		4,839	

3.2.2 The table above in 3.1.1 is for the whole district and shows a very low volume of options, two of which are under offer. The table shows that the total available supply of existing space in the Mid Devon market is 4,839 sq m. From our records and experience, this is a very and 'unhealthy' low figure. We acknowledge that there are rural workshops and converted farm buildings within the district that currently provide employment space. Most of that floor space will be sub-standard and unsuitable for the bulk of employment demand but they offer valuable job opportunities.

3.2.3 At present, CoStar estimates that the district of Mid Devon contains around 250,000 sq m of industrial style space. Vacancies currently stand at 0.5% of that total and this level has declined consistently over the past few years, leaving a chronically low level of available supply. Our market insight and industry trends indicate that there is little room left for further tightening.

3.2.4 Employment Land

The table below shows sites that are consented, allocated or could be brought forward for employment development. You will see that we have assessed the deliverability of each site, with green being 'very deliverable' and red being 'unlikely to be delivered'. We note that further work is being carried out by the local authority to interrogate these sites and ensure that no others have been missed.

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
Mercury Business Park, Cullompton	Cullompton	0.35	Last remaining plot at small industrial unit business park. Consented and serviced. Development commenced. Short Term.	Industrial
Wellparks Business Park, Crediton	Crediton	0.55	Developer owned and trade counter occupiers identified. Sloping site but good accessibility to local road network. Planning pressure and viability conflict. Medium Term.	Industrial
Phoenix Lane	Tiverton	1.00	In town, brownfield site close to MDDC offices. Medium Term.	Office
Forge Road, Hitchcocks Business Park, Cullompton	Willand	1.28	With planning consent as next phase to existing and established business park close to Junction 27 M5. Short Term.	Industrial
Venn Farm	Cullompton	1.62	Owned by adjoining occupier and either expansion land or separate employment units. Consented and serviced. Vacant for a long time. Not a residential site. Short Term.	Industrial
Cullompton North West Urban Extension	Cullompton	3.00	This is not location specific at this stage but adjoining residential so would only be suitable for small scale, light industrial uses. Medium term.	Industrial
Cullompton Business Park, Cullompton	Cullompton	3.20	Site not connected to adopted highway network. Legal dispute concerning the road has not been resolved as far as our own understanding. Medium Term.	Industrial
Hartnoll Business Park Tiverton	Tiverton	3.90	Ongoing planning application awaiting decision. Situated outside, but close to, the Tiverton Eastern Urban Extension that is allocated in the adopted Mid Devon Local Plan. Medium Term.	Industrial
Cullompton East Cullompton CU7-12	Cullompton	5.00	The East Cullompton Masterplan SPD includes land for commercial floorspace up to 32,000 sq m. It indicates that only	Office

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
			office development (not industrial) would be acceptable. Medium Term,	
Phase 2 Mid Devon Business Park, Willand	Willand	5.96	Partially serviced land, steeply sloping in part. Short Term.	Industrial
Tiverton Eastern Urban Extension	Tiverton	6.00	This is not location specific at this stage but likely to front the A361. Phased. Part of this allocation is a care home. Medium term.	Industrial
Phase 3 Hitchcock's Business Park	Willand	8.00	Planning application submitted and occupiers identified / committed. Scope to develop a scheme which could address local concerns. Medium Term.	Industrial
Week Farm (inc. Sebale Business Park), Cullompton (Policy CU17)	Cullompton	10.44	All of the plots being opened up at Sebale (5.29 ha) are currently under offer. The remainder of the site is allocated and yet to be consented. Legal dispute concerning the road has not been resolved as far as our own understanding. Medium Term.	Industrial
Total		50.30		

3.2.5 In total we have identified 50.30 hectares of employment land in Mid Devon. Of this total land supply, 9.21 hectares is available in the short term. The location of Tiverton, Cullompton and key employment estates, adjacent to the main road network, will continue to hold potential for further employment land to be explored. This can be brought forward through the planning process on suitable sites, where it is suited to industrial or office use.

3.3 Demand

3.3.1 For industrial occupiers Tiverton and Cullompton are popular centres due to their proximity to the M5 motorway. In Exeter and other neighbouring authorities such as South Somerset a lack of supply has pushed occupiers into Mid Devon.

Demand	
	Sq m
Industrial	480,036
Office	7,432
Total	487,468

3.3.2 In total, our assessment of demand shows that there is 487,468 sq m of active demand in Mid Devon. Similarly to Exeter, on the industrial side we would anticipate that the actual

figure for industrial demand is much higher, due to the fact that a lack of supply has constrained enquiry levels. There is a strong appetite for freehold industrial properties below 278 sq m. It is our opinion that there is scarce freehold demand for offices.

3.3.3 We would comment that the demand for office space comprises just two enquiries, both of which are agent led requirements that would prefer Exeter but may consider Mid Devon. One requirement is for a laboratory, where the occupier feedback is that Mid Devon will not suit, given the need for proximity to an existing labour pool, Exeter University and Exeter Science Park. In addition to these requirements, we would estimate a nominal amount of indigenous office demand, that would not be registered with ourselves or other commercial agents.

3.3.4 Rent

On the industrial side rents grew by 6.4% over the past year, easily exceeding the 2.9% average annual change over the past decade. A lack of development follows a considerable amount of recent construction. Over the past three years, Costar estimated that around 7,500 sq m was delivered, representing a 9.8% cumulative expansion of the total industrial floor space.

3.3.5 In terms of offices, no floor space is under construction, this extends a prolonged hiatus of new development in Mid Devon. We understand that It has been more than five years since an office project was delivered.

Rent	
Industrial	
New-build	£9.50 - £10.00
Grade A second-hand	£7.00 - £8.50
Office	
New-build	N/a
Grade A second-hand	N/a

3.4 Take-up

3.4.1 The table below illustrates take-up of industrial and office accommodation for the last five years for Mid Devon (CoStar).

	2017	2018	2019	2020	2021
Industrial (sq m)	4,878	4,016	7,493	3,988	5,122
Office (sq m)	368	562	563	255	0
Total	5,247	4,578	8,055	4,243	5,122

- 3.4.2 Industrial take-up has averaged 5,000 sq m over the last five years. Take-up levels have remained consistent over the last five years. Office take-up has remained very low over the last five years, demonstrating limited office demand for Mid Devon and Exeter's strength.

3.5 Summary

- 3.5.1 The Mid Devon employment market is dominated by the industrial sector, which enjoys excellent access to the M5 motorway. There is a lack of second hand building options in the district but more employment land than neighbouring Exeter. Nevertheless it is evident that there is an under supply of deliverable employment sites relative to the positive levels of active demand and the perceived, additional latent demand.
- 3.5.2 Mid Devon has historically has very little employment within office space, this is reflected in the take-up figures and levels of demand.

4 East Devon

4.1 Market Synopsis

4.1.1 East Devon contains approximately 447,000 sq m of employment space, with industrial stock comprising 85%. The employment floor space is focused around Exeter Airport, along the A3052 corridor (Hill Barton and Greendale) or within the key towns like Exmouth and Honiton. In addition to these areas, there are also numerous small business premises in the smaller towns and in the countryside.

4.1.2 Exeter & East Devon Growth

The consented employment land that has been delivered as part of this growth initiative is located around the airport. It has recently been the preferred location for build-to-suit industrial and office occupiers. At Exeter Logistics Park (formerly Exeter Gateway), Lidl acquired 40 acres and constructed a regional distribution facility of 50,000 sq m. This is the peninsula's largest building south of Bridgwater. Adjoining that Amazon have built a large service centre and DHL and Forgeway have taken new buildings.

4.1.3 Across the London Road, Skypark has attracted a pre-let with Stovax Heating Group. Stovax occupy nine buildings on Sowton Industrial Estate and have committed to a new 18,229 sq m manufacturing building, which they will move into during the latter part of 2022. Skypark already houses a DPD distribution facility and two office buildings, one owned and occupied by LiveWest. Burrington Estates have successfully developed over 30 small industrial units at Skypark and they are planning a second phase on an adjoining plot.

4.1.4 There are other parcels of development land coming forward in proximity to Exeter Airport. PowerPark Exeter (formerly Airpark) has been purchased by an investor / developer and after securing a new LDO plan to construct speculatively medium-sized industrial units to meet indigenous market demand.

4.1.5 Exeter Science Park is adjoining Junction 29 M5 and now has critical mass as a leading R&D focused business park. The Park provides high-quality incubation and grow-on space, as well as support for innovative businesses specialising in STEMM. This sub-sector of the occupational market remains relatively small compared to mainstream industrial and offices but there is a growing wave of demand from businesses involved with life sciences and digital tech.

4.1.6 A3052 Corridor

East Devon has significant employment space concentrations at Hill Barton and Greendale Business Parks. These are established parks where the majority of accommodation is used for distribution, warehousing, open storage, or manufacturing. With Exeter's lack of second-hand supply over the past decade, a number of occupiers have relocated to these parks, which offer good access to Junction 30 of the M5 motorway, save to peak periods when the A3052 is congested.

4.1.7 Winslade Park, close to Junction 30 M5 and A3052, was formerly the office headquarters of London & Manchester, Friends Life and Aviva. It was sold vacant to a developer, Burrington Estates, in 2019 and they are refurbishing and sub-dividing the office accommodation, which totals around 11,600 sq m. The multi-let office accommodation, some of which can be taken on a desk-by-desk basis, has been attractive post-pandemic as occupiers transition from larger suites and adopt hybrid working.

4.1.8 Honiton

The town has a population of just over 11,000 and is located adjoining the A30 some 14 miles east of Junction 29 M5. The main concentrations of employment floorspace are at Heathpark Industrial Estate and Ottery Moor Lane. Both are largely industrial focused, although EDDC's local government offices are on Heathpark. The amount of floor space at Ottery Moor Lane has been eroded by residential development.

4.1.9 Exmouth

The seaside town has a population of just over 34,000 and is located some eight miles south of Junction 30 of the M5 motorway along the busy A376. Relative to its size, it has a small amount of existing employment floorspace, mostly concentrated at Liverton Business Park to the east of the town. The employment buildings are industrial in use and are located in amongst food retail, non-food retail and roadside uses. There are other small pockets on Pound Lane and close to the marina.

4.1.10 Sidmouth

The tourist town of Sidmouth has a population of just over 12,500 and is located some 12 miles east of Junction 30 of the M5 motorway. The town has a very small employment element focused around Station Road on the outskirts of the town and smaller professional firms within the town centre.

4.2 Supply

4.2.1 Built Employment Stock

The table below shows the second-hand or brand new buildings currently available or under offer in within the district's boundaries. We have collated data of options over 185 sq m in size. This has been assembled using CoStar, EGi Radius, commercial agents' website listings and our own market intelligence. We acknowledge that there are rural workshops and converted farm buildings within the district that currently provide employment space. Most of that floor space will be sub-standard and unsuitable for the bulk of employment demand but they offer valuable job opportunities.

Employment Building Supply (above 185 sq m)			
Address	Type	Size (Sq m)	Comment
Unit 6 Harpford Units, Liverton, Exmouth	Industrial	237	
Unit 2, Barton Court	Industrial	424	
Unit 2 Newbery House, Exeter Airport	Industrial	495	
Unit 5, Flightways Business Park, Dunkeswell	Industrial	786	
Blackhill Quarry, Woodbury	Industrial	885	
Units C1 And C2, Woodmead Road, Axminster	Industrial	2,323	
Total Industrial		4,913	
Stevens House, Clyst Road, Topsham	Office	186	
SF, Ada Lovelace, Exeter Science Park	Office R&D	225	Under Offer
George Parker Bidder, Exeter Science Park	Office R&D	600	
Lancaster House, Exeter International Office Park	Office	717	
Brook House, Winslade Park	Office	1,613	
Airport House, Exeter Airport	Office	2,787	
Clyst House, Winslade Park	Office	5,780	
Total Office		11,908	
Total Employment Floorspace		16,821	

4.2.2 Relative to the scale of the total built stock, there is a very low volume of supply. Particularly 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 EDNA area.

4.2.3 The circa 2,100 sq m currently underway in East Devon is the lowest construction count in more than three years. This represents a continuation of new development in the district,

which had already seen circa 17,000 sq m delivered over the past three years, representing a cumulative total stock expansion of 4.4%.

4.2.4 Employment Land

The table below shows sites that are consented, allocated or could be brought forward for employment development. You will see that we have assessed the deliverability of each site, with green being 'very deliverable' and red being 'unlikely to be delivered'. It is acknowledged that this table and East Devon District Council's monitoring records for commercial land only extend to the larger sites or those in the main conurbations and do not include smaller, rural sites.

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber /green)
Alexandria Industrial Estate, Sidmouth (001A)	Sidmouth	0.20	Deliverable site within a popular industrial estate bordering Station Road.	Industrial
Land of Devonshire Road, Heathpark (011D)	Honiton	0.33	Serviced plot within established business park. Short Term.	Industrial
Land of Devonshire Road, Heathpark (011B)	Honiton	0.86	Serviced plot within established business park. Short Term.	Industrial
Honiton Gateway (011A)	Honiton	1.41	Owned by Somerset based developer, who has proposed 14 business units. No construction started. Short term.	Industrial
Exeter Gateway Office Park	Broadclyst	1.48	Consented office site adjoining Exeter Science Park, close to Junction 30 M5. Greenfield site. Short Term.	Offices
Finnimore Industrial Estate, Ottery St Mary (008A- C)	Ottery	2.20	Three serviced parcels of land around the existing industrial estate. Short term.	Industrial
Goodmores Farm (W147)	Exmouth	2.30	Part of a residentially led development. Work commenced. Short-Medium term.	Industrial
Liverton Business Park Phase 3	Exmouth	2.80	Poor access through business park as eastern extension. Deliverable and previous	Industrial

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber /green)
			phases have been successful. Short-Medium term.	
Land to the north of Harepath Road, Seaton	Seaton	4.60	Previously considered for mixed use. Pressure for alternative uses from the landowner. Short-Medium term.	Industrial
Land north of Sidford	Sidmouth	5.00	Part of the site has existing permission. Medium term.	Industrial
PowerPark Exeter, Long Lane	Airport	5.97	New owners have applied for LDO on the whole. Planned industrial unit development. Awaiting finish of Long Lane road improvements. Short- Medium Term.	Industrial
Millwey Rise (E105)	Axminster	6.50	Land to the east and south of the existing industrial estate. Short-Medium term.	Industrial
Treasbeare Farm, Clyst Honiton	Broadclyst	8.10	Land between Cranbrook and the airport. Mixed use development planned with employment zone adjoining Skypark. Application submitted. Short-Medium term.	Industrial
Exeter Logistics Park	Broadclyst	10.12	Distribution park adjoining the Lidl RDC and has attracted Amazon and DHL. Short Term.	Industrial
Land west of Hayne Lane, Honiton	Honiton	14.46	Longstanding proposal to extend Heathpark on partly Council owned land. Viability issues may harm deliverability. Medium term.	Industrial
Exeter Science Park (27E-27L)	Broadclyst	14.88	Greenfield, consented sites around with main science park buildings. Focus on R&D / Science and businesses involved with STEMM. Short Term.	Offices
Skypark Exeter (26E-26I)	Broadclyst	25.00	Office and hi-tech business park. Attracted LiveWest, DPD and Stovax. Serviced land with restrictive covenant against B8 use. Re-masterplanning proposed. Short Term.	Industrial / Offices
Total		106.21		

4.2.5 In total we have identified 106.21 hectares of employment land in East Devon. Of this total land supply, the majority (81.95 hectares) is deliverable in the short term. We believe, it is deliverable in the short term (within three years) provided barriers such as landowner willingness and high infrastructure costs can be satisfactorily overcome. We note that further, detailed, assessment work will be undertaken by the local authority and that 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.

4.3 Demand

- 4.3.1 The table below show very clearly that demand from the industrial sector is significant and higher than the other three districts. This is largely driven by the west end of the district being very close to the M5 motorway and A30 intersection, enhancing the distribution of product and labour. We estimate that within the industrial demand pool, 80% is from the logistics sub-sectors with the remaining from manufacturing or R&D. Logistics uses are defined as the storage, order picking and distribution of goods.
- 4.3.2 There is demand for the continued growth of the logistics sector in the West End of East Devon. Further, more detailed, assessment is required to quantify this demand and identify potential locations where it could be accommodated.
- 4.3.3 We are aware that there is a strong appetite from indigenous owner-occupiers within the industrial sector in a market which is dominated by leasehold-only options. The build-to-suit demand, which has landed at Exeter Logistics Park and Skypark, tends to just want leasehold acquisitions as they are larger multi-national companies.
- 4.3.4 By contrast the level of known office demand is very small with occupiers preferring in-town (central Exeter) or established business park options (e.g. Pynes Hill). We estimate that there will be a 50:50 spread within the office sector for freehold or leasehold options.

Demand	
	Sq m
Industrial	506,163
Office	2,267
Total	508,430

4.3.2 Rent

Industrial rents in East Devon grew by 6.3% over the past 12 months, easily exceeding the 3.1% average annual change over the past decade. In terms of office rents, the evidence created at recently refurbished Winslade Park is far higher than will be seen across the majority of the district. Winslade Park reflects rental levels more akin to those found in Exeter. Rental levels have increased significantly on second-hand properties close to the airport or A3052 western corridor due to the lack of supply. This will have detracted from some indigenous businesses being able to commit to larger or improved space.

Rent	
Industrial	
New-build	£9.50 - £10.00
Grade A second-hand	£7.00 - £8.50
Office	

New-build	£24.00
Grade A second-hand	£15.00 - £17.50

4.4 Take-up

4.4.1 The table below illustrates take-up of industrial and office accommodation for the last five years (Costar).

	2017	2018	2019	2020	2021
Industrial (sq m)	7,805	12,308	11,677	25,407	6,297
Office (sq m)	1,338	1,128	1,034	528	3,164
Total	9,143	13,436	12,711	25,934	9,461

4.4.2 The take-up of industrial floor space has been consistent, although there was a spike in 2020 due to the pre-let to Stovax Heating Group on Skypark, which was just over 18,000 sq m. Two observations with the office take-up are firstly the increase in 2021. Our market intelligence shows that this increase was due to the completion of lettings at Winslade Park, following its refurbishment. Secondly, the reduced figure in 2020, which was due to the impact of the pandemic slowing the amount of office transactions.

4.5 Summary

4.5.1 The west end element of East Devon is the most popular location within the EDNA area 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.

4.5.2 Although there is currently more allocated employment land in East Devon, with the majority being located to Exeter Airport. We anticipate that the larger sites around 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.

4.5.3 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 we do 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.

5 Teignbridge

5.1 Market Synopsis

5.1.1 Teignbridge is a mid-sized submarket that contains around 3.2 million sq m of employment space. In Teignbridge, the largest concentrations of employment uses are within estates close to the largest population mass, being Newton Abbot, or adjoining the A38 Devon Expressway at Heathfield. The employment economy is influenced by the proximity and accessibility to the larger centres of Exeter and Plymouth. It is well known that Teignbridge suffers from outward migration of labour to employment locations outside of the district, creating pressure on the highways network.

5.1.2 The industrial market is characterised by a strong manufacturing and food production heritage served by a skilled labour pool. Significant employers include Centrax, Teignbridge Propellers and Yeo Valley. It should be acknowledged that Torbay provides further labour.

5.1.3 Teignmouth

The seaside town has a population of almost 15,000 and is located to the east of Newton Abbot and north of Torquay. The town includes an active port run by AB Ports. There is limited industrial and office space or employment land opportunities.

Bovey Tracey / Heathfield

Heathfield Industrial Estate is a large industrial estate adjoining the A38 Devon Expressway and therefore benefits from excellent accessibility to the regional road network. The linkage with Newton Abbot is being enhanced with highways improvements. Bovey Tracey is located immediately north west of Heathfield but has only small scale employment uses.

Dawlish

The town has historically and continues to be focused on tourism and road access to the M5 or A38 is compromised. The focal point for industrial style employment is located at Shutterton Industrial Estate. Similar to Teignmouth, Dawlish only has a limited number of office occupiers, who are small scale professional firms.

5.2 Supply

5.2.1 Built Employment Stock

The table below shows the second-hand or brand new buildings currently available or under offer in within the district's boundaries. We have collated data of options over 185 sq m in size. This has been assembled using CoStar, EGi Radius, commercial agents' website listings and our own market intelligence.

Employment Building Supply (over 200 sq m)			
Address	Use	Size (Sq m)	Comment
Unit 6 Hedley Units, Brunel Industrial Estate, Newton Abbot	Industrial	208	
Bullieigh Barton Farm, Ipplepen	Industrial	293	
Unit A2 - A4, Kingsteignton Trading Estate, Pottery Road, Kingsteignton, Newton Abbot	Industrial	644	
1 & 2a Rapier Court, Sabre Close, Newton Abbot	Industrial	1,375	
Unit A, PowerPark 38, Newton Abbot	Industrial	19,402	Under Offer
Total Industrial		21,922	
Third Floor, Sherborne House, Kingsteignton Road, Newton Abbot	Office	206	
Bridge House, Collett Way, Brunel, Newton Abbot	Office	509	
Total Office		715	
Total Employment		22,637	

5.2.2 Relative to the scale of the market, there are very few industrial office buildings currently available. The last remaining unit at PowerPark 38 dominates the figures and that building is currently under offer to an occupier. It is noticeable that there are no property options in excess of 200 square metres in Teignmouth, Dawlish or Bovey Tracey. We acknowledge that there are rural workshops and converted farm buildings within the district that currently provide employment space. Most of that floor space will be sub-standard and unsuitable for the bulk of employment demand but they offer valuable job opportunities.

5.2.3 Employment Land

The table below shows sites that are consented, allocated or could be brought forward for employment development. You will see that we have assessed the deliverability of each site, with green being 'very deliverable' and red being 'unlikely to be delivered'.

Employment Land Supply				Suitability / Deliverability (red / amber / green)
Site (Allocation Ref)	District	Size (ha)	Comment	
Old Newton Road (BTC2)	Bovey Tracey	0.70	Recently received planning application for a single industrial building. In single ownership. Short term.	Industrial
BT2	Bovey Tracey	0.92	This is part of a residential led allocation at Bradley Bends. The employment part has yet to be delivered. Short term	Industrial
CH1	Chudleigh	1.50	Development of the residential part of this site has commenced and a planning application on the employment element is pending.	Industrial
Horse mills Field, Kingsteignton	Chudleigh	1.70	Small site to the north of the B3193 Clay Pitts Way. A planning application is pending for employment uses.	Industrial
Langford Bridge, Decoy (NA3)	Heart	2.30	Potential for the western part (adjoining Decoy Industrial Estate) to be an education campus leaving this amount. Short – Medium Term.	Industrial
Oaktree Business Park, Kingskerswell (KK4)	Heart	2.43	Recently been purchased by Burrington Estate who plan to develop the site for small industrial units and an office. Site previously used by Galliford Try when building the SD Highway. Consented as departure to Local Plan. Short Term.	Industrial / Offices
Land at Forches Cross (NA1)	Heart	3.00	LPA estimate that just under 3 ha of employment land will be delivered. 2 ha within the mixed use centre and one hectare at Staplehill Road. Other previously identified land is either sterilised because of flood constraints or viable mineral deposits. Short – Medium Term.	Industrial
DA2	Dawlish	3.00	No progress to date for the landowner to bring this forward for employment use but the site should be protected.	Industrial
Brown's Farm, Splatford Barton	SW Exeter	5.18	Land located west of A380 and south of Splatford Barton, 1km from Kennford. A wooded area runs through the central section of the site (Pope's Copse) which is steeply sloped. Outside potential. Medium – Long Term.	Industrial / Offices
Liverton Business Park	Bovey Tracey	5.40	Recently consented and in single ownership. Short to medium term.	Industrial
Sandy Copse, Kingsteignton (KS1)	Heart	16.40	LPA confirm that Phase 1 approved and commenced. Phase 2 expected to come forward shortly. Short Term.	Industrial

Employment Land Supply				
Site (Allocation Ref)	District	Size (ha)	Comment	Suitability / Deliverability (red / amber / green)
West Exe Business Park (SWE2)	SW Exeter	18.00	Formerly known as Peamore. 18 ha approved at appeal and landowner currently working up proposals for an employment led scheme. Significant infrastructure requirements to open up the whole site. Medium Term.	Industrial / Offices
Total		60.53		

5.2.4 From a quantitative perspective, there appears to be a large supply of employment land options in the Teignbridge area. The reality from a qualitative approach is that all of the larger sites have physical constraints that negatively affect the likelihood or viability of delivering those sites. Some of the other sites are not being promoted actively for employment uses.

5.2.5 Based on the total known (as different to available) supply of 60.53 ha, we estimate that there is around 12 years supply, assuming 5 ha per annum. That is based on the gross total of allocated land supply, not the available or deliverable supply.

5.2.6 There is no significant construction activity of industrial and office buildings, the exception is the 4,000 sq m new distribution facility for RD Johns at Sandygate. The empty pipeline will limit stock growth in the years to come, unusual in a district like Teignbridge, which has experienced an expansion of 3.2% in inventory over the past three years.

5.3 Demand

5.3.1 The table below has a similar scale and distribution of demand to that found in East Devon. The break-up of the former BCT factory, now referred to as PowerPark 38, unearthed a large volume unsatisfied industrial demand. These occupiers (both distribution and manufacturing) emanated from both the district itself (Teignbridge), Torbay, Exeter and Plymouth.

Demand	
	Sq m
Industrial	489,295
Office	7,432
Total	496,727

5.3.2 As indicated in point 3.3.3 of this report, a significant proportion of the known demand is footloose and not dedicated purely to Teignbridge. In other words, they will consider

locations along the M5 corridor so therefore within each of four EDNA districts and duplicated within all the demand figures. Of all of the districts, we believe that Teignbridge has the highest level of freehold-only demand. This is mainly from local industrial or office businesses in Teignbridge, but there remains a significant undersupply of that product. It is interesting that the break-up of the

5.3.3 Similar to Mid Devon and East Devon, demand for offices is weak within the district. With the public sector and small scale professional services dominating occupational requirements. The drive time to established business park locations within Exeter (e.g. Exeter Business Park, Pynes Hill and Matford) is less than 30 minutes from Newton Abbot or Bovey Tracey and this provides real competition.

5.3.4 Rent

Rents in Teignbridge have not grown at the same rate as the other districts in EDNA. They sit at the lowest levels for industrial and office accommodation. On the industrial side there have been limited rental opportunities to create evidence inline with the growth in the sector both nationally and regionally.

5.3.5

Rent	
Industrial	
New-build	£6.00 - £6.50
Grade A second-hand	£4.50 - £5.50
Office	
New-build	£20.00
Grade A second-hand	£12.50 - £15.00

The rental levels indicated above are far below for industrial and office development to

be viable. This factor is slowing down the upgrade of existing stock and sustainability enhancements.

5.4 Take-up

5.4.1 The table below illustrates take-up of industrial and office accommodation for the last five years (Costar).

	2017	2018	2019	2020	2021
Industrial (sq m)	6,409	7,389	4,174	6,402	10,138
Office (sq m)	1,608	937	1,094	1,261	2,413
Total	8,017	8,326	5,268	7,663	12,551

5.4.2 In total 12,551 sq m of industrial and office accommodation transacted in 2021, the highest levels of industrial and office take-up for the last 5 years dominated by the two sales at PowerPark 38.

- 5.4.3 The 2021 for office take-up was double the rolling average but not led by any single transaction but a collection of smaller lettings and sales across the district.

5.5 Summary

- 5.5.1 Industrial demand is high in Teignbridge. Outside of the remaining space at PowerPark 38 there are only six buildings available. This is massively disproportionate to the quantum of unsatisfied demand and is preventing economic growth and may lead to relocations to neighbouring districts.
- 5.5.2 From a quantitative perspective there appears to be a healthy supply of employment land with over 10 years of allocated land. The reality, from a qualitative assessment, is that the actual supply of deliverable land in Teignbridge is far less. Again, this leading to key occupiers making decisions to relocate outside of the district. If the labour supply continues to be drawn from the district then this contributes to the already significant outward migration.
- 5.5.3 Viability of new-build industrial and office buildings is challenged due to the relatively low level of market rentals, compared to competing centres like Exeter and Plymouth where there is a greater level demand from logistics or corporate, office occupiers. This is putting further pressure on the supply side with a lack of pipeline and recycling of existing stock.

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