



Nathaniel Lichfield
& Partners

Planning. Design. Economics.



Luton Borough Council

Employment Land Review

Final Report

March 2013



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Luton Borough Council

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FINAL REPORT

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Executive Summary

1. This assessment of future employment space requirements in Luton has been prepared by Nathaniel Lichfield & Partners (NLP) to update the evidence base for the Luton Local Plan and inform provision of land for employment uses. It takes account of relevant guidance on employment land reviews and has regard to the aims of the National Planning Policy Framework (NPPF).
2. The main outcomes required from the study were:
 - a a review of evidence and economic growth forecasts to advise on a sustainable, net additional level of jobs growth to 2031 based on the strength of the local economy and planned housing provision;
 - b strategic market analysis of the suitability of the existing and planned portfolio of employment land, taking account of interventions and viability factors, to achieve the scale and type of jobs required;
 - c recommendations for policy interventions to support delivery of and feasibility of employment site allocations, to overcome barriers, to identify target sectors and interventions on amber sites to enable delivery.

Economic Context

3. Luton is a medium sized town of some 203,000 people in the County of Bedfordshire some 45 km north of central London and linked to it by frequent rail services to St Pancras station. Luton is also a predominantly urban borough with boundaries drawn tightly around it and surrounded by Green Belt.
4. The Borough has excellent transport links, being served by junctions 10, 10a and 11 of the M1 motorway, linking it with London, Milton Keynes and the Midlands, and the M25 motorway, while London Luton Airport provides a range of flights to business destinations and plans significant expansion. Major transport investment is underway or planned including a guided busway, the Luton northern bypass, a new Junction 11a of the M1 and an upgrade to Junction 10a of the M1.
5. Luton's economy has been performing fairly well in terms of job growth, and its future economic growth prospects appear reasonably good, supported by planned infrastructure improvements and Airport growth. Luton also functions as an important sub-regional employment centre. However, it also has above average unemployment, modest levels of new firm formation and a lower skilled workforce. Its economy is more reliant on manufacturing and distribution than the region but there has been little job growth in these sectors. Representation in knowledge based sectors is generally low, although its level of business services jobs has been above average.

Development Trends

6. Luton's employment space is predominantly (78%) industrial, with a more modest level of office provision. It has a larger supply of employment space overall than many neighbouring boroughs, although much less than Central Beds and Milton Keynes, and a sizeable proportion of commercial office space compared with many nearby districts.
7. Luton has been losing B class space over the past decade, predominantly of manufacturing space, and proportionately more than nearby districts. Loss of manufacturing space was offset to some extent by sizeable gains in office space and modest increases in warehousing space. The level of new development has been reasonably good, most of this industrial space, but 40% of it offices. Vacancy of office space is slightly above at normal levels but industrial vacancy is low.
8. There are proposals for large scale developments in some adjoining districts, particularly Central Bedfordshire where over 100 ha of employment land is proposed on four sites adjoining Luton and beside the M1 motorway. This scale of employment land exceeds the district's forecast needs and is aimed at attracting growth in the distribution sector, which differs from Luton's strengths which are more in engineering, office and higher technology based activities and airport-related uses. Sizeable allocations for mainly office development are proposed in Bedford, Hemel Hempstead and Aylesbury although the last is some distance from Luton and serving a different market.
9. In comparison with nearby districts, Luton has two very high quality office parks that serve a sub-regional role. While the large scale, mainly industrial and distribution related, proposals nearest to Luton could compete for some investment, the closest ones are aimed at sectors in which Luton is less well placed to accommodate. Some of these nearby developments may also be able to accommodate some of Luton's growth needs.

Commercial Property Market

10. Based on discussions with commercial property agents, there is reasonably good demand for industrial space in Luton generally, but little available supply and no new space being built. Very few obvious sites were identified where such shortages could be met by providing new premises across a range of unit sizes. The main shortages are for smaller industrial units and some larger industrial units, as well as more modern industrial units generally.
11. Current demand for office space is low to moderate, and predominantly for smaller units by local firms. Supply is split between good quality, out-of-centre office parks and Luton town centre. Much of the town centre office space is obsolete but there is reasonable demand for the more modern units there. Limited scope was seen to develop modern office space in the centre in the short-medium term but Napier Park appears a good location for more provision.

Future Requirements for Employment Space

12. Future requirements for employment space were assessed under a range of economic scenarios and approaches, reflecting forecasts of employment growth from the East of England Forecasting Model (EEFM) and projecting forward past development trends in Luton. Some reflect assumptions of higher future development rates in Luton than in the recent past, some lower (Table 1).

Table 1 Gross Floorspace Requirement by Scenario, 2011-31 (m²)

Scenario	Labour Demand		Past Development Rates		
	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Offices (B1a)	133,200	132,300	147,600	125,900	159,200
Industrial (B1c/B2/B8)	96,200	93,800	175,000	90,500	199,600
All B Uses	229,400	226,200	322,600	216,400	358,800

Source: NLP analysis Totals rounded

13. The overall space requirements resulting from these different scenarios/approaches range from 216,400 to 358,800 m² of all types of employment space up to 2031, implying in broad terms a need for between 46.5 ha and 80 ha of employment land. In most cases, the greater part of future demand is for office space.
14. Luton has a potential employment land supply of about 69 ha if some land north of Junction 10a becomes available. On the face of it, this amount might appear sufficient for Luton to accommodate the lower growth scenarios - including that based on EEFM forecasts - but not at higher level similar to past development rates. However, as indicated below, the amount of land suitable for office use within that supply figure may limit Luton's ability to achieve higher growth levels or to pursue a more ambitious approach than indicated by the EEFM forecasts.
15. Depending on the Council's aspirations, planning for broadly the level of development implied by scenarios 1 and 2 would broadly meet local job needs and appears achievable in the context of past development trends but would not necessarily reflect Luton's economic potential, planned infrastructure and major new developments. Planning for a higher level than this may be appropriate if the aim were to achieve a more aspirational level of economic activity in the area, building on the potential of Luton Airport expansion and other major developments planned around Luton.

Need for Additional Employment Land

16. Table 2 below compares forecast requirements with the current supply of employment sites in Luton. It indicates an adequate quantitative supply of industrial space to meet future needs to 2031, but only for lower growth scenarios and then only if all currently identified employment sites deliver their expected amount of industrial floorspace. If, for example, Century Park did not

come forward for development, there is a strong risk of a large shortfall over the period to 2031 under all growth scenarios. There is also some risk that the type of new industrial provision there does not match the needs of local firms.

Table 2 Demand v. Supply of Industrial Space in Luton by Scenario (m2)

	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Industrial space required(m ²)	96,200	93,800	175,000	90,500	199,600
Available supply (m ²)	154,770				
Surplus (+)/Shortfall (-)(m²)	+58,570	+60,970	- 20,230	+ 64,270	-44,830

Source: NLP analysis

17. For offices, Table 3 indicates a significant shortfall of office space is likely under all growth scenarios even if all currently identified supply comes forward. While scope to provide much new, high quality office space in Luton town centre appears limited, there may be potential to utilise some land north of Junction 10a of the M1 for new office development.

Table.3 Demand v. Supply of Office Space in Luton by Scenario (m2)

	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Requirement for B Class space (m ²)	133,200	132,300	147,600	125,900	159,200
Available supply (m ²)	120,600				
Surplus (+)/Shortfall (-)(m²)	-12,600	-11,700	-27,000	-5,300	- 38,600

Source: NLP analysis

18. If the EEFM forecasts, or the lower take-up based estimate, were used as the basis for future planning and Century Park delivers most of its potential capacity by 2031, then Luton could theoretically afford to allow some surplus industrial land to be used for offices, assuming the sites are suited to this use.
19. There do not appear to be any easy options for addressing these potential shortfalls but the main ones would include:
- d encouraging office development on all available employment sites;
 - e seeking more office provision within well located, large mixed use schemes within Luton;
 - f seeking more intensive office or industrial development on older industrial areas in an around Luton town centre;
 - g in the longer term, encouraging more office development in or on the edge of Luton town once existing older premises have been redeveloped and the town centre has been revitalised by other new development and public realm improvements.
 - h utilising for new industrial development any sites released by existing industrial users who are closing down or downsizing.

20. The key message from this is that Luton needs to retain its main existing employment sites as far as possible and to ensure employment space is delivered on them within the plan period. It also needs to retain most of its older employment areas until such time as replacement sites become available.

Quality of Existing Employment Sites

21. The suitability to meet future employment needs was assessed for a sample of 20 sites within Luton categorised as Green (fit for purpose) by a previous study and of 30 Amber sites (viable but requiring intervention to improve viability).
22. This found that the great majority of the Green estates remain good quality employment locations and fit for purpose. No reason was found to change their status as sites which are fit for purpose to meet future needs.
23. The majority of Amber sites were found to be functioning adequately. Although most are small, many contain older premises and some are in mainly residential areas with poorer road access, vacancy levels on most sites appear low and the units meet local needs for lower cost premises. Most would benefit from upgrading or new investment to help them function better as employment areas and this may happen when their condition deteriorates to a level where they no longer function adequately. Most of these sites are considered generally fit for purpose to meet future employment needs at some level.

Viability Assessment of Amber Sites

24. For 30 Amber sites, a site capacity and viability assessment was undertaken to test how much modern employment space and dwellings could be delivered through mixed use and other forms of redevelopment and whether such development would be viable. The key findings from this assessment were:
- a redevelopment of existing employment uses for modern employment premises is unviable on an investment basis;
 - b mixed-schemes, which include releasing part of an employment site for residential development, but retaining part for development of new employment units, showed poor levels of viability; only one of out seven sites tested was viable and this largely due to very low existing use value due to low intensity uses on the site.
 - c releasing existing employment sites wholly for residential use also illustrates a mixed viability picture; releasing whole areas for residential may be more appropriate than seeking to retain elements of employment, and this is also the case for improving the viability of redevelopment.
25. Overall, mixed use or other redevelopment of the Amber sites should not be relied upon to make a significant contribution of modern employment space within Luton. They could potentially contribute to Luton's future housing supply but this is likely to be at the expense of mainly functioning, if older, employment space. Any upgrading of employment space on these Amber sites is more likely to involve modest refurbishment rather than redevelopment and possibly in some cases design & build approaches by firms. At some point in the future

older premises on these sites will deteriorate to a point where existing use values are so low that redevelopment will become more viable.

Release of Employment Sites

26. In the light of the NPPF, which aims to avoid long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose, it is important to consider whether Luton contains any such sites that should be released for alternative uses. The main sites with significant undeveloped land are Century Park, Napier Park, Butterfield Park and potentially land at Junction 10a.
27. The study concluded that all of Luton's key employment sites are of good quality, that none is likely to remain undeveloped during the plan period and they should all be retained for employment use as all are required to meet Luton's forecast needs.
28. Only a few of the Amber sites were assessed as sites that did not function well as B Class employment areas or were vacant and appeared less likely to attract new employment development. Any vacant sites among these could be candidates for further investigation for release to residential development. Those with high vacancy but some occupation should be monitored and may be considered for release to other uses at a later stage.

Sustainable Job Target

29. The EEFM job forecast of 17,825 jobs between 2011-31 could underplay Luton's economic growth potential although it is one that it is likely to be able to achieve. Given Luton's important role as an employment centre for the sub-region around it, a higher job increase would appear possible. Luton's key sites could accommodate a net increase of some 17,900 jobs although that figure assumes all sites come forward and are fully developed in the plan period. So, while a higher job target might well be achievable in principle (given that the airport and the town centre could provide more jobs than anticipated without further land requirements), overall this could create excessive pressures on a limited employment land supply, so a figure of 17,825 -18,000 jobs would therefore provide a reasonable and achievable target.

Policy Interventions

30. Luton's main employment sites remain appropriate allocations and suitable to meet future needs. From the information currently available, most are also considered likely to be deliverable. The main barriers to achieving development on most of these sites are those faced by the property industry generally and include difficulty in obtaining development finance, developers' aversion to risk in more marginal areas and a need to secure occupiers in advance of development. There is a limited amount that planning policy interventions can do to influence these factors but development could be encouraged by an agreed planning brief/masterplan for the site, adopting a flexible approach to S106/CIL contributions and use of Local Development Orders.

31. The most helpful approaches are likely to be funding or delivery oriented rather than planning policy measures. Use of Tax increment Funding (TIF) approaches by Councils can raise funding for essential infrastructure needed to kick start development income cases. For Butterfield Park, it would clearly be useful for the Council to secure a new development partner to promote this site and bring forward further development. In the case of Century Park where the main barrier is achieving funding to provide a new access road to the site, it may also be worth exploring alternative mechanisms such as access to public sector/Government funding sources and use of TIF.
32. For the Amber sites, given these are unlikely to deliver new employment space through redevelopment or mixed use approaches, and because they have high occupancy and appear to function reasonably well to meet some of Luton's economic needs, it appears important to protect the better sites and retain them in employment use at present. This would enable a gradual process in which upgrading can take place on some sites, firms can relocate to any new employment sites developed or conditions deteriorate to a level where market conditions lead to redevelopment. Several mechanisms for renewing/upgrading employment space are provided in Section 10 of this report e.g. use of LDOs, Business Improvement Grants and Council Rent Guarantees for new development.
33. It would be beneficial for future Local Plan policies to protect the better quality Amber sites from other uses and encourage upgrading of employment space within them. Sites to be protected could be identified by the plan based on the analysis in this study and use of a criteria based approach.

Target Sectors

34. Target sectors for support and growth are set out in the Council's Local Economic Assessment and these have been considered in broad terms by this study. This indicates Luton has strengths in the airport-related, aerospace, advanced manufacturing and engineering sectors which can all be targeted for growth. In the ICT and creative sectors, Luton's potential appears less strong but, allied to upgrading of skill levels and possibly enhancing the town centre and general image of the town, it has good start-up facilities and some good sites that can support indigenous growth in these activities. These sectors also appear worth supporting for growth.

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1.0 Introduction

1.2 This assessment of future employment space requirements in Luton has been commissioned by Luton Borough Council to update its evidence base for its Local Plan and to inform its provision of land for employment uses.

1.3 The main outcomes required from the study were:

- a review of evidence and economic growth forecasts to advise on a sustainable, net additional level of jobs growth to 2031 based on the strength of the local economy and planned housing provision;
- strategic market analysis of the suitability of the existing and planned portfolio of employment land, taking account of interventions and viability factors, to achieve the scale and type of jobs required.
- recommendations for policy interventions to support delivery of and feasibility of employment site allocations, to overcome barriers, to identify target sectors and interventions on amber sites to enable delivery.

1.4 A particular area of analysis was an assessment of 30 sites, previously identified as in need of intervention to meet future employment needs, to examine their suitability as employment sites, their capacity for mixed use redevelopment and the viability of such development. A report on the viability appraisal has been supplied in a separate volume.

1.5 The study was undertaken within the context of development strategies, infrastructure provision and economic performance of surrounding local authority areas including Central Bedfordshire, Bedford, Milton Keynes, Aylesbury Vale, North Hertfordshire and Dacorum. It also takes account of the policy aims of the National Planning Policy Framework (NPPF).

Approach and Methodology

1.6 The study's approach to assessing employment land needs generally follows Government guidance on undertaking employment land reviews and also takes into account regional guidance on such studies.¹

1.7 It primarily focuses on employment space needs for the group of B Use Classes indicated in Table 1.1 but also considers in broad terms the future employment potential and land needs of certain other non B Class economic uses such as retail and commercial leisure uses. The needs of employment land and floorspace are considered in the study, and references to "employment space" are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses.

¹ *Employment Land Reviews: Guidance Note* (ODPM, 2004), *Employment Land Reviews Guidance Manual* by East of England, 2008 and *South East Plan Supplementary Guidance: Employment Land Reviews* (SEEPB, 2010)

Table 1.1 B-class Employment Land Definitions

B1	Business <ul style="list-style-type: none"> • Commercial offices other than in a use within Class A2 • Research and development - laboratories and studios • Light industry
B2	General Industrial <ul style="list-style-type: none"> • General industry (unless in B1)
B8	Storage or Distribution <ul style="list-style-type: none"> • Storage or distribution centres - wholesale warehouses, distribution centres and repositories

1.8 A key input to this process was consultation with various organisations with an interest in the supply of employment land including local businesses, economic development agencies, and commercial property agents. Appendix 1 contains a list of consultees.

1.9 The study also draws on previous employment land and economy studies undertaken for Luton and adjoining districts as well as other relevant documents including economic strategy documents, the National Planning Policy Framework (NPPF), various Council studies, property market information and published economic statistics.

1.10 The report is structured as follows:

Economic Context (Section 2.0)	A review of current economic conditions and recent trends in Luton and its economic strengths and weaknesses that may affect future needs for employment space.
Overview of Employment Space (Section 3.0)	Analysis of current stock of employment space in terms of mix of uses, development rates, gains and losses, age of premises, and levels of provision in adjoining districts.
Assessment of Commercial Property Market (Section 4.0)	A review of the local commercial property market, including the supply of and demand for different types of employment space, the needs of different market segments and of local businesses.
Future Employment Space Requirements (Section 5.0)	Estimates future B Class employment space requirements in quantitative terms, using a range of approaches and growth scenarios.
Need for Additional Employment Land (Section 6.0)	Assesses the gap between current land supply and future requirements in both quantitative and qualitative terms.
Appraisal of Employment Sites (Section 7.0)	Assesses a sample of existing employment sites for ability to meet future needs and be attractive to the market and tests the viability of mixed use and other redevelopment of some sites to provide new employment space and dwellings.
Job Growth Targets (Section 8.0)	Identifies a sustainable job growth target for Luton, sectors to target for growth and their likely job contribution.
Policy Interventions (Section 9.0)	Considers approaches to support delivery of employment sites and overcome barriers, along with potential interventions
Overall Conclusions (Section 10.0)	Presents conclusions and recommendations

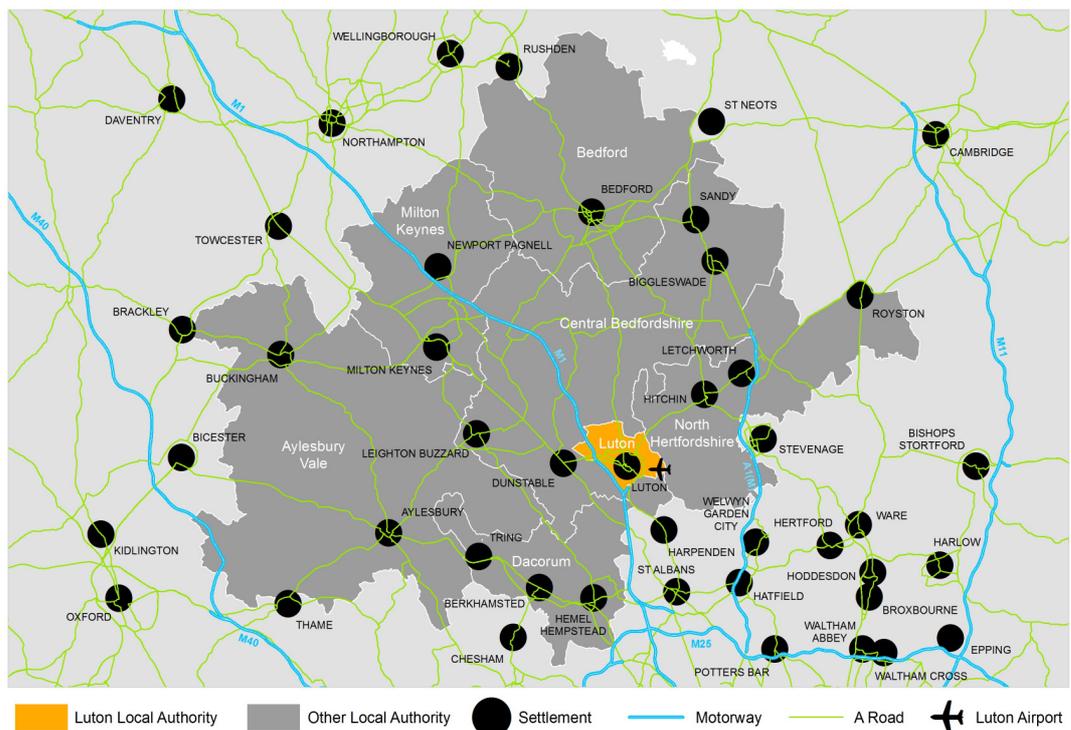
2.0 Economic Context

2.1 This section establishes the economic context for the study by reviewing recent economic conditions and trends within the Borough of Luton, relative to the East of England region and the national economy. This is important in identifying the existing strengths and weaknesses of the local economy, and the factors likely to influence the nature and level of future demand for employment space within it.

Luton

2.2 Luton is a medium sized town of some 203,000 people in the County of Bedfordshire some 45 km north of central London and linked to it by frequent rail services to St Pancras station. Luton is a predominantly urban borough with boundaries drawn tightly around it and surrounded by Green Belt.

Figure 2.1 Context of Luton Borough



2.3 Adjoining districts include Central Bedfordshire, North Hertfordshire, Dacorum, Aylesbury Vale and (Figure 2.1). Other than Greater London, the nearest large employment centres are Stevenage, Milton Keynes, St. Albans and Hemel Hempstead. Luton also lies in the South East Midlands Local Enterprise Partnership (SEMLEP) area.

2.4 Luton is served by junctions 10, 10a and 11 of the M1 motorway, linking it with London, Milton Keynes and the Midlands, and 10 km from the M25 providing links to other parts of the South East. The A505 links Luton to Dunstable and

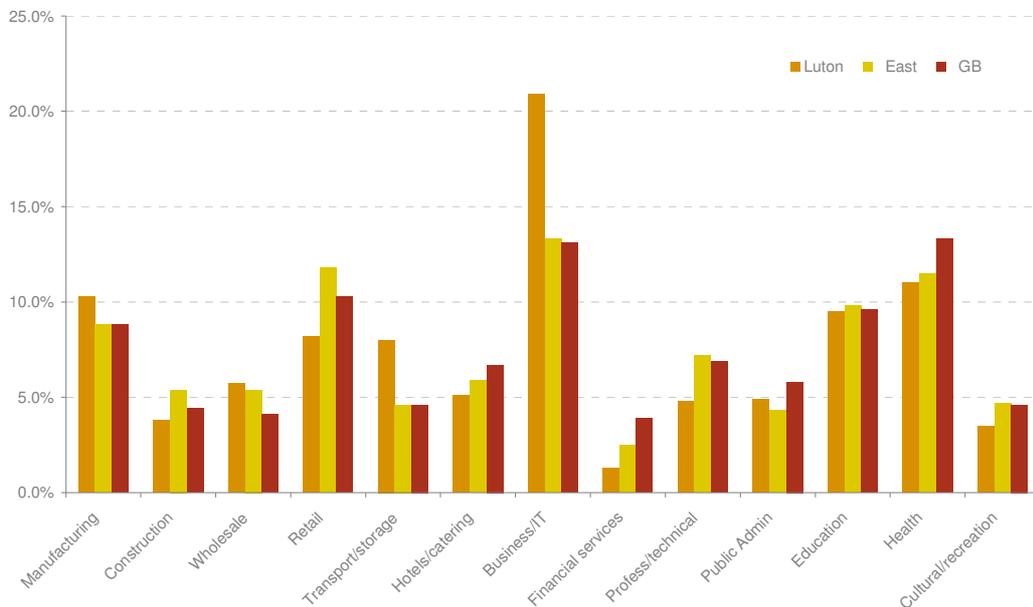
Stevenage and the A6 links it to Bedford. London Luton Airport lies within the borough boundary and has a range of scheduled flights to business destinations as well as chartered flights, business aviation and air freight services. Significant expansion is planned for the Airport to double passenger throughput.

- 2.5 Major transport investment is underway or planned including the 12 km Luton and Dunstable Busway, with a public transport dedicated corridor, to link key employment areas such as the town centre and London Luton Airport. Planned new roads include the Luton northern bypass, linking the M1 to the A505, a new Junction 11a of the M1 and an upgrade to Junction 10a of the M1.

Economic Conditions and Trends

- 2.6 Current economic conditions and trends in Luton are summarised below, with comparisons made, where appropriate, with regional and national averages.
- 2.7 The overall population of Luton, currently 203,200 ², grew by some 10% between 2001 and 2011, slightly higher than both regional (8%) and national (7%) averages. The number of employee jobs, 85,200 in 2008, grew by 9.2% from its 2000 level, better than national (5.8%) and regional (6.8%) growth levels. Since 2008, Luton’s job level has fallen relatively more (-6.4%) than these wider areas.

Figure 2.2 Main Economic Sectors in Luton by share of employees, 2010



Source: BRES, 2010

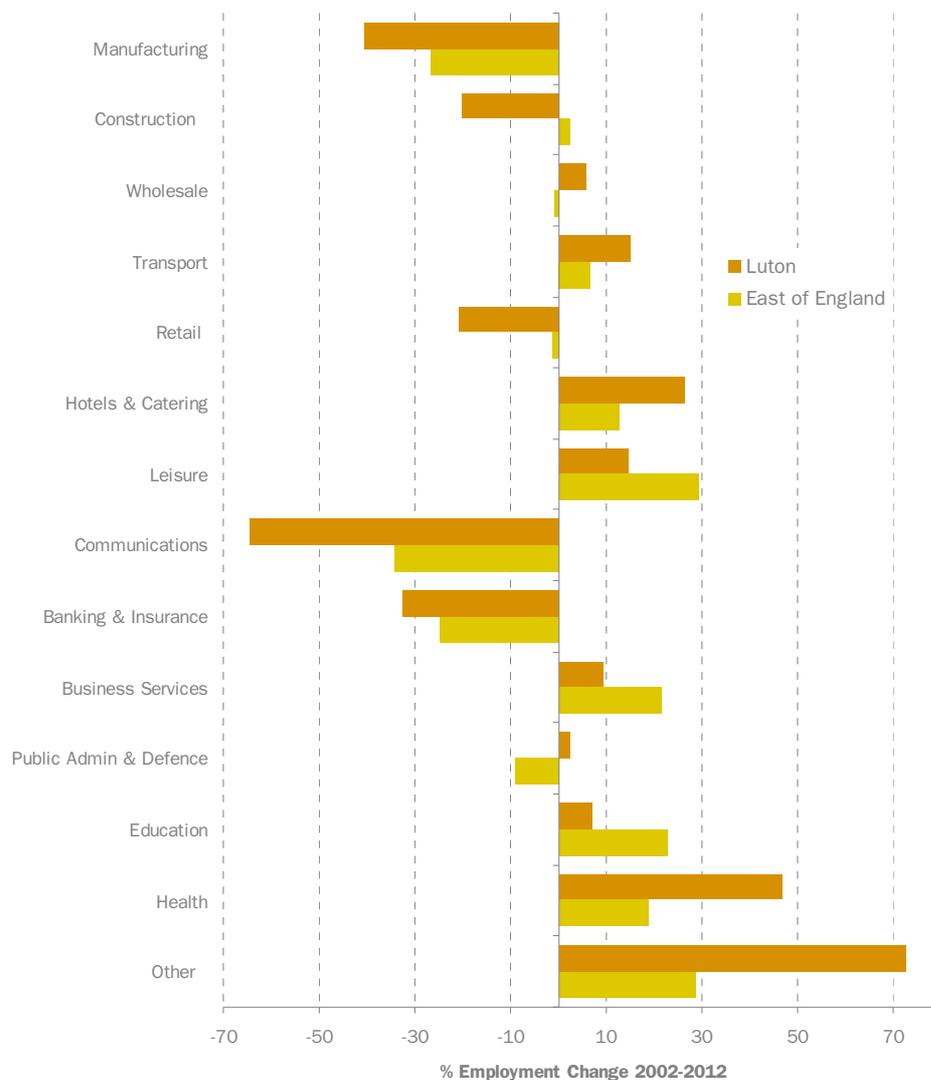
² Census 2011 data

2.8 In employment terms, the Borough's largest sectors in 2010 were business services/IT (21%), health (11%) and manufacturing (10.3%) with education (9.5%) and transport & storage (8%) also important (Figure 2.2). Within Luton business/IT services, manufacturing, wholesale, transport & storage all had a higher share employment than the regional average, with retail, construction and financial services under-represented.

2.9 Over the last decade, the largest contributors to job growth in the Borough have been health and other public services and hotels & catering, where the Borough outperformed regional growth rates. Other significant growth sectors have been business services, leisure and transport although only the last of these sectors performed better than in the region (Figure 2.3).

2.10 However, this job growth was offset by large job losses in manufacturing in particular, where Luton did worse than the region, as well as declines in communications, financial services, construction and retail.

Figure 2.3 Employment Change in Luton by Sector, 2002-12

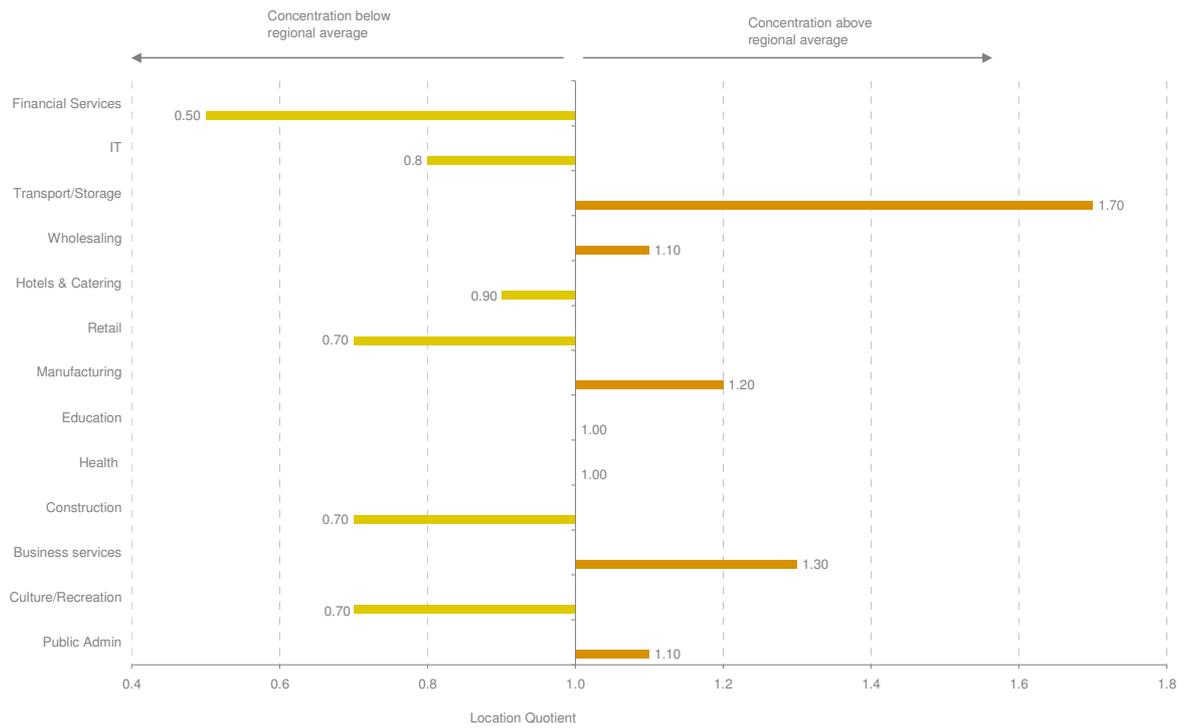


Source: Experian

2.11

Figure 2.4 below shows the location quotients of these key sectors, where a value below 1 indicates that the sector accounts for a lower proportion of total employment in Luton than in the East region (shaded yellow), and over 1 indicates above average representation of that sector locally (shaded orange). This analysis further confirms the fairly strong reliance of the local economy on distribution related uses, manufacturing and business services but below average representation in some sectors which tend to be higher growth activities elsewhere e.g. IT and financial services.

Figure 2.4 Location Quotient of Key Economic Sectors in Luton



Source: ABI, 2008 Note: orange bars indicate sectors with concentration level above regional average

2.12

Looking at the size of businesses in Luton, the Borough has a lower proportion of very small firms with 1-10 employees (15.4%) than the regional average (23.1%), and relatively more large firms of over 200 staff, 39.4% compared with 27.9%.

2.13

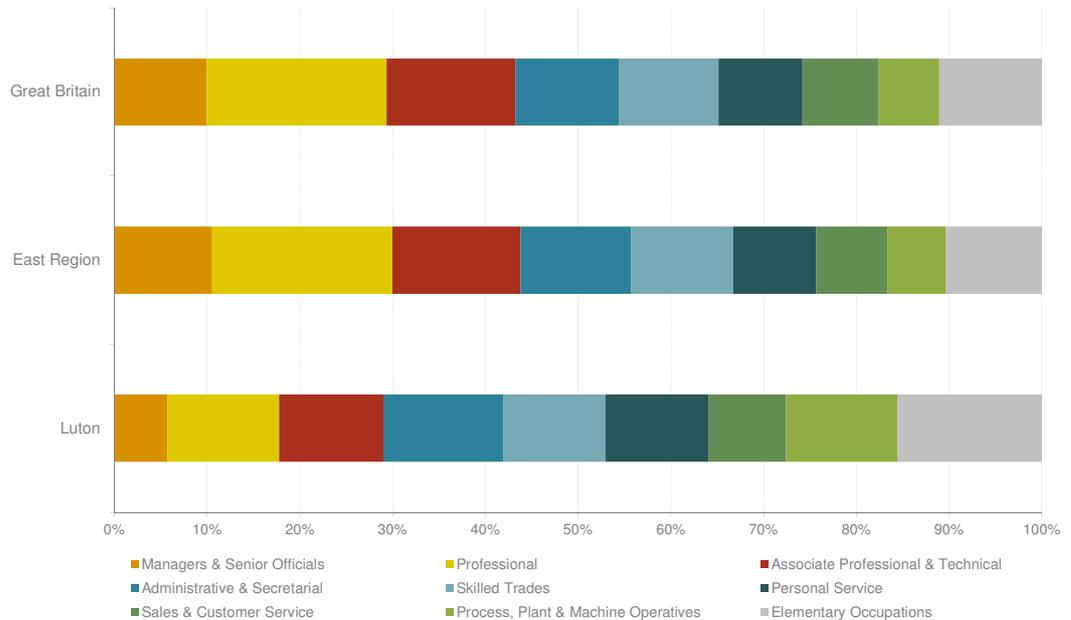
Between 2004 and 2010, the number of VAT registered firms in the Borough grew by around 7%, slightly better than the East region (5.8%) and Great Britain average (6.4%). However, with 49 new VAT registrations per 10,000 working-age population in 2010, the Borough's rate of new business formation in 2010 was worse than regional (61) and national (59) averages. Luton also has a low rate of self-employment, with 8.3% of the working-age population falling within this category compared with 10.3% in the East region and 9.4% nationally in 2011/12. These indicators suggest moderate levels of entrepreneurial activity in Luton.

- 2.14 Luton’s economic activity rate, the proportion of working age residents in or seeking employment, at 72.2% was below the regional (79.7%) rate for 2011/12 and also below the national (76.5%) figure. This suggests scope to expand local labour supply from current residents.

- 2.15 Claimant unemployment has risen significantly in Luton from 2.6% at the start of the recession in early 2008 to 4.8% in August 2012. This rate is higher than in the East of England (3.0%) and also above the national average (3.8%), a pattern that has prevailed historically. On the wider Annual Population Survey Measure³, the Borough’s unemployment rate is higher at 10.8%, again above the regional (6.6%) and Great Britain (8.1%) rates.

- 2.16 In August 2012 there were 6.3 claimant unemployed workers for every unfilled job centre vacancy in the Borough. This was above the ratios for the East region (3.1) and for Great Britain (4.2) indicating poorer prospects of local residents finding work.

Figure 2.5 Occupation breakdown of Luton’s Residents relative to East Region/GB



Source: APS, 2011-12

- 2.17 The Borough’s resident workforce has lower than average skill levels when compared to the East region as a whole, with fewer graduate level workers, and a much higher proportion with no qualifications, 17.9% compared to 9.6%. The occupation profile of its workforce differs from the national average by having fewer residents in professional and managerial jobs, and much higher proportions of semi and lower skilled manual workers (Figure 2.5).

³ this records all those searching for work but who are currently unemployed regardless of whether they are claiming job-seekers allowance or not

- 2.18 Turning to the types of jobs required in the Borough, the most sought-after occupations amongst claimant unemployed workers are sales & customer service occupations (32%), lower skilled, elementary occupations (29%), administrative/secretarial jobs (10.7%) and process, plant & machinery operatives (7.7%). A significant proportion of these workers' needs would typically be met by manufacturing or distribution activities.
- 2.19 Despite high rates of commuting to London, resident wages in Luton are below both the East region average (by 9%) and the national average (by 5%). Average earnings for jobs based in Luton are, however, slightly above the regional average and also higher than average levels in some of Luton's adjoining districts such as Bedford and North Herts. This suggests that Luton provides relatively higher paid jobs many of which are being filled by in-commuters from the surrounding area.
- 2.20 Luton has fairly high levels of deprivation, and is ranked as the 69th most deprived local authority areas out of 326 in England, which places it among the 50% most deprived areas.⁴ There are some pockets of concentrated deprivation in the Borough, with some wards such as Dallow and Biscot among the 10% most deprived in the country.

Inward investment

- 2.21 Although no quantitative data on inward investment or inquiries is available, in general, it is understood inward investment or business relocations into Luton have been fairly limited in recent years. As an investment location, the borough's M1 access, its airport, its supply of modern business park sites and proximity to London but with lower rents, are all beneficial although worker skill levels and a less attractive image than other towns in the area can be drawbacks. However, the Capability Green and Butterfield Technology Park sites, and other locations beside the Airport, have attracted a range of national and overseas based firms, many in knowledge based sectors. Examples include AstraZeneca, MTL Instruments, GKN, Siemens, Ernst & Young, Selex Galileo, Allianz Insurance, and Barclays Bank.

Knowledge-based industries

- 2.22 Knowledge-based industries are those sectors of the economy where value-added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms within this sector tend to grow faster and have greater future potential than other sectors and so are considered an important indicator of an economy's competitiveness and future growth prospects.⁵ Only 18.9% of Luton's businesses were

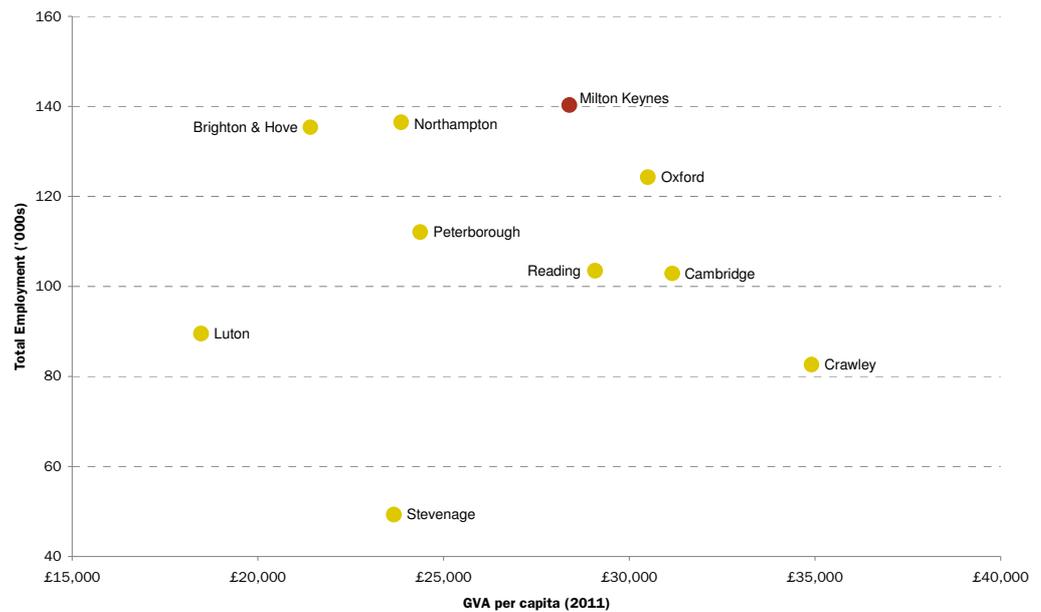
⁴ As measured by the Index of Multiple Deprivation 2010

⁵ Based on definition adopted by the Organisation for Economic Co-operation and Development (OECD), includes high-technology manufacturing such as pharmaceuticals, computers and aerospace, and services such as telecommunications, financial intermediation, computing and research and development.

knowledge-based in 2010 – significantly lower than the East of England and national rate of 21.8% and the lowest rate in Bedfordshire.⁶ This suggests the Borough is under-represented in the types of businesses that are more likely to generate future growth.

- 2.23 As Figure 2.6 indicates, perhaps reflecting its low level of knowledge-based activities, Luton's GDP per capita has been relatively low compared with other towns with a broadly similar order of magnitude in job terms.

Figure 2.6 GVA per Capita for Luton selected comparator towns



Source: Experian/NLP, 2012

- 2.24 However, looking to the future, recent reports by Experian ranks Luton as an area with good potential for growth in the East of England and among the top 10 local authorities in the country in terms of future employment and output growth between 2013-17.⁷

Functional Economic Area

- 2.25 Examining commuting flows can help in defining the functional economic area within which a Borough lies. In 2001, some 31% of Luton's working residents worked outside the Borough indicating a moderate rate of out-commuting. By 2008, this had increased to 40%.⁸ In total, over 24,400 residents worked elsewhere, predominantly in the adjoining districts of Central Bedfordshire, St Albans and Dacorum but also some 7% within Greater London.

⁶ UK Competitiveness Index, 2010

⁷ Experian research reported in the Sunday Times, 14 November, 2012; BBC Local Growth Research, Experian for BBC, February 2012

⁸ Annual Population Survey data, 2008

- 2.26 At the same time, approximately 23,700 workers commuted into Luton. In 2001, these in-commuters were predominantly from the adjoining district of Central Bedfordshire (19%), along with Bedford (2.4%), North Hertfordshire (2.2%), St Albans (2.1%) and Dacorum (1.1%). More recent data suggests limited change in this pattern since 2001. On this basis, Luton's flows of in and out-commuters are very broadly in balance. However, the in-commuters from neighbouring districts mainly fill jobs in Luton's manufacturing (25%), transport & storage (13%), financial & business services (15%), education (10%), and health (10%) sectors. In addition, almost half (49%) of these in-commuters filled managerial and professional jobs. This suggests Luton is providing fairly well paid jobs for the area around it.
- 2.27 A commonly accepted approach to defining Functional Economic Market Areas is where at least 75% of a Travel to Work Area's resident economically active population also work in the area, and of all those working in the area at least 75% also live in the area.⁹ On this basis, Luton would fall within a wider economic area of comprising itself and Central Bedfordshire, but with significant economic linkages to London also.

Strengths, Weaknesses, Opportunities and Threats

- 2.28 Looking at its local economy as a whole, Luton has been performing fairly well in terms of job growth, and its future economic growth prospects appear reasonably good, supported by a range of infrastructure improvements and Airport growth. Luton also appears to function as an important sub-regional employment centre. However, it also has above average unemployment, modest levels of new firm formation and a lower skilled workforce. Its economy is more reliant on manufacturing and distribution than the region but there has been little job growth in these sectors. Representation in knowledge based sectors is generally low, which may be holding back its GDP per capita, although its level of business services jobs has been above average.
- 2.29 Drawing together the above analysis, current economic strengths and weaknesses, together with potential opportunities and threats which will influence demand for employment space in the future are summarised below:

⁹ Functional Economic Market Areas: An economic note, DCLG (February 2010) based on 2001 Census data

Table 2.1 SWOT Analysis of the Luton Economy

Current Strengths/ Opportunities	Current Weaknesses / Threats
<ul style="list-style-type: none"> • Very good road, rail and air accessibility • Important sub-regional employment centre • Lower cost base (premises and wages) than London and nearby centres • Attractive business park sites have attracted relocations and high quality firms • Reasonable manufacturing base • Above average levels of business service jobs • Potential spin-offs from Luton airport expansion • Benefits from major infrastructure improvements 	<ul style="list-style-type: none"> • Image problems • Below average workforce skills • Modest entrepreneurial activity • Low representation in knowledge based sectors • Under representation in sectors with growth potential regionally and need to foster these • Competition from large centres and major development proposals nearby

Source: NLP analysis

3.0

Overview of Employment Space

3.1

This section provides an overview of the current stock of employment space in Luton and adjoining districts, and recent trends and changes to the supply of such space. Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses - primarily offices (use class B1(a)), warehousing/distribution (B8) and manufacturing industry (B1(c)/B2). Trends in the supply of employment space in the Borough were assessed from the following sources:

- commercial floorspace data from the ONS and Valuation Office Agency (VOA);
- Luton Borough Council's annual monitoring data on commercial space;
- the EGi Property Link database and other commercial property sources.

Main Employment Areas

3.2

The main existing centres of economic activity and employment space within the Borough include:

- a the large Vauxhall IBC van manufacturing plant;
- b Luton Airport, and its adjoining industrial and office areas such as Airport Executive Park and Barratt Industrial Park;
- c Luton town centre with a concentration of office, retail and leisure uses;
- d a range of general industrial estates spread across the urban area, such as Sundon Business Park and Luton Enterprise Park;
- e two large, high quality office parks – Capability Green near the airport, and Butterfield Park on the north east edge of the borough.

3.3

There are also a number of smaller industrial estates scattered across the Borough, such as the Park Avenue, North Luton, Flowers and Kingsway estates and the Windmill Trading Estate. Several major sites are also the subject of proposals for employment development – Century Park to the north east of the Airport and Napier Park, a planned business park on a former part of the Vauxhall vehicle plant. Land to the north of Junction 10a considered for relocation of Luton Football club has also been subject to proposals for employment development.

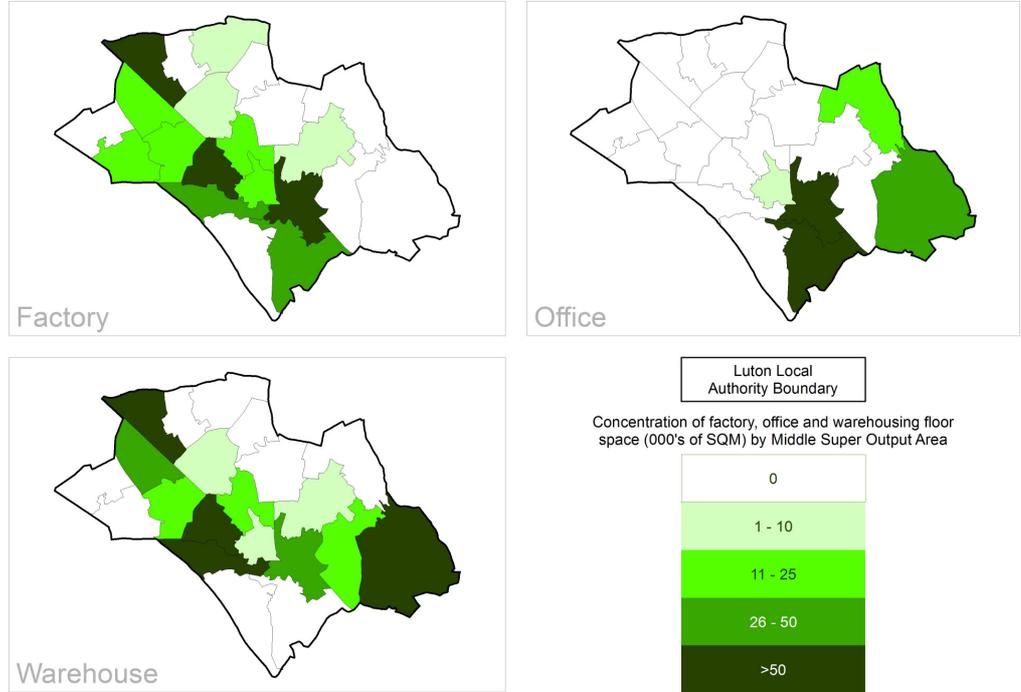
Current Stock of Employment Space

3.4

A broad indication of the geographical distribution of the 2008 stock of employment space across the Borough is given by Figure 3.1 below. This shows that most office space is focused around the town centre, the airport, Capability Green Business Park on the southern edge and Butterfield Park on the north east edge. Factory and warehousing space are heavily concentrated

in the west of the Borough nearer the M1 junctions, beside the airport and on the northern edge of Luton.

Figure 3.1 Distribution of Employment Space in Luton

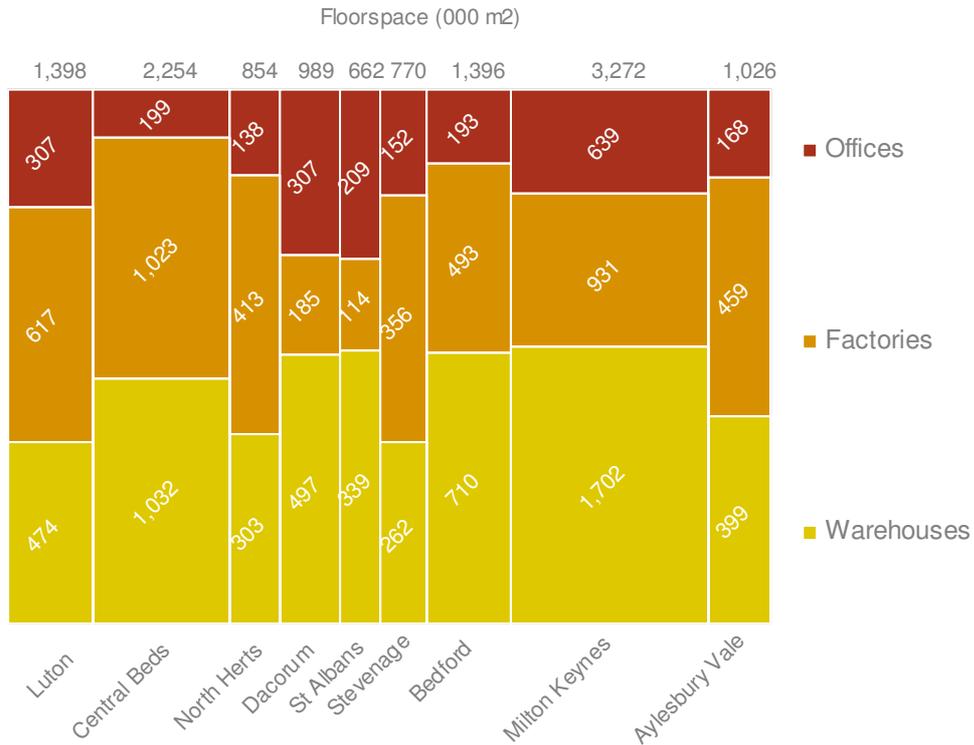


Source: VOA and Nomis, Neighbourhood Statistics, 2008 (note some data limited to prevent disclosure)

3.5

In 2008, Luton contained almost 1.4 million m² of B class floorspace. A breakdown of this space by main uses, and a comparison with employment space levels in nearby districts, are shown in Figure 3.2.

Figure 3.2 Employment Floorspace in Adjoining Districts



Source: VOA, 2008

3.6 This indicates that 78% of Luton’s employment space is industrial, with a much smaller level (22%) of office provision. Slightly more than half of this industrial space comprises manufacturing premises, the rest distribution units. The Figure also indicates that the Borough has a larger supply of employment space overall than many nearby districts but Milton Keynes and Central Bedfordshire have much more industrial space. Luton also contains more commercial office space than all nearby districts except Milton Keynes, and Dacorum which has a similar level.

3.7 Between 2000-08, Luton lost 302,000 m² of B class space, almost 18% of its total stock. All of its losses were in factory space, offset by a sizeable gain (60,000 m²) in office space and a modest increase in warehousing space (30,000 m²). This was a larger loss of employment space than all adjoining districts, most of which achieved positive growth. In this period, the East of England region achieved a 5% increase in its employment space, with a much lower loss of manufacturing space than Luton and much larger increase in warehouse space, but less office growth.

Vacancy

3.8 A historic view of vacancy levels in Luton Borough from Valuation Office Agency data indicates local vacancy of employment space was slightly above normal market rates in 2003 and 2004, at 11% compared with regional and national rates of 8-9%.

- 3.9 However, based on commercial property being marketed in September 2012, there is currently approximately 38,000 m² of office space available, much of it within older town centre premises but also some within Capability Green Business Park. This indicates a vacancy level of just under 11%.¹⁰ The equivalent figure for industrial space was 65,900 m², or about 6% of the total stock, spread over various industrial sites but including some recently built units.

Table 4.1 Vacancy of Office & Industrial Space in Luton

	Industrial	Offices/R&D
Marketed Floorspace (m ²)	65,900	38,000
Vacancy rate (%)	5.8%	10.8%

Source: EGProptlink & Novaloca websites, September 2012

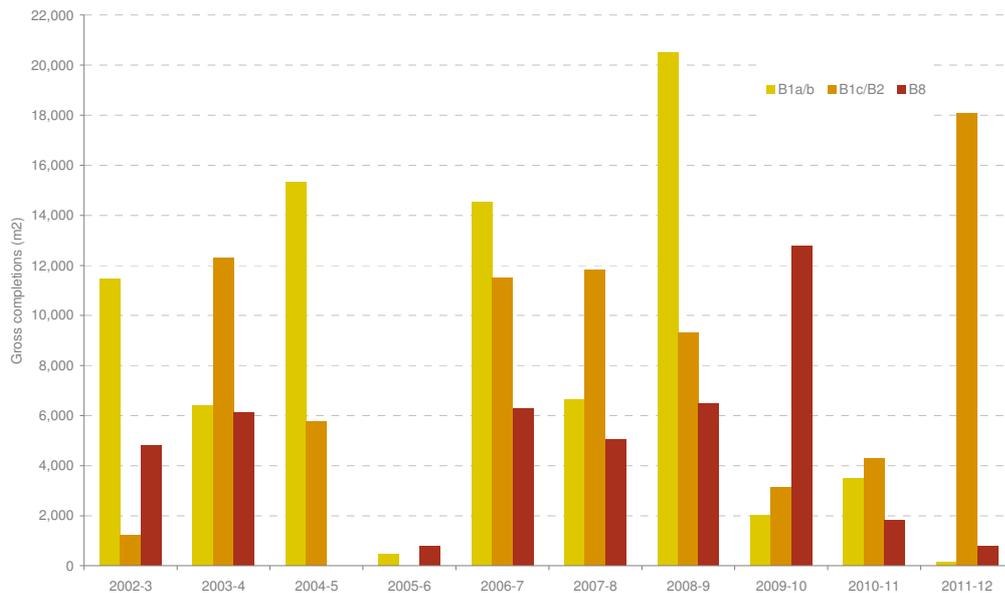
- 3.10 Whilst the office vacancy figure appears broadly in line with the 8-10% availability rate that is typical for a normal market with a reasonable amount of space available for firms to relocate and expand, this may be an underestimate if older, obsolete premises are not being marketed. At the same time, industrial vacancy appears very low, suggesting a shortage of provision.

Development Rates

- 3.11 The gross amount of floorspace developed annually for employment uses in Luton Borough over the last 10 years is shown in Figure 3.3. The level of new development has been very uneven, particularly for office development, and with low levels of both office and industrial development since 2007. An average of 20,300 m² gross of B Class space was developed per annum over the last 10 years, some 38% of this being manufacturing space, 40% for office and R&D uses and only 22% for warehousing development and. However, net take-up was much less at just 10,300 m² p.a.

¹⁰ Based on 2008 VOA office stock estimate of 307,000 m² plus completions of 43,800 m² between 2009-12 from Council monitoring data. Industrial stock of 1.09 million m² in 2008 plus completions of 40,800 m² between 2009-12

Figure 3.3 Gross Development Rates 2002 – 12



Source: Luton Borough Council monitoring data

Losses of Employment Space

- 3.12 Losses of employment space have been high over the last 10 years. Over the period 2002-11/12 there was an annual average loss of over 10,000 m² p.a. Most of this involved losses of B2 and B1(c) industrial space, but with significant loss of B8 space also and some losses of older office space in central Luton. It is understood that most of these losses were to Non B uses, predominantly residential.

Age of Premises

- 3.13 Although only covering the period up to 2003, ONS data on the age of employment premises can give some indication of the age of stock in the Borough. This suggests that Luton's stock of office space is relatively old compared with the East region. Some 63% of its office space was built before 1970 compared with 62% in the region but the proportion of post 1990 office premises was only 5.5% in Luton compared with almost 14% in the region. This data suggests a lack of modern, purpose-built office premises although over 70,000 m² of new office space has been built since 2002.
- 3.14 With regard to industrial stock, 50% of Luton's stock was built before 1970, lower than the region's 53%, but only 9% was built after 1990 compared with 10.5% in the region. However, over 120,000 m² of industrial space has been built since 2002, and some older space will have been lost, so that this position may have improved. Overall, the available data indicates a fairly ageing stock and lack of modern business premises in the Borough relative to other parts of the region.

Emerging Supply of Employment Space

- 3.15 The current supply of undeveloped employment land in the Borough is estimated 63.2 ha of land and 251,370 m² of committed floorspace. This excludes any potential development land (potentially 5-6 ha) that could emerge north of Junction 10a, which could increase total land supply to just over 69 ha. Almost 60% of this supply is industrial space (Table 3.1).

Table 3.1 Luton Available Employment Land, 2011

	Industrial (B1c/B2/B8)	Offices (B1a) R&D (B1(b))	Total
Land (ha)	38.1	25.1	63.2
Floorspace (m ²)	154,770	96,600	251,370

Source: Luton Council Monitoring data

- 3.16 This total availability figure is equivalent to slightly over 12 years of gross annual completion rates in the past. However, it is predominantly made up of just a few large sites - Napier Park (24 ha), Butterfield (with over 20 ha remaining) and the 38 ha Century Park/Wigmore employment area. Napier Park is expected to provide a mix of uses including over 40,000 m² of B1a office space and B1c industrial uses, Butterfield Park has permission for a mix of uses including high technology space, while Century Park has outline permission for over 150,000 m² of B2 and B8 uses only.

Employment Space in Adjoining Areas

- 3.17 It is also important to understand the extent of available employment land in adjoining districts and any major new economic developments coming forward there which might compete with the Borough for future demand. A brief review has therefore been undertaken below of the current position in each area. Figure 3.2 above summarises the amounts of B Class employment floorspace in these districts relative to Luton.

Central Bedfordshire

- 3.18 This district comprises the former local authorities of South Bedfordshire and Mid Bedfordshire and immediately adjoins Luton to the north and west. It contains the main settlements of Dunstable, Leighton Buzzard, Houghton Regis, Ampthill, Biggleswade, Flitwick and Sandy.
- 3.19 The district is characterised by several market sub-areas. The M1 corridor to the west is a focus for larger-scale warehousing units and distribution sites. The A1 corridor to the east has a reasonable demand for industrial premises, but also greater supply of both older space on established industrial estates and new industrial development at Stratton Park. The main existing employment sites include Cranfield Technology Park, a 44 ha regionally significant employment site adjacent to Cranfield University, Stratton Park near

Biggleswade, a 35 ha industrial estate containing a range of B1-B8 uses, and Middlefield Industrial Estate, Sandy, a 28 ha industrial estate with a variety of B class uses. Dunstable also has the 40 ha Woodside Park distribution centre.

- 3.20 In recent years, the district has experienced a reasonable net gain in employment floorspace, with modest increases in office space, a larger increase in factory space and a particularly sizeable increase in warehousing stock.¹¹ Most current demand for employment space in the area is for industrial premises.
- 3.21 In 2011, there was an estimated 44 ha of land available for employment use without planning permissions and a further 12 ha of land on sites with outstanding planning permission. Cranfield Technology Park accounted for 18 ha of land without planning permission whilst Stratton Business Park, an industrial site, had 18 ha without permission and 1 ha with permission. In total these two sites together account for around 70% of the 56 ha of current supply. The 2012 Employment Land Review identified a large surplus of industrial land relative to future requirements.
- 3.22 Despite this, the district is adopting an ambitious approach involving allocation of more employment land, aimed particularly at the distribution sector and large sites at motorway junctions. This involves proposals in Central Bedfordshire's Pre-submission Development Strategy for several large employment sites/urban extensions near the M1 motorway, some involving Green Belt land. These include North Houghton Regis (30 ha of employment land and 7,100 dwellings), North of Luton (20 ha and 2,900 dwellings), East of Leighton Buzzard (16 ha and 2,500 dwellings) and Sundon Quarry (40 ha), a proposed rail freight terminal. These sites are dependent on new road links or junction improvements.

North Hertfordshire

- 3.23 North Hertfordshire district borders Luton to the east and contains the four small towns of Letchworth, Hitchin, Baldock and Royston. It has around 245 ha of existing employment land, almost half of it within Letchworth. The district's office sector is poorly developed and its industrial estates are not generally well located for distribution uses so that this sector suffers from low demand. Letchworth contains significant industrial areas but with very little new employment land left for development and also recent losses of employment land to other uses.
- 3.24 The draft Core Strategy proposes joint Area Action Plans to determine future employment land provision in the areas near Stevenage and/or Luton, and proposes only 7-8 ha for the remainder of the District between 2001 and 2021.

¹¹ Mid Bedfordshire Employment Land Review – Stage Three, NLP, 2009

- 3.25 Based on the district's 2010 ELR update, there is a potential supply of almost 93 ha of employment land, on potential new sites. This includes a possible 21 ha site beside Junction 7 of the A1 near Stevenage. However, no major new development proposals were identified in the area.

Bedford

- 3.26 Bedford lies to the north of both Luton and Central Bedfordshire, and has around 585 ha of employment land of which around half lies within the town itself, and the remainder within the rural area. Bedford town has traditionally been a major service and employment centre, with significant public sector employment in administration, health and education as well as retail, light industry and distribution. However, this role has been diluted in recent years by the growth of Milton Keynes and Northampton, which have been able to provide better quality employment sites and premises, particularly for office occupiers.
- 3.27 As a result, Bedford's main economic focus has shifted towards light industry/engineering and distribution uses. The Borough's existing employment land is dominated by a small number of post war industrial estates and business parks. The largest two of these, the Viking / Elms Estate and the Woburn Road Estate, account for many of the Borough's businesses between them but have very little available land left.
- 3.28 The Council's Allocations and Designations Plan is currently subject at the examination stage. An Employment Topic Paper prepared to inform the examination process indicates that 16,000 net additional jobs will be provided in the borough to 2021 with up to 75 ha of employment land needed to deliver this. This Topic Paper proposes a range of employment allocations including smaller urban sites, extensions to existing and committed employment areas and new strategic employment sites together providing for 45 ha of B1 space by 2021. The majority of new allocations are to be on the edge of the Bedford urban area, close to the A421. This reflects the Council's focus upon this corridor as a location for business growth and the lack of availability of sites of a strategic size within more sustainable urban locations. The largest strategic employment site is Medbury Farm to the south of the borough, identified for 20 ha of B1 space.

Dacorum

- 3.29 Dacorum is part of the Hertfordshire - London Arc, and lies immediately to the south of Luton. The borough's two main towns are Hemel Hempstead and Berkhamsted, with other significant settlements including Tring and Kings Langley. Hemel Hempstead is the main employment location and is one of the main industrial centres in the London Arc sub-region catering for large scale users, particularly distribution uses due to its strategic location on the M1 close to the M25. The main employment area is the Maylands Business Area, which is a long-established industrial location in north east Hemel Hempstead

and contains a number of industrial and business estates totalling some 190 ha.¹²

- 3.30 The borough contains a mix of older and modern purpose built accommodation catering for a range of small to medium sized local business and larger international companies. The Maylands area includes the Buncefield Oil Depot and Brakespear Park, a modern HQ office campus. Berkhamsted and Tring both contain a number of smaller secondary industrial estates ranging in size from 0.8 ha to 6.7 ha. The borough's office market is centred on Hemel Hempstead, although with no clearly defined office core in the town centre and most office accommodation is in surrounding business areas, including Maylands.
- 3.31 Following the Buncefield Oil Depot explosion in 2005, the Council's Maylands Masterplan proposed to rationalise land use, improve environmental quality and sustainable transport access. A 60 ha high quality business park, 'Maylands Gateway' was proposed off the A414, the entry point to the town from the M1. The Maylands Masterplan Planning Policy Statement (2007) identifies a 30 ha Maylands Gateway development with 130,000 m² of mainly office space targeted at technology based/green initiative industries, of which about 80,000 m² has planning permission. However, the office market at this location has not performed strongly, public transport accessibility is poor and this site has yet to attract a developer. This area contains the Council operated Maylands Business Centre.
- 3.32 The Draft Core Strategy makes provision for 131,000 m² of net additional office floorspace but no net change in industrial and warehouse floorspace up to 2026. The most recent (2011) AMR indicates there is 21 ha of available land and 20,000 m² of permitted employment space. No major developments have been identified which are currently underway and the Maylands Gateway scheme remains the only major proposal.

Aylesbury Vale

- 3.33 Aylesbury Vale lies further west than Central Bedfordshire district. In total it has approximately 615 ha of employment land, including 15 ha of offices in Aylesbury town centre and a wide range of large and smaller industrial areas.¹³ Aylesbury is the largest town, followed by Buckingham, Winslow and Wendover.
- 3.34 According to the Aylesbury Vale ELR (2008), the district's industrial/warehouse market is currently oversupplied, especially in smaller units, due to a surplus of older premises and outdated industrial estates, particularly in Aylesbury town. Conversely, there is a shortage of modern space throughout the district, especially outside Aylesbury town.

¹² London Arc Job Growth and Employment Land Study, RTP, March 2009

¹³ Aylesbury Vale Employment Land Study, RTP and LSH, March 2008

- 3.35 Furthermore, there is little committed land supply for new industrial/warehouse development, with the main development areas of Berryfields and Aston Clinton Road identified mainly for office development. For industry and warehousing, the immediately deliverable pipeline comprises just two sites, at Pitstone Green and Long Crendon. The LDF proposes additional large allocations of employment land at the Southern Growth Arc and College Road which, due to their strategic location near to the A41, M25 and M1, are considered likely to be attractive to the market.
- 3.36 The district suffers from a lack of good quality office supply, particularly within Aylesbury town centre. Developers are generally wary of undertaking new development in Aylesbury, due to limited demand and low rental values. An exception is the Gladman scheme at Aston Clinton Road on the eastern edge of the town, which proposes a high-quality business park in a greenfield development area in the district's most accessible location.
- 3.37 Aylesbury Vale's Annual Monitoring Report (2011) indicates that there has been limited take up of B class employment floorspace over the last five years (2006-2011). Indeed, 2010/11 saw a large loss of employment floorspace in the district, largely due to a number of demolitions including the former Kerry Foods offices and factory (Aylesbury), the TRW factory (Aylesbury) and the Spicer Hallfield offices (Haddenham).
- 3.38 The district's ELR indicates a future requirement up to 2026 of 131,000 m² for industry and warehousing and 145,000 m² for offices, equivalent to 70 ha of net additional employment land. The emerging Core Strategy is likely to focus on safeguarding existing employment land and allocating new strategic employment sites, including a new business park at Silverstone, Westcot Venture Park and a site at College Road North. Older industrial estates are likely to be regenerated rather than de-allocated; this could involve mixed use developments maintaining an element of employment use.

Stevenage

- 3.39 Stevenage, a new town built in the 1950s, serves as a sub-regional employment centre for northern Hertfordshire. The majority of employment activity is focused in the town's two employment areas, Gunnels Wood and Pin Green with a limited range of office accommodation in the town centre and Old Town. Stevenage is a mainly industrial centre, with particular strengths in the aerospace, pharmaceuticals and advanced engineering industries and is home to major international firms such as Glaxo SmithKline, MBDA and EADS Astrium.
- 3.40 Employment space is dominated by industrial uses which accounts for 80% of total stock and demand for industrial space is strong. By contrast, demand for office accommodation remains low, with significant amounts of vacant, older stock particularly within the town centre. The town's commercial market has been badly affected by the economic downturn with the pace of development slowing considerably in recent years.

- 3.41 Stevenage's administrative boundaries are tightly drawn around the town and it is surrounded by Green Belt giving little scope for expansion. Apart from the two existing sites at Gunnels Wood and Pin Green, there is very limited land available for development, with most of the sites and potential allocations identified to support further growth being partly outside of the local authority boundary. A new Local Plan to 2031 is being prepared, along with an employment land study to quantify future needs for employment space. However, lack of suitable employment land will be large constraint, particularly for the industrial sector which continues to see healthy demand. This means future plans are likely to involve better use of existing sites including higher density development/employment. There are no major developments planned or underway in the town.

Milton Keynes

- 3.42 Milton Keynes lies some 25 km up the M1 north west of Luton, has been one of the fastest growing towns in the country over the last 20 years and, with 242 ha of existing employment land, has significant influence over the M1 corridor employment premises market. The town has a large stock of B-class employment space amounting to over 3.2 million m² in 2008. This is a high level of provision compared to other towns of broadly similar scale. Over 80% of this space is industrial premises, within which distribution space dominates.
- 3.43 The current supply of employment land available for development was estimated at almost 200 ha in 2010. Some 75 ha of this was earmarked for industrial/storage (B2/B8) uses, 7.8 ha for business/office uses and 116 ha for a mix of different B class uses.
- 3.44 The city's aspiration is now to increase the share of knowledge based jobs including office and research and development activities. The draft Core Strategy sets a target of 12,000 m² of B1a office development in Central Milton Keynes p.a. up until 2026. Recent large office developments include the 19,000 m² Pinnacle scheme, Network Rail's new 35,000 m² headquarters and 5,000 m² of offices at 'the Hub'. Although there has been very little development there so far, outline planning permission exists for up to 125,000 m² of commercial office space at Campbell Park on the edge of the town centre.
- 3.45 The city has several large existing employment sites. The eastern expansion area, adjacent to the M1, includes the 80 ha Magna Park site which is intended for large footprint employment uses (B2/B8 uses over 9,000 m² in size). This site has permission for 315,000 m² of distribution uses with several very large units built and some 54 ha of developable land remaining for distribution uses. The smaller western expansion area has two remaining employment areas, totalling around 17 ha and intended for a range of medium-size B1 and B2 uses. The northern expansion area includes 3 ha of employment land adjacent to the M1 where a mixture of different B-class uses is proposed. Shenley Wood is identified as a major business park site, with remaining plots amounting to 17.8 ha.

- 3.46 The draft Core Strategy indicates that Milton Keynes currently has a surplus of land allocated for manufacturing and distribution and therefore no major new industrial development sites are identified. It also promotes knowledge related businesses within the city including the establishment of a science park, although this has made no progress. Proposals have recently been made by a developer for a very large new employment site (320 ha) at Junction 14 of the M1, to include a mix of B1-B8 uses, land for large inward investors and a technology park.

Northampton

- 3.47 Although Northampton is almost 60 km from Luton, forms part of a different property market and is separated from Luton by the major employment centre of Milton Keynes, a brief mention of it is made here as it lies along with Luton within the South East Midlands Local Enterprise Partnership (SEMLEP) area. Northampton contains a very large amount of employment space – some 2.5 million m² of industrial space and 360,000 m² of office space – much greater than Luton although less than Milton Keynes. It is also the location of the 120 ha Northampton Waterside Enterprise Zone, close to the M1 and targeted at being a centre for excellence for advanced technologies, precision engineering, low carbon technology, sustainable construction and high performance engineering, as well as some financial and business uses. This could accommodate a substantial amount of new employment space although its distance from Luton appears to make it less of a threat than other closer developments.

Conclusions

- 3.48 Luton's employment space is predominantly (78%) industrial, with a more modest level of office provision. The Borough has a larger supply of employment space overall than many neighbouring boroughs, although much less than Central Beds and Milton Keynes, and a sizeable proportion of commercial office space compared with many nearby districts.
- 3.49 The Borough has been losing B class space over the past decade, even while the region has seen an increase in employment space generally. This loss was predominantly of manufacturing space, and Luton lost proportionately more than nearby districts. However, this loss of manufacturing space was offset to some extent by sizeable gains in office space and modest increases in warehousing space. The level of new development has been reasonably good and most of this has been industrial space, with 40% of it offices.
- 3.50 Despite a large amount of new development in its business parks, Luton also has a fairly ageing stock of town centre office space relative to other parts of the region. The age of industrial space is about average relative to the region. Vacancy of office space is at normal levels but industrial vacancy is low.
- 3.51 There are proposals for large scale developments in some adjoining districts, particularly Central Bedfordshire where over 100 ha of employment land is

proposed on four sites adjoining Luton and beside the M1 motorway. This ambitious scale of employment land exceeds the district's forecast needs¹⁴ and is aimed at attracting growth in the distribution sector, which differs from Luton's strengths which are more in engineering, office and higher technology based activities and airport-related uses.

3.52 Sizeable allocations for mainly office development are proposed in Bedford, Hemel Hempstead and Aylesbury although the last is some distance from Luton and serving a different market. Milton Keynes also has some very large industrial sites available and aspirations for growth in office based sectors, but again is part of a different market.

3.53 In comparison with these nearby districts, Luton has two very high quality office parks that serve a sub-regional role. While the large scale, mainly industrial and distribution related, proposals nearest to Luton could compete for some investment, the closest ones are aimed at sectors in which Luton is less well placed to accommodate. Some of these nearby developments may also be able to accommodate some of Luton's growth needs.

¹⁴ Central Bedfordshire Development Strategy, Employment Technical Paper, January 2013

4.0 Commercial Property Market

4.1 This section describes current property market conditions in Luton and the general area around it, including recent trends in the demand for and supply of office and industrial premises. These findings are based on discussions with a number of commercial property agents active in the area as well as published commercial market reports.

Overview

4.2 In late 2012, the UK commercial property market was still recovering from the financial crisis of 2007/8 and the ensuing recession and property slump. Falls in the capital value and rental levels of office and industrial premises of up to 40% combined with stricter lending criteria from banks and the abolition of tax relief on empty property mean that property development is less profitable, finance is hard to obtain and the risks of developing space without an identified end-user are high. As a result, speculative development has become very rare in virtually all of the UK outside London. This is particularly the case in more economically marginal locations, and those without a significant existing commercial property market, where lenders and developers are likely to be especially cautious.

4.3 However, there are differing views on how the market will evolve in the coming years. For example, competing forces such as a scaling back of public sector space requirements but a fall in employment land prices may play out in different ways in different locations. In any case, this study looks over the long-term of the plan period up to 2031 and the inherent qualities of the Borough as a commercial location must therefore be considered.

Office Market

4.4 The majority of the Luton area's office stock lies within or on the edge of Luton itself, with quite limited stock in locations such as Leighton Buzzard, Houghton Regis or Dunstable. However, Luton has never been perceived by the market as a major office location, more of an industrial town, and has relatively few major office occupiers in the town centre in particular.

4.5 Within Luton there are two largely separate office markets; firstly town centre office stock which generally tends to be older, poorer quality and accommodating smaller, lower value businesses; and secondly out-of-centre provision, which tends to be modern high-quality space. The out-of-centre Butterfield and Capability Green office parks are very high quality, largely successful developments serving a sub-regional role.

4.6 The town centre office market primarily provides accommodation mainly for indigenous local firms such as small-scale professional services (e.g. solicitors, accountants etc), charities and various public sector organisations. In contrast,

the out-of-centre market serves a wider variety of sub-regional and regional businesses and also provides the focus for inward investment in the area. A large proportion of demand for this type of space comes from businesses looking to relocate from higher cost locations to the south of Luton such as St. Albans and London. As a result, most of the future demand for high-quality office accommodation appears more likely to be focused closer to sites with good access to the M1. The town centre is reasonably competitive on office rents compared with many other locations on or near the M1 corridor while Luton's office park rents are comparable to St Albans and Milton Keynes (Table 4.1).

Table 4.1 Office rents in Luton and Nearby Centres

Location	Office Rents (£/sq. ft)
Luton (office park)	£18 – 20
Luton (town centre)	£8.5 – 10
Milton Keynes	£12 - 21.5
Hemel Hempstead	£10 – 16
St. Albans	£16 - 22.5
Stevenage	£10 – 14
Bedford	£6 – 10
Aylesbury	£8 – 13

Source: Survey of Agents/EGPropertylink

- 4.7 The majority of office space built prior to 2007/08 was speculative and mostly located out of town in the purpose built office parks at Capability Green and Butterfield Park. A significant amount of office space (around 45,000 m²) is also expected to be delivered at Napier Park on the former Vauxhall IBC van manufacturing site east of the town centre and near the airport. This scheme has outline planning consent and would add around 15% to Luton's stock of office space if fully built out. Market views were that this site was well placed to meet much of Luton's future needs, particularly once Junction 10a and new road links to the M1 were in place.
- 4.8 Current levels of demand for office space in Luton are quite low. Luton has been harder hit by subdued market conditions than other office locations in the sub-region. Much of this demand is currently for smaller premises within the town centre. There has reportedly been very limited interest in new development at Butterfield Park for some years, partly reflecting its relative remoteness and poorer road links, while Capability Green is attractive but consequently largely full. These locations have tended to attract larger, good quality businesses from outside of Luton.
- 4.9 Agents report a current oversupply of office space and vacancy is estimated at just above normal levels. However, much of the stock in and around the town centre is in 1960-80s office blocks which are now very dated and account for much of this vacancy. Rent levels appear unlikely to make speculative

redevelopment of such sites for purely office use viable for some time. There were some views that this overhang of older town centre space needs to be taken out of the market before any new provision is made. Refurbishment of older town centre offices was seen as unlikely as a result of low rents achievable.

- 4.10 Some scope was seen for replacement of these older offices with residential, hotel or other town centre uses. However, there are also some more modern offices in the centre and these attract reasonable demand. Good quality modern office space is needed but there were doubts that this would be viable as stand-alone schemes in the town centre, where lack of parking is also an issue. This suggested that any new, town centre office space might better be provided within mixed use schemes. An example cited was some new office space provided above the Hilton hotel on Kingston Road.
- 4.11 Market views were also not positive on the scope for building mixed use or new office development on older industrial areas on the edge of Luton town centre. This reflected occupiers perceived difficulties in driving/parking in the town centre compared with out-of-centre office parks. Some past schemes involving offices and flats in such locations have been very hard to let. However, there may be some potential for a modest amount of new offices in mixed use schemes beside the railway station, for example Power Court.
- 4.12 In terms of locations to meet Luton's future office needs, Napier Park is seen as having good potential for new offices within a mixed use development. Butterfield Park also has good potential for office development and would do well in better market conditions when a new development partner is in place. However, a need for greater flexibility was seen in what are acceptable types of employment development there. Land north of Junction 10a of the M1, much of which is currently earmarked for relocation of Luton Football Club, was also seen as a good location once junction improvements are complete.
- 4.13 In the longer term, the market view was that Luton as a whole appears unlikely to become a major office location in competition with other centres although its better quality sites such as Capability Green, Butterfield Park and Napier Park could become attractive office destinations in the M1 corridor. In this regard, the market view expresses itself in a way that appears to regard the out of centre business parks as a distinct product, not directly associated with Luton itself.

Industrial Market

- 4.14 The majority of current demand for employment space in the Luton area is for industrial uses and this is generally stronger than the office market. The main drivers of industrial demand in Luton include:
- the historical manufacturing role of Luton in the automotive sector;

- the distribution activities attracted to sites near Luton and Dunstable because of the good strategic accessibility provided by the M1 motorway and reasonable proximity to the M25;
- expansion of Luton Airport and its aviation-related activities;
- lower costs relative to areas closer to London.

4.15 Luton's main competing locations are on the M1 corridor, such as Hemel Hempstead and to some extent Milton Keynes, although it is much closer to London than the latter, and lower cost than St Albans and Hemel Hempstead, which are closer to London and the M25. Luton is reasonably competitive on costs compared with most locations on or near the M1 corridor although similar to Bedford (Table 4.2). The provision of a range of current and planned major infrastructure improvements in and around Luton was seen as giving the borough some relative advantages as an industrial location relative to its competitors.

Table 4.2: Industrial Rents in and around Luton

Town	Rent/sq. ft
Luton	£4 – 7
St Albans	£5 – 9
Milton Keynes	£6 – 9
Bedford	£2 – 7
Hemel Hempstead	£8 – 9
Aylesbury	£6 – 8
Stevenage	£5 – 7

Source: Survey of Agents/EGPropertylink

- 4.16 While demand for industrial space in Luton is normally quite good, in 2012 it was subdued and well below previous years due to national economic conditions, low enquiries and limited supply. Demand is mainly for small/medium sized units and is currently coming largely from locally based firms and from trade counter uses (e.g. Euro Car Parts).
- 4.17 Much of Luton's industrial stock is contained in small/medium sized industrial estates in suburban and edge-of-centre locations. In the past, the town has suffered from a lack of sizeable industrial development sites and, unlike nearby Dunstable, it has no large distribution sites. As noted earlier, availability of industrial space in Luton is a fairly low 6% of the total stock at present and at a 10 year low. In this situation some enquiries for industrial units cannot be met. Agents identified particular shortages of units above 9,300 m² (100,000 sq ft) and for small, modern units. This has been exacerbated by very little new space being built in the last five years, although there has been some refurbishment of older units.
- 4.18 Much of the industrial space, perhaps up to one third, within Luton is considered by agents as quite dated and some has associated amenity issues. However, there is a good level of demand for small, lower cost space often by

start-up firms and, as a result, vacancies tend to be very low despite the often low quality of units. Some larger units are provided at the Sundon Industrial Estate to the north of the town, although demand here can be hampered by relatively poor access to the M1 via rural roads. This is likely to be improved by the planned new Junction 11a on the M1, which agents see as potentially shifting industrial demand towards the north of the town.

- 4.19 Some of Luton's larger industrial estates include Osborne Way and Cosgrove Road. The distribution market has been under pressure in the recent downturn although demand has held up better in the London and South East market compared to the rest of the UK. Larger industrial sites suitable for larger scale distribution uses are located just outside of Luton, including Woodside and Prologis Park in Dunstable and Grovebury Road in Leighton Buzzard. Subdued demand, along with road access constraints, has held up progress on Century Park, a very large allocated site near the airport owned by industrial developer Prologis, which specialises in large scale distribution units.
- 4.20 There were a number of views that Luton badly needs modern, good quality industrial space, whether on new sites or on recycled older sites. Particular shortages were seen for small industrial units up to 7,500 sq ft and for larger units of 100,000 sq ft plus, for which firms would currently tend to go to Dunstable or Milton Keynes. If no new industrial provision could be made in Luton, the view was that firms would probably move out to surrounding centres with space, such as Dunstable, Leighton Buzzard, and any major new employment sites provided near M1 junctions.
- 4.21 While national economic recovery and improving developer appetite for risk may help bring forward new space in future, there were some views that it was essential to remove some of the stock of older, poor quality space before modern units would be constructed. Doing this would change the market. A recent scheme of five small industrial units (2,000 sq ft each) at Chalkands Place in Dunstable has attracted very good demand and suggests that modern industrial development is still viable in this area.
- 4.22 It was not clear where in Luton new development could be provided to meet these shortages. Century Park was considered to have good potential if new road access can be delivered and airport expansion needs may help with this but the site may be up to 10 years from delivering new units. There were some views that it may be more likely to provide larger scale units aimed at the distribution sector rather than a range of unit sizes suited to expansion needs of local firms and at reasonable rent levels. The availability of large sites suitable for distribution uses in Dunstable may also delay development at Century Park. Butterfield Park was also seen as having potential to meet some industrial needs although there was a view that it had been held back in this regard by overly strict criteria for high job creation from development there.
- 4.23 Looking to the future, Luton is seen as likely to continue to be perceived as a mainly industrial location. Its potential to grow in this role will depend on the

quality and quantity of industrial stock it will have. The key factor was seen as having good quality industrial units across a range of sizes and able to attract footloose firms looking at any sites in the M1 corridor as well as to retain relocations from within the wider Luton area. Distribution was a particular area of potential strength while competing locations such as Milton Keynes may make it harder to develop as a focus of say engineering activities.

Airport Related Activity

- 4.24 There is a sizeable cluster of airport related activity, both office and industrial, within Luton Airport and on adjoining employment areas such as Airport Executive Park, Percival Way and Prospect Way. This area has attracted some prestigious firms in higher value manufacturing such as GKN. However, these sites are all largely built out. There are a few vacant units of around 6,000 sq ft each but demand is strong, and rents are at a premium in this location. The needs arising from future airport expansion are considered likely to be met partly within the airport site but also at Century Park and Napier Park, assuming these are developed.

Higher Technology Firms

- 4.25 Luton has some advantages for developing a role in the higher technology/advanced manufacturing sectors. These include its location within the Oxford to Cambridge Arc, the presence of the University of Bedfordshire within the town, the growth of the airport and the availability of high quality sites/premises at Butterfield Green Technology Park, where an Innovation Centre and Enterprise Hub exist. The presence of Vauxhall provides strengths in the automotive sector although this has downsized in recent years.
- 4.26 However, apart from some higher value manufacturing firms such as GKN, the town appears to have attracted a fairly limited number of such businesses so far and faces competition from well established locations such as Cranfield Technology Park, which has recently attracted a significant automotive engineering facility, while Bedford's Innovation Centre has helped attract a number of knowledge based firms to the town and has the large Colworth Science Park nearby. This suggests Luton's future role in this sector may be limited and Butterfield Park should have capacity to accommodate the level of demand.

Provision for Small Firms/Start-ups

- 4.27 There appears to be a reasonable level of provision of small, start-up premises for industrial, office or higher technology firms. Butterfield Park contains 100 affordable small, medium and large business units for office or studio/workshop use in its Innovation Centre and Basepoint Business Base, and has the Enterprise Hub also based there.
- 4.28 There are also a number of other facilities aimed at starter firms including the Business Competitiveness Centre operated by the Chamber of Commerce, the

Hat Factory Business Centre, the CERC Enterprise Centre at Marsh Farm, the Council's Portland Court managed workspaces, and low cost office units in Grosvenor House in Alma Street, near the town centre while the Britannia Business Centre also provides small flexible premises at lower cost. Commercial agents did not identify any particular shortages of such space.

Views of Local Businesses

- 4.29 A survey of businesses in Luton and Bedfordshire carried out most recently in 2011 on behalf of Luton and other Councils provides some pointers to issues of firms in Luton:
- a 54% of businesses based in Luton rated the area as a good place to do business, significantly less than the 62% average across Bedfordshire;
 - b 18% of businesses in Luton envisaged their business outgrowing or relocating their current premises over the next two or three years;
 - c 39% of firms were looking for larger premises;
 - d 22% of firms reported constraints on growth from their premises or location; this rose to 30% for the manufacturing and distribution sectors;
 - e manufacturing firms gave the highest response in terms of poor availability of suitable premises.
- 4.30 Firms were also asked to rate various factors as advantages or drawbacks of Luton as a business location. The top three factors with the highest proportions of firms rating them as good/very good were: airport access (76%), proximity to London (72%), and access to the strategic road network (68%). Sixth bottom out of 19 factors was availability of suitable premises, with only 38% of respondents ranking Luton as good/very good on this factor. Good transport links was seen by a considerable margin as the key advantage of firms' location and this applied across all sectors.
- 4.31 In addition, a stakeholder workshop was held by the Council in February 2013 to obtain views on employment land issues and future requirements of businesses in the Borough. This included representatives from property developers, commercial property agents, local business organisations and firms based in Luton. A summary of points raised at this event is provided in Appendix 2.
- 4.32 The business survey results in particular suggest some deficiencies in Luton's offer as a business location, some potential for growth but also significant constraints perceived to achieving that growth. They also point to shortages of supply of suitable premises, particularly in the industrial sector, and for slightly larger units to enable firms to expand.

Conclusions

- 4.33 There is reasonably good demand for industrial space in Luton generally, but little available supply and no new space being built. Very few obvious sites were

identified where such shortages could be met by providing new premises across a range of unit sizes. The main shortages identified in terms of premises are for smaller industrial units and some larger industrial units, as well as more modern industrial units generally.

4.34

Current demand for office space is low to moderate, and predominantly for smaller units by local firms. Supply is split between good quality, out-of-centre office parks, one of which is full and one relatively remote from services and attracting limited interest at present, and Luton town centre. Much of the town centre office space is obsolete but there is reasonable demand for the more modern units there. Limited scope was seen to develop modern office space in the centre in the short-medium term but Napier Park was seen as a good location for more provision.

5.0 Qualitative Review of Existing Employment Sites

5.1 This section assesses the characteristics and quality of a sample of existing and allocated employment sites in Luton and their suitability to meet future employment development needs. Consideration is also given to the viability of achieving modern employment space, as well as residential units, through mixed use or other types of redevelopment of some existing employment sites.

5.2 The 2008 Joint Luton and South Bedfordshire employment Land Review assessed some 68 employment sites in Luton. It categorised these sites as:

- **Green** – fit for purpose
- **Amber** – viable but requiring intervention to improve viability
- **Red** – not of sufficient quality to meet future demand.

5.3 The current study reviewed a sample of 20 of the 42 Green sites to assess whether conditions had changed or whether they remained suitable to meet future needs. The locations of the assessed sites are shown in Plan 5.1 in Appendix 6. These sites comprise many of the Borough's main employment areas and allocations but do not include every employment site in the Borough.

5.4 Each site was inspected and its suitability for employment use assessed against the criteria listed below, which reflect those in the ODPM and more recent East of England Guidance on Employment Land Reviews:

- a strategic road access and local road access;
- b accessibility to public transport and services;
- c adjoining uses that might constrain employment uses;
- d site size, characteristics and potential development constraints; and
- e attractiveness to the market, including vacancy and market activity.

5.5 Other factors were also noted including the site's suitability for specific uses, any barriers to the delivery of undeveloped sites for employment uses, as well as sustainability and sequential preference factors where relevant. Detailed assessment criteria are listed in Appendix 5. The assessment also draws on site information available from the Borough Council and the 2008 ELR study.

5.6 This assessment process in itself does not necessarily provide a complete picture of a site's role within the local economy. Not all businesses require a site which performs well on all these criteria. A broader commentary is therefore provided on each site to supplement the formal scoring exercise.

Assessment of Green Estates

5.7 Table 5.1 provides an overview of the assessment of the sample of 20 Green estates. The sites are ranked according to the overall score of each against

the different assessment criteria. They include one allocated but undeveloped site, a range of large and small industrial estates, employment areas beside Luton Airport and the town's main office park with remaining space.

- 5.8 Most of these sites are medium/large in size while the two smaller sites (Greenwood Court and Premier Business Park) both operate well within their constraints, the former providing small units.
- 5.9 Most are within established employment areas or locations beside Luton Airport, rather than embedded within residential areas or the edge of the town centre.
- 5.10 The majority have reasonably modern units in good condition, or at least a good proportion of modern units among a more mixed stock.
- 5.11 Road access to the majority of the sites was reasonable in most cases, with good links to the A505 and M1 junctions. The exceptions included the Dencora Way, Sundon, Willowgate and Sedgewick Road industrial estates and the Sundon and Premier Business Parks. These are located in North Luton with access to the M1 via rural roads or through busy residential areas. However, these areas form part of a well established and functional employment area that appears attractive to the market with few vacancies. These sites should also benefit from the planned new junction 11a on the M1.
- 5.12 Vacancy levels on all these estates were low, indicating they remain reasonably attractive to the market and broadly fit for purpose.
- 5.13 Butterfield Park, a site partly owned by Luton Council, has a significant amount of undeveloped land and is more remote than the other sites in terms of the M1 junctions or local centres, although it does have a hotel and some services within the site. It is understood that the Council's development partner has gone into administration and there has been limited development interest in recent years. Market views on this site, however, remain positive, it has a good quality environment and renewed interest is considered likely when the office market recovers.
- 5.14 The lowest ranking site was also the largest – Century Park. Its ranking suffered particularly from its lack of existing road access and the uncertainty how this could be provided in an area of greater funding constraints. Although beside the airport, it is not within a proven industrial location, which increases developer risk. It also currently suffers from lack of public transport access and remoteness from any services. Despite this, market views of the site were positive and it was considered a good potential industrial location if road access can be delivered. This, however, appeared a site where some intervention may be needed to bring forward modern employment space.

Table 5.1 Qualitative Assessment of Green Employment Sites in Luton

Site Name	Size (ha)	Comment	Potential Uses	Score (out of 30)
Cosgrove Way	10.1	Large site with high profile beside the M1 near Junction 11 but limited access via rural roads; large, reasonably modern units and low vacancy.	B1(a), B1(c), B2, B8	23
Premier Business Park	1.6	Very modern units in well landscaped site with ample parking provision, in prominent industrial location.	B1(a), B1(c), B8	22
Prospect Way Employment Area	6.2	High profile location beside Luton airport and on A505 with relatively modern office units and no obvious vacancy.	B1(a), B1(c),	22
Sundon Business Park	2.6	Limited access to M1 J11 via rural roads but well maintained, managed site in established industrial location with modern units and no vacancy.	B1(a), B1(c), B8	22
Willowgate Trading Estate	2.3	Medium sized site with M1 access via rural roads and mix of modern and older units in established industrial location and with no vacancy.	B1(c), B2, B8	22
Percival Way Industrial Area	6.3	High profile location on A505 beside Luton airport with good public transport, moderate units and environment but low vacancy.	B1(a), B1(c), B2, B8	21
Airport Executive Park	3.7	Medium sized site with high profile location next to Luton Airport; access off A505 with units in good condition, good environment and low vacancy.	B1(a), B1(c), B2, B8	21
Sedgwick Road/Progress Way	13.6	Very large site with mix of modern/refurbished units in prominent industrial location. Limited access to M1 via rural roads but low vacancy.	B1(a), B1(b), B1(c), B2, B8	21
Sundon Industrial Estate	2.5	Limited access to M1 J11 via rural roads and with older industrial units in good condition but in established industrial location with low vacancy	B1(a), B1(c), B2, B8	21
Barratt Industrial Park	3.5	Well connected site near airport and on A505 with fairly modern units, and no obvious vacancy.	B1(a), B1(c), B2, B8	20
Butterfield Green Technology Park	37.3	Very large site with prominent frontage onto the A505, good quality environment and very modern, good quality buildings with low vacancy but relatively remote location and much land available.	B1(a), B1(b), B1(c)	20
Commerce Park	3.6	Relatively close to the M1 Junction 11 with increasing profile and accessibility due to its location beside guided bus route; fairly modern units with low vacancy	B1(a), B1(c), B2, B8	20
Dencora Way Employment Area	1.8	Poorer road links to M1 but in well established employment area with well maintained if older units in good environment and low vacancy.	B1(a), B1(c), B2, B8	20
Osbourne Road Employment Area	7.0	Large site on A505 with modern buildings and good environment occupied by single company with ample parking provision and adequate public	B1(a)	20
Craddock Road	5.0	High profile site near A505 and close to M1 Junction 11 with larger modern units and low vacancy.	B1(a), B1(c), B2, B8	19
Dalroad Employment Area	5.7	Near M1 J11 via A505 with some large, modern units on a spacious site with low vacancy	B1(a), B1(c), B2, B8	19
Finway Industrial Estate	6.8	Large site near M1 J11 via A505 with reasonably modern units in good condition in well-established industrial location and low vacancy.	B1(a), B1(c), B2, B8	19
Greenwood Court Industrial Area	0.42	Small site in low profile residential area but reasonably modern small units with no vacancy and good public transport access.	B1(a), B1(c), B8	16
Selbourne Road Industrial Area	4.17	Near M1 J11 but via busy residential roads; limited public transport and mixed stock of units and lower quality environment but low vacancy.	B1(a), B1(c), B8	16
Wigmore Employment Area/Centurv Park	42.6	Very large undeveloped site, near airport but with no good road access and remote from services and labour.	B1(a), B1(b), B1(c), B2, B8	13

- 5.15 Overall, this analysis indicates that the great majority of the Green estates remain good quality employment locations and fit for purpose. No reason was found to change their status as sites which are fit for purpose to meet future needs.

Amber Sites

- 5.16 A similar assessment was undertaken for 30 other sites identified by the Council, most of which were categorised as Amber or Amber/Red sites. Table 5.2 summarises the key features of these sites which will assist in determining their suitability for continuing use for B Class employment purposes. The findings of this qualitative assessment are contained within a separate report but are summarised below.
- 5.17 The majority of these sites are existing industrial areas although Napier Park is a large cleared, former industrial site and Power Court is a largely vacant, former industrial estate which has permission for mixed use redevelopment.
- 5.18 In considering the Amber sites, some need to be looked at separately because they are not typical employment sites. Napier Park is a very large cleared site and major mixed use development opportunity with planning permission for this, good road access and near Luton Airport. It is clearly a good quality location for employment development.
- 5.19 The Power Court site is a large (7.2 ha) former industrial estate but now largely vacant awaiting redevelopment. Lying beside Luton railway station, it suffers from less good road accessibility than might be expected for an industrial estate of this size. The units were also relatively dated. Otherwise, the estate may have been capable of functioning as an employment location at some level, but in this edge of town centre location, better economic use could be made of this edge of centre site.
- 5.20 Other than the above two, most of the sites are small to medium in size, the larger ones being the Britannia and Leagrave Estates at around 4 ha. The overall picture from this assessment is that the majority of the other Amber sites are functioning adequately. Although many contain older premises and some are in mainly residential areas and road access is not always good, vacancy levels on most sites appear low and the units meet local needs for lower cost premises. Most would benefit from upgrading or new investment to help them function better as employment areas and this may happen when their condition deteriorates to a level where they no longer function adequately. These sites are considered generally fit for purpose to meet future employment needs in Luton at some level.
- 5.21 Despite this, many of these sites, particularly those near the town centre, occupy sites which could accommodate higher value uses. While they have value as employment sites at the current time, some will have potential for other uses should they fall vacant or should relocation opportunities emerge for their current occupiers within Luton.

5.22

A few of these sites are very small, vacant and located on the edge of Luton town centre albeit sometimes within established employment areas. A number of these sites appear unlikely to attract modern employment development and are likely to have scope to be considered for alternative uses, among which residential will be the most likely.

Table 5.2 Qualitative Assessment of Amber Employment Sites in Luton

Site Name	Size (ha)	Comment
Napier Park	26.2 ha	Very large site near airport with good access to M1 and A505 and close to large employment area. Distant from the town centre, but near Luton Parkway Station. Steeply sloping site but with high profile and beside established employment uses
Plaza 668	0.35 ha	1970s refurbished office block beside A505 and Stopsley district centre. Good road access and adequate parking. No sensitive adjoining uses and building in good condition with low vacancy
Midland Road	1.2 ha	Medium sized industrial site on edge of town centre near railway station and with good local road access although not to strategic routes. Borders High Town Conservation Area but with no sensitive uses nearby. Good quality 1980s buildings and fully occupied.
Caleb Close	1.5 ha	Self-storage unit and cleared site reasonably close to M1, good local road access and public transport nearby along with local services. Residential uses adjoining on several sides but storage unit reasonably modern and occupied.
Burr Street	0.8 ha	Medium sized industrial site in an established industrial location near Luton rail station and town centre transport and services. Good local road access to site with adequate on-site parking and service yard areas. Good quality units on site and all occupied
Eaton Green Road	2.3 ha	Undeveloped car park site in high profile location beside Luton Airport with good access to A505/M1, with good public transport and close to local services. Separated from residential areas but close to airport noise.
Power Court	7.2 ha	Large industrial estate with good access to A505 and very good public transport access but served by busy town centre roads and with some adjoining residential. Contains older industrial units all vacant and awaiting redevelopment for mixed use, which could include some offices.
Beechwood Road	1.5 ha	Warehouse site reasonably close to M1, good local road access and public transport nearby along with local services. Residential uses adjoining on two sides. Contains vacant warehouse unit in good condition that is being marketed and could meet future needs.
Taylor Street (1)	0.1 ha	Small mixed employment area with reasonable local road access, adequate parking areas and near public transport and services. In small cluster of employment uses with no sensitive adjoining uses and units in reasonable condition and fully occupied.
York Street (1)	0.2 ha	Small vehicle repair site in cluster of employment uses on edge of town centre. Adequate local road access and proximity to public transport. 1970s premises in good condition and fully occupied. Adequate to meet local needs.
York Street (2)	0.1 ha	Plant hire site on edge of town centre with limited local road access as access to Hitchin Road is restricted resulting in circuitous route via Taylor Street and Brunswick Street. Contains 1970s buildings in reasonable condition and open storage within employment cluster and largely occupied.
Collingdon & Liverpool Road	0.09 & 0.1	The two sites are located in mixed area within town centre. Reasonable local road access with town centre public transport nearby but only the Liverpool Road site has adequate onsite parking, 1980s office premises in good condition and occupied.

Site Name	Size (ha)	Comment
Brunswick Street	0.32 ha	Medium sized site occupied by 1890s office building and attached warehouse/storage shed, all in good condition and occupied. Good local road access although distant from strategic routes and access to town centre public transport and services. Within established industrial area and appears to function adequately.
Albion Road	0.2 ha	Small edge of centre site with good local road access and public transport and town centre services. Adjoined by commercial uses with residential estate across road. Contains older units in reasonable condition and fully occupied.
Hitchin Road	0.04 ha	A small site in industrial area used for vehicle repair. Reasonable local road access but no off street parking. Near new three storey block of flats but separated by road. Older building in poor condition but occupied and meets local needs.
Midland Road (2) Small Site	0.04 ha	Very small car park site on edge of town centre near railway station and with good local road access although not to strategic routes. Adjoins residential use and new development. Potential for increased profile if regeneration around the station occurred.
Britannia Estate	4.5 ha	Large managed estate with a good profile with 1940s refurbished buildings in reasonable condition. Reasonable road access and some on-site parking. No sensitive immediately adjoining uses. Appears largely occupied and meets needs for small units.
Concorde Street	0.1 ha	Edge of centre small office site with good local road access, limited parking on site but good access to public transport. Close to local services and within employment cluster with small amount of residential development adjoining. Low profile office location but reasonable quality building and no vacancy.
Taylor Street (2)	0.1 ha	Small vehicle repair site in employment area near town centre. Reasonable road access but no on-site parking, but near NCP car park. No sensitive uses adjoining but buildings in poor condition and one out of two vacant.
Taylor Street (2)	0.1 ha	Small vehicle repair site in employment area near town centre. Reasonable road access but no on-site parking, but near NCP car park. No sensitive uses adjoining but buildings in poor condition and one out of two vacant.
Chaul End Lane	0.6 ha	Large warehouse unit near M1 and adjoining A5065 junction. Limited local road access and distant from services but adjoins guided busway and retail park opposite. Potential constraints from some adjoining residential uses but unit occupied and in good condition.
Dalroad Industrial Estate	0.8 ha	Estate with mix of older units, modern units and cleared plot. Reasonable road access and adequate loading and parking area. Within mainly residential area, close to the railway line and some residential uses but few local services.
Leagrave	3.7 ha	Older industrial area on A5228, 3 km from M1, with limited parking on-site and fair public transport. Adjoins railway line in residential area near some local services. Mainly older units containing vehicle repair uses, some in poor condition but appears fully occupied and functioning well.
Abbeygate Business Centre	0.2 ha	Small industrial site on edge of Luton town centre with good local road access but distant from strategic routes. Borders an employment cluster with some residential uses nearby. Small older units in reasonable condition with some vacancy but appears to function reasonably.
Guardian Estate	1.5 ha	Low profile industrial area with older units, some vacant and some in poor condition. Within 3 km of M1, J11 with reasonable local road access. Some local services nearby but in mainly residential area and residential uses adjoin site.
High Town Road	0.5 ha	Small office site on edge of town centre with good local road access, public transport accessibility and ample parking onsite. Adjoining uses not incompatible with offices. Offices reasonably modern, in good condition and fully occupied and suitable to meet future needs.
Oxen Road	0.3 ha	Small industrial area in mainly residential area and adjoined by such uses. Good local road and public transport access. Contains small units in reasonable condition but quite high vacancy.

Site Name	Size (ha)	Comment
Sunrise Estate	0.3 ha	Small site with older buildings and limited local road access. Adequate parking to rear but with difficult access. Adjoining residential uses but separated by car park. Most units are occupied and site meets local needs but some units in poor condition
Sarum and Empress Road	0.4 ha	Small site in residential area, distant from main routes and with access via residential roads but good public transport access. Residential uses on several sides and contains some older buildings and cleared land. Adequate for current uses but low profile location for office uses.
Gillam Street	0.1 ha	Small cleared site in existing employment area near town centre and railway station. Reasonable local road access and services/public transport nearby but less likely to attract new employment development in this location.
Telmere Estate	0.43 ha	Small industrial site within 1 km of town centre; close to the A505 but accessed via constrained roads; adjoined by housing on 3 sides; contains small modern units in fairly good condition but with quite high vacancy.
Moreton Park	0.9 ha	Medium sized employment area with low profile in mainly residential area with residential uses on all sides. Good links to M1 but site access is off constrained residential road with parking on both sides. Site slopes steeply and contains small 1970s units in reasonable condition with quite high vacancy.
North Street	0.2 ha	Small vacant site on edge of town centre with adequate local access and near public transport. Adjoins residential uses and removed from other High Town employment uses. Appears less likely to attract new B Class development.
Dudley Street	0.3 ha	Small edge of centre site with older buildings and car park. Poor road access but close to public transport. Adjoins some residential uses in mixed use area. Low quality buildings only partly occupied.

Release of Employment Land

- 5.23 In the light of the NPPF, which aims to avoid long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose, it is important to consider whether Luton contains any such sites that should be released for alternative uses. It notes that *“where there is no reasonable prospect of a site being used for the allocated economic use, applications for alternative usesshould be treated on their merits having regard to market signals and the relative need for different land uses...”* The main sites with significant undeveloped land are Century Park, Napier Park, Butterfield Park and potentially land at Junction 10a.
- 5.24 As noted above, **Butterfield Technology Park** is considered a good quality employment site. It contains high value, knowledge based businesses such as Hitech Instruments, as well as a University of Bedfordshire Campus, an Enterprise Hub, the Basepoint Innovation Centre and a hotel. Although only 40% of the overall site has been developed to date and there has been little development in the last five years, this reflects factors such as the 2007 financial crisis and ensuing very subdued property market as well as the Park’s developer going into administration. This site has very high quality offices/R&D premises and environment, and combined with the university campus and innovation centre, provides the only credible location with available land within Luton to attract knowledge based activities, including advanced manufacturing, and help diversify the town’s economy. Commercial market views were that this site would attract development when the property market recovers and there

have been recent enquiries by large employment uses. The analysis in Section 6 indicates Luton will have a shortage of land for B1 office premises, which often also accommodates R&D activities. On this basis, there is no case for releasing parts of this important employment site to other uses.

- 5.25 **Century Park** is a large site and has been allocated for mainly employment uses for some time with outline permission for almost 115,000 m² of B1-B8 uses as well as a hotel, and some retail and leisure space. Its development has been delayed by difficulty in providing, and funding in the current economic climate, adequate road access with options including a tunnel below Luton Airport and an alternative surface road. This is the only large development site in Luton suitable for industrial uses, and particularly for larger units, which Luton is short of, and it is critical to meeting a large part of forecast future industrial demand in the Borough. The site's delivery is likely to be aided by expansion at Luton Airport, which immediately adjoins it, and for which a planning application for expansion has recently been submitted. This site also needs to be retained for Luton's future employment needs and there now appears a reasonable prospect of it being delivered within the plan period.
- 5.26 **Napier Park** is one of very few development sites in Luton suited to accommodating office and industrial uses. It has a 2005 planning permission for a mix of office, industrial, residential and ancillary retail development including 77,000 m² of B Class employment space, and a revised application is expected shortly which is likely to include in excess of 40,000 m² of employment space. Given its location near an expanding airport and proximity to the M1, this is a good quality site that appears very likely to attract development in the near term.
- 5.27 **Land north of Junction 10a** offers a potential 5-6 ha for employment uses as well as a location for a relocated football stadium. This is an attractive employment site adjoining an M1 junction where infrastructure improvements are underway and close to the airport, and it has attracted a previous proposal for a business park. Its lack of development reflects it not being allocated for employment use at this stage but there appears no reason why this site should not come forward in the plan period if part of it is formally allocated for employment use.
- 5.28 This indicates that none of Luton's key employment sites are likely to remain undeveloped during the plan period and they should be retained for employment use as all are required to meet Luton's forecast needs.
- 5.29 In addition, very little undeveloped employment land was identified during the assessed of other existing employment sites and all of this was on established employment areas where there is reasonable prospect of take-up.
- 5.30 In terms of other sites assessed by this study, the sample of 20 Green sites are all already developed and occupied and all appeared to be capable of meeting future employment needs.

- 5.31 As noted earlier, the majority of the Amber sites also appear to function reasonably as employment areas and appear capable of meeting future needs at some level even if many would benefit from upgrading.
- 5.32 Any decision to release or retain other sites that perform less well should take account of any surplus or current land supply, what types of sites are needed for qualitative reasons and whether better replacements can be found. A cautious approach should also be taken towards any release, even when sites are assessed as lower performers in the assessment process. Such sites can perform poorly because of poorer linkage to strategic roads, which is not always a requirement for all firms, and does not mean necessarily that such sites are not meeting some local needs. Sites that meet specific economic needs or are well occupied should generally be retained. Only when a site has a combination of lack of developer interest, high vacancy, and serious adverse environmental impacts from its operation or is otherwise unlikely to be able to perform an employment role in future should release to non-employment uses be considered.
- 5.33 In this context, only a few of the Amber sites were assessed as areas that did not function well as B Class employment areas or were vacant and appeared less likely to attract new employment development. Any vacant sites among these could be candidates for further investigation for release to residential development. Those with high vacancy but some occupation should be monitored and may be considered for release to other uses at a later stage.

Viability Assessment of Amber Sites

- 5.34 To consider the viability of releasing or redeveloping some Amber and Red ranked sites, a high level residual viability assessment was undertaken for 30 sites identified by the Council. This assessment utilised the Homes and Communities Agency (HCA) Development Appraisal Toolkit (DAT) model, an industry standard viability model developed by the HCA and widely used within the planning system.
- 5.35 The viability assessment also drew on Council estimates of the potential development capacity of each site in terms of dwelling units and/or employment space. In addition, an independent assessment of site capacity was undertaken by the consultants taking account of each site's features and location within the existing townscape and urban design constraints. A stress test was also included in combination with the viability assessment to understand each site's potential upper capacity.
- 5.36 The outputs from this viability assessment are contained within a separate Report, but a summary of the headline findings are set out below, looking separately at sites tested for a potential mix of housing and employment uses, sites tested for residential only development and sites tested for redevelopment for employment uses only:
- a Redevelopment of existing employment uses for newer employment premises only was found to be generally unviable on an investment basis.

The costs associated with building employment units, whether offices or general industrial, would outstrip the value of the completed product, with the outcome of negative residual values on such sites currently.

Additionally, the marginal increase in value of a modern/better quality unit over an older but still occupied unit would not be sufficient to generate value to make development economically viable. In essence, for such activity to be viable, a developer would need to waive any profit margin.

The implication is that it is only likely investment development activity will occur where there are good quality/value pre-lets on sites. Alternative forms of development activity, such as design/build/occupy, where the end unit is built by the business which will occupy it, may also be undertaken as a development profit is not necessarily the main motivation of such activity. Alternative approaches such as refurbishing older units may also be more appropriate and more viable, although this was not tested in this study.

- b Mixed-schemes, involving releasing part of an employment site for residential development, but retaining part for development of new employment units, generally showed poor levels of viability, with the positive values generated by residential elements being offset by negative values associated with employment development. Only one site/scheme tested was assessed as viable and this was because its existing use value was low due to the low intensity uses on the site with only a small amount of existing floorspace. As the value created by the residential development would need to cross-subsidise the unviable elements of employment use, sufficient residential capacity would need to be released from such sites to balance the development of new employment premises, and the viability assessment suggests this would likely need to be the majority of each site. If this approach was pursued, redevelopment of the site would need to be comprehensive and linked so as to ensure such cross-funding occurs. If this did not occur and parts of the site were disposed of separately, the residential element would be viable and go ahead, but the employment element would potentially remain unviable and not be delivered.
- c Releasing existing employment sites wholly for residential use was also found to produce a mixed viability picture. The key determinant for such sites is the existing use value, with underutilised and/or vacant employment sites much more viable than occupied and well utilised employment sites which retain reasonable value in existing use. Due to the constraints and amenity issues associated with some sites, releasing whole areas for residential use may be more appropriate than seeking to retain elements of employment, and this is also the case for improving the viability of redevelopment.

5.37

Overall, this means that mixed use or other redevelopment of the Amber sites should not be relied upon to make a significant contribution of modern employment space within Luton. They could potentially contribute to Luton's future housing supply but this is likely to be at the expense of mainly functioning, if older, employment space. Any upgrading of employment space

on these Amber sites is more likely to involve modest refurbishment rather than redevelopment and possibly in some cases design & build approaches by firms.

5.38

Most of these sites could continue to be managed, with low level upgrading wherever possible, in order to provide functioning employment space in the meantime. At some point in the future, it is likely that older premises on these sites will deteriorate to a point where existing use values are very low and redevelopment may then become more viable.

6.0 Future Requirements for B Class Employment Space

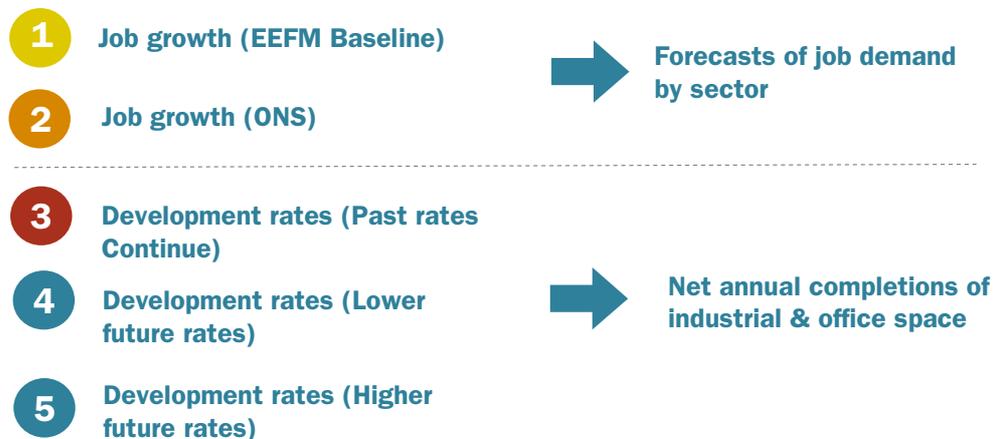
6.1 This section assesses B Class employment space requirements in Luton in the period to 2031 taking account of:

- a forecasts of employment growth in the main B class sectors (**labour demand**);
- b consideration of **past trends in completions of employment space**, and how these might change in future;
- c future growth of local **labour supply** and the amount of jobs and employment space that this can support.

6.2 All approaches to forecasting future employment floorspace needs have some limitations and careful thought needs to be given as to how appropriate each is to circumstances in Luton. In addition, to be robust, the economic growth potential and likely demand for employment space in Luton needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future.

6.3 Forecasts of future demand for employment space have therefore been made for five different growth scenarios for Luton, using data provided by Luton Council and job forecasts commissioned from the East of England Forecasting Model (EEFM). The first two scenarios are based on employment growth projections, the other three based on past take-up trends of employment space. As Luton's economy relies on significant in-commuting from nearby areas, no benefit was seen in providing another scenario based on matching Luton's planned housing growth and associated labour supply. These scenarios are shown in Figure 6.1 and described in more detail below.

Figure 6.1 Outline of Approach to Scenarios



Job Growth Estimates

Scenario 1: EEFM Baseline Job Growth

- 6.4 Forecasts of job growth for Luton borough up to 2031 were obtained via the EEFM in 2012 (Appendix 3). These forecasts of job change by sector reflect recent trends and economic growth projections at national and regional level, and how economic sectors in Luton have fared relative to the region's growth in the past. These forecasts also reflect the current post-recession economic climate. They take some account of Luton's projected population growth and this scenario uses the Council's own estimates of population/labour growth rather than those of ONS. The forecasts are not constrained by labour or land supply and do not take account of any policy interventions or planned major developments or infrastructure changes, and may not therefore indicate the highest picture of demand.
- 6.5 Such forecasts tend to be most reliable at regional and national scales and less so at the local economy level, but are a valuable input to indicate the broad scale and direction of economic growth in different sectors and provide some indicators to help assess future land requirements.
- 6.6 The overall employment change in Luton resulting from these forecasts is shown in Table 6.1 along with expected job growth in the main B class sectors. This includes an allowance for jobs in other Non B class sectors that typically utilise industrial or office space, such as some construction uses, vehicle repair, courier services, road transport and cargo handling and some public administration activities (see Appendix 4).
- 6.7 This indicates fairly strong net job gains (approximately 7,670 jobs) in the B-use classes in Luton over the period 2011 to 2031, with strongest growth in office based activities, moderate job increase in distribution employment and large losses of manufacturing employment (Table 6.1). This is within the context of overall job growth of 17,825 predicted for Luton over the period, which outside B Class uses is expected to be mainly in the retail, healthcare, leisure and air transport sectors.

Table 6.1 EEFM Baseline Forecast Employment Change in Luton 2011-2031

	No. of Jobs		Change
	2011	2031	2012-2031
Manufacturing (B1c/B2)*	13,375	10,155	- 3,220
Distribution (B8)**	8,595	10,695	2,100
Offices (B1a/b)***	18,230	27,030	8,790
Total B-class Jobs	40,200	47,880	7,670
Jobs in All Sectors	96,350	114,175	17,825

Source: EEFM/ NLP analysis 2012 - total jobs including self employed * numbers rounded

* includes vehicle repair and some construction activities ** includes parts of transport & communications sectors that use industrial land *** includes a proportion of government offices

- 6.8 These job forecasts for Luton were then converted to future employment space requirements assuming typical ratios of jobs to floorspace for the different B uses.¹⁵ To estimate space needs, an average ratio of 1 job per 43 m² gross is assumed for manufacturing space. For distribution, 1 job per 65 m² is assumed for general, smaller scale warehousing, which is assumed to account for 60% of distribution jobs in this area. In addition, 1 job per 74 m² is assumed for large scale, lower density strategic units, which are expected to accommodate no more than 40% of future distribution jobs. Business and financial services jobs are taken to be the main requirements for B1 office space, at a general office ratio of 1 job per 10.5 m².
- 6.9 An allowance of 10% is added to all floorspace requirements to reflect a normal level of market vacancy in employment space. The resulting floorspace requirements for this baseline scenario are set out in Table 6.2 and indicate net demand for about 20,000 m² more industrial space and 101,560 m² more office space by 2031. This reflects a predicted decline in future manufacturing jobs and hence greatly reduced need for manufacturing space outweighed by strong growth in distribution needs.

Table 6.2 Job Growth based Employment Space Requirements in Luton, 2011-2031 (EEFM)

B Class sector	Floorspace (m ²)
Manufacturing (B1c/B2)	-138,460
Distribution (B8)	158,540
Offices (B1a/b)	101,560
Total	121,640

Source: NLP analysis figures rounded

- 6.10 The forecast net increase of 7,675 B Class jobs over a 20-year period, which underpins this estimate of future employment space needs, is equivalent to an average of 383 additional jobs each year. This is significantly higher than the job growth achieved in Luton over the last 10 years. Between 2001 and 2011, EEFM data indicates that B class jobs in Luton declined by approximately 50 jobs per annum, driven largely by losses in the manufacturing sector. On the basis of past job change, the above employment space forecasts could be regarded as a fairly optimistic estimate, although quite low in floorspace terms compared with the past development rates in the area outlined in Section 3.

Scenario 2: ONS based Job Growth

- 6.11 An alternative job growth scenario was also assessed based on EEFM projections of employment growth in the borough, but in this case reflecting ONS estimates of population and migration change in the borough. The job estimates arising from this approach are very similar to those from the EEFM

¹⁵ Based on HCA/Offpat Employment Densities Guide, 2010

baseline forecast used in Scenario 1. The resulting floorspace demand estimates are indicated in Table 6.3.

Table 6.3 ONS Job Growth based Employment Space Requirements in Luton, 2011-2031

	Floorspace (m ²)
Manufacturing (B1c/B2)	-138,700
Distribution (B8)	156,400
Offices (B1a/b)	100,700
Total	118,400

Source: NLP analysis figures rounded

Past Development Rates

- 6.12 Because they reflect market demand and actual development patterns on the ground, in some situations long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. However, the future demand picture may not reflect past trends and some adjustments may be needed.

Scenario 3: Baseline Past Development Rates

- 6.13 Data on past completions by B class sector was provided by Luton Council. Completions in the period 2001-2011 have been analysed, since this is a reasonably long period covering periods of both recession and economic buoyancy. Over this period, average annual net completions for B Class uses amounted to just under 10,300 m², broken down as shown in Table 6.4. Over half (56%) of net completions were for office space, with 43% for manufacturing space and only 1% for distribution space.

Table 6.4 Annual Net Completion Rates in Luton, 2001-11

Sector (Use Class)	Net annual completion (m ²)
Manufacturing (B1c/B2)	4,430
Distribution (B8)	70
Office space (B1a)	5,790
All	10,290

Source: Luton Council completions data, 2001-11/12 figures rounded

- 6.14 One view of future growth in Luton could simply assume that future development rates carry on at the long term average achieved in the past. If it were assumed that the past net completion rates noted above continued in the 20 years between 2011 - 2031, this would equate to a need for 116,000 m² of office space, and 90,000 m² of industrial space (Table 6.5). In total, this would indicate demand for approximately 206,000 m² of employment space by 2031, a figure much greater than that estimated using EEFM job forecasts.

Table 6.5 Employment Space Requirement based on Past Trends Continuing, 2011-31 (Baseline)

Sector (Use Class)	Assumed annual completion rate (m ²)	Floorspace Required (m ²) *
Industrial (B1c/B2/B8)	4,500	90,000
Office space (B1a)	5,790	116,000
All	10,290	206,000

Source: NLP analysis * totals rounded

- 6.15 This scenario assumes that past trends of development would continue unchanged, and may not fully reflect changes in the economy once it fully emerges from recession. It may also underestimate future demand if the supply was constrained in the past, for example because of poor sites available or infrastructure/funding factors. On the other hand, future development rates for industrial space may be less than historically as the sector rationalises and/or makes more efficient use of space.

Scenarios 4 and 5: Lower & Higher Development Rates

- 6.16 Scenario 3 produces a much higher level of employment space than other approaches and was based on trends in a period of strong economic growth and development activity. Given predictions of slower economic growth in the UK for some time ahead it is appropriate to consider a situation where completion rates of B Class space are lower than in the past.
- 6.17 Take-up rates for both offices and industrial uses have been very variable over recent years but particularly high during 2007/08, which recorded gross completions of 34,200 m² industrial space and 9,200 m² of office space, compared with a total of 4,400 m² in 2011/12. If it were assumed that 2007/08 was an exceptional year which reflected peak market conditions that are unlikely to be repeated over the next few years and unduly affected the past average completion rate, an average take-up rate excluding that year might provide a more realistic basis for projecting future development rates.
- 6.18 Two alternative growth scenarios, Scenarios 4 and 5, were therefore considered based on the average completion rate over the past 10 years but excluding figures for years where development was particularly high (2007/08) or unusually low (2010/11). The first alternative scenario reflects a more pessimistic future outlook than the past where future growth rates never quite recover the higher past rates in a much slower period of national economic growth. The second alternative scenario would reflect a more optimistic outlook in which the low rates of 2010/11 are not repeated and UK economic recovery is better than expected at present.
- 6.19 This results in the different average take-up rates, and reduced or increased levels of future requirements, as shown in Table 6.6 and 6.7 below.

Table 6.6 Employment Space Requirement based on Reduced Completion rates, 2012-31 (Pessimistic)

Sector (Use Class)	Assumed annual completion rate (m ²)	Floorspace Required (m ²) *
Industrial (B1c/B2/B8)	645	13,200
Office space (B1a)	4,815	96,300
All	5,430	109,500

Source: NLP analysis *totals rounded

Table 6.7 Employment Space Requirement based on Improved Completion rates, 2012-31 (Optimistic)

Sector (Use Class)	Assumed annual completion rate (m ²)	Floorspace Required (m ²) *
Industrial (B1c/B2/B8)	5,735	114,700
Office space (B1a)	6,380	127,600
All	12,115	242,300

Source: NLP analysis *totals rounded

- 6.20 There are significant differences between these two estimates, one resulting in more than double the floorspace requirement of the other. The lower estimate is also almost half the requirement of the baseline estimate that was based on past trends continuing, and closer to those based on the EEFM job forecasts.

Net Employment Space Requirements

- 6.21 Drawing together the results from these different approaches and growth scenarios, Table 6.8 summarises the net floorspace requirement up to 2031 arising from each.

Table 6.8 Net Floorspace Requirement to 2031 for Different Growth Scenarios

Scenario	Labour Demand		Past Development Rates		
	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Offices (B1a)	101,560	100,700	116,000	96,300	127,600
Industrial (B1c/B2/B8)	20,080	17,700	90,000	13,200	114,700
All B Uses	121,640	118,400	206,000	109,500	242,300

Source: NLP analysis Note: totals rounded

- 6.22 The different approaches and forecasts produce a wide range of potential space requirements. For industrial space, this would be between 13,200 m² (based on lower future take up rates) and 114,700 m² (based on higher future take-up). For office space, the range is much narrower, between 96,300 m² (based on lower future take up rates) and 127,600 m² (based on high future development rates). There is reasonable consistency between most of the different office space forecasts, but wide variations between those for industrial space needs.

Safety Margin

- 6.23 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development. This margin could also allow for forecasting error and developer choice.
- 6.24 Guidance published by EEDA on undertaking employment land studies, and the South East England Partnership Board guidance, recommended an allowance to reflect the average time for a site to gain planning permission and be developed, typically about two years, which would equate to two years worth of past completions.
- 6.25 For Luton, the margins set out in Table 6.9 were added based on two years worth of average net take-up between 2001-11. Applied to the different estimates, this margin equates to between 9% and 19% of the original requirement estimate and does not appear unreasonable in the Luton context where industrial vacancy is well below normal rates.

Table 6.9 Safety Margin Allowances

Use	Average Annual Take-up (m ²)	Safety Margin Added (m ²)
Offices (B1)	5,800	11,600
Industrial (B1c/B2/B8)	4,500	9,000

Source: NLP analysis

Convert to Gross Floorspace Requirements

- 6.26 To convert the net requirement of employment space into a gross requirement (the amount of employment space or land to be allocated), an allowance is also typically made for some replacement of losses of existing employment space that may be redeveloped in future for other, non B Class uses. As noted earlier, past losses in Luton have averaged just over 10,000 m² p.a., mainly of industrial space
- 6.27 Judgements were made on the suitability and degree of the allowance for future losses which it would be appropriate to apply here based on a review of supply and current trends in the market. Without some replacement, the current supply of employment space would gradually be eroded. However, not all losses need to be replaced as some will reflect restructuring in the local economy as less manufacturing space is needed in future and use of premises becomes more efficient. Also, future losses should reduce as the overall supply of industrial sites reduces and those left are better quality ones. For industrial uses, therefore, it was assumed about half of the past level of losses would

need to be replaced (i.e. 3,800 m² p.a.). For offices, an allowance was made to replace approximately 1,000 m² p.a.¹⁶

6.28 The resultant gross floorspace requirements incorporating these different allowances are set out in Table 6.10.

Table 6.10 Gross Floorspace Requirement by Scenario (m²)

Scenario	Labour Demand		Past Development Rates		
	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Offices (B1a)	133,200	132,300	147,600	125,900	159,200
Industrial (B1c/B2/B8)	96,200	93,800	175,000	90,500	199,600
All B Uses	229,400	226,200	322,600	216,400	358,800

Source: NLP analysis (totals rounded)

Estimate Land Requirement

6.29 The final step, for all scenarios, was to translate floorspace into land requirements for both office and industrial uses. This has been calculated by applying appropriate plot ratio assumptions to the floorspace estimates using the following assumptions:

- **Industrial** – a plot ratio of 0.4 was applied so that a 1 ha site would be needed to accommodate 4,000 m² of industrial floorspace; and
- **Offices** – it was assumed that 70% of new office floorspace in Luton would be in lower density developments with a plot ratio of 0.4, with 30% in higher density urban locations/town centres at a plot ratio of 2.0.

6.30 The resulting land requirements are set out in Table 6.11 and Figure 6.2.

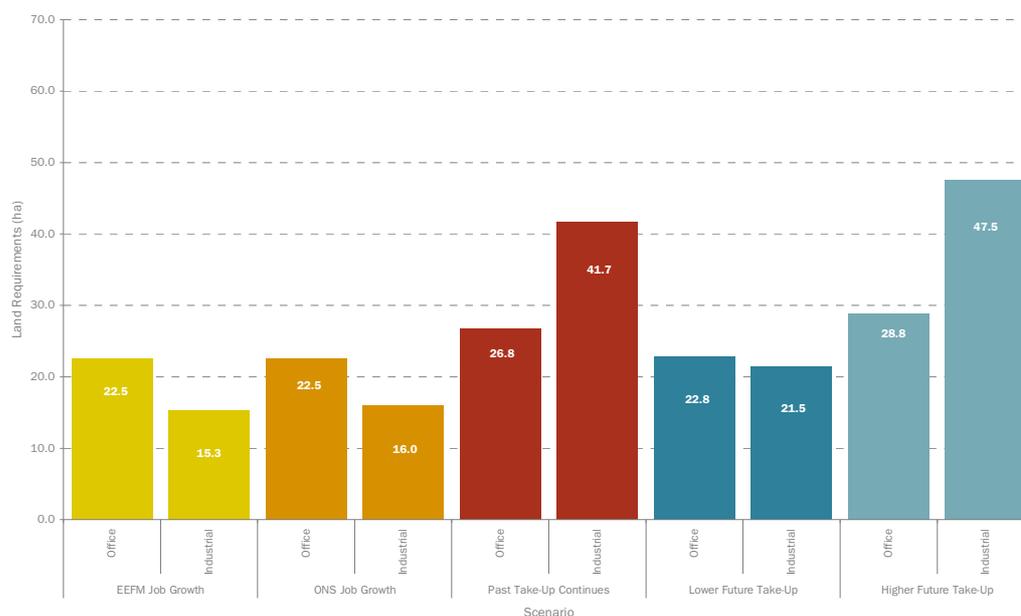
Table 6.11 Gross Land Requirement by Scenario (ha)

Scenario	Labour Demand		Past Development Rates		
	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Offices (B1a)	25.3	25.1	28.0	23.9	30.2
Industrial (B1c/B2/B8)	24.1	23.5	43.8	22.7	49.9
All B Uses	49.4	48.6	71.8	46.5	80.1

Source: NLP analysis Totals rounded

¹⁶ These allowances reflect judgments based market conditions in Luton, on past trends, and a view on the scale of future losses

Figure 6.2 Gross Land Requirement by Scenario (ha)



Source: NLP analysis (totals rounded)

- 6.31 The range of land requirements for office development land is fairly narrow – between 23.9 and 30.2 ha, depending on the approach used. For industrial land, the range is much wider, between 22.7 ha to 49.9 ha required in the maximum case.

Sensitivity Tests

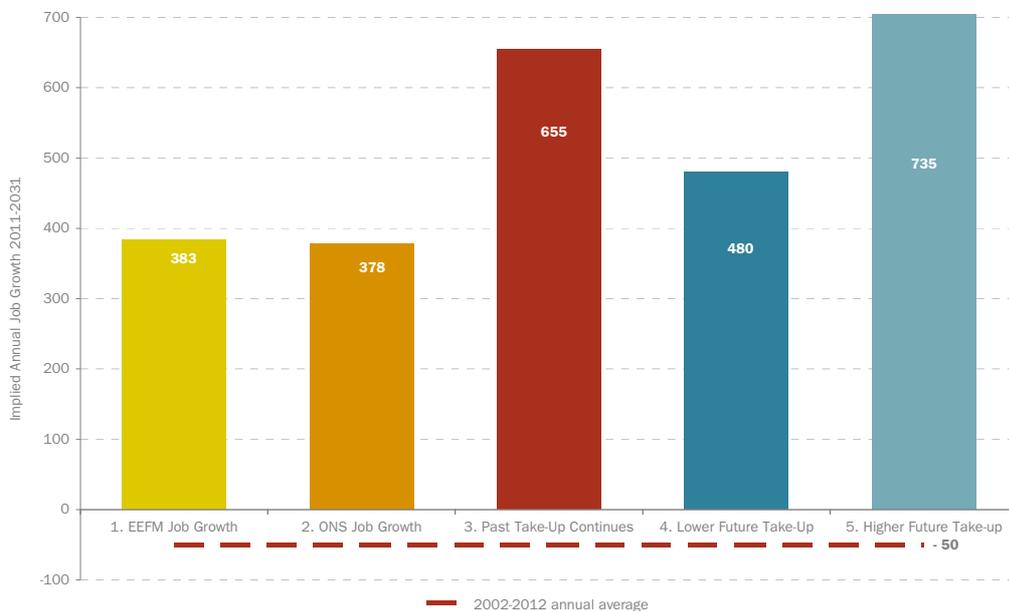
- 6.32 Given the wide range of potential requirements implied by these different estimates of future requirements, it is important to test how reasonable each appears against other factors and how sensitive they are to different assumptions.
- 6.33 It is useful to compare the employment growth implied by these amounts of land with employment growth actually achieved in Luton in recent years (Figure 6.3). The lowest estimate (EEFM job growth) implies growth of about 380 B Class jobs annually over the next 20 years. The growth estimate based on past development trends continuing implies some 655 more B class jobs annually. These figures compare with an average loss of 50 B class jobs in Luton per year between 2001 and 2011, driven largely by losses in the manufacturing sector.¹⁷
- 6.34 The EEFM model predicts Luton's labour force will grow by 18,240 workers up to 2031, slightly more than the 17,825 jobs forecast. Some of these workers

¹⁷ based on EEFM employment data

will probably out-commute to work elsewhere, as they do now. Over 20 years, the difference in B Class jobs between the EEFM based scenarios and the lowest take-up based scenario is some 2,000 jobs. This suggests that job growth implied by Scenarios 3-5 would outstrip local labour supply, implying some potential for increased in-commuting from the surrounding area.

6.35 All this indicates that all the demand estimates could generate a significantly higher level of job creation than has been achieved in Luton in the recent past. As that period included both strong economic growth and a severe recession followed by a weak recovery, some of these estimates may appear optimistic. The estimates based on past take up also appear likely to exceed expected growth in the area’s labour supply up to 2031.

Figure 6.3 Annual B Class Job Growth Implied by Scenarios



Source: NLP analysis / Experian

Note: Estimated job levels for each scenario do not take account of additional floorspace allowance in the safety margin, which is identified for planning purposes and may not actually be developed.

6.36 Other assumptions which can make a significant difference to the forecasts of future requirements are the scale of the safety margin and allowance for replacement of future losses. With no allowance for future losses, the highest estimate of future industrial space needs would fall by approximately 97,000 m², or about 27%. For the lowest estimate, this would reduce the overall future requirement by 45%. These are significant changes but the allowance for future loss replacement in this case is significantly below the past rate of losses in the area.

6.37 The safety margin allowances used here are also fairly modest. For the higher estimate of industrial space requirements, the safety margin equates to only 9% of the original demand estimate. At the lowest end of the range, it equates to a 27% uplift. In earlier studies of this type, margins of 40 - 50% have been

assumed so the allowances used here do not appear excessive. Also, no allowance has been made for extra industrial floorspace to bring the current low vacancy rate up to a more normal 10% or so, so that the safety margin used here appears modest.

- 6.38 Where much employment land is available, it could be argued that the need for a large safety margin could be reduced. If one year's worth of past take-up, rather than two, were used as the safety margin, this would reduce the overall requirement by 10,300 m², and the uplift would fall to between 4% and 14% of the original estimate. In Luton's case, however, it is not obvious that land supply is so excessive that a divergence from the relevant guidance is justified; indeed industrial vacancy is well below normal levels.
- 6.39 The assumed proportion of office development on town centre or out-of-centre sites, with the different plot ratios that apply, could make a significant difference to land requirements. In this study, the assumption made is that 70% of new office space would be built on business parks such as Napier Park and Butterfield Park. If, for example, it were assumed that 40% of office space was developed in Luton town centre rather than on business parks, this would reduce the office requirement by 3 ha in the maximum case. If it is assumed 80% of all new office space goes to business parks, the office land requirement would increase by 3 ha.
- 6.40 Overall, however, it is the choice of approach and growth scenario which most affects the level of future requirements and this will need to be carefully considered by the Council in selecting a basis for future planning. In this context, if the forecast based on higher future take-up rates is excluded as over optimistic, the other forecasts indicate an office requirement within the range 126,000 to 148,000 m². For industrial space, past take-up may provide a better indicator of future floorspace needs than job forecasts given the relationship between jobs and employment floorspace needed is not straightforward. As the basis of future planning, a figure somewhere between scenarios 3 and 4 appears more appropriate unless a more aspirational approach is sought by the Council. This level would also not be greatly different from the EEFM job growth based estimates.
- 6.41 It is also important to consider which estimate best accords with market views of future demand in the area, although these are perhaps only reliable for the short term picture. From discussions with local commercial agents, the general view was that the modest but steady levels of demand experienced in the recent past are expected to continue at broadly the same level when the market recovers, driven mainly by industrial demand and local businesses seeking to expand or upgrade their space. Major developments on major sites within Luton and just outside it near M1 junctions could also stimulate some relocations from higher cost locations, as could provision of good quality, modern employment space in attractive locations within Luton.
- 6.42 This may point towards using a demand estimate that gives greater weight to past development trends but also takes account of likely labour supply growth in the area, perhaps using figures closer to those in scenario 4. However, the

choice of which estimate to use as the basis for planning is for the Council to make based on a range of factors including demand from other land uses such as housing.

Conclusions

- 6.43 Based on consideration of various factors, five different scenarios of future employment space requirements have been considered. These are based on a number of approaches which reflect economic growth potential and past development trends. Several of these reflect assumptions of higher future development rates in Luton than in the recent past, some lower.
- 6.44 The overall space requirements related to these different futures range from 216,400 to 358,800 m² of all types of employment space up to 2031, implying in broad terms a need for between 46.5 ha and 80 ha of employment land.
- 6.45 Given an uncertain economic outlook, it is difficult to select the most likely option from these alternative growth pictures. The estimates which assume past development trends continuing at similar or slightly reduced rates are perhaps most likely to indicate demand as they reflect actual patterns of development within Luton over recent years, covering periods of economic growth and recession. However, if that level of development were achieved, the associated job growth would exceed past growth rates and could potentially lead to increased in-commuting.
- 6.46 Depending on the Council's aspirations, planning for broadly the level of development implied by scenarios 1 and 2 would broadly meet local job needs and appears achievable in the context of past development trends but would not necessarily reflect Luton's economic potential, planned infrastructure and major new developments. Planning for a higher level than this may be appropriate if the aim were to achieve a more aspirational level of economic activity in the area, building on the potential of Luton Airport expansion and other major developments planned around Luton.
- 6.47 If the Council decided to plan for a level of growth that did not exceed past levels of development in the Borough but also did not fall below past development rates, this would narrow the range of employment land requirements to broadly between 49 and 72 ha. As indicated in section 3.0, Luton has a potential employment land supply of about 69 ha if some land north of Junction 10a becomes available. This amount might on paper appear sufficient for Luton to accommodate the lower growth scenarios, including that based on EEFM forecasts, but not quite at a higher level similar to past development rates. However, as the qualitative analysis in Section 7.0 suggests, the amount of land suitable for office use within the total supply figure may be insufficient and act to limit Luton's ability to achieve higher growth levels or pursuing for a more ambitious approach than indicated by the EEFM forecasts.
- 6.48 In addition, the Council's choice will also need to take account of needs for other land uses including housing. However, in determining which level of

growth should be aimed at, it is also worth noting the aims of the NPPF to generally encourage economic growth and that the risks of under-providing may be greater than over-provision.

7.0 Need for Additional Employment Land

7.1 This section draws together the forecasts of future employment land needs in Section 6 and the estimates of land available on the Borough's existing employment sites to identify any need for more provision of employment space, or surpluses of it, in both quantitative and qualitative terms.

Quantitative Balance

7.2 Section 6 identified a need for between 216,400 m² and 358,800 m² of employment space up to 2031, including a safety margin largely to allow for delays in sites coming forward for development. The net land requirements associated with these amounts of employment floorspace were estimated at broadly between 46.5 and 80 ha, depending on the approach and growth scenario assumed. However, this could probably be narrowed to between 49 and 72 ha if the level of development aimed at gives weight to the EEFM forecasts and is not significantly higher or lower than rates achieved in the past.

7.3 The amount of available employment land in the Borough to help meet this future need is estimated by the Council's monitoring data for 2011/12 based on planning permissions and estimates of the capacity of other undeveloped employment land at Butterfield Park. This indicates a total of 63.2 ha of land and 251,370 m² of floorspace. Over 60% of this supply is industrial space.

7.4 There is also understood to be some potential development land north of Junction 10a of the M1, once planned improvements are complete. This does not have planning permission but, as well as providing scope to relocate Luton F.C., it has been subject to developer proposals in the past and appears a broadly suitable location for office use. An estimated 5-6 ha of land may become available there for development; at typical plot ratios, this could accommodate a business park with up to 24,000 m² of office space. Including an allowance for this potential additional land, Table 7.1 summarises potential development land supply for employment uses with a potential total of 69.2 ha, if some land north of Junction 10a is included.

Table 7.1 Luton Available Employment Land/floorspace, 2011

	Industrial (B1c/B2/B8)	Offices (B1a) R&D (B1(b))	Total
Land (ha)	38.1	31.1	69.2
Floorspace (m ²)	154,770	120,600	275,370

Source: Luton Council, Annual Monitoring data 2011-12

7.5 The assessment of employment sites in Sections 7 and 8 does not cover all employment sites in the Borough and also does not indicate any significant additional sources of employment land which had realistic prospects of coming forward. Indeed, Section 8 examines the scope to redevelop some industrial

sites for mixed use or residential uses. Another Council study is examining the scope for housing development using vacant town centre office premises. This could suggest the existing Luton employment land supply would fall in future.

- 7.6 In addition, as indicative vacancy levels for industrial space in the Borough are below the range of what is needed in a normal market to allow churn and developer/occupier choice, and office vacancy levels are only slightly above normal levels, there is no surplus of vacant space to be added to current supply.
- 7.7 A broad comparison of estimated demand against all currently identified land supply, as shown in Table 7.2, implies that the Borough would have enough employment space in quantitative terms up to 2031 for only three of the growth scenarios and different methods of estimating future requirements. The exceptions would be situations where future development rates were similar to or higher than the average rates over the past 10 years. However, for a future where development rates and growth are lower than the past or reflect EEFM job growth forecasts, there should be enough supply.

Table.7.2 Demand/Supply of B Class employment space in Luton

	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Requirement for B Class space (m ²)	229,400	226,200	322,600	216,400	358,800
Available supply (m ²)	275,370				
Surplus (+)/Shortfall (-)(m²)	+45,970	+49,170	-47,230	+58,970	- 83,430

Source: NLP analysis Totals rounded

- 7.8 It needs to be noted, however, that a large proportion of Luton's currently available land supply is on only a few sites. Napier Park (40,000+ m²) and Century Park (150,000 m²) account for much of the employment floorspace with planning permission while Butterfield Park could potentially contribute an estimated 55,700 m² of office/R&D space if all undeveloped land there was developed at typical plot ratios. If some of these three large sites did not deliver broadly this level of floorspace over the plan period, this could mean a sizeable deficit of space under all scenarios.

Needs of Different Sectors

- 7.9 Ensuring an adequate choice of types of sites is also important even if there is adequate supply in quantitative terms. This is necessary to meet needs of different employment uses and to provide some diversity in local employment opportunities at different skill levels. Potential supply of employment space for both industrial and office uses was therefore compared individually with estimated requirements for these uses.
- 7.10 Table 7.3 below compares the future demand and supply situation for industrial use. This indicates that there would be enough supply available, in purely

quantitative terms, to meet industrial needs arising only under the three lower growth demand estimates. If future development rates for industrial space matched past trends, there would be a moderate deficit. This also assumes that the largest site allocated for development (i.e. Century Park) actually comes forward within the plan period and delivers significant amounts of industrial floorspace.

Table 7.3 Demand v. Supply of Industrial Space in Luton by Scenario (m²)

	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Industrial space required(m ²)	96,200	93,800	175,000	90,500	199,600
Available supply (m ²)	154,770				
Surplus (+)/Shortfall (-)(m²)	+58,570	+60,970	- 20,230	+ 64,270	-44,830

Source: NLP analysis Totals rounded

7.11 In terms of office space, Table 7.4 compares demand and supply. It suggests that a future deficit of land for office development to meet forecast office development requirements is likely under all the growth scenarios/approaches.

Table 7.4 Demand v. Supply of Office Space in Luton by Scenario (m²)

	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Requirement for B Class space (m ²)	133,200	132,300	147,600	125,900	159,200
Available supply (m ²)	120,600				
Surplus (+)/Shortfall (-)(m²)	-12,600	-11,700	-27,000	-5,300	- 38,600

Source: NLP analysis Totals rounded

‘Worst Case’ Situation

7.12 It is also useful to consider a ‘worst case’ situation, as alluded to above, in which some major sites which make up much of Luton’s employment land supply fail to come forward. It is understood that Century Park, which has outline permission for 150,000 m² of industrial space, requires costly infrastructure before development can take place, including provision of a new access road which could involve a new surface road or a tunnel beneath Luton Airport. In the current economic climate and in the absence of public sector funding, the prospects of this new road being developed in the medium term appear uncertain. While this may depend on the ability of the site’s owners to find occupiers, and it is understood other mechanisms for funding a new road are being explored, there appears some risk of this site not coming forward in the next 20 years or not delivering all its potential floorspace in that period. It may also be that the type of industrial units provided, or their rental levels, will not match the needs of existing Luton firms wishing to expand.

7.13 Napier Park, which has planning permission for mixed use development including some 45,000 m² of B1 offices and B1c industrial space, is one of the

sites assessed by this study for significant residential development and this could reduce the amount of employment space delivered. A number of other smaller, existing industrial areas are also being assessed for residential/mixed use development by this study, which might also suggest the supply of industrial land could be reduced in other ways. Butterfield Park has a sizeable amount of land remaining but has attracted limited interest in recent years and appears more likely to accommodate office and R&D/higher technology uses than industrial uses, although it is understood that some industrial activities have shown interest in locating there.

- 7.14 If the Century Park site failed to come forward in the Plan period, and Napier Park delivered only office rather than industrial space, this would reduce available industrial supply by some 163,350 m². This could produce a large deficit of industrial space against expected demand under all demand estimates. If Century Park delivered only half its maximum capacity of industrial space (75,000 m²) in the plan period, this would also mean a likely deficit under all growth scenarios.
- 7.15 If any of the potential office sites (Napier Park, Junction 10a, Butterfield Park) delivered less than their potential capacity of new office space from the undeveloped land remaining within them, this would exacerbate the predicted deficit of office supply under all demand scenarios.

Qualitative Factors

- 7.16 The above analysis indicates a potential quantitative shortfall of employment space generally in Luton if some major sites do not come forward, and a likely shortfall of office space even if they do. Setting aside any quantitative shortfall of space, in some circumstances additional land may be needed for qualitative reasons, for example to provide a better choice of provision for occupiers, to meet gaps in the supply of particular types of premises or to improve or modernise the quality of current provision and so help attract more occupiers. Qualitative needs are therefore also considered for each broad property type/area individually. Given the relatively small area of Luton Borough, and its good public transport links, no analysis of needs by sub-area is provided.

Industrial

- 7.17 From the above analysis, there appears a sufficient supply of land for industrial uses in Luton to meet lower growth future situations but only if much of the capacity of Century Park and part of Napier Park are developed for such uses within a reasonable timescale.
- 7.18 In addition, current vacancy levels for industrial space are already below normal market levels. If any existing, occupied industrial land is reallocated for residential use, this will mean a requirement to find other industrial land to relocate the current occupiers, if they are not to be forced out of Luton. While there are a number of major employment sites proposed in Central

Bedfordshire close to Luton, some of these appear more suited to large scale distribution uses requiring large sites in proximity to a motorway junction.

- 7.19 All this suggests that, to minimise the risk of current sites not coming forward, and to retain firms within the Borough, there may well be a need for some more industrial space that is readily available and affordable to a range of firms. Such provision could also enable the decanting of firms in established industrial areas and modernisation of the stock in the older areas.
- 7.20 However, given that Luton's administrative boundary is drawn tightly around a fairly densely developed urban area surrounded by Green Belt, the potential to identify large new sites is very limited. The study has not identified any existing industrial sites which are both largely unoccupied and suitable to meet future needs so that they could be redeveloped to accommodate relocations of firms displaced from other sites.
- 7.21 Some options for addressing the above issues could therefore include:
- a exploring mechanisms to help bring forward industrial development quickly on the potentially available sites and ensuring a range of unit sizes, particularly through funding mechanisms for key infrastructure;
 - b examining any scope for more intensive development of existing industrial sites within Luton, although this study's assessment of sites indicated most were fairly intensively developed with limited potential to fit in more space;
 - c considering whether office locations such as Butterfield Park could accommodate some compatible industrial uses needing higher quality premises, although this would reduce office supply;
 - d utilising for new industrial development any sites released by existing industrial users who are closing down or downsizing;
 - e monitoring future demand and supply levels in case the forecasts, the allowances for replacing losses and the safety margin are overgenerous or change with different economic conditions.
- 7.22 Failing this, some Luton firms may need to relocate to land within major nearby employment sites proposed in Central Bedfordshire but in close proximity to Luton, so freeing up sites within Luton.
- 7.23 In addition, while this would not increase the supply of industrial land, careful consideration may need to be given to limiting the scale of release of existing industrial sites for residential development. This could at least help in not exacerbating the potential shortfall but would involve a policy decision that weighs housing needs against employment growth.

Offices

- 7.24 As well as a likely quantitative shortfall of land for office development, there appears a fairly limited choice of sites with potential for new office development

within the Borough and which would provide adequate choice in terms of meeting market and developer needs.

- 7.25 The main site of proven attraction for office uses, and which has significant amounts of land remaining, is Butterfield Park although it appears in a relatively remote location from strategic roads and rail services and from town centre services. However, the land remaining within this site appears in itself unlikely to meet all of Luton's future office needs. Capability Green Business Park near the Airport is full but clearly attractive to occupiers. This suggests reasonable potential for Napier Park, which is available but also under consideration for some residential development, which limits its capacity for office development.
- 7.26 Some employment land is also proposed within the large, mixed use development planned for North Luton. This would benefit from proximity to Junction 11 of the M1 although market views from the 2010 Luton & South Beds Employment Market Assessment study were negative on this as an office location relative to sites in south Luton.
- 7.27 Setting aside Century Park, which has permission for industrial uses, the only other obvious potential location would be Luton town centre and some edge of centre sites. There are a number of existing or former industrial sites in or adjoining the centre with some potential for more intensive office development. However, some of these are also under consideration for housing development. In addition, the town centre does not appear to have attracted much new office development in recent years. This may partly reflect its image as well as the availability of attractive out-of-centre office locations in the recent past. It may be possible to change developer perceptions, perhaps involving town centre regeneration and environmental enhancement, but again there will be a need for policy choices between residential and office use of some sites. A mix of office and residential use may be a possibility on a few sites but it is not clear this will yield enough office space to meet future needs.
- 7.28 The options for achieving further office provision in future therefore include:
- a seeking more office provision within a few, well located, large mixed use schemes within Luton e.g. on the Power Court site;
 - b encouraging more intensive office development on the Butterfield Park site;
 - c as for industrial space, relying on some Luton office based firms moving to major employment sites proposed in Central Bedfordshire but in close proximity to Luton;
 - d seeking some office development on older industrial areas in and around Luton town centre, but the amount appears likely to be small;
 - e encouraging redevelopment or refurbishment of older, vacant existing buildings within Luton town centre to provide modern office space, although market views on this approach were not encouraging;
 - f in the longer term, encouraging more office development in or on the edge of Luton town once existing older premises have been redeveloped and

the town centre has been revitalised by other new development and public realm improvements.

- 7.29 Several of these options are, however, dependent on the market and making Luton town centre a more attractive location for office development. Given potential difficulties in getting the market to deliver such space in Luton, various mechanisms to encourage such provision may need to be looked at including Council joint ventures with developers, rent guarantees and appropriate use of Local Development Orders (LDOs) in certain locations.

Other Uses

- 7.30 The study did not identify particular shortages of other types of premises. There is a perceived shortage of larger distribution premises but this probably reflects the lack of suitable large available sites in Luton. This could probably be met if Century Park comes forward.
- 7.31 There appears to be a reasonable level of provision of small, start-up premises for industrial, office or higher technology firms and no obvious need for further provision of sites for this sector.
- 7.32 In terms of needs related to expansion of Luton Airport, as noted earlier, some of these will be met within the Airport site, some within the employment sites adjoining the Airport and some potentially within Napier Park and Century Park, if these come forward. Any potential business park on land north of Junction 10a could also meet some airport-related growth needs.

Conclusions

- 7.33 The above analysis suggests there could be an adequate quantitative supply of industrial space to meet future needs to 2031, but only for lower growth scenarios and then only if all currently identified employment sites deliver their expected amount of industrial floorspace. If Century Park did not come forward for development, there is a strong risk of a large shortfall over the period to 2031 under all growth scenarios. There may also be some risk that the type of new industrial provision there does not match the needs of local firms.
- 7.34 For offices, a significant shortfall of office space is likely under all growth scenarios even if all currently identified supply comes forward. The scope to provide much new, high quality office space in Luton town centre appears limited.
- 7.35 Luton's current/potential supply of 69.3 ha employment land is therefore unlikely to be sufficient to fully accommodate any of the growth scenarios considered but would come closest to meeting some of the lower growth estimates, particularly if some industrial land could instead be used to accommodate office needs, subject to it meeting the qualitative requirements for such development and occupiers.

- 7.36 If the EEFM forecasts, or the lower take-up based estimate, were used as the basis for future planning and Century Park delivers most of its potential capacity by 2031, then Luton could theoretically afford to allow some surplus industrial land to be used for offices, assuming the sites are suited to this use. Whether this is realistic will depend on whether there are available sites suitable to the needs of existing businesses and at an affordable rent level.
- 7.37 There do not appear to be any easy options for addressing these potential shortfalls but the main ones would include:
- a seeking more office provision within well located, large mixed use schemes within Luton;
 - b seeking more intensive office or industrial development on older industrial areas in an around Luton town centre;
 - c encouraging redevelopment or refurbishment of older, vacant existing buildings within Luton town centre to provide modern office space.
 - d utilising for new industrial development any sites released by existing industrial users who are closing down or downsizing;
- 7.38 Failing these, Luton may have to rely on major employment sites proposed in Luton, or in Central Bedfordshire but in close proximity to Luton, to meet some of its future needs. This would appear at odds with Luton's current role as the main employment centre within the sub-region.

8.0 Job Growth Targets

8.1 This section considers the likely job contribution from different sectors of the local economy, specifically from:

- a Non B Class sectors;
- b innovation sectors and business enterprise;
- c expansion of Luton Airport and aviation related growth;
- d the portfolio of committed B class employment land
- e amber site interventions.

8.2 Following this, it examines what would be a feasible and sustainable jobs target for Luton up to 2031 based on the ability of the economy and land supply to meet job needs arising from planned growth. It also explores how any mismatch of employment land can be adjusted to meet target employment sectors for Luton.

Factors Shaping the Job Target

a. Non B Sectors

8.3 In 2010, Non B uses made up 58% of all employment in Luton, slightly below the regional average. The main Non B sectors in job terms in 2011 were healthcare (11%), education (10.7%), retail (8.4%), public administration (4.3%), hotels & catering (4.2%), and construction (4.1%). The air transport sector was also sizeable, accounting for 2.9% of all jobs in Luton.¹⁸

Table 8.1 Forecast Job Change in Selected Non B Sectors, 2011-31

Non B Sector	Job Change
Land Transport	2,689
Healthcare	1,750
Retail	1,648
Construction	1,860
Arts/entertainment	1,135
Hotels/catering	823
Air Transport	536
Other (mainly public) services	258
Education	116
Total	10,815

Source: EEFM Forecasts, 2012

¹⁸ 2010 BRES data

8.4 For the period up to 2031, the EEFM forecasts (Table 9.1) indicate the main Non B contributors to future job growth will be:

- land transport;
- healthcare;
- retail;
- construction; and
- leisure/entertainment.

8.5 The sectors shown could contribute a large share (over 60%) of the 17,825 EEFM job forecast.

8.6 It is also possible that the potential contribution from some Non B uses could be higher than indicated by the EEFM forecasts, which reflect past trends and are not able to reflect major planned developments or infrastructure if that would help Luton's share of those sectors perform relatively better than it has done in the past, when compared to the wider region. In particular, there are some large retail developments planned and the planned expansion of Luton Airport and major infrastructure works proposed around Luton appear likely to generate more employment than indicated by the EEFM forecasts for the relevant sectors.

b. Innovation/Enterprise

8.7 The contribution to job growth in Luton from innovation and enterprise will partly flow from development at Butterfield Park but also within some start-up premises elsewhere in Luton and in some of the B Class sectors considered earlier. It is difficult to separate out the potential job numbers from such activities as the EEFM forecasts do not always provide the necessary granularity detail. Advanced manufacturing, for example, is not identified separately from other manufacturing activities. However, the job gains forecast for more innovative activities such as computer related activity (+14), telecommunications (+43) and research & development (+16) are very modest.

8.8 As noted earlier in the study, Luton has currently a relatively low representation in knowledge based businesses and only moderate levels of new firm formation. However, it has good innovation and start-up facilities and a number of good quality businesses within these. On this basis, the job contribution from these types of mainly small firms is difficult to quantify but could be expected to be relatively modest.

c. Luton Airport

8.9 The Draft Aviation Policy Framework (APF) published on 12 July 2012 sets out the government's objectives for aviation. It sets out a 'primary objective as to achieve long term economic growth. It notes the aviation sector is a major contributor to the economy and support aviation growth within a framework which maintains a balance between the benefits of aviation and its environmental cost.

- 8.10 In this context, London Luton Airport is currently the UK's 5th largest in terms of passenger numbers. It also accommodates sizeable air freight and business aviation activities. The Airport's revised masterplan proposes various improvements to enable passenger expansion from almost 10 million to 18 million per year. The works to enable this growth would be mainly within the airport site, and involve terminal expansion, aircraft parking and manoeuvring areas, a relocated cargo area and new hangars and commercial areas. There would also be improved road access. A planning application for airport expansion works was submitted in December 2012.
- 8.11 A 2010 survey for Luton Council based on a survey of businesses in the surrounding catchment area identified the airport's important role in the local economy, notably:
- 12% of the sub-region's businesses supplied the Airport or other businesses located at the Airport, one third of these on a regular basis;
 - 20% of businesses expected future expansion of the airport to have a positive impact on them, the remainder expecting no impact.
 - some 63% of businesses saw the airport as an important driver for attracting inward investors to the region.
- 8.12 Based on the Luton Airport expansion planning application documents, in 2011 some 8,250 jobs were supported directly at the airport. These were broken down into the following sectors: air transport (3,550 jobs), other transport/storage (1,550), manufacturing (1,350), hotels/restaurants (300), wholesale/retail (750), business services and public administration (750).
- 8.13 The economic impact section of the Environmental Statement (ES) relating to the Airport's expansion estimates the net impact of the proposed expansion by 2028 as 2,300 direct jobs, as well as 750 indirect/induced jobs in the core impact area¹⁹ although the assumptions underpinning this estimate are not made transparent and can therefore not be verified. All job numbers are expressed as Full Time Equivalents (FTE). It is assumed most of the direct jobs would be located at or beside the airport, although this is not specified in the ES, The Airport's application document is unclear how many of the 750 net induced/indirect jobs would be in Luton. No breakdown by sector is provided of the additional direct jobs associated with the expansion. However, if the job growth broadly reflected the 2011 job breakdown, most of these jobs will be in air transport, warehousing/storage and manufacturing.
- 8.14 Based on experience at other airports, NLP's assessment is that the indirect jobs will include sectors such as air freight, and suppliers of equipment and services to airport based firms. Induced jobs would normally be in shops and services, supported by spending of airport related employees. The indirect jobs are typically spread widely across the sub-region, although Luton with its

¹⁹ Luton, Central Beds, Dacorum, North Herts, St Albans, Stevenage

manufacturing/engineering and distribution strengths and proximity to the airport should be able to capture a large share of these jobs. Most of the induced jobs would be expected to be in Luton, where most of the direct airport jobs would be based and which contains the closest major retail and service centre.

- 8.15 It is also important to note that, although the net job increase associated with airport expansion is some 3,050 direct and indirect jobs, this reflects only the increase above the job growth that would take place at the airport without any physical expansion. The gross job change at the airport by 2028 over the current level is estimated at 5,100 direct jobs.
- 8.16 Further growth beyond 2028 will depend to a large extent on Government aviation policy and what role Luton is seen as playing among London's airports. However, unlike some other London airports, Luton has few constraints on operating hours, its flight path does not cross major residential areas and it is fairly well served by public transport.
- 8.17 Airports can also have potential to attract inward investment to the area around them. However, how far they do this depends on the range, frequency and quality of the airport's links to business destinations. Luton is mainly a base for budget airlines, although these do serve some business centres, as well as being a focus for specialist business aviation movements. Also, air travel is never the key determinant for most inward investment decisions, usually ranking 6th or 7th after factors such as access to markets, road transport and quality of premises. In addition, the area to the north of London has good access to a number of other airports, such as Stansted, London City, and to some extent Heathrow, some of which have better links to business centres than Luton.
- 8.18 While the 2010 Airport survey of businesses indicated 63% of firms believed the airport is an important driver for attracting inward investors to the region, there is limited evidence that Luton Airport has been instrumental in attracting much foreign direct investment to the area in the past. There are some overseas based firms on Capability Green Business Park near the airport but it is not clear that the airport was the key factor for their location there. Luton Airport also has a significant role in business aviation, for which there are more limited facilities in the South East, but also strong competition from Farnborough Airport. It is not clear, however, that this will generate large numbers of new jobs.
- 8.19 Air freight is another sector in which Luton Airport has some strengths and scope for growth, giving the location's good road links and the airport's unrestricted operating hours. However, budget airlines carry little freight and growth would probably come from dedicated freight operators.
- 8.20 Overall, the Airport's evidence in the ES suggests Luton Airport will contribute at least 5,100 direct jobs to the local economy by 2028, (although it is not possible, based on the information provided, to validate the assumptions used), most of which should be in Luton, and more indirect/induced jobs

across a wider area. Many of these new jobs will be located on the airport site or immediately adjoining land, although the high level of manufacturing/warehousing jobs indicates that Century Park will be needed to accommodate that level of growth. Assuming the ES estimates are sound, the job contribution from the airport appears likely to be much greater than predicted for the air transport sector by the EEFM forecasts.

d. Committed/Allocated Sites

- 8.21 A large potential job contribution is likely from Luton's larger committed/allocated sites with undeveloped land, including Butterfield Park, Century Park, and Napier Park, as well as from potential redevelopment opportunities and as yet unallocated sites such as land at Junction 10a.
- 8.22 Table 8.2 summarises the potential job contribution from these sites up to 2031. This is based partly on estimated requirements from various Council studies, but also on planning permissions for these sites and by applying typical plot ratios and job/floorspace ratios. For the Airport, job growth estimates were taken directly from the Airport's planning application documents.²⁰

Table 8.2 Gross Job Capacity of Key Sites/Locations

Location	Industrial Jobs	Office Jobs	Retail Jobs	Hotel/leisure Jobs	Total
Century Park	1,167	0	373	342	2,599
Napier Park	250	4,680	564	1,020	6,514
Butterfield Park	0	4,013	0	0	4,013
Junction 10a	0	1,728	0	0	1,728
Power Court	0	0	2,074	0	2,074
Luton Airport	0	0	0	0	5,050
Luton town centre	0	0	0	200	200
District Centres	0	216	0	0	216
Total	1,417	10,421	3,012	1,562	22,178

* assumes 10% vacancy of floorspace and applies typical job/floorspace ratios to permitted floorspace

- 8.23 This suggests potential to provide a net gain for Luton of up to 22,178 jobs from these sites. However, these are gross jobs that can be accommodated in new buildings on these sites. In reality, some of these jobs will be transfers from elsewhere in the town, a factor known as job displacement. To estimate

²⁰ Luton Airport planning application, Community & Economic Chapter of ES, Halcrow, 2012

this, it has been assumed that 25% of all jobs created in the new developments in Table 8.2 (and 30% in retail developments) are displaced from elsewhere in Luton.²¹ This would reduce the net job capacity of these sites to 17,900, a figure close to the 17,825 EEFM job forecast.

- 8.24 This suggests the EEFM job forecast could be accommodated within existing sites in Luton. It is also important to note that other jobs will be accommodated elsewhere in Luton including some through more intensive use of existing premises across the town, some on town centre sites and some in district centres.

e. Job contribution of Amber site interventions

- 8.25 From the analysis in Section 5.0, it is clear that mixed use or other redevelopment to provide employment space on most of the Amber sites is unlikely to be viable and therefore unlikely to happen under current market conditions. Residential development of such sites, however, does appear viable. Vacancy levels on most of these employment sites are generally low with limited scope to increase employment through take-up of vacant units. This means the Amber sites are unlikely to deliver any significant increase in jobs over the plan period and their current contribution may indeed reduce slightly if any are released to other uses.

Determining a Sustainable Job Target

- 8.26 A sustainable job target for Luton should take account of forecasts of job growth across all sectors, future growth in labour supply and the capacity of available sites in Luton to accommodate new employment generating floorspace.
- 8.27 A key question is whether the job target should be one which simply reflects the EEFM forecast job level (an objective measure of the growth potential of the local economy) and is considered achievable in terms of current land capacity, or whether it should be a more aspirational, ‘stretching’ target and aim to exceed what is clearly achievable, perhaps based on both the needs of Luton’s resident population and serving the job needs of the wider sub-region.
- 8.28 The available forecasts of future job growth are provided by the EEFM. As indicated in Section 6.0, two forecasts indicate total employment growth up to 2031 across all sectors of between 17,600 - 17,825 jobs, of which only 43% are estimated as B Class jobs. This compares with projected labour force growth in Luton of some 18,240. While some 30% of Luton’s residents have typically worked outside the town in the past, the numbers are balanced by in-commuters from the adjoining areas. A more aspirational, stretching target based on Luton’s sub-regional role may also provide more opportunities for

²¹ Based on low displacement factor in the English Partnership’s Additionality Guide, 2008

Luton residents to work locally rather than commute to jobs elsewhere, provided local skills and education needs can be addressed.

- 8.29 These forecasts provide one picture of future job demand based on past trends in Luton and future regional/national economic performance. As noted above, these figures will not necessarily take account of potential interventions or the effects of major infrastructure and development sites within or beside Luton. They may underplay Luton's economic potential. For example, if B Class development in Luton continued at slightly less than past levels, this alone would accommodate 2,000 more jobs than the EEFM forecast by 2031. In addition, the airport expansion and new retail schemes appear likely to create significantly more jobs than the EEFM forecast for these sectors.
- 8.30 Looking at the supply side, Table 8.2 indicated how many additional jobs (17,900) could be accommodated if the main employment-generating sites were developed. It is possible other Non B class jobs, such as retail, leisure, health, education etc, jobs will be accommodated by expansion within existing sites, and redevelopment, re-use or more intensive use of existing premises. With planned housing growth, there may be a need for more schools, healthcare facilities etc although no major new job generating developments have been identified in Luton.
- 8.31 Drawing this together, the EEFM job forecast may underplay Luton's economic growth potential, although it is a level of employment growth that Luton should be able to achieve. Given Luton's important role as an employment centre for the sub-region around it, a higher target might be achievable. Luton's key sites and other locations within the Borough could accommodate a net increase of some 17,900 jobs although that figure assumes all sites come forward and are fully developed in the plan period. On balance, while a higher job target of up to 20,000 could be achievable (given that the airport and the town centre could provide more jobs than anticipated without further land requirements), this might nevertheless put unsustainable pressure on the ability of the Borough to bring forward development given its tight boundaries which limit its flexibility to manage land supply beyond that already identified. On this basis, a realistic figure of 17,825 -18,000 jobs would appear to provide a reasonable and achievable target that would not place undue pressure on a Borough with a limited supply of employment land and acknowledged challenges in terms of bringing forward viable development in the immediate term.

Dealing with Site Mismatches

- 8.32 As discussed in Section 7.0, the main mismatch between employment land demand and supply is likely to be for office based sectors. To address this potential shortfall of space, some options would be:
- a encouraging more intensive office development on the available sites;
 - b seeking more office provision within a few, well located, large mixed use schemes within Luton e.g. on the Power Court site;

- c seeking some office development on older industrial areas in and around Luton town centre, although the amount appears likely to be small;
- d in the longer term, encouraging more office development in or on the edge of Luton town once existing older premises have been redeveloped and the town centre has been revitalised by other new development and public realm improvements.

Conclusions

- 8.33 The ERFM model predicts job growth of up to 17,825 in Luton by 2031. The main contributors to job growth in Luton over the next 20 years are likely to be business services, land transport/distribution, healthcare, retail, construction and arts/entertainment. Almost 60% of this predicted job growth will be in Non B Class sectors.
- 8.34 Luton's large employment allocations, the airport and town centre sites appear capable of accommodating a net employment increase in Luton the order of 17,900 jobs.
- 8.35 Aiming for an additional 20,000 jobs between 2011-31 would be a 'stretching' target for Luton, but is probably achievable given that the airport and the town centre could provide more jobs than anticipated without further land requirements and would not underplay Luton's economic potential, or its role as an important employment centre for the surrounding sub-region. It also allows for some of Luton's key sites not being developed to their full capacity by 2031. However, while a higher job level might well be obtainable, a figure of 17,825 -18,000 jobs would still provide a reasonable and achievable target that does not place excessive pressure on Luton' limited land supply.

9.0 Policy Interventions

9.1 This section examines

- 1 what economic sectors should be targeted in Luton, the best locations for these and how they should be attracted;
- 2 the appropriateness and feasibility of current employment allocations and policy responses that could overcome barriers to development on them;
- 3 potential interventions on the “amber” employment sites and an appropriate policy response to enable delivery of modern employment space on them.

1. Target Growth Sectors

9.2 Sectors to be targeted for growth in Luton should include those in which the borough has particular strengths or concentrations, and which gain economic advantage from being in Luton. They could also include other sectors which are not strong within Luton now, but have clear growth potential and which Luton may be able to attract through a combination of some competitive advantages and active targeting.

9.3 Section 2.0 identified broad sectors with above average representation in Luton and which might be seen as having some competitive advantage from being there, and hence greater growth potential. These are manufacturing, business services, wholesaling, transport & storage and public administration. Given government spending constraints, the last sector is unlikely to be a growth sector in the short/medium term. Manufacturing jobs generally are also forecast to decline in Luton although this does not preclude growth in output or in some higher value manufacturing sectors.

9.4 In this context, for the purpose of preparing its economic strategy, Luton’s Local Economic Assessment put forward the following sectors/clusters to shape the direction of support:

- 1 **Main** - aerospace, airport related, engineering (including automotive), ICT, creative arts & media
- 2 **Other** - retail, voluntary and third sector, construction
- 3 **New** - green technology, medical / health / sport.

9.5 Reflecting this, the Council’s 2010 Economic Priority Statement aimed to focus business support activities around the same key sectors and clusters. To verify this, a brief review has been undertaken of the potential of each of the main sectors, looking at their typical locational requirements. This analysis draws on recent research on the key drivers of business location for such sectors in the

South East region and the factors that make a particular location attractive to them.²²

- 9.6 **Aerospace/airport related activities:** Luton has obvious advantages in this sector as a result of a growing international airport and an established cluster of aviation related activities around it. The planned expansion of the airport and shortage of airport capacity in the South East/London area all support future growth. Luton has less operating restrictions than many other South East airports. A number of aerospace firms (e.g. GKN Aerospace, Fernau Avionics, Monarch Engineering and Storm Engineering) are based in Luton and some are expanding. Junction 10a infrastructure improvements will enhance access to the airport and its adjoining aviation cluster while Century Park provides a very large site nearby able to accommodate growth in aviation-related activity.
- 9.7 **Advanced Manufacturing/Engineering:** This sector typically includes higher value manufacturing and engineering uses relying on greater technology and skill inputs. Important factors identified for this sector are proximity to the strategic road network, availability of high quality business park environments and flexible/affordable workspace. However, the most important factor is the supply of skilled, qualified and experienced staff and this is identified as being the most significant challenge currently facing businesses in these sectors.²³ With a reasonable base in automotive and aerospace engineering, Luton appears able to meet most of these criteria but may need to do more to upgrade its workforce.
- 9.8 **Information & Communications Technology (ICT):** Luton currently has a modest level of employment in this sector, with 1,800 jobs recorded in computer related activities in 2011 and 515 in telecommunications, a lower proportion than the region. Butterfield Park and other sites do, however, contain a number of ICT firms, such as MTL Instruments and ZF Electronics. Key locational factors for ICT firms can include areas with an attractive lifestyle, skilled worker availability, broadband connectivity, proximity to London, and often the image of the location. Luton lacks some of these features relative to other locations in the sub-region and would need to improve relevant skill levels in its workforce. However, Central Bedfordshire College near runs IT courses and Luton it does have good start-up facilities which could help generate indigenous growth in this sector.
- 9.9 **Creative Industries/Media:** This diverse sector includes activities such as publishing, graphics, software and web-design etc., which currently have modest representation in Luton. Only 100 jobs are currently supported in media and broadcasting activities, with little growth forecast, although other creative jobs will be hidden within other sectors. Examples of such firms in Luton include Silvertoad, Stampede and Clearhead Media. Key locational factors for

²² Spatial Requirements of Key Sectors in the South East, Atkins for SEERA, 2004

²³ Thames Gateway Kent Sectors Study, Regeneris for Thames Gateway Kent Partnership, April 2008

firms in this sector are similar to those for ICT and include access to broadband, areas with attractive lifestyle and sometimes the image of the location, while easy access to London's large client base is also beneficial. Availability of skilled staff and affordable town centre premises with a good cultural image can also be important. A high proportion of freelance contractors typically work from home or within small offices. Luton currently lacks some of these features but does contain the University of Bedfordshire Campus offering creative media courses and provides low cost premises with good access to London. This is also a sector that many other locations in the sub-region would be targeting for growth.

- 9.10 **Environmental industries/Energy:** This sector includes activities such as renewable energy technologies, recycling, water treatment, decontamination and other environmental consultancy. It is one that many other UK areas are also targeting and some are more advanced in promoting. Key considerations in location decisions for this sector include availability of skilled labour resources, proximity to universities with relevant R&D facilities, access to customers/suppliers and available incubator/move-on facilities. For waste-related activities, proximity to large population/manufacturing centres is important. Luton does not appear to have many strong advantages for growth in this sector and no large supply of sites for recycling related uses but its manufacturing strengths could support some elements of this sector.
- 9.11 **Construction:** the construction sector generally does not follow specific locational criteria, with contractors and workforce tending to be fairly mobile, potentially setting up local offices for larger projects. Some construction firms/operations use B class premises such as offices and storage sites on industrial estates whilst others use non B-class land/premises in the form of depots and sui generis single-occupier construction sites. Luton currently has below average job representation in this sector which has had negative job growth over the last decade, worse than the regional picture. However, the EEFM forecasts predict an additional 1,860 construction jobs by 2031. While it has been significantly impacted by cuts in public spending and the property and housebuilding downturn, the sector should benefit from major infrastructure and development projects planned in Luton. Central Bedfordshire College nearby runs construction skills courses. Growth in this sector would meet needs in Luton's lower skilled workforce and may enable Luton to function as a construction base for the sub-region.
- 9.12 Based on this review, Luton has strengths in the airport-related, aerospace, advanced manufacturing and engineering sectors which can all be targeted for growth. Based on major infrastructure planned in the sub-region, construction also appears an area of growth which Luton can capitalise on. In the ICT and creative sectors, Luton's potential appears less strong but, allied to upgrading of skill levels and possibly enhancing the town centre and general image of the town, it has good start-up facilities and some good sites that can support indigenous growth in these activities. These sectors also appear worth supporting for growth.

2. Current Employment Allocations

- 9.13 From the review of the main employment locations in Section 7 – Napier Park, Century Park, Butterfield Park and potentially land at Junction 10a – all of these sites remain appropriate allocations and suitable to meet future needs. From the information currently available, most are also considered likely to be deliverable.
- 9.14 The main barriers to achieving development on most of these sites are those faced by the property industry generally outside central London and include difficulty in obtaining development finance, developers’ aversion to risk in more marginal areas, and a need to secure occupiers in advance of development. There is a limited amount that planning policy interventions alone can do to influence these factors. However, there are things that can be put in place to, in effect, de-risk planning issues: for example, a clear, agreed planning brief or masterplan for the site can give increased developer certainty and investor confidence. A flexible approach to S106 and CIL contributions may also help encourage development. Use of Local Development Orders can also ease planning processes on sites and be a useful flag marking a ‘can-do’ planning environment, even if in practice the planning factors are unlikely to be significant.
- 9.15 On sites where there is an existing outline planning permission in place, but significant remaining plots undeveloped and/or little evidence of interest, it may be that a proactive approach towards reconfiguring the existing masterplan or permission to identify any potential (perhaps less obvious) barriers to development might be worthwhile, or to see if there is potential for non-B-class uses that complement the employment role of the site, generate employment in their own right, and enhance wider investment prospects for the site.
- 9.16 In this respect, for sites where a mix of uses is planned, in the current development market, consideration could be given in policies to approaches which link delivery of new employment space to provision and phasing of other uses on the site, perhaps through legal agreements.
- 9.17 The most helpful approaches are likely to be funding or delivery oriented rather than planning policy measures. Use of Tax increment Funding (TIF) approaches by Councils can raise funding for essential upfront infrastructure needed to kick start development in some cases, provided there is sufficient confidence that the business rate uplift (via the new localisation of business rates in the Local Government Finance Act 2012) and other sources of revenue needed to repay that upfront investment will be generated and is sufficient. Joint ventures between Councils and developers can also work in some situations but are perhaps less relevant to the very large development sites in Luton, given the lack of public sector land.
- 9.18 For Butterfield Park, it would clearly be useful for the Council to secure a new development partner to promote this site and bring forward further development. In the case of Century Park, the main barrier is achieving funding to provide a new access road to the site. This will depend to some extent on

expansion of the airport and on the developer securing pre-let occupiers to help secure funding. For such a large infrastructure constraint that is holding back delivery of a major employment site, it may also be worth exploring alternative mechanisms such as access to public sector/Government funding sources and use of TIF.

9.19 Figure 9.1 summarises a range of site delivery approaches applying to different situations. Some of these may be appropriate to Luton’s key employment sites.

Figure 9.1 Potential Mechanisms to Encourage Employment Development

Approach	Deliver New Sites		Deliver New Employment Space		Renew / upgrade employment space	
	Low	High	Low	High	Low	High
Regional Growth Fund	○	●	○	●	○	○
Growing Places Fund	○	●	○	●	○	○
Community Infrastructure Levy	○	●	○	●	○	○
Tax Increment Funding	○	●	○	●	○	○
Joint Venture	○	●	○	●	○	○
Enabling Development	○	●	○	○	○	○
LDO	○	○	○	●	○	●
BID	○	○	○	○	○	●
Rent Guarantees	○	○	○	●	○	●
Business Improvement Grants	○	○	○	○	○	○

Source: NLP Analysis

○ limited potential ○ some potential ● good potential

3. Amber Site Interventions

9.20 As noted earlier, most of these sites are relatively small and contain older premises, although some in reasonable condition and most with low vacancy. Many could benefit from upgrading of their employment space, whether through redevelopment or less costly approaches such re-cladding. However, Section 8 indicated that redevelopment to provide modern employment premises on such sites in Luton would not be viable in most cases, and that mixed use development using higher value uses to bring forward some modern employment space is also generally not viable.

9.21 Many of these small estates also have freeholds owned by occupiers, or occupiers with long leases on the units. The resulting fragmented land ownership often forms a significant obstacle to redevelopment of the estates. The high occupancy rates also mean that there is reasonable value remaining in the existing premises, and redevelopment would therefore have to provide significant additional site value to be viable. With industrial rents relatively low in this area and little rental premium for modern industrial space, redevelopment for more modern units where density cannot be increased is not

usually viable. Furthermore, upgrading of older units provides little additional rental return and the incentive to do so is low when occupancy remains high.

- 9.22 Some agents consulted saw the best prospects for redevelopment of such sites coming from a long-term process of providing new industrial space on purpose-built industrial parks, which would eventually cause vacancy to increase on older estates and lead to opportunities for their eventual comprehensive redevelopment towards the end of their economic life. Opportunities for this in Luton are limited, reliant mainly on Century Park coming forward or redevelopment of an older estate.
- 9.23 It is obviously important, in terms of how such a process would play out, that any attempt to stimulate renewal or development does not inadvertently damage an important part of Luton's economic base, or incentivise the closure of firms that are otherwise generally viable businesses that employ local people.
- 9.24 For this reason, given that these Amber sites are unlikely to deliver new employment space through redevelopment or mixed use approaches, and because they have high occupancy and appear to function reasonably well to meet some of Luton's economic needs, it appears important to protect the better performing sites and retain them in employment use at present. This would enable a gradual process in which upgrading can take place on some sites, firms can relocate to any new employment sites developed or conditions deteriorate to a level where market conditions lead to redevelopment.
- 9.25 Some of the mechanisms for renewing/upgrading employment space set out in Figure 9.1 could be useful to encourage upgrading, for example use of LDOs, Business Improvement Grants and Council Rent Guarantees for new development. However, discussion at the workshop (Appendix 2) concluded that the Council would be better investing any limited resources in other areas of potential growth, rather than in incentivising redevelopment or relocations away from such sites.
- 9.26 In policy terms, the Luton Local Plan 2001-11 contained no specific policy to protect employment outside the Key Employment Areas. The emerging Local Plan for 2011-31 has not progressed to a policy formulation stage. It would therefore be beneficial for future Local Plan policies to protect the better quality Amber sites from other uses and encourage upgrading of employment space within them. Sites to be protected could be identified by the plan based on the analysis in this study and use a criteria based approach. These criteria would include period of vacancy, quality of premises, reasonable periods of unsuccessful marketing and the ELR assessment. Any such policy could also allow some flexibility, for example enabling any loss of older employment space to be replaced in other locations to avoid any net loss in Luton.

10.0 Overall Conclusions

10.1 The following key conclusions can be drawn from this study on the adequacy of current employment land supply in Luton and requirements for the period up to 2031.

Future Requirements for Employment Space

10.2 Future requirements for employment space were assessed under a range of economic scenarios and approaches, reflecting economic growth potential and past development trends. Several of these reflect assumptions of higher future development rates in Luton than in the recent past, some lower (Table 10.1).

Table 10.1 Gross Floorspace Requirement by Scenario, 2011-31 (m²)

Scenario	Labour Demand		Past Development Rates		
	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Offices (B1a)	133,200	132,300	147,600	125,900	159,200
Industrial (B1c/B2/B8)	96,200	93,800	175,000	90,500	199,600
All B Uses	229,400	226,200	322,600	216,400	358,800

Source: NLP analysis Totals rounded

10.3 The overall space requirements related to these different futures range from 216,400 to 358,800 m² of all types of employment space up to 2031, implying in broad terms a need for between 46.5 ha and 80 ha of employment land. In most cases, the greater part of future demand is for office space.

10.4 Depending on the Council's aspirations, planning for broadly the level of development implied by scenarios 1 and 2 would broadly meet local job needs and appears achievable in the context of past development trends but would not necessarily reflect Luton's economic potential, planned infrastructure and major new developments. Planning for a higher level than this may be appropriate if the aim were to achieve a more aspirational level of economic activity in the area, building on the potential of Luton Airport expansion and other major developments planned around Luton.

Need for Additional Employment Land

10.5 From comparing forecast demand with the current supply of sites in Table 10.2 below, there could be an adequate quantitative supply of industrial space to meet future needs to 2031, but only for lower growth scenarios and then only if all currently identified employment sites deliver their expected amount of industrial floorspace. If, for example, Century Park did not come forward for development, there is a strong risk of a large shortfall over the period to 2031 under all growth scenarios. There may also be some risk that the type of new industrial provision there does not match the needs of local firms.

Table 10.2 Demand v. Supply of Industrial Space in Luton by Scenario (m2)

	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Industrial space required(m ²)	96,200	93,800	175,000	90,500	199,600
Available supply (m ²)	154,770				
Surplus (+)/Shortfall (-)(m²)	+58,570	+60,970	- 20,230	+ 64,270	-44,830

Source: NLP analysis

Table 10.3 Demand v. Supply of Office Space in Luton by Scenario (m2)

	1 EEFM Job Growth	2 ONS based Job Growth	3 Past Take-Up Continues	4 Lower Future Take-Up	5 Higher Future Take-up
Requirement for B Class space (m ²)	133,200	132,300	147,600	125,900	159,200
Available supply (m ²)	120,600				
Surplus (+)/Shortfall (-)(m²)	-12,600	-11,700	-27,000	-5,300	- 38,600

Source: NLP analysis

- 10.6 For offices, Table 10.2 indicates a significant shortfall of office space is likely under all growth scenarios even if all currently identified supply comes forward. The scope to provide much new, high quality office space in Luton town centre appears limited.
- 10.7 If the EEFM forecasts, or the lower take-up based estimate, were used as the basis for future planning and Century Park delivers most of its potential capacity by 2031, then Luton could theoretically afford to allow some surplus industrial land to be used for offices, assuming the sites are suited to this use.
- 10.8 There do not appear to be any easy options for addressing these potential shortfalls but the main ones would include:
- a encouraging office development on all available employment sites;
 - b seeking more office provision within well located, large mixed use schemes within Luton;
 - c seeking more intensive office or industrial development on older industrial areas in an around Luton town centre;
 - d in the longer term, encouraging more office development in or on the edge of Luton town once existing older premises have been redeveloped and the town centre has been revitalised by other new development and public realm improvements.
 - e utilising for new industrial development any sites released by existing industrial users who are closing down or downsizing.
- 10.9 The key message from this is that Luton needs to retain its main existing employment sites as far as possible and to ensure employment space is delivered on them within the plan period. It also needs to retain most of its

older employment areas until such time as replacement sites become available.

Quality of Existing Employment Sites

- 10.10 An assessment was undertaken of the suitability to meet future employment needs of a sample of 20 sites within Luton categorised as Green (fit for purpose) by a previous study and of 30 Amber sites (viable but requiring intervention to improve viability).
- 10.11 This found that the great majority of the Green estates remain good quality employment locations and fit for purpose. No reason was found to change their status as sites which are fit for purpose to meet future needs.
- 10.12 The overall picture from the assessment of the Amber sites is that the majority are functioning adequately. Although most are small and many contain older premises and some are in mainly residential areas and road access is not always good, vacancy levels on most sites appear low and the units meet local needs for lower cost premises. Most would benefit from upgrading or new investment to help them function better as employment areas and this may happen when their condition deteriorates to a level where they no longer function adequately. Most of these sites are considered generally fit for purpose to meet future employment needs in Luton at some level.

Release of Employment Sites

- 10.13 In the light of the NPPF, which aims to avoid long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose, it is important to consider whether Luton contains any such sites that should be released for alternative uses. The main sites with significant undeveloped land are Century Park, Napier Park, Butterfield Park and potentially land at Junction 10a.
- 10.14 The study concluded that all of Luton's key employment sites are of good quality, that none is likely to remain undeveloped during the plan period and they should all be retained for employment use as all are required to meet Luton's forecast needs.
- 10.15 Only a few of the Amber sites were assessed as sites that did not function well as B Class employment areas or were vacant and appeared less likely to attract new employment development. Any vacant sites among these could be candidates for further investigation for release to residential development. Those with high vacancy but some occupation should be monitored and may be considered for release to other uses at a later stage.

Viability Assessment of Amber Sites

- 10.16 For 30 Amber sites, a site capacity and viability assessment was undertaken to test how much modern employment space and dwellings could be delivered

through mixed use and other forms of redevelopment and whether such development would be viable. The key findings from this assessment were:

- a redevelopment of existing employment uses for modern employment premises is unviable on an investment basis;
- b mixed-schemes, which include releasing part of an employment site for residential development, but retaining part for development of new employment units, showed poor levels of viability; only one of out seven sites tested was viable and this largely due to very low existing use value due to low intensity uses on the site.
- c releasing existing employment sites wholly for residential use also illustrates a mixed viability picture; releasing whole areas for residential may be more appropriate than seeking to retain elements of employment, and this is also the case for improving the viability of redevelopment.

10.17 Overall, mixed use or other redevelopment of the Amber sites should not be relied upon to make a significant contribution of modern employment space within Luton. They could potentially contribute to Luton's future housing supply but this is likely to be at the expense of mainly functioning, if older, employment space. Any upgrading of employment space on these Amber sites is more likely to involve modest refurbishment rather than redevelopment and possibly in some cases design & build approaches by firms. At some point in the future, it is likely that older premises on these sites will deteriorate to a point where existing use values are very low and redevelopment may then become more viable.

Sustainable Job Target

10.18 The EEFM job forecast of 17,825 jobs between 2011-31 could underplay Luton's economic growth potential although it is one that it appears likely to be able to achieve. Given Luton's important role as an employment centre for the sub-region around it, a higher target would appear achievable. Luton's key sites could accommodate a net increase of some 17,900 jobs although that figure assumes all sites come forward and are fully developed in the plan period. While a higher job level might well be achievable given that the airport and the town centre could provide more jobs than anticipated without further land requirements, a figure of 17,825 -18,000 jobs would provide a reasonable and achievable target.

Policy Interventions

10.19 Luton's main employment sites remain appropriate allocations and suitable to meet future needs. From the information currently available, most are also considered likely to be deliverable. The main barriers to achieving development on most of these sites are those faced by the property industry generally and include difficulty in obtaining development finance, developers' aversion to risk in more marginal areas and a need to secure occupiers in advance of development. There is a limited amount that planning policy interventions can do to influence these factors but development could be encouraged by an

agreed planning brief/masterplan for the site, adopting a flexible approach to S106/CIL contributions and use of Local Development Orders.

- 10.20 The most helpful approaches are likely to be funding or delivery oriented rather than planning policy measures. Use of Tax increment Funding (TIF) approaches by Councils can raise funding for essential infrastructure needed to kick start development income cases. For Butterfield Park, it would clearly be useful for the Council to secure a new development partner to promote this site and bring forward further development. In the case of Century Park where the main barrier is achieving funding to provide a new access road to the site, it may also be worth exploring alternative mechanisms such as access to public sector/Government funding sources and use of TIF.
- 10.21 For the Amber sites, given these are unlikely to deliver new employment space through redevelopment or mixed use approaches, and because they have high occupancy and appear to function reasonably well to meet some of Luton's economic needs, it appears important to protect the better sites and retain them in employment use at present. This would enable a gradual process in which upgrading can take place on some sites, firms can relocate to any new employment sites developed or conditions deteriorate to a level where market conditions lead to redevelopment. Some of the mechanisms for renewing/upgrading employment space set out in Figure 9.1 could be useful to encourage upgrading, for example use of LDOs, Business Improvement Grants and Council Rent Guarantees for new development.
- 10.22 It would be beneficial for future Local Plan policies to protect the better quality Amber sites from other uses and encourage upgrading of employment space within them. Sites to be protected could be identified by the plan based on the analysis in this study and use a criteria based approach.

Target Sectors

- 10.23 Target sectors for support and growth are set out in the Council's Local Economic Assessment and these have been considered in broad terms by this study. This indicates Luton has strengths in the airport-related, aerospace, advanced manufacturing and engineering sectors which can all be targeted for growth. In the ICT and creative sectors, Luton's potential appears less strong but, allied to upgrading of skill levels and possibly enhancing the town centre and general image of the town, it has good start-up facilities and some good sites that can support indigenous growth in these activities. These sectors also appear worth supporting for growth.

Appendix 1 **Consultees**

1. Lambert Smith Hampton
2. Kirkby & Diamond
3. Bowyer Bryce
4. Valuation Office Agency
5. Various participants at stakeholder workshop

Appendix 2 Stakeholder Workshop Responses

The following points were raised in by stakeholders response to the questions raised. As a record of discussion and contributions from different individuals, the points listed may not be mutually compatible.

Has Luton enough land to meet its future needs?

- There was a view that Luton currently has enough land but not enough demand, but this may change and maybe more land would be needed to last the next 20 years.
- Not enough land available to accommodate large scale development; for example sites to accommodate Internet related warehousing/offices such as by Amazon.
- There is a stronger case for Luton growing outside of its boundary, particularly beside the airport and the main business parks, where most people visit; this would eventually bring up the town centre. There is more demand for out of town centre developments, potentially up to 100,000 sq. ft of office space.
- Land overall is not the issue. Some parts of Luton are doing fine. The main problem is the small, hemmed-in, town centre which contains poor quality premises but can't expand or attract better quality occupiers.
- Need to let town centre expand into the immediately surrounding area and provide more modern buildings and allow more car parking for businesses.
- The Council should provide piecemeal amounts of land available for small development.
- The Football Club relocation will need higher value, enabling development to make it viable and this may be an opportunity for more employment space beside it.
- The Council should investigate the scope to tap into external funding to kick start important development schemes (e.g. Century Park).

Is there adequate quality/choice of sites/premises for businesses?

There is not enough demand at present for office space.

- Luton needs more, high quality offices in the town centre; the office market may come back and Luton needs a long term plan for dealing with its older town centre offices.
- There was a view that, if modern, high quality town centre offices were available, they would let and the new station may provide a stimulus for this.
- There is potential for creative industries to use older edge of centre buildings, which will upgrade the area and attract a wider range of businesses.
- Flexibility will be important for any new development to reflect different needs after the recession and this may need changed planning approaches, for example to allow temporary uses of vacant shop units or creative industry uses in other vacant buildings.

- There is a need for high quality in any new development.
- Are prestigious and low cost premises affordable to businesses in Luton?
- There is a good supply of dedicated centres for small firms and start-ups, similar to the Hat Factory, but a shortage of units for 'move on' businesses.
- Some development to provide these move-on and other employment premises could be undertaken by Luton Council.
- Some scope was seen to convert/renovate older town centre office space for leisure uses.
- There may be scope to utilise Business Property rate relief to renovate existing older employment premises.
- A business rate 'holiday' would also be beneficial

Other Points

- Infrastructure was identified as a major deficiency of Luton - improvements to Junction 10A/Luton town centre and guided busway will help improve the situation.
- Need was identified for a more stable policy environment to encourage development.
- There seemed to be a lack of information in the business community regarding the timing of various projects within Luton.
- There were mixed views on the provision of student accommodation. Some considered there was too much, others indicated there is a demand and funding available for it.

Appendix 3 EEFM Employment Forecasts for Luton

EEFM Employment Forecasts for Luton

Sector	2011 (,000s)	2031 (,000s)	2011-31 (No. of jobs)	% Change
Agriculture	0.028	0.021	-7	-26.1%
Mining and Quarrying	0.000	0.000	0	0.0%
Food Manufacturing	0.731	0.541	-190	-26.0%
General Manufacturing	3.345	2.262	-1,083	-32.4%
Chemicals	0.566	0.345	-221	-39.0%
Pharmaceuticals	0.050	0.036	-14	-28.1%
Metals	0.930	0.593	-337	-36.2%
Transport	3.246	2.020	-1,226	-37.8%
Electronics	1.973	1.255	-719	-36.4%
Utilities	0.243	0.180	-63	-25.8%
Waste and remediation	0.231	0.200	-32	-13.8%
Construction	4.370	6.231	1,861	42.6%
Wholesale	6.755	7.756	1,001	14.8%
Retail	9.144	10.791	1,648	18.0%
Land Transport	5.059	7.748	2,689	53.2%
Water and air transport	2.731	3.268	536	19.6%
Hotels and restaurants	4.677	5.500	823	17.6%
Publishing and broadcasting	0.105	0.111	6	5.5%
Telecoms	0.515	0.557	43	8.3%
Computer related activity	1.383	1.397	14	1.0%
Finance	1.143	1.343	200	17.5%
Real Estate	1.600	2.596	996	62.3%
Professional services	4.829	8.086	3,258	67.5%
R+D	0.049	0.056	6	12.9%
Business services	8.125	12.396	4,271	52.6%
Employment activities	6.033	7.413	1,380	22.9%
Public Administration & defence	3.583	3.309	-273	-7.6%
Education	8.591	8.708	116	1.4%
Health and care	11.327	13.077	1,751	15.5%
Arts and entertainment	2.675	3.811	1,135	42.4%
Other services	2.309	2.567	258	11.2%
Total	96.347	114.174	17,827	18.5%

Source: EEFM, Oxford Economics, 2012

Appendix 4 Definition of B Class Sectors

Definition of B Class Sectors

The method used for re-categorising the EEFM employment forecasts by sector into B-Class uses is summarised below.

Apportionment of B Class Sectors to Land Uses

Experian Sector	Proportion of Jobs by Use Class		
	B1 office	B2 industrial	B8 warehousing
Agriculture, Forestry & Fishing	Non B-Class		
Mining & Quarrying	Non B-Class		
Food manufacturing	0%	100%	0%
General manufacturing	0%	100%	0%
Chemicals	0%	100%	0%
Pharmaceuticals	0%	100%	0%
Metal Products	0%	100%	0%
Electronic Products	0%	100%	0%
Transport Equipment	0%	100%	0%
Utilities/ Waste & remediation	0%	53%	0%
Construction	0%	23%	0%
Wholesale	0%	19%	81%
Retail	Non B-Class		
Land, Water & Air Transport	0%	0%	40%
Hotels & restaurants	Non B-Class		
Publishing & broadcasting	100%	0%	0%
Telecoms	100%	0%	0%
Computer related activity	100%	0%	0%
Finance	100%	0%	0%
Real Estate	100%	0%	0%
Business Services	100%	0%	0%
Employment activities	2%	0%	0%
Public Administration & Defence	10%	0%	0%
Education	Non B-Class		
Health	Non B-Class		
Other services	Non B-Class		

Source: NLP analysis

Appendix 5 Site Assessment Criteria

Site Assessment Criteria

The criteria for assessing the quality/condition of protected and other existing sites, reflecting the particular circumstances of the area are set out below. These criteria mainly relate to the inherent value of a site rather than current conditions on it, although such characteristics have been noted. Additional criteria apply to undeveloped allocated/development sites although ownership and availability information has not been possible to obtain in many cases and a judgement has been made on these.

Each site is given a score of between 1 and 5 against each criterion (1 = poor, 5 = very good). No individual weightings are attached to different criteria.

Scorings can reflect a combination of different factors applying to the same criteria and a balanced judgment has to be made on an appropriate overall score.

Existing Developed Employment Areas

Strategic Access:

5 = Very good: within 2 Km of strategic road junction/ via good unconstrained roads

1 = Poor: over 5 Km from strategic road junction/access, and/or through constrained/local roads, and/or through town centre or residential areas etc.

Local Accessibility:

5 = Very good local access: via free moving good roads avoiding residential areas/difficult junctions; unconstrained vehicle access to the site with good visibility/lack of queuing; close access to range of town centre public transport services

1 = Poor: difficult/narrow road access, via residential roads, difficult site access junction, congested local roads; low level/limited range/infrequent public transport services nearby;

Proximity to Urban Areas and Access to Labour and Services:

5 = Very good: near centre of urban area with wide range of services nearby; proximity to sizeable residential areas providing local labour supply.

1 = Poor: remote isolated site, no local services or residential areas nearby;

Site characteristics and development constraints:

5 = Very good: generally level site, regular shape, over 3 ha in size; low flood risk (Zone 1); no conservation or landscape constraints on scale of

development; no adverse ground conditions or abnormal development costs; no other significant constraints on new development,

1 = Poor: sloping/uneven site; under 0.5 ha, irregular/narrow shape, other severe constraints; within flood risk Zone 3; conservation or landscape constraints on scale of development; adverse ground conditions or abnormal development costs

Proximity to incompatible uses:

5 = Within larger employment area/no incompatible surrounding land use

3-4 = B1 use adjoining residential/other sensitive uses;

1 = B2/B8 adjoining residential/other sensitive uses;

Market Attractiveness:

5 = Very good: high profile/high quality appearance, managed site; good environment and quality of occupiers; under 10% vacant; viewed as attractive by agents/occupiers; recent investment/development activity, strong demand, units rarely available

1 = Poor: run-down unattractive appearance/location; attracts lower end users and over 25% vacant space/buildings; vacant units not marketed; no recent investment; units remain vacant for lengthy period;

Sequential Status:

Applies to existing/potential office sites only – identifies whether site is in town centre, edge of centre or out-of-centre location in PPS4 terms

Barriers to Delivery:

Identify any factors that would constrain development of the site for employment uses e.g. site occupied, need for infrastructure

Planning Factors:

Identify any planning designations or policy constraints that could affect development of the site for employment uses.

Appendix 6 Location of Assessed Employment Sites



Key

Employment Sites

- 1. Airport Executive Park
 - 2. Barratt Industrial Park
 - 3. Butterfield Green Technology Park
 - 4. Commerce Park
 - 5. Cosgrove Way
 - 6. Craddock Road
 - 7. Dalroad Employment Area
 - 8. Dencora Way Employment Area
 - 9. Finway Industrial Estate
 - 10. Greenwood Court Industrial Area
 - 11. Osbourne Road Employment Area
 - 12. Percival Way Industrial Area
 - 13. Premier Business Park
 - 14. Prospect Way Employment Area
 - 15. Sedgwick Road/Progress Way
 - 16. Selbourne Road Industrial Area
 - 17. Sundon Business Park
 - 18. Sundon Industrial Estate
 - 19. Wigmore Employment Area/ Century Park
 - 20. Willowgate Trading Estate
- 1. Abbeygate Business Centre
 - 2. Albion Road
 - 3. Beechwood Road
 - 4. Britannia Estate
 - 5. Brunswick Street
 - 6. Burr Street
 - 7. Caleb Close
 - 8. Chaul End Lane
 - 9. Collingdon & Liverpool Road
 - 10. Concorde Street
 - 11. Dalroad Industrial Estate
 - 12. Dudley Street
 - 13. Eaton Green Road
 - 14. Gillam Street
 - 15. Guardian Estate
 - 16. High Town Road
 - 17. Hitchin Road
 - 18. Leagrave Road
 - 19. Midland Road (1)
 - 20. Midland Road (2)
 - 21. Moreton Park
 - 22. Napier Park
 - 23. North Street
 - 24. Oxen Road
 - 25. Plaza 668
 - 26. Power Court
 - 27. Sarum and Empress Road
 - 28. Sunrise Estate
 - 29. Taylor Street (1 & 2)
 - 30. Telmere Industrial Estate
 - 31. York Street (1 & 2)



Project Luton Employment Land Review

Title Plan 5.1 Location of Assessed Employment Sites

Client Luton Borough Council

Date 14.01.2013

Scale -

Drawn by MAR

Drp. No GIS13204-01



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