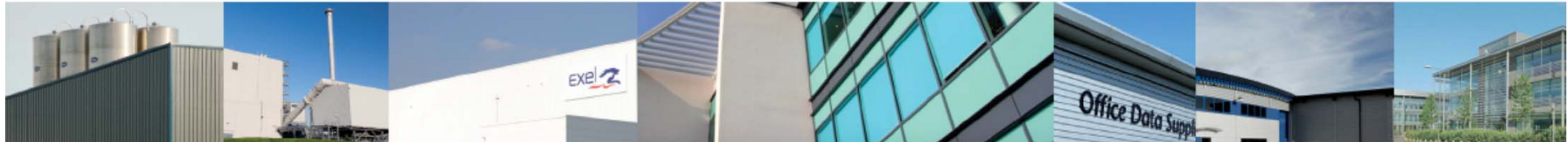




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Luton Functional Economic Market Area Study

Presentation of Emerging Findings

11th February 2016

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Disclaimer

This presentation is based on initial data analysis and information gathering, in accordance with the specification for the work and for the purposes of preparing a draft report. This analysis contains a number of outstanding matters that may be subject to clarification or confirmation. In addition, all outputs are subject to our internal review procedures and accordingly, we reserve the right to add, delete and/or amend the finding as appropriate. No party may place any reliance whatsoever upon these draft findings.

Agenda

Introduction and Welcome (LBC)	10.00am
Presentation of Emerging Findings (NLP)	10.10am
Refreshment Break	11.00am
Group Discussion	11.10am
Group Discussion Feedback (NLP)	11.40am
Next Steps (NLP)	11.55am
Close	12.00pm

Purpose of Workshop

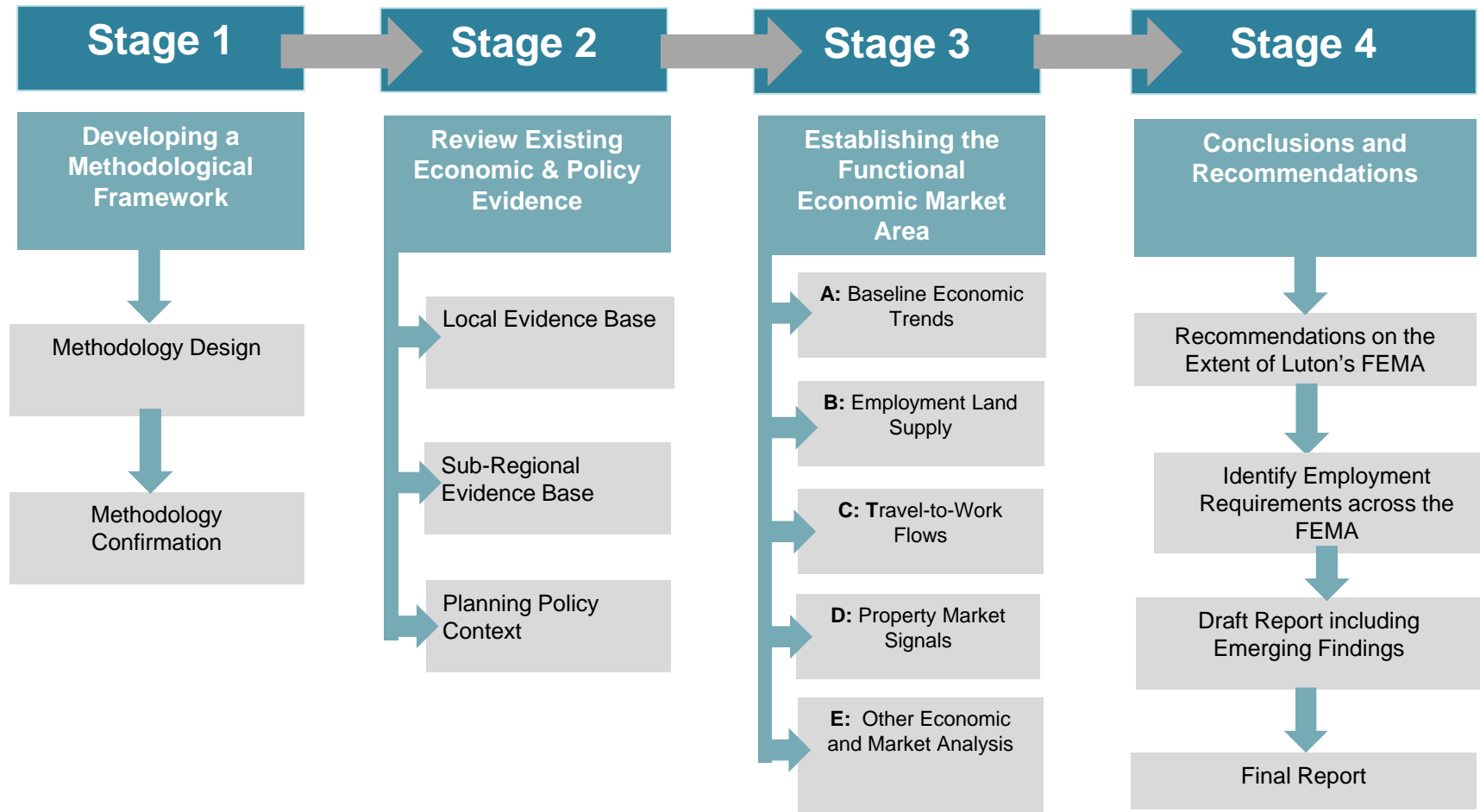
1. Introduce the approach and methodology to the Luton FEMA Study
2. Present the emerging findings
3. Identify job growth forecasts
4. Questions for discussion about the emerging findings
5. Next steps

1. Approach and Methodology

Approach

1. Developing a Methodological Framework
2. Defining Functional Economic Market Area
3. Evidence Review and Updated Forecasts
4. Identify Employment Floorspace Requirements across the FEMA
5. Consideration of Demand/ Supply Balance
6. Conclusions and Recommendations

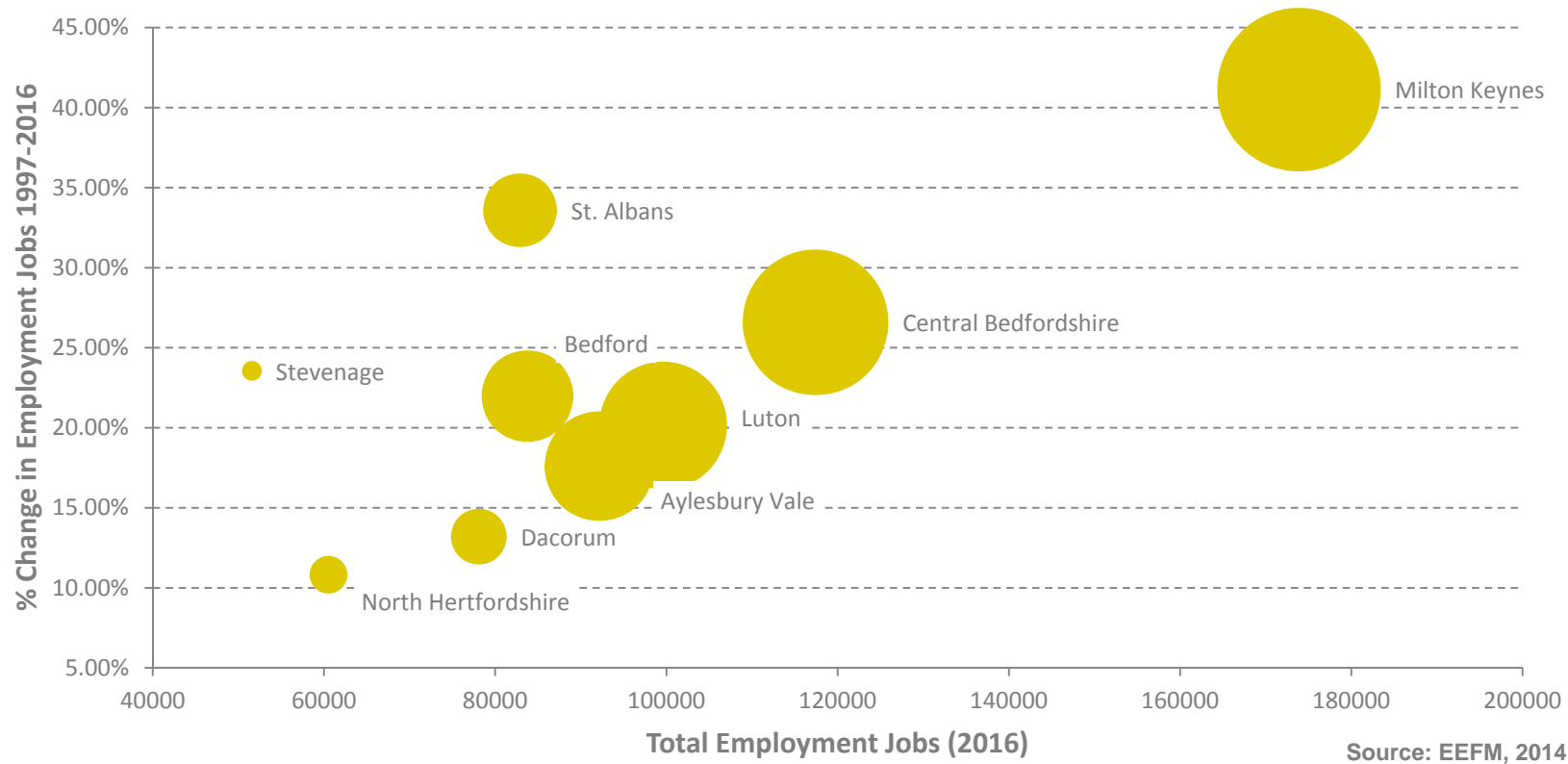
FEMA Methodological Framework



2. Economic Context and Trends

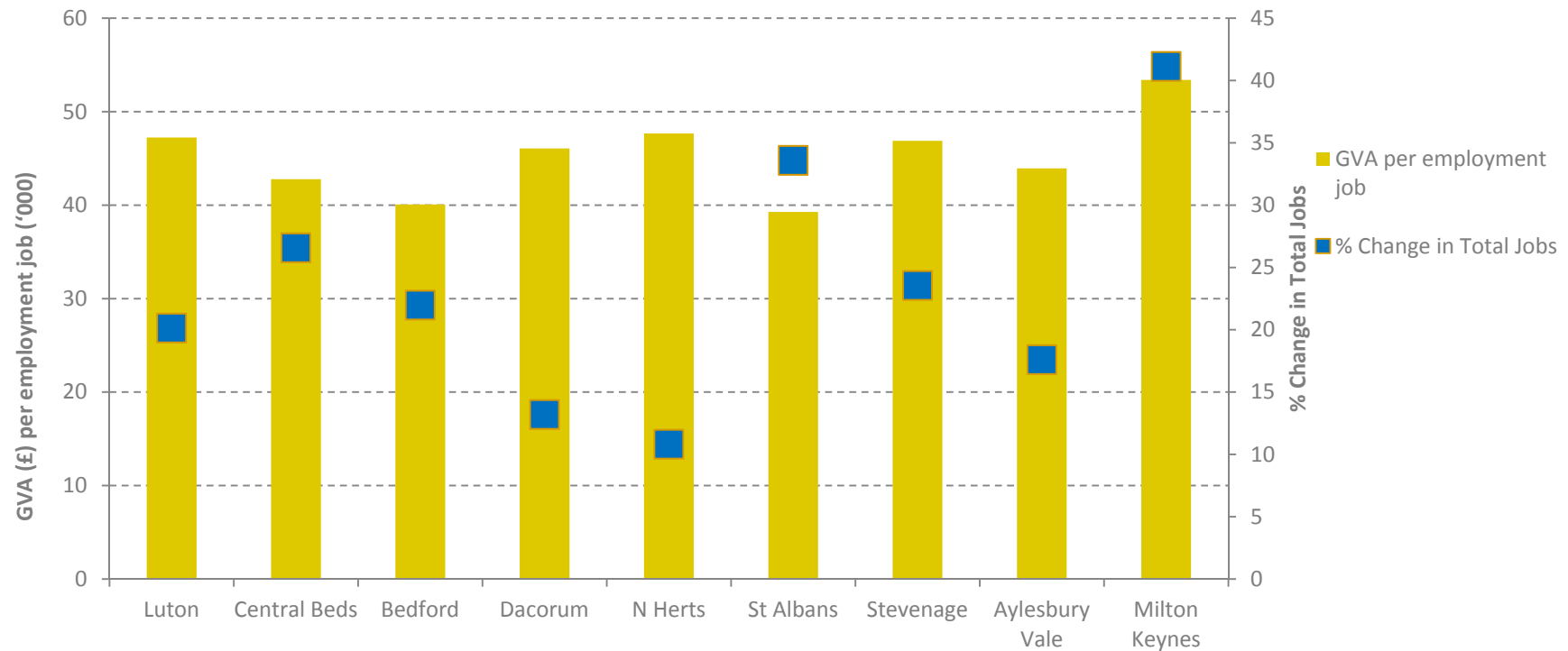
Luton's workforce jobs have grown at a rate of 20% between 1997 and 2016, which is broadly comparable with the 21% average across the neighbouring authorities (excl Milton Keynes)

Total Job growth by Local Authority, 1997-2016



Luton retains a strong GVA per employment job figure compared with neighbouring authorities, at just over £47,000.

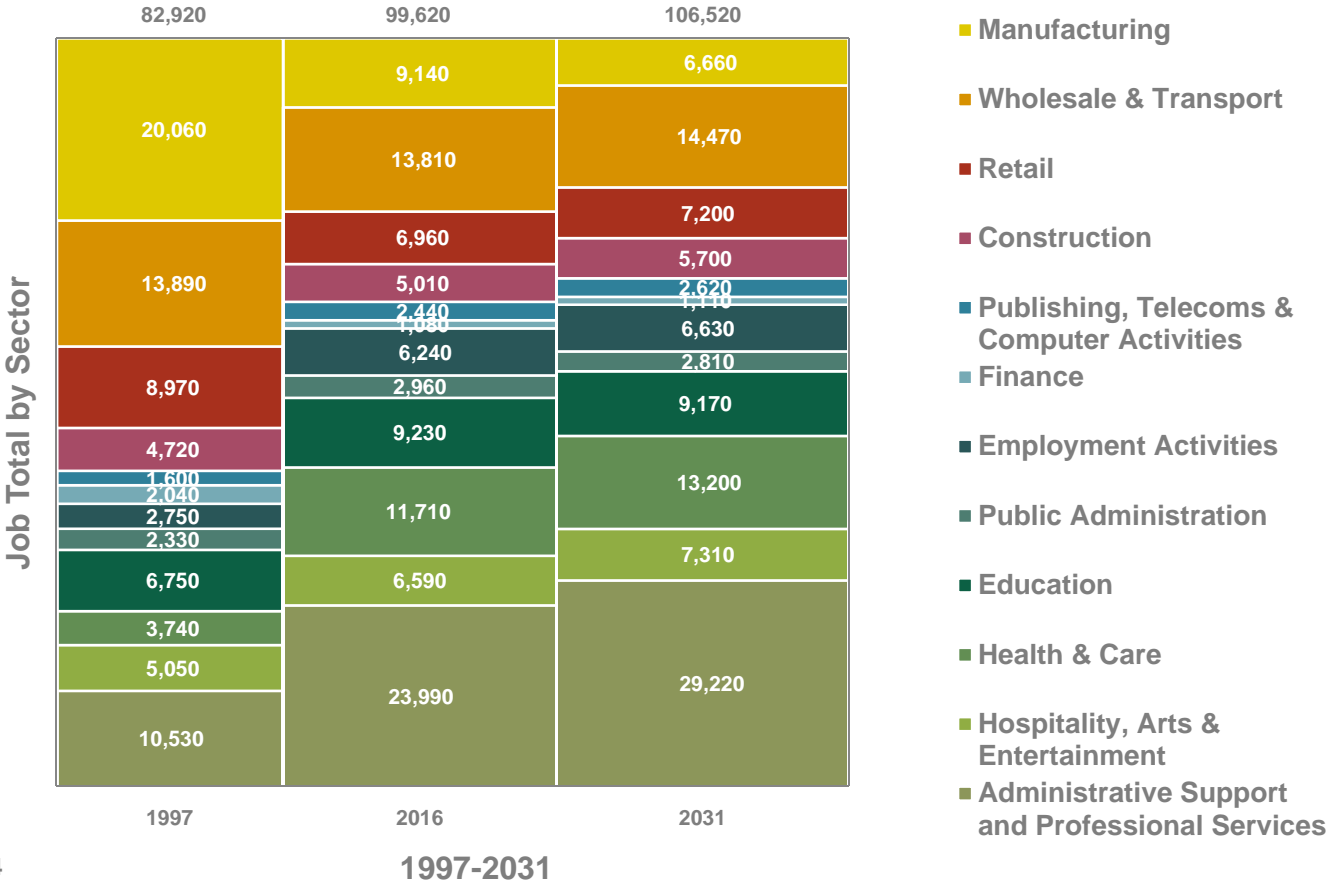
GVA per employment job vs % Change in Total Jobs 1997-2016



Source: EEFM, 2014

Employment data shows the marked decrease in manufacturing and subsequent increase in administrative and professional services.

Current and Projected Job Change by Sector, 1997-2031



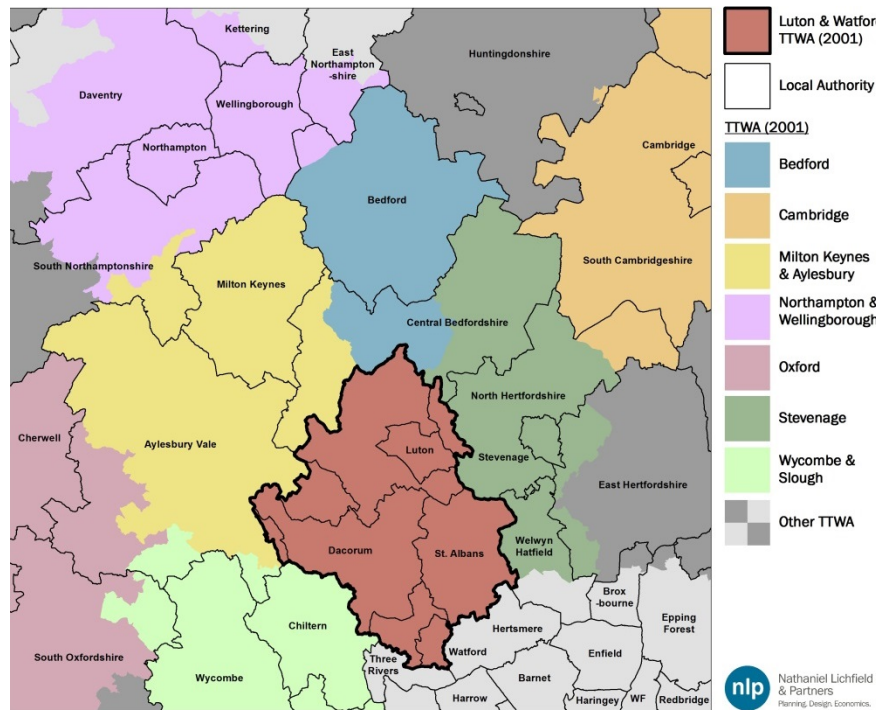
Source: EEFM, 2014

Key points

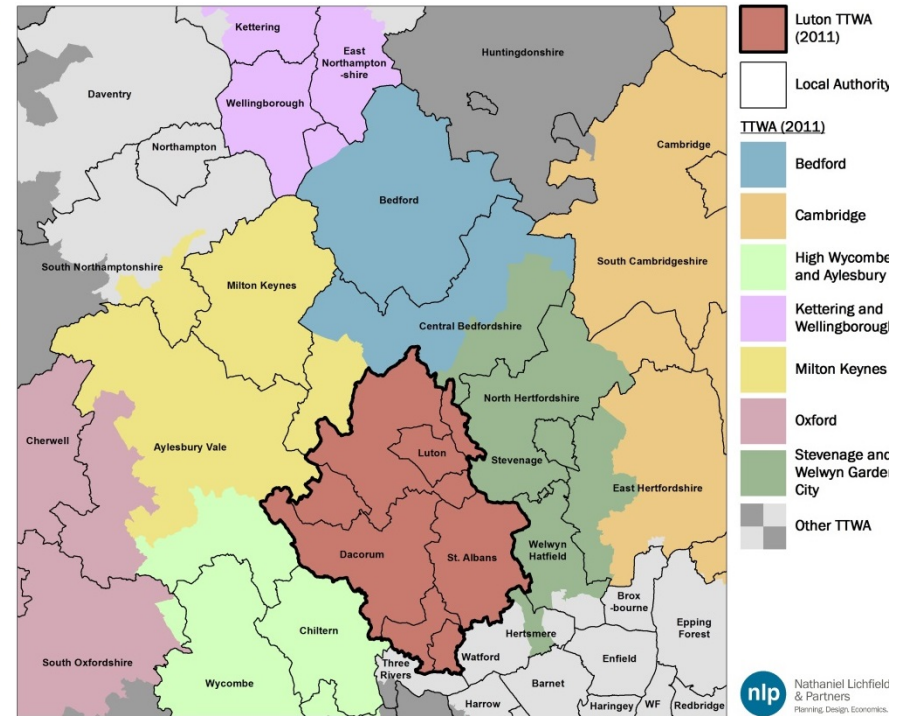
- Luton has seen average levels of job growth over the past two decades
- Luton's local economy has experienced a significant shift in the structure of its economy resulting in a decrease in manufacturing, with simultaneous growth in administrative, support and professional services and the health sector
- Luton out-performs neighbouring authorities in terms of GVA per employment job reflecting the presence of high value activities

3. Labour Market Areas

The extent of the ONS Luton TTWA has remained broadly consistent between 2001 and 2011



ONS, Census 2001



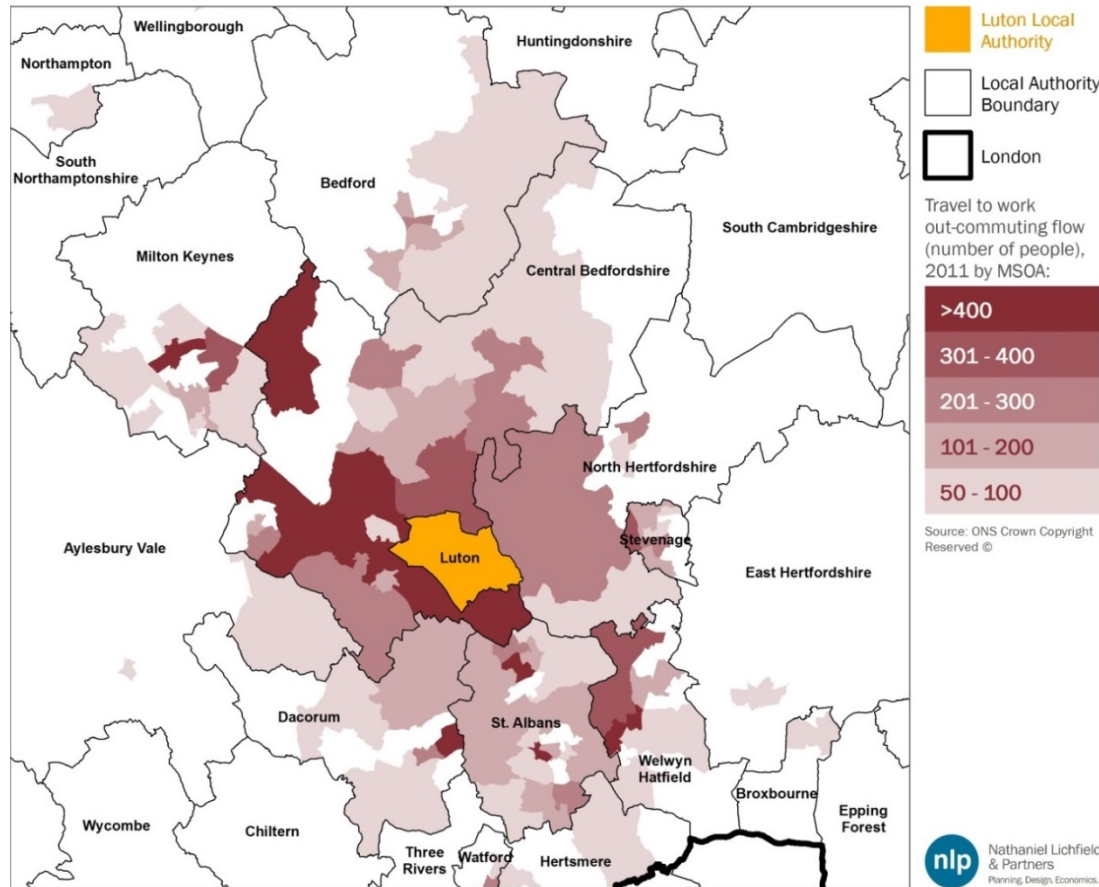
ONS, Census 2011

The TTWA can be refined further using local commuting analysis...

	Luton	Aylesbury Vale	Bedford	Central Bedfordshire	Dacorum	Milton Keynes	North Herts.	St Albans	Stevenage
Total working residents	89,590	91,250	76,270	132,765	73,920	128,240	65,405	71,820	42,935
Total workplace workers	90,495	75,940	75,040	98,965	66,795	144,715	52,920	62,110	45,130
Live and work in the Local Authority	56,095	56,070	53,630	66,430	42,945	100,195	32,560	35,250	24,360
Self-containment rate	63%	61%	70%	50%	58%	78%	50%	49%	57%
Out-commuting workers	33,495	35,180	22,640	66,335	39,905	28,040	32,845	36,570	18,575
Top out-commuting destinations	Central Beds, St Albans, Dacorum, Welwyn Hatfield, Milton Keynes	Milton Keynes, Wycombe, Dacorum, South Oxfordshire, Cherwell	Central Beds, Milton Keynes, Luton, Huntingdons hire, Westminister, City of London	Luton, Milton Keynes, Bedford, North Herts, Westminister, City of London	St Albans, Watford, Westminister, City of London, Three Rivers, Aylesbury Vale	Central Bedfordshire, Aylesbury Vale, Westminister, City of London, Bedford, Northampton	Westminister, City of London, Welwyn Hatfield, Dacorum, Hertsmere, Camden	Westminister, City of London, Welwyn Hatfield, Dacorum, Hertsmere, Camden	North Herts, Welwyn Hatfield, East Herts, Westminister, City of London, St Albans
In-commuting workers	34,400	19,870	21,410	32,535	23,852	44,520	20,360	26,860	20,770
Top in-commuting destinations	Central Beds, St Albans, North Herts, Bedford, Milton Keynes	Milton Keynes, Central Beds, Wycombe, Dacorum, South Oxfordshire	Central Beds, Huntingdons hire, East Northamptonshire, Milton Keynes, Luton	Luton, Bedford, Milton Keynes, North Herts, Aylesbury Vale	Central Beds, Aylesbury Vale, Luton, St Albans, Three Rivers	Central Beds, South Northamptonshire, Aylesbury Vale, Northampton, Bedford	Central Beds, Stevenage, South Cambridge, Luton, East Herts	Dacorum, Luton, Welwyn Hatfield, Central Bedfordshire, Hertsmere	North Herts, Central Beds, East Herts, Welwyn Hatfield, Luton
Net flow of workers	905 (outflow)	15,310 (outflow)	1,230 (outflow)	33,800 (outflow)	16,055 (outflow)	4,070 (inflow)	12,485 (outflow)	9,710 (outflow)	2,195 (inflow)

Source: Census 2011, Origin-Destination

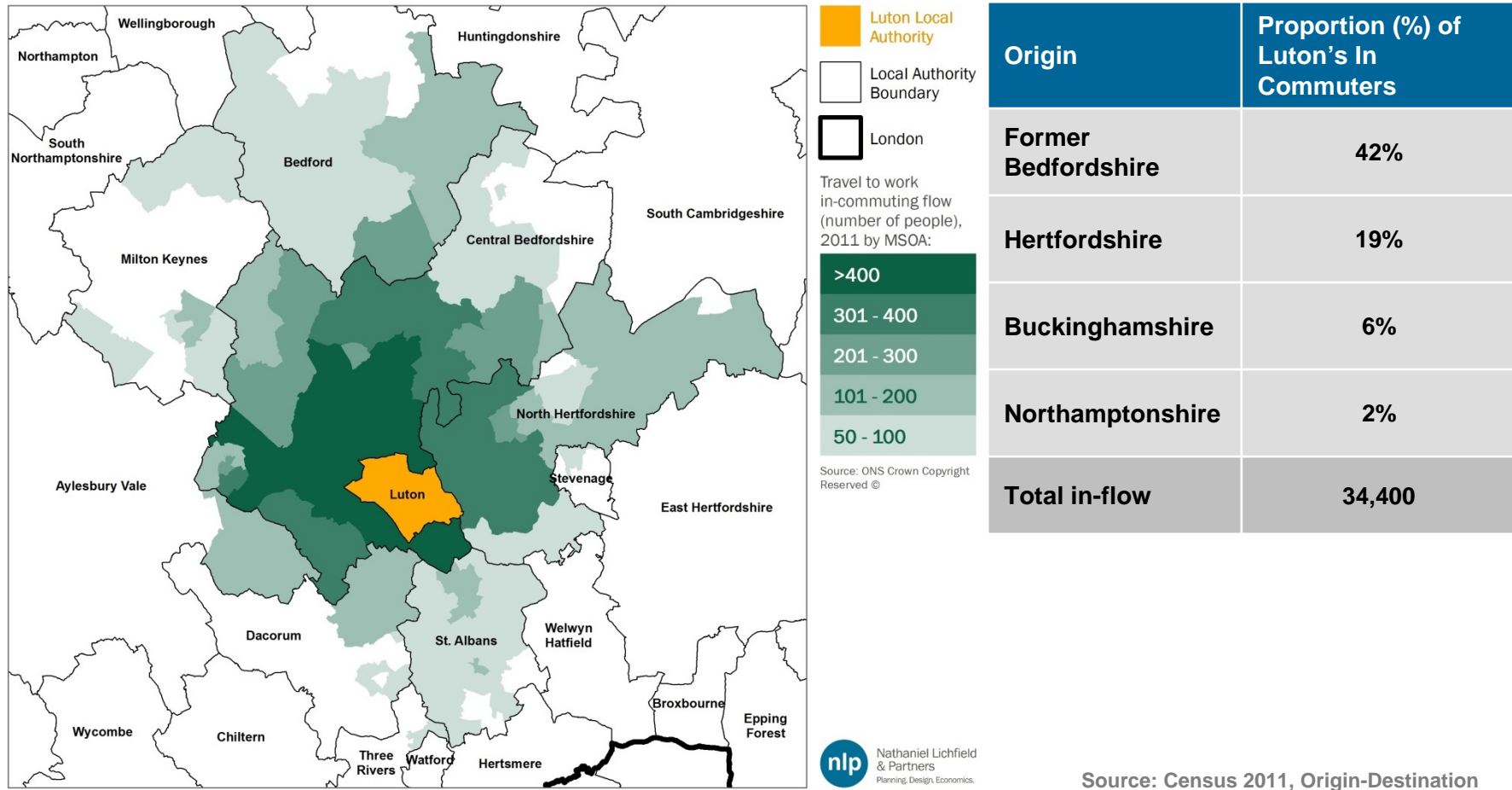
The strongest out-commuting flows are to Central Beds and North Herts with some flows to the key centres including Milton Keynes, Welwyn, Stevenage, Hemel and St. Albans.



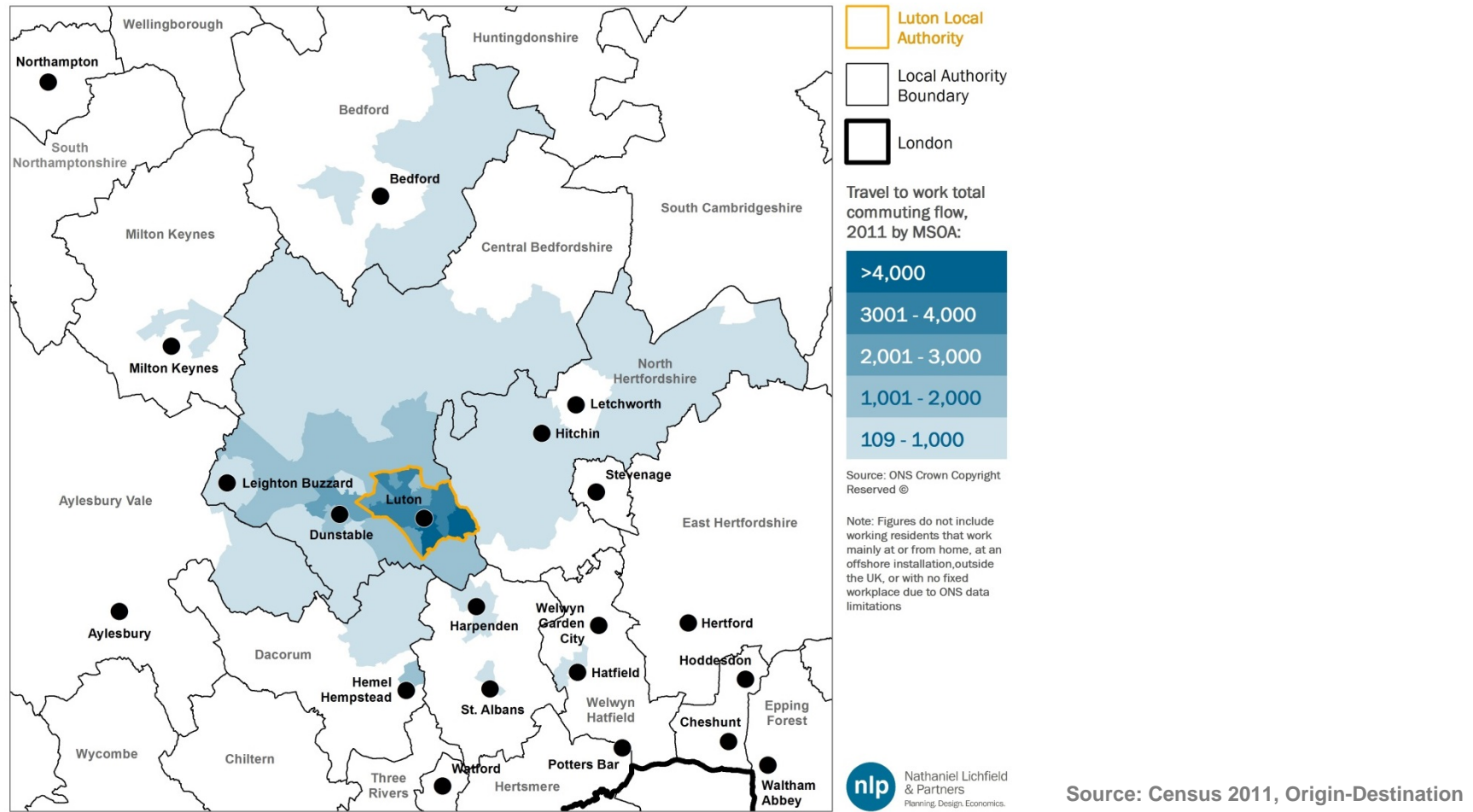
Destination	Proportion (%) of Luton's Out Commuters
Hertfordshire	35%
Former Bedfordshire	29%
Buckinghamshire	8%
Northamptonshire	1%
Total out-flow	33,495

Source: Census 2011, Origin-Destination

In contrast to the ONS TTWA, in-commuting flows from the south are limited beyond St Albans



This results in a relatively more contained labour market area



Despite having a net out-flow of workers overall, the occupational profile of commuters shows that Luton is a net importer of higher skilled workers...

Occupation	In-commuters	Out-commuters
Higher Professional/ Managerial Occupations	55%	45%
Intermediate/ Small Employers/ Lower Supervisory Occupations	28%	31%
Semi-routine/ Routine Occupations	17%	24%

Source: Census 2001

Key points

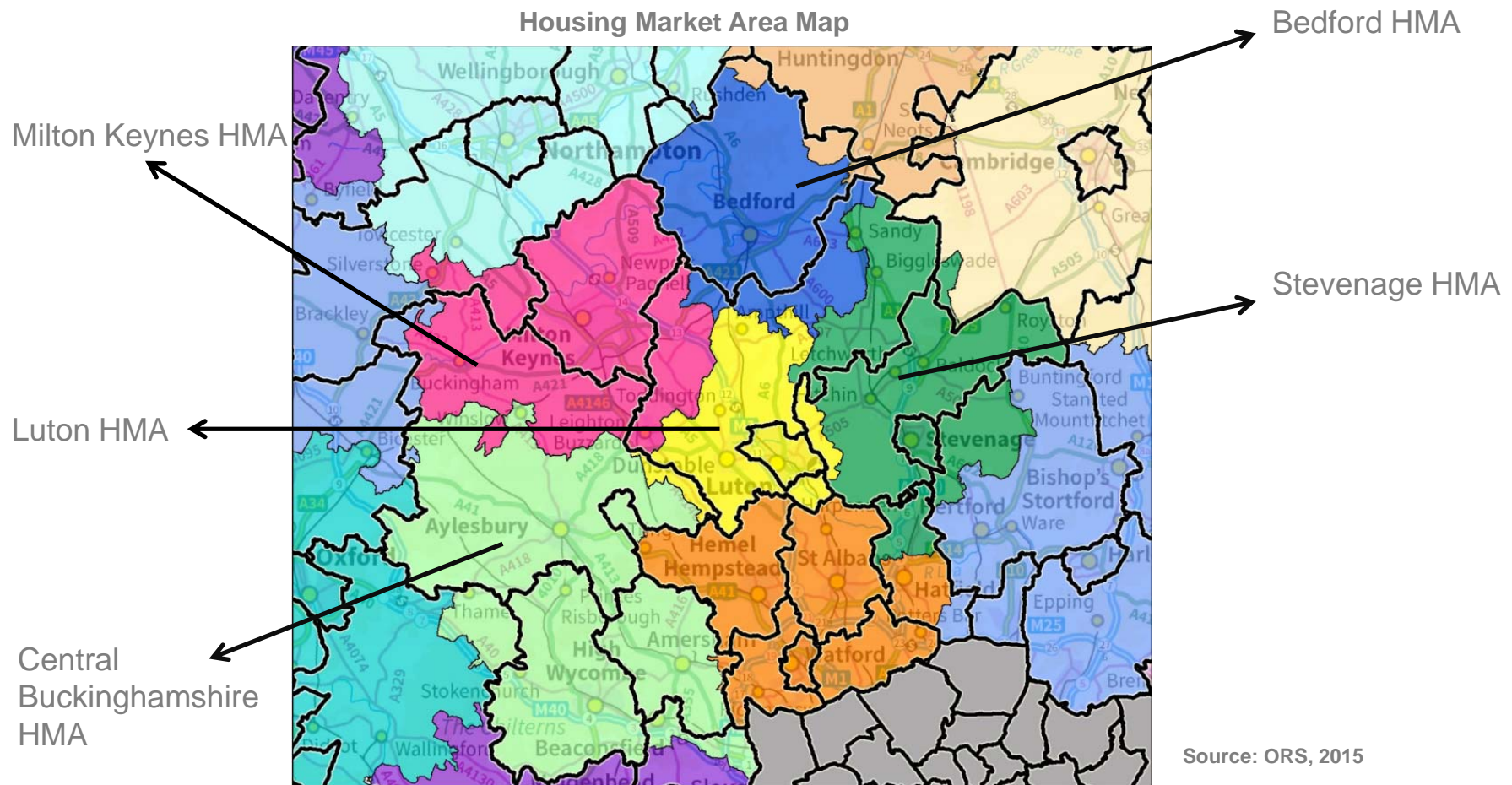
- The spatial extent of the ONS Luton TTWA did not change significantly in the inter-Census period (2001-2011)
- Luton has a self-containment rate of 63%
- Luton's has a relatively localised labour market area, with a strong functional relationship, in commuting terms, with Central Beds, St. Albans and North Herts in particular
- In-commuters tend to originate from areas to the north while out-commuting flows also extend south of Luton
- Luton is a net importer of higher skilled workers that hold top-tier occupations
- Local commuting analysis broadly substantiates the ONS Luton TTWA

4. Housing Market Areas

Recent SHMA position

- HMAs in Bedfordshire and surrounding areas – December 2015
- Luton and Central Bedfordshire – Summer 2015
- Bedford – December 2015
- Stevenage and North Hertfordshire – Summer 2015
- Aylesbury Vale – March 2015
- Milton Keynes – December 2015
- Dacorum – January 2016 (South West Hertfordshire SHMA)
- St. Albans – October 2015

The 'HMA in Bedfordshire and surrounding areas Study' (Nov 2015) confirms the spatial extent of the Luton HMA



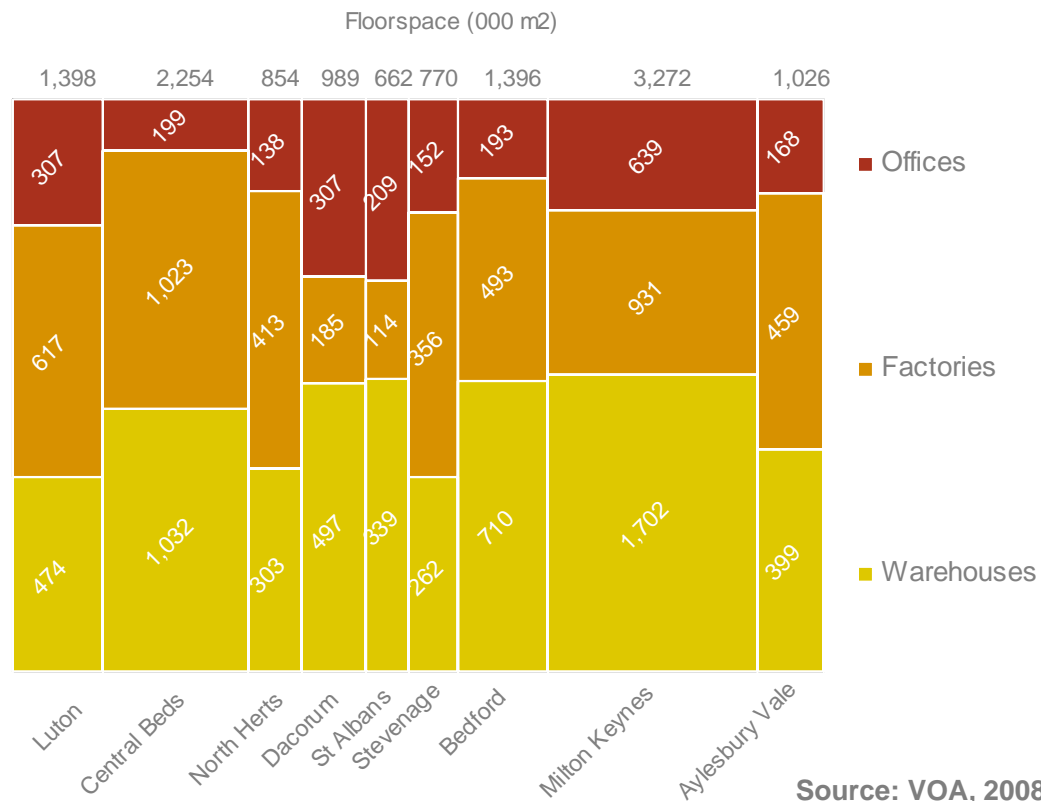
Key Points

- Luton forms one of four main HMAs in Central Bedfordshire which also include Milton Keynes, Bedford and Stevenage HMAs
- Only 13% of the total land within the Luton HMA is located within the local authority boundary. Some 68% of the remaining land in the HMA falls within Central Bedfordshire administrative boundary, and 20% in other local authorities.
- Outside of Luton and Milton Keynes, the local authority boundaries and HMA areas are primarily aligned.

5. Commercial Property Market Areas

Luton has a larger quantum of supply of employment space than most of the nearby authorities with the exception of Milton Keynes and Central Beds

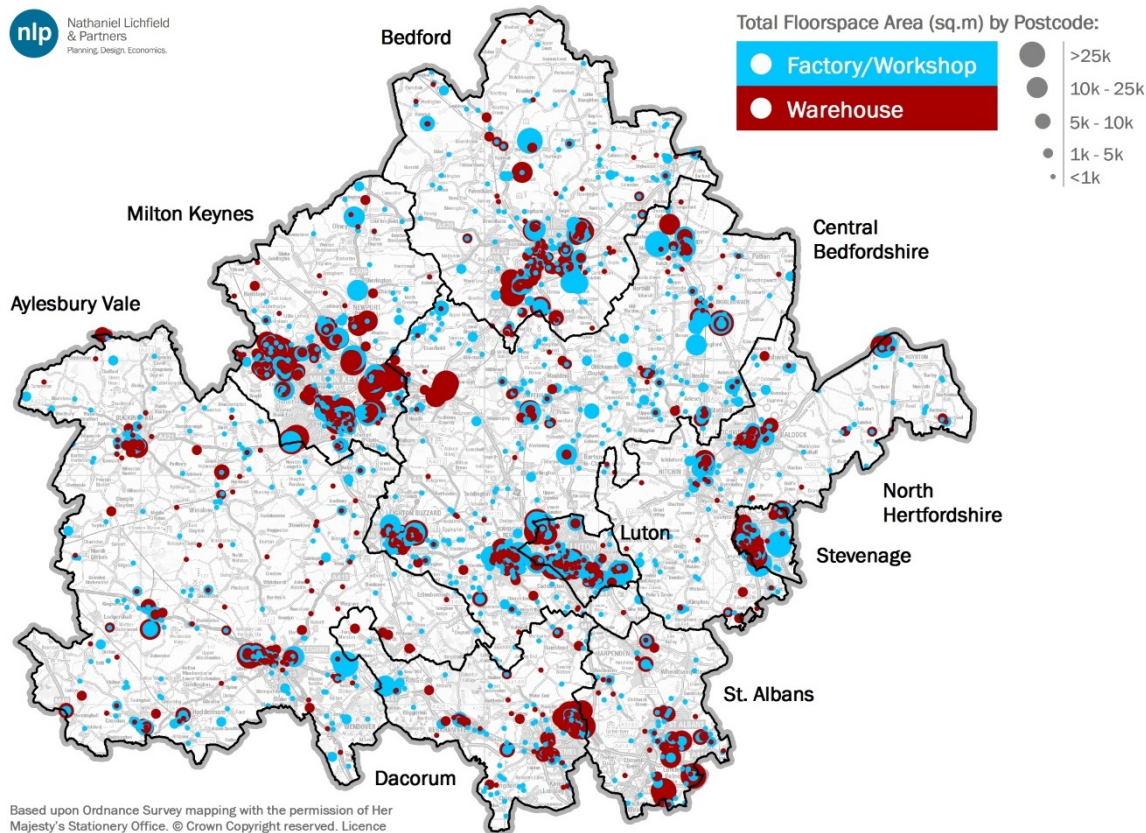
Employment Floorspace in Luton and Neighbouring Authorities



Source: VOA, 2008

- Luton has 1.4m sq.m of B Class floorspace:
 - 44% factory space
 - 34% is warehousing
 - 22% comprises offices
- Amounts to about 11% of floorspace stock within the area

There are clusters of industrial floorspace in Luton, Milton Keynes, Stevenage and Bedford

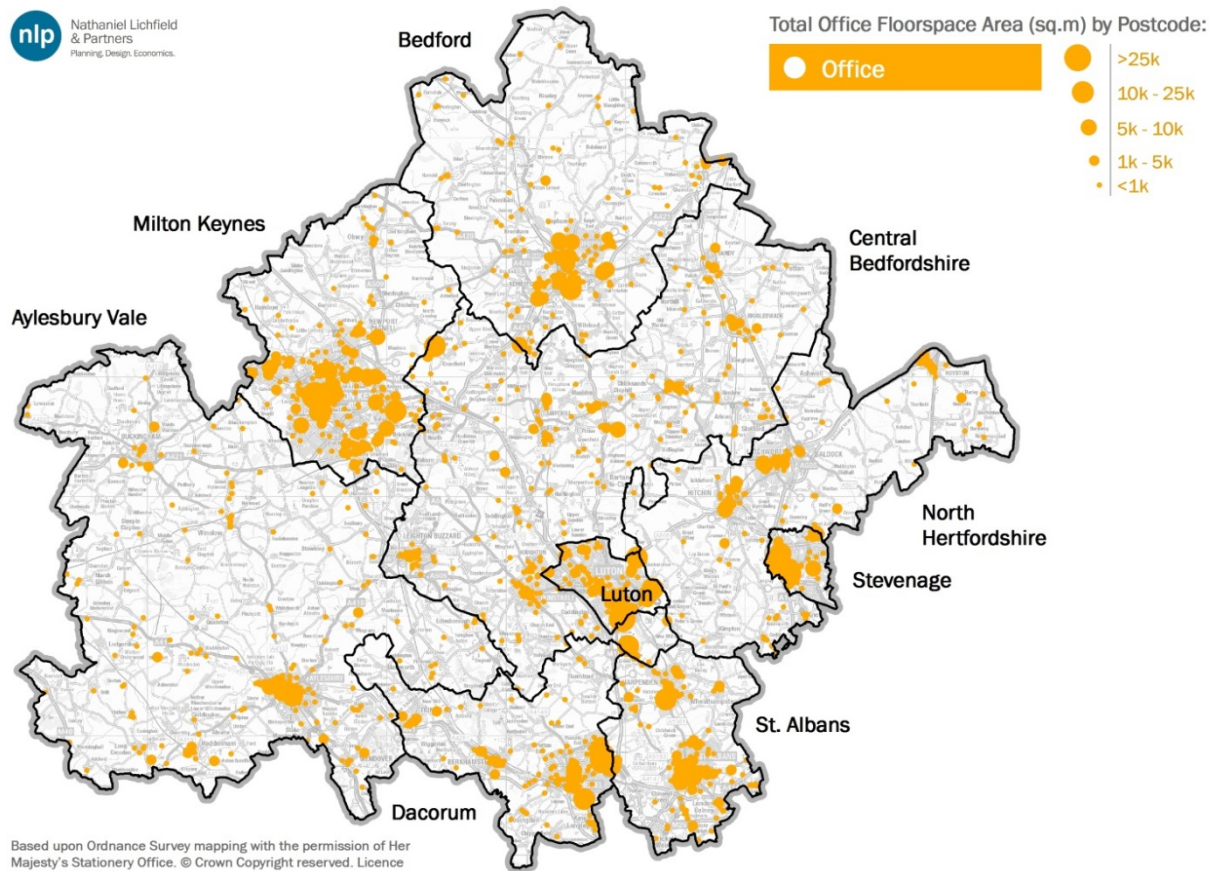


Source: VOA, 2010

- Luton accounts for 13% of the area's manufacturing space and 8% of warehousing
- Manufacturing space is focused around the key centres
- Warehousing is typically located close to strategic transport networks (M1, A1 corridors)



Office floorspace is clustered within the key centres of Milton Keynes, Luton and Dacorum accounting for the majority of space



Source: VOA, 2010

- Luton accounts for 13% of the area's office stock
- This is comparable with the quantum of office floorspace in Dacorum
- Milton Keynes is the only local authority in the area with a greater level of office floorspace providing 28% of the area total

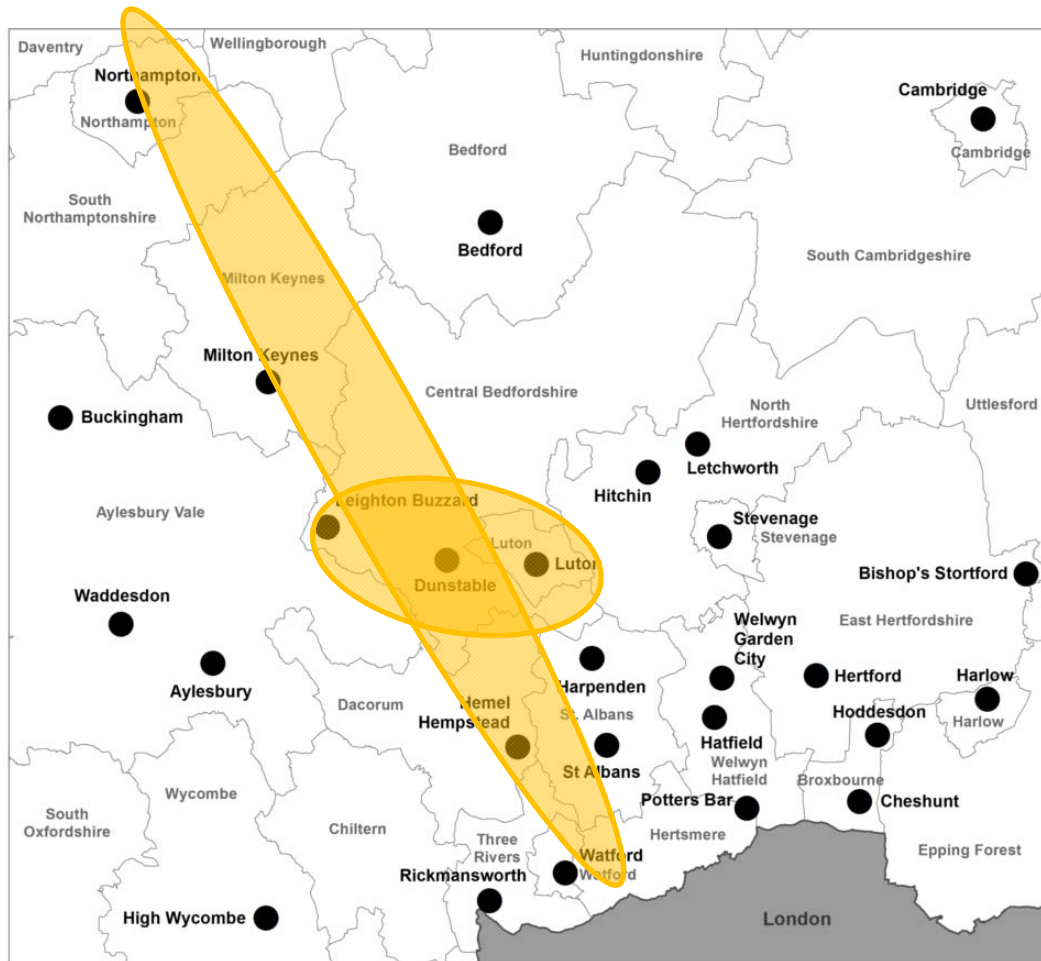
Luton's industrial market has been traditionally strong though limited supply is impacting on take-up levels

- Luton forms a single market with Dunstable and Houghton Regis in industrial property market terms
- Luton has seen good levels of take-up within the industrial and logistics market in recent years in part due to a shortage of availability in locations closer to London
- Luton provides a cost advantage over competing locations along the M1 corridor, though this is partly linked to the quality of the stock available
- Occupier demand is primarily driven by local businesses (seeking move-on space) though there has been an increase in the number of firms coming into the area from other constrained locations
- As a result available supply is at record low levels (c. 6 months of pipeline supply) with particular shortage of small floorplate units (<50,000sq.ft)

Luton is not traditionally regarded as an office location

- There are two distinct office markets in Luton:
 1. The town centre - typified by the older and poorer quality of its office stock which tends to accommodate smaller, lower value and customer facing businesses;
 2. Out of centre - modern and higher quality office parks which provide larger floorplates (e.g Butterfield and Capability Green)
- Access and parking are identified as constraints in town centre
- Office occupiers are typically price sensitive
- Permitted Development Rights have had the effect of removing some obsolete office stock
- Take-up of office space within mixed-use developments has been slow
- The viability of building new office stock is questioned as rental values and therefore margins are tight

Commercial property market evidence indicates that Luton has a relatively localised market, but also operates within the wider M1 corridor

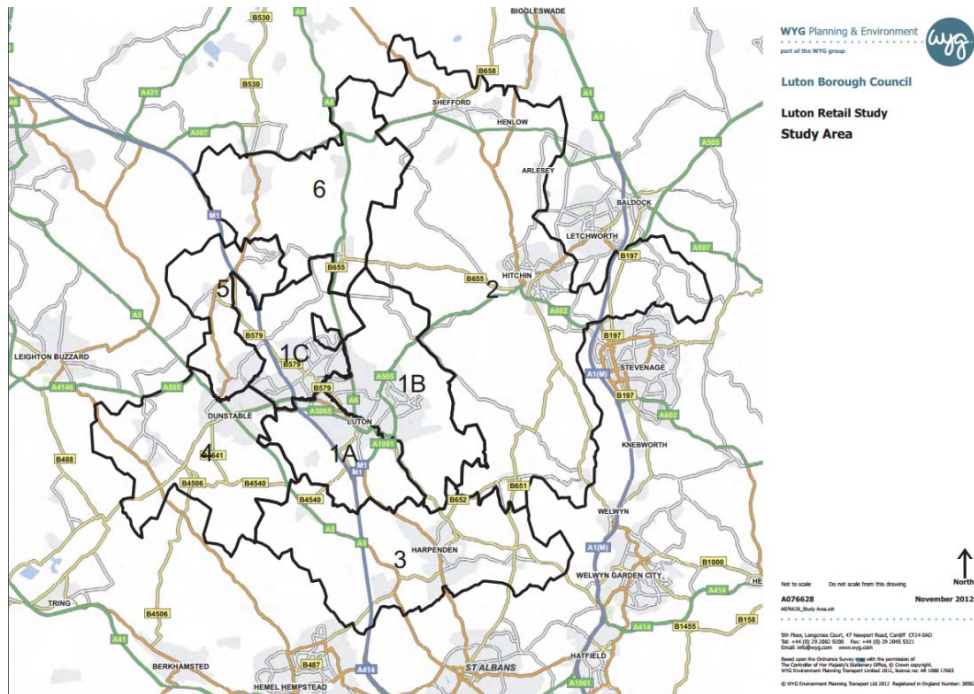


Key points

- Luton has approximately 1.4sq.m of employment floorspace which is a larger stock than most of the neighbouring authorities
- 78% of the Borough's stock comprises industrial space which reflects why Luton is not traditionally regarded as an office location
- Rental values make Luton an attractive industrial location which has resulted in good levels of take-up in recent years
- Occupier demand is driven by indigenous companies and firms relocated from other constrained locations
- There is approximately 6 months of pipeline supply with a particular shortage of smaller units
- Luton has a two tier office market; Permitted Development Rights have removed some obsolete stock but viability remains a barrier

6. Other Functional Economic Market Area Factors

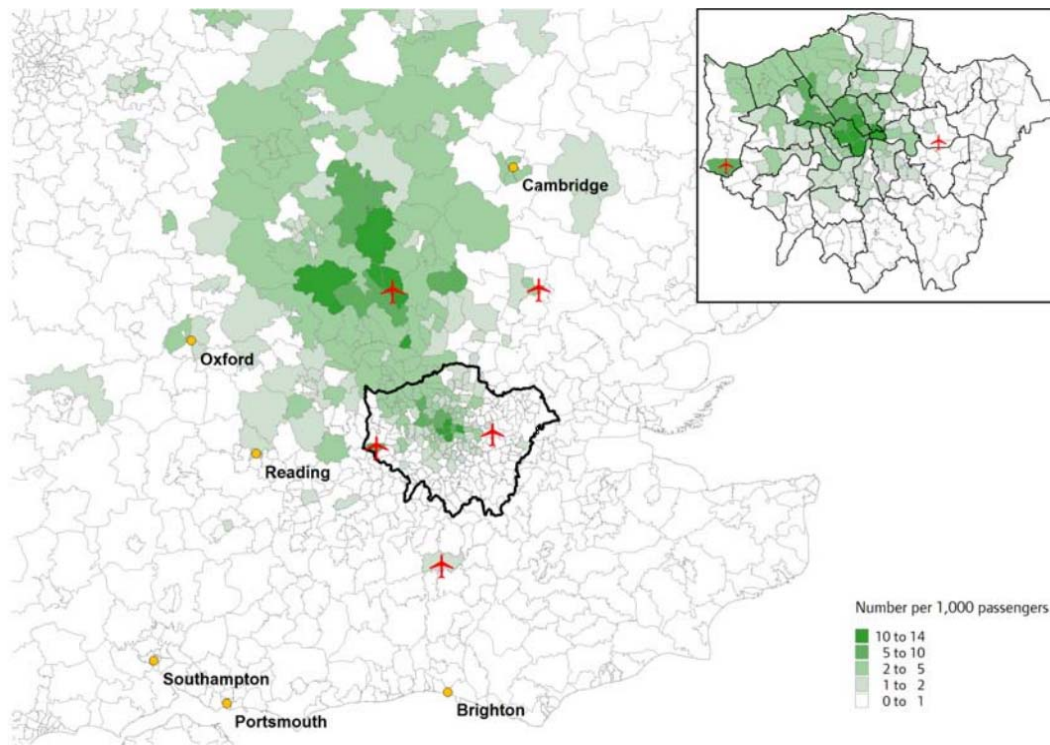
Luton has a relatively localised retail catchment. Despite recording a relatively high retail ranking, Luton struggles to compete with Milton Keynes and Watford



Source: Luton Retail Study, 2015

Retail Centre	Venuescore 2013/14	Venuescore Ranking
Milton Keynes	293	24th
Watford	250	41st
Luton	187	80th
Bedford	161	119th
St. Albans	149	141st
Stevenage	143	149th
Hemel Hempstead	142	151st

The catchment areas show that Luton Airport has a particularly strong draw from North London and neighbouring areas though its catchment also stretches into the Midlands

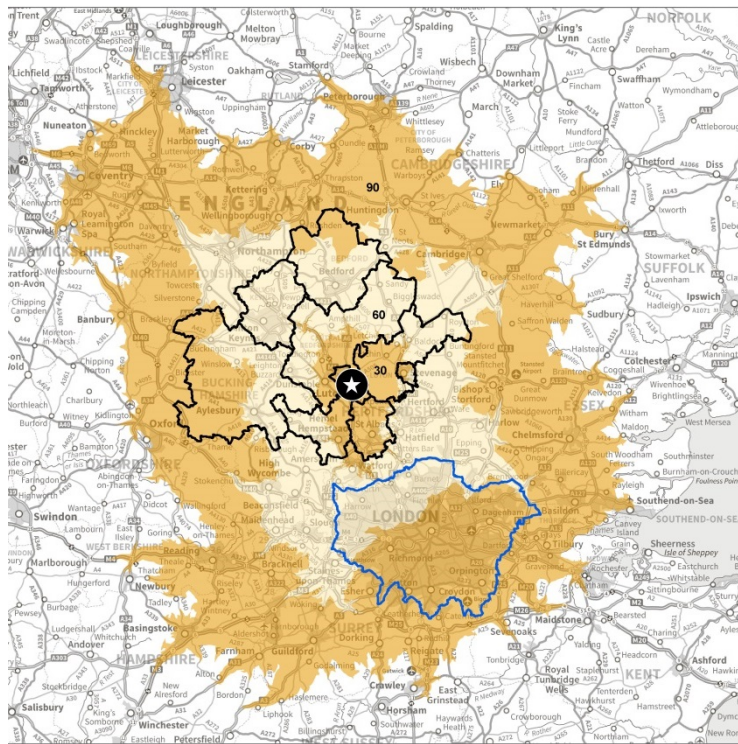


Source: CAA 2006 Annual Passenger Survey

County	2009
Greater London	37.7%
Hertfordshire	12.8%
Bedfordshire	9.5%
Buckinghamshire	7.4%
Northamptonshire	4.2%
Cambridgeshire	3.7%
Oxfordshire	2.8%
Essex	2.2%
Berkshire	2.1%
West Midlands	1.7%
Other counties	16.0%

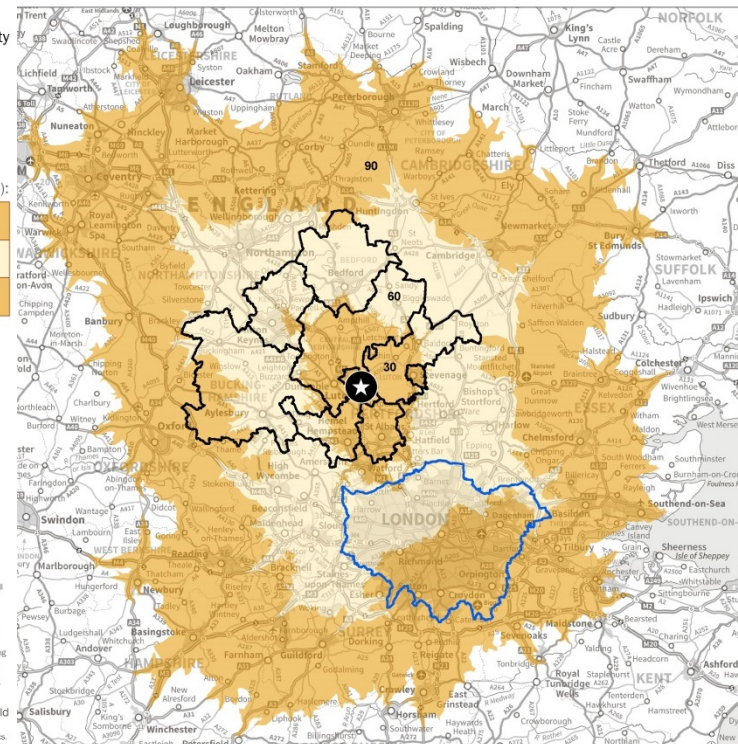
Source: CAA 2009 Annual Passenger Survey

Good strategic road infrastructure results in high levels of drivetime accessibility from Luton.



Study Area Local Authority
 London
★ Drivetime Origin: Luton
 Peak Drivetime (30 minute intervals):
30 minutes
60 minutes
90 minutes

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Study Area Local Authority
 London
★ Drivetime Origin: Luton
 Off-Peak Drivetime (30 minute intervals):
30 minutes
60 minutes
90 minutes

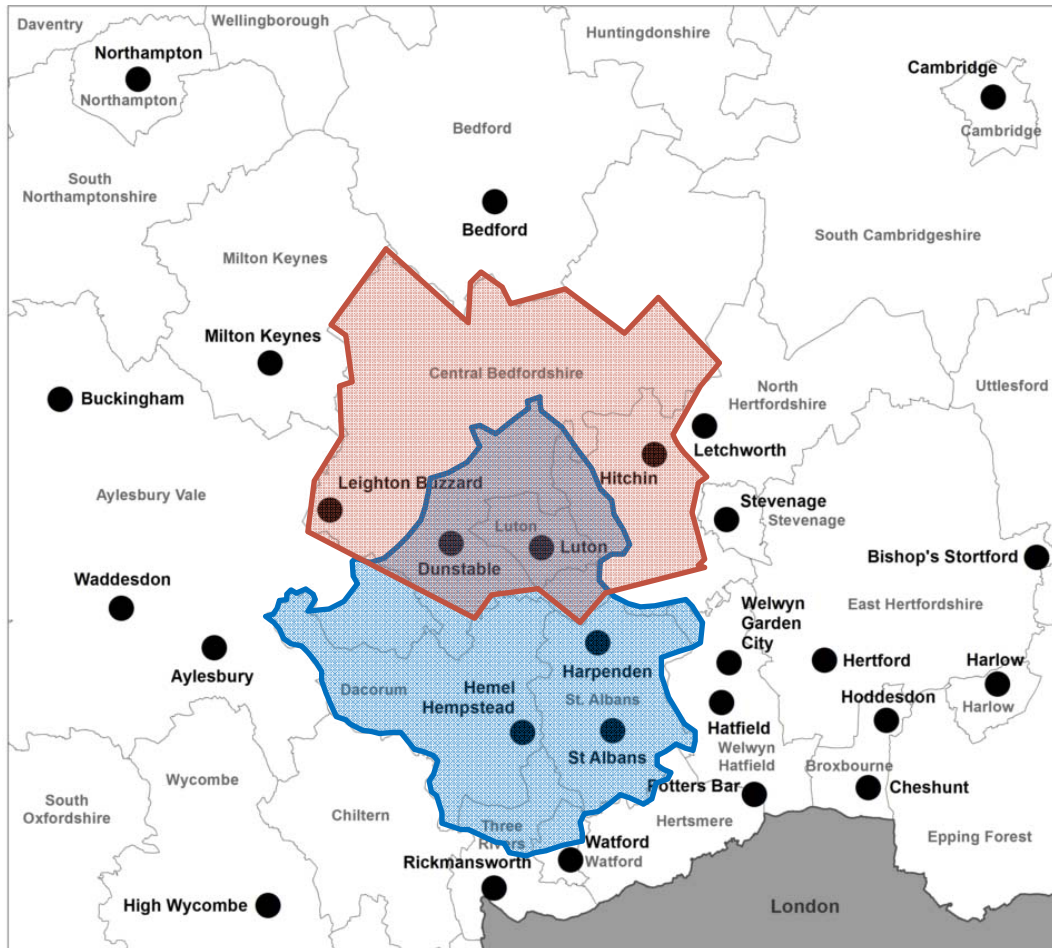
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Key points

- The Luton retail catchment area is relatively localised reflecting the current scale and mix of retail provision within the town centre, and proximity of competing higher order centres such as Milton Keynes and Watford.
- Luton has good levels of transport accessibility by road, rail and air.
- Luton Airport draws in just over 1/3rd of passengers from the Greater London area, with its catchment area extending as far North as the Midlands.
- Peak and off-peak drivetimes include Greater London and large areas of the South East/south East Midlands
- Transport factors taken in isolation imply a much wider catchment area but unlikely to be practical when weighed against other factors for planning purposes.

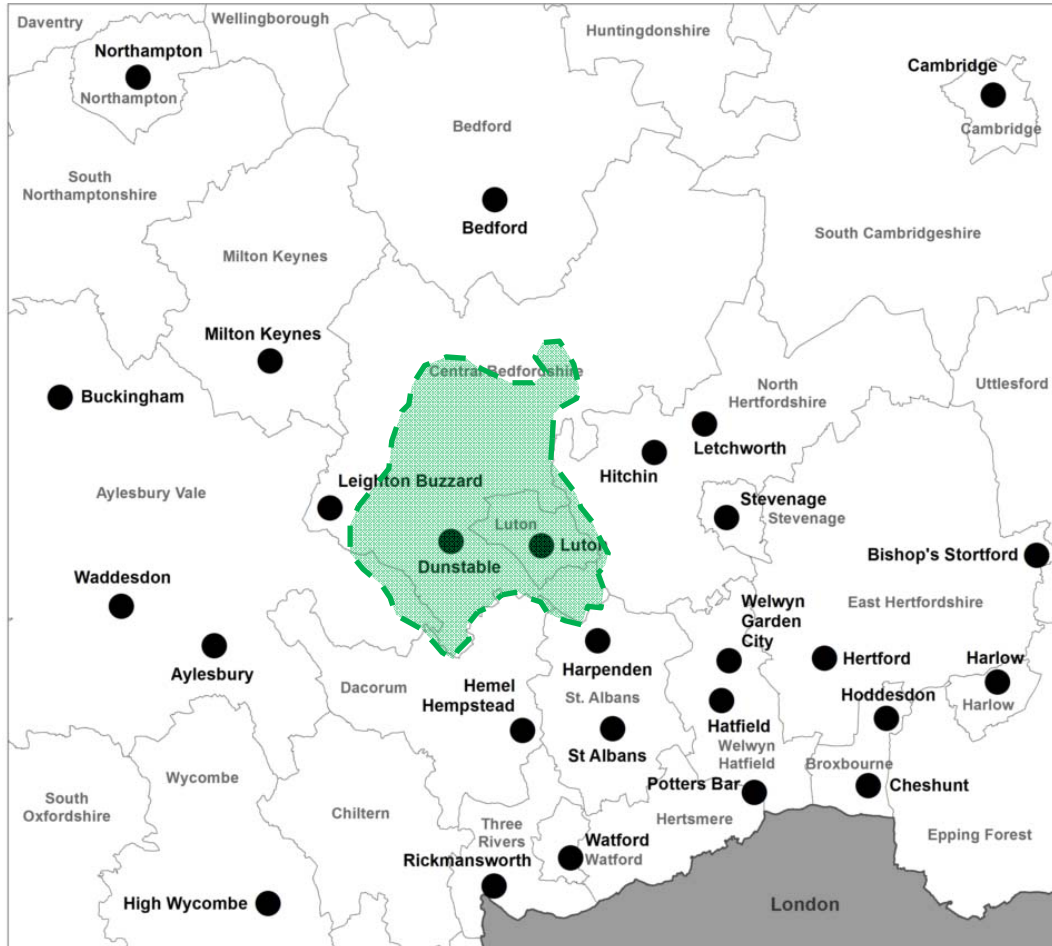
7. Synthesis

Labour Market Area



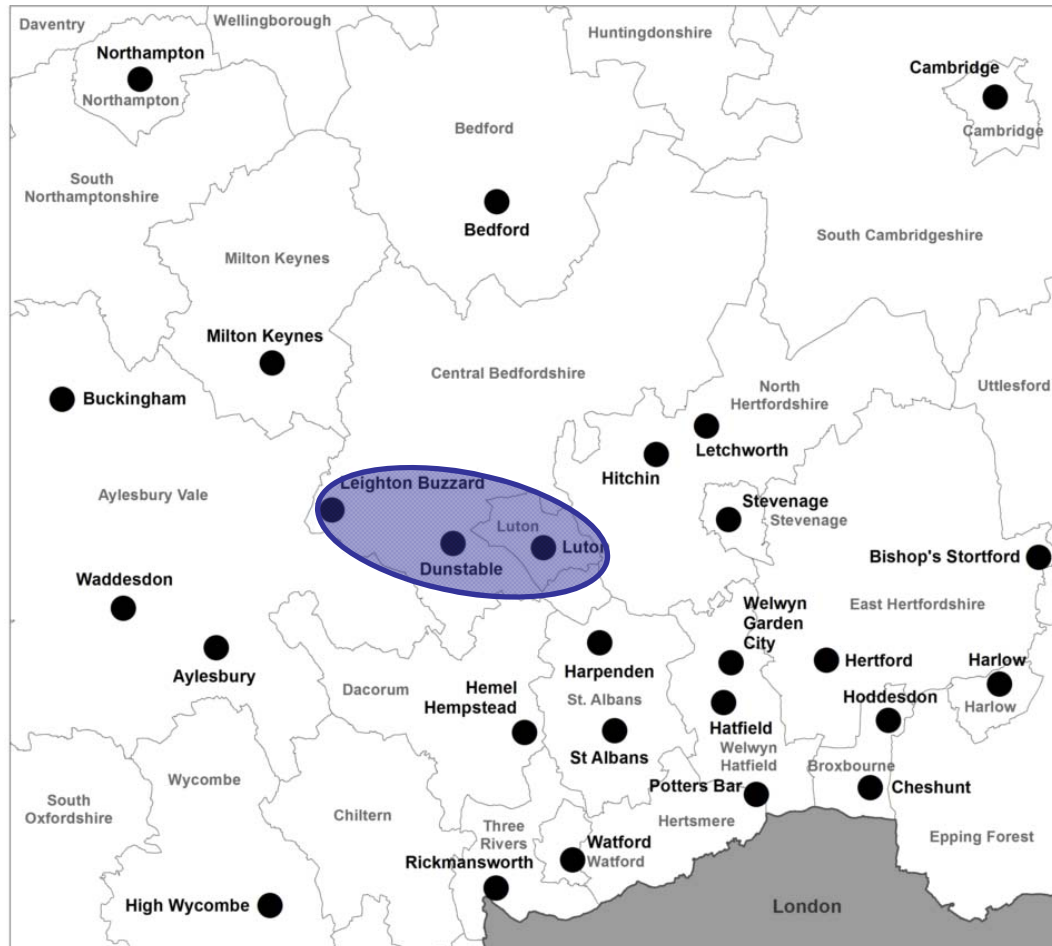
- ONS Travel to Work Area
- Local Travel to Work Area

Housing Market Area



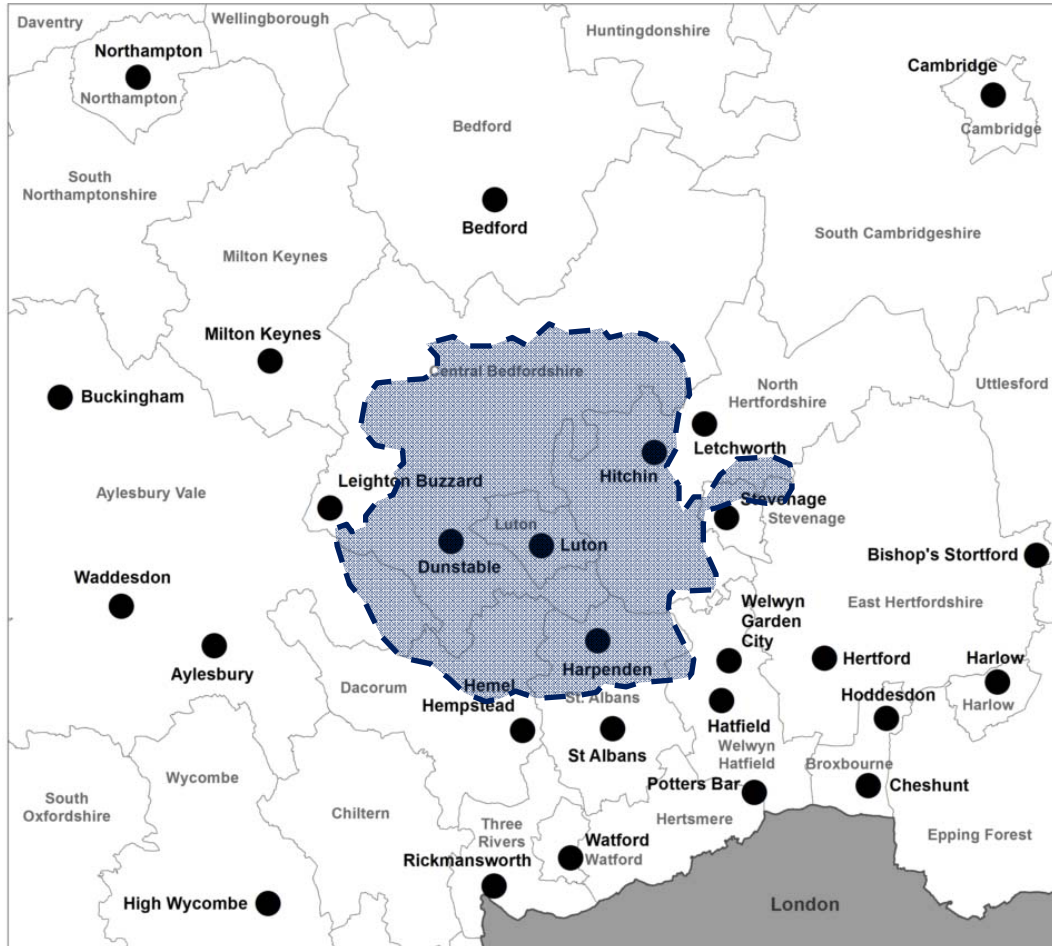
 Housing Market Area

Commercial Property Market Area



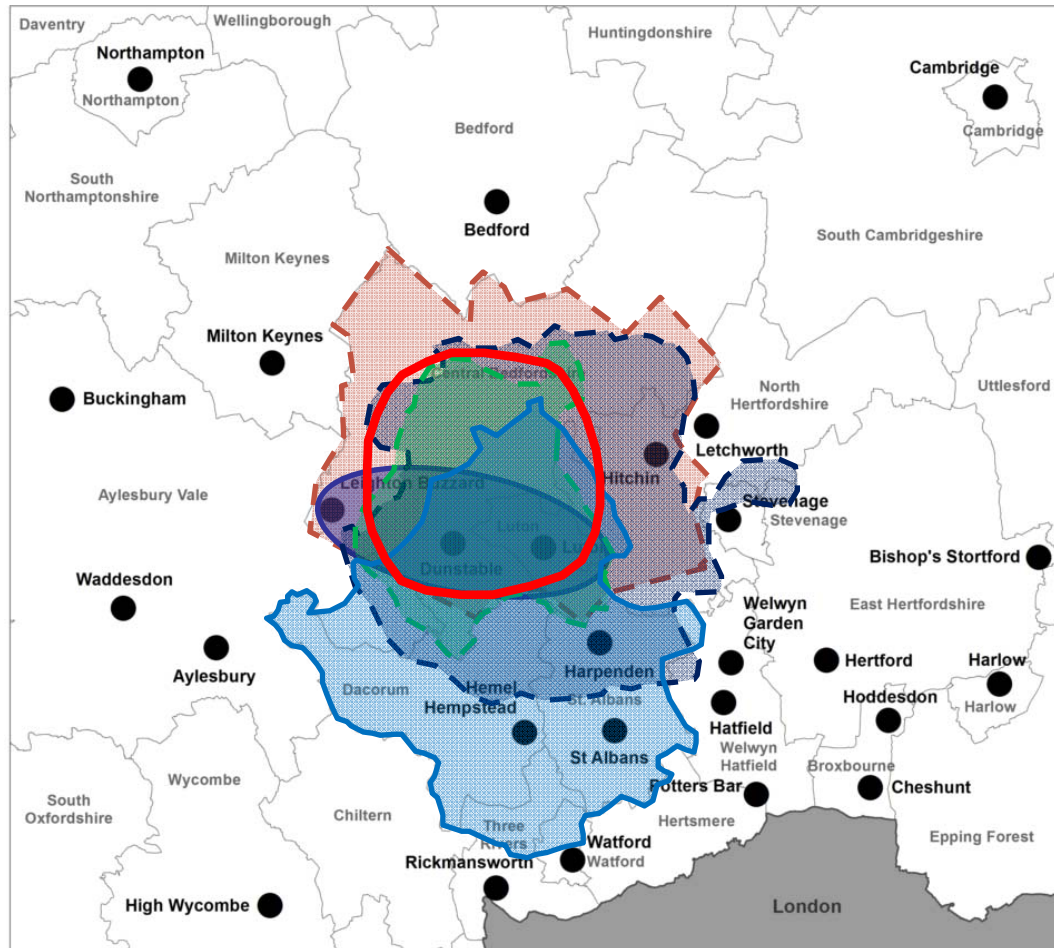
Commercial Property Market Area

Consumer Market Area



— Consumer Market Area

Core Functional Economic Market Area



- Housing Market Area
- Consumer Market Area
- Commercial Property Market Area
- ONS Travel to Work Area
- - - Core Local Travel to Work Area
- Core Functional Economic Market Area for Luton

8. Scale of Future Growth

Job growth in Luton is expected to exceed past trends over the Local Plan period to 2031, though a similar trend is expected in Central Bedfordshire

Past-trend and Forecast Job Growth- EEFM 2014

	Luton	Luton's Share	Central Bedfordshire	Central Bedfordshire Share	Total
1991	90,458	49%	92,822	51%	183,280
2011	95,200	48%	104,791	52%	199,991
Change 1991-2011	4,742	28%	11,969	72%	16,711
% Change 1991-2011	5%	~	13%	~	9%
2031	106,522	45%	131,531	55%	238,053
Change 2011-2031	11,322	30%	26,740	70%	38,062
% Change 2011-2031	12%	~	26%	~	19%

Source: EEFM, 2014

- Luton is forecast to record a 12% increase in jobs between 2011 and 2031
- Together with Central Beds job growth is forecast to equate to 19%
- The proportion split of job growth forecast for the two local authorities corresponds with past-trends

Despite recording a decline in recent years, the number of B Class jobs is expected to increase by 15% by 2031

Past-trend and Forecast B Class Job Growth- EEFM 2014

	Luton	Luton's Share	Central Bedfordshire	Central Bedfordshire Share	Total
1991	47,090	50%	47,984	50%	95,074
2011	43,052	47%	48,243	53%	91,295
Change 1991-2011	-4,038	107%	259	-7%	-3,779
% Change 1991-2011	-9%	~	1%	~	-4%
2031	49,499	43%	64,715	57%	114,214
Change 2011-2031	6,447	28%	16,472	72%	22,919
% Change 2011-2031	15%	~	34%	~	25%

Source: EEFM, 2014

- Luton is forecast to record a 15% increase in B Class jobs between 2011 and 2031
- Together with Central Beds. B Class job growth is forecast to equate to 25%
- The proportion split of B Class job growth forecast for the two local authorities significantly surpasses with past-trends

The 2012 EEFM forecasts imply a higher level of forecast job growth, partly due to a lower 2011 base figure

Past-trend and Forecast Job Growth- EEFM 2012

	Luton	Luton's Share	Central Bedfordshire	Central Bedfordshire Share	Total
1991	89,764	49%	93,320	51%	183,084
2011	96,214	46%	111,269	54%	207,483
Change 1991-2011	6,450	26%	17,949	74%	24,399
% Change 1991-2011	7%	~	19%	~	13%
2031	113,825	47%	129,305	53%	243,130
Change 2011-2031	17,610	49%	18,036	51%	35,646
% Change 2011-2031	18%	~	16%	~	17%

Source: EEFM, 2012

- Luton was forecast to record a 18% increase in jobs between 2011 and 2031.
- 2012 forecasts suggest c.1,000 more jobs in base year compared with the 2014 forecasts
- In contrast, forecast job growth in Central Beds was lower(16%).
- Together with Central Beds job growth was forecast to equate to 17% which is slightly lower than 2014 forecasts (19%)

EEFM 2012 recorded a lower number of B Class jobs in 2011 by 2,440 jobs compared with EEFM 2014

Past-trend and Forecast B Class Job Growth- EEFM 2012

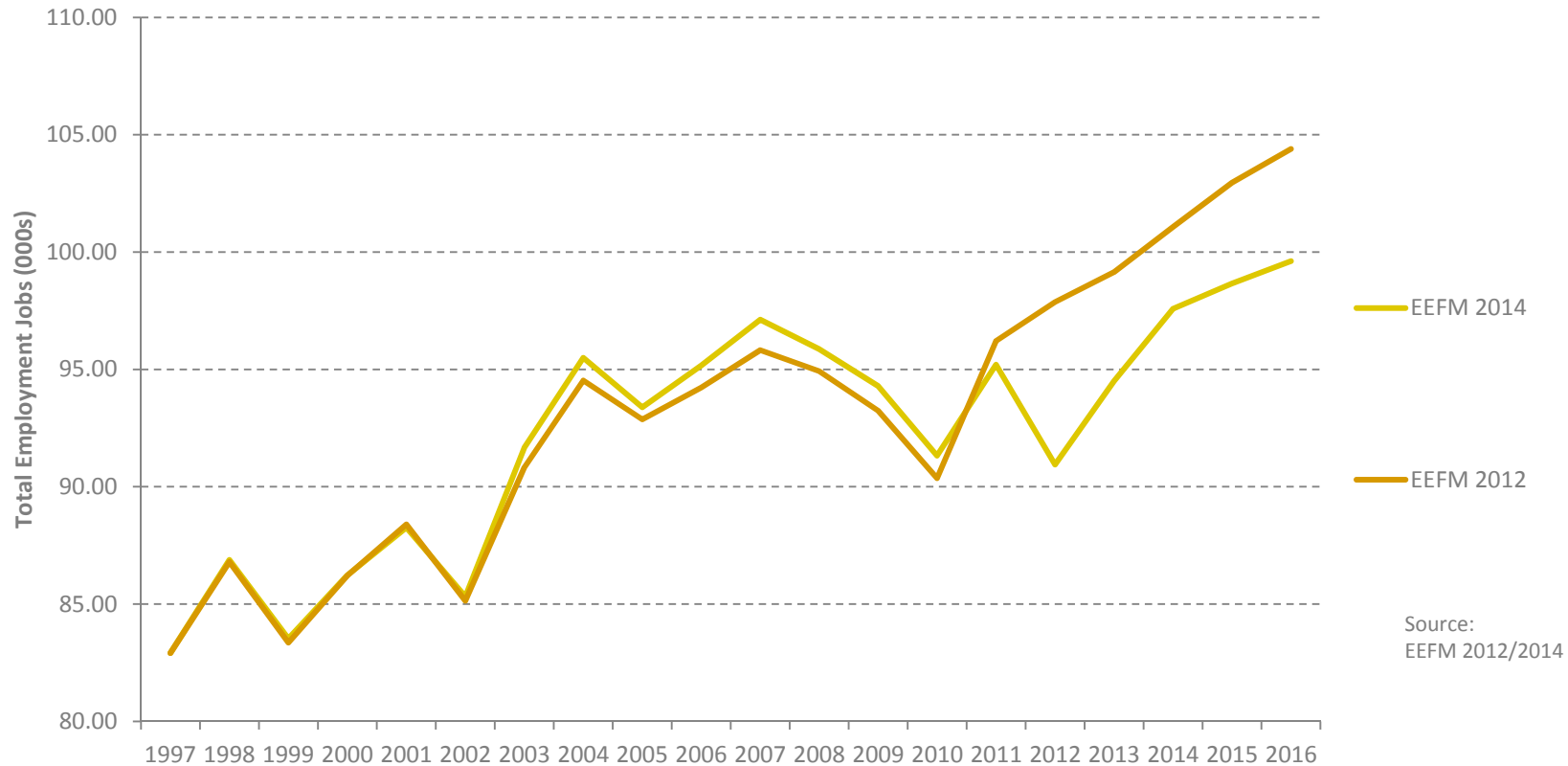
	Luton	Luton's Share	Central Bedfordshire	Central Bedfordshire Share	Total
1991	44,097	48%	47,962	52%	92,059
2011	40,612	46%	46,962	54%	87,574
Change 1991-2011	-3,485	78%	-1,000	22%	-4,485
% Change 1991-2011	-8%	~	-2%	~	-5%
2031	48,202	47%	55,095	53%	103,297
Change 2011-2031	7,591	48%	8,133	52%	15,724
% Change 2011-2031	19%	~	17%	~	15%

Source: EEFM, 2012

- Luton was forecast to record a 19% increase in B Class jobs between 2011 and 2031
- Together with Central Beds. B Class job growth was forecast to equate to 15%
- The proportion split of B Class job growth forecast for the two local authorities more closely aligns with past-trends

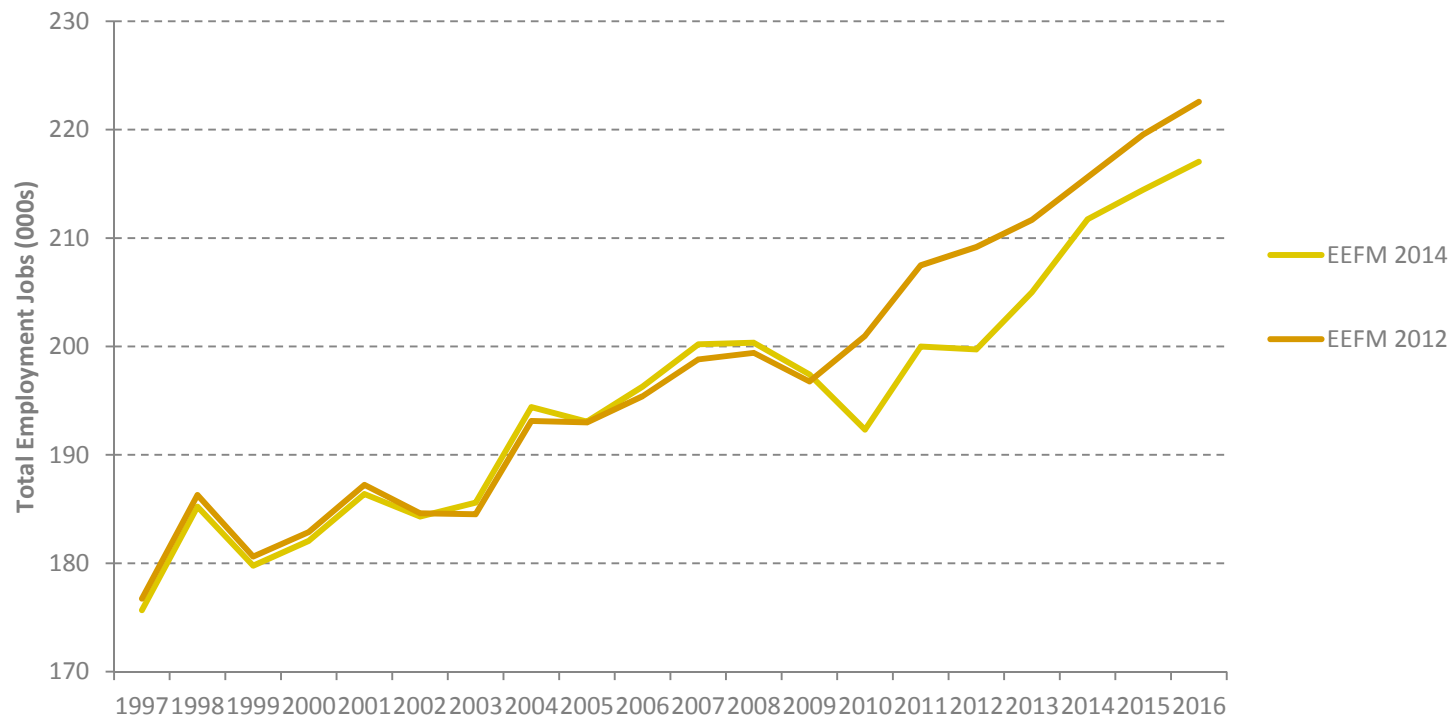
Total job growth for Luton was revised downwards from 2011 onwards by the 2014 EEFM forecasts.

Total Job Growth 1997-2016 in Luton



Overall job growth trends for Luton & Central Beds has been revised downwards by the EEFM 2014

Total Job Growth 1997-2016 in Luton & Central Bedfordshire



9. Questions for Discussion

Questions for Discussion

1. What are Luton's economic strengths, weaknesses, opportunities and threats?
 2. Does the core area identified within the emerging findings reflect a realistic FEMA?
 3. Are there further qualitative considerations that need to be taken into account?
 4. Which forecasts could form the most appropriate basis for planning for future economic needs?
 5. How might future job growth be distributed across the FEMA to best meet economic needs?
 6. What options exist for accommodating future space needs?
-

10. Next Steps

Next steps

- **Define future employment space and land requirements**
- **Consideration of the demand/supply balance**
- **On-going consultation**
- **Submit draft report**



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