

# **Employment Land Review Final Report**

South Tyneside Metropolitan Borough Council

July 2019

**LICHFIELDS**

**LICHFIELDS**

# **Lichfields is the pre-eminent planning and development consultancy in the UK**

We've been helping create great places  
for over 50 years.

**lichfields.uk**

© 2019 Nathaniel Lichfield & Partners Ltd, trading as Lichfields. All Rights Reserved. Registered in England, no. 2778116. 14 Regent's Wharf, All Saints Street, London N1 9RL  
Formatted for double sided printing.  
Plans based upon Ordnance Survey mapping with the permission of Her Majesty's Stationery Office.  
© Crown Copyright reserved. Licence number AL50684A  
23558/02/HE/RL  
17705230v1

# Contents

	<b>Executive Summary</b>	<b>1</b>
	Purpose	1
	Context	1
	Functional Economic Area	1
	Market Overview	2
	Meeting Future Needs	3
	Demand-Supply Balance	4
<b>1.0</b>	<b>Introduction</b>	<b>6</b>
	Scope of the study	6
	Report Structure	6
<b>2.0</b>	<b>Policy Review</b>	<b>8</b>
	National Documents	8
	Sub-Regional Documents	11
	Local Documents	12
<b>3.0</b>	<b>Economic context</b>	<b>15</b>
	Geography and Connections	15
	Functional Economic Market Area	16
	Economic Conditions and Trends	18
	Labour Market Conditions	22
	Summary	26
<b>4.0</b>	<b>Understanding Business Needs</b>	<b>27</b>
	Business Surveys	27
	Stakeholder interviews	32
	Duty to Co-operate Workshop	34
	Summary	36
<b>5.0</b>	<b>The Market for Employment Premises</b>	<b>38</b>
	Overview of market for employment premises in Tyne & Wear	38
	The Office Market	41
	The Industrial Market	43

---

	The Office Market in South Tyneside	44
	The Industrial Market in South Tyneside	47
	Summary	50
<b>6.0</b>	<b>The Supply of Employment Land in South Tyneside</b>	<b>52</b>
	Context	52
	Tyne & Wear	53
	South Tyneside	54
	Stage 1: The Number of Years Supply of Available Employment Land	55
	Stage 2: The Market Attractiveness of Available Employment Land	60
	Stage 3: Demand for Sites with River Access over the Plan Period	61
	Stage 4: Readily Available Employment Sites	64
	Stage 5: The Impact of Vacant Premises on the Market for Employment Land	68
	Stage 6: Expansion Land	68
	Summary	69
<b>7.0</b>	<b>Future Requirements for Employment Space</b>	<b>72</b>
	Methodology	72
	A. Forecast Job Growth	73
	B. Past Take-Up Rates	81
	Net Employment Space Requirements	82
	Net Land Requirements	83
	General vs River/Port-Related Demand	84
	Planning Requirement	87
	Summary	90
<b>8.0</b>	<b>Demand-Supply Balance</b>	<b>92</b>
	Demand by Market Area	92
	Demand-Supply Balance by Market Area	93
<b>9.0</b>	<b>Conclusions</b>	<b>96</b>
	Functional Economic Area	96
	Market Overview	96
	Meeting Future Needs	97
	Demand-Supply Balance	98

---

## Figures

Figure 3.1 Spatial Context of South Tyneside	16
Figure 3.2 Travel to Work Areas	17
Figure 3.3 Commuter Flows for South Tyneside	18
Figure 3.4 Distribution of Employment (2016)	19
Figure 3.5 Employment Change (2009-2016)	20
Figure 3.6 Sectors as a proportion of total employment base	21
Figure 3.7 Percentage of working age residents claiming JSA	23
Figure 3.8 Highest Qualification of Working Age Residents	24
Figure 3.9 Occupational Breakdown of Resident Population (2016)	25
Figure 4.1 Industry profile	28
Figure 4.2 Factors influencing locational decisions	29
Figure 4.3 Factors influencing premises selection	30
Figure 4.4 South Tyneside as a business location	31
Figure 4.5 Advantages of South Tyneside as a business location	32
Figure 4.6 Disadvantages of South Tyneside as a business location	32
Figure 5.1 Office floorspace in Tyne & Wear 2000-2016 ('000 sq m)	39
Figure 5.2 Industrial floorspace in Tyne & Wear 2000-2016 ('000 sq m)	40
Figure 5.3 Employment Floorspace in South Tyneside	41
Figure 7.1 Historic vs Forecast Annual Change in FTE Jobs in South Tyneside	75
Figure 7.2 Time Series Analysis of Historic and Projected Future Job Change (FTE)	76
Figure 7.3 Annual FTE Job Growth Implied by Policy-On Scenario vs Past Trends	80
Figure 9.1 Travel to Work Areas	96

## Tables

Table 1 Change in Travel-to-Work Flows in South Tyneside, 2001-2011	17
Table 2 Office and industrial units in Tyne & Wear (March 2016)	38
Table 3 Office and industrial floorspace in Tyne & Wear (March 2016)	39
Table 4 Distribution of office units in South Tyneside	44
Table 5 Size of office units in South Tyneside	45
Table 6 Vacancy rates of office units in South Tyneside	46
Table 7 Stock of industrial units in South Tyneside	48

---

Table 8 Distribution of industrial units in South Tyneside	48
Table 9 Size of industrial units in South Tyneside	49
Table 10 Vacancy rates of industrial units in South Tyneside	50
Table 11 Employment land availability and take-up in sub-area	54
Table 12 Available employment sites	56
Table 13 Available employment land by category	57
Table 14 Employment component of mixed-use sites	57
Table 15 Past take-up of employment land in South Tyneside	59
Table 16 Employment land supply and demand in South Tyneside	60
Table 17 Employment land demand in sub-areas	60
Table 18 Available employment sites that require preparation	65
Table 19 Readily available general employment land	66
Table 20 Offshore Energy Opportunities by Site	67
Table 21 Available mixed use sites that require preparation	68
Table 22 Fastest Growing and Declining Sectors in South Tyneside	74
Table 23 Forecast Change in Total FTE Jobs and B Class FTE Jobs in South Tyneside	74
Table 24 Baseline Labour Demand Forecast: Net Employment Floorspace Requirements in South Tyneside (2020-2035)	77
Table 25 Policy-On Employment Forecasts by B Use Class	79
Table 26 Policy-On Labour Demand Forecast: Net Employment Space Requirements in South Tyneside (2020-2035)	81
Table 27 Past Net Take-Up of Employment Floorspace in South Tyneside	82
Table 28 Net Employment Space Requirements by Scenario (sq.m.)	83
Table 29 Net Land Requirements by Scenario (ha)	83
Table 30 Net Land Requirements, Past (Net) Completions Scenario	84
Table 31 Net Land Requirements, Baseline and Policy-On Labour Demand Scenarios	86
Table 32 Indicative Net Land Requirements by Scenario: General and Port/River-Related Uses	86
Table 33 Indicative Gross Land Requirements by Scenario (safety margin only) 2020-2035	88
Table 34 Potential Loss Replacement Rate	89
Table 35 Indicative Gross General Land Requirement by Scenario (safety margin and replacement of losses) 2020-2035	90
Table 36 Indicative Estimates of Demand by Sub-Area (2020-2035)	93
Table 37 Indicative Demand-Supply Balance by Sub-Area	93
Table 38 Indicative Demand-Supply Balance by Market Area	98

---







# Executive Summary

## Purpose

This Employment Land Review has been prepared by Lichfields and Lambert Smith Hampton. It is intended to serve as an evidence-based input into the production of South Tyneside Council's Local Plan, providing the authority with an understanding of:

- The Borough's current position with respect to employment land supply; and
- The anticipated future growth trajectory of the Borough's economy and the implications of this with respect to demand for employment land over the period 2020-2035.

## Context

Located within the Tyne and Wear City Region, South Tyneside is a predominantly urban authority covering an area of 64.5 square kilometres and with a population of c.149,420<sup>1</sup>. The principal settlements within the local authority area are the main centres of South Shields, Jarrow and Hebburn located to the north of the Borough.

South Tyneside is located to the south of the River Tyne and is bounded by the following local authority areas: to the south by Sunderland; to the west by Gateshead; and beyond the River Tyne to the north, by Newcastle upon Tyne and North Tyneside.

The Borough benefits from good public transport infrastructure, with 10 Metro stations and a network of bus routes providing frequent services connecting residents to destinations throughout Tyne & Wear. Key road connections within South Tyneside include:

- The A19 – a key strategic route connecting the Tyne and Wear City Region to Northumberland in the north and Durham, Hartlepool, Tees Valley and North Yorkshire in the south;
- A194(M) – running south west to north east connecting the A1(M) at Washington (Junction 65) to South Tyneside; and
- A184 – running east to west connecting South Tyneside with Gateshead.

## Functional Economic Area

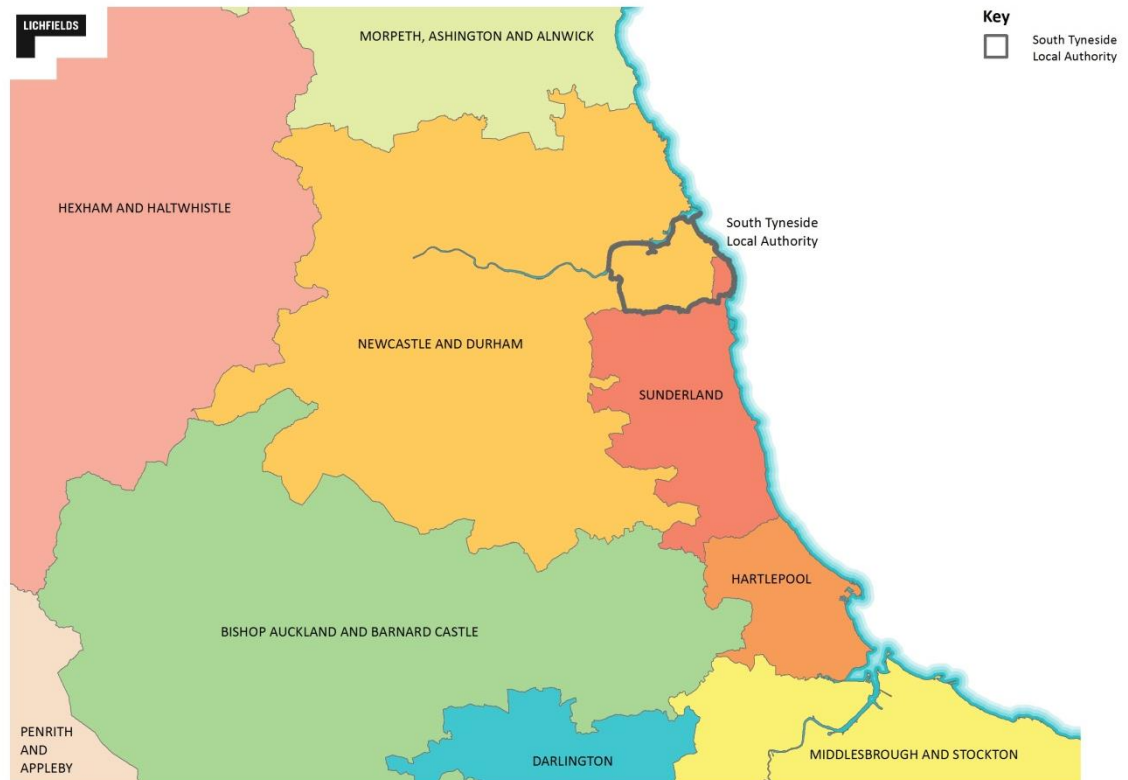
A high level assessment of South Tyneside's FEMA has been undertaken as part of the ELR. This exercise draws upon economic, property market and labour market factors – all of which are influenced by the Borough's location.

South Tyneside falls within the area covered by the North East Local Economic Partnership. An analysis of commuting patterns indicates that the Borough is a net exporter of labour and falls within the wider travel to work areas of 'Newcastle and Durham' and 'Sunderland' (Figure 1). From a commercial market perspective, however, the Borough's inter-relationships are considered to be strongest within Sunderland and Gateshead – particularly in the Washington, Follingsby, Monkton, Boldon area.

---

<sup>1</sup> ONS Population estimates 2016

Figure 1 Travel to Work Areas



Source: ONS/Lichfields

## Market Overview

South Tyneside comprises of 765,000sq.m of office and industrial floorspace – the lowest level of stock of any of the Tyne & Wear authorities. Provision is dominated by industrial space, which accounts for 86% of B class floorspace in Borough. The industrial nature of the local economy is also clear from an assessment of South Tyneside’s role within the Tyne & Wear context. The Borough accounts for:

- 10% of all industrial floorspace in Tyne & Wear; and
- 5% of office floorspace in Tyne & Wear.

The northern part of South Tyneside is densely developed and the built-up area extends to the coast. This contrasts with the southern part of the Borough where Boldon, Cleadon and Whitburn are separated from the conurbation – and each other – by farmland.

Employment premises have traditionally been concentrated in the northern part, within a wide band of estates along the River Tyne, although recent development activity (as measured by gross take-up rates) has been stronger on the western side of the local authority. The northern industrial estates typically accommodate a range of premises including factories, workshops, warehouses and offices. Around the Port of Tyne there is a greater concentration of offices, whereas around the Simonside, Bede and Middlefield industrial estates the concentration of factories and workshops is higher.

Offices are distributed across the Borough, but with a noticeable cluster around South Shields town centre.

The western side of the Borough is well served by the strategic highway network; the A19 heads south from the Tyne Tunnel at Jarrow, the A194 Leam Lane heads south-west to link the A1(M) and the A184 Newcastle Road forms the base of this triangle of dual carriageways, linking the other two. In this area, recent demand (as evidenced by employment land take-up) has been strong. Boldon and Monkton business parks are now largely built out for a mix of employment uses.

## Meeting Future Needs

In assessing the future need for employment land in South Tyneside, this study considers three different scenarios, with each drawing upon a different set of input assumptions. Some reflect anticipated employment growth, whilst another is underpinned by past rates of employment land delivery. It should be noted that the ELR considers demand for general employment uses and for specialist uses linked to occupiers requiring port/river access separately.

The net land requirements for the Borough identified through this process are shown in Table i. It can be seen that general employment needs range from -9.46ha (Past (Net) Completions Scenario) to 17.19ha (Policy-On Labour Demand Scenario) over the period 2020 to 2035. The top end of the range is underpinned by a policy-on labour demand scenario that seeks to capture the potential impact of IAMP on the general employment land market. Having regard to the importance of IAMP to the Council's wider planning and economic objectives, officers may take a view that the authority should – as a minimum – ensure the availability of sufficient land to meet this uplift in demand (17.19ha). Such an approach would be consistent with the views of those in attendance at the Duty to Co-operate Workshop.

The table also shows that land needs for port/river-related uses the net requirements identified range from 3.06ha to 19.46ha. The lower figure is underpinned by the baseline labour demand scenario, whereas the higher figure is based upon past completions data. Given the strength of historic development activity at the Port of Tyne in particular (accounting for nearly 40% of all take-up across the Borough over the last 15 years) the Council may take a view that planning towards the bottom end of the range risks significantly underproviding for such uses over the Plan period.

Table i Net Land Requirements by Scenario (ha)

<b>General Land Requirement (Ha)</b>			
	<b>1.Baseline Labour Demand</b>	<b>2.Policy-On Labour Demand</b>	<b>3.Past (Net) Completions</b>
Offices (B1a/B1b)	1.49	2.99	14.92
Manufacturing (B1c/B2)	-4.90	3.70	-31.80
Distribution (B8)	7.35	10.50	7.42
<b>Total</b>	<b>3.94</b>	<b>17.19</b>	<b>-9.46</b>
<b>Port/River-Related Land Requirement (Ha)</b>			
	<b>1.Baseline Labour Demand</b>	<b>2.Policy-On Labour Demand</b>	<b>3.Past (Net) Completions</b>
Offices (B1a/B1b)	0.11	0.21	0.08
Manufacturing (B1c/B2)	0.00	0.00	0.00
Distribution (B8)	2.95	4.20	19.38
<b>Total</b>	<b>3.06</b>	<b>4.41</b>	<b>19.46</b>

Source: Lichfields analysis

It should be noted, however, that the figures contained within Table i relate to net land requirements. As such, they make no allowance for flexibility or the replacement of losses. Council officers will need to take a decision regarding the extent to which additional provision should be planned for over and above the net requirement.

For general employment uses, the addition of a two year flexibility margin would see the range increase to between -6.45ha and 19.51ha. The range rises further – to between 4.80ha and 30.76ha – if historic losses are replaced at 25% of past trends (see Tables ii and iii).

For port/river-related uses, the addition of a two year flexibility margin (should Council officers consider this necessary) would increase the range to between 3.47ha and 22.09ha (see Table ii). It is not considered necessary to include any allowance for the replacement of losses. This reflects historic patterns of development activity, as well as the strategic importance of the Port of Tyne as a key economic asset.

Table ii Indicative Gross Land Requirements by Scenario (safety margin only) (ha)

<b>General Land Requirement (Ha)</b>			
	<b>1.Baseline Labour Demand</b>	<b>2.Policy-On Labour Demand</b>	<b>3.Past (Net) Completions</b>
Offices (B1a/B1b)	1.69	3.39	16.93
Manufacturing (B1c/B2)	-4.90	4.20	-31.80
Distribution (B8)	8.34	11.92	8.42
<b>Total</b>	<b>5.13</b>	<b>19.51</b>	<b>-6.45</b>
<b>Port/River-Related Land Requirement (Ha)</b>			
	<b>1.Baseline Labour Demand</b>	<b>2.Policy-On Labour Demand</b>	<b>3.Past (Net) Completions</b>
Offices (B1a/B1b)	0.12	0.24	0.09
Manufacturing (B1c/B2)	0.00	0.00	0.00
Distribution (B8)	3.35	4.77	22.00
<b>Total</b>	<b>3.47</b>	<b>5.01</b>	<b>22.09</b>

Source: Lichfields analysis

Table iii Indicative Gross Land Requirement by Scenario (safety margin and replacement of losses) (ha)

	<b>1.Baseline Labour Demand</b>	<b>2.Policy-On Labour Demand</b>	<b>3.Past (Net) Completions</b>
Offices (B1a/B1b)	2.14	3.84	17.38
Manufacturing (B1c/B2)	4.70	13.80	-22.20
Distribution (B8)	9.54	13.12	9.62
<b>Total</b>	<b>16.38</b>	<b>30.76</b>	<b>4.80</b>

Source: Lichfields analysis

## **Demand-Supply Balance**

The Borough's supply of available employment land (excluding the IAMP) is estimated to stand at 47.77ha at present. This is comprised of:

- 10.61ha of general employment land; and
- 37.17ha of specialist use employment land (port/river access)

When considered against projected demand, this would appear to indicate: the existence of a quantitative oversupply of specialist use employment land (port/river access); and the possibility of an undersupply of general employment land (subject to the preferred requirement identified by STC).

Table iv assesses supply against indicative estimates of demand at the sub-area level. It should be noted that the demand estimates are based upon the range of (positive) gross requirements identified in Section 7.0. This should not be interpreted as an endorsement, by Lichfields, of these figures in favour of any other positive requirements presented within Section 7.0.

Table iv Indicative Demand-Supply Balance by Market Area

Sub Area	Supply (ha)	Estimated Demand (ha)		Indicative Supply Balance (ha)	
		Lower Bound	Upper Bound	Lower Bound	Upper Bound
Hebburn/Jarrow	1.18	0.65	4.15	0.53	-2.97
Simonside/Bede/Middlefields etc.	4.30	0.89	5.69	3.41	-1.39
South Shields Riverside & Town Centre	0.59	0.80	5.11	-0.21	-4.52
Boldon	1.21	0.58	3.72	0.63	-2.51
Monkton	3.33	1.87	12.00	1.46	-8.67
<b>General Employment Land Total</b>	<b>10.61</b>	<b>4.80</b>	<b>30.76</b>	<b>5.81</b>	<b>-20.15</b>
<b>Specialist Employment Land (Port/River)</b>	<b>37.17</b>	<b>3.47</b>	<b>22.09</b>	<b>33.70</b>	<b>15.08</b>

Source: Lichfields analysis

NB: Figures may not sum due to rounding

The table points toward a possible undersupply of general employment land across all sub-areas in the event that demand is in line with the upper bound of the forecasts considered. This undersupply is expected to be most acute within Monkton and South Shields Riverside and Town Centre. It should be noted that LSH advise that mixed-use sites in and around South Shields provide additional opportunities to deliver some employment space. It is recommended, however, that Council officers give consideration to how best to identify additional development sites in Monkton in order to meet future demand – in the event that the Council takes a decision to plan for a requirement towards the upper bound of the range presented. Further sites elsewhere in the Borough may also be required (subject to the level of demand that the authority chooses to plan for). A range of potential new sites have been assessed within the site matrix (Appendix 3) and it is recommended that the Council has regard to these in the event that further allocations are required.

In addition, site assessment work points towards a low level of land that is readily available for development. It is recommended that the Council looks to provide choice in the market by maintaining a five-year reservoir of readily available employment land through programmed investment in site preparation and infrastructure provision.

With respect to specialist employment sites for port/river-related uses, the table highlights the existence of a clear oversupply in quantitative terms. The Council may wish to carefully consider whether it is necessary and appropriate to retain all of this land for specialist employment uses. In doing so, however, it will be important to acknowledge: the possibility that demand for such sites will increase over the Plan period; and that such sites are a finite asset. Once redeveloped for alternative uses, they cannot be repurposed to meet any peaks in demand from the marine and offshore industries. As such, the harm of retaining a quantitative oversupply of restricted use sites is considered to be modest (when compared against a similar, theoretical, imbalance with respect to general employment land).

## 1.0 Introduction

1.1 South Tyneside Metropolitan Borough Council (STC) appointed Lichfields and Lambert Smith Hampton (LSH) to prepare an Employment Land Review (ELR) for the local authority area. The study is intended to provide STC with an understanding of:

- The Borough’s current position with respect to employment land supply (in both qualitative and quantitative terms); and
- The anticipated future growth trajectory of the Borough’s economy and the implications of this with respect to demand for employment land over the period 2020-2035.

1.2 Lichfields and LSH were initially appointed in 2018, issuing a full Employment Land Review in Autumn 2018. In summer 2019, Lichfields and LSH were approached by South Tyneside Council to supplement the original exercise with additional analysis and intelligence regarding the offshore energy sector and the opportunities for growth that this could create in South Tyneside. This follow-on exercise included: a review of the North East Local Enterprise Partnership’s Strategic Economic Plan (2019); analysis of recent offshore energy-related investment/enquiries in the North East; and consultation with Port of Tyne. All other analysis within this document remains unchanged from the 2018 issue Employment Land Review and relies upon quantitative and qualitative data gathered and analysed during 2018.

1.3 Acknowledging the fact that a new draft of the *National Planning Policy Framework* was, out for consultation when the original study was produced, the methodological approach applied has regard to the current *National Planning Policy Framework* and the *Planning Practice Guidance*. It also takes into account the *Employment Land Reviews: Guidance Note ‘Brown Book’* published by ODPM in 2004.

### Scope of the study

1.4 The purpose of this ELR is to provide evidence in order to support the development of STC’s Local Plan. It is not a policy or strategy document per se, but instead provides an evidence base input to specific planning or economic development policies being developed by the Council.

1.5 The principal role of the ELR is to provide STC with an understanding of current and potential future requirements for employment land. This draws upon a range of scenarios underpinned by various alternative modelling techniques. For each scenario, the land and floorspace implications are specifically considered for the group of B class sectors outlined below:

- B1 Business (offices, research & development, light industry);
- B2 General Industrial; and
- B8 Storage and Distribution (wholesale warehouses and distribution centres).

1.6 Demand for B class employment land and floorspace is considered in this report and references to “employment space” are intended to relate to both. References to “industrial space” relate to both manufacturing and warehousing/distribution uses.

1.7 An important consideration for work of this type is that it is inevitably a point-in-time assessment. The study has, however, drawn upon the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third part sources have not been checked by Lichfields or LSH.

### Report Structure

1.8 The remaining sections of this report are structured as follows:

- Policy Review (Section 2.0) – a summary of key planning policy and economic strategy documents from the national to the local level;
- Economic Context (Section 3.0) – a review of current economic conditions and recent trends in South Tyneside and its economic strengths and weaknesses;
- Understanding Business Needs (Section 4.0) – a summary of key messages identified through consultation with local businesses, stakeholders and commercial agents;
- The Market for Employment Premises in South Tyneside (Section 5.0) – analysis of the current stock and trends of employment space in South Tyneside;
- The Supply of Employment Land in South Tyneside (Section 8.0) – summarises the current availability and past take-up of employment land in the Borough;
- Future Requirements for B Class Employment Space (Section 7.0) – presents a range of alternative estimates of future B class employment space needs, derived by drawing upon a variety of forecasting techniques;
- Demand-Supply Balance (Section 8.0) – assesses the balance between current land supply and future needs. This includes a comparison of forecast requirements against the availability of land, as well as an analysis of qualitative intelligence gathered through the ELR process; and
- Conclusions (Section 9.0) – draws together the key findings from the preceding sections.

## 2.0 Policy Review

2.1 This section provides a summary of key planning policy and economic strategy documents that form part of the background context which the ELR must take into account. Key messages from a range of documents – from the national level down to the local level – are set out below.

### National Documents

#### Industrial Strategy – White Paper (November 2017)

2.2 In November 2017, the Government published the White Paper ‘Industrial Strategy: Building a Britain fit for the future’. The document sets out a modern industrial strategy that aims to improve living standards and economic growth by increasing productivity across the whole country.

2.3 The Strategy is underpinned by the five foundations of productivity, as summarised below:

- Ideas: raising R&D investment and increasing the rate of R&D tax credit as part of a series of initiatives designed to establish Britain as the world’s most innovative economy;
- People: to generate good jobs and greater earning power for all. This will be pursued through: establishing a technical education system that rivals the best in the world; further investment in maths, digital and technical education to address shortages of STEM skills; and the creation of a new National Retraining Scheme (initially focussed on digital and construction skills);
- Infrastructure: delivering a major upgrade to the UK’s infrastructure in order to support the long-term productivity. Key initiatives include: increasing the National Productivity Investment Fund to provide further support to transport, housing and digital infrastructure; support electric vehicles through increased investment in charging infrastructure and an extension to the plug-in car grant; and boosting digital infrastructure through the provision of 5G and encouraging the roll-out of full-fibre networks;
- Business Environment: make the UK the best place to start and grow a business. Key policies identified in support of this include: launch and roll-out Sector Deals (including an automotive deal) in order to raise productivity; drive investment in innovative and high potential businesses, by establishing a new Investment Fund; and establish key actions to raise the productivity of SMEs. The Automotive Sector Deal includes a commitment to a supply chain improvement programme, which will underpin the sector’s ambition to increase the level of UK content in nationally produced vehicles to 50% by 2022; and
- Places: to address regional disparities in productivity and strengthen local leadership (through Local Enterprise Partnerships and Mayoral Combined Authorities) in order to deliver prosperous communities throughout the UK. Key policies include: agreeing Local Industrial Strategies that build on local strengths and deliver on economic opportunities; and creating a new Transforming Cities fund to improve connections within city regions.

#### National Planning Policy Framework (February 2019)

2.4 The National Planning Policy Framework was updated in February 2019 and replaces its previous iteration formerly published in March 2012 and revised in July 2018.

2.5 The Framework sets out the Government’s economic, environmental and social planning policies for England. It states that the purpose of the planning system is to contribute to the achievement of sustainable development of which there are three overarching objectives



(economic, social and environmental) that are interdependent and need to be pursued in mutually supportive ways [para 8].

- 2.6 The economic objective of the planning system is to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure [para 8].
- 2.7 Public bodies have a duty to cooperate with each other, and with other prescribed bodies, on planning issues that cross administrative boundaries [para 24]. The Framework [para 26] states that this is integral to the production of a positively prepared and justified strategy and places a requirement to document the progress of cross-boundary matters through the preparation and maintenance of one or more statements of common ground [para 27].
- 2.8 The Framework states that LPAs are required to ensure that Local Plans are underpinned by relevant and up-to-date evidence which should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and taking into account relevant market signals [para 31].
- 2.9 The Framework states that ‘significant weight’ should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development [para 80]. To help achieve economic growth, planning policies should [para 81]:
- Set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
  - Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
  - Seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
  - Be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.
- 2.10 The Framework [para 85] confirms that offices are a ‘main town centre use’, and as such, LPAs should apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance within an up-to-date plan [para 86]. When considering edge of centre and out of centre proposals preference should be given to accessible sites which are well connected to the town centre and applicants and LPAs should demonstrate flexibility on issues such as format and scale [para 87].
- 2.11 The Framework [para 120] also highlights that planning policies and decisions need to reflect changes in the demand for land. Informed by regular reviews of land allocations and land availability, where the local planning authority considers there to be no reasonable prospect of an application coming forward for the use allocated in a local plan they should reallocate the land for a more deliverable use that can help to address identified needs. In the interim period, local planning authorities should support applications for alternative uses where the proposed use would contribute to meeting an unmet need for development in the area.

## **Planning Practice Guidance (2014)**

- 2.12 CLG has produced on-line Planning Practice Guidance which includes guidance on the assessment of housing and economic development. This replaces the previous ODPM Employment Land Reviews: Guidance Note from 2004.
- 2.13 The Practice Guidance provides a methodology for assessing economic development needs. It states<sup>2</sup> that plan makers should liaise closely with the business community to understand their current and potential future requirements.
- 2.14 Plan makers should also consider:
- The recent pattern of employment land supply and loss to other uses;
  - Market intelligence (from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums);
  - Market signals such as levels and changes in rental values, and differentials between land values in different uses;
  - Public information on employment land and premises required;
  - Information held by other public sector bodies and utilities in relation to infrastructure constraints;
  - The existing stock of employment land (though it is important to recognise that this may not reflect the future needs of business);
  - The locational and premises requirements of particular types of business; and
  - Identification of oversupply and evidence of market failure.
- 2.15 When examining the recent take-up of employment land, the Practice Guidance<sup>3</sup> advises that it is important to consider projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses.
- 2.16 In terms of forecasting future trends the Practice Guidance<sup>4</sup> advises that:
- Plan makers should consider forecasts of quantitative and qualitative need, but also its particular characteristics;
  - Local authorities should develop an idea of future needs based on a range of data which is current and robust;
  - Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible; and
  - The available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified.
- 2.17 The Practice Guidance<sup>5</sup> advises that plan makers should also consider:
- Sectoral and employment forecasts and projections (labour demand);
  - Demographically derived assessments of future employment needs (labour supply techniques);

---

<sup>2</sup> 2a-030-20140306

<sup>3</sup> 2a-031-20140306

<sup>4</sup> 2a-032-20140306

<sup>5</sup> ibid

- Analysis based upon the past take-up of employment land and property and/or future property market requirements;
- Consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

2.18 In identifying the type of employment land needed the Practice Guidance<sup>6</sup> advises that:

- The need for rural employment should not be overlooked;
- Underlying population projections can be purely demographic or tied to future housing stock which needs to be assessed separately; and
- Plan makers should be careful to consider that national economic trends may not automatically translate to particular areas with a distinct employment base.

2.19 In order to derive employment land requirements, the Practice Guidance<sup>7</sup> states that when translating employment and output forecasts into land requirements there are four key relationships which need to be quantified:

- 1 Standard Industrial Classification sectors to use classes;
- 2 Standard Industrial Classification sectors to type of property;
- 3 Employment to floorspace (employment density); and
- 4 Floorspace to site area (plot ratio based on industry proxies).

## **Sub-Regional Documents**

### **NELEP Strategic Economic Plan (SEP)**

2.20 The North East Local Enterprise Partnership's (NELEP) SEP sets out a clear vision to increase the number of jobs in the North East by 100,000 between 2014 and 2024, with 70% of these being 'better jobs' (defined as managerial, professional and technical roles).

2.21 In order to achieve the vision, the plan identifies four areas of strategic importance, where the assets and capabilities of the North East economy provide strong opportunities for growth. Of particular relevance to South Tyneside are the following:

- Digital;
- Advanced manufacturing; and
- Energy.

2.22 A summary of each is provided below.

### **Digital**

2.23 The SEP states that the North East has a digital vibrant community, employing 22,000 people and supporting a Gross Value Added of £1.7 billion. It is one of the most productive and fastest developing digital communities in the UK and underpinned by:

- Established specialisms in: software development, cloud computing, shared services, systems design and communications, buildings information modelling, games design and delivery; and
- Emerging specialisms in: data analytics, virtual reality, smart data and cybersecurity.

---

<sup>6</sup> 2a-033-20140306

<sup>7</sup> 2a-034-20140306

## **Advanced Manufacturing**

2.24 The North East’s advanced manufacturing industry is identified as a globally-focussed industry which accounts for 11% of the area’s employment and 15% of Gross Value Added. Significant cluster strengths are acknowledged to exist in relation to automotive and pharmaceuticals, with the former employing more than 30,000 people – more than any other UK region.

2.25 The International Advanced Manufacturing Park (IAMP) is highlighted as a key asset and opportunity for the NELEP area, with the SEP stating that:

*“We have strategic sites that include the nationally significant IAMP which straddles the Sunderland and South Tyneside border...A £500 million development, IAMP is strategically located near Nissan to house major international supply chain companies and create over 5,000 jobs by 2024.”*

## **Energy**

2.26 The SEP states that the North East is the leading location in England in the wind energy, oil and gas sectors. It goes on to suggest that as *“the national and international energy agenda focuses on clean growth, there are huge economic, social and environmental opportunities for the North East to contribute to new solutions that provide clean, secure and accessible energy.”*

2.27 The area’s assets and opportunities with respect to energy are categorised according to three broad areas: regional energy; offshore and subsea; and demonstration and innovation. In relation to offshore and subsea, the document highlights existing assets of the North East economy, including:

- The presence of three major ports (including Port of Tyne) providing 7km of quay next to deep water and easy access to large areas of development land;
- World class supply chain expertise, which is servicing aspects of the global offshore renewables and oil and gas markets; and
- Ease of access to key North Sea oil and gas fields, as well as offshore wind development sites.

2.28 The document also highlights that the North East has been identified as *“a key cluster for the delivery of the Offshore Wind Sector Deal, providing a strong focus to build on regional strengths in offshore energy and subsea technologies.”* The Sector Deal ambition for 2030 includes £48 billion of investment in UK infrastructure and the creation of 27,000 skilled jobs.

## **Local Documents**

### **Adopted Core Strategy (2007)**

2.29 The adopted Core Strategy for South Tyneside sets out the Council’s overarching policies for development up to 2021. The Council’s spatial vision seeks to ensure that [inter alia]:

- Regeneration is delivered across the Borough, focusing on the main centres of South Shields, Jarrow and Hebburn and major riverside sites, bringing life back to the riverside and creating sustainable communities where people choose to live; and
- Proposals are of sufficient scale and can deliver a major change in the perception of the Borough and have the greatest impact on the economy, opportunity for new housing, quality of life and cultural facilities.

2.30 Policy ST1 (Spatial Strategy for South Tyneside) identifies a number of strategic objectives for the Plan period. Those most pertinent in terms of employment land are as follows:

- Regeneration of the River Tyne and coastal corridors including the Tyne Gateway at South Shields;
- Supporting development that reflects the scale and functions of the main towns of South Shields, Jarrow and Hebburn; and
- Promoting opportunities along the A19 Economic Growth Corridor.

2.31 Policy E1 (Delivering Economic Growth and Prosperity) identified specific employment land requirements across the Plan period in accordance with the now revoked Regional Spatial Strategy (RSS). This included a requirement for 40 hectares of land to meet economic development requirements, comprising:

- 35 hectares for new employment land and for employment uses within mixed use development sites; and
- 5 hectares for a 'green business park' at Jarrow and Hebburn riverside.

### **Development Management Policies (2011)**

2.32 Policy DM2 (Safeguarding Employment Uses) highlights a policy imperative to safeguard existing employment allocations (B1, B2 and B8 Use Classes) The policy aims to promote and facilitate economic growth and prosperity by:

- Safeguarding existing Predominantly Industrial Areas and other employment land allocations in the borough for employment use (Use Classes B1, B2 and B8) as opposed to redevelopment for alternative uses, where this is sustainable and viable, to ensure a sufficient supply of employment land over the next 10-15 years.

2.33 The policy also provides guidance on appropriate locations for office (Use Class B1a/b) and industrial (Use Classes B2 / B8) employment uses:

- Encouraging Use Class B1(a/b) office uses to locate in town and district centres, where sites are suitable and available, and sequentially on accessible edge-of-centre sites and within established business parks and industrial estates, provided that they do not adversely affect the general character, function, vitality and viability of nearby town or district centres or the supply of land for industrial uses (Use Classes B2 and B8) over the next 10-15 years.

2.34 Policy DM2 also states that proposals for non-employment uses in Predominantly Industrial Areas and other employment land allocations will only be approved where it is demonstrated that:

- The employment use of the site or premises is no longer viable, by the same or any other employment user (Use Classes B1, B2 and B8); and
- The site or premises would not make a significant contribution to the Borough's employment land supply over the next 10-15 years in meeting Regional Spatial Strategy (now defunct) employment land requirements; or
- The proposal provides long-term benefits that would significantly outweigh the loss of land for employment use.

### **Site Specific Allocations (2012)**

2.35 Policy SA3 (Economic Development Opportunities) identifies site specific employment land allocations and an indication of likely phasing periods over which the employment land would come forward. The policy outlined support for the future development of the Port of Tyne at Tyne Dock and Jarrow Slake to enable it to adapt and operate efficiently as a key strategic gateway to trade.

### **International Advanced Manufacturing Park Area Action Plan (2017)**

2.36 Prepared jointly by Sunderland City Council and South Tyneside Council, the International Advanced Manufacturing Park Area Action Plan (AAP) 2017 forms a statutory part of South Tyneside Council's new Local Plan. In particular, it sets out the statutory planning policy basis and development principles for the proposed International Advanced Manufacturing Park (IAMP), including releasing the land required for the proposed development from the Green Belt.

2.37 The IAMP AAP Background Technical Papers outline IAMP as a unique opportunity for the automotive sector in the UK. Located next to Nissan UK's Sunderland plant, the UK's largest and most productive car manufacturing plant, the IAMP will provide:

*“A bespoke, world class environment for the automotive supply chain and related advanced manufacturers to innovate and thrive, contributing significantly to the long-term economic success of the north-east of England and the national automotive sector.”*

## 3.0 Economic context

3.1 This section establishes the economic baseline for the study by reviewing recent economic conditions and trends within South Tyneside, relative to the North East region and the national economy. This is important in identifying the existing strengths and weaknesses of the study area and the factors likely to influence the nature and level of future demand for employment space.

### Geography and Connections

3.2 Located within the Tyne and Wear City Region, South Tyneside is a predominantly urban authority covering an area of 64.5 square kilometres and with a population of c.149,420<sup>8</sup>. The principal settlements within the local authority area are the main centres of South Shields, Jarrow and Hebburn located to the north of the Borough. Smaller outlying settlements of Whitburn, Cleadon and East and West Boldon are located towards the south of the Borough, interspersed with pockets of open countryside.

3.3 South Tyneside is located to the south of the River Tyne and is bounded by the following local authority areas: to the south by Sunderland; to the west by Gateshead; and beyond the River Tyne to the north, by Newcastle upon Tyne and North Tyneside.

3.4 The Borough benefits from good public transport infrastructure, with a network of bus routes providing frequent services connecting residents to destinations throughout Tyne & Wear.

3.5 In terms of rail access, the Tyne and Wear Metro system serves the Borough with 10 stations providing access to the wider City Region, particularly Sunderland, Gateshead and Newcastle as well as Newcastle International Airport. The Tyne and Wear Metro system connects with the national rail network at Newcastle and Sunderland, as shown in Figure 3.1.

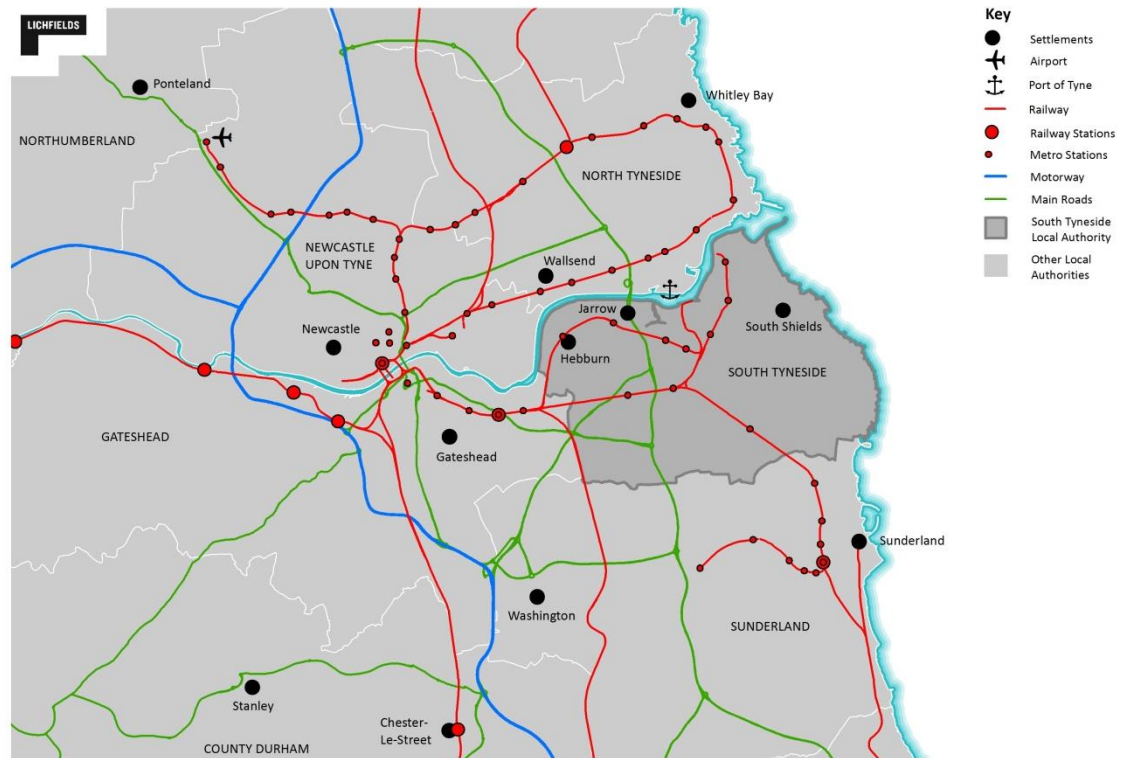
3.6 Key road connections within the Borough include:

- The A19 – a key strategic route connecting the Tyne and Wear City Region to Northumberland in the north and Durham, Hartlepool, Tees Valley and North Yorkshire in the south;
- A194(M) – running south west to north east connecting the A1(M) at Washington (Junction 65) to South Tyneside; and
- A184 – running east to west connecting South Tyneside with Gateshead.

---

<sup>8</sup> ONS Population estimates 2016

Figure 3.1 Spatial Context of South Tyneside



Source: Lichfields Analysis

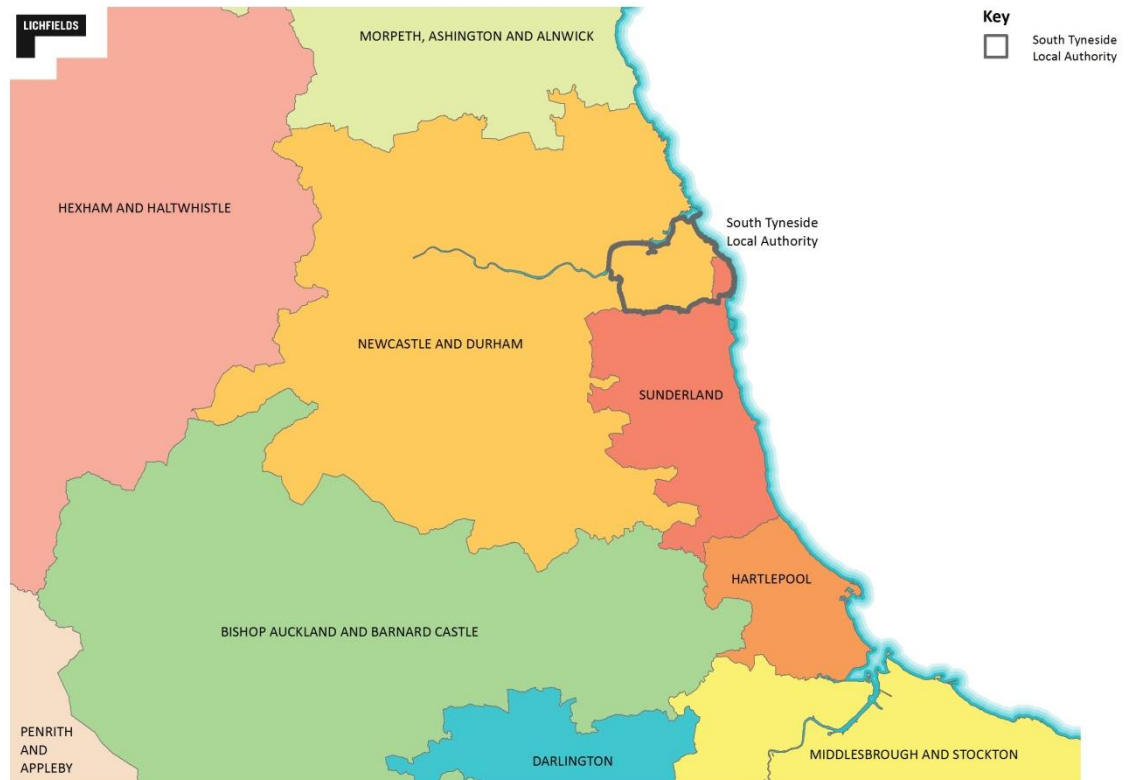
## Functional Economic Market Area

- 3.7 Examining commuting flows can help to define the Functional Economic Market Area (FEMA) within which South Tyneside is located<sup>9</sup>. Commuting flows can be assessed using the latest travel-to-work flow data from the 2011 Census.
- 3.8 The current criteria for defining Travel to Work Areas (TTWAs) – which can be used as a starting point for identifying a FEMA - is that generally at least 75% of an area's resident workforce are employed in the area and at least 75% of the people who work in the area also live in the area. The area must also have a working population of at least 3,500.
- 3.9 ONS analysis indicates that South Tyneside is included within the TTWA of both 'Newcastle' and (to a lesser extent) 'Sunderland', which includes the local authority areas of Newcastle, North Tyneside, Northumberland, Gateshead, South Tyneside, Sunderland and Durham, as demonstrated in Figure 3.2.

<sup>9</sup> CLG, Functional Economic Market Areas: An Economic Note, 2010



Figure 3.2 Travel to Work Areas



Source: ONS/ Lichfields Analysis

- 3.10 For South Tyneside specifically, these authorities comprise the workplace for 81.5% of the resident working population of South Tyneside (64,867) and the place of residence for 80% of workers in South Tyneside.
- 3.11 Analysis of worker flows for South Tyneside (Figure 3.3) indicates that in 2011:
- Approximately 27,600 (42.5%) of the working residents commuted out of the local authority for employment, with the largest flows to Sunderland (8,749), Newcastle upon Tyne (6,484) and Gateshead (4,960); and
  - Approximately 14,400 workers commuted into South Tyneside for work, primarily coming from the adjoining authorities of Sunderland (4,979), Gateshead (2,456) and County Durham (1,888).
- 3.12 This indicates that worker inflows and outflows in South Tyneside are not in alignment, and that the Borough is a net exporter of labour.

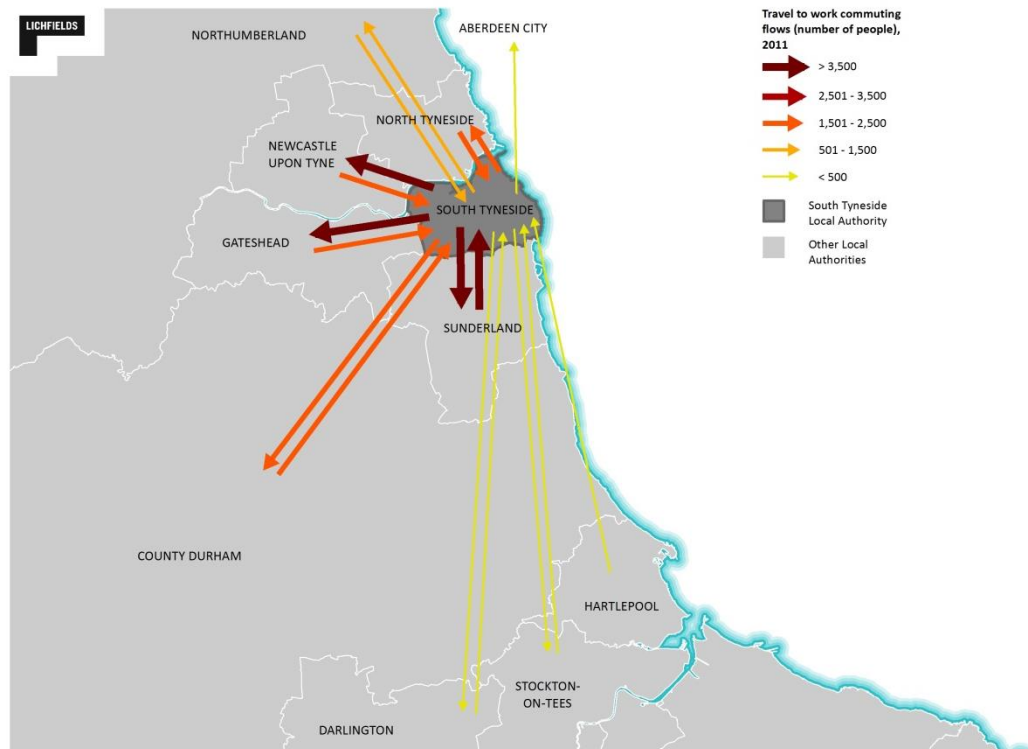
Table 1 Change in Travel-to-Work Flows in South Tyneside, 2001-2011

	2001 Census	2011 Census	Change (2001-2011)
Out-Commuting Working Residents	25,420	27,618	+2,198
In-Commuting Workers	13,203	14,407	+1,204
<b>Net In-Commuting Flow</b>	<b>-12,217</b>	<b>-13,211</b>	<b>-994</b>
<b>Self-Containment Rate</b>	<b>56.9%</b>	<b>57.4%</b>	<b>+1.0%</b>

Source: Census 2001 & 2011 / Lichfields analysis

3.13 Between 2001 and 2011, the inflow of workers to South Tyneside increased by approximately 1,200 workers as the number of residents commuting out of the local authority increased by 2,200. As a result, net out-commuting increased by approximately 1,000.

Figure 3.3 Commuter Flows for South Tyneside



Source: ONS Census Origin and Destination 2011/ Lichfields Analysis

## Economic Conditions and Trends

3.14 Current economic conditions and trends in South Tyneside are summarised in the following paragraphs, with comparisons made, where appropriate, to regional and national averages. Data is drawn from published Office for National Statistics (ONS) sources via Nomis or Experian unless indicated otherwise.

### Population

3.15 The population of South Tyneside is estimated to be in the order of 149,400, of which 93,700 are of working age. Between 2006 and 2016 the number of residents increased by 530 (0.4%). This rate of growth is lower than the North East<sup>10</sup> (3.3%), and national (8.4%) average over this period. The 2016-based Subnational Population Projections (SNPP) forecast that by 2039 the Borough's population will increase by a further 5,960 residents (or 4.0%) to 155,373.

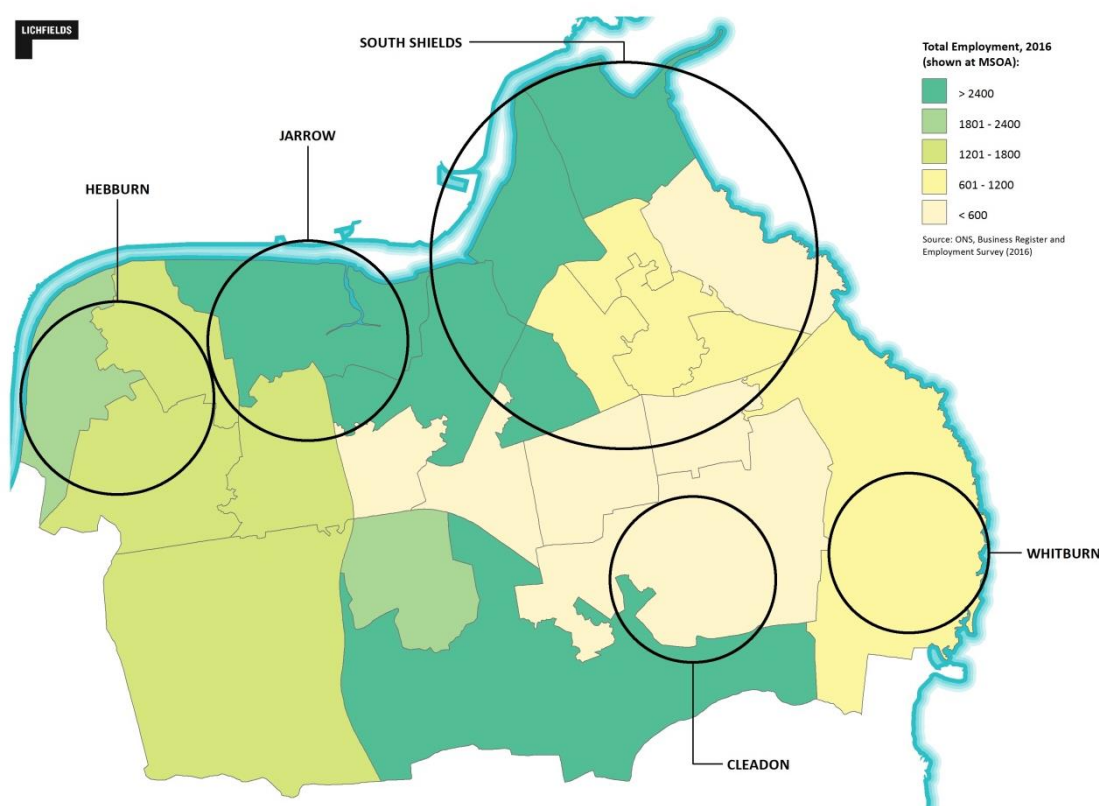
3.16 However, the working age population of South Tyneside has declined in recent years. In 2016, the number of working age residents within the Borough totalled 93,700, compared to 94,400 in 2006. This represents a decline of 700 working age residents, or 0.8%. Conversely, the number of working age residents increased across the region (0.6%) and nationally (5.3%).

<sup>10</sup> References to 'the North East' or 'the region' within the baseline relate to the former government office region comprising: Northumberland, Tyne & Wear, County Durham and Tees Valley.

## Employment

- 3.17 Data from the Business and Employment Survey (BRES) indicates that in 2016 there were approximately 42,600 employment jobs in South Tyneside, compared to 43,000 in 2009. This represents a decrease of 400 jobs, or -1.0%, which contrasts with the growth experienced across the North East region (+2.5%) and Great Britain (+8.8%). Over the longer term, data from Experian suggests that the total number of FTE jobs in the Borough increased by 3,100 during the period 1997 to 2017.
- 3.18 In geographic terms, Figure 3.4 shows that the distribution of employment is concentrated around the main centres of South Shields and Jarrow, within the riverside corridor. Another high concentration of employment is found in the south of the Borough towards East and West Boldon and Boldon Colliery.

Figure 3.4 Distribution of Employment (2016)



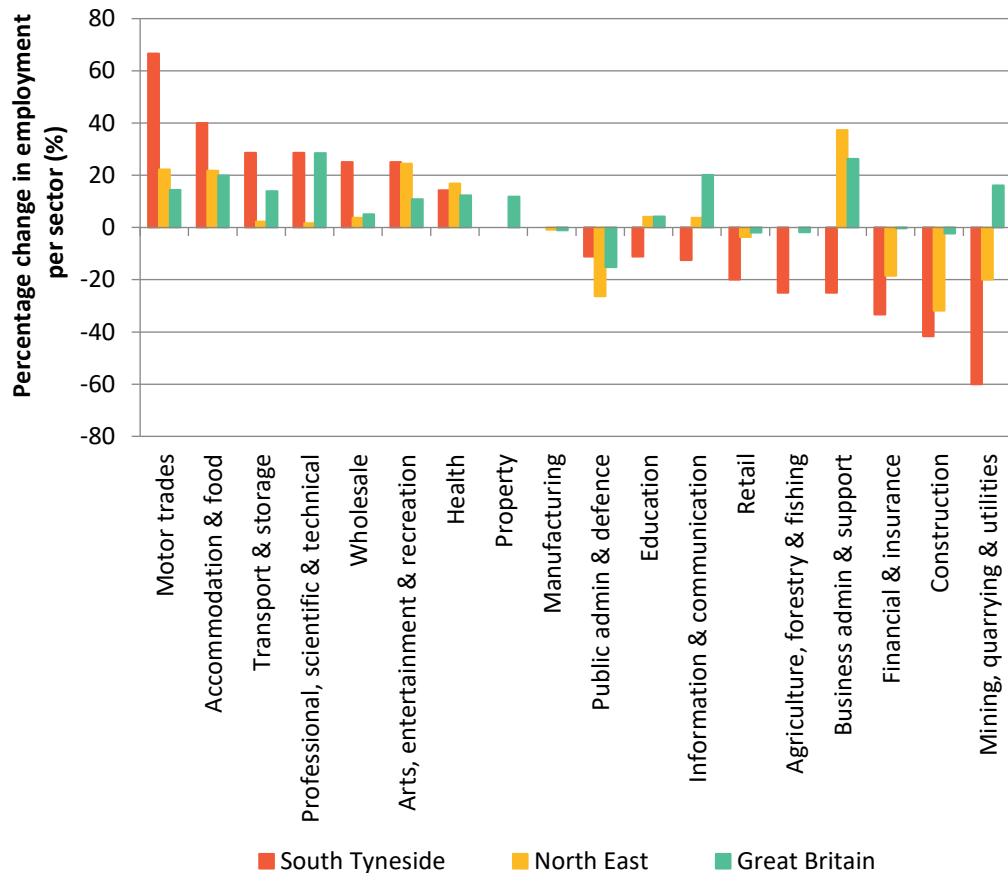
Source: BRES/ Lichfields Analysis

## Sector profile

- 3.19 Figure 3.5 provides a summary of employment change by sector. This is shown in proportionate terms, in order to facilitate a comparison with national and regional performance. From this it can be seen that motor trades, food and accommodation services, transport and storage, and professional, scientific and technical experienced the largest percentage increases in employment. Indeed, growth within South Tyneside exceeded the regional level for all four sectors.
- 3.20 An analysis of the absolute data identifies that a number of sectors recorded positive growth – although this was offset by declines in other sectors (resulting in a net decrease of employment in overall terms). Key drivers of growth included accommodation and food services, health,

arts, entertainment and recreation, professional, scientific and technical, and transport and storage. In total, these sectors generated a total of 3,500 new jobs during the period.

Figure 3.5 Employment Change (2009-2016)



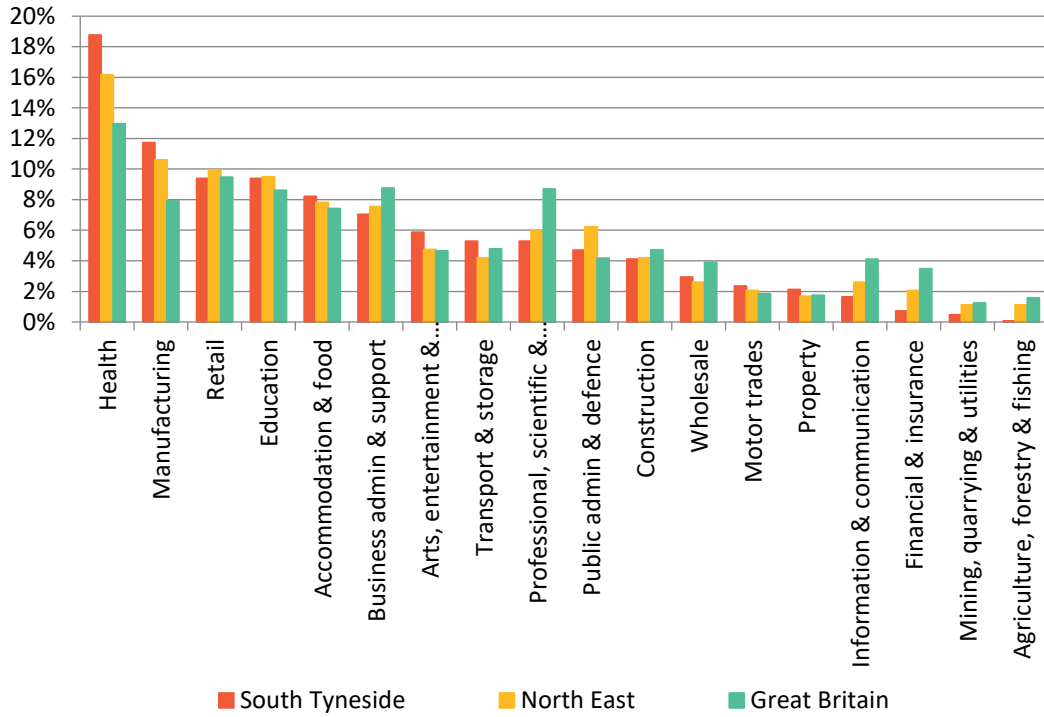
Source: BRES/ Lichfields Analysis

3.21 As a proportion of total employment, the largest sectors in South Tyneside in 2016 were health (18.8%), manufacturing (11.7%), retail (9.4%) and education (9.3%).

3.22 It can be seen from Figure 3.6 that, in comparison with both the regional and national averages, the following sectors are over-represented in South Tyneside:

- Health: accounting for 18.8% of total employment, compared to 16.2% in the North East and 13.0% nationally;
- Manufacturing: accounting for 11.7% of total employment, compared to 10.6% in the North East and 7.9% nationally;
- Accommodation and food services: accounting for 8.2% of total employment, compared to 7.8% in the North East and 7.4% nationally;
- Arts, entertainment, recreation and other services: accounting for 5.9% of total employment, compared to 4.7% in the North East and 4.6% nationally;
- Transport and storage: accounting for 5.3% of total employment, compared to 4.2% in the North East and 4.8% nationally; and
- Property: accounting for 2.1% of total employment, compared to 1.7% in the North East and 1.7% nationally.

Figure 3.6 Sectors as a proportion of total employment base



Source: BRES/ Lichfields Analysis

3.23

A number of sectors are also under-represented in South Tyneside, including:

- Retail: accounting for 9.4% of total employment, compared to 9.9% in the North East and 9.5% nationally;
- Business administration & support services: accounting for 7.0% of employment, compared to 7.5% in the North East and 8.8% nationally;
- Professional, scientific & technical: accounting for 5.3% of employment, compared to 5.9% in the North East and 8.7% nationally;
- Construction: accounting for 4.1% of employment, compared to 4.2% in the North East and 4.7% nationally;
- Information & communication: accounting for 1.6% of employment, compared to 2.6% in the North East and 4.1% nationally;
- Financial & insurance: accounting for 0.7% of employment, compared to 2.0% in the North East and 3.5% nationally;
- Mining, quarrying and utilities: accounting for 0.5% of employment, compared to 1.1% in the North East and 1.2% nationally; and
- Agriculture, forestry & fishing: accounting for 0.1% of employment, compared to 1.1% in the North East and 1.6% nationally.

3.24

At the sub-sector level, an analysis of Location Quotients (LQs) (which calculate the extent to which employment is more prevalent in a particular sector than nationally) undertaken within the Council’s Local Economic Assessment reveals that South Tyneside has a number of

nationally important industrial specialisms. Based on updated 2016 data, those that are large employers and also account for a higher share of employment at the local level in comparison with the national level include:

- Manufacture of fabricated metal products, except machinery and equipment (employ 1,000 and are 2.3 times more significant);
- Specialised construction activities (employ 1,500 and are 1.4 times more significant);
- Real estate activities (employ 900 and are 1.2 times more significant);
- Warehousing and support activities for transportation (employ 800 and are 1.1 times more significant); and
- Architectural and engineering activities: technical testing and analysis (employ 900 and are 1.1 times more significant); and
- Public administration and defence; compulsory social security (employ 2,000 and are 1.1 times more significant).

### **Business profile**

- 3.25 An assessment of the size of businesses in South Tyneside shows that the Borough's business base is dominated by smaller firms comprising of 0-9 employees (89.1%). This is broadly in alignment with the regional (87.5%) and England averages (89.6%). The proportion of large enterprises with over 250 staff (0.3%) is also in alignment with the regional (0.4%) and England average (0.4%)<sup>11</sup>.
- 3.26 The total number of active enterprises in South Tyneside (3,770) indicates that there are 402 businesses per 10,000 working age residents. This is lower than the corresponding figure for the North East (446) and national (796) averages<sup>12</sup>.
- 3.27 Between 2010 and 2016 (the most recent data available from ONS), the number of active enterprises in South Tyneside increased by 260, or 7%. This rate of growth is higher than the regional (4%) and national (6%) average over the same period.
- 3.28 Self-employment in South Tyneside (5.3% of the working-age population) is lower than the regional (7.2%) and the national average (10.6%)<sup>13</sup>. These indicators point towards limited levels of entrepreneurship in the South Tyneside and regional economy compared to other parts of the country, although strong growth in the business base suggests that this could be improving.

## **Labour Market Conditions**

### **Unemployment**

- 3.29 The economic activity rate (i.e. the share of working-age residents either in or seeking employment) in South Tyneside, at 74.9%, is lower than both the regional (75.5%) and the national (77.8%) average<sup>14</sup>.
- 3.30 In line with regional and national trends, claimant unemployment levels have generally been on a downward trajectory and are low within the context of levels observed since 2009.

---

<sup>11</sup> Inter Departmental Business Register (ONS) (2017)

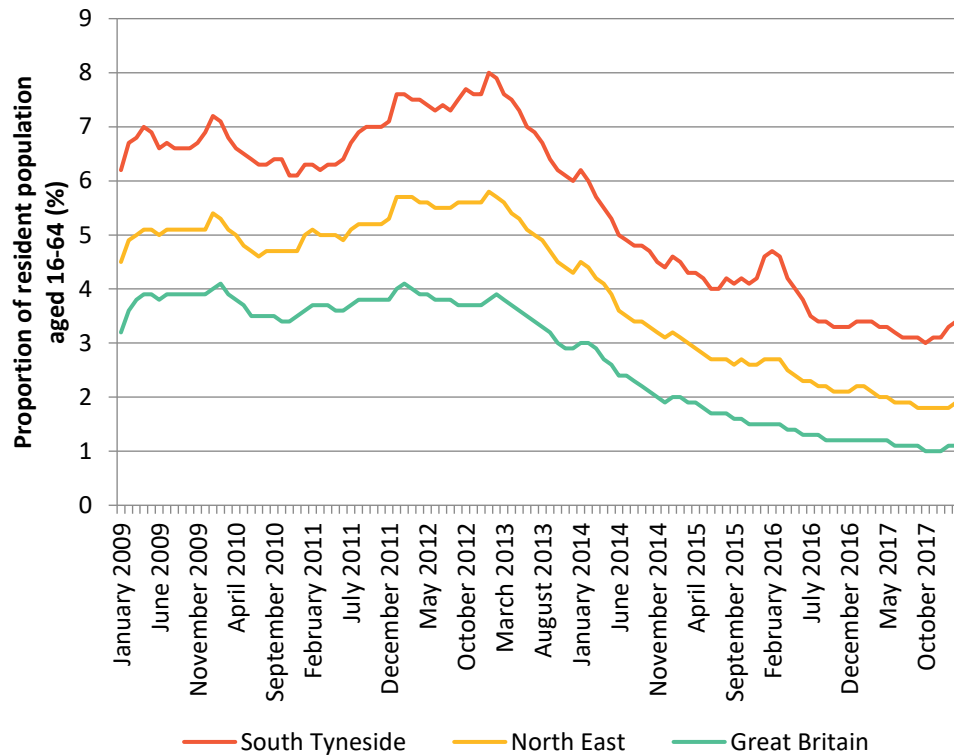
<sup>12</sup> ONS (2017), Business Demography 2016

<sup>13</sup> ONS Annual Population Survey (Jan – Dec 2016)

<sup>14</sup> ONS Annual Population Survey (Jan – Dec 2016)

3.31 However, the current JSA claimant rate of 3.4% (February 2018) is higher than the regional (1.9%) and the national (1.1%) averages (Figure 3.7). The gap between the national and South Tyneside average has also not reduced in recent years.

Figure 3.7 Percentage of working age residents claiming JSA



Source: ONS JSA Claimant Data/ Lichfields Analysis

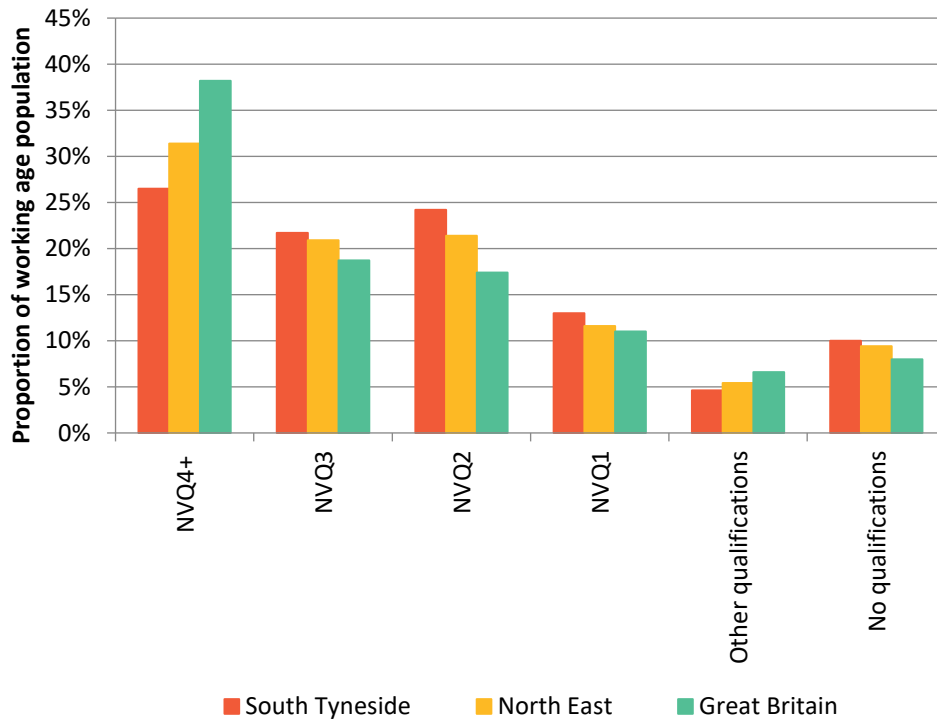
3.32 On the wider Annual Population Survey measure of unemployment (which includes all unemployed residents seeking work regardless of whether they are claiming JSA), the unemployment rate in South Tyneside (at 8.4%) is again higher than the regional average (6.8%) and the Great Britain average (4.9%)<sup>15</sup>.

### Skills

3.33 The skills base of the resident workforce of South Tyneside lags behind the regional and national average. Just below half (48.2%) of the Borough’s residents hold NVQ level 3 or above qualifications, compared to a North East average of 52.3% and national average of 56.9% (Figure 3.8). South Tyneside also contains a higher proportion of residents with no qualifications (10.0%) than both the regional (9.4%) and national (8.0%) averages.

<sup>15</sup> ONS Annual Population Survey (Jan – Dec 2016)

Figure 3.8 Highest Qualification of Working Age Residents



Source: Annual Population Survey 2017 Jan-Dec

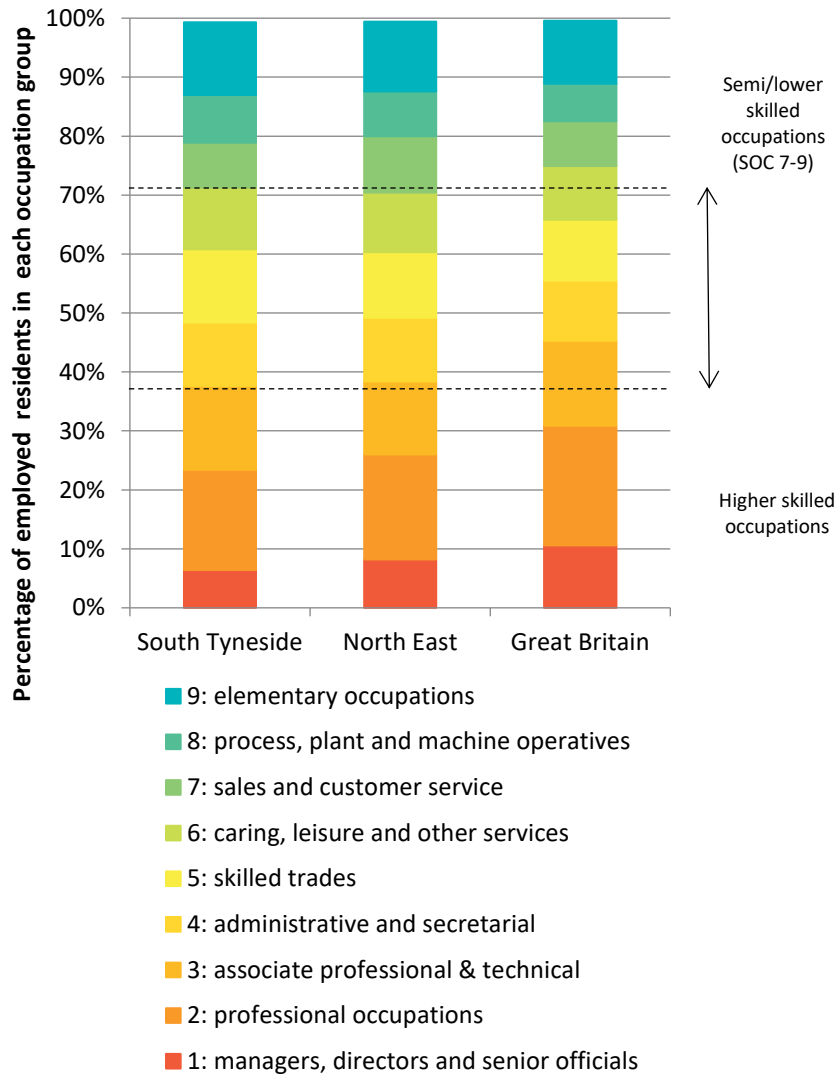
### Occupational profile

3.34

Overall, the occupational profile of South Tyneside displays a lower proportion of residents with highly skilled jobs both in comparison with the regional and national average. The proportion of the Borough’s residents employed in Managerial, professional and associate professional/technical occupations (SOC major groups 1-3) stands at 37.6% compared to a national figure of 45.3% and a regional figure of 38.4% (Figure 3.9). In contrast, the Borough has a higher concentration (28.0%) of semi and lower skilled workers (including: sales and customer service occupations; elementary occupations; and process, plant and machinery operatives in SOC major groups 7-9) than the national (24.7%) average, although a lower concentration than the regional average (29.0%).



Figure 3.9 Occupational Breakdown of Resident Population (2016)



Source: ONS Annual Population Survey/ Lichfields Analysis

3.35 Semi and lower skilled occupations are also the most commonly sought by those residents of the Borough looking for work, including: sales and customer service occupations (67.5%) and elementary occupations (13.1%), compared to a total of 6.2% of claimants seeking work in higher skilled occupations (SOC 1-3)<sup>16</sup>.

**Wages**

3.36 Resident wages in South Tyneside (£469.00 gross per week) stand at 86.7% of the national average (£541.00) and are lower than the North East average (£492.20). The wages of workers within South Tyneside (£467.70 gross per week) are lower than both resident earnings (albeit not significantly so) and the North East average (£494.00)<sup>17</sup>.

<sup>16</sup> ONS, Jobseeker's Allowance by occupation (Dec 2017)  
<sup>17</sup> ONS Annual Survey of Hours and Earnings - workplace analysis (2016)

## Deprivation

South Tyneside is ranked as the 31st most deprived local authority out of 326 in England, making it one of the 9.5% most deprived areas nationally.

## Summary

- 3.37 In comparison to the regional and national averages, the health; manufacturing; accommodation and food services; arts, entertainments and recreation; transport and storage; and property sectors are over-represented in South Tyneside. In contrast, a number of sectors including: retail; business administration and support services; professional, scientific and technical; construction; information and communication; financial and insurance; mining, quarrying and utilities; and agriculture, forestry and fishing are under-represented in comparison to the regional and national averages.
- 3.38 Overall, South Tyneside is characterised by a poor performance in terms of labour market indicators, including: lower economic activity rates than the regional and national averages and a higher JSA claimant rate. Moreover, the gap between the national and South Tyneside average has also not reduced in recent years.
- 3.39 The skills profile of South Tyneside is lower than the regional and national averages, with fewer residents qualified to NVQ Level 3 or 4 and a higher proportion with no qualifications.
- 3.40 In occupational terms, South Tyneside is characterised by a lower proportion of residents in managerial, professional and associate professional/technical jobs (SOC major groups 1-3) (37.6%) than the national average (45.3%) and a higher concentration (28.8%) of semi and lower skilled workers.

## 4.0 Understanding Business Needs

4.1 The Practice Guidance [paragraph 30] identifies the need to ensure that Local Plans are underpinned by an understanding of business needs. In particular, it highlights the need to consider market intelligence – gathered through a range of approaches including those outlined below – in determining future requirements for employment space:

- Discussions with developers and property agents;
- Surveys of business needs; and
- Engagement with business and economic forums.

4.2 This ELR has been underpinned by – and its conclusions informed by – extensive engagement with local stakeholders and businesses, including the following methods of consultation:

- 1 A bespoke business survey undertaken as part of the ELR process;
- 2 Telephone interviews with key economic stakeholders and business groups;
- 3 A stakeholder workshop; and
- 4 Telephone interviews with agents and major landowners.

4.3 This section of the report provides a summary of the main findings emerging from items 1-3 listed above. It should be noted that the discussions held with commercial property agents and major landowners were undertaken to inform Sections 5.0 and 6.0 and the key messages identified are reported within these sectors.

### **Business Surveys**

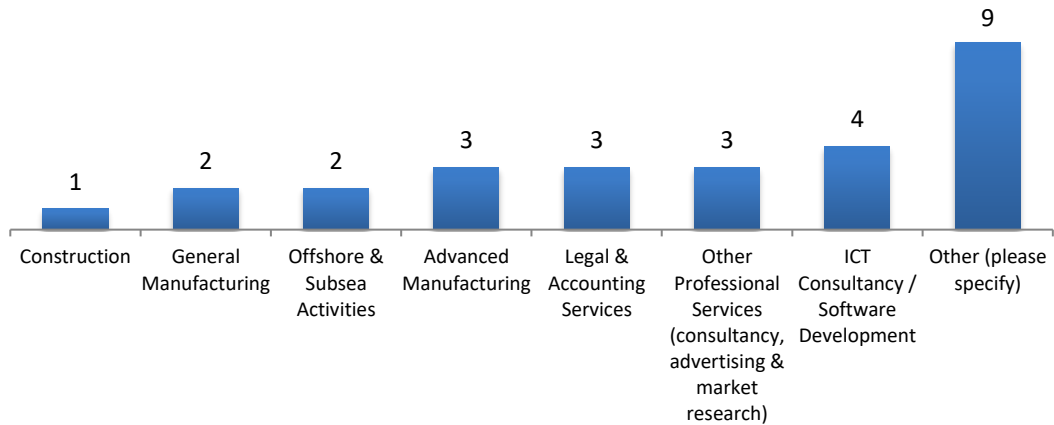
4.4 A survey of local businesses was undertaken during January 2018. The survey was distributed by the Council to business contacts located within South Tyneside.

4.5 In total, 27 businesses responded to the survey. As a result of the relatively low sample size, this precludes the extrapolation of quantitative conclusions for the Borough's business base as a whole. The business survey nonetheless provides some useful qualitative intelligence. The key findings of the business survey are summarised in the following paragraphs.

### **Business Background**

4.6 Figure 4.1 outlines the breakdown of participants by industry and indicates a diverse participant profile. The most represented sector was ICT Consultancy / Software Development (4 respondents).

Figure 4.1 Industry profile



Source: Lichfields analysis

4.7 From those who identified as ‘Other’ the following sectors were represented:

- Charity (2)
- Tourism/Heritage/Education and Commercial recycling land works
- Chemical sales and consultancy
- Power System Design Engineering
- Retail
- Commercial finance
- Post 16 Training and Development
- Alcohol production

4.8 Businesses ranged in size from one with just 1 person working at their location to another with 400 people. Within this range, the majority of respondents were towards the smaller end of the spectrum, with 13 firms indicating that they employ fewer than 10 people. 8 firms indicated that they employ between 10-100 people whilst only two firms employ 100 or more people.

4.9 The majority of respondents (22) indicated that they are single independent operations. Of the remaining businesses, 4 were identified as being one of several different workplaces in the UK belonging to the same UK business, whilst one was identified as being one of several different workplaces in the UK belonging to the same foreign owned business.

4.10 37% of businesses were long established businesses, with 10 having been located at their current premises for 10 years or more. 9 businesses had been located at their current premises for 3 years or less, 5 businesses between 3-5 years and 2 between 5-10 years.

**Current Premises**

4.11 Businesses were asked to classify their current location. 7 respondents indicated that they occupy premises on an industrial estate. This was the most popular response, followed by business/office parks (5) and managed workspace (5). Participants also indicated that they occupy premises in town centre offices (2), live/work units (1) and individual urban sites (1). Of the participants who indicated ‘other’, 3 indicated that they worked from home.

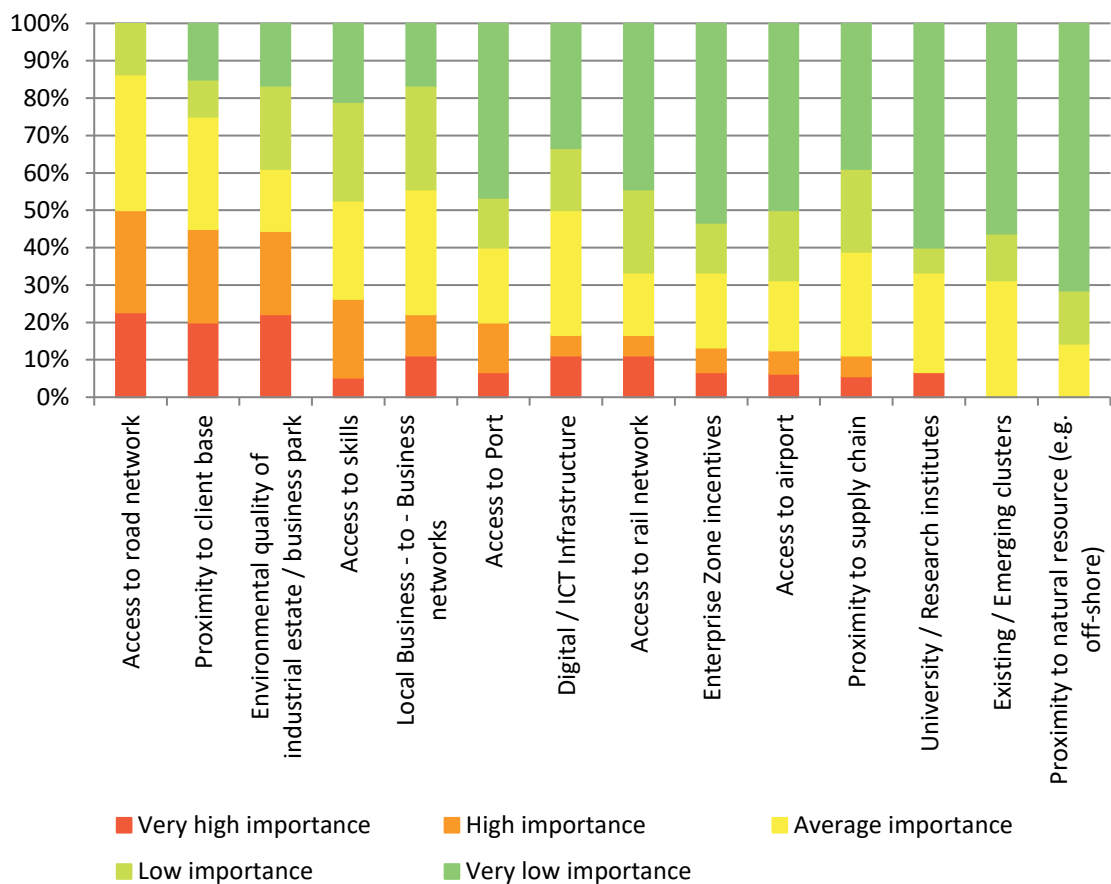
4.12 In total, 13 of the 27 respondents had relocated to their current premises from elsewhere. Of those relocating businesses, 10 had moved from elsewhere in South Tyneside, 2 had moved from

elsewhere within the Tyne & Wear region whilst just one had moved from outside the region (Glasgow). The pattern of business movements implied by the business survey would appear, generally to reflect the strengths of the internal economic and commercial market, with a high proportion of businesses moving within the region and within the Borough.

4.13

The survey sought respondents' views on those factors that had influenced their decision to move to or locate in South Tyneside. The most significant issues are summarised in Figure 4.2. The graph illustrates that the three most important issues that emerged were access to the road network, the environmental quality of the industrial estate / business park, and proximity to client base. The presence of local business-to-business networks, access to skills and standard of digital/ICT infrastructure were considered by 50% of respondents to be of at least average importance.

Figure 4.2 Factors influencing locational decisions

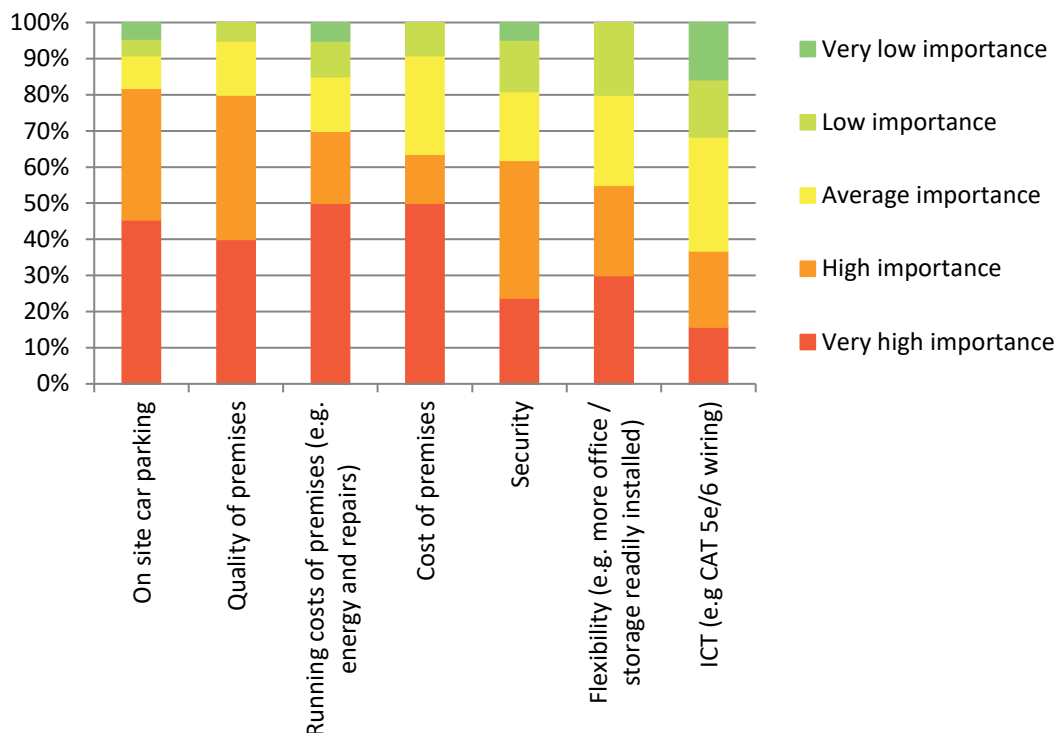


Source: Lichfields Business Survey

4.14

The views of respondents were also sought on the factors that had influenced their selection of their current premises – in favour of other space that may have been available at the time. The most significant issues are summarised in Figure 4.3. The most important factors influencing premises selection were the provision of on site parking and the quality of premises - considered by approximately 80% of respondents to be of at least high importance. This was followed by issues relating to the overall costs of premises (eg. rent and running costs).

Figure 4.3 Factors influencing premises selection



Source: Lichfields Business Survey

4.15 When asked about how well current buildings meet the respondent’s existing space requirements, 8 of the 25 respondents (32%) indicated that they didn’t have enough space. 56% indicated that their current buildings were adequately meeting their requirements; 12% indicated that their current space was underutilised.

4.16 Of those who stated that their current buildings were not meeting their space requirements, qualifying comments included inadequate parking provision and the need for more space and facilities for expanding businesses. These qualifying comments came exclusively from office-based businesses.

4.17 The survey sought feedback from businesses regarding the quality of their existing premises. 14 of the 25 respondents to this question (56%) rated their premises as excellent/very good, with an additional 28% indicating that their premises were of an average quality. 16% rated their premises as below average or poor.

4.18 Businesses were asked whether they had previously experienced any difficulties in finding suitable premises to expand, upgrade or relocate to within the local area. 9 of the 25 respondents to this question indicated that they had experienced problems (36%) citing barriers such as parking, available premises being too large for particular needs and installing IT and telephone systems as some of the reasons why problems were experienced.

**Future Premises**

4.19 The survey data indicate that 15 respondents (63%) who answered this specific question expect their business to expand over the next five years, resulting in a need for additional land or floorspace.

4.20 In these instances where respondents indicated that they do not expect to expand in the next five years, this has been primarily due to either:

- A lack of business appetite for expansion (3 responses); or
- Operating in a sector with modest growth potential (3 responses); or
- Macroeconomic uncertainty, specialist skills shortages and a lack of managerial capacity (1 response).

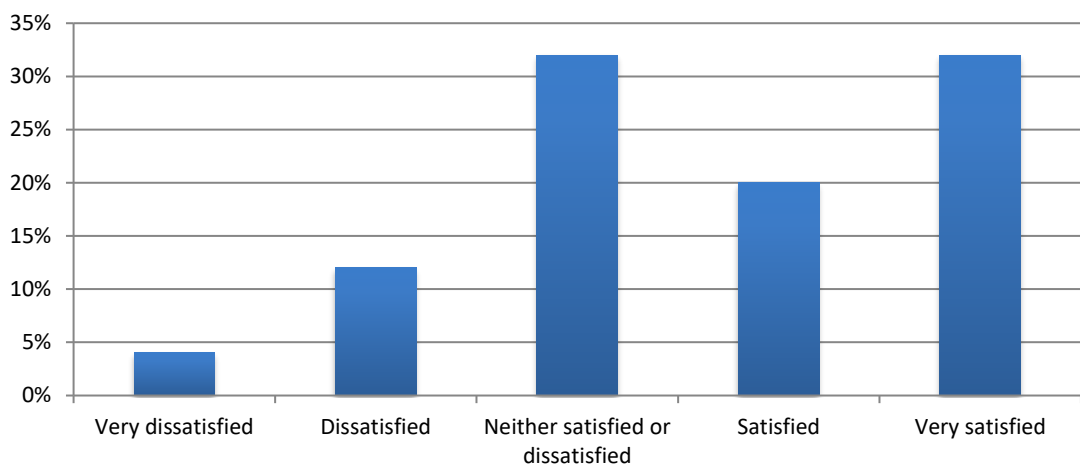
4.21 In total, 10 businesses were able to quantify their additional space requirements and 9 were able to quantify their jobs growth resulting from expansion, totalling 26,300 sq.m. and between 116-126 jobs respectively.

4.22 9 out of 18 businesses who responded indicated that they would be most likely to relocate to another site in the same town/location; 3 businesses indicated that they would be most likely to relocate elsewhere whilst 4 businesses indicated that they would be most likely to expand on their existing site.

**South Tyneside as a business location**

4.23 The survey sought feedback from businesses regarding how satisfied they were with South Tyneside as a business location. Of the 25 respondents who answered this question, the majority (52%) indicated that they were satisfied/very satisfied with the local area as a business location. 16% indicated that they were dissatisfied/very dissatisfied with the location.

Figure 4.4 South Tyneside as a business location



Source: Lichfields Business Survey

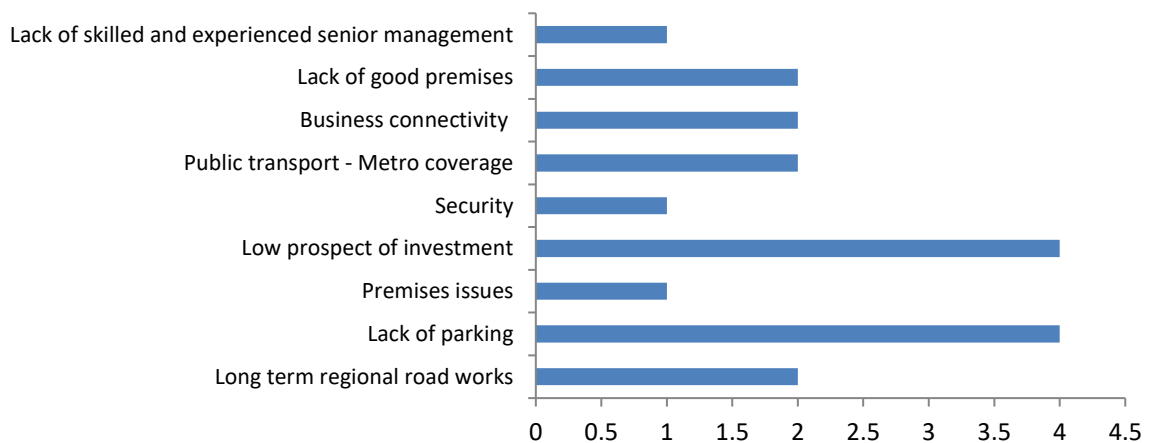
4.24 Transport and infrastructure in the area was considered by 10 of the 20 respondents to this question as a key advantage of South Tyneside as a business location. The local workforce was cited as the second most important advantage (Figure 4.4). The key disadvantages highlighted included a lack of parking, as well as a perception of low investment prospects in the Borough.

Figure 4.5 Advantages of South Tyneside as a business location



Source: Lichfields Business Survey

Figure 4.6 Disadvantages of South Tyneside as a business location



Source: Lichfields Business Survey

4.25 When asked about the future land / property needs that the Council should prioritise, 4 businesses indicated that a greater quantity of better quality office space is required. Town centre residential / commercial development, utilisation of former Council buildings, as well as more start-up and expansion space were also highlighted as priorities.

4.26 When asked about the strengths of South Tyneside and the region in general that could be capitalised upon, the following were highlighted: digital services, more networking events (eg. building upon success of recent ‘Tech Talks’), the area’s sense of community and labour pool, the relative cost of living and working in the area and the area’s coastline.

### Stakeholder interviews

4.27 In February 2018, Lichfields held a series of interviews with key economic stakeholders including South Tyneside Council business development managers and a sample of stakeholders from industry forums such as the Advanced Manufacturing Forum and Digital Union. A full list of participating organisations can be found at Appendix 1.



4.28 These sessions, which took the form of telephone interviews, were used to explore the opportunities and threats facing the Borough's economy and any employment space response necessitated by such issues.

### **The Role and Function of the South Tyneside Economy**

- South Tyneside's economic role and function is underpinned by its strong reputation in manufacturing based upon its industrial and sea-faring heritage. This reputation still accounts for continued interest in manufacturing and this over time has expanded into areas of advanced manufacturing including automotive and also offshore industries such as the oil and gas sector and the emerging wind energy sector;
- The Borough's percentage of workforce employed within the manufacturing sector is greater than the national average and its workforce, with associated industrial heritage and working ethos, is a strong, marketable asset that is attractive to companies and prospective inward investors;
- Advanced manufacturing and automotive sectors play an important economic role in the Borough and indeed are key growth sectors going forward both at a local and national level. South Tyneside's offer in this respect is considered less Borough-specific but rather one part of a wider regional offer. This is to be expected given the cross-boundary nature of future drivers, most notably International Advanced Manufacturing Park (IAMP);
- South Tyneside's role and function in terms of other key sectors outwith manufacturing / advanced manufacturing is far less well-developed. The digital sector does not at present play a key role in the South Tyneside economy despite its growing importance and influence at a regional and national level. Digital inward investment into the region tends to be channelled into existing established digital clusters in the region such as Sunderland Software Centre and Science Central. South Tyneside's digital offer is currently highly fragmented, and a lack of a well-defined nucleus of digital sector activity means that the Borough has tended to lose out on inward investment opportunities to other established regional 'hubs';
- The North East region's reputation in terms of Financial, Professional and Business Services (FPBS) has grown with back office functions and Business Processes Outsourcing (BPO) becoming increasingly important. South Tyneside's proposition with respect to this sector is underpinned by notable major employers such as British Telecom (located at Harton Quay in purpose-built office accommodation). The Borough is seen as attractive because it is a low-cost option in terms of property and labour but it does, however, face strong competition from neighbouring local authorities with well-established clusters at Spectrum Business Park and Quorum Business Park. Such locations have benefitted from considerable investment into premises facilitated by capital allowances associated with their former Enterprise Zone status. As such, there is a perception that South Tyneside has been unable to develop a strong track record in professional services due to this competition and relative lack of premises;
- South Tyneside plays an important role in supporting the growth of smaller companies and start-ups; it can adequately accommodate growth of start-ups and smaller SMEs through effective scale-up programmes and tailored business support structures. The Borough does, however, struggle to facilitate growth of larger enterprises due to premises size limitations;
- South Tyneside is a net exporter of labour to surrounding local authorities. This was viewed by some stakeholders as potentially a threat to the growth of businesses within the Borough

## **Employment Premises**

- There has been very little recent employment space development in the Borough. As such, both the quality and quantity of employment space was considered by stakeholders to be lacking across many sectors. In terms of quality, only 2% of industrial floorspace is of Grade A or B quality. Within the industrial market there is a shortage of large floorplates (more than 10,000 sq ft) which impairs the Borough's ability to respond to inward investment enquiries from large occupiers;
- There has also been progressive loss of older industrial space to residential uses over the years. This combined with limited development was perceived to have constrained the availability of floorspace. A general message across many of the stakeholders was that further floorspace development has the potential to release 'pent up' demand across all sectors. Vacancy rates were considered in general to be very low across the Borough which is considered to be a function of a lack of available space; and
- The professional services sector has very few premises in excess of 4,000-5,000 sq ft which has weakened the Borough's offer in respect of its ability to respond to enquiries most notably to businesses in search of 'ready to go' space to meet short-term requirements.

## **Key Growth Opportunities**

- Stakeholders expressed a general positivity regarding the growth prospects associated with IAMP. The widespread feeling was that IAMP had the potential to create high levels of net additionality and that low levels of employment space displacement would take place across the Borough;
- Stakeholders indicated that market intelligence provided by agents suggests that IAMP will generate interest from Tier 1, 2, 3 and 4 suppliers within the automotive supply chain, which has the potential to generate further spin off benefits across the Borough;
- The Port of Tyne continues to offer opportunities to capitalise on potential future growth in offshore energy and oil and gas sectors going forward due to its strategic location;
- There is potential for South Tyneside to capitalise on growth in professional service activities as the importance of competing clusters in surrounding local authorities begins to cool. The Enterprise Zone status of A19 corridor business parks in North Tyneside and East Durham having now elapsed, South Tyneside has the opportunity to compete with such locations on more of a level playing, albeit without the benefit of established clusters of activity;
- The evolving nature of digital activities presents growth opportunities for the digital sector in South Tyneside to integrate with emerging growth prospects in other sectors, such as advanced manufacturing. This is of particular relevance in growth industries – such as digital – where high levels of technological innovation are facilitating higher levels of productivity.

## **Duty to Co-operate Workshop**

4.29

In order to test the emerging findings of the study with South Tyneside Council's Duty to Co-operate partners – as well as key local stakeholders and commercial agents – a workshop session was held on 15<sup>th</sup> March 2018. The workshop was facilitated by Lichfields and LSH and was attended by Council officers, as well as a range of stakeholders from the public and private sector. A full list of attendees can be found at Appendix 1. The session comprised of a presentation by Lichfields, in conjunction with LSH, interspersed with two structured group discussions. The following paragraphs provide a summary of the key messages that emerged from the workshop:

## **The role and function of the South Tyneside economy**

- Stakeholders were in agreement that the Borough's economic interrelationships with neighbouring authorities – ostensibly the Borough's Functional Economic Market Area (FEMA) – were represented well in terms of commuting flows and travel to work area (TTWA) analyses. It was agreed that the strongest economic linkages were shared with the neighbouring authorities of Sunderland, Newcastle and Gateshead and that South Tyneside is a net exporter of labour;
- South Tyneside's specific geographic location restricts its economic role within the wider region. The main towns of the Borough are not considered to be as easily accessible from the strategic transport network as in other local authorities within the North East;
- Attendees agreed that the presentation of recent employment data by sector (BRES) was an accurate reflection of the Borough's economy and accorded with key growth sectors;
- The recent observed growth in Professional, Scientific and Technical sector employment from 2009-2016 was the only conclusion from the baseline analysis that attendees were surprised by. Given the sector's under-representation compared to the regional and national picture, an explanation for this observed baseline growth is potentially the fact that there are many businesses in the sector that represent a low number of jobs and low Gross Value Added (GVA). The possibility that the high level of growth observed could be explained by starting from a low base was also mentioned.

## **Key Opportunities and Challenges**

- Future growth in advanced manufacturing derived from IAMP presents opportunities to capitalise on recent growth observed in the PST sector (although this growth needs to be understood in more detail) as well as presenting opportunities to reverse the trend for low growth in business administration and support services (2009-2016) by providing support to the advanced manufacturing sector;
- Capitalise on the opportunities associated with the 'Gig' economy. In the context of traditional B Class uses, this could involve the expansion of the provision of flexible premises, in terms of both space requirements and lease terms. The implementation of flexible, 'easy in, easy out' lease terms, is one way in which short-term occupier space requirements might be accommodated, helping to facilitate opportunities in the 'Gig' economy;
- Promote clustering effects through focused marketing of business premises and examples were highlighted where this has been effective in other local authorities eg. the Creative Quarter at the Ouseburn, Newcastle;
- A need for 'move-on' space was highlighted by agents to facilitate the growth of small businesses. This accords with LSH analysis that suggests that there is high proportion of serviced office units under 50 sq m but less within the next largest size bands. More medium size floorplates available on the market could help to facilitate growth of indigenous businesses and capitalise on future inward investment opportunities for SMEs.
- Agents stressed a requirement for flexibility in premises availability, mainly in terms of size of units. Large office units, despite presenting a risk in terms of there being a smaller market for these, can still easily be subdivided into smaller units;
- There is a need for improved communication strategies and marketing of 'move on' space to support small businesses and help to create more clustering of businesses activities, particularly in digital activities where these agglomeration effects are viewed by prospective occupiers as highly beneficial;

- Several commercial agents in attendance stressed the need for an occupier-centred approach by creating attractive places for businesses to operate from, providing a high quality of environment through promoting a range of ancillary uses on employment land. The development and marketing of employment land needs to be cognisant of the fact that business premises become more attractive when served well by transport infrastructure and a range of ancillary uses such as on-site gyms and a small-scale retail offer;
- A general perception amongst commercial agents was expressed that public sector intervention (guaranteed lease wraps) is required to bring development sites forward viably in many cases across the North East. The decline in property-based funding initiatives, in the past facilitated by public sector bodies (e.g. One North East) has meant that there has been little recent public sector involvement in servicing land in order to attract private sector investment. There was, however, an acknowledgement of the increasing role that the LEP is beginning to take in providing property-based funding – with recent regional examples such as Integra 61, County Durham highlighted;
- There was a perception amongst attendees that there is demand for new space (offices) and that low supply is restricting growth and thus would provide a case for speculative development. As alluded to above, however, this requires a stimulus provided by the public sector. There is currently a lack of ‘shovel-ready’ development sites across the Borough and there is a need for gap funding to incentivise private sector interest; and
- Given the size of IAMP and uncertainty around the depth of demand from the advanced manufacturing sector, there was some scepticism amongst agents as to whether the restriction on use (limited to advanced manufacturing occupiers) can/will be maintained in the longer term. It should be noted, however, that Council officers in attendance were keen to stress that, legally, any relaxation of the occupier restrictions would be prohibited by the Development Consent Order.

### **Future Land Needs**

- There was a consensus view amongst attendees that South Tyneside Council should consider planning to deliver, as a minimum, enough land to meet the needs associated with the supply chain impacts of the IAMP. This was considered to be important in ensuring that the Borough’s employment land strategy is consistent with the Borough’s wider planning and economic objectives; and
- A number of commercial agents in attendance were more bullish, suggesting that South Tyneside would benefit from another business/industrial park in the south of the Borough to meet supply constraints in the Monkton/Boldon area. It was suggested that this site alone would need to be at least 20ha in order to be viewed by the market as a ‘meaningful’ new employment location and to justify the infrastructure investment required to unlock it.

### **Summary**

- 4.30 This ELR is underpinned by extensive engagement, including a survey of local businesses, one-to-one interviews with key local stakeholders and a Duty to Co-operate Workshop.
- 4.31 The key messages identified through the business survey work are summarised below. It should, however, be noted that the results are based upon a small sample size and so cannot be extrapolated out and applied to the Borough’s business base as a whole:
- Almost a third (32%) of respondents are operating from buildings that do not adequately meet their space requirements. Key issues include the need for more space to accommodate expanding businesses and a shortage of car parking;

- More than half (56%) of respondents consider their premises to be of good or excellent quality. 16% rate their premises as below average or poor; and
- Almost two-thirds (63%) of respondents expects their business to expand over the next five years, resulting in a need for additional land or floorspace. Nearly three quarters (72%) of these businesses would prefer to remain within South Tyneside.

4.32

The key messages identified through the Duty to Co-operate Workshop and stakeholder interviews are summarised below:

- South Tyneside's strongest economic relationships are to the neighbouring authorities of Sunderland, Newcastle upon Tyne and Gateshead. The Borough's role within this wider context is underpinned by its strong reputation in manufacturing, advanced manufacturing and offshore industries;
- The Port of Tyne and the development proposals at IAMP were identified as key economic assets and likely future drivers of growth. Commercial agents attending the Duty to Co-operate Workshop did express some scepticism regarding the likelihood of the restriction on use at the IAMP being maintained in the long term, although Council officers highlighted that any such relaxation would be prohibited by the Development Consent Order covering the site;
- The Duty to Co-operate Workshop identified a consensus view amongst stakeholders that STC should consider planning to deliver *at least* enough land to meet the needs identified under the Policy-On Labour Demand Scenario. A number of commercial agents were more bullish suggesting that the Borough would benefit from another business/industrial park in the south of c.20ha or more.

## 5.0 The Market for Employment Premises

5.1 This section compares the market for employment premises in South Tyneside with other areas of Tyne & Wear and the wider region; then considers the market for offices and industrial premises in South Tyneside through analysis of the stock, availability and demand.

5.2 In preparing this report LSH has relied upon various data sources. The Non-Domestic Rating Business Floorspace statistics are used to compare the stock of employment premises within South Tyneside with that of other local authority areas. This broad-brush data, derived from Valuation Office Agency (VOA) data as at March 2016, uses 'bulk' use classes and figures are rounded. Whilst appropriate for comparing the stock at local authority level, a more fine-grained analysis is preferable in order to understand the role and function of the individual sub-areas within South Tyneside. To carry out more detailed analysis of the stock by market area and size band and to bring it up to date, LSH has used Analyse software to collate and analyse current VOA data. Property availability and transactions have been sourced from EGi a national commercial property database; additional research by LSH has supplemented this data.

### Overview of market for employment premises in Tyne & Wear

5.3 South Tyneside is the smallest of the five metropolitan districts in Tyne & Wear. Its urban area is tightly constrained by the coastline, the River Tyne and green belt. Data from the Valuation Office Agency (VOA) allows comparison of the stock of employment premises within the five Tyne & Wear authorities. The VOA collates data on business floorspace for non-domestic rating purposes, which it consolidates into broadly defined "bulk classes". The Tables 2 and 3 compare offices and industrial units and floorspace in the five Tyne & Wear local authority areas as at 31<sup>st</sup> March 2016.

Table 2 Office and industrial units in Tyne & Wear (March 2016)

Area	Units		
	Office	Industrial	Total
Gateshead	1,460	2,000	3,460
Newcastle upon Tyne	3,190	1,570	4,760
North Tyneside	1,100	1,280	2,380
South Tyneside	640	920	1,560
Sunderland	1,420	2,270	3,690
<b>Tyne and Wear</b>	<b>7,800</b>	<b>8,040</b>	<b>15,840</b>

Source: VOA / LSH analysis

Table 3 Office and industrial floorspace in Tyne & Wear (March 2016)

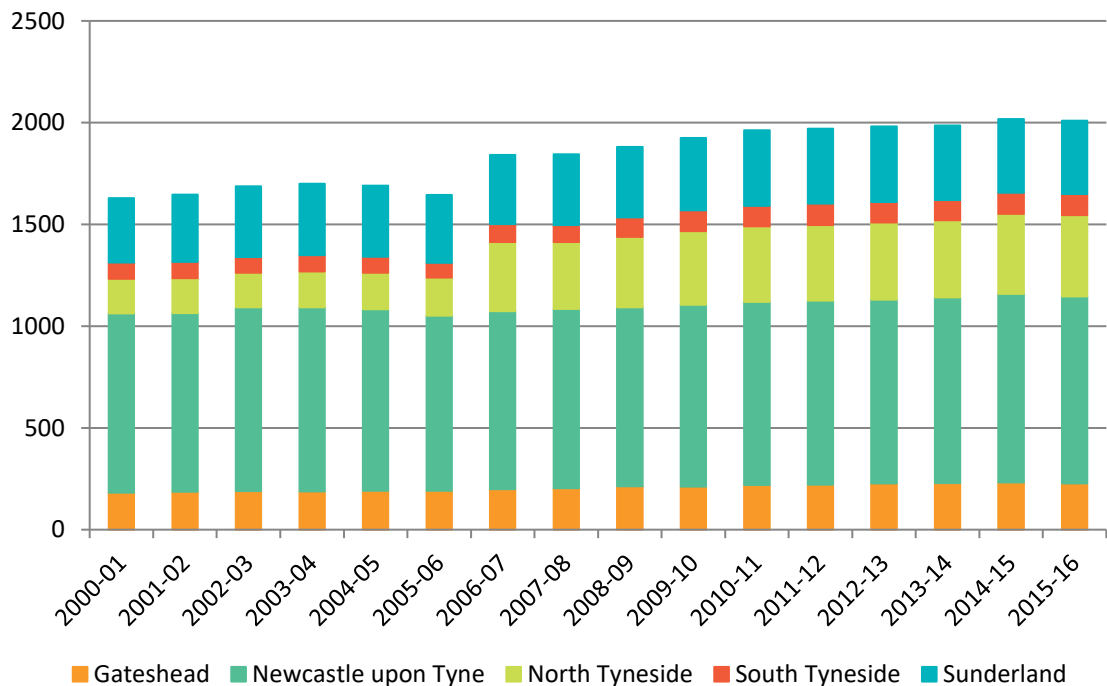
Area	Floorspace (thousand sq m)		
	Office	Industrial	Total
Gateshead	228	1,849	2,077
Newcastle upon Tyne	918	1,070	1,988
North Tyneside	400	1,029	1,429
South Tyneside	104	661	765
Sunderland	360	1,889	2,249
<b>Tyne and Wear</b>	<b>2,010</b>	<b>6,497</b>	<b>8,507</b>

Source: VOA / LSH analysis

5.4 South Tyneside has just 8% of the office stock by number of units and 5% by floor area. It has a slightly larger proportion of industrial premises with 11% of units and 10% of floorspace. By either measure, South Tyneside has lower levels of stock than the four other Tyne & Wear authorities.

5.5 Figure 5.1 illustrates the growth in office floorspace in Tyne and Wear between 2000 and 2016. In all local authority areas office floorspace has increased; in South Tyneside from 80,000 around sq m to 104,000 sq m. The most dramatic increase in office floorspace has been in North Tyneside, where the Tyne Riverside Enterprise Zone stimulated large scale speculative office development and the stock increased from 170,000 sq m to 400,000 sq m.

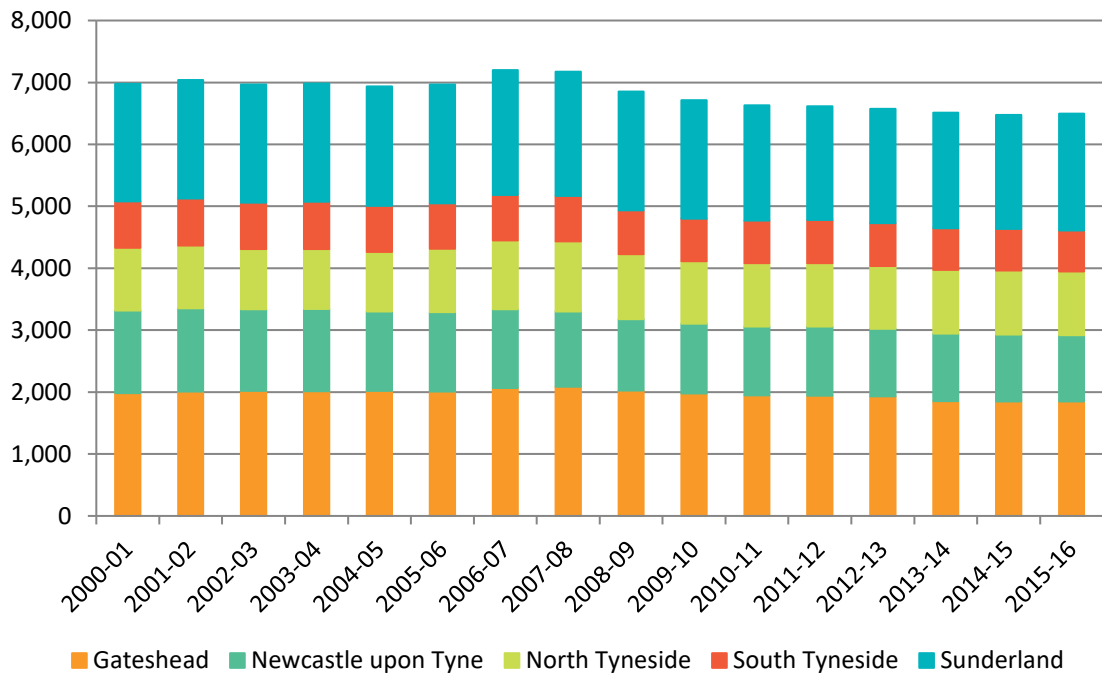
Figure 5.1 Office floorspace in Tyne & Wear 2000-2016 ('000 sq m)



Source: VOA / LSH analysis

5.6 Figure 5.2 below shows the stock of industrial floorspace in Tyne & Wear peaking in 2007-08, then falling as the economy went into recession. The decline in the stock of floorspace now appears to have stopped. In South Tyneside the pattern has been similar with an earlier peak in 2003-04, a sharp contraction between 2008 and 2010 followed by a slower rate of decline.

Figure 5.2 Industrial floorspace in Tyne & Wear 2000-2016 ('000 sq m)

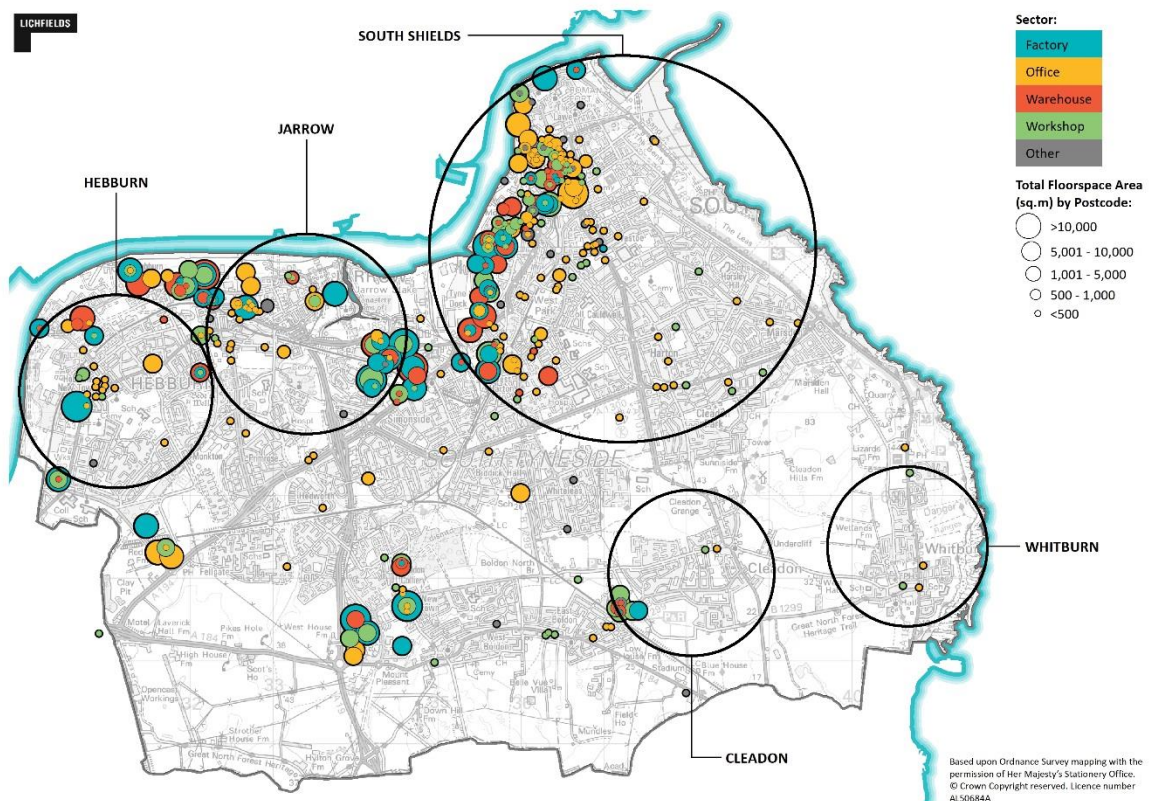


Source: VOA / LSH analysis

- 5.7 Figure 5.3 uses postcode information from the 2017 Rating List to illustrate the distribution of employment premises across South Tyneside according to type and size. The northern part of the Borough is densely developed and the built-up area extends to the coast. This contrasts with the southern part where Boldon, Cleadon and Whitburn are separated from the conurbation and each other by farmland. Employment premises are concentrated in the northern part, within a wide band of estates along the River Tyne. Here a critical mass of established industrial estates underpins demand for premises, even though the viability of new development is weak and take-up of land is limited. These industrial areas typically accommodate a range of premises including factories, workshops, warehouses and offices. Around the Port there is a somewhat greater concentration of warehouses; whereas around Simonside, Bede and Middlefield industrial estates the concentration of factories and workshops is greater. Offices are distributed across the Borough, but with a noticeable cluster around South Shields town centre.
- 5.8 The western side of the Borough is well served by the strategic highway network; the A19 heads south from the Tyne Tunnel at Jarrow, the A194 Leam Lane heads south-west to link to the A1(M), and the A184 Newcastle Road, forms the base of this triangle of dual carriageways, linking the other two. In this area of strong demand, Boldon and Monkton Business Parks are now largely built out for a mix of employment uses, but additional opportunities for development are constrained by Green Belt.



Figure 5.3 Employment Floorspace in South Tyneside



Source: 2017 Rating List/Lichfields analysis

## The Office Market

### Town Centre Office Market

- 5.9 Within Tyne & Wear and the wider North East, Newcastle is the dominant office location, with 918,000 sq m (9.9 million sq ft) of floorspace. This represents 46% of Tyne & Wear’s office floorspace. Within Newcastle city centre rents are high enough to enable the viable development of offices on brownfield sites when market conditions are favourable, though typically public sector funding for site remediation and preparation is required (e.g. East Quayside and Science Central (now Helix)). Over the last twenty years the established office core has expanded to encompass East Quayside, St James Boulevard and the area to the south of Central Station. Future development is expected to consolidate these three areas as office locations; new offices are currently proposed at Helix, East Pilgrim Street and the Stephenson Quarter. With a wide range of other development opportunities in Newcastle City Centre, further expansion of the office core is unlikely in the foreseeable future.
- 5.10 Other town centres in Tyne & Wear such as South Shields, Gateshead and North Shields continue to have an administrative function and provide a focus for local professional services, but demand is thin and rents are generally too low to allow speculative office development. In Sunderland much of the city centre office stock is dated and of poor quality, there has been very little new development here over the past forty years; first the development of Washington New Town and then the impact of Enterprise Zones shifted the focus of office development activity away from the city centre. With the establishment in 2002 of an urban regeneration company (Sunderland Arc) bold plans for substantial new city centre office provision were drawn up, but

delays and the impact of the recession frustrated these. Subsequently Sunderland City Council formed a joint venture with Carillion/Igloo (Siglion); construction of a first office block on the Vaux site was underway when Carillion went into liquidation and work was halted. Substantial office development in the City Centre will largely meet demand from within Sunderland but may draw some demand from the neighbouring authority areas including South Tyneside.

### **Out-of-Town Office Market**

- 5.11 Over the last three decades, flexible planning policies and the designation of Enterprise Zones (EZ) encouraged the development of out-of-town business parks. Here, lower abnormal costs and a comprehensive package of fiscal and financial incentives to attract developers, investors and occupiers enabled viable office development. The last of this round of EZs were Tyne Riverside, which expired in October 2006 and East Durham, which expired in November 2005. The Tyne Riverside EZ included some small development plots at Viking Industrial Estate, Jarrow, but the overwhelming majority of designated land was in North Tyneside. Through so called “golden contracts” capital allowances for EZ development continued for a further five years beyond the expiry of the zones. These golden contracts ensured that even during the recession, when a scarcity of finance, shrinking demand and falling rents halted office development elsewhere in the region, development continued in North Tyneside and East Durham. The effect was a substantial oversupply of new out-of-town office floorspace, and falling rents. LSH research identifies that there is currently around 1 million sq.ft. of vacant office floorspace in these former Enterprise Zones. Until the market has absorbed this new space and values have recovered, large floorplate out-of-town office development activity within much of Tyne & Wear is likely to be suppressed.

### **Development Viability**

- 5.12 In the period up to 2008, sustained economic growth led to rising demand for offices and rents rose to a level that enabled the speculative development of business parks on greenfield sites without the need for reliance on incentives, gap funding or other subsidy. In South Tyneside there was speculative office development on serviced plots in business parks on the edge of the conurbation at Monkton and Boldon. The economic downturn in 2008 resulted in rising vacancies and falling rents; and though the economy has returned to growth, demand for office space has only recovered slowly. Office rents are still somewhat short of their 2008 levels and with construction costs having risen, viable speculative office development is unlikely for the foreseeable future.
- 5.13 As in other parts of the North East, office development in current market circumstances requires not only public sector funding to cover the gap between construction costs and end values, but also, with banks still reluctant to provide development finance, loan finance too. A return to steady economic growth would allow development activity to resume, initially in locations with an established critical mass of office occupiers where demand is strongest. The disruption of Brexit and forecasts of weak economic growth suggest that such conditions are unlikely in the short term. In the meantime speculative office development is reliant on public / private partnerships for investment finance. In Newcastle City Centre this has allowed the development of The Rocket at Stephenson Quarter; and at Helix - an investment partnership comprising the City Council, Newcastle University and Legal & General is delivering 100,000 sq ft of speculative office floorspace for businesses in the science, technology and the knowledge sectors. Similarly in Sunderland, the Council entered into a joint venture with Carillion and Igloo to deliver a first phase of offices at the Vaux site which has subsequently stalled.

## The Industrial Market

- 5.14 The location of industrial premises is, to a large extent, determined by access to markets. In the 19th Century the riversides and railways were the transport networks that formed the focus for industrial development; though their importance has declined there remain substantial industrial areas alongside the Tyne, the Wear and railway lines. Accessibility to motorways and dual carriageways is now the key criteria for industrial and distribution businesses. In some cases the importance of old industrial areas has been sustained through good access to the strategic road network. But inner area industrial locations with poor road connections have declined.
- 5.15 In Tyne & Wear the A1(M), A19 and A194 provide strategic north-south dual carriageways and the strongest industrial locations are those on the southern periphery of the conurbation with easy access to these roads (e.g. Team Valley, Follingsby and the Washington estates). Here rents are sufficient to allow speculative industrial development in good market conditions. The A19 and A194 pass through South Tyneside and are linked by the A184 which is dualled between Testo's (A19) and White Mare Pool (A194) roundabouts. Boldon and Monkton Business Parks are popular estates situated near these key junctions and providing modern premises on the edge of the urban area with easy access to the strategic highway network. The International Advanced Manufacturing Park (IAMP) which is to straddle the boundary of South Tyneside and Sunderland will similarly have direct access to the A19.
- 5.16 Although inner urban areas have declined in importance, the upgrading of the Tyne Tunnel, the resurgence of the Port of Tyne and the growth of offshore industries, spurred in particular by the off-shore wind sector, have combined to sustain demand for some estates within the Borough's urban areas.
- 5.17 The market for employment land and premises is not constrained by local authority boundaries. Industrial estates on the southern edge of Tyne & Wear face competition from estates in County Durham, particularly those located at junctions on the A1(M), such as Belmont and Bowburn where speculative industrial and warehouse premises were viably developed prior to the recession and where substantial new development is now being promoted. Follingsby Park, situated just outside South Tyneside in Gateshead, one of Tyne & Wear's premier locations for distribution warehouses is reaching capacity and Gateshead Council's proposal for a southern extension will provide further development opportunities.
- 5.18 In locations that are more distant from strategic highway junctions, rents are lower and speculative private sector industrial development has been reliant on public sector gap funding or EZ incentives. Against a backdrop of manufacturing decline some weaker inner urban industrial areas have come under continuing pressure from proposals for redevelopment for alternative uses. However, the uncertainty surrounding Brexit has led to caution amongst developers whilst at the same time the weak pound is benefitting exporters and increasing demand for industrial space. Where manufacturing sectors have growth potential, locations which meet their locational requirements will need to be protected. Renewables and Low Carbon Vehicles are growth sectors of relevance to South Tyneside. The former requires riverside fabrication yards for the manufacture of components for offshore wind generation. Although substantial opportunities exist at Wallsend on the north side of the Tyne; former shipyards on the south side of the river may also offer potential. Low Carbon Vehicle manufacturing will be centred on Nissan's production facility at Washington; where IAMP will provide development opportunities in Sunderland and South Tyneside.

## The Office Market in South Tyneside

### Methodology

- 5.19 The Valuation Office Agency (VOA) collates data on commercial property for business rates purposes. The current Rating List thus provides a comprehensive and up-to-date list of all commercial premises for rating purposes. LSH use Analyse software which allows disaggregation of the VOA data to analyse the quantity and size of office premises within the Borough. This data is updated monthly.
- 5.20 For rating purposes there is some flexibility as to what constitutes a hereditament. So, for instance, the owner of a managed workspace complex comprising many small units may for rating purposes elect for it to be considered as a single hereditament. In South Tyneside, the Eco Centre at Jarrow and has been assessed in this way. The effect is that the VOA data underestimates the number of small units within South Tyneside. LSH has therefore adjusted the VOA data to ensure that within this scheme individual units are considered.

### Stock

- 5.21 There are 673 office units in South Tyneside totalling 112,831 sq m (1.2 million sq ft), Table 4 uses postcode districts to assess their distribution within the Borough.

Table 4 Distribution of office units in South Tyneside

Postcode District	Town	Units	Percentage
NE31	Hebburn / Monkton	53	8%
NE32	Jarrow	158	24%
NE33	South Shields Town Centre	305	45%
NE34	South Shields southern suburbs	59	9%
NE35	Boldon Colliery	84	13%
NE36 & SR6	East Boldon / Cleadon / Whitburn	14	2%
		<b>673</b>	<b>100%</b>

Source: VOA / LSH analysis

- 5.22 South Shields Town Centre remains the dominant office location with 45% of the Borough's units; a further 9% of units are situated in the suburbs to the south of the town, notably at Tyne Dock. The town centre has a role as both an administrative centre and as a local centre for professional services. The historic office quarter around Barrington Street is within the South Shields 365 regeneration area, which links to the Harton Quay regeneration area; here British Telecom occupies a bespoke Business Centre on part, and a plot remains for a further large office building. To the north at Low Lane, modern offices beside the river, constructed and occupied as a call centre, stood vacant for several years and are now being converted to residential apartments.
- 5.23 In the past there has been speculative development of small office units in edge of centre locations, e.g. Cookson House and Waverley; and, further out, serviced offices have been provided at One Trinity Green and South Shields Business Works (both managed by the Council).
- 5.24 Outside the town centre there is some office provision within industrial areas, notably at Tyne Dock where Port of Tyne developed offices for its own use and to meet general market requirements.

- 5.25 In Jarrow, established town centre provision has been supplemented by business park offices at Viking Enterprise Park. Here Jarrow Business Works and the Eco Centre provide serviced office accommodation and EZ status enabled three large office buildings to be developed in the early years of this century. Unfortunately, capital allowance incentives continued to drive large scale office development in the Tyne Riverside and East Durham Enterprise Zones, even while demand for offices was falling and the UK economy was in recession, resulting in massive oversupply. A legacy of large vacant out-of-town office buildings persists. LSH research identifies that 1 million sq.ft. of office floorspace is currently available in these two former Enterprise Zones. At Jarrow two of these three large floorplate office blocks have recently become vacant (Strathmore and Hawthorne).
- 5.26 In Hebburn there is limited provision in the town centre and offices are distributed across the urban area. Between 2004 and 2006 there was substantial development of mid-sized office units at Monkton Business Park, which are now well occupied.
- 5.27 At Boldon Colliery nearly 90% of office units are situated on the Boldon Business Park, where a mix of unit sizes includes bespoke buildings for specific occupiers and serviced offices within the Quadrus Centre.

Table 5 Size of office units in South Tyneside

	Size (sq m)								Total
	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	
Stock of office units	314	151	120	58	15	8	6	1	673

Source: VOA / LSH analysis

- 5.28 Smaller units are an important component of supply. Some 47% of units are less than 50 sq m and another 22% are between 50 and 100 sq m. Only 30 units, some 4.5% of the stock, are greater than 500 sq m.

**Availability**

- 5.29 LSH has sourced data on currently available office premises from EGi a national commercial property database. Available units within serviced office complexes tend not to be listed here and LSH has therefore supplemented the EGi data with their own enquiries of workspace managers.
- 5.30 Some 71 office units are currently on the market equating to 15,084 sq m. The overall vacancy rate equates to around 10.5% of units; 13.4% of floorspace. In a healthy property market, a vacancy rate of 5% to 10% would be expected. Such a level would allow for market churn to accommodate the changing floorspace requirements of businesses, but would not leave high volumes of floorspace on the market for prolonged periods.
- 5.31 The current vacancy rate of 10.5% indicates modest oversupply overall, but there is significant variation within different size bands. Amongst units of more than 500 sq m, vacancy rates in excess of 20% point to weak demand and oversupply, though as sample sizes are small, vacancy rates in these size bands will be sensitive to individual units entering or leaving the market. However, in the wider market context noted above, Enterprise Zone developments saturated the market for large floorplate out-of-town offices and weak market demand has yet to absorb this

surplus. At the other end of the scale the vacancy rate amongst units of less than 50 sq m equates to 12.4%. For serviced offices let on flexible easy-in, easy-out terms, where there is a greater turnover of tenants, a 90% occupancy rate (10% vacancy rate) is normal. But more detailed analysis reveals vacancy rates in excess of 30% at both the Business Centre and Eco Centre at Jarrow. Cookson House in South Shields has a similarly high vacancy rate. Whilst these vacancy rates suggest that these premises do not meet occupier requirements, it is beyond the scope of this Employment Land Review to review the attributes and constraints of individual buildings. LSH therefore recommend that STC gives consideration to undertaking a more detailed review of their offer.

Table 6 Vacancy rates of office units in South Tyneside

	Size (sq m)								Total
	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	
Stock of office units	314	151	120	58	15	8	6	1	<b>673</b>
Vacant office units	39	12	7	6	4	2	1	0	<b>71</b>
Vacancy rate	12.4%	7.9%	5.8%	10.3%	26.7%	25.0%	16.7%	0.0%	<b>10.5%</b>

Source: VOA / LSH analysis

5-32 The business survey highlights a perceived shortage of move-on accommodation. Although the lowest vacancy rate is amongst units of 100-250 sq m, at 5.8% this does not represent a shortage. Nor is it the quality of available units that is an issue, with five of the seven vacant units in modern schemes where the specification is likely to be reasonable. It is, however, the case that the vacant units are all situated in South Shields or riverside areas; suggesting a tight supply of offices in this size range at Monkton and Boldon Business Parks.

### Values and Viability

5-33 VOA data reveals that office rents in the Borough average around £6.20 per sq ft. In the 2010 Rating List the VOA applied the highest rental tone of £13.90 per sq ft to the Waverley development at Market Dock, with rising vacancy levels the tone here has been reduced to around £7.60 psf in the current Rating List. In the 2017 Rating List the highest rental tone of £11.15 psf is applied to the smallest office suites in the Quadrus Centre at Boldon Business Park. At One Trinity Green and at Merchant Court, Monkton the rental tones is around £8.50 psf. The vacant former Enterprise Zone offices, Hawthorne and Strathmore, on Viking Business Park are on the market at asking rents of £10 psf; the VOA has applied more conservative rents of £7.80 - £8.90 psf.

5-34 The viability of development is dependent on a range of factors including:

- availability and cost of finance;
- abnormal costs of site preparation;
- abnormal infrastructure costs;
- void periods;
- construction costs;
- rental levels;

- yields;
- ability to secure pre-lets or forward sales; and
- availability of gap funding.

- 5.35 In current market conditions private sector speculative office development is not viable. In the period of sustained economic growth up to 2008, rents exceeding £13 per sq ft were required for speculative office development on serviced greenfield sites. In South Tyneside office rents reached this level stimulating office development activity. The subsequent recession and weak growth depressed rents, but with construction costs continuing to increase the gap between costs and values will frustrate speculative office development for the foreseeable future. Town centre development of Grade A offices on remediated sites with higher levels of abnormal costs requires rents in excess of £23 psf, levels that are achievable in Newcastle City Centre but not elsewhere in the region. Town Centre office provision will therefore be limited to bespoke schemes for specific occupiers unless the Council enters a development joint venture.
- 5.36 For the foreseeable future office development in South Tyneside will require either an occupier to be identified up-front or cross-subsidy or public sector gap funding. Public sector funding has been substantially reduced and is being increasingly targeted at strategic projects that meet key economic criteria rather than at property development in its own right. The scale and location of site allocations for office development will need to reflect current market conditions which are expected to persist for the foreseeable future.

## **The Industrial Market in South Tyneside**

### **Methodology**

- 5.37 VOA data distinguishes between various types of industrial premises. LSH analysis includes these descriptions and use codes for reference but, to a large extent, the market does not make such distinctions. Buildings will accommodate a range of uses, and what was originally designed for one use may be subsequently used for another. Even broad groupings such as factories and warehouses are typically indistinguishable. Whilst large purpose-built high bay warehouses with multiple loading bays can be distinguished, these are too few to allow meaningful analysis.

### **Stock**

- 5.38 From VOA data complemented by LSH research, it is estimated that there are some 960 industrial units in South Tyneside comprising 650,473 sq m (7 million sq ft). These are predominantly situated on industrial estates and within other established industrial areas, though vehicle repair workshops and stores are found beyond allocated employment areas too. Premises defined as land used for storage or storage depots are included within this analysis but unoccupied employment sites, which are not rateable, are not. Table 7 categorises these by type.

Table 7 Stock of industrial units in South Tyneside

Description	PSD Code	Number of Units
Vehicle Repair Workshop	CG1	47
Garage and Premises	CG2	4
Warehouse and Premises	CW	193
Land Used for Storage and Premises	CW1	33
Storage Depot and Premises	CW2	1
Store and Premises	CW3	70
Factory and Premises	IF	191
Works and Premises	IF2	0
Workshop and Premises	IF3	417
Other Industrial	IX	4
<b>Total</b>		<b>960</b>

Source: VOA / LSH analysis

5.39 The descriptions and categorisation used by the VOA suggest that around 30% of industrial premises are used for some form of storage. These include lock-ups, depots, warehouses and purpose-built logistics premises. A further 63% are described as factories or workshops.

5.40 The distribution of industrial units within the Borough is shown in Table 8. South Shields remains an important industrial location with 47% of the Borough's units, either around the town centre or within the industrial estates to the south.

Table 8 Distribution of industrial units in South Tyneside

Postcode District	Town	Units	Percentage
NE31	Hebburn / Monkton	146	15%
NE32	Jarrow	239	25%
NE33	South Shields Town Centre	359	37%
NE34	South Shields southern suburbs	98	10%
NE35	Boldon Colliery	71	7%
NE36 & SR6	East Boldon / Cleadon / Whitburn	47	5%
<b>Total</b>		<b>960</b>	<b>100%</b>

Source: VOA / LSH analysis

5.41 Together South Shields, Jarrow and Hebburn comprise 88% of units; the overwhelming majority of these industrial areas are within a swathe of land that stretches back from the riverside. These are surrounded by housing areas to the south. Generally in Tyne & Wear the strongest industrial locations are those on the southern periphery of the conurbation (e.g. Team Valley, Follingsby and the Washington estates) where there is easy access to the strategic highway network. In South Tyneside there is relatively little industrial provision on the southern side of the urban area (Boldon and Monkton Business Parks and Cleadon Lane Industrial Estate are exceptions), but the penetration of the urban area by the A19 and A194 to some extent alleviates the disadvantage of some of these inner urban areas.

5.42 Table 9 categorises industrial premises by unit size. For this analysis we have excluded land used for storage to ensure that the analysis is not distorted by the inclusion of large areas of land.



Table 9 Size of industrial units in South Tyneside

Description	Size (sq m)								Total
	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	
Vehicle Repair Workshop	5	8	19	8	6	1	0	0	47
Garage & Premises	0	0	2	1	1	0	0	0	4
Warehouse & Premises	11	26	51	28	31	15	16	13	191
Storage Depot	0	0	0	1	0	0	0	0	1
Store & Premises	30	24	10	5	2	0	0	0	71
Factory & Premises	3	30	33	24	32	34	22	13	191
Workshop & Premises	81	131	119	52	16	8	6	4	417
Other Industrial	0	0	1	0	1	1	0	0	3
<b>Total</b>	<b>130</b>	<b>219</b>	<b>235</b>	<b>119</b>	<b>89</b>	<b>59</b>	<b>44</b>	<b>30</b>	<b>925</b>

Source: VOA / LSH analysis

- 5.43 Smaller units are an important component of supply. 38% of units are of less than 100 sq m and another 25% are between 100 and 250 sq m. Only 14% of units are greater than 1,000 sq m. Of these larger units one third are warehouses; the other two thirds workshops or factories, emphasising the importance of manufacturing to the local economy.

### Availability

- 5.44 LSH has sourced data on currently available industrial premises from EGi a national commercial property database. Available units within managed workspace complexes tend not to be listed here and LSH has therefore supplemented the EGi data through enquiries of workspace managers. From site inspections carried out as part of this study it has been noted that there are some redundant industrial premises that are no longer being marketed. Vacant buildings such as at the former Hawthorn Leslie shipyard and Ashworth Fraser Industrial Estate, both at Hebburn, are very unlikely to be reoccupied and marketing activity is therefore no longer considered worthwhile. By concentrating on units currently on the market, the following analysis slightly underestimates the amount of vacant industrial property.
- 5.45 There are 68 premises on the market equating to 68,835 sq m; included within this analysis are the three warehouse units under construction at Infinity Park, Monkton. The overall vacancy rate equates to 7.4% of units and 10.6% of floorspace. In a healthy property market a vacancy rate of 5% to 10% is normal. Such a level allows for market churn to accommodate the changing floorspace requirements of businesses, but does not leave high volumes of floorspace on the market for prolonged periods. Prior to the onset of recession in 2008, the industrial vacancy rate in South Tyneside equated to 7% of units. Contracting demand then resulted in increasing vacancies; in 2011 the vacancy rate of around 12% was indicative of modest oversupply. In improving market conditions vacant second-hand space has been reoccupied leading to a tightening of supply particularly on the southern edge of the Tyneside conurbation. This improving market has stimulated some development activity, though viability issues mean that developers require public sector financial support and this can be constrained by funding criteria.

5.46 Table 10 compares the stock and availability of units across different size bands. This reveals that vacancy rates are highest amongst larger units and lowest amongst units of 100-500 sq m. Vacant units are distributed throughout the district, but are highest in Jarrow (NE32) and lowest in South Shields (NE33).

Table 10 Vacancy rates of industrial units in South Tyneside

	Size (sq m)								Total
	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	
Stock of units	130	219	235	119	89	59	44	30	<b>925</b>
Vacant units	12	16	10	7	8	6	5	4	<b>68</b>
Vacancy rate	9.2%	7.3%	4.3%	5.9%	9.0%	10.2%	11.4%	13.3%	<b>7.4%</b>

Source: VOA / LSH analysis

### Values and Viability

5.47 VOA data reveals that the average industrial rent in the Borough is around £4.60 per sq ft. Asking rents for industrial properties currently on the market range from £1 to £7.50 per sq ft depending on specification, size and location. Trade counter units, hybrid units with substantial office content and small units all attract higher rents.

5.48 The viability of industrial development is dependent on the same wide range of factors as office development. In current market conditions private sector industrial development relies on public sector funding and the availability of serviced greenfield or remediated sites with good access to the strategic highway network. Boldon and Monkton are both well situated in this respect. The Infinity Park warehouse scheme, which received project funding of £1.27 million from the Local Growth Fund, has taken the last serviced development plots at Monkton; at Boldon Business Park three plots remain.

5.49 The declining supply of serviced development plots in locations of strong market demand (particularly since the abolition of the regional development agencies left no effective replacement body to provide a supply of serviced development land to enable economic development), combined with the longstanding requirement for gap funding of speculative industrial premises will continue to constrain development activity. Increasingly funding is being targeted at projects that meet key economic criteria rather than at property development in its own right. The focus of development activity is therefore unlikely to change.

### Summary

5.50 South Tyneside has the smallest stock of employment premises of all the Tyne and Wear authorities, with just 763,300sq.m of floorspace. Provision is dominated by industrial uses, with office premises accounting for just 14% of floorspace. Amongst industrial units factories and workshops account for around 71% of all units; warehouses and stores for 29%.

5.51 The low level of office provision in South Tyneside, in part reflects the dominance of Newcastle City Centre. At the local level, South Shields remains the principal office location due to its dual role as an administrative centre and a focus for professional services. 45% of the Borough's units are located in the town (NE33). Another 24% are in the Jarrow area (NE32).

- 5.52 It is estimated that 10.5% of all office units in South Tyneside are currently vacant, indicating a modest oversupply. This figure hides higher vacancy rates particularly on Jarrow's business parks, where large offices built during the Enterprise Zone stand vacant and where serviced office complexes are suffering from low occupancy levels. Until this surplus is absorbed by the market there will be little appetite for further office development in such locations. An analysis of vacancy levels by size band suggests that whilst the Borough is well served by start-up premises, there is a tight supply of move-on accommodation of 100 – 250 sq m, in locations such as Boldon and Monkton. This could stimulate developer interest as market conditions improve, but values will need to increase substantially before speculative office development is viable.
- 5.53 The towns of South Shields, Jarrow and Hebburn dominate the local industrial market, accounting for almost 90% of units, the majority of which are located within a swathe of industrial land stretching back from the riverside. This spatial distribution reflects the historic importance of the shipbuilding and marine engineering sectors and of the river as a key part of the transport network. Offshore and maritime industries are subject to peaks and troughs in demand. The Port of Tyne has been a focus for growth in recent years and recently extended its estate through the purchase of adjacent land; and though there has been weak demand for riverside sites over the last 15 years, LSH advise that strong growth in offshore sectors (notably wind energy generation) could increase demand for sites with river frontage over the Plan period. However, for the majority of general industrial and distribution businesses, accessibility to motorways and dual carriageways is now of far greater importance than a riverside location. As a result, industrial estates with easy access to the A1 such as Team Valley, Follingsby and the Washington estates are recognised as Tyne and Wear's prime industrial and distribution locations.
- 5.54 A vacancy rate of 7.4% indicates that the market for industrial premises is well balanced and that improving levels of demand have eliminated the oversupply that had built up during the recession. Around South Shields town centre low vacancy rates suggest that there may be scope for further provision. By contrast relatively high vacancy rates at Jarrow indicate lower levels of demand. Analysis of vacancy rates shows that they are highest amongst larger units; only units in the 100-250 sq m size band have a vacancy rate less than 5%. With development activity constrained by viability and funding issues, the supply of floorspace will continue to tighten, giving scope for further provision of particular unit sizes in due course.

## 6.0 **The Supply of Employment Land in South Tyneside**

6.1 This section summarises the current availability and past take-up of employment land in Tyne & Wear and South Tyneside, to provide a context for the assessments of demand and supply and individual judgments on sites. This analysis of demand using past take-up complements the econometric forecasts in Section 7.0 which estimate the requirement for land in the period 2020 to 2035.

### **Context**

6.2 The market for employment land within Tyne & Wear is regularly considered by Employment Land Reviews and at planning inquiries. It is well established that the market functions across local authority boundaries, and given the mobility of employees, it is helpful to assess the economic development provision within a wider area.

6.3 This is of particular relevance to South Tyneside which is the smallest of the Tyne & Wear districts, and where the urban area is constrained by the River Tyne, the North Sea, and a strip of Green Belt preventing the coalescence of Tyneside and Wearside. South Tyneside is regarded by the market as an integral part of the Tyneside conurbation with strong links to Wearside. Thus shortfalls in employment land allocations in one local authority area may, to some extent, be offset by surpluses elsewhere in Tyne & Wear.

6.4 An accepted methodology for the quantitative analysis of employment land is to divide the amount of land currently available for economic development by past take-up rates to arrive at a number of years' supply. In determining appropriate levels of allocation planning inspectors have typically sought to ensure supply is adequate for the Plan period. The National Planning Practice Framework (NPPF) at paragraph 157 states that "*Local Plans should be drawn up over an appropriate time scale, preferably a 15-year time horizon*". Planning inspectors have regarded 15 years supply as a robust level of allocation.

6.5 Recognising that recycled employment sites can play an important role in replenishing supply some local authorities adopt a "monitor and manage" approach by ensuring a five year supply of readily available sites and a further five year reservoir of sites that can be made readily available to replenish this supply.<sup>18</sup>

6.6 The NPPF emphasises allocating sites of appropriate quality and quantity. It states that to "*help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century*" (Paragraph 20). Additionally, the NPPF states that "*planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities*" (Paragraph 22, *ibid*).

---

<sup>18</sup> The West Midlands Employment Land Advisory Group regards the rolling reservoir approach as having considerable advantages. Two key benefits are (i) "*it avoids large areas of land being allocated over a long time period*" and (ii) "*it gives flexibility to adjust targets based on the performance of the economy*" (Paragraph 2.15, Employment Land Provision Background Paper – Revised Version March 2009, West Midlands Regional Assembly)

- 6.7 Past take-up of employment land is affected by prevailing economic conditions and policy initiatives. Planning, regeneration, fiscal and financial policies can all impact upon the scale and location of take-up, for better or worse, intentionally or unintentionally. By considering take-up over 25, 15 and 5 year periods the effects of economic cycles and policy changes can be evened out and the stock adjusted, whilst short term trends can be identified.
- 6.8 Various factors make any quantitative analysis an inexact science. On the supply side of the equation the total amount of land available at any given point in time is indeterminate. The exact amount available depends upon:
- The size of private reserves (i.e. industrial land held with existing buildings for expansion). These are normally excluded from the analysis as they are not generally available for development; but the likelihood of businesses disposing of expansion land is considered later in this section;
  - The number of windfall sites arising which are not presently allocated for employment uses but which may become available for such uses; and
  - The number of further sites becoming available through the recycling of land currently in industrial use.
  - On the demand side it is assumed that all existing industrial allocations will remain in such use when in reality some of the land is likely to be taken up for other uses.
- 6.9 The conservative estimate of the total supply of land on the one hand, and the under-estimate of total consumption on the other will, to some degree, cancel each other out.
- 6.10 A glossary of terms used by LSH in their analysis of the industrial land supply and take-up is attached at Appendix 2.

## **Tyne & Wear**

- 6.11 The employment land market looks at the conurbation as a whole and is not constrained by local authority boundaries. There is a strong inter-dependence of the five Tyne & Wear district economies, characterised by substantial numbers of residents living in one district and travelling to work in another.
- 6.12 Local Plans for the five Tyne & Wear authorities are at different stages of preparation and comprehensive current data on the availability and take-up of employment land is not readily available. Lichfields and LSH prepared Employment Land Reviews for Sunderland (2016) and Gateshead (2012). Of relevance to this study are the following findings:
- Sunderland's Washington and Sunderland North sub-areas, i.e. the areas that border South Tyneside, have low levels of available employment land relative to the scale of demand. The implied supply in Washington is 8 years and in Sunderland North 7 years. (Table 8.1, Sunderland ELR);  
Some 68% of Sunderland's employment land take up is in the Washington sub-area. An analysis of indicative supply found that in the Washington sub-area there was under-supply of 18 to 31 ha. (Table 8.3, Sunderland ELR). The IAMP was excluded from this analysis;
  - Between 2000 and 2012 47.50 ha of land was taken-up for employment use in Gateshead. Of this 36% was at Team Valley and a further 26% at Follingsby. (Appendix 12, Gateshead ELR). This demonstrates the strength of demand for industrial estates offering serviced sites on the southern edge of the conurbation which have easy access to the strategic highway network; and

- The ELR recommends that Gateshead Council assess the feasibility of bringing forward additional employment land to the south of the Follingsby primary employment area. (Paragraph 10.86 Gateshead ELR). This 22ha site has subsequently been removed from the Green Belt through the Local Plan and designated as an Enterprise Zone but currently lacks infrastructure and services. This extension to Follingsby is only intended to meet Gateshead’s employment land requirements.

6.13 The findings of these Employment Land Reviews correspond with findings in this report for South Tyneside. Whilst there are areas of oversupply in inner urban areas, there is a shortfall of employment land in the Washington, Follingsby, Monkton, Boldon area. The availability and take-up of employment land in these sub-areas is summarised in Table 11. Overall, seven years’ implied supply is around half the requirement for a typical Local Plan period.

Table 11 Employment land availability and take-up in sub-area

Sub-area	Available Land (ha)	Average Take-up (ha p.a.)	Implied Supply (yrs)
Monkton / Boldon	1.6	1.1	1
Washington	46.8	5.46	8
Follingsby	8.64	1.01	8
<b>Total</b>	<b>57.04</b>	<b>7.57</b>	<b>7</b>

Source: LSH analysis

6.14 Gateshead Council is bringing forward additional employment land at Follingsby South which will add 22 hectares to the supply and increase the implied supply to 10 years. This is insufficient to eliminate the shortfall – and is in any event only intended to meet requirements within Gateshead’s administrative boundary – and there is a scope for further general employment land allocations in this broad location.

## South Tyneside

6.15 With the assistance of the Council, LSH has identified a broad range of sites with potential for economic development. These include:

- vacant sites currently allocated for employment use;
- vacant sites formerly in employment use;
- vacant land in areas identified by the Council for mixed-use development that could include an employment component;
- expansion land held by businesses;
- employment premises that are at, or nearing, functional obsolescence; and
- land and buildings in alternative uses that may have potential for economic development.

6.16 Through inspections of all employment areas and those other areas identified by the Council LSH has assessed individual employment sites according to a range of market and sustainability criteria and have identified a handful of additional sites. LSH also noted where sites have been reoccupied for employment purposes and are therefore no longer available.

6.17 In accordance with Planning Practice Guidance, LSH has excluded from this assessment, sites of less than 0.25ha and unoccupied storage compounds that in the view of LSH are more likely to be reoccupied as compounds than developed for employment use. In some cases these compounds can also be discounted because they are less than 0.25 ha.

- 6.18 The International Advanced Manufacturing Park (IAMP) is identified as a major new employment park that straddles the boundary of Sunderland and South Tyneside. A proposed Development Consent Order and AAP Policy restricts occupiers of IAMP to advanced manufacturing businesses.
- 6.19 It is important to note that it *is not* the purpose of this ELR to assess the need for IAMP or the case for bringing the site forward for employment uses. This site is being progressed separately through the Nationally Significant Infrastructure Projects (NSIP) process. A separate Area Action Plan (AAP) has been adopted to provide the planning policy framework for IAMP, with a detailed body of site-specific evidence compiled to support the AAP. This ELR, therefore, focuses upon the demand and supply balance with respect to the stock of *general* employment land in South Tyneside.
- 6.20 The assessment matrix is attached at Appendix 3. This identifies the gross area of each site and, by applying a gross net ratio to larger sites to reflect likely losses for highways, landscaping etc., an estimated net developable area. Guides to the ratios used in different circumstances and to the qualitative assessment criteria are set out at Appendix 4. The matrix uses numbers from 1 to 5 to rank various qualities of the sites. It should be noted that this numbering does not imply that the various criteria are of equal weight; nor, in allocating employment sites, should the Council solely rely on this assessment; other factors, notably the relative need for different land uses, may also be taken into account.
- 6.21 In considering the supply of and demand for employment land within South Tyneside LSH has used a five stage approach:
- 1 First LSH consider the amount of land currently available for employment development (categories a, b & c above) and compare this against past take-up rates to arrive at a notional number of years supply within the Borough. This allows an assessment as to whether current allocations and other available employment land is sufficient for the Plan period;
  - 2 The second stage is to consider the market attractiveness of these sites using an analysis of the location of past take-up to understand if they should be retained within the supply;
  - 3 Thirdly LSH consider whether growth sectors are likely to increase demand for specialist sites;
  - 4 The fourth stage is to consider whether sites are readily available or require preparation and thus their ability to meet demand in the short term;
  - 5 The fifth stage is to identify the impact that vacant office and industrial buildings have on the market for development sites, within the context of economic and property development cycles; and
  - 6 The sixth stage is to identify the prospects for supply to be supplemented by releases of expansion land.

## **Stage 1: The Number of Years Supply of Available Employment Land**

### **Currently available employment sites**

- 6.22 Within the Borough there are twenty-five available employment sites providing an estimated net developable area of 100.92 hectares (see Table 12). The sites range in size from 0.28 to 42.50 hectares.

Table 12 Available employment sites

Site Ref	Site	Location	Estimated Net Area (ha)
<b>General Employment Land</b>			
E1	Land at Wagonway Industrial Estate, Hebburn	Hebburn / Jarrow	0.50
E2	Former NGN gas holder, Curlew Road, Jarrow	Hebburn / Jarrow	0.68
E3	East of Pilgrims Way, Bede Ind Est	Simonside / Bede	0.43
E4	West of Pilgrims Way (east of Mitsumi), Bede Ind Est	Simonside / Bede	1.41
E5	Land at Towers Place, Shaftsbury Avenue, Simonside Ind Est	Simonside / Bede	1.31
E6	Hobson Way, East of Simonside Industrial Estate, South Shields	Simonside / Bede	0.47
E7	South of Heddon Way, Middlefields Ind Est, South Shields	Simonside / Bede	0.68
E8	West of Western Approach Trade Park, Wilson Street	South Shields	0.31
E9	Former Duncan House, Crossgate (cleared site)	South Shields	0.28
E10	North of Brooklands Way, Boldon Business Park	Boldon	0.60
E11	West of 16 Brooklands Way, Boldon Business Park	Boldon	0.61
E12	East of Luke's Lane, Monkton Fell	Monkton	3.33
<b>Specialist Employment Land</b>			
E13	Adjoining MH Southern	Port of Tyne	0.44
E14	Former Premier Waste	Port of Tyne	1.30
E15	Former TJ Thompson	Port of Tyne	1.26
E16	Tyne Dock Infill	Port of Tyne	3.51
E17	Hill 60	Port of Tyne	0.57
E18	Garwood Street, South Shields	Port of Tyne	1.60
E19	Tyne Dock Enterprise Park, (fmr McNulty), Commercial Road	Port of Tyne	7.04
E20	Former Hawthorn Leslie Shipyard, Ellison Street	Jarrow Riverside	3.70
E21	Jarrow Green Business Park, Wagonway Road	Jarrow Riverside	5.05
E22	Former Dow Chemicals, Chaytor Street	Jarrow Riverside	12.70
E23	IAMP South (North of Nissan Site)	IAMP	3.31
E24	IAMP South (north west corner)	IAMP	7.34
E25	IAMP North	IAMP	42.50
	<b>Total</b>		<b>100.92</b>

Source: LSH analysis

6.23

Although much employment land is suitable for a wide range of B-class uses, it is helpful to distinguish land reserved for specific uses from general employment land. As noted earlier, IAMP is to be restricted to advanced manufacturing and is not included within the stock of general employment land. The market also recognises that land with access to rivers or sea is a limited resource. It is not unusual for such sites to be reserved for businesses in the offshore and maritime sectors, or for those requiring access to a river for import or export. Land within ports is often similarly reserved for those businesses using the port for import or export. Although the Port of Tyne estate accommodates some businesses that make little or no use of the Port, the majority of land and buildings within the estate are occupied by businesses that do. Outside the Port's estate are other sites that have river frontage, which could be similarly reserved for uses requiring river access. To understand whether such sites should be reserved



for offshore/maritime uses, regard should be had to the likely growth or decline of such uses over the Plan period. Evidence of past take-up will need to be weighed against indications or expectations of future growth. Three sites with frontage to the Tyne are currently available, these are: the former Hawthorne Leslie shipyard; Jarrow Green Business Park and the former Dow Chemical works. LSH recommend that consideration should be given to reserving these sites (in whole or in part) for offshore/maritime uses, or for other businesses where river access is a requirement.

Table 13 Available employment land by category

Category	Net Available Land (ha)
General Employment Land	10.61
Specialist Land – Port/River Access	37.17
Specialist Land – Advanced Manufacturing	53.15
<b>Total</b>	<b>100.93</b>

Source: LSH analysis

- 6.24 More than half of available land in South Tyneside (53%) is at IAMP and restricted to use for advance manufacturing. A further 16% of available land is within the Port of Tyne's estate and 21% is suited to businesses requiring river access. There is an estimated 10.61ha of general employment land in the Borough that is available for development to meet the general employment land needs considered in Section 7.0.

### Mixed-Use Sites

- 6.25 The Council has identified (or allocated within its development plan documents) a number of areas for mixed-use redevelopment. Some of these are shown as mixed-use development sites on the Proposals Map of the 2008 South Shields Town Centre and Waterfront Action Area Plan. Within these areas there can be plots which are currently available and other premises that remain occupied. Those mixed-use sites which are wholly or partly available are listed in Table 14. Other sites identified by the Council for mixed-use, which were occupied when LSH carried out their site inspections, have been excluded from this quantitative analysis. Whilst they could come forward for redevelopment within the Plan period, they are not available to developers now.<sup>19</sup>

Table 14 Employment component of mixed-use sites

Site Ref	Mixed-Use Area	Location	Gross Area (ha)
M1	Argyle Street / Caledonian Street	Hebburn	6.9
M7	Holborn Regeneration Area - Windmill Hill	South Shields	0.61
M8	Holborn Regeneration Area - Commercial Rd / South of Laygate Street	South Shields	1.24
M9	Holborn Regeneration Area - Commercial Rd / North of Laygate Street	South Shields	9
M4	North of One Trinity Green, Laygate	South Shields	0.35
M5	Disused Gasholder, Oyston Street / Garden Lane	South Shields	0.33
M6	Harton Quay, South Shields	South Shields	0.5

<sup>19</sup> These sites include: Ashworth Frazer Industrial Estate, Hebburn town centre and Boldon Lane car showroom.

M3	Central Library, Anderson Street	South Shields	0.32
M2	West of Fowler Street	South Shields	3.5
	<b>Total</b>		<b>22.75</b>

Source: LSH analysis

6.26 Within some of these areas development for employment purposes can take place immediately (e.g. at Harton Quay) whilst in others availability will be delayed by the requirement for site assembly, remediation and/or infrastructure provision. Table 14 identifies the gross site areas of each. The employment component, if any, of these sites is for the Council to determine, informed by the findings of this Employment Land Review. The gross site areas of these mixed-use sites total 22.75 hectares. Their location and proximity to sensitive neighbouring uses are likely to restrict the employment component of some of these sites to office or other B1 use.

6.27 Three of these mixed-use sites are particularly suitable for employment use:

- Harton Quay provides a serviced development plot in a high quality landscaped setting overlooking the river, on the edge of South Shields town centre. It adjoins BT’s business centre (built in 2010). This is arguably the most attractive location for office development in the Borough and the Council is looking to bring forward development in the short term.
- Half a mile south of the town centre, One Trinity Green was developed in 2011 to provide managed workspace. An adjoining plot is immediately available for development and could accommodate further workspace or move-on accommodation.
- Holborn Riverside is a key regeneration priority for the Council. A derelict brownfield site overlooking the river, it lies upstream of Harton Quay separated from it by the Customs House and Mill Dam mixed-use area. Holborn Riverside has partial Enterprise Zone status and is now wholly owned by the Council, who are proposing detached office buildings fronting Commercial Road. Substantial public sector expenditure will be required to prepare the site for development and to enable office development.

**Take-up of Employment Land**

6.28 Using Council data supplemented and verified by their own research, LSH has identified take-up of employment land on a site by site basis over an eighteen year period 2000-2017, see Appendix 5. LSH has checked the accuracy of this data by reviewing the sizes of sites after developments have been completed, at this stage detailed Ordnance Survey mapping and aerial images enable greater measurement accuracy.

6.29 In assessing take-up, LSH adopts an approach that is consistent with its approach to measuring availability: take-up for specialist uses is stated separately. Over the period 2000-2017 all take-up for specialist uses has occurred within the Port estate. Total take-up in each year from 1986 to 2010 is set out in Appendix 6. The average take-up of employment land over 5, 10, 15 and 25 year periods is set out in Table 15.

Table 15 Past take-up of employment land in South Tyneside

Period	Take-up (ha)			Average (ha p.a.)
	General Employment Land (Outside Port)	Specialist Employment Land (Within Port)	Total	
Short Term (5 years) 2013 – 2017 (inclusive)	4.6	8.01	12.61	2.52
Medium Term (10 years) 2008-2017 (inclusive)	5.85	14.18	20.03	2.00
Long Term (15 years) 2003 – 2017 (inclusive)	32.36	19.46	51.82	3.45
Very Long Term (25 years) 1993 – 2017 (inclusive)	-	-	94.71	3.79

Source: LSH analysis

- 6.30 Over the last 25 years, take-up of land for employment purposes within South Tyneside has averaged 3.79 hectares (net) per annum. Measured over shorter time periods this average is dragged down by the severe effect of the recession, the subsequent slow and, at times, erratic economic recovery, the withdrawal of public sector funding and the dismantling of the bodies to deliver necessary funding for both site preparation and development activity. Measured over the last ten years, average take-up fell to just 2.00 hectares per annum. Some 70% of take-up over this last decade was at the Port, where much of this take-up was the provision of further compound space for Nissan's car export operations. It is only in the last couple of years that there has been any substantial take-up of land outside the Port, with the redevelopment of a redundant factory on Western Approach as a trade park and the development of Infinity Park on the last of the plots at Monkton South Business Park.

### Implied Supply

- 6.31 Within Table 16 land currently available for employment development is measured against average annual take-up over a 15-year period. For average take-up to return to this rate of 3.4 hectares per annum, there not only needs to be steady economic growth, but also a recognition that viable speculative development of employment premises in the North East is dependent on public sector financial support to provide serviced development plots and to gap fund the construction of premises. The employment land at IAMP, which is reserved for advanced manufacturing, and mixed use sites are excluded for the purposes of this comparison.

Table 16 Employment land supply and demand in South Tyneside

	Available (ha)	Annual Take-up (ha)	Implied Supply (years)
General Employment Land	10.61	2.15	5
Specialist Employment Land – Port/River access	37.17	1.30	28
<b>Total Employment Land</b>	<b>47.77</b>	<b>3.45</b>	<b>14</b>

Source: LSH analysis

- 6.32 On a purely quantitative assessment the amount of available general employment land in South Tyneside is sufficient for five years, which would be inadequate for the Plan period. With mixed-use sites able to provide further opportunities for the development of employment premises the Council can supplement this supply. Whether this available land is of appropriate quality to meet demand is a separate consideration.
- 6.33 At Port of Tyne, currently available employment land is the equivalent of twelve years supply: other sites with river access increase this to 28 years. The Port recently extended its estate on the south side of the Tyne through the purchase of the adjoining McNulty Yard (7.0 ha) and Garwood Street car park (1.6 ha). Although the implied supply currently falls short of the Plan period the Port has proposals to supplement this supply. These include infilling the remainder of Tyne Dock to provide a further 2.09 ha. The effect would be to increase available land at the Port to 17.81 ha or 14 years supply. A further proposal to reclaim mud flats on the river's edge to provide additional land has been resisted by the Council on ecological grounds.

## Stage 2: The Market Attractiveness of Available Employment Land

- 6.34 For the effective stimulation of economic development, the supply of land needs to match market demand. Analysis of demand within sub-areas of the Borough enables us to see how well they are matched against the crucial property market criterion of location. This analysis uses site specific take-up data from the fifteen year period, 2003-17. LSH has identified eight principal sub-areas which accommodate the vast majority of all employment land take-up.

Table 17 Employment land demand in sub-areas

Sub Area	Available Land (ha)	Take-up 2003-17 (ha)	Take-up (ha p.a.)	Implied Supply (years)
Hebburn / Jarrow	1.18	4.38	0.29	4
Simonside / Bede / Middlefields etc.	4.3	5.98	0.4	10
South Shields Riverside & Town Centre	0.59	5.37	0.36	1
Boldon	1.21	3.92	0.26	4
Monkton	3.33	12.61	0.84	4
Specialist Employment Land – Port/River access	37.17	19.46	1.30	28

Source: LSH analysis

- 6.35 This analysis of past take-up suggests an imbalance between the location of available land and market demand as expressed by take-up; though it should be noted that where there is little land available take-up rates can be suppressed. River front sites stand out as having a high level of provision but comparatively weak demand. By contrast, sites at the edge of the conurbation, such as Monkton and Boldon have little supply but stronger demand. At South Shields Riverside and Town Centre there is little employment land, but various mixed-use sites provide

additional opportunities for the development of employment premises; here comparison of low supply relative to demand provides an incomplete analysis.

- 6.36 This analysis suggests that even though there is a tight supply of employment land within the Borough, the adequacy of provision varies in different locations. To encourage economic development additional employment land allocations should be directed to those locations where there is evidence of strong demand. There is a case for some reshaping of the portfolio of employment land through deallocating sites which are unlikely to be taken-up within the Plan period whilst identifying new sites for allocation that will be more attractive to the market.

### **Stage 3: Demand for Sites with River Access over the Plan Period**

- 6.37 As noted in Chapter 3.0, manufacturing is an important part of the local economy and South Tyneside has particular specialisms in metal fabrication, specialised construction activities and technical testing/analysis in the engineering sub-sector. These specialisms reflect an established cluster centred on riverside industrial areas. When assessed against past take-up the quantity of available employment land within the Jarrow Riverside sub-area appears to be more than required for the Plan period. However, looking forward growth in certain sectors is expected to increase demand for land with river frontage. Climate change and CO<sub>2</sub> reduction targets are driving investment in renewables and technological advances in offshore wind generation has seen the unit price of energy generation fall – creating the impetus for rapid expansion. Prototypes for wave and tidal energy generation are also being developed, but with the government focussed on the cost to consumers the relatively high costs of wave and tidal energy is restricting further funding. Investment in North Sea oil and gas is dependent on oil and gas prices, and whilst major expansion of this sector is less likely, existing businesses on the Tyne, such as Technip FMC (umbilicals) serve global markets and are not overly dependent on North Sea production. As North Sea oil and gas fields are depleted, there has been growth in opportunities to decommission offshore infrastructure. Growth and decline of individual sectors creates opportunities for maritime fabrication as vessels are modified, repaired and maintained. At the same time the National Shipbuilding Strategy is changing the approach to procuring naval vessels and increasing opportunities for fabrication on the Tyne. LSH consider below those sectors believed to offer the greatest prospects for growth
- 6.38 Offshore wind generation in particular has strong growth potential, driven by the need to provide cost effective renewable energy to combat climate change. The government's Industrial Strategy 2017 identifies clean growth as one of four areas in which the UK can lead the global technological revolution and integral to this is the UK's world-leading capabilities in offshore wind. The Strategy introduces funding to drive business clusters where there are existing strengths and collaborations, and recognises that North East England has a potential global competitive advantage in offshore renewable energy.
- 6.39 The Offshore Wind Sector Deal announced in March 2019 reinforces the aims of the Industrial Strategy. Over the next decade rapid expansion could see offshore wind's contribution to energy generation increasing from around 7% of British power to more than 30% by 2030, providing 27,000 jobs in the sector. The Deal aims to capitalise on existing regional clusters *"to create more investment and growth in local economies."* The regional cluster in North East England offers proximity to planned wind farms in the relatively shallow waters of the Dogger Bank, which when completed will be the world's largest wind farm. The North East also offers established R&D facilities and a manufacturing base with specialist capabilities in offshore working, where businesses are able to diversify into renewables. The government has committed to supporting this private sector expertise. *"To maximise this impact and bolster regional clusters, the sector will coordinate its approach by working with local and regional*

*agencies, devolved administrations and economic development agencies to identify areas of comparative advantage and define the specific infrastructure and investments required to support increased earning power in local communities.” An important component of supporting the growth of the sector will be the provision of suitable land and premises, allowing established businesses to expand and enabling access to new businesses including SMEs.*

- 6.40 Research commissioned by the North East Combined Authority considers the resources required for offshore wind projects. The land and premises requirements of each of four stages - development, equipment manufacture, installation and operation are considered below.
- 6.41 At the **development** stage, designers, consultants and regulators are largely London based, but there is a strong cluster of consultants in the North East. The growth of the sector will benefit such businesses and may lead to increased premises requirements, but such businesses typically do not require riverside locations. The North East is home to a nationally important R&D and testing facility at Blyth, but early aspirations that the Offshore Renewable Energy Catapult (OREC) would act as a catalyst for the formation of a manufacturing cluster have yet to be realised. Marine survey businesses operate from established home ports but an increasing number of visits by survey vessels to North East rivers are anticipated.
- 6.42 The **manufacture** of wind turbine generators is currently dominated by four companies, of which Siemens has the largest share of the market. These tier one manufacturing facilities serve national, European and potentially global markets. Siemens has invested heavily at Green Port, Hull where it has a 56ha site. Requirements are for large sites with a quay for jack-up vessels to come alongside. Whilst other original equipment manufacturers (OEM) have requirements for sites, these have yet to progress. LSH understands that the Port of Tyne is competing for a tier one manufacturer. If the Port of Tyne is successful in pursuing this opportunity, then tier two suppliers and O&M services are likely to follow, stimulating demand for sites on the Tyne. The effect of successfully attracting a tier one manufacturer would be that the Port’s estate on the south side of the Tyne would be at capacity and additional river front land would need to be identified. Until a tier one manufacturer has decided on its location, however, some tier two suppliers will not commit. The Port of Tyne is competing with sites in Holland, which can provide sites that are ready to go, but which are 50 – 80 miles further from the Sofia and Dogger Bank wind farms: the Tyne therefore offers lower operational costs. NECA research considered that there was a low probability of attracting an OEM to the Tyne, but identifies opportunities for fabrication of components, such as towers, foundations (steel jackets, gravity based or monopile) and substations. Contracts for foundations have previously been awarded to yards on the Tyne, notably BAM at Neptune Park and Smulders at Hadrian Yard. The growth in the sector will increase opportunities for fabrication along Britain’s east coast, with larger components requiring river or sea access.
- 6.43 During the **installation** phase, quayside locations are required for assembly as each turbine is partly or completely preassembled before being taken to the project site. Quays require sufficient space and load-bearing capacity for the storage and handling of the turbine components, as well as reasonable proximity to the project site. The other major requirement during this phase is for suitable vessels to install the foundations, turbines and offshore cables, and for support vessels (e.g. for offshore accommodation). The assembly port must have the capacity to berth and re-supply the vessel fleet. To support these activities, a skilled offshore workforce will be needed – this may require the presence of suitable training facilities.
- 6.44 The increasing size and weight of wind turbines, the siting of wind farms in deeper water and faster installation requirements mean that the size and form of vessels is changing, this in turn results in changing requirements for port infrastructure. Jack-up Wind Turbine Installation Vessels (WTIV) have become the industry standard; these have four or six legs which are

positioned on the seabed and then jack the hull out of the water to make a stable working platform, the legs typically range from 30–110 m in length. As wind farm water depths increase, a greater air draught is required for the vessels to pass beneath bridges, overhead power lines, etc. effectively restricting the range of riverside locations that can accommodate them.

- 6.45 Once in **operation** offshore wind farms need ongoing availability of support vessels able to transport personnel and parts to the wind farm at short notice. Local ports need to be able to service these vessels on a 24/7 basis and provide suitable loading/unloading facilities for replacement parts. The wind farm operator will require a support base at or near the port to incorporate warehousing facilities for routine spare parts and will also require a skilled local workforce to carry out operation and maintenance activities – both engineering and offshore skills are important. At South Shields the Marine School and Offshore Training Centre provide established training facilities. Finally, local suppliers of consumables (e.g. lubricants, filters, “wear-and-tear” parts etc.) and specialist services (e.g. painting/corrosion protection) will be required.
- 6.46 Evidence of the growth in offshore industries is apparent in other parts of the North East. In June 2019, Able UK announced plans to develop an offshore wind hub at South Bank to support the assembly, installation, and servicing of the offshore wind power sector. The 72 hectare (175 acre) site, fronting the Tees would be primarily used for the installation of foundations and topsides and would involve construction of new quays; dredging the river to provide a berthing pocket, approach channel and turning area; and setting out an operational area. Further up-stream on the opposite bank investment at the Port Clarence Offshore Base has provided an additional 18 acres of hardstanding with river frontage. On the Tyne, the Port is spending £3 million to infill Tyne Dock. *“This will result in an additional 30 acres (12ha) of land with deep-sea quayside access to support offshore wind.”* In Northumberland, Advance (the County Council’s Economic Development Company) is promoting the River Blyth as an offshore energy base offering a range of development sites with connections to the National Grid. In March 2019, remediation and dock extension works were started. Advance has received enquiries from businesses requiring marshalling yards for wind turbine components, yards to serve wind farm sub-station requirements and on-shore commercial battery storage facilities. Given the level of competition between sites, preparation of sites is unlikely to be enough on its own, site owners will also need to engage with suppliers, developers (such as energy utilities) or OEMs.
- 6.47 **Decommissioning of oil and gas infrastructure** is also recognised as a sector with growth potential. The 1998 OSPAR Convention controls the disposal of offshore installations; it requires all topsides and those substructures weighing less than 10,000 tonnes to be brought to shore for reuse, recycling or disposal. Heavier substructures are to be assessed individually. According to OSPAR, some 1,546 oil and gas related structures have been installed for production in European waters since 1967. The majority of these are in UK (50%) and Norwegian (33%) waters. Whilst 142 structures (9%) had been decommissioned by 2013, the vast majority are still operational.
- 6.48 Various projections of the scale and timing of decommissioning opportunities have been made; early estimates were of a large number of rigs requiring decommissioning within a relatively short period, but subsequent forecasts have shown a progressive postponement of work as operational lives of some infrastructure has been extended. Decommissioning activity is driven by age of structure, government/regulatory requirements and economic climate. There is also evidence that levels of decommissioning decrease in response to rising oil and gas prices. North East decommissioning activity is largely focused on the Tees at Able UK’s Seaton Yard, but there has been activity on the Tyne (e.g. Swans) and other facilities on the Tyne are hoping to secure contracts.

- 6.49 **Fabrication, modification and maintenance of vessels.** NECA's research notes that the growth in offshore wind farms and decommissioning of offshore oil and gas infrastructure will result in increased demand for ship maintenance and repair, providing opportunities for business such as A&P Tyne which has the largest dry dock on the east coast of England. Requirements for quayside steel fabrication services including, for example, modifications of WTIV to extend jack-up legs and conversion of vessels to take larger turbines, provide opportunities for the Tyne to establish itself as a mobilisation centre.
- 6.50 In September 2017 an independent report commissioned by the government to inform the National Shipbuilding Strategy (NSBS) was deeply critical of the current naval procurement process and recommended fundamental changes to the way in which the MoD acquires new vessels. To break the current monopoly and to support regional shipyards the report recommended a distributed block building strategy, whereby modular sections and other components would be constructed in shipyards around the UK before being assembled at a single facility. This would improve the pace of build, allow consortia to bid for work and provide steadier workflows and improved efficiencies for smaller shipyards, thus helping to meet the objectives of the government's industrial strategy. Under the NSBS the Royal Navy are to outline their vessel requirements for the next 30 years providing industry with strategic direction, and there is a commitment to build warships in the UK whilst other naval vessels would be subject to open competition but with UK shipyards preferred. The NSBS strategy will provide increased opportunities for fabricators such as A&P Tyne, which has experience of modular construction of naval vessels, including sections of aircraft carriers and nuclear submarines.
- 6.51 The government's commitment to increasing the proportion of renewable energy is resulting in strong growth in the offshore wind sector where technological advances have led to the comparative cost of energy generation fall rapidly. Other offshore renewables - wave and tidal are still in their infancy and costs of production are high, but the North East provides an established cluster of manufacturing and offshore industry which can support their development. Decommissioning of offshore infrastructure is also expected to grow though few sites on the Tyne are likely to be suitable. Overall however the emerging opportunities in growth sectors can be expected to outweigh contractions in other sectors leading to an increased demand for sites, premises and skills. Whilst not all requirements will be for riverside land, much of the demand, particularly for larger sites, will require access to deep water. Some of this additional demand will be accommodated by more intensive use of land that is currently in operational use, but examples of land being brought forward to meet this growing demand can be found on the Tyne, Tees and Blyth.
- 6.52 There is clear evidence that demand for riverside sites is increasing and importantly will strengthen further over the period of the Local Plan. In these circumstances, past take-up is a less reliable indicator of demand for riverside sites. LSH's analysis of take-up within the Port of Tyne estate supports this accelerating growth. Over successive five year periods average annual take-up has risen from 1.01 ha p.a. (2003-07), 1.23 ha p.a. (2008-12) and 1.60 ha p.a. (2013-17). LSH advise that the growth in offshore industries makes it likely that increasing demand will spread to other riverside sites.

#### **Stage 4: Readily Available Employment Sites**

- 6.53 When considering the Borough in isolation the supply of general employment land is insufficient for a fifteen year Plan period. Moreover, part of this land supply is not immediately available and will only come forward for development as part of regeneration schemes, where land assembly, remediation and infrastructure provision will delay the release of land for development.



6.54 For sites to meet demand they must not only be in a location that is attractive to the market, but also be capable of development. Some of the available employment sites require substantial expenditure on site assembly, clearance, remediation or infrastructure provision before development can take place. The time it takes to bring forward such sites is dependent more on the availability and prioritisation of funding than on the time taken to carry out the necessary physical works. Once a site has been assembled, only sites requiring major remediation or infrastructure provision will take more than a year to bring forward. In the North East, the weak viability of development means that private sector development requires public sector financing of site preparation works to provide serviced and remediated plots.

6.55 Currently available general employment sites that require preparation and are thus not readily available for development are listed in Table 18. Specialist employment sites are excluded from this analysis. The total net developable area of general employment sites that require preparation, 6.07 hectares, equates to 57% of the 10.61 hectares of available general employment land.

Table 18 Available employment sites that require preparation

Site Ref	Site	Net Site Area (ha)	Comments
E2	Former gasholder, Curlew Street	0.68	Gasholder demolished; site may require further remediation.
E5	Towers Place, Simonside Ind Est	1.31	Reclamation required including grubbing up floor slab.
E6	Hobson Way, East of Simonside IE	0.47	In temporary use for construction of new highway. On completion site available for development.
E9	Former Duncan House, Crossgate	0.28	Office demolished; site may require further remediation.
E12	East of Lukes Lane, Monkton	3.33	Greenfield site lacking infrastructure.
	<b>Total</b>	<b>6.07</b>	

Source: LSH analysis

6.56 General employment sites that are readily available are listed in Table 19 and total 4.54 hectares. When measured against take-up of 2.15 hectares per annum, these readily available employment sites represent just two years' supply. Although lower short-term take-up rates may allow this readily available supply to last longer, LSH recommend that the Council provide choice by maintaining a five year reservoir of readily available employment land through programmed investment in site preparation and infrastructure provision. Whilst the employment sites requiring preparation listed in Table 18 may be candidates for such investment, the Council should also consider new allocations in areas of stronger market demand. In assessing priorities for investment, the Council should weigh the cost of investment activities against expected outputs and likelihood of stimulating private sector investment to ensure their activities correspond with market demand and provide a balanced portfolio of sites.

Table 19 Readily available general employment land

Site Ref	Site	Net Site Area (ha)
E1	Land at Wagonway Industrial Estate, Hebburn	0.50
E4	West of Pilgrims Way (east of Mitsumi), Bede Ind Est	1.41
E3	East of Pilgrims Way, Bede Ind Est	0.43
E7	Middlefields Industrial Estate, South Shields	0.68
E8	West of Western Approach Trade Park, Wilson Street	0.31
E10	North of Brooklands Way, Boldon Business Park	0.60
E11	West of 16 Brooklands Way, Boldon Business Park	0.61
	<b>Total</b>	<b>4.54</b>

Source: LSH analysis

- 6.57 In response to the opportunities in the offshore energy sector, South Tyneside Council commissioned WSP to assess the opportunities and constraints of four sites on the Tyne: Hawthorne Leslie, Jarrow Green Business Park, the former Dow Chemicals site and Cemex. The scale, infrastructure and marine access of these four sites were assessed against requirements of 11 sub-sectors, taking into account key characteristics (length, beam and draught) of vessels used in the sub-sectors.
- 6.58 The Port of Tyne dredges the river to maintain a depth of 5.2 metres below Chart Datum (CD) from Jarrow Staithes jetty to Newcastle Offshore Technology Park (the stretch of river on which Hawthorn Leslie and Jarrow Green Business Park are situated) and 6.0 metres between Jarrow Slake and Jarrow Staithes (Cemex & Dow Chemicals). All four sites are upstream of Jarrow Slake where overhead electricity cables across the Tyne restrict air draught to 85.7m at Mean High Water Springs (MHWS). This was increased from 64m in 2017.
- 6.59 Given the varied requirements for land and premises for the four stages of development, manufacture, installation and operation, not all riverside sites are suited to all sub-sectors. The WSP study identifies the following opportunities for the four sites.

Table 20 Offshore Energy Opportunities by Site

	General Fabrication	Large Decommissioning	Small Decommissioning	Subsea Technology <sup>20</sup>	Cable Store	Offshore Wind Manufacture	Assembly Port	Operation and Maintenance <sup>21</sup>
Former Hawthorn Leslie	Y	N	Y	Y	Y	N	N	Y
Jarrow Green Business Park	Y	N	Y	Y	Y	Y	N	Y
Former Dow Chemicals	Y	Y	Y	Y	Y	Y	Y	Y
Cemex	Y	N	Y	Y	Y	Y	Y	Y

Source: WSP

- 6.60 With the exception of Cemex the sites either adjoin or are near to residential areas which may constrain working hours, noise and activities undertaken. This may constrain general fabrication and small-scale decommissioning. Uses that would complement existing activity such as on the adjacent A&P Tyne yard, or across the river at the Swans or Neptune yards, would appear preferable. All four sites would require similar interventions such as quay improvements and dredging to support specific uses. WSP estimates that for each of the three sites the costs of required interventions range from £5.6 million to £24 million according to the end use.
- 6.61 In summary, although these riverside sites have constraints, which rule out some offshore sector activities, WSP consider that all four sites could, with investment, accommodate a range of other offshore activities and continue to play a role within South Tyneside’s portfolio of employment sites. In needing investment in dredging and quay improvements, these sites are no different from other sites on the Tyne, Tees and Blyth, that are being promoted by public and private sector players for development by businesses in the offshore sector.
- 6.62 There is a finite stock of riverside land and once lost from employment use, sites are unlikely to revert. At a time when growth in various offshore sectors is anticipated, the Council may take a view that it wishes to retain employment sites with river frontage as part of the Borough’s portfolio unless on qualitative grounds they are not suitable for development. The WSP study identifies that with investment these sites can be brought forward; and through the government’s recent Offshore Wind Sector Deal there is now a commitment to funding investment in infrastructure to maximise the impact of regional clusters.
- 6.63 Mixed-use areas could be used to supplement the supply of readily available land, but as shown in Table 19, the majority of these also require preparation. Of the 22.75 hectares of mixed-use sites that could provide employment premises, some 21.90 hectares or 96% require preparation; these are listed in Table 21.

<sup>20</sup> Pipelines, umbilicals and cables

<sup>21</sup> Service operation vessels

Table 21 Available mixed use sites that require preparation

Site Ref	Site	Net Site Area (ha)	Comments
M1	Argyle Street / Caledonian Street	6.90	Further reclamation and remediation may be required. Large site requiring new infrastructure.
M7	Windmill Hill, Holborn	0.61	Regrading and realignment of highways.
M8	South of Laygate Street, Holborn	1.24	Regrading and further remediation may be required.
M9	North of Laygate Street, Holborn	9.00	Reclamation, remediation and regrading of site and renewal of infrastructure.
M5	Disused Gasholder, Oyston Street	0.33	Demolition of gasholder and remediation of site.
M3	Central Library, Anderson Street	0.32	Demolition of library and removal of foundations.
M2	West of Fowler Street	3.50	Site assembly, demolition, regrading and renewal of infrastructure.
	<b>Total</b>	<b>21.90</b>	

Source: LSH analysis

- 6.64 Two mixed-use sites at Harton Quay (M6: 0.50 ha) and Laygate (M4: 0.35 ha) are immediately available for development and could be allocated for employment use. Both are suited to office development, though speculative office development is not viable in current market conditions.

## Stage 5: The Impact of Vacant Premises on the Market for Employment Land

- 6.65 Property markets need a modest proportion of vacant premises to accommodate business growth and decline. Vacancy rates of 5% to 10% of stock would generally be sufficient to allow this “churn”. In markets where there are large volumes of unoccupied floorspace, development activity can be constrained, particularly where vacant premises are of similar specification to new accommodation. During the period of low economic growth that followed the recession, vacancy rates amongst both office and industrial space increased. The analysis of available premises identifies that office vacancy rates have fallen to 10.5% and industrial to 7.4%. Whilst neither suggests a shortage of premises, improvements in market demand have eliminated the oversupply that was evident in 2011. Similarly, after eight years of very low take-up of employment land, higher levels have been recorded in 2016 and 2017. This suggests that levels of vacant premises are no longer suppressing development activity.
- 6.66 Not all vacant premises are currently on the market; where buildings have been vacant for extended periods or are of such poor condition that they are unlikely to be reoccupied, marketing is unlikely to attract occupiers. For example, Ashworth Frazer Industrial Estate, Station Road, Hebburn (2.60 ha) has a complex of older buildings on west and central parts of estate which is largely vacant and in very poor condition, but parts are used for low value storage. Newer units at the eastern end are vacant but under the terms of the lease, rent is still paid. There is little incentive to redevelop the site whilst the owner is still receiving rent, but vacant parts are unlikely to be reoccupied.

## Stage 6: Expansion Land

- 6.67 Some businesses have land adjoining their premises which is reserved for their future expansion. It is normal for an analysis of employment land to exclude this from the stock of

available sites as it is not available to the wider market. However, if expansion land becomes surplus to requirements it may be released onto the market and thus supplement the stock of available sites. The following are examples identified from LSH inspections and research:

- Feller UK, Middlefields Industrial Estate (0.3 ha): Expansion land to the east of the factory is being retained;
- Be Modern Ltd, Tyne Point Industrial Estate (0.56 ha): Expansion land to the south of the factory is being retained;
- Robert Horne, Burford Way, Boldon Business Park (0.30 ha): Expansion land to the south of the factory is being retained; and
- A&P Tyne, Wagonway Road, Hebburn: At the western end of the shipyard a high bay fabrication shed (8,348sq.m) a dock and adjoining land are used intermittently.

6.68 Other companies have large land holdings that are underused, which may present opportunities for consolidation and the release of surplus land. This includes Cemex, Mercantile Wharf, Jarrow. The site is underused, with 1.6 ha of land with river frontage at the eastern end currently being offered to let.

6.69 Overall levels of expansion land are relatively modest; releases of expansion land are unlikely to have a major impact on the market over the Plan period.

## **Summary**

6.70 Measured against take-up, South Tyneside has general employment land equivalent to five years supply. This is lower than the amount required for the Local Plan period and much of this supply is not immediately available nor is it situated in areas where market demand is strongest. In particular, there is strong demand for employment land on the southern edge of the conurbation in locations with easy access to the strategic highway network. Here South Tyneside adjoins Sunderland and Gateshead, but there is limited scope for these local authorities to meet the shortfall in South Tyneside as in the wider Washington, Follingsby and North Sunderland area there is also less land than required for the Plan period. A priority for the Council should therefore be to identify new allocations on the southern edge of the conurbation that can be delivered over the Plan period.

6.71 Viability issues continue to constrain development. The allocation of additional land in areas of market demand will, by itself, be insufficient to stimulate speculative industrial development activity. Developers will require serviced plots as well as gap funding.

6.72 Amongst sites reserved for port-related uses and other sites with river frontage, there is an implied supply of 28 years. This represents a surplus for the Plan period. As noted in the preceding paragraphs, however, future demand for such sites is expected to be higher than demand over the past fifteen years and LSH expect the accelerating take-up at Port of Tyne to spill out to other riverside sites. Port of Tyne is a Trust Port that is required to reinvest its income and has a proactive approach to site preparation and infrastructure provision which has enabled a remodelling of its landholdings to meet occupier requirements. The fact that much of the land is required for external storage means that development viability is less of a constraint. Other riverside sites will require investment in infrastructure. At the former Dow Chemicals site, demolition and site preparation works are underway. At Hawthorn Leslie and Jarrow Green Business Park, LSH advise that the Council should consider investment in site preparation to enable employment use.

6.73 The International Advance Manufacturing Park will provide employment land restricted to occupation by advanced manufacturing businesses. IAMP is not expected to have a

displacement effect. The first phase of IAMP (IAMP 1) is located wholly within the Sunderland City Council area, conveniently situated beside the A19 junction. Once serviced, demand is expected to be strong and initial take-up rates high. All of the land at IAMP within South Tyneside is within the boundary of IAMP 2; this phase is not expected to be serviced until development of IAMP 1 is well progressed. Given the size of IAMP (150 ha gross) and perceived uncertainty around the depth of demand from the advanced manufacturing sector, there is some scepticism amongst agents as to whether the restriction on use will be maintained in the longer term.

6.74 It should, however, be noted that the demand case for IAMP was debated at the AAP Examination, with Paragraph's 24 and 25 the Inspector's Report (November 2017) concluding that:

*“The evidence refers to low (pessimistic), moderate (moderately optimistic) and high (very optimistic) growth forecasts in the demand for floorspace for automotive supply-chain and advanced manufacturing uses...The moderate growth forecast, which is based on an increase in Nissan output associated with new car models being built at the plant, aligns with recent announcements by the company. Consequently, this is the most realistic forecast on which to base the requirement for auto/advanced engineering employment floorspace – a requirement in in the next 20 years for 392,000sq.m, equating to around 150ha of land.*

*“A recent supplier procurement process led by Nissan, in connection with the development/manufacture of new car models, resulted in inquiries for around 240,000sq.m of floorspace for supply-chain businesses in the short-medium term alone. To my mind this suggests that the medium growth forecast for 20 years of a requirement for 392,000sq.m (around 150ha of land) for automotive and advanced manufacturing floorspace is entirely realistic.”*

6.75 LSH consider that any relaxation of the restrictions on use (which appears unlikely in the context of the AAP Inspector's findings, above) is more likely to affect IAMP 2 than IAMP 1. Council officers advise, however, that any relaxation of the occupier restrictions would be prohibited by the Development Consent Order.

6.76 Take-up of land for office development in South Tyneside is constrained by low rents which undermine viability. As rental levels increase some provision of new offices in business parks on the edge of the conurbation can be anticipated during the Plan period. Town centre office development faces a higher hurdle of viability and is likely to require a joint venture approach where the Council underwrites some development risk. Two mixed-use sites in South Shields are immediately available and appropriate for office development. This study identifies high vacancy rates amongst modern offices at Viking Industrial Park. Large offices developed during the Enterprise Zone are standing vacant but small serviced offices here also have low levels of occupancy. This local oversupply is expected to continue well into the Plan period and is a clear indicator of the weak demand for offices in what is a predominantly industrial location.

6.77 Based on the conclusions above, LSH recommend that the Council should:

- deallocate sites where market demand is weak, development is unlikely to be viable and there is no reasonable prospect of their being taken-up during the Plan period;
- allocate additional employment sites in locations where there is market demand; and
- bring forward sites that require preparation.

- 6.78 Section 8.0 considers those sites identified by LSH as obvious potential candidates for deallocation. For further information the site matrix, which provides an overview of all sites assessed by LSH, can be found at Appendix 3.

## 7.0 Future Requirements for Employment Space

- 7.1 This section considers future economic growth needs in South Tyneside, drawing upon several methodologies set out in PPG. These methodologies produce a wide range of scenarios that are used to inform the assessment of the potential scale and type of future economic growth in the Borough, and the employment land requirements that flow from these.
- 7.2 The Policy-On Labour Demand Scenario seeks to estimate the wider multiplier effects associated with the direct jobs to be supported at IAMP. Because the ELR is only seeking to understand the implications in relation to demand for B class employment space, the analysis presented within this report focuses exclusively on the supply chain impacts associated with IAMP. It does so by applying a Type I Multiplier to the direct employment impact of IAMP.
- 7.3 This approach reflects the following key assumptions:
- That the changes in indirect (supply chain) employment captured via a Type I Multiplier are likely to be the key determinant of future demand for B class space in the Borough. Indirect jobs are likely to be focussed in businesses including (but not limited to) part manufacturers and logistics/distribution businesses, as well as various business services; and
  - That changes in induced employment captured via a Type II Multiplier<sup>22</sup> will have little bearing on the demand for B class space in the Borough. Induced employment effects will primarily be observed in the service sector, as a result of increased wage spending in the economy.
- 7.4 Notwithstanding the above, a Type II Multiplier has also been applied at Appendix 8 in order to estimate the total employment effect of IAMP. This takes account of both supply chain (indirect) and wage expenditure (induced) effects. This analysis does not form part of the ELR and has been presented within Appendix 8 (under the sub-heading ‘Policy-On Total Employment’) for information only and at the request of SBC officers. It can be seen from this that, in total, South Tyneside could be expected to see an increase of more than 9,000 FTE jobs between 2018 and 2031 and of more than 8,700 over the Plan period.

### Methodology

- 7.5 Paragraph 32 of the Housing and Economic Development Needs Assessment section of the PPG advises that “local authorities should develop an idea of future needs based on a range of data which is current and robust.” It recommends that authorities “make use of forecasts and surveys to assess employment land requirements”.
- 7.6 Within this context a variety of forecasting techniques have been considered by Lichfields in order to provide a framework for assessing future B class employment space requirements in South Tyneside over the period 2020 to 2035. This includes quantitative assessments of need based upon the following:
- Baseline employment forecasts (labour demand) produced by Experian Business Strategies;
  - Policy-On employment forecasts (labour demand) to reflect the wider economic impacts of the IAMP proposals; and
  - Consideration of past take-up of employment land based upon LSH analysis

---

<sup>22</sup> Type I Multipliers estimate indirect effects, whereas Type II Multipliers estimate both indirect and induced effects.



- 7.7 It has not been possible for Lichfields to test future demand using labour supply techniques. At the time of the original Employment Land Review (and forecasting work) being undertaken, South Tyneside Council officers advised that the authority intended to plan for an Objectively Assessed Need for Housing which aligns with the standardised methodology outlined by Government in the *'Planning for the right homes in the right places'* consultation document. The Council were, however, awaiting the publication of the 2016-based household projection figures which provide the basis for determining the Borough's Objectively Assessed Need for Housing using the standardised methodology.
- 7.8 All of the approaches listed above have their own particular strengths and limitations and consideration needs to be given as to how suitable each is to the likely future circumstances in South Tyneside. In addition, it is helpful to consider the economic growth potential and likely demand for employment space across the Borough on the basis of a variety of future scenarios in order to reflect both lower and higher growth conditions that could arise over the study period.
- 7.9 It should be noted that the final decision as to the level of need which the Borough should plan for is not purely quantitative. There are a number of qualitative factors (as set out in other sections of this report) that should be taken into account alongside the modelled scenarios. These factors, which have been identified through an analysis of economic and market conditions – as well as consultation with economic stakeholders, commercial agents and local businesses – will influence the employment space requirements that need to be planned for.

## **A. Forecast Job Growth**

- 7.10 Employment growth forecasts for South Tyneside covering the 2020 to 2035 (to align with the Council's Local Plan period) were obtained from Experian's Regional Planning Service December 2017 release. This takes into account recent regional and national macroeconomic trends to estimate future economic growth at the local authority level.
- 7.11 It should be noted that there are limitations to the use of economic forecasts of this type, particularly in the context of changes to the economy. The national macroeconomic assumptions are taken as a starting point and then modelled down to the regional and local levels by reference to the existing economic profile and sector make-up of an area. For this reason, data at the local level is less reliable than at the national and regional levels.
- 7.12 Similarly, top-down forecasts of this nature do not take account of specific issues or interventions at the local level that could influence future employment growth. Nevertheless, forecasts are recognised as providing a valuable input into the ELR process by providing an indication of the broad scale and direction of future employment change by sector, which helps to assess the future land requirements of an economy.
- 7.13 The forecasts produced by Experian draw upon 2014-based Subnational Population Projections (SNPP) developed by ONS to estimate future changes to population profiles in the UK. Such projections are just one of several inputs used to produce economic forecasts in terms of both changes to the working-age population (i.e. generates demand for jobs) and total population (i.e. generates demand for consumption activities). It is important to note that the population forecast data is frequently revised, as are assumptions around the working-age population, economic activity rates and the pension age.

### **Scenario 1: Baseline Labour Demand**

- 7.14 The economic forecasts obtained from Experian indicate total employment growth of 3,200 FTE jobs (net) in South Tyneside over the period 2020 to 2035.

- 7.15 Table 22 provides a summary of those sectors anticipated to experience the largest absolute increases and decreases in employment. It contains data for both of the timeframes outlined above.

Table 22 Fastest Growing and Declining Sectors in South Tyneside

Sector	Use Class	Forecast Change in FTE Jobs
		2020-2035
<b>Fastest Growing Employment Sectors</b>		
Residential Care & Social Work	Non-B Class	+800
Health	Non-B Class	+600
Land Transport, Storage & Post	Part B Class	+600
Accommodation & Food Services	Non-B Class	+500
Administrative & Support Services	B Class	+400
Retail	Non-B Class	+300
Education	Non-B Class	+200
Professional Services	Part B Class	+300
Specialised Construction Activities	Part B Class	+200
<b>Fastest Declining Employment Sectors</b>		
Computer & Electronic Products (Manufacture)	B Class	-200
Machinery & Equipment (Manufacture)	B Class	-200
Metal Products (Manufacture)	B Class	-200
Textiles & Clothing (Manufacture)	B Class	-200

Source: Experian (December 2017)/Lichfields analysis

- 7.16 The analysis indicates that a number of B class and part B class sectors are forecast to experience strong employment growth (within the local context) over the period 2020 to 2035. This includes: Land Transport, Storage and Post; Administrative and Support Services; Professional Services; and Specialised Construction Activities. However, the greatest absolute increases are forecast to occur in non-B class sectors such as: Residential Care and Social Work; and Health.
- 7.17 Sectors forecast to experience the largest employment losses over the period 2020 to 2035 include: Computer and Electronic Products; Machinery and Equipment; Metal Products; and Textiles and Clothing. All of these sectors are classified as part of the wider manufacturing sector and therefore will influence demand for B1c/B2 employment space.
- 7.18 Total FTE employment change in South Tyneside – as projected by Experian – is shown in Table 23. The table includes an estimate of employment change in each of the main B class sectors. This includes an allowance for jobs in other non-B class sectors that normally would occupy some office or industrial space (such as construction, vehicle repairs, courier services, road transport and cargo handling and some public administration activities (see Appendix 7)).

Table 23 Forecast Change in Total FTE Jobs and B Class FTE Jobs in South Tyneside

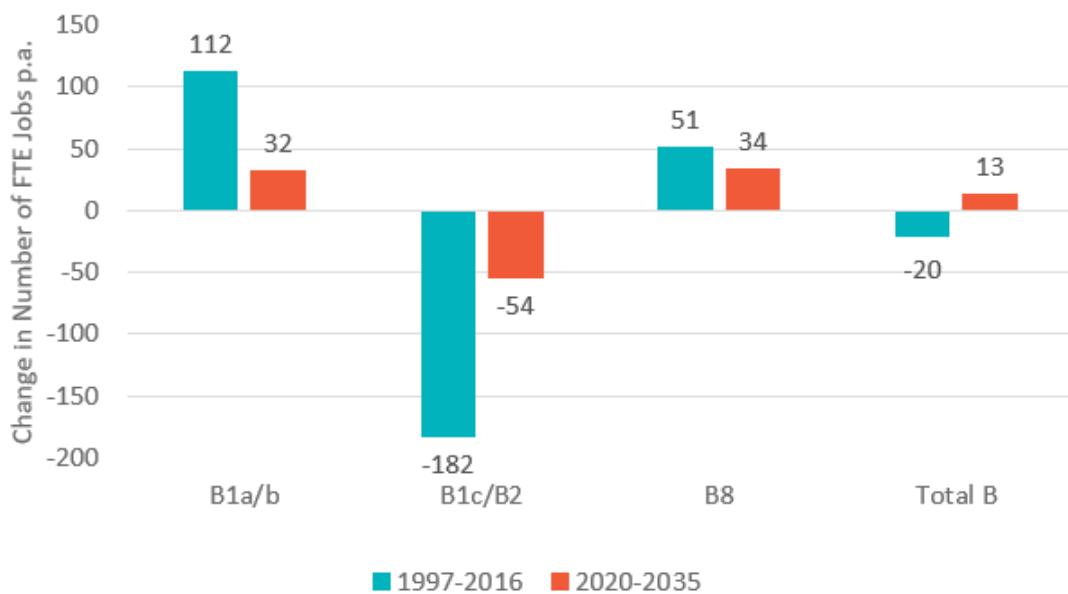
Use	Number of FTE Jobs		Change in FTE Jobs
	2020	2035	2020-2035
Offices (B1a/B1b)	3,855	4,340	+485
Manufacturing (B1c/B2)	5,760	4,955	-805
Distribution (B8)	3,690	4,200	+510
<b>Total B Class Jobs</b>	<b>13,310</b>	<b>13,500</b>	<b>+190</b>
<b>Total Jobs in All Sectors</b>	<b>41,000</b>	<b>44,200</b>	<b>+3,200</b>

Source: Experian (December 2017)/Lichfields analysis

Totals Rounded

- 7.19 This indicates a modest growth of 190 FTE jobs within the B class sectors in South Tyneside over the period 2020 to 2035. Considering each of the main B use classes individually, however, shows that the future scale and direction of change is not projected to be uniform. Indeed, whilst growth is anticipated in the distribution (+510 FTE jobs) and office-based (+485 FTE jobs) sectors, this is offset to a large degree by a contraction in manufacturing employment (-805 FTE jobs).
- 7.20 Forecast growth in B class jobs in South Tyneside between 2020 and 2035 is equivalent to an annual growth of 13 FTE jobs per annum. This represents an anticipated improvement on past performance, with a contraction of 20 FTE jobs per annum observed over the period 1997 to 2016<sup>23</sup>.
- 7.21 It can be seen from Figures 7.1 and 7.2 that the improvement in annual B class job change is expected to be driven by a stabilisation in the manufacturing sector. Having recorded job losses of 182 FTEs per annum between 1997 and 2016, Experian forecasts that the contraction of the sector will be more moderate over the period 2020 to 2035 (with average job losses of 54 FTEs per annum).
- 7.22 A slowdown in the growth of office-based jobs (from a historic average of 112 FTEs per annum to 32 FTEs per annum over the Plan period) is also forecast by Experian. Forecast employment change in relation to distribution uses (34 FTE jobs per annum) is more closely aligned with past trends (51 FTE jobs per annum), although the data does appear to indicate a slowing of growth relative to past trends.

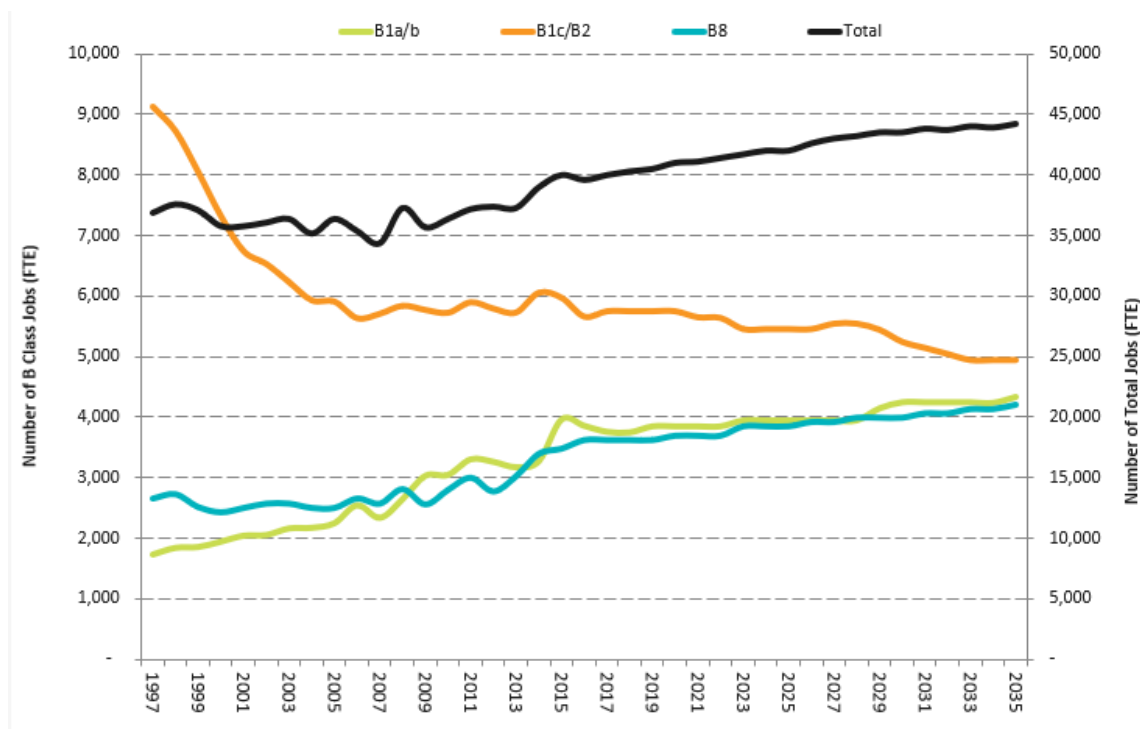
Figure 7.1 Historic vs Forecast Annual Change in FTE Jobs in South Tyneside



Source: Experian (December 2017)/Lichfields analysis

<sup>23</sup> NB – past trends have been assessed over the period to 2016, with future growth assessed from 2020. This gives rise to a ‘gap’ in the data. This is to ensure that the analysis of past trends includes only recorded change and is not distorted by future projections.

Figure 7.2 Time Series Analysis of Historic and Projected Future Job Change (FTE)



Source: Experian (December 2017)/Lichfields analysis

7.23 These employment forecasts can then be converted into future B class employment floorspace requirements by applying the following standard employment densities:

- **Offices:** 1 FTE job per 14sq.m, which corresponds to general B1a/B1b office space;
- **Manufacturing:** 1 FTE job per 49sq.m, as an average of B1c and B2 industrial uses; and
- **Distribution:** 1 FTE job per 70sq.m for general, smaller scale warehousing (assumed to account for 80% of future space) and 1 FTE job per 86sq.m for large scale, lower density units (assumed to account for 20% of future space<sup>24</sup>).

7.24 These assumptions are based on the latest Homes and Communities Agency (HCA) guidance on job density ratios produced in 2015. This guidance takes account of recent trends in terms of the changing utilisation of employment space, with one key change being the more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking. This has resulted in a reduction in the amount of floorspace per office worker assumed when compared to earlier guidance.

7.25 An allowance of 10% is also added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space. Where a reduction in employment is forecast (e.g. manufacturing) the associated negative floorspace has been halved. This reflects the fact that whilst there may be ongoing job losses in the sector, it does not necessarily and automatically follow that all of the associated existing employment space will be lost.

7.26 Table 24 outlines the estimated net employment floorspace requirements for South Tyneside over the period 2020 to 2035 associated with the Baseline Labour Demand scenario. The requirements have been derived having regard to the methodological approach outlined in the preceding paragraphs.

<sup>24</sup> Based upon advice provided to Lichfields by LSH, having regard to historic demand and development activity in South Tyneside

Table 24 Baseline Labour Demand Forecast: Net Employment Floorspace Requirements in South Tyneside (2020-2035)

	Floorspace (sq.m)
Offices (B1a/B1b)	7,470
Manufacturing (B1c/B2)	-19,735
Distribution (B8)	41,180
<b>Total</b>	<b>28,910</b>

Source: Experian (December 2017)/Lichfields analysis

## Scenario 2: Policy-On Labour Demand

7.27 In addition to the Baseline Labour Demand scenario described above, Lichfields were asked to consider – at the request of STC – the job growth and employment space implications of a Policy-On Labour Demand scenario. This scenario takes, as its starting point, the baseline employment forecasts by sector produced by Experian and adds to this dataset an allowance for the potential impact of IAMP proposals as envisaged through the Area Action plan adopted in November 2017.

### The IAMP Concept

7.28 The development of IAMP is central to the Sunderland and South Tyneside City Deal. The overall vision for the project is to bring forward a large site to the west of Sunderland City Centre (to the north of the Nissan car plant) with a focus on the advanced manufacturing and automotive sectors. The site falls within the local authority areas of Sunderland and South Tyneside.

7.29 It is anticipated, based upon the evidence submitted to the IAMP Area Action Plan Examination in Public, that the IAMP will primarily provide accommodation for production, supply chain and distribution activities directly related to the automotive and advanced manufacturing sectors. The site is intended to build upon the success of the Sunderland Enterprise Zone and Nissan's plans to expand operations at its Sunderland plant to produce the next generation Qashqai and X-Trail. In light of this planned expansion, the IAMP Area Action Plan states that:

*“Nissan’s supply chain has seen, and will continue to see, significant growth. Some of this supply chain is in the North East of England but in addition, Nissan currently sources £0.67 billion worth of components annually from outside the North East of England. It is likely that some of this growth will look to relocate to the North East of England and potentially into the vicinity of the Nissan Plant, given the increased demand from Nissan and the need to secure its supply chain.”*

7.30 It is understood that the IAMP Area Action Plan, adopted in November 2017 allows for the development of 392,000sq.m of floorspace over 150ha of land. Lichfields has been advised by STC officers that it is currently expected that 40% of the total land and floorspace to be delivered at the IAMP will be located within the administrative boundaries of South Tyneside.

### Developing a Policy-On Forecast

7.31 It is important to note that it is *not* the purpose of this ELR to assess the need for IAMP or the case for bringing the site forward for employment uses. An Area Action Plan for the site, which provides the planning policy framework for IAMP and is underpinned by a detailed body of site-specific evidence, has been tested by an Inspector at an Examination in Public and was adopted in November 2017. This included an assessment of:

- The market opportunities to which IAMP is intended to respond (Paragraph 15 of the IAMP Area Action Plan); and

- The locational criteria sought by target occupiers (Paragraph 16 of the IAMP Area Action Plan).

7.32 Sunderland City Council has positively determined (date of decision: May 2018) a hybrid planning application to develop the first phase of development (IAMP1). The wider site is being progressed via a Development Consent Order (IAMP2) which is in preparation and being led by IAMP LLP (a limited liability partnership established by South Tyneside Council and Sunderland City Council for the purpose of promoting and delivering the International Advanced Manufacturing Park).

7.33 Mindful of the above, this ELR focuses upon the demand and supply balance with respect to the stock of employment land in South Tyneside *excluding* IAMP. It assumes that the proposals for the IAMP1 and the wider site progress through the planning process as the Council anticipates.

7.34 Similarly, the Policy-On Labour Demand scenario considered in the following paragraphs *is not* intended to assess the potential land take associated with the direct employment impacts of IAMP. Rather, it seeks to understand the implications of IAMP on the general demand for employment space within the Borough. The scenario does so by considering the likely impact of IAMP with respect to B class employment change within South Tyneside (but outwith the IAMP site) and adding this to the baseline employment forecasts presented under Scenario 1.

### **Projected Employment Change**

7.35 It is estimated that IAMP could create approximately 1,780 additional B class FTE jobs in South Tyneside – over and above the level of growth forecast in the Experian baseline – over the period 2020 to 2035<sup>25</sup>. This figure *excludes* the direct (on-site) jobs to be created at IAMP.

7.36 Appendix 8 explains, in detail, the methodology applied in order to estimate the additional B class growth associated with the IAMP supply chain. In summary, the analysis takes account of:

- The level of direct employment anticipated on the IAMP site (and the proportion to be located within South Tyneside);
- The type of activity (by broad use class) that the site could be expected to accommodate; and
- The strength of local supply chain linkages.

7.37 This analysis indicates that the Policy-On jobs uplift is likely to be driven largely by the manufacturing sector (estimated to account for 1,080 of the 1,780 additional FTE jobs). The anticipated distribution of the Policy-On jobs uplift by B use class is summarised below<sup>26</sup>:

- Manufacturing (B1c/B2): 1,080 FTE jobs;
- Offices (B1a/B1b): 480 FTE jobs; and
- Distribution (B8): 220 FTE jobs.

7.38 Taking into account the anticipated supply chain impacts associated with the IAMP, as well as the underlying employment growth assumed within the Baseline Labour Demand forecast, it is estimated that growth of 1,970 FTE jobs could be anticipated under the Policy-On Labour Demand scenario over the period 2020 to 2035. This is summarised in Table 25.

---

<sup>25</sup> It is acknowledged that the IAMP Area Action Plan covers the period 2017-2032 (albeit with no employment floorspace or jobs delivered in 2017). To ensure consistency with the study period being considered within the ELR, job change linked to the delivery of IAMP has been applied in full to the Local Plan time period.

<sup>26</sup> NB – figures may not sum due to rounding

Table 25 Policy-On Employment Forecasts by B Use Class

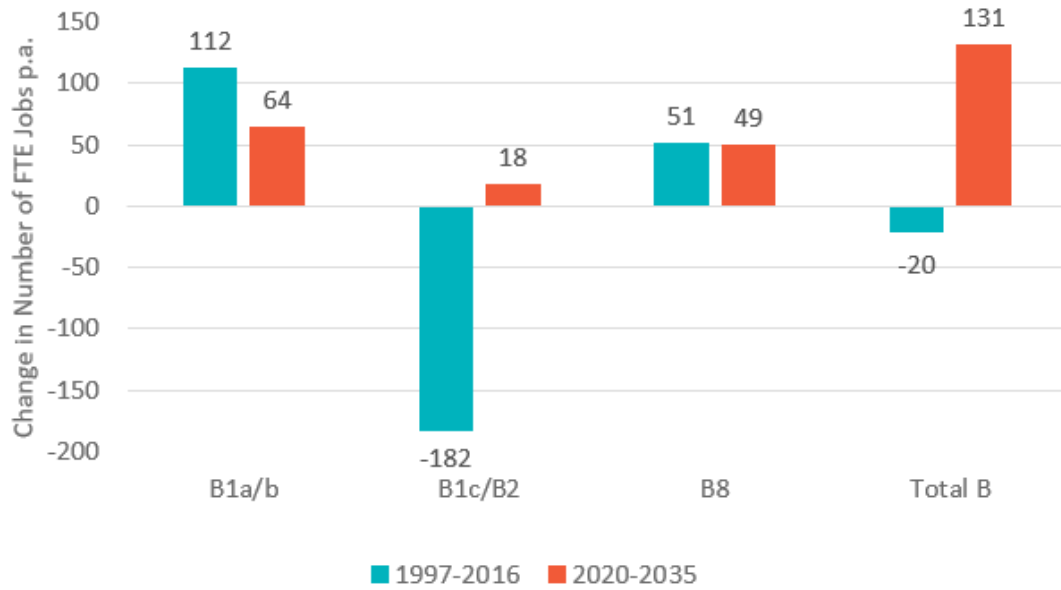
	IAMP Supply Chain Job Impacts (FTE)	Baseline Job Change (FTE)	Policy-On Job Change (FTE)
		2020-2035	2020-2035
Offices (B1a/B1b)	+480	+485	+965
Manufacturing (B1c/B2)	+1,080	-805	+275
Distribution (B8)	+220	+510	+730
<b>Total B Class Jobs</b>	<b>+1,780</b>	<b>+190</b>	<b>+1,970</b>

Source: Experian (December 2017)/Lichfields analysis

Totals Rounded

- 7.39 In overall terms, the Policy-On Labour Demand scenario assumes that B class employment growth will be driven by the office and warehousing and distribution sectors, with more modest growth in manufacturing employment. When the Policy-On scenario is compared against the Baseline Labour Demand forecast, however, it can be seen that the outlook for the manufacturing sector represents the most significant difference between the two sets of figures. Indeed, it is estimated that 60% of the IAMP supply chain job impacts will be observed in the manufacturing sector. As a result, the contraction of 805 FTE jobs anticipated under the Baseline Labour Demand scenario is in contrast with the positive growth of 275 FTE jobs in the sector anticipated under the Policy-On Labour Demand scenario.
- 7.40 Figure 7.3 compares the Policy-On employment projections against historic trends. From this it can be seen that the projected increase of 1,970 FTE jobs within the B class uses equates to approximately 131 additional FTE jobs per annum. This is noticeably higher than past performance, with job change averaging -20 FTEs per annum between 1997 and 2016.
- 7.41 It can be seen from the graph that future employment growth in the distribution sector is forecast to broadly reflect past trends, with annual average growth of approximately 50 FTE jobs. Future employment growth in office-based sectors over the Plan period is forecast, at 64 FTE jobs per annum, to equate to approximately half of historic growth (112 FTE jobs per annum).
- 7.42 In contrast to the above, the manufacturing sector is projected to outperform past trends with respect to future job change. Employment in the sector contracted by 182 FTE jobs per annum between 1997 and 2016 but is forecast to experience modest growth (18 FTE jobs per annum) over the Plan period. This is a reflection of:
- The Experian Baseline, which forecasts a stabilisation in manufacturing employment. This appears to accord with a more detailed analysis of past trends (Figure 7.2). Indeed, whilst South Tyneside’s manufacturing sector recorded significant job losses between 1997 and 2005, the figures have remained largely unchanged since (fluctuating between 5,645 and 6,065 FTE jobs); and
  - The scale and nature of the wider supply chain opportunities that could be generated by the delivery of IAMP.

Figure 7.3 Annual FTE Job Growth Implied by Policy-On Scenario vs Past Trends



Source: Experian/Lichfields analysis

7.43

The growth in B class employment anticipated under the Policy-On Labour Demand scenario has been converted into net future employment space requirements using the same methodological approach outlined in respect of the Baseline Labour Demand scenario. The resulting floorspace figures are summarised in Table 26.



Table 26 Policy-On Labour Demand Forecast: Net Employment Space Requirements in South Tyneside (2020-2035)

	Floorspace (sq.m)
Offices (B1a/B1b)	14,865
Manufacturing (B1c/B2)	14,845
Distribution (B8)	58,780
<b>Total</b>	<b>88,485</b>

Source: Lichfields analysis

Totals Rounded

## B. Past Take-Up Rates

- 7.44 Because they reflect demonstrable market demand, as well as development patterns ‘on the ground’, long term take-up rates can – in some instances – provide a reasonable basis for estimating future land needs. Completions data spanning a period of approximately 10 years or more should help to even out demand fluctuations attributable to different stages of a business cycle. As such, they would ordinarily provide a reasonable starting point for estimating future needs in the event that supply has not been unduly constrained over the period.
- 7.45 Section 6.0 of this report includes an analysis of past take-up within South Tyneside over the short, medium, long and very long term, based upon work undertaken by LSH. For the purposes of forecasting future land requirements, Lichfields have had regard to the long term take-up data. This has been selected on the basis that: the data corresponds to the duration of the local plan period (i.e. 15 years); the data takes account of levels of development activity prior to the economic downturn (i.e. 2003-2008) as well as post-recession market conditions (i.e. 2009-2017); and losses data (required in order to calculate net take-up) is not available beyond the 15 year period.
- 7.46 In addition, vacancy rates for office and industrial premises have fallen in recent years (eliminating the oversupply that was evident in 2011 as a result of the economic downturn) whilst an upturn in take-up rates was recorded in 2016 and 2017. Taken together, this suggests that development activity is no longer being suppressed by an overhang of vacant space. As such, it is considered that planning on the lower average take-up rates recorded over the short and medium-term could risk understating demand for land over the Plan period.

### Gross Completions

- 7.47 The data provided to Lichfields by LSH shows that 51.82ha of land was developed for B class employment uses over the 15 year period 2003 to 2017 (inclusive). This corresponds to an annual average of 3.45ha.
- 7.48 The majority of new employment land delivered was for distribution uses, as summarised below:
- Offices (B1a/B1b): total gross take-up of 13.78ha (0.92ha per annum);
  - Manufacturing (B1c/B2): total gross take-up of 6.70ha (0.45ha per annum); and
  - Distribution (B8): total gross take-up of 31.35ha (2.09ha per annum).
- 7.49 Projecting a gross annual take-up rate of 3.45ha forward over a 15 year Plan period (2020-2035) would indicate a need for in the order of 51.82ha of land.

### Net Completions

- 7.50 The take-up figures summarised above relate to gross rates of development (i.e. they include all instances of employment space delivery, without offsetting this against the redevelopment or

recycling of employment sites for other uses). In contrast, the labour demand scenarios considered elsewhere in this section express growth in net terms. In order to ensure that all scenarios are presented on a consistent basis, therefore, Lichfields has removed any losses of employment land in order to assess the net demand within South Tyneside.

7.51 Based upon analysis provided to Lichfields by LSH, it is understood that a total of 44.71ha of employment land was lost to non-B class uses across the Borough over the 15 year period 2003 to 2017 (inclusive). This corresponds to an average loss of 2.98ha per annum.

7.52 Net take-up rates are calculated by subtracting losses from gross take-up. During the 15 year period 2003 to 2017, gross take-up totalled 51.82ha, whilst losses totalled 44.71. As such, net take-up for the period was in the order of 7.11ha (equivalent to 0.47ha per annum).

7.53 Based upon the data provided by LSH, it is estimated that this net take-up figure can be broken down by use class as follows:

- Offices (B1a/B1b): 0.81ha per annum;
- Manufacturing (B1c/B2): -2.12ha per annum; and
- Distribution (B8): 1.78ha per annum.

7.54 All data regarding take-up and losses was provided to Lichfields on the basis of land take. However, net take-up figures have been converted into floorspace using the same plot ratio assumptions outlined later in this section. This conversion exercise has been undertaken simply to ensure that the employment space estimates generated under the past take-up scenario are directly comparable with those derived using the labour demand techniques considered elsewhere in this section.

7.55 The outputs of this exercise are summarised in Table 27.

Table 27 Past Net Take-Up of Employment Floorspace in South Tyneside

	Average Annual Net Completions (sq.m.)
Offices (B1a/B1b)	4,620
Manufacturing (B1c/B2)	-8,480
Distribution (B8)	7,135
<b>Total</b>	<b>3,275</b>

Source: LSH/Lichfields analysis

### Scenario 3. Past (Net) Completions

7.56 One view of future growth in South Tyneside could therefore be to simply assume that past development rates continue into the future. If it were assumed that past net completion rates were to continue over the 15 year Plan period, this would equate to an overall increase of 49,125sq.m of employment space, comprising of:

- 69,300sq.m of office (B1a/B1b) space;
- -127,200sq.m of manufacturing (B1c/B2) space; and
- 107,025sq.m of distribution (B8) space.

### Net Employment Space Requirements

7.57 Drawing together the results from each of the future growth scenarios, the net B class employment floorspace requirements over the period 2020 to 2035 are summarised in Table 28.

7.58 Each of the three scenarios yields a positive requirement for office floorspace, ranging from 7,470sq.m under the baseline labour demand scenario to 69,300sq.m if long term (net) take-up rates continue over the Plan period. Similarly, each scenario identifies a positive requirement for distribution floorspace, ranging from 41,180sq.m under the baseline labour demand scenario to 107,025sq.m on the basis of long term (net) take-up rates.

For manufacturing floorspace, the outlook is less positive before the potential impact of IAMP is factored in. The baseline labour demand scenario yields a requirement for -19,735sq.m and the past (net) take-up scenario yields a requirement for -127,200sq.m. The policy-on labour demand scenario, however (which assumes a significant uplift in manufacturing jobs linked to the wider supply chain impacts of IAMP) identifies a positive floorspace requirement equivalent to 14,845sq.m

Table 28 Net Employment Space Requirements by Scenario (sq.m.)

	1.Baseline Labour Demand	2.Policy-On Labour Demand	3.Past (Net) Completions
Offices (B1a/B1b)	7,470	14,865	69,300
Manufacturing (B1c/B2)	-19,735	14,845	-127,200
Distribution (B8)	41,180	58,780	107,025
<b>Total</b>	<b>28,910</b>	<b>88,485</b>	<b>49,125</b>

Source: Lichfields analysis

## Net Land Requirements

7.59 The next step, for scenarios 1 to 3 is to translate net floorspace requirements into net land requirements by use class. The land requirements have been calculated by applying the following plot ratio assumptions:

- Industrial (B1c/B2/B8): a plot ratio of 0.4 was applied, so that a 1ha site would be needed to accommodate 4,000sq.m of employment floorspace; and
- Office (B1a/B1b): it was assumed that 20% of new floorspace would be provided in higher density town centre developments with an average plot ratio of 1.25, with 80% of space provided on lower density developments with a plot ratio of 0.4 (typically observed on business park environments)<sup>27</sup>.

7.60 The resulting net land requirements are shown in Table 29.

Table 29 Net Land Requirements by Scenario (ha)

	1.Baseline Labour Demand	2.Policy-On Labour Demand	3.Past (Net) Completions
Offices (B1a/B1b)	1.6	3.2	15.0
Manufacturing (B1c/B2)	-4.9	3.7	-31.8
Distribution (B8)	10.3	14.7	26.8
<b>Total</b>	<b>7.0</b>	<b>21.6</b>	<b>9.9</b>

Source: Lichfields analysis

<sup>27</sup> Assumptions based on advice provided by LSH. It is understood that the distribution between town centre and business park developments is based upon historic patterns of take-up, whilst a 1.25 plot ratio was derived by LSH based upon analysis of developments in South Shields including the BT Business Centre (1.33) and the former Utility Wise offices at Long Row (1.00)

## General vs River/Port-Related Demand

- 7.61 As set out with Section 6.0, development at the Port of Tyne has been a key driver of take-up in South Tyneside in recent years. The market views land with access to the river (and capable of meeting the requirements of modern businesses which need such access) as being distinct from the Borough's general portfolio of sites. In addition, qualitative intelligence gathered by LSH, and presented in Section 6.0, indicates that port-related land – or land with river frontage – could become increasingly important as offshore wind and related sectors continue to grow.
- 7.62 As such, it is important that STC allows for the provision of an adequate supply of land suitable for port-related uses and/or with access to the river over the Plan period. It is similarly important to ensure that STC allocates sufficient general employment land to meet the needs of general office and industrial occupiers.
- 7.63 To ensure that both distinct components of need within the Borough are adequately provided for, it is necessary to distinguish between:
- Demand for land for port-related uses and/or with access to the river. It is anticipated that this will be met by land at the Port of Tyne, whilst LSH advise that sites such as Hawthorn Leslie, Jarrow Green Business Park and the former Dow Chemicals works could also have a potential role to play (see Section 6.0); and
  - Demand for general employment land. That is, demand arising from other sectors of the economy (i.e. business services, manufacturing etc.) and requiring more traditional employment sites without access to river.

## Past Take-Up Scenario Adjustments

- 7.64 In adjusting the past take-up based scenario to distinguish between the two components of demand, it is important to understand the quantum of take-up for each use class that has taken place on: general employment land; and land at the Port of Tyne (or other similar sites). Analysis undertaken by LSH (based upon the 15 year period 2003 to 2017 (inclusive)) identifies the following port/river-related take-up:
- Offices (B1a/B1b): 0.08ha;
  - Manufacturing (B1c/B2): 0.00ha; and
  - Distribution (B8): 19.38ha.
- 7.65 This shows that the overwhelming majority of take-up on sites with port/river access has been focussed on warehousing and distribution uses, with a very small amount of land taken for office development. As set out above, the figures cover a 15 year period (the same period as the forward projections covered within this ELR). In addition, it is understood that no losses of land to non-B class uses were observed on sites with port/river access, meaning that net and gross take-up figures are the same. Taking this into account, it is possible to disaggregate the employment land requirements shown in Table 29 as follows:

Table 30 Net Land Requirements, Past (Net) Completions Scenario

	Total Net Land Requirement (Ha)	General Land Requirement (Ha)	Port/River-Related Land Requirement (Ha)
Offices (B1a/B1b)	15.0	14.92	0.08
Manufacturing (B1c/B2)	-31.8	-31.80	0.00
Distribution (B8)	26.8	7.42	19.38
<b>Total</b>	<b>9.9</b>	<b>-9.46</b>	<b>19.46</b>

Source: LSH/Lichfields analysis

7.66 It should be noted that the port/river-related land requirement set out above projects forward historic patterns of development observed over a 15 year period. As set out in Section 6.0, however, the possibility that the strength of demand for port/river-related sites may increase over the duration of the Local Plan cannot be discounted. Qualitative intelligence gathered by LSH presents a positive view of future requirements, whilst take-up within the Port of Tyne estate has risen over successive five year periods, from: 1.01 ha p.a. (2003-07); to 1.23 ha p.a. (2008-12); to 1.60 ha p.a. (2013-17). The nature of the available intelligence regarding the development of the offshore energy and related sectors (which does not translate positive market sentiment into any estimate of future job change) and the absence of any well recognised, clearly defined employment densities for the sector makes it difficult to accurately quantify the potential scale of increased demand. It is noted, however, that simply projecting forward take-up at Port of Tyne for the most recent five year period (1.60ha p.a.) would increase demand over the Plan period to 24.00ha.

### **Labour Demand Scenario Adjustments**

7.67 In adjusting the labour demand scenarios to distinguish between the two components of demand, it is necessary to understand the proportion of overall demand for B class uses that could be observed on: general employment land; and land for port/river-related uses. The analysis of take-up (above) has demonstrated that demand over the past 15 years has focussed primarily on warehousing and distribution activities, with a very small amount of land developed for office uses. No land has been taken up for manufacturing development on sites with port/river access over the period from 2003.

7.68 Taking this into account, Lichfields has used BRES data at the Lower Super Output Area<sup>28</sup> to understand the share of office and warehousing/distribution jobs in South Tyneside accounted for by Port of Tyne<sup>29</sup>. This indicates that:

- The Port of Tyne area accounts for 6.6% of all office jobs in South Tyneside (defined as comprising the following sectors: finance and insurance; professional, scientific and technical services; business administration and support services; and information and communication); and
- The Port of Tyne area accounts for 28.6% of all warehousing/distribution jobs in South Tyneside (defined as comprising the following sectors: wholesale; and transport and storage).

7.69 It is therefore possible to disaggregate the net land requirements outlined within Table 29 (above) by applying these indicative adjustments. The results of this exercise for the baseline and policy-on labour demand scenarios are summarised overleaf:

---

<sup>28</sup> For the purposes of this analysis, Port of Tyne has been defined as comprising the following LSOA's: South Tyneside 007B; and South Tyneside 012C.

<sup>29</sup> All port/river-related activity over the past 15 years has taken place at Port of Tyne. Taking this into account, as well the difficulty in isolating activity on port/river-related sites elsewhere in the Borough when using data at LSOA level, analysis for calculating appropriate adjustment factors has focussed on the Port of Tyne area.

Table 31 Net Land Requirements, Baseline and Policy-On Labour Demand Scenarios

<b>Baseline Labour Demand</b>					
	Total Net Land Requirement (Ha)	General Land Requirement		Port/River-Related Land Requirement	
		Share (%)	Ha	Share (%)	Ha
Offices (B1a/B1b)	1.60	93.4%	1.49	6.6%	0.11
Manufacturing (B1c/B2)	-4.90	100.0%	-4.90	0.0%	0.00
Distribution (B8)	10.30	71.4%	7.35	28.6%	2.95
<b>Total</b>	<b>7.00</b>		<b>3.94</b>		<b>3.06</b>
<b>Policy-On Labour Demand</b>					
	Total Net Land Requirement (Ha)	General Land Requirement		Port/River-Related Land Requirement	
		Share (%)	Ha	Share (%)	Ha
Offices (B1a/B1b)	3.20	93.4%	2.99	6.6%	0.21
Manufacturing (B1c/B2)	3.70	100.0%	3.70	0.0%	0.00
Distribution (B8)	14.70	71.4%	10.50	28.6%	4.20
<b>Total</b>	<b>21.60</b>		<b>17.19</b>		<b>4.41</b>

Source: BRES/Lichfields analysis

## Summary

7.71 Table 32 provides an indicative breakdown of demand for general and port/river-related uses under each of the three scenarios. The figures relate to net land requirements and draw together the analysis in Tables 30 and 31, as well as the accompanying paragraphs.

Table 32 Indicative Net Land Requirements by Scenario: General and Port/River-Related Uses

<b>General Land Requirement (Ha)</b>			
	1. Baseline Labour Demand	2. Policy-On Labour Demand	3. Past (Net) Completions
Offices (B1a/B1b)	1.49	2.99	14.92
Manufacturing (B1c/B2)	-4.90	3.70	-31.80
Distribution (B8)	7.35	10.50	7.42
<b>Total</b>	<b>3.94</b>	<b>17.19</b>	<b>-9.46</b>
<b>Port/River-Related Land Requirement (Ha)</b>			
	1. Baseline Labour Demand	2. Policy-On Labour Demand	3. Past (Net) Completions
Offices (B1a/B1b)	0.11	0.21	0.08
Manufacturing (B1c/B2)	0.00	0.00	0.00
Distribution (B8)	2.95	4.20	19.38
<b>Total</b>	<b>3.06</b>	<b>4.41</b>	<b>19.46</b>

Source: Lichfields analysis

7.72 From this it can be seen that the projected net land requirements for general land range from -9.46ha on the basis of past take-up to 17.19ha under the policy-on labour demand scenario. It should be noted that the -9.46ha is suppressed by a negative requirement for manufacturing (B1c/B2) land, which offsets positive requirements for both office (14.92ha) and distribution (7.42ha) users. Indeed, were the Council to plan for zero net change in relation to manufacturing land, the Borough would require 22.34ha of B1a/B1b/B8 land to meet projected future need. Given that the spin-off benefits from IAMP are anticipated to result in strong employment growth in manufacturing, it is considered planning for a contraction in

manufacturing (B1c/B2) risks constraining the potential of the Borough over the Plan period by failing to fully capitalise upon the opportunity afforded by IAMP.

7.73 Projected net land requirements for port/river-related land are all positive, ranging from 3.06ha under the baseline labour demand scenario to 19.46ha on the basis of past take-up.

## **Planning Requirement**

7.74 Whilst the net employment space requirements presented in Tables 29 and 32 represent the minimum recommended quantum of employment floorspace to plan for within South Tyneside over the Plan Period, the Council will need to take a view on the extent to which additional provision should be planned for – over and above these net figures – to allow for factors such as:

- 1 Delays in development coming forward;
- 2 Uncertainties in the forecasting process;
- 3 Replacing employment space that is lost in future; and
- 4 To take account of other market factors (such as the need to allow developers and occupiers a reasonable choice of sites).

## **Flexibility Margin**

7.75 To estimate the overall level of employment space that should be planned for in allocating sites, it is common practice to add an allowance, to the net land requirements, as a safety margin. This margin is a contingency factor, providing an additional land buffer to allow for factors 1,2 and 4 as listed above.

7.76 Guidance from the South of England Partnership Board<sup>30</sup> recommends an allowance of two years of demand, on the basis that this is equivalent to the average length of time it takes for a site to gain planning permission and be developed. Lichfields is also aware of a two year allowance being adopted by other practitioners as a general ‘rule of thumb’ albeit with local circumstances sometimes dictating that a more generous margin should be applied.

7.77 Based upon a 15 year Plan period, a two year margin would correspond to an allowance of circa 13.5%. Table 33 provides an illustration of indicative ‘gross’ land requirements by scenario in South Tyneside following the application of a 2 year buffer or margin. The forecast land needs range from -6.45ha (Past (Net) Completions Scenario) to 19.51ha (Policy-On Labour Demand Scenario) with respect to general employment land and from 3.47ha (Baseline Labour Demand Scenario) to 22.09ha (Past (Net) Completions Scenario) with respect to port/river-related uses.

---

<sup>30</sup> South East England Partnership Board guidance on Employment Land Reviews

Table 33 Indicative Gross Land Requirements by Scenario (safety margin only) 2020-2035

<b>General Land Requirement (Ha)</b>			
	<b>1.Baseline Labour Demand</b>	<b>2.Policy-On Labour Demand</b>	<b>3.Past (Net) Completions</b>
Offices (B1a/B1b)	1.69	3.39	16.93
Manufacturing (B1c/B2)	-4.90	4.20	-31.80
Distribution (B8)	8.34	11.92	8.42
<b>Total</b>	<b>5.13</b>	<b>19.51</b>	<b>-6.45</b>
<b>Port/River-Related Land Requirement (Ha)</b>			
	<b>1.Baseline Labour Demand</b>	<b>2.Policy-On Labour Demand</b>	<b>3.Past (Net) Completions</b>
Offices (B1a/B1b)	0.12	0.24	0.09
Manufacturing (B1c/B2)	0.00	0.00	0.00
Distribution (B8)	3.35	4.77	22.00
<b>Total</b>	<b>3.47</b>	<b>5.01</b>	<b>22.09</b>

Source: Lichfields analysis

NB: no flexibility margin has been applied where net land requirement is negative

## Replacement of Losses

- 7.79 In addition, South Tyneside Council may wish to make an allowance for the replacement of losses of existing employment land that may be developed over the Plan period for other (non-B class) uses. Where such an allowance is factored in to future employment land needs, it seeks to ensure that sufficient space is re-provided to account for employment space that is anticipated to be lost moving forwards. It is intended, therefore, to provide some protection against the erosion of employment space over the Plan period.
- 7.80 It should be noted that all recent losses in South Tyneside have been observed on general employment sites, with none at the Port of Tyne (or other sites considered suitable for occupiers requiring river access). Taking this into account – as well as the strategic importance of the Port of Tyne as a key economic asset of sub-regional significance, which could arguably make losses less likely to occur than on general sites – it is not considered necessary to plan for any future losses (and subsequent replacement) at the Port. As result, the gross land requirements for port/river-related uses remain unchanged from those set out in Table 33. The following paragraphs, therefore, relate to general land requirements only.
- 7.81 As set out previously, LSH estimate that a total of 44.71ha of employment land was lost to non-B class uses across the Borough over the 15 year period 2003 to 2017 (inclusive). This corresponds to an average loss of 2.98ha per annum and included a number of large sites such as:
- Former VA Tech, Hebburn: 8.00ha industrial site which was demolished and redeveloped as housing;
  - Bedewell Industrial Estate: 8.71ha multi-let industrial complex with high voids, which was demolished. Currently being redeveloped as housing; and
  - Trench UK, BSTS and UHV Laboratory: 10.26ha industrial site, which was demolished. Currently being redeveloped as housing.
- 7.82 LSH advise that the majority of losses in the Borough since 2003 have involved the redevelopment (for non-B class uses) of windfall sites. Old industrial complexes situated within inner urban areas – or 1960's office blocks which no longer meet current business requirements



– have been demolished to make way for new housing, thereby contributing towards the regeneration of the Borough.

7.83 Similarly, Lichfields is advised – by LSH – that future losses are expected to come from windfall sites. Examples include Ashworth Frazer Industrial Estate in Hebburn and Vinci Construction at Cleadon Lane. Whilst these particular sites may no longer meet the needs of modern occupiers, failure to replace such losses would reduce the overall quantum of land and space available to accommodate existing and new businesses in the Borough. It is also understood that the Council is considering the allocation of Cleadon Industrial Estate as a mixed use development with a much reduced employment area. We consider that this is appropriate as the environment of the estate is not high quality and it is not well situated in relation to the strategic highway network’. In addition, the role of business parks and industrial estates continues to evolve over time, with the provision of some complementary facilities and supporting services (such as gyms, creches, hotels, pub/restaurants and retail units) of an appropriate scale often helping to enhance the appeal of estates. Whilst any such proposals would need to be considered by the local authority on a case by case basis, this could also see some land on the Borough’s more popular estates lost to appropriate non-B uses. No allowance is made for such uses within the demand forecasting presented within the preceding paragraphs. As such, South Tyneside Council may take a view that planning to replace a proportion of future losses could help to ensure that growth is not constrained by a shortage of provision in the later stages of the Plan period.

7.84 It must be acknowledged, however, that not *all* losses need necessarily be replaced. Some losses will, for instance, reflect an element of restructuring of the local economy. Should Council officers wish to include an allowance for the replacement of losses, it is suggested that a replacement rate of 25% might be appropriate. This is considered to represent a low level of replacement and is suggested having regard to the following factors:

- The scale of difference between net and gross long-term take-up rates in the Borough; and
- Historic losses have been driven by residential development on windfall sites – as opposed to the development of complementary uses on existing estates.

7.85 As set out above, losses in South Tyneside have averaged 2.98ha per annum in recent years. Including an allowance for the replacement of losses at 25% of trends (should Council officers decide to do so) would therefore correspond to 0.75ha per annum. This is summarised in Table 34.

Table 34 Potential Loss Replacement Rate

	<b>Annual Replacement Rate (ha)</b>
Offices (B1a/B1b)	0.03
Manufacturing (B1c/B2)	0.64
Distribution (B8)	0.08
<b>Total</b>	<b>0.75</b>

Source: LSH/Lichfields analysis

7.86 Table 35 provides an illustration of the indicative gross general land requirements in the event that South Tyneside takes a decision to plan for the replacement of losses at 25% of past trends. The figures also include a two year flexibility margin, as discussed above.

Table 35 Indicative Gross General Land Requirement by Scenario (safety margin and replacement of losses) 2020-2035

	<b>1.Baseline Labour Demand</b>	<b>2.Policy-On Labour Demand</b>	<b>3.Past (Net) Completions</b>
Offices (B1a/B1b)	2.14	3.84	17.38
Manufacturing (B1c/B2)	4.70	13.80	-22.20
Distribution (B8)	9.54	13.12	9.62
<b>Total</b>	<b>16.38</b>	<b>30.76</b>	<b>4.80</b>

Source: Lichfields analysis

## Summary

- 7.88 In interpreting the outputs of this section, regard should be had to Planning Practice Guidance, which states that local authorities should develop an idea of future economic needs based on a range of data and forecasting techniques. It is also important to recognise that there are inevitable uncertainties and limitations associated with each of the approaches advocated by the Planning Practice Guidance in isolation. Baseline economic and demographic projections, for instance, are regularly updated and the resulting outputs will change over the Plan period.
- 7.89 This ELR considers three different scenarios in order to forecast future employment land needs in South Tyneside. Each scenario draws upon a different set of input assumptions: some reflect economic growth, whilst another is underpinned by past rates of employment land delivery.
- 7.90 For general employment land, the net requirements identified range from -9.46ha to 17.19ha over the Plan period. The lower figure is suppressed by a negative requirement for manufacturing (B1c/B2) land, which offsets the positive requirements for both office and distribution uses. Indeed, were the Council to plan for zero net change in relation to manufacturing land, the Borough would require 22.34ha of land to meet the needs of office and distribution occupiers. The higher figure is based upon a policy-on labour demand scenario that seeks to capture the potential impact of IAMP on the general employment land market. It is estimated that IAMP offers the potential to deliver 1,780 net additional B class (FTE) jobs in South Tyneside within the wider supply chain and this will create additional demand for employment space. Having regard to the importance of IAMP to the Council’s wider planning and economic objectives, officers may take a view that the authority should – as a minimum – ensure the availability of sufficient land to meet this uplift in demand (17.19ha). Such an approach would be consistent with the views of those in attendance at the Duty to Co-operate Workshop.
- 7.91 It should be noted, however, that 17.19ha represents a net land requirement. As such, it makes no allowance for flexibility or the replacement of losses. Council officers will need to take a decision regarding the extent to which additional provision should be planned for over and above the net requirement. Adding a two year flexibility margin would see the range increase to between -6.45ha and 19.51ha. The range rises further – to between 4.80ha and 30.76ha – if historic losses are replaced at 25% of past trends. It should be noted, however, that these figures are indicative only.
- 7.92 For port-related uses (or uses requiring river access) the net requirements identified range from 3.06ha to 19.46ha. The lower figure is underpinned by the baseline labour demand scenario, whereas the higher figure is based upon past completions data. Given the strength of historic development activity at the Port of Tyne in particular (accounting for nearly 40% of all take-up across the Borough over the last 15 years) the Council may take a view that planning towards the bottom end of the range risks significantly underproviding for such uses over the Plan period.

Indeed, LSH analysis presented at Section 6.0 shows that take-up of land at the Port has been on an upward trajectory over the last 15 years, whilst qualitative intelligence suggests that demand for sites with port access or river frontage could increase moving forwards due to the growth of offshore energy and other related sectors. It has not been possible, based upon the data available as part of the ELR process, however, to quantify the potential scale of uplift in demand.

7.93 The figures set out above in relation to port/river-related uses relate to net demand only and do not allow for any flexibility or loss replacement. Adding a two year flexibility margin (should Council officers wish to do so) would increase the range to between 3.47ha and 22.09ha. It is not considered necessary to include any allowance for the replacement of losses for the reasons set out in Paragraph 7.79.

## 8.0 Demand-Supply Balance

- 8.1 This section draws together the forecast requirements for B class land in South Tyneside with an assessment of the available supply, in order to better understand any potential imbalances in provision.
- 8.2 A variety of alternative demand figures are presented, for consideration by Council officers, in Tables 32, 33 and 35. The analysis within this section is based upon the range of positive gross requirements identified. That is to say, any negative gross requirements identified within Section 7.0 have been excluded from the analysis on the basis that they are considered inappropriately low – particularly within the context of the scale of economic opportunity presented by the IAMP proposals. Presenting the analysis on the basis of the range of positive gross requirements should *not*, however, be interpreted as an endorsement by Lichfields of these figures in favour of any other positive demand figures presented in Section 7.0.
- 8.3 As set out in Section 6.0, LSH has identified 47.77ha of available employment land (excluding the IAMP) within South Tyneside. This is comprised of:
- 10.61ha of general employment land; and
  - 37.17ha of specialist use employment land (port/river access)
- 8.4 Section 7.0 identifies a gross requirement of up to 30.76ha in relation to general employment land and up to 22.09ha in relation to port/river-related uses. When considered against the analysis of supply, this would appear to suggest: the existence of a quantitative oversupply of specialist use employment land (port/river access); and the possibility of an undersupply of general employment land, subject to the preferred requirement identified by STC.
- 8.5 Clearly, however, this basic analysis at the local authority level does not take account of: the quality of sites and their ability to meet the needs of modern occupiers; or the strength of demand (relative to supply) in the various sub-areas of South Tyneside.

### Demand by Market Area

- 8.6 It should be noted that the labour demand scenarios presented in Section 7.0 are predicated on input assumptions collated at the local authority level. As such, it has not been possible to forecast demand at the sub-area level under Scenarios 1 and 2.
- 8.7 In order to estimate the demand for general employment land at this lower spatial level, therefore, the range of (positive) gross requirements (4.80ha to 30.76ha) have been disaggregated to the sub-area level in accordance with the spatial distribution of past take-up. For completeness, the analysis also includes an assessment of demand for port/river-related uses. This has been derived by applying the upper and lower bounds of the gross requirements identified in Section 7.0 (3.47ha and 22.09ha).
- 8.8 The limitations of using past take-up, which assumes that historic patterns of demand will continue into the future, are acknowledged. Based upon discussions with LSH, however, it is understood that the take-up data collected as part of this ELR is considered to provide an accurate representation of the strength of demand in different parts of the Borough. As a result, the approach applied to estimating demand at the sub-area level is considered to be appropriate in this instance. Nevertheless, it is important to note that the resultant demand forecasts should be interpreted as indicative estimates only.

Table 36 Indicative Estimates of Demand by Sub-Area (2020-2035)

Sub-Area	Take-Up (2003-2017)		Estimated Demand (Ha)	
	Ha	Distribution	Lower Bound	Upper Bound
Hebburn/Jarrow	4.38	13.5%	0.65	4.15
Simonside/Bede/Middlefields etc.	5.98	18.5%	0.89	5.69
South Shields Riverside & Town Centre	5.37	16.6%	0.80	5.11
Boldon	3.92	12.1%	0.58	3.72
Monkton	12.61	39.0%	1.87	12.00
<b>General Employment Land Total</b>	<b>32.36</b>	<b>100.0%</b>	<b>4.80</b>	<b>30.76</b>
<b>Specialist Employment Land (Port/River)</b>	<b>19.46</b>	-	<b>3.47</b>	<b>22.09</b>

Source: LSH/Lichfields analysis

NB: Figures may not sum due to rounding

- 8.9 From the table it can be seen that the majority of demand over the period 2020 to 2035 is expected to be observed on the Port of Tyne Estate and in Monkton.

## Demand-Supply Balance by Market Area

- 8.10 Table 37 draws together the indicative demand forecasts derived in the preceding paragraphs with an estimate of supply within each sub-area. Using this analysis, it is possible to derive a clearer picture of the likely scale of under or oversupply within each location, relative to the anticipated level of demand over the period 2020 to 2035.

Table 37 Indicative Demand-Supply Balance by Sub-Area

Sub Area	Supply (ha)	Estimated Demand (ha)		Indicative Supply Balance (ha)	
		Lower Bound	Upper Bound	Lower Bound	Upper Bound
Hebburn/Jarrow	1.18	0.65	4.15	0.53	-2.97
Simonside/Bede/Middlefields etc.	4.30	0.89	5.69	3.41	-1.39
South Shields Riverside & Town Centre	0.59	0.80	5.11	-0.21	-4.52
Boldon	1.21	0.58	3.72	0.63	-2.51
Monkton	3.33	1.87	12.00	1.46	-8.67
<b>General Employment Land Total</b>	<b>10.61</b>	<b>4.80</b>	<b>30.76</b>	<b>5.81</b>	<b>-20.15</b>
<b>Specialist Employment Land (Port/River)</b>	<b>37.17</b>	<b>3.47</b>	<b>22.09</b>	<b>33.70</b>	<b>15.08</b>

Source: Lichfields analysis

NB: Figures may not sum due to rounding

- 8.11 From the table, it can be seen that more than enough land exists meet to the demand for employment land for port/river-related uses over the Plan period and beyond. LSH has identified 37.17ha of land that is potentially suitable for such uses (including land at the Port of Tyne, Hawthorn Leslie (E20), Jarrow Green Business Park (E21) and the Dow Chemicals site (E22)) whereas the gross requirements identified range from 3.47ha to 22.09ha. This clearly represents an oversupply in quantitative terms and the Council may wish to carefully consider whether it is necessary and appropriate to retain all of this land for specialist employment uses.
- 8.12 Notwithstanding the above, in considering the future level of land to be retained, it is important to acknowledge: the possibility that demand for such sites will increase over the Plan period (dealt with in Sections 6.0 and 7.0); and that such sites are a finite asset. Once redeveloped for alternative uses, they cannot be repurposed to meet any peaks in demand from the marine and offshore industries. As such, the harm of retaining a quantitative oversupply of restricted use

sites is considered to be modest (when compared against a similar, theoretical, imbalance with respect to general employment land).

- 8.13 Furthermore, it is considered likely that any quantitative oversupply in relation to port/river-related uses would be towards the lower end of the range identified (or potentially even lower). The Port has been a key driver of take-up over the past decade and no losses of employment space on the estate have been observed (meaning that net and gross take-up rates on the Port of Tyne Estate are indistinguishable, unlike in other parts of the Borough). Qualitative intelligence gathered by LSH and presented in Section 6.0 appears to suggest that such sites could become increasingly important as offshore energy and other related sectors grow over the Plan period.
- 8.14 From a general employment land perspective, the table shows that South Tyneside has insufficient supply – in overall terms and across each individual sub-area – to meet the upper bound of projected demand. A number of potential employment sites are set out and assessed within the site matrix (Appendix 3) and it is recommended that the Council has regard to this in considering new allocations should this be necessary. Clearly, whether additional land is needed or not will be dependent upon the level of future demand that the authority elects to plan for moving forwards.
- 8.15 In the event that Council officers choose to plan for a level of future demand towards the upper bound of the range identified, it is anticipated that this undersupply would likely be most pronounced in: Monkton; and South Shields Riverside and Town Centre.
- 8.16 As identified in Section 6.0, mixed-use sites in and around South Shields provide additional opportunities to deliver employment space. Consequently, the undersupply of land (should Council officers take a decision to plan for a requirement at the higher end of the identified range) is unlikely to be as acute as the analysis in Table 37 suggests. Three mixed-use sites are identified by LSH as being particularly suitable for employment use:
- Harton Quay (M6) provides a serviced development plot in a high quality landscaped setting, overlooking the river, on the edge of South Shields town centre. It adjoins BT's business centre (built in 2010). LSH advise that this is arguably the most attractive location for office development in the Borough and the Council is looking to bring forward development in the short term;
  - Half a mile to the south of the town centre, One Trinity Green was developed in 2011 to provide managed workspace. An adjoining plot (M4) is immediately available for development and could accommodate further workspace or move-on accommodation; and
  - Holborn Riverside (M9) is a key regeneration priority for the Council. A derelict brownfield site overlooking the river, it lies upstream of Harton Quay – separated from it by the Customs House and Mill Dam mixed-use area. Holborn Riverside has partial Enterprise Zone status and is now wholly owned by the Council, who are proposing detached office buildings fronting Commercial Road. LSH advise that substantial public sector expenditure will likely be required to: prepare the site for development; and enable office development.
- 8.17 It is understood, from LSH, that in current market conditions the speculative development of offices is not viable. The Council advises that the development of an office building at Harton Quay is the authority's first priority and that construction of offices at Holborn Riverside, which requires lengthy site preparation, would follow. The Council has bid for NELEP funding to enable the phased regeneration of Holborn Riverside over the Plan period.
- 8.18 There is also little supply relative to demand within the Monkton area (should the Council take a decision to plan for a requirement at the higher end of the range identified). Under such circumstances, it is recommended that officers consider how best to identify additional development sites in order to meet anticipated future needs. Failure to do so would risk

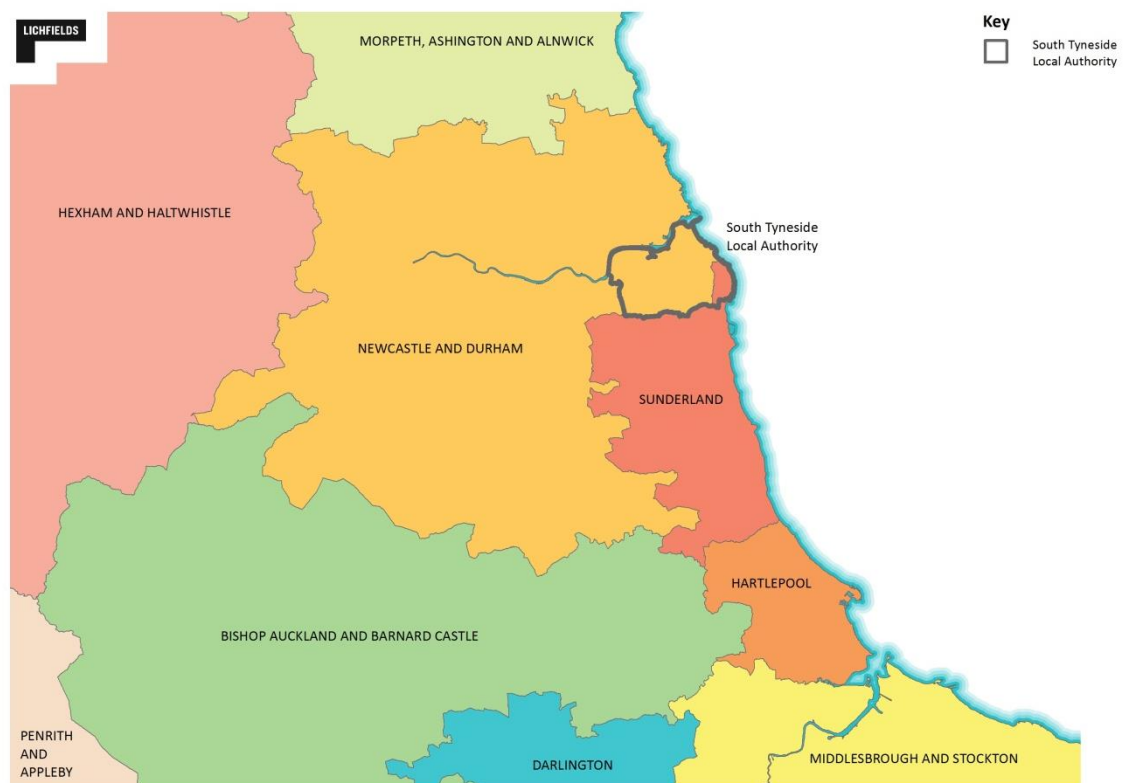
constraining the economic potential of the Borough, given the popularity of employment land in the area in recent times.

## 9.0 Conclusions

### Functional Economic Area

- 9.1 A high level assessment of South Tyneside’s FEMA has been undertaken as part of the ELR. This exercise draws upon economic, property market and labour market factors – all of which are influenced by the Borough’s location.
- 9.2 South Tyneside is situated within Tyne and Wear (part of the North East LEP area). It is bounded by: Sunderland to the south; to the west by Gateshead; and beyond the River Tyne to the north, by Newcastle upon Tyne and North Tyneside. An analysis of commuting patterns indicates that the Borough is a net exporter of labour and falls within the wider travel to work areas of ‘Newcastle and Durham’ and ‘Sunderland’ (Figure 9.1).
- 9.3 From a commercial market perspective, however, the Borough’s inter-relationships are considered to be strongest in with Sunderland and Gateshead – particularly in the Washington, Follingsby, Monkton, Boldon area.

Figure 9.1 Travel to Work Areas



Source: ONS/Lichfields

### Market Overview

- 9.4 South Tyneside comprises of 765,000sq.m of office and industrial floorspace – the lowest level of stock of any of the Tyne & Wear authorities. Provision is dominated by industrial space, which accounts for 86% of B class floorspace in Borough. The industrial nature of the local economy is also clear from an assessment of South Tyneside’s role within the Tyne & Wear context. Indeed, the Borough accounts for:



- 10% of all industrial floorspace in Tyne & Wear; and
- 5% of office floorspace in Tyne & Wear.

9.5 The northern part of South Tyneside is densely developed and the built-up area extends to the coast. This contrasts with the southern part of the Borough where Boldon, Cleadon and Whitburn are separated from the conurbation – and each other – by farmland.

9.6 Employment premises have traditionally been concentrated in the northern part, within a wide band of estates along the River Tyne, although recent development activity (as measured by gross take-up rates) has been stronger on the western side of the local authority. The northern industrial estates typically accommodate a range of premises including factories, workshops, warehouses and offices. Around the Port of Tyne there is a greater concentration of offices, whereas around the Simonside, Bede and Middlefield industrial estates the concentration of factories and workshops is higher.

9.7 Officers are distributed across the Borough, but with a noticeable cluster around South Shields town centre.

9.8 The western side of the Borough is well served by the strategic highway network; the A19 heads south from the Tyne Tunnel at Jarrow, the A194 Leam Lane heads south-west to link the A1(M) and the A184 Newcastle Road forms the base of this triangle of dual carriageways, linking the other two. In this area, recent demand (as evidenced by employment land take-up) has been strong. Boldon and Monkton business parks are now largely built out for a mix of employment uses.

## Meeting Future Needs

9.9 In assessing the future need for employment land in South Tyneside, this study considers three different scenarios, with each drawing upon a different set of input assumptions. Some reflect anticipated employment growth, whilst another is underpinned by past rates of employment land delivery. It should be noted that the ELR considers demand for general employment uses and for specialist uses linked to occupiers requiring port/river access separately.

9.10 With respect to general employment land, the net requirements for the Borough identified via this process range from -9.46ha (Past (Net) Completions Scenario) to 17.19ha (Policy-On Labour Demand Scenario) over the period 2020 to 2035. The higher figure is derived from a policy-on labour demand scenario that seeks to capture the potential impact of IAMP on the general employment land market. Having regard to the importance of IAMP to the Council's wider planning and economic objectives, officers may take a view that the authority should – as a minimum – ensure the availability of sufficient land to meet this uplift in demand (17.19ha). Such an approach would be consistent with the views of those in attendance at the Duty to Co-operate Workshop.

9.11 It should be noted, however, that 17.19ha represents a net land requirement. As such, it makes no allowance for flexibility or the replacement of losses. Council officers will need to take a decision regarding the extent to which additional provision should be planned for over and above the net requirement. Adding a two year flexibility margin would see the range increase to between -6.45ha (Past (Net) Completions Scenario) and 19.51ha (Policy-On Labour Demand Scenario). The range rises further – to between 4.80ha and 30.76ha – if historic losses are replaced at 25% of past trends.

9.12 For port-related uses (or uses requiring river access) the net requirements identified range from 3.06ha (Baseline Labour Demand Scenario) to 19.46ha (Past (Net) Completions Scenario). The lower figure is underpinned by the baseline labour demand scenario, whereas the higher figure is based upon past completions data. Given the strength of historic development activity at the

Port of Tyne in particular (accounting for nearly 40% of all take-up across the Borough over the last 15 years) the Council may take a view that planning towards the bottom end of the range risks significantly underproviding for such uses over the Plan period.

9.13 The figures set out above in relation to port/river-related uses relate to net demand only and do not allow for any flexibility or loss replacement. Adding a two year flexibility margin (should Council officers wish to do so) would increase the range to between 3.47ha (Baseline Labour Demand Scenario) and 22.09ha (Past (Net) Completions Scenario). It is not considered necessary to include any allowance for the replacement of losses for the reasons set out in Section 7.0.

## Demand-Supply Balance

9.14 The Borough’s supply of available employment land (excluding IAMP) is estimated to stand at 47.77ha at present. This is comprised of:

- 10.61ha of general employment land; and
- 37.17ha of specialist use employment land (port/river access)

9.15 When considered against projected demand, this would appear to indicate: the existence of a quantitative oversupply of specialist use employment land (port/river access); and the possibility of an undersupply of general employment land (subject to the preferred requirement identified by STC).

9.16 Table 38 assesses supply against indicative estimates of demand at the sub-area level. It should be noted that the demand estimates are based upon the range of (positive) gross requirements identified in Section 7.0. This should not be interpreted as an endorsement, by Lichfields, of these figures in favour of any other positive requirements presented within Section 7.0.

Table 38 Indicative Demand-Supply Balance by Market Area

Sub Area	Supply (ha)	Estimated Demand (ha)		Indicative Supply Balance (ha)	
		Lower Bound	Upper Bound	Lower Bound	Upper Bound
Hebburn/Jarrow	1.18	0.65	4.15	0.53	-2.97
Simonside/Bede/Middlefields etc.	4.30	0.89	5.69	3.41	-1.39
South Shields Riverside & Town Centre	0.59	0.80	5.11	-0.21	-4.52
Boldon	1.21	0.58	3.72	0.63	-2.51
Monkton	3.33	1.87	12.00	1.46	-8.67
<b>General Employment Land Total</b>	<b>10.61</b>	<b>4.80</b>	<b>30.76</b>	<b>5.81</b>	<b>-20.15</b>
<b>Specialist Employment Land (Port/River)</b>	<b>37.17</b>	<b>3.47</b>	<b>22.09</b>	<b>33.70</b>	<b>15.08</b>

Source: Lichfields analysis

NB: Figures may not sum due to rounding

9.17 The table points toward a possible undersupply of general employment land across all sub-areas in the event that demand is in line with the upper bound of the forecasts considered. This undersupply is expected to be most acute within Monkton and South Shields Riverside and Town Centre. It should be noted that LSH advise that mixed-use sites in and around South Shields provide additional opportunities to deliver some employment space. It is recommended, however, that Council officers give consideration to how best to identify additional development sites in Monkton in order to meet future demand – in the event that the Council takes a decision to plan for a requirement towards the upper bound of the range presented. Further sites elsewhere in the Borough may also be required (subject to the level of

demand that the authority chooses to plan for). A range of potential new sites have been assessed within the site matrix (Appendix 3) and it is recommended that the Council has regard to these in the event that further allocations are required.

- 9.18 In addition, site assessment work points towards a low level of land that is readily available for development. It is recommended that the Council looks to provide choice in the market by maintaining a five-year reservoir of readily available employment land through programmed investment in site preparation and infrastructure provision.
- 9.19 With respect to specialist employment sites for port/river-related uses, the table highlights the existence of a clear oversupply in quantitative terms. The Council may wish to carefully consider whether it is necessary and appropriate to retain all of this land for specialist employment uses. In doing so, however, it will be important to acknowledge: the possibility that demand for such sites will increase over the Plan period; and that such sites are a finite asset. Once redeveloped for alternative uses, they cannot be repurposed to meet any peaks in demand from the marine and offshore industries. As such, the harm of retaining a quantitative oversupply of restricted use sites is considered to be modest (when compared against a similar, theoretical, imbalance with respect to general employment land).





**Bristol**  
0117 403 1980  
bristol@lichfields.uk

**Cardiff**  
029 2043 5880  
cardiff@lichfields.uk

**Edinburgh**  
0131 285 0670  
edinburgh@lichfields.uk

**Leeds**  
0113 397 1397  
leeds@lichfields.uk

**London**  
020 7837 4477  
london@lichfields.uk

**Manchester**  
0161 837 6130  
manchester@lichfields.uk

**Newcastle**  
0191 261 5685  
newcastle@lichfields.uk

**Thames Valley**  
0118 334 1920  
thamesvalley@lichfields.uk

## TAKE-UP OF LAND FOR EMPLOYMENT PURPOSES 2003-2017

Business Park	Site Address	Use	Area	Date
<b>Hebburn</b>				
Prince Consort Industrial Estate	Adjoining Unit 16/17	Scrap yard	0.16	2010
Prince Consort Road	Former A&B Cranes	Compound	0.24	2014
<b>Hebburn / Jarrow Riverside</b>				
Viking Industrial Park	Strathmore & Hawthorne (EZ)	Offices	3.78	2004
Bladen Street Ind Est	Palmer Street	Ind	0.20	2016
<b>Bede, Simonside, Elswick Way &amp; Middlefields Industrial Estate</b>				
Bede Industrial Estate	2a-2f Bede Trade Park, Abbotsway	Trade Park	0.34	2004
	Barbour Staff Car Park	Car Park	0.26	2014
Middlefields Industrial Estate	8 Throckley Way	Ind / Wh	0.35	2003
	9 Throckley Way	Ind / Wh	0.15	2005
Simonside East Industrial Park	1-9 Findlay Court	Ind / Wh	0.97	2006
	3-10 Waldrige Way	Ind / Wh	3.55	2007
Simonside Industrial Estate	6b, 6c Shaftesbury Avenue	Ind / Wh	0.07	2003
Elswick Way industrial Estate	Western end of Elswick Way	Compound	0.29	2015
<b>Port of Tyne Estate</b>				
Tyne Dock (Offices)	Collingwood House	Offices	0.08	2005
Tyne Dock (Warehouses)	Units1, 2 & 3 Tyne Dock East Side	Warehouse	2.70	2005
	Warehouse 21	Warehouse	2.50	2004
	Jarrow Road	Warehouse	2.33	2010
North of Jarrow Road	Nissan Export	Compound	3.84	2012
	Former JT Dove, Nissan	Compound	2.33	2016
	Former Tarmac, Nissan	Compound	1.20	2016
Former Tyne Dock	Wood pellet silos	Storage	2.72	2016
	Car Park west	Parking	0.48	2014
	Car park east	Parking	0.45	2015
	New wharf on river	Port operation	0.83	2017
<b>South Shields Riverside &amp; Town Centre</b>				
Garwood Street	1, 2 Garwood Street	Ind / Wh	0.36	2006
	Former Jerry's Drums	Compound	0.34	2014
Harton Staithes	The Business Centre (BT)	Offices	0.30	2010
	Land at Station Rd / Commercial Rd	Parking B1	0.25	2010
Market Dock	1-10 Waverley	Offices	0.49	2006
	30/31 & 32 Low Lane	Offices	0.74	2007
Mitre Place	Plot L	Ind / Wh	0.18	2007
	Adjoining Plot L	Ind / Wh	0.05	2013
Portberry Street	Unit 16	Ind / Wh	0.04	2003
	Plot D	Ind / Wh	0.07	2007
Rekedyke Industrial Estate	1a -d, 2a-e	Ind / Wh	0.52	2005
	Cell Pack Solutions, West Walpole St	B1	0.12	2012
Tudor Rd / Wilson Street	Harkers Coaches	Ind / Wh	0.02	2009
Havelock Street	One Trinity Green	Offices	0.40	2011
	Compound to south west	Compound	0.07	2014
Forest Road Industrial Estate	Compound to rear of TEDCO	Compound	0.25	2013
Western Approach Trade Park	Former Be Modern	Warehouse	1.17	2016
<b>Boldon</b>				
Boldon Business Park	12 Burford Way	Ind / Wh	0.20	2004
	1-9 Boldon Court, Burford Way	B1	0.85	2006
	8/9 Brooklands Way	Ind / Wh	0.67	2003
	A1-3, B1-3, C1-3 Woodstock Way	Offices	0.79	2006
	Quadrus, Woodstock Way	Offices	0.85	2004
Boldon Colliery	15-20 Bensham Street	Ind / Wh	0.23	2006
	2-6 Bensham Street	Ind / Wh	0.16	2004
	7-14 Bensham Street	Ind / Wh	0.17	2007
<b>Monkton</b>				
Monkton Business Park North	Unit 4	Warehouse	1.85	2003
	Unit 5	Warehouse	2.71	2005
	Units 6 & 7	Ind / Wh	1.19	2006
Monkton Business Park South	2 Koppers Way	Offices	1.15	2004
	Apollo Court Phase 1	Offices	1.00	2006
	Blue Sky Way Phase 1	Offices	0.96	2006
	Merchant Court	Offices	2.02	2006
	Infinity Park	Ind / Wh	1.73	2017
<b>Miscellaneous</b>				
Cleadon Lane Ind Est	7a-7h	Ind / Wh	0.10	2006
<b>Total</b>			<b>51.82</b>	

Year	Take-up (hectares)	Port	All
1986	2.40		2.40
1987	2.00		2.00
1988	2.40		2.40
1989	11.40		11.40
1990	1.00		1.00
1991	3.35		3.35
1992	6.30		6.30
1993	6.20		6.20
1994	6.90		6.90
1995	1.67		1.67
1996	1.69		1.69
1997	2.08		2.08
1998	1.92		1.92
1999	3.33		3.33
2000	10.78	0.89	11.67
2001	3.73		3.73
2002	0.84	2.91	3.75
2003	2.98		2.98
2004	6.41	2.5	8.91
2005	3.38	2.78	6.16
2006	8.79		8.79
2007	4.90		4.90
2008	0.00		0.00
2009	0.02		0.02
2010	0.71	2.33	3.04
2011	0.40		0.40
2012	0.12	3.84	3.96
2013	0.30		0.30
2014	0.91	0.48	1.39
2015	0.29	0.45	0.74
2016	1.37	6.25	7.62
2017	1.73	0.83	2.56
2001-17	36.88	22.37	59.25

Period	Total Take-up (hectares)	Average Take-up (hectares p.a.)
Short Term (5 years)	4.60	0.92
Medium Term (10 years)	5.85	0.59
Long Term (15 years)	32.31	2.15
Very Long Term (25 years)	71.45	2.86

Period	Total Take-up	Average Take-up
Short Term (5 years)	12.61	2.52
Medium Term (10 years)	20.03	2.00
Long Term (15 years)	51.77	3.45
Very Long Term (25 years)	94.71	3.79



Application Ref	Site Address	Comments	Former Use	Area (ha)	Date
ST/306/04	The Hawthornes, Argyle Street, Hebburn	Former Warrant Distribution Depot demolished and redeveloped as housing.	B8	2.20	2005
ST/1578/04	Hedgeley Court, Hedgeley Road, Hebburn	Former Tyco Thermal factory demolished and redeveloped as housing.	B2	4.80	2005
ST/1228/03/FUL	Riverside Village, St Aloysius View, Hebburn	Former VA Tech Reyrolle Works demolished and redeveloped as housing. Engineering complex with very low employment density.	B2	8.00	2007
ST/0542/10/FUL	Riverside Village, St Aloysius View, Hebburn	DSS/ Reyrolle building demolished and redeveloped as housing and care home.	B2	1.70	2010
ST/0588/09/OUT	Laygate, Rekendyke Lane, Havelock Street	Circatex factory demolished. Houses now under construction on 4 ha of site. One Trinity Green constructed on 0.4ha, 0.35 ha retained for employment.	B2	4.00	2012
	Churchfield House, North Drive, Hebburn	Office redeveloped as single detached house	B1	0.15	2012
	Charlotte Street, South Shields	Cleared site to rear of workshops now surfaced and laid out as a public car park	B2	0.14	2013
	Bedewell Ind Est	Multi-let industrial complex with high void rate has been demolished. Council has identified site for residential redevelopment.	B2	8.71	2013
	Wouldhave House, Market Place, South Shields	Office block demolished as part of town centre regeneration and to be redeveloped as Library.	B1	0.31	2013
	Harton Staithes West	Derelict site of former Harton coal staithes now formally laid out as public parkland.	B8 (?)	0.98	2013
	Cotswold Lane, Boldon Colliery	Employment land developed as housing.		1.11	2014
	Glen Street, Hebburn	Former Council works depot and Tharsus Engineering redeveloped as housing	B8	0.84	2015
	South Drive, Hebburn	Trench UK, BSTS & UHV Laboratory demolished and being redeveloped as housing estate	B2	10.26	2017
	Harton Quay	Derelict site of former Harton coal staithes now laid out as parking for The Word.	B8	0.20	2017
ST/0088/17/PNCU	Long Row, South Shields	Vacant Garland call centre. Conversion to apartments.	B1	0.80	2017

#### Future Potential Losses of Employment Land

Cleadon Lane Ind Est	Vinci Construction workshop to be redeveloped as 18 apartments	B2	0.52	2018
----------------------	--	----	------	------

South Shields Riverside (Holborn, Middle Docks, High Shields)	Proposed mixed use regeneration. Materplan proposes residential and economic development but no redevelopment has yet taken place and exact amount of land to be lost from employment uncertain.	B2	10.00
Duncan House, Crossgate, South Shields	Vacant office block demolished. Not known if site will be redeveloped for employment use	B1	0.29

Criteria

Score	MARKET ASSESSMENT CRITERIA						SUSTAINABILITY CRITERIA					Suitability for Waste Management Facilities
	Access to Strategic Highway Network	Site Characteristics & Physical Constraints	Infrastructure	Market Attractiveness	Barriers to Development	Ownership Factors	Local Road Access	Proximity to Urban Areas	Compatibility of Adjoining Uses	Planning Sustainability	Sequential Status	
5	Within 2 km of SHN via unconstrained roads.	Level. Regular shape. Low risk of flooding. Not in COMAH zone. > 3 ha?	Well served by good quality site infrastructure: roads, lighting, landscaping, mains utilities.	Area of strong demand. Suit broad range of businesses. High profile location. Viable development location.	Serviced remediated plot with infrastructure to edge.	Single developer prepared to build speculatively.	Free moving, wide roads, avoid housing areas and bad junction.	Within 1 km of town centre. Good pedestrian access to housing areas. Close to bus / metro stop.	Within larger employment area. No incompatible land use.	Brownfield site. Compliant with LDF objectives. Strong settlement boundary. Extant planning consent.	In Town Centre (South Shields, Jarrow or Hebburn).	PDL. Not in flood risk area or adjoining water. Compatible with adjoining uses and areas of natural / historic importance. Not visually intrusive. One constraint
4	Within 2 km of SHN via constrained roads.	One constraint	All infrastructure. Average quality.	One constraint	Modest infrastructure or remediation.	Single developer will only build bespoke premises.	One constraint	Within 2 km of town centre. Good pedestrian access to housing areas. Close to bus / metro stop.	Edge of larger employment area. Separated by highway from incompatible land	One constraint	In minor centre.	
3	Within 2 km of other dual carriageway via unconstrained roads.	Two constraints	All infrastructure. Poor quality.	Two constraints	Modest infrastructure and remediation.	Single owner, not a developer.	Two constraints	One constraint Within 2km of town / district centre or bus/metro stop.	B1 adjoining residential areas	Two constraints	Edge of Centre (within 500 m).	Two constraints
2	Within 2 km of other dual carriageway via constrained roads.	Three constraints	Limited infrastructure	Three constraints	Major infrastructure provision or remediation.	Two owners	Three constraints	Two constraints Over 2km from town / district centre or bus/metro stop.	B2 & B8 adjoining residential areas	Three constraints	Out of Centre.	Three constraints
1	Over 2 km from dual carriageway.	Four constraints	Major infrastructure required.	Four constraints	Major infrastructure provision and remediation.	Site assembly required.	Four constraints	Three constraints Over 3km from town / district centre or bus/metro stop.	B2 & B8 adjoining residential areas on more than one side.	Four constraints	Out of Town.	Four constraints

Available Employment Sites			QUANTITATIVE ASSESSMENT				MARKET ASSESSMENT CRITERIA										SUSTAINABILITY CRITERIA					ADDITIONAL INFORMATION	
Site Ref	Site	Location	Gross Site Area (Ha)	Gross : Net Ratio	Estimated Net Area (ha)	Business Use Classes:	Availability	Greenfield / Brownfield	Within 2 km of SHN	Access to Strategic Highway	Site Characteristics and Physical	Infrastructure	Market Attractiveness	Barriers to Development	Ownership Factors	Local Road Access	Proximity to Urban Areas	Compatibility of Adjoining Uses	Planning Sustainability	Sequential Status	Comments / Notes	Recommendation	
<b>General Employment Sites</b>																							
E1	Land at Wagonway Industrial Estate, Hebburn	Hebburn / Jarrow	0.50	100%	0.50	B1b/c/ B2 / B8	IA	GF	N	1	4	4	2	5	3	3	3	5	4	2	Sportsfield in centre of industrial estate is owned by football club, but not laid out as pitch. Liddle Doors has tried to buy in past.	Owner unwilling to sell. Council to consider whether to deallocate given that this is an otherwise readily available site.	
E2	Former NGN gas holder, Curlew Road	Hebburn / Jarrow	0.68	100%	0.68	B2	RP	BF	Y	4	3	3	2	4	3	5	5	5	4	5	Gas holder within industrial area dismantled in 2017. Site available for re-use. The site was recently sold but no planning application for a change of use had been received at the time of this study.	Having regard to adjoining businesses, Council to consider retention for employment or commercial use	
E3	Land East of Pilgrims Way, Bedesway	Bede / Simonside / Middlefields	0.43	100%	0.43	B1b/c/ B2 / B8	IA	GF	Y	5	5	3	4	5	5	5	4	5	4	2	Undeveloped plot within established industrial estate. Owned by a developer - Northern Trust.	Council to consider retaining as employment land	
E4	West of Pilgrims Way (east of Mitsumi), Bede Ind Est	Bede / Simonside / Middlefields	1.41	100%	1.41	B1b/c/ B2 / B8	IA	GF	Y	5	4	3	4	4	5	5	4	5	4	2	Grassed former expansion land to east of former Mitsumi now owned by Northern Trust. Company prepared to build or sell plots.	Council to consider retaining as employment land	
E5	North of Tesco, Towers Place, Simonside Ind Est	Bede / Simonside / Middlefields	1.45	90%	1.31	B1b/c/ B2 / B8	RP	BF	Y	5	4	3	2	1	3	4	4	2	5	2	Cleared industrial site within established industrial estate. Further reclamation required to grub up floor slabs. Owned by Council and currently on market.	Council to consider retaining as employment land	
E6	Hobson Way, East of Simonside Ind Est	Bede / Simonside / Middlefields	0.47	100%	0.47	B1b/c/ B2 / B8	RP	BF	Y	5	4	5	3	4	3	5	4	4	4	2	Former car storage compound, currently in use as works compound for new road link. On completion of new junction there is potential to extend site to north.	Council to consider retaining for employment /commercial use.	
E7	South of Heddon Way, Middlefields Ind Est	Bede / Simonside / Middlefields	0.68	100%	0.68	B1b/c/ B2 / B8	IA	GF	N	3	3	4	2	5	3	3	2	5	4	2	Former expansion land for Feller UK now surplus to requirements and available for development.	Council to consider retaining as employment land	
E8	Land to rear of Western Approach Trade Park, Wilson Street	South Shields	0.31	100%	0.31	B1b/c/ B2 / B8	IA	BF	N	3	3	4	2	4	3	5	5	5	4	3	Terrace of trade counter units developed on site of former factory. Land to rear cleared and fenced.	Council to consider retaining for employment /commercial use.	
E9	Former Duncan House, Crossgate	South Shields	0.28	100%	0.28	B1a	RP	BF	N	3	3	4	2	4	3	5	5	4	4	3	Cleared site of office block. Planning consent granted for construction of seven units for B1/ B2 / B8	Council to consider retaining as employment land	
E10	Northern end of Boldon BP	Boldon Colliery	0.60	100%	0.60	B1/ B2 / B8	IA	GF	Y	5	4	5	4	5	4	5	5	5	4	2	Overhead high voltage cables; owner UK Land Estates sees potential for small unit or use for external storage.	Council to consider retaining as employment land	
E11	Land west of 16 Brooklands Way, Boldon Business Park	Boldon Colliery	0.61	100%	0.61	B1/ B2 / B8	IA	GF	Y	5	4	5	5	5	5	5	5	5	4	3	Owned by UK Land Estates (developer / investor). Outline consent for development of detached industrial unit granted in October 2008 (ST/1601/08/OUT).	Council to consider retaining as employment land	
E12	Land East of Lukes Lane, Monkton Fell (West) Hebburn	Monkton	3.92	85%	3.33	B1 / B2 / B8	RP	GF	Y	5	5	1	5	2	3	4	2	5	1	1	Grazing land. Knight Frank has been marketing with adjoining site P1 for industrial use since March 2015. Site requires access and infrastructure provision so whilst in an area where demand relatively strong, viability of development	Council to retain as employment site and to consider funding required to bring site forward for development.	
			<b>11.34</b>		<b>10.61</b>																		
<b>Specialist Employment Sites - Port</b>																							
E13	Beside MH Southern	Port of Tyne	0.44	100%	0.44	B1 / B2 / B8	RP	BF	Y	5	2	3	3	3	4	4	4	5	4	2	Landlocked site surrounded by land and premises leased to timber merchants. Port proposing to relocate tenant and to carry out works to mitigate flood risk.	Within Port Estate; Council to consider retaining as employment land.	
E14	Former Premier Waste	Port of Tyne	1.30	100%	1.30	B1 / B2 / B9	IA	BF	Y	5	1	3	4	3	4	4	4	5	4	2	On edge of Port Estate fronting Jarrow Road	Within Port Estate; Council to consider retaining as employment land.	
E15	Former TJ Thompson	Port of Tyne	1.26	100%	1.26	B1 / B2 / B10	IA	BF	Y	3	2	4	4	4	4	4	4	5	4	2	Within Port Estate with rail access. On market with Naylor's to let as whole or part.	Within Port Estate; Council to consider retaining as employment land.	
E16	Tyne Dock Infill	Port of Tyne	3.51	100%	3.51	B1 / B2 / B8	IA	GF	N	3	4	4	4	5	4	4	4	5	5	2	Within Port of Tyne Estate. Filling of former dock basin (ST/0944/09/FUL) has created development land and mitigated flood risk.	Within Port Estate; Council to consider retaining as employment land.	
E17	Hill 60	Port of Tyne	0.57	100%	0.57	B1 / B2 / B8	IA	BF	N	2	3	3	3	4	4	4	4	5	4	2	Land formerly used for aggregate storage on edge of Port Estate and fronting Templetown from which access could easily be taken.	Within Port Estate; Council to consider retaining as employment land.	
E18	Former car park, Garwood Street	Port of Tyne	1.60	100%	1.60	B1 / B2 / B8	IA	BF	N	2	3	1	1	2	4	3	4	5	4	2	Owned by Port of Tyne. Naylor's - to let whole or part,	Owned by Port; Council to consider retaining as employment land.	
E19	Tyne Dock Enterprise Park (former NcNulty Offshore), Commercial Road	Port of Tyne	7.04	100%	7.04	B1 / B2 / B8	IA	BF	N	2	4	3	1	2	4	3	3	4	4	2	Purchased by Port of Tyne to allow a down-river extension of Port Estate. The site has Enterprise Zone status and adjoins the Council's Holborn Riverside Regeneration Area.	Within Port Estate; Council to consider retaining as employment land.	
			<b>32.19</b>		<b>30.87</b>																		
<b>Specialist Employment Sites - River Frontage</b>																							
E20	Former Hawthorn Leslie Shipyard, Ellison Street, Hebburn	Hebburn / Jarrow Riverside	3.70	100%	3.70	B1 / B2 / B8	RP	BF	N	1	3	3	2	1	3	3	3	1	5	2	Former shipyard, vacant since 2006. Fabrication halls demolished in 2011, some buildings remain in southern corner. Site adjoins A&P Tyne fabrication hall. Marketing has attracted offers for continued employment use in 2008, 2010 & 2018. Owner proposing residential development	Substantial investment required to bring site back into use. Past demand for riverside sites weak but during the plan period this demand to grow strongly as offshore sectors expand e.g. vessel fabrication and operation and maintenance of turbines	
E21	Jarrow Green Business Park, Wagonway Road	Hebburn / Jarrow Riverside	6.31	80%	5.05	B1 / B2 / B8	RP	BF	N	4	3	1	2	2	3	4	4	5	4	2	Between Wagonway Road and the river's edge the site is situated between the Wagonway and Viking industrial estates. Some remediation, reclamation, and access works have been carried out but further expenditure on site preparation is required. Council has alternative development proposals for the site.	Substantial investment required to bring site back into employment use. Past demand for riverside sites weak but during the plan period this demand to grow strongly as offshore sectors expand. Council to consider further investment during plan period.	
E22	Former Dow Chemicals, Chaytor Street	Hebburn / Jarrow Riverside	14.11	90%	12.70	B1 / B2	RP	BF	Y	4	2	3	3	3	3	5	5	4	4	3	Large riverside works, closed 2015. Some buildings demolished but office block, gatehouse and weighbridge to be retained. On market with JK Property Consultants. Current owner to undertake remediation of site. Owner unwilling to consider alternative uses	Retain for employment. Council to consider restricting riverside areas for businesses requiring river access.	
			<b>72.03</b>		<b>68.04</b>																		
<b>Specialist Employment Sites - Advanced Manufacturing</b>																							
E23	IAMP South (North of Nissan Site)	International Advanced Manufacturing Park	3.31	100%	3.31	B2	RP	GF	Y	5	5	1	5	2	3	5	2	5	2	1	Arable farmland to north of Nissan. Part of 150 ha site being brought forward by South Tyneside and Sunderland Councils as an advanced manufacturing park. Funding for infrastructure has been secured. Henry Boot has been appointed as contractor. Land in Phase 1	Council to allocate as specialist employment site	

Site Ref	Site	Location	Gross Site Area (Ha)	Gross : Net Ratio	Estimated Net Area (ha)	Business Use Classes:	Availability	Greenfield / Brownfield	Within 2 km of SHN	Access to Strategic Highway	Site Characteristics and Physical	Infrastructure	Market Attractiveness	Barriers to Development	Ownership Factors	Local Road Access	Proximity to Urban Areas	Compatibility of Adjoining Uses	Planning Sustainability	Sequential Status	Comments / Notes	Recommendation
E24	IAMP South (north west corner)	International Advanced Manufacturing Park	8.64	85%	7.34	B2	RP	GF	Y	5	5	1	5	2	3	5	2	5	2	1	Arable farmland to north of Nissan. Part of 150 ha site being brought forward by South Tyneside and Sunderland Councils as an advanced manufacturing park. Funding for infrastructure has been secured. Henry Boot has been appointed as contractor. Land in Phase 1	Council to allocate as specialist employment site
E25	IAMP North	International Advanced Manufacturing Park	50.00	85%	42.50	B2	RP	GF	Y	5	5	1	5	2	3	5	2	5	2	1	Arable farmland to north of Nissan. Part of 150 ha site being brought forward by South Tyneside and Sunderland Councils as an advanced manufacturing park. Funding for infrastructure has been secured. Henry Boot has been appointed as contractor. Land in Phase 2	Council to allocate as specialist employment site
			<b>61.95</b>		<b>53.15</b>																	
<b>Mixed Use Sites</b>																						
M1	Argyle Street / Caledonian Street, Hebburn	Hebburn	6.90	N/K	N/K	B1 / B2 / B8	RP	BF	N	1	5	2	2	3	3	4	5	4	4	2	Proposed mixed use site. Development for economic development will have to be compatible with residential /educational surrounding uses and any residential / wildlife habitat areas developed/retained on site. See Local Brownfield Strategy	Council to consider allocation for mixed-use with nominal employment component.
M2	West of Fowler Street	South Shields	3.50	N/K	N/K	A2 / B1/ B2	RP	BF	N	2	2	3	2	3	1	1	5	5	5	5	Various small sites crossed by highways. Some laid out as public car parks. Currently vacant land totals 0.80 ha	Council to consider allocation for mixed-use with nominal employment component.
M3	Central Library, Anderson Street	South Shields	0.32	N/K	N/K	A2 / B1	RP	BF	N	2	4	4	2	2	3	2	5	4	5	5	Library has relocated	Council to consider allocation for mixed-use with nominal employment component.
M4	North of One Trinity Green, Laygate	South Shields	0.35	100%	0.35	B1	IA	GF	N	3	5	4	1	4	3	4	5	4	4	2	Formerly car parking for Circatex factory, now grassed plot adjoining serviced office building. Could accommodate further workspace or move-on accommodation.	Council to consider allocation for employment.
M5	Disused Gasholder, Oyston Street / Garden Lane	South Shields	0.33	100%	0.33	B2	RP	BF	N	2	4	4	1	2	1	3	5	5	4	5	Disused gas holder in commercial area on edge of town centre. Adjoins supermarket, car parks and local industrial estate.	Council to consider allocation for commercial mixed-use
M6	Harton Quay	South Shields	0.50	100%	0.50	B1	IA	GF	N	2	3	5	3	5	3	4	5	5	4	3	Regeneration of riverside coal staiths on edge of town centre. One plot taken up for bespoke office development. Remaining plot owned by Homes England. South Tyneside Council proposing speculative office and/or cultural block of 60,000 sq ft. Developer not yet appointed. Development would need to be sensitive to adjoining Conservation Area	Council to consider allocation for employment.
M7	Holborn Regeneration Area - Windmill Hill	South Shields	0.61	N/K	N/K	B1 / B2	RP	BF	N	2	4	3	1	1	2	3	3	5	5	3	Small sloping site separated by housing from Holborn Riverside Regeneration Area to north, and by roads from industrial areas to west and south. Currently laid out as parking and landscaping.	Council to consider allocation for non-employment use.
M8	Holborn Regeneration Area - Commercial Road / South of Laygate Street	South Shields	1.24	N/K	N/K	B1 / B2	RP	BF	N	2	4	3	1	1	2	3	3	5	5	3	Area of open space adjoining housing to south and separated by a road from the main part of Holborn Riverside Regeneration Area. Council own majority of site. Port owns riverside yard to west; a landscape buffer should be considered.	Council to consider allocation for non-employment use.
M9	Holborn Regeneration Area - Commercial Road / North of Laygate Street	South Shields	9.00	N/K	N/K	B1 / B2	RP	BF	N	2	4	3	1	1	2	3	3	5	5	3	Principal part of Holborn Riverside Regeneration Area and wholly owned by Council. Council promoting for office and residential development. The site is a regeneration priority and has Enterprise Zone status.	Council to consider allocation for mixed-use with employment component.
			<b>22.75</b>																			
<b>Potential Employment Sites</b>																						
P1	Land East of Lukes Lane, Monkton Fell (East) Hebburn	Monkton	3.52	85%	2.99	B1 / B2 / B8	RP	GF	Y	5	3	1	5	2	3	4	2	5	1	1	Grazing land. Knight Frank has been marketing with adjoining site E22 for industrial use since March 2015. Site requires access and infrastructure provision so whilst in an area where demand relatively strong, viability of development weak.	Council to consider allocating for employment and to consider funding required to bring site forward for development.
P2	Former Red Barns Garden Centre, West side of Mill Lane, Monkton	Monkton	1.94	85%	1.65	B1 / B2 / B8	IA	BF	Y	5	3	2	5	4	4	4	2	5	3	1	Former garden centre in Green Belt. Owner aspiration for B1/B2/B8	Council to consider allocating for employment, mindful of current designation
P3	Opposite Monkton South Business Park, Hebburn	Monkton	11.37	85%	9.66	B1 / B2 / B8	RP	GF	Y	5	5	1	5	2	3	4	2	5	1	1	Farmland in Green Belt. Owner aspiration for B1/B2/B8.	Council to consider allocating for employment, mindful of current designation
P4	Wardley Commerce Park, Follingsby Lane, Wardley	Monkton / Wardley	54.68	80%	43.74	B2 / B8	IA	BF	Y	5	5	4	4	3	4	3	1	5	2	1	Former coal handling depot in Green Belt which adjoins disused Leamside Line. Harworth Estates is marketing land to let. Current planning for rail loading head / mineral storage, container storage / anaerobic digester.	Council to consider allocating for employment, mindful of current designation
P5	North West of Testo's Roundabout	Boldon Colliery	34.40	75%	25.80	B1 / B2 / B8	RP	GF	Y	4	5	1	5	2	1	3	2	2	2	1	A prominent level greenfield site with frontages to the A186 and A19. The delivery of this site requires highway improvements to enable access from main road network. (Current access through housing estate). Given the scale of this site the cost of providing infrastructure will be substantial.	A very large site with substantial infrastructure costs that would compete with IAMP. Council to consider whether it is premature to allocate for employment.
P6	Rear of Shaftesbury Avenue, Tyne Point Ind Est	Bede / Simonside / Middlefields	0.59	100%	0.59	B2 / B8	IA	GF	Y	5	3	3	2	3	3	5	4	2	4	2	Grassed area on edge of industrial estate crossed by footpaths and adjoining housing.	Small area of open space adjoining industrial estate. Council to consider allocating for employment if resistant to release of land in Green Belt.
P7	West of National Grid sub-station, Hartford Road	Bede / Simonside / Middlefields	0.67	100%	0.67	B2 / B8	RP	GF	N	5	2	1	2	2	3	5	4	2	3	2	Adjoins National Grid Sub-station. Site crossed by UHV cables.	Forms buffer between housing and sub-station, topography unsuitable for employment.
P8	East of National Grid sub-station, Hartford Road	Bede / Simonside / Middlefields	0.81	80%	0.65	B2 / B8	RP	GF	N	5	4	2	2	3	3	3	4	2	3	2	Crossed by pylons and UHV cables. Could accommodate storage compounds if screened from housing.	Poor access through housing area. Council to retain as low grade open space.
			<b>107.98</b>		<b>85.76</b>																	