

# Bradford Metropolitan District Council **Employment Needs Assessment**

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# CONTENTS

- 1 INTRODUCTION..... 1**
- 2 POLICY BACKGROUND..... 2**
  - National policy and guidance..... 2
  - Regional/Local Strategies..... 6
  - Core Strategy ..... 7
  - Summary.....12
- 3 SOCIO-ECONOMIC BASELINE .....14**
  - Introduction .....14
  - Whole economy .....14
  - Employment Floorspace.....18
  - Population characteristics.....20
  - Businesses.....25
  - The distribution of jobs within the District.....27
  - Summary.....30
- 4 THE PROPERTY MARKET .....32**
  - Overview .....32
  - Background.....35
  - Office Market.....39
  - Industrial Market.....55
  - Summary.....80
- 5 DEMAND FOR EMPLOYMENT FLOORSPACE .....82**
  - Introduction .....82
  - Past Trends.....82
  - Labour Demand - Economic forecasts.....86
  - How much floorspace and land should the plan look for in total?.....93
  - How much industrial (Inc. smaller B8) floorspace and land should the plan look for in each sub area? .....95
  - How much office floorspace and land should the plan look for in each sub area? .....98
- 6 CONCLUSIONS.....100**

## TABLES

- Table 3.1 Businesses – unit numbers and change .....26
- Table 3.2 Bradford businesses by size band and broad sector, 2018 .....27

Table 3.3 Comparison of jobs by SIC sectors across Bradford sub-areas .....	28
Table 3.4 Average size of businesses by job sector and sub-area .....	30
Table 4.1 – SWOT Analysis of Bradford District .....	38
Table 4.2 – Take-up of office space in Bradford District (2014-2018) .....	47
Table 4.3 Office vacancy in the City Area .....	50
Table 4.4 – Office vacancy in the Aire Valley .....	51
Table 4.5 Office vacancy in Ilkley .....	51
Table 4.6 – 2018 Rental values for offices .....	53
Table 4.7 – Take-up of industrial space in Bradford District (2014-2018) .....	66
Table 4.8 – All industrial vacancy rate in Bradford District .....	69
Table 4.9 – All industrial vacancy rate in Bradford City Area .....	71
Table 4.10 – All industrial vacancy rate in Airedale .....	71
Table 4.11 – Review of industrial accommodation available in Airedale .....	72
Table 4.12 – All industrial vacancy rate in Wharfedale .....	75
Table 5.1 Job change by sector (Experian) .....	90
Table 5.2 Job change by B class .....	91
Table 5.3 Job change by sector (Cambridge Econometrics) .....	92

## FIGURES

Figure 3.1 Bradford workforce jobs, 2016 .....	15
Figure 3.2 Change in whole economy employment – Bradford, region & UK - 1997- 2016 ..	16
Figure 3.3 Location Quotient - Bradford jobs .....	18
Figure 3.4 Bradford office floorspace – 2001-2016 .....	19
Figure 3.5 Bradford industrial floorspace – 2001-2016 .....	20
Figure 3.6 Economic activity .....	21
Figure 3.7 Unemployment rates .....	22
Figure 3.8 Earnings – workplace and residence .....	23
Figure 3.9 Commuting to / from Bradford .....	24
Figure 3.10 Commuting in / out of Bradford .....	25
Figure 4.1 The geographical sub-market areas .....	33
Figure 4.2 Leeds City Region .....	36
Figure 4.3 South Bradford and M62 .....	37
Figure 4.4 - Quality of office space in Bradford City centre (July 2018) .....	41
Figure 4.5 – Example of modern and refurbished City centre offices .....	42
Figure 4.6 – Examples of offices in Little Germany, Bradford City-Centre .....	43
Figure 4.7 – Examples of Bradford Business Parks .....	43
Figure 4.8 – Examples of offices in Shipley-Saltaire .....	44

Figure 4.9 – HMRC offices in Shipley .....45

Figure 4.10 – Examples of new office development in Ilkley .....46

Figure 4.11 – Examples of office accommodation in South Pennines.....47

Figure 4.12 – Location of One City Park.....54

Figure 4.13 - Supply and vacancy of industrial warehousing nationwide .....56

Figure 4.14 – Kirklees District boundary and Keyland Developments site .....58

Figure 4.15 – Bradford District Topography .....59

Figure 4.16 – Examples of industrial space at M606 .....60

Figure 4.17 – Nano Park, Newhall Way.....60

Figure 4.18 – Examples of industrial space Bradford City.....62

Figure 4.19 – Examples of industrial space in Airedale.....63

Figure 4.20 – Examples of industrial space in Silsden.....63

Figure 4.21 – Examples of industrial space in Ilkley .....64

Figure 4.22 – Take-up of industrial space in Bradford District (2014-2018).....65

Figure 4.23 – Enquiries for industrial property (Jan 2018 – Jan 2019) .....67

Figure 4.24 – 106 Bowling Back Lane, Distribution Warehouse.....70

Figure 4.25 – Vacancy rate for Bradford District and M606 .....71

Figure 4.26 – Units 2 and 3, Ashlands Industrial Estate, Ilkley.....75

Figure 4.27 – Examples of space on the market in South Pennines .....76

Figure 4.28 Gain Lane Enterprise Zone.....77

Figure 4.29 – Potential new employment location, south Bradford ..... **Error! Bookmark not defined.**

Figure 5.1 – Past take up data 2008/9-17/18.....83

Figure 5.2 – Industrial take-up – BMDC compared with VoA .....85

Figure 5.3 – Past and forecast job change (total jobs) .....88

**APPENDICES**

- APPENDIX A ORGAINSACTIONS REPRESENTED AT THE STAKEHOLDER WORKSHOP
- APPENDIX B AREAS OF SEARCH
- APPENDIX C SECTOR-TO-SPACE MAPPING
- APPENDIX D BUSINESS DEVELOPMENT ZONES (BDZ)



# 1 INTRODUCTION

- 1.1 This report sets out the findings of an Employment Needs Assessment and Land Review (ENALR) study that will inform the Council's preparation of policies and allocations to support jobs and the economy in Bradford District, and help identify sites to allocate for employment use in a Partial Review of the District's Core Strategy and Site Allocations DPD.
- 1.2 The current Core Strategy was adopted in 2017, and has a plan period running to 2030. However, because of changes in national policy, chiefly the introduction of the Standard Method to identify the local housing need, the Council has embarked on an immediate review. Additional to the national planning changes, a further reason for an immediate review is that the employment evidence was published in 2011, with much of the base data from 2010 and earlier. 2010 is historic in evidence base terms, and was in the immediate aftermath of the worst economic crisis in living memory, and the period since has seen considerable change in both the macro and local economy, not least the aftershocks of the United Kingdom's 2016 decision to exit the European Union.
- 1.3 This combination of factors leads to the need to prepare updated employment evidence. This evidence considers the whole economy in broad terms, but in land use terms focuses on the B class activities – office (B1), industrial (B2) and warehousing (B8). The plan horizon will be extended to cover the period to 2037.
- 1.4 The study was undertaken in three broad stages:
1. First an evaluation of the context/background – the changing policy context and the socio-economic performance with consideration of national, regional and local influences, a review of the District's employment areas and the commercial property market more generally, and how the Core Strategy economy policies stand up to review
  2. Secondly, establishing potential future land and floorspace requirements for the B use class activities, and the geographical spread of this requirement.
  3. And thirdly, a review of the existing portfolio of employment sites and land allocations, with consideration of the balance between demand and supply to determine how much additional land is required and where this would be best located.
- 1.5 In this report Chapter 2 provides the policy background – national, regional and local and how current policy compares to changes in policy direction; Chapter 3 analyses the socio-economic indicators, and how the District has fared over time and against benchmark indicators. Chapter 4 sets out a detailed review of the property market; informed by extensive consultations and site assessments of the existing stock and allocated sites. Chapter 5 sets out the workings of the quantitative demand assessment. With all of the above informing the conclusions and recommendations in Chapter 6.

## 2 POLICY BACKGROUND

- 2.1 This chapter firstly sets out the current national policy and guidance for Local Authorities when planning for economic development and employment land.
- 2.2 Then the Chapter identifies the regional and local strategies that set the context both in terms of identifying economic issues and opportunities, and the local strategies that set the future policy direction for the District. Aligning local policies with the regional strategies is key to accessing regional funding and infrastructure provision opportunities.
- 2.3 Next, we review the existing employment policies in the Core Strategy to explore how compliant these are with national policy and guidance, and the direction of the regional and local economic strategies.
- 2.4 The purpose of the review is to provide direction in terms of how future policy and site designations / allocations in the Local Plan should respond to the thrust of the national and regional policy direction, and the opportunities available to the District.

### National policy and guidance

#### The National Planning Policy Framework

- 2.5 Updates to the National Planning Policy Framework were published in July 2018 and again in February 2019.
- 2.6 The Government's overarching economic objective for 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 Local Plans should apply a presumption in favour of sustainable development, which means they should: positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change (para 11)
- 2.8 In respect of economic development, as for all other land uses, the guiding principle is that Local Plans should create the conditions for economic growth and productivity improvements. This should take account of local business needs and wider opportunities for development. (para 80)
- 2.9 Opportunities are characterised as *building on strengths, countering weaknesses and addressing the challenges of the future*, and accords with the vision of the Government's Industrial Strategy that looks to improve employment productivity. (para 80)
- 2.10 Planning policies should do four things (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.*

2.11 The need to identify and make provision for the specific locational requirements of different employment activities is recognised. Specifically, the opportunity for clustering of knowledge and data driven activities and the differing accessibility requirements of different scales of storage and distribution activity. (para 82)

2.12 The need for support for the rural economy is identified, with policies and decisions enabling (para 83):

  - *the sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well-designed new buildings;*
  - *the development and diversification of agricultural and other land-based rural businesses;*
  - *sustainable rural tourism and leisure developments which respect the character of the countryside; and*
  - *the retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship*

2.13 The need to accommodate business needs beyond settlement boundaries is acknowledged, subject to key considerations such as being sensitive to the surroundings, being acceptable in terms of accessibility impact, brownfield if possible and well related to existing settlements (para 84).

2.14 Plans should be prepared positively, being both aspirational, but also deliverable, and be shaped by early, proportionate and effective engagement with inter alia businesses.

2.15 Plans must include strategic and non-strategic policies. Strategic policies can extend beyond a single Local Plan area, and should set out an overall strategy for the pattern, scale and quality of inter alia employment development, making sufficient provision of land to accommodate the need. *Strategic policies should look ahead over a minimum 15-year period from adoption, to anticipate and respond to long-term requirements and opportunities, such as those arising from improvements in infrastructure.* (para 22)

2.16 In terms of land allocations, the Framework states:

- *Broad locations for development should be indicated on a key diagram, and land use designations and allocations identified on a policies map. Strategic policies should provide a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed needs over the plan period, in line with the presumption in favour of sustainable development (para 23)*
- 2.17 In ensuring that the Local Plan is positively prepared the Framework highlights the importance of maintaining effective cooperation and collaboration on cross-boundary strategic issues between Local Authorities and other prescribed bodies such as the LEP. Two particular areas are highlighted – future infrastructure requirements and whether development needs that cannot be met in full in one area can be accommodated in another area.
- 2.18 Non-strategic policies can include site allocations as well as development management policies.
- 2.19 Policies should be underpinned by relevant, proportionate and up-to-date evidence, taking into account relevant market signals. Policies should be reviewed to see if they need updating at least once every five years, taking into account changing local circumstances or changes to national policy.
- 2.20 Planning policies should promote the effective use of land in meeting the objectively assessed needs for various types of uses, and in particular the use of brownfield land and under-utilised land and buildings (paras 117/18).
- 2.21 Regular reviews should be undertaken of land allocations and land availability to take account of the demand for land. Where it is considered there is no reasonable prospect of an application coming forward the land should be re or deallocated, and prior to the Plan update, applications for alternative uses should be supported where this would help meet an unmet need. (para 120)
- 2.22 Under the guise of making effective use of land the Framework advises Local Authorities to take a positive approach to applications for alternative uses on land that is currently developed, but not allocated (para 121). This is particularly relevant in areas of high housing demand. The approach does come with the proviso that in so doing this does not undermine key economic sectors or sites.

## Planning Practice Guidance

- 2.23 Revised guidance was published in February 2019, and guidance for planning for economic needs is set out in section 25.
- 2.24 This follows a brief period where the former guidance, in the ‘old’ PPG, was deleted and not replaced. In broad terms this ‘new’ guidance is similar to the old – it provides very little detail and is surprisingly short given the breadth of the topic in question.
- 2.25 The guidance acknowledges that national economic trends will not apply universally, and business needs will vary according to local circumstances and market conditions. Functional Economic Market Areas may extend over more than one Local Authority

area, and the assessment of need should reflect this, and LEPs can play a helpful role in such assessments.

- 2.26 In drawing up evidence on economic need the Guidance stresses the importance for engagement with the business community.
- 2.27 The evidence should cover:
- Best fit FEMA
  - The existing stock of employment land (by market segment and (possibly) sub-areas)
  - Recent patterns of gains and losses of employment land
  - Market demand and business requirements (for the different B use class activities, including identification of gaps in provision)
  - Projected growth in specific market sectors; and
  - Oversupply and market failure (preventing the land being used effectively for employment)
- 2.28 This last point is interesting in that is note of caution that the employment land supply should be deliverable (i.e. free of market failure) but also should not be oversupplied. An oversupply of land can depress commercial values to a point where development is not viable and resulting in 'market failure'. This re-conforms a long running thrust of national policy where land for economic needs was oversupplied and possibly constraining the scope for sites to be used for housing. The most obvious example of this was the removal of planning control via General Permitted Development Rights (GPDR) for conversions of property to residential.
- 2.29 The PPG goes on to state that data to estimate future employment need includes:
- Sectoral and employment forecasts and projections (labour demand)
  - Demographically derived assessments of future employment needs (labour supply)
  - Analysis of 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.
- 2.30 Guidance is provided on the method for turning jobs (by SIC categories) into jobs by use class (the separate B use classes), and then jobs to floorspace (by applying employment densities) and floorspace to land (by applying plot ratios).
- 2.31 Understanding the employment needs for the B class sectors will help with the consideration of individual sites, ensuring sites are allocated for the most appropriate use, and meet the reasonable prospect test.

## Regional/Local Strategies

### Leeds City Region, Strategic Economic Plan 2016-2036

- 2.32 Prepared for the City Region LEP and the West Yorkshire Combined Authorities in 2016, the Plan's objective is to promote 'good growth' that combines innovation and productivity to deliver more and higher value jobs.
- 2.33 The Plan sets challenging jobs and productivity targets with the objective of raising economic output to lift the region (the second largest regional economy in the country) from being a negative to a positive contributor of the UK economy.
- 2.34 Four priority areas are identified, including:
- Growing Businesses includes initiatives to expand the region as a global digital centre, with opportunities for data storage, analytics and digital health/tech;
  - Skilled People and Better Jobs – widen employment, skills, apprenticeships and progression opportunities; and increase high skills levels and close the gap to UK average;
  - Clean Energy and Environmental Resilience – targeted investments and innovation leading to make climate change adaption and high quality green infrastructure intergral to improving the Leeds City Region economy;
  - Infrastructure for Growth – better connectivity through delivery of transport schemes, promoting regeneration to improve environments and increase housing delivery.
- 2.35 The Plan identifies that the District is well positioned to exploit the digital tech opportunity because of the Digital Catapult at the University of Bradford. The potential in Airedale for creative and digital industries is also referenced.
- 2.36 Transport improvements identified include better access to Leeds-Bradford airport. Something of key importance and consideration for the District, the Plan refers to proposals to allocate 36 hectares of high quality employment land adjacent to the airport that could deliver 5,500 jobs (in Leeds UA).
- 2.37 The Plan refers to Bradford as the 'Producer City', with above average concentrations of production business and employees across manufacturing, energy and utilities. It's strengths also include major company office headquarters for businesses in retail, finance and advanced engineering and again references its strengths in digital technologies. The new Digital Health Enterprise Zone has been defined to help promote innovation and jobs in this sector.
- 2.38 The Plan points to close to £1b of investment in the pipeline to help deliver good growth in the District.
- 2.39 The Plan also identifies spatial priority areas that include the City centre as an urban growth centre and three of the nine employment growth areas within the M62 Corridor Enterprise Zone (EZ) – Gain Lane, Parry Lane and Staithgate Lane. The Plan refers



to the potential for the EZ to deliver jobs in the advanced and innovative manufacturing sector, and to act as a catalyst for further regeneration.

## Economic Strategy for Bradford – 2018-30

- 2.40 The Strategy identifies the key challenge to be raising productivity (GVA), which currently is almost 50% lower than the UK average. Skills and training are key areas to address this. The strategy's ambition includes creating an additional 20,000 jobs by 2030, a target set to raise Bradford's employment rate in line with the UK average. It also aligns with the existing Core Strategy growth target of 1,600 jobs per annum.
- 2.41 The importance of identifying land for employment development is acknowledged in the Strategy. However, the Strategy identifies the challenges to economic growth, which are connectivity issues and the quality of the employment stock/built environment. The strength of the commuting links with Leeds is identified (a total of 44,000 commuters<sup>1</sup>), and the general connectivity issue, and lack of mainline rail specifically, as reasons affecting business locational decisions and property values, which has led to low volumes and low values of property transactions.
- 2.42 In terms of sites, One City Park is referenced where a development partner is actively being sought for an 8,800 sq m office development, and the Shipley Corridor is identified as a location with potential to be a growth hub for digital industries.

## Core Strategy

- 2.43 The 2017 Core Strategy key strategic economic objective is to exploit the role of the City, towns in Airedale & Wharfedale for economic growth. The Plan also has a general objective to support the growth of indigenous firms and attract inward investment in the high value creative, innovative and knowledge-based industries, an objective in line with the latest NPPF.
- 2.44 These strategic economic objectives are underpinned by a number of spatial priorities, including transforming the economic conditions, with a focus on the City, Canal Corridor, Shipley and Airedale, optimising economic opportunities linked to the airport and more generally the Leeds City Region.
- 2.45 Specific emerging economic clusters are identified as providing potential for growth, such as the "design and technology and niche manufacturing industries across the District, and the digital and media sector in Airedale" para 5.1.11
- 2.46 The policies to support the economy and jobs firstly (Policy EC1) set the overall strategy (in line with the NPPF), and the other policies (EC2-4) have two main thrusts – identifying the scale and distribution of new employment land, and support for existing employment uses and their growth.

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<sup>1</sup> the Strategy doesn't point out that this is predominantly towards Leeds. This is considered in the next section of this report.

2.47 The Core Strategy sub-area policies overlap with the thematic economic development policies by identifying appropriate areas where economic development should be targeted. In addition to the areas noted in para 2.44 above, the plan's sub-areas refer specifically to:

- opportunities at Apperley Bridge linked to a rail upgrade – from stop to the provision of a railway station at the Appleby Bridge. Immediately to the north is the Esholt Sewage Treatment Works and the Esholt Business Park, where substantial tracts of former sewage treatment works are redundant and potentially available for other uses;
- Silsden Rural Business Park, and
- Ilkley (none-site specific location).

2.48 In this study the property market assessment work will be particularly relevant in regard to the sub-areas, as it operates at a sub-district level, and will provide an understanding of what sectors are changing in which way in the District's four sub-areas.

*Policy EC1 Creating a successful and competitive Bradford District economy within the LCR*

2.49 EC1 “sets the overall context and direction in which strategies and initiatives are applied, in terms of targets, spatial location, development management, business support and job creation” para 5.1.7. It identifies the range of improvements and opportunities that will deliver and manage economic growth through other policies. The key opportunities for delivering growth highlighted in the Plan are the youthful and growing labour force and economy largely comprising of small enterprises. The Plan also identifies (para 5.1.10) fundamental weaknesses in the economy - above average unemployment and worklessness, below average skills and wages and comparatively modest private sector jobs growth. These are key systemic issues that are fundamental to the District's ability to deliver growth, and we review these factors in the next section of this report.

2.50 The Plan (para 5.1.11) recognises the scale of the challenge, referring to what is needed to address the weaknesses as “transformational change”, where investment in regeneration and infrastructure is key as well as training and up-skilling the workforce.

2.51 In monitoring outcomes, the key measures are the employment rate and new business registrations. In the next section of the report we review the employment rate indicator, but looking at a longer time span rather than only the one year's post-adoption data.

2.52 Policies EC2 and EC3 add the specifics to the broad overarching strategic policy (EC1). These policies identify the target job creation, the overall land requirement and the desired distribution of the land.





### *Policy EC2 Supporting business and job creation*

- 2.53 EC2 supports the creation of 1,600 new jobs (all classes) per annum, and seeks to allocate a range of sites for general employment, totalling to at least 135 ha. The job creation target was derived from an economic forecast, but the land requirement is based on past trends with employment land take up [B class only averaging nine ha pa, which over the 15-year plan period equates to the 135 ha requirement]. The metrics to measure the performance of this policy are the jobs and floorspace created, and ensuring that there remains sufficient land allocated.
- 2.54 We will review delivery against these targets using the historic (actual) jobs data provided by the Economic Forecasters that is from national data sources.
- 2.55 The policy supporting text refers to the available supply, which was 116 ha (in 2014), but less than half of this, circa 52 ha was considered to be “*potentially suitable*” (para 5.1.16). The Plan addresses the shortfall by stating that the “numbers” and sites will be reviewed through the progression of the Site Allocations DPD.

### *Policy EC3 Employment land requirement*

- 2.56 The distribution of the employment land requirement to meet the strategic objectives is addressed in Policy EC3, and the vast majority (100 ha of the 135 ha) is needed within the City of Bradford, 30 ha in the Airedale Corridor and the remaining 5 ha in the Wharfedale Corridor.
- 2.57 The potential sources of supply are identified. In addition to unimplemented permissions and the remaining allocated deliverable sites (allocated in the RUDP), are sites in Strategies/masterplans and potential ‘new’ sites that could include Green Belt release. The measure of performance will be the floorspace created and the continued allocation of sufficient land.
- 2.58 The supporting text to EC3 refers to five economic areas within the District, and the key business sectors in these:
- Wharfedale - Health, Financial and Business Services
  - Airedale - Manufacturing, Retail, Wholesale
  - City of Bradford - Retail, Financial and Business Services, Public Services
  - Pennine Hills - Education, Hotels/Restaurants
  - South Bradford - Manufacturing, Distribution

- 2.59 The property market assessment work-stream is of critical importance to the review of the suitability of the available supply, and identifying from where future supply should be directed. Additionally, it will review and consider the scale of the potential of these industries in each of the sub-areas.

### *Policy EC4 The Sustainable Economic Growth*

- 2.60 Policy EC4 provides the approach for assessing the suitability of future land supply, and a restrictive managed approach to the consideration of release of the existing stock of employment premises. The approach sets out criteria that any proposals for

non-employment uses need to be considered against, and these can be summarised as criteria to evaluate if the site is in a location that is desirable and suitable for employment use, and particularly a criterion that considers market attractiveness. In this regard the two-year marketing period at local (realistic) land values (rents) is applied, which is sensible.

- 2.61 The policy also continues the employment zone approach from the RUDP, whereby within these areas non-employment uses will only be considered suitable where they are complementary to the employment function in the zone. A further key element of this policy (E) is to ensure appropriately locates sites/premises are available for the priority business sectors / clusters. Support will also be provided to diversify and strengthen the rural economy.

## 2005 Replacement UDP

- 2.62 The RUDP saved policies E1, E2 and E6 identify employment sites and areas to protect. The policy wording has been superseded by Core Strategy EC4, but the sites and areas remain designated until the Site Allocations DPD and Area Action Plans are adopted.

## Bradford City centre Area Action Plan

- 2.63 Adopted in December 2017, the AAP's business objective is to create:

*A thriving economy with new office developments, and a growth in innovative and creative industries through technological enhancements. Objective 5*

- 2.64 The AAP points to a restructuring in the local economy over the past 20 years from 'making and trading' to professional services, and the ring of industry around the City centre, and large employers "largely absent from the City centre"<sup>2</sup>. At the City region level forecasts indicate the main growth sectors will be financial and business services, public administration, health and education; sectors that are mainly office based.
- 2.65 The AAP proposes to create a business district (No.1 City Park), and to deliver 6,000 office jobs between 2015 and 2030<sup>3</sup>. The office floorspace requirement for this number of jobs net of surplus vacant space is 59,200 sq m, and the potential supply from City centre sites is 76,000 sq m, which the Council (and Inspector) found acceptable<sup>4</sup>.
- 2.66 The scale of the challenge faced is set out in the AAP that while referring to recent development of speculative as well as pre-let office development, also points to relatively low rents in the City (and across the District) compared with the other LCR cities.

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<sup>2</sup> AAP para 4.50

<sup>3</sup> Policy B1

<sup>4</sup> BMDC Office Space Methodology Paper for the Bradford City Centre Area Action Plan, 2016



- 2.67 The property market assessment chapter of this study reviews achievable rents and whether these are at viable levels for refurbishment or new build office. We also review the number of office jobs delivered to date (2015-2017 (latest data)) and how much office floorspace has been delivered.

## Shipley and Canal Road Corridor Area Action Plan

- 2.68 This AAP was also adopted in December 2017.
- 2.69 An AAP objective is to support sustainable economic growth by protecting and enhancing established employment areas and promoting a wide range of high-quality economic development opportunities within the Corridor. The AAP acknowledges that modest growth is forecast for the area.
- 2.70 New employment is encouraged in the AAP area (office in Shipley town centre, but industrial activities more generally). The Canal Road Employment Zone will be safeguarded and where possible enhanced.

## Site Allocations DPD

- 2.71 The DPD is currently at an early stage of preparation, and will need to identify land to meet the requirement identified in the Core Strategy Review to 2037.
- 2.72 An Issues and Options consultation was undertaken in 2016. The consultation referred to the land need for employment (and other land uses), and identified possible development sites. In regard to employment land the consultation paper highlighted the findings of the 2011 ELR that many of the sites in the existing supply were unsuitable because they were too small, constrained or in areas of low market demand. It also drew on the ELR recommendation that the focus for future economic development should be Bradford's main urban area (particularly in the southern sector of the city), Airedale and in proximity to Keighley and Ilkley.
- 2.73 All undeveloped employment sites were included in the Issues and Options as possible development sites (not just for employment), to identify if alternative more appropriate uses might be considered. The consultation sought to identify which of the existing sites are suitable for employment, any other sites suitable for employment, if employment zones boundaries are appropriate and if more zones needed defining.
- 2.74 The responses to the consultation were published in May 2019 and responses to the question as to whether new employment areas need to be defined were small in number but overwhelmingly of the view that no more were needed. A total of 56 sites were proposed for development, and a similar number of existing sites submitted for boundary changes. An unspecified number of these sites are potentially suitable for employment use. All these sites will now be subject to assessment using a criteria based method that was also subject to the consultation. The outcome of the review will feed into the preparation of the next stage of the Plan - the Allocations Preferred Approach. It is too early in the process for these potential allocation sites to be considered in this study.

## Summary

- 2.75 In this section we have set out the thrust of national and regional policy and how local policy needs to respond.
- 2.76 The four current Core Strategy economic policies (EC1, EC2, EC3 and EC4) generally respond to the four requirements of the NPPF. The policies set out a detailed vision and strategy that is linked to local strategies and is very wide ranging in terms of the sectors where opportunity lies. The NPPF requirement to be flexible to change is addressed through firstly the support for a very wide range of industries (identified in EC1), but also the potential sources of land that includes Green Belt should it so be required. However, there are a number of areas Policies EC1, EC2, EC3 need to be revised to reflect the following:
1. **Updated Employment Land Requirement and potential need for Strategic Employment Sites** – A number of updates have occurred to economic forecasts and changes to the economic climate (e.g. Brexit) since the producing the previous version of the Employment Land Review. This report will also review the portfolio to see if there are Strategic sites within the supply, or whether these need to be identified in the future.
  2. **The need to identify growth opportunities and barriers to investment** – Updates to growth opportunities based on outputs of Economic Growth Strategy 2018 - 2030, data and knowledge driven recommendations for targeted growth sectors, and opportunities arising from infrastructure investment; and how to overcome issues deterring investment;
  3. **Potential updates to the ‘best fit’ FEMA** – The report will address the robustness of four sub-areas as defining Bradford’s FEMA. The remaining evidence and data requirements specified in the ‘Guidance are standard components needed to undertake employment demand and supply assessments and are addressed in this report.
  4. **Need to align with and take forward the recommendations of the Council’s emerging ‘People, Skills and Prosperity Plan’** – The initial outputs from this report are highlighting some serious deficiencies within the skills base of the working age population of Bradford; and the need to take steps to remedy this to ensure people are trained to appropriate levels to realise opportunities as they arise through economic growth.
- 2.77 In regards to the Site Allocations DPD, the key considerations and recommendations of this report will be the availability of land to meet the identified need, and the assessment of supply needs to be undertaken against the Framework’s ‘reasonable prospects’ test. This is particularly relevant for Local Planning Authorities such as Bradford that propose to carry forward allocated sites from previously adopted plans. An important stage of this study will therefore be to review the supply of sites against this test.

2.78 Having assessed the suitability of the land supply, should the need for employment land in quantitative terms be found to be relatively low (which is a possibility), to provide the degree of flexibility required by the NPPF, there must be opportunity for sites not allocated for employment use to come forward. However, such a policy needs to be carefully worded so as not to simply demonstrate that a site has development potential for employment, only to be later ‘flipped’ to another higher value use.

## 3 SOCIO-ECONOMIC BASELINE

### Introduction

3.1 In this section we analyse the economic strengths and weaknesses of the Bradford economy. The purpose of assessing the District's socio-economic baseline is to understand its role and function now and how this could change in the future. Without an understanding of the baseline we cannot know how effective the existing policies are, and how policies should change in the future. For example, whether the residents are already fully employed in high value sectors within the District or need to commute elsewhere to work and bring home higher wages than available locally, will guide the policy approach. We will review and analyse the characteristics of the District's economy and population as follows:

- Jobs within the whole economy,
- Past changes in employment floorspace,
- Key population characteristics,
- Business characteristics, and
- Distribution of jobs at sub-District level.

3.2 The '2011 ELR Update' report provides a baseline to monitor change over the best part of a decade. It was undertaken in the midst and immediately after the economic crisis, but we can usefully make comparison with 2011, as is the case with regional and national data again, wherever possible.

3.3 Our analysis uses data from a range of source including Experian Economics<sup>5</sup>, the ONS via the National Online Manpower Information System (NOMIS) and the Business Register and Employment Survey (BRES), Inter-Departmental Business Rates Register (IDBR), and from the Valuation Office Agency (VOA).

### Whole economy

3.4 We start by looking at the total number of jobs in Bradford's economy using the latest actual data (2016<sup>6</sup>), and then how this has changed over the mid-term (since the late 1990s – a period of 20 years). Then we look at job categories and floorspace focusing on the B class uses – office (B1), industrial (B2) and warehousing (B8).

3.5 The whole economy comprises of some job sectors where job change is linked directly to population – such as the public sector, retail and accommodation and leisure services. This means, if the population rises there is an increased need for

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<sup>5</sup> Experian Economics are one of the three main forecasting houses in the UK. The others being Cambridge Econometrics and Oxford Econometrics.

<sup>6</sup> 2016 is the latest year to be based on actual data rather than a forecast

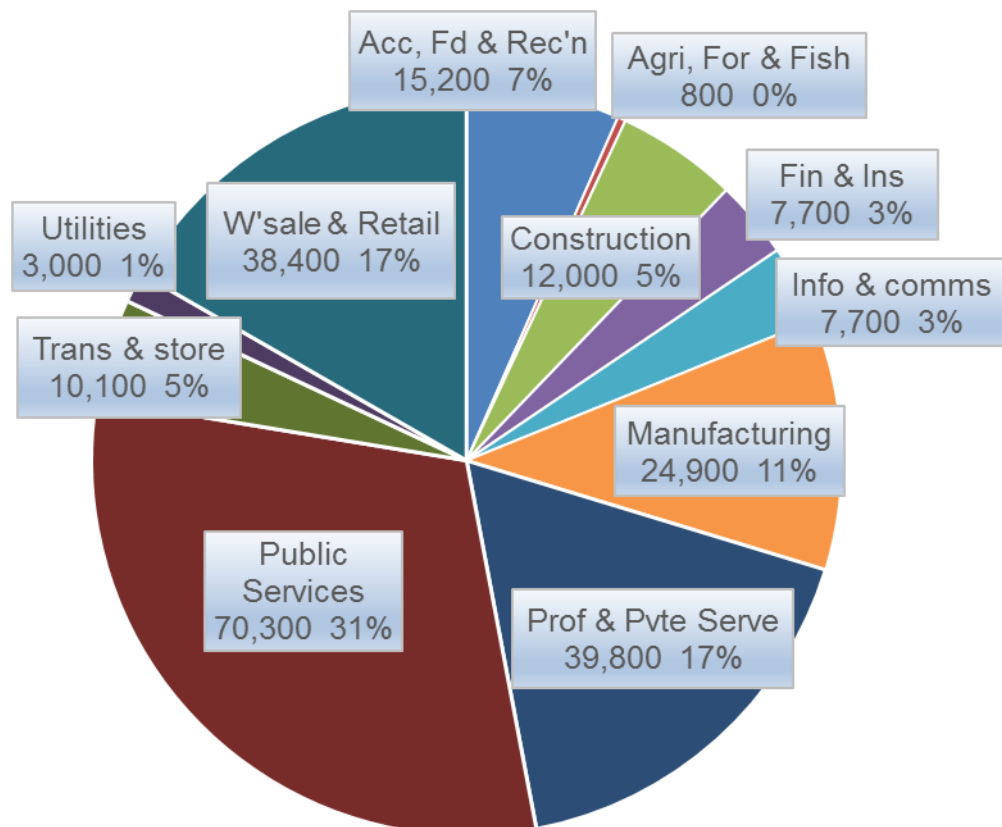
more teachers, shops, restaurants, hotels etc. The other significant part of the economy comprises of the B use class activities, which are not directly linked to population, but will flex according to the strength of the economy, productivity and change in markets.

- 3.6 The B use classes under consideration in the study are B1 (Office), B2 (Industrial) and B8 (Warehousing). It is this B use class activity that the Council needs to plan for in the employment land requirement because positive economic change generally leads to an immediate need for floorspace within B1, B2 and B8. The assessment of employment land need in this study is confined to the B class uses, as very different approaches are used to assess the need for land for 'non-B class' uses, such as retail and leisure<sup>7</sup> and these uses will be assessed in other such studies.

### Sector structure and size

- 3.7 The Figure 3.1 below identifies the number and proportion of jobs in Bradford in 2016 by broad employment sectors.

**Figure 3.1 Bradford workforce jobs, 2016**



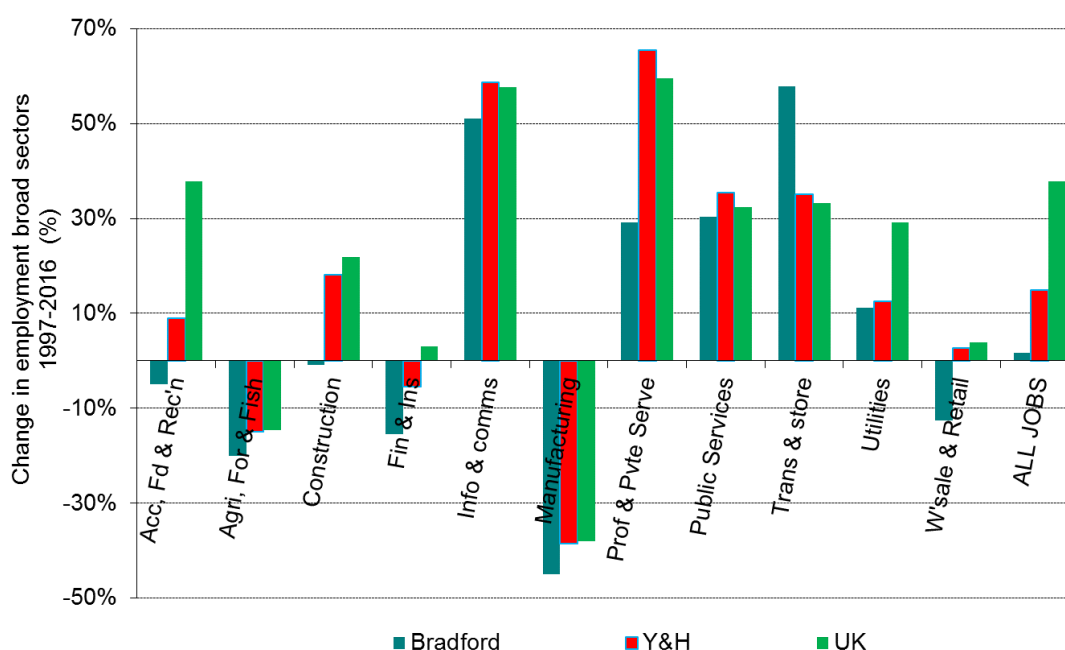
Source: Experian (version: Dec 2018)

<sup>7</sup> See emerging Retail and Leisure Study 2019 – due for publication August 2019.

3.8 The whole economy supported 229,900 jobs in 2016 (up from 192,000 in 2010 as reported in the 2011 ELR Update) with the public sector accounting for the largest share (31%). Figure 3.1 below gives a full breakdown of the number of people employed within the major business sectors, with Retail, Professional Services and Manufacturing dominating. It is not uncommon and the general ‘rule of thumb’ is that around 50% of jobs in a local economy are outside the B classes. It is also generally the case that this non-B class employment grows faster than the collective B classes – a point we return to later. For reference the 2018 forecast<sup>8</sup> total number of workforce jobs is 227,800.

3.9 Figure 3.2 below compares sector change in Bradford over the 20-year period against the region and the UK.

**Figure 3.2 Change in whole economy employment – Bradford, region & UK - 1997- 2016**



Source: Experian (data version: Dec 2018)

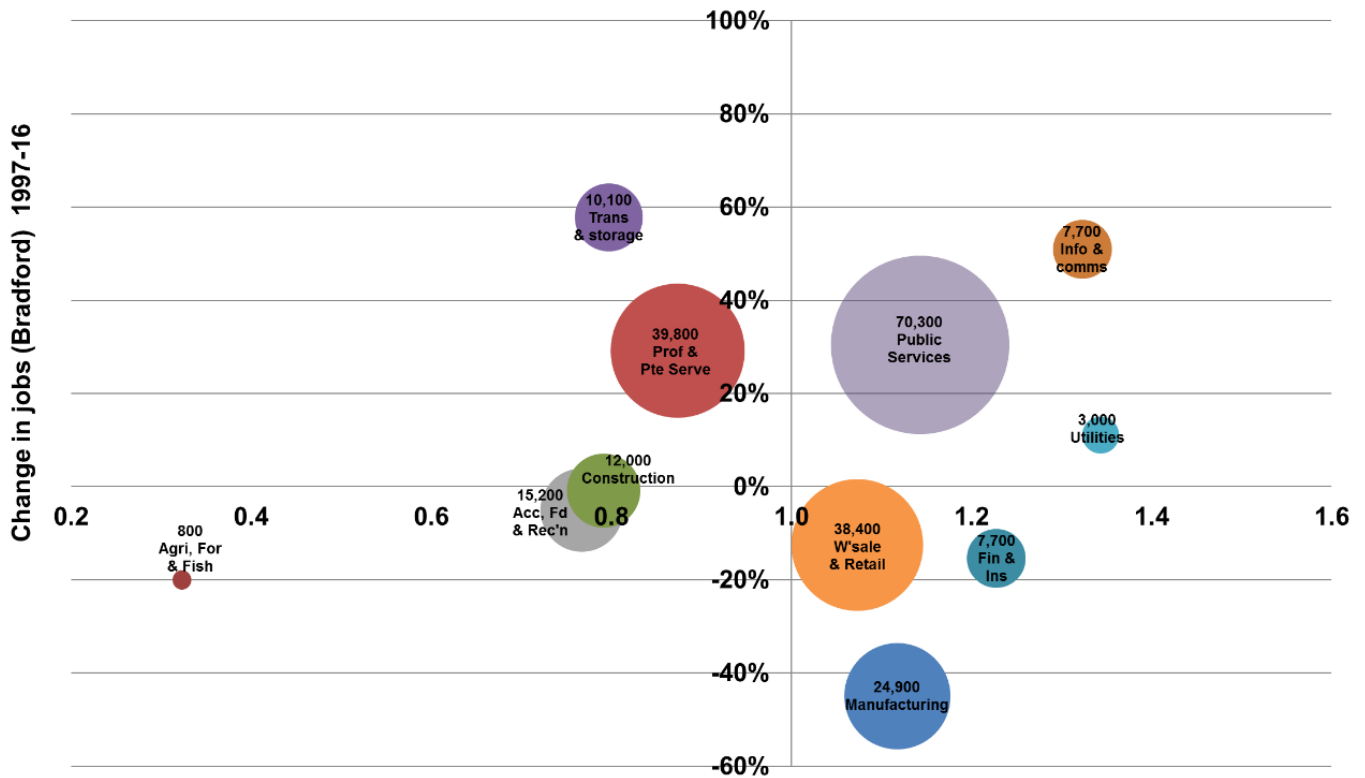
3.10 It is clear from the data above that overall Bradford has lagged behind the region and UK, with growth in the three largest sectors (public services, wholesale/retail and professional and private services - as shown in the figure 3.1 above) at lower levels and particularly professional and private services where growth is half that achieved regionally/nationally. Indeed, wholesale/retail jobs have declined in Bradford compared to a marginal increase regionally / nationally. The decline in the manufacturing sector has been more rapid than the benchmarks. Overall, change in total job numbers for Bradford over the past 20 years (as shown ‘ALL JOBS’ column) has been virtually flat, trailing the region and the UK.

<sup>8</sup> 2018 is forecast because the latest actual data from official sources is for 2016.



- 3.11 Below, in the Location Quotient (Figure 3.3) we look at the provision of jobs in Bradford by sector (as a proportion of all jobs) compared to the regional benchmark, to determine if sectors are over/under provided. Figure 3.3 also identifies the size of the sector (circle size) and the percentage growth over the 20 years from 1997. The mid-point on the horizontal axis (1.0) denotes the regional average job number for each sector.
- 3.12 The quadrant denoting strong sectors that have grown over the past 20 years is top right, and we see the public sector is the main sector here, with info /comms and utilities both having high representation and having reasonably strong growth, but being small sectors. The chart starkly illustrates the scale of the decline in manufacturing which has almost halved in 20 years from 45,200 jobs in 1997 to 24,900 jobs in 2016 (as illustrated on **Error! Reference source not found.** above). However, the data indicates that the job losses in manufacturing have slowed post-recession. This finding is consistent with the 2011 ELR that predicted a future slow-down in manufacturing losses and forecast numbers would stabilize at 22,000. The latest Experian forecast data remains consistent with this forecast, with manufacturing jobs forecast to be between 22-23,000 jobs into the 2030s.
- 3.13 Figure 3.3 also illustrates that sectors with significant B class space requirements are comparatively under-represented, with professional and business services, construction and transport/storage running behind the regional average. These are sectors where there is scope to grow jobs, particularly the latter two sectors that generally have a more local focus. While professional/business services in Bradford is somewhat limited by the strength of this sector in Leeds, it is nevertheless a large sector that takes both a local and wider role.

**Figure 3.3 Location Quotient - Bradford jobs**



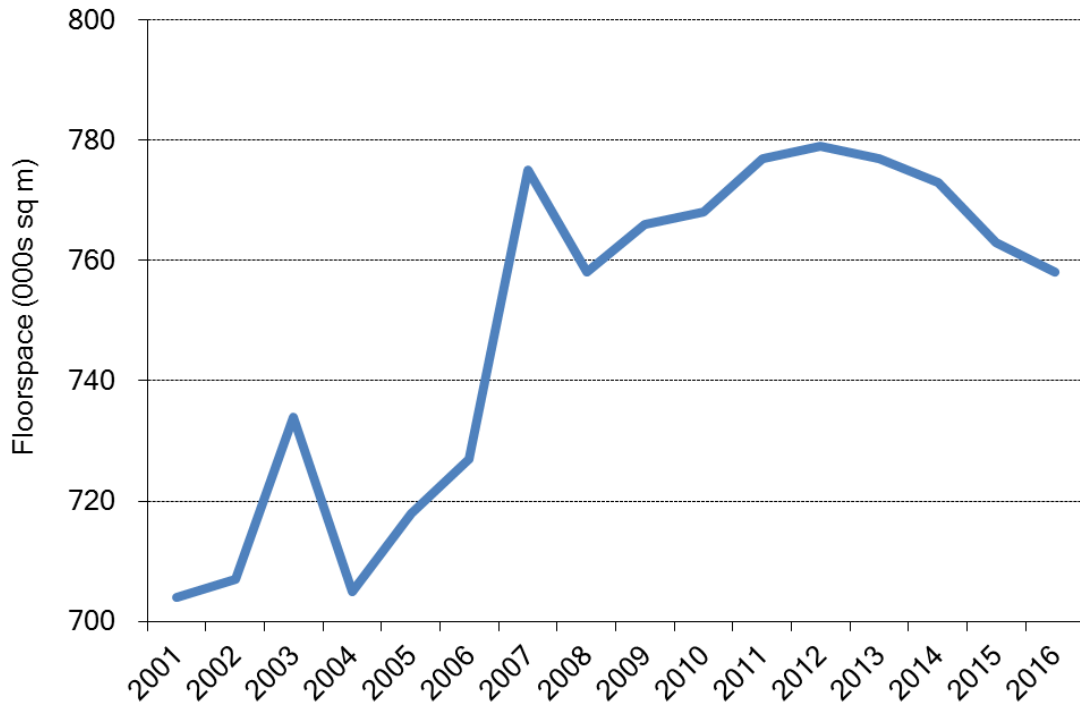
**Bradford jobs by sector 2016 relative to Y&H (1= Y&H average)**

Key: Number in circle = jobs in 2016, Horizontal (X) axis = proportion of jobs relative to benchmark and Vertical (Y) axis = change in jobs in identified area between dates. Source: Experian (version: Dec '18)

## Employment Floorspace

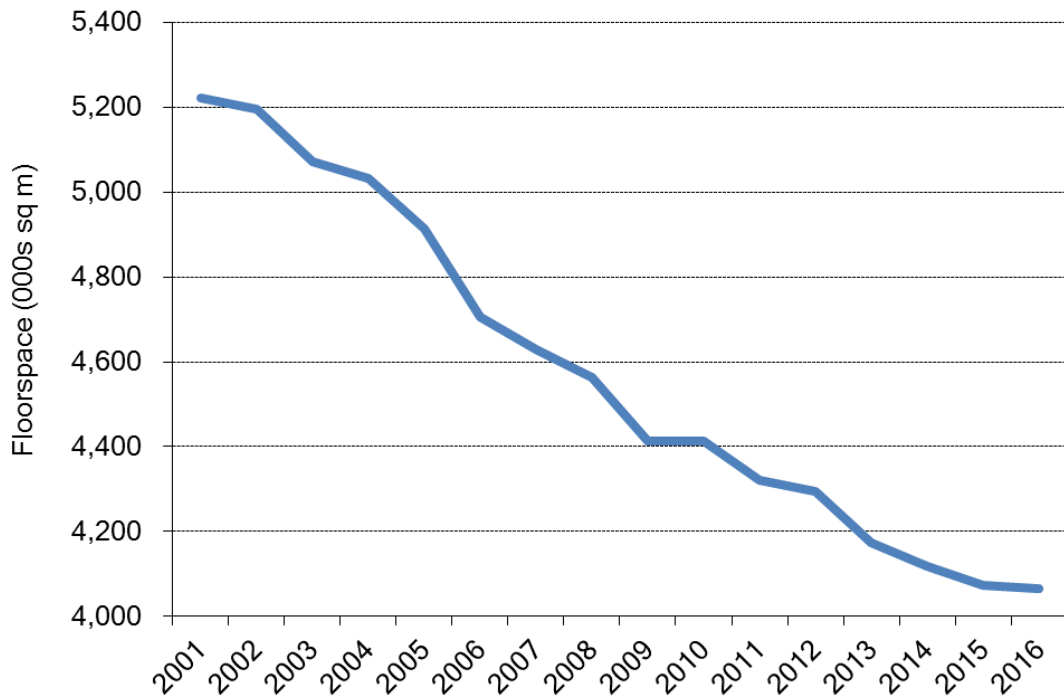
- 3.14 The Valuation Office Agency (VOA) records floorspace statistics, the current dataset covers 2001-2016, and is a reliable data source because businesses have a financial interest in getting the data right for their property as this directly relates to rateable values. Floorspace is recorded for office (B1) and industrial classes (B2 & B8) (the latter combining manufacturing and other industrial uses with warehousing).
- 3.15 The two charts below (Figure 3.4 and 3.5) show office and industrial floorspace over the 15-year period since 2001.



**Figure 3.4 Bradford office floorspace – 2001-2016**

Source: VOA Business Floorspace Statistics to 2016, published Dec 2016

- 3.16 Office floorspace increased by around 10 per cent between 2001 – 2012, but has since declined back to 2008 levels, even though the sector did recover and began expanding in years immediately following the financial crisis. This reduction in floorspace (20,000 sq m between 2012 and 2016) is marginal at circa 3% in the context of overall stock levels. It is unclear what has driven the decline, but we note that the reduction coincides with the introduction of permitted development rights for change of use from office to residential that in many areas has led to losses in stock. These dates also coincide with the Council's rationalisation of its office accommodation across the District, with sites such as Jacobs Well, Futures House, Olicana House etc. being vacated and subsequently demolished or redeveloped for alternative uses. This may have also coincided with the business practices of other organisations at a similar time.

**Figure 3.5 Bradford industrial floorspace – 2001-2016**

Source: VOA Business Floorspace Statistics to 2016, published Dec 2016

- 3.17 The decline in industrial floorspace over these 15 years has reduced the stock by just over one million square metres, or by approximately 20%. This is a net figure, accounting for gains minus losses. The composition of the overall space will have changed<sup>9</sup>, with a larger proportion of warehouse space (for example the M&S distribution depot) and reduced industrial (mill building sites being demolished and cleared), with more efficient space replacing old space no longer fit for purpose. The job losses in the manufacturing sector referred to at 3.12 above are clearly reflected in the decline in industrial floorspace. However, 4 million square meters of industrial floorspace remains a very large stock with only Leeds of all the authorities in the region having more industrial space<sup>10</sup>.

## Population characteristics

### Economic activity

- 3.18 The latest data (2017) indicates there are 329,300 people of working age (16-64 years)<sup>11</sup>. This is an increase of 1,400 over the 2010 figure quoted in the 2011 ELR Update (327,900), and suggests population has grown much slower than anticipated in 2011 when the forecast for 2033 was 376,600.

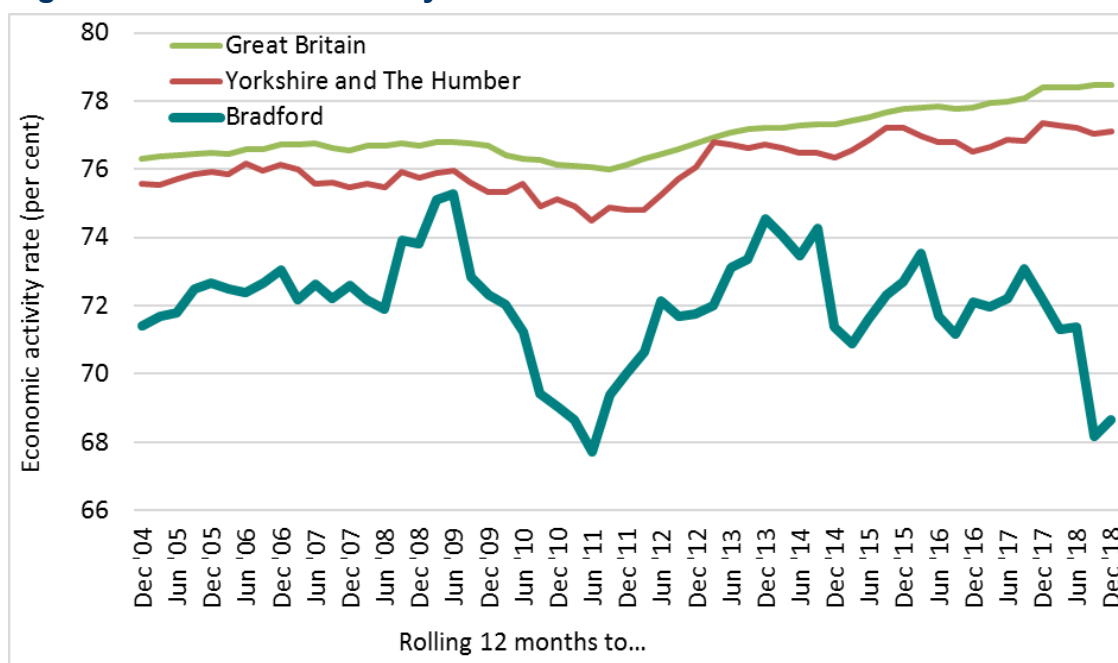
<sup>9</sup> the headline VOA data does not provide a breakdown between the quantum of industrial and warehousing floorspace

<sup>10</sup> Source: VOA Business Floorspace Statistics (Dec 2016)

<sup>11</sup> Source: ONS Mid-year population estimates

- 3.19 Figure 3.6 below shows Bradford's economic activity rate<sup>12</sup> has been consistently lower than the region and GB over the period for which we are able to access data (since 2004). The regional and national figures are relatively smooth, but at district level we see much more movement, and in particular the impact of the economic crisis where at its lowest point the rate, around the time the 2011 ELR update was prepared, it was almost 8 points below the pre-crisis high and the regional average.
- 3.20 Whilst the rate did recover post economic-crisis, it has fallen sharply since the end of 2017, which is inconsistent with the regional and national trend, and the gap between Bradford and the benchmarks is now at its widest point over that period - 10 points below the GB rate.

**Figure 3.6 Economic activity**



Source: ONS Annual population survey (latest data) – for the 16-64 age band

## Unemployment

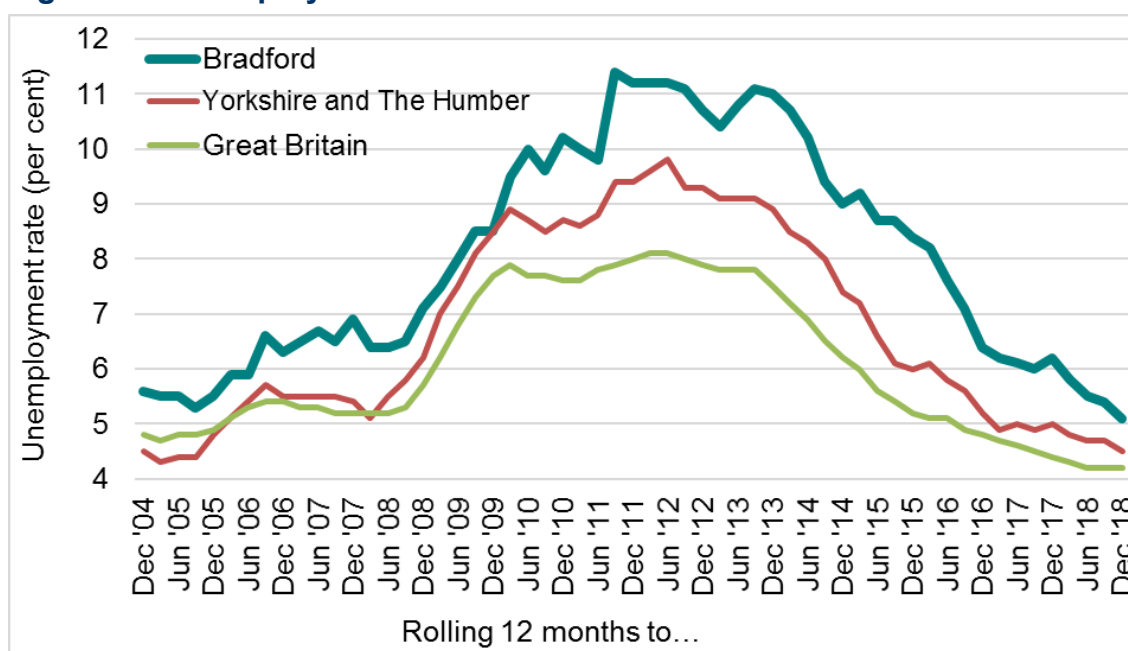
- 3.21 The rate of unemployment in Bradford was very close to regional and national averages until the economic crisis took hold. From 2010 onwards unemployment rose faster than the benchmarks, and has consistently been between 1-2 points higher. In unison with the region and GB Bradford's unemployment rate has fallen steadily since the end 2012 to around 5% in Dec 2018, which is the lowest rate over the whole 14-year period, and is now less than 1% above the benchmarks.
- 3.22 Given economic activity rates and unemployment are linked, it is surprising that we don't see an increase in unemployment to match the sharp decline in economic

<sup>12</sup> Economically active means people who are either in employment or unemployed, and the rate is expressed as a percentage of all people.

activity in the last few months. But all data carries a large margin of uncertainty and so one data source may be revised or another could 'catch up'.

- 3.23 The longer term 'message' is that on both counts, economic activity and unemployment, the District lags behind the benchmarks.
- 3.24 These data sets indicate that past economic under-performance was not the product of a labour supply constraint, as there is clearly sufficient workers to fill the jobs, and no need to boost the supply of labour (people). This is especially reinforced when examining the breakdown of economic activity within Bradford, with 68% the working age population in employment, a 5% unemployment rate and approximately 25% of people do not want a job or not actively seeking employment. This highlights the significant amount of labour capacity within the working age population to absorb any uplift the Council will consider to the baseline jobs and employment land figure.

**Figure 3.7 Unemployment rates**



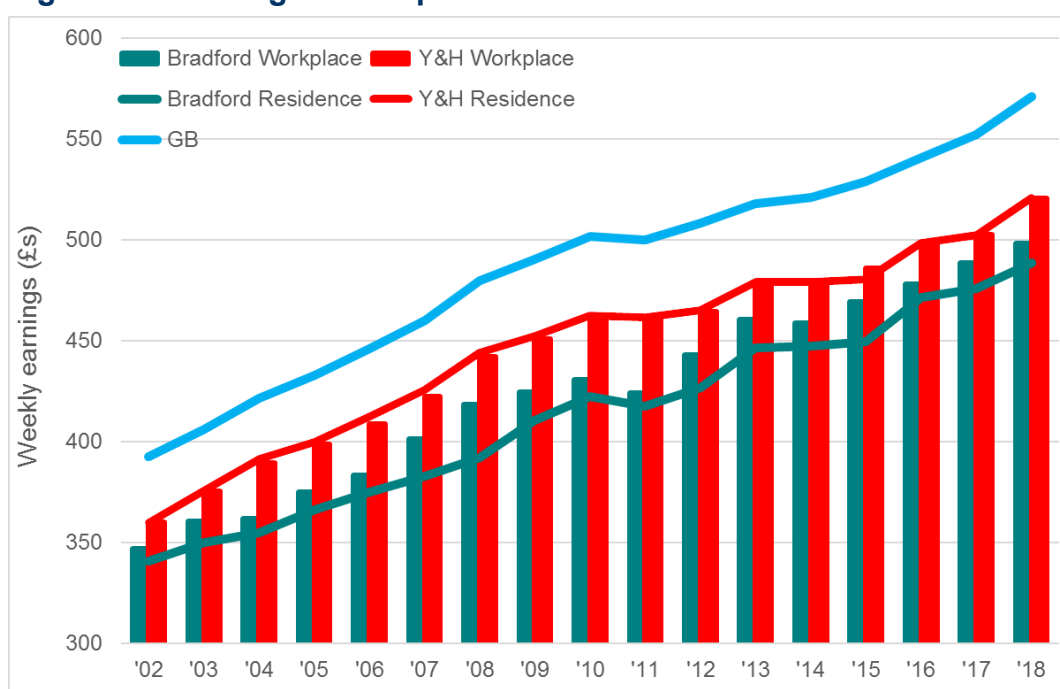
Source: ONS Annual population survey (latest data) – for the 16-64 age band

## Earnings

- 3.25 Comparing residence and workplace earnings allows us to see if average wages are higher in or out of the District, giving an idea of the quality of jobs and with commuting data overlain we can identify the scale and direction of work-related commuting flows. Figure 3.8 below compares workplace (bars) and residence (lines) for the District and region and also shows GB earnings (line – workplace and resident earnings at the national level being virtually the same).
- 3.26 Bradford workplace jobs earnings (jobs in the District) have been consistently higher over the full period for which data is available (albeit only marginally) compared to resident earnings (which includes those working beyond the District as well as those within).

- 3.27 Earnings by Bradford residents are lower than the regional and national averages, and the gap has been consistent over the whole period, including the 2010 recessionary dip in wages.
- 3.28 What this suggests is that there is a 'core' of local jobs that pay reasonably well but not enough of them to boost the local resident wages where they commute out of the district (into other workplace economies). Given the LQ data discussed above, the most obvious reason is the over-represented public sector (and the mix of public sector jobs) but also possibly influenced by the much smaller IT sector and finance sectors. The gap would appear to have narrowed (slightly) around the time the Government has restricted public sector wage inflation – post 2011.

**Figure 3.8 Earnings – workplace and residence**



Source: ONS Annual survey of hours and earnings

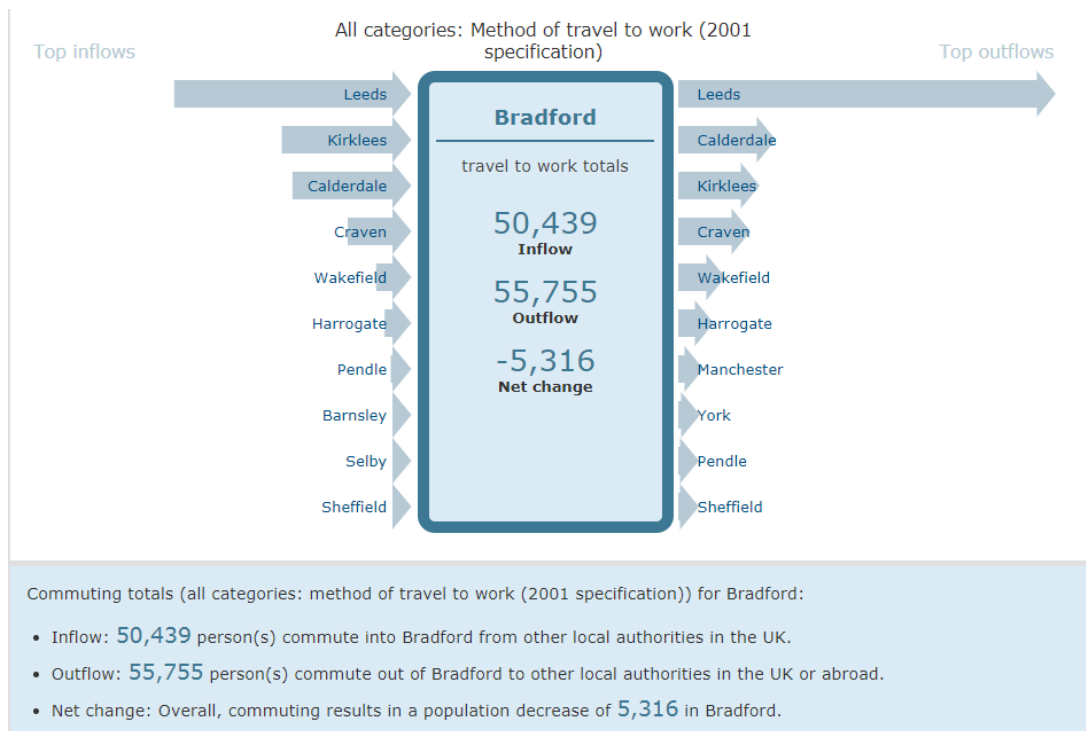
## Commuting

- 3.29 Commuting flows indicate the relative attraction and quality of jobs in an area. Areas with high quality productive jobs tend to be net importers of commuters. Commuting data is confined to census years, and thus at this point we are using the now rather dated 2011 census data, but nevertheless it is useful to identify the direction of the key out-flows. The census data also shows that 129,611 people lived and worked within the District.
- 3.30 Figure 3.10 Commuting in / out of Bradford shows a net outflow of around 10% (5,300 commuters), which is a similar order of difference, but reverses the pattern seen at the time of the 2001 Census<sup>13</sup> when broadly 45,000 commuted in an 40,000 out.

<sup>13</sup> Source: the 2011 ELR

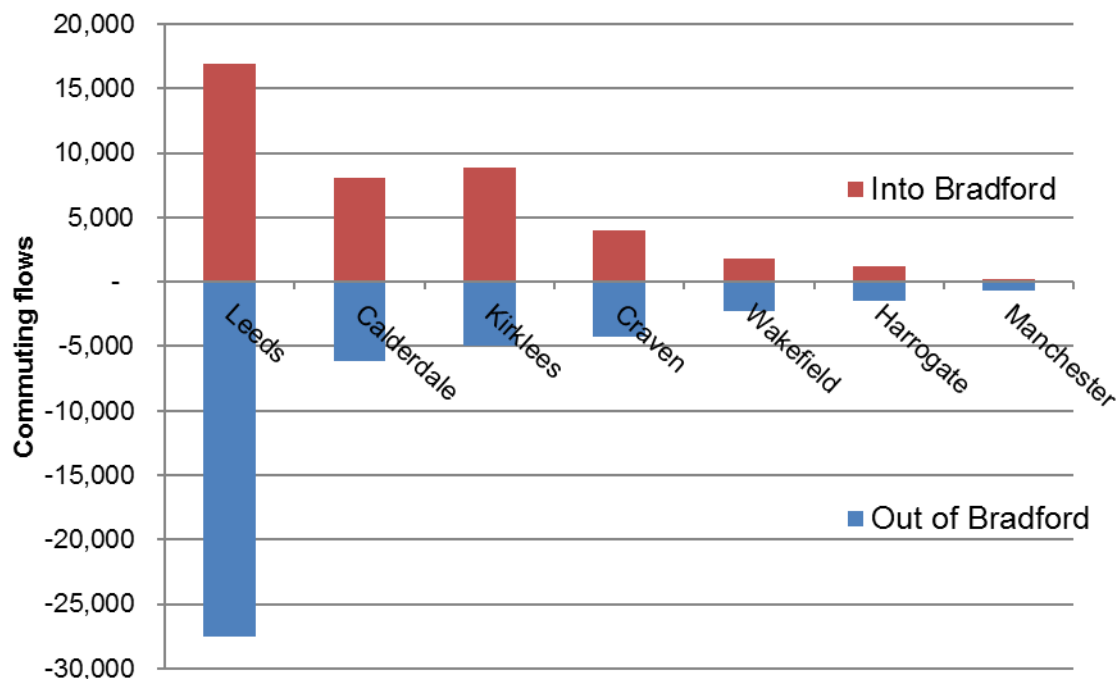
- 3.31 Figure 3.10 Commuting in / out of Bradford (that adds a scale bar to the information presented in first figure) shows the influence of Leeds, which generates a net outflow of around 10,000 commuters between the two cities. The flows into Leeds at 27,500 are half of all flows out of Bradford, and all other out-flows are widely spread with no one location of particular significance.

**Figure 3.9 Commuting to / from Bradford**



Source: ONS 2011 Census table WU03UK Location of usual residence and place of work

- 3.32 We do not know what type of jobs are attracting Bradford commuters to Leeds in such large numbers, the Location Quotient chart at Figure 3.3) shows that Bradford has significantly less professional and private services jobs compared to what would be expected regionally. But it would be expected that workers are commuting to Leeds for higher paid jobs, but this may not appear to be the case, as indicated in Figure 3.8. Generally cross boundary commuting is driven by market forces and people being attracted to higher paid jobs. Here the 'package' of economic data suggests that commuting is driven in part due to a jobs being available elsewhere – even where they pay (on average) less than jobs in the District.
- 3.33 The market analysis that follows (Section 4) will identify to what extent it is realistic to expect the District to claw back some of the office based jobs from Leeds.
- 3.34 Figure 3.10 Commuting in / out of Bradford below also illustrates that other than Leeds in all other respects Bradford has a positive commuting story with higher inflows than outflows to most other locations.

**Figure 3.10 Commuting in / out of Bradford**

Source: ONS 2011 Census table WU03UK Location of usual residence and place of work

## Businesses

- 3.35 Monitoring the type and distribution of businesses in an economy, and the change over time can identify strengths and weaknesses, but also overlapping with the economic forecast data, highlight opportunities to target and support future economic growth.
- 3.36 We first look at the change in number of business units<sup>14</sup> in Bradford compared to region and GB, and then look at the business profile by size of unit and also by sector breakdown.
- 3.37 In Table 3.1 below we compare total and change in business unit numbers over time against regional and national benchmarks, and we see that Bradford is very typical of the general wider trends. The number of local business units was flat until 2014, and numbers then rose until last year when they fell marginally.

<sup>14</sup> a local unit is an individual site (for example a factory or workshop) in a business enterprise.

**Table 3.1 Businesses – unit numbers and change**

Year	Bradford		Yorkshire and The Humber		Great Britain	
	local units	Annual increase	local units	Annual increase	local units	Annual increase
2010	15,180		187,810		2,489,955	
2011	14,915	-2%	184,470	-2%	2,464,265	-1%
2012	15,285	2%	187,260	2%	2,527,640	3%
2013	15,145	-1%	187,525	0%	2,543,115	1%
2014	15,675	3%	192,605	3%	2,639,340	4%
2015	17,050	9%	208,790	8%	2,825,485	7%
2016	17,620	3%	214,225	3%	2,925,760	4%
2017	18,285	4%	221,560	3%	3,043,775	4%
2018	18,060	-1%	219,890	-1%	3,045,040	0%

Source: ONS, Inter Departmental Business Register (local unit count)

- 3.38 In Table 3.2 below we present the businesses in Bradford by broad industrial category and size band. The table illustrates the continuing importance of the manufacturing sector that has reduced from 1,400 units in 2010<sup>15</sup> to 1,250 in 2018, but still has the highest number of medium and large business units (alongside education and health).
- 3.39 Table 3.2 also illustrates that the vast majority of business units are micro sized. Indeed, a comparison with historic data shows that the growth in overall unit numbers has been due in very large part to growth in micro businesses. Micro businesses account for 83% of all businesses, which is the same as the regional proportion. Indeed, the proportion of all business sizes – small, medium and large, as well as micro, are very much in line with the regional proportions.

<sup>15</sup> 2011 ELR Update



**Table 3.2 Bradford businesses by size band and broad sector, 2018**

Industry	Total	Micro (0 to 9)	Small (10 to 49)	Medium- sized (50 to 249)	Large (250+)
1 : Agriculture, forestry & fishing (A)	295	290	5	0	0
2 : Mining, quarrying & utilities (B,D and E)	110	85	20	5	0
3 : Manufacturing (C)	1,250	875	265	95	15
4 : Construction (F)	1,615	1,495	105	15	0
5 : Motor trades (Part G)	725	650	60	10	0
6 : Wholesale (Part G)	1,005	775	195	30	0
7 : Retail (Part G)	2,325	1,925	340	50	10
8 : Transport & storage (inc postal) (H)	765	660	80	25	0
9 : Accommodation & food services (I)	1,260	990	250	25	0
10 : Information & communication (J)	935	885	35	10	5
11 : Financial & insurance (K)	415	360	40	10	5
12 : Property (L)	630	600	25	5	0
13 : Professional, scientific & technical (M)	2,260	2,085	150	20	5
14 : Business administration & support services (N)	1,375	1,210	115	40	5
15 : Public administration & defence (O)	95	35	30	15	10
16 : Education (P)	480	210	125	140	5
17 : Health (Q)	1,365	820	450	85	10
18 : Arts, ent, recreation & other services (R,S,T and U)	1,155	1,010	130	15	0
<b>Total</b>	<b>18,060</b>	<b>14,960</b>	<b>2,430</b>	<b>585</b>	<b>80</b>

Source: ONS (NOMIS) UK Business Counts - local units by industry and employment size band, compiled from the Inter Departmental Business Register (IDBR)

## The distribution of jobs within the District

- 3.40 All of the preceding analysis is at District level, but the Inter-Departmental Business Rate (IDBR) data can be interrogated at the sub-District level, and we have calculated the distribution of jobs within each of Bradford's four sub-areas – Airedale, City of Bradford, Pennine Towns and Wharfedale. As referred to in the preceding chapter supporting text to Policy EC3 refers to a number of key business sectors in each of the sub-areas, and we consider these in our analysis of the Table 3.3 below.
- 3.41 Table 3.3 presents the job data in the form of a location quotient (LQ). The sub-areas figures are jobs at sector level as a proportion of all the jobs in the sector at District level factored against all jobs in the sub-area. An employment sector with a figure of 1.0 has the average number of jobs in that sector compared to the District as a whole. The more the data varies away from 1 the bigger the proportional higher or lower provision, and the table highlights this using red to indicate higher provision (>25% higher) and blue to indicate lower provision (>25% lower) with non-highlighted numbers indicating at or close to 1.0. It is important to note these are proportions and do not relate to the size of the sector in terms of jobs. Education scores on or close to 1.0 across the sub-areas as would be expected, as does wholesale and retail, which

is a category predominantly shop workers that again would be expected to be evenly distributed. Below, we analyse and comment on the other sectors.

**Table 3.3 Comparison of jobs by SIC sectors across Bradford sub-areas**

SIC SECTIONS	Airedale	Bradford Urban	Pennine Towns	Wharfedale
Accommodation and food service activities	1.07	0.79	1.79	2.30
Administrative and support service activities	0.75	0.99	0.81	2.41
Agriculture, forestry and fishing	1.73	0.41	4.95	1.66
Arts, entertainment and recreation	0.89	1.11	0.83	0.42
Construction	1.02	0.92	2.25	1.09
Education	1.01	1.00	1.01	0.83
Electricity, gas, steam and air conditioning supply	3.53	0.06	0.28	-
Financial and insurance activities	0.92	1.15	0.15	0.31
Human health and social work activities	1.10	0.96	1.29	0.83
Information and communication	0.61	1.22	0.31	0.84
Manufacturing	1.01	1.07	0.96	0.28
Mining and quarrying	0.27	0.95	8.13	0.53
Other service activities	0.74	1.03	1.91	1.36
Professional, scientific and technical activities	1.05	0.96	0.95	1.26
Public admin, defence; compulsory social security	1.40	0.92	0.19	0.53
Real estate activities	0.90	1.04	0.62	1.28
Transportation and storage	0.74	1.21	0.54	0.21
Water supply; sewerage, waste mannt & remediation	1.93	0.75	0.08	0.01
Wholesale & retail trade; repair of mvehicles & mcycles	1.02	0.99	1.14	0.92



Source: Inter Departmental Business Register (IDBR) and PBA analysis

- 3.42 The City of Bradford LQs are on or close to 1.0 for all but two sectors (that would not be expected to be at or above average), which partly reflects the higher number of jobs here (63% of the District total) compared to the other sub-areas, where numbers are smaller and therefore more volatile in terms of this analysis. However, the analysis is helpful in identifying high /low provision sectors in the other three sub-areas.
- 3.43 In the City of Bradford, jobs that take place in warehouses (the transport and storage sector) score above average, which are the distribution activities identified in Policy EC3. No other sector that generates significant B class jobs varies significantly from the average. The sectors requiring office space (much the biggest being professional services) are close to the average, but finance and insurance activities (another category identified in Policy EC3) are above average. The IDBR data shows that the



number of office jobs is under-pinned by a small number of large firms. The next chapter considers this position, the risk that it entails and the strength of the office market in the District more generally. Manufacturing is close to the average, while public sector jobs are marginally below average (these are the other two categories referred to in Policy EC3).

- 3.44 Airedale has high provision in the utilities sectors (power and water), plus agriculture and the public sector, and has lower representation in activities such as admin and support that is predominantly office based. The key warehousing sector (transport and storage) is under-represented in Airedale as it is in the other sub-areas, which reflects The City of Bradford's strength in this sector. The categories referred to in Policy EC3 – manufacturing, retail and wholesale are on the District average.
- 3.45 Pennine Towns are strong in the non-B leisure and food production sectors (as referred to in Policy EC3), and around the average for the office based professional services. Agriculture and Mining / Quarry are also significantly above average, but this is to be expected within the most rural part of a metropolitan district such as Bradford.
- 3.46 The Wharfedale, the non-B leisure and food production sectors LQ is significant, but this sector in this location is modest in scale. Of the other Policy EC3 sectors, the finance sector is not well represented in Wharfedale, but business services (admin and business support) is well represented.

**Table 3.4 Average size of businesses by job sector and sub-area**

SIC SECTIONS	Airedale	Bradford Urban	Pennine Towns	Wharfedale	District total
	ave jobs / business	ave jobs / business	ave jobs / business	ave jobs / business	ave jobs / business
Accommodation and food service activities	11	9	8	16	10
Administrative and support service activities	5	6	2	8	6
Agriculture, forestry and fishing	9	6	6	3	6
Arts, entertainment and recreation	9	15	7	5	12
Construction	5	8	4	4	6
Education	54	68	45	40	60
Electricity, gas, steam and air conditioning supply	93	4	1	-	33
Financial and insurance activities	21	37	2	4	26
Human health and social work activities	35	29	19	21	29
Information and communication	9	25	2	5	15
Manufacturing	24	34	12	8	27
Mining and quarrying	4	6	6	3	6
Other service activities	3	6	4	4	5
Professional, scientific and technical activities	6	6	3	4	5
Public admin, defence; compulsory social security	161	92	20	56	104
Real estate activities	9	15	4	6	11
Transportation and storage	18	26	5	8	22
Water supply; sewerage, waste mannt & remediation	110	34	4	1	49
Wholesale & retail trade; repair of mvehicles & mcycles	13	14	9	10	13

Source: Inter Departmental Business Register (IDBR) and PBA analysis

- 3.47 The above table illustrates that for sectors such as education, health and agriculture, job numbers are pretty constant across the sub-areas. Indeed, for the main office sectors – admin and support and professional the sub-areas average around 6 jobs per company, with little variance. We have seen earlier that Airedale and the City of Bradford account of most of the industrial jobs, and Table 3.4 illustrates that manufacturing firms in these two areas are not only more numerous, but they also have more jobs. This pattern of Airedale and the City of Bradford having firms with the highest job numbers repeats for the key warehouse generating job sector - transport/storage. The property market review will need to consider if these higher worker/business densities in Airedale and the City of Bradford are reflected in larger premises, and to what extent they indicate businesses are operating from premises too small for optimal utilisation, that is constraining economic growth.

## Summary

- 3.48 We have looked at the whole economy, but focused on the B use classes because unlike most other classes, job change is related to economic performance and

generates a direct requirement for new floorspace / land. Whereas for non-B use class population related activity such as health, teaching or leisure growth in jobs tends to be absorbed in existing facilities, with any requirement for new facilities directly linked to population growth.

- 3.49 We have reviewed change in the employment sectors (jobs and floorspace) over the recent past (past 20 years), population characteristics and the District's broad business profile. Where possible data has been compared to the position reported in the last ELR Update report published in 2011.
- 3.50 The over-riding finding of the review is that the under-lying socio-economic baseline remains little changed from where they were at the time of the 2011 ELR, which concluded Bradford under-performed against regional and national benchmarks. Many of the economic indicators shows Bradford has continued to underperform compared to the regional/national averages. Floorspace in the industrial activity sectors has reduced by 20% since 2001, and the low economic base is reflected in the key population characteristics, which include a change in commuting from net in to net out, particularly to jobs in Leeds. A key question for this study is therefore to find ways to counter these trends.
- 3.51 Analysis of change in the job sectors, indicates the District continues to perform weakly in sectors that generally operate from offices<sup>16</sup>. The following chapter reviews the City centre office market performance.
- 3.52 The socio-economic data discussed in this chapter suggests that labour demand (jobs) has not kept pace with labour supply (people), rather than being a product of constrained land supply. The resident workforce is commuting out for jobs in higher numbers than at the time of the 2001 census, and not necessarily for higher paid jobs.
- 3.53 The growth in business numbers tracks the regional and national picture with the highest growth in the decade between 2014-17, a period that added some 3,000 businesses, but returning to no growth in 2018. The mix of business sizes in the District closely parallels the regional mix, with the vast majority of businesses (83%) in the micro category.
- 3.54 The more detailed analysis of jobs in the District at sub-area level shows the dominance of the Bradford urban area that accounts for almost two-thirds of all jobs. Jobs in the main office sector (professional services) are distributed evenly across the sub-areas. With the exception of Wharfedale, the same is true for manufacturing jobs. The City of Bradford has a much higher proportion of warehouse related activity than the other sub-areas, but otherwise there are no key sectors where the urban area is over or under-represented. Airedale has a focus on energy and water related utility provision and public sector administrative activity. The Pennine Towns and Wharfedale have a higher proportion of tourism and leisure related activity.

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<sup>16</sup> The 2011 ELR pointed to the weakness of the City centre office market, but referred to renewed optimism from the move into the City centre of Provident Financial.

## 4 THE PROPERTY MARKET

### Overview

- 4.1 In this section we review the commercial property market for employment space in the City of Bradford Metropolitan District (herein referred to as Bradford District)
- 4.2 The main purpose is to identify where there is potential demand for new floorspace, and hence a need for development land to be identified in the emerging plan. In this respect we have considered the following commercial typologies:
- Offices – including managed workspace / SME offices (B1a/b)
  - General Industrial (B1c/2)
  - Storage or Distribution (B8).
- 4.3 This section will also explore whether a constraint in the availability of desirable employment land has contributed to the under performance of the Bradford economy, as discussed in the Chapter 3. For the development plan this is important because, if the poor performance is due to wider macro-economic weaknesses, the correct planning strategy may not be to allocate more land. In some cases, allocating more land, in a weak market, only suppresses values and increases oversupply, and in so doing further undermining developer confidence to build more space. In other cases, a lack of land supply could have constrained development potential, and in this circumstance providing more land would remedy this constraint.
- 4.4 For each of the typologies above we consider in turn demand, supply and the balance of the market within the following sub-markets (shown by Figure 4.1 below):
- City of Bradford<sup>17</sup> including the City centre, M606 corridor and up to the end of the Keighley Road / Canal Road Corridor
  - Airedale<sup>18</sup> including Shipley<sup>19</sup>, Bingley, Keighley and Silsden
  - Wharfedale<sup>20</sup> including Menston, Burley-in-Wharfedale, Ilkley and Addingham
  - South Pennines<sup>21</sup> Towns and Villages including inter alia: Cullingworth, Denholme, Harden, Haworth, Oakworth, Oxenhope, Queensbury, Thornton and Wilsden.

<sup>17</sup> Postcodes: BD1, BD2, BD3, BD4, BD5, BD6, BD7, BD8, BD9, BD10, BD11, BD12, BD14 and BD19

<sup>18</sup> Postcodes: BD16, BD17, BD18, BD20, BD21 and BD22

<sup>19</sup> Whilst this is shown as being within the geographical sub-market of the Regional City of Bradford, we believe from an employment land perspective the Shipley market is more akin to Airedale and will primarily capture demand from local businesses.

<sup>20</sup> Postcodes: BD23 and LS29

<sup>21</sup> Postcodes: BD13 and BD15

**Figure 4.1 The geographical sub-market areas**



© Crown copyright and database rights 2014 Ordnance Survey 0100019304

Source: Local Plan for the Bradford District, Core Strategy (Adopted July 2017)

- 4.5 In our analysis of demand, we identify the types of business that are taking space in the District or may consider doing so, and what property they are looking for in terms of size, quality and location.
- 4.6 In relation to supply and market balance, we analyse the stock which is currently available, recently developed and in the pipeline, and the rental values and capital





values that properties in the area are achieving. The purpose of our analysis is to determine:

- How far the existing floorspace stock is meeting current and foreseeable occupier requirements;
- Hence, how far there is likely to be demand for more or different space, now or in the future;
- Conversely, if property and land are oversupplied, overall or in particular sections of the market.

4.7 These findings help assess the potential demand for new employment floorspace in the Core Strategy Review, and the quantity and qualitative mix of development sites that the Site Allocations DPD should identify for employment uses.

4.8 A strength of the market-facing analysis is that it considers real-life property transactions, including the values (rents and prices) realised in such transactions, and whether these values are enough to support viable development. This provides evidence of effective, or viable, demand – which means that potential occupiers will pay enough, and (where relevant) provide sufficient covenant strength<sup>22</sup> to support financially viable development. This is important because only sites that are viable will be delivered in practice, and in line with national planning policy Local Plans should identify for employment only sites that are likely to be delivered for that use. Thus, as discussed at 2.20 and 2.21 above, the National Planning Policy Framework advises that plans should be deliverable (para 16b and 120a) and planning should avoid safeguarding employment sites that have no reasonable prospect of being used for that purpose (para 120b).

## Sources and definitions

4.9 Our property market research has drawn on two main sources:

- the property market database CoStar and commercial property research reports for evidence of take-up, availability and values, both for the market overall and individual properties. All measurements in this chapter are in square foot<sup>23</sup>.
- For greater qualitative understanding of the market, we have consulted extensively with agents, developers and investors active in Bradford District and the Leeds City Region. The consultation has been by face-to-face interviews, telephone conversations and at a stakeholder workshop hosted by the Chamber of Commerce. A list of attendees at the stakeholder workshop is provided at Appendix A

4.10 The main market indicators we have considered are rental and capital values, recent take-up and floorspace availability (vacancy). In a property market context, ‘take-up’

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<sup>22</sup> A business tenant has strong covenant if there is good evidence that they will be in good financial health, and able to pay the rent, through the period of the tenancy.

<sup>23</sup> To convert to square metres multiply by 1:0.0929.





means the occupation of business floorspace. Take-up covers both new-build and second-hand space (second-hand being the larger share of the market).

- 4.11 When we consider availability, we have given consideration to space that is being marketed and vacant, and includes both new and second-hand space. The difference between available and vacant property is that the latter means property is not occupied and prospective tenants or owner-occupiers could move in relatively quickly. Whereas, availability can include properties currently occupied by businesses that need to expand for example. Therefore, the ability of an incoming tenant or owner-occupier to take a lease or acquire this space is predicated on the existing business finding suitable accommodation elsewhere. We understand through our agent consultation that this is a key issue within the Bradford market, and we discuss this in detail below.

## Background

### Bradford District Context

- 4.12 Figure 4.2 shows Bradford District in the context of the Leeds City Region, which has the largest employment base outside London<sup>24</sup> with a working age population of 1.9 million that has grown by 5% in the last 10 years. Bradford District specifically, accounts for 15% of employment in the Leeds City Region.

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<sup>24</sup> [www.the-lep.com](http://www.the-lep.com)

**Figure 4.2 Leeds City Region**

Source: <http://investleedscityregion.com>

- 4.13 Figure 4.3 shows the close proximity of Bradford City centre and the south of the District to Leeds, Halifax and the M62, which runs east to west along the southern border of the District. The proximity to the M62 is important from an employment land context, particularly in terms of logistics and distribution space. Whilst the land immediately around this part of the M62 is within Kirklees District, the M606 connects the Bradford City ring road (A6177) with the M62 and this corridor is considered the prime location for industrial space in the District. We analyse this further in the property market analysis.

**Figure 4.3 South Bradford and M62**

Source: Google Maps (2019)

- 4.14 Other major roads in the District which are also important from an employment (particularly industrials) perspective, are:
- A6177 Bradford City centre ring road.
  - A629 and A650 which link Keighley with Halifax, Skipton (A629) and Bradford City centre respectively.
  - A6036 which links Halifax and Bradford City Centre.
  - A658 which connects Bradford City centre with Leeds-Bradford Airport.
- 4.15 However, the connectivity and capacity of these highways is a concern, which is highlighted in the Bradford Economic Intelligence report (2017). We summarise some of the other key points from this report in terms of what we consider to be the strengths, weaknesses, opportunities and threats facing the District.

**Table 4.1 – SWOT Analysis of Bradford District**

Strengths	Opportunities
<ul style="list-style-type: none"> <li>• ‘Producer’ economy with manufacturing producing a higher Gross Value Added per hour worked than many other sectors</li> <li>• New niche sectors emerging in terms of media and telecoms</li> <li>• Cluster of young wealth creators in Bradford City centre and Saltaire</li> </ul>	<ul style="list-style-type: none"> <li>• Historical in-migration which contributed to a growing population but also provides an opportunity in terms of exporting products</li> <li>• Growing youthful population but need to retain young working-age adults, this will have positive economic impacts</li> <li>• Large pool of labour</li> <li>• To co-operate and work with the Leeds City Region (which has the largest employment base outside of London) rather than be a competitor</li> </ul>
Weaknesses	Threats
<ul style="list-style-type: none"> <li>• Slower recovery and growth post financial crisis</li> <li>• Below average qualifications and labour market participation</li> <li>• Poor transport infrastructure in terms of connectivity and capacity of road network which is an issue for both commuters and businesses (particularly in distribution / logistics)</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of younger people (18-20) and working age population (26-64) through out-migration, in particular to Leeds</li> <li>• Difficulty in attracting new talent for employment to the District</li> </ul>

Source: Bradford Economic Intelligence Report 2017

## Growth Context

- 4.16 As referred to earlier<sup>25</sup>, Bradford’s Economic Growth Strategy (March 2018) sets out the ambition for the District to be the UK’s fastest growing economy over the coming decade (to 2030), by increasing the value of the economy by £4 billion, getting 20,000 more people into work and improving the skills of 48,000 residents.
- 4.17 The strategy seeks to support a number of different business growth initiative, including three sites<sup>26</sup> in the M62 Corridor Enterprise Zones. The Bradford Chamber

<sup>25</sup> See review of Bradford’s Economic Growth Strategy starting at para 2.40 above.

<sup>26</sup> Gain Lane, Parry Lane and Staithgate Lane

of Commerce<sup>27</sup> have endorsed this approach and the growth ambitions of the Local Authority. However, there are some challenging and fundamental issues around employment land availability and supply of good quality existing stock in the District. This lack of quality stock needs to be addressed if the growth is to be achieved.

- 4.18 A key delivery mechanism of the Economic Growth Strategy is the Business Development Zones. These are designated areas of economic potential within existing commercial zones in the District, including Bradford (Bowling Back Lane), Shipley (Dockfield Road) and Keighley (Royd Ings and Dalton Lane). The purpose of the studies is to identify opportunities within each of the study areas where early intervention could bring forward redevelopment of existing, but underutilised or poor quality sites and redevelopment/expansion of existing premises to maximise site utilisation. The sites and premises would be redeveloped to meet current demand and reduce pressure on any potential green belt releases.
- 4.19 In addition the studies will examine the potential of promoting general improvements to the areas including identified public realm, major highway improvements, street lighting improvements, parking provision, public transport networks, walking and cycling routes and signage.

## Office Market

- 4.20 We start with an overall assessment of the national and regional office markets, before focusing on the District (and sub-area markets) looking at demand, vacancy rates, current and proposed supply. We also assess rental levels to help assess whether development is viable.

### National context

- 4.21 Typically, new office development is only financially viable in major cities. Generally, new development requires a pre-let in place to a blue-chip covenant – i.e. on a long lease to a high-quality tenant that is likely always to pay its rent and adhere to its obligations. This structure gives sufficient security to the investment to enable funding to be obtained.
- 4.22 In recent years the main drivers of demand for new office space has been from finance, professional services and Technology, Media and Telecommunications (TMTs). Since the referendum to leave the European Union there has been a slight cooling of office demand, particularly in the core London markets from finance and professional services, but demand from TMTs remains robust.
- 4.23 There is evidence of speculative office building in London and key regional centres where there is strong office demand with a record year for take-up in 2018<sup>28</sup>. Key

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<sup>27</sup> Bradford Chamber of Commerce (2018), Creating Space for Future Success

<sup>28</sup> Cushman & Wakefield, Office Market Snapshot, Q4 2018

regional centres where speculative office building has occurred is in the Thames Valley and cities such as Birmingham and Manchester.

- 4.24 Property agents Cushman & Wakefield<sup>29</sup> were predicting that caution will be the theme of the first quarter in 2019 as a result of Brexit. However, following strong take-up in 2018 and with a lack of available Grade A space in the regions to meet demand, the property agents believe there is still scope for rental value growth in the regions.

### West Yorkshire as an office location

- 4.25 The prime office location in West Yorkshire is Leeds City centre where take-up in 2017 surpassed 1 million sq ft primarily driven by the public sector. The biggest deal was the Government Property Unit pre-let of 378,000 sq ft at 7-8 Wellington Place on a 25-year lease<sup>30</sup>. In addition to public sector demand (accounting for 39% of 2017 take-up), occupiers from the TMT sector were also active and responsible for 16% of take-up in Leeds during 2017/30.
- 4.26 Knight Frank<sup>30</sup> has also reported that Leeds has a strong development pipeline of new and comprehensively refurbished stock totalling 916,000 sq ft for 2018-2020. This pipeline is the second strongest in all the regions only behind Birmingham at 1.63 million sq ft. The positive market conditions in Leeds have pushed headline rents up to £30psf.
- 4.27 Whilst there is new office-based development activity in Leeds, the viability of new build offices elsewhere in West Yorkshire is more challenging. Bradford, Halifax, Huddersfield and Wakefield are the main commercial centres across the four other boroughs and districts. Only Wakefield has seen large scale new build office development come forward since the financial crisis e.g. Merchant Gate scheme. The Grade A office space has been brought forward as part of a mixed-use development by the English Cities Fund in partnership with the Council. Phase One was forward funded by the Council and demonstrates that outside of Leeds City centre the viability of new build offices is challenging without public sector intervention.
- 4.28 Consequently, Grade A supply is tight with the more modern accommodation across West Yorkshire found on Business Parks that were built out in the lead up to the financial crisis. Since then, new office supply has generally been provided through refurbished premises within the main commercial centres.

### Bradford District as an office location

- 4.29 The City centre is the main office location in the District followed by the much smaller markets of Shipley-Saltaire and Ilkley. However, the proximity of the District to Leeds presents a challenge in particular for the City centre market as occupiers, developers and investors are attracted to Leeds City centre for various reasons including:

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<sup>29</sup> Cushman & Wakefield, Office Market Snapshot, Q4 2018

<sup>30</sup> Knight Frank, UK Regional Cities, Office Market Review 2018

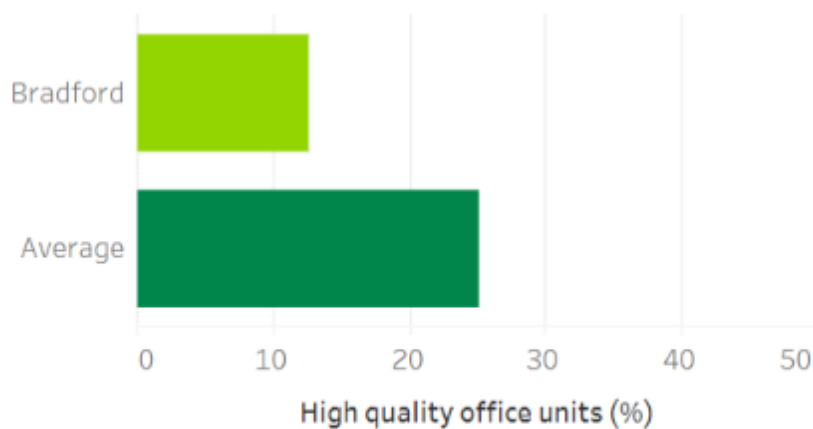
- Availability of grade-A space,
- Business agglomeration,
- Existing Infrastructure and accessibility (to London, Scotland and the wider region), and future HS2 station,
- Its young talented labour supply,
- Stronger amenity, retail and leisure market i.e. post-work environment, and
- Higher rental, capital values and therefore stronger investment yields.

4.30 Consequently, activity in the office market is relatively subdued in Bradford City centre and the wider District. However, if Bradford addressed its lack of grade-A supply coupled with better place-making then businesses are more likely to be attracted to the city because of the cheaper rental values and its relatively good connectivity.

### *Bradford City Centre*

4.31 Whilst Bradford City centre is the core office market in the District, according to research by Centre for Cities, Bradford City has less office space than the average for city centres in England and Wales<sup>31</sup>. Furthermore, the quality of stock within the city is lower than the national average as shown by the figure below.

**Figure 4.4 - Quality of office space in Bradford City centre (July 2018<sup>32</sup>)**



**Source:** Non-Domestic Energy Performance Register

Note: Energy performance is used as a proxy to determine higher quality office space.

4.32 The relative poor quality of the stock is being driven by a lack of new stock coming forward either as new-build or refurbishment. We consider this to be reflective of relatively weak demand for space within Bradford City centre since the recession, but also the greater value (and less risk) obtainable from using office to residential permitted development rights. The residential market has a wider market audience

<sup>31</sup> <https://www.centreforcities.org/blog/downtown-data-introducing-dashboard-commercial-property/>

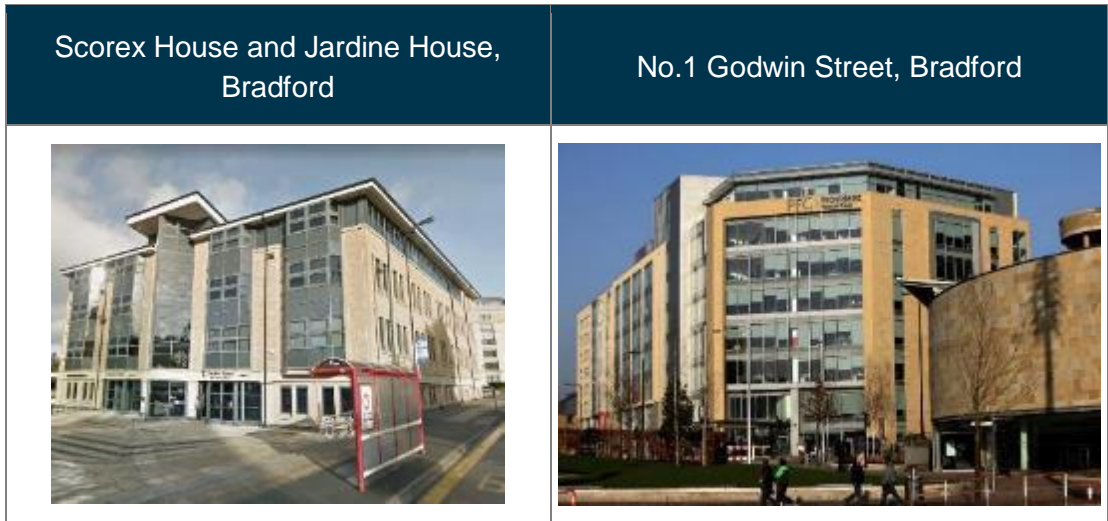
<sup>32</sup> <https://www.centreforcities.org/blog/downtown-data-introducing-dashboard-commercial-property/>



i.e. rentals and for sale (owner-occupation) or investment. To demonstrate the value differentials, on a rented basis, 1 and 2-bed flats at Manor Row and Empire House achieve circa £500 per calendar month (pcm) and £700 pcm respectively. In comparison, Kenburgh House on Manor Row provides refurbished office space equivalent to the size of a small 1-bed flat at £338 pcm. The gross income potential is therefore likely to be higher and, after voids and holding costs, the net income is also likely to be greater.

- 4.33 Whilst the City centre office market can be seen to be competing with Leeds, there is a role and opportunity for Bradford as a result of the rental value growth being experienced in Leeds. In this context, Bradford can be a more affordable alternative location with good rail connectivity as well as a large labour supply. Evidence of this is the letting of 9,000 sq ft of new space on Godwin Street to PwC to initially accommodated back-office staff from their Leeds office. One of the factors in securing the move to Bradford was that the space was being brought forward by Provident Financial speculatively. The viability of the scheme was improved by a time limited capital relief public sector scheme.
- 4.34 There is also a concerted effort being made by the Council to bring firms back into the City centre from elsewhere in the District. The NHS for example has signed a deal for 21,000 sq ft of space at the newly refurbished Scorex House (see Figure 4.5) and it is hoped that bringing more officed based employment into the City centre will have a positive impact upon the retail and leisure market in the City centre.
- 4.35 The other office pictured right in Figure 4.5, is the headquarters of Provident Financial Plc who are a large financial services group acting nationwide. There are also examples of large regional companies with headquarters in the wider city area such as Yorkshire Building Society and Yorkshire Water.

**Figure 4.5 – Example of modern and refurbished City centre offices**



Source: Google

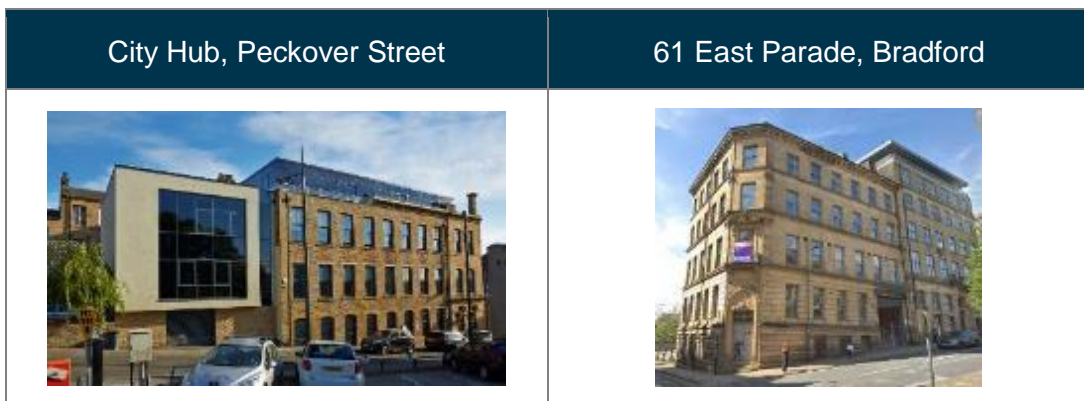
- 4.36 In the City centre, Little Germany creates the most interest amongst prospective tenants, and is the most popular office location. This is an area of historical and



architectural interest (see Figure 4.6) and is also benefits from the presence of retail and leisure uses including ‘The Broadway’ and Bradford Playhouse.

- 4.37 In addition to the City Hub and Digital Exchange business centres which host small-medium sized companies, occupiers in the area are primarily in the professional services sector including lawyers, property consultants, business management consultants and recruiters. We discuss the Bradford City Hub further under the market demand section.

**Figure 4.6 – Examples of offices in Little Germany, Bradford City-Centre**



Source: Cityhub-bradford.co.uk and Google

*Bradford Business Parks*

- 4.38 Within and just around the A6177 City centre ring road there are a number of business parks offering self-contained offices as well as co-working space and virtual office space. Some examples are shown below.

**Figure 4.7 – Examples of Bradford Business Parks**





Source: Rightmove and Google

4.39 The majority of business centres / parks like those above were developed in the late twentieth and early twenty-first centuries, and were popular because of their accessibility by car and the availability of parking. The most recent business park development is the Inspire Bradford Business Park that was built in 2011/2012 and provides 14 fully serviced offices and 14 flexible workspaces. We discuss demand and the future role of business parks below in the demand and supply / market balance sections.

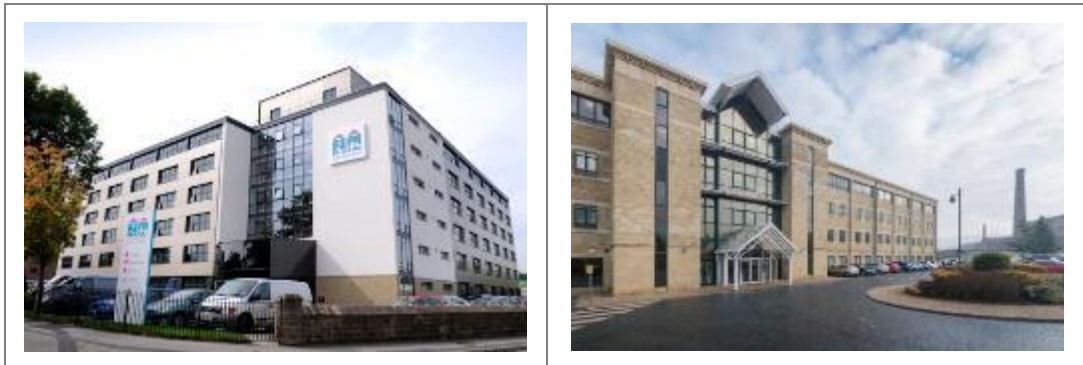
*Airedale*

4.40 Outside of Bradford City centre and near the M606, Shipley-Saltaire is the next most active office market in the District with a number of larger premises which are occupied by some big companies including:

- AdviserPlus – situated in Salts Mill Road (see Figure 4.8 right) that are a human resource business that advise KCOM, Post Office, Bradford Council, Network Rail and the NHS.
- ARRIS – an international company in the digital sector that occupies space at Salts Mill, Saltaire.
- Bradford and Bingley – the financial services provider is situated on Croft Road, Crossflatts.
- Regus – a national provider of managed workspace also occupying and sub-letting space within the Salts Mill Road offices.
- InCommunities – a housing association located in 51,600 sq ft premises left in Figure 4.8.
- Ortho-Care – are one of the largest independent orthodontic supply company which moved into their 23,100 sq ft purpose-built premises on the Riverside Estate, Shipley.

**Figure 4.8 – Examples of offices in Shipley-Saltaire**





Source: Google

- 4.41 HM Revenue and Customs are also currently located in Shipley; however, they will be relocating their staff to new premises in Leeds within 2-3 years time. This is a substantial site and building totalling 380,000 sq ft as shown by Figure 4.9. The potential future uses is something the Business Development Zones study<sup>33</sup> is exploring.

**Figure 4.9 – HMRC offices in Shipley**



Source: Google

- 4.42 Elsewhere in Airedale, there is office accommodation in the majority of the towns / villages such as Keighley and Cottingley. However, this tends to be smaller footprints above retail premises or in business centres such as:

- Airedale Business Centre
- Airedale Enterprise
- Cavendish Business Centre
- Cottingley Business Park

- 4.43 These centres provide small, managed and co-working spaces to meet demand from local start up and small-medium sized businesses.

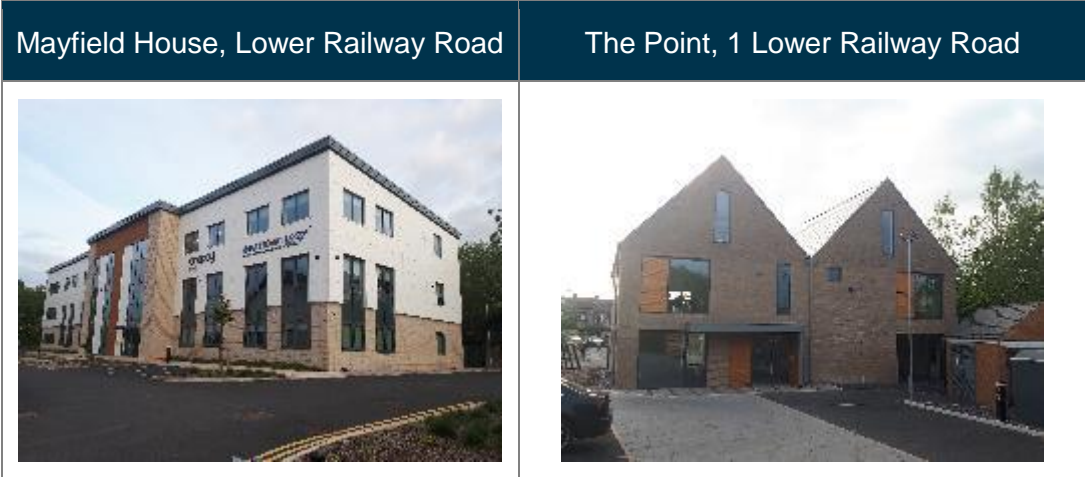
<sup>33</sup> This is not to be confused with Enterprise Zones. It is a study commissioned by Bradford Council whereby a multi-disciplinary team of urban design, planners, surveyors, economists and highways consultants are providing advice in relation to the future use and role of a number of employment locations in order to improve their attractiveness to occupiers and investors.

Wharfedale

4.44 The most active office market in the Wharfedale is Ilkley. Like Shipley-Saltaire this is related to having complimentary characteristics to office-based employment such as: good rail connectivity, higher value residential area (particularly Ilkley) and a good retail and leisure offering. There are also examples of recently built office accommodation in Ilkley (see

4.45 Figure 4.10).

Figure 4.10 – Examples of new office development in Ilkley



Source: AspinallVerdi

4.46 The premises on the left are occupied by OnePay and Smart Search. OnePay are an Ilkley based company in the financial services sector with clients nationwide and took 9,000 sq ft of space to facilitate expansion. Smart Search is another small-medium sized enterprise providing services to 3,000 businesses globally relating to anti-money laundering<sup>34</sup>. The firm is recognised as one of the fastest growing companies in Yorkshire and moved from Guiseley, Leeds to accommodate their growth.

4.47 Figure 4.10) neighbours the other new development on Lower Railway Road and is occupied by a local firm of architects - Halliday Clark. Some of this space remains available and we discuss this further below in the supply and market balance section.

South Pennines Towns and Villages

4.48 This submarket area has very limited office market activity. There are examples of office accommodation provided below in Clayton and Figure 4.11 shows that this space is located in older premises. However, we are aware that Beck Mill has been fully refurbished and is operated by Wizu Workspace that also have accommodation in central Leeds which they sub-let. Both of the offices shown in Figure 4.11 provide small office accommodation (i.e. desk space up to 3,000 sq ft) which is reflective of

<sup>34</sup> <http://www.smartsearchuk.com/>



the nature of businesses that occupy these premises i.e. small start-up companies with 1-20 employees.

**Figure 4.11 – Examples of office accommodation in South Pennines**



Source: Rightmove

### *Demand*

- 4.49 Occupier demand for space is low generally across the District, with a slow churn of stock taken-up annually at around 120,000 sq ft<sup>35</sup>. Since 2014, the highest year for office take-up was 2015 when around 450,000 sq ft of space was let. But this was driven by the substantial 311,000 sq ft letting of Hilmore House, Gain Lane to Morrisons Supermarkets on a 20-year term at a net effective rent of £9.14 psf.
- 4.50 This is a standout deal over the five-years of leasehold take-up analysed. As demonstrated by Table 4.2 below, the majority of deals are for smaller footprints up to 1,000 sq ft and 1,001-5,000 sq ft indicating that the office market is driven by local, small-medium sized companies.

**Table 4.2 – Take-up of office space in Bradford District (2014-2018)**

Size range (sq ft)	No. units	% of units by size
1-1,000	133	44.8%
1,001-2,000	68	22.9%
2,001-5,000	68	22.9%
5,001-10,000	19	6.4%
10,001-20,000	6	2.0%
20,001-50,000	2	0.7%
50,001+	1	0.3%

<sup>35</sup> Source: CoStar

<b>Total</b>	<b>297</b>	<b>100%</b>
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Source: AspinallVerdi using CoStar

4.51 We continue to discuss demand below in relation to the different submarkets.

*Bradford City Area*

4.52 In the City Centre the drivers for occupational demand are price, quality and location with Little Germany considered the most desirable location. Flexibility and specification are also important factors in line with the general shift nationally for tenants to seek more flexible terms and shorter leases. In terms of specification, there is a much greater focus on 'wellbeing'. Breakout spaces, changing facilities, showers and cafes more now common place in Grade A offices in major regional cities. In Bradford City centre, there is a real lack of quality Grade A office accommodation, and therefore demand for space is weak. However, the recent 9,000 sq ft letting to PwC mentioned earlier is positive evidence that the Bradford office market could have a future role in attracting more businesses from outside of the District because of its comparatively lower rents and large labour pool.

4.53 Anecdotally through agent consultation, we know there is investor demand for existing offices in the City Centre, but they tend to acquire and do nothing rather than upgrade and refurbish stock. There has also been a considerable amount of office to residential permitted development within the City Centre as is the case in many secondary regional cities. This is discussed further in the supply and market balance section.

4.54 The demand drivers for business parks outside of the City Centre will also be price, quality and location, but parking and accessibility are also key as well as proximity to other uses such as retail or leisure. We understand through agent consultation that existing business parks in Bradford are successful, however in the wider market there has been a general shift in occupier demand for office accommodation towards city centre locations, primarily due to employee requirements for access to the amenities that city centres offer. e.g. retail and leisure offering. Businesses also want to access talented labour and generally, the younger generation are living in urban areas and are less reliant upon cars and favour the use of public transport / walking or cycling.

4.55 It is the Council's ambition to bring more office-based employment into the City Centre and the deal to bring the NHS into Scorex House highlighted earlier is an example of this change in occupier requirements.

*Airedale*

4.56 Occupier demand for office space in Airedale is generally from local companies, although as demonstrated earlier, there are examples of regional and national companies in Shipley-Saltaire for example. However, with HMRC moving to Leeds this will be a major loss to the local economy despite presenting an opportunity for refurbishment or redevelopment.



- 4.57 Demand for any future supply of space in Shipley-Saltaire is more likely to come from small start-ups, particularly in the creative sector. Mercury Quays<sup>36</sup> is an example of managed workspace being provided through refurbishment of existing property rather than as new build. The property has let well and benefits from its proximity to the train station with rents for space in the refurbished mill conversion around £8.00 psf and £15.00 psf for smaller suites.
- 4.58 Elsewhere in the Airedale, demand for office space is even more localised and take-up is very limited, with around 4,000 sq ft per annum in Keighley for example.

#### *Wharfedale*

- 4.59 The Ilkley market has always been considered a relatively strong localised market because it is an attractive location due to its retail and leisure offer and desirable residential location. The agency view is that demand is good for office space in Ilkley at the moment, but it is proving difficult to do deals because tenant incentives are an issue for landlords.
- 4.60 Typically, around 5-6,000 sq ft of space is let annually in Ilkley, however the market has slowed to this level after the Tesco site came forward on Lower Railway Road where 27,000 sq ft of space let in a year. This is an example of a scheme effectively creating a 'new market' as it provided new-build Grade A specification 9,000 sq ft space into a town comprised of smaller units up to 5,000 sq ft and achieved rental values of £17.50 psf. The premises were pre-let to an Ilkley based businesses merging into larger premises and also business from Guiseley (Leeds) on 15 year leases with 10 year breaks.

#### *South Pennines Towns and Villages*

- 4.61 Demand for office space in the South Pennines Towns and Villages is very limited. According to CoStar there has only been 5,173 sq ft of space taken-up on a leasehold basis in the South Pennines Town and Villages between 2014 and 2018. This is around 1,000 sq ft per annum which is even less than Ilkley and Keighley where between 4,000-6,000 sq ft of space is let per annum.

### **Supply and market balance**

- 4.62 The majority of the existing stock in Bradford District is of poor quality with 'modern' accommodation being 1990s build. Generally, requirements for office space in the current market are for easy in / easy out high specification space and therefore the District struggles to attract occupiers when they can find this space in neighbouring Leeds for example. However, as rental values have pushed up in Leeds City centre then there is the potential for more businesses to follow PwC to Bradford.
- 4.63 Whilst demand is relatively weak, the supply of office accommodation in the District is decreasing and this is being driven by conversions to residential through Permitted Development Rights (PDR), in particular in Bradford City-Centre. Other factors also

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<sup>36</sup> <https://www.gauntsproperty.co.uk/premises/mercury-quays>

include the rationalisation of office accommodation by major organisations such as Bradford Council and the move towards more flexible home working within it's work force, which allows a greater number of staff to work within a smaller amount of office floor space. This now becoming increasing popular as it provides greater benefits for staff in terms of flexibility and travel time savings, but also for employers as office floor space demand is reduced and thus supply declines. According to CoStar, from its sample of 6 million sq ft of space in the District there is a 2.6% vacancy rate for offices.

### *Bradford City Area*

- 4.64 Bradford City Centre is the main office location in the District with 3 million sq ft of stock registered on the CoStar database, approximately half of the District's total stock.
- 4.65 As shown in Table 4.3 the vacancy rate in the City centre is currently 2.5% according to CoStar, slightly lower than for Bradford as a whole.

**Table 4.3 Office vacancy in the City Area**

Sub-Market	Approximate floorspace (sq ft)	Vacancy rate (%)
Bradford City Area	3,000,000	2.5%

Source: AspinallVerdi using CoStar

- 4.66 The City Centre is where the majority of permitted development is happening, a recent example being City Exchange. The 72,000 sq ft building has been remodelled to provide 122 apartments and some refurbished small office space. The project completed in early 2019 with the residential apartments sold off plan to an investor. Part of the office space has been taken up by the letting agents of the residential element, with rents for the remaining commercial space between £375-£625 per calendar month.
- 4.67 Local agents have mixed views on the success of PDR in Bradford. It has resulted in the loss of employment space which could have been refurbished to provide better quality accommodation and potentially attract new businesses. However, it has removed some redundant stock and brings more residents into the City Centre to live and spend money. As it is reducing stock levels, if supply becomes constrained and demand improves, then it is likely to push rental values up which may enable new office development to be more viable. The risk and concern is a lack of good quality supply could suppress demand and mean existing or potential new demand is lost to elsewhere.
- 4.68 As development viability is an issue, generally 'new' office accommodation since the financial crisis has been provided through the refurbishment of existing space. However, in Bradford even this type of activity has been limited and there is a shortage of Grade A accommodation in the Bradford City area. We are only aware of between 4,300-9,500 sq ft of Grade A space currently available at Shire House from



£12.50 psf. We are informed by local agents that generally there is very little stock that would attract occupiers to the City, in particular it is hard to find anything suitable between 5-10,000 sq ft and in the 50,000 sq ft range.

- 4.69 The business centres and business parks located in the Bradford City area provide small units but good quality space and are mostly full and are satisfying tenant demands. On the edge of City centre where sites have good road connectivity, agents advise that offices are now more likely to come forward as part of hybrid developments. This is discussed further in the industrial market section.

#### *Airedale*

- 4.70 Table 4.4 summarises CoStar evidence on floorspace and vacancy in the two main office employment locations in the Aire Valley. This shows that Keighley has the greatest amount of stock but the highest vacancy rate. This confirms our understanding that Shipley-Saltaire is a more popular location for office-based employment. This is driven by its connectivity to Leeds and Bradford but also its attraction in terms of a place to live.

**Table 4.4 – Office vacancy in the Aire Valley**

Sub-Market	Approximate floorspace (sq ft)	Vacancy rate (%)
Keighley	700,000	8.00%
Shipley-Saltaire	635,000	3.10%
<b>Total</b>	<b>1,335,000</b>	<b>5.66%</b>

Source: AspinallVerdi using CoStar

- 4.71 Across Airedale, there is an adequate supply of smaller managed workspaces and self-contained office accommodation up to 5,000 sq ft with space available at Salts Mill Road and Merchants Quay in Shipley-Saltaire for example. Merchants Quay is an example of how we would anticipate new office space generally coming forward (particularly outside of the City Centre) i.e. through conversion / refurbishment of existing space. Over the 5,000 sq ft mark there is a lack of suitable modern space available to accommodate any potential business expansion and growth. We have been advised by the advisor to the owner of the HMRC premises that is being actively marketed that the property has generated no interest so far in its existing use. This is unsurprising however as the property will have been purpose built for the HMRC and is therefore not likely to be attractive to other occupiers. We do not therefore consider a lack of interest in the property as it stands to be reflective of no office market in Shipley-Saltaire, and the Council should resist employment losses on this site.

#### *Wharfedale*

- 4.72 Ilkley is the main office location in Wharfedale. According to CoStar, as shown in the table below, there is around 215,000 sq ft of space and the vacancy rate is 4.0%.

**Table 4.5 Office vacancy in Ilkley**

Sub-Market	Approximate floorspace (sq ft)	Vacancy rate (%)
Ilkley	215,000	4.00%

Source: AspinallVerdi using CoStar

- 4.73 Typically, demand in Wharfedale is from local businesses that want smaller space up to 5,000 sq ft. Whilst the quantity of supply is limited, the view from local agents is that current demand is satisfied by the existing stock. For example, there is still 2,300 sq ft of new build space available at the Lower Railway Road development which completed in summer 2018, although the local agent indicated there was interest from a healthcare operator which could see this scheme fully let.
- 4.74 The International Development Centre, which is closer to Ben Rhydding, also provides good quality, refurbished office accommodation with space between 870-2,300 sq ft currently marketed. We understand in total there is about 3,500 sq ft vacant and that this is a product of the economy as enquiries have quietened off.
- 4.75 However, there is no forthcoming new supply that we are aware of and we understand there is also office to residential activity further reducing stock levels. The protection of existing employment stock and ensuring there is sufficient employment land allocated is therefore important for sustainability and growth. The Lower Railway Road scheme is evidence that providing a new market offering (i.e. 9,000 sq ft units) works in the Ilkley market and there is a lack of opportunities for businesses to secure premises over 2,500 sq ft in Wharfedale at present.

**Rents**

- 4.76 Rental values in Bradford for office space are generally low and the loss of space to residential (reducing supply) has not pushed rents up yet, as demand is not strong enough, even in the City centre market.
- 4.77 According to Colliers International<sup>37</sup>, rental values for Grade A space in Bradford is around £14.00 psf with Grade B achieving £7.50 psf. With the exception of Grade A space in Huddersfield, the rental values for offices in Bradford are cheaper than rents for equivalent space in Huddersfield, Wakefield and Leeds. Rental values are a product of supply and demand and this evidence demonstrates that there is relatively weak demand for space in Bradford and that the existing supply is generally of poor quality when compared to other regional towns and cities.

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<sup>37</sup> Colliers Office Rents Map 2018

**Table 4.6 – 2018 Rental values for offices**

	Bradford	Huddersfield	Wakefield	Leeds
Grade B	£7.50 psf	£9.50 psf	£10.00 psf	£24.00 psf
Grade A (Annual Growth %)	£14.00 psf (0)	£13.50 psf (0)	£16.00 psf (0)	£30.00 psf (7)

Source: Colliers Office Rents Map 2018

- 4.78 Through our analysis of leasehold deals, the majority of space in Bradford City centre is being let between £7.50-£10.00 psf. The only scheme we are aware of achieving rental values in excess of this and the £14.00 psf, is the development on Lower Railway Road in Ilkley that achieved around £16.50-£17.25 psf. This scheme came forward on a pre-let basis with an owner-occupier and investor on board to make it viable. We understand from the local agent that not all of the accommodation has been let although there is interest from a local healthcare operator. Elsewhere in Ilkley, the International Development Centre has recently been refurbished where space over 1,000 sq ft is achieving around £12.50 psf, and £14.00 psf might be achievable for smaller units.
- 4.79 With rental values struggling to exceed £10.00 psf in the City centre, local agents view is rents are not high enough to make new build office development viable without intervention. We discuss this in the context of the proposed One City Park in the development opportunities section below.
- 4.80 In out of town locations, rental values that made new business parks viable in the early 2000s were around £16.00 psf. After the recession this dropped to around £7.00 psf, although there has been a recovery to around £11.00 psf, this is still not sufficient to make development viable, and as discussed earlier these locations have generally become less desirable for office-based employment.

### *Development opportunities – Future Pipeline*

- 4.81 The main new build development opportunity in Bradford that is in the planning system or being explored by the Council is One City Park. The site is located right in the centre of the City opposite the Alhambra Theatre and next to the Magistrates Court (shaded red in Figure 4.12).

**Figure 4.12 – Location of One City Park**



Source: Cushman and Wakefield

4.82 The proposal is for three blocks divided up into:

- Block 1 - 15,000 sq ft
- Block 2 – 40,000-50,000 sq ft
- Block 3 – 25,000-30,000 sq ft

4.83 This site is in a good location for office development however local agents view is that it has not come forward yet because the rental level required (around £15-£16 psf) is not what occupiers are willing to currently pay. Ultimately, for the scheme to be unlocked somehow the gap between the viable rent and what the market would pay needs to be bridged.

4.84 The Council re currently considering an employment planning application (19/02504/MAF) in Esholt. Keyland Developments are promoting the site on surplus Yorkshire Water land, Esholt sewerage treatment works (STW) site. The scheme proposes:

- B1a – max 161,500 sq ft
- B1b/c – max 409,000 sq ft
- B2 – max 355,200 sq ft
- B8 – max 236,800 sq ft
- A3/A5/D1/D2 – max 21,500 sq ft with retail and leisure uses (A3, A5, D2) capped at circa 16,000 sq ft

- 4.85 The advent of a Northern Powerhouse Rail station within the City Centre will also likely drive the demand for office space within this area. The Council are currently exploring the possibility of greater development opportunities for office and research and development off the back of this major infrastructure provision, however, this is likely to be beyond the plan period of 2037.

## Conclusions - Office

- 4.86 The combination of PDR changes and a lack of new development / refurbished space in Bradford, means there is a general lack of good quality stock suitable to meet occupier requirements. These are increasingly driven by flexibility (leasehold terms and physical space) and quality of accommodation.
- 4.87 The best quality space in West Yorkshire is generally found in Leeds City centre and given its proximity to Bradford, both occupier and investor demand is generally focused there. However, the recent deal bringing PwC into Bradford City centre is evidence that the District can attract companies in and have a role to play as a second City centre within the wider region. Therefore, careful consideration should be given to the protection of office accommodation in the City centre. For new office development to be viable however, there needs to be an improvement in rental values or intervention (perhaps led by the Local Authority) in order to bridge the viability gap. Detailed recommendations to overcome issues relating to the office property market across the District are discussed in paragraphs 4.177 to 4.180 of the summary to this section.

## Industrial Market

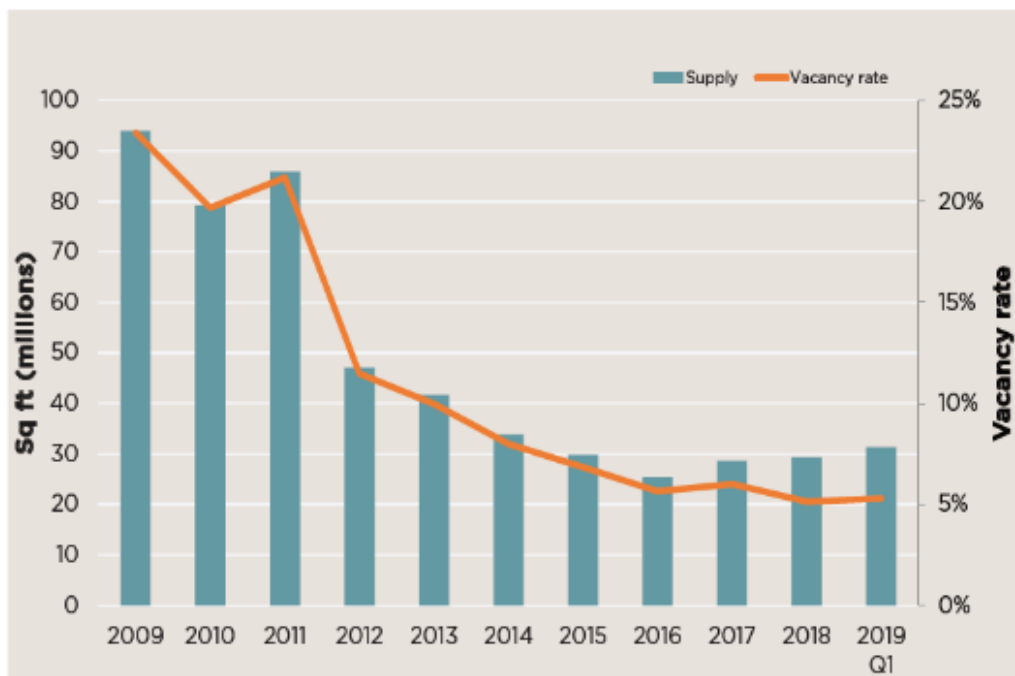
- 4.88 As with office above, this is to provide context we provide an overall assessment of the national and regional industrial markets and then provide detailed analysis at district (and sub-market) level looking at demand, vacancy rates, current supply and proposed supply. We also assess rental levels and form a conclusion on whether development is viable.
- 4.89 Within our analysis we will make reference to both:
- General industrial uses – including production space (factories and workshops) also small to medium-sized warehousing (B1c, B2 and B8).
  - Large-scale strategic warehousing, in units of around 100,000 sq ft or more (B8).
- 4.90 We distinguish these two sub-sectors because they have different market drivers, which are discussed throughout this chapter.

## National context

- 4.91 Across both sub-sectors, the national industrial market remains healthy. During the global economic crisis speculative development came to a halt. At that point in time there was excess supply to meet demand due to weakening occupier demand and the wave of speculative development that had occurred pre-financial crisis (driven by easy access to finance).

- 4.92 The success of the industrial market in the last few years has primarily been driven by growth in the logistics and distribution warehousing sector which has benefited from advancements in online retailing. In 2018, Savills reported that retail was responsible for 53% of total industrial take-up at a national level, which had increased by 8 million sq ft on the year<sup>38</sup>.
- 4.93 Evidence of strong levels of demand for industrial warehousing space is shown by Figure 4.13 below. Since 2011, it can be seen that supply of warehousing space has significantly tightened and vacancy has dropped. In addition to strong levels of take-up, there have been other factors in the decline of space such as units being lost to higher value residential uses. This has been a theme across all industrials.
- 4.94 Most recently, the devaluation of the pound has also supported growth in the UK manufacturing sector, by making exports more competitive. This has culminated in strong investment fundamentals for all type of industrials and as a result speculative development has increased, boosting supply and starting to rebalance the market. It can be seen in Figure 4.13 that since 2016 there are signs that supply of warehousing space is back on the increase. However, vacancy remains low which indicates that demand is still strong and the market conditions are positive. The view that the outlook for the United Kingdom industrials market remains positive is shared by property agents Cushman and Wakefield in their 2018 Q4 report citing the resilience in particular of the logistics sector despite Brexit related uncertainty<sup>39</sup>.

**Figure 4.13 - Supply and vacancy of industrial warehousing nationwide**



Source: Savills Research

<sup>38</sup> Savills (2019), UK Logistics: Big shed briefing

<sup>39</sup> Cushman & Wakefield (Q4 2018) United Kingdom Industrial Market Snapshot



4.95 Whilst there is Brexit uncertainty stalling business decision making, the other challenge facing the national industrial market more generally is availability of land and landowners' growing aspirations. Carter Jonas have reported an 8.2% year-on-year growth in industrial land values in the UK<sup>40</sup>. The issue with this is that rental value growth is not keeping up at 2.8% per annum nationally. Property agents view is that there is also limited scope for yields to compress any further and thus, the market is reliant upon further rental value growth to make development viable in the context of rising land values.

## West Yorkshire as an industrial location

- 4.96 West Yorkshire incorporates a number of large conurbations including Leeds, Bradford, Wakefield, Huddersfield and Halifax. The region benefits from the A1(M) and M1 which provide routes north and south to other major regional cities such as Newcastle and Sheffield. The M62 is also an important transport corridor providing a west-east route from Manchester and Liverpool to Hull.
- 4.97 Property agents Knight Frank have reported that 2018 was a strong year for speculative industrial development in West Yorkshire with scope for further development as take-up continues to increase<sup>41</sup>. This speculative development has primarily been for big-box industrial space (B8 uses) and occurred in prime locations close to junctions of the A1(M), M1 and M62.
- 4.98 We understand there are a number of sites coming forward along the M62 corridor which will satisfy a large amount of the 'big-box' industrial demand in West Yorkshire. This includes:
- Junction 26 – Keyland developments site (discussed below)
  - Junction 27 – Drighlington where 99,000 sq ft of employment space is coming forward across the B1, B2 and B8 uses
  - Junction 28 – Kirklees District – 300 acres of land allocated for mixed-use development including over 1.3 million sq ft of employment space
- 4.99 Whilst these schemes and others are in the pipeline, the deeper concern moving forward is around the lack of future sites in West Yorkshire with supply limited in Wakefield and Leeds as well as Bradford.
- 4.100 There are also issues around the supply and availability of quality, existing employment stock across the region. The manufacturing and engineering sectors in particular, are also facing Brexit induced challenges (from an economic perspective) in addition to the challenge of finding suitable accommodation. Property agents identify a real shortage of good quality 20,000-50,000 sq ft general industrial space. This is stymieing business growth and is having a detrimental effect at all levels of the

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<sup>40</sup> Carter Jonas, Industrial Overview 2019 file:///C:/Users/HP/Downloads/2019-commercial-industrial-overview-v2.pdf

<sup>41</sup> <https://www.knightfrank.co.uk/blog/2018/11/13/speculative-development-returns-to-west-yorkshire-industrial-market>



market as it does not allow small-medium sized firms to upscale particularly to 5,000 sq ft or 10,000 sq ft units.

## Bradford District as an industrial location

4.101 In Bradford the prime industrial location for big box industrial is south Bradford around the M606 (e.g. the Euroway Industrial Estate). This is driven by its proximity to the M62 and the large customer base surrounding it. As a result of these characteristics, the logistics / distribution sector has a strong presence here and we note the following national and international businesses:

- Advanced Supply Chain;
- EPE International;
- Gondrand UK; and
- M&S Distribution.

4.102 Location is a really important requirement for the larger national and international companies and therefore Bradford District is in competition with other Local Authorities in the region to secure the requirements for space along major transport corridors. Typically, these companies will not look further than 5 miles away from a major motorway junction.

4.103 Unfortunately for Bradford, its boundary does not border the M62 directly, with the land south of the red line (left in Figure 4.14) being in Kirklees District. The image right, shows the boundary of a site being brought forward by Keyland Developments 400,000 sq ft of employment space on a 57-acre (23 ha) site between the M62 and the Bradford District border. This scheme is to be split 30% as B2 general industrial and 60% B8 storage and distribution and is evidence of the type of scheme that could be brought forward if there was suitable land in Bradford District with comparable locational advantages. Given its proximity to Bradford this scheme and others along the M62 are likely to capture demand which could have been absorbed in Bradford. As supply of good quality existing space is tight across West Yorkshire, including Bradford, then there is also the risk that businesses in Bradford could look to relocate here. We discuss this further in the supply and market balance section.

**Figure 4.14 – Kirklees District boundary and Keyland Developments site**



Source: Google and Keyland Developments Ltd

- 4.104 There is a tendency to focus on logistics and distribution as it has driven the industrial market nationally. However, Bradford has a strong history of being a ‘producer city’ and therefore away from the M606, there are other successful industrial employment locations across the District. We discuss these locations in further detail below however it is important to highlight that the District is constrained in terms of availability and suitability of employment land, primarily because of its topography as shown by Figure 4.15. Consequently, the main settlements and thus employment locations in addition to the Bradford City Area are centred on Canal Road from Bradford to Shipley and the Aire (Shipley to Steeton / Silsden) valley. There is less employment activity in the Wharfedale, with Ilkley being the main settlement and the highest value residential area in the District.
- 4.105 As set out earlier, highways capacity and connectivity are issues resultant from the topographical challenges facing the District. The majority of businesses that locate in the Aire and Wharfedales therefore tend to be local or regional companies generally serving a smaller catchment area. However, given the location of Keighley with its road links to North East Lancashire, Cumbria and Scotland (via M65 and M6) there is evidence of a cluster of distribution companies located in Keighley (for example the major employers are R McDowell Haulage & Distribution, Nelsons and Joda Freight). The dualling of the A6068 from Silsden to Colne (and the M65) will be important for sustainability and growth in this sector in North Bradford. In addition to distribution, Keighley has a strong manufacturing / production employment base and wholesale / repairs is another key industrial business sector across the rest of Airedale. We discuss below the four broad market areas identified through this market research.

**Figure 4.15 – Bradford District Topography**



Source: Topographic-map.com

*City of Bradford*

- 4.106 The Bradford City area is defined as within the A6177 and extending east to Leeds, north to Shipley along the Canal Road and to the Kirklees border south (M606). Figure 4.16 provides some examples of the type of B8 industrial space found in this market area.

**Figure 4.16 – Examples of industrial space at M606**

Source: Google

- 4.107 As discussed above, the M606 is the prime location for logistics and distribution space. The recently refurbished c 193,000 sq ft unit at the Euroway Industrial Estate shown above (left) has recently been let to Expect Distribution from Legal and General. Marks & Spencer also occupy 1.1 million sq ft of space at ProLogis Park (right). However, there is a lack of large flat sites available in this location to bring forward further substantial B8 employment space.
- 4.108 The most recent development we are aware of is at the top of the M606 where there is a cluster of food production companies. The Nano Park scheme comprises a mix of smaller hybrid (office / industrial) units and a traditional B1c/B2 industrial unit (see Figure 4.17). The majority of the units are hybrid two storeys, with 865 sq ft storage unit at ground level and 865 sq ft of office space on the first floor.

**Figure 4.17 – Nano Park, Newhall Way**

Source: Eddisons



- 4.109 This development is the final phase of Newhall Business Park and is considered by agents to be an example of the type of office / industrial scheme that is likely to continue to come forward to meet demand from smaller businesses. A number of the hybrid units within the scheme have been pre-let at a headline rent of £8.50 psf with the more traditional industrial units (c 2,000 sq ft) achieving around £7.50 psf. Since completion, take-up has remained strong and nationwide engineering supplier 'The Hayley Group' is the most recent business to locate here.
- 4.110 The size of the hybrid units is pushing up the rents and they should not be compared to rents being achieved elsewhere for larger B8 industrial stock because it is a completely different product. However, clearly this is an example of a successful industrial scheme, with incoming tenants signed up on a mixture of 3-5 year and 10-year leases.
- 4.111 Away from the M606 within the City ring road (A6177), the Bowling Back Lane area is another active industrial employment location and has been identified by the Council as a Business Development Zone (see Appendix B where consideration is being given to employment development opportunities on brownfield sites. One of the larger sites on Parry Lane is identified as one of the M62 corridor enterprise zones that offer businesses a range of incentives including reduced business rates and enhanced capital allowance tax relief (of qualifying plant and machinery). The majority of the site is in the Council's ownership and it is considered a key priority within the Business Development Zones study. The consultant team<sup>42</sup> have earmarked the site as an opportunity to bring forward up to 162,000 sq ft of B1c, B2 and B8 employment space.
- 4.112 The Bowling Back Lane area is currently home to a large number of local heavy industrial and waste management businesses as well as food suppliers and distributors. However, there are also successful multi-let industrial estates such as the Martree Business Park pictured left. It is considered that with investment the Bowling Back Lane area has to the potential to become more of a vibrant employment location that can attract business from the wider region. Given the challenge of finding greenfield employment sites, the re-use and intensification of existing employment zones will be an important strategy for the Council and is being explored through the Business Development Zones study.

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<sup>42</sup> Bradford Council has commissioned a team led by BDP (including AspinallVerdi) to assess key development opportunities and interventions that could be made to make the key Business Zones in Bradford, Keighley and Shipley more attractive to businesses.

**Figure 4.18 – Examples of industrial space Bradford City**

Source: Google

- 4.113 The Hillam Road Industrial Estate (Figure 4.18 right) is situated in the Canal Road Corridor which links Bradford City centre with Shipley and the Airedale. This is a popular employment location with a strong presence of automotive businesses as well as some manufacturing and logistics-based companies. Much of the accommodation in this location is late twentieth century brick built industrial units. This area is subject to transport improvement programme<sup>43</sup> and therefore its popularity as a location for businesses is only likely to increase when these improvements are implemented, however the majority of the existing stock is unlikely to meet modern requirements and therefore opportunities for industrial development in this area should be explored.

#### *Airedale*

- 4.114 From an industrial employment perspective, Airedale corridor runs from the Otley Road (i.e. Baildon) through Shipley to Bingley, Crossflats, Keighley to Steeton and Silsden. Along this route there are a number of successful employment locations such as Sapper Jordan Rossi Park (Baildon Business Park), Castlefield Industrial Estate, the Worth Village area of Keighley and the Riverside Industrial Estate, Keighley.
- 4.115 Keighley benefits from a good labour pool as well its accessibility with major A roads providing connections to Lancashire and Wharfedale (north), Bradford (south east) and Halifax (south). Keighley has a very strong manufacturing base having a long association with the textile industry. The Worth Village area and Riverside Business Park are also designated as Business Development Zones (see Appendix B ) and are both strong manufacturing locations. The difference between the two zones is that generally the accommodation at the Riverside Business Park is more modern with larger footprints (see Figure 4.19 right for an example).
- 4.116 Manufacturing companies are also located at the Castlefield Industrial Estate (see Figure 4.19), however there is a stronger presence of trade counter uses (e.g.

<sup>43</sup> <https://www.bradford.gov.uk/transport-and-travel/major-highways-schemes/bradford-shipley-route-improvement-scheme/>

Screwfix) and suppliers of materials here and along Otley Road between Shipley and Baildon.

**Figure 4.19 – Examples of industrial space in Airedale**



Source: Google

4.117 Further up the A629 is Steeton and Silsden, the most recently built employment space we are aware to have been delivered is on the southern fringe of Silsden on Ryefield Court and Ryefield Way (see Figure 4.19). This came forward around the time of the financial crisis. These premises are primarily occupied by manufacturers and suppliers of dental and computing products. The location of Steeton / Silsden means businesses are able to supply companies in Lancashire as well as North Bradford.

**Figure 4.20 – Examples of industrial space in Silsden**



Source: Google

4.118 We understand the land further south of this development which was previously allocated for employment is being developed by Barratt Homes for housing. This is an example of suitable employment sites being lost to residential that has resulted in a lack of new-build employment stock coming forward in the District.

### *Wharfedale*

4.119 The main transport route through the Wharfedale is the A65 from Burley in Wharfedale through Ilkley to Addingham. The valley is bound by the Yorkshire Dales

National Park to the north and is therefore a popular residential location in Bradford District with Ilkley being the highest residential value area in the District.

4.120 As the principal town in the Wharfedale, Ilkley is the main location for industrial activity, albeit this is not a dominant land use. There is however a dense concentration of small-medium sized sheds on East Parade and a single 50,000 sq ft warehouse on Lower Railway Road occupied by manufacturers Spooner Industries (see Figure 4.21 right). There is also a cluster of industrial units off Leeds Road with the Ashlands Road Industrial Estate and a concentration of more hybrid industrial units on Dansk Way (see Figure 4.21 left). The premises off Leeds Road are occupied by less intensive industrial uses and a more office-based business:

- The Ilkley Brewery Company (Ashlands Industrial Estate)
- Liberty Campers – VW campervan hire (Ashlands Industrial Estate)
- SHC Hire Centre - a tool rental service (Dansk Way)
- Pennine Marine – boat maintenance (Dansk Way)
- Talk Straight & Schools Broadband – telecommunications (Dansk Way)

**Figure 4.21 – Examples of industrial space in Ilkley**



Source: Google

#### *South Pennines Towns and Villages*

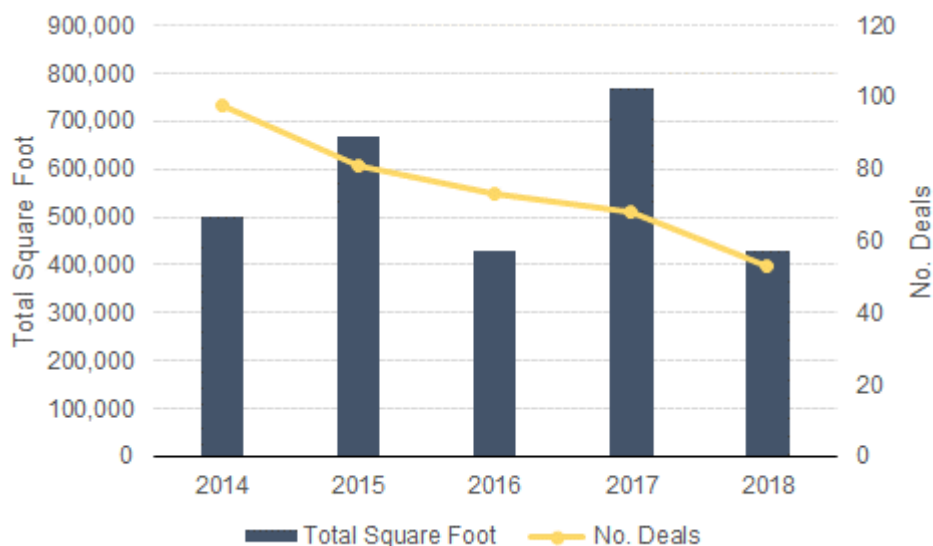
4.121 This market area covers the rural west of Bradford District and the villages of Queensbury and Cullingworth. Historically, Queensbury had a more active employment market with Black Dyke Mills. However, as a rural location there is not a substantial amount of employment activity, in particular in the industrial sector as topography is a major constraint. Furthermore, the only main arterial route through this area is the A629 and there is a lack of good transportation routes east or west. The Denholme Business Centre provides a mix of office and industrial based accommodation, but these units are dated and at high density meaning there is limited yard space, and therefore unlikely to meet modern requirements.



*Demand*

- 4.122 Market demand in Bradford is strong for industrial space generally, in particular the Bradford City area and Airedale. We understand that local companies are looking at space up to 50,000 sq ft across the District on a freehold and / or leasehold basis. Regional companies also have a preference for freehold, but would tend to seek larger space up to 150,000 sq ft. Any requirements for space larger than this would be from national and international logistics companies near the M606, with requirements between 250,000-500,000 sq ft for space on a short leasehold basis.
- 4.123 To assess demand, we have analysed take-up (on a leasehold basis) of B1c, B2-B8 space over a 5-year period using data from CoStar, and consulted with local property agents. In total over the 5-year period 2.79 million square feet of industrial space has been let, averaging around 560,000 sq ft and 75 transactions per annum.
- 4.124 Figure 4.22 demonstrates that the number of units let has gradually declined from 2014. This does not reflect weakening levels of demand as the amount of floorspace taken up has fluctuated and consistently been above 400,000 sq ft. It can be seen that 2017 was the record year for take-up, this was driven by a higher volume of deals for space between 10,001-50,000 sq ft and the 191,000 sq ft letting of Hollingwood Lane to Barwick Bathroom Distribution LLP (at £2.46 psf).
- 4.125 The only other 100,000 sq ft plus leasehold deal within the database was in 2015 when Torque Logistics took 176,000 sq ft of space on Tong Street (A650) at £2.00 psf. The rental values achieved in these two deals for second-hand space suggests there is a discount for quality, but also for location as both of these comparables are not located around the M606 corridor.

**Figure 4.22 – Take-up of industrial space in Bradford District (2014-2018)**



Source: CoStar

- 4.126 Table 4.7 shows the same deals information by floorspace ranges to understand what type of space is taken-up the most i.e. light industrial / general industrial (generally

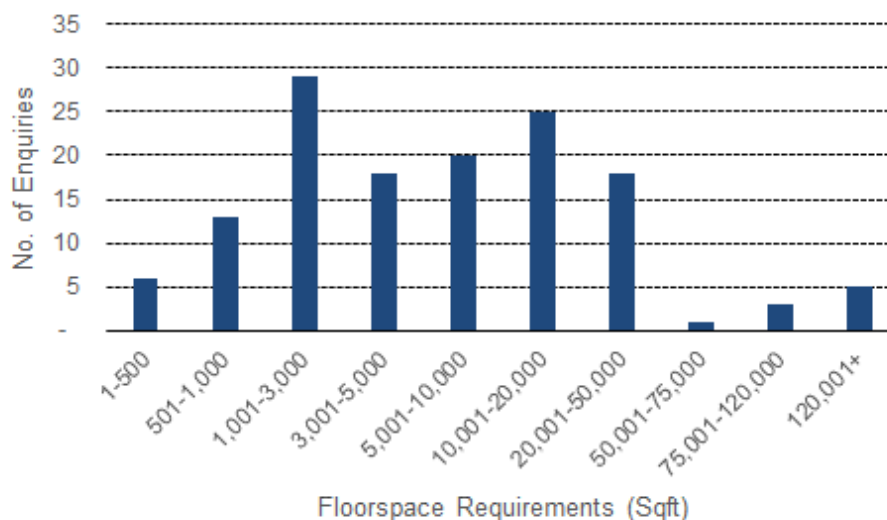
smaller footprints up to 50,000 sq ft) or storage and distribution (typically 50,000 sq ft plus). The majority of leasehold deals in the District over the last 5 years has been for smaller units between 2,001-5,000 sq ft followed by 5,001-10,000 sq ft.

**Table 4.7 – Take-up of industrial space in Bradford District (2014-2018)**

Size range (sq ft)	No. units	% of units by size
1-1,000	40	11%
1,001-2,000	69	18%
2,001-5,000	127	34%
5,001-10,000	71	19%
10,001-20,000	38	10%
20,001-50,000	23	6%
50,001-100,000	3	1%
100,001+	2	1%
<b>Total</b>	<b>373</b>	<b>100%</b>

Source: AspinallVerdi using CoStar

- 4.127 Take-up for 50,000 sq ft plus has been very limited in comparison to smaller light industrial and general industrial space. There is also a noticeable drop in transactions for space over 10,001 sq ft, in particular the 20,001-50,000 sq ft range. Having consulted with local agents we know that this is not a reflection of weak demand, rather the opposite, and that there is latent demand in particular for 10,000-50,000 sq ft units.
- 4.128 This corresponds with the Council's property enquiries database for industrial space, as shown in Figure 4.23 where the highest number of enquiries were in the 1,000-3,000 sq ft range. However, there is a clear requirement for space between 10,000-20,000 sq ft and 20,001-50,000 sq ft, which is not reflected in our analysis of leasehold or freehold deals. Unfortunately, we cannot link this information on enquiries with take up to identify whether requirements have been satisfied.

**Figure 4.23 – Enquiries for industrial property (Jan 2018 – Jan 2019)**

Source: AspinallVerdi using Bradford Council data

#### *City of Bradford*

- 4.129 The Bradford City area is the largest geographical submarket. On the basis of total square foot transacted and number of units let over the five-year period, it is the most active industrial sub-market in the District at 2.13 million sq ft of space across 267 leasehold deals. This equates to 426,000 sq ft per annum.
- 4.130 The majority of take-up has been for smaller units up to 10,000 sq ft, however there has been activity in the larger general industrial market up to 50,000 sq ft and a handful of deals for larger distribution and logistics space.
- 4.131 Property agents suggest there is demand for industrial space in the Bradford City area from local, regional, national and international occupiers. The national and international companies tend to be in the logistics and distribution sector typically requiring space over 50,000 sq ft on 1-2-year leases<sup>44</sup> and in close proximity to the M606 (within 5 miles from a junction).
- 4.132 This does not mean there are local and regional companies which would look to take space here, rather that it is unlikely given the geography of Bradford District that the national or international distribution and logistics companies would look north of Bradford City centre due to topography and highways capacity / connectivity constraints in Bradford. Using Bowling Back Lane as an example, at peak times the drive time to the top of the M606 could be 15-20 minutes and this can be a deterrent to distribution and logistics companies looking for space.
- 4.133 Transport improvement schemes are ongoing in the Bradford City area, and these will be important to minimise drive times to major transport highways (M606 and M62), but also better connect Bradford City centre with Shipley and stimulate employment

<sup>44</sup> This is because companies want their leases to resemble their contracts which are short term

activity. Along with the recommendations being made as part of the Business Development Zones study, there is potential to increase the attractiveness of other parts of the Bradford City area such as Bowling Back Lane, and not only satisfy local demand, but attract demand from national or international businesses as Bradford has a strong labour supply and is strategically located to the M62 and key regional cities.

- 4.134 At present, away from the M606 in employment areas such as Bowling Back Lane or the Canal Road corridor, demand is primarily from local and regional companies in manufacturing, automotive and food production. We understand there is demand for smaller units and the mid-range 10,000-50,000 sq ft bracket of which there is very limited supply (discussed below).
- 4.135 The local and regional companies would tend to prefer to acquire the freehold and this is being driven principally by low interest rates. However, there are a lack of suitable opportunities and therefore many businesses only option is to lease. The lack of supply has pushed up capital values in this market area to £85-£100 psf for good quality space whereas historically they have been around £70-£75 psf.

#### *Airedale*

- 4.136 Demand for industrial space in Airedale is primarily from existing businesses that are looking to expand and grow. Demand is across all floorplate ranges with a lack of suitable opportunities stymieing this growth potential.
- 4.137 Over the last five years CoStar data shows a total of 620,000 sq ft of space has been let, equating to around 124,000 sq ft per annum. However, leasehold take-up in 2018 dropped significantly to below 15,000 sq ft, and this lack of market activity is likely to result from the real shortage of good quality space to meet demand. We return to this in the supply and market balance section.
- 4.138 Local businesses seek good quality existing premises that are available immediately and preferably on a freehold basis, primarily to avoid the costs associated with fitting out a new building. Freehold take-up shows a similar trend to leasehold in terms of limited activity in 2018. The most active year was 2016 when the Riverside Business Park in Keighley (known as the former Magnet site on Royd Ings Avenue) was speculatively developed (270,000 sq ft industrial scheme) and sold off plan to local manufacturing companies at around £57.00 psf. A more recent example is the Sapper Jordan Rossi Park in Baildon which is a new-build development of 150,000 sq ft, developed speculatively and achieved £85.00 (3,000 sq ft plus units) to £100.00 psf (2,000-3,000 sq ft units) capital values. This scheme has been delivered without public subsidy and is evidence that new employment space in Airedale can be viable.

#### *Wharfedale*

- 4.139 In the Wharfedale there has been very little market activity over the last five years with just 14,600 sq ft of space let according to the CoStar database. Only two freehold deals are recorded over the same period. This may indicate weak demand for industrial premises in the Wharfedale, but could also indicate a lack of supply.

4.140 In terms of lettings, the deals have been for units in East Parade and Dansk Way, with the units generally between 1,000-6,000 sq ft. Earth Renewables (renewable heating experts) took hybrid office / industrial space on Dansk Way in 2014 on a three-year deal however we understand they have since ceased to operate. Furthermore, the largest deal for 6,000 sq ft of space to Talk Straight and Schools Broadband, a communications technology business and therefore not a traditional industrial use.

#### *South Pennines Towns and Villages*

4.141 This is also a relatively inactive market area in terms of industrials given the issues with topography and lack of connectivity to major conurbations. Demand in this location is therefore very localised and over the last five years CoStar records only 23,800 sq ft of space let with around 57% of this for small 2,000-6,000 sq ft space at Denholme Business Park.

### Supply and market balance

4.142 The previous section has demonstrated that across the Bradford City area and Airedale that the market is strong from a (latent) demand perspective. However, as is the case across much of the country, the supply of industrial space in Bradford has declined significantly since the global financial crisis. Firstly, driven by speculative development stalling, and losses to residential and subsequently through increased and sustained levels of take-up in more recent years.

4.143 With growing demand and a shortage of supply, speculative development has returned to the prime locations across the country and indeed West Yorkshire, although there is still an imbalance in the market generally. In Bradford, there has been a lack of speculative development and industrial development of any kind because there is a lack of suitable supply in the right locations and this has culminated in a shortage of modern quality space to meet requirements. This is a widely held view that came through very strongly in discussions with the property agency professionals and is reflected in the CoStar data that identifies a vacancy rate of 1.3%.

**Table 4.8 – All industrial vacancy rate in Bradford District**

Approximate Total stock (sq ft)	Vacancy Rate
25,000,000	1.3%

Source: AspinallVerdi using CoStar

4.144 A constrained supply means demand from companies looking to expand or to enter the Bradford market will not be met, and will result in firms looking for accommodation elsewhere.

4.145 In the remainder of this section we provide a qualitative assessment of the supply and market balance in each market area. We have not assessed total stock and

availability quantitatively as through our analysis we have established that this would misrepresent the market information because:

- Much of the space 'available' on the market is still occupied by existing businesses seeking to relocate and grow (but have not to date been able to find suitable premises), and is therefore not immediately available; and
- The existing stock that is vacant generally remains so because it is not of suitable quality to meet modern requirements.

#### *Bradford City area*

4.146 There is a general lack of good quality, suitable accommodation that is available to occupy straight away in the Bradford City area. What we mean by straight away is that much of the accommodation being marketed is currently occupied by businesses that are looking for alternative accommodation to enable expansion themselves. The effect of this is cyclical on the market because as there is a real shortage of space, in particular between 10,001-50,000 sq ft which is restricting growth and also stymieing growth of smaller companies who want to move into say 10,000 sq ft premises.

4.147 To provide an example, 106 Bowling Back Lane (see Figure 4.24) is a 53,000 sq ft distribution warehouse currently being marketed for sale (at £45.00 psf) or rent (£4.00 psf). The existing occupier is seeking to relocate for expansion however there are only two other larger premises being marketed in South Bradford:

- 61,290 sq ft of B8 space - 247 Sticker Lane, BD4 8RQ
- 90,600 sq ft of B8 space - Concept House and Lindsay House, BD7 2NF

**Figure 4.24 – 106 Bowling Back Lane, Distribution Warehouse**



Source: Eddisons

4.148 We understand that part of the issue generally is there has been a lack of new build development and modern requirements have moved on in terms of eaves heights (minimum of 8 metres compared to say 4-6 historically) and yard spaces which businesses prefer to be private rather than shared as they are on multi-let estates. In certain cases, businesses have built extensions on their yard space to accommodate growth, but this is not sustainable in the long-term. As a result, where there is good quality space in the Bradford City area, agents suggest the letting process is very competitive as the market is under-supplied.



4.149 As shown in the table below the overall vacancy rate for the City Area is 0.90%.

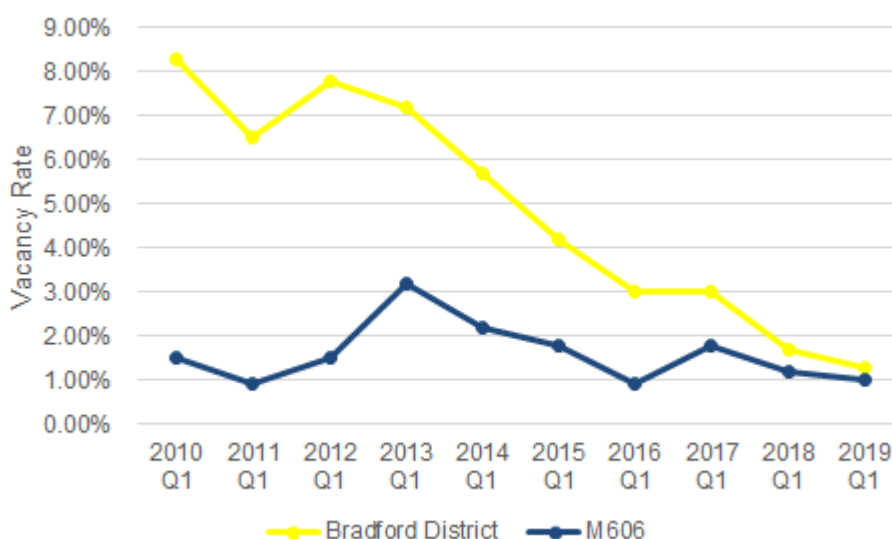
**Table 4.9 – All industrial vacancy rate in Bradford City Area**

Approximate Total stock (sq ft)	Vacancy Rate
13,300,000	0.90%

Source: AspinallVerdi using CoStar

4.150 The best quality stock in the Bradford City area is around the M606 and there is unmet demand in this location from national and international distribution and logistics companies. The vacancy rate in this location is extremely low at around 1% (see Figure 4.25) and has consistently been lower than the wider District since 2010. However, the vacancy rate in the District as a whole has reduced substantially, reflects a strong industrial market in terms of demand (District-wide), but also losses of empty employment stock to other uses.

**Figure 4.25 – Vacancy rate for Bradford District and M606**



Source: CoStar

### *Airedale*

4.151 The market balance in Airedale resembles the Bradford City area. Demand is strong for good quality industrial stock and there has been a lack of new-build development meaning the supply of available and suitable accommodation is limited along the Otley Road (Baildon), through Shipley, Bingley and along Airedale Road / A629 to Keighley, Steeton and Silsden.


**Table 4.10 – All industrial vacancy rate in Airedale**

Approximate Total stock (sq ft)	Vacancy Rate
6,225,000	2.8%



Source: AspinallVerdi using CoStar

4.152 As shown in the table above, CoStar indicates that vacancy in Aire Valley is 2.7% and this is largely driven by the Keighley sub-market and the large amount of floorspace available at Airedale Business Centre. This is discussed further in Table 4.11 which provides examples of properties being marketed at a number of the key industrial employment locations in Airedale.

**Table 4.11 – Review of industrial accommodation available in Airedale**

Location	Comment
Otley Road, Baildon	<ul style="list-style-type: none"> <li>No properties currently marketed to let or for sale.</li> </ul>
ShIPLEY-SALTAIRE	<ul style="list-style-type: none"> <li>A couple of small units totalling around 3,000 sq ft of space available to let at the popular Thackley Court Industrial Park. All of the larger units are occupied.</li> <li>There is a single storey 20,500 sq ft steel portal frame warehouse on Hirst Wood Road available to let at around £3.70 psf. The property (Unit 9) is situated on an established industrial estate with around 7 metre eaves height, parking and shared yard space. It has just come to market in May 2019.</li> <li>Around 33,000-48,000 sq ft available to let (may sell) at the Waterfront, Old Mill Road BD17 7EZ. There are two units, the circa 15,000 sq ft warehouse is currently occupied and the remaining 33,000 is vacant. Whilst the location of the premises is good, the property is constrained by limited yard space and a lack of width.</li> </ul>  <p data-bbox="671 1780 879 1809">Source: GentVisick</p>
Bingley-Crossflatts	<ul style="list-style-type: none"> <li>There is a 2,435 sq ft late 19<sup>th</sup> century stone built single storey workshop being marketed. The light industrial property has been refurbished and is available to rent from £7.80psf with the potential for</li> </ul>

Location	Comment
	<p>uses outside of employment.</p> <ul style="list-style-type: none"> <li>We understand Hayfield Robinson are letting a 12,000 sq ft warehouse at Castlefields Industrial Estate. This is marketed on a rent on application which tends to indicate a competitive process is expected given that the premise is modern and located on a well-established industrial estate.</li> </ul>
Keighley	<ul style="list-style-type: none"> <li>Unit 7 at Keighley Industrial Park on Royd Ings Avenue is a detached refurbished warehouse with private yard space. This 24,000 sq ft unit is also marketed as rent on application – which indicates the agents expect a competitive process for this good quality industrial warehouse.</li> <li>There is 15,425 sq ft single storey warehouse available to rent at Acre Park, Dalton Lane from £4.00 psf. This is a modern warehouse with good yard space and a clear working height of 4.9 metres. This is an example of relatively good quality industrial accommodation available in Keighley.</li> <li>There is 10,000-30,000 sq ft of warehousing space at Aireworth Distribution Centre. The asking rent is £1.75 psf but the landlords are seeking a lease term up to 2 years and contracted out from the 1954 Landlord and Tenant Act which means there is a lack of security for incoming tenants.</li> <li>There is a large amount of industrial space (between 200 and 38,000 sq ft) marketed at the Aire Valley Business Centre from £1.50 psf. This rental level is reflective of the quality of accommodation which is not considered to meet modern requirements, especially for larger industrial space because of the shared yard space in particular and likely the internal structures which prevent flexibility. The particulars themselves indicate the property may be considered suitable for alternative uses and we understand the whole business park is for sale as an investment or development opportunity.</li> </ul>

Location	Comment
	 <p data-bbox="671 725 911 752">Source: Carter Towler</p>
<p data-bbox="296 1066 560 1093">Steeton and Silsden</p>	<ul data-bbox="624 813 1386 1003" style="list-style-type: none"> <li>• There is only one property being marketed on a freehold basis with development potential. This reflects the quality of the accommodation which would be unlikely to meet occupier requirements for industrial space.</li> </ul>  <p data-bbox="671 1317 863 1344">Source: Eddisons</p>

Source: AspinallVerdi using Estates Gazette Property Link, Rightmove and local agent websites

4.153 In summary, in floorspace terms the supply of industrial space in Airedale may seem to be satisfactory to meet demand. However, what is available is generally second-hand stock and marketed on a leasehold basis, whereas the demand is generally for freehold. Whilst there is some good quality stock this is limited and not spread across all floorplate ranges.

*Wharfedale*

4.154 There is considerably less industrial market activity in the Wharfedale when compared to the Aire Valley. As shown in the table below according to CoStar there is only around 110,000 sq ft of space registered on the database with vacancy at 4.8%. This is exclusive of the Spooner Industries c 50,000 sq ft unit. However, including this the total figure would remain significantly below the amount of space in the Aire Valley with the Riverside Business Park scheme in Keighley for example, totalling 270,000 sq ft.

**Table 4.12 – All industrial vacancy rate in Wharfedale**

Approximate Total stock (sq ft)	Vacancy Rate
110,000	4.8%

Source: AspinallVerdi using CoStar

- 4.155 As in the Aire Valley, there is also a lack of suitable good quality existing industrial space to meet potential demand in the Wharfedale should businesses require larger premises to support growth or indeed small start-up companies seek to locate here. For example, there are only four second-hand B2 property (totalling 11,000 sq ft) currently available on a leasehold basis. An example being the property below at Ashlands Industrial Estate, Ilkley (see Figure 4.26).

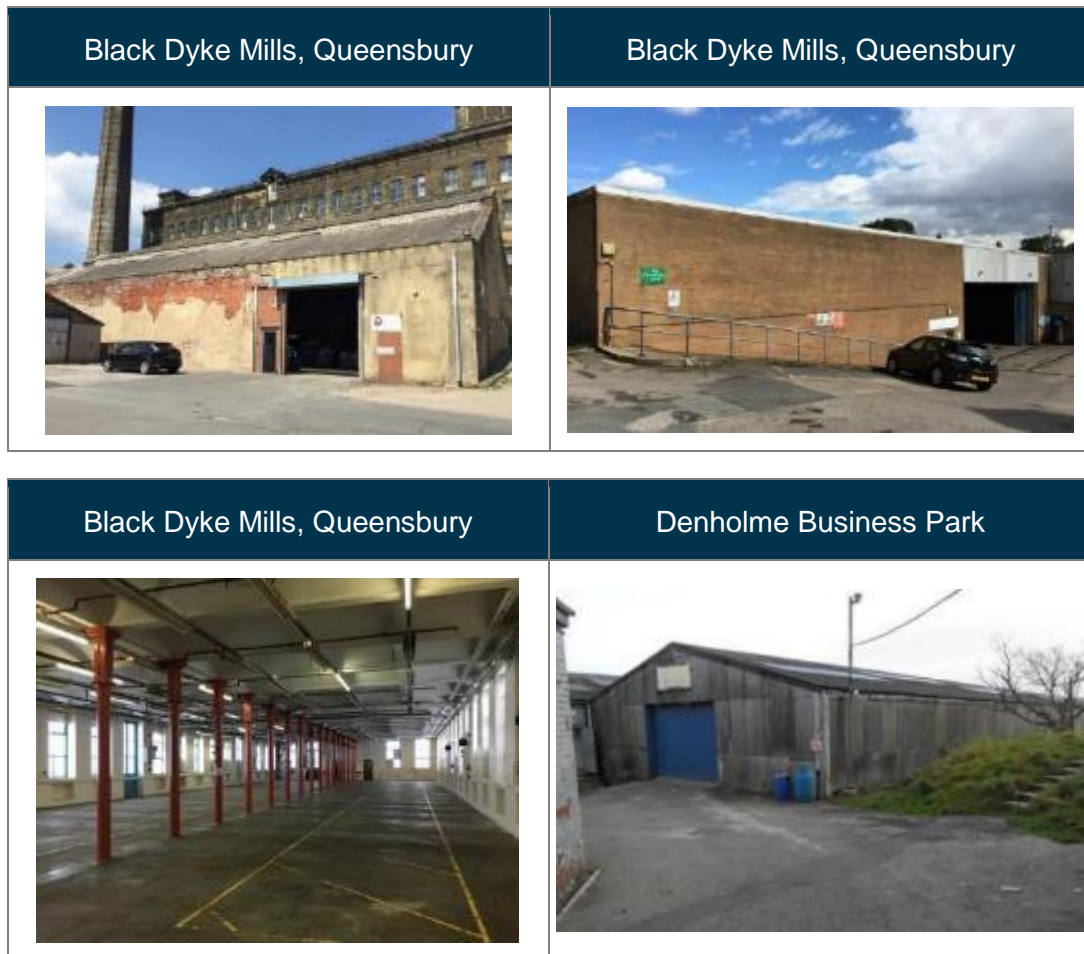
**Figure 4.26 – Units 2 and 3, Ashlands Industrial Estate, Ilkley**

Source: Estates Gazette Property Link

### *South Pennines Towns and Villages*

- 4.156 There is lack of industrial market activity within this market area. According to CoStar there is around 240,000 sq ft of stock in Queensbury, but 21% of this is vacant with around 45,000 sq ft of general industrial space being marketed to let at Black Dyke Mills which is driving the vacancy figure up. Figure 4.27 however shows that the quality of this space is relatively poor and dated, hence the low asking rents of around £1.50-£2.50 psf. The general issue with older second-hand stock is that they do not have the flexibility to meet modern requirements and if adaptation is structurally possible, this comes at a cost. There is a further 5,500 sq ft of space at the Denholme Business Park on the A629, although this is also not considered to be stock suitable to meet demand.



**Figure 4.27 – Examples of space on the market in South Pennines**

Source: Estates Gazette Property Link

### Rents

- 4.157 Headline rents for prime industrial space in Bradford are around £7.50 psf. Generally, as result of strong demand and the supply of industrial space decreasing, this has had a positive impact upon the net effective rent as it is becoming harder for prospective tenants to negotiate incentives packages due to a lack of suitable alternative accommodation. Net effective rents (after incentives) are currently around £6.25-£6.50 psf for prime industrial space depending upon the incentive agreed. This kind of rental value is likely to be achieved anywhere along the M62 corridor for good quality industrial space.
- 4.158 The view from local agents is that there is unlikely to be any further upward movement in the headline rent for prime industrial stock, but there is scope in the secondary market for growth due to a lack of supply of good quality space in the Bradford City area and across Airedale and Wharfedale. Rents in the Bowling Back Lane area of Bradford or Airedale are generally around £3.00 -£4.00 psf for second-hand stock, depending on size and quality. In some cases, rental values may be as low as £1.50-£2.50 psf and this suits the type of low value industrial uses prevalent in parts of Bradford such as metal and waste recycling.

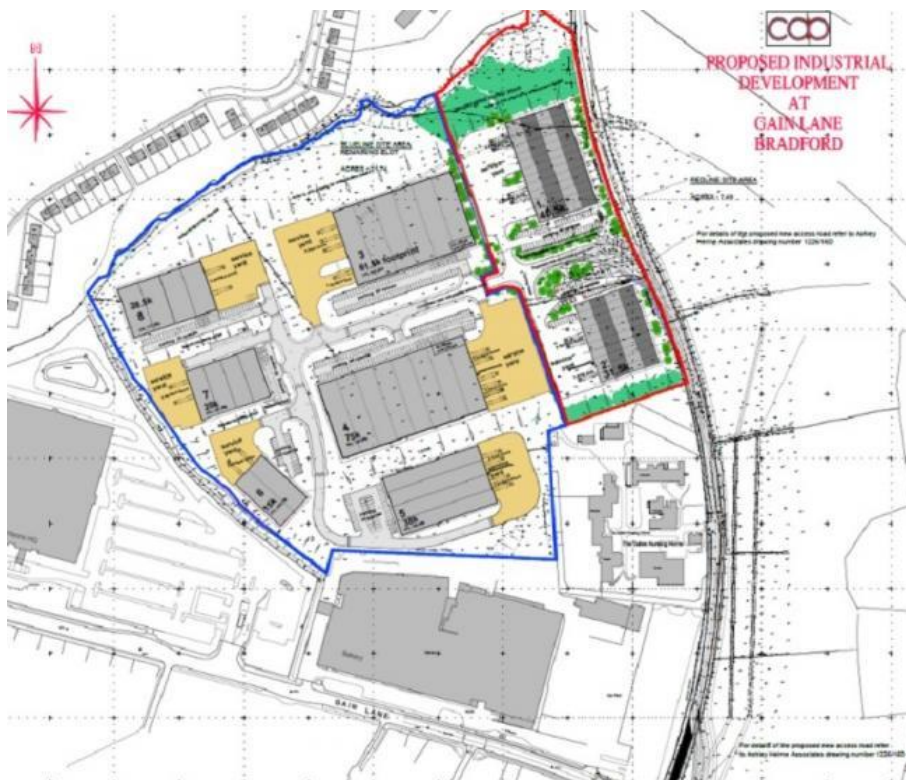


- 4.159 Newly refurbished stock is likely to achieve around £5.00-£6.00 psf, but the challenge is getting existing occupiers and businesses to pay this level of rent when they are used to £3.00 -£4.00 psf.

### *Development opportunities*

- 4.160 The Gain Lane Enterprise Zone site (refer to map below Figure 4.28) has now obtained full approval from the West Yorkshire Combined Authority, securing £10 million grant to deliver 13 ha site in the Thornbury area of East Bradford. The scheme will deliver a number industrial units on sites and infrastructure improvements to the road network, creating an estimated total of 550 jobs.

**Figure 4.28 Gain Lane Enterprise Zone**



- 4.161 Two other Enterprise Zone sites at Staithegate Lane and Parry Line are also currently being promoted, but are at an earlier stage of the process.
- 4.162 It is very clear from discussions with local agents that if there were suitable employment sites allocated and available, then new build industrial development would come forward in Bradford, in particular around the M606. Investors and developers however want 'oven ready' sites, essentially sites of a sufficient size which are flat, unconstrained and have the infrastructure in place. We understand that prime sites across West Yorkshire would carry a value of around £500,000 per acre (net of costs for remediation). In Bradford, more generally good quality employment land will tend to carry a value of between £300,000-£400,000 per acre.
- 4.163 The site assessment work for this study clearly shows a lack of flat, unconstrained sites of a suitable scale (>12 acres) available that could accommodate a range of uses, in particular around the M606. Therefore, we would recommend that if the



Council wants to see B8 employment development in south Bradford then establishing a second strategic employment location will be important. We are aware of proposals for a strategic urban extension around Tong and given the proximity of this location to the A650 linking up to the M621 and M62, this would seem like a strong candidate, particularly with the South-East Link Road proposals that will provide better connectivity to the M62.

- 4.164 In terms of delivery, there would be demand for B2/B8 space in this location, and therefore schemes could come forward on a pre-let basis if the sites were available. However, given the existing supply and market balance there would also be the confidence in the development market to develop speculatively on unconstrained sites in good locations (i.e. road connectivity).
- 4.165 Historically, Bradford District has not been a pre-let market and whilst this may have changed around the M606, development is unlikely to come forward on this basis in the Airedale or Wharfedale. However, agents feel that there is confidence in the developer market and that schemes (in particular for smaller units sub 50,000 sq ft) would be delivered speculatively by regional developers who are familiar with the Bradford market as there is pent-up demand.
- 4.166 The issue is availability of sites, and typically where employment-based development has come forward in the District this has been on small infill sites. At present there are very limited opportunities to secure sites for industrial development. Virtually all of the sites across the District are being marketed with the prospect of residential development. We are only aware of a 2-acre site at Castlefield Industrial Estate being marketed by Hayfield Robinson for employment use. This site obtained consent for 8 x B1/B8 units in 2008, but this has lapsed, perhaps because consent was granted around the time of the financial crisis. The site has a guide price of £150,000 per acre and is located next to an existing and successful industrial estate where there is limited availability.
- 4.167 We are not aware of whether this site is constrained in terms of abnormal development costs, but new-build industrial development in this location should be economically viable. Generally, to make development viable in the District gross rents of around £6.50-£7.00 psf are required according to local agents. However, in Airedale we have demonstrated that schemes can come forward speculatively with space sold off plan to businesses seeking space for owner occupation. We are aware of two potential small schemes in Keighley which demonstrates an active industrial market:
- Progress Works Industrial Estate – three 5,000-7,000 sq ft B2 industrial units
  - Dalton Lane / Chesham Street – two 19,500 sq ft B2 industrial units
- 4.168 Through the Business Development Zones study, the Council is taking action to address the immediate issues of a lack of employment land availability through the re-use and intensification of brownfield land. Across the three areas (Bradford, Keighley and Shipley) the most notable employment site and opportunity is on Parry

Lane in the Bowling Back Lane of Bradford where there is potential to deliver around 160,000 sq ft of B2 and B8 employment space.

## Conclusions - Industrial

- 4.169 New-build industrial development in Bradford has been very limited in recent years, in particular for space over 10,000 sq ft. There is a large supply of older mill type accommodation in Bradford and the majority of occupiable industrial stock in the District was built in the late twentieth century early 2000s and therefore, there is a lack of quality accommodation available to meet modern demand.
- 4.170 Demand in Bradford can be simplified into two broad categories:
- Local and regional demand across the District, primarily from existing businesses that need to expand.
  - National and international companies that are looking for B8 space close to motorway junctions in West Yorkshire.
- 4.171 In general terms, existing businesses would prefer to secure good quality existing accommodation on a freehold basis that ideally provides them with future opportunities for growth. The lack of development has led to an imbalance in the market, with some occupiers having to wait for build-to-suit opportunities; or taking second-hand space or multiple units to satisfy immediate requirements. With a lack of suitable medium sized B2-B8 space (e.g. 10,000 – 50,000 sq ft), occupiers are struggling to find suitable space to expand into. This is having a knock-on effect, with smaller B1c/B2 units not being released and therefore not freeing up space for micro SMEs and start-ups at the bottom end of the market.
- 4.172 On the other hand, national and international companies looking for bigger footprints tend to prefer taking a lease which offers them flexibility. The nature of their requirements can be quite specific in terms of specification (e.g. eaves heights and turning circles) and therefore they tend to prefer new or refurbished stock and would be willing to sign pre-lets on new development to secure the right premises. The constrained levels of supply and strong demand mean the market conditions are suitable for speculative development within 5 miles of the M606 and M62, but there is a lack of suitable development sites available.
- 4.173 The concern for the Council is that either existing or prospective businesses could look for premises elsewhere outside of the District if more sites are not made available for employment use and deliver better stock. We have highlighted a number of substantial schemes along the M62 corridor, and labelling and packing firm OPM Group, (a Bradford based firm) moved in 2014 into 56,000 sq ft manufacturing plant on Gelderd Road, Leeds<sup>45</sup>. Businesses are generally becoming more high-tech and have realised over the years the benefit of newer buildings in terms of energy efficiency, production efficiency and attracting employees. Therefore, there is the

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<sup>45</sup> <https://www.insidermedia.com/insider/yorkshire/112380->



need to develop larger scale industrial spaces to free up space further down the chain. This should also be seen as an opportunity to deliver employment space that can not only satisfy local pent up demand, but capitalise on a general shortage of 10,000-50,000 sq ft units (in particular) across West Yorkshire.

4.174 We would therefore recommend safeguarding and allocating sites with good road connectivity:

- Across South Bradford,
- Along the Bradford-Shipley corridor,
- Along Airedale from Otley Road (Baildon) to Steeton and Silsden, and

4.175 Where appropriate, this should also be applied to the Wharfedale and in the South Pennines, but the number of allocations would reflect weaker levels of demand.

## Summary

4.176 At the start of this chapter we asked whether a lack of land could have constrained the market in the past and possibly contributed to the poor economic indicators discussed in the earlier chapter. We had already concluded that this was not a product of a labour supply shortage, but could be related to a lack of allocated land and property.

### Offices

4.177 For offices this does not look to be the case. In general, the District has provided a supply of land for development, including in the City Centre. But market demand has not been strong enough to bring this forward. Instead the market has picked up space in neighbouring areas and particularly Leeds. Viability remains an ongoing concern and simply allocating more land is unlikely to address this.

4.178 The priority for the office sector is to protect the viable secondary office stock. The secondary stock is often viable to occupy; viable to maintain and in the right part of the District viable to refurbish to a higher standard. Even where the market is not strong enough to refurbish at the moment this is the most likely 'office recovery' route when confidence builds in the national and regional office market. But the market is not strong enough to deliver new space – including replacement space where property is lost. Nor do we expect the market to become more viable in the medium term. The value 'gap' is too great to see it repaired for a while.

4.179 The above comment obviously does not apply where public subsidy is available or cross subsidy from other uses on site. But the rationale for providing space below 'cost price' would need careful consideration because there is a risk that additional space is simply displacement.

4.180 However, we recognise that there are gaps in some parts of the market where more property could be delivered if land was provided. This is more relevant in the rural parts of the District (including Wharfedale) and qualitatively for lower specification quasi industrial space. This 'cost efficient' space is becoming increasingly popular

for occupiers compared to traditional offices. It is also viable to provide where the right sites are made available.

### **Industrial**

- 4.181 For industrial there are signs that the market may have been constrained in the past. For larger occupiers, who look for highly accessible sites where they can service a wider population than just the District, there have not been enough sites available to meet this demand.
- 4.182 For smaller occupiers there is a chronic shortage of freehold space and signs that some market shortages are caused simply because larger freehold property is not available. So occupiers are taking multiple smaller units. They are also compromising in smaller units because they will not move unless larger freehold is available.
- 4.183 Both issues are reasonably common across England, they are not unique to Bradford. Large unit sites, including warehousing (or industrial occupiers who operate just in time and so need the same highly accessible sites) are generally in short supply. The number of locations that meet this 'highly accessible' criteria is obviously limited to those on the main road network and many Councils have not released sites. So the footloose demand is focused on to the small number of sites released and consequently get taken up quickly. As we discuss in the next chapter this is a difficult problem to quantify and provide a Bradford land supply to address. If Bradford provides land, and others do not, then Bradford will attract this demand. Given the weak labour market here, with high unemployment and low economic activity, targeting this footloose demand would appear to be sensible – where the sites are generally sustainable in the wider NPPF context.
- 4.184 For freehold this is more challenging to address. Freehold firms don't tend to promote land for development via the plan route. Partly because their 'need' for additional land / floor space is unlikely to align with a plan making cycle. Further planning is normally 'blind' to ownership issues. It is also the case that this demand is partly a product of the taxation system that encourages investment in freehold property. When formulating conclusions and recommendations we will need to carefully consider how we can address this gap in the market.



## 5 DEMAND FOR EMPLOYMENT FLOORSPACE

### Introduction

- 5.1 In this section we review of the latest economic data to establish a local economic forecast for the Bradford District over the plan period.
- 5.2 The Planning guidance requires us to consider both economic forecasts (labour demand) as well as past take-up.
- 5.3 This chapter reviews the following 3 approaches:
- **Past Trends** - A projection of historic trends (Past Trends approach). This is based on data sourced from the Councils monitoring data and cross checked with data from the Valuation Office Agency (VOA)
  - **Economic Forecast: Experian / REM Model** - A projection based on 'Labour Demand' which in this case is informed by an economic forecast from Experian
  - **Economic Forecast: Cambridge Economics** - A second 'Labour Demand' view provided by Cambridge Econometrics.
- 5.4 At a later stage, when the Council has confirmed its housing targets, we will also provide a view based on 'Labour Supply', but for reasons discussed above the lack of labour does not appear to have been in impediment to growth. However, it is important to firstly identify the demand for labour before considering labour supply.
- 5.5 We note that this study is prepared in challenging time, with the UK leaving the EU and uncertainty surrounding many sectors, but it is important to note that the denominator of this evidence base is land and floorspace. With this in mind, should employment floor space be vacated and providing it remains protected from alternative uses, it will be available for re-occupation or the land available for redevelopment. It does not, therefore, automatically follow that this uncertainty generates a need for a new supply of land. Other initiatives may be needed to stimulate demand to take-up or re-occupy sites.
- 5.6 Finally, it is important to note that this is an assessment of 'need' – guided by the National Planning Policy Framework and Planning Policy Guidance. It is a very different assessment to an economic regeneration strategy or other 'policy led' view of what land and property may be 'wanted'. There is a role for economic aspiration within the development plan, but it needs to be separated from the baseline assessment of need. This is important so that the plan has a clear view of what sites and land have 'reasonable' market led prospects for delivery vs those where the prospect of delivering is dependent on other plans, strategies or funding.

### Past Trends

- 5.7 We look at past trends using two different sources. Firstly, using planning data from BMBC. Secondly, we look at data from the Valuation Office Agency (VoA). This second data source is useful because it is driven by taxation data. As taxation data



there is a motivation for landowners to remove lost floor space from the database in a timely manner, and the VoA has motivation to identify new space.

## BMDC Past take-up data

- 5.8 The table below, drawn from BMDC data shows past take up between 2008/9 and 2017/18 – so 10 years which included both the recessionary period and the recovery.
- 5.9 The data shows a gain of 2,922 sq m of office space per annum and 49,454 sq m of industrial space per annum.

**Figure 5.1 – Past take up data 2008/9-17/18**

Use class	Per annum gains (sq m)
B1a	2,922
B1c,B2 & B8	49,454

Source: BDBC monitoring data, PBA analysis

### Offices

- 5.10 The data would support projecting forward a need for 2,922 sq m of new space per year.
- 5.11 Translating this into a land requirement is complicated because the link between floorspace and land is weak as plot ratios differ significantly between schemes. An out of centre office scheme may be delivered at a plot ratio between 40% and 60% (4,000 – 6,000 sq m per hectare). This is due to the fact that these sites need ample car parking and often landscaping so, even with 3 or 4 storey buildings, overall plot ratios remain low. But a City centre site can come forward at a much higher density – buildings can be higher with little or no car parking and landscaping needed. The final plot ratio is dependent on the characteristic and constraints of the supply / sites identified.
- 5.12 In advance of the Council's new portfolio being identified it is best to be cautious and assume the 'worst case' (40%). That is to project forward a need for 2,922 sq m of space requiring around 0.75 ha per annum.

### Industrial

- 5.13 For industrial uses the data suggests projecting forward 49,454 sq m per annum. Convention would suggest applying a 40% plot ratio to translate this into land. This is due to the fact that for an industrial user, the 'yardage' is almost as important to the operation of the built space as the unit itself and industrial plot ratios rarely exceed 40%. At 40% plot ratio, 12 ha of land per annum would be needed to accommodate this 49,454 sq m of floorspace.

- 5.14 However, it should be noted there is a significant anomaly within the past take-up data. The Council's take-up data includes the large M&S warehouse / distribution unit built in the early 2010s that is atypical in that it is a multi-floored (automated) warehouse. This single scheme accounts for 370,000 sq m (or 80%) of all the past take-up, so is, in floorspace terms, not typical of 'normal' take-up rates. Also, in terms of land and plot ratios the floorspace was accommodated on 22 ha, a plot ratio of 170% - far in excess of what the market would consider typical.
- 5.15 Both the floorspace and the land area figures strongly distort the projection of past take-up and pragmatically there is a justification for excluding the M&S unit from the calculations to arrive at a need for more 'normal' demand. Removing this single scheme from the analysis reduces past take-up to 12,454 sq m per annum or 3.1 ha pa (@40%).
- 5.16 However, the M&S scheme cannot be ignored in its entirety and there may be demand for similar developments in the future. Taking this into account, while the 3.1 ha pa figure represents a view of 'normal' demand, the Council still needs to consider whether there is scope to provide land to accommodate additional large warehouse units should such a demand for this requirement arise in the future. Based upon this past take-up of industrial land, the Council still should consider whether an additional 2.2 ha pa (22 ha / 10 years) could be accommodated within Bradford. This additional 2.2 ha comes with a strong caveat that it would require site(s) with similar qualitative characteristics as those which attracted the M&S unit in the first place. Most obviously a large flat site in close proximity to the strategic road network, which would be attractive to regionally footloose logistics demand. In practice no such sites may be available, but in identifying 'need' based on past take-up it would be robust to pre-judge this constraint.
- 5.17 In summary, the past take-up approach would support 3.1 ha of new industrial land per annum, with an potential of a further 2.2 ha of land each year for large warehouses, should the sites of suitable size be available and the demand for such space arise.

## Valuation Office Agency Data

- 5.18 The VoA (Valuation Office Agency) produces annual estimates of the taxable floorspace by local planning authority. Unlike the data above, which is drawn from planning data, the VoA uses taxation data, and as such we can be confident of its accuracy – owners are anxious to de-list property when it is demolished and the VoA has controls to identify new space. This is discussed in greater detail in Chapter 3 of this report.

### *Offices*

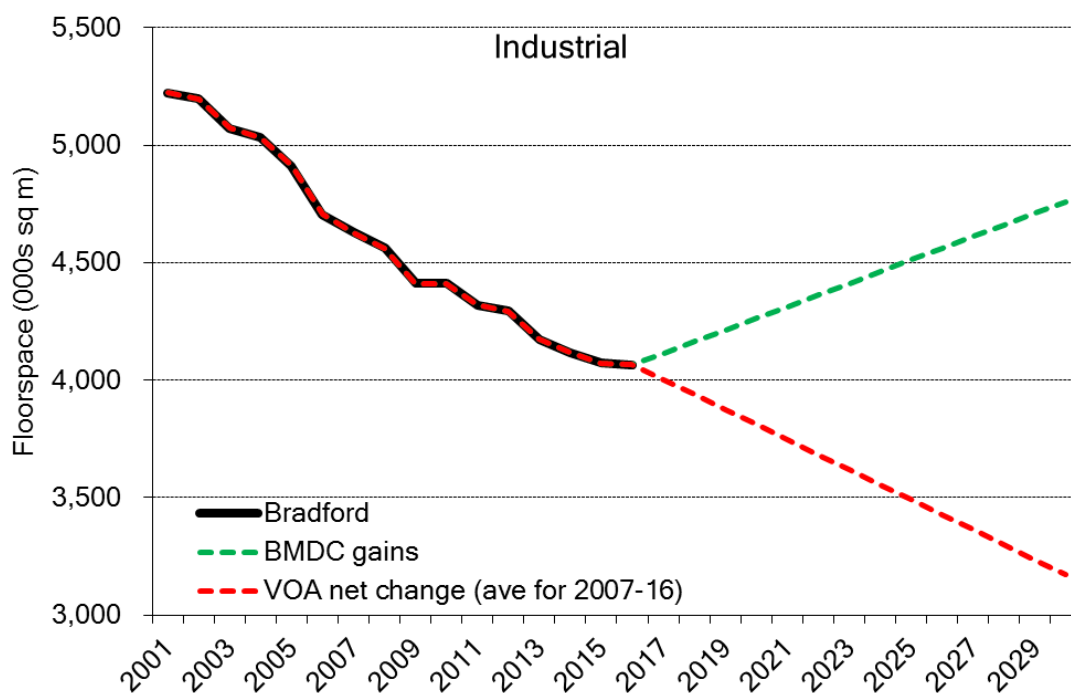
- 5.19 For offices, the VOA data shows (refer to Figure 3.4 above) that in the recent past there has been almost no net change in the stock. The stock was 760,000 sq m in 2007 the same net stock figure as recorded in the most recent 2016 data. The 'disconnect' between the 2,922 sq m pa forecast from past take-up rates and the VOA is not large and certainly not material given the size of the stock. For our

purposes we can conclude that both the Council monitoring data and VoA data point to a relatively modest new land requirement (net) for offices. As discussed in the preceding chapter this requirement mostly relates the City centre, but need is also identified in the rural parts of the District (including Wharfedale), and qualitatively for the provision of more cost-effective lower specification quasi industrial space.

### Industrial

5.20 For industrial the VOA shows a strong linear decline in industrial floorspace. The chart below plots the two competing views (VoA and BMDC):

**Figure 5.2 – Industrial take-up – BMDC compared with VoA**



5.21 Although the two sets of data are seemingly contradictory, what it would appear to show is that losses have gone under-recorded in the past. If we assume the VOA is accurate regarding the total floorspace each year, and the Council is accurate regarding the gains (because gains require planning permission) the 'missing' element is the under-recorded losses.

5.22 This is not uncommon because site owners often clear their sites before seeking planning permission for a new use or a Prior Notification for the demolition. The planning system has great difficulty recording this lost space – application forms often record no floorspace and a vacant site.

5.23 The VoA data would suggest that losses would appear to be roughly double the positive 'gross gain' estimate from the Council's data – even including M&S.

5.24 For this study we are reasonably confident that more land is needed, in line with gross take-up from the BMDC data, because we know that the gross gains have largely been warehouses or new industrial units that cannot easily 'recycle' old

industrial sites. Whereas it is highly likely that most of the losses were older buildings that were obsolete.

## Past Trends - Summary

- 5.25 In summary, we conclude that past take-up is effectively zero for offices but 3.1 ha gross gains of industrial per annum.
- 5.26 Over the plan period this means that the Council should look to allocate land in the region of approximately 60ha to meet this past take-up projection.
- 5.27 Because we have excluded the M&S unit from our estimate of industrial need above the Council still needs to consider whether there is scope to provide additional warehousing land, which shares a similar qualitative profile as the M&S unit.

## Labour Demand - Economic forecasts

- 5.28 The PPG requires consideration of the need land arising from an assessment of 'labour demand'. This study applies three alternative views of labour demand based on economic forecasts although two are closely related.
- 5.29 Firstly, we have a view from the Y&H Regional Economic Model (REM). This is a 'remnant' of strategic regional level plan-making that survives because it provides districts with a sensible view of their local demand, but within the context of the region. The model is internally consistent across the region and provides an independent view of each area's economic prospects.
- 5.30 Secondly, we have the use of a separate Experian Economic forecast. This is closely related to the REM because the REM baseline is an Experian economic forecast, which effectively means the REM and baseline Experian are very closely aligned. The main differences are that Experian is available at a finer level of detail, and is also available by 'workforce jobs' in addition to the 'FTE employment' [Full time Equivalent] used in REM. For our purposes this fine detail is helpful in allowing us to better distribute sectors to space. The use of 'Workforce jobs' is also useful – workforce jobs is a term meaning 'total jobs' – both full and part time. It provides us with a better view of the space we may need provide to meet the forecast number of jobs. If we use FTEs the assumption is that two part time workers never 'overlap' in their need for space (i.e. worker A works 9am – 1pm and worker B from 1pm – 5pm). But in practice few firms operate so efficiently. We also understand that common estimates of employment densities are calculated using total jobs and not FTEs. PBA have significant experience in this field, when (as Roger Tym and Partners) the company undertook many of the original surveys including the "Planning for Employment Land – Translating Jobs into Land" report for Yorkshire Forward (2010). The further common-sense reason is that few firms know their FTE employment, and if asked as part of a survey will report their 'headcount' employment. Official labour market statistics also provide job counts, and not FTE numbers.
- 5.31 Thirdly, we have a view from Cambridge Economics. This means that we can consider two of the three main forecasting houses – a more than proportionate

response. One important caveat is that we know that often one reason two forecasting houses provide different local views as regards labour demand in an economy is nothing to do with their local view, but different macro-economic (national) viewpoints. In this regard the Cambridge forecast is much more pessimistic about national job growth than Experian. It therefore follows that we expect their local view to follow suit.

## Method

- 5.32 To quantify the demand for offices, industrial space and storage and distribution to the end of the Plan period (2037) we start with the raw data, which is provided by the economic forecasters in employment activity sectors (38 for Experian, related to the Standard Industrial Classification (SIC)). We then translate these sectors into the three land use categories using our sector-to-space mapping technique (an explanation of this is provided at Appendix C ).
- 5.33 The base year used for the forecasts is 2018, and the end date is 2037, a period 19 years on from the base date.
- 5.34 Once the job numbers are identified for the B class activities, we then apply specific employment densities sourced from the 2015 HCA report Employment Density Guide. The final step is to turn net demand for floorspace into gross demand by accounting for changes in supply that are in the planning pipeline – planning permission commitments and site allocations.
- 5.35 We then sense test the outcomes by comparing the jobs / floorspace forecasts from the forecasting house for each land use, and consider these data in respect of other information about the markets, such as the information from the property agents.
- 5.36 The first step is to look at forecast job change over the next plan period. We start by looking at total jobs, then detailed sectors; before adding these together to provide a view by planning Use Class.
- 5.37 The detailed sector analysis is useful because it provides a view as to the possible qualitative demand for land and floorspace where different sectors have different qualitative demands.

## Experian

### *REM & Experian*

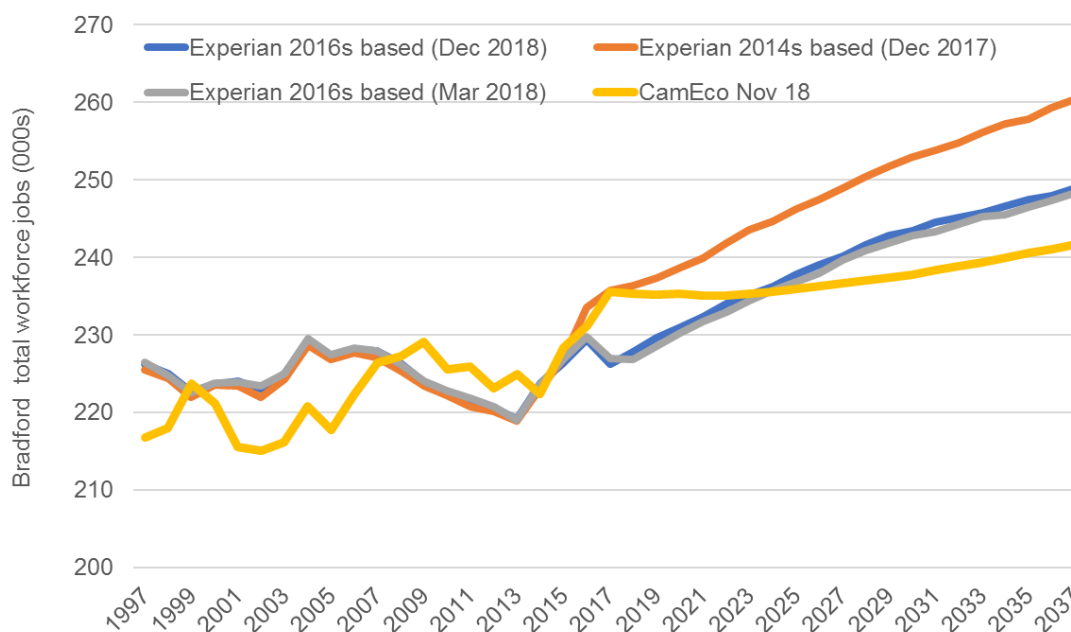
- 5.38 As noted above Experian and the REM are closely related. Here we have checked the latest Experian (2016 SNPP based) with the latest REM (2019) and they show the same number of FTEs. So we do not show them separately here. In the rest of this report we use the Experian forecast because it is available in finer detail than the REM.

### *2014 or 2016 SNPP based data*

- 5.39 For Experian we have looked at three versions of the Experian model. One published in November 2017, one in March 2018 and a more recent December 2018 model run.

- 5.40 The reason we have looked at three model runs is that Experian use, as an input to their model, the extant set of the official population projections.
- 5.41 Here there is uncertainty in the demographic data between 2014 SNPP and 2016 SNPP. For the purposes of housing policy MHCLG has ‘set aside’ the 2016 based household projections and ‘reverted’ to the 2014s.
- 5.42 Given the population size differences between the two projections we have looked to see whether this variation in population makes a difference to job demand in Bradford by comparing the December 2017 model run, which used the SNPP 2014 and the March 2018 run, the first to use the SNPP 2016.
- 5.43 The chart below shows how the forecasts differ – alongside the December 2018 run (based on SNPP 2016) that we use later in the study. The chart also shows the results from the CE model – discussed below.

**Figure 5.3 – Past and forecast job change (total jobs)**



Source: Experian and Cambridge Econometrics economic forecasts

- 5.44 For the three Experian model runs the ‘trajectory’ over the plan period is broadly the same. Over the plan period they show the same number of jobs. But, what is apparent is a ‘disconnect’ between the models around 2015 – 2017, which sees the December 2017 version more optimistic compared with the more recent (2016 based) Experian forecasts.
- 5.45 There are two reasons for this. Firstly, there is a complication because of BRES, which informs the base of the model, is sample based and subject to backward revision when new data becomes available. It is also the case that forecasting houses ‘smooth’ the back period and sometimes self-correct errors where these are identified.



- 5.46 Secondly – this downward revision in the later model runs is in response to Brexit and a changed global outlook. When revising their model Experian noted that, in addition to Brexit, the global economy was weakening, and this would affect areas where the manufacturing sector was more prevalent.
- 5.47 For the District’s plan period this discrepancy does not affect the number of jobs needed post 2018, because the trajectories are broadly the same. What is clear from the data is that the swop between the SNPP 2014 and SNPP 2016 has not resulted in a changed view of job growth in Bradford over the plan period. The apparent ‘disconnect’ around 2015/16/17 is a response to the forecasters short term Brexit and wider economic view which they think results in a few ‘lost years’ of growth.
- 5.48 In the rest of our analysis we use the most recent Experian model run.

### *Job growth by sector*

- 5.49 Using the December 2018 Experian forecast the table below shows job growth by sector in the period to 2030 and also to 2037.
- 5.50 We show these periods for two reasons. Firstly, the forecast ‘weakens’ post 2030 – so the per annum job need in the earlier years of the plan is slightly higher than the end of the plan period. In allocating land, the plan needs to make positive provision for this slightly higher short-term growth.
- 5.51 Secondly – forecasts become more uncertain further into the future. Here one reason the forecast weakens is that the population ages, and so future job growth becomes more reliant on increasing older age activity rates. To what extent these will change in the medium and longer term is uncertain.
- 5.52 So, at least in the period up to 2030 the per annum 2018-30 growth needs to be used. There is also merit in projecting this forward to 2037 to provide a slightly more positive view of longer-term job growth than the model may suggest for 2030-37.

**Table 5.1 Job change by sector (Experian)**

Job category	2018	2030	2037	Change 2018-30		Change 2030-37		Change 2018-37	
	Jobs	Jobs	Jobs	Jobs	Per cent	Jobs	Per cent	Jobs	Per cent
Accommodation & Food Services	9,900	11,300	11,600	1,400	14%	300	3%	1,700	17%
Administrative & Supportive Services	12,400	13,400	14,100	1,000	8%	700	5%	1,700	14%
Agriculture, Forestry & Fishing	500	500	500	0	0%	0	0%	0	0%
Air & Water Transport	-	-	-	-	-	-	-	-	-
Chemicals (manufacture of)	1,700	1,700	1,600	0	0%	-100	-6%	-100	-6%
Civil Engineering	800	900	900	100	13%	0	0%	100	13%
Computer & Electronic Products (manufacture of)	1,300	1,200	1,100	-100	-8%	-100	-8%	-200	-15%
Computing & Information Services	2,900	3,000	3,100	100	3%	100	3%	200	7%
Construction of Buildings	3,800	4,100	4,200	300	8%	100	2%	400	11%
Education	24,000	25,600	26,000	1,600	7%	400	2%	2,000	8%
Extraction & Mining	-	-	-	-	-	-	-	-	-
Finance	7,200	7,600	7,900	400	6%	300	4%	700	10%
Food, Drink & Tobacco (manufacture of)	5,200	5,400	5,300	200	4%	-100	-2%	100	2%
Fuel Refining	-	-	-	-	-	-	-	-	-
Health	20,900	23,800	25,100	2,900	14%	1,300	5%	4,200	20%
Insurance & Pensions	200	200	200	0	0%	0	0%	0	0%
Land Transport, Storage & Post	11,000	12,200	12,900	1,200	11%	700	6%	1,900	17%
Machinery & Equipment (manufacture of)	2,800	2,600	2,400	-200	-7%	-200	-8%	-400	-14%
Media Activities	5,000	5,400	5,500	400	8%	100	2%	500	10%
Metal Products (manufacture of)	2,900	2,600	2,500	-300	-10%	-100	-4%	-400	-14%
Non-Metallic Products (manufacture of)	2,200	2,100	2,100	-100	-5%	0	0%	-100	-5%
Other Manufacturing	2,400	2,200	2,200	-200	-8%	0	0%	-200	-8%
Other Private Services	6,600	6,800	6,900	200	3%	100	1%	300	5%
Pharmaceuticals (manufacture of)	-	-	-	-	-	-	-	-	-
Printing and Recorded Media (manufacture of)	2,300	1,900	1,500	-400	-17%	-400	-21%	-800	-35%
Professional Services	15,800	16,700	17,300	900	6%	600	4%	1,500	9%
Public Administration & Defence	10,100	9,800	9,600	-300	-3%	-200	-2%	-500	-5%
Real Estate	3,500	3,900	4,000	400	11%	100	3%	500	14%
Recreation	4,800	5,200	5,400	400	8%	200	4%	600	13%
Residential Care & Social Work	14,900	18,700	20,200	3,800	26%	1,500	8%	5,300	36%
Retail	21,900	22,400	22,300	500	2%	-100	0%	400	2%
Specialised Construction Activities	7,100	7,900	8,300	800	11%	400	5%	1,200	17%
Telecoms	900	900	900	0	0%	0	0%	0	0%
Textiles & Clothing (manufacture of)	1,100	800	700	-300	-27%	-100	-13%	-400	-36%
Transport Equipment (manufacture of)	1,800	1,900	1,900	100	6%	0	0%	100	6%
Utilities	2,900	3,200	3,300	300	10%	100	3%	400	14%
Wholesale	15,900	16,600	16,500	700	4%	-100	-1%	600	4%
Wood & Paper (manufacture of)	1,100	900	900	-200	-18%	0	0%	-200	-18%
<b>Total workforce jobs</b>	<b>227,800</b>	<b>243,400</b>	<b>248,900</b>	<b>15,600</b>	<b>7%</b>	<b>5,500</b>	<b>2%</b>	<b>21,100</b>	<b>9%</b>

Source Experian data Dec 2018

- 5.53 What is noticeable is that some of the largest growing sectors do not occupy 'employment space'. Most obviously 'health', 'residential social care' and 'education'.
- 5.54 This is not uncommon and will largely be related to the size and structure of the local population; and government spending priorities. The health and social care sector is forecast to grow rapidly across the UK as the sector adjusts to the aging population.
- 5.55 It is interesting to note that 'retail' is now showing very little growth, but 'wholesale' and 'land transport' (warehousing and distribution) grows at a significant rate. This would align with a continued move away from the High Street for the retail sector.
- 5.56 In the chart below we look only at the B class uses. These are the type of activity that we normally assume require 'employment land'.

- 5.57 For offices the data broadly supports the very low growth discussed above, derived from the past take-up approach. The forecast generates a net need of 35,000 sq m of space in the early years of the plan period (18-30). Per annum this is almost exactly the same as the past take-up analysis above at 2,900 sq m per annum.
- 5.58 As noted above total growth weakens in the later years of the plan period, but only marginally with per annum need falling (2030-37) to 2,746 sq m.
- 5.59 For industrial, the need in the early years of the plan is positive, driven by warehousing. This is obviously more than the VOA past take-up data would suggest (because the VoA data is net change), but only slightly less than the Council based data (gross take-up) projection would suggest. The Experian forecast data suggests 8,572 sq m of new industrial (inc. warehouses) space is needed each year or 2.1 ha pa at a plot ratio of 40%.
- 5.60 As with the offices above, this growth weakens in the later plan period with per annum need falling (2030-37) to 3,081 sq m, a steeper decline compared with office.

**Table 5.2 Job change by B class**

B classes	2018-30		2030-37		2018-37	
	Jobs No.	F'space sq m	Jobs No.	F'space sq m	Jobs No.	F'space sq m
Office	2,347	34,821	1,296	19,222	3,643	54,043
Industrial	-457	-22,128	-648	-31,386	-1,106	-53,514
Warehousing	1,302	102,875	427	33,732	1,729	136,607
<b>Incl + whsing</b>	<b>845</b>	<b>80,748</b>	<b>-222</b>	<b>2,345</b>	<b>623</b>	<b>83,093</b>
<b>Total B class</b>	<b>3,192</b>	<b>115,568</b>	<b>1,074</b>	<b>21,568</b>	<b>4,266</b>	<b>137,136</b>

Source Experian data Dec 2018

## Cambridge Econometrics

- 5.61 As noted above we have cross checked the Experian model with a second forecasting house - Cambridge Econometrics.
- 5.62 For the plan period (2018-37) the Cambridge view is for a decline in total jobs – 1,877 jobs whereas Experian shows some growth (4,266 jobs).
- 5.63 For offices the growth is 2,765 jobs, so around 2/3rds that forecast by Experian (3,600 2018-37).
- 5.64 For industrial (including warehousing), Cambridge are much more pessimistic than Experian. Industrial jobs decline by -4,784 jobs (vs -1,106 Experian), while warehousing increase by 1,402 jobs (vs 1,729 Experian).
- 5.65 So the main difference of opinion between the two forecasts is their approach to manufacturing employment (the major component of the industrial category). The

Experian view is that manufacturing employment will effectively stabilise or grow (e.g. food manufacturing) over the plan period whereas Cambridge continue to lose jobs. This divergence of opinion is apparent across all the manufacturing sectors.

- 5.66 The table below shows the sector change in the Cambridge model. Some care is needed comparing this directly with Experian because the two forecasting houses don't group the SIC sectors in the same way – Experian's forecast is based on 38 sectors compared to Cambridge's 45 sectors.

**Table 5.3 Job change by sector (Cambridge Econometrics)**

Job category	2018	2030	2037	Change 2018-30		Change 2030-37		Change 2018-37	
	Jobs	Jobs	Jobs	Jobs	Per cent	Jobs	Per cent	Jobs	Per cent
Accommodation	2,161	2,329	2,430	168	8%	101	4%	269	12%
Agriculture, forestry & fishing	946	785	703	-161	-17%	-82	-10%	-243	-26%
Air transport	31	37	41	6	19%	4	11%	10	32%
Architectural & engineering services	2,964	3,099	3,139	135	5%	40	1%	175	6%
Arts	1,625	1,740	1,819	115	7%	79	5%	194	12%
Business support services	14,657	15,047	15,317	390	3%	270	2%	660	5%
Chemicals	1,627	1,145	902	-482	-30%	-243	-21%	-725	-45%
Coke & petroleum	25	23	22	-2	-8%	-1	-4%	-3	-12%
Construction	14,586	15,178	15,797	592	4%	619	4%	1,211	8%
Education	23,420	23,423	24,019	3	0%	596	3%	599	3%
Electrical equipment	572	601	605	29	5%	4	1%	33	6%
Electricity & gas	104	102	103	-2	-2%	1	1%	-1	-1%
Electronics	746	941	1,056	195	26%	115	12%	310	42%
Financial & insurance	7,610	7,715	7,807	105	1%	92	1%	197	3%
Food & beverage services	8,246	7,667	7,401	-579	-7%	-266	-3%	-845	-10%
Food, drink & tobacco	5,678	4,677	4,166	-1,001	-18%	-511	-11%	-1,512	-27%
Head offices & management consultancies	4,443	4,675	4,778	232	5%	103	2%	335	8%
Health	20,581	23,664	25,978	3,083	15%	2,314	10%	5,397	26%
IT services	3,409	3,588	3,678	179	5%	90	3%	269	8%
Land transport	4,562	4,382	4,337	-180	-4%	-45	-1%	-225	-5%
Legal & accounting	3,698	3,671	3,681	-27	-1%	10	0%	-17	0%
Machinery	2,640	2,572	2,559	-68	-3%	-13	-1%	-81	-3%
Media	5,849	6,157	6,348	308	5%	191	3%	499	9%
Metals & metal products	2,939	2,353	2,131	-586	-20%	-222	-9%	-808	-27%
Mining & quarrying	128	86	68	-42	-33%	-18	-21%	-60	-47%
Motor vehicles	973	959	936	-14	-1%	-23	-2%	-37	-4%
Motor vehicles trade	5,770	5,883	5,946	113	2%	63	1%	176	3%
Non-metallic mineral products	1,880	1,398	1,252	-482	-26%	-146	-10%	-628	-33%
Other manufacturing & repair	3,126	2,399	2,050	-727	-23%	-349	-15%	-1,076	-34%
Other professional services	4,132	4,914	5,457	782	19%	543	11%	1,325	32%
Other services	5,617	5,630	5,649	13	0%	19	0%	32	1%
Other transport equipment	134	140	141	6	4%	1	1%	7	5%
Pharmaceuticals	44	40	39	-4	-9%	-1	-3%	-5	-11%
Printing & recording	2,820	2,503	2,327	-317	-11%	-176	-7%	-493	-17%
Public Administration & Defence	10,592	10,512	10,578	-80	-1%	66	1%	-14	0%
Real estate	3,339	3,414	3,496	75	2%	82	2%	157	5%
Recreational services	3,729	4,011	4,189	282	8%	178	4%	460	12%
Residential & social	16,042	17,219	17,819	1,177	7%	600	3%	1,777	11%
Retail trade	22,206	21,695	21,465	-511	-2%	-230	-1%	-741	-3%
Textiles etc	1,511	1,123	996	-388	-26%	-127	-11%	-515	-34%
Warehousing & postal	5,803	6,067	6,258	264	5%	191	3%	455	8%
Water transport	15	13	12	-2	-13%	-1	-8%	-3	-20%
Water, sewerage & waste	2,481	2,579	2,600	98	4%	21	1%	119	5%
Wholesale trade	10,929	10,850	10,848	-79	-1%	-2	0%	-81	-1%
Wood & paper	977	819	762	-158	-16%	-57	-7%	-215	-22%
<b>Total workforce jobs</b>	<b>235,367</b>	<b>237,825</b>	<b>241,705</b>	<b>2,458</b>	<b>1%</b>	<b>3,880</b>	<b>2%</b>	<b>6,338</b>	<b>3%</b>

Source: Cambridge Econometrics (Nov 2018)

## Summary

- 5.67 The PPG requires examination labour demand and past take-up. Of the two forecasts we have looked at, Experian over the 2018-30 period broadly aligns with the past take-up data (excl M&S). For offices, these two sources show a very small need – around 0.75 ha per annum or 2,900 sq m of net additional floorspace. For industrial uses (incl. non-strategic B8) they also broadly agree with past take-up suggesting 3.1 ha pa and 2.1 ha Experian.
- 5.68 Over the whole plan period (2018-37) Experian shows weaker growth and the two sources slightly diverge. Because of the uncertainty in longer term forecasts, there is merit in projecting forward the slightly higher 2018-30 growth through to 2037.
- 5.69 Above we have also considered a second economic forecast - the Cambridge model. For offices this forecast is lower, but not hugely dissimilar to past take-up or indeed Experian's forecast. But the Cambridge industrial (incl B8) trajectory is much more negative compared with both Experian and past take-up that both suggest some modest growth.
- 5.70 Our opinion is that it is unwise to simply ignore or set aside the Cambridge model. The outputs from the Cambridge model are material to the question at hand. However, when planning for new land we suggest taking forward the Experian view because it better aligns with past take-up, and also a more positive view of manufacturing.
- 5.71 Adopting Cambridge as a principle economic projection would result in less land being allocated and the greater risk that should manufacturing be more resilient than Cambridge expect, the lack of land could constrain growth. However, Cambridge is an effective warning that industrial manufacturing job change is 'delicately poised', and that office demand may be weaker than either Experian or past take-up suggest.

## How much floorspace and land should the plan look for in total?

### Offices

- 5.72 Building on the analysis above the most positive, while still realistic quantum of land the Council should seek to allocate for offices is around 3,000 sq m per annum or 0.75 ha of land.
- 5.73 This is a reasonable consensus view of past take-up and Experian forecast (2018-30). It is slightly higher than the Experian 2018-37 view and Cambridge. But none of the sources disagree to such an extent that it invalidates the 3,000 sq m / 0.75 ha requirement.
- 5.74 Over the whole 2018-37 plan period (applying the 2018-30 Experian average) the Council should look to provide land for 57,000 sq m of floorspace or 14.25 ha of land. This has assumed the 'worse case' / least efficient plot ratio of 40%. Adopting a 60%

plot ratio would reduce this land need to 9.5 ha, with less land needed should sites with higher plot ratios be promoted.

- 5.75 While there are various caveats associated with forecasts, it is important that the Council is able to convey a simple and clear message to members of the public and other stakeholders; which is still robust, but can be understood without undue reference to the technical caveats. **So as a ‘working assumption’ we consider this need should be expressed as a ‘minimum 10ha of land for office uses to accommodate a minimum of 57,000 sq m of new space’.**

## Industrial

- 5.76 For industrial uses Experian and past take-up support between 2.1 - 3.1 ha per annum. A positive approach to land allocation is preferred so minimising the risk that too little land is allocated.
- 5.77 So this, over the plan period would support 58.9 ha of new land; which **as a ‘working assumption’ should be expressed as a minimum of 60 ha of land for industrial and warehousing uses to accommodate a minimum of 240,000 sq m of new space.**
- 5.78 This 60 ha does not build in an allowance for a future repeat of a M&S warehouse form of development. Should a suitable site be identified, of similar qualitative nature, easily accessible to the M606 on large (flat) parcels, and a willing landowner, developer and end user demand it, the Council should consider it favourably. Rather than set a separate ‘target’ – this could be managed within the scope of a ‘minimum’ 60 ha with sites allocated in addition.

## Margin

- 5.79 The analysis above provides no additional requirement for the ‘margin’ or ‘buffer’ to the land figures stated above. In many older studies of this type it was common to overprovide land for ‘market choice, churn and friction’. There has been no established consensus within the industry as to how to calculate this, with some studies simply adding additional ‘need’ based on a professional view. However, too large a ‘margin’ can cause problems with the NPPF ‘reasonable prospect’ principle. This is difficult to defend because the evidence base has assumed that the ‘margin’ land will not be taken up in the plan period.
- 5.80 Part of the logic driving the margin was that there should always, at all points through the plan period, be enough land available to provide choice and flexibility. But with plan reviews now required at least every 5 years this risk is now much reduced.
- 5.81 It is advised that the Council ‘front load’ the land allocated in the plan. When allocating land, preference should be given to sites that are readily available and can be brought forward within the first 5 years. Preferably the majority of the land allocated (min 10 years of need) should be (reasonably) readily available when the plan is adopted – with the supply ‘topped up’ at the next plan review.



- 5.82 Where sites are not readily available, or there are risks associated with their delivery (and the Council still chooses to allocate them for wider policy reasons) there may be merit in allocating in addition to the land 'needed'. This may be the case where the allocation is needed to secure infrastructure to make the site deliverable later in the plan period. Understandably developers will not invest in sites without the certainty that an allocation brings.
- 5.83 Such over allocation still needs to be modest and allocations 'annotated' to make it clear that there is no expectation that they will be taken up in the short term and what is expected to happen in order to bring the site forward. This is needed so that the Council is always clear what its available land supply is at any point.

## **How much industrial (Inc. smaller B8) floorspace and land should the plan look for in each sub area?**

- 5.84 The minimum 60 ha of industrial land (2018-37) is a District-wide figure. The economic forecasts, VOA data and the Council's past take-up data are not available at sub-District level.
- 5.85 Because Bradford is a very large and diverse district it is sensible to provide some sub-area advice, drawing on our market analysis and sub-area social economic analysis discussed in previous chapters.
- 5.86 The Council should look for new allocations in three of the four sub-areas, as set out below. The spatial distribution of employment growth broadly aligns with that of the housing spatial distribution, as set out in revised Core Strategy Policy HO3.
- 5.87 The areas of search for new industrial employment land should be focused around the areas shown on the map provided at Appendix B . In our view there is demand and the potential to deliver schemes in Bradford South, Otley Road, Aire Valley Road / A629 and Ilkley Road / A65 (subject to assessing the characteristics of each site in terms of size, location, access, topography and ground conditions). These areas of search are briefly discussed at the end of each of the following sections in this chapter.
- 5.88 In our market analysis we found that the strongest demand for new space comes from 'expand and grow' enquiries – firms who already operate in Bradford, but may occupy units that are too small, not ideally located, or in less ideal condition. We also found that there is very strong demand from existing firms seeking to move into freehold property. Given this is the major driver of demand it follows that the provision of new space should loosely follow the distribution of existing firms and activity in the District.

## Bradford and Airedale

- 5.89 In the context of the 60 ha ‘need’ we note that the IDBR analysis shows that Bradford accommodates 67% of the District’s manufacturing jobs (B2) and 76% of the transport and storage jobs (B8). Airedale accounts for most of the rest.
- 5.90 This suggests the majority of the 60 ha of new land needs to be focused on these two sub-areas, with approximately 40 ha in the City of Bradford and 15 ha in Airedale.
- 5.91 In both the Bradford and Airedale areas we identify a gap in the market for smaller units, but also larger, 50,000 sq. ft units. In Bradford we found occasional take-up of even larger units. In both areas the lack of medium / large units (10,000 – 50,000 sq ft.) was exerting pressure on the smaller stock as firms are unable to vacate the smaller stock and move into larger units. This would suggest the Council needs to look for sites where a critical mass of these medium and larger units can be delivered.
- 5.92 There is no hard and fast rule as to how large a site needs to be to secure a reasonable critical mass and the size of units delivered is largely out of the Council’s control. But in both market areas seeking sites around 10 ha would not be out of scale with the 60 ha total ‘need’ for the District as a whole, and the qualitative evidence supporting units up to – and occasionally larger – than 50,000 sq ft.
- 5.93 A single 10 ha site would accommodate (at most) eight new units at the upper end of the ‘market gap’, and does not appear out of scale with the 18 enquires for 10-50,000 sq ft units recorded by the District in a single year (Figure 4.23 above). However, while 10-hectare sites are what the market might ideally seeks, this is not a hard and fast minimum site size threshold, and the limitations from topographic and contamination constraints may mean future opportunity sites are less than 10 ha. The key issue is to find sites capable of providing units of the sizes required by the market, rather than sites of ~10 ha per se.
- 5.94 It is unlikely more than one large site could be justified in Airedale. But in Bradford there could be scope for more. In the Bradford area we would favour two or more sites, as opposed to one very large site. This is because multiple sites provide more competition in the market, less risk that a single site is ‘stalled’ and provides scope to meet more local needs within Bradford – where occupiers may choose, for one reason or another, to be located on one side of town rather than another.
- 5.95 The areas of search for new industrial employment land are:
- Bradford South – with connectivity to the M62 important, sites in this location are likely to attract demand from occupiers not currently present in the District.
  - Bradford North East – following the success of Baildon Business Park (or Sapper Jordan Rossi) this corridor to Leeds provides an opportunity to deliver more industrial floorspace that could satisfy both local and regional demand.
  - Aire Valley Road / A629 – we also consider there to be an opportunity in this corridor to deliver more industrial land with Keighley in particular, having a strong industrial market with a lack of suitable good quality accommodation. In addition,

to its traditional manufacturing / textile businesses, there is a cluster of logistics and distribution companies at the Riverside Business Park. This area of Bradford provides connections north and north west out of the District and many of the businesses here serve this wider catchment.

## Wharfedale

- 5.96 The Wharfedale market is smaller without the industrial base found in Bradford and Airedale, and our IDBR analysis found this area accommodated only 3% of all manufacturing jobs in Bradford. Taking this into account the recommended spatial apportionment of employment land should be approximately 5 ha.
- 5.97 Our market analysis suggests much weaker demand (than Bradford and Airedale). But we note that this is possibly related to the lack of supply which may mean potential occupiers have no choice but to locate in other parts of the District.
- 5.98 While the scale of existing firms in this area would be unlikely to support a 10 ha allocation a smaller new site would help provide much needed choice in the area for local firms who wish to expand, grow and stay in the area. The logic that any new site still needs critical mass remains sound, but without larger unit demand, market mass could be secured on a smaller site ~5 ha. There may be merit in promoting two smaller sites around the towns to provide local choice, again providing units of the sizes required by the market is the critical issue.
- 5.99 Because the market is noticeably weaker than Airedale and Bradford securing freehold development is the best way of bringing forward a new site here. Any new site would need to focus on offering smaller flexible, hybrid units that have the widest possible market appeal for both local office and local industrial users.
- 5.100 The one area of search for new industrial employment land is:
- Ilkley Road / A65 – whilst not a large market area in terms of size, this is another important transport corridor and existing land supply in the area is a major issue and therefore new sites need to be identified to ensure market demand can be satisfied and not stunt the growth of Ilkley, which is a successful town.

## Pennine Villages

- 5.101 All evidence suggests the market here is one focused on delivering local services. Small professional offices and service sector industrial (garages etc). The IDBR data shows that here and in Wharfedale the average number of jobs per business is much smaller compared to the City of Bradford and Airedale. Given the geography of the area and the scattered nature of the villages we don't suggest seeking new employment allocations in this area.
- 5.102 But, as part of the plan review, should local firms approach the Council with a genuine need for land – perhaps due to a need to expand within their village, then this should be supported. As should community-led proposals for local employment schemes to support their communities.

- 5.103 Where new housing is promoted in these villages local consideration ought to be given to the provision of small SME office and workshop units.
- 5.104 The scale of such possible allocations in this area is unlikely to be material to the District 60 ha 'need' discussed above, and therefore the sub-area of Pennine Towns and Villages should not have a spatial apportionment of the employment distribution.

## Summary

- 5.105 Of the four sub-areas the 'bias' towards allocating new land should be towards Bradford – where the majority of the existing industrial and warehousing firms are located and so where the greatest 'expand and grow' demand may come from, followed by Airedale.
- 5.106 In both areas the priority should be to seek larger sites, capable of meeting medium and large unit demand, and so allowing existing firms to relocate to units that will allow them to grow, and the smaller units they vacate can be re-used by other firms.
- 5.107 Bradford could support two or more larger new sites, but Airedale (with a much smaller stock of industrial jobs) probably only one.
- 5.108 Some limited new provision could be justified in Wharfedale – reflecting the lack of market choice and the fact that, because of this, reported take-up is constrained.
- 5.109 No new allocations are suggested in the Pennine Villages unless evidenced to meet local needs. Such allocations need to be considered 'case by case'.

## How much office floorspace and land should the plan look for in each sub area?

- 5.110 Outside of Bradford City centre the most viable office type demand comes from 'hybrid' units – relatively inexpensive small units that can be developed and occupied across the range of B use classes. This form of development meets the needs of local firms across the District where IDBR analysis has shown that on average office firms (those predominately in the professional services and administrative support categories) provide just 6 jobs. The data will be skewed by sole traders and micro firms, but the message is clear that bulk of the demand is most likely to come from smaller firms.
- 5.111 When looking to allocate land to meet the 10 ha 'need', priority should be given to Bradford City Centre and other centres within Principal Towns across the District. An element of the 10ha need should also be conjoined with the 60 ha industrial need and addressed through mixed employment sites in Bradford, Airedale and Wharfedale, but should be supplementary to that of the industrial uses on these sites. This is because the hybrid type units are often provided as part of mixed employment allocations; alongside larger B2/B8 units.
- 5.112 For larger offices the City centre is the right location to focus development. How much space can be attracted to the City will be the product of wider economic development interventions.

5.113 It is not recommend the Council develop a City Centre office target due to current limitations in demand and supply. Therefore, we instead plan policies should support the maximum amount of City centre space the market can viably deliver.

## 6 CONCLUSIONS

- 6.1 The local economy indicators generally point to a under-performing economy. One that has struggled to deliver high quality jobs in the past. This is not due to constraints such as lack of labour and availability of land, as economic inactivity rates are high within the working age population and the supply of employment land is relatively high (albeit not all desirable). The industrial market may have done better were more desirable sites available in the past and Bradford attracted more footloose warehousing and industrial demand from elsewhere in the wider region. There is also evidence that some occupiers would have improved their quality of space, and possibly grown, had new freehold space have been provided. However, due to Bradford constrained access to the strategic road network, attracting these operators has been difficult.
- 6.2 Following the PPG, it considered that the next plan needs to take a cautious view regarding new office demand and provision of land. Only very modest, selective, new allocations totalling approximately 10 ha, with priority given to City Centre and other centre locations, and supplementary to conjoined industrial uses.
- 6.3 This is a 'minimum' number and reflects what we consider should be provided on new sites outside of Bradford City Centre. Given viability concerns, and the fact we think a large part of this need will be for smaller units, we consider that it would be a risky strategy to offset this need with City Centre supply. For the City Centre the Council should adopt a very positive policy approach to foster new office space and allocate sites in addition to this 10 ha where site specific evidence of demand is available. New, large office, sites within the City Centre are likely to attract sub regional demand.
- 6.4 For industrial, we consider approximately 60 ha of employment land is justified. Again, this is a minimum number – partly because this excludes scope for additional warehouses in close proximity to the M606. The figure is driven by a projection of past trends and results in a higher number than needed to accommodate job growth.
- 6.5 As well as the sites and opportunities identified through the Business Development Zones study, we have identified other 'areas of search' that should provide the focus for identification of new industrial employment land. These are predominantly in Bradford and Airedale, but also in Wharfedale.
- 6.6 Both the assessments (office and industrial) are effectively policy off. They don't allow for any external influences – such as where public funding and other economic initiatives that may be available to stimulate demand above the market view today. In the current economic context, it is unwise to rely, as a base case, on 'regeneration' funding (or other sources). But, where funding and resource is available and schemes committed, the 'low' assessment of need / demand should not be used to reject such proposals.



- 6.7 The data also makes no allowance for additional, above past trend, footloose activity to be attracted to Bradford by a supply of land. This is unlikely for offices because our market view is that these prefer Leeds and there is no sign that Leeds is unable to accommodate footloose demand. However, this may be the case for industrial uses, where neighbours are more constrained than Bradford.



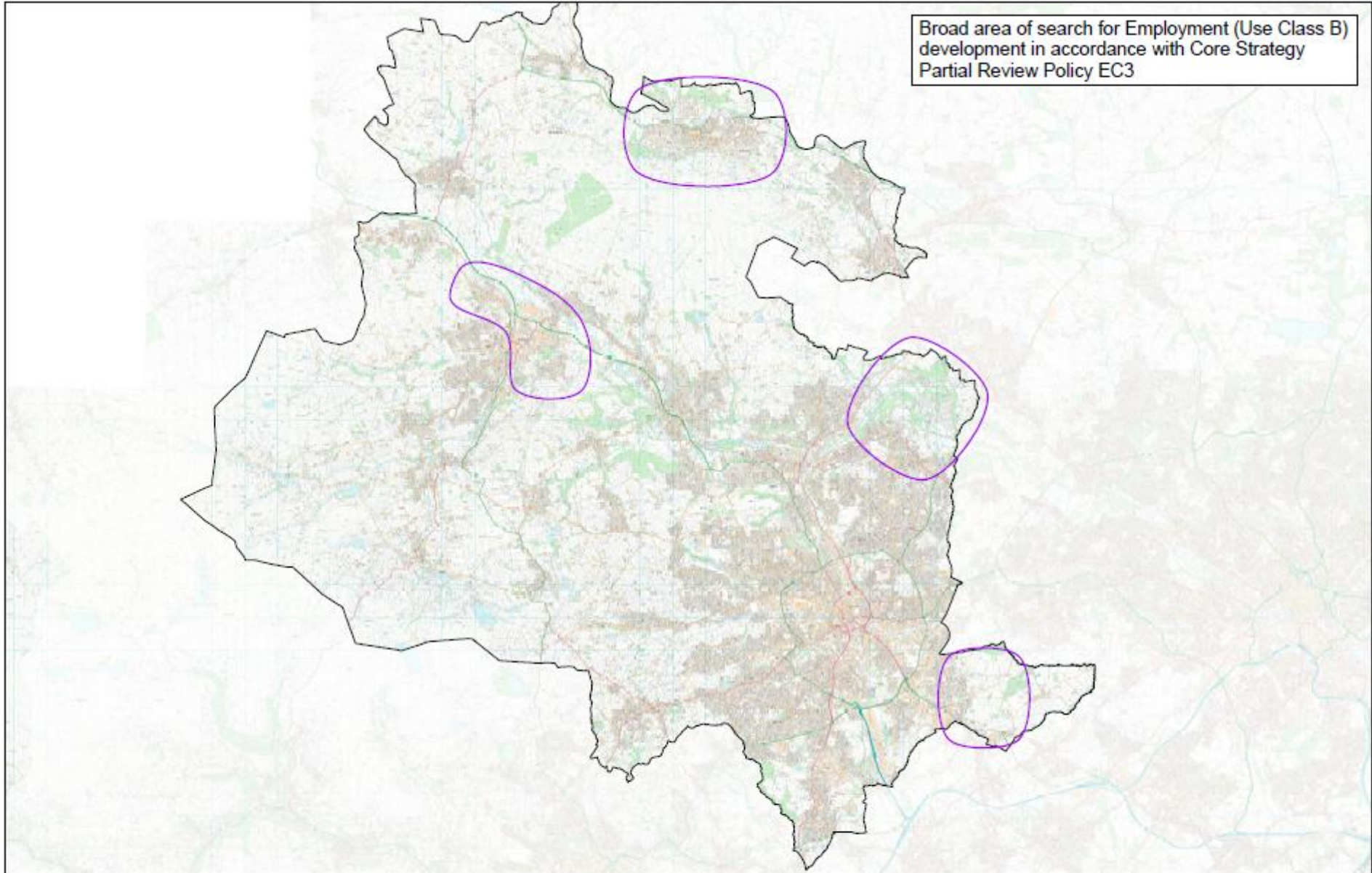
# APPENDIX A ORGANISATIONS REPRESENTED AT THE STAKEHOLDER WORKSHOP

Organisations represented	Business Description
Ahead Partnership	Regeneration Organisation
Andrew Idle Associates	Chartered Surveyors
Aspinall Verdi	Chartered Surveyors & Town Planners
Barratt & David Wilson Homes Yorkshire West	House Builders
BHP LLP	Chartered Accountants
Bradford Council	Metropolitan Authority
BWB Consulting Ltd	Construction Consultancy
Chartback Ltd	Property Development & Investment
Citywide Investments & Developments	Investment & Development
Dove Haigh Phillips LLP	Chartered Surveyors
Esh Group	Building & Civil Engineering
Frank Marshall Estates Ltd	Commercial Property Developer
Hoare Lea LLP	Engineering Consultants
Johnson Mowat Planning Limited	Planning & Development Consultancy
Kirkgate Centre	Shopping Centre
Mark Brearley & Company	Chartered Surveyors
Peter Brett Associates	Development & Infrastructure Consultants
Priestley & Co Ltd	Property Management
Ramboll	Environmental Consultancy
Rex Procter & Partners	Construction Consultants
Vectos	Transport Planning
Walker Singleton Chartered Surveyors	Chartered Surveyors & Commercial Property
Watson Batty Architects Ltd	Architecture
West & North Yorkshire Chamber of Commerce	Business Membership Organisation
WSP Indigo	Civil Engineering & the Built Environment



# APPENDIX B AREAS OF SEARCH

Broad area of search for Employment (Use Class B) development in accordance with Core Strategy Partial Review Policy EC3







# APPENDIX C SECTOR-TO-SPACE MAPPING

## C.1 SECTOR TO LAND USE MAPPING

- 1 Economic statistics and forecasts tell us nothing directly about employment space, because they do not classify jobs according to the type of space they occupy. Rather, the statistics split jobs into economic sectors (industries and services), according to the Standard Industrial Classification (SIC). To estimate how many jobs will be based in offices and industrial space, and how many in 'non-B' spaces such as retail premises, schools and hospitals, we need to translate sectors into land uses.
- 2 As the starting point for this translation we recommend a method developed by Roger Tym & Partners (now PBA) over a series of employment land reviews and tested in a large-scale study of the Yorkshire and Humber region in 2010<sup>46</sup>. To our knowledge there is no other published empirical research on the relationship between activity sectors and land uses.
- 3 The tables below show the sectors that are classified to industrial space and offices respectively. The names and numbers that identify each activity sector are from the UK Standard Classification of Economic Activities 2007 (SIC 2007)<sup>47</sup>.

**Table A1 Industrial sectors**

<b>Manufacturing</b>		
Manufacturing and repairs	10-33	All manufacturing
	95.00	Repair of computers and personal and household goods
<b>Other industrial</b>		
Construction	43.2	Electrical, plumbing and other construction installation activities
	43.3	Building completion and finishing
	43.9	Other specialised construction activities not elsewhere specified (nec)
Motor vehicle activities	45.2	Maintenance and repair of motor vehicles
	45.4	Sale, maintenance and repair of motor cycles and related parts and accessories

<sup>46</sup> Roger Tym & Partners with King Sturge for Yorkshire Forward, Planning for Employment Land: Translating Jobs into Land, March 2010

<sup>47</sup> <http://www.businessballs.com/freespecialresources/SIC-2007-explanation.pdf>

Sewage and refuse disposal	37	Sewage
	38	Waste collection, treatment and disposal activities
Employment activities (part)	78	
<b>Warehousing</b>		
Wholesale trade except of motor vehicles and motorcycles	46	
Freight transport by road	49.41	
Removal services	49.42	
Storage and warehousing	52.10	
Other supporting land transport activities	52.21	
Cargo handling	52.24	
Post and courier activities	53.00	
Packaging activities	82.92	
Employment activities (part)	78	

**Note:** SIC 78, Employment Activities, covers workers employed through agencies in all activity sectors. They should be redistributed across the whole economy, both to B-class sectors and other sectors, in proportion to each sector's share of total employment.

### Table A2 Office sectors

<b>Office sectors</b>		
Publishing	58	Motion picture production activities
Motion picture, video and TV programme activities	59.11	Motion picture, video and TV programme production activities
	59.12	Motion picture, video and TV programme post-production activities
	59.13	Motion picture, video and TV programme distribution activities
	59.20	Sound recording and music publishing activities
Programming and broadcasting activities	60	
Computer programming, consultancy and related activities	62	

<b>Office sectors</b>		
Information service activities	63	
Financial service activities except insurance and pension funding	64	
Insurance, reinsurance and pension funding except compulsory social security	65	
Activities auxiliary to financial services and insurance activities	66	
Real estate activities	68	
Legal and accounting activities	69	
Activities of head offices, management consultancy activities	70.	
Architectural and engineering activities, technical testing and analysis	71	
Scientific research and development	72	
Advertising and market research	73	
Other professional, scientific and technical activities	74	
Renting and leasing activities	77.40	Leasing of intellectual property and similar products
Employment activities (part)	78	
Security and investigation activities	80	
Office admin, office support and other business support activities	82	
Public administration and defence; compulsory social security	84.1	Administration of the State and the economic and social policy of the community
	84.3	Compulsory social security activities

**Note:** SIC 78, Employment Activities, covers workers employed through agencies in all activity sectors. They should be redistributed across the whole economy, both to B-class sectors and other sectors, in proportion to each sector's share of total employment

- 4 On a technical note, most economic forecasts show around 20-30 broad activity sectors, a much coarser-grained classification than the SIC sectors in the table above. For example, the table counts as a B-space activity only part of the Construction industry (SIC 43.2, 43.3 and 43.9), whereas forecasts typically show only Construction as a whole (SIC 43). To estimate future employment in sub-sectors such as SIC 43.2, we assume that the share of each sub-sector's employment in its 'parent' sector stays constant.
- 5 There are two further technical difficulties with the relationship of sectors to land uses. The first is that the line between production space (factories and workshops) and warehousing is blurred. This is not surprising, because manufacturing and warehousing largely occupy the same kinds of buildings, many units combine both functions in proportions that vary over time, and smaller buildings are allowed to shift between the two without planning permission.
- 6 In setting total land provision targets, therefore, factories, workshops and warehouses, should be merged into a single 'industrial' category. This should not cause any problems, because these uses operate in similar buildings and at similar employment densities, except for very large units including strategic warehousing. In areas where they form a significant part of the stock, these large units should be allowed for separately.
- 7 The other problem with the tables is that some of the jobs which the table allocates to industrial space are in fact in offices. These jobs are probably in administration, sales and marketing functions of industrial and related businesses. A construction or plumbing business, for example, will often have an office that deals with orders, appointments, record-keeping and the like. In some cases this will be ancillary to an industrial unit and therefore not count as office space, but in other cases it will be free-standing. If the business is small, the office may be its only premises.
- 8 In total, the Yorkshire and Humber survey found that around one tenth of the jobs which our method allocates to industrial space (factories, workshops and warehouses) are in fact in offices. For a large area such as the region, this is too small a proportion to distort land provision targets. But in some local authority areas, especially the more highly urbanised, it is likely that the distortion is significant. Employment land reviews should aim to correct these distortions, using local knowledge to adjust the relationships shown in the tables above.
- 9 There are many other, place-specific factors why the sector-to-land-use relationships in the tables above may be invalid. For example, in some places large business units are assigned to the wrong sector or the wrong side of the local authority boundary. In other places, particular sectors are untypical and do not occupy the kinds of space that one would normally expect. In one local authority area in England, for example, there are many jobs classified to Other Supporting Land Transport Activities, SIC 52.21, which normally would occupy warehousing in the local authority area. But in this case most of the SIC 52.21 jobs relate to railway maintenance and the people concerned work all over the country, mostly outdoors.
- 10 Where such anomalies arise, close inspection of the numbers, combined with local knowledge, should help correct the statistics and customise the sector-to-land-use assumptions.

- 11 However, it is inevitable that sector-to-land-use relationships are less reliable for small than larger areas. As the Yorkshire and Humber survey illustrated, the relationships shown in our tables work very well for whole regions. But they are not reliable for individual buildings or employment areas, and may not be reliable at local authority level. This is one of the reasons why demand forecasts are more robust for regions than individual local authority areas.
- 12 The Yorkshire and Humber report provides further information and advice on sector-to-land-use relationships.

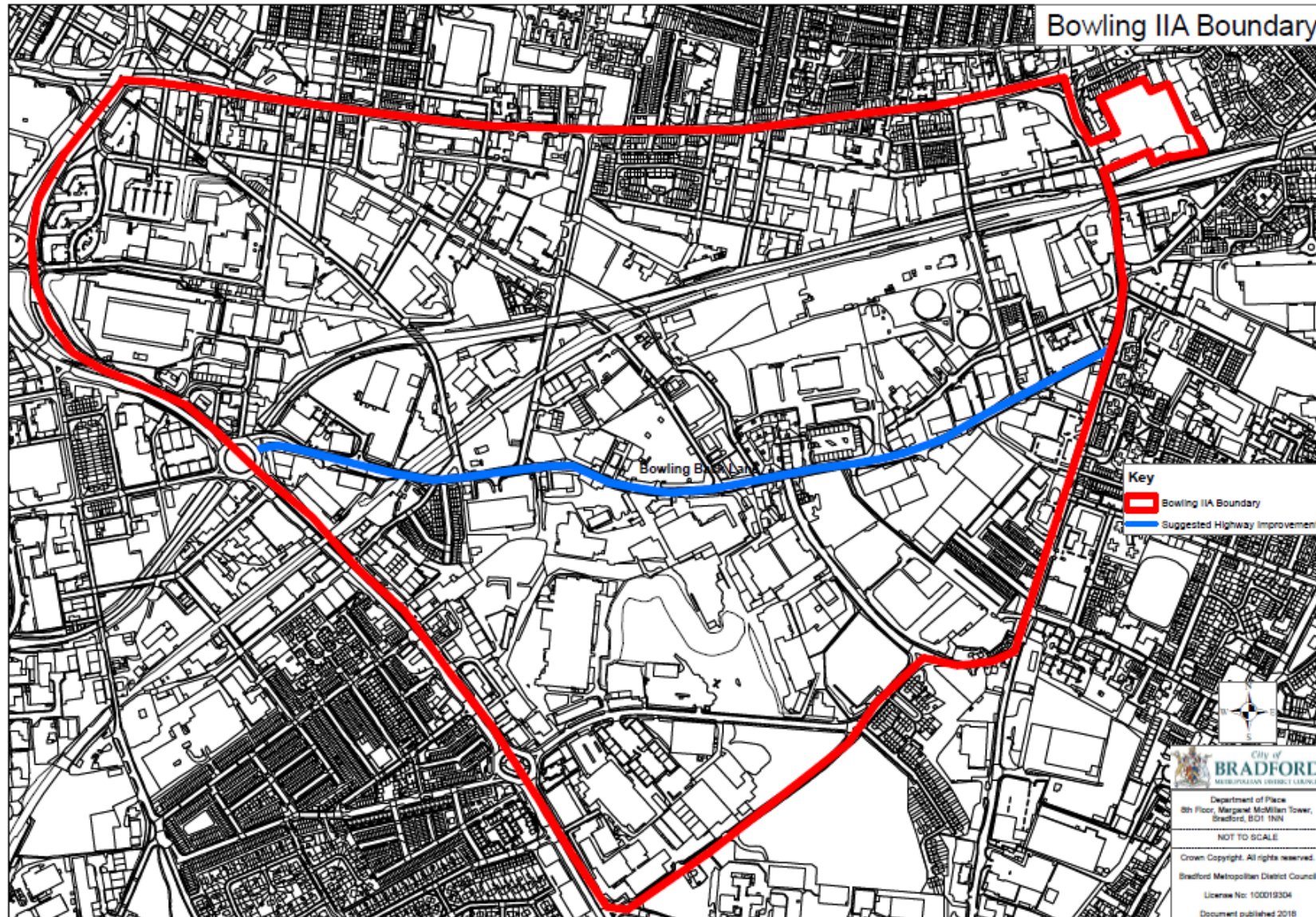
**Annex – Sector to land use** *[see over]*

**TO FOLLOW**



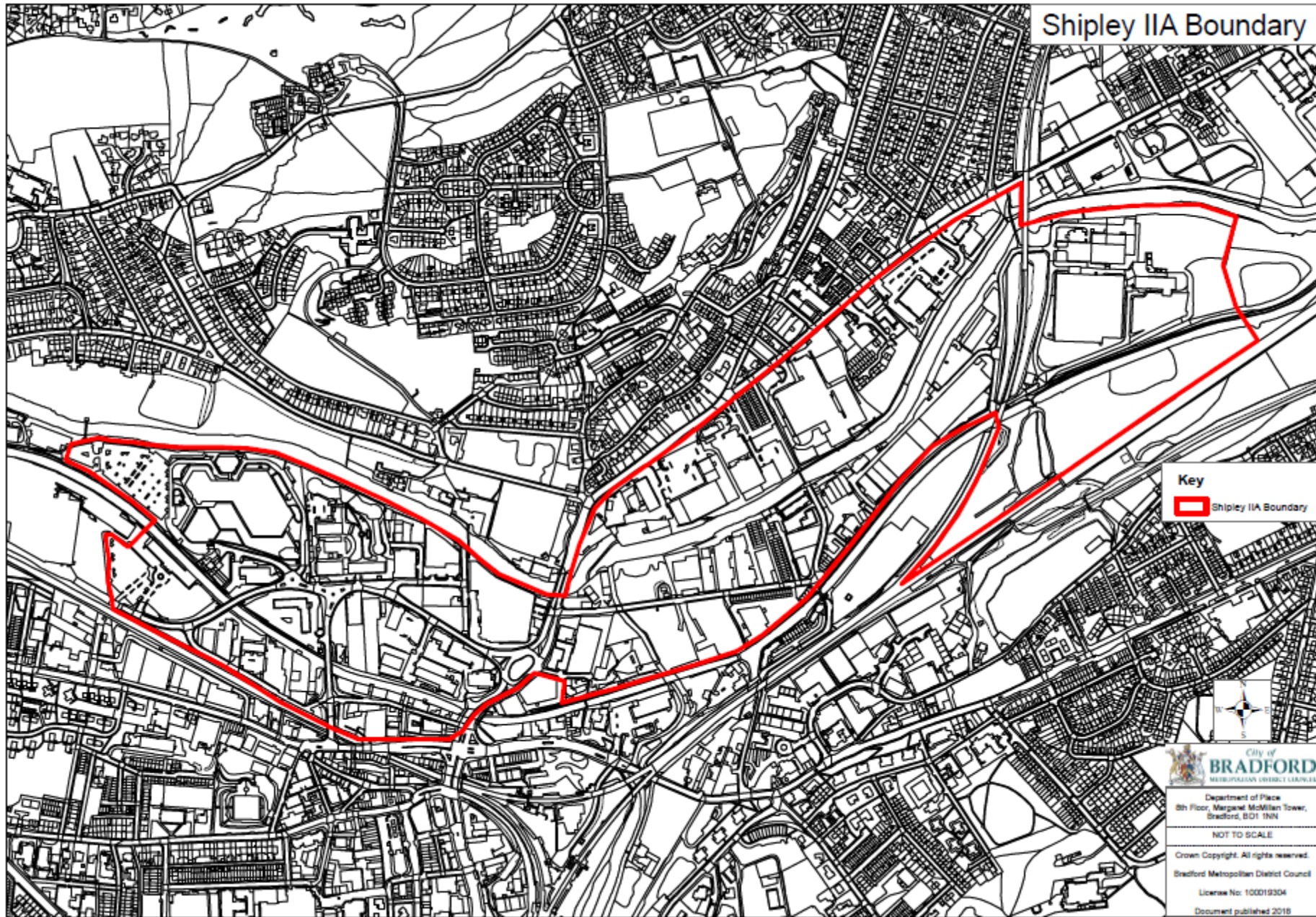


# APPENDIX D BUSINESS DEVELOPMENT ZONES (BDZ)





# Shipley IIA Boundary



**Key**  
[Red Line] Shipley IIA Boundary



 **City of BRADFORD**  
METROPOLITAN DISTRICT COUNCIL

Department of Place  
8th Floor, Margaret McMillan Tower,  
Bradford, BD1 1NN

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# Keighley IIA Boundary Zone 1

**Key**  
Keighley IIA Boundary  
Zone 1



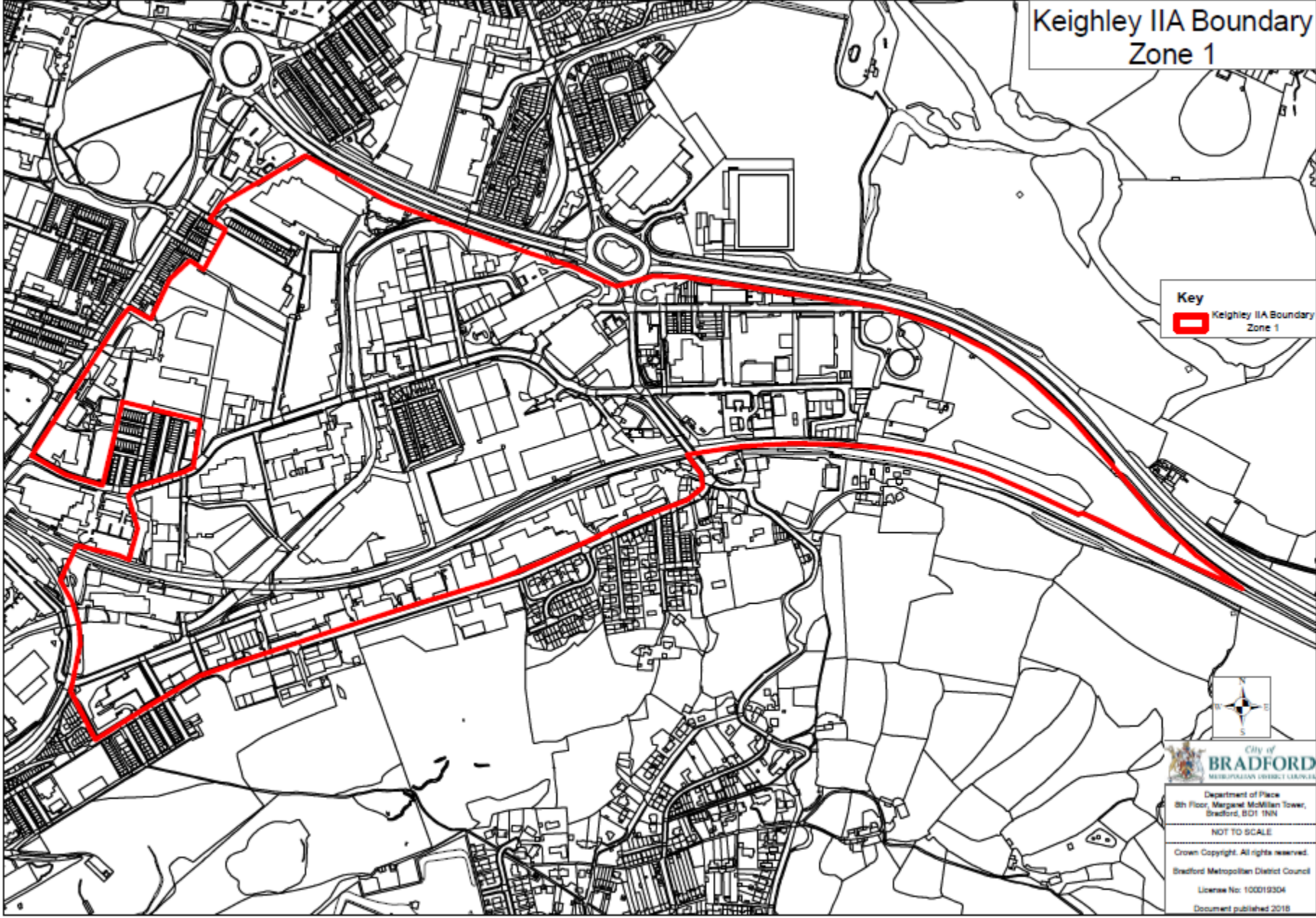
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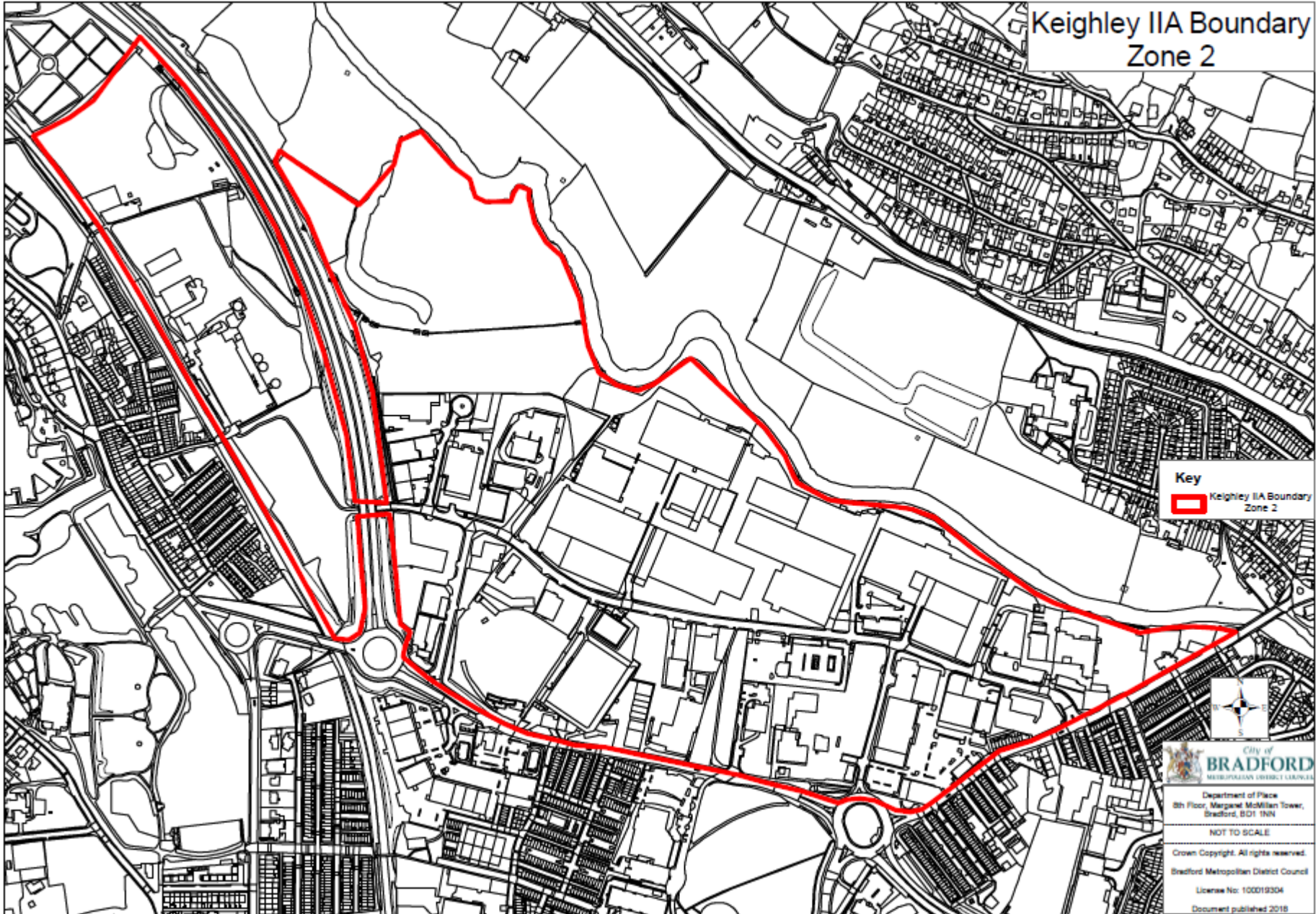
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# Keighley IIA Boundary Zone 2



**Key**  
Keighley IIA Boundary  
Zone 2



City of  
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