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Dorset and BCP Employment Land Study

Final Report

Dorset and BCP Councils

March 2024

BCP

AND

DORSET
COUNCILS

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Dorset and BCP Employment Land

Study

FINAL REPORT

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1. INTRODUCTION

1.1 This report has been produced by Icen Projects on behalf of Dorset Council and Bournemouth, Christchurch and Poole (BCP) Council. It provides an assessment of employment land matters in Dorset and BCP. The study was commissioned in 2021 and this provides the base year of assessment. The study was finalised until winter 2023.

1.2 The key objectives for this study are:

- Establish a 'best fit' functional economic market area or areas (FEMA/FEMAs) that is centred on the study area and defined with regard to the factors set out in the PPG.
- Provide a reasonable estimate for the demand for employment land in the Dorset LEP area until 2039.
- Assess the suitability, availability and viability of existing and potential future supply of sites.
- Compare the supply with the estimated demand in order to identify any gaps in either quantity of quality of employment land supply.
- Make recommendations to inform the production of the local plans to ensure that supply of employment land is not a constraint to economic growth.

1.3 In responding to the above, the report covers the following matters:

- A review of relevant policies
- An assessment of the functional economic market area
- An economic review of key social and economic indicators for the area
- A commercial property market assessment including engagement with a range of economic and property market stakeholders
- A review of economic forecasts provided by Cambridge Econometrics and consideration of alternative outcomes including a policy-on growth scenario

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- An assessment of the employment land needs to 2039 in line with the planning practice guidance
 - Assessment of the supply of sites (summarised here and a complete assessment provided separately)
 - Commentary on the balance of future needs

2. POLICY REVIEW

- 2.1 This section reviews the main policy, strategies and planning documents relevant to the Dorset and BCP economy, and specifically seeks to identify and summarise policies, plans and projects which have an impact on economic growth and employment land demand & supply.
- 2.2 Considering the local authorities' boundaries and names have changed in the recent past, this policy review is organised by type of document first, then chronologically (starting with older documents).
- 2.3 Summary of documents reviewed:
- 2.4 Local plans:
- Bournemouth Local plan: Core Strategy, 2012
 - Purbeck Local Plan, 2012
 - Christchurch and East Dorset Local Plan Part 1 - Core Strategy, 2014
 - West Dorset, Weymouth and Portland Local Plan, 2015
 - North Dorset Local Plan, 2016
 - Swanage Local Plan, 2017
 - Poole Local Plan, 2018
 - Emerging Purbeck Local Plan, 2019
 - Emerging Dorset Council Local Plan Draft, 2021
- 2.5 Economic strategies:
- Transforming Dorset, Strategic Economic Plan, 2014
 - Dorset Local Industrial Strategy, 2019
 - Dorset Council Economic Growth Strategy, 2020
 - BCP Our Vision for the Future, 2021
 - Dorset Investment Prospectus, 2021-30
 - Dorset and BCP's LEP Key Sectors
- 2.6 Employment Land Reviews & Workspace Strategies:
- Christchurch and East Dorset Employment Land Review, 2006

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- North Dorset Employment Land Review, 2007
 - Bournemouth Borough Council Employment Land Review, 2011
 - West Dorset, Weymouth & Portland Employment Land Review, 2013
 - Purbeck Additional Employment Land Background Paper, 2015
 - Purbeck Strategic Economic Land Availability Assessment 2016
 - Bournemouth, Dorset & Poole Workspace Strategy, 2016
 - Purbeck Economy Background Paper, 2018
 - Dorset & BCP Workspace Strategy Evidence Update: Employment Projections, 2020

Local Plans

- 2.7 This section reviews a series of local plans and aims to highlight key information relating to employment land, this can include location, supply, demand, timeframes, or employment land-related policies.

Bournemouth Local Plan: Core Strategy, 2012

- 2.8 The plan¹ was adopted in 2012. Job projections indicate a forecast growth of ‘41,900 jobs in Dorset between 2006 and 2026, including 23,000 in the Bournemouth TTWA and 16,000 within the Borough.’ It is also noted that Bournemouth and Poole account for 60% of all office space within the sub-region.
- 2.9 In terms of employment land needs, ‘the greatest growth is expected to be in office jobs, there is currently about 10 hectares of good quality undeveloped employment land that is suitable for new offices, but forecasts suggest that around 17 hectares of undeveloped land will be required over the plan period.’
- 2.10 Policy CS26 allocates the following sites for protection:
- Ashley Road, Coal Yard
 - Ashley Road, Station Approach
 - Castle Lane East, Deansleigh Road

¹ Para 16.12, Bournemouth Local Plan, 2012. Available at: <https://www.bcpccouncil.gov.uk/Planning-and-building-control/Planning-policy/Current-Local-Plans/Bournemouth/Docs/Core-Strategy-1.pdf>

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- Castle Lane East, Riverside Avenue
 - Chaseside
 - Elliot Road
 - Francis Avenue
 - Lansdowne
 - Poole Lane
 - Southcote Road
 - Wallisdown Road
 - Wellington Road
 - Wharfdale Road
 - Yeomans Road

- 2.11 The plan also resists non employment development on unallocated employment sites with Policy CS27 stating that “Development resulting in the loss of sites or premises used, or last used, within Use Classes B1, B2 or B8 outside the allocated employment sites will not be permitted unless it can be demonstrated that either: the current use causes environmental problems; or the location of the premises is no longer suitable for employment use.”

Purbeck Local Plan, 2012

- 2.12 Adopted in November 2012, the current Purbeck Local Plan looks from 2006-2027
- 2.13 Policy ELS of the Plan considers Employment Land Supply as part of Objective 8 which seeks to promote a prosperous local economy. It states that “*provision will be made for a minimum of 11.5 hectares of employment land over the plan period*” and safeguards existing employment land as set out in Table 2 of the Plan shown below:

Table 2.1 Purbeck Local Plan, Table 2

Table 2: The Distribution of Existing Employment Land (at 1st April 2011)

Site	Settlement	Spatial Area	Total Site Extent (ha)	% of Total Provision	Estimated Remaining Availability (ha)
Westminster Rd	Wareham	Central	5	3.46%	0
Sandford Lane	Wareham	Central	9	6.22%	0
John's Road	Wareham	Central	0.3	0.21%	0
Factory Road	Upton	North East	3.9	2.70%	0
Prospect Business Park	Swanage	South East	1.2	0.83%	1.2
Victoria Avenue	Swanage	South East	2.4	1.66%	0
Holton Heath Industrial Estate	N/A	Central	35	24.19%	8
Admiralty Park	N/A	Central	12	8.29%	4
Romany Works	N/A	Central	1.6	1.11%	1
Wareham Road	Lytchett Matravers	North East	0.6	0.41%	0
Dorset Green Technology Park	N/A	South West	72	49.76%	20
Milk Depot	Corfe Castle	South East	0.4	0.28%	0.25
North Street	Bere Regis	North West	0.8	0.55%	0.7
Axian Centre	Rural	North East	0.5	0.35%	0
Total Provision			144.7 ha	100%	35.15 ha

Source: Purbeck Local Plan, page 26

- 2.14 Policy E considers employment generally encouraging the development of new employment sites in sustainable locations and resisting the redevelopment of employment land for non-employment uses.

Christchurch and East Dorset Local Plan, 2014

- 2.15 This plan² was adopted in April 2014 and looks at the period from 2013-2028. It should be read alongside the saved policies from the 2002 Local Plan.
- 2.16 Policy KS5 'Provision of Employment Land' states that supply located in Christchurch and East Dorset will contribute in part to meeting the wider strategic requirement across the

² Christchurch and East Dorset Local Plan, 2014. Available at:

<https://www.dorsetcouncil.gov.uk/documents/35024/290487/Christchurch+and+East+Dorset+Adopted+Core+Strategy.pdf/9ce14f8d-e447-fed2-c665-f50b37748ca5>

Bournemouth and Poole. 80 hectares of land will be identified to meet the requirements of existing and new businesses. Key sites highlighted on Map 4.4 (Provision of Employment Land) include Blunts Farm, Land adjacent to Woolsbridge Industrial Estate and Bournemouth Airport

2.17 Policy PC1 looks at employment land within the area and sorts sites into categories by quality. Higher quality sites are protected for employment uses. It identifies Bournemouth Airport Northern Business Park as a Strategic Higher Quality site and the following as Other Higher Quality sites:

- The BAE site, Grange Road
- Christchurch Business Park
- Priory Industrial Park
- Silver Business Park
- Airfield Industrial Estate
- Ambassador Industrial Estate
- Beaver Industrial Estate
- Sea Vixen Industrial Estate
- Somerford Business Park
- Hughes Business Centre

2.18 Policy CS2 allows for alternative uses on employment land where it can be justified by market evidence.

2.19 The following sites are then set out as a focus for meeting requirements and are protected in accordance with Policy PC2:

- Avon Trading Park, Christchurch
- Stony Lane South including the Gasworks Site, Christchurch
- Groveley Road, Christchurch

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- Somerford Road, Christchurch
 - Brook Road Industrial Estate, Wimborne, East Dorset
 - Gundrymoor Industrial Estate, West Moors, East Dorset
 - Riverside Park Industrial Estate, Wimborne, East Dorset
 - Uddens Industrial Estate, Ferndown, East Dorset
 - Ferndown Industrial Estate, East Dorset
 - Woolsbridge Industrial Estate, Three Legged Cross, East Dorset
 - Ebblake Industrial Estate, Verwood, East Dorset
 - Bailie Gate Industrial Estate, Sturminster Marshall, East Dorset

2.20 The plan justifies the hierarchy of the site in paragraph 16.12 which states that “a shortage of available employment land in the sub region and key strategic sites such as Bournemouth Airport Business Park and Ferndown Industrial Estate face infrastructure constraints which restrict the level of development that can come forward”. As a result of this, the Plan considers it important to protect such sites, particularly those in sustainable locations, and ensure their future continued use.

West Dorset, Weymouth and Portland Local Plan, 2015

The plan³ was adopted in October 2015 and looks at the period 2011 to 2031. It covers both the Weymouth and Portland and West Dorset authority areas. Policy SUS1 states that in terms of employment land, *“in the period 2011-2031 provision will be made for a deliverable supply of (...) around 60ha of employment land comprising: (1) at least 43ha in West Dorset; (2) at least 17ha in Weymouth and Portland. Further land to meet outstanding needs beyond 2031 will be provided in the next review of the plan.”*

³ West Dorset, Weymouth and Portland Local Plan, 2015. Available at:

<https://www.dorsetcouncil.gov.uk/documents/35024/327480/West+Dorset%2C+Weymouth+%26+Portland+Local+Plan+2015.pdf/e6f329e7-ec5b-52fc-7364-4a8726877184>

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- 2.21 Policy ECON1 of the plan generally supports new employment development providing it is: within or on the edge of a settlement; intensifies or extends existing premises; is part of farm diversification; re-uses or replaces an existing building; or in a rural location essential for the type of business.
- 2.22 Policy ECON2 seeks to protect the use of 38 Key Employment sites which are considered to contribute significantly to employment land supply. These are listed in Table 4.1 of the Plan.
- 2.23 Policy ECON3 allows for redevelopment on employment sites that are not protected providing it can be demonstrated that the present use causes significant harm to amenities, cannot be used for any other employment purpose, there is a substantial oversupply of land, and that redevelopment would provide benefits for the community.

North Dorset Local Plan, 2016

- 2.24 The plan⁴ was adopted in 2016 and should be read alongside the saved policies of the 2003 plan. The saved policies include Policy 3.2 which provides a list of defined existing and proposed employment areas where business, general industrial and storage or distribution use will be permitted, and change of use to non-employment use will not be permitted.
- 2.25 Objective 3 of the 2016 Plan seeks to ensure the vitality of the Market Towns in the District by “enhancing their employment and training opportunities, particularly through the provision of sufficient employment land, to meet the growing needs of the towns and their hinterlands.”
- 2.26 In terms of employment land, Policy 11 states that 49.6 ha of land is available for development in the District up to 2031. It identifies the 5 key employment sites across which this land is available:
- Part of the Brewery site, Blandford St. Mary (about 3 ha)

⁴ North Dorset Local Plan, 2016. Available at: <https://www.dorsetcouncil.gov.uk/documents/35024/288359/North-Dorset-Local-Plan-Part-1-Policy-1-to-21.pdf/fbfc8a47-1bf8-64d2-94f9-a3e4cd2ec450>

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- Land off Shaftesbury Lane, Blandford Forum (about 4.8 ha)
 - Brickfields Business Park, Gillingham (about 11.7 ha)
 - Land south of the A30 at Shaftesbury (about 7 ha)
 - North Dorset Business Park, Sturminster Newton (about 6.3 ha)

2.27 Policy 11 resists non-employment development of existing employment sites, only permitting non-employment uses where it would support businesses. The policy also identifies four sites appropriate for mixed use development within the District:

- Brewery site, Blandford St. Mary
- Station Road area, Gillingham
- Station Road area, Sturminster Newton
- Land between the town centre and Christy's Lane, Shaftesbury.

Swanage Local Plan, 2017

2.28 The Swanage Local Plan was adopted in June 2017 and looks forward to 2027.

2.29 Policy ES of the Plan seeks to protect both Prospect Business Park and Victoria Avenue Industrial Estate for employment use. Policy KCD: Kings Court Depot Site states that the former depot site at Kings Court is suitable for development and could potentially accommodate employment, and/or some residential development, or the relocation of existing non-retail uses from the Town Centre Redevelopment site, if required.

Poole Local Plan, 2018

2.30 The plan⁵ was adopted in November 2018 and looks at the period 2013 to 2033.

⁵ Poole Local Plan, 2018. Available at: <https://www.bcpccouncil.gov.uk/Planning-and-building-control/Planning-policy/Current-Local-Plans/Poole/Docs/Final-version-28.11.18.pdf-for-web.pdf>

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- 2.31 Policy PP16 looks at employment areas within Poole, safeguards existing areas from non-employment uses, and allows proposals for non-employment development on isolated employment sites.
- 2.32 Policy PP17 allocates the following sites for employment uses:
- Innovation quarter (TV2), Talbot Village
 - Magna Business Park, Bearwood
 - Land at Sterte Avenue West
 - Poole Port
 - Gasworks, Bourne Valley
 - Land at Innovation Close
 - Land south-east of Yarrow Road
 - Land at Banbury Road
 - Vantage Way, Mannings Heath
 - Land at Lifeboat Quay
 - 3 Aston Way, Mannings Heath
 - Area 2, Ling Road
- 2.33 Policy PP18 considers Magna Business Park specifically and allocates the site for 16,000 sqm of employment floor space. Policy PP19 considers Poole Port and allows development only where the use complements port-related activities.
- 2.34 Figure 26 of the Plan considers there to be a 42.1 ha supply of employment land within Poole.

Table 2.2 Employment land supply in Poole

	Site area (ha)
Completions 2013-16	0.9

Commitments	1.6
Urban allocations	39.5
Total	42.1

Source: Poole Local Plan, 2018 (page 64)

Emerging Purbeck Local Plan, 2019

- 2.35 The Emerging Purbeck Local Plan⁶ was submitted to the Planning Inspectorate in January 2019. As of December 2022, it is still going through examination. It looks to cover the plan period 2018-2034. The Local Development Scheme anticipates that the plan will be adopted in the first quarter of 2023.
- 2.36 In the preamble to Policy EE1, paragraph 197 states that there is a “*District-wide total need for 11.5 hectares of employment land*”
- 2.37 Since submission, Policy EE1 has been updated, along with other policies, in Purbeck’s Proposed Main Modifications (2020) report.⁷ The revised Policy states: “To enable the growth of high quality employment opportunities and a prosperous local economy, provision is made for 46.01 hectares of available employment land at a range and choice of employment sites, particularly in the District’s towns and villages and including the development of strategic employment sites of 44.1 hectares at Holton Heath and Dorset Innovation Park.’
- 2.38 Policy EE1 also identifies 12 employment sites to be safeguarded for employment uses as seen in the Table below. Two of these sites are considered “strategic” while the others are identified as “other employment sites”.

Table 2.3 Policy EE1 Employment Land Supply

Ref	Site Name	Parish	Total Site Extent (Ha)	Estimated remaining Availability (Ha)
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⁶ Purbeck Local Plan, 2019. Available at: <https://www.dorsetcouncil.gov.uk/documents/35024/289016/SD01%28a%29-local-plan-submission-version-jan-2019.pdf/c2e3bc4e-bfc4-1fc4-2e7e-290159e1a594>

⁷ Proposed Modifications Report, 2020. Available at: [1b170fc6-378a-1691-55b4-36fa759b2b28 \(dorsetcouncil.gov.uk\)](https://www.dorsetcouncil.gov.uk/documents/1b170fc6-378a-1691-55b4-36fa759b2b28)

Strategic employment sites				
ES1	Holton Heath Trading Park	Sandford	35	5.7
ES2	Dorset Innovation Park (Enterprise Zone)	Wool and Winfrith	43.4	38.4
Other identified employment sites				
ES3	Townsend Business Park, North Street	Bere Regis	1.86	0.7
ES4	Old Milk Depot	Corfe Castle	0.4	0.3
ES5	Freeland Business Park, Wareham Road	Lytchett Matravers	0.6	0
ES6	Factory Road Trading Estate	Lytchett Minster & Upton	3.9	0
ES7	Axiom Centre	Organford	0.5	0
ES8	Romany Works Estate	Sandford	1.6	0
ES9	Prospect Business Park	Swanage	2.2	0
ES10	Victoria Avenue Estate	Swanage	2.4	0
ES11	Sandford Lane Estate	Wareham	9	0
ES12	Admiralty Park (Site with Certificate of Lawfulness)	Sandford	12	0
ES13	West Minster Road Industrial	Wareham	2.5	0
ES14	Johns Road Industrial	Wareham	0.5	0
Total Provision			115.86	46.1

Source: Proposed Main Modifications (2020) Report, Policy EE1

- 2.39 In addition to the protection of employment sites as set out in Policy EE1, Policy EE2 considers new employment provision and redevelopment of employment land. It directs new employment provision towards existing allocations and resists the redevelopment of employment land for non-employment uses.

Emerging Dorset Council Local Plan Draft, 2021

- 2.40 The plan⁸ is currently being prepared, with the expectation that it should be adopted in the second quarter of 2026. In paragraph 2.2.9, it states, *“Economic forecasts suggest that around 21,000 new FTE (full time equivalent) jobs could be generated across the local plan area between 2018 and 2038. This gives rise to a need for between 131 and 151 hectares of employment land overall.”* Emerging Policy DEV1 aims to provide this and sets a minimum target of 131 ha of employment land provision by 2038. It should be noted that paragraph 2.2.10 sets out the Council’s intention to update the data used to make these economic forecasts – this is a key purpose for undertaking this study which revises the period of assessment to 2021-2039.
- 2.41 Policy ECON1 seeks to protect key employment sites, requiring that any development would not lead to the loss of B2 or B8 land, provide employment opportunities, and are appropriate to the location. Policy ECON2 allows the redevelopment of non-key employment sites where it provides alternative employment uses, delivers important benefits and no significant job loss, causes less harm to the character and amenities of the of the surrounding area than the existing use, or it can be demonstrated that the site is no longer viable for employment uses.

⁸ Emerging Dorset Council Local Plan, available at: <https://www.dorsetcouncil.gov.uk/documents/35024/285538/DCLP-Jan-2021-DorsetCouncilLocalPlan-vol1.pdf/7e0ff0f0-426f-523d-bd45-cc1fe4d60fac>

- 2.42 The table below breaks down the Plan's employment land supply and details a total supply of 214.75 ha.

Table 2.4 Emerging Dorset Employment Land Supply

<i>Employment land requirement 2018 – 2038</i>	<i>131 to 151 ha</i>
<i>Employment Land Supply (hectares)</i>	
<i>Completions 2018/2019</i>	<i>18.15</i>
<i>Completions 2019/2020 (excluding former PDC area)</i>	<i>8.3</i>
<i>Extant Consents on unallocated sites (excluding former PDC area)</i>	<i>27.84</i>
<i>Employment Land Allocations</i>	<i>129.94</i>
<i>New Employment Land Allocations</i>	<i>30.52</i>
<i>Total Supply 2018 - 2038</i>	<i>214.75</i>

Source: Emerging Dorset Local Plan, Figure 2.9

- 2.43 Much of the predicted employment land supply will come from the allocated key employment sites as outlined in the table below (some of which are included in the consented land described above). A total of 161.5 ha has been identified across 30 allocated sites, 28 of which are key employment sites. Many of these are allocations from previous adopted local plans.

Table 2.5 Supply from Allocated Sites

<i>Settlement</i>	<i>Allocated Site</i>	<i>Employment Land</i>	<i>Key Site</i>
<i>Blandford</i>	<i>Land to the North East of Blandford Forum</i>	<i>4.7</i>	<i>✓</i>
	<i>Land off Shaftesbury Lane</i>	<i>2</i>	<i>✓</i>
<i>Ferndown</i>	<i>Blunts Farm</i>	<i>9-30</i>	<i>✓</i>
	<i>Land East of Cobham Road</i>	<i>6.5</i>	<i>✓</i>
	<i>Land at Haskins Garden Centre</i>	<i>2</i>	<i>✓</i>
<i>Verwood</i>	<i>Ebblake Industrial Estate</i>	<i>0.7</i>	<i>✓</i>
<i>Wimborne</i>	<i>Brook Road (north)</i>	<i>2</i>	<i>✓</i>

Woolbridge	Land at Woolbridge Industrial Park	12.9	✓
Bere Regis	North Street	0.7	✓
Holton Heath	Holton Heath Trading Park	5.7	✓
Sturminster Marshall	Extension to the Bailie Gate Industrial Estate	3.3	✓
Wool	Dorset Innovation Park	38.4	✓
Dorchester	Poundbury Mixed Use Development	6	X
	Poundbury Parkway Farm Business Site	1	✓
	Land to the North of Dorchester	10	✓
Weymouth	Land to the south-east of Mount Pleasant Business Park	5	✓
	Littlemoor Urban Extension	8	✓
Portland	Osprey Quay	0.8	✓
Crossways	Land south of Warmwell Road	2.5	✓
Gillingham	Land south of Brickfields	11.6	✓
	Land north of Kingsmead Business Park	1.2	✓
Shaftesbury	Land south of the A30	6.6	✓
Sherborne	Land at Barton Farm	3	✓
	Land South of Bradford Road	5	✓
Stalbridge	South of Station Road (southern part)	0.7	✓
Sturminster Newton	North Dorset Business Park	2.9	✓
Bridport	Land at Vearse Farm	4	✓
	St Michael's Trading Estate	0.8	X
Beaminster	Land to the South of Broadwindsor Road	3.8	✓
	Land at Lane End	0.7	✓
Total		161.5	

Source: Emerging Dorset Local Plan, Figure 2.10

Economic Strategies

2.44

This section reviews economic strategies and aims to highlight key information relating to employment land. This can include location, supply, demand, timeframes, or employment land-related strategies and plans.

Transforming Dorset, Strategic Economic Plan, 2014

- 2.45 This plan was produced by Dorset LEP. The 2014 Strategic Economic Plan seeks to set out the key strengths and opportunities within Dorset's economy. Paragraph 18 states: *"The Strategic Economic Plan builds on Dorset's strengths as a leading financial centre in the south of England. Growth will accentuate strong specialisms in advanced engineering and marine engineering."*
- 2.46 Core areas for investment and development are:
- ICT & Precision Instruments – driven through local engineering firms in collaboration with the Universities via the Joint Universities Business Park.
 - Digital, Creative & Information Services – driven via Silicon South initiative and adjacent projects.
 - Financial Services & Business Services – driven through Business Growth Hub funding and the development of Lansdowne area of Bournemouth.
 - Health & Social Care – through a developed suite of hi-tech knowledge intensive health intervention hubs and networks, including ODIAC and Wessex Academic Health Science Network.
 - Education & Research & Development – through the local Universities, FE and across partners.
 - Advanced Manufacturing / Automotive & Aerospace – via developments at the airport, Holton Heath, Cobham and in mixed development sites in North Dorset.
- 2.47 At the time of writing the report, there were over 40 investment proposals across the area, among which key investments include:
- Bournemouth Airport: potential to provide a strategically important business park of some 59 hectares with the capacity to generate 16,000 new jobs.
 - Port of Poole Regeneration Area: investment will provide a mixture of office, retail and housing developments and create 5,000 jobs and 2,000 homes, creating 500 new jobs at the Port.
- 2.48 These investment initiatives were at the time planning to generate a significant number of jobs:

Table 2.6 Total FTE jobs created by the major projects by 2021.

Major project	Full-time equivalent jobs
Bournemouth Airport Growth Hub Infrastructure	13,107
Port of Poole	11,494
North Dorset - Mixed Use Sites	9,052
Portland Port	8,214
Silicon South	7,543
Unlocking Potential	5,624
Lansdowne Business and Enterprise Quarter	4,491
Dorset Co-investment Fund	3,250
Living Labs for Wellness, Social and Healthcare	2,587
Cobham Gate, Cobham Road, Ferndown Industrial Estate	2,304
Total	67,666

Dorset Local Industrial Strategy, final draft, 2019

2.49 This document was produced by Dorset LEP. The final draft was submitted to Government in December 2019. The report identifies Dorset's challenges, coined 'problems of success':

- Advanced in demographic ageing
- A wide range of wealth and inclusion
- Shortages on skills replacement and renewal
- A difficult housing affordability issue
- In need of updated and expanded infrastructure – whilst delivering against a commitment to carbon neutrality.

2.50 Key economic development opportunities identified in Dorset include:

- Driving new industrial opportunities via a unique cluster of high growth sectors, including health and social care; agriculture and environment; defence and security; and, creative and cultural sectors.
- Sustaining and expanding growth in existing industrial strengths, including advanced engineering and financial services.

Dorset Council Economic Growth Strategy, 2020 to 2024

- 2.51 This document is presented as a set of webpages⁹. In line with previous strategies, several sectors are identified with the '*potential to provide significant growth*', including advanced engineering and manufacturing, construction, and ICT services.
- 2.52 In addition to these, some sectors have the '*potential to increase contribution to growth if local challenges are addressed*.' These include health and social care, land-based industries, and tourism and leisure.
- 2.53 Finally, some sectors require an intervention to '*mitigate negative effects on Dorset's economy*'. These sectors are financial and professional service, public administration and defence, and retail.

BCP Futures – Economic Development Strategy, 2021

- 2.54 This document was released as a draft in November 2021 and aims to “balance the many economic opportunities within the BCP city region – whilst addressing impacts of global, national and local challenges. This strategy will help deliver the government’s levelling up ambitions to strengthen local leadership to drive real change and raise living standards.”
- 2.55 It sets out the council’s role as a support to local businesses with the overarching aim to “become a top 20 ranked city region in terms productivity by 2026 - it is currently ranked 32 out of the 62 cities.”
- 2.56 Priority areas of action include:
- “*Supercharging our business community: Focusing on supporting increased productivity across our small and medium sized business community.*
 - *Supporting the BCP exemplar industries: Encouraging growth in BCP priority sectors and clusters as the catalysts to success.*

⁹ Dorset Council Economic Growth Strategy, 2020. Available at: <https://www.dorsetcouncil.gov.uk/business-consumers-licences/economic-development/dorsets-economic-growth-strategy/dorsets-economic-growth-strategy>

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- *Opening doors to prosperity: Creating the best local economic conditions to achieve a world-class, sustainable city region and one of the best coastal places in the world in which to live, work, invest and play.*
 - *Business matters @ BCP: Achieving an outstanding economic development service, acting as the concierge for all Council business-facing functions.”*

2.57 This document remains a high-level strategy and provides little concrete plans of actions yet, as mentioned in the introduction *“a detailed action and investment plan setting out how this strategy will be implemented is due to be published in early 2022.”*

BCP Our Vision for the Future, 2021

2.58 This document is a long-term vision articulating around five pillars (Iconic, Seafront, Rejuvenate Poole, Infrastructure, Culture) and targeting to create an overall 13,000 jobs in BCP.

2.59 Key elements of the report related to economic growth and employment land include:

- Plans to invest in the **Bournemouth International Centre (BIC)**: *“A comprehensive feasibility study and appraisal of the long-term investment and redevelopment options for the BIC land adjacent and surrounding leisure facilities will set a vision to develop and enhance the BIC for the next 30 years.”*
- Plans to invest in the **Bournemouth Arc** that runs from the BIC to Westover Road to create a main entertainment destination: *“aspiration to become a world-class resort and to ensure that these interconnected sites can share good design and a cutting-edge offer. Sites in this area include the BIC, Happylands arcade, Bournemouth Pier, Pier Approach, the former Waterfront site, Bath Road north and south car parks and The Pavilion.”*
- **Lansdowne Programme**: £7.5 million public realm investment in the business district: *“funded by the Dorset Local Enterprise Partnership Local Growth Deal Funding 3 programme and BCP Council”*
- Investment in **Bournemouth International Airport** following the *“acquisition (...) by Regional and City Airports (part of the Rigby Group) in December 2017, the operating group is working to double passenger numbers to 1.5 million by 2022”*

-
- Investment in an **innovation district in Wessex Fields**: *“The Dorset MedTech Science Park will be the home of the Dorset Living Lab, as well as a mixed-use development to support the growth of the MedTech sector, including incubation facilities, grow-on space and around 500 key worker homes.”*

BCP Council’s Corporate Strategy 2022

2.60 Under the theme of ‘Dynamic Places’ the strategy objectives include:

- revitalise and reinvent our high streets and local centres
- invest in the homes our communities need
- create a sustainable, vibrant and inclusive economy
- increase productivity through skills investment
- develop sustainable infrastructure
- support our businesses to operate more creatively
- create a 21st century digital infrastructure

Dorset Investment Prospectus 2021-30

2.61 This has been produced by Dorset LEP.¹⁰ It presents a 10-year investment portfolio for the both the BCP and Dorset areas. Some projects have a significant potential to deliver employment land at scale:

- **Southern Growth Corridor**: 30 ha employment space
- **Dorset Innovation Park – Defence Cluster**: 35 ha development area
- **North-South Transport Connectivity**: supporting over 30,000 jobs
- **Coastal Regeneration**: 13 ha employment land
- **Medtech Science Park**: facilities supporting 500 new jobs
- **Accelerated Economic Zone**: £1.7m growth and 5,600 jobs in 20 years

¹⁰ Available from: <https://investindorset.com/>

Dorset and BCP's LEP Key Sectors

- 2.62 The Dorset LEP seeks to attract investment to Dorset and BCP and lists several key sectors for the county on its website (<https://www.dorsetlep.co.uk/>):
- 2.63 **Advanced Engineering and Manufacturing** – Dorset is home to a thriving and varied advanced engineering sector, which can be further broken down to **Aerospace, Defence, Composite and Marine Technologies**. The LEP area is home to branches of global companies such as BAE Systems, Qinetiq and Caterpillar. The Dorset Engineering & Manufacturing Cluster (Dorset EMC) is a network of over 300 businesses across the engineering and manufacturing supply chain and enables companies in this sector operating in Dorset to collaborate and network. The sector is very active with the newly opened Ministry of Defence BattleLab (not mentioned on the LEP website) seeking to enable collaboration between private companies, the military and academia to develop new technologies.
- 2.64 **Agri-Tech, Food and Drink** – Due to the excellent connections to the coast, Dorset has been awarded a High Potential Opportunity in Aquaculture by the Department for International Trade to meet growing national and global demand for fish, shellfish and aquatic plants by developing and deploying technologies. Dorset's AgriTech sector is currently worth £108m and employs around 700 people. There is support for all sizes of companies from high growth to start-ups. Food and Drink in Dorset is similarly varied, from globally recognised brands to artisan makers, this sector is considered particularly strong.
- 2.65 **Creative Digital** – The digital economy in Dorset is thriving and considered a world-leading digital sector. Bournemouth, Christchurch and Poole is one of the UK's top areas for high growth digital businesses (Tech National Report 2017) supporting over 12,340 digital jobs worth over £588.4 million to the economy. The location and specialisms of both Bournemouth University and Arts University Bournemouth aid in this. Areas of expertise include visual effects, gaming, animation, digital agencies, app creation, digital products, and post-production.
- 2.66 **Financial services** - Many market leaders and global players in the financial services have chosen Bournemouth and Poole as the location for their contact centres or headquarters. The availability of a highly skilled workforce at all levels of financial services within the Bournemouth and Poole conurbation ensures a permanent supply of high calibre staff. Staff turnover is low, keeping recruitment costs low and business consistency high. Proximity to

London and other key business areas is one of the key reasons why many major financial services companies choose to relocate Dorset.

Employment Land Reviews & Workspace Strategies

2.67 This section reviews previous employment land reviews and some workspace strategies to highlight key information including location, supply, demand, and timeframes.

Christchurch and East Dorset Employment Land Review, 2006

2.68 Many sectors were identified as priority sectors (long-list available in the report). The specific sectors which reported significant growth are listed below:

- Biotechnology: *“Biotechnology in Christchurch has seen a 133% growth in employment. However, as the sector forms a very small percentage of overall employment in the Borough the impact of growth is low. (...) Growth in the Biotechnology is closely linked to the agriculture industry (...) growth tends to occur in more rural areas.*
- Creative Industries: *“Christchurch has seen a 55% rise (135 employees) in employment.”*
- Marine technology: *“the sector has had a 62% (115 employees) increase in employment.”*

2.69 In terms of employment land availability: in Christchurch “2.3ha of sites reviewed as part of Stage 1 have no significant issues to be overcome and can be considered ‘Best’. 147.11ha of employment land in the Borough has been classified as requiring more detailed investigation as part of Stage 2 of the review.”

2.70 While in East Dorset, “73.3ha (65%) of existing employment land in the District can be considered ‘Best’ in respect of generally meeting market requirements and in not presenting significant issues for access or utilisation. A total of 34.57ha (35%) of the remainder requires further investigation.”

North Dorset Employment Land Review, 2007

- 2.71 The document¹¹ was published in April 2007. At the time of writing, there were ‘a total of 1,098 employment premises (B1-B8 use classes) in the District, comprising of 423,000m2 of floorspace.’
- 2.72 ‘The majority of B class floorspace in North Dorset consists of factory and warehousing space, with less than 10% of floorspace being classed as B1(a) office use.’
- 2.73 Previous targets were as follows:
- *Forecasts for the quantity of additional land required for employment needs was developed for the Structure Plan 1994-2011, in which North Dorset was required to deliver 40 additional hectares of land.*
 - *Yearly monitoring by Dorset County Council identified that as of 31st March 2006, 35.85 hectares of land for employment uses had been developed in North Dorset.*
 - *Of the 40 sites identified in the adopted Local Plan, 27 were not assessed as they were identified as being well established and performing well as sites for employment. The remaining 13 sites were assessed to identify those sites that should be retained, assessed further, or recommended for release during the LDF process.*

Bournemouth Borough Council Employment Land Review, 2011

- 2.74 In 2011, Bournemouth Borough Council prepared an Employment Land Review aimed at: (1) assessing the supply of, and demand for, employment land in the Borough; (2) considering whether the current stock of sites is “fit for purpose”; (3) safeguarding the best employment sites from development for other uses; (4) identifying any employment sites which are clearly unlikely to be used for employment uses in the future; and (5) identifying gaps in employment land provision and identify new sites.

¹¹ North Dorset Employment Land Review, 2007 Available at:

<https://www.dorsetcouncil.gov.uk/documents/35024/283794/Employment+Land+Review+-+Review+of+Existing+Sites+%28April%2C+2007%29.pdf/d8d9298f-ffa8-8415-b8c9-918c29049b35>

2.75 When the report was issued, there was a forecast growth of **16,000 jobs within the Borough**: the predicted jobs growth in the area required the delivery of “**5,880 office jobs (B1 Use Class)**. Due to the limited availability of other sites across the Borough, the **Lansdowne will need to deliver approximately 3,000 B1 jobs**, which equates to approximately 36,000 sqm of additional B1 floorspace. A minimum of 36,000 sqm of B1 office space is required in the Town Centre. Due to the allocations in The Bournemouth Local Plan: Core Strategy this will be primarily delivered on allocated sites including: Christchurch Road, Cotlands Road, St Paul’s Place, Wellington Road.”

2.76 In 2011, it was considered that “**Employment land in Bournemouth is scarce**, therefore it is difficult to provide enough land within the ELR portfolio to cover windfall losses across the plan period.” However, “despite having a **shortfall of 5.66ha for suitable office land** within the Employment Land Review portfolio, there is 2.5ha of developable land available at the Lansdowne employment area.”

West Dorset, Weymouth & Portland Employment Land Review, 2013

2.77 The document¹² was published in 2013. ‘The majority of the sites allocated by the 2006 West Dorset District Local Plan or the 2005 Weymouth and Portland Borough Local Plan have been assessed as suitable to contribute to the future employment land supply are likely to deliver much of the strategic employment requirement.’

2.78 The plan mentions that ‘in total, thirteen sites (40.5ha) were considered to have potential to accommodate new employment uses, with a further twenty-seven sites (722.9ha) considered appropriate for employment uses as part of a potential mixed use scheme. In addition, there are 45 sites (43.2ha) of land currently with permission for employment uses.’

2.79 In addition, ‘53 existing employment sites were assessed. The site visits confirmed that many of the existing employment sites were operating at or near capacity.’

¹² West Dorset, Weymouth & Portland Employment Land Review, 2013. Available at:

<https://www.dorsetcouncil.gov.uk/documents/35024/288143/Employment+Land+Review+for+West+Dorset+and+Weymouth+%26+Portland+-+Report.pdf/9f305738-1f5e-d04a-484a-6fe4c1ded090>

Purbeck Additional Employment Land Background Paper, 2015

2.80 The document¹³ was published in January 2015 as part of the Local Plan Issue and Options consultation in 2015. The paper is further updated in the more recent Purbeck Economy Background Paper (2018) which is discussed later in this section.

2.81 The Executive Summary states that ‘A total of about 22.32 ha of land that has been promoted for consideration as additional land for employment development in Purbeck. As well as the land above, potential new employment land is available at Dorset Green Technology Park (up to 43 ha of employment land) and at Admiralty Park (at least 3.773 ha)’

Purbeck Strategic Economic Land Availability Assessment (SELAA) 2016

2.82 The SELAA assesses the supply of economic land in Purbeck and considers there to be 53.5 ha of land within safeguarded employment sites available for development, alongside a further 17.5 ha at non-safeguarded sites.

Bournemouth, Dorset & Poole Workspace Strategy, 2016

2.83 In 2016 the local authorities of Bournemouth, Dorset and Poole (and the district authorities at the time) in association with the Dorset Local Enterprise Partnership (LEP) prepared a revised Workspace Strategy for the area.¹⁴ It superseded a 2008 Workspace Strategy and a 2012 Workspace Study. It provides recommendations in relation to the Eastern and Western Dorset Housing Market Areas (HMAs). Key findings of the report include:

“The Workspace Strategy has tested 4 growth scenarios based on the Cambridge Econometrics Local Economy Forecasting Model (LEFM, 2015) (...) In the Dorset LEP area, and for the Eastern Dorset HMA, 70% of demand is for industrial uses including B1c, B2 and B8 use classes and 30% of demand is for B1 office over the study period 2013 - 2033. The split in demand is slightly different for the Western Dorset HMA with

¹³ Purbeck Additional Employment Land Background Paper, 2015. Available at:

<https://www.dorsetcouncil.gov.uk/documents/35024/310393/Additional+Employment+Land+Background+Paper.pdf/97ad1fe1-c998-e18e-685b-0a299a56a9f8>

¹⁴ Available from: <https://www.dorsetcouncil.gov.uk/documents/35024/289016/SD26-bournemouth-dorset-poole-workspace-strategy-2016.pdf/ee1ea834-e690-6696-743d-4b44284c058d>

78% of demand for industrial uses including B1c, B2 and B8 use classes and 22% of demand for B1 office uses over the study period. Overall, approximately 80% of future demand for employment land for the Dorset LEP area is in the Eastern Dorset HMA and 20% of demand in the Western Dorset HMA.”

Table 2.7 Employment land supply, 2013 to 2033

	Scenario 1	Scenario 2
Bournemouth, Dorset and Poole:	340 ha	397 ha
Eastern Dorset:	276 ha	333 ha
Western Dorset:	64 ha	64 ha

Source: Bournemouth, Dorset & Poole Workspace Strategy, 2016

“Of the total 340ha identified in Employment Land Scenario 1, 100ha of land is available in the short term and developable in the next 2 years and 110ha of land is available in the medium term and is projected to come forward within the next 3-5 years. The remaining 130ha is likely to come forward in the long term in over 5 years' time.”

“Over the study period from 2013 - 33 and across all the employment land projection scenarios there is an overall balance between the demand and supply of employment land for the Dorset LEP area including Eastern and Western Dorset.”

2.84 The report recommends taking forward the Step Change growth scenario at 20% Flexibility.

Table 2.8 Step Change growth scenario with 20% flexibility, 2013-2033

	Step change scenario (baseline)
Bournemouth, Dorset and Poole:	279.1 ha
Eastern Dorset:	222.7 ha
Western Dorset:	56.4 ha

Source: Bournemouth, Dorset & Poole Workspace Strategy, 2016

2.85 It concludes:

“in taking the Step Change Scenario forward there is currently a balance between employment land demand and land supply across the Dorset LEP area and the Eastern and Western Dorset HMAs.

“The main market centres for office are located in Eastern Dorset in Bournemouth and Poole with supporting roles performed by Bournemouth Airport Business Park and Ferndown Industrial Estate.

“The main market centres for industrial development are located in Eastern Dorset with strategic business parks located in the Borough of Poole, Christchurch, East Dorset, Purbeck and Bournemouth. However, there is also a key industrial centre in Western Dorset located on the Granby Industrial Estate in Weymouth.”

Purbeck Economy Background Paper 2018

- 2.86 This paper intends to explain Purbeck District Council approach to economic development as set out in the Local Plan.
- 2.87 Regarding employment land supply within Purbeck, Table 2 of the paper identifies a total of 45.3 ha of available employment land within safeguarded allocated sites. As the local plan only indicates a need of 11.5 ha the paper concludes in paragraph 43: *“as the district has a surplus of land available, no land needs to be allocated for development”*.

Dorset & BCP Workspace Strategy Evidence Update: Employment Projections, 2020

- 2.88 This study looks at the projected requirement for employment land over the revised timescale of 2018-2038 for the two unitary authorities of Bournemouth, Christchurch, Poole (BCP) and Dorset Council (DC).
- 2.89 In this report, two employment land scenarios are considered: (1) Trend scenario: based on historic growth trends in employment; (2) Strategy scenario: based on expectations of the impact on the economy of implementing strategies and planned interventions in local plans.
- 2.90 For the Trend scenario there is a projected demand for 87 ha of employment land over the LEP area for the period 2018-2038. 60% of the projected demand is expected to take place in the DC area. Industrial land requirement is projected at 66ha – this is driven by employment growth in construction and business services. Growth in office land requirements is lower at 21ha.
- 2.91 In the Strategy scenario, the increase in employment demand results in projected demand for 147 hectares of employment land in the Dorset LEP area. 65% of the projected increase in baseline demand for employment land is expected to take place in the DC area. In terms of land use class, there is substantial growth over 2018-2038 in the industrial land requirement of 111ha. Growth in office land requirements is lower at 36ha.

2.92 The table below shows the projections for each area for both scenarios including an allowance for windfall, churn and flexibility (10% shown, but a scenario with 20% was also included with a further c10ha for Dorset and 5ha for BCP.

Table 2.9 Summary of scenarios: 2018-38, with windfall, churn and 10% flexibility

2018-2038 scenarios	Dorset (ha)	BCP (ha)	Dorset LEP area (ha)
Trend	93.3	67.0	160.3
Strategy	140.9	86.0	226.9

Policy review summary

- 2.93 This policy review has surveyed 25 documents ranging from 2006 to 2021. These documents range from local plans and economic strategies to employment land reviews and workspace strategies. The review can be summarised using three key pillars: economy & jobs, strategic planning & infrastructure, and employment land.

Bournemouth, Christchurch & Poole

Economy & jobs

BCP Council aims create a sustainable, vibrant and inclusive economy

Areas of action include supporting increased productivity, encouraging clustering, and a 'concierge' service for local businesses.

Strategic planning & infrastructure

In BCP, key projects include the Bournemouth International Centre, the Bournemouth Arc, the Medtech Science Park, Accelerated Economic Zone, the Lansdowne Programme, Bournemouth International Airport, and Wessex Fields.

Employment land

In the 2016 Workplace Strategy, the Councils set out two scenarios whereby either 340 or 397 ha of employment land would be available in supply across both BCP and Dorset up to 2033.

In 2020, modelling of demand for employment land, set out two scenarios which estimated projections of demand for 63.5 – 91.2 in BCP by 2038.

Dorset Council area

Economy & jobs

Driving new industrial opportunities and sustaining and expanding growth are key opportunities for Dorset

Key issues in the area include advanced ageing and skills shortages

Strategic planning & infrastructure

In Dorset, key projects include the Southern Growth Corridor, Dorset Innovation Park and the Defence BattleLab.

Employment land

In the 2016 Workplace Strategy, the Councils set out two scenarios whereby either 340 or 397 ha of employment land would be available in supply across both BCP and Dorset up to 2033. The Emerging Dorset Council Local Plan Draft, 2021 identifies 214.8 ha of available land 2018-38.

In 2020, modelling of demand for employment land, set out two scenarios which estimated base projections of demand for either 87.9 or 150.7 ha in Dorset by 2038.

3. FEMA REVIEW

- 3.1 This chapter defines the Functional Economic Market Area (FEMA) within which the BCP and Dorset Council areas lie.
- 3.2 A FEMA is the geographic area over which a local economy and market operates. PPG states that local authorities are required to determine best fit (to authority boundaries) FEMAs in order to determine the area over which strategic policy-making authorities and public bodies cooperate during plan-making. FEMAs can overlap several administrative areas so strategic policy-making authorities may have to carry out assessments of need on a cross-boundary basis with neighbouring authorities within their functional economic market area.
- 3.3 It should be noted that while the study assesses employment land needs at the FEMA level, it is also necessary to consider supply at a lower level in order to meet locational and sectoral needs.

Guidance on defining a FEMA

- 3.4 Planning Practice Guidance (PPG) relating to Plan-making provides guidance on how a FEMA can be defined¹⁵. It notes that there no standard approach as patterns of economic activity vary from place to place. However, it does suggest that when defining a FEMA, the following are relevant:
- extent of any Local Enterprise Partnership within the area;
 - travel to work areas;
 - housing market area;
 - flow of goods, services and information within the local economy;
 - service market for consumers;
 - administrative geographies;
 - catchment areas of facilities providing cultural and social well-being; and

¹⁵ Paragraph: 019 Reference ID: 61-019-20190315

-
- transport network.

- 3.5 As the FEMA also considers the housing market area and travel to work areas, there is typically a level of overlap between housing market and economic geographies, and in many cases the evidence supports a consistent set of geographies.
- 3.6 Each of the bullet points above has been considered separately (aside from administrative geographies which are considered throughout the assessment) before being brought together to inform the definition of the FEMA.
- 3.7 However, we have first sought to consider evidence of economic geographies, including FEMAs, from previous studies.

Previous Studies

Bournemouth, Dorset and Poole Workspace Strategy (2016)

Commuting

- 3.8 The Bournemouth, Dorset and Poole Workspace Strategy (2016) performs economic and employment analysis for the Western and Eastern Dorset HMAs and treats them 'as functional economic areas'.
- 3.9 Whilst the reasoning behind this is not provided, the Strategy does set out commuting statistics and self-containment rates for the Dorset LEP area (the Dorset and BCP authority areas) and Western and Eastern Dorset.¹⁶ These are drawn from the 2011 Census which as of December 2022 remain the most up-to-date data source for commuting. The results are set out in the table below.
- 3.10 As shown, in-commuting accounts for just 8%, 9% and 15% of each area's workforce respectively. Based on the self-containment rates, the Strategy states that Dorset LEP, Western Dorset, and Eastern Dorset can all act as functional economic areas.

¹⁶ The Western Dorset area included the former districts of West Dorset and Weymouth & Portland. The Eastern Dorset area included the former districts of Bournemouth, Christchurch, Poole, East Dorset, North Dorset, and Purbeck.

Table 3.1 Net Commuting and Self Containment Rates

	Dorset LEP area	Eastern Dorset	Western Dorset
Net commuting gain/loss	-13,080	-10,800	-2,270
Workplace self-containment	92%	91%	85%
Resident self-containment	89%	87%	83%

Source: Bournemouth, Dorset and Poole Workspace Strategy (2016)

- 3.11 The Strategy also shows that the Dorset LEP area's two largest in-commuting and out-commuting flows are with New Forest (28% and 23% respectively) and South Somerset (20% and 14% respectively).
- 3.12 Eastern Dorset has the strongest in-commuting flows from New Forest (28%) and Western Dorset (22%). Its strongest out-commuting flows are to the New Forest (25%). Western Dorset has a notably lower flow (12%), closely followed by Wiltshire (11%).
- 3.13 Western Dorset has the strongest in-commuting flows from Eastern Dorset (38%) and South Somerset (35%). Its strongest out-commuting flows are to Eastern Dorset (40%) and to a lesser extent South Somerset (25%).
- 3.14 Overall, whilst relatively weak, the strongest commuting flows from the Dorset LEP area are to South Somerset and New Forest.

Commercial Property Market Areas

- 3.15 The Strategy also identifies Commercial Property Market Areas in consultation with the former local authorities and commercial property agents. The areas identified are listed and mapped below.
- 3.16 The definition of a Commercial Property Market Area is not set out by the study, but this generally refers to an area over which a property search is likely to take place in order to access a certain market or pool of labour. This is different from a FEMA which takes into account a greater range of factors. As shown below, there are six commercial property market areas in BCP and Dorset. These are fairly localised and are unlikely to constitute

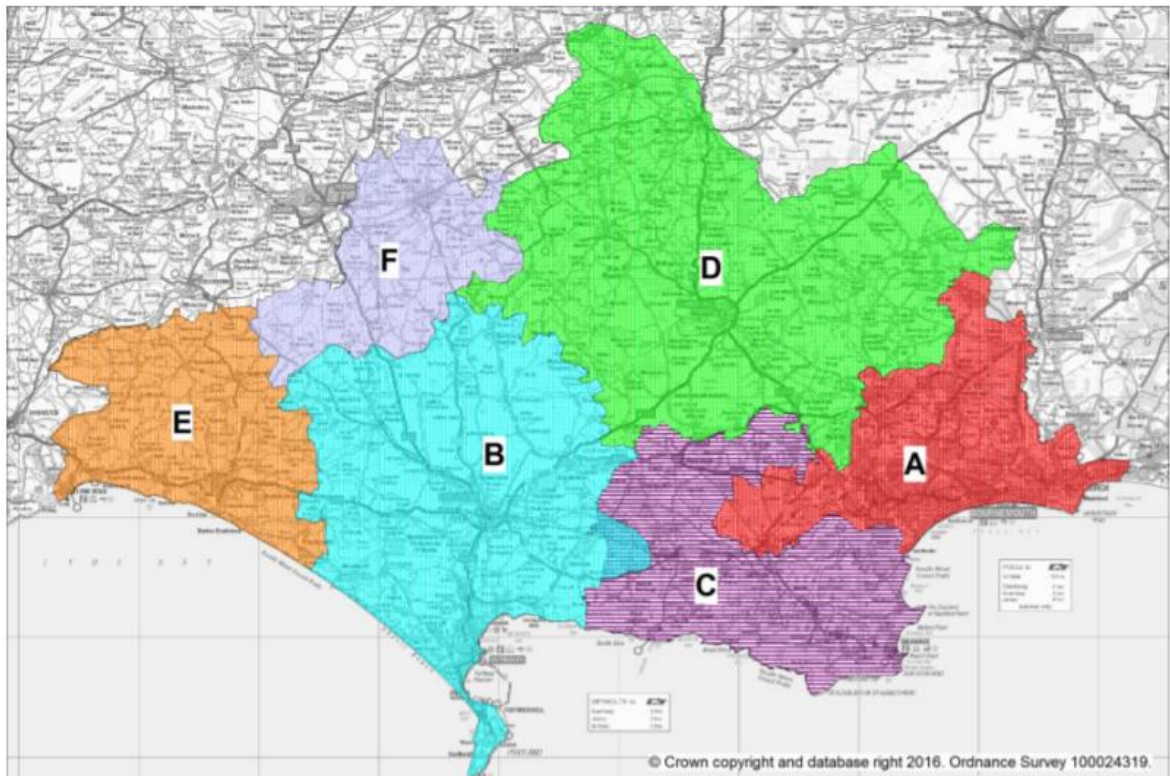
FEMAs when taking into account the factors listed in PPG as quoted in paragraph 3.4 above.

Table 3.2 Commercial Property Market Areas

Commercial Property Market Areas
A: Eastern Dorset: including Bournemouth, Poole, Christchurch, Bournemouth Airport Business Park, Ferndown, Wimborne, Woolsbridge Industrial Estate (3 Legged Cross) and Ebblake Industrial Estate (Verwood), Holton Heath, Upton, Wareham, Wallisdown/West Howe;
B: Dorchester, Weymouth and Portland, Winfrith (Dorset Green Technology Park - <i>note this is also in C</i>).
C: Winfrith (Dorset Green Technology Park), Swanage and other parts of Purbeck.
D: Blandford Forum, Sturminster Newton, Shaftesbury, Gillingham and other parts of North Dorset.
E: Bridport, Lyme Regis, Beaminster.
F: Sherborne and surrounds (with influence / linkages to Yeovil).

Source: Bournemouth, Dorset and Poole Workspace Strategy (2016). Note: Dorset Green Technology Park is now called Dorset Innovation Park and has Enterprise Zone Status.

Figure 3.1 Map of Commercial Property Market Areas



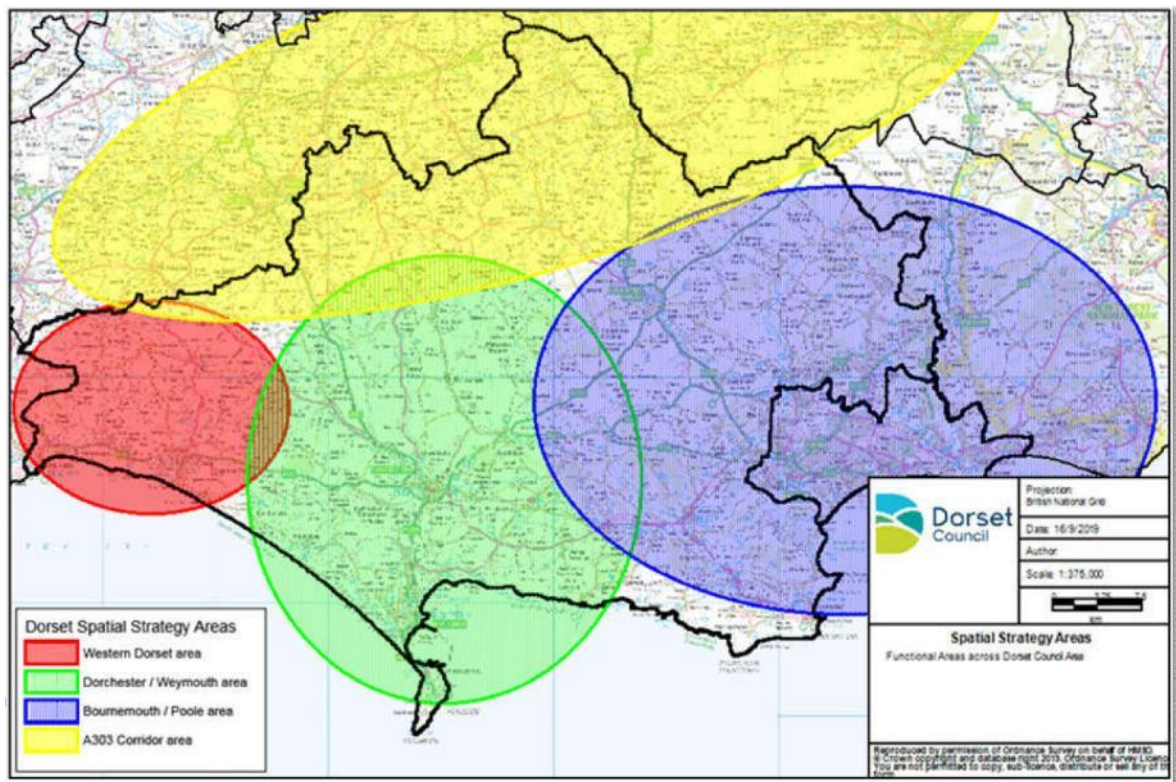
Source: Bournemouth, Dorset and Poole Workspace Strategy (2016)

Dorset Council Local Plan Functional Areas Background Paper (January 2021)

- 3.17 Dorset Council's Local Plan Background Paper on Functional Areas (January 2021) identifies four 'economic markets' within Dorset. These are broadly outlined in the map below.
- 3.18 The Background Paper determines that if some of the seven Travel To Work Areas (TTWAs) which fall within Dorset (see analysis below) are combined 'they broadly align with the housing market areas identified' through previous assessments of Housing Market Areas. This is used to justify the choice of the economic market areas (which are the same as the Housing Market Areas defined in the Background Paper).
- 3.19 The Paper goes on to state that 'work on FEMAs shows that the more strategic A303 Corridor exerts a wider economic influence across the northern part of Dorset'. This is used to provide further evidence justifying an A303 Corridor area in Northern Dorset.
- 3.20 The four economic markets are described as follows;
- the Bournemouth-Poole area;

- the Dorchester-Weymouth area;
- along the A303 Corridor; and
- the Western Dorset area, centred on Bridport.

Figure 3.2 Broad Economic Markets Within and Beyond Dorset

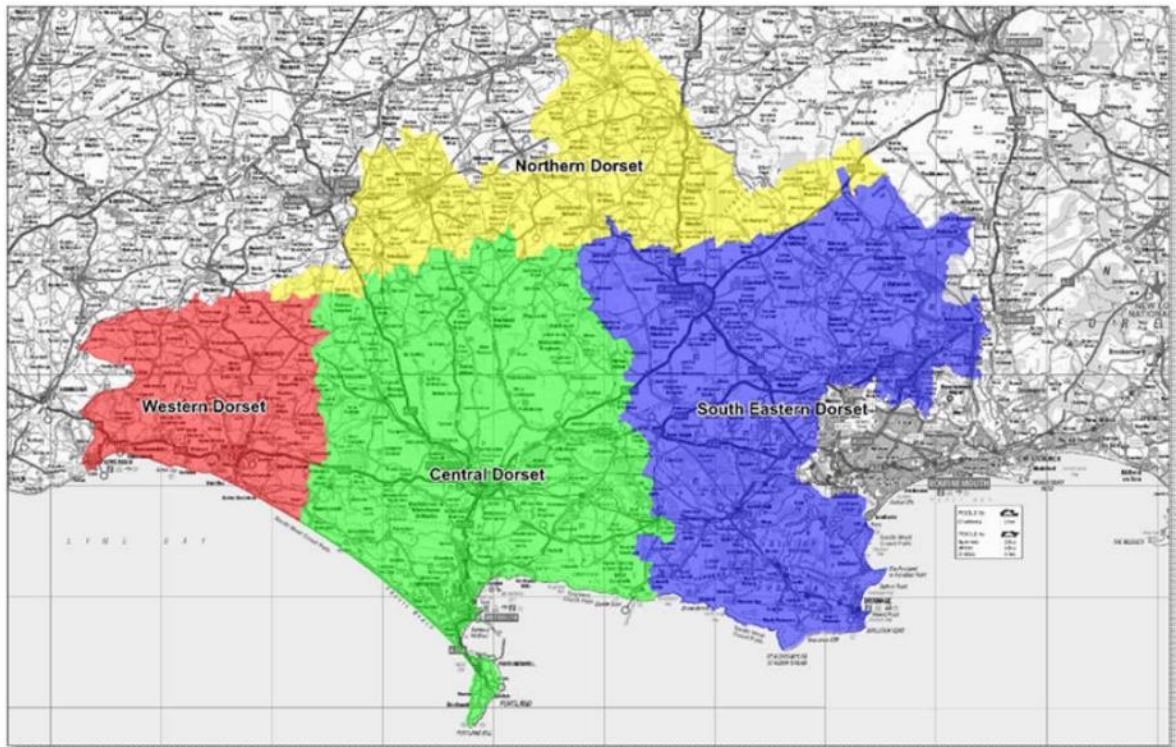


Source: Dorset Council Local Plan Functional Areas Background Paper (January 2021)

3.21 These areas were then ‘refined to establish clearer boundaries within the Dorset Council area’ and were renamed as:

- South Eastern Dorset;
- Central Dorset;
- Northern Dorset; and
- Western Dorset.

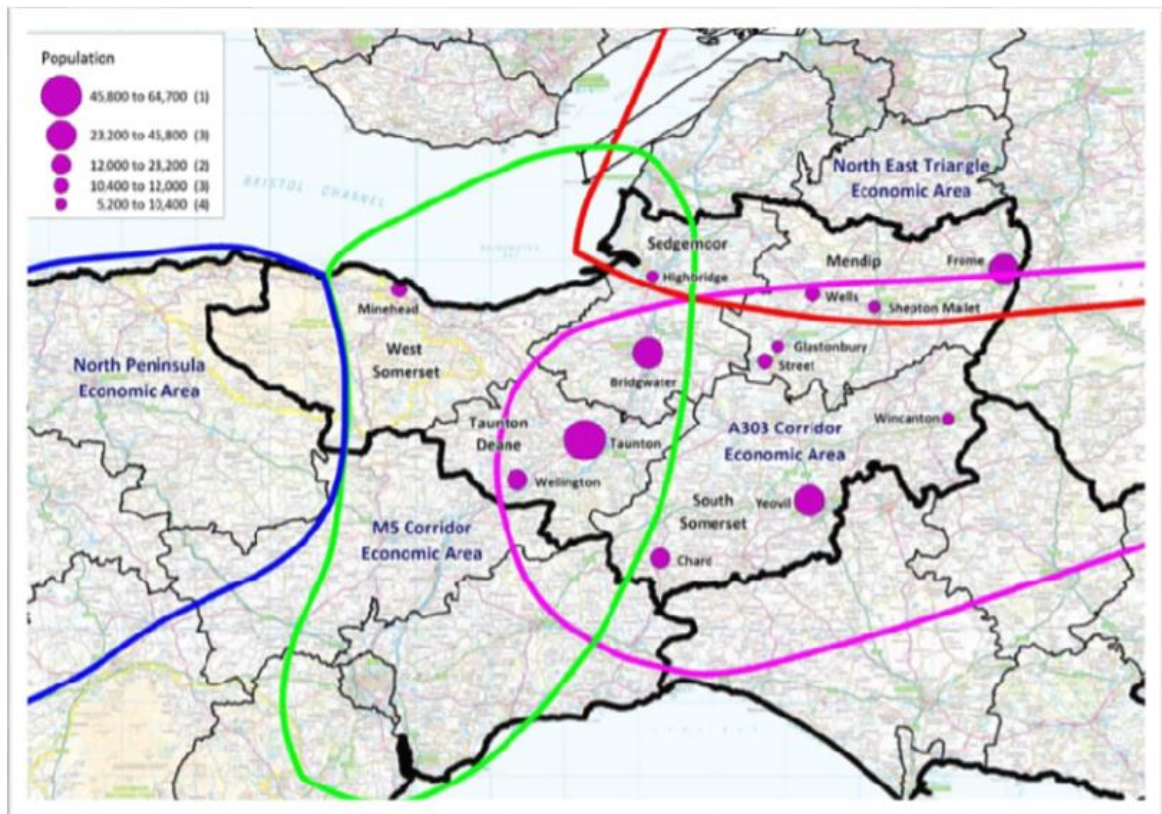
Figure 3.3 Refined Economic Areas Within Dorset



Source: Dorset Council Local Plan Functional Areas Background Paper (January 2021)

- 3.22 The Background Paper also refers to the Heart of the South West Strategic Economic Plan (2013) which identifies a broad A303 Corridor Economic Area, extending into the northern and western part of Dorset as can be seen below. This suggests some level of economic market interaction between Somerset and the northern and western parts of Dorset.

Figure 3.4 Functional Economic Areas in Somerset



Source: Dorset Council Local Plan Functional Areas Background Paper (January 2021)

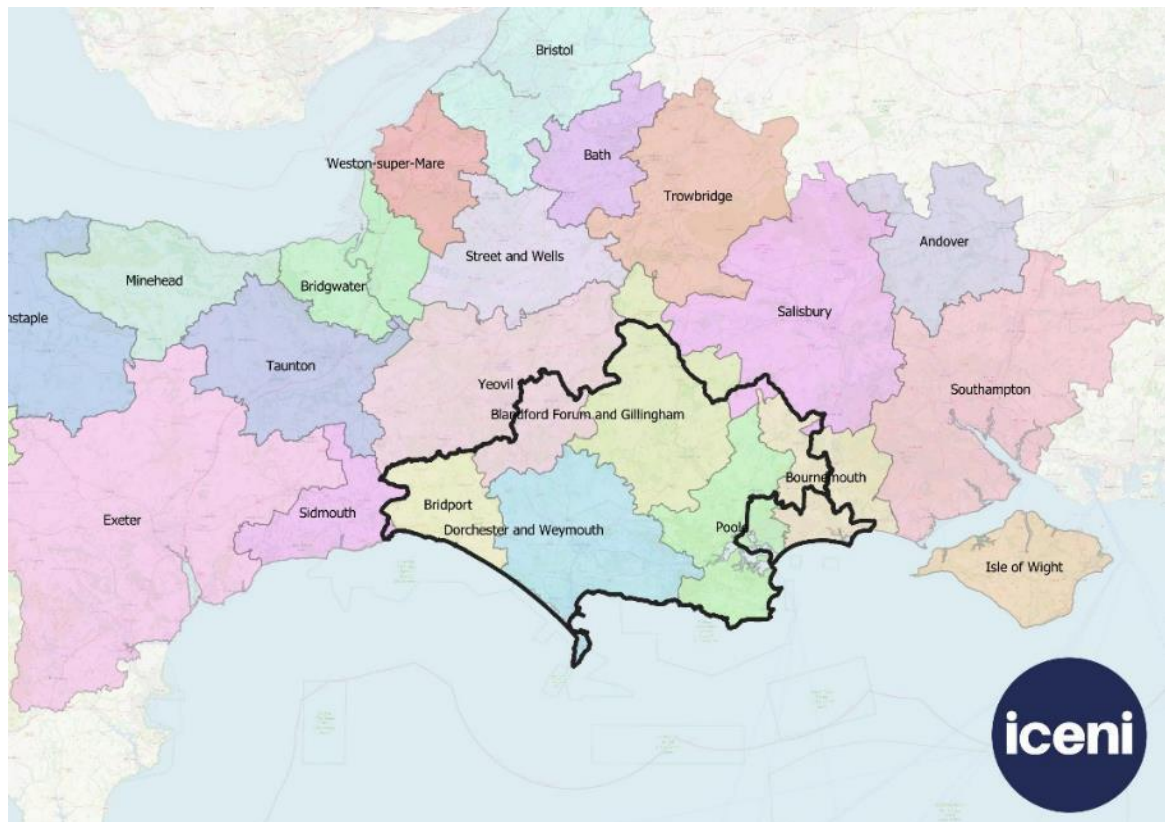
Local Enterprise Partnership Area

- 3.23 Both Dorset and BCP authority areas are in Dorset Local Enterprise Partnership which does not cover any other areas. On this basis alone the Dorset and BCP local authority areas could make up a single FEMA.

Travel to Work Areas

- 3.24 Travel to Work Areas (TTWAs) are a geography created by ONS to approximate labour market areas. In other words, they are derived to reflect relatively self-contained areas in which most people both live and work. There are around 150 TTWAs in England of which Dorset and BCP are covered by seven. These are derived from the 2011 census. The map below shows the TTWAs in and surrounding BCP and Dorset.

Figure 3.5 Travel to Work Areas (2011)



Source: ONS, Icen analysis

- 3.25 The Bournemouth TTWA extends beyond the BCP and Dorset boundary into the New Forest LA area. This suggests that there is a significant economic relationship between BCP and Dorset and New Forest. However, the New Forest local authority is more closely aligned with Southampton – only around a third of New Forest lies within the Bournemouth TTWA while, around half lies within the Southampton TTWA (and a small proportion lies within the Salisbury TTWA).
- 3.26 A small proportion of Dorset lies within the Yeovil TTWA. Furthermore, the town of Yeovil borders Dorset. This suggests that there is some economic relationship between Dorset and the town of Yeovil which lies within South Somerset LA. A small proportion of Dorset also lies within the Salisbury TTWA.

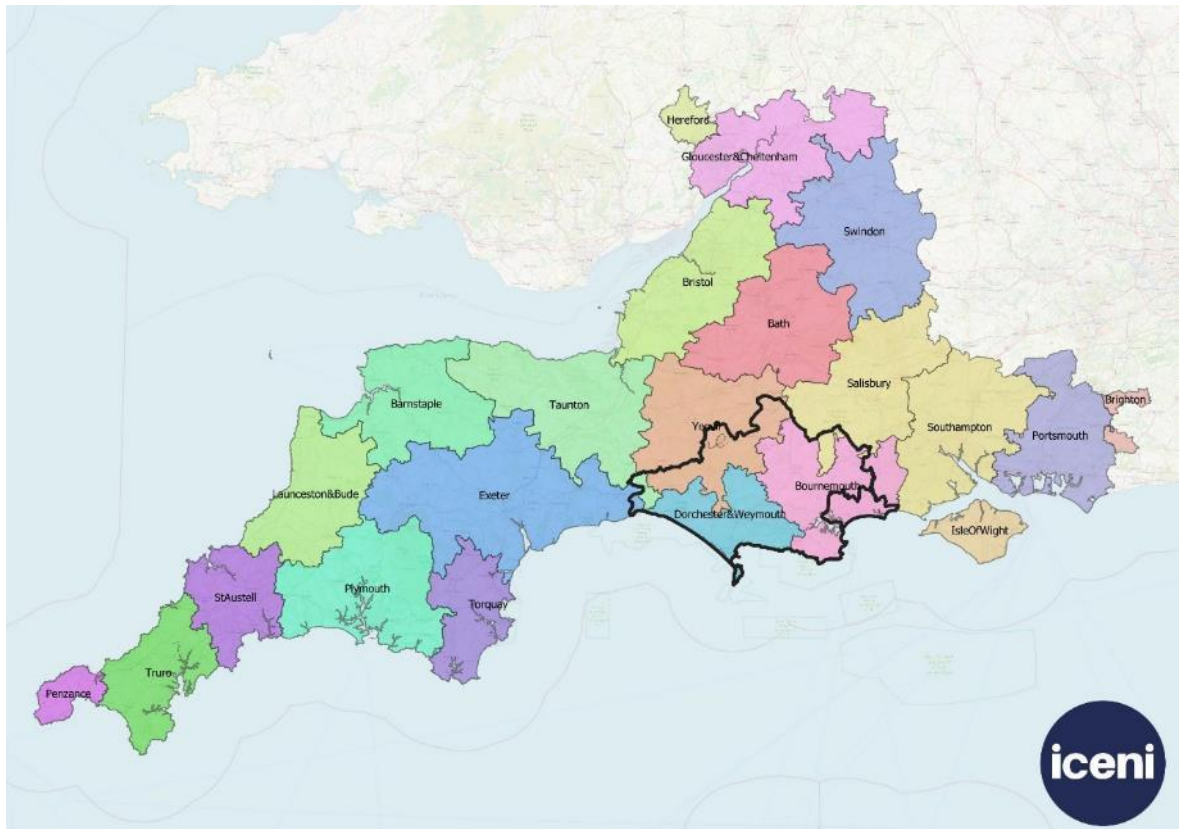
Housing Market Areas

- 3.27 Housing Market Areas are functional geographies which approximate the area in which people are most likely to move home. Official HMA boundaries have a self-containment rate typically around 70%.

Centre for Urban and Regional Development Studies

- 3.28 The Centre for Urban and Regional Development Studies (CURDS) at Newcastle University produced 'theoretically-based and rigorously-defined housing market area (HMA) boundaries for England' based on commuting, migration and housing price patterns in 2011.
- 3.29 The map below shows the Strategic level HMAs (which cover the whole country) defined by CURDS. As shown the Dorchester and Weymouth HMA lies wholly within Dorset. The Bournemouth HMA lies mainly within BCP and Dorset but spills over into New Forest.
- 3.30 A small area of Dorset falls within the Yeovil HMA however the majority of the HMA lies outside of Dorset. Similarly, a very small proportion of the Taunton HMA and Salisbury HMA spill over into Dorset. This analysis further suggests an economic relationship with Yeovil/South Somerset and to a lesser extent the New Forest.

Figure 3.6 CURDS HMAs



Source: CURDs, IcenI Analysis

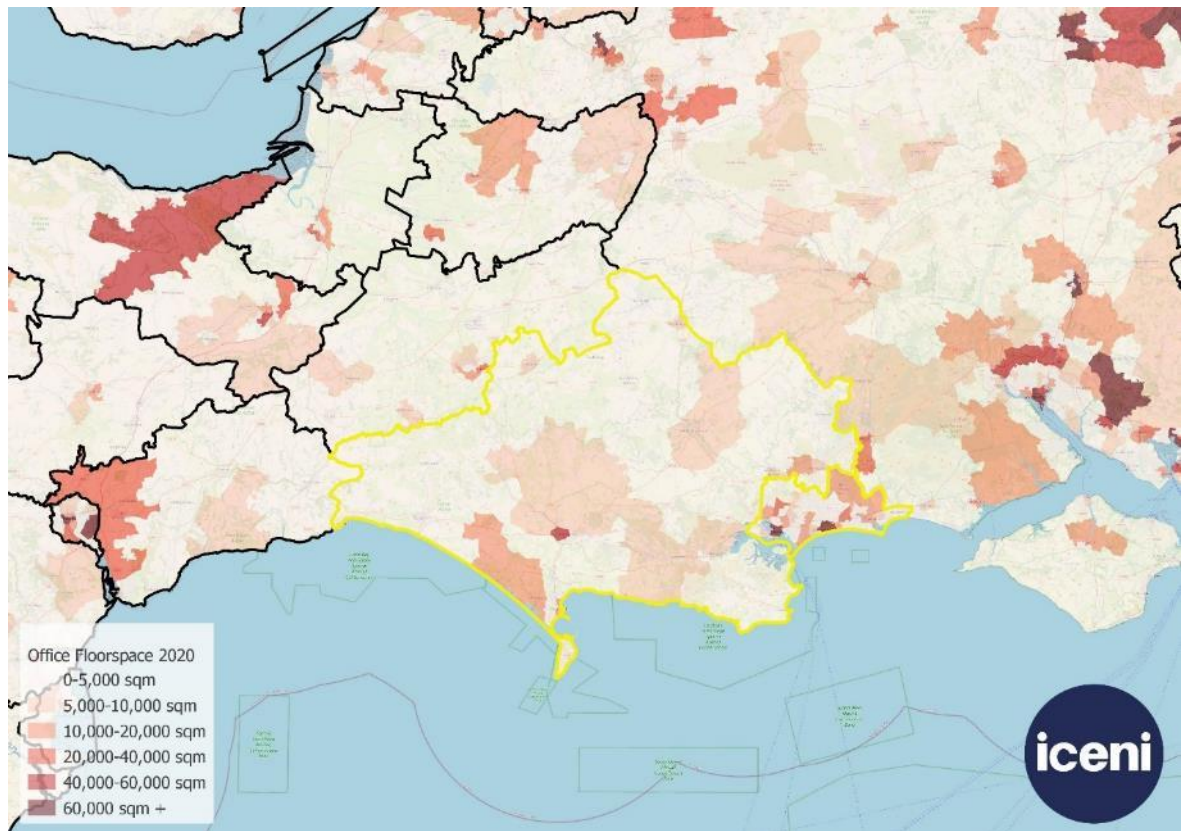
Dorset and BCP Local Housing Needs Assessment

- 3.31 IcenI produced the Dorset and BCP Local Housing Needs Assessment (published January 2022). The report concludes that Dorset and BCP form separate HMAs in their own right but that these HMAs overlap. Specifically, the influence of BCP extends beyond the authority area and into the immediately surrounding areas of Dorset.

Flows of Goods and Services

- 3.32 The flow of goods, services and information within the local economy is difficult to quantify. Our approach therefore is to examine office and industrial clusters across the study area and its neighbouring areas. This is taken from Valuation Office Agency (VOA) calculations of non-domestic floorspace based on business ratings.
- 3.33 The map below shows the distribution of office floorspace across the portion of the South West surrounding BCP and Dorset. Externally, the key office clusters lie to the east of BCP (in Southampton and Portsmouth), to the west (in Exeter) and to the north (in Bristol).

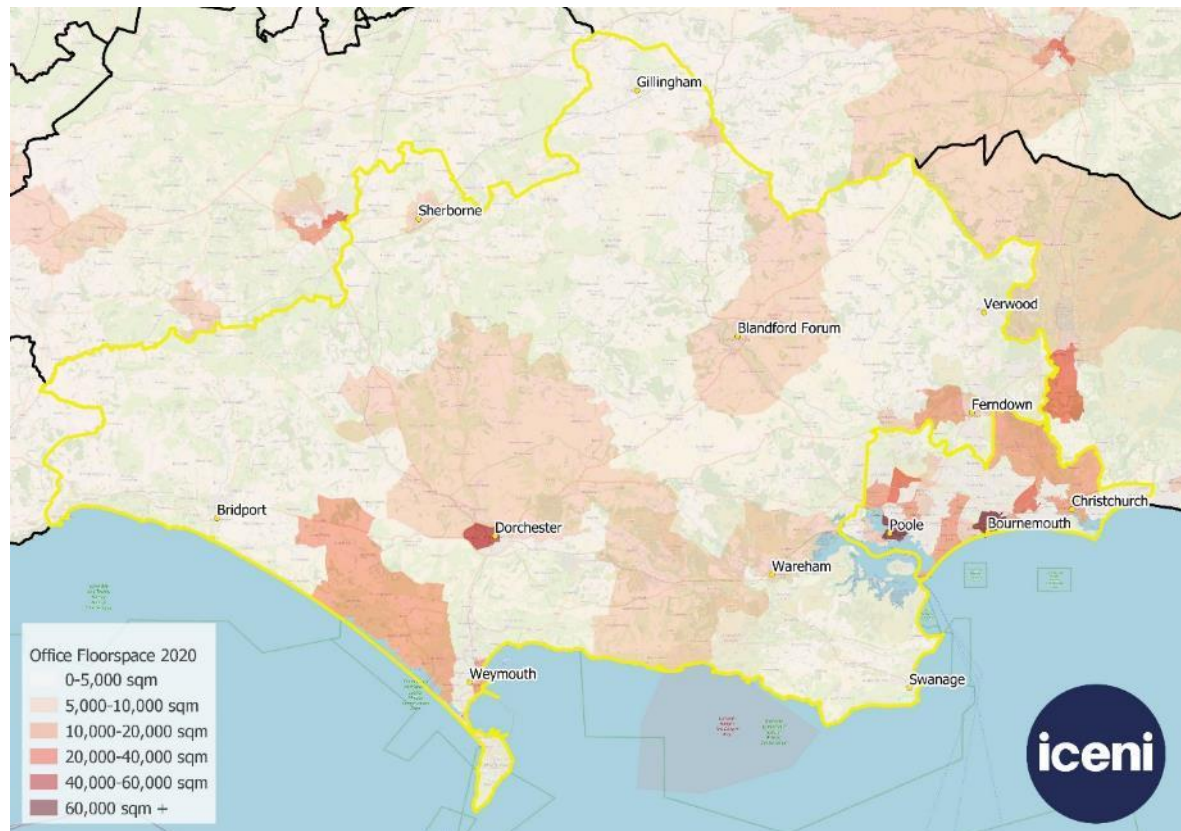
Figure 3.7 Map of Office Floorspace (by MSOA) across part of the South-West



Source: Icen analysis of VOA data

- 3.34 The map below focusses more closely on BCP and Dorset. The only office market clusters are in Bournemouth and Poole. However, it should be noted that there is also a smaller office market in Dorchester.
- 3.35 The size of these respective markets is put in perspective by the fact that BCP has around 494,000 sqm of office floorspace, double that of the whole of Dorset (around 243,000 sqm) which covers a much wider area.
- 3.36 It is also relevant to note that Yeovil has a relatively small office market compared to BCP and even Dorchester. Therefore its influence at least in these terms is limited.
- 3.37 It is likely that office-based services are focussed in BCP and that these serve much of Dorset (although there will be a significant influence from Exeter in the west and Southampton in the east). Dorchester is also likely to be the source of some office-based services, however this is likely to serve a more localised market and may support the presence of a sub-FEMA around the town.

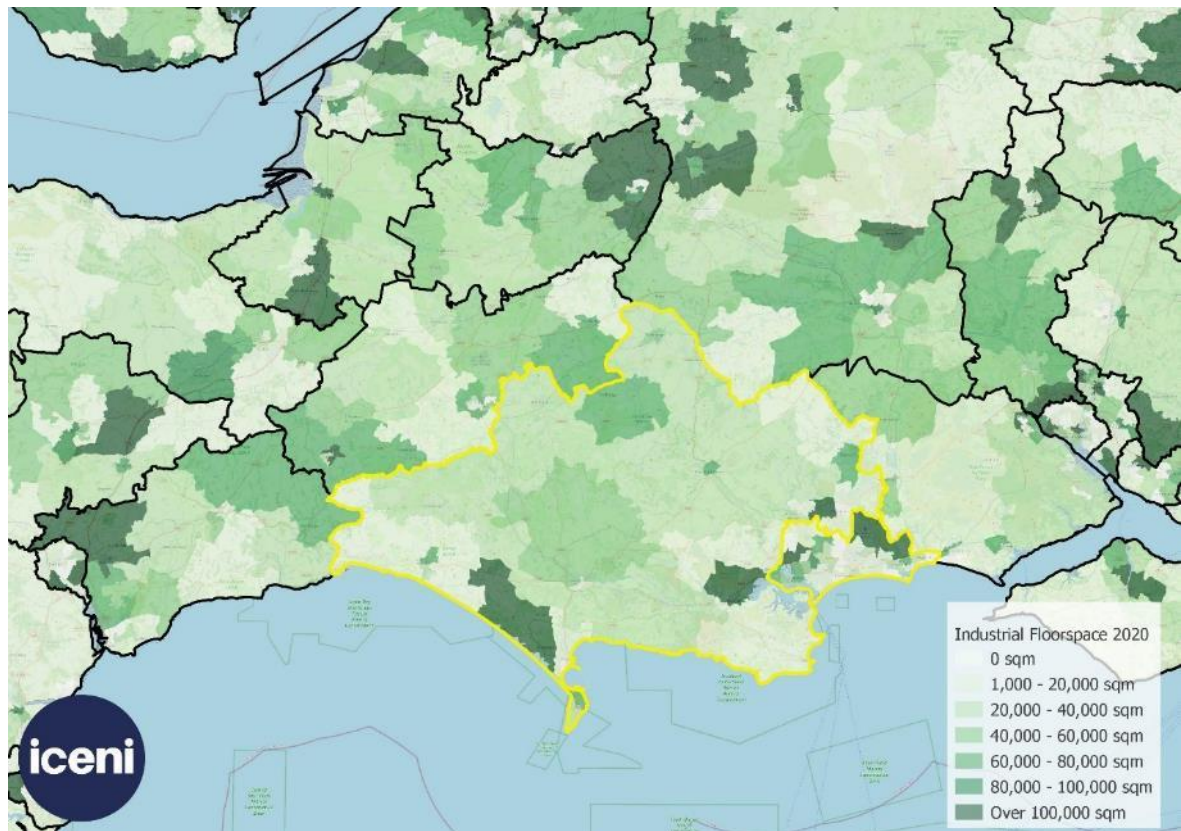
Figure 3.8 Map of Office Floorspace (by MSOA) – BCP and Dorset



Source: Icen analysis of VOA data

- 3.38 The map below shows the spread of industrial floorspace across the portion of the South West around BCP and Dorset. Industrial floorspace is more widely distributed (as would be expected given space requirements and impacts of surrounding uses). However, clusters can still be seen around Southampton/Portsmouth, Exeter and Bristol. A BCP cluster is also apparent on this map which also includes some areas in Dorset bordering BCP.
- 3.39 It can also be seen that there are generally higher levels of industrial floorspace outside of Dorset. This again suggests that Dorset is somewhat reliant on surrounding areas for a range of industrial goods and services. Given the presence of large industrial markets in all directions (excluding the sea) it is unlikely that BCP and Dorset's industrial influence extends beyond its boundaries.

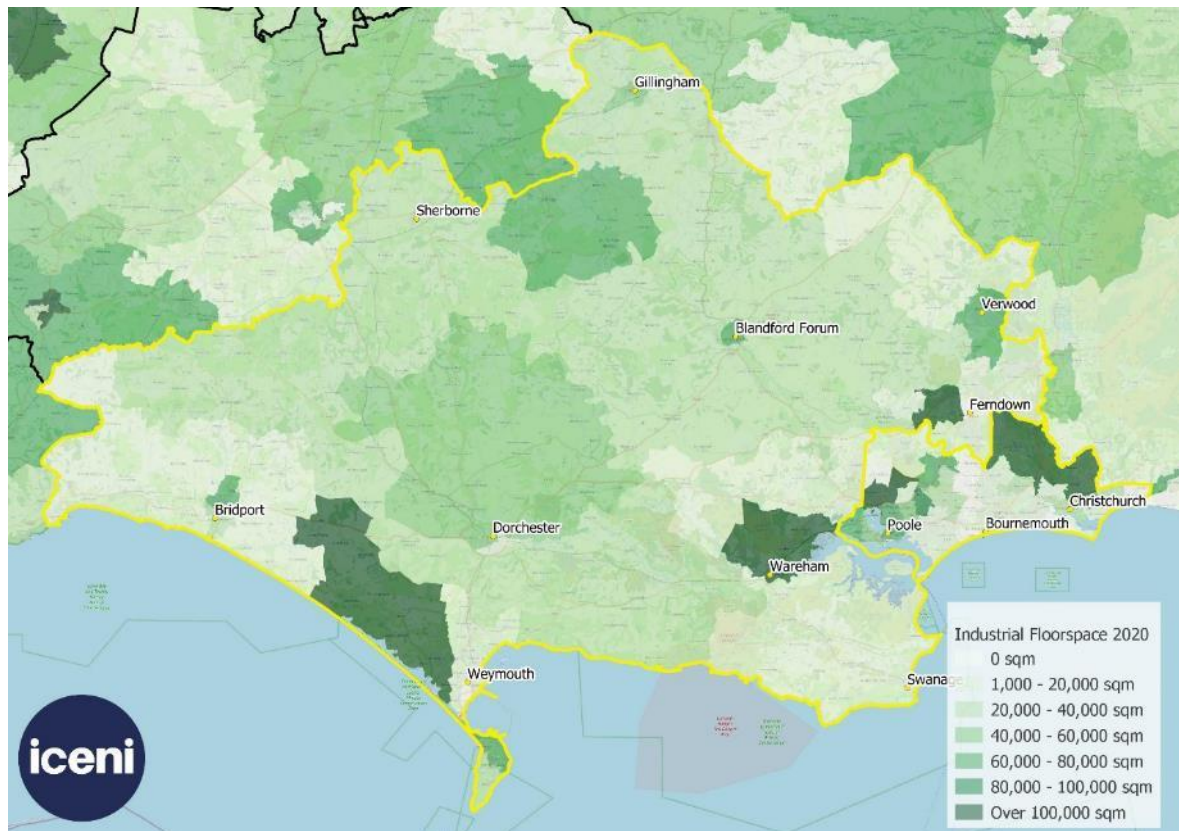
Figure 3.9 Map of Industrial Floorspace (by MSOA) across part of the South-West



Source: Icen analysis of VOA data

- 3.40 The map below focusses on the distribution of industrial floorspace across BCP and Dorset. This highlights the importance of BCP to the study area's industrial market.
- 3.41 Whilst BCP has around 1,360,000 sqm of industrial floorspace, Dorset has 1,641,000 sqm meaning Dorset has more floorspace than BCP. However, Dorset's floorspace is spread across a much wider geographical area. Furthermore, two of the three largest concentrations of floorspace in Dorset (Wareham and to the West of Ferndown) border BCP and hence form part of a BCP cluster of industrial floorspace. There are, however, concentrations of industrial floorspace in other parts of Dorset (particularly to the west of Weymouth, a significant proportion of which is at the Granby Industrial Estate) which might serve more localised markets.
- 3.42 The mapping of industrial floorspace suggests that there is likely to be a particularly strong influence from BCP, especially in those areas that immediately surround it.

Figure 3.10 Map of Industrial Floorspace (by MSOA) – BCP and Dorset

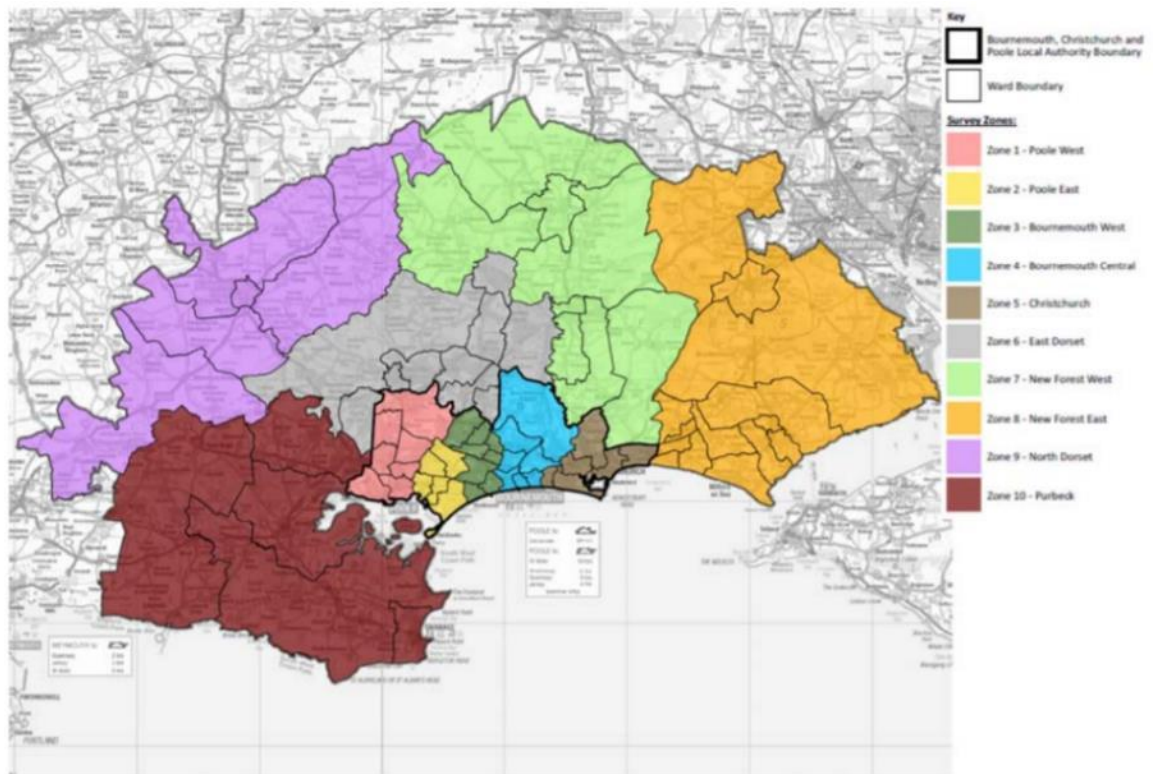


Source: Icen analysis of VOA data

Service Market for Consumers

- 3.43 The service market for consumers has been assessed based on the distribution of retail floorspace across BCP, Dorset and the surrounding areas. Again, this is taken from VOA floorspace data. In addition, local retail needs assessments have also been considered where up to date and relevant.
- 3.44 The BCP Retail and Leisure Study (2021) identifies 'the primary catchment areas of shopping destinations within BCP'. As shown in the map below, this extends beyond BCP's boundaries into a significant portion of eastern Dorset (covering the former Purbeck LA area, the former East Dorset LA area and around a third of the former North Dorset LA area). It also covers New Forest.

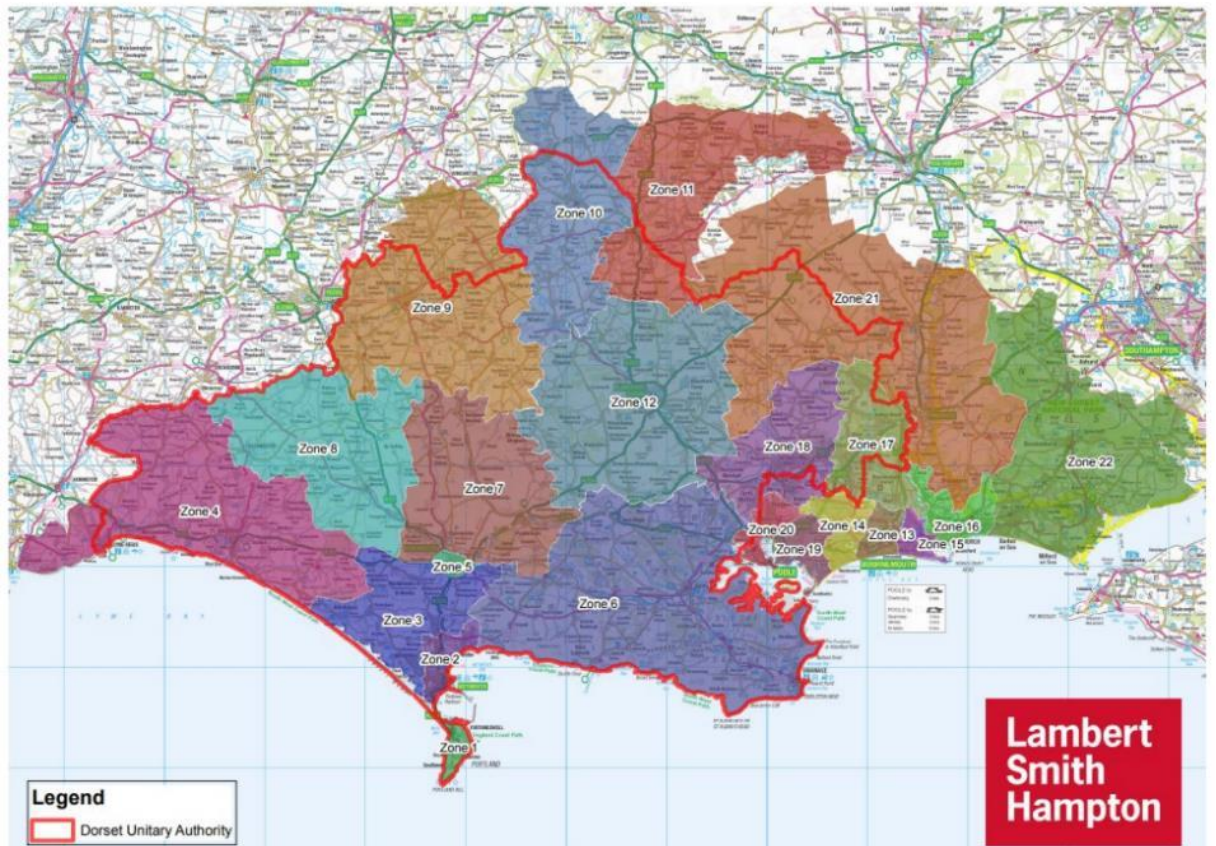
Figure 3.11 BCP Primary Retail Catchment Area



Source: BCP Retail and Leisure Needs Assessment

- 3.45 Dorset's 2022 Retail and Leisure Study Update notes that the Study Area and composing zones have been informed by previous studies. The outputs from these have been combined to form a new study area as, in isolation; previous work did not cover the entirety of the Dorset Council area. This is illustrated below and extends beyond Dorset, across BCP into the New Forest in the west and north east towards Salisbury.

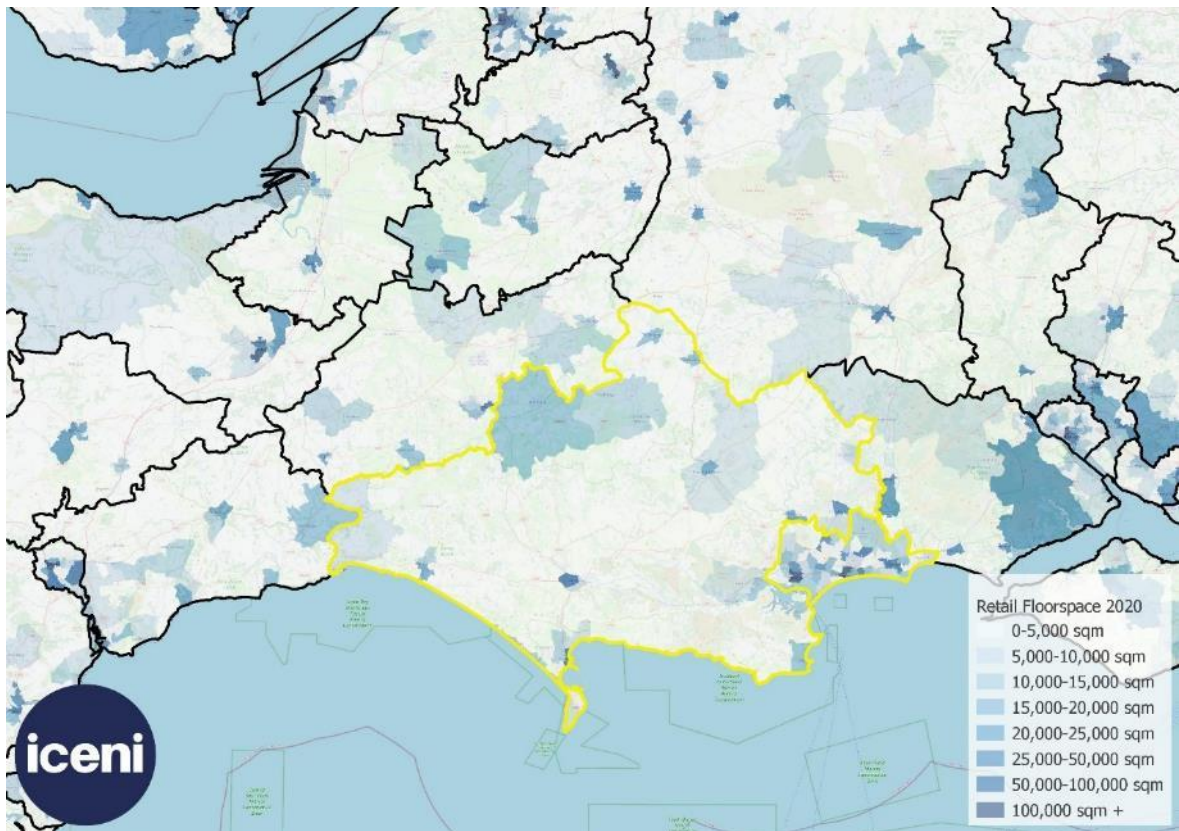
Figure 3.12 Dorset Retail Catchment Area



Source: Dorset 2022 Retail and Leisure Study Update, LSH

- 3.46 The map below shows the distribution of retail floorspace across the part of the South West containing BCP and Dorset. There are significant clusters of retail floorspace in Southampton, Exeter and Bristol as well as BCP.

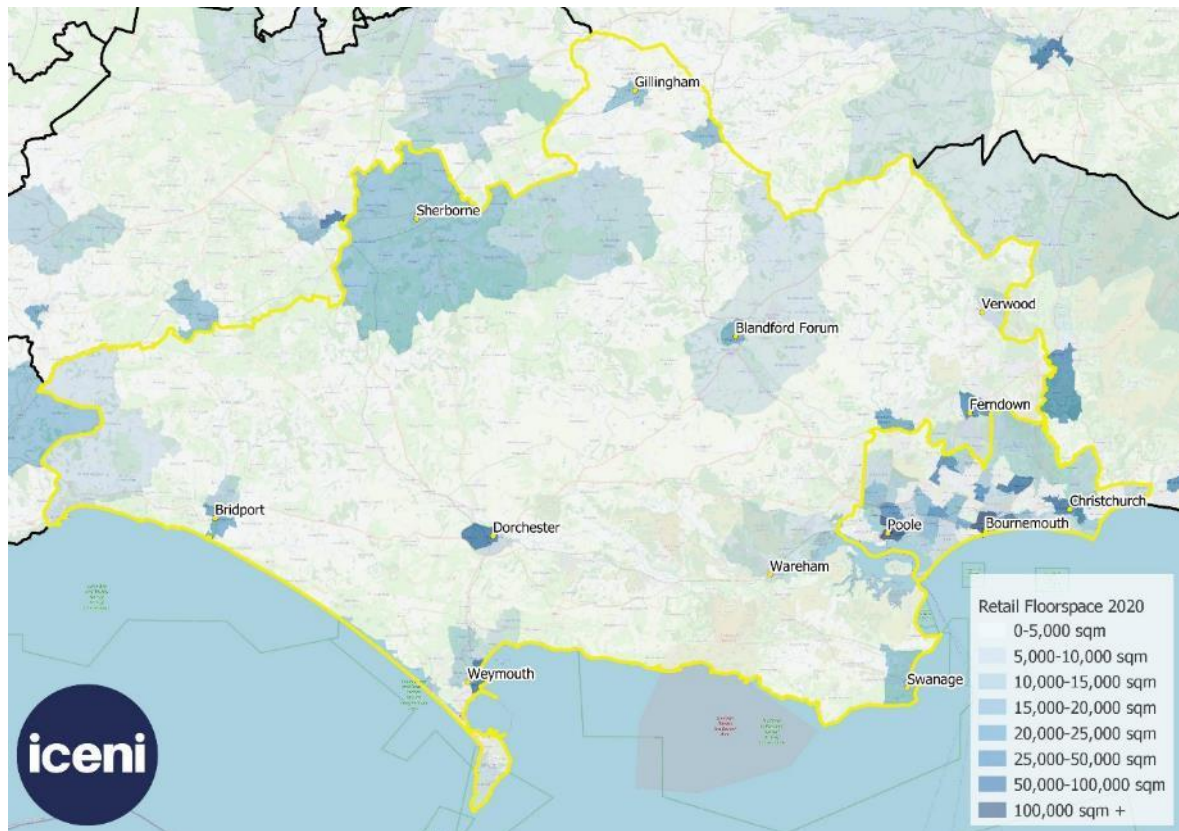
Figure 3.13 Map of Retail Floorspace (by MSOA) across part of the South-West



Source: Icen analysis of VOA data

- 3.47 The map below focusses on BCP and Dorset. The vast majority of retail floorspace is in BCP. In total BCP has around 922,000 sqm of retail floorspace whilst Dorset has 533,000 sqm.
- 3.48 Within Dorset, the main retail centres are Dorchester and Weymouth which have significant (over 100,000 sqm) concentrations of retail floorspace. Other smaller retail centres include Bridport, Swanage, Blandford Forum, Gillingham, Sherborne and Ferndown. These are likely to serve very localised rural markets.

Figure 3.14 Map of Retail Floorspace (by MSOA) – BCP and Dorset

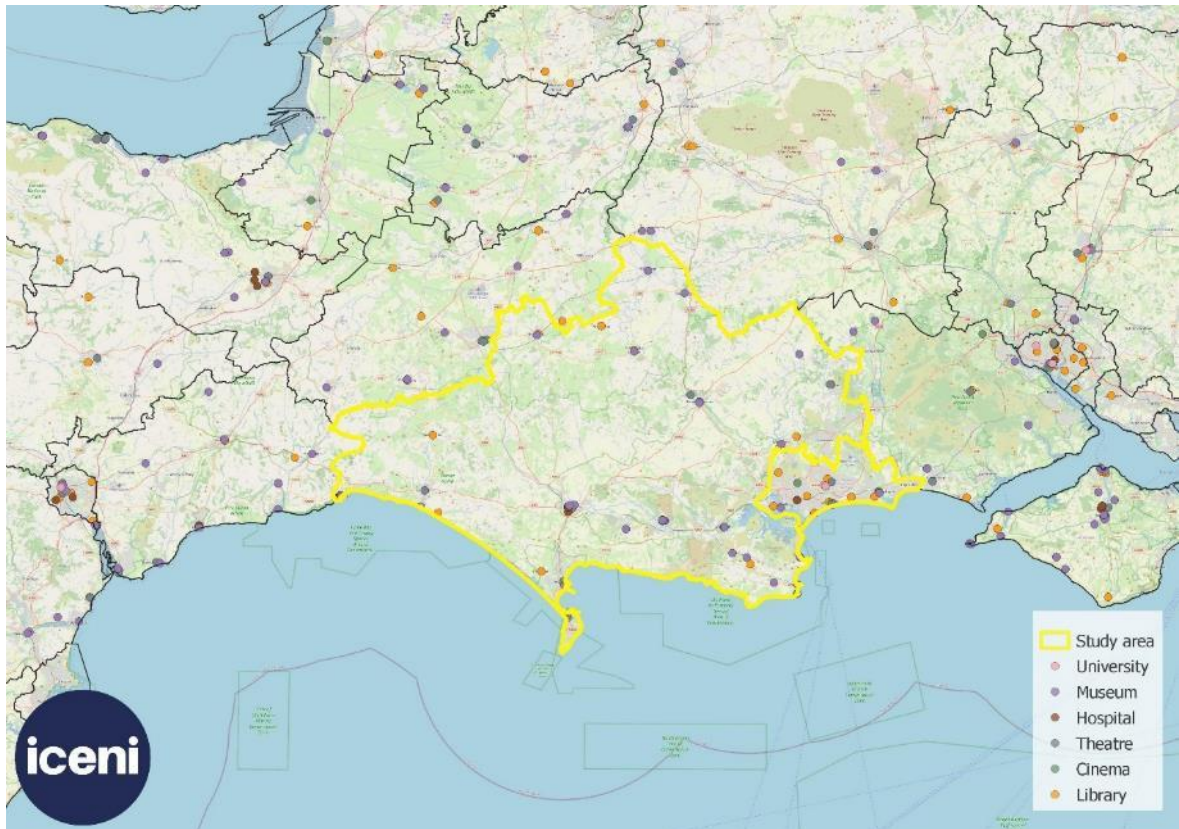


Source: Icen analysis of VOA data

Catchment areas of facilities providing cultural and social well-being

- 3.49 The map below shows the distribution of key cultural and social facilities (amenities) across the part of the South West containing BCP and Dorset. Amenities are concentrated in Southampton and BCP.
- 3.50 There are sufficient amenities in areas immediately surrounding BCP and Dorset to suggest that the BCP focussed FEMA does not extend much beyond the study area (aside from New Forest but this is likely to be mainly served by Southampton).

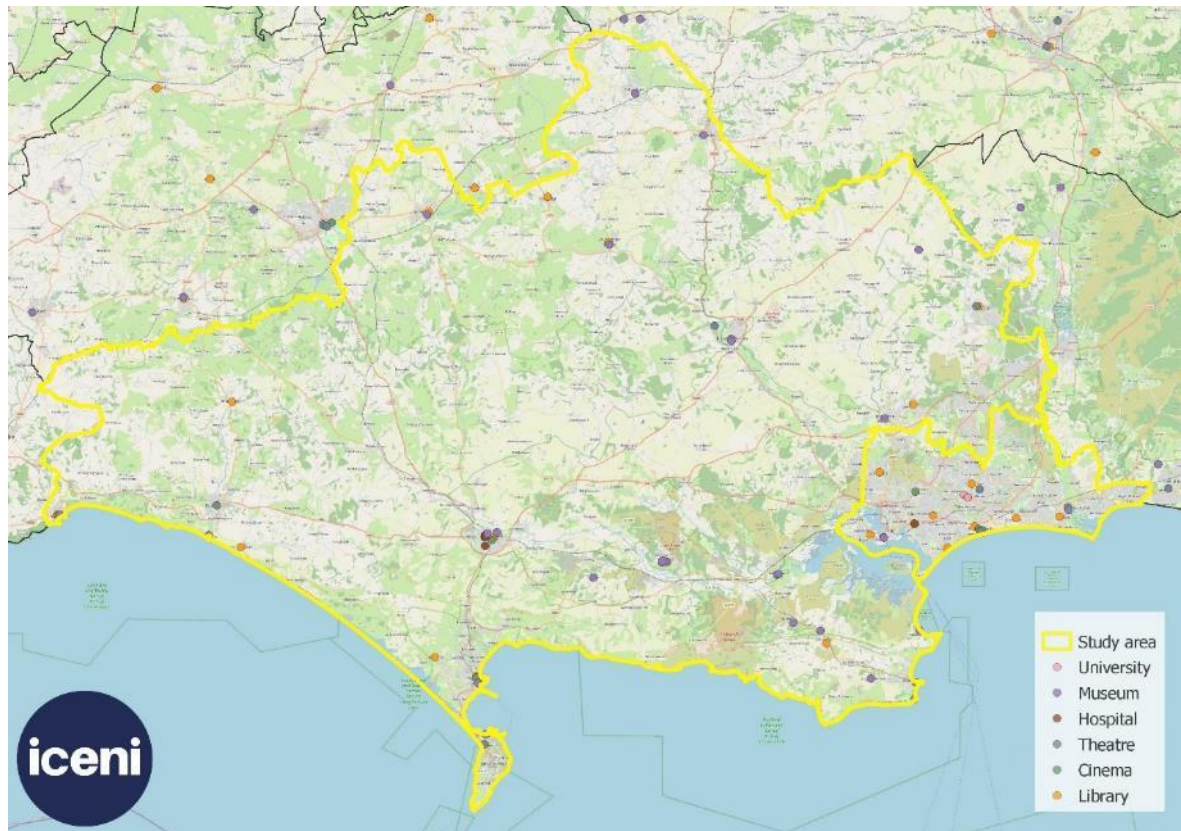
Figure 3.15 Map of Cultural and Social Facilities across part of the South-West



Source: Icen analysis of Open Street Map data

- 3.51 The map below focusses on the distribution of these amenities across BCP and Dorset. The key concentration of amenities is in BCP. However, there is also a cluster of amenities in Dorchester.

Figure 3.16 Map of Social and Cultural Facilities – BCP and Dorset



Source: Icen analysis of Open Street Map data

- 3.52 Viewed in isolation, the distribution of cultural facilities suggests an east–west split in Dorset, with the eastern parts served by BCP and the west by Dorchester.

Transport Network

- 3.53 The map below shows the main transport routes within and surrounding BCP and Dorset. The area is not directly linked to the motorway network, and has few dual carriageways. In terms of trunk routes, National Highways manages the A35/A31 which runs east–west through southern Dorset. It passes Bridport, Dorchester and immediately to the north of BCP.
- 3.54 Bournemouth and the wider conurbation is served by the A31/A338 which links to the M3/M27 and on to London. Another trunk route, the A303, briefly passes through the northern edge of the county. This route links London to the South West again via the M3.
- 3.55 Despite lacking motorway access, BCP is reasonably well served by main roads. Within Dorset, Dorchester is best served, being on the A35 and A37 routes. Weymouth, Bridport, Blandford Forum, and Shaftesbury are also directly served by A roads.

Figure 3.17 Main Road and Rail Network – BCP, Dorset and Surrounding Area



Source: IcenI mapping of Open Street Map Data

- 3.56 The map above also shows the position of railway stations in BCP and Dorset and surrounding areas. The London to Weymouth route connects stations in BCP with Southampton to the east, and Dorchester, Wareham and Wool to the west. Bournemouth is also the terminus for CrossCountry Trains coming from Manchester (with stops at Reading and Oxford).
- 3.57 Weymouth is also the terminus for services to Bristol (which includes stations at Dorchester and Yeovil). To the north of Dorset, Gillingham and Sherborne sit on the London to Exeter line. However, large parts of Dorset are not well served by rail. For example, there are no lines or stations in much of western and northern Dorset.
- 3.58 Bournemouth Airport is the only major airport in the study area. As a small, regional airport, flights are mostly to holiday destinations in Europe. However, the airport has a rapidly growing freight operation. Other airports near to the study area include Southampton, Exeter and Bristol.
- 3.59 The transport analysis shows that BCP is fairly well served and that some major infrastructure (train and airports) serve Dorset as well. However, the west and north of

Dorset are more limited. There are some difficulties in transport connections north to south due to a lack of strategic connections.

Summary and Conclusions

3.60 Considering previous studies and the factors deemed relevant by PPG, the evidence suggests:

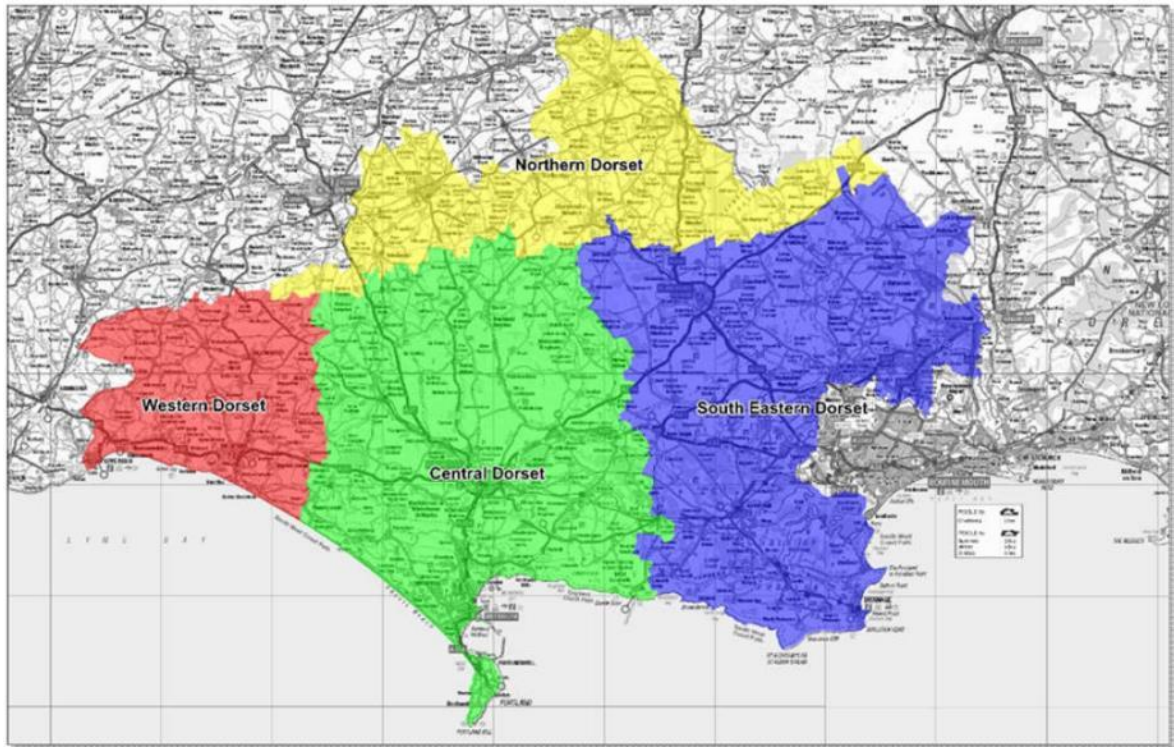
- Previous Studies – The Bournemouth, Dorset and Poole Workspace Strategy (2016) identifies that BCP and Dorset have very high commuting self-containment rates meaning a high percentage of workers live in the area and vice versa.
- Extent of any Local Enterprise Partnership within the area – Dorset LEP covers the BCP and Dorset area and does not extend beyond it.
- Travel to work areas – BCP is the key economic centre in the area. The Bournemouth and Poole TTWAs mainly lie within BCP and Dorset suggesting that the FEMA does not extend beyond the study area. However, they do extend beyond the boundaries of BCP, into Dorset. There are also connections with Somerset and Wiltshire from North Dorset.
- Housing Market Areas – The Bournemouth CURDS HMA covers around half of BCP and Dorset and only a small proportion lies outside the area suggesting that the FEMA does not extend beyond the study area.
- Flows of Goods and Services – By far the largest concentration of office-based services emanates from BCP and this has a reach across the majority of Dorset. The same can be said for industrial based goods and services although the BCP industrial cluster does extend out into Dorset. The influence of BCP is not likely to extend too far beyond BCP and Dorset boundaries given the influences of Exeter to the west, Bristol/Bath to the north and Southampton to the East.
- Service Market for Consumers – BCP has by far the largest concentration of retail space in BCP and Dorset and its reach is likely to extend across much of Dorset. Whilst the BCP Retail and Leisure Study suggests that this extends across into New Forest this is not enough to suggest that the FEMA should extend across New Forest given the presence of Southampton to the east.
- Catchment areas of facilities providing cultural and social well-being – BCP has a concentration of amenities, only rivalled by that of Southampton, and its reach is likely

to extend across the majority of Dorset. However, there are sufficient amenities in areas surrounding BCP and Dorset to suggest that the FEMA does not extend beyond its borders (aside from New Forest but this is likely to be mainly served by Southampton).

- Transport Network – Dorset and BCP area's transport network is centred around BCP and specifically Bournemouth. There are relatively poor transport links between Dorset and surrounding towns (aside from BCP) suggesting the FEMA does not extend beyond Dorset.

- 3.61 In the main this overall shows a clear and close relationship between BCP and Dorset. On a best fit of local authority statistical areas one can consider a single area FEMA that combines both BCP and Dorset. This therefore effectively defines the FEMA at the combined level of the two.
- 3.62 In reality, as with many places, there is a need to look at distinct sub FEMAs given the size of Dorset and disconnect with the western areas from BCP. The closest relationship is formed between BCP and eastern Dorset.
- 3.63 The northern and western parts of Dorset including Dorchester and Weymouth do not show the same level of reliance (in terms of services, transport links or employment) towards BCP as the south-east of Dorset. This suggests a degree of separation in terms of functional markets. There are essentially sub-FEMAs within the larger Dorset/BCP FEMA.
- 3.64 To some degree the boundaries of these sub-areas are arbitrary. As a starting point, we have reused the sub-areas set out in the Dorset Council Functional Areas Background Paper 2021 (See 3.17). This is a reasonable approach as it draws a similar distinction whereby the North and West of Dorset are distinct from the South East of Dorset and BCP.

Figure 3.18 Functional Areas Within Dorset



Source: Dorset Council Local Plan Functional Areas Background Paper (January 2021)

- 3.65 The South Eastern Dorset Functional area can also act as a proxy for the extent of BCP's influence into Dorset i.e. the BCP sub-FEMA (which arguably could be considered as a FEMA in its own right). The remainder of Dorset can then be split into three further sub-FEMAs. In some cases, these areas are too small to be classed as a FEMA in their own right.
- 3.66 Externally to the study area, Dorset and BCP are surrounded by the rural administrative geographies of East Devon, South Somerset, Wiltshire and New Forest. This buffer of rural areas around BCP and Dorset limits the likelihood of any significant influence from other FEMAs near to the study area.
- 3.67 Similarly, the influence of BCP is not likely to extend beyond the study area. While BCP has some influence over parts of Hampshire such as Ringwood and the New Forest, these areas are influenced to a greater degree by Southampton than BCP.
- 3.68 Based on the evidence outlined in this chapter, the validity of these sub-FEMA has been tested examining the FEMA methodology. The highlights of the assessment of each sub-area is set out below.

3.69 The definition of the **Central Dorset** sub-FEMA (which centres on Dorchester) is justified by this evidence review as:

- Dorchester has a significant concentration of office space.
- Dorchester has a significant concentration of retail space. Weymouth also has a significant concentration of retail space.
- Dorchester has a significant cluster of cultural/social amenities.
- Dorset's transport network is centred around Dorchester. Weymouth also has good transport connectivity.
- The Dorchester and Weymouth TTWA broadly aligns with the area.
- The above distinctions in comparison to surrounding areas justify the identification of the Central Dorset sub-FEMA

3.70 The **Northern Dorset** sub-FEMA is not as well justified by this evidence review due to:

- A Commercial Market Area which broadly aligns with area F and the northern part of area D (see figure 3.1) (Bournemouth, Dorset and Poole Workspace Strategy, 2016)
- The presence of two TTWAs in the area (Yeovil, and Blandford Forum and Gillingham).
- The presence of three CURDS HMAs in the area (Yeovil, Bournemouth and Salisbury).
- A lack of any significant office, industrial and, to a lesser extent, retail clusters in the area.
- A lack of clusters of cultural/social amenities in the area.

However, the north of this area is influenced by the A303 corridor and a rail corridor providing better east-west linkages than the area immediately south of it.

- The above distinctions in comparison to surrounding areas justify the identification of the Northern Dorset sub-FEMA

3.71 The **Western Dorset** sub-FEMA is reasonably well justified by this evidence review. Evidence supporting the area includes:

-
- The fact that a Commercial Market Area broadly aligns with this area (Bournemouth, Dorset and Poole Workspace Strategy, 2016)
 - The fact that the Bridport TTWA broadly aligns with the area.
 - The fact that a strategic road (the A35) runs through Bridport, the largest town in the area.
 - The presence of Exeter to the west, which is closer than BCP (the second nearest city and nucleus of the BCP and Dorset FEMA) suggesting that the area could potentially fall within an Exeter FEMA (although on balance it falls within the BCP and Dorset FEMA).

However, there is also evidence against the area which is as follows:

- The area is covered by four CURDS HMAs.
- There is not a significant concentration of office, industrial and to a lesser extent retail space in the area.
- There is not a concentration of amenities in the area.
- There is no train station in the area.
- Therefore while this area is identified as a sub-area it is likely to be influenced by settlements outside of Dorset as well as those in it.

3.72 The **South Eastern Dorset** sub-FEMA distinct from the BCP sub-FEMA is somewhat evidenced by this review. Evidence supporting the area is as follows:

- The area broadly aligns with the Bournemouth CURDS HMA (not considering the part of this HMA which lies within BCP).

3.73 However, there is also evidence against the area as a stand-alone sub-FEMA which is as follows:

- The area covers most of the Poole TTWA, some of the Bournemouth TTWA and some of the Blandford Forum and Gillingham TTWA.

-
- There is no concentration of office floorspace in this area. There is a significant amount of industrial space in this area but this is part of a BCP cluster illustrating the links. There is also a significant amount of retail space, however this is fairly spread out across the area with no clear central concentration.
 - There are no significant concentrations of amenities in this area again suggesting a reliance on BCP.
 - There are no standout transport hubs in the area.

3.74 To reiterate **if this area was extended to include all of BCP it would be a good approximation for the BCP and Eastern Dorset sub-FEMA**, given the fact that BCP's zone of economic influence at least covers this area. This is highlighted by:

- The extent of the Bournemouth and Poole TTWAs.
- The extent of the Bournemouth CURDS HMA.
- The concentration of office, industrial and retail floorspace in an around BCP.
- The extent of BCP's retail catchment identified in the BCP Retail and Leisure Needs Study.
- The concentration of amenities in BCP.

3.75 In summary, for the best fit by authority area, BCP and Dorset form a single conjoined FEMA.

3.76 Because of the significant interrelationships between Dorset and BCP, particularly in Eastern Dorset, including strong cross boundary influences and interdependencies in the employment and property markets which stakeholders reinforce (section 5), it is appropriate to consider employment needs at the FEMA level. This is the case for labour demand and labour supply. Labour demand forecasts are provided at the authority level and so can be aggregated up to the FEMA. However labour supply projections include assumptions on population growth and commuting patterns, where there is a far greater interdependence between the authorities. In this context, it is recommended that only FEMA level needs are considered.

-
- 3.77 Notwithstanding the connections between the authorities, and those beyond them, each local authority can only plan for the needs of its own area. The authorities may need to agree the best split of needs between them.
- 3.78 While the boundary of these sub-areas, and indeed any FEMA, are porous and there is always a degree of overlap, it is still useful to identify them where appropriate, not least for plan making and monitoring. We therefore consider that the Functional Areas set out in Dorset Council Functional Areas Background Paper 2021 would be the most appropriate.

4. SOCIO-ECONOMIC REVIEW

- 4.1 This section provides an overview of BCP and Dorset's economy. It draws on a range of data from the Office for National Statistics (ONS) and local economic data purchased from Cambridge Econometrics. Unless otherwise stated, all data covers the 2010 to 2020 period, and 2020 for single-year datasets. The review looks at the individual authorities rather than the FEMA level, as notwithstanding strong interrelationships there are different economic characteristics which it is useful and appropriate to consider separately.

Population

- 4.2 The table below shows the estimated population in each authority in 2010 and 2020. As of 2020, the population of BCP was estimated to be around 397,000 for a total area of approximately 62 square miles (174 sq km). Dorset's population was estimated to be around 379,800 for an area of 962 square miles (2,521 sq km).
- 4.3 Population density therefore varies hugely between two areas, and this will have implications in terms of demography and socio-economic context. Population density in BCP is estimated to be around 6,400 people per square mile, while in Dorset it is only 395 people per square mile. As a comparison, the UK's average density is only around 727/sq mi and Greater London's density is just under 15,000/sq mi.

Table 4.1 Population change (2010-20)

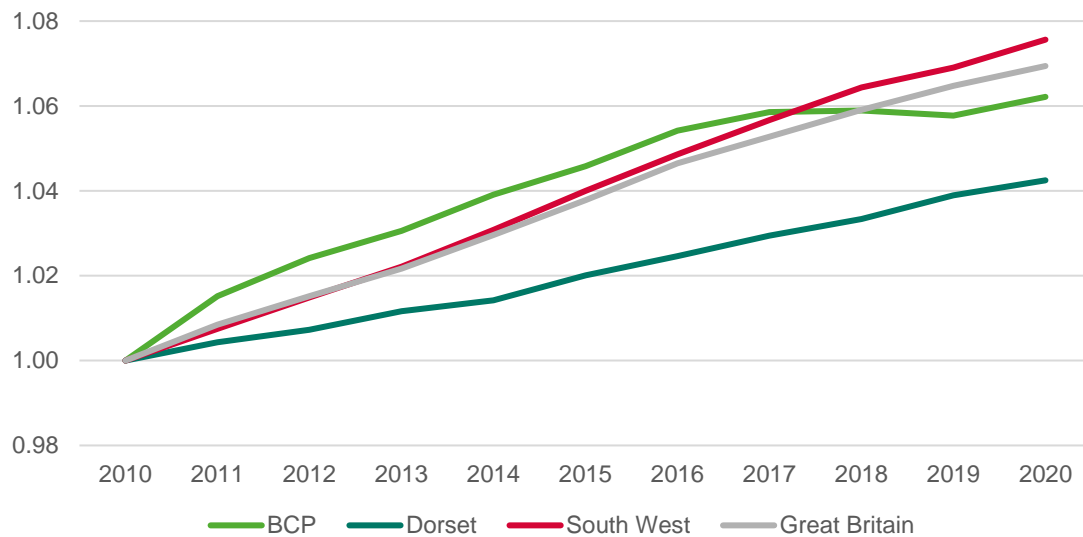
	Population (2010)	Population (2020)	Change	% change
BCP	373,800	397,000	23,200	6.2%
Dorset	364,300	379,800	15,500	4.3%
South West	5,261,270	5,659,143	397,873	7.6%
Great Britain	60,954,600	65,185,700	4,231,100	6.9%

Source: ONS

- 4.4 Subsequent to the original assessment, Census 2021 was later released, reporting that BCP has grown by 5.7%, Dorset by 4.0%, South West by 7.8%, and England & Wales by 6.3% since 2011.
- 4.5 BCP, as a predominantly urban area, has a faster growing population. It grew by 6.2% over the last 10 years, almost at the same rate as Great Britain. Dorset is by and large a rural

area; its population is growing at a slower pace, gaining 15,500 new residents since 2010 (4.3% 10-year growth rate).

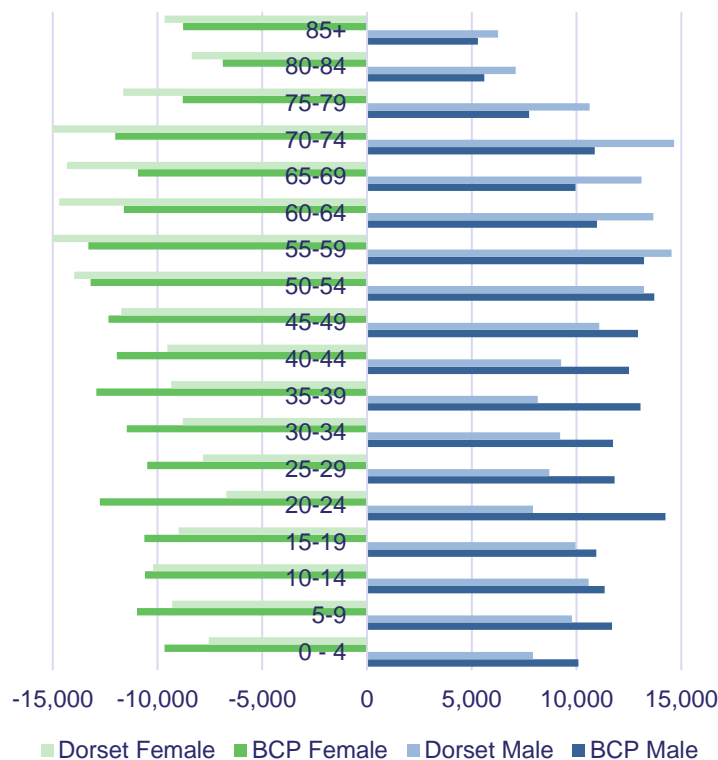
Table 4.2 Indexed population growth (2010-20, 2010 = 1)



Source: ONS

- 4.6 When indexed on the 2010 population for all four scales of comparison, BCP's population has grown the fastest at the beginning of the last decade. It then plateaued from 2017 and recovered its growth trajectory in 2020. Dorset's historic population growth has been slower than BCP, the South West and Great Britain's.

Table 4.3 Population by age group, 2020, BCP vs. Dorset



Source: ONS

- 4.7 Both areas have an ageing population. The share of adult population and retirement-age population is progressively surpassing the share of young people. When assigning population to three broad age groups (which can generally be described as children, working age, and pensionable age), the analysis shows that BCP and Dorset have a high proportion of people aged 65 and over (22% and 29% respectively, compared to 19% nationally) and a lower proportion of children.

Table 4.4 Population by age group (2020)

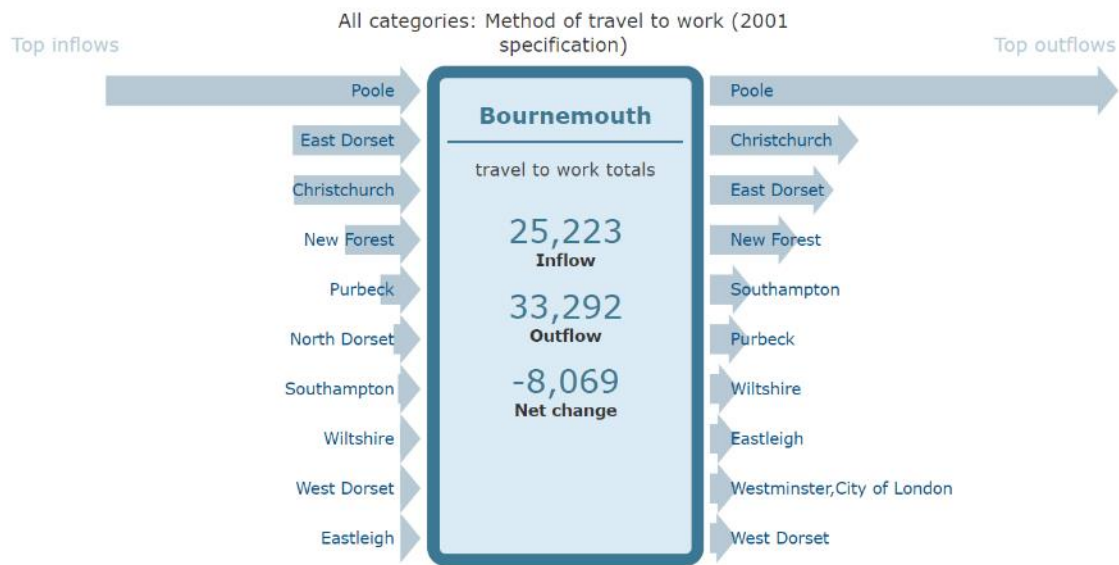
	BCP	Dorset	Great Britain
0-14	16%	15%	18%
15-64	62%	56%	64%
65-85+	22%	29%	19%

Source: ONS

Commuting flows

- 4.8 This section explores commuting patterns in the study area in terms of the former local authority district areas.

Table 4.5 Commuting flows, Bournemouth



Source: ONS, Census 2011

4.9 Based on 2011 Census data, commuting flows in Bournemouth were as follows:

- Inflow: 25,223 person(s) commute into Bournemouth from other local authorities in the UK with Poole providing the most labour.
- Outflow: 33,292 person(s) commute out of Bournemouth to other local authorities in the UK or abroad with Poole being the primary destination.
- Net change: Overall, commuting results in a population decrease of 8,069 in Bournemouth.

Table 4.6 Commuting flows, Christchurch

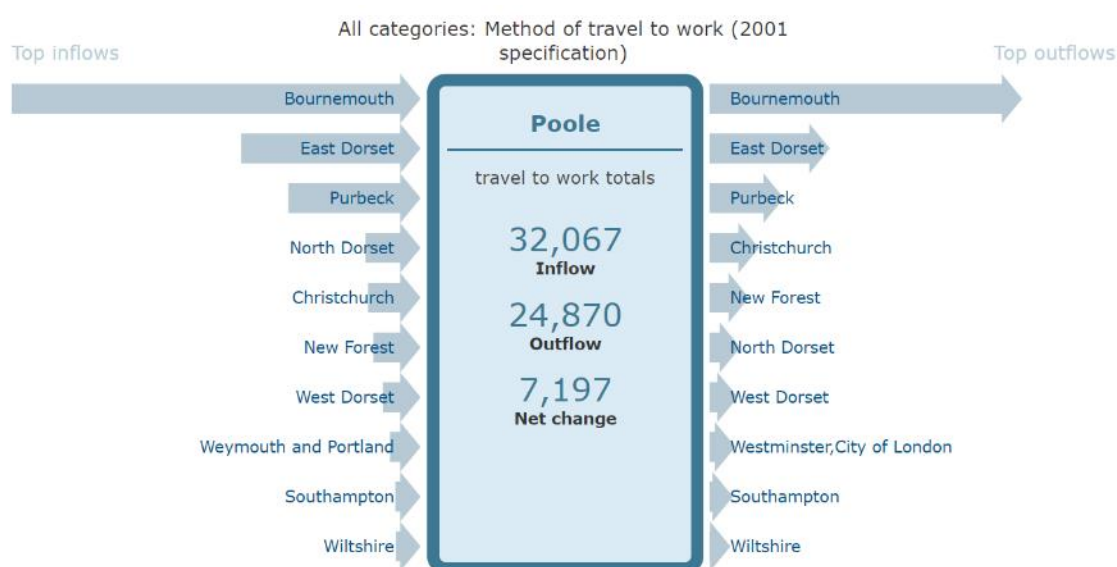


Source: ONS, Census 2011

4.10 Based on 2011 Census, commuting flows in Christchurch were as follows:

- Inflow: 10,689 person(s) commute into Christchurch from other local authorities in the UK with Bournemouth providing the most labour.
- Outflow: 10,277 person(s) commute out of Christchurch to other local authorities in the UK or abroad with Bournemouth being the primary destination.
- Net change: Overall, commuting results in a population increase of 412 in Christchurch.

Table 4.7 Commuting flows, Poole

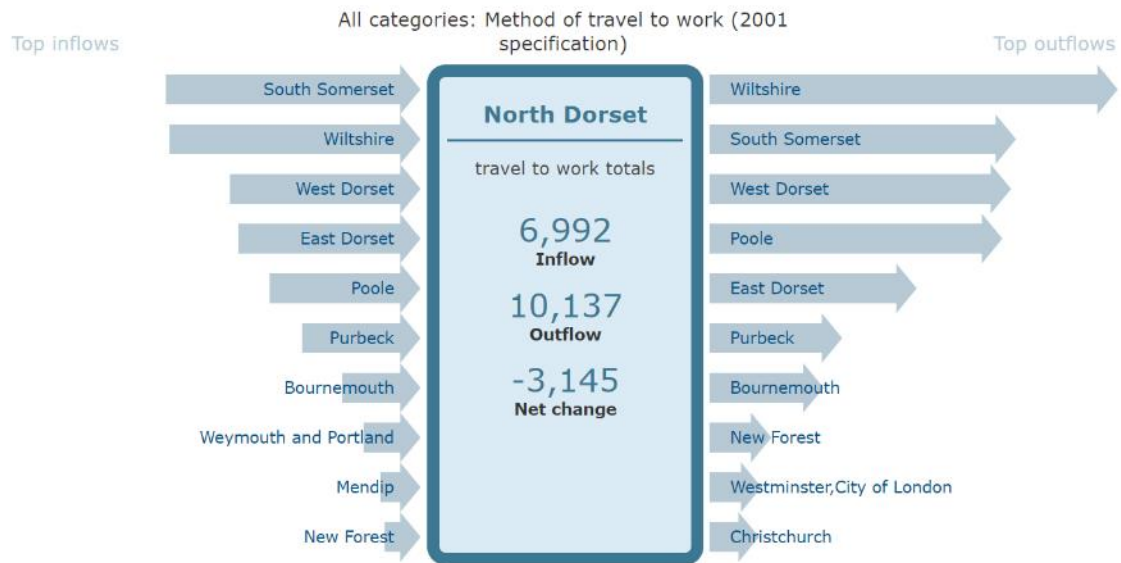


Source: ONS, Census 2011

4.11 Based on 2011 Census, commuting flows in Poole were as follows:

- Inflow: 32,067 person(s) commute into Poole from other local authorities in the UK with Bournemouth providing the most labour.
- Outflow: 24,870 person(s) commute out of Poole to other local authorities in the UK or abroad with Bournemouth being the primary destination.
- Net change: Overall, commuting results in a population increase of 7,197 in Poole.

Table 4.8 Commuting flows, North Dorset



Source: ONS, Census 2011

4.12 Based on 2011 Census, commuting flows in North Dorset were as follows:

- Inflow: 6,992 person(s) commute into North Dorset from other local authorities in the UK with South Somerset and Wiltshire providing the most labour.
- Outflow: 10,137 person(s) commute out of North Dorset to other local authorities in the UK or abroad with Wiltshire being the primary destination.
- Net change: Overall, commuting results in a population decrease of 3,145 in North Dorset.

Table 4.9 Commuting flows, West Dorset



Source: ONS, Census 2011

4.13 Based on 2011 Census, commuting flows in West Dorset were as follows:

- Inflow: 18,074 person(s) commute into West Dorset from other local authorities in the UK with Weymouth and Portland providing the most labour.
- Outflow: 11,656 person(s) commute out of West Dorset to other local authorities in the UK or abroad with South Somerset being the primary destination.
- Net change: Overall, commuting results in a population increase of 6,418 in West Dorset.

Table 4.10 Commuting flows, East Dorset

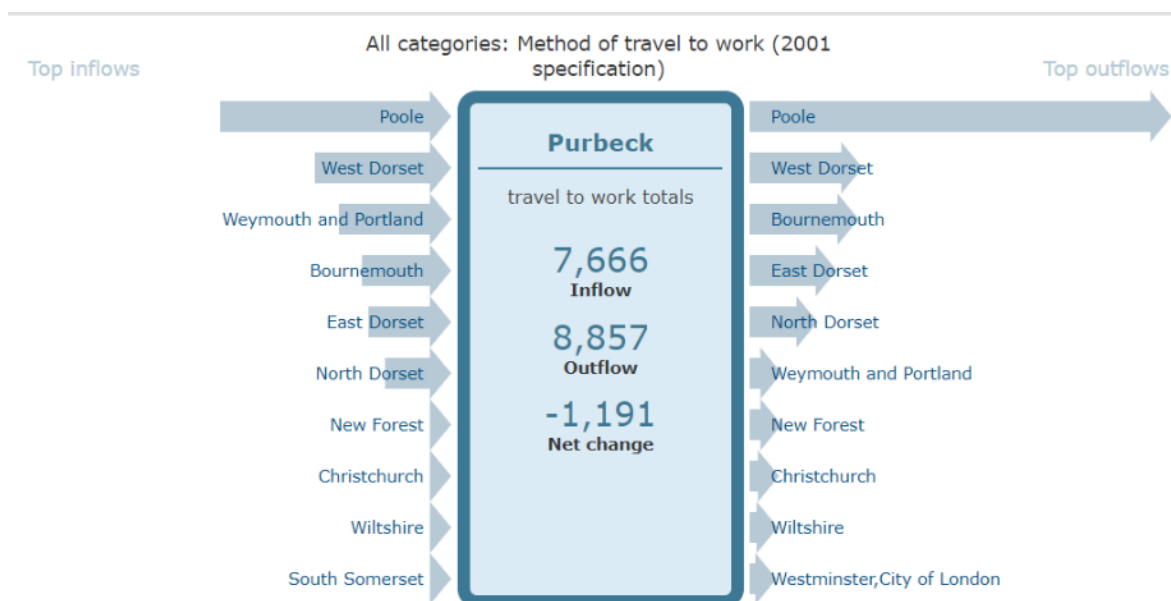


Source: ONS, Census 2011

4.14 Based on 2011 Census, commuting flows in East Dorset were as follows:

- Inflow: 13,534 person(s) commute into East Dorset from other local authorities in the UK with Poole and Bournemouth providing the most labour.
- Outflow: 19,628 person(s) commute out of East Dorset to other local authorities in the UK or abroad with Poole being the primary destination.
- Net change: Overall, commuting results in a population decrease of 6,094 in East Dorset.

Table 4.11 Commuting flows, Purbeck

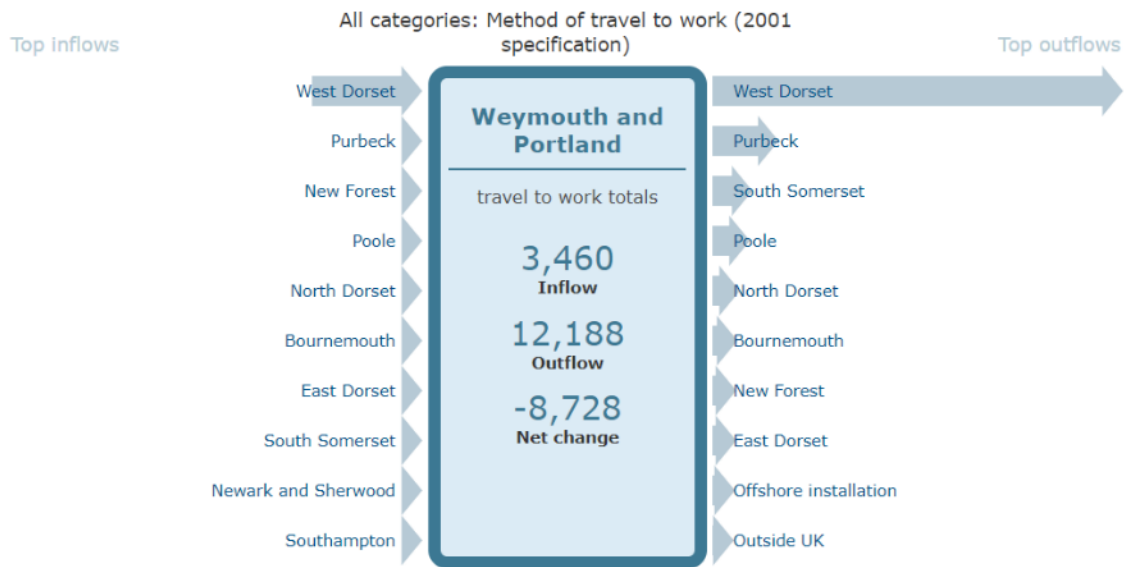


Source: ONS, Census 2011

4.15 Based on 2011 Census, commuting flows in Purbeck were as follows:

- Inflow: 7,666 person(s) commute into Purbeck from other local authorities in the UK with Poole providing the most labour.
- Outflow: 8,857 person(s) commute out of Purbeck to other local authorities in the UK or abroad with Poole being the primary destination.
- Net change: Overall, commuting results in a population decrease of 1,191 in Purbeck.

Table 4.12 Commuting flows, Weymouth and Portland



Source: ONS, Census 2011

4.16 Based on 2011 Census, commuting flows in Weymouth and Portland were as follows:

- Inflow: 3,460 person(s) commute into Weymouth and Portland from other local authorities in the UK with West Dorset providing the most labour.
- Outflow: 12,188 person(s) commute out of Weymouth and Portland to other local authorities in the UK or abroad with West Dorset being the primary destination.
- Net change: Overall, commuting results in a population decrease of 8,728 in Weymouth and Portland.

4.17 Considering all commute data from 2011 the following can be identified in labour market terms:

- Weymouth and Portland see out commuting particularly to West Dorset.
- Purbeck is well connected to Poole in commuter flows.
- East Dorset is well connected to Poole and Bournemouth with overall out commuting.
- West Dorset sees in commuting notably from Weymouth and Portland.
- North Dorset is well connected to South Somerset and Wiltshire with some overall out commuting to these areas, but also to Poole and West Dorset.
- Poole is well connected to Bournemouth and vice versa.
- Christchurch is well connected to Bournemouth and to a lesser extent the New Forest.

- 4.18 From the above it can be identified that North Dorset has the most significant connections to outside of the study area.

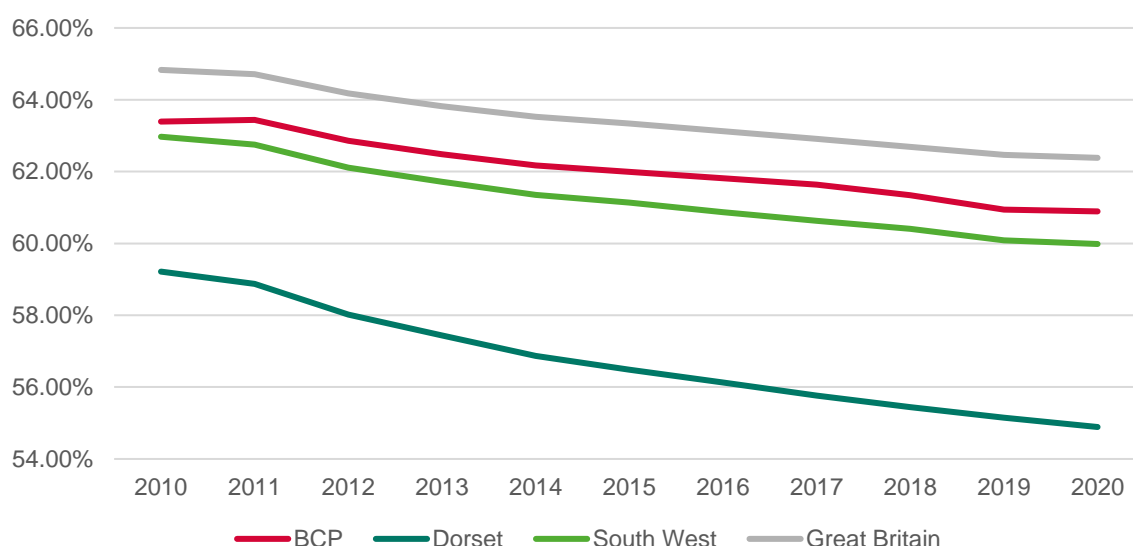
Labour Market, Skills & Earnings

- 4.19 In this section we assess the labour market characteristics and performance, addressing issues associated with economic participation, skills, and earnings.

Economic Participation

- 4.20 The demographic structures of Dorset and BCP have long-term implications for the economy. A key factor is the decreasing share of working-age population. This can result in issues such as employment and skill shortages or a loss of enterprise creation.
- 4.21 People aged 16-64 (working-age population) make up a lower proportion of the population than seen overall in the country. As seen in table 4.4, BCP, Dorset, and the South West, all have a lower share of working-age population than the UK. Dorset's percentage of working age population is falling faster than other areas.

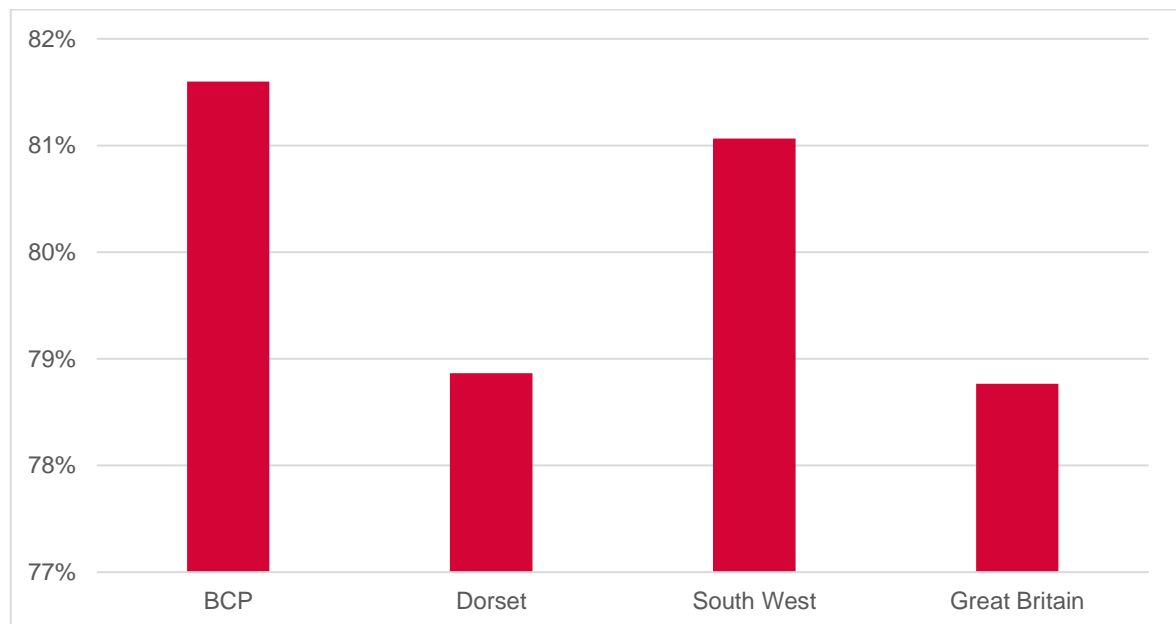
Table 4.13 Working-age population, 2010-20, % of national population



Source: ONS

- 4.22 In terms of economic activity, BCP's average economically active population rate is higher than the South West and Great Britain's. BCP has an economically active population of around 82% (2019-21 average), whilst Dorset is 79%, in line with the UK. This demonstrates that, despite having a decreasing working-age population, those within the age of working are more active, which may indicate better education, training, or access to opportunities.

Table 4.14 Economically active population (3 year average 2019-2021)



Source: ONS

- 4.23 The share of unemployment in the two areas is lower than in the country overall. As of 2020, it was 4.6% in BCP and 4.3% in Dorset, against 5% nationally.

Table 4.15 Unemployment (2020)

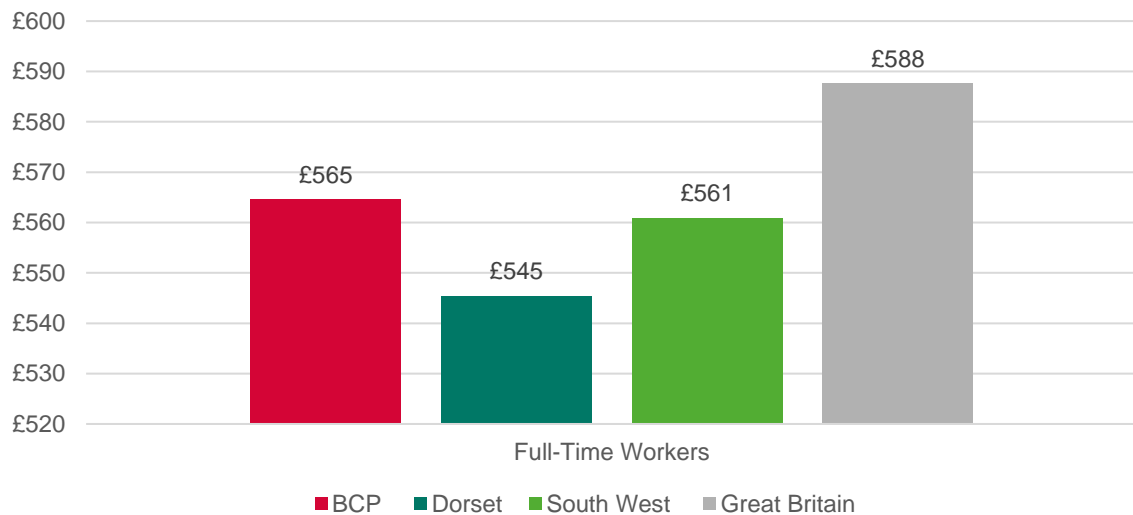


Source: ONS

- 4.24 Median workplace earnings provide an indication of the quality of jobs available in an area. Median earnings for full-time jobs in BCP (£565 per week) are close to the South West (£561) but lower than Britain as a whole (£588). Median workplace earnings in Dorset

(£545) are marginally below the regional and national average. It must be noted that median earnings for BCP were only available for 2018, hence the change in data range.

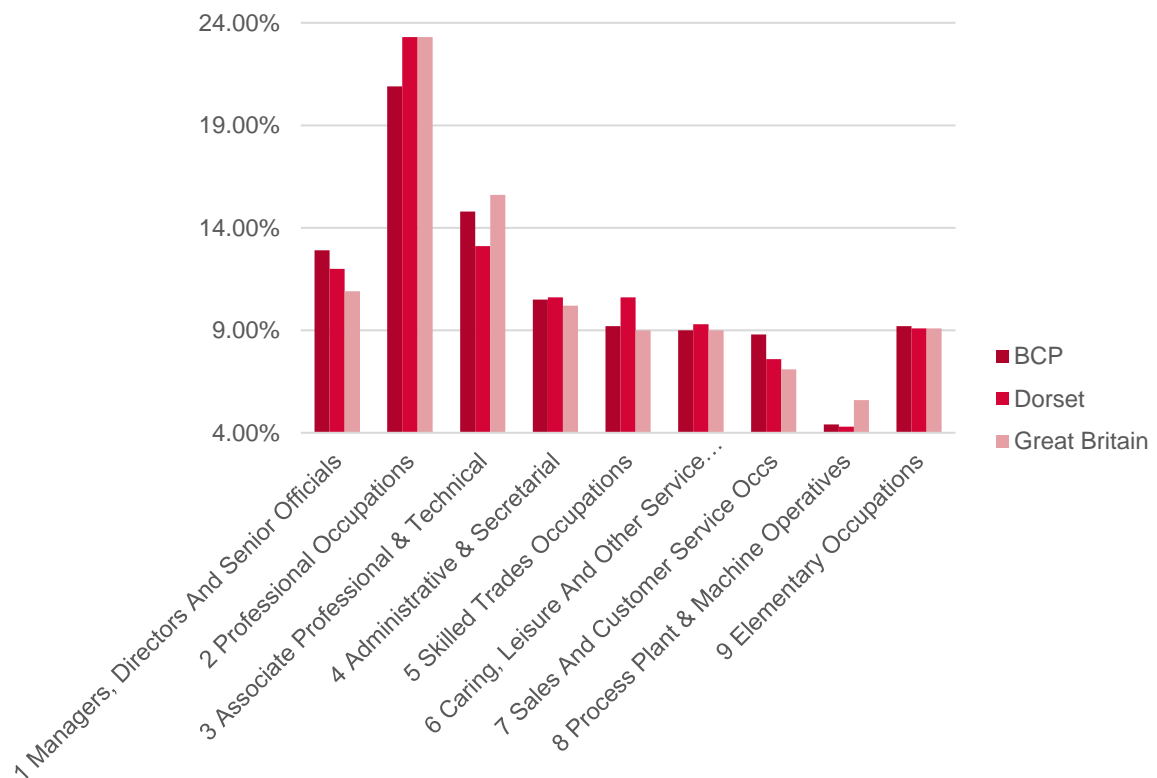
Table 4.16 Median Gross Weekly Workplace Earnings, 2018



Source: ONS

- 4.25 The occupational split of the population provides an indication of where those working in higher paid/ skilled jobs are living. BCP's higher earnings can be explained by a higher proportion in two of the three top occupational categories (1. Managers, Directors and Senior Officials, and 3. Associate Professional & Technical).

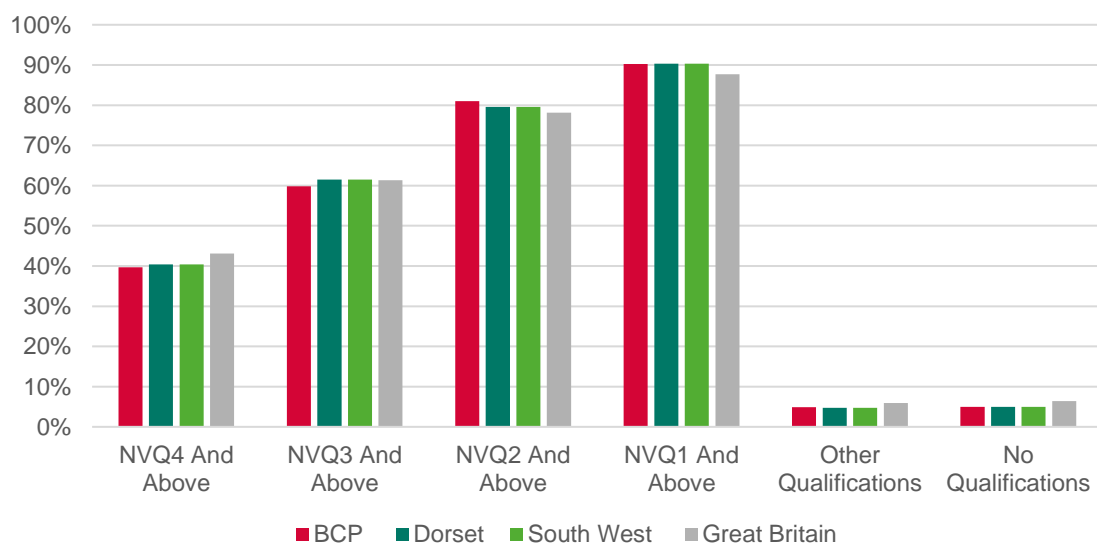
Table 4.17 Employment by occupation, 2020, % of total employment



Source: ONS

4.26 Finally, earnings are also highly influenced by qualifications. Overall, BCP and Dorset are broadly in line with the regional and national average, but it can be noticed that the three sub-national areas tend to rate slightly higher in terms of qualifications than the national average.

Table 4.18 Qualifications, 2020

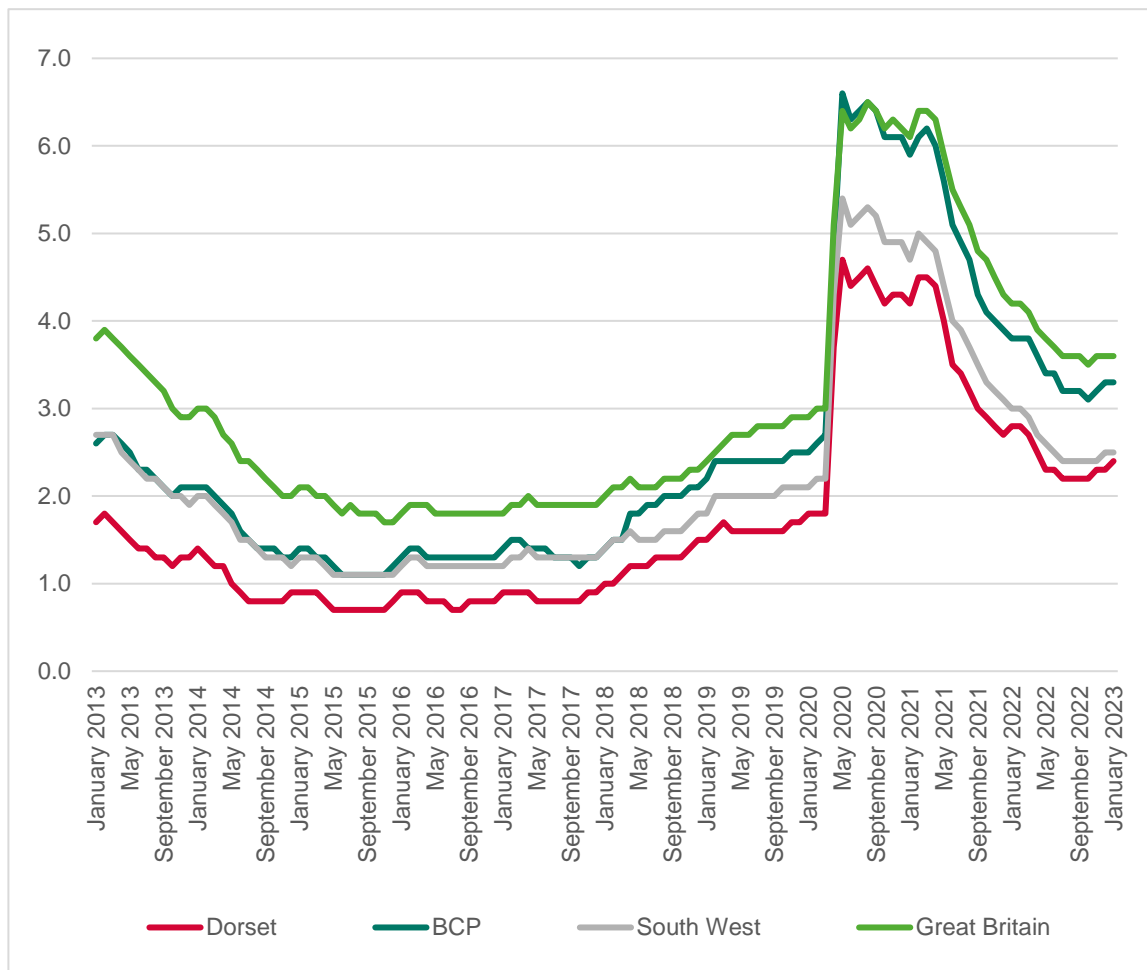


Source: ONS

Covid-19 pandemic impact

- 4.27 The Covid-19 pandemic led to dramatic job losses. This impact is best indicated by claimant count as a proportion of working age residents. The claimant rate is a key indicator of unemployment which is measured as the number of people who are receiving benefits principally for the reason of being unemployed (claimant count) divided by the number of workforce jobs plus the claimant count. The ONS estimates in Table 4.15 above are modelled using Annual Population Survey data and based on a person's self-classification as being 'out of work' and 'currently and actively seeking to work'. Whilst there is crossover between the claimant rate and the unemployment rate, they measure slightly different things, but both provide good indicators for actual levels of unemployment. Importantly the claimant count is published in a timelier manner and was available up to September 2021 at the time of writing.
- 4.28 The figure below shows changes in claimant unemployment over time. The claimant rate follows a similar pattern across all areas, influenced by the economic cycle. The claimant counts in Dorset and the South West at 2.4% and 2.5% are notably lower than across BCP and the country (3.3% and 3.6%), in line with the population structure (i.e. more working age people are located in urban areas than in rural areas like Dorset or the country on average). Claimant rates did begin to rise from 2016 onwards, potentially an impact of Brexit. However, the year 2020 saw a peak in claimant rates of around 6.5 to 7% as a result of the Covid-19 pandemic. The rates then started to decrease from April 2021.

Table 4.19 Claimant rate, January 2013 to January 2023



Source: ONS

- 4.29 In the medium term it is expected that economy will return to pre-pandemic levels of unemployment. Further analysis and data on the post-pandemic recovery is set out in the Economic Forecasts section of this report. The section explores the changing structure of the economy, through detailed analysis of employment and GVA forecasts. These forecasts also take into account the ongoing impacts of Brexit.

Employment

- 4.30 After assessing the labour market from an employee's perspective, the report now turns to employment in its sectoral dimension, looking at the split per industry and detailing which sectors are shaping the economy in the South West.
- 4.31 The largest employers in Dorset and BCP are government services, financial & business services, and distribution. Table 4.11 shows the number of jobs per sector, starting with the largest sectors.

Table 4.20 Jobs per sector (2020) (broad sector definitions by Cambridge Econometrics)

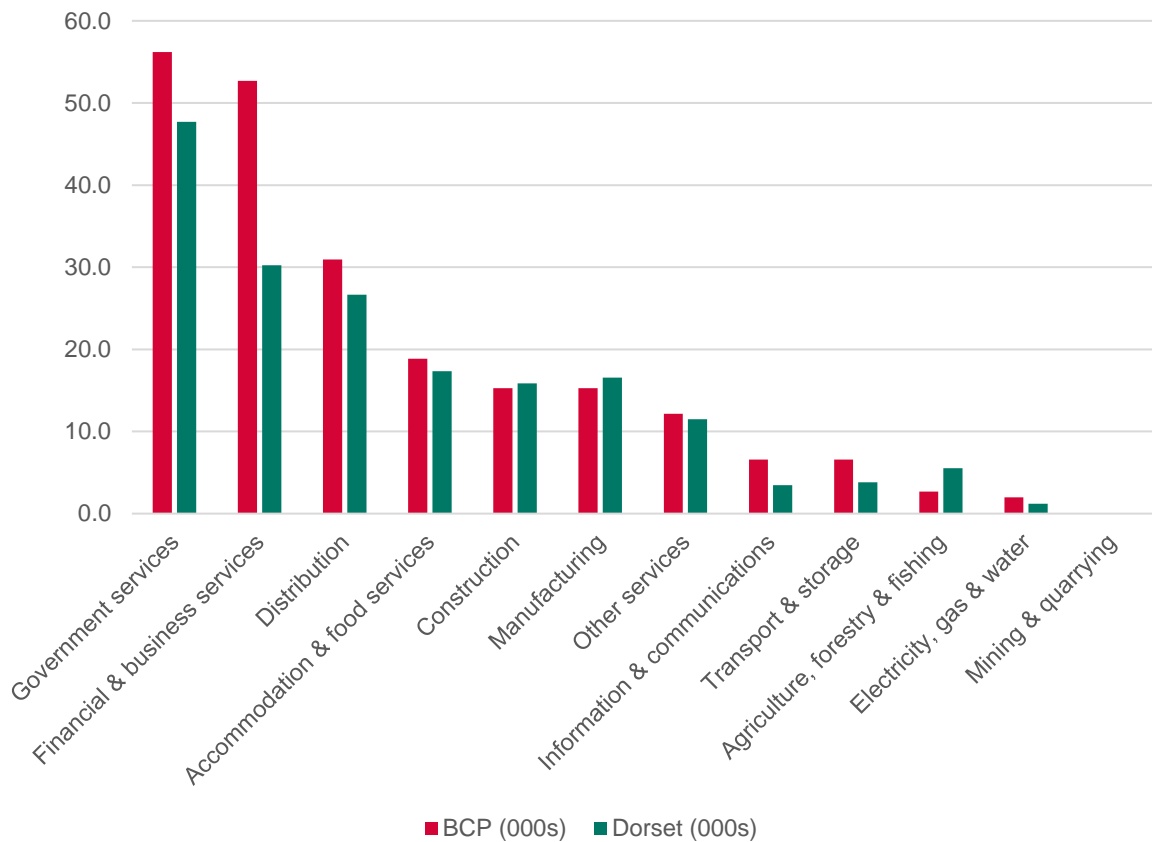
	BCP (000s)	Dorset (000s)	Absolute change (000s BCP (2010-20))	Absolute change (000s Dorset (2010-20))	% change BCP (2010-20)	% change Dorset (2010-20)
Government services*	56.2	47.7	2.4	-3.7	4.4%	-7.2%
Financial & business	52.7	30.2	14.4	7.4	37.7%	32.3%
Distribution (Wholesale and retail trade)	31.0	26.7	-2.1	0.5	-6.4%	2.1%
Accommodation & food	18.9	17.3	3.0	3.3	18.6%	23.3%
Construction	15.3	15.9	4.4	3.2	40.9%	25.0%
Manufacturing	15.3	16.5	0.2	0.2	1.4%	1.0%
Other services	12.2	11.5	1.2	-1.0	10.6%	-7.7%
Information & communications	6.6	3.4	1.7	0.1	34.4%	2.4%
Transport & storage	6.6	3.8	-0.7	-1.3	-9.3%	-25.2%
Agriculture, forestry & fishing	2.7	5.5	0.3	-0.7	13.6%	-10.8%
Electricity, gas & water	2.0	1.2	0.5	0.2	36.2%	16.8%
Mining & quarrying	0.0	0.4	-0.2	0.0	-84.5%	11.4%

Source: Cambridge Economics & Iceni Projects analysis.

* Government services contains Health, Social Care, Education, and Public administration & defence.

- 4.32 Some sectors have increased employment counts by as much as 30 to 40% in the last 10 years, surpassing the growth rate in population and therefore indicating a healthy economy.
- 4.33 Table 4.20 shows the same data as table 4.21 but in a graphic format, in order to emphasize the importance of each sector. For a regional conurbation and in a country where most financial & business services are concentrated in large metropolises (London and Edinburgh predominantly), it is of particular interest that the financial & business services industry is a specialisation for BCP (Bournemouth in particular). The financial & business services industry is the second largest employer in both study areas and has also been growing rapidly. JP Morgan is the largest employer in BCP and Dorset with 4,200 employees (in BCP).

























Table 4.21 Jobs per sector (2020)



Source: Cambridge Economics & Icen Projects analysis

- 4.34 To reinforce this analysis, table 4.22 shows the location quotients for all industries. A location quotient of 1.0 indicates that an industry has a similar proportion of employment in the area as it does in the comparator area; whilst a LQ of 1.5 would show 50% more employment in the Industry in Dorset / BCP relative to the comparator area.

























Table 4.22 Location quotient at various scale, based on 2020 employment data

	LQ BCP vs. SW	LQ BCP vs. UK
Agriculture, forestry & fishing	0.6 	1.2 
Mining & quarrying	0.2 	0.1 
Manufacturing	0.9 	0.9 
Electricity, gas & water	0.7 	0.9 
Construction	0.9 	1.1 
Wholesale and retail trade	1.0 	1.0 
Transport & storage	0.8 	0.6 
Accommodation & food services	1.0 	1.3 
Information & communications	1.0 	0.7 
Financial & business services	1.2 	1.1 
Government services	1.0 	1.0 
Other services	1.0 	1.0 

Source: Cambridge Economics & Icen Projects analysis

- 4.35 The analysis shows that BCP has a relatively high levels of employment in Financial & Business Services when compared to the South West. Accommodation and food services is also an area of strength in terms of employment compared to the UK. While 1.2 or 1.3 are not a very high quotient, they are an indication that these sectors are specialisms in BCP and have the potential to grow with the right level of support.

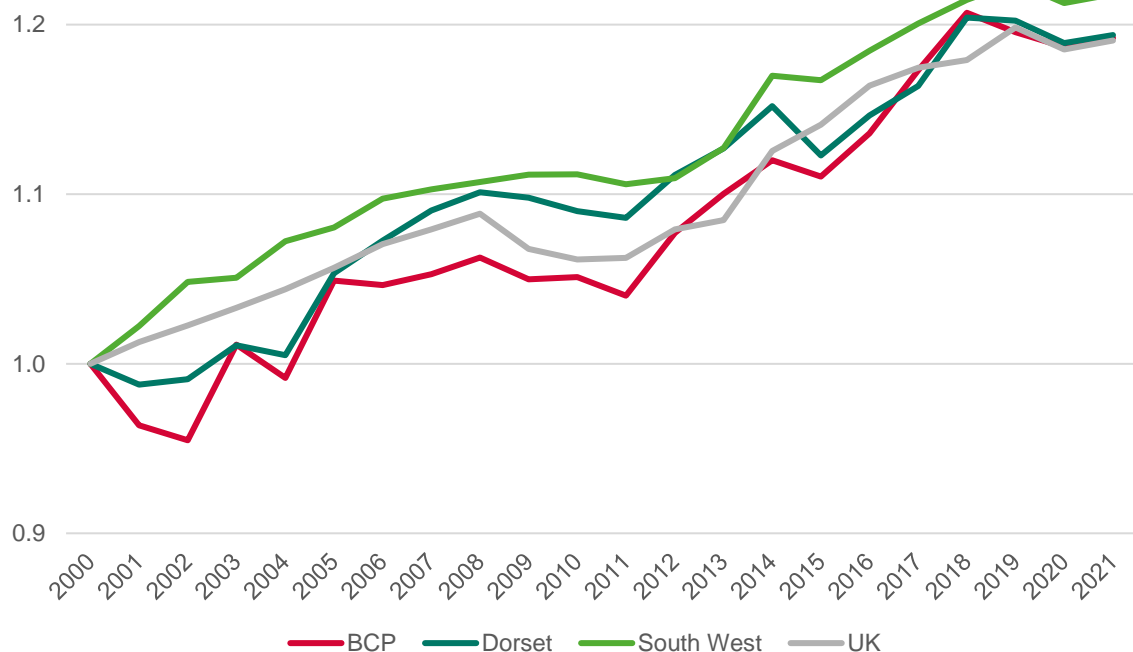
Table 4.23 Location quotient at various scale, based on 2020 employment data

	LQ Dorset vs. SW	LQ Dorset vs. UK
Agriculture, forestry & fishing	1.6 	2.9 
Mining & quarrying	1.9 	1.3 
Manufacturing	1.1 	1.2 
Electricity, gas & water	0.5 	0.7 
Construction	1.2 	1.3 
Wholesale and retail trade	1.0 	1.0 
Transport & storage	0.6 	0.4 
Accommodation & food services	1.1 	1.4 
Information & communications	0.6 	0.4 
Financial & business services	0.8 	0.8 
Government services	1.0 	1.0 
Other services	1.2 	1.1 

Source: Cambridge Economics & Icen Projects analysis

- 4.36 The analysis shows that Dorset has a relatively high levels of employment in Agriculture, forestry and fishing when compared to the South West. Compared to the UK, several sectors are key employers: agriculture, mining, manufacturing, construction and tourism-related industries.
- 4.37 Aside from specialist sectors, employment is growing steadily in Dorset and BCP and generally, employment in the South West outperforms the nation's when indexed from the year 2000.

Table 4.24 Indexed employment growth 2000-21 (2000 = 1)



Source: Cambridge Economics & Icen Projects analysis

- 4.38 It is interesting to note that BCP's employment growth lagged slightly behind the other comparators for the initial 15 years and then caught up to match Dorset's and the UK's.

Gross Value Added (GVA) & Productivity

- 4.39 Starting with BCP, GVA per sector is generally in line with employment per sector as table 4.24 shows. However, as expected from a high-value sector, the output (i.e. GVA) of the financial & business services is significantly higher than government services.
- 4.40 In terms of growth, the fastest growing sectors above £300m GVA between 2010 and 2020 were wholesale and retail trade, construction, and information & telecommunications.

Table 4.25 GVA per sector, BCP (2010 and 2020), £million (broad sector definitions by Cambridge Econometrics)

BCP GVA (£2018m)	Total GVA per sector (2010)	Total GVA per sector (2020)	% of total GVA	% growth (2010 to 2020)
Financial & business services	2,427.0	2,280.8	28.3%	-6.0%
Government services	1,924.3	1,811.9	22.5%	-5.8%
Wholesale and retail trade	895.9	1,009.1	12.5%	12.6%
Construction	577.4	759.0	9.4%	31.4%
Manufacturing	1,060.6	686.1	8.5%	-35.3%
Information & communications	262.7	446.7	5.5%	70.0%
Other services	337.3	316.5	3.9%	-6.2%
Electricity, gas & water	131.6	250.1	3.1%	90.1%
Accommodation & food	323.9	204.4	2.5%	-36.9%
Transport & storage	340.8	202.2	2.5%	-40.7%
Agriculture, forestry & fishing	38.2	69.1	0.9%	81.1%
Mining & quarrying	43.0	16.4	0.2%	-61.8%
Total	8,362.8	8,052.3		-3.7%

Source: Cambridge Economics & Icen Projects analysis

- 4.41 The top three sectors in terms of GVA represent altogether 63.5% of BCP's economy, making the area heavily reliant on them. Compared to the South West Region these three sectors make up 47.9% of the region's economy.
- 4.42 Turning to Dorset, the largest contributor to the local economy in terms of GVA is government services, £400m ahead of the financial & business services which comes second. However, the latter has grown by close to 30% in the last decade, while the GVA of government services has decreased.

Table 4.26 GVA per sector, Dorset (2010 and 2020), £million (broad sector definitions by Cambridge Econometrics)

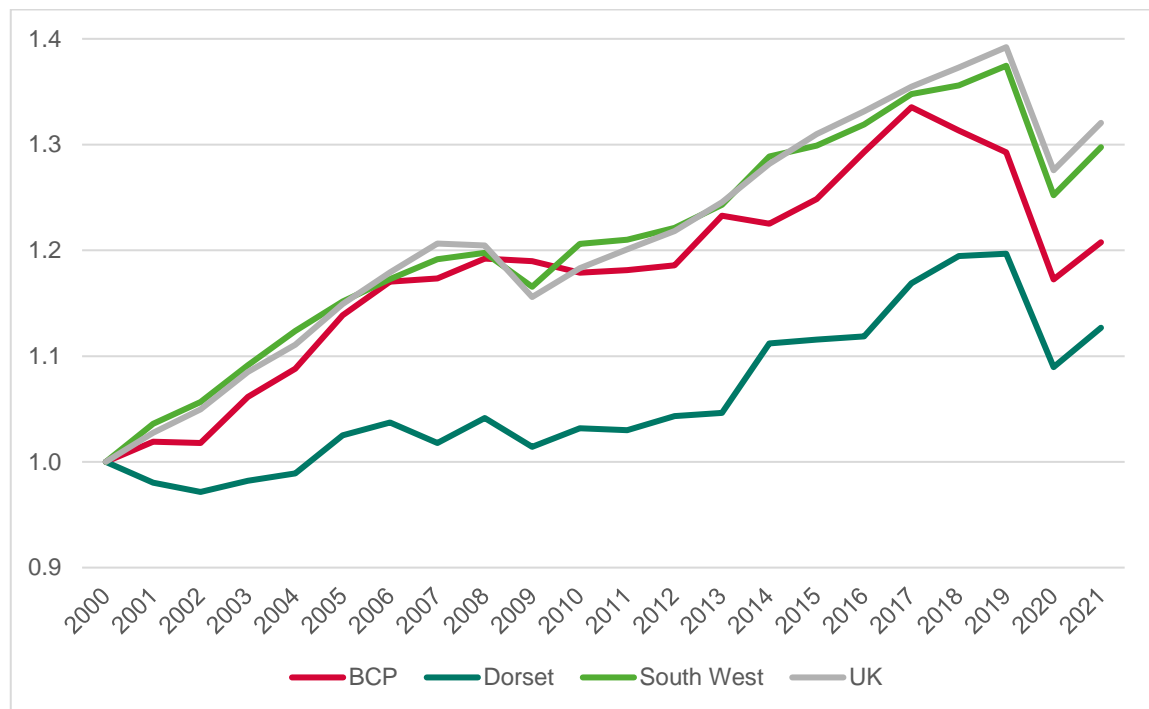
Dorset GVA (£2018m)	Total GVA per sector (2010)	Total GVA per sector (2020)	% of total GVA	% growth (2010 to 2020)
Government services	1,740.8	1,590.7	25.5%	-8.6%
Financial & business services	928.7	1,193.6	19.2%	28.5%
Manufacturing	796.5	1,041.3	16.7%	30.7%
Wholesale and retail trade	640.9	757.0	12.2%	18.1%
Construction	565.9	538.5	8.6%	-4.9%
Other services	318.0	269.3	4.3%	-15.3%
Accommodation & food	280.6	186.8	3.0%	-33.4%
Agriculture, forestry & fishing	186.4	157.8	2.5%	-15.3%
Information & communications	102.8	145.6	2.3%	41.6%
Mining & quarrying	102.2	129.8	2.1%	27.0%
Electricity, gas & water	166.0	123.1	2.0%	-25.8%
Transport & storage	175.5	93.7	1.5%	-46.6%
Total	6,004.4	6,227.2		3.7%

Source: Cambridge Econometrics & Iceni Projects Analysis

- 4.43 Similarly, the top three sectors make up 61.4% of Dorset's economy, making them heavily reliant on them.
- 4.44 The top three sectors in terms of GVA represent altogether 63.5% of Dorset's economy, making the area heavily reliant on them. When compared to the South West region these sectors make up 51.3% of the region's economy.

Dorset's overall GVA growth however falls behind BCP, the region and the UK. Table 4.27 shows GVA growth from 2000 to 2021, indexed on 2000 as a starting point. BCP's GVA growth has matched regional and national performance until the early 2010s when it started to lag behind slightly.

Table 4.27 Indexed GVA growth 2000-21 (2000 = 1)



Source: Cambridge Economics & Icen Projects analysis

4.45 Finally, while overall GVA per sector and for the area is an important measure, GVA per job (i.e. productivity) gives more insight into which sectors generate value for the economy. Higher productivity has an impact in terms of tax receipts, income and investment and increasing productivity is a goal for the UK as a whole.

Table 4.28 GVA per job 2020 (£000's)

	BCP	Dorset	South West	UK
Agriculture, forestry & fishing	25.7	28.5	28.4	32.0
Mining & quarrying	377.1	324.0	147.4	313.9
Food, drink & tobacco	28.1	40.9	51.8	62.3
Textiles etc	74.1	109.0	70.0	48.8
Wood & paper	27.4	43.1	45.4	49.2
Printing & recording	25.8	41.3	36.9	48.8
Coke & petroleum	417.9	661.4	988.7	245.4
Chemicals	21.8	35.7	55.1	114.1
Pharmaceuticals	53.6	85.5	179.7	310.8
Non-metallic mineral products	11.1	17.9	48.9	43.8
Metals & metal products	37.4	62.2	47.3	52.3
Electronics	62.3	100.0	95.8	98.1
Electrical equipment	52.0	85.5	62.7	58.3
Machinery	56.9	87.3	62.4	66.3
Motor vehicles	51.9	86.4	87.0	78.5

	BCP	Dorset	South West	UK
Other transport equipment	51.0	84.8	48.1	67.2
Other manufacturing & repair	59.2	44.9	43.5	44.6
Electricity & gas	147.2	129.8	136.1	181.0
Water, sewerage & waste	111.3	97.6	117.8	114.9
Construction	49.6	33.9	39.7	48.0
Motor vehicles trade	43.8	27.5	39.0	42.4
Wholesale trade	47.0	45.5	50.4	54.9
Retail trade	26.8	24.3	26.9	31.9
Land transport	25.2	21.3	31.5	28.7
Water transport	273.9	262.6	308.4	292.0
Air transport ¹⁷	3.2	2.5	5.2	19.5
Warehousing & postal	25.7	24.8	37.3	40.8
Accommodation	16.0	15.9	14.1	16.6
Food & beverage services	8.7	8.5	10.6	13.1
Media	44.4	28.8	45.2	81.6
IT services	72.3	48.4	71.7	85.9
Financial & insurance	80.7	9.9	73.6	103.9
Real estate	61.5	132.8	92.7	111.5
Legal & accounting	40.2	26.7	32.3	60.6
Head offices & management consultancies	15.6	12.2	13.7	24.7
Architectural & engineering services	27.6	25.7	27.8	33.5
Other professional services	36.3	82.2	58.5	59.4
Business support services	15.3	16.2	27.9	29.3
Public administration & defence	55.4	58.1	60.9	63.5
Education	26.2	25.5	31.1	33.7
Health	30.6	28.9	29.6	33.6
Residential & social care	27.8	26.3	25.1	26.0
Arts	9.7	5.4	9.5	15.3
Recreational services	21.1	12.2	14.0	28.8
Other services	35.8	36.5	33.2	32.0
All Sector Average	42.5	41.7	43.4	50.5

Source: Cambridge Economics & Icen Projects analysis

- 4.46 Coke and petroleum is by far the most productive sector, with a GVA per job of £417.9k in BCP, followed by mining and quarrying, water transport, electricity, & gas, and information & communication. Productivity is notably higher in BCP and Dorset than in the UK for certain sectors: mining & quarrying in particular, while some sectors show lower productivity, such

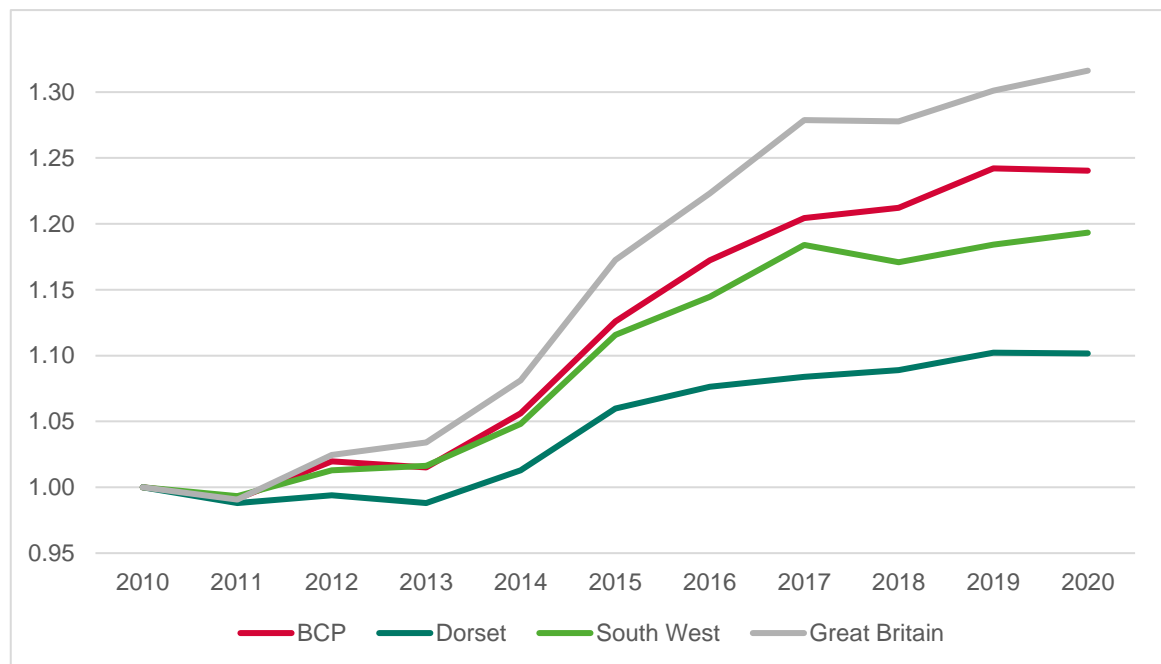
¹⁷ Air transport figures are below trend due to the effects of the COVID-19 pandemic.

as ICT and financial services in Dorset. Overall, productivity is only slightly behind the regional average albeit somewhat below the UK. This is not surprising given the more rural nature of the Dorset economy and for BCP a lower critical mass for some professional services sectors.

Business Base

4.47 Finally, this section looks at the number of active enterprises and how this has grown over the last decade. BCP outperforms Dorset and the South West in terms of business creation as a result of patterns linked to the urban economy: a younger, more qualified population, more demand for new and different services, and a larger market overall.

Table 4.29 Active enterprises, 2010-20, indexed (2010 = 1)



Source: ONS

4.48 Business density is however lower in BCP than across all other study areas. There is on average 1 business for every 16 residents in BCP, and 1 business for every 12 residents in Dorset, making the latter a relatively more entrepreneurial area.

Table 4.30 Active enterprises & business density, 2020

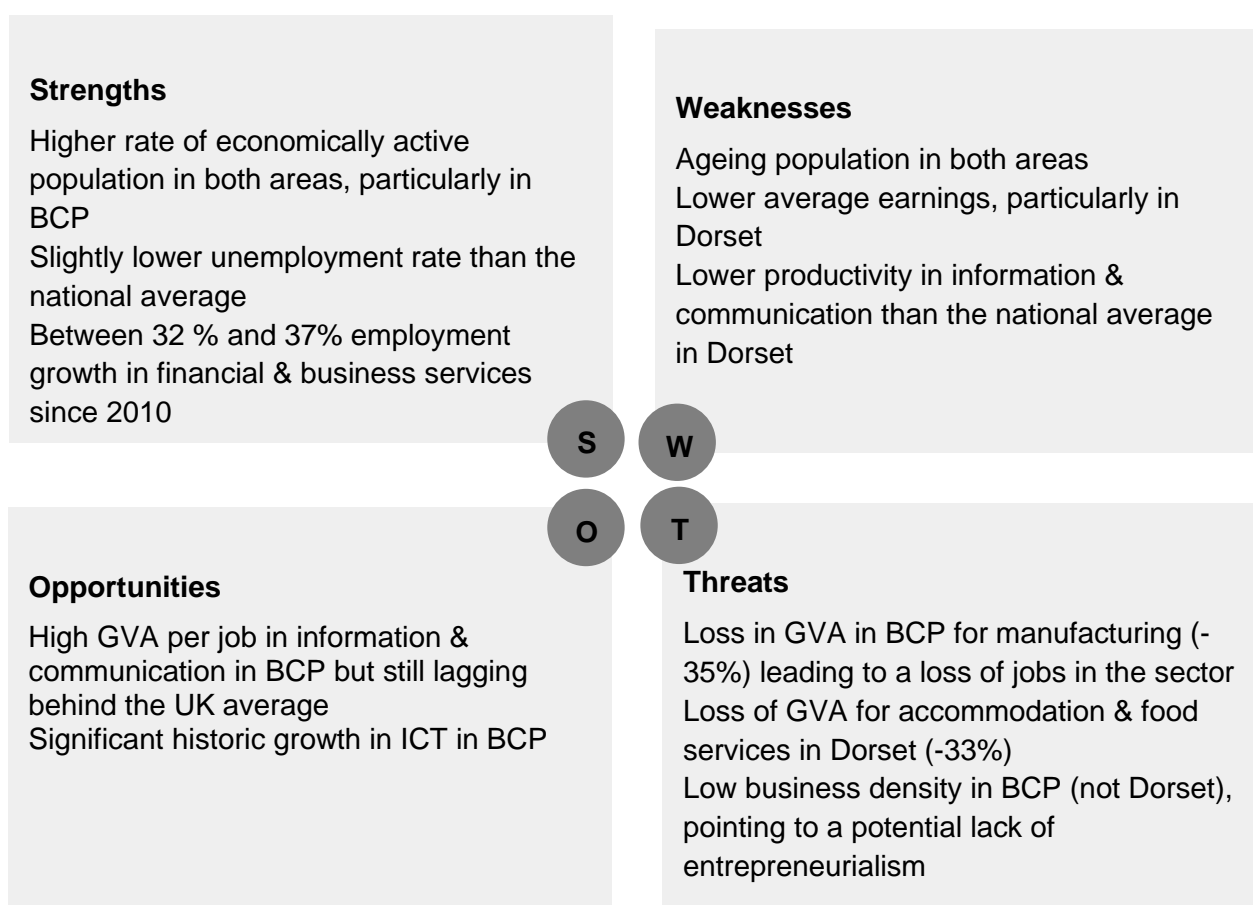
	Active enterprises	Active population per active enterprise ratio
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BCP	15,115	16
Dorset	17,515	12
South West	236,200	14
Great Britain	2,674,520	15

Source: ONS

Conclusion - SWOT analysis

- 4.49 This section is concluded by a situational assessment using a standard Strength, Weakness, Opportunity, and Threat (SWOT) Analysis.



5. COMMERCIAL PROPERTY MARKET ASSESSMENT

- 5.1 This chapter provides an assessment of the commercial property market in Dorset and Bournemouth, Christchurch and Poole. It is split into two sections – one on the office market and one on the industrial market (where industrial refers to general industrial, light industrial and warehousing). The majority of the analysis was conducted in late 2021.
- 5.2 The assessment combines quantitative analysis with qualitative analysis to build up a picture of the level and nature of demand. The quantitative analysis uses CoStar data – one of the UK’s largest providers of commercial property data. However, this database does not cover all properties/transactions (owner-occupier properties, smaller transactions and properties/transactions in rural areas are a particular issue). CoStar data is based on the former district areas across Dorset and BCP.
- 5.3 Valuation Office Agency data has also been used which provides the best indication of the amount of commercial floorspace in the area. Property Pilot data has also been provided from the local authorities using their own commercial monitoring database – this is a record of available stock status and lettings transactions maintained by Dorset LEP.
- 5.4 As CoStar, VOA and Property Pilot are the main sources of information, these align to the former local authority boundaries in the study area and for ease this is how data is reported herein. However, discussions with stakeholders indicate that the sub-markets in the study area are more complex and broadly relate more to a north/south/east/west division of Dorset, plus BCP which relates strongly to Eastern Dorset, with the main urban centres acting as key drivers for demand. This is discussed in more detail at the end of this section.
- 5.5 The quantitative analysis is backed up by qualitative analysis through engagement with local property agents, developers, key employers, and business/economic forums. One-to-one discussions were held in winter / spring 2021/22 and workshops to test emerging findings were undertaken in autumn 2022.

Office

- 5.6 This section provides an assessment of Dorset and Bournemouth, Christchurch and Poole office markets. This will be used to inform the scale and type of future need which is identified later in this report.

UK Office Market Overview

- 5.7 The UK office market experienced considerable challenge from the onset of the coronavirus pandemic in March 2020. In Q3 of 2021 office take-up reached its highest level for over two years. Net absorption however remained negative along with annual rental price growth reaching -0.2% with losses expected in the coming years. Despite this, office investment rose in 2021 as restrictions eased. By 2023 vacancies continued to trend upwards and are expected to continue. At 2023 some segments of the market are performing well. Best-in-class buildings are attracting tenants seeking sustainable space and good amenities as a 'flight to quality', even if many firms are shrinking their office footprints in signing new deals. Life science demand means places like Oxford and Cambridge are thriving. Major regional city centres have regained some of their previous vigour and are attracting firms from out-of-town locations.
- 5.8 The Cushman and Wakefield UK Marketbeat Report (August 2021) reports the Office space take-up in Q1 of 2021 to total 2.0 million sq ft, a rise of 42% on Q4 2020. However, in the UK regions take-up fell to 670,000 sq ft, the lowest since Q2 2020 and overall leasing activity remains well below the five-year quarterly average of 3.6 million sq ft.
- 5.9 CoStar's regional South Coast report noted that going into the second half of 2021, the coronavirus pandemic added considerable uncertainty to a market that started off 2020 pre-COVID19 in strong shape. The pandemic and its economic effects brought activity to a near standstill, halting 2019's momentum and bringing widespread uncertainty for both occupiers and investors. Prior to the pandemic, the South Coast's office sector had strong momentum and was riding a wave of optimism. Confidence was running high on the back of strong demand from professional and business and technology, media and telecom firms and co-working providers. Owners were having little trouble finding tenants amid restricted availability, and a lack of speculative construction and office-to-residential conversions were helping to drive vacancies down to near historic lows.
- 5.10 By 2023 office vacancies across the South Coast have risen from 3.6% around the onset of the pandemic to 5.6% amid negative demand and rising stock levels. Leasing activity in recent times has been driven by deals smaller than 20,000 sqft. Average office rental growth has been slowing across the South Coast. Investment remains muted across the South Coast as high interest rates and uncertainty around the long-term health of the office sector continue to weigh on transaction activity.

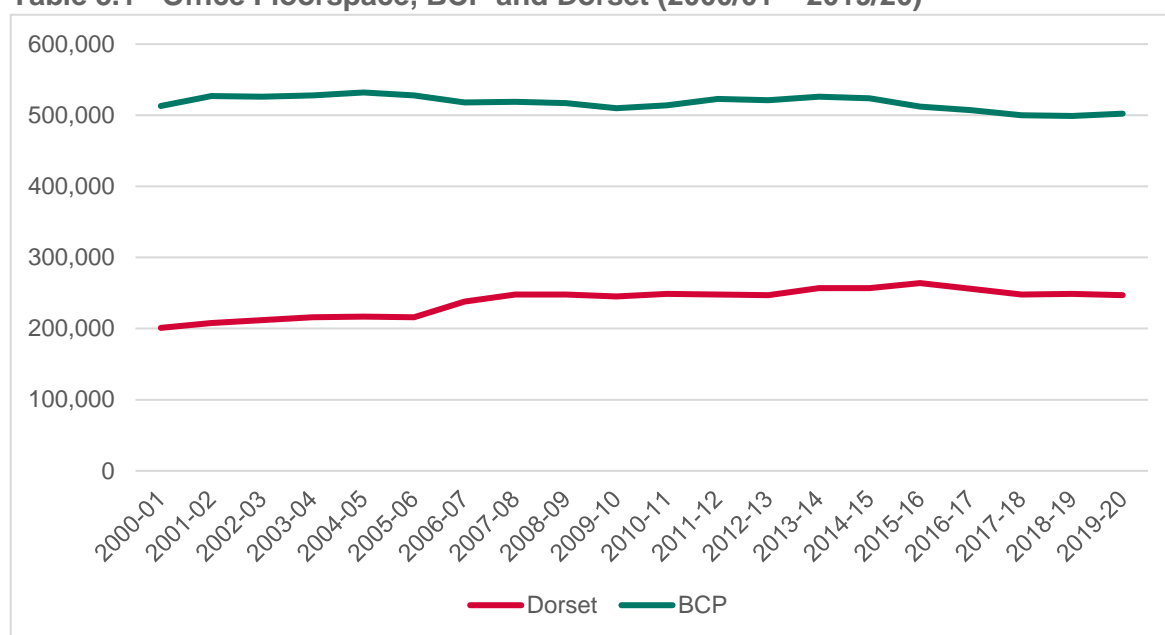
Dorset, Bournemouth, Christchurch and Poole Office Stock

- 5.11 The Valuation Office Agency¹⁸ provides information on the number of rateable office properties¹⁹ and the amount of floorspace by administrative area. In Dorset and the BCP council areas 2019/20, there were 3,920 office properties providing 749,000 sqm of office floorspace in total. This makes up 11.7% of total floorspace across the South West.
- 5.12 The figure below shows the change in office floorspace in BCP and Dorset between 2000-01 and 2019-20.
- 5.13 The BCP area has double the amount of office floorspace of Dorset, with 502,000 sqm compared to Dorset's 247,000 sqm in 2019-20. This is a result of the more urbanised nature of the BCP area, with a high residential population and generally good transport links with the wider South West, making it an attractive base for businesses in need of office space. However, office floorspace in the BCP area has fluctuated since 2000, rising from 513,000 sqm at the beginning of the century to a high point of 532,000 sqm in 2004-05 and then dropping to 510,000 sqm in 2009-10. Office floorspace was seen to be increasing after 2009 until 2014-15 where it then drops again to a low of 499,000 in 2018-19. New permitted development rights have resulted in losses of office buildings to residential as reported by agents and the authority.
- 5.14 In comparison to the BCP area, office floorspace within Dorset had been steadily increasing from 201,000 sqm in 2000 to a high of 264,000 in 2015-16. Floorspace drops somewhat after this point to 248,000 sqm in 2017-18 however it has appeared to stabilise after this.

¹⁸ VOA: Non-domestic rating: stock of properties including business floorspace, 2019

¹⁹ It should be noted that these could be within the same building.

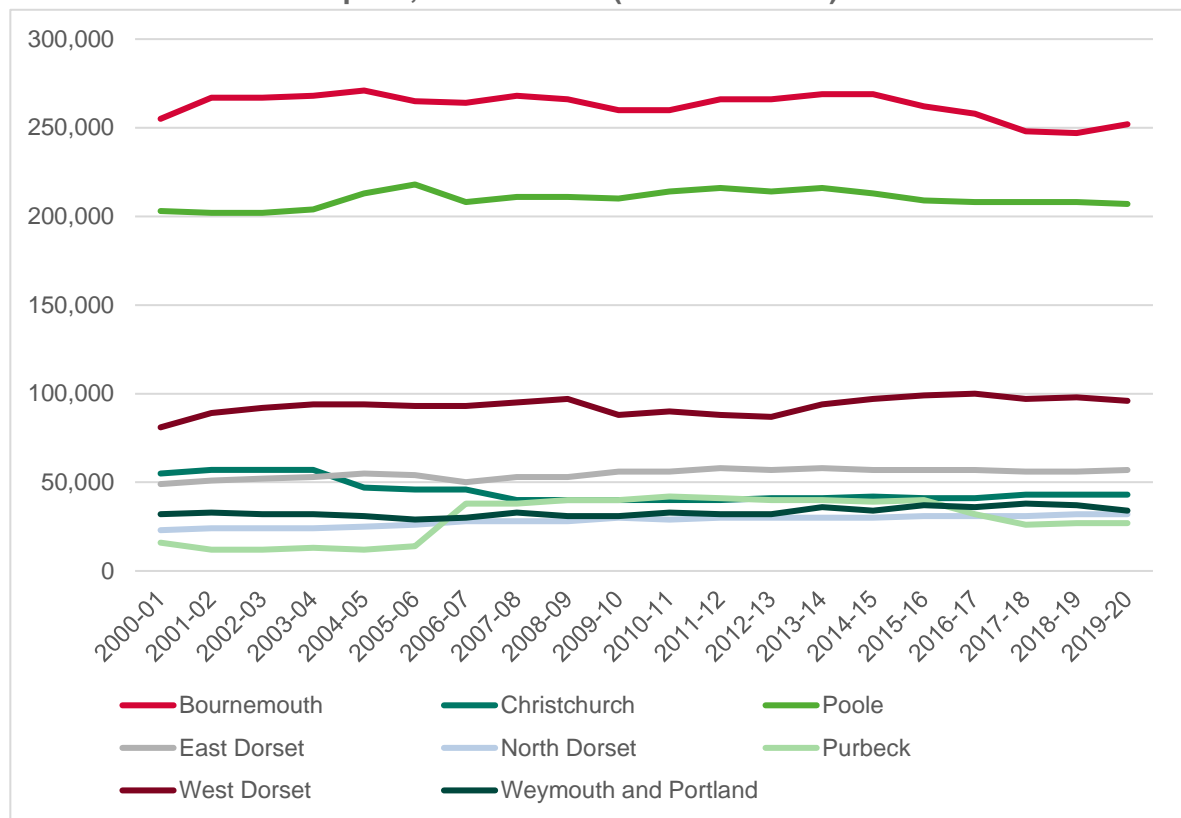
Table 5.1 Office Floorspace, BCP and Dorset (2000/01 – 2019/20)



Source: Icen analysis of VOA data

- 5.15 When office floorspace is broken down by submarket (i.e. former district area) within Dorset, West Dorset sees the highest amount of office floorspace with 96,000 sqm. in 2019-20, followed by East Dorset at 57,000 sqm. Purbeck sees the lowest amount of office floorspace at 27,000 sqm in 2019-20. This is likely to have been affected by a significant number of office buildings being demolished at Dorset Innovation Park in the period 2016-17. Purbeck also appears to fluctuate the most of Dorset's sub areas, increasing rapidly between 2005-06 and 2006-07 from 14,000 to 38,000 sqm and then falling again from 32,000 to 26,000 from 2015-16 and 2016-17.
- 5.16 Within BCP, Bournemouth and Poole make up a large proportion of the overall office floorspace of 252,000 sqm and 207,000 sqm in 2019-20 respectively, Christchurch sees a significantly lower proportion of the BCP office stock at 43,000 sqm in 2019-20. This reflects the central nature of Bournemouth within the district, allowing it to act as a central hub for office space, and the presence of Poole Port making office space in the town attractive to businesses linked with Port activities. Office floorspace within Bournemouth fluctuates in a very similar manner to that of the wider BCP district and therefore is likely the cause of the fluctuations seen at local authority level.

Table 5.2 Office Floorspace, Sub-markets (2000-1/2019-20)



Source: Icen analysis of VOA data

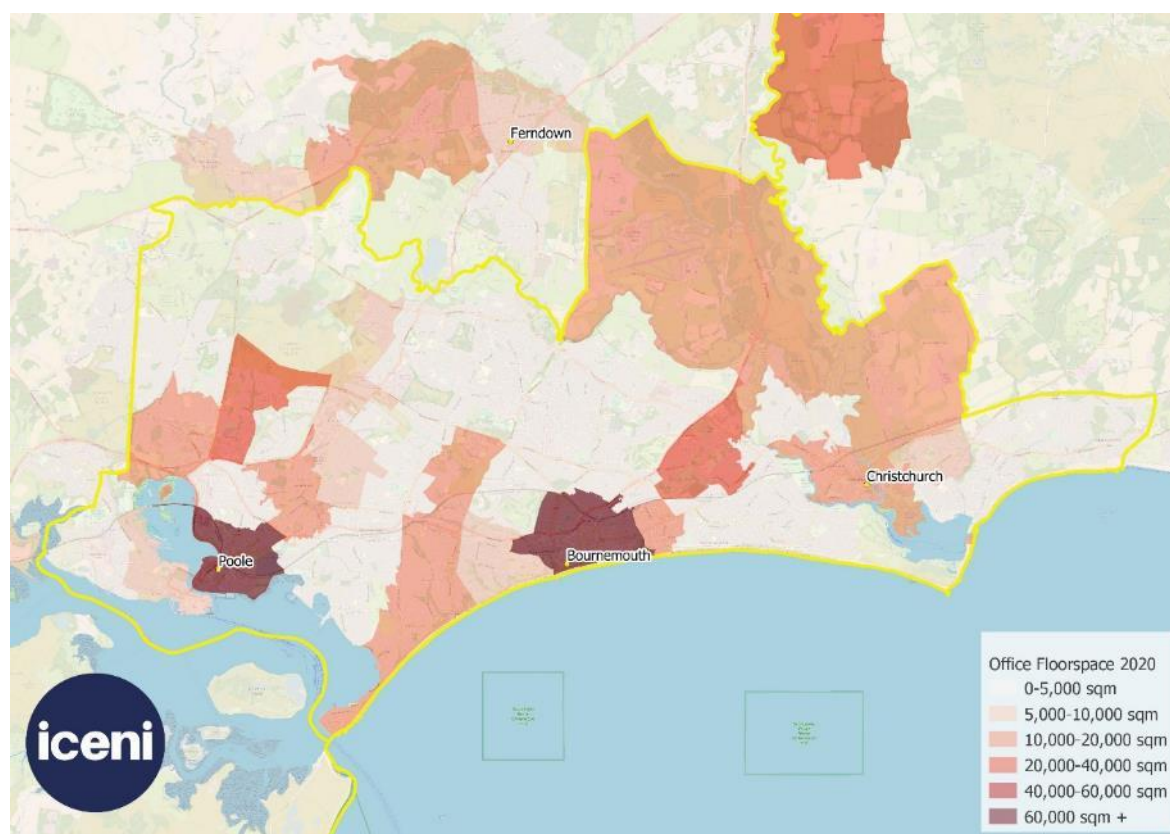
- 5.17 The figures below demonstrate the concentration of office space in Dorset and BCP and the wider area. Within Dorset, office space is most concentrated in Dorchester with between 40,000 and 60,000 sqm of space present, and the north-east of Weymouth sees between 10,000 and 20,000 sqm of floorspace, unsurprising considering the large populations of these towns. BCP sees a higher amount of floorspace in smaller areas concentrating particularly in Poole and Bournemouth.

Table 5.3 Office Floorspace, Dorset and BCP (2020)



Source: Icen analysis of 2020 VOA data, MSOA

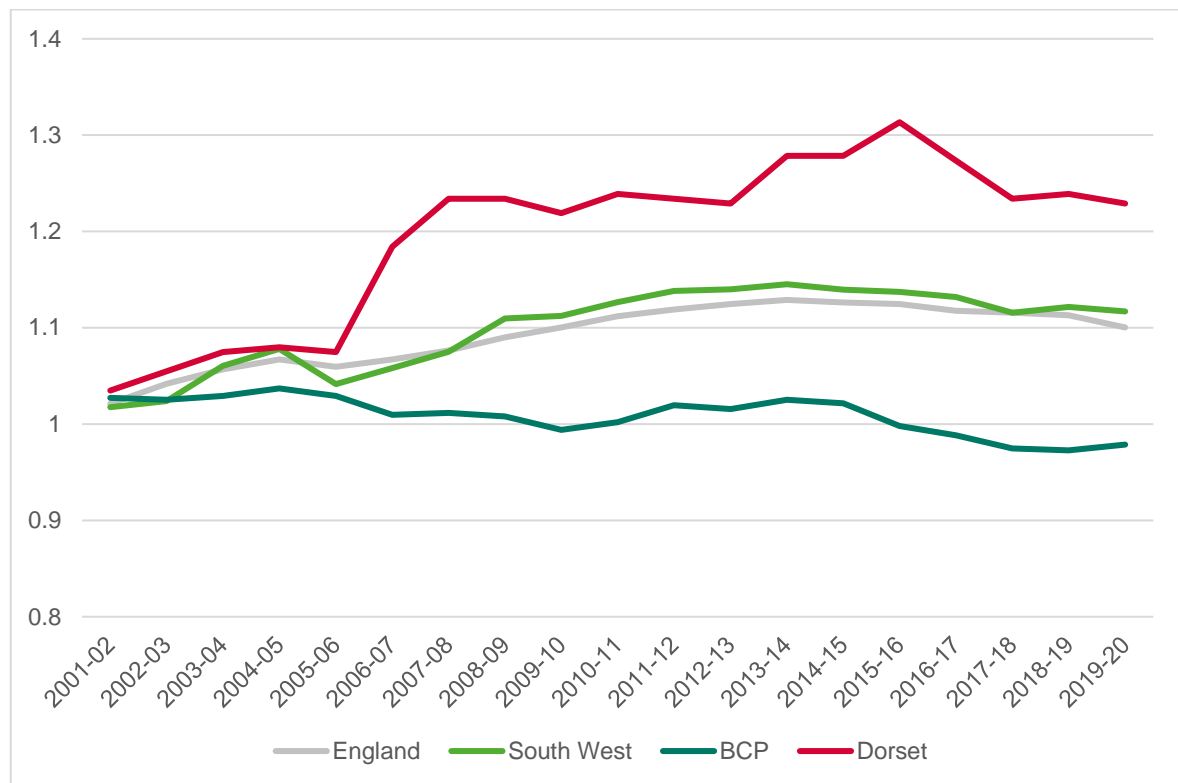
Table 5.4 Office Floorspace, BCP (2020)



Source: Icen analysis of 2020 VOA data, MSOA

- 5.18 The figure below shows how the amount of floorspace has changed in Dorset and the BCP areas compared to the South West region and country, with total floorspace in 2000-01 in each district acting as a base index. Nationally and regionally within the South West, floorspace has increased overall, although this has stagnated somewhat in both geographies since 2013-14. Dorset and BCP differ from this dramatically and as indicated to some extent in the above floorspace graphs when compared to each other the two administrative areas have seen starkly different changes in floorspace over time.
- 5.19 Within BCP floorspace has generally fallen since 2001, whereas in Dorset it has increased quite dramatically. Although the lower amount in floorspace in Dorset overall means that the index is more responsive to change, it can still be seen that when compared to the level of floorspace in 2000-01 there has been a larger increase proportionally within Dorset than decrease in BCP.

Table 5.5 Indexed Office Floorspace Change (2000/01 – 2019/20)



Source: Icen analysis of VOA data

- 5.20 Overall, the floorspace changes within Dorset and BCP areas are very different. While BCP has a considerably higher amount of floorspace in comparison to Dorset, it is generally seen to be decreasing overall. This is likely a result of factors such as office-to-residential conversions (with 19.9ha of employment space lost to residential or other non-commercial uses during 2012-2018) and changing needs of businesses and demand. Whereas, although Dorset has less than half the amount of floorspace of BCP, this does appear to be increasing overall indicating a smaller but attractive market.

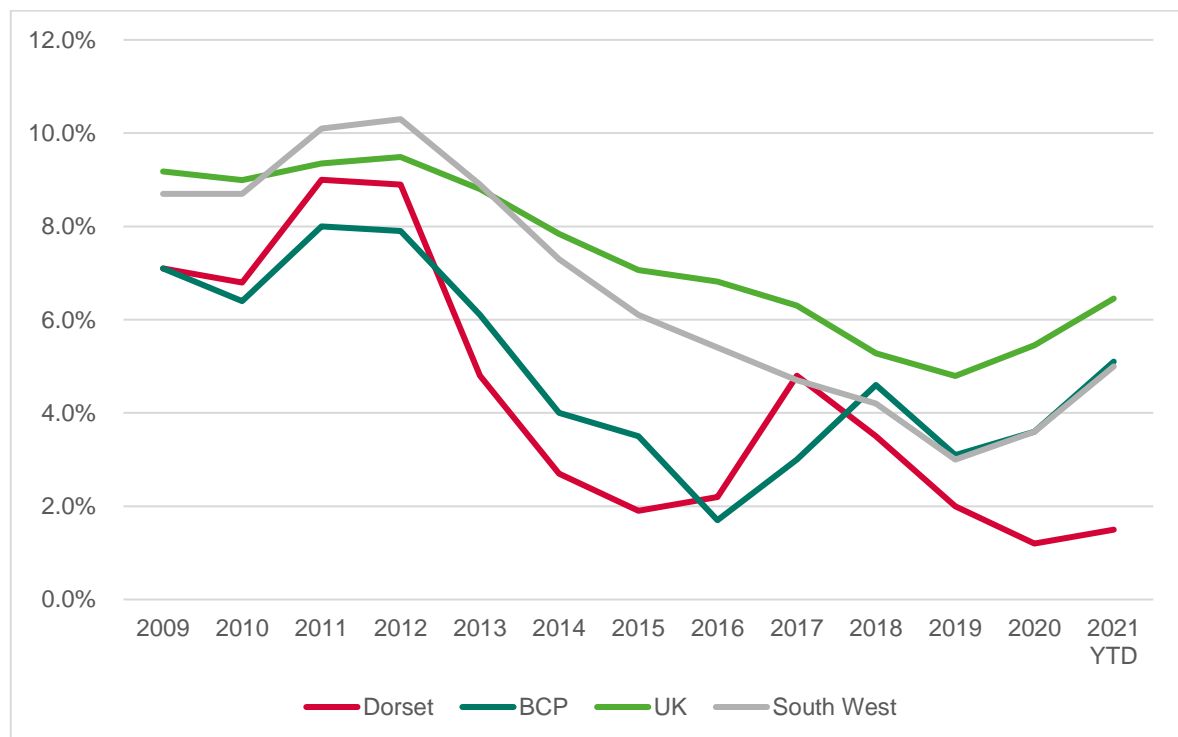
Overall Supply-Demand Balance – Dorset and BCP Office Market

- 5.21 The overall supply-demand balance has been assessed by looking at headline indicators – namely vacancy rates and rents. The drivers of changing vacancy rates, demand and supply have then been assessed by looking at net absorption and net deliveries.
- 5.22 The figure below shows the vacancy rate change over time in Dorset, Bournemouth, Christchurch and Poole compared to the South West region and the UK.
- 5.23 Currently vacancy rates in Dorset and BCP sit at 1.5% and 5.1% respectively, both lower than the UK average of 6.5%. The vacancy rate in the South West region currently sits at

5%. In all areas vacancy rates have decreased since 2009 where vacancy rates for all areas sat above 6%. Unsurprisingly there have been increases in BCP, the South West and the UK since 2019 and also to a lesser extent in Dorset since 2020 due to the coronavirus pandemic.

5.24 In BCP and the South West an approximate 5% vacancy rate suggests a healthy level of demand relative to supply and ensures that there is office floorspace available for businesses in need of it. Whereas a low vacancy rate of just 1.5% in Dorset in theory suggests a constrained supply of property relative to demand. However this is more likely to be a product of weaker data available for smaller units in more rural areas than indicating a significant need for more office space. These types of spaces are less likely to be advertised and recorded on national databases such as CoStar. Engagement with stakeholders reflects the more local town centre type office markets in the Dorset market towns and that there is not an undersupply.

Table 5.6 Vacancy Rate, Dorset, BCP, South West and the UK



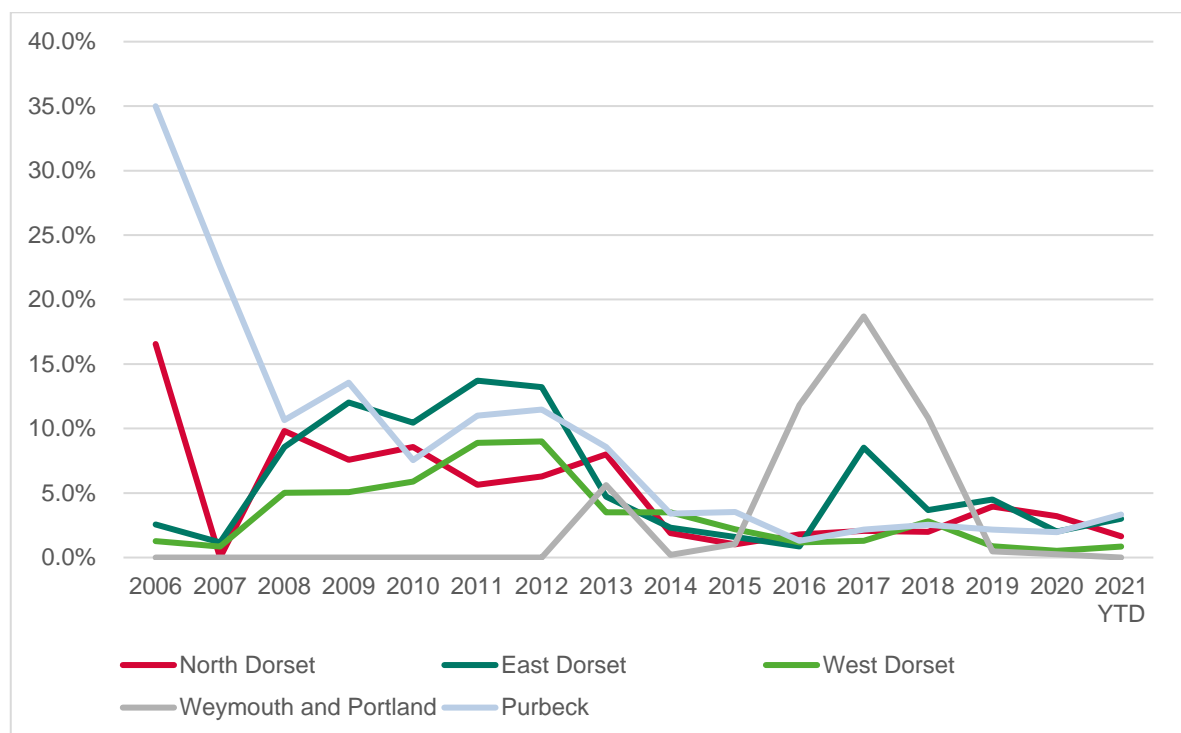
Source: Icen analysis of CoStar data

5.25 Vacancy rates within Dorset sub-areas appear fairly consistent in recent years other than in Weymouth and Portland. There, vacancy sat at 0% between 2006 and 2012, rose briefly to 5.6% in 2013, before dropping and then spiking again to a high of 18.7% in 2018. As of 2021 the vacancy rate of Weymouth and Portland is back to 0%. A potential factor behind

the 2018 spike could be the completion of new developments within the area that may have been vacant for a period post completion, or the ending of tenancy contracts resulting in uncharacteristically high vacancy rates for a short period until the vacant property was let.

- 5.26 Overall, vacancy rates in each of the sub-areas have decreased since 2011; all are now below 5% with the highest in Purbeck at 3.3%. Despite increasing office floorspace in the county as discussed above, vacancy rates have continued to decrease typically indicating a steady demand for office space in Dorset. As above, figures need to be treated with a degree of caution given that smaller properties will not be captured on the national CoStar database and therefore vacancy has potential to be inaccurate. Responses to our consultation work point to more balance in the market with low levels of demand other than for traditional town centre uses for which there is a reasonable supply.

Table 5.7 Vacancy Rate, Dorset Sub Areas

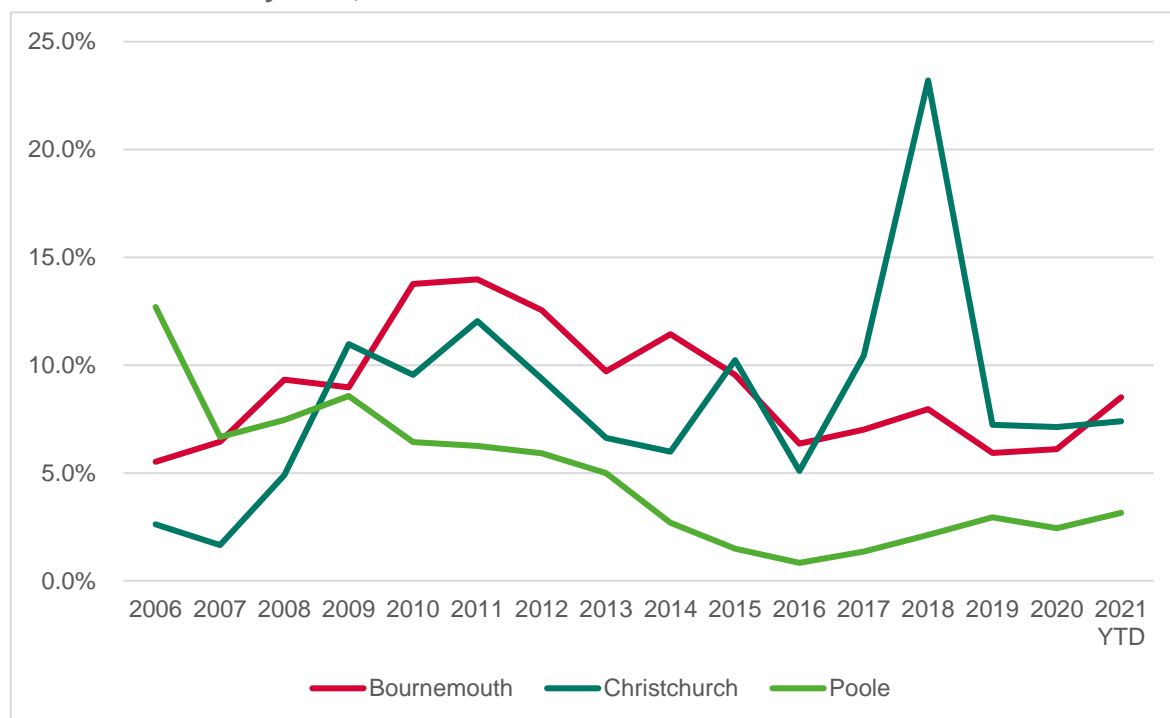


Source: Icení analysis of CoStar data

- 5.27 Vacancy rates within BCP sub-areas are also fairly consistent, gently falling from 2011 and beginning to rise from 2020. Christchurch saw the largest variation with spikes in 2009 (9%), 2011 (12.1%), 2015 (10.2%), and 2018 (23.2%). From 2019 onwards, vacancy rates in Christchurch have remained more stable at just over 7%.

- 5.28 Vacancy rates in Poole have been the lowest of all BCP sub-areas since 2009, and although have increased slightly since 2016, remain the lowest at 3.1%. Council officers report substantial amounts of office space were lost due to change of use to residential which will have compressed vacancy.

Table 5.8 Vacancy Rate, BCP Sub Areas



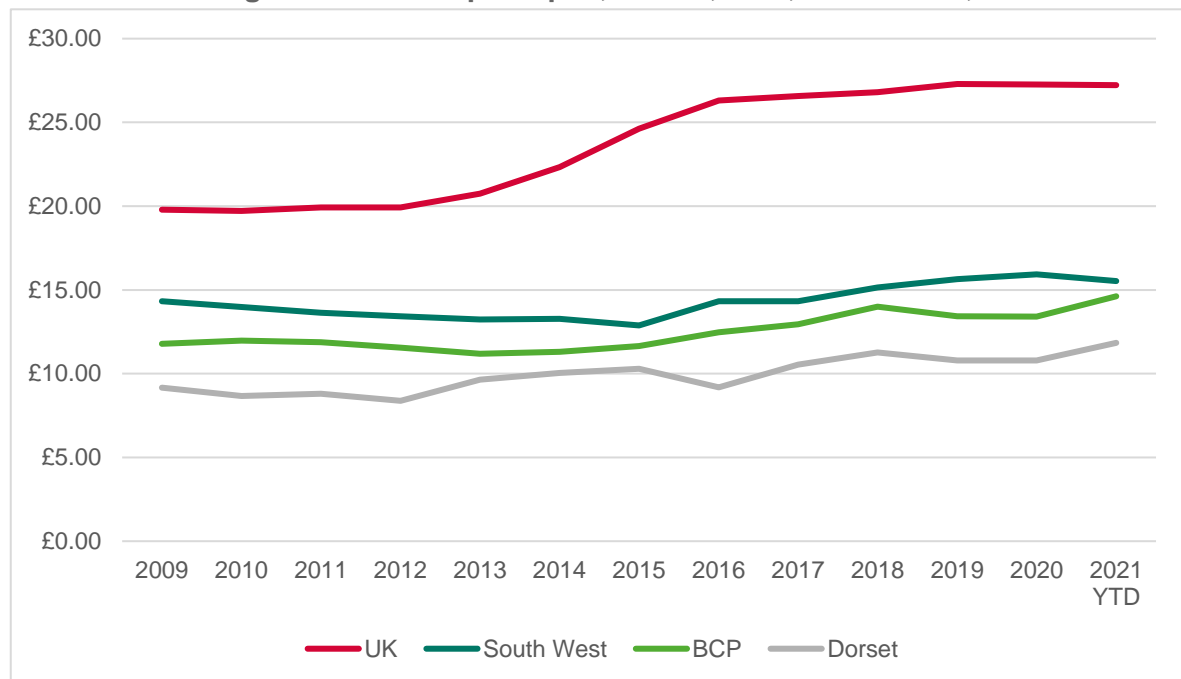
Source: Icen analysis of CoStar data

Rents

- 5.29 The figure below shows how average rental prices per sq ft in Dorset and BCP have changed over time compared to the South West region and the UK.
- 5.30 Average rents in Dorset and BCP currently sit at £11.84 and £14.62 respectively, lower than both the UK average of £27.22 and the South West of £15.52. BCP has consistently higher average office rental prices than Dorset; this is unsurprising considering its highly urbanised and central nature, making it generally more attractive. Average rental prices across all four areas have generally increased since 2009.
- 5.31 While average rents in BCP and Dorset are lower than the South West, the percentage growth from 2020 to 2021 for both areas was above 9% (BCP 9.0%, Dorset 9.7%), with the South West average falling slightly by -2.6%. This trend is also seen over the longer term; from 2011 to 2021 the percentage change for BCP sits at 23.2%, Dorset at 34.4%, whereas the South West sits at just 13.8%. Similarly, across a medium term from 2016 to 2021

percentage change for both Dorset (29%) and BCP (17.2%) exceeds both the national (3.5%) and regional (8.3%) comparators. These rates of growth indicate an outlook for office space rental in which rental prices are increasing at a greater pace than nationally and regionally but still remain below due to their lower start point.

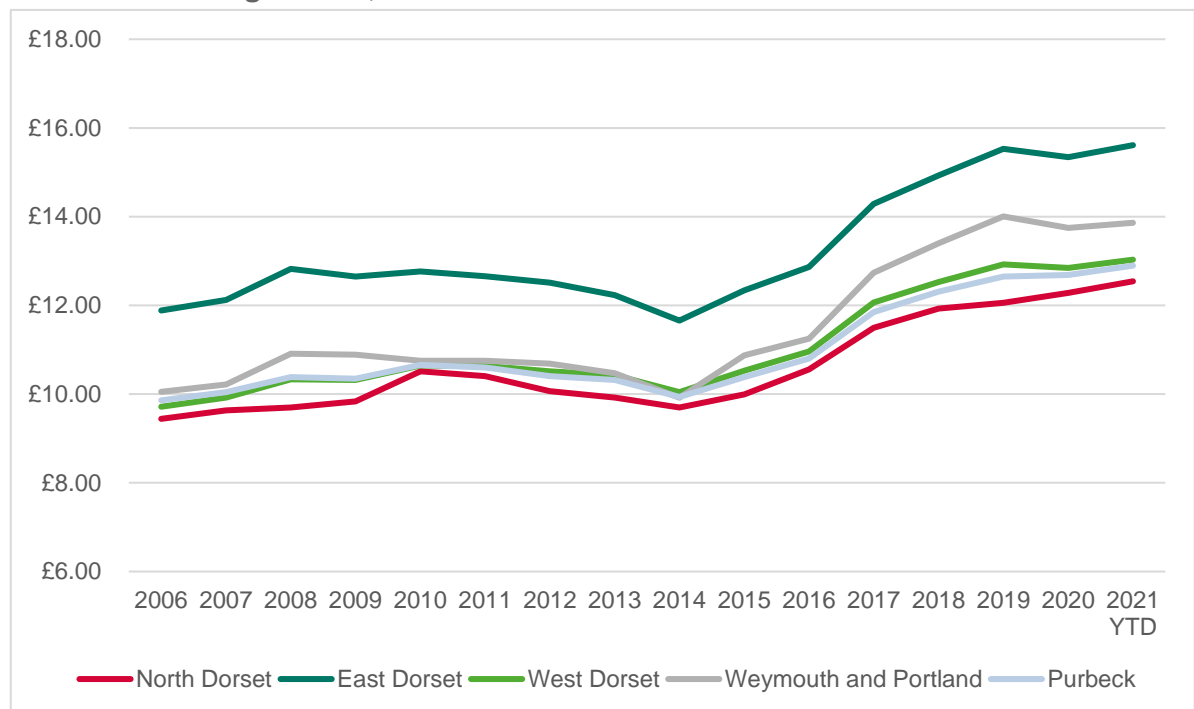
Table 5.9 Average Office Rents per sq. ft.; Dorset, BCP, South West, UK



Source: Icen analysis of CoStar data

- 5.32 When taken down to sub-area level, yearly rental prices follow broadly similar trends across the county. East Dorset sees consistently higher rental costs at £15.61 in 2021, followed by Weymouth and Portland at £13.86. North Dorset sees the lowest rental costs of all Dorset sub-areas at £12.54 in 2021.
- 5.33 High rents in the sub-areas are likely to reflect more desirable locations although can also reflect a particular type of premise and more limited range of supply. As East Dorset is the most directly linked to the BCP markets, it can be assumed that the higher rental prices achieved in BCP will influence rental prices within this area. Weymouth and Portland can be seen as an attractive submarket by virtue of the large population centre and links to Portland Port which may command specific rentals for particular stock.

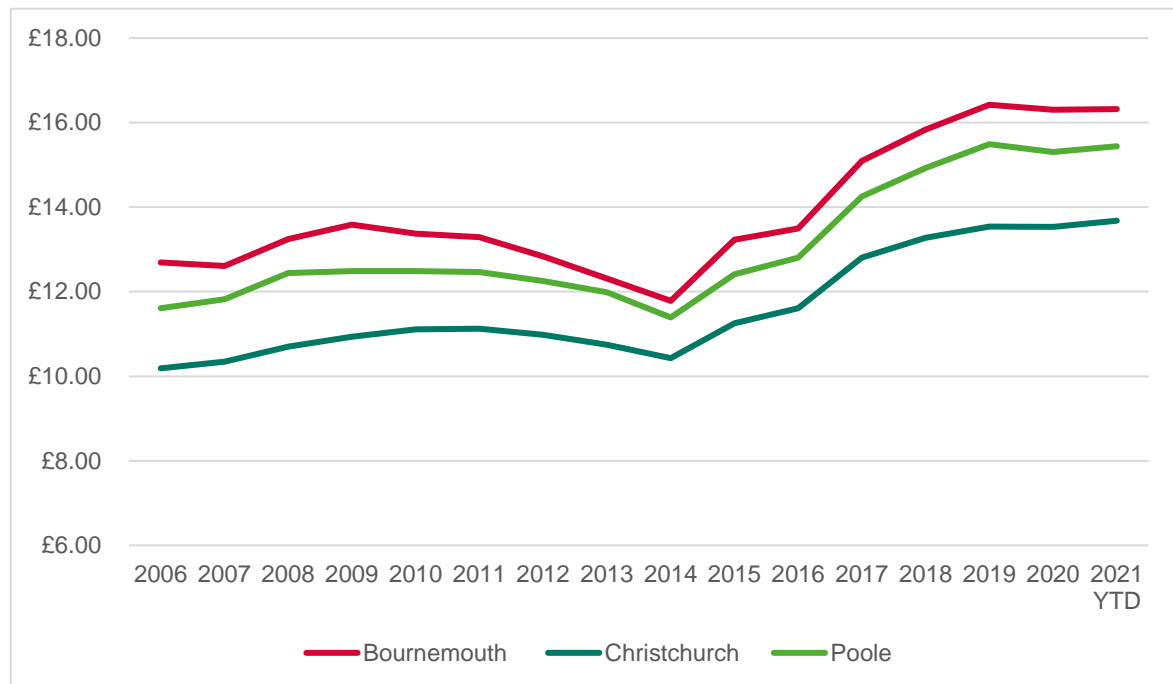
Table 5.10 Average Rents; Dorset Sub Areas



Source: Icen analysis of CoStar data

- 5.34 As previously discussed, BCP has higher rental costs per sq ft than Dorset, with the 2021 average sitting at £14.62. All three sub-areas follow a broadly similar trend with a dip in rents in 2014 followed by a steady increase up to 2019, where rental costs appear to have levelled. Across the BCP sub-areas, Bournemouth continuously sees the highest rental costs for offices at £16.32 in 2021. Poole also sees high costs at £15.44 in 2021. Christchurch has the lowest rental costs (£13.68 in 2021).

Table 5.11 Average Rents; BCP Sub Areas



Source: Icen analysis of CoStar data

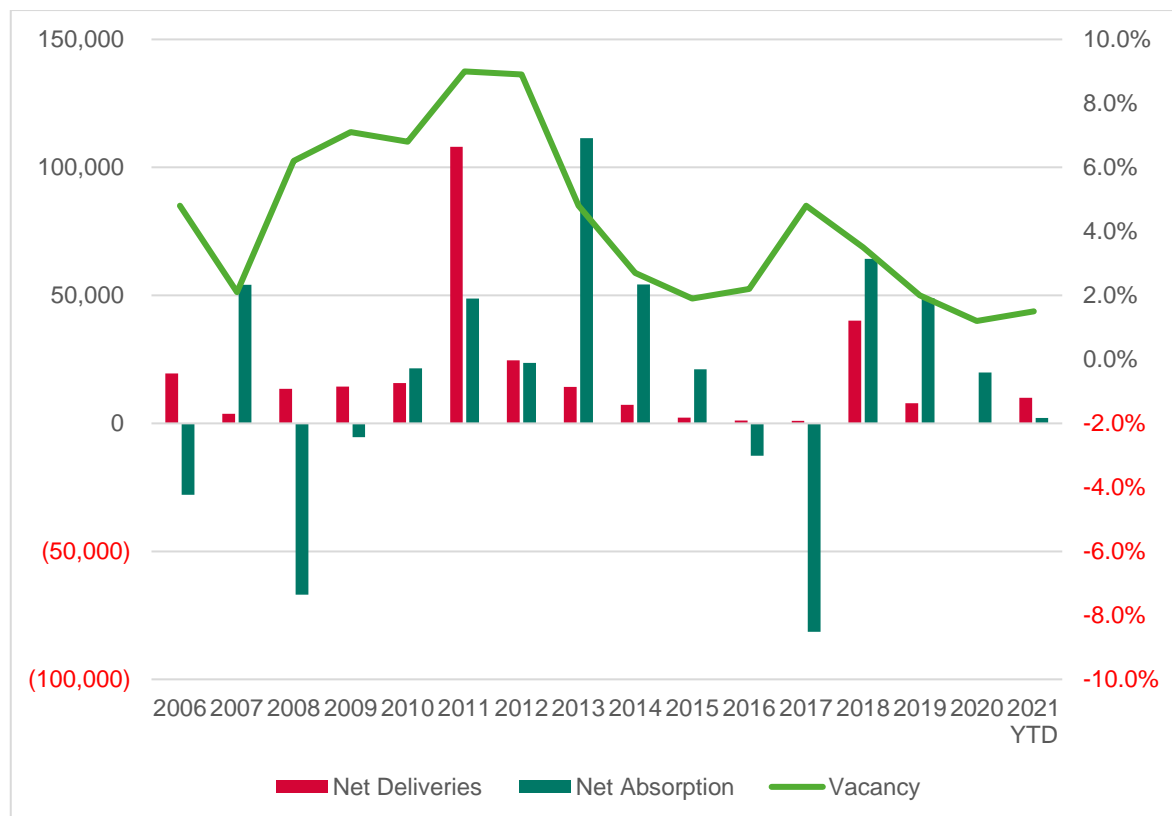
Net absorption leasing

- 5.35 CoStar provides data on net absorption. This is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs). It provides an indicator of the strength of demand. Net deliveries are the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).
- 5.36 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).
- 5.37 The figure below shows net absorption, net deliveries, and their resulting impact on vacancy rates in Dorset. It can be seen within this graph that net absorption in Dorset is linked with overall vacancy rate, with move outs increasing vacancy and vice versa.
- 5.38 A net absorption of -66,891 sq ft in 2008 led to a vacancy rate increase of 4.1 percentage points between 2008 and 2009, with vacancy rate only falling again in 2013 likely caused by a positive net absorption of 111,465 sq ft. Since 2017, the vacancy rate has been steadily falling with positive net absorption year-on-year. Most recently, as net absorption has fallen

to 2,184 sq ft, vacancy rates have increased slightly by 0.3 percentage points. It should be noted that despite the recent increase, the Dorset vacancy rent is still relatively low at 1.5% (although, as noted previously, this may exclude some smaller properties).

5.39 In terms of net deliveries, at no point since 2006 have there been negative net deliveries, meaning that in all years more floorspace is gained than lost/demolished (Council monitoring reports an average of 2.3 ha lost per annum to residential / non B use during 2011-18). Net deliveries were highest in 2011 at 107,998 sq ft and lowest in 2020. The average net deliveries per annum since 2006 is 17,709 sq ft. This appears to have dropped over the recent shorter term with the average since 2016 falling to 10,010 sq ft.

Table 5.12 Net Absorption, Net Deliveries (sq ft) and Vacancy Rates; Dorset

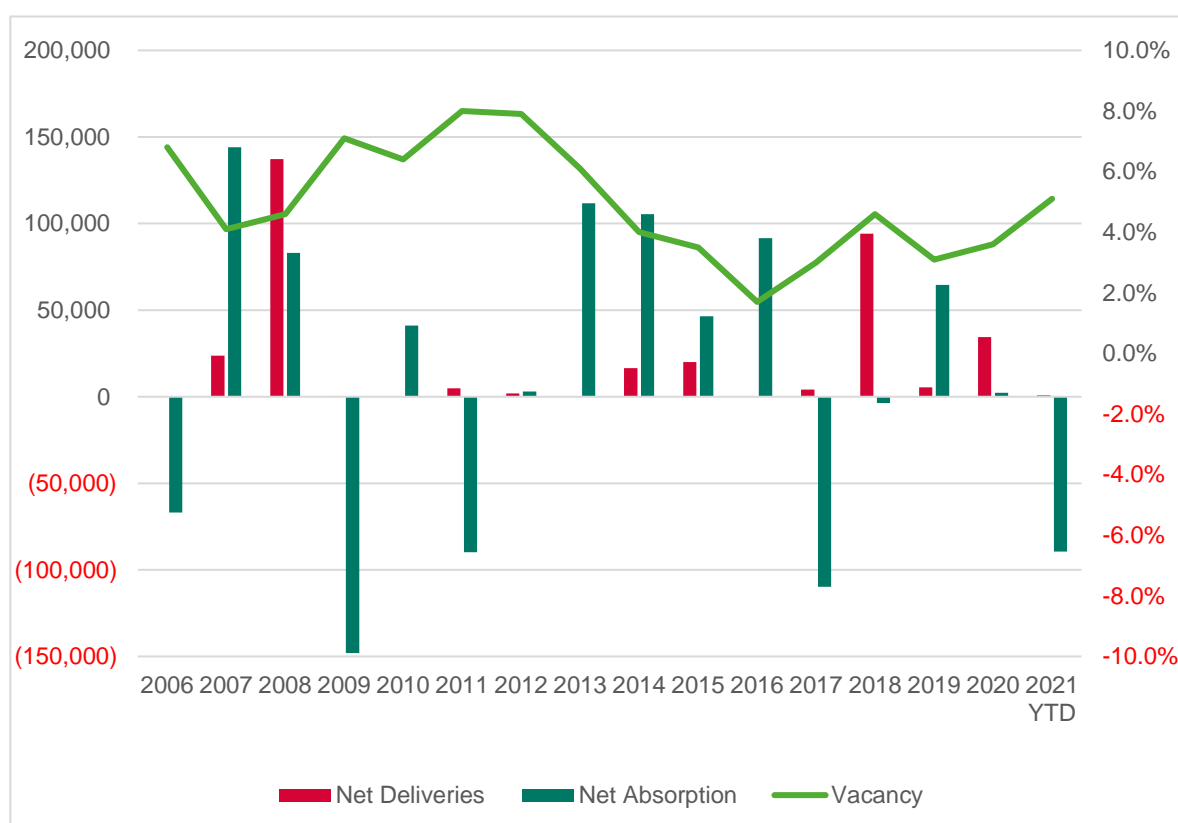


Source: Icení analysis of CoStar data

5.40 In BCP, since 2006 there have been 6 years with negative net absorption rate at an average of -84,586 sq ft. With a higher number of years seeing negative net absorption in BCP compared to Dorset, the vacancy rate is also higher. As of 2021, office vacancy in BCP sits at 5.1%, although this is not considered a particularly high vacancy rate in wider terms. It should be noted that this has been increasing since 2019.

- 5.41 The highest year for net deliveries in BCP was 2008, seeing a growth of 137,307 sq ft. of office floorspace. Overall, BCP has a higher number of years with no net deliveries. Despite this, the average net delivery per annum from 2006 to 2021 is 21,492 sq ft. Over the shorter period from 2016 to 2021, average net delivery per annum in BCP was 23,170 sq ft. This demonstrates a market that despite seeing high negative net absorption still has demand for new office space.

Table 5.13 Net Absorption, Net Deliveries (sq ft) and Vacancy Rates; BCP



Source: Icen analysis of CoStar data

Demand by Size

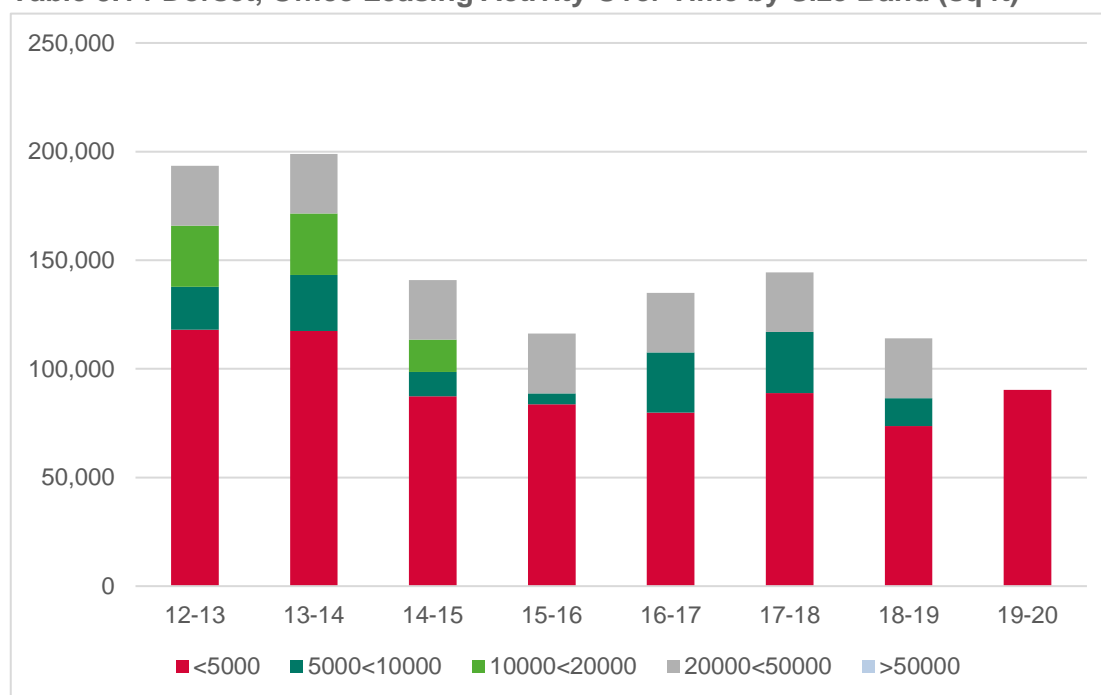
- 5.42 The amount of leasing activity which has occurred in various size bands has been assessed to provide an indication of demand by size. However, it should be remembered that leasing activity is constrained by the size of available stock. Therefore, our assessment of demand by size has been considered together with information from stakeholders.
- 5.43 Leasing information has been obtained through the Dorset Property Pilot database.
- 5.44 Leasing activity differs from absorption in that it refers to the amount of space which is leased (i.e., signed for, rather than physically moved into).

5.45 The figure below shows the amount of leasing activity (sq ft) by size band which has occurred in Dorset since 2012.

5.46 Over this period, a majority of leasing deals in each year have been for units less than 5,000 sq ft, with an average of 169,730 sq ft let each year of units less than 5,000 sq. ft. This has generally decreased over time with 138,069 sq ft let in 2019-20 compared to 205,820 sq ft in 2012-13. This appears consistent across all size bands with no units between 10,000 and 20,000 sq ft being let since 2015-16 and no units between 20,000 and 50,000 sq ft let in 2019-20. Over the entire assessed period, no units above 50,000 sq ft have been let.

5.47 This information, when coupled with information gathered from stakeholders, suggests that there is less of a demand for larger office floorspaces and that a majority of businesses tend to occupy offices of less than 5,000 sq ft.

Table 5.14 Dorset, Office Leasing Activity Over Time by Size Band (sq ft)



Source: Icen analysis of Property Pilot data

5.48 When assessed at a sub-area level, Dorset sees variations in leasing activity. Summarised as follows:

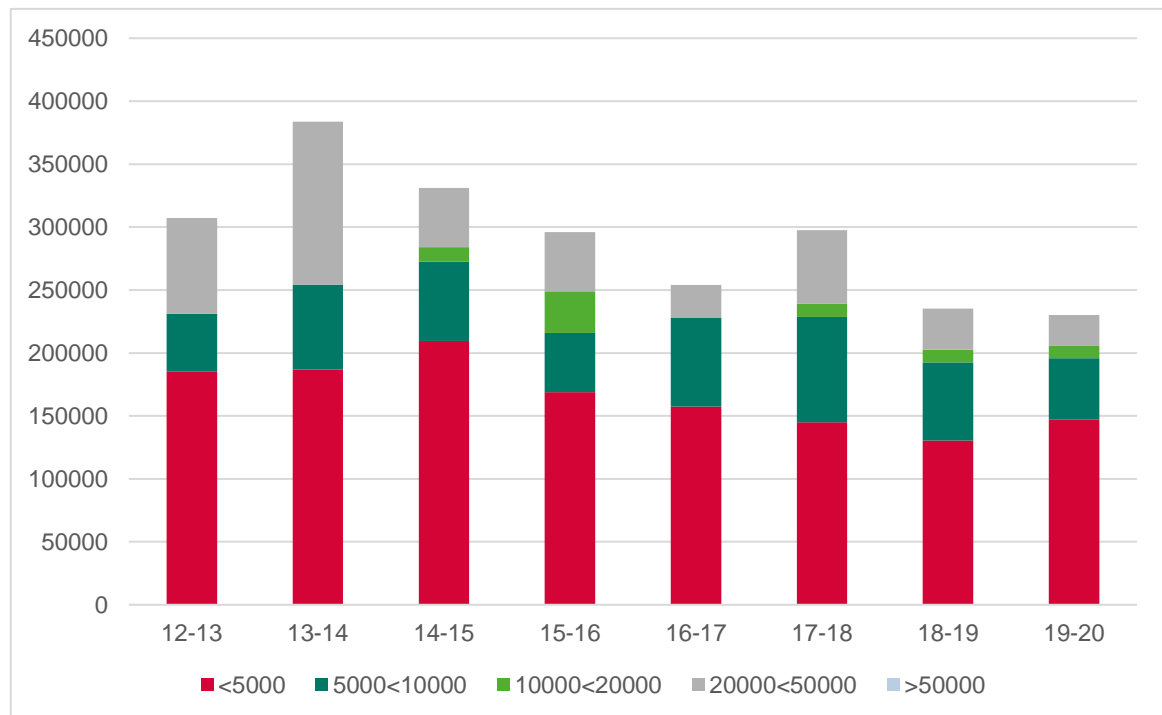
- East Dorset
 - Activity is focused on smaller scale properties with no units let above 10,000 sq ft since 2016-17.

-
- The amount of floorspace leased per annum has decreased since 2013-14 from a total of 59,789 sq ft that year to 25,430 sq ft in 2019-20.
 - North Dorset
 - Similarly skewed towards smaller size bands, less than 5,000 sq ft and between 5,000 and 10,000 sq ft.
 - The amount of floorspace let annually has decreased over time particularly in the less than 5000 sq ft band.
 - Purbeck
 - All leasing activity within the sub-area since 2012 has been within the less than 5,000 sq ft band.
 - Most likely a result of constrained supply and lack of demand for larger units, in addition to the proximity to Poole and access to workforce thanks to better public transport.
 - West Dorset
 - Some activity within larger 10,000 to 20,000 and 20,000 to 50,000 sq ft size bands. The only sub-area within Dorset to see leasing activity within these groups, which is partially explained by new office build at Poundbury.
 - Weymouth and Portland
 - Follows the trend seen in most other Dorset sub-areas of no leasing activity within the larger size bands. Unlike other sub-areas, the overall amount of floorspace let each year has seen large increases going from 7,147 sq ft in 2012-13 to 16,495 in 2019-20.
 - The sub-area has also seen very low amounts of floorspace let, particularly in 2014-15 and 2015-16. These large dips in leased floorspace indicates a sub-area that is potentially more susceptible to external market forces than others.

5.49 Leasing activity within the BCP office market sees some similarities to that of Dorset. Much like Dorset since 2012, there have been no lease deals for office space larger than 50,000 sq ft, and the majority of the floorspace let year-on-year is within units of less than 5,000 sq ft. Units of between 5,000 and 10,000 sq ft also see yearly leasing activity, although to a

lesser extent of those at the smaller scale. Contrary to that of Dorset, units of between 20,000 and 50,000 sq ft see higher leasing activity in BCP showing a clear demand and some availability of stock within this size band. Leasing activity for mid-sized stock between 10,000 and 20,000 sq ft varies; the floorspace let is lower than all other size ranges and in both 2012-13 and 2016-17 no activity was seen within this size band.

Table 5.15 BCP, Office Leasing Activity Over Time by Size Band (sq ft)



Source: Icen analysis of Property Pilot data

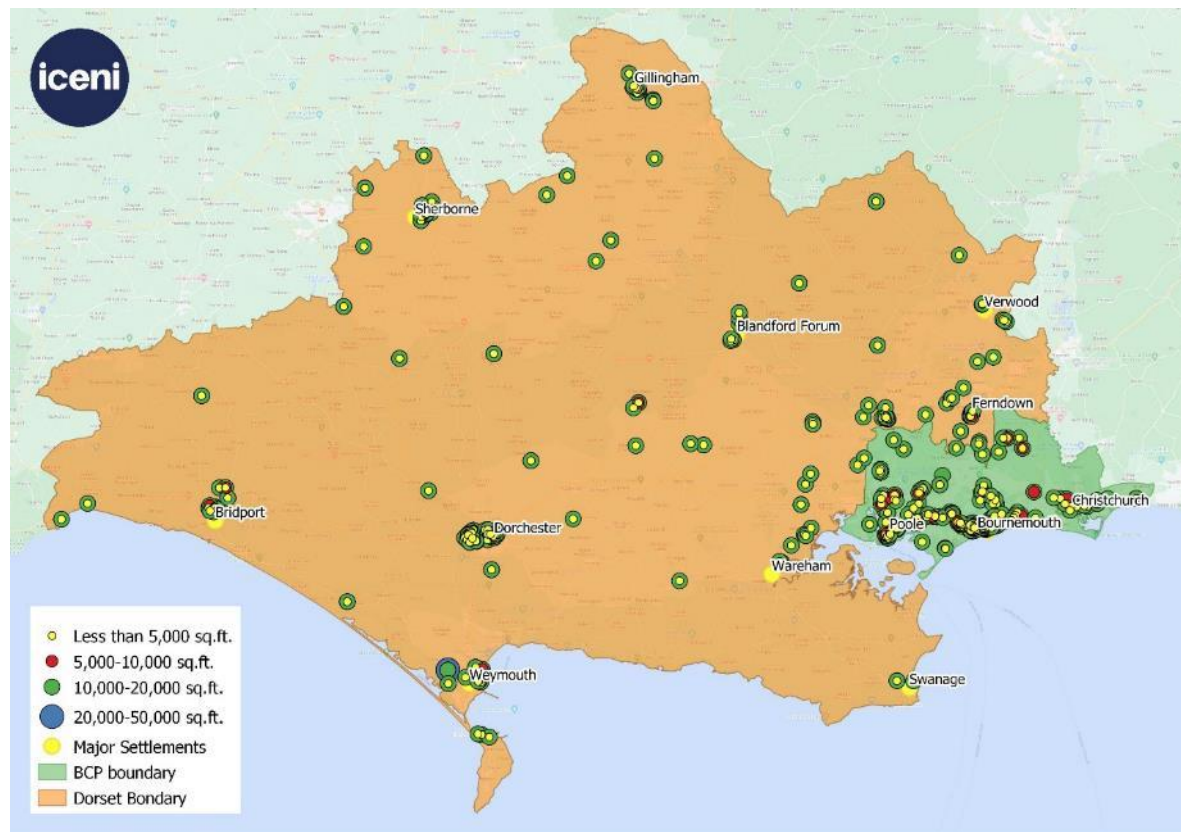
5.50 Leasing activity at sub area-level is summarised as follows:

- Bournemouth
 - Appears very similar to the overall BCP market and considering the high proportion of overall office floorspace situated in Bournemouth indicates that it is very influential on the overall BCP market.
 - Within the 20,000 to 50,000 sq ft band, Bournemouth is the only sub-area to see leasing activity from 2015-16 onwards, indicating a lack of supply for premises of this size in other sub-areas.
- Christchurch

-
- Sees a large majority of the annually leased floorspace falling within the less than 5,000 sq ft band; however, this has fallen over time from 36,299 sq ft in 2012-13 to 23,291 sq ft in 2019-20.
 - The sub-area also sees similar concerns with supply of units within the 10,000 to 20,000 sq ft band, with only one deal for 10,787 sq ft taking place since 2012.
 - Poole
 - Overall, the amount of floorspace let per annum has decreased since 2012, primarily due to reductions in floorspace leases under 5,000 sq ft.
 - The sub-area did see some leasing activity within the larger size bands from 2012-13 to 2015-16. This has not been the case in most recent years, demonstrating again a constrained supply of office floorspace of this size.

5.51 The figure below shows the location and size band of office lease deals in Dorset and BCP. In Dorset, units of less than 10,000 sq ft see activity across the area but are particularly concentrated around towns such as Dorchester, Gillingham and Sherborne. In BCP, deals for less than 10,000 sq ft are mostly concentrated around Bournemouth. The only deals made in the 20,000-50,000 sq ft band within Dorset were in Weymouth; in BCP all deals were made in Bournemouth.

Table 5.16 Dorset and BCP, Office deals by size (2015-2020)



Source: Iceni analysis of Property Pilot data

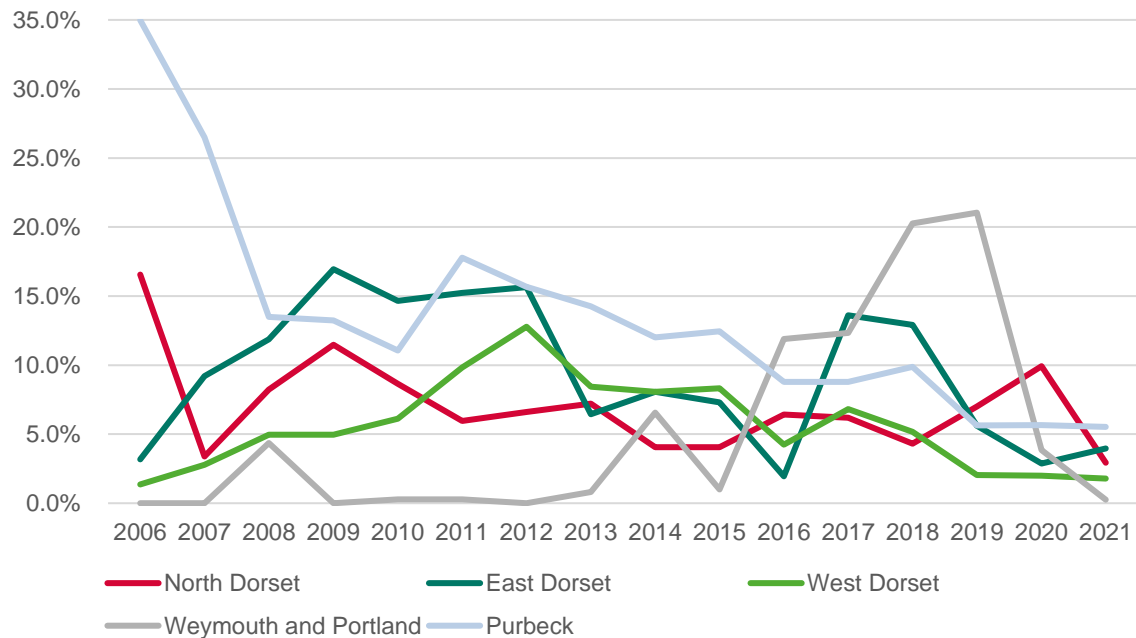
Availability

5.52 The figure below shows levels of availability in each of the Dorset areas. Availability is defined²⁰ as the total amount of floorspace advertised on the market (including occupied space), while vacancy is only unoccupied space. In 2021, all sub-areas had availability levels of 5.5% or less. Weymouth and Portland, which also has a vacancy rate of 0%, has 0.2% of space available. Purbeck is the highest at 5.5%. Overall, despite some spikes from 2016 to 2019, availability has generally been falling since 2011 and sitting at a healthy 5-

²⁰ A more precise (CoStar) definition of availability is as follows: "the total amount of space that is currently being marketed as available for lease or sale in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. CoStar includes only existing, under construction, and under renovation buildings in its statistical calculations of available space."

10%. As with vacancy data, there will be some data issues for availability in these more rural areas that have small unit concentrations that do not get reported on CoStar.

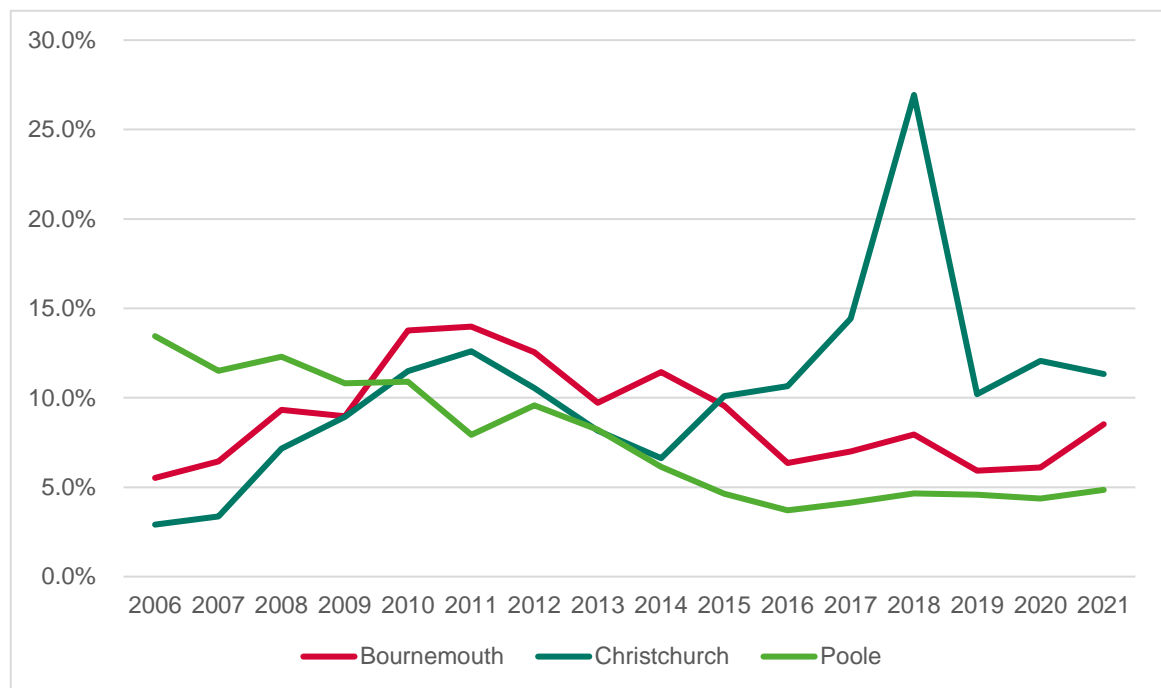
Table 5.17 Dorset; Availability by Sub Area



Source: Icení analysis of CoStar data

5.53 BCP shows higher levels of availability than Dorset. Christchurch sees the highest availability of 11.3%, with the lowest in Poole at 4.8%. Except for a spike in availability in Christchurch in 2018, likely linked to the spike in vacancy at the same time, availability in the sub-areas appears to have fallen since 2011, and levelled out somewhat from 2016, with small increases and decreases year-on-year. Losses to residential will have contracted available space during this period.

Table 5.18 BCP; Availability by Sub Area



Source: Icení analysis of CoStar data

Industrial

UK Industrial Market Overview

- 5.54 The CoStar Industrial National Report 2021 considers demand conditions to have rarely been stronger. The accelerated shift towards e-commerce has fuelled the expansion of online retailers and logistics firms. Brexit has resulted in an increase in inventory holdings and therefore additional need for warehousing and storage space. The supply of stock is relatively limited and with demand levels increasing so has the appetite from investors.
- 5.55 The Cushman and Wakefield UK Marketbeat Report (August 2021) reports the Industrial property market keeping momentum through the first 3 months of 2021, with transactions totalling 12.4 million sq ft in just Q1. Retail, parcel delivery and general logistics continue to be the driving force behind this. Within London and the South West in particular, requirements for film studio space continue to be seen, with most regions performing very well overall.

Regional Industrial Market Overview

- 5.56 For the South Coast (Dorset to Portsmouth), CoStar report that as of Q4 2021 the industrial market has experienced minimal pandemic impact since the coronavirus outbreak. Prior to the crisis, South Coast's industrial market was experiencing strong momentum with most indicators among the healthiest on record, and the market remained resilient amid the

pandemic. Furthermore, industrial is perhaps the best positioned of all sectors, given the pandemic's lift to e-commerce orders as people self-isolate and practice social distancing. A sustained supply/demand imbalance has significantly compressed the vacancy rate since its peak of around 8% in 2012. Despite a wave of new construction in more recent years, continued demand for industrial and logistics space kept the market's vacancies near historic lows. Around half of the space was still under construction in 2021 Q4, which will increase vacancies once those schemes deliver.

5.57 Lambert Smith Hampton report that in Q3 2020 the South Coast witnessed an undeniably strong performance with outstanding figures in availability, take up and enquiry levels. This report notes that despite the UK experiencing the impact of COVID-19, industrial market indicators show a positive outlook that is reflected by the sentiment of businesses, landlords and occupiers on the South Coast.

5.58 In BCP vacancy is around 2.5% in Q4 2021. Construction in recent years has seen speculative schemes such as Horizon Park completed and significant projects planned, such as St. Modwen Park, Poole. In Dorset, there are a series of units under construction at Ferndown Industrial Estate.

Dorset, Bournemouth, Christchurch and Poole Industrial Stock

5.59 The VOA²¹ provide information on the number of rateable industrial properties²² and the amount of floorspace by administrative area. In Dorset and the BCP council areas 2019/20, there were 5,150 industrial properties providing 3,007,000 sqm of floorspace in total. This makes up 10.6% of total floorspace across the South West.

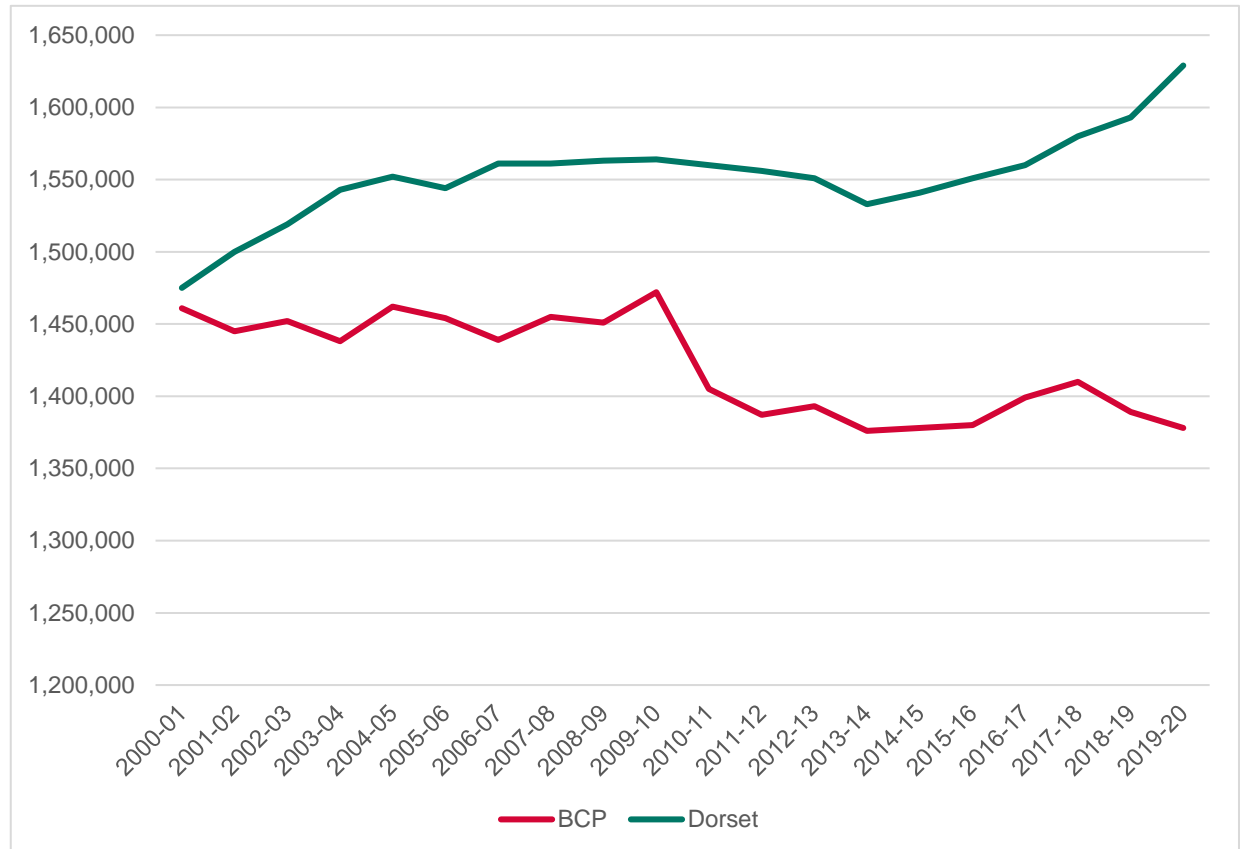
5.60 The figure below shows the change in industrial floorspace in BCP and Dorset between 2000-01 and 2019-20. In 2000-01 both areas saw similar amounts of industrial floorspace; 1,461,000 sqm in BCP and 1,475,000 sqm in Dorset. Since then, industrial floorspace in the two areas appears to have split with Dorset gradually rising to 1,629,000 sqm and BCP falling to 1,378,000 sqm. This is likely a result of the more urbanised and residential nature

²¹ VOA: Non-domestic rating: stock of properties including business floorspace, 2019

²² It should be noted that these could be within the same building.

of the BCP area, constraining the areas that could be developable for industrial space whilst similarly making residential development on obsolete industrial sites more profitable.

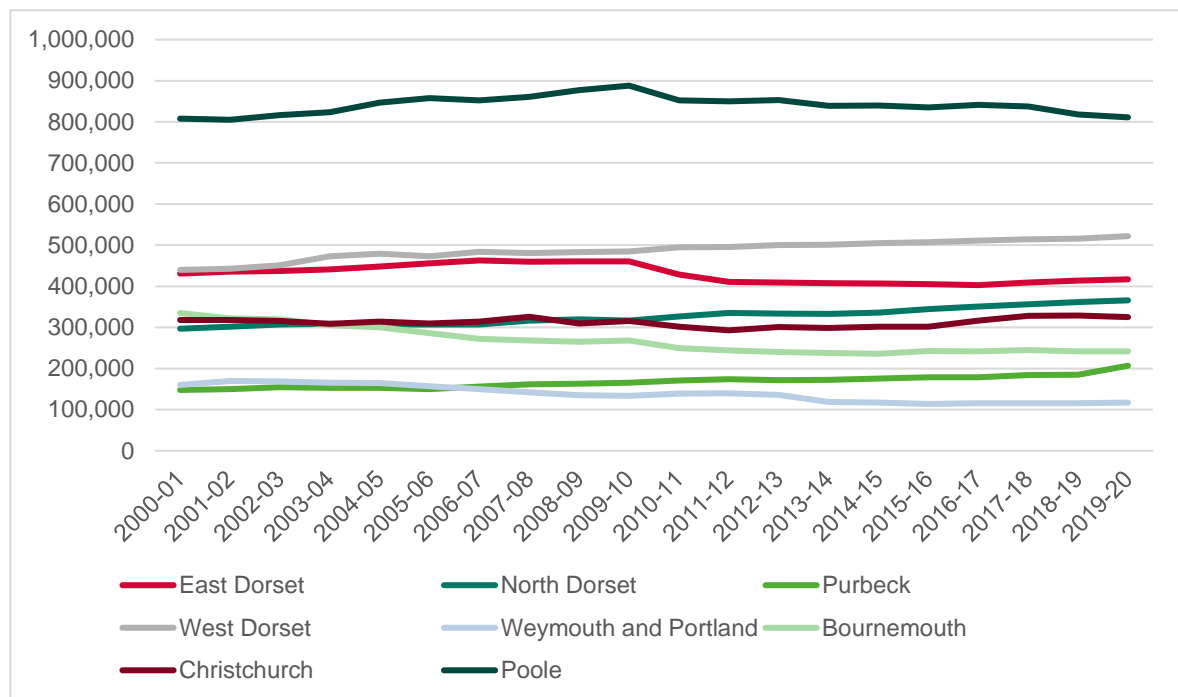
Table 5.19 Industrial Floorspace, BCP and Dorset (2000/01 – 2019/20), sqm



Source: Iceni analysis of VOA data

- 5.61 When Industrial floorspace is broken down by sub-area it can be seen that within Dorset, West Dorset sees the highest amount of industrial floorspace with 522,000 sqm, followed by East Dorset at 417,000 sqm. Weymouth and Portland see the lowest amount of industrial floorspace within the county at 117,000 sqm. Weymouth and Portland and East Dorset are the only sub-areas in which floorspace has decreased overall since 2000/01.
- 5.62 Within BCP, Poole has the highest amount of floorspace of all sub-areas at 811,000 sqm in 2019/20 followed by Christchurch (325,000 sqm) then Bournemouth (242,000 sqm). Industrial floorspace within Poole appears to have been decreasing in recent years, from a peak of 888,000 sqm in 2009/10.

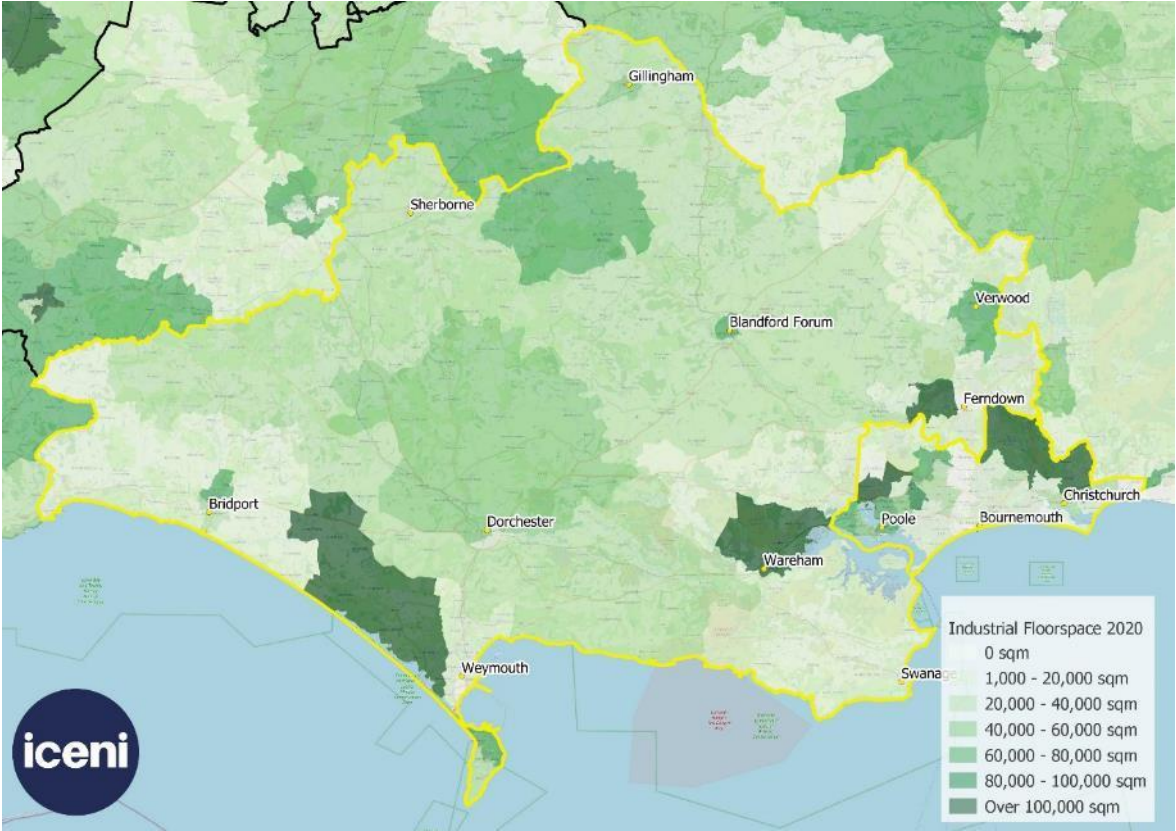
Table 5.20 Industrial Floorspace, Sub Areas (2000-1/2019-20)



Source: Icen analysis of VOA data

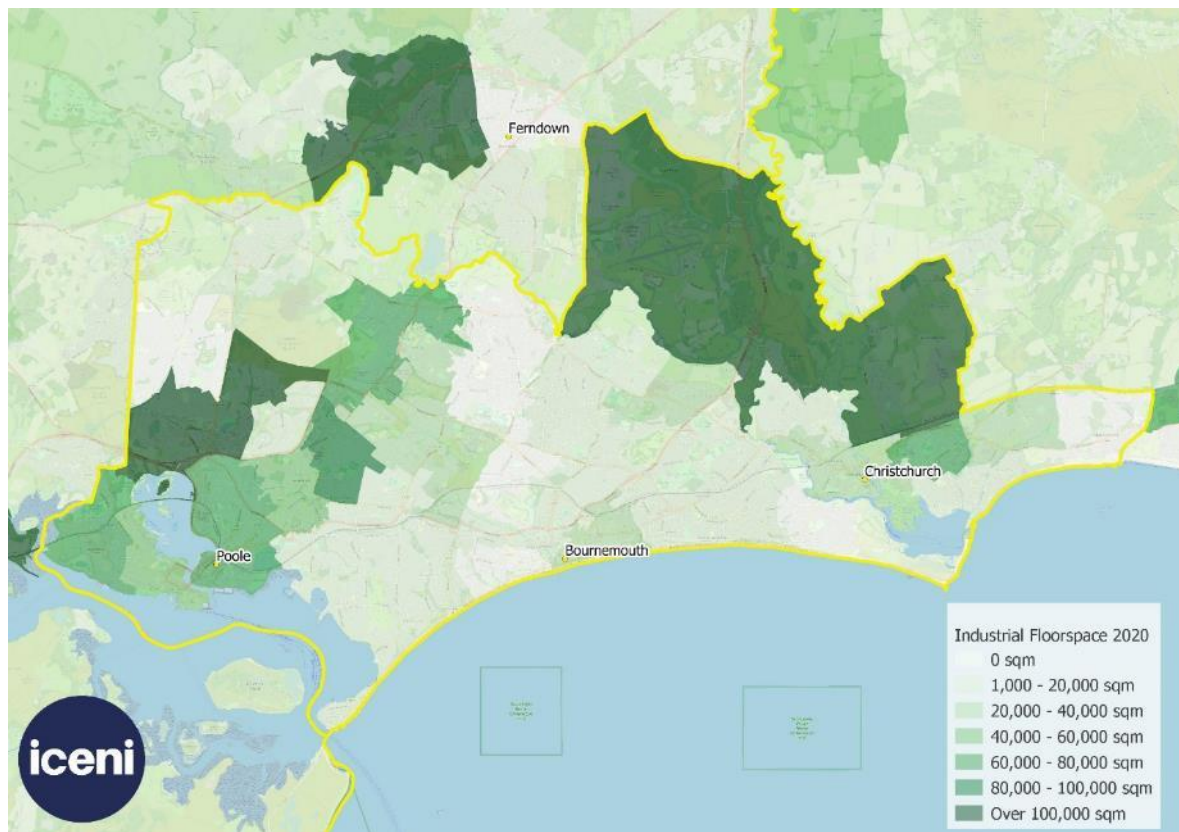
5.63 The figures below show the concentrations of industrial floorspace in Dorset, BCP and the wider area. Within Dorset and BCP, industrial floorspace appears to be concentrated particularly close to the towns of Weymouth, Wareham and Christchurch. There are further clusters of industrial space in Bridport, Blandford Forum and Poole, although these appear less defined and concentrated.

Table 5.21 Industrial Floorspace, Dorset and BCP (2020)



Source: Iceni analysis of VOA data

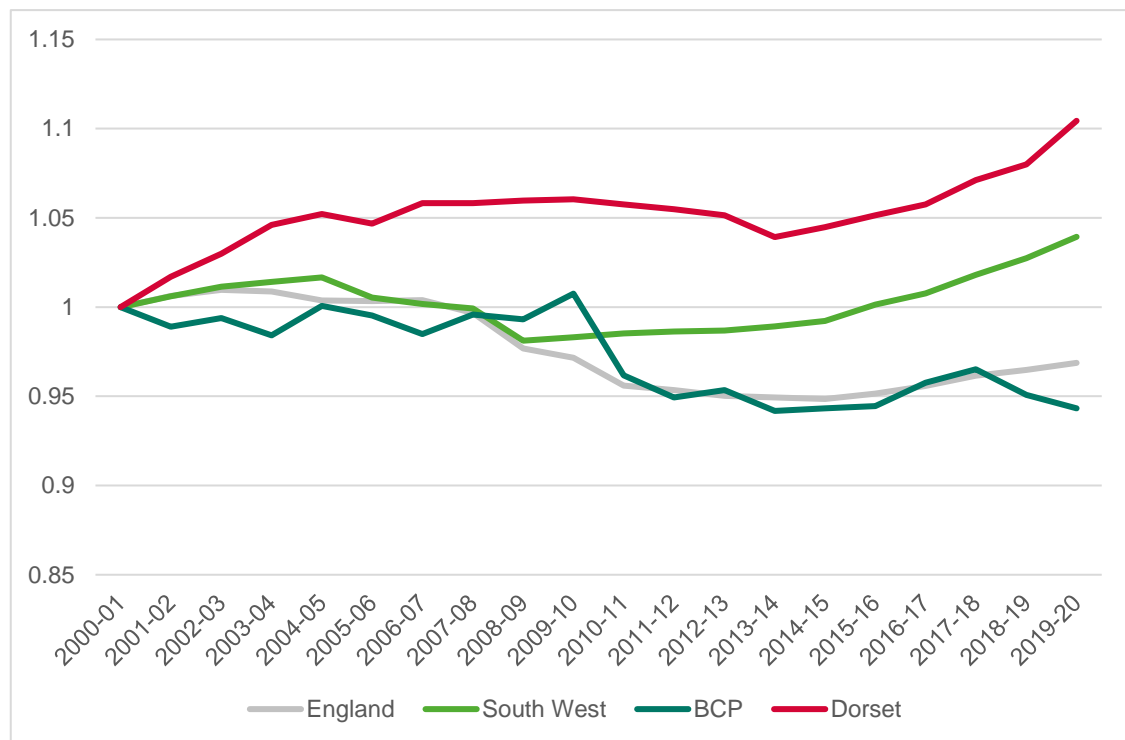
Table 5.22 Industrial Floorspace BCP (2020)



Source: Icen analysis of VOA data

- 5.64 The figure below shows how the amount of floorspace has changed in Dorset and BCP compared to the South West and England, with total floorspace in 2000-01 in each area acting as a base index. Nationally, floorspace has decreased although has begun to slowly increase again since 2014-15. Industrial floorspace within BCP broadly follows this trend.
- 5.65 When compared to each Dorset and BCP have seen starkly different changes in floorspace over time. While BCP floorspace has generally fallen since 2001, in Dorset it has increased quite dramatically. Although the lower amount of floorspace in Dorset means that the index is more responsive to change, it can still be seen that when compared to 2000-01 levels, floorspace has increased and by a larger proportion to that of decreases within BCP.

Table 5.23 Indexed Industrial Floorspace Change (2000/01 – 2019/20)

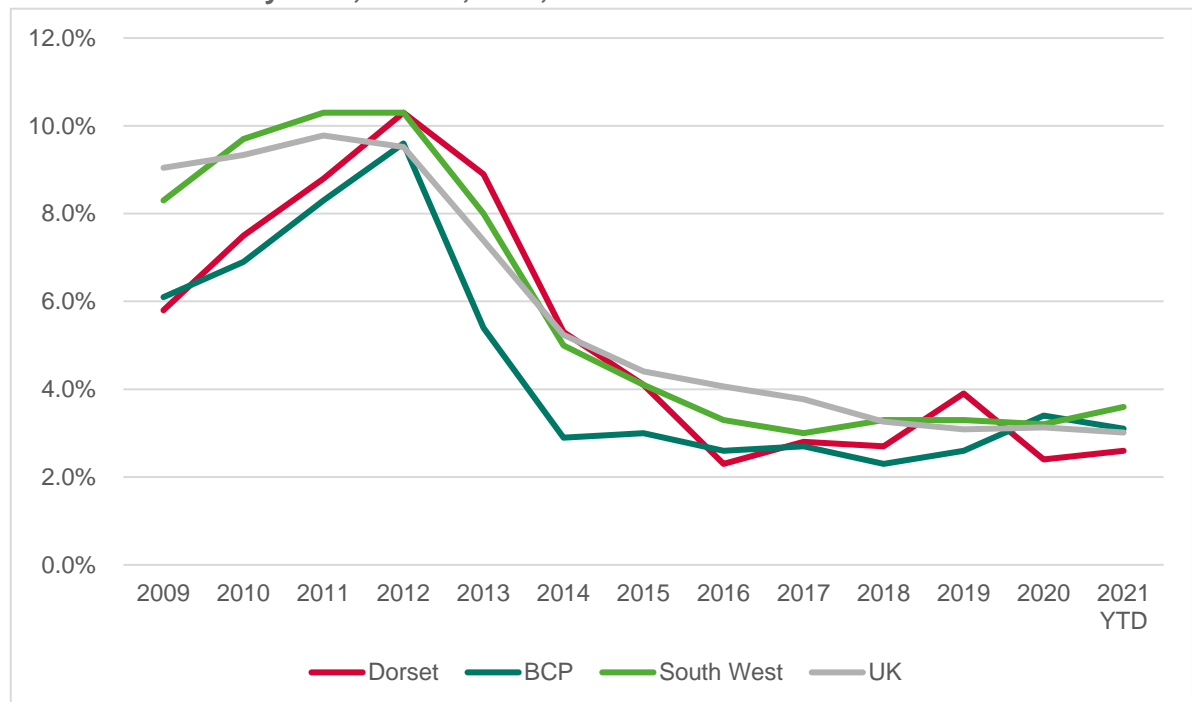


Source: Icen analysis of VOA data

Overall Supply-Demand Balance – Dorset and BCP Industrial Market

- 5.66 The overall supply-demand balance has been assessed by looking at a number of headline indicators – namely vacancy rates and rents. The drivers of changing vacancy rates, demand and supply, have then been assessed by looking at net absorption and net deliveries.
- 5.67 The figure below shows the vacancy rate change over time in Dorset, Bournemouth, Christchurch and Poole compared to the South West region and the UK.
- 5.68 In 2021, vacancy rates in Dorset and BCP sit at 2.6% and 3.1% respectively, the UK sits at 3%, and the South West at 3.6%. In all areas, vacancy rates have decreased overall since 2011. Since 2016 the vacancy rate in all areas has sat between 2% and 4%; this historically low vacancy rate typically indicates a supply shortage.

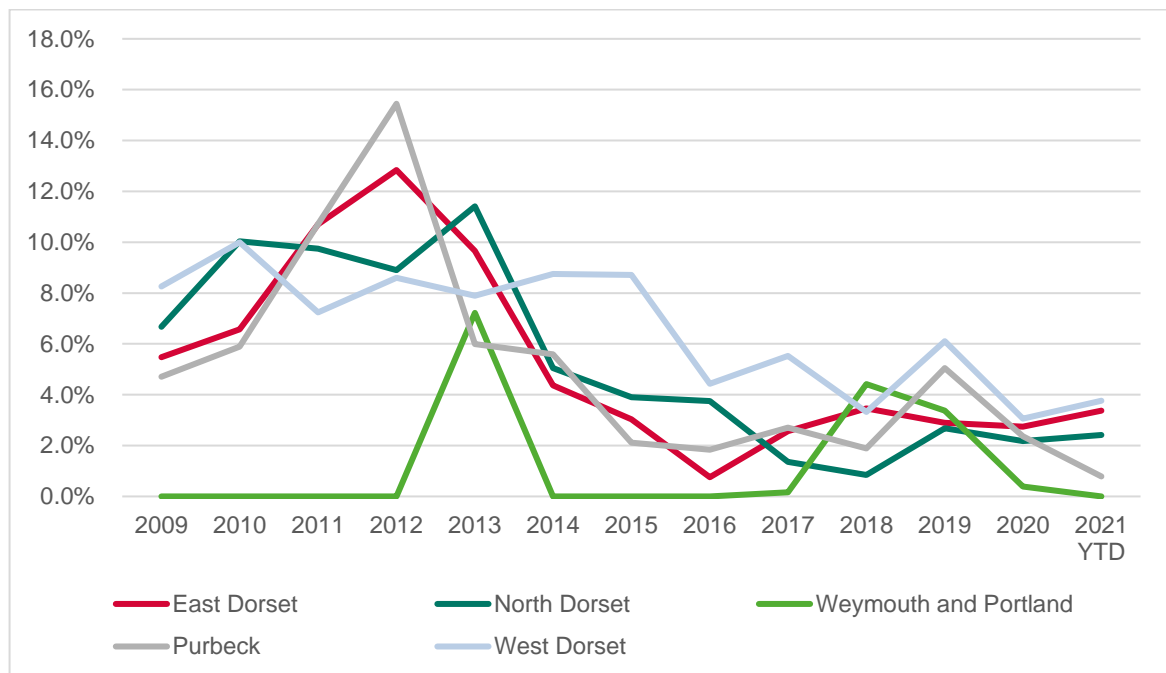
Table 5.24 Vacancy Rate, Dorset, BCP, South West and the UK



Source: Icen analysis of CoStar data

- 5.69 On a sub-area level, vacancy rates across Dorset appear to have varied greatly as set out in the chart below.
- 5.70 Weymouth and Portland has seen high levels of variation, although data can be less reliable for smaller areas. Overall Weymouth and Portland has maintained a vacancy rate near to zero with occasional rises as new units have been brought on. The smaller vacant space is unlikely to be recorded on CoStar.
- 5.71 Overall, vacancy rates in each of the sub-areas have decreased since 2011, now all sitting below 5% with the highest in West Dorset of 3.8%. Despite increasing industrial floorspace, vacancy rates have continued to decrease indicating a shortage in overall industrial supply.
- 5.72 As with the office market there will be issues with the quality of data coming from CoStar regarding industrial as the smaller, rural estates and unit transactions / vacancies do not get recorded on the national database. However there is better alignment across the Dorset, BCP and wider areas in terms of the lower levels of vacancy - regardless of the sub area statistics which may be less useful. Furthermore the stakeholder engagement points to a shortfall in available premises and very low levels of vacancy across the board which suggest that whilst the CoStar sub area details may not be fully accurate, the messaging is appropriate.

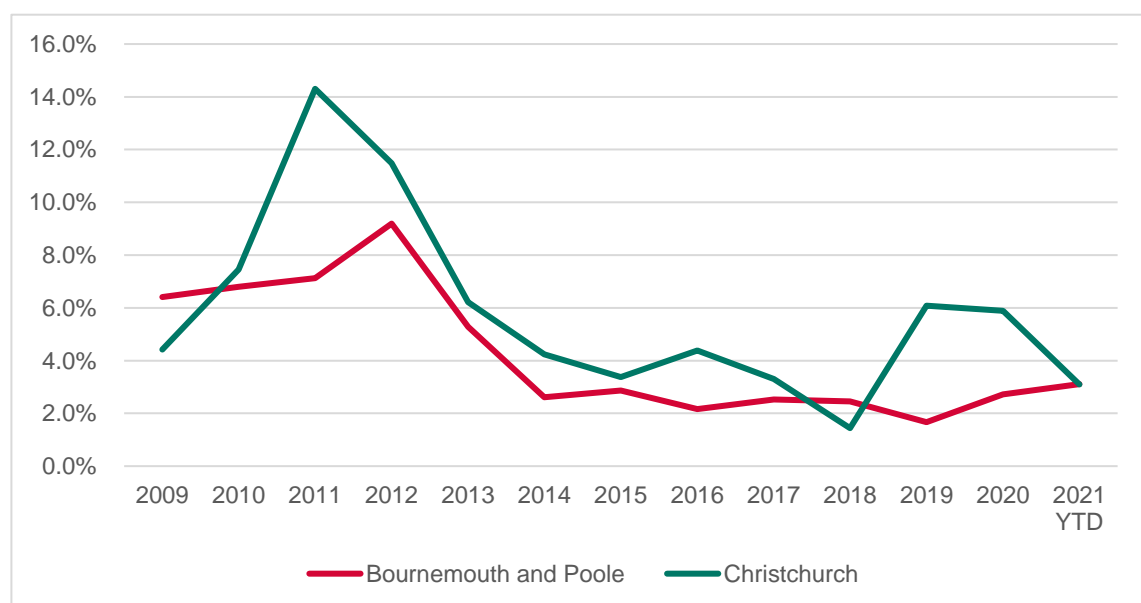
Table 5.25 Vacancy Rate, Dorset Sub Areas



Source: Icen analysis of CoStar data

- 5.73 In 2021, vacancy rates in Bournemouth, Poole and Christchurch sit at 3.1%. Vacancy within the Bournemouth and Poole sub-area appears to follow a similar trend to Dorset with vacancy below 5% since 2014. Considering that Poole has a high level of floorspace, the low vacancy rate typically indicates a lack of supply within this sub-area.

Table 5.26 Vacancy Rate, BCP Sub Areas

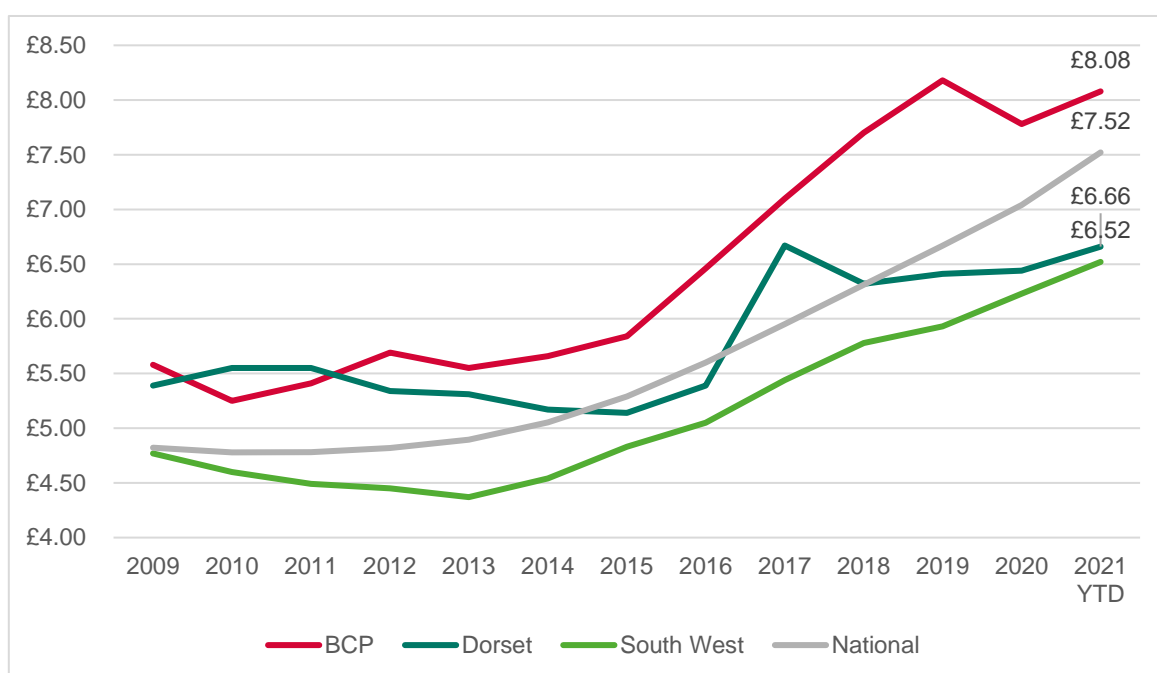


Source: Icen analysis of CoStar data

5.74 The figure below shows how average rental prices per sq ft in Dorset and BCP have changed over time compared to the South West region and the UK.

5.75 Average rents in Dorset and BCP currently sit at £6.66 and £8.08 respectively, higher than the South West average. BCP has consistently higher average industrial rental prices than Dorset, unsurprising considering its highly urbanised and central nature, making it generally more attractive. Average rental prices across all four areas have generally increased since 2013.

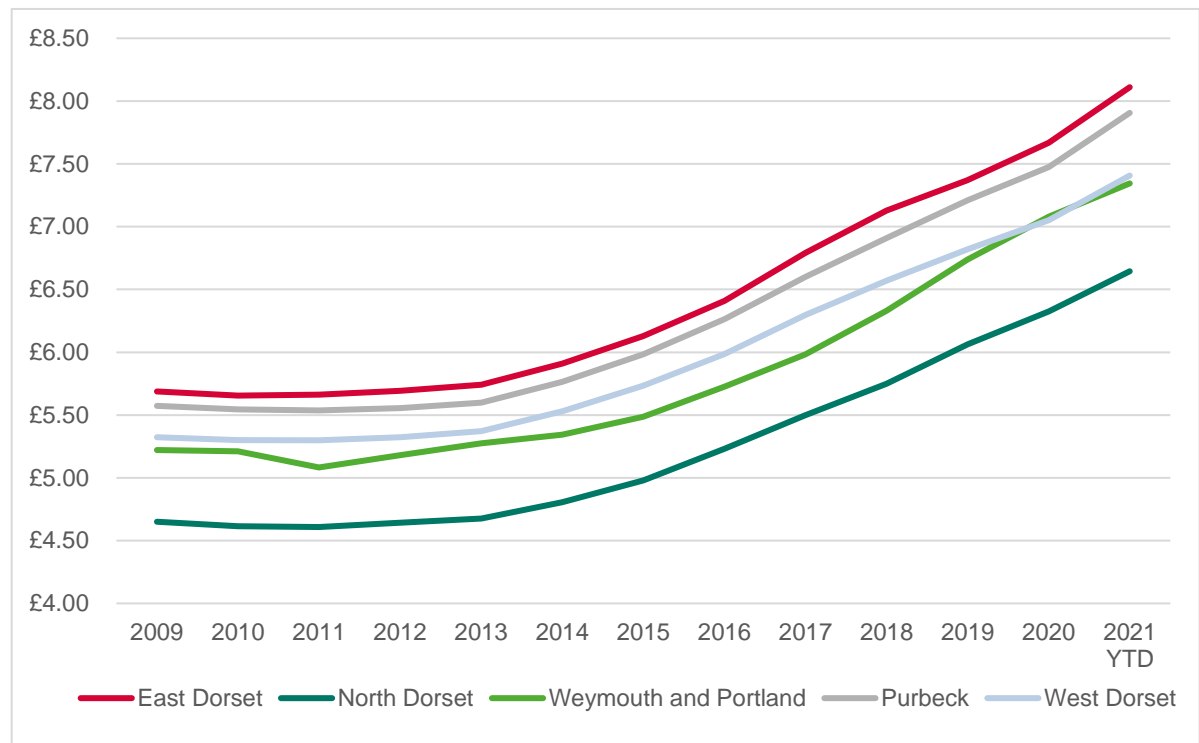
Table 5.27 Average Rents per sq ft; Dorset, BCP, South West, UK



Source: IcenI analysis of CoStar data

5.76 When taken down to sub-area level, yearly rental prices follow broadly similar trends in all sub-areas across the county. Similar to the office market, East Dorset sees consistently higher rental costs (£8.11 in 2021), and North Dorset sees the lowest rental costs (£6.64 in 2021). High rents likely reflect more desirable locations; in the case of East Dorset, it is the sub-area best connected to the conurbation and the wider country.

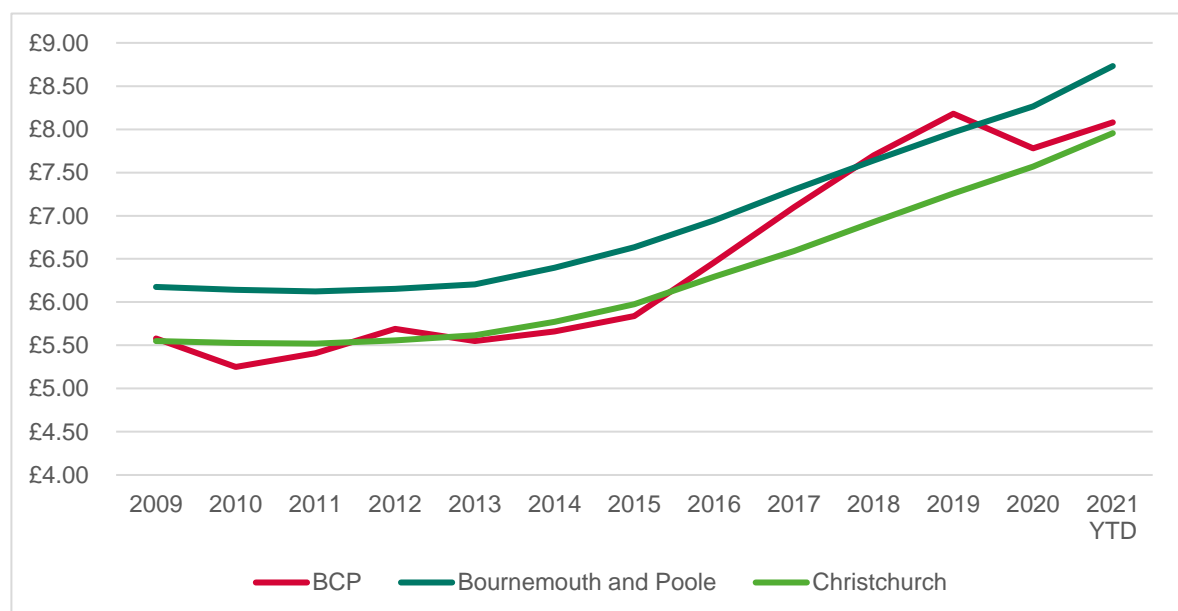
Table 5.28 Average Rents; Dorset Sub Areas



Source: Icen analysis of CoStar data

5.77 BCP overall has higher rental costs than Dorset with the 2021 average sitting at £8.08 per sq ft. The two industrial sub-areas follow a similar trend of rising steadily since 2013. Bournemouth and Poole has the highest rental price of the two submarkets at £8.73 per sq ft in 2021, the highest of all Dorset and BCP sub-areas.

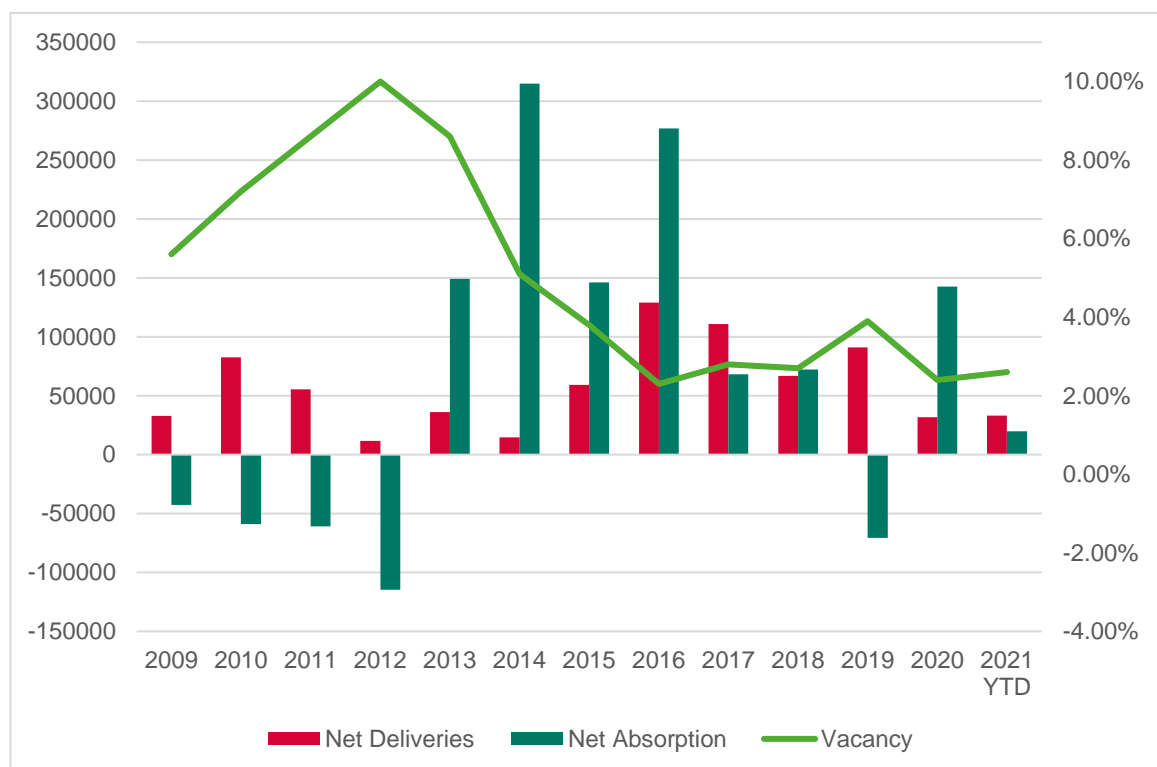
Table 5.29 Average Rents; BCP Sub Areas



Source: Icen analysis of CoStar data

5.78 The figure below shows net absorption, net deliveries, and their resulting impact on industrial vacancy rates in Dorset. Net absorption has been generally positive since 2013 with only one year seeing negative rates and as such an increase in vacancy by 1.2 percentage points. Net deliveries in Dorset have been positive every year since 2009, averaging 59,098 sq ft annually. The year-on-year delivery of new floorspace coupled with stable vacancy and generally high net absorption rates indicate a market where floorspace is in demand. Absorption and delivery rates in Dorset are similar with the absorption rate being slightly higher (64,778 sq ft compared to 58,098 sq ft).

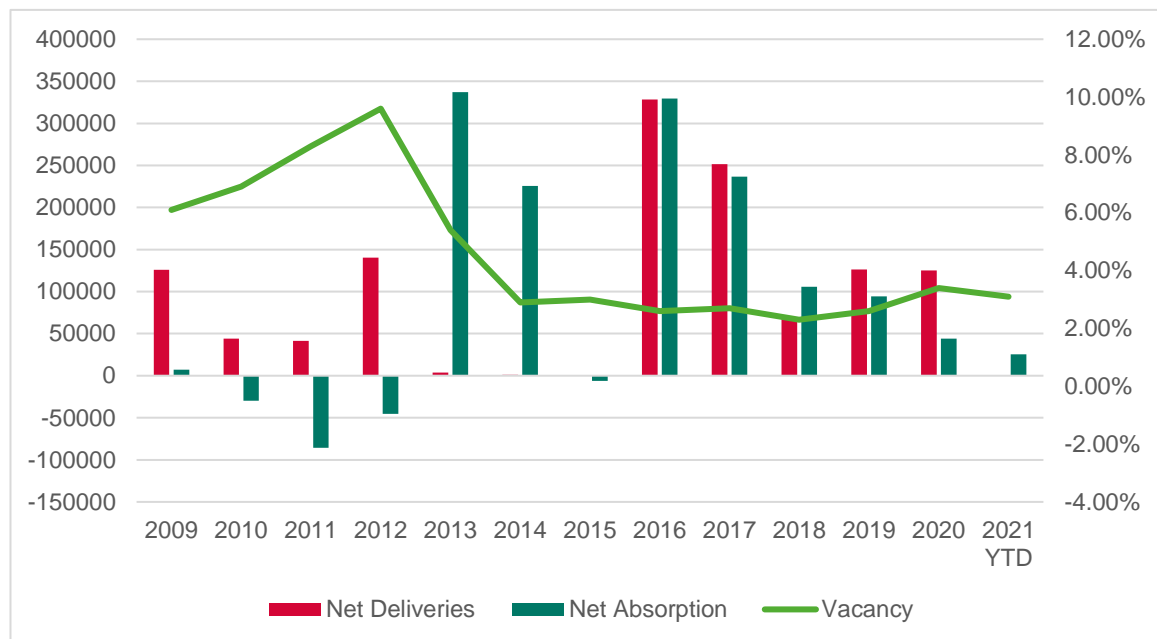
Table 5.30 Net Absorption, Net Deliveries (sq ft) and Vacancy Rates; Dorset



Source: Icen analysis of CoStar data

5.79 There is a similarly positive outlook regarding net absorption and net deliveries in BCP. Since 2013, only one year has seen a negative net absorption (-6,125 sq ft in 2015). The highest year for net absorption was 2013 at 337,004 sq ft. High numbers of net deliveries since 2016 and positive net absorption has contributed to a low vacancy rate. This points towards a market which is active and likely has an appetite for newly built stock.

Table 5.31 Net Absorption, Net Deliveries (sq ft) and Vacancy Rates; BCP



Source: Icenis analysis of CoStar data

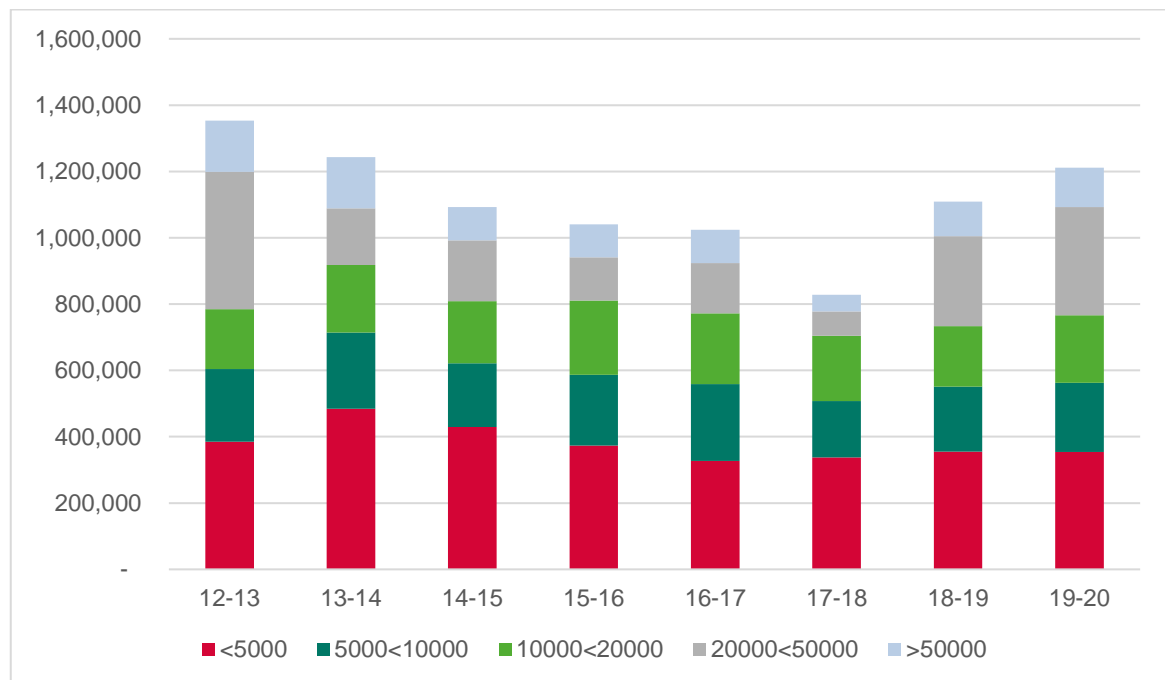
Demand by Size

5.80 The amount of leasing activity which has occurred in various size bands has been assessed to provide an indication of demand by size. However, it should be remembered that leasing activity is constrained by the size of available stock. Therefore, our assessment of demand by size has been considered together with information from stakeholders. The data has been provided from the Dorset Property Pilot database.

5.81 Leasing activity differs from absorption in that it refers to the amount of space which is leased (i.e. signed for rather than physically moved into). The figure below shows the amount of leasing activity (sq ft) by size band which has occurred in Dorset since 2012.

- The amount of floorspace leased per annum has generally decreased over time from a total of 1,353,548 sq ft let in 2012-13 to 828,442 sq ft in 2017-18.
- A majority of floorspace let annually is within units less than 5,000 sq ft, accounting for around half of all transactions.
- There is variation in the unit sizes let within the area with a balance across larger unit sizes contributing to the floorspace leased.

Table 5.32 Dorset, Industrial Leasing Activity Over Time by Size Band (sq ft)



Source: Icen analysis of Property Pilot data

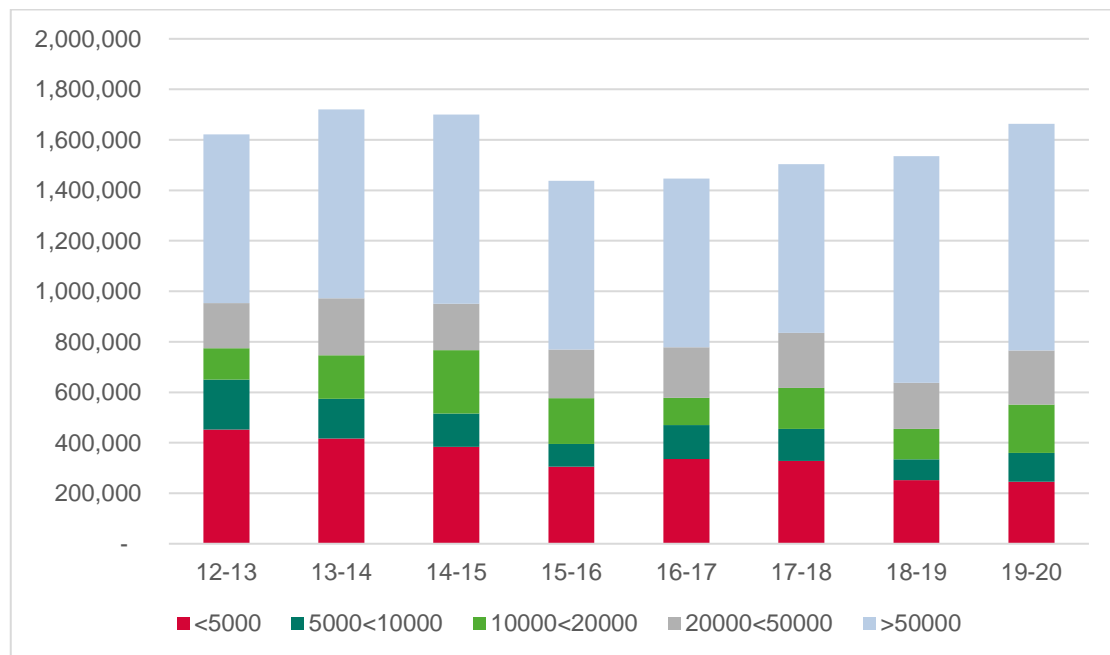
5.82 When assessed at a sub-area level, Dorset sees variations in leasing activity, summarised as follows:

- East Dorset
 - Until 2017-18 all leasing activity took place in the less than 20,000 sq ft size bands, 2018-19 and 2019-20 both see lets within the 20,000 to 50,000 sq ft and the 50,000+ sq ft bands.
 - This new interest for larger spaces is likely a result of shifting demand in which occupiers now need larger space for warehousing and processing.
- North Dorset
 - Most activity is within the less than 5,000 sq ft size band. Activity within higher size bands has reduced over time, where 2012-13 and 2013-14 saw activity within both larger size bands.
- Purbeck
 - Also sees a drop in lets of units within the 20,000 to 50,000 sq ft bands.

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- West Dorset
 - Similarly sees a drop in the amount of leasing activity in larger size bands. Activity in the over 50,000 sq ft band stops in 2017-18. Likewise, activity within the 20,000 to 50,000 band drops in 2019-20; as a result, the amount of floorspace let overall has reduced.
 - Activity within the smallest (<5,000 sq ft) size band has also reduced from a peak of 92,551 sq ft in 2013-14, to 51,013 sq ft in 2019-20.
 - Weymouth and Portland
 - Sees the least variation across size bands of all sub-areas, with all activity concentrated towards the smaller scale.
 - This supports information gathered from stakeholders indicating that businesses operating within Weymouth and Portland are less likely to need larger units and as such there is limited demand for them within the area.

5.83 Leasing activity in the BCP industrial market differs from Dorset in that a clear majority of the space let lies within the larger than 50,000 sq ft size band. Leasing activity has remained relatively stable despite a slight dip to 1,438,279 sq ft in 2015-16 from a peak in 2013-14 of 1,721,004; this is likely to reflect a lack of availability in that year. From 2018-19 to 2019-20 there has been a slight uplift, primarily a result of increases in floorspace let in the over 50,000 sq ft band.

Table 5.33 BCP, Industrial Leasing Activity Over Time by Size Band (sq ft)



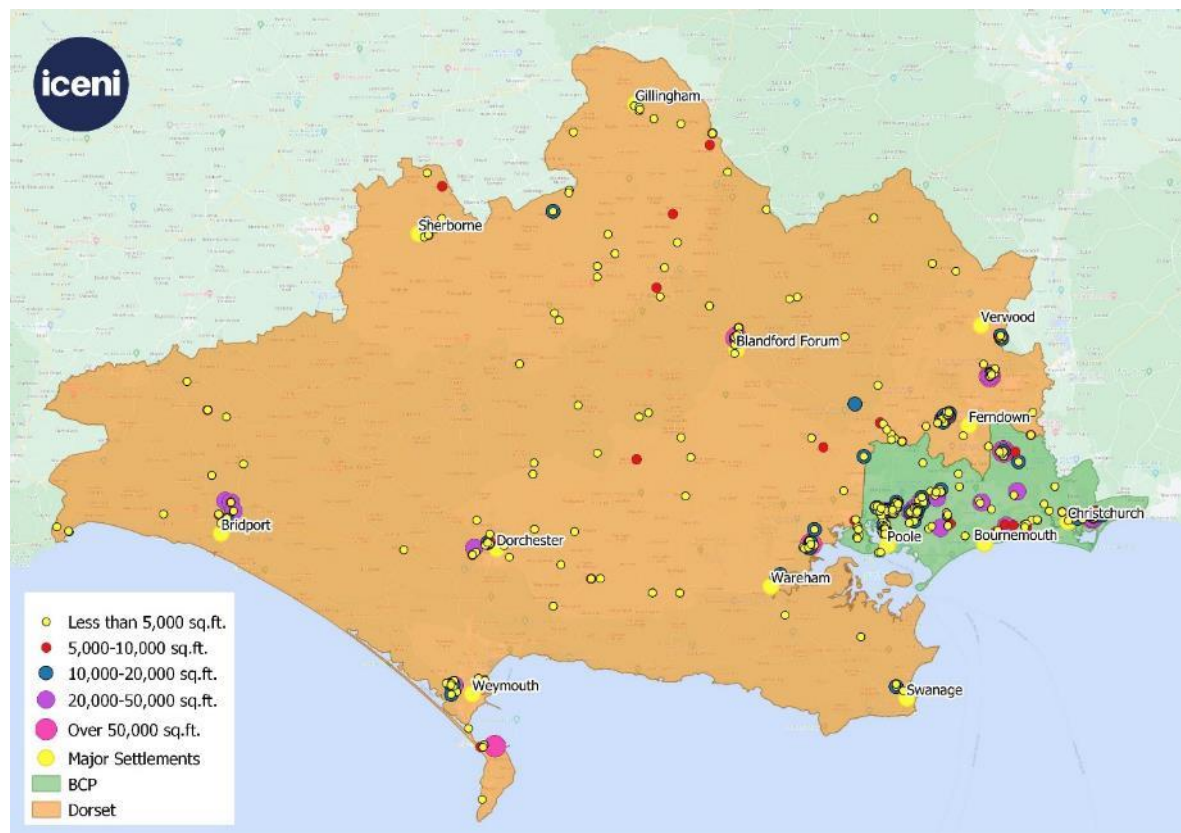
Source: Icenl analysis of Property Pilot data

5.84 In terms of sub areas, the Bournemouth and Poole markets are amalgamated, with Christchurch standing alone. Leasing activity for each sub-area in BCP is summarised as follows:

- Bournemouth and Poole
 - Appears similar to the overall BCP market and considering the high proportion of overall industrial floorspace situated in Bournemouth and Poole which indicates that it is very influential on the overall BCP market.
 - As with the whole BCP market, leasing activity has decreased overall but in most recent years has picked up again, primarily through increased activity within the 20,000 to 50,000 size band.
- Christchurch
 - Has seen less of a clear decline in leasing activity with the peak year more recently in 2017-18.
 - Variations across all size bands, bar 50,000+ sq ft, year-on-year indicates a clear demand for space across all sizes.

5.85 The figure below shows the location and size band of industrial lease deals in Dorset and BCP. In Dorset, units of less than 5,000 sq ft see activity across the area but are particularly concentrated around towns such as Blandford Forum, Weymouth and Sherborne. In BCP, deals for less than 5,000 sq ft are common in both Poole and Christchurch. In a similar vein, larger units of 20,000 sq ft and above are generally close to larger towns such as Weymouth and Bridport. This is replicated in BCP with a higher number of deals for larger units surrounding Poole and Bournemouth.

Table 5.34 Dorset and BCP; Industrial deals by size (2015-2020)



Source: Icen analysis of Property Pilot data

Class E and PDR

- Icen has also considered the wider implications of changes to the Use Class Order and Permitted Development Rights (PDR). From 1st September 2020 Class E was introduced to the Use Class Order covering shops, offices, restaurants, labs and light industrial (former B1 and parts of Class A and D). This increases the flexibility of conversion without requiring planning permission. Class E(g) parts (i), (ii), (iii) represent offices, labs and light industrial respectively. As of August 2021, changes of use covered by 'permitted development' are also included from Class E to C3 (residential) up to 1,500 m² subject to meeting all limitations and conditions, including obtaining prior approval consent.

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- Regarding Class E, stakeholders did express some concern about the implications of uncertainty regarding existing industrial units with mixed B permission and whether the need to apply for Class E might restrict occupiers. However, there was little concern about changes between Class E uses (such as offices to retail or vice versa) or PDR implications regarding losses from Class E, given that much of the readily convertible stock had already been changed, notably in BCP.

Logistics

- The rise in online retailing in recent years has in turn led to an increased need for consumer deliveries and for distribution premises. During the pandemic, e-commerce as a percentage of retail reached over 30%, although has subsequently fallen back in line with the longer term trend of steady increase. As a result, and as noted above, 2020 and 2021 at the national level saw all time high levels of demand against record lows of supply. This has cooled later in 2022 as inflation has put pressure on consumer demand and construction costs, although occupier demand reportedly remains high.
- Operators of large scale logistics units over 100,000 sqft or 9,300 sqm tend to seek locations that are on the main strategic road network (trunk road motorways). These national and regional distribution centres see goods come from ports and are loaded into HGVs for regional distribution. Customer fulfilment centres or final mile distribution tend to be at or below 100,000 sqft, down to 25,000 sqft, where goods are loaded into light goods vehicles for distribution to customers. Many logistics operators are investing in increasingly productive and sustainable ways of working, automation, electrification and increased skill levels outside of basic warehouse operators and drivers²³.
- In BCP and Dorset there are examples of a number of mid / larger scale logistics units that provide a hub for distribution to the surrounding population. These are concentrated around the BCP urban area and include:

²³ See for example the South East Midlands Warehousing and Logistics Study 2022 available at <https://www.semlep.com/warehousing-and-logistics/>

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- Royal Mail at the Nuffield Industrial Estate
 - Amazon at St Modwen Park Poole / Sterte Avenue and a smaller unit at Bournemouth Airport
 - Parcel Force at the Alpha Centre, Upton Rd, Poole
 - DPD at Cobham Gate Business Park / Ferndown Industrial Estate

5.86 In terms of discussions with agents in the BCP and Dorset areas, the following feedback has been provided in terms of the need requirements for logistics units. That there are and will continue to be further requirements for parcel distribution in the mid to big box size band of 50,000 to 100,000 sqft, focused in and around the BCP urban area. Sites / units are not currently available to meet the requirements particularly of higher quality units near the road network and population centres. It is not expected that the market towns would require local distribution centres but this does leave deliveries travelling some distance from the larger urban areas.

Summary of stakeholder engagement

5.87 A number of stakeholders have participated in one-to-one discussions with consultants. These were identified through discussions with the councils and were selected due to their knowledge of local markets and trends. Discussions were held in winter / spring 2021/22 on topics of:

- Local economic strengths and weaknesses.
- Nature of demand by sub-area for (a) offices; (b) industrial; and (c) warehousing; including rents, enquiries, deal counts, deal sizes, and vacancy.
- Nature of supply for employment premises by sub-area across (a) offices; (b) industrial (c); and warehousing; and notable gaps in the supply for any particular types of business need and viability / deliverability problems if existing.
- Implications, if any, of the pandemic and Brexit.
- Any known or required major infrastructure plans.

5.88 Further to the one-to-one sessions, workshops were held in autumn 2022 (one for BCP and one for Dorset) to test report emerging findings around demand and supply.

5.89 Key participants across the one-t-one and workshop sessions were:

- Dorset Council Economic Development
- BCP Council Economic Development
- Dorset LEP
- Vail Williams (Bournemouth)
- Sibbett Gregory (Poole)
- Portland Port (Portland)
- Greenslade Taylor Hunt (Yeovil / West)
- Myddelton & Major (Shaftesbury / Salisbury)
- DJ Property (South)
- Duchy of Cornwall (Dorchester)
- Chapman Moore (North Dorset)
- Nettleship Sawyer (East Dorset / BCP)

South Dorset - Industrial

- South Dorset refers particularly to Weymouth and Portland and neighbouring towns for which the market differs slightly in terms of the stakeholders working in the area.
- Stakeholders describe Portland as previously a naval dockyard, hotspot for engineering businesses and MOD admiralty research. Engineers that were there are retiring, most engineering now is for aerospace, and the area hosts a more varied economy now.
- Stakeholders report that a driving reason for businesses to be in South Dorset is for the lifestyle. There is almost 100% employment, limited minimum wage jobs, waves of people wanting to live in South Dorset, better living standard.
- Agents report demand is reasonably healthy for industrial units and Covid-19 has accelerated this trend. One agent reported that if there were an extra 10 units of 100 sq

ft (so micro sized) could all be let, no problem. On trends, there is currently generally lower demand for significantly sized employment sites, with the bulk of demand of enquiries at the moment are for under 4,000 sq ft industrial.

- One property developer pointed out that in their view there is a risk of overproviding employment land (generally in south and rural Dorset), whilst housing demand is escalating, authorities need to be more realistic on how much it sets aside for employment and realise what can actually be developed – there are sites that are very unlikely to be developed because they are not viable. In their view, demand typically manifests inside a recognised trading estate, otherwise the demand isn't there. The reason for a lack of building is because of land costs and material prices vs achievable rents, and as a result developers are waiting for circumstances to improve. This view was reinforced at the workshops with viability very difficult in rural Dorset (away from BCP) due to a combination of higher land values and construction costs vs rental income.
- Portland Port (site specific) report a significant volume of land (10 ha) still available for development and further land currently environmentally protected that may be removed in due course (long term). Prospects are considered reasonable for building out the 10 ha in 10 years or more - and potentially within 5 years. For a 20-year period it is expected that the land will have been exhausted in full. They note that road infrastructure is critical to the development of the Port. The Port has a wider range of occupiers from importers to ship building, aquaculture and marine activities.

Dorset general - Industrial

- As above – noted by stakeholders that the rural settings can be challenging on viability, a message discussed at the workshops around difficult in delivering sites where rental values are unlikely to exceed costs. It was pointed out that at North Dorset Business Park (Sturminster Newton), the LEP has assisted with infrastructure costs to support delivery of around 7ha of land.
- Officers report that the Enterprise Zone (Dorset Innovation Park, Wool) has been beneficial in terms of planning and business rate relief (for pre 2022 occupiers) has been quite attractive.
- Agents report that generally for the market towns of Dorset – there is no room for development whether you are an indigenous company or you are an inward investor. There is a lack of space. What available land there was (around Gillingham,

Shaftesbury) has been passed over for residential. Land was designated for employment near Shaftesbury and built out for residential. There are local companies looking to expand but land being lost so there is a lack of opportunity for local employment. Some gone to other counties as there was employment land on a former airfield site (Wiltshire). The largest market towns have the best prospects in viability terms, but there can be complications with land ownership regarding deliverability and the aspirations of landowners, although ongoing rising construction costs are suppressing viability further. This improves towards BCP with better rents achievable.

- Economic development officers consider that based on feedback from local businesses, each market town should have a substantial employment allocation (10ha). This is driven by local strong loyal market towns companies. People with local jobs, walk and cycle to work, wish to retain local employment premises such as in Weymouth, Blandford, and Shaftesbury. Officers report business feedback that many small local high-tech companies which can grow to 45,000 sq ft to 100,000 sq ft in B class premises with some manufacturing operations. However, there are not many sites with outline planning that can be brought forward readily. Indigenous companies want to stay local, they are probably not in a position to design and build their own unit, but there are no units.
- Dorset Innovation Park (Wool) has more land to be brought forward. This is targeted for manufacturing specific and advanced engineering. The developed stages are very popular and fully let. The Park relates to MOD operations – the MOD hub is going well in terms of business development. The location is relatively inexpensive compared to BCP, but it is not easy to get staff out there due to the commuting distance.
- Blandford – agents report that this does have some expanding businesses and has strengths in tech and defence – and there are known to be some promotions for new industrial land. There are some sites around but also attracting higher value uses i.e., retail or residential, making delivery difficult. Generally, the markets are pretty active with plenty of requirements for generally local and smaller businesses (local manufacturing and small businesses). Units have very low stock and availability. Post lockdown seen strong demand and growth, pushing rents up.
- Agents consider that there would be interest from developers in bringing forward sites in north Dorset given viability is a matter of land value. There are issues with allocating employment land with housing sites as housebuilders don't want to build units. Market towns need 5-10 ha each.

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- Overall the evidence points to strong levels of demand for smaller units and occasional demand for mid and larger units across the Dorset market towns. However, there are challenges in bringing forward sites viably due to the costs of infrastructure, land (in part due to hope value on residential) and particularly increasing build costs. In some instances, the LEP has helped to bring forward sites successfully and there are instances of speculative development in higher value areas (towards BCP) – also reports of development suppressed by demand for residential. This paints a challenging picture in ensuring sites can be brought forward. Over time this may improve, particularly around larger market towns, nearer to BCP (so East Dorset) or with public sector support.

Dorset - Office

- Agents report that the office market is relatively weak across the area with just occasional enquires for anything other than typical town centre occupiers. Weymouth has hardly any demand at all. Land Registry is the only occupier there. BAE Systems took a floor at Weymouth (Land Registry). Poundbury offices have taken a while to let out. West half of Dorset sees very weak demand. Eastern half a bit more demand due to the urban areas and BCP proximity.

BCP – Industrial

Agents report that the market has been surprisingly active in 2020/21. A lot of take-up of industrial space leading to upwards pressure on rents and prices and land values. There was a March 2020 Covid shock – but this was short lived.

- The industrial sector is seeing a decent and steady flow of enquiries. A lot of these are for industrial properties at the smaller end. Economic diversification is occurring post pandemic (i.e., E-tailing) with industrial units of 1,000 – 3,000 sq ft preferred.
- There is generally a shortage of space and land and BCP is now running out of space. For example, New Town Business Park (Aberdeen Standard owned) normally has a few units to offer, however most tenants are renewing leases so vacancy is not occurring – normally more leasehold than freehold. It is difficult to find space to support businesses inward investing or looking to expand. There is a shortage of land that can risk losing businesses that could go elsewhere.
- Prime estates in Fleet and Nuffield, Mannings Heath, Ferndown all remained very popular. There is a bit less pressure as you move into Dorset.

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- Even in BCP there are development viability challenges due to construction costs rising, this has forced (rental) prices up and made it difficult to deliver speculative units - a few of the smaller units have come forward successfully.
 - Agents suggest that authorities should investigate releasing greenfield land to support economic development, bearing in mind the in-town demand for residential and affordable requirements in the city. Very few brownfield opportunities can come forward now, especially for larger plots of 5 acres or above. The closer any new land supply could be to the main areas the better. Holton Heath trading park is doing well now – being fully built up and let out. Design and Build solutions are very attractive to occupiers but in short supply. A further issue was the issue of the length of time in actually bringing forward sites, so a need to increase the amount of allocations around BCP to improve the delivery timeline.
 - The Living Lab vision for BCP (Wessex Fields) is to unlock potentially fallow employment land supported by the LEP. Currently a roundabout to nowhere. There are larger sites at the airport which need unlocking.
 - The agent view is that the BCP area is good for start-up and growth rather than inward investment. However, there is simply not enough space for larger growth on businesses and most stock was built in 1980s and is hanging on.
 - Agents report that logistics is playing a much more increased role in the market. There has been sizable development at Ferndown, A31, by Chancerygate (now sold to investor) for a combination of trade park and warehousing / industrial. Logistics of smaller to mid box is seeing some demand and there are a couple of sites which developers have recently bought for logistics / large scale logistics in the Poole area. For logistics, there is ongoing demand and a lack of land supply, predominant around the BCP conurbation and around the A31 both for urban logistics supporting the BCP population as well as intermediate locations for the south-west region.

BCP – Office

- Agents report the office market is more challenged and slower moving than industrial but letting still occurring, more limited supply in Poole. For example, the Bank of New York Mellon (part of JPMorgan) taking a bit of space.
- A lot of buildings converted to residential especially those from the 1970s – in agent's view it is not a bad idea to reuse for residential as they are fairly redundant in any case.

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- Good quality buildings with decent spec / parking and refurb have been let pretty quickly albeit in a slow market. Despite the issues of home working during the pandemic there has been no collapse of the market and rents have held.
 - The overall outlook is difficult to clearly know at present but there is likely to be a steady level of demand for quality office space, however speculative development is unlikely in the medium term due to market uncertainty.

Summary of commercial market data

Office

- The UK office market is experiencing considerable challenge and has since the onset of the coronavirus pandemic.
- CoStar's regional South Coast report notes that going into the second half of 2021, the coronavirus pandemic adds uncertainty to a market that started off 2020 in strong shape. The pandemic and its economic effects brought activity to a near standstill, halting 2019's momentum and bringing widespread uncertainty for both occupiers and investors.
- Within BCP, floorspace has generally fallen since 2001 (other than 2009-11) and most notably since 2014/15.
- In Dorset it increased 2005-7 and 2012-15, although has been falling since then.
- Overall, while BCP has a considerably higher amount of floorspace in comparison to Dorset, it is generally seen to be decreasing overall, a result of factors such as office-to-residential conversions.
- In BCP and the South West, an approximate 5% vacancy rate suggests a healthy level of demand relative to supply and ensures that there is office floorspace available for businesses in need of it. A low vacancy rate of just 1.5% in Dorset in theory suggests a constrained supply of property relative to demand. However, based on stakeholder engagement, there are believed to be some data quality issues as well as the low vacancy not actually representing additional needs beyond town centre type requirements.

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- Average rents in Dorset and BCP currently sit at £11.84 and £14.62 respectively, lower than both the UK average of £27.22 and the South West of £15.52. Average rental prices across all four areas have generally increased since 2009.
 - In Dorset, most leasing deals are for units less than 5,000 sq ft. There is less of a demand for larger office floorspaces and most businesses tend to occupy offices of less than 5,000 sq ft.
 - In BCP, a majority of the floorspace let year on year is within units of less than 5,000 sq ft. Units of between 5000 and 10,000 sq ft also see yearly leasing activity as do units of between 20,000 and 50,000 sq ft.
 - In 2021, all Dorset sub-areas had availability levels of 5.5% or less
 - BCP shows higher levels of availability than Dorset. Christchurch sees the highest availability of 11.3% with the lowest in Poole at 4.8%.

Industrial

- The CoStar Industrial National Report 2021 considers demand conditions to have rarely been stronger. Accelerated shifting towards e-commerce has fuelled the expansion of online retailers and logistics firms. Brexit has resulted in an increase in inventory holdings and therefore additional need for warehousing and storage space. The supply of stock is relatively limited and with demand levels increasing so has the appetite from investors.
- For the South Coast (Dorset to Portsmouth) CoStar report that as of Q4 2021 the industrial market has experienced minimal pandemic impact since the coronavirus outbreak. A sustained supply/demand imbalance has significantly compressed the vacancy rate. Lambert Smith Hampton report that in Q3 2020 the South Coast witnessed an undeniably strong performance with outstanding figures in availability, take-up and enquiry levels.
- Dorset has seen a strong rise in total industrial floorspace since 2013 whereas BCP was stable from 2011 but declining from 2017.
- Currently vacancy rates in Dorset and BCP sit at 2.6% and 3.1% respectively, the UK sits at 3% and the South West 3.6%. In all areas vacancy rates have decreased overall since 2011. Since 2016 the vacancy rate in all areas has sat between 2 and 4%; this low vacancy rate typically indicates a supply shortage.

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- Average rents in Dorset and BCP currently sit at £7.52 and £8.08 respectively, lower than both the UK and South West average. BCP has consistently higher average industrial rental prices than Dorset, unsurprising considering its highly urbanised and central nature, making it generally more attractive. Average rental prices across all four areas have generally increased since 2013.
 - In Dorset the amount of floorspace leased per annum has generally decreased over time from a total of 838,596 sq ft let in 2012-13 to 523,344 sq ft in 2019-20. A majority of floorspace let annually is within units less than 5,000 sq ft, accounting for around half of all transactions. There is variation in the unit sizes let within the area with a balance across larger unit sizes contributing to the floorspace leased.
 - Leasing activity within the BCP industrial market differs from that of Dorset in that since 2012 there have been no lease deals for industrial space larger than 50,000 sq ft. Much like Dorset, leasing activity has decreased overall, from 556,306 sq ft in 2012-13 to 348,244 in 2019-20; this is likely to reflect a lack of availability. From 2018-19 to 2019-20 there has been a slight uplift, primarily a result of increases in floorspace let in the 20,000 to 50,000 sq ft band.

Chapter Summary - Key messages

Office – Dorset

- The market is very subdued in Dorset and unlikely to change for the foreseeable future. Demand is for occasional town centre type occupiers. There is little evidence of a need for standalone office allocations although reflecting potential growth in these activities should be blended with overall employment needs (i.e. industrial).

Office – BCP

- In BCP the impact of permitted development has reduced a lot of poorer quality stock and on balance this is considered positive in market terms. Demand remains slow but steady for quality buildings. The medium-term prospects are difficult to crystallise in the post-Covid period and speculative development is unlikely for the foreseeable future, however sector-specific growth is likely to generate demand for related occupiers in due course.

Industrial – Dorset

- Dorset overall sees an active industrial market orientated around the market towns of Blandford Forum and Dorchester. There is a good case for 5-10ha industrial allocations

to support local business growth. Viability does remain challenging in part, particularly in south Dorset, due to rising build costs and the hope value of residential, but there are examples of successful development both with and without public sector intervention.

Industrial - BCP

- There is again very healthy demand for industrial space in BCP due to business growth, expanding existing businesses, and new market entrants related to online retailing and some urban logistics, although the greatest demand is for smaller units. There is very limited space to be developed for industrial which is a challenge of the urban location and coastal / environmental restrictions.

Defining market areas

- Stakeholder discussions concur that in terms of functional property market areas there is a broad quadrant split north / south / east / west across the study area, or perhaps more simply one orientated around the major market towns and then BCP itself, the latter reaching into eastern Dorset. The 2016 Workspace Study commercial property market areas remain relevant as do the four sub-areas set out in the draft Dorset Council Local Plan. The markets are reported as performing fairly similarly across Dorset, but with greater demand, rental values and viability in East Dorset near to BCP and the A31 connecting east.

6. ECONOMIC FORECASTS

- 6.1 Cambridge Econometrics were commissioned by Iceni Projects to provide labour demand forecasts for this study. The forecast is dated March 2021. Forecasts are provided at authority level and are aggregated up representing the FEMA. Some adjustments are made at the authority level representing the nature of the forecasts provided.

Baseline Employment Levels

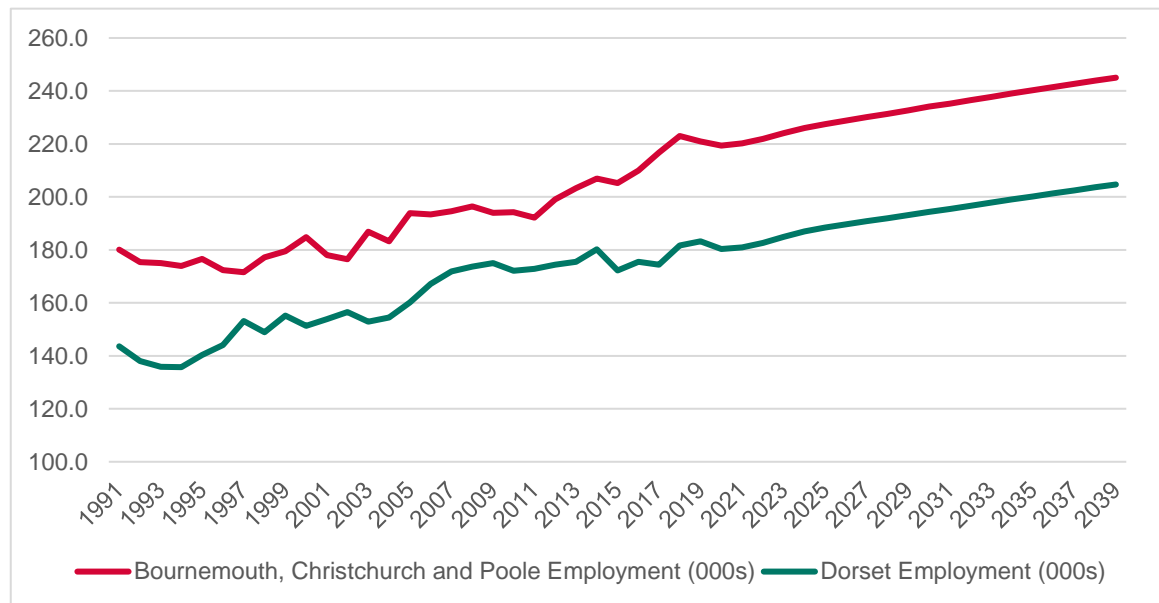
- 6.2 The starting point for considering the scale of potential economic growth is to assess the current level of employment in Dorset and BCP. The issue with this is there is no single definitive source of information regarding employment levels. One source is the Business Register and Employment Survey (BRES); this is based on an annual survey of businesses seeking information on employee numbers, turnover and business activities.
- 6.3 The Annual Population Survey (APS) also records information. This is a quarterly household survey undertaken by individuals, which records information about respondents' employment status, where they work and in what sectors.
- 6.4 Both data sources have drawbacks. BRES data does not fully include self-employed persons who do not register for VAT. It does not capture some sectors well, including agriculture; and can record people at the place which they are paid, rather than necessarily where the job is located. APS data is based on quite small sample sizes and includes a high proportion of proxy interviews, and as it asks what sectors people are working in, may not accurately record employment sectors. There is effectively no regular "employment census" in the UK.
- 6.5 Reflecting some of these issues, forecasters seek to draw datasets together to model total employment. Cambridge Econometrics' forecasts model employment by considering BRES and ABI data on employees in employment by industry and gender; agricultural employment from Department for Environment, Food and Rural Affairs (DEFRA) estimates, and self-employment figures from the Annual Population Survey. Adjustments are then made to ensure estimates are consistent with ONS workforce job totals at the regional level, which include armed forces personnel. Overall, Cambridge Econometrics employment forecasts tend to be higher than BRES as a result of the inclusion of non-VAT registered workers.
- 6.6 The other relevant issue is the relationship between "jobs" and "people." Some people hold down more than one job, and thus typically the number of jobs in a local economy will exceed the number of people in work (typically by around 5%).

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- 6.7 CE's projections are baseline economic projections based on historical growth in the local area relative to the region or UK (depending on which area it has the strongest relationship with), on a sector-by-sector basis. They assume that those relationships continue into the future. Thus, if a sector in the local area outperformed the sector in the region (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed the region (or UK) in the past then it will be assumed to underperform the region (or UK) in the future.
- 6.8 CE's projections assume that economic growth in the local area is not constrained by supply-side factors, such as population and the supply of labour. Therefore, no explicit assumptions for population, activity rates and unemployment rates are made in the projections. They assume that there will be enough labour (either locally or through commuting) with the right skills to fill the jobs. If, in reality, the labour supply is not there to meet projected growth in employment, growth could be slower.

Baseline forecast

- 6.9 In this section we have provided the Cambridge Econometrics (CE) baseline forecast between 2021 and 2039. The measure of employment is workplace-based jobs, which include full-time, part-time and self-employed. The figures are made consistent with those published estimates of jobs at a regional level (quarterly workforce jobs figures) published by ONS, which include people in the armed forces but do not include people on government training schemes.
- 6.10 The chart below reports the baseline employment forecast for Dorset and BCP from 1991 onwards. The trend from 1994 is of overall steady growth after taking into account year-on-year changes. The forecast impact of the pandemic is evident below as employment falls from 2019-20. Future growth to 2039 is steady and not dissimilar to that seen in the past. Data from 2021 onwards is forecast, 2020 and previous is historic.

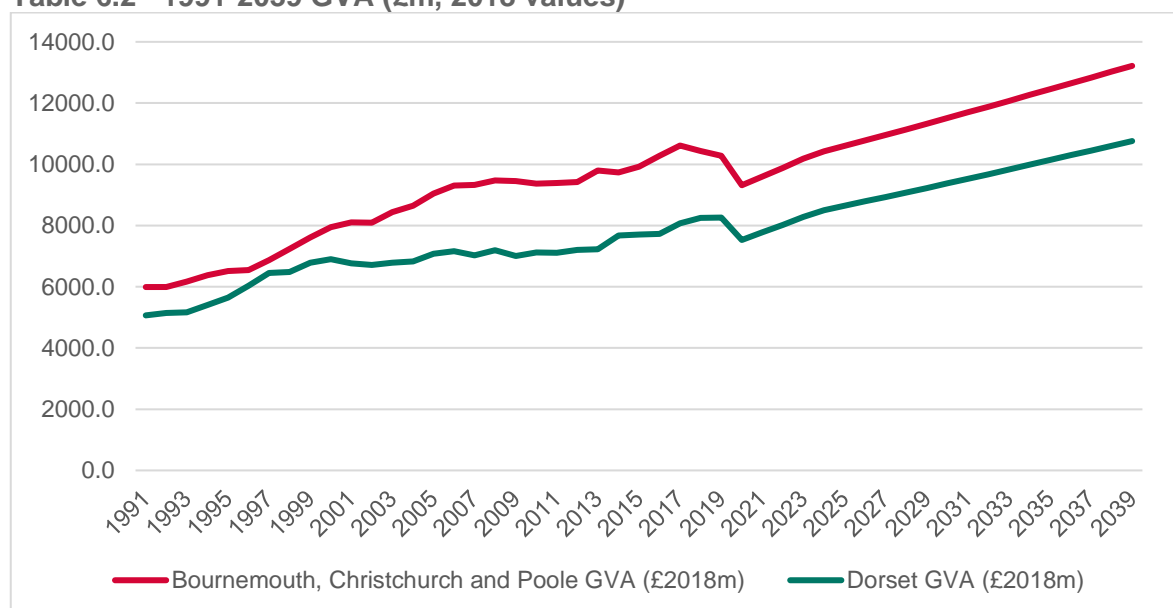
Table 6.1 1991-2039 employment (jobs)



Source: Cambridge Econometrics, Icen Projects analysis

6.11 The chart below reports the GVA employment forecast for Dorset and BCP from 1991 onwards. The trend is relatively steady growth in BCP. Growth in Dorset is more limited between 1999 and 2013, but begins to climb to 2019 up to the pandemic. The forecast impact of the pandemic is evident below. Future growth to 2039 is steady and in fact more positive than that seen in the past. As with employment, data from 2021 onwards is forecast, 2020 and previous is historic.

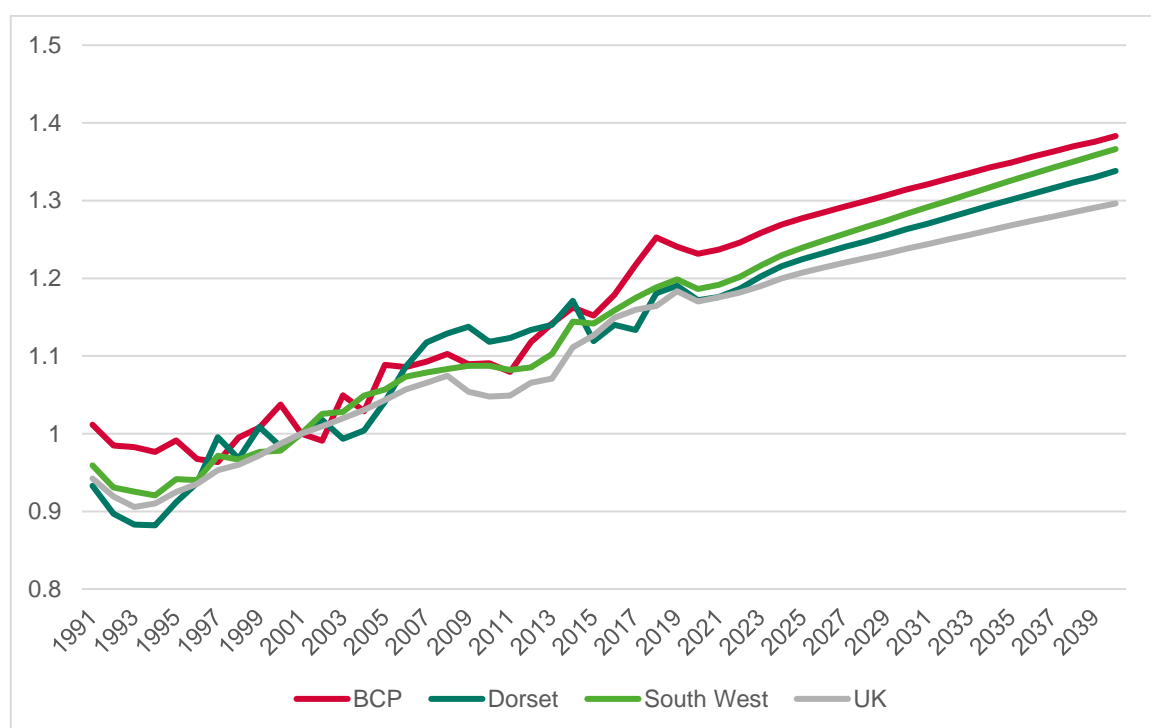
Table 6.2 1991-2039 GVA (£m, 2018 values)



Source: Cambridge Econometrics, Icen Projects analysis

- 6.12 The chart below compares the indexed growth of Dorset and BCP to the South West and UK from 1991 to 2039 indexed at 2001 (as above, data from 2021 onwards is forecast, 2020 and previous is historic).
- 6.13 BCP has been particularly strong between 2015 to 2018 but with growth converging (so slower) towards the regional average from 2021. The Dorset outlook is below the regional rate but above the UK looking forwards.

Table 6.3 1991-2039 indexed employment growth, 1=2001



Source: Cambridge Econometrics, Iceni Projects analysis

- 6.14 The chart below reports on the GVA growth forecast for the authorities indexed to 2001. Dorset has generally been below comparators for the 2001 to 2019 period however the post-pandemic recovery rate is similar across all geographies, albeit that BCP and Dorset appear hit harder than the average through the pandemic and do not catch up. Iceni expects that this is due to a reduced concentration of professional services and greater exposure to tourism related business that has a slower return to growth.

Table 6.4 1991-2039 indexed GVA growth, 1=2001



Source: Cambridge Econometrics, Icen Projects analysis

BCP

6.15 A detailed examination of the employment change through the plan period by sector is set out below. The total growth rate and comparison with the last two cycles of growth are also included.

Table 6.5 Employment change and rate of change by sector, BCP ('000s)

Broad Sector ²⁴	Employment			Change	Compound Annual Growth Rate			UK Growth rate
	2019	2021	2039	2021-39	2001-19	2011-19	2021-39	2021-39
Agriculture, forestry, fish	1.7	2.8	3.2	0.4	2.0%	-3.2%	0.8%	0.0%
Manufacturing	15.1	14.9	13.7	-1.2	-1.1%	-0.1%	-0.5%	-0.8%
Utilities	2.0	2.0	2.0	0.0	2.4%	3.1%	0.1%	0.5%
Construction	15.5	15.2	19.7	4.5	2.5%	3.6%	1.5%	0.9%
Retail	30.5	31.0	30.5	-0.5	-0.3%	-0.1%	-0.1%	0.1%
Transport & storage	6.7	6.7	6.6	-0.1	-0.3%	0.7%	-0.1%	0.3%
Accommodation & food	19.2	18.5	22.8	4.3	1.6%	2.0%	1.2%	1.8%

²⁴ Aggregated from CE's 45 sectors

ICT	6.9	6.7	7.7	1.1	1.9%	1.3%	0.8%	1.0%
Professional services	36.6	38.0	39.0	1.0	1.8%	3.8%	0.1%	0.5%
Business support	15.8	15.6	20.8	5.2	2.5%	5.3%	1.6%	0.8%
Public Admin & Defence	7.7	7.9	7.8	-0.1	2.0%	-1.5%	-0.1%	0.1%
Education	17.5	16.7	17.3	0.6	1.5%	0.8%	0.2%	0.3%
Health	33.1	32.1	39.8	7.8	2.5%	1.8%	1.2%	0.8%
Other services	12.8	12.4	14.0	1.6	0.3%	2.5%	0.7%	0.4%
Total	220.9	220.3	245.0	24.7	1.2%	1.8%	0.6%	0.5%

Source: Cambridge Econometrics, Icen analysis (broad sectors aggregated from CE 45 sectors)

6.16 The key findings for the 2021-2039 BCP baseline employment forecasts are reported as follows:

- A return to modest growth in Agriculture, although the 2019-2021 figures appear unusual.
- A slight future decline in Manufacturing, which falls back towards the long-term trend and that of the UK, but a sector that has been stable in recent years in BCP.
- Construction sees strong growth in the future, although slower than the past.
- Retail sees a slight decline, which follow trend.
- Transport sees minor decline after recent modest growth.
- Accommodation & food sees strong growth although less so than in the past.
- ICT sees modest growth but at slower rate than the past and slower than the UK.
- Professional services sees marginal job growth, much less so than in the past.
- Business support sees strong growth but at a lesser rate than the past.
- Education and health see lower levels of growth than in the recent past although health is the largest growing sector. These are population driven sectors.
- 'Other' including Recreation sees a weaker outlook than in the recent past.
- Overall growth is considerably slower than historically which can primarily be attributed to a much weaker outlook for Professional services. Total growth of 24,700 jobs is reported, equivalent to 20,000 FTEs based on current jobs to FTE ratios per sector (see section 7).

Dorset

- 6.17 A detailed examination of the employment change through the plan period by sector is set out below. The total growth rate and comparison with the last two cycles of growth are also included.

Table 6.6 Employment change and rate of change by sector, Dorset ('000s)

Broad Sector	Employment			Change 2021-39	Compound Annual Growth rate			UK Growth rate 2021-39
	2019	2021	2039		2001- 19	2011- 19	2021- 39	
Agriculture, forestry, fish.	4.8	6.0	6.1	0.2	-0.1%	-2.0%	0.1%	0.0%
Manufacturing	16.6	16.4	14.4	-2.0	-0.8%	0.8%	-0.7%	-0.8%
Utilities	1.4	1.2	1.5	0.3	6.0%	-0.2%	1.4%	0.5%
Construction	16.3	15.7	23.4	7.7	2.0%	1.3%	2.3%	0.9%
Retail	26.0	26.7	26.0	-0.7	0.4%	0.2%	-0.1%	0.1%
Transport & storage	3.9	3.9	3.8	-0.1	0.3%	-1.3%	-0.1%	0.3%
Accommodation & food	17.8	16.9	22.0	5.1	2.5%	2.5%	1.5%	1.8%
ICT	3.7	3.5	4.1	0.6	-0.2%	-2.5%	0.9%	1.0%
Professional services	22.0	22.2	24.0	1.8	2.2%	4.3%	0.4%	0.5%
Business support	8.7	8.6	11.1	2.5	1.4%	1.4%	1.4%	0.8%
Public Admin & Defence	9.7	9.9	9.8	0.0	-1.9%	-1.8%	0.0%	0.1%
Education	16.1	15.3	16.0	0.6	1.5%	-1.4%	0.2%	0.3%
Health	23.4	22.8	27.7	4.9	2.4%	0.9%	1.1%	0.8%
Other services	12.8	11.9	14.7	2.8	0.5%	1.0%	1.2%	0.4%
Total	183.2	181.0	204.7	23.7	1.0%	0.7%	0.7%	0.5%

Source: Cambridge Econometrics, Icen analysis

- 6.18 The key findings for the 2021-2039 Dorset baseline employment forecasts are reported as follows:
- Limited change in Agriculture;
 - Future decline in Manufacturing, which falls back towards the long-term trend and that of the UK, but a sector that has seen growth in recent years in Dorset.
 - Construction sees strong growth in the future, faster than the past.
 - Retail sees a slight decline.
 - Transport sees minor decline at a slower rate than recently.
 - Accommodation & food sees strong growth although less so than in the past.
 - ICT sees modest growth compared to recent decline.

- Professional services sees marginal job growth, much less so than in the past.
- Business support sees growth in line with the historic rate.
- Health sees a comparable level of growth compared to the past whilst education is stable after a period of decline. These are population driven sectors.
- 'Other' including Recreation sees a comparable outlook to the past.

6.19 Overall, growth is weaker than the past but above the UK outlook. Total growth of 23,700 jobs is reported, equivalent to 19,500 FTEs based on current jobs to FTE ratios per sector (see section 7).

Dorset & BCP FEMA

6.20 A detailed examination of the employment change through the plan period by sector is set out below. The total growth rate and comparison with the last two cycles of growth are also included.

Table 6.7 Employment change and rate of change by sector, FEMA ('000s)

Broad Sector	Employment			Change	Compound Annual Growth rate			UK Growth rate
	2019	2021	2039		2001-19	2011-19	2021-39	
Agriculture, forestry, fish.	6.5	8.7	9.3	0.6	0.3%	-2.3%	0.4%	0.0%
Manufacturing	31.7	31.3	28.1	-3.2	-0.9%	0.3%	-0.6%	-0.8%
Utilities	3.3	3.1	3.5	0.4	3.6%	1.7%	0.6%	0.5%
Construction	31.8	30.9	43.1	12.3	2.2%	2.4%	1.9%	0.9%
Retail	56.5	57.6	56.4	-1.2	0.0%	0.0%	-0.1%	0.1%
Transport & storage	10.6	10.6	10.4	-0.2	-0.1%	-0.1%	-0.1%	0.3%
Accommodation & food	37.0	35.4	44.8	9.4	2.0%	2.2%	1.3%	1.8%
ICT	10.5	10.1	11.9	1.7	1.0%	-0.2%	0.9%	1.0%
Professional services	58.6	60.2	63.1	2.9	1.9%	3.9%	0.3%	0.5%
Business support	24.5	24.2	32.0	7.8	2.1%	3.7%	1.6%	0.8%
Public Admin & Defence	17.4	17.8	17.6	-0.1	-0.5%	-1.7%	0.0%	0.1%
Education	33.5	32.0	33.3	1.3	1.5%	-0.3%	0.2%	0.3%
Health	56.5	54.9	67.5	12.6	2.5%	1.4%	1.2%	0.8%
Other services	25.6	24.4	28.7	4.3	0.4%	1.7%	0.9%	0.4%
Total	404.1	401.2	449.7	48.5	1.1%	1.3%	0.6%	0.5%

Source: Cambridge Econometrics, Icen analysis

6.21 The key findings for the 2021-2039 FEMA baseline employment forecasts are reported as follows:

- Agriculture sees a return to modest growth, however note that growth in this sector between 2019 and 2021 appears unusually high.
- A future decline in manufacturing is forecast which falls back towards the long-term local trend and that of the UK, but a sector that has seen growth in recent years across the FEMA.
- Construction sees strong growth in the future, although slower than the past.
- Retail sees a slight decline.
- Transport sees a slight decline, in line with the long-term trend.
- Accommodation & food sees strong growth although less so than in the past.
- ICT shows modest growth compared to recent marginal decline.
- Professional services sees marginal job growth, considerably less so than in the past.
- Business support sees strong growth but at a lesser rate than the past.
- Education sees modest growth after recent decline whilst health see lower levels of growth than in the recent past - although health is the largest growing sector in absolute terms. These are population driven sectors.
- 'Other' including Recreation sees a weaker outlook than in the recent past.

6.22 Overall, growth at the FEMA level is weaker than the past but remains marginally above the UK outlook. Total jobs growth across the Dorset and BCP FEMA is 48,500, equivalent to 40,200 FTEs (see Section 7) based on current jobs to FTEs ratios per sector.

Growth forecast

- 6.23 In this section we have considered an alternative ‘policy on’ outlook for employment growth that assumes a stronger performance in a number of key sectors associated with economic development strategies and initiatives. In particular, these are:
- Dorset LEP overall: Advanced engineering and manufacturing²⁵, Agri-Tech, Food and Drink, Creative Industries, Financial services.
 - Dorset Council Economic Growth Strategy, 2020: Advanced engineering and manufacturing, Construction, and ICT services.
 - BCP Futures – Economic Development Strategy (EDS) for Bournemouth, Christchurch and Poole ‘Unleashing our potential’ 2021-2026: Financial services and fin-tech, Advanced engineering and manufacturing (AEM) (inc. marine/aerospace), Health and care, Environmental Technologies (inc. sustainable construction), Creative and Digital Tech, and Retail, hospitality & leisure (RHL)
- 6.24 In terms of initiatives, as reported in chapter 2, these include: Bournemouth Airport Growth Hub Infrastructure, Dorset Innovation Park, Port of Poole, Portland Port, Lansdowne Business and Enterprise Quarter and Cobham Gate, Cobham Road, Ferndown Industrial Estate.

BCP

- 6.25 The table below sets out the sector adjustments made in relation to the growth scenario.

Table 6.8 Employment change and rate of change by sector, BCP (‘000s)

Broad Sector	Employment			Change	Growth rate			UK Growth rate
	2021	2039 baseline	2039 growth		2011-19	2021-39 baseline	2021-39 growth	
Manufacturing	14.9	13.7	14.6	-0.3	-0.1%	-0.5%	-0.1%	-0.8%
Transport & storage	6.7	6.6	7.2	0.5	0.7%	-0.1%	0.9%	0.3%

²⁵ Covering the following SIC codes 26: Manufacture of computer, electronic and optical products; 27: Manufacture of electrical equipment; 28: Manufacture of machinery and equipment n.e.c.; 29: Manufacture of motor vehicles, trailers and semi-trailers; 30: Manufacture of other transport equipment; 325: Manufacture of medical and dental instruments and supplies

ICT	6.7	7.7	8.6	1.9	1.3%	0.8%	1.4%	1.0%
Professional services	38.0	39.0	41.5	3.5	3.8%	0.1%	0.5%	0.5%
Other sectors unadjusted	154.0	178.0	178.0	23.9	1.6%	0.8%	0.8%	0.6%
Total	220.3	245.0	249.8	29.6	1.8%	0.6%	0.7%	0.5%

Source: Cambridge Econometrics, Icení analysis

6.26 The key adjustments for the 2021-2039 BCP growth employment forecasts are reported as follows:

- Within Manufacturing, to reflect advanced manufacturing, it is assumed that Electronics manufacturing remains steady at 800 jobs (rather than falling as seen in the past and forecast to do in the baseline) and that Electrical equipment resumes the average annual rate of growth seen between 2011 to 2018, rising to 600 jobs (from 1,200). Other sectors are unadjusted, hence overall contraction (Food, drink and tobacco notably losing 400 jobs).
- Within Transport, Warehouse and postal is adjusted to grow at half the rate of the 2011-19 period, reflecting demands in the e-commerce sector, adding 600 jobs.
- ICT grows at the 2011-19 rate which adds 800 jobs.
- Finance and insurance also continues the 2011-19 rate, adding 700 jobs.
- Architecture and engineering outlook is improved, moving closer to the 2011-19 growth rate adding 1,100 jobs (rather than 300 in the baseline).
- Notable unadjusted growth sectors are Health and Hospitality which already have a strong baseline outlook.
- Overall growth is to 249,800 jobs which is an improvement of 4,800 on the baseline. This equates to 24,400 FTEs growth overall (see section 7).

6.27 The above forecasts are translated into floorspace needs in section 7.

Dorset

6.28 The table below sets out the sector adjustments made in relation to the growth scenario.

Table 6.9 Employment change and rate of change by sector, Dorset ('000s)

Broad Sector	Employment			Change	Growth rate			UK Growth rate
	2021	2039 baseline	2039 growth	2021-39 growth	2011-19	2021-39 baseline	2021-39 growth	2021-39
Manufacturing	16.4	14.4	16.9	0.5	0.8%	-0.7%	0.2%	-0.8%

Transport & storage	3.9	3.8	4.3	0.4	-1.3%	-0.1%	0.6%	0.3%
Professional services	22.2	24.0	24.8	2.6	4.3%	0.4%	0.6%	0.5%
Other sectors unadjusted	138.4	162.4	162.4	24.0	0.3%	0.9%	0.9%	0.6%
Total	181.0	204.7	208.5	27.5	0.7%	0.7%	0.8%	0.5%

Source: Cambridge Econometrics, Icen analysis

6.29 The key adjustments for the 2021-2039 Dorset growth employment forecasts are reported as follows:

- Within Manufacturing, the following sectors continue the 2011-19 growth performance: Food and drink, Coke & petroleum, Chemicals, Pharmaceuticals, Non-metallic mineral products, Metals & metal products, Electronics, Machinery, Other transport equipment and Other manufacturing & repair. This adds 2,500 jobs and overall the sector returns to modest growth of 500 jobs (as some other sub-sectors decline).
- Within Transport, Warehouse and postal is adjusted to grow at half the rate of the 2011-19 period, reflecting demands in the e-commerce sector, adding 400 jobs.
- Architecture and engineering outlook is improved, moving closer to the 2011-19 growth rate adding 1,100 jobs (rather than 100 in the baseline).
- Notable unadjusted growth sectors are Construction and ICT which already have a strong baseline outlook. Agriculture sees modest growth in the baseline which is an improvement on the previous cycle.
- Overall growth is to 208,500 jobs which is an improvement of 3,800 on the baseline. This equates to 23,100 FTEs overall (see section 7).

Dorset & BCP FEMA

6.30 The table below sets out the outcomes from the authority level sector adjustments made in relation to the growth scenario.

Table 6.10 Employment change and rate of change by sector, Dorset & BCP ('000s)

Broad Sector	Employment			Change	Growth rate			UK Growth rate
	2021	2039 baseline	2039 growth		2011-19	2021-39 baseline	2021-39 growth	
Manufacturing	31.3	28.1	31.5	0.2	0.3%	-0.6%	0.0%	-0.8%
Transport & storage	10.6	10.4	11.5	0.9	-0.1%	-0.1%	0.5%	0.3%
ICT	10.2	11.9	12.7	2.6	-0.2%	0.0%	0.0%	1.0%
Professional services	60.2	63.1	66.3	6.1	3.9%	0.3%	0.5%	0.5%
Other sectors unadjusted	288.9	336.2	336.3	47.3	-	-	-	-

Total	401.2	449.7	458.3	57.1	1.3%	0.6%	0.7%	0.5%
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Source: Cambridge Econometrics, Icen analysis

- 6.31 The key changes for the 2021-2039 Dorset & BCP FEMA growth employment forecasts are that overall growth is to 458,300 jobs which is an improvement of 8,600 on the baseline. This equates to 47,400 FTEs overall (see section 7). The growth outlook is further improved above the UK forecast.

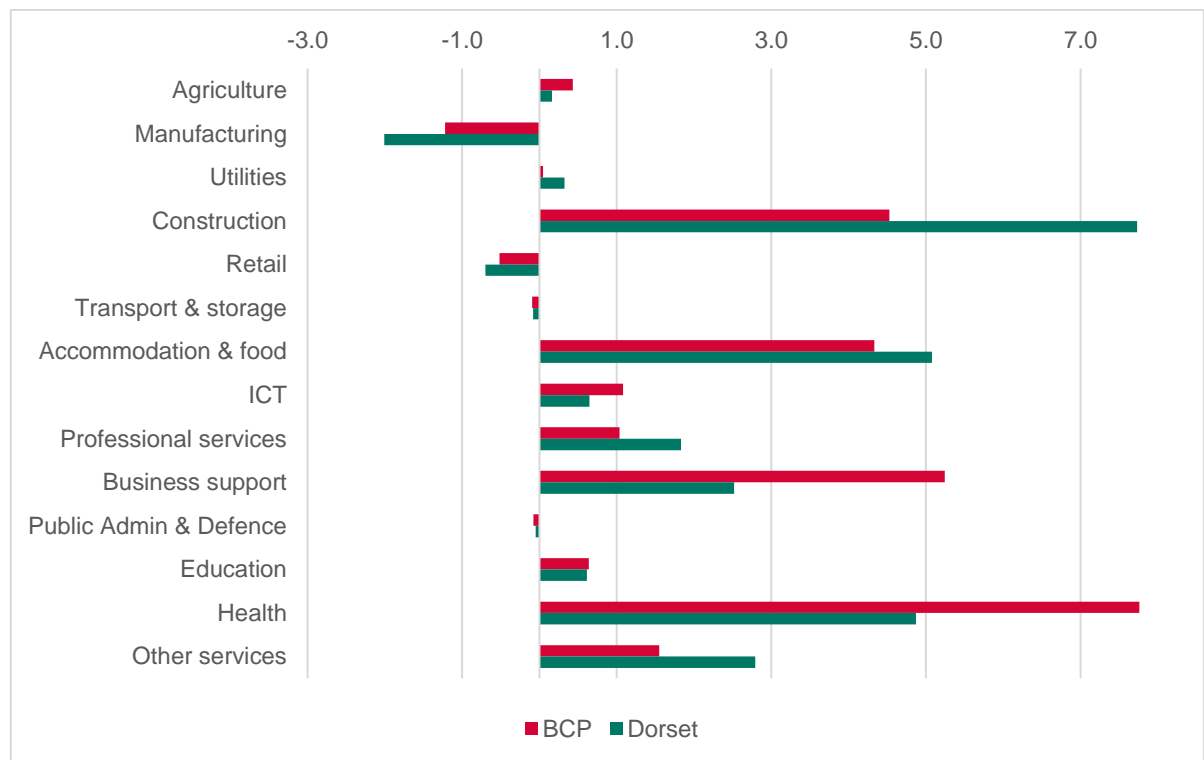
7. EMPLOYMENT NEEDS ASSESSMENT

- 7.1 In this section we consider demand for employment land and floorspace over the period from 2019-39. The section considers requirements for employment land in offices (Class E(g)(i)); research and development premises (Class E(g)(ii)); light industrial (Class E(g)(iii)); general industrial (Class B2) and storage or distribution (Class B8).
- 7.2 When considering the scale of future needs the Planning Practice Guidance (PPG, 2020) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments. The PPG recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on:
- Labour Demand;
 - Labour Supply; and
 - Past Take-Up.
- 7.3 There are relative benefits of each approach. For Labour Demand scenarios and Labour Supply Scenarios, econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall, with regard to the sectoral composition of growth. A detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.
- 7.4 In contrast, past take-up is based on actual delivery of employment development. However, this does not take account of the implications of growth in labour supply associated with housing growth nor any potential differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.
- 7.5 The quantitative evidence here is also supplemented by the wider analysis of market and economic dynamics.
- 7.6 As noted elsewhere, given the strong interrelationships and interdependencies between Dorset and BCP, it is recommended that needs are considered at the FEMA (Dorset and BCP) level rather than necessarily for the two authorities separately. Notwithstanding, each planning authority can only consider its own needs, with the split between the local authorities being a consideration for the authorities themselves to agree rather than being determined by this study.

Labour Demand Scenario: Baseline

- 7.7 This section takes forward the baseline economic growth forecasts set out in Chapter 6.
- 7.8 The baseline scenario considers the quantum of employment land required to support the growth of 24,700 jobs in BCP and 23,700 jobs in Dorset from 2021-39 shown in the Cambridge Econometrics baseline forecast. The jobs' changes by sector are set out below:

Table 7.1 Employment change, 2021-2039 ('000s) BCP and Dorset – Baseline scenario



Source: Cambridge Econometrics, Iceni analysis

- 7.9 Iceni Projects have converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in Dorset, BCP and the FEMA as of 2020 (BRES) on a 2 digit SIC sector-by-sector basis, aggregated up to the 45 sector forecast. This is set out below. It assumes that FTE is equivalent to full-time employees, plus self-employment (employment minus employees), plus half of part-time employees, assuming a blanket 50% of part-time work. The table below shows that in BCP, the 24,700 new jobs in the baseline forecast by Cambridge Econometrics is equivalent to 20,000 FTE. In Dorset, the 23,700 new jobs forecast is equivalent to 19,500 FTE. In the FEMA, the 48,500 new jobs forecast is equivalent to 39,600 FTE.

**Table 7.2 Baseline Scenario Jobs and FTE change in BCP, Dorset and Dorset & BCP
FEMA ('000s) 2021-39**

	Jobs to FTE ratio	BCP Jobs change 21- 39	BCP FTE change 21-39	Dorset Jobs change 21-39	Dorset FTE change 21-39	FEMA Jobs change 21-39	FEMA FTE change 21-39
Agriculture, forestry & fishing	91%	0.4	0.4	0.3	0.3	0.8	0.7
Mining & quarrying	100%	0.0	0.0	-0.2	-0.2	-0.2	-0.2
Food, drink & tobacco	89%	-0.4	-0.4	-0.3	-0.3	-0.7	-0.6
Textiles etc	96%	-0.1	0.0	-0.1	-0.1	-0.1	-0.1
Wood & paper	95%	0.0	0.0	0.0	0.0	0.0	0.0
Printing & recording	101%	-0.2	-0.2	-0.2	-0.2	-0.4	-0.4
Coke & petroleum	0%	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals	100%	0.5	0.5	0.1	0.1	0.6	0.6
Pharmaceuticals	90%	0.0	0.0	0.0	0.0	0.1	0.0
Non-metallic mineral	100%	-0.2	-0.2	-0.1	-0.1	-0.2	-0.2
Metals & metal products	92%	-0.5	-0.5	-0.8	-0.8	-1.3	-1.2
Electronics	87%	-0.4	-0.3	-0.3	-0.3	-0.7	-0.6
Electrical equipment	100%	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Machinery	100%	-0.5	-0.5	-0.4	-0.4	-0.9	-0.9
Motor vehicles	100%	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Other transport equip.	100%	0.7	0.7	0.2	0.2	0.9	0.9
Other manufacturing & rep.	100%	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Electricity & gas	100%	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Water, sewerage & waste	100%	0.1	0.1	0.3	0.3	0.4	0.4
Construction	95%	4.5	4.3	7.7	7.4	12.3	11.6
Motor vehicles trade	92%	0.1	0.1	0.1	0.1	0.3	0.2
Wholesale trade	97%	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Retail trade	71%	-0.5	-0.4	-0.8	-0.5	-1.3	-0.9
Land transport	91%	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Water transport	100%	0.0	0.0	0.0	0.0	-0.1	-0.1
Air transport	76%	0.1	0.1	0.0	0.0	0.1	0.1
Warehousing & postal	88%	0.0	0.0	0.0	0.0	0.0	0.0
Accommodation	75%	0.8	0.6	1.5	1.2	2.3	1.7
Food & beverage	67%	3.6	2.4	3.5	2.4	7.1	4.8
Media	78%	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
IT services	92%	1.1	1.1	0.7	0.7	1.9	1.7
Financial & insurance	89%	-0.8	-0.7	0.0	0.0	-0.8	-0.8
Real estate	88%	-0.5	-0.4	-0.2	-0.1	-0.7	-0.6
Legal & accounting	90%	0.4	0.4	0.5	0.5	0.9	0.9
Head offices & managm't c	87%	0.4	0.4	0.1	0.1	0.6	0.5
Architectural & engineering	86%	0.2	0.2	0.2	0.2	0.4	0.3
Other professional services	91%	1.3	1.2	1.2	1.1	2.5	2.2
Business support services	82%	5.2	4.3	2.5	2.1	7.8	6.4
Public Administration & Def.	81%	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Education	77%	0.6	0.5	0.6	0.5	1.3	1.0
Health	76%	5.5	4.2	3.5	2.6	9.0	6.8
Residential & social	80%	2.3	1.8	1.4	1.1	3.7	2.9

Arts	83%	0.4	0.3	0.6	0.5	1.0	0.8
Recreational services	67%	1.1	0.7	1.7	1.1	2.8	1.8
Other services	83%	0.1	0.1	0.5	0.4	0.6	0.5
All	83%	24.7	20.0	23.7	19.5	48.5	39.6

Source: BRES 2019, Cambridge Econometrics, IcenI Analysis

- 7.10 An adjustment has been made at the sector level taking into account home working data based on 2019 (ONS, Homeworking by sector, see Appendix A1). More recent data for 2020 during the pandemic shows increases of up to 70% home working, particularly in office-based sectors; however, this level is not expected to continue indefinitely and is discussed further below.
- 7.11 IcenI Projects has considered the proportion of employment in each sector which is likely to take place in the various use classes.
- 7.12 To do this we have calibrated our standard model which relates sectors and use classes for the local economy through interrogation of the current composition of employment in key sectors and through consideration of assumptions in the 2016 Workspace Study²⁶. This provides an estimate of the proportion of FTE jobs in each sub-sector which are currently located on each type of employment land (or other use class). The modelling assumes that this proportion will hold true moving forwards (in reality it will change). A detailed breakdown is set out in Appendix A2.
- 7.13 This approach has been used to derive the following forecasts of net growth in FTE employment by use class over the plan period, relating to the BCP and Dorset Council areas and the FEMA. The tables below set out the 5-year band requirements.

Table 7.3 FTE Jobs change by Use Class Sector, 2021-39: Baseline Scenario FEMA

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	1,678	1,607	1,433	774	5,494
R&D Class E(g)(ii)	24	-1	-12	-9	1

²⁶ The most significant adjustment derived from the 2016 Workspace Study is the assumption that 54% of Construction activity requires industrial space. Given strong forecast growth in this sector this is a significant driver of demand. Justification has been provided by Dorset Council in separate note referencing work undertaken on BRES recorded workplace locations at LSOA.

Industrial Class E(g)(iii) / B2	927	802	1,020	610	3,360
Storage / distribution (Class B8)	565	309	334	173	1,382
Total of above	3,195	2,717	2,777	1,549	10,238

Source: Icení analysis of Cambridge Econometrics

Table 7.4 FTE Jobs change by Use Class Sector, 2021-39: Baseline Scenario BCP

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	873	879	758	399	2,910
R&D Class E(g)(ii)	16	2	-4	-3	10
Industrial Class E(g)(iii) / B2	323	417	489	292	1,521
Storage / distribution (Class B8)	278	144	150	76	649
Total of above	1,490	1,442	1,394	764	5,091

Source: Icení analysis of Cambridge Econometrics

Table 7.5 FTE Jobs change by Use Class Sector, 2021-39: Baseline Scenario Dorset

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	805	728	675	375	2,584
R&D Class E(g)(ii)	8	-3	-8	-6	-9
Industrial Class E(g)(iii) / B2	604	385	531	318	1,839
Storage / distribution (Class B8)	287	165	184	97	733
Total of above	1,705	1,275	1,383	785	5,147

Source: Icení analysis of Cambridge Econometrics

7.14 To these figures we have applied employment densities taking account of the HCA Employment Densities Guide: 3rd Edition (2015). We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office: an average of 14 sq m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external

area of buildings is on average 20% higher than the net internal area – note that further sensitivity is run on this further below to take account of remote working practices;

- Research and development: an average of 30 sq m GEA per employee based on low density research premises and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Industrial: an average of 44 sq m GEA per employee as a blend between light and general industrial, assuming that the gross external area of buildings is on average 5% higher than the net internal area and is a mix of general and light industrial;
- Warehouse/ Distribution: an average of 70 sq m GEA per employee.

7.15 Applying these employment densities to the forecasts of net growth in jobs in each employment space type, we can derive forecasts for net changes in employment floorspace. The breakdown by use class is shown below.

Table 7.6 Floorspace (sqm) requirements by Use Class 2021-39, Baseline FEMA

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	23,081	22,103	19,707	10,648	75,538
R&D Class E(g)(ii)	710	-53	-337	-270	49
Industrial Class E(g)(iii)/ B2	40,795	35,312	44,907	26,846	147,861
Warehousing (Class B8)	39,587	21,629	23,400	12,159	96,775
Total	104,173	78,991	87,676	49,382	320,224

Source: Icen analysis of Cambridge Econometrics

Table 7.7 Floorspace (sqm) requirements by Use Class 2021-39, Baseline BCP

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	12,008	12,091	10,423	5,492	40,013
R&D Class E(g)(ii)	471	45	-108	-95	312
Industrial Class E(g)(iii) / B2	14,208	18,355	21,537	12,833	66,933
Warehousing (Class B8)	19,483	10,094	10,521	5,347	45,445
Total	46,170	40,585	42,372	23,576	152,704

Source: Icen analysis of Cambridge Econometrics

Table 7.8 Floorspace (sqm) requirements by Use Class 2021-39, Baseline Dorset

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	11,073	10,012	9,284	5,156	35,525
R&D Class E(g)(ii)	239	-98	-229	-175	-263
Industrial Class E(g)(iii) / B2	26,587	16,957	23,370	14,013	80,928
Warehousing (Class B8)	20,104	11,535	12,879	6,812	51,330
Total	58,003	38,406	45,304	25,806	167,520

Source: Icení analysis of Cambridge Econometrics

- 7.16 Icení has also considered a further sensitivity, reflecting changing working patterns that most particularly influence office needs. With the COVID-19 pandemic leading to most office-based employees home working, it is likely that a greater rate of home working occurs in the future as a result, reducing the need for office floorspace.
- 7.17 Whilst definitive evidence is yet to emerge, a sensitivity scenario that reduces office need by 30% is considered. The position of major corporates (companies) range from around 30% home working to complete flexibility²⁷.

Table 7.9 Floorspace (sqm) requirements by Use Class 2021-39, sensitivity at -30% office need, FEMA

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	16,156	15,473	13,795	7,453	52,876
R&D Class E(g)(ii)	710	-53	-337	-270	49
Industrial Class E(g)(iii) / B2	40,795	35,312	44,907	26,846	147,861
Warehousing (Class B8)	39,587	21,629	23,400	12,159	96,775
Total	97,248	72,361	81,765	46,188	297,561

Source: Icení analysis of Cambridge Econometrics

²⁷ HSBC is cutting its global office space by 40%. Lloyds is cutting desk numbers by 20%. Alphabet (Google) is developing a model where staff work three days in the office and two days from home. Facebook (Meta) are allowing 'complete flexibility'.

Table 7.10 Floorspace (sqm) requirements by Use Class 2021-39, sensitivity at -30% office need, BCP

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	8,405	8,464	7,296	3,844	28,009
R&D Class E(g)(ii)	471	45	-108	-95	312
Industrial Class E(g)(iii) / B2	14,208	18,355	21,537	12,833	66,933
Warehousing (Class B8)	19,483	10,094	10,521	5,347	45,445
Total	42,567	36,958	39,246	21,929	140,699

Source: Icen analysis of Cambridge Econometrics

Table 7.11 Floorspace (sqm) requirements by Use Class 2021-39, sensitivity at -30% office need, Dorset

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	7,751	7,009	6,499	3,609	24,867
R&D Class E(g)(ii)	239	-98	-229	-175	-263
Industrial Class E(g)(iii) / B2	26,587	16,957	23,370	14,013	80,928
Warehousing (Class B8)	20,104	11,535	12,879	6,812	51,330
Total	54,681	35,403	42,519	24,259	156,862

Source: Icen analysis of Cambridge Econometrics

7.18 To calculate the land requirements to support these net changes, we have applied the following plot ratios²⁸ based on analysis of past completions as well as an expectation of future trends:

- 0.4 for E(g)(i) office and (ii) R&D uses in BCP and 0.3 in Dorset;
- 0.4 for E(g)(iii) and B2 industrial uses in BCP and 0.3 in Dorset; and
- 0.4 for B8 warehouse / distribution floorspace in BCP and Dorset.

7.19 This generates the following requirement for net additional land to support employment growth over the plan period:

²⁸ Plot ratio = floorspace / site area. Note that 1ha = 10,000 sqm.

Table 7.12 Labour demand net land (ha) requirements by Use Class 2021-39

Area	BCP Baseline	BCP Baseline sensitivity	Dorset Baseline	Dorset Baseline sensitivity	FEMA Baseline	FEMA Baseline Sensitivity
Offices / R&D Class E(g)(i) & (ii)	10.1	7.1	11.8	8.2	21.9	15.3
Industrial Class E(g)(iii) / B2	16.7	16.7	27.0	27.0	43.7	43.7
Warehousing (Class B8)	11.4	11.4	12.8	12.8	24.2	24.2
Total	38.2	35.2	51.6	48.0	89.8	83.2

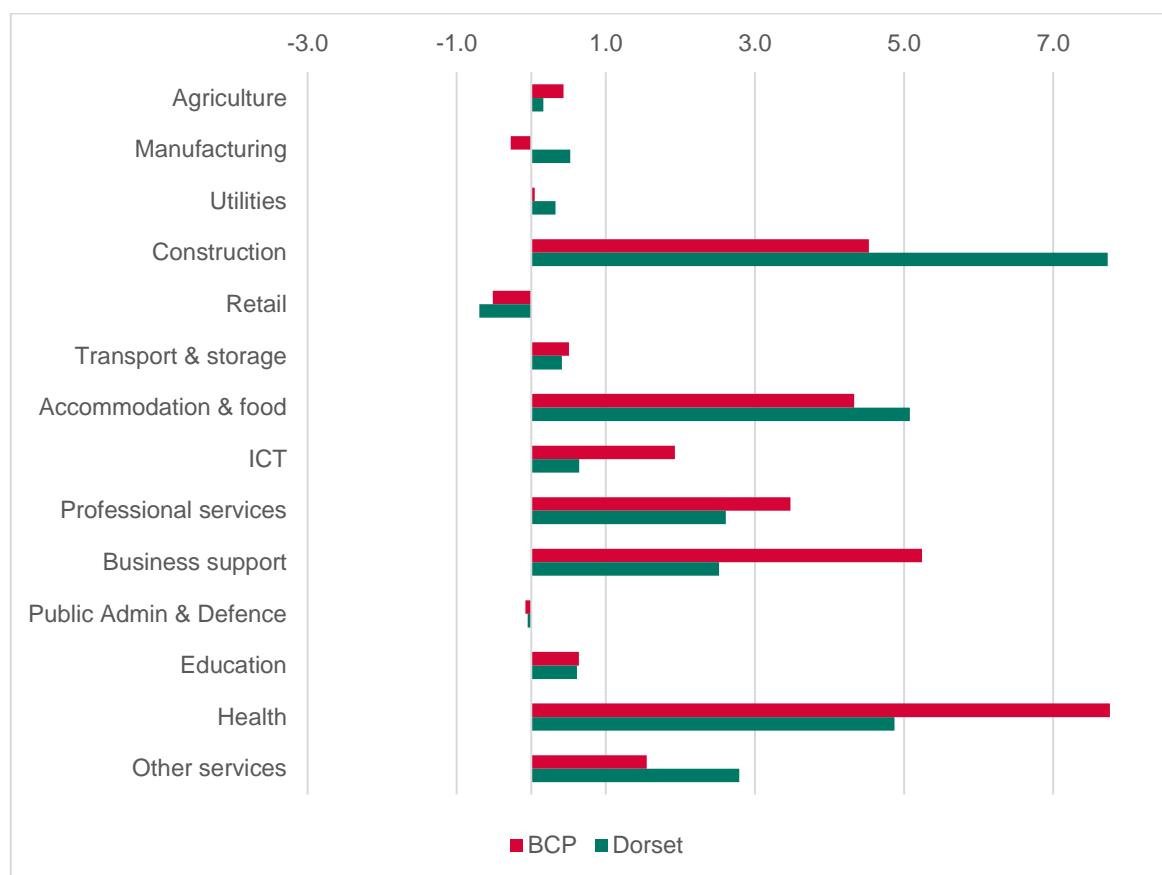
Source: Icení analysis of Cambridge Econometrics

- 7.20 It is important to note that these are net changes that do not take account of matters such as a margin adjustment, which is considered further in this section below.

Labour Demand Scenario: Growth

- 7.21 This section takes forward the growth scenario economic forecasts set out in Chapter 6.
- 7.22 The growth scenario considers the quantum of employment land required to support the growth of 29,600 jobs in BCP and 27,500 jobs in Dorset from 2021-39. The jobs' changes by sector are set out below, with construction, health, tourism and business support the fastest growing.

Table 7.13 Employment change 2021-2039 ('000s) BCP and Dorset – Growth Scenario



Source: Cambridge Econometrics / Icen Projects, Icen analysis

- 7.23 Icen Projects have converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in Dorset and BCP as of 2020 (BRES) on a 2 digit SIC sector-by-sector basis, aggregated up to the 45 sector forecast. This is set out below. It assumes that FTE is equivalent to full-time employees, plus self-employment (employment minus employees), plus half of part-time employees, assuming a blanket 50% of part-time work. The table below shows that in BCP, the 29,600 new jobs in the growth forecast is equivalent to 24,400 FTE. In Dorset, the 27,500 new jobs forecast is equivalent to 23,100 FTE. In the Dorset and BCP FEMA, the 57,100 new jobs forecast is equivalent to 47,400 FTE.

**Table 7.14 Growth Scenario Jobs and FTE change in BCP, Dorset and BCP & Dorset
FEMA ('000s) 2021-39**

	Jobs to FTE ratio	BCP Jobs change 21- 39	BCP FTE change 21-39	Dorset Jobs change 21-39	Dorset FTE change 21-39	FEMA Jobs change 21 – 39	FEMA FTE change 21 - 39
Agriculture, forestry & fishing	91%	0.4	0.4	0.3	0.3	0.8	0.7
Mining & quarrying	100%	0.0	0.0	-0.2	-0.2	-0.2	-0.2
Food, drink & tobacco	89%	-0.4	-0.4	0.2	0.2	-0.2	-0.2
Textiles etc	96%	-0.1	0.0	-0.1	-0.1	-0.1	-0.1
Wood & paper	95%	0.0	0.0	0.0	0.0	0.0	0.0
Printing & recording	101%	-0.2	-0.2	-0.2	-0.2	-0.4	-0.4
Coke & petroleum	0%	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals	100%	0.5	0.5	0.1	0.1	0.6	0.6
Pharmaceuticals	90%	0.0	0.0	0.2	0.2	0.2	0.2
Non-metallic mineral	100%	-0.2	-0.2	-0.1	-0.1	-0.2	-0.2
Metals & metal products	92%	-0.5	-0.5	-0.8	-0.8	-1.3	-1.2
Electronics	87%	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Electrical equipment	100%	0.5	0.5	0.0	0.0	0.4	0.4
Machinery	100%	-0.5	-0.5	0.9	0.9	0.4	0.4
Motor vehicles	100%	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Other transport equip.	100%	0.7	0.7	0.6	0.6	1.3	1.3
Other manufacturing & rep.	100%	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Electricity & gas	100%	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Water, sewerage & waste	100%	0.1	0.1	0.3	0.3	0.4	0.4
Construction	95%	4.5	4.3	7.7	7.4	12.3	11.7
Motor vehicles trade	92%	0.1	0.1	0.1	0.1	0.3	0.2
Wholesale trade	97%	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Retail trade	71%	-0.5	-0.4	-0.8	-0.5	-1.3	-0.9
Land transport	91%	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Water transport	100%	0.0	0.0	0.0	0.0	-0.1	0.0
Air transport	76%	0.1	0.1	0.0	0.0	0.1	0.1
Warehousing & postal	88%	0.6	0.5	0.5	0.4	1.1	1.0
Accommodation	75%	0.8	0.6	1.5	1.2	2.3	1.7
Food & beverage	67%	3.6	2.4	3.5	2.4	7.1	4.8
Media	78%	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
IT services	92%	2.0	1.8	0.7	0.7	2.7	2.5
Financial & insurance	89%	0.7	0.6	0.0	0.0	0.7	0.6
Real estate	88%	-0.5	-0.4	-0.2	-0.1	-0.7	-0.6
Legal & accounting	90%	0.4	0.4	0.5	0.5	0.9	0.9
Head offices & managem't c.	87%	0.4	0.4	0.1	0.1	0.6	0.5
Architectural & engineering	86%	1.1	1.0	1.0	0.8	2.1	1.8
Other professional services	91%	1.3	1.2	1.2	1.1	2.5	2.2
Business support services	82%	5.2	4.3	2.5	2.1	7.8	6.4
Public Administration & Def.	81%	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Education	77%	0.6	0.5	0.6	0.5	1.3	1.0

Health	76%	5.5	4.2	3.5	2.6	9.0	6.8
Residential & social	80%	2.3	1.8	1.4	1.1	3.7	3.0
Arts	83%	0.4	0.3	0.6	0.5	1.0	0.8
Recreational services	67%	1.1	0.7	1.7	1.1	2.8	1.8
Other services	83%	0.1	0.1	0.5	0.4	0.6	0.5
All	83%	29.6	24.4	27.5	23.1	57.1	47.4

Source: BRES 2019, Cambridge Econometrics, Icení Analysis

7.24 As with the baseline, an adjustment has been made at the sector level taking into account home working data based on 2019 (ONS, Homeworking by sector, see Appendix A1), and Icení Projects has considered the proportion of employment in each sector which is likely to take place in the various use classes following the baseline approach. This has been used to derive the following forecasts of net growth in FTE employment by use class over the plan period, relating to the BCP and Dorset Council areas and the FEMA. The tables below sets out the 5-year band requirements.

Table 7.15 FTE Job Growth by Use Class Sector, 2021-39: Growth Scenario FEMA

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	2,493	2,343	2,232	1,283	8,352
R&D Class E(g)(ii)	53	55	50	29	188
Industrial Class E(g)(iii) / B2	1,748	1,658	1,874	1,117	6,398
Storage / distribution (Class B8)	682	426	452	246	1,806
Total of above	4,977	4,483	4,609	2,674	16,743

Source: Icení analysis of Cambridge Econometrics

Table 7.16 FTE Job Growth by Use Class Sector, 2021-39: Growth Scenario BCP

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	1,505	1,457	1,419	826	5,207
R&D Class E(g)(ii)	42	43	43	26	155
Industrial Class E(g)(iii) / B2	514	647	711	421	2,294
Storage / distribution (Class B8)	342	208	215	116	882
Total of above	2,403	2,356	2,389	1,388	8,537

Source: Icení analysis of Cambridge Econometrics

Table 7.17 FTE Job Growth by Use Class Sector, 2021-39: Growth Scenario Dorset

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	988	886	813	457	3,145
R&D Class E(g)(ii)	11	12	7	3	33
Industrial Class E(g)(iii) / B2	1,234	1,011	1,163	696	4,104
Storage / distribution (Class B8)	340	218	237	130	924
Total of above	2,574	2,127	2,220	1,286	8,206

Source: Icení analysis of Cambridge Econometrics

- 7.25 To these figures we have applied employment densities taking account of the HCA Employment Densities Guide: 3rd Edition (2015) as per the baseline forecast. Applying these employment densities to the forecasts of net growth in jobs in each employment space type, we can derive forecasts for net changes in employment floorspace. The breakdown by use class is shown below.

Table 7.18 Floorspace (sqm) requirements by Use Class 2021-39, Growth FEMA

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	34,278	32,222	30,691	17,645	114,836
R&D Class E(g)(ii)	1,609	1,664	1,505	857	5,636
Industrial Class E(g)(iii) / B2	76,943	72,951	82,454	49,137	281,484
Warehousing (Class B8)	47,765	29,806	31,682	17,187	126,439
Total	160,593	136,644	146,332	84,825	528,395

Source: Icení analysis of Cambridge Econometrics

Table 7.19 Floorspace (sqm) requirements by Use Class 2021-39, Growth BCP

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	20,687	20,037	19,512	11,356	71,592
R&D Class E(g)(ii)	1,264	1,301	1,301	781	4,648
Industrial Class E(g)(iii) / B2	22,638	28,481	31,298	18,506	100,922
Warehousing (Class B8)	23,963	14,574	15,073	8,117	61,727
Total	68,551	64,393	67,184	38,760	238,888

Source: Icen analysis of Cambridge Econometrics

Table 7.20 Floorspace (sqm) requirements by Use Class 2021-39, Growth Dorset

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	13,591	12,185	11,179	6,289	43,244
R&D Class E(g)(ii)	345	363	204	76	988
Industrial Class E(g)(iii) / B2	54,305	44,470	51,156	30,631	180,562
Warehousing (Class B8)	23,802	15,232	16,609	9,070	64,712
Total	92,042	72,251	79,148	46,065	289,507

Source: Icen analysis of Cambridge Econometrics

- 7.26 Icen has also considered a further sensitivity, reflecting changing working patterns that most particularly influence office needs. A sensitivity that reduces office need 30% is considered.

Table 7.21 Floorspace (sqm) requirements by Use Class 2021-39, sensitivity at -30% office need FEMA

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	23,995	22,556	21,483	12,351	80,385
R&D Class E(g)(ii)	1,609	1,664	1,505	857	5,636
Industrial Class E(g)(iii) / B2	76,943	72,951	82,454	49,137	281,484
Warehousing (Class B8)	47,765	29,806	31,682	17,187	126,439
Total	150,310	126,977	137,126	79,531	493,944

Source: Icen analysis of Cambridge Econometrics

Table 7.22 Floorspace (sqm) requirements by Use Class 2021-39, sensitivity at -30% office need BCP

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	14,481	14,026	13,658	7,949	50,114
R&D Class E(g)(ii)	1,264	1,301	1,301	781	4,648
Industrial Class E(g)(iii) / B2	22,638	28,481	31,298	18,506	100,922
Warehousing (Class B8)	23,963	14,574	15,073	8,117	61,727
Total	62,345	58,382	61,331	35,353	217,411

Source: Icen analysis of Cambridge Econometrics

Table 7.23 Floorspace (sqm) requirements by Use Class 2021-39, sensitivity at -30% office need Dorset

Area	2021-26	2026-31	2031-36	2036-39	2021-39
Offices Class E(g)(i)	9,514	8,530	7,825	4,402	30,271
R&D Class E(g)(ii)	345	363	204	76	988
Industrial Class E(g)(iii) / B2	54,305	44,470	51,156	30,631	180,562
Warehousing (Class B8)	23,802	15,232	16,609	9,070	64,712
Total	87,965	68,595	75,795	44,178	276,533

Source: Icen analysis of Cambridge Econometrics

- 7.27 To calculate the land requirements to support these net changes, we have applied the baseline plot ratios. This generates the following requirement for net additional land to support employment growth over the plan period:

Table 7.24 Labour demand net land (ha) requirements by Use Class 2021-39

Area	BCP Growth	BCP Growth sensitivity	Dorset Growth	Dorset Growth sensitivity	FEMA Growth	FEMA Growth sensitivity
Offices / R&D Class E(g)(i) & (ii)	19.1	12.5	14.7	10.1	33.8	22.6
Industrial Class E(g)(iii) / B2	25.2	25.2	60.2	60.2	85.4	85.4
Warehousing (Class B8)	15.4	15.4	16.2	16.2	31.6	31.6
Total	59.7	53.1	91.1	86.5	150.8	139.6

Source: Icen analysis of Cambridge Econometrics

- 7.28 It is important to note that these are net changes that do not take account of matters such as a margin adjustment, which is considered further later in this section.

Labour Supply Scenario

- 7.29 The labour supply scenarios are developed using information set out in the 2021 'Review of Housing Need: Examining Demographics and Testing the Standard Method in BCP and Dorset' report. This considers population arising from the Standard Method housing need figure which is derived from the 2014 based sub-national household projections (SNHP), as well as an alternative approach where figures are based on realistic assumptions about

demographic growth. It notes that “It is considered that there are exceptional circumstances in BCP that would point to a strong case for a housing number substantially lower than the Standard Method.” This Employment Land Study makes no recommendations regarding housing need but does consider both the populations relating to the delivery of the Standard Method housing figure as well as what is described as an ‘Alternative Demographic’.

- 7.30 Because of the strong interrelationships between BCP and Dorset, which will be particularly prominent when commuting patterns are taken into account, analysis and outcomes derived from the labour supply scenario herein are provided at the FEMA (combined authority) level only.
- 7.31 To look at estimates of the jobs’ growth to be supported by increases in population, a series of stages are undertaken which are set out in more detail in Appendix A3. These can be summarised as:
- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);
 - Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and
 - Bringing together this information will provide an estimate of the potential jobs’ growth supported by the population projections.
- 7.32 The summary outputs from this exercise are as follows and set out in more detail in the tables below, with the labour demand figures included.
- 7.33 For the BCP & Dorset FEMA, the standard method supports 81,200 to 82,700 workforce jobs, far higher than any other scenario. The alternative demographic scenario supports 56,400 to 58,400 jobs which is above the labour demand baseline model of 48,400 jobs. The growth scenario supports 57,100 jobs – within the same range as the alternative demographic scenario. This indicates that under the alternative demographic or standard method scenarios, there would be sufficient population and labour available to meet the modelled economic needs from the labour demand baseline or growth scenarios.

Table 7.25 Jobs supported by demographic projections (2021-39) – FEMA

		Total change in economically active	Plus 15,480 returning to employment	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
Standard Method	Census commuting	63,543	79,023	76,082	79,876
	1:1 commuting	63,543	79,023	79,023	82,963
Alternative demog.	Census commuting	40,164	55,644	53,573	56,244
	1:1 commuting	40,164	55,644	55,644	58,418
Labour demand (baseline)		-	-	-	48,400
Labour demand (growth)		-	-	-	57,100

Source: Derived from a range of sources as described in Appendix A3

7.34 In generating a labour supply scenario for the economic outlook, change has been proportionately shared out in line with sector share at the end of the forecast period (2039) derived from the labour demand baseline and smoothed across the period. In reality, simply increasing a population does not necessarily generate demand across all sectors in the same way and there tends to be a bias towards population supporting sectors (retail, health, education) rather than necessarily growing advanced manufacturing demand for example. Growth has been pro-rated on a sub-sector (45) level and aggregated up to the broad sectors below, so the outcomes are not simply translated from the previous labour demand summary charts.

Table 7.26 Labour supply effects on employment growth, FEMA ('000s)

Broad Sector	2021	Labour demand base	Change to 2039		
			Labour demand growth	Standard method	Alternative demographic
Agriculture	8.7	9.3	9.3	9.7	9.4
Manufacturing	31.3	28.1	31.5	29.8	28.5
Utilities	3.1	3.5	3.5	3.8	3.6
Construction	30.9	43.1	43.2	45.6	43.8
Retail	57.6	56.4	56.4	60.4	57.4
Transport & storage	10.6	10.4	11.5	11.3	10.6
Accommodation & food	35.4	44.8	44.8	47.7	45.5

ICT	10.1	11.9	12.7	12.9	12.1
Professional services	60.2	63.1	66.3	68.3	64.3
Business support	24.2	32.0	32.0	34.8	32.6
Public Admin & Defence	17.8	17.6	17.7	18.6	17.9
Education	32.0	33.3	33.3	35.5	33.8
Health	54.9	67.5	67.5	72.8	68.7
Other services	24.4	28.7	28.7	30.5	29.2
Total	401.2	449.7	458.3	481.8	457.5

Source: Cambridge Econometrics, Icen analysis

7.35 Using the same approach as the labour demand model, these figures have then been translated to floorspace requirements.

Table 7.27 FEMA floorspace (sqm) / Land (ha) needs by Use Class 2021-39, Labour Supply

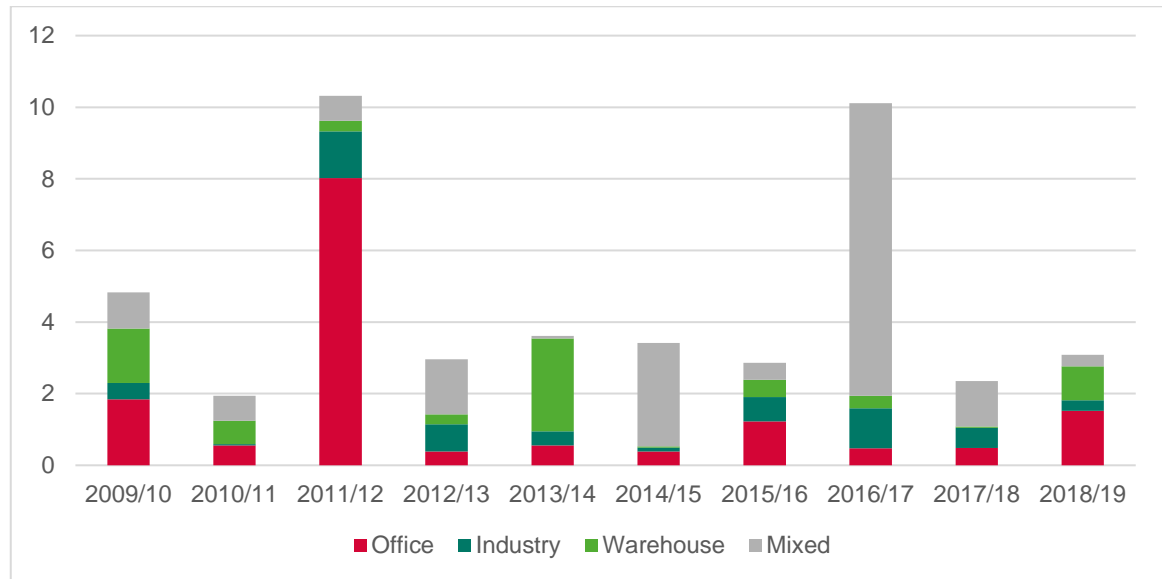
	Standard method		Altern. Demo.	
	Sqm	ha	Sqm	ha
Offices / R&D Class E(g)(i)/(ii)	153,400	40.7	94,000	26.5
Industrial Class E(g)(iii) / B2	295,700	79.0	185,300	53.3
Warehousing (Class B8)	212,600	53.1	125,000	31.2
Total	661,700	172.9	404,300	111.0

Source: Icen analysis of Cambridge Econometrics

Completions trend

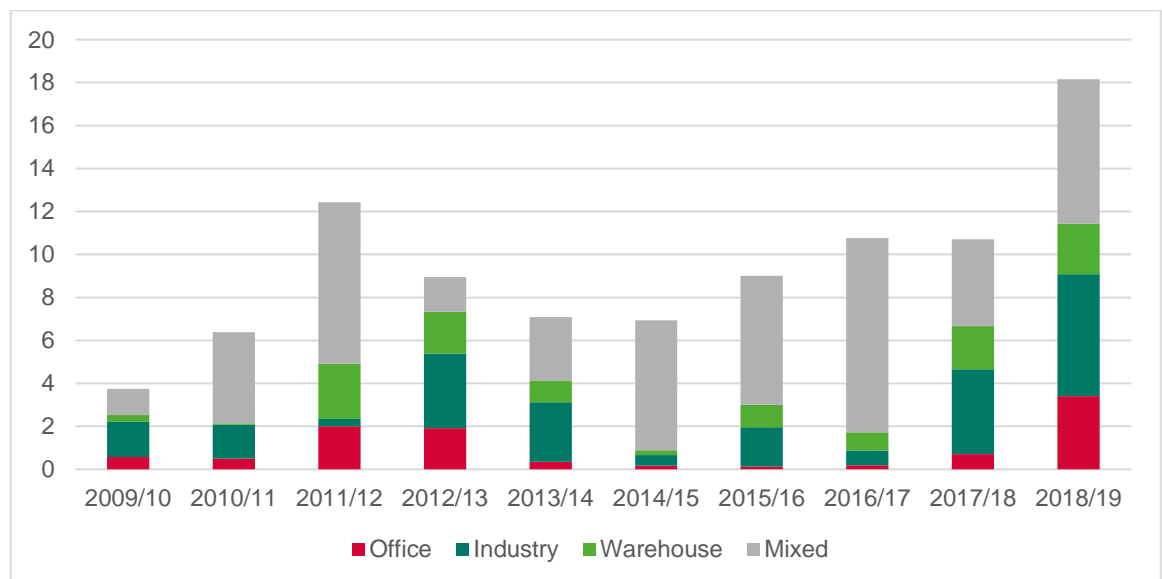
7.36 The councils have provided B Class gross completions data for the 2011/12 to 2018/19 monitoring period. This is set out in the figure below. Losses have also been provided but only to non-B Class uses. Issues around replacement stock are discussed later in this chapter and net change in B Class is dealt with through VOA data analysis.

Table 7.28 BCP completions 2009-2018 (ha)



Source: Icen analysis of Council Monitoring

Table 7.29 Dorset completions 2009-18 (ha)



Source: Icen analysis of Council Monitoring

7.37 These datasets have been annualised and projected forward to provide an outlook to 2039 as below.

Table 7.30 Completions trend 2021-2039 (ha)

	BCP			Dorset			FEMA		
	2009-18 total	2009-18 av.	2021-39 proj	2009-18 total	2009-18 av.	2021-39 proj	2009-18 total	2009-18 av.	2021-39 proj
Office	15.5	1.7	30.9	10.5	1.2	21.1	26.0	2.9	52.0
Industry	5.7	0.6	11.4	24.1	2.7	48.2	29.8	3.3	59.6
Warehouse	7.2	0.8	14.4	10.1	1.1	20.2	17.3	1.9	34.6
Mixed	17.1	1.9	34.3	44.5	4.9	89.0	61.6	6.8	123.3
Total	45.5	5.1	91.0	89.3	9.9	178.5	134.8	15	269.5

Source: Icení analysis of Council Monitoring

- 7.38 Icení has also considered a VOA trend model which reports total change in office and industrial/warehouse space based on business rates. Over time trends are charted in chapter 5 and tabulated here below. The VOA output in sqm is converted to ha using the same assumptions as in the labour demand model.

Table 7.31 VOA trend 2021-2039 ('000s sqm) Dorset, BCP and FEMA

	BCP				Dorset				FEMA			
	2011-19 total	2011-19 av.	2021-39 proj	2021-39 proj (ha)	2011-19 total	2011-19 av.	2021-39 proj	2021-39 proj (ha)	2011-19 total	2011-19 av.	2021-39 proj	2021-39 proj (ha)
Office	-21.0	-2.3	-42.0	-10.5	-1.0	-0.1	-2.0	-0.7	-22.0	-2.4	-44.0	-11.2
Industry	-9.0	-1.0	-18.0	-4.5	73.0	8.1	145.8	48.6	64.0	7.1	127.8	44.1
Total	-30.0	-3.3	-60.0	-15.0	-72.0	8.0	143.8	47.9	-102.0	4.7	83.8	32.9

Source: Icení analysis of VOA

- 7.39 Key findings from the completions data:
- Strong demand in offices for BCP driven by 2011/12 completions. If this is removed, the future need falls to around half or 14.8 ha. This contrasts with significant losses overall (VOA data) driven by conversions to residential. This level of loss is not expected to continue in the future with much of the readily convertible office stock delivered.

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- A reasonable level of demand for industrial / warehousing and moreover mixed B activities in BCP. The net position (VOA) has remained fairly neutral overall with some gains and losses year on year. This suggests a strong component of site renewals occurring, as well as gains being offset by losses elsewhere.
 - A steady level of completions in offices in Dorset but overall a stable volume of office space reported by VOA, suggesting gains in some locations offset by losses elsewhere. Notably high levels of demand for industrial, warehouse and mixed B premises in Dorset. The gains are not reflected to the same degree in the VOA trend, however there is a strong level of growth reported. This suggests a level of replacement but also significant floorspace gains overall through new premises.
 - At the FEMA level, there were on-going completions across all floorspace types between 2009 and 2018 with the greatest level of completions in mixed floorspace. The VOA data reports net losses in office floorspace at the FEMA level but net gains in industrial floorspace. Whilst the VOA data records losses in industrial floorspace for BCP, this is far outweighed by gains in industrial floorspace in Dorset. This suggests an element of displacement of industrial stock from BCP to Dorset.

Margin adjustments

- 7.40 To provide an indication of the potential gross need for employment land in this scenario, it may be appropriate to make some allowance for frictional vacancy within employment floorspace; and provide some margin within the supply of land to provide a choice of sites.

Future vacancy

- 7.41 We have assumed a need to achieve a 7.5% vacancy rate within the additional floorspace for needs outlined above (mid-point between 5-10%), which is what we would consider reasonable in a functioning commercial property market. A level of vacant floorspace is necessary to support turnover and improvements to stock.

Safety / flexible margin

- 7.42 In identifying how much land to allocate for development, we consider that it would be prudent to include a 'margin' to provide for some flexibility, recognising:
- The potential error margin associated with the forecasting process;
 - To provide a choice of sites to facilitate competition in the property market;
 - To provide flexibility to allow for any delays in individual sites coming forward.

7.43 Taking the above into account, we consider that it would be appropriate to make provision for a 'margin'.

7.44 There are different approaches to identifying a margin, using either a number of years of past take-up (i.e. completions) typically 2 or 5 years, or a percentage of future need. It is noted that a 2-year gross margin was applied as per the 2016 Workspace Study, whereas in the 2020 Workspace Update a 0-20% of base need flexibility was applied. Whilst this is considered appropriate in the round and allows for consistency, stakeholder feedback indicates that there are significant issues with the site viability and deliverability in Dorset (but not necessarily BCP). Increasing the margin for flexibility should help to increase the amount of land available and therefore the probability of any individual site being delivered, as well as providing some mitigation for losses to retail type uses (see below). So for Dorset it is recommended the margin be increased to 5 years to improve the potential of securing any one site. The margins we recommend are based on the average annual completion rates between 2009 and 2018 (see Table 7.25 above) and are:

- BCP 10.2 ha (5.1ha x 2 years)
- Dorset 49.5 ha (9.9ha x 5 years)

Replacement demand

7.45 Some employment land studies consider whether there is a need to make an allowance for replacing future losses that may follow past patterns.

7.46 BCP and Dorset have both seen substantial losses to residential and other non-B uses in recent years, averaging 2.2 ha per annum in Dorset and 2.6 ha per annum in BCP. Assuming this pattern occurs in the future there is a need to provide additional land to compensate for losses. However, in Iceni's view it is not necessary to provide this at the full rate, given for example that lost office stock may have been of lesser quality that the market no longer requires, and changes in economic structure mean some older industrial stock is no longer needed. Based on discussions with stakeholders and officers and wider experience, we recommend that 50% of past losses are continued to be provided for in the future, being 23.1 ha in BCP and 20.2 ha in Dorset (breakdowns by type have not been provided by the authorities).

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- 7.47 It is also noted that other than losses to non-B uses there will be the need to replace older ageing industrial stock which will be further driven by the Government's increasing Energy Performance Certificate (EPC) requirements. Implications of this are considered to be suitably captured in the flexible margin (above) and replacement demand factors. It is likely that redevelopment of older stock driven by EPC requirements will take place on existing sites rather than generate the need for net gain, although this will not always be the case.

Class E

- 7.48 Class E(g) replaces the former B1 premises. In general the introduction of Class E does not change the approach to needs based demand modelling. There may be some policy implications, notably that Class E(g) allocations of general light industrial existing premises may be readily convertible to retail or trade counter type units. These occupiers may have greater rental purchasing power and be able to displace older stock / new allocations for E(g), particularly in Dorset. There are examples of this for example at Link Park in Weymouth. Given viability challenges facing general industrial development at industrial rents, this is likely to continue and where possible authorities should seek to maximise control through the planning process to ensure sufficient space is retained overall for industrial uses.
- 7.49 A specific calculated upwards adjustment is not included to reflect the impact of retail type developments on industrial sites, but this does form part of the justification for increasing the flexible margin for Dorset from 2 years to 5 years, which is the equivalent of around 30 ha additionally. It could also be a justification for considering the upper end of the industrial needs recommended.
- 7.50 It would be beneficial for monitoring to take place on existing or allocated industrial sites regarding Class E development by sub division (i.e. a/b/g etc) to provide greater certainty and information on the type of development and the impact this may be having on the availability of land for traditional industrial uses (E(g), B2, B8).

Summary of scenario outputs and recommendations

- 7.51 The below tables summarise the labour demand and trend outputs by scenario with the FEMA level outputs followed by BCP and Dorset.

FEMA

- 7.52 The FEMA results are set out below including the labour supply position.

Table 7.32 Land (ha) requirements by Use Class 2021-39, FEMA (exc. adjustments)

	Labour supply standard method	Labour supply alt. demo.	Labour demand baseline	Labour demand growth	Labour demand growth with sensitivity	Completions*	VOA trend 2011-19
Offices / R&D Class E(g)(i)/(ii)	40.7	26.5	21.9	33.8	22.6	52	-11.2
Industrial Class E(g)(iii) / B2	79.0	53.3	43.7	85.4	85.4	121.3	44.1
Warehousing (Class B8)	53.1	31.2	24.2	31.6	31.6	96.2	
Total	172.9	111.0	89.8	150.8	139.6	269.5	32.9

Source: Various, * Mixed split between industrial and warehousing, VOA trend projected

7.53 The below table includes the margin adjustments and summarises the use classes.

Table 7.33 Land (ha) requirements by Use Class 2021-39, FEMA (inc. adjustments)

	Labour supply standard method	Labour supply alt. demo.	Labour demand baseline	Labour demand growth	Labour demand growth with sensitivity	Completions*	VOA trend 2011-19
Offices / R&D Class E(g)(i)/(ii) net	40.7	26.5	21.9	33.8	22.6	52	-11.2
Margin	9.3	9.3	9.3	9.3	9.3	9.3	9.3
Replacement Demand	8.7	8.7	8.7	8.7	8.7	8.7	8.7
Frictional Vacancy	3.1	2.0	1.7	2.5	1.7	3.9	0
Offices / R&D Class E(g)(i)/(ii) gross	61.7	46.4	41.5	54.3	42.3	73.9	6.7
Industrial / Warehousing E(g)(iii) / B2 / B8 net	132.3	84.5	67.9	117	117	217.5	44.2
Margin	50.4	50.4	50.4	50.4	50.4	50.4	50.4
Replacement Demand	34.6	34.6	34.6	34.6	34.6	34.6	34.6
Frictional Vacancy	9.9	6.3	5.1	8.7	8.7	16.3	3.7

Industrial / Warehousing E(g)(iii) / B2 / B8 gross	227.3	175.9	158.1	210.8	210.8	318.9	132.9
Total gross	289.0	222.3	199.6	264.0	253.1	392.7	139.6

*Source: Various, * Mixed split between industrial and warehousing, VOA trend projected*

- 7.54 Overall, the scenarios provide a substantial range.
- 7.55 The alternative demographic model provides a total need between the labour demand baseline and growth outputs. The labour demand modelled range is considered to be the most useful range of needs.
- 7.56 The standard method labour supply outputs are higher than the labour demand modelled need. The labour supply outputs (alternative demographic and standard method) are unlikely to be a suitable indicator of need as population supply has a weaker relationship with floorspace demand compared to jobs led models.
- 7.57 The gross completions trend is much higher than other models but this includes the recycling of existing sites so may not be an appropriate indicator when considering additional needs. The VOA net trend is the lowest model this typical underestimates requirements although can be useful for weaker demand markets.
- 7.58 Overall, the range of requirements for the FEMA covers the following, but should be read in conjunction with authority level recommendations and the market narrative that follows given that the weaker office market could reduce requirements below these stated:
- Office: 6.7 to 73.9, with 41.5 ha to 54.3 ha preferred (labour demand range - but recognising potential for a lower need of down to 20.1 ha when taking into account sensitivity analysis for the individual authorities, see below)
 - Industrial and warehousing: 132.9 to 318.9 ha, with 158.1 to 210.8 ha preferred (labour demand range)
 - Total: 139.6 to 392.7 ha, with 199.6 to 264.0 ha preferred (labour demand range – but falling to 178.2 with office sensitivity)

7.59 It is of note that the 2020 Workspace Study for the authorities recommended 151.4ha to 241.9ha for the LEP area depending on trend/strategy scenario and level of flexibility - the upper end of which would seem to be broadly in-line with the recommendation of this report.

7.60 As noted previously, it will be for the authorities to consider the individual employment land requirements. The sections below consider the individual authority labour demand and completions model which can be used as a guide. This includes commercial market commentary by use, which can only appropriately be applied at the authority level.

BCP

Table 7.34 Land (ha) requirements by Use Class 2021-39, BCP (exc. Adjustments)

	Labour demand baseline	Labour demand growth	Labour demand growth with sensitivity	Completions*	VOA trend 2011-19
Offices / R&D Class E(g)(i)/(ii)	10.1	19.1	12.5	30.9	-10.5
Industrial Class E(g)(iii) / B2	16.7	25.2	25.2	28.6	-4.5
Warehousing (Class B8)	11.4	15.4	15.4	31.5	
Total	38.2	59.7	53.1	91.0	-15.0

Source: Various, * Mixed split between industrial and warehousing

7.61 The below table includes the margin adjustments and summarises the use classes. Due to a lack of detailed information regarding past losses, based on expectations on future market needs replacement demand elements are ascribed 20% offices and 80% industrial.

Table 7.35 Land (ha) requirements by Use Class 2021-39, BCP (including adjustments)

	Labour demand baseline	Labour demand growth	Labour demand growth with sensitivity	Completions*	VOA trend 2011-19
Offices / R&D net	10.1	19.1	12.5	30.9	-10.5
Margin	3.4	3.4	3.4	3.4	3.4
Rep.Dem	4.6	4.6	4.6	4.6	4.6
Fric Vac	0.8	1.4	0.9	2.3	0
Offices / R&D	18.9	28.6	21.5	41.3	-2.4
Industrial / Wh'se E(g)(iii) / B2 / B8 net	28.1	40.6	40.6	60.1	-4.5
Margin	6.7	6.7	6.7	6.7	6.7
Rep.Dem	18.5	18.5	18.5	18.5	18.5
Fric Vac	2.1	3.0	3.0	4.5	0.0

Industrial / Wh'se E(g)(iii) / B2 / B8	55.4	68.8	68.8	89.8	20.7
Total	74.3	96.3	90.3	131.0	18.2

*Source: Various, * Mixed split between industrial and warehousing, VOA trend projected*

- 7.62 Overall, the scenarios provide a substantial range, with the standard method and completions trends considerably higher than the labour demand and alternative demographic scenario. The VOA trends are far lower. In Iceni's view it is helpful to consider the elements by use class type.
- 7.63 **Office:** historically, BCP has seen significant office growth as a centre for financial institutions. However, investment has slowed in recent years and the market is relatively subdued, with greater uncertainty as a result of the pandemic. The VOA reports a losses trend which includes conversions to residential in recent years. Considering future scenarios, despite the potential workforce growth associated with the standard method population, it is anticipated that demand will be lower than past completions and in fact the labour demand modelled figures above may be inflated by the level of replacement demand being ascribed – given that agents report the current market as relatively stable and subdued with limited need to replace past losses of older stock.
- 7.64 On this basis, the lower end of the range for offices being the 18.9 ha – 28.6 ha derived from the labour demand baseline and growth models above, with adjustments, is considered a starting point. This in fact may exceed the 'real world' commercial requirements, particularly if the replacement demand factor for future losses does not materialise. If this element were excluded the needs would fall to 14.3–24.0 ha. Alternatively, the sensitivity adjustment for offices / homeworking considered (as reported previously) then the range would fall as low as 11.0 ha (7.1 [derived from table 7.12] plus 7.5% friction plus 3.4 ha margin). This is more likely to reflect the current outlook for offices in property terms and greater remote working in the future. In Iceni's view the lowest end of the range being 11.0 ha is the most likely outcome reflecting changes in market needs.
- 7.65 **Industrial / warehouse:** in Iceni's view the labour demand models may not always be a representative indication of industrial floorspace requirements as productivity gains forecast are typically driven by investment in capital which means businesses may need to renew older premises or expand their footprint with only a modest increase in employment. For warehousing the upgrading and expansion of premises is considered a driving factor as well as the drive in demand from e-commerce.

7.66 It is notable that despite high recorded completions, the VOA trend indicates (before adjustment) an ongoing loss of floorspace, suggesting that whilst completions represent a reasonably high rate of renewal of existing stock, overall the count is falling due to pressures of other land use types. The VOA trend should not be planned for as based on current market feedback this is not providing enough business space. The completions trend, with margin adjustments, is likely to best represent total need before considering that some of this will be achieved through ongoing redevelopment of existing stock. The labour demand models may therefore be the best representation of the area for expansion of additional allocations required over and above existing sites.

7.67 **Overall**, the requirements for BCP are:

- Office: -2.4 to 41.3 ha (-9,600 to 165,100 sqm), with a recommended range of 11.0 to 28.6 ha (44,000 to 114,300 sqm) which includes the labour demand models as well as a lower end below these (see text above)
- Industrial and warehousing: 20.7 to 89.8 ha (82,600 to 359,100 sqm) with a recommended range of 55.4 to 68.8 ha (221,500 to 275,200 sqm) from the labour demand models
- Total: 18.3 to 131.1 ha but recommending 66.4 ha to 97.4 ha

7.68 It is of note that the 2020 Workspace Study for the authorities recommended 66.4 to 80.9 ha for BCP.

Dorset

7.69 The Dorset results are set out below.

Table 7.36 Land (ha) requirements by Use Class 2021-39, Dorset (exc. Adjustments)

	Labour demand baseline	Labour demand growth	Labour demand growth with sensitivity	Completions*	VOA trend 2011-19
Offices / R&D Class E(g)(i)/(ii)	11.8	14.7	10.1	21.1	-0.7
Industrial Class E(g)(iii) / B2	27.0	60.2	60.2	92.7	48.6

Warehousing (Class B8)	12.8	16.2	16.2	64.7	
Total	51.6	91.1	86.5	178.5	47.9

Source: Various, * Mixed split between industrial and warehousing, VOA trend projected

- 7.70 The below table includes the margin adjustments and summarises the use classes. As with BCP, replacement demand elements are weighted 20:80 split for office / industrial.

Table 7.37 Land (ha) requirements by Use Class 2021-39, Dorset (including adjustments)

	Labour demand baseline	Labour demand growth	Labour demand growth with sensitivity	Completions*	VOA trend 2011-19
Offices / R&D Class E(g)(i)/(ii) net	11.8	14.7	10.1	21.1	-0.7
Margin	5.9	5.9	5.9	5.9	5.9
Replacement Demand	4.0	4.0	4.0	4.0	4.0
Frictional Vacancy	0.9	1.1	0.8	1.6	0.0
Offices / R&D Class E(g)(i)/(ii) gross	22.6	25.7	20.8	32.6	9.1
Industrial / Warehousing E(g)(iii) / B2 / B8 net	39.8	76.4	76.4	157.4	48.7
Margin	43.7	43.7	43.7	43.7	43.7
Replacement Demand	16.2	16.2	16.2	16.2	16.2
Frictional Vacancy	3.0	5.7	5.7	11.8	3.7
Industrial / Warehousing E(g)(iii) / B2 / B8 gross	102.7	142.0	142.0	229.1	112.2
Total gross	125.3	167.7	162.8	261.7	121.4

Source: Various, * Mixed split between industrial and warehousing, VOA trend projected

- 7.71 Overall, the scenarios provide a substantial range, with the completions trends (gross) considerably higher than the labour demand and VOA trend. In Iceni's view, it is helpful to consider the elements by use class type.
- 7.72 **Office:** Dorset's completions are unsurprisingly below BCP's whilst the outputs are comparable within the labour demand model. Feedback on the office market is that it is very

subdued with typically only limited demand for smaller premises in town centres and may be weaker than in the past. The gross completions will over estimate needs, so the VOA or labour demand trends are considered most appropriate in signalling future needs. When the increased home working sensitivity is taken into account the labour based need is 20.8 ha (growth scenario) or 18.7 ha (baseline²⁹). Both these figures are affected and increased by the margin and replacement demand elements. The VOA position is effectively neutral before adjustment, rising to 9.1 ha with other factors. For 'pure office' schemes even c.10 ha may be ambitious however there will be specialist requirements including those catered for in Dorset Innovation Park that will need mixed premises including office and R&D space.

7.73 **Industrial / warehouse:** the gross completions trend is substantial and includes sites being redeveloped so is not useful for planning net additional site needs. The VOA trend, which indicates that permissions are occurring beyond the intensification of existing sites and growing the stock, is in fact in broad alignment with the labour demand baseline and this could be considered a minimum. However, the current VOA trend (actual stock) is reportedly not providing a sufficient level of sites according to stakeholder engagement, so a more ambitious and perhaps market required rate of delivery is that of the labour growth model being 142ha. Stretching beyond this may be sensible in terms of increasing supply and the probability of realising sites (see section 8).

7.74 **Overall,** the requirement ranges for Dorset Council are:

- Office: 9.1 ha to 32.6 ha (27,500 to 97,800 sqm) with a preferred range of 9.1 ha to 20.8 ha (27,400 to 62,800 sqm) being the VOA up to labour growth with sensitivity.
- Industrial and warehousing: 102.7 to 229.1 ha (336,700 to 782,900 sqm) with a preferred range of 102.7 to 142.0 ha (347,800 to 469,500 sqm) from the labour demand models.
- Total: 111.8 to 261.7 ha, with a preferred range of 111.8 ha of 162.8 ha

7.75 It is of note that the 2020 Workspace Study Update for the authorities recommended 87.9 to 150.7 ha for Dorset (depending on trend / strategy scenario and level of flexibility). The

²⁹ 8.2 ha from Table 7.14 + 7.5% (0.6) + margin 5.9 ha + replacement demand 4.0 ha

recommendations herein for the growth scenario (not completions) are in line with the upper end of the 2020 Workspace Update. The net need has actually fallen but the flexibility margin herein has increased to assist in delivery prospects. As noted here a 5 year margin is used which is higher than the 2 years in the 2016 study and the 20% in the 2020 update.

8. EMPLOYMENT SUPPLY / BALANCE OF NEED

- 8.1 This section considers the supply of employment land and how this relates to the forecast needs. It also considers a wider range of issues in terms of the appropriate locations for supply and the deliverability of sites.

FEMA

- 8.2 Considering the combined supply from the two authorities there is a total supply of around 267.4 ha.
- 8.3 The supply is effectively sufficient to meet the FEMA needs for the labour demand and labour demand growth scenarios as well as the alternative demographic labour supply scenario. It is insufficient to meet the gross completions which is not recommended for consideration as over estimates needs by including on site redevelopment. It is also insufficient to meet the labour supply standard method scenario which is also not recommended for consideration, being unlikely to represent the business and economic needs of the FEMA as it is population / labour supply driven which has a weaker relationship with floorspace compared to jobs led models.

Table 8.1 FEMA demand / supply balance (ha)

	Labour supply standard method	Labour supply alt. demo.	Labour demand baseline	Labour demand growth	Labour demand growth with sensitivity	Compl etions*	VOA trend 2011 -19
Total need	289.0	222.3	199.6	264.0	253.1	392.7	139.6
Supply	267.4						
Balance	-21.6	46.1	67.8	3.4	14.3	-125.3	127.8

- 8.4 More detailed commentary regarding the supply of sites and strategy is included below for the authorities.

Dorset

Employment Supply

- 8.5 Dorset has a wide range of existing employment areas.

- 8.6 The emerging Dorset Council Local Plan (consultation Jan 2021) proposes to differentiate generic and 'key employment sites' that contribute significantly to the supply of employment land and are important for local and inward investment. Around 70 key employment sites are proposed. The emerging Local Plan sets out proposed allocations (around 30 sites) to meet the need of up to 151 ha identified in the 2020 Workspace Strategy Update. This is supplemented by completions and extant permissions.
- 8.7 Iceni Projects has assessed the key employment sites and proposed allocations. The methodology and detailed assessments are set out separately via site assessments undertaken in autumn 2021. These represent a snapshot in time - further consents and completions will have been recorded since that time. A summary is set out below with commentary, organised by sub-area.

Table 8.2 Dorset key sites with supply

Settlement	Site	Ref	Dorset supply allocation	Iceni supply assessment	Comments
South Eastern Dorset sub-area					
Blandford Forum	Land north-east of Blandford Forum	EL/BLFO/001	4.7	2.3*	Suitable expansion site for key estate.
	Blandford Heights/Clump Farm/ Uplands	EL/BLFO/003 & EL/BLFO/007	0	0.7	Infill.
	Land off Higher Shaftesbury Lane	EL/BLFO/005	2.0	2.0	Enclosed area, good prospects.
Ferndown	Blunts Farm	EL/FERN/002	9.00 - 30.0	29.1	Suitable expansion site for key estate.
	Land East of Cobham Road	EL/FERN/003	6.5	6.5	Land under development but not completed.
	Land west and south of Longham Roundabouts	EL/FERN/006/9/10/11	2.0	2.7	Uncertainty regarding deliverability.
	Ferndown Ind. Estate	EL/FERN/001	0	0.5	Infill site.
Verwood	Ebblake Industrial Estate and Extension	EL/VERW/003 & 4	0.7	0.8	Suitable site extension.
Wimborne	Brook Road	EL/WIMI/002	2.0	2.0	Suitable albeit with residential adjacency.

Woolsbridge	Woolsbridge Industrial Estate and Extension	EL/VERW/005 & 6	12.9	10.0	Suitable to support estate expansion.
Bere Regis	North Street	EL/BERE/002	0.7	1.9	Neighbourhood Plan area allocated.
Holton Heath	Holton Heath Trading Park	EL/WASM/001	5.7	0	N/A
	Admiralty Park.	EL/WASM/002	0	7.1	Subject to environmental constraints.
	Romany Works, Wareham St Martin	EL/WASM/004	0	0.6	Undeveloped land.
Sturminster Marshall	Bailie Gate and extension	EL/SMAR/001&2	3.3	4.9	Includes land within existing estate boundary
Wool	Dorset Innovation Park	EL/WINF/001	38.4	10.7	Area remaining reported by Park manager.
Central Dorset sub area					
Dorchester	Land north of Dorchester	EL/DORC/018	10.0	13.0	Higher figure may better support scale of development and existing demand. ³⁰
	Poundbury Parkway Farm Business Site	EL/DORC/015	1.0	0.9	Suitable for expansion.
Weymouth	Mount Pleasant Business Park	EL/WEYM/004	5.0	0.7	Largely permitted for retail. Small area remains as potential B Class.
	Littlemoor Urban Extension	EL/WEYM/001	8.0	8.0	Support urban extension and longer term new employment.
Portland	Osprey Quay	EL/PORT/007	0.8	4.0	Includes vacant sites.
	Portland Port	EL/PORT/002	-	12.8	Various sites, subject to environmental impact.
Crossways	Land at Crossways / South of Warmwell Road	EL/CROS/001	2.5	2.5	Suitable for expansion.

³⁰ Calculated using 15 sqm per dwelling at a 0.4 ratio, which is appropriately more dense than current average of 0.3

Chickerell	Granby Industrial Estate	EL/CHIC/001	0	1.6	Infill / undeveloped site.
	Lynch Lane Industrial Estate	EL/CHIC/004	0	0.8	Dilapidated vacant site.
Piddlehinton	Enterprise Park	EL/PIWL/003	0	2	Infill.
Northern Dorset sub area					
Gillingham	Gillingham Southern Extension	EL/GILL/002	11.6	11.6	Scale of allocation may be excessive.
	Land at Park Farm (northern portion)	EL/GILL/005	1.2	1.2	Suitable.
Shaftesbury	South of the A30	EL/SHAF/005	6.6	6.6	Scale of allocation may be ambitious.
	Wincombe Business Park	EL/SHAF/002	0	0.3	Infill.
Sherborne	Land at Barton Farm	EL/SHER/002	3.0	0.6	Part built out.
	Land South of Bradford Road	EL/SHER/010	5.0	5.0	Suitable as part of mixed use development.
Stalbridge	Land Adjacent to the Sidings / South of Station Rd	EL/STAL/002	0.7	0.7	Suitable.
	Gibbs Marsh Trading Estate	EL/STAL/004	0	1.1	Infill.
Sturminster Newton	North Dorset Business Park	EL/SNEW/001	2.9	2.2	Suitable.
Western Dorset sub area					
Bridport	Vearse Farm Urban Extension	EL/BRID/001	4.0	4.1	Gross area reported.
	Gore Cross Bridport	EL/BRID/002	0	1.2	Subject to environmental constraints.
Beaminster	Land to the south of Broadwindsor Road	EL/BEAM/006	3.8	3.8	Scale may be ambitious for size of settlement.
	Land at Lane End Farm	EL/BEAM/002	0.7	0.7	Suitable, facilitated by mixed use dev. Retain but consider de-designating from policy protection.
Sub Total			154.7-175.7	164.2	
Other sites					
Various	Other non key sites – Poundbury Mixed Use	EL/DORC/001	6.0	6.0	

Total			160.7- 175.7	170.2	
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Source: Dorset Council / Iceni Projects

*NB largely now absorbed by waste management centre permitted in 2022

8.8 There is little difference between the Council's assessment and Iceni position. Points of note are:

- Some land has been taken forward since the last assessment
- Differences in assessment at Portland Port (higher) and Dorset Innovation Park (lower) based on engagement with the owners / managers of those sites
- Iceni has assumed the higher end of the range for Blunt's Farm, Ferndown
- Iceni has identified potential infill opportunities

8.9 In addition, there will be extant planning consents beyond the supply above. At April 2020 this was around 27.8 ha, as set out in the Local Plan.

8.10 The availability and deliverability of sites is expected to be a key issue in Dorset. Furthermore a considerable portion of supply is for specific sectors and operators (Dorset Innovation Park and Portland Port) thus effectively reducing the general supply provision.

Balance of needs

8.11 In order to ensure the needs are met in a way which fulfils the spatial and qualitative requirements for Dorset, the following recommendations are made, that draw on the site assessments, market assessment and stakeholder feedback:

- The office market is very muted however the industrial market is defined by active business requirements for new space, performing very strongly across the county as a whole. There is no benefit in differentiating office and industrial allocations.
- Demand is particularly strong nearer to the BCP urban area along the A31 and A35 however demand is also strong at Blandford Forum, Dorchester, Weymouth and Sherborne (via Yeovil). The secondary market towns all also show healthy economic indicators and requirements for business space.

- With little exception, all of the existing estates in the market towns are operating at near capacity. It is appropriate that all the market towns³¹ see some level of additional employment allocation to ensure that existing businesses can grow, enable the provision of new stock, and support inward investment. However, there are issues around deliverability and viability (discussed later in this chapter).
- In terms of determining an appropriate scale of allocation or total employment land area required, this should typically relate to existing settlement sizes. Existing evidence is limited regarding typical functional relationships between employment floorspace and settlement size, although anecdotally and based on analysis in Bedfordshire 50-60 sqm of employment space (industrial) per dwelling³² has been reported, although examples of new settlements³³ recommend closer to 15 sqm. Some limited analysis for Dorset suggests averages well below this, closer to 10 sqm of floorspace per dwelling at present as below. It would be reasonable for Dorset's market towns to be seeking to achieve closer to or above 15 sqm of employment space per dwelling in the round. Proximity to BCP (i.e. Ferndown) unsurprisingly is higher than average.

Table 8.3 Settlement dwelling to floorspace ratios

Settlement	Current employment area (indicative)		Floorspace (assuming 0.3 ratio)	Dwellings ³⁴	Ratio sqm/dwelling
	Ha	Sqm			
Blandford Forum	20	200,000	60,000	4,600	13
Crossways	3	30,000	9,000	1,500	6
Bridport	13	130,000	39,000	6,700	6
Dorchester	26	260,000	78,000	8,500	9
Weymouth	40	400,000	120,000	23,400	5
Beaminster	4	40,000	12,000	1,500	8
Verwood	15	150,000	45,000	5,700	8
Ferndown	54	540,000	162,000	8,100	20
Total (all Dorset)			1,641,000 (VOA ³⁵ 2020/1)	169,300 (Census 2021)	10

Source: various, current areas indicative

- 8.12 An alternative approach is to relate future needs to existing space type with an aim of delivering additional provision of upwards of 25% of the existing employment space (of note,

the recommended total need for Dorset is around 25% of existing stock as reported by the VOA³⁶).

8.13 It would also be reasonable to expect concentrations of new space at:

- settlement expansions / mixed use sites,
- high levels of A Road connectivity and/or proximity to BCP urban area where demand is reportedly particularly strong and viability best,
- notable economic drivers (Dorset Innovation Park, Portland Port),
- interrelationships with more rural towns, with larger scale strategic sites potentially more deliverable than dispersed sites, including Eastern Dorset / proximity to BCP.

8.14 In this light, in the most part the strategy for employment land allocations in the emerging Local Plan is considered sound.

8.15 It is not considered necessary to distribute the allocations by sub-area in a quantified or mathematical way, but rather to ensure that each market town has the ability to expand its employment land provision to support the local economy. In some instances, the level of allocation may be ambitious (Gillingham, Beaminster and Shaftesbury), as noted in the site assessment table and in reflecting their historic employment capacity. However, key larger sites at Dorset Innovation Park, Blunts Farm Ferndown, Dorchester and Portland Port (and

³¹ Tier 1 and tier 2 towns as per Fig2.3 in the Dorset Local Plan Consultation 2021

³² Development Gain & Economic Benefit from East West Rail July 2017 (GL Hearn) p39

³³ <https://www.harrogate.gov.uk/downloads/file/269/new-settlement-employment-mix-report-october-2017> new settlement of 2,700 homes recommended for c7 ha of employment

³⁴ <https://mapping.dorsetcouncil.gov.uk/statistics-and-insights/AreaProfiles/Search> (Town level)

³⁵ Industrial only, including office of 243,000 sqm, the ratio increases to 11sqm per dwelling

³⁶ Industrial need for Dorset preferred range 347,800 to 469,500 sqm from the labour demand models, with 25% of VOA industrial stock being 410,250.

Woolsbridge to a lesser extent) are justified and have key roles in supporting economic activity and expansion. Comments on these areas:

- Dorset Innovation Park: this is a specialist science and technology park / enterprise zone dedicated to advanced engineering and defence systems (including BattleLab, a defence innovation space, a collaboration between The Ministry of Defence, Dorset Council and Dorset Local Enterprise). Interest is slow but steady and likely to continue to see increasing occupation for the foreseeable future for dedicated technologies. There is some disadvantage in its distance from larger urban areas.
- Blunts Farm, Ferndown: the estate is already considerable however it provides a central resource for larger occupiers and is well connected to BCP and outside of the county – new units are currently underway here. Expansion will need to be evaluated for impact on environmental constraints.
- Dorchester: pre-lets are reported for the Poundbury expansion for small industrial units, signalling good interest. Existing estates are over-developed and ageing and a new urban extension is a suitable vehicle for delivering further employment space included dedicated space with traditional small and medium sized ‘mixed B’ type industrial units such as those at Parkway Farm Business Park or other more traditional estates in Dorchester.
- Portland Port: the port provides unique operations and is confident in its ability to grow through investment requirements in the coming years. The destination provides for specific portside operations and technologies and therefore is provision only for a specific maritime operator segment. The area does have a range of potential environmental constraints.
- Woolsbridge: whilst being less well connected than Blunts Farm, it provides a considerable resource for larger units. New development has occurred to the east recently.

8.16 Another consideration is the 2018 regulations relating to Energy Performance Certificates (EPCs) that require newly leased commercial property to be rated no lower than E (although there are exceptions). By April 2023 this will apply to all privately rented property (not just new leases), making it an offence to continue to let a commercial space with an F or G EPC rating even in the middle of a lease term; and by 2030 the requirement will be B rated or better. Although the consequences are as yet unclear, this may have an impact on some

older industrial spaces where refurbishment is not viable and there is a need for consolidated renewal, or greater pressure for redevelopment. Of note, the South Somerset Employment Land Review (June 2019) argues that factors including EPC's will drive replacement demand for 1-2% of existing stock per annum, which they use as a guide to reflect on the needs of individual settlements (p28). GL Hearn make a similar point in the Hastings and Rother Housing and Economic Development Need Assessment (2020, p197). Whilst this strategy is not pursued explicitly herein, indicatively it suggests that as well as employment growth requirements, for a 20 year Plan, 20% of the existing stock or 375,000 sqm may need to be replaced or refurbished (1% over 20 years). Some of this can be refurbished as is, but others will need to be replaced as part of new delivery. This is considered to be sufficiently captured in the modelling herein with the labour demand growth scenario 'replacement demand' and '5 years flexibility' components, amounting to around 250,000 sqm of space. This supports the strategy of expanding employment in existing market towns to ensure that there are sites to deliver new units and theoretically provide more vacancy to enable some renewal of existing sites. This assumes that sites are deliverable.

Delivery and viability

- 8.17 A clear message from stakeholders is that there is occupier demand. However, there are also significant concerns regarding viability and deliverability. This is particularly true for employment sites further from the BCP conurbation where rental values for speculative industrial units are too low in the face of ongoing rises in construction costs alongside achievable land values. This means that developers are not incentivised to bring forward new speculative units even where there is clear occupier demand. Issues are similar for freehold plots that require infrastructure and services – for example to bring forward delivery the LEP supported infrastructure delivery at North Dorset Business Park. This situation is not unique to Dorset but does present real issues in ensuring business growth needs can be met. It can be further complicated by expectations on land values - in many instances there is not sufficient incentive for landowners to bring sites forward at a land value where development can take place. Values can also be inflated by the hope value associated with other uses, typically residential, as well as valuable retail uses such as food stores and retail warehousing. This can thwart the delivery of sites for commercial use. A number of commercial agents report this dynamic which is exacerbated when infrastructure costs are added.

8.18 These issues are frustrating the delivery of commercial land in the long term and there are not always readily available mechanisms to overcome such barriers – reflecting some long-standing employment allocations being rolled forward from past local plans. The preferred routes are:

- Ensuring allocated sites have landowner engagement and that the sites are deliverable.
- Where possible, allocating employment adjacent to existing employment parks so that demand is ‘baked in’ and the infrastructure costs are minimised.
- ‘Over allocating’ to increase the number of sites and potential for them to be brought forward and avoid complications with any individual site, particularly around the BCP area fringe.
- Allocating mixed use development (i.e., employment with residential) to greater incentivise delivery of land, with a strong policy emphasis on the requirement for employment component delivery alongside the residential as part of sustainable development, and preferably with the residential cross-subsidizing commercial infrastructure requirements. Given the typical occupier / floorspace requirements (general industrial / mixed B units) and feedback from stakeholders, employment provision is considered best positioned adjacent to but separate from residential areas – this essentially differs from general Class E requirements for local centres that includes a range of High St type offices and retailing. The ‘needs’ model suggests that the office to industrial ratio is around 1:10 or less in demand terms. It is recognised that this is not a guaranteed delivery mechanism but does support delivery potential.
- Where residential is not suitable or required, siting allocations as expansions of existing estates in a way that residential development would be unsuitable or unlikely to take place.
- Seeking public grants where possible to support employment delivery.

8.19 The above points do reflect the strategy for many of the proposed allocations. There may also be a case for additional allocations particularly in proximity to BCP where demand is highest and development most viable.

Policies

- 8.20 Draft policies for the protection of key employment sites and other employment sites are set out in the emerging Dorset Council Local Plan consultation 2021. These place a higher level of protection on key sites and do not allow uses that do not provide direct, on-going local employment opportunities (including residential development) (policy ECON1). The protection of other employment sites is afforded by a number of matters including for alternative uses to only be permitted where it is demonstrated that no viable employment use could be attracted to the site which has been actively and realistically marketed for re-use / redevelopment for employment use for a suitable period of time and reflecting the market value (policy ECON2)
- 8.21 The above policies are considered to be appropriate in maintaining the employment land for Dorset and are broadly in line with the position that other adopted plans take elsewhere.

BCP

Employment Supply

- 8.22 BCP has a wide range of existing employment areas. Based on the Council's monitoring data it is estimated that there are around 52 of these that cover around 613 ha.
- 8.23 Icen Projects has assessed the employment sites and reviewed with BCP Council, then further updated in line with the emerging draft Local Plan.

Table 8.4 BCP employment supply (available area over 1ha)

Site	Area	Available area as assessed	Comments
Talbot Village Innovation Quarter	9.8	9.8	Understood to be potential to develop for university/education and R&D uses.
Wessex Fields (previously Castle Lane East)	14.4	7.1	2 developable sites, smaller of two with planning permission on part of site for storage facility (7-2019-9177-DP), larger site with planning permission for new infrastructure works (7-2018-9177-DL)
Cruxton Farm, Merley	0.4	0.4	Part of mixed use development
NW and NE Bournemouth Airport	137.0	c.37.8	Likely to be attractive to a wide range of employment businesses both airport and non airport.

Sopers Lane (Siemens)	10.4	4.3	Central section currently under utilised – potential to redevelop. Eastern section currently under development for further employment
Sterte Avenue West	16.8	4.4	Logistics hub with planning permission, not implemented at time of assessment but under construction 2022
Poole Port	39.5	4.5	Poole Local Plan Policy PP17 lists the available land at the port as 4.5 ha. Policy PP19 indicates that proposals for marine related industrial uses and other employment uses compatible with the use of the port would be permitted.
Ashley Road (Coal Yard)	1.1	1.2	Site would be appropriate for employment development given proximity to existing employment site, site has recent planning consent for builders merchants (7-2021-1221-M)
Churchill Business Park, Bearwood		4.6	Identified BCP draft Local Plan
Adj to Churchill Business Park, Bearwood		0.8	Identified BCP draft Local Plan
Parvalux, 81 Sopers Lane		3.4	Identified BCP draft Local Plan
Reid Steel, Reid St		2.6	Identified BCP draft Local Plan
Lansdowne		3.9	Strategic town centre offices
Poole Town Centre		2.5	Strategic town centre offices
Mannings Heath; Tower Road Retail Park; Yarrow Road; Fancy Road; Ringwood Road; Vantage Way; Broom Way; Thrush Way	64.7	1.4	2 sites currently undeveloped and unused, potential for more to come forward on an ad-hoc basis particularly in centre of site which has areas of open parking and storage.
Redevelopment sites in existing employment areas (windfall)		8.5	
Total		97.2	

Source: BCP Council / Iceni Projects

Meeting the balance of needs

- 8.24 It is reasonable to think that over the Plan period there will be opportunities to redevelop existing sites as buildings age and new premises are required – see paragraph 8.11 above regarding new regulations requiring minimum EPC ratings.
- 8.25 It is recognised the introduction of Use Class E means that offices under 1,500 sqm cannot be protected from change of use, including to residential. It would be prudent to monitor the impact of Use Class E on the office stock and market performance. However stakeholders

generally consider that most fringe offices in BCP have already been lost to residential and that further losses are unlikely.

Delivery and viability

- 8.26 Where industrial employment land is readily available it is generally viable to be brought forward, however the vast majority is occupied and increases in rent and construction costs have made acquiring leases and properties for redevelopment less viable, reducing the ability of comprehensive schemes to be brought forward.
- 8.27 In theory, office development is viable based on achievable rents, however uncertainty in the occupier market suggests that speculative development is unlikely to take place in the near term.

Policies

- 8.28 The emerging Local Plan for BCP indicates that strategic sites include Bournemouth Airport, the Port of Poole, Talbot Village, Wessex Fields and Lansdowne. In addition are the wider pool of employment sites.
- 8.29 As indicated in the emerging Local Plan, it is likely to be suitable to afford a higher level of protection to strategic employment sites prohibiting non-commercial uses as far as possible. Given the level of demand at present and forecast for the Plan period, as with Dorset's non-key sites, it is recommended that before a loss to non-employment / commercial uses it is demonstrated that no viable employment use could be attracted to the site which has been actively and realistically marketed for a suitable period of time. BCP has lost a considerable volume of office space to residential in the past. Some strategic town centre locations remain under pressure including business district locations such as Lansdowne. Where this is the case it would be suitable for redevelopments to provide an element of office space and/or a commercial statement to justify for the suitability of provision and demand.

9. SUMMARY AND CONCLUSIONS

Policy review summary

BCP

- 9.1 BCP Council aims to support an innovative, successful economy in a great place to live, learn, work and visit. create a sustainable, vibrant and inclusive economy. Objectives are to create a sustainable, vibrant and inclusive economy, increase productivity through skills investment, develop sustainable infrastructure, support our businesses to operate more creatively and create a 21st century digital infrastructure³⁷.
- 9.2 Areas of action include supporting increased productivity, encouraging clustering, and a 'concierge' service for local businesses. Key projects include the Bournemouth International Centre, the Bournemouth Arc, the Lansdowne Programme, the airport, and Wessex Fields.
- 9.3 In 2020, employment land demand was estimated between 63.5 and 80.9 ha by 2038.

Dorset

- 9.4 Dorset Council places advanced engineering & manufacturing, agri-tech, food & drink, creative industries, and professional / financial services as the top priority growth sectors.
- 9.5 Key limitations include a shortage on skills replacement and renewal.
- 9.6 In Dorset LEP, key projects include the Southern Growth Corridor and Dorset Innovation Park – these have the potential to generate several thousand jobs as reported by the 2019 Draft Local Industrial Strategy.
- 9.7 In 2020, employment land demand was estimated between 87.9 and 131.1 ha by 2038.

³⁷ BCP Council's Corporate Strategy 2022

FEMA

- 9.8 For the best fit by authority area, BCP and Dorset form a single FEMA. There are also a series of sub FEMA's within the study area.
- 9.9 Because of the significant interrelationships between Dorset and BCP, particularly in Eastern Dorset, including strong cross boundary influences and interdependencies in the employment and property markets which stakeholders reinforce, it is appropriate to consider employment needs at the FEMA level. This is the case for labour demand and labour supply.
- 9.10 Notwithstanding the connections between the authorities, and those beyond them, each local authority can only plan for the needs of its own area. The authorities may need to agree the best split of needs between them.

Socio-economic review

- 9.11 Strengths: Typically a higher rate of economically active working age population in both areas, particularly in BCP. Slightly lower unemployment rate than the national average. Between 32% and 37% employment growth in financial & business services since 2010.
- 9.12 Opportunities: High GVA per job in information & communication but still lagging behind the UK average. Growth in ICT.
- 9.13 Weaknesses: Ageing population in both areas. Lower average earnings, particularly in Dorset. Lower productivity in information & communication than the national average.
- 9.14 Threats: Loss in GVA in BCP for manufacturing (-35%) leading to a loss of jobs in the sector. Loss of GVA for accommodation & food services in Dorset (-33%). Low business density in both areas.

Commercial market

- The CoStar Industrial National Report 2021 considers demand conditions to have rarely been stronger. Accelerated shifting towards e-commerce has fuelled the expansion of online retailers and logistics firms. Brexit has resulted in an increase in inventory holdings and therefore additional need for warehousing and storage space. The supply of stock is relatively limited and with demand levels increasing so has the appetite from investors.

Office – Dorset

- The market is very subdued in Dorset and unlikely to change for the foreseeable future. Demand is for occasional town centre type occupiers. There is little evidence of a need for specific allocations.

Office – BCP

- In BCP the impact of permitted development has reduced a lot of poorer quality stock and on balance this is considered positive in market terms. Demand remains slow but steady for quality buildings. The medium-term prospects are difficult to crystallise in the post-Covid period and speculative development is unlikely for the foreseeable future, however sector-specific growth is likely to generate demand for related occupiers in due course.

Industrial – Dorset

- Dorset sees a very healthy industrial market orientated around the market towns and a good case for industrial allocations to support local business growth. Viability does remain challenging in part due to rising build costs and the hope value of residential, but there are examples of successful development both with and without public sector intervention.

Industrial – BCP

- There is again very healthy demand for industrial space in BCP due to business growth, expanding existing businesses, and new market entrants related to online retailing and some urban logistics, although the greatest demand is for smaller units. There is very limited space to be developed for industrial which is a challenge of the urban location and coastal / environmental restrictions.

Market areas

- Stakeholder discussions along with wider evidence concurs that there is a broad north / south / east / west spilt across the study area or perhaps more simply one orientated around the major market towns / BCP itself. The 2016 Workspace Study market definition areas remain relevant as do those of the draft Dorset Council Local Plan four functional sub-areas.

Employment forecasts

- 9.15 A baseline forecast has been provided by Cambridge Econometrics and a policy-on growth forecast has been developed. At the FEMA level these forecast growth of between 48,500

to 57,100 jobs between 2021 and 2039. These rates are below historic levels, as is the UK level outlook.

9.16 The key findings for the 2021-2039 BCP employment forecasts are reported as follows:

- A slight future decline in manufacturing, which falls back towards the long-term trend and that of the UK, but a sector that has been stable in recent years in BCP. The growth scenario sees some improvements and stabilises the outlook driven by more advanced manufacturing.
- Construction sees strong growth in the future, although slower than the past.
- Accommodation & food sees strong growth although less so than in the past.
- ICT sees modest growth but at a slower rate than the past and slower than the UK. Under the growth scenario past growth continues at the 2011-19 rate.
- Professional services sees marginal jobs growth, much less so than in the past. Under the growth scenario, past growth in the Finance sub-sector continues at the 2011-19 rate.
- Education and health see lower levels of growth than in the recent past, although health is the largest growing sector. These are population driven sectors.
- Overall growth is considerably slower than historically which can primarily be attributed to a much weaker outlook for professional services. Overall growth is +24,700 in baseline and +29,600 under the growth scenario to 249,800 jobs which is an improvement of 4,800 on the baseline. This equates to 24,400 FTEs growth overall.

9.17 The key findings for the 2021-2039 Dorset employment forecasts are reported as follows:

- A future decline in manufacturing, which falls back towards the long-term trend and that of the UK, but a sector that has seen growth in recent years in Dorset. The growth scenario sees some future growth overall in line with the recent past driven by higher value sub-sectors.
- Construction sees strong growth in the future, faster than the past.
- Accommodation & food sees strong growth although less so than in the past.

-
- ICT sees modest growth compared to recent decline.
 - Professional services sees marginal jobs growth, much less so than in the past.
 - Health sees a comparable level of growth compared to the past whilst education is stable after a period of decline. These are population driven sectors.
 - Overall growth is +27,500 jobs in the growth scenario to 208,500 jobs which is an improvement of 3,800 on the baseline. This equates to 23,100 FTEs overall. The overall growth rate remains below that of the previous period with notably weaker outlook in Real estate, Finance and insurance and Legal and accounting

Employment land needs

- 9.18 Labour demand, supply and completions trend factors have been considered. The base modelling from these scenarios is then adjusted to reflect replacement demand, replacing ongoing losses in part; and a flexible margin, to ensure a choice of sites is available as well as offsetting losses associated with Class E retail developments that may occur at industrial sites.

FEMA

- 9.19 Overall, the range of requirements for the FEMA covers the following, but should be read in conjunction with authority level recommendations:
- Office: 6.7 to 73.9, with 41.5 ha to 54.3 ha preferred (labour demand range - but recognising potential for a lower need of down to 20.1 ha when taking into account sensitivity analysis for the individual authorities)
 - Industrial and warehousing: 132.9 to 318.9 ha, with 158.1 to 210.8 ha preferred (labour demand range)
 - Total: 139.6 to 392.7 ha, with 199.6 to 264.0 ha preferred (labour demand range)
- 9.20 It is of note that the 2020 Workspace Study for the authorities recommended 151.4ha to 241.9ha for the LEP area depending on trend/strategy scenario and level of flexibility - the upper end of which would seem to be broadly in-line with the recommendation of this report.
- 9.21 Overall the recommended requirements for BCP are:

-
- Office: -2.4 to 41.3 ha (-9,800 to 165,100 sqm), with a recommended range of 11.0 to 28.6 ha (44,000 to 114,300 sqm) which includes the labour demand models as well as a lower end below these (see text above)
 - Industrial and warehousing: 20.7 to 89.8 ha (82,600 to 359,100 sqm) with a recommended range of 55.4 to 68.8 ha (221,500 to 275,200 sqm) from the labour demand models
 - Total: 18.3 to 131.1 ha but recommending 66.4 ha to 97.4 ha

9.22 It is of note that the 2020 Workspace Study for the authorities recommended 63.5 to 80.9 ha for BCP, which is within the range here.

9.23 **Overall**, the recommended requirements for Dorset are:

- Office: 9.1 ha to 32.6 ha (27,500 to 97,800 sqm) with a preferred range of 9.1 ha to 20.8 ha (27,400 to 62,800 sqm) being the VOA up to labour growth with sensitivity.
- Industrial and warehousing: 102.7 to 229.1 ha (336,700 to 782,900 sqm) with a preferred range of 102.7 to 142.0 ha (347,800 to 469,500 sqm) from the labour demand models.
- Total: 111.8 to 261.7 ha, with a preferred range of 111.8 ha of 162.8 ha

9.24 It is of note that the 2020 Workspace Study for the authorities recommended 87.9 to 150.7 ha for Dorset.

Employment supply / demand balance and deliverability

9.25 This section considers the supply of employment land and how this relates to the forecast needs. It also considers a wider range of issues in terms of the appropriate locations for supply and the deliverability of sites.

FEMA

9.26 Overall the FEMA supply of around 267.4 ha is effectively sufficient to meet the labour demand scenarios ranging from 199.6 to 264 ha.

9.27 Whilst the supply is insufficient to meet the gross completions trend, this is not recommended for consideration as over estimates needs by including on site redevelopment. It is also insufficient to meet the labour supply standard method scenario

which is also not recommended for consideration, being unlikely to represent the business and economic needs of the FEMA as it is population / labour supply driven which has a weaker relationship with floorspace compared to jobs led models.

Dorset

- 9.28 Dorset has a wide range of existing employment areas. Based on the Council's monitoring data it is estimated that these cover around 660 ha, although not all this land is developed.
- 9.29 The emerging Dorset Council Local Plan (consultation Jan 2021) proposes to differentiate generic and 'key employment sites' that contribute significantly to the supply of employment land and are important for local and inward investment. Around 70 key employment sites are proposed. In addition, the emerging Local Plan sets out proposed allocations (around 30 sites) to meet the 131 to 151 ha of need identified in the 2020 Workspace Strategy Update. This is supplemented by completions and extant permissions.
- 9.30 Icen Projects has assessed the key employment sites and proposed allocations. It is estimated that 170.2 ha is available. The availability and deliverability of sites is expected to be the key issue.
- 9.31 In terms of determining an appropriate scale of allocation or total employment land area required, this should relate to existing settlement sizes. Existing evidence is limited regarding typical functional relationships between employment floorspace and settlement size, although examples of new settlements³⁸ recommend around 15 sqm per dwelling. Some limited analysis for Dorset³⁹ suggests averages well below this, closer to 10 sqm of floorspace per dwelling at present. It would be reasonable for Dorset's market towns to be seeking to achieve closer to 15 sqm or above of employment space per dwelling in the round, although the relationship is not linear.
- 9.32 Another consideration is the regulations relating to Energy Performance Certificates (EPC's) – these require higher minimum standards of EPC for a newly leased commercial

³⁸ <https://www.harrogate.gov.uk/downloads/file/269/new-settlement-employment-mix-report-october-2017> new settlement of 2,700 homes recommended for c7 ha of employment

³⁹ See table 8.2

property. Given much of the stock is older in Dorset and BCP this supports the strategy of expanding employment in existing market towns to ensure that there are sites to deliver new units and theoretically provide more vacancy to enable some renewal of existing sites. This assumes that sites are viable and deliverable.

9.33 A clear message from stakeholders is that there is occupier demand. However, there are also significant concerns regarding availability, viability and deliverability. Viability is particularly an issue for employment sites further from the BCP conurbation where rental values for speculative industrial units are too low in the face of ongoing rises in construction costs alongside achievable land values. These issues are frustrating the delivery of commercial land in the long term and there are not always readily available mechanisms to overcome such barriers – reflecting some long-standing employment allocations being rolled forward from past local plans. The preferred routes are:

- Ensuring allocated sites have landowner engagement and that the sites are deliverable.
- Where possible, allocating employment adjacent to existing employment parks so that demand is 'baked in' and the infrastructure costs are minimised.
- 'Over allocating' to increase the number of sites and potential for them to be brought forward and avoid complications with any individual site, particularly around the BCP area fringe.
- Allocating mixed use development (i.e., employment with residential) to greater incentivise delivery of land, with a strong policy emphasis on the requirement for employment component delivery alongside the residential as part of sustainable development, and preferably with the residential cross-subsidizing commercial infrastructure requirements. It is recognised that this is not a guaranteed delivery mechanism but does support delivery potential.
- Where residential is not suitable or required, siting allocations as expansions to existing estates in a way that residential development would be unsuitable or unlikely to take place.
- Seeking public grants where possible to support employment delivery.

9.34 There may also be a case for additional allocations particularly in proximity to BCP where demand is highest and development most viable.

BCP

- 9.35 BCP has a wide range of existing employment areas. Based on the Council's monitoring data it is estimated that there are around 52 of these that cover around 613 ha. Iceni Projects has assessed the employment sites. The total estimated land available is 97.2 ha of which a large proportion is at Bournemouth Airport.
- 9.36 Notwithstanding the current supply, it is not recommended that land is programmed for release given the tight industrial market reported by stakeholders. Some sites such as the Port and Innovation Quarter are also for more specialist uses so inflate the apparent general supply.
- 9.37 Where industrial employment land is readily available it is generally viable to be brought forward, however the vast majority is occupied and increases in rent and construction costs have made acquiring leases and properties for redevelopment less viable, reducing the ability of comprehensive schemes to be brought forward.
- 9.38 In theory, office development is viable based on achievable rents, however uncertainty in the occupier market suggests that speculative development is unlikely to take place in the near term.

A1. APPENDIX A1: HOMEWORKING BY SECTOR (UK, 2019)

Table A1.1 Homeworking by Industry Sector in the UK, January to December 2019 (%)

Sector	Own Home	Same grounds or buildings, or home as base	Separate from home	Work at home in the week prior to interview	Ever work at home
A Agriculture, forestry and fishing	8.6	41.8	49.5	13.7	39.0
B Mining and quarrying	5.7	3.3	91.0	8.9	24.8
C Manufacturing	3.9	6.0	90.0	9.3	21.1
D Electricity, gas, air cond supply	4.9	9.6	85.5	13.6	29.6
E Water supply, sewerage, waste	1.9	7.0	91.1	6.5	20.4
F Construction	3.8	24.3	71.5	10.2	25.9
G Wholesale, retail, repair of vehicles	3.2	4.0	92.5	6.2	13.4
H Transport and storage	1.8	9.5	88.6	3.4	11.0
I Accommodation and food services	2.1	3.5	94.1	4.4	10.0
J Information and communication	14.8	12.5	72.5	32.8	53.1
K Financial and insurance activities	5.2	5.4	89.1	22.8	38.9
L Real estate activities	12.3	12.4	75.1	18.4	40.3
M Prof, scientific, technical 202ctive.	12.8	13.5	73.6	26.3	46.3
N Admin and support services	5.6	16.7	77.6	11.2	23.2
O Public admin and defence	2.6	3.6	93.5	13.7	29.4
P Education	2.7	5.9	91.2	12.8	38.3
Q Health and social work	3.9	4.2	91.7	8.0	20.3
R Arts, entertainment and recreation	9.9	14.1	75.7	17.4	33.3
S Other service activities	7.8	16.8	75.1	16.8	30.3
T Households as employers	10.8	26.1	63.1	14.3	19.5

U Extraterritorial organisations	4.6	4.3	90.9	19.8	27.8
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Source: ONS

A2. APPENDIX A2 - SECTOR - USE CLASS RELATIONSHIP

Table A2.1 Sector to Floorspace ratios

Sector	Non B/E	Industry (E(g)(iii)/ B2)	Wareho using (B8)	Office (E(g)(i)	R&D (E(g)(ii)
Agriculture, forestry & fishing	100%				
Mining & quarrying	100%				
Food, drink & tobacco		100%			
Textiles etc		100%			
Wood & paper		100%			
Printing & recording		100%			
Coke & petroleum		100%			
Chemicals		100%			
Pharmaceuticals		100%			
Non-metallic mineral products		100%			
Metals & metal products		100%			
Electronics		75%			25%
Electrical equipment		100%			
Machinery		100%			
Motor vehicles		100%			
Other transport equipment		100%			
Other manufacturing & repair		100%			
Electricity & gas	100%				
Water, sewerage & waste	100%				
Construction	46%	44%	10%		
Motor vehicles trade	45%	45%	10%		
Wholesale trade		25%	75%		
Retail trade	80%		20%		
Land transport	60%		40%		
Water transport	60%		40%		
Air transport	80%		20%		
Warehousing & postal	55%		45%		
Accommodation	100%				

Sector	Non B/E	Industry (E(g)(iii)/ B2)	Wareho using (B8)	Office (E(g)(i)	R&D (E(g)(ii)
Food & beverage services	90%	10%			
Media	50%	30%		20%	
IT services				90%	10%
Financial & insurance	20%			80%	
Real estate	40%			60%	
Legal & accounting	5%			95%	
Head offices & management consultancies	5%			95%	
Architectural & engineering services	5%			95%	
Other professional services (R&D)	5%			95%	
Business support services	60%	10%	10%	20%	
Public Administration & Defence	40%			60%	
Education	95%			5%	
Health	95%			5%	
Residential & social	95%			5%	
Arts	95%			5%	
Recreational services	95%			5%	
Other services	95%			5%	

Source: Icen Projects, unadjusted for work from home

A3. APPENDIX A3 - THE LINK BETWEEN HOUSING AND ECONOMIC GROWTH

Introduction

- A3.1 The analysis below considers the link between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change which in turn will to some extent link to levels of housing delivery). To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:
- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);
 - Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and
 - Bringing together this information will provide an estimate of the potential job growth supported by the population projections
- A3.2 The Housing Needs Assessments for Dorset and BCP⁴⁰ identified anticipated future population change based on the 2014-based SNPP which fed into the standard methodology. In addition, an alternative demographic scenario was developed which took into account more recent demographic trends including ONS revisions to estimates of international out migration. This resulted in alternative population outlooks for Dorset and BCP. This is explored in a series of published papers⁴¹. Given the implications for labour

⁴⁰

<https://www.dorsetcouncil.gov.uk/documents/35024/2012718/Housing+Needs+Assessment.pdf/caac9843-8acc-66bd-91f3-554b75c70091>

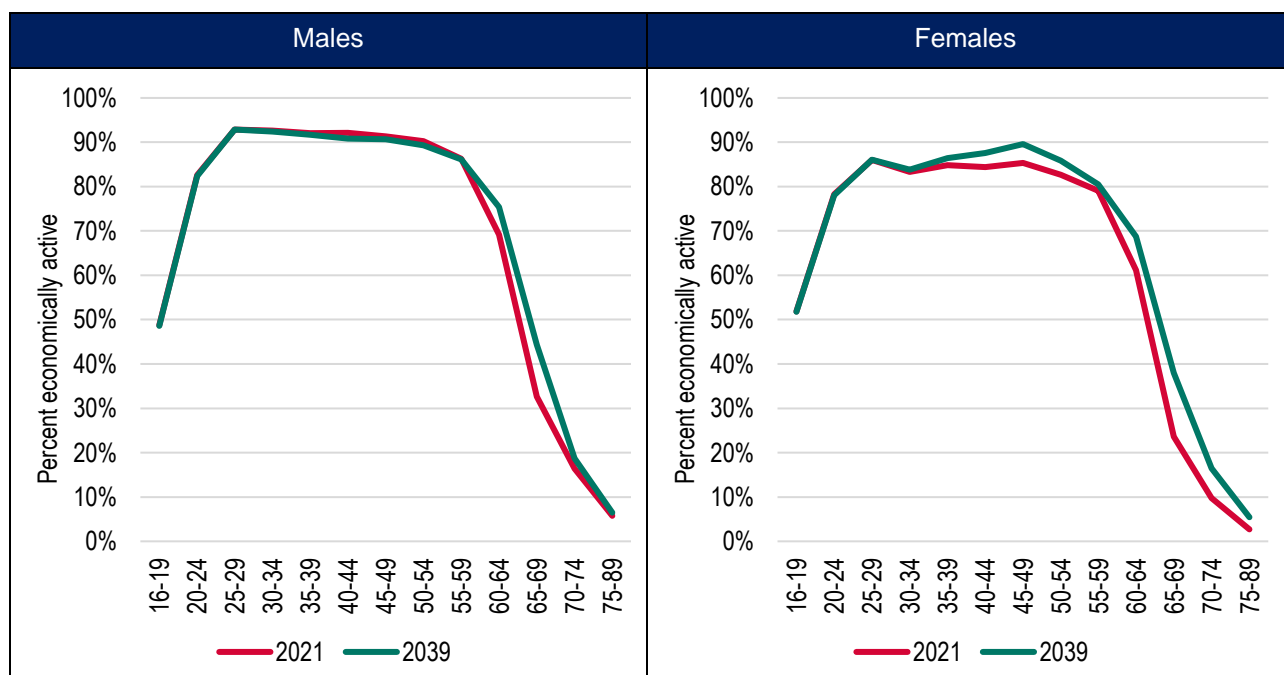
⁴¹ <https://www.dorsetcouncil.gov.uk/documents/35024/2012718/Sensitivity+Report+-+Final+Dec+21.pdf/907d0399-0cf7-36a2-4920-a268c4e93e0f>

supply, the potential jobs impact of the standard method, alternative demographic scenario and 2018 sub-national population projections are explored below.

Growth in Resident Labour Supply

- A3.3 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).
- A3.4 The figures and tables below show the assumptions made (for the BCP and Dorset FEMA). The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

Table A3.1 Projected changes to economic activity rates (2021 and 2039) – FEMA



Source: Based on OBR and Census (2011) data

Table A3.2 Projected changes to economic activity rates (2021 and 2039) – FEMA

	Males			Females		
	2021	2039	Change	2021	2039	Change

16-19	48.7%	48.6%	-0.1%	51.8%	51.8%	-0.1%
20-24	82.6%	82.4%	-0.2%	78.2%	78.1%	-0.2%
25-29	92.9%	92.9%	0.0%	86.0%	86.0%	0.0%
30-34	92.6%	92.4%	-0.2%	83.3%	83.8%	0.5%
35-39	92.1%	91.7%	-0.4%	84.9%	86.4%	1.6%
40-44	92.1%	90.8%	-1.3%	84.4%	87.6%	3.1%
45-49	91.4%	90.6%	-0.7%	85.3%	89.6%	4.2%
50-54	90.3%	89.3%	-1.0%	82.7%	85.9%	3.2%
55-59	86.3%	86.1%	-0.2%	79.0%	80.5%	1.5%
60-64	69.2%	75.4%	6.2%	61.1%	68.7%	7.6%
65-69	32.6%	44.3%	11.6%	23.6%	38.0%	14.4%
70-74	16.4%	18.7%	2.3%	9.7%	16.4%	6.7%
75-89	5.8%	6.5%	0.7%	2.7%	5.4%	2.7%

Source: Based on OBR and Census (2011) data

A3.5 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people across the FEMA – this is set out in the table below. The analysis shows with the population growth associated with the Standard Method this number increases notably (an increase of 63,500 economically active people, a 16% increase over 18-years. The alternative demographic scenario is below this – 40,200 additional economically active people (a 10% increase).

Table A3.3 Estimated change to the economically active population (2021-39) – FEMA

	Economically active (2021)	Economically active (2039)	Total change in economically active	% change
Standard Method	391,284	454,827	63,543	16.2%
Alternative demog.	391,284	431,448	40,164	10.3%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

A3.6 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active

population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);

- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

A3.7 The table below shows summary data about commuting to and from the FEMA from the 2011 Census. The data looks at the number of people who work in the FEMA and compares this with the number of people who live in the HMA and are working.

A3.8 Overall, the data shows the FEMA sees a modest level of net out-commuting for work with the number of people resident in the area who are working being about 4% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Table A3.4 **Commuting patterns: FEMA**

	BCP / Dorset FEMA
Total working in FEMA	341,499
Total living in FEMA (and working)	354,699
Commuting ratio	1.039

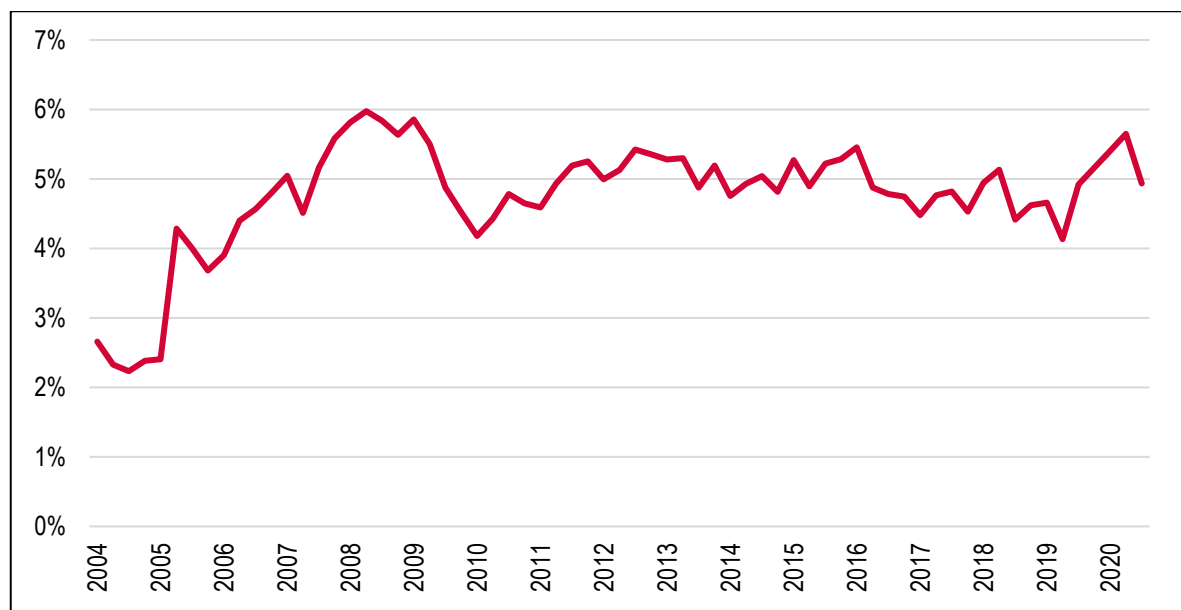
Source: 2011 Census

A3.9 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in each area is equal to the number of people living in the area who are working). This sensitivity is useful to understand the implications for housing as to continue to assume net out-commuting would arguably mean that other authorities (outside of BCP and Dorset) would be providing jobs but not housing for people taking up those jobs. The 1:1 ratio is also useful in the context of Covid-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future.

Double Jobbing

- A3.10 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the FEMA that typically about 4.7% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).

Table A3.5 Percentage of all people in employment who have a second job (2004-2020) – FEMA



Source: Annual Population Survey (from NOMIS)

- A3.11 For the purposes of this assessment it has been assumed that around 4.7% of people will have more than one job moving forward. A double jobbing figure of 4.7% gives rise to a ratio of 0.953 (i.e. the number of jobs supported by the workforce will be around 4.7% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

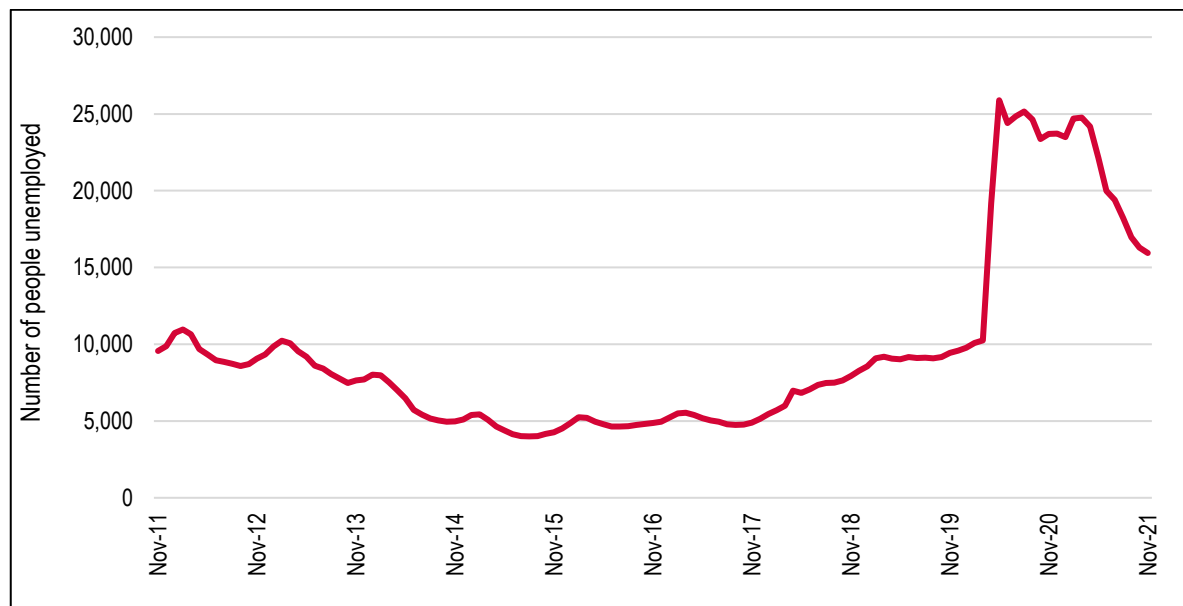
- A3.12 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers, particularly as the impact of the ending of the furlough scheme are unknown.

A3.13 The figure below looks at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). This will not give a full picture of unemployment as not all those unemployed will be a claimant, but it will certainly help to provide an indication; claimant count data is available up to November 2021 with the data below showing a trend for the previous decade.

A3.14 The analysis shows a clear increase in the number of claimants (presumably as a result of the pandemic) – rising from around 10,000 to in excess of 25,000; there has been a decline over the most recent months for which data is available. It should be noted that the data is not seasonally adjusted and it is clear that there are notable seasonal patterns in the FEMA.

A3.15 Given that demographic projections and economic forecasts tend to use a mid-year position, the change in unemployment based on claimant count data has been calculated by looking at averages for June/July 2019 compared with June/July 2021. In 2019, across the FEMA there were around 9,100 claimants and two-years later the figure had risen to around 24,600 – therefore there are potentially around 15,500 people not working in 2021 who might be expected to return to employment in the future (taken to be over the period to 2039 for consistency with other analysis in this report).

Table A3.6 Number of out-of-work benefit claimants (2011-2021) – BCP and Dorset FEMA



Source: NOMIS

Jobs Supported by Growth in the Resident Labour Force

A3.16 The tables below show how many additional jobs might be supported by population growth under different scenarios. Given current commuting patterns and estimates about double

jobbing, it is estimated under the Standard Method the number of jobs potentially supported is in the range of 79,900-83,000 depending on the commuting assumptions. This falls to around 56,200-58,400 under the alternative demographic model.

Table A3.7 Jobs supported by demographic projections (2021-39) – FEMA

		Total change in economically active	Plus 9,420 returning to employment	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
Alt. Demo.	Census commuting	40,164	55,644	53,573	56,244
	1:1 commuting	40,164	55,644	55,644	58,418
Standard Method	Census commuting	63,543	79,023	76,082	79,876
	1:1 commuting	63,543	79,023	79,023	82,963

Source: Derived from a range of sources as described