

# **Eastbourne Economic Development Needs Assessment Final Report**

**In association with Cluttons**

Eastbourne Borough Council

October 2017

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## 1.0 Introduction

1.1 Eastbourne Borough Council (“the Council”) commissioned Lichfields in association with Cluttons to undertake an Economic Development Needs Assessment (EDNA) for the Borough. The purpose of the EDNA is to objectively assess and evidence the need for economic development in Eastbourne during the period to 2035.

1.2 The EDNA will be used by the Council to inform a review of existing planning policies having regard to the National Planning Policy Framework (NPPF). The methodology used in the study also draws on guidance from contained in the Planning Practice Guidance (PPG).

1.3 Specific requirements identified by the study brief include:

- 1 Identifying the Functional Economic Market Area (FEMA) in which the local authority is located;
- 2 Assessing recent pattern of development of employment and main town centre uses, and loss to other uses; the existing stock; and the supply and demand of different uses and market requirements;
- 3 Forecasting qualitative and quantitative need (number of units and floorspace) of employment and main town centre uses, broken down by economic sectors; and
- 4 Consulting and engaging with relevant organisations, studies of business trends and monitoring of business, economic and employment statistics.

1.4 The EDNA is intended to provide the Council with up-to-date, PPG-compliant evidence on the economic development needs for the Borough over the new Local Plan period to 2035. The Council is currently in the process of preparing its next Local Plan, which will identify the amount and distribution of employment and main town centre uses across the Borough for the planning period 2015-2035 (amongst other strategic issues). The EDNA will form an important evidence document used to inform the Local Plan at its Issues and Options stage, due for consultation in Autumn 2017.

## Scope of Study

1.5 The EDNA assessment considers a range of scenarios for how Eastbourne’s economy could change in the future, with floorspace implications of the following use classes considered in the study:

- **B1 Business:** offices (B1a), research & development (B1b) and light industrial (B1c).
- **B2 General Industrial:** typically comprising factory and manufacturing space.
- **B8 Storage and Distribution:** warehouses, wholesale and distribution.
- **A1-A5 Retail:** shops (A1), financial and business services (A2), food and drink (A3), drinking establishments (A4) and takeaways (A5).
- **D2 Assembly and Leisure:** cinemas, concert halls, leisure centres, gyms and sports facilities.

1.6 The demand for B class employment floorspace in Eastbourne during the period to 2035 is considered in this study, with references to ‘employment space’ referring to both elements. In addition, the term ‘industrial space’ is used to refer to both manufacturing (B1c/B2) and warehouse and distribution (B8) uses.

1.7 The study also considers growth forecasts for non-employment, retail and leisure sectors in Eastbourne to set out how the economy as a whole could change in the future, although the

EDNA does not specifically assess the space implications of these other sectors as the space implications are typically planned for using different methodologies and are considered by other technical evidence.

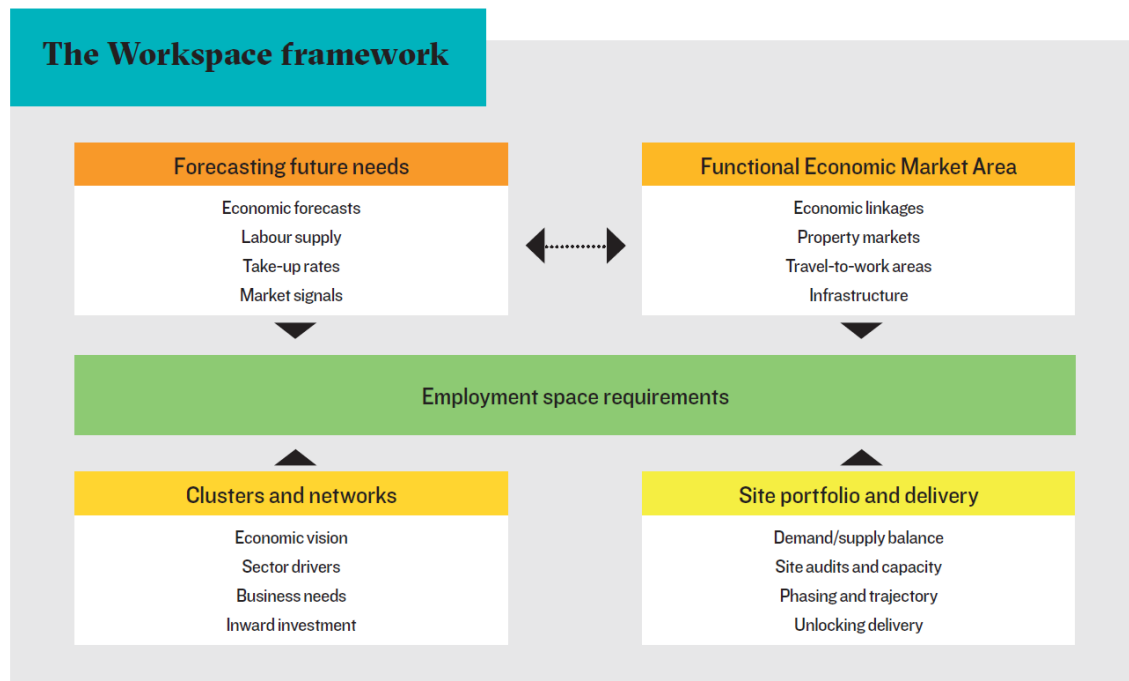
- 1.8 It should be noted that there are a variety of factors and drivers to consider when objectively assessing the business needs for a local economy. The study uses a combination of quantitative and qualitative analysis to examine these issues in the context of Eastbourne, and synthesises this analysis to draw overall conclusions and policy implications for long-term planning in the Borough.
- 1.9 An important consideration for any technical work of this type is that the study is inevitably a point-in-time assessment. The study post-dates the outcome of the UK referendum on membership of the European Union (EU) in June 2016, but does not give specific consideration for how the timing and basis for the UK's future exit from the EU could impact national or local economic change given current uncertainty regarding these arrangements. It may therefore be necessary to undertake future updates to the study once greater economic certainty and clarity is available through econometric forecasts and other indicators.
- 1.10 The study has used the latest available data and other evidence available at the time of reporting, while the accuracy of third party data has not been checked or verified by Lichfields.

## Study Methodology

- 1.11 In March 2014, the Government released the PPG to provide technical guidance for planning practitioners and inform the implementation of the NPPF. In terms of considering future economic development requirements, the PPG states that local authorities should:
- 1 consider the prevailing stock of land, identify the demand for and supply of employment land, and determine the likely business needs and future market requirements;
  - 2 consider the locational and premise requirements of particular types of business and sectors;
  - 3 consider projections to help identify where sites have been developed for a specific economic use;
  - 4 analyse supply and demand to determine whether there is a discrepancy between quantitative and qualitative supply and demand for employment sites; and
  - 5 identify where gaps in local employment land provision exist by comparing the available stock of land with the requirements of the area.
- 1.12 In terms of retail and leisure uses, the PPG states that local planning authorities should plan positively to support town centres to generate local employment, promote beneficial competition within and between town centres, and create attractive, diverse places where people want to live, visit and work. Local planning authorities are required to assess and plan to meet the needs of main town centre uses in full, in broadly the same way as for their economic needs, adopting a 'town centre first' approach and taking account of specific town centre policy.
- 1.13 The methodology that has been applied for the EDNA conforms to the requirements of the NPPF and PPG. It draws upon Lichfields' Workspace methodological framework and is summarised in Figure 1.1 below.



Figure 1.1 Methodological Framework for the Eastbourne EDNA



Source: Lichfields

## Consultation

- 1.14 As part of the study, consultation has been undertaken with a range of local stakeholders, including commercial property agents, economic development agencies, local businesses, business organisations and site developers. A list of consultees is provided in Appendix 1.

## Structure of Report

- 1.15 The report is structured under the following sections:
- **Economic Context and Trends (Section 2.0):** a review of economic conditions and recent trends in the Borough, and the key strengths and weaknesses of the local economy that may influence the future need for employment space. This Chapter has been prepared by Lichfields.
  - **Overview of Commercial Space (Section 3.0):** an analysis of the current stock and trends of employment, retail and leisure space in the Borough in terms of total stock, spatial distribution, past development rates, gains and losses. This Chapter has been prepared by Lichfields.
  - **Commercial Property Market Signals and Intelligence (Section 4.0):** a review of the local commercial property market including supply of and demand for different types of employment, retail and leisure space, and the needs of market segments. This Chapter has been prepared by Cluttons.
  - **Functional Economic Market Area (Section 5.0):** establishes the various functional economic market areas that operate across Eastbourne and the wider sub-region, in order to provide an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy. This Chapter has been prepared by Lichfields.

- **Future Requirements for Employment Space (Section 6.0):** an estimate of future employment space requirements for B class sectors in quantitative terms, drawing upon employment forecasts and other factors. This Chapter has been prepared by Lichfields.
- **Future Requirements for Retail and Leisure Space (Section 7.0):** an estimate of future requirements for retail and leisure floorspace, drawing on population forecasts and analysis of retail and leisure trends. This Chapter has been prepared by Cluttons.
- **Conclusions and Policy Implications (Section 8.0):** a consideration of planning policy and other strategic measures that are required to support economic growth and business needs in the Eastbourne economy. This Chapter has been prepared jointly by Lichfields and Cluttons.

2.0

## Economic Context and Trends

2.1

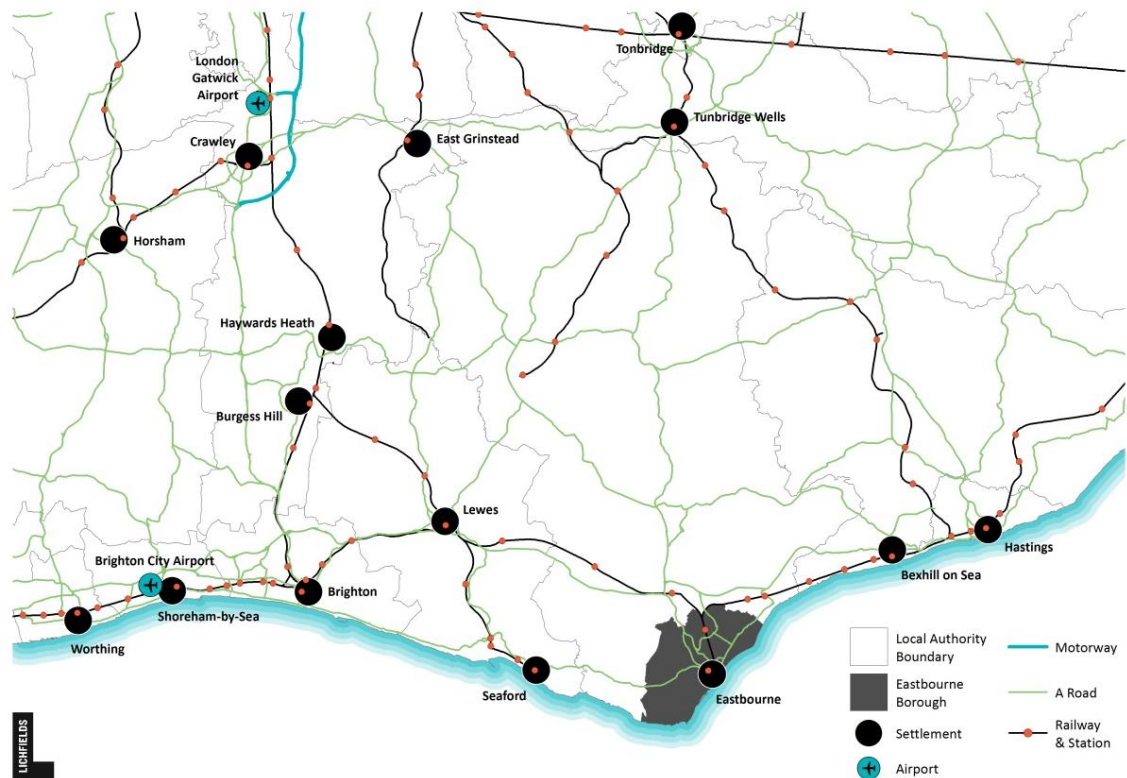
This section summarises recent economic conditions and trends in Eastbourne. The analysis identifies the key strengths and weaknesses of the Eastbourne economy and the factors that are likely to influence the future demand for employment, retail and leisure space in the Borough.

### Spatial Overview

2.2

Eastbourne is located in East Sussex on the south coast of England. The Borough boundary covers the large coastal town of Eastbourne and an area of the South Downs National Park to the west of the town. The Borough is adjoined to the north by Wealden District. Other nearby centres include Brighton, Lewes and Seaford to the west, and Hastings and Bexhill on Sea to the east (Figure 2.1).

Figure 2.1 Eastbourne Context Map



Source: Lichfields

2.3

The strategic road network that services Eastbourne includes the A22 and A27. The Borough has two rail stations – Eastbourne and Hampden Park. These stations are located on the East Coastway line and have direct services to London Victoria, Brighton and Ashford International.

## Economic Overview

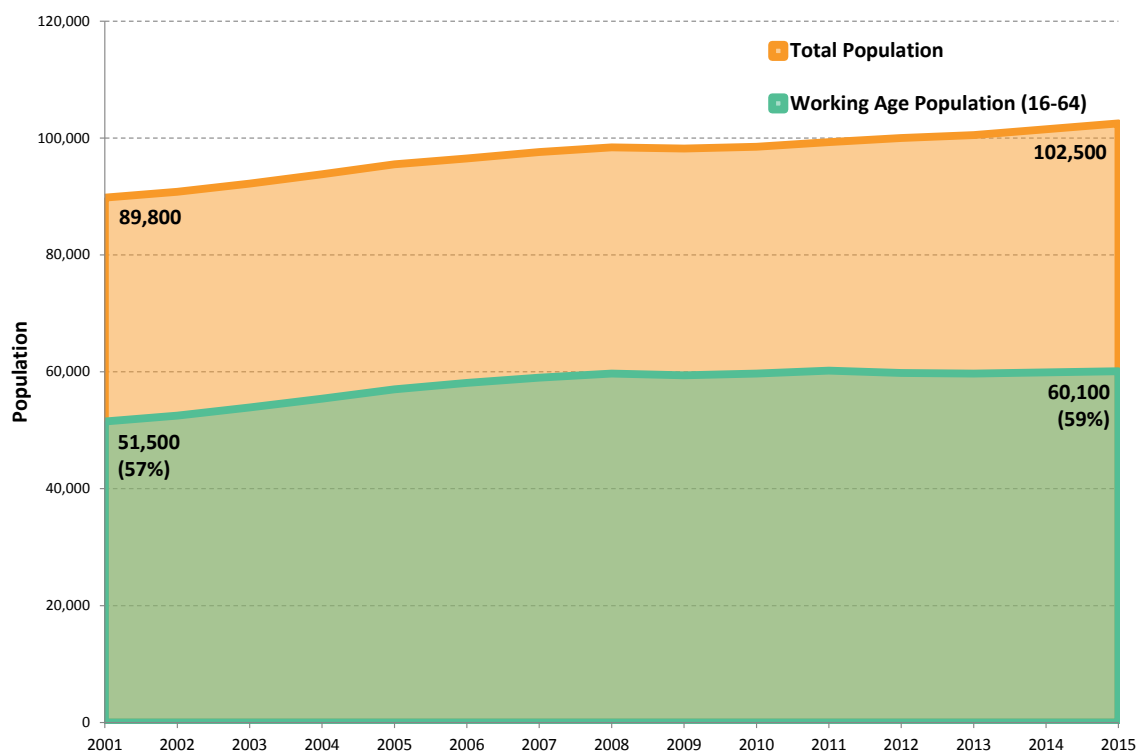
2.4 Recent economic conditions and trends in Eastbourne are summarised below, with comparisons made, where appropriate, with county, regional and national benchmarks.

### Population

2.5 In 2015, Eastbourne had a resident population of 102,500, which had increased by 14.1% over the previous 10 years since 2005.<sup>1</sup> This population growth is higher than that recorded in the South East (11.5%) and UK (10.1%) over the same period.

2.6 The proportion of Eastbourne’s population that is of working age (i.e. 16 to 64) has increased slightly over recent years, from 57.3% in 2001 to 58.6% in 2015 (Figure 2.2).<sup>2</sup>

Figure 2.2 Total and Working Age Population in Eastbourne, 2001-2015



Source: ONS (2016) / Lichfields analysis

### Employment Trends

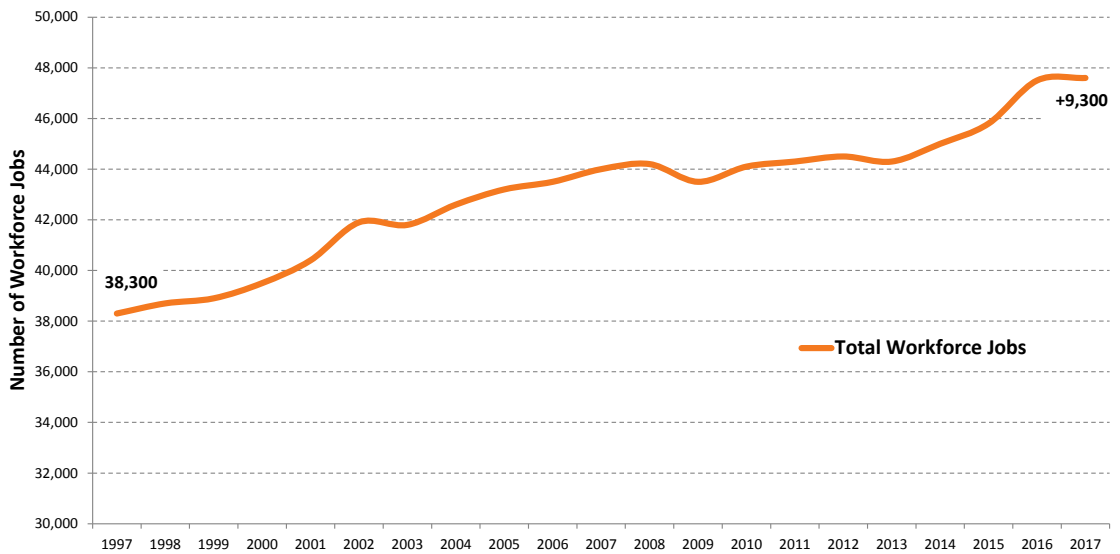
2.7 Based on Experian data from March 2017, Eastbourne registered 47,600 workforce jobs in 2017 (Figure 2.3). This has increased by 9,300 jobs since 1997<sup>3</sup>, equivalent to a 24.3% increase. This rate of growth fell between that recorded across East Sussex (26.2%) and the South East (23.0%) over this 20 year period.

<sup>1</sup> ONS Mid-year population estimates, 2016.

<sup>2</sup> ONS annual population survey (2016).

<sup>3</sup> 1997 represents the earliest year in the Experian time series.

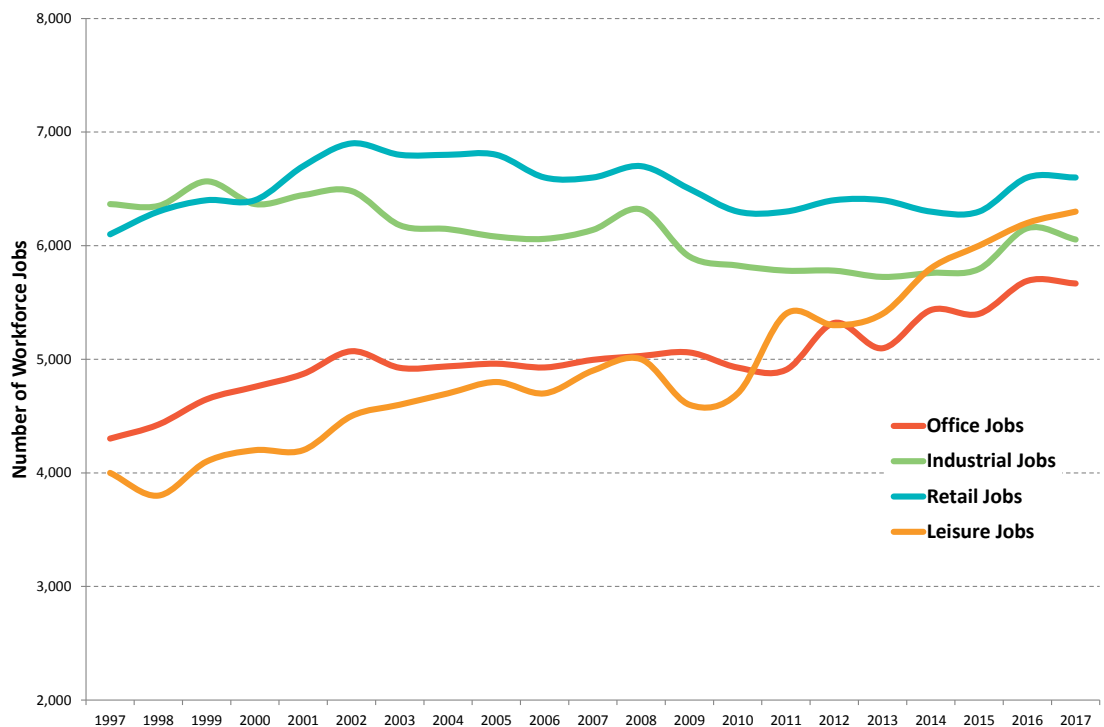
Figure 2.3 Total Workforce Jobs in Eastbourne, 1997-2017



Source: Experian (2017) / Lichfields analysis

- 2.8 Figure 2.4 illustrates the change in office, industrial, retail and leisure employment in Eastbourne over the period 1997 to 2017. Leisure jobs have seen the most significant growth over the 20 year period, with 9,300 new jobs equating to a total growth rate of 57.5%. Another area that has driven growth is office based sectors, where there has been an increase in employment of 1,365, equivalent to a growth rate of 31.7%.
- 2.9 Retail jobs have grown more modestly (there was a recorded increase of 8.2%), while there has been a minor reduction in the number of industrial jobs (equivalent to a 4.9% decrease).

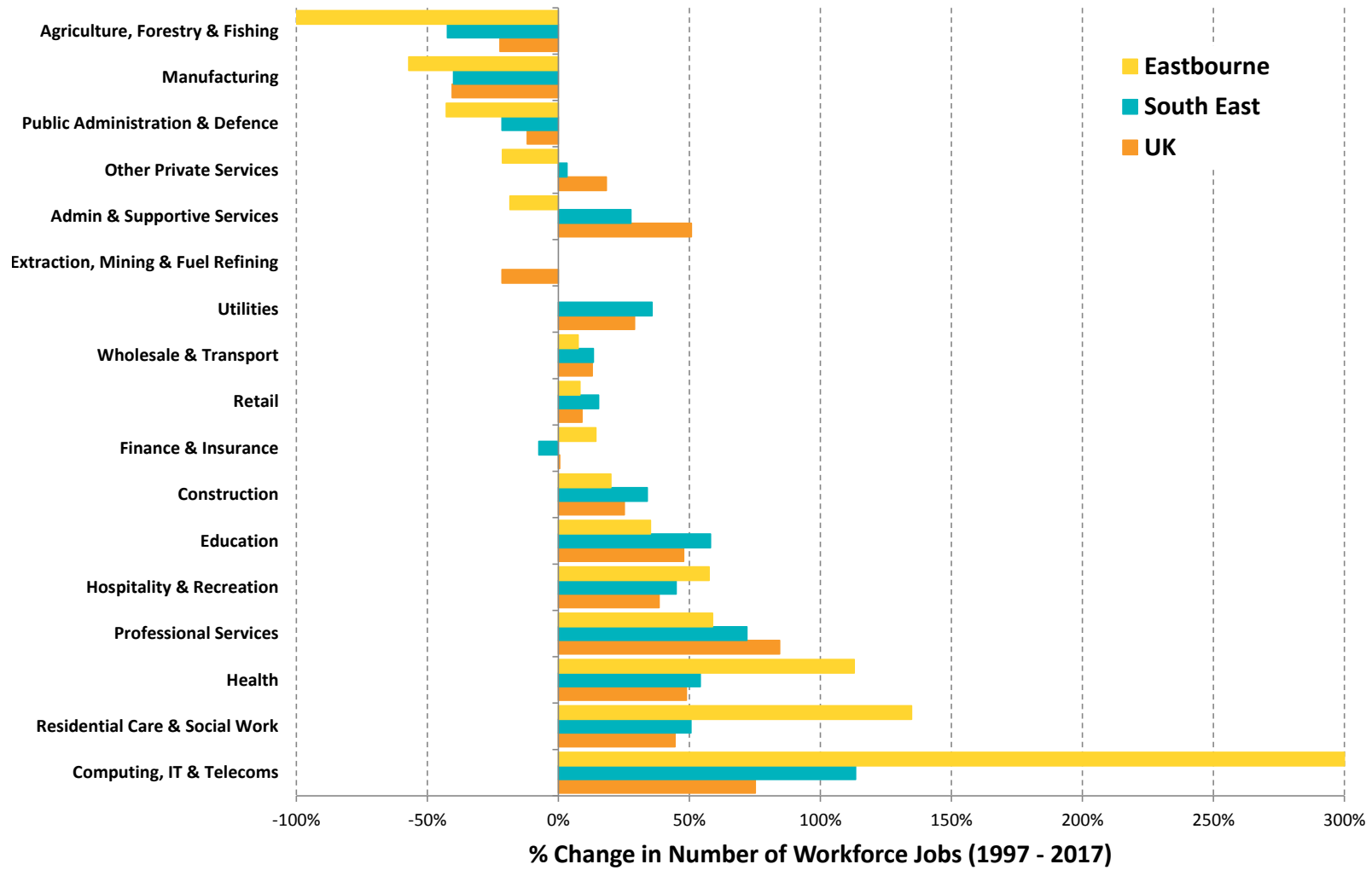
Figure 2.4 Change in Office, Industrial, Retail and Leisure Workforce Jobs in Eastbourne, 1997-2017



Source: Experian (2017) / Lichfields analysis

- 2.10 Figure 2.5 shows the percentage change in jobs by sector between 1997 and 2017 in Eastbourne, the South East and the UK. This shows that a number of sectors have seen greater proportional growth in Eastbourne when compared with the South East and the UK, including computing, IT and telecoms; residential care and social work; and healthcare.
- 2.11 Meanwhile, other sectors have recorded greater proportional decreases in employment than the regional and national average, namely agriculture, forestry and fishing; manufacturing; public administration and defence; and other private services.

Figure 2.5 Percentage Change in Workforce Jobs by Sector 1997-2017



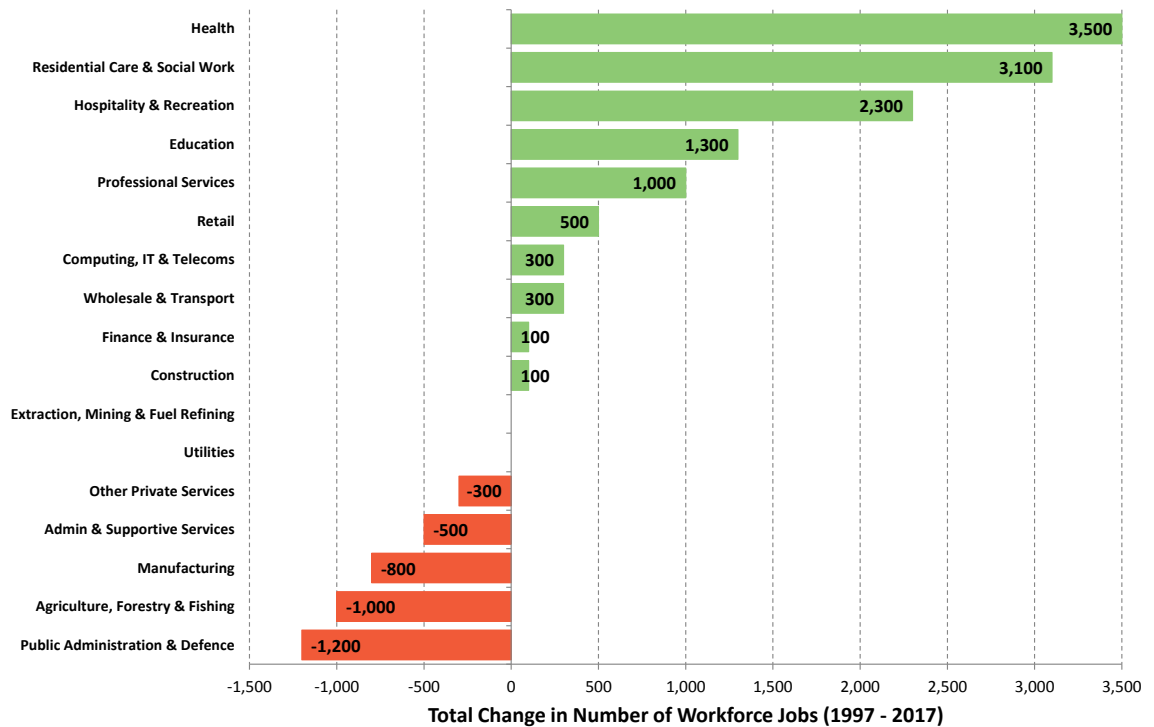
Source: Experian (2017) / Lichfields analysis





2.12 Between 1997 and 2017, employment growth within Eastbourne was primarily driven in absolute terms by the healthcare (3,500 jobs), residential care and social work (3,100 jobs), and hospitality and recreation sectors (2,300 jobs) (Figure 2.6).

Figure 2.6 Workforce Job Change by Sector in Eastbourne 1997-2017



Source: Experian (2017) / Lichfields analysis

2.13 The most significant job losses were recorded in public administration and defence, agriculture, forestry and fishing, and manufacturing. This is likely to reflect the wider macro decline of manufacturing-based activities in conjunction with a shift towards a service dominated economy, reflected in the growth of 1,000 jobs in professional services within Eastbourne across the 20 year timeframe.

### Business Base

2.14 Data from the Office for National Statistics (ONS) shows that the local business base in Eastbourne is characterised as having a slightly lower share of micro firms (0 to 9 workers) and a higher share of small (10 to 49 workers) and medium sized (50 to 249 workers) firms compared with the regional and national average (Table 2.1).

2.15 The share of the working age population in Eastbourne that is self-employed is slightly lower than the regional and national average. There are also fewer business start-ups per working age population in Eastbourne than across the South East and UK. This suggests that Eastbourne Borough performs relatively poorly across a number of enterprise and entrepreneurial related indicators, with some scope for improvement.

Table 2.1 Key Business Characteristics

		Eastbourne	South East	UK
Business size	Micro (0 to 9)	87.8%	89.8%	89.2%
	Small (10 to 49)	10.1%	8.3%	8.9%
	Medium (50 to 249)	1.8%	1.5%	1.6%
	Large (250 +)	0.3%	0.4%	0.4%
Self-employment		9.8%	12.1%	10.5%
Start-ups per 10,000 working age persons		54.1	68.1	61.1

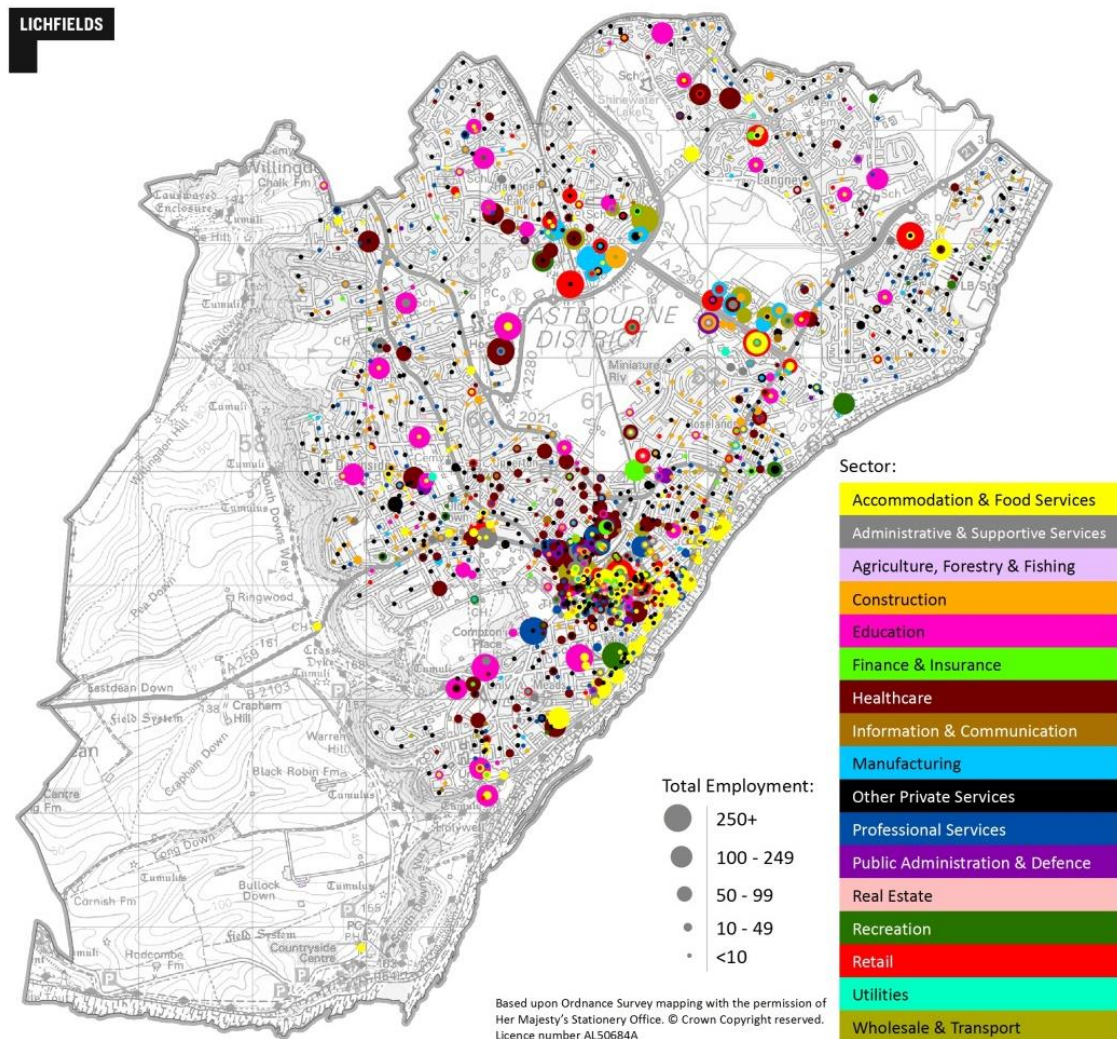
Source: ONS (2016) / Lichfields analysis

### Spatial Distribution

2.16

Drawing upon data from the Inter-Departmental Business Register (IDBR), Figure 2.7 illustrates the spatial distribution of business sectors and employment in Eastbourne. A larger version of the map is included at Appendix 2.

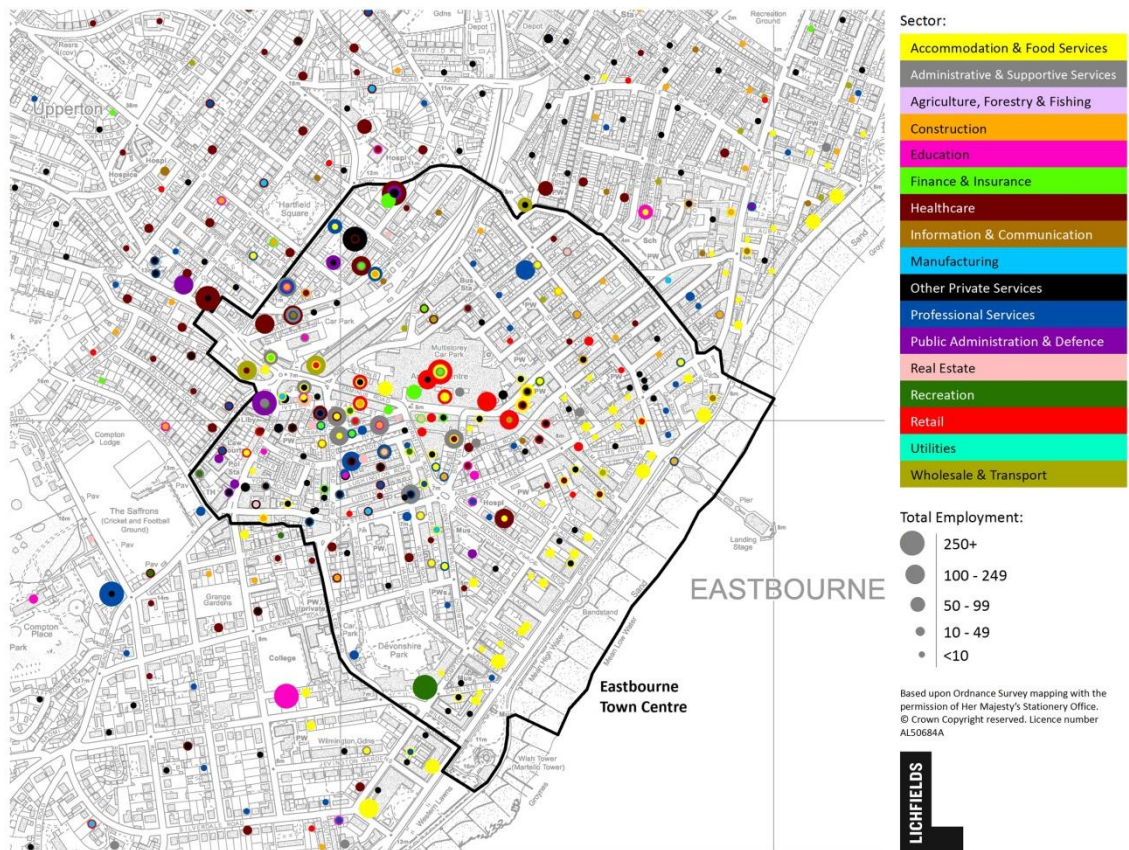
Figure 2.7 Spatial Distribution of Business Sectors and Employment in Eastbourne



Source: IDBR (2017) / Lichfields analysis

- 2.17 This shows that the majority of the Borough’s business base and employment is concentrated in and around the town centre and the key employment locations of Hampden Park and Lottbridge Drive. The latter two areas accommodate large concentrations of employment in the manufacturing, construction and wholesale sectors. Education and healthcare are sectors where employment is spread more evenly across the Borough, especially in more residential areas.
- 2.18 Hospitality related employment (i.e. accommodation and food services) is generally clustered in and around the town centre and seafront, while professional services employment tends to be dispersed relatively widely across the Borough, with small pockets accommodated within Eastbourne’s residential areas reflecting the prevalence of home working amongst the business services sector.
- 2.19 Figure 2.8 provides a more detailed picture of employment within the town centre boundary as defined by the Council’s Policies Map.<sup>4</sup> This shows that the seafront is dominated by hospitality businesses and employment more so than any other sector. There is considerable retail employment based in and around the Arndale Centre with other office-based sectors clustered near to Eastbourne railway station.

Figure 2.8 Spatial Distribution of Business Sectors and Employment in Eastbourne Town Centre



Source: IDBR (2017) / Lichfields analysis

<sup>4</sup> Eastbourne Borough Council Policies Map, adopted November 2016.

## Labour Market

- 2.20 The economic activity rate in Eastbourne has fluctuated in recent years around the regional average, though has dropped slightly since 2014. At December 2016, the Borough's economic activity rate was 75.6%, compared with 81.0% and 77.7% for the South East and UK respectively (Table 2.2).
- 2.21 The proportion of the resident workforce in Eastbourne with higher level qualifications at NVQ4 and above (34.8%) is slightly lower than that of East Sussex (37.2%), the South East (41.4%) and the UK (38.0%).<sup>5</sup>
- 2.22 Meanwhile, the proportion of the Borough's population holding 'other' or no qualifications at 12.3% is slightly higher than East Sussex (10.6%) and the South East (11.2%), though lower than the UK average (14.9%). This indicates that the resident labour force in the Borough is similarly skilled to the rest of the country, albeit slightly behind the South East and East Sussex average.

Table 2.2 Key Labour Market Characteristics

	Eastbourne	South East	UK	
Economic activity rate age 16 to 64 (Dec 2016)	75.6%	81.0%	77.7%	
Out-of-work benefits claimants as a proportion of residents aged 16-64 (May 2017)	2.0%	1.2%	2.0%	
Resident qualification level age 16 to 64 (2016)	NVQ4 and above	34.8%	41.4%	38.0%
	NVQ3 and above	54.7%	60.3%	56.7%
	NVQ2 and above	74.5%	77.5%	74.2%
	NVQ1 and above	87.7%	88.8%	85.1%
	Other or no qualifications	12.3%	11.2%	14.9%
Resident occupation group (2016)	SOC Major Group 1 – 3	38.7%	49.6%	44.9%
	SOC Major Group 4 – 5	28.2%	20.6%	20.6%
	SOC Major Group 6 – 7	20.1%	16.0%	16.8%
	SOC Major Group 8 – 9	13.1%	13.6%	17.1%
Median gross weekly earnings by residence (2016)	£524	£582	£539	
Median gross weekly earnings by workplace (2016)	£509	£566	£539	

Source: ONS (2016) / Lichfields analysis

Note: SOC 2010 Major Group 1-3 includes managers, directors and senior officials; SOC 2010 Major Group 4-5 includes administrative and trade occupations; SOC 2010 Major Group 6-7 includes services and sales occupations; and SOC 2010 Major Group 8-9 includes machinery, part and process operatives and elementary occupations.

- 2.23 A lower share of Eastbourne's labour force is employed in higher-skilled occupations represented by SOC Major Group 1-3 compared to the South East and UK. There is also a lower share of workers in SOC Major Group 8-9 compared with the regional and national average. Eastbourne has a much higher proportion of workers in SOC Major 4-5, which includes lower skilled administrative and trade occupations.
- 2.24 Average earnings in Eastbourne are slightly higher for residents (£524 per week) compared to workplace workers (£509 per week). This would suggest that some Eastbourne residents are accessing higher paid jobs outside of the Borough in cities such as Brighton and London (commuting patterns are explored in further detail in Chapter 6.0). Resident and workplace earnings both fall below the regional and national averages.

<sup>5</sup> ONS annual population survey (2016).

## Summary

2.25

The key features of Eastbourne's economy can be summarised as follows:

- 1 Eastbourne has strategic road access from the A22 and A27 and reasonable rail links to Brighton and London.
- 2 The Borough has recorded an increase in employment in recent years, with particularly strong levels of growth in health, residential care and hospitality sectors, as well as significant growth in professional services. Those sectors which have seen job losses include public administration, agriculture, forestry and fishing, and manufacturing. In use class terms, there has been growth in office based jobs, while employment in industrial sectors has seen a modest decline over recent years.
- 3 The majority of the Borough's businesses and employment is concentrated in and around the town centre and the key employment locations of Hampden Park and Lottbridge Drove.
- 4 Eastbourne lags behind other nearby areas across a number of enterprise and entrepreneurial related indicators including self-employment and business start-up. The local business base in Eastbourne is characterised as having fewer micro sized firms compared with the regional and national averages, but slightly more small and medium sized firms.
- 5 Eastbourne's workforce is similarly skilled to the UK, but falls slightly behind the rest of the South East in terms of higher level skills (NVQ4+). A lower proportion of its workforce is employed in SOC Major Groups 1-3 and 8-9 (the highest and lowest skilled occupations respectively) and a greater proportion in lower skilled SOC Major Group 4-5.

### 3.0 Overview of Commercial Space

3.1 This section provides an overview of the existing stock of B class employment, retail and leisure space in Eastbourne, as well as recent trends and changes to this stock of space. The assessment considers floorspace across the following use classes:

- offices (B1a/B1b);
- manufacturing (B1c/B2);
- warehousing and distribution (B8);
- retail (A1/A2/A5); and
- leisure (A3/A4/D2).

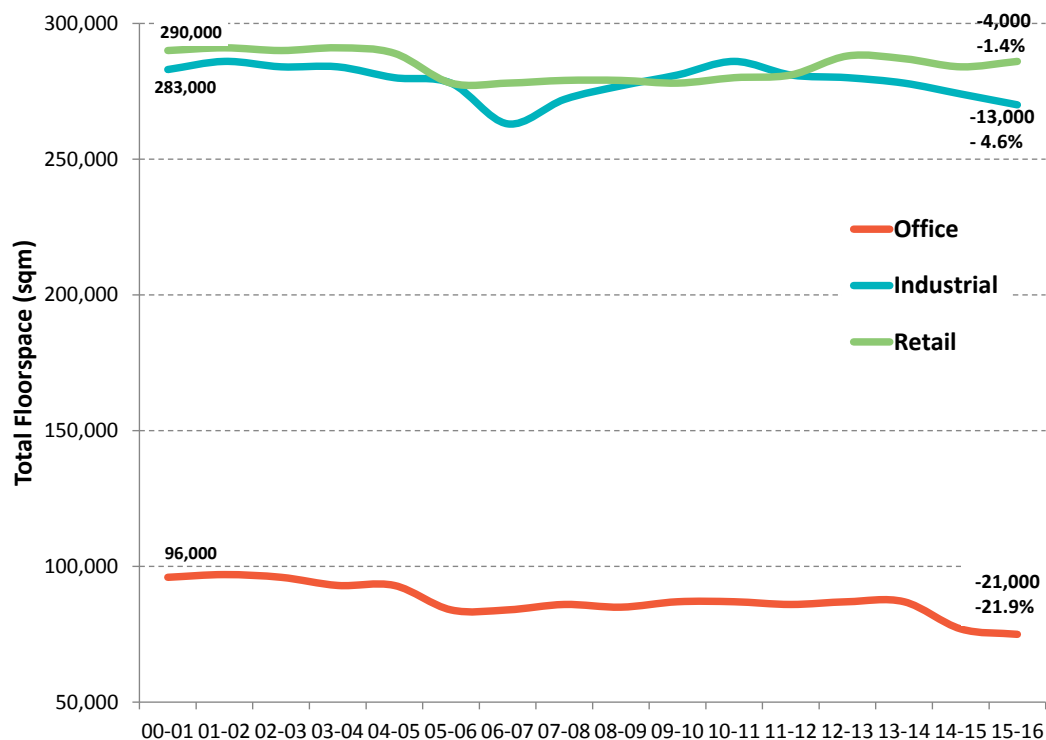
3.2 Analysis draws on data from the following sources:

- commercial floorspace data from the Valuation Office Agency (VOA); and
- monitoring data on commercial floorspace gains and losses obtained from Eastbourne Borough Council.

#### Stock of Floorspace

3.3 Eastbourne contained around 345,000 sqm of B class (i.e. office and industrial) employment floorspace in 2016. Of this, the majority (78.3%) related to industrial floorspace with the remaining 21.7% relating to office uses. The total stock of B class employment space in the Borough decreased by 9.0% between 2000 and 2016, as shown in Figure 3.1. This local level trend is in contrast to the growth in floorspace recorded across the South East as a whole over the same period, of 5.5% for offices and 0.9% for industrial.

Figure 3.1 Change in Employment Floorspace in Eastbourne, 2000/01 - 2015/16

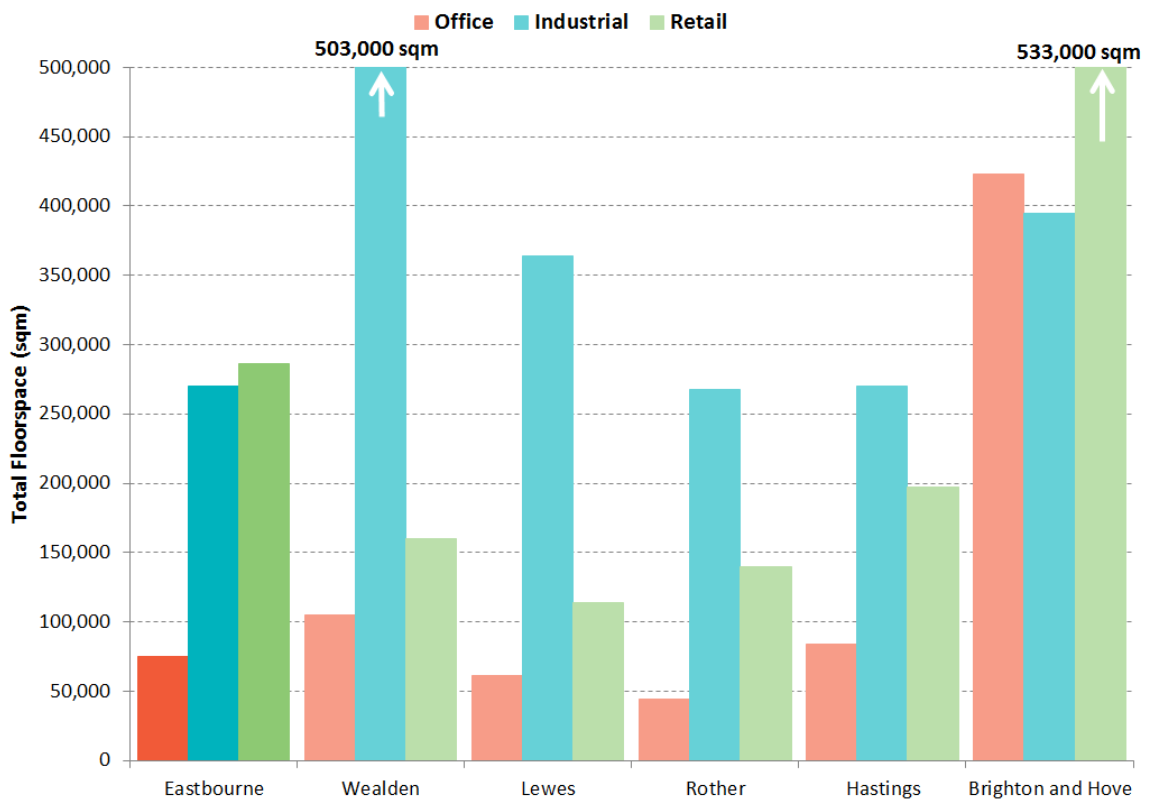


Source: VOA Business Floorspace Data (2016) / Lichfields analysis

3.4 The total stock of retail floorspace in Eastbourne stood at 286,000 sqm in 2016 (Figure 3.1). This has marginally decreased since 2000 by 4,000 sqm (1.4%). Similarly to B class space, this runs counter to regional trends, where retail floorspace increased by 7.3% over the same period.

3.5 Figure 3.2 below provides an overview of the stock of office, industrial and retail floorspace in Eastbourne compared with the stock of floorspace across other locations in East Sussex.

Figure 3.2 Overview of Employment Space by Local Authority, 2015/16



Source: VOA Business Floorspace Data (2016) / Lichfields analysis

3.6 This shows that Eastbourne’s stock of office space (at 75,000 sqm) is broadly comparable with other centres in East Sussex. There is more variation in terms of industrial floorspace across each authority; Eastbourne’s 270,000 sqm of industrial floorspace is comparable with both Rother and Hastings but falls below the quantum of stock recorded in Lewes, Wealden and Brighton and Hove. Eastbourne’s stock of retail floorspace (at 286,000 sqm) is the highest of all East Sussex authorities with the key exception of Brighton and Hove, which is to be expected given its role as an established commercial and retail centre.

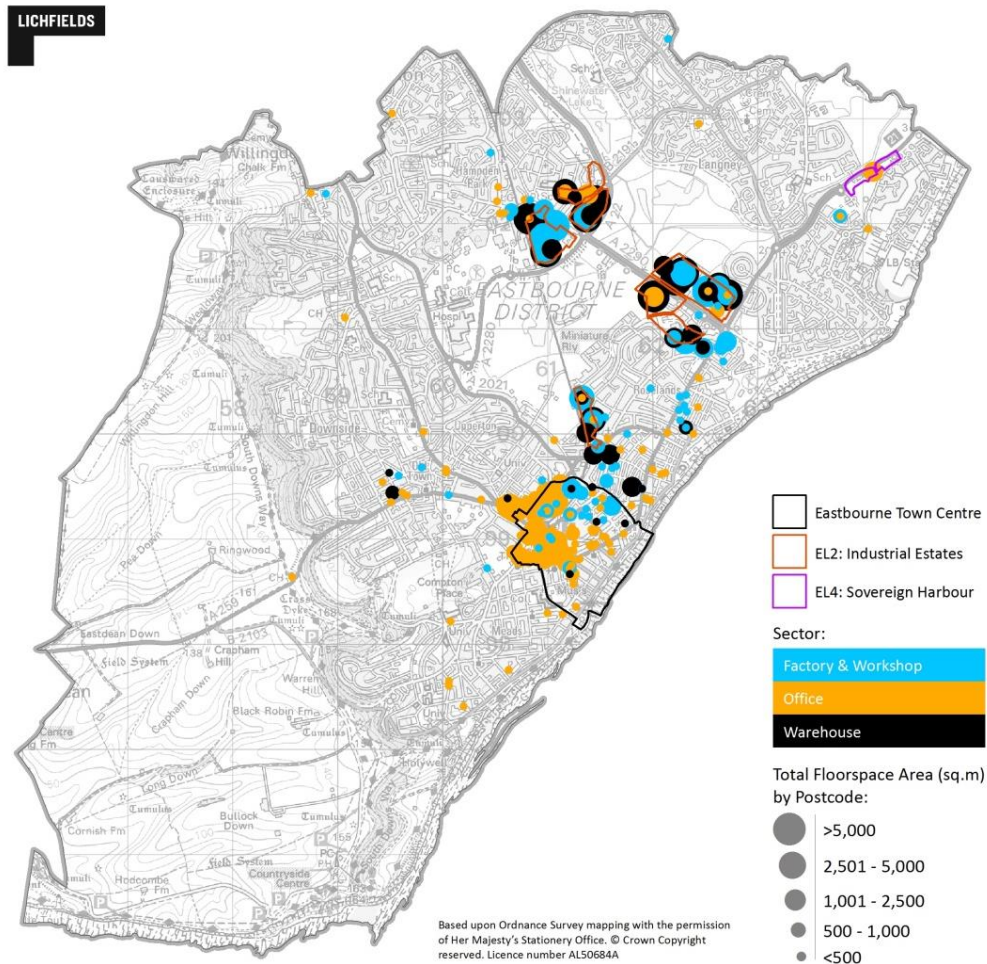
### Spatial Distribution of B Class Space

3.7 The spatial distribution of office and industrial floorspace in Eastbourne is shown in Figure 3.3 and Table 3.1 based on the latest available data from the VOA. More detailed maps are included at Appendix 3.

3.8 This indicates that employment space in the Borough is concentrated within the town centre and a ‘triangle’ of main employment locations comprising Hampden Park, Lottbridge Drove and Courtlands Road Industrial Estate. As shown in Table 3.1, just over two thirds of office floorspace is located within the town centre, particularly in the area around the train station.

3.9 Industrial premises are predominantly located within the Borough’s allocated industrial estates, as shown in Figure 3.3. Over 80% of factory/workshop floorspace and over 90% of warehouse floorspace is accommodated within allocated industrial estates. Figure 3.3 shows that some office floorspace is located at Sovereign Harbour, within the recently completed Pacific House development. This represents just 3.3% of total office floorspace in the Borough.

Figure 3.3 Office and Industrial Employment Floorspace in Eastbourne



Source: VOA (2017) / Lichfields analysis

3.10 There are some smaller office and industrial premises located outside of the designated town centre and allocated employment sites throughout the Borough, although these are relatively limited in number. Of all types of B class space, office space is most likely to be located outside of the town centre and designated employment sites (at 20.1%) (Table 3.1).

Table 3.1 Location of Office and Industrial Floorspace in Eastbourne (sqm)

Type of floorspace	Town Centre	EL2 Industrial Estates	EL4 Sovereign Harbour	Other Location
Office	49,441 (67.8%)	6,363 (8.7%)	2,438 (3.3%)	14,635 (20.1%)
Factory/Workshop	8,432 (7.4%)	92,407 (81.5%)	0 (0.0%)	12,544 (11.1%)
Warehouse	910 (0.7%)	119,971 (92.9%)	0 (0.0%)	8,237 (6.4%)
<b>Total</b>	<b>58,783 (18.6%)</b>	<b>218,741 (69.4%)</b>	<b>2,438 (0.8%)</b>	<b>35,416 (11.2%)</b>

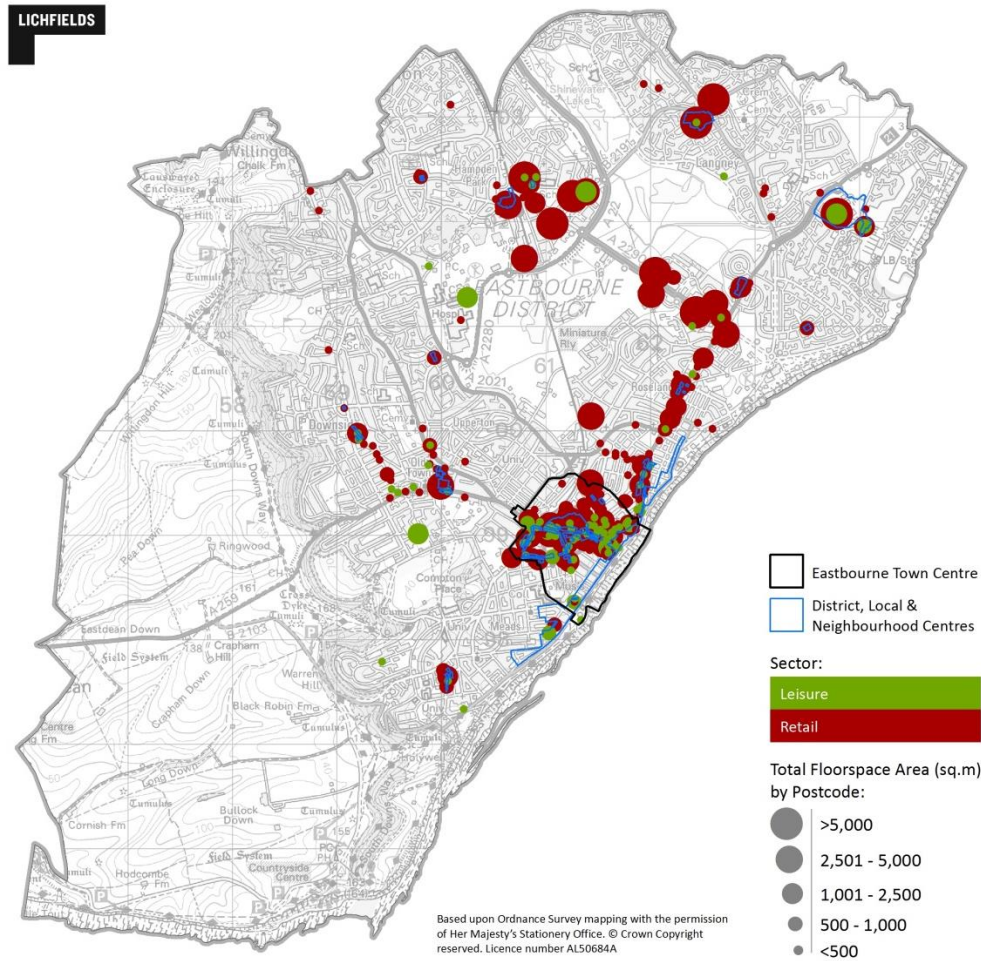
Source: VOA (2017) / Lichfields analysis



### Spatial Distribution of Retail and Leisure Space

- 3.11 The spatial distribution of retail and leisure floorspace in Eastbourne is shown in Figure 3.4 and Table 3.2, based on the latest available data from the VOA.
- 3.12 This indicates that retail floorspace is clustered within a similar ‘triangle’ area to office and industrial floorspace, with the most significant clusters found in the town centre and a number of large premises located at Hampden Park and Lottbridge Drove (Figure 3.4).

Figure 3.4 Spatial Distribution of Retail and Leisure Space in Eastbourne



Source: VOA (2017) / Lichfields analysis

Table 3.2 Location of Retail and Leisure Floorspace in Eastbourne (sqm)

Type of floorspace	Within Town Centre	Town Centre Retail Areas	Tourist Accommodation Area	District, Local and Neighbourhood Centres
Retail	131,466 (46.3%)	103,875 (36.6%)	2,214 (0.8%)	56,207 (19.8%)
Leisure	14,019 (52.5%)	4,186 (15.7%)	1,676 (6.3%)	4,655 (17.4%)
<b>Total</b>	<b>145,485 (46.8%)</b>	<b>108,061 (34.8%)</b>	<b>3,891 (1.3%)</b>	<b>60,862 (19.6%)</b>

Source: VOA (2017) / Lichfields analysis

Note: Some floorspace falls within both the town centre and a policy designation.

3.13 Just under half of the Borough’s retail floorspace is located in the town centre. The remainder is located outside of the town centre, generally within large retail units in out-of-centre locations and smaller retail premises serving residential areas.

3.14 Over half of the total leisure floorspace in Eastbourne is located in the town centre, in predominantly small (below 500 sqm) premises. The remainder of the floorspace is located outside of the town centre, generally in larger premises.

### Historic Development Rates

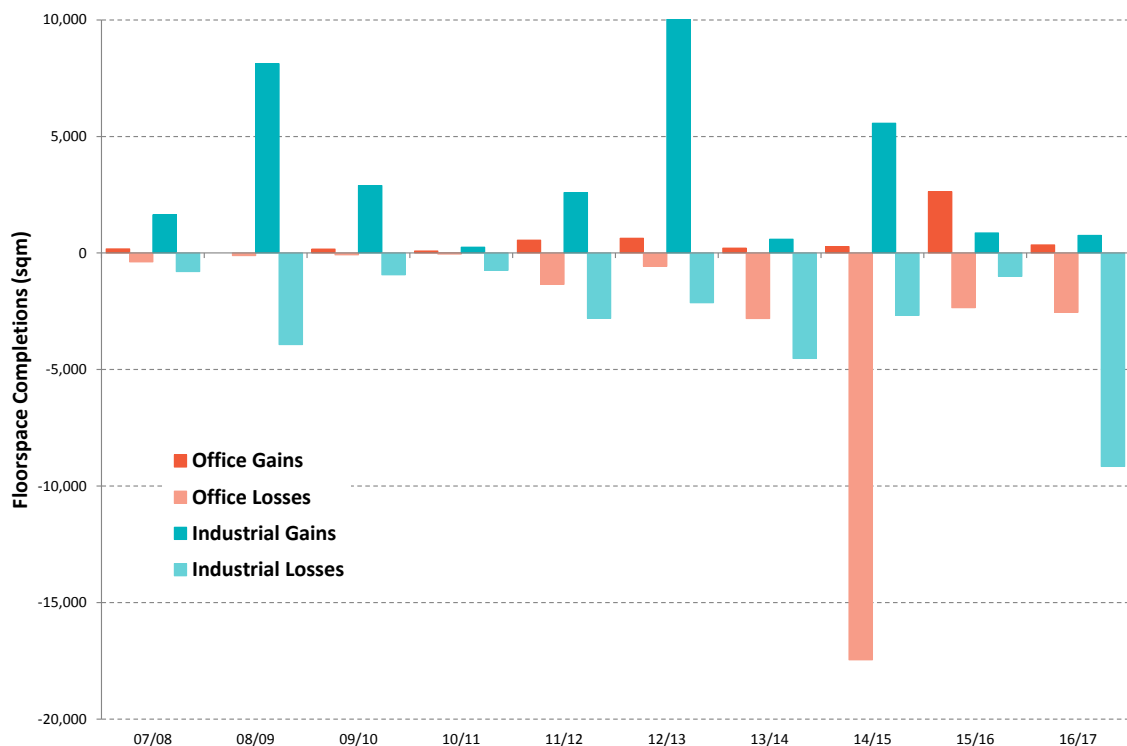
3.15 Monitoring data provided by Eastbourne Borough Council covering the 10 year period 2007/08 to 2016/17 can be used to provide an overview of the scale and nature of employment, retail and leisure development that has occurred within the Borough over recent years. This is presented in turn below.

### Office and Industrial

3.16 The gross amount of B class employment space developed in Eastbourne during the period 2007 to 2017 equated to 38,486 sqm in total, which is equivalent to an annual average gross completion rate of 3,849 sqm. The vast majority of the new B class employment space developed over this period was for industrial uses (use class B1c/B2/B8) (86.8%) with just 13.2% developed for office use (use class B1a/B1b).

3.17 The amount of B class employment space that was lost over the same period was 56,344 sqm (5,634 sqm per annum). These losses were evenly split across office and industrial uses, with 49.1% relating to lost office floorspace and 50.9% relating to lost industrial floorspace. An overview of these gross gains and losses is presented in Figure 3.5 below by year from 2007/08 to 2016/17.

Figure 3.5 Gains and Losses of Office and Industrial Floorspace in Eastbourne, 2007/08 - 2016/17



Source: Eastbourne Borough Council Monitoring Data (2017) / Lichfields analysis

- 3.18 In overall terms, the amount of office floorspace lost in Eastbourne significantly exceeded the amount of new office floorspace gained between 2007 and 2017. The total net change was equivalent to -22,601 sqm over the period, or -2,260 sqm per annum on average. Compared with the total stock of office floorspace recorded in Eastbourne in 2007/08<sup>6</sup>, this net change represented a reduction in office floorspace of 26.3% over the ten year period.
- 3.19 For industrial uses, completions of new floorspace exceeded losses, resulting in total net completions of 4,743 sqm over the 10 year period (474 sqm per annum on average). Compared with the total stock of industrial floorspace recorded in Eastbourne in 2007/08<sup>7</sup>, this net change is equivalent to an increase of 1.7% over the ten year period. Therefore, while office floorspace declined significantly in proportion to existing stock, the increase in industrial floorspace was less significant as a proportion of the existing stock.
- 3.20 In 2008/09, the spike in industrial gains is mainly accounted for by the 7,850 sqm gross B2 development at 41 Brampton Road within Hampden Park. Two developments contributed to the gross industrial floorspace completed in 2012/13 – TEVA UK Ltd on Brampton Road in Hampden Park (4,921 sqm B2 floorspace) and the change of use of a building to vehicle body shop and garage, MOT testing station and motor vehicle auctions (4,318 sqm B8 floorspace).
- 3.21 In 2014/15, a significant amount (12,525 sqm) of office floorspace was lost due to the change of use of the Dental Practice Board on Temple Grove, from B1a to D1. In 2016/17, a number of developments led to a significant total loss of industrial space, most notably the redevelopment of Cosmetica, 5 Faraday Close at Hampden Park which resulted in the loss of 5,137 sqm of B2 floorspace.

### Retail and Leisure

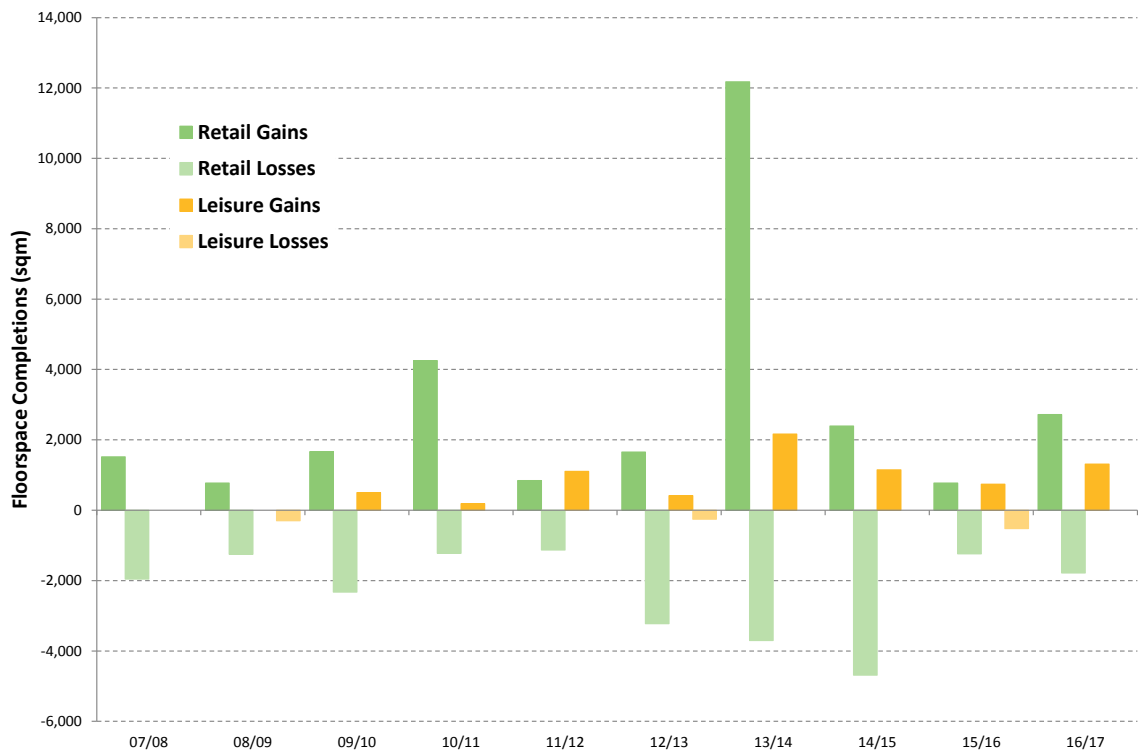
- 3.22 The gross amount of retail floorspace developed in Eastbourne during the period 2007 to 2017 totalled 28,763 sqm, equivalent to an annual average development rate of 2,876 sqm. The gross amount of leisure floorspace (Use Class D2) developed was lower at a total of 7,566 sqm (equivalent to 757 sqm per annum).
- 3.23 Over the same period, Council monitoring data suggests that 22,523 sqm (2,252 per annum) of retail floorspace (Use Class A1-A5) was lost in Eastbourne. Losses of leisure floorspace were lower, totalling 1,079 sqm (equivalent to 108 sqm per annum). An overview of gross gains and losses by year is provided in Figure 3.6 below.

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<sup>6</sup> 86,000 sqm, based on VOA headline data (2016).

<sup>7</sup> 272,000 sqm, based on VOA headline data (2016).

Figure 3.6 Gains and Losses of Retail and Leisure Floorspace in Eastbourne, 2007/08 - 2016/17



Source: Eastbourne Borough Council Monitoring Data (2017) / Lichfields analysis

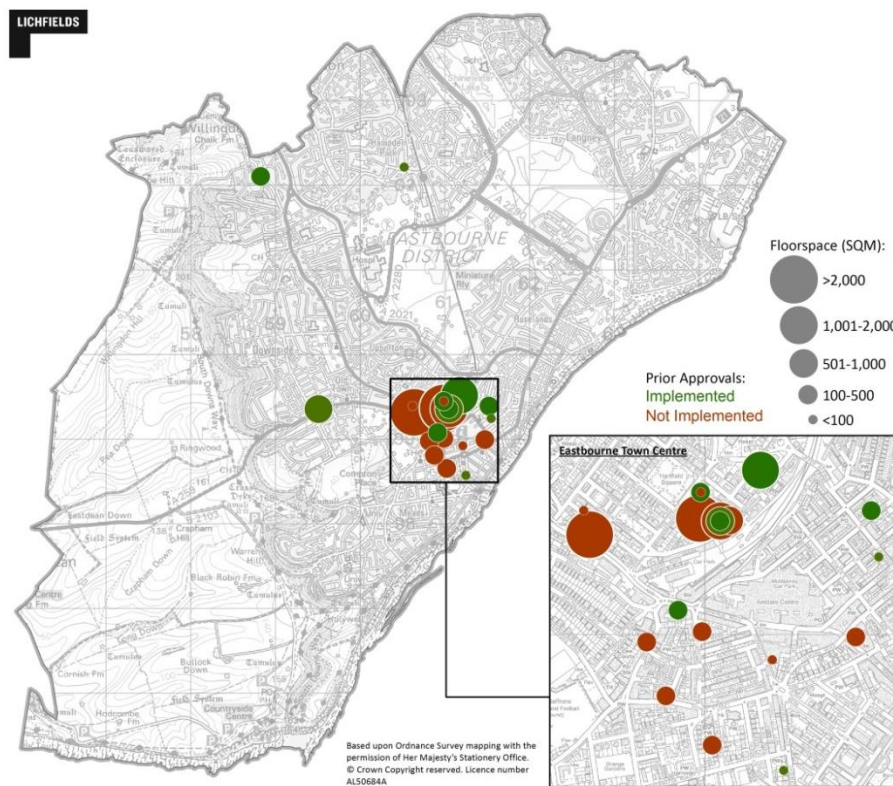
- 3.24 This shows that retail completions and losses have occurred relatively steadily throughout the monitoring period, although there was a notable spike in 2013/14 when over 12,000 sqm retail floorspace was completed in gross terms. This is mainly accounted for by the development of a new Morrisons superstore at Hampden Park, which delivered 8,134 sqm gross A1 floorspace.
- 3.25 In overall terms, more retail floorspace was gained than lost, resulting in total net completions of 6,240 sqm over the 10 year period, equivalent to 624 sqm per annum on average. Compared with total retail stock recorded in Eastbourne in 2007/08<sup>8</sup> this net additional floorspace represents an increase of 2.2% over the ten year period.
- 3.26 Figure 3.6 shows that the majority of leisure floorspace completions occurred during the second half of the monitoring period, and that there has been little by way of leisure floorspace losses over the period. Overall, the net amount of leisure floorspace completed was 6,487 sqm (649 sqm per annum on average).
- 3.27 Although there was a significant amount of retail floorspace developed in 2013/14, over 4,000 sqm was lost. This was caused by a number of developments, most notably the change of use of the Co-operative Site at Terminus Road which led to the loss of 2,311 sqm A1 floorspace. In 2014/15, there were a number of conversions of A1 retail units to other uses including D1 (non-residential institutions), C3 (residential) and sui generis uses which contributed to overall retail losses of over 4,000 sqm in the financial year.

<sup>8</sup> 279,000 sqm, based on VOA headline data (2016).

## Permitted Development Rights

- 3.28 In 2013, the Government announced the proposed introduction of Permitted Development Rights (PDR) to allow for the change of use from B1(a) offices to C3 residential uses through the prior approval process. In October 2015, the Government confirmed that temporary PDR will be made permanent. In this context, the influence of the new PDR is expected to be an increase in the rate of losses of office floorspace, potentially above historic trends.
- 3.29 Analysis of monitoring data provided by Eastbourne Borough Council indicates that 23 prior approval applications have been submitted and approved for a change of use from office to residential use in the Borough under the new PDR since May 2013. Of these, 11 have been implemented and 12 have not yet been implemented. The location of these prior approvals is shown in Figure 3.7.

Figure 3.7 Spatial Distribution of Office Premises with Prior Approval (at March 2017)



Source: Eastbourne Borough Council / Lichfields analysis

- 3.30 The total quantum of office floorspace associated with those sites with prior approvals that have been implemented is 4,637 sqm. A further 9,496 sqm of office floorspace is associated with prior approvals that have not yet been implemented. This suggests that a total of 14,133 sqm of office floorspace could be lost under the PDR in Eastbourne. This represents 16.2% of the total 87,000 sqm office floorspace recorded in the Borough in 2013/14.<sup>9</sup> 2016 represents the year in which the highest amount of office floorspace (6,809 sqm) was approved for change of use.
- 3.31 The introduction of PDR is expected to have a significant effect on the supply of office floorspace in local authorities across the UK, but particularly in those local authorities with the highest residential land values and pressure on lower value uses (e.g. office floorspace). With PDR now

<sup>9</sup> VOA headline data (2016).

confirmed as permanent, it will be important for Eastbourne Borough Council to carefully monitor the future loss of office space to determine whether additional provision becomes necessary over and above the requirements set out in Chapter 7.0.

- 3.32 It should also be noted that in 2016, the Government announced that a new PDR will be introduced effective from October 2017 to allow the change of use from light industrial (use class B1c) to residential. This is restricted to buildings with an existing gross floorspace of 500 sqm and will initially operate for a temporary three-year period (to 2020). This could lead to an increase in the rate of losses of light industrial floorspace in the Borough over the coming years, and will need to be closely monitored by the Council.

## Summary

- 3.33 The following key findings and conclusions can be drawn with respect to the stock of employment, retail and leisure space within Eastbourne:
- 1 Eastbourne has seen a net reduction in office, industrial and retail floorspace since 2000. The Borough's office stock remains much lower than its industrial and retail stock.
  - 2 Employment space in Eastbourne is concentrated in the town centre (the main office location) and Hampden Park and Lottbridge Drove (the main industrial locations). Retail and leisure floorspace are similarly clustered, with around half of each type of floorspace located within the town centre and the other half located elsewhere in the Borough.
  - 3 In quantitative terms, Eastbourne has a similar stock of office, industrial and retail space to nearby Lewes, Rother and Hastings. It has significantly less industrial space and office space, but more retail stock, than neighbouring Wealden.
  - 4 Recent development of office and industrial space in Eastbourne has been most significant in the years since 2012. Over the past ten years, the Borough has recorded average net losses of 2,260 sqm of office space per annum and average net gains of 474 sqm of industrial space per annum. Overall, there were average net gains of 624 sqm and 649 sqm per annum for retail and leisure floorspace, respectively.
  - 5 Since 2013, 16.2% of the Borough's office stock has had prior approval for change of use to residential use. The vast majority of this floorspace is located within the town centre. This PDR and the forthcoming B1c to residential PDR have the potential to accelerate the rate of employment space losses in future over and above past trends.

## 4.0 Commercial Property Market Signals and Intelligence

4.1 This section has been prepared by Cluttons to describe current property market conditions in Eastbourne and the town's relationship with surrounding areas, including recent trends in the demand and supply of offices, shops, industrial and leisure properties. It also provides commentary on the effects of recent planning legislation on town centre uses, and in particular the outcome of the introduction of permitted development rights and the effect on business.

4.2 In line with market conventions, the figures and values within this section are reported on a square foot (sqft) basis with sqm equivalents also indicated.

### National and Regional Property Market Overview

4.3 The UK economic recovery, which began in 2013, has now become firmly entrenched, and sentiment in commercial property appears to be the most positive it has been for many years. While central London offices are still the outperforming market segment, some investors and developers are also looking further afield in an attempt to access stock and achieve good returns. However, much of this activity is focusing on the best performing locations in the South East or major provincial cities. In more economically marginal locations, and those without a significant existing commercial property market, there is still uncertainty and lenders and developers are likely to remain cautious.

4.4 The recent EU referendum vote and resulting economic uncertainty is also anticipated to have an impact upon commercial property markets across the country with investor and developer confidence likely to be hit in the short term at least. Given the focus of the EDNA upon longer term needs as well as short term needs, it is important that any analysis of commercial property market signals takes a longer term view.

### Office Market

#### Market Geography

4.5 Eastbourne borders Wealden District to the north, with the town of Polegate effectively forming part of the urban conurbation with Eastbourne. It has provided the focus for a small amount of office development in recent months, and its proximity to Eastbourne is such that it provides overflow space for the latter.

4.6 Eastbourne's office market is largely supported by local business growth and churn, and as such is considered to be largely self-contained with very little inward investment. This is partly a reflection of its relatively poor transport networks, with the town not benefitting from any dual carriage way or motorway networks and largely relying on single carriageway roads. Similarly, there is no fast rail network although the services to London and other south coast centres are relatively frequent.

4.7 Office rental levels and capital values are considerably lower in Eastbourne than in the nearby centres of Brighton & Hove or Tunbridge Wells, but there is little evidence that office occupiers are tempted to Eastbourne from these more expensive centres. Values are, however, slightly higher than for Hastings and Bexhill to the east, although this generally does not result in eastward 'drift' and relocation.

4.8 As noted above, Polegate immediately adjoins Eastbourne and is viewed as being part of the conurbation by local businesses. Accordingly, local Eastbourne businesses will consider

relocating to Polegate if they are seeking new or alternative premises, and this is likely to unduly affect their employees' travel to work patterns.

### Market Trends

- 4.9 Eastbourne is not considered to be a major regional office centre, being secondary to Brighton & Hove within a sub-regional context. It accommodates an office stock of c.807,000 sqft (75,000 sqm) in 420 separate buildings or suites<sup>10</sup>.
- 4.10 The stock comprises a mix of ageing purpose built office buildings and period terraces, some of which are mixed in use, with offices over shops. Most of the purpose-built stock is found in the town centre, in the Upperton district to the north of the railway station, but also, in lesser numbers along Gildredge Road, off Terminus Road.
- 4.11 Several of the purpose-built office buildings in the Upperton area have obtained consent under prior approval applications to undertake office to residential conversions under PDR, although not all have been implemented to date.
- 4.12 New office development is largely restricted to Sovereign Harbour where Pacific House, comprising approximately 25,000 sqft has recently been completed and is steadily letting up. Other recent development has taken place outside the Borough, for example in adjoining Polegate (Wealden District), but this has been relatively small scale.
- 4.13 The market occupier profile is centred around smaller businesses and in particular professional sector firms including legal and accountancy practices. Larger occupiers include the public sector, but there are few significant corporate office occupiers based in the town.
- 4.14 As with many centres, there has been an increase in businesses focusing on the TMT (Technology, Media and Telecoms) sector. Several of the lettings at Pacific House in Sovereign Harbour have been to IT and similar media orientated firms, who tend to be small, and who prefer the modern space available to period suites in the town centre.
- 4.15 In addition, there has been an increase in activity within the serviced office market whereby purpose built offices are marketed in suites at inclusive rentals, such as at Greencoat House and Map House in St Leonards Road, albeit these buildings have the benefit of PDR which may be implemented in the medium term.

### Market Values

- 4.16 Office rental levels in the town range from a top rate of £17 sqft achieved at Pacific House, down to £15.50 sqft for good quality refurbished space at Ivy House in Ivy Terrace. However, most of the office accommodation within the town is second hand space of a lower quality and this is reflected in lower rents. Accordingly, quoting rents for suites in the purpose-built offices within the town centre are based on £12.50 sqft, but are lower for suites above shops, or in period buildings where they may range from £7 sqft to £10 sqft, although if in good condition, period buildings may achieve slightly higher rental rates.
- 4.17 The quantum of office stock within Eastbourne has reduced in recent years as a result of PDR legislation which has taken several buildings out of the market. In theory, this should result in an increase in rental levels if as a result there is an imbalance between supply and demand. This could lead to an increase in office development, although until rental levels rise to at least £20 sqft, viability is likely to remain an issue unless government grants can be obtained or enabling development undertaken to 'kick start' development.

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<sup>10</sup> VOA 2016 Rating List statistics.



- 4.18 Freehold sales rates are less clear with little recent evidence save for sales for PDR conversions. The only sales of relatively modern office buildings in the area have been at the Chaucer Business Park at Polegate where a recent sale of Units J1 & J2 to Parker Building Supplies at £1m produced £208 sqft. In Eastbourne itself, there has only been one reported owner occupier sale; Chantry House 22 Upperton Road was a two-storey purpose built office building (c. 30 years old) which was sold in March 2016 for £1.2m equating to £129 sqft.

### Occupier Demand

- 4.19 The Eastbourne office market is dominated by small local businesses and in particular the professional services sector. Historically, out of county requirements are rare, and the vast majority of requirements come from local Eastbourne businesses.
- 4.20 Demand is increasing from the media and IT sector, and is mainly focussed on the smaller size ranges of up to 2,000 sqft. As noted above, there has been a lack of new office development within the town and surrounding area over recent years, but the level of take-up at Pacific House in Sovereign Harbour demonstrates that there is pent up demand for new modern office suites.
- 4.21 Whilst Eastbourne is considerably cheaper than nearby Brighton in terms of rental levels, there has not been a significant increase in demand from Brighton businesses seeking more economical space. This is partially due to Brighton's existing critical mass and profile as a location for the creative, IT and media sector, and we do not anticipate any significant future demand flowing out of Brighton.
- 4.22 Overall, demand for offices tends to be concentrated in the sector size range up to 2,000 sqft.

### Supply

- 4.23 Based on our research through commercial property databases (EGi, Co-Star and Rightmove Commercial), local commercial agents' websites, and our own local knowledge, we have established that there are currently 48 offices buildings or suites on the market in Eastbourne, with a total floor area of 71,000 sqft (6,600 sqm). This amounts to 8.8% of the total stock (based on VOA 2016 rating statistics). This supply comprises of the following:

Table 4.1 Eastbourne Office Supply (on the Market)

Size range (sq ft)	No of suites	Total (sqft)
0-2,500	38	38,415
2,501-5,000	9	26,919
5,001-10,000	1	5,940
10,001-20,000	0	0
20,001 +	0	0
<b>Total</b>	<b>48</b>	<b>71,274</b>

Source: Egi, CoStar, Rightmove Commercial, commercial agents websites. March 2017

- 4.24 The statistics do not include any offices which might be available through residential estate agents or being offered to the market privately. However, most of the available properties will be marketed by commercial agents.
- 4.25 This analysis shows that the dominant available size range is accommodation up to 5,000 sqft, with only one building available to let larger than 5,000 sqft. However, it should be noted that in multi-let buildings suites can be combined to create larger floor spaces to provide more choice for occupiers seeking more than 5,000 sqft.

- 4.26 Most of the available office space comprises second hand space of mid-range specification in older purpose built or period buildings. Thus, Grade A space, incorporating air conditioning, raised floors and inbuilt IT connectivity is at a minimum, and generally offered only at Pacific House in Sovereign Harbour.
- 4.27 The supply of office space in Eastbourne has been affected in recent years by PDR legislation which has reduced the town's office stock and therefore potential supply of offices to let. This should in theory lead to an uplift in rental levels which eventually may lead to office development becoming more viable.
- 4.28 The supply of freehold offices in Eastbourne is very limited with only two buildings currently advertised, of which one is the former East Sussex Fire & Rescue Services building on Upperton Road comprising 44,000 sqft which is being sold with the benefit of PDR for conversion to provide 56 flats. The only other building is just 535 sqft in size.

### Stock Reduction

- 4.29 As already noted, the office stock in Eastbourne has diminished in recent years because of PDR legislation, which allows for the conversion of offices to residential subject only to Prior Approval consent as opposed to planning consent, although planning consent is required for external alterations. PDR was originally introduced as a temporary measure but with effect from April 2016 PDR are now permanent, providing development has been completed within a period of three years from the prior approval date.
- 4.30 Based on statistics provided by the Borough Council, since 2013 PDR prior approval consents totalling 152,000 sqft have been granted. These cover 23 buildings, of which just under half, totalling one third of the floorspace have so far been implemented (Table 4.2).

Table 4.2 Offices Losses through Permitted Development Rights

PDR		2013	2014	2015	2016	TOTAL
Implemented	No. of sites	5	4	2	0	11
	Total area (sq ft)	38,115	9,375	2,422	0	49,912
	Total area (sqm)	3,541	871	225	0	4,637
Not implemented	No. of sites	2	3	3	4	12
	Total area (sq ft)	3,875	3,607	21,442	73,292	102,216
	Total area (sqm)	360	335	1,992	6,809	9,496
Total	No. of sites	7	7	5	4	23
	Total area (sq ft)	41,990	12,982	23,864	73,292	152,128
	Total area (sqm)	3,901	1,206	2,217	6,809	14,133

Source: Eastbourne Borough Council. March 2017

- 4.31 Of those unimplemented we are aware that three buildings, namely both Greencoat House and Map House on St Leonards Road are likely to remain in office use in the short term, along with St Anne's House on St Anne's Road, but the former East Sussex Fire & Rescue Services building on Upperton Road is being sold for conversion and will not be reverting to office use even in the short term.
- 4.32 As a result of PDR legislation, the towns' office stock has reduced by 50,000 sqft, and if the remainder are implemented, will fall by 152,000 sqft. Implementation of the remainder would result in a 13% reduction in the town's existing office stock.
- 4.33 We anticipate that PDR prior approvals applications for older office buildings are likely to continue to be submitted in the short to medium term. However, it is also likely that the impact

on the office stock will eventually reach the point that rents will grow resulting in a return to office refurbishment and redevelopment activity.

### Take-Up

- 4.34 The office market in Eastbourne is fairly small in scale and generally confined to local business movement rather than inward investment and relocations. This is reflected by take-up statistics over the last three years. These demonstrate that the vast majority of lettings have been for buildings or suites of under 2,000 sqft with only 1 recorded letting over 5,000 sqft. However, take up has been low, with an average of only ten lettings per year over the last three years with the average level of let floorspace over the period amounting to 14,000 sqft per annum.
- 4.35 The only letting of significance in the general area outside Eastbourne over the last year has been a letting of 9,000 sqft at the Chaucer Business Park in Polegate where Veritek took 9,000 sqft of modern accommodation in early 2016.
- 4.36 There has been even less activity in terms of freehold sales to owner occupiers, as opposed to investors or PDR developers. The only recorded sale in the town in the last twelve months was that of Chantry House 22 Upperton Road, a 9,000 sqft office building, sold to Childs Charitable Trust for owner occupation in March 2016.
- 4.37 A summary of take-up over the last three years is provided in Table 4.3, but it should be noted that lettings and sales at the lower end of the size range are not always published. However, we would not anticipate that these would make a significant difference to the statistics.

Table 4.3 Office Lettings

Size (sqft)	No of lettings	sqft	No of sales	sqft
0-500	7	2,243	0	0
501 – 1,000	14	10,051	0	0
1,001 – 2,000	10	13,490	2	3,583
2,001 – 5,000	3	10,069	2	8,046
5,001 – 10,000	1	6,093	3	21,366
10001+	0	0	1	28,716
<b>Total</b>	<b>35</b>	<b>41,946</b>	<b>8</b>	<b>61,711</b>

Source: Egi, CoStar. March 2017

### Development Pipeline

- 4.38 The office development pipeline in Eastbourne is limited to Sovereign Harbour, with the only other schemes being at Polegate, outside the town, where planning permission has been granted for an additional 25,000 sqft of office space at Chaucer Business Park.
- 4.39 Pacific House at Sovereign Harbour was completed in early 2016 and has proved to be a relatively successful scheme, with a steady flow of lettings of small suites over the year, and continuing interest. As a result, the developers (Sea Change) are reviewing the possibility of submitting a planning application for the construction of a further similar sized building at Sovereign Harbour. Site 7a at Sovereign Harbour is being marketed on the basis of plot sales from 0.25 acres up to 5.4 acres, with the site allocated for B1a office uses.
- 4.40 Cluttons is not aware of any other proposals in the development pipeline for Eastbourne. However, the stock of offices has fallen because of PDR legislation, and if this continues there are likely to be shortages. In particular, the town has virtually no Grade A office accommodation to allow current office occupiers to expand or seek an upgrade in quality of accommodation.

- 4.41 In the short to medium term, the development pipeline at Sovereign Harbour should ‘soak up’ demand, but for town centre requirements new development remains unlikely until such time as rents rise to a level which renders development viable. Future opportunities are therefore more likely to be derived from the refurbishment of existing purpose built offices over the short to medium term.

## **Industrial Market**

### **Market Geography**

- 4.42 The industrial property market in coastal East Sussex is centred around Eastbourne, Hastings and Newhaven, with more limited stock levels in Lewes and Hailsham. Polegate has provided the focus for a small amount of industrial development over recent years. Newhaven arguably is more accessible on the road network, being closer to the A27 dual road at Lewes, and is also a recognised, albeit small, trading port. However, this is not reflected in rental levels or capital values which are largely similar to those prevailing in Eastbourne.
- 4.43 There has been very little recent industrial redevelopment in the coastal market, although arguably Eastbourne and Polegate have seen more activity than the other centres. Hastings and Bexhill will be anticipating an upswing in activity as a result of the completion of the new Bexhill to Hastings link road, Coombe Valley Way, which has opened up a large number of greenfield sites for business space development. The prospect of acquiring or renting new industrial premises may well attract Eastbourne based businesses given a lack of available development land in Eastbourne.
- 4.44 Given the geographical constraints and relatively poor road network along the eastern south coast in East Sussex, the market is largely dominated by smaller local businesses, with little evidence of out of county inward investment and relocations. This is a trend which is likely to continue until the road network is improved by dualling the A27 between Lewes and Eastbourne.

### **Market Trends**

- 4.45 Eastbourne has a good level of industrial stock of around 270,000 sqm (2,900,000 sqft) in 530 buildings (VOA 2016 Rating List statistics). The stock is largely located on several industrial estates found around Lottbridge Drove to the north east of the town centre. Lottbridge Road provides good access to the A22 providing a largely dual carriageway road network out of Eastbourne to the A27 east west road and northwards. Based on the Borough Council’s floorspace records, the industrial stock is largely located on the following estates:

Table 4.4 Eastbourne Industrial Estates

Estate	Total units	Total Floorspace (sqm)	Total Floorspace (sqft)
Courtlands Road	13	3,998	41,885
Finmere/Britland Estate	11	8,708	91,224
Hammonds Drive	27	18,445	193,225
Highfield South	13	35,299	369,797
Highfield North	7	3,284	34,402
Brampton Road	35	74,988	785,577
Birch Road, Hawthorn/Compton Estates	76	85,130	891,820
<b>Total</b>	<b>182</b>	<b>229,852</b>	<b>2,407,930</b>

Source: Eastbourne Borough Council. October 2012

- 4.46 In addition to the industrial estates, there are a number of ad-hoc industrial and workshop premises located throughout the town outside of key sites and allocations.
- 4.47 Existing industrial floorspace is evenly distributed across the size ranges up to 10,000 sqft, with a reasonable number of larger units. The stock is of mixed vintage, but predominantly dating from the 1970-1980 era.
- 4.48 There has been some industrial development over the last decade, principally at Brampton Road, off Lottbridge Drove in the Hampden Park district, north of the A22 interchange, and more recently the White Knights Business Park at Hammonds Drive, again off Lottbridge Drove but to the south of the A22 roundabout.

### Market Values

- 4.49 Second hand and older industrial and warehouse rents in Eastbourne generally lie in the range of £6 to £7.50 sqft. However new and modern units are achieving headline rents in the region of £8.50 sqft as has been demonstrated by the White Knights Business Park scheme at Hammonds Drive which was completed towards the end of 2015 and has been fully let. The units were all under 3,000 sqft. These rental levels were also achieved outside Eastbourne, at the Chaucer Business Park at Polegate, thus establishing the local rental tone.
- 4.50 Larger units of 10,000 sqft and upwards would see rental levels discounted to allow for quantum and might be expected to achieve around £8 sqft. However, there have not been any larger unit schemes to provide definitive evidence.
- 4.51 Freehold sales evidence in Eastbourne is relatively scarce, but modern premises sold to occupiers are likely to achieve prices above £100 sqft. This has been demonstrated by the sales of two units at the Southbourne Business Park on Courtlands Road, with Unit 5d, comprising 2,066 sqft, achieving £115 sqft in early 2016, and the larger Unit 8a (6,136 sqft) selling at a rate of £106 sqft earlier this year. These rates are slightly lower than the rates received at the slightly newer Chaucer Business Park in Polegate, at £117 and £136 sqft for Units G1 and G3, but the tone can be confirmed as being over £100 sqft.

### Occupier Demand

- 4.52 Industrial occupiers in Eastbourne are mainly local businesses, although there are some larger national and international businesses, such as Teva UK Limited, Edwards (formerly BOC Edwards), and Gardners Books, who are headquartered in the town.

4.53 Demand for premises largely emanates from local businesses, rather than resulting from inward investment. The geographical coastal location and local road and transport networks tend to stifle demand from outside the area and it is unlikely that the attractiveness of the location will improve without substantial infrastructure network improvements, such as dualling the A27 road between Eastbourne and Lewes.

4.54 There are several commercial property agent led enquiries at any one time, but many of these, particularly for larger premises, are region orientated rather than focussed on Eastbourne specifically. However, in the local market there is steady demand from local businesses for industrial premises, particularly at smaller end of the market, up to 5,000 sqft. This is focused on modern refurbished or new units.

### Industrial Supply

4.55 Based on our research through commercial property databases (EGi, Co-Star and Rightmove Commercial), local commercial agents' websites, and our own local knowledge, we have established that there are currently 24 industrial premises on the market in Eastbourne, with a total floor area of 194,000 sqft (18,000 sqm). This amounts to 6.7% of the total stock (based on VOA 2016 rating statistics). The available supply comprises the following:

Table 4.5 Eastbourne Industrial Supply

Size range (Imperial)	No of properties	Total (sqft)
0-2,500	4	6,365
2,501-5,000	8	30,762
5,001-10,000	6	50,643
10,001+	6	106,245
<b>Total</b>	<b>24</b>	<b>194,015</b>

Source: Egi, CoStar, Rightmove Commercial, commercial agents websites. March 2017

4.56 The statistics are derived from the sources outlined above and therefore do not include any premises which owners or occupiers might be marketing direct, or via residential agents. However most of the available premises will be marketed by commercial property agents.

4.57 The supply is evenly spread across the various size bands. As far as the quality of the available stock is concerned, it is again spread evenly between older and more modern stock, but does not include any brand-new units.

4.58 Available freehold buildings in the industrial and warehouse sector in Eastbourne are limited in number. At present only four buildings are being actively marketed with vacant possession, all of which are in excess of 10,000 sqft.

### Take-up

4.59 Take-up levels for industrial space in Eastbourne over the last three years have increased from the year ending in March 2015 when six lettings with a total floor space of 34,000 sqft were recorded, up to 55,000 sqft over the last twelve months covering 17 transactions. The most active size range over the period has been in the bracket of 2,000 sqft to 5,000 sqft, reflecting that the market is largely made up of small local businesses.

4.60 The statistics include the letting of the newly developed White Knight Business Park off Hammonds Dive which provides 9 units of between 1995 and 2,805 sqft where the units were all let in 2015-2016. There is limited evidence of sales having taken place, with only three having been recorded during the last three years.

- 4.61 It should be noted that not all transactions are reported and published, particularly if they have been undertaken between landlords and tenants direct, without using commercial agents. Our statistics are based on published data and liaison with commercial agents but will not include those transactions which are unreported, although these are likely to be only for smaller premises. A summary of the take-up over the last three years is provided below:

Table 4.6 Industrial Take-up

Size Imperial	No of lettings	Sqft	No of sales	Sqft
0-500	4	1,822	0	0
501 – 1,000	2	1,156	0	0
1,001 – 2,000	8	12,396	0	0
2,001 – 5,000	17	50,296	1	2,026
5,001 – 10,000	4	25,778	1	6,136
10,001+	5	70,342	1	20,990
<b>Total</b>	<b>40</b>	<b>161,790</b>	<b>3</b>	<b>29,152</b>

Source: Egi, CoStar. March 2017

- 4.62 There have been several industrial lettings and sales on the fringes of Eastbourne, most notably in Polegate, where there has been new development, but these statistics are excluded as they fall outside the Borough, in neighbouring Wealden.

### Development Pipeline

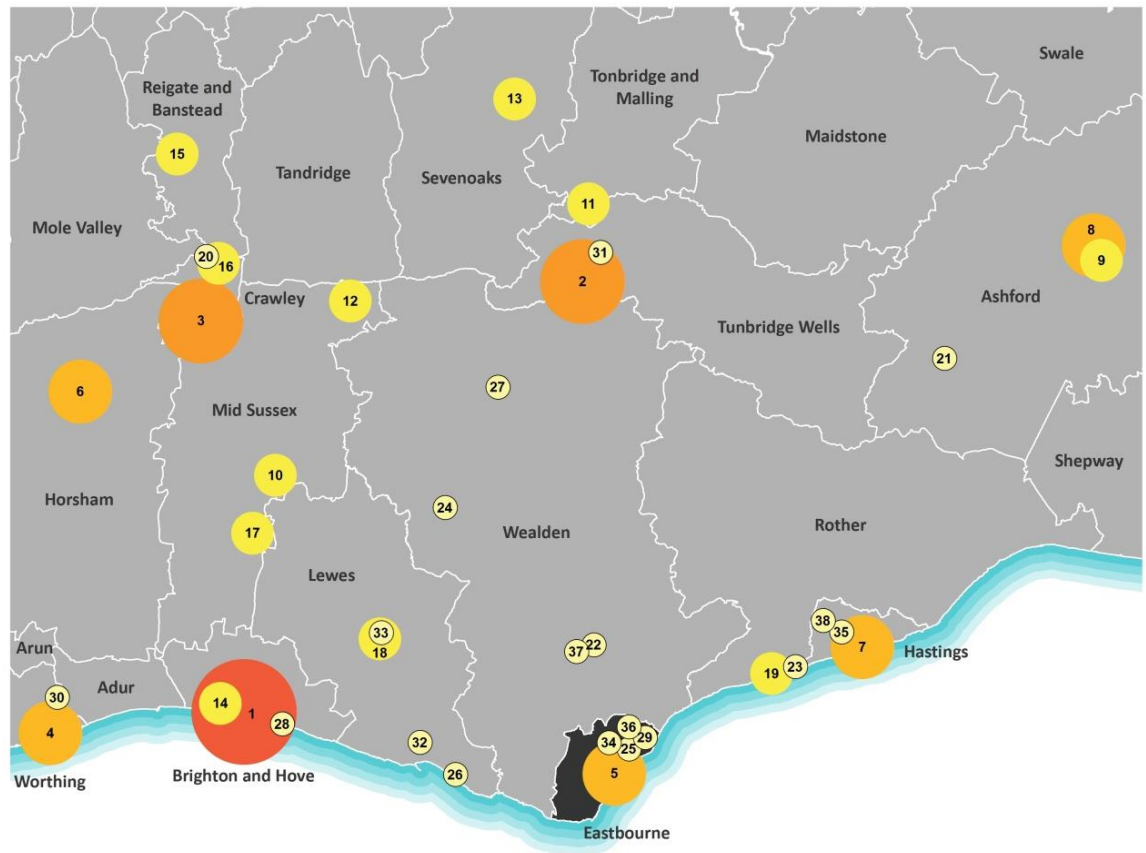
- 4.63 Whilst the White Knights development at Hammonds Drive proved to be successful, as did the Chaucer Business Park scheme at Polegate, no industrial development schemes are currently planned in Eastbourne with no sites reported to be coming to the market.
- 4.64 There is a lack of development land available within the town, which has resulted in a shortage of modern premises. Future development will almost certainly be piecemeal given that land ownership is fragmented.

## Retail Market

### Market Geography

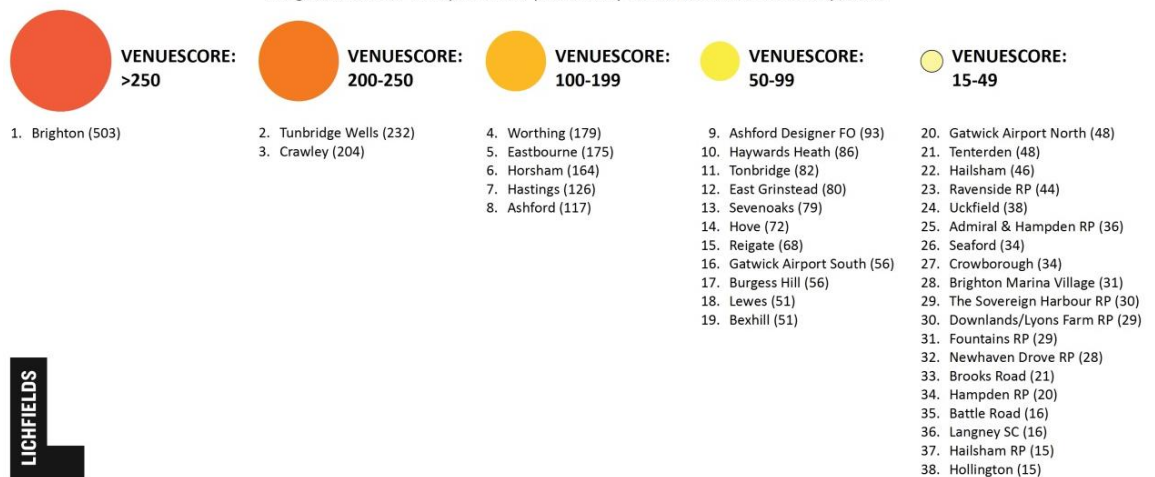
- 4.65 From a regional perspective, Eastbourne is secondary to the larger retail attractions of Brighton to the east, and Tunbridge Wells to the north. Hastings and Bexhill are to the east, with Hastings being on a par with Eastbourne as a shopping destination.
- 4.66 Figure 4.1 shows the retail Venuescores of Eastbourne and other centres in Sussex. It shows that Eastbourne's retail market is mid-ranking and in the same category as Worthing, Horsham, Hastings and Ashford. This category sits below the highest ranking retail centres of Brighton, Tunbridge Wells and Crawley. A number of smaller centres and retail parks within Eastbourne Borough have a lower Venuescore, for example, Admiral and Hampden retail park, Sovereign Harbour retail park, Hampden retail park and Langney shopping centre.

Figure 4.1 Sub-Regional Retail Hierarchy Map



**VENUESCORE (2015/2016):**

Weighted count of multiple retailer presence by venue Source: Javelin Group, 2016



Source: Javelin Group (2016) / Lichfields analysis

4.67

The Eastbourne catchment area includes a good number of villages and small towns particularly in the rural areas to the north, including Hailsham and Heathfield along with numerous prosperous villages. However, the further north the greater the attraction to Tunbridge Wells. Lewes residents are more likely to visit Brighton for shopping, even though parking costs in the city are high.



## Market Trends

- 4.68 Eastbourne has a population of around 100,000 and is ranked 74<sup>th</sup> of the PROMIS (UK Property Market Information Service) Centres in the UK and attracts a larger catchment population from the surrounding areas, projected at between 250,000 and 300,000.
- 4.69 At a regional scale, Eastbourne's retail market is secondary to Brighton and Tunbridge Wells which represent the main regional centres, but is higher ranked than the closer towns of Bexhill, Newhaven and Lewes.
- 4.70 Experian records show it to have around 900 shops, although VOA rating lists confirm 1,100 rateable properties, with a total floorspace of 286,000 sqm (3.07m sqft).
- 4.71 According to Experian, the largest retail use sector is Pharmacy Health & Beauty with 115 outlets, with the second largest being clothing at 70 shops, disregarding leisure uses such as restaurants, bars and cafes of which there are 78 along with 51 coffee shops.
- 4.72 The town has two shopping centres. The main centre is the Arndale Centre in Terminus Road. This comprises 65 shops, including large Boots, M&S, Sainsbury's, Primark and River Island stores and has an approximate floor area of 420,000 sqft. The centre is the prime retail pitch within the town. It is currently undergoing extension to provide a further 170,000 sqft of 25 retail units, 7 restaurants and a 9 screen Cineworld multiplex, and adding a further 300 car parking spaces.
- 4.73 Langney Shopping Centre, to the north of the town centre, is a smaller centre dating from the early 1970s. It comprises 192,000 sqft and occupiers include Iceland, Boots and Tesco as well as a public house. It is secondary in nature and whilst planning consent was granted in September 2014 for an extension to provide 9 new units including a 15,000 sqft outlet, no works have yet commenced. However, its new owners have confirmed extensions are to be undertaken in the short to medium term.
- 4.74 The towns' retail offering is complemented by two retail parks. Admiral Retail Park off Lottbridge Drove is the main location for retail warehouses, including Wickes, Argos, Homebase, and Tesco's, along with a Pizza Hut and comprises around 96,000 sqft. Sovereign Harbour Retail Park is larger at 157,000 sqft, including an Asda superstore as well as Boots, Matalan, The Gym, Cineworld multiplex, and a Frankie & Benny's restaurant.
- 4.75 The most valuable High Street location in Eastbourne is the pedestrianised section of Terminus Road with the frontages adjacent and opposite the Arndale being the best and most sought after pitches. Occupiers include Superdrug, Waterstones, WH Smith and high street banks including Santander and Lloyds. A large Debenhams store is opposite M&S. Terminus Road declines after the junction with Pevensy Road as rents fall, resulting in affordability for charity shops and local traders.

## Market Values

- 4.76 Retail rental values are calculated on a zoning basis based on 20 foot tranches. The first 20 feet in depth from the frontage (known as Zone A) represents the most valuable space, but the value for the next 20 feet (Zone B) is assessed at half that rate and Zone C half the Zone B rate. Shop rents are assessed and compared on Zone A rates.
- 4.77 Prime zone A rates in Eastbourne, and therefore in the Arndale Centre and the pedestrianised section of Terminus Road are standing at between £95 and £110 sqft for Zone A.

4.78 However new rental levels are being achieved for pre-lets within the Arndale Centre extension, where headline Zone A rates are at £135 sqft. Signed up retail operators include Next, H&M, FatFace and New Look, amongst others.

4.79 In more secondary locations such as Little Chelsea (Grove Road / South Street) and by comparison to the town centre, Zone A rates of between £20 to £22.50 sqft are being achieved in best pitches.

### Occupier Demand

4.80 Eastbourne has a large range of national multiple retailers in the Arndale centre and town centre. Occupier demand has been affected by the emergence of on-line retailing, and as a result, in common with many towns and cities, the prime pitches will contract, and other uses may replace shops, including cafes, coffee shops and restaurants, plus fast food/take-away outlets in more secondary locations. Most national multiple high street retailers are represented in the town.

4.81 Demand for good modern accommodation has been strong and this is evidenced by the ongoing pre-letting of the new units at the Arndale Centre extension.

4.82 Secondary demand is reasonable, with a variety of locally established independent retailers well represented (over 50 in Little Chelsea alone) and a number of start-up businesses seeking representation. Trades represented include vape stores, jewellers, vintage & modern clothing, antiques and home stores amongst others.

### Retail Supply

4.83 Eastbourne has approximately 1,100 retail properties (VOA Rating List 2016) with an aggregate floor area of 286,000 sqm (3.08m sqft). Experian records a lower number of just under 900 properties, of which around 180 are food and drink orientated (coffee shops, fast food/takeaway, restaurants, bars and cafes) whilst estate agents, financial and motor services account for a further 140. Accordingly, based on Experian's research, there are around 580 purely retail outlets.

4.84 Many of the outlets comprise small units in traditional shopping parades comprising Victorian terraces. These premises are not suited to modern multiple retailer needs, as large rectangular stores in excess of 2,000 sqft are generally required by the national multiples. These are only found in the Arndale Centre and on sections of Terminus Road, and are in relatively short supply. This is demonstrated by the successful pre-lettings in the proposed Arndale Centre extension.

4.85 At present, based on property databases EGi and Co-Star, there are some 48 vacant shops in Eastbourne, although this includes 15 at the Langney Shopping Centre including 9 in the proposed extension. If these are discounted, the supply is reduced to just under 40 units. This does not include the proposed units in the Arndale extension. The Arndale extension is to provide 25 modern units along with seven restaurants.

4.86 Of these, most are smaller secondary units in such areas as Seaside and Little Chelsea (centred around Grove Road and South Street), which will appeal to mainly independent local businesses. There are virtually no units available which would suit modern multiple retailer requirements.

4.87 It should be noted that these statistics are based upon commercial property data bases. There will be a small number of shops which are not marketed by commercial agents, but either by owners direct or residential agents, and these are not included.

## Take-Up

- 4.88 The retail market in the town is largely driven by activity centred around smaller units in Victorian parades. Over the last three years there have been a total of 79 reported lettings, with 22 in the year ending March 2015, 23 the following year, and 34 in the last twelve months. The reported floor area let last year was 46,000 sqft, thus averaging 1,350 sqft per unit.
- 4.89 The vast majority of lettings were of smaller local shops let to small local businesses and traders. There were five lettings in Seaside and eight in Terminus Road, but only one within the Arndale Centre, where Bonmarche took 4,500 sqft.
- 4.90 However, the strength of demand from multiple operators for modern units is best illustrated by the success in the pre-letting of the Arndale Centre extension. To date some ten shop units have been taken up on a pre-let basis, including Next, H&M, FatFace and New Look, with five of the restaurants units having been pre-let. In addition, a further 5 shop units are in solicitor's hands, with those retailers including Tiger, Schuh and Paperchase.

## Development Pipeline

- 4.91 The retail development pipeline in Eastbourne is limited to the Arndale Centre extension and the Langney Centre, which is outside the main shopping area. As noted above, the Arndale extension is to provide 25 new shops, along with 7 restaurants and a multiplex Cinema. Work has commenced on the extension which should be completed by the middle of 2018. Demand for units has been strong with several lettings having completed.
- 4.92 The only other significant retail development in the town is likely to be the extension of the Langney Centre, off Kingfisher Drive to the north of the town centre where there is planning permission in place to extend it from 31 units to 40 units. Whilst planning consent was granted over two years ago, works have yet to commence. However, the ownership of the centre changed around twelve months ago when it was acquired by Tyburn Lane Private Equity and Vale Retail.
- 4.93 The agents acting for the new owners have confirmed that there are fresh plans to extend the centre at both the eastern end and also the western end which will include a medical centre as well as additional retail. Ultimately the centre will be increased to around 180,000 sqft.
- 4.94 There are no other reported significant retail development schemes within the town.

## Leisure Market

### Market Geography

- 4.95 Eastbourne is a recognised tourist resort. Its physical attractions, including the South Downs and the Seven Sisters to the west, are strong draws for tourism.
- 4.96 It sits well on the south coast tourism trail being only 24 miles east of Brighton with a frequent coastal train service via Lewes. Whilst Newhaven and Seaford are between Brighton and Eastbourne, they do not attract the same level of visitors, and equally, Bexhill and Hastings have declined over the years and are no longer considered prime tourist destinations.

### Market Trends

- 4.97 Eastbourne is a popular tourist and leisure centre. A 2015 survey of the town, conducted by Tourism South East, reported that total visitors that year amounted to 4.9 million. Visitor spending is estimated at £287 million. Of this, some £100 million is spent on food and drink. The survey also confirms that over 8,000 jobs in Eastbourne's economy are tourism supported, which is just over 20% of the working population.

- 4.98 These statistics confirm that the town does depend on a strong tourist and leisure base, and to maintain this attraction will need to retain and ensure a strong leisure property base as regard its facilities as well as seeking to improve its leisure attractions.
- 4.99 From a commercial property perspective, the leisure market covers cafes, bars, restaurants, theatres and cinemas, as well as activity based pursuits, such as gyms, swimming pools and leisure centres. This review excludes the hotel and overnight visitor accommodation property sector.
- 4.100 Our research confirms that there are approximately 78 restaurants, bars and cafes in the town (according to Experian 2015). A further seven will be provided by the Arndale Centre extension. There are currently two multiplex cinemas, along with a new Cineworld signed up at the Arndale Centre extension due for completion in 2018.
- 4.101 There are a dozen night clubs within the town centre, which are mainly local businesses. The town also has an estimated 22 gyms and leisure centres, including national chains, such as The Gym, David Lloyd Clubs and Bannatyne Health Club. However, it does not have emerging attractions as yet, such as specialist trampoline parks, with the nearest at Peacehaven and Heathfield. The town also has an International Lawn Tennis Centre at Devonshire Park, which is one of the leading tournament venues in the lead up to the Wimbledon Championships.
- 4.102 Theatre culture in Eastbourne is centred around Devonshire Park where there are three theatres, namely the Congress Theatre, the Devonshire Park Theatre and the Winter Garden. There are major refurbishment and development plans in place for all three theatres as well as the building of a new conference centre, the Welcome Building, and the modern Towner Art Gallery contemporary art museum is adjacent to the Congress Theatre, adding to the cultural quarter offer. The fourth theatre is the Royal Hippodrome Theatre on Seaside Road.
- 4.103 The seafront, Grand Parade, is dominated by large hotels, with few leisure orientated premises, such as restaurants, bars and cafes. The absence of such facilities results in a lack of vibrancy and appeal, although there is a children's adventure park at the eastern end, and also Eastbourne Pier.

### Market Values

- 4.104 The leisure market is very diverse in nature, ranging from cafés, restaurants and bars through to large premises, such as theatres, cinemas, and specialist facilities. Market values for the more diverse leisure uses cannot be quantified, due to a general lack of market activity, for example with theatres and one-off tourist related attractions.
- 4.105 With regards to cafés, restaurants and bars, rental values will generally be assessed on an overall basis, although if they are suitable as shops, a zoning approach may be adopted if a higher rent ensues.
- 4.106 The best rental levels for restaurants in the town will be those achieved for the pre-lets at the Arndale Centre extension. Carluccio's, Wagamama, Nandos, Ask, Frankie & Benny's and Chiquitas have all been signed up with the highest rental rate equating to £37.50 sqft overall. Rents for out of town restaurants, for example at Admiral Retail Park (Pizza Hut), will be at lower levels around £20 sqft.
- 4.107 Cineworld have taken a pre-let on the multiplex at the Arndale extension, but the terms of the letting remain confidential. However, multiplex rents are generally at levels from £12 sqft upwards, and should exceed £15 sqft in the Arndale, given the central location and additional car parking included with the extension.

4.108 Otherwise, leisure properties are valued on an overall basis or via the profits method, which involves drawing up hypothetical accounts and assessing the profit margin.

### Occupier Demand

4.109 As previously noted, there are several different property sectors falling under the category of leisure, including cafés, bars, restaurants, night clubs, gyms and health clubs, cinemas and theatres.

4.110 The nature of cinemas and theatres is such that only a few outlets are required in any one town, and with the planned new Cineworld multiplex in the Arndale Centre extension and the existing four theatres, this sector appears to be fully catered for, and as such there are no known active requirements for Eastbourne.

4.111 Demand for restaurant space has been strong, as evidenced by the pre-lets at the Arndale Centre extension to national multiples, as noted above. Whilst there are several multiple restaurant requirements for the south east there is only one which specifically includes Eastbourne, being Taco Bell. However, the Arndale Centre extension restaurants will provide a good range of national multiple restaurants and likely satisfy local demand.

4.112 Local business demand for restaurant/café/bar space is moderate and will be satisfied by local market churn in the more secondary locations.

4.113 There are several gyms and health clubs within Eastbourne and accordingly this is not a sector which is likely to significantly grow in the future. We are only aware of one Eastbourne specific requirement, along with several other south east locational requirements, being Snap Fitness UK.

### Leisure Supply

4.114 There are no readily available statistics on the number of leisure properties within Eastbourne, although general database research has provided some figures across different sectors as outlined in the table below.

Table 4.7 Eastbourne Leisure Stock

Leisure Use	No of units
Restaurants, cafés, bars	85
Gyms, Leisure centres	22
Cinemas	3
Theatres	4
Nightclubs	12
<b>Total</b>	<b>126</b>

Source: Miscellaneous database research. April 2017

4.115 There are currently no significant leisure sector properties on the market. Restaurants and cafes are likely to see the most demand, but at present there are no available properties, although, subject to planning, shops can easily be converted into small restaurants.

4.116 There is also a lack of supply of suitably sized premises for larger restaurants, bars and cafes throughout the town, as the majority of ground floor premises are found in Victorian terraces, which have relatively small floor areas.

## Take-Up

- 4.117 Availability of take-up statistics for leisure properties in Eastbourne is limited, due to the nature of the sector. Most of the gyms and health clubs are branded and are unlikely to change hands, and cinemas and theatres rarely come to the market unless part of larger development schemes.
- 4.118 The major scheme in the leisure sector is the Arndale Centre extension where the proposed Cineworld 9-screen cinema multiplex will be complemented by a wave of new restaurant openings including Ask Italian, Carluccio's, Wagamama and Nando's. The letting agents confirm strong demand and rising rents.
- 4.119 Take-up records for the more secondary restaurant and bar premises are scarce, but there have been four sales of drinking establishments over the last twelve months along with three sales of restaurants and cafes, according to EGi database records. In addition, a 9,000 sqft nightclub at 2a-2c Pevensy Road was sold last autumn and is being refurbished before it is re-opened.

## Development Pipeline

- 4.120 There are two significant schemes in Eastbourne's leisure sector.
- 4.121 A significant upgrading of the Devonshire Park complex is underway. The works include the restoration of the Congress Theatre, a new Welcome Building comprising 2 conference halls and ancillary accommodation, the external restoration of the Winter Garden, along with refurbishment, and repairs and access improvements to the Devonshire Park Theatre. As part of the overall scheme, improvements are also being made to the existing tennis facilities.
- 4.122 Once completed, the Devonshire Park complex will provide an international class tennis centre and greatly enhanced theatre and conference facilities which should prove of enormous benefit to the town, vastly improving its cultural and leisure offer.
- 4.123 The other significant scheme is the Arndale Centre expansion, due to complete in late 2018. As noted above this will significantly add to both the town's retail offer, but also its leisure attraction with the new multiplex cinema and range of restaurants combining to provide a much-improved leisure experience.

## 5.0 Functional Economic Market Area

- 5.1 This section summarises the various Functional Economic Market Areas (FEMAs) that operate across Eastbourne and the wider sub-region in order to provide an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy.

### Rationale

- 5.2 When planning for economic growth, the Government's Planning Practice Guidance (PPG) states that economic needs should be assessed in relation to relevant FEMAs, that is, the spatial level at which local economies and markets actually operate. In most cases, these will extend beyond existing administrative boundaries such as local authority boundaries.
- 5.3 The PPG recognises that no single source of data is comprehensive in identifying appropriate assessment areas, and highlights a number of factors to be considered when assessing and defining relevant FEMAs, including travel to work areas, housing market areas, service markets for consumers and transport networks.<sup>11</sup> In order to define a FEMA for Eastbourne, a number of these key market and catchment areas are considered, to allow the key drivers and dynamics that impact on the local economy to be identified and further assessed. These themes are considered in turn below.

### Labour Market Areas

- 5.4 The latest commuting flows data from the 2011 Census can be used to define Travel to Work Areas (TTWAs) in order to consider the relationship between where people live and where they work.

### Commuting Flows

- 5.5 Commuting patterns to and from Eastbourne can be analysed using the latest travel-to-work flows data from the 2011 Census. Table 5.1 and Figure 5.1 summarise a number of key commuting indicators for Eastbourne.
- 5.6 In 2011, a total of 12,927 working residents commuted outside of the Borough for their employment, mainly to the nearby areas of Wealden, Lewes, Brighton and Hove, and Rother. At the same time, 12,453 working people commuted into the Borough for their employment, mainly from the local authority areas of Wealden, Rother, Lewes and Hastings.
- 5.7 On this basis, Eastbourne is characterised as a net exporter of labour, with a net outflow of 474 workers at the time of the 2011 Census. The self-containment rate for Eastbourne was 71.1% (Table 5.1).

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<sup>11</sup> PPG Paragraph 012 Reference ID: 2a-012-20140306

Table 5.1 2011 Commuting Data for Eastbourne

Indicator	Eastbourne
Total working residents <sup>†</sup>	44,793
Total workplace workers <sup>*</sup>	44,246
Live and work in authority <sup>*</sup>	31,866
Resident self-containment rate <sup>*</sup>	71.1%
Out-commuting workers <sup>‡</sup>	12,927
Top out-commuting destinations	Wealden, Lewes, Brighton and Hove, Rother
In-commuting workers	12,380
Top in-commuting destinations	Wealden, Rother, Lewes, Hastings
Net out-flow of workers	547

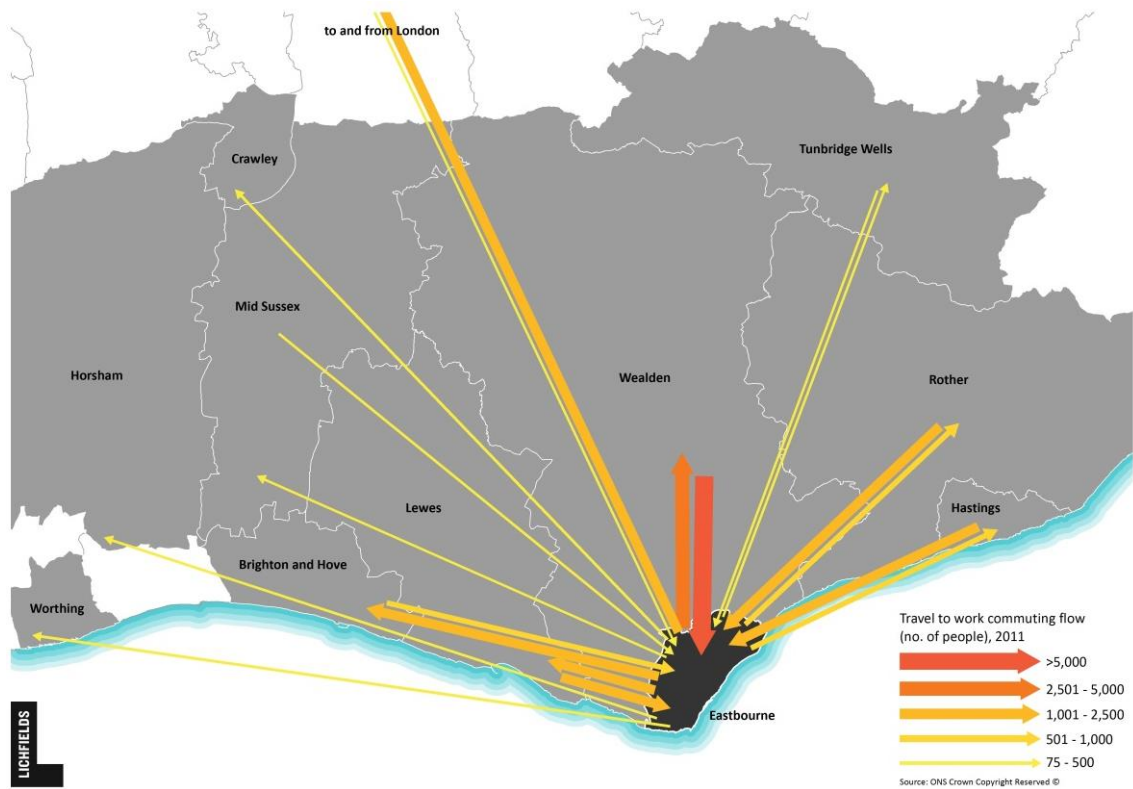
Source: ONS (2011 Census) / Lichfields analysis

<sup>†</sup> Includes those that work mainly at or from home, at an offshore installation, outside the UK, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

<sup>\*</sup> Includes those Eastbourne residents that work mainly at or from home, at an offshore installation, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce).

<sup>‡</sup> Includes those Eastbourne residents that work outside the UK (in line with ONS guidance on defining resident and workplace workforce).

Figure 5.1 Travel-to-Work Flows for Eastbourne, 2011



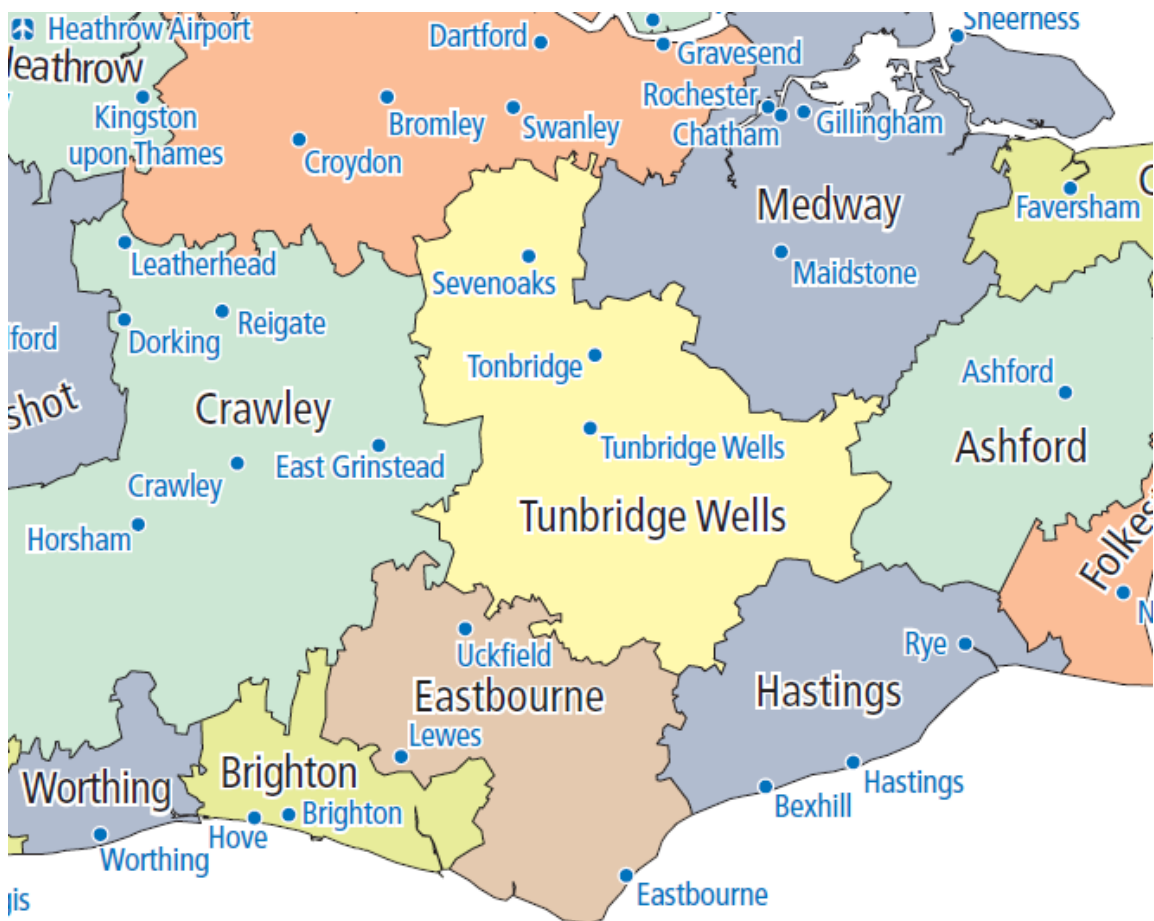
Source: ONS (2011 Census) / Lichfields analysis



### ONS Travel to Work Areas

- 5.8 The Office for National Statistics (ONS) defines labour market areas as those areas where the majority of the resident population also work in the same area. Defining labour market areas requires analysis of commuting flows data to identify the Travel to Work Areas (TTWAs) of a local economy. The standard definition of TTWAs offered by the ONS is that they are the area from which at least 75% of an area’s resident workforce is employed, and at least 75% of the people who work in the area also reside. The area must also have a working population of at least 3,500.
- 5.9 TTWAs represent the area from which local businesses are most likely to recruit their employees, while key strategic routes have the ability to extend these TTWAs well beyond the immediate sub-region.
- 5.10 In 2015, the ONS used 2011 Census data on home and work addresses to define 228 TTWAs that cover the whole of the UK. This analysis identifies an Eastbourne TTWA that covers Eastbourne Borough, as well as the towns of Lewes and Uckfield which are located in the Districts of Lewes and Wealden respectively (as shown in Figure 5.2).

Figure 5.2 Eastbourne Travel to Work Area, 2011



Source: ONS (2015) based on 2011 Census commuting data

- 5.11 In spatial terms, the Eastbourne TTWA is larger than the adjoining Brighton and Worthing TTWAs, comparable to Hastings and smaller than Crawley and Tunbridge Wells TTWAs.

- 5.12 A comparison with the equivalent analysis prepared using the 2001 Census commuting data (as shown in Figure 5.3) identifies some key changes to the spatial extent and reach of Eastbourne’s TTWA during this time.

Figure 5.3 Eastbourne Travel to Work Area, 2001



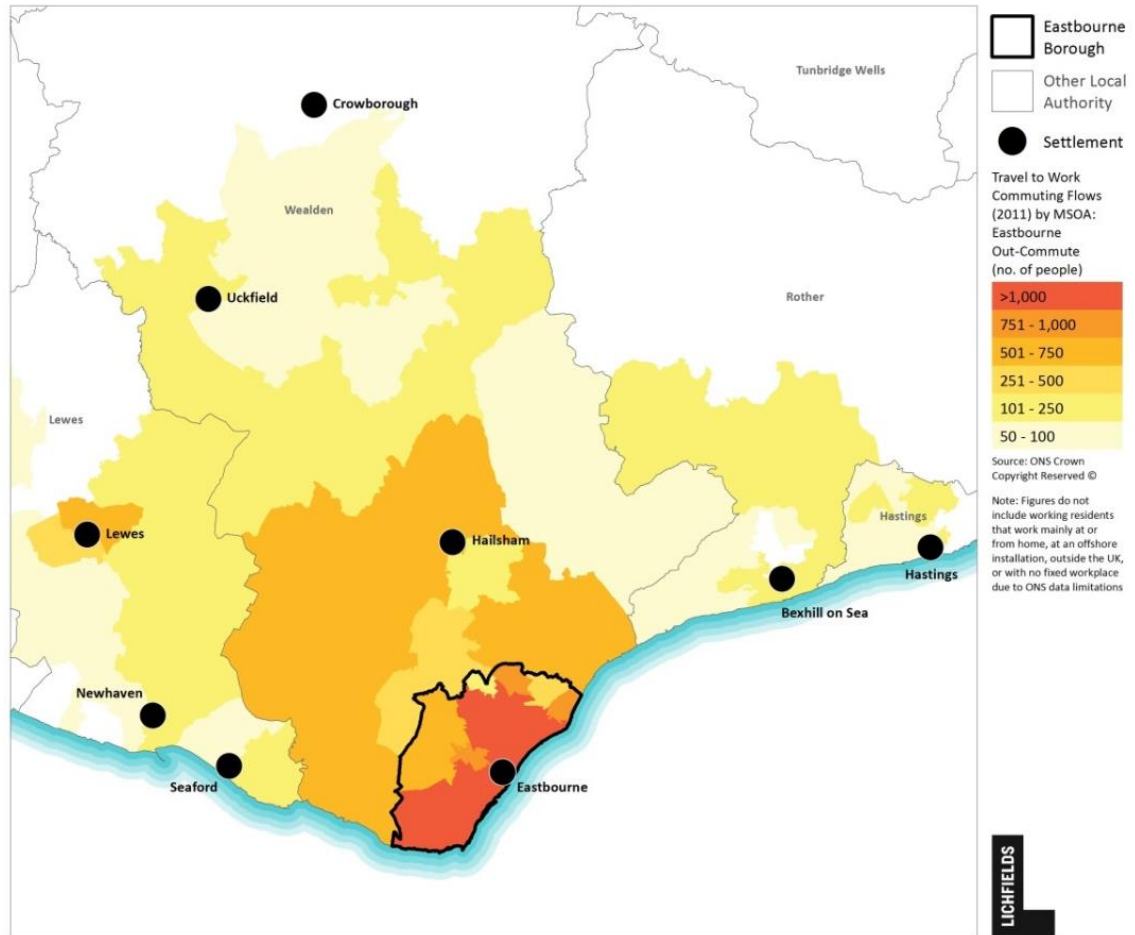
Source: ONS (2013) based on 2001 Census commuting data

- 5.13 Since 2001, Eastbourne’s TTWA has expanded to the west to incorporate larger shares of Wealden and Lewes Districts. The northern reach of Eastbourne’s TTWA has stayed broadly the same, but now incorporates the town of Lewes to the west which previously fell within Brighton’s TTWA. This suggests that the strength of labour market relationships between Eastbourne and Lewes has increased significantly over the last 10 years, at the expense of labour market linkages with nearby Brighton.

### Eastbourne Local Travel to Work Area

- 5.14 Commuting data from the 2011 Census also allows travel-to-work patterns to be examined at a more detailed geographic scale, with travel-to-work flows provided at the Middle Super Output Area (MSOA) level. This level of analysis provides a much more detailed understanding of the travel-to-work linkages between Eastbourne and other centres within the surrounding sub-region.
- 5.15 The most significant destinations for out-commuting employed residents from Eastbourne at the MSOA level are parts of southern Wealden, including the settlements of Hailsham and Polegate, as well as Lewes town (Figure 5.4).

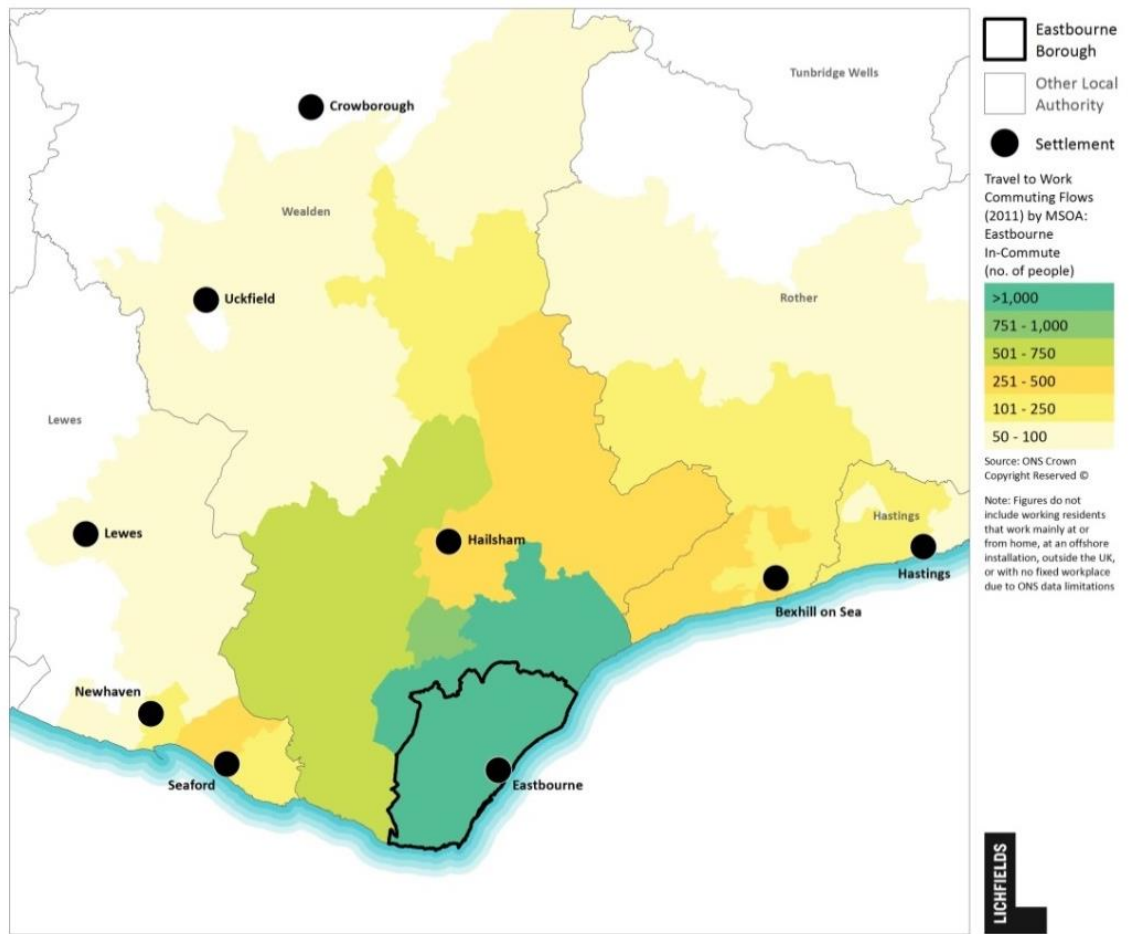
Figure 5.4 Out-Commuting Flows at MSOA Level for Eastbourne, 2011



Source: ONS (2011) / Lichfields analysis

- 5.16 The origins of in-commuting workers to Eastbourne are similarly dispersed, although there is a greater concentration of workers travelling from the southern areas of Wealden immediately outside of the Eastbourne Borough boundary (Figure 5.5).
- 5.17 MSOA level commuting flows data therefore underlines the strong functional economic linkages in labour market terms between Eastbourne and the southern area of Wealden District.

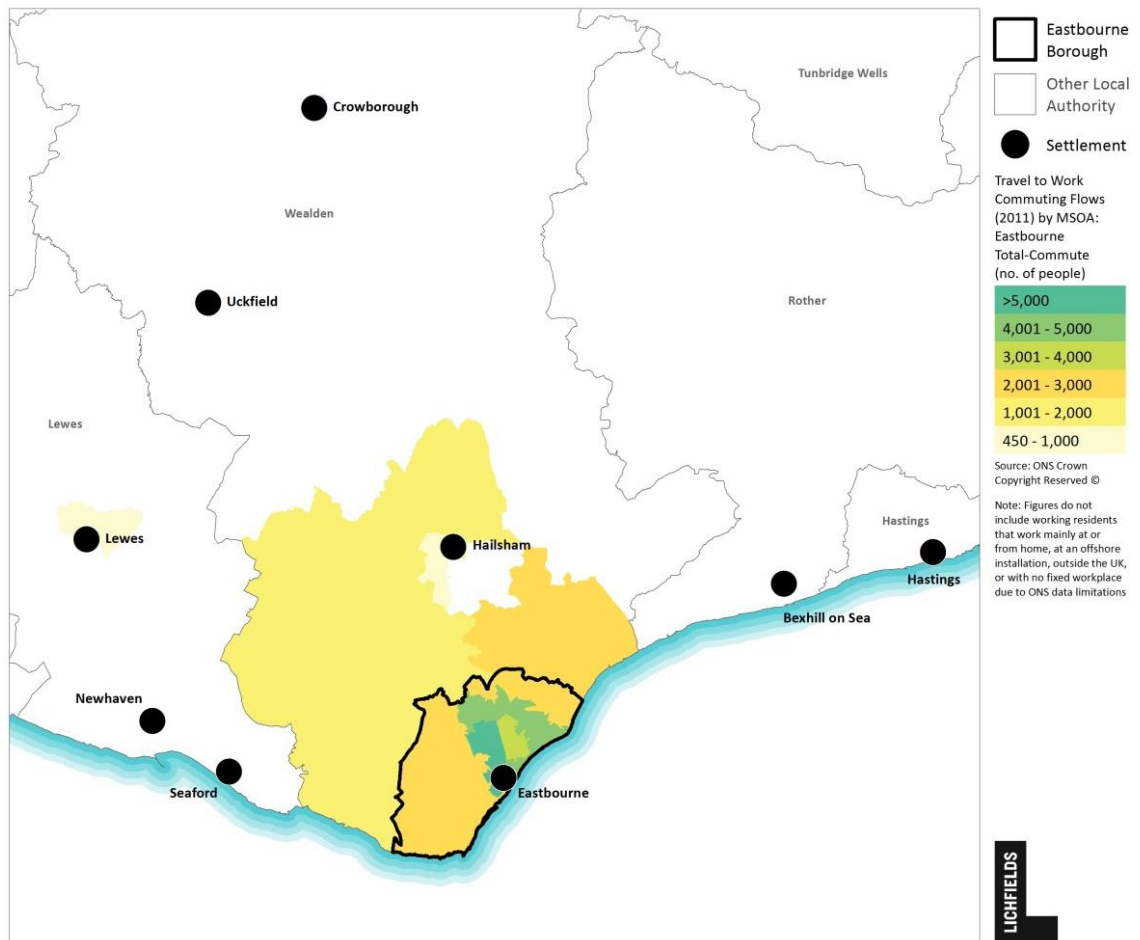
Figure 5.5 In-Commuting Flows at MSOA Level for Eastbourne, 2011



Source: ONS (2011) / Lichfields analysis

- 5.18 It is also possible to use the Census 2011 commuting flows data for Eastbourne to define a local travel to work area for the authority. This uses the ONS definition of a travel to work area, i.e. the area from which at least 75% of the authority’s resident workforce is employed, and at least 75% of the people who work in the authority also reside.
- 5.19 The local travel to work area for Eastbourne is presented in Figure 5.6 below; the MSOAs that fall within the authority’s local travel to work area are shaded in yellow/green. For the most part it is relatively self-contained, but extends to the southern part of Wealden District and further beyond, to Lewes town.

Figure 5.6 Local Travel to Work Area for Eastbourne, 2011



Source: ONS (2011) / Lichfields analysis

## Housing Market Areas

5.20 Housing market areas are a useful input to the process of considering the spatial extent of FEMAs due to the influence they have upon travel-to-work and labour market flows. Close relationships typically occur between the boundaries of sub-regional housing markets and sub-regional labour markets (generally referred to as Travel to Work Areas as explored above). Unless resident workers are taking a job in another location outside an acceptable journey time, they are likely to look for somewhere to live within the same travel to work area if they move house.

5.21 The PPG defines a housing market area as:

*“a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap.” (PPG para 010)*

5.22 In 2016, a Strategic Housing Market Assessment (SHMA) was undertaken for Eastbourne.<sup>12</sup> This analysed a range of economic and housing market indicators to define a Housing Market Area

<sup>12</sup> Arc 4, Eastbourne Borough Strategic Housing Market Assessment, Final Report (December 2016).

(HMA) for Eastbourne. In identifying an HMA, the SHMA analyses house prices, migration and travel to work patterns amongst other indicators.

- 5.23 The SHMA notes that house prices in Eastbourne are considerably lower than the average for the South East. In terms of relative affordability based on median prices, Eastbourne Borough is the second most affordable out of six local authorities in East Sussex, with a median income to house price ratio of 7.5 (compared with 9.1 for Wealden and 7.0 for Hastings). In terms of migration, Eastbourne falls slightly below the self-containment threshold of 70% but the containment threshold is achieved once moves to/from Wealden are included. Therefore, the SHMA states that on the basis of migration, Eastbourne is part of a wider housing market area that extends into Wealden District. In terms of commuting, the SHMA finds that Eastbourne can be considered to be self-contained in terms of travel to work, although it is part of a wider functional economic area which extends into Wealden District.
- 5.24 Incorporating this evidence to define the HMA, the SHMA concludes that Eastbourne is part of a wider housing market area that extends into Wealden District and this should be considered during the preparation of the Local Plan.
- 5.25 The previous SHMA study undertaken for Eastbourne in 2007<sup>13</sup> was more specific in terms of spatially defining the HMA within which Eastbourne operates, and the study analysis showed that Eastbourne and the southern area of Wealden district collectively operate as an integrated and self-contained housing market. It also concluded that HMA 'boundaries' are neither rigid nor fixed, and that policies in different market areas well may need to be flexible in relation to developments that may straddle more than one housing market area.

## Commercial Property Market Areas

- 5.26 Commercial property market intelligence represents a key element to defining FEMAs as the geographical extent of markets can be defined by the location of customers, supply chains, competitors (including competing employment schemes) and enquiries, as well as the proximity to key transport infrastructure.
- 5.27 Much of the activity occurring within a commercial property market represents the gradual churn of occupiers, as a company's location can often be largely dictated by the need to be easily accessible to where the majority of their staff reside.

## Market Geography

- 5.28 As noted in Section 4.0, the two main drivers of Eastbourne's commercial property market are industrial and retail activity, with office based sectors playing a comparatively less significant role.
- 5.29 Although the A27 runs through Eastbourne, the town is considered to lack some elements of transport infrastructure which would support the commercial property market.
- 5.30 The urban conurbation of Eastbourne extends beyond the Borough boundary to include the adjoining settlement of Polegate which falls within Wealden District. Polegate has provided the focus for a small amount of office development in recent months and the proximity of the town to Eastbourne is such that it provides overflow space for the latter. Local Eastbourne businesses will generally consider relocating to office space in Polegate if appropriate accommodation cannot be found within the town, given the relative proximity.

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<sup>13</sup> DTZ, Eastbourne and South Wealden Housing Market Assessment (2007)

- 5.31 Eastbourne's commercial office market is therefore considered to be relatively self-contained and has historically not attracted significant inward investment. Office rental levels are lower than in Brighton and Tunbridge Wells, while slightly higher than Hastings and Bexhill.
- 5.32 Eastbourne represents a key industrial market within East Sussex, along with Hastings and Newhaven. There has not been significant new development of industrial space in East Sussex, though Eastbourne and Polegate have seen more activity than other centres. Eastbourne's commercial industrial market is defined by a number of the same factors as the office market, namely the lack of major road links, linkages with Polegate and limited inward investment.
- 5.33 From a retail perspective, the town operates as a mid-ranking centre within Sussex, secondary to the likes of Brighton, Tunbridge Wells and Crawley. Its catchment area includes a number of villages and small towns particularly in the rural areas to the north, including Hailsham and Healthfield. The current extension of the Arndale Centre will significantly enhance the retail and leisure offer of the centre and will bolster Eastbourne's relative retail position.
- 5.34 Drawing these strands of intelligence together, Eastbourne's commercial market is defined as being relatively self-contained in overall terms, comprising the greater Eastbourne urban area spanning Eastbourne Borough and extending into adjoining Wealden, generally as far as the settlement of Polegate. Eastbourne's retail market has a larger catchment area, given the strong retail offer in the town and the draw from rural towns and villages in southern Wealden. There is considered to be limited cross over in commercial property market terms with the nearby larger centres of Hastings, Bexhill, Lewes and Brighton, all of which tend to operate within their own property market areas (i.e. separate to Eastbourne).

## Transport and Communications Connectivity

- 5.35 Transport accessibility is strongly linked with the geography of FEMAs, with the strategic transport network in particular playing a key role in shaping commercial property, labour and housing market flows.
- 5.36 Eastbourne is currently served by the A27, which links the town to Brighton in the west, and the A259, which links the town with Bexhill and Hastings in the east. The A22 provides links with Uckfield and London. All of these roads are, for the most part single-carriageway and consequently this has a negative impact on journey times. The town is served by rail, with half-hourly services to London Victoria. Other direct rail services connect the town with Brighton, Hastings and Ashford International (where there is an interchange facility for rail services to continental Europe).
- 5.37 As noted in Eastbourne's 2012 Core Strategy, the Council is exploring the potential of a railway station at North Langney on the site of the former halt at Stone Cross.<sup>14</sup> This would help to facilitate greater use of the rail network for the communities across Langney in Eastbourne and Stone Cross in Wealden District and would help reduce the level of car travel into the town centre. Options for the development of this railway station will be explored and as the railway line straddles the Borough boundary the proposal would need to be brought forward in conjunction with Wealden District Council and other related organisations.
- 5.38 Overall, it is recognised that additional capacity on both road and rail networks will be important to help better connect Eastbourne to the rest of the South East.
- 5.39 In addition to transport infrastructure, digital infrastructure is also an important factor in enabling the growth of businesses in Eastbourne. The Council has created a joint venture with a company called CloudConnX to provide superfast broadband to local businesses. CloudConnX

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<sup>14</sup> The Eastbourne Plan, Submission Core Strategy 2006-2027 (2012).

has been created to provide and offer a range of Broadband services that encompass both internet access and private network leased line rentals with speeds from 10Mbps to 1Gbps, complemented by a range of Cloud based services delivered from Eastbourne's own datacentre facility. This has allowed the digital infrastructure of Eastbourne to be improved without relying on the rollout of superfast broadband by central government.

## Summary

- 5.40 Based on the above assessment of the various FEMAs that operate within and across Eastbourne (in terms of labour markets, housing markets, commercial property markets and transport connectivity), it is possible to consider the spatial extent of the core FEMA for the authority. This core FEMA encompasses those local authority areas that the evidence indicates consistently have an inter-relationship with Eastbourne.
- 5.41 In assessing the extent of Eastbourne's FEMA, it is also worth considering evidence that has been compiled as part of identifying FEMAs by other nearby areas. Wealden District Council has recently commissioned an Economy Study, the scope of which includes identifying the FEMA for Wealden District.<sup>15</sup> The report notes that there are strong commuting and migration flows between Wealden and its surrounding districts within East Sussex, in addition to Tunbridge Wells and Mid Sussex. House price data also shows that house prices in Wealden are in line with those in the surrounding districts. The Economy Study defines the FEMA on the basis of the HMA identified in the Wealden SHMA,<sup>16</sup> as consisting of the following local authority areas: Wealden, Tunbridge Wells, Eastbourne, Lewes, Mid Sussex and Rother.
- 5.42 It is evident from analysis of various factors that Eastbourne's FEMA is considerably more self-contained than the FEMA identified for adjoining Wealden. This is partly a function of geography, with Eastbourne's coastal location inevitably constraining the spatial extent of its market areas. It is also the result of the factors highlighted in this section, for example the relative self-containment of Eastbourne's commercial property market and limited travel to work area which generally extends as far as southern parts of Wealden District.
- 5.43 As shown in Figure 5.7, layering the various FEMAs identified for the authority on top of one another allows the core FEMA for Eastbourne to be identified. This illustrates that Eastbourne's core FEMA incorporates the Eastbourne local authority area and southern parts of Wealden, most notably the towns of Polegate and Hailsham. Housing market area factors tend to have the greatest influence in shaping the eastern extent of the Borough's FEMA, with evidence pointing to a strong relationship with Wealden in housing market terms. Eastbourne's labour market area tends to be slightly more localised and self-contained, with the commercial property market area even more localised, covering the greater Eastbourne urban area.

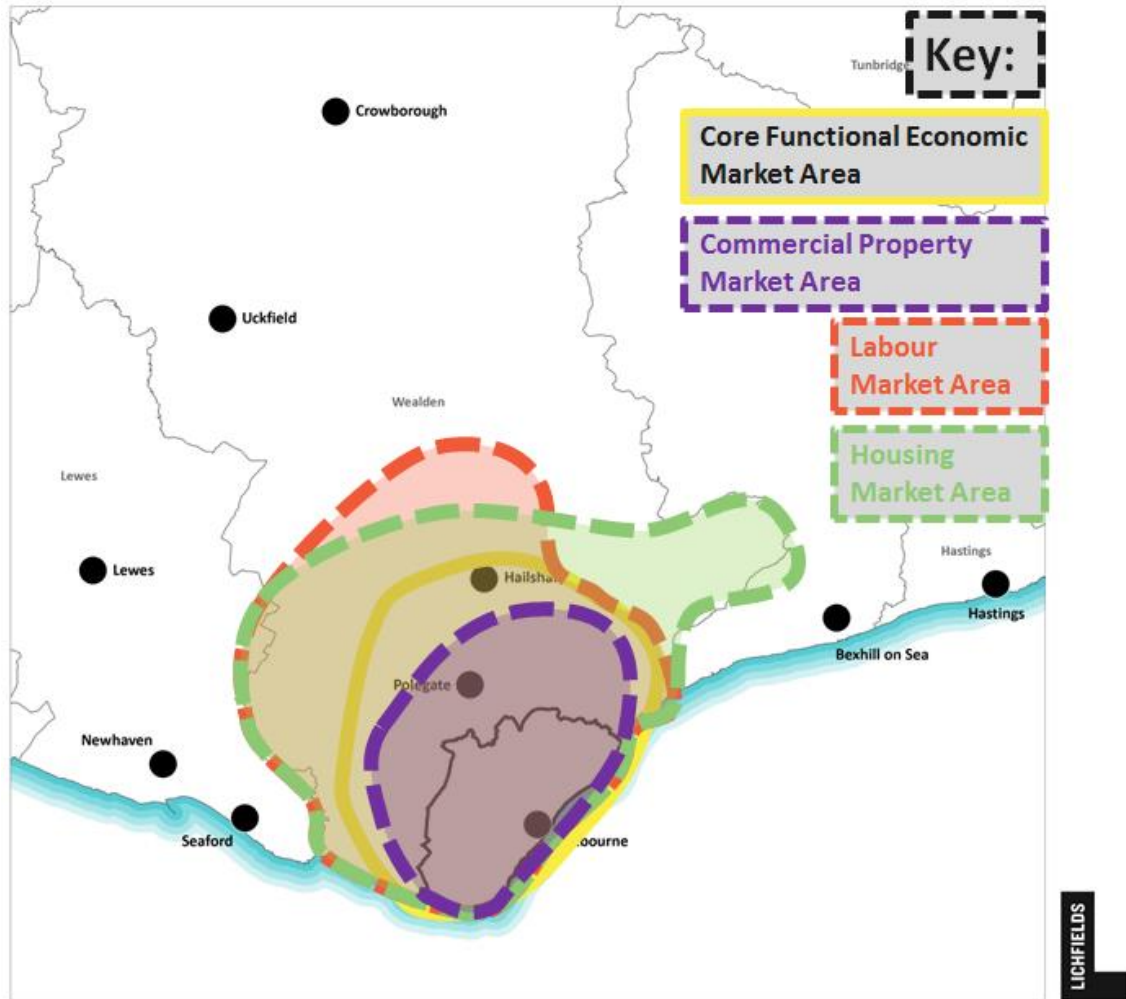
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<sup>15</sup> Regeneris, Wealden Economy Study (2016).

<sup>16</sup> GVA, Wealden Strategic Housing Market Assessment, Final Report (2015).



Figure 5.7 Core FEMA for Eastbourne



Source: Lichfields analysis, drawing on a range of sources

## 6.0 Needs of Local Businesses

- 6.1 A business survey was undertaken as part of the EDNA study to gain a better understanding of the needs of local businesses operating in the Borough, and the main factors that support and inhibit their growth. This involved a sample of 98 businesses operating across a range of sectors and locations in Eastbourne. A summary of the key findings is set out below with a copy of the survey questionnaire included at Appendix 4.
- 6.2 The survey findings are intended to provide a flavour of the issues affecting businesses in Eastbourne rather than representing a comprehensive overview of business needs in the Borough. Analysis presented in this section is based on the number of responses received to individual survey questions.

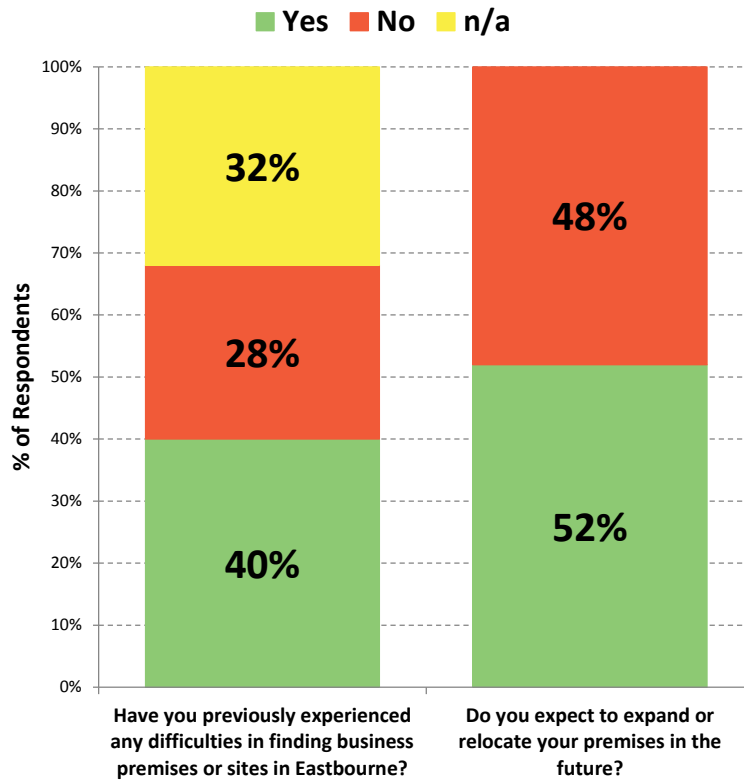
### Business Profile

- 6.3 The majority (60%) of respondents to the survey were from micro businesses (those with 0-9 employees). 36% were from businesses with 10-49 employees and 5% were from businesses with 50-249 employees. Respondents had been located within Eastbourne for differing amounts of time, with 51% of companies having been located in Eastbourne for less than 20 years, 33% for 20-50 years and 16% having been located in the Borough for over 50 years.

### Current Business Premises

- 6.4 The most common type of employment site that respondents currently occupy is town centre locations (38%), while other popular locations include industrial estates/sites (20%) and working from home (14%). When asked why they were located on their existing sites, respondents identified key factors such as good accessibility/transport links, availability of premises, proximity to customers as well as the affordability of rent.
- 6.5 The vast majority (90%) of respondents were 'very satisfied' or 'satisfied' with their current premises, with only 10% reporting that they were not satisfied. When asked about whether their current premises meet the space needs of their businesses, 58% said the amount of space they had was 'about right', while 22% do not have enough space and 20% have room to grow.
- 6.6 Although the majority of businesses reported that they are satisfied with their current premises, 40% said that they have previously experienced difficulties in finding suitable premises to expand, upgrade or relocate to (Figure 6.1). 28% of companies have not experienced difficulties with this. The remaining 32% indicated that this question was not applicable as they had not previously tried to find premises to expand, upgrade or relocate to.
- 6.7 Of the 40% of businesses that had experienced barriers to finding suitable premises, common difficulties cited were the lack of specific types of premises, for example small units, modern office premises, and good quality town centre offices. Other respondents referred to rents being unaffordable, parking issues and the lack of freehold premises.
- 6.8 When asked if there is anything that could be done to overcome barriers in relocating, factors that were cited include increasing the provision of smaller, flexible office units and improving transport issues (in particular constraints associated with the A27 and train services to/from Eastbourne).

Figure 6.1 Business Survey Responses

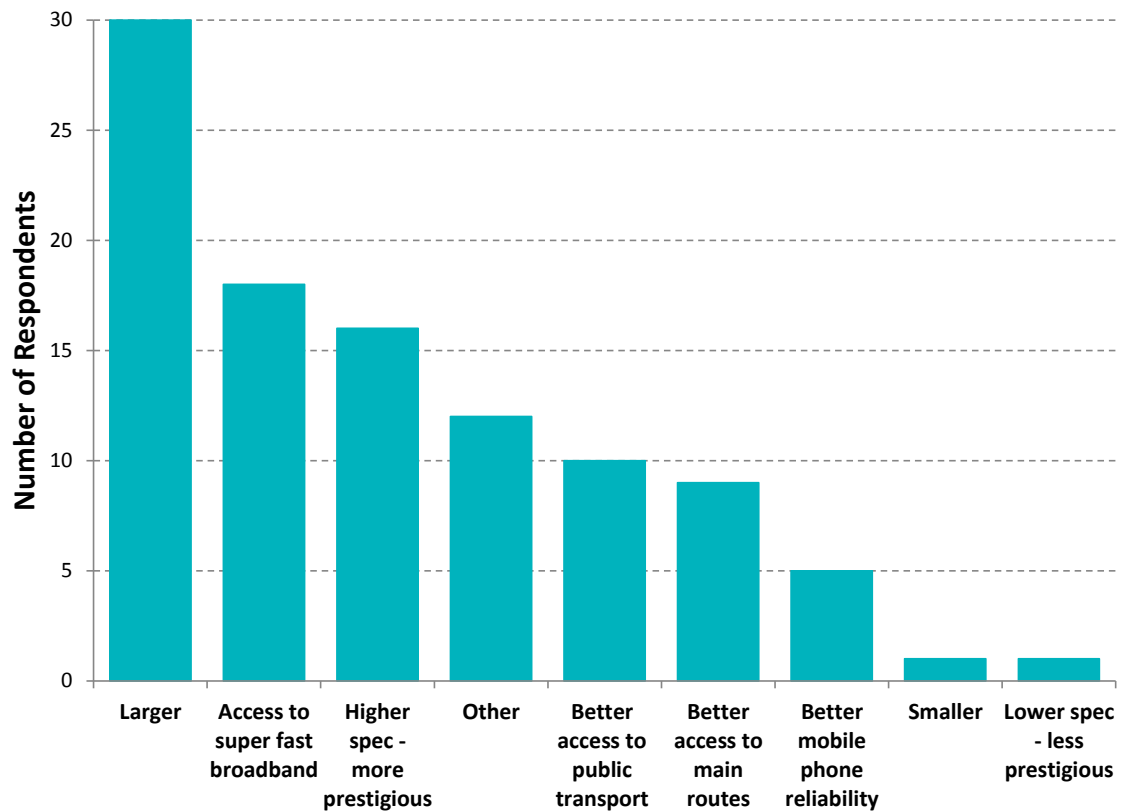


Source: Lichfields analysis

### Future Growth Plans

- 6.9 When asked whether their business had aspirations to expand or relocate their premises in the next 5-10 years, just over half (52%) reported that they did. Of those that do plan to relocate, 42% hope to do so to another site in Eastbourne. Others plan to expand on their existing site (18%) or relocate to another site in the same location (13%). Just 7% of businesses stated that they would need to relocate elsewhere (outside Eastbourne), citing reasons including looking for cheaper premises, and being open to any location that has good parking provision.
- 6.10 The most important factors for businesses seeking to relocate or expand include securing larger premises (29%), access to superfast broadband (18%), high specification premises (16%) and other factors (12%) which include parking provision, a town centre location and vehicular access. Very few businesses stated that they would seek smaller and/or lower specification premises. Responses to the question ‘what would you be looking for from new premises?’ are summarised in Figure 6.2 below.

Figure 6.2 What would you be looking for from new premises?

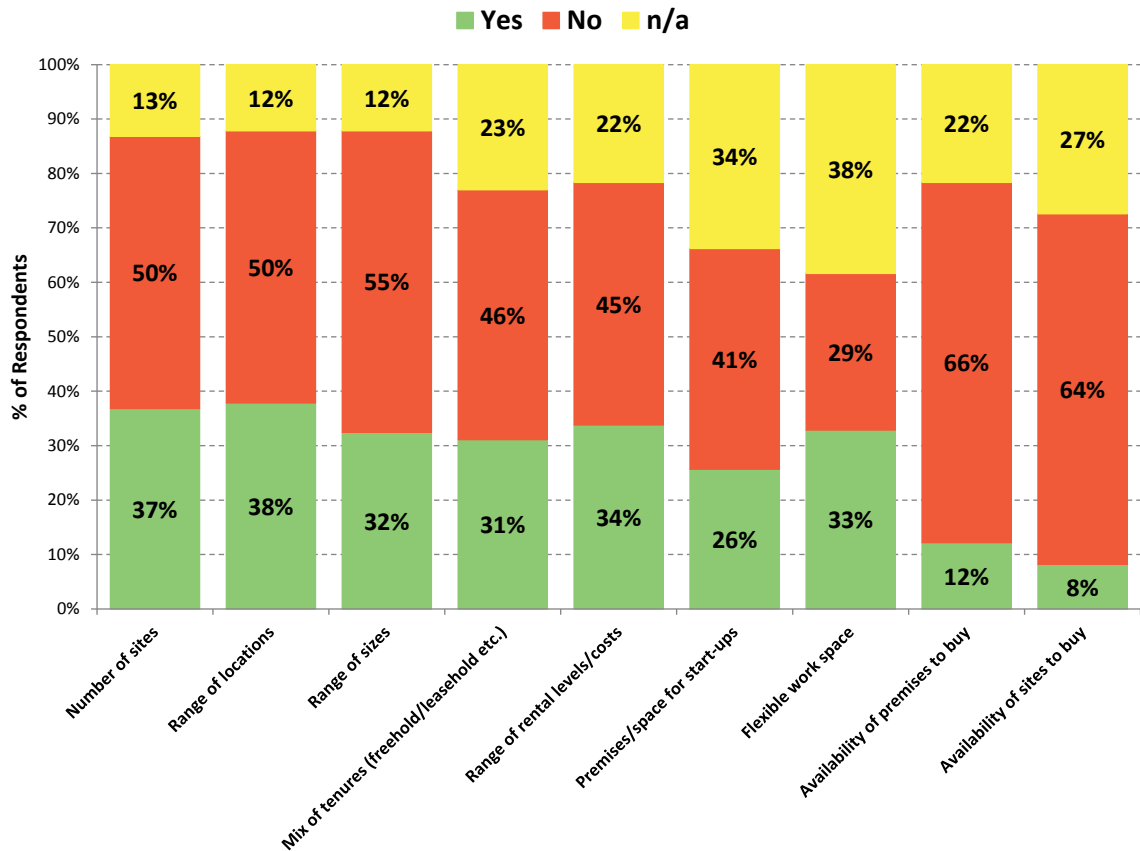


Source: Lichfields analysis

### Eastbourne as a Business Location

- 6.11 One of the survey questions considered whether there was an adequate supply of sites and premises in Eastbourne across a number of different measures.
- 6.12 Overall, more businesses responded that there is an inadequate supply than said there was an adequate supply for each measure, indicating that businesses perceive there to be issues with the supply of premises and sites in Eastbourne. At least half of respondents perceive there to be inadequate supply in terms of availability of premises to buy, availability of sites to buy, range of sites, range of locations and range of sites. Responses to this question are shown in Figure 6.3.

Figure 6.3 Do you think there is currently an adequate supply of sites/premises in the local area in terms of the following?



Source: Lichfields analysis

## Summary

6.13

The key points to summarise from the business survey feedback are presented below:

- 1 90% of businesses are satisfied or very satisfied with their current premises. The majority of companies have the right amount of space to meet their needs for the time being.
- 2 Two in five businesses have faced difficulties when seeking to upgrade or expand into new premises in the past. Most businesses suggested that increasing the supply of business space would improve this, especially in relation to flexible office space, as well as improving transport infrastructure to/from and around the town.
- 3 Just over half of businesses expect to expand or relocate in the future (over the next 5-10 years). Most commonly, businesses hope to expand within Eastbourne. Businesses are mainly looking for larger business premises, with higher specifications and access to superfast broadband.
- 4 A number of businesses perceive that Eastbourne has an inadequate supply of sites/premises, especially in relation of availability of sites/premises to buy and the availability of sites/premises of a range of sizes.

## 7.0 Future Requirements for Employment Space

7.1 This section considers future economic growth needs in Eastbourne by drawing on several methodologies that are guided by the PPG. These scenarios are used to inform an assessment of the Borough's future employment space needs for office and industrial (i.e. manufacturing and distribution) uses over the study period to 2035.

### Methodology

7.2 The NPPF requires local authorities to “set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth” (para 21). Considering this in evidence base terms, this should be underpinned by a “clear understanding of business needs within the economic markets operating in and across their area” (para 160).

7.3 Within this context, a number of potential future economic scenarios have been developed in this study to provide a framework for considering future economic growth needs and B class employment space requirements in Eastbourne up to 2035. In line with PPG, these future scenarios draw upon:

- 1 Projections of employment growth in the main B class sectors (**labour demand**) derived from economic forecasts produced by Experian forecasts (March 2017);
- 2 Consideration of **past trends in completions of employment space** based on monitoring data collected by Eastbourne Borough Council, and how these trends might change in the future.
- 3 Estimates of future growth of local **labour supply** based on demographic assumptions applied as part of the 2016 Eastbourne Strategic Housing Market Assessment (SHMA).

7.4 All of these approaches have limitations and consideration needs to be given as to how appropriate each is to the circumstances in Eastbourne. Further, to be robust, the economic growth potential and likely demand for employment space in Eastbourne needs to be assessed under a variety of future scenarios, to reflect both lower and higher growth conditions that could arise in the future.

7.5 It should also be noted that the ultimate judgement as to the level of need that Eastbourne should plan for is not purely quantitative, and that there will be a number of qualitative factors to consider (discussed in other sections of the report). These factors will influence the employment space requirements that will need to be planned for, and should be considered alongside the following modelled scenarios.

### A. Forecasts of Job Growth

7.6 Forecasts of employment growth in Eastbourne to 2035 were obtained from the March 2017 release of Experian's UK Local Market Forecasts which take into account recent regional and national macroeconomic assumptions.

7.7 It is important to note that there are inherent limitations to the use of economic forecasts of this type, particularly within the context of recent economic and political changes. National macroeconomic assumptions are taken as the starting point and then modelled down to the regional and local levels by reference to the existing economic profile and sectoral composition of an area. Local level data is less comprehensive and reliable than at national and regional levels, which can affect how the modelling is calibrated. Similarly, top-down forecasts do not

take account of specific local factors that might influence employment growth. However, forecasts are seen as a valuable input to indicate the broad scale and direction of future economic growth within different sectors, which helps assess the future space requirements of a local area.

- 7.8 Population projections are just one of several inputs used to produce economic forecasts both in terms of future changes in working-age population (i.e. which directly impacts on the demand for jobs) and total population (i.e. which create demand for consumption activities). It is important to note that population projections are frequently revised, as are assumptions around future working-age populations, economic activity rates and national changes to the pension age.

### Scenario 1: Baseline Job Growth

- 7.9 Forecasts of job growth by sector reflect recent trends and are based on projections at the regional level and how sectors within Eastbourne have fared relative to historic growth in the region. Experian forecasts are based on observed past trends. For example, where particular sectors have performed well compared with the regional average (i.e. South East England) the forecasts generally assume that these sectors will continue to drive growth within the Borough in the future. Experian's projections reflect the current post-recession economic climate and assume a slowdown in economic activity due to Brexit-related uncertainties and rising inflation taking a toll on consumer and investment spending. Further details are provided in Appendix 5.
- 7.10 The Experian employment projections indicate overall growth of 9,400 workforce jobs for Eastbourne over the 20 year period from 2015 to 2035, equivalent to around 470 jobs per year on average (Table 7.2). Table 7.1 shows the fastest growing sectors under this scenario, alongside those that are expected to see a decline in employment. A full breakdown of baseline job growth by sector is provided at Appendix 6.

Table 7.1 Fastest Growing and Declining Sectors in Eastbourne, 2015-2035

Experian Sector	Use Class	Employment Change (2015-2035)	% Change (2015-2035)
Residential Care and Social Work		+3,300	+67.3%
Health		+2,400	+38.7%
Accommodation and Food Services		+1,100	+25.6%
Education		+1,000	+20.4%
Wholesale		+800	+27.6%
Professional Services		+700	+28.0%
Specialised Construction Activities		+500	+31.3%
Other Private Services		-100	-7.7%
Manufacture of Machinery and Equipment		-200	-66.7%
Public Administration and Defence		-300	-17.6%
Administrative and Supportive Services		-400	-17.4%

Source: Experian (2017) / Lichfields analysis

Key: **GREEN** = B class sector      **ORANGE** = Part B class sector      **RED** = Non B class sector

- 7.11 The residential care, social work and healthcare sectors are expected to be key drivers of employment growth within the Borough over the 20 year plan period, while sectors forecast to incur the largest employment losses include administrative and supportive services and public administration and defence (Table 7.1).

7.12

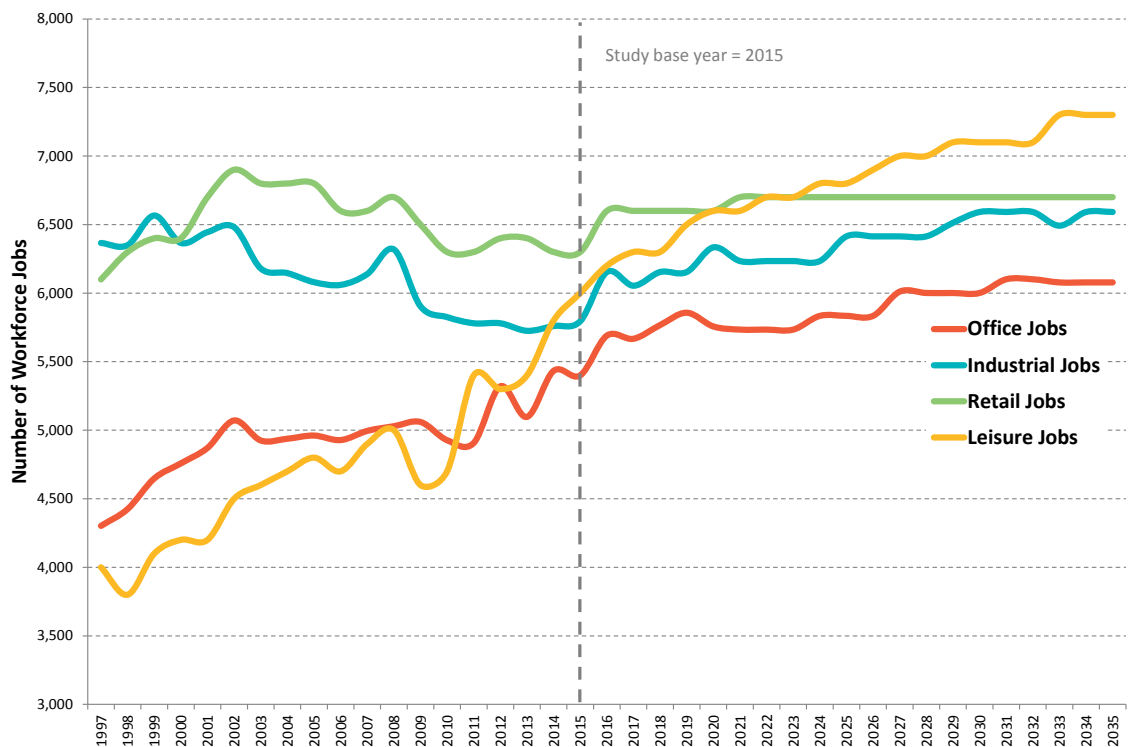
Table 7.2 and Figure 7.1 show the implied employment change by office and industrial uses as well as total employment change. This includes an allowance for jobs in other non B class sectors that generally use office or industrial space (outlined further in Appendix 7). Job growth associated with retail and leisure based sectors are also included for reference.

Table 7.2 Forecast Employment Change in Eastbourne, 2015-2035

Use	Number of Workforce Jobs		Change (2015-2035)
	2015	2035	
Office (B1a/B1b) Jobs	5,400 (12%)	6,078 (11%)	678 (+13%)
Industrial (B1c/B2) Jobs	3,085 (7%)	3,251 (6%)	167 (+5%)
Warehouse (B8) Jobs	2,710 (6%)	3,341 (6%)	631 (+23%)
Retail (A1-A5) Jobs	6,300 (14%)	6,700 (12%)	400 (+6%)
Leisure (D2) Jobs	6,000 (13%)	7,300 (13%)	1,300 (+22%)
Other Jobs	22,305 (49%)	28,530 (52%)	6,225 (+28%)
<b>Total B Class Jobs</b>	<b>11,195 (24%)</b>	<b>12,670 (23%)</b>	<b>1,476 (+13%)</b>
<b>Total Workforce Jobs</b>	<b>45,800 (100%)</b>	<b>55,200 (100%)</b>	<b>9,400 (+21%)</b>

Source: Experian (2017) / Lichfields analysis

Figure 7.1 Office, Industrial, Retail and Leisure Employment Growth in Eastbourne to 2035



Source: Experian (2017) / Lichfields analysis

Note: 'industrial jobs' includes industrial (B1c/B2) and warehouse (B8) as set out at Table 7.2.

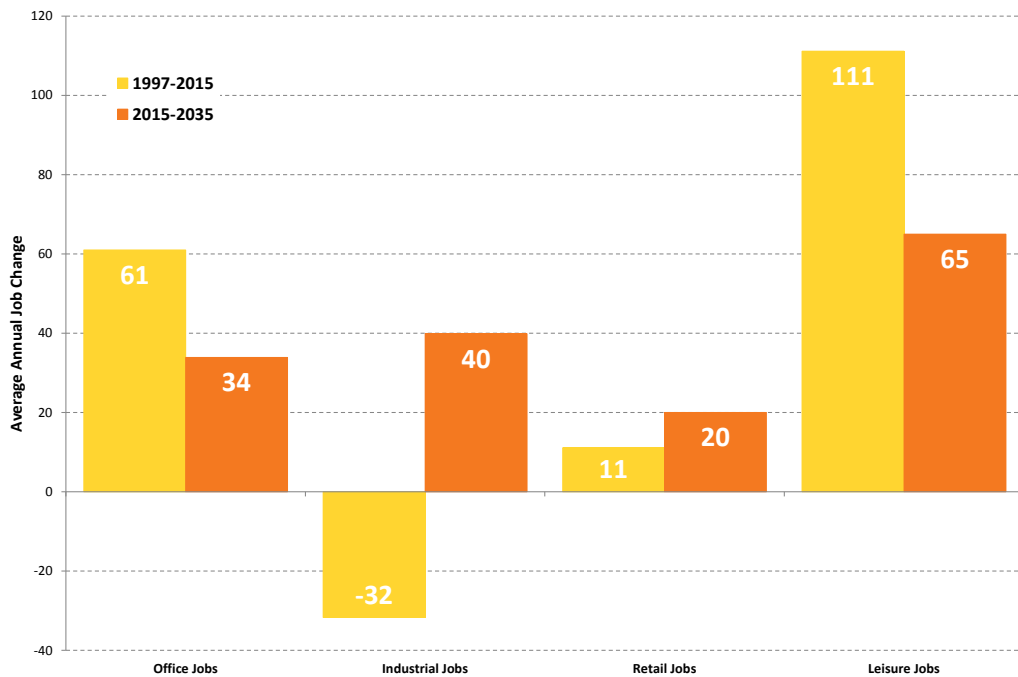
7.13

These figures indicate a reasonable level of net job growth in B class sectors of just under 1,500 to 2035. The majority of this job growth is expected to be driven by office and warehouse based jobs, while industrial (B1c/B2) job growth is expected to be more modest. The retail sector is expected to grow by 400 jobs, while leisure sectors are forecast to gain 1,300 jobs by 2035.



- 7.14 Within the context of total job growth of 9,400 for the Borough over the plan period, this suggests that ‘other’ sectors are expected to contribute most to job growth, most notably the residential care and health sectors (Table 7.1). These key growth sectors will also require additional floorspace to accommodate an increase in employment over the period to 2035. Whilst some of this activity may require conventional office space, as noted previously the spatial implications of this growth are considered using different methodologies and other forms of technical evidence which fall outside the scope of this EDNA.
- 7.15 The projected net increase of 678 office jobs, which equates to an average of 34 per annum, is lower than the average annual office-based job growth of 61 recorded for the period 1997 to 2015 in Eastbourne (Figure 7.2). The projected increase in total industrial jobs, equivalent to 40 per annum, provides a more optimistic forecast than the average loss of 32 jobs per annum between 1997 and 2015 indicated by Experian trend data.
- 7.16 On the basis of past performance, the baseline job growth scenario could be regarded as a significantly more optimistic estimate of employment growth in industrial sectors, while it is more pessimistic in relation to office-based sectors (Figure 7.2).

Figure 7.2 Annual Job Change Implied by the Experian Forecast



Source: Experian (2017) / Lichfields analysis

Note: ‘industrial jobs’ includes industrial (B1c/B2) and warehouse (B8) sectors

### Floorspace Requirements

- 7.17 The B class part of these employment growth forecasts have been converted to future employment space requirements by applying the latest published density figures for employment space, which take account of recent trends in occupancy for the different B class uses. To estimate space requirements, the following average ratios have been applied to job forecasts:

- **Offices:** 1 workforce job per 12.5 sqm for general office space;
- **Industrial:** 1 workforce job per 45 sqm as an average across B1c and B2 uses; and
- **Warehousing:** 1 workforce job per 65 sqm for general, smaller scale warehousing (assumed to account for 90% of warehousing stock in Eastbourne) and 1 workforce job per 80 sqm for large scale, lower density units (assumed to account for 10% of total stock).

7.18 These assumptions are based on latest Homes & Communities Agency (HCA) guidance on job density ratios produced in 2015<sup>17</sup> and converted by Lichfields to Gross External Area (GEA) equivalent ratios for consistency across all uses. The guidance takes account of recent trends in terms of changing utilisation of employment space, with the key change being the more efficient use of office floorspace due to the higher frequency of flexible working and hot-desking. This has resulted in a reduction in the amount of floorspace per office worker assumed compared to earlier guidance.

7.19 An allowance of 10% is added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space.

Table 7.3 Net Employment Space Requirements in Eastbourne, 2015 to 2035 (Baseline Job Growth)

	Floorspace (GEA sqm)
Offices (B1a/B1b)	9,320
Manufacturing (B1c/B2)	8,245
Distribution (B8)	46,155
<b>Total B Class</b>	<b>63,720</b>

Source: Lichfields analysis

Note: Totals rounded

7.20 As shown in Table 7.3, the resulting net B class floorspace requirement is positive, driven by a significant increase in distribution floorspace but also incorporating more modest increases in office and manufacturing space.

## B. Past Development Rates

7.21 Past development rates reflect market demand and actual development patterns, so can provide a reasonable basis for informing future space needs. Completions over a period of ten years or more should even out demand fluctuations over a business cycle, and normally provide a reasonable basis for estimating future needs provided land supply has not been unduly constrained. Whereas job forecasts show growth in net terms, past trend-based assessments take into account development that offsets the redevelopment of employment sites, and from the recycling of sites.

### Scenario 2: Past Development Rates

7.22 Monitoring data on past completions of B class uses between 2007/08 and 2016/17 was provided by the Council. During this period, average annual net completions for B class uses in Eastbourne amounted to -1,786 sqm of floorspace (Table 7.4).

<sup>17</sup> Homes and Communities Agency, Employment Density Guide 3rd Edition, November 2015. Average job density ratios are presented inconsistently within the HCA Guide, in terms of Net Internal Area (NIA), Gross Internal Area (GIA) and Gross External Area (GEA) depending on the use class.

- 7.23 Gross completions were considerably higher, at an average of 3,848 sqm, indicating that a large amount of employment floorspace has been lost in order to result in negative net completion rates.

Table 7.4 Annual Completion Rates of Employment Space in Eastbourne, 2007 to 2017

Use	Net Annual Completions (sqm)	Gross Annual Completions (sqm)
Office (B1a/B1b)	-2,260	505
Manufacturing (B1c/B2)	-110	2,325
Distribution (B8)	585	1,015
<b>Total</b>	<b>-1,785</b>	<b>3,845</b>

Source: Eastbourne Borough Council / Lichfields analysis Note: Totals rounded

- 7.24 One view of future growth in Eastbourne could therefore simply assume that these past development rates carry on in the future at the long term average. If it were assumed that past net completion rates were to continue over the next 20 year period, this would equate to an overall reduction of 45,200 sqm of office space and an increase of 9,480 sqm of industrial space by 2035. Overall, this would equate to a reduction in B class employment space of 35,720 sqm. These employment requirements, by virtue of producing a negative overall requirement, are significantly lower than that estimated using job based forecasts (Table 7.3).

Table 7.5 Net Employment Space Requirements Based on Past Completion Trends, 2015 to 2035

Use	Assumed Net Annual Floorspace Change (sqm)	Net Floorspace Requirements (2015 to 2035) (sqm)
Office (B1a/B1b)	-2,260	-45,200
Manufacturing (B1c/B2)	-110	-2,220
Distribution (B8)	585	11,700
<b>Total</b>	<b>-1,785</b>	<b>-35,720</b>

Source: Eastbourne Borough Council / Lichfields analysis Note: Totals rounded

- 7.25 Using standard ratios of jobs to floorspace for the different B class uses (as outlined above), it is possible to estimate that this decline in floorspace would lead to a reduction of 3,489 B class jobs in the Borough up to 2035 under this scenario. This is equivalent to a reduction of around 174 B class jobs each year over the course of the plan period. All of these job losses would relate to office-based sectors, while there would be modest gains in industrial jobs.

## C. Future Labour Supply

- 7.26 It is also important to take into account how many jobs, and hence how much employment space, would be necessary to broadly match forecast growth of the resident workforce in the Borough. In contrast to the labour demand approach, this approach focuses on the future supply of labour rather than the demand for labour. It then estimates the amount of new jobs needed to match the future supply of working-age population, and how much employment space would be needed to accommodate these B class jobs.

### Scenario 3: Labour Supply

- 7.27 A labour supply based scenario has been considered for Eastbourne based on population projections and other demographic assumptions that were used to inform the 2016 Eastbourne SHMA. The SHMA concludes that the Objectively Assessed Housing Need for Eastbourne over the plan period 2015-2035 is established from a baseline of 555 dwellings per annum (2014-

based SNPP), with an upward adjustment to take account of short-term migration trends to 632 dwellings each year. This short-term migration dwelling requirement would support jobs growth of 359 each year, equivalent to 7,180 jobs growth over the 20 year study period.

- 7.28 Table 7.6 summarises the workplace labour supply resulting from this scenario. This assumes that one additional job would be required for each additional worker, while the proportion employed in B class sectors assumes the same shares as the Experian baseline forecast (as presented in Scenario 1).

Table 7.6 Forecast Labour Supply and Job Requirements for Eastbourne, 2015 to 2035

	<b>Total Change (2015 to 2035)</b>	<b>Average Change Per Annum (2015 to 2035)</b>
Workforce Labour Supply	7,180	359
Office Jobs (B1a/B1b)	520	26
Manufacturing Jobs (B1c/B2)	130	6
Distribution Jobs (B8)	480	24
<b>All B Class Jobs</b>	<b>1,130</b>	<b>56</b>

Source: Eastbourne SHMA 2016 / Lichfields analysis

Note: Totals rounded

- 7.29 This analysis results in a requirement for 1,130 B class jobs in Eastbourne over the 20 year study period to 2035, which is equivalent to around 56 additional B class jobs per annum on average. The majority of these jobs relate to office and distribution uses.

- 7.30 These job numbers can then be translated into estimated requirements for B class employment space by applying the same standard employment densities used in the job growth based approach, and adding a 10% vacancy allowance. Overall, future employment floorspace requirements based on meeting the job needs of local resident workers would require some 48,690 sqm of B class employment floorspace in the Borough by 2035 (Table 7.7).

Table 7.7 Net Employment Floorspace Required from Labour Supply Growth, 2015 to 2035

<b>Use</b>	<b>Floorspace (sqm)</b>
Offices (B1a/B1b)	7,120
Manufacturing (B1c/B2)	6,310
Distribution (B8)	35,260
<b>Total</b>	<b>48,690</b>

Source: Lichfields analysis

- 7.31 This labour supply based estimate produces a positive space requirement that falls behind the baseline Experian scenario, but is significantly higher than the past development rates scenario.

## Summary of Net Employment Space Requirements

7.32 Drawing together the results from each of the future growth scenarios for Eastbourne, the net B class employment floorspace requirements for the Borough over the period 2015 to 2035 reflect a range of potential scenarios (Table 7.8).

Table 7.8 Net Floorspace Requirements by Scenario to 2035 (sqm)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Labour Supply
Offices (B1a/B1b)	9,320	-45,200	7,120
Manufacturing (B1c/B2)	8,245	-2,220	6,310
Distribution (B8)	46,155	11,700	35,260
<b>All B Uses</b>	<b>63,720</b>	<b>-35,720</b>	<b>48,690</b>

Source: Lichfields analysis

7.33 The net B class employment floorspace requirements for Eastbourne represent the minimum recommended amount of floorspace that should be planned for in the Borough over the period to 2035.

Floorspace figures can be translated into land requirements by applying appropriate plot ratio assumptions to the net floorspace estimates presented above. A typical plot ratio for industrial (B1c/B2/B8) uses is 0.4 (so that a 1 ha site would be needed to accommodate a footprint of 4,000 sqm of employment floorspace). For offices (B1a/B1b), typical plot ratios will vary depending upon the location and density of development; for higher density, town centre locations a plot ratio of 2.0 could be considered appropriate, while lower density, business park type developments will generally necessitate a plot ratio more akin to industrial development, i.e. 0.4.

## Planning Requirement

7.34 While the net employment space requirements presented above represent the minimum recommended quantum of employment space to plan for in Eastbourne over the study period, the Council will need to take a view on the extent to which additional space should be planned for over and above the net requirements, in order to allow for such factors as delays in development sites coming forward, an allowance for replacement of ongoing losses of employment space during the Local Plan period, and other relevant factors in the local market.

7.35 Whilst no specific guidance or recommendations are provided by the PPG, the former South East England Partnership Board (SEEPB) guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. This is equivalent to 10% of the total 20 year study period for Eastbourne. Table 7.9 provides an illustration of indicative 'gross' employment floorspace requirements or 'planning requirements' by scenario for Eastbourne to 2035 after applying this 10% buffer or margin.

Table 7.9 Indicative Gross Floorspace Requirements by Scenario to 2035 (sqm)

Use	1. Baseline Job Growth	2. Past Development Rates	3. Labour Supply
Offices (B1a/B1b)	10,250	-45,200	7,830
Manufacturing (B1c/B2)	9,070	-2,220	6,940
Distribution (B8)	50,770	12,870	38,790
<b>All B Uses</b>	<b>70,090</b>	<b>-34,550</b>	<b>53,560</b>

Source: Lichfields analysis

Note: Totals rounded

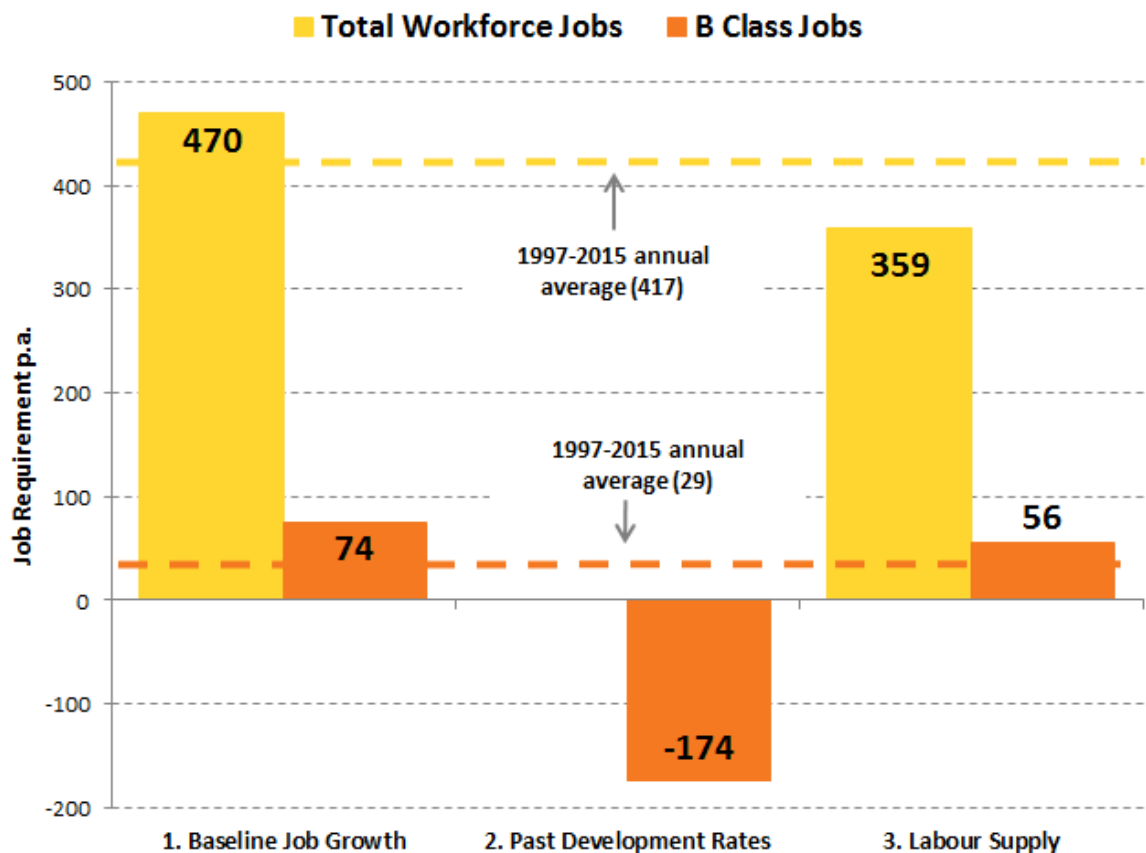
Note: Additional allowance has not been applied where the net floorspace requirement is negative.

### Sensitivity Tests

7.36 Given the range of potential requirements implied by these different growth scenarios, it is useful to compare the employment growth implied by these scenarios with employment growth actually achieved in Eastbourne in recent years (Figure 7.3).

7.37 The lowest estimate is based on the past development scenario, driven predominantly by recent losses in office floorspace. The highest growth estimate is based on the job growth scenario; by contrast, this is driven by forecast growth in B class sectors, especially in B8 distribution activities, as well as growth in non-B class sectors. The labour supply scenario implies a scale of job growth that falls between the labour demand and past take-up approaches.

Figure 7.3 Annual Job Growth Implied by Scenarios



Source: Lichfields analysis

- 7.38 The baseline job growth scenario implies a higher scale of total workforce and B class job growth over the study period to 2035 when compared with recent employment trends in Eastbourne. The past take-up scenario results in a negative requirement for B class jobs, while the labour supply scenario has a lower total workforce job requirement than the recent average, but higher B class job requirement (Figure 7.3).
- 7.39 It is worth noting that the March 2017 Experian baseline forecasts also imply a higher rate of job growth than the Experian baseline forecasts procured as part of the previous (2013) Employment Land Review for Eastbourne Borough, which were also used within the 2016 SHMA and 2016 Employment Land Local Plan. These 2013 based forecasts suggested that Eastbourne's economy would grow by 181 workforce jobs per annum on average (between 2015 and 2031), equivalent to less than half the 470 jobs per annum growth forecast by the latest projections.
- 7.40 The scale of B class job growth implied by the March 2017 Experian forecasts is also higher than implied by the forecasts used in the 2013 ELR, although the relative contribution of office based sectors is expected to decline. This implied 'slow down' in growth forecasts for office based sectors in Eastbourne is likely to be explained (in part) by the ongoing economic uncertainty associated with Brexit and the relative vulnerability of office based sectors to these uncertainties.

## Synthesis and Conclusions

- 7.41 In interpreting the outputs of this section, regard should be had to PPG guidance which states that Local Authorities should develop an idea of future economic needs based on a range of data and forecasts of quantitative and qualitative need. It is also important to recognise that there are inevitable uncertainties and limitations associated with modelling assumptions under the future growth scenarios considered. For example, there are some inherent limitations to the use of local level economic forecasts, particularly in the context of significant recent changes and uncertainty in the economy. Economic forecasts are regularly updated and the resulting employment outputs will change over the plan period.
- 7.42 Three different scenarios of future employment space requirements have been considered based on a range of lower and higher growth conditions that could arise in the future. Both the baseline job growth and labour supply scenarios indicate a positive overall annual requirement for B class jobs over the 20 year period to 2035. The past take-up scenario implies a negative requirement for B class jobs.
- 7.43 The overall net floorspace requirements that have been estimated range from -35,720 sqm (under the past take-up scenario) to 63,720 sqm (under the baseline job growth scenario) in the period 2015-2035. In all cases, the majority of this spatial requirement relates to distribution (B8) uses. Applying a 10% buffer or margin to these net figures – to provide an illustration of indicative gross employment floorspace requirements – increases this range to between -34,550 sqm and 70,090 sqm.
- 7.44 The economic forecasts provided by Experian provide a 'business as usual' view of Eastbourne's economic growth prospects and draw on the latest macro-economic outlook and assumptions. The baseline Experian scenario (scenario 1) implies that there will be steady growth across the B class sectors over the study period.
- 7.45 The labour supply based approach (scenario 3) generates a level of employment growth that falls in between the job growth and past take-up scenarios. The final scenario (scenario 2) assumes that past take-up rates of B class space in Eastbourne continue unchanged in future; in doing so,

it results in a negative overall B class floorspace requirement and is therefore not considered to provide a robust scenario for positively planning for future employment space needs.

7.46 Within the context of the NPPF requirement to plan positively for growth, it is recommended that the Council consider planning to accommodate at least the labour supply based requirement (scenario 3) to ensure that the Borough's indigenous growth potential (i.e. arising from its resident workforce) is not constrained by lack of spatial capacity in future. At the same time, the Council should consider the scope to plan as far as it can for the higher growth scenario associated with Experian labour demand (scenario 1) which implies the highest overall employment growth of all three approaches and also higher than past trends of job growth recorded in Eastbourne.

7.47 This higher growth scenario would appear to align well with and support the Council's ambitions for development and regeneration over the coming years, demonstrated by a number of significant economic development projects that are being undertaken including the £35m redevelopment of Devonshire Park to create a major cultural destination, and the £70m extension and transformation of the Arndale Centre in the town centre.



## 8.0 Future Requirements for Retail and Leisure Space

- 8.1 This section considers the quantitative need for new Class A1 retail and food and beverage (A3-A5) floorspace and uses in Eastbourne Borough over the study period to 2035, based on an update of the Eastbourne Shopping Assessment prepared in 2010. Supporting data and information is included in Appendix 8 while an overview of the job growth potential of Eastbourne’s retail and leisure sectors is provided in Chapter 7.0.
- 8.2 It also considers requirements for retail and leisure space in Eastbourne from a more qualitative perspective, drawing upon the latest market trends, signals and intelligence.

### Quantitative Needs

#### Study Area

- 8.3 The study area for the assessment covers the catchment area of Eastbourne as defined in the Eastbourne Shopping Assessment 2010<sup>18</sup>, broken down into 14 ‘sub-zones’ as shown in Figure 8.1 below.

Figure 8.1 Study Area Plan



Source: Eastbourne Shopping Assessment, Volume 1, May 2010

### Population

- 8.4 Based on the latest available population projections data from Experian (2015), the base year (2015) population within the study area amounts to 262,147, and this is projected to increase to 297,886 by 2035, equivalent to an increase of 12%. This data is summarised in Table 1 in Appendix 8.

<sup>18</sup> Chase & Partners LLP, Eastbourne Shopping Assessment Volume 1, May 2010

## Expenditure

- 8.5 Establishing per capita levels of spending for the study area population allows the level of available expenditure to support retailers to be estimated. Experian's local consumer expenditure estimates for comparison and convenience goods for each of the study area zones for the year 2015 have therefore been obtained for this purpose.
- 8.6 All monetary values expressed in this study are at 2015 prices, consistent with Experian's base year expenditure figures for 2015 which is the most up to date information available.
- 8.7 Experian's EBS national expenditure information (Experian Retail Planner Briefing Note 14 - November 2016) has been used to forecast expenditure within the study area. Experian's forecasts are based on an econometric model of disaggregated consumer spending. This model takes a number of macro-economic forecasts (predominately consumer spending, incomes and inflation) and uses them to produce forecasts of consumer spending volumes, prices and value, broken down into separate categories of goods. The model incorporates assumptions about income and price elasticities.
- 8.8 Experian's EBS growth forecast rates for 2016 to 2018 reflect the current economic circumstances and post Brexit forecasts. Experian provides an appropriate growth rate for the short term (for convenience goods: 0% for 2016, -0.2% for 2017 and -0.9% for 2018; for comparison goods: +3.3% for 2016, +1.4% for 2017 and +1.0% for 2018).
- 8.9 In the longer term it is more difficult to forecast year on year changes in expenditure. Experian's longer term growth average forecasts have therefore been applied, equivalent to 0% per annum for convenience goods between 2019 and 2023, and 0.1% per annum after 2023. For comparison goods Experian recommends a growth rate of 3% per annum between 2019 and 2023, and 3.2% per annum after 2023.
- 8.10 These growth rates are relatively cautious when compared with recent growth trends, but in our view represent a realistic forecast for future growth. These growth figures relate to real growth and exclude inflation.
- 8.11 Special Forms of Trading (SFT) or non-store activity is included within Experian's Goods Based Expenditure (GBE) estimates. SFT includes other forms of retail expenditure not spent in shops, such as mail order sales, some internet sales, vending machines, market stalls and door to door selling. SFT needs to be excluded from retail assessments because it relates to expenditure not spent in shops and does not have a direct relationship with the demand for retail floorspace. The growth in home computing, internet connections and interactive TV may lead to a growth in home shopping and may have effects on retailing in the high street. Experian provides projections for special forms of trading and e-tailing. This Experian information suggests that non-store retail sales in 2017 accounts nationally for:
- 10.7% of convenience goods expenditure; and
  - 18.5% of comparison goods expenditure.
- 8.12 Experian predicts that these figures will increase in the future. However, Experian recognises that not all of this SFT expenditure should be excluded from a retail capacity analysis, because some of it relates to internet sales through traditional retail businesses, rather than internet companies. The turnover attributable to e-tail through retail businesses is included in the company average turnovers, and therefore expenditure figures should not exclude this expenditure. Experian has provided adjusted deductions for SFT and projections. These projections have been used to exclude only e-tail expenditure attributed to non-retail businesses, which will not directly impact on the demand for retail floorspace. The adjusted figures suggest that SFT sales in 2017 account nationally for:

- 3.2% of convenience goods expenditure; and
- 13.8% of comparison goods expenditure.

- 8.13 The projections provided by Experian suggest that these percentages will increase to 3.9% and 15.6% by 2021 respectively. In the longer term, the growth is predicted to fall or reverse slightly for comparison goods. The long term projections are 5% and 16.3% by 2031. These figures have been adopted for the purposes of this assessment.
- 8.14 Home/electronic shopping has also emerged with the increasing growth in the use of personal computers and the internet. This study makes an allowance for future growth in e-tailing based on Experian projections. It will be necessary to monitor the amount of sales attributed to home shopping in the future in order to review future local policies and development allocations.
- 8.15 Online shopping has experienced rapid growth over the last 20 years, but in proportional terms the latest available data suggests that online shopping is still much lower than traditional forms of shopping. Experian expect that the SFT market share will continue to grow, forecasting that the SFT share of total retail sales will reach 18.6% by 2022, rising to 20.4% by the mid-2030s.
- 8.16 The implications on the demand for retail space are unclear. For example, some retailers operate on-line sales from their traditional retail premises e.g. food store operators. As a result, growth in on-line sales may not always mean there is a reduction in the need for retail floorspace. Given the uncertainties relating to internet shopping and the likelihood that it will increase in proportional terms, this assessment has adopted relatively cautious growth projections for retail expenditure.
- 8.17 Table 2A in Appendix 8 sets out the forecast growth in spending per head for comparison goods within each zone in the study area up to 2035. Forecasts of convenience goods spending per capita are shown in Table 2B.
- 8.18 Table 3A in Appendix 8 then sets out total comparison goods expenditure within the study area up to 2035 (population multiplied by average expenditure per capita). Forecasts of total convenience goods spending are shown in Table 3B.
- 8.19 As a consequence of growth in population and per capita spending, comparison goods spending within the study area is forecast to increase by 93% from £800.25 million in 2015 to £1,544.15 million in 2035, as shown in Table 3A (Appendix 8). Convenience goods spending is forecast to increase by 11% between 2015 and 2035, increasing from £591.26 million in 2015 to £654.54 million in 2035, as shown in Table 3B (Appendix 8). As noted above, these figures relate to real growth and exclude inflation.
- 8.20 It should be noted that comparison goods spending is forecast to increase more than convenience spending as the amount spent on groceries does not necessarily increase proportionately with disposable income, whereas spending on non-food goods is more closely linked to income.

### **Market Shares and Penetration**

- 8.21 To assess the capacity for new retail floorspace in Eastbourne over the study period, penetration rates are estimated for shopping facilities within the study area. The assessment of penetration rates are based on the shopping patterns established within the Eastbourne Shopping Assessment 2010, which was based on a household shopper telephone survey. The total turnover of shops within Eastbourne is estimated based on penetration rates.

- 8.22 The market shares for comparison goods shopping are shown in Table 4A in Appendix 8, and convenience goods shares are shown in Table 4B in Appendix 8. Base year trading patterns are shown in Table 5A and 5B.
- 8.23 For the purposes of this assessment, the existing retail floorspace in the Borough is estimated to be trading at equilibrium in 2015 (i.e. satisfactory levels). It is assumed that the turnover of comparison floorspace will increase in real terms in the future. A growth rate of 2% per annum is adopted, and this growth is required to maintain the health and viability of town centres, as recommended by Experian (Retail Planner Briefing Note 14 – November 2016). Trends indicate that comparison retailers historically will achieve some growth in trading efficiency. This is a function of spending growing at faster rates than new floorspace provision and retailers' ability to absorb real increases in their costs by increasing their turnover to floorspace ratio. The projected turnover of existing floorspace is subtracted from the expenditure projections to provide an estimate of surplus expenditure available to support new floorspace.
- 8.24 Comparison goods expenditure available to shopping facilities in Eastbourne is expected to increase from £592.49 million in 2015 to £1,141.67 million in 2035. The comparison goods expenditure surplus is converted into net comparison sales floorspace projections at Table 8A in Appendix 8, adopting an average sales density of £7,000 per sq.m net in 2015, which is projected to grow by 2% in the future due to improved turnover efficiency.
- 8.25 Convenience expenditure available to shopping facilities in the Borough is expected to increase from £332.46 million in 2015 to £367.61 million in 2035.

### Retail Floorspace Projections

- 8.26 Comparison and convenience goods floorspace projections are summarised in Table 8.1 below and also shown in Table 8A and 8B in Appendix 8. Based on the traditional mix of Class A1 retail and food/beverage uses typically found within town centres, a further allowance of 15% is added to the floorspace projections to provide an indication of the need for additional Class A3-A5 uses in Eastbourne to 2035.

Table 8.1 Retail Floorspace Projections (sq.m gross) for Eastbourne

Use / Floorspace	2015 - 2025	2025 -2035	Total 2015 – 2035
Comparison Goods	9,335	33,490	42,825
Convenience Goods	1,340	4,565	5,905
Food and Beverage (A3/A5)	1,600	5,710	7,310
<b>Total</b>	<b>12,275</b>	<b>43,765</b>	<b>56,040</b>

Source: Tables 8A and 8B in Appendix 8

Note: Totals rounded

- 8.27 This suggests that comparison goods are expected to drive future requirements for additional retail floorspace in Eastbourne over the Local Plan period, significantly outstripping demand for convenience goods floorspace. Quantitative requirements for food and beverage related floorspace are also expected to be relatively modest over the plan period, equivalent to 7,310 sqm between 2015 and 2035.

## Qualitative Needs

### Demand Overview

- 8.28 Current active requirements for retail and restaurant premises in Eastbourne are reported to be limited, with only approximately six multiple operators including specific reference to the town within their circulated lists. Named operators seeking representation include Aldi (additional store), Taco Bell restaurant group, easyCoffee and Explore Learning.
- 8.29 In addition, a small number of other companies have generalised south-east England searches in hand (including Benson's and Sussex Beds) and may contemplate Eastbourne if their specifications are fully met, while the remaining demand is generally from small regional, independent and locally based start-up operations.
- 8.30 It is apparent from the recent marketing of modern, high quality retail and restaurant accommodation within the Arndale Shopping Centre extension that when such space is made available and with a defined captive market, then companies who previously expressed little interest in acquiring representation in the town have reconsidered their position and signed to take units.
- 8.31 We calculate that the Arndale Centre extension has provided take up covering the initial period of our study (until 2025) and in our opinion, the key provision of similar prime accommodation in the future should see additional requirements forthcoming. As always with such retail provision, location and the nature of the space and servicing are key.
- 8.32 Outside of the Arndale Centre and in the very best High Street locations (i.e. pedestrianised Terminus Road), we envisage a similar provision of better quality space would also generate reasonable retail demand if provided.

### Existing Provision and Key Gaps

- 8.33 Prime space is at a premium, as emphasised by the marketing exercise in respect of the recent Arndale Centre extension. It is calculated that further demand will exist during the period of this study and we envisage this will need to be generated in a similar environment. The Arndale Centre is considered the only true 100% retail pitch in Eastbourne and while surrounding areas (Terminus Road) may improve as discussed below, it is unlikely they will directly compete prior to 2035.
- 8.34 In respect of foreseen but currently unknown demand from non-represented multiple and regional restaurant / café operators, we particularly view Cornfield Road with its wide pedestrianised pavements and tree-lined boulevard ambience as having the capacity to further improve its (and the town's) food and drink offer, building upon the existing presence of Pizza Express, JD Wetherspoons, the Cornfield Garage, Georgio's coffee shop, Ashoka, Coffee & Juice Bar, Solo Pasta and others. Opportunities exist for the conversion of existing bank, estate agent, retail and store premises.
- 8.35 The 'Eastbourne Town Centre Improvement Scheme' is currently under discussion, including a review of the Terminus Road bus stop area and their possible relocation to Cornfield Road, or as has most recently been contemplated to Gildredge Road. Other improvements are proposed to the non-pedestrianised section of Terminus Road between the Arndale Centre and Eastbourne railway station.
- 8.36 Provision of a compatible tourist led infrastructure in relevant seafront locations, particularly in the restaurant, café and bar sectors will need to be regularly reviewed to meet future changing needs and to reflect visitor requirements and attractions.

- 8.37 At present the seafront is traditionally landscaped with a pier, gardens, the Wish Tower and other attractions. Commercially Grand Parade is dominated by hotel frontages, many offering full board package terms.
- 8.38 Secondary, bordering on tertiary and run-down (with numerous voids) convenience shopping and take-away provision exists in Seaside Road, which runs parallel and to the north of the seafront. Tesco Express is represented to the east, the Royal Hippodrome Theatre is located here and the TJ Hughes store anchors the western end at its junction with Terminus Road. Most traders are small-scale independents and the area would benefit from investment to enable it to remain a viable retail location.
- 8.39 The other seafront hinterland thoroughfare to note is the continuation of Terminus Road (at its southern end), where numerous, mainly independent restaurants and cafes exist and with wider, protected (bollards) pavements to provide external seating areas. Harry Ramsden's is located at the seafront end of the road, at the junction with Grand Parade, but having its main frontage to the latter thoroughfare.
- 8.40 Little Chelsea (around the Grove Road / South Street area) has created itself as a centre for independent shopping with a similar minded food and drink offer. One or two multiple operators are represented, albeit the nature of the small, irregular shaped, period buildings in this locality lend themselves to creative, independent trading. The next step is to firmly establish the area as Eastbourne's equivalent of The Lanes (Brighton) or Pantiles (Tunbridge Wells). Parking is currently under review in this area.
- 8.41 Existing farmers and other market provision appears limited.
- 8.42 In secondary suburban retail locations, plans are envisaged to upgrade, improve and enlarge the Langney Shopping Centre and we consider implementation will be an important element of providing retail accommodation to meet future needs to the north of the town centre.
- 8.43 At Sovereign Harbour, the Waterfront comprises a dozen mainly local restaurants, but also including a Harvester and Frankie & Benny's. Cluttons considers an improvement in offer and quality is ideally required to retain its draw in the long term.
- 8.44 Out of town locations such as Admiral Retail Park and Sovereign Harbour are currently considered close to capacity and future capacity will need to be planned for either these locations or other sites elsewhere in Eastbourne Borough.

### **Future Needs**

- 8.45 In respect of the changing retail market, the quantitative analysis presented above suggests that there is little doubt that the influence of on-line sales will come to bear on high street provision albeit to what extent is still uncertain.
- 8.46 At present, it appears the trend initially will be for operators to concentrate upon 'assisted selling' provision, namely adaptation to a more showroom style of retailing utilising the benefits of web technology and its links to sales to speed up and secure physical sales with delivery and collection provision included as appropriate.
- 8.47 Research indicates future shopping growth will primarily be in the comparison goods sector as against convenience spending. An analysis of the existing comparison goods sector (see Section 4.0) indicates Eastbourne is currently well represented within these trades, where recent growth has been seen and it is envisaged will continue, in predominantly the pharmacy, health & beauty and clothing industries. The form of the more limited growth anticipated in the convenience goods sector is envisaged to focus upon "being and buying local".

8.48 However, with uncertainty existing as to the style, form and nature of future retailing, it is essential a solid foundation is laid to provide the flexibility to enable Eastbourne to enhance and maximise its future provision, including the ability to adapt to changing market needs. An increasing population, potential growth in visitor numbers, retail provision and expansion of said market also presents opportunities for existing operators to add additional outlets to satisfy capacity and demand, particularly in the food & drink sector (i.e. additional branded coffee shop outlets throughout the town).

8.49 In realising this vision, it is considered that the following factors will need to play a key part of any future retail and leisure strategy for the Borough:

- i The creation of clearly defined, designated, well-linked and supported districts for the following sectors:
  - a retail (prime, secondary and out-of-town);
  - b restaurants, bars & cafes;
  - c leisure (gyms, sports, spa, community);
  - d cultural (theatres, cinema, galleries); and
  - e tourism (seafront, attractions & events).

Collectively these sectors are known as the 'experience economy'. The ability to closely link retail with these other sectors is considered fundamental to future needs.

In respect of the above, again the recent Arndale Shopping Centre extension provides, in microcosm, a prime example of the success in creating integrated quality retail, restaurant and leisure (cinema) facilities to maximise and satisfy both operator and customer demand.

- i The provision of modern units to meet retailer and restaurateur specifications and business expansion, along with in-built flexibility to absorb changing market needs;
- ii An increase in all-weather shopping environments;
- iii Consideration of public space, pedestrianisation and pavement widening to assist businesses and meet future customer / visitor needs;
- iv Supporting promotion of Eastbourne as a destination location, as well as raising awareness of facilities, intentions and improvements locally;
- v A contiguous integrated access policy to ensure good public transport links (including pedestrian, car, bus, train and cycle route provision and Park & Ride) between established, expanded and newly created areas is essential;
- vi Connectivity between the town centre and the above, Sovereign Harbour, outlying retail parks, other business and public-sector provision (hospitals, housing etc.) is paramount;
- vii The overhaul, modernisation and requirement of a fit-for-purpose central transport hub based upon the mainline railway station, plus satellite suburban transport hubs is envisaged as being an essential ingredient of an overall plan; and
- viii Highway improvements to support the above where appropriate.

## 9.0 Conclusions and Policy Implications

- 9.1 This section draws together overall conclusions and considers potential policy approaches in relation to economic development needs for Eastbourne as well as other measures which may be required to support Eastbourne's economic growth objectives.

### Economic Performance and Key Challenges

- 9.2 Eastbourne has performed relatively well in terms of growing and diversifying its employment base in recent years and the Borough's population growth has outperformed regional and national trends. It does however lag behind on a number of enterprise, labour market and skills indicators, with scope to improve these areas as part of enhancing the Borough's overall economic competitiveness.
- 9.3 The Borough has an established stock of commercial space supported by a number of successful business clusters (for example in and around Hampden Park and Lottbridge Drove). Over recent years, it has seen its stock of office, industrial, retail and leisure floorspace gradually decline. This has partly been driven by ongoing economic restructuring but also as a result of increased pressure on a finite supply of sites from other higher value uses, particularly with regard to existing industrial and office uses. For office uses, the recent introduction of PDR has also contributed towards a gradual erosion of space; this national policy is considered to have had a significant impact upon Eastbourne's office market, by removing a number of outdated premises from its portfolio but also creating uncertainty for the Local Planning Authority in terms of how it meets the changing needs of Eastbourne's office based sectors, many of which are expected to drive employment growth going forward.
- 9.4 From a commercial property market perspective, Eastbourne is relatively self-contained with most demand originating from local companies. This is not expected to change significantly in future given Eastbourne's geographical location and relatively constrained transport networks. The only significant cross border relationships and linkages are with southern parts of Wealden (in particular the settlement of Polegate, just to the north of Eastbourne Borough) which is considered in FEMA terms to form part of the wider Eastbourne urban area. Viability issues have restricted the development of new commercial space in the Borough over recent years (particularly in regards to offices) although limited availability of land is also reported to have held back development within the Borough, with very limited opportunities to satisfy market demand for new commercial premises. Eastbourne generally attracts good levels of occupier demand but often requirements cannot be met; the consequence being that existing companies are either unable to expand as quickly as they would like, are forced to occupy substandard accommodation or relocate outside of the Borough. Local market feedback indicates that the particular market 'pinch point' is for industrial space, where market demand is strong but the development pipeline is reported to be extremely limited.
- 9.5 This intelligence is echoed by business feedback received as part of this EDNA study that whilst current premises are generally serving their needs, many have experienced difficulties expanding and/or relocating within the Borough. Many of the respondents to the business survey also perceive there to be a limited choice of business accommodation in the Borough, particularly in terms of availability of sites and premises to buy, range and choice of sites, range of locations, as well as number of site opportunities available.



## Meeting Future Economic Development Needs

- 9.6 The future growth scenarios considered in this study indicate the broad scale and type of growth associated with different approaches to modelling economic development needs and requirements for Eastbourne over the period 2015 to 2035. To varying degrees, these scenarios reflect both the indigenous growth needs in Eastbourne as well as a degree of footloose demand that operates within a wider sub-regional market. In the context of the NPPF and PPG, the policy approach adopted by the Council should aim to positively plan to support the economic development needs of Eastbourne so that the local economy is not unduly constrained over the plan period, but also recognises the issues around land supply and competing pressures on available development sites.
- 9.7 In order to ensure a flexible and responsive policy framework for the Borough, it will be necessary to not just concentrate on meeting the forecast quantitative requirements for office, industrial and retail and leisure space in Eastbourne, which will fluctuate over time, but to reflect on the opportunities and risks that flow from particular policy approaches. This could include how the delivery of business space can be prioritised in particular areas and for particular uses, or how scope can be created to deliver inward investment opportunities for Eastbourne. For example, by drawing and capitalising upon the growth opportunities provided by Sovereign Harbour and the forthcoming Arndale Centre extension which provides Eastbourne town centre with a strategic growth opportunity.
- 9.8 Any supply-side studies and assessments that may be undertaken as part of the Local Plan evidence base should assess the quality and fitness-for-purpose of employment, retail and leisure land supply across the Borough alongside, if necessary, a more detailed analysis of the qualitative supply-side issues identified as part of this assessment.
- 9.9 The PPG requires local planning authorities to regularly review short-term changes in economic market conditions and it will be important that EBC closely monitors the pace, scale and location of commercial floorspace change, requirements and delivery over time, and consider this within the context of the demand-side evidence presented within this study. This process would benefit from closely working with local business sectors to understand their aspirations for new employment floorspace.
- 9.10 In this context, it is important that planning for office, industrial, retail and leisure employment growth in the Borough is balanced against pressures from other land uses. These uses compete with a wide range of other commercial uses (which fall outside the remit of this study), some of which may also generate benefits to the Eastbourne economy or have identified needs that the NPPF indicates should also be duly supported.

## Future Growth Scenarios

- 9.11 In line with PPG guidance on undertaking economic development needs assessments, three different scenarios of future economic growth in Eastbourne have been developed as part of this study. These produce a series of B class floorspace requirements that range in net terms from - 35,720 sqm (under the past take-up scenario) to 63,720 sqm (under the baseline job growth scenario) over the 20 year period to 2035. This is equivalent to a decrease in Eastbourne's existing stock of employment space of 10% and an increase of 18%<sup>19</sup>.
- 9.12 Adding a 10% buffer or margin to allow for flexibility and choice in the local market - providing an illustration of indicative gross employment floorspace requirements - increases this range to between -34,550 sqm and 70,090 sqm. For two of the three scenarios, the scale of annual B class

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<sup>19</sup> Based on total stock of employment (office and industrial) floorspace of 351,000 sqm in 2015 (VOA 2016)

job growth is expected to be higher over the 20 year period to 2035 when compared with past trends of B class employment growth in the Borough.

- 9.13 In overall terms, B use classes (i.e. office and industrial uses) are not expected to play a significant role in driving employment growth in Eastbourne over the 20 year plan period to 2035. The latest Experian 'business as usual' sector forecasts imply that Eastbourne's share of B class jobs to total jobs will reduce slightly over the next 20 years, and that only 15% of employment growth over the study period will fall within B use class sectors (in contrast, other sectors such as social care and healthcare are expected to play a much more significant role in supporting employment growth). Nevertheless, the Experian baseline forecasts imply a rate of job growth that is still higher than past trends (covering the period 1997 to 2015) and much higher than the Experian baseline forecasts procured as part of the previous (2013) Employment Land Review for Eastbourne Borough and also used within the 2016 SHMA.
- 9.14 Within the context of the NPPF requirement to plan positively for growth, it is recommended that the Council consider planning to accommodate at least the labour supply based requirement (scenario 3) to ensure that the Borough's indigenous growth potential (i.e. arising from its resident workforce) is not constrained by lack of spatial capacity in future.
- 9.15 At the same time, the Council should consider the scope to plan as far as it can for the higher growth scenario associated with Experian labour demand (scenario 1) which implies the highest overall employment growth of all three approaches and also higher than past trends of job growth recorded in Eastbourne. This higher growth scenario would also align well with and support the Council's wider ambitions for development and regeneration over the coming years, demonstrated by a number of significant economic development projects that are in the pipeline including the £35m redevelopment of Devonshire Park and £70m extension and transformation of the Arndale Centre.
- 9.16 Retail projections based on forecast population growth and current retail trends indicate a quantitative requirement of 42,827 sqm for comparison goods retail, 5,904 sqm for convenience goods retail and 7,310 sqm for food and beverage retail over the study period 2015-2035. This equates to a total retail requirement of 56,041 sqm over the period, the majority (78%) of which is expected to arise during the latter part of the study period (2025-2035). Over the 20 year study period, this is equivalent to an increase in Eastbourne's existing stock of retail floorspace of just under 20%<sup>20</sup>.
- 9.17 The Arndale Centre extension is expected to provide sufficient take up to cover the initial period of the EDNA study (until 2025), while key provision of similar prime accommodation in the future should see additional requirements forthcoming. As always with such retail provision, location and the nature of the space and servicing are key factors for success.

## Accommodating Growth

### Industrial Uses

- 9.18 Eastbourne's industrial sector is expected to grow and gain jobs under all scenarios considered as part of this EDNA, with the wholesale and distribution sector anticipated to make the greatest contribution in employment growth terms. Within the context of strong market demand for industrial space in the Borough, limited supply of land and the gradual erosion of industrial stock over recent years, the focus for accommodating growth going forward is likely to be placed upon making more efficient use of existing industrial estates in the Borough, whilst accepting that some occupier requirements will be displaced to other locations outside of the Borough

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<sup>20</sup> Based on total stock of retail floorspace of 284,000 sqm in 2015 (VOA 2016)

boundary but within Eastbourne's wider FEMA (in locations such as Polegate where land availability has historically been higher and recent industrial development has taken place).

### Retail and Leisure Uses

- 9.19 From a retail and leisure perspective, the Arndale Centre extension represents the key development in the local market and will markedly improve Eastbourne's retail and leisure offer, appeal and draw. The development offers significant opportunities for surrounding town centre areas to benefit from increased footfall and spending, including smaller independent retailers, helping to cement and enhance Eastbourne's position in the sub-regional retail hierarchy. Whilst the extension is anticipated to be sufficient to accommodate the Borough's retail requirements over the short to medium term, other prime space locations in Eastbourne town centre (such as a pedestrianised Terminus Road) will need to provide the focus for meeting wider needs over the longer term. A wide range of qualitative improvements and interventions (such as public realm improvements, pedestrianisation and more concerted promotion of Eastbourne as a destination location) could be pursued as part of a strategy for supporting the Borough's retail and leisure sector to grow and diversify over the coming years.
- 9.20 Eastbourne accommodates a wide range of hotels, although representation as regards the major chains is limited, save for the budget sector, with Premier Inn and Travelodge both in the town. Feedback indicates a need for improvements in the quality of the Borough's hotel stock in order to attract higher-spending visitors and support the growth of the wider visitor economy. The hotel sector has not specifically formed part of the scope of this study, but there are no readily known requirements for the town from the mid-tier or luxury hotels sector. Eastbourne is fairly similar to most south coast towns in this respect and it is considered that the position is unlikely to change significantly in the foreseeable future. Any further demand for hotels in Eastbourne would be likely to emanate from the budget to mid-range sector as opposed to the luxury end, but is not likely to be significant until such time as the overall leisure attractions market sees an uplift, which could be triggered by the Devonshire Park improvements.

### Office Uses

- 9.21 The overall requirement for office floorspace identified by this EDNA for the study period covering 2015 to 2035 is relatively modest in scale, ranging from 7,830 sqm under the labour supply scenario (scenario 3) and 10,250 sqm under the baseline labour demand scenario (scenario 1) (i.e. the range of scenarios recommended to be planned for). This quantum of space is lower than identified by the 2013 Eastbourne ELR (albeit this covered a different study period from 2012 to 2027) and set out as a requirement within the 2016 Eastbourne Employment Land Local Plan (ELLP) (c.29,000 sqm between 2006 and 2027).
- 9.22 The office market in Eastbourne has been generally characterised by limited levels of demand and more recently by the piecemeal erosion of stock. Two of the three growth scenarios considered as part of this study (labour demand and supply) imply positive growth in Eastbourne's office jobs base over the 20 year period to 2035, albeit as noted above the absolute scale of growth is modest and the pace of growth is expected to slow compared with past trends.
- 9.23 At a macro level, economic growth forecasts have been downgraded over recent months as a result of Brexit and the continuing economic uncertainty that this has caused. Office based sectors are more likely to be vulnerable to these uncertainties and this is likely to partly reflect the implied 'slow down' in growth forecasts for office based sectors in Eastbourne. PDRs have shaped the Borough's office market over the last few years and the Council may now wish to consider taking a more pro-active approach towards protecting and managing Eastbourne's remaining office supply to allow more planning certainty and to better respond to changing workspace demands. Notwithstanding this, a number of positive market signals – including the

near full occupancy of Pacific House (Eastbourne's newest office development) and increased levels of activity within the serviced, flexible office market – suggest that there is an appetite amongst local firms to occupy good quality space in well-connected locations. This is supported by an emerging network of flexible, community business spaces in Eastbourne such as the Devonshire Collective which offers a number of creative and cultural hubs across the town centre providing studios, makerspaces, workshops, a gallery and café for the benefit of artists, community members and the wider public<sup>21</sup>.

- 9.24 With regards to planning for office based growth going forward, a balance needs to be struck between 'in town' and 'out of town' provision to maintain the role of offices as a key town centre use but also broaden the stock types available within the Borough to offer choice and accommodate and attract greater levels of demand over the plan period. This balance is noted within the Eastbourne ELLP, which also identifies that demand for new office space has become increasingly polarised, with occupiers either preferring 'in town' locations due to the vibrancy and wider amenity offered by a town centre location, or 'out of town' locations due to the perceived lower costs, fewer traffic and parking restrictions, and better security. These different locations are likely to attract different types of development and occupier interest, and in order for Eastbourne to maximise its attractiveness to investors and retain businesses within the town, a choice of office locations needs to be provided.
- 9.25 Recent office occupier demand in Eastbourne has been driven by smaller businesses rather than large corporate occupiers, and as a result many of the larger buildings in the town centre have been converted to residential use. Remaining large scale occupiers are now concentrated in the public sector. There will likely be demand for small scale office suites in the town centre, but equally the recent success at Pacific House (which is now reported to be 80% let) demonstrates that there is demand for office accommodation at Sovereign Harbour and that this remains an appealing office location for some firms.
- 9.26 The development of new office space at Sovereign Harbour – the Borough's only remaining out of town location capable of accommodating new business development – has been a Council priority for a number of years and the ELLP identifies it as the key location for new office provision going forward (representing 80% of the overall B1a/b floorspace allocation to 2027). This focus largely reflects supply side factors and land availability, and the lack of alternative locations in the Borough for new office development of any significant scale. While supply side issues and availability falls beyond the scope of this EDNA study, it may well be that more development takes place at Sovereign Harbour in the long term due to a lack of development and land opportunities in the town centre.
- 9.27 Coupled with the latest growth forecasts and demand side drivers, qualitative market intelligence gathered as part of this EDNA study suggests that the balance of office provision between the town centre and Sovereign Harbour should ideally become more balanced going forward, particularly as the wider regeneration of the town centre (driven by the Arndale extension and Devonshire Park development) continues and provides a renewed focus and opportunity to develop a critical mass of like-minded enterprises seeking well located and accessible flexible office space. Eastbourne town centre has traditionally been the main focus for office floorspace provision within the Borough and is identified as a Sustainable Centre in the Core Strategy. As a main town centre use, sufficient provision of office space should be made within the town centre, although the ELLP notes that the delivery of office space is likely to be reliant on cross-subsidy from other forms of development as part of mixed use developments.

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<sup>21</sup> <http://devonshirecollective.co.uk/about/>

- 9.28 Recent experience has highlighted the challenges associated with delivering new office development at Sovereign Harbour and the issue of suitability and viability of land was recently examined as part of the ELLP. To date, just 2,350 sqm (less than 10%) of the original 1988 permission for 30,000 sqm of office space across two sites at Sovereign Harbour has been delivered; this took the form of Pacific House which was made possible through the allocation of £6 million Growing Places Fund (GPF). This commitment from the GPF highlights the potential for Sovereign Harbour to accommodate high quality employment space that is not available elsewhere in the area, and the site developers (Sea Change) are reviewing the possibility of submitting a planning application for the construction of a further similar sized building at Sovereign Harbour, which would also likely require public sector funding support to kick start the project.
- 9.29 It is important to note that viability challenges associated with new office development apply to the Eastbourne market as a whole rather than Sovereign Harbour specifically. Indeed, a recent report by Cushman & Wakefield<sup>22</sup> notes that:
- “Delivery of good quality new build office stock without public sector support or cross subsidy from other uses appears to be unlikely within the plan period given the existing level of returns and the projected future outlook for rents and construction costs. However, we consider there to be the potential for the office provision outlined within the local plan to be delivered within the plan period based upon cross subsidy from other uses, a proactive approach from EBC to promote development and flexibility on affordable housing requirements when other ‘loss making’ elements are being provided.” (p.30)*
- 9.30 Within this context, Sovereign Harbour is able to offer land supply that is arguably more readily available than in the town centre, given the short term land opportunity and recent provision of supporting infrastructure. However, the quantum of remaining allocation at Sovereign Harbour exceeds the objectively assessed need for office space in Eastbourne in quantitative terms over the study period to 2035. The development of Pacific House in early 2016 (providing 2,350 sqm of new office floorspace) in itself delivers approximately 25% of the highest Borough-wide requirement for office space over the 20 year plan period to 2035 (from scenario 1).
- 9.31 It is worth noting that economic forecasts fluctuate over time, and recent market trends show Eastbourne to be an attractive location for small scale businesses, in particular amongst start-ups requiring small scale flexible office space and ‘maker spaces’. As these companies grow they will require larger scale move-on space, which is currently in limited supply within the Borough. This EDNA study also identifies strong demand for industrial uses in Eastbourne over the study period, with many occupier requirements currently unable to be met within the Borough.
- 9.32 Within this context, there could be scope to consider a wider B class role for the remaining undeveloped land at Sovereign Harbour, through a careful masterplanning approach. In any event, any future allocation review or policy approach at Sovereign Harbour would need to be subject to a degree of certainty regarding the ability of Eastbourne town centre to deliver new office provision going forward, as part of mixed use developments.

### **Functional Economic Market Area**

- 9.33 From a functional economic market area perspective, Eastbourne is considered to be relatively self-contained, with market areas and flows generally not extending too far beyond the Borough boundary. The key exception to this is the southern part of Wealden District, which has

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<sup>22</sup> Cushman & Wakefield, Eastbourne Viability Report, June 2016

relatively significant inter-relationships with Eastbourne across a number of key economic indicators.

- 9.34 In light of the inevitably nebulous nature of functional economic markets, it is helpful for Local Planning Authorities to identify a pragmatic and logical 'best fit' with these various areas within the context of establishing Local Plan evidence and for the purposes of developing policy. Economic development needs have been assessed within this EDNA for the local authority area of Eastbourne in order to inform the new Eastbourne Local Plan, although the importance of flows of labour, residents and businesses and the resultant inter-relationships between different FEMAs should be recognised and used to inform planning policy.
- 9.35 The FEMA analysis suggests that close working with adjoining Wealden will be critical in order to plan to effectively meet Eastbourne's economic development and growth needs over the plan period; to local businesses, parts of southern Wealden effectively form part of 'greater Eastbourne' and over recent months and years new commercial development that has taken place in Wealden (most notably at Polegate) has played an important role in satisfying unmet demand from Eastbourne's businesses, many of which are faced with an increasingly constrained supply of space to grow and relocate (both in terms of premises and land).
- 9.36 It is important to consider how a core FEMA might change over time, on the basis of planned developments or infrastructure projects. For example, potential dualling of the A27 between Eastbourne and Lewes and the opening of a new rail station at North Langney could increase the area from which Eastbourne draws its labour supply (although it should be noted that both of these proposals are in very early stages and are unlikely to come forward in the near future<sup>23</sup>). Developments that are currently underway, for example the Arndale Centre expansion, could contribute to the broadening of Eastbourne's catchment area and commercial market FEMA. The new Bexhill to Hastings link road (Coombe Valley Way) has opened up a number of new employment development opportunities nearby and could provide an attractive alternative to Eastbourne based businesses particularly if land supply continues to be constrained within the Borough itself. This could have the effect of expanding the commercial property market area within which Eastbourne operates to encompass more of the East Sussex coastal stretch.

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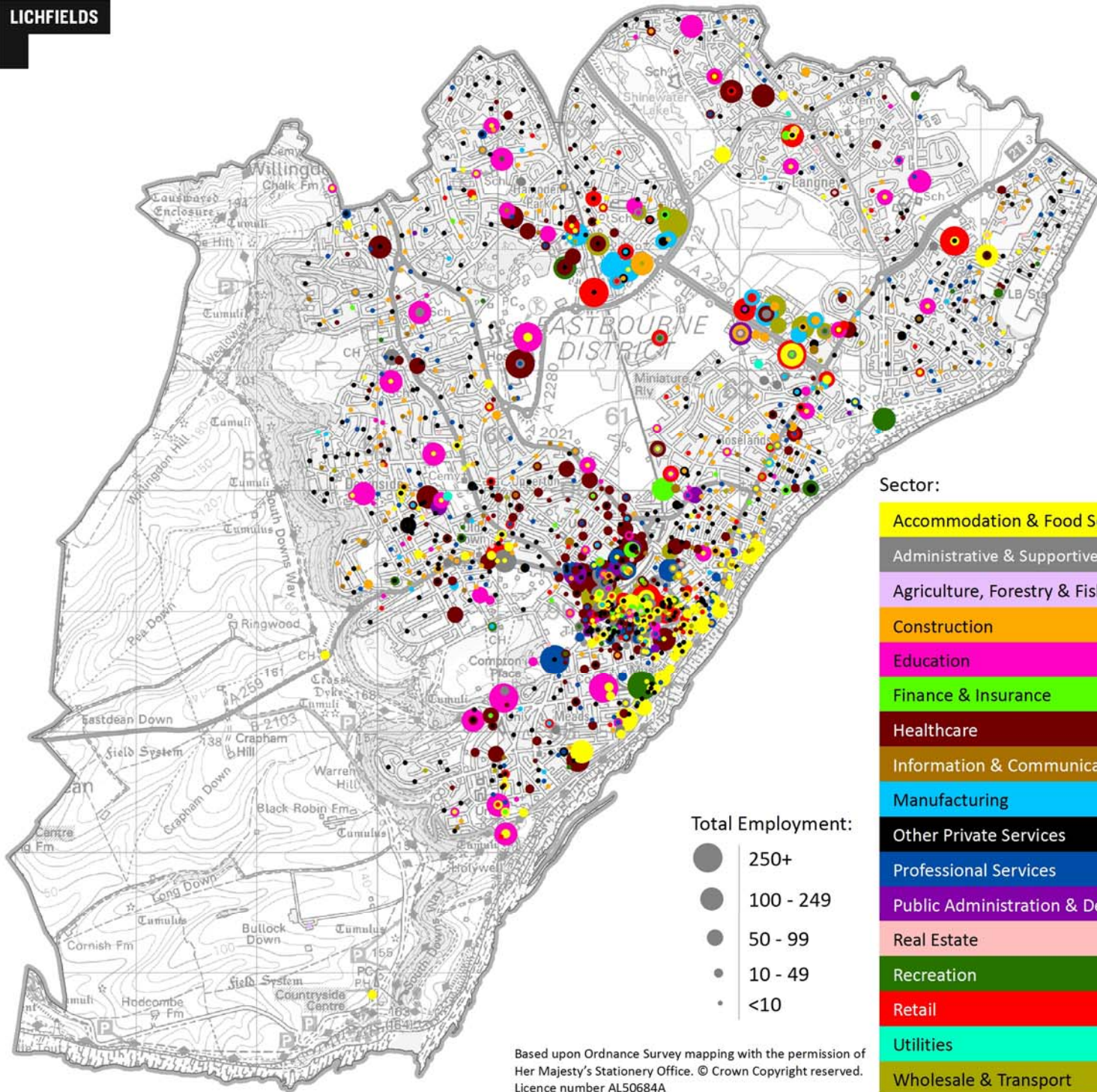
<sup>23</sup> A package of improvement schemes along the A27 east of Lewes was announced by Highways England in September 2017 to help reduce congestion and improve safety: <http://roads.highways.gov.uk/projects/a27-east-of-lewes/>

## Appendix 1: List of Consultees

Kerry Barrett	Lewes District Council/Eastbourne Borough Council
Mike Cogswell	Independent Economic Development Consultant
Graham Dodswell	Eastbourne Fishermen
Dave Evans	East Sussex County Council
Christina Eubank	Eastbourne Chamber of Commerce
Simon Hunt	Hunt Commercial
Philip Johnson	Locate East Sussex
Stephen Lloyd MP	Member of Parliament for Eastbourne
Mark McFadden	Stiles Harold Williams
Mark Orriss	Carillion
Mike Reid	Reid & Dean
Ellen Reith	East Sussex County Council
Martin Searle	Federation of Small Businesses
Clive Soper	East Sussex FSB
Paul Turton	Eastbourne Housing and Economic Development Partnership
Cllr David Tutt	Leader of Eastbourne Borough Council
Chris Williams	New Economics Foundation
Max Woodford	Lewes District Council/Eastbourne Borough Council

## Appendix 2: IDBR Mapping

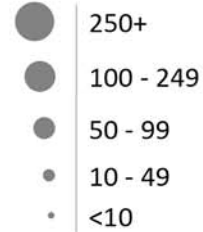




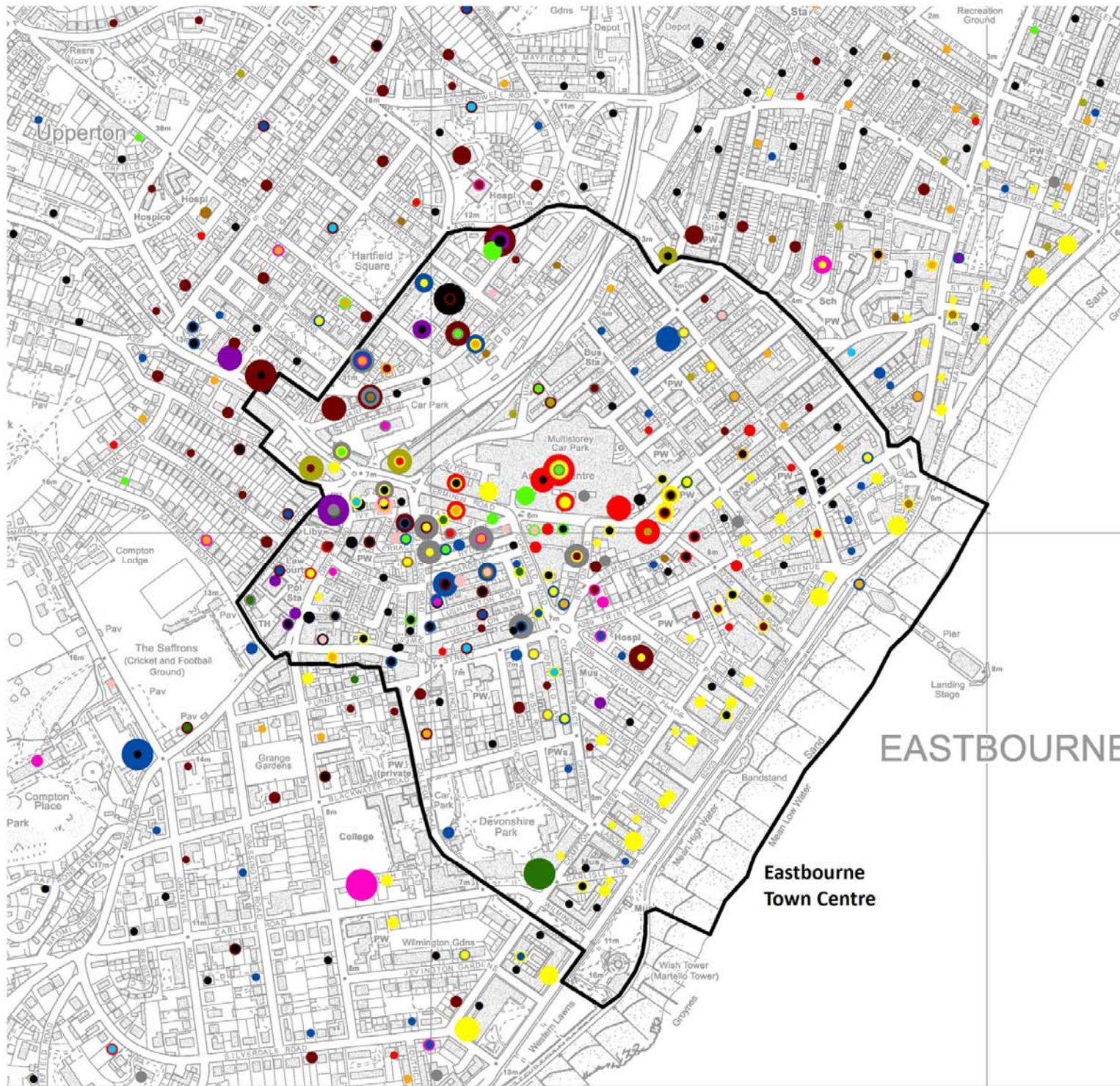
Sector:



Total Employment:



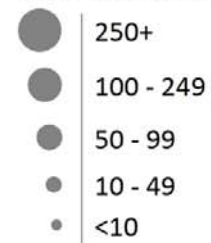
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**Sector:**



**Total Employment:**



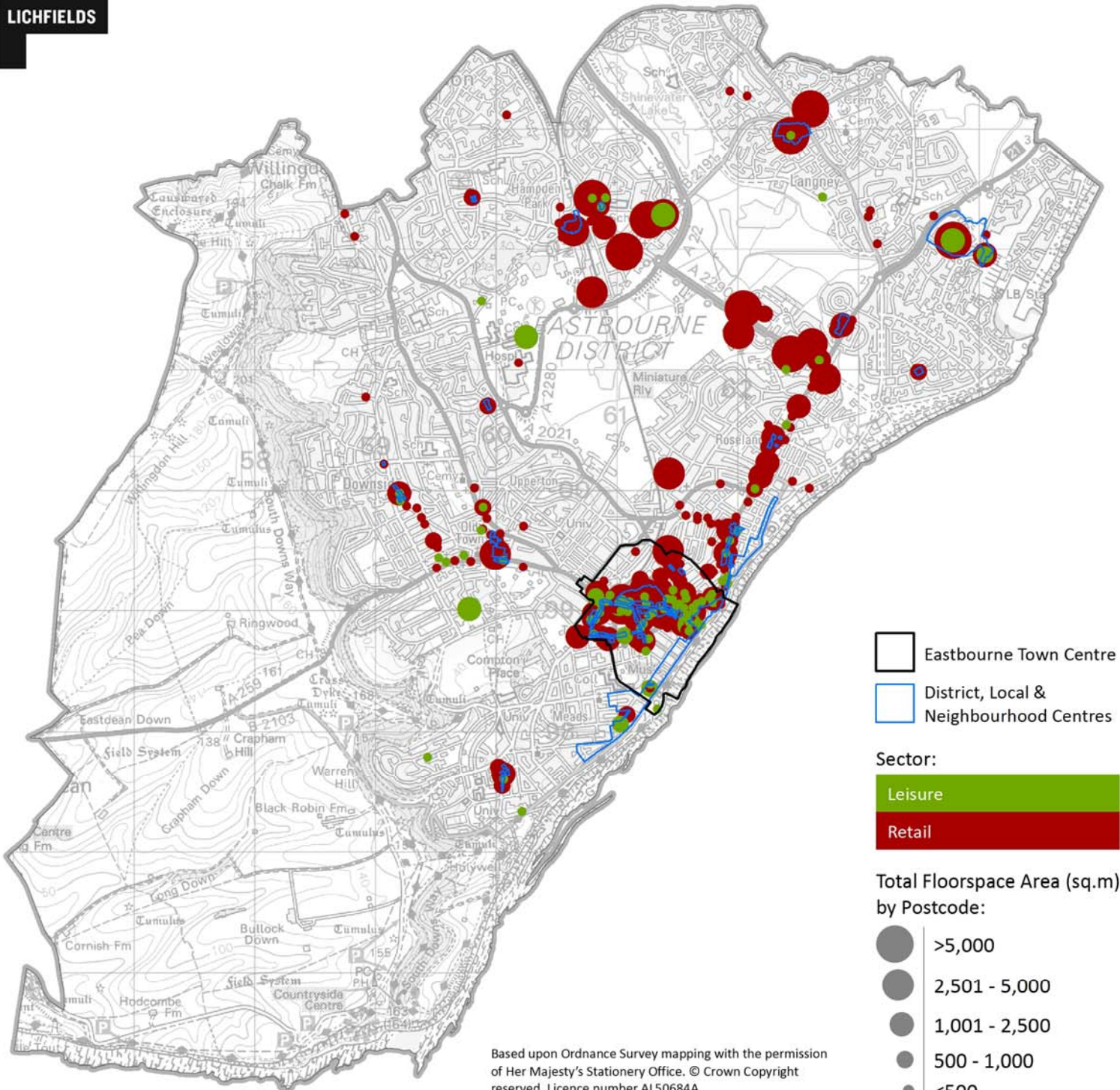
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EASTBOURNE

Eastbourne  
Town Centre

## **Appendix 3: VOA Business Floorspace Mapping**



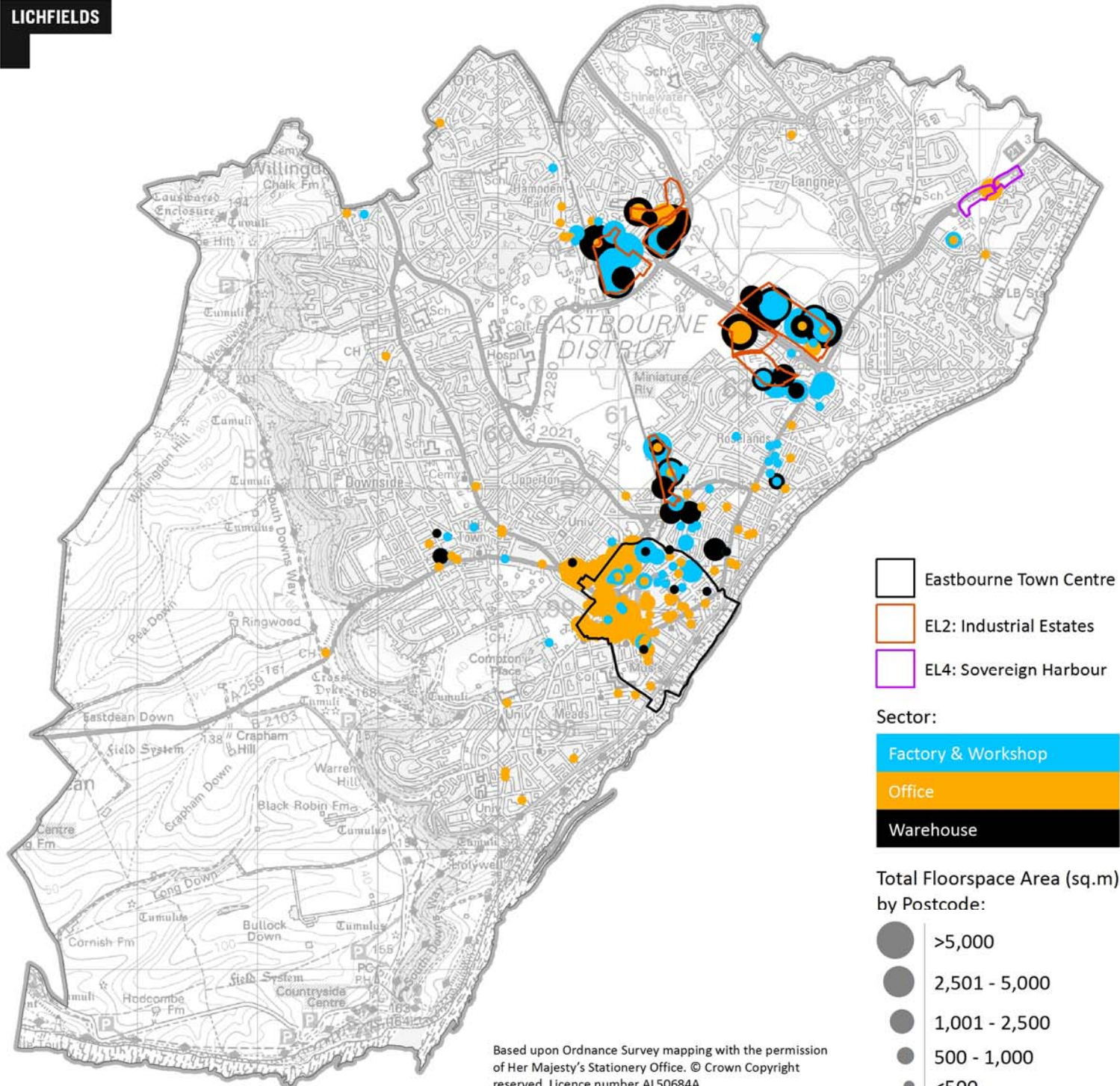
- Eastbourne Town Centre
- District, Local & Neighbourhood Centres

Sector:

- Leisure
- Retail

- Total Floorspace Area (sq.m) by Postcode:
- >5,000
  - 2,501 - 5,000
  - 1,001 - 2,500
  - 500 - 1,000
  - <500

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- Eastbourne Town Centre
- EL2: Industrial Estates
- EL4: Sovereign Harbour

Sector:

- Factory & Workshop
- Office
- Warehouse

- Total Floorspace Area (sq.m) by Postcode:
- >5,000
  - 2,501 - 5,000
  - 1,001 - 2,500
  - 500 - 1,000
  - <500

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## **Appendix 4: Business Survey Questions**

## Eastbourne Business Survey

### Introduction

**Eastbourne Borough Council is working with planning and economics consultancy Lichfields to undertake a survey to explore future needs for business and employment generating development in the Borough to help to plan for a good supply of land and premises for businesses.**

**As a local business, we would be interested to hear your views on the adequacy of the locality, infrastructure and existing commercial premises in the area as well as how the property offer could be improved to better meet the needs of local businesses.**

**We would be grateful if you could take 10 minutes to complete this short survey to provide your feedback and views by Friday 12th May. If you have any queries about this survey, or would like more information, please contact Matt Hitchen at Eastbourne Borough Council on 01323 410000 or via [matt.hitchen@eastbourne.gov.uk](mailto:matt.hitchen@eastbourne.gov.uk).**

**As a thank you for taking part, completed responses will be entered into a prize draw to win £50 High Street gift vouchers.**

**The information you provide will be used by Eastbourne Borough Council to inform planning and investment decisions. Information and personal details provided in this survey will not be passed on to any third party without your permission.**

## Eastbourne Business Survey

### Business Details

\* 1. Please fill in the following details about your company:

Company name:

Contact name:

Position within the company:

Type of company/main activity:

Current location:

Postcode:

Approximate number of employees (in Eastbourne):

How long has your business been trading (in Eastbourne):



## Eastbourne Business Survey

### Your Location/Site

2. What types of premises do you currently occupy? Please select all that apply:

- Office
- Factory/workshop unit
- Warehouse
- Shop unit
- Work from home
- Other (please specify)

3. Is your premises/site?

- Freehold
- Leasehold
- Managed workspace
- Other (please specify)

4. What type of site do you currently occupy?

- Town Centre
- Business/office park
- Industrial estate/site
- Work from home
- Other (please specify)

5. Please indicate how important each of the following factors is for locating your business in this area:

	Very important	Quite important	Not important	n/a
Availability of skilled labour	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of premises	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Affordable rent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Good accessibility/transport links	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Proximity to customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Proximity to supply chain	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Proximity to other businesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accessibility to training providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

## Eastbourne Business Survey

### Your Premises

6. How satisfied are you with your current business premises?

- Very satisfied
- Satisfied
- Not satisfied

Please explain your response:

7. How well do your current premises meet the space needs of your business?

- Not enough space
- About right
- Room to grow

8. Have you previously experienced any difficulties in finding suitable business premises or sites to expand, upgrade or relocate to within the local area (i.e. within Eastbourne)?

- Yes
- No
- n/a

If yes, what difficulties or barriers did you face?

9. Have you previously experienced any difficulties in finding suitable business premises or sites to downsize or consolidate within the local area (i.e. within Eastbourne)?

Yes

No

n/a

If yes, what difficulties or barriers did you face?

10. Is there anything that you think could be done to help businesses like yours to overcome these barriers in the future?

## Eastbourne Business Survey

### Future Needs

\* 11. Do you expect to expand or relocate your premises in the future, i.e over the next 5-10 years?

Yes

No

Please explain your response:

## Eastbourne Business Survey

### Future Needs

12. If yes, are you most likely to (please select one only)?

- Expand on existing site
- Relocate to another site in the same location
- Relocate to another site in Eastbourne
- Relocate elsewhere (please specify where)
- Other (please specify)
- Don't know

Please explain your response:

13. What would you be looking for from new premises? Please select all that apply:

- Larger
- Smaller
- Higher spec - more prestigious
- Lower spec - less prestigious
- Better access to main routes (e.g. A21/A27)
- Access to super fast broadband
- Better mobile phone reliability
- Better access to public transport routes
- Other (please specify)



Eastbourne Business Survey

Future Needs

14. Do you think there is currently an adequate supply of sites/premises in the local area in terms of:

	Yes	No	n/a
Number of sites	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Range of locations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Range of sizes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mix of tenures (i.e. freehold/leasehold/managed workspace etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Range of rental levels/costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Premises/space for business start-ups	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flexible work space (i.e. shared space)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of premises to buy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of sites to buy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your response:

15. Are there any factors that could prevent your business from staying in the area, or make you consider relocating? Please explain:

16. Any other comments?



## Eastbourne Business Survey

### Thank You

17. Would you like to be entered into the prize draw to win £50 of high street gift vouchers?

Yes

No

18. Would you be willing to be contacted to discuss your responses and views on doing business in Eastbourne?

Yes

No

19. If you entered 'yes' to either of the questions above, please provide your contact details below:

Contact Name

Telephone

E-mail

## Appendix 5: Experian Data Guide

# Data Guide

UK Regional Planning Service  
March 2017



Our main subscription website:  
<http://economics.experian.co.uk/>



# Data Guide

UK Regional Planning Service  
March 2017

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# Executive summary

This document outlines the current variable coverage in the March 2017 version of the UK Regional Planning Service, and the methodology behind the history and forecast.

[Appendix A](#) includes a glossary of terms.

[Appendix B](#) includes our definitions of the sectors.

[Appendix C](#) has the geography definitions.

[Appendix D](#) contains the most common Frequently Asked Questions

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# 1 Variable Coverage

To avoid implying spurious accuracy, we now round all county and local series to the nearest tenth of a unit. This means that people or job counts are now to the nearest 100 people or jobs and money counts are to the nearest £100,000, and rates are now to the nearest 0.1 percentage points. Forecasts for series with very small levels may appear to be very volatile when growth rates are considered. We, therefore, recommend viewing series with small values in levels not growth rates or considering growth rates over longer intervals than annually. Very small levels have been set to zero as they are essentially statistical artefacts.

**Figure 1.1: Variable coverage in the RPS**

- ✓ indicates that the variable is available in both the search query tool and the xls files.
- Xls indicates that the variable is available in the xls but not the search query tool.
- UK monthly forecast indicates that the variable is not produced as part of the RPS but can be found in the monthly UK macro forecast on our website.

Variable	UK	Region	County & Local Authority
<b>PRODUCTION</b>			
GDP	UK monthly forecast		
GDP by component of demand	UK monthly forecast		
Gross Value Added	✓	✓	✓
GVA by sectors	✓	✓	✓
<b>LABOUR MARKET</b>			
Employees by sector	✓	✓	✓
Self-employed by sector	✓	✓	✓
Government Trainees by sector	xls	xls	Upon request
Her Majesties Forces Total	xls	xls	Upon request
FTE Employment by sector	✓	✓	✓
Total ILO Employment – Residence based & Workplace based	✓	✓	✓
ILO Unemployment	✓	✓	✓
Unemployment rate	✓	✓	✓
Labour Force	xls	xls	Upon request
Activity Rate	xls	xls	Upon request
Inactivity Rate	xls	xls	Upon request
<b>DEMOGRAPHICS</b>			
Population: Total, Adult (16+)	✓	✓	✓
Age bands: 0-15, State Working age, State retirement 16-64, 65+	✓	✓	✓
Population by single or 5 year age band	Upon request	Upon request	Upon request
<b>HOUSEHOLDS</b>			
Nominal disposable Income	✓	✓	✓
Real disposable income	✓	✓	✓
Nominal income by component	xls	xls	Upon request
Nominal consumer spending	✓	✓	✓
Real consumer spending	✓	✓	✓
Consumer spending by COICOP category	Upon request	Upon request	
Cost of Living Index	✓	✓	
House price Index	✓	✓	Upon request
Hours worked	Upon request	Upon request	Upon request

Please note we are no longer publishing Claimant Count for Regional and Local Areas. This is due to the fact that complete data are no longer available due to the shift to Universal Credit.

## 2 Historical End-points

**Figure 1.2: Last historic data point**

Variable	UK*	Region	County & Local Authority
Gross Value Added	2016q4	2015q4	2015q4
GVA by sectors	2016q4	2015q4	2015q4
Labour market variables	2016q3	2016q3	All 2015q4 except ILO 2016q3
Income	2016q3	2015q4	2014q4
Consumer spending	2016q3	2014q4	2014q4

\*UK data for GVA, consumer spending and incomes is consistent with the 2013-based ONS data, for which historical estimates are available to 2016q3.

The historical end-point represents the last period in time for which we apply our processes to collect, calculate or derive data, details of which can be found in chapter 3: Methodology. All time-periods that are in the past but follow the historical end-point are Experian Economics' estimates.

We have not used any regional data published after February 2<sup>nd</sup> 2017 in producing this update of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

### **Population**

The population data provided are the Office for National Statistics (ONS) 2014 mid-year estimates for 1997-2014 (as revised in 2016<sup>1</sup>). For England, the 2014-based sub-national population projections for England are used. This RPS also includes the 2014-based sub-national population projections for Scotland and Wales for the first time.

### **UK forecast**

This forecast is consistent with an Experian Economics' February 2017 macroeconomic forecast which includes GVA for 2016q4. We explore this further in [section 4](#).

### **Geographic boundaries**

As communicated in previous data guides, we publish data on post-2009 local authority boundaries.

With the ONS gradually phasing out the publication of data on the pre-2009 local authority boundaries, it had become increasingly less credible for Experian to publish up-to-date historical data on these definitions. The table below shows those local authorities which no longer exist as individual entities (2<sup>nd</sup> column) and the name of the new local authority that has been created by their merger.

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<sup>1</sup> In 2016, a correction was published to the 2014 mid-year estimates for Scotland.

<b>Region</b>	<b>Disbanded local authorities</b>	<b>Merged to form:</b>
<i>North East</i>	Chester-le-Street, Derwentside, Durham, Easington, Sedgefield, Teesdale, Wear Valley	County Durham
	Alnwick, Berwick-upon-Tweed, Blyth Valley, Castle Morpeth, Tynedale, Wansbeck	Northumberland
<i>North West</i>	Congleton, Crewe & Nantwich, Macclesfield	Cheshire East
	Chester, Ellesmere Port & Neston, Vale Royal	Cheshire West & Chester
<i>West Midlands</i>	Bridgnorth, North Shropshire, Oswestry, Shrewsbury & Atcham, South Shropshire	Shropshire
<i>East of England:</i>	Mid Bedfordshire, South Bedfordshire	Central Bedfordshire
<i>South West</i>	Caradon, Carrick, Kerrier North Cornwall, Penwith, Restormel	Cornwall
	Kennet, North Wiltshire, Salisbury, West Wiltshire	Wiltshire



# 3 Methodology

## 3.1 UK Methodology

The approach for the regional planning service takes the UK variables as exogenous, imposed from the monthly UK forecast.

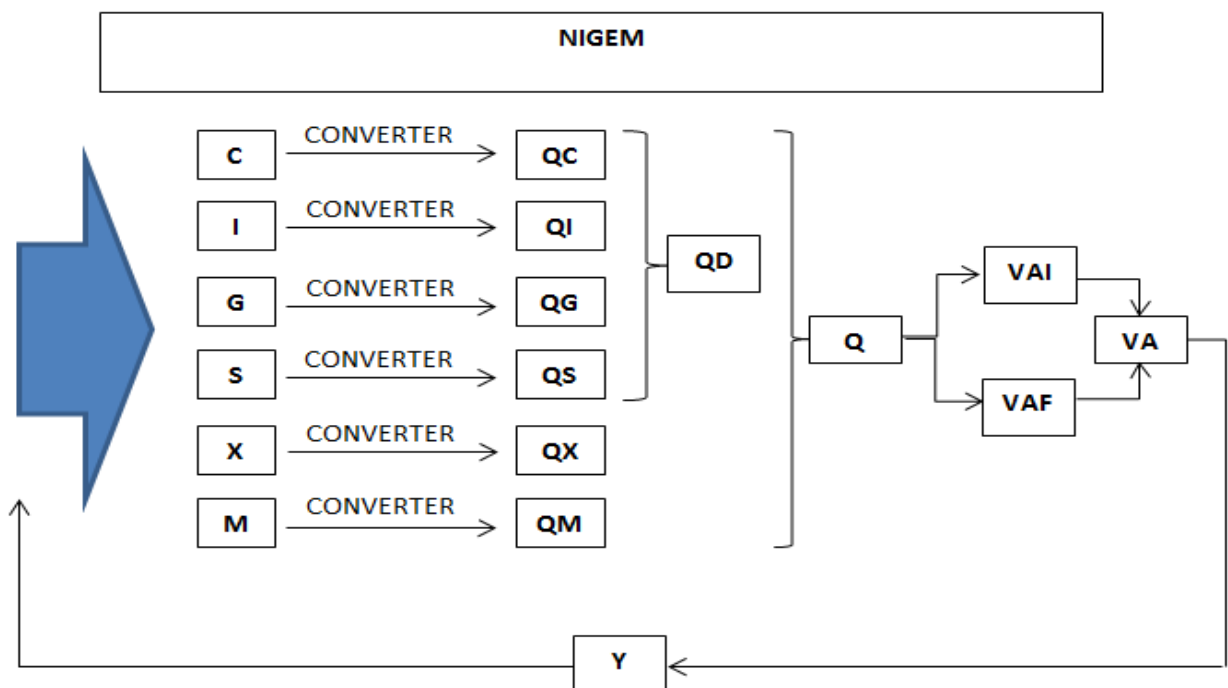
To produce the UK forecast we use a heavily customised version of the National Institute of Social & Economic Research's (NISER) model called NIGEM to provide our core macroeconomic forecast.

NIGEM is a general equilibrium model of the UK and World economy which forecasts, amongst other variables, aggregate GVA, expenditure, income and employment based on the UK National Accounts published by the Office of National Statistics.

To split this core forecast out into industries and sub-sectors we have a Sectoral Model which expands on the forecasts from the core NIGEM model.

We disaggregate total consumption (C), investment (I), government spending (G), stocks (S), exports (X) and imports (M) from NIGEM to a finer level of detail. This provides a highly detailed model of demand (Q) for industry GVA in the UK economy. Using converters derived from the ONS Supply and Use Tables, we convert demand into intermediate (VAI) and final (VAF) value added for each sector. This provides a comprehensive view of how value added is distributed across sectors. The growth rate of total value added (VA) for each industry determines its GVA (Y) growth rate. GVA is constrained in order to forecast total GVA from NIGEM. This Input-Output based model is iterative and captures intra-industry demand.

The industry GVA forecast is used together with wage forecasts to forecast employment by sector (E).



## 3.2 Regional methodology

### 3.2.1 History

All economic history used in the RPS is derived from official statistics published by the UK's Office for National Statistics (ONS). Our approach is to use existing statistics in the form they are published to the greatest extent possible. However, this is subject to the following exceptions:

- where there is a lag between an update of aggregate data and the corresponding disaggregation, the disaggregate data is constrained to match the latest aggregates;
- where ONS data is not published at quarterly frequency (for instance it is only annual data), we use a consistent methodology (described below) to construct quarterly data;
- where ONS data is not published at the geography required or in the detail required, we use a consistent methodology to add the necessary data ensuring that it constraints to published data at a higher level of geography or detail;
- on occasion, where ONS data is internally inconsistent we apply techniques to remove these inconsistencies.

The most timely and reliable data at the regional level is the workforce jobs series, published on a quarterly frequency by the ONS. There have been revisions to estimates of Workforce Jobs going back several years caused by benchmarking to the latest estimates from the annual Business Register and Employment Survey (BRES), updating seasonal factors and taking on board late information. There have been further revisions going back to the start of the series in 1959 resulting from some methodological improvements.

Employee jobs, self-employed jobs and government trainees are published at the level of the SIC 2007 Section providing us with 22 sectors.<sup>1</sup> In order to disaggregate this Section-level data to 2-digit sectors from which we can construct the Experian 38 sectors we use official survey data:

- In the case of employee jobs, we use the Annual Business Inquiry (ABI) and Business Register & Employment Survey (BRES). These are annual surveys which are not updated after being published – further the methodology has changed over the lifetime of these surveys. We apply a principled set of rules to derive consistent employee job shares within the Sections from the surveys.
- The March 2017 RPS uses the 2015 BRES, which provides data up to 2015. Pre-2010 we have made a working-owners adjustment, based on an overlapping year published by NOMIS in February 2013, in line with their recommended techniques for dealing with discontinuities.
- In the case of self-employed jobs, we use data from the Labour Force Survey (LFS).

Workforce jobs is the sum of employee jobs, self-employed jobs, government trainees and Her Majesty's Forces (who are assigned at the sector level to Public Administration and Defence).

To estimate full-time equivalent employment (FTE), we use data on hours worked in each sector and region derived from the Annual Survey of Hours and Earnings (ASHE). ASHE is also used to derive wage data for each region and sector.<sup>2</sup> We also use, for this purpose, compensation of employee data from the regional accounts. *Hours has been revised compared to December 2016 due to new ASHE data and the revised employee jobs, as a consequence FTE history has been revised too.*

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<sup>1</sup> The ONS has ceased publishing official 2-digit employee jobs data for the regions. The approach we have taken is consistent with the approach recommended by the ONS to derive 2-digit estimates.

<sup>2</sup> We do not routinely publish sector level wage forecasts; however, it is available on request.

GVA measured on the income basis is published in the regional accounts at an annual frequency in current prices. Total GVA and GVA by industry lag the latest complete year by 12 months. With the exception of manufacturing, the industry detail is only at the section level. Beginning with the December 2013 Regional Accounts (which were first incorporated in the March 2014 RPS), manufacturing GVA is available at the sub-section level. To construct the Chain Volume Measure data we follow these steps:

- the data is disaggregated and made quarterly using workforce jobs data;
- the data is deflated at the industry level using the UK deflators for the industries;
- the data is aggregated to produce a regional total – this implicitly creates a regional deflator by taking into account the different weightings of industries within a region.

Income is published in the regional accounts on an annual basis with a full breakdown of income sources and deductions. Income sources are:

- compensation of employees : wages and salaries *plus* employers social contributions
- self-employment income
- Net Property Income : made up of property income received *less* income paid
- transfers from the State (i.e. benefits and pensions)
- other Transfers
- 

Income deductions are:

- taxes
- social contributions
- transfers to others

The sum of income sources *less* income deductions constitutes disposable income. To convert this annual data to quarterly jobs we use (depending on the component) employee jobs, self-employee jobs or the UK quarterly pattern. We constrain these quarterly series to the official UK published data. Real disposable income is obtained by deflating disposable income by the consumer price deflator. *Please note that due to the recent revisions to employee and self-employment data some income components have been revised too.*

Household spending is derived by sharing out UK nominal expenditure using regional shares of expenditure reported in the Living Costs and Food Survey by type of expenditure. Nominal regional spending is deflated by published UK deflators and then aggregated to produce a regional total. This again implicitly creates a regional cost of living measure which we also publish.

Population projections are obtained from the ONS, based on the 2014 sub-national projections for England, and also for Scotland and Wales for the first time. These are spliced onto the 2014 mid-year estimates and constrained to the latest national 2014-based projections. The revisions back to 2002 due to the 2011 census were taken into account in the December 2014 RPS.

Our working-age definition incorporates all announced future changes in the state pension age:

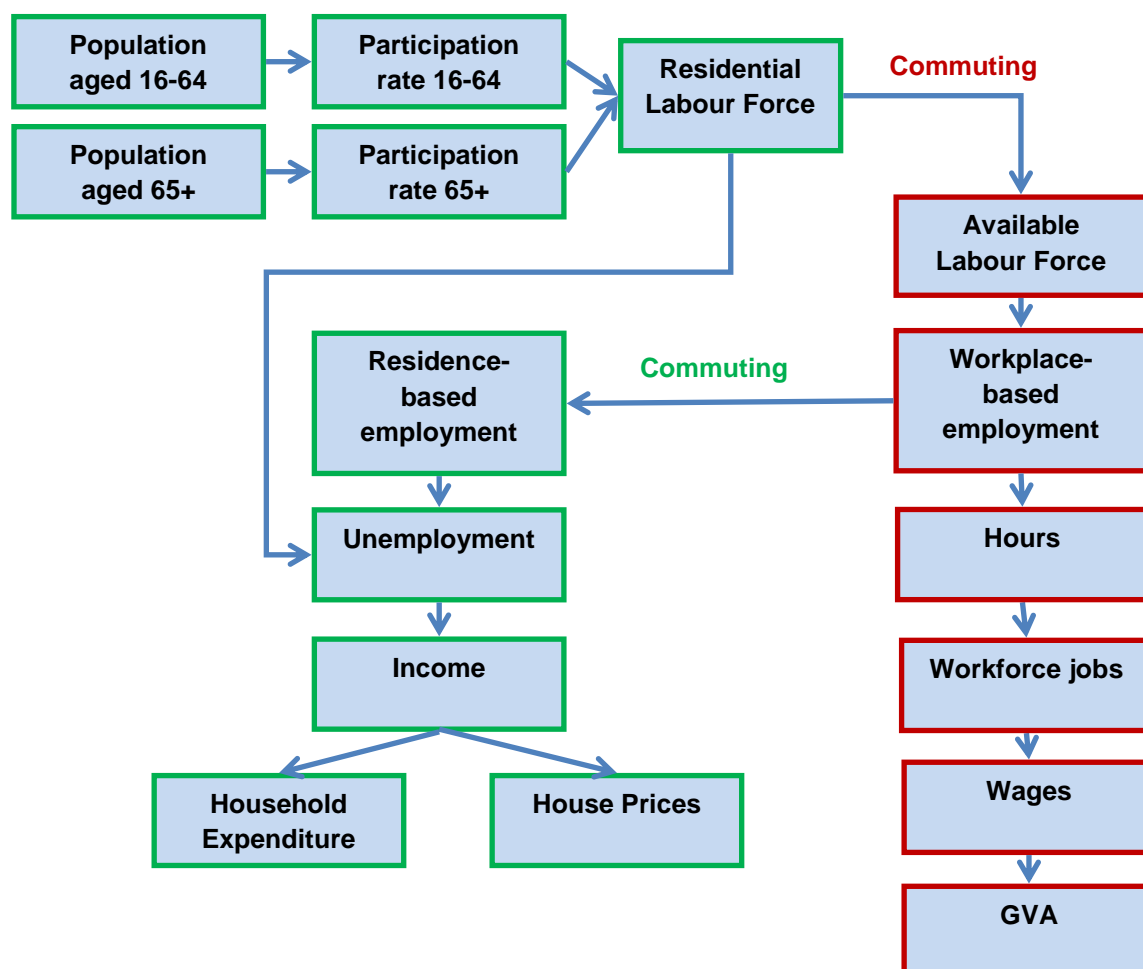
- The state pension age for women is rising from 60 to 65, equal with males. Both will then rise, in step, to 67 in our current forecast period.
- Female state retirement age started to increase from 60 in April 2012 and will reach 65 by 2018q4.
- From April 2019, both men and women will see their state retirement age rise from 65 to 66, with men reaching 66 by April 2020, and women a few months later in October 2020.
- The move from 66 to 67 is scheduled from April 2026 until April 2028 for both men and women.

In the 2013 Autumn statement it was announced that the rise in state pension age to 68 would be moved forward from 2046 to the mid-2030's. However, with no firm date, we have not yet incorporated this into our working age and state retirement age definitions.

We publish the following breakdown of population: school age (ages 0-15), state working age, state retirement age, adult population (16 and over) and total. Beginning in the March 2015 RPS, we also publish both the population aged 16-64 and 65 and over. Although their respective participation rates are not published, they can be derived. Our overall participation rate is based on a ratio of the total labour force to the entire adult population (not only the working age population).

### 3.2.2 Forecast

The regional model is sequential. Each variable is dependent only on variables earlier in the sequence and not variables later in the sequence. Variables are either workplace-based (red outlined boxes) or residence-based (green-outlined boxes.) Workplace-based and residence-based variables are linked by commuting relationships derived from the 2011 Census.



The population – split into two age ranges – is taken from the National and Sub-National Population Projections. We forecast participation rates for these age bands separately as they are subject to different trends. The total residential labour force is the sum of the labour force aged 16-64 and 65-plus. The aggregate participation rate is determined by two factors:

- The participation rate of the two age bands; and
- The share of each of the two age bands in the adult population.

The participation rate for those aged 16-64 is expected to remain relatively stable throughout the forecasting period. However, the rate for those aged 65 and over will grow strongly due to factors such as increasing life expectancy and rising state pension ages.

At the UK level, the share of the adult population aged 65 and over is projected to rise sharply over the next twenty years. There is, however, considerable variation at the regional level. Greater London – the youngest region in the UK – is projected to have a stable share.

These factors combine to produce substantial variation in the labour force forecasts for different regions.

Commuting flows are used to derive the available labour force for a region. This is:

**Workers Resident in the Region – Workers Commuting Out + Workers Commuting In**

In the case of Greater London, the South East and the East of England, these flows lead to a substantial difference between the residential labour force and the available labour force. The effect is still present but less pronounced in other regions.

The available labour force is one of the drivers in forecasting workplace-based employment. The other drivers include the industry mix and the performance of industries at the UK level. If industries with a high share in the region are performing well at the UK level, this will benefit the region.

The workplace-based employment is converted back into residence-based employment. This is:

**Workplace-based Employment – Workers Living Elsewhere + Residents Working Elsewhere**

From this point, residence and workplace based variables are solved in parallel with residence-based variables dependent on residence-based employment and workplace-based variables dependent on workplace-based employment.

The residential labour force and residence-based employment are used to calculate unemployment. Residential income is driven by employment; and itself drives house price and household expenditure forecasts.

Workplace-based employment drives aggregate hours worked, wages and GVA. These aggregate variables feed into the detailed part of the model, which produces forecasts for each industry:



In each case, we forecast shares of the region within the UK industry. We then share out the UK industry data subject to the constraint of the total that has already been determined and the UK total.

## 3.3 Local methodology

### 3.3.1 History

As at the regional level, all local economic history used in the RPS is derived from official statistics published by the ONS. Our approach to using this data is identical to that given above at 3.2.1. However, data at the local level is more likely to be incomplete<sup>1</sup> or inconsistent<sup>2</sup> than is the case at the regional level. For this reason, there is greater call for the application of techniques to construct missing data and to remove inconsistencies than is the case at the regional level.

In all cases, local area data in a particular region is constrained to match the regional total for the same variable. This has two particular advantages:

- Local data is made consistent with regional data of the same vintage.
- Where local data has been estimated or constructed, the regional data ensure that the estimates together are consistent with more reliable data.

The ONS do not publish a workforce jobs series at the local level. Accordingly, we construct workforce jobs series for each local area using BRES/ABI in the same way that BRES is used at the regional level to disaggregate section estimates. The BRES share for a particular industry of a local area in its parent region is used to disaggregate the regional workforce jobs series for that industry. As BRES is a survey, the figures over time for a particular local area industry combination can be volatile<sup>3</sup>. Further, certain years' results may be withheld to prevent disclosure of confidential data. Accordingly, to obtain sensible data it is necessary for us to smooth out this volatility and to interpolate over the gaps.

At the local level, the most timely and comprehensive data are Annual Population Survey (APS) for residence and workplace-based employment and unemployment data<sup>4</sup>. These data are obtained directly from NOMIS and then constrained to the national numbers.

In September 2015, we re-visited the relationship between local workforce jobs and workplace-based employment. The local workforce jobs (which make use of BRES shares) was benchmarked to the ILO workplace-based employment which itself has first been benchmarked to the Census 2011 point with the pattern in years either side preserved.

Regional accounts data is provided at sub-regional level for both GVA and income as it is at the regional level. The same methods are used at the local level as at the regional level to process these data. However, sub-regional data is only published for NUTS2 and NUTS3. Since not all local authorities constitute a NUTS3, it is necessary to disaggregate these data to local level. Further, the data provided at NUTS3 are less comprehensive than those provided at NUTS2<sup>5</sup>. We make use of this NUTS2 data by constraining our disaggregated NUTS3 estimates to their parent NUTS2. We then disaggregate these constrained NUTS3 data to local data<sup>3</sup>.

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<sup>1</sup> For some local areas, publication of certain data by the ONS is restricted because to do so would effectively disclose individual responses to ONS data-collection surveys (e.g. if there are only one or two firms in a certain industry in a particular locality.)

<sup>2</sup> In some cases, sample sizes in ONS data-collection surveys at the local level are very small. This leads to data of comparatively poor quality and relatively high volatility.

<sup>3</sup> The volatility represents sampling variability rather than actual volatility in the population data.

<sup>4</sup> In line with ONS guidelines, we use the official model-based estimates of local unemployment that are more accurate than survey data which suffers from volatility.

<sup>5</sup> NUTS2 is provided at the same level of detail as NUTS1 (i.e. regional) level.

In the case of GVA, the data provided at NUTS2 is at the section level with sub-sectional data for manufacturing. For NUTS3, several sections are aggregated. In particular, there is less detail in the service sectors. Disaggregation (of industrial data and from NUTS3 to local data) takes place using workforce jobs data at the industry level.

In the case of Income, the data provided at NUTS2 has the same level of detail as at the regional level. For NUTS3, the ONS has previously only released data at the primary and secondary level. They have now produced the full breakdown of income, which we have included since our September 2015 RPS. Disaggregation from NUTS3 to local level takes place using employee jobs, self-employed jobs, unemployment or population.

No estimates of household spending are provided at the local level. Household spending is, therefore, derived by using the share of local disposable income in regional disposable income.

Beginning in the June 2016 RPS, we applied a moving average procedure to smooth APS data. This has resulted in revisions our historical data.

### 3.3.2 Forecast

The local authority model is run separately for the local authorities in each region and takes the regional forecast as given. Accordingly, as with local history, local forecasts are constrained to the regional forecasts of the parent region.

Our local model is based on the resolution of demand and supply for labour and takes into account commuting between local areas within a region and across the regional boundary. The properties of the model are these:

- When unemployment is low, labour supply growth is the key determinant of growth.
- When unemployment is high, growth in demand for labour is the key determinant of growth.
- As unemployment decreases,
  - Labour supply growth becomes relatively more important
  - Growth in demand for labour becomes relatively less important
- An area's workplace employment growth depends on labour supply not only in the area but also
  - Labour supply growth in other local areas in the region from which it has historically drawn inward commuters.
  - Its historic share of incoming workers across the regional boundary.
- An area's residence based employment growth depends on demand for labour not only in the area but also
  - Growth in demand for labour in other local areas in the region to which it has historically supplied commuters.
  - Its historic share of outgoing workers commuting across the regional boundary.
- Workplace based employment drives GVA growth.
- Residence based employment drives Income and, accordingly, spending growth.

The starting point is an estimate of the growth in the participation rate of those aged 16-64 and 65-plus in a local area. These are used to derive labour force growth.

In parallel, demand for labour is estimated. This is done at the industry level by linking job growth<sup>1</sup> in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level. The effect of this is:

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<sup>1</sup> Separately for employee jobs, self-employee jobs, government trainee jobs and Her Majesty's Forces.

- Demand for jobs at the local level is fastest in those industries which are performing best at the regional level.
- Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.

The supply and demand for labour is then resolved in the following way:

- Total demand<sup>1</sup> for jobs for each local area is converted into demand for workers according to the historic ratio between jobs and workers into that local area.
- The inflow and outflow of workers across the regional boundary is shared out between local areas according to their historic commuting patterns leading to an adjustment in
  - The remaining demand for labour for a local area (*inflow*)
  - The remaining available labour for a local area (*outflow*)
- Workplace demands for workers are converted into residence-based demands according to historic commuting patterns.
  - If unemployment is sufficiently high, these demands are satisfied out of the growth in the labour supply and the pool of available (unemployed) workers.
  - If unemployment is sufficiently low, these demands can only be satisfied out of the growth in the labour supply.
  - If unemployment is above its lower bound but not too high, a proportion of demands are satisfied out of the pool of available workers and the rest are satisfied out of the growth in the labour supply.
  - The model makes short-term adjustments in the labour supply in response to demand conditions to reflect the economic reality that
    - When demand is high, the participation rate rises as potential workers are drawn into the labour force by the relatively buoyant conditions;
    - When demand is low, the participation rate declines as disillusioned workers leave the labour force because of the poor job market conditions;
  - The unemployment rate, accordingly, behaves as expected.
- The satisfied residence supply for labour is converted back into workplace demands and workplace based employment is calculated for each local area. This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.

The consequence of this is that:

- Local areas with high demand may not see all of that demand satisfied if there is insufficient available labour supply to meet those needs. Jobs growth will, accordingly, be slower.
- Local areas with high labour supply may not see higher growth in residence employment if there is insufficient demand for labour to use it up.

GVA growth is then forecast based on growth in workplace-based employment according to equations, which link GVA growth to workplace-based employment. Income is forecast by component based on residence based employment (in the case of compensation for employees or self-employment), unemployment (in the case of benefits) and population in any other case. Spending depends on income by component.

## 4 Key changes since December 2016 RPS

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<sup>1</sup> i.e. all industries and job types aggregated.



## 4.1 UK forecast

The March RPS forecast is consistent with the February 2017 UK macro forecast.

The UK economy has remained in good shape since the European referendum vote last year. The second estimate of 2016q4 GDP showed that UK GDP grew by 0.7% quarter-on-quarter (q-o-q) in 2016q4, the largest increase since 2015q4, where output also grew by 0.7%. Consumer spending has continued to grow at a robust pace, as it has done over the past two years. There is little sign of uncertainty having weighed on consumption growth since the referendum. Spending has been mainly determined by trends in income and income expectations. And whilst wage growth has been subdued, increases in employment have pushed up overall income growth. Moreover, households' purchasing power has also been boosted by falls in food and energy prices seen in recent years.

The near term outlook remains positive, but we do expect a slight slowing of GDP growth both this year and next. After strong growth in 2015 and 2016, quarterly growth in real employment income is projected to slow to around zero this year, as higher import prices pass through to higher consumer prices. There are already signs that households are starting to anticipate this effect, for example, the GfK measure of households' expected price increases has risen. Furthermore, corporate risk appetite, as measured by the Deloitte CFO Survey, is running at low levels, with 80% of CFOs saying now is a bad time to take risk. The latest data shows that business investment fell by 1.0% q-o-q in 2016q4, reaffirming our view that businesses will hold off investment decisions until further clarity is provided on the UK government's favoured trade agreement.

The December 2016 RPS was consistent with the November 2016 UK macro forecast. The main change between the November 2016 and February 2017 forecasts is a further upgrade to the near term outlook for GDP and employment, reflecting the economy's resilient performance in the months since the EU referendum vote. Beyond this, the forecast remains for a slowdown in activity Brexit-related uncertainties and rising inflation take a toll on consumer and investment spending.

March RPS forecast. Previous forecast (November 2016 macro = December 2016 RPS) in brackets.

UK		2015	2016	2017	2018	2019-2026	2027-2036
GDP growth		2.2% (2.3%)	2.0% (2%)	1.6% (1.1%)	1.6% (1.4%)	2.3% (2.3%)	2.0% (2.1%)
Workforce growth	Jobs	1.5% (1.3%)	1.6% (1.3%)	0.0% (0.1%)	0.4% (0.4%)	0.6% (0.6%)	0.6% (0.6%)
Unemployment rate		5.4% (5.4%)	4.9% (5%)	5.4% (5.5%)	5.6% (5.6%)	5.4% (5.3%)	4.8% (4.7%)
Real Income growth		3.6% (3.3%)	1.6% (2.6%)	0.2% (0.1%)	1.5% (1.6%)	2.0% (2.4%)	2.2% (2.6%)
Spending growth	Volumes	2.4% (2.7%)	2.8% (2.7%)	1.8% (1.6%)	0.8% (0.8%)	2.1% (2.1%)	2.1% (2.1%)
House price growth		6.0% (6.7%)	8.0% (6.4%)	2.3% (1.4%)	2.0% (1.6%)	3.4% (3.3%)	4.1% (4.1%)

### February UK Outlook

The following was the outlook in February, consistent with the regional forecast. Our UK macro view is updated monthly and can be found on our website <http://economics.experian.co.uk>.

Domestic demand has been stronger than expected over the past few months, and there have been relatively few signs of the slowdown in consumer spending

UK GDP grew by 0.6% quarter-on-quarter in the final quarter of 2016, the same rate of growth as in the previous two quarters. The UK economy has now enjoyed four years of uninterrupted growth and GDP is 8.7% higher than its pre-crisis peak in 2008. On a per capita basis the gain is a more modest 1.9%. GDP growth in the final quarter of 2016 was driven predominantly by a 0.8% increase in service sector output. Within the services aggregate, the distribution, hotels and restaurants industry performed strongly, increasing by 1.7%. The business services and finance industries also increased by a robust 0.9%. Growth in transport, storage and communications slowed to 0.3%, while in the government and other services industry growth remained at 0.4%.

Disappointingly, the outturns in the other three main industrial groupings were far less assured. In the agriculture and construction sectors output grew by 0.4% and 0.1% respectively. Growth in the production sector stagnated completely, despite a 0.7% increase in activity in manufacturing, attributable mainly to a large rise in the erratically performing pharmaceuticals industry.

The pattern of growth in the final quarter of 2016 is fairly representative of 2016 as a whole. The services industries were estimated to have grown by 2.8%, with the production industries growing by a far more subdued 1.4%, and the construction industries by 1.1%. Within the services industries the largest contributor to growth was business services and finance, which grew by 2.8%. Industries that grew particularly strongly in 2016 included retail trade (5.0%) and computer programming and consultancy (10.0%).

### Key risks

A sterling crisis has become a key risk given the magnitude of the balance of payments current account deficit (representing almost 7% of GDP). If capital flows deterred by political and economic uncertainty are insufficient to cover this, the exchange rate will have to take the strain.

The weakness in the global trade backdrop is another key risk. If international demand remains lacklustre, the UK will be unable to capitalise fully on the weak exchange rate to boost exports.

Risks to the forecast of modest GDP growth reflect uncertainties beyond the EU referendum. While business investment might recover in the second half of 2017 once Brexit uncertainties are removed, the fundamental weaknesses of sluggish earnings growth, weak productivity and faltering employment creation remain. Adverse developments in these areas would hamper consumer confidence and spending, constraining growth in 2017 and beyond.

While risks are still skewed to the downside, there is an upside risk. If the UK can turn its weak trade performance round in the wake of sterling decline, there would be a boost to growth prospects.

## **4.2 Regional Forecast**

In addition to changes to the UK history to which our regional data is constrained, changes to the regional history can be traced back to the following new quarterly data (December 2016 RPS endpoint in brackets):

- Regional Accounts 2015 (previously 2014) with new price base as 2013
- Regional Workforce Jobs 2016q3 (previously 2016q2)
- ILO data for 2016q3 (previously 2016q2)
- Business Register and Employment Survey (BRES) 2015 (previously 2014)
- Annual Survey of Hours and Earnings (ASHE) 2016 (previously 2015)

March 2017 RPS forecast. Previous forecast (December 2016 RPS) in brackets.

Regional forecast 2017-36 ave. growth	SW	SE	GL	ET	EM	WM	NW	NE	YH	SC	WA	NI
GDP growth	2.1% (2%)	2.3% (2.3%)	2.5% (2.5%)	2.2% (2.2%)	2.0% (1.9%)	1.9% (1.8%)	1.9% (1.8%)	1.7% (1.7%)	1.9% (1.8%)	1.7% (1.7%)	1.7% (1.7%)	1.7% (1.7%)
Workforce Jobs growth	0.7% (0.6%)	0.8% (0.8%)	0.9% (0.9%)	0.7% (0.7%)	0.5% (0.5%)	0.5% (0.5%)	0.4% (0.4%)	0.3% (0.2%)	0.6% (0.6%)	0.2% (0.3%)	0.3% (0.4%)	0.4% (0.5%)
Unemployment rate	4.3% (4.2%)	3.9% (3.9%)	6.7% (6.9%)	4.1% (3.8%)	4.5% (4%)	5.6% (5.9%)	5.1% (4.7%)	6.4% (6.5%)	5.4% (5.4%)	5.1% (5.2%)	4.9% (5.2%)	5.6% (5.9%)
Real income growth	2.1% (2.5%)	2.3% (2.6%)	2.2% (2.5%)	2.2% (2.6%)	1.9% (2.3%)	1.8% (2.2%)	1.7% (2.2%)	1.6% (2%)	1.8% (2.2%)	1.6% (1.9%)	1.6% (2%)	1.8% (2.1%)
Spending volumes growth	2.1% (2.1%)	2.4% (2.4%)	2.6% (2.5%)	2.2% (2.2%)	2.0% (2%)	1.9% (1.9%)	1.9% (1.9%)	1.6% (1.6%)	1.9% (1.9%)	1.7% (1.7%)	1.7% (1.7%)	1.9% (1.9%)
House price growth	3.8% (3.7%)	4.4% (4.3%)	4.4% (4.3%)	4.3% (4.1%)	3.6% (3.4%)	3.6% (3.5%)	3.4% (3.3%)	3.0% (2.9%)	3.1% (3%)	3.4% (3.3%)	3.4% (3.3%)	3.2% (3%)

### 4.3 Local Forecast

In addition to revisions at the regional and the UK level to which our local data is constrained, changes to the local history can be traced back to the following new quarterly data (December 2016 RPS endpoint in brackets):

- Regional Accounts 2015 (previously 2014) with new price base as 2013
- APS data for 2016q3 (previously 2016q1)
- Business Register and Employment Survey (BRES) 2015 (previously 2014)
- Annual Survey of Hours and Earnings (ASHE) 2015 (previously 2014)
- 2014 based sub-national population projections for Scotland and Wales
- Revised participation rates for Scotland and Wales based on the new 2014 based sub-national population projections

The history of workplace-based employment for local authorities has now been revised due to the introduction of an improved smoothing technique in this RPS. Further, a new workplace based series consisting of census 2011 data (called the National statistics Social Economic Classification, by council area, released on November 2015<sup>1</sup>) was used to benchmark the workplace-based employment data for Scotland.

The history for workforce jobs data for local authorities has also been revised resulting from the new data and other methodological improvements listed below:

- New BRES 2015 shares used to calculate employees data
- Revisions to the regional workforce jobs data, which is used as a constraint for the local level data

<sup>1</sup> <http://www.scotlandscensus.gov.uk/ods-web/data-warehouse.html#additionaltab>

- For the first time, self-employees data was benchmarked to the 2011 census share of self-employees at the local level
- Revisions in workplace-based employment (detailed above), which are used as a benchmark for the workforce jobs data

For more information about how the history is constructed refer to [section 3.2.1](#) for regions and [section 3.3.1](#) for local authorities.

## 5 A note from the ONS on volatility

A change in methodology behind Office for National Statistics (ONS) employment surveys has produced widespread volatility in the historical data, particularly from 2010.

The following is an explanation directly from the ONS, please see [section 3](#) for more information on how we deal with volatility in the official data:

“A fundamental redevelopment of Workforce Jobs sources, classifications, methods and systems was recently undertaken and is explained clearly in the article ‘Revisions to Workforce Jobs’ (Barford 2010). One of the key changes highlighted in this article was the replacement of a matched-pairs estimator with a point-in-time ratio estimator, ONS’s standard method. This change was aimed at removing the bias caused by the matched-pairs method. A matched-pairs method tends to underestimate change over time, as it excludes the births and deaths of businesses in the sample. In essence, only those businesses sampled in two consecutive periods are used to produce estimates of change. This bias used to cause large revisions when the short-term employment surveys series were benchmarked retrospectively to Business Register Employment Survey (BRES) estimates. BRES is an annual survey which selects a larger sample and also uses a point-in-time ratio estimator. The point-in-time estimator includes all sampled businesses in each and every period, which reduces the bias over-time. The trade-off is an increase in volatility caused by the inclusion of the rotated part of the sample for small and medium sized businesses. Sample rotation spreads the administrative burden; ensuring businesses are selected for a limited number of periods.

Unfortunately, the volatility of regional estimates at an industry level has been far greater than anyone anticipated and in general has been met unfavourably by users, particularly those that are interested in regional data. There are a number of instances, for example, whereby businesses have been ‘rotated in’ to a particular region and served to distort the level of jobs for a particular industry, usually for a period of 5 quarters, which is the time a rotated business remains in the sample of the STES.”

Regional employment is the most timely and only source of quarterly data at this level of geography and is used to derive the quarterly profile of other variables in our regional models. Therefore this volatility is reflected in output as well as employment. Please see [section 3](#) for more information on how we deal with volatility in the official data.

# Appendix A....Glossary of terms

## Glossary of terms

**Gross Domestic Product (GDP)** Total work done in an economy in a period measured in one of three ways:

- Output Measure: Output of all goods and services less inputs
- Income Measure: Income earned by all parts of the economy
- Demand Measure: Demand for goods and services comprised of
  - Expenditure by Households, NPISH and Government
  - Investment (Gross Fixed Capital Formation) by business and Government
  - Changes in Inventories and Acquisitions less disposals of valuables
  - Exports less imports

GDP is measured in market prices: this means that the prices used to convert output of goods and services into money include taxes and subsidies by the government. Distributors' margins are credited to the industry producing the goods and services not to the distribution industry.

**Gross Value Added (GVA)** GVA is identical to GDP except that it is measured in basic prices. These prices do not include taxes and subsidies imposed by the government. Distributors' margins are credited to the distribution industry. GVA for an industry is described by either of the following identities:

- GVA is identical to output of the industry less inputs of the industry
- GVA is identical to the sum of
  - Compensation of Employees in the industry
  - Gross Operating Surplus (i.e. profit) earned by capital in the industry

When looking at GVA for an industry, it is important to realise that it only includes the output of that industry (i.e. the value added by that industry.) For example retailing GVA only includes the value added by retailers (e.g. customer service etc).

GVA in the RPS is measured by the place where the work is done (workplace based) and not where the worker resides.

**Current Price / Chain Volume Measure (CVM)** Data where the unit of measurement is money are available either in Current Price (or Nominal) terms or CVM (or Real) terms. The distinction is important because the buying power of money changes over time. For current price data, no adjustment is made for this fact. CVM data adjusts all figures in a time series to be consistent with the buying power of money in a given year (the reference year). Current Price data, thus, measures values while CVM data measures volumes. For example, Current Price GDP is the money value of production in a given period while CVM GDP is the amount of production. For years before the reference year, CVM data is not additive (thus the sum of GVA for all sectors will not equal total GVA.) In all other years, CVM data is additive.

**Productivity** A measure of efficiency calculated by estimating output per unit of input

**Workforce Jobs** A count of the total number of jobs in the UK, a region or industry. It is comprised of

- Employee Jobs: The number of jobs where the occupant is an employee.
- Self-employee Jobs: The number of jobs where the occupant is self-employed
- Government-Sponsored Trainees: The number of jobs where the occupant is on a government training scheme.
- Her Majesty's Forces: The number of jobs in the armed forces (part of Public Administration & Defence).

Workforce jobs and all its components count jobs and not people. This means that where a person has two or more jobs they are counted once for each job that they have. This can be contrasted with the ILO employment measures. Another consequence of counting jobs is that Workforce Jobs is based on the place of work not the residence of the worker

**Full Time Equivalent Employment:** Our definition is based on total hours worked and is as follows:

$$\text{FTE} = (\text{HOURS}) \text{ divided by } (37.8 \times 13)$$

Here a constant yard-stick of full-time employment for all industries, regions and industry-region based on thirteen working weeks in a quarter at 37.8 hours a week. 37.8 hours is the average hours worked by a full-time worker in the UK between 1990 and 2009.

**ILO Employment** The International Labour Organisation (ILO) provides an international standard method of measuring employment. In the UK this is implemented by means of a survey known as the Labour Force Survey (LFS) or Annual Population Survey (APS). It is a people count based on the main job that a person has. Employment comprises:

- Employees: People whose main job is as an employee.
- Self-employed: People whose main job is as a self-employed person.
- Government-Sponsored Trainees: People whose main job is on a government training scheme.
- Unpaid Family Workers: People whose main job is as an unpaid worker in a business owned by their own family.

There are two measures:

- Residence based, which depends on the place of residence of the worker (irrespective of where they work.)
- Workplace based, which depends on the place of work of the worker (irrespective of where they reside.)

The ILO Employment reported is based on the entire population in work ages 16+.

**ILO Unemployment** The International Labour Organisation (ILO) definition of unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.

ILO unemployment is only available on a place of residence basis and is based on the entire unemployed population ages 16+.

**Labour Force / Economically Active** The sum of ILO Unemployment and ILO Employment. That is all people who are in work or who are looking for a work. A person who is in the labour force is said to be Economically Active.

The Labour Force includes the entire Economically Active population ages 16+.

**Economically Inactive** A person who is not economically active. The principle categories are retirees, students, children, long-term sick or disabled, homemakers and carers. This does not include school-aged people.

**Claimant Count Unemployment** Measures the number of people who are claiming Jobseekers' Allowance (JSA). This is always less than ILO Unemployment because not everyone who is ILO unemployed is eligible to claim JSA and not all who are eligible claim. Particular important cases are:

- People whose partners work more than 16 hours a week – they cannot claim JSA but may be ILO unemployed.
- People who are past state retirement age – they cannot claim JSA but may be ILO unemployed.

**Extra Regio** In addition to the 9 English regions and the nations of Scotland, Wales and Northern Ireland, the UK's economic boundary includes the continental shelf and UK government operations abroad (i.e. embassies and HMF abroad). The ONS does not assign income or GVA attributable to these sources to any region or nation. Therefore, the sum of regional Income or GVA does not equal the UK. This also impacts on two industries Extraction & Mining and Public Administration & Defence.

**School Age Population** Population aged 0-15.

**Working Age Population** Population above the age of 15 but below the current state retirement age for their gender.

**Retirement Age Population** The population above state retirement age. The precise retirement date depends on date of birth and, for those born before 6<sup>th</sup> November 1953, on gender. At present, there is a phased equalisation in progress. After 6<sup>th</sup> November 2018, both men and women will retire at 65. This will rise to 66 between 6<sup>th</sup> March 2019 and 6<sup>th</sup> September 2020 and 67 between 6<sup>th</sup> April 2026 and 6<sup>th</sup> March 2027. Our forecasts take account of these changes to retirement legislation.

**Adult (16+) Population** Number of all people aged 16 and above.

**Household Consumer Spending** The accounts relate to consumption expenditure by UK resident households, either in the UK or the rest of the world. Spending by non-residents in the UK is excluded from the total

Household consumption includes goods and services received by households as income in kind, in lieu of cash, imputed rent for the provision of owner-occupied housing services and consumption of own production

For national accounting purposes, households are individuals or groups of people sharing living accommodation

**Household Disposable Income** Household disposable income is the total payment to households (from wages, interest, property income and dividends) less taxes, social security, council payments and interest

**Cost of living index** Regional consumer spending deflator. Gives an indication of how the value of consumer spending has grown in comparison to the volume.

**NUTS (Nomenclature des Unités Territoriales Statistiques – Nomenclature of Territorial Units for Statistics)** A European Union standard for classifying the subdivisions of member states. In the case of the UK, the English regions and the three nations are classified as NUTS1. The next level – NUTS2 – typically consists of aggregations of local authorities in the same region. The level below that, NUTS3 consists either of single local authorities or a small aggregation of local authorities in the same NUTS2. In Scotland, some local authorities are divided between NUTS3. NUTS4 and NUTS5 also exist but are not used in the RPS.



# Appendix B...Sector definitions

## Sector definitions

Experian 38-sector	SIC-2007 division	Falls within Experian 12-sector
Agriculture, Forestry & Fishing	01 Crop and animal production, hunting and related service activities	Agriculture, Forestry & Fishing
	02 Forestry and logging	
	03 Fishing and aquaculture	
Extraction & Mining	06 Extraction of crude petroleum and natural gas	Extraction & Mining
	05 Mining of coal and lignite	
	07 Mining of metal ores	
	08 Other mining and quarrying	
	09 Mining support service activities	
Food, Drink & Tobacco	10 Manufacture of food products	Manufacturing
	11 Manufacture of beverages	
	12 Manufacture of tobacco products	
Textiles & Clothing	13 Manufacture of textiles	
	14 Manufacture of wearing apparel	
	15 Manufacture of leather and related products	
Wood & Paper	16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	
	17 Manufacture of paper and paper products	
Printing and Reproduction of Recorded Media	18 Printing and reproduction of recorded media	
Fuel Refining	19 Manufacture of coke and refined petroleum products	
Chemicals	20 Manufacture of chemicals and chemical products	
Pharmaceuticals	21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	
Rubber, Plastic and Other Non-Metallic Mineral Products	22 Manufacture of rubber and plastic products	
	23 Manufacture of other non-metallic mineral products	
Metal Products	24 Manufacture of basic metals	
	25 Manufacture of fabricated metal products, except machinery and equipment	
Computer & Electronic Products	26 Manufacture of computer, electronic and optical products	

	27 Manufacture of electrical equipment	
Machinery & Equipment	28 Manufacture of machinery and equipment n.e.c.	
Machinery & Equipment	29 Manufacture of motor vehicles, trailers and semi-trailers	
	30 Manufacture of other transport equipment	
Other Manufacturing	31 Manufacture of furniture	
	32 Other manufacturing	
	33 Repair and installation of machinery and equipment	
Utilities	35 Electricity, gas, steam and air conditioning supply	Utilities
	36 Water collection, treatment and supply	
	37 Sewerage	
	38 Waste collection, treatment and disposal activities; materials recovery	
	39 Remediation activities and other waste management services. This division includes the provision of remediation services, i.e. the cleanup of contaminated buildings and sites, soil, surface or ground water.	
Construction of Buildings	41 Construction of buildings	Construction
Civil Engineering	42 Civil engineering	
Specialised Construction Activities	43 Specialised construction activities	
Wholesale	45 Wholesale and retail trade and repair of motor vehicles and motorcycles	Wholesale & Retail
	46 Wholesale trade, except of motor vehicles and motorcycles	
Retail	47 Retail trade, except of motor vehicles and motorcycles	
Land Transport, Storage & Post	49 Land transport and transport via pipelines	Transport & Storage
	52 Warehousing and support activities for transportation	
	53 Postal and courier activities	
Air & Water Transport	50 Water transport	
	51 Air transport	
Accommodation & Food Services	55 Accommodation	Accommodation, Food Services & Recreation
	56 Food and beverage service activities	
Recreation	90 Creative, arts and entertainment activities	
	91 Libraries, archives, museums and other cultural activities	
	92 Gambling and betting activities	
	93 Sports activities and amusement and	

	recreation activities	
Media Activities	58 Publishing activities	Information & communication
	59 Motion picture, video and television programme production, sound recording and music publishing activities	
	60 Programming and broadcasting activities	
Telecoms	61 Telecommunications	
Computing & Information Services	62 Computer programming, consultancy and related activities	
	63 Information service activities	
Finance	64 Financial service activities, except insurance and pension funding	Finance & Insurance
	66 Activities auxiliary to financial services and insurance activities	
Insurance & Pensions	65 Insurance, reinsurance and pension funding, except compulsory social security	
Real Estate	68 Real estate activities	Professional & Other Private Services
Professional Services	69 Legal and accounting activities	
	70 Activities of head offices; management consultancy activities	
	71 Architectural and engineering activities; technical testing and analysis	
	72 Scientific research and development	
	73 Advertising and market research	
	74 Other professional, scientific and technical activities	
	75 Veterinary activities	
Administrative & Supportive Activities	77 Rental and leasing activities	
	78 Employment activities	
	79 Travel agency, tour operator and other reservation service and related activities	
	80 Security and investigation activities	
	81 Services to buildings and landscape activities	
	82 Office administrative, office support and other business support activities	
Other Private Services	94 Activities of membership organisations	
	95 Repair of computers and personal and household goods	
	96 Other personal service activities	
	97 Activities of households as employers of domestic personnel	
	98 Undifferentiated goods- and services-producing activities of private households for	

	own use
Public Administration & Defence	84 Public administration and defence; compulsory social security
	99 Activities of extraterritorial organisations and bodies
Education	85 Education
Health	86 Human health activities
Residential Care & Social Work	87 Residential care activities
	88 Social work activities without accommodation

# Appendix C...Geography definitions

We forecast at the following geographic breakdowns:

- UK
- Regions (12)
- Counties (64)
- Local authorities...post-2009 boundaries (347+33 London boroughs)

A full lookup in excel form can be found [here](#)

## Appendix D...FAQ's

- Why does Experian's history for variable x differ from another source / raw survey data?
  - There are several possible reasons.
  - The first is a vintage mismatch. The ONS frequently revises its economic data in order to take account of new information or improved methodology. The date at which Experian has taken data for the current RPS is given in the body of this guide. Another source may have used earlier or later data.
  - The second relates to data processing. As explained in the body of this guide, it is sometimes necessary at the regional level and (particularly) at the local level to process or construct data. Our approach to doing this is explained in the body of this guide. We apply consistent methodologies to process the data. Other sources may carry this out in different ways. When compared against the raw source, our data may differ because, for example:
    - It has been constrained to other sources.
    - It has been converted into CVM data or quarterly data.
    - It has been made consistent with other data or a later vintage of data.
  - The third relates to raw survey data. Raw survey data is often volatile and does not take into account information outside the survey. Official statistics and our data are constructed from the raw survey data to take into account volatility, sampling issues and all available data sources.
- Why does Experian's job history differ from the *ABI* or *BRES*?
  - The ABI/BRES are surveys taken from a particular year; they are not updated.
  - ABI/BRES is a source for ONS' workforce jobs but it is not the only source.
  - BRES does not include government supported trainees, HM forces jobs and every self-employed small business. As a result, BRES's employment numbers (mainly consisting of total employees and working owners e.g sole traders) would be lower than the ONS's workforce jobs.
  - Experian's workforce job history is designed to be consistent with the latest available ONS workforce jobs estimates, which includes a broad range of jobs (i.e. employee jobs, self-employment jobs, government supported trainees and HM forces).
  - Raw survey is often incomplete and suffers from sampling variability, which does not represent true volatility in the underlying population data. This must be removed to ensure high quality data.
- How often are data updated?
  - We always use the latest available data at the cut-off date for history.
  - New GVA data is available from the ONS
    - At the UK Level, three times a quarter.
    - At the Regional and Local level, annually (normally in December.)
  - New Expenditure data is available from the ONS at the UK level twice a quarter.
  - New LFS Employment data is available from the ONS once a quarter.
  - New Workforce Jobs data is available from the ONS once a quarter.
  - New BRES is published once a year (normally in December.)
  - New Income data is available from the ONS
    - At the UK level, once a quarter.
    - At the Regional and Local level, once a year (normally in April.)
  - Population projections are published once every two years.
  - New mid-year population estimates are published annually.
  - New LCFS is published annually.
- How do revisions to historical data affect your history and forecasts?
  - As explained above, we always take into account the latest historical data.
  - The monthly UK macro forecast is updated after each ONS revision of GDP for a quarter.
  - The RPS is based on a particular UK macro forecast and includes the latest available regional and local data.

- Forecasts are updated to be consistent with the latest historical data. While this will typically only affect the short-to-medium term, there are times when the long-run is necessarily affected. This will usually be when there has been a substantial revision to history.
- How are past growth trends captured in the forecasts?
  - All our models are econometric models.
  - An econometric model is a model estimated on historical data.
  - The coefficients (i.e. interactions) in the model embed historical relationships between variables and historical growth rates in a variable.
  - Where we believe that the forecast relationships may differ from history, we make appropriate adjustments to the forecast. This may be the case, for example, where an area has been substantially redeveloped in recent years.
- How are industry/regional/local developments and policies reflected in forecasts?
  - If past developments and policies are reflected in model inputs (for example population) or in history then they will be automatically captured by the model.
  - Our forecasts are policy-neutral in the sense that in our baseline assumes that sufficient projects, infrastructure, jobs etc. will be provided in order to meet the needs of the population in the long term. Thus although the project may not be explicitly included, an assumption that a project of its nature may have been included in the baseline.
  - It is important to realise that many developments or policies may not be sufficiently large enough to affect growth rates or may be implicitly included in the forecast from a higher level of aggregation.
  - We are able to make appropriate adjustments to the forecast to take into account certain large projects.
  - At the industry level we can take into account announced developments in that industry which are large enough to affect the growth in the industry at the national, regional or local level (as the case may be).
  - At the regional and local, we taken into account announced developments or policies which are large enough to affect growth at the regional or local level. The local model, in particular, has the facility to take into account the impact of additional population or jobs in a particular area.
  - The final forecast will show the net effect of the adjustment, after the effects of population constraints, job cannibalisation, commuting patterns etc.
- How does population relate to the employment forecasts?
  - This is discussed in detail in the methodology section above for the regions and the locals.
  - It is important to remember that employment is forecast on both a residence and workplace basis.
  - Residence based employment depends on local population (labour supply) growth but also on demand for work throughout the region and across the regional boundary.
  - Workplace based employment depends on labour supply throughout the region and across the regional boundary.
- What is working age?
  - The definition of working age used based on the state pension age.
  - As the state pension age for men and women changes in line with announced policy, the working age population will change to take this into account.
  - The key changes to the state pension age that have been announced are:
    - A gradual equality in state pension age for men and women.
    - A gradual rise in state pension age for both men and women to 67 (and 68 after the forecast horizon.)
- What is the participation rate / economic activity rate?
  - The participation rate or economic activity rate is the proportion of the population who are either employed or seeking employment (i.e. unemployed.)
  - The participation rate used in our models is based on the entire adult population (16+). This differs from earlier versions of our models which used only the working age population.
  - The participation rate is an endogenous variable in all our models. It is not a fixed assumption.
- What assumptions have been made regarding commuting in the local model?
  - Commuting in the local model is based on estimates given by the ONS.

- These are based on the Census 2011.
- Commuting assumptions are fixed over the forecast.
- However, the outcome for commuting may differ from the assumption because (for example) there is insufficient demand or supply for labour to provide as many workers across a particular commuting relationship.
- How is Full-Time Equivalent employment derived?
  - This is based on the total hours worked (please see the glossary.)
  - The relationship between FTEs and hours is fixed by definition.
  - In different industries, the hours worked per job will differ.
  - Historical data for this is taken from ASHE (please see the body of the guide.)
  - The forecast takes into account changing trends in hours per job. This will necessarily alter the relationship between Full-Time Equivalent employment and jobs.
- How does the weighting of different factors change over the forecast period?
  - There is no fixed rule about the changes in this time.
  - The coefficients of the econometric equations are fixed over time
  - However, at the local level population growth becomes more important as unemployment decreases.



# Appendix E...About us



## Our economic forecasting expertise

Experian's team of 18 economists is a leading provider of global, national, regional and local economic forecasts and analysis to the commercial and public sectors. Our foresight helps organisations predict the future of their markets, identify new business opportunities, quantify risk and make informed decisions.

Experian's economics team is part of a 140-strong analytics division, which provides an understanding of consumers, markets and economies in the UK and around the world, past, present and future. As part of the Experian group, the analytics division has access to a wealth of research data and innovative software solutions. Its statisticians, econometricians, sociologists, geographers, market researchers and economists carry out extensive research into the underlying drivers of social, economic and market change.

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## Experian

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Clients include organisations from financial services, retail and catalogue, telecommunications, utilities, media, insurance, automotive, leisure, e-commerce, manufacturing, property and government sectors.

Experian Group Limited is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index. It has corporate headquarters in Dublin, Ireland, and operational headquarters in Costa Mesa, California and Nottingham, UK. Experian employs around 15,500 people in 36 countries worldwide, supporting clients in more than 65 countries. Annual sales are in excess of \$3.8 billion (£1.9 billion/€2.8 billion).

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## Appendix 6: Experian Baseline Forecasts

Sector	Workforce Jobs		Change 2015-2035	% Change 2015- 2035
	2015	2035		
Agriculture, Forestry & Fishing	0	0	0	0.0%
Extraction & Mining	0	0	0	0.0%
Manufacturing - Food, Drink & Tobacco	0	0	0	0.0%
Manufacturing - Textiles & Clothing	0	0	0	0.0%
Manufacturing - Wood & Paper	0	0	0	0.0%
Manufacturing - Printing & Recorded Media	300	200	-100	-33.3%
Fuel Refining	0	0	0	0.0%
Manufacturing - Chemicals	0	0	0	0.0%
Manufacturing - Pharmaceuticals	0	0	0	0.0%
Manufacturing - Non-Metallic Products	0	0	0	0.0%
Manufacturing - Metal Products	0	0	0	0.0%
Manufacturing - Computer & Electronics	0	0	0	0.0%
Manufacturing - Machinery & Equipment	300	100	-200	-66.7%
Manufacturing - Transport Equipment	0	0	0	0.0%
Other Manufacturing	600	500	-100	-16.7%
Utilities	0	0	0	0.0%
Construction of Buildings	600	700	100	16.7%
Civil Engineering	0	0	0	0.0%
Specialised Construction Activities	1,600	2,100	500	31.3%
Wholesale	2,900	3,700	800	27.6%
Retail	6,300	6,700	400	6.3%
Land Transport, Storage & Post	1,200	1,200	0	0.0%
Air & Water Transport	0	0	0	0.0%
Accommodation & Food Services	4,300	5,400	1,100	25.6%
Recreation	1,700	1,900	200	11.8%
Media Activities	300	200	-100	-33.3%
Telecoms	0	0	0	0.0%
Computing & Information Services	300	300	0	0.0%
Finance	800	800	0	0.0%
Insurance & Pensions	0	0	0	0.0%
Real Estate	800	1,000	200	25.0%
Professional Services	2,500	3,200	700	28.0%
Administrative & Supportive Services	2,300	1,900	-400	-17.4%
Other Private Services	1,300	1,200	-100	-7.7%
Public Administration & Defence	1,700	1,400	-300	-17.6%
Education	4,900	5,900	1,000	20.4%
Health	6,200	8,600	2,400	38.7%
Residential Care & Social Work	4,900	8,200	3,300	67.3%
<b>Total</b>	<b>45,800</b>	<b>55,200</b>	<b>9,400</b>	<b>20.5%</b>

Source: Experian (March 2017) / Lichfields analysis

## Appendix 7: Definition of B Class Sectors

The method used for re-categorising Experian employment forecasts by sector into B class uses is summarised below.

Experian Sector	Proportion of Jobs by Use Class		
	B1 office	B2 industrial	B8 warehousing
Agriculture, Forestry & Fishing	Non B-Class		
Extraction & Mining	Non B-Class		
Food, Drink & Tobacco	0%	100%	0%
Textiles & Clothing	0%	100%	0%
Wood & Paper	0%	100%	0%
Printing and Recorded Media	0%	100%	0%
Fuel Refining	0%	100%	0%
Chemicals	0%	100%	0%
Pharmaceuticals	0%	100%	0%
Non-Metallic Products	0%	100%	0%
Metal Products	0%	100%	0%
Computer & Electronic Products	0%	100%	0%
Machinery & Equipment	0%	100%	0%
Transport Equipment	0%	100%	0%
Other Manufacturing	0%	100%	0%
Utilities*	Part B-Class		
Construction of Buildings	Non B-Class		
Civil Engineering	Non B-Class		
Specialised Construction Activities	0%	80%	0%
Wholesale	0%	21%	79%
Retail	Non B-Class		
Accommodation & Food Services	Non B-Class		
Land Transport, Storage & Post	0%	0%	35%
Air & Water Transport	Non B-Class		
Recreation	Non B-Class		
Media Activities	100%	0%	0%
Telecoms	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance	100%	0%	0%
Insurance & Pensions	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	23%	0%	0%
Other Private Services	Non B-Class		
Public Administration & Defence	10%	0%	0%
Education	Non B-Class		
Health	Non B-Class		
Residential Care & Social Work	Non B-Class		

\*Utilities employment in Eastbourne is recorded as zero by Experian

## **Appendix 8: Retail Projections**

**Table 1 - Study Area Population**

<b>Zone</b>	<b>2015</b>	<b>2025</b>	<b>2035</b>
Zone 1 - BN21	26,190	27,292	28,670
Zone 2 - BN22	33,524	35,785	38,611
Zone 3 - BN23	29,137	31,383	34,191
Zone 4 - BN20	21,731	22,853	24,256
Zone 5 - BN26	12,199	12,791	13,531
Zone 6 - BN27	29,842	31,551	33,687
Zone 7 - BN24	9,544	10,118	10,836
Zone 8 - BN25	24,849	26,436	28,420
Zone 9 - BN9 0	4,075	4,482	4,991
Zone 10 - BN8 6	3,982	4,323	4,749
Zone 11 - BN8 5	6,266	6,872	7,630
Zone 12 - TN21	16,691	17,659	18,869
Zone 13 - TN39	26,255	27,594	29,268
Zone 14 - TN40	17,862	18,892	20,180
<b>Study Area Total</b>	<b>262,147</b>	<b>278,031</b>	<b>297,886</b>

Sources:

*Experian Population Projections*

**Table 2A - Comparison Goods Expenditure per person (£)**

Zone	2015	2025	2035
Zone 1 - BN21	2,878	3,585	4,888
Zone 2 - BN22	2,632	3,278	4,470
Zone 3 - BN23	2,748	3,422	4,667
Zone 4 - BN20	3,433	4,275	5,830
Zone 5 - BN26	3,237	4,031	5,497
Zone 6 - BN27	3,126	3,893	5,308
Zone 7 - BN24	3,339	4,158	5,670
Zone 8 - BN25	3,173	3,952	5,389
Zone 9 - BN9 0	2,988	3,721	5,074
Zone 10 - BN8 6	4,164	5,186	7,072
Zone 11 - BN8 5	3,543	4,412	6,017
Zone 12 - TN21	3,690	4,595	6,266
Zone 13 - TN39	3,008	3,746	5,108
Zone 14 - TN40	2,629	3,273	4,464

Sources:

Experian Local Expenditure 2015 (2015 prices)

Growth Rates: 3.3% 2015-2016, 1.4% 2016-2017, 1% 2017 to 2018, 3% p.a. from 2019 to 2023 and 3.2% from 2024

Excludes Special Forms of Trading

**Table 2B - Convenience Goods Expenditure per person (£)**

Zone	2015	2025	2035
Zone 1 - BN21	2,169	2,110	2,113
Zone 2 - BN22	2,132	2,074	2,077
Zone 3 - BN23	2,161	2,102	2,105
Zone 4 - BN20	2,372	2,307	2,311
Zone 5 - BN26	2,380	2,315	2,319
Zone 6 - BN27	2,281	2,218	2,222
Zone 7 - BN24	2,330	2,267	2,270
Zone 8 - BN25	2,288	2,225	2,229
Zone 9 - BN9 0	2,221	2,161	2,164
Zone 10 - BN8 6	2,663	2,590	2,594
Zone 11 - BN8 5	2,437	2,371	2,374
Zone 12 - TN21	2,465	2,397	2,401
Zone 13 - TN39	2,269	2,207	2,211
Zone 14 - TN40	2,052	1,996	1,999

Sources:

Experian Local Expenditure 2015 (2015 prices)

Growth Rates:-0% 2015-2016,-0.2% 2016-2017, -0.9% 2017 to 2018, 0% p.a. from 2019 to 2023 and 0.1% from 2024

Excludes Special Forms of Trading

**Table 3A - Total Comparison Goods Expenditure (£m)**

Zone	2015	2025	2035
Zone 1 - BN21	75.39	97.83	140.15
Zone 2 - BN22	88.24	117.30	172.59
Zone 3 - BN23	80.08	107.41	159.58
Zone 4 - BN20	74.60	97.70	141.41
Zone 5 - BN26	39.48	51.56	74.38
Zone 6 - BN27	93.28	122.82	178.82
Zone 7 - BN24	31.86	42.07	61.44
Zone 8 - BN25	78.85	104.47	153.16
Zone 9 - BN9 0	12.17	16.68	25.32
Zone 10 - BN8 6	16.58	22.42	33.59
Zone 11 - BN8 5	22.20	30.32	45.90
Zone 12 - TN21	61.59	81.14	118.24
Zone 13 - TN39	78.97	103.36	149.50
Zone 14 - TN40	46.95	61.84	90.08
<b>Study Area Total</b>	<b>800.25</b>	<b>1,056.90</b>	<b>1,544.15</b>

Source: Tables 1 and 2A

**Table 3B - Total Convenience Goods Expenditure (£m)**

Zone	2015	2025	2035
Zone 1 - BN21	56.80	57.57	60.57
Zone 2 - BN22	71.47	74.20	80.19
Zone 3 - BN23	62.97	65.97	71.98
Zone 4 - BN20	51.55	52.73	56.05
Zone 5 - BN26	29.03	29.61	31.37
Zone 6 - BN27	68.06	69.99	74.85
Zone 7 - BN24	22.24	22.93	24.60
Zone 8 - BN25	56.84	58.82	63.33
Zone 9 - BN9 0	9.05	9.68	10.80
Zone 10 - BN8 6	10.60	11.20	12.32
Zone 11 - BN8 5	15.27	16.29	18.12
Zone 12 - TN21	41.14	42.33	45.31
Zone 13 - TN39	59.57	60.90	64.70
Zone 14 - TN40	36.65	37.71	40.34
<b>Study Area Total</b>	<b>591.26</b>	<b>609.94</b>	<b>654.54</b>

Source: Tables 1 and 2B

**Table 4A - Base Year Comparison Goods Market Shares (%)**

Location	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Zone 11	Zone 12	Zone 13	Zone 14	Inflow
Eastbourne Town Centre	76.3%	76.7%	71.7%	76.6%	62.5%	51.0%	73.8%	53.8%	33.9%	45.0%	15.5%	44.8%	35.4%	25.9%	5.0%
Eastbourne Other Centres	1.7%	10.4%	13.8%	2.7%	6.5%	7.7%	10.6%	0.2%	1.0%	0.0%	0.0%	1.0%	3.8%	10.2%	5.0%
Eastbourne Out of Centre	9.9%	8.1%	7.1%	12.2%	16.5%	5.7%	8.1%	4.1%	1.6%	9.7%	1.1%	4.9%	1.6%	7.4%	5.0%
<b>Eastbourne Sub-Total</b>	<b>87.9%</b>	<b>95.2%</b>	<b>92.6%</b>	<b>91.5%</b>	<b>85.5%</b>	<b>64.4%</b>	<b>92.5%</b>	<b>58.1%</b>	<b>36.5%</b>	<b>54.7%</b>	<b>16.6%</b>	<b>50.7%</b>	<b>40.8%</b>	<b>43.5%</b>	
Outside Study Area	12.1%	4.8%	7.4%	8.5%	14.5%	35.6%	7.5%	41.9%	63.5%	45.3%	83.4%	49.3%	59.2%	56.5%	
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: Eastbourne Shopping Assessment May 2010 with Lichfields' adjustments

**Table 4B - Base Year Convenience Goods Market Shares (%)**

Location	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Zone 11	Zone 12	Zone 13	Zone 14	Inflow
Eastbourne Town Centre	47.6%	12.3%	2.5%	34.6%	2.4%	0.8%	3.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.9%	1.4%	5.0%
Other Eastbourne Centres	21.5%	27.4%	52.9%	17.5%	26.7%	25.4%	35.4%	3.5%	4.4%	0.0%	3.5%	7.0%	4.2%	0.0%	5.0%
Eastbourne Out of Centre	26.0%	58.9%	41.6%	38.5%	28.1%	15.5%	46.6%	3.4%	0.0%	15.0%	3.5%	9.8%	2.8%	0.0%	5.0%
<b>Eastbourne Sub-Total</b>	<b>95.1%</b>	<b>98.6%</b>	<b>97.0%</b>	<b>90.6%</b>	<b>57.2%</b>	<b>41.7%</b>	<b>85.0%</b>	<b>7.9%</b>	<b>4.4%</b>	<b>15.0%</b>	<b>7.0%</b>	<b>16.8%</b>	<b>7.9%</b>	<b>1.4%</b>	
Outside of Eastbourne	4.9%	1.4%	3.0%	9.4%	42.8%	58.3%	15.0%	92.1%	95.6%	85.0%	93.0%	83.2%	92.1%	98.6%	
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: Eastbourne Shopping Assessment May 2010 with Lichfields' adjustments

**Table 5A - Base Year 2015 Comparison Goods Shopping Patterns (£M)**

Location	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Zone 11	Zone 12	Zone 13	Zone 14	Inflow	Total
<b>Expenditure 2015</b>	<b>75.39</b>	<b>88.24</b>	<b>80.08</b>	<b>74.60</b>	<b>39.48</b>	<b>93.28</b>	<b>31.86</b>	<b>78.85</b>	<b>12.17</b>	<b>16.58</b>	<b>22.20</b>	<b>61.59</b>	<b>78.97</b>	<b>46.95</b>		<b>800.25</b>
Eastbourne Town Centre	57.52	67.68	57.41	57.14	24.68	47.57	23.52	42.42	4.13	7.46	3.44	27.59	27.96	12.16	24.25	484.93
Eastbourne Other Centres	1.28	9.18	11.05	2.01	2.57	7.18	3.38	0.16	0.12	0.00	0.00	0.62	3.00	4.79	2.39	47.72
Eastbourne Out of Centre	7.46	7.15	5.69	9.10	6.51	5.32	2.58	3.23	0.19	1.61	0.24	3.02	1.26	3.47	2.99	59.84
<b>Eastbourne Sub-Total</b>	<b>66.27</b>	<b>84.00</b>	<b>74.15</b>	<b>68.26</b>	<b>33.76</b>	<b>60.07</b>	<b>29.47</b>	<b>45.81</b>	<b>4.44</b>	<b>9.07</b>	<b>3.69</b>	<b>31.22</b>	<b>32.22</b>	<b>20.42</b>	<b>29.62</b>	<b>592.49</b>
Outside Study Area	9.12	4.24	5.93	6.34	5.73	33.21	2.40	33.04	7.73	7.51	18.51	30.36	46.75	26.53	0.00	237.39
<b>TOTAL</b>	<b>75.39</b>	<b>88.24</b>	<b>80.08</b>	<b>74.60</b>	<b>39.48</b>	<b>93.28</b>	<b>31.87</b>	<b>78.85</b>	<b>12.17</b>	<b>16.58</b>	<b>22.20</b>	<b>61.59</b>	<b>78.97</b>	<b>46.95</b>	<b>29.62</b>	<b>829.88</b>

Source: Tables 3A and 4A



Table 5B - Base Year Convenience Goods Shopping Patterns (£M)

Location	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Zone 11	Zone 12	Zone 13	Zone 14	Inflow	Total
<b>Expenditure 2015</b>	56.80	71.47	62.97	51.55	29.03	68.06	22.24	56.84	9.05	10.60	15.27	41.14	59.57	36.65		591.26
Eastbourne Town Centre	27.04	8.79	1.57	17.84	0.70	0.54	0.67	0.57	0.00	0.00	0.00	0.00	0.54	0.51	3.09	61.86
Eastbourne Other Centres	12.21	19.58	33.31	9.02	7.75	17.29	7.87	1.99	0.40	0.00	0.53	2.88	2.50	0.00	6.07	121.41
Eastbourne Out of Centre	14.77	42.09	26.19	19.85	8.16	10.55	10.36	1.93	0.00	1.59	0.53	4.03	1.67	0.00	7.46	149.19
<b>Eastbourne Sub-Total</b>	<b>54.02</b>	<b>70.47</b>	<b>61.08</b>	<b>46.70</b>	<b>16.61</b>	<b>28.38</b>	<b>18.90</b>	<b>4.49</b>	<b>0.40</b>	<b>1.59</b>	<b>1.07</b>	<b>6.91</b>	<b>4.71</b>	<b>0.51</b>	<b>16.62</b>	<b>332.46</b>
Outside of Eastbourne	2.78	1.00	1.89	4.85	12.43	39.68	3.34	52.35	8.65	9.01	14.20	34.23	54.87	36.14	0.00	275.42
<b>TOTAL</b>	<b>56.80</b>	<b>71.47</b>	<b>62.97</b>	<b>51.55</b>	<b>29.03</b>	<b>68.06</b>	<b>22.24</b>	<b>56.84</b>	<b>9.05</b>	<b>10.60</b>	<b>15.27</b>	<b>41.14</b>	<b>59.57</b>	<b>36.65</b>	<b>16.62</b>	<b>607.88</b>

Source: Tables 3B and 4B

Table 6A - Future 2025 Comparison Goods Shopping Patterns (£M)

Location	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Zone 11	Zone 12	Zone 13	Zone 14	Inflow	Total
<b>Expenditure 2025</b>	97.83	117.30	107.41	97.70	51.56	122.82	42.07	104.47	16.68	22.42	30.32	81.14	103.36	61.84		1,056.90
Eastbourne Town Centre	74.65	89.97	77.01	74.84	32.22	62.64	31.05	56.20	5.65	10.09	4.70	36.35	36.59	16.02	32.00	639.97
Eastbourne Other Centres	1.66	12.20	14.82	2.64	3.35	9.46	4.46	0.21	0.17	0.00	0.00	0.81	3.93	6.31	3.16	63.17
Eastbourne Out of Centre	9.69	9.50	7.63	11.92	8.51	7.00	3.41	4.28	0.27	2.17	0.33	3.98	1.65	4.58	3.94	78.85
<b>Eastbourne Sub-Total</b>	<b>85.99</b>	<b>111.67</b>	<b>99.46</b>	<b>89.39</b>	<b>44.08</b>	<b>79.09</b>	<b>38.91</b>	<b>60.70</b>	<b>6.09</b>	<b>12.26</b>	<b>5.03</b>	<b>41.14</b>	<b>42.17</b>	<b>26.90</b>	<b>39.10</b>	<b>781.99</b>
Outside Study Area	11.84	5.63	7.95	8.30	7.48	43.72	3.16	43.77	10.59	10.16	25.29	40.00	61.19	34.94	0.00	314.02
<b>TOTAL</b>	<b>97.83</b>	<b>117.30</b>	<b>107.41</b>	<b>97.70</b>	<b>51.56</b>	<b>122.82</b>	<b>42.08</b>	<b>104.47</b>	<b>16.68</b>	<b>22.42</b>	<b>30.32</b>	<b>81.14</b>	<b>103.36</b>	<b>61.84</b>	<b>39.10</b>	<b>1,096.01</b>

Source: Tables 3A and 4A

Table 6B - Future 2025 Convenience Goods Shopping Patterns (£M)

Location	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Zone 11	Zone 12	Zone 13	Zone 14	Inflow	Total
<b>Expenditure 2025</b>	57.57	74.20	65.97	52.73	29.61	69.99	22.93	58.82	9.68	11.20	16.29	42.33	60.90	37.71		609.94
Eastbourne Town Centre	27.40	9.13	1.65	18.24	0.71	0.56	0.69	0.59	0.00	0.00	0.00	0.00	0.55	0.53	3.16	63.21
Eastbourne Other Centres	12.38	20.33	34.90	9.23	7.91	17.78	8.12	2.06	0.43	0.00	0.57	2.96	2.56	0.00	6.27	125.49
Eastbourne Out of Centre	14.97	43.71	27.44	20.30	8.32	10.85	10.69	2.00	0.00	1.68	0.57	4.15	1.71	0.00	7.70	154.08
<b>Eastbourne Sub-Total</b>	<b>54.75</b>	<b>73.16</b>	<b>63.99</b>	<b>47.77</b>	<b>16.94</b>	<b>29.19</b>	<b>19.49</b>	<b>4.65</b>	<b>0.43</b>	<b>1.68</b>	<b>1.14</b>	<b>7.11</b>	<b>4.81</b>	<b>0.53</b>	<b>17.14</b>	<b>342.78</b>
Outside of Eastbourne	2.82	1.04	1.98	4.96	12.67	40.81	3.44	54.17	9.26	9.52	15.15	35.22	56.09	37.18	0.00	284.30
<b>TOTAL</b>	<b>57.57</b>	<b>74.20</b>	<b>65.97</b>	<b>52.73</b>	<b>29.61</b>	<b>69.99</b>	<b>22.93</b>	<b>58.82</b>	<b>9.68</b>	<b>11.20</b>	<b>16.29</b>	<b>42.33</b>	<b>60.90</b>	<b>37.71</b>	<b>17.14</b>	<b>627.08</b>

Source: Tables 3B and 4B

Table 7A - Future 2035 Comparison Goods Shopping Patterns (£M)

Location	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Zone 11	Zone 12	Zone 13	Zone 14	Inflow	Total
<b>Expenditure 2035</b>	140.15	172.59	159.58	141.41	74.38	178.82	61.44	153.16	25.32	33.59	45.90	118.24	149.50	90.08		1,544.15
Eastbourne Town Centre	106.93	132.38	114.42	108.32	46.48	91.20	45.34	82.40	8.58	15.11	7.12	52.97	52.92	23.33	46.71	934.22
Eastbourne Other Centres	2.38	17.95	22.02	3.82	4.83	13.77	6.51	0.31	0.25	0.00	0.00	1.18	5.68	9.19	4.63	92.53
Eastbourne Out of Centre	13.87	13.98	11.33	17.25	12.27	10.19	4.98	6.28	0.41	3.26	0.50	5.79	2.39	6.67	5.75	114.92
<b>Eastbourne Sub-Total</b>	<b>123.19</b>	<b>164.31</b>	<b>147.77</b>	<b>129.39</b>	<b>63.59</b>	<b>115.16</b>	<b>56.83</b>	<b>88.98</b>	<b>9.24</b>	<b>18.37</b>	<b>7.62</b>	<b>59.95</b>	<b>61.00</b>	<b>39.19</b>	<b>57.08</b>	<b>1141.67</b>
Outside Study Area	16.96	8.28	11.81	12.02	10.78	63.66	4.62	64.17	16.08	15.21	38.28	58.29	88.51	50.90	0.00	459.58
<b>TOTAL</b>	<b>140.15</b>	<b>172.59</b>	<b>159.58</b>	<b>141.41</b>	<b>74.38</b>	<b>178.82</b>	<b>61.45</b>	<b>153.16</b>	<b>25.32</b>	<b>33.59</b>	<b>45.90</b>	<b>118.24</b>	<b>149.50</b>	<b>90.08</b>	<b>57.08</b>	<b>1,601.25</b>

Source: Tables 3A and 4A

Table 7B - Future 2035 Convenience Goods Shopping Patterns (£M)

Location	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Zone 11	Zone 12	Zone 13	Zone 14	Inflow	Total
<b>Expenditure 2035</b>	60.57	80.19	71.98	56.05	31.37	74.85	24.60	63.33	10.80	12.32	18.12	45.31	64.70	40.34		654.54
Eastbourne Town Centre	28.83	9.86	1.80	19.39	0.75	0.60	0.74	0.63	0.00	0.00	0.00	0.00	0.58	0.56	3.36	67.12
Eastbourne Other Centres	13.02	21.97	38.08	9.81	8.38	19.01	8.71	2.22	0.48	0.00	0.63	3.17	2.72	0.00	6.75	134.94
Eastbourne Out of Centre	15.75	47.23	29.94	21.58	8.82	11.60	11.46	2.15	0.00	1.85	0.63	4.44	1.81	0.00	8.28	165.55
<b>Eastbourne Sub-Total</b>	<b>57.61</b>	<b>79.07</b>	<b>69.82</b>	<b>50.78</b>	<b>17.95</b>	<b>31.21</b>	<b>20.91</b>	<b>5.00</b>	<b>0.48</b>	<b>1.85</b>	<b>1.27</b>	<b>7.61</b>	<b>5.11</b>	<b>0.56</b>	<b>18.38</b>	<b>367.61</b>
Outside of Eastbourne	2.97	1.12	2.16	5.27	13.43	43.64	3.69	58.33	10.33	10.47	16.85	37.69	59.59	39.78	0.00	305.31
<b>TOTAL</b>	<b>60.57</b>	<b>80.19</b>	<b>71.98</b>	<b>56.05</b>	<b>31.37</b>	<b>74.85</b>	<b>24.60</b>	<b>63.33</b>	<b>10.80</b>	<b>12.32</b>	<b>18.12</b>	<b>45.31</b>	<b>64.70</b>	<b>40.34</b>	<b>18.38</b>	<b>672.92</b>

Source: Tables 3B and 4B

**Table 8A - Comparison Goods Floorspace Capacity (SQ.M)**

	2015	2025	2035
Available expenditure £M	592.49	781.99	1,141.67
Turnover of existing floorspace £M	592.49	722.24	880.41
Surplus expenditure £M	0.00	59.75	261.26
Turnover density of new floorspace £ psm net	7,000	8,533	10,402
Sales floorspace projection Sq.M Net	0	7,003	25,118
Gross floorspace projection Sq.M Gross	0	9,337	33,490

Source: Tables 5A to 7A

**Table 8B - Convenience Goods Floorspace Capacity (SQ.M)**

	2015	2025	2035
Available expenditure £M	332.46	342.78	367.61
Turnover of existing floorspace £M	332.46	332.46	332.46
Surplus expenditure £M	0.00	10.31	35.15
Turnover density of new floorspace £ psm net	11,000	11,000	11,000
Sales floorspace projection Sq.M Net	0	938	3,195
Gross floorspace projection Sq.M Gross	0	1,339	4,565

Source: Tables 5B to 7B



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