
ECONOMIC BENEFITS STATEMENT

LANGSTONE PARK

February 2022

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ECONOMIC BENEFITS STATEMENT

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CONSTRUCTION JOBS SUPPORTED OVER THE 10 YEAR PHASE

DIRECT:
120
INDIRECT:
117

CONSTRUCTION GVA

£123M
(OVER CONSTRUCTION
PERIOD OF 10 YEARS)

FLEXIBLE EMPLOYMENT OPPORTUNITIES

BETWEEN

**837 AND
1,793**

DIRECT JOBS DEPENDANT
ON THE RANGE OF USES

**£44.0M TO
£133.7M**

IN GVA PER ANNUM

SUPPLY CHAIN

SUPPORTING
**1,088 TO
2,332**
INDIRECT JOBS

APPROXIMATELY
**£57.4M TO
£123.0M**
IN GVA PER
ANNUM

BUSINESS RATES

**£1.7M TO
£3.1M**
PER ANNUM

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APPENDICES

Appendix 1 – Lambert Smith Hampton, Langstone Park Context Update and Market Demand Review, Letter dated November 29th 2021.

1.0 INTRODUCTION

- 1.1 This Economic Benefits Statement (EBS) has been prepared by Barton Willmore's Development Economics Team on behalf of XLB Property Ltd to assess the potential economic benefits generated by the following proposed development at Langstone Park, Langstone Road, Havant (hereon within referred to as "the Development"):

"Phased demolition of existing buildings and the erection of new flexible use employment floorspace (Use Classes E(g)(i)-(iii)/B2/B8) and ancillary uses (Use Classes E(b), E(d) and E(f)); and associated works. All matters reserved except Access".

- 1.2 The Site was developed by IBM in the 1970's to accommodate their UK manufacturing headquarters. Since IBM left, the Site has evolved into a technology park providing office, laboratory, logistics and manufacturing spaces. Today, the Park comprises approximately 40 acres of land and accommodates c.51,755 sqm gross of employment floor space. The Park represents the largest concentration of commercial floorspace in Havant Borough and is recognised as a key employment area.
- 1.3 Occupancy levels across the Park have significantly fallen over recent years. The Park has a current overall vacancy level of circa 40%¹. This is acknowledged in the emerging Havant Local Plan, which states 'historically the Park has enjoyed an occupancy rate exceeding 90% but this has fallen to two thirds in recent years due to emerging competition, dated facilities and lack of appeal to occupiers'².
- 1.4 The emerging Local Plan also outlines the Council's commitment to the continued success of the Park and considers further development necessary to achieve this³. Further to this, proposed changes to Draft Policy KP6 Langstone Technology Park⁴ support 'comprehensive redevelopment providing new or converted employment development with supporting uses and infrastructure'.
- 1.5 The Development sets to replace and diversify the employment floorspace on the Park, offering E Class (g)(i) (offices), (g)(ii) (research and development) and (g)(iii) (industrial processes) along with B2 (general industrial) & B8 (storage and distribution) and ancillary Class E(b), E(d) and E(f) use classes on the Site. The intention is to revitalise and restore

¹ Lambert Smith Hampton, 29/11/2021

² Havant Local Plan- Submission Version 23/06/2021, Paragraph 3.113

³ Havant Local Plan- Submission Version 23/06/2021, Paragraph 3.118

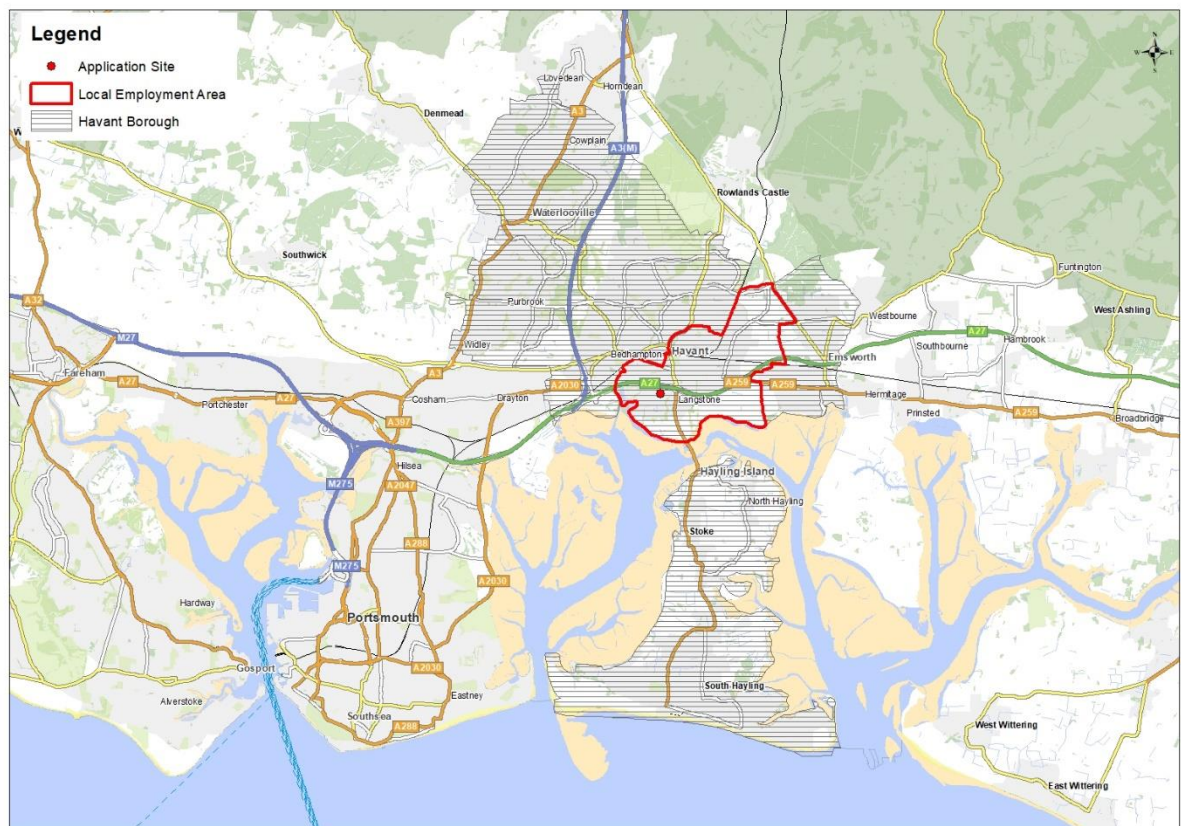
⁴ Havant Borough Local Plan, Changes for the Inspector to consider as part of the Examination, Update 12th February 2021, Page 72

- the former success of the Park, enabling it to enhance its current contribution to employment opportunities in the area and the local economy.
- 1.6 The EBS will demonstrate the economic benefits generated by the Development and identify how the Development can strengthen the existing and future socio-economic profile of the area.
- 1.7 Section 2: **Assessment Area**, reviews the commuting patterns within the surrounding area and Havant Borough. This will provide an understanding of how the Site currently affects local labour movement, indicating how the Development could potentially influence the labour network once operational.
- 1.8 Section 3: **Socio-Economic Profile** presents the socio-economic profile across the identified study areas. It will review the population, employment, skills and occupational profile, along with identifying opportunities for residents seeking to secure employment.
- 1.9 Section 4: **Current Site Profile**, considers the existing Site profile, setting out estimated employee numbers. Importantly, this Section will review the Site's suitability to support market needs and facilitate strategic economic growth ambitions based on local Agent intelligence.
- 1.10 Section 5: **Economic Policy Review**, details the relevant local economic policy, identifying economic growth aspirations and how the Development can support contribute to these.
- 1.11 Sections 6 and 7: **Economic Benefits**, sets out the gross and net economic benefits of the Development over both the construction and operational phases of development.
- 1.12 The Development could incorporate a B8 (storage and distribution) Use element, which is not currently present on-site. Section 8: **Value of Logistics**, seeks to demonstrate how the value of the logistics sector has increased over recent years and sets to remain a strong sector in the future, thereby providing employment opportunities and economic growth in Havant Borough.
- 1.13 Finally, Section 9: **Conclusion**, will provide a summary of the findings.

2.0 ASSESSMENT AREA

- 2.1 It is necessary to establish the appropriate study area for attributing the economic benefits.
- 2.2 Langstone Park is located south of the Havant Bypass (A27), which links Portsmouth and Chichester. The Park, along with Havant town centre north of the Havant Bypass, comprise the main employment centres within Havant Borough. Both the Park and Havant town centre are captured within Middle Super Output Area (MSOA)⁵ Havant 014. For this reason, MSOA Havant 014 is used to represent the "Local Employment Area" as shown on Figure 2.1.

Figure 2.1: Local Employment Area



- 2.3 To identify the potential areas that could benefit from the spectrum of employment opportunities created by the Development, commuting patterns from the 2011 Census are considered.
- 2.4 Table 2.1 reveals that 43% of people working in the Local Employment Area, live in Havant Borough. In total, the five authorities shown in Table 2.1 represent 84% of the Local Employment Area's workforce.

⁵ MSOAs are used by the Office for National Statistics (ONS) for the reporting of statistical data

Table 2.1: Origin of Local Employment Area's workforce (Top 5 Local Authorities)

Local Authority where people live	Number of people who work in the Local Employment Area	Proportion of Local Employment Area's Workforce
Havant	5,750	43%
Portsmouth	3,271	24%
Fareham	854	6%
East Hampshire	774	6%
Chichester	618	5%

Source: WU01UK, 2011 Census

- 2.5 The established commuter flows present a realistic labour catchment area, defining the area's most likely to benefit from the employment opportunities created on-site. Given that the five local authorities of Havant, Portsmouth, Fareham, East Hampshire and Chichester provide 84% of the Local Employment Area's workforce, it is considered that collectively these five authorities represent the broader "Commuter Area" as shown on Figure 2.2.

Figure 2.2: Broader Commuter Area

-
- 2.6 87% of the workforce population within Havant originate from within the broader Commuter Area. Havant has a 51%⁶ containment rate of residents working within the Borough.
- 2.7 Based on the analysis presented in this section, it is considered that the following are appropriate study areas for assessing the economic benefits of the Development:
- Local Employment Area (MSOA Havant 014);
 - Havant Borough; and
 - Broader Commuter Area (Portsmouth, Fareham, East Hampshire, Chichester and Havant).

⁶ Not considers residents who work from home, not fixed place or not in the UK.

3.0 SOCIO-ECONOMIC PROFILE

3.1 Having identified the areas which will have the strongest connection with the Development (Local Employment Area, Havant Borough, and the broader Commuter Area) the socio-economic characteristics of these areas are now considered to understand the economic benefits that the Development will bring to these areas. Data for the South East (SE) region has also been presented for comparison.

3.2 The socio-economic analysis presented in this section focuses on the following characteristics:

- **People**
 - **Population** – The number of residents and their age profile.
 - **Lifestyles** – resident characteristics as reported by Experian Mosaic UK 7 segmentation model.
- **Labour Supply**
 - **Participation** – the adult population that is economically active, including employment, unemployment and claimant count estimates.
 - **Skills and Occupations** – The current skill level and occupational profile of the resident working age population.
 - **Industry of Employment** – an analysis of the industry of employment at broad sector level of the resident population.
- **Labour Demand**
 - **Workplace jobs** – the number of jobs and the industries of employment.
 - **Workforce origin** – where people currently travel from to work in Havant.

i) The People

3.3 The Local Employment Area accounts for 8% of the Havant Borough's total population. Havant accounts for 18% of the wider Commuter Area population. The Local Employment Area and Havant Borough present an older age profile than both the Commuter Area and SE region, demonstrated in Table 3.1.

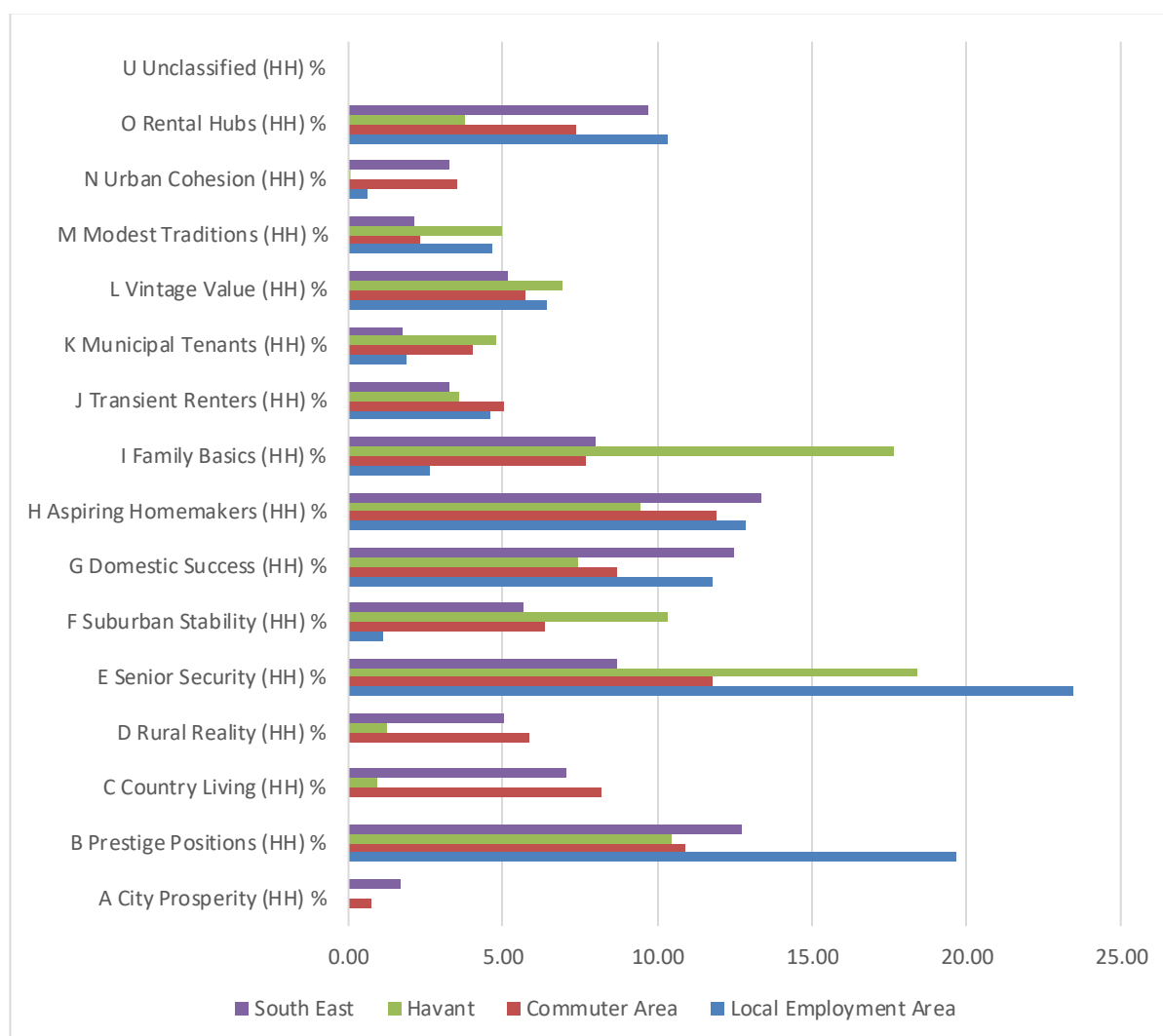
Table 3.1: Residential Population

Population	Local Employment Area	Havant	Commuter Area	South East Region
Total	10,391	127,856	710,650	13,032,046
0-9	925 (9%)	13,811 (11%)	76,462 (11%)	1,575,039m (12%)
10-17	827 (8%)	11,557 (9%)	63,685 (9%)	1,266,109 (10%)
18-24	675 (7%)	9,269 (7%)	65,761 (9%)	997,673 (8%)
25-44	2,171 (21%)	28,068 (22%)	163,674 (23%)	3,249,765 (25%)
45-64	3,184 (31%)	34,904 (27%)	188,241 (26%)	3,431,474 (26%)
65+	2,609 (25%)	30,247 (24%)	152,827 (22%)	2,511,987 (19%)

Source: Experian - 2011 Census-based Current Year Estimates, 2020

c) Lifestyle

- 3.4 Experian's Mosaic UK 7 segmentation model divides the UK population into 15 groups and 66 more detailed types, using over 400 data variables to define their characteristics. Figure 3.1 illustrates the 15-group profile across the study areas
- 3.5 Mosaic classification across the Local Employment Area also highlights an older household profile across the Local Employment Area, with Senior Security and Prestigious Positions groups make up 43% of the household population. Across Havant Borough and the Commuter Area, these groups account for between 20% and 30% of households.
- 3.6 Senior Security Households are normally elderly singles or couples, usually aged 66+. Prestigious Position Households represent older, affluent and well-educated couples who have reached senior and managerial positions in companies, usually aged between 56 and 65.

Figure 3.1: Mosaic Group Profile

Source: Experian Mosaic

- 3.7 Aspiring Homemakers is also a prominent group across the Local Employment Area and Commuter Area, see Table 3.2. In particular, this group accounts for 35,000 households across the Commuter Area. It is predominantly young people in their twenties and thirties, the majority of who are in full-time employment. Many have degrees and higher technical qualifications, working in lower managerial and professional, administrative, and intermediate occupations.
- 3.8 Family Basic households are also prevalent across Havant Borough, accounting for 18% of households. This equates to 9,706 households, increasing to 23,119 across the Commuter Area. This household group are typically in their 30s and 40s. They have limited qualifications and are often employed in lower wage routine and semi-routine jobs.

- 3.9 Despite the higher proportion of older household classifications, it is important to note that around 40% of the households across the Local Employment Area, Commuter Area and Havant are aged between 18 and 45 (between 30% and 34% are aged 18 to 35). This equates to 1,996 households across the Local Employment Area, increasing to 23,025 across the Borough and 122,340 across the Commuter Area. This highlights a diverse labour force throughout the selected study areas.
- 3.10 The Mosaic profile depicts a split between older more established households and younger economically active households who are starting to settle in the area. It is vital that the employment offer encourages and supports these younger economically active networks.

Table 3.2: Top Three Mosaic Classification Groups

Top 5 Groups	% Proportion of Households
Local Employment Area (LEA)	56
E Senior Security (HH) %	23
B Prestige Positions (HH) %	20
H Aspiring Homemakers (HH) %	13
Havant	47
E Senior Security (HH) %	18
I Family Basics (HH) %	18
B Prestige Positions (HH) %	10
Commuter Area (CA)	35
H Aspiring Homemakers (HH) %	12
E Senior Security (HH) %	12
B Prestige Positions (HH) %	11
South East	39
H Aspiring Homemakers (HH) %	13
B Prestige Positions (HH) %	13
G Domestic Success (HH) %	12

Source: Experian

ii) Resident Labour Force (Labour Supply)

a) Economic Activity

- 3.11 The Local Employment Area has a higher proportion of economically active residents (72%) than both the Borough (70%) and Commuting Area (71%) comparators and is only slightly lower than the Southeast Region (73%).

- 3.12 The slightly higher proportion of economically inactive residents across the study areas compared to the regional level is due to a higher proportion of retired residents. Across the Local Employment Area 61% of those economically inactive are retired, 56% within the Havant and 50% across the Commuter area, this compares to 48% across the region. The Commuter Area (21%) also contains a higher proportion of students compared to Southeast (18%).

Table 3.3: Economic Activity

(Res1674)	Local Employment Area	Havant	Commuter Area	South East Region
Economically Active	72% (5,319)	70% (63,502)	71% (364,175)	73% (6,763,364)
Economically Inactive	28% (2,098)	30% (27,012)	29% (146,924)	27% (2,526,846)

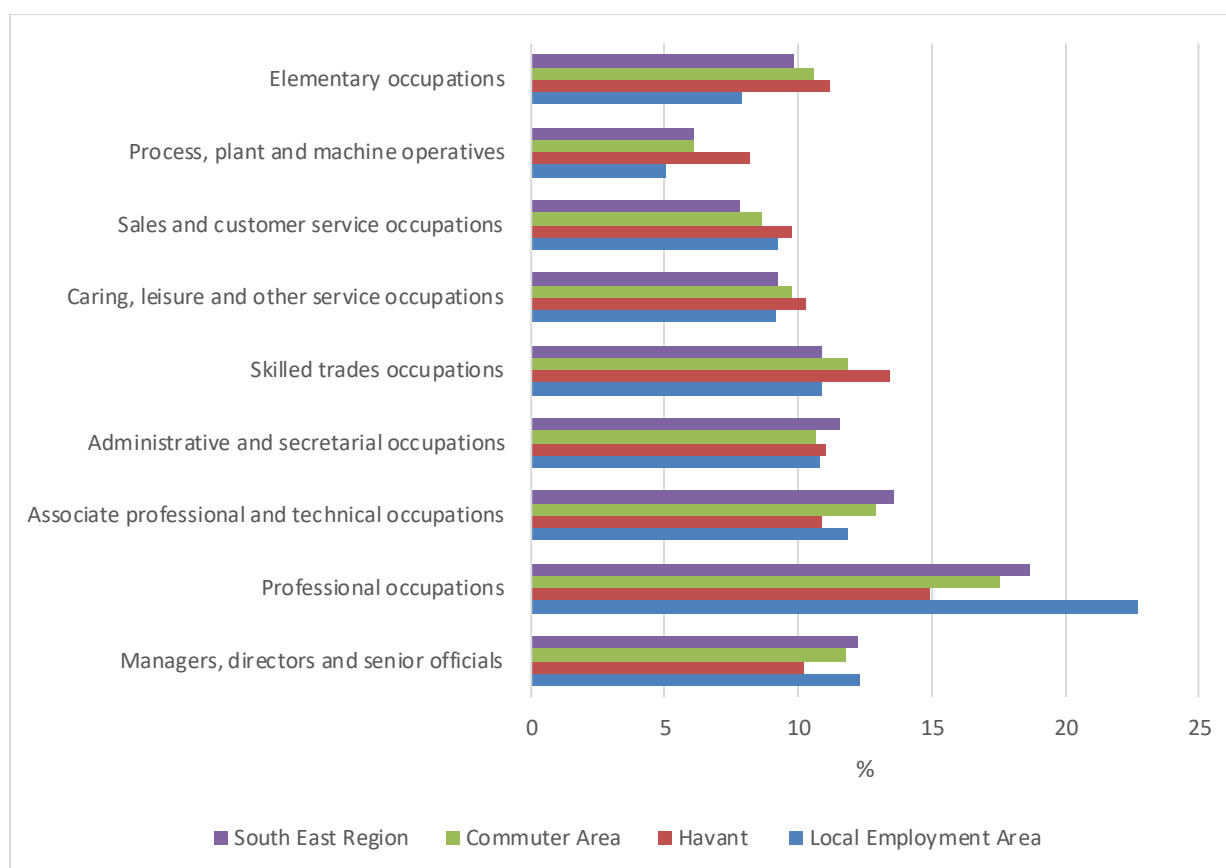
Source: Experian, 2011 Census-based Current Year Estimates, 2019

b) Occupation Profile

- 3.13 There is a clear variance in Local Employment Area occupation profile compared to the wider comparator areas. 47% of the Local Employment Area's working residents are employed within higher value occupations⁷. This compares to 36% across Havant, 42% across the Commuter Area and 45% across the SE region.
- 3.14 Around 5% of the Local Employment Area's employed residents work in process, plant and machinery occupations. A further 8% are employed in elementary occupations. Overall, this accounts for around 13%⁸ of the workforce across the Local Employment Area. In comparison, these two occupations make up 19% of workforce across Havant, 17% across the Commuter Area and 16% at the regional level.
- 3.15 Overall, there is a relatively diverse set of occupation types across the study areas. Around 47% of the workforce within the Local Employment Area are working within higher value occupations (managerial, professional and associate occupations). This compares to 36% within Havant and 42% across the Commuter Area. This suggests a need to ensure the employment profile provides a spectrum of occupation opportunities.

⁷ Accounting for Managers, directors and senior officials, Professional occupations, Associate professional and technical occupations

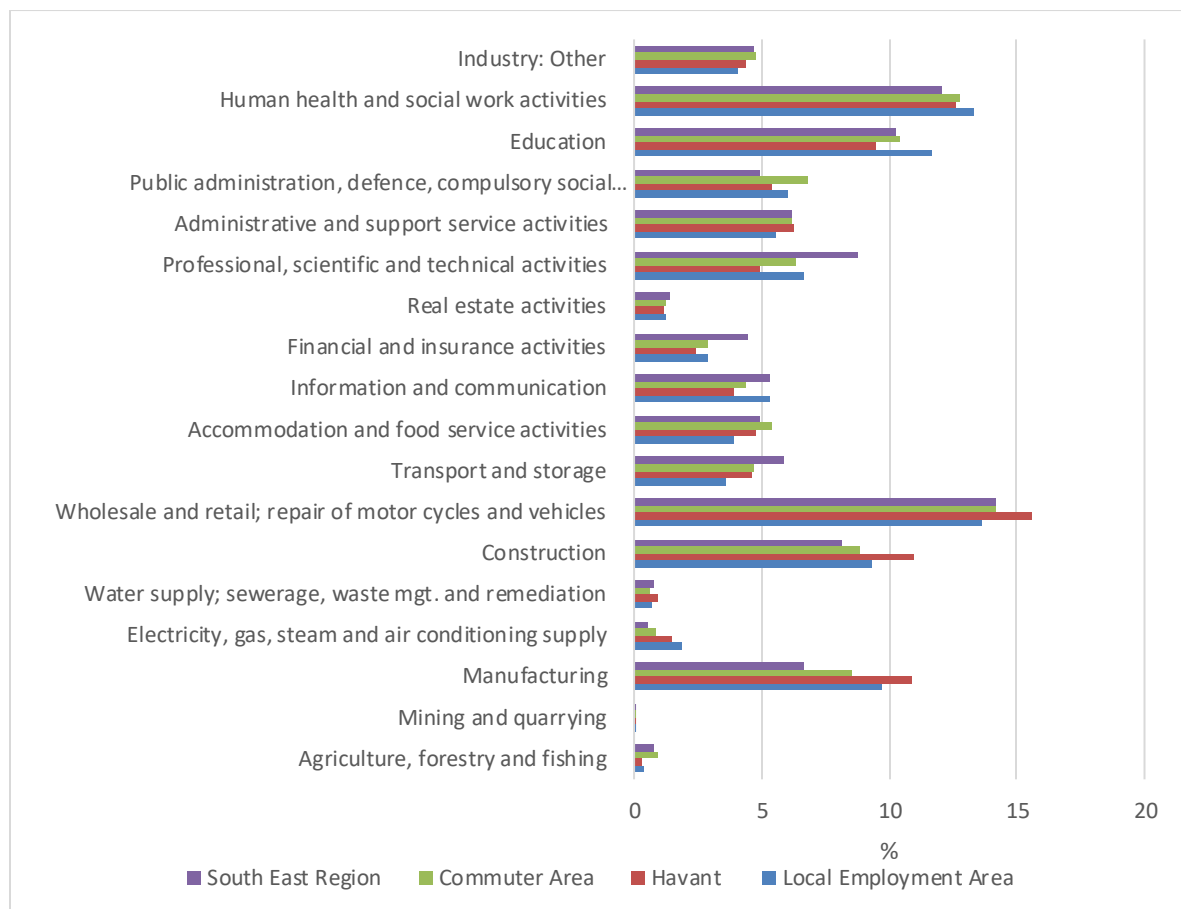
⁸ Numbers subject to rounding

Figure 3.2 Occupational Profile

Source: Experian, 2011 Census-based Current Year Estimates, 2019

c) *Industry of Employment*

- 3.16 The wholesale and retail sector employ the highest proportion (14%) of residents in the Local Employment Area, which is broadly similar with the other comparators. Human health and social welfare activities at 13% employs the second highest proportion of residents followed by education (12%).
- 3.17 Manufacturing is a prominent industry of employment across the Local Employment Area (10%), Havant (11%) and the Commuter Area (9%). The construction sector is also an important employment source across the study areas, exhibiting similar levels to that seen in manufacturing.
- 3.18 Across the Local Employment Area, Havant and the Commuter Area between 4% and 5% of the resident workforce area employed within Transport and Storage jobs. This is only marginally lower than the portion working within professional and scientific activities.

Figure 3.3: Resident Industry of Employment

Source: Experian, 2011 Census-based Current Year Estimates, 2019

d) Skills Profile

- 3.19 Table 3.5 compares the highest qualification profile across the study areas. The Local Employment Area has the highest proportion of residents with a Level 4 and above qualification at 38%, which is some 11% higher than in Havant Borough and 5% higher than in the SE region.
- 3.20 The Local Employment Area has the lowest proportion (16%) in all the comparator locations of residents with no qualifications. Havant has a relatively high proportion of residents to have achieved no qualifications compared to the Commuter Area and regional level.
- 3.21 Across all the study areas a uniform 4% of the population (16 and over) have achieved 'other' qualification classifications. According to Table 3.4 these could be vocational/work related qualifications, the type commonly assessed across elementary, process and logistics operations.

Table 3.4: Highest Qualification Profile

	Local Employment Area	Havant	Commuter Area	South East Region
No qualifications	16%	21%	17%	17%
Level 1 1-4 GCSEs, Scottish Standard Grade or equivalent qualifications	10%	13%	11%	12%
Level 2 5 or more GCSEs, Scottish Standard Grade or equivalent qualifications	13%	15%	14%	14%
Apprenticeship	4%	5%	4%	3%
Level 3 2 or more A-levels, HNC, HND, SVQ level 4 or equivalent qualifications	15%	16%	18%	15%
Level 4 and above First or higher degree, professional qualifications or other equivalent higher education qualifications	38%	27%	32%	33%
Other vocational/work related qualifications and non-UK/foreign qualifications	4%	4%	4%	5%

Source: Experian, 2011 Census-based Current Year Estimates, 2019

e) Home Working

- 3.22 The Local Employment Area and Commuter Area present a level of homeworking similar to that observed at a regional level. In contrast Havant has a lower proportion of residents who work mainly from home. This suggests that a higher proportion of Havant's resident workforce are employed within jobs less suitable for home working.

Table 3.5: Method of Travel to Work

	Local Employment Area	Havant	Commuter Area	South East Region
Work mainly at or from home	6%	4%	6%	6%

Source: Experian, 2011 Census-based Current Year Estimates, 2019

f) Claimant Count

- 3.23 As the claimant data is not collated over MSOA levels, the ward boundary of St Faith's Ward has been adopted as a proxy for the Local Employment Area. Across this area, as of October 2021, there were around 190 Claimant Counts. 58% of these were in the 25 to 49 year old age bracket, a further 25% were received by residents aged 50+ aged. Across the wider

Havant Borough and Commuter Areas over the same period there were 3,180 and 16,850 claimant count respectively.

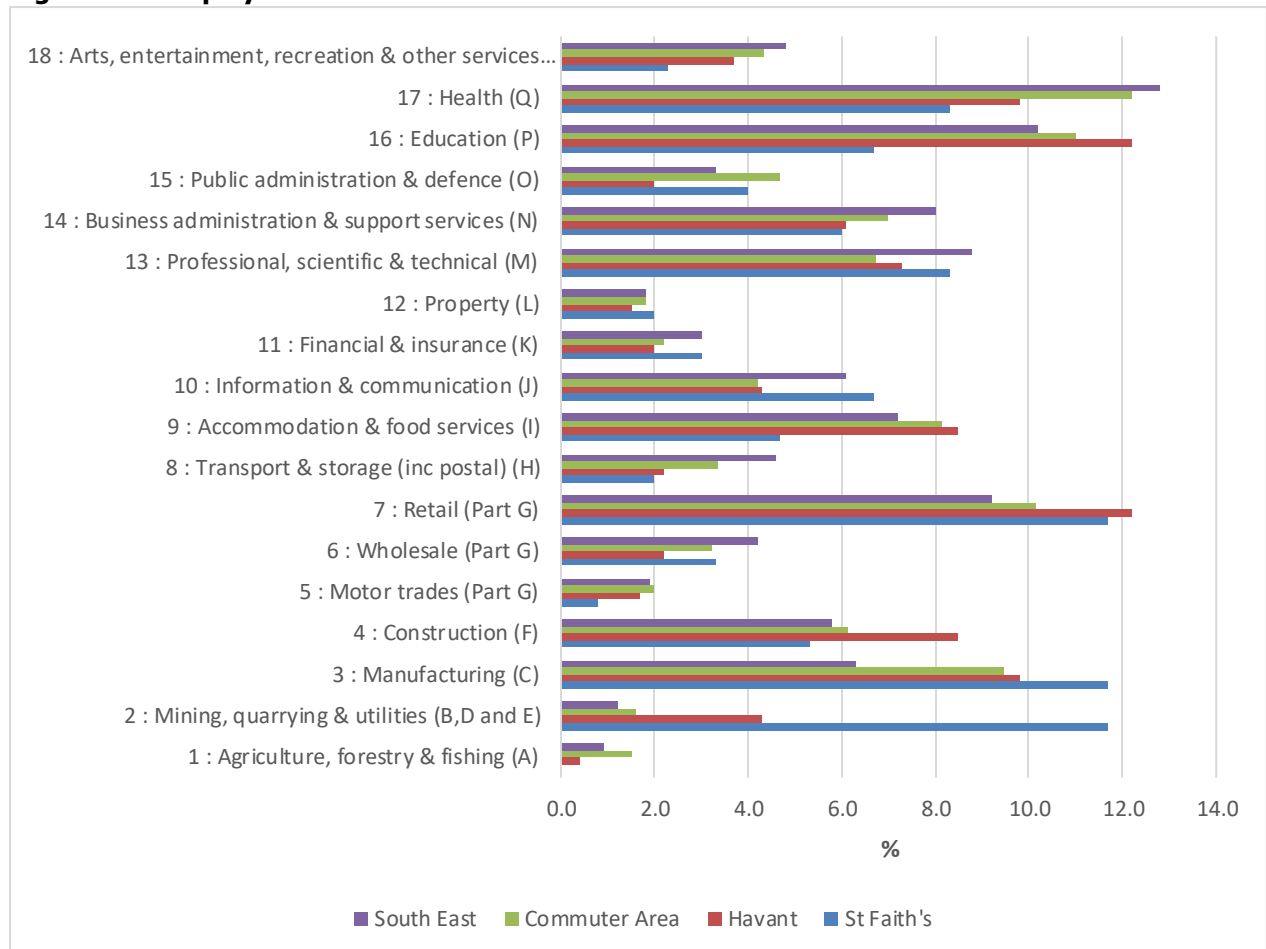
g) Enterprise Profile

- 3.24 There are 4,475 enterprise counts across Havant. 91% of these are micro enterprises, employing between 0 and 9 people. 7% are small businesses, employing 10 to 49 people. Only 1% of enterprises across Havant are defined as medium-sized enterprise. Of these 15% are within the manufacturing sector.

iii) Workplace Employment (Labour Demand)

a) Industry of Employment and origin of workforce

- 3.25 The existing stock of jobs and businesses attract a daily workplace population. Our analysis commences with a review of jobs filled in 2019. The 2019 Business Register and Employment Survey (BRES) published by ONS in November 2020 provides the most up to date insight into the local jobs market.
- 3.26 Figure 3.4 reviews the jobs industry profile across the Local Employment Area, Havant Borough, the Commuter Area and the SE region. As the BRES data does not cover MSOA levels, the ward boundary of St Faith's Ward has been adopted as a proxy for the Local Employment Area. Figure 3.4 emphasises the importance of the manufacturing industry throughout the Local Employment Area accounting for 12% of jobs across the ward (equating to some 1,750 jobs). This compares to 10% of jobs in Havant (4,000 jobs) and the wider Commuter Area (27,500 jobs), accounting for just 6% in the SE region.
- 3.27 Other key sectors in the Local Employment Area include mining, quarrying and utilities (12%) and retail (12%). Similarly, the professional, technical and scientific industry is an important provider of jobs (8%) with approximately 1,250 jobs in the Local Employment, 3,000 across Havant and 18,000 across the Commuter Area.
- 3.28 Currently the transport and storage sector accounts for between 2% and 3% of jobs across the Local Employment Area, Havant and the Commuter Area. This is particularly low compared to 5% across the region. This equates to just 900 jobs within Havant, increasing to 10,050 across the Commuter Area.

Figure 3.4: Employment Profile

(BRES 2019)

b) Employment Growth

3.29 According to Oxford Economics, the forecasted job growth over the period 2020 to 2040 within Havant is around 3,659. Across the wider Commuter Area, this increases to 18,953. Underpinning the need for employment growth is the assumption that 10,773 new homes will be built across Havant Borough between 2016 and 2037. Over this same period the Draft Local Plan makes provision for 149,940 sqm of additional employment floorspace.

iv) Summary

3.30 The age profile across the Local Employment Area, Havant and the Commuter Area highlight an older population than the regional profile. This is reflected in the Mosaic lifestyle classification profile, presenting a higher proportion of Senior Security and Prestigious Positions households. These are both household groups with an age of above 56 to 64 and 66+.

- 3.31 The Mosaic review also highlights a broad split between older established households and younger economically active households settling into the area. 40% of the households across the Local Employment Area, Havant and the Commuter Area are aged between 18 and 45. The Commuter Area presents a broader classification group profile. This emphasises the need to supply employment options that support both the older economically active and attract and retain the younger economically active population.
- 3.32 The area close to the Site (Local Employment Area) presents the highest proportion of residents working within high value occupations (47%), Havant overall has much lower proportion of its population employed within higher value occupations (36%). Around 19% of the Havant workforce are employed within plant and machinery occupations, and elementary occupations. This compares to 13% throughout the Local Employment Area and 17% Commuter Area.
- 3.33 Manufacturing is a prominent industry of employment across the Local Employment Area (10%), Havant (11%) and the Commuter Area (9%). The construction sector is also an important employment source across the study areas, exhibiting similar levels to that seen in manufacturing.
- 3.34 Havant Borough presents a lower skilled population profile than the Local Employment Area, wider Commuter Area, and regional profile. Notably a lower proportion of the resident labour force work from home compared to the comparator areas. This suggests a proportion of the resident's population from within this area are employed within industries that require you to work on-site.
- 3.35 The jobs profile within the area emphasises the importance of the manufacturing industry throughout the local economy. Currently the transport and storage sector accounts for between 2% and 3% of jobs across the Local Employment Area, Havant and the Commuter Area. This is particularly low compared to 5% across the region.
- 3.36 91% of enterprises within Havant are micro, with a further 7% being described as small. This emphasises a need to supply employment space that support SMEs.

4.0 CURRENT SITE PROFILE

4.1 An evaluation of the existing employment floorspace on-site will define the Site's suitability to support current and future economic growth. This will comprise a review of the current floorspace profile and analysis of potential employment levels. Vitally this will also include Local Agent analysis of the Site and its role within the local and strategic commercial market.

i) Existing Employment Floorspace

4.2 The site was a purpose-built headquarters & manufacturing facility developed by IBM. Since IBM left, the site has been split into a multiuser technology park and some spaces have been refurbished/converted for alternative uses.

4.3 The existing building stock is grouped on the northern part of the site, with a large expanse of car parking to the south. The buildings have changed little externally since their construction and are consistent in their appearance across the site with little variation apart from alterations to building 7000.

4.4 The Park, as existing, can broadly be divided by the following buildings:

- Building 1000 - prior to the recent demolition of Bays 1 and 2 (originally permitted under Ref: APP/19/00703), this building comprised approximately 161,000ft² of floor space, laboratory, warehouse, manufacturing, and data centre uses. The floor plates are deep with little natural light making conversion/refurbished difficult and uneconomical.
- Building 4000 consists of approximately 33,000ft² of floor space with office, laboratory, and café facilities. The building is low rise and positioned at the heart of the Park because of this it is generally concealed by larger buildings surrounding it and lacks any form of presence or visibility from the wider Park.
- Building 5000 consists of approximately 96,000ft² of office, laboratory, and data centre floor space.
- Building 6000 was one of the last buildings constructed on the site and is the former IBM head office and comprises of approximately 128,000ft² of floor space over three floors. This building accommodates a significant quantum of office space which is disproportionate to current market demands and the location.

- Building 7000 consists of approximately 54,000ft² of office space spread over three floors. The building is currently occupied by a single user who have bespoke requirements. The building is dated and in poor condition. As with other buildings on the site the building is approaching the end of its serviceable life.
- The existing building stock is serviced by a central plant facility which is extremely inefficient and at the end of its serviceable life span being over 40 years old. The plant is poor performing with high running costs and costs for replacement are significant.

4.5 Table 4.1 sets out the current building profile on-site, with regards to total available floorspace and current vacant floorspace. This takes into consideration the part demolition of Building 1000 (Bay 1 & 2, originally granted under planning permission ref:APP/19/00703). The demolished area totalled c.6,000 sqm and comprised office, B1b and B2 floorspace.

4.6 Out of the five properties on-site only one is currently fully let. The high vacancy rates reported in Table 4.1 are reflective of the Emerging Local Plan's acknowledgment that the site has 'dated facilities and lack of appeal to occupiers'⁹.

Table 4.1: On-Site Building Areas

Building	Total NIA* sqft (sqm)	Total Vacant Floorspace sqft (sqm)	Vacancy Rate %	Current Occupied Floorspace sqft (sqm)
1000	99,992 (9,199)	57,468 (5,287)	57.5%	42,524 (3,912)
4000	15,342 (1,411)	9,889 (910)	64.5%	5,453 (502)
5000	96,681 (8,895)	30,148 (2,774)	31.2%	66,533 (6,121)
6000	128,690 (11,839)	70,489 (6,485)	54.8%	58,201 (5,354)
7000	54,027 (4,970)	0	0%	54,027 (4,970)

*(excluding common area)

⁹ Emerging Havant Borough Local Plan (Submission Version 23/06/2021), Paragraph 3.113

ii) Potential On-Site Employment Level

- 4.7 Based on the occupancy ratings reported in Table 4.1 it is estimated that the total occupied level of floorspace, if fully operational, could support around **1,071 FTE**. This is reflective of employment density guidance (sqm/FTE) presented within the HCA Employment Density Guide 3rd Edition. Table 4.2 sets out the use type assumptions for each building and the broad FTE/sqm applied to generate an approximate level of employment on-site.
- 4.8 The assessment assumes a general R&D use type across Buildings 1,000, 4,000 and 5,000, all utilising a 50 FTE per sqm employment density ratio. Buildings 6000 and 7000 have been assessed based on office density figures of 12 FTE per sqm.

Table 4.2: Employment Density Input Assumptions

Building	Summary of Broad Use Type per Building	Estimated FTE/sqm	NIA (sqm)	Total FTE
1000	Office + laboratory + Data Centre	50	3,912	78
4000	Office + laboratory	50	502	10
5000	Office + laboratory	50	6,121	122
6000	Office	12	5,354	446
7000	Office	12	4,970	414
Total	1,071*			

*Numbers subject to rounding.

- 4.9 Based on the physical state of the of the buildings and the current shift in working patterns this level of employment on-site is considered liberal. In 2017 the average daily attendance on-site, according to facilities management, was recorded at 1,450. This decreased to 1,175 in 2018 and 2019. This reduction corresponds with Seagate leaving the Site in 2018.
- 4.10 In 2020 and 2021 daily average attendance dramatically reduced to around 200. Attendance figures over this period are impacted by COVID-19 guidance to work from home. Whilst this guidance recently has relaxed, data for the last few months reveals the daily total attendance at around 300 people, a decrease in footfall of around £74% compared to 2018/2019 levels.

- 4.11 Whilst attendance over the last few months could still reflect COVID-19 related work patterns, levels could also suggest a high proportion of the daily workforce are able to work more flexibility. The recognition of changing work patterns and flexible employee movement could negatively implicate the need for large office floorspace on-site, damaging market appeal.

iii) Market Review

- 4.12 Langstone Park was constructed in the late 1960's/early 1970's. The floorspace was specifically designed for IBM and its operation in manufacturing hardware, datacentre, and office use with ancillary amenity space. The buildings are served by a central plan facility. This is now over 40 years and considered beyond economic replacement.
- 4.13 According to local Agent, Lambert Smith Hampton¹⁰, the building fabric, windows and cladding across the site are mainly those installed during original construction and as such are now circa 50 years old. The consequence of the buildings age and condition means that overall, they are inefficient in terms of their energy performance. The windows for example, are predominantly single glazed and the roof systems have been patch repaired but are poorly insulated.
- 4.14 Agent analysis also comments that with occupiers increasingly focused on Environmental, Social and Governance (ESG) credentials, demand for Langstone Park property in its current condition is limited. The Energy Performance Certificate (EPC) rating for Areas 4 & 5 in Building 1000 and Building 6000 is E. Area 3 in Building 1000 and Building 4000 have EPC ratings of D. A recent government white paper indicates that from 2030 all commercial buildings being marketed will require an EPC rating of B or above¹¹.
- 4.15 Further to this, Agent findings report that the building aesthetics are a limiting factor. The concrete cladding and limited glazing are uninspiring and engender a rather claustrophobic feeling. This contrasts with the general demand from occupiers, where health and wellbeing is becoming increasingly important when selecting a building, part of which is the natural daylight provided within office spaces.
- 4.16 Table 4.3 sets out a review of the building stock based on Agent opinion of the Site's marketability. Agent data suggests that three of the existing six buildings yielded a vacancy rate of over 50%, as of November 2021. Excluding Building 7000, the existing marketing campaign has run for the last three to four years, generating little interest.

¹⁰ Lambert Smith Hampton 25th May 2021/24th November 2021 – Appendix 1

¹¹ Lambert Smith Hampton 25th May 2021/24th November 2021 - Appendix 1

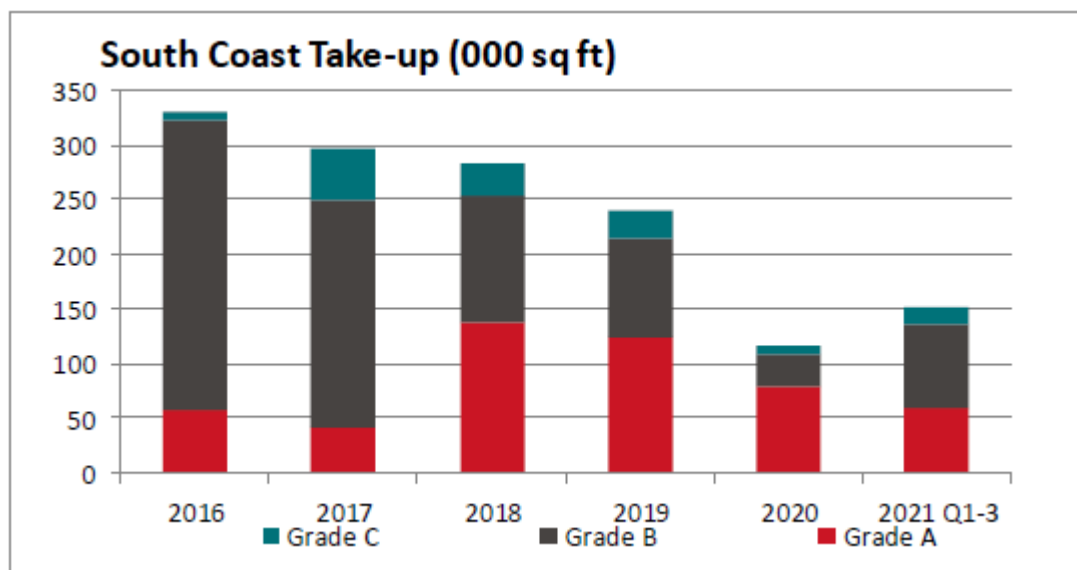
Table 4.3: Existing Floorspace Profile

	Building Description	Review of Marketability by Local Agent
Building 1000	- Construction 1968 – 1969. Area 3 was used to manufacture hard drives. - Areas 4 and 5 consists of traditional office space, bespoke lab space and a data room.	- The hybrid nature of the building has resulted in sections being vacant for years. Area 3 is vacant and not suitable to let in its current condition. - Following the demolition of Areas 1 and 2, around 57.5% of the floorspace remains vacant. It has remained vacant ever since Seagate left in 2017. - Deep floorplates and lack of daylight make it unattractive to occupiers. - The usable space requires refurbishment to a CAT A to meet modern standards. - Length of time on the market - 4+ years
Building 7000	- Construction 1968 to 1969, - The building was originally designed to be a data centre for IBM. The space was then repurposed for office use in the early 2000's. They have remained the sole tenant. - The property consists of three levels, with a basement.	- Currently let at a low rent. - Length of time on the market - 4+ years
Building 6000	- Constructed in the early 1970s 3 storey office development.	- In need of refurbishment to a CAT A finish. - The central plant servicing the building is now over 40 years old and beyond economic repair. - The roof needs replacing. - Occupiers including AT&T and Serocor have relocated to North Harbour seeking better quality office accommodation. - Length of time on the market - 3+ years
Building 4000	- Construction 1968 to 1969, - Serves the estate as the main hub for all tenants/visitors. You must pass through this building to access other buildings.	- Limited flexibility of the floorplate unless significant money is spent on repositioning the access. - Some interest from occupiers seeking a mix of office and R&D use or contract space for the likes of LHM. - Length of time on the market - various
Building 5000	- Constructed in the early 1970s, - The main use on the site is a data centre.	The current condition of this building is poor. The vacant space suffers from poor configuration and

	Building Description	Review of Marketability by Local Agent
	• The building has its own loading dock. • The remaining space within the building is utilised as office space and warehouse space. The mezzanine floor was previously used for R&D.	• a lack of natural light. The windows are single glazed. • It desperately needs refurbishment to a CAT A level, without it will be difficult to let. • The configuration and mezzanine level create a specialist space which is only attractive to a niche occupier. • Single glazing and building construction provide for poor energy efficiency. • Vacancy Rate – 31.2% • Length of time on the market – varied periods

4.17 The current vacancy levels across the scheme are confirmed by local Agents to reflect the reduced demand and take-up in the office sector. Figure 4.1 highlights this reduced demand, showing take-up figures for office space in the central south coast region over the past 5 years.

Figure 4.1: South Coast Office Take-Up



Source: 5-year take-up figures for the South Coast/m27 Corridor, Lamber Smith Hampton

4.18 The demand for Grade C and B space has significantly decreased. According to Agent information, post COVID-19 pandemic, there has been growth in sectors such as Industrial & Logistics, Healthcare, Life Sciences, data centres and certain elements of the Technology, Media & Telecoms (TMT) sector. Across all sectors there is a general flight to quality and demand for more modern, flexible and energy efficient buildings.

-
- 4.19 Further to this, Langstone Park's location is considered by local Agents to be less attractive for office occupiers in our region, which covers an area from the M3 in the West to the A3 in the East. Havant's location at the extremity of this geography and from an office occupier perspective, when seeking access to a good supply of labour, very much competes with the Portsmouth market. In contrast Agent feedback notes the site's location close to the A3/A27 junction is an advantage for the rising demand being witnessed across the Industrial and Logistics sector.
- 4.20 Local Agent, Lambert Smith Hampton, conclude that 'the argument to redevelop the site to provide best in class business space designed to the latest standards and with sustainability and the environment very much part of the design process is compelling. The Langstone Park location and strong demand from Industrial & Logistics would suggest that the development of space should be weighted towards this sector'¹².
- 4.21 Importantly, local Agent expertise confirms within the immediate vicinity there are alternative options available to office occupiers, ranging from flexible space available at Basepoint on Harts Farm Way, Arena Business Centre at Langstone Gate, and serviced offices at Southmoor Lane. Within a slightly wider geography, larger floor space is available East along the A27 towards Portsmouth and North up the A3 towards Waterlooville, including space at Lakeside North Harbour and North Harbour Business Park and at Wellington Gate, The Briars and Hussar Court in Waterlooville.

¹² Lambert Smith Hampton 25th May 2021/24th November 2021 - Appendix 1

5.0 ECONOMIC POLICY GUIDANCE

- 5.1 The following review of economic policy and guidance seeks to understand the national and local economic growth aspirations, to establish how the Development can contribute and support such aspirations.

i) National Planning Policy Framework

- 5.2 The National Planning Policy Framework (NPPF) (July 2021) requires that the preparation and implementation of plans and the application of policies in the framework deliver against its three sustainability objectives (economic, social, and environmental). The economic objective of the NPPF is:

“to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity and by identifying and coordinating the provision of infrastructure;”

- 5.3 In ‘building a strong, competitive economy’, Section 6 of the NPPF requires that account is taken of local business needs and wider opportunities for development. Policies should set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration. Critically paragraph 82 requires that recognition should also be given to addressing specific locational requirements of different sectors within planning policies, including:

‘making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations.’

- 5.4 Government national planning practice guidance requires local authorities to prepare a robust evidence base to understand existing business needs, which encompass functional market areas, and for Local Enterprise Partnerships to play a key role in this process. The guidance requires that in gathering evidence to plan for business uses, local authorities will need to liaise closely with the business community, take account of the Local Industrial Strategy and understand current and future requirements.

5.5 In assessing business needs the guidance confirms assessment of the following:

- Best fit functional economic area;
- Existing stock of land for employment uses within the area;
- Recent pattern of employment land supply and loss;
- Evidence of market demand;
- Wider market signals; and any evidence of market failure

5.6 More specifically, the guidance also confirms the critical role the logistics industry plays “in enabling an efficient, sustainable, and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities”, something that has been brought into sharp focus during the COVID-19 pandemic. Importantly the guidance also recognises that the logistics industry “has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial uses).”

5.7 The guidance confirms that strategic logistics facilities with a national or regional remit are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. Policy-making authorities are encouraged to engage with logistics developers and occupiers to understand the changing nature of requirements in terms of the type, size and location of facilities, including the impact of new and emerging technologies.

5.8 Local authorities are also required to assess the extent to which land and policy support is required for other forms of logistics requirements, including ‘last mile’ facilities serving local markets.

ii) Build Back Better (March 2021)

5.9 In March 2021, HM Treasury published ‘Build Back Better – our plan for growth’, which focuses on three pillars of investment to act as the foundation on which to build the economic recovery, uniting and levelling up the Country.

5.10 First, high quality infrastructure is crucial for economic growth, boosting productivity and competitiveness. Second, the UK has a strong foundation of advanced skills, but lags international comparators on technical and basic adult skills, therefore the Government aims to transform further education and build an apprenticeship revolution.

- 5.11 Finally, innovation drives economic growth and creates jobs. The UK is renowned for its science and innovation strengths, ranking 4th out of 131 economies in the Global Innovation Index. The Government aims to maximise the economic benefits of the UK Government's significant investments in research and development (R&D) and build a more innovative and productive economy.
- 5.12 Next year the Government plan to invest £14.6 billion in research and innovation grants and facilities. This investment will back the priorities set out in the UK Government's Research and Development Roadmap and drive progress towards the target for total UK investment in R&D (public and private) to reach 2.4% of GDP by 2027.
- 5.13 Currently, too few businesses can access the tools they need to translate new ideas into new products and services and the challenge established businesses. This means having the best access to capital, skills, and ideas.

iii) Havant Borough Core Strategy

- 5.14 The current Local Plan consists of the Core Strategy adopted March 2011. Havant Borough Local Plan was submitted for examination in the 12th February 2021
- 5.15 The Core Strategy sets out aims to promote Havant Borough's economy. The Council originally set out aspiration growth targets to increase productivity and GVA growth by 3.5% by 2026. Policy CS2 Employment, planned to flexibly accommodate a net total of 162,000 square metres of new employment floorspace between 2006 and 2026 as follows, this included 45,500 sqm of B2 manufacturing, 41,500 sqm of B8 warehousing, with previously development land being the priority.
- 5.16 The Core Strategy notes that there is a need for flexibility in the supply of employment land to respond to changing business requirements. It notes that once it has been established that an existing employment site is not fit for purpose other types of economic development should be considered. These uses must provide jobs, generate wealth, or produce an economic output.

iv) Emerging Havant Borough Local Plan (Submission Version 23/06/2021)

- 5.17 As set out in the Emerging Local Plan, by 2037 the vision for Havant Borough is to have delivered regeneration and investment in high quality new businesses, homes, facilities, and town centres.

- 5.18 The Local Plan emphasises that parts of the Borough desperately need investment and regeneration. The Plan sets out six overlapping strategic priorities which make up the vision for the future. This includes 'people having access to high quality new employment, education and training opportunities to boost economic growth and address the skills gap'.
- 5.19 Paragraph 2.14 goes on to say that 'new and refurbished business development will consolidate and reinforce the Borough's reputation as a centre for high technology and advanced manufacturing and as an excellent place to start a new business. Paragraph 2.16 notes that 'Langstone Technology Park and Dunsbury Park are successful and will continue with further commercial development, reinforcing their position as key employment hubs'.
- 5.20 The sixth strategic priority is the development of Havant as a 'Fourth Industrial Revolution location'. This will focus on digital, green, biological and physical technology. The Plan refers to the Borough benefiting from the early computer revolution being the location of the first IBM factory in England, which attracted new people and investment to the area and established a technology skill base'. The Plan states that 'the original IBM plant at Langstone has been identified as a key location for modernisation and intensification of new industry, new technologies and low carbon options, particularly in the fields of digital, transport and communications. The Council's open for business approach and the locational advantages will place the Borough at the forefront of the Fourth Industrial Revolution, creating the right conditions to support companies specialising in future technologies.
- 5.21 Policy DR1, Delivering Sustainable Development discusses the need for employment development across the Borough. This refers to The Employment Land Review 2020, PFSH Economic and Employment Land Evidence Base Paper (2016) and the Business Needs, Site Assessment and Employment Land Study (2016) provided evidence towards the Plan.
- 5.22 The Business Needs, Site Assessment and Employment Land Study identifies a need for employment floorspace requirement of 86,919 sqm over the plan period. 'The supply and availability of industrial stock both within the Borough and the wider Solent sub-region has continued to decline in recent years¹³. This is largely due to increasing occupier demand with relatively limited speculative development activity despite the availability of employment land for development. It is therefore important that the Council continues to monitor the supply of land, considering local business needs and the need for economic growth. The Local Plan makes provision for the delivery of 149,940 net sqm of employment floorspace in Havant'¹⁴.

¹⁴ Emerging Havant Borough Local Plan (Submission Version 23/06/2021), Page 16

- 5.23 According to Policy DR1 Delivering Sustainable Development on Havant Borough, the Local Plan makes provision to plan positively and collaboratively to achieve high quality, sustainable development that meets the Borough's diverse needs for the future. The Plan refers to 'a clear 'open for business' approach and supports sustainable job growth'¹⁵.
- 5.24 Policy KP6 refers directly to development within Langstone Technology Park (63). According to the Local Plan, the Park comprises 45,000 sqm of built space, occupied by over forty enterprises employing nearly 4,000 people. Paragraph 3.113 acknowledges that 'historically the Park has enjoyed an occupancy rate exceeding 90%, but this has fallen to two thirds in recent years due to emerging competition, dated facilities and lack of appeal to occupiers. Nonetheless, the Park boasts several key benefits including excellent power and internet connections as well as being well-placed close to Havant Town Centre, Havant Railway and Bus Stations and next to the A27'¹⁶.
- 5.25 The Emerging Local Plan notes that 'the site would benefit from improvement of its access infrastructure to better connect it to Havant Town Centre and its public transport hubs. It also needs improvements to the supporting facilities on-site to make sure that the Park can offer the facilities that businesses require. It is therefore critically important that development of the site creates a campus which can accommodate digital technology firms containing all the necessary services and facilities needed to drive its continuing success'¹⁷.
- 5.26 Paragraph 3.115 comments that 'the site presents opportunities for development through refurbishment and/or redevelopment of the existing buildings, and rationalisation and consolidation of the existing car parking provision, to free up space for development. Paragraph 3.116 goes on to say 'there is an opportunity for the site to accommodate new and innovative commercial models. Incubator units could be provided to offer accommodation for new and expanding businesses. Offices and industrial floorspace for digital technology firms, together with education accommodation and training facilities would also be suitable and could help promote the Park as the premier location for 4IR (the Fourth Industrial Revolution) economic development on the south coast '¹⁸
- 5.27 The Council is committed to the continued success of the Park and considers that further development is necessary to achieve this. Proposed changes to Draft Policy KP6 Langstone

¹⁵ Emerging Havant Borough Local Plan (Submission Version 23/06/2021), Page 18

¹⁶ Emerging Havant Borough Local Plan (Submission Version 23/06/2021), Page 63

¹⁷ Emerging Havant Borough Local Plan (Submission Version 23/06/2021), Page 63

¹⁸ Emerging Havant Borough Local Plan (Submission Version 23/06/2021), Page 63

Technology Park¹⁹ support 'comprehensive redevelopment providing new or converted employment development with supporting uses and infrastructure'.

5.28 Policy C1: Protection of Existing Employment Sites refers to 'proposals for employment uses which protect and enhance the function and operation of established employment areas (as defined on the Policies Map) will be supported. Planning permission for other uses will only be permitted within established employment areas where:

- a. The use(s) are of a scale which complements the function and operation of the established employment area; and
- b. There are available and suitable alternative premises within, or a reasonable distance of the established employment area which enable the occupier(s) to relocate (if the tenant/occupier wishes to continue to operate); and
- c. It can be demonstrated that either: i. It is not financially viable for employment purposes considering the costs of any redevelopment or refurbishment; or ii. No reasonable offer for employment purposes has been received for sale or rent, following a realistic and active marketing exercise; or iii. There would be no net loss in the number of jobs when compared to the current occupation or last occupation of the site for employment purposes

5.29 The Plan considers that the Borough has a diverse and varied industrial based economy is supported by a wealth of small and an increasing number of medium-sized enterprises. There is concern that these high tech and advanced manufacturing enterprises may be vulnerable to displacement if such uses are lost.

5.30 The Plan notes that 'the Borough's industrial and warehousing stock is largely characterised by older accommodation. These sites and premises serve an important economic function in terms of providing affordable accommodation for small and medium-sized enterprises (SMEs) and start-up businesses, with many small businesses operating across multiple sites evidenced by few vacancies. The disparity between new build and secondary stock rental values mean that many indigenous businesses do not have the incentive to invest or relocate due to the associated cost and risk'²⁰.

5.31 It is acknowledged within the Plan that the supply and availability of industrial stock, both within the Borough and the wider Solent sub-region, has continued to decline due to

¹⁹ Havant Borough Local Plan, Changes for the Inspector to consider as part of the Examination, Update 12th February 2021, Page 72

²⁰ Emerging Havant Borough Local Plan (Submission Version 23/06/2021), Page 202

increasing occupier demand and relatively limited speculative development activity, this is despite the availability of employment land for development.

- 5.32 Significantly the Plan recognises that uncertainties in the macroeconomic climate have led many businesses within the Borough to reorganise their business models, resulting in a need to ensure flexibility for redevelopment and intensification within the Borough's established employment areas.
- 5.33 Langstone Park is recognised as an established employment hub within Policy C1. The Plan emphasises a need to strengthen and reinforce the role of some employment areas across the Borough, seeking to increase market confidence and speculative development. The Council recognises a need to create the right conditions for businesses to invest, expand and adapt²¹.

²¹ 2 Emerging Havant Borough Local Plan (Submission Version 23/06/2021), Page 202

6.0 ECONOMIC BENEFITS – CONSTRUCTION PHASE

6.1 Section 6 will review the temporary economic benefits delivered throughout the construction phase. Throughout the construction phase economic benefits will be delivered as direct and indirect construction jobs, along with economic output (Gross Value Added) these roles generate.

i) Direct employment

6.2 The number of direct jobs generated during the construction period is calculated using the Construction Industry Training Board (CITB) Labour Forecasting Tool (LFT). Utilising the value, or gross floor area, a start date, duration, and location, the LFT predicts the labour demand on a month-by-month and trade-by-trade basis. Forecasts are based on historic data from past projects and updated as new data becomes available, taking account of time and location.

6.3 It is estimated that the site preparation and construction will take place over an estimated 10-year period. The LFT estimates that around 120 construction jobs could be supported each month over this period.

6.4 The LFT accounts for 28 occupation groups, split into the following work types

- Design - those involved in design process, including senior managers and support staff with design organisations.
- Management of construction - those staff involved with the management of the delivery of the construction or installation. This includes professionals employed for the construction stage or the projects; and
- Construction operatives - those operatives involved in the delivery of the construction or installation.

6.5 Table 6.1 sets out the split across the three groups that make up the occupations assessed within the LFT. It emphasises the varied occupation profile and skill requirements across the sector. Demand for each occupation type will vary throughout the construction period.

6.6 It is evident from Table 6.1 that not all occupations supported during the construction phase are located on-site, particularly those working within the design and management teams.

Table 6.1: Construction Employment – Skills Profile

Construction Period Employment Sector	Skill Requirement
Design	• Senior, executive and business process managers; • Non-Construction professionals, technical, IT and other office-based staff; • Civil Engineers; • Architects; • Surveyors; • Other construction professionals and technical staff.
Management of Construction	• Senior, executive and business process managers; • Construction project managers; • Process Managers; • Non-construction professionals; • Construction trade supervisors; • Civil Engineers; • Architects; • Surveyors; • Other construction professionals and technical staff.
Construction Operatives	• Wood trades; • Bricklayers; • Building envelope specialists; • Painters and decorators; • Plasters; • Roofers; • Floorers; • Glaziers; • Specialist builders; • Scaffolders; • Plant operatives; • Plant mechanics; • Steel erectors; • Labourers; • Plumbing and heating engineers; • Logistics; • Civil engineering; • Non-construction operatives.

- 6.7 Direct employment activity throughout the construction phase will generate economic output, measured through the generation of gross value added (GVA). GVA is a measure of economic output, distributed through retained profit and wages. Based on an average GVA per construction worker across the region around £52,000 per annum, the Development could generate a GVA of approximately £62.8m over the construction period.
- 6.8 Across Havant around 6,396 residents are employed within the construction industry. This accounts for 8% of the resident workforce. Across the Borough, according to 2019 BRES data, there are around 3,500 jobs within the construction industry. This indicates a deficit of 2,896 construction jobs across Havant Borough. Based on this the estimated 120 generated by the Development over 10 years, this will contribute to increasing the number of local employment opportunities.
- 6.9 The construction industry is particularly dedicated to supporting initiatives that lead to skill development, apprenticeships, and training programmes. These provide students and apprentices with the opportunity to gain skills specific to the construction industry, developing employability.

ii) Indirect employment

- 6.10 In addition to the direct jobs created on-site, because of the construction and management of the Development, further indirect (i.e., off-site) employment would be created as a result of spin-off and multiplier effects.
- 6.11 The level of indirect employment generated during the construction period has been assessed by applying the Office for National Statistics (ONS) Type 1 Employment Multiplier (2015) for construction (1.97) to the number of direct construction jobs. This could result in a further 117 indirect jobs being supported per month over the construction period. These supply chain jobs could support employment on a local to national scale.
- 6.12 The 117 indirect jobs are expected to generate £61.0m in economic output over the construction period, based on applying the UK average GVA per worker figure. This would provide a combined GVA from direct and indirect construction employment of £123.3m²² over the construction period.

²² Numbers Subject to Rounding

7.0 ECONOMIC BENEFITS – OPERATIONAL PHASE

- 7.1 The Development will generate economic benefits once completed and operational. This will include direct employment opportunities, generate jobs throughout the supply chain, produce economic output (Gross Value Added) and contribute to the funding of local services and infrastructure via business rates contributions.

i) Gross Employment Generated

- 7.2 The Development will deliver the following:

"Phased demolition of existing buildings and the erection of new flexible use employment floorspace (Use Classes E(g)(i)-(iii)/B2/B8) and ancillary uses (Use Classes E(b), E(d) and E(f)); and associated works. All matters reserved except Access".

- 7.3 Based on the indicative Masterplan for the Site (including Phase 1 approved under Ref: APP/21/00405) the Development will deliver up to 63,290 sqm GEA of floorspace, the majority of which will relate to *Use Classes E(g)(ii)-(iii)/B2/B8*, with up to 3,000 sqm which could be delivered within *Use Class E(g)(i)*. The 16 units shown on the indicative Masterplan would provide various employment floorspace options, aimed at meeting the market need for more flexible space. This range of floorspace opportunities onsite would improve local supply choice, increasing the potential occupier market. The proposed floorspace could provide location options to a multitude of occupiers, including the existing local businesses on-site looking to expand or SMEs looking to relocate to the area.
- 7.4 The number of jobs supported on-site once the Development is operational is calculated using job/floorspace densities set out in the Homes and Communities Agency (HCA) Employment Density Guide, 3rd Edition (2015).
- 7.5 60,290 sqm of the proposed floorspace has been assessed using an FTE/sqm range of 36 to 95 sqm per FTE. As set out in Table 7.1, this reflects flexible use options across the site offering E Class (g)(ii) (research and development) and E Class (g)(iii) (industrial process) along with B2 (general industrial) & B8 (storage and distribution) use classes. The remaining 3,000 sqm has been assessed based on 12 sqm per FTE, based on an office related employment density.

Table 7.1: Employment Density Guide, 3rd Edition (2015).

Use Class	Employment Density
B8 Storage and Distribution	95 sqm (GEA) per FTE job
B2 Manufacturing	36 sqm (GIA) per FTE job
E(g)(iii) Light Industrial*	47 sqm (NIA) per FTE job
E(g)(ii) Research and Development	40-60 sqm (NIA) per FTE job
E(g)(i) Office	12 sqm (NIA) per FTE job

- 7.6 For the potential B8 Use Class it has been assumed the Development would most likely support either a Final Mile Distribution at 75 sqm per FTE or a Regional Distribution Centre at 77 sqm per FTE. Recent evidence published by Prologis in their report 'Delivering the Future: The Changing Nature of Employment in Distribution and Warehouses'²³ reflects the increasing impact that automation is having on the storage and distribution sector. The density derived from the Prologis data for B8 uses equates to one FTE job to 96 sqm. This is reflective of the HCA Employment Density Guide for National Distribution Centres (i.e., 1 FTE job to 95 sqm).
- 7.7 It is estimated that the indicative Masterplan Development could support between **837** and **1,793** gross FTE on-site jobs, depending on the proposed use. This could support **1,088** to **2,332** gross indirect jobs.
- 7.8 Employment on-site will generate economic output, measured through the generation of gross value added (GVA). GVA is a measure of economic output, distributed through retained profit and wages. Based on an average GVA per worker, reflecting the proposed flexible E Class (g)(ii),(g)(iii) and E(g)(ii), floorspace, ranging between £48,251 and £75,572, the Development's direct gross on-site jobs could generate a GVA of between **£44.0m** and **£133.7m** per annum, generating a further **£57.4m** to **£123.0m** per annum as a result of the gross indirect jobs²⁴.

ii) Estimating the Net Direct Employment Generation

- 7.9 Whilst the indicative Masterplan Development could support between **837** and **1,793 FTE** jobs on-Site, guidance from the HCA, Additionality Guide²⁵ ("Additionality Guide") and more

²³ Prologis (September 2019) Delivering the Future: The Changing Nature of Employment in Distribution and Warehouses

²⁴ Based on an average UK wide GVA per Worker (2018-2021)

²⁵ HCA, Additionality Guide, 4th edition, 2014

recently, HM Treasury Green Book²⁶ (“The Green Book”) establishes that the on-Site jobs created by the Development would most likely be subject to the following factors²⁷

- **Substitution** - where firms substitute one type of labour for another to benefit from an intervention but do not increase employment or output.
- **Displacement** – the extent to which an increase in economic activity or other desired outcome is offset by reductions in economic activity or other desired outcome in the area under consideration or in areas close by.
- **Leakage** - the extent to which effects “leak out” of a target area into others. For an intervention designed to increase employment in a particular area, leakage could take the form of increased employment in neighbouring areas.

7.10 The above factors applied are based on the nature of the uses envisaged, professional judgement and having regard to published data and or guidance in the Additionality Guide and Green Book. Based on this, the following assumptions have been made:

- The nature of the proposed uses is not likely to result in one type of labour being substituted for another (e.g., a full-time employee substituted for a government funded trainee) therefore **substitution is not considered relevant.**
- Economic policy guidance has highlighted that Langstone Park is a key employment hub within the area. The proposed use will support key employment industry types, offering flexibility to respond to market need. Given the importance of the area and its contribution to future growth, it is assumed that **displacement will be low** and therefore the Additionality Guide’s low displacement factor of 25% has been applied.
- Commuting data (Section 2) has identified that around 51% of the workplace population commute from within Havant. Based on this, leakage is considered to be a relevant factor and it assumed that **49% of the jobs created by the Development will be taken by people travelling in from places outside of Havant.**

iii) Estimating the Net Indirect Employment Effect

7.11 The direct employment effect described above addresses a series of potential discounts to the jobs created total, in this case to arrive at an estimate of the number of jobs created that will be filled by Havant residents.

²⁶ HM Treasury, The Green Book: Central Government Guidance on Appraisal and Evaluation, 2020

²⁷ HM Treasury The Green Book: Central Government Guidance on Appraisal and Evaluation, 2020, Page 95, Paragraph A2.9

- 7.12 The indirect effect addresses employment opportunities that will be created elsewhere in Havant Borough or beyond, for example, in convenience or food and drink induced by employee expenditure, or, through businesses supply chain expenditure.
- 7.13 Indirect employment effects result from jobs created in 'tradable' sectors only. Tradable is defined as a sector that produces goods and services which are produced locally but mostly sold and consumed outside the local area. Conversely, the outputs of 'non-tradable' sectors, are mostly delivered locally and do not create indirect employment effects.
- 7.14 The majority of employment delivered by the Development will be tradable, excluding Unit 14 providing which will provide non-tradeable ancillary facilities, maximising the indirect employment effect. High, central and low place-based employment multipliers are provided by The Green Book to reflect a different extent of supply-chain 'spin-off' employment effects which are detailed in Table 7.2. For calculating the multiplier effect of the Development, it is considered appropriate to use the central multipliers.

Table 7.2: Place Based Employment Multipliers

Direct Employment Category	Tradable	Tradable	High Tech Tradable	High Skilled Tradable	Public Sector
Effect on Employment Sectors	Non-tradable	Tradable	Non-tradable	Non-tradable	Private Sector
Central	0.9	0.4	1.9	2.6	0.25
Low	0.1	0.3	0.7	2.5	-0.7
High	1.6	0.6	4.9	3.0	1.3

Source: HM Treasury the Green Book 2020, Annex A2: Place Based Analysis, Box 26

iv) Bringing it All Together: The Total Employment Effect and Associated GVA

- 7.15 The factors described above (substitution, displacement, leakage and multipliers), are collectively referred to as 'additionality' factors. Table 7.3 details the application of the additionality factors to the Development's creation of FTE gross jobs on-Site to derive a net direct and indirect employment effect.
- 7.16 Of the FTE jobs created on-site by the Development, it is calculated that **209 to 448** of these jobs will have been displaced from elsewhere and therefore **net direct job creation of the Development is 628 to 1,345 FTE jobs to Havant Borough.**

- 7.17 It is calculated that 308 to 659 of the net direct jobs created by the Development will be filled by people who live outside of Havant and therefore the **net direct employment effect to Havant Borough residents is 320 to 686 FTE jobs.**
- 7.18 **416 to 892 net indirect FTE jobs** will be created by the Development as a result direct employment.
- 7.19 **The total net employment effect of the Development is between 736 to 1,578 FTE, delivering a net GVA figure of between £38.8m and £98.2m per annum.**

Table 7.3: Total Net Employment

FTE		
JOB CREATION, LOSS AND DISPLACEMENT		
	Based on 60,290 sqm of E(g)(iii)/B2 & 3,000 sqm of E(g)(i)/Office	Based on 60,290 sqm of E(g)(ii)/B8 & 3,000 sqm of E(g)(i)/Office
Gross Jobs Created	1,793	837
Substitution	0	0
Displacement (25%)	448	209
Net Direct Job Creation	1,345	628
DIRECT EMPLOYMENT EFFECT		
Leakage (49%)	659	308
Net Direct Employment Effect to Havant Borough	686	320
INDIRECT EMPLOYMENT EFFECTS		
Multiplier	617	288
Non-tradable sector, central effect (x 0.9)		
Multiplier	274	128
Tradable sector, central effect (x 0.4)		
Net Indirect Employment Effect	892	416
TOTAL NET EMPLOYMENT EFFECT		
Net Employment	1,578	736

Numbers subject to rounding

v) Business Rates

- 7.20 The Development will generate annual business rates, contributing to the funding of local public services. Rateable values are provided by the Valuation Office Commercial and Industrial Floorspace and Rateable Value Statistics. Taking into consideration comparable rateable values from the surrounding area, it is estimated that the Development could generate approximately **£1.7m to £3.1m** per annum in business rates.

vi) Existing and Proposed Employment Levels

- 7.21 It is estimated that the existing floorspace, if fully operational, and could support around **1,071 FTE on-site**. In 2017 the average daily attendance on-site, according to facilities management, was recorded at 1,450. This decreased to 1,175 in 2018 and 2019. This was a result of occupiers Seagate leaving the Site in 2018. Data for the last few months reveals the daily total average attendance remains low at around 300 people, a decrease in footfall of around 74% compared to 2018/2019 levels.
- 7.22 Based on the buildings aging condition and taking into consideration Agent's advice (Section 4), it is unrealistic to expect job levels on-site to reach previously recorded levels. Without redevelopment job numbers on-site are likely to reduce further, reducing as leases expire and occupiers relocate for more modern conditions.
- 7.23 The level of on-site employment generated by the Development is estimated to be between **837 and 1,793 job**, depending on the use. Whilst the level of direct employment on-site generated by the Development may appear low compared to the current footfall on-site, it is important to consider the current context is unsustainable.

vii) Summary Table

7.24 Table 7.4 summaries the economic benefits generated by the Development.

Table 7.4: Economic Benefits Summary

Economic Indicator	Economic Benefits¹
<u>Construction Phase</u>	
No. of Direct Construction Jobs	120
No. of Indirect Construction Jobs	117
GVA from Direct Construction Jobs	£62.8m
GVA from Indirect Construction Jobs	£61.0m
Total GVA from Construction Phase	£123.3m
<u>Operational Phase</u>	
Gross Jobs Created	837-1,793
Net Direct Job Creation	628-1,345
Net Direct Employment Effect to Havant Borough	320-686
Net Indirect Employment Effect	416-892
Net Employment	736-1,578
Gross Direct GVA Created	£44.0m-£133.7m
Gross Indirect GVA	£57.4m-£123.0m
Direct GVA Creation	£33.0m-£100.2m
Net Direct GVA Effect to Havant Borough -GVA	£16.8m-£51.1m
Indirect Employment Effect - GVA	£22.0m-£47.0m
Total Net Employment Effect - GVA	£38.8m-£98.2m
Business Rates	£1.7m to £3.1m

1) Numbers subject to rounding

8.0 THE VALUE OF LOGISTICS

8.1 The Development will deliver E Class (g)(ii) and (g)(iii) along with B2 & B8 uses class floorspace on-site. This potential new industrial space could encourage investment within the transportation and storage sector (logistics) sector, sitting alongside manufacturing. This would therefore bring a new employment market into the area, requiring a variety of skills and occupations roles. Section 8 will explore the importance of the transportation and storage sector (logistics) and how it could positively contribute to Havant's local economy.

i) Market Snapshot

8.2 A recent market report by Lambert Smith Hampton stated that 'in the face of a major COVID-driven recession, the logistics sector performed with remarkable strength in 2020. It more than weathered the storm, as the pandemic stimulated new demand and accelerated structural changes, pushing the occupier and investment markets to new highs. The strength of the market's performance in 2020 is more impressive when set against the backdrop of a severe, lockdown-induced recession. GDP contracted by 9.9% in 2020, the worst year for the UK economy in more than three centuries²⁸.

8.3 UK industrial and logistics take-up hit a record 59.7m sqft in 2020. While the pandemic suppressed demand in other parts of the property market, it stimulated logistics sector activity. The pandemic had both a direct impact on demand, as significant volumes of additional warehouse space; and indirect impacts, with increased online retail activity encouraging major ecommerce businesses to push ahead with expansion plans²⁹.

8.4 While logistics property demand has been boosted in the short term by trends arising from the pandemic, the sector is also set to see long term gains because of accelerated structural changes. Logistics property has a secure role to play in supporting post pandemic economic activity, which puts it in stark contrast with other property sectors where the longer-term impacts on demand remain clouded with uncertainty. After a strong end to 2020, occupier and investment market activity slowed briefly at the start of 2021, due partly to the impact of renewed lockdown restrictions³⁰. However, backed by a healthy pipeline of occupier requirements, there has already been a re-acceleration of leasing activity.

²⁸ Scaling New Heights ILM 2021 Industrial and Logistics Market, Lambert Smith Hampton

²⁹ Scaling New Heights ILM 2021 Industrial and Logistics Market, Lambert Smith Hampton

³⁰ Scaling New Heights ILM 2021 Industrial and Logistics Market, Lambert Smith Hampton

- 8.5 Demand for space has expanded with occupiers seeking XXL big box floorspace, to smaller finale mile space. Vacant XXL big box logistics warehouses have proved hard to come by in recent times. The desires of occupiers are evolving with plans to maximise economies of scale depleting the few larger units available. This scarcity of available large units leads to an unusual lack of XXL deals in H1 2021 meaning occupiers have been taking smaller units. The increased importance of last mile logistics, also a contributing factor of the inflated take-up of smaller units in recent quarters. The largest proportion of floorspace taken in H1 2021 was for smaller big box units between 100k - 300k sqft, resulting in an average deal size of just 257,655 sqft³¹.

ii) Challenging Perceptions

- 8.6 Market performance and changing operational strategies has had a significant impact on employment demand within the sector. There is a degree of misunderstanding over the type of employment accessible within the logistics industry. Different sectors have evolving employment profiles, challenging perceptions to meet shifting client and cultural expectations.
- 8.7 Industry research estimates that the logistics sector supports around 93,000 businesses in the UK, an increase of 66% (from 56,000) compared to 2014 levels. This shows substantial growth compared to the 20% 'total businesses growth' across the UK over the same period. Certain subsectors, particularly those involved in road freight (56%) and land transport (76%), have experienced particularly high levels of growth.
- 8.8 This growth sector supports a minimum of around 960,000 employees, a 23% increase on levels observed in 2013. These levels are also probably conservative based on the current demand for labour.
- 8.9 Certain sub-sectors have had a particularly positive impact on employment levels. Growth in warehouse operations increased employee opportunities by 40%, equating to 87,000 employees. The number of road freight employees increase by 42%, resulting in 73,000 employees. As a result, productivity (GVA) over the period since 2013 increased by 30% to £80 billion nationally. If wholesale was to be included in this, it would increase to £124 billion.

³¹ Market Update, UK Logistics 2021

- 8.10 A report published by Prologis in 2019³² reviewed the changing nature of employment within the sector across 33 distribution centres. The sites were located on Prologis Parks across the Midlands, Southeast and London. Each provided data on the type and number of jobs within their buildings.
- 8.11 The report revealed that in 2006, 68% of employees within logistics buildings worked on the warehouse floor, with office staff making up 11%, drivers representing a further 12% and managerial staff accounting for 7%. Subsequent surveys undertaken by Prologis in 2010 and 2014 saw the number of people employed in the warehouse fall to 43% in 2010, rising slightly in 2014 to 50%. By comparison, the number of people employed within the office, as drivers or in managerial positions during this period remained relatively stable. The only exception to this was in the 'other' category, where numbers increased from 1% to 25% in 2010, falling slightly to 21% in 2014. In 2018, roles within the businesses surveyed had changed, in some cases significantly. The number of people employed in an office-based role, for example, had risen from 13% in 2014 to 25%. Warehouse roles in 2018 reduced slightly to 49% of the overall workforce, from 50% in 2014 whilst the number of drivers employed remained stable at 8% of the overall workforce.
- 8.12 Table 8.1 sets out the employment profile as of 2018 across the surveyed distribution centres. It demonstrates a variety of occupation types across the employment profile, 37% of which are within office and managerial roles.

Table 8.1: Job Generation by Occupation Type of the Development

	Occupation type as a proportion of all jobs
Warehouse	49%
Office	25%
Drivers	8%
Managerial	12%
Other	6%

- 8.13 Traditionally, the industry is perceived to offer a lack of office-based employment, affecting perceptions of wage and skill requirement. This is not reflective of the modern logistics industry. Research conducted on behalf of Michael Page Logistics³³ studied the average wage by employment role across the UK. Figure 5.1 sets out the wage range across a number of logistics advertised job titles throughout the UK. Figure 8.1 demonstrates that the sector offers competitive range of wage opportunities.

³² Prologis, Delivering the future: the changing nature of employment in distribution warehouses, September 2019

³³ A Guide to Salaries and Skills 2020, Logistics, PageGroup

Figure 8.1: Wage Profile

Top advertised job titles	MIDLANDS & NORTH			LONDON & SOUTH EAST			SOUTH WEST & SOUTH WALES		
	Low	Average	High	Low	Average	High	Low	Average	High
Logistics/Operations Director	85,000	95,000	120,000	85,000	110,000	140,000	85,000	93,000	120,000
Regional General Manager	70,000	85,000	100,000	70,000	85,000	100,000	60,000	80,000	100,000
General Manager	65,000	75,000	85,000	65,000	78,000	95,000	50,000	68,000	90,000
Depot Manager	50,000	55,000	60,000	45,000	52,000	60,000	35,000	45,000	55,000
Warehouse Operations Manager	40,000	48,000	60,000	45,000	55,000	65,000	35,000	41,000	50,000
Warehouse Shift Manager	30,000	36,000	45,000	30,000	36,000	45,000	25,000	28,000	32,000
Warehouse Supervisor	20,000	25,000	30,000	25,000	28,000	32,000	20,000	22,000	25,000
Inventory/Stock Manager	35,000	43,000	50,000	35,000	44,000	52,000	25,000	28,000	32,000
Inventory/Stock Planner	20,000	25,000	30,000	25,000	28,000	32,000	18,000	21,000	25,000
Transport Manager	40,000	48,000	60,000	45,000	55,000	65,000	32,000	40,000	50,000
Fleet Manager	40,000	50,000	60,000	40,000	50,000	60,000	32,000	40,000	50,000
Fleet Administrator	20,000	24,000	30,000	22,000	26,000	30,000	18,000	21,000	25,000
Transport Shift Manager	30,000	36,000	45,000	30,000	36,000	45,000	27,000	30,000	35,000
Transport Supervisor	20,000	25,000	30,000	25,000	28,000	32,000	22,000	27,000	32,000
Transport Planning Manager	40,000	48,000	60,000	40,000	50,000	60,000	35,000	45,000	55,000
Transport Planner	25,000	30,000	35,000	25,000	31,000	40,000	22,000	26,000	32,000
Logistics Manager (Head Office)	40,000	53,000	70,000	45,000	60,000	75,000	35,000	48,000	65,000
Logistics Coordinator (Head Office)	25,000	30,000	35,000	25,000	30,000	35,000	18,000	23,000	30,000
Import/Export Manager	30,000	43,000	60,000	40,000	50,000	60,000	30,000	40,000	50,000
Import/Export Coordinator	20,000	25,000	30,000	22,000	28,000	35,000	18,000	23,000	28,000
Programme Manager (Logistics)	60,000	70,000	80,000	60,000	75,000	90,000	50,000	45,000	100,000
Project Manager (Logistics)	50,000	56,000	65,000	48,000	59,000	70,000	38,000	47,000	60,000
Solutions Design Manager (Logistics)	50,000	55,000	60,000	45,000	55,000	65,000	38,000	47,000	60,000

Data correct as of December 2019

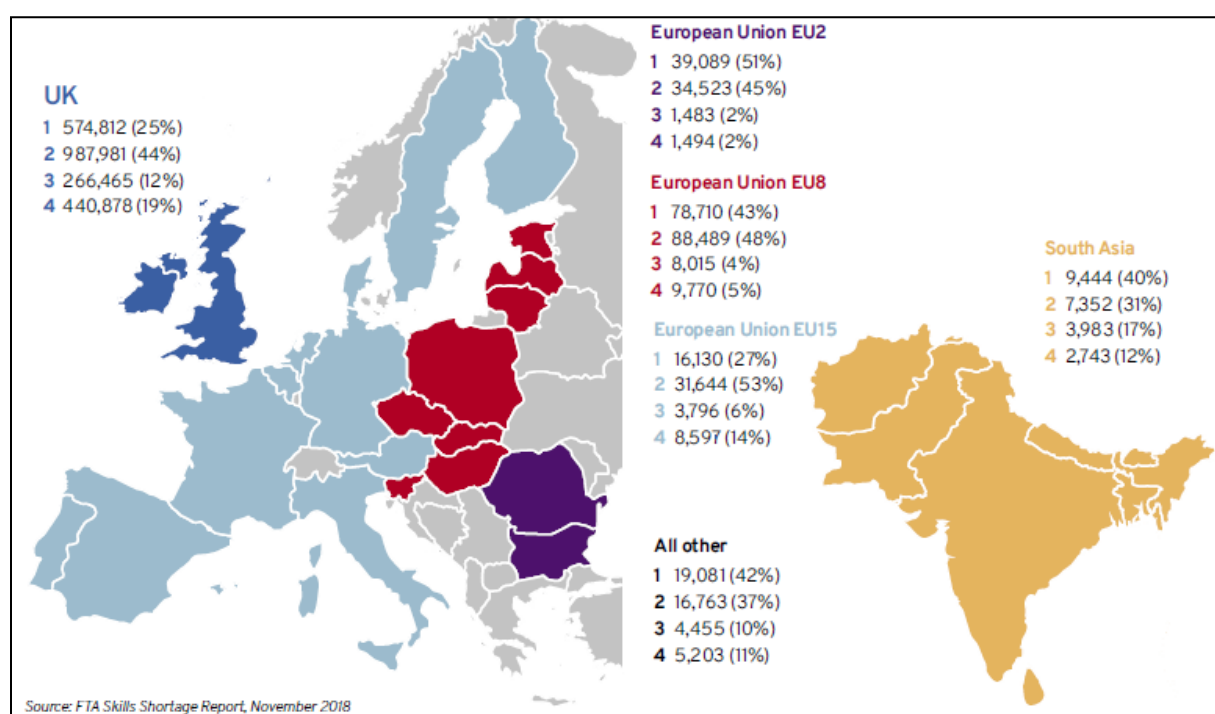
Source: Wage Profile, A guide to Salaries and Skills 2020 – Logistics

8.14 In addition, research conducted by BPF³⁴ refers to median salaries in the sector being £6,700 higher than the average for all sectors, at £31,600 compared to £24,900. This is an increase from £28,000 in 2014. There are now a number of logistics sub-sectors where the average salary is above £35,000 a year.

iii) Skill Profile

8.15 According to the 2019 Logistics Report by FTA, in comparison to other European countries, the UK logistics sector contains a more highly skilled workforce. For example, Figure 5.2 shows how 19% of the logistics sector workforce is high skilled (level 4) compared to an average of just 14% for the European Union EU15 countries, 12% for South Asia, 5% for European Union EU8 countries and 2% for European EU2 countries.

³⁴ BPF, Delivering the Goods in 2020 – The Economic Impact of UK Logistics Sector, Page 5

Figure 8.2: International Skills Logistics Skill Profile

Legend Level 1 - Low Skilled, Level 2 - Lower-Middle Skilled, Level 3 - Upper-Middle Skilled Level 4 – High Skilled

8.16 Table 8.2 sets out the top ten most in-demand skills across the sector, according to the research conducted on behalf of Michael Page Logistics. Importantly this demonstrates the need for a range of skill sets to ensure successful operations and adapt to future requirements.

8.17 It is notable that some of the skills discussed within Table 8.2 are not necessarily academic based. There is strong demand for experience and practical based skills, along with personality attributes.

Table 8.2: Skill Demand Across the Industry

Skills in Demand	Skill Description
Cross-border dispute resolution	Professionals who are skilled in dispute resolution are highly prized within logistics for the way they negotiate to reach the desired outcome. Those responsible for managing projects are key in minimising the effects of disputes on productivity and costs, which can spiral if disagreements are not resolved effectively.
Continuous improvement	Continuous improvement in logistics helps boost employee engagement, minimises waste, and ensures businesses are running efficient processes. This is why professionals who are experienced in managing a continuous improvement approach to drive innovation and change within processes are highly sought after.

Budget management	Logistics represents a significant cost for any organisation, which is why the effective management of these costs in line with budgets is a key skill for logistics managers. Looking forward, these skills are only set to become more crucial as businesses navigate the aftermath of Brexit.
Diverse talent development	Diversity is key when hiring to build a strong team that drives an efficient logistics operation. Acquiring the right mix of skills, personalities, and talent that will perfectly match a shorter long-term project is a crucial skill. Hiring teams of diverse talent is one thing, but inclusive management to ensure effective collaboration is what propels these teams to excel.
Warehouse layout optimisation	Today, as peak periods fluctuate and the need for efficient processes to maintain lean operations increases, utilising various layout options is key. This enables logistics businesses to optimise workflows and develop warehouse processes and standard operating procedures. The end goal is improving long term productivity, and, ultimately, boosting the bottom line.
Warehouse management systems experience	As part of ensuring warehouse optimisation and efficient management of day-to-day logistical operations, WMS knowhow is key. This includes the centralised management of tracking inventory levels and stock locations. As e-commerce experiences sustained growth and retail evolves to become ever more digitalised, the need for more efficient WMS systems has never been more important.
Driving transport efficiencies	From April 2018 to March 2019, domestic road freight activity increased by 4% in goods lifted and 2% in goods moved. International road freight increased by a significant 19% in goods lifted and 12% in the number of goods moved. Post-Brexit, the need for more efficient transport operations will be key to ensuring continued lean logistics operations.
Contingency planning	Throughout 2019, there was an air of caution surrounding the logistics sector. As the full effects of Brexit begin to unravel in 2020, there will be the potential for huge disruptions. This is why professionals skilled and experienced in contingency planning will remain highly valuable.
Employee engagement	Professionals who possess the key skills required for their role and also have a proven track record of boosting employee engagement will be vital assets for any logistics business. Not only is employee engagement key to productivity, but engaged employees are also happier and therefore less likely to seek opportunities elsewhere.
Peak planning and execution	Data-led processes are becoming increasingly important, which is why professionals skilled in performance analysis and forecasting are vital.

iv) Working Hours

8.18 Approximately 85% of the roles across the sector offer full-time employment, with 15%³⁵ creating flexible working options. Research conducted by Prologis referred to a shift in the proportion of part-time roles. 2018 surveys noted a decrease in full-time positions falling from 89% in 2014 to 78% in 2018 and the number of part-time employees rising from 11% to 22% in 2018³⁶. This emphasises a change in culture across the industry, introducing more flexible work patterns that could support a wider spectrum of workers.

³⁵ BPF, Delivering the Goods in 2020 – The Economic Impact of UK Logistics Sector,

³⁶ Prologis, Delivering the Future: the Changing Nature of Employment in Distribution Warehouse

v) Future Development

- 8.19 As set out within BPF's Delivering The Goods in 2020, 'technology is becoming ever more prevalent within the sector including vehicle technology, big data paired with artificial intelligence for load optimisation, multi-shuttle systems, smart storage, 3-D printing, swarm autonomous vehicle robots, smart glasses and picking robotics³⁷.
- 8.20 These advances are changing operation systems and the skill set required. IT, engineering and analytics are just some of the key skill sets required as a result of developments within the industry. Logistics companies are increasingly hiring technical staff or up-skilling existing staff in IT skills to adapt to this change in operational approach³⁸.
- 8.21 New service-orientated logistics companies are entering the market, working within 'on demand space matching service' and app based third party logistics solution for smaller businesses, fuelling the need for range of skill sets within the industry.

³⁸ BPF, Delivering the Goods in 2020 – The Economic Impact of UK Logistics Sector

9.0 CONCLUSION

- 9.1 This report has reviewed the existing profile of Langstone Park, looking at the current building stock and its suitability against market need. Following this, the Report has reviewed the potential economic benefits that could result from the Development, comprising:

"Phased demolition of existing buildings and the erection of new flexible use employment floorspace (Use Classes E(g)(i)-(iii)/B2/B8) and ancillary uses (Use Classes E(b), E(d) and E(f)); and associated works. All matters reserved except Access".

- 9.2 The Site was developed by IBM in the 1970's to accommodate their UK manufacturing headquarters. Since IBM left, the Site has evolved into a technology park providing office, laboratory, logistics and manufacturing spaces. Today, the Park comprises approximately 40 acres of land and accommodates c.51,755 sqm gross of employment floor space. The Park represents the largest concentration of commercial floorspace in Havant Borough and is recognised as a key employment area. Currently the Site is under-occupied and under-performing in terms of its contribution to local economic growth. Only one of the buildings is fully let, with an average vacancy level across the site of 42%.
- 9.3 The buildings have changed little externally since their construction. The bespoke nature of their original design, along with their age and condition means that overall, they are deemed inefficient in terms of their energy performance. Agent analysis confirms the Site is unattractive aesthetically and would not meet recent government white paper guidance for commercial building performance as of 2030.
- 9.4 The Emerging Local Plan acknowledges that the supply and availability of industrial stock both within the Borough and the wider Solent sub-region has continued to decline in recent years. The Plan considers that the Borough has a diverse and varied industrial based economy and is supported by a wealth of small and an increasing number of medium-sized enterprises. There is concern that these high tech and advanced manufacturing enterprises may be vulnerable to displacement if such uses are lost.
- 9.5 Significantly the Plan recognises that uncertainties in the macroeconomic climate have led many businesses within the Borough to reorganise their business models, resulting in a need to ensure flexibility for redevelopment and intensification within the Borough's established employment areas. The Council recognises a need to create the right conditions for businesses to invest, expand and adapt.

- 9.6 The Development has the ability to deliver flexible and adaptive employment space within a key employment area. It ensures the Site can operate at its most efficient, meeting changing market needs. This creates the most opportunity to attract inward investment.
- 9.7 Based on the indicative Masterplan for the Site (including Phase 1 approved under Ref: APP/21/00405) the Development will deliver up to 63,290 sqm GEA of floorspace, of which 62,781 sqm will be employment floorspace alongside 509 sqm of ancillary uses to provide key on-site amenities likely to include a cafe and gym. The variety of unit sizes would create choice in a limited local market, providing support for a variety of different sized businesses operating in a range of industries. Based on this, the employment opportunities created by the indicative Masterplan Development will be more diverse than the current portfolio.
- 9.8 The socio-economic baseline suggests a need to support both the existing older economically active profile but importantly attract a retain the younger economically active population. The Site's current employment offer is limited and unsustainable. The Development flexible strategy towards employment uses on-site provides opportunity to create employment in the targeted growth industries, whilst supporting the spectrum of skills and occupational needs identified by the socio-economic review. As is evident from the socio-economic analysis Havant and the wider Commuting Area clearly provide the labour supply necessary to encourage inward investment, supporting economic growth targets.
- 9.9 It is estimated, based on the delivery of flexible adaptive floorspace, the Development could support **837** to **1,793** gross direct jobs on-site, of which **320** to **686** would employ Havant residents. The net direct employment created on-site would support **416** to **892** jobs throughout the wider supply chain. Based on this the additional net employment effect of the Development is between **736** and **1,578** jobs.
- 9.10 The on-site employment would contribute **£44.4m** to **£133.7m** GVA per annum. Of this **£16.8m** to **£51.1m** would be generated by Havant residents. Between **£22.0m** to **£47.0m** could be generated throughout the supply chain. Resulting in the total net employment effect generating an additional **£38.8m** to **£98.2m** in GVA per annum.
- 9.11 The level of employment on-site is reliant on the type of industry occupier. Importantly the Development will provide opportunity for existing occupiers to remain on-site, operating within the new floorspace.

- 9.12 Whilst the level of direct employment on-site may appear lower than the current footfall on-site, it is important to consider the current context is unsustainable. The ability to re-let the current space once occupiers leave will be extremely difficult, judging on current occupancy levels. The Site would require extensive investment to upgrade the space but given the changing nature of working patterns and industry demand in the area this would not necessarily ensure demand increases. Unlike the Development, the current building configuration creates a niche working environment that is not versatile to changing market demand.
- 9.13 The Development has the potential to increase the range of industry sectors on-site. This could mean, given market demand, an increase in transport and logistic related employment. As set out in Section 8, this is an evolving and modernising industry that acts as lifeline to most other sectors. Havant's excellent transport connections would also promote the expansion of this industry on-site.
- 9.14 Further to this, the 2021 HM Treasury published 'Build Back Better – our plan for growth' sets out the Government's aims to maximise the economic benefits of the UK Government's significant investments in research and development (R&D) and build a more innovative and productive economy. Next year the Government plan to invest £14.6 billion in research and innovation grants and facilities. This investment will back the priorities set out in the UK Government's Research and Development Roadmap and drive progress towards the target for total UK investment in R&D (public and private) to reach 2.4% of GDP by 2027.
- 9.15 For Havant, located within the Solent Local Enterprise Partnership area, the Solent's coastal location, business base and research assets position the area as the UK's leading marine cluster. The Solent's marine and maritime sector is one of its largest and most productive sectors, accounting for 20.5% of Solent's GVA, providing 40,000 jobs locally, and supporting more than 3,000 businesses. Over the period to 2025, the marine and maritime sector in the Solent region is forecast to grow by at least 5%.
- 9.16 Development at Langstone Park would contribute to providing the necessary modern and flexible space to support growth in these sectors.