



**Rochford District
Council**

REPORT TITLE:	Commercial Property Market Review 2024
REPORT OF:	Director of Place

REPORT SUMMARY

The Commercial Property Market Review ('CPMR') forms part of the employment land and economic needs evidence base of Rochford District's emerging Local Plan, and supplements the Economic Development needs Assessment ('EDNA') (October 2023) and Employment Land Study ('ELS') (January 2024) in providing relevant detail to support the development of robust employment land policies in the Plan, for the period from 2025-2040.

The purpose of the CPMR is to assess the recent performance, signals and trends within the local commercial property market and to aid the interpretation of the EDNA findings in developing a new Local Plan for the District. Identification of key market trends and shortages in supply of certain types of space will help inform the types of employment space the Plan will need to help deliver.

RECOMMENDATIONS

R1. That the Planning Policy Committee notes the report as part of the evidence base for the emerging Local Plan

SUPPORTING INFORMATION

1.0 BACKGROUND INFORMATION

Context

- 1.1 National planning policy requires local plans to be informed and justified by technical evidence.
- 1.2 Furthermore, national planning policy requires Local Plans to provide an overall strategy for the pattern, scale and design quality of places, and make sufficient provision for (inter alia): housing (including affordable housing), employment, retail, leisure and other commercial development.

- 1.3 This report concerns the Commercial Property Market Review (CPMR), which was commissioned by the Council as a supplement to the Economic Development Needs Assessment (EDNA), both of which were carried out by the consultants Lichfields. Alongside the recently-completed (2024) Employment Land Study (ELS), these three documents form a comprehensive evidence base to inform the Council’s emerging policies relating to employment land – both managing, protecting and enhancing existing sites, and considering the need for allocating any additional sites within the Plan.
- 1.4 The purpose of the CPMR is to provide a market-led ‘sense check’ of the EDNA findings; it will sit alongside the ELS in providing a commercial dimension to the Council’s employment land evidence base.
- 1.5 The scope of the CPMR comprises the following stages:
 1. To provide a broad overview of socio-economic conditions that characterise the District’s economy and labour force, compared to regional and national averages.
 2. To provide a detailed review of the current supply of employment floorspace stock and land within the District. The analysis draws on the latest official Valuation Office Agency (VOA) data as well as proprietary data sets such as CoStar. The analysis considers current vacancy rates and quality of stock, broken down by broad category of employment use (office and industrial). This analysis also draws on consultation with a number of local and sub-regional commercial property agents regarding current local commercial property market conditions.
 3. To analyse recent changes and trends in development and supply, such as losses to other uses, emerging space in the development pipeline and identification of any further committed losses of employment land. This will provide the Council with a detailed understanding of the nature of, and influences upon, the area’s commercial property market and how this has changed in recent years. This draws on latest Council monitoring data and CoStar data to provide a review of current market signals in terms of vacancy levels, net absorption of floorspace, and transaction activity in different market segments.
 4. To present a summary of key findings and implications for emerging policies within the new Local Plan.

Summary of findings

- 1.6 The report findings are summarised according to their chapters in the CPMR, followed by conclusions and policy recommendations.

Socio-Economic Context

- 1.7 The District’s working age population (aged between 16 and 64) decreased slightly by 1.7% between 2011 and 2021. This is in contrast to increases in Essex, East of England and England of 4.1%; 5.1% and 3.7% respectively. However, it is expected to

increase by 6.3% between 2018 and 2040, higher than the projections for Essex (5.7%), East of England (2.8%) and England (3.2%).

- 1.8 Table 1 shows the local labour market is characterised by a higher proportion of the working-age population being economically active and a lower proportion of claiming out-of-work benefits when compared to the Essex and East of England averages. However, the resident labour force in the District records a lower level of NVQ4 and above (i.e. higher level) qualification attainment in comparison, which indicates that local workforce in Rochford District is comparatively less skilled. This is reflected in the lower than average proportion of residents in SOC Major Group 3. However, there is a higher than average proportion employed in SOC Major Groups 4-5 and 6-7, and a lower proportion in Groups 8-9¹.

Table 1: Key Labour Market Characteristics

Indicator		Rochford	Essex	East of England	England
Economic Activity Rate (2023) ²		81.8%	80.3%	80.5%	78.6%
Out of Work Benefits Claimant Count (as a proportion of residents aged 16-64) (2023) ³		2.1%	2.8%	2.9%	3.8%
Resident Qualification Level (2021) ⁴	NVQ4 and Above	31.4%	35.5%	39.6%	43.2%
	NVQ3 and Above	56.5%	53.6%	58.2%	61.4%
	NVQ2 and Above	79.1%	74.5%	76.7%	78.1%
	NVQ1 and Above	93.5%	88.6%	88.5%	87.7%
	Other or No Qualification	6.5%	11.4%	11.6%	12.3%
Resident Occupation Groups (2023) ^{5, 6}	SOC Major Group 1-3	43.9%	49.3%	51%	51.7%
	SOC Major Group 4-5	29.9%	22.3%	20%	18.5%
	SOC Major Group 6-7	16.9%	13.9%	14.2%	14.1%
	SOC Major Group 8-9	9.4%	13.9%	14.4%	15.2%
Median Gross Weekly Earnings by Residence (2022) ⁷		£730.9	£689.9	£667.6	£645.8
Median Gross Weekly Earnings by Workplace (2022)		£603.7	£622.2	£632.4	£645.6

- 1.9 Conversely, the median gross weekly earnings of *residents* in Rochford District are higher than the comparative geographies. However, the median gross weekly *workplace* earnings in Rochford at £603.70⁸, are lower than all other comparative

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

² ONS (2023), Annual Population Survey, April 2022 to March 2023.

³ ONS (2023), Claimant Count by Sex and Age.

⁴ ONS (2022) Annual Population Survey, January to December 2021.

⁵ ONS (2023), Annual Population Survey, April 2022 to March 2023.

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

⁷ ONS (2022), Annual Survey of Hours and Earnings.

⁸ ONS (2022), Annual Survey of Hours and Earnings.

geographies. This suggests that the District's economy has a lower share of higher paid roles, and given the higher levels of resident earnings, it is likely that many residents commute outside of the District for higher paid work.

- 1.10 According to the East of England Forecasting Model (EEFM), in 2019, Rochford District accommodated around 28,600 jobs. From 2009 to 2019, the total number of jobs within Rochford increased by 4.6%, lower than the increases for Essex (10.8%) and East of England (13.9%).
- 1.11 The largest sectors by employment in Rochford are 'wholesale, retail and motor trades' (16.0% of total employment within the District), followed by 'construction' (12.1%) and 'education' (10.1%). The largest growth sectors were 'finance' (67.3%), 'arts and entertainment' (56.8%), and 'professional, scientific and technical' (55.7%). A number of industries saw a contraction in the total number of jobs within the District, including 'public administration' (-44.2%), 'manufacturing' (-18.0%), and 'mining, quarrying and utilities' (-15.1%).
- 1.12 In terms of business base, Rochford District has the following characteristics:
- A larger share of micro firms (0-9 employees) compared to Essex/East of England/England, along with smaller shares of small (10-49), medium (50-249) and large (250+) businesses.
 - From 2016 to 2021, the business start-up rate in Rochford (as a proportion of working-age people) has followed a general downward trend, falling from 87.3 business births per 10,000 working age residents in 2016 to 73.9 in 2021. The number of recorded enterprise births in Rochford District stood at 375 in 2021, having decreased 16.7% since 2016 (from 450).
 - However, 5-year business rate survival rates in Rochford District (45.6%) are higher than the average for Essex (42.7%), the East of England (33.9%) and England as a whole (38.0%).
- 1.13 Gross value added (GVA) is a measure of the output of an economy, broadly defined as the total value of goods and services produced in an area. EEFM data from 2019 shows that total GVA within Rochford District decreased by 14.4% between 2009 and 2019 (from around £1.37 bn to £1.17 bn (2016 prices))⁹. Conversely, total GVA in Essex and the East of England grew by 14.1% and 18.7% respectively over the same period.

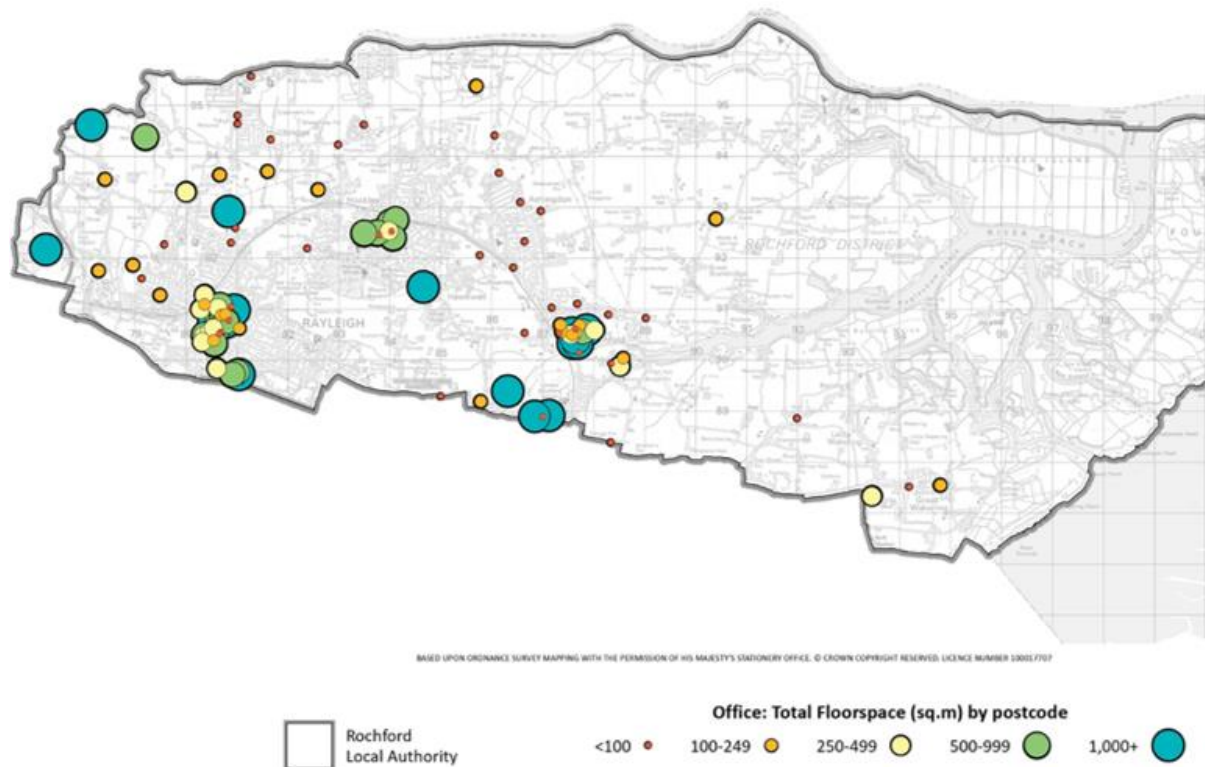
Office Market Signals and Trends

- 1.14 Rochford District contains approximately 38,000 sq.m of office floorspace as of March 2023 according to latest VOA data - 9.2% of the total employment floorspace within the District. This stock of office space grew by 11.8% over the previous decade, compared to declines of -8.1% and -11% across Essex and East of England respectively.
- 1.15 Figure 1 shows how office space is distributed spatially across the District. The most significant concentrations are found in Rayleigh and Rochford, which accommodate approximately 38% and 27% of the total office stock within the District respectively. The majority of this space is located around the two town centres. Other important

⁹ Cambridge Econometrics (2020), East of England Forecasting Model: 2019 baseline results.

office clusters within the District include Hockley and the area surrounding Southend Airport, including Airport Business Park and Aviation Way.

Figure 1: Office floorspace by postcode¹⁰

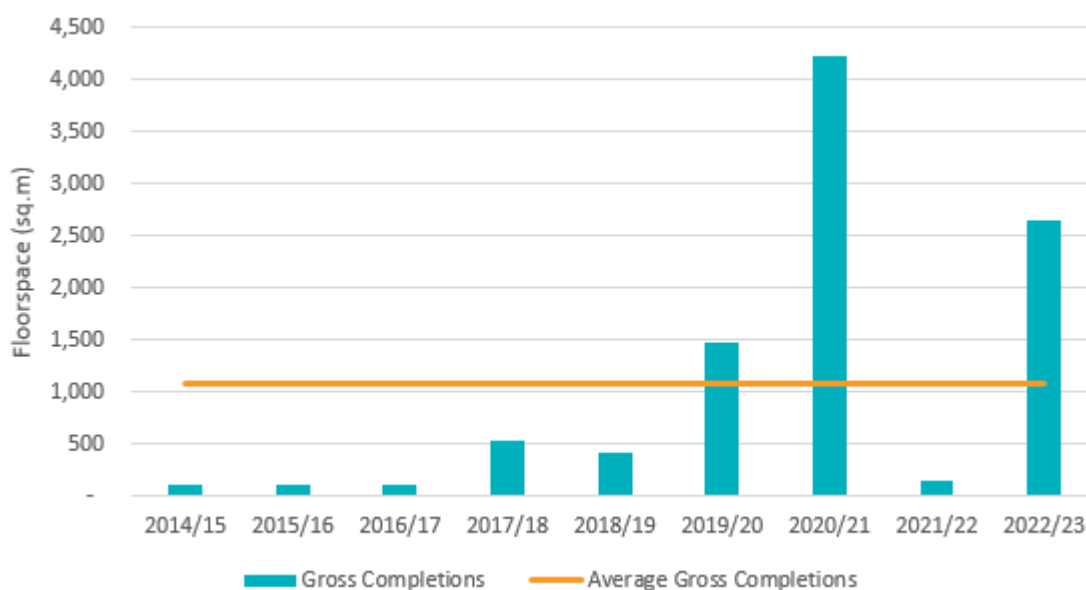


1.16 From 2014/15 to 2022/23, the total amount of office floorspace space developed in Rochford District was approximately 9,800 sq.m, equivalent to an annual average gross completion rate of 1,087 sq.m. As shown in Figure 2, delivery of office floorspace was slow in the first half of the monitoring period but has increased since 2017/18. In 2020/21, 4,222 sq.m of office floorspace was delivered, the highest amount over the past nine years. This equated to around 43.1% of the total office floorspace delivered over this period. The majority of this office space is associated with the IPECO development at the Airport Business Park, as well as smaller office spaces built as part of the Arterial Park development in the west of the District. However, these office spaces are both ancillary to the primary industrial uses of IPECO and the Arterial Park developments. Approximately 2,650 sq.m of office space was also delivered in 2022/23, the majority of which is associated with the dedicated office development known as the 'Launchpad' at the Airport Business Park.

Figure 2: Gross Completions of Office Floorspace in Rochford District 2014/15 to 2022/23¹¹

¹⁰ Source: VOA Business Floorspace Data (2021) / Lichfields analysis

¹¹ Source: Rochford District Council / Lichfields analysis



- 1.17 Loss of office floorspace in the District over the period 2014/15 to 2022/23 equated to around 2,500 sq.m, equivalent to an average loss of 281 sq.m per year. The majority of the office floorspace lost over this period has been converted into residential use.
- 1.18 Across the monitoring period as a whole, net completions of office floorspace in Rochford District were positive, with gains of floorspace exceeding losses. The net gain was about 7,250 sq.m, equivalent to an annual average net gain of 806 sq.m. This is largely driven by completions at Airport Business Park and Arterial Park in the latter part of the period.
- 1.19 Based on engagement with local agents, the District office market is considered to be very small, largely serving small local businesses. The majority of office stock is considered to be dated and is largely located above ground floor retail units along high streets in town centres. However, there are also a small number of purpose-built office blocks, including Philpot House opposite Rayleigh Train Station, a number of small office blocks to the south of Rochford Town Centre, as well as newly developed office space at the Airport Business Park (known as the 'Launchpad'), and at Aviation Way Industrial Estate. These buildings also provide the highest quality and most sought-after stock. In addition to the Launchpad, there is a serviced office building at Connaught House, West Street, Rochford, which houses a number of small offices suitable for start-ups and small local businesses.
- 1.20 The office vacancy rate is 3.5%, the highest it has been in over five years. However, this remains well below the national average of 8.1%. The net absorption of 1,300 sq.m was positive (i.e. more space was occupied than vacated) in the past 12 months, more than twice the five-year average, helped by addition of good quality new stock
- 1.21 Evidence from local agents suggests that levels of demand for office space is currently well balanced with the small supply of stock. This aligns with the Council's monitoring data, which identifies a small office stock which has had a low average growth rate over the last nine-years. Furthermore, there is a limited pipeline for future supply, indicative of low demand for office space and the suppressed profit margins for developers that this generates. Where there is demand, this is almost exclusively for smaller office spaces, with very limited observed demand for floorspaces greater than

5,000 sq.m. To accommodate this, larger office floorspaces, e.g. Philpot House in Rayleigh, have been sub-divided. There is also demand for ancillary office spaces as part of industrial or distribution units to support the function of industrial businesses. Prior approval conversions of offices into residential uses have been prominent within the local area - has helped to keep the supply and demand of office space relatively in balance.

- 1.22 Table 2, below, suggests Rochford office market has outperformed wider Essex over the last year, which has seen a negative net absorption due to demolition of stock, higher vacancy rates and falling rents. This market has been affected by Covid-19 aftermath and shifts in working patterns. However, there is evidence of demand for smaller, high quality office space including small, serviced office spaces across the region.

Table 2: Office Market Signals¹²

Market Signals	Essex	Rochford
Rent per sqft	£18.41	£16.28
12 month rent growth	-1.4%	-0.8%
Vacancy levels	4.3%	3.5%
Absorption level (sq.m)	-26,000	1,300
12-month deliveries in (sq.m)	8,000	2,300

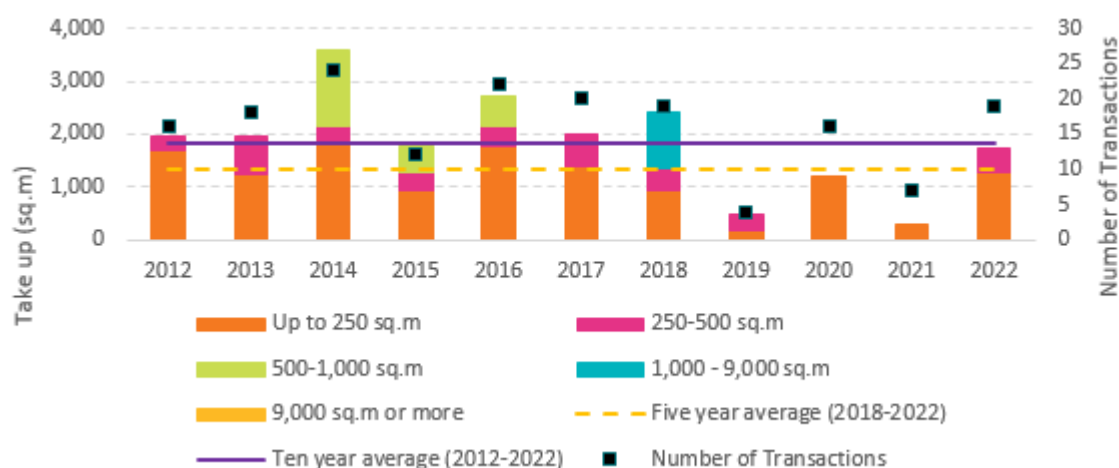
- 1.23 The total office take-up in Rochford District from 2012-2022 amounted to 20,147 sq.m¹³. Almost half (47%) of this was attributed to small offices of up to 250 sq.m in size, while 22% and 20% of the office space was attributed to offices sized 250 to 500 sq.m and 500 to 1,000 sq.m respectively, as shown in Figure 3. Take-up declined during the pandemic with only 3,226 sq.m recorded from 2020 to 2022, although there are indications that this will recover to some degree. 164 leases were recorded over the period, an average of 15 leases per year, of which 94% were attributed to small-sized offices of up to 250 sq.m.

Figure 3: Office Take-up by Size in Rochford (2012-2022)¹⁴

¹² Source: CoStar (Autumn 2023) / Lichfields analysis

¹³ CoStar data only includes dedicated office premises within its office database and therefore does not include office spaces which are ancillary to units with a primary industrial function. This differs from Council monitoring data and VOA data which includes such ancillary spaces.

¹⁴ Source: CoStar (2023) / Lichfields analysis

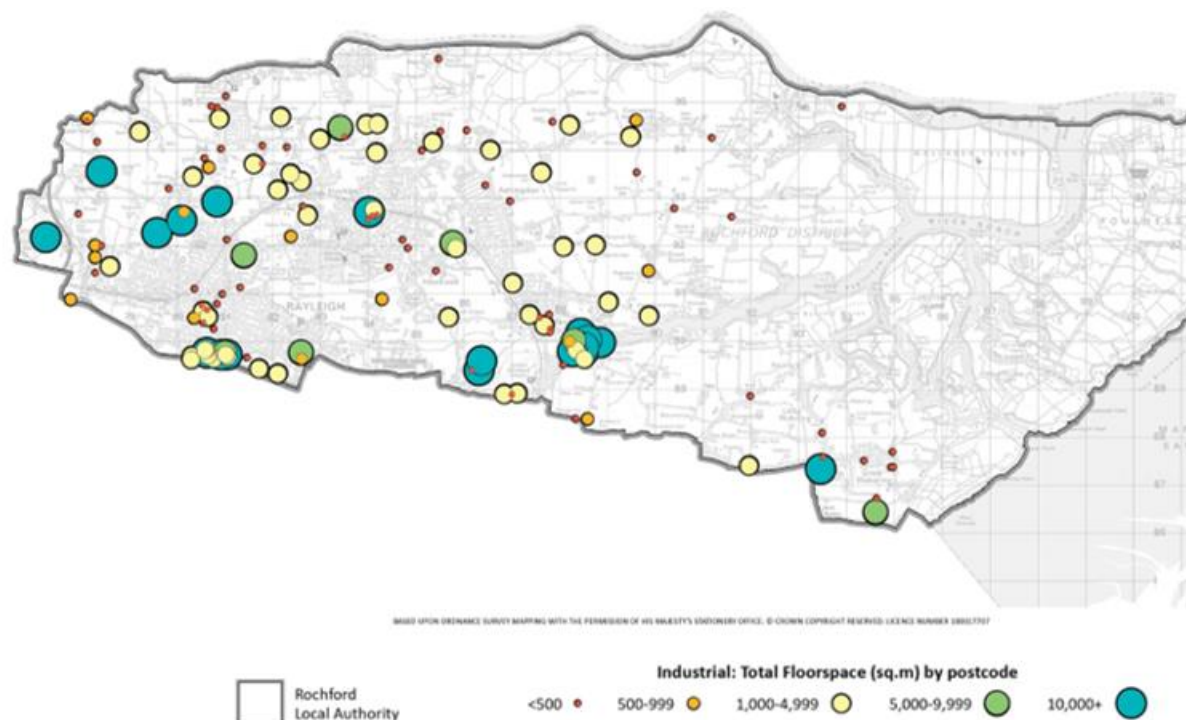


- 1.24 Regarding the age and quality of office stock in the District, 44% of properties were built before 1980, with 81% of office floorspace built before 2000. This suggests that the existing office stock in the District comprises a large proportion of older premises, with newer post-2000 stock only accounting for 19% of the total existing office floorspace. In terms of quality, the District’s office stock generally falls within the lower star categories, with just one property (1% of total office stock) characterised by a 4-5-star rating. This corresponds with the findings from consultation with local commercial property agents, who described the stock as being characterised by smaller office spaces in older purpose build premises or located above ground floor retail units.
- 1.25 CoStar data indicates that current availability of office floorspace equates to just 2.7% of total office stock, and that only smaller offices, sized below 500 sq.m, are currently available. Taking account of the 10-year take-up average from 2012 to 2022 there is 0.71 years’ supply for office floorspace. When considered in conjunction with the low availability and vacancy figures for the District, the limited supply of office space indicates a tight local office market. Persistently low availability and high occupancy rates can limit the opportunity for churn within the market, and may result in occupiers leasing premises which are sub-optimal for their needs or not being able to expand due to the absence of alternatives.

Industrial and Distribution Market Signals and Trends

- 1.26 Rochford District contains approximately 373,000 sq.m of industrial floorspace as of March 2023, accounting for 90.8% of the total employment floorspace within the District. The District’s stock of industrial floorspace space grew by 33.7% over the 10 years between 2013 and 2023. This compared to a decline in industrial floorspace across Essex (-1.5%) and a small increase in industrial floorspace across the East of England as a whole (3.7%) over the same ten-year period.
- 1.27 Figure 4 shows how industrial space is distributed spatially across the District. The largest clusters of industrial space are located around Rayleigh and Rochford (c.34% and 30% respectively). In particular, large clusters are located at Purdeys Industrial Estate, Rochford; at Brook Road Industrial Estate, Rayleigh; and around London Southend Airport. There are also a number of isolated units in more rural areas of the District, some of which may have been converted from former agricultural uses.

Figure 4: Spatial Distribution of Industrial Premises by Size in Rochford District (2021)¹⁵

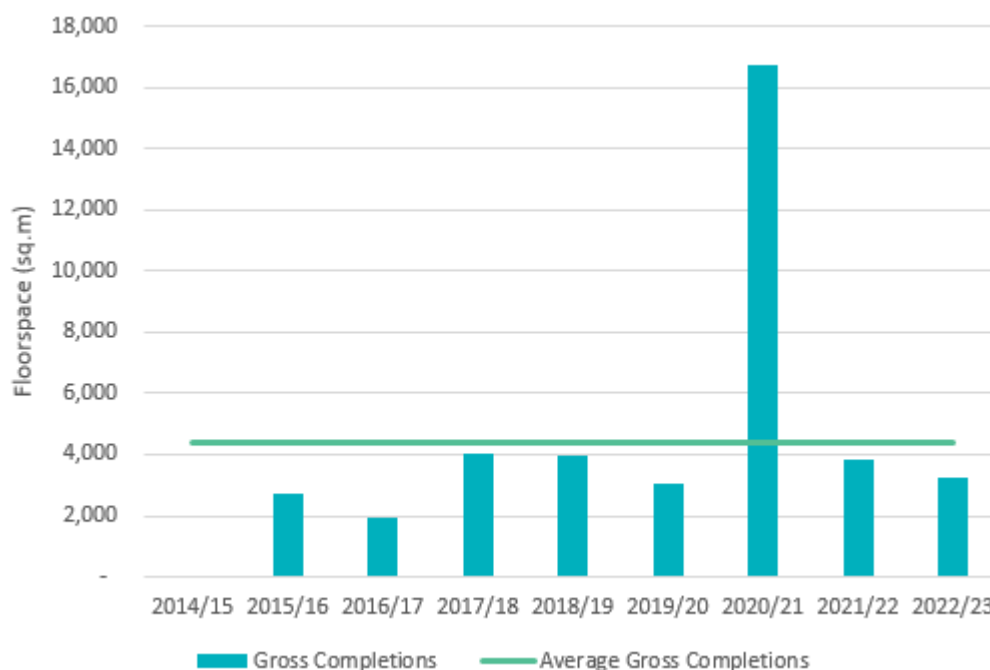


1.28 From 2014/15 to 2022/23, the total amount of industrial floorspace space developed in Rochford District was approximately 39,600 sq.m, equivalent to an annual average gross completion rate of 4,395 sq.m. As shown in Figure 5, delivery of industrial floorspace has remained largely consistent between 2015/16 and 2022/23, apart from in 2020/21 when a significant amount of industrial floorspace was developed (16,763 sq.m), accounting for 42.3% of all industrial floorspace developed over the monitoring period. A large proportion of this floorspace is associated with flexible industrial development at Michelin Farm, Arterial Park (around 11,100 sq.m), as well as around 4,300 sq.m of flexible industrial floorspace as part of the IPECO development at the Airport Business Park. In 2022/23, 3,229 sq.m of industrial floorspace was delivered.

Figure 5: Gross Completions of Industrial Floorspace in Rochford District 2014/15 to 2022/23¹⁶

¹⁵ Source: VOA Business Floorspace Data (2021) / Lichfields analysis

¹⁶ Source: Rochford District Council / Lichfields analysis



- 1.29 Loss of office floorspace in the District over the period 2014/15 to 2022/23 equated to around 20,900 sq.m, equivalent to an average loss of 2,317 sq.m per year. The most notable year for loss of industrial floorspace was in 2015/16 where 11,182 sq.m of floorspace was lost, accounting for around a half of all lost industrial floorspace over the past nine years. The majority of this is associated with two developments, the redevelopment of the site at 90 Main Road, Hawkwell (around 5,400 sq.m) which was redeveloped for housing, and the change of use of industrial floorspace into D1 use at Unit 26 A at Brook Road Industrial Estate (around 3,200 sq.m). In 2022/23, no industrial floorspace was recorded as being lost from the stock within the District.
- 1.30 Across the monitoring period as a whole, net completions of industrial floorspace in Rochford District were positive, with gains of floorspace exceeding losses. During this period, the District recorded a net gain of about 18,700 sq.m of industrial floorspace, which is equivalent to an annual average net gain of 2,078 sq.m. There was a significant net gain of industrial floorspace in 2020/21, driven by a number of large developments.
- 1.31 The industrial property market in Rochford is characterised as a mid-sized submarket of the wider Essex market. Commercial property data from CoStar indicates that the vacancy rate in Rochford has slowly increased over the past four years and is currently at 11.2%, appreciably higher than the rate of 5.0% across Essex as a whole¹⁷. However, consultation with local commercial property agents suggests that in reality the vacancy rate is lower and that the local industrial property market is characterised by high demand for floorspace across a range of sizes and low vacancy rates. In any event, the 11.2% rate indicated by CoStar is not significantly above the 8% vacancy rate generally assumed as required for a market to function normally. Over the last five

¹⁷ CoStar Database (2023)

years the submarket has, on average, had a positive net absorption of around 3,500 sq.m per year.

- 1.32 The demand for industrial floorspace is further evidenced by a 5.2% increase in rental values for over the past year, which continues a long-term trend over the past decade. Local businesses are willing to pay the increased rents on account of the constrained supply, and rental values have been pushed higher by demand for premium units from surrounding submarkets, including Basildon and Southend. Demand has been particularly strong for storage and distribution uses, as well as units which can be adapted to provide both manufacturing and distribution spaces. This has partly been driven by changing trends in the retail sector and local businesses moving to online sales.
- 1.33 In particular, small to medium-sized units, approximately 500 to 5,000 sq.m, which can accommodate a mix of uses and functions have attracted demand from beyond Rochford District – e.g. the 12 small to medium-sized speculative industrial units at the Airport Business Park that were delivered in 2022/23.
- 1.34 Demand for housing has added further pressure to the supply of industrial floorspace within the District with a number of industrial sites receiving planning permission to be redeveloped for housing. Rochford has also seen a loss of industrial floorspace to sui generis and leisure uses, e.g. a number of gyms and a roller-skating centre at Purdeys Industrial Estate.
- 1.35 There is around 28,800 sq.m of industrial floorspace currently under construction in Rochford, including a second IPECO development at the Airport Business Park. This is the most industrial space under construction in the District for more than a decade, and continues a trend of a growing industrial stock over the past five years. A large proportion of this space is located at Airport Business Park.
- 1.36 Table 3, below, provides a comparison between the Rochford and Essex industrial property markets. Essex as a whole has a well-established industrial property market, with strong demand owing to its proximity to London and connectivity to the wider region.

Table 3: Industrial Market Signals¹⁸

Market Signals	Essex	Rochford
Rent per sqft	£12.13	£10.51
12 month rent growth	6.0%	5.2%
Vacancy levels	5.0%	11.2%
Net absorption level (sq.m)	6,200	-4,900
12-month deliveries in (sq.m)	130,000	520

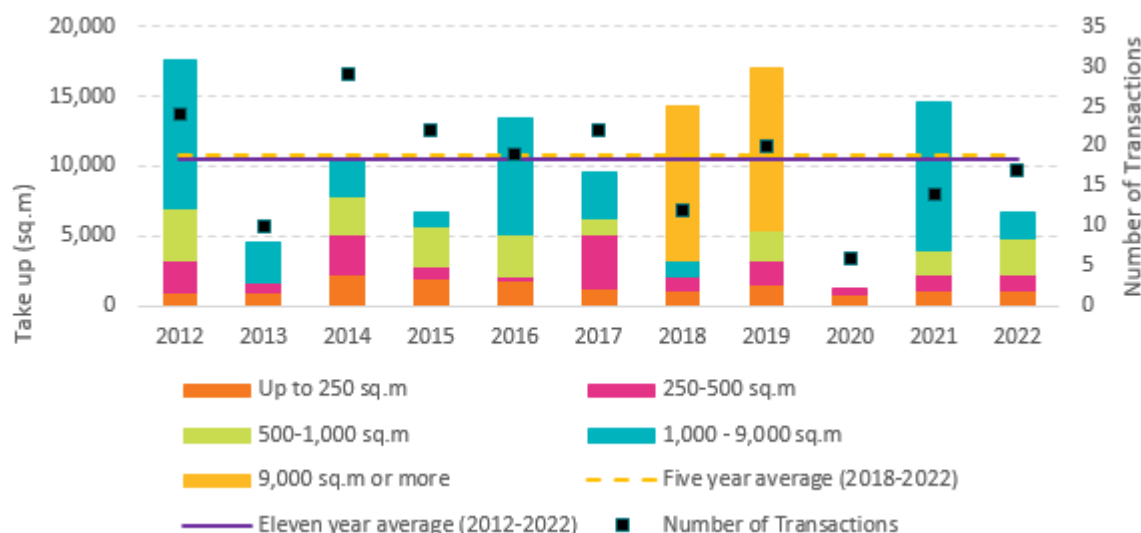
- 1.37 The total industrial take-up in Rochford District from 2012-2022 amounted to 116,129 sq.m¹⁹. Over half (56%) of this was attributed to larger industrial premises of over 1,000 sq.m in size. This includes 20% of take-up in the largest size bracket (9,000 sq.m and

¹⁸ Source: CoStar (Autumn 2023) / Lichfields analysis

¹⁹ The total office floorspace reported by CoStar is not directly comparable to VOA data because it is based on different data sources.

above), albeit take-up for these premises was concentrated within two years between 2018 and 2019, as shown in Figure 6. Take-up declined during the pandemic with only 1,237 sq.m of industrial floorspace take-up recorded in 2020, before rebounding in 2021. It also shows the number of leases by size of industrial premise; in total 195 leases were recorded over the 10 year period, an average of 18 leases per year, of which 52% were attributed to small-sized industrial premises of up to 250 sq.m.

Figure 6: Industrial Premise Take-up by Size in Rochford District (2012 to 2022)²⁰



- 1.38 In terms of age of industrial premises in the District, 23% of premises were built before 1980, and 81% was built before 2000. This suggests that the existing industrial stock in the District comprises a large proportion of older premises compared to its newer stock built post-2000, which only accounts for 19% of the total existing industrial premises. In terms of quality, the majority (58%) attracted a rating of 3/5, whilst 41% had a poor quality of 1-2/5. Only 1% of premises were considered of high quality (4-5/5).
- 1.39 This corresponds with the findings from interviews with commercial property agents who noted the poor quality of industrial stock generally, including floorplates at the largest or most established business parks such as Brook Road and Purdeys Industrial Estate. One large unit (15,500 sq.m), formally used by Albon Plc on Purdeys, has remained vacant for some time due to the poor quality of the property, its constrained access, and inability to be divided into smaller sub-units. Some new supply of industrial floorspace has come forward in recent years at Arterial Park and Airport Business Park, however new delivery in other areas has been limited. Consequently, the demand for new industrial floorspace, such as those located on Arterial Park and the Airport Business Park, has been especially strong.
- 1.40 Evidence from property agents also suggests that the constraints in the supply of industrial floorspace is limiting the growth potential of local businesses, with firms unable to expand into larger sites. Agents cited several firms which have been forced to lease multiple sites to cater for their needs, resulting in a decline in productivity due

²⁰ Source: CoStar (2023) / Lichfields analysis

to the complexity of coordinating across multiple sites. The supply side constraints also risk the loss of local firms, with companies moving to surrounding submarkets, such as Chelmsford, where there is a greater supply of medium and large-sized floorplates.

- 1.41 Data indicates that current availability of floorspace equates to 11.4% of the total stock. Across the 21 premises available, 11 are medium to large-sized premises of 1,000-9,000 sq.m, with the remainder falling below 1,000 sq.m in size. This corresponds with feedback from agents who reported a lack of smaller units and 'grow on' space for small local businesses looking to expand their operations.
- 1.42 Looking at supply versus average 10 year take-up, there is 2.96 years' supply, although consultation with commercial property agents indicates that the vacancy rate for industrial premises is likely to be far lower than the figure reported by CoStar.
- 1.43 Rents for industrial premises in Rochford District are relatively affordable within the East of England context, with the average market rent for industrial premises in Rochford being £10.46 per sq.ft, below the average rent for Essex of £12.18 per sq.ft. To some degree, this may reflect the issues associated with a lower quality and older stock. However, the market rent for industrial premises has increased steadily over the last ten years.

Conclusions

- 1.44 The District faces a number of socio-economic challenges. There is an ageing population, where the working age population has already fallen by 1.7% between 2011 and 2021. It is, however, projected to increase over the Plan period at a higher rate than comparator areas. The working age population of Rochford is also comparatively less skilled than the wider region and the national average, and correspondingly, the local economy supports a lower proportion of high skilled occupations when compared to the wider region. The fact that average resident earnings in Rochford are greater than the average workplace earnings in the District also indicates that residents commute outside of the District for work and to access higher paying occupations.
- 1.45 On the positive side, the number of active businesses within Rochford increased between 2016 and 2021, despite a fall during the Covid-19 pandemic, and business survival rates have been stronger than the wider East of England region, indicating an entrepreneurial small business culture.
- 1.46 However, GVA in Rochford District fell by 14.4% between 2009 and 2019, compared to an increase of 14.1% across Essex as a whole over the same period indicating a need to expand the productive output within the District.
- 1.47 The office stock is characterised by lower quality, older offices, with 81% of office floorspace being built prior to 2000. The small number of purpose-built and serviced offices, such as the Launchpad, appear to be performing well and attracting demand.
- 1.48 The market for office floorspace in Rochford is found to be performing well when compared to the wider Essex market. The low vacancy rate in conjunction with low availability rate (of 2.7%) indicates that churn within the office market may be constrained. If this trend continues persistently, it may create inefficiency in the market with occupiers forced into premises which do not adequately meet their needs, or make it difficult to refurbish and upgrade premises over time.

- 1.49 A large proportion of take-up for office floorspace in Rochford is for small offices of up to 250 sq.m in size (47% of take-up). There is very limited identified demand for offices larger than 500 sq.m in size. Future delivery of office space should seek to accommodate the demand for smaller spaces, albeit the strength of this demand in the long term should not be overstated given the changing working patterns in the wake of the Covid-19 pandemic. There is also identified demand for office spaces which support other manufacturing and distribution uses on-site, such as the IPECO site at the Airport Business Park.
- 1.50 The market for industrial space within Rochford has also performed strongly in recent years, characterised by high demand for the limited stock, particularly for higher quality, medium-sized floorspaces. The submarket is largely locally-facing but there is an increasing interface with the surrounding market as the poor quality and limited stock means some businesses are forced to locate further away. The poor quality and inflexibility of the existing industrial stock has pushed up demand for newer developments. In particular, there is high observed demand for medium-sized units, especially from smaller to medium-sized businesses who have outgrown their existing premises. Future planning policy should seek to respond to the needs of local businesses by facilitating the delivery of high-quality units at a range of small to medium sizes.
- 1.51 While there is strong demand for storage and distribution space as identified in the Rochford EDNA (2023), there is also demand for units which provide flexibility across a range of uses including light industrial, storage and distribution, as well as offices. Flexibility in use class designations within planning policy should be applied to allow future supply to be adapted to the specific requirements of individual businesses and respond to changes in demand.
- 1.52 It is evident from these findings that there is a need for policies within the new Local Plan to help address the District's productivity issues, retain successful start-ups and growing businesses, and accordingly to provide a greater proportion of skilled, well-paid employment opportunities within the District, reducing the need of residents to commute elsewhere. The delivery of new employment space over the current Plan period has helped to introduce high-quality, fit-for-purpose accommodation to the market, which has been taken up well by both existing businesses and those new to the District. However, it is clear that the majority of premises remain poor quality and dated, and that there is a need to develop or redevelop new stock on both existing and new employment sites. This tallies well with the identified need from the EDNA and ELS for an amount 9-10 ha of new employment space to account for loss of any older space over the Plan period, as well as to ensure any new housing areas are conveniently and sustainably located close to areas of employment (as well as communities identified to currently have no employment sites in their vicinity). New space delivered should be at a range of sizes to meet the needs of local small and medium-sized enterprises, as well as to attract larger new inward investment. The continuing improvement through refurbishment and redevelopment of older, poorer quality stock on existing sites should also be supported. Particular attention could also be paid to delivering new flexible workspace (such as co-working space) which could support both new entrepreneurs and those currently dividing time between commuting elsewhere and working from home, providing a professional environment within the District. This could be located either in existing town centres (aiding regeneration) or

as part of any new major residential allocations, reducing the need for out-commuting and traffic congestion.

- 1.53 Any employment-related policies within the Plan should tie in very closely with the next iteration of the District's Economic Growth Strategy (along with strategies for both wider Essex and the South Essex subregion), to ensure a skills pipeline is developed in conjunction with businesses needs, and that new sites, premises and workspaces are suitable and flexible for the varying needs of growing businesses.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 National policy requires Local Plans to be supported by a robust and proportionate evidence base. This evidence base is intended to inform, rather than bind, the development of appropriate strategies and policies within Local Plans. In this context, whilst the Council was not obliged to prepare an update to its understanding of existing employment land and future need, a decision to not do so would risk relying on out-of-date information which is less likely to satisfy an Inspector that any policies informed by the evidence base are sound.

3.0 RELEVANT RISKS

- 3.1 There are no direct risks arising from noting this report.
- 3.2 As a general principle, by building a comprehensive and robust evidence base, the Council will help to ensure that its New Local Plan provides an appropriate and sound strategy for future planning decisions, which help to avoid risks that may otherwise arise from poor or less-informed decisions.

4.0 ENGAGEMENT/CONSULTATION

- 4.1 The consultants, in compiling this report, have conducted engagement with local property market agents. The purpose of this is to provide a market-led 'sense check' of the findings of the previous 2023 Economic Development Needs Assessment (EDNA). EDNA findings.

5.0 LEGAL/GOVERNANCE IMPLICATIONS

- 5.1 There are no legal or governance implications arising from this report.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The report was completed in-house, within agreed budgets and resources.

7.0 ECONOMIC IMPLICATIONS

- 7.1 The report is Local Plan evidence base and has no direct economic implications, although through its identification of market trends and shortages of supply of certain

types of floorspace, it will help inform future employment land policies in the emerging Local Plan, which will have the aim of improving the local economy.

8.0 EQUALITY & HEALTH IMPLICATIONS

8.1 There are no direct equality and health implications arising from this report.

9.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

9.1 There are no direct environmental or climate implications arising from this report.

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APPENDICES

Appendix A – Commercial Property Market Review 2024

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

None