



**HATCH**  
**REGENERIS**

# Fort Halstead Employment Opportunities Report 2019

A Final Report by Hatch Regeneris  
September 2019

# Merseyside Pension Fund

## Fort Halstead Employment Opportunities Report 2019

September 2019

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# 1. Introduction

- 1.1 Hatch Regeneris was commissioned by the Merseyside Pension Fund to provide an employment opportunities report to inform the masterplan for new residential and commercial development on the Fort Halstead site in Sevenoaks, Kent. The study updates an earlier report produced by Regeneris in 2015, responding both to changes in economic conditions and the commercial property market since that work was carried out, and to emerging thinking about the potential mix of employment land and floorspace for future Fort Halstead.
- 1.2 The site is a key strategic development location for Sevenoaks District. An outline planning permission was granted in March 2015 for a major, mixed use development and a new, hybrid application for up to 750 residential units, an employment and business area (B1a, B1b, B1c uses) and a local or village centre that would also include workspace is currently being brought forward. Fort Halstead continues to be location of a QinetiQ operation and DSTL (Defence, Science and Technology Laboratory) retains a presence on the site, although its operations are being relocated to Porton Down. This marks out Fort Halstead as a location for high value economic activity in sectors driven by advanced technologies. Fort Halstead is allocated as a mixed-use development site in the emerging Sevenoaks Local Plan (Proposed Submission Version, December 2018).
- 1.3 The original employment opportunities study carried out by Regeneris<sup>1</sup> in 2012, with updates to address the emerging content of the development framework and outline planning application for the site. The headline conclusions of this work were that Fort Halstead's employment provision should not be concentrated in one specific use class, with the study's evidence suggesting that there would be insufficient demand and need to justify a major B1a office park, a large B2 manufacturing-led development or a large-scale B8 warehousing operation.
- 1.4 The employment vision for Fort Halstead that emerged indicated that it should provide:
  - Space for office occupiers (B1a) including some managed workspace provision
  - Provision for technology/R&D activity (B1b)
  - Space for light industrial uses (B1c) and potentially smaller scale manufacturing (B2)
- 1.5 This 2019 study updates key parts of the evidence base on employment opportunities for Fort Halstead. It is structured as follows:
  - Section 2 summarises current and remaining employment uses on the site;
  - Section 3 refreshes key evidence on the socio-economic context for employment uses at Fort Halstead;
  - Section 4 sets out the main local, regional and national policy drivers, focusing particularly on sector and employment priorities;
  - Section 5 contains substantial new evidence on the commercial property market;
  - Section 6 provides a brief update on other employment uses, drawing also on the evidence about the configuration of mixed residential and commercial developments elsewhere;

<sup>1</sup> Fort Halstead: Towards a Development Framework (Employment Opportunities), April 2012, Updated January 2014;  
Fort Halstead Employment Opportunities : Updated Position February 2015

- Section 7 provides case studies of employment developments in other locations on which offer useful insights into opportunities that might be considered for Fort Halstead;
  - Section 8 draws together the findings of the study to test the range of options available for employment uses at Fort Halstead;
  - Section 9 provides the study conclusions.
- 1.6 The findings from the review of the evidence will be an input into the masterplanning process for the proposed development at Fort Halstead.

## 2. Current Employment Uses on the Site

- 2.1 Fort Halstead has been an important employment location in Sevenoaks and Kent for many years. It became a location for government research and the employment that this generated during the 2<sup>nd</sup> World War, and expanded through the 1950s reaching its peak as an employment centre during the 1960s and 1970s when it is understood that around 4,000 people worked on the site.
- 2.2 Current key occupiers into this decade have been:
- The Defence, Science and Technology Laboratory, an Executive Agency of the Ministry of Defence specialising in providing advanced research and technological applications for national defence and security. DSTL was formed in 2001 with the split of the Defence Evaluation and Research Agency (DERA) into a commercial and Ministry of Defence research arm.
  - Qinetiq, created as a commercial defence technology operation from the DERA split.
- 2.3 By the middle part of the 2010s, employment at Fort Halstead had fallen to around 1,200, partly the result of DSTL's 2011 decision to transfer operations to the MoD's facility at Porton Down in a phased relocation over the course of the decade. DSTL accounted for around 830 jobs, the majority in higher level managerial, associate professional and higher skilled occupations. Qinetiq employed around 200 staff, with occupations understood to be similarly skewed towards higher skilled and higher paid occupations. A further 150 contracted staff were employed in roles including security and site maintenance.
- 2.4 At mid-2019, DSTL are understood to have around 500 staff remaining on the site, with a further 60 contracted staff in a support role. Further relocations:
- March 2020: An additional 200 staff to transfer to Porton Down;
  - December 2021: A further 260 staff to transfer to Porton Down
  - March 2022: Effectively the closure of DSTL operations, with 30 staff and 20 contractors remaining on site from mid-2021-March 2022 to handle the closure.
- 2.5 Qinetiq are now understood to have around 150 full-time equivalent jobs on the Fort Halstead site. This figure is anticipated to increase to around 200 by the early 2020s.
- 2.6 The research and testing activity that has taken place at Fort Halstead has delivered higher value, higher paid employment in Sevenoaks. This has been reflected in official employment statistics which have consistently pointed to the district's strengths in professional, scientific and technical activities.

### 3. Headline Economic Profile

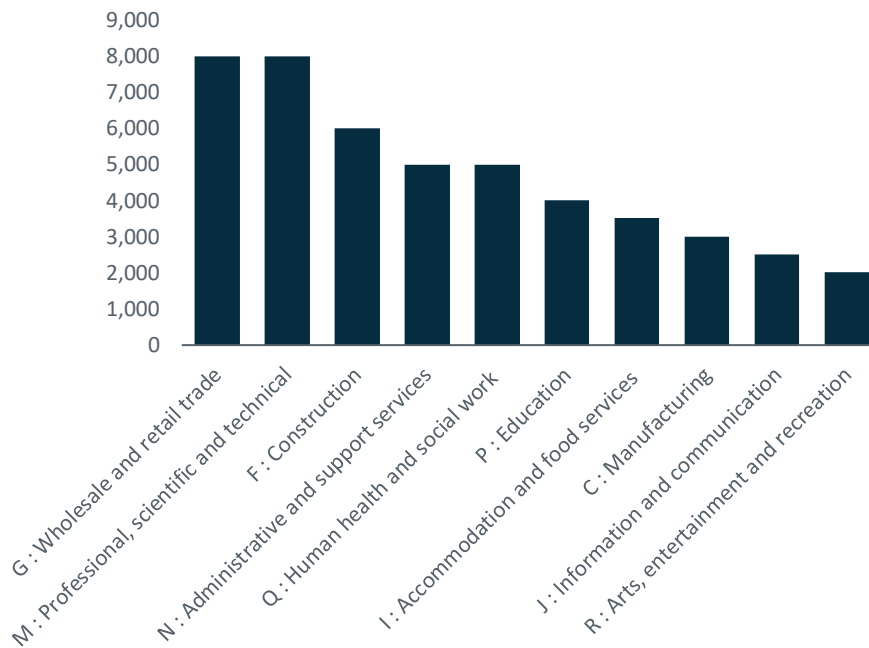
3.1 This section sets out headline evidence about the economy of Sevenoaks, specifically focused on the data produced for the 2012 study. The major centre of economic activity in the district remains the Sevenoaks urban area, with smaller concentrations of employment and business in settlements elsewhere in the district’s towns (Swanley, Edenbridge, Westerham). The rural economy is a feature of the district and a priority in local planning policy and economic strategy. The evidence describes an area characterised by a mixed economy and by strong connections to greater London and other employment locations.

#### Employment: Size, Change and Specialisation

3.2 According to the latest ONS Business Register and Employment Survey estimates, in 2017 Sevenoaks supported 56,000 jobs. Since 2013, employment growth in the district has increased by 17%, more than twice the rates of its Functional Economic Market Area (FEMA, 7%)<sup>2</sup>, Kent (7%), and England (8%). This is a period when the UK economy saw a rebound from recession, notably in the earlier years of the decade before increases in growth rates slowed and then fell towards the end of the decade.

3.3 In headline terms, the top 10 sectors by total employment are shown below.

Figure 3.1 Top 10 Employment Sectors, 2017



Source: ONS Business Register and Employment Survey

3.4 The total employment data are consistent with a mixed employment base in which no specific sector dominates. Retail and the visitor economy are well represented, accounting for c. 11,500 jobs. The district’s strong base of higher value activity is reflected in c. 8,000 jobs in professional, scientific and technical activities, a broad category that includes office-based professions such as accountancy and legal services, a full spectrum of consultancy activities, engineering design and testing. Construction also stands out as a major source of employment, although this does not necessarily reflect jobs in the district, since

<sup>2</sup> As defined by the Local Plan evidence: a combined Sevenoaks, Tonbridge and Malling, Tunbridge Wells area

construction employers based in Sevenoaks are likely to generate work in many locations outside the district. The public sector has a prominent role, with health, social work and education accounting for c. 9,000 jobs. Other office-based activity includes administrative and support services (5,000) and information and communications which includes computing and software employment as well as an extensive range of activity related to media and telecommunications.

3.5 A similar pattern is evident across the FEMA area, with the exception of financial and insurance services (office-based) which make a larger contribution to employment than is the case in Sevenoaks. In Kent, the pattern is also very similar in terms of the main employment sectors, with the County’s administrative functions reflected in the appearance of public administration (including social security) and defence in the top 10 (23,000) jobs.

Figure 3.2 Top 10 Employment Sectors, FEMA, 2017

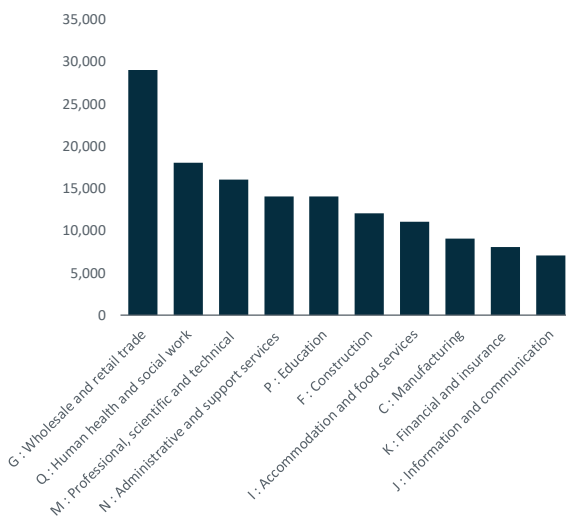
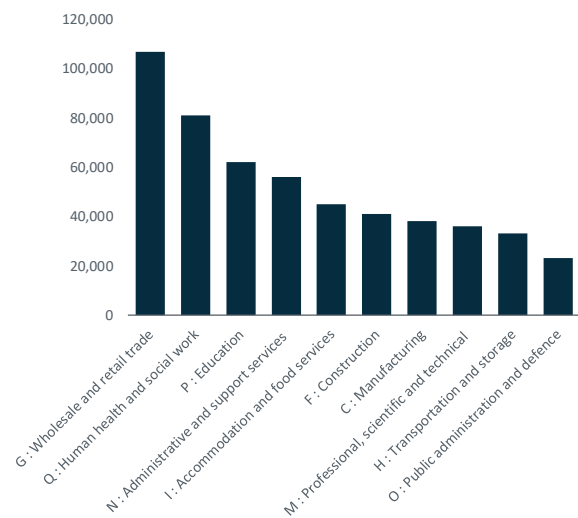


Figure 3.3 Top 10 Employment Sectors, Kent County, 2017



Source: ONS Business Register and Employment Survey

3.6 For Sevenoaks, within the broad categories described above, the largest employment sectors in 2017 included:

- Legal and Accounting (5,500 jobs and growing)
- Retail (4,500 jobs but declining)
- Education (4,250 jobs but declining)
- Services to Buildings and Landscaping (3,000 jobs and growing)
- Food and Beverage Services (3,000 jobs and growing).

3.7 The highest level of sectorial specialisation in Sevenoaks, as indicated by the Location Quotient (LQ, against England), is in *Legal and Accounting*, which has an LQ of 3.9, and has a six-fold increase in employment since 2013. Other areas of strong specialisation include *Manufacturing of Electrical Equipment* and of *Paper and Paper Products*, and *Civil Engineering*, which have also been expanding.

3.8 The most notable concentrations are those for the larger sectors by employment. High LQs in forestry and logging, water transport and the manufacture of paper and paper products are in sectors which are relatively small employers in the district. By contrast, high concentrations in legal and accounting, building/landscape services, construction, telecoms and civil engineering suggest economic strengths of the area.



Table 3.1 Top 10 Location Quotients, Sevenoaks, 2017

Sector	LQ	Total Employment
Legal and accounting activities	3.9	5,500
Manufacture of electrical equipment	3.8	600
Manufacture of paper and paper products	3.3	300
Civil engineering	3.2	1,250
Forestry and logging	3.2	70
Telecommunications	3.0	1,125
Construction of buildings	2.8	2,375
Services to buildings and landscape activities	2.4	3,000
Libraries, archives, museums and other cultural activities	2.3	400
Water transport	2.2	50

Source: ONS, Business Register and Employment Survey 2018 and Hatch Regeneris calculations

- 3.9 The sectors which since 2013 have seen the largest declines include: *Employment Activities* (-2,250 jobs), *Scientific Research & Development* (-760), *Head Office and Management Consultancy Activities* (-375), *Education* (-250), and *Retail* (-250). The wider *Advanced Manufacturing* sector, which supports 1,625 jobs, saw a reduction of 500 jobs post-2013.

## Business Base

- 3.10 Data from ONS UK Business Count for 2018 reports 6,580 businesses in Sevenoaks. In terms of size, the representation of micro (0 to 9 employees) businesses is in greater proportion than in the FEMA, Kent and England.

Table 3.2 Business Count, 2018

	Sevenoaks	FEMA	Kent	England
Micro (0 to 9)	90.5%	89.8%	89.7%	89.5%
Small (10 to 49)	8.0%	8.5%	8.5%	8.6%
Medium-sized (50 to 249)	1.2%	1.4%	1.5%	1.6%
Large (250+)	0.3%	0.3%	0.3%	0.4%

Source: ONS UK Business Count

- 3.11 Micro businesses account for almost half of total employment in Sevenoaks (48%), while large businesses for only 20%.
- 3.12 Over one fifth (1,390) of businesses in Sevenoaks are involved in *Professional, Scientific and Technical Activities*, and 15% (990) in *Construction*, in concentrations (LQ) higher than the national average. On the other hand, *Gas & Electricity* and *Transport & Storage*, which respectively are supported by 5 and 135 companies, are the sector with the lowest relative business concentrations when compared to national average.
- 3.13 Sevenoaks' business formation rate as of 2017 was at 11%, a rate in line with Sevenoaks' FEMA (11%), but lower than the one for Kent (12%) and England 13%.

### Large Employers

- 3.14 Sevenoaks' large employers (i.e. employing 250 people or more) are listed in the table below. The data is extracted from Duedil, which is a database for private companies and

therefore excludes public sector employers which tend to be large especially in the Health and Education sectors. Some of the top companies for employment are involved in construction and cleaning activities. Due to the nature of their business, which takes place in multiple and often variable locations, these companies may have their registered office in Sevenoaks and appear to have a large number of employees, while the jobs may not be all local. Some caution is therefore needed in identifying sector strengths of the area (eg. construction) where much of the actual employment may be located outside the district.

Figure 3.4 Main Private Sector Employers, 2018

Company Name	Employees	SIC 2007 Description
Active Assistance (UK) Group Limited	1718	Other human health activities
Wetton Cleaning Services Limited	1634	General cleaning of buildings
F M Conway Limited	1469	Construction of roads and motorways
Old ML Limited	1259	Non-life insurance
Hand Picked Hotels Limited	1065	Hotels and similar accommodation
Staff Management Limited	1024	Other human health activities
Motorsport Vision	734	Operation of sports facilities
Insurance Factory Limited	561	Non-life insurance
Trifords Limited	545	Maintenance and repair of motor vehicles
Brooknight Security Limited	539	Private security activities
United Living	520	Development of building projects
Independent Catering Management Limited	452	Other food service activities
Sevenoaks School	422	General secondary education
Centre Circle Event Management Ltd	412	Other business support service activities n.e.c.
Chester Healthcare Limited	389	Temporary employment agency activities
Mitchell Stephenson Limited	386	Other business support service activities n.e.c.
Ultimate Insurance Solutions Ltd	334	Non-life insurance
Olivers Mill Cleaning and Maintenance LLP	325	General cleaning of buildings
Aqualisa Products Limited	304	Manufacture of other taps and valves
Whiting and Hammond Limited	302	Public houses and bars
HCP Social Infrastructure (UK) Limited	295	Financial management
Prime Produce Limited	277	Post-harvest crop activities
G K R Logistics Limited	270	Scaffold erection
Swan Mill (Holdings) Limited	266	Activities of head offices

Source: Duedil

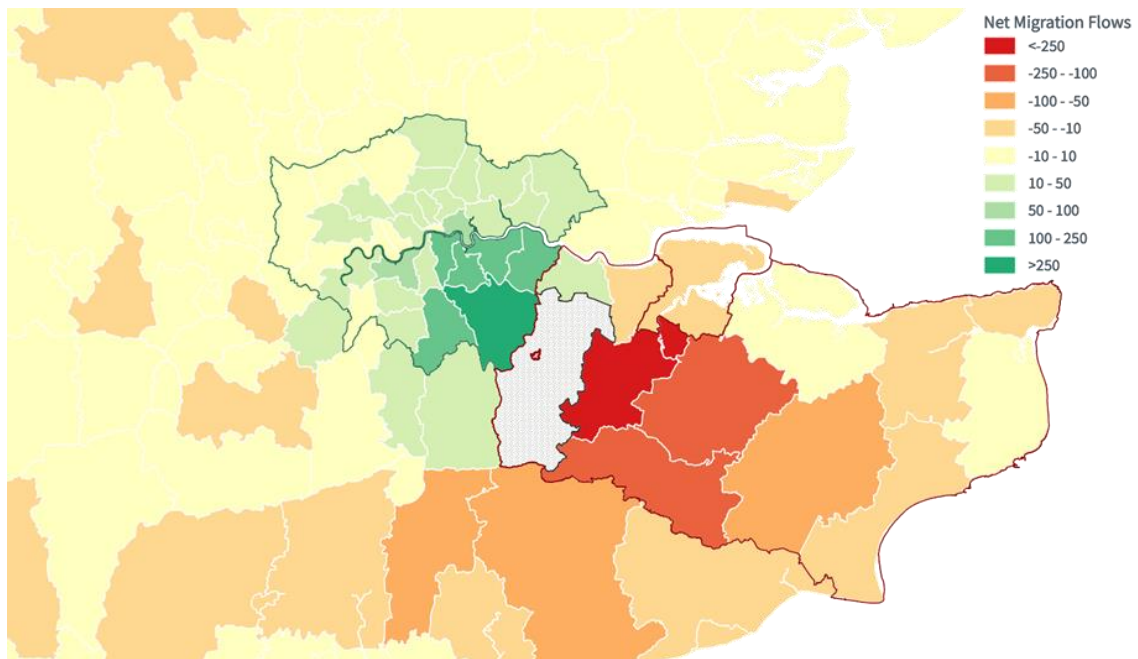
- 3.15 In addition, the larger public sector employers make a key contribution to employment in the district, including Sevenoaks District Council and Sevenoaks hospital.

## Population and Labour Market

- 3.16 Sevenoaks has a population of 119,430 people (ONS, 2017), 59% of which in the working age group. Unemployment and economic inactivity rates are, respectively at 4.4% and 23%, higher than the rates of the FEMA (2.5% and 21%), Kent (3.3%, 20%) and, in the case of inactivity, England (4.5% and 21%) (ONS, APS, 2017).
- 3.17 The population age structure of the district is concentrated around older working-age groups (i.e. aged 35-55) rather than young graduates, and children aged below 18, suggesting that Sevenoaks is a place primarily chosen by families at a relatively mature stage in their working career.
- 3.18 This picture is confirmed by the analysis of internal migration flows (housing moves), which shows a positive net flow of people aged 30 to 49 (+560 people), and a net negative flow of people aged 19-29 (-170). The direction of flows analysis, depicted in the map below, highlights a substantial inflow from London, particularly from its south-east boroughs, and a significant outflow towards Kent and parts of Sussex. In 2017, 3,400 people moved from

London to Sevenoaks, with a net flow of 2,100, and 2,700 people moved from Sevenoaks to Kent, with a net flow of -1,000.

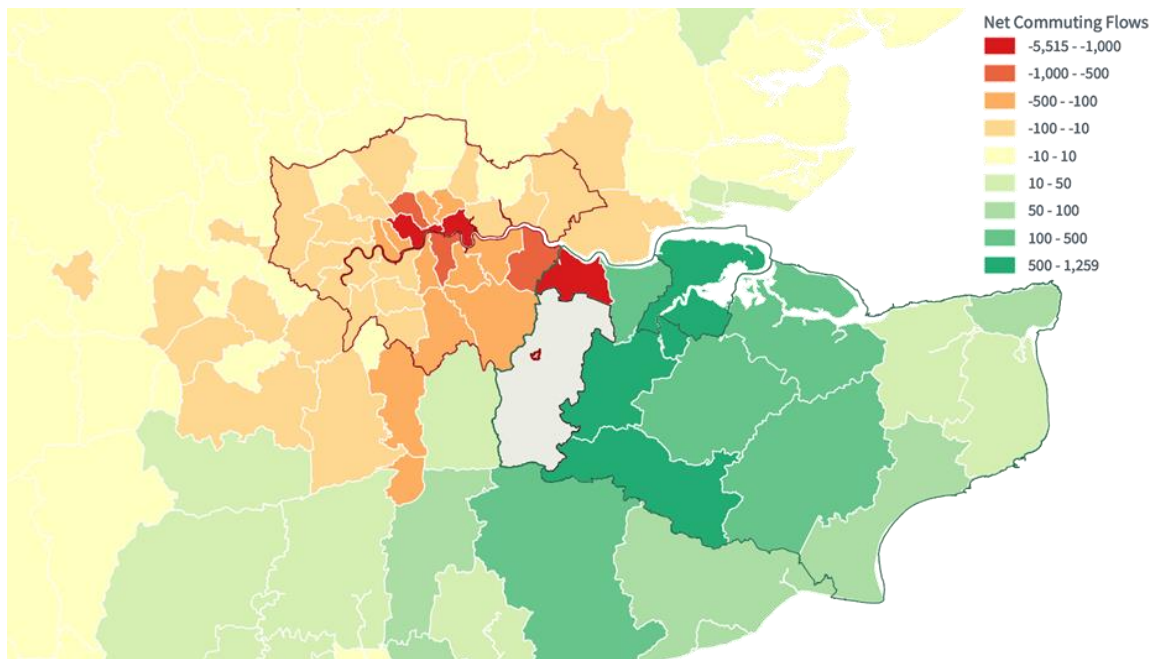
Figure 3.5 Sevenoaks Net Internal Migration Moves, 2017



Source: ONS Internal Migration Statistics

- 3.19 The strength of the relationship with London is also corroborated by the analysis of commuting flows, which broadly indicates an inverse direction of movements between Sevenoaks, London and Kent. The travel-to-work flow from Sevenoaks to London sums up to 18,400 people, with a negative net flow of -12,650, while the commuting flow from Kent to Sevenoaks counts 11,300 people, with a net flow of 2,700.
- 3.20 This, combined with the migration analysis above, suggests that Sevenoaks jobs market is attractive for Kent and Sussex residents, that London job market has a very strong pull on Sevenoaks residents, and that people moving from London into Sevenoaks are likely to still be working jobs in London.

Figure 3.6 Sevenoaks Net Commuting Flows, 2011



Source: ONS Census 2011

3.21 A comparison of the workplace-based versus resident-based analyses of earnings and occupations demonstrates that Sevenoaks residents are employed in higher-skilled higher-wage occupations than the ones available in the local market. Sevenoaks workplace median annual earnings (ASHE, 2017) are at £28,600, while the resident median earnings are at £31,800. The differential in occupational distribution is illustrated in the chart below, where, comparatively, the resident distribution is visibly skewed towards high-skills occupational groups such as managerial, professional and associate professional occupations.

Figure 3.7 Sevenoaks Occupational Distribution - % of all in employment, 2017



Source: ONS Annual Population Survey

3.22 This, coupled with the observed commuting outflows from London suggests that while the resident base of Sevenoaks is highly skilled – as also confirmed by the qualification profile, with 40% of working-age residents educated at degree level or above – a significant share

of these residents is not employed in the local economy but must be earning higher wages in high skill-jobs in London.

## Summary

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- 3.23 The summary profile for Sevenoaks and the wider west Kent 'FEMA' area points to a mixed economy which has seen recent good rates of employment growth, and where a broad range of sector strengths are evident. There is a strong presence of higher value, knowledge-based employment across the county.
- 3.24 For Sevenoaks in isolation, the data point to strengths in retail and the visitor economy (the latter a policy priority for the area), office-based sectors (eg. legal & accounting, administration and support services), professional, scientific and technical sectors, and construction. Whilst advanced manufacturing and engineering are identified as priority sectors across Kent, the data show small concentrations of manufacturing in Sevenoaks but no stand out sectors in terms of employment volumes.
- 3.25 Across the wider area, the priority attached in economic strategies to the broad-based creative and digital sector, which includes computing and software, is well-represented in the FEMA area, and in particular in Tunbridge Wells. This is a growing industry, and one which should be considered as a target for Fort Halstead.
- 3.26 Labour market data point to an area which has a strong occupational profile for residents, with substantial representation in higher managerial and professional occupations. The data underline the strength of the area's connections to London, providing a location where higher skilled and qualified people working in the Greater London market choose to live. This points to the potential for Sevenoaks to retain more of this resident labour force with the right mix of employment opportunities in higher skilled and higher paid occupations.

## 4. Policy Drivers

- 4.1 Fort Halstead is an important, allocated site in the emerging Sevenoaks Local Plan (2018) for major, mixed-use development. It features prominently in the 2014 Strategic Economic Plan for the South East Local Enterprise Partnership (SELEP) as part of Kent and Medway Economic Partnership's (KMEP) Growth Deal. Nationally, the UK's Industrial Strategy and emerging Local Industrial Strategies focus on the need to boost productivity and tackle a series of 'grand challenges' which are expected to shape the economy and society over the next 20-30 years.
- 4.2 Masterplanning for future employment uses at Fort Halstead must take some of its cues from local, regional and national strategies. This applies formally, in that the Local Plan, for example, provides the framework of policies with which any redevelopment will be expected to conform. It also applies strategically, in that Fort Halstead is expected to contribute to meeting key economic objectives and targets for Sevenoaks and the wider Kent area, including those relating to priority sectors for employment and business growth and the need to attract and retain more higher value economic activity. Opportunities to secure public sector support for the redevelopment of Fort Halstead will depend in part on demonstrating strategic 'fit' with local and regional priorities for the economy.
- 4.3 This section reviews the detail of key policy drivers for Fort Halstead, and concludes by drawing together their implications for the scale and type of future employment and business development that Fort Halstead might target.

### National Industrial Strategy

- 4.4 Published in November 2017, the aim of the Industrial Strategy is to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK. The White Paper identifies "**five foundations of productivity**" which are seen as the essential attributes of every successful economy and around which the Industrial Strategy is structured. These are:
- Ideas – the strategy aims for the UK to become the world's most innovative economy
  - People – good jobs and greater earning power for all
  - Infrastructure – providing a modern and accessible infrastructure throughout the country.
  - Business Environment – to be the best place to start and grow a business
  - Places – to have prosperous communities throughout the UK
- 4.5 The White Paper also identifies four **Grand Challenges** which, as a result of global forces, will shape the UK's rapidly changing future. Responding to these challenges, the White Paper argues, will not only drive productivity but deliver significant societal benefits.
- 4.6 Through the Grand Challenges the Government commits to:
- putting the UK at the forefront of the **artificial intelligence and data revolution**;
  - maximising the advantages for UK industry of the shift to **green growth**;
  - becoming a world leader in shaping the **future of mobility**; and
  - harnessing the power of innovation to help meet the needs of an **ageing society**.
- 4.7 The White Paper also commits to agreeing **Local Industrial Strategies** (LIS) which will be led by mayoral combined authorities or local enterprise partnerships. These strategies will "*identify local strengths and challenges, future opportunities and the action needed to boost*



*productivity, earning power and competitiveness. This might include addressing skills issues, improving infrastructure, harnessing the potential of world-class science and innovation, supporting new high-value businesses, or identifying leading sectors to inform the development of deals”.*

- 4.8 Both the National Industrial Strategy and a Local Industrial Strategy (as it emerges) are relevant to future development at Fort Halstead and the activity the site for several reasons:
- Technological change and the response of business and the public sector to it is central to the National Industrial Strategy. The Grand Challenges are about the development and use of new technologies to tackle major societal challenges, and they provide cues for the type of business and innovation that will be a future source of growth. Relevant sectors for Kent and West Kent include software and digital technology (with Tunbridge Wells having strengths in this area) and renewable energy which is prominent in the NIS.
  - How each LIS responds to the national strategy will guide elements of future public investment in business growth, including infrastructure investment. Public sector investment in innovative activity at Fort Halstead would need to demonstrate fit with both the national and local strategies.
- 4.9 The South East LEP published an Economic Strategy Statement (Smarter, Faster, Together) in October 2018, described as a bridge between the SEP and the development of a Local Industrial Strategy for the South East. A summary of this Economic Strategy Statement is provided below.

### **Sevenoaks Local Plan: Proposed Submission Draft, 2018**

- 4.10 The Proposed Submission Version of Sevenoaks Local Plan was issued in December 2018. The Plan’s Executive Summary makes clear that economic growth and the ‘creation of new and exciting job opportunities’ are key priorities. This is carried through into a spatial vision which commits the district to meeting its housing and employment needs without compromising the natural environment.
- 4.11 Sevenoaks’ location is also recognised as a strength, with the Plan highlighting its popularity as a place to live because of its proximity to London and access points to continental Europe, the presence of good motorway links (M25, M26, M20), rail stations and services that provide 1 hr links to London and good access to Gatwick and Heathrow Airports.
- 4.12 This is also carried through into the vision, which identifies the potential for the district’s accessible location to ensure a ‘dynamic urban and rural economy’ (p.14). It points a future with a ‘wide range of employment opportunities’ with town centres the focus for retail and leisure uses (p.14). The need for excellent broadband connectivity is also highlighted.
- 4.13 Of the 6 objectives which follow from the vision, the objective for the economy is to ‘support a vibrant local economy’ both urban and rural.
- 4.14 The Plan notes that office accommodation has come under pressure from permitted development rights, with 17,000 sq m of office floorspace lost by 2016, and the potential to lose a further 4,900 sq m from unimplemented schemes. The importance of the issue is reflected in an Article 4 direction in the Plan to be applied to office premises on allocated sites to prevent change of use.
- 4.15 Several proposed Local Plan policies are directly relevant to future employment development at Fort Halstead:
- 4.16 **Policy ST1:** A Balanced Strategy for Growth in a Constrained District. The policy supports mixed use developments and the use of brownfield land. Justification for the growth

strategy includes the need to provide 11.6 hectares of employment land and 32,000 sq m of retail floorspace. On details for Sevenoaks and the main towns, there is emphasis on the retention of existing employment sites.

- 4.17 **Policy ST2:** Housing and Mixed Use Site Allocations. The policy identifies Fort Halstead as a mixed use development site.
- 4.18 **Policy EMP1:** Supporting a Vibrant and Balanced Economy. The first of the Plan's specific employment land policies specifies that the redevelopment of employment sites for non-residential purposes will be supported where equivalent amounts of floorspace or jobs are delivered.
- 4.19 There is encouragement for the redevelopment of employment sites for mixed uses where development would meet the needs of modern business, maintain employment capacity and deliver a sustainable approach. Fort
- 4.20 Supporting evidence for the Policy<sup>3</sup> points to the current supply of 30 large employment sites (0.2 ha or more) for B class uses (office, industrial, warehousing) and the availability of smaller urban and rural sites as vital to supporting growth in the local economy (p.51). It identifies a total need for 11.6 ha of employment land to 2035, including 7.2 ha of B1a and B1b (offices, R&D), 1.1 ha of industrial B1c and B2, and 3.3 ha of warehousing and storage land (B8). This makes it clear that office development (B1a) and R&D space (B1b) are the largest element of future need, accounting for 62% of total identified need.
- 4.21 Further commentary on the forecast need and the relevant evidence on employment growth that underpins the Plan's figures is provided in Section 5 of this study.
- 4.22 **Policy EMP2 – Town and Local Centres.** This policy is relevant insofar as it specifies that village and neighbourhood centres should provide a range of shops and facilities that meet the day to day needs of their communities. Emerging thinking about a local centre for Fort Halstead includes provision of this type.

### **Smarter, Faster, Together: Towards a Local Industrial Strategy: the South East LEP's Economic Strategy Statement, October 2018**

- 4.23 This consultation draft of a new Economic Strategy Statement produced by the South East LEP is intended as bridge between the Strategic Economic Plan (2014) and a new Local Industrial Strategy on which work has commenced. The Statement is explicit that it replaces the SEP.
- 4.24 The statement emphasises several key features of the area that are central to the strategy it sets out:
- Rapid population growth and a faster rate of growth expected than the England average (15% v. 10%) over the next 20 years in all of the South East's constituent areas.
  - Recognition of the region's nationally significant infrastructure assets (ports, airports, international rail gateways).
  - Strong connections with London and with major growth areas including Thames Gateway, London-Stansted-Cambridge corridor, Haven Gateway, Gatwick Diamond and the Brighton conurbation.
  - Strong innovation assets including the region's universities and FE colleges.

<sup>3</sup> Sevenoaks and Tunbridge Wells Economic Needs Study Final Report for Sevenoaks District, August 2016



- The need to upskill the workforce.
  - The need to boost productivity, with the South East seeing productivity levels at 92% of the UK average. This is a national problem, and a focal point of the National Industrial Strategy. However, it is notable that productivity in west Kent is higher than the UK average.
- 4.25 Commentary on sector strengths reaffirms the sector priorities identified by the 2014 SEP (see list below), although there is stronger emphasis on a rapidly growing creative and digital sector, and on the connection between low carbon and environmental goods and services and the construction industry.
- 4.26 The Statement connects technology trends and sectors to the five Grand Challenges, highlighting of particular relevance to the South East additive manufacturing, life sciences and medical devices, health and social care, robotics in modular construction and digital news, media and retail. Decarbonisation with its implications for resource efficiency and low carbon technologies, and mobility including electric and autonomous vehicles are also highlighted with reference to the transport and logistics sector and energy.
- 4.27 The strategy sets a headline ambition of bridging the productivity gap in GVA per job filled to the UK average by 2030. Five priorities are identified to achieve this:
- **Creating ideas and enterprise:** Of particular relevance to Fort Halstead and the west Kent area is the emphasis on supporting innovative and high growth businesses, increasing the adoption of new technologies and processes, supporting knowledge transfer (universities – business), responding to the need for workspace flexibility by bringing forward new space, supporting the South East’s gateway role for trade and investment. It should be noted in particular that the strategy indicates that new managed workspace and innovation centre space is critical to fill a shortfall in supply.
  - **Developing tomorrow’s workforce:** Focused on skills and training provision, including capital investment in further and higher education capacity.
  - **Accelerating infrastructure:** Focused on transport including the Lower Thames Crossing, major road corridors (including the M20 and A21), improved rail connectivity, improved access to international gateways, ensuring sustainable transport access. Technology infrastructure (broadband and 5G mobile) is also highlighted, along with accelerated housing delivery and energy infrastructure.
  - **Creating places:** including both new settlements and existing communities. The need to develop well connected places which provide homes, jobs and infrastructure.
  - **Working together:** priorities for joint working with public and private sector partners across a much wider area.

### **South East Local Enterprise Partnership Growth Deal and Strategic Economic Plan (2014)**

- 4.28 The South East Strategic Economic Plan (2014) set an ambitious commitment to deliver 200,000 jobs by 2021, and a further commitment to unlock the capacity for 310,000 additional jobs in total. With a local growth fund investment of £784.5 million in a total cost of £1.4 billion, the SEP identified a substantial programme of investment in infrastructure and supporting measures, focused on growth corridors and growth sites to achieve its objectives.
- 4.29 Headline objectives for the SEP revolved around boosting productivity by focusing on innovation assets and sectors including Enterprise Zones, business start-ups, health

innovation and related sector support programmes, offshore renewables engineering and international trading. Improvements to skills provision linked to priority sector and the construction of more homes are the second and third headline objectives.

- 4.30 A series of priority sectors are set out in the SEP (from para. 2.18). These are:
- Advanced manufacturing
  - Transport and logistics
  - Life sciences and health care, where there is specific reference to Discovery Park
  - Environmental technologies and energy
  - Creative, cultural and media
  - Visitor economy
- 4.31 Of relevance to emerging thinking about the masterplan for Fort Halstead is the strong emphasis in the SEP on innovation. This focuses both on support to enable businesses to become more innovative, and on the key supporting role of universities and education facilities across the area. A 'productivity deal' is set out in the SEP based on several initiatives:
- Integrated business start-up and support services.
  - Sector support programmes and projects.
  - The development of incubation space and innovation programmes
  - Access to finance.
  - Investment to support onshore and offshore energy production.
  - Support for internationalisation.
- 4.32 Of particular relevance to Kent are references to the University of Kent's plans to provide incubation space at Chrysalis, and Canterbury Christchurch University's proposal for an advanced bio-engineering stem cell laboratory.
- 4.33 The SEP briefly identifies Fort Halstead (para. 2.119) as a development opportunity focused on multi-use research and development. It is described as part of an A21: London-Tonbridge-Tunbridge Wells transport growth corridor/area running southwards into Kent from the south eastern fringes of Greater London. The SEP describes West Kent as a 'strong economy with a diverse and resilient SME base' (para. 2.119) highlighting the concentration of digital and software businesses in Tunbridge Wells and the area's significant rural economy.

#### **Kent and Medway Growth Deal**

- 4.34 Published as part of the SEP and separately, the 2014 Growth Deal sets out a series of investment priorities to which a £2.6 billion investment programme is attached. For West Kent, the features of the Growth Deal are as follows:
- Opportunities including the further development of the 'knowledge economy' and an SME base of 16,000 businesses with high potential for innovation and growth.
  - Reference to software and electronic publishing, and the creative and media sector more generally, along with tourism and leisure, as key sectors.
  - The need for more commercial development to be brought forward, with Fort Halstead referred to in this part of the growth deal.

- Good connectivity, highlighting the area's link to the M25, planned improvements to the A21, good rail links to London from Sevenoaks, Tonbridge and Tunbridge Wells, and investment in rural broadband.
- Explicit reference to the need to support 'research and growth', with Fort Halstead identified as an opportunity to develop business space for research-focused businesses and the possibility of public sector funding (SEFUND) to back this.

4.35 A series of sector opportunities for Kent and Medway are also identified, including:

- Life sciences – 6,000 jobs, with concentrations of activity at Discovery Park Enterprise Zone and Kent Science Park, along with new growth at Maidstone Medical Campus.
- Creative and Media – 14,000 jobs in a sector estimated to have grown by 85% in 10 years. Tunbridge Wells is highlighted here.
- Low carbon – 21,000 jobs in renewable energy, energy efficiency and carbon reduction.
- Land based – Referring to strengths in horticulture linked to fruit production.
- Manufacturing – 44,000 jobs and 10% of Kent and Medway's GVA. A strong SME base and the presence of primes including BAe Systems and Delphi are highlighted.
- Construction – 36,000 jobs, highlighting both the area's proximity to a dynamic London and South East market and new opportunities in sustainable construction.
- Tourism and leisure – 64,000 jobs.
- Higher education – Anchored by institutions in Canterbury and a growing presence in Medway.

### **Sevenoaks Draft Economic Development Strategy, 2018-21, Sevenoaks District Council**

4.36 The emerging new economic strategy for Sevenoaks sets out a vision for a fair, safe and thriving economy built around themes including:

- Innovation and Technology: Regeneration of market towns that provide employment and retail for all, improved infrastructure (broadband, road, rail, air links, education)
- Rural Economy: Focused on the visitor economy, food production, arts and culture venues, skills
- Sustainability: Enabling businesses to prosper and grow.

4.37 The strategy echoes the SEP in identifying strengths of the district that include its attractiveness as a place to live because of its proximity to London, excellent transport links by motorway and road, good links to Gatwick, Heathrow and Biggin Hill airports, links to the Channel Ports, Ashford and Ebbsfleet for international rail connections. It highlights also low levels of unemployment and the strength of the area's workforce.

4.38 The redevelopment of Fort Halstead is identified as an opportunity in the draft strategy. It is described (p.16) as the main site for longer-term growth in the District through the early 2020s. A specific connection is made with the growth of avionics and aviation support businesses at Biggin Hill, and opportunities in Croydon and Swanley, which could provide 'foundations for a technology and engineering cluster along the North Downs'.

- 4.39 There are references in the strategy under an Enterprise theme to the need to provide low-cost employment space (workspace) for businesses, particularly in the creative, digital and tech sectors. This type of provision is to be encouraged by the strategy.
- Characteristics of the District
  - Low unemployment levels, with Sevenoaks having the lowest level in Kent.
  - Well qualified residents with only 8% of the population lacking any qualifications.
  - A majority of residents working in West Kent, but 40% working in Greater London.
  - A strong rural economy with many residents working from home, but issues with broadband and connectivity more generally.
  - Strong town centres with good retail offers, including independent retail.

## Summary

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- 4.40 Future opportunities for employment development in Fort Halstead will both reflect and should be guided by national, local and regional policy drivers. They provide crucial pointers to the sectors, business types and technologies that are expected to drive growth. Demonstrating the strategic 'fit' between proposals for Fort Halstead and such policies and strategies is important both in securing support for future development and potentially investment backing further down the line.
- 4.41 There are several key messages from the review of key policies provided in this section:
- The vital role that technology-led growth and change is expected to play in driving up productivity and generating future economic growth, as well as tackling the major challenges facing society.
  - The related priority that policies give to innovation and the need to drive-up business innovation and make the most of higher education capabilities.
  - A picture of sector priorities for west Kent, Kent and the wider South East that highlights life sciences, advanced manufacturing and engineering, the creative and digital sector, including software, renewable energy and resource efficiency, the visitor economy, transport and logistics.
  - Recognition that west Kent and Sevenoaks strengths lie in its strong connectivity by road and rail to London and continental Europe, its attractiveness as a place to live for higher skilled, higher paid workers including many commuters to London, and the quality of its living environment.
- 4.42 There is relatively little in the way of specific objectives relating to sectors, sub-sectors and technologies for Sevenoaks. There is brief reference to the potential for an avionics and aerospace corridor extending across the North Downs via Biggin Hill, although no detail about Sevenoaks' specific strengths or potential in this area. It is worth noting in this context that Biggin Hill has secured planning consent to extend its employment facilities, and is considering the provision of a technical college delivering related training on site. This responds to future needs for engineering graduates in the aerospace sector, and to evident skills shortages in the area. The most prominent message for west Kent centres on the growing strength of the creative and digital sector in Tunbridge Wells, where specialisation is evident in the data.
- 4.43 Fort Halstead is recognised in several regional and local strategies as a key location for future growth. The emphasis is on its role as a place that will sustain employment, deliver a combination of new housing and places to work, and its potential to maintain its status as a place for research and innovation.



## 5. Commercial Market Demand and Supply Evidence

- 5.1 Previous versions of the employment opportunities evidence for Fort Halstead provided a substantial body of evidence about commercial property markets in Sevenoaks, the wider west Kent and Kent area and an extended area across parts of Greater London. This was key data in generating the options analysis and recommendations that the reports produced.
- 5.2 This section of the report provides similarly detailed analysis of the demand for and supply of commercial floorspace. Its primary purpose is therefore to update the analysis carried out in earlier versions. However, the focus of the evidence reflects emerging thinking about options for the new masterplan as they have evolved over time. This means emphasis on the B1a (office market), research and development sites and premises (B1b) and the light industrial segment of the market (B1c). It includes evidence on B2 (manufacturing) and B8 (warehousing), but these are not uses on any significant scale that are considered to be appropriate for the emerging Fort Halstead masterplan.

### B1 Markets

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- 5.3 The B1 market typically covers three different types of uses listed below and this section covers analysis for all three types:
- general office space such as HQs, serviced offices and business park offices (B1a);
  - laboratory and R&D space (B1b) and
  - light industrial space which may be found on a business park (B1c).
- 5.4 There is currently around 154,800 sq m commercial B1 space within Sevenoaks district. This is low in comparison with similar areas across the South East which also located close to the M25 and Greater London.
- 5.5 Over the last five years 399 transactions have been completed totalling around 26,500 sq m in Sevenoaks. Of these, most transactions have occurred for properties less than 1000 sq m and no individual year has the transaction totalled more than floorspace of 4,500 sq m.

### B1a - Offices

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#### Current Picture and Recent Changes

- 5.6 **Wider Property Market Geography:** To capture the wider B1a office market setting for Sevenoaks, we have reviewed the borough's position against the M25 south area as defined by CBRE market analysis (Figure 5.1). The M25 South area mainly covers the local authorities in Kent County<sup>4</sup>, Surrey County and Outer London south<sup>5</sup> local authorities.

<sup>4</sup> Kent local authorities: Dartford, Gravesham, Sevenoaks, Tonbridge and Malling, Tunbridge Wells, Maidstone, Medway

<sup>5</sup> Outer London South local authorities: Bexley, Bromley, Croydon, Sutton, Merton, Richmond upon Thames, Kingston upon Thames

Figure 5.1 Property Market Area for M25 South



Source: CBRE

- 5.7 **Scale of office market in Sevenoaks:** When looking at the total floorspace at local authority level, Sevenoaks is a comparatively smaller market than similar areas across the M25. In 2016, the VOA recorded 128,000 sq m of office floorspace in Sevenoaks, which is a decline of 2% from 2012. However, in terms of the proportional loss of floorspace across the wider market, this decline is on the lower side in relation to other places such as Ashford (-9%) or Crawley (-7%).

Table 5.1 Office Floorspace (B1a) in Selection of Local Authority District (March 2016)

Local Authority	2012-13 (‘000 sq m)	2015-16 (‘000 sq m)	%Change in B1a 2016- 2012 (‘000 sq m)
Crawley	374	349	-7%
Reigate and Banstead	300	284	-5%
Maidstone	200	198	-1%
Tonbridge and Malling	201	192	-4%
Medway UA	186	187	1%
Mid Sussex	177	175	-1%
Tunbridge Wells	146	143	-2%
<b>Sevenoaks</b>	131	128	-2%
Ashford	125	114	-9%
Dartford	91	95	4%

Source: VOA, sourced from gov.uk, Non-domestic rating: business floorspace



## Market Demand

- 5.8 **Leasing Activity, Net Absorption and Vacancy:** Whilst the office market in Sevenoaks is relatively small compared to other boroughs in the M25 South quadrant, the borough has generally shown both positive leasing activity (total 18,900 sq m and annual average of 3,679 sq m) and net absorption trends<sup>6</sup> over the last five years. The net absorption of floorspace observed in Sevenoaks between 2014 and 2018 stood at a total of c. 3,690 sq m, although this measures the floorspace in completed lease deals minus floorspace from vacated premises in the period.

Local Authority	Leasing Activity (Direct and Sub-Let) (sq m)	Annual Average Leasing (sq m)	Net Absorption (sq m)
Tonbridge and Malling	33,304	6,661	12,166
Dartford	18,696	3,739	7,935
Reigate and Banstead	11,716	11,716	7,024
Midsussex	20,206	4,041	6,726
Ashford	19,522	3,904	5,653
<b>Sevenoaks</b>	18,396	3,679	<b>3,694</b>
Tandridge	7,964	1,593	3,660
Maidstone	26,547	5,309	3,265
Tunbridge Wells	26,825	5,365	2,409
Crawley	92,747	18,549	-6,439

Source: Co-Star Database

- 5.9 Sevenoaks also has one of the lowest vacancy rates over the last five years, between 2% to 4%, significantly lower than bigger and more established office markets such as Crawley where the vacancy rates have been between 5% to 11%. At first sight, this suggests either (or both) that demand is strong and that the supply of office premises is tighter than is the case in other areas.

<sup>6</sup> Definition of Net absorption: For existing buildings, the measure of total square metre occupied (indicated as a Move-In) less the total space vacated (indicated as a Move-Out) over a given period of time. Sublet space and lease renewals are not factored into net absorption. However, in a lease renewal that includes the leasing of additional space, that additional space is counted in net absorption. Pre-leasing of space in non-existing buildings (Planned, Under Construction or Under Renovation) is not counted in net absorption until actual move in, which by definition may not be any earlier than the delivery date.



Table 5.3 Vacant % Total (sq m)					
Local Authority	2014	2015	2016	2017	2018
Reigate and Banstead	6.8	6.2	8.9	6.9	4.8
Crawley	4.5	10.3	5.7	9.7	10.8
Midsussex	4.1	4.4	3.7	4.6	1.7
Tandridge	5.3	2.8	2	1.8	2
Dartford	4.4	2.6	2.8	2.5	2.2
<b>Sevenoaks</b>	<b>3.6</b>	<b>0.6</b>	<b>1.2</b>	<b>2.1</b>	<b>1.7</b>
Tonbridge and Malling	8.1	4.6	4.5	7.2	4.9
Maidstone	5.1	5.6	2.5	0.7	1.6
Tunbridge Wells	3.9	1.7	1.8	3.1	3
Ashford	3.2	2	2.2	3.4	6.3

Source: Co-Star Database

- 5.10 **Leasing activity data:** The office market across the wider M25 South quadrant has experienced positive take-up in recent years with significant growth in demand from the office sector, however, the market saw subdued take-up activity in the first half of 2017<sup>7</sup>, which was 44% below the five-year average and the lowest level since 2012.
- 5.11 However, this was not the case for Sevenoaks; the borough has shown strong take-up trends for both 2017 and 2018, with 3,200 and 4,470 sq m of floorspace leased respectively in each year. This reinforces the point that good levels of demand are being sustained in the district.
- 5.12 Most offices that are let out in Sevenoaks generally reflect a strong inclination towards a small to mid-sized floorplates of less than 1,000 sq m, pointing to demand being led by SMEs.
- 5.13 **Rental Values:** Rental levels in Sevenoaks are amongst the highest in the region, although there are marked variations by location. The average rental level for office market in Sevenoaks is at £230 per sq m (£21.40 per sq ft).
- 5.14 However, this varies between Town Centre locations, where the average values are relatively higher at £270 per sq m (£25 per sq ft) and out of town or more peripheral locations where the rental levels were at £200 per sq m (£18.60 per sq ft) in 2018. The increase in average rental levels in Sevenoaks has been 33% over the last five years, one of the strongest in region.
- 5.15 The higher of these values (£25 per sq ft) are at a level which should support some speculative development of offices. At the lower end (peripheral locations), the rental values cited above are likely to be insufficient to justify speculative development without some form of subsidy, and probably significant subsidy.

<sup>7</sup> total of 33,110 sq m

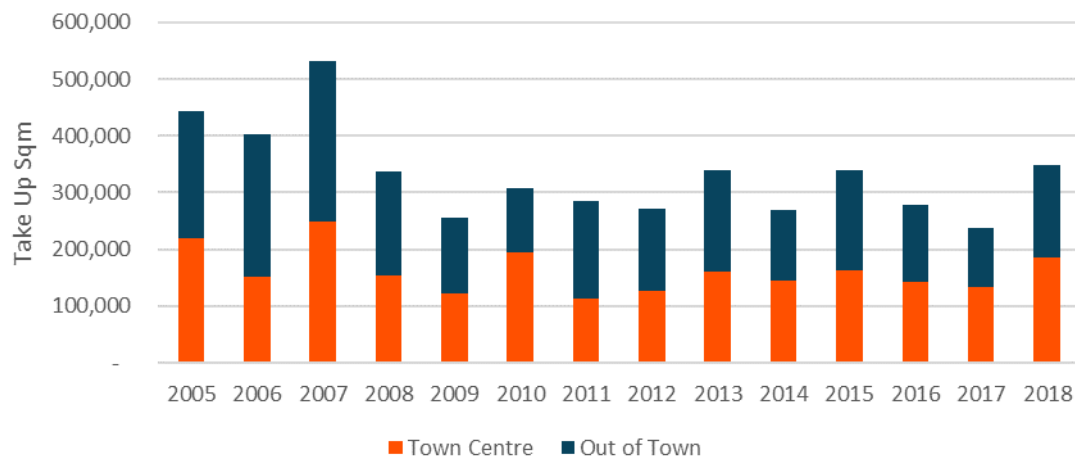
Table 5.4 Table 1: Rental levels			
	2014 (£ / sq m)	2018 (£/ sq m)	Increase in rental levels (%)
Dartford	£200	£240	17.4%
Crawley	£170	£230	35.6%
<b>Sevenoaks</b>	<b>£170</b>	<b>£230</b>	<b>33.5%</b>
Reigate and Banstead	£210	£220	8.0%
Tonbridge and Malling	£190	£210	13.5%
Ashford	£130	£190	41.5%
Tandridge	£130	£180	41.1%
Tunbridge Wells	£150	£180	20.9%
Maidstone	£120	£170	43.5%
Midsussex	£130	£160	22.1%

Source: Co-Star Commercial Database

## Office Market Location Type: Out of Town and In Town

- 5.16 **General Market Overview:** To capture the wider market performance Business Parks and In Town / Town Centre office properties in the M25 South, we have reviewed BNP Paribas Business Park Business Park index report 2017 and have considered CBRE research for the South East region.
- 5.17 According to the research, take-up for Out of Town leasing in the South East has fluctuated over the past few years. More recently, Out of Town leasing accounted for 47% of take-up in 2018, broadly in line with the 49% seen in the 10-years to end-2016.
- 5.18 In addition to this data, our consultations with local agent provide a sense that there has been an increase in take-up in favour of Town Centre leases in the South East. However, agent consultations also reveal that Out of Town office locations with high-quality built environment and advanced amenities have shown successful lettings. Examples such as Green Park in Reading is a case in point where recent move-ins from companies such as Virgin Media (relocating from Hook in the M3 corridor) have shown a strong market confidence for good quality Out of Town business spaces.

Figure 5.2 Take-up, Thames Valley, North and South M25



Source: CBRE

- 5.19 Average deal sizes in the out-of-town market are typically larger than in-town, and 2017<sup>8</sup> out-of-town lettings averaged at 1,640 sq m vs. 1,230 sq m in-town. This is consistent with urban centre office stock, which is more likely to be smaller in scale, including older stock, compared with edge of town and greenfield/business park type locations where premises are likely to be newer and larger, and more likely to be of higher specification.
- 5.20 Looking at the tenant sector breakdown, the **Technology and Telecoms sector** took the largest proportion of floorspace in 2016<sup>9</sup>, followed by Construction, Manufacturing and Logistics and in the third place Financial & Business Services. The 2016 Report by Strutt Parker also notes that there has been an **increase in take-up by 'mature' technology occupiers** within the wider South East and M25 market.
- 5.21 This is an important point in the context of the type of occupiers likely to generate future demand in Sevenoaks, and opportunities to cater for this demand. It also ties in with sector priorities for the west Kent area, and objectives to capture more technology-led and higher value business activity as part of growth plans.
- 5.22 Our research<sup>10</sup> and consultations also show the importance of car parking facilities for Out of Town office locations as the demand from investors remained strongest for out of town office parks with generous car-parking ratios and the contiguous ownership structure necessary to facilitate investment in amenities and a coordinated long-term asset curation strategy.

## Serviced Office / Start Up Units

- 5.23 **Market Overview:** According to data recorded by CBRE, there has been a significant rise in serviced office floorspace take-up over the last four years. As shown in the graph below, the South East region saw a very large increase of over 1200% between 2015 and 2018, the same figure for the M25 South region is even higher at 1600%, showing increasing interest in such spaces in the market. Some M25 centres are now attracting providers outside the 'traditional' operators in response to the new demand dynamic<sup>11</sup>. Whilst this

<sup>8</sup> Latest data available for 2017

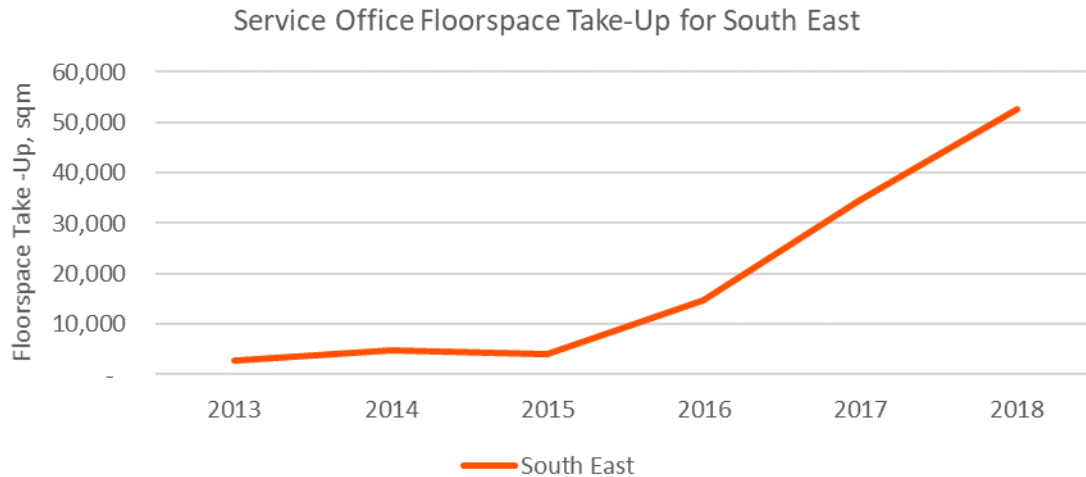
<sup>9</sup> Based on the latest available information

<sup>10</sup> Source: BNP Paribas

<sup>11</sup> <https://www.knightfrank.co.uk/commercial/m25-report>

growth has occurred from a low base, it is an important development in the market for office space that has implications for the type of provision that should be considered for Fort Halstead.

Figure 5.3 Take-up of Serviced Office Floorspace in the South East, 2013-18 (sq m)



Source: CBRE

- 5.24 Growth in the serviced office market is being driven by a newer area of the flexible office portfolio, the hybrid office that offers private space such as those found in serviced offices, mixed with open, co-working spaces and flexible membership options. These spaces have evolved due to factors such as growing impact of technology on work processes and working patterns, the complex manners in which corporations manage their operations and given the rise of increase in start-up and SME enterprises.
- 5.25 What also really separates these centre types in part is design and workplace strategy but also the “curation” of the space by the operator i.e. the sense of community and atmosphere they chose to inject the space with. The workspace offer also reflects the increasingly specialist nature of the space itself and the wider network within which it operates. These require a management structure that is embedded within the sector full time and understands the requirements of the businesses within it.
- 5.26 This trend is also significant because it includes the type of office-based facilities (including R&D activities which often occupy office type accommodation, that are likely to be well-suited to a mixed-use development. For resident, these facilities provide options to enable them to work close to home, including both running a business or remote working for an employer.
- 5.27 **Serviced Office Offer in Sevenoaks:** In Sevenoaks, there are three main serviced office facilities, two of which are in the Town Centre locations and the third one, in out of town business centre at Polhill, next to Fort Halstead. The principal focus of these spaces is on providing more formal, individual spaces for small and start-up or small-sized businesses, with a number of shared facilities such as meeting rooms and reception services. There are three main serviced offices in Sevenoaks and they are well-let.
- 5.28 Although the number is small, the data shows that the supply in Sevenoaks is performing very well, with high occupancy rates over 80%, all year round and a strong rental value ranging from £195 to £270 per sq ft (or £21 to £30 per sq ft).

Figure 5.4 Serviced Office Facilities, Sevenoaks

Business Centre at PolHill, Halstead, Sevenoaks, TN 1

Webbs Court Business Centre, Blackhurst Avenue

Sevenoaks Business Centre, Tree House



Source: Co-Star

### Supply Trends

- 5.29 When looking at the data for office properties currently let on market, the data indicates that Sevenoaks has one of the lowest levels of availability for lettings among the wider M25 South locations, both in terms of the actual floorspace and as a proportional availability of the total office stock. It implies that limited supply combined with sustained demand means that there is little headroom in the area's office market.

Table 5.5 Table 2: Office Floorspace Availability

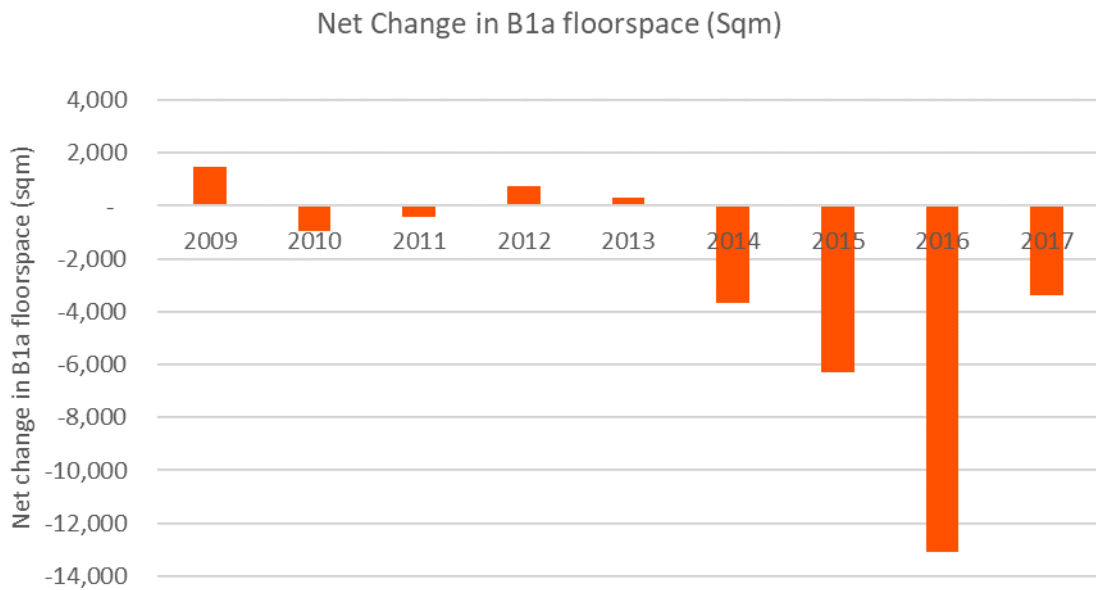
	Total Available Sqm (2018)	Total Available Percent-% of Total Office Floorspace
Crawley	63,348	12.9
Reigate and Banstead	21,427	6.7
Tonbridge and Malling	13,629	7.0
Ashford	10,384	6.8
Maidstone	7,854	3.1
Dartford	7,142	5.4
Midsussex	7,072	3.1
Tunbridge Wells	3,715	2.2
<b>Sevenoaks</b>	<b>2,885</b>	<b>2.2</b>
Tandridge	2,487	3.4

Source: CoStar Database 2019

- 5.30 Additionally, the Sevenoaks local market has seen no major delivery of new office spaces in the recent years. Sevenoaks District Council's Annual Monitoring Reports (AMR) have recorded a significant decline in the office floorspace delivered over the last four years in the area. A significant amount of this loss was due to Prior Approval Applications, allowing changes of use from office to residential, which has had a detrimental impact on the supply of office floorspace in the district. One recent example of such loss is Berkley House at 7 Oakhill road, where, the prior approval application resulted in demolition of 1,300 sq m of

office space for a proposed residential development of 60 units. This issue has been given priority in the relevant policy in the emerging Sevenoaks Local Plan.

**Figure 5.5 Sevenoaks District Change in Office (B1a) Employment Land Supply**

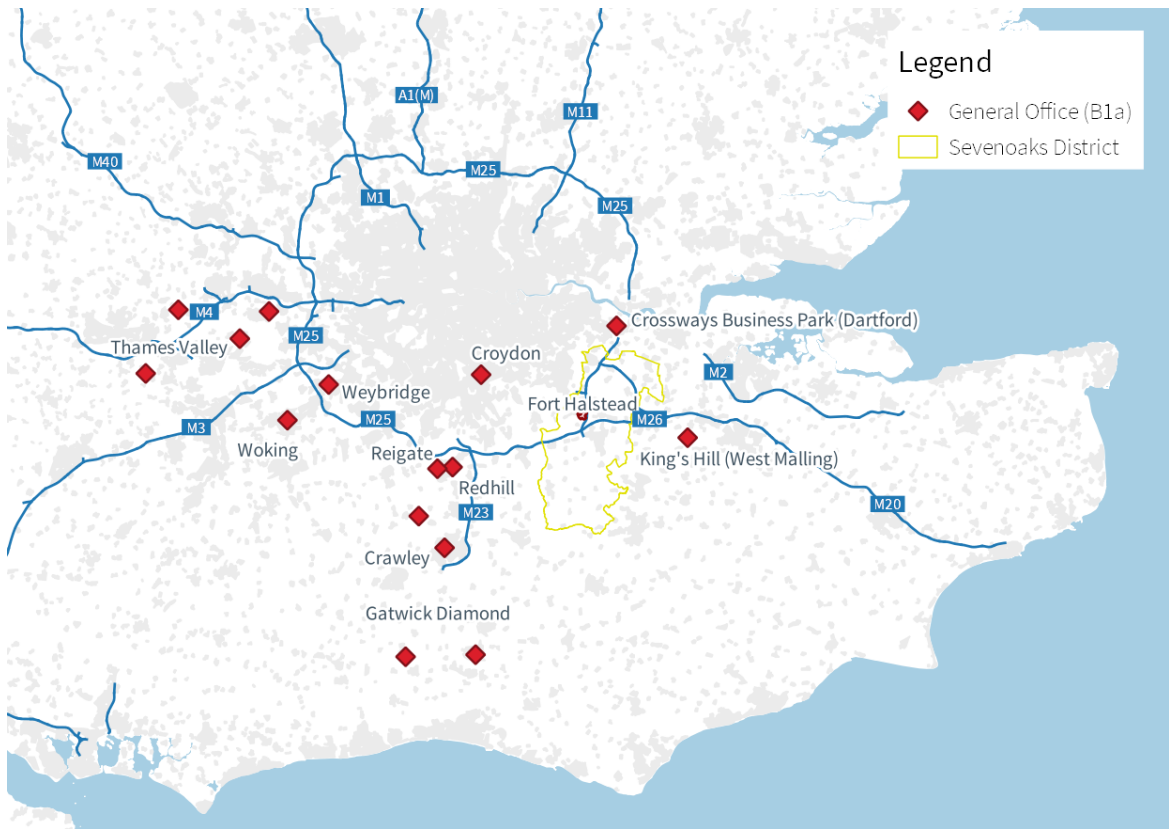


Source: Annual Monitoring Reports, Sevenoaks

### Major Office Locations in M25 South Area

- 5.31 Major office locations in the M25 south area were identified in the 2014 version of the employment opportunities evidence for Fort Halstead. Those locations continue to feature as the most significant for office provision in the area.

Figure 5.6 Major office locations



Source: Hatch Regeneris

### 5.32 Key features of these sites are outlined below:

- Kings Hill West Malling** is an integrated business park providing over 80,000sq m of office space in a mixed use environment with residential and leisure spaces. The site is a former RAF airfield and has been incrementally developed over the last twenty-five years to create a high quality live-work-play environment with a special focus on placemaking. The business park development is home to over 200 companies and more than 5,000 employees in business property including space for international and national corporate as well as SMEs.
- Crossways Business Park in Dartford** is the largest mixed-use business park on the M25. The Business Park is comprised of nine different commercial areas plus leisure facilities. Occupiers in the area includes a mix of banking, telecoms and service sectors. More recently a Grade A quality office block with four storey flexible floors has been developed at Crossways with a floorspace area over 4,300 sq m. Additionally, it is anticipated more such high quality office space will be developed in the area over the next 10-15 years.
- Croydon** - Croydon is the single largest office market outside Central London with 790,000 of office stock and is home to a number of international business clusters including financial services, insurance, engineering, digital and tech and government. The town now has second highest available space on the market, accounting for approximately 15% of office space in the South M25 sub-region. Croydon has seen a significant rise in Grade A office developments around the East Croydon Station and Digwall Road area as part of wider regeneration initiatives planned in the area.



- **Gatwick Diamond** is a large area surrounding Gatwick and Crawley and up-to Reigate/Redhill. It is a key regional centre for major finance and professional service companies including KPMG, PWC, Deloitte, BDO Stoy Hayward and Grant Thornton. Additionally, there is major cluster of high value manufacturing and engineering companies with ancillary office functions that occupy significant office buildings in the area. Several new office developments have been delivered recently in Crawley especially north of A20 along London Road Fleming Way. Crawley has the second largest quantum of available space on the market (20%<sup>12</sup>) in M25 South at the time of writing.
  - The **Thames Valley** has been the focus of demand for office space in the South East in recent years, approximately 70%<sup>13</sup> of the office space acquired by occupiers falling in this area in 2018. In contrast the M25 South sub-region has only accounted for around 15% of take up in the South East in the same year. The development pipeline in the area for 2018 (Q4) / 2019 includes three different developments total of over 9,000 sq m dotted around Arlington (1240 Arlington BP), Maidenhead (The Lantern) and Windsor (1 Victoria Street).
- 5.33 As noted in the 2014 report, **Ebbsfleet Garden City** development is likely to bring forward some of the largest office development in the North Kent and the wider region, with approximately 560,000 sq m of consented development as part of a mixed-use scheme, with significant focus around Ebbsfleet station. This area includes three sites (Northfleet Rise, Northfleet West and East) with Enterprise Zone status, described as being targeted towards innovative business activity, and offering offices targeted at sectors including medical and healthcare, advanced manufacturing, digital technologies and creative industries.
- 5.34 Much of the delivery of Ebbsfleet has been slow (partly due to wider market conditions, perception issues in the area and lack of developer confidence) and there has not been any major delivery of offices in the area yet. However, there are several emerging plans coming forward and this is likely to change the development landscape in the area.
- 5.35 **Kent Medical Campus** (Maidstone) also has Enterprise Zone status, and is committed to delivering just under 100,000 sq m of floorspace, with a Care Home, other hospital facilities and a recently consented scheme for 3,400 sq m to develop an innovation centre building offering small, flexible space to SMEs in the life sciences, health care and medical technologies sectors.
- 5.36 Innovation Park, Medway on land which extends the existing employment area around Rochester Airport also has Enterprise Zone status. A masterplan for the site, which is capable of accommodating 100,000 sq m of space, is understood to have been completed in 2019 and a competition has been announced to design a new innovation centre. Target sectors include advanced manufacturing and engineering, and very broadly defined knowledge intensive business sectors. The site is expected to deliver a mix of B1a, b, c and B2 space.
- 5.37 Additionally, a number of other office developments at a smaller scale are in the pipeline in locations such as Ashford, Maidenhead, Reading and locations in outer London such as Chiswick Park.
- 5.38 The overall picture is that the supply of major B1a office provision is well-established in the M25 south area and is set to be strengthened further by commercial development in Ebbsfleet and by other office developments around the M25.

<sup>12</sup> CBRE Research Team

<sup>13</sup> CBRE Research Team



## Future Drivers of the Office Market

- 5.39 Analyses of the short-term outlook for the south east office market are upbeat. Much of the research reviewed for this study paints a very positive picture of current demand and a broadly positive outlook for the short term. Colliers most recent office market commentary for the South East, for example, notes that leasing activity in 2018 saw a 37% year on year increase over 2017, with annual take up at 3.6 million sq ft (0.33 million sq m), around 10% higher than the 5 year average for the region, fuelled by business park (out of town) take up.<sup>14</sup> Factors driving the positive short-term view of the market include falling vacancy rates, continuing rental growth linked to the demand-supply balance, commercial property investor views that the UK (and particularly London and the south east) remain a stable destination for strong investment returns, and the strength of the region's economy which continues to out-perform large areas of the UK.
- 5.40 The medium and longer-term view is less certain with the UK's imminent exit from the European Union impacting on business investment confidence. With no clarity about the terms of exit, it is difficult to gauge the likely impact on both demand for office space and development activity. Falls in the value of sterling could make new investment a more attractive proposition, but this may be offset by a downturn in consumer confidence and spending, and by businesses shifting into consolidation mode with caution about growth potentially reducing deal flow.
- 5.41 **Strong Market Demand:** Current evidence suggests that demand for office space in Greater London and key locations across the wider south east remains good. This is reflected in:
- **Increased net absorption and rise in rental levels:** Our desktop research and consultations show that both Sevenoaks local market and the wider M25 South market have continued to see increased demand for office spaces, reflected in strong levels of leasing/lettings activity. Specifically, the wider market has absorbed over 46,000 sq m of office floorspace between 2014 and 2018 and has seen an overall increase in the rental levels (mostly between 20% to 40%<sup>15</sup>) during the same period. These trends were reflected particularly strongly in Sevenoaks, which saw a significant rise in overall net absorption levels and one of the highest rental level rise in the wider market (at 33%) over the last five years.
  - **Falling vacancy levels:** Although most locations in the M25 South market have shown falling vacancy levels (with the exception of Crawley<sup>16</sup>), Sevenoaks' local market particularly has continued to see very low office vacancy levels and its five-year average is one of the lowest in the region. Consultations with local property agents have confirmed this 'tightness' of market and have identified this has one of the major challenges for companies and for specific sectors. The message is that new supply is needed and has a role to play in easing demand pressure.
  - **Prevalence of smaller deals:** Our market research and consultations also show that the market in Sevenoaks is focussed around smaller deals and Small and Medium type businesses. The transaction data shows the nearly all office deals in Sevenoaks over the last five years, were for properties <1,000 sq m. According to consultation with local agents, this is also reflective of limited supply of larger units in the Sevenoaks market. The point is that there is likely to be demand for larger units that the area is not currently providing, although it is acknowledged that larger

<sup>14</sup> Colliers (2018) South East Offices, Quarter 4 2018

<sup>15</sup> Except Reigate and Banstead, experiencing single digit rise at 8%

<sup>16</sup> Crawley has shown volatility in the vacancy levels and has seen some significant vacancies in the last two years

occupiers have available a market across the M25 south area and probably in locations around the wider M25 corridor.

- **Strong demand for serviced offices:** Serviced office spaces have seen strong growth in demand over the last five years, both regionally and locally. The real growth within serviced office sector comes from the newer area of the flexible office portfolio, the hybrid office that offers private space such as those found in serviced offices, mixed with open, co-working spaces and flexible membership options. Factors such as design and workplace strategy, and the “curation” of the space by the operator has been some of the reasons for its. Additionally, the serviced office sector has been largely influenced by the technology sector – both in terms of demand from tech sector and its influence on other sectors. In the future, it is anticipated that technological changes will influence the development of serviced office typologies, with advances within the built environment sector pushing the emergence of more smart office buildings within the M25 South market and nationally. This type of office space is therefore set to see growth, although it is an evolving sector for which it is difficult to be precise about the level of future demand likely to be generated.

- 5.42 **Limited supply of new office space, particularly for the SME sector:** Our research shows that the office market in Sevenoaks is significantly constrained by a lack of delivery of new office spaces. Consultations for this study have suggested that there is also a lack of delivery of SME office spaces, particularly focussed around new forms of flexible workspaces aimed at professional services sector. The business and employment data for Sevenoaks suggest that this is a strength of the area, and a sector that is set to see growth in the medium to long-term based on employment forecasts for the area. This points to future requirements driven both by a need for more good quality stock, and by the demand linked to objectives to grow the number of business and employment.
- 5.43 **Viability:** Rental values and evidence of a tight demand-supply balance for office space suggest that the area in general is a commercially viable location for new office development, particularly for high quality small and medium sized office space.
- 5.44 **Sectors driving demand:** Analysis of the business and employment data, and consultations for the study, suggest that future demand for office space in Sevenoaks local market will continue to come from its existing business, primarily from SMEs. There is an existing strength in Sevenoaks in finance, professional services, as well as in the science and technology sector, which will continue to influence the future demand. Growing businesses and companies operating in higher value components of these sectors typically require high-quality, modern serviced office environment. Consultations have also suggested interests from the creative and digital sector, reflected to some extent in data on computing and software sector activity located around Town Centre (Me&You, Ditto, Howitzer etc) which will also drive demand for more flexible and hybrid workspace typology.
- 5.45 **Out of Town office locations:** Data for Out of Town take-up activities in South East shows fluctuations and there has been an increase of take-up in favour of Town Centre locations. However, contrary to the data analysis, our research and consultations suggest that the demand from investors remained strongest for Out of Town office parks with high-quality built environment, generous car-parking ratios and a contiguous ownership structure necessary to facilitate investment in amenities. Given its location, context and limited public transport accessibility, these are particularly important development considerations for Fort Halstead for its commercially successful as an Out of Town business location.

### Forecast Growth

- 5.46 The most recent forecasts for change in the demand for future office space in Sevenoaks are found in Sevenoaks District Council’s evidence base for the new Local Plan.

Specifically, the 2016 Sevenoaks and Tunbridge Wells Economic Needs Study identifies future demand scenarios for employment land and floorspace, including offices.<sup>17</sup>

- 5.47 The land need for B1a and B1b (identified as office uses) carried through into the Proposed Submission Local Plan (p. 52) is 7.2 ha. This is the outcome of a labour demand scenario in the Economic Needs Study which is based on the key data summarised in the table below.

Period	2013-35
FTE Jobs	3,946
Floorspace (sq m)	66,906
Land Requirement (ha)	4.5
Flexibility and losses adjustment (ha)	2.7
Total land requirement (ha)	7.2

Source: Turley (August 2016) Sevenoaks and Tunbridge Wells Economic Needs Study, Tables 8.4, 8.6, 8.7, 8.14

- 5.48 It must be noted that a significant part of the land requirement (7.2ha) is the result of two adjustments applied in the study:
- An allowance for a loss of 1,130 sq m a year of B1a/b office space reflecting the continuing effect of Permitted Development Rights. This equates to a further 1.7 ha of land for offices to 2035.
  - A flexibility factor to allow for the need for the supply of office land and floorspace to offer choice to developers and occupiers, reflecting very low vacancy rates in the district. It is assumed that this accounts for a further 0.5 ha of additional land.
- 5.49 Section 4 of our study provided detail on forecast employment growth in Sevenoaks. The key points that arise from the data for office employment are that growth needs are driven by forecast increases in a broad range of sectors including particularly professional services, business services, real estate and employment activities. There are also contributions to net growth from telecoms and computer related activities, research and development and public administration. Most of these sectors are assumed to have either a 100% requirement for office space or substantial office requirements, with the exceptions of business services (50%), employment activities (23%) and public administration (61%).
- 5.50 The Employment Needs Study also shows the implications of a scenario based on historic past take up of land for office uses. This projects forward based on take-up rates, giving a total requirement of only 0.8 ha of additional land for offices (Table 8.12). The key factors appear to be the combination of the lasting effects of the recession from 2008 (this is the start of the historic reference period) and the impact of Permitted Development Rights, driven by high residential development values. The latter issue is one experienced by numerous locations in the south east where there have been both losses of floorspace and a lack of appetite to develop new office stock.

## Summary: B1a Office Market

- 5.51 The key points that emerge from the analysis of the B1a office market are as follows:
- 1) Strong demand locally reflected in low vacancy rates. Lack of supply of space an issue, with little larger office stock, little development in recent years and continued

<sup>17</sup> Turley (August 2016) Sevenoaks and Tunbridge Wells Economic Needs Study

leaching of office space under Permitted Development Rights. The evidence points in particular to an SME market fuelling demand for good quality small and medium sized office space.

- 2) Losses to Permitted Development Rights are a significant issue, such that the Local Plan evidence make an allowance for such losses to be sustained in the long-term. This is an important factor in the need to bring forward new supply in and around Sevenoaks.
- 3) The combination of tight supply, good levels of demand and an attractive location have seen growth in rental values to levels in several areas of Sevenoaks that would support speculative development.
- 4) Competition from well-established locations in the wider M25 South area which is well served with business parks and urban centre office space, and new supply emerging in locations including Ebbsfleet.
- 5) Market sentiment is positive in the short-term across the South East, with supply limited and investors still seeing the office market as a good proposition despite Brexit headwinds.
- 6) Forecast growth in the demand for office space in Sevenoaks is included in Local Plan evidence which suggests an increase of 3,900 office jobs from 2013-35, a need for 66,900 sq m of additional office floorspace and a total land requirement of 7.2 ha to support office development.

## **B1b – Science/Tech/R&D**

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- 5.52 Separating B1b from B1a presents some challenges, since it is frequently treated alongside B1a as office accommodation. This is the case in Sevenoaks 2016 Employment Needs Study. To address this, the section focuses more broadly on space for science and technology, including R&D uses. Some of this activity is likely to take place in office-type accommodation, other activity in premises that are close to B1c light industrial units, and there are plenty of examples of hybrid spaces in business parks that combine elements of both.
- 5.53 To address this issue, the analysis of this segment of the market has taken a broad view that focuses more on activities and sites than on the limited amount of data specifically on B1b provision.

### **Current Picture and Recent Changes**

- 5.54 Employment classified as B1b includes research and development focussed spaces, frequently the location for knowledge rich science and technology-driven business and research-based institutions.
- 5.55 Sectors which tend to display these characteristics include, but are not limited to, parts of the advanced manufacturing and engineering sectors, defence, materials technology, environmental technologies, pharmaceuticals, precision instruments, healthcare technology and communications. For such activities, agglomeration and knowledge exchange with similar organisations is often important. Clustering is common as it can reinforce, and take advantage of, labour markets (particularly drawing on commuting patterns of higher skilled employees), bespoke and higher quality premises and proximity to a public or private sector research institution.
- 5.56 **Growth in Science and Research parks nationally:** There has been significant growth in the number of science and research parks in the country since the 1980s. AMA Research

reports that in 1982 there were two UK science parks. In 2019, the UK Science Park Association had more than 130 members, with London and the South East featuring prominently in the list of facilities. Total business R&D spend (2016) is reported by the ONS at £22 billion in a total of £33 billion gross domestic research expenditure (GERD). The expansion and development of commercially focused science, research and innovation facilities over the past few years has been driven by technological change and the critical importance of both technology and innovation more broadly in commercial competitiveness. The UK Industrial Strategy, and economic development strategies across the UK, now underline the priority attached to innovation in business. Flagship investments by several UK universities, perhaps most notably Cambridge, underline the scale of the activity and the central role that such facilities can play internationally, nationally and in a local economy.

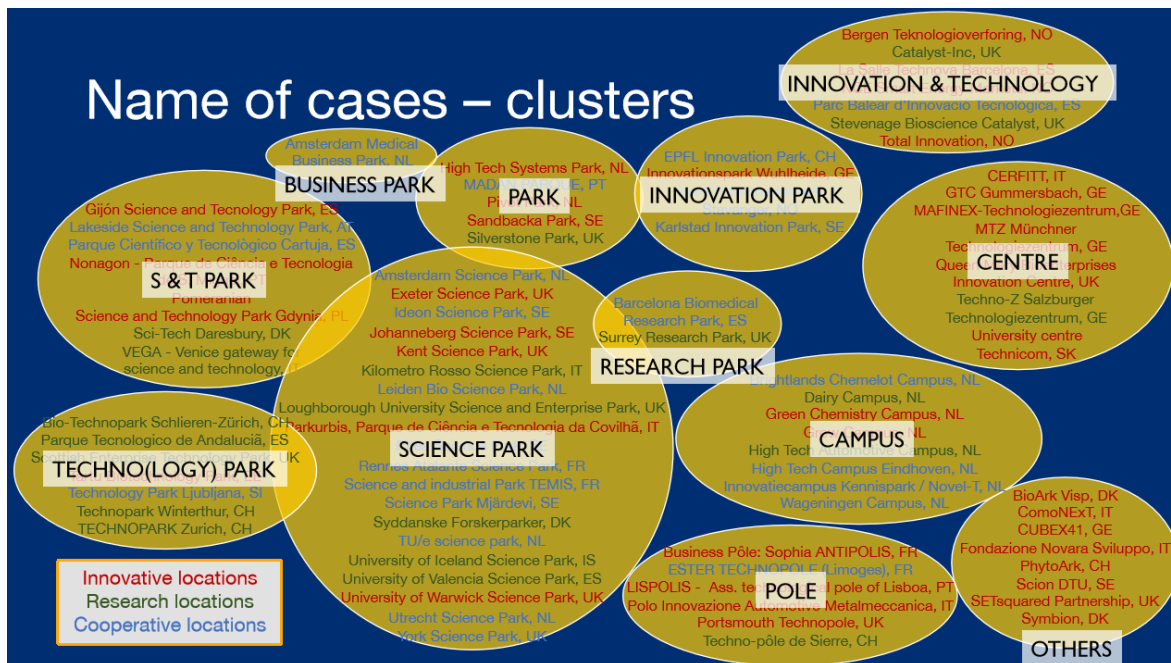
5.57 **Clustering and investment trends:** Science and technology parks have evolved in three main forms:

- First generation Science Parks: Typically university owned and led and pushing university science and research into facilities that also provide a location for business start-ups and support services, and access to research for businesses and investors. Positioned more in the early stage of research activity.
- Second generation Science Parks: More likely to be business led or at least with a key role for business in the development of the facility. More likely to be privately owned with a company managing the Science Park. University or researchers have a key role in setting the strategy and rules for the tenant base. These facilities tend to be positioned at the commercialisation stage of research activity.
- Third generation science parks: A much more comprehensive and fluid type, which may not be limited to a single site or sites, but may be embedded in an urban area. Innovation districts or campuses may be categorised as Science Parks of this type. Wider range of business activities and related services on offer. Partnership formats are more likely to be public private, bringing together HEIs, businesses, local and regional authorities. Over the last two decades, science and research parks have seen more private or public-private partnership development models that provide office and lab space for predominantly science and research-based businesses – many of which operate in the digital technology and life sciences sectors.

5.58 In practice, modern science and technology parks tend not to slot discretely into one of these typologies. Analysis of European facilities captures the much wider range of configurations that operate in this area, ranging from facilities that are in effect general business parks to single purpose research facilities.



Figure 5.7 Typology of Science Parks



Source: Ng, B. et al (2017) A Typology Study of Science Parks in Europe

- 5.59 A focus on specific sectors and technologies is a common feature of UK facilities. This may be based on anchor companies and/or research organisations. Good examples include the Advanced Manufacturing Park (Rotherham), anchored by the Advanced Manufacturing Research Centre, primes including Boeing, Rolls Royce and BAe Systems, the National Metals Technology Centre and the University of Sheffield. Birmingham’s Health Innovation Campus is building a business base of life sciences and health care companies linked to the University of Birmingham and Queen Elizabeth Hospital.
- 5.60 In many cases though, the sector focus is much broader, spanning a wide range of technology-led sectors. With public sector grant investment often necessary to support the development of such facilities, sectors often align with national and regional economic priorities. Kent Science Park is a good and local example of this type of facility. Whilst the Science Park has an excellent reputation for life sciences R&D underpinned by dedicated laboratory space and related specialist equipment, it is positioned also as a location for advanced engineering, ICT and knowledge-based service industries. The accommodation the Science Park offers reflects this, blending office, manufacturing and R&D space.
- 5.61 **Recent trends towards consolidations and emerging forms of new workspaces:** In recent years, after the 2008 financial crash, the profitability of certain sectors such as pharmaceuticals and technology, and their development and manufacturing businesses have come under pressure due to factors such as patents expiry, technological pressures and increased market competition. Therefore, companies have switched their focus from traditional revenue streams to more specialist products resulting in mergers and acquisitions as companies look to consolidate costs.
- 5.62 In property terms, this has prompted companies (like GlaxoSmithKline (GSK), AstraZeneca and Pfizer) to close down some of their big out-of-town campuses, where they formerly combined research, testing and manufacturing activities. Instead they have increasingly begun to rationalise their R&D operations, moving towards outsourcing to third party providers in recent years and have also relocate a significant number of their operations on science and research developments where they can be at the centre of a life science cluster together with smaller companies, universities, research institutes and hospitals.

- 5.63 Additionally, there is a wide range of activities undertaken along the M25, M20 and M2 corridor that fall within the broad classification of knowledge-based activities and R&D. When looking at the detail of these workspace classifications, these can be broadly classified as the following categories as shown in the table, which includes popular examples in the South East and rest of the UK.

Typology	Maker Spaces	Studios	Incubators	Accelerators	Co-working	Managed Workspaces
<b>Owner / Operator</b>	informal group; company or existing organisation; individual; government or public institution, universities	informal group; company or existing organisation; individual; third sector-charity, co-op, semi-public sector led.	universities, corporates, local authorities, third sector and VCS, private sector	universities, corporates, local authorities, third sector and VCS, private sector,	general commercial and entrepreneur, cooperative / non-profit, VCS sector, specialist commercial, private sector	general commercial and entrepreneur
<b>Level of Service</b>	administrative, networking, support, 'leisure', specialist facilities & equipment, academic input	shared core service	administrative support, training and assistance, business mentoring, funding, networking	training, mentorship, admin, networking, business and funding support	administrative and networking	administrative, networking and equipment
<b>Type of Space</b>	'lab' space, cellular units, open plan	single unit or a set of units	semi-private	both cellular	generally open plan with central spaces for networking and meeting	cellular units, open plan and 'lab' space
<b>Area Context</b>	growing and peripheral	growing, peripheral, old industrial buildings	growing and established markets; HQ locations	growing market, peripheral, HQ	established market, peripheral	growing market, peripheral
<b>Business Maturity</b>	start-ups	start-ups	pre-start, start-up and growth	pre-start, start-up and growth	start-up, growth and established	start-up, growth and established
<b>Business Size</b>	micro	micro	micro and SMEs	SMEs and more established businesses	micro business	micro and SMEs
<b>Sectors</b>	creative, ICT and life sciences	creative industries	ICT, science, technology, creative industries and social enterprises.	profession; technology; life-sciences; R&D	professional	professional, creative, ICT life-sciences
<b>Use Class</b>	mainly falls under- b1b and b1c. (space usage more d1)	b1 space (a/b) light industrial and workshop	b1 use class (a,b,c)	b1 use class	b1 use class (predominantly b1a)	b1 use class (a/b/c)
<b>Rental / membership Model</b>	membership models	east-out terms leases with a set notice period	licence, membership	license (max 12 years)	membership	business tenancy models' flexible and inclusive leases
<b>Examples</b>	Waiting Room's makerspace in Colchester, Pop-up furniture factory in Knowle West, MAKLab, Institute of making-UCL	Acme Stuidos, Westbourne Stuios, Workspace Group, Mill Co. Artistics Spaces	Seedcamp- London (2007), Springboard, Cambridge 2009, Oxygen, Birmingham Science Park 2011, Barclays Accelerator, Mile End Road, Edtech,City Road, London, Digital Enterprise, Greenwich, Haymarket, Warner Yard	The Royal Veterinary College, The UK, Bioincubator Forum and the BioIndustry Association, Sony UK technology Centre, Barclays Accelerator, Mile End Road, Impact Hub, Haymarket, Warner Yard	Hub, Angel, Trampery Fish Island, Google Campus, 639 Enterprise Centre, ClubRooms. Bootstrap Company, Greenhouse Houser Forum, Workspace Group	Vulcan House Leicester City; Pill Box (Bethnal Green), Southbank House (Vauxhall)

Source: GVA



- 5.64 **Local Market for Industrial R&D in Sevenoaks:** Sevenoaks' share of R&D industrial space is among one of the lowest across Kent. The total share of high-quality R&D related industrial space in Sevenoaks according to CoStar's commercial property data is 142,602 sq m. Most of this is clustered around M25 and M20 corridor in Swanley, West Kingsdown, Vestry Road and Edenbridge area. It is to be noted that as Costar does not categorically classify properties as B1b, we have used Costar's R&D category falling under industrial classification as a proxy for B1b space.
- 5.65 When looking at the net absorption activities we find that Sevenoaks has experienced fluctuations in trends but has had an overall positive net absorption of over 2,050 sq m in the last five years. The overall availability of these properties has also varied between 8% to 20% between the same period, which may be indicative of longer void periods between 2016 and 2017. Additionally, rental levels for Sevenoaks R&D industrial spaces in 2018 remained at £90 -£110 per sq m, which is a 36% increase from 2014, reflecting a strong rental return on such properties.
- 5.66 **Supply in Sevenoaks:** Supply in Sevenoaks of B1b floorspace over the last five years has been contracted, due in part to the significant loss of light industrial space over the last five years. The decline in the floorspace was compounded by significant loss of 16,160 sq m of floorspace in B1b (R&D) class in 2015, caused by loss of the former pharmaceutical research and development establishment at the Old Powder Mills site in Leigh.

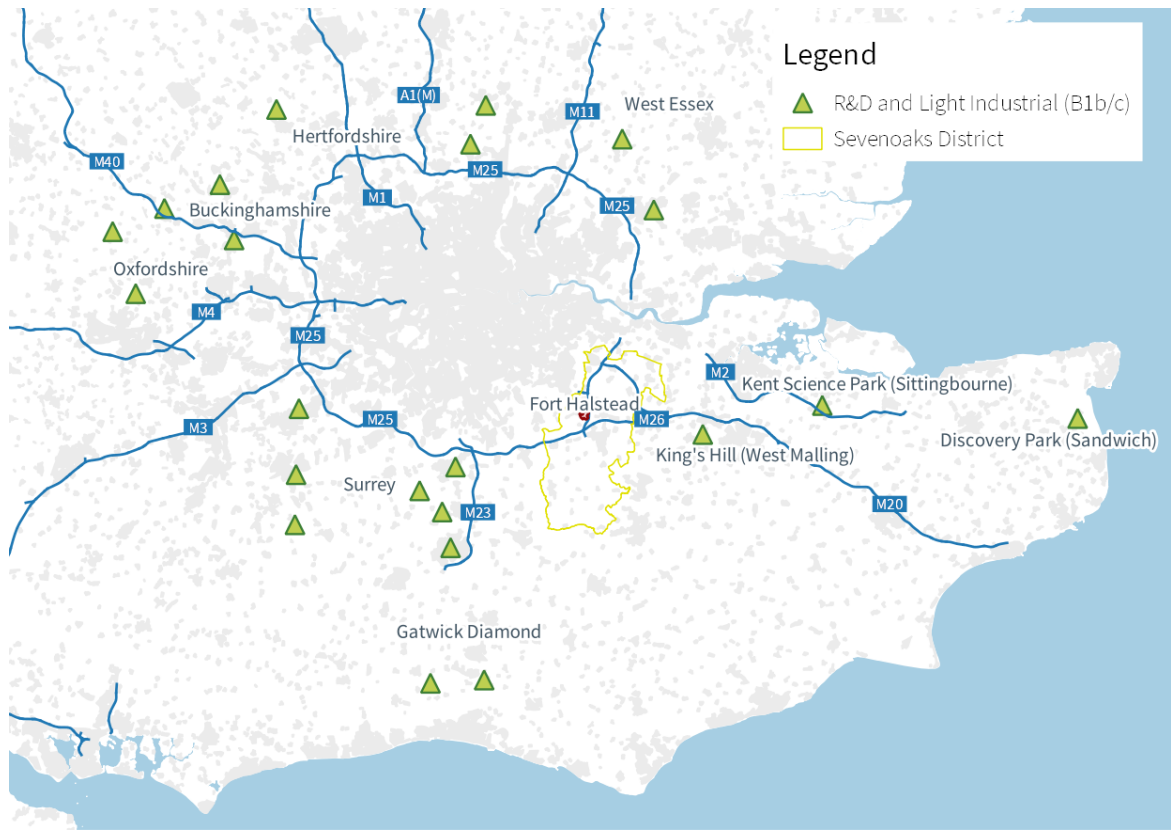
Table 5.8 Sevenoaks District Change in B1b Employment Floorspace Supply

Year	Floorspace Change Sq m
2012	-
2013	-
2014	106
2015	- 16,160
2016	-
2017	- 145

Source: Sevenoaks District Council Annual Monitoring Reports

- 5.67 **Major R&D locations along M25 and the South East:** There are other locations on the M25, M20 and M2, across Kent and further afield which provide a focus for B1b markets and R&D intensive occupiers and which will provide the **natural locations** to which demand will flow. These are shown on the map below.

Figure 5.8 Key B1b/c Locations in M25 South, Thames Valley and M25 North Sub-Regions



Source: Hatch Regeneris

5.68 Key features of relevant R&D related sites are summarised below:

- Discovery Park (Sandwich)** is a significant R&D-orientated site, which has Enterprise Zone (EZ) status. Covering circa 70 hectares, with Pfizer retained as an anchor tenant, the park offers high quality laboratory, office and manufacturing space and has developed a world-class reputation for drug development and discovery. The park's success and targeting proposition is closely tied to the area's sector specialisation and economic strategy focus, with a particular emphasis on science-based activities. Occupier space varies greatly, with provision for start-ups through to tenants seeking workspace of up to 50,000 sq ft (accommodating 2-2,000 staff). Occupiers benefit from a broad package of incentives and support, including access to free parking, the opportunity to design and build off plan space, access to funding and business rate relief. The park also provides tenants with access to bespoke laboratory and manufacturing spaces, with development land being marketed to increase the park's manufacturing base.
- Kings Hill (West Malling)** is a large mixed-use business park in Kent, which is integrated within a surrounding residential community. It has attained a high level status, recognised as a premier office location which benefits from a broad base of amenity beyond core office functions and strong connectivity to London and the South East. It's home to more than 200 businesses, has developed over 800,000 sq ft of business space, including that aimed at serving R&D and locally important sectors. The site owners are actively letting a variety of B1 space in different building and typology settings, including that aimed at start-ups. Future development of the remaining land on and around the site is likely to reflect strong demand for housing

and high residential land values in the area, coupled with the Local Plan's housing requirement which has generated a need for sites that contribute substantially to meeting this need. Tonbridge and Malling's Local Plan employment land evidence also points to adaptation of the Kings Hill floorspace offer to reflect demand for smaller scale and flexible space, which may also see increased potential for residential development on the site.

- **Kent Science Park in Sittingbourne** is a 46,450 sq m high-specification, purpose-built science park – one of the largest of its kind in the South East and recognised for its excellence. It offers purpose built and high specification accommodation, targeting in particular life sciences R&D and occupiers in this sector. It is also understood to include environmental technology, food security, high-tech engineering, ICT and knowledge-based service industries amongst its wider target sectors. Spread across 47 buildings, the site offers a mix of laboratory and business space, serving start-ups, growing businesses and also established internationalised corporates. Accommodation ranges from 180 to 4,000 sq m. The site also includes land allocated for development, to service specific investor needs and plans to renovate and expand the park are underway, with a new Hub building opened in early 2019 providing a management suite and ancillary facilities for occupiers.
- **The Gatwick Diamond** is a strategically significant business area, ambitiously marketed as a global gateway, with Gatwick Airport at its core. The Diamond is an economically active and vibrant geography, which incorporates a number of key business parks and centres of economic activity, home to 45,000 businesses, 500 of which are internationally-owned. The area's focus is on harnessing its connectivity and labour force strengths to support the growth of specialised sectors, such as Aviation, Aerospace and Defence, Advanced Manufacturing and Engineering, Financial and Professional Services, Life Sciences, Health Technologies and Medical Devices, Environmental Technologies and Food and Drink. R&D activity is a target for the Diamond with key locations well-placed to accommodate such uses. The most prominent employment sites are Manor Royal (the UK's largest business park) covering 240 ha and home to 500 businesses and Burgess Hill Business Park, employing 8,000 people across 180,000 sq m of commercial property space.
- **Oxfordshire, Buckinghamshire and Surrey** all have significant agglomerations of healthcare technology and R&D activity. Healthcare technology continues to play an important role across the three counties with the University of Oxford and Surrey both known for their research excellence, whilst Buckinghamshire is home to globally significant companies, such as GE Healthcare. R&D activity extends to other sectors too, such as that relating to Automotive, Advanced Manufacturing and Space. Significant R&D locations include Surrey Research Park in Guildford (70,000 sq m of technology, science, health and engineering space), which maintains strong links with the adjacent University, Oxford Technology Park (a new 40,000 sq m development aimed at office, R&D and hi-tech businesses) and Harwell Campus (focused on Technology and Research, Space and HealthTec clusters) with significant expansion plans afoot. Westcott Venture Park in Buckinghamshire (260,000 sq m of strategic employment space) is another good example and is seeking to build on the county's space specialisms and develop new satellite and future propulsion R&D activities.
- **Hertfordshire** continues to be a key R&D and light industry location, buoyed by its excellent location, connectivity, proximity to London and highly skilled labour force. GSK maintains a strong presence in Stevenage (including the recently-opened Bioscience Hub) and has a specific R&D site in Ware, amid a larger cluster of pharma companies and universities. BioPark, based in Welwyn Garden City,

provides specialist laboratories and conference facilities for bioscience and health technology businesses, incorporating 6,000 sq m of rentable space. Other prominent locations aimed at serving R&D focused occupiers, include Hatfield Business Park, which offers over 350,000m sq m of commercial space, adjacent to the University of Hertfordshire and subject to significant mixed-use expansion. Other notable locations which offer space suitable for light industrial and R&D uses include Maylands Business Park (Hemel Hempstead) and the newly-developed Croxley Park, which will offer 70,000 sq m of office and building space.

- **Essex** also has notable and growing healthcare technologies and pharmaceutical sector, promoted as part of the county's Life Sciences Healthcare Cluster. Harlow has a particularly strong concentration of employment in relevant activities, accommodating to GSK, BUPA Home Healthcare and Clement Clark and soon to be home to Public Health England. Harlow Science Park is being developed with a focus on attracting medical technology, advanced manufacturing and other high-tech activities on two sites in a campus style setting, including a new Med Tech Innovation Centre, offering access to significant R&D space. Chesterford Research Park offers advanced laboratory and office space set within 250 acres near Cambridge. It has been configured to offer tenants with modern, dynamic, flexible facilities aimed at biotechnology, pharmaceutical and technology R&D companies.

## Future Drivers of R&D Market

5.69 Analysis of the demand drivers for R&D space points to the following key factors:

- **Supply of labour force:** Sevenoaks has seen employment growth of over 17% over the last five years in advanced manufacturing and engineering sub-sectors such as manufacturing of electrical equipment and paper products, and Civil Engineering. However, scientific R&D sectors have seen a decline in the borough and in the wider county as a result of business consolidation activities. Additionally, businesses and institutions locating in the area have access to a large pool of highly skilled labour but also a growing pool of those 'mid-level' skills vital for undertaking a range of activities.
- **Commercial Market:** The overall market conditions in the Sevenoaks present a positive picture. The net absorption in the borough for industrial R&D spaces have remained positive over the last five years, with high occupancy levels and an increase in rental values of over 35%, with current values at £110 per sq m, indicating positive commercial market conditions.
- **Constrained Supply:** There has been a significantly constrained supply in the Sevenoaks market of B1b floorspace over the last five years, with a decline in the B1b floorspace in 2015, due to loss of the former pharmaceutical research and development establishment at the Old Powder Mills site in Leigh. Additionally, no new major B1b developments have come forward in the area. In general, this is not necessarily a reflection of low B1b activities across the wider property market area, but appears to be more the result of a lack of new bespoke, flexible, and hybrid B1b workspaces.
- **Strategic Connectivity and Transport Links:** Good strategic connectivity is one of the most important factors for a success of a R&D facility. Most of the high-quality Science and Research Parks in Kent are focussed around the big strategic highway corridors- the M25, M20 and the M2. Sevenoaks as a district is strategically positioned along the M25, M20 corridor and is proximity to the M2. Additionally, there are strong North South road connections through A21 planned improvements and London rail links are also good from Sevenoaks, Tonbridge and Tunbridge

Wells, and investment in rural broadband has important benefits for West Kent businesses.

- **Existing Cluster at Fort Halstead:** With presence of companies like Defence Science and Technology laboratory (DSTL) and QinetiQ (defence tech company) at Fort Halstead, the area shows an existing cluster of science and tech related strength. As a result, the site has been recognised by the Kent and Medway Growth Deal as 'an opportunity site to develop business space for research focussed businesses alongside a retained presence by QinetiQ'. This strategic positioning of Fort Halstead site for an inward investment offer at a regional level presents an opportunity for the promoting developer interest and link the proposed offer at a much bigger strategic scale to attract investment.

## Forecast Growth

- 5.70 Sevenoaks emerging Local Plan evidence base does not separately distinguish B1b demand from office needs more generally, with the Economic Needs Study (2016) showing floorspace and land requirements jointly for B1a and B1b (Table 8.6) and a total floorspace requirement of 66,900 sq m of B1a/b floorspace linked to forecast employment growth.
- 5.71 However, forecast employment growth by sector for Sevenoaks provides a broad guide to the scale of change in FTE job numbers which are likely to generate demand for R&D floorspace (Table 8.3).
- Research and development, where the data suggest an additional 350 jobs between 2013 and 2035. The Economic Needs Study implies that an employment density of 55.1 sq m per FTE has been applied to B1b. This equates to around 19,100 sq m of additional floorspace linked to jobs growth.
  - Growth of c. 380 FTE jobs in computer-related activity, although the study does not distinguish an R&D component from a more general office/service-based component in these figures.
  - Manufacturing employment is forecast to fall, so no additional need for any R&D element of employment floorspace need for this sector is implied by the Economic Needs Study. However, an element of replacement demand is factored into the overall need for employment land identified in the study, and a small element of this might be in the form of R&D space for advanced manufacturing businesses.
  - In pharmaceuticals, no jobs growth is forecast for the sector and it is therefore assumed that there would be no additional requirement for R&D floorspace in the jobs-led demand figures. Any additional requirement would therefore be necessary to meet the needs of existing businesses and potentially inward investment, although this would presumably be offset by losses elsewhere.
- 5.72 Stakeholder consultations carried out for the Economic Needs study identified energy, renewables and tech-start ups as opportunities for Sevenoaks, but highlighted R&D opportunities instead in Tunbridge Wells. This suggests that there is seen to be potential for this type of activity to be expanded in the FEMA, albeit with a perception that Tunbridge Wells rather than Sevenoaks is the stronger location.
- 5.73 More generally, research for the Economic Needs Study suggested that stakeholders saw potential for the growth of construction, health care, professional and business services, creative industries, ICT and life sciences. This points to the potential for demand for commercial space to be generated for several technology-led industries which are likely to require some R&D-related floorspace.



- 5.74 It is noted that the Economic Needs Study explicitly identifies Fort Halstead as a location that has the potential to support employment creation in R&D related industries and sectors (para 7.8). This is entirely consistent with both the existing functions of Fort Halstead given the presence of DSTL and QinetiQ, and with the broad aspiration of the emerging masterplan.

## Summary: B1b R&D Market

- 5.75 Key points that emerge from the review of B1b are:

- 1) Evidence that there has been very little new development of B1b R&D specific floorspace in Sevenoaks and the wider FEMA area over the past few years.
- 2) Demand evidence from the Employment Needs Study (2016) show that growth in R&D employment explicitly would imply a need for an additional 19,000 sq m of floorspace from 2013-35. Whilst it is not specified what sub-sectors and activities are expected to drive this need, it suggests that additional R&D space will be a requirement for Sevenoaks, and Fort Halstead is already recognised as having a contribution to make.
- 3) Sectors that are well-represented in Sevenoaks, the wider FEMA area and Kent where a link to R&D floorspace is either clear cut or associated with it. These including life sciences (Kent), advanced engineering and possibly some elements of ICT, creative and digital industries.

## B1c: Light Industrial

### The Current Picture and Recent Trends

#### Market Demand

- 5.76 A review of CoStar data for Sevenoaks and its neighbouring local authorities, along the M25, M23 and M26/M20 corridor provides a current picture of the light industrial market. The scale of light industrial market in Sevenoaks is one of the smallest within its wider industrial context. In 2018, there was 21,770 sq m of industrial floorspace in Sevenoaks, one seventh of the light industrial market in Crawley.

Table 5.9 Total Light Industrial Floorspace

Local Authorities	2018 Total (Sq M)
Crawley	161,580
Mid-Sussex	72,552
Dartford	47,175
Maidstone	45,258
Tunbridge Wells	41,556
Ashford	28,718
Tonbridge and Malling	26,542
<b>Sevenoaks</b>	<b>21,770</b>
Reigate and Banstead	21,141
Tandridge	18,556

Source: Co-Star Database

- 5.77 Overall, the industrial market in M25 South East Quadrant has generally seen a decline in the supply of floorspace over the last decade, driven in part by the continued shift in manufacturing away from larger and more labour-intensive operations which have moved offshore.
- 5.78 **Leasing Activity, Net Absorption and Vacancy:** Occupier demand has remained positive for certain light industrial typologies, with market data showing positive net absorption of industrial floorspace and high lettings activities in the area. The highest absorption in the wider market has occurred in Maidstone, Tonbridge and Malling, Tunbridge Wells and Crawley.
- 5.79 In Sevenoaks, Co-Star data show an average of only 122 sq m of leaseings over the period from 2014 to 2018, despite higher net absorption. It is possible that some activity is not captured in the data, but it should be noted also that the average figure over this shorter period is substantially lower than the longer term trend since 2009 in which average leasing activity stands at around 420 sq m per annum.

Table 5.10 Total Leasing Activity Net Absorption of Light Industrial Floorspace Between 2014 and 2018

Local Authorities	Total Leasing Activity (sq m)	Annual Average Leasing Activity (sq m)	Total Net Absorption (Sq M)
Maidstone	3,225	645	7,784
Tonbridge and Malling	2,946	589	4,817
Tunbridge Wells	4,909	982	2,418
Crawley	10,030	2,006	2,140
Dartford	1,018	204	914
Reigate and Banstead	950	190	822
Tandridge	1,455	291	558
Ashford	868	174	503
<b>Sevenoaks</b>	611	122	<b>448</b>
Midsussex	10,869	2174	- 244
<b>Total</b>	<b>36,883</b>	<b>7,377</b>	<b>20,160</b>

Source: Co-Star Database

- 5.80 In Sevenoaks, the overall net absorption over the last five years has been relatively small but positive at 448 sq m. This absorption rate has fluctuated, especially, notably in 2015 and 2016, when absorption was in negative in the borough, amounting to a negative drop of over 5,000 sq m. However, in 2017 there was an increase in light industrial take-up in the district to 4,910 sq m which compensated for the previous two years.
- 5.81 Average floorspace take up in the Sevenoaks has been less than 500 sq m, indicating a preference in the light industrial market for small scale floorspace. Most of this take-up over the last five years occurred in Vestry Road and Pilgrims Way. Some of this take has been by new wave of innovative production companies such as Blends for Friends (tea blending/processing) at Vestry Road and Cyclopods (innovative bike storage solutions) at Pilgrims Road, reflecting interest from new type of occupiers. Data from the 2016 Employment Needs Study for Sevenoaks and Tunbridge Wells (Table 5.1) indicates that there were 27 light industrial premises in the district, with an average size of 735 sq m.
- 5.82 This pattern is broadly consistent with patterns of demand seen elsewhere in the UK in recent years, with demand for premises in the 500-1,000 sq m category driven by factors



including a need for modern space to replace older premises, demand from business owners to invest in the ownership of premises (versus leasing), an appetite for space that offers some flexibility to configure premises to enable a mix of workshop and office space.

- 5.83 This fluctuation in absorption has also reflected on the vacancy levels in the local market, which identifies amount of vacant spaces out of the total rentable building area. The vacancy levels in Sevenoaks for light industrial have shown significant variations as they rose in 2016 and 2017 mostly around Vestry Road and Pilgrims Way, with long void periods.

**Table 5.11 Vacant % Levels Light Industrial Floorspace Between 2014 and 2018**

	2014	2015	2016	2017	2018
Vacant % Total	2.3	0	13.4	23.6	1.0

- 5.84 Sevenoaks has also seen one of the highest levels of average rental increases (from £40 to £93 per sq m) compared with the wider South East Industrial market. Consequently, as the demand from footloose (price-elastic) occupiers increases, many occupiers have preferred to go elsewhere rather than pay more.

**Table 5.12 Table 3: Light Industrial Rental Values and Change 2014-18**

Local Authority Area	Rents in 2018 (£/ Sqm)	Change in Rental Values (2014-2018)
Reigate and Banstead	£143	31%
Crawley	£103	15%
Midsussex	£99	26%
Tandridge	£165	42%
<b>Sevenoaks</b>	<b>£93</b>	<b>55%</b>
Tonbridge and Malling	£82	-31%
Maidstone	£101	52%
Tunbridge Wells	£71	17%
Ashford	£110	102%

Source: Co-Star Database

- 5.85 Kent County Council's most recent analysis of the county's property market describes demand for smaller scale industrial space as 'buoyant' and to a position in which industrial development, fuelled in part by a robust B8 distribution market, is supporting speculative developments.<sup>18</sup>

### Supply of Light Industrial Floorspace

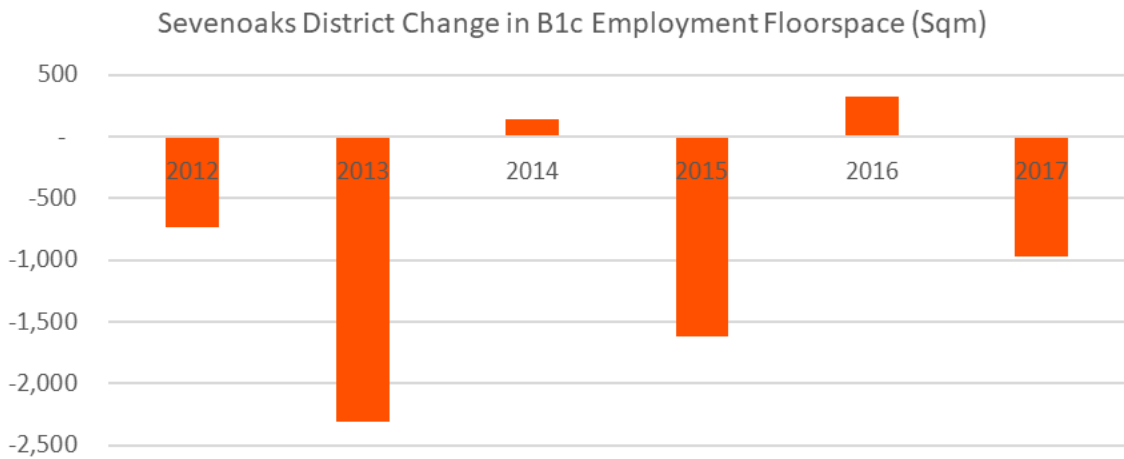
- 5.86 Most supply of moderate to good quality light industrial spaces Sevenoaks is concentrated towards M20 and M26 corridors. The most noted light industrial cluster along M20 is in Swanley, the Technology Centre, a 1980s built structure with a concentration of digital and tech related businesses. Additionally, there is a cluster of light industrial off Scratchers Lane and London Road, both 1980s built with no availability for new lettings (CoStar 2018).
- 5.87 There are two other main light industrial clusters along the M26: Chaucer Business Park, off Watery Lane, an auto trade, repair and service cluster; and Vestry Trading Estate, off

<sup>18</sup> Kent County Council (2019) Kent Property Market: The Annual Guide to Investment and Development in Kent, p.8

A225, a mix of trade counter, engineering and auto companies cluster. Both clusters are 70s and 80s built and are fully let according to the latest letting data on CoStar.

- 5.88 The south of M26 also hosts some smaller scale (under 500 sq m) light industrial units, which are mostly barn conversions type structures, also showing full take-up.
- 5.89 **Constrained supply for light industrial supply in Sevenoaks:** The overall supply of new light industrial stock has been generally weak in the Sevenoaks, as no new major high-quality modern light industrial developments in the recent years have been delivered. There was a small gain in B1c space in 2014 and 2016 in Sevenoaks but it was small in scale. The 2016 gain was mainly due to the conversion of a barn into two B1c units (total 320 sq m) at Warren Farm, Knockholt.

Figure 5.9 Change in B1c Floorspace, Sevenoaks, 2013-17



Source: CoStar Database

- 5.90 In relation to Sevenoaks, the light industrial supply in Kent has been relatively positive. Over the last five years, Kent county region has observed delivery of some high-quality light industrial developments of over 1,000 sq m, located in Ramsgate (1-3 Ravensgate), Gillingham (Peninsula Quay), Marden in Tonbridge (Boddington’s Wheelbarrow Park). These developments are high-quality built, present good access conditions and seem to be mostly let as soon as they were delivered in the market.

## Future Drivers of Light Industrial Market

- 5.91 **Moderate take-up trends and constrained supply:** Within the wider South East market for smaller light industrial buildings, there is an actual and potential shortage of space as the take-up trends across the South East region have shown positive net absorption. And based on insights gathered from agent consultations and review of supply trends using AMRs and CoStar data, the reason for this seems to be that the industrial land in the study area is generally under pressure from both the office and residential sectors, and this has affected light industrial development.
- 5.92 Additionally, the borough has also observed some of the highest increase in rental levels, which has increased value of land more generally, making the industrial development on specific sites more difficult. This rise in rental levels could reflect the shortage of suitable light industrial stock as little or no new delivery of modern fit for purpose light industrial spaces has come forward in the market over the last five years. Consequently, this may

have impact on certain footloose / price-elastic occupiers who may have to seek suitable stock elsewhere.

- 5.93 **Emergence of new forms of industrial uses in mixed-use environment:** Increasingly, across the wider industrial landscape across the South East, there is a great range of activities taking place on light industrial premises which include high-tech R&D related activities coexisting with quieter neighbourhood and more mixed-use environments. This is a consequence of increased pressure on industrial land, which has caused a resurgence of small, local producers, who are harnessing low-cost technology and are able to co-exist with more service bases rather than production-based industries. These small-scale manufacturing business owners generally need dedicated production space of less than 500 sq m (often as little as 100 sq m), use clean technologies (3-D printers, laser cutters), but need affordable, dedicated industrial/production space.
- 5.94 This shift in the market conditions is also reflected in the policy scene as there is a growing acknowledgement of changing occupier needs among the local authority planners. As a result, there has been a shift in policy attitude for a more flexible approach to co-locate certain light industrial typologies in mixed-use environments. Recent developments in Deptford in Lewisham, Trampery in Fish Island and Old Kent Road (design guide) present examples of such mixed-use proposals as they have gained significant traction in the media and popularity among buyers.

### Forecast Growth

- 5.95 As is the case with future demand for B1b space, B1c light industrial need can be difficult to distinguish in forecast data because it tends to be grouped with the B2 use class. This is the case in the 2016 Employment Needs Study, which provides combined B1c/B2 employment growth (demand) forecasts and identifies floorspace and land requirements that treat the two as future industrial need.
- 5.96 Forecast need figures for B1c/B2 based on employment growth point to a contraction (Table 8.6) of 5,800 sq m of floorspace and 1.5 ha of land based on an employment change scenario (Table 8.4) in which FTE employment falls by 130 between 2013 and 2035.
- 5.97 However, the reasons for this change relate to small, forecast contractions in several manufacturing sectors including food (a sector priority for Kent), general manufacturing and metals manufacturing, chemicals (excluding pharmaceuticals), waste and remediation (Table 8.3). Of sectors that are allocated to B1c/B2 uses in the study, only transport equipment and machinery is forecast to see growth (+50 FTE jobs).
- 5.98 Without a clear cut growth need figure for B1c, qualitative evidence provides some insights into the drivers of growth in demand for light industrial space in Sevenoaks.
- The general shortage of commercial sites and premises in Sevenoaks, an issue also highlighted by Locate in Kent in consultations to the 2016 Employment Needs Study.
  - The lack of higher quality industrial and office stock. Whilst office provision in town centres is singled out, coupled with evidence about low vacancy rates on key industrial estates in West Kent and rising rental values, it suggests a premium is being attached to more modern and better quality light industrial stock.
  - The view that sectors including energy and renewables (including businesses linked to the rural economy), together with 'tech start-ups' are growth opportunities for the district, with some businesses in these sectors likely to require B1c space.
- 5.99 The underlying message is that planning future provision on the basis of employment forecasts would fail to capture how and why a need for light industrial floorspace will be generated in Sevenoaks and elsewhere in West Kent. The 'flexibility factor' included in the

Employment Needs Study will capture some of this demand but is necessarily general rather than specific in terms of use classes and the type of space needed.

- 5.100 Whilst the priorities attached to sectors including engineering and life sciences, computing and digital, energy and renewables are all likely to be sources of future demand, a much more extensive range of business types use B1c space. It points to the need for a strategy which makes provision for new development with the size of units (500-1,000) sq m evidently taken up in Sevenoaks district a reasonable guide to the likely characteristics of future need.

### Summary: B1c Market

- 5.101 The key points that emerge from the analysis of the B1c market are:

- 1) The evidence suggests that there is a shortage of high quality, modern industrial units in Sevenoaks and the wider surrounding area reflected in low vacancy rates and rising values.
- 2) Evidence also suggest that there has been an emergence of a more hybrid light industrial format of spaces where certain activities (such as smaller scale creative, tech and R&D) are co-locating with quieter neighbourhood and more mixed-use environments. This is an important use format for Fort Halstead to consider, given the proposed mix of use on the site and the existing cluster of high-value companies in the area, to further create conditions for R&D based inward investment.
- 3) Whilst the forecasts for light industrial for Sevenoaks point towards a contraction in overall demand, the evidence also points out need for a more nuanced sector-led approach to light industrial to be considered. This means to carefully capture the changing needs of the industries, take a more flexible approach to accommodate a more extensive range of businesses and consider provision of smaller scale, fit for purpose, light industrial units (<1000 sq m).

## B2 and B8

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- 5.102 The provision of B2 and B8 floorspace was a feature of the previous masterplan for Fort Halstead. Emerging thinking about the configuration of employment provision on the site has shifted the focus to office, light industrial and R&D space, potentially with some small scale storage space ancillary to light industrial uses as part of new premises.
- 5.103 The analysis of the market for B2 and B8 below focuses on key points from the most recent data available on these markets, since it is not considered that larger manufacturing floorspace and larger B8 warehousing provision is a good fit with the characteristics of Fort Halstead as a mixed use residential and commercial development with its emphasis on higher tech sectors, offices and R&D.

### Current Picture and Market Trends

- 5.104 **Market Overview and Demand:** The London and South East warehouse and logistics market has remained positive but cautious in 2017 and 2018<sup>19</sup>. Leasing activity remains strong for the mid-range segment of units where demand is buoyant from e-commerce and parcel operators for last mile delivery hubs and a demand-supply imbalance is still evident. Demand has cooled slightly for the larger warehouse requirements, with evidence of activity tied to lease events, rather than the need for more space.

<sup>19</sup> Colliers (2018) Industrial market overview

- 5.105 Particularly in Kent, the market performance has been relatively stronger compared to the wider South East as in the last two to three years, the county has seen a number new warehousing spaces being delivered as well as experienced buoyant transaction activities<sup>20</sup>.
- 5.106 When looking at Sevenoaks and its neighbours in Kent and Surrey, there is around 266,290 sq m of general industrial and warehouse space in Sevenoaks District in 2018, indicating a relatively smaller scale of supply. The local authority has just over half that of Crawley and less than half the quantum of Tonbridge and Malling and Medway.

Table 5.13 Total Industrial Floorspace	
Local Authority	Total Floorspace (Sqm)
Medway	774,579
Tonbridge and Malling	659,787
Crawley	614,426
Maidstone	543,695
Ashford	508,230
Sevenoaks	266,292
Tunbridge Wells	260,665
Midsussex	203,275
Reigate and Banstead	129,374
Tandridge	68,846

Source: CoStar Database

- 5.107 Net absorption trends over the last five years for warehouse and distribution units have shown moderate but positive trend across the M25 South region. The big locations for such take-up were in Tonbridge and Malling (in Aylesford), Medway (Stoke Road and Norman Close).
- 5.108 In Sevenoaks, there was a positive net absorption over the last five years of over 19,430 sq m of floorspace. Absorption has seen fluctuations in Sevenoaks, however, generally it was balanced by high take-up in 2016 and 2018, due to deals such as with DX Network Freight, logistics service in Swanley of c. 1,160 sq m and three different deals (total of 4,000 sq m) for warehousing spaces in units along Vestry road.

Table 5.14 Total Net Absorption of Floorspace	
Local Authority	Total Net Absorption Floorspace 2014-2018 (sq m)
Tonbridge and Malling	65,487
Medway	54,418
Crawley	35,537
Midsussex	28,926
Ashford	28,126
<b>Sevenoaks</b>	<b>19,433</b>
Tunbridge Wells	14,929
Tandridge	13,510
Maidstone	13,013
Reigate and Banstead	12,259

<sup>20</sup> CoStar Datababase and Locate in Kent Property Market Report

Source: Costar Database

5.109 When looking at the availability and rental conditions for B2 and B8 properties, the data paints following picture:

- Total percentage availability for storage and warehousing units have shown fluctuations but has overall declined in the last five years. In 2018 the availability was low at 4.4%, reflecting a well occupied warehousing and distribution stock in the borough.

Table 5.15 Total Available Percentage % in Sevenoaks					
	2014	2015	2016	2017	2018
Total Available %	9.4	13.3	5.9	6.5	4.4

Source: CoStar Database

- Vacancy rates have also fluctuated between 1% to 12% between 2014 and 2018, showing a significant variation in the way demand and consequently volatility has played out in the market over the last few years. These fluctuations were a clear result of some large property leases coming to the end of their natural lease cycles followed by a period of void. However, the vacancy levels have reduced over the last five years and in 2018 was lowest at 0.8%, one of the lowest levels in M25 South region.
- Rental values for warehousing and distribution spaces greatly varies in Sevenoaks, depending on the location and type of stock. For example, locations in Swanley, close to M20/M25 junction fetched a rental value of £130 per sq m in 2018 while more interior locations such as Edenbridge show rental values as low as £50- £60 per sq m. According to Costar the average rental in Sevenoaks are in the mid to high range at £90 per sq m, when compared with the current rents in other local authorities in West Kent and Surrey. The data also suggests significant rises in rental values of over 30% between 2014 and 2018.

5.110 Approximately 31% of the warehousing and distribution spaces in Sevenoaks are large properties of over 5,000 sq m floorspace with most of them located in Swanley (around the M20/ M25 junction). The mid-scale units, sizes between 1,000 to 3,000 sq m, form approximately 42% of the total warehousing and distribution floorspace and are mostly concentrated around Vestry Road, Station Road (Edenbridge) and Swanley.

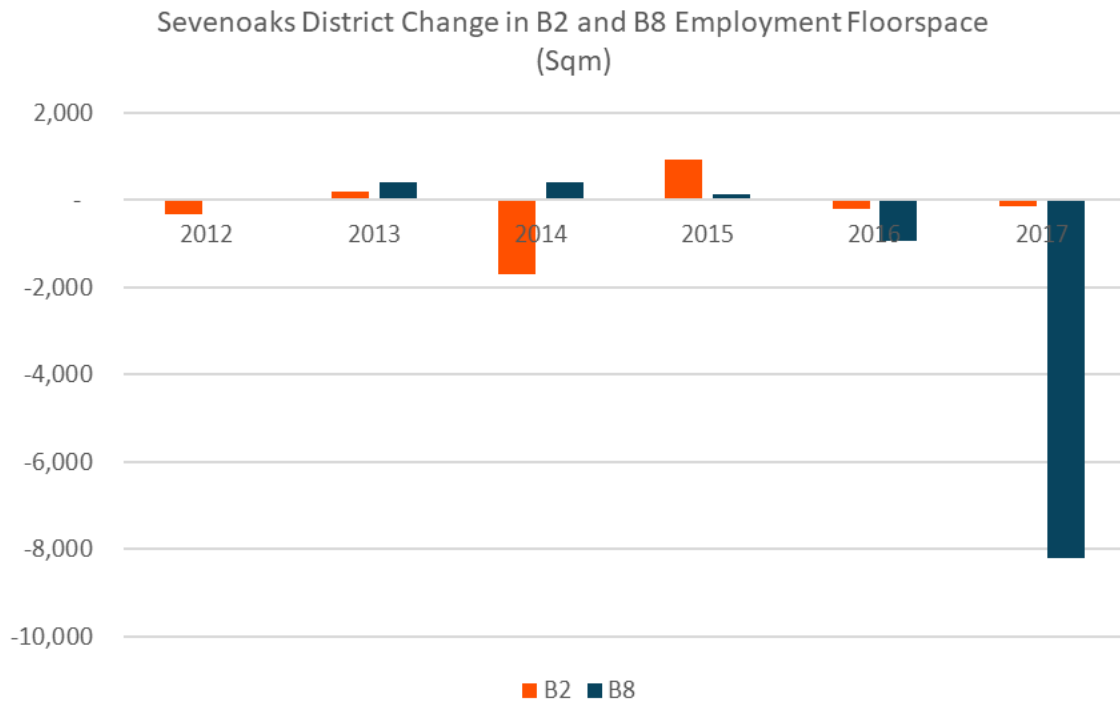
Table 5.16 Breakdown of industrial floorspace in Sevenoaks					
	<500 sq m	500-1000 sq m	1000-3000 sq m	3000-5000 sq m	>5000 sq m
Total Floorspace (sq m)	7,796	24,317	127,639	49,843	92,106
% of the Total Floorspace	3%	8%	42%	17%	31%
No. of properties	32	34	66	13	7

Source: Costar Database

5.111 **Supply Trends:** When looking at the new industrial schemes delivered in Sevenoaks, the District Council's Annual Monitoring reports suggests a constrained supply picture. There was significant loss of B8 space reported in 2017, attributable to loss B8 floorspace buildings at United House in Swanley. This site has been the subject of conversion to residential use. Although, overall there has been a loss of B8 in 2017, the borough has seen some new delivery of B8 floorspace in Vestry Estate in Otford, resulting in provision of 4 units and 1,049 sq m of floorspace.



Figure 5.10 Change in B2 and B8 Floorspace, Sevenoaks,



Source: Annual Monitoring Reports

- 5.112 **Key Industrial Locations Across M25, M20 and M2 corridors in the South East:** Lack of warehousing and distribution development over the last decade has placed pressure on rents in high demand locations, including many across Kent. Meanwhile, the distribution sector's evolution continues with ever growing demand for super-sized warehouses and distribution centres. As a result, a number of logistics operators have entered or expanded their operations in the region and several new high-quality warehousing and logistics developments have come forward as a result of this. Most of these locations are well connected and are purpose built modern structures,
- 5.113 Some of the key locations and recent developments for warehouse and distributions in the wider M25 South include:
- **Crossways Business Park** in Dartford is the largest mixed-use business park on the M25. The Business Park is comprised of nine different commercial areas plus leisure facilities has hosts some of the most important regional occupiers in the area. Most recently, in late 2018, Edison Distribution Park at Crossways was granted consent for additional 8,250 sq m of B class floorspace.
  - **Ashford** is a particularly important location for manufacturing activities and is earmarked for substantial future development. It benefits from high speed rail links, low cost land and a large number of employment sites which have development capacity. Locations such as the Axiom, Orbital Park Phase 1 in Ashford are popular among occupiers as it is home to some of the key regional players and has experienced buoyant leasing activities, such as the recent leasing of 2,325 sq m of space to Forza Industries - a food company. Similarly, Brook Homes, a residential developer also took 5,975 sq m at Unit M Orbital Park in January.
  - **Medway** supports a range of industrial uses, particularly at Kings North, a 66-hectare industrial focussed site. Recent new developments in Medway includes development at Stoke Road, Angle 265 with 24,765 sq m of floorspace lettings in

2016. Recently, Amazon has also committed to 34,000 sq m last mile sorting centre in Medway in late 2018 / early 2019.

- **Swale** benefits from a number of industrial locations including the Eurolink industrial area. It has a strong industrial base and benefits from low land costs and good access to the transport network. In 2017, a major Aldi regional distribution centre was developed with over 6,000 sq m of floorspace at Thomsett Way in Queensborough.
- **Gatwick Diamond** is a home to HQs in advanced manufacturing, environmental technologies and aviation. Companies include Exxon Mobile and Unilever. Key locations include Manor Royal Business Park in Crawley which neighbours Gatwick airport, Salfords Industrial Estate and Burgess Hill in West Sussex which has the potential for around 5-10 ha of industrial and warehouse development. Several new large warehouse spaces have come forward in the recent years in Gatwick South Industrial area in the last 2-3 years. These include Gatwick 55, Rutherford Way developed in (over 5,000 sq m) leased to Barker and Stonehouse furniture retailers and Gatwick Space, a 11,600 sq m of warehouse space, part of which is already leased to Boeing.
- **The Thames Valley** has a significant cluster of industrial and logistics companies around M3, M4 and M40 corridors with an available floorspace of 700,000 sqm according to the latest figures in 2018. Also, there were additional six schemes under construction totalling 71,000 sqm in the same year, including developments such as Logistics City Basingtoke (10,817 sqm), Valor Park Poyle (13,408) and Theale Logistics Park (13,415 sqm).

## Future Drivers for B2 and B8

- 5.114 **Location factors and connectivity:** Although the industrial market in Sevenoaks is clearly much smaller in scale when compared to the wider industrial landscape across M25 and M20 corridors, it has significant strategic corridors such as M25, M26/ M20 and A21 passing within its boundary, providing excellent East-West and North-South road links, making it well connected with London and rest of South East region
- 5.115 **Robust wider market conditions and emerging supply:** The industrial market has performed strongly both nationally and in Kent county over the last two years. Whilst, there has been no major supply of warehouse and distribution space in Sevenoaks in the last five years, Kent and Gatwick diamond area have seen delivery of some high quality, large-scale warehousing units. These are modern purpose-built structures that have good transport links and have experienced a quick take-up with healthy rental returns as soon as they came to the market, reflecting strong demand for warehousing stock within the wider area.
- 5.116 **Strong demand from multi-let industrial typologies:** There seems to be a rise in multi-let warehousing and industrial sector, which tends to have a distinctive characteristic offering a diversified range of units between 1,000 to 50,00 sq m (usually under single ownership and comprised of different sized units let to multiple occupiers) and over 5,000 sq m (for large scale logistics). These estates are self-contained and tend to cluster around major cities (“last mile delivery”) with heavy concentrations around major transport corridors. Some of the recent examples of such spaces are Gatwick South Industrial Estate in Crawley, Crossways in Dartford and Orbital Park in Ashford.
- 5.117 Also, trends also show that the industrial multi-let tenant sector has become more institutional in nature and has moved away from noise and waste-creating physical activity to a more modern cleaner storage, distribution and administration.

- 5.118 **Projected increase in need for B8 warehousing land:** Sevenoaks Economic Needs Study (2017) indicates a need for an additional 2.3 (past-take up based) to 3.3 (employment growth-based) hectares of land for B8 warehousing uses. Net jobs growth of only 120-130 jobs is forecast, and the figures factor in allowances for choice (flexibility factor) and potential future losses of employment land to other uses.
- 5.119 The position for Sevenoaks is clearly one in which future requirements for B8 uses are very modest, reflecting both the stronger position of other areas for the logistics and distribution industry and the presence of locations around the M25 which are already well-established and where there is land for expansion.
- 5.120 **No employment growth requirement for additional larger manufacturing (B2) land and floorspace:** Forecasts in the Economic Needs Study point to a contraction in manufacturing employment. The recommended allocation of land for B1c/B2 uses is only 1.1 ha to 2035, with the positive figure reflecting only the allowances for flexibility and the loss of land to other uses.
- 5.121 It is notable, however, that a past-take up based approach points to a higher requirement of 5.7 ha to 2035, partly reflecting the role of replacement demand in the market as businesses look to move into newer and higher quality premises.

## Summary

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- 5.122 Key points from the B2 and B8 market review are:
- 1) Although the regional conditions for warehousing and logistics market have been robust over the last few years, the market for such activities in Sevenoaks is relatively small scale with most major occupiers largely concentrated around M25 and M20 corridors. Moreover, the borough has seen no new major supply of warehousing and distribution space over the last five years and has experienced rising rental levels. This has caused further strain on the warehousing supply stock in the Sevenoaks, consequently positioning the district as a secondary location for such activities.
  - 2) The supply data also shows that within the wider M25 South region, better-quality purpose-built stock being delivered elsewhere across Kent. These developments are well located not only in terms of the access conditions but also the wider supply-chain cluster proximity and have seen swift take-up soon after their delivery.

## 6. Mixed Use Developments and Village Centre Uses

- 6.1 This section considers the factors that should be considered in planning for mixed-use developments, drawing on examples from other locations to explore how employment uses, village centre commercial uses and housing are integrated. It also reviews Sevenoaks local plan policies and supporting evidence about other key employment uses that may be appropriate to the emerging masterplan for Fort Halstead's village centre. There is potential to develop additional employment uses in and around the village centre, including small scale retail and leisure facilities, health, pre-school education and other community services, and small scale, flexible office facilities capable of serving as workspaces. Finally, it includes commentary on digital infrastructure provision, which has the potential to be a critical success factor for Fort Halstead.

### Successful Mixed-Use Developments – Key Ingredients

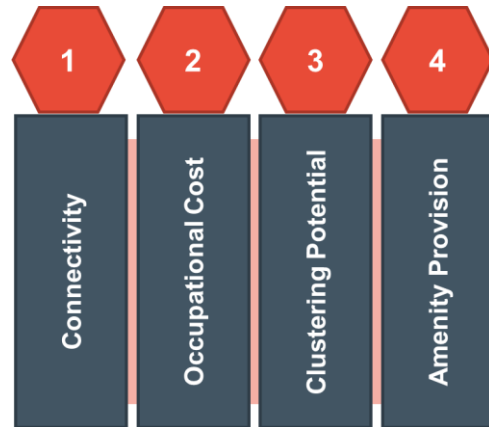
- 6.2 A useful and growing body of research highlights the key factors in successful mixed-use developments. A good example is found in 2016 work by Savills<sup>21</sup>, which defines four key pillars which drive commercially viable and successful mixed-use developments, focusing on the London property market.

<sup>21</sup> <http://pdf.euro.savills.co.uk/uk/residential---other/spotlight-london-mixed-use-development-2016.pdf>

6.3 Those of particular relevance here are:

- **Connectivity** – the delivery of employment spaces which are flexible, interconnected and provide a platform for collaboration. They are also a focal point from which digital connectivity can be delivered, which is in turn extended to a broader spectrum of end users.
- **Amenity Provision** – other employment classes, especially those which provide services that are valued by commercial occupiers and residents, can distinguish a development’s amenity proposition. If curated appropriately, village centres create a natural hub for economic, community and leisure activities.
- **Clustering Potential** – aligned to the above and through servicing other, larger employment spaces, a dynamic village centre will help to facilitate the clustering of businesses, including those operating in certain sectors and related supply chains.

Figure 6.1 Four Pillars of Mixed-Use Developments



Source: Savills, 2016

6.4 Emerging and approved mixed-used developments elsewhere provide useful cues as to how housing, commercial employment and village/town centre type uses can be integrated. The emphasis below is on Garden Towns/Villages, Strategic Urban Extensions (SUEs) and sites with a residential dwelling quantum of comparable size to that proposed at Fort Halstead. The sites are geographically dispersed, covering an area that extends as far north as Cambridgeshire, westwards towards Surrey and locations in Kent and Sussex, to ensure an appropriate mix of examples are captured.

6.5 It is important to note that reviewed sites are at varying stages of delivery, with some still subject to planning and others at the point of completing initial phases, including residential dwellings and new employment space. Some sites may therefore be subject to tweaks and change, reflected in masterplan revisions and the final allocation of employment space, although we would expect the overarching design narrative to remain largely consistent.

Table 6.1 Comparator Review Locations

Site Name	Location	Local Authority	Typology
Dunton Hills	Essex	Brentwood	Garden Village
Harlow and Gilston	Hertfordshire/Essex	East Hertfordshire, Epping Forest, Harlow	Garden Town
Kennett	Cambridgeshire	East Cambridgeshire	Garden Village
Longcross	Surrey	Runnymede	Garden Village
Orwell Green	Suffolk	Suffolk Coastal	Garden Village
South East Maidstone	Kent	Maidstone	SUE
Thamesmead	London	Boroughs of Bexley and Greenwich	Urban Regeneration Scheme
Whitfield	Kent	Dover	SUE

6.6 Each reviewed site sits in a mixed-use setting and specify the need for similar place-shaping typologies – village centres/hubs, neighbourhoods and open spaces. As a general

rule, these include a broad mix of employment uses and seek to provide residents and employees with ready access to retail, amenity, education, health and training services.

### Garden Towns and Villages

- 6.7 Garden Towns and Villages share a number of defining characteristics and imply a consistent approach is being adopted when developing new and sizable mixed-use settlements. Generally these incorporate a village centre/hub, which is designed to service the needs of surrounding residents (and in many cases, commercial tenants). The design narrative draws heavily from garden town principles which prioritises land value capture, community ownership, integration of living and working spaces, local employment and services provision, imaginative design, environmental sustainability and accessibility.
- 6.8 The inclusion of a village centre is intrinsic to the realisation of many of these objectives and reflected in development masterplans. Looking at the reviewed sites collectively, a number of consistent design themes are evident.

**Table 6.2 Garden Villages – Consistent Design Themes**

Theme	Summary
Curating an appropriate mix of employment uses	<ul style="list-style-type: none"> <li>• Village centres and hubs are characterised by a suitable blend of employment uses and services, which are not overly reliant on retail.</li> <li>• Design approach calls for a blend of convenience, leisure, café/restaurants and flexible business space, emphasising experiential destinations.</li> <li>• Creation of places that are active throughout the day and provide opportunities for formal and informal economic uses.</li> </ul>
Place-shaping driven by differentiation	<ul style="list-style-type: none"> <li>• Emphasis on place-shaping, cultivating centres which draw on local heritage, culture and establish identifiable points of differentiation.</li> <li>• Focus on the creation of spaces and employment uses that service the immediate community.</li> </ul>
Recognising the value of open spaces	<ul style="list-style-type: none"> <li>• Open spaces treated as intrinsic to the overall success of new communities, performing a direct and indirect economic function.</li> <li>• Building employment uses around civic spaces and encouraging interaction between both.</li> <li>• High quality, interesting spaces, using local materials and building on natural design cues.</li> </ul>
Services located at the heart of the community	<ul style="list-style-type: none"> <li>• Provision of key services at central locations, including education, healthcare and elderly care.</li> <li>• Proportional to development scale and relative to the impact on capacity of existing local services.</li> <li>• Enabling communities to be self-sufficient and to improve accessibility.</li> </ul>
Neighbourhoods distinguished by density and dwelling tenure	<ul style="list-style-type: none"> <li>• Development of designated neighbourhoods that support cohesion and a balanced living/working/life stage population.</li> <li>• Colocation of homes and employment spaces, including live/work units, essential to creating active places throughout the day.</li> <li>• Affordable housing allocation which is meets or exceeds those specified within local planning policy.</li> </ul>



6.9 A review of other developments (including SUEs and regeneration schemes) suggests there are, again, common principles which inform masterplan design and the configuration of employment space in village centres/hubs. That said, these sites also share other characteristics which could be considered in the context of the Fort Halstead masterplan. These are summarised briefly below.

Table 6.3 Other Comparator Developments – Consistent Design Themes	
Theme	Summary
Technology embedded across the site	<ul style="list-style-type: none"> <li>• Design and marketing of sites tied to technical capabilities, such as access high speed broadband provision and deployment smart technologies.</li> <li>• Connected places – specification of buildings and spaces which are Wi-Fi and mobile capable, facilitating seamless connectivity, communication and creating mobile work environments.</li> <li>• Future-proof offer means employment and open spaces will be able to accommodate new technologies, applications and business practices.</li> </ul>
Sustainability integrated into design, construction and operation	<ul style="list-style-type: none"> <li>• Sustainability principles integrated into design of employment space (materials, technology, natural features/greenery).</li> <li>• Links to the deployment of digital infrastructure and environmental efficiencies of connectivity (smart tech, sensors, energy management systems).</li> <li>• Accessibility of shopping, leisure and business space reduces need to travel and reinforces cohesiveness of the community.</li> </ul>
Creating centres which respond to the landscape	<ul style="list-style-type: none"> <li>• Village centres and hubs respond to topography and natural features distinct to the site.</li> <li>• Emphasis on working in harmony with the landscape and drawing from it to establish a design narrative and retain essential features/vistas.</li> </ul>
Innovative employment and service hubs	<ul style="list-style-type: none"> <li>• Construction of innovative multi-purpose buildings that serve as hubs for different employment and amenity uses (i.e. Longcross Discovery Building, Thamesmead Community Enterprise Hub).</li> <li>• Feature bold and contemporary architecture, flexible floorplates, outward-facing spaces and may incorporate elements of community co-design.</li> </ul>
Responding to local economic opportunities	<ul style="list-style-type: none"> <li>• Specification of employment space which responds to local economic policies, including target sectors and those prioritised for growth.</li> <li>• Emphasis on creating jobs that will benefit local people and offer meaningful employment for existing and new residents.</li> <li>• Are likely to be flexible enough to respond to future workspace requirements and trends.</li> </ul>

## Examples

6.10 A series of short case studies are included below. These focus on sites which provide helpful insights into masterplan concepts, design narratives and specification of employment uses. They describe the proposed creation of employment space, public



services, leisure and cultural uses, spatial characteristics and in some instances cite the quantum of employment land/floorspace and associated use classes.

### Alconbury Weald

- Large-scale mixed-use development on the site of a former RAF airfield near Huntingdon, Cambridgeshire.
- Up to 6,500 new homes to be built across a 1,425 acre site, with completion expected in a 20-year time period.
- Emphasis on establishing a new community of scale, with a site reserved for a new railway station.
- Masterplan includes a primary district centre, supported by 3 subsidiary local centres and retains heritage features distinct to its previous use, such as bunkers and hangars.
- Has Enterprise Zone status and incorporates significant commercial space allocations – up to 290,000 sqm of B class employment floorspace accommodating offices, R&D, light and general industry and data storage.
- Circa 7,000 sqm of retail space specified – limited singular space to mitigate competing with Huntingdon town centre.
- Enterprise Campus features maker space and incubator.
- Centres will also include convenience stores, pubs, cafes and restaurants, banks, post offices.
- Includes 3 primary schools, a secondary school, 3,800 sqm of community facilities and 1,500 sqm health centre.



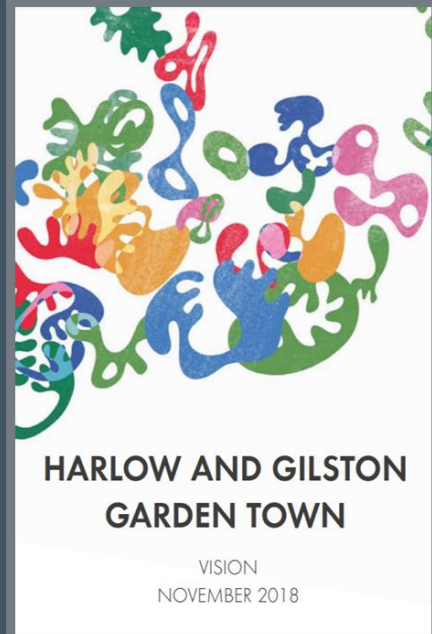
### Dunton Hills Garden Village

- Garden Village development, in Brentwood, Essex.
- Proposals call for a discrete free-standing settlement on land previously used as an 18 hole golf course.
- Masterplan and settlement configuration aligns with the Council's objective to be a 'Borough of Villages' with open space and green infrastructure integral to the design.
- Will initially accommodate 2,500 new homes, with the potential for a further 1,000 dwellings to be constructed.
- Built around three new neighbourhoods – a mix of home tenures and densities included in the masterplan.
- Will feature new schools with a capacity of 2,000 pupils, from nursery through to secondary education.
- Allocation of 5.5 hectares of employment land accommodating 22,000 sqm of commercial space – will generate up to 2,600 operational jobs.
- Circa 7,500 sqm assigned to retail space, alongside recreation and leisure space – 485 jobs local shops and services, 655 in schools, healthcare and community uses.
- Emphasis on creating employment with a local 'fit' – targeting growth sectors and the local skills base.



## Harlow & Gilston Garden Town

- Large Garden Town adjacent to Harlow (Essex/Herts).
- Will see the establishment of a brand new community, leading to the creation of up to 23,000 homes.
- Is positioned at the heart of an 'innovation corridor' (London to Peterborough) – strong growth narrative.
- The masterplan is orientated around garden village values – adaptable, healthy, sustainable and innovative.
- Includes significant allocation of employment space – driven by relocation of Public Health England, Enterprise Zone status and sector-based growth strategy.
- Shopping, leisure and cultural facilities designed to be within easy reach, encouraging interaction between neighbourhoods and employment areas.
- Seeks to create sociable streets and local centres – encouraging interaction and community cohesion.
- Hubs and neighbourhood centres will be mixed-use, characterised by commerce on ground floor, residential above, advocating higher density development.
- Development includes start-up/flexible workspace, education, healthcare, leisure, cultural and retail amenity.



## Longcross Garden Village

- Garden Village development, adjacent to the M3 in Surrey, includes north and south sites straddling the motorway.
- Former MoD testing site, which has seen parts of the site brought into use as a film studio.
- An anchor site of Enterprise M3's multi-site Enterprise Zone – benefits from incentives and has a sector focus.
- Will create up to 1,500 new homes, with a mix of densities, tenures and neighbourhoods.
- Masterplan calls for the construction of community facilities, including retail and leisure uses, cafes, a GP surgery and primary school, focused on a village centre.
- A landmark building (Discovery Centre) has planning permission and will function as a mixed-use hub (3 storey) – includes a coffee shop, delicatessen, bakery, multi-use space, marketing facilities and potential space for start-ups companies linked to the film studios.
- Much larger employment space proposed (part planning permission received) – up to 79,000m<sup>2</sup> of grade A office space aimed at headquarters market.
- Has a focus on amenity within the site and adjacent areas.





## Orwell Green Garden Village

- Significant Garden Village development proposed on the periphery of Ipswich in Suffolk.
- Vision calls for the creation of a new, thriving community, which will be home to a broad population mix, with a focus on quality design and community self-containment.
- Plans call for up to 2,700 new dwellings to be constructed – a mix of tenure, density and affordability.
- Will establish distinct residential and commercial neighbourhoods, drawing on common spatial characteristics but with variation in design.
- ‘Heart of the Village’ will feature a pedestrianised high street and be a focal point for services, employment and civic space, designed to be lively throughout the day.
- Employment enabled through the creation of home-working, flexible spaces and hubs/start-up units.
- New services and facilities integral to the design – two primary schools, community hall, health centre/pharmacy, sports provision all included in masterplan design.
- Accommodation for the elderly sited adjacent to the village centre – retirement communities and specialist care.



## Whitfield Urban Expansion

- Proposed Strategic Urban Extension to the north of Dover.
- Framed by a vision which seeks to create a cluster of connected neighbourhoods, which respect the existing area's character whilst creating a distinct community.
- If all phases are delivered, proposals call for the construction of over 4,000 new homes (may ultimately extend to over 5,700 dwellings).
- Takes cues from garden village principles, including prioritising open space, community cohesion, mixed densities and the creation of defined neighbourhoods.
- Connectivity and links to Dover are intrinsic to its design.
- A village centre is to be created at the heart of the development – focal point for commercial and community services and a Learning and Community Campus.
- Series of smaller neighbourhood centres are also planned, which will house services, energy centres and schools.
- Retail, leisure, restaurant and office spaces to be included in village centres – A1-A5 use classes specified.
- Development to incorporate a landmark building(s) which act as anchors to commercial and service centres.



## High Street and Other Retail

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- 6.11 High Street and retail activities cover a broad base of employment uses, such as shops, supermarkets, small scale services and leisure-based businesses.

### Current Core Strategy Policy

- 6.12 The Council's Adopted Core Strategy (2011) sets out a planning policy framework from which development can proceed, including the spatial distribution of High Street and retail space. The content of this follows the narrative set out in previous Regeneris research:
- The Sevenoaks Urban Area remains the primary populated settlement within the District, offering the broadest range of retail, service and leisure options whilst servicing a substantial catchment area.
  - The Sevenoaks Urban Area competes with neighbouring towns and retail centres, including Dartford, Tunbridge Wells and Maidstone and is also influenced by the presence of large out-of-town shopping complexes (such as Bluewater).
  - Sevenoaks Urban Area benefits from a good quality retail offer, including chain stores and independents. This is augmented by retail parks and supermarkets, largely on the town's periphery (i.e. Otford Road Retail Park).
  - The rest of the District is serviced by smaller towns and village centres, dispersed in nature and focused on local services and convenience goods. This includes Swanley (the second largest settlement in the District) and Edenbridge, at the District's southern extremity.
- 6.13 The Core Strategy notes the importance of retaining the existing retail and High Street hierarchy, reinforcing Sevenoaks' position as the primary retail centre and secondary status of Swanley. Its policy emphasises the need to protect and consolidate existing centres and does not endorse the development of High Street or retail uses outside of these locations.
- 6.14 The Core Strategy therefore calls for retail and convenience uses that adequately service localised populations and do not compete with established centres. It sets out an expectation that new developments (of equivalent size to Fort Halstead) should accommodate a combination of small retail, food and convenience uses.
- 6.15 The Core Strategy also notes the growing importance of provisioning retail and public services as part of an optimum mix of uses, which facilitate place-shaping, activate neighbourhoods and spaces, respond to changing patterns of working and promote sustainable development principles.

### Emerging Local Plan and Accompanying Evidence

#### Sevenoaks Local Plan – Proposed Submission Version

- 6.16 The Proposed Submission Version of the new Sevenoaks Local Plan (December 2018) sets out the Council's intended strategic direction and key policies which will shape future development.
- 6.17 The document includes a series of draft policies that pertain to the development of a 'Vibrant and Balanced Economy'. These have implications for Fort Halstead's village centre and the types of employment uses that should be accommodated. These don't deviate greatly from the Core Strategy's narrative, with the key implications being:
- There is a need to release land to support Sevenoaks' economy which is expected to grow and needs to remain competitive going forward.

- Existing employment land/sites should be developed and enhanced where commercially viable, to provide the space and flexibility to accommodate the needs of existing sectors and the employers of the future.
- There is a reaffirmed desire to retain the role and importance of key retail, leisure and service centres, particularly Sevenoaks, informed by the established settlement hierarchy. New and larger scale developments will therefore generally be prioritised in these locations (Sevenoaks, Swanley, Edenbridge and Westerham).
- Emerging policy is supportive of employment space in a mixed-use context, which is integrated with housing and helps to create sustainable and healthy communities.
- There is a strong recognition of the value of the rural economy and the contribution that tourism-related activity continues to make in Sevenoaks, attracting visitors from a significant catchment area.
- In order to meet future demand, additional retail space is required, split primarily between convenience uses and non-food uses.
- There is an acknowledgement that the vitality of town centres and smaller service centres is increasingly reliant upon an optimum mix of retail, convenience and leisure uses. This is particularly important in the context of regional competition and the effects of online retail.

6.18 Broadly, the Proposed Submission Version adopts policies which are consistent with the existing Core Strategy and seek to encourage economic growth which allow Sevenoaks to compete and attract target sectors and employment.

### **Sevenoaks Retail Study**

6.19 The Sevenoaks Retail Study (2017) provides a summary of retail performance, trends and drivers and sets out future requirements across the District.

6.20 Whilst the content of this is reflected in the policy recommendations of the draft Local Plan, it provides further detail in relation to the performance of the Sevenoaks retail sector, in the context of a strong post-recession recovery, relative town centre resilience and the effects of trends such as online retailing and experiential shopping.

6.21 As with other retail centres across the UK, Sevenoaks has been subject to shifting spending patterns consumer trends and preferences, driven by a desire for convenience, cost savings and a changing perception of value. This has also been influenced by the evolving offer of competing retail centres, which offer a blend of scale (Bluewater) and cultural/heritage assets (Royal Tunbridge Wells).

6.22 The study notes that traditional High Street retail has been under sustained pressure from the disruptive effects of technology and new sales and distribution typologies. This has impacted on retail performance and the tenancy of employment space across Sevenoaks, including local service centres. In some cases, this has introduced new opportunities for consumer interaction and customer value added, including the rollout of 'click and collect' and coalescence of traditional retail spaces with virtual shopping.

6.23 The most prominent trends and drivers shaping consumer shopping behaviour across Sevenoaks District are:

- The continued downsizing of convenience uses, shifting away from large supermarkets to smaller convenience stores which satisfy demand for 'top-up' shopping. These also enable established brands to compete more aggressively with lower priced market entrants and maintain a denser network of stores. Large supermarkets still play an important role and have performed well, however.

- Out of town/retail parks remain viable and provide strong competition to High Street retail provision. As with traditional town centres, these have been responding to the need to provide a wider mix of employment uses, including leisure amenities.
  - Linked to the above, leisure space provision continues to be an important ingredient in maintaining High Street and retail park vitality, as a driver of longer excursions and pivotal to an 'all day' experience. This mix of uses has also translated into regeneration schemes, which have a greater place-making emphasis.
  - Café culture epitomises the value placed on leisure time and makes a significant contribution to dynamic and successful retail centres, providing a point of differentiation (in tandem with cultural and heritage assets) versus larger and/or more retail-centred competitors.
- 6.24 On the basis of this evidence, the study makes the following recommendations:
- The retention and enhancement of core retail spaces should be prioritised.
  - The District will require the delivery of additional retail space:
    - A total of 9,100m<sup>2</sup> of comparison goods employment space by 2025 (21,700m<sup>2</sup> by 2035).
    - A total of 9,000m<sup>2</sup> of convenience goods employment space by 2025 (10,300m<sup>2</sup> by 2035).
  - An impact assessment threshold of 500m<sup>2</sup> is established on new developments, to protect retail provision in Sevenoaks town centre and retain the function of local centres within the settlement hierarchy.
  - Local centres/villages which offer a valuable convenience and service function should be protected and retail facilities retained, at a proportionate scale.
  - Local centres should perform a function which meets day-to-day shopping needs, augmented by leisure, restaurant and complementary uses. Public realm improvements should also be delivered to create more vibrant and dynamic spaces, establishing localised differentiation.
- 6.25 The implications for Fort Halstead are that it should provide a retail and convenience offer which is in keeping with the scale of the residential and commercial development it will serve. It should not look to compete with established High Street retail offerings in Sevenoaks Urban Area and secondary settlements, nor should it dilute the current out-of-town shopping base.
- 6.26 A blend of uses from small retail, convenience (food), mixed with leisure (cafes, public spaces) and local services is likely to provide an optimum mix, emphasising experiential purposes and all day footfall. There is scope for the provision of small/flexible workspace, which would accommodate broader economic uses. This should be differentiated from other office space on larger commercial plots. The projected need for comparison and convenience goods should be observed

## Hotels, Leisure and Tourism

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- 6.27 This section briefly covers employment uses comprising hotels, local leisure provision (cinemas, swimming pools, other sports facilities etc) and tourism attractions. The visitor economy is a priority sector for Kent and Sevenoaks, and some commentary about the potential role of Fort Halstead is therefore necessary.



## Current Core Strategy

6.28 The adopted Core Strategy notes the following with regards to hotel, leisure and tourism employment uses:

- There is scope for the development of additional hotel space in Sevenoaks and Swanley, with the aim of also promoting the rural economy and sustainable tourism.
- Underpinned by the Open Space Study and Community Plan, the Council will protect and promote open spaces, from a social, health and productivity perspective. Some areas in the District should create new open spaces, such as Swanley.
- The protection and enhancement of cultural and heritage assets is advocated, as generators of economic activity, a draw for visitors and hubs for tourism.
- There were no major deficiencies in the provision of sports facilities cited and a limited need to increase supply, with minor exceptions (indoor tennis).
- Where new developments are coming forward, these should contribute to any shortfalls in open space and sports facilities supply.

## Emerging Local Plan and Supporting Evidence

### Sevenoaks Local Plan – Proposed Submission Version

6.29 The Proposed Submission version of the Local Plan makes a number of references to tourism, the visitor economy, leisure uses and the demand for hotel accommodation. It sets out the rationale for the inclusion of relevant employment uses in new developments.

6.30 The implications for Fort Halstead's masterplan are:

- The Plan acknowledges the importance of tourism to the local economy, underpinned by existing District strengths. There is an ambition to protect and enhance existing assets, whilst creating new attractions in rural and urban settings.
- There is a presumption that new tourism developments should be sustainable in nature (design, location etc), including hotels, guesthouses, bed and breakfast, outdoor accommodation, self-catering and new visitor attractions.
- The historic environment has an important role to play as a focal point for tourism and appropriate development will be endorsed, where economic impacts are maximised and environmental sustainability implicit.
- There remains an opportunity to increase the supply of new hotel accommodation across the District, support the development of Sevenoaks's tourism offer and capture additional visitor/overnight spend. This includes a target of making sure there is no net loss of hotel accommodation.
- Developments which prioritise health and well-being outcomes will be supported, including the specification of facilities which promote social cohesion and healthy living opportunities. Assessments on a development's fit will include access to education and health facilities, leisure and community facilities.
- Open spaces are of vital importance to the District's quality of life, environment and contribute to place-shaping and community cohesion. Open space should be incorporated into new developments at the earliest design stage, respond to shortfalls in fitness and children's' play provision and enable wider community access to educational facilities via formal community use agreements.

## Sevenoaks Tourist Accommodation Study

- 6.31 The Sevenoaks Tourist Accommodation Study (2015) suggests there is good potential to increase the supply of tourist accommodation across the District. This is substantiated by the following evidence:
- Sevenoaks' established reputation as a visitor destination, well-served by natural assets and quality accommodation options. These include destinations such as Knole House, Chiddingstone Castle, Hever Castle and Penshurst Place.
  - The wider Kent tourism offer is strong and draws from the London market, with nationally significant attractions such as Leeds Castle and Canterbury Cathedral complementary to the county's natural assets, Areas of Outstanding Natural Beauty (AONB) and extensive coastline.
  - The projected growth of domestic short break and overseas tourist markets.
  - The projected growth of wedding-based business and associated visits.
  - Contractor demand for budget hotel accommodation driven by construction and infrastructure projects across the sub-region.
- 6.32 The report suggests that opportunities for the development of accommodation are broad and, whilst there is a considerable focus on an increase in quality and provision in Sevenoaks Urban Area, the report also suggests that supply could be increased elsewhere. This includes specific references to Fort Halstead, which is identified as a target location for a midmarket hotel or residential conference and training centre (subject to the nature and scale of new employment space specified on site).
- 6.33 The study concludes that the Council and its partners should lead efforts to encourage the development of new accommodation and to stimulate new market demand, through effective planning policy, promotion, direct investment and business support.

## Digital Infrastructure and Connected Communities

- 6.34 Dynamic, thriving and successful communities are increasingly influenced by digital connectivity, as a facilitator for technologies that shape all aspects of daily life. As such, the government and local authorities maintain a sharp policy focus on delivering next generation infrastructure, which is future-proof and will act as a key measure of relative competitive advantage for places across the UK.
- 6.35 Framed by the UK's Digital Strategy, Ofcom's regulatory frameworks, Kent County Council's 'Making Kent Quicker Programme' and local Kent/Sevenoaks policies (such as those found within the emerging Local Plan), there is a clear goal of maximising the quality of fixed and mobile broadband connections.
- 6.36 This commitment includes dealing with market failures (particularly in rural areas) as well as stimulating further private sector investment – bridging the 'digital divide' whilst also pushing for the rollout of technologies which are at the forefront, globally. These ambitions are currently being delivered both through market investment and public subsidy, with a recent switch to the delivery of full fibre technologies and 5G.
- 6.37 Underpinning the strategic imperative are a number of economic drivers including:
- Digitisation of industry beyond core sectors (Industry 4.0).
  - Enabling improved productivity and supporting entrepreneurship and innovation.
  - Evolving patterns of working, influenced by technology.

- 6.38 Digital connectivity is also an important factor when considering the comparative advantages of new developments. Our research shows that most new developments actively promote their digital credentials to prospective residents and commercial tenants and connectivity is becoming a measure of competitive advantage. There is also a growing body of evidence to suggest that higher yields can be achieved as a result of installing high speed digital infrastructure, with occupiers being willing to pay a premium as a result<sup>22</sup>.
- 6.39 There is also a strong commercial rationale to invest in new developments, influenced by favourable economics and the efficiency of installing digital infrastructure in conjunction with other site utilities. As a consequence, there has been a policy push to incentivise the rollout of fibre connectivity on new development sites and in response, a defined commercial offer from digital infrastructure providers has come forward<sup>23</sup>.
- 6.40 There is an opportunity at Fort Halstead to consider how the site could be provisioned with the highest quality digital connectivity, which would help it to stand apart from other sites and reinforce its alignment with the needs of local people and public sector policy.

## Current Coverage Position

- 6.41 Ofcom provides up-to-date data on fixed and mobile connectivity across the UK. This includes a detailed breakdown of coverage at local authority and super output area level, allowing for detailed analysis and mapping. The latest data release (October 2018) shows Sevenoaks's connectivity relative to Kent and England.

Area	SFBB (%)	UFBB (%)	Full Fibre (%)	4G Indoor (%)
Sevenoaks District Council	62	28	1	61
Kent County Council	55	38	3	70
England	44	50	5	77

Source: Ofcom, 2018

Note: Figures do not include Folkstone and Hythe District Council as data is not available. SFBB = superfast broadband (download speeds of 30-299 Mbps). UFBB = ultrafast broadband (download speeds of 300 Mbps or more). Full fibre = full fibre connections. 4G Indoor = 4G indoor coverage available from the four main mobile providers (3, EE, O2 and Vodafone).

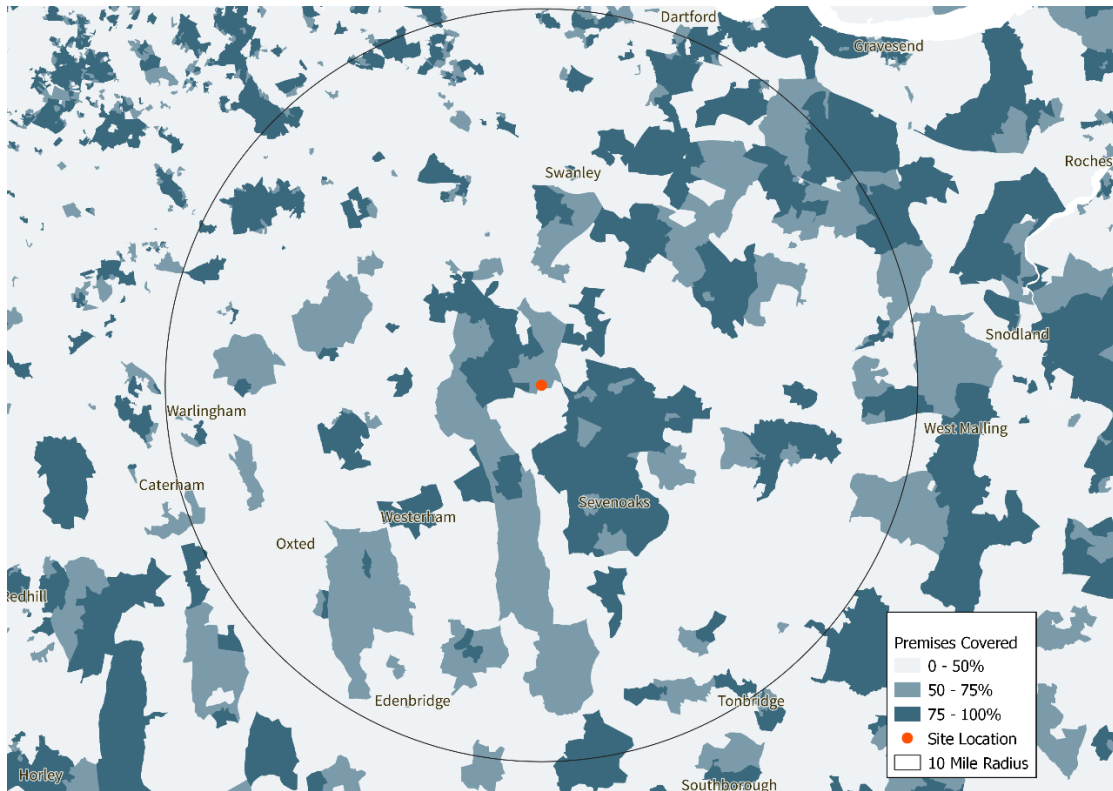
- 6.42 The data illustrates that:
- Sevenoaks has a good level of fibre broadband, with 90% of premises being able to access SFBB and UFBB. This has increased considerably in the last 5 years through commercial rollouts and public sector gap subsidies. Fibre network coverage is predominantly delivered by Openreach and Virgin Media.
  - Sevenoaks has a low base of full fibre connections, which are most able to deliver long term speed and performance improvements.
  - Comparatively, Sevenoaks lags both Kent and England across all measures, with 93% of premises across Kent able to access SFBB and UFBB and 94% across England. Full fibre and 4G coverage gaps are more exaggerated, with England benefitting from 4% and 16% more in full fibre and 4G coverage respectively.

<sup>22</sup> <https://www.idnet.com/news/broadband-speed-affects-house-prices.php>

<sup>23</sup> <https://www.ispreview.co.uk/index.php/2019/02/superfast-broadband-still-missing-from-11-5-of-uk-new-build-homes.html>

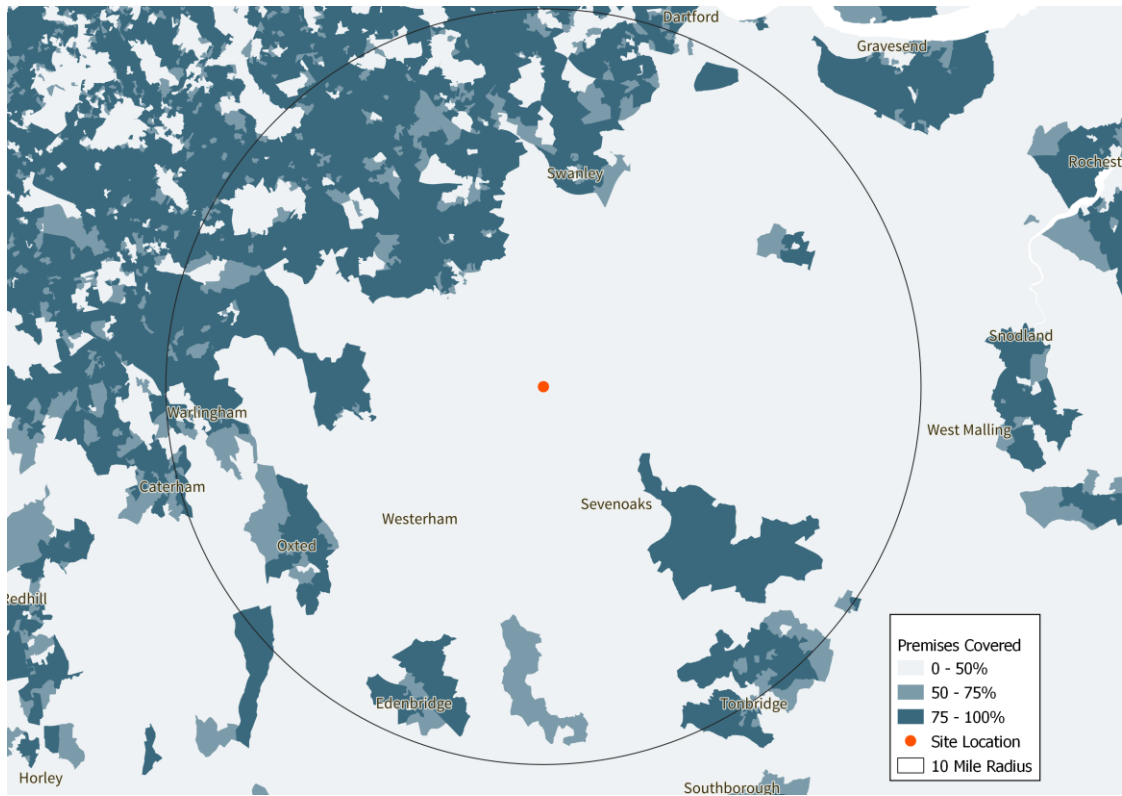
- 6.43 The data should be caveated in that the market remains dynamic and coverage is changing on a regular basis, driven by new market investment and the work of the ‘Making Kent Quicker’ project. However, it suggests that Sevenoaks’ coverage is lagging, likely driven by the District’s rural nature and pattern of dispersed settlements.
- 6.44 Mapping helps to translate digital infrastructure coverage spatially and how this relates to the Fort Halstead site. Mapping of SFBB, UFBB and full fibre coverage illustrates:
- Areas within close proximity to the site have access to SFBB, suggesting the presence of fibre networks, with up to 75% of premises benefitting from connections.
  - UFBB and full fibre coverage within proximity of Fort Halstead is very limited and exposes the predominantly urban footprint of relevant technologies.
  - The data will not highlight where individual businesses have acquired private connections (such as leased lines) and so fibre capabilities at Fort Halstead may be undervalued. Such fibre assets may not be available for wider use, however.

Figure 6.2 Wider Area – SFBB Coverage



Source: Ofcom, 2018

Figure 6.3 Wider Area – UFBB Coverage



Source: Ofcom, 2018

Figure 6.4 Wider Area – Full Fibre Coverage



Source: Ofcom, 2018

## Opportunities for Fort Halstead

- 6.45 Analysis suggests that digital connectivity on and around Fort Halstead is variable but is a good foundation from which to build. With a strong policy emphasis and increasing amounts of commercial activity across the UK, there is scope to rollout high quality digital infrastructure, offering best in class connectivity to residential and commercial tenants. By following an ambitious approach, Fort Halstead could be an exemplar development and benefit from comparative advantages versus competitor locations.
- 6.46 Market trends also suggest that full fibre infrastructure is increasingly common in new build developments. Recently published government figures show that approximately 50% of new builds are being specified with full fibre – an increase of 20% in two years. This has likely been accelerated from improved broadband provider propositions, which offer a clearer message to developers and have also seen a reduction in installation costs (in some cases offered at no cost to the developer).
- 6.47 Up front reflection on digital connectivity and the proactive consideration of a strategic approach will ensure that Fort Halstead:
- Is attractive to commercial tenants, target sectors and a broad industrial base which is increasingly digitally orientated.
  - Is able to market homes as being future proof and being at the forefront of technology, capable of supporting ‘smart’ applications (Internet of Things, sensors, community platforms etc).
  - Has connected spaces (Wi-Fi and mobile infrastructure) allowing people to benefit from seamless connectivity and increasing the dynamism of public spaces.
  - Is able to harness technology to ensure communities are safer and more environmentally sustainable, aided by technological applications.
  - Enables community cohesion, by offering new platforms for communication, community stewardship and labour market participation.
  - Delivers high capacity fibre links to an area which is currently poorly served, adding value to surrounding areas by potentially enabling further network connections.

## Summary

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- 6.48 A review of the principles for new settlement development and examples from other locations points to consistent approaches to their design that are relevant to Fort Halstead. All feature neighbourhood and/or village centres which provide retail, community facilities and services, and which therefore provide a source of employment in their own right. They are typically described as focal points or the ‘heart’ of the settlement and serve important roles both to residents of the development and people who will work in employment areas that many of these developments include.
- 6.49 Emerging Local Plan policy provides clarity about the quantum and type of retail development appropriate to the scale of development proposed for Fort Halstead. The thrust of the policy, backed by supporting evidence, is that any retail provision should be geared to meeting the local need of residents. Given the emphasis in the Plan on sustaining town centres in Sevenoaks, and the need not to increase competition to the detriment of established retail areas at a time when the sector is under pressure, small scale provision is the required way forward for Fort Halstead.
- 6.50 On the potential for visitor economy related development at Fort Halstead, the key point is that the potential for a hotel/conference centre has been explicitly connected to future employment uses on the site. The priority attached to supporting and growing the visitor



economy locally is recognised, but emerging thinking about the masterplan for Fort Halstead on the mix of employment uses (office, R&D, light industrial) does not point to a compelling rationale for a specific hotel type geared to these uses.

- 6.51 Digital connectivity is critical success factor for Fort Halstead and will play a significant role in commercial attractiveness and demonstrating public sector strategic fit. There is a strong foundation from which to build on and ensure the site is full fibre connected and therefore future proof and best in class. This will assist in the attracting target sectors/tenants to the site, add value to homes and public spaces, whilst enabling a cohesive and sustainable community to develop. There are immediate opportunities for the developer/site owner to engage with broadband providers to assess their new development offer (Openreach/Virgin Media) and also engage with DSTL/QinetiQ on the latent potential of existing infrastructure. The critical mass of the development may trigger benefits to surrounding villages, which would play back well to the Council's full fibre aspirations.

## 7. Lessons from Elsewhere

7.1 A review of employment developments in other locations provides useful insights in considering future options for Fort Halstead. The focus in this section is on two types of examples:

- Developments which feature B1a office space in different forms .
- Employment developments with an emphasis on research and innovation, although it is recognised that many such facilities are connected directly to education institutions or to R&D-intensive anchor companies.

7.2 The purpose of the section is to draw lessons about the scale and type of provision offered in these other locations, the supporting facilities that are provided and their targeting at different sectors and business types.

### Offices and Workspaces

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7.3 Detailed commentary on the market evidence for B1a offices, including various forms of small office and workspace provision, is provided in Section 5 of this study. This section supplements the analysis with examples focused on smaller office and workspaces. These could be accommodated on a village centre or in conjunction with larger B class uses.

7.4 There are a number of small office and co-working spaces typologies, which are positioned to serve start-ups and businesses. These include:

- **Co-working office spaces** – offering flexibility, from virtual offices and rented desk space through to larger and more permanent tenancy, including spaces with a corporate focus and those which advocate a sense of the collective.
- **Incubators** – with a focus on supporting start-ups, entrepreneurs and micro businesses, often delivered in conjunction with bespoke business support and integrated within a wider ecosystem (i.e. a University presence).
- **Accelerators** – the landing point for businesses that have achieved a level of critical mass and are seeking space to take the next steps in achieving growth, whilst still embracing elements of flexibility and the benefits of co-location.

7.5 The provision of services and spaces within these typologies are driven by the needs of the market and the characteristics that are valued by prospective tenants. Increasingly, entrepreneurs and small businesses are attracted to workspaces that straddle the needs of the business and individual, moving beyond traditional and often isolated office spaces. Some of the key defining factors are:

- Flexible spaces – usually open plan, scalable, configured around shared and common spaces, with tiered contracts/packages and access to meeting rooms.
- Variable lease options – founded on short-term or monthly rolling contracts, incorporating simplified processes and costs to enable tenants to scale up or down quickly and easily.
- Packaged services and amenity – access to kitchens, cafes, telephony, desks, furniture and storage space 24 hours a day.
- High speed broadband/digital connectivity – access to superfast/ultrafast broadband, through Ethernet networks and Wi-Fi.
- Access to complementary services – preferential access to virtual or col-located business support, often aimed at start-ups and newly-formed enterprises.

- Embracing collaboration – propositions which aim to attract target sectors and businesses which are seeking to integrate within a peer-to-peer ecosystem.
- Integration with outside spaces – enabling access to outside and adjacent public spaces by design, facilitating further workplace flexibility and interaction with surrounding commercial and retail uses.
- Hosting of events – often orientated around the development of networks and peer-to-peer groups, with shared spaces used to coordinate events and social gatherings.

Table 7.1 Small Office Space Typologies – Local Examples

Location	Summary
<p>Fruitworks Coworking Canterbury</p> 	<ul style="list-style-type: none"> <li>• First co-working space established in Canterbury.</li> <li>• 2,000 sq m former Victorian warehouse, targeted at start-ups which seek to grow through collaboration, networking and want to operate in social spaces.</li> <li>• Marketed as a hub of creativity and innovation, aimed at hosting like-minded entrepreneurs.</li> <li>• Hosts over 80 desks available for hot-desking or as part of a longer-term tenancy arrangement.</li> <li>• Orientated around separate wings, which emphasise different design styles and configurations of space.</li> <li>• Building includes common areas, meeting spaces and a conference room.</li> <li>• Monthly costs range from £70-£220, with tiered membership levels ranging from hot-desking to permanent space.</li> <li>• Superfast broadband access, printing and free refreshments are included.</li> <li>• A programme of events is run in the building’s shared spaces, with an emphasis on the development of a supportive business community.</li> </ul>
<p>Regus West Malling</p> 	<ul style="list-style-type: none"> <li>• Part of an established and global network of Regus business spaces – a well-known brand.</li> <li>• Aimed at serving a wider audience of users, spanning entrepreneurs to corporates.</li> <li>• A greater focus on a refined and professional experience, consistent across all Regus sites.</li> <li>• Broad membership offer which ranges from basic lounge access, to virtual office space and tenant co-working.</li> <li>• Is situated in a successful and large business park (a former RAF airfield) and forms part of a significant functioning business community.</li> <li>• Tenants include SMEs, global blue-chip companies and fleet-of-foot corporate employees.</li> <li>• Less emphasis on distinctive style and a creative approach – standardised appearance.</li> <li>• High speed broadband and meeting/board room access offered as part of all packages.</li> </ul>
<p>Enterprise Campus Alconbury Weald</p>	<ul style="list-style-type: none"> <li>• Enterprise Campus which is a key component of the commercial space offer at the Alconbury Weald development near Huntingdon.</li> </ul>



- At the heart of a large mixed-used development and integrated into the site's Enterprise Zone offer.
- A flagship incubator forms part of the development, featuring a modern architectural design.
- Offers flexible space designed to inspire, for small and start-up businesses.
- Incubator is co-located with sister developments such as iMET and The Club.
- Scalable space on offer (57.1 – 350.4 sq m), with a focus on R&D, production and office accommodation.
- Flexible leases which include high speed broadband, flexible meeting rooms/video conferencing, kitchen facilities, networking space and car/cycle parking.
- Also includes tenant access to business advice and support.

Second Floor Studios  
Sevenoaks



- Located in Sevenoaks town centre.
- Based on a national workspace platform serving creative industries and artists.
- Bespoke spaces with a design and maker-space focus aimed at progression and scaling up.
- Tenancy founded on affordability, access to workshops, project spaces and integration within a supportive environment.
- Events and exhibition programme, knowledge transfer and mentoring through the Shared Skills Time Bank and access to peer-to-peer advocacy.
- Studios are self-contained, sizes range from 110-800 sq ft, monthly studio rental prices range from £12 - £18 sq ft per annum.
- Greater focus on practicality of spaces, to enable creativity, production and making processes.

The Business Terrace  
Maidstone



- Situated in Maidstone Town Centre in a redundant council office space.
- Pitched as Maidstone Borough Council's dedicated Growth Accelerator.
- Aims to help businesses start, grow and thrive, with an emphasis on co-location and bringing together like-minded entrepreneurs.
- Building format is designed to facilitate dynamism, and collaboration, with 7,000 sq ft of space on offer (individual spaces ranging from 80-1000 sq ft).
- Incorporates three interconnected areas – the Incubator, Accelerator and Innovator.
- Incubator – 12 offices, 'easy-in, easy-out', no long-term contracts, scalable.
- Accelerator – larger space, designed for next stage growth, spaces come unfurnished.
- Innovator – 6 larger offices, includes kitchen and break-out areas.
- Co-working and virtual office packages also available, providing a full spectrum of flexibility.
- 100Mbps broadband connectivity, meeting space and access to common areas included.

Castle Lodge and The House  
Tonbridge and Tunbridge Wells




- Castle Lodge is a dedicated co-working space in the centre of Tonbridge, which has undergone extensive renovation.
- Provides affordable, flexible desk and event space for small businesses, freelancers and start-ups.
- Forms part of a larger network of Desk Renter locations (offices in Tonbridge and Tunbridge Wells).
- Provision of space ranges from part-time options, dedicated desks to full office suites with parking and storage spaces.
- All set within an open plan design/space.
- The House – co-working space aimed at supporting the development and growth of creative industries in Tunbridge Wells.
- The result of a collaboration between local businesses, Tunbridge Wells Borough and Kent County Councils.
- Built around 50 desk spaces and 20 co-working (hot-desk) spaces and includes shared areas/kitchen etc.
- Heavy emphasis on networking, linkages between creative tenants, hosting events.
- Includes meeting room space, open to members and non-members.
- Prices range from £99 per month.

## Other Employment Developments

7.6 Small office spaces, whilst often located within a mixed-use and town/village centre context, also feature in developments which are employment-led, largely characterised by a blend of commercial and industrial spaces. In the spirit of drawing of inspiration from elsewhere and gaining a greater sense of *what works*, a number of relevant employment-led sites are set out in the table below. Some reviewed are located further afield, sites being beyond the South East and East of England.

Table 7.2 Employment-Led Sites

Location	Summary
<p>Longbridge Technology Park Birmingham</p> 	<ul style="list-style-type: none"> <li>• Longbridge Technology Centre is a £100 million Technology Park comprised of over 76,000 sq ft across two key developments.</li> <li>• Recognised as one of the leading tech hubs in the Midlands and is home to approximately 60 start-ups, with a target sector focus.</li> <li>• Site includes a centrepiece Innovation Centre of 45,000 sq ft which incorporates small start-up suites (smallest space is circa 200 sq ft).</li> <li>• The second building (Devon Way) provides grow on space and is aimed at larger tenants.</li> <li>• Virtual and shared office space, flexible leaseholds, meeting/conference space and comprehensive IT/broadband and business support are all provided.</li> <li>• Location and integration within a larger development (Longcross Business Park, adjacent retail) is intrinsic to the offer, alongside good transport connections.</li> </ul>



Innovation Birmingham  
Campus  
Birmingham



- Located next to Aston University (part of Birmingham Science Park) and new development phase will establish a new Universities Centre.
- Marketed as the UK's leading digital campus with a defined sector focus informing targeting strategy.
- Site features two incubators plus flexible office units (ranging in sizes from 115 – 10,000 sq ft).
- Co-working spaces available from ~£120 per month, pods from ~£200 per month and larger office space at varying price points depending on tenant needs.
- More than 150 current business tenants.
- Substantial support offer includes business support including access to finance and mentoring.
- Tenants benefit from specialist telecoms, PR and marketing, an events programme and preferential access to meeting and conference facilities.
- Emphasis on the peer-to-peer community of likeminded and tech start-ups and innovators.

Warwick Technology Park  
Warwick



- Located in Warwick with close connections to the University of Warwick and Warwick Science Park.
- Is home to Warwick Innovation Centre and high profile multinational tenants including Accenture, IBM and Siemens.
- Innovation Centre is aimed at smaller tech-based businesses, particularly start-ups and growing innovation-led businesses.
- Features offices ranging from one-person incubators to 2,000 sq ft (186 sq m) units, configured to be labs, light workshops, and design and development space.
- The centre includes four tenant meeting rooms and access to business support services.
- Forms part of the University's larger Science Park Estate, which offers bespoke space for scale-ups.
- Tiered virtual tenancy packages are also offered.

Sussex Innovation Centre  
Brighton/Croydon/Falmer



- A business incubation network, supporting entrepreneurs, start-ups and scale-ups across the South East.
- Headquartered at the University of Sussex with a physical presence in Brighton, Croydon and Falmer.
- Innovation Centres offer flexible space for growing businesses, with a wide range of space to cater for companies of all sizes.
- Offer also includes virtual office registration and hot-desking facilities.
- Flexible lease options with variable notice periods.
- Packages range from £45 per month (virtual space) to £700 per month for full tenancy and vary by location (highest prices in Croydon).
- Comprehensive offer of business support (market research, strategy, marketing, PR, seed funding etc) provided through University academics and specialists.
- High speed internet, access to meeting rooms, café all integral to the tenant offer.



Surrey Research Park  
Guildford



- A major centre of excellence in technology, science, health and engineering, with tenants on site in Guildford since 1985.
- Regarded as a leading UK science park, offering office space for all sizes of business, from small start-ups to large operations.
- Retains strong links with the University of Surrey and benefits from co-location with departments, academics and students.
- Includes the Surrey Technology Centre – a premier incubator space aimed at aspiring start-ups from technology, research, development and design backgrounds.
- The Technology Centre provides small business and lab units between 120 and 880 sq ft for small technology companies.
- Flexible 30 days licencing agreements available.
- Tenants benefit from complementary services such as high-speed internet, access to meeting rooms, catering and University of Surrey Training Programmes.

NetPark, County Durham



- Mixed research and commercial site occupies 90 hectares of land, providing research and development facilities for innovative businesses and is primarily focused on materials innovation, printable electronics, photonics and nano-technology.
- Connections to manufacturing supply chain within the the wider area.
- Offers office space, lab space and clean rooms, with range from 1,250 to 5,000 sq m.
- On-site support provided to enable companies to take products to market.
- Provision of incubator space, grow-on space for expanding businesses backed by conferencing and shared facilities.
- University of Durham research groups based on the site.

Biggin Hill, Bromley



- Mixed-use development focusing on and around Biggin Hill Airport a successful commercial airport.
- Development includes new housing (such as Moxey Place), alongside new commercial space, on and adjacent to the airport.
- Development driven by the airport's growth proposition and status as home to the London Centre for Aviation Technology and Enterprise, an initiative backed by London South East Colleges to supply 500 engineers, technicians and ground crew trained professionals annually.
- Recent commercial development includes the completion of 13,000 sq m of office, hangar and ramp space, with ~7% of this allocated to office space, targeting businesses operating in aviation-based industries.

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- In addition, the airport has drawn up plans to build a 50-bedroom boutique hotel and a War Memorial Museum recently opened, increasing the local cultural/tourism offer.
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## Summary

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- 7.7 The provision of B1 office space at Fort Halstead, particularly that allocated within the village centre, will need to respond to the requirements of start-ups and local entrepreneurs, whilst making the best of existing site assets. The nature of demand and push towards creating spaces that better straddle work, collaboration and lifestyle should inform the configuration of small employment space, with a focus on flexibility, co-working spaces, simplified and scalable contracting and the provision of high speed broadband. Active co-working spaces across the sub-region provide a helpful reference point. Technology and innovation-orientated business space is often delivered in conjunction with a co-located university presence, with numerous examples evident across the UK. In each, incubation and scale-up provision is on offer and forms part of a wider ecosystem.
- 7.8 The examples of innovation-focused facilities in other locations points to some of the key challenges that face Fort Halstead. The development of a profile and offer for R&D and innovating businesses therefore lacks an institution and focus around which such clustering might occur.
- 7.9 The themes that emerge from the review are consistent. Most of the facilities offer incubation, start-up and grow-on space in some form, typically with mixed provision of office space (which is key to the developments) and specialist space including labs. These tend to be small units, with 500-2,000 sq ft typical for starter company space, and evidence of larger units available as businesses expand, although expansion land is often a constraint.

## 8. Drawing Together the Evidence

- 8.1 Drawing on the information presented within earlier chapters, we have summarised our findings in the table below. This sets out the key messages emerging from our analysis, by use class, to assess the types of sectors and employment uses that Fort Halstead should be targeting and the extent to which it is likely to be competing with other sites across the wider market area. In some cases this uses scoring to define the scale of opportunity and relevance of use class to Fort Halstead. The table also applies an aggregate score for each use class.
- 8.2 We also consider the implications of our findings in the context of the existing masterplan and allocation of employment uses. Here, we apply a RAG (red, amber, green) rating which summarises the extent to which the existing masterplan responds to market demand and opportunities and where, in some cases, there may be a rationale to reconsider the configuration of employment space.
- 8.3 We observed each use class systematically and segment the employment land market into different use types. These are consistent with those used within documents informing the draft Local Plan, such as the Employment Land Review. These use classes are:
- **Office (B1a)** – general offices including HQs, call centres, IT and data centres, business parks, serviced offices, flexible/shared office space.
  - **R&D and Light Industrial (B1b and B1c)** – laboratory and R&D space as well as light industrial units which may be located on a business park.
  - **General Industrial (B2)** – industrial process uses other than those falling under B1c (a car manufacturing plant or engineering site).
  - **Warehouse and Distribution (B8)** – storage and distribution uses.

### Assessment Categories

- 8.4 The assessment uses the following categories
- Locational and policy drivers
  - Evidence on current / future demand (Scored 1-5 on strength of demand)
  - Evidence on target sectors (Scored 1-5 on presence of target sectors in area)
  - Presence of competitor locations
  - Type of floorspace and land required
  - Appropriateness to Fort Halstead (Scored 1-5 on the fit of the use class).
- 8.5 The assessment seeks to distinguish between those employment uses for which there is likely to be demand at Fort Halstead in the next 15 years and those for which there is not.

## Fort Halstead – Market Opportunities Appraisal

Use Class	Location and Policy Drivers	Evidence on Current / Future Demand <i>1= weak demand 5 = strong demand</i>	Evidence on Target Sectors	Competitor Locations	Type and Scale of Land & Floorspace Required	Appropriateness for Fort Halstead <i>1= poor fit 5 = strong fit</i>
<b>Office (B1a)</b>	<ul style="list-style-type: none"> <li>Mixed messages on out of town locations v. town centre. Policy favours town centre locations accessible by public transport, but investors continue to back high quality out-of-town sites with good parking and amenities. Policy recognises road and rail connectivity strengths of Sevenoaks and West Kent</li> <li>Local and Kent strategies focus on knowledge economy, with FH identified as location for research activity, some of which will be office based.</li> <li>Emphasis on SMEs and growth of enterprise activity rather than locations for large enterprise.</li> </ul>	<ul style="list-style-type: none"> <li>Shortage of high-quality office stock in the local market, with focus on smaller scale provision.</li> <li>High occupancy levels and low availability and vacancy levels</li> <li>Increases in rental values over the last five years</li> <li>Viable commercial conditions for delivery of new office spaces.</li> <li>Growing demand nationally for workspace, small serviced office units.</li> </ul> <p><b>Strength of Demand = 3</b></p>	<ul style="list-style-type: none"> <li>West Kent strengths in finance, professional services, scientific and tech sector, creative and digital sector including computing and software.</li> </ul> <p><b>Presence of Target Sectors = 4</b></p>	<ul style="list-style-type: none"> <li>Well-served with both business park and urban centre office development</li> <li>Kings Hill, West Malling</li> <li>Crossways, Dartford</li> <li>Crawley and Gatwick Diamond</li> <li>Croydon, Woking, Weybridge</li> <li>Thames Valley</li> <li>Ebbsfleet (emerging)</li> </ul>	<ul style="list-style-type: none"> <li>Sevenoaks emerging Plan identifies need for 7.2 ha of B1a and B1b (offices).</li> <li>Largest element of future need, accounting for 62%.</li> <li>Majority of local take-up = &lt;1,000 sq m and evidence stronger for SME</li> <li>No strong evidence for major B1a office park development. Stronger evidence for smaller scale provision.</li> <li>Start-up/incubator space, managed workspace/services offices at village centre.</li> </ul>	<ul style="list-style-type: none"> <li>'Clean' and modern office uses fit with economic objectives for site.</li> <li>Office provision would support both higher value service businesses and R&amp;D activity – both consistent with aspirations for FH</li> <li>Risks that site is too far away from town centre, other commercial areas to appeal to SMEs good local amenities in urban setting.</li> </ul> <p><b>Strength of Fit = 4</b></p>
<b>R&amp;D, Science Park (B1b)</b>	<ul style="list-style-type: none"> <li>Tend to develop around anchor institutions –</li> </ul>	<ul style="list-style-type: none"> <li>Local area has lost floorspace in recent years and</li> </ul>	<ul style="list-style-type: none"> <li>Stronger evidence for wider West</li> </ul>	<ul style="list-style-type: none"> <li>Key challenge for FH given the extensive</li> </ul>	<ul style="list-style-type: none"> <li>B1b not separated from B1a so land and</li> </ul>	<ul style="list-style-type: none"> <li>Fort Halstead earmarked in local and Kent strategies</li> </ul>

	<p>university research, public sector research organisations, large corporate R&amp;D.</p> <ul style="list-style-type: none"> <li>Recent trends focus more on urban areas with density of research organisations, businesses and labour but remains a substantial number of successful out-of-town science or tech park, innovation facilities.</li> <li>Access to high skilled labour and good connectivity (road, rail, broadband etc) also key locational factors.</li> <li>Strong priority attached to research-led business growth and knowledge intensive activity in local and Kent policy. Also strong fit with national industrial strategy.</li> </ul>	<p>very limited supply.</p> <ul style="list-style-type: none"> <li>Rise in rental prices suggest recent and current demand but also likely to reflect limited supply.</li> <li>Stronger demand appears to have clustered around M25/M20 corridor in Swanley, West Kingsdown, Vestry Road and Edenbridge.</li> <li>Sevenoaks employment need study points to 350 additional R&amp;D jobs in forecasts over 20 years.</li> </ul> <p><b>Strength of Demand = 3</b></p>	<p>Kent/FEMA area – creative and digital (Tunbridge Wells), renewables, life sciences (Kent Science Park) and tech start-ups more generally.</p> <ul style="list-style-type: none"> <li>Strengths in professional, scientific and technical sectors in wider west Kent area.</li> <li>Little strong evidence of growing aerospace/avi onics strengths in Sevenoaks and west Kent but broader strengths in engineering and recent growth in employment.</li> </ul> <p><b>Presence of Target Sectors = 3</b></p>	<p>geography of 'competing' facilities across Kent (Science Park, Discovery Mark, King's Hill), Gatwick Diamond, Hertfordshire, Oxfordshire, Bucks, Essex. Many of these facilities already anchored by a HEI/</p>	<p>floorspace figures from need evidence are starting point.</p> <ul style="list-style-type: none"> <li>Jobs evidence in Sevenoaks local plan study implies need for 19,100 sq m of additional R&amp;D space based on jobs growth and density assumptions.</li> <li>Case study examples from other sites point to flexible office and lab spaces, often starting from very small units (eg. 100-500 sq ft) with expansion space provided.</li> </ul>	<p>as key location for R&amp;D activity.</p> <ul style="list-style-type: none"> <li>High quality mixed use development with blend of office, R&amp;D space and linked housing may appeal to higher skilled workforce looking to live and work on campus-type development.</li> <li>Site currently lacks obvious R&amp;D focus but presence of Qinetiq <u>may</u> have potential for clustering effect, but little known at this point about plans to bring collaborators/supply chain to FH.</li> </ul> <p><b>Strength of Fit = 5</b></p>
<b>Light Industrial (B1c)</b>	<ul style="list-style-type: none"> <li>Strong fit with wide range of economic growth and sector priorities – national, regional and local including advanced manufacturing &amp;</li> </ul>	<ul style="list-style-type: none"> <li>Rising rental values and currently low vacancy rate point to lack of supply meeting demand.</li> </ul>	<ul style="list-style-type: none"> <li>Energy and renewables; creative &amp; digital plus 'tech' businesses; some</li> </ul>	<ul style="list-style-type: none"> <li>Clusters at locations on M26 and elsewhere in Kent has seen some significant</li> </ul>	<ul style="list-style-type: none"> <li>Take up in Sevenoaks averages c. 500 sq m, and range 500-1,000 sq m is size of unit</li> </ul>	<ul style="list-style-type: none"> <li>If emphasis on 'cleaner' light industrial units, good complementarity fit for research/tech-led development.</li> </ul>

	<p>engineering, emerging technologies (eg. low carbon, renewables).</p> <ul style="list-style-type: none"> <li>Local strategy also emphasises strength of SME base and shortage of new commercial development.</li> <li>Evidence points to locational drivers including accessible to strategic transport network (eg. M20 &amp; M26 in Sevenoaks); proximity to London, airports and ports skills base, including advanced manufacturing &amp; engineering.</li> <li>Cross-over with R&amp;D uses.</li> </ul>	<ul style="list-style-type: none"> <li>Qualitative evidence of demand from SMEs to own premises (v. leasing) also demand factor.</li> <li>Apparent success of recent new developments elsewhere in Kent points to occupier appetite (Gillingham, Tonbridge, Ramsgate).</li> </ul> <p><b>Strength of Demand = 3</b></p>	<p>evidence of advanced manufacturing and engineering; rural economy – all associated with demand for B1c units, and all present in Sevenoaks and wider west Kent area.</p> <p><b>Presence of Target Sectors = 4</b></p>	<p>developments in Ramsgate, Gillingham, Tonbridge.</p>	<p>consistent with demand.</p> <ul style="list-style-type: none"> <li>Cannot separate B1c from industrial (B1c/B2) in Sevenoaks employment land need study.</li> <li>Increase in requirements for 'flexible' units capable of adapting for workshop with office type uses.</li> <li>No distinctive pattern to B1c demand, ranging from units for trade counters and vehicle repairs to advanced engineering, digital and tech businesses. Consistent with shift towards flexible, mixed industrial typologies.</li> </ul>	<ul style="list-style-type: none"> <li>Consistent with local policy objectives for the site as location for research activity.</li> <li>Size of units (500-1,000 sq m) also aligns with employment area as location for smaller office and industrial development.</li> </ul> <p><b>Strength of Fit = 4</b></p>
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<p><b>Larger Manufacturing (B2) and Warehousing (B8)</b></p>	<ul style="list-style-type: none"> <li>• Access to strategic road network and high quality transport accessibility generally is crucial. Best suited to motorway linked sites and locations with rapid access to ports and airports.</li> <li>• For larger manufacturing, access to skilled workforce also vital.</li> <li>• Land hungry B8 uses typically requiring larger, greenfield sites.</li> <li>• Proximity to markets (for logistics and distribution) a key driver of location, but industry well-served around M25.</li> </ul>	<ul style="list-style-type: none"> <li>• Take-up and completion rates strong locally and regionally, fuelled by continuing shift to online retail, the importance of larger scale and investor appetite for the asset class.</li> <li>• Demand for larger manufacturing space much less clear cut, and linked to push for growth in advanced manufacturing and the need to replace older stock.</li> <li>• Sevenoaks Local Plan evidence points to contraction of 1.5 ha to 2035 linked to fall in jobs in B1c/B2 uses – reflects trend in offshoring of lower value manufacturing and automation trends.</li> </ul> <p><b>Strength of demand = 2</b></p>	<ul style="list-style-type: none"> <li>• B8 - Strength of wholesale and retail trade evident in Sevenoaks data, but not transportation and storage sector. Consistent with status of district as a less attractive location for larger B8 than many areas.</li> <li>• Some strengths in manufacture of electrical equipment, paper and paper products but relatively small scale and does not point to a location for larger manufacturing business.</li> </ul> <p><b>Presence of target sectors = 3</b></p>	<ul style="list-style-type: none"> <li>• Numerous established locations in wider area including Crossways Dartford, Shepway, Swale, Medway, Gatwick Diamond, Ashford, Thames Valley</li> </ul>	<ul style="list-style-type: none"> <li>• Both B2 and B8 typically requiring larger land areas, with B8 20 ha or more for large-scale warehousing units, ideally on SRN linked sites.</li> <li>• Potential needs for smaller scale storage and manufacturing units, but ancillary storage for light industrial uses, and similarly storage linked to B1c uses likely to serve a local need.</li> </ul>	<ul style="list-style-type: none"> <li>• Neither larger B2 nor B8 uses considered appropriate to objectives for FH set out in local policy and thinking about masterplan.</li> <li>• Require more substantial site infrastructure and connectivity.</li> <li>• Heavy manufacturing and large warehousing activity not ideal use as part of residential development.</li> <li>• Many better locations available across Kent and wider area.</li> </ul> <p><b>Strength of Fit = 1</b></p>
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## 9. Conclusions and Employment Opportunities

### Current Economic Role of Fort Halstead

- 9.1 Through the period to 2019, Fort Halstead has had two key occupiers – DSTL and Qinetiq – operating in defence research and technology, and contributing higher skilled, higher paid employment to Sevenoaks and Kent.
- 9.2 By the middle of the 2010s, around 1,200 people are understood to have been employed on the site, with 830 staff in DSTL, 200 in Qinetiq (commercial defence technology) and 150 contractors providing security and other service functions.
- 9.3 In 2019, around 500 DSTL remain on site, with a further 60 contractors operating. Qinetiq is understood to have a staff of 150. Plans for further phases of DSTL’s relocation will see the cessation of its operations on the site by 2023. Qinetiq has indicated plans to increase its employment base on site to 200 by the early 2020s.

### Economic Profile of the Area

- 9.4 The economic profile for Sevenoaks and the wider west Kent ‘FEMA’ area indicates an economy which is seeing good rates of employment growth, and where there is a strong presence of higher value, knowledge-based employment across the wider county and in the district itself. This provides a good platform for Fort Halstead to capture a share of this activity in office, R&D and light industrial-based sectors.
- 9.5 Office-based sectors (eg. legal & accounting, administration and support services) are prominent in Sevenoaks itself, with professional, scientific and technical sectors, and construction also notable in the district’s employment base. Although advanced manufacturing and engineering are established as priority sectors across Kent, the data show small concentrations of manufacturing in Sevenoaks but no stand out sectors in terms of employment volumes.
- 9.6 Regional and local strategic economic priorities to build on strengths in the creative and digital sector, which includes computing and software, are well-founded. In particular, Tunbridge Wells has seen growth in its business base and employment in this wide-ranging sector, and it is reasonable to conclude that Fort Halstead could target employment space at capturing a share of what will continue to be a growth sector.
- 9.7 Analysis of labour market and travel to work data point to an area which is strongly connected to the Greater London labour market, with substantial representation amongst working residents in higher managerial and professional occupations. For Fort Halstead, this points to its potential both as a place to live for a skilled workforce, and to a role in enabling Sevenoaks and the wider west Kent area to retain more of this workforce by delivering employment opportunities in higher value and higher paid sectors.

### Growth Drivers

- 9.8 The study carried out a comprehensive review of
- Office market: The strongest evidence points to a need for smaller scale office space which is lacking in Sevenoaks, and where the demand evidence (rising values, low vacancy rates) has outstripped supply. The case for smaller, high quality office space is extended by the potential for the village centre of Fort Halstead to

deliver a mix of office-based workspaces and facilities geared to individuals (residents) and start-ups. The case for larger scale, business park office development is weaker, with many established, competing locations for this type of investment across the wider M25 area considered in the study, and a pipeline of major developments in locations such as Ebbsfleet.

- **R&D market:** This is a difficult market to define and the evidence points to the key role that anchor organisations and companies, including higher education institutions and corporate R&D facilities, play as the focal point for science, technology and innovation park locations to develop. Again, this is a market in which there are a wide range of locations across the south east already operating in this space. At present, Sevenoaks lacks distinctive strengths that provide an obvious route to capturing more of this market, with existing facilities in Kent (Kent Science Park, Discovery Park) providing concentrations of space and activity including in the key life sciences sector.
- **Light industrial:** The evidence points to a lack of new development of this type across Sevenoaks in recent years, and to a set of market signals data that suggests a shortage of high quality space geared to the local and regional SME market. In part, this may result from the higher development values that are being achieved from other uses, including residential, putting pressure on the supply of sites and existing facilities in the area.

## Key Employment Opportunities

9.9 The main employment opportunities for Fort Halstead – B1a offices, B1b R&D, B1c light industrial, B2 manufacturing and B8 warehousing have all been assessed for the potential for future demand using a framework consistent with that of the earlier employment opportunities work for the site. The assessment considered key locational and policy drivers, market demand evidence, the presence of target sectors, the scale and type of floorspace required, competing locations and the appropriateness of each use to the characteristics of Fort Halstead.

9.10 The outcome of the assessment is a series of employment development opportunities:

### Opportunity 1: Small-scale office development

9.11 Emerging thinking about the masterplan includes provision for office space as part of Fort Halstead’s employment area. Evidence from the commercial property market assessment indicates that most local lettings are sub-1,000 sq m, with data showing leaseings ranging from 200-2,500 sq m with a small number of outliers. The assessment points to the potential for units at the smaller end of the range to attract SME occupiers, a format that would be consistent with aspirations for a high quality, mixed employment area.

9.12 An important, related office use for Fort Halstead also emerges from the assessment. Market evidence points to growing interest and take-up of small-scale workspace, start-up space and serviced office units, part of a trend towards more flexible working patterns, increased efficiencies in the use of space and, as some of the case study examples suggest, uses that are well-suited to co-location with residential development. Provision of this type is therefore a strong fit with objectives to create a village centre at Fort Halstead that serves employment and business functions in its own right.

9.13 The review of facilities elsewhere in Kent points to well-established and emerging locations where office uses targeted at sectors including advanced manufacturing and engineering, health and life sciences and other knowledge-based sectors are either being developed or are planned. This includes Kent Science Park and Enterprise Zone sites in Ebbsfleet, Medway, the Kent Medical Campus and Discovery Park. The presence of these facilities,

and the potential for the Enterprise Zone sites to offer favourable deals to occupiers, means new employment development at Fort Halstead will be brought forward as competition in the area increases. This may affect take-up rates for Fort Halstead, although this is likely to be mitigated by the presence of local demand in the Sevenoaks area for small scale office space, and evidence that the M25 area generally is continuing to see robust rates of take up.

### **Opportunity 2: R&D development**

- 9.14 This is a more difficult opportunity to define. Much of the market evidence points to the role of anchor organisations in science and technology park type facilities, and there are well-established locations across the south east including the M25 area better placed to capture this type of investment than Fort Halstead. We comment briefly on Qinetiq as an opportunity in its own right below. Given the quality of the location, environment and historic association with R&D, small scale R&D focused business activity and associated B1b space might be expected to emerge and cluster. However, at this juncture (due to the site not yet being vacated by DSTL and actively marketed) it is too early to identify an additional anchor organisation.
- 9.15 Several potential opportunities have been suggested during the course of the research, including the possibility of a presence for a higher education institution, interest in the aerospace and avionics activity across the local authority boundary in Biggin Hill and a broader message about the priority attached to precision engineering in the area. The study has not found compelling evidence that there is a specific organisation or sector as an immediate target for Fort Halstead. However, provision of a mixture of B1a, b and c type spaces provides the ability to attract a range of business types, supporting start-ups and growing businesses. A key objective is to establish (or re-establish) Fort Halstead as a research-led employment area, and active intervention will be needed to achieve this through an on-going dialogue with SDC, the LEP and through future proactive marketing.
- 9.16 As is the case for office space, the presence of Kent Science Park, Discovery Park, the emerging developments at Medway Innovation Park and Kent Medical Campus are providing (or are intended to deliver) space targeted at R&D activity. The approach to the provision of R&D space at Fort Halstead should recognise this, and it implies a strategy that does not seek to deliver large scale facilities on the site, and which complements rather than competes with facilities elsewhere. This points towards a more cautious approach to B1b provision as part of employment development.

### **Opportunity 3: Light industrial development**

- 9.17 Provision of small, light industrial units also emerges from the assessment as part of the potential employment mix for Fort Halstead. Demand evidence points to a substantial number of SMEs across west Kent, and sectors that require smaller, light industrial units are well represented in the business base. Evidence of the local take-up of units of 500-1,000 sq m suggests a size of development that fits with objectives for Fort Halstead's employment areas.
- 9.18 Given aspirations for Fort Halstead, the emphasis should be on 'clean' light industrial uses, potentially with some flexibility available to configure space to include workshop facilities, small amounts of office space and possibly ancillary storage.

### **Opportunity 4: Village Centre Workspace**

- 9.19 This study has pointed to a series of examples of residential and employment-led developments which have included a range of 'enterprise' space including start-up and incubator facilities, individual workspaces in office formats suitable for self-employed/sole

traders and small serviced office space. Some are planned or delivered in part to provide residents of a development with options to live and work in the same location.

- 9.20 Space of this type would be a very good fit with objectives to create a sustainable and thriving village centre which does more than meet the basic needs of Fort Halstead's residents by serving as a small employment and business centre in its own right. The challenge, particularly where start-up/incubator space is provided, is viability. Such facilities often require grant funding for development and may need operational subsidy as there is uncertainty about rental income.

#### **Opportunity 5: Qinetiq-led Cluster**

- 9.21 It has not yet been possible to assess a Qinetiq-based cluster option, which would be a more specific form of research-led and knowledge intensive employment provision for Fort Halstead. This could centre on the development of facilities to support Qinetiq's supply chain and collaborators on the site, and would be driven by Qinetiq working with developers to facilitate. This type of use would be an excellent fit for the research focused policy aspirations for Fort Halstead.

#### **Mixed Employment Provision**

- 9.22 The four opportunities outlined above are those that emerge from the assessment as the strongest for Fort Halstead, scoring substantially higher than either larger scale B2 or B8 uses. They are not mutually exclusive, and should provide a complementary commercial property offer that has broad appeal to businesses, re-establishes Fort Halstead as an employment location and marks it out for the sectors and business types it accommodates.

#### **Uses to Discount**

- 9.23 The assessment concludes that larger B2 manufacturing/industrial and B8 warehousing uses should be discounted. Forecasts do not point to growth in demand for B2 space in Sevenoaks and the surrounding area, and this type of use is not well-suited to a mixed residential-commercial development in which employment areas are adjacent to housing. Whilst we would expect the growth of demand for large scale B8 uses to continue with the shift to online retail, there are locations across Kent and the wider south east that are established (or planned) as sites for this use and which have much better connections to the SRN than Fort Halstead. Large scale B8 uses require substantial amounts of development land, require road access for HGVs which Fort Halstead is not well-placed to provide, and which are inconsistent with a mixed-use development.

### **2019 Masterplan**

- 9.24 In response to the evidence on employment development opportunities, the masterplan for the outline planning application for future development of the Fort Halstead site includes a range of B use class floorspace earmarked for office (B1a), research and development (B1b) and light industrial uses B1c. The masterplan identifies B use class space in both specific employment areas and, on a smaller scale, in the Village Centre.<sup>24</sup> Other uses are concentrated in the Village Centre and for existing buildings on the site which are expected to be converted to other uses.
- 9.25 The indicative floorspace totals are summarised in Table 9.1 below.

<sup>24</sup> For details, see 0556I\_Indicative Summary Floorspace Schedule\_Rev G\_190904.docx submitted with the outline planning application.

Table 9.1 Indicative Floorspace Schedule, 2019 Masterplan

	Including Primary School (Sq M, Gross External Area)	Excluding Primary School (Sq M, Gross External Area)
B Class Employment Uses (B1a, B1b, B1c)	20,295	21,643
Qinetiq (B1a, b, c, B2, B8)	6,016	6,016
<b>Total B Class Uses</b>	<b>26,311</b>	<b>27,659</b>
A1-A3 Retail and Café/Restaurant Uses, Village Centre	520	520
D1 Primary School	1,345	na
D1 and D2 Community Uses, Village Centre	792	792
D1 Fort Area and Retained Bunkers	2,294	2,294
<b>Total</b>	<b>31,262</b>	<b>31,265</b>

- 9.26 Of the indicative floor areas earmarked for B class uses, which are the focus of the evidence in this Employment Opportunities report, the bread down of floorspace (excluding Qinetiq's allocation) is as follows:

Table 9.2 B Use Class Indicative Floorspace Schedule (sq m)

Use Class	Including Primary School	Excluding Primary School
B1a/b (Office, R&D)	15,668	14,229
B1c (Light Industrial)	4,626	7,413
<b>Total B Uses (Excluding Qinetiq)</b>	<b>20,295</b>	<b>21,642</b>

- 9.27 In practice, the designation of B1a and B1b uses is typically assessed in combination in employment land studies. This reflects the presence of often substantial components of office-based activity in employment space in which occupiers are engaged in research and development. This is partly driven by the use of digital technology in R&D functions ranging from design to testing and, increasingly, to the fabrication of products using technologies including 3D printing. So called 'Industry 4.0' technology is seeing such processes increasingly embedded into commercial operations, and this is reflected in evidence of demand for hybrid office-R&D space with flexibility to reconfigure floorspace.
- 9.28 For the purposes of assessing the potential employment that could be supported by the configuration of floorspace described above, an 85:15% split has been assumed between B1a office and B1b R&D space, implying around 12,100 to 13,300 sq m of B1a, and 2,150 to 2,350 sq m of B1b space.
- 9.29 Setting these figures in the context of both recent take-up rates and emerging planned requirements in the Sevenoaks District Local Plan, the following emerges:
- 9.30 **B1a Office:** Based on recent annual average leasing activity in Sevenoaks (3,700 sq m per annum 2014-18), a total of 12,100 to 13,300 sq m of office floorspace would represent around 3-4 years of supply, pointing to what appears to be a robust office market, and one that is consistent with evidence on the office market in wider area considered in this report.
- 9.31 Considered against a total of 66,900 sq m of office floorspace which is the assessed level of demand for Sevenoaks covering the period 2013-35 in its Local Plan evidence, the proposed development of c. 12-13,000 sq m of office space would also represent a contribution of around 4 years of this requirement.
- 9.32 **B1b R&D:** The data used in the study does not identify leasing activity and net absorption specific to the B1b use class. This is a market driven by a combination of the presence of higher value, knowledge-driven companies and research facilities across Kent, and by



policy objectives to attract and retain this type of activity in Sevenoaks and other locations in Kent. A potential total of c. 2,150 to 2,350 of B1b space therefore represents a reasonable and cautious approach, reflecting the previous role of Fort Halstead as a research location, and the evidence strengths of Sevenoaks, the FEMA and Kent in professional, scientific and technical sectors. In addition, Fort Halstead would accommodate the retention of Qinetiq's R&D facility, occupying 6,016 sq m of R&D and office space.

- 9.33 **B1c Light Industrial:** Recent data for Sevenoaks which suggests annual leaseings averaging only 122 per annum is considerably lower than the 420 sq m per annum average from 2009. Given evidence on demand for units of 500 to 1,000 sq m, it is more appropriate to consider the potential provision of new B1c space at Fort Halstead in the context of the longer term average. On this basis, 4,600 sq m would represent around 10 years of provision based on the longer term average, and 7,400 around 17 years.
- 9.34 However, supply at this level would represent only around 10-15 light industrial units based on average sizes of of 500 to 1,000 sq m taken up. This would not be excessive in light of the evidence that there is demand across both Sevenoaks and the wider area for this type of space, Local Plan evidence pointing to the importance of a flexibility/choice factor in the supply of future industrial space, and objectives to support advanced manufacturing across Kent.
- 9.35 Overall, the evidence suggests that a balance of B1a/b and B1c space which is weighted towards office provision is consistent with the evidence assessed in this study.



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