

ECON002

Chelmsford City Council Employment Land Review

Final Report

Chelmsford City Council

15 December 2023

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Executive Summary

Chelmsford City Council ('the Council') commissioned Lichfields to prepare an Employment Land Review ('ELR') to inform the review of the Adopted Local Plan 2022 to 2041. The study is intended to help frame the approach to meeting economic needs in Chelmsford over the period to 2041.

The study will help inform the production of a new Local Plan review by assessing the economic development needs in Chelmsford in line with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). The key messages from the study are summarised below:

- 1 A review of the functional economic market area (FEMA) and assessment of various markets in around Chelmsford shows that the core FEMA relevant to Chelmsford extends across Chelmsford, Maldon and Braintree. However, there are also strong economic relationships with Brentwood and Basildon, alongside London.
- 2 Chelmsford's office market is sizeable containing around 4.7 million sqft of office floorspace. The office activity in the area has started rebounding following the Covid-19 pandemic, however the appetite for office floorspace has shifted with more noticeable demand from occupiers for smaller office premises as a result of new hybrid working patterns. The demand is also primarily focused on short-term leases of no longer than 3 to 5 years, indicating that flexibility is an important requirement for occupiers.
- 3 Chelmsford town centre remains a prominent office market area with excellent connection to Central London, which continues to draw demand from businesses, the primary occupiers within the insurance and finance sectors. The key challenge in the current market is a reported lack of good quality office accommodation coupled with a lack of recent office development. Against the last 5-year and 11-year take up rates, there is essentially only 1 year supply remaining highlighting that demand cannot be met beyond the very short term.
- 4 The industrial market has remained buoyant and active, with demand currently outperforming the existing supply of available industrial space. Despite this increase in demand, it was noted by agents that Chelmsford is not likely to become a sizeable logistics or industrial hub like other neighbouring authorities over the course of the next 5 years. The demand seen for industrial premises in Chelmsford is primarily for small to medium sized units (up to 5,000 sq.m) that aim to fulfil indigenous industrial needs, as opposed to larger scale distribution floorspace. It is possible that larger requirements could arise over time depending on wider market factors.
- 5 Three alternative scenarios of future employment space requirements have been considered based on a number of approaches which reflect economic growth, past development trends and labour supply factors. The overall gross space requirements related to these different scenarios range from 990 sq.m (Scenario 2) to 213,820 sq.m (Scenario 3), with Scenario 1 at 107,470 sq.m balancing the others, and also balancing with historic growth recorded by BRES and CE.
- 6 A review of urban employment areas, proposed allocations and the rural employment areas shows that overall, the existing designations perform well and have high occupancy and low vacancy levels. Even poorer quality sites appear to be playing an active role in the commercial market.
- 7 Taking account of this potential supply and demand position, the available supply delivers partially the employment requirement implied by the demand scenarios in overall terms with a shortfall of 1,564 sq.m identified against the recommended minimum requirements. Across the different uses,

there is a potentially an identified shortfall for industrial and distribution floorspace, however, the shortfall under Scenario 1 could be accommodated mostly within the identified surplus for office floorspace subject to the implementation of the allocated and permitted floorspace that is currently open to E(g)/B Uses.

- 8 The study has identified a number of policy and strategy recommendations for the Council to consider for the purposes of future planning, including:
 - a Seek to provide a minimum of 107,450 sq.m or 23.5 ha of gross B Class employment floorspace in Chelmsford between 2022 and 2041.
 - b Encourage the delivery of more industrial land across Chelmsford, as the quantitative analysis suggests that there is a shortfall that could be mostly met if there is increased flexibility across the allocations and the implementation of the outline permissions. Alternatively, other sites could be identified for industrial uses.
 - c In general – and subject to the Council’s wider evidence base, national planning policy and the outcomes of public consultation exercises – continue to protect designated employment areas for E(g), B Uses alongside other Sui Generis Uses that would not compromise the employment activity of these locations.
 - d To support delivery, future policy should also identify the need for infrastructure improvements across the main employment locations and future allocations to support the identified intensification opportunities on employment land.

1.0 Introduction

1.1 Chelmsford City Council ('the Council') commissioned Lichfields to prepare an Employment Land Review ('ELR') to inform the review of the Adopted Local Plan 2022 to 2041. The purpose of the ELR is to update the Council's understanding of the future needs for employment land across the City Council's administrative area, so that future Local Plan policies can be responsive to market change, key growth sectors and where appropriate ensure that employment land and premises are protected as appropriate.

1.2 This report considers market signals, future employment requirements, as well as the employment land supply and demand balance in order to provide conclusions and policy implications.

Scope of the Study

1.3 The Council is in the process of producing a new Local Plan that will set out planning policies and proposals for new development in Chelmsford City Council's administrative area ('Chelmsford' or 'the City'))¹ over the period to 2041.

1.4 The purpose of this ELR is to provide a review and update of the Council's existing employment and economic needs evidence base to inform the refresh of the Local Plan, taking account of the latest economic outlook, national planning policy and legislation, and covering the new Local Plan period. In particular, it is necessary to consider the recent macro-economic circumstances, following the Covid-19 pandemic and entering in a living-costs-crisis period, on the Council's economy and how this may affect local growth prospects over the new Local Plan period to 2041.

1.5 In this context, the scope of this report includes:

- a Reflecting the NPPF's (2021) focus on the duty to cooperate and PPG requirement to assess economic needs in relation to relevant functional economic market areas (FEMAs), the report considers whether there have been any changes to the spatial extent and nature of the functional economic market area that Chelmsford operates within in Essex.
- b Provides an analysis of current market demand and signals including availability and past take up of employment premises and land to identify any gaps or an over-supply of specific employment uses.
- c Aligned with PPG, it assesses the scale of future demand and growth potential of Chelmsford and quantifies the amount and type of floorspace needed across the main employment use classes up to 2041.
- d Reviews the existing portfolio of employment land to ensure that suitable sites are protected, and poor performers are either redeveloped or released, alongside identifies any further potential for additional supply if this is required.
- e Assesses the implications for the City's future employment land demand/supply balance in the context of the updated evidence and provides recommendations.

¹ Including the administrative area of the Council which covers the City as well as settlements such as South Woodham Ferrers, Danbury, Great Leighs, Roxwell and Margaretting.

- 1.6 This ELR has been prepared in line with the latest Planning Practice Guidance (PPG) and the methodology for determining future economic development needs.
- 1.7 It includes consideration of economic development as defined by the National Planning Policy Framework (NPPF), with a primary focus upon the typologies set out in the Business Use Classes as outlined below:
- **B2 general industrial:** typically comprising factory and manufacturing space.
 - **B8 storage and distribution:** warehouses, wholesale and distribution.
 - Under the new Use Classes Order, “B1 uses” have changed as follows:
 - Former Class B1(a) to **E(g)(i)**: office space;
 - Former Class B1(b) to **E(g)(ii)**: research and development space; and
 - Former Class B1(c) to **E(g)(iii)**: light industrial space.
- 1.8 References to ‘employment space’ refer to all B class (and former B class) elements noted above.
- 1.9 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available during the course of preparation between late 2022 and mid-2023. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.
- 1.10 It should also be noted that this ELR considers the ‘indigenous’ employment needs arising from economic and employment growth in Chelmsford to 2041 and does not take specific account of other strategic/inward investment needs or requirements that may arise from other areas, other than to the extent that Chelmsford has accommodated a share of these needs historically and accordingly they are reflected in the trends which inform the various forecasts within the assessment.

Local Employment Policy

- 1.11 The Local Plan adopted in May 2020 and covering the period from 2013 to 2036 highlights a strong focus on fostering growth and investment with the ambition to ensure that Chelmsford's businesses thrive, continue to innovate, and provide more jobs. The plan states that this will be through the provision of flexible local employment space to meet Chelmsford's employment and economic needs.
- 1.12 The Local Plan vision states that it will *"support a strong and expanding economy including supporting the growth of the advanced manufacturing, life sciences and healthcare, creative industries, financial services and research and development sectors."* This includes Chelmsford's key priority growth sectors based on existing sectors with a presence in Chelmsford and provides high-quality jobs within the local economy and wider Essex.
- 1.13 Strategic Policy S6 - Housing and Employment Requirements looks to accommodate a job growth figure of 725 jobs per annum by allocating a minimum of 55,000 sq.m of new employment floorspace, in addition to existing commitments to meet the growth forecasted.
- 1.14 Strategic Policy S7 - The Spatial Strategy outlines how new employment allocations will make best use of previously developed land in Chelmsford Urban Area and sustainable

urban extensions around Chelmsford and South Woodham Ferrers. These will be focused on three Growth Areas, namely Central and Urban Chelmsford (provision of up to 9,000 sq.m of office floorspace), North Chelmsford (allocating 45,000 sq.m of commercial space at North East Chelmsford) and South and East Chelmsford (allocating 1,200 sq.m of business space North of South Woodham Ferrers).

- 1.15 These new employment development allocations will be supported by new infrastructure including a new rail station and the Chelmsford North East Bypass.
- 1.16 Policy DM4 - Employment Areas and Rural Employment Areas aims to retain the employment class uses (i.e., E(g)/B Class) as well as other compatible uses (such as 'sui generis') in order to ensure that the existing and allocated employment areas thrive and are not compromised by other uses.

Other Relevant Emerging Evidence

- 1.17 An emerging Housing Needs Assessment for Chelmsford is underway to provide an updated position on housing requirements for the emerging Local Plan. As part of the labour supply scenario presented in this report, we have liaised with the housing consultants producing the emerging Housing Needs Assessment to ensure that both studies are aligned regarding projected population growth and housing requirements.
- 1.18 In addition, a Retail Capacity Study Update has been completed and this will complement the findings of this assessment in terms of other commercial uses and their growth across Chelmsford.

Structure of the Report

- 1.19 The remainder of the report is structured as follows:
- **Functional Economic Market Area** (Section 2.0): establishes the various functional economic market areas that operate across Chelmsford, to provide an understanding of the various economic relationships, linkages and flows which characterise the local economy.
 - **Commercial Property Market Signals and Intelligence** (Section 3.0): an analysis of the current stock and trends in employment space in Chelmsford and how different segments of the market have been performing in recent years.
 - **Future Requirements for Employment Space** (Section 4.0): presents a series of future growth scenarios for Chelmsford and associated employment land requirements over the new Local Plan period to 2041.
 - **Review of Employment Land Supply** (Section 5.0): a review of the existing and proposed employment sites within the area to inform Chelmsford's employment supply position.
 - **Supply/Demand Balance** (Section 6.0): presents the employment requirements against the available supply across the area to identify any shortfall or oversupply of employment space.
 - **Conclusions and Policy Implications** (Section 7.0): summarises the findings of the ELR to inform the Council's emerging policy direction regarding employment uses.

2.0 Functional Economic Market Area

- 2.1 This section tests the validity of the Heart of Essex functional economic market area ('FEMA') previously identified. This in particular reviews factors that may lead to changes in the dynamics of the sub-regional economy over time and influence the extent of the FEMA, as well as the economic interrelationships that exist across Chelmsford and the surrounding areas.

Labour Market Areas

Commuting flows

- 2.2 Commuting patterns to and from Chelmsford can be analysed using the travel-to-work flows data from the 2011 Census produced by the Office for National Statistics (ONS) (Table 2.1).²
- 2.3 In 2011, a total of 34,269 residents commuted out of Chelmsford for their employment, mainly to various authorities within London, as well as the neighbouring authorities of Basildon and Braintree. In comparison, a total of 30,605 workers commuted into Chelmsford for employment, largely from the nearby authorities of Braintree, Maldon and Basildon. Based on this, Chelmsford is characterised as a net exporter of labour, with a net outflow of 3,664 workers at the time of the 2011 Census. The resident self-containment rate in Chelmsford was 51.4%, meaning a significant proportion of employed residents across Chelmsford also work within the boundaries of the local authority.

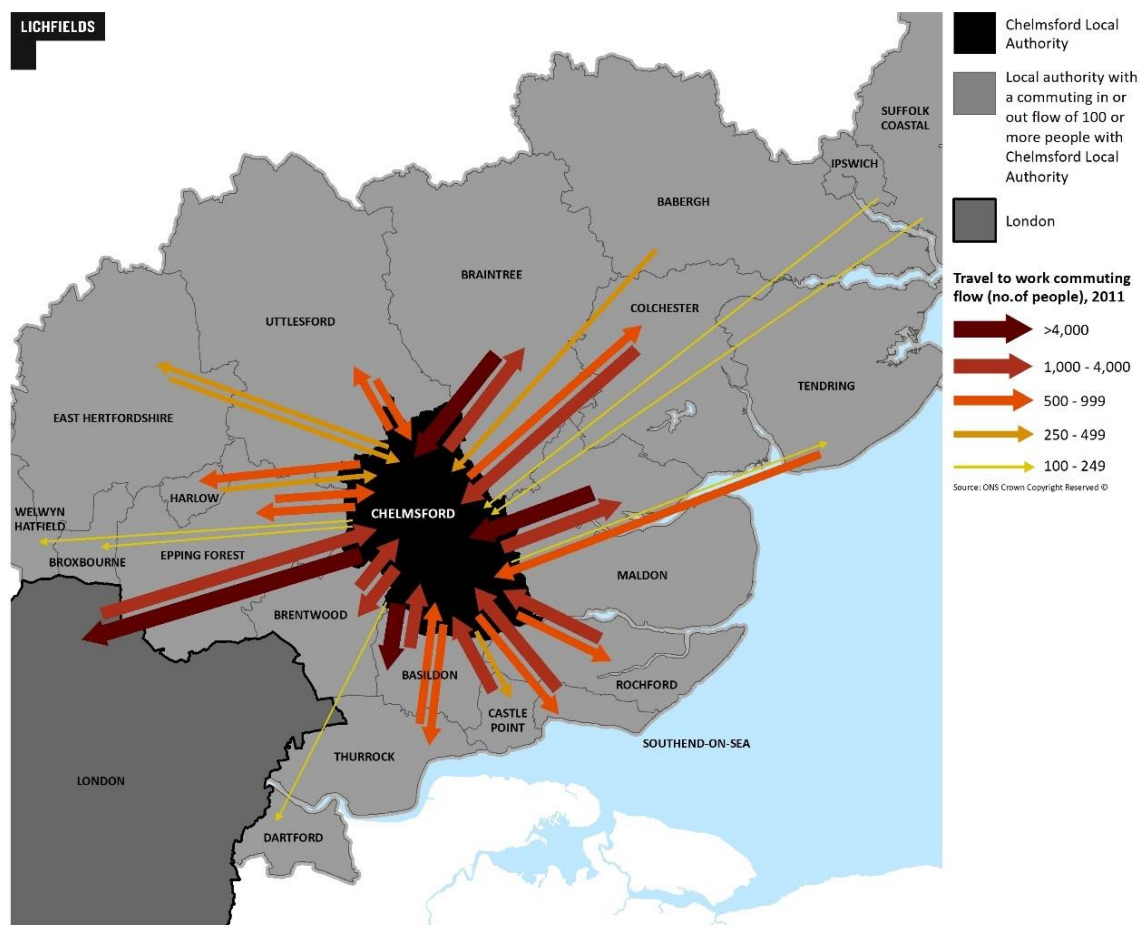
Table 2.1 Commuting Data for Chelmsford

Indicator	Chelmsford
Total working residents (number of people living in the authority that are in work, regardless of where they work)	70,497
Total workplace workers (number of people working in jobs based in the authority)	66,833
Live and work in authority	36,228
Resident self-containment rate	51.4%
Out-commuting workers	34,269
Top out-commuting destinations	London (14,080), Basildon (4,618), Braintree (2,634)
In-commuting workers	30,605
Top in-commuting destinations	Braintree (6,854), Maldon (4,122), Basildon (3,221)
Net outflow of workers	3,664

Source: ONS Census (2011) / Lichfields analysis

² The ONS currently advises against use of the more recent 2021 Census commuting data for planning purposes as it was collected during the period of Covid-19 national lockdown when working patterns were disrupted and while the Government furlough scheme was in operation. ONS is researching the potential use of aggregate mobile phone data, survey data and modelling approaches to produce more timely measures of travel data. Further information is available at: [https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/traveltoworkenglandandwales/census2021#:~:text=12.5%20million%20people%20travelled%20to,car%20or%20van%20\(3.9%25\).](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/traveltoworkenglandandwales/census2021#:~:text=12.5%20million%20people%20travelled%20to,car%20or%20van%20(3.9%25).)

Figure 2.1 Travel to Work Flows for Chelmsford, 2011

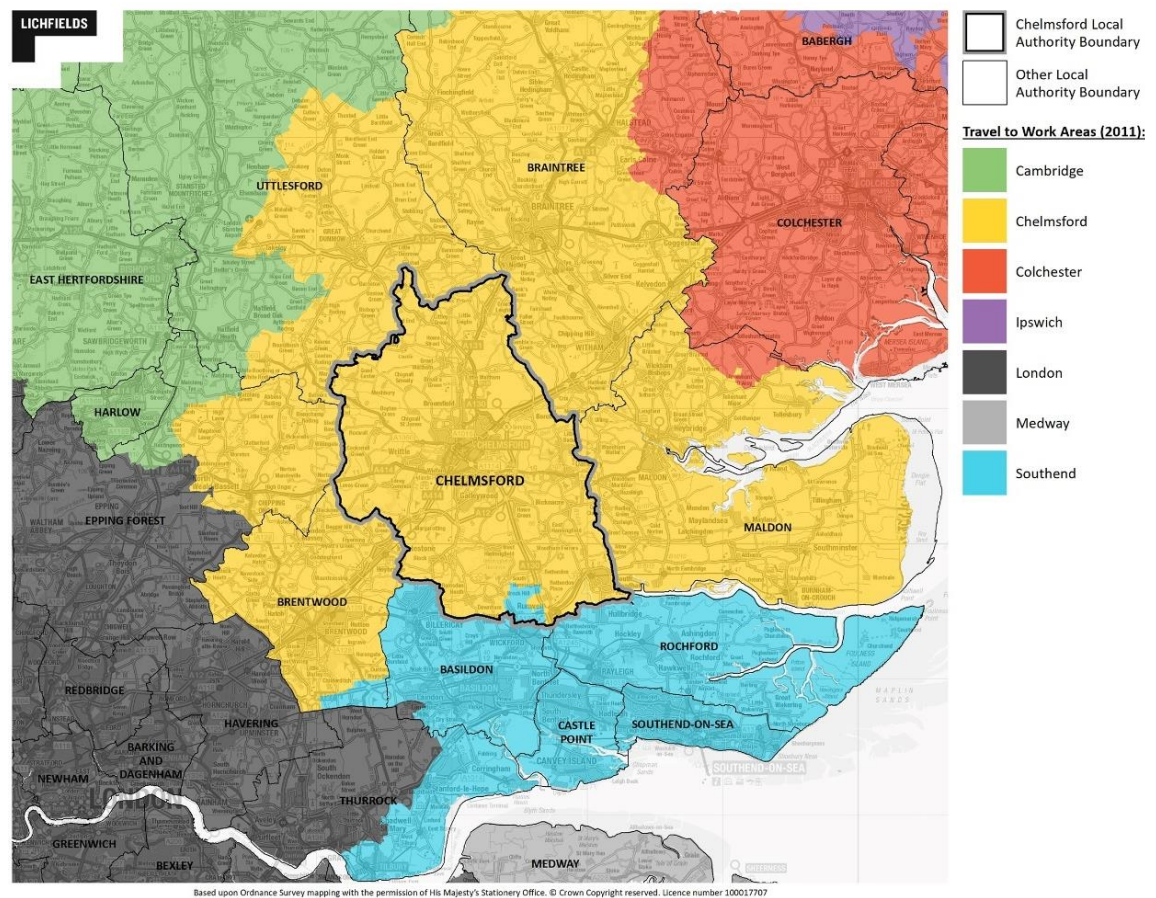


Source: ONS (2011) / Lichfields analysis

ONS Travel to Work Areas

- 2.4 The Office for National Statistics (ONS) defines labour market areas as those areas where most of the resident population also work in the same area. Defining labour market areas requires analysis of commuting flows data to identify the Travel to Work Areas (TTWAs) of a local economy. The standard definition of TTWAs adopted by the ONS is that they are the area from which at least 75% of an area's resident workforce is employed, and at least 75% of the people who work in the area also reside. The area must also have a working population of at least 3,500 people.
- 2.5 TTWAs represent the area from which local businesses are most likely to recruit their employees, while key strategic routes can extend TTWAs beyond the immediate sub-region.
- 2.6 In 2015, the ONS used 2011 Census data on home and work addresses to define 228 TTWA's that cover the whole of the UK. This analysis identifies Chelmsford and Braintree TTWA that covers Chelmsford, Braintree, Maldon, Brentwood and parts of Epping Forest and Uttlesford. Of note, Southend TTWA expands across the south parts of the City Council Chelmsford City Council covering primarily the expansion of Runwell at the north that falls within the administrative boundary of Chelmsford (Figure 2.2).

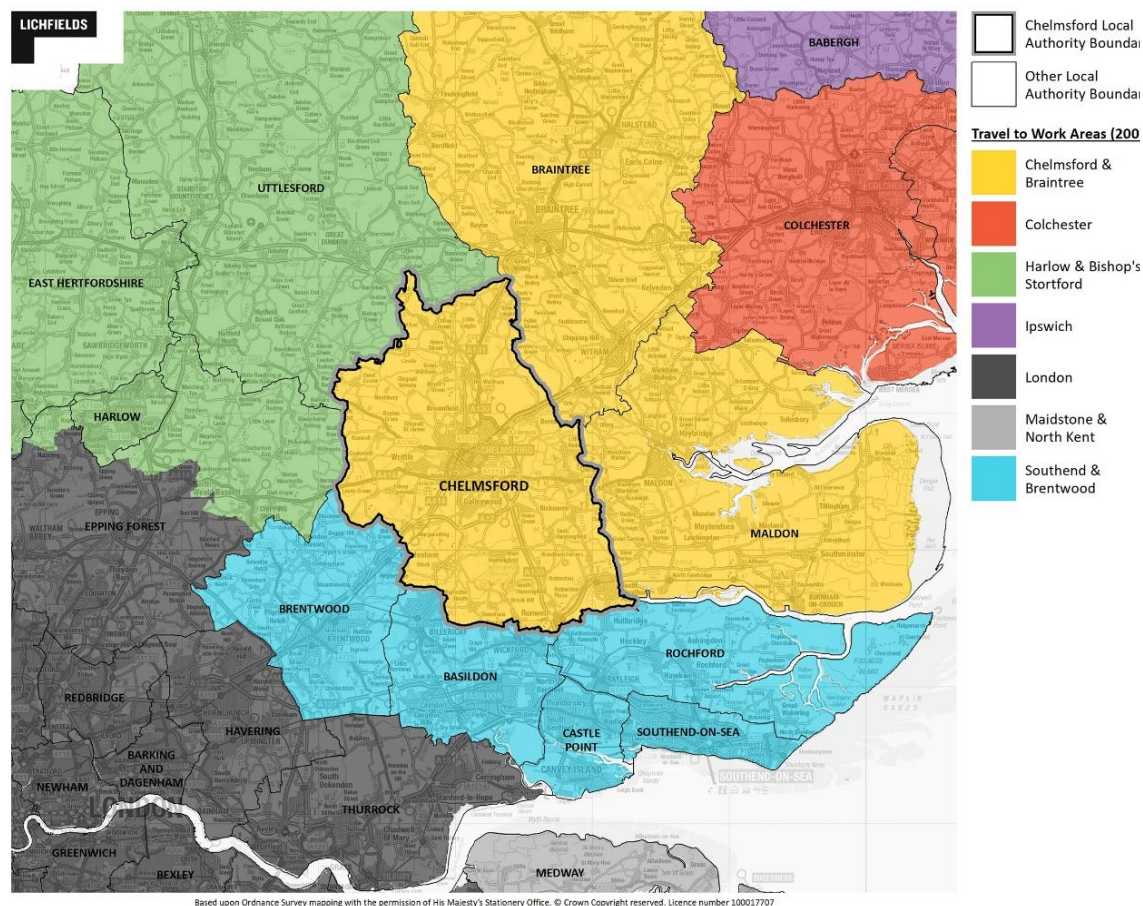
Figure 2.2 Chelmsford Travel to Work Area, 2011



Source: ONS (2011) / Lichfields analysis

- 2.7 A comparison with the equivalent analysis prepared using 2001 Census commuting data identifies some key changes to the spatial extent and reach of the TTWA over this ten-year period.
- 2.8 Since the 2001 Census (Figure 2.3), Brentwood, the north parts of Epping Forest, and the east parts of Uttlesford have moved from Harlow and Bishop Stortford's TTWA to Chelmsford and Braintree TTWA indicating stronger interrelationships being created over that period between the City and the neighbouring authorities at the west. The rest of the TTWA remained unchanged with Maldon continuing having strong interrelationships with Chelmsford and Braintree.

Figure 2.3 Travel to Work Area for Chelmsford, 2001

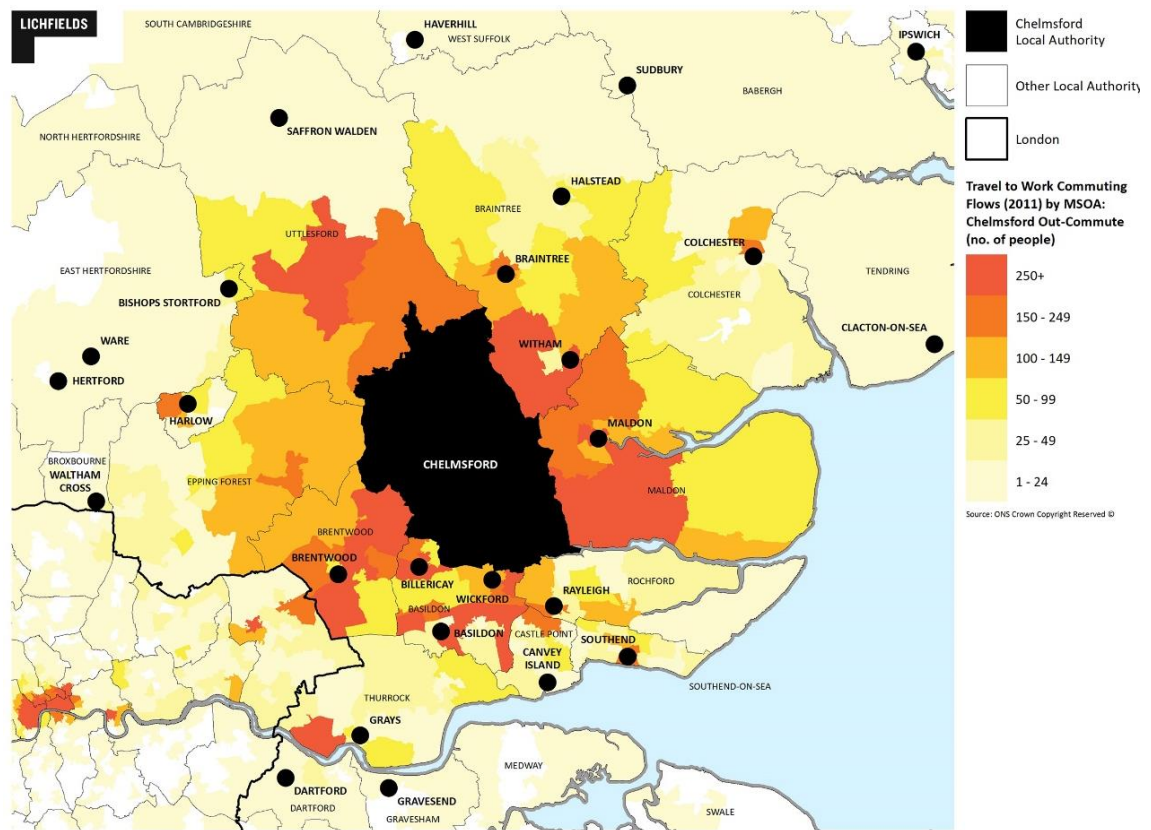


Source: ONS (2001) / Lichfields analysis

Chelmsford Local Travel to Work Area

- 2.9 Commuting data from the 2011 Census also allows travel-to-work patterns to be examined at a more detailed geographic scale, with travel-to-work flows provided at the Middle Super Output Area (MSOA) level. This level of analysis provides a more detailed understanding of the travel-to-work linkages between Chelmsford and other centres within the surrounding region.
- 2.10 The most significant destinations for out-commuting residents from Chelmsford include MSOA's across the City of London, Tower Hamlets and Thurrock (i.e., Purfleet and Tilbury), as well as MSOA's across the nearby settlements of Basildon, Brentwood, Witham, Maldon, Braintree and Wickford, followed by Harlow, Colchester and Loughton (Figure 2.4).

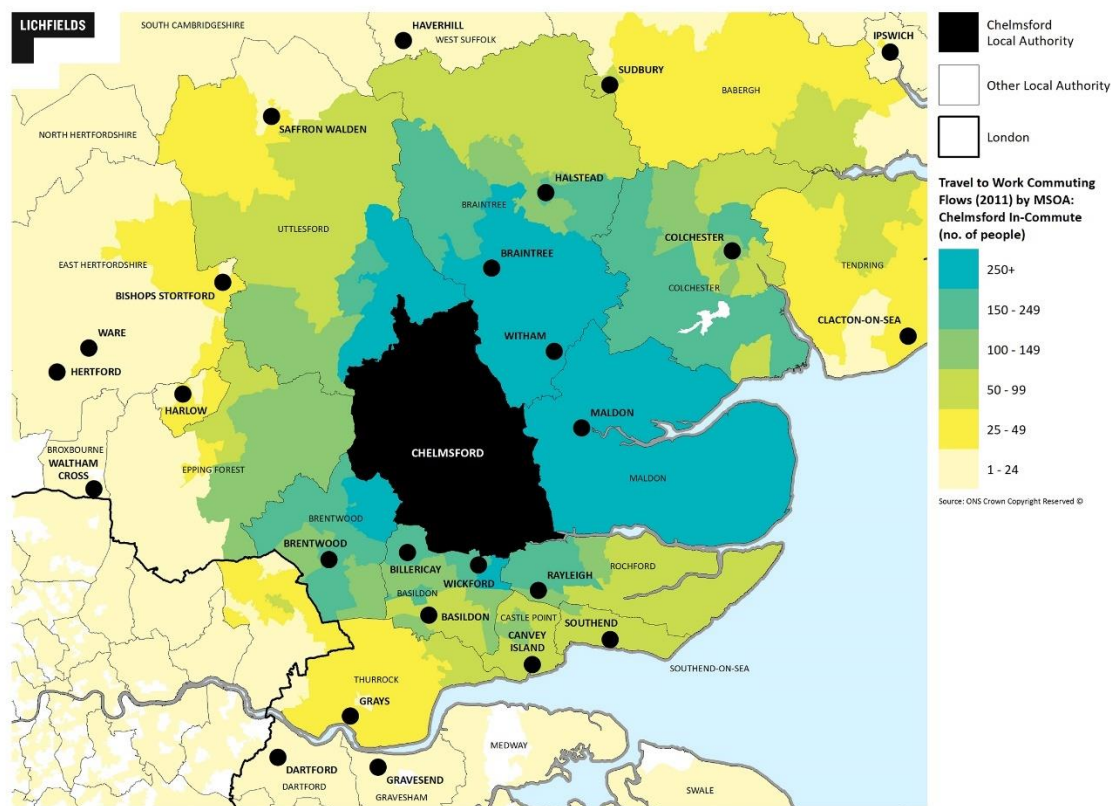
Figure 2.4 Out-Commuting Flows at MSOA Level for Chelmsford, 2011



Source: ONS (2011) / Lichfields analysis

- 2.11 The origins of in-commuting workers to Chelmsford are less geographically dispersed, with significant inflows of workers commuting from MSOA's across the nearby areas comprising the Chelmsford and Braintree TTWA, alongside the South Essex Authorities (Figure 2.5).
- 2.12 MSOA level commuting flows data underlines the strong functional economic and labour market linkages between Chelmsford and its surrounding local authorities. Despite this, Chelmsford maintains strong out-commuting flows to areas within London, most notably the City of London and Tower Hamlets.

Figure 2.5 In-Commuting Flows at MSOA Level for Chelmsford, 2011



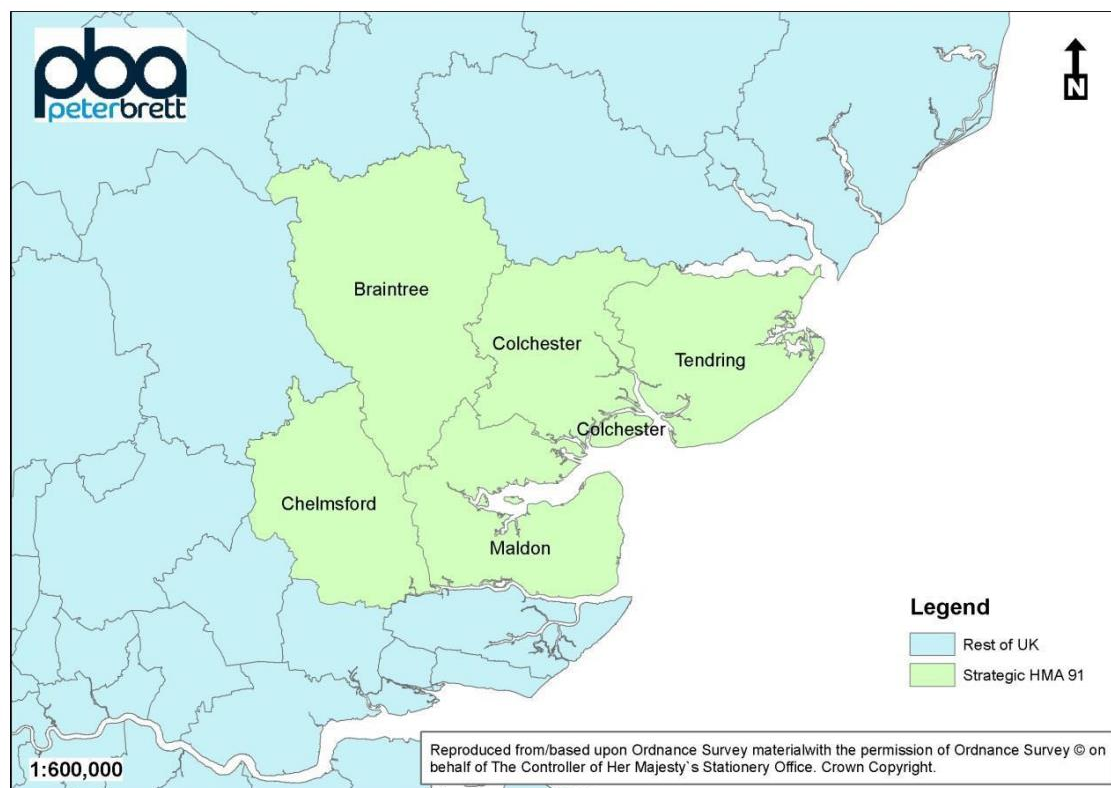
Source: ONS (2011) / Lichfields analysis

Housing Market Areas

- 2.13 A housing market area (HMA) is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. HMAs are a useful input to the process of considering the spatial extent of FEMAs due to the influence they have upon travel-to-work and labour market flows. Close relationships typically occur between the boundaries of sub-regional housing markets and subregional labour markets (generally referred to as Travel to Work Areas as explored above).
- 2.14 Unless resident workers are taking a job in another location outside an acceptable journey time, they are likely to look for somewhere to live within the same travel to work area if they move to a new house.
- 2.15 The Housing Need Study (2015)³ and the 2016 Update highlights the strategic housing market area to include the following local authorities in Essex: Braintree, Colchester, Tendring, Maldon and Chelmsford. The study analyses a range of economic and housing market indicators to define a HMA for Chelmsford. In identifying the HMA, this analyses house prices, internal migration and commuting flows amongst other indicators. It is concluded within the study that the HMA identified in Figure 2.6 provides the best fit as the five local authorities are more closely linked to one another than to any other area.

³ PBA (2015), Objectively Assessed Housing Need Study, and 2016 Update.

Figure 2.6 The Strategic HMA



Source: PBA (2015)

- 2.16 Finally, the study states that from the perspective of commuting relationships, Chelmsford and the other four local authorities contain a strong link with London. In fact, Chelmsford received a large total inflow from the London Boroughs of Redbridge and Havering.

Commercial Property Market Areas

- 2.17 Commercial property market intelligence represents a key element to defining FEMAs as the geographical extent of markets can be defined by the location of customers, supply chains, competitors (including competing employment schemes) and enquiries, as well as the proximity to key transport infrastructure. Much of the activity occurring within a commercial property market represents the gradual churn of occupiers, as a company's location can often be largely dictated by the need to be easily accessible to where most of their staff reside.
- 2.18 The commercial market in Essex is broadly characterised by four broad office submarkets comprising Basildon, Braintree, Brentwood and Chelmsford and four industrial submarkets, namely Basildon, Braintree, Chelmsford and Thurrock, according to Glenny Chartered Surveyors and Property Consultants⁴.
- 2.19 Chelmsford's office market has a large regional share with an inventory of over 4.7 million sq.ft (436,000 sq.m) and it is relatively self-contained with much of the inventory being around the city centre and across New London Road (B1007).

⁴ <https://www.glenny.co.uk/>

- 2.20 In terms of industrial activity (i.e., including also light industrial and distribution uses), Chelmsford is conceived as a mid-sized submarket with 5.5m sq.ft (511,000 sq.m) inventory. Industrial activity is mainly localised around the key employment sites including Springfield and Chelmsford Business Parks, Dukes Park, Widford Industrial Estate and Cromar Way Waterhouse Lane (i.e., Waterhouse Business Park). There are also various scatter employment sites within the Urban Area of Chelmsford alongside South Woodham Ferrers and in particular the Easter Industrial Estate, as well as various rural sites across the surrounding settlements and in the rural area. Overall, Chelmsford has a reasonably self-contained industrial market.
- 2.21 In terms of offices, the local market has some overlap with Braintree and Brentwood. Agents confirmed that Chelmsford is primarily a self-contained market as a result of Chelmsford being the largest and most prominent office market within Essex, however it was noted that there are some noticeable strong relationships between Brentwood in particular and further outside Colchester, where occupiers are willing to also look for office floorspace.

Transport and Connectivity

- 2.22 Transport accessibility and connectivity has a strong influence on the geography of FEMAs, with the strategic transport network playing a key role in shaping commercial property, labour and housing market flows.
- 2.23 Chelmsford is served by strategic road links including the A12, which skirts the City of Chelmsford and runs north east towards Colchester and Ipswich and south west towards Brentwood and London. The area is also served by the A131 heading north towards Braintree, the A130 south towards Southend and the A414 leading west towards Harlow. Chelmsford also benefits from strong rail links, with its own train station on the Greater Anglia mainline offering frequent services to London Liverpool Street.
- 2.24 Chelmsford also benefits from close proximity to London Stansted Airport, which lies approximately 22 km north west of Chelmsford town centre. The airport provides significant employment opportunities across the surrounding areas as well as national and international flight connections. As of 2019, (the most recent year unaffected by the Covid-19 pandemic) Stansted was the third largest airport in the United Kingdom in terms of total passenger traffic behind Heathrow and Gatwick, with a total of over 28.1 million passengers in 2019 alone. As a result of the pandemic, in 2021 Stansted surpassed Gatwick as the second busiest UK airport, despite only recording 7.1 million passengers throughout the year.

Retail and Consumer Catchments

- 2.25 Within the context of identifying FEMAs, it is also relevant to review existing retail and consumer market areas across the sub-region to consider the spatial area from which users of goods and services are drawn.
- 2.26 According to the adopted Chelmsford Local Plan and latest retail study, the city centre is the main focus for retailing in Chelmsford. The main shopping area is compact and largely pedestrianised, with the High Street providing the main 'spine route' through the city centre. The city centre has two managed shopping centres namely High Chelmer Shopping

Centre and Meadows Shopping Centre located to the north west and south east of the High Street. Bond Street between the High Street and the River Chelmer also offers a significant retail footprint in the city centre.

2.27 At the top end of the city centre is the ‘West End’ which is located to the west of the train station and Moulsham Street at south of the city centre. These areas serve an important secondary shopping role, and accommodates a range of independent primarily retail and leisure services uses.

2.28 Based on recent retail evidence of neighbouring authorities⁵, it is apparent that Chelmsford, Basildon, Braintree and Colchester have overlapping retail catchments. It is also noted that within the study, Cambridge, Harlow and Stratford (London), have also been identified as providing competition for retail centres in Chelmsford. In terms of retail retention within the Chelmsford area, the Council scored a retention rate of 31% based on that evidence.

Sub-regional Cooperation

2.29 The Heart of Essex Partnership comprising Brentwood Borough Council, Chelmsford City Council and Maldon District Council supported the development of the sub-region through a joint working approach across a range of planning policy and economic development issues in the area in the 2010s. On a similar basis, there were four more sub-regions as shown in Figure 2.7 below.

Figure 2.7 Historic Sub-regions in Essex



Source: Heart of Essex Economic Futures Study (2012)⁶

⁵ GVA (2015), Chelmsford Retail Study Update

⁶ Available at <https://www.maldon.gov.uk/publications/LDP/pre-submission/3%20Economic%20Prosperity/EB060%20Heart%20of%20Essex%20Economic%20Futures.pdf>

- 2.30 Most of these individual partnerships have now ceased, however the local authorities across Essex continue to cooperate on planning and development matters. The Association of South Essex Local Authorities ('ASELA') comprising the South Essex authorities (as shown in Figure 2.7) plus Brentwood has been established recently (Figure 2.8). ASELA is currently preparing the South Essex 2050 Plan that will set out an overall strategy for development across the whole area.

Figure 2.8 Association of South Essex Local Authorities



Source: ASHELA (2023)

- 2.31 On this basis, it is understood that Brentwood has now stronger administrative relationships with South Essex Authorities than in the past. This, however, does not necessarily imply less strong relationships with Chelmsford.

Summary

- 2.32 Based on the assessment of various market areas in and around Chelmsford (in terms of labour markets, housing markets, commercial property markets, consumer catchments and transport connectivity), it is possible to consider the spatial extent of the core FEMA for the authority. The core FEMA encompasses those local authority areas that the evidence indicates consistently have an inter-relationship with Chelmsford.
- 2.33 This suggests that the core FEMA relevant to Chelmsford extends across **Chelmsford, Maldon and Braintree**. However, there are also strong economic relationships with Brentwood and Basildon, alongside London.
- 2.34 These conclusions are based on what existing data and evidence shows about the economic geographies and flows of labour, residents and businesses across Chelmsford and the Essex as a whole. It does not take account of policy positions or approaches that may or may not be adopted by local planning authorities across Essex and neighbouring areas; through the Duty to Cooperate process, local planning authorities will need to determine how the conclusions from this study are taken forward in practical planning policy terms. For instance, this might be used to inform the most appropriate study area for forthcoming technical evidence base work to help shape new/updated policies in the area.

3.0 Commercial Property Market Signals and Intelligence

- 3.1 This section provides an overview of the local commercial property market signals, including recent trends in demand and supply for office, industrial and distribution space. The analysis draws on data from CoStar, market reports available from Glenny and Savills and this is supplemented by discussions with a number of commercial property market agents currently active in the area.

National and Regional Trends: Offices

- 3.2 Following the Covid-19 pandemic, the office market is still recovering with the national outlook remaining less positive in Q4 2022, according to the RICS Commercial Property Market Survey⁷. A noteworthy fall in occupier demand was cited across offices (net balance -29%), while the availability of leasable space continued to increase across the sector. Over the last year, prime office rental expectations remain marginally positive (+10%), although the outlook seemingly worsened for secondary office rents (from -42% to -52%).
- 3.3 On a similar basis, the office market in Essex is facing a slowdown in activity with leasing activity having dropped to a decade low in 2020. This, combined with office move-outs for renovation purposes and more recently new supply entering the market has resulted in one of the highest levels of vacancy in the office market since 2017 (3.6%). However, this is still below the vacancy rate recorded in 2021 (4.0%). Currently, there is more office space under construction in the market than there has been in over the last 10 years. The new supply is focused on Colchester (+60,000 sq.ft), Braintree (+30,000 sq.ft) and Tendring (+16,000 sq.ft) of which only 17.8% is pre-leased in relation to the supply coming forward in Colchester.
- 3.4 Essex's investment market has remained resilient and sales volumes over the last 12 months saw £92.8 million transacted properties. However, a trend has been observed for development-led purchases with residential conversions proving an attractive option for owners in periods of economic uncertainty rather than investing in the sector.

Local Office Market

- 3.5 Chelmsford's office market is a mid-sized submarket containing around 4.7 million sq.ft (437,000 sq.m) of office floorspace, which represents a sizable share of the Essex's inventory. The office activity in the area seems to have started rebounding following the Covid-19 pandemic with vacancy rates falling over the last year to 5.0%. However, this is still above the regional average. Market rents have increased to £22.23 per sq.ft and the net absorption rate over the last year has increased to 62,000 sq.ft, but this is still lower than the long-term average. In terms of supply, no new offices are currently under construction in Chelmsford, which has also been the case over the last 5 years.
- 3.6 Discussions with agents highlighted that the office market within Chelmsford has shifted post-pandemic with more noticeable demand from occupiers for smaller office premises as a result of new hybrid working patterns. The demand is also focused on short term leases of

⁷ RICS (2022); UK Commercial Property Survey

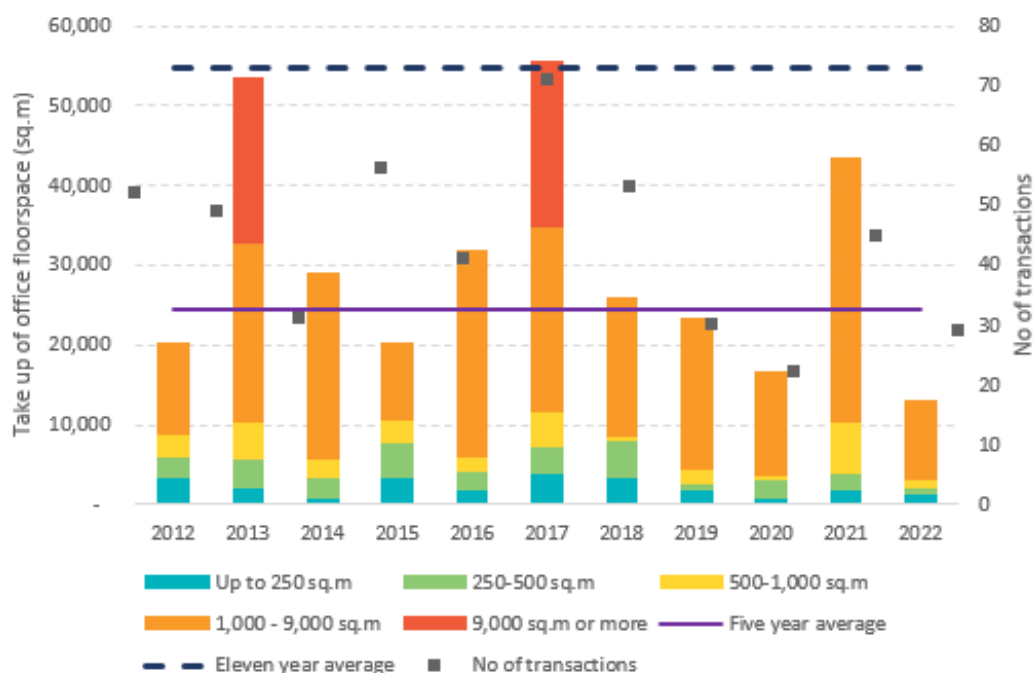
no longer than 3 to 5 years showcasing flexibility as an important requirement for occupiers looking for premises within the market. In addition, there is demand for higher quality Grade A office floorspace, with many businesses moving from larger ageing premises to newer and smaller stock within Chelmsford town centre. Overall, the trend is showing occupiers are down-sizing from large office spaces to medium and smaller spaces (i.e., 1,000-2,500 sq.ft) to accommodate new working environments.

- 3.7 Agents also confirmed that whilst the office market was not performing as strongly as the industrial market, Chelmsford town centre remains a prominent office market area with excellent connection to Central London, which continues to draw demand from businesses, the primary occupiers within the Insurance and Finance sector.
- 3.8 Overall, the agents agreed unanimously that the market is currently experiencing a shift towards smaller office units due to the pandemic and hybrid working patterns, and such an offer is undersupplied particularly in relation to high-quality modern small to medium office units.

Take-up By Size

- 3.9 Total office take-up (including both sales and leases) in Chelmsford over the past 11 years (2012-2022) amounted to 333,000 sq.m according to CoStar data. Over two-thirds (62%) was attributed to larger office premises of 1,000-9,000 sq.m in size, with a further 12% falling in the largest size bracket (9,000 sq.m and above) as shown in Figure 3.1. The total quantum of take-up recovered in 2021 showing strong levels of take-up above 2019 levels, however in 2022 as shown office take-up has slowed down below the five-year average potentially due to the constrained supply offer as well as the fact that most transactions in 2022 relate to smaller-sized office premises.
- 3.10 Figure 3.1 also shows the number of transactions by size of office premises (i.e., secondary axis); in total 369 leases and 110 sales were recorded over the 11 years, an average of 34 leases and 10 sales per year. Of note 57% of all transactions were attributed to small office units of below 250 sq.m.

Figure 3.1 Office Take-Up by Size in Chelmsford, 2012-2022



Source: CoStar (2023) / Lichfields analysis

Stock Age and Quality

3.11 Table 3.1 summarises the age and quality of existing office premises in Chelmsford according to latest CoStar data. This shows that 85% of the existing office stock was built before the 2000s, showcasing an ageing stock of office floorspace.

3.12 In terms of quality, the majority of offices premises are rated by CoStar as 3 star or less (out of 5), with very few premises (19) considered to be of high quality (i.e. equivalent to 4-5 stars).

Table 3.1 Age and Quality of Existing Office Space in Chelmsford (2023)

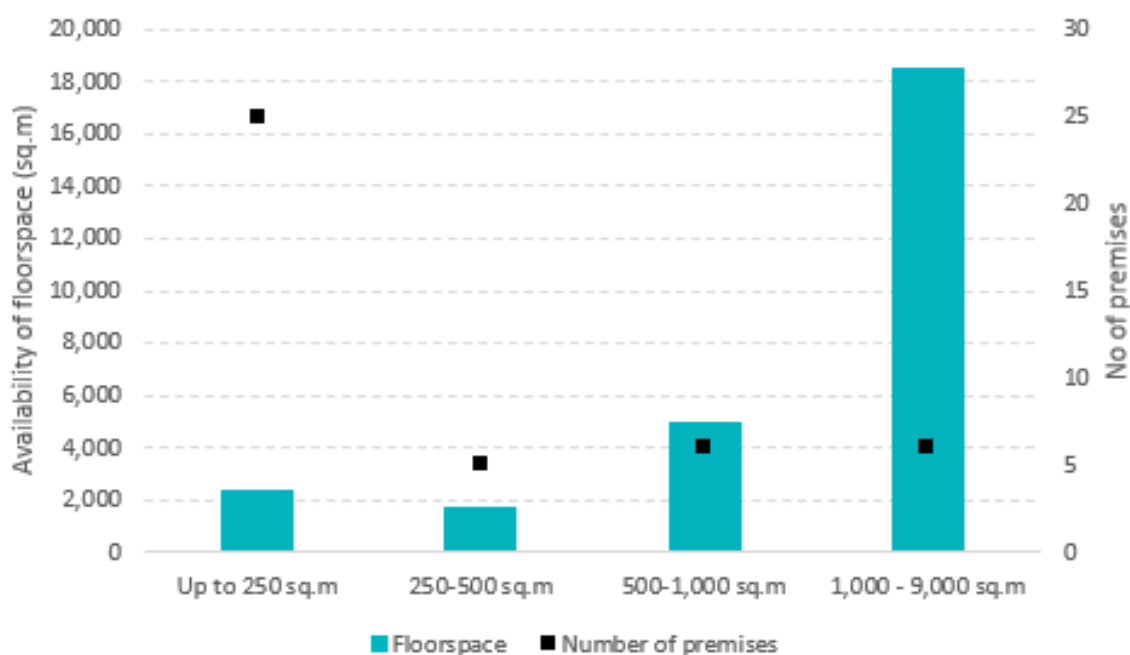
	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Age of Stock				
Pre 1940s	100	26%	115,296	26%
1940s-1980s	136	36%	140,693	31%
1980s-2000s	86	23%	116,655	26%
Post 2000s	56	15%	74,007	17%
Total	378	100%	446,652	100%
CoStar Star Rating				
1-2 Stars	177	47%	77,475	17%
3 Stars	182	48%	315,865	71%
4-5 Stars	19	5%	53,312	12%
Total	378	100%	446,652	100%

Source: CoStar (2023) / Lichfields analysis

Office Availability

- 3.13 CoStar data indicates that current availability of existing office floorspace equates to 6%⁸ of Chelmsford's total office stock, at around 27,500 sq.m, distributed across 42 units. This is comparatively high as a result of two floors of Eastwood House (in Glebe Road) totalling 5,020 sq.m being advertised as available, relating to a 1993 build of moderate condition⁹. There are also five other premises providing more than 1,000 sq.m of office floorspace including Buckenham House, Regent House, 50-60 Broomfield Road to name a few. The majority of premises are located within Chelmsford City Centre, but there are also out-of-city office floorspace available including 1 Springfield Lyons Approach Building C offering 1,153 sq.m of a relatively modern building built in 2009.
- 3.14 Most of these units are built around 1950s to 1990s, however there are 8 units built post-2000s relating to a size range of 20 sq.m to 4,000 sq.m.
- 3.15 Figure 3.2 highlights the size bands of the available office floorspace in the City. Across a total of 42 premises, 60% are small sized premises of up to 250 sq.m, with 14% comprising of medium sized units of 500-1,000 sq.m and 14% comprising larger office premises 1,000-9,000 sq.m.

Figure 3.2 Availability of Office Floorspace in Chelmsford (2023)



Source: CoStar (2023) / Lichfields analysis

- 3.16 Table 3.2 shows available office supply set against 11-year and 5-year average take-up in Chelmsford. Based on this, there is estimated to be 0.9 years' supply considering the 11-year take up average, and 1.1 year's supply considering the 5-year take-up average highlighting that demand is much higher than the current supply in the market.

⁸ Availability is different from vacancy as it also includes those units that are currently occupied but either their leases are expired soon, or the tenants will soon vacate them. This would also include those units that are promoted for development or currently under construction, but such availability is currently nil for Chelmsford.

⁹ Indicating that it is likely that will not meet the modern standards of new occupiers without further renovation.

Table 3.2 Years of Available Industrial Supply in Chelmsford

Annual Average Take-Up 2012-2022	30,230 sq.m
Available Supply	27,500 sq.m
Years of Available Supply	0.9
Annual Average Take-up 2018-2022	24,430 sq.m
Available Supply	27,500 sq.m
Years of Available Supply	1.1

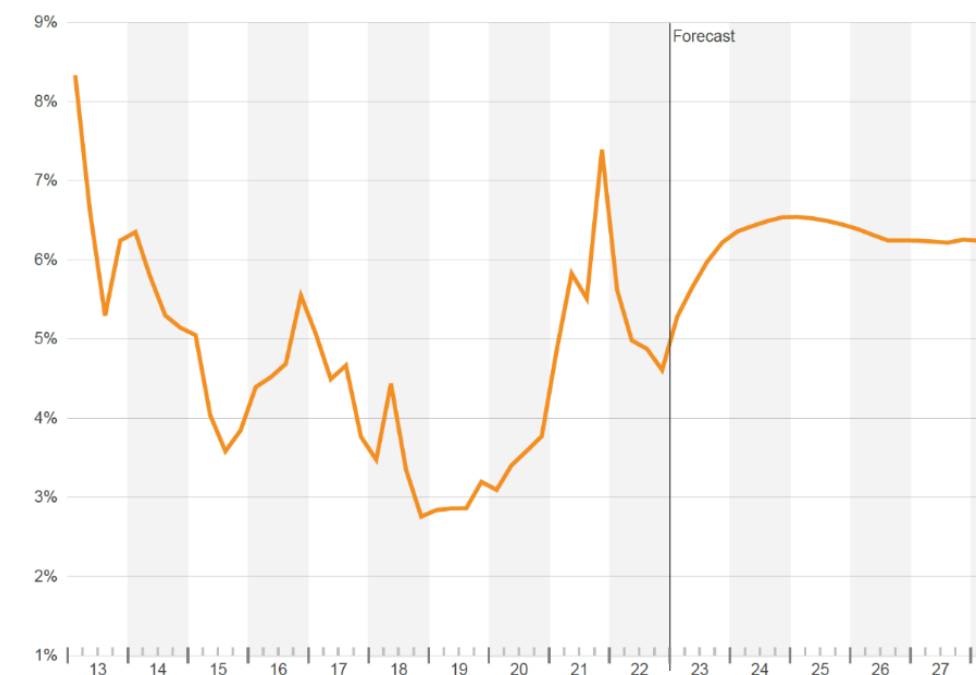
Source: CoStar (2023)/Lichfields analysis (rounded figures)

Vacancy Trends

3.17 Figure 3.3 shows the latest office vacancy trends in Chelmsford as well as a forecast for vacancy levels to 2027. As shown in Figure 3.3, office vacancies throughout the years have seen several peaks and lows. In particular, vacancy levels had reduced significantly following a peak in 2013 at 8%. In 2019 and 2020 office vacancy levels were relatively low at 3.2-3.8% followed by a second peak of 7.4% in 2021.

3.18 To date the vacancy level has reduced as a result of a number of transactions in 2021 and 2022 which has resulted in a vacancy level of below 5% which is still higher than that at pre-pandemic. In comparison to Essex, Chelmsford experiences a higher level of vacancy than the region as mentioned above, however this is relatively acceptable due to the size of the local market compared to other submarkets in Essex. The vacancy level in Chelmsford is then forecast to increase to 6% and remain stable until 2027.

Figure 3.3 Office Vacancy Rates in Chelmsford

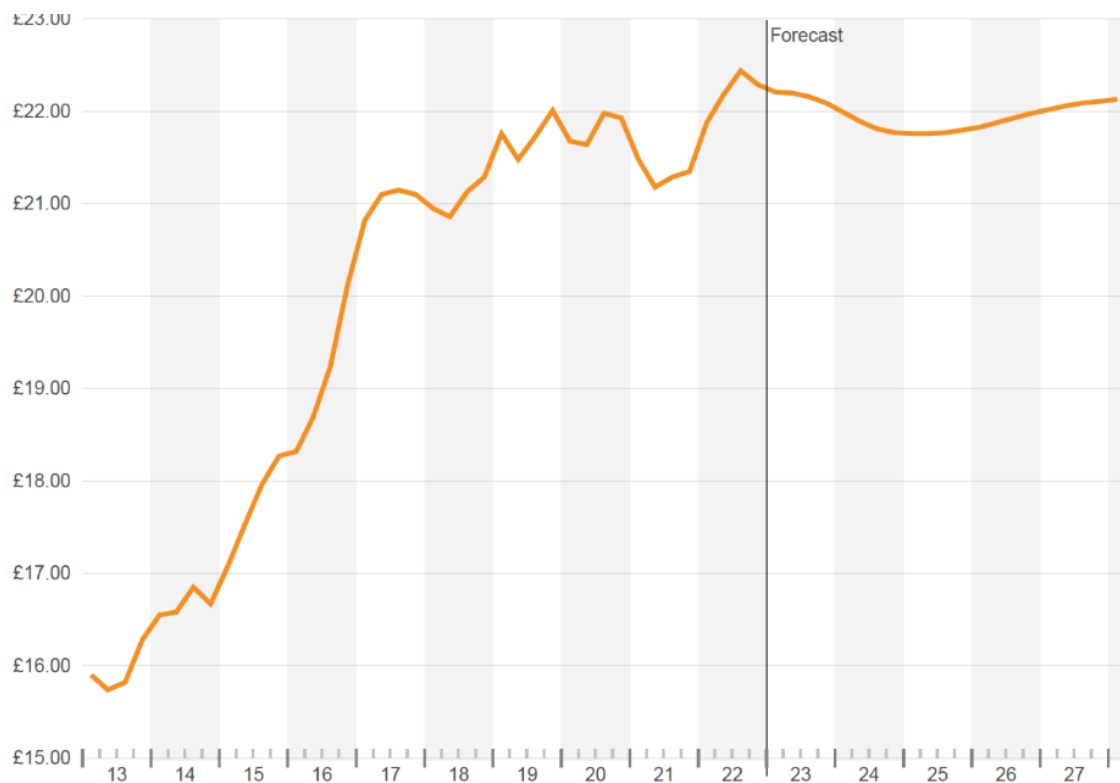


Source: CoStar (2023)

Office Rents

- 3.19 Office rents in Chelmsford, currently averaging £22.23 per sq.ft, are among the highest across Essex (with an average of £19.0 per sq.ft). As shown in Figure 3.4, rents have been increasing over the last few years, with the forecast suggesting rents will stabilise in the future at around £22.11 per sq.ft.

Figure 3.4 Market Office Rent in Chelmsford (per sq.ft)



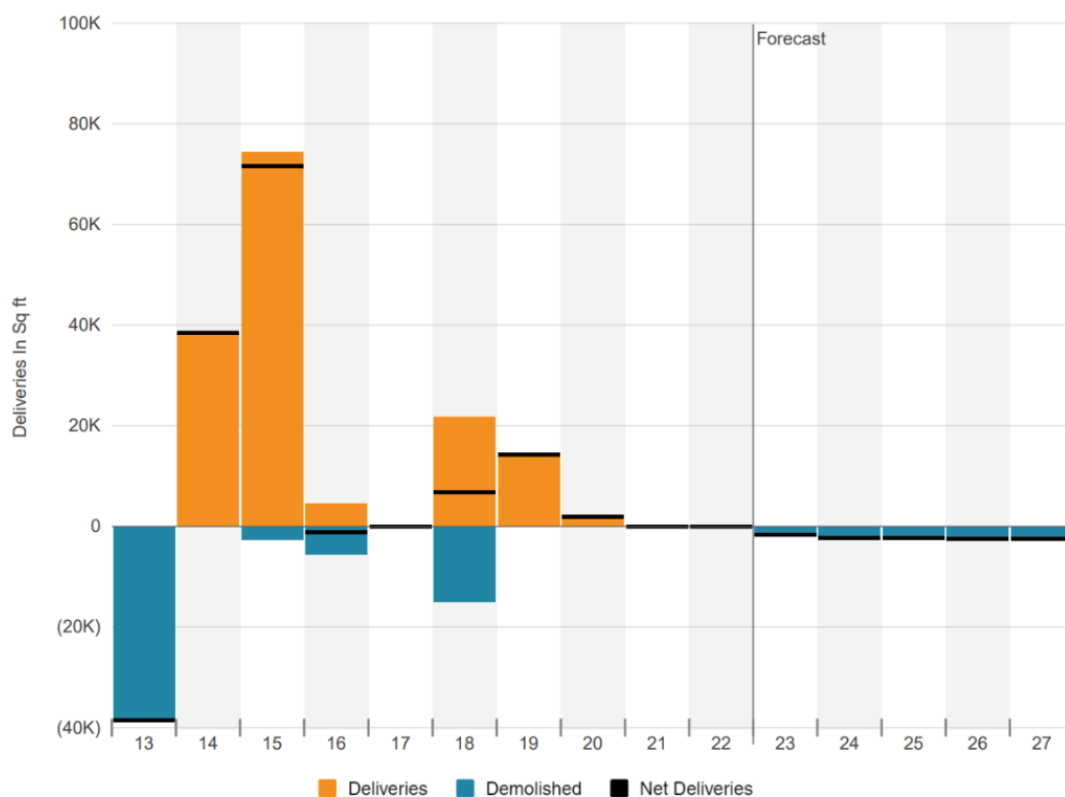
Source: CoStar (2023)

Net Deliveries

- 3.20 Over the last ten years, Chelmsford recorded a delivery of 155,400 sq.ft (14,400 sq.m) of office floorspace according to CoStar. Delivery of newly built floorspace was confined to just six monitoring years; 2014, 2015, 2016, 2018, 2019 and 2020 (see Figure 3.5). As such the office market in Chelmsford has not seen any recent deliveries of office floorspace.
- 3.21 CoStar also records demolitions of office floorspace but not on a comprehensive basis¹⁰. This makes it difficult to accurately analyse overall net change in the Chelmsford's stock of office floorspace over time. The main demolitions for offices occurred in 2013 when a total of 3 large office units were demolished - namely St Mary's House, Victoria Road (15,000 sq.ft), Caxton House, Victoria Road (12,000 sq.ft) and The Courtyard, 92-97 Victoria Road (12,000 sq.ft) - to be redeveloped as one large office unit known as Regent House, 90-96 Victoria Road. Beyond this, demolitions of office space have been relatively modest, and so CoStar forecasts very limited further losses of office floorspace to 2027.

¹⁰ CoStar only monitors losses of employment space related to new commercial developments, therefore the demolitions reported relate to redevelopment of commercial space/sites rather than where these have been losses or changes of use to non-employment uses such as housing.

Figure 3.5 Market Office Deliveries and Demolitions in Chelmsford (sq.ft)



Source: CoStar (February 2023)

National and Regional Trends: Industrial

- 3.22 In contrast to the office market, the industrial market has outperformed nationally post pandemic. The national outlook for the industrial and logistics sectors remained positive in Q4 2022, according to the RICS Commercial Property Market Survey¹¹. Occupier and investor demand has softened slightly compared to the activity in the industrial sector recorded in Q4 of 2021, however, overall vacancies continue to decline highlighting stable demand across the country.
- 3.23 The industrial occupier market has performed strongly in recent years fuelled by robust demand, primarily from third-party logistics operators, online retailers and supermarkets. Essex is a well-established regional industrial centre and due to its proximity to London and connectivity to the rest of the UK, the area has been an attractive location for online retailers and delivery specialists in recent years. Such characteristics, coupled with the surge in changing shopping patterns and the market's supply of high-quality industrial stock, has meant strong occupier demand over the past couple of years.
- 3.24 The industrial market in Essex has seen significant demand primarily driven by delivery specialists and retailers seeking large warehouses to service their built in channel operations. As a result, vacancies across the market in Essex remain well below long-term averages at 3.3%.

¹¹ RICS (2022); UK Commercial Property Survey

- 3.25 New speculative supply is underway due to the increased demand within the industrial market. Approximately 2.1 million sq.ft (195,000 sq.m) of industrial space is currently under construction across the market. The majority of this construction activity is concentrated in London Gateway and Tilbury.
- 3.26 Essex's investment market is very strong, with 2020 and 2021 showing the highest figures since the financial crisis. Activity has soared in recent quarters reaching historic highs of nearly £600 million in 2022.

Local Industrial Market

- 3.27 Chelmsford is a mid-sized submarket containing around 5.5 million sq.ft (511,000 sq.m) of industrial floorspace. The local industrial market has remained relatively resilient considering recent economic turmoil, however vacancy rates have softened in 2022 and most recently to 3.8%. Market rents grew by 8.5% over the past 12 months, exceeding the 6.8% average annual change over the past decade.
- 3.28 In terms of new supply there is 8,100 sq.ft (753 sq.m) underway in Chelmsford which represents only a fractional increase to the inventory. However, demolition activity in Chelmsford has outpaces new construction and has resulted in a contraction to the industrial inventory over the past decade.
- 3.29 In terms of investment, buyers have shown a steady interest in Chelmsford's industrial market and have been actively acquiring assets over the years, although the number of deals has dropped over the last year. Annual sales volume has averaged at £11.9 million over the past five years and 2022 saw £17.4 million worth of assets sold.
- 3.30 Discussions with agents highlighted that the industrial market in Chelmsford has been performing well with noticeable demand for small and medium sized warehousing and industrial units across Chelmsford. It was stated that the demand is currently outperforming the existing supply of available industrial space, however, some new industrial floorspace has recently come forward into the market including the new distribution unit at Springfield Business Park¹² and two new units on Dukes Park Industrial Estate at Montrose Road.
- 3.31 Agents highlighted that although the industrial market in Chelmsford has been performing well since the pandemic, they did not believe that Chelmsford would become a logistic or industrial hub like other neighbouring authorities over the next 5-10 years. The demand seen in Chelmsford is primarily for small to medium sized units (up to 5,000 sq.m) that aim to fulfil indigenous industrial needs, as opposed to larger scale distribution floorspace. However, it is possible that larger requirements could emerge over time depending on wider market factors and trends.

Take-up By Size

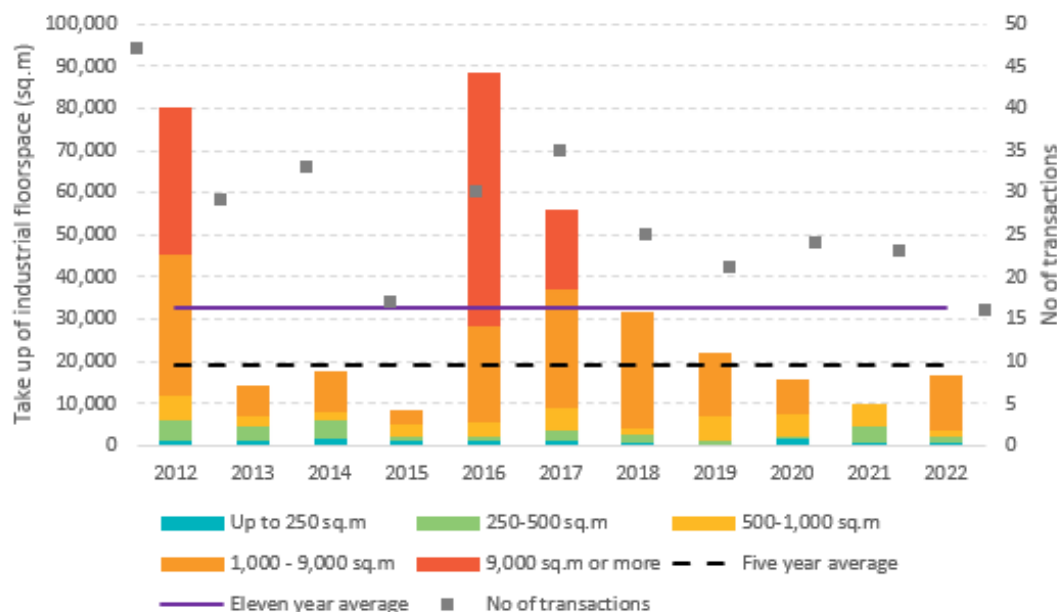
- 3.32 Total industrial take-up (including both sales and leases) in Chelmsford over the past 11 years (2012-2022) amounted to 358,000 sq.m, according to CoStar data. Almost half (46%) was attributed to large industrial premises of 1,000-9,000 sq.m in size, with a further 31% falling in the largest size bracket (9,000 sq.m and above), as shown in Figure 3.6. The total

¹² At Sheepcotes - occupied by DPD

quantum of take-up shows sign of recovery in 2022 but is still below 2019 pre-pandemic levels of industrial take-up.

3.33 Figure 3.6 also shows the number of transactions by size of industrial premises; in total 220 leases and 80 sales were recorded over the 11 years, an average of 20 leases per year and 7 sales per year. Of note 33% of all transactions were attributed to small industrial units of up to 250 sq.m.

Figure 3.6 Industrial Take-Up by Size in Chelmsford, 2012-2022



Source: CoStar (2023) / Lichfields analysis

Stock Age and Quality

3.34 Table 3.3 summarises the age and quality of existing industrial premises in Chelmsford according to latest CoStar data. This shows that the stock is comparably old with just 23% of light and general industrial and 15% of distribution floorspace being built post 2000. As a result, only 3% and 2%, respectively are rated with 4 or 5 stars (i.e., grade A stock) by CoStar.

Table 3.3 Age and Quality of Existing Industrial Space in Chelmsford (2023)

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Age of Stock: General and Light Industrial				
Pre 1940s	18	30%	29,051	26%
1940s-1980s	20	33%	39,296	35%
1980s-2000s	9	15%	17,863	16%
Post 2000s	13	22%	26,163	23%
Total	60	100%	112,373	100%
Age of Stock: Storage and Distribution				

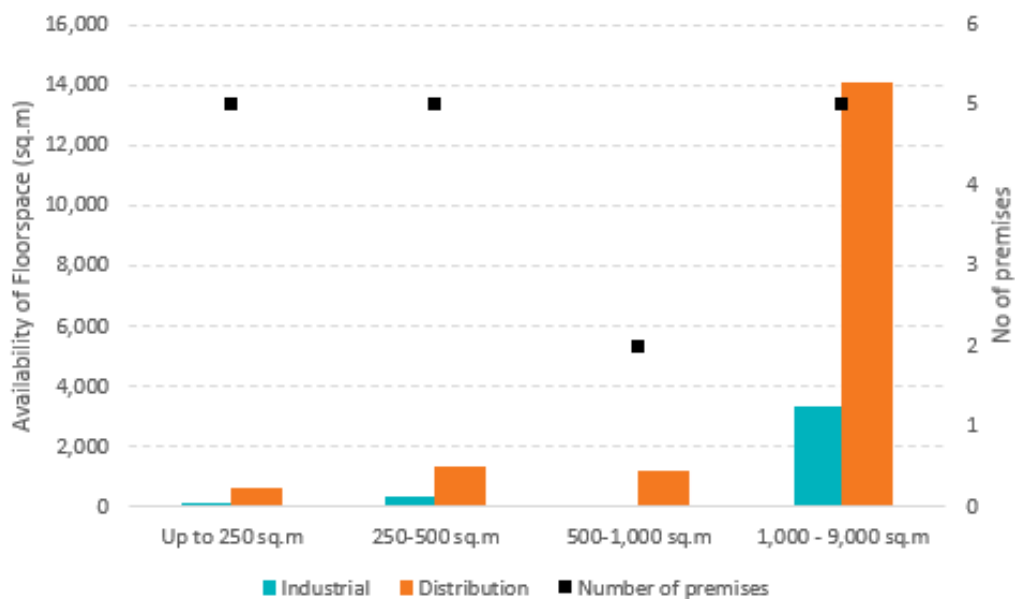
	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Pre 1940s	59	20%	92,330	19%
1940s-1980s	82	28%	161,362	33%
1980s-2000s	102	35%	162,820	33%
Post 2000s	45	16%	75,460	15%
Total	288	100%	491,972	100%
CoStar Star Rating: General and Light Industrial				
1-2 Stars	40	67%	20,006	18%
3 Stars	19	32%	89,058	79%
4-5 Stars	1	2%	3,309	3%
Total	60	100%	112,373	100%
CoStar Star Rating: Storage and Distribution				
1-2 Stars	178	62%	184,195	37%
3 Stars	109	38%	299,138	61%
4-5 Stars	1	0%	8,639	2%
Total	288	100%	491,972	100%

Source: CoStar (2023) / Lichfields analysis

Industrial Availability

- 3.35 CoStar data indicates that current availability of existing industrial floorspace equates to 3.4% of the total industrial stock, at around 20,870 sq.m, distributed across 17 units.
- 3.36 Current availability is comparatively low with the great majority of available industrial floorspace attributed to recent deliveries of industrial floorspace in Chelmsford. This includes Essex Regiment Way with over 8,000 sq.m of available industrial floorspace delivered in September 2022. Other available sizeable premises include Sheepcotes on 4-5 Lonebarn Link delivered in November 2022 and 54-56 Cutlers Road delivered in March 2022. Most of the rest of the available units are built around 1960s to 1990s.
- 3.37 Figure 3.7 highlights the size bands of the available industrial floorspace in Chelmsford. Across a total of 17 premises, 29% are large-sized premises of 1,000-9,000 sq.m, with another 29% comprising small units of up to 250 sq.m. Of the available industrial floorspace within the local authority, 81% is attributed to storage and distribution uses.

Figure 3.7 Availability of Industrial Floorspace in Chelmsford (2023)



Source: CoStar (2023) / Lichfields analysis

3.38 Table 3.4 shows available industrial supply set against 11-year and 5-year average take-up in the local authority. Based on this, there is estimated to be 0.6 years’ supply when compared to the 11-year take up average, and 1.1 year’s supply when compared to the 5-year take-up average showing that demand could not being met in short term

Table 3.4 Years of Available Industrial Supply in Chelmsford

Annual Average Take-Up 2012-2022	32,586 sq.m
Available Supply	20,873 sq.m
Years of Available Supply	0.6
Annual Average Take-up 2018-2022	19,027 sq.m
Available Supply	20,873 sq.m
Years of Available Supply	1.1

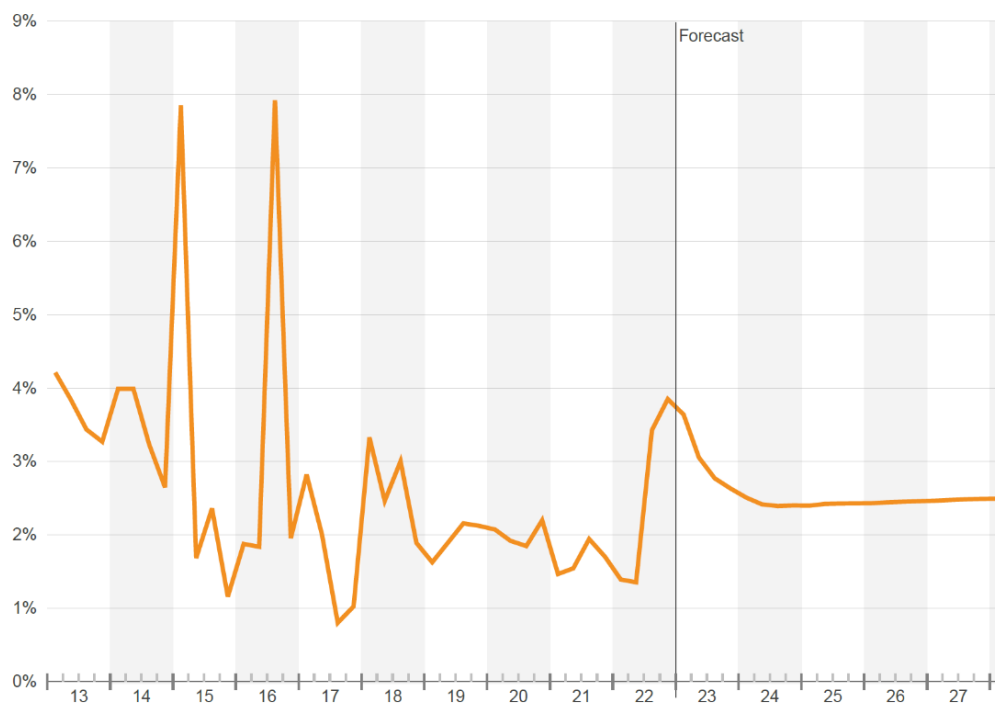
Source: CoStar (2023) / Lichfields analysis

Vacancy Trends

3.39 Figure 3.8 provided by CoStar, shows the latest industrial vacancy trends in Chelmsford as well as a forecast for vacancy levels to 2027. Overall, the trend shows low vacancy rates across the monitoring period. In particular, vacancy levels had reduced significantly following a peak in 2016 of 8%. In 2020, vacancy levels increased slightly to 2.2% reflecting the impact of Covid-19. In 2022, the vacancy level spiked to 3.9%, reflecting the delivery of new warehousing unit in Sheepcotes and 54-56 Cutlers Road in South Woodham Ferrers.

By 2023, the vacancy level has dropped to 3.8%¹³ and is then forecasted to decrease to 2.5% until 2027.

Figure 3.8 Industrial Vacancy Rates in Chelmsford

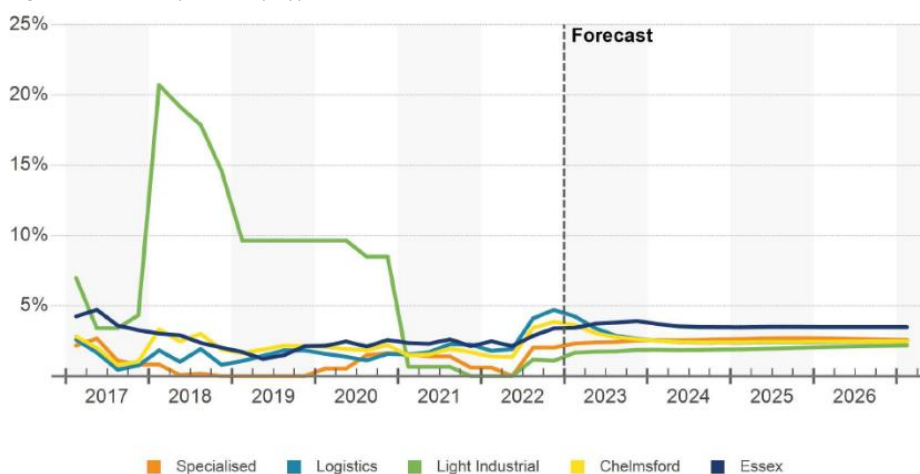


Source: CoStar (2023)

3.40

CoStar provides vacancy information by type of space. As presented in Figure 3.9, light industrial vacancies spiked in 2018 and have now recovered showcasing low vacancy rates below the Essex average. On the other hand, logistics vacancies are slightly above the Essex industrial average vacancy at 4.8% due to the delivery of the new space in 2022 as mentioned above.

Figure 3.9 Vacancy Rates by Type of Use



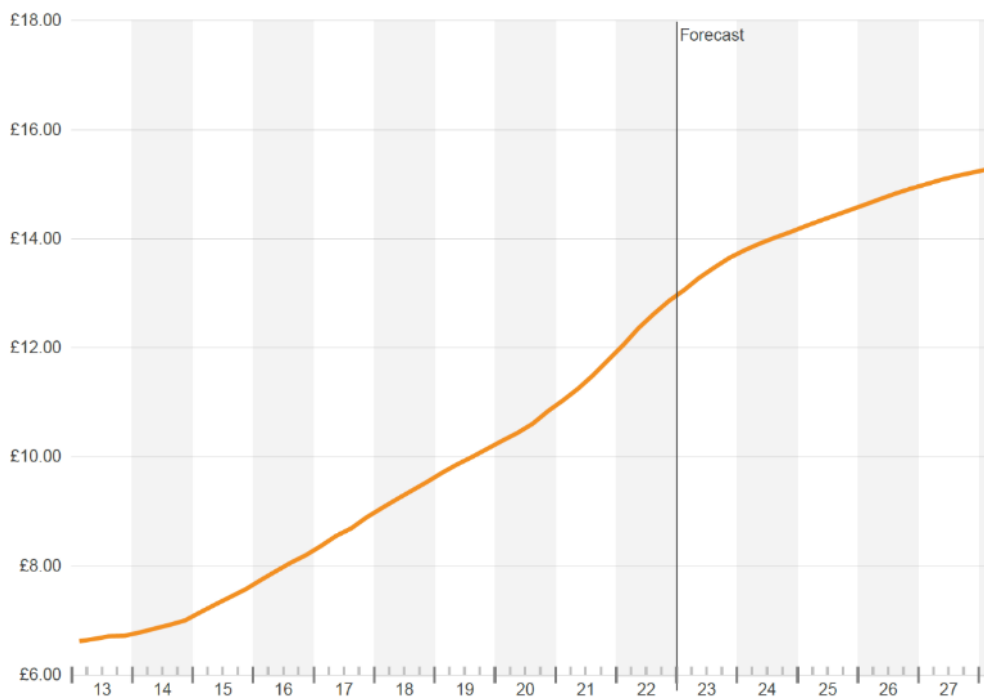
Source: CoStar (2023)

¹³ Compared with the 'availability' metric described above, 'vacancy' is lower in Chelmsford. This is because 'available' space includes units that are currently occupied (but being marketed as available) as well as those that are vacant.

Industrial Rents

- 3.41 Industrial rents in Chelmsford average at £12.96 per sq.ft, which are above the Essex's equivalent of £11.8 per sq.ft. As shown in Figure 3.10, , these rents have been increasing over the last few years, with the forecast suggesting similar growth rates in future to £15.00 per sq.ft by 2027.

Figure 3.10 Market Industrial Rent in Chelmsford (per sq.ft)



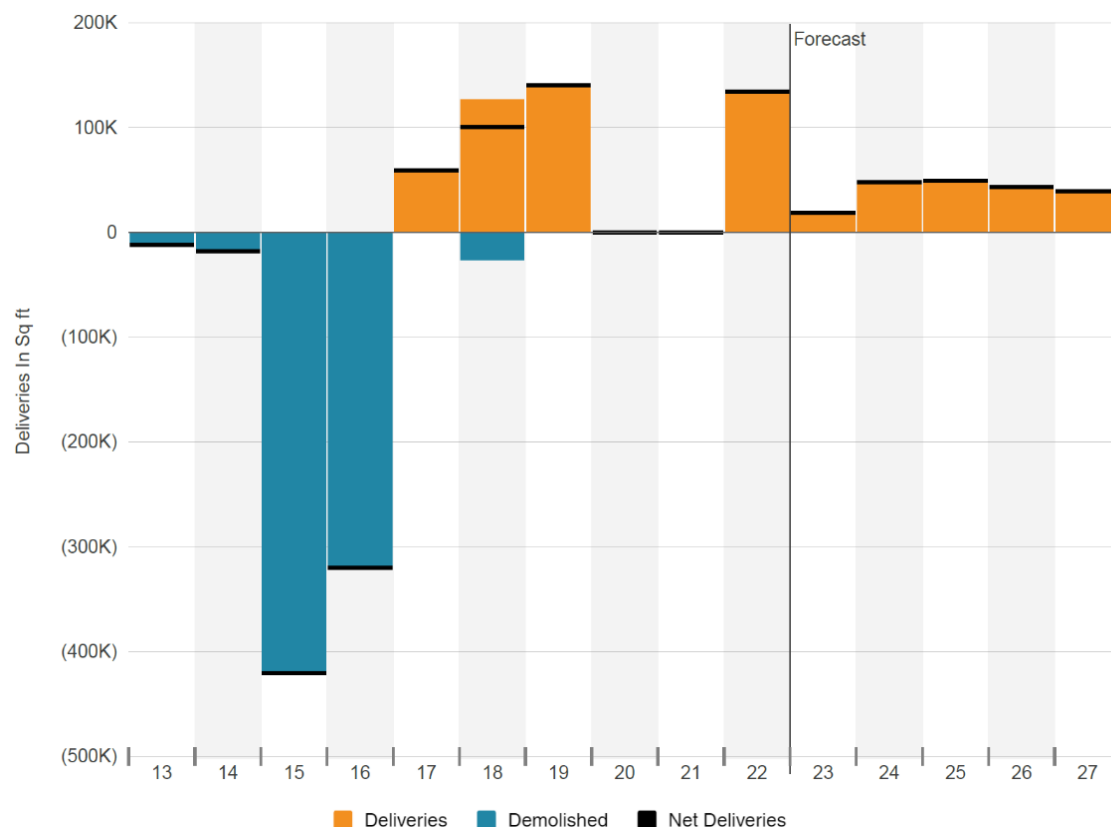
Source: CoStar (2023)

Net Deliveries

- 3.42 Over the last ten years, Chelmsford recorded a delivery of 462,000 sqft (43,000 sq.m) (gross gains) of industrial/distribution floorspace according to CoStar (Figure 3.11). Delivery of newly built floorspace was confined to just 4 monitoring years: 2017, 2018, 2019 and 2022. These include the three new units delivered in 2022 and a new unit under construction on 279 Beehive Lane which will deliver 8,105 sqft (753 sq.m) by September 2023.
- 3.43 CoStar also records demolitions of industrial floorspace (Figure 3.11) but not on a comprehensive basis¹⁴, however, it highlights that overall demolitions have overtaken new construction which has resulted in a contracting industrial inventory. This reflects some significant losses of industrial space which occurred in the 2015-16 period, mainly related to the demolition and redevelopment of the former Marconi and Britvic manufacturing sites, both of which had been based in Chelmsford historically and comprised large-scale premises. These might be regarded as 'one-off' losses, and otherwise the scale of industrial floorspace losses recorded by CoStar has been relatively low.

¹⁴ CoStar only monitors losses of employment space related to new commercial developments, therefore the demolitions reported relate to redevelopment of commercial space/sites rather than where these have been losses or changes of use to non-employment uses such as housing.

Figure 3.11 Market Industrial Deliveries and Demolitions in Chelmsford (sq.ft)



Source: CoStar (February 2023)

Summary

3.44

The key points from the above analysis of employment stock change and commercial property market signals and trends in Chelmsford can be summarised as follows:

- a The office market in Chelmsford is sizeable in scale, and although it has been impacted by the pandemic, there remain strong market signals. The key challenge in the current market is a reported lack of good quality office accommodation coupled with a lack of recent office development. Against the last 5-year and 11-year take up rates, there is essentially only 1 year supply remaining highlighting that demand cannot be met beyond the very short term.
- b There is buoyant demand in the industrial market. The increase in vacancy levels observed are a result of new high-quality industrial premises being delivered across Chelmsford in 2022, and which are currently being marketed. The industrial supply totals over 20,870 sq.m and against the take-up (i.e. transacted space per annum) recorded by CoStar there is less than a year of remaining supply. Market rents have also been increasing standing currently at £12.96 per sq.ft which is above the Essex average.

4.0 **Future Requirements for Employment Space**

- 4.1 This section considers an updated assessment of future economic growth needs in Chelmsford drawing on an expanded range of forecast approaches that reflect different methodologies. These result in a range of scenarios that are used to inform the potential economic growth needs within Chelmsford and consequently the future employment land requirements and the planning policy implications that flow from these to inform the Review of the Adopted Local Plan covering the period between 2022 and 2041.
- 4.2 The assessment follows an NPPF-compliant approach to developing a number of potential future economic scenarios to provide an updated framework for considering future economic growth needs and employment space requirements in Chelmsford up to 2041, drawing upon:
- 1 Projections of employment growth in office-, industrial- and distribution-based sectors (labour demand) derived from economic forecasts produced by Cambridge Econometrics in March 2022;
 - 2 Consideration of past trends in completions of employment space based on the latest CoStar Net Absorption data (in the absence of detailed Council monitoring data over a reasonable time period); and,
 - 3 Estimates of future growth of local labour supply based on the Council's latest housing evidence.
- 4.3 The outputs from these updated scenarios are presented and discussed below.
- 4.4 All these approaches have some limitations and consideration needs to be given as to how appropriate each is to circumstances in Chelmsford. The demand for employment space needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future.

1. Forecasts of Job Growth (Labour Demand)

- 4.1 Employment growth forecasts for Chelmsford up to 2041 were obtained from Cambridge Econometrics (CE, March 2022 release). The previous employment evidence for the Council utilised the East England Forecast Model (EEFM) that was also prepared by CE, however this has since been discontinued.
- 4.2 The forecast takes account of the impact and gradual recovering from Covid-19 but also other factors arising in the intervening period such as the UK's final Withdrawal Agreement from the European Union. This is used to consider impacts of the Covid-19 pandemic on the local economy, both in the short term and the effect on its forecast growth over the longer-term Local Plan period. These local level employment forecasts are consistent with the Cambridge Econometrics March 2022 UK macro forecast, with further detail on key assumptions summarised below.

Cambridge Econometrics Forecast Assumptions: March 2022

“A sharp recession was experienced in the first half of 2020 (and the first quarter of 2021) as the UK government introduced public health measures and social distancing to contain the outbreak of COVID-19 pandemic. Economic recovery has generally been robust as restrictions were wound down (i.e. in 2020Q2 and 2021Q2), however the recovery has been uneven (across groups/regions/expenditure categories) and there is evidence of scarring in some economic variables.

The export outlook for UK has deteriorated since the previous forecast owing to supply chain issues (e.g. shortage of UK HGV staff, border disruptions, fuel shortages etc) and owing to impacts associated with UK exit of EU. These issues are expected to persist in the medium term, weighing down the recovery of exports over 2022-24 (note also, that unlike most other expenditure categories, published data indicate that exports continued to contract in 2021, despite the partial reopening of the global economy).

Despite the reversal of restrictions, persistent economic scarring and a muted economic recovery is expected. This comes as a result of business closures, weak capital accumulation and lasting productivity impacts of the pandemic. Moreover, UK trade prospects remain very weak due to slow global economic growth and Brexit trade disruptions.

Given this, the central assumption of this forecast is a 2.4% increase in GDP in 2022 (the final ‘recovery’ year in which above-trend growth rates are observed) and a 1.3% increase in GDP in 2023.”

*More details are provided in **Appendix 3**.*

- 4.3 Reflecting the greater than usual degree of uncertainty and variability attached to the most recent forecasts as well as the fact that the emerging recession and the unfolding cost-of-living crisis are likely to influence further the future macro-economic outlook, these may need to be re-considered as the Local Plan Review progresses depending on how the economic situation changes in the intervening period.

Implied Employment Change

- 4.4 Table 4.1 summarises employment change implied by the CE forecasts by office, industrial and distribution uses as well as total employment change over the new Local Plan period. **Appendix 1** shows the split of office, industrial and distribution uses per employment sector. This includes an allowance for jobs in other sectors that typically use office, industrial or warehousing space.

Table 4.1 Forecast Employment Change, Chelmsford 2022 to 2041

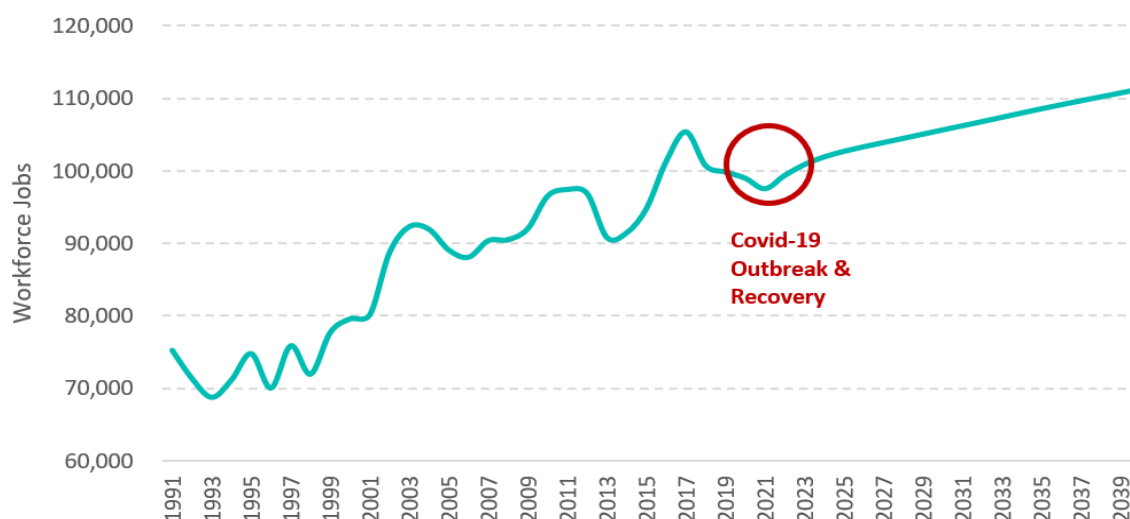
Use	Number of Workforce Jobs		Change (2022-241)
	2022	2041	
Office E(g)(i)/(ii)	19,136	21,185	+2,049
Light Industrial E(g)(iii)	3,459	4,091	+632
Industrial B2	3,021	2,755	-267
Distribution B8	5,576	5,924	+348
Total Employment Class Sectors	31,192	33,954	+2,763
Total Workforce Jobs	99,433	111,854	+12,421

Source: CE (March 2022) / Lichfields analysis

4.5 Under this scenario, total workforce jobs are expected to increase by 12.5% within the Local Plan period resulting in an additional 12,421 workforce jobs in Chelmsford. About 22% of all job growth is expected to be within office, light industrial and distribution sectors, with office-based sectors driving the majority of employment growth (+2,049 jobs). General industrial job growth is forecast to decline by 267 jobs, meanwhile light industrial jobs will increase by 632 jobs and distribution jobs by 348 jobs.

4.6 Figure 4.1 illustrates the trajectory of workforce job growth implied by the CE forecasts for Chelmsford. Under this scenario, workforce jobs are expected to grow from 2022 onwards as labour market effects recover from the Covid-19 pandemic. The historic job growth in Chelmsford has fluctuated significantly, and since 2013 the average employment base has totalled 90,864 jobs. Based on the forecast, it is expected that the workforce base will rebound fully from 2023 onwards, with steady growth then predicted for the remaining years of the Local Plan period to 2041.

Figure 4.1 Forecast Employment Growth in Chelmsford to 2041, Total Workforce Jobs



Source: CE (March 2022) / Lichfields analysis

4.7 Table 4.2 below identifies the fastest growing and declining sectors in the area in employment terms during the forecast period. The forecast suggests that wider sectors such as construction¹⁵, residential and care, health and food and beverage services will play a significant role in driving local job growth in future, alongside sectors where activity is typically found in office space such as business support services.

¹⁵ Based on CE forecasts, growth in construction will have a significant role in employment growth to 2041. Although typically most of the construction activity is found outside of the designated employment areas, there are parts of construction activity such as electrical installation services, plumbing, heat and air-conditioning installation services, joinery, roofing activities that could be accommodated in employment areas.

To inform the assessment, the distribution of construction activity (in terms of construction businesses and the associated employment) in Chelmsford as recorded by the Inter-Departmental Business Register (IDBR) released in 2022 has been analysed.

This indicates that 109 construction companies (out of 1,238 total registered across Chelmsford) accounting for 1,794 jobs (out of a total of 5,552 jobs) are found within the designated employment and rural employment areas. This represents circa 32% of construction jobs. This share has been used to apportion the growth of total construction employment that could yield light industrial (E(g)(iii)) floorspace requirements within employment areas.

Table 4.2 Fastest Growing and Declining Employment Sectors in Chelmsford, 2022-2041

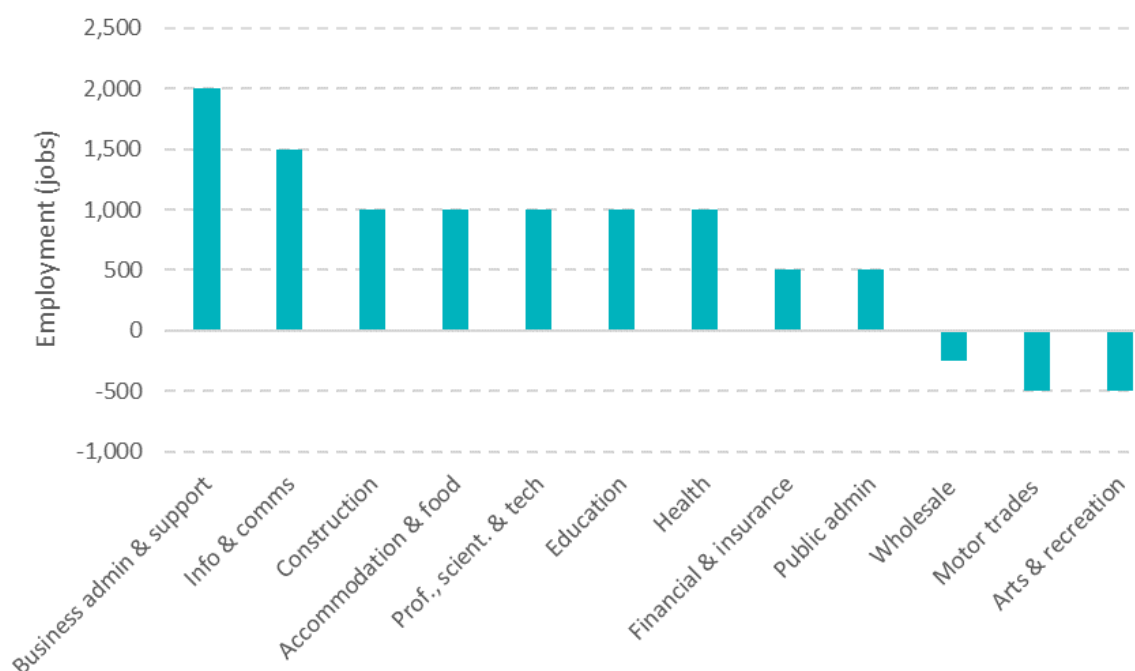
Sector	Forecast Change in Workforce Jobs 2022-2041	
	No	%
Fastest Growing Employment Sectors		
Construction	3,037	37.3%
Residential and social	1,803	22.7%
Food & beverage	1,524	29.7%
Health	1,419	15.6%
Business support services	1,103	14.5%
Fastest Declining Employment Sectors		
Financial & insurance	-415	-17.4%
Electronics	-292	-33.4%
Other manufacturing & repair	-138	-35.9%
Agriculture, forestry & fishing	-108	-11.4%
Metals & metal products	-81	-20.7%

Source: CE (March 2022) / Lichfields analysis

- 4.8 The sectors that are forecast to see employment losses in Chelmsford over the period to 2041 include mainly financial and insurance alongside industrial-based sectors such as electronics, manufacturing and repair services and metals & metal products. **Appendix 1** details the growth across all the sectors to 2041.
- 4.9 Based on the ONS Business Register and Employment Survey (BRES), employment in Chelmsford has grown by 10% (i.e., +8,250 jobs) since 2015. This represents an annual growth of 1,179 jobs which is a higher growth rate than that forecast by CE for the period to 2041 (i.e., 654 jobs p.a.).
- 4.10 As demonstrated in Figure 4.2 below, office-based sectors have led growth recently followed by construction and service-based sectors such as education and health. Wholesale, motor trades and arts and recreation have seen losses while the rest of the broad sectors not included within the graph¹⁶ have seen no significant changes.

¹⁶ These comprise: Agriculture, forestry & fishing; Mining, quarrying & utilities; Manufacturing; Retail; Transport & storage (inc postal); and Property.

Figure 4.2 Employment Change in Chelmsford between 2015 and 2021 (BRES)



Source: BRES (2022) / Lichfields analysis

4.11 The office, industrial and warehousing component of these employment growth forecasts are converted to future employment space requirements by applying the latest published job density figures for employment space, which take account of recent trends in occupancy for the different employment uses. The following average ratios have been applied:

- Offices (E(g)(i)/(ii)): 1 workforce job per 14.4 (GEA) sq.m;
- Light industrial (E(g)(iii)): 1 workforce job per 56.4 (GEA) sq.m;
- General industrial (B2): 1 workforce job per 37.8 (GEA) sq.m; and
- Warehousing (B8): 1 workforce job per 70 (GEA) sq.m.

4.12 These assumptions are based on the latest Homes and Communities Agency ('HCA') guidance on job density ratios produced in 2015. This guidance takes account of trends such as changing utilisation of employment space, including more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking. They all relate to Gross External Area (GEA).

4.13 An allowance of 8% is added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space (Table 4.3). Where a reduction in jobs is forecast (i.e., general industrial/B2 jobs), the associated negative floorspace is halved. This reflects that while there may be ongoing manufacturing job losses (e.g., as firms make greater use of automation), it does not automatically follow that all of the existing employment floorspace will be lost.

Table 4.3 Net Employment Space Requirements: Labour Demand, 2022 to 2041 (Scenario 1)

Type of Space/Use Class	Net Employment Floorspace Requirement 2022 to 2041 (GEA sq.m)	Net Employment Land Requirement 2022 to 2041 (ha)
Office E(g)(i)/(ii)	31,870	4.8
Industrial and Distribution Eg(iii)/B2/B8	59,790	14.9
Total	91,650	19.7

Source: CE (March 2022) / Lichfields analysis

Note: Totals rounded

2. Past Development Rates

- 4.14 Past development rates reflect actual development patterns and provide an indication of market demand, so can provide a reasonable basis for informing future space needs where supply has not been unduly constrained. Whilst forecasts show job growth in net terms, past trend-based analysis takes account of historic patterns of employment development and the role that recycling of sites can play in terms of supporting employment uses in an economy.
- 4.15 Monitoring data provided by the Council is only available for the last two years which is not considered a sufficiently robust time series to use as the basis for planning for longer term needs. On this basis, recent floorspace trends in Chelmsford based on Valuation Office Agency (VOA) data and compared to floorspace net absorption rates recorded by CoStar have been considered.¹⁷
- 4.16 Table 4.4 shows the annual floorspace change recorded by the VOA over the last 10 years. This shows that both office and industrial (incl. distribution) space in Chelmsford has declined since 2012. Across the same period, CoStar records a positive net absorption rate for office space of 1,400 sq.m per annum. In terms of industrial space, CoStar records an annual decrease of 2,180 sq.m. It should be noted that the net absorption rate is a different measure from the take up presented in section 3.0, which was positive for both office and industrial (see Table 3.2 and Table 3.4). This is due to the fact that the take up recorded in section 3.0 is the gross absorption rate that does not include the level of vacancy in the market during the monitoring period.

Table 4.4 Annual Floorspace Change in Chelmsford over the last 10 years

Use	Annual Floorspace Change (VOA, 2022)	Annual Net Absorption (CoStar, 2022)
Office E(g)(i)/Eg(ii)	-2,600	1,400
Industrial and Distribution Eg(iii)/B2/B8	-3,000	-2,180
Total	-5,600	-780

Source: VOA (2022), CoStar (2022) / Lichfields analysis

Note: Totals rounded

¹⁷ The measure of total space occupied less the total space vacated over a given period of time. Lease renewals are not factored into net absorption the measure of total floorspace occupied less the total space vacated per annum.

- 4.17 One view of future growth in Chelmsford could assume that these past trends will carry on in the future and as presented below, these would imply a positive net requirement of 26,600 sq.m of office space and reducing requirement equivalent to 41,420 sq.m for industrial space.

Table 4.5 Net Employment Space Requirements: Past Trends, 2022 to 2041 (Scenario 2)

Use	Annual Net Absorption (CoStar, 2022)	Net Employment Requirements to 2041 (sq.m)	Net Employment Requirements to 2041 (ha)
Office E(g)(i)/Eg(ii)	1,400	26,600	4.0
Industrial and Distribution Eg(iii)/B2/B8	-2,180	-41,420	-10.4
Total	-780	-14,820	-6.4

Source: CoStar (2022) / Lichfields analysis

3. Future Labour Supply

- 4.18 It is also important to take account of how many jobs, and hence how much employment space, would be necessary to broadly match forecast growth of the resident workforce in Chelmsford. In contrast to the labour demand approach, this approach focuses on the future supply of labour rather than the demand for labour. It then estimates the number of new jobs needed to match the future supply of working-age population, and how much employment space would be needed to accommodate the B/E(g) class component of these jobs.
- 4.19 A labour supply-based scenario has been considered based on population projections and other demographic assumptions that have been provided by the consultants preparing the housing assessment for the Council. This study will provide an assessment of the growth in resident workforce which might be supported by the local housing need in Chelmsford and what this means for potential total labour supply, after taking account of commuting, unemployment rates and double jobbing.
- 4.20 The study projections indicate that the economically active population will grow by 21,166 people across the 2022-2041 period. This projection is based on a household growth figure of 917 per annum or a housing need figure of 945 dwellings per annum. It also assumes that the net out-commuting is 1.046, there is a 2.2% double jobbing allowance, and the unemployment rate will remain unchanged (based on 2022) across the study period.

Table 4.6 Labour Supply (Scenario 3): Housing Assessment Assumptions

	2022	2041	Change
Economically active population	100,378	121,544	21,166
Commuting allowance - 1.046 net out-commuting	95,761	115,953	20,192
Double Jobbing allowance - 2.2%	93,654	113,402	19,748
Workforce Jobs	93,654	113,402	19,748

Source: Justin Gardner Consulting (2023) Chelmsford Housing Need Assessment

- 4.21 Using the same modelling assumptions as adopted in Scenario 1, Table 4.7 shows how many additional jobs might be supported by population growth for each type of employment space. This population growth is associated with a local housing need for 945 dwellings per annum.

Table 4.7 Net Employment Space Requirements: Labour Supply, 2022 to 2041 (Scenario 3)

Use	Jobs Change to 2041	Net Employment Requirements to 2041 (sq.m)	Net Employment Requirements to 2041 (ha)
Workforce Jobs	19,748	-	-
Office E(g)(i)/Eg(ii)	4,446	69,150	10.4
Industrial and Distribution Eg(iii)/B2/B8	1,549	128,860	32.2
Total E(g)/B Class Jobs	5,995	198,010	42.6

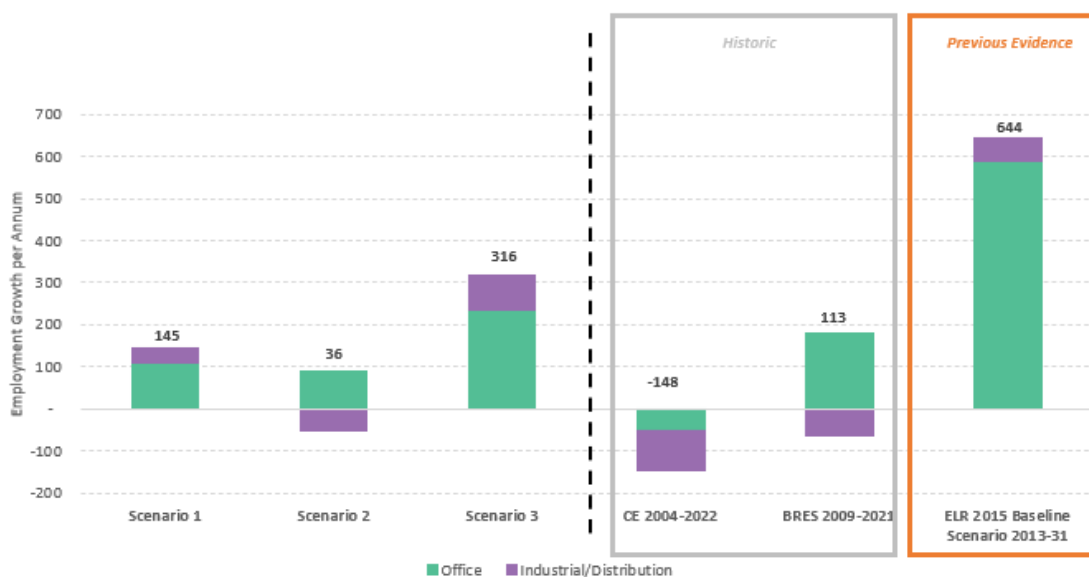
Source: Justin Gardner Consulting (2023) / Lichfields analysis

- 4.22 This baseline labour supply-based estimate produces a positive space requirement that significantly exceeds both the labour demand and past take up based approaches.

Employment Growth Comparisons

- 4.23 Given the range of potential requirements implied by the different scenarios, it is useful to compare the employment growth implied by the above scenarios against the historic employment growth in Chelmsford as recorded by CE and BRES data.
- 4.24 Table 4.3 shows the forecast annual net jobs growth per scenario. In this context, the lowest estimate based on past take-up (Scenario 2) implies an annual growth of 36 jobs per annum over the Local Plan period. The highest growth estimate is based on the Labour Supply (Scenario 3) and implies an annual growth of 316 jobs. The Labour Demand (Scenario 1) implies an annual growth of 145 jobs balancing the other two scenarios.

Figure 4.3 Annual Employment Growth Comparisons with Historic Growth and Previous Evidence



Source: CE, BRES, Chelmsford City Council / Lichfields analysis

- 4.25 These scenarios are then compared with historic trends derived by CE for the 2004 to 2022 period and BRES for the period that data is available (i.e., 2009 to 2021), alongside the forecast from the previous employment evidence of Chelmsford, namely the Employment Land Review 2013-2031 (published in 2015) which was based on the East of England Forecasting Model (EEFM) 2013 release.
- 4.26 Based on these comparisons, the historic growth recorded by CE for 2004 to 2022 is the lowest (implying -148 jobs per annum, [jpa]), followed by the BRES (113 jpa) while the ELR 2015 Baseline Scenario implied a growth of 644 jpa driven by growth in the office sectors.
- 4.27 Synthesising the above, it appears that Scenario 1 balances better the historic and current forecasts.

Net to Gross Employment Requirements

- 4.28 Drawing together the results from each of the future economic scenarios considered above, Table 4.8 summarises the net employment floorspace requirements across the Local Plan period to 2041.

Table 4.8 Net Employment Requirements in Chelmsford, 2022 to 2041 (sq.m)

Type of Space/Use Class	Scenario 1	Scenario 2	Scenario 3
Office E(g)(i)/(ii)	31,870	26,600	69,150
Industrial and Distribution Eg(iii)/B2/B8	59,790	-41,420	128,860
Total	91,650	-14,820	198,010

Source: Lichfields analysis

Safety Margin

- 4.29 To estimate the overall requirement of employment floorspace that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development. In particular, there is a need to ensure a reasonable, but not over-generous, additional allowance that provides for some flexibility but avoids over-provision of land through policy. However, it also needs to reflect that there may be potential delays in some of the development sites coming forward for development.
- 4.30 It is typical to use two years of net take-up to include flexibility of provision. However, in cases where this is negative, and therefore it would produce a negative margin, the gross annual rate is applied. An allowance related to two-year average net take-up for office, and gross take-up in industrial and distribution¹⁸ employment uses has been applied. Overall, this safety margin appears an appropriate level relative to the estimated scale of the net requirement (20.5% of the net requirements in relation to Scenario 1). Table 4.9 presents the margins applied for the purposes of this assessment.

¹⁸ This is based on the monitoring data provided by the Council for the last two monitoring years as the net absorption rate for industrial is also negative.

Table 4.9 Safety Margin Allowance (sq.m)

Type of Space/ Use Class	Safety Margin
Office and R&D E(g)(i)/(ii)	1,770
Industrial and Distribution E(g)(iii)/B2/B8	14,040
Total	15,810

Source: Lichfields analysis

Note: Numbers may not sum due to rounding

Losses

- 4.31 To translate the net requirement of employment space into a gross requirement, an allowance is typically made for the replacement of the lost employment space that may be developed for other, non-employment uses. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost.
- 4.32 There are typically four approaches to calculate the level of this allowance, including:
- 1 Forecast the quantity of floorspace that will be lost in future and assume that a proportion of this space will need to be replaced. The limitation is that there is no definitive way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, the Council needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past.
 - 2 Make an overall adjustment to the preferred scenario to give an allowance for replacement. This is a simple approach but is likely to rely on making a fairly broad assumption.
 - 3 Monitor the loss of employment space as part of the Local Plan Review thereby avoiding the need to make assumptions about the future loss of employment space. If these periodic reviews indicate a loss of high quality, occupied floorspace and vacancy rates continued to be low, the Council could take steps to replace this space by increasing the floorspace requirement accordingly. However, any Local Plan Review reflecting the monitoring findings would take some years to come forward.
 - 4 As part of the employment evidence the Council undertakes a qualitative assessment of existing employment sites, to identify those which could be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative use, such as housing. Based on this assessment, the employment land calculation can develop different scenarios to illustrate possible futures, and plan for new sites accordingly.
- 4.33 The fourth approach, in which the Council specifically identifies employment sites and areas that may be lost to other uses in the future, is generally the most robust way of dealing with losses. The qualitative assessment of existing employment areas is an important element of the evidence base. As well as policies and decisions regarding new development sites, this evidence can inform policies on the safeguarding or release of existing employment sites. Without such policies, there is a risk of losing employment land to other uses which may be desirable to safeguard. Conversely, they also risk protecting

sites which do not merit protection, because they are no longer suitable or commercially attractive for employment.

- 4.34 Based on the review of the employment supply, alongside the rest of the emerging evidence that will support the Local Plan Review, the Council has indicated that they do anticipate some limited policy-led releases of employment land. Beyond this, the analysis in section 3.0 of past demolitions of office and industrial premises recorded by CoStar (in the absence of a time series of Council monitoring data), indicates that losses have been relatively modest when the circumstances of a few particular sites are accounted for. On this basis, no loss allowance has been added to the gross employment requirements set out above.

Gross Employment Requirements

- 4.35 Synthesising the above, Table 4.10 presents the gross employment floorspace requirements to 2041 across all the scenarios assessed in this section, while Table 4.11 presents the relevant land requirements.

Table 4.10 Gross Employment Requirements in Chelmsford, 2022 to 2041 (sq.m)

Type of Space/Use Class	Scenario 1	Scenario 2	Scenario 3
Office E(g)(i)/(ii)	33,640	28,370	70,920
Industrial and Distribution Eg(iii)/B2/B8	73,830	-27,380	142,900
Total	107,470	990	213,820

Source: Lichfields analysis

Table 4.11 Gross Employment Requirements in Chelmsford, 2022 to 2041 (ha)

Type of Space/Use Class	Scenario 1	Scenario 2	Scenario 3
Office E(g)(i)/(ii)	5.0	4.3	10.6
Industrial and Distribution Eg(iii)/B2/B8	18.5	-6.8	35.7
Total	23.5	-2.6	46.4

Source: Lichfields analysis

Summary

- 4.36 This section considers three different scenarios to inform employment land provision within the new Local Plan to 2041. The employment requirements vary from 990 sq.m (Scenario 2) to 213,820 sq.m (Scenario 3), with Scenario 1 at 107,470 sq.m balancing the others, and also balancing with historic growth recorded by BRES and CE (Figure 4.3). On this basis, it appears that Scenario 1 with a gross employment requirement of 107,470 sq.m (or 23.5 ha) of employment land, should comprise the *minimum* employment space requirement for the Local Plan period to 2041. This is further split to 33,640 sq.m of office space (5.0 ha) and 73,830 sq.m (18.5 ha) of industrial and distribution space.
- 4.37 These requirements are significantly below those identified by the 2015 ELR which estimated a need for 127,200 sq.m for office space and 58,000 sq.m for industrial and distribution space across the 2013-2031 period. However, it should be noted that those estimates were based on the 2013 EEFM baseline forecast and since that time significant macro-economic changes have occurred.

- 4.38 It should be noted that this ELR considers the ‘indigenous’ employment needs arising from economic and employment growth in Chelmsford to 2041. It does not take account of wider ‘footloose’ or other strategic/inward investment needs or any other specific investment position that may arise from other areas or firms, other than to the extent that Chelmsford has accommodated a share of these uses historically and accordingly they are now reflected in the trends which inform the various forecasts.
- 4.39 For example, this would include larger-scale strategic distribution needs serving the wider region, although in the case of that specific sector, there is no evidence in the analysis of past take-up or market feedback set out above that this has been a particularly significant driver of the industrial market in Chelmsford previously. To consider this issue, a wider assessment of strategic logistics needs would be necessitated which has regard to the inter-relationship of Chelmsford with logistics market areas and strategic freight routes.

5.0 Review of Employment Land Supply

- 5.1 In order to support future economic development in the local economy over the new Local Plan period, and beyond, it is important that the area has a suitable portfolio of employment sites that are capable of meeting local business needs.
- 5.2 The ELR, therefore, provides a review and update of the employment land supply position in both quantitative and qualitative terms in order to identify potential strategic sites and priority areas for economic regeneration over the coming years, and to provide a clearer understanding of which sites are potentially best placed to contribute to supporting Chelmsford's future economic development needs.

Site Assessments

- 5.3 A detailed appraisal has been undertaken of 35 designated employment areas and some proposed sites for allocation to consider their current and future capacity to support the economic and business development needs of the local economy.
- 5.4 These sites comprise the 'Employment Areas' and new allocations as designated through the Policy DM4 (Adopted Local Plan 2020). The 'Rural Employment Areas', which comprise a total of 16 sites and are also designated by DM4 have been also reviewed but at a higher level to provide an overall position of the supply across Chelmsford.
- 5.5 The assessments have been undertaken in accordance with the best practice on industrial land audits¹⁹ and are based on a range of site assessment criteria which are presented in Table 5.1. Data is drawn from various sources including the VOA, ONS Inter-Departmental Business Register (IDBR), CoStar, engagement with local agents and site visits.

Table 5.1 Site Assessment Criteria and Scoring

Key Site Characteristics
<ul style="list-style-type: none"> Site Area (ha) Building footprint range (sq.m), number of buildings, total floorspace (if applicable) Existing Use Class Occupiers Main employment sectors Total employment (workforce jobs) per area
Criteria No. 1: Accessibility
<p>Definition:</p> <ul style="list-style-type: none"> Adequacy of road access for existing businesses, including strategic and local road access, internal access and circulation, and loading facilities and turning space for HGVs (where applicable). Review of the adequacy of existing infrastructure. Review of access to public transportation including rail, bus, cycling and walking routes. Consideration of future infrastructure improvements (if applicable). Car Parking Provision <p>Scoring:</p> <p>5 = Very good: within 2km of strategic road junction/via good unconstrained roads typically A Roads or Motorway</p>

¹⁹ Including the GLA (2018) Practice Note on industrial intensification and co-location through plan-led and masterplan approaches, https://www.london.gov.uk/sites/default/files/practice_note_-_industrial_intensification.pdf

1 = Poor: over 5km from strategic road junction/access, and/or through constrained/ local roads, and/or through town centre or residential areas etc.
Criteria No. 2: Market Attractiveness
<p>Definition:</p> <ul style="list-style-type: none"> • Occupancy rate • Vacancy rate including number of vacant units and associated floorspace • Age and quality of buildings including derelict units • The quality of the surrounding environment • Road Frontage Access/Visibility <p>Scoring:</p> <p>5 = Very good: high profile/high quality appearance, managed site; good environment and quality of occupiers; under 10% vacancy combined with above average rental values; viewed as attractive by agents/occupiers; recent investment/development activity, strong demand, units rarely available</p> <p>1 = Poor: run-down unattractive appearance/location; attracts lower end users or attracts non-industrial/logistics/office users and over 25% vacancy rate; vacant units not marketed; no recent investment; units remain vacant for lengthy period</p>
Criteria No. 3: Access to Services
<p>Definition:</p> <ul style="list-style-type: none"> • Review of proximity and access to local retail/services, open space and town centres, nurseries and other complementary uses such as retail outlets for business and trade supplies. <p>Scoring:</p> <p>5 = Very good: near town or local centre with wide range of services nearby; proximity to sizeable residential areas or new communities/emerging communities providing local labour supply.</p> <p>1 = Poor: remote isolated site, no local services or residential areas nearby.</p>
Criteria No. 4: Proximity to Incompatible Uses
<p>Definition:</p> <ul style="list-style-type: none"> • Proximity/adjacent to residential areas, and the effects of activity in terms of noise and air pollution, car and HGV traffic <p>Scoring:</p> <p>5 = Well-established large employment area/no incompatible surrounding land use.</p> <p>3-4 = Office-based uses (E(g)i) adjoining residential/other sensitive uses.</p> <p>1-2 = Light industrial/warehouse (E(g)ii/B8) adjoining residential/other sensitive uses.</p>
Development Potential
<p>Definition:</p> <ul style="list-style-type: none"> • Opportunities including potential for intensification/co-location/more efficient use of land and improvements to access etc. • Policy Constraints - Identification of any environmental constraints or characteristics -i.e., environmental, ecological and landscape impacts, noise, odours, dust, size, utilities, contamination, flooding, and any environmental/policy designations. • Review the potential to accommodate major or catalyst businesses operating in the Council's priority sectors (refer to the Intelligence Report).

Source: Lichfields

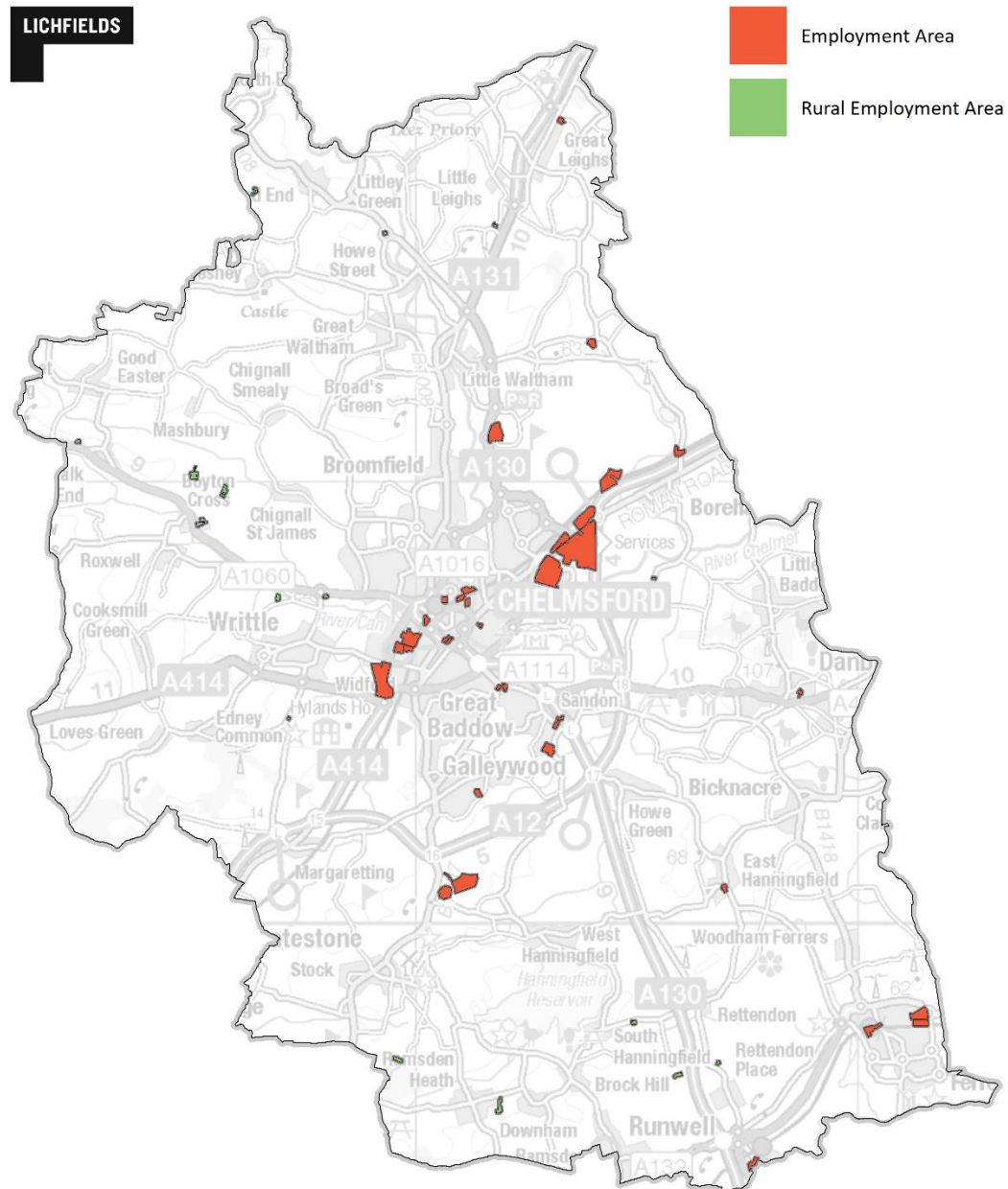
5.6

The key findings of the assessment are summarised below, while the main outputs are presented in **Appendix 2**.

Employment Areas

5.7 Chelmsford has a varied portfolio of 35 employment areas which provide a mix of site types, business premises, and urban and rural locations.

Figure 5.1 Employment Areas in Chelmsford



BASED UPON ORDNANCE SURVEY MAPPING WITH THE PERMISSION OF HIS MAJESTY'S STATIONERY OFFICE. © CROWN COPYRIGHT RESERVED. LICENCE NUMBER 100017707

Source: Chelmsford City Council (2023)/ Lichfields analysis

5.8 A total of 33 Employment Areas are designated through Local Plan Policy S8 and DM4, including the Beaulieu Park Employment Site, which has not been developed yet. There is also one proposed employment area designated through Policy S7 Spatial Strategy Site 3b East Chelmsford Land North of Maldon Road which will provide for up to 5,000 sq.m of

office and R&D²⁰. There are also 16 designated Rural Employment Areas under Policy S8 and DM4.

- 5.9 Moreover, Policy SGS6 and Policy S7 Site 6 allocate employment land in the Chelmsford Garden Community - i.e., North East Chelmsford. Details on the emerging supply of this employment land are provided in the following section (paragraphs 6.6 and 6.7). Similarly, Policy S7 Site 10, which has been granted planning permission subject to the applicant entering a legal agreement (reference 21/01961/FUL) will provide up to 1,200 sq.m of business space within E Class.
- 5.10 In overall terms, the existing employment sites are generally well-used and occupied by a range of businesses and appear to be meeting local business needs. As shown in **Appendix 2**, the scoring of each site against the suite of assessment criteria varies quite significantly, reflecting the respective strategic/local access associated with each site, surrounding uses, market attractiveness and site location relative to nearby services and facilities.
- 5.11 Sites that score highest from this scoring exercise include well-established urban locations such as Springfield and Chelmsford Industrial Areas (Ref 9), Dukes Park (Ref 6), Cromar Way (Ref 2) and Widford Industrial Estate (Ref 32). This overall scoring reflects a combination of accessibility, proximity to town centre services and market attractiveness factors.
- 5.12 By contrast, lower scoring sites include East Hanningfield (Ref 10), Drakes Lane (Ref 12), Mayphil Battlesbridge (Ref 14), British Legion Pit (Ref 27) and Rignals Lane Industrial Estate (Ref 28), reflecting their more peripheral and secondary market locations across the administrative area. However, these lower scoring sites still perform an important role in accommodating local business activity including lower value and more affordable activity in some cases and form a key component of Chelmsford's overall employment land supply portfolio. This means that this report has not identified any existing employment sites for release to other non-E(g)/B class uses, and it would appear reasonable for all the 35 assessed sites to continue to be protected for employment uses. However, this will be a decision for the Council when reviewing the Local Plan informed by the wider evidence base, national planning policy and the outcomes of public consultation exercises. In addition, the Council should consider the boundary amendment recommended for Warners Farm Rural Employment Area in paragraph 5.16 below.
- 5.13 Most of the surveyed sites were fully built out and in active use at the time of assessment, with one having remaining undeveloped land, namely Beaulieu Park Employment Area, alongside the rest of the proposed allocations mentioned above and discussed in the next section.
- 5.14 Some of the existing sites, particularly those accommodating older, secondary stock, alongside underutilised uses such as scrap land may offer scope for more intensive use in the event that redevelopment were to occur, albeit this would be subject to redevelopment schemes being viable which could prove to be challenging in more peripheral, secondary market locations. Therefore, for the purposes of the ELR, no further development capacity is assumed from those sites.

²⁰ A masterplan is also available at: <https://www.chelmsford.gov.uk/media/w2th00qc/east-chelmsford-maldon-road-masterplan.pdf>

Rural Employment Areas

- 5.15 There are a total of 16 rural employment sites scattered around the periphery of the City. These primarily comprise rural barns with dedicated parking space that facilitate the needs of small businesses and start-ups providing much needed affordable workspace across the local area. However, there are also a few that have a more industrial and urban character comprising by warehouses and industrial units. These areas include Windsor Trading Estate, Oaklands Farm²¹, Warner's Farm, Runwell Hall Farm, Boyton Hall Farm and Little Boyton Hall Farm.
- 5.16 Based on a desktop review, it has been identified that recent developments in proximity to Warner's Farm Rural Employment Area may have not been included within the boundary and on this basis it is recommended that the boundary be amended to include any new employment units.
- 5.17 Based on this review, overall the existing rural areas appear to perform well, are well-occupied and comprise an important source of affordable workspace for the local needs. As such it is recommended that they continue to be protected for employment uses.

Summary

- 5.18 The ELR has reviewed all the Urban Employment Areas, alongside a high-level desktop review of the proposed allocations and the rural employment areas. Overall, the existing designations perform well, with very low vacancy levels. The City has a wide range of sites that fulfil the different local business and employment needs.
- 5.19 It would appear that all the designated sites should continue to be protected through planning policy. Even some poorer performing sites have very low vacancy levels highlighting an active role in the commercial market which has been also indicated by the market signals. As a result, it is recommended that all the employment sites should continue to be protected through the Local Plan Review, and with a boundary amendment to the Warners Farm Rural Employment Area.

²¹ However, the units are low rise.

6.0 Supply/Demand Balance

- 6.1 This section draws together the forecasts of future employment land needs estimated in section 4.0 and the emerging supply position to identify any need for more provision of employment space, or potential surpluses of it, in quantitative terms.

Potential sources of supply

- 6.2 For the purposes of this assessment, the future employment land supply position in Chelmsford is assumed to comprise the following:
- 1 **Planning commitments:** comprising sites with extant planning permission for employment use floorspace (including those under construction) as recorded by the local authority's monitoring data (at September 2022). It is assumed that these permissions will be implemented during the Local Plan period.
 - 2 **Sites with identified development capacity:** additional supply which could be delivered on undeveloped or under-utilised/redeveloped land within existing employment sites, having regard to emerging masterplans and capacity assessments where these are available or other information provided by site owners/promoters.
- 6.3 Table 6.1 sets out key extant planning permissions for employment floorspace based on the Council's monitoring data as in September 2022 and a summary is also provided in Table 6.2. This indicates a total of 39,460 sq.m of net additional employment floorspace currently exists in the planning pipeline.
- 6.4 Some 89% of these consents relate to office and light industrial space, with the remaining attributed to industrial and distribution floorspace. There are no consented net gains for B8 distribution floorspace based on the summary of extant planning permissions.
- 6.5 One of the key extant permissions include the Greater Beaulieu Park that was granted consent in 2014 for mixed uses up to 62,300 sq.m comprising employment floorspace including new business park, retail, hotel, leisure, open space, education & community facilities. The scheme will deliver up to 49,000 sq.m of E(g)(i)/(ii)/(iii) employment floorspace²². Table 6.2 summarises other key extant permissions including key losses in the pipeline which mostly relate to loss of employment space in favour of new housing.

Table 6.1 Main Extant Permissions (September 2022)

Key Extant Permissions	Planning Reference	Proposal	Total consented supply
Greater Beaulieu Park White Hart Lane Springfield Chelmsford	09/01314/EIA	Mixed use development comprising of up to 3,600 dwellings, of which many have already been delivered. As well as up to 62,300 sq.m of employment floorspace including 49,000 sq.m of E(g)(i)/(ii)/(iii) employment floorspace.	Net gain of 49,000 sq.m of E(g)(i)/(ii)/(iii)

²² Since the application does not provide a breakdown of how much of each E(g)(i)/(ii)/(iii) use class will be delivered we have assumed that 50% of the employment floorspace will relate to office floorspace E(g)(i) and 50% to light industrial uses E(g)(iii).

Key Extant Permissions	Planning Reference	Proposal	Total consented supply
Temple Farm, Ship Road, West Hanningfield, Chelmsford, CM2 8XB	19/02091/REM	Construction of a four-storey north office block, a three to four storey south office block and a two storey multi-purpose block	Net gain of 30,361 sq.m of E(g)(i)
Regiment Business Park- Land East of 1 to 5 Eagle way, Little Waltham, Chelmsford, CM3 3FY	20/00071/FUL	Construction of General industry (B2) floorspace and associated servicing and landscaping (outline - all matters reserved except access).	Net gain of 8,627 sq.m of B2
Site at Victoria House, 101-105 Victoria Road, Chelmsford, CM1 1JR	21/00719/CUPAO	Prior Approval proposed change of use from Offices to 78 dwellings (Class C3).	Loss of 6,520 sq.m E(g)(i)
Site At 60 - 68, New London Road, Chelmsford, CM2 0PD	19/01849/CUPAO	Conversion and extension of existing building to form a new residential development, comprising of 29 one- and two-bedroom apartments.	Loss of 4,260 sq.m E(g)(i)
Site At Chamberlains Farm, Baddow Road, Great Baddow, CM3 4AJ	15/01900/OUT	Demolition of existing commercial storage buildings, re-provision of horticultural buildings, re-provision of existing dwelling and erection of 4 new residential dwellings	Loss of 3,508 sq.m B8
Remaining development within Springfield and Chelmsford Industrial Area	16/01388/FUL	Erection of 2 no. industrial/warehouse units and ancillary office space, circulation and associated parking.	Net gain of 3,300 sq.m of B2/B8
Morelands Industrial Estate, Tileworks Lane, CM3 8HB	19/00384/OUT	Demolition of existing buildings and residential development of up to 92 dwellings with public open space and landscaping with all matters reserved except for the access into the site from Tile Works Lane.	Loss of 3,524 sq.m B2

Source: Chelmsford Council (Sep 2022)/Lichfields analysis

- 6.6 Further floorspace will be provided as part of the North East Chelmsford Garden Community allocation. According to the Agreed Development Framework Document²³ the Masterplan includes the provision of 3 employment areas. Outline planning applications for Zone 1 and 2 sites propose 56,946 sq.m of new floorspace of which comprise namely the Chelmsford Garden Community (CGC) Innovation Hub (39,940 sq.m) that will concentrate office/R&D activity, Willow Hill Employment Area (15,566 sq.m) that will concentrate last mile logistics (B8 Use Class) activity and Channels Employment Hub (1,440 sq.m) for small affordable workspace (potentially within E(g)).
- 6.7 The CGC Innovation Hub is subject to submitted planning application with reference 22/01950/FUL that has not been decided yet²⁴. This will potentially bring forward up to

²³ Available at: [chelmsford-garden-community-development-framework-document-january-2023.pdf](#)

²⁴ Zone 3 of the Chelmsford Garden Community (23/00124/FUL) has also been submitted for planning permission. However, Zone 3 comprises of residential units and the delivery of the Northern RDR infrastructure and not employment space and hence has not been included within the employment supply of proposed allocations.

39,940 sq.m of net employment floorspace related to office use. Assuming an average 0.4 plot ratio, the Willow Hill Employment Area could provide up to 15,566 sq.m of B8. If we also assume a plot ratio of 1.0 for the small affordable workspace development in Channels Employment Hub this could result up to 1,440 sq.m, which is distributed evenly between office/R&D and light industrial for the purposes of this assessment.

- 6.8 Moreover, the East Chelmsford (Strategic Growth Site 3b) identified within the Chelmsford Adopted Local Plan (2020) and also as part of the East Chelmsford Maldon Road Masterplan²⁵ shows an additional 5,000 sq.m of E(g) or other appropriate B Uses. This is also split evenly between office/R&D and light industrial for the purposes of the ELR.
- 6.9 Furthermore, the Land North of South Woodham Ferrers allocation (Policy S7 Site 10) is now subject to pending decision (21/01961/FUL). According to the policy and the proposed masterplan²⁶ a total of up to 1,200 sq.m of business space in Class E, alongside a total of 1,100 sq.m of local centre (also in Class E), will be provided. The potential location of the business space is north of Woodham Rd/Burnham Rd roundabout. Adopting a consistent approach, this future provision is also divided evenly between office/R&D and light industrial.
- 6.10 Synthesising the above, the emerging supply position totals 105,906 sq.m, which is further distributed to 65,100 sq.m of office/R&D and 40,806 of industrial and distribution uses as presented below.

Table 6.2 Consented Supply Position - Extant Permissions and Proposed Allocations (at September 2022)

	Extant permissions (sq.m)	Proposed Allocations (sq.m)	Total
Office and R&D E(g)(i)/(ii)	21,340	43,760	65,100
Industrial/Distribution E(g)(iii)/B2/B8	21,420	19,386	40,806
Total	42,760	63,146	105,906

Source: Chelmsford Council (Sep 2022) / Lichfields analysis

Note: Figures rounded

Quantitative Balance

- 6.11 Based on the conclusions of section 4.0, there is an identified need for between 990 sq.m and 213,820 sq.m of employment space to 2041 which includes a safety margin to allow for potential delays in sites coming forward for development and to provide some flexibility over the Local Plan period.
- 6.12 A broad comparison of estimated demand for employment use space against the supply, as shown in Table 6.3 implies that there would not be sufficient employment space under Scenario 1 and Scenario 3 in quantitative terms and there is an oversupply of employment space under Scenario 2 as presented below.

²⁵ Available at <https://www.chelmsford.gov.uk/media/w2th00qc/east-chelmsford-maldon-road-masterplan.pdf>

²⁶ Available at <https://consultwithyou.co.uk/countryside-homes/swf/home>

Table 6.3 Demand - Supply of Employment Space in Chelmsford, 2022-2041 (sq.m)

	Scenario 1	Scenario 2	Scenario 3
Employment Requirements	107,470	990	213,820
Employment Supply/Capacity	105,906		
Surplus (+) / Shortfall (-)	-1,564	+104,916	-107,914

Source: Chelmsford Council (Sep 2022) / Lichfields analysis

Note: Figures rounded

6.13

Beyond the headline demand-supply balance, the availability of a choice of sites in the market is also important for meeting the needs of different employment sectors, alongside providing flexibility and choice for the market. Therefore, the identified supply of employment space for office, industrial and distribution uses has been compared with the estimated need arising for these uses under each of the scenarios (Table 6.4).

Table 6.4 Demand - Supply of Different Employment Uses in Chelmsford, 2022-2041 (sq.m)

	Scenario 1	Scenario 2	Scenario 3
Office E(g)(i)/(ii)			
Employment Requirements	33,640	28,370	70,920
Employment Supply/Capacity	65,100		
Surplus (+) / Shortfall (-)	+31,460	+36,730	-5,820
Industrial/Distribution E(g)(iii)/B2/B8			
Employment Requirements	73,830	-27,380	142,900
Employment Supply/Capacity	40,806		
Surplus (+) / Shortfall (-)	-33,024	+68,186	-102,094

Source: Chelmsford Council (Sep 2022) / Lichfields analysis

Note: Figures rounded

6.14

This analysis indicates that:

- **Offices:** there would not be sufficient supply to accommodate the office requirements under Scenario 3 with a shortfall of around 5,820 sq.m. However, surpluses have been identified within both Scenario 1 and Scenario 2 of between 31,460 sq.m and 36,730 sq.m resulting in more than sufficient supply to meet the office requirements under both scenarios. It should be also noted, that based on discussions with commercial agents, office needs are currently shifting to smaller-sized premises which suggests that the available floorspace space could be distributed to smaller units in order to meet the market demand.
- **Industrial/Distribution:** there would not be sufficient supply to accommodate industrial and distribution requirements across Scenario 1 and Scenario 3 with a shortfall between 33,024 sq.m and 102,094 sq.m. In the case of Scenario 1, there is a surplus for office floorspace but this is not sufficient to fully accommodate the industrial requirements (in quantitative terms).

6.15

It should be noted that this demand-supply balance analysis assumes that all outstanding planning permissions and the identified capacity on allocations will come forward in full during the Local Plan period. Any deviation from this assumption could potentially have an effect on the balance of space within Chelmsford to 2041.

Summary

- 6.16 According to the PPG, analysis of the supply and demand position is intended to allow policy makers to identify whether there is a mismatch between the quantitative and qualitative supply of, and demand for, employment uses. This enables an understanding of which market segments are potentially over-supplied and which are under-supplied.
- 6.17 Based on the analysis of the demand and supply position, the Council has a consented supply that delivers partially the employment requirements implied by the demand scenarios in overall terms with a shortfall of c 1,564 sq.m is identified against the recommended minimum requirements.
- 6.18 Across the different uses, there is potentially an identified shortfall for industrial and distribution floorspace, however as highlighted the shortfall under Scenario 1 could be accommodated mostly within the identified surplus for office floorspace (Table 6.4) subject to the implementation of the allocated and permitted floorspace that is currently open to E(g)/B uses.
- 6.19 This indicates that flexible allocations for E(g)/B2/B8 would help meet any future need for either office or industrial/distribution uses. In appropriate circumstances, flexible allocations and permissions could be considered a potential solution to accommodate different types of needs that may arise under the different scenarios whilst managing uncertainty.

7.0 Conclusion and Policy Implications

- 7.1 This section draws together the overall conclusions considering the economic development need arising in Chelmsford across the Local Plan period to 2041.

Functional Economic Market Area

- 7.2 The assessment presented in section 2.0 reviews various market areas in and around Chelmsford in terms of labour markets, housing markets, commercial property markets, consumer catchments and transport connectivity to identify the functional economic market area (FEMA) relevant to Chelmsford. This assessment concludes that the core FEMA extends across Chelmsford, Maldon and Braintree, however, there are also strong economic relationships with Brentwood and Basildon, alongside London.
- 7.3 These conclusions are based on what existing data and evidence shows about the economic geographies and flows of labour, residents and businesses across Chelmsford and the Essex as a whole. Through the Duty to Cooperate process, local planning authorities will need to determine how the conclusions from this evidence are further considered in planning policy terms and how it could inform the most appropriate study area for new technical evidence base work to help shape new/updated policies in the area.

Meeting future employment needs

- 7.4 Three different scenarios of future needs are considered in section 4.0. These indicate the broad scale and type of growth arising from different approaches to modelling Chelmsford's future employment space needs. The overall employment floorspace requirements related to these scenarios range, in quantitative terms, from 990 sq.m (under Past Trends - Scenario 2) to 213,820 sq.m (under Labour Supply - Scenario 3) during the period from 2022 to 2041.
- 7.5 **Scenario 1 (Labour Demand)** utilises macro-economic forecasts provided by Cambridge Econometrics (March 2022 release²⁷) for Chelmsford that indicates a growth of 2,763 jobs in office-, industrial- and distribution- based sectors across the Local Plan period. This represents a growth of 8.9% against a job base of 31,192 jobs in office, industrial and distribution space in 2022. Across all economic sectors (i.e., including those occupying space outside of the employment areas) the growth is expected to total 12,421 jobs, which relates to a growth of 12.5% between 2022 and 2041. It should be noted that, in overall terms, construction (+3,037 jobs) followed by residential and social (+1,803 jobs), food and beverage (+1,524 jobs) and health (+1,419 jobs) are those sectors expected to see the highest growth across the Local Plan period.
- 7.6 This forecast employment growth is translated to a net employment space requirement of 91,650 sq.m and by applying the appropriate flexibility margin it totals 107,470 sq.m of gross employment requirements, which is further distributed to 33,640 sq.m of office and R&D and 73,830 sq.m of industrial and warehousing uses (including light industrial). This level of future requirements across the next 19 years is equivalent to 12.1% of the current (i.e., at 2022) office and industrial stock across Chelmsford based on records from the

²⁷ This forecast has also been used for the sub-regional employment evidence that is currently emerging.

Valuation Office Agency (i.e., 886,000 sq.m). This suggests indigenous requirements that are primarily driven by needs for industrial/distribution space.

7.7 **Scenario 2 (Past Development Rates)** is based on historic delivery rates, however, since the monitoring data provided by the Council is only available for the last two years which is not considered a sufficiently robust historic period, recent floorspace trends in Chelmsford based on Valuation Office Agency (VOA) data and floorspace net absorption rates from CoStar have been considered to inform this Scenario. Annual floorspace change recorded by the VOA over the last 10 years shows that both office and industrial (incl. distribution) space in Chelmsford has declined since 2012. Across the same period, CoStar records a positive net absorption rate for office space of 1,400 sq.m per annum and an annual decrease of 2,180 sq.m for industrial floorspace.

7.8 Such trends do not reflect the commercial market feedback. Due to the data limitations and the deviation from market feedback, this scenario is only considered for sense-testing purposes. On this basis, based on extrapolating past completions' trends, in terms of net absorption rates from CoStar, there is a total requirement for 990 sq.m, comprising 28,370 sq.m of office and a decrease of 27,380 sq.m of industrial and distribution space.

7.9 **Scenario 3 (Labour Supply)** is based on jobs growth anticipated to support the growth in economically active population estimated by the housing consultants preparing the housing assessment for the Council. This indicates that the economically active population will grow by 21,166 people across the 2022-2041 period. This projection is based on a household growth figure of 917 per annum or a housing need figure of 945 dwellings per annum. This scenario results in a total (gross) requirement of 213,820 sq.m, comprising 70,920 sq.m of office and 142,900 sq.m of industrial and distribution space. Table 7.1 provides a summary of the gross employment requirements for the three different needs scenarios across the Plan period.

Table 7.1 Gross Employment Requirements in Chelmsford, 2022 to 2041

	Scenario 1		Scenario 3		Scenario 3	
	Sq.m	ha	Sq.m	ha	Sq.m	ha
Office E(g)(i)/(ii)	33,640	5.0	28,370	4.3	70,920	10.6
Industrial and Distribution Eg(iii)/B2/B8	73,830	18.5	-27,380	-6.8	142,900	35.7
Total	107,470	23.5	990	-2.6	213,820	46.4

Source: Lichfields analysis

7.10 In the context of the NPPF and PPG, the Council's policy approach should aim to plan positively to meet the indigenous employment space needs, which as a minimum should relate to Scenario 1 (i.e., 107,470 sq.m or 23.5 ha). However, the Council could proactively decide to accommodate the higher employment requirements relating to Labour Supply Scenario 3 (i.e., 213,820 sq.m or 46.4 ha) given the significant expansion that will be delivered within Chelmsford over the period to 2041 and in order to maintain a better balance of new homes and employment opportunities.

7.11 It should be noted that this ELR considers the 'indigenous' employment needs arising from economic and employment growth in Chelmsford to 2041. It does not take account of wider 'footloose' – for example strategic logistics – or other strategic/inward investment needs

that may arise from other areas, other than to the extent that Chelmsford has accommodated a share of these uses historically and accordingly they are now reflected in the trends which inform the various forecasts.

Employment Supply

- 7.12 A detailed appraisal has been undertaken of 35 designated employment sites and some proposed sites for allocation to consider their current and future capacity to support the economic and business development needs of the local economy. In addition, a high-level review has been undertaken to the 16 rural employment areas.
- 7.13 This indicates that Chelmsford has a wide range of employment sites which reflects the City's large business base. All the designated employment areas perform comparatively well showing high occupancy rates. Each area has scored differently against the suite of assessment criteria reflecting the respective accessibility, the wider context and the surrounding uses and location relative to nearby services and the market attractiveness.
- 7.14 Most of the sites score highly, but there are a few poorer performers primarily located on the periphery of Chelmsford. However these also have high occupancy rates confirming the market signals that indicate healthy market demand across both office and industrial uses in Chelmsford. Based on the assessment findings in this report, all the designated locations under Policy DM4 of the Adopted Local Plan (2020) should continue being protected for E(g), B Uses alongside other Sui Generis Uses that would not compromise the employment activity of these locations. However, this will be a decision for the Council when reviewing the Local Plan informed by the wider evidence base, national planning policy and the outcomes of public consultation exercises. In addition, the Council should consider the boundary amendment recommended for Warners Farm Rural Employment Area in paragraph 5.16.
- 7.15 Some of the existing sites, particularly those accommodating older, secondary stock, alongside underutilised uses such as scrap land offer scope for more intensive uses in the event that redevelopment were to occur, albeit this would be subject to redevelopment schemes being viable which could prove to be challenging in more peripheral, secondary market locations. For the purposes of the ELR, we do not include any further capacity from those sites.

Demand/Supply Position

- 7.16 An analysis of the existing and emerging employment pipeline comprises extant permissions – as provided by the Council in September 2022 - alongside proposed allocations. There is a total of 105,906 sq.m of employment space across the Local Plan period identified through extant permissions and allocations which is further split to 65,100 sq.m of office and R&D and 40,806 sq.m to industrial and distribution uses.
- 7.17 The key future employment development opportunities are at North East Chelmsford Garden Community proposed allocation which will bring forward up to 56,946 sq.m of employment space through 3 proposed sites, namely the Innovation Hub (39,940 sq.m), Willow Hill Employment Area (15,566 sq.m of B8) and the Channels Employment Hub (1,440 sq.m of affordable workspace).

- 7.18 Another key site comprises the Beaulieu Employment Park that was granted consent in 2014 for up to 49,000 sq.m of a new business park. Moreover, the East Chelmsford Maldon Road (Strategic Growth Site 3b) will add an additional 5,000 sq.m of E(g) or other appropriate B Uses within the supply to 2041.
- 7.19 Furthermore, the Land North of South Woodham Ferrers allocation (Policy S7 Site 10 – also pending decision 21/01961/FUL) could provide for up to 1,200 sq.m of business space in Class E.
- 7.20 All these proposed allocations total 63,146 sq.m and alongside 42,760 sq.m of consented floorspace would result in a total supply position of 105,906 sq.m to 2041. Once this is set against the identified employment space requirements, it indicates there will not be sufficient supply to accommodate the minimum suggested requirements of 107,470 sq.m (under Scenario 1), as well as the requirements of 213,820 sq.m that derive by the labour supply (Scenario 3) resulting in a shortfall of 1,564 sq.m and 107,914 sq.m, respectively.
- 7.21 However, when the analysis focuses on the different employment types, it is suggested that there would not be sufficient space to accommodate the industrial requirements under Scenario 1 with a shortfall of 33,024 sq.m (against Scenario 1). The equivalent against Scenario 3 is much higher at -102,094 sq.m.
- 7.22 In terms of offices, there is a surplus against Scenario 1 of 31,460 sq.m indicating that the industrial shortfall (i.e., 33,024 sq.m) could partially be met by the supply subject to the implementation of those allocations and outline permissions that currently state a wide range of E(g)/B Uses. In relation to Scenario 3, there is also shortfall of 5,820 sq.m for office and R&D space. If the Council wishes to adopt a more sustainable balance between the new homes and jobs, there would be need to identify new industrial and distribution land to 2041 to accommodate for the shortfall of industrial and distribution uses against Scenarios 1 and 3. The quantitative analysis is demonstrated in detail in Table 6.4.
- 7.23 Overall, the identified supply could accommodate most of the recommended minimum employment requirements, but there is need for the Council to encourage the delivery of more industrial land across Chelmsford. The quantitative analysis suggests that there is a shortfall that could be mostly met if there is increased flexibility across the allocations and the implementation of the outline permissions. Alternatively, other sites could be identified for industrial uses.
- 7.24 To support delivery, future policy should also identify the need for infrastructure improvements across the main employment locations and future allocations to support the identified intensification opportunities on employment land.

Appendix 1 Workforce Job Change

The table below presents the workforce jobs change in Chelmsford between 2022 and 2041 as well as the use class distribution per sector based on Lichfields' assumptions.

Table A1.1 Workforce Change in Chelmsford 2022 to 2041

Sectors	Use Class Footprints					Jobs Change	% Change
	E(g)(i)/ (ii)	Eg(iii)	B2	B8	Other Use Classes		
Construction	-	31%	-	-	69%	3,037	37.30%
Residential & social	-	-	-	-	100%	1,803	22.70%
Food & beverage services	-	-	-	-	100%	1,524	29.70%
Health	-	-	-	-	100%	1,419	15.60%
Business support services	9%	-	-	-	91%	1,103	14.50%
IT services	97%	-	-	-	3%	673	19.20%
Motor vehicles trade	-	-	-	-	100%	589	22.30%
Other professional services	80%	-	-	-	20%	434	25.70%
Real estate	100%	-	-	-	-	391	28.10%
Architectural & engineering services	-	-	-	-	100%	413	20.10%
Education	-	-	-	-	100%	350	4.50%
Public Administration & Defence	44%	-	-	-	56%	250	4.20%
Legal & accounting	100%	-	-	-	-	270	12.10%
Recreational services	-	-	-	-	100%	272	23.00%
Head offices & management consultancies	100%	-	-	-	-	202	8.40%
Accommodation	-	-	-	-	100%	200	21.20%
Wholesale trade	-	-	-	-	100%	201	6.50%
Land transport	-	-	-	37%	63%	133	10.00%
Warehousing & postal	-	-	-	83%	17%	118	5.00%
Food, drink & tobacco	-	-	100%	-	-	93	18.30%
Retail trade	-	-	-	-	100%	102	1.00%
Water, sewerage & waste	-	-	35%	-	65%	78	7.60%
Other services	4%	-	-	-	96%	70	2.20%
Arts	-	-	-	-	100%	3	0.40%
Water transport	-	-	-	-	100%	1	4.30%
Air transport	-	-	-	-	-	1	14.30%
Pharmaceuticals	-	-	-	-	-	1	5.90%
Coke & petroleum	-	-	-	-	-	-	0.00%
Other transport equipment	-	-	100%	-	-	-4	-8.90%
Motor vehicles	-	-	39%	14%	47%	-5	-7.90%
Mining & quarrying	-	-	-	-	100%	-11	-55.00%
Electricity & gas	-	-	-	-	100%	-14	-13.70%
Textiles etc	-	-	100%	-	-	-12	-16.90%
Electrical equipment	-	-	100%	-	-	-13	-10.70%
Chemicals	-	-	100%	-	-	-24	-30.80%
Machinery	-	-	100%	-	-	-28	-16.90%
Non-metallic mineral products	-	-	100%	-	-	-26	-6.90%
Printing & recording	-	-	100%	-	-	-33	-15.30%
Media	58%	-	-	-	42%	-49	-6.50%
Wood & paper	-	-	100%	-	-	-57	-17.90%
Metals & metal products	-	-	100%	-	-	-81	-20.70%
Agriculture, forestry & fishing	-	-	-	-	100%	-108	-11.40%
Other manufacturing & repair	-	14%	84%	-	2%	-138	-35.90%
Electronics	-	100%	-	-	-	-292	-33.40%
Financial & insurance	100%	-	-	-	-	-415	-17.40%
Total	21%	3%	4%	5%	67%	12,421	12.50%

Source: CE (2022) / Lichfields analysis

Appendix 2 Employment Area Site Assessments

Appendix 2: Employment Area Site Assessment

Site Ref.	Site Name	Employment Area Characteristics							Accessibility and Connectivity					Market Attractiveness				Access to Services		Proximity to incompatible uses			Total Ranking	Development Potential			
		Site Area (HA)	Building Footprint (sq.m), Footprint range and (ONS)	Vacant Floor (CoStar)	Floorspace per type of space (CoStar)	Main Occupiers	Main Sectors	Registered Employment (DBR 2022)	Road access and quality of access (narrow, congested)	Access to public transport and other modes of transportation	Car parking and cycle parking provision - quality and quantity	Scoring	Occupancy Rate	Vacancy Rate (February 2023)	Condition and age of buildings	Quality of local environment	Road frontage visibility?	Scoring	Proximity to local services	Scoring	Proximity to incompatible uses	Scoring		Potential for intensification/co-location/more efficient use of land	Policy Constraints	Potential to accommodate priority sectors	Quantum of available land for future development
1	Banters Lane Business Park, CM3 1 QX	1.14	3,250 sqm, 158-1,252 sqm	-	900 sqm office floorspace, 2,400 sqm industrial/warehouse floorspace	Rosetti Ltd, Colormagic Ltd, Lux Classics, White & White, Memsec Epos Software Company, Redstone electronics	Wholesale trade, automotive, manufacture of computer/software engineers, petrol station	50	Access to strategic road network - 2 road access points along northern site boundary (Banters Lane), large enough for lorries and unlikely to be congested	150m from Dog & Partridge bus stop to/from Chelmsford.	Around 26 car parking spaces and 5 lorry spaces	4	100.00%	0%	3 star, mostly built in 2000s/late 1990s	Well maintained	Partially visible from road, some areas blocked by hedgerows and fences	3	1 km North East of small settlement of Great Leighs, 4 km South of Braintree	2	Site is bounded by residential and greenfield land.	3	12/20	none	none	none	n/a
2	Drakes Lane Industrial Estate, CM3 3BE	2.43	6,100 sqm, 29-838 sqm	93 sqm vacant floorspace	1,000 sqm of industrial floorspace, 93 sqm of which is currently vacant, 500 sqm of warehouse/office floorspace 100 sq.m retail/warehouse (Nature Fix)	Andun Engineering Consultants Ltd, Planned Environmental Services (Maintenance) Ltd	Civil engineering. Specialised construction activities. Automotive	80	Local network with access to Essex Regiment Way roundabout	n/a	around 80 car parking spaces, unsure if designated, secure entrances to site	1	93.70%	6.2% vacancy rate, 93 sqm of vacant floorspace	1 or 2 star, mostly built around early 1980's	site perimeter/hedgerows not well maintained/fairly poor quality of local environment	very little road frontage visibility, mostly blocked by overgrown hedgerows	1	5.6 km West of Hatfield Peverel, 6.5 km North of Chelmsford town centre or a 13 minute drive	1	The site is bounded to the west and south by woodlands and the north by Drakes Lane. Greenfield land to the east, but some small lakes located in proximity to the site	4	7/20	The site is underutilised and there are two open storage/scrap land parcels that could potentially be redeveloped subject to demand in the area	none	none	n/a
3	Regiment Business Park, CM3 3FY	9.72	6,900 sqm, 29-2,789 sqm	-	75% industrial and 25% retail	Dunmow Group Scrap Metal, Marlborough Highways, Express Asphalt Chelmsford Essex, Dunmow Skips Waste Service, Morrisons, Costa, Shell, McDonalds	Industrial, scrap land and Food and beverage service activities	50 (estimated)	access to strategic road network	500m from Albatross Way bus stop to/from Chelmsford and Chelmsford. 800m from Chelmer Valley P&R to/from Chelmsford.	200 parking spaces	4	100%	0%	mostly 3 star, built post 2010s	Retail part well maintained/industrial part due to scrap land and heavy industrial activity is poor	some visibility from main road but partially blocked by an embankment	3	On-site retail (F&B) facilities, located 4km north of Chelmsford city centre	4	Bounded by Essex Regiment Way (A130)/woodlands to the west and developable land on all other sides.	4	15/20	Extant permission 20/00071/FUL has partially been delivered - there is a remaining 8,627 sq.m of B2. The site currently attracted businesses that support the construction of the NE Expansion. This could potentially be released once the CGC is complete to other employment uses.	Site is bounded by Chelmsford Garden Community (Policy SGS6) to the north-east. Part of the site is a designated waste and minerals site.	Yes subject to redevelopment and decontamination once the expansion is complete	8,627 sq.m of B2 as part of extant permission
4	Boreham Industrial Estate, CM3 3AW	2.75	5,500 sqm, 25-979 sqm	-	100% industrial and scrap metal land	John Arthur Riley, European Metal Recycling Ltd/ EMR Boreham, Euromix Concrete Boreham, Stephenson's, Biffa Waste Services Ltd	construction of buildings, waste collection, treatment and disposal activities; materials recovery, automotive repairs	25	1 access point on Waltham Road – although adjacent to A Road, no immediate access	200m from Waltham Road bus stop to/from Chelmsford, Moulsham, Little Waltham, Witham, Maldon and Colchester.	Adequate parking provision	2	100.00%	0%	2 star 1970s to 2000s	moderate /poor quality	some visibility from road but partially blocked by hedgerows, no visibility from the A12	2	5 minute drive from Boreham's restaurants and 15 minute drive from Chelmsford City Centre	2	none	5	11/20	The site is underutilised and subject to market demand could be further intensified.	Site is partly located in Flood Zone 2 (Policy S2, DM18).	none	n/a
5	Colchester Road and Drovers Way, CM2 5PH	10.9	12,900 sqm, 47-5,253 sqm	-	2,000 sqm hospitality, 3,500 sqm industrial, 5,000 sqm retail/car auction	Aston Barclay Ltd, McDonalds Restaurants Ltd (37 employees estimated), Premier Inn	Wholesale and retail trade and repair of motor vehicles and motorcycles, food and beverage service activities,	200	Served by strategic network - 2 access points off of roundabout, wide and minimal congestion	Site fronts onto Royal Mail bus stop to/from Colchester, Maldon, Witham, Little Waltham and Chelmsford.	excluding the car auction site, there is some parking spaces, undesignated and secured, no cycle provision	4	100.00%	0%	mostly 2 star, mostly built 1970s/90s	fairly maintained,	no frontage visibility	3	3.6 km north-east of Chelmsford City Centre but on site or nearby facilities	3	Bounded by road network and businesses	5	14/20	Half of the site is non-employment uses. The site is underutilised due to the nature of the main site activity – i.e., car auction with enormous parking space.	none	none	n/a
6 & 7	Springfield Business Park and Chelmsford Business Park, CM2 5AR and CM2 5LB	55.9	122,000 sqm, 22-47,599 sqm	20,599 sqm vacant floorspace	25,000 sqm office, 130,000 sqm industrial/warehousing	Aldi Stores Ltd – Distribution Centre (680 employees estimated), Royal Mail Group Ltd (220 employees estimated)	Logistics, Retail trade, except of motor vehicles and motorcycles, Postal and courier activities	3,300	Served by strategic network - 3 access points, wide enough to accommodate HGV's, potential for some congestion due to close proximity to A12	Site fronts onto Army Reserves Centre bus stop to/from Colchester, Maldon, Witham, Little Waltham, Broomfield, Beaulieu Park, Moulsham and Chelmsford.	550 parking spaces, no cycle provision	4	88.30%	11.7% vacancy rate, 20,599 sqm of vacant floorspace	mostly 3 star, mostly built in 2000s	well maintained	not particularly visible from external roads	5	3.2 km north-east of Chelmsford City Centre but available facilities nearby	4	Bounded by commercial space, strategic road network and woodland/open space.	5	18/20	Developable land at south west promoted for speculative development to provide 1 or 2 industrial/warehousing units totalling 3,300 sq.m – this is subject to permission (16/01388/FUL)	Protected open space (Policy DM21) at the south of the site.	Logistics	n/a
8	Hedgerows Business Park, CM2 5PU	5.58	9,000 sqm, 28-1,145 sqm	-	7,000 sqm office, 4,000 sqm industrial	Provide CIC (50 employees estimated), NHS Mid and South Essex Integrated Care Board (49 employees estimated)	Public administration and defence; compulsory social security, human health activities	600	Served by strategic network - 1 access point off of roundabout, wide and minimal congestion	Site fronts onto Army Reserves Centre bus stop to/from Colchester, Maldon, Witham, Little Waltham, Broomfield, Beaulieu Park, Moulsham and Chelmsford.	200 parking spaces, undesignated and unsecured, no cycle provision	4	100.00%	0%	mostly 3 star, mostly built in19 80s	well maintained	some visibility but mostly blocked by trees	3	2.8km north-east of Chelmsford City Centre but nearby facilities available	3	Bounded by road network and businesses	5	14/20	none	none	Some employment in health/life sciences/medical tech	n/a
9	Dukes Park Industrial Estate, CM2 6TE	27.5	94,200 sqm, 36-14,673 sqm	4,657 sqm vacant floorspace	91,000 sqm industrial and light industrial, 800-1,000 sqm office, 10,000 sqm retail/wholesale,	Royal Mail Group Ltd, DPD, Woodland Group, DCG Logistics, UK Electrical Wholesale 4,657 sqm vacant	Logistics, industrial, wholesale and other light industrial	2,200	High accessibility to strategic road network - 3 access points, wide enough to accommodate HGV's	2.7km from Chelmsford station. Site fronts onto Cuton Hall Lane bus stop to/from Chelmsford, Broomfield, Colchester, Witham, Beaulieu Park, and Moulsham.	1,270 parking spaces	5	95.60%	4.4% vacancy rate, 4,657 sqm of vacant floorspace	2/3 star, mostly built in 1980s/2000s	fairly maintained	road frontage visibility limited by trees on Chelmer Road (A138), good visibility from Cuton Hall Lane	4	2.2km east of Chelmsford City Centre but Sainsbury's and other retail nearby	4	Bounded by road network and residential uses	3	16/20	none	none	none	n/a
10	Ashby House and Hoffman's Way, CM1 1UH	2.7	11,200 sqm, 22-2,714 sqm	-	3,000 sqm office, 2,000 sqm industrial	W H Marriage and Sons Ltd	Food Manufacturer and other office-based sectors	180	2 access points, wide and mostly uncongested	700m from Chelmsford station to/from Liverpool Street, Clacton, Norwich, Colchester, Braintree and Ipswich. 300m from Anglia Ruskin University bus stop to/from Chelmsford, Harlow, Chelmer Valley and Beaulieu Park.	100 parking spaces, designated and unsecured, no cycle provision	3	100.00%	0%	mostly 3 star, built around 1990s/2000s	well maintained and landscaped	good frontage visibility	4	500m from Chelmsford City Centre or a 3 minute drive.	5	Bounded by woodlands to the north and north-east, Brook Street/car parking to the south, and car parking/commercial uses to the west.	5	17/20	none	Site borders Local Wildlife Site (Policy S4, DM16), Green Wedge (Policy S11, DM7, DM9-DM12), and protected open space/community facility (Policy DM21) to the north-east.	none	n/a
11	Brook Street, Chelmsford, CM1 1UQ	1.58	7,500 sqm,	-	7,500 sqm industrial/storage with some ancillary office	Vita Cellular Foams/Kay-Metzeler	Manufacturing - polystyrene	50	1 access road, suitable for large vehicles, may be some congestion due to town centre location	600m from Chelmsford station. 200m from YMCA bus stop to/from Chelmsford, Harlow and Moulsham.	40 car parking spaces, undesignated and unsecured, no cycle provision	3	100.00%	0%	3 star, built 1970s	good	good frontage visibility	3	350m from Chelmsford City Centre or a 2-minute drive.	5	Bounded by a railway line to the south, New Street (B1008) to the west, Brook Street to the north.	5	16/20	none	none	none	n/a
12	Eastwood House, Chelmsford CM1 1QW	1.28	5,000 sqm (total floorspace: 20,660 sq.m)	2,976 sqm at 1 st floor (2 units) and 1,586 (4 spaces) in the ground floor – total vacant space 4,562 sq.m	100% office	AON UK Group Ltd, BAE Systems, Educational Software solutions and Vistry Homes and Morgan Sindall	financial services and insurance activities, real estate	430	2 large access roads, minimal congestion	250m from Chelmsford station. 250m from Chelmsford Bus Station to/from Beaulieu Park, Chelmer Valley, Broomfield, Harlow, North Springfield, Galleywood, Wickford, Ongar, Braintree, Great Dunmow, Basildon, Oxney Green, Maldon, Colchester, Warley, Rayleigh, North Melbourne, Burnham-on-Crouch, Chignall Estate and Stansted Airport.	around 60 parking spaces, designated and secured	4	78%	22%	3 star, built in 1995	well maintained	not particularly visible from road	3	<300 m from Chelmsford town centre	5	Site is bounded to by residential and businesses	1	13/20	none	none	For those with office-based activities	n/a

Appendix 2: Employment Area Site Assessment

Site Ref.	Site Name	Employment Area Characteristics							Accessibility and Connectivity					Market Attractiveness				Access to Services		Proximity to incompatible uses			Total Ranking	Development Potential			
		Site Area (HA)	Building Footprint (sq.m), Footprint range and (ONS)	Vacant Floor (CoStar)	Floorspace per type of space (CoStar)	Main Occupiers	Main Sectors	Registered Employment (DBR 2022)	Road access and quality of access (narrow, congested)	Access to public transport and other modes of transportation	Car parking and cycle parking provision - quality and quantity	Scoring	Occupancy Rate	Vacancy Rate (February 2023)	Condition and age of buildings	Quality of local environment	Road frontage visibility?	Scoring	Proximity to local services	Scoring	Proximity to incompatible uses	Scoring		Potential for intensification/co-location/more efficient use of land	Policy Constraints	Potential to accommodate priority sectors	Quantum of available land for future development
13	Kingsdale Business Centre and Eckersley Road Industrial Estate, CM1 1PE	1.21	4,663 sqm, 183-2,391 sqm	160 sqm vacant floorspace	4,943 sqm industrial, 460 sqm office, 160 sqm vacant	Munro Building Services	Specialised construction activities. Some digital service/IT/communications employment on site, but majority of employment outside of priority sectors.	110	One access from Regina Road - road is in very bad condition, wide enough to support HGVs and appears uncongested.	600m from Chelmsford station to/from Liverpool Street, Clacton, Norwich, Colchester, Braintree and Ipswich. >100m from Riverside Ice and Leisure bus stop to/from Broomfield, Beaulieu Park, Moulsham and Chelmsford.	90 parking spaces, undesignated and unsecured, no parking provision	2	97.10%	2.9% vacancy rate, 160 sqm of vacant floorspace	mostly 2-star, mostly built in 1980s	poorly maintained	limited road frontage visibility from Victoria Road, no signage at access road	3	300m east of Chelmsford City Centre	5	Bounded by a railway line to the north, retail/business to the east, residential uses/car park to the south, and construction site to the west.	4	14/20	none	Site is partly located in flood zone 3 (Policy S2, DM18).	none	n/a
14	Navigation Road, CM2 6ND	0.58	2,700 sqm, 127-811 sqm	491 vacant floorspace	3,000 sqm industrial floorspace and light industrial, 252 sqm retail, 491 sqm vacant retail space	CPE Chelmsford Ltd, A1 Homecare Ltd (11 employees estimated)	Specialised construction activities, social work activities without accommodation, health tech/dental laboratory	60	3 access points along main road, each section has its own access point, they are mostly narrow and not suitable for HGV's, minimal congestion	1km from Chelmsford station to/from Liverpool Street, Clacton, Norwich, Colchester, Braintree and Ipswich. Site fronts onto Wharf Road bus stop to/from Broomfield, Beaulieu Park, Moulsham and Chelmsford.	around 70 parking spaces, designated and secured, no cycle provision	3	87.10%	12.9% vacancy rate	2 star, mostly built in 1990's	fairly well maintained	some visibility from access points on main road	2	Located <0.5 km from Chelmsford town centre or a 5 minute drive	5	Site is bounded by residential uses	1	11/20	This is a light industrial site that also experiences pressures from non-employment uses such as leisure (boxing gym) but also comprises affordable solutions for health tech and start ups.	Site is partly located in Flood Zone 3 (Policy S2, DM18).	none	n/a
15	Coval Wells, CM1 1WB	1.51	4,400 sqm (total floorspace 11,900 sq.m)	4,166 sqm vacant floorspace –35%	100% office space	Brickett Long IFA/SS & C Financial Services (294 employees estimated), QBE Management Services (UK) Ltd	financial services and insurance activities	450	1 access road, wide and some congestion from main road	300m from Chelmsford station to/from Liverpool Street, Clacton, Norwich, Colchester, Braintree and Ipswich. 300m from County Hotel bus stop to/from Chelmsford.	60 parking spaces, undesignated and unsecured, no cycle parking provision	3	65%	35%	3 star, built in 2004	well maintained	good frontage visibility from main road	3	300m south of Chelmsford City Centre	5	bounded by train line to the east, park to the south, residential to the west and car park to the north	4	15/20	none	Site is partly located in Flood Zone 3 (Policy S2, DM18).	For those with office-based activities	n/a
16	Waterhouse Business Park, CM1 2QX (North Part)	10.2	41,100sqm, 25-16,480 sqm	-	50,000 sqm industrial and light industrial	Teledyne UK Ltd, Waterhouse Chelmsford Service Centre	Manufacture of computer, electronic and optical products, wholesale and retail trade and repair of motor vehicles and motorcycles. Some health/life science/medical tech. and logistics employment, but majority of employment outside of priority sectors.	900	Two access roads - Baynes Place/Cromar Way wide access with filter lane, potential for congestion on Waterhouse Lane, access to the middle and north of site is restricted from Baynes Place. Direct access from Waterhouse Lane.	900m from Chelmsford station to/from Liverpool Street, Norwich, Colchester, Braintree and Ipswich. 200m from Ash Tree Crescent bus stop to/from Chelmsford, Oxney Green and Westlands Estate.	around 650 parking spaces, no cycle parking visible	4	100.00%	0%	3 star, mostly built in 2000s	Well- maintained	good road frontage visibility, signage on Waterhouse Lane/Cromar Way	4	1km south-west of Chelmsford City Centre	4	some residential uses at north-west, the rest is surrounded by businesses	4	16/20	There is c 1ha at the east of the site that is currently used as a playing field. This site could potentially come forward subject to the demand and de-designation from open space.	Site is partly located in Flood zone 2/3 (Policy S2, DM18), the playing field is designated open space (Policy S11, DM21)	none	n/a
17	Bilton Road, CM1 2UP	3.77	14,900 sqm, 72-2,050sqm,	-	12,500 sqm industrial, and light industrial, 7,000 sqm retail/wholesale	Glyn Hopkin Ltd, Cinch Connectivity Solutions Ltd	Wholesale and retail trade and repair of motor vehicles and motorcycles, Manufacture of electrical equipment	210	One access from Bilton Road (from Waterhouse Lane) - road is in slightly worse condition, wide access with filter lane.	1.1km from Chelmsford station to/from Liverpool Street, Norwich, Colchester, Braintree and Ipswich. 300m from Waterhouse Lane bus stop to/from Chelmsford. 300m from Waterhouse Street bus stop to/from Chelmsford and Brentwood.	450 parking spaces (incl customer parking), no cycle provision	3	100.00%	0%	mostly 2 star, mostly built 1950s/60s	fairly maintained	good road frontage visibility but no signage from Bilton Road/Waterhouse Lane	3	1.3km south-west of Chelmsford City Centre	4	Bounded by industrial/business to the north and east and residential to the south and west.	4	15/20	none	none	none	n/a
18	Waterhouse Business Centre, Chelmsford, CM1 2QE	2.19	7,440 sqm, 573-2153 sqm,	-	7,000 sq.m industrial and light industrial and 2,000 sqm office	Chelmsford Learning Partnership, PALS Ltd	Some employment in digital services/IT/communications, tourism/food and hospitality, and health/life science/medical tech. but majority of employment outside of priority sectors. Other non-employment sectors include training and social work activities.	1,000	Two access routes from Cromar Way - both accesses are wide and unlikely to be congested, and direct access to car/HGV parking from eastern access.	1.1km from Chelmsford station to/from Liverpool Street, Norwich, Colchester, Braintree and Ipswich. 300m from Waterhouse Lane bus stop to/from Chelmsford. 300m from Waterhouse Street bus stop to/from Chelmsford and Brentwood.	370 parking spaces, no cycle provision	3	100.00%	0%	mostly 3 star, all built in 2000s	Very eell- maintained	good road frontage visibility, signage on Waterhouse Lane/Cromar Way	5	1.1km south-west of Chelmsford City Centre	4	Bounded by industrial/business to the north and west and residential to the south and east.	3	15/20	none	none	none	n/a
19	Widford Industrial Estate, CM1 3AG and CM1 3UB	24.01	88,800 sqm, 44-7,790 sqm (77 properties with a total space of over 106,000 sq.m)	2,800 sqm vacant floorspace	85,000 sqm industrial/light industrial, 9,000 sqm office, 7,000 sqm retail, 2,800 sqm vacant - half office and half industrial.	AEJ Management Ltd, Eastern Counties Laundries Ltd, Raynor Foods Ltd (107 employees estimated), Rivus, Aerospace Surface Treatments, Foremans Packaging, Smurfit Kappa, Plastic Warehouse	Services to buildings and landscape activities, other personal service activities, manufacture of food products, storage facilities, automotive traders	1,600	High connectivity and access to A-roads	1.8km from Chelmsford station. Site fronts onto Robjohns Road South and Westway First Depot bus stops to/from Chelmsford, Warley and Brentwood. Site fronts onto Robjohns Road bus stop to/from Ongar and Chelmsford.	600 parking spaces, undesignated and unsecured, no cycle provision	4	97.30%	2.7% vacancy rate, 2,817 sqm of vacant floorspace.	mostly 2 star, mostly built in 1970s/80s	fairly well maintained	good visibility from main road	3	Site located 2km from Chelmsford City Centre and 1.9km from Moulsham local centre and also nearby facilities available.	4	Some residential at the north of the site.	3	14/20	none	none	none	n/a
20	Chelmsford and Essex Centre & New London Road and Parkway, CM2 0RE	1.05	3,300 sqm, 154-1,092 sqm	1,267 sqm vacant office floorspace	2,000 sqm healthcare, 6,000 sqm office (incl. 1,267 sqm vacant)	Essex Partnership University NHS/ Hospital, Eurobase Systems Ltd (42 employees estimated), MHA Macintyre Hudson, Juniper Education, Crown Prosecution Service Essex, Rickard Luckin	Human health activities, computer programming, consultancy and related activities, business administration and support, computer and programming	230	access to A and B roads	600m from Chelmsford station to/from Liverpool Street, Clacton, Norwich, Colchester, Braintree and Ipswich. Site fronts onto C&E Hospital bus stop to/from Chelmsford, Broomfield, Basildon, Warley, Galleywood, Wickford and Ongar.	50 parking spaces, designated and unsecured, no cycle provision	4	84%	16%	mostly 3 star, office built in 1980s and 1990s	well maintained with landscaping around and throughout the site	good visibility	3	300m south of Chelmsford City Centre	5	bounded by business/industrial uses to the east, south and west and ECCG to the north	4	16/20	none	Site is located in a conservation area (Policy S3, DM13) and partly in Flood Zone 2/3 (Policy S2, DM18).	potential cluster for health given the proximity to hospital	n/a
21	Beehive Business Centre, Chelmsford, CM2 9TE	0.8	3,500 sqm, 108-1,692 sqm	-	3,500 sqm industrial floorspace/ light industrial, 200 sq.m retail	Vanpuravida, Demeter Windings, Spacio Office Design One Stop Scouting Ltd and plenty of gyms, dance, leisure facilities	light industrial/specialised construction facilities and half leisure uses	50	1 access road via Beehive Lane, slightly narrow with parked cars either side of the entrance, road is mildly congested	2.1km from Chelmsford station. 100m from Loftin Way bus stop to/from Chelmsford, Moulsham, Galleywood and Great Baddow.	around 90 car parking spaces, undesignated and mostly secured, no cycle provision	2	100.00%	0%	2 star, mostly 1960's and 1970's	moderate	low wall along site boundary provides good visibility from road	2	Located approx 1.7 km from Chelmsford City Centre but some nearby facilities available	3	Site is bounded by residential uses on all sides.	1	8/20	The site experiences significant pressures for non-employment uses with half of the site being occupied by leisure and fitness businesses and scouting services.	none	none	n/a
22	Beehive Lane Works, Chelmsford, CM2 9JY	1.13	2,902 sqm, 30-596 sqm	-	light industrial affordable space rent by beehive Lane works and a leisure centre and a car wash	Beehive Lae Works manages the light industrial park, Game of Throwing entertainment company and Essex Car Wash are the key occupiers	leisure, retail, Specialised construction activities and other light industrial activities	50	1 access road via Beehive Lane, very narrow road between houses not suitable for HGV's, some road congestion	2.1km from Chelmsford station. 100m from Loftin Way bus stop to/from Chelmsford, Moulsham, Galleywood and Great Baddow.	around 50 parking spaces, undesignated and unsecured, no cycle provision	2	100.00%	there are units available for rent via the site manager	2/3 star, built in 1960s	moderate	small access road off main road leading to site	2	Located approx 1.7 km from Chelmsford City Centre but some nearby facilities available	3	Site is bounded by residential uses.	1	8/20	none	none	affordable space for start ups	n/a
23	Royal British Legion Business Park, Chelmsford, CM3 4QJ	0.89	1,800 sqm, 57-881 sqm	-	100% industrial/warehouse floorspace	Beckwith & Son Engineering Ltd, comprehensive carpentry services, J&D Hinton, Danbury Auto Electrical	metal contractor, carpentry services, automobile repairs	40	1 access point via Maldon Road, moderate/heavy congestion	250m from Eve's Corner bus stop to/from Chelmsford, South Woodham Ferrers, Burnham-on-Crouch, Mundon, Southminster, Steeple, Wickham Bishops, Maldon and Colchester.	around 60 car parking spaces, undesignated and not secured	2	100.00%	0%	3 star, pre-1940s	moderate quality	signage from road but no direct frontage visibility	2	Site is within the small/medium sized settlement of Danbury, 8.2 km East of Chelmsford city centre	2	Site is bounded by residential uses	1	7/20	The site is underutilised and could be subject to further intensification.	n/a	none	n/a

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		Site Area (HA)	Building Footprint (sq.m), Footprint range and (ONS)	Vacant Floor (CoStar)	Floorspace per type of space (CoStar)	Main Occupiers	Main Sectors	Registered Employment (DBR 2022)	Road access and quality of access (narrow, congested)	Access to public transport and other modes of transportation	Car parking and cycle parking provision - quality and quantity	Scoring	Occupancy Rate	Vacancy Rate (February 2023)	Condition and age of buildings	Quality of local environment	Road frontage visibility?	Scoring	Proximity to local services	Scoring	Proximity to incompatible uses		Scoring	Potential for intensification/co-location/more efficient use of land	Policy Constraints	Potential to accommodate priority sectors	Quantum of available land for future development
24	Church Street and the Bringley, Chelmsford, CM2 7JA	1.99	7,000 sqm, 59-1,313 sqm	92 sqm vacant floorspace	The east part of the site accommodates mainly retailers rather than employment uses. The west part provides a mixture of light industrial and non-employment uses.	Brewing Company, Roofing Suppliers, Blok 'N' Mesh I Head Office – Finance and Marketing, MOT, Dance studios, retailers	A mix of office administrative, office support and other business retail, leisure, light industrial sectors	100	Access to A-Road – 4 access points, site straddles main road, entrances look fairly narrow, minimal congestion	Site fronts onto The Bringley bus stop to/from Chelmsford.	Around 100 parking spaces, undesignated and unsecured, no cycle provision	3	97.90%	2.1% vacancy rate	mostly 2/3 star, some very old buildings (built pre 1900s) and some modern around 2000	well maintained	site straddles main road, some visibility either side of the road	3	3.7km from Chelmsford City Centre	2	Site is bounded by residential uses	1	8/20	none	Site is partly located in a Conservation Area (Policy S3, DM13).	none	n/a
25	Chelmsford Office and Technology Park & Essex Healthcare Park, CM2 8HN	4.62	15,000 sqm, 31-6,575 sqm,	2,035 sqm vacant floorspace (13.6%)	2,900 sqm of healthcare floorspace, 8,300 of office floorspace, 3,000 sqm of industrial floorspace (of which 2,000 sqm is vacant)	Simply Fertility, BAE Systems Applied Intelligence, Sodexo, Hills HGV, Chelmsford Boilers	Manufacture of fabricated metal products, except machinery and equipment	170	Access to A12 via Southend Rd junction - 2 access points via West Hanningfield Road, main entrance off of the roundabout, suitable for large vehicles and unlikely to be any congestion	250m from BAE Systems bus stop to/from Chelmsford City Centre	around 460 car parking spaces,	2	86.40%	13.5% vacancy rate, 2,035 sqm of vacant floorspace	mostly 3 star, mostly built in 1960's	Moderate condition	main entrance off of roundabout leads to gated site	2	3.7 km to Chelmsford town centre and no services nearby	1	The site is bounded by residential uses to the north, woodlands to the north-west, West Hanningfield Road to the east, and greenfield land to the south.	2	7/20	The site is underutilised and could potentially be subject to change of uses organically given its proximity to the Hospital and the existence of health facilities on-site, alongside the fact that Block C was considered for residential conversion through PDR (19/01960/CUPAO) with no further development being progressed.	none	potentially for health / life sciences / medical tech due to its location.	n/a
26	Signals Lane Industrial Estate, Chelmsford, CM2 8RF	1.66	5,700 sqm, 27-1,540 sqm	-	50% industrial and 50% retail/wholesale floorspace	Regatta Garden Furniture Ltd, Aqua Warehouse Ltd, The Resin Floor, H L S 2000, Gray and Sons.	Retail trade/ wholesale, logistics and construction activities	60	1 access point via Signals Lane, suitable for large vehicles	no rail station, 250m from Barnard Road Co-op bus stop to/from Chelmsford and Broomfield.	around 20 car parking spaces, undesignated and secured within site boundary	2	100.00%	0%	no data	moderate	partially visible, mostly blocked by hedges	2	Located in the suburb of Galleywood, 4.5 km from Chelmsford city centre	2	Site is bounded by residential uses on all sides.	1	7/20	none	Site is bounded by Green Belt to the south-east opposite Signals Lane (Policy S11, DM6, DM9-DM12).	none	n/a
27	Temple Wood Industrial Estate, Chelmsford, CM2 8FW	5.86	9,200 sqm, 23-2,759 sqm	-	85% industrial and 15% office	Hatton Traffic Management Ltd, MLP Traffic Ltd	Warehousing and support activities for transportation	190	Access to A- Road Network	300m from The Ship bus stop to/from Basildon, Wickford, and Chelmsford.	100 parking spaces, undesignated and unsecured, no cycle provision	4	n/a	n/a	n/a	looks well maintained and landscaped	no visibility, access off roundabout exit from main road	0 – potentially no availability for the open market	Site located 2km from Galleywood local centre .	2	bounded by agricultural use to the south and east, woodland/industrial to the west and residential to the north	3	9/20	Extant permission with ref: 19/02091/REM for the construction of a 30,361 sq.m of office space. However this will not be available to open market as the site is owned by JW.org and it is expected that the additional capacity will fulfill the organisation's requirements.	none	30,361 sq.m of office space part of extant permission	
28	East Hanningfield Industrial Estate, CM3 8AB	1.29	6,100 sqm, 397-1,624 sqm	-	3,500 sqm industrial, light industrial, depot facilities (SG)	Ace Contracts (London) Ltd, Jade-Euro-Med Ltd, Essex Highways depot	Manufacture of textiles, wholesale trade, except of motor vehicles and motorcycles	130	2 access, points one of which is fairly large, unlikely to be congested.	no rail station, 150 m from bus stop to/from Chelmsford and Southend	around 50 parking spaces, undesignated, no safe cycle parking provision	1	100.00%	0%	mostly 2-star, mostly built around late 1980's	fairly maintained	Restricted frontage visibility from main road	2	No local centre nearby/within walking distance. 2.2 km South West of Bickenacre, 8.7 km South East of Chelmsford town centre or a 14-minute drive	2	Surrounded by residential areas	2	7/20	none	none	n/a	
29	Eastern Industrial Estate, Chelmsford, CM3 5UW	7.28	25,700 sqm, 24-2091 sqm	483 sqm vacant floorspace	15,500 sqm industrial, light industrial (including 500 sqm vacant), 500 sqm office	Fork Truck Direct Ltd, Smiths Environmental Products Ltd	Wholesale trade, except of motor vehicles and motorcycles, manufacture of electrical equipment	450	Served by main road and good access to A130 and A132	1km from South Woodham Ferrers station to/from Southminster, Wickford and Shenfield. Site fronts onto Hamberts Road bus stop to/from Mayland, Tillingham, Mundon, Southminster and Althorne.	around 100 parking spaces, undesignated and unsecured, no cycle provision	3	96.90%	3.1% vacancy rate, 483 sqm of vacant floorspace	mostly 2 star, mostly built in 1980s	fairly well condition	restricted frontage visibility	3	Located < 1km from primary shopping district of South Woodham Ferrers	3	Bounded by a railway line, road network and open space.	5	14/20	none	none	n/a	
30	Saltcoats Industrial Estate, Chelmsford, CM3 5XJ	4.4	16,600 sqm, 137-2,249 sqm	-	100% industrial and light industrial space	Travis Perkins, Benchmark Kitchens & Joinery, Westbury Garden Rooms, Westbury Windows & Joinery Capri Mechanical Services Ltd, Disposables & Catering Supplies Ltd, Hewes Security Ltd, Recycling Centre	Specialised construction activities, wholesale trade, except of motor vehicles and motorcycles, specialised construction activities	370	Access to main road network. 1 access road, suitable for large vehicles, unlikely to be any congestion. 2 pedestrian accesses	1km from South Woodham Ferrers station to/from Southminster, Wickford and Shenfield. 300m from Hamberts Road bus stop to/from Mayland, Tillingham, Mundon, Southminster and Althorne.	around 250 car parking spaces (part designated), unsecured from road access and both pedestrian accesses	3	100.00%	0%	mostly 2/3 star, built in 1970s and 1990s	well maintained	some visibility from Ferrers Road railway bridge	3	Located < 1km from district centre	3	Site is bounded by residential uses to the east but there is a wide treeline that comprise a visual/noise barrier, greenfield land to the south and west opposite Ferrers Road, and a railway line to the north.	4	13/20	none	Site is partly located in Flood Zone 2/3 (Policy S2, DM18).	none	n/a
31	Western Industrial Estate, Chelmsford, CM3 5ZA	3.92	15,200 sqm, 24-4,230 sqm	300 sqm vacant floorspace	70% light industrial, 5% office, 25% retail and other	Challenger Solutions Ltd, Variations Photography, SIR UK, Automotive Software Solutions, Greenworks Control Environments, German Performance Engine Specialists, Printech Circuits Laboratories, Arbor Trading, Ford Automotive Dealer, Tap Room 19 and Crouch Vale Brewery and a Vet.	Manufacture of computer, electronic and optical products, software and automotive engineers, breweries, traders, automotive repairs	400	Access to main network - 2 access road, one of which is quite narrow with cars parked on both sides. One entrance is via a residential area, the other may have some congestion due to proximity to level crossing near South Woodham Ferrers train station	100m from South Woodham Ferrers station to/from Southminster, Wickford and Shenfield. 150m from Railway Station bus stop to/from Chelmsford, Basildon and Althorne	100 parking spaces, undesignated and unsecured	3	97%	3%	mostly 2 star, 1980s	well maintained	not much frontage visibility from main road	2	Located < 1km from district centre	3	Site is bounded by residential uses and the railway.	3	11/20	none	n/a	For those sectors with need for start ups and affordable workspace.	n/a
32	Mayphil Industrial Estate, SS11 7RJ	2.32	6,700 sqm, 43-1,171 sqm	200 sqm vacant light industrial,	5,000 sqm warehousing, 1,000 sqm light industrial, 500 sqm office, 145 sqm industrial	H Smith Plastics Ltd, UK Home & Garden Store, MOT, Essex Medical Training, Fireplaces shop. Aluminium retailer, County Access solutions (scaffolding with huge open storage), Rotamead (scaffolding with huge open storage) Bloomsbury Court Interiors	Scaffolding with open storage and other light industrial and SG as well as retail across Hawk Hill	n/a	Fairly narrow access roads but easy access to A-Road Network. Mayphil residential park (park homes) lies as an extension to the business park using the same road network.	200m from Battlesbridge station to/from Southminster, Wickford and Shenfield. 50m from The Hawk bus stop to/from Chelmsford and Southend.	around 40 parking spaces, mostly undesignated and unsecured	3	89.10%	10.9% vacancy rate	mostly 2 star, around 1980's	poor	limited visibility apart from the retail units at Hawk Hill	1	3 km East of Wickford, 4.2 km South West of South Woodham Ferrers, 13.6 km North West of Southend-on-Sea	1	Bounded by woodland towards the north-west, the north by Hawk Hill, the river Crouch to the east, a residential park to the south, and greenfield land to the south-west.	3	7/20	The site is underutilised and on poor condition. It has however low vacancy rates comparatively. Site boundary correction is required at the south east to include the industrial unit and the containers.	Site is partly located in Flood Zone 2/3 (Policy S2, DM18). Site is surrounded by Green Belt (Policy S11, DM6, DM9-DM12). Site borders Conservation Area to the north east (Policy S3, DM13).	none	n/a
33	Area on the Corner of New London Road and Parkway, Chelmsford, CM2 0PP	0.83	6,150 sqm	1,240 sqm vacant floorspace	12,000 sqm office, 2,500 sqm of industrial space used for retail uses	Allianz Insurance PLC, Grant Thornton UK LLP	financial services and insurance activities, legal and accounting activities. Some digital service/IT/communications employment on site, but majority of employment outside of priority sectors.	350	Two access roads - one from Parkway unlikely to be congested but very narrow, entrance only; and one from Moulsham Street that could be easily congested, entrance and exit	700m from Chelmsford station to/from Liverpool Street, Norwich, Colchester, Braintree and Ipswich. Site fronts onto C&E Hospital bus stop to/from Chelmsford, Broomfield, Basildon and Wickford.	60 parking spaces, no cycle parking provision visible	4	91.60%	8.4% vacancy rate, 1,237 sqm of vacant floorspace	Mostly 3/4 star, built mostly 1950s-70s but renovated mostly in 2000s	Relatively well maintained	Good road frontage visibility from New London Road and New Writtle Street, poor visibility from Parkway and Moulsham Street, no signage at access road	4	400m south of Chelmsford City Centre	5	Bounded by business use/hospital to the north-west and retail to the south-west and south-east. Bounded by Parkway (A1060) to the north-east.	3	16/20	None	Site is located in a conservation area (Policy S3, DM13) and partly in Flood Zone 2/3 (Policy S2, DM18).	none	n/a

Appendix 2: Employment Area Site Assessment

Site Ref.	Site Name	Employment Area Characteristics							Accessibility and Connectivity					Market Attractiveness						Access to Services		Proximity to incompatible uses			Total Ranking	Development Potential				
		Site Area (HA)	Building Footprint (sq.m), Footprint range and (ONS)	Vacant Floor (CoStar)	Floorspace per type of space (CoStar)	Main Occupiers	Main Sectors	Registered Employment (DBK 2022)	Road access and quality of access (narrow, congested)	Access to public transport and other modes of transportation	Car parking and cycle parking provision - quality and quantity	Scoring	Occupancy Rate	Vacancy Rate (February 2023)	Condition and age of buildings	Quality of local environment	Road frontage visibility?	Scoring	Proximity to local services	Scoring	Proximity to incompatible uses	Scoring	Potential for intensification/co-location/more efficient use of land	Policy Constraints		Potential to accommodate priority sectors	Quantum of available land for future development			
34	Beaulieu Park Employment Area (Undeveloped Land)	11.7	n/a	-	n/a	n/a	n/a	Access to strategic road network, new road infrastructure, once the development is complete it will also be next to railway station	400m from Boreham House bus stop to/from Chelmsford, Little Waltham, Moulsham, Colchester, Maldon and Witham. New Railway station to be developed adjacent to the site	n/a	4	n/a	n/a	n/a	n/a	n/a	4 – the site has attracted market interest	Located 1km from Boreham town centre and 4.5km from Chelmsford City Centre. New facilities will be also provided once the NE Chelmsford Expansion is complete	3	Site is bounded by the A12 to the south and developable land on all other sides.	5	16/20	The entire site is a new allocation and subject to extant permission for c 50,000 sq.m of employment space primarily office-based.	none	Potential to accommodate priority sectors	11.74ha – 50,000 sq.m part of extant permission				
35	Temple Farm Employment Site, Chelmsford, CM2 8FW	15.8	16,200 sqm, 29-4,332 sqm	n/a	n/a	Britain Branch Office of Jehovah Witnesses	office and student accommodation	n/a	Access to A- Road Network	Site fronts onto Bakers Lane bus stop to/from Basildon, Wickford, and Chelmsford.	150 parking spaces	4	n/a	n/a	n/a	looks well maintained and landscaped	no visibility, access off roundabout exit from main road	0 – potentially no availability for the open market	Site located 2km from Galleywood local centre .	2	bounded by agricultural use to the south and east, woodland/industrial to the west and residential to the north	3	9/20	Extant permission with ref: 19/02091/REM for the construction of a 30,361 sq.m of office space. However this will not be available to open market as the site is owned by JW.org and it is expected that the additional capacity will fulfil the organisation's requirements.	none	none	30,361 sq.m of office space part of extant permission			
36	East Chelmsford Maldon Road (Adopted Plan Allocation Strategic Site 3b)	0.13ha	n/a	n/a	n/a	n/a	n/a	Good connectivity adjacent to A12/Maldon Road Junction	Brick Kiln Road Bus Stop across Maldon Road towards Maldon, South Woodham, Burnham-on-Crouch and Chelmsford	n/a	3-4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		5,000 sq.m of E(g)/B Use Allocated	none	yes	5,000 sq.m of E(g)/B Use allocated				

Appendix 3 Cambridge Econometrics Data Guide (March 2022)

UK forecast assumptions (March 2022)

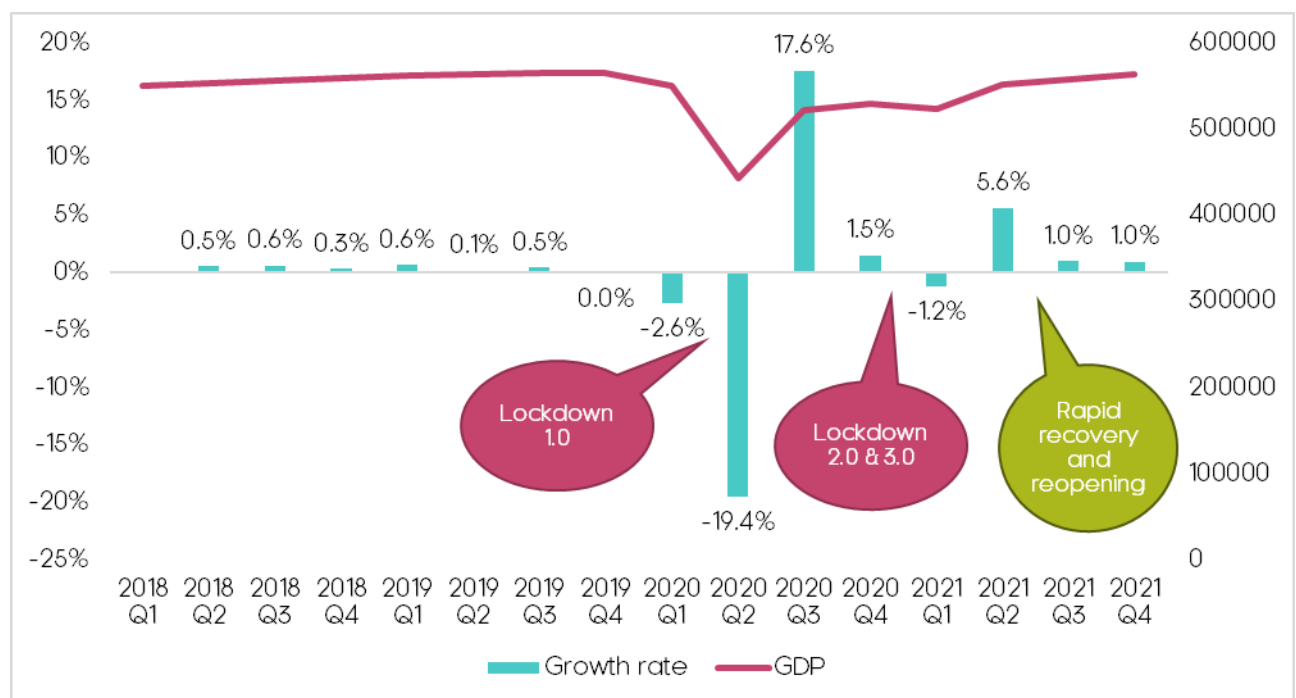
March 2022

Assumptions regarding COVID-19

Overview

A sharp recession was experienced in the first half of 2020 (and the first quarter of 2021) as the UK government introduced public health measures and social distancing to contain the outbreak of COVID-19. Economic recovery has generally been robust as restrictions were wound down (i.e. in 2020Q2 and 2021Q2), however the recovery has been uneven (across groups/regions/expenditure categories) and there is evidence of scarring in some economic variables. These developments are reflected in the quarterly GDP profile in Figure 1.

Figure 1 Quarterly GDP 2018-2021¹



In the near term, it is assumed that UK policy will transition towards “living with COVID” in which restrictions are no longer placed on activities of households and businesses. There are therefore no further COVID-related restrictions assumed in the forecast period.

The export outlook for UK has deteriorated since the previous forecast owing to supply chain issues (e.g. shortage of UK HGV staff, border disruptions, fuel shortages etc) and owing to impacts associated with UK exit of EU (see following section). These issues are expected to persist in the medium term, weighing down the recovery of exports over 2022-24 (note also, that unlike most other expenditure categories, published data indicate that exports continued to contract in 2021, despite the partial reopening of the global economy).

¹<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2020>

Despite the reversal of restrictions, persistent economic scarring and a muted economic recovery is expected. This comes as a result of business closures, weak capital accumulation and lasting productivity impacts of the pandemic. Moreover, UK trade prospects remain very weak due to slow global economic growth and Brexit trade disruptions (see EU exit section below).

Given this, the central assumption of this forecast is a 2.4% increase in GDP in 2022 (the final 'recovery' year in which above-trend growth rates are observed) and a 1.3% increase in GDP in 2023.

Key forecast components

The post-pandemic economic trajectory (i.e. short-term economic prospects) will depend on the responses of households, businesses and government.

- **Households** – Both upside and downside uncertainties are present and the future outlook of households is expected to be heterogenous. High levels of household saving have been recorded during the pandemic, which has helped fuel economic recovery. Household choices regarding these savings could influence the future outlook. It is assumed in this forecast that due to the distribution of savings (skewed to high-income households with lower propensity to consume) and due to the dampening effects of rising inflation, the outlook for consumption is relatively muted in comparison to 2021 growth rates. Another key consideration is productivity and pay growth. Pay growth is expected to be sluggish, in line with scarred productivity. Household spending is assumed to recover partially in the short term, but experience permanent impacts from the pandemic.
- **Businesses** – Cash-flow issues are expected to weigh down on business investment in the near/medium term, in light of rising input costs and weakened position as a result of economic shocks of COVID-19.

The medium-term prospects for the UK economy is dependent on developments in the global economic outlook. On the one hand, improvements in the global vaccine rollout have been observed since the previous forecast. However, new COVID variants and developments in Ukraine (war, sanctions and uncertainty) could dampen the global outlook.

Long-term COVID-19 assumptions

Due to a lack of conclusive evidence, the previous version of the forecast did not assume any specific long-term impacts of the COVID-19 pandemic. Since then, we have evaluated further evidence on:

- The [impact of COVID on UK population and its distribution](#). In the previous forecast we had introduced a temporary adjustment to UK population and its distribution due to international and internal migration. [Additional evidence](#) suggests that this impact on migration will likely have a lasting effect on UK population. Therefore, we assume that during the pandemic around 350,000 people have permanently left the UK. We also assume that as a result of flexible working policies and lifestyle changes, 180,000 people have permanently relocated from London to other UK areas. Furthermore, some additional population scarring effects of the COVID-19 pandemic are also reflected in this update of the forecast, as the population projections have been updated to align with the 2020-based ONS population projections.
- We have also reviewed the evidence on the long-term impact of the COVID-19 pandemic on productivity and the capacity of the economy, not only as a result of health scarring directly due to COVID-19, but also as a result of the response policies. There is limited evidence on how severe and lasting the health scarring could be, and therefore, we are not introducing any related assumptions in this forecast.

- School closures and remote education will likely lead to long-term impacts on human capital and productivity. In order to account for this, we are introducing an assumption based on the evidence from a [McKinsey study](#), which found that lost education of the current student cohort could lower their lifetime earnings by approximately 3%. We apply this assumption as an exogenous shock to employee earnings in the model. Weighted by population and average earnings in different age groups, our assumption is that employee earnings will be 0.5% lower by 2040, when approximately 16% of the total workforce will have been at school during the pandemic. This is only a first-order direct impact, which could have further impacts throughout the economy calculated by the model. This impact is additional to the short and medium-term impacts of the pandemic already captured as part of our assumptions, or as part of dynamic modelling.

How the EU exit assumptions were developed

Overview

Our previous version of the forecast utilised assumptions on the future impact of Brexit that were aligned with the EU–UK Trade and Cooperation Agreement signed in December 2020. In broad terms, the agreement was assessed to be similar to a standard FTA with very few special provisions. Therefore, we adopted the following political assumptions for our forecast:

- The agreed Free Trade Agreement with the EU avoids reversal to WTO terms, but results in some barriers to trade which will gradually phase in from 2022-30;
- The points-based migration system introduced restrictions on inward migration from the EU;
- The uncertainty about the possibility of no-deal Brexit was lifted in 2021. However, some uncertainty remains over the speed of regulatory divergence.
- Some uncertainty remains over the possibility of changes to the agreement in the future that could affect the barriers to trade, such as the equivalence rules in the financial sector.
- The UK will [continue to seek other trade agreements](#), which will reduce barriers to trade with non-EU countries in the future.

Since the previous forecast version, we have assessed the relevant developments relating to [new trade agreements](#). An FTA with Australia was signed in December 2021 (currently pending ratification), and similar deals with New Zealand and Singapore are at closing stages. The government suggests that the UK could join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) by the end of 2022, although CE assesses that the impact of such a deal could be limited, as the UK is already enjoying similar trade terms with most of the CPTPP members as a result of the ‘rolled-over’ agreements it had as an EU member. In addition, a consultation with the Gulf Co-operation Council (GCC) has been launched in October 2021, although the negotiations have not begun yet.

Overall, these developments are aligned with CE’s assumptions used in the previous 2021 version of the forecast, which aside from the negative effect of Brexit on exports to the EU, also assumed a small increase in UK exports to selected nations as a result of the likely trade deals with New Zealand, Australia, Canada, and a future trade deal with the US (for which the negotiations are still at an early stage). We also reviewed the new evidence on the [short-run impact of Brexit on UK-EU trade](#), which tends to affirm our views. Therefore, Brexit trade assumptions remain identical to these supporting previous year’s forecast.

In this version, we updated our migration projections to align with the newly-released 2020-based ONS migration projections. In comparison to the 2018-based projections, these suggest higher net migration to the UK in the next 20 years (by approximately 10,000 people annually, against the 2018-based projections). However, our assumption on the specific impact of Brexit on net migration from the EU remains unchanged from last year, as outlined below.

These political assumptions were converted into *economic* and *modelling* assumptions to explore the macroeconomic implications. The modelling assumptions provide inputs for our [MDM-E3](#) model, the central economic model used in the forecast. For the forecast, we focussed primarily on the macroeconomic effects of Brexit on **exports, migration and investment**.

Export assumptions

We assume that UK trade with the EU will decline by 30.6% in the long term, with the impact on services trade being roughly twice as high as for manufacturing. We assume that a larger share of the total long-run impact happened immediately in 2021 (following the end of the transition period on 31 December 2020) for goods exports, compared to services exports. This reflects the relatively greater significance of non-tariff barriers at the border for goods trade (such as customs declarations), compared to services trade.

In addition, we have incorporated into the assumptions the potential effect of the future trade deals with non-EU countries, such as the US, Australia, Canada and New Zealand. We take a moderate view that is aligned with the potential impact of the UK-US free trade agreement [modelled by the Department for International Trade](#). We assume that UK exports to the US, Australia, Canada and New Zealand will increase by 4.3% in the long run (relative to a counterfactual in which UK remains in EU). The implicit assumption on trade with the remaining parts of the world is that the UK will form trade arrangements similar to those it achieved through EU membership.

The resulting combined effect of these assumptions is a decline in UK exports to the world by 13.2% in the long run, which is similar in magnitude to the impact assumed in the previous version of the forecast.

We used the relationships in MDM-E3 to develop a forecast for imports; no additional economic or modelling assumptions were developed as inputs to the model with respect to imports.

Migration assumptions

Our assumption in this version of the forecast remains the same as in the previous version. It is assumed that the long run net migration to the UK will decline as a result of the new UK immigration policy. The starting point in developing the migration assumptions are the ONS population projections, which include migration assumptions. These migration assumptions have been updated in this version and are now based on the latest 2020-based ONS principal population projections², which we subsequently adjusted using our estimate of the effect of Brexit on *total* net migration to the UK.

² [ONS National population projections: 2020-based interim](#)

The adjustment remains the same as in the previous version of the forecast, and is aligned to the recommendation made by the Migration Advisory Committee in 2018³, and the likely effect of the points-based system currently in place. Our assumption is that net annual migration will decline to 160,000 in the long run. Effectively, this reduces net immigration of the working-age population by 40,000 annually, a change primarily driven by a decline in net migration from the EU. This assumption is comparable with other estimates in the literature on the impact of Brexit.

The estimated decline in annual net migration is distributed across UK sectors according to the proportion of EU nationals in the sector's workforce. Data on workforce by nationality are obtained from the Annual Population Survey⁴.

Investment assumptions

The investment assumptions remain unchanged from the previous version. Post-referendum uncertainty about the future of the UK-EU relationship depressed investment. While the new agreement clarifies the current relationship, our expectation is that reductions in UK-EU trade will outweigh any gains made through other trade agreements (as above). Combined with continued uncertainty about the speed of any future regulatory divergence, we continue to assume that UK investment post-Brexit will be lower than it might otherwise have been.

We assumed that the overall impact of the new agreement on investment in the UK will lead to a 5% decline in investment in the long-run (relative to a counterfactual in which UK remains in EU). This magnitude is similar to the realised impact of the post-referendum uncertainty. As post-referendum uncertainty lifted in 2021, in the short run the net combined impact of lifting of the uncertainty and the withdrawal agreement will be positive (viewed in isolation of the assumed impact of COVID-19), before the full negative impact of the withdrawal agreement is realised in the long run.

These long-run investment impacts have been distributed across broad sectors. We characterised these impacts according to several simplifying categories:

- there would be no change in investment levels;
- investment would adjust (up or down depending on the sector) based on changes to public spending;
- investment would slow down:
 - some businesses moving a proportion of their activity out of the UK – this would result in a decrease in investment, proportional to the lower level of activity in the UK;
 - diminished growth prospects of a particular sector within the UK – this could further dampen investment intentions in the UK, as multi-national organisations in those sectors may choose to divert a disproportionate amount of their investment to countries with better growth prospects.

In the last case, expectations of diminished growth prospects may stem from factors such as lack of Single Market access, or skill shortages that have been further exacerbated by migration restrictions. Growth may also dampen in sectors that rely heavily on cooperation with other member states or funding from the EU. The mechanisms through which expectations of sectoral growth may diminish were not explicitly accounted for when

3

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741926/Final_EEA_report.PDF

⁴ [ONS Number of UK nationals, EU nationals, and non-EU nationals in employment by industry and region, April 2018 to March 2019](#)

developing the economic and modelling assumptions. A judgement was taken on which of these are most applicable at a sectoral level.

Detailed explanations of the assumptions in the forecast

The summary table below presents a qualitative overview of the specific long-term economic assumptions of the impacts of Brexit by broad sector:

Table 1: UK forecast assumptions

Sector	Export assumptions	Employment assumptions	Investment assumptions
Agriculture	Mild negative impact on EU demand	Moderate employment constraints	Mild negative impact on investment
Mining & quarrying	No specific impact modelled	Moderate employment constraints	Moderate to pronounced negative impact on investment
Low and medium-low tech manufacturing	Mild negative impact on EU demand	Strong employment constraints	Moderate to pronounced negative impact on investment
High and medium-high tech manufacturing	Mild to moderate negative impact on EU demand	Strong employment constraints	Moderate to pronounced negative impact on investment
Construction	Mild negative impact on EU demand	Moderate employment constraints	Moderate to pronounced negative impact on investment
Utilities	Mild negative impact on EU demand	Moderate employment constraints	No specific impact modelled
Transport, distribution, retailing, accommodation, catering, and administrative and support services	Moderate to pronounced negative impact on EU demand	Moderate employment constraints	Moderate to pronounced negative impact on investment
IT, financial and insurance, real estate, professional, and scientific and technical services	Pronounced negative impact on EU demand	Mild employment constraints	Moderate to pronounced negative impact on investment
Public administration and defence, education, health and social work, and other services (arts and other services)	Mild negative impact on EU demand	Mild employment constraints	Mild negative impact on investment

Source: Cambridge Econometrics.

Appendix: mapping to broad sectors

The broad sector outlined above map to 86 MDM sectors according to the following classifications:

Broad sectors	MDM sectors	
Agriculture	1 Crop & animal product.	3 Fishing
	2 Forestry & logging	
Mining & quarrying	4 Coal	7 Other mining
	5 Oil extraction	8 Mining support service
	6 Gas extraction	
Low and medium-low tech manufacturing	9 Food products	18 Coke & petroleum
	10 Beverages	21 Rubber & plastic
	11 Tobacco	22 Other non-metallic
	12 Textiles	23 Basic metals
	13 Wearing apparel	24 Metal products
	14 Leather, etc.	30 Furniture
	15 Wood, etc.	31 Other manufacturing
	16 Paper, etc.	32 Repair & installation
	17 Printing & recording	
High and medium-high tech manufacturing	19 Chemicals, etc.	27 Machinery, etc.
	20 Pharmaceuticals	28 Motor vehicles, etc.
	25 Computers, etc.	29 Other trans. Equip
	26 Electrical equipment	
Utilities	33 Electricity	36 Sewerage
	34 Gas, heat & cooling	37 Waste disposal
	35 Water	38 Waste management
Construction	39 Construction	41 Specialised construction
	40 Civil engineering	
Transport, distribution, retailing, accommodation, catering, and administrative and support services	42 Motor vehicles trade	52 Publishing
	43 Wholesale trade	53 Film & music
	44 Retail trade	54 Broadcasting
	45 Land transport	55 Telecommunications
	46 Water transport	69 Rental & leasing
	47 Air transport	70 Employment activities
	48 Warehousing, etc.	71 Travel agencies, etc.
	49 Postal & courier	72 Security, etc.
	50 Accommodation	73 Services to buildings

	51 Food & beverage	74 Office admin.
IT, financial and insurance, real estate, professional, and scientific and technical services	56 Computer programming	63 Head offices, etc.
	57 Information services	64 Architect. & related
	58 Financial services	65 Scientific research
	59 Insurance & pensions	66 Advertising, etc.
	60 Aux. financial serv	67 Other professional
	61 Real estate	68 Veterinary
	62 Legal & accounting	
Public administration and defence, education, health and social work, and other services	75 Public admin. & def	81 Libraries, etc.
	76 Education	82 Gambling
	77 Health	83 Sport & recreation
	78 Residential care	84 Membership organ.
	79 Social work	85 Repair of goods
	80 Arts & entertainment	86 Other personal

Source: Cambridge Econometrics.

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