Final Report

Frome Land and Property Study

March 2017

Status of Document -

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1 Executive Summary

1.1 Introduction and Background

Team Consulting was commissioned to undertake an Employment Land and Workspace Study for Frome Town Council. This study is primarily concerned with the demand for workspace from businesses in Frome to help the Council consider what interventions are necessary to support local business development. The study is also intended to provide some baseline information on the local economy to assist the Council in its work on economic development.

The objectives of the study are as follows;

- Provide base line information on the economy of Frome;
- To provide a detailed report based on the feedback from the surveys of the current and future demand for employment land and workspace within Frome and the surrounding parishes;
- To detail the type, size and preferred locations of premises required (to include sections - Town Centre, Industrial Estate Business Park and other);
- To detail the timeframes within which the land/premises will be required;
- To summarise the locations in which the requirements could best be met, i.e. existing employment/brownfield sites and or extension of the existing retail and business parks
- Identify specific organisations that are looking to relocate within the short term to enable the Town Council to work with and assist where possible;
- To detail any infrastructure needs that organisations have identified;
- Identify specific reasons why businesses want or need to relocate away from Frome and the surrounding area;
- Identify specific reasons why businesses want to remain in Frome and the surrounding area;
- Provide a summary of enquiries from outside of the study area, where possible detailing the outcome of the enquiry;
- Comment on the growth potential of particular sectors and whether there is a case for special provision to be made for environmental technologies, creative businesses or other sectors;
- Quantify the amount of space required and land to be allocated to meet future requirements;
- Recommend actions to be taken by FTC and partners.

1.2 Study Focus

The priority of the study was identifying the property and associated requirements of certain business sectors, particularly those with growth potential; both in terms of employment and wealth creation. Therefore, in undertaken the research and analysis emphasis was placed on a small number of key sectors, namely professional services, digital and creative technologies as well as alternative energy and sustainability enterprises.

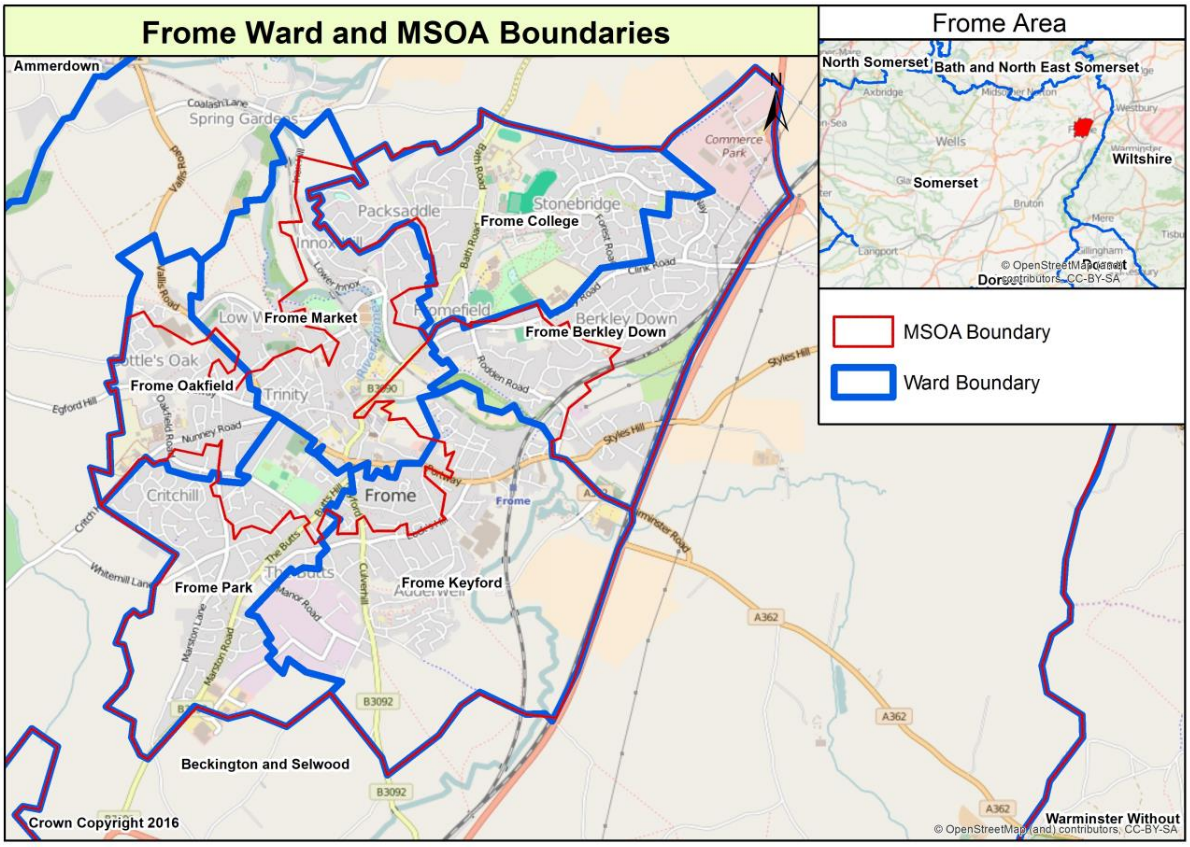
Using the categorisation from the Office for National Statistics (ONS) and Inter-departmental Business Register (IDBR) those categories that would typically contain such enterprises were identified, namely Information and Communication (ICT), Professional, scientific and technical (PST) and Manufacturing (see table 3.5 below). This focus on these sectors was reflected in the specific research undertaken as part of the study and outlined in sections 4 and 5 of this report.

A further key focus is the target of 13,864 jobs within Frome as set out in the Mendip Local Plan.

1.3 Frome - The Study Area

Frome Town Council area contains the following wards[1]: College Ward, Innox Ward, Market Ward, Oakfield Ward, Park Ward, High Point Ward, Keyford, Berkley Down Ward.

Figure: 1.1 The Study Area



Source: Various

[1]While these wards constitute the Frome Town Council area in the course of preparing this document certain was data not available at ward level so data was gathered at other administrative levels i.e. Middle Super Output Area (MSOA). The method applied in making these adjustments is set out in section 3.

1.4 Profile

Frome

Frome is a small rural town situated in east Somerset and in close proximity to the Mendip Hills. It has a population of almost 28,000. Like many historic rural towns Frome has witnessed the decline traditional industries (printing and metal working in the case of Frome) and the specialisation and economies of scale that are necessary in modern agricultural practices.

Over the recent economic recession Frome has managed to perform relatively well; evidenced by its thriving town centre and its range of independent shops. The attraction of independent Frome is reflected in its increasing house prices and enhanced by its base of cultural and creative businesses. This success has brought challenges also, as outlined below.

Economy

Frome has an economically active population of 18,908 of which 7,481 (53%) are full time employees. This compares with the Somerset county figure which has 52% full time and England and Wales at 55%. Businesses within the FTC area generate almost £250m turnover per year.

While often perceived as an affluent area, and undoubtedly there is significant wealth within the area (in terms of assets' values, Frome has a number of economic challenges including *'never been in work and long term unemployment'* figure at 4% which is higher than the Somerset 3%. In addition, its relative percentage of higher level occupations (as per socio - economic classification) is less than wider Somerset and England and Wales; and it has a relative higher number of lower level occupations than Somerset and England and Wales.

Jobs

ONS figures show approximately 8,000 jobs within the study area[2]. Wholesale and retail trade employ 1,817 people while the Human Health and social work sector employs 1,300 people locally, the education sector employs 1,087. So the public sector provides approximately 31% of jobs in the area.

Businesses

Frome has approximately 1,000 businesses with 195 wholesale & retail businesses and 140 Professional, Scientific & Technical (PST) businesses[3]. The businesses within the study are generate approximately £250m turnover per annum.

Future Plans

Frome Neighbourhood Plan and the Mendip Local Plan provide the primary spatial planning policies for the Frome area. The Frome Neighbourhood Plan identifies that the business and economic priority is *"to ensure that the right premises, sites and other infrastructure is in place to support the start-up and growth of local businesses and employment".*

[2] This is adjusted within this report as part of the '2016 Baseline' as part of this study; see table 6.2 section 6
[3] Based upon Inter-departmental Business Register / ONS figures (see table 6.2)

The Mendip Local Plan identifies a target of 13,864 jobs within the town of Frome by 2029. The creation of such jobs will require the appropriate level of land and property. This study aims to assist Frome Town Council in anticipating such growth by monitoring the availability of the right property / premises in the right location within Frome.

Business Land and Property - Supply

The research has identified 1,120 business premises within the study area. Table 1.1 below provides the business premises by category (description).

Table 1.1: Business space by Category in Frome Town Council area

DESCRIPTION	Total Category Area in (m2)[4]	% of Total Area	No of Premises in Category	% of Total Businesses
TOTAL	***312,077.98***	***100.00%***	***1,120.00***	***100.00%***
Shops and Premises	*30,245.79*	*9.69%*	224	20.00%
Workshop and Premises	*31,423.19*	*10.07%*	157	14.02%
Offices and Premises	*16,413.50*	*5.26%*	135	12.05%
Warehouse and Premises	*57,412.83*	*18.40%*	85	7.59%
Stores and Premises	*11,533.31*	*3.70%*	72	6.43%
Public House and Premises	*0.00*	*0.00%*	37	3.30%
Factory and Premises	*48,324.75*	*15.48%*	34	3.04%
Vehicle Repair Workshop and Premises	*6,610.62*	*2.12%*	26	2.32%
Car Parking	*753.00*	*0.24%*	20	1.79%
Communication Station and Premises	*0.00*	*0.00%*	20	1.79%
Holiday Unit and Premises	*86.00*	*0.03%*	19	1.70%
School and Premises	*162.30*	*0.05%*	17	1.52%
Restaurant and Premises	*2,287.04*	*0.73%*	17	1.52%
Surgery and Premises	*5,096.30*	*1.63%*	14	1.25%
Hall and Premises	*2,506.61*	*0.80%*	12	1.07%
Hairdressing Salon and Premises	*504.52*	*0.16%*	11	0.98%
Land used for storage and premises	*14,995.15*	*4.80%*	10	0.89%
Cafe and Premises	*1,002.56*	*0.32%*	9	0.80%
Day Nursery and Premises	*1,162.64*	*0.37%*	9	0.80%
Retail Warehouse and Premises	*7,509.61*	*2.41%*	9	0.80%
Sewage Treatment Works and Premises	*0.00*	*0.00%*	8	0.71%
Club and Premises	*2,480.54*	*0.79%*	8	0.71%
Self-catering holiday unit and premises	*37.00*	*0.01%*	8	0.71%
Showroom and Premises	*2,977.41*	*0.95%*	7	0.63%
Stables and Premises	*1,526.90*	*0.49%*	5	0.45%

Source: Valuation Office Agency (VOA) / Mendip District Council (MDC)

[4] Throughout this report m^2 is used as the areas measurement; where ft^2 is used it is presented as an approximate one tenth of m^2 for ease of use throughout the report .i.e. $1m^2 = 10\ ft^2$

The figures shown in column two reflects the gross total area of that particular category which includes items such as bathrooms, kitchens, stores etc. The net figure (useable area) for each category is likely to be less (see table 1.2 below for explanation of office space).

Office Premises

Table 1.2 shows the breakdown of the 'Office and premises' across the various storeys within the premises. This shows 12,102m^2 of Office area and 4,312m^2 of other space i.e. stores, bathrooms etc.

Table 1.2: 'Vacant' Office Space

	Office Area (m²)	Other Area (m²)	Vacant (m²)	% of Category Vacant (Net)
Ground	6,302	1,784	494	8%
1st Floor	4,590	1,318	457	10%
2nd Floor	1,098	313	82	7%
3rd Floor	112	42	0	N/a
Other (Stores, facilities)		855	N/a	N/a
Other	12,102	4,312	1,033	

Source: Analysis of VOA / MDC Information

Industrial & Warehousing

For the purpose of this study 'factory, workshop, stores and warehouses' have been clustered together and categorised as appropriate space for 'manufacturing'. Manufacturing in this context is defined broadly and includes design, light assembly through to heavy engineering. Using this categorisation Table 1.3 shows the level of 'Industrial / Warehousing' space within the study area, revealing that there is almost 50,000m^2 of factory space.

Table 1.3: Vacant Industrial / Warehousing Space (Manufacturing)

	Count (No)	Total Area m²	Net Area m²	Net Area Vacant m²	No of Vacant Units	Net Vacant Area Excluding 'Large Unit' m²
Factory	34	48,325	47,262	23,836[5]	4	1,906[6]
Workshop	157	31,423	30,546	1,915	13	1,915
Stores	10	11,533	11,050	766	12	766
Warehouse	85	57,413	53,570	663	3	663
	286	**148,694**	**142,268**	**26,917**	**32**	**5,250**

Source: Analysis of VOA / MDP Information

[5] It is worth noting that this figure includes the 'Selwood Printing Works' which consists of over 20,000 m^2 of space.
[6] Exclusive of Selwood Printing Works area

Business Land and Property - Demand

Research undertaken as part of this study has identified a gap in provision of appropriate cost effective premises suitable for the small businesses, especially micro businesses. In particular, there is demand for smaller 25 - 10m^2 units (approximately 250 to 100 ft^2 units)[7] among those business sectors that Frome Town Council wishes to target i.e. Information & Communication & Technology (IC), Professional, Scientific and Technical (PST) as well as the creative sectors. It appears that demand is pent up due to the limited availability of 'grow on' space available for the more established and growing businesses that may be employing between five and ten people. The research (see section 4 of this report) reveals;

- 41% of businesses have been in their premises for less than five years;
- 21% of businesses in their premises less than two years;

In terms of **anticipated demand**

- 28% of businesses anticipate a move within the next three years;
- Indicative space requirements are approximately 100 - 300m^2 (approx. 1,000-3,000 ft^2)
- Frome Town Centre is the preferred location;
- 25% of the target group (ICT / professional services / business services) anticipate moving within three years.

When set in the context of our research (see sections 4 and 5 of the report) i.e. the apparent shortfall of available quality and affordable business accommodation within Frome, consideration needs to be given to possible options. Options are set out in our conclusions and recommendation in section 7.

[7] ibid reference 2.

1.5 Frome Jobs, Property and Land Model

As part of this study a Frome Jobs, Property and Land (JPL) model has been prepared to assist in the decision-making processes for property requirements for the area. This model is based upon a number of assumptions; the target of 13,864 jobs by 2029 (Mendip Plan), the level of 'vacant' space available for Frome's target sectors and the analysis of required space across the various target sectors. A range of scenarios can produced from this model.

In the scenarios below assumptions are made regarding the available business space (as per the research noted in sections 3 & 4 of this report). This is set against the estimated growth in jobs as outlined in tables 6.3 - 6.5 in section 6.

Scenarios 1a and 1b (2017-2021)

Scenario 1a shows that assuming that the quantum of vacant space is appropriate (in terms of quality, condition and accessibility)[8] for the target businesses, the demand identified by the research and the projections noted within the Model, indicate an under supply of 504 m^2 by 2019.

Table 1.4: Scenario 1a

	Yearly 'Office Space' Adjustment Scenario 1a				
	2017	2018	2019	2020	2021
'Vacant' Office Space	1,033	571	83	-504	-1,077
Projected Required Space	562	588	688	723	933
Available v. Required	471	-17	-604	-1,227	-2,010
Released space (due to expansion)	100	100	100	150	270
Year net position	**571**	**83**	**-504**	**-1,077**	**-1,740**

Source: Analysis of VOA / MDC Information

[8] It is also worth noting that we have not assessed these premises in terms of their location, accessibility, quality or suitability, therefore, while the model assumes that they are 'fit for purpose', this may not be the case and subsequently, the level of useable available space may be less than recorded in the model.

Scenario 1b assumes that due to accessibility, quality and other factors only 50% of the 'vacant' premises is available for use. The model indicates that by 2018, there is likely to be significant shortage of office space for those in the business services sectors. This projects almost immediate demand for space and an under-supply by 2018.

Table 1.5: Scenario 1b

	Yearly 'Office Space' Adjustment Scenario 1b				
	2017	2018	2019	2020	2021
'Vacant' Office Space	517	55	-433	-1,020	-1,593
Projected Required Space	562	588	688	723	933
Available v. Required	-45	-533	-1,120	-1,743	-2,526
Released space (due to expansion)	100	100	100	150	270
Year net position	**55**	**-433**	**-1,020**	**-1,593**	**-2,256**

Source: Analysis of VOA / MDC Information

Scenarios 2a and 2b (2017-2021)

Scenario 2a shows that should job growth levels in these sectors not materialise in the 2017-2021 period then the requirement for additional office space does not take effect until 2020.

Table 1.6: Scenario 2a

	Yearly 'Office Space' Adjustment Scenario 2a				
	2017	2018	2019	2020	2021
'Vacant' Office Space	1,033	768	497	216	-74
Projected Required Space	315	321	331	340	351
Available v. Required	718	447	166	-124	-425
Released space (due to expansion)	50	50	50	50	50
Year net position	**768**	**497**	**216**	**-74**	**-375**

Source: Analysis of VOA / MDC Information

Scenario 2b shows that even in the case of that 50% of the ‘vacant’ space is deemed appropriate for use, the requirement for additional space occurs in 2018.

Table 1.7: Scenario 2b

	Yearly 'Office Space' Adjustment Scenario 2b				
	2017	2018	2019	2020	2021
'Vacant' Office Space	517	252	-19	-300	-590
Projected Required Space	315	321	331	340	351
Available v. Required	202	-69	-350	-640	-941
Released space (due to expansion)	50	50	50	50	50
Year net position	**252**	**-19**	**-300**	**-590**	**-891**

Source: Analysis of VOA / MDC Information

Scenario 3 (2017-2021)

Scenario 3 reflects low levels of jobs growth and that in the short to medium term there would be no requirement for additional workspace for these sectors.

Table 1.8: ' Scenario 3

	Yearly 'Office Space' Adjustment Scenario 3				
	2017	2018	2019	2020	2021
'Vacant' Office Space	1,033	898	760	621	480
Projected Required Space	160	162	164	166	171
Available v. Required	873	735	596	455	308
Released space (due to expansion)	25	25	25	25	25
Year net position	**898**	**760**	**621**	**480**	**333**

Source: Analysis of VOA / MDC Information

Pent-up Demand (Survey Findings)

The Jobs, Property and Land model is structured around the jobs target as set by within the Local Plan.

In addition to the Jobs, Property, Land Model, there is merit in recalling that previous surveys (and the one undertaken as part of this study) identified 'pent-up' demand for Office space i.e. 25% of those responding to the survey within target sectors anticipated demand for additional / reconfigured premises within three years (see table 4.2 & 4.3 of this report). In absolute numbers (Kompass database source)[9] this equates to approximately thirty businesses requiring additional space over the period 2017 – 2020.

With an estimated ten target businesses expanding per year (assuming an average 3.5 jobs per business, 35 jobs per annum in total i.e. 3.5% of total 1,000 jobs in target sector). This equates to 350 m^2 of additional workspace per annum. This estimate is in broadly in line with the Scenario 2 profile as outlined in Table 6.4 above.

A more ambitious growth level (jobs) would subsequently increase the business accommodation requirement.

Longer Terms Requirements.

The Jobs, Property and Land model factors a net increase of the 713 target jobs (scenario 1) over the period of the Local Plan. This equates to potential demand of more than 7,000 m^2 of appropriate workspace for the target sectors. Making adjustments for emerging voids, economies of scale, re-designation of certain properties and increased efficiency in the utilisation of office space, the overall demand may well be less than 7,000 m^2. In practice, actual demand over the period 2017 – 2020 (and the associated Feasibility Studies as noted in section 7 combined with revisions of this model) should provide a greater clarity regarding demand over the longer term. In this regard Frome Town Council should monitor demand on an ongoing basis.

[9] The Kompass database is used for this purpose as it was the database used for the filed survey.

1.6 Findings

On the basis of the above findings, it is recommended that Frome Town Council takes certain actions (these are outlined in section 7) to ensure that it has the appropriate property available (quantum, quality and location) in order to meet the anticipated growth target for the area i.e. 13,864 jobs by 2029.

The field research undertaken as part of this study found a pent up demand for increased office space accommodation, particularly in proximity to Frome town centre (section 4).

On the basis of the information available, Frome Jobs, Property and Land model projects an under supply of Office accommodation for those growth businesses that Council (and Mendip District Council) would typically like to target. This finding is supported by the research that has been undertaken across a range of stakeholders (including businesses, Chamber of Commerce, Property agents).

This under supply of office accommodation is caused by a number of factors including the configuration, accessibility and location of current vacant offices, the cost of leasing such offices and the 'bottle neck' caused by the lack of 'move on' (larger units) for those business (currently in smaller premises) that would typically like to expand.

The decline in traditional manufacturing is anticipated to continue (in line with the Local Plan) and the demand for traditional manufacturing units is also likely to decline. Typically these sites / units are sought by developers for residential units.

An underlying issue of the Frome employment space is the demand for residential properties in the area which is impacting directly on the availability of employment land and thereby limiting the sites available for new office space. This is particularly the case with sites that are located close to Frome town centre; Frome's success brings a range of new challenges.

The success of Frome presents a set of new challenges and as the town continues to grow the demand for land for residential purposes is likely to increase further. There is a risk that such pressure will lead to Frome's overall mix of development becoming disproportionately oriented toward residential thereby reducing the overall supply of employment, leisure and retail provision.

It is therefore recommended that actions are taken to assist in developing a sustainable social and economic mix in the town. Section seven of this report details these recommendations.