

# Employment Land Study

## November 2012

on behalf of Frome Town Council



Prepared by PJK Chartered Surveyors and Mark Brunson Property Consultant

## CONTENTS PAGE

1. Executive Summary.....	1
2. Introduction .....	2
3. Socio economic and demographic profile .....	3
4. Property Market.....	4
5. Consultations .....	7
6. Land Need Forecasts.....	13
7. Employment Land .....	24
8. Recommendations .....	34

### Appendices

1. Sources of Information
2. List of Figures
3. Consultees
4. Community Infrastructure Levy
5. Flood Risk map
6. Interim Employment Land Policy
7. SWOT analyses for existing 25 employment sites
8. Frome office Supply (availability – Nov 2012)
9. Frome Industrial Supply (availability – Nov 2012)
10. Take up rates – sub regional

## 1. Executive Summary

- Frome has a total employment premises supply<sup>1</sup> of approximately 172,000m<sup>2</sup>.
- As at November 2012, 7477m<sup>2</sup> was available representing 4% of total supply.
- Current supply of available offices represents 2.64 years supply based on average annual take up.
- Current supply of available industrial/warehouse accommodation represents less than one year's supply based on average annual take up.
- Commerce Park and Marston Estate account for 78% of total land utilised for employment use.
- There are 10.6 ha of available land at Commerce Park and 0.42 ha allocated at Marston Trading Estate. Based on anticipated take up requirements we consider that one hectare of new employment land per annum should be provided over the plan period which therefore requires an additional 5 ha which we recommend is allocated at Marston/Wessex Fields.
- Infrastructure costs are likely to make new "Greenfield sites" unviable in the current commercial property market and emphasis should be towards supporting vitality and growth of existing key employment sites
- In order to facilitate economic growth it is important to have a range of employment space available including allocated and serviced employment land for bespoke requirements.
- There is provision for up to 3,400 m<sup>2</sup> of office allocation in the proposed Saxonvale redevelopment but such space is reliant on the delivery of a comprehensive regeneration of this area with inherent uncertainty.
- There are 25 sites providing over 77 ha of existing employment land, of which 19 sites accounting for 11.1 ha are currently at some risk of being lost to alternative uses during the plan period.
- Consistent with the UK property market, speculative supply of new-build space ceased in 2008/9 as a consequence of the economic crisis.
- In the absence of development of new stock there is significant space available in nearby towns of Westbury, Warminster and Trowbridge capable of accommodating future demand as economy recovers.

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<sup>1</sup> Excluding rural and village locations

- Local businesses are proud to be based in Frome but regard investment in public transport should be a fundamental priority.
- There are pre application proposals to redevelop the Butler Tanner and Dennis site for 100 – 150 houses and 4,000 m<sup>2</sup> of employment. The illustrative masterplan does not allow for the retention of the existing printing operations which employ over 100 staff. We recommend that the applicants are encouraged to revise their proposals and enter into negotiations with Butler Tanner and Dennis who occupy more space than they require, to contract within the site retaining the premises off Station Approach. We understand that Butler Tanner and Dennis are unable to relocate off site for operational and financial reasons.

## 2. Introduction

- 2.1 PJK Chartered Surveyors and Mark Brunsdon Property Consultant have been appointed by Frome Town Council to undertake a study which responds to the following brief:
- (a) Provide a brief overview of future demand for industrial premises in Frome based existing studies, data sources and your own knowledge of the local market.
  - (b) Undertake a SWOT analysis of a range of existing B1, B2 and B8 employment sites in Frome, approximately 25 sites
  - (c) Present conclusions regarding the feasibility of retention of those sites and/or conversion of the buildings to enable continued employment use (not just B1 light industrial, B2 and B8, but also other B1 uses) in the period to 2028. This should be in the light of the SWOT analysis and projected trends in terms of the demand for such sites/buildings.
  - (d) Assess whether Marston Trading Estate and/or Commerce Park are capable of being expanded to help meet the need for a further 4.7 ha. of land in Frome and present recommendations.
- 2.2 This report assesses the supply, need and demand for employment land and premises (Use Class B, B2 and B8) in the Frome area.
- 2.3 It has been commissioned to provide evidence to underpin and inform the proposed Frome Neighbourhood Plan, which the Council is currently preparing. This, in conjunction with Mendip District Council's Core Strategy and emerging Local Development Framework (LDF) (hereinafter referred to as the Emerging Local Plan), will replace the existing Local Plan, and will cover the period to 2028.
- 2.4 At the time of writing Mendip District Council was understood to be close to publishing its draft Local Plan 2012 - 2028 but the analysis of the individual sites has

been based on the prevailing Local Plan in the absence of the new Local Plan. Some of the Planning Policy commentary in relation to individual sites may therefore be superseded by the Emerging Local Plan in due course.

- 2.5 Although this report contains suggestions of sites that may be able to assist in meeting the identified shortfall in employment land provision, the actual site selection will identified be through the Emerging Local Plan and Neighbourhood Plan process. The base date for the majority of the market data is 1st November 2012 unless stated otherwise.
- 2.6 We have recognised the need to consult key stakeholders within the local community as part of the Neighbourhood Plan process, and this has been reflected in our methodology.
- 2.7 A number of different research methods have been used in the compilation of data for this study. They have included site visits, face-to-face and telephone interviews with property market stakeholders such as developers, investors and their agents. Consultation has also been undertaken with public sector stakeholders and local business owners and major employers.
- 2.8 A full list of the consultees is included in Appendix 3.

### 3. Socio economic and demographic profile

The population of Frome is approximately 24,125 with an age profile which broadly reflects the UK average save that there is an under representation of 20 – 29 year olds. This may be a consequence of this age group moving out of the district to higher education institutions and finding work in larger urban centres.

#### 2001 Census Data - Population by Age

<u>Age (%)</u>	<u>Urban Area</u>	<u>District</u>	<u>GB</u>
0-04	6.4	5.7	5.9
05-09	6.4	6.2	6.3
10-19	13.9	14.0	12.8
20-29	10.8	9.1	12.6
30-44	23.3	21.7	22.6
45-59	19.9	21.0	19.0
60-64	4.4	5.1	4.9
65-74	7.5	8.7	8.4
75 and over	7.3	8.5	7.5
All Ages	24,171.0	103,869	57,103,927

The socio economic profile shows Frome to have 20% of its labour in skilled manual work compared with 15% in the UK overall reflecting the town’s strong industrial base. The corollary is that the percentage of workforce in the managerial and professional grouping is lower than the UK as a whole.

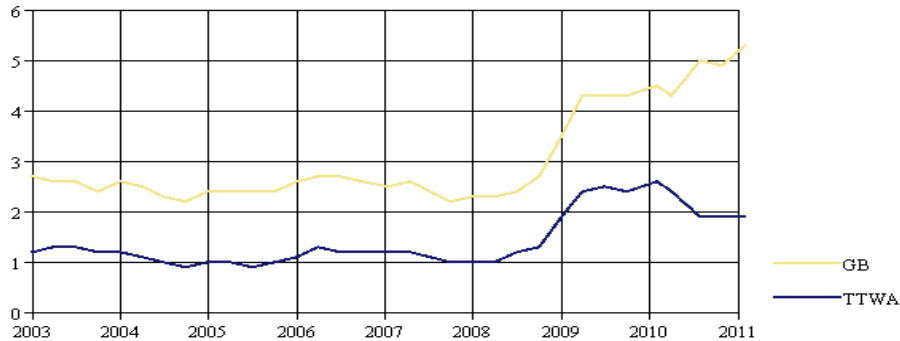


Fig 1 - % unemployed 2003 - 2011<sup>2</sup>

In terms of unemployment Frome has generally performed better than the UK overall, but saw a blip in unemployment levels during 2008 to 2010 but unlike the UK that continued to climb to over 5% by 2011, Frome saw levels fall back to 2% by the end of the year compared with 7.5%.

#### 4. Property Market

##### 4.1 Market Commentary General

The UK Commercial property market has, outside of London, been in the doldrums for the last four years since the onset of the global economic crisis and the resulting credit crunch. Company failures and weakening demand has resulted in an oversupply of commercial property stock in most sectors which has had a downward effect on property values and rentals.

The imposition of Empty Property Rates has contributed to the dearth of any speculative development and reduced values have eliminated any margin over and above build costs in most areas outside of prime commercial centres. The ongoing lack of liquidity in the commercial lending market, despite banks’ protestations to the contrary, has meant that even well let development opportunities have been difficult to fund in the current climate.

<sup>2</sup> Claimant count data are © Crown Copyright and are reproduced with the permission of the Controller of HMSO and the Queen's Printer for Scotland. Claimant Count Unemployment Rates for UK towns and GB figures, excluding London Boroughs are supplied by ONS.

Claimant Count Unemployment Rates for UK towns, excluding London Boroughs are expressed as a proportion of the resident working age population (females 16-59, males 16-64).

Although most of our market analysis has been based on hard data relating to supply and demand for commercial property during the last 6 years, it is likely that anticipated market activity will be at a higher level than prevailing activity levels, which continue to be depressed as a result of the ongoing worldwide economic crisis.

#### 4.2 Sector Specific data

The RICS Commercial Property Survey (Q3 2012) reported a further modest drop in occupier demand and coupled with a rise in availability resulted in a negative rental expectations net balance; 11% more surveyors expect rents to fall as opposed to rise in the next quarter. Inducement packages offered by landlords are seen to be rising.

Anecdotal evidence from respondents suggests that occupiers are reluctant to commit to leasing decisions while the economy remains under pressure. The Olympics are also said to have impacted on occupier activity in the market over the third quarter.

Meanwhile, investment activity also appears to have fallen back in Q3, as purchaser enquiries retreated over the period. Surveyors once again cite the difficulty in raising finance as one of the chief reasons for the dearth of transaction activity; not surprisingly, the availability of investment funds net balance decreased again, but at a lesser pace than in Q2. Consequently, capital value expectations weakened further. New developments appear to have been on hold through the quarter, with the net balance suggesting little change had occurred.

Looking at the sector breakdown, retail appears to be bearing the brunt of the downturn, with the sector showing the greatest falls in tenant demand and rental expectations. The contrast is provided by the industrial sector, which is broadly stable; the net balance for rental growth expectations has been close to zero for the last three quarters.

Capital values for retail and office units are the most negative, though they are also in decline for industrials.

#### 4.3 Vacancy Rates/Availability

The latest RICS Quarterly Commercial Property Survey illustrated that the gap between Demand and Availability widened further in the third quarter of 2012 and that sentiment among surveyors dipped further, as the ongoing weakness in the economy weighs on confidence in the sector.

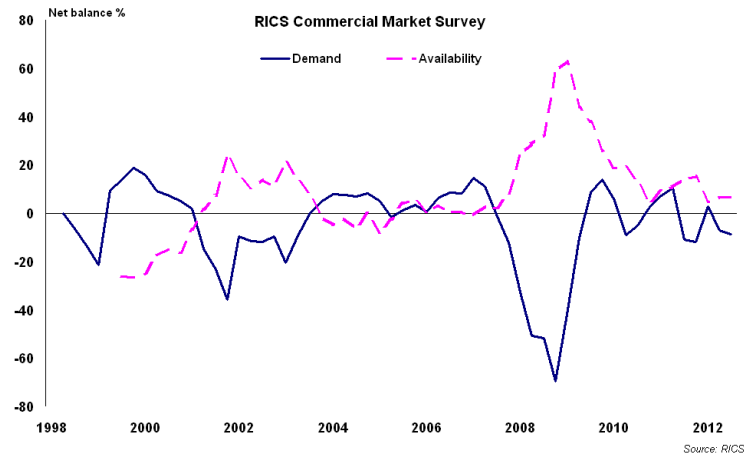


Fig 2 – RICS Commercial Market Survey Q3 2012 (Demand v Availability)

#### 4.4 Energy Performance, sustainability and obsolescence

Although it is fair to say that commercial occupiers have an increasing awareness of the energy performance of buildings most will make property selection decisions based on more fundamental criteria such as rent (price) and other fixed occupational costs, size, shape, location and availability of car parking.

Many larger corporate organizations, and local authorities, have an aspiration to occupy the most sustainable buildings but the majority of churn in a location such as Frome, with a high proportion of historic and listed buildings, is second hand stock which is unlikely to score highly in energy efficiency. The Government is proposing a new energy Act that will result in landlords being unable to let any non-residential building with an EPC F or G rating after April 2018. The South West has a high proportion of older property stock that is likely to be affected by this impending legislation.

It is intended that schemes will be introduced to encourage landlords to take advantage of void periods and cyclical upgrades of property to plan sustainability and efficiency improvements ahead of the proposed regulation.



## 5. Consultations

We have consulted with a wide range of stakeholders within the local community including:

- Major employers
- Property Agents
- Property Developers
- Council Officers
- Local entrepreneurs and business owners

and a list of all parties invited to participate is attached as Appendix 3

The feedback from these consultations can be categorised as follows:

### 5.1 Level of support towards principle of Frome Neighbourhood Plan

Type of Contributor	Comment
Major Employer	<p><i>"...we're mindful of some of potential constraints we've got here and it would be useful to understand potentially how those might develop in years to come as well because we're certainly planning to be here for the long term, got no desire or intention, strategic or otherwise to move elsewhere but we do have a similar sized operation in Bristol that we do move people between sites, so it's got a degree of flexibility in that respect."</i></p>
Local Entrepreneur	<p><i>"...I'm completely supportive; I don't care what other people say. I just think it's absolutely the right thing to do, this is a town that has got some really significant, innate advantages, it's actually a very beautiful town, it's got real history of independence, it's got real history of enterprise and creativity and I think we should really be doing whatever we can to build on that and to create the image that promotes that and that those businesses will come here and I have absolutely no doubt.</i></p> <p><i>And the more practical you can be and the more that we can get out of it before everybody does it, the better it's going to be for us. We're way ahead of Bath, way ahead. So I think if we can take that position and really position ourselves as the town that's embracing 21st century business, I mean just things like super-fast broadband, we're not shouting enough about the fact..."</i></p>

<b>Type of Contributor</b>	<b>Comment</b>
Former local employer	<p><i>"...Frome is often a 'forgotten relation' within both Mendip District Council and at County level as it is at the very eastern extreme of both administrative areas. It has much more in common with the West Wilts conurbations than many of the Somerset Towns and therefore it is wholly appropriate that Frome formulates its own specific policies than adopt more generic policies imposed on it by others... ...I can quote examples of meetings being declined by Officers of Somerset County Council due to Frome's perceived remoteness from base."</i></p>

5.2 Perceptions about the Town and where the Council can fund/promote improvements

<b>Type of Contributor</b>	<b>Comment</b>
Local Entrepreneur regarding on possible rebranding of Frome as a pro-business location	<p><i>"...I'd spend on built environments, I think marketing the town, that can be done, we can do that, other people can do that.</i></p> <p><i>Actually the best marketers are the people who are already here, the businesses that are already here... ...So the people are already coming, because it's a desirable place to live, it's got the lifestyle elements, but what we need to do in the town is provide the work elements, so that it becomes a desirable place to work and it has the facilities that most people need. So I'd say spend the money on the built environment, make it as desirable as you possibly can, provide the services that they're looking for and then those people will come anyway..."</i></p>
Major Employer regarding public transport	<p><i>"...most people will come by car. There's two people I know that live in the [neighbourhood] and there might be one or two others actually but two I know that are able to walk to work but it's pretty much the car is the principal means of transport here..."</i></p>

Type of Contributor	Comment
Local Investor regarding public transport	<p><i>Do you think there is a real issue around public transport? If we want to get people out of their cars and try and make a slightly more sustainable approach to work, we've got to do something about public transport and I know this isn't necessarily within the power of the Frome Town Council, but we need to be lobbying for a better train service, we need to be doing something about the buses, I mean it's really atrocious.</i></p> <p><i>Anything we can do to improve any aspect of the public transport system, I think, has got to be good and I think we are, over time, we are going to get short of car parking spaces in the town, so unless we can start building huge car parks... .. we are going to have to do something to give people an alternative way of getting here, slightly more sustainably.</i></p> <p><i>So that would be something that I really want to encourage. And just things like, there are no bike racks anywhere in the town centre, I mean there's a couple outside the bank, but there's no serious commitment to giving people alternatives, why are we not contributing a bike scheme same as Bath, I know we're a small town, but there's no reason why we couldn't have something on a smaller scale. I've love to see some stuff like that get off the ground. I think we just have to, we have a council that's quite proactive... .. I love some of the things that are going on and doing on, I just really want to see more of that, I really want them to absolutely think outside the box and let's just do things that are other towns aren't doing, because at the end of the day, that's what makes it an attractive place to come and the more attractive we make it, the more easy we make that decision for businesses to locate here.</i></p> <p><i>Because what we're competing with, Westbury, Trowbridge, Warminster, they're just not that attractive, they're identikit [towns]..."</i></p>

<b>Type of Contributor</b>	<b>Comment</b>
Local investor regarding in-efficiency of planning applications	<p><i>"... it's political, but I think there is an issue with Mendip generally around, it's certainly got politicised as a council, they seem almost terrified of making decisions without referring stuff, or without making it political and that, I think, really doesn't help them.</i></p> <p><i>This should have been a very non-political decision.... ...should have been a slam dunk, it should have gone through, there should have been no argument about it."</i></p>

5.3 Feedback on priorities for allocation of employment land

<b>Type of Contributor</b>	<b>Comment</b>
Former Business Owner	<p><i>"...anything that can be done to ensure that the Commerce Park site continues to fulfill its potential and grow should be encouraged..."</i></p>
Start Up Business (regarding availability of suitably price stock.)	<p><i>"...On my last enquiry at Commerce Park a 1,000 sq ft cost £135k the same units were selling privately there for £95k. Less than 10 miles away a customer of mine purchased TWO 1,000 sq ft units with upstairs office space as an extra for £60k each. Reasonable priced business units there really is a strength... ...I know people that now operate from shipping containers and old arctic beds, because there is no planning and no business rates. Surely this tells that it's all vastly over priced and of course the planning department live in Narnia or somewhere like that..."</i></p>
Regional Agent	<p><i>"...the opportunity should be taken not just only to say oh well we'll replace 10,000 sq. ft. per annum. We should be saying let's take the opportunity of having more space available so that we've got more opportunities to play with and, again, that's something I was pushing. I just feel that under the new plan they won't be taking advantage of the opportunity, I think it's about 5 hectares that's being suggested. Personally, I think that's way too little."</i></p>

<b>Type of Contributor</b>	<b>Comment</b>
Local Business	<i>"We have no plans to expand in the current economic climate"</i>
Regional Agent	<i>"...There are opportunities at Marston to do that at the back of Georges Ground and a few other places off Handlemaker. There is a specific progression for the road to be taken through and that could be done and ... ..the infrastructure's already there and you've saved yourself a lot of hassle by just looking to expand."</i>
Regional Agent	Regarding allocation of future sites <i>"...any development of the type we're talking about has to have links to the relief road. To go the other side of Frome simply is just putting traffic where you don't want it, you really want to have that good road communication and that really is that corridor isn't it all the way from Beckington right round to Marston Gate... ....that area still floods, so we've got issues with that. So it does narrow it down I have to say."</i>
Local Business Owner	<i>"...just insisting on an employment use component within any redevelopment is not necessarily the only answer. Look at [Ellsworthy], the commercial space there has been designed to look more like residential than commercial space and I have little doubt its early obsolescence has been designed in, and that someone will be looking for a change of use at some point in the future to more valuable uses. It's not an office location, and you can't force the market where it doesn't want to go..."</i>

5.4 Other Feedback

<b>Type of Contributor</b>	<b>Comment</b>
Local Businessman and Landowner	<i>"...Frome has topography constraints and a number of the buildings in the Centre are historic. Although there may be an oversupply of offices much of it does not meet current occupier requirements in terms of disabled access, car parking etc. Also retail space tends to be too small for national retailer requirements."</i>

Type of Contributor	Comment
Regional Agent (regarding competition from other towns)	<i>"... I've just done one...[occupier deal] ...which were in Keyford, good example, old three storey warehouse building, couldn't place it in Frome and they've come to Warminster and taken 7,500 sq. ft. of brand new building. So Frome's lost their jobs because they couldn't place it and they've got an old building to do something with and they would have loved to have stayed in Frome but there was nowhere available."</i>
Regional Agent	"Most of the demand for Commerce Park is within a 10 mile radius. There is some churn from within the town from companies in older premises including from Marston, seeking to relocate and expand into modern premises."

### 5.5 Overall feedback

Generally feedback from local business and employers is positive towards the principle of Frome's Neighbourhood Plan so that it could become 'master of its own destiny' rather than have to adopt policies imposed on them by Mendip District Council which may not necessarily be in Frome's best interests. There is a strong belief that the Town's location, at the extreme boundary of the District and County Councils' administrative areas, has resulted in generic policies that do not always recognise Frome's unique economic circumstances and its competition from competing centres of employment in nearby West Wilts and Bath & North East Somerset.

There is some cynicism within the community regarding the mandatory provision of a mix of residential and employment uses on redevelopment sites with a suspicion that some savvy developers will employ tactics to remove or ameliorate the delivery of the (lower margin) commercial space during the development process. The planned (or anticipated) obsolescence of the commercial space is sometimes reflected in the design of buildings that might have a more domestic vernacular and that might be relatively easily converted, following a change of use.

The consultees with property expertise were consistent in their view that the Council should not be seeking to allocate new employment sites but should ensure that the existing sites at Marston and Commerce Park are given sufficient capacity to grow to meet future demand and thus allow these locations to compete with established Industrial and Trading estates in nearby towns.

## 6. Land Need Forecasts

### 6.1 Economic data

Mendip District Council have commissioned their own economic study to help inform the preparation of the Emerging Local Plan (aka LDF), much of which is as relevant to Frome as it is to the whole district.

We have specifically had regard to:

- LDF Technical Paper: Employment Land Study 2010
- Mendip District Council Economic Strategy 2012 baseline Socio Economic Conditions (PER Consulting)
- Research documents from national and regional property agents

It is recognised in the Emerging Local Plan that in the case of Frome “...based on job and household numbers projected forward to 2028 there will remain a shortfall of 1000 jobs. On this basis it is proposed that a further 15,000m<sup>2</sup> of employment floorspace (requiring a land area of 5.6ha).”<sup>3</sup>

### 6.2 Total Supply

Based on an analysis of data from the Valuation Office website (used for the assessment of Business Rates) we have identified that within Frome and outskirts (ie excluding Trudoxhill, Mells, Standerwick, Berkley Marsh, Babington, Whatley, Nunney, Feltham and Beckington) there is approximately 80,000m<sup>2</sup> (850,000sqft) of business space (defined as Offices, Factory, Workshop, Storage and Warehouse accommodation) as set out below:

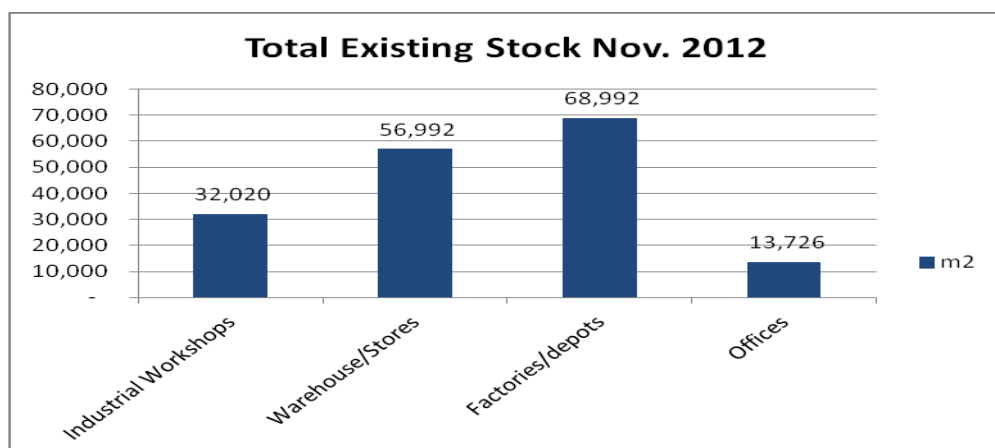


Fig 3 – Total employment space Frome (and outskirts) area (Source VOA Website)

<sup>3</sup> LDF Technical Paper: Employment Land Study 2010

An investigation into available accommodation reveals that within the same defined area there is approximately 7,477m<sup>2</sup> (80,452 sqft) of accommodation overtly available for sale or to let. This availability excludes the vacant accommodation that is within the Saxonvale Regeneration site (former Merchants Barton Industrial Estate) and the vacant factory accommodation at the former Weston Vinyls site at Vallis Road.

This available space can be categorised as follows:

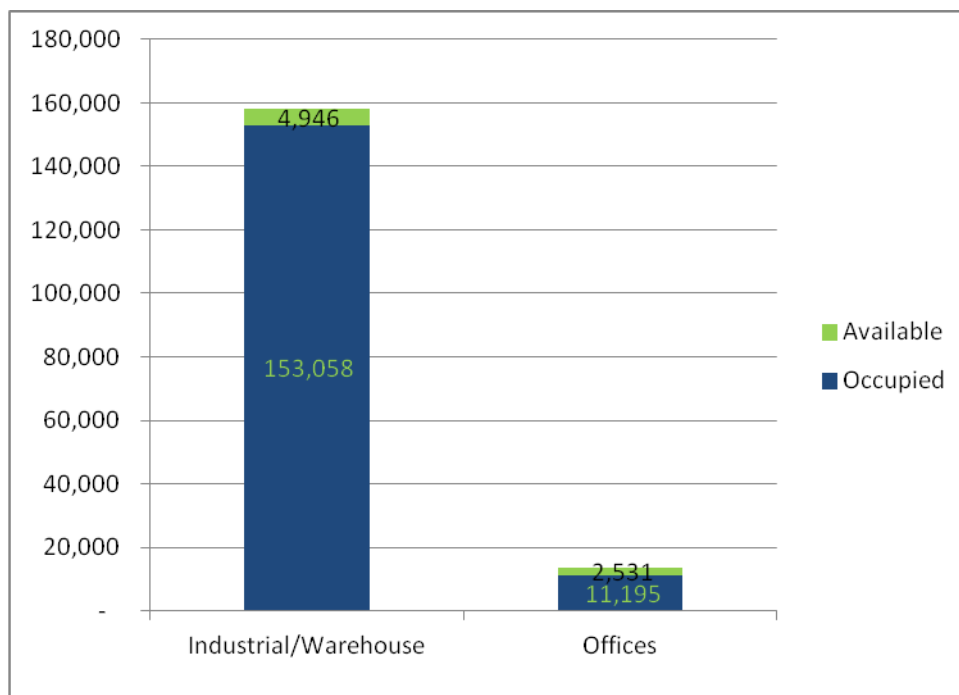


Fig 4 – Frome available commercial accommodation (m<sup>2</sup>) November 2012.

It is apparent that approximately 3% of total Industrial/Warehouse Stock is currently on the market, whilst 18% of Office Stock is on the market.

4% of total employment space is available for sale or to let as at November 2012. Significantly there is not a comprehensive range of employment space available which reduces the opportunities for relocation from both within the town and to attract inward investment.

There are 10.6 ha of available land at Commerce Park and 0.42 ha allocated at Marston Trading Estate.

### 6.3 Take Up

Although not necessarily the only guide to future take up rates in the catchment it is worth examining the past levels of take up to get some scale of the overall market activity. We have therefore analysed the available data from Focus © to identify deals that have taken place in the last six years within Frome. We have included the



whole of the Frome Town Council’s administrative district together with available data for Commerce Park.

It is acknowledged that although the Focus database is not exhaustive, it does have sufficient information to establish the relativity of Frome to other nearby conurbations in terms of transactional data.

The charts below (and also in Appendix 10) represent those deals reported to the Focus researchers and do not necessarily represent “net take up” as it is quite likely that many transactions will represent relocations some of which will result in the vacated space being offered to the market on completion, whilst others might result in redevelopment for other purposes.

Over the study period it is clear that a large proportion of market activity has been as a result of the new developments at Commerce Park and also to a lesser extent at the Ellsworthy Development at Wallbridge which together account for a high proportion of the office transactions in the town (12 out of 29 reported transactions).

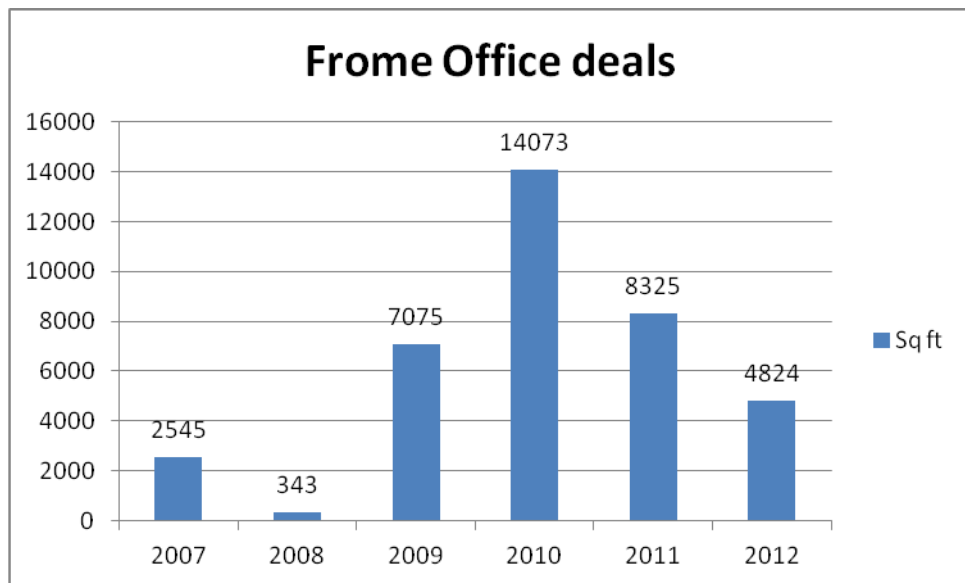


Fig 5 - Frome office transactions during last 6 years (Source Focus©)

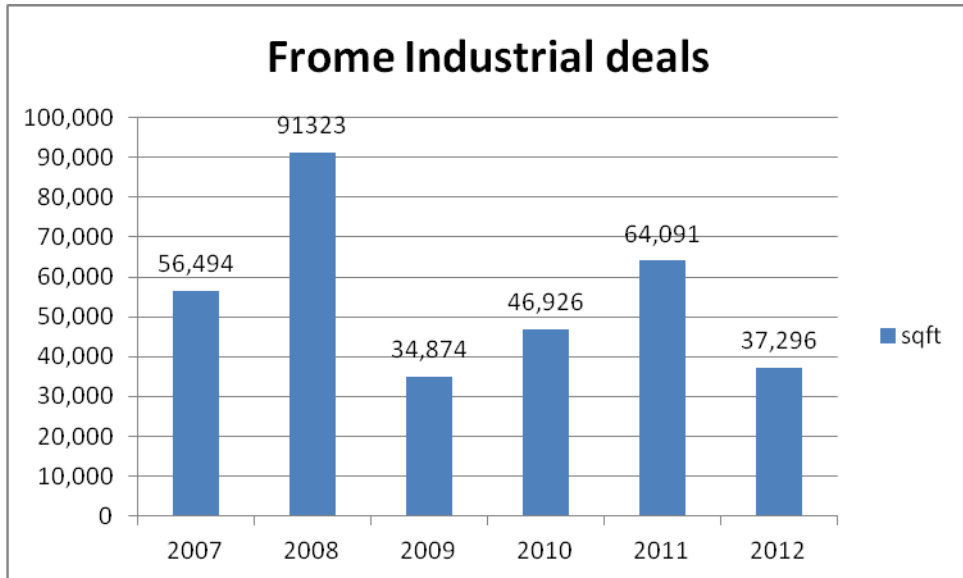


Fig 6 - Frome industrial transactions during last 6 years (Source Focus©)

Within the study area, during the last six years, there has been an average take up of 575 m2 (6,200 sqft) of Office accommodation and an annual average of 5,125 m2 (55,170 sqft) of Industrial/Warehouse accommodation.

We have further analysed the type of take up of the last six years lettings and differentiated between second hand stock and newly built stock in both office and industrial sectors.

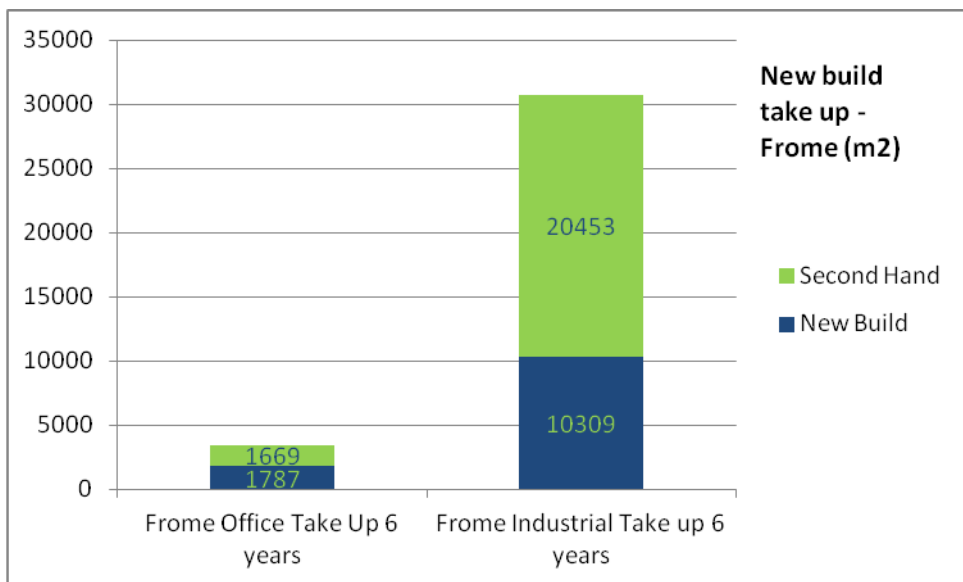


Fig 7 – Split between new build and second hand take up 2006 - 2012

During this period over 50% of the total take up in the office sector was within new purpose built stock (primarily at Commerce Park and Ellsworthy Park) and within the industrial sector over 33% was newly built accommodation.

Although, the take up of new space does not directly correlate to demand because of the relatively modest availability of industrial space (3% - see section 6.2) it is fair to say that any space that was vacated in Frome by those relocating to new accommodation has been taken up by other businesses and not resulted in an overhang of unlet space.

Approximately one third of the total take up over the past six years (annual average 2,016 m<sup>2</sup>) has been new build, principally at Commerce Park. In terms of land take, this equates to circa 0.67 ha per annum.

#### 6.4 Current availability

We have examined the current availability of industrial stock in the Greater Frome area (ie including Trudoxhill to the West and Commerce Park to the North) and a summary of all available space is attached as appendices 8 and 9.

There has been a strong level of take up of modern space at Commerce Park with virtually no available Office or Industrial space being available there at present (74m<sup>2</sup> and 120m<sup>2</sup> respectively).

The majority of available stock in both sectors is second-hand and of relatively modest specification when compared to new build standards.

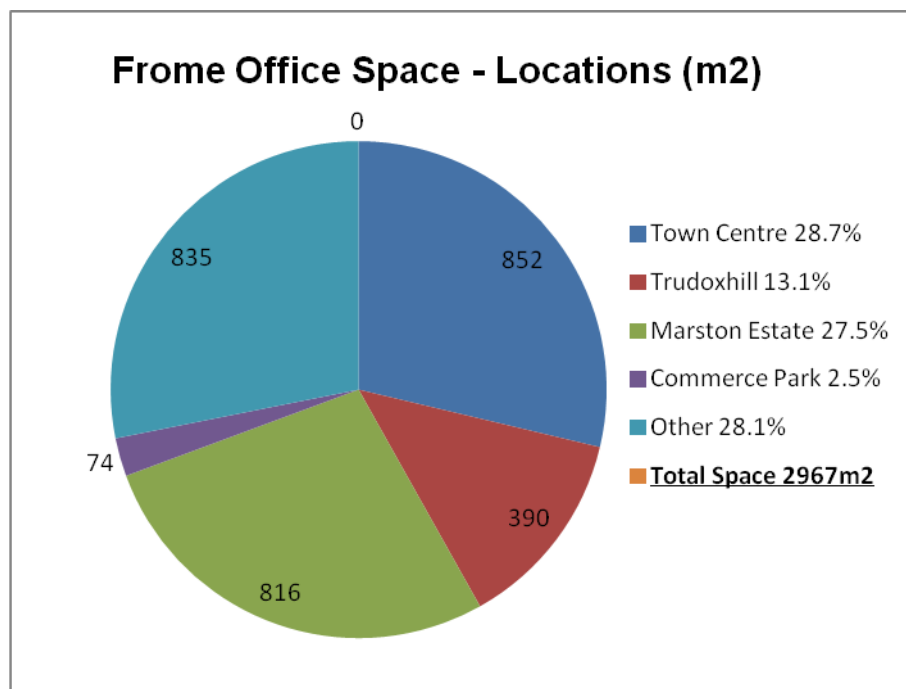


Fig 8 – Office availability Frome Nov 2012

Excluding Serviced Offices there are 4 office occupational opportunities within the town centre and a further 5 totalling 1132m<sup>2</sup> (12180 sqft) within reasonable walking distance of the town centre (<1 mile).

There is surprisingly little available at Commerce Park, and a large proportion of the vacant offices at Marston Estate are within Enterprise House which was recently acquired by an investor out of receivership and is not currently being actively marketed whilst the new owners apparently consider their options.

There are a number of rural office opportunities at Trudoxhill and Beckington and although these fulfil a function within the overall market, they are of limited appeal due to poor public transport connections and lack of nearby support facilities.

We estimate 18% of the total Office Stock in Frome is available. To put these figures into context this is higher than the average availability across eight core markets<sup>4</sup> (excluding London) where Jones Lang LaSalle<sup>5</sup> research indicates that in Q3 2012, 11.5% of the total office stock is available but is not surprising as there is no prime grade A stock available locally and what is available is primarily second hand stock.

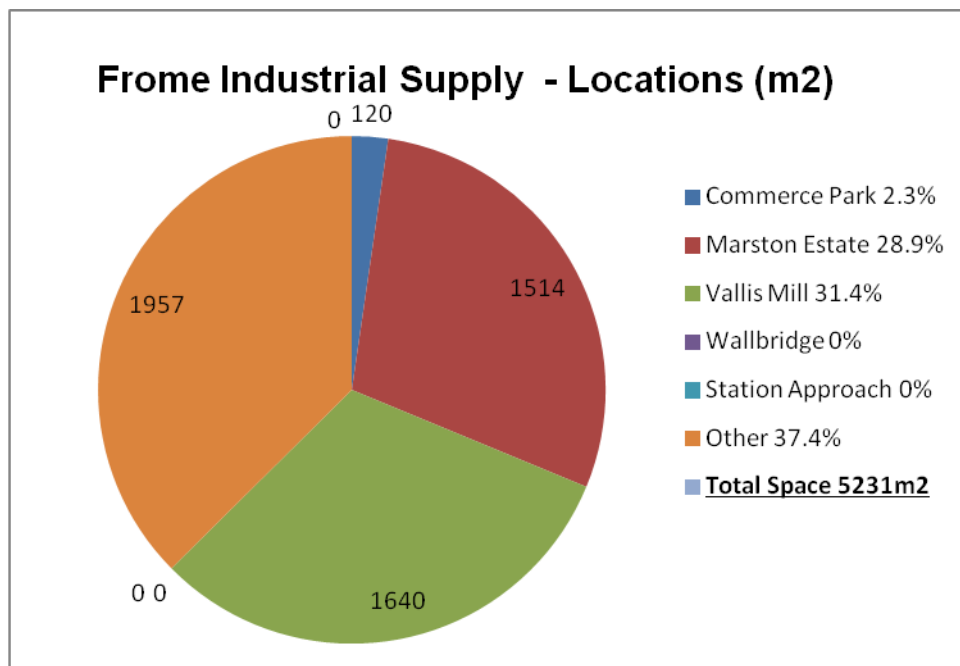


Fig 9 – Industrial Availability Frome Nov 2012

We estimate that just 3% of the total Industrial Stock in Frome is currently available. This almost represents full occupancy as, in a dynamic marketplace, there will nearly always be space that is “in transition” ie changing hands between occupiers or the subject of refurbishment and/or redevelopment.

It is difficult to benchmark this “availability rate” against any national data as the ONS discontinued publication of its data series for total built stock of industrial floorspace in 2008.

<sup>4</sup> Birmingham 17.1%, Bristol 11.3%, Cardiff 9%, Leeds 10.1%, Manchester 10.7%, Western Corridor 14.8%, Edinburgh 7.3% and Glasgow 11.8%

<sup>5</sup> On Point UK Industrial Trends Today – Dec 2011 Jones Lang La Salle

In its Dec 2011 Annual Industrial Property Review, JLL<sup>6</sup> estimated that in England & Wales approximately 7.7% of industrial stock (benchmarked against the 2008 known stock) was vacant.

## 6.5 Projected Take up

Based on an analysis of market activity in the commercial property sector over the last six years (section 6.2 above) it can be seen that there is an average annual take up of 6,200sqft (576 m<sup>2</sup>) of Office accommodation and 55,165sqft (5,125 m<sup>2</sup>) of Industrial and Warehouse space.

Take up figures over the past six years reflects circa 0.67 ha per annum for new build in Frome although this covers several years of economic slowdown and does not capture all activity as the source of data is based on reported and researched deals (source Focus).

Accordingly we consider that the Local Plan should allow for a minimum of 1 ha per annum equating to 16 ha over the plan period.

Based on anticipated take up requirements we consider that one hectare of new employment land per annum should be provided over the plan period which requires an additional 5 ha. We recommend that this is allocated at Marston/Wessex Fields given that there is virtually no remaining employment land in this location and it is a principal district wide trading estate with expansion potential .

Brownfield development sites may come forward over the plan period such as Butler Tanner & Dennis and Saxonvale however the timing and delivery of the employment content is uncertain.

The charts (fig 5 and fig 6) above illustrate the apparent volatility of the market as there are wide fluctuations in each year across both sectors. The actual number of transactions in each year is relatively modest resulting in each transaction having a significant impact on each year's performance. It is difficult to assess how the depressed economic conditions may have impacted upon take up levels.

Take up levels alone are, therefore, not the only indicator of demand as each transaction merely illustrates where a specific requirement has been satisfied and excludes demand that might either have been satisfied elsewhere or latent demand that remains unsatisfied due to lack of matching properties (inappropriate supply) with affordable overheads.

What is clear is that if take up levels were to continue at the current (suppressed) levels then there is a modest amount of available stock to meet future demand. It is not unusual for a proportion of market activity in a town to be generated by indigenous businesses relocating within the town (upgrading, upsizing, rationalisation or redevelopment) and in many cases the take up of a new location will result in a corresponding release of other commercial space which may be

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<sup>6</sup> On Point UK Industrial Trends Today – Dec 2011 Jones Lang La Salle

brought to the market and thus impact upon supply. Each deal should not therefore be regarded as a net level of take up and that overall supply will not decrease in proportion to the amount of space transacted in each year. Wherever possible, for as long as the vacated space is viable as commercial accommodation, the loss of this space should be avoided in accordance by Mendip District Council's Interim Policy<sup>7</sup>, which seeks to restrict the loss of employment sites and buildings to higher value (typically retail and residential) uses.

Although Commerce Park has accounted for a good proportion of take up during the last six years this has, to a certain extent, been determined by availability but, at the time of writing, all speculative space that had been brought on stream at this location has been taken up and current supply is negligible.

In the absence of any new supply of modern purpose built accommodation there is a significant risk that occupiers will look further afield to satisfy their requirements or continue to occupy substandard premises.

In order to facilitate economic growth it is important to have a range of employment space available including allocated and serviced employment land for bespoke requirements.

#### 6.6 Competition for occupiers

Although Frome is the largest town in the Mendip area, its economy has more in common with the nearby towns of Trowbridge, Westbury, Warminster, Radstock and Midsomer Norton, than it does with the other 4 main Mendip conurbations. We have therefore undertaken a study of the Sub-regional marketplace that surrounds Frome as occupiers are unlikely to have regard to administrative boundaries.

Using data available on the Focus © database we have undertaken a review of the available industrial and office accommodation across the region and in particular identified current supply in those conurbations that are likely to be competing with Frome for the attention of prospective occupiers.

In order to compare on a like for like basis we have relied solely on the data shown on the aforementioned database which, in the case of all towns, cannot be regarded as exhaustive and slightly understates availability in each location as not all local agents submit their data to Focus. This explains the slight anomaly between the Actual availability set out above in section 8.3 above and the Focus availability set out in the comparative charts. This data will help illustrate the relativity of market activity between each of the locations.

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<sup>7</sup> See Mendip District Council Protection of Employment Sites Policy – 2 October 2006

Frome currently accounts for 13% of the available office stock within its immediate catchment and is currently overshadowed by the amount of available stock in Trowbridge.

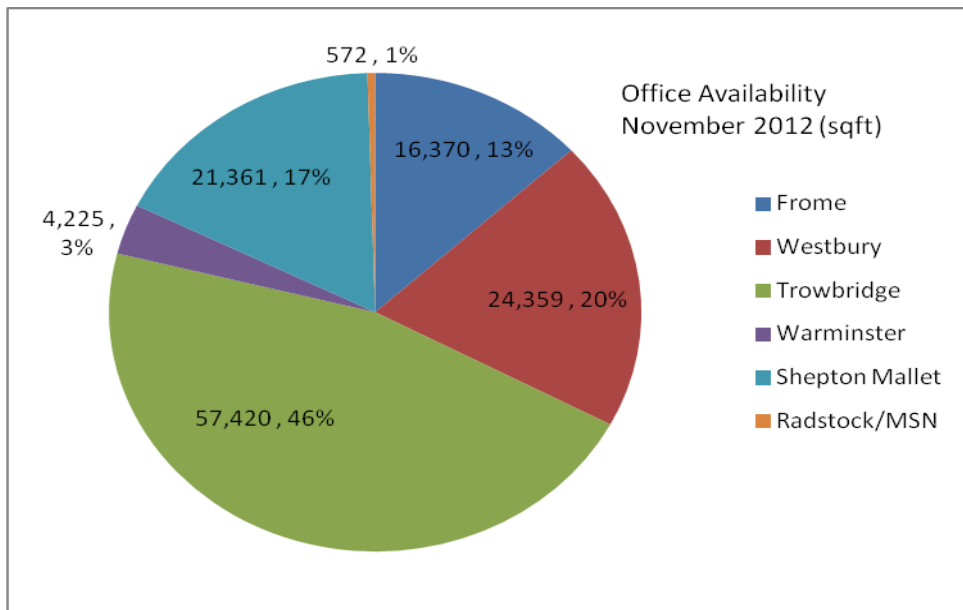


Fig 10 – Offices Sub regional availability (Focus data)

Frome currently accounts for only 9% of the available industrial stock throughout its immediate catchment. There are no industrial buildings available in Shepton Mallet partly due to a lack of supply and partly due to the buoyancy of the food related occupiers having mopped up any available stock in the last few years.

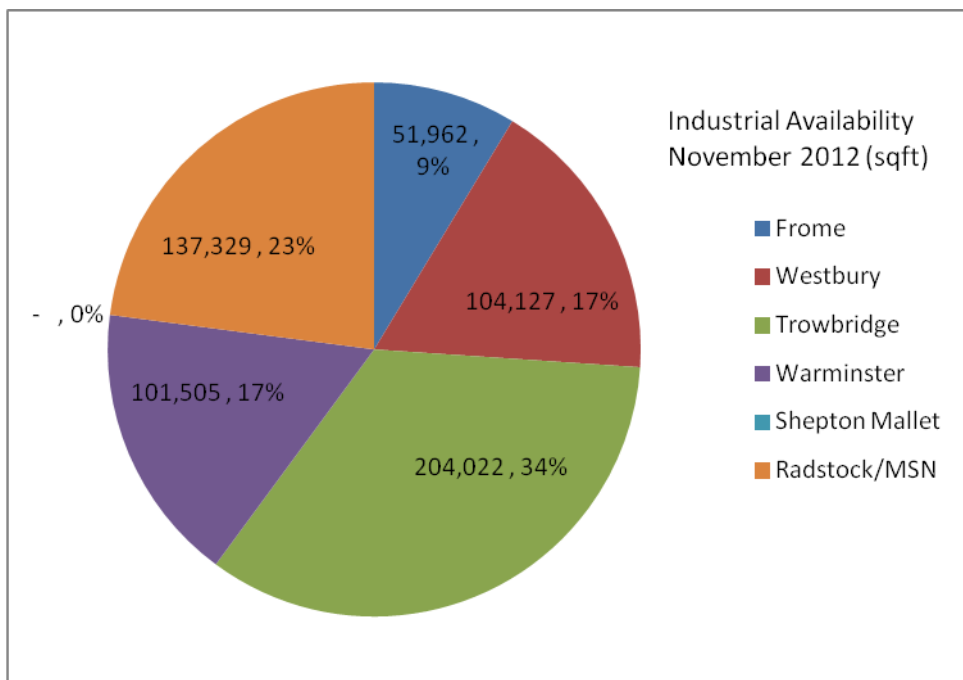


Fig 11 – Industrial Sub regional availability (Focus data)

Annual levels of take up are attached as Appendix 10 for each of the key conurbations in the study area but the consolidated data is illustrated below showing the average annual take up per square foot per annum for both office and industrial sectors.

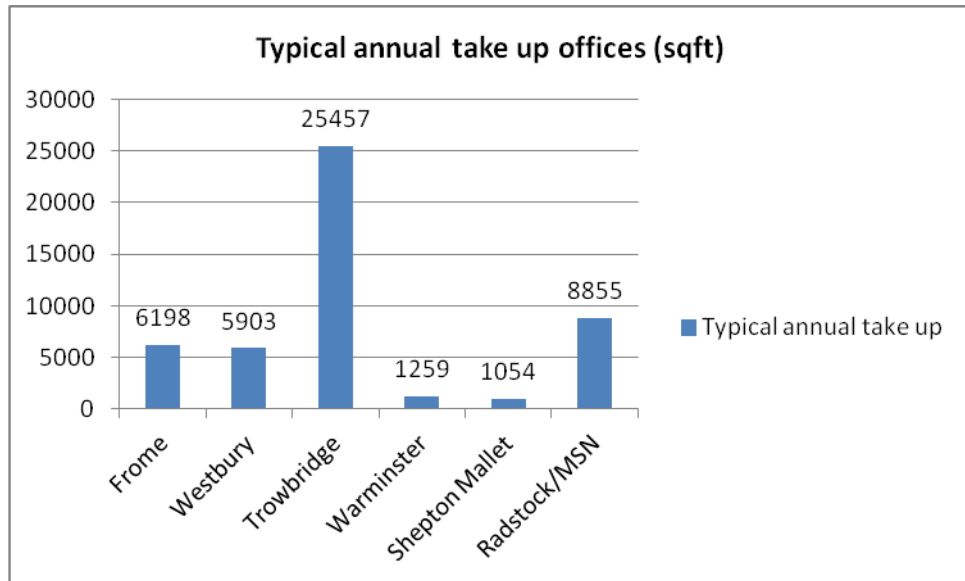


Fig 12 – Offices annual take up

Apart from Trowbridge, Frome compares reasonably well to other surrounding conurbations in terms of annual take up rates for offices. These figures are off a particularly low base and with such a small number of actual transactions during the last 6 years in each town these may not necessarily be representative of how the market might perform in a more buoyant economic climate. As most transactions relate to second hand stock this demand will be a significant factor that will influence take up in the years ahead as it will take some time before developers will feel confident about building speculatively.

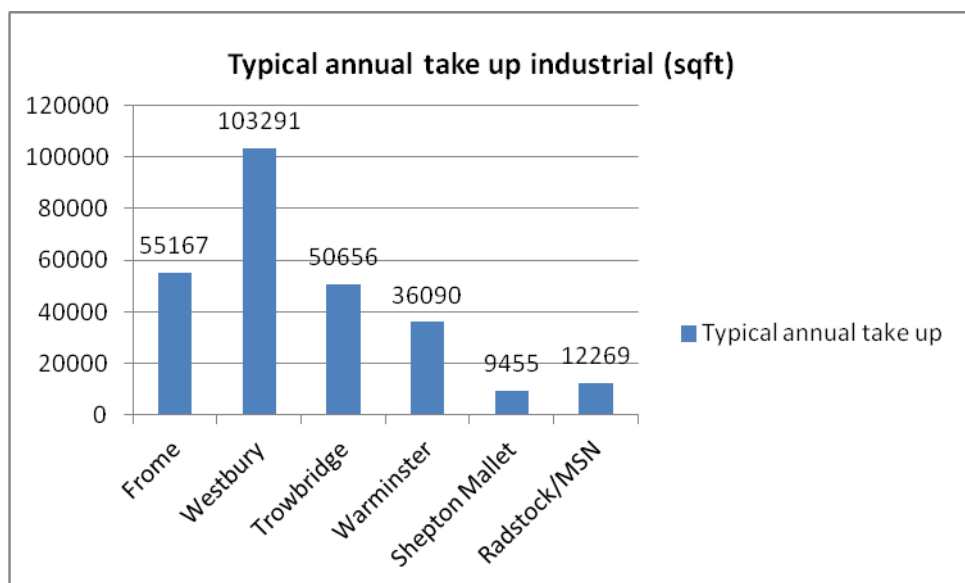


Fig 13 – Industrial annual take up



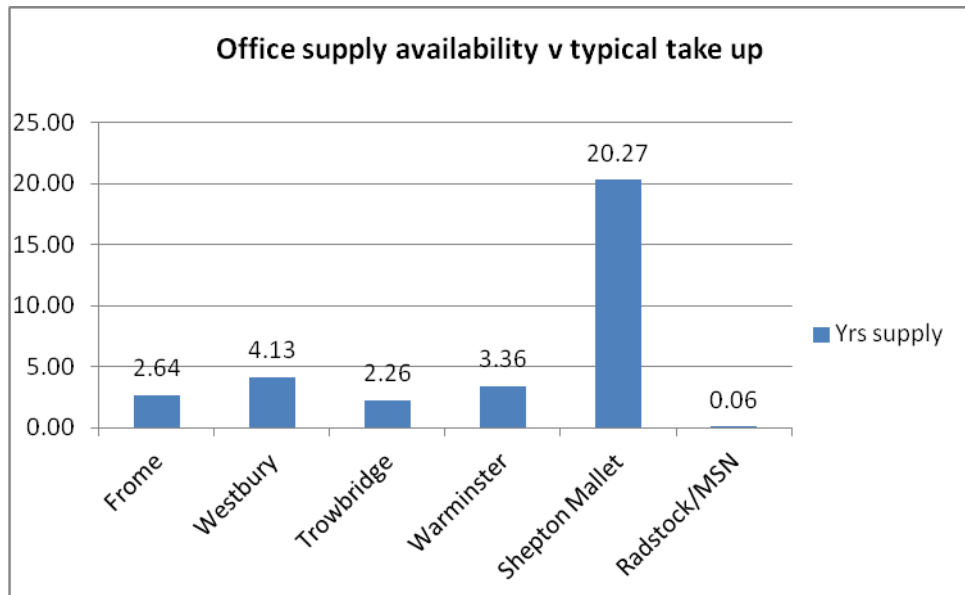


Fig 14 – Offices existing supply relative to annual take up

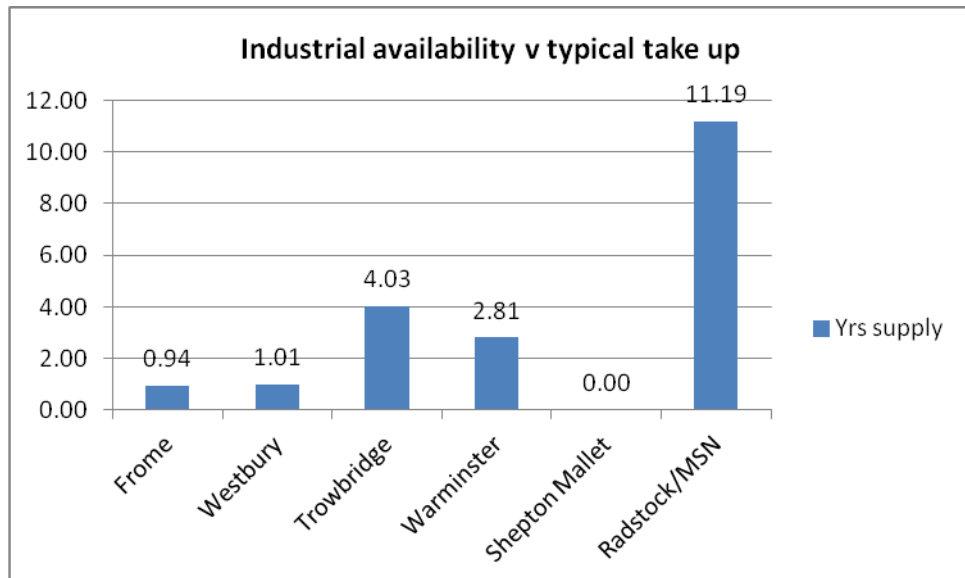


Fig 15 – Industrial existing supply relative to annual take up

Current available supply of industrial stock within Frome equates to less than one year’s average annual take up at current levels which, due to the prevailing market conditions during the last 5 years, is likely to be at a lesser level than might be anticipated over the plan period to 2028. The quality of the available stock (primarily second hand) is likely to be of limited appeal to the majority of occupiers looking for modern purpose built premises. It is therefore likely that, in the absence of any speculative development in Frome, there will be a seepage of such occupiers to those nearby locations with a clear oversupply of stock to accommodate future demand (namely Trowbridge, Warminster and Radstock). The absence of any available industrial accommodation in Shepton Mallet will mean that the majority of migrating/growing businesses will be lost from Mendip to West Wilts and BANES districts.

## 7. Employment Land

### 7.1 Methodology

As part of the brief we have been asked to make an assessment of the quality and longer term viability of identified existing employment sites within the study area and to comment upon their characteristics and suitability for future employment use.

We have inspected all sites and carried out a SWOT<sup>8</sup> analysis on each (see Appendices 7.1 – 7.25) and have graded each to take into account the current and future role that these sites might play in providing employment opportunities during the period to 2028 and the degree to which they should be retained for such purposes.

Each location has also been assessed using the

Assessment	Definition	Relevant action
*****	Best in Class, highest quality business areas that are regionally significant due to their scale, location and environment. Suitable for progressive/aspirational indigenous businesses as well as inward investors	Rigorously protect and seek to expand
****	Good grade employments sites due to scale location and environment, that is capable of competing in the sub-regional marketplace. Will appeal to some inward investors	Protect, support and expand
***	Key Employment sites within the District but primarily populated by local businesses	Protect and Support
**	Poorer quality stock in inappropriate locations with poor access or environmental issues	Protect but review during Plan period
*	Poorest stock, one off sites in residential areas with high levels of vacancy and/or dereliction	Regenerate or promote redevelopment for alternative uses

Fig 16 – Site assessment grading criteria

<sup>8</sup> Strengths weaknesses opportunities and threats

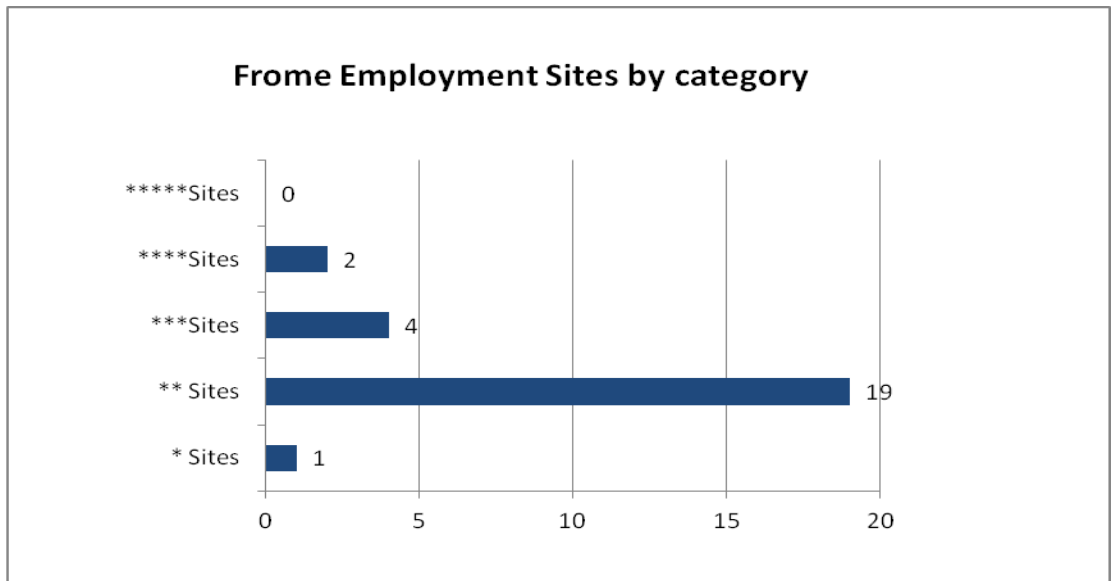


Fig 17 – Site assessments by category

In summary there are no five star sites in the Frome area (the nearest within the region would be Solstice Park to the South and the Bristol and Bath Science Park at Emersons Green Bristol).

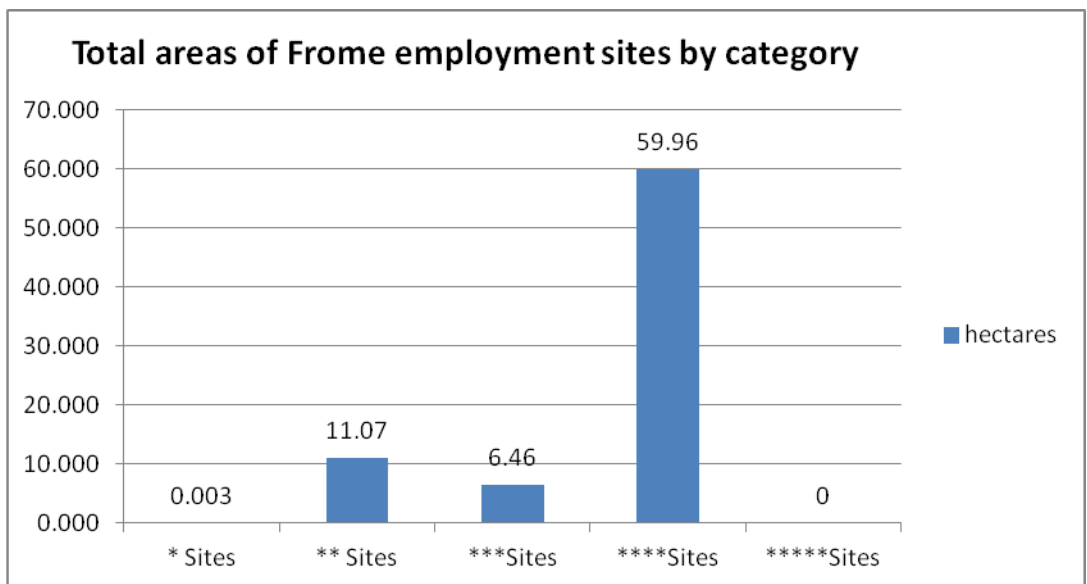


Fig 18 – Site assessments by scale

Both Commerce Park and Marston Estate are regarded as four star locations that are likely to provide a significant role in supporting business growth in the Frome area for the whole of the plan period and must be given the opportunity to continue to provide this function within the marketplace. Parts of Marston Estate are outmoded but the critical mass and diversity at this location is likely to result in organic regeneration and modernisation without any Public Sector intervention.

Vallis Mills Industrial Estate, Station Approach and Wallbridge Estate are all three star locations which provide an important function in providing cost effective business accommodation for local businesses. Due to their locations in more heavily populated neighbourhoods, there is limited opportunity to expand these trading estates other than on some undeveloped former station land at Station Approach and possibly Vallis Mills. Investment should be encouraged at these secondary trading estates to prevent deterioration of building stock.

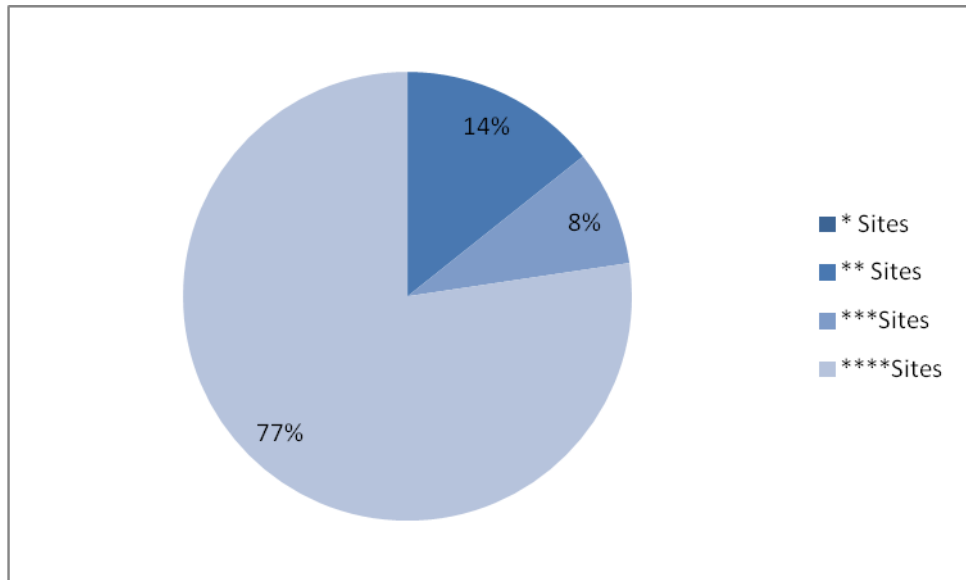


Fig 19 – Site Assessments as a proportion of existing employment land

## 7.2 Existing sites

We have conducted a review of all the significant employment sites within the Frome District Council Administrative area together with Commerce Park, which is just beyond this area, because of its significance within the local economy. A full review of the characteristics of each site is attached within the appendices together with a SWOT analysis and a Grading based on the criteria set out above in Fig 16.

Our research suggests that, ignoring the smallest solus sites, there is over 77ha of existing employment land in the Frome area of which the majority (78%) is located at Marston Trading Estate and Commerce Park.

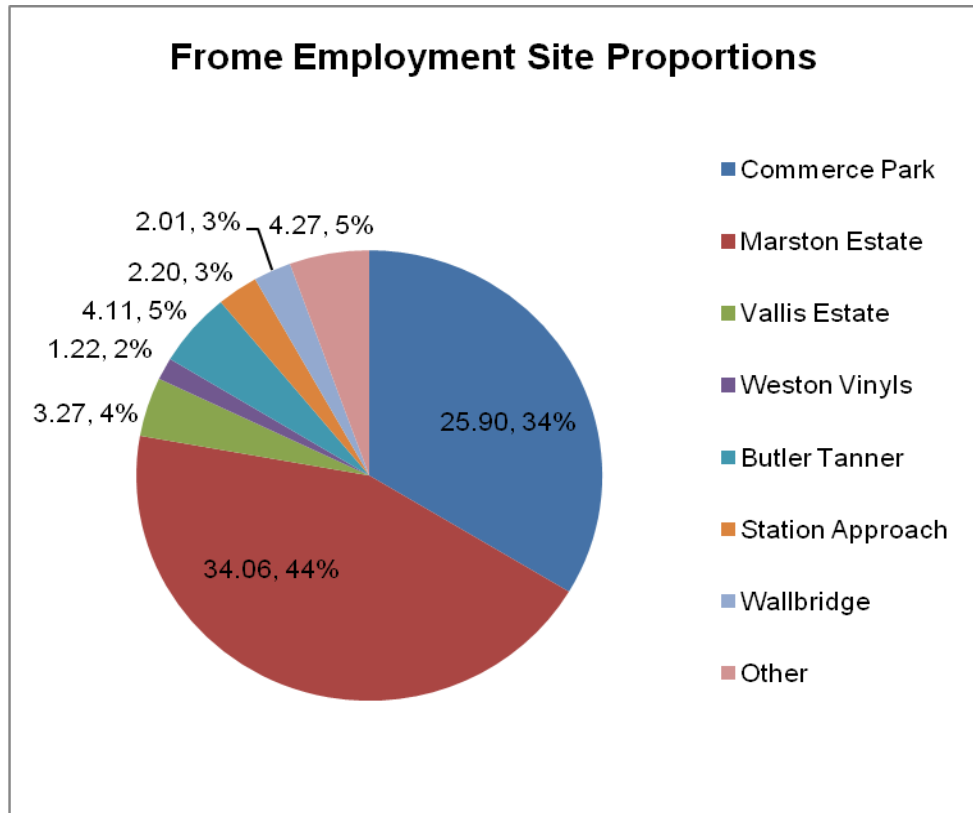


Fig 20 – Employment Land Frome (Ha)

A further review of the proportion of buildings cover relative to each site shows that there is very little additional capacity at any of these projects as overall site cover is at or above optimal levels (typically 40%) in most cases.

### 7.3 Current Land availability

There are currently over 77ha of employment land spread across 25 sites within the study area. 34ha are at Marston Estate, 26ha are at Commerce Park, and other significant sites are 3.27ha at Vallis Mills Estate, 2.2ha at Station Approach and over 4 ha at the existing Butler Tanner & Dennis Site.

The balance of the employment land is made up of a 1.22ha derelict site at Vallis Road (former Weston Vinyls) and 2ha at Wallbridge.

The remaining 76% of the sites are all less than 1ha and account collectively for 5% of the land.

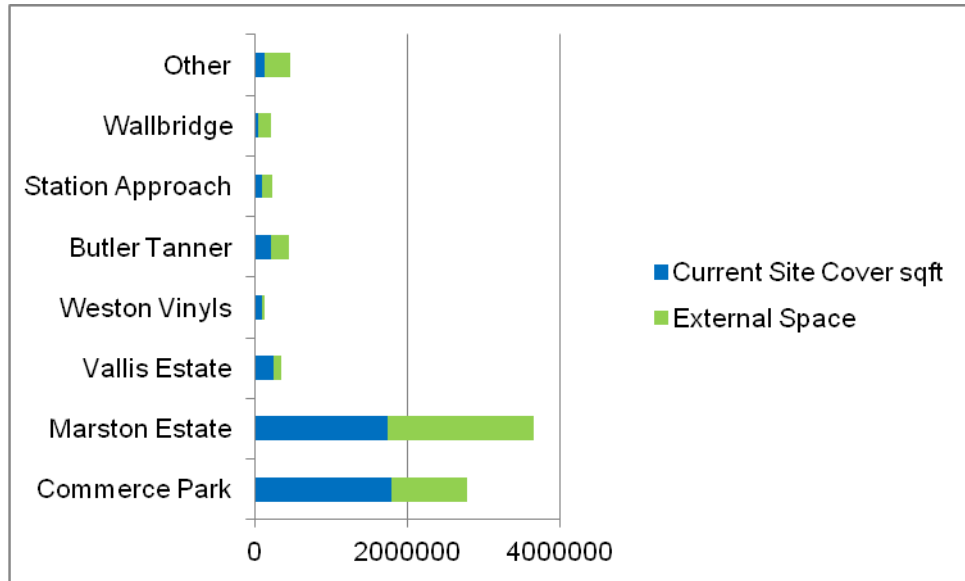


Fig 21 – Site Cover Frome Employment sites

There is unused capacity of about 10.61ha at Commerce Park, **0.42ha** at Marston Trading Estate and **0.37ha** at Station Approach. This assessment does not include the Merchants Barton Industrial Estate which is partially derelict and forms part of the proposed mixed use Saxonvale Redevelopment Masterplan. The apparent capacity at Wallbridge relates to land surrounding Wallbridge Mill which is within the Flood Risk area and has poor access (see Appendix 7) and is therefore deemed unsuitable/unviable for development.

#### 7.4 Employment sites with allocations in Current Local Plan for alternative uses

Within the study area there are 3 sites, totalling 1.6ha that are allocated for possible alternative uses namely:

##### 7.4.1 Site 18 - TH White

Shown in the Current Local Plan as being allocated for Housing and adjacent to a site which has been set aside for recreational purposes. Although currently in beneficial use as a depot and showrooms for T H White Agricultural Machinery suppliers it is understood that the owners have been engaged in pre-application discussions with the local planners and it can be anticipated that this site will be lost to employment use at some stage during the plan period. It is not yet known whether the existing occupier will seek to relocate within Frome or consolidate its operations to another location outside the area.

This would result in a **potential loss of 0.79ha** of existing Employment Land.

#### 7.4.2 Site 2 – Snelgrove’s Garage

Shown in the Current Local Plan as being allocated for Mixed Use and adjacent to Site 3 which has also been allocated for Mixed Use under Policy F5 together with a larger tract of land and buildings to the north, east and west.

Although currently in beneficial use as a car repair workshop the site, if merged with the adjacent Minty’s site could create a meaningful development site that was not wholly reliant on the success or otherwise of the proposed larger Saxonvale regeneration project. The poor existing access may hamper redevelopment of this site in isolation.

We are unaware of any plans on the part of the current owner, who resides on part of the site, to relocate but it is possible that redevelopment may be viable during the plan period.

This site has an approximate area of **0.28ha**

#### 7.4.3 Site 3 – Minty’s Nursery

Shown in the Current Local Plan as being allocated for Mixed Use and adjacent to Site 2 which has also been allocated for Mixed Use under Policy F5, together with a larger tract of land and buildings to the north, east and west.

Although currently in beneficial use as the last remaining nursery in Frome, the site, if merged with the adjacent Snelgrove’s site could create a meaningful development site that was not wholly reliant on the success or otherwise of the proposed larger Saxonvale regeneration project.

We are unaware of any plans on the part of the current owner to relocate but it is possible that redevelopment may be viable during the plan period.

This site has an approximate area of **0.53ha**

#### 7.5 Sites with detailed consents for alternative uses

- None

#### 7.6 Sites with outline consent for alternative uses

- None

## 7.7 Sites with pending planning applications

Within the study area there are 2 sites with outstanding planning applications namely:

### 7.7.1 Site 7 – Eastgate Buildings

This is a mixed site that currently provides office and workshop accommodation for two existing occupiers fronting onto A362 Christchurch Street East. Application 2012/0230 is an outline application for a mixed use development of residential (10 units) and offices (150m<sup>2</sup>) with access off Christchurch Street East.

The scheme will result in the net loss of 50m<sup>2</sup> of Retail accommodation, 183m<sup>2</sup> of Offices and 293m<sup>2</sup> of Light Industrial.

The proposed new offices have been designed in a residential vernacular that implies a possible alternative use if offices in this location do not prove viable.

Application registered February 2012 on a site totalling **0.27ha**.

In the event that consent was granted there would be a potential loss of up to .27ha of Employment Land although the application makes provision for a mixed use scheme that includes the provision of 1,614 sqft (150 m<sup>2</sup> of office accommodation) and 970sqft (90m<sup>2</sup>) of light industrial accommodation but an overall net loss of 5,650sqft (526m<sup>2</sup>) of commercial space.

### 7.7.2 Site 23 – Marston Estate/Wessex Fields

Planning permission has recently been sought for 4,100 m<sup>2</sup> office accommodation plus car parking on land adjoining Wessex Fields Retail Park, outside of the current development limits. (2011/3203).

This development, if approved would increase supply of employment land by **1.46 hectares**

## 7.8 Sites that have been subject to previous refused applications

According to our research planning applications for non-employment uses have previously been made in respect of the following sites

### 7.8.1 Site 6 – Hornbeam Ivy, Braeside Works, Wesley Close

The site is currently divided into two smaller sites and believed to be in separate ownerships. One is known as Braeside Works, occupied by Hornbeam Ivy Ltd and the other is a car dismantling repair and workshop units and derelict buildings (Bottom two images).



## 7.9 Sites where applications can be anticipated

### 7.9.1 Site 14 – Butler Tanner & Dennis

The site has been an operational printing works for over 100 years and comprises extensive factory accommodation, warehousing and offices with high site coverage and peripheral parking and servicing yards.

The buildings date from pre-war with more modern portal frame warehouses at the Station Approach end of the site and design studio close to the Caxton Road entrance.

The main factory accommodation would not meet most modern requirements, having its original wood block flooring with limited headroom and extensive roof support columns. It has however been well maintained and the original asbestos sheet roof cladding to the factory complex has been replaced by modern profile sheet cladding.

There have been recent pre application discussions, promoted by London and County and a public consultation was held at Trinity Hall on 8 November 2012 illustrating a master plan for redevelopment of the site to include 100 – 150 houses and 4,000 m<sup>2</sup> employment space accessed off Station Approach. This illustrative masterplan does not accommodate the existing occupier's (BTD) requirements.

There have been no applications registered on the subject site since year 2000.

In the event that a mixed use planning consent is ultimately granted for this site we would strongly recommend that the Council endeavour to secure the retention of the existing occupier on a part of the subject site.

In the event that BTD cannot be accommodated then the delivery of any agreed employment space should be directly geared to the phasing of the development of the housing (for example – before the first occupancy of any dwellings on the application site the developer shall have built and achieved practical completion on not less than 1000m<sup>2</sup> of B1 light industrial accommodation, prior to the first (say) 50 dwellings being occupied the developer shall have achieved practical completion on not less than 2000m<sup>2</sup>, at 100 dwelling occupancy 3000m<sup>2</sup> and prior to completing the development 4000m<sup>2</sup>.) This gearing of provision will seek to avoid a developer building the (more profitable) housing and deferring its commitment to deliver the employment space (see planning history for Site 15)

The site extends to **4.57 hectares** (11.3 acres).

### 7.9.2 Site 15 – Former Depot off Caxton Road Frome

The site comprises a roughly rectangular site that slopes downwards North West – South East and is accessed on both sides from two no through roads in a residential locality.

This site has no specific allocation in the current Local Plan and had established employment use until the closure of the Cuprinol operations (of which this site formed part).

The rest of the Cuprinol site has been redeveloped for housing but as part of that consented scheme) this site (and the former warehouse building) was subject to a planning condition requiring it to be retained for employment purposes.

The site is understood to be owned by Persimmon Homes and although it is currently being marketed as an employment site, it is anticipated that the owners are likely to seek a non-employment use for this site at some point in the future.

In the event that the owners seek to promote open market housing on this site we recommend that the Council seek a commuted sum or other contribution towards an employment site initiative elsewhere in the town.

The site extends to **0.67 hectare**.

### 7.9.3 Site 1 - Bakers Lane

The premises comprise a two storey, mid terrace former dwelling, with a rear two storey extension. Frome Bike Breakers currently operate from the premises.

The shop fronts onto Vallis Way, the access from the rear is via Baker Street with limited external space (77% site cover). The premises are currently occupied but there have been numerous changes of use from commercial to residential use nearby and it is conceivable that during the plan period, in the absence of a commercial occupier, this building could be converted back to residential use.

The site is approximately **0.028 ha**

### 7.9.4 Site 6 – Hornbeam Ivy, Wesley Close

See above

### 7.9.5 Site 17 – Former Weston Vinyls, Vallis Road

The site is currently unoccupied and comprises a mixture of redundant and/or derelict buildings and anticipated that substantial investment would

be required to render the site fit for occupation for any sort of commercial use.

This previously formed part of a larger site that was occupied by Weston Vinyls and the land to the northwest has since been developed as housing (see below) and the Vallis Way Industrial Estate is located immediately to the South East

There is no site specific policy within the current local plan and therefore the site is subject to general policies including the interim policy to protect employment sites.

Within the last 5 years, Application 100056/049 (outline application) requesting for the demolition of redundant industrial buildings and erection of 108 dwellings with associated access. (Refused June 2007, then appealed and the appeal was dismissed in April 2008).

The primary refusal reason was the aspiration to protect against the loss of a suitably located employment site.

Other reasons included the proximity of Vallis Road Trading Estate would create un-neighbourly uses, the scheme proposed too high a density as they felt like three storey development would harm the character and appearance. The viability could not be determined until the decontamination costs had been properly investigated. Mixed use was preferred and the inspector felt that a mixed scheme may be viable even when considering the anticipated high decontamination costs.

The existing buildings are deteriorating and it is recommended that if a residential scheme is brought forward that the Council endeavour to achieve a modest element of employment uses that do not undermine the viability of a redevelopment or seek a commuted sum or contribution towards an employment site initiative elsewhere in the town .

The area of the site is approximately **1.67 ha**

#### 7.10 Conclusions regarding potential losses

Within the study area we have identified that of the 77ha of existing employment land up to 4.67 hectares (BTD and Caxton Road) is potentially at risk during the Plan period.

There are a variety of reasons why certain sites may be subject to review during the plan period and it is conceivable that some businesses will continue to operate from their existing sites well beyond 2028.

Site No	Location	Acres	Ha	Grading
1	Baker Street	0.07	0.03	*
2	Snelgroves	0.68	0.28	**
3	Minty's Nursery	1.32	0.53	**
4	H&B Tyres	0.14	0.06	**
5	Rear of Petrol Filling Station	0.48	0.19	***
6	Wesley Close	1.04	0.42	**
7	Eastgate Buildings	0.67	0.27	**
8	Linwood Motors	0.09	0.04	**
9	Rear of Highpoint	0.19	0.08	**
10	The Welsh Mill	0.52	0.21	**
11	Wallbridge Mill	3.01	1.22	**
12	Wallbridge	1.96	0.79	***
13	Station Approach	5.44	2.20	***
14	Butler Tanner Dennis	6.05	2.45	**
15	BTD Depot	4.10	1.66	**
16	Vallis Trading Estate	8.08	3.27	***
17	Weston Vinyls	4.13	1.67	**
18	TH White (Estimated)	1.95	0.79	**
19	T Bos	0.70	0.28	**
20	Silk Mill	0.20	0.08	**
21	Somerset Smithy	0.26	0.11	**
22	Police Station	2.22	0.90	**
23	Marston	84.17	34.06	****
24	37 Lower Keyford	0.08	0.03	**
25	Commerce Park	64.00	25.90	****
	<b>Total</b>	191.5	77.5	

Fig 22 – All Site Assessments

## 8. Recommendations

Marston Trading Estate and Commerce Park are the two key trading estates at Frome with further industrial estates at Vallis, Wallbridge and Station Approach. Whilst there is available land for development at Commerce Park, Marston has limited allocated expansion land.

Average annual take up for the past six years is 5,700 m<sup>2</sup> of floorspace of which approximately 2,000 m<sup>2</sup> is new build, the balance being churn on second hand stock. This new build equates to approximately 0.67ha per annum which we recommend is increased to 1 ha per annum over the plan period as the past 6 years includes an economic downturn and

the take up data will be incomplete as not all developments would have been picked up by Focus the commercial property data source.

There are 10.6 ha of serviced consented land at Commerce Park and 0.42 ha allocated at Marston leading to an outstanding requirement to allocate a further 5 ha over the Plan period. We recommend that this additional supply is allocated at Marston/Wessex Fields where there is virtually no remaining allocated development land.

An existing application, if successful, at a site adjacent to Wessex Fields for the development of an office park would extend the allocated area at Marston by a further 1.46ha and land further to the west of this site would appear to have potential to satisfy future demand whilst being able to take advantage of moderate infrastructure costs adjacent to existing development as opposed to allocating new employments sites.

We also recommend considering what potential they may be to provide capacity for a further phase at Commerce Park when existing allocated land is developed out in order to maintain its momentum and position within the sub-regional hierarchy.

Location	Amount of Employment Land (ha)
<i>Existing</i>	
Commerce Park	10.16
Marston/Wessex Fields	0.42
Station Approach	0.37
	<b>10.95</b>
<i>Proposed</i>	
Marston/Wessex Fields	1.46
Future expansion to Commerce Park and Marston	3.59
	<b>5.05</b>
<b>Total</b>	<b>16</b>

Fig 23 Existing and proposed future employment allocations

Availability of employment floorspace is low reflecting economic conditions as developers hold back from speculative development and occupiers put their requirements on hold.

Some of the existing employment sites outside of the trading estates will come under pressure for change of use, particularly residential. Where possible employment should be included as part of any redevelopment proposal for these sites and planning permission conditionalised to delivery of the employment content of mixed use schemes.

However, some of these sites may not necessarily be large enough, or well enough located, to accommodate any meaningful and viable employment uses and in such circumstances we recommend that the Council seek a commuted sum in lieu of any employment element which the Town Council could use to support other relevant development by way of grant assistance, rental guarantees or direct development in more appropriate locations or on larger or better sites.

Alternatively the Council may consider a Global Policy under the Community Infrastructure Levy<sup>9</sup> (CIL) which would allow a 'ring fenced' amount to be charged by the Council on certain forms of permitted development to assist in pump priming infrastructure for the development of employment accommodation in more appropriate locations or on larger sites. Mendip District Council are due to consider the introduction of a CIL in 2013.

Butler Tanner and Dennis is a key employer in the town and the current redevelopment proposals being promoted by their landlord do not accommodate their continued occupation. It seems unlikely that Butler Tanner and Dennis would be able to relocate for operational and financial reasons, but could contract on site as part of a mixed use redevelopment. The Council should encourage their retention in a sustainable form, however in the event that they vacate the site, development of employment space should be linked to house completions by means of a section 106 Agreement that envisages phased development of commercial space in direct proportion to the overall occupancy of the residential accommodation.

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<sup>9</sup> See Appendix 4 regarding CIL