Overview of Current and Anticipated Medium to Long Term Market for Employment Uses in Bury

On behalf of
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1 Introduction

1.1 We have previously undertaken market appraisal work of Bury's employment sites, in conjunction with the Council's Employment Land Review. This work included an assessment of all employment sites against a series of market-based criteria, as well as a general market overview of the Borough's 17 Employment Generating Areas.

1.2 Both of these areas of work were undertaken prior to the onset of the current recession and recent consultation on the draft Employment Land Review has led to concerns being raised about these assessments and appraisals not reflecting current market conditions.

1.3 The market will, no doubt, improve in future years, albeit there is, as yet, no indication as to when this will happen. It would be sensible to consider how the supply of land will respond to an upturn in the national economy and the consequential improvement in the property market, both nationally and locally.

1.4 The planning period is up to 2029 and, within this period, there are likely to be significant changes in the market and the requirements for employment land. Therefore, we believe that the report should, even in such subdued market conditions, give some consideration to how future supply would need to be related to prevailing market conditions.

1.5 We, therefore, consider it to be more appropriate to provide a general overview of pre-recession, current and anticipated future market demand for a variety of employment uses.

1.6 We have structured our findings around the various 'B' uses as set out in the Use Classes Order i.e:

- B1a – Offices (other than those within financial and professional services)
- B1b – Research and Development
- B1c – Light Industrial
- B2 – General Industrial
- B8 – Storage and Distribution

1.7 This is followed by commentary on Bury's ambition to attract knowledge-based employment into the Borough.

2 General Overview

2.1 Prior to the onset of the current recession, the industrial and commercial property market in Bury was bouyant, with healthy levels of enquiries, a steady turnover of new-build development and good levels of occupancy in both new and second hand property.

2.2 The current recession has had negative consequences for the development industry and the property market in general. This position is consistent with the majority of the UK and is largely due to the lack of available finance, decreased values and general economic uncertainty, which has led to a situation where, under current market conditions, speculative development is not currently viable.

2.3 There is currently demand for existing premises although, again, the current market dictates that purchase/lease arrangements are agreed at low values and letting incentives are currently commonplace. These factors all restrict viability.

2.4 Nevertheless, it is anticipated that Bury's local economy will begin to recover and, likewise, development and investment in the industrial and commercial property market will return to healthy levels. However, at present, it is not clear when this will occur.

2.5 It is considered that Bury's local economy and commercial property market has traditionally been 'held back' by the lack of significant and high profile Green Field development opportunities, with much of the Borough's supply of sites having been in secondary locations and of a relatively small scale.

2.6 Bury's supply of employment land has also lacked large scale (i.e. 10 hectares +), high profile opportunities along the Borough's motorway corridor, which have the market attractiveness and critical mass to support significant investment.. A site with these characteristics would be likely to generate good levels of demand once the property market begins to recover and would represent a key opportunity to foster economic growth as the country emerges from the current economic downturn .

2.7 With this in mind, it is still considered appropriate, from a market perspective for Bury's employment land supply to include an improved range of sites, particularly in terms of size, quality and location and, in making provision for employment land over the long-term, the supply of sites should incorporate more large-scale sites, ideally including large-scale and high profile sites with good access to the motorway network.

3 B1a - Offices

3.1 The office market in Bury saw good pre-recession demand for self contained, modern freehold office buildings of 2-4,000 sq ft (185.8 – 371.6 sq m). These have been provided at locations such as The Pavilions on Bridge Hall Lane (adjacent to junction 2 of the M66) and at junction 3 of the M66 at the Hollins Brook development. Both developments were regarded as being successful due to the initial levels of occupancy and the rental growth which took place.

3.2 Larger office accommodation has also been provided at Castlebrook Business Park at Pilsworth which is the Borough's largest in terms of size and prominence. The Castlebrook development has attracted larger operators to the area, due its size and quality.

3.3 Prior to the onset of the recession, demand in Bury for offices mostly centred on or around the motorway junctions. The reasons for this are varied, but have traditionally included a lack of available sites in and around the town centre areas, which restricted the market in these locations. As a result, the main focus for new-build offices has been on sites around junctions 2 and 3 of the M66. Whilst the recession has affected the market for offices on purpose-built office development around motorway junctions, it is anticipated that demand in these locations will return as economic conditions improve and once bank finance is available and demand increases.

3.4 In terms of town centres, Bury, because of its sub-regional status, represents the Borough's main opportunity for growth in the town centre office market. This market has traditionally been constrained by the lack of available, good quality, buildings and sites.

3.5 However, despite the recession, recent years have seen the introduction of new, quality office accommodation within Bury town centre. This includes new-build offices as part of the Townside (Phase I) and further office accommodation has recently come forward following the refurbishment of ex-Local Authority office accommodation at the former Lester House and Craig House. The Exchange (formerly Craig House) has seen encouraging levels of occupation with one and a half floors now let. Similarly, the Lester House Business Centre has seen good levels of occupancy with one of the two floors now let.

3.6 In addition, the removal of access constraints at Chamberhall and The Green has brought forward a good quality opportunity on the edge of the town centre. Similarly, if other town centre sites are brought forward, such as Townside (Phase II), there would be additional opportunities for office-sector growth in Bury town centre.

3.7 The increase in opportunities within Bury town centre will not, however, satisfy the motorway orientated demand and there is a perception, therefore, that in forthcoming years there will be a shortage of quality office sites and accommodation adjacent to the motorway network.

3.8 Chamberhall and Townside (Phase II) are the only proposed town centre office locations of significant critical mass which have the potential to attract larger relocating businesses. Smaller office sites within and around Bury and other town centres would be likely to absorb more local demand.

4 B1b - Research & Development

4.1 The R&D and Science sector does not, at present, feature heavily in the Bury property market. Research & Development and Science Parks tend to predominate and depend upon adjacent major universities. Bury, whilst having good quality tertiary education facilities, does not have links with universities, which could support such facilities to a large degree. Demand, therefore, is consequently generally limited at present although a recent design and build scheme at The Green (Chamberhall) has been completed and occupied by LGC Standards who specialise in proficiency testing services to laboratories undertaking chemical, microbiological and physical measurements.

4.2 However, in the medium to long-term, there is potential for the Borough to become attractive to Research and Development activity, particularly given the Borough's skilled labour force and proposals to bring forward some high quality employment sites, such as Chamberhall.

5 B1c – Light Industrial

5.1 The Borough includes a number of smaller light-industrial focused developments, such as the units around Peel Industrial Estate and Bradley Fold Trading Estate and older schemes, such as at Pilsworth, Dale Industrial Estate in Radcliffe and at Sedgley Trading Estate in Prestwich.

5.2 This smaller light industrial accommodation is an important feature of the Borough's local economy and, prior to the onset of the recession, demand for this type of accommodation was strong.

5.3 Although currently more subdued, demand for smaller B1b light industrial units has remained throughout the economic downturn albeit that current market conditions require landlords to offer rental incentives and units are taking longer to let. However, evidence that demand does remain includes the recent provision of light industrial accommodation following the refurbishment and subdivision of the former Remploy works on Eton Hill Road and on Mountheath Industrial Estate, new-build accommodation at Harrison Street in Ramsbottom and the continued healthy occupancy levels at other existing sites, such as at Pilsworth and Bradley Fold, which are fully let.

5.4 It is considered that this type of accommodation will continue to be an important element of the Borough's local economy and that demand will increase once the recession begins to subside.

6 B2 – General Industrial

6.1 In Bury, there is a diverse range of general industrial accommodation varying from the older, more traditional and more affordable industrial buildings to more modern or refurbished buildings. This supply of accommodation provides for a range of business requirements. The majority of the older accommodation exists in concentrated clusters in the more traditional industrial areas of the Borough, such as at Fernhill and Freetown in Bury and around Ramsbottom and Radcliffe. Newer/refurbished accommodation exists in areas such as Pilsworth and Warth Industrial Estate. These clusters of general industrial uses are important in that many potential occupants are keen to ensure that they can conduct their business without impediment and are therefore keen to find sites where there is less prospect of conflict with surrounding uses, such as residential.

6.2 The Borough also includes less concentrated clusters or individual industrial sites. Again, these offer affordable accommodation, suitable primarily for indigenous growth, although demand for property within predominantly residential areas has always been slower, given uncertainties over potential conflict with neighbouring uses.

6.3 Prior to the recession, demand for industrial accommodation was steady although, given that most of the available accommodation is relatively small, the demand was mainly confined to local businesses. The demand for larger B2 industrial units within the Borough has generally been relatively low, but this is considered to be a consequence of the limited supply of land and premises for large-scale operations.

6.4 As with other sectors, the recession has led to a decline in demand for general industrial accommodation although, even in the current market, there is evidence that demand for industrial accommodation remains with significant recent disposals of larger industrial accommodation at Pilsworth by PPS Commercials and Holchem. Although these sites were on the market for a period and were disposed of at reduced values, their recent disposals show that there is demand in Bury for larger industrial accommodation which is generally in short supply.

6.5 It is considered that demand for industrial accommodation will increase once the recession subsides and the market for industrial accommodation would be assisted by the provision of larger sites which would allow for the development of larger industrial accommodation.

7 B8 - Warehouse/Distribution Parks

7.1 Warehousing and distribution is currently carried out at various locations throughout the Borough, but not from locations of any significant size. Park 17 in Whitefield is possibly the largest concentration of warehousing in the Borough, with other piecemeal development at Pilsworth and Dumers Lane.

7.2 Prior to the recession, demand for smaller warehousing units was relatively strong, but units above 10,000 sq ft (929 sq m) were sometimes difficult to let. There is, however, little good quality accommodation above 10,000 sq ft (929 sq m) available in the Borough and this does have the effect of limiting demand and keeping supply and demand in balance. There is not the stock of warehouse units in Bury to attract large scale distribution activity. Bury borders Rochdale and Bolton, which both have substantial Distribution Parks at Heywood and Westhoughton.

7.3 Warehouse and distribution activities generally prefer locations that are highly accessible to the motorway network, in order to avoid travel costs. Should opportunities arise in such locations that will allow for the development of warehouse/distribution accommodation of a scale that is currently lacking within the Bury market, it is considered that there would be a reasonable level of demand.

7.4 However, at present, there are no sites of sufficient critical mass which are viable to enable a Distribution Park to develop.

8 Knowledge-Driven Businesses

8.1 Knowledge-intensive businesses tend to be attracted to areas which have ready access to a highly skilled workforce and this is demonstrated by the concentration of such businesses in the south Manchester area, particularly in areas of Manchester, Salford, Trafford and Stockport. This can be partly attributed to the historical concentration of businesses in this area, but a significant factor is that these southern areas are well connected to the conurbation's main universities i.e. University of Manchester, University of Salford and Manchester Metropolitan University. This has led to notable clusters of knowledge-based businesses around these key educational facilities.

8.2 Bury does have some knowledge-driven businesses, most notably around Bury town centre, in ICT, business services and knowledge-intensive public sector employment. However, it still falls significantly below the UK average in terms of the percentage of businesses that are knowledge-intensive.

8.3 The public sector, including jobs connected to healthcare, plays a significant role within Bury's knowledge economy. However, given the future likelihood of public sector spending cuts, this makes Bury's knowledge economy vulnerable. To reduce this vulnerability, Bury's knowledge economy will need to be developed to increase the presence of the private sector.

8.4 However, in the present economic conditions, where there is a lack of private sector investment and further public sector spending cuts are seemingly inevitable, the development of Bury's knowledge economy is probably something that will be difficult to achieve in the short-term and probably more achievable over the mid to long-term. Despite this, the short-term focus should be on supporting and developing its existing knowledge-based businesses.

8.5 Bury does have strong foundations for developing its private sector knowledge economy, given that the Borough is home to a high proportion of well qualified residents, which makes it a competitive location - particularly in the context of the north Manchester area. Likewise, enterprise in Bury is another strong asset, with high rates of business start-ups. However, Bury is also considered to be lacking in cultural and lifestyle amenities which are important in seeking to attract and retain talent within the area. As such, Bury must also develop its competitiveness and attractiveness from this perspective in order to maximise its prospects for a greater knowledge-based local economy.

8.6 Bury's prospects for a stronger knowledge economy will also be assisted by larger sites in and around Bury town centre, such as Chamberhall and Townside, coming forward for development. It is expected that knowledge-based businesses will find such sites attractive, in light of the highly skilled resident workforce, Bury's ability to position itself as a cost-effective alternative to Manchester city centre, good quality housing, schools and environment, the accessible facilities provided in the regenerated town centre and good public transport links into Manchester city centre.

Dated this 12th day of September 2012

Signed...Paul Nolan...

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