



Employment Land and Economic Growth Assessment

Denbighshire County Council



Executive Summary

February 2019

Introduction

- i. This report provides an Employment Land and Economic Growth Assessment to inform the next Denbighshire Local Development Plan (LDP). The study has been commissioned to provide that LDP with an evidence base on employment land and local economic growth prospects "...in line with the requirements of Planning Policy Wales (PPW) and Technical Advice Note (TAN) 23. *"...the study will also inform the Council's Economic and Business Development and Strategic Asset Management Teams where they should focus their efforts and resources regarding economic growth and satisfying businesses land and premises needs in the coming years."* The study updates previous employment land evidence base documents for the County. Based on the Brief, the study will provide:

- *"An assessment of the economic context and identification of key growth drivers in Denbighshire, taking into consideration how it fits into the regional and national picture.*
- *A review of undeveloped, existing (Greenfield) employment sites (i.e. land allocations) and their suitability, deliverability and viability for the long term in light of the current prevailing market conditions, including regionally and nationally.*
- *An analysis of 'reliable' econometric forecast data and indigenous business needs, to assess the predicted employment growth across sectors, and provide a gap analysis into future need and demand for B1, B2 and B8 employment land, premises uses and floor space."*

Methodology

- ii. A number of research methods have been used, including site visits, property market data analysis and interviews with property market stakeholders such as developers, investors and their agents. Major employers in the County have been individually consulted, as have key public-sector agencies. The property market in the adjacent local authority areas in North Wales has been assessed. Finally, the land supply has been assessed against forecast data to understand future land need. The methodology follows Welsh Government '*Practice Guidance – Building an Economic Development Evidence Base to Support a Local Development Plan*' on employment land reviews and accounts for other Welsh Government Policy, including TAN 23 and Planning Policy Wales.

Findings

- iii. Denbighshire has an economically active population. Unemployment is at 3.8 percent, low in the context of Wales and unemployment has more than halved since the last recession. However, at 56.6 percent, the working age, 16-64 year old, population of Denbighshire is proportionally lower than its neighbours and below the Welsh average.
- iv. Denbighshire's dependence on public sector employment is somewhat above average for Wales, with 37.2 percent of the County's workforce employed in public administration, education and health, in 2017, despite significant losses in public employment since 2009. This employment is focused in the health sector.
- v. Some 3,500 residents (9.0 percent of total employment) are employed in manufacturing in Denbighshire and manufacturing employment has grown by some 500 jobs in the last decade. In terms of service sectors, ICT and professional and business support services have the strongest roles.
- vi. Denbighshire is a net exporter of labour overall, but does retain a good proportion of its workforce, 71.6 percent. 12,100 workers commuted out and 11,500 commuted in to Denbighshire to work. Overall, main worker destinations of Denbighshire residents are Conwy, followed by Wrexham and Flintshire. In terms of in-commuting, the main importer to Denbighshire is Conwy (4,700 workers), followed by Flintshire (3,200 workers) and Wrexham (1,700 workers).
- vii. There is a good desire for growth amongst the County's large businesses and across the Denbighshire business base overall. Against this need, stakeholders report a strong shortage of industrial and warehouse units of all sizes. Most property requirements are for smaller units of 500 sqm and not normally more than 1,000 sqm. Overall, properties of 101-200 sqm and 201-500 sqm are most commonly transacted, although the number of 501-1,000 sqm units changing hands is not unreasonable given the likely more modest stock of such units in the County. Demand is for a mix of freehold and leasehold options, primarily from local firms, of all sizes, looking to grow. Reported rents extend up to £70-75/sqm
- viii. Denbighshire's office market is focused at St Asaph Business Park, which is performing well, with vacant space re-letting quickly, although some local and macro-economic and policy issues are impacting on demand in the short term. Office supply extends up to 1,500 sqm at St Asaph, and requirements can extend up to 1,000 sqm,

but most smaller firms will only require several 100 sqm, primarily leasehold and from a mostly, but not exclusively, local market. The market away from the A55 however, is more limited, although some interest in town centre suites is noted. Rents extend up to £110/ sqm.

- ix. Bodelwyddan is the key strategic site for Denbighshire. Along with St Asaph it provides the County's main strategic 'offer' for inward investment, and should for this reason be protected in the LDP for B1/B2/B8 uses. The advantage of Bodelwyddan is the overall size of the site and available land. The draft Outline Business Case as put forward by the NWEAB proposes a minimum target of 2.44 hectares of employment land to be delivered in the short-term. However, the full 26 ha remains consented, and will be available for development once initial infrastructure is in place. Given the range of large property requirements noted in this study, along with inward investment prospects, DCC and other partners should work to ensure this land is marketed and made available to potential occupiers
- x. Most of Denbighshire's neighbours in North Wales are pursuing strategic development projects which may impact on the Denbighshire economy, and compete with Bodelwyddan and (to a lesser degree given its specialisms) St Asaph, with the largest being in Flintshire (Deeside, Broughton). However, growth of these locations will take time, just as the development of Bodelwyddan/St Asaph, and the specialist focus of some site will reduce overlap and competition.

Employment Land Supply and Need

- xi. The maximum employment land supply, from sites put forward for analysis in this Study, is 81.22 ha in seven sites. However, a review of site conditions and owner intentions suggests a realistic supply of 68.62 ha in six sites. Comments on individual sites are provided in Table ES1.

Table ES1 – Potential Employment Land Supply

Candidate Site ID.	Name	Status	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)
1	Bodelwyddan Key Strategic Site (KSS)	The current planning consent indicates a scheme of some 88,000 sqm of floorspace on 26 ha of land. NWEAB is now preparing an Outline Business Case (OBC) for the project specific funds, and to show how the site can be delivered in the near future. The OBC proposes a minimum target of 2.44 of land at 3,900 sqm/ha that could be delivered in the short-term. However, the OBC has not been finalised or approved by the Growth	26.00 – Full site delivery may extend beyond the LDP period.

Candidate Site ID.	Name	Status	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)
		Vision Authority and thus remains indicative only at this time.	
2	St Asaph Business Park	<p>Land South of the OpTIC Centre DCC is looking to deliver grow on space, which will allow SMEs on the Business Park, particularly from the OpTIC Centre, to expand locally. DCC currently looking for EU funding, with DCC match finance,</p> <p>Green Gates Farm Land Multiple interests from investors and occupiers</p> <p>Former Pilkington's Site/Vista Land on the market, for sale. Have received interest from potential occupiers. Value aspirations of the owners are understood to be a barrier to completing a sale, however</p>	23.87 (B1/B2/B8 allowing the full range of uses here is recommended given the nature of market demand)
3	Colomendy, Denbigh	Four businesses on Colomendy Industrial Estate, which back onto this site have expressed an interest in expanding northward onto this site, taking up 2-4 ha. They have formed a consortium to negotiate with the landowner on this matter. One of the businesses has expressed an interest in purchasing the remaining land for development. Two businesses, currently located elsewhere on Colomendy Industrial Estate, also have requirements for expansion/relocation land here.	8.00 (B1/B2/B8)
4	Glasdir, Ruthin	The Livestock Market will need to retain the three eastern fields to graze animals kept at the site for extended periods. Discussions are ongoing with an enabling developer which has an interest in developing the western A525 frontage. Although retail and services, opening up the site, are its priority, there remains a prospect it will support the development of employment premises.	4.85 ha – Allows for loss of land for Livestock Market. (B1/B2/B8)
5	Lon Parcwr, Ruthin	No development plans here.	0.00 – Assumed not developable due to access constraints
6	Cilmedw, Llangollen	Current reported interest with a developer/occupier for a development, of undisclosed size, of industrial premises for their own use. Discussions are ongoing.	2.80 (B1/B2/B8)
7	Ty'n Llidiart, Corwen	The Landowner broadly continues to aspire for housing here. Evidence is that there is a need for land here to meet the growth requirements of major local businesses in the area, although the plot identified appears too small to meet identified needs. If all land extending south west from the B5437 to Fford Ty Cerrig were made available, this would provide some 8.5 ha of supply. Regarding the DCC depot it is understood this could be relocated but would need to be replaced elsewhere	3.10 – Not yet an adopted B-Class site, but land is needed here, albeit of a larger scale than that proposed (B1/B2/B8)
Total			68.62

Source: BE Group, 2019

- xii. To assess need, two recognised methods of forecasting have been used, reflecting Welsh Practice Guidance:

- Practice Guidance Method One: Past Building Completions – Utilises past take up for the last 22 years (Long Term Land Take-up) and 11 years (Short Term Land Take-up). The difference reflecting uncertainties in the reliability of pre-2007 take up data
- Practice Guidance Method Two (A): Labour Demand Forecasting – jobs growth, as identified in Cambridge Econometrics (2018) forecast modelling, consistent with jobs densities and plot ratios defined in Welsh Practice Guidance
- Practice Guidance Method Two (B): Labour Demand Forecasting – Revised to Account for Bodelwyddan Strategic Site – as above, but Policy-On modelling which allows for some additional 625 workers at Bodelwyddan, over the next decade, as set out in the Outline Business Case for this Site

xiii. The outputs from all the models are outlined in Table ES2.

Table ES2 – Land Forecast Models – Summary

Model	Land Stock 2018, ha*	Land Need 2018-2033, ha	Flexibility Buffer (five years take-up rate) ha	Land Need Incl. flexibility buffer	Surplus (Shortfall), ha	Assumptions
Practice Guidance Method One: Past Building Completions - Long Term Land Take-up	68.62	67.80	22.60	90.40	(21.78)	Based on historic (22 years) take-up of 4.52 ha/pa.
Practice Guidance Method One: Past Building Completions - Short Term Land Take-up	68.62	35.70	11.90	47.60	21.02	Based on last 11 years take-up of 2.38 ha/pa.
Practice Guidance Method Two (A): Labour Demand Forecasting	68.62	<i>Net Change</i> B1: 3.81 B2/B8: (5.46) Total: (1.65) <i>Growth Only</i> B1: 3.81 B2/B8: 2.91 Total: 6.72	<i>Net Change</i> B1: 1.27 B2/B8: N/A Total: N/A <i>Growth Only</i> B1: 1.27 B2/B8: 0.97 Total: 2.24	<i>Net Change</i> B1: 5.08 B2/B8: (5.46) Total: (0.38) <i>Growth Only</i> B1: 5.08 B2/B8: 3.88 Total: 8.96	<i>Net Change</i> 69.00 <i>Growth Only</i> 59.66	Based on <i>Net Change:</i> Projected employment change across sectors <i>Growth Only:</i> Projected growth sectors
Practice Guidance Method Two (B): Labour Demand Forecasting – Revised to Account for Bodelwyddan Strategic Site <i>Option 1 – Assumes All Bodelwyddan Jobs are New to the County</i>	68.62	<i>Net Change</i> B1: 4.84 B2/B8: (2.01) Total: 2.83 <i>Growth Only</i>	<i>Net Change</i> B1: 1.61 B2/B8: N/A Total: 0.94 <i>Growth Only</i> B1: 1.61	<i>Net Change</i> B1: 6.45 B2/B8: (2.01) Total: 3.77 <i>Growth Only</i> B1: 6.45	<i>Net Change</i> 64.85 <i>Growth Only</i> 56.85	Based on <i>Net Change:</i> Projected employment change across sectors <i>Growth Only:</i> Projected growth sectors

Model	Land Stock 2018, ha*	Land Need 2018-2033, ha	Flexibility Buffer (five years take-up rate) ha	Land Need Incl. flexibility buffer	Surplus (Shortfall), ha	Assumptions
		B1: 4.84 B2/B8: 3.99 Total: 8.83	B2/B8: 1.33 Total: 2.94	B2/B8: 5.32 Total: 11.77		Includes 625 additional jobs for Bodelwyddan
Practice Guidance Method Two (B): Labour Demand Forecasting – Revised to Account for Bodelwyddan Strategic Site <i>Option 2 – Assumes 70 percent of Bodelwyddan Jobs are New to the County</i>	68.62	<i>Net Change</i> B1: 4.53 B2/B8: (3.05) Total: 1.48 <i>Growth Only</i> B1: 4.53 B2/B8: 3.62 Total: 8.15	<i>Net Change</i> B1: 1.51 B2/B8: N/A Total: 0.49 <i>Growth Only</i> B1: 1.51 B2/B8: 1.21 Total: 2.72	<i>Net Change</i> B1: 6.04 B2/B8: (3.05) Total: 1.97 <i>Growth Only</i> B1: 6.04 B2/B8: 4.83 Total: 10.87	<i>Net Change</i> 66.65 <i>Growth Only</i> 57.75	Based on <i>Net Change:</i> Projected employment change across sectors <i>Growth Only:</i> Projected growth sectors Includes 438 additional jobs for Bodelwyddan

Source: DCC/BE Group, 2019

*Realistic land supply

- xiv. The figures allow for a minimum five-year flexibility buffer to allow for choice and potential change in needs during the LDP period as well as providing some accounting for further possible losses in the supply.
- xv. Under all land take up models, apart from Practice Guidance Method One: Past Building Completions - Long Term Land Take-up, Denbighshire has enough land to meet its needs. However, as noted, there are questions about the reliability of long term take up data.
- xvi. The jobs-based forecast, both Policy Off and Policy On, models suggests the County has an oversupply of employment land. This indicates that almost all the current land supply may be surplus to requirements. However, the market assessment and a review of the historic trends in employment change and land take up (see Section 7.0) suggest that these forecasts underestimate land needs significantly.
- xvii. Thus, evidence favours Practice Guidance Method One: Past Building Completions - Short Term Land Take-up which generates a minimum requirement of 47.60 ha to 2033.

Recommendations

- xviii. This report has had full regard to the requirements of TAN 23 and Planning Policy Wales to encourage and deliver growth through the planning system. The key recommendation is:

That the Council should use Practice Guidance Method One: Past Building Completions - Short Term Land Take-up and the main method of assessing needs. This suggests that the County's minimum employment land requirements are 47.60 ha to 2033 (inclusive of a five-year buffer).

- xix. Recommendations for individual employment sites has been summarised in Table ES3 (Employment Land Recommendations) below. This identifies six sites, totalling 68.62 ha, which would be suitable as employment land allocations in the new LDP
- xx. Site deliverability has been reviewed and issues identified. TAN23 requires that sites should be fit for purpose and this means that they need to be deliverable. To achieve this, it is recommended that the Council and other relevant partners proactively explore delivery strategies by which sites can be brought forward, in discussions with owners and developers.
- xxi. The Council should work with neighbouring authorities on issues in which interests will overlap.
- xxii. Review and monitor the employment land and premises position and undertake this study again in approximately four years, as 2033 is a long time in the future and much will happen before then.
- xxiii. Allocate Land in Corwen to meet large business requirements, account for likely losses elsewhere and ensure a stronger balance in the supply portfolio between the A55 Corridor and the south of the County.

Table ES3 – Employment Land Recommendations

Site Ref.	Name	Allocate/Protect in the new LDP?	Recommendations
1	Bodelwyddan Key Strategic Site (KSS)	Allocate/protect	Key strategic site for Denbighshire. Along with St Asaph it provides the County's main strategic 'offer' for inward investment. For this reason, the employment site should be protected in the LDP for B1/B2/B8 uses. One advantage of Bodelwyddan was the size of its employment site, which offers 26 ha in a single site area. The draft Outline Business Case as put forward by the NWEAB proposes a minimum target of 2.44

Site Ref.	Name	Allocate/Protect in the new LDP?	Recommendations
			hectares of employment land to be delivered in the short-term. However, the full 26 ha remains consented, and will be available for development once initial infrastructure is in place. Given the range of large property requirements noted in this study, along with inward investment prospects, DCC and other partners should work to ensure this land is marketed and made available to potential occupiers
2	St Asaph Business Park	Allocate/protect	<p>Overall, St Asaph remains a high value strategic asset for the County and Wales as a whole. It should be strongly protected in the LDP for relevant uses.</p> <p>There are a mixture of plans and investment prospects across the three plots, with varying prospects for delivery. The differing proposals would benefit from common delivery planning and DCC should consider creation of a combined Delivery Strategy for St Asaph, bringing together the various stakeholders, including Welsh Government and private landowners to create a coherent plan for change given the realistic constraints and opportunities of the location. This should particularly consider overlapping needs for infrastructure and services and how common constraints such as the Pylons can be dealt with.</p> <p>Two sites, Land South of the OptIC Centre and Green Gates Farm Land, are currently allocated for B1 uses only. Market evidence is that demand is for the full range of B1 and B2 uses, plus ancillary B8 for product/part storage.</p> <p>Evidence is that viability remains a constraint to development here, particularly for schemes that will not enjoy public support. To secure viable development, particularly on the unserved Green Gates plot may require a broader range of uses, including some higher value options.</p>
3	Colomendy, Denbigh	Allocate/protect	Large employment site, the only available land in Denbigh which could meet the various business requirements identified. DCC should continue to monitor this site to ensure progress continues to be made toward delivery and be willing to provide support if development stalls at any point. Assuming ongoing progress to delivery, however, this land should be adopted in the LDP for B1/B2/B8 uses.
4	Glasdir, Ruthin	Allocate/protect, western half only	With the need to retain the Livestock Market and associated grazing land, the net developable area reduces to 4.85 ha. Given, this reduction in land supply and the likelihood that Site 5 - Ruthin Lon Parcwr cannot be delivered, protection of the remaining land here, for B1/B2/B8 uses, becomes increasingly important, especially given the unmet demand for premises from local businesses, identified in this study.. DCC needs to continue to monitor and engage with the relevant stakeholders here to ensure progress toward delivery is made in the short term.
5	Lon Parcwr, Ruthin	Not a deliverable employment site, do not allocate/protect for B1/B2/B8. Likely undevelopable for any use	Unless a realistic option can be developed for accessing this site, it does not appear to be deliverable
6	Cilmedw, Llangollen	Allocate/protect	Reasonable evidence of demand, both for land in Llangollen generally and on this site specifically. On this basis land should be protected in the LDP for B-Class uses. However, abnormal access costs for the southern plot will be a barrier to viable development here. It is recommended that DCC undertake further viability testing to determine the scale and extent of any viability gap caused by this issue. Assuming a gap exists then options to boost value may need to be considered. Consideration of these options is preferred over the de-allocation of the southern plot which would only leave some 1.6 ha of land remaining in the northern plot to serve a very large rural catchment.
7	Ty'n Llidiart, Corwen	Allocate	Flat rectangular area of land at a main road junction, incorporating an open area of aggregate storage, to the south west of an existing industrial estate and north of housing. Land currently allocated for residential use in the LDP. Evidence is that there is a need for land here to meet the growth requirements of major local businesses in the area, although the plot identified appears too small to meet identified needs.

Source: BE Group, 2019