Nathaniel Lichfield & Partners

Planning. Design. Economics.

Sunderland Employment Land Review

Final Report

Sunderland City Council

9 March 2016

22691/HE/RL

This document is formatted for double sided printing.

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Contents

1.0 Introduction

1.1 Sunderland City Council (SCC) appointed Nathaniel Lichfield & Partners (NLP) and Lambert Smith Hampton (LSH) to prepare an Employment Land Review (ELR) for the local authority area. The study is intended to provide SCC with an understanding of:

- The city's current position with respect to employment land supply (in both quantitative and qualitative terms); and
- Anticipated future employment growth in the city and the implications of this with respect to demand for employment land over the period 2015 to 2033.

1.2 The methodological approach applied in undertaking the study has regard to the *National Planning Policy Framework* ('the Framework') and the *Planning Practice Guidance* ('the Practice Guidance'). It also takes into account the *Employment Land Reviews: Guidance Note* 'Brown Book' published by ODPM in 2004.

Scope of the Study

1.3 The focus of this report is on the employment space needs for the B Class sectors outlined below:

- B1 Business (offices, research & development, light industry);
- B2 General Industrial; and
- B8 Storage and Distribution (wholesale warehouses and distribution centres).

1.4 Demand for B Class employment land and floorspace is considered in this report. References to 'employment space' relate to both land and floorspace across all B Class uses, unless otherwise stated. References to 'industrial space' relate to both land and floorspace across manufacturing and distribution uses.

1.5 Whilst the Framework defines economic development as including a wider range of non-B Class uses (including retail, leisure and community uses) an assessment of demand for and provision of such uses is beyond the scope of this study.

1.6 The purpose of this ELR is to provide evidence to support the development of SCC's Local Plan. It is not a policy or strategy document per se, but instead provides an evidence base input to specific planning or economic development policies being developed by the Council. An important consideration for work of this type is that it is inevitably a point-in-time assessment. The study has, however, drawn upon the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources have not been checked or verified by NLP or LSH.

Structure of Report

1.7 The remaining sections of this report are structured as follows:

- Policy Review (Section 2.0) – a summary of key planning policy and economic strategy documents from the national to the local level;
- Economic Context (Section 3.0) – a review of current economic conditions and recent trends in the Sunderland and its economic strengths and weaknesses. Consideration is also given within this section to the Functional Economic Market Area (FEMA) within which Sunderland is located;
- Understanding Business Needs (Section 4.0) – a summary of key messages identified through consultation with local businesses, stakeholders and commercial agents;
- The Market for Employment Premises in Sunderland (Section 5.0) – analysis of the current stock and trends of employment space in the Sunderland. This analysis is considered within the context of provision in adjoining local authority areas;
- The Supply of Employment Land in Sunderland (Section 6.0) – a review of the current availability of employment land, how well aligned it is with strong market locations and the extent to which it is immediately available;
- Future Requirements for B Class Employment Space (Section 7.0) – estimates of future employment space requirements for B Class sectors in quantitative terms, drawing on employment forecasts and other factors;
- Demand-Supply Balance (Section 8.0) – assesses the balance between current land supply and future needs, in both quantitative and qualitative terms, by comparing forecast requirements with availability of existing sites;
- Conclusions (Section 9.0) – draws together overarching conclusions, having regard to the preceding sections.

2.0 Policy Review

2.1 This section provides a summary of key planning policy and economic strategy documents that form part of the background context which the ELR must take into account. Key messages from a range of documents – from the national level down to the local level – are set out below.

National Documents

National Planning Policy Framework (March 2012)

2.2 The Framework sets out the Government's economic, environmental and social planning policies for England. It states [paragraph 14] that the purpose of the planning system is to contribute to the achievement of sustainable development, which should be seen as a 'golden thread' running through both plan-making and decision taking.

2.3 The document states that there are three dimensions to sustainable development: economic, social and environmental. The economic role that the planning system must perform involves contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and co-ordinating development requirements, including the provision of infrastructure [paragraph 7].

2.4 The Framework states that 'significant weight' should be placed on the need to support economic growth through the planning system [paragraph 19]. To help achieve economic growth, Local Plans should (*inter alia*) [paragraph 21]:

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
- Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- Support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances; and
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries.

2.5 The Framework [paragraph 22] also highlights that allocated employment sites for which there is no reasonable prospect of development should not be protected in the long term. Proposals for alternative uses on such sites should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.

2.6 The Framework [paragraph 23] confirms that offices are a 'main town centre use', and as such, LPAs should apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance within an up-to-date Local Plan:

"They should require applications for main town centre uses to be located in town centres, then in edge of centre locations and only if suitable sites are not available should out of centre sites be considered. When considering edge of centre and out of centre proposals, preference should be given to accessible sites that are well connected to the town centre. Applicants and LPAs should demonstrate flexibility on issues such as format and scale." [paragraph 24]

2.7 LPAs are required to ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. LPAs should ensure that their assessment of strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals. [paragraph 158]

2.8 The Framework [paragraph 160] advises that LPAs should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should:

1 Work together with county and neighbouring authorities and with Local Enterprise Partnerships [LEPs] to prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market; and

2 Work closely with the business community to understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.

2.9 The Framework [paragraph 161] states that LPAs should use this evidence base to assess (*inter alia*):

1 The need for land or floorspace for economic development, including both the quantitative and qualitative need for all foreseeable types of economic activity over the plan period; and

2 The existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs.

2.10 Public bodies have a duty to cooperate on planning issues that cross administrative boundaries [paragraph 178]. The Framework requires local authorities to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their local plans are submitted for examination [paragraph 181]. It sets out where cooperation might be appropriate and what form it might assume. It concludes that "*cooperation should be a continuous process of engagement from initial thinking through to implementation*".

Planning Practice Guidance (2014)

2.11 CLG has produced on-line Planning Practice Guidance which includes guidance on the assessment of housing and economic development. This replaces the previous ODPM Employment Land Reviews: Guidance Note from 2004.

2.12 The Practice Guidance provides a methodology for assessing economic development needs. It states[1] that plan makers should liaise closely with the business community to understand their current and potential future requirements.

2.13 Plan makers should also consider:

- The recent pattern of employment land supply and loss to other uses;
- Market intelligence (from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums);
- Market signals such as levels and changes in rental values, and differentials between land values in different uses;
- Public information on employment land and premises required;
- Information held by other public sector bodies and utilities in relation to infrastructure constraints;
- The existing stock of employment land (though it is important to recognise that this may not reflect the future needs of business);
- The locational and premises requirements of particular types of business; and
- Identification of oversupply and evidence of market failure.

2.14 When examining the recent take-up of employment land, the Practice Guidance[2] advises that it is important to consider projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses.

2.15 In terms of forecasting future trends the Practice Guidance[3] advises that:

- Plan makers should consider forecasts of quantitative and qualitative need, but also its particular characteristics;
- Local authorities should develop an idea of future needs based on a range of data which is current and robust;
- Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible; and

[1] 2a-030-20140306
[2] 2a-031-20140306
[3] 2a-032-20140306

- The available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified.

2.16 The Practice Guidance[4] advises that plan makers should also consider:

- Sectoral and employment forecasts and projections (labour demand);
- Demographically derived assessments of future employment needs (labour supply techniques);
- Analysis based upon the past take-up of employment land and property and/or future property market requirements;
- Consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

2.17 In identifying the type of employment land needed the Practice Guidance[5] advises that:

- The need for rural employment should not be overlooked;
- Underlying population projections can be purely demographic or tied to future housing stock which needs to be assessed separately; and
- Plan makers should be careful to consider that national economic trends may not automatically translate to particular areas with a distinct employment base.

2.18 In order to derive employment land requirements, the Practice Guidance[6] states that when translating employment and output forecasts into land requirements there are four key relationships which need to be quantified:

1 Standard Industrial Classification sectors to use classes;

2 Standard Industrial Classification sectors to type of property;

3 Employment to floorspace (employment density); and

4 Floorspace to site area (plot ratio based on industry proxies).

Sub-Regional Documents

NE LEP Strategic Economic Plan (SEP) (2014)

2.19 The NELEP's Strategic Economic Plan entitled: *More and Better Jobs* sets out a clear vision that by 2024, the North East LEP economy will provide over one million jobs; representing an increase of 100,000 new jobs.

2.20 To achieve this scale of change, the plan identifies five key sectors that are expected to drive future jobs growth, including:

- Business services;
- New economy – including cultural, creative and digital industries;

[4] ibid
[5] 2a-033-20140306
[6] 2a-034-20140306

- Low carbon – including renewable technologies;
- Tourism; and
- Logistics.

2.21 By driving growth in these sectors, the plan seeks to halve the gap between the North East and the national average (excluding London), on three quantifiable measures, including:

- Gross value added (GVA) per full time equivalent (FTE), with wages and profits rewarding workers and investors and sustaining high levels of employment;
- Private sector employment density, with more companies and jobs driving a high growth economy; and
- Activity rate, with no one left behind, and those distant from or disadvantaged in the labour market helped to take advantage of the opportunities created by a successful growing economy.

2.22 It also aims to fully close the gap on employment rates, with the scale and quality of employment matching an increasingly better qualified and higher skilled workforce.

2.23 For Sunderland in particular, the plan identifies opportunities in:

- **City Centre:** alongside NewcastleGateshead and Durham, Sunderland City Centre is identified as a powerful location, combining higher education, cultural and tourism assets, retail and evening economy. Capitalising on the City Centre offer is viewed as key to generating economic growth and supporting wider regeneration.
- **Business services:** with a focus on extending the professional services base in Sunderland;
- **New economy:** Sunderland has a very strong creative and technology base. Software City, for instance, is identified as an engine for growth in software, digital technology and media; and
- **Low Carbon:** the Automotive and Manufacturing Advanced Practice Institute at the University of Sunderland and the Sunderland Low Carbon Zone are identified as providing key opportunities to support growth in the Low Carbon sector.

2.24 The potential development of a Sunderland Strategic Transport Corridor – including a proposed New Wear Bridge linking the Low Carbon Zone to City Centre to Port – is considered important in supporting the development of a number of key employment sites in the river Wear corridor. In particular, the scheme aims to enhance the capacity of the network to accommodate projected employment growth of the Low Carbon Zone, including Nissan, North East Enterprise Zone and other proposed developments.

Local Documents

Sunderland Local Plan: Core Strategy and Development Management Policies Draft Revised Preferred Options (2013)

2.25 The current Draft Core Strategy and Development Management Policies state that a key priority for the Council is to provide:

"The right environment for economic growth in the city so that residents have the opportunity to secure good-quality, well-paid employment. It is important that the city has sufficient high-quality sites that are attractive to businesses looking to invest in this area."

2.26 In order to support this ambition, the Core Strategy proposes two Strategic Sites which are central to the achievement of the strategy, including:

- **Vaux/ Farringdon Row:** A new office quarter based around the Strategic Site at the Vaux Brewery and Farringdon Row is proposed to deliver significant office employment, supporting the regeneration of the City Centre. This will be accompanied by residential developments to encourage people to live and work in the city centre; and
- **North of the Nissan:** a 20ha site to the north of Nissan (including Green Belt land) has also been identified to accommodate potential demand in Washington. This site will build upon the success of Nissan, the Ultra-Low Carbon Enterprise Zone and the role of Washington in the local and regional economy.

2.27 The Core Strategy also proposes several 'Locations for Major Development' (LMD's) to support employment growth and the regeneration of large areas across the city, including:

- Former Pallion Shipyard: manufacturing/ offshore engineering;
- The Port: port-related development/ offshore engineering;
- Stadium Village: leisure, housing and business;
- Sunniside: housing, leisure, business; and
- Holmeside Triangle: mixed use including retail.

2.28 The development of these sites is designed to utilise key sites to generate more jobs in the City Centre and to capitalise on the opportunities presented by the Low Carbon Economic Area and North East Enterprise Zone (which includes 32 hectares in Sunderland, comprising 3 sites in the vicinity of the Nissan Car Plant). The City Centre is outlined as the principal location for offices, retail and main town centre uses and Washington is identified as a key provider of land for wider economic development.

2.29 Key sectors outlined in the Core Strategy include the Low Carbon industry and knowledge-based economy, driven by the Low Carbon Zone, Sunderland University and Software City. The City is viewed as offering strong potential in

automotive manufacturing and financial and customer services sectors, having attracted substantial inward investment in the past decade:

2.30 *"In the last 10 years, the City has attracted more jobs through inward investment than any other location in the North East, in part through impressive facilities such as Doxford International and Rainton Bridge South Business Parks."*

Sunderland Economic Masterplan (2010)

2.31 The Sunderland Economic Masterplan seeks to guide development in the local area, and set actions to ensure Sunderland has a prosperous and sustainable future. The proposed vision set out in the plan is that Sunderland will become:

"An entrepreneurial University City at the heart of a low-carbon regional economy."

2.32 In order to achieve this ambition, the Masterplan sets out the following key aims:

1 **Creating a new kind of University city:** creating a vibrant, creative and attractive city, with a strong learning ethic and a focus on developing and supporting enterprise, with the University of Sunderland at its heart;

2 **Creating a national hub of the low-carbon economy:** using opportunities offered by new low-carbon technologies to stimulate economic activity in Sunderland. This aim emphasises the city's national potential and the need to showcase projects such as electric vehicles;

3 **Creating a prosperous and well-connected waterfront city centre:** recognising the importance of the waterfront in creating a sense of place and enhancing the city centre's distinctive role in the region. The plan seeks to support additional employment and leisure uses around the waterfront, to make it better and easier to enjoy;

4 **An inclusive city economy – for all ages:** This aim seeks to guarantee that all residents get the best opportunity to be a part of and get the best opportunity to be a part of and benefit from the city's economy.

2.33 The Masterplan proposes that in order to deliver these aims Sunderland must focus on four key assets, including:

- Nissan: to exploit electric vehicle technology and become a world leader in producing electric vehicles;
- The University of Sunderland: to redefine the city as a place where knowledge is part of the way of life;
- The Port of Sunderland: to enable the servicing of new offshore wind farms; and
- The city centre: using specific development sites to create a new business district in the city centre, more retail sites.

2.34 Key sectors identified as offering development opportunities are also identified within the Masterplan, as summarised below:

- **Software:** assets including Software City, high-quality sites and premises, excellent telecommunications connectivity and the School of Technology and Computing at the University of Sunderland are identified as key strengths in the software sector. Sunderland's role in this industry is recognised at a regional level and is projected to grow ahead of the regional pace, albeit from a comparatively low base. The sector also links closely to the low-carbon agenda, offering opportunities to use software to reduce carbon-dioxide emissions across a range of industries;
- **Offshore Energy Generation:** the growth in the offshore wind sector is considered to present a long-term economic opportunity for Sunderland, particularly for the heavy engineering, construction and maritime sectors. The Port of Sunderland is well placed to provide docking facilities for survey boats, for the operation and maintenance of offshore wind farms, component manufacturing sites and the potential for turbine assembly;
- **Electric Vehicle Production:** Nissan has confirmed that its battery plant will be located in Sunderland, and that Sunderland's car plant will be the first European plant to produce Nissan's electric car, the LEAF. This is further supported by the designation of Sunderland, along with South Tyneside and Easington, as the UK's Low Carbon Economic Area (LCEA) for Ultra Low Carbon Vehicles;
- **Health and Wellbeing:** business activities associated with health and well-being are projected to grow strongly in Sunderland. Health and well-being is already a significant sector in the city economy and is poised to capture an increasing share of regional growth in this sector with direct relevance to wider city agendas; and
- **Creative Industries:** the combination of assets, including university facilities and specialisms, the Music City initiative, the recent growth of artistic endeavour in Sunniside and programmes linked to the National Glass Centre, offers a base from which this sector could become a stronger feature of the city economy.

Sunderland Economic Update (2012)

2.35 The Sunderland Economic Update builds upon the Economic Masterplan to provide an overview of progress to date. Two years after the launch of the Masterplan, the update highlights that the city has:

- Supported around 20 private-sector investment projects creating over 3,500 jobs;
- Provided nearly 200 local, growing businesses with financial support, creating 1,000 jobs and safeguarding a further 600;
- Secured one of a new breed of Enterprise Zones and attracted the first Enterprise Zone investment anywhere in the UK;
- Acquired the Vaux site as the location for a new central business district which is being enhanced in preparation for investment;

- Developed the new Sunderland Software Centre, supporting growth in the software sector;
- Developed a private city cloud - one of the first of its kind in Europe in partnership with IBM; and
- In partnership with BT, developed plans to make Sunderland the first city in Britain to offer wall-to-wall superfast broadband coverage.

2.36 With manufacturing now seen as one of the few UK success stories of recent years, Nissan has been much covered in national and international media. In 2012, Nissan announced a planned investment of over £250m which is estimated to create around 3,000 jobs at its plant and in the supply chain. The wider benefits of this investment include a growing supply chain that could transfer to use in other sectors such as offshore and advanced manufacturing.

2.37 Other substantial investments highlighted in the economic update include:

- £82.5m for the New Wear Crossing from the Department for Transport;
- £8m from Gateshead College for a Skills Academy for Sustainable Manufacturing and Innovation; and
- £6m for managed workspace in Washington, jointly funded by the City Council and European Regional Development Funds.

2.38 Given the impact of the recession and the general decline in investment since 2010, the Economic Update report anticipates - based on what has been achieved so far - that these and other initiatives will bring continued economic growth and jobs to the area over the next few years.

3.0 Economic Context

3.1 This section establishes the economic baseline for the study by reviewing recent economic conditions and trends within Sunderland, relative to the North East region and the national economy. This is important in identifying the existing strengths and weaknesses of the study area and the factors likely to influence the nature and level of future demand for employment space.

Geography and Connections

3.2 Located on the North East coast, Sunderland is a predominantly urban authority covering an area of 137 square kilometres and with a population of c.275,500[7]. The principal settlements within the local authority area are the city of Sunderland and the towns of Washington and Houghton-Le-Spring.

3.3 Sunderland is located within the North East Local Enterprise Partnership (NELEP) area and is bounded by: County Durham to the South and West; Gateshead to the North West; South Tyneside to the North; and the North Sea to the East.

3.4 The city benefits from good public transport infrastructure, with a network of bus routes, whilst the Tyne and Wear Metro provides frequent services connecting residents to destinations throughout Tyne and Wear.

3.5 In terms of rail access, the city of Sunderland has a train station providing frequent links (up to eight trains an hour including both Northern Rail and Metro services) to Newcastle Central Station, from where East Coast Mainline services can be accessed, as shown in Figure 3.1.

3.6 Grand Central provides a direct rail service (five times a day) to York and London from Sunderland Station, and a new twice daily direct service to London is now also provided by Virgin East Coast.

3.7 Key road connections within the city include:

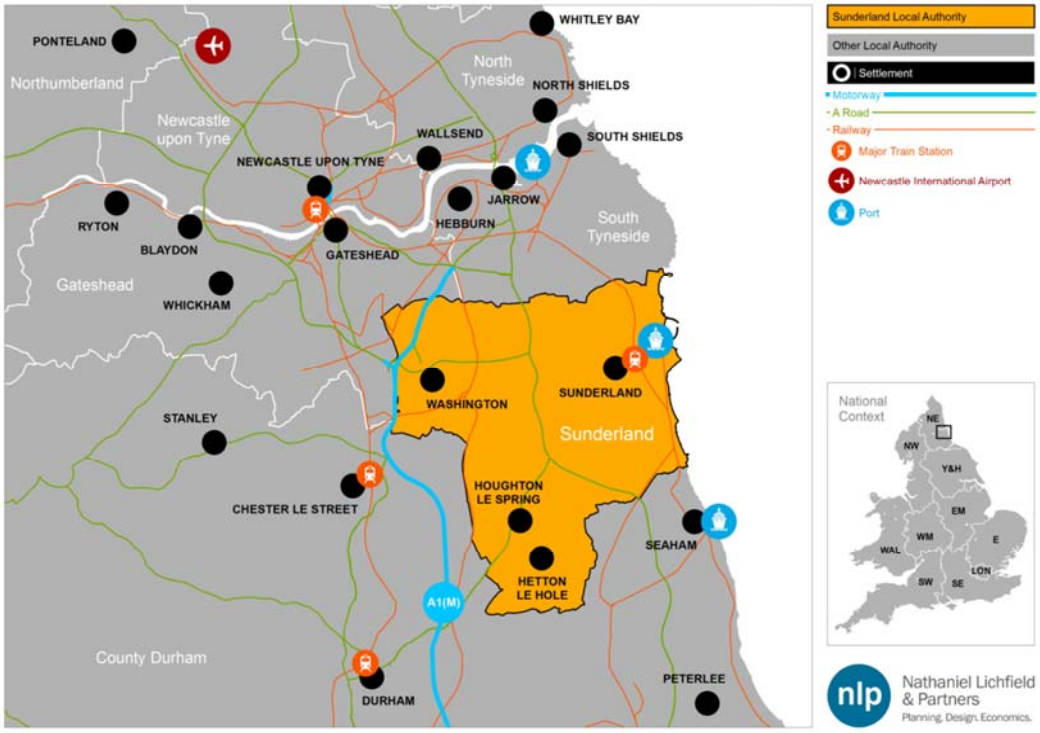
- The A19 – a key strategic route connecting to North Tyneside, Northumberland and the A1 in the north and to Teesside and North Yorkshire in the south;
- The A183 – running east to west and connecting Sunderland to Chester-le-Street and the A1;
- The A690 – running north east to south west and connecting Sunderland to Durham city and the A1; and
- The A1231 – running east to west and connecting Sunderland to the A1 and the A19.

[7] Source: Census 2011

3.8 The Council has identified connections to the strategic road network as being a key driver for economic growth in the city. Recent improvement schemes have been implemented at key junctions along the A19 to improve connectivity and the Council is bringing forward the Sunderland Strategic Transport Corridor, which will improve connectivity to the sites along the southern edge of the River Wear, the city centre and the port.

3.9 Improvements are also proposed at the Downhill junction to support the proposed International Advanced Manufacturing Park.

Figure 3.1 Spatial Context of Sunderland



Source: NLP analysis

Economic Conditions and Trends

3.10 Current economic conditions and trends in Sunderland are summarised below, with comparisons made, where appropriate, to regional and national averages. Data is drawn from published Office for National Statistics (ONS) sources via Nomis and Experian Ltd. unless indicated otherwise.

Employment

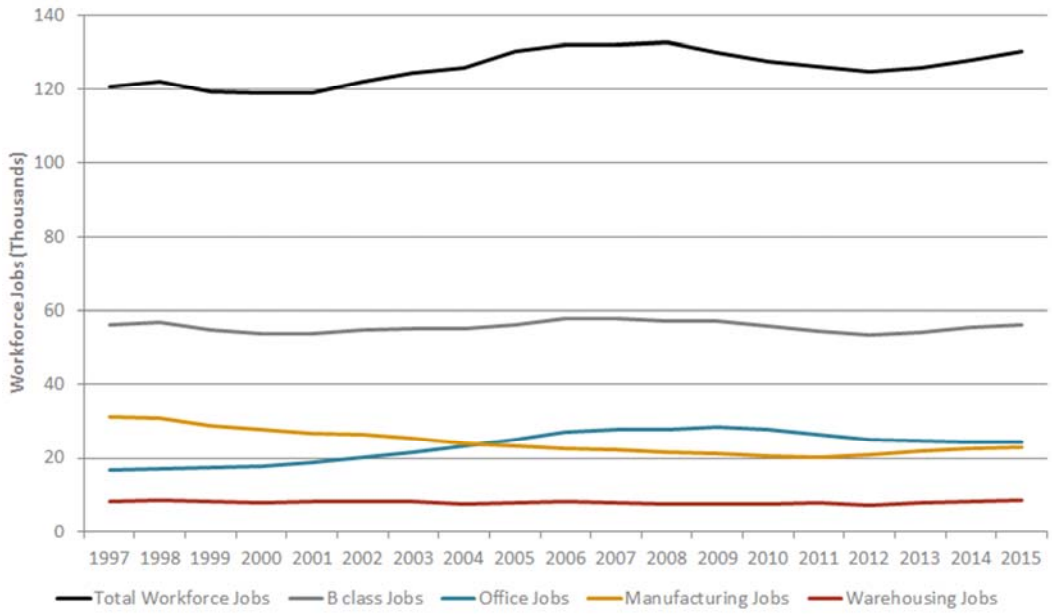
3.11 Experian data suggests that there were 130,150 workforce jobs registered in Sunderland in Q1 of 2015, representing an increase of 9,630 jobs (8.0%) compared to the 1997 level. This level of increase was broadly in alignment with the North East (7.9%), but significantly lower than the UK average over the same period (18.2%).

3.12 Between 1997 and 2015, the total number of workforce jobs in Sunderland increased by 9,630. This corresponds to a growth rate of 8.0%. This does, however, fail to reflect the significant intertemporal variations in performance during the period. Between 1997 and 2008, for instance, strong rates of growth were observed in Sunderland, although these were partially offset by a contraction in job numbers between 2008 and 2012. This reflects the impact of the recession and subsequent reduction in public spending and aligns with the trends observed at the national and regional level. In recent years, however, the number of workforce jobs in the City has begun to increase again.

3.13 During the same period (1997 to 2015) the total number of B class jobs in the City has experienced a marginal contraction, with a net loss of 75 jobs. This corresponds to a change of -0.1% and has resulted in the proportion of B class jobs in Sunderland falling from 46.6% in 1997 to 43.2% in 2015. Disaggregating the data by sector identifies significant variations in the performance of the B class uses:

- The number of office-based jobs in Sunderland increased by 7,785 (+46.9%);
- The number of warehousing and distribution jobs increased by 255 (+3.0%); and
- The number of manufacturing jobs fell by 8,110 (-26.0%).

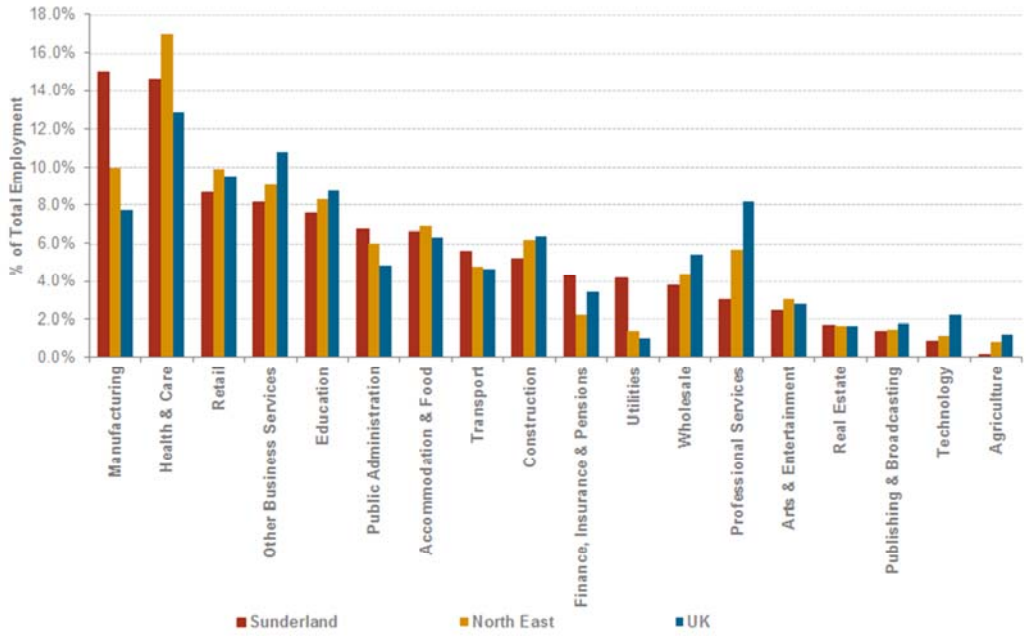
Figure 3.2 Changes in Total Workforce Jobs and B Class Jobs in Sunderland (1997-2015)



Source: Experian 2015 / NLP analysis

3.14 In employment terms, the largest sectors in Sunderland in 2015 are manufacturing (15.0%), health and care (14.6%), retail (8.7%), other business services (8.1%) and education (7.5%) (Figure 3.3).

Figure 3.3 Workforce Jobs by Sector in Sunderland, 2015



Source: Experian 2015 / NLP analysis

3.15 In comparison with the regional and national average, sectors that are over-represented in Sunderland include:

- Manufacturing: accounting for 15.0% of total employment, compared to 9.9% in the North East and 7.7% nationally;
- Public Administration: accounting for 6.8% of total employment, compared to 3.0% in the North East and 4.8% nationally;
- Transport: accounting for 5.6% of total employment, compared to 4.8% in the North East and 4.7% nationally;
- Finance, Insurance and Pensions: accounting for 4.3% of total employment, compared to 2.2% in the North East and 3.5% nationally; and
- Utilities: accounting for 4.2% of total employment, compared to 1.4% in the North East and 1.0% nationally.

3.16 A number of sectors are also under-represented in Sunderland, including:

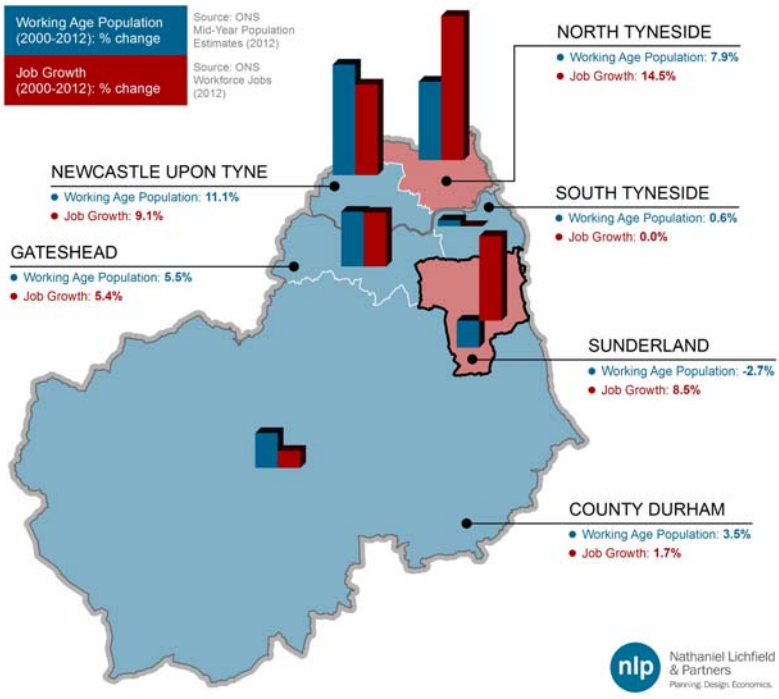
- Retail: accounting for 8.7% of total employment, compared to 9.9% in the North East and 9.5% nationally;
- Other Business Services: accounting for 8.1% of total employment, compared to 9.1% in the North East and 10.8% nationally;
- Education: accounting for 7.5% of total employment, compared to 8.3% in the North East and 8.8% nationally;
- Construction: accounting for 5.2% of total employment, compared to 6.2% in the North East and 6.4% nationally;

- Wholesale: accounting for 3.8% of total employment, compared to 4.4% in the North East and 5.4% nationally;
- Professional Services: accounting for 3.0% of total employment, compared to 5.7% in the North East and 8.2% nationally;
- Arts and Entertainment: accounting for 2.4% of total employment, compared to 3.1% in the North East and 2.8% nationally;
- Technology: accounting for 0.9% of total employment, compared to 1.1% in the North East and 2.2% nationally; and
- Agriculture: accounting for 0.1% of total employment, compared to 0.8% in the North East and 1.2% nationally.

3.17 Between 2000 and 2015, employment growth within Sunderland was primarily driven by health & care (representing an increase of +5,120 jobs), utilities (+4,040 jobs), accommodation & food (+2,870 jobs) and finance, insurance & pensions (+2,710 jobs). At the same time, major job losses were recorded in the manufacturing (-5,280 jobs), retail (-3,700) and wholesale (-1,150) sectors.

3.18 As shown in Figure 3.4, growth of the working age population has declined in Sunderland, during a period of jobs growth. This trend is in contrast to nearly all adjoining local authorities. It is understood, from discussions with SCC officers that this is likely to – at least in part – be due to the number of residents moving out of the City, whilst continuing to commute into Sunderland for employment opportunities. Indeed, Table 3.2 shows that in-commuting into the City increased between the 2001 and 2011 Census.

Figure 3.4 Changes in Working-Age Population and Total Workforce Jobs, 2000 - 2012



Source: ONS Mid-Year Population Estimates 2012 / ONS Workforce Jobs / NLP analysis

3.19 These population and employment trends may in part explain the City's increase net inflow of commuters between 2001 and 2011 (Table 3.2). This is discussed in more detail in relation to the 'functional economic market area' below.

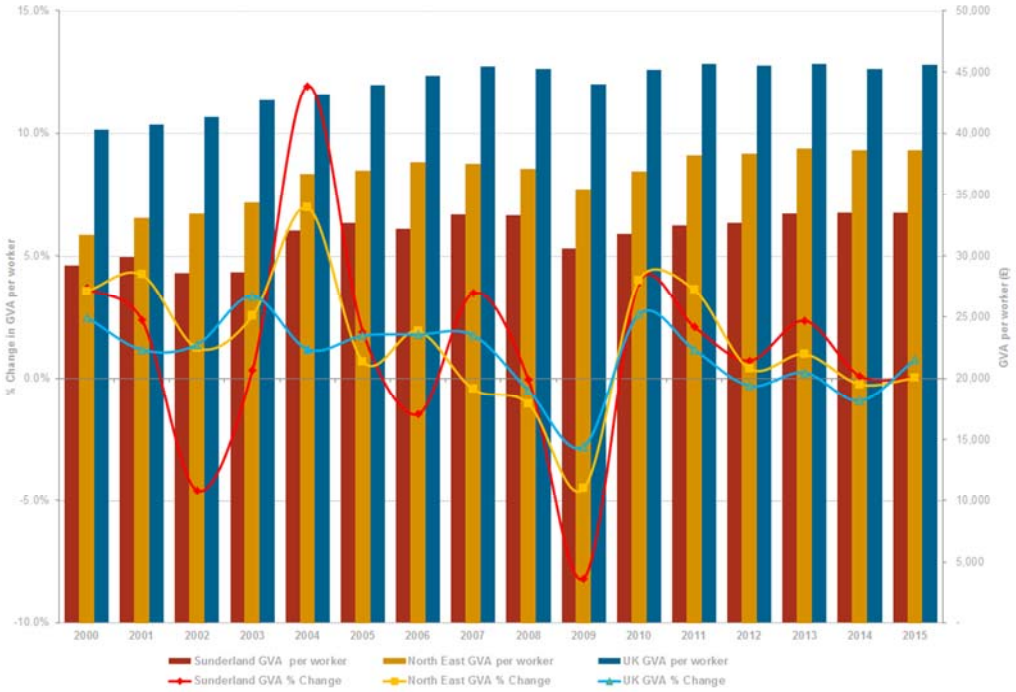
Productivity

3.20 Productivity (measured by Gross Value Added [GVA] per worker) within the labour force in Sunderland currently stands at £33,502 per worker, which is lower than both the regional (£38,625) and national (£45,608) equivalent figures.

3.21 As shown in Figure 3.5, GVA per worker remained below the regional and national average throughout the period 2000-2015. This could reflect the concentration of sectors such as lower value manufacturing within Sunderland and indicates scope to enhance the authority's productivity levels and output in future – subject to the availability of the appropriate skills.

3.22 Since 2000, however, GVA per worker in Sunderland has grown from £29,239 to £33,502 in 2015 (or +14.6%). This rate of growth falls behind regional growth (21.9%), but exceeds the national average rate of growth (13.3%) over the same period. This has resulted in a marginal reduction in the gap between the Sunderland and UK average performance (increasing from 72.6% of the UK average in 2000 to 73.5% in 2015), but widened the gap in comparison to the North East (declining from 92.3% of the regional average in 2000 to 86.7% in 2015). As shown below, GVA growth in Sunderland was also relatively volatile over this period, with more acute periods of growth and decline than the North East and UK average (Figure 3.5).

Figure 3.5 Average GVA per Worker and percentage change for Sunderland, the North East and the UK, 2015



Source: Experian 2015 / NLP analysis

Business Demography and Enterprise

3.23 Sunderland has a slightly lower proportion of small firms employing between 0 and 9 workers (83.6%) than the North East (85.9%) and UK (88.3%). It accommodates a slightly higher proportion of large firms employing at least 50 workers (3.0%) compared with the North East (2.6%) and the UK (2.1%).[8]

3.24 Sunderland supports relatively low levels of business start-ups, with just under 51 new business registrations per 10,000 working age population compared with 58 across the North East and 85 across the UK.[9] Self-employment in Sunderland also falls below the regional and national average, with just 5.1% of the working-age population falling within this category compared with 7.4% in the region and 10.0% nationally in 2014[10]. These indicators point towards limited levels of entrepreneurship in the local economy compared to other parts of the country.

Knowledge-Based Industries

3.25 Around 15.4% of businesses within Sunderland were classified as knowledge-based in 2008, which was lower than the regional (16.9%) and national (21.8%) averages. Knowledge-based industries are those sectors where value-added is derived from the accumulation of knowledge, often fostered through

[8] ONS, Inter Departmental Business Register (2014)
[9] ONS, Business Demography Statistics (2013)
[10] ONS Annual Population Survey (September 2013- September 2014)

innovative activities and the increasing use of technology. Such sectors tend to have more growth potential and can signal an economy's competitiveness.

3.26 While Sunderland is less well represented in knowledge-based activities compared with the region and nationally, it is better represented when compared with the adjoining local authorities (Table 3.1). This suggests that the local economy in Sunderland is currently better placed to create higher levels of growth in the future than the surrounding local authority areas including South Tyneside, Gateshead and County Durham.

Table 3.1 Share of Knowledge-Based Businesses, 2008

Rank	Borough	Knowledge-Based Businesses (% of Total Businesses)
1	Stockton-on-Tees	23.0
2	Newcastle upon Tyne	22.2
3	Middlesbrough	20.2
4	Darlington	18.2
5	North Tyneside	17.8
6	Redcar and Cleveland	16.7
7	Hartlepool	15.9
8	**Sunderland**	**15.4**
9	South Tyneside	15.2
10	Gateshead	15.0
11	Northumberland	14.5
12	County Durham	13.4

Source: UK Competitiveness Index 2010 / NLP analysis

Energy and Low Carbon Industries

3.27 The energy and low carbon sector is recognised as a key growth sector for the UK.[11] In Sunderland, the Economic Masterplan identifies two priority low carbon sectors which have the greatest potential for growth and job creation, namely:

- Ultra low carbon vehicles; and
- Offshore wind - energy generation.

3.28 According to the Business Register and Employment Survey (BRES), there are just under 10,300 vehicle manufacturing based jobs and just over 3,900 energy based jobs in the local (Sunderland) economy, a proportion of which will be engaged in low-carbon activities.

3.29 The most common sub-sectors include the manufacture of motor vehicles, trailers and semi-trailers (accounting for 70% of jobs) and energy supply based jobs (27%). Other published research suggests that the car manufacturing

[11] HM Treasury, (2011), The Plan for Growth

sector alone employs more than 10,000 people in Sunderland, a high proportion of which are employed within key companies including Nissan, Vantec, Lear Corporation and Unipres.[12]

3.30 Recognising the strength of this sector in Sunderland, the Economic Masterplan aims to establish the city as 'a national hub of the low-carbon economy', including offshore energy generation and electric vehicles and to increase the number of residents and businesses working to be part of the low-carbon economy.

Creative and Digital Industries

3.31 The Department for Culture, Media and Sport (DCMS) defines the creative and digital sector as *"those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property".* The DCMS separates creative and digital sectors from other industries by determining which occupations and industry codes contain a high proportion of their workforce in creative roles.[13]

3.32 Data from the Business Register and Employment Survey (BRES) indicates that there are just under 1,500 creative and media based jobs in the local (Sunderland) economy, most commonly in IT & computer services (52%), publishing (24%), and creative arts activities (11%). Other published research suggests that this figure could be an under-estimate. The Sunderland Creative Industries Strategy (2010), for instance, noted that creative businesses (including software businesses) in Sunderland employ approximately 2,510 people or 2.1% of the local authority total.

3.33 The important role that the creative and digital media sectors play within Sunderland's economy has been recognised in the Economic Masterplan. The document aims to ensure that Sunderland's creative assets are harnessed as a key driver of job creation and wider economic growth. A key element of this plan involves the development of a more visible creative activity and associated events programme in order to:

- Support the retention of the younger population;
- Improve the external perceptions of the city; and
- Enhance its broader business investment appeal.

3.34 For software in particular, the Masterplan aims to capitalise on the sector's high-quality sites and premises, connectivity, the School of Technology and Computing at the University of Sunderland and the support of a wide range of stakeholders. The overall aim is to develop the recognition of Sunderland as a centre for innovation and R&D, building upon the success of the Software City project.

[12] http://www.makeitsunderland.org/index.aspx?articleid=6600
[13] Department for Culture, Media and Sport, Creative Industries Economic Estimates: Statistical Release, January 2014

Health and Wellbeing

3.35 The health and wellbeing sector primarily includes human health activities, residential care activities and social work activities. Data from the Business Register and Employment Survey (BRES) suggests that there are almost 17,300 people employed in the sector within Sunderland (15% of all jobs in the City). The most common sub-sectors include human health services (61%) and social work activities (22%).

3.36 The Economic Masterplan indicates that business activities associated with health and well-being are projected to grow strongly in the city. This, in turn, is recognised as offering dual benefits in terms of increasing employment and in addressing the root causes of unemployment – namely poor health and inactivity.

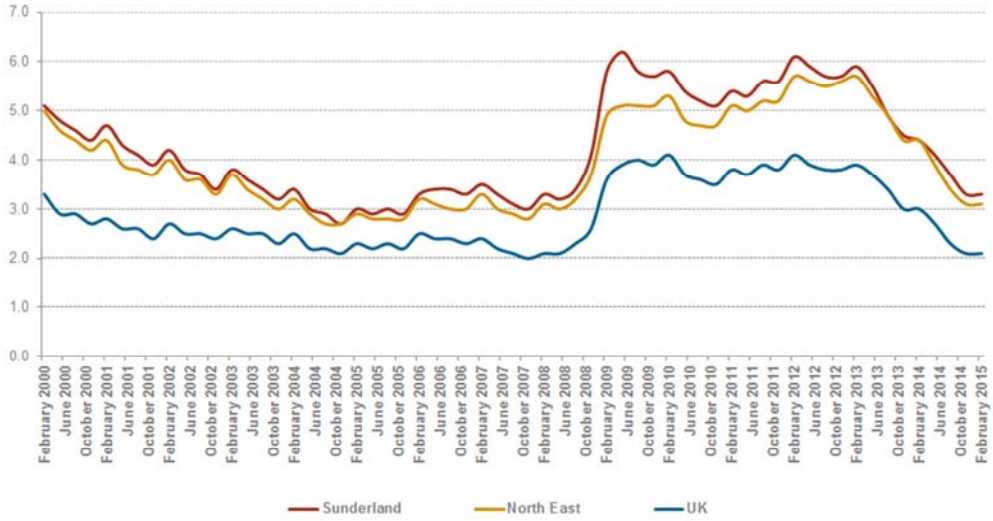
Labour Market

3.37 The economic activity rate (i.e. the share of working-age residents either in or seeking employment) in Sunderland, at 73.0%, is slightly lower than the regional (74.8%) and national rate (77.3%).[14] This suggests the existence of some limited capacity to grow the labour supply from current residents.

3.38 As shown in Figure 3.7, claimant unemployment levels rose significantly in Sunderland between 2008 and 2009 (reflecting the onset of the recession), with claimant unemployment levels peaking at 6.2% in May 2009. Between 2009 and 2013, the level of JSA claimants remained relatively high, before consistently dropping again from June 2013 to reach a five year low of 3.3% in September 2014. The current claimant unemployment rate (at 3.3% in March 2015) is comparable to the North East region (3.0%), but remains above the national average (2.0%).[15]

[14] ONS Annual Population Survey (September 2013- September 2014)
[15] ONS claimant count (March 2015)

Figure 3.6 Changes in JSA Claimant Rates in Sunderland, 2000 - 2015



Source: NOMIS / NLP analysis

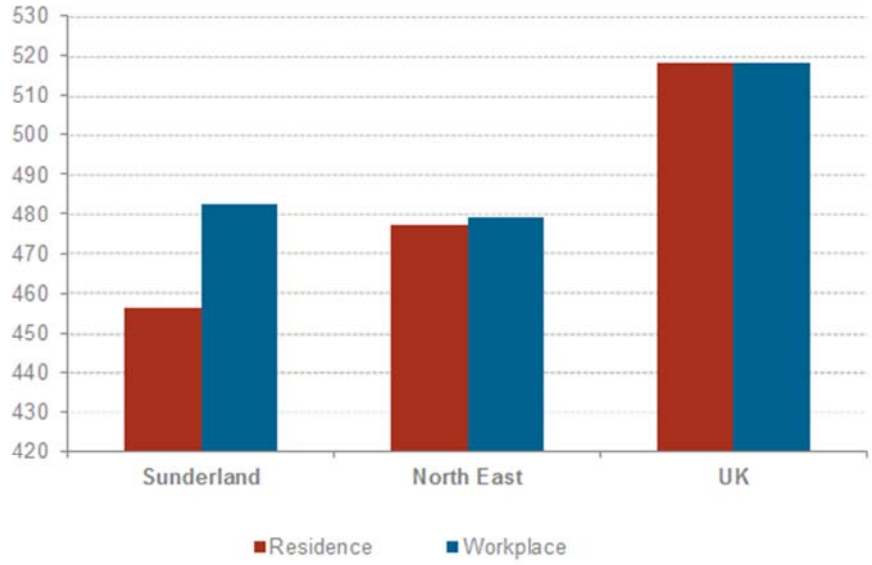
3.39 On the wider Annual Population Survey measure[16], Sunderland's unemployment rate (9.8%) is also higher than the regional average (8.8%) and again, significantly higher than the UK average (6.5%).[17]

3.40 The proportion of working age residents claiming Employment and Support Allowance (ESA) and incapacity benefits provides another indicator of labour market participation. In Sunderland this is equivalent to 9.3% of working age claimants, which is above the regional average of 8.1% and national equivalent of 6.3%.[18]

3.41 Resident wages in Sunderland (at £457 per week) are lower than the North East average (£477) and UK average (£518). Those who work in Sunderland, however, earn more than the City's residents, with workplace wages (at £482 per week) around 5% higher than average resident wages (Figure 3.8). This indicates that the types of jobs available in Sunderland are marginally higher paid than elsewhere in the region and that many of the highest paid job opportunities are being taken up by in-commuters from elsewhere.

[16] This records all those searching for work but who are currently unemployed regardless of whether they are claiming jobseekers allowance or not
[17] ONS Annual Population Survey (September 2013- September 2014)
[18] DWP benefit claimants - working age client group (August 2014)

Figure 3.7 Mean Gross Weekly Earnings



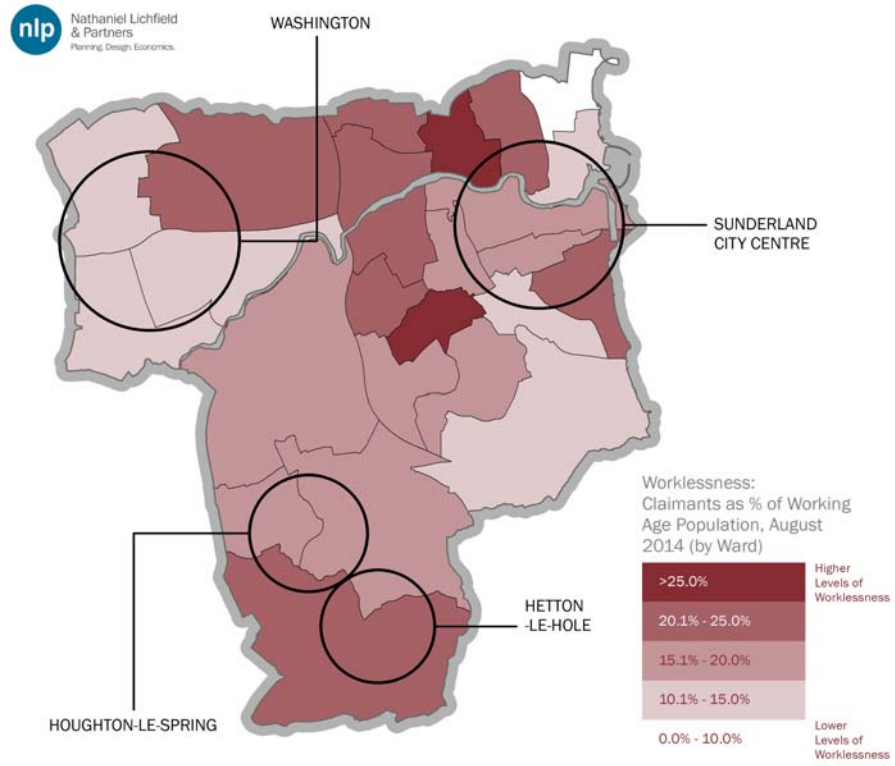
Source: Annual Survey of Hours and Earnings 2014

Deprivation

3.42 Sunderland is characterised as having relatively high levels of deprivation, with a ranking of 38th out of 326 local authorities areas in the latest Indices of Multiple Deprivation (2015), placing the local authority in the 15% most deprived in England. However, this local authority-wide profile masks significant variation within Sunderland.

3.43 Figure 3.8 below shows the spatial distribution of worklessness across the local authority using Department for Work and Pensions (DWP) data on benefits claimed amongst working age residents. It identifies a number of Lower Super Output Areas (LSOAs) where worklessness is most pronounced, including Southwick, Thorney Close, Hendon and Town End Farm.

Figure 3.8 Worklessness: Claimants as Percentage of Working Age Population, 2014



Source: ONS, working age clients for small areas, August 2014

Functional Economic Market Area

3.44 Examining commuting flows can help to define the functional economic market area (FEMA) within which Sunderland is located.[19] Commuting flows can be assessed using the latest travel-to-work flow data from the 2011 Census.

3.45 In 2011, approximately 33% of Sunderland's working residents travelled outside the local authority for employment. The authority's self-containment rate (i.e. share of residents also working within Sunderland) was equivalent to just under 67%, having declined from 70% at the time of the previous Census in 2001. The worker outflow in 2011 equated to around 35,210, with the largest flows to County Durham (9%), Gateshead (7%), Newcastle upon Tyne (6%) and South Tyneside (5%).

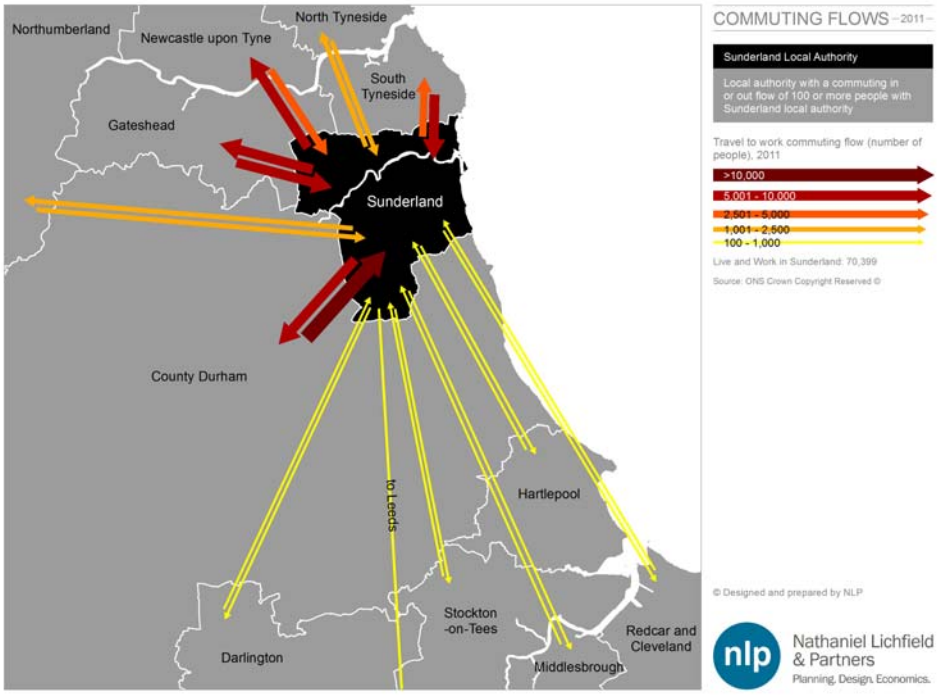
3.46 At the same time, around 40,880 workers commuted into Sunderland for work in 2011, primarily coming from the adjoining authorities of County Durham (14%), South Tyneside (8%), and Gateshead (5%) (Figure 3.9).

3.47 It should be noted that a further 7,477 (6.5%) of Sunderland's working residents were classified by the 2011 Census as having no fixed place of work. This group is likely to include sole traders and skilled trade workers who undertake their work at various sites on a job-by-job basis. It is anticipated that many of these residents will also largely work within the local authority,

[19] CLG, Functional Economic Market Areas: An Economic Note, 2010

suggesting that Sunderland's self-containment rate is likely to be higher than 67% in reality.

Figure 3.9 Travel-to-Work Flows for Sunderland, 2011



Source: Census 2011 / NLP analysis

3.48 The analysis presented above demonstrates that Sunderland is a net importer of labour, with a net inflow of around 5,670 workers - equivalent to around 4.5% of all workplace jobs within the local authority.[20]

3.49 The current criteria for defining Travel to Work Areas (TTWAs) – which can be used as a starting point for identifying a FEMA - is that generally at least 75% of an area's resident workforce are employed in the area and at least 75% of the people who work in the area also live in the area. The area must also have a working population of at least 3,500.

3.50 Applying this methodology to the 2011 Census, it is possible to define Sunderland's TTWA as the two local authority areas of Sunderland and County Durham, which together comprise the workplace for 77% of Sunderland's resident working population and the residence for 76% of Sunderland's workers.

3.51 Between 2001 and 2011, the net inflow of workers to Sunderland increased slightly as the number of workers commuting into the local authority from elsewhere increased at a higher rate than the number of Sunderland residents commuting out the local authority for work. This is reflected by a lower self-containment rate in 2011 (67%) than in 2001 (70%) (Table 3.2).

[20] Experian (2011) Workforce jobs

Table 3.2 Changes in Travel-to-Work Flows in Sunderland, 2001 - 2011

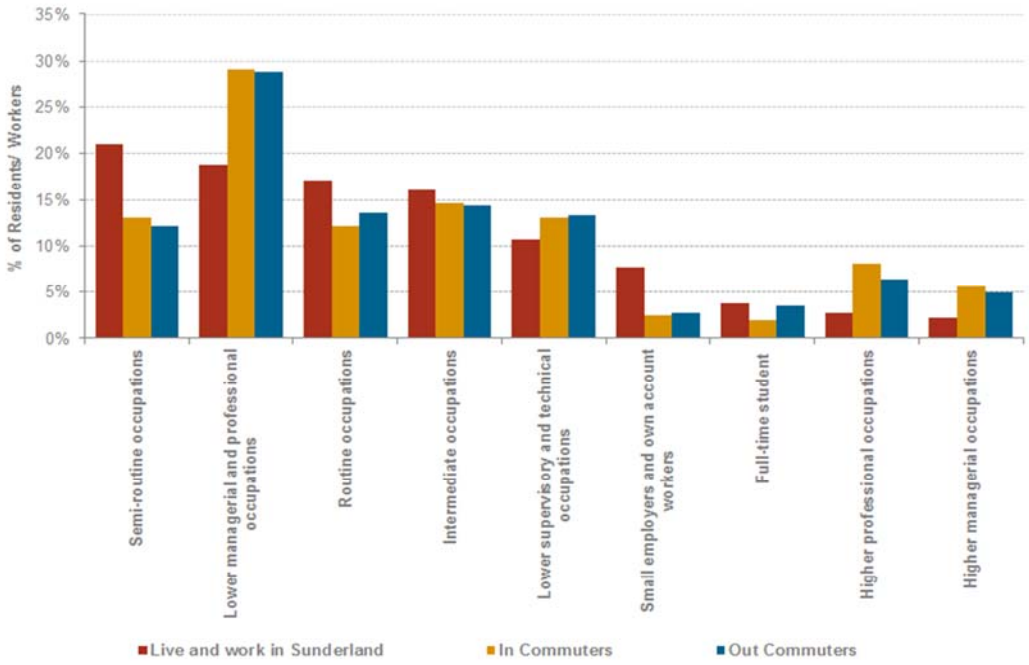
	2001 Census	2011 Census	Change (2001 - 2011)
Out-Commuting Working Residents	31,729	35,211	+ 3,482
In-Commuting Workers	35,391	40,880	+ 5,489
Net In-Commuting Flow	**3,662**	**5,669**	**+ 2,007**
Self-Containment Rate	**70%**	**67%**	**- 3%**

Source: Census 2001 & 2011 / NLP analysis
Note: Differences in the way that the two sets of Census data (2001 and 2011) record 'no fixed place of work' means that the two data sets are not directly comparable

3.52 Growth in the number of people commuting into the local economy to find suitable employment is likely to reflect that jobs growth in the City has been stronger than the growth of the working age population (as presented in Figure 3.4).

3.53 Analysis of commuting flows for Sunderland in 2001[21] also points to a slight mismatch in terms of the skills levels associated with in and out commuters, with in-commuters more likely to be employed within higher skilled occupations (such as higher managerial and professional occupations) than workers living in Sunderland (Figure 3.10). Conversely, out-commuters tend to be employed within lower skilled jobs such as routine occupations, or intermediate/lower supervisory and technical occupations. Residents that both live and work in Sunderland are most likely to be employed in semi-routine occupations or lower managerial and professional occupations.

Figure 3.10 Travel-to-Work Flows for Sunderland by Occupation Type, 2001



Source: Census 2001 / NLP analysis

[21] Occupation group data for commuting flows has not yet been released for the 2011 Census

Conclusions

3.54 Sunderland has recorded reasonable levels of employment growth in recent years (8.0%). This is broadly in line with regional growth rates (7.9%) over the same period but lags significantly behind national performance (18.2%). The proportion of B class jobs has fallen over this period, with increases in office and warehousing employment failing to offset the contraction in manufacturing (excluding automotive) jobs. Workforce job growth has historically exceeded working-age population growth in Sunderland, in contrast with the majority of local authorities within Tyne and Wear.

3.55 Key sectors in Sunderland that have experienced strong employment growth over the last 15 years include health & care, utilities, accommodation & food and finance, insurance & pensions. At the same time, major job losses were recorded in the manufacturing, retail and wholesale sectors.

3.56 The business base in Sunderland accommodates a slightly lower share of smaller firms and a higher share of larger firms compared with regional and national averages. It is also characterised by relatively low levels of business start-up and self-employment.

3.57 Sunderland is characterised by an uneven set of labour market indicators including similar economic activity and claimant unemployment levels in comparison to the regional average, but generally high levels of deprivation. Workplace wages also exceed resident wages, indicating that the types of jobs available locally are higher paid than elsewhere in the region, with many residents commuting in to higher paid jobs based in Sunderland.

3.58 Sunderland is a net importer of labour, with a net inflow in the order of 5,670 according to the 2011 Census. Over the last ten years, the City's self-containment rate has reduced by 3%, as a result of jobs growth outstripping growth in the working age population. Census data also points to a slight skills mismatch between in- and out-commuters, with out-commuters more likely to be employed within lower skilled occupations than those travelling into Sunderland for work.

4.0 Understanding Business Needs

4.1 The Practice Guidance [paragraph 30] identifies the need to ensure that Local Plans are underpinned by an understanding of business needs. In particular, it highlights the need to consider market intelligence – gathered through a range of approaches including those outlined below – in determining future requirements for employment space:

- Discussions with developers and property agents;
- Surveys of business needs; and
- Engagement with business and economic forums.

4.2 This ELR has been underpinned by – and its conclusions informed by – extensive engagement with local stakeholders and businesses, including the following methods of consultation:

1 Discussions with commercial property agents active in the Sunderland area;

2 Telephone interviews with key economic stakeholders and business groups;

3 A bespoke business survey undertaken as part of the ELR process; and

4 A stakeholder workshop.

4.3 This section of the report provides a summary of the main findings emerging from items 2-4 listed above. It should be noted that the discussions held with commercial property agents were undertaken to inform Sections 5.0 and 6.0 and the key messages identified are reported within these sections.

Business Survey

4.4 In summer 2015 a business survey was promoted to Sunderland-based businesses, via local business organisations and economic agencies. The North East Chamber of Commerce (Sunderland Branch), for instance, distributed the survey to 300 members, whilst the Federation of Small Businesses (FSB) sent it to 200 members. The survey was distributed in electronic format and adopted a multiple choice format wherever possible to ensure that it was user friendly and quick to complete.

4.5 Following the initial promotion of the survey, further prompts were issued to businesses – and the deadline for responses extended – in a bid to maximise the response rate achieved.

4.6 Unfortunately, despite the best efforts of SCC, the Chamber of Commerce and the FSB, no completed surveys were received. It is, however, important to note that this ELR has taken into account the needs of local businesses, by drawing upon intelligence gathered through desk-based research and additional consultation approaches. This includes interviews and workshop

discussions with commercial agents and developers, as well as locally active business and economic forums.

Stakeholder Interviews

4.7 Telephone interviews were undertaken with a selection of local and regional stakeholders and economic forums active within Sunderland, in order to ascertain current views on the area's office and industrial markets. The feedback received can be summarised as follows:

Offices

- Stakeholders indicated that growth in the office market in Sunderland has largely been driven by call centre operations, utilities, financial and business services and to a lesser extent in terms of space requirements, the creative industries, software and digital industries.
- With a small City Centre offer, office accommodation has been spread throughout the local authority, with clusters of activity in the City Centre (particularly surrounding Mowbray Park and Sunniside), Sunderland Enterprise Park (Wearfield), Doxford Park (Silksworth), Washington and Rainton Bridge Business Park (Houghton le Spring).
- The lack of modern office development within the City Centre was highlighted as a major barrier to attracting investment interest and in driving growth of leisure facilities and the night time economy.
- Low levels of development have, however, resulted in low rental values, creating challenges in terms of the viability of new development within the City Centre. The development of 55,000sqft of Grade A office space at the former Vaux Brewery site was identified as a key opportunity to support City Centre growth and in attracting new businesses to the area.
- The redevelopment of High Street West and the Holmeside Triangle, creating a new flagship site for Sunderland College was also identified by stakeholders as presenting a strong opportunity to develop the city centre offer and retain the footfall and spend of both students and office workers within the local area.
- Overall, it was considered that employment land provision for office uses in Sunderland has been strong for start-up businesses (including the Evolve Business Centre, Stanfield and Pennywell Business Centres, Houghton Enterprise Centre, the North East Business Innovation Centre, St Thomas Street Office Centre and Sunniside's thePlace) and for larger, call centre/business processing activities (such as Doxford Park), but relatively weak for SME/grow-on space. This has resulted in a number of businesses locating outside of the local authority, or remaining within start-up space due to a lack of alternative options.

- Stakeholders considered the key assets of Sunderland with respect to office based sectors to include access to a large labour force, the accessibility of the A19, A1 and metro system, low rental values, Sunderland University and business support. Key challenges, however, included a lack of modern business space for small and medium sized firms, a lack of after work City Centre activity, high vacancy levels within the City Centre and relatively low footfall and competition from nearby Newcastle City Centre.

Industrial

- The industrial market was viewed as particularly strong in Sunderland, supported by growth in the automotive and advanced manufacturing and offshore engineering sectors.
- Key geographical concentrations of industrial activity include the area surrounding the Nissan Motor Manufacturing plant, industrial estates within Washington (including inter alia, Pattinson Industrial Estate and Wear Industrial Estate), Sunderland Enterprise Park (Wearfield), Southwick Industrial Estate, the Port of Sunderland (including Hendon Industrial Estate), and sites surrounding the City Centre (including Sheepfolds Industrial Estate and Pallion Industrial Estate).
- Opportunities for future growth identified by stakeholders included Nissan's recent investment in the Infiniti model production and subsequent supply chain, opportunities to develop distribution services around the Port of Sunderland and capitalising on the development of light industrial R&D activity across the Local Authority.
- The development of the recently opened Washington Business Centre which provides offices, workshops and hybrid spaces is designed to support the development of light industrial activity. Occupier levels within the Centre are on target, achieving 15-20% occupancy within 6 months – demonstrating demand for such sites despite limited marketing activity.
- A lack of modern, efficient industrial space for medium and larger occupiers was identified by stakeholders as a key barrier to further growth. Sunderland Council's investment team suggested that the limited supply of medium and large scale industrial land had already led to a loss in investment opportunities.
- Despite rising sales values and rental values in the areas surrounding the Nissan plant, however, challenges remain in terms of the viability of further development. IAMP was considered to present a strong opportunity for large scale investment, although land supply for smaller and medium sized firms was perceived to be more limited.

- A large proportion of the current supply of industrial stock surrounding the City Centre was identified as comprising of older properties requiring investment. A number of the established sites in Washington were also considered to offer poor access and visibility from the main strategic road network.
- Stakeholders considered that the key assets of Sunderland for industrial occupiers included accessibility to the strategic road network, access to a large workforce, competitive labour and land costs. For the automotive industry in particular, the presence of Nissan, other key supply chain businesses and established business support networks also provides a key draw.

Stakeholder Workshop

4.8 Two ELR workshops were held on Friday 6th November in order to draw upon the views and experience of a broad range of stakeholders. The workshops were facilitated by NLP and LSH and attended by Council officers, as well as a range of stakeholders from the public and private sector. A full list of attendees can be found at Appendix 1.

4.9 The session comprised of a presentation by the study team, followed by a structured discussion. The paragraphs below provide a summary of the key messages that emerged from the event:

Context

- In contrast to the travel to work analysis in Section 3.0, attendees were generally of the view that the City's strongest economic and commercial market relationships are to South Tyneside and Gateshead;
- Linkages between Durham and Sunderland were considered to be weaker, with attendees highlighting that County's economic 'centre of gravity' is focussed on the A1 Corridor and Durham City. It was, however acknowledged that sites in East Durham, such as Hawthorn, are better connected to the Sunderland economy (particularly the coalfield communities);
- The Experian baseline employment figures were viewed as failing to reflect the scale of opportunity in Sunderland in relation to manufacturing growth. As such, the baseline forecasts were considered to be unduly pessimistic with respect to potential to create new manufacturing jobs in Sunderland – particularly with respect to the automotive sector and the associated supply chain;

- The importance and attractiveness of Washington as an employment location was emphasised. Attendees highlighted that the area's accessibility to the strategic road network (with the A1231 providing good east-west accessibility and linking to the region's key north-south routes of the A1(M) to the west and A19 to the east) and established reputation, in addition to the influence of Nissan, make Washington regionally significant business location for both manufacturing and logistics occupiers;
- Speculative office and industrial development is not currently viable. Construction costs have risen but occupiers are reluctant to pay the higher rents that are required for development to proceed; and
- The importance of ensuring the availability of an effective/deliverable supply of land was highlighted. Whilst the quantitative oversupply in some locations was acknowledged, it was suggested by some attendees that it is still difficult to find good quality, deliverable sites in order to satisfy requirements for land and premises in many parts of the City.

Growth Scenarios

- Whilst acknowledging the assumptions relating to IAMP that underpin the Policy-On Scenario, attendees emphasised that any changes to the currently envisaged scale, role and function of the site could impact upon the scale of displacement observed within the general market for land and premises within Sunderland;
- Attendees indicated that Sunderland's key strength as an employment location is related to manufacturing activity and that this is underpinned by the availability of skilled, inexpensive (in the UK context) labour and good transport infrastructure. It was suggested that competitor locations at the national level, such as the West Midlands, are beginning to experience significant pressures in relation to the supply of labour and this – coupled with the fundamental of the City's offer as outlined above – was felt to offer strong potential for future manufacturing growth in Sunderland (albeit with a continued shift in emphasis towards higher value activity). The overall view of the workshop attendees was that it is critically important that the Council does not constrain growth in the manufacturing sector by allocating insufficient employment land suitable to the needs of modern businesses;

- Commercial agents and developers in attendance highlighted the need to provide additional land for warehousing in Sunderland in order to respond to opportunities from emerging sectors such as e-tail. Attendees were keen to emphasise that, whilst some warehousing provision would be appropriate on IAMP, this should not be at the expense of identifying new general employment sites for warehousing development. More generally, attendees recognised the existence of a degree of consensus between the requirements identified under the baseline job growth, policy-on job growth and past take-up scenarios in relation to future needs for warehousing land[22]. This was considered to give some confidence that it would be appropriate to identify a preferred requirement from within this relatively narrow range; and
- The majority of private sector attendees were in agreement that future need for office space in Sunderland is likely to fall short of the gross take-up rates that have been observed historically. A range of factors were highlighted in considering the issue, including: current low levels of market interest and activity; the overhang of out of town space elsewhere in the LEP area; and the status of the Vaux site (which is likely to be delivered at a higher density than previous schemes in the City) as Sunderland's flagship office scheme. Commercial agents and developers did expect office demand to improve from current levels, however, it was generally accepted that the sector would not be a key driver of the local property market.

[22] It should be noted that no labour supply scenario was available to present at the stakeholder workshop.

5.0 The Market for Employment Premises in Sunderland

5.1 This section of the report considers: the market for employment premises in Sunderland (benchmarked against the other authorities in the North East Local Partnership (NELEP) area); the different role and functions of the Sunderland, Washington and Coalfield market areas; the various factors that determine development viability.

North East LEP Area

5.2 Sunderland is the second largest of the five metropolitan districts in Tyne & Wear; only Gateshead covers a larger geographic area. The local authority area comprises three distinct market locations: the urban areas of Sunderland and Washington, and smaller settlements within the former coalfield area to the south. The urban areas of Sunderland and Washington are constrained to the east by the coast, and to the north and south by greenbelt. The former coalfield area bears similarities to County Durham with small towns separated by countryside. For planning purposes the Council subdivides the Sunderland market area into two: Sunderland South & Sunderland North; these are separated by the River Wear. Profiles of these market areas are provided later in this section.

5.3 Data from the Office of National Statistics (ONS) allows comparison of the stock of employment premises within the seven local authorities that make up the North East Local Enterprise Partnership. The data is derived from Valuation Office Agency (VOA) records, but has been consolidated into broadly defined “bulk classes”. The tables below compare the number of units and the amount of floorspace in each of the local authority areas. This data was last updated in 2008, but still provides a reliable indicator of the relative size of the stock of premises as development activity over the intervening period has been limited.

Table 5.1 Business u nits in the North East LEP area

Local Authority	Offices	Factories	Warehouses	Total
Gateshead	1,029	1,033	932	2,994
Newcastle	2,571	1,060	600	4,231
North Tyneside	922	808	437	2,167
South Tyneside	455	571	276	1,302
Sunderland	1,223	1,339	680	3,242
TYNE & WEAR	**6,200**	**4,811**	**2,925**	**13,936**
Durham	2,151	2,324	1,509	5,984
Northumberland	1,521	1,696	1,190	4,407
NELEP	**9,872**	**8,831**	**5,624**	**24,327**

Source: ONS

Table 5.2 Business floorspace in the North East LEP area

Local Authority	Offices (sq m)	Factories (sq m)	Warehouses (sq m)	Total (sq m)
Gateshead	257,000	1,293,000	833,000	2,383,000
Newcastle	996,000	826,000	475,000	2,297,000
North Tyneside	362,000	906,000	366,000	1,634,000
South Tyneside	122,000	579,000	253,000	954,000
Sunderland	404,000	1,714,000	811,000	2,929,000
TYNE & WEAR	**2,141,000**	**5,318,000**	**2,738,000**	**10,197,000**
Durham	532,000	2,757,000	1,061,000	4,350,000
Northumberland	295,000	1,491,000	536,000	2,322,000
NELEP	**2,968,000**	**9,566,000**	**4,335,000**	**16,869,000**

Source: ONS

5.4 Sunderland has 20% of Tyne & Wear's office premises and 19% of office floorspace. Relative to the office stock in the LEP area, the proportions are 12% and 14% respectively.

5.5 Of the Tyne and Wear authorities, Sunderland has the largest stock of factories - 28% of units and 32% of floorspace; and the second largest stock of warehouses (after Gateshead) - 23% of units and 30% of floorspace. In the wider LEP area both Durham and Northumberland have more factories and warehouses than any of the Tyne & Wear authorities. The stock of factory and warehousing floorspace in Northumberland is; however, lower than the corresponding figures for Sunderland. This would appear to suggest that Northumberland is characterised by a greater number of smaller hereditaments relative to Sunderland.

Offices

5.6 Within Tyne & Wear, Newcastle City Centre is the dominant office location; 21% of office units and floorspace are situated within the NE1 postcode area. Here rents are sufficiently high to enable the viable development of offices on brownfield sites when market conditions are favourable and over the last twenty years the established office core has expanded to encompass East Quayside, St James Boulevard and the area to the south of Central Station. Future development is expected to consolidate the position of these three areas as office locations. With a wide range of other development proposals in Newcastle City Centre further expansion of the office core is unlikely in the foreseeable future.

5.7 Other town centres in Tyne & Wear such as South Shields, Gateshead and North Shields continue to have an administrative function and provide a focus for local professional services, but demand is thin and rents are generally too low to allow speculative office development. In Sunderland much of the city centre office stock is dated and of poor quality, there has been virtually no new development here for forty years; first the development of Washington New Town and then the impact of Enterprise Zones shifted the focus of office development activity away from the city centre. With the establishment in 2002 of an urban regeneration company (Sunderland **arc**) bold plans for substantial new city centre office development were drawn up, but various factors delayed

the proposals and the market deteriorated before construction could take place. As property markets recover, sites such as Vaux and Farringdon Row are now available and ready for development.

5.8 Over the last three decades more flexible planning policies and the designation of Enterprise Zones (EZ) encouraged the development of out-of-town business parks. Here lower abnormal costs (in part due to site preparation by the Tyne & Wear Development Corporation) and a comprehensive package of fiscal and financial incentives to attract developers, investors and occupiers enabled viable office development. The Sunderland EZ, 2000 -10, provided the catalyst for office development at Hylton Riverside and Doxford Business Park. The last of this round of EZs were located in East Durham, which expired in November 2005 and Tyne Riverside, which expired in October 2006; but through so called “golden contracts” capital allowances for development continued for a further five years beyond the expiry of the zones. These golden contracts ensured office development continued at Spectrum Business Park, Seaham and at Cobalt & Quorum office parks in North Tyneside, even whilst a scarcity of finance, shrinking demand and falling rents halted office development elsewhere in the region. The result has been a substantial oversupply of new out-of-town office floorspace, particularly to the north of the Tyne but also in East Durham, which has impacted on values. Until the market has absorbed this new space and values have recovered, out of town office development activity throughout Tyne & Wear will remain depressed.

5.9 In the period up to 2008 sustained economic growth led to rising demand for offices and rents rose to a level that enabled the speculative development of business parks on greenfield sites without the need for reliance on incentives, gap funding or other subsidy. In Sunderland during this period office development occurred at business parks on the edge of the conurbation, with the likes of Doxford Park and Rainton Bridge South accommodating both bespoke and speculative schemes. Other office development activity at this time took place at Low Southwick where public sector investment in rebuilding quay walls and other infrastructure provision created riverside development plots; and at North Hylton where some small bespoke units were built.

5.10 The economic downturn in 2008 resulted in rising vacancies and falling rents; and though the economy has returned to growth, demand for office space has only recovered slowly. Office rents are still someway short of their 2008 levels and with construction costs having risen, viable speculative office development is not about to recommence.

Industrial

5.11 The location of industrial premises is to a large extent determined by access to markets. In the 19th Century the riversides and railways were the transport networks that formed the focus for industrial development; though their importance has declined there remain substantial industrial areas alongside the Wear, Tyne and beside railway lines. Accessibility to motorways and dual carriageways is now the key criteria for industrial and distribution businesses.

In some cases the importance of old industrial areas has been sustained through good access to the strategic road network. But inner area industrial locations with poor road connections have declined.

5.12 In the region the principal strategic highways are the A1(M), A19, A66 and A194. In Tyne & Wear congestion on cross-Tyne routes have meant that the strongest industrial locations are those on the southern periphery of the conurbation which allow easy access to this strategic highway network (e.g. Team Valley, Follingsby and the Washington estates). Here rents attain levels that are sufficient to allow speculative industrial development during periods of prolonged economic growth.

5.13 Industrial estates on the southern edge of Tyne & Wear face competition from estates in County Durham that are located close to junctions on the A1(M), such as Belmont, Bowburn and Aycliffe. Here too, speculative industrial units, and notably distribution warehouses were viably developed before the market downturn. Substantial greenfield allocations at Bowburn, Heighington Lane and Faverdale have huge capacity for future warehouse development. Follingsby Park is established as a location for distribution warehouses within Tyne & Wear. The estate is reaching capacity and Gateshead Council has allocated land to enable an expansion to the south. This extension would come up to the boundary of the Sunderland local authority area.

5.14 In locations that are more distant from strategic highway junctions, rents are lower and speculative private sector industrial development has relied on public sector gap funding or EZ incentives. Against a backdrop of manufacturing decline weaker inner urban industrial areas will continue to come under pressure from proposals for redevelopment for alternative uses. However some areas of manufacturing have growth potential and areas which meet their locational requirements will need to be protected. Growth sectors such as automotive industries, advanced manufacturing, distribution and offshore, for instance, have particular relevance to Sunderland. The automotive sector is centred on Nissan's production facility and supports a large cluster of suppliers in the surrounding area. The distribution sector requires sites allowing easy access to the strategic highway network and/or ports. The offshore sector requires port or riverside sites for fabrication though design functions can be accommodated elsewhere.

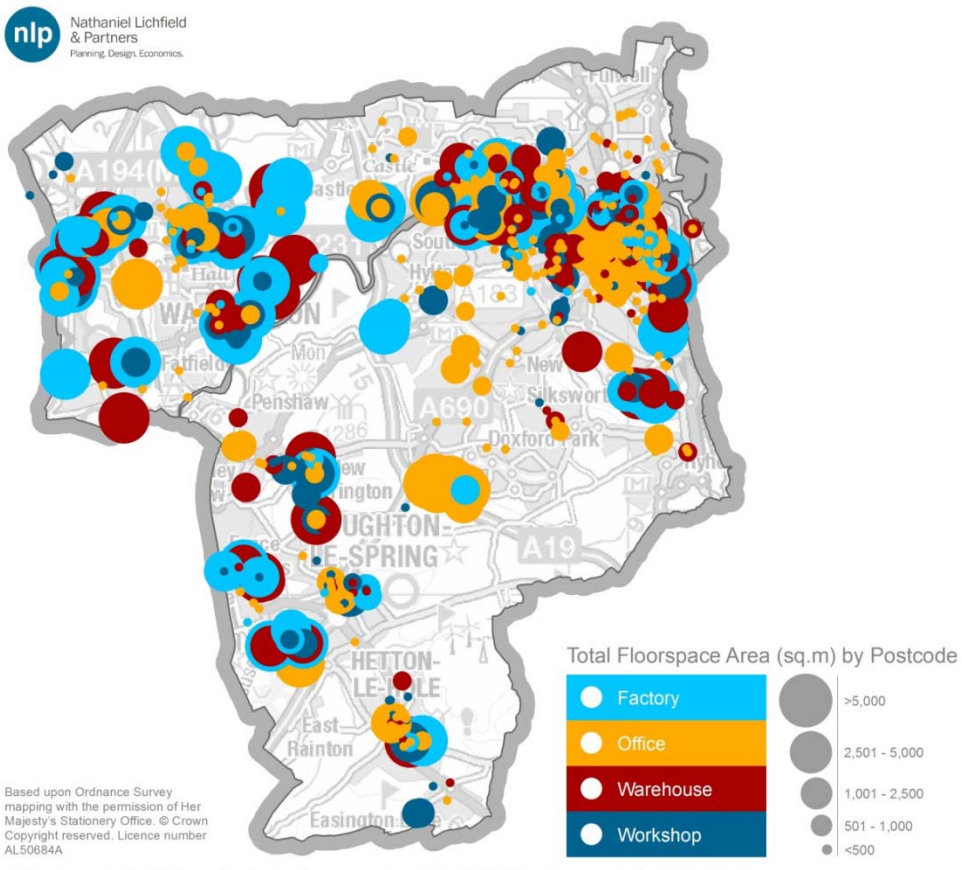
Market Area Profiles

5.15 As noted above the market for employment premises in Sunderland can be divided into three distinct market areas: the Sunderland urban area; the Washington urban area; and the more dispersed settlements of the former Coalfield. The graphic below illustrates some of the differences between these market areas, by identifying amounts of floorspace in different uses across the local authority area.

5.16 In the Sunderland urban area there is a clear concentration of employment floorspace along the riverbanks, where there is a range of different uses;

whereas there are substantial clusters of office floorspace in the city centre and at Doxford. In Washington, much of the office floorspace is located in the town centre, whereas elsewhere in the town employment floorspace largely comprises factories, workshops and warehouses. In the former Coalfield area the various towns have a mix of uses but overall the scale of provision tends to be smaller.

Figure 5.1 Distribution of B Class Floorspace



Source: VOA / NLP analysis

Sunderland

5.17 This densely populated market area includes the City Centre, the Port and adjacent Hendon area, the extensive riverside employment areas, as well as the more peripheral estates to the south.

5.18 There has been little office development in Sunderland City Centre over a period of several decades as first Washington New Town and then the Enterprise Zones became the focus for new development. The re-establishment of an office core is seen as critical to the successful regeneration of the City Centre and the Sunderland Economic Masterplan proposes an expanded business district located on the former Vaux site and

Farringdon Row. The Vaux site and adjoining Farringdon Row area on the northern edge of the centre are identified as mixed-use development sites with substantial office content; whilst to the east the Victorian buildings of Sunniside are the focus of mixed-use regeneration to include office space.

5.19 The Port and adjacent Hendon industrial area are on the eastern edge of the urban area, and suffer from poor access to major trunk roads. The Southern Radial Route has improved access from the south but the distance from the A19 is still relatively long. Substantial areas are vacant or underutilised, notably within the Port, at the former Hendon railway sidings and at the southern end of this area where there is a cluster of vacant buildings and sites.

5.20 Along the southern bank of the river to the west of the city centre are large manufacturing premises many of which date from the 1950s. Some of the larger industrial complexes such as Groves Cranes and Cornings have been cleared to make way for housing development. This area will benefit from the improved access provided by the new Wear crossing and wider Sunderland Strategic Transport Corridor, and some industrial estates such as Pallion may present opportunities for redevelopment of employment premises.

5.21 The north bank of the river was substantially redeveloped during the 1990s; site preparation work by the Tyne & Wear Development Corporation, followed by Enterprise Zone status enabled office and industrial development at Hylton Riverside and Castletown. Very few development opportunities remain. North Hylton and Southwick Industrial Estates contain older buildings dating from the 1950s with some later infill developments; here older buildings are being cleared to provide redevelopment opportunities and with planning consents for retail and housing schemes the area is becoming more mixed use. Towards the mouth of the Wear former industrial areas were redeveloped for mixed use by TWDC but further regeneration opportunities such as Sheepfolds remain.

5.22 On the edge of the city are the industrial estates of Pennywell to the west and Leechmere to the south. Redundant factory premises on the edge of both estates are proposed for redevelopment for non-employment uses. On the south-west edge of the city and with direct access to the A19 Doxford International started as an office park with EZ status in 1990 and has since expanded both in size and mix of uses. One plot at the back of the estate remains undeveloped.

Washington

5.23 Washington was developed as a New Town during the 1960s and 70s to a masterplan that provided industrial estates adjacent to residential districts and with access to a network of dual carriageways which link to the A1(M) and A19. The original industrial estates are largely built out. To the north east of the town the Nissan plant has steadily expanded over the decades attracting automotive supply companies to Washington and the wider north east. On the edges of Nissan, land has been serviced at Turbine Business Park and Hillthorn Farm to provide fresh development opportunities. Some of this land has current Enterprise Zone status. Anticipating further growth, particularly in

the automotive sector, proposals are being advanced for the allocation of a major new employment site - the International Advanced Manufacturing Park (IAMP) - to the north of Nissan. The IAMP is considered in more detail in Section 7.0.

5.24 Washington's industrial estates are relatively modern but some redevelopment is starting to occur, notably the former Dunlop premises at Wear Industrial Estate which now accommodates new manufacturing facilities for BAE Systems and Rolls Royce (both relocating from older industrial areas in the vicinity).

5.25 Much of Washington's office stock was built by the Commission for New Towns in the late 1970s and early 1980s. There is a large cluster in the town centre and some smaller blocks on the Armstrong & Parsons Industrial Estates. With new office space available at Washington Managed Workspace, demand for older space in Washington has been weak. Turbine Business Park has outline consent for office provision but new development has not been viable since the 2008 economic downturn and only the public sector funded Washington Business Centre has been developed here.

Former Coalfield

5.26 The settlement pattern of the south-western part of the local authority area is a product of its coal mining heritage with small towns and villages within the countryside to the west of the A19. The largest towns of Houghton le Spring and Hetton le Hole each have industrial estates as do Fencehouses and Shiney Row. The A690 dual carriageway splits the area and links the A19 and A1(M). Rainton Bridge is a modern estate with direct access to the A690, the northern part is largely industrial and the southern part has both industrial and offices; the estate has been steadily developed over the decades but capacity for substantial further development remains. On other estates which are less attractive and accessible, older, obsolete buildings have been demolished leaving cleared sites for which there is little demand. On such estates some redevelopment for housing has occurred (e.g. parts of Pearson, Dubmire and Sedgeletch). As the viability of retaining older premises for employment use deteriorates further redevelopment for housing is likely (e.g. Philadelphia).

The Office Market

Methodology

5.27 The Valuation Office Agency (VOA) collates data on commercial property for business rates purposes. The current Rating List thus provides a comprehensive and up-to-date list of all commercial premises for rating purposes. LSH has access to Analyse software which allows the VOA data to be disaggregated in order to consider the quantity and size of industrial and office premises within the local authority area. This data is updated monthly.

5.28 For rating purposes there is some flexibility as to what constitutes a hereditament. The owner of a managed workspace complex comprising many small units may for rating purposes elect for it to be considered as a single hereditament. Similarly, self-storage facilities may be assessed as single or multiple hereditaments. For the purposes of this Review managed workspace is assessed as multiple units of occupation but self-storage facilities as single hereditaments.

Stock

5.29 There are 1,729 office hereditaments in Sunderland totalling 479,609 sq m (5.2 million sq ft) of floorspace. The distribution of office units across the local authority area is shown in Table 5.3 below. Given the multi nodal nature of Sunderland's office market with substantial clusters in the City Centre, Washington, Hylton Riverside and at Doxford postcode districts have been used to assess the distribution of floorspace and hereditaments.

Table 5.3 Distribution of offices in Sunderland by Postcode Area

Postcode district	Hereditaments		Floorspace	
	No.	%	Sq m	%
SR1 Sunderland City Centre	489	28.3%	108,111	22.5%
SR2 South of City Centre - Hendon, Leechmere, Ryhope	118	6.8%	26,608	5.5%
SR3 South West Sunderland - Doxford & Silksworth	169	9.8%	107,618	22.4%
SR4 West of City Centre – Deptford, Pallion, Pennywell	82	4.7%	16,594	3.5%
SR5 North West Sunderland – Hylton, Southwick	446	25.8%	85,463	17.8%
SR6 North of City Centre - Roker	114	6.6%	7,482	1.6%
NE37 North Washington	110	6.4%	23,687	4.9%
NE38 South Washington	77	4.5%	49,389	10.3%
DH4 Houghton-le-Spring, Rainton Bridge	89	5.1%	49,203	10.3%
DH5 Hetton-le-Hole		2.0%	5,454	1.1%
Total	**1,729**	**100.0%**	**479,609**	**100.0%**

5.30 Sunderland City Centre remains the dominant office location with 28% of units and 23% of floorspace; but substantial provision of out-of-town offices at Doxford and at Hylton Riverside have established SR3 and SR5 as important office locations with respectively 22% and 18% of floorspace. Within SR3 (Doxford) there is a high proportion of larger units; the average unit size is 636 sq m, compared to 277 sq m for Sunderland as a whole. Washington has 11% of units and 15% of office floorspace, and the former coalfield area 7% and 11% respectively. Within DH4 the recent development of large offices at Rainton Bridge has pushed up the average unit size to 553 sq m.

Table 5.4 Size of Office Units in Sunderland

Postcode area	Size								
	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	TOTAL
SR1 Sunderland City Centre	175	115	118	47	23	5	4	2	**489**
SR2 South of City Centre	34	26	37	15	3	1	2	0	**118**
SR3 SW Sunderland	97	15	16	8	5	7	18	3	**169**
SR4 West of City Centre	28	13	24	5	10	2	0	0	**82**
SR5 North West Sunderland	145	120	113	34	19	9	6	0	**446**
SR6 North of City Centre	68	34	9	2	0	1	0	0	**114**
NE37 North Washington	20	35	34	13	5	1	2	0	**110**
NE38 South Washington	22	22	25	3	3	0	0	2	**77**
DH4 Houghton-le-Spring	35	18	16	8	1	7	3	1	**89**
DH5 Hetton-le-Hole	13	7	10	4	0	1	0	0	**35**
TOTAL	**637**	**405**	**402**	**139**	**69**	**34**	**35**	**8**	**1,729**

5.31 Smaller units are an important component of supply. 37% of units are of less than 50 sq m and a further 23% are between 50 and 100 sq m. More than half of these smaller units are within SR1 (City Centre) and SR5 (Hylton Riverside). Only 4% of units are greater than 1,000 sq m.and 36% of these are within SR3 (Doxford).

Availability

5.32 Data on currently available office premises has been sourced, by LSH, from EGi – a national database used by the larger agents. In an urban area like Sunderland, LSH would expect the majority of available premises to be captured by EGi, but there may be some under-reporting of smaller units which are being marketed by local agents and where national exposure may be regarded as unnecessary. As a cross-check the EGi data has been compared with the City Council's "Office Premises in Sunderland" register, and premises being marketed by local agents that do not feature on EGi have been included within the analysis.

5.33 There are 143 office premises on the market equating to 84,796 sq m (862,000 sq ft). The overall vacancy rate equates to around 8%. In a healthy property market a vacancy rate of 5% to 10% is typical. At such a level market churn allows for the changing floorspace requirements of businesses to be accommodated, but high volumes of floorspace do not stay on the market for prolonged periods. A feature of the downturn in the property market was for businesses to reduce the amount of space that they occupy and for surplus second-hand space to be released onto the market. A vacancy rate of 8% indicates that the office market is broadly in equilibrium and that surplus space is being absorbed by the market.

Table 5.5 Availability of Office Units in Sunderland

	Size								
Postcode Area	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	TOTAL
SR1 Sunderland City Centre	4	4	11	4	2	1	0	0	**26**
SR2 South of City Centre	0	0	0	1	0	0	1	1	**3**
SR3 SW Sunderland	0	0	4	1	1	0	4	0	**10**
SR4 West of City Centre	0	0	0	0	0	1	0	0	**1**
SR5 North West Sunderland	3	9	23	9	2	2	2	0	**50**
SR6 North of City Centre	4	3	3	0	0	0	0	0	**10**
NE37 North Washington	1	7	8	11	2	0	1	0	**30**
NE38 South Washington	0	0	3	0	0	0	1	0	**4**
DH4 Houghton-le-Spring	0	1	0	3	1	1	1	0	**7**
DH5 Hetton-le-Hole	0	1	0	1	0	0	0	0	**2**
TOTAL	**12**	**25**	**52**	**30**	**8**	**5**	**10**	**1**	**143**

Source: EGi

5.34 The four tables below consider vacancy rates amongst offices according to size in each of the four sub-areas.

Table 5.6 Vacancy Rates of Office Units in Sunderland South

	Size (sq m)								
Sunderland South	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	TOTAL
Stock of Units	334	169	195	75	41	15	24	5	858
Vacant Units	4	4	15	6	3	2	5	1	40
Vacancy Rate %	1.2	2.4	7.7	8.0	7.3	13.3	20.8	20.0	4.7

5.35 In Sunderland South the overall vacancy rate of 4.7% masks much higher vacancy rates amongst larger units, particularly those of more than 1,000 sq m. The data also points to a very tight supply of units of less than 100 sq m but with a tendency for smaller units to be under recorded, this should be treated with caution.

Table 5.7 Vacancy Rates of Office Units in Sunderland North

	Size (sq m)								
Sunderland North	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	TOTAL
Stock of Units	213	154	122	36	19	10	6	0	560
Vacant Units	7	12	26	9	2	2	2	0	60
Vacancy Rates %	3.3	7.8	21.3	25.0	10.5	20.0	33.3	0.0	10.7

5.36 In Sunderland North there is an overall vacancy rate of 10.7%, but amongst units of between 100 & 250 sq m, vacancy rates of over 20% are indicative of an oversupply of offices. Much of this vacant stock is at Hylton Riverside where offices were developed during the Enterprise Zone (1990 – 2000) but

where vacancy rates rose once EZ benefits, such as rates relief, came to an end.

Table 5.8 Vacancy Rates of Offices Units in Washington

	Size (sq m)								
Washington	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	TOTAL
Stock of Units	42	57	59	16	8	1	2	2	187
Vacant Units	1	7	11	11	2	0	2	0	34
Vacancy Rates %	2.4	12.3	18.6	68.8	25.0	0.0	100.0	0.0	18.2

5.37 In Washington the vacancy rate is substantial: 18.2% of units and 20% of floorspace are vacant. Some of the office blocks such as Armstrong House and Glendale House, which were built in the 1970s are now entirely vacant and despite extensive marketing have not attracted any occupier interest. Some are no longer being marketed as offices so the actual vacancy rate is likely to be higher. A developer is proposing the conversion of Glendale House to apartments and Armstrong House is being marketed as having potential for redevelopment.

5.38 Where office sites are no longer required, consideration should be given to whether the boundaries of these employment areas should be altered.

Table 5.9 Vacancy Rates of Office Units in Coalfield

	Size (sq m)								
Coalfield	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	TOTAL
Stock of Units	48	25	26	12	1	8	3	1	124
Vacant Units	0	2	0	4	1	1	1	0	9
Vacancy Rates %	0.0	8.0	0.0	33.3	100.0	12.5	33.3	0.0	7.3

5.39 The Houghton & Hetton area is home to around 7% of Sunderland's office premises and here the overall vacancy rate of 7.3% is modest. When analysed by size bands vacancy rates indicate substantial oversupply amongst larger unit sizes (250 sq m – 5,000 sq m). A substantial amount of the vacant space is at Rainton Bridge South where new offices were developed around ten years ago. The downturn in the market coincided with a high level of development activity as the East Durham and Tyne Riverside Enterprise Zones came to an end. This resulted in an oversupply of new offices on out-of-town business parks and marketing periods have become prolonged as the market has struggled to absorb the glut of floorspace.

Values and Viability

5.40 Of importance to this study is the level of rent that is achievable for new office premises as this determines the viability of development and thus demand for employment land. In the recent fragile market conditions not only have there

been limited numbers of transactions, but landlords have tended to keep confidential achieved rents and incentives to avoid setting unwelcome precedents for future lettings or rent reviews. As a result reported rents may not tell the whole story. In particular long rent free periods have been granted to attract occupiers to new out-of town office parks. At Spectrum Point, Seaham, Durham County Council took 30,000 sq ft on a 20 year lease and was able to negotiate a 7½ year rent free period, which reduced the headline rent of £12 psf to an effective rent of £7.70 psf. The table below provides examples of recent lettings of modern office stock within Sunderland.

Table 5.10

Property	Size		Date of letting	Analysis
	(Sq m)	(sq ft)		£ psf
Alexander House, Rainton Bridge S	2,897	31,183	15 yrs wef Dec 2014	£14.50 asking
Teleport, Grayling Ct, Doxford	411	4,429	9 yrs wef Dec 2014	£10.00
Unit 3, Colima Ave, Sunderland EP	215	2,312	5 yrs wef Aug 2014	£8.00
1 Victory Way, Doxford	2,983	32,104	Aug 2014	£10.25
Chase House, Rainton Bridge South	1,254	13,500	Nov 2013	£13.50 asking
Quayside House, Low Street	220	2,370	June 2013	£9.00
Suite 1a, Echo 24, West Wear St	326	3,506	Dec 2009	£13.00
Quay West Business Park	56	602	Nov 2009	£12.00

5.41 The viability of development is dependent on a range of factors including:

- availability and cost of finance,
- abnormal costs of site preparation
- abnormal infrastructure costs
- void periods
- construction costs
- rental levels
- yields
- ability to secure pre-lets or forward sales
- availability of gap funding

5.42 Over the past five years private sector speculative office development has been impossible. In a more normal market, rents exceeding £12 per sq ft would be required to enable speculative development of business park offices on serviced greenfield sites. For Grade A city centre offices rents of around £20 psf are required. Office rents in Sunderland have only rarely reached levels that have enabled speculative out-of-town development. Such speculative schemes have included small suites at Doxford e.g. Azure Court, Goodman's office development at Rainton Bridge South and Adderstone's Quay West Business Village at Low Southwick. All of these were conceived during the sustained period of economic growth between 2000 and 2008. The recession and subsequent weak growth have depressed rents which remain below their 2008 levels, though with limited transactional evidence and a lack of transparency on deals, it is difficult to assess the level at which rents now stand. What is clear is that speculative office development in Sunderland which has always relied on the provision of greenfield or remediated sites with

low levels of abnormal costs is currently not viable without some form of additional support.

5.43 For the foreseeable future office development in Sunderland will require either an occupier to be identified up-front and/or subsidy either through public sector gap funding or through cross subsidy from higher value uses. Public sector funding has been substantially reduced and is being increasingly targeted at strategic projects that meet key economic criteria rather than at property development in its own right.

The Industrial Market

5.44 VOA data distinguishes between various types of industrial premises. Analysis undertaken by LSH and presented in the following paragraphs includes these descriptions and use codes are for reference but to a large extent the market does not make such distinctions. Buildings will accommodate a range of uses, and what was originally designed for one use may be subsequently used for another. Even broad groupings such as factories and warehouses are typically indistinguishable. Whilst large purpose-built high bay warehouses with multiple loading bays can be distinguished, these are too few to allow meaningful analysis.

Stock

5.45 The VOA identifies 2,708 industrial hereditaments in Sunderland; included within this count are containers used for self-storage at Swan and Pallion West industrial estates, storage depots and land used for storage. These categories of hereditaments do not include buildings and for further analysis of the building stock it is therefore prudent to exclude them. Without them the stock of industrial buildings, in Sunderland amounts to 2,317 hereditaments.

Table 5.11 Stock of Industrial Units in Sunderland

Description	PSD Code	Number of Units
Vehicle Repair Workshop	CG1	197
Garage and Premises	CG2	34
Warehouse and Premises	CW	560
Land Used for Storage and Premises	CW1	90
Storage Depot and Premises	CW2	12
Store and Premises	CW3	165
Store and Premises (Container)	CW3	289
Factory and Premises	IF	642
Works and Premises	IF2	2
Workshop and Premises	IF3	707
Other Industrial	IX	10
Total		**2708**

Source: VOA data using Analyse software

5.46 The descriptions and categorisation used by the VOA suggest that 31% of industrial premises are used for storage (warehouses or stores); these range from lock-ups to purpose-built logistics warehouses. Another 58% of premises are described as factories, workshops or works.

5.47 The distribution of industrial units across the City is detailed in Table 5.12 below. For planning purposes the City is split into four sub-areas:

- Sunderland South which has 32% of premises and 25.7% of floorspace,
- Sunderland North: 19.9% of premises, 21.9% of floorspace,
- Washington: 29.8% of premises, but 41.8% of floorspace, indicating the higher proportion of larger units.
- Houghton & Hetton: 17.9% of premises, 10.6% of floorspace.

Table 5.12 Distribution of Industrial Units in Sunderland by Postcode Area

Postcode Districts	Units		Floorspace	
	No	%	Sq m	%
SR1 Sunderland City Centre	226	9.8%	105,631	4.5%
SR2 South of City Centre - Hendon, Leechmere, Ryhope	270	11.7%	159,214	6.8%
SR3 South West Sunderland - Doxford & Silksworth	13	0.6%	25,075	1.1%
SR4 West of City Centre – Deptford, Pallion, Pennywell	244	10.5%	309,260	13.3%
SR5 North West Sunderland – Hylton, Southwick	384	16.6%	484,849	20.8%
SR6 North of City Centre - Roker	76	3.3%	26,252	1.1%
NE37 North Washington	314	13.6%	464,925	19.9%
NE38 South Washington	375	16.2%	511,802	21.9%
DH4 Houghton-le-Spring, Rainton Bridge	216	9.3%	155,806	6.7%
DH5 Hetton-le-Hole	199	8.6%	90,790	3.9%
Total	**2,317**	**100.0%**	**2,333,604**	**100.0%**

5.48 The strongest industrial locations in Tyne & Wear are those on the southern periphery of the conurbation (e.g. Team Valley, Follingsby and the Washington estates) where there is easy access to the strategic highway network. In Sunderland though substantial industrial areas remain alongside the river and Port, the majority of industrial premises are now within easy reach of the A1 or A19 or other fast dual carriageways that connect to them.

5.49 The table below categorises industrial premises by size. For this analysis we have excluded storage depots and land used for storage to ensure that the analysis is not distorted by the inclusion of large areas of land. We have also excluded containers, the availability of which will not be picked up by property databases.

Table 5.13 Size of Industrial Units in Sunderland

	Size								
Postcode District	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	TOTAL
SR1 Sunderland City Centre	30	30	74	41	26	14	10	1	226
SR2 South of City Centre	34	51	83	52	29	10	7	4	270
SR3 SW Sunderland	4	3	2	0	1	1	0	2	13
SR4 West of City Centre	13	49	42	48	38	19	21	14	244
SR5 North West Sunderland	31	68	122	66	34	23	23	17	384
SR6 North of City Centre	7	21	26	14	5	1	1	1	76
NE37 North Washington	21	20	55	94	42	25	37	20	314
NE38 South Washington	15	29	112	100	39	34	26	20	375
DH4 Houghton-le-Spring	23	35	63	31	27	19	13	5	216
DH5 Hetton-le-Hole	33	24	59	42	14	19	7	1	199
TOTAL	**211**	**330**	**638**	**488**	**255**	**165**	**145**	**85**	**2,317**

5.50 Some 10% of industrial units are in excess of 2,000 sq m (21,500 sq ft); some 45% of these larger units are situated in Washington and a further 33% are within the postcode districts of SR4 & SR5 which lie between the A19 and Sunderland City Centre. By contrast Washington has a lower representation of units of less than 100 sq m. Around 50% of industrial hereditaments across Sunderland are less than 250 sq m.

Availability

5.51 Data on currently available industrial premises has been sourced, by LSH, from EGi – a national database used by the larger agents. In an urban area like Sunderland LSH would expect the majority of available premises to be captured by EGi, but there may be some under-reporting of smaller units which are being marketed by local agents and where national exposure may be regarded as unnecessary. As a cross check the EGi data has been compared with the City Council's "Industrial Premises In Sunderland" register.

Table 5.14 Availability of Industrial Units in Sunderland

	Size (sq m)								
Postcode Area	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	TOTAL
SR1 Sunderland City Centre	1	0	0	1	1	0	0	0	**3**
SR2 South of City Centre	7	4	4	4	2	1	2	0	**24**
SR3 SW Sunderland	0	0	0	0	0	0	0	0	**0**
SR4 West of City Centre	0	0	0	5	6	2	2	1	**16**
SR5 North West Sunderland	2	8	9	5	6	4	6	2	**42**
SR6 North of City Centre	0	0	0	1	0	0	0	0	**1**
NE37 North Washington	1	3	8	23	7	2	3	2	**49**
NE38 South Washington	0	1	4	19	5	3	1	3	**36**
DH4 Houghton-le-Spring	3	3	0	3	0	2	3	0	**14**
DH5 Hetton-le-Hole	0	1	0	1	0	1	0	0	**3**
TOTAL	**14**	**20**	**25**	**62**	**27**	**15**	**17**	**8**	**188**

Source: EGi

5.52 There are 188 premises on the market equating to 270,736 sq m (2,483,600 sq ft). The overall vacancy rate equates to around 8% of units or 10% of floorspace; suggesting that it is amongst larger units that vacancy rates are higher. In a healthy property market a vacancy rate of 5% to 10% would be expected. Such a level allows for market churn to accommodate the changing floorspace requirements of businesses, but does not leave high volumes of floorspace on the market for prolonged periods. The four tables below consider vacancy rates amongst industrial units according to size in each of the four sub-areas.

Table 5.15 Vacancy Rates of Industrial Units in Sunderland South

	Size (sq m)								
Sunderland South	**< 50**	**50 - 100**	**100 - 250**	**250 - 500**	**500 - 1000**	**1000 - 2000**	**2000 - 5000**	**> 5000**	**TOTAL**
Stock of Units	81	133	201	141	94	44	38	21	753
Vacant Units	8	4	4	10	9	3	4	1	43
Vacancy Rates %	9.9	3.0	2.0	7.1	9.6	6.8	10.5	4.8	5.7

5.53 The vacancy rate in Sunderland South is 5.7%, indicating that the market for premises is broadly in equilibrium. There is a tight supply amongst units of 50 – 250 sq m. And from our site inspections it was evident that some older large factories had been demolished, helping to balance supply with the restricted demand for such buildings.

Table 5.16 Vacancy Rates of Industrial Units in Sunderland North

	Size (sq m)								
Sunderland North	**< 50**	**50 - 100**	**100 - 250**	**250 - 500**	**500 - 1000**	**1000 - 2000**	**2000 - 5000**	**> 5000**	**TOTAL**
Stock of Units	38	89	148	80	39	24	24	18	460
Vacant Units	2	8	9	6	6	4	6	2	43
Vacancy Rates %	5.3	9.0	6.1	7.5	15.4	16.7	25.0	11.1	9.3

5.54 The vacancy rate in Sunderland North is 9.3 %, suggesting that the market is in equilibrium. However amongst units of 500 – 5000 sq m higher vacancy rates suggest modest oversupply. Here too, demolitions of large old factories that had little prospect of re-use, such as the Stag Furniture premises at North Hylton, have moderated vacancy rates.

Table 5.17 Vacancy Rates of Industrial Units in Washington

	Size (sq m)								
Washington	**< 50**	**50 - 100**	**100 - 250**	**250 - 500**	**500 - 1000**	**1000 - 2000**	**2000 - 5000**	**> 5000**	**TOTAL**
Stock of Units	36	49	167	194	81	59	63	40	689
Vacant Units	1	4	12	42	12	5	4	5	85
Vacancy Rates %	2.8	8.2	7.2	21.6	14.8	8.5	6.3	12.5	12.3

5.55 In Washington the vacancy rate of 12.3% suggests modest over supply, but amongst units of 250-500 sq m this oversupply is more pronounced.

Table 5.18 Vacancy Rates of Industrial Units in Coalfield

	Size (sq m)								
Coalfield	**< 50**	**50 - 100**	**100 - 250**	**250 - 500**	**500 - 1000**	**1000 - 2000**	**2000 - 5000**	**> 5000**	**TOTAL**
Stock of Units	56	59	122	73	41	38	20	6	415
Vacant Units	3	4	0	4	0	3	3	0	17
Vacancy Rates %	5.4	6.8	0.0	5.5	0.0	7.9	15.0	0.0	4.1

5.56 In the former Coalfield area the tight supply of mid-sized units (100–1,000 sq m) results in a vacancy rate of 4.1% but amongst larger units there is a higher level of supply.

5.57 The abolition of empty property rates relief in 2008 substantially increased the costs of holding vacant commercial property and as demand weakened during the economic downturn, landlords facing the prospect of extended void periods opted to demolish buildings that were unlikely to be reoccupied. The impact of demolition has been to keep rising vacancy rates in check, but to increase the supply of previously developed employment land. This has implications for the overall amount of employment land allocations that are required.

Values and Viability

5.58 The level of rent achievable on new industrial premises determines the viability of development and thus the scale of demand for employment land. In the region's industrial market there was never the same scale of speculative development activity at the height of the market as there was in the office market. Compared to the office market, the industrial property market is less subject to major booms and busts, and rents have generally been more stable.

5.59 Industrial development within the North East has, however, always been hampered by the differential between construction costs and end values; this has historically made new development at best marginal, and more often reliant on gap funding or other financial incentives. Developers remain reluctant to build larger units speculatively and new development is only likely to come forward on a pre-let basis.

5.60 Currently the differential between construction costs and end values is insufficient to allow viable speculative development. There are, however, signs that the market is improving and in particular the emerging shortage of good quality industrial units of more than 10,000 sq ft may help values to recover.

5.61 Speculative development occurs where there is less risk and fewer constraints. For industrial premises this is in locations on the edge of conurbations which have good access to the strategic highway network where demand is strongest, where there is a concentration of occupiers and where higher rents are achievable.

5.62 Historically, within the North East private sector speculative development of industrial premises has been viable only in a few “hot spots” such as Team Valley and Washington. These locations have critical mass, easy access to labour, excellent connectivity to the strategic highway network, and serviced development plots. The comprehensive package of fiscal and financial incentives offered by Enterprise Zones enabled some speculative industrial development in weaker locations such as Hylton Riverside. The latest round of Enterprise Zones, which offer a more restricted range of financial inducements to investors, developers and occupiers are less likely to stimulate similar speculative development.

5.63 Private sector developers aiming to mitigate risk will develop in locations that can attract the widest range of businesses and meet occupier requirements for good access to motorways and dual carriageways. Examples of current development activity demonstrate the constraints of current market conditions:

- Portobello Trade Park is a development of 15 light industrial units on a 6.5 acre site beside the A1(M) at Birtley. The development provides units sizes from 2,100 to 23,000 sq ft with completion this summer (2015). Ravensworth Property Development has received funding of £2.75 million from ERDF and a loan of £982,000 from the North East LEP. The loan fills the gap between available bank finance and the total financing requirement. The speculative development has attracted interest from trade counter operators, manufacturing and warehousing businesses.
- In February 2014, Hellens completed the second phase of Teal Farm Business Park, Washington. Phase one had been completed in 2008 and let during the recession, but lack of bank finance stalled phase two until grant finance of £680,000 from the ERDF and a loan of £200,000 from the LEP was forthcoming. Phase two comprises four light industrial units of 4,000 to 7,000 sq ft.
- Hellens Group has also built Elm Park, a speculative development of 17 light industrial units with easy access to the A19 in North Tyneside. The development which provides units sizes from 1,500 to 5,500 sq ft was completed in July 2014. The developer received funding of £1.1 million from ERDF and a loan of £460,000 from the North East LEP as well as using money from the company’s own reserves. Lack of bank finance had stalled the scheme for several years.

- Axis 19 is an industrial development at the northern end of Tyne Tunnel Trading Estate, which lies alongside the A19 just to the north of the Tyne Tunnel. Northumberland Estates had been marketing the units on a pre-let basis for several years without attracting tenants. In early 2015 serious enquiries encouraged the developer to build a pair of 15,000 sq ft units on a speculative basis, and prior to completion a letting of both has been secured. Northumberland Estates did not rely on grant funding, but as it intended to hold the units as a long term investment the company's assessment of viability differs from other developers.

5.64 These four schemes demonstrate that in current market conditions, speculative industrial development often requires gap funding. Industrial development is limited to locations with established critical mass and easy access to the strategic highway network. These schemes have been small scale; development of larger units is still dependent on pre-lets, which remain difficult to secure.

5.65 Whilst only one of these four schemes is within Sunderland, the schemes are evidence that, with gap funding, speculative industrial development can be viable in locations that provide serviced development plots with good access to the strategic highway network. Recent development within the Sunderland local authority area identifies that activity has been overwhelmingly focussed on Washington's industrial estates and Rainton Bridge.

6.0 The Supply of Employment Land in Sunderland

6.1 This section summarises the current availability and past take-up of employment land in Sunderland, to provide a context for the assessments of demand and supply and individual judgments on sites. The analysis of past take-up rates and implied supply presented in the following paragraphs provides a measure of the balance of demand and supply. The take-up rates should not, however, be interpreted as a comprehensive assessment of future requirements. Further consideration is given to the level of demand, drawing upon a range of forecasting approaches and qualitative analysis, in Section 7.0.

Context

6.2 The market for employment land within North East England has been regularly considered by Employment Land Reviews and at planning inquiries. It is well established that the market functions across local authority boundaries, and given the mobility of employees, the need to assess the economic development provision within a wider sub-region is essential. This is re-iterated in Planning Practice Guidance which notes that employment land markets overlap local authority areas.

6.3 This is of particular relevance to Sunderland, an integral part of the Tyne & Wear conurbation which has employment areas of regional and, in the case of Nissan, national importance. Sunderland has strong links to the neighbouring authorities of South Tyneside, Gateshead and County Durham. Thus a shortfall or surplus of employment land allocations in one local authority area can, to some extent, be offset by neighbouring authorities.

6.4 An accepted methodology for the quantitative analysis of employment land is to divide the amount of land currently available for economic development by past take-up rates to arrive at a number of years' supply. In determining appropriate levels of allocation planning inspectors have typically sought to ensure supply is adequate for the plan period. But more recently, recognising that recycled employment sites can play an important role in replenishing supply some local authorities are adopting a "monitor and manage" approach by ensuring a five year supply of readily available sites and a further five year reservoir of sites that can be made readily available to replenish this supply.[23]

[23] The West Midlands Employment Land Advisory Group regards the rolling reservoir approach as having considerable advantages. Two key benefits are (i) *"it avoids large areas of land being allocated over a long time period"* and (ii) *it gives flexibility to adjust targets based on the performance of the economy".(*Paragraph 2.15, Employment Land Provision Background Paper – Revised Version March 2009, West Midlands Regional Assembly)

6.5 NPPF requires Local Plans to *"be drawn up over an appropriate time scale, preferably a 15 year time horizon"*[24] At the request of SCC, this ELR considers the appropriate level of allocation for the 18 year period from 2015 to 2033.

6.6 Past take-up of employment land is affected by prevailing economic conditions and policy initiatives. Planning, regeneration, fiscal and financial policies can all impact upon the scale and location of take-up, for better or worse, intentionally or unintentionally. By considering take-up over 15, 10 and 5 year periods the effects of economic cycles and policy changes can be evened out and the stock adjusted, whilst short term trends can be identified.

6.7 Various factors make any quantitative analysis an inexact science. On the supply side of the equation the total amount of land available at any given point in time is indeterminate. The exact amount available depends upon:

- The size of private reserves (i.e. industrial land held with existing buildings for expansion). These are normally excluded from the analysis as they are not generally available for development; but we consider the likelihood of businesses disposing of expansion land later in this section;
- The number of windfall sites arising which are not presently allocated for employment uses but which may become available for such uses; and
- The number of further sites becoming available through the recycling of land currently in industrial use.

6.8 On the demand side it is assumed that all existing industrial allocations will remain in such use when in reality some of the land is likely to be taken up for other uses. The extent to which SCC should plan for the replacement of future losses of employment land is considered in greater detail in Section 7.0.

6.9 The conservative estimate of the total supply of land on the one hand, and the under-estimate of total consumption on the other will, to some degree, cancel each other out.

6.10 Where land is reserved for a specific purpose or industry sector, it is common practice for it to be considered separately. These "restricted sites" are not available for general employment purposes. The demand for and supply of land at the Port of Sunderland is thus excluded from our main analysis but in accordance with paragraph 33 of the NPPF we have taken account of the Port's needs.

6.11 A glossary of terms that we have used in our appraisal of the industrial land supply and take-up is attached at Appendix 2.

Sub-Region

6.12 As noted above, the employment land market is not constrained by arbitrary local authority boundaries and Sunderland has strong links to the neighbouring authorities of South Tyneside, Gateshead and County Durham.

[24] Paragraph 157, National Planning Policy Framework, Communities and Local Government, March 2012

6.13 The market for employment land in South Tyneside was assessed by this consultancy team in 2011. The work undertaken identified insufficient land for the plan period and recommended that new sites be identified on the southern edge of the urban area where market demand is stronger and the development of employment premises is more viable. In 2014 South Tyneside Council commissioned LSH (formerly Storey Edward Symmons) and NLP to update the 2011 Employment Land Review and to consider in greater detail five employment areas and six potential employment sites. Much of the 2011 ELR remained relevant and to avoid duplication a series of topic papers were produced that updated sections where necessary. This update is to be used to inform the emerging Local Plan.

6.14 Similarly, Gateshead Council commissioned NLP and LSH to review its employment land allocations in 2010. The work undertaken identified that though the Borough had sufficient employment land, it was not always in areas of strong market demand. The study included a series of recommendations regarding where land should be deallocated and where new allocations should be found. Of particular relevance to Sunderland, was the identified potential for the provision of further employment land in the vicinity of Follingsby Park. To progress this proposed new allocation, the Council commissioned a development brief for the land to the south of Follingsby Park in 2013. This land comes up to the northern boundary of the Sunderland local authority area.

6.15 In the work undertaken by NLP and LSH for both South Tyneside and Gateshead a shortage of employment land was identified in a broad area to the south of Hebburn and Boldon and to the east of Wardley. Both Councils are considering opportunities to address this. This will have implications for the Washington sub-area immediately to the south, which along with the proposals for the International Advanced Manufacturing Park (IAMP) are considered in more detail below.

6.16 Amongst the recommendations of the 2012 County Durham Employment Land Review (undertaken by NLP) were that further allocations be identified in the Durham City market area, that an additional 13ha be made available with easy access to the A19 and that Drum Industrial Estate be extended. These recommendations reflect the strength of market demand in the northern part of the County particularly in close proximity to junctions of the A1 and A19. Additional provision of land in such locations is to be offset by de-allocations elsewhere in the County. For the towns and villages within the former Sunderland Coalfield which are relatively distant from the A1 and A19 additional allocations in locations with better connections to the strategic highway could create unwelcome competition.

Sunderland

Availability

6.17 The starting point for assessing the current availability of employment land within the local authority area has been the Council's Site Status documents.

LSH has used these documents, in conjunction with the Proposals Map of the 1998 Unitary Development Plan, to identify all employment areas and the available sites within them. LSH then inspected all employment areas to verify current availability and to identify where development has taken place.

6.18 Sites of less than 0.1 hectares have been disregarded. Development of such small sites mainly occurs where estates lack capacity and occupiers through lack of choice are forced to exploit the smallest opportunities. Such take-up is *de minimis* and for the purpose of this Review can be ignored.

6.19 Where sites are held for expansion by an occupier, they are excluded on the basis that they are not available to the wider market for development and their inclusion may result in double counting of take-up. However where land is held by a developer for a further phase of development this will meet general market demand and we thus include it within the supply of employment land. LSH has used Land Registry searches to verify site ownerships and to determine whether land is expansion land or not.

6.20 With assistance from the Council, LSH has identified a broad range of sites with potential for economic development. These include:

1 vacant sites currently allocated for employment use;

2 vacant sites formerly in employment use;

3 vacant land in areas identified by the Council for mixed-use development that could include an employment component;

4 expansion land held by businesses; and

5 employment premises that are at, or nearing, functional obsolescence.

6.21 LSH has inspected all the sites identified by the Council and have assessed them according to a range of market and sustainability criteria. Through the site inspection process, LSH has identified a handful of additional sites. Where sites have been reoccupied for employment purposes and are therefore no longer available, this has also been noted by LSH. A site assessment matrix is attached at Appendix 3. A detailed guide to the assessment criteria is set out at Appendix 4. The matrix uses scores ranging from 1 to 5 to rank various qualities of the sites. It should be noted that the overall conclusions and recommendations of this report are not based solely on this numbering; other factors have also been taken into account. Nor does the numbering imply that the various criteria are of equal weight.

6.22 In considering the supply of and demand for employment land within Sunderland we have used a five stage approach:

- First the amount of land currently available for employment development (categories 1, 2 & 3 above) has been considered and compared against past take-up rates to arrive at a notional number of years supply within the City. This allows LSH to assess whether current allocations and other available employment land is sufficient for the plan period;

- The second stage is to consider the market attractiveness of these sites using an analysis of the location of past take-up to understand if they should be retained within the supply; and
- Thirdly consideration is given to whether these sites are immediately available or require preparation and thus their ability to meet demand in the short term.

Stage 1: The Number of Years Supply of Available Employment Land

Currently available employment sites

6.23 Within the Borough 79 general employment sites are currently available with a combined total gross site area of 145.96ha. These are listed in the matrix at Appendix 3. To assess the net developable area it is appropriate to make adjustments to some sites. A guide to the adjustments appropriate in different circumstances is set out at Appendix 5. Available employment sites provide an estimated net developable area of 122.44ha.

6.24 In addition, there are mixed use sites which could accommodate the development of new employment premises[25]. Some of these mixed-use areas are largely cleared and available for redevelopment. For these sites masterplans or development frameworks can indicate anticipated uses and floorspace, and the amount of land for employment use can be estimated with some accuracy. Others are more piecemeal area regeneration schemes where the quantity of new employment floorspace cannot be easily assessed; these may provide windfall sites in the future but are excluded from this analysis. Where the employment component of a mixed use site can be assessed it is included at the bottom of the matrix at Appendix 3. These ten sites are estimated to provide an additional 8.42 ha of land for the development of employment premises.

6.25 As one of the largest industrial areas within the district, the Port of Sunderland is a major contributor to the local economy in terms of employment and land supply. However in this analysis of the employment land market, LSH has excluded the availability and take-up of land within the Port's Estate. There are two reasons; firstly, irregular take-up of large sites for port related uses can distort analysis; secondly, ports typically restrict occupation to those businesses that are exporting or importing and thus generating dues, port land is therefore not available for general employment use.

6.26 The Port occupies low lying land to the east of the City Centre and land within its ownership stretches along Corporation Quay on the south bank of the Wear. On the western edge of the Port Estate, is a steep slope and on the plateau at the top are the former Hendon railway sidings and the site of the former Port offices on Barrack Street, which have lain unused for many years. They are no

[25] It should be noted that mixed-use sites have not been included within the site assessment maps produced as part of the ELR.

longer actively used for Port purposes and given their separation LSH considers that they are now available for development that is not related to the Port. These sites have therefore been included within the analysis of general employment land. Within the Port Estate there are substantial areas of land available to meet the future requirements of the Port and those businesses that use it.

6.27 The overall net developable area of available general employment land including mixed-use sites but excluding restricted sites totals 133.79ha.

Take-up of Land for Employment Use

6.28 Take-up of employment land in Sunderland over the fifteen year period 2000-2014 is recorded on a site by site basis at Appendix 6. The accuracy of this data has been checked by LSH by measuring sites after a development is completed in order to benefit from detailed Ordnance Survey mapping; any discrepancies in site areas or double-counting have been amended. Aerial images and site inspections have also been used to ensure comprehensive collation of data.

6.29 During the site inspection process, LSH noted one instance of development in progress which will contribute to take-up in 2015. This was the development of a distribution warehouse for Vantec at Hillthorn Farm, on an estimated site area of 9.58 ha. Other development by Hewlett Packard at Doxford and IAC Group at Southwick are extensions of existing premises onto land already within the companies' ownership, which have therefore not depleted the supply of employment land.

6.30 Total take-up in each year from 2000 to 2014 is set out in Appendix 6. The average take-up of employment land over 5, 10 and 15 year periods is set out in the table below.

Table 6.1 Past Take-Up of Employment Land in Sunderland

Period	Total take-up (ha)	Average Take-up (ha p.a.)
Short Term (5 years) 2010-14	39.29	7.86
Medium Term (10 years) 2005-2014	82.24	8.22
Long Term (15 years) 2000-2014	120.53	8.04

6.31 Long term take-up of 8.04 ha per annum lies between the short and medium term figures and, as such, for the purpose of assessing the scale of future land requirements is likely to be the most reliable indicator of past demand.

6.32 Take-up within Sunderland has averaged 8.04 hectares (net) per annum. The recession, which severely curtailed development activity elsewhere in the north east had only a limited impact on take-up in Sunderland (decreasing by 2%) with three major developments in Washington (BAE, Rolls Royce and Vantec) bolstering the figures and accounting for two-thirds of take-up over the most

recent five year period. This is evidence not only of the strength of Washington as a location for manufacturing and distribution businesses but also the importance of the availability of large sites in this location.

Implied Supply

6.33 In Table 6.2 land currently available for employment development is measured against average annual take-up over a 15-year period. Within Sunderland available employment land is sufficient for sixteen years. When considering the authority area in isolation this is almost sufficient to cover the study period. However part of this supply of land is not immediately available and will only come forward for development as part of regeneration schemes, where land assembly, remediation and infrastructure provision will delay the release of land for development.

Table 6.2 Employment Land Supply and Demand in Sunderland

Available Employment Land (ha)	Average Take-up 2000-14 (ha p.a)	Implied Supply (Years)
130.86	8.04	16

Stage 2: The Market Attractiveness of the Available Employment Land

6.34 For the effective stimulation of economic development, the supply of land needs to match market demand. Analysis of demand within sub-areas of the local authority area enables us to see how well they are matched against the crucial property market criterion of location. This analysis uses take–up data from the fifteen year period, 2000-14 and uses the Council's four sub-areas.

Table 6.3 Employment Land Demand in Sub-Areas

Sub-Area	Available Land (ha)			Take-up 2000–14	Average Take-up	Implied Supply
	Employment	Mixed-Use	Total	(ha)	(ha p.a.)	(years)
Washington	46.80	0.00	46.80	82.00	5.46	8
Sunderland North	2.00	1.50	3.50	7.29	0.49	7
Sunderland South	45.31	6.92	52.23	14.50	0.97	53
Former Coalfield	28.34	0.00	28.34	16.74	1.12	25
Total	**122.44**	**8.42**	**130.86**	**120.53**	**8.04**	**16**

6.35 There is an imbalance between the location of available land and market demand (on the basis of a continuation of past take-up rates). This quantitative analysis identifies that the majority of take-up (68%) has been in Washington where the available land equates to around 8 years supply, less than half the amount required for the study period. Sunderland North

accounts for only 6% of take-up and against this backdrop of limited demand, redundant brownfield industrial sites have been granted consent for other uses. This has depleted the supply of available sites and currently only 7 years supply exists in Sunderland North. On the other side of the river (Sunderland South) there has been twice as much land taken-up for employment use (12% of the total), but with 40% of all available employment land there is a substantial oversupply, which equates to 53 years supply. To a limited extent this oversupply can offset the emerging shortfall to the north of the river. This is because Sunderland North and Sunderland South are not regarded by the market as separate market areas (with the construction of the Sunderland Strategic Transport Corridor and New Wear Bridge the links between the north and south sides of the river will be strengthened further). In the former Coalfield area two thirds of take-up (11.24 ha) has been at Rainton Bridge, where another 12.65 ha is available for the plan period. But across the whole of this sub-area an implied supply of 25 years suggests some oversupply.

6.36 This analysis suggests that even though in overall terms the amount of available employment land is broadly appropriate for the needs of Sunderland, some sites are in locations that are not attractive to the market and in other areas the supply of land is insufficient for the study period. There is a case for some reshaping of the portfolio of employment land through deallocating sites which are unlikely to be taken-up within the study period whilst identifying new sites for allocation that will be more attractive to the market.

Stage 3: Immediately Available Employment Sites

6.37 For sites to meet demand they must not only be in a location that is attractive to the market, but also be capable of development. Some of the available employment sites require substantial expenditure on site assembly, clearance, remediation or infrastructure provision before development can take place. The time it takes to bring forward such sites is more dependent on the availability and prioritisation of funding than the time taken to carry out the necessary physical works. Once site assembly has been completed, only sites requiring major remediation or infrastructure provision would be expected to take more than a year to bring forward.

6.38 Immediately available employment land is summarised in the table below. There are 56 sites totalling 51.73ha of immediately available employment land, which equates to 6 years supply when measured against past take-up rates. It should be noted that at the time of our inspection, site preparation works were commencing at Hillthorn Farm. This has an estimated net site area of 18.7ha, about half of which (9.58 ha) is to be taken by Vantec's new warehouse. The overall effect will be to increase Washington's implied supply of immediately available land to 5 years.

Table 6.4 Immediately Available Employment Land in Sunderland

Sub-Area	Number of Sites	Area of Sites (ha)	Average Take up (ha p.a)	Implied Supply (years)
Washington	23	18.29	5.46	3
Sunderland North	4	0.98	0.49	2
Sunderland South	13	10.80	0.97	11
Former Coalfield	16	21.66	1.12	19
Total	**56**	**51.73**	**8.04**	**6**

6.39 In Sunderland South where there is already an 11 year supply of immediately available employment land there are also six mixed-use sites; these comprise 5.45 ha of land that is immediately available for office development, increasing the implied supply in this sub-area to 16 years.

6.40 The former Coalfield area has a supply of immediately available land that is sufficient for the whole plan period

6.41 Sunderland does not have an imminent shortage of immediately available land, and we recommend that the Council aims to maintain a five year reservoir of immediately available employment land through programmed investment in site preparation and ensure that these sites are in deliverable locations.

7.0 Future Requirements for B Class Employment Space

7.1 This section considers the future economic growth needs in Sunderland by drawing upon several methodologies that reflect the requirements of PPG. These scenarios are used to inform the assessment of the city's future employment land needs for office and industrial (i.e. manufacturing and warehousing) uses.

Methodology

7.2 Paragraph 32 of the *Housing and Economic Development Needs Assessment* section of the PPG advises that *"local authorities should develop an idea of future needs based on a range of data which is current and robust."* In particular, it recommends that Plan makers consider a variety of forecasting techniques:

1 Sectoral employment forecasts and projections (labour demand);

2 Demographically derived assessments of future employment land needs (labour supply);

3 Analysis based on the past take-up of employment land and property and/or future property market requirements; and

4 Consultation with relevant organisations, studies of business trends and monitoring of business, employment and economic statistics.

7.3 Within this context, a number of potential future scenarios are considered within this section in order to provide a framework for assessing future B class employment space requirements in Sunderland over the 17 year period 2015 to 2033. The quantitative forecasting techniques applied clearly align with items 1-3 outlined above:

a Baseline employment forecasts **(labour demand)** produced by Experian Business Strategies;

b High level policy-on employment forecasts **(labour demand)** generated by NLP in order to capture the potential impact of IAMP on the general market for commercial land and premises in Sunderland;

c Consideration of **past take-up of employment land** based upon analysis undertaken by LSH; and

d Estimated growth in the local **labour supply** – and the jobs and employment space that this could be expected to support – having regarding the population projections taken from Sunderland's Strategic Housing Market Assessment (SHMA).

7.4 All of these approaches have their own individual strengths and limitations. In order to be robust, however, the city's economic growth potential (and the likely demand for employment space) needs to be assessed under a variety of future

scenarios that reflect alternative growth conditions that could arise over the study period. In reconciling the various scenarios, consideration needs to be given to how appropriate each is to the particular circumstances and aspirations of Sunderland.

7.5 The ultimate judgement regarding the level of employment need that SCC should plan for is not, therefore, simply shaped by a consideration of quantitative analysis. Rather, a number of qualitative factors must also be taken into account (as discussed in other sections of this report). These factors, which have been identified through an analysis of economic and market conditions – as well as through extensive consultation with economic stakeholders, commercial agents and local businesses (item 4 as outlined above) – will influence the employment space requirements that need to be planned and must be considered alongside the modelled scenarios (a-d).

a. Baseline Employment Forecast

7.6 In spring 2015, SCC commissioned Experian Business Strategies to produce a baseline forecast of employment growth in the city over the 18 year period 2015 to 2033[26] (inclusive). These forecasts – disaggregated by sector – reflect recent trends and economic growth projections at the national and regional level. They also take account of how sectors in Sunderland have performed relative to regional growth rates in the past.

7.7 The forecasts are not constrained by land supply. In addition, whilst stated government policy is considered by Experian in order to help frame the future macroeconomic outlook, the forecasts do not take account of any: local policy interventions; planned major developments; or infrastructure changes at the local/regional level.

7.8 Econometric forecasts of this nature tend to be most reliable at the regional and national level and less so when considering individual local economies. Nevertheless, they provide a valuable input in respect of understanding future land needs by indicating the broad scale and direction of economic growth in different sectors.

7.9 The Experian figures forecast an overall growth of 15,860 jobs (net) in Sunderland over the 18 year study period. This is equivalent to around 880 additional jobs per annum, on average. Table 7.1 provides a summary of those sectors expected to experience the largest absolute increases and reductions in employment.

[26] It should be noted that the Experian forecasts only extend to 2032. Projections have been extended to cover the period to 2033 by taking an average of growth rates – by sector – for the final 3 years of the Experian dataset and applying these to generate an estimate of employment in 2033.

Table 7.1 Fastest Growing and Declining Sectors in Sunderland (2015-2033)

Sector	Use Class	Job Change (2015-2033)
Health		+3,150
Accommodation & Food Services		+2,340
Education		+2,230
Utilities		+2,160
Residential Care & Social Work		+1,710
Specialised Construction Activities		+1,400
Land Transport, Storage & Post		+1,310
Administrative & Support Services		+1,250
Textiles & Clothing		-400
Metal Products		-380
Wood & Paper		-350
Printing & Recorded Media		-330
Non-Metallic Products		-280

Source: Experian (Spring 2015) / NLP analysis

Key: GREEN = B class sector ORANGE = Part B class sector RED = Non-B class sector

7.10 This analysis indicates that the strongest growth in employment over the period to 2033 – as forecast by Experian – is anticipated to be observed in sectors that are unlikely to generate a significant requirement for B class space. Four of the top five sectors shown in Table 7.1 are not expected to give rise to any demand for B class space (health, accommodation & food services, education and residential care & social work).

7.11 Four sectors (utilities, specialised construction activities, land transport, storage & post and administrative & support services) are forecast to observe growth of more than 1,250 jobs and are anticipated to give rise to some need for B class premises.

7.12 Sectors forecast to experience the largest employment losses over the period include: textiles & clothing; metal products; wood & paper; printing & recorded media; and non-metallic products. All of these sectors are classified as part of the wider manufacturing sector and therefore will influence demand for B1c and B2 employment space.

7.13 The total employment change in Sunderland – as projected by Experian under the baseline scenario – is shown in Table 7.2. The table includes an estimate

of employment change in each of the B class sectors, which reflects an allowance for jobs in other non-B class sectors that generally use office or industrial space (Appendix 7).

Table 7.2 Baseline Forecast Employment Change in Sunderland (2015-2033)

	Jobs (2015)	Jobs (2033)	Change (2015-2033)
Offices (B1a/B1b)	24,390	25,125	+735
Manufacturing (B1c/B2)	23,055	21,740	-1,315
Warehousing/Distribution (B8)	8,760	9,850	+1,090
Total B Class Jobs	**56,200**	**56,715**	**+515**
Total Jobs (All Sectors)	**130,150**	**146,010**	**+15,860**

Source: Experian / NLP analysis

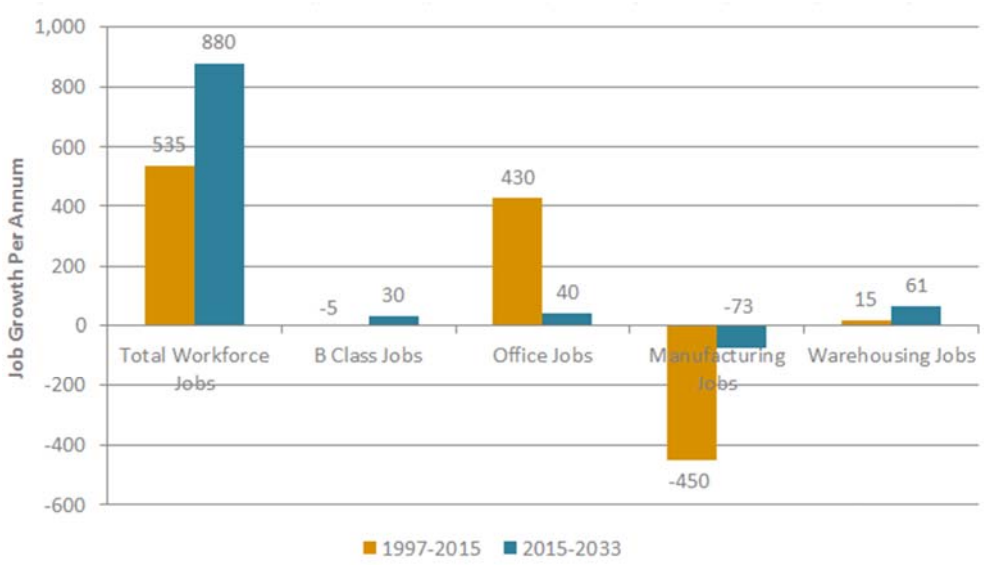
NB: Figures may not sum due to rounding

7.14 The overall level of employment growth (15,860) forecast by Experian corresponds to approximately 880 additional jobs per annum. This rate of growth is higher than the rates observed over the period 1997 to 2015 (535 additional jobs per annum). However, it should be recognised that the past trends reflect the impact of the 2008/09 recession and a subsequent period of sluggish recovery.

7.15 It can be seen from Figure 7.2 that the increased level of annual jobs growth is expected to be driven by significantly stronger performance in non-B class sectors. Indeed, whilst total jobs growth is expected to increase from 535 per annum (based on past trends) to 880, it can be seen that the performance of the B class sectors is anticipated to experience a far more modest increase, rising from -5 jobs per annum (based on past trends) to 30 per annum.

7.16 In addition, it can be seen that a significant slowdown in office-based jobs growth is forecast to be the key factor in the slower rate of growth with respect to B class jobs (relative to the wider local economy). Over the period 1997 to 2015, office jobs across Sunderland increased by an average of 430 per annum. Moving forward, however, Experian forecasts growth of just 40 jobs per annum. In contrast, the performance of the industrial sectors in Sunderland is projected to improve. Having recorded job losses of 435 per annum between 1997 and 2015, Experian anticipates that the contraction of the sector will stabilise, with job losses of just over 10 per annum projected to 2033.

Figure 7.1 Annual Job Growth Implied by Baseline Forecast vs Past Trends



Source: Experian / NLP analysis

7.17 The growth in B class employment anticipated under the baseline forecast has been converted into a net future employment space requirement by applying the following average employment densities:

- **Offices:** 1 job per 12.5sq.m, which corresponds to general B1a/b office space;
- **Industrial:** 1 job per 43sq.m as an average across B1c and B2 uses; and
- **Warehousing/Distribution:** 1 job per 65sq.m for general, smaller scale warehousing (assumed to account for 65% of future space) and 1 job per 74sq.m for large scale, lower density units (assumed to account for 35% of future space).

7.18 These assumptions are based upon the latest HCA/OffPAT guidance on employment densities, published in 2010[27]. The guidance takes into account recent trends relating to the changing use of employment space, with the main change being the more efficient use of office space through practices such as hot-desking and flexible working.

7.19 An allowance of 10% is added to all floorspace requirements to reflect normal levels of market vacancy in employment space. Where a reduction in employment is forecast (e.g. manufacturing) the associated negative floorspace has been halved. This reflects the fact that whilst there may be ongoing job losses, it does not necessarily and automatically follow that all of the associated existing employment space will be lost.

[27] Based upon the HCA/OffPAT Employment Densities Guide (2010) and converted to Gross External Area and total workforce jobs by NLP

7.20 The relationship between job growth and the demand for space in relation to the manufacturing sector within Sunderland is particularly complex. Whilst manufacturing employment in the city fell by almost 5,000 jobs between 2000 and 2015, demand for B1c/B2 employment space held up well. Indeed, almost 50ha of employment land was developed for manufacturing uses over the same period. It is recognised that this figure relates to gross take-up and that this was – in part – offset by losses to non-B class sectors.

7.21 Mindful of the above, it is considered unlikely that the decline in manufacturing employment forecast by Experian will give rise to a commensurate reduction in demand for B1c/B2 space.

7.22 Table 7.3 provides a summary of the net floorspace requirements, by use class, generated as a result of the methodology described above.

Table 7.3 Baseline Employment Forecast: Net Employment Space Requirements in Sunderland (2015-2033)

	Floorspace (sq.m)
Offices (B1a/B1b)	10,115
Manufacturing (B1c/B2)	-28,255
Warehousing/Distribution (B8)	81,830
Total	**63,685**

Source: Experian / NLP analysis

NB – figures may not sum due to rounding

b. Policy-On Employment Forecast

7.23 In addition to the baseline scenario described above, NLP were asked to consider – at the request of SCC – the job growth and employment space implications of a policy-on scenario. This scenario took, as its starting point, the baseline employment forecasts by sector produced by Experian and added to this dataset an allowance for the potential impact of the proposed IAMP development as envisaged through the City Deal.

The IAMP Concept

7.24 The development of IAMP is central to the Sunderland City Deal. The overall vision for the project is to bring forward a large site to the west of Sunderland city centre (to the north of the Nissan car plant) with a focus on advanced manufacturing activity in the automotive and low carbon sectors. The site is expected to fall within the local authority areas of Sunderland and South Tyneside.

7.25 It is anticipated, based upon the evidence commissioned to date by SCC, that IAMP will primarily provide accommodation for new and expanding advanced manufacturing operations, the majority of which will be international firms. The

site will build upon the success of the Sunderland Enterprise Zone, which has attracted a 420,000sq.ft. logistics facility to the area in order to provide supply chain support to Nissan and other local manufacturers.

7.26 It is important to note that, at present, the scale and layout of the IAMP site is yet to be finalised, however, the local authorities of Sunderland and South Tyneside Council's consulted on a range of options for the site in late 2015/early 2016.

7.27 Notwithstanding the above, it is necessary in defining the policy-on scenario to make some assumptions regarding the *likely* scale and layout of the site. Such assumptions have been informed by discussions with SCC and the consultancy team appointed to take the IAMP proposals through the planning process. They are not intended to pre-empt or prejudice the outcome of the consultation exercise.

Developing a Policy-On Forecast

7.28 It is important to note that it *is not* the purpose of this ELR to assess the need for IAMP or the case for bringing the site forward for employment uses. This site is being progressed separately through the Nationally Significant Infrastructure Projects (NSIP) process. A separate Area Action Plan (AAP) is also being prepared to provide the planning policy framework for IAMP, with a detailed body of site-specific evidence being compiled to support the AAP. This ELR, therefore, focuses upon the demand and supply balance with respect to the stock of *general* employment land in Sunderland and assumes that IAMP will progress through the NSIP process as the Council anticipates.

7.29 Similarly, the policy-on scenario considered in the following paragraphs *is not* intended to assess the potential land take associated with the direct employment impacts of IAMP. Rather, it seeks to understand the implications of IAMP on the general demand for employment space in the city. The scenario does so by considering the likely impact of IAMP with respect to B class employment change within Sunderland (but outwith the IAMP site) and adding this to the baseline employment forecasts derived under Scenario a. As a consequence, the policy-on employment figures discussed below should not be interpreted as a comprehensive estimate of future employment growth in the city.

Projected Employment Change

7.30 It is estimated that the proposed IAMP development could create an additional 2,035 B class jobs in Sunderland – over and above the level of growth forecast by the Experian baseline – over the period to 2033[28]. This figure *excludes* the direct jobs to be created at the IAMP site.

[28] It is acknowledged that the anticipated phasing of the IAMP project covers a period to 2026/27. To ensure consistency with the study period being considered within the ELR, however, this has been extended to 2033. No additional growth in the IAMP supply chain has been assumed beyond 2026/27, however.

7.31 Appendix 8 explains, in detail, the methodology applied in order to calculate the additional B class jobs associated with the IAMP supply chain. In summary, however, the analysis takes account of: the level of direct employment anticipated at IAMP; the type of activity (by use class) that the site could be expected to accommodate; and the strength of local supply chain linkages. This analysis indicates that the manufacturing sector is expected to drive the creation of the additional 2,035 jobs. The anticipated distribution by use class is summarised below:

- Manufacturing (B1c/B2): 1,195 additional jobs.
- Offices (B1a/b): 585 additional jobs; and
- Warehousing/distribution (B8): 255 additional jobs.

7.32 Taking into account the anticipated supply chain impacts associated with IAMP, as well as the underlying employment growth assumed within the baseline forecast, it is anticipated that growth of 2,550 B class jobs could be anticipated under the policy-on scenario over the period 2015 to 2033. This is summarised in Table 7.4.

Table 7.4 Policy-On Employment Change by Use Class (2015-2033)

	Baseline Job Change	IAMP Supply Chain Job Impacts	Policy-On Job Change
Offices (B1a/b)	+735	+585	+1,320
Manufacturing (B1c/B2)	-1,315[29]	+1,195	-120
Warehousing/Distribution (B8)	+1,090	+255	+1,345
Total B Class Jobs	**+515**	**+2,035**	**+2,550**

Source: Experian / NLP analysis

NB – figures may not sum due to rounding

7.33 Overall, the policy-on scenario assumes that B class employment growth will be driven by the office and warehousing and distribution sectors, with a modest contraction in manufacturing employment. When the policy-on scenario is compared against the baseline forecast, however, it can be seen that the outlook for the manufacturing sector represents the most significant difference between the two sets of figures. Indeed, almost 60% of the IAMP supply chain job impacts are anticipated to be observed in the manufacturing sector. As a result, the contraction of 1,315 manufacturing jobs forecast under the baseline scenario is reduced to a more modest contraction of 120 jobs in the policy-on scenario.

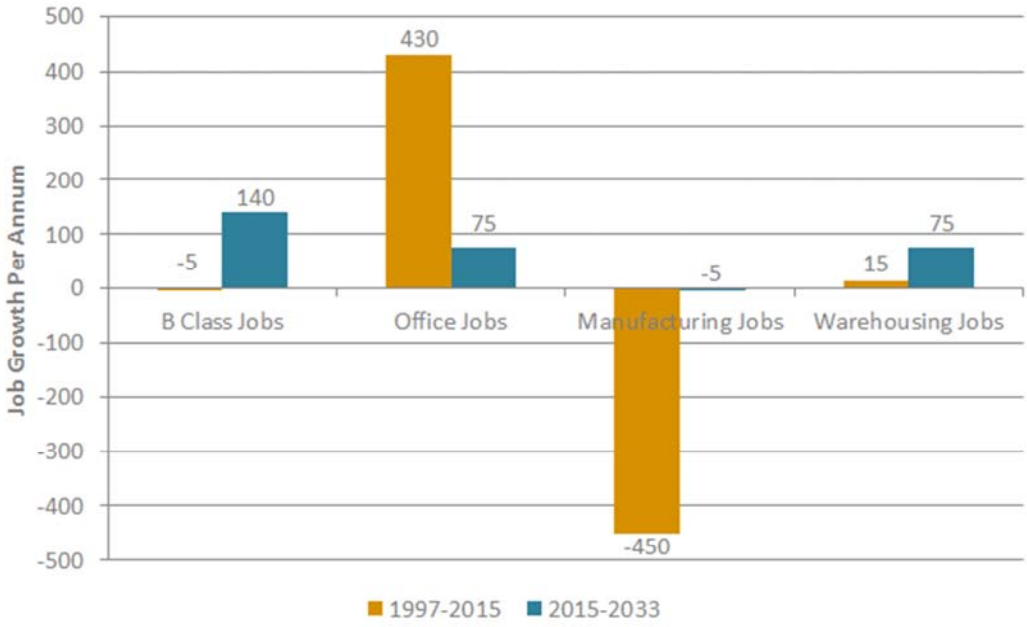
[29] This includes the Machinery & Equipment and Transport Equipment sectors. In order to avoid any double counting of employment related to IAMP, it would be appropriate to remove any positive growth in these sectors forecast under the baseline scenario. In this instance, however, the baseline scenario forecasts a modest contraction in each sector (-50 and -120 jobs respectively). As such, no adjustments have been made to the baseline figures. This is to ensure that the overall employment forecasts derived under the policy-on approach are not artificially inflated.

7.34 Figure 7.2 compares the policy-on employment projections against past trends. From this it can be seen that the projected increase of 2,550 B class jobs translates to approximately 140 additional B class jobs per annum. This is noticeably higher than past performance, with job change averaging -5 per annum between 1997 and 2015.

7.35 It can be seen from the graph that future employment growth in the office sector is forecast to be considerably slower (75 jobs per annum) than past trends (430 jobs per annum). In contrast, the industrial sectors are projected to outperform past trends with respect to job change. Industrial employment contracted by an average of 435 jobs per annum between 1997 and 2015. Over the period 2015 to 2033, the sector is forecast to grow by an average of 70 jobs per annum.

7.36 In addition, whereas job change from 1997 to 2015 was characterised by strong growth in the office sector and industrial contraction, the policy-on scenario indicates that – moving forward – growth in office and industrial employment is expected to be broadly in balance.

Figure 7.2 Annual Job Growth Implied by Policy-On Forecast vs Past Trends



Source: Experian / NLP analysis

7.37 The growth in B class employment anticipated under the policy-on scenario has been converted into net future employment space requirements using the same methodological approach outlined in respect of the baseline scenario. The resulting figures are summarised in Table 7.5.

Table 7.5 Policy-On Employment Forecast: Net Employment Space Requirements in Sunderland (2015-2033)

	Floorspace (sq.m)
Offices (B1a/B1b)	18,150
Manufacturing (B1c/B2)	-2,580
Warehousing/Distribution (B8)	100,830
Total	**116,400**

Source: NLP analysis

c. Past Take-Up Rates

7.38 Because they reflect demonstrable market demand, as well as development patterns 'on the ground,' long term take-up rates can – in some instances – provide a reasonable basis for estimating future land needs. Completions data spanning a period of approximately 10 years or more should help to even out demand fluctuations over a business cycle. As such, they would ordinarily provide a reasonable starting point for estimating future needs in the event that supply has not been unduly constrained over the period.

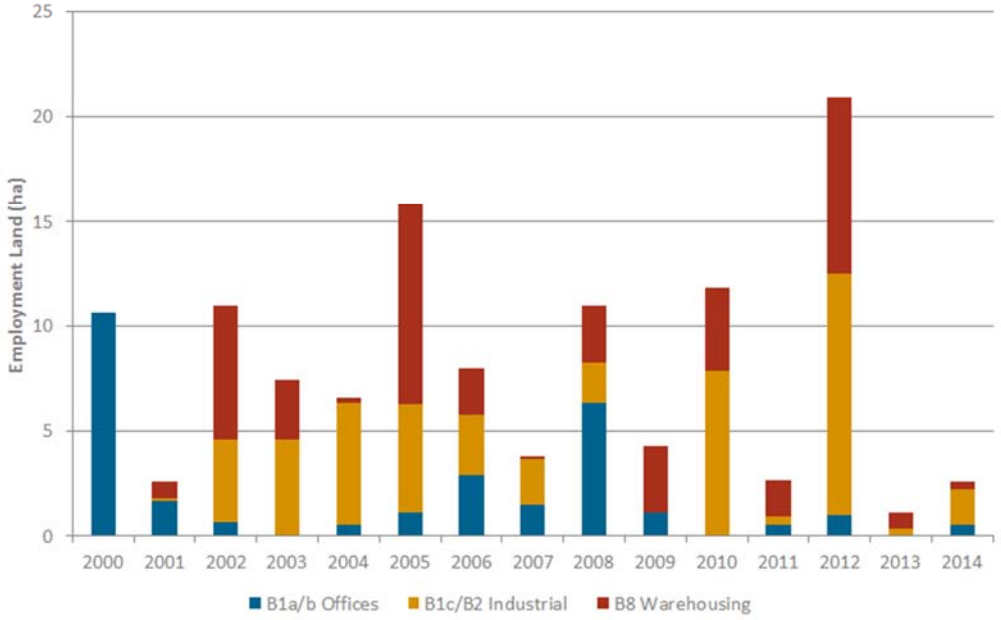
Gross Completions

7.39 The gross amount of land developed for B class employment uses in Sunderland over the period 2000 to 2014 (inclusive) is shown in Figure 7.3. This shows that 120.53ha of B class land was developed in the city over the 15 year period – equivalent to an average take-up rate of 8.04ha per annum.

7.40 Most of the new space delivered (76%) has been for industrial uses, with a more modest provision of office space, as summarised below:

- Manufacturing (B1c/B2): total take-up of 48.24ha (equivalent to 3.22ha per annum);
- Warehousing/distribution (B8): total take-up of 43.5ha (equivalent to 2.90ha per annum); and
- Offices (B1a/b): total take-up of 28.79ha (equivalent to 1.92ha per annum).

Figure 7.3 Gross Employment Land Take-Up by Use Class



Source: LSH / NLP analysis

7.41 As shown in Figure 7.3 the annual level of employment land delivered in the City has fluctuated considerably during the period, from a low of 1.17ha in 2013 to a high of 20.91ha in 2012. Interestingly, however, assessing average annual take-up rates over 5, 10 and 15 year time frames indicates relatively little change in underlying levels of demand, with figures of 7.86ha, 8.22ha and 8.04ha recorded respectively. This would appear to suggest that demand for employment space in Sunderland has held up relatively well despite the recession and its legacy impacts.

7.42 Notwithstanding the above, Figure 7.3 does appear to suggest that take-up has become more 'lumpy' since the onset of the recession, with more pronounced differences observed between peaks and troughs in market activity.

Net Completions

7.43 The employment forecasts considered elsewhere in this section express growth in net terms. In contrast, the take-up figures summarised above relate to gross development rates (as they include all instances of employment space delivery, without offsetting this against the redevelopment or recycling of employment sites). In order to ensure that all scenarios are considered on a consistent basis, therefore, it is necessary to remove any losses of employment land and assess the net take-up of employment space in Sunderland.

7.44 Based upon information provided to NLP, it is understood that a total of 49.14ha of employment land was lost to non-B class uses across Sunderland over the 10 year period 2005 to 2014 (inclusive). This corresponds to an average annual loss of 4.91ha per annum.

7.45 An analysis of the data shows that more than 80% (40.32ha) of all the B class land lost over the period was developed for residential use. Much of the remaining 8.82ha was accounted for by retail and leisure uses.

7.46 Net take-up rates are calculated by subtracting losses from gross take-up. During the 10 year period from 2005 to 2014 gross take-up averaged 8.22ha per annum and losses averaged 4.91ha per annum. This would suggest that the net delivery of employment land in Sunderland has averaged 3.31ha per annum over the past 10 years.

7.47 Based upon losses data provided by SCC, it is estimated that the net take-up derived above is broken down by use class as follows:

- Warehousing/distribution (B8): 1.68ha[30] per annum;
- Offices (B1a/b): 1.06ha[31] per annum; and
- Manufacturing (B1c/B2): 0.58ha[32] per annum.

7.48 All data regarding take-up and losses was provided to NLP on the basis of land take. However, net take-up figures have been converted into floorspace using the same plot ratios outlined earlier in this section. This conversion exercise has been undertaken simply to ensure that the employment space estimates generated under the past take-up scenario are directly comparable with those derived using the labour demand and labour supply techniques considered elsewhere in this section.

7.49 The outputs of this exercise are summarised in Table 7.6.

Table 7.6 Past Take-Up of Employment Floorspace in Sunderland (2005 to 2014 inclusive)

	Average Annual Net Completions (sq.m.)
Offices (B1a/B1b)	4,240
Manufacturing (B1c/B2)	2,310
Warehousing/Distribution (B8)	6,685
Total	**13,235**

Source: SCC / LSH / NLP analysis

NB – figures may not sum due to rounding

Future Net Floorspace Requirement

7.50 One view of future growth in Sunderland could therefore be to simply assume that past development rates continue into the future. If it were assumed that past net completion rates were to continue over the 18 year study period, this

[30] Gross take-up (10 year period) of 3.32ha *less* losses of 1.64ha = 1.68ha
[31] Gross take-up (10 year period) of 1.53ha *less* losses of 0.47ha = 1.06ha
[32] Gross take-up (10 year period) of 3.38ha *less* losses of 2.80ha = 0.58ha

would equate to an overall increase of 238,285sq.m of employment space, comprising of:

- 76,320sq.m of office (B1a/b) space;
- 41,615sq.m of manufacturing (B1c/B2) space; and
- 120,350sq.m of distribution and warehousing (B8) space.

d. Labour Supply Scenario

7.51 A labour supply scenario – underpinned by demographic modelling produced by Edge Analytics in order to inform the Council's Strategic Housing Market Assessment (SHMA) – has also been considered. These projections[33] estimate that Sunderland's total population will increase from 277,543 in 2015 to 295,783 in 2033. Edge Analytics estimate – having regard to age profile, economic activity rates and commuting patterns – that the number of people employed in Sunderland would be required to increase by 16,098 (from 147,056 in in 2015 to 163,154 in 2033) under such a scenario[34].

7.52 The assumptions supplied by Edge Analytics have been used by NLP to estimate the level of employment space that this population change could be expected to support.

7.53 This approach reflects the most recent population projection work commissioned by SCC and provides a purely demographic-driven assessment of future labour supply. The scenario presented by NLP does not consider the housing implications associated with this level of population growth.

7.54 Table 7.7 summarises the workplace labour supply in Sunderland that is anticipated under this scenario. This corresponds to an increase of 16,098 over the period 2015 to 2033. From this figure, the number of B class jobs required was estimated. The methodology applied by NLP assumes that one additional job would be required for each additional worker, whilst also taking account of the structural change in employment forecast under the baseline scenario in order to disaggregate the employment figures by use class.

[33] It is understood that the labour supply estimates are based upon Edge Analytics' 'Jobs-Led Experian SENS K (HH-12)' scenario

[34] It should be noted that job change is assessed on the basis of FTEs within the Edge Analytics modelling framework. To ensure that the outputs of the exercise are consistent with the other scenarios being modelled through the ELR, they have been converted into workforce or headcount jobs by NLP. This process applies the ratio of FTE to workforce jobs at 2015 and 2033 as included within the Experian baseline econometric forecast.

Table 7.7 Forecast Labour Supply and Job Requirements (2015-2033)

	Total Change (2015-2033)	Average Per Annum (2015-2033)
Workplace Labour Supply	+16,098	+894
Office Jobs (B1a/b)	*+472*	*+26*
Manufacturing Jobs (B1c/B2)	*-1,801*	*-100*
Warehousing/Distribution Jobs (B8)	*+1,104*	*+61*
All B Class Jobs	**-224**	**-12**

Source: Edge Analytics / NLP analysis

7.55 This implies a need for 16,098 new jobs in Sunderland over the study period, which is equivalent to 894 new jobs per annum. Conversely, the number of B class jobs is anticipated to decline by 224 jobs, representing a contraction of 12 B class jobs per annum on average.

7.56 This does not reflect the growth trajectories for B class employment projected under the baseline and policy-on scenarios. Indeed, in both instances a positive change in B class jobs is forecast, with modest contractions in manufacturing employment offset by increases in warehousing & distribution, as well as the office-based sectors.

7.57 This is understood to be a function of the methodological approach that has been (and must be) applied in order to disaggregate the headline change in labour supply generated by Edge Analytics by use class. The estimated labour supply in 2015 is disaggregated by use class according to the employment structure in 2015, as forecast by Experian under the baseline scenario. Similarly, the estimated labour supply in 2033 is disaggregated in accordance with the employment structure in 2033, as forecast by Experian. As can be seen from Table 7.8, the Experian baseline scenario forecasts a decline in the overall share of B class employment from 43.2% in 2015 to 38.8% in 2033. This gives rise to a modest assumed contraction in employment in B class employment, driven by a decline in the projected performance of the office and manufacturing sectors.

Table 7.8 Disaggregation of Employment Change by Use Class (Labour Supply Scenario)

	2015	2033	Change (2015-2033)
Total Jobs	**147,056**	**163,154**	**16,098**
B Class Jobs (as a % of Total Jobs)	43.2%	38.8%	
No. of B Class Jobs	**63,528**	**63,304**	**-224**

7.58 Notwithstanding the limitations of the labour supply scenario (as outlined above) the projected change in B class employment can be translated into an estimated requirement for B class employment space. This is done by applying the same standard employment densities used in the labour demand scenarios considered above, and adding a 10% vacancy allowance. Where a reduction in jobs is forecast for a particular use class, the associated negative floorspace figure is halved.

7.59 In order to meet the job needs of local workers and in-commuters (as projected under the Jobs-Led Experian SENS K (HH-12) scenario) Sunderland is forecast to require an additional 50,565sq.m of B class employment floorspace between 2015 and 2033 (Table 7.9).

Table 7.9 Net Employment Floorspace Requirement from Labour Supply Growth (2015-2033)

	Floorspace (sq.m)
Offices (B1a/B1b)	6,495
Manufacturing (B1c/B2)	-38,725
Warehousing/Distribution (B8)	82,795
Total	**50,565**

Source: NLP analysis

7.60 This labour supply-based estimate provides a benchmark for comparison against those scenarios based upon the demand for labour (i.e. the baseline and policy-on employment forecasts) and the demand for employment space (i.e. past take-up rates).

Net Employment Space Requirements

7.61 Table 7.10 draws together the preceding analysis. It provides a summary of net floorspace requirements to 2033, as identified under each of the scenarios considered above.

Table 7.10 Net Floorspace Requirements in Sunderland by Scenario to 2033 (sq.m)

	a. Baseline Job Growth	b. Policy-On Job Growth	c. Past Take-Up Rates	d. Labour Supply
Offices (B1a/B1b)	10,115	18,150	76,320	6,495
Manufacturing (B1c/B2)	-28,255	-2,580	41,615	-38,725
Warehousing/ Distribution (B8)	81,830	100,830	120,350	82,795
Total	**63,685**	**116,400**	**238,285**	**50,565**

Source: NLP analysis

7.62 The forecast net space requirements range from a need for an additional 50,565sq.m of space under the labour supply scenario to an additional 238,285sq.m on the basis of past take-up rates. Considering each individual use class in turn, it can be seen that the past take-up scenario consistently gives rise to the highest requirement.

Net to Gross Adjustments

Safety Margin

7.63 In order to estimate the overall level of employment space that should be planned for in allocating sites – and to give some flexibility in provision – it is common practice to add an allowance as a safety margin. This margin is a contingency factor, providing an additional land buffer to allow for: delays in some sites coming forward; uncertainties in the forecasting process; and to ensure that a reasonable choice of sites is offered to developers and occupiers.

7.64 For the purposes of this exercise, a safety margin equivalent to three years of net take-up has been applied. This is considered appropriate, taking into account: the current scale of supply (in purely quantitative terms); the role and function of Sunderland as a key employment location within the Tyne and Wear context; and the presence of several distinct market areas within the local authority area.

7.65 On the basis of the above, the margins set out in Table 7.11 have been added to the net space requirements for the relevant B class uses.

Table 7.11 Safety Margin Allowances by Use Class

	Average Annual Net Take-Up (sq.m)	Safety Margin Added (sq.m)
Offices (B1a/B1b)	4,240	12,720
Manufacturing (B1c/B2)	2,310	6,935
Warehousing/ Distribution (B8)	6,685	20,060
Total	**13,240**	**39,715**

Source: NLP analysis

NB Figures may not sum due to rounding

Replacement of Losses

7.66 In converting net requirements for employment space into gross requirements (i.e. the amount of space to be planned for and retained/allocated by SCC) an allowance is also typically made for some replacement of losses of existing employment space that may be developed over the Plan period for other (non B class) uses. This allowance seeks to ensure that sufficient space is re-provided to account for the employment space that is anticipated to be lost in future. It is intended to provide some protection against the continued erosion of employment space throughout the City.

7.67 49.14ha of employment land in Sunderland was lost to non B class uses over the 10 year period 2005 to 2014 (inclusive). A continuation of this trend – with no allowance made for the replacement of land – would significantly reduce the available supply of land. This, in turn, would risk acting as a severe constraint to future growth in the study area.

7.68 Notwithstanding the above, it is acknowledged that not all losses need necessarily be replaced. Some losses will, for instance, reflect an element of restructuring in the local economy. As a result, it is necessary to have regard to locally specific factors in arriving at a judgement regarding the rate of replacement to be applied.

7.69 Mindful of the factors outlined below, it is considered that allowing for the replacement of losses at 66% of past trends is appropriate:

- Historic losses have not simply been characterised by the piecemeal development of small infill parcels of land on industrial estates, but also the loss of some comparatively large sites. Five developments of 4ha or more were recorded over the period 2005 to 2014. The loss of comparatively large sites has a potentially greater impact on the demand-supply balance at the market area level;

- Losses have been observed throughout the local authority area, rather than being focused in a particular market area[35]. In addition, losses have been most pronounced in Washington, where market interest has traditionally been strongest and where the demand-supply balance is understood to be particularly tight; and
- The rate of losses appears to have increased significantly in recent years. Data for a 10 year period has been provided to NLP. Recorded losses averaged 1.52ha during the first 5 years, rising to 8.30ha during the final 5 years. Whilst an analysis of current pipeline losses does not suggest that losses of c.8ha are likely to be sustained over the plan period (and a longer time series is generally preferable in order to smooth out any short term fluctuations) there is a clear risk – given the current trajectory off recorded losses – that applying too great a discount factor to the 10 year average could result in a shortfall of land over the Plan period.

7.70 Losses across Sunderland have averaged 4.91ha per annum over a 10 year period. This corresponds to approximately 19,656sq.m of floorspace per annum (on the basis of a plot ratio of 0.4).[36]Including an allowance an allowance for losses at 66% of past rates therefore equates to some 12,973sq.m per annum (in total and disaggregated by use class according to past rates of activity) over the period 2015 to 2033.

Gross Employment Space Requirements

7.71 Gross employment space requirements have been calculated by adding a safety margin and an allowance for the replacement of losses (at 66% of past trends) to the net employment space requirements outlined in Table 7.10. The resultant estimates of gross floorspace need (by use class) are set out in Table 7.12 and Figure 7.4.

Table 7.12 Gross Floorspace Requirements by Scenario, 2015-2033 (sq.m)

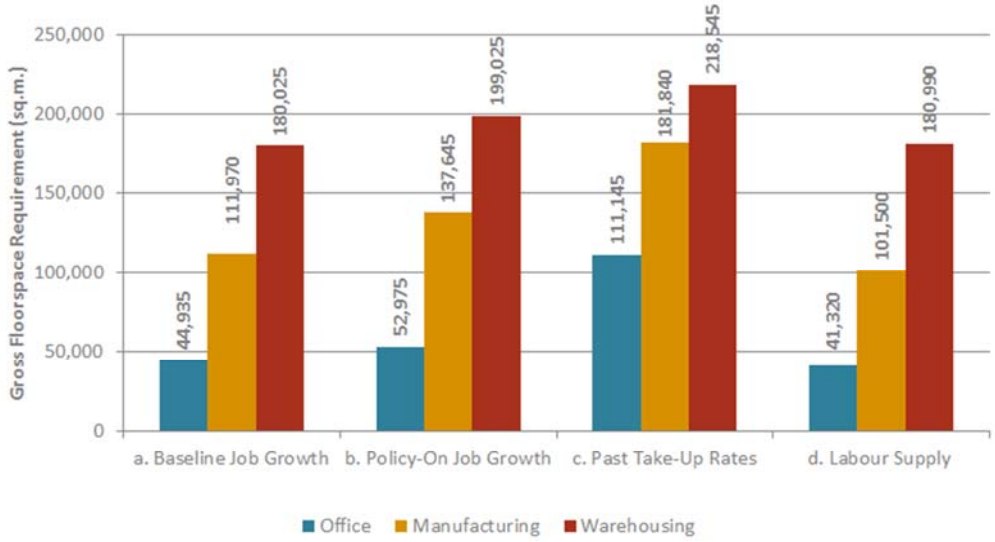
	a. Baseline Job Growth	b. Policy-On Job Growth	c. Past Take-Up Rates	d. Labour Supply
Offices (B1a/B1b)	44,935	52,975	111,145	41,320
Manufacturing (B1c/B2)	111,970	137,645	181,840	101,500
Warehousing/ Distribution (B8)	180,025	199,025	218,545	180,990
Total	**336,935**	**389,645**	**511,530**	**323,810**

Source: NLP analysis

[35] 24.9ha in Washington, 12.96ha in Coalfield and 11.26ha in North and South Sunderland (viewed by commercial markets as a single location)

[36] 4.914ha equates to a total area of 49,140sq.m. Applying a plot ratio of 0.4 (49,140*0.4) would indicate that this is likely to correspond to 19,655sq.m of employment floorspace.

Figure 7.4 Gross Floorspace Requirements by Scenario, 2015-2033 (sq.m)



Source: NLP analysis

7.72 The total floorspace requirements generated using the methodology outlined in the preceding paragraphs vary from 323,810sq.m (on the basis of the labour supply scenario) to 511,530sq.m (on the basis of a scenario predicated on past take-up rates). The lowest requirement corresponds to 63% of the requirement identified at the upper end of the range.

7.73 Looking at the requirements in more detail, it can be seen that the scale of difference – between the upper and lower bounds of the range identified – varies with respect to each individual use class:

- Office floorspace requirements vary from 41,320sq.m (under the labour supply scenario) to 111,145sq.m (under the past take-up scenario). The lowest requirement generated corresponds to 37% of the requirement identified at the upper end of the range;
- Manufacturing floorspace requirements vary from 101,500sq.m (under the labour supply scenario) to 181,840sq.m (under the past take-up scenario). The lowest requirement generated corresponds to 56% of the requirement identified at the upper end of the range; and
- Warehousing floorspace requirements vary from 180,025sq.m (under the baseline job growth scenario) to 218,545sq.m (under the past take-up scenario). The lowest requirement generated corresponds to 82% of the requirement identified at the upper end of the range.

Estimated Land Requirement

7.74 The gross floorspace requirements (derived above) have been translated – through the application of the following plot ratio assumptions – into gross land requirements:

- **Industrial:** a plot ratio of 0.4 was applied, so that a 1ha site would be needed to accommodate 4,000sq.m of employment floorspace; and
- **Offices:** it was assumed that 35% of new floorspace would be provided in higher density, city centre-style developments with an average plot ratio of 2.0, with 65% of space provided on lower density developments with a plot ratio of 0.4 (typically observed on business park environments). These assumptions were defined in consultation with LSH, having regard to: past trends; the availability of land on city centre sites such as Vaux and Farringdon Row; and a variety of qualitative considerations[37].

7.75 The resultant gross land requirements are set out (by use class) in Table 7.13 and Figure 7.5.

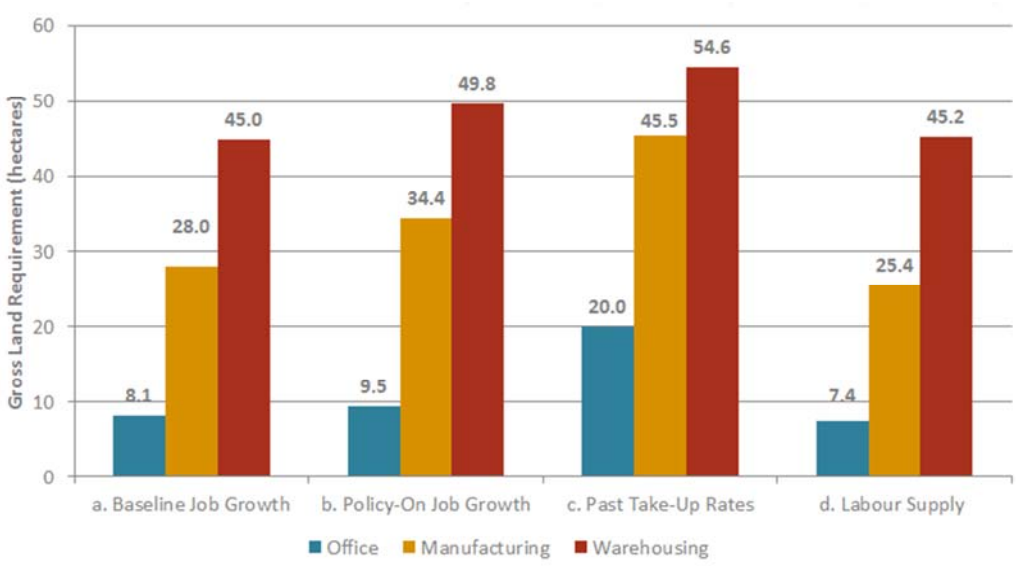
Table 7.13 Gross Land Requirement by Scenario, 2015-2033 (hectares)

	a. Baseline Job Growth	b. Policy-On Job Growth	c. Past Take-Up Rates	d. Labour Supply
Offices (B1a/B1b)	8.1	9.5	20.0	7.4
Manufacturing (B1c/B2)	28.0	34.4	45.5	25.4
Warehousing/ Distribution (B8)	45.0	49.8	54.6	45.2
Total	**81.1**	**93.7**	**120.1**	**78.1**

Source: NLP analysis

[37] It was agreed with LSH that it would be reasonable to assume that 10% of all ***land*** developed for offices would be in city centre locations. Taking into account the higher density of development assumed in city centre locations, this is estimated to correspond to 35% of ***floorspace***.

Figure 7.5 Gross Land Requirement by Scenario, 2015-2033 (hectares)



Source: NLP analysis

Sensitivity Testing

7.76 Given the range of potential requirements implied by the different forecasting techniques considered in the preceding paragraphs, it is important to test: how reasonable each scenario appears to be against other factors; and how sensitive they are to flexing the underlying assumptions. Such sensitivity testing can help to inform a view as to how one might narrow the range in order to identify an appropriate preferred requirement for the City.

Take-Up Rates

Total Gross Take-Up

7.77 The past take-up scenario modelled in the preceding paragraphs takes – as its starting point – an estimate of net floorspace delivery rates. This is then adjusted in order to derive an estimate of future gross land needs. This approach is considered to be more consistent with the methodology applied in estimating future need under each of the other scenarios considered.

7.78 An alternative approach to estimating future land needs using past take-up, however, would be to simply annualise past (gross) land and project this forward over the study period. As outlined previously, take-up in Sunderland has remained remarkably consistent over the short, medium and longer term. Indeed, analysis undertaken by LSH identifies the following rates of development:

- Short Term (5 years) 7.86ha p.a.;
- Medium Term (10 years) 8.22ha p.a.; and
- Long Term (15 years) 8.04ha p.a.

7.79 On the basis of the three alternative take-up rates outlined above, it is estimated that a continuation of historic rates of development could give rise to a need for between 141ha and 145ha of employment land over the period 2015 to 2033.

Gross Take-Up (Excluding Automotive Demand)

7.80 The take-up data (both net and gross) considered above in order to inform the assessment of future demand includes a number of developments in Sunderland that are related to the automotive manufacturing sector. Mindful of the development proposals at IAMP, it is therefore instructive to consider the implications for the general employment land market in Sunderland of any future demand from the automotive sector being drawn to IAMP (as opposed to the general stock of employment land).

7.81 It is important to note that the potential implications of IAMP giving rise to a net reduction in demand for general commercial land and premises in Sunderland are presented below *in the interests of completeness only*. *This should not be interpreted as an indication or acknowledgement that such a scenario is considered to be likely to occur*. Indeed, it is noted that the analysis compiled by external consultants in relation to the IAMP proposals indicates that the development could be expected to have a positive net effect on the demand for commercial land and premises in the City. Whilst it would appear reasonable to assume that future automotive development would gravitate towards the IAMP site itself, the analysis assumes that any displacement within the local economy as a result of IAMP would be more than offset by increased activity in the associated supply chain:

"The scale of displacement within the automotive sector is likely to be limited since the majority of other major existing and planned employment locations do not have an automotive focus…Economic multiplier effects are expected to outweigh displacement effects when the full impacts of the IAMP are fully realised."[38]

7.82 One way in which to assess the potential impact of IAMP-related displacement being greater than anticipated is to consider the extent to which automotive development has contributed towards the demand for space in the local market.

7.83 As outlined in Section 6.0 of this report, 120.53ha of employment land has been developed in Sunderland over the last 15 years. This is equivalent to 8.04ha per annum on average.

7.84 Analysis by LSH has sought to identify those instances of take-up related to the automotive sector. This exercise – which highlighted nine developments accounting for a total of 24.32ha – relied primarily upon LSH's knowledge of the local market and highlighted the following developments[39]:

[38] *International Advanced Manufacturing Park – Impact Analyses, Topic Paper: Employment Land*, Arup (2015)

[39] It is recognised that one cannot entirely dismiss the prospect of some additional, minor developments having been omitted from the list in error. This reflects the difficulty in accurately identifying the core business activity of the relevant occupier(s) for

- Magna Kensai (3.23ha) 2002;
- Esmar UK (4.58ha) 2003;
- Hankyu Cargo (2.58ha) 2003;
- Easter (2.24ha) 2006;
- Washington Business Centre (1.05ha) 2012;
- Vantec (8.38ha) 2012;
- Extension to TRW (1.09ha) 2014;
- Expert Tooling & Automation (0.63ha) 2014; and
- Future Technology Centre (0.54ha) 2014.

7.85 Removing the developments listed above from an analysis of past take-up – in order to estimate the level of non-automotive demand for employment space in the City – would leave 96.21ha of land developed over a period of 15 years. This translates to an average of 6.41ha per annum. Projecting this level of demand forward over the 18 year period 2015 to 2033 would yield a requirement for 115.38ha of employment land.

7.86 In the event that all future demand for employment space from the automotive sector is accommodated by the proposed IAMP development – and assuming that this is not offset by any wider multiplier benefits – the analysis presented above would appear to indicate that the underlying demand for space within Sunderland is likely to remain healthy.

Replacement of Losses

7.87 The scenarios considered in the preceding paragraphs include an allowance for the replacement of losses at 66% of past trends. This is considered to be appropriate. Nevertheless, it is helpful to understand the impact of this assumption on the overall level of forecast demand. For each of the scenarios considered elsewhere in this section, increasing the replacement of losses from 66% to 100% of past trends would see the total requirement rise by 29.3ha. This would see the range of requirements increase from between 78.1ha and 120.1ha to between 107.4ha and 149.4ha.

Scale of Growth

7.88 As set out in Section 5.0, Sunderland contains an estimated 2,929,000sq.m of B class floorspace, comprising of:

- 2,525,000sq.m of industrial space; and
- 404,000sq.m of office space

7.89 The figures outlined above provide a useful benchmark for assessing the scale of change (in gross floorspace terms) implied by each of the scenarios considered in the preceding paragraphs.

all commercial premises delivered over a 15 year period. Nevertheless, the level of data underpinning the exercise is considered to be appropriate and proportionate to inform the sensitivity testing process.

7.90 In relation to the future demand for **office space**:

- The baseline employment growth scenario generates a requirement for 44,935sq.m (gross) of floorspace. This would be equivalent to a 11% increase in stock;
- The policy-on employment growth scenario generates a requirement for 52,975sq.m (gross) of floorspace. This would be equivalent to a **13%** increase in stock;
- The past take-up scenario generates a requirement for 111,145sq.m (gross) of floorspace. This would be equivalent to a **28%** increase in stock; and
- The labour supply scenario generates a requirement for 41,320sq.m (gross) of floorspace. This would be equivalent to a **10%** increase in stock.

7.91 In relation to the future demand for **industrial space:**

- The baseline employment growth scenario generates a requirement for 291,995sq.m (gross) of floorspace. This would be equivalent to a **12%** increase in stock;
- The policy-on employment growth scenario generates a requirement for 336,670sq.m (gross) of floorspace. This would be equivalent to a **13%** increase in stock;
- The past take-up scenario generates a requirement for 400,385sq.m (gross) of floorspace. This would be equivalent to a **16%** increase in stock; and
- The labour supply scenario generates a requirement for 282,490sq.m (gross) of floorspace. This would be equivalent to a **12%** increase in stock

Identifying a Preferred Scenario

7.92 In interpreting the outputs of this section, regard should be had to the PPG which states that local authorities should develop an estimate of future employment land requirements by taking into account a range of forecasts and data sources (both qualitative and quantitative). Planning for employment growth should avoid relying upon a single projection or forecasting technique, as there are inevitable uncertainties and limitations associated with each of the approaches advocated by PPG when applied in isolation.

7.93 There are limitations to the use of local level economic forecasts, particularly against a backdrop of significant recent changes in the economy. Economic forecasts are regularly updated and the resulting outputs (and corresponding land requirements) will change over the Plan period.

7.94 Similarly, there can be limitations to planning solely on the basis of past take-up. Whilst such data does provide an indication of demonstrable demand, it is based upon historic trends and it cannot automatically be assumed that these will be replicated moving forwards. This is particularly true of those locations

where development activity may have been constrained in the past due to a limited availability of land.

7.95 This does not appear to have been the case in Sunderland. Furthermore, in considering the merits or otherwise of using past take-up as the basis upon which to estimate future need, it is important to recognise the consistency observed with respect to development rates in Sunderland over the last 15 years. As discussed elsewhere in this Section, whether one considers take-up over the short, medium or long term (three time period characterised by very different economic and market conditions) annual averages have generally tracked at c.8ha per annum.

7.96 Mindful of the different potential limitations that are inherent in each of the alternative forecasting techniques considered in this section, it is important to interpret the range of scenarios having regard to qualitative factors including local commercial market intelligence. This can help to identify those scenarios that are most appropriate to the particular local context.

7.97 The analysis presented in the following paragraphs gives further consideration to the preferred requirement for general employment land with Sunderland over the period 2015 to 2033. This is discussed with respect to each use class in turn.

Offices (B1a/B1b)

7.98 The gross requirements for office land in Sunderland, as identified above, are estimated to range from 7.4ha (on the basis of the labour supply scenario) to 20.0ha (under the past take-up scenario). The upper bound of this range increases to 34.56ha in the event that demand is estimated on the basis of a simple forward projection of past gross take-up rates[40].

7.99 The agents and developers that attended the stakeholder workshop were cautious on the issue of future demand for offices. The general consensus amongst attendees was that future requirements are likely to be lower than historic rates of observed (gross) take-up.[41] In addition, the labour demand forecast from Experian and the policy-on scenario both anticipate that future growth in office-based employment will be lower than past trends (Figures 7.1 and 7.2). Taking these issues into account, it is considered likely that demand for office land and premises over the Plan period will be lower than past take-up rates.

7.100 It is important, however, to balance the above against some of the more positive indicators in relation to office demand. Firstly, the qualitative intelligence and market signals presented in the preceding sections of this report do not appear to indicate that historic levels of development in

[40] Analysis undertaken by LSH indicates that take-up of office land averaged 1.92ha per annum over the 15 year period 2000-14 (inclusive)

[41] Analysis undertaken by LSH indicates that gross take-up rates for office development averaged 1.92ha per annum over the past 15 years and 1.53ha per annum over the last 10 years. Projecting these take-up rates forward on a simple pro-rata basis would suggest a need for between 27.54a and 34.56ha over the period 2015 to 2033.

Sunderland have been significantly in excess of demand. LSH estimate that vacancy rates in the office market are approximately 8% across the City, a level that suggests that demand and supply are broadly in equilibrium. Furthermore, consultation with local economic stakeholders and business forums highlighted a number of perceived gaps in the local provision of office space. These gaps are listed below and were considered by consultees to be constraining the City's growth potential:

- Lack of modern office development within the City Centre; and
- Shortage of SME/move-on space for office-based businesses.

7.101 Secondly, the agents and developers that attended the stakeholder workshop expressed a clear view that office demand in Sunderland would improve relative to current levels (whilst remaining below the rates observed historically). This perhaps reflects a tacit acknowledgement that their initial caution may have been influenced by short term considerations (see Appendix 9). Analysis undertaken by LSH indicates that gross take-up rates for office development have averaged just 0.42ha per annum over the past 5 years. Projecting this forward on a simple pro-rata basis would imply a need for 7.56ha of employment need over the period 2015 to 2033.

7.102 **On balance, it is suggested that SCC should plan to accommodate demand for approximately 15ha of land for office premises over the period 2015 to 2033.** This is considered to reflect the fact that future demand is likely to be below past take-up, whilst also providing scope for an anticipated improvement on the low levels of activity observed over the last 5 years (and thereby helping to guard against the City's growth potential being unduly constrained by a lack of supply).

Manufacturing (B1c/B2)

7.103 The gross requirements for manufacturing land in Sunderland are estimated to range from 25.4ha (on the basis of the labour supply scenario) to 45.5ha (under the past take-up scenario). The upper bound of this range increases to 57.96ha in the event that demand is estimated on the basis of a simple forward projection of past gross take-up rates[42].

7.104 Those in attendance at the stakeholder workshop (including agents and developers) indicated that Sunderland's key strength as an employment location is related to manufacturing and that the potential for future growth is strong. The overall view of attendees was that it is critically important that growth in manufacturing is not constrained moving forward as a result of a shortage of suitable employment sites.

7.105 Furthermore, the stakeholder workshop identified a clear consensus view that the baseline job growth figures from Experian fail to fully reflect the scale of opportunity in Sunderland with respect to manufacturing growth. Workshop attendees therefore highlighted a concern that the land requirements derived

[42] Analysis undertaken by LSH indicates that take-up of land for manufacturing averaged 3.22ha per annum over the 15 year period 2000-14 (inclusive)

from this baseline job growth scenario (and by implication the labour supply scenario too[43]) are likely to under-estimate future demand for land from the manufacturing sector.

7.106 In estimating the need for manufacturing land, it is also important to recognise that the relationship between job change and land take at the local level appears to be particularly complex. An analysis of historic data, for instance, shows that whilst manufacturing employment in the City fell by almost 5,000 jobs between 2000 and 2015, demand for B1c/B2 employment space held up well. Indeed, almost 50ha of employment land was developed for manufacturing uses over the same period. It is recognised that this figure relates to gross take-up and that this was – in part – offset by losses to non-B class sectors.

7.107 Within the context of the above, it should also be noted that the following factors would appear to suggest that the future prospects of the manufacturing sector at the local level are likely to be greater than past performance:

- The baseline employment forecast from Experian anticipates that the future employment performance of the sector will be much improved when compared to past trends. Whilst the sector's employment base is forecast to continue to decline, the rate of contraction over the study period (73 jobs per annum) is expected to be significantly lower than the job losses observed between 1997 and 2015 (450 jobs per annum).[44] It is acknowledged that the forecasts need to be interpreted with a degree of caution when using them to drill down to assess the future growth prospects of a single sector. As such, it is accepted that one cannot predict the precise scale of future employment change with absolute certainty. Nevertheless, the scale of difference (between historic and projected future job change) would appear to give a reasonable degree of confidence that the employment performance of the manufacturing sector over the study period is expected to exceed past trends. This is particularly true when it is considered that the baseline employment forecast is policy neutral and does not take into account the additional manufacturing jobs that could be created in the IAMP supply chain; and
- The economic output of the manufacturing sector (measured in terms of GVA) is forecast, by Experian, to grow by £385m (2011 prices) between 2015 and 2031. This represents an increase of 38% and would appear to suggest that the City's manufacturing sector is likely to continue to perform well in terms of economic output, perhaps in part through a shift towards higher value activity as a result of increased automisation and the adoption of more efficient production techniques.

7.108 This would appear to suggest planning for the lower end of the range would risk constraining growth

[43] No labour supply scenario was available to discuss as part of the stakeholder workshop. However, the scenario assumes a lower level of employment growth than the baseline job growth scenario. In addition, the structural change in employment assumed with the baseline job growth scenario has been used to disaggregated the headline employment change derived under the labour supply scenario by sector.

[44] See Figure 7.1

7.109 Drawing upon the analysis presented above, it is considered that planning on the basis of the land requirements identified under the baseline job growth and labour supply scenarios risks under-estimating the future need for employment land. **As such, it is suggested that SCC should plan to accommodate demand for between 35ha and 45ha of land for manufacturing premises over the period 2015 to 2033.**

7.110 It should be noted that this recommendation is made on the assumption that any displacement of demand resulting from the IAMP proposals will be more than offset by the positive supply chain impacts. This is consistent with the conclusions of the site-specific analysis produced by the consultancy team appointed by SCC to take the IAMP proposals through the planning process. In the event that the level of displacement arising as a consequence of IAMP is more significant than anticipated, the overall requirement for land for manufacturing uses (as identified above) could decline. It is important that SCC continues to monitor the take-up of employment land moving forward. This will help to ensure that the Council is able to identify and respond to any such reduction in demand.

Warehousing & Distribution (B8)

7.111 The gross requirements for warehousing and distribution land in Sunderland are estimated to range from 45.0ha (on the basis of the baseline job growth scenario) to 54.6ha (under the past take-up scenario). This relatively tight range (with the lower bound comprising 82% of the upper bound) indicates a strong degree of consensus between all four scenarios.

7.112 An assessment of market signals and projected sector performance would not appear to suggest any requirement to adjust the figure downwards in order to plan for a lower level of demand that sits outwith this range.

7.113 Analysis undertaken by LSH indicates that 10% of industrial floorspace (manufacturing and warehousing) across the City is currently vacant. This implies that demand and supply are broadly in equilibrium – an indicator that past rates of delivery have not been significantly in excess of local demand.

7.114 The baseline employment forecast from Experian anticipates that the future performance of the sector – in terms of employment and economic output – will be much improved when compared to past trends[45]:

- Warehousing and distribution employment is forecast to grow by an average of 61 jobs per annum over the period 2015 to 2033. This is higher than the average growth rate of 15 jobs per annum observed between 1997 and 2015; and

[45] It is recognised that forecasts must be interpreted with a degree of caution when used to assess the growth prospects of a single sector. As such, the precise scale of future employment and GVA change cannot be predicted with absolute certainty. Nevertheless, it is considered that the two indicators, taken together, give some confidence that the sector will perform well (relative to past trends) over the study period.

- The economic output of the wholesaling and land, transport, storage & post sectors (the two sectors anticipated to account for the overwhelming majority of demand for warehousing and distribution space) is forecast to grow. Measured in terms of GVA, and on the basis of 2011 prices, Experian forecast that the sectors will increase by £122.3m. This equates to a growth rate of 41%.

7.115 In addition, it should also be noted that a simple forward projection of past gross take-up rates identifies a need for 52.2ha[46]. Taken together, this is considered to give considerable confidence that it would be appropriate to identify a future requirement from within this relatively narrow range. Such an approach was also endorsed by the developers and agents that attended the stakeholder workshop.

7.116 Mindful of the above, it is suggested that SCC should plan to accommodate demand for between 45ha and 55ha of land for warehousing and distribution premises over the period 2015 to 2033.

7.117 As highlighted with respect to the projected need for land for manufacturing uses, it should be noted that this recommendation is made on the assumption that any displacement of demand resulting from the IAMP proposals will be more than offset by the positive supply chain impacts.

In summary, it is therefore recommended that SCC should plan for demand of between 95ha and 115ha (gross) of employment land in order to accommodate demand over the period 2015 to 2033.

Based upon the analysis presented in the preceding paragraphs, it is anticipated that this could, in broad terms, comprise of:

- 15ha of land for B1a/B1b (office) uses;
- 35-45ha of land for B1c/B2 (manufacturing) uses; and
- 45-55ha of land for B8 (warehousing and distribution) uses.

It should be noted that the figures cited above relate to the anticipated future need for general employment land only. They **do not** take into account the need for land at IAMP. The demand case for IAMP – and an assessment of the resultant employment land requirements – is considered through a separate suite of documents related specifically to the site.

[46] Analysis undertaken by LSH indicates that take-up of land for warehousing and distribution averaged 2.90ha per annum over the 15 year period 2000-14 (inclusive)

8.0 Demand-Supply Balance

8.1 This section draws together the forecast requirement for B class land in Sunderland with an assessment of the available supply, in order to consider whether the City has sufficient employment land to meet demand over the period to 2033.

8.2 It is estimated that Sunderland currently has 130.86ha of employment land that is available to the general market. When considered against a projected future need for between 95ha and 115ha of general employment land over the period to 2033, this would appear to suggest that demand and supply could be brought into alignment through the deletion of between 16ha and 36ha of land.

8.3 Such analysis, however, fails to reflect the fact that some of the City's local market areas suffer from significant shortages of land, whilst others have too much relative to the scale of demand. This is demonstrated by Table 8.1, which compares the current supply of land against historic gross take-up rates in order to measure the implied supply for each market area.

Table 8.1 Analysis of Implied Supply by Sub-Area

Sub-Area	Available Land (ha)			Average Take-up (2000-14) (ha p.a.)	Implied Supply (years)
	Employment	Mixed-Use	Total		
Washington	46.80	0.00	46.80	5.46	8
Sunderland North	2.00	1.50	3.50	0.49	7
Sunderland South	45.31	6.92	52.23	0.97	53
Former Coalfield	28.34	0.00	28.34	1.12	25
Total	**122.44**	**8.42**	**130.86**	**8.04**	**16**

Source: LSH analysis

8.4 From the table, it can be seen that the supply of land is particularly tight in Washington and Sunderland North. In contrast, both Sunderland South and the Former Coalfield areas would appear to contain too much land at present. As discussed elsewhere in this document, commercial agents and occupiers do not generally distinguish between Sunderland North and Sunderland South – instead viewing the two locations as part of a single 'Sunderland City' market area. Adjusting the analysis (by aggregating the data for Sunderland North and Sunderland South) in order to reflect this would, however, still indicate the existence of an oversupply in the area.

8.5 Mindful of the spatial imbalances outlined above, it is important that this ELR gives consideration to the balance between demand and supply within each of the market areas within Sunderland. This should help to ensure that the

portfolio of employment land taken forward by SCC through the Local Plan process reflects the strength of the market in different locations across the City.

Demand by Market Area

8.6 It should be noted that the majority of demand forecasting techniques presented in Section 7.0 are predicated on input assumptions that have been collated at the local authority level. The only exception to this is the past take-up scenario.

8.7 As such, it has not been possible to forecast demand at the market area level under each scenario. In order to estimate demand at this lower spatial level, therefore, the preferred requirement of 95ha to 115ha at the local authority level has been used as the starting point. This headline estimate of future demand has then been disaggregated to the market area level in accordance with the spatial distribution of past take-up.

8.8 The limitations of using past take-up – which assumes that historic patterns of demand will continue into the future – are acknowledged. Based upon discussions with LSH, however, it is understood that the take-up data collated as part of this ELR is considered to provide an accurate representation of the relative strength of demand in different parts of the City. Furthermore, LSH do not anticipate this established spatial distribution (reflecting proximity to the strategic road network) to alter dramatically moving forwards – unless shortages of employment land in locations such as Washington are not addressed, thereby constraining development activity.

8.9 Mindful of the above, the approach applied to disaggregating demand by market area is considered to be appropriate in this instance. Nevertheless, it is important to note that the resultant demand forecasts (shown in Table 8.2) should be interpreted as indicative estimates only.

Table 8.2 Indicative Estimates of Demand by Sub-Area (2015-2033)

Sub-Area	Take-Up (2000-14)		Estimated Demand (ha)	
	Annual Average (ha)	% Share	Lower Bound	Upper Bound
Washington	5.46	68	65	78
Sunderland North	0.49	6	6	7
Sunderland South	0.97	12	11	14
Former Coalfield	1.12	14	13	16
Total	**8.04**	**100**	**95**	**115**

Source: LSH and NLP analysis

8.10 From the table, it can be seen that the majority of demand over the period to 2033 is expected to be observed in Washington. Indeed, indicative estimates suggest that the need for general employment land in Washington could be in the order of 65ha to 78ha.

Demand-Supply Balance by Market Area

8.11 Table 8.3 draws together the indicative demand forecasts derived in the preceding paragraphs with an estimate of supply within each sub-area. Using this analysis, it is possible to derive a clearer picture of the likely scale of under or oversupply within each location, relative to the anticipated level of demand over the period 2015 to 2033.

Table 8.3 Analysis of Indicative Demand and Supply by Sub-Area

Sub-Area	Total Supply (ha)	Estimated Demand (ha)		Indicative Over (Under) Supply (ha)
		Lower Bound	Upper Bound	
Washington	46.80	65	78	(18.20) to (31.20)
Sunderland North	3.50	6	7	(2.50) to (3.50)
Sunderland South	52.23	11	14	38.23 to 41.23
Former Coalfield	28.34	13	16	12.34 to 15.34
Total	**130.87**	**95**	**115**	**15.87 to 35.87**

Source: NLP analysis

8.12 From the table, it can clearly be seen that the current supply of employment land in Washington is insufficient to meet estimated demand in the area. Indeed, as much as 31ha of additional land could be required. Conversely, both Sunderland South and the Former Coalfield area would appear to have too much land. In order to bring demand and supply into balance in the latter area, it could be necessary to de-allocate up to 15ha of existing employment land.

8.13 The situation with respect to Sunderland South is more complex. At present the area would appear to have an oversupply of between 38ha and 41ha. However, it is understood that the market does not differentiate between Sunderland North and Sunderland South, viewing both as part of a wider 'Sunderland City' market. Taking into account the modest undersupply in Sunderland North, it would appear that there could be a need to release a further 39ha[47] from the portfolio of land across the 'Sunderland City' market area in order to bring demand and supply into balance.

[47] Aggregating the demand and supply figures for Sunderland North and Sunderland South indicates an oversupply of between 34.73ha and 38.73ha.

Potential for Release of Sites

8.14 The analysis presented in Table 8.3 suggests the existence of an oversupply of employment land (in quantitative terms) at the local authority level, as well as within the Sunderland South and Former Coalfield sub-areas. Within this context, it is clearly worthwhile identifying those sites that are considered unlikely to make a meaningful contribution to the City's economic aspirations.

8.15 In doing so, it is important to ensure that the diversity and quality of offer within the portfolio is not compromised by simply seeking to bring demand and supply into alignment. This consideration has helped to shape the recommendations set out within the remainder of this section.

8.16 In addition, it is important to acknowledge that NLP and LSH have not sought to rationalise the portfolio simply through the removal of those sites with the lowest site assessment scores. There is a need to ensure an appropriate balance within the overall supply, as well as an acknowledgement that sites which may score poorly can often still serve an important role within the local economy by supporting employment and meeting the need for lower value premises.

8.17 It is worth noting that the ultimate judgement for inclusion or exclusion from the employment land supply is a matter for the Local Planning Authority, taking into account a range of planning factors – including ones that may be outwith the ambit of this ELR. In this sense, the conclusion within this report on a particular site may not be the only consideration for how it is addressed in the Council's Local Plan.

8.18 It is recommended that 14 sites, accounting for 26.39ha of available employment land (net) should be considered by SCC for potential removal from the supply of employment land. The sites – and the rationale underpinning their identification as candidates for removal from the supply – are considered, for each sub-area in turn, later in this section.

8.19 In some market areas, recalculating the level of available land to take account of the suggested removal of these sites still leaves an oversupply in purely quantitative terms. Where this is the case, there may be a need for SCC to further rationalise the City's employment land portfolio. To assist SCC Officers in this process, this report identifies a number of sites that *could* provide further opportunities to reduce the supply of land. These opportunities largely fall into three categories and are presented for further consideration by the Council:

- 1) Sites that the Council may wish to consider re-allocating for alternative (non-B class) uses;
- 2) Sites where the Council may wish to reduce the overall quantum of employment land, by including an element of B class development as part of a wider mixed-use allocation; and
- 3) Sites where the Council may wish to consider revising the site boundary in order to allocate a smaller area of land for B class development.

8.20 For these particular sites, it is considered appropriate to be less prescriptive in relation to the recommendations made within the ELR, for the reasons outlined below. Such an approach should ensure that SCC Officers benefit from a greater degree of flexibility in translating evidence into policy, having regard to the various other strands of evidence that are being collated as part of the Plan-making process:

- In some instances, it has not been possible through the ELR process to obtain all of the information required in order make a final decision on the future role of a particular parcel of land. There are, for instance, a number of sites located in and around the Port that contribute towards the oversupply of land in Sunderland South and are unlikely to be attractive to the general market. Whilst this would suggest that there could be some merit in their re-allocation or de-allocation, there is a clear risk that doing so could constrain the future growth potential of the Port. As such, it is considered prudent to delay making a final decision on the future of these sites until SCC has a clear understanding of the Port's future operational requirements. It should be noted that LSH has tried to make contact with the Port of Sunderland to discuss such issues on several occasions during this commission, without success; and
- In those instances where a site is to be retained with a reduced quantum of employment land, it is considered most appropriate for SCC to determine the revised area of land to be allocated for B class development. This provides Council Officers with the flexibility to consider all sites – and their role in the future portfolio – in a more co-ordinated manner. The decisions taken by SCC on those sites identified as possible de-allocations, for instance – including those in and around the Port – have a significant bearing on the scale of employment land that may need to be accommodated on this sites identified as candidates for mixed-use development.

Washington

8.21 The site assessment exercise undertaken as part of this ELR identified 46.80ha of employment land available in Washington at present. When considered against an indicative requirement for up to 78ha over the period 2015 to 2033, this highlights a potential shortfall of land in Washington.

8.22 Notwithstanding the above, the following sites are recommended for removal from the City's future portfolio of employment land on the basis of particular qualitative considerations:

- **Former Armstrong House – ELR58** (0.89ha): vacant former office premises, with the site visit undertaken by LSH indicating that the building has been heavily vandalised. It is understood that planning consent for the development of a foodstore on the site was granted in September 2015; and

- **Silverstone Road, Sulgrave – ELR73** (0.49ha): a wooded site that has been allocated and marketed for office development over an extended period of time, without attracting any significant interest.

8.23 Removing the sites would reduce the supply of available land in Washington to 45.42ha. This is significantly lower than an indicative requirement for between 65ha and 78ha of employment land over the period 2015 to 2033 and would appear to suggest a need for SCC to consider additional allocations in the Washington area.

8.24 There may be an opportunity for the emerging IAMP proposals to help meet this need for land and this should be explored in greater detail by SCC Officers. Indeed, it is noted that, whilst the *"the business case for the IAMP is based on the strong growth in automotive sector in the UK, both in vehicle production and supply chain activity"* the site is also expected to accommodate a broader range of *"other advanced manufacturing and engineering activities"*[48] as well as some logistics/distribution activities.

8.25 It is recognised that progressing the IAMP proposal requires a strategic review of and release from the Green Belt and this needs to be considered in greater detail by Council Officers. In addition, it is understood that the precise quantum and mix of development to be taken forward at IAMP has yet to be defined. As such, it is not currently clear whether IAMP alone will be sufficient to address the pressing need for further general employment land allocations in Washington.

8.26 It should be noted that the Policy-On Job Growth scenario considered in Section 7.0 assumes that an element of development at IAMP will be for general employment uses. As such, the suggested supply-side response outlined above is entirely consistent with the approach applied in forecasting the future demand for general employment land in Sunderland[49].

Sunderland North

8.27 The site assessment exercise undertaken as part of this ELR identified 3.50ha of available employment land in Sunderland North. Whilst this is insufficient to meet an indicative requirement of up to 7ha over the period 2015 to 2033, it is important to recognise that this apparent shortfall is more than offset by the excess supply within Sunderland South.

8.28 No employment sites are recommended for removal from the City's future portfolio of land.

[48] *International Advanced Manufacturing Park – Impact Analyses, Topic Paper: Employment Land*, Arup (2015)

[49] The job displacement and multiplier assumptions applied by NLP are sourced from the *International Advanced Manufacturing Park – Impact Analyses, Topic Paper: Displacement*, Arup (2015). This work takes account of the fact that IAMP will, whilst being focused on automotive activity, include an element of provision for the advanced manufacturing and distribution sectors (see page 14).

Further Policy Considerations

8.29 Notwithstanding the above, it is suggested that Council Officers may wish to give consideration to adopting a more flexible approach to future development on **Sunderland Enterprise Park East**. This 0.60ha site, formerly the Austin Pickersgill offices, has now been demolished to slab. The site assessment exercise concluded that the site performs poorly with respect to: site characteristics and physical constraints; barriers to development; and sequential status. In addition, it is understood that hotel development has been proposed on the site in the past. Taking all of the above into account, it is suggested that SCC consider the merits of re-allocating the site as a mixed-use development opportunity.

Sunderland South

8.30 The site assessment exercise undertaken as part of this ELR identified 52.23ha of available employment land in Sunderland South. This would appear to represent an oversupply when considered against an indicative requirement for up to 14ha over the period 2015-2033.

8.31 Within this context, the following sites are recommended for removal from the City's future portfolio of employment land:

- **West of Petrol Filling Station, Pallion New Road – ELR3** (0.24ha): it is understood that the road widening proposed as part of the Sunderland Strategic Transport Corridor will take in this parcel of land. As a result, the site will no longer be available for employment development;
- **Lisburn Terrace adjoining Former Corning Site – ELR3** (0.60ha): the site is currently occupied by dilapidated workshops that have reached the end of their useful life and is located between new housing development and an existing bingo hall. Mindful of the oversupply of employment land in Sunderland South, it is recommended that the site is removed from the City's future supply;
- **West of Luxembourg Road (1) – ELR19** (0.62ha): the site is located adjacent to allotments and is understood to be landlocked, making the delivery of the site challenging; and
- **Sea View/Stockton Road, Ryhope – ELR27** (16.37ha): this is a major, long-standing allocation that has remained undeveloped in its entirety. It is understood that, in part, the lack of activity is a result of the landowner's reluctance to sell the site. An outline planning application has been submitted for residential development on the site. Taking this into account – and recognising the oversupply of employment land in Sunderland South, it is considered difficult to accept that there is a reasonable prospect of the site coming forward for employment uses over the Plan period.

8.32 Removing these sites would reduce the supply of available land in Sunderland South to 34.40ha. This remains far higher than the indicative requirement for

the area. Across both Sunderland North and Sunderland South (which is viewed as a single market area by the commercial market) their removal would reduce the total available supply to 37.90ha – substantially more than the combined indicative demand of up to 21ha.

8.33 Taking account of the above, it is anticipated that additional reductions in the supply of land are likely to be required. Further opportunities to achieve this are presented – for consideration by SCC Officers – in the following paragraphs.

Further Policy Considerations

8.34 Having regard to the oversupply of land in Sunderland South, it is suggested that SCC Officers give further consideration to the future role of – and policy approach to be applied to – the following sites:

- **Barrack Street (3), Port – ELR2** (0.60ha): it is currently unclear as to whether this site – the location of the former Port offices – is required to support the future operational requirements of the Port. Clearly, if this is the case then the land should be retained, with SCC giving consideration to the merits of safeguarding it for Port-related uses only. If this is not the case, however, it is unlikely that the site will be viewed by the general market as being a particularly attractive location. Under such circumstances, it is suggested that SCC give consideration to de-allocating the site and removing it from the portfolio of employment land. In order to inform any decision regarding the future of the site, however, it is recommended that SCC endeavours to make contact with the Port of Sunderland – as a matter of priority – in order to better understand their future operational requirements and the potential importance of this particular parcel of land;
- **Disused Hendon Railway Sidings, Moor Terrace, Port – ELR2** (4.72ha): it is currently unclear as to whether this site is required to support the future operational requirements of the Port. Clearly, if this is the case then the land should be retained, with SCC giving consideration to the merits of safeguarding it for Port-related uses only. If this is not the case, however, it is unlikely that the site will be viewed by the general market as being a particularly attractive location. Under such circumstances, it is suggested that SCC give consideration to de-allocating the site and removing it from the portfolio of employment land. In order to inform any decision regarding the future of the site, however, it is recommended that SCC endeavours to make contact with the Port of Sunderland – as a matter of priority – in order to better understand their future operational requirements and the potential importance of this particular parcel of land;
- **Russell St / West Wear St – ELR8** (0.47ha): the site is located in a mixed-use area, where industrial uses are likely to be inappropriate and where there is little need for further land to be identified for office development. It is suggested that SCC gives consideration to allowing the site to come forward without a B class employment component;

- **West of Silksworth Way, Silksworth Rd – ELR7** (0.75ha): the site is located in an area characterised by a mix of commercial uses and where the demand for office premises is considered to be weak. Based upon the above, and recognising the oversupply of employment land in Sunderland South, it is suggested that SCC gives consideration to allowing the site to come forward without a B class employment component;
- **East of North Moor Lane – ELR7** (0.50ha): the site is located in an area characterised by a mix of commercial uses and where the demand for office premises is considered to be weak. Based upon the above, and recognising the oversupply of employment land in Sunderland South, it is suggested that SCC gives consideration to allowing the site to come forward without a B class employment component;
- **East of Woodbine Terrace (3) – ELR4** (0.71ha): it is understood that the wider Pallion Riverside area is earmarked for mixed-use regeneration in the medium to long term. It is therefore suggested that SCC gives consideration to re-allocating this site for mixed-use development;
- **North of Woodbine Terrace (1) – ELR4** (1.73ha): it is understood that the wider Pallion Riverside area is earmarked for mixed-use regeneration in the medium to long term. It is therefore suggested that SCC gives consideration to re-allocating this site for mixed-use development;
- **South East Corner of Pennywell Ind Est – ELR18** (1.51ha): part of this cleared, former factory site has already been developed for non-B class commercial uses and it is understood that there are proposals for further commercial development on the remainder of the site. Taking this into account and mindful of the current oversupply in Sunderland South, it is suggested that SCC gives consideration to re-allocating this as a mixed-use site, in order to provide a more flexible approach to its future development;
- **East of Gasometers Depot, Spelter Works Rd (2) – ELR16** (1.90ha): the southern part of the Hendon employment area is characterised by large cleared sites, some of which are contiguous. At the southernmost end, planning consent has been granted for residential development. Having regard to the oversupply of land in Sunderland South, it is recommended that SCC gives consideration to whether further land in this area should be identified for housing development. Alternatively, SCC could allocate some or all of the sites as mixed-use sites. This will provide the necessary flexibility to ensure that any subsequent masterplan work remains unfettered by unduly restrictive planning designations; and

- **Gasometers (3) – ELR16** (2.19ha): the southern part of the Hendon employment area is characterised by large cleared sites, some of which are contiguous. At the southernmost end, planning consent has been granted for residential development. Having regard to the oversupply of land in Sunderland South, it is recommended that SCC gives consideration to whether further land in this area should be identified for housing development. Alternatively, SCC could allocate some or all of the sites as mixed-use sites. This will provide the necessary flexibility to ensure that any subsequent masterplan work remains unfettered by unduly restrictive planning designations.

8.35 The analysis presented above would appear to suggest that – subject to further consideration by SCC Officers – scope exists to further reduce the supply of employment land in Sunderland South. Indeed, it identifies five sites, accounting for 7.04ha of employment land that could potentially be removed from the supply in their entirety. In addition, it identifies a further five sites – currently accounting for 8.04ha of employment land – where it may be more appropriate to pursue a mixed-use allocation, thereby further reducing the supply of available employment land.

8.36 On balance, therefore, it would appear that further opportunities exist to better align the supply of land in Sunderland South (and the wider 'Sunderland City' market area) with anticipated future demand. Achieving this will, however, require SCC Officers to give careful consideration to the future role and function of those sites listed above.

Former Coalfield

8.37 The site assessment exercise undertaken as part of the ELR identified 28.34ha of available employment land in the Former Coalfield area. This would appear to represent an oversupply when considered against an indicative requirement for up to 16ha between 2015 and 2033.

8.38 Within this context, the following sites are recommended for removal from the City's future portfolio of employment land:

- **Market Place, Allotments (3) – ELR87** (0.53ha): a small site situated below the level of the adjacent road. It is understood that the abnormal costs of delivery associated with the site and its location are likely to be high relative to its size, giving rise to some concerns regarding the deliverability of the land;
- **Market Place, Northern Extension (1) – ELR87** (1.41ha): the site is only accessible through neighbouring residential areas, which is expected to make the land unattractive to the market. Taking this into account – and recognising the need for de-allocations in the Former Coalfield area in order to address the existing over-supply – it is recommended that the site is removed from Sunderland's future portfolio of employment land;

- **Philadelphia, North of Gatehouse – ELR84** (0.77ha): part of a larger, multi-let complex with low occupancy rates. It is understood that the comprehensive redevelopment of the complex is proposed, which will result in this site no longer being available for employment development;
- **Philadelphia, South of Gatehouse – ELR84** (0.94ha): part of a larger, multi-let complex with low occupancy rates. It is understood that the comprehensive redevelopment of the complex is proposed, which will result in this site no longer being available for employment development;
- **New Lambton, East of Main Waste Transfer Station (6) – ELR85** (2.34ha): located within a poor quality industrial area, which largely comprises of very poor quality scrapyards and disused compounds. The Council's Site Status Report states that this parcel of land is *"about to be sold as part of a residential scheme for the whole estate".* Within the SHLAA, the site is classified as being developable (for housing) within 6 to 10 years. It is therefore considered that it cannot be relied upon as part of the City's forward supply of employment land;
- **New Lambton, Former Main Waste Transfer Station (5) – ELR85** (0.56ha): located within a poor quality industrial area, which largely comprises of very poor quality scrapyards and disused compounds. The Council's Site Status Report states that this parcel of land is *"about to be sold as part of a residential scheme for the whole estate".* Within the SHLAA, the site is classified as being developable (for housing) within 6 to 10 years. It is therefore considered that it cannot be relied upon as part of the City's forward supply of employment land;
- **New Lambton, Small Scrap Yard (4) – ELR85** (0.13ha): located within a poor quality industrial area, which largely comprises of very poor quality scrapyards and disused compounds. The Council's Site Status Report states that this parcel of land is *"about to be sold as part of a residential scheme for the whole estate".* Within the SHLAA, the site is classified as being developable (for housing) within 6 to 10 years. It is therefore considered that it cannot be relied upon as part of the City's forward supply of employment land; and
- **New Lambton, East of TKTCosyfoam (3) – ELR85** (0.50ha): located within a poor quality industrial area, which largely comprises of very poor quality scrapyards and disused compounds. The Council's Site Status Report states that this parcel of land is *"about to be sold as part of a residential scheme for the whole estate".* Within the SHLAA, the site is classified as being developable (for housing) within 6 to 10 years. It is therefore considered that it cannot be relied upon as part of the City's forward supply of employment land.

8.39 Removing these sites would reduce the supply of available employment land in the Former Coalfield area to 21.16ha. This is slightly higher than the upper bound of the indicative requirement for the area. Mindful of this, SCC Officers may wish to explore opportunities for further reductions in supply – albeit on a modest scale.

Further Policy Considerations

8.40 It is suggested that Council Officers may wish to give consideration to reducing the quantum of land allocated for B class employment uses at **East of Cherry Way (1)**. Drawing upon the marketing particulars for the site, LSH estimate that the site currently comprises of 2.27ha of available land. Cognisant of the site's irregular shape, LSH have advised that it is unlikely that the site would be developed in its entirety. In addition, and having regard to the availability of an adequate supply of land elsewhere in the Former Coalfield area, it is considered unlikely that all of the land available would be required to meet Sunderland's future growth needs. Taking these factors into account, it is suggested that SCC may wish to consider the merits of de-allocating the rear of the site and removing this from the City's future portfolio of employment land.

Summary of Recommendations

8.41 Table 8.4 considers the impact of removing from the supply of employment land those sites identified for de-allocation. It is important to recognise that, in some instances, the adjusted supply estimates presented within the table will not – and should not – correspond with the supply of employment land to be taken forward and allocated by SCC in the emerging Local Plan. Indeed, the preceding paragraphs identify a series of policy choices that require further consideration by SCC in finalising the City's future supply of employment land. To ensure that this document does not pre-empt the outcome of these considerations, their potential impact has not been accounted for within Table 8.4.

8.42 It can be seen from the table that removing those sites identified for de-allocation would give rise to an adjusted supply of 104.48ha across the local authority area. This aligns well with an estimated need for between 95ha and 115ha over the period 2015 to 2033. Nevertheless, further adjustments are required by SCC officers (as alluded to above) in order to ensure a better alignment between demand and supply at the market area level. In particular, interventions are likely to be required in order to:

- Reduce the supply of available land in Sunderland South; and
- Increase the supply of available land in Washington.

Table 8.4 Summary of Recommendations

	Washington	Sunderland North	Sunderland South	Former Coalfield	Total
Current Supply of Land	46.80ha	3.50ha	52.23ha	28.34ha	130.87ha
Less Suggested De-Allocations	1.38ha	-	17.83ha	7.18ha	26.39ha
Adjusted Supply	45.42ha	3.50ha	34.40ha	21.16ha	104.48ha
Indicative Estimate of Demand	65ha – 78ha	6ha – 7ha	11ha – 14ha	13ha – 16ha	95ha – 115ha

Source: NLP analysis

Implications for IAMP

8.43 As acknowledged elsewhere in this document, the local authorities of Sunderland and South Tyneside are currently looking to promote the IAMP proposals through the NSIP process. If successful, the development will require the strategic removal of land from the Green Belt, although the precise scale of any such release is yet to be fully determined.

8.44 This ELR identifies a need to remove more than 30ha of land from Sunderland's future portfolio of employment land. It is important, however, to be clear that this is not considered to undermine in any way the case being made in relation to IAMP and the corresponding removal of Green Belt land.

8.45 This is because the sites that are identified for removal from the supply clearly fail to align with the specific occupier requirements to which IAMP is intended to respond (as summarised below). As such, there is no reasonable prospect of the sites being appropriate – either individually or collectively – as realistic alternatives to IAMP:

- **Scale:** the sites identified for removal are summarised in Table 8.5. From this it can be seen that only one site (a long standing undeveloped allocation at Sea View/Stockton Road) is greater than 3ha in size. Work undertaken to inform the development of the IAMP concept[50] suggests, however, that large sites are required in order to accommodate future demand from the automotive sector. The following recent developments (from 2010 onwards) are cited as evidence of the need to provide (and occupier demand for) large sites:
  - BAE Systems, Wear West site (6.69ha);
  - Rolls Royce, Wear West site (11.43ha);
  - Vantec, Nissan Turbine site (8.38ha); and
  - Vantec – Phase 2, Hill Farm Estate (9.58ha).
- **Location:** analysis undertaken to inform the development of the IAMP concept[51] is clear that the development must be located on the edge of the conurbation and in close proximity to both the strategic road network and the existing automotive cluster around Nissan in order meet anticipated occupier requirements. It can clearly be seen from Table 8.5 that the overwhelming majority of land identified for de-allocation is located in Sunderland South and the Former Coalfield area and would be incompatible with at least two of the criteria listed above.

[50] *International Advanced Manufacturing Park – Impact Analyses, Topic Paper: Employment Land*, Arup (2015)
[51] *International Advanced Manufacturing Park – Impact Analyses, Topic Paper: Employment Land*, Arup (2015)

Table 8.5 Sites Identified for De-Allocation

Site	Size (ha)	Recommendation
Washington		
Former Armstrong House	0.89	De-Allocate
Silverstone Road, Sulgrave	0.49	De-Allocate
Sub-Total	**1.38**	
Sunderland South		
West of Petrol Filling Station, Pallion New Road	0.24	De-Allocate
Lisburn Terrace adjoining Former Corning Site	0.60	De-Allocate
West of Luxembourg Road (1)	0.62	De-Allocate
Sea View/Stockton Road, Ryhope	16.37	De-Allocate
Sub-Total	**17.83**	
Former Coalfield		
Market Place, Allotments (3)	0.53	De-Allocate
Market Place, Northern Extension (1)	1.41	De-Allocate
Philadelphia, North of Gatehouse	0.77	De-Allocate
Philadelphia, South of Gatehouse	0.94	De-Allocate
New Lambton, East of Main Waste Transfer Station (6)	2.34	De-Allocate
New Lambton, Former Main Waste Transfer Station (5)	0.56	De-Allocate
New Lambton, Small Scrap Yard (4)	0.13	De-Allocate
New Lambton, East of TKTCosyfoam (3)	0.50	De-Allocate
Sub-Total	**7.18**	
Total	**26.39**	

Source: LSH / NLP analysis

9.0 Conclusions

9.1 This section draws together the overall conclusions emerging from the preceding sections of the report.

Overview of Sunderland's Economy

9.2 Sunderland has recorded reasonable levels of employment growth in recent years (8.0%). This is broadly in line with regional growth rates (7.9%) over the same period but lags significantly behind national performance (18.2%). The proportion of B class jobs has fallen over this period, with increases in office and warehousing employment failing to offset the contraction in manufacturing jobs.

9.3 The business base in Sunderland accommodates a slightly lower share of smaller firms and a higher share of larger firms compared with regional and national averages. It is also characterised by relatively low levels of business start-up and self-employment.

9.4 Sunderland is characterised by an uneven set of labour market indicators including similar economic activity and claimant unemployment levels in comparison to the regional average, but generally high levels of deprivation. Workplace wages also exceed resident wages, indicating that the types of jobs available locally are higher paid than elsewhere in the region, with many residents commuting in to higher paid jobs based in Sunderland.

Functional Economic Market Area

9.5 Sunderland's FEMA is characterised by a range of economic, property market and labour market factors and driven by its geographic location. The City is situated within the NELEP area and borders the local authorities of South Tyneside, Gateshead and County Durham.

9.6 An analysis of commuting flows into and out of the City provides a key reference point for understanding its FEMA. More than 65% of Sunderland's working residents are employed within the authority's boundaries, demonstrating a reasonably high level of self-containment.

9.7 Based upon the ONS methodology for defining labour market areas, Sunderland's FEMA comprises of the local authority areas of Sunderland and County Durham. Taken together, the two authorities comprise the workplace for 77% of Sunderland's resident working population and the residence for 76% of Sunderland's workers. It should, however, be recognised that commuting flows also highlight the presence of strong relationships between Sunderland and the adjoining authorities of Gateshead and South Tyneside.

9.8 The City's commercial property market is understood to comprise of three distinct market locations, with each one characterised by localised relationships with nearby settlements in the adjoining authority areas.

Consultation with commercial agents and economic stakeholders identified a widely held belief that Sunderland's strongest economic and commercial relationships are with South Tyneside and Gateshead. Linkages to County Durham as a whole were considered to be weaker – with the A1 Corridor viewed as the County's economic centre of gravity – although it was recognised that some sites in East Durham are well connected to the Former Coalfield area of Sunderland.

9.9 Based upon the analysis summarised above, it is considered that – from a commercial property perspective – Sunderland's FEMA extends out into parts of Gateshead, South Tyneside and County Durham. The City's FEMA does not, however, cover each of these authorities in their entirety – merely extending to those settlements in each that are located in particularly close proximity to Sunderland and well connected by the road network.

Market Signals

9.10 Sunderland contains an estimated 2.9 million sq.m of B class employment floorspace – the highest of all the Tyne & Wear authorities. The City is viewed principally as an industrial location and this is reflected in the data, with industrial premises accounting for 86% of all B class floorspace in the City.

9.11 The City has a large stock of offices in absolute terms, although it accounts for just 14% of all B class floorspace. This is significantly lower than in North Tyneside (22%) and Newcastle (43%). The City Centre office market in Sunderland is relatively modest and much of the stock is dated and of poor quality as there has been little new development over a period of forty years. The development of Washington New Town and the introduction of Enterprise Zones has shifted the focus from office development elsewhere in the City. This has resulted in office accommodation being spread throughout the local authority area, with clusters observed in the City Centre, Washington, Hylton Riverside and Doxford Park.

9.12 The industrial market is particularly strong within Sunderland, underpinned – in part – by Washington, which is viewed as a key industrial location within the wider Tyne & Wear context. Accessibility to motorways and dual carriageways is now the key criteria for industrial and distribution businesses and this is a key part of Washington's appeal.

9.13 Notwithstanding the above, there are a number of important industrial locations situated elsewhere in the City, including Sunderland Enterprise Park, Southwick Industrial Estate, the Port of Sunderland and sites surrounding the City Centre (including Sheepfolds Industrial Estate and Pallion Industrial Estate).

Meeting Future Needs

Projected Future Need

9.14 In assessing the future need for employment land in Sunderland, this study has taken account of four scenarios based upon a number of methodological approaches. Some are primarily driven by economic or demographic growth projections, others by past rates of development. The employment land requirements for the City over the period 2015 to 2033 range from 78.1ha to 120.1ha.

9.15 In identifying a preferred future requirement for Sunderland, NLP and LSH have drawn upon the four scenarios referred to above. These have been considered within the context of a variety of sensitivity tests, as well as market analysis and the commercial and economic intelligence gathered via extensive consultation. Drawing all of this analysis together, it is recommended that SCC looks to allocate between 95ha and 115ha of employment land to 2033. This does not include any assessment of the need for land at IAMP. Any such requirement is expected to be in addition to the figures referenced within this document.

9.16 It is recognised that the preferred requirement is higher than the 78.1ha derived from the labour supply scenario that aligns with the work underpinning the derivation of the Council's OAHN. However, from an employment land perspective only, it is considered that allocating just 78.1ha of general employment land would be inappropriately low and would risk constraining the City's economy.

9.17 It is understood that the Council is currently out to consultation on a series of growth options as part of the plan-making process. It will be important that SCC ensures that the preferred growth strategy identified through this process is consistent with respect to employment and housing growth.

Balancing Demand and Supply

9.18 The site assessment work undertaken by LSH as part of the ELR process has identified a supply of 130.87ha of available employment land. This is broadly in alignment with the requirement to 2033 identified by projecting forward past gross take-up rates, but exceeds the preferred requirement referred to above.

9.19 Drawing upon the individual site assessments a total of 14 sites, accounting for 26.39ha, is recommended for removal from the City's portfolio of employment land. The sites – and the rationale underpinning their identification as candidates for removal from the supply – are set out in Section 8.0.

9.20 The de-allocation of these sites is estimated to leave Sunderland with 104.48ha of available employment land. At the local authority level, this aligns well with a requirement of 95ha to 115ha. At the market area level, however, it is considered that significant imbalances between demand and supply remain.

9.21 It is important, however, to recognise that estimates of demand at the market area level are presented as indicative only. As such, the precise scale of over or undersupply within a particular location is difficult to accurately quantify.

9.22 Notwithstanding the above, it is estimated that more land is required in the Washington area, which has traditionally been the focus of demand in Sunderland. There may be an opportunity for the emerging IAMP proposals to help meet this need. Whilst the site will focus primarily on capturing demand from the automotive and low carbon sectors, it is understood that some provision of land to accommodate more general B class occupiers (particularly advanced manufacturing, advanced engineering and warehousing) is also anticipated.

9.23 In contrast, it is estimated that further reductions in the supply of land in Sunderland South are required. A modest rationalisation of the supply in the Former Coalfield area may also be necessary, although this is less clear given the scale of difference between demand and supply and the indicative nature of the demand forecasts at this spatial level. Section 8.0 of this report outlines some issues for further consideration by Council Officers as they seek to bring supply more closely into alignment with demand.

Appendix 1 Consultees

Appendix 1: Consultees

Individual Consultees

Paul Butler	North East Automotive Alliance
Simon Hanson	Federation of Small Businesses
Jonathan Walker	North East Chamber of Commerce
Ken Dunbar	Sunderland BID
David Dunn	Software City
Tom Hurst	Sunderland City Council Chief Investment Officer
Andrew Perkin	Sunderland City Council Lead Policy Officer for Economy & Sustainability

Workshop Invitees

Gary Baker	Sunderland City Council
Gary Clasper	Sunderland City Council
Andrew Perkin	Sunderland City Council
Kevin Donkin	Sunderland City Council
Jamie Reed	Sunderland City Council
Andrea King	South Tyneside Council
Mike Allum	Durham County Council
Neil Wilkinson	Gateshead Council
Emma Warneford	Newcastle City Council
Neil Cole	North Tyneside Council
Jo-Anne Garrick	Northumberland County Council
Helen Golightly	North East LEP
Matt Verlander	Arup
Keith Stewart	Naylors
Nick Atkinson	HTA Real Estate
Danny Cramman	GVA
Mario Jaconelli	Lofthouse & Partners

Simon Haggie	Knight Frank
David Furniss	BNP Paribas
Gavin Cordwell-Smith	Hellens
Geoff Clark	MGL Group
Tim Witty	UK Land Estates
James Ramsbotham	North East Chamber of Commerce
Harry Collinson	Sunderland Chamber of Trade
Ken Dunbar	Sunderland BID
Simon Hanson	Sunderland Federation of Small Businesses
Tom Parkin	Seafront Trades Association
John Seagar	Siglion
Matthew Hunt	Port of Sunderland
Graham Bagley	Nissan

Workshop Sessions Facilitated by:

Harvey Emms	NLP
Ross Lillico	NLP
Tim Knight	LSH

Appendix 2 Glossary of Terms

APPENDIX 2

GLOSSARY OF TERMS USED IN THE APPRAISAL OF EMPLOYMENT LAND AVAILABILITY AND TAKE-UP

Available Employment Land
All available land allocated for employment uses excluding (a) expansion land, (b) land with empty industrial buildings already in-situ, unless those buildings are time expired, and (c) special sites allocated for specific employment uses. A minimum size threshold of 0.1 hectare has been adopted.

Available Industrial Floor Space
All floor space (other than B1 offices) covering the full range of unit sizes.

Employment Land
Sites that are either (a) allocated for employment use in the development plan, (b) occupied for employment use or (c) formerly in employment use and do not have planning consent nor are allocated for an alternative use.

Employment Uses
Business, general industry and storage/distribution uses as defined by Classes B1, B2 & B8 of the Town and Country Planning (Use Classes) Order 2005. Land could generally be developed for any type of employment use with no distinction being made between general industrial uses, warehousing and commerce. Employment uses exclude retail, leisure, residential care facilities, mineral extraction and waste disposal.

Implied Supply
An estimate of the number of years that it would take to consume available land at prevailing take-up rates. It is calculated by dividing the amount of available land by the average yearly take-up.

Immediately Available
Sites that require minor remediation or infrastructure provision, which can be brought forward for development in less than 12 months.

Requiring Preparation
Sites where major provision of roads and utility services is required and/or where site assembly, demolition and remediation is required, and which are likely to take at least a year to bring forward for development.

Restricted Sites
Land that is reserved for specific industry sectors or purposes. Examples include ports, airports, and major industry clusters, e.g. the Port of Sunderland. Such sites are considered separately from general employment sites.

Strategic Highway Network
Motorways and dual carriageways where the national speed limit applies.

Take-up
The development or first occupation of a site. Take-up occurs at the point at which construction of a building commences. Take-up excludes (a) extensions of existing premises unless they occur on land beyond the original boundary of the site and (b) changes of use. Depots used for storage or yards used for fabrication, dismantling, or other processes are regarded as take-up when first occupied; subsequent changes in occupation or use are excluded. Where buildings are demolished and a site is redeveloped, this constitutes take-up. Where a site is built out in separate phases (rather than a continuous rolling programme), take-up occurs at the start of each phase.

Appendix 3 Site Assessment Matrix

Economic Development / Mixed-use Land Allocations											SITE ASSESSMENT CRITERIA												
BLAR Ref	ELR Estate Ref	Estate Name	Site	Gross Site Area (Ha)	Gross : Net Adjustment	Net Site Area (ha)	Use	Availability	Greenfield / Brownfield	Within 2km of SHN	Access to Strategic Highway Network	Local Road Access	Proximity to Urban Areas	Compatibility of Adjoining Uses	Site Characteristics and Physical Constraints	Infrastructure	Market Attractiveness	Planning Sustainability	Sequential Status	Barriers to Development	Ownership Factors	Comments	Recommendation
Washington																							
W31	67	Stephenson	East of Stephenson Road (3)	0.35	100%	0.35	I	IA	G	Y	5	5	3	5	4	5	5	3	2	5	5		Retain
W31	67	Stephenson	East of Stephenson Road (2)	0.97	100%	0.97	I	IA	G	Y	5	5	3	5	4	5	5	3	2	5	4	Frew Pain marketing as development site. Site area from particulars.	Retain
W31	67	Stephenson	Former Northumbria Centre (1)	0.65	100%	0.65	M	IA	G	Y	5	5	3	5	4	5	5	2	2	5	3	Owned by Sunderland City Council	Retain
W33	58	Armstrong	Former Armstrong House	0.89	100%	0.89	M	RP	B	Y	5	5	4	2	4	4	5	5	2	2	3	Vacant & vandalised offices. Planning consent for foodstore granted Sept 2015.	Deallocate
W35	61	Hertburn	Northern entrance to Industrial Road	0.21	100%	0.21	I	IA	G	Y	5	5	3	5	3	5	5	4	2	5	3	Split by access road	Retain
W36	60	Glover West	Tower Road (2)	0.24	100%	0.24	I	IA	B	Y	5	5	3	5	4	5	5	3	2	5	4		Retain
W38	59	Crowther	North of Crowther Road (3)	0.27	100%	0.27	I	IA	G	Y	5	5	4	5	4	5	5	4	2	5	5	Planning consent for terrace of industrial units	Retain
W39	59	Crowther	East of Crowther Road (1)	0.34	100%	0.34	I	IA	G	Y	5	5	4	5	3	5	5	3	2	5	3	Naylors marketing as development site. Site area from particulars.	Retain
W38	71	Wear	North of Hankyu (6)	0.83	50%	0.42	I	IA	G	Y	5	5	3	5	3	1	5	3	2	3	3	Part woodland structure planting alongside dual carriageway.	Retain
W38	71	Wear	South of Sedling Road (2)	0.53	100%	0.53	I	IA	G	Y	5	5	3	5	4	5	4	4	2	4	3		Retain
W40	65	Pattinson South	North of Sterling Close (1)	0.55	100%	0.55	I	IA	G	N	5	5	3	5	3	5	4	4	2	4	4		Retain
W40	65	Pattinson South	West of Sterling Close (3)	0.23	100%	0.23	I	IA	G	N	5	5	3	5	4	5	4	4	2	5	4		Retain
W40	65	Pattinson South	Holystone Waste, adjoining Railway	0.84	100%	0.84	I	RP	G	Y	5	5	3	5	4	4	4	3	2	4	3		Retain
W41	64	Pattinson North	West of Walton Road (5)	0.91	70%	0.64	I	IA	G	Y	5	5	2	2	3	5	4	4	2	5	3	Developable area constrained by pylons and overhead cables	Retain
W41	64	Pattinson North	South of Faraday Close (6)	1.02	85%	0.87	I	RP	G	Y	5	5	4	5	3	5	3	4	2	4	4	Heavily constrained by pylons	Retain
W41	64	Pattinson North	Screen Print, North of Alston Rd / Walton Rd (1)	1.69	100%	1.69	I	IA	G	Y	5	5	2	5	3	5	5	3	2	4	3	Surplus expansion land, Planning consent for B8 development in 2007 & 2010. Pylons cross the site.	Retain
W41	64	Pattinson North	North of Low Barmston Farmhouse (10)	2.72	80%	2.18	I	IA	G	Y	5	5	2	5	5	1	4	5	2	2	4	Farmland , 15/00314/REM appearance, landscaping, layout and scale relating to 11/03537/EXT1 Submitted May 2015	Retain
W41	64	Pattinson North	James Steel, Site 1 (7)	0.89	70%	0.62	I	IA	G	Y	5	5	4	4	3	5	4	3	2	3	3	Developable area constrained by pylons and overhead cables	Retain
W41	64	Pattinson North	Front of James Steel (8)	0.90	70%	0.63	I	RP	G	Y	5	5	4	4	3	5	5	3	2	5	3	Developable area constrained by pylons and overhead cables	Retain
W43	73	Sulgrave	Silverstone Road, Sulgrave	0.49	100%	0.49	O	IA	G	Y	5	5	3	4	4	5	4	4	3	2	3	Wooded site allocated for office development for extensive period but no market interest.	Deallocate
W44	62	Nissan	Hillthorn Farm (6)	26.71	70%	18.70	I	RP	G	Y	5	5	3	5	5	1	5	5	2	2	3	Developable area constrained by pylons, overhead cables and infrastructure requirements	Retain
W45	63	Nissan	Hillthorn Farm (7)	3.27	70%	2.29	I	RP	G	Y	5	5	3	5	3	2	5	5	2	2	2	Shape of site will reduce developable area	Retain
W46	64	Nissan	Turbine Business Park (3) - east of pub	1.22	100%	1.22	M	IA	G	Y	5	5	3	5	4	5	5	4	2	5	4		Retain
W47	65	Nissan	Turbine Business Park (3) - east of spine road	0.19	100%	0.19	M	IA	G	Y	5	5	3	5	4	5	5	4	2	5	4		Retain
W48	66	Nissan	Turbine Business Park (3) - south of WBC	0.84	100%	0.84	M	IA	G	Y	5	5	3	5	4	5	5	4	2	5	4		Retain
W49	67	Nissan	Turbine Business Park (3) - south-east of FTC	0.81	100%	0.81	M	IA	G	Y	5	5	3	5	4	5	5	4	2	5	4		Retain
W50	68	Nissan	Turbine Business Park (3) - west of Vantec	1.91	100%	1.91	M	IA	G	Y	5	5	3	5	4	5	5	4	2	5	4		Retain
W51	69	Nissan	Turbine Business Park (3) - south of test track	2.56	100%	2.56	M	IA	G	Y	5	5	3	5	4	5	5	4	2	5	4		Retain
W52	70	Nissan	Turbine Business Park (1)	6.13	70%	4.29	M	RP	G	Y	2	5	1	5	3	1	3	3	2	2	3	Current access through Nissan. New access required.	Retain
W47	72	Emerson	North of Campanile Hotel	0.39	100%	0.39	M	IA	G	Y	5	5	3	2	3	4	3	3	2	4	3		Retain
			SUBTOTAL	**59.55**		**46.80**																	

Economic Development / Mixed-use Land Allocations											SITE ASSESSMENT CRITERIA												
BLAR Ref	ELR Estate Ref	Estate Name	Site	Gross Site Area (Ha)	Gross : Net Adjustment	Net Site Area (ha)	Use	Availability	Greenfield / Brownfield	Within 2km of SHN	Access to Strategic Highway Network	Local Road Access	Proximity to Urban Areas	Compatibility of Adjoining Uses	Site Characteristics and Physical Constraints	Infrastructure	Market Attractiveness	Planning Sustainability	Sequential Status	Barriers to Development	Ownership Factors	Comments	Recommendation
Sunderland North																							
S9	47	North Hylton	North Hylton Enterprise Park (5)	0.34	100%	0.34	M	IA	B	Y	5	5	3	5	4	4	3	4	2	4	3		Retain
S10	48	Low Southwick	Wear Street / Camden Street (1)	0.10	100%	0.10	M	IA	B	Y	5	5	5	5	2	5	2	4	2	3	3		Retain
S11	49	Low Southwick	Wear Street (land beside Q A Bridge 3)	0.20	90%	0.18	M	RP	B	Y	5	5	5	5	2	3	2	4	2	2	3	Bridge columns on site	Retain
S10	48	Low Southwick	Crown Road (East of Quay West) (5)	0.41	100%	0.41	O	IA	B	Y	5	5	5	5	4	5	5	5	2	5	5		Retain
S10	48	Low Southwick	Crown Road (West of Quay West) (4)	0.13	100%	0.13	O	IA	B	Y	5	5	5	5	4	5	5	4	2	5	5		Retain
S10	55	Low Southwick	Trafford Road (8)	0.34	70%	0.24	M	RP	B	Y	5	4	5	5	2	4	2	4	2	2	3	Developable area constrained by topography.	Retain
S22		Sunderland Ent Pk	Sunderland Enterprise Park East	0.60	100%	0.60	O	RP	B	Y	5	5	5	5	2	5	3	4	2	1	3	Former Austin Pickersgill offices now demolished to slab. Hotel redevelopment proposed in past.	Consider mixed use allocation
			SUBTOTAL	**2.12**		**2.00**																	
Sunderland South																							
S12	2	Port	Barrack Street (3)	0.60	100%	0.60	I	IA	B	N	1	3	5	4	4	4	1	2	2	3	3	Former Port offices. If not required by Port, consider deallocation to reduce supply in Sunderland South.	Consider reallocation
S12	2	Port	Prospect Road (2)	4.93	80%	3.94	I	RP	B	N	1	3	5	4	4	4	1	2	2	3	3	Outline consent for B1, B2 & B8. Site works	Retain
S12	2	Port	Disused Hendon railway sidings, Moor Terrace	5.90	80%	4.72	I	RP	B	N	1	3	5	4	4	1	1	2	2	1	3	Former sidings. If not required by Port, consider deallocation to reduce supply in Sunderland South	Consider reallocation
S14	15	Deptford	Former Corning warehouse, Deptford Ter	2.50	100%	2.50	I	IA	B	N	3	5	4	5	4	4	2	4	2	2	3	Eastern part demolished, western part multi let warehouse	Retain
S15	4	Pallion Riverside	East of Woodbine Terrace (3)	0.71	100%	0.71	I	IA	B	N	3	5	2	5	2	2	1	4	2	2	1	Pallion Riverside identified for mixed-use regeneration in longer term.	Consider mixed use allocation
S15	4	Pallion Riverside	North of Woodbine Terrace (1)	1.73	100%	1.73	I	IA	B	N	3	5	2	5	2	2	1	4	2	2	1	Pallion Riverside identified for mixed-use regeneration in longer term.	Consider mixed use allocation
S15	3	Pallion New Road	West of petrol filling station, Pallion New Rd	0.24	100%	0.24	I	IA	B	N	3	5	4	2	4	4	1	3	2	4	3	Land to be taken by road widening for SSTC	Deallocate
S15	3	Lisburn Triangle	Lisburn Terrace adjoining former Corning site	0.60	100%	0.60	I	RP	B	N	3	5	2	4	2	3	1	4	2	2	3	Dilapidated workshops between bingo hall and new housing.	Deallocate
S16	19	Pallion	West of Eastern Way (9)	0.31	100%	0.31	I	IA	G	N	2	5	3	5	4	5	3	4	2	4	4		Retain
S16	19	Pallion	Former Vishay factory, Pallion Way (8)	0.98	100%	0.98	I	IA	B	N	2	5	3	5	3	4	3	4	2	2	3		Retain
S16	19	Pallion West	West of Luxembourg Road (1)	0.62	100%	0.62	I	IA	G	N	2	5	2	4	4	1	2	3	2	2	3	Landlocked site adjoining allotments.	Deallocate
S16	19	Pennywell	Rear of nursery units (2)	0.14	100%	0.14	I	IA	B	N	5	5	3	2	4	4	2	4	2	5	3		Retain
S17	18	Pennywell	South East corner of Pennywell Ind Est	1.68	90%	1.51	I	IA	B	Y	5	5	3	2	4	4	3	4	2	3	4	Factory cleared, commercial uses proposed. Consider deallocation to reduce supply in Sunderland South.	Consider mixed use allocation
S18	16	Hendon	East of gasometers depot, Spelter Works Rd (2)	2.11	90%	1.90	I	RP	B	N	2	4	3	4	3	1	2	5	2	2	3	Employment element of redevelopment scheme. Consider deallocation to reduce supply in Sunderland South.	Consider mixed use allocation
S19	16	Hendon	Gasometers (3)	2.43	90%	2.19	I	RP	B	N	2	4	3	5	3	5	3	4	2	4	3	Future of gasometers unknown. Consider deallocation to reduce supply in Sunderland South.	Consider mixed use allocation
S21	16	Hendon	Former I J Dewhirst (6)	1.47	100%	1.47	I	RP	B	N	2	4	3	5	4	5	4	5	2	2	3	Warehouse demolished. Understood that site purchased and to be developed for scrap yard.	Retain
S19	17	Leechmere	North Of Plumb Centre, Sandmere Road	0.57	50%	0.29	I	IA	B	N	2	4	3	2	3	5	2	3	2	4	3		Retain
S19	17	Leechmere	South-west of Carrmere Road	0.13	100%	0.13	I	IA	G	N	2	5	3	5	3	5	4	3	2	4	3		Retain
S19	17	Leechmere	Former Purdy House, Wellmere Road	3.69	90%	3.32	I	RP	B	N	2	5	3	5	5	1	4	4	2	2	3		Retain
S20	25	Doxford	West of Azure Court, Camberwell Way (2)	1.16	90%	1.04	M	IA	G	Y	5	5	3	5	2	5	3	2	2	4	3		Retain
S27	27	South Ryhope	Sea View / Stockton Road, Ryhope	20.46	80%	16.37	M	RP	G	Y	5	5	2	4	5	1	4	4	2	2	4	Major allocated employment site that has remained undeveloped. Owners unwilling to sell.	Deallocate
			SUBTOTAL	**52.96**		**45.31**																	

Economic Development / Mixed-use Land Allocations											SITE ASSESSMENT CRITERIA												
BLAR Ref	ELR Estate Ref	Estate Name	Site	Gross Site Area (Ha)	Gross : Net Adjustment	Net Site Area (ha)	Use	Availability	Greenfield / Brownfield	Within 2km of SHN	Access to Strategic Highway Network	Local Road Access	Proximity to Urban Areas	Compatibility of Adjoining Uses	Site Characteristics and Physical Constraints	Infrastructure	Market Attractiveness	Planning Sustainability	Sequential Status	Barriers to Development	Ownership Factors	Comments	Recommendation
Coalfield																							
H52	77	Sedgeletch	North of Blackthorn Way (1)	5.07	90%	4.56	I	IA	G	N	1	3	3	2	5	3	3	4	2	4	4		Retain
H53	78	Dubmire	East of Cherry Way (1)	2.52	90%	2.27	I	IA	G	N	1		3	5	2	2	3	2	2	3	3	Site area from marketing particulars. Irregular shape, consider deallocation of rear of site.	Consider smaller allocation
H53	78	Dubmire	West of Cherry Way (4)	0.79	100%	0.79	I	IA	B	Y	3	3	3	2	4	5	3	4	2	5	3	Site area from marketing particulars.	Retain
H53	78	Dubmire	South of Techniks	0.16	100%	0.16	I	IA	G	N	1	3	3	5	4	4	3	4	2	4	3		Retain
H54	87	Market Place	Adjoining Readycrete site (4)	0.16	100%	0.16	I	IA	B	Y	5	4	4	5	4	3	2	4	3	3	3		Retain
H54	87	Market Place	Allotments (3)	0.53	100%	0.53	I	IA	G	Y	5	4	4	2	2	3	2	3	3	4	3	Small site siting below level of road. Abnormal costs of delivery high relative to size.	Deallocate
H54	87	Market Place	Northern extension (1)	1.57	90%	1.41	I	RP	G	Y	5	3	4	4	4	1	2	2	3	2	3	Accessible through adjoining housing areas rather than industrial estate.	Deallocate
H55	80	Rainton Bridge N	Land to west of former Sumitomo factory (1)	2.95	80%	2.36	I	RP	G	Y	5	5	3	3	3	1	3	3	2	2	3	Western boundary defined by line of Central Route. Land to allow expansion of adjoing factory.	Retain
H55	80	Rainton Bridge N	Gilpin Wood (former Glebe Farm Sewage Works) (6)	2.61	90%	2.35	M	IA	B	Y	5	5	3	5	4	1	4	4	2	1	3		Retain
H56	82	Hetton Lyons	North of Colliery Lane (4)	0.37	100%	0.37	I	IA	G	N	3	3	3	5	4	3	3	4	3	4	3		Retain
H56	82	Hetton Lyons	Land east of Parkgate (2)	0.19	100%	0.19	I	IA	G	N	3	3	3	5	4	5	5	4	3	4	3		Retain
H58	81	Rainton Bridge S	North of Cygnet Way (4)	1.71	100%	1.71	O	IA	G	Y	5	5	3	5	4	5	5	4	2		4		Retain
H58	81	Rainton Bridge S	South of Cygnet Way (5)	6.36	90%	5.72	O	IA	G	Y	5	5	3	5	5	5	5	3	2	5	4		Retain
H58	81	Rainton Bridge S	North of Gadwall Road (1)	0.51	100%	0.51	I	IA	G	Y	5	5	3	5	4	5	5	3	2	5	3		Retain
H73	84	Philadelphia	North of Gatehouse	0.77	100%	0.77	I	IA	B	Y	3	3	4	5	3	2	2	4	2	3	4	Part of larger multilet complex with low occupancy rates. Revelopment of complex proposed.	Deallocate
H73	84	Philadelphia	South of Gatehouse	0.94	100%	0.94	I	IA	B	Y	3	3	4	5	3	2	2	4	2	3	4	Part of larger multilet complex with low occupancy rates. Revelopment of complex proposed.	Deallocate
H74	85	New Lambton	East of Main waste transfer station (6)	2.93	80%	2.34	I	RP	G	N	2	4	1	5	3	3	2	4	1	2	3	Poor quality industrial area where redevelopment of estate for housing is proposed.	Deallocate
H74	85	New Lambton	Former Main waste transfer station (5)	0.56	100%	0.56	I	RP	B	N	2	4	1	5	4	3	2	4	1	2	3	Poor quality industrial area where redevelopment of estate for housing is proposed.	Deallocate
H74	85	New Lambton	Small scrap yard (4)	0.13	100%	0.13	I	IA	B	N	2	4	1	5	4	3	2	4	1	2	3	Poor quality industrial area where redevelopment of estate for housing is proposed.	Deallocate
H74	85	New Lambton	East of TKT Cosyfoam (3)	0.50	100%	0.50	I	IA	B	N	2	4	1	5	3	3	2	4	1	2	4	Poor quality industrial area where redevelopment of estate for housing is proposed.	Deallocate
		Houghton - Quarry	Biffa landfill site	4.80	85%	4.08	I	RP	B	Y	3	4	5	4	4	2	2	3	3	2	3	Owned by Biffa Waste Services. Proposal for business park of 9,000 sq m.	Retain
			SUBTOTAL	31.33		28.34																	
				145.96		122.44																	

Economic Development / Mixed-use Land Allocations										SITE ASSESSMENT CRITERIA													
BLAR Ref	ELR Estate Ref	Estate Name	Site	Gross Site Area (Ha)	Gross : Net Adjustment	Net Site Area (ha)	Use	Availability	Greenfield / Brownfield	Within 2km of SHN	Access to Strategic Highway Network	Local Road Access	Proximity to Urban Areas	Compatibility of Adjoining Uses	Site Characteristics and Physical Constraints	Infrastructure	Market Attractiveness	Planning Sustainability	Sequential Status	Barriers to Development	Ownership Factors	Comments	Recommendation
AVAILABLE MIXED USE SITES WITH AN EMPLOYMENT COMPONENT																							
BLAR Ref	ELR Estate Ref	Estate Name	Site	Gross Site Area (Ha)		Estimated Employment Componnent (ha)	Use	Availability	Greenfield / Brownfield	Within 2km of SHN	Access to Strategic Highway Network	Local Road Access	Proximity to Urban Areas	Compatibility of Adjoining Uses	Site Characteristics and Physical Constraints	Infrastructure	Market Attractiveness	Planning Sustainability	Sequential Status	Barriers to Development	Ownership Factors	Comments	Recommendation
S2	13	Bonnersfield	South of Bonner's Field	0.10		0.00	M	RP	B	N	3	3	5	3	2	3	3	4	3	3	3	Mixed commercial and residential area.	Consider no employment
S2	13	Bonnersfield	South of Bonner's Field	0.22		0.00	M	RP	B	N	3	3	5	3	2	3	3	4	3	2	3	Mixed commercial and residential area.	Consider no employment
S30	11	Stadium Park	North of Aquatic Centre	1.81		0.00	M	IA	B	Y	3	3	4	4	4	5	3	4	2	5	3	Owned by HCA. Available for leisure -related development.	Consider no employment
S30	11	Stadium Park	South west of stadium	0.74		0.00	M	IA	B	Y	3	3	4	4	4	5	3	4	2	5	3	Owned by HCA. Available for leisure -related development.	Consider no employment
S3	12	Sheepfolds	Office plots on Masterplan	2.20		1.50	O	RP	B	N	3	4	3	3	3	4	2	4	2	2	3		Retain B1 component
S15	1	Groves	Alexandra Business Park			0.00	O	RP	B	N	3	3	1	3	4	1	2	4	2	1	4	Former industrial buildings largely cleared. Housing led regeneration proposed.	Consider no employment
S14	3	Lisburn Triangle	Office plots on Masterplan			1.00	O	RP	B	N	3	4	4	3	4	4	2	4	2	3	2		Retain B1 component
S15	4	Pallion Yard	Existing available plots broadly equate to 2.5ha employment component on redevelopment.			n/a	M	RP	B	N	3	5	2	5	4	4	3	4	2	1	3	See Pallion Riverside site entries above	Retain B class component
S14	7	Vaux	Office plots on Masterplan			2.45	O	IA	B	N	2	5	5	3	2	2	3	5	5	2	4	Residential and office led regeneration proposed.	Retain B1 component
S14	7	Farringdon Row	Area A			1.39	O	IA	B	N	2	5	5	3	4	5	3	5	5	3	3	Residential and office led regeneration proposed.	Retain B1 component
S13	22	East End	Scotia Quay, Low St			0.18	O	IA	B	N	2	3	5	3	3	5	3	4	3	2	3	Owned by North of England Civic Trust	Retain B1 component
S13	22	East End	High Street East, Low St			0.18	O	IA	B	N	2	3	5	3	3	5	3	4	3	5	3	Owned by North of England Civic Trust	Retain B1 component
S13	8	East End	Russell Street / West Wear St			0.47	O	RP	B	N	2	4	5	3	2	5	3	4	5	2	3	Land in mixed use area owned by Sunderland City Council.	Consider no employment
S32	32	Salterfen	North of Salterfen Road, rear of pub	0.72		0.00	M	IA	B	N	2	3	4	3	3	2	3	4	2	3	3	Owned by City Council. Former industrial premises demolished. Leisure / retail uses adjoin.	Consider no employment
S32	32	Salterfen	North of Salterfen Road, rear of Home Living	0.44		0.00	M	IA	B	N	2	3	4	3	3	3	3	4	2	3	3	To rear of leisure and retail uses.	Consider no employment
S32	32	Salterfen	South of Salterfen Road, former Council workshops	0.89		0.00	M	IA	B	N	2	3	4	3	4	3	3	4	2	3	3	Owned by City Council. Former industrial premises demolished. Interest in leisure development.	Consider no employment
S32	32	Salterfen	South of Salterfen Road, former Villa bottling plant	0.64		0.00	M	IA	B	N	2	3	4	3	4	3	3	4	2	3	3	Former industrial premises demolished. Interest in leisure development.	Consider no employment
S33	7	Farringdon	West of Silksworth Way, Silksworth Rd			0.75	O	IA	G	Y	5	5	3	3	4	2	3	3	2	2	3	Owned by Sunderland City Council. Commercial mixed use area. Office demand weak.	Consider no employment
S34	7	Farringdon	East of North Moor Lane			0.50	O	IA	G	N	2	3	3	3	3	2	1	3	2	2	3	Owned by Sunderland City Council. Commercial mixed use area. Office demand weak.	Consider no employment
H76	89	Houghton - Colliery	Colliery	4.3		0.00	I	RP	B	Y	4	4	5	2	3	1	1	4	5	2	3	Residential development most likely.	Consider no employment
SUBTOTAL				**12.06**		**8.42**																	
						130.86																	

Appendix 4 Site Assessment Criteria

Score	Access to Strategic Highway Network	Local Road Access	Proximity to Urban Areas	Compatability of Adjoining Uses	Site Characteristics & Physical Constraints	Infrastructure	Market Attractiveness	Planning Sustainability	Sequential Status	Barriers to Development	Ownership Factors
5	Within 2 km of SHN via unconstrained roads	Free moving, wide roads, avoid housing areas and bad junction.	Within 1 km of town centre. Good pedestrian access to housing areas. Close to bus / metro stop.	Within larger employment area. No incompatible land use.	Level. Regular shape. Not in flood zone. Not in COMAH zone. > 3 ha.	Well served by good quality site infrastructure: roads, lighting, landscaping, mains utilities.	Area of strong demand. Suit broad range of businesses. High profile location. Viable development location.	Brownfield site. Compliant with LDF objectives. Strong settlement boundary. Extant planning consent.	In Town Centre Sunderland, Washington or Houghton.	Serviced remediated plot with infrastructure to edge.	Single developer prepared to build speculatively.
4	Within 2 km of fast dual carriageway via unconstrained roads	One constraint	Within 2 km of town centre. Good pedestrian access to housing areas. Close to bus / metro stop.	Edge of larger employment area. Separated by highway from incompatible land uses	One constraint	All infrastructure. Average quality.	One constraint	One constraint	In minor centre. Chester Road, Doxford Park, Southwick Green, Sea Road, Concord, Hetton	Modest infrastructure **or** remediation.	Single developer will only build bespoke premises.
3	Within 2 km of fast dual carriageway via constrained roads	Two constraints	One constraint	B1 adjoining residential areas	Two constraints	All infrastructure. Poor quality.	Two constraints	Two constraints	Edge of Centre (within 500 m).	Modest infrastructure **and** remediation.	Single owner, not a developer.
2	Within 5 km of fast dual carriageway via unconstrained roads	Three constraints	Two constraints	B2 & B8 adjoining residential areas	Three constraints	Limited infrastructure	Three constraints	Three constraints	Out of Centre.	Major infrastructure provision **or** remediation.	Two owners
1	Over 5 km of dual carriageway or via constrained roads	Four constraints	Three constraints	B2 & B8 adjoining residential areas on more than one side.	Four or more constraints	Major infrastructure required.	Four or more constraints	Four constraints	Out of Town.	Major infrastructure provision **and** remediation.	Site assembly required.

OTHER FACTORS TO BE NOTED FOR SITES / ESTATES WITH EXISTING DEVELOPMENT

Type of Use	Vacant Floorspace (%)	Age of Premises	Condition of Premises	Available Development Land	Potential for Alternative Use
B1	< 10%	Post 2000	Good	Gross Area (ha) and as proportion of total	Suit bad neighbour / niche use
B2	10-50%	1990-2000	Average		Scope to upgrade for employment use
B8	> 50%	1970-1990	Poor		Suit non-employment use
Other		1940-1970	Derelict		Potential to subdivide
		Pre-War			Blighted by undesirable use

Availability IA = Immediately Available, RP = Requires Preparation
Greenfield/Brownfield G = Greenfield, B = Brownfield
Within 2km of SHN Y = Yes, N = No
Use I = Industrial, O = Office, M = Mixed office & industrial

Appendix 5 Gross: Net Ratios

Take-up of employment land is typically recorded on a plot by plot basis, which equates to a net developable area. To be consistent, availability should be measured on the same basis. So for some sites, gross to net adjustments may be appropriate. We have considered each site and estimated the proportion of land likely to be lost to servicing and landscaping, having regard to typical gross:net ratios achieved on industrial estates and business parks elsewhere in the region. Research by Lambert Smith Hampton has shown that ratios range from 100% where a site is in single occupation, to 56% for a business park on a sloping site with large areas set aside for landscaping and sloping banks between development plots. A guide to the adjustments appropriate in different circumstances is set out in the following table.

TYPICAL GROSS:NET RATIOS TO BE APPLIED TO EMPLOYMENT LAND

Type	Ratio	Comment
Serviced plot on industrial estate fronting road.	100%	
Area of land that could easily subdivide into serviced plots with road frontage.	100%	
Large area of land on industrial estate too big for single scheme, having regard to other buildings on estate.	95%	Provision for spur road.
Major undeveloped part of industrial estate or extension to industrial estate.	90%	Provision for roads and landscaping to one or more sides.
Small local allocation, requiring infrastructure.	90%	Provision for spur road, but landscaping likely to be minimal
Level site allocated for industrial estate	85%	Provision for spur road and landscaping.
Site allocated for industrial estate where terracing or bunding required	80%	Provision for spur road and landscaping.
Land allocated for business park with high landscape quality	75%	Provision for spur road extensive landscaping, balancing ponds etc.
Land allocated for employment use where a single end user could be in the market.	100%	All land to be taken by single user, surplus areas to be kept for its expansion.

Appendix 6 Take-up of Employment Land

TAKE-UP OF EMPLOYMENT LAND FOR EMPLOYMENT USE IN SUNDERLAND 2000-14

BLAR Estate Ref	Estate	Development	App Ref	Est. Year of Take-up	Size (ha)	Use	Planning Use Class	ANALYSIS BY USE			ANALYSIS BY USE CLASS		
								O	C	I	B1	B2	B8
S18	Hendon	Stansfield Business Centre	99/01120/LAP	2000	2.56	Office	B1	2.56	0	0	2.56	0	0
S22	Sunderland Ent Pk			2000	0.88	Office	B1	0.88	0	0	0.88	0	0
W37	Crowther	New Century House	98/01203/FUL	2000	0.52	Office	B1	0.52	0	0	0.52	0	0
W41	Pattinson North	Waterview Park	97/00901/REM	2000	6.67	Office	B1	6.67	0	0	6.67	0	0
H54	Market Place	Salt storage	01/01555/LAP	2001	0.44	Compound	B8	0	0.44	0	0	0	0.44
S14	Deptford	Go Wear Buses		2001	0.35	Ind	B8	0	0	0.35	0	0	0.35
S16	Pallion West	Parking at NE Ambulance Service	01/01374/FUL	2001	0.13	Ind	B2	0	0	0.13	0	0.13	0
S20	Doxford Business Park	Reg Vardy, Houghton House	00/00279/EZ	2001	1.70	Office	B1	1.7	0	0	1.7	0	0
S14	Deptford	Alex Smiles	99/01549/SUB	2002	3.20	Ind	B8	0	0	3.2	0	0	3.2
S11	Castletown	Tenon & Ferryboat House	01/01674/FUL	2002	0.66	Office	B1	0.66	0	0	0.66	0	0
W36	Glover	Easter Developments	01/00824/FUL	2002	1.60	Ind	B2	0	0	1.6	0	1.6	0
W36	Glover	Network Space	01/02045/FUL	2002	1.10	Ind	B2	0	0	1.1	0	1.1	0
W40	Pattinson South	Pinewood Close		2002	1.19	Ind	B2	0	0	1.19	0	1.19	0
W41	Pattinson North	Magna Kensai	01/01435/FUL	2002	3.23	Ind	B8	0	0	3.23	0	0	3.23
W32	Stephenson East	Esmar UK	02/01673/FUL	2003	4.58	Ind	B2	0	0	4.58	0	4.58	0
W37	Crowther	Trade Counter Unit	02/01197/FUL	2003	0.32	Ind	B8	0	0	0.32	0	0	0.32
W38	Wear (East)	Hankyu Cargo	02/00975/FUL	2003	2.58	Ind	B8	0	0	2.58	0	0	2.58
S09	North Hylton	1 Castletown Road	02/02434/FUL	2004	0.47	Ind	B2	0	0	0.47	0	0.47	0
S20	Doxford Business Park	Windsor House, Azure Court	03/02528/FUL	2004	0.34	Office	B1	0.34	0	0	0.34	0	0
S20	Doxford Business Park	Azure House, Azure Court	04/02001/FUL	2004	0.21	Office	B1	0.21	0	0	0.21	0	0
W32	Stephenson East	Heyrod Construction	03/00877/FUL	2004	1.00	Ind	B2	0	0	1	0	1	0
W37	Crowther	Trade Counter Unit	03/02553/FUL	2004	0.22	Ind	B8	0	0	0.22	0	0	0.22
W38	Wear (West)	Reed Print	04/01512/FUL	2004	4.34	Ind	B2	0	0	4.34	0	4.34	0
H52	Sedgeletch	Gentoo	03/02296/FUL	2005	0.67	Ind	B2	0	0	0.67	0	0.67	0
H56	Hetton Lyons	All Track Waste	04/02160/FUL	2005	0.66	Ind	B8	0	0	0.66	0	0	0.66
H58	Rainton Bridge South	e-commerce unit	04/02066/LRE	2005	1.18	Office	B1	1.18	0	0	1.18	0	0
S09	North Hylton	Units 1-5, North Hylton Ent Pk	04/01677/FUL	2005	0.34	Ind	B2	0	0	0.34	0	0.34	0
S16	Pallion	Rivergreen Developments	03/00356/FUL	2005	2.40	Ind	B2	0	0	2.4	0	2.4	0
W32	Stephenson East	Stephenson House	02/02084/FUL	2005	0.35	Ind	B8	0	0	0.35	0	0	0.35
W37	Crowther	Hadrian Airconditioning	03/00237	2005	0.25	Ind	B2	0	0	0.25	0	0.25	0
W37	Crowther	Arke Supplies Ltd	03/01094/FUL	2005	0.28	Ind	B2	0	0	0.28	0	0.28	0
W40	Pattinson South	Staithes Road	03/00238	2005	1.16	Ind	B2	0	0	1.16	0	1.16	0
W41	Pattinson North	Asda, Walton Rd	05/00301/LEG	2005	8.57	Ind	B8	0	0	8.57	0	0	8.57
H58	Rainton Bridge South	Goodman Offices	05/00461/REM	2006	2.67	Office	B1	2.67	0	0	2.67	0	0
S09	North Hylton	PDSA office	06/02503/SUB	2006	0.24	Office	B1	0.24	0	0	0.24	0	0
W32	Stephenson East	Simpson Print	03/02300/FUL	2006	1.82	Ind	B2	0	0	1.82	0	1.82	0
W35	Hertburn	Brindley Road / Industrial Road	04/02238/OUT	2006	0.40	Ind	B2	0	0	0.4	0	0.4	0
W38	Wear (East)	Atkinson Joinery Works	04/00433/FUL	2006	0.61	Ind	B2	0	0	0.61	0	0.61	0
W44	Nissan	Easter	05/00233/FUL	2006	2.24	Ind	B8	0	0	2.24	0	0	2.24
S09	North Hylton	Enterprise House Offices	05/04589/FUL	2007	0.39	Office	B1	0.39	0	0	0.39	0	0
S09	North Hylton	Units 6-12, North Hylton Ent Pk	05/00264/FUL	2007	0.40	Ind	B2	0	0	0.4	0	0.4	0
S09	North Hylton	Travis Perkins	05/02254/FUL	2007	0.41	Ind	B2	0	0	0.41	0	0.41	0
S09	North Hylton	Units 13-25, North Hylton Ent Pk	05/00264/FUL	2007	0.90	Ind	B2	0	0	0.9	0	0.9	0

S10	Low Southwick	Plumbase, Inkerman Street	07/00125/FUL	2007	0.15	Office	B1	0.15	0	0	0.15	0	0
S22	Sunderland Ent Pk	West Quay Court	06/01752/SUB	2007	0.43	Office	B1	0.43	0	0	0.43	0	0
W40	Pattinson South	Phase 1 Teal Farm Business Park	06/02303/OUT	2007	0.45	Ind	B2	0	0	0.45	0	0.45	0
W40	Pattinson South	Hellens, Teal Farm Way	06/02303/OUT	2007	0.56	Office	B1	0.56	0	0	0.56	0	0
W40	Pattinson South	Hellens, Teal Farm Way	06/02303/OUT	2007	0.11	Compound	B8	0	0.11	0	0	0	0.11
H52	Sedgeletch	Fencehouse Truss Company	07/01993/FUL	2008	0.46	Ind	B2	0	0	0.46	0	0.46	0
H53	Dubmire	LWC Limited	06/03236/FUL	2008	0.86	Ind	B8	0	0	0.86	0	0	0.86
H55	Rainton Bridge North	Herrington Gate Furniture	06/02508/SUB	2008	0.40	Ind	B2	0	0	0.4	0	0.4	0
H55	Rainton Bridge North	Unit 6a, Mercantile Road	07/03012/FUL	2008	0.31	Ind	B2	0	0	0.31	0	0.31	0
H58	Rainton Bridge South	Northern Rock	05/04678/FUL	2008	4.96	Office	B1	4.96	0	0	4.96	0	0
S10	Low Southwick	Phase 1, Quay West	06/05248/FUL	2008	1.21	Office	B1	1.21	0	0	1.21	0	0
S20	Doxford Business Park	Signature House, Azure Court	06/02489/SUB	2008	0.19	Office	B1	0.19	0	0	0.19	0	0
W38	Wear (East)	Cylinder Service Centre	07/05564/SUB	2008	0.70	Ind	B2	0	0	0.7	0	0.7	0
W41	Pattinson North	Plot B2, Monument Park	07/00662/FUL	2008	0.80	Ind	B8	0	0	0.8	0	0	0.8
W41	Pattinson North	Plot B1, Monument Park	05/03909/REM	2008	0.90	Ind	B8	0	0	0.9	0	0	0.9
H54	Market Place	New City Flooring Warehouse	07/03848/FUL	2008	0.22	Ind	B8	0	0	0.22	0	0	0.22
H52	Sedgeletch	Durham Co	07/00603/SUB	2009	1.06	Ind	B8	0	0	1.06	0	0	1.06
S20	Doxford Business Park	Nike	08/01033/FUL	2009	1.16	Office	B1	1.16	0	0	1.16	0	0
W41	Pattinson North	Mandarin Way	08/00129/FUL	2009	2.08	Ind	B8	0	0	2.08	0	0	2.08
H56	Hetton Lyons	Alltrac Waste	11/01300/FUL	2010	0.67	Compound	B8	0	0.67	0	0	0	0.67
S19	Leechmere	Claymere & Carrmere Road	08/00507/FUL	2010	0.49	Ind	B2	0	0	0.49	0	0.49	0
W35	Hertburn	Encore Envelopes, Industrial Rd	10/01518/SUB	2010	0.71	Ind	B2	0	0	0.71	0	0.71	0
W38	Wear (West)	BAE Systems	09/02281	2010	6.69	Ind	B2	0	0	6.69	0	6.69	0
W41	Pattinson North	Plot B4, Monument Park	09/04816/FUL	2010	2.47	Ind	B8	0	0	2.47	0	0	2.47
W41	Pattinson North	Plot B3,Monument Park	10/02548/FUL	2010	0.86	Ind	B8	0	0	0.86	0	0	0.86
S09	North Hylton	Harkers lorry park, Riverside Rd	n/a	2011	0.81	Compound	B8	0	0.81	0	0	0	0.81
S16	Pallion West	Parking NE Ambulance Service	01/01374/FUL	2011	0.43	Ind	B2	0	0	0.43	0	0.43	0
W41	Pattinson North	Plot C, Monument Park	10/03228/FUL	2011	0.47	Ind	B8	0	0	0.47	0	0	0.47
	City Centre	Sunderland Software Centre	11/03313/LAP	2011	0.52	Office	B1	0.52	0	0	0.52	0	0
H52	Sedgeletch	Durham Co (use of land to south)		2011	0.46	Compound	B8	0	0.46	0	0	0	0.46
W38	Wear (West)	Rolls Royce	09/02281/REM	2012	11.43	Ind	B2	0	0	11.43	0	11.43	0
W41	Pattinson North	Land Adj 20 Faraday Close	12/00807/SUB	2012	0.05	Ind	B2	0	0	0.05	0	0.05	0
W44	Nissan - Turbine	Washington Business Centre	10/03039/EXT1	2012	1.05	Office	B1	1.05	0	0	1.05	0	0
W44	Nissan - Turbine	Vantec	12/00803/REM	2012	8.38	Ind	B8	0	0	8.38	0	0	8.38
S16	Pallion West	Orange Box Self Storage	13/00199/FUL	2013	0.56	Compound	B8	0	0.56	0	0	0	0.56
S16	Pallion	Former Sport & Social club	n/a	2013	0.26	Compound	B8	0	0.26	0	0	0	0.26
W40	Pattinson South	Phase 2 Teal Farm Business Park	06/02303/OUT	2013	0.35	Ind	B2	0	0	0.35	0	0.35	0
H55	Rainton Bridge North	Extension to TRW	14/00192/FUL	2014	1.09	Ind	B2	0	0	1.09	0	1.09	0
H55	Rainton Bridge North	Expert Tooling & Automation	14/00504/FUL	2014	0.63	Ind	B2	0	0	0.63	0	0.63	0
W36	Glover West	Hawthorns Logistics	n/a	2014	0.37	Compound	B8	0	0.37	0	0	0	0.37
W44	Nissan - Turbine	Future Technology Centre	13/01093/LDO	2014	0.54	Office	B1	0.54	0	0	0.54	0	0
					120.53			**28.79**	**3.68**	**88.06**	**28.79**	**48.24**	**43.50**

Appendix 7 Defining B Class Sectors

Appendix 7: Defining B Class Sectors

The method for re-categorising the Experian employment forecasts by sector into B class uses is summarised overleaf.

Figures marked with an * have been derived using an analysis of data from the Business Register and Employment Survey in order to ensure that the analysis reflects the structure of the local economy.

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Experian Sector	Proportion of Jobs by Use Class		
	B1a/b Office	B1c/B2 Industrial	B8 Warehousing
Agriculture, Forestry & Fishing	Non-B Class		
Extraction & Mining	Non-B Class		
Food, Drink & Tobacco	0%	100%	0%
Textiles & Clothing	0%	100%	0%
Wood & Paper	0%	100%	0%
Printing and Recorded Media	0%	100%	0%
Fuel Refining	0%	100%	0%
Chemicals	0%	100%	0%
Pharmaceuticals	0%	100%	0%
Non-Metallic Products	0%	100%	0%
Metal Products	0%	100%	0%
Computer & Electronic Products	0%	100%	0%
Machinery & Equipment	0%	100%	0%
Transport Equipment	0%	100%	0%
Other Manufacturing	0%	100%	0%
Utilities	0%	8%*	0%
Construction of Buildings	Non-B Class		
Civil Engineering	Non-B Class		
Specialised Construction Activities	0%	41%*	0%
Wholesale	0%	27%*	73%*
Retail	Non-B Class		
Accommodation & Food Services	Non-B Class		
Land Transport, Storage & Post	0%	0%	71%*
Air & Water Transport	Non-B Class		
Recreation	Non-B Class		
Media Activities	100%	0%	0%
Telecoms	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance	100%	0%	0%
Insurance & Pensions	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	25%*	0%	0%
Other Private Services	Non-B Class		
Public Administration & Defence	88%*	0%	0%
Education	Non-B Class		
Health	Non-B Class		
Residential Care & Social Work	Non-B Class		

Appendix 8 Methodology Note: Policy-On Employment Forecast

1.0 **Appendix 8: Methodology Note (Policy-On Employment Forecast)**

1.1 This Note provides a summary of the methodology applied in developing a policy-on employment forecast in order to inform the 2015 Sunderland Employment Land Review (ELR). It should be noted that the analysis seeks to estimate projected growth in B class employment only within Sunderland. This reflects the fact that the purpose of the ELR is to assess the demand for and supply of B class employment space. As such, the figures should not be interpreted as a comprehensive estimate of employment growth in the city.

1.2 Furthermore, it should also be noted that the methodology detailed in this note draws heavily upon the assumptions that underpin the comprehensive body of evidence commissioned by Sunderland City Council to inform the development of the IAMP proposals. NLP has not sought to verify or challenge these assumptions. As such, any queries relating to the analysis taken from the IAMP Strategic Business Case or the various IAMP Topic Papers should be directed to the authors of the source documents referenced within this note.

1.3 In general, high level terms, the methodology applied by NLP in deriving a policy-on forecast seeks to understand the supply chain jobs that will be supported in Sunderland by the IAMP proposals. These jobs have then been added to the baseline employment growth forecast by Experian. In order to estimate the supply chain impacts, it is first necessary to quantify the level of net direct employment to be supported at the IAMP site.

1.4 It is important to acknowledge, however, that the direct employment impacts of IAMP have been stripped out of the employment figures used to model the need for employment land under the policy-on scenario. This is because an assessment of the need for IAMP, and the potential land take associated with the direct employment to be supported on the site, is beyond the scope of this ELR. The IAMP site is being progressed separately through the NSIP process with a detailed body of site-specific evidence being compiled to support the application.

IAMP: Gross Direct Employment

1.5 It is understood that IAMP is anticipated to accommodate 5,228 direct jobs once the site is fully developed out and operational, comprising of[1]:

- 1,397 office jobs (27%); and
- 3,831 industrial and warehousing jobs (73%).

[1] Source: Table 3.3 of *Impact Study – International Advanced Manufacturing Park, Topic Paper: Displacement*

1.6 The figures presented above are understood[2] to relate to full-time equivalent (FTE) jobs, rather than headcount jobs. In addition, they cover the IAMP site in its entirety, which is anticipated to include land within the local authorities of Sunderland and South Tyneside. For the purposes of constructing a policy-on scenario, it is necessary to isolate those direct jobs to be accommodated on land within Sunderland.

1.7 As of October 2015 (when the policy-on scenario was developed) no indicative masterplan for IAMP was available to provide an understanding of the scale and layout of the site. Indeed, public consultation on a range of potential development options for IAMP is planned for late 2015.

1.8 Notwithstanding the above, it is necessary in defining the policy-on scenario to make some assumptions regarding the *likely* scale and layout of the site. Such assumptions have been informed by discussions with SCC and the consultancy team appointed to take the IAMP proposals through the planning process.

1.9 Based upon these discussions, it was suggested that it would be appropriate to assume that approximately 60% of the total IAMP site would be situated within the Sunderland local authority area. It is important to note that this proportionate split has simply been applied as a working assumption to inform the development of the policy-on scenario. It is not intended to pre-empt or prejudice the outcome of the forthcoming consultation exercise.

1.10 Cognisant of the above, it is considered reasonable to assume that approximately 60% of the direct jobs to be accommodated at IAMP would be located within Sunderland. **The gross direct impact of IAMP within Sunderland is therefore estimated to be in the order of 3,137 FTE jobs[3]**.

IAMP: Net Direct Impacts

1.11 In translating gross employment impacts into net figures, the IAMP topic paper on displacement applies adjustments to take account of: leakage; and displacement. These are considered in turn below.

Leakage

1.12 Leakage refers to the proportion of employment at IAMP that could be expected to be taken up by individuals who reside beyond the area of impact (defined as the NELEP area). A 5% allowance for leakage is applied within the IAMP topic paper on displacement.

1.13 It is wholly appropriate to take leakage into account in assessing the net additional economic impact of the proposals. For the purposes of this

[2] Based upon discussions with Edge Economics
[3] 5228 * 60% = 3,137

exercise, however, it is not considered necessary or appropriate to include an allowance for leakage. The policy-on scenario is intended to understand the number of jobs to be created in Sunderland – and to translate this into an employment space requirement – rather than the extent to which these jobs will be occupied by local residents. At a simplistic level, a manufacturing business seeking to expand or locate in Sunderland will require employment premises in the city, irrespective of how many members of staff choose to live in Gateshead, South Tyneside, Durham and beyond.

1.14 Taking into account the above, no adjustment for leakage has been applied by NLP. This is not, however, considered to be inconsistent with the work underpinning the IAMP topic paper with respect to displacement.

Displacement

1.15 Displacement refers to the proportion of outputs accounted for by reduced outputs elsewhere in the area of impact. The IAMP topic paper on employment land provides a detailed assessment of the total displacement impacts of the development proposals, disaggregating the impacts by local authority area. The analysis indicates that displacement effects will be concentrated within the local authorities of Sunderland and South Tyneside.

1.16 By assessing a central scenario and a worst case scenario, the topic paper concludes that between 186 and 373 FTE jobs could be displaced within Sunderland as a result of the IAMP development[4].

1.17 Adopting the level of displacement assumed under the worst case scenario would suggest that **the net direct impact of IAMP within Sunderland could be in the order of 2,764 FTE jobs**[5]. The analysis undertaken by NLP has applied the worst case estimate of displacement in order to minimise the risk of over-estimating the impact of IAMP on the demand for general employment space in the city.

IAMP: Multiplier Impacts

1.18 The multiplier impacts refer to the additional 'spin-off' jobs generated across the wider economy by a development. Multiplier impacts can be quantified through the application of:

- A 'Type I' multiplier, capturing the indirect effects of development (i.e. the impact of increased demand within the supply chain) ; or

[4] Source: Table 3 of *Impact Study – International Advanced Manufacturing Park, Topic Paper: Employment Land*
[5] 3,137 – 373 = 2,764

- A 'Type II' multiplier, capturing the indirect and induced effects of development (i.e. the impact of increased demand within the supply chain, as well as the impact of increased wage spending by direct and indirect employees).

1.19 In this particular instance, a Type I multiplier has been applied by NLP. This is considered to be the most appropriate approach – given that the focus of this exercise is to identify the impact of IAMP on the demand for general B class employment space in Sunderland – as it helps to isolate the indirect (supply chain) impacts of the development proposals. The approach is underpinned by an assumption that:

- Changes in indirect (supply chain) employment levels will likely be the key determinant of future demand for B class space in Sunderland. Indirect jobs are likely to be generated in a range of firms including (but not limited to) part manufacturers and logistics and distribution businesses, as well as business service functions; and
- Changes in induced employment levels will have little bearing on the demand for B class space in Sunderland. Induced employment effects will primarily be observed in the service sector, linked to increased wage spending by direct and indirect employees at IAMP.

1.20 The IAMP topic paper on displacement[6] suggests that, at the NELEP area, IAMP could be expected to give rise to an employment multiplier effect of 2.0.

1.21 During discussions with the consultancy practice responsible for the economic analysis contained within the IAMP displacement topic paper, it was suggested that in the order of 70% of the multiplier effects are likely to be observed at the Sunderland local authority level. This has been sensitivity tested by NLP and is considered to be appropriate[7].

1.22 The multiplier effect of 2.0 identified within the IAMP displacement paper is understood to comprise of two component parts:

- The direct impact: equivalent to 1.0; and
- The indirect impact (or multiplier effect): equivalent to 1.0.

1.23 Clearly, the direct impacts remain fixed regardless of the geography at which the proposals are being considered. In converting a multiplier figure from the LEP-level to the local authority level, therefore, it is only necessary to apply the appropriate discount factor to that part of the multiplier that is used to calculate the indirect impacts.

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[6] Source: Page 17 of *Impact Study – International Advanced Manufacturing Park, Topic Paper: Displacement*

[7] English Partnerships' *Additionality Guide: Third Edition* includes indicative local and regional multipliers for B1, B2 and B8 activities. This suggests that impacts at the local authority area might be expected to equate to 65% of the regional figure.

1.24 Having regard to the above, a multiplier of 1.7 has been derived in order to estimate the impacts of IAMP at the Sunderland local authority level. This multiplier figure comprises of:

- The direct impact: equivalent to 1.0; and
- The indirect impact (or multiplier effect): equivalent to 0.7[8].

1.25 Applying a multiplier of 1.7 to the 2,764 net direct FTEs to be created at IAMP (within Sunderland) would suggest that the development proposals could be anticipated to support the creation of a further **1,935 indirect FTE jobs in the local authority area[9]**.

Policy-On: B Class Employment

Disaggregation by B Use Class

1.26 It has been assumed that the 1,935 indirect FTE jobs derived above will all fall within the B class sectors. In order to model the future need for employment land in Sunderland, however, it is necessary to disaggregate this figure to the core B class uses of: office (B1a/b); manufacturing (B1c/B2); and warehousing/distribution (B8).

1.27 Table 3.3 of the IAMP topic paper on displacement indicates that on-site employment is expected to be disaggregated as follows:

- Office jobs: 27%; and
- Industrial (B2/B8) jobs: 73%

1.28 In the absence of a detailed breakdown of IAMP's anticipated supply chain, the headline supply chain impacts derived above have been been disaggregated in accordance with the proportionate distribution of direct jobs. On this basis, it is estimated that the 1,935 indirect FTE jobs will comprise of:

- 522 office (B1) jobs; and
- 1,413 industrial (B2/B8) jobs.

1.29 Clearly, further analysis is required in order to separate out B2 and B8 employment. The evidence compiled in relation to IAMP by the Council's appointed consultancy team does not provide any further disaggregation in relation to employment. Table 1 of the *Sunderland and South Tyneside Strategic Employment Study (2013)* does, however, provide a more detailed breakdown of the distribution of employment space. The table indicates that, under the moderate or central scenario, automotive and advanced manufacturing activities might be expected to account for 83% of space, whilst

[8] 1.0 * 70% = 0.7
[9] 2,764 * 0.7 = 1,935

distribution activities might be expected to account for 17%. This is shown in Table 1:

Table 1 Employment Space Requirements by Sector (Moderate Scenario)

	Land (ha)	% Share
Automotive	105.5	74%
Advanced Manufacturing/Engineering	13.4	9%
Distribution	23.5	17%
Total IAMP Requirement	**142.4**	**100%**

Source: Sunderland and South Tyneside Strategic Employment Study, PwC (2013)

1.30 In the absence of a more detailed breakdown of employment, the proportionate split by use class derived above has been adopted as a proxy measure. It is recognised that there are limitations to this approach. In particular, it is unlikely that plot ratios and employment densities will remain constant across the three sectors outlined above. However, it is an approach that is grounded in an appreciation of the broad balance between manufacturing and distribution activity anticipated at IAMP.

1.31 Applying the proportionate split derived above to the 1,413 indirect FTE jobs forecast to be generated in the manufacturing and distribution sectors would imply the following breakdown:

- 1,173 manufacturing (B2) jobs; and
- 240 distribution (B8) jobs.

1.32 In summary, therefore, it is anticipated that the 1,935 indirect FTE jobs to be created by IAMP within Sunderland will be distributed as shown below:

- 522 office (B1) jobs;
- 1,173 manufacturing (B2) jobs; and
- 240 distribution (B8) jobs.

Converting FTE Jobs to Headcount Jobs

1.33 It should be noted that, within the baseline economic forecast commissioned from Experian, employment figures are presented on the basis of headcount (rather than FTE) jobs. To ensure that a consistent approach is applied to forecasting throughout the ELR, NLP has converted the 1,935 indirect FTE jobs derived above into a headcount employment figure.

1.34 Recognising that the ratio of full-time (FT) to part-time (PT) employment often differs by sector, the conversion exercise has been undertaken for each of the B class uses individually. The analysis has drawn upon data from the

Business Register and Employment Survey (BRES). This has enabled NLP to identify those sectors (by SIC code) that might be expected to occupy B1, B2 and B8 space at IAMP and to quantify the FT:PT split of employment in each sector at the local authority level.

1.35 Applying the approach outlined above, and assuming that one full-time position is equivalent to two part-time positions, it is estimated that:

- Offices[10]: 522 FTE jobs could be expected to correspond to 585 headcount jobs[11];
- Manufacturing[12]: 1,173 FTE jobs could be expected to correspond to 1,195 headcount jobs[13]; and
- Distribution[14]: 240 FTE jobs could be expected to correspond to 255 headcount jobs[15].

Estimating Total B Class Employment Growth

1.36 Based upon the methodology outlined above, it is estimated that the IAMP proposals could be expected, through the supply chain, to support the creation of 2,035 B class jobs in the wider Sunderland economy (excluding the direct impacts to be supported on the site itself). Whilst this is an important consideration in constructing a policy-on employment forecast, it does not reflect the additional growth in the B class economy that might be expected to be delivered independently of IAMP.

1.37 In order to understand the full extent of potential B class employment change under the policy-on scenario, therefore, NLP has added the indirect jobs associated with IAMP to the baseline employment forecast provided by Experian. This indicates that B class employment within Sunderland (excluding the direct employment impacts of IAMP) could be anticipated to increase by 2,550 jobs over the period 2015-2033. This is summarised in Table 2.

[10] Defined for the purposes of this exercise as comprising of SIC codes 64, 65, 66, 68, 69, 70 and 73
[11] Based upon an FT:PT employment ratio of 79:21
[12] Defined for the purposes of this exercise as comprising of SIC codes 26, 27, 28, 29 and 30
[13] Based upon an FT:PT employment ratio of 96:4
[14] Defined for the purposes of this exercise as comprising of SIC codes 494 and 521
[15] Based upon an FT:PT employment ratio of 87:13

Table 2 Policy-On Employment Forecasts (2015-2033)

	Baseline Job Change (2015-33)	IAMP Supply Chain Jobs[16]	Policy-On Job Change (2015-2033)
Offices (B1a/B1b)	+735	+585	+1,320
Manufacturing (B1c/B2)	-1,315	+1,195	-120
Warehousing/Distribution (B8)	+1,090	+255	+1,345
Total B Class Jobs	**+515**	**+2,035**	**+2,550**

Source: NLP analysis

[16] It is acknowledged that the phasing of the IAMP project (2018/19 to 2026/27) differs from the study period of 2015 to 2033 (which is also reflected in the baseline forecast). For the purposes of this forecasting exercise, no additional growth in the IAMP supply chain beyond 2026/27 has been assumed.

Appendix 9 The Views of Agents in Context

THE VIEWS OF AGENTS IN CONTEXT

At the workshop agents and developers were cautious about demand for office development sites in Sunderland. Their views were based on current market conditions and it is worth considering the extent to which these conditions are likely to continue over the plan period or whether low levels of office development could be a shorter term phenomenon.

The last seven years have been characterised by substantial levels of oversupply in the out-of-town office market within the Newcastle city region. High levels of speculative office development as the recession hit coincided with a five year period of "golden contracts" after the expiry of the enterprise zones in North Tyneside and East Durham, which stimulated further office supply until 2011 despite a severe contraction in demand. The legacy is an overhang of new office floorspace which the market has been struggling to absorb. In North Tyneside, vacant space at Cobalt is expected to be taken up within two years and at Quorum within three. In East Durham vacant space at Spectrum and Bracken Hill will also be steadily absorbed by the market though perhaps not as quickly.

The overhang of space in the out-of-town market has also led developers to consider city-centre development, particularly in Newcastle, where a shortage of Grade A space is emerging. In Sunderland city centre there are also renewed efforts to progress development at the Vaux site. These city centre sites will be developed at higher densities. But whether this represents a longer term preference amongst occupiers for town and city centre locations, when out-of–town space still provides lower costs of occupation, is questionable.

Developers and agents consider that less land will be required for office development and that a lower proportion of demand will be for out-of-town locations. Whilst this is likely to hold true over the next 3 - 5 years, it is unlikely to persist for the full plan period, as values and viability issues can be expected to renew interest in the out-of-town office development in the medium to long term.

In recent discussions with developers we have compared office development locations across the LEP area. Sites within Newcastle City Centre are seen as the strongest development propositions, Milburngate and Aykley Heads in Durham also ranked highly and the Vaux site is regarded as a more viable development opportunity than sites within other town centres. In the out-of-town market, business parks in the A1 corridor are regarded as strong locations; Rainton Bridge South is also considered favourably. Vacant space at Doxford requires prolonged marketing and the remaining development plots are right at the back of the business park so this is no longer seen as providing good development opportunities.

Appendix 10 Historic Losses of Employment Land

Size	Use/Proposal	Area N/S	Year of Completion	Previous Use Class
0.22	Childrens day nursery	South	2006	B1
4	Residential	Coalfield	2006	B2/B8
3.4	Residential	Coalfield	2006	B2/B8
0.511	Veterinary surgery	North	2011	B2
0.182	Change of use of part of warehouse to climbing centre	South	2011	B2/B8
3.1	Residential	Washington	2011	B2
0.53	Restaurant	South	2012	B1
1.748	Residential	Washington	2012	B2
2.4	Class A1 Retail	North	2013	B2/B8
0.65	Change of use from industrial unit to bowling alley	North	2013	B2
6.734	Residential	South	2013	B2/B8
5.56	Residential	Coalfield	2013	B2
0.004	Café (A3)	Washington	2013	B2
4.3	A1/A2/A5 retail units, 95 dwelling houses	Washington	2013	B2/B8
2.83	Residential	Washington	2013	B2/B8
0.032	Sui Generis	South	2014	B2
0.913	Residential	Washington	2014	B2/B8
3.9	Residential	Washington	2014	B1
1.99	Residential	Washington	2014	B2/B8
6.14	Residential	Washington	2014	B2/B8
49.14	**Total Losses**			
4.91	**Average Losses Per Annum**			

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