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Planning Design Economics

**Employment &
Economic Land
Assessment**

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Lewes District Council

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Final Report

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Executive Summary

This Employment Land Review (ELR) has been commissioned by Lewes District Council to inform the Local Development Framework (LDF) Core Strategy and the provision of land for employment uses. Its main aims were:

- a to assess the future demand for and supply of employment land and of sites for employment;
- b to assess the suitability of sites, whether existing, permitted or proposed for future employment land;
- c to identify sites which are unlikely to be needed by the market or are now unsustainable for employment development;
- d to help develop appropriate future policies and proposals for the LDF; and
- e to improve systems for monitoring outcomes and reviewing employment policies.

The study's approach generally follows Government guidance and South East regional guidance on undertaking employment land reviews taking account the aims of PPS4: *Planning for Sustainable Economic Growth*. It focuses on employment space needs for the group of B Use but also considers in broad terms the future employment potential and land needs of other non B Class economic uses such as retail, tourism, healthcare, waste management, and education.

In terms of the land needs for the non B Class economic uses, the District Council will also undertake specialist studies to more accurately determine their future land requirements, and locations, for each sector. This will include the Retail Study and the Infrastructure Position Paper and Delivery Plan.

Economic Context

Lewes District is a relatively rural district, albeit with a largely urban coastal strip, has an attractive environment and good quality of life factors and a reasonably buoyant local economy in which tourism is important. It also has a reasonable industrial base and below average unemployment although recent job growth and business formation rates have been below the regional average, while skills and workplace earnings are also relatively low.

Its main drawbacks and potential constraints to future economic growth include a large part of it lying within the South Downs National Park, flood risk factors which potentially limit supply of employment sites and the relatively low quality of many of its employment sites. The District also has fairly strong reliance on manufacturing and public sector jobs, both of which face decline, low representation in knowledge based and growth sectors, and potential competition from larger economic centres nearby such as Brighton.

Employment Space

Lewes District has a relatively modest supply of employment space, 158,000 m² in total, compared with larger centres nearby such as Brighton & Hove. The great majority of employment space in Lewes District (88%) is industrial, with a relatively small amount of office space, which is concentrated in the town of Lewes. In contrast, factory and warehousing space are heavily concentrated in Newhaven, although there are also significant amounts in Lewes town and the smaller towns.

Lewes District has experienced only moderate net gains in commercial floorspace (5%) in the last decade, mainly warehousing space with a small increase in office space which has been partly offset by a sizeable loss of factory space. Office space growth (12%) was relatively high compared with adjoining districts. and Lewes District's industrial base has held up fairly well in recent years with manufacturing decline offset by gains in warehousing.

An average of 15,800 m² of gross new B class space has been developed annually in recent years, split evenly between B1, B2 and B8, although significant losses have also occurred, particularly of industrial space, reducing the net completion rate to only 3,200 m².

There is a relatively small proportion of modern, purpose-built office stock in Lewes District and, compared with regional averages also much less modern industrial space. This suggests lower quality stock to attract firms although, perhaps reflecting limited amounts of supply, vacancy levels are slightly below average.

The gross supply of B-class floorspace with permission for development stood at 49,500 m² at the end of March 2009, or about three years of recent average take-up rates. A large proportion of this permitted space involved changes of use of rural or existing employment buildings and, reflecting potential losses, the net amount of B-class space that could be built is 31,000 m². In addition, there is 27.2 ha of land allocated for B-class uses in the Local Plan, the most significant site being the 16.8 ha Eastside Business Area in Newhaven.

Although most of the surrounding districts do not have large quantities of available employment land, and several have less deliverable supply than likely demand, there are several major redevelopment proposals which could potentially compete with Lewes District for future employment development. In particular, major office allocations in Brighton, Eastbourne and Haywards Heath could affect any attempts to expand the office sector in Lewes District whilst expansion of industrial estates in Burgess Hill and Uckfield could compete with the Lewes District industrial market to some extent.

Commercial Property Market

Lewes District's commercial property market is fairly localised, and can broadly be distinguished by four separate sub-areas - Lewes town, Newhaven, the remaining coastal strip comprising Seaford, Telscombe and Peacehaven, and

the rural areas in the northern part of the District. The market is influenced by, but does not generally extend to, centres such as Brighton and Crawley to the west or Hailsham and Eastbourne to the east, which operate as largely separate property markets.

Most current demand for employment space in Lewes District is for industrial premises and levels of demand have been steady, if not particularly high, in recent years. Most demand is for smaller industrial units and is almost exclusively from local firms, with very few enquiries from outside of the District, and little inward investment. The industrial market is reasonably tight in the town of Lewes, but much of the District's stock is located in Newhaven which has a large amount of supply, often unsuited to modern business needs.

There has been limited interest historically for large-scale distribution activities within Lewes District and other locations with better strategic access and availability of larger sites are likely to continue to be more obvious locations for distribution activities.

The coastal towns of Seaford, Telscombe and Peacehaven have limited industrial provision but stock is generally suited to the localised needs of businesses in these areas. In the rural area, there is also good demand for conversions of redundant agricultural buildings to provide small-scale, high-quality office or workshop developments, and a significant level of current provision.

Lewes District is not generally regarded as a significant centre for office development, and has very few, large private sector office occupiers, with the District's office market strongly focused on Lewes town, with no significant demand or provision in the rest of the District. Demand is mainly from local businesses and for smaller units, as well as some provision for local businesses seeking slightly larger or more modern accommodation.

Market views on the future growth prospects of the District saw this as being determined by how far it can move away from public sector (Lewes town) and traditional manufacturing (Newhaven) employment to a more diversified economic base. In particular, a more pro-active marketing approach was seen as potentially helping to attract and encourage higher-value businesses, and a need for stronger place branding.

Current Employment Sites

The District contains a reasonable range of industrial sites of differing quality and type but a very limited range of office sites, and little specific provision for start-up businesses in the urban areas except in Newhaven. Of the 40 sites assessed through this study, around 65% of the employment land area is located within the Newhaven area, with some 12% in or beside Lewes town, 6% in the towns of Seaford and Peacehaven/Telscombe and 15% spread across the rural areas.

This assessment identified 10 existing developed sites of good quality (providing 64 ha of land) and four allocated/undeveloped sites (providing 2.6 ha) which are also of good quality. This better quality land makes up almost 38% of the total supply assessed by this study.

In addition, 22 sites of all the assessed sites are of average quality (providing 96.5 ha) and 7 sites (providing 9.9 ha) are of lower quality. This indicates that the great majority (94%) of the current supply of employment land is of good or average quality, although mostly in the average category. However, as less than 6% of the undeveloped/developable land is of good quality, this suggests most of the land available to meet future needs is also of average quality and not particularly attractive to developers.

Most of the sites rated as 'good' in terms of the assessment criteria are within Lewes town or Newhaven, partly reflecting these towns' better access to roads, public transport, labour supply and services. However, there appear to be very few good existing office sites in the District, and these are primarily within Lewes town with extremely limited provision elsewhere. There is potential for future office provision on some of the allocated employment sites although there are very few, good quality, undeveloped sites suitable for this and again sites likely to support significant new office space are predominantly within Lewes town.

Most of the lower quality sites lie in the more rural areas of the District which suffer from more limited access to motorways, public transport and labour supply. Although performing less well on the assessment criteria, many of these sites appear to meet local needs for low cost space, by firms not requiring good strategic or local road access, and for smaller-scale activities.

Some allocated sites appear reasonably suitable to meet future needs although the number of these that remain undeveloped after many years suggests some may be unattractive to market needs or have constraints to development in this local market. This suggests that the reasonably certain supply of employment land, and the range of types of sites available, could be lower than initial estimates.

While almost 41 ha of undeveloped land was identified with potential for employment development, not all of this is certain to come forward for such uses within a reasonable timescale. Taking account of potential constraints, only some 36 ha of this land has reasonable prospects of being delivered to meet future employment needs. Of this, only 3.1 ha is estimated as likely to be available in the short-term.

Future Economic Potential

Lewes District's future growth is likely to be characterised by a continuing shift away from traditional manufacturing activities into the service sector, with some rationalisation of manufacturing accompanied by movement into higher value sectors. Some small scale growth is possible in service sectors such as business services, ICT and publishing although this will depend to a large

extent on improved connectivity, local start-ups and providing some better quality premises.

The District's manufacturing sector may decline further or at best consolidate but retain some strengths in higher value engineering activities, possibly with some modest growth in environmental industries. This future would rely on retaining traditional established firms but with its base broadened by an injection of small/medium firms attracted by good quality, readily developable sites becoming available, including some in higher value sectors more resilient to overseas low cost competition. No significant role is seen for strategic distribution operations with large units although there will be some growth of smaller scale firms in this sector. Modest expansion in small scale, business service and creative activity firms appears more likely.

Looking at the growth potential of individual economic sectors within Lewes District, aside from creative industries where better potential is identified, the District has only moderate competitive advantages in a few sectors and no single sector stands out as having strong growth potential in Lewes District that could lead to economic 'step change'. In these circumstances, the District's potential future economic role may not be greatly different from its current one given there are few obvious factors likely to instigate significant change.

Overall, the future economic role of Lewes District would involve broadly retaining its existing industries but with a more developed and broader business service sector than now, albeit on a relatively small and modestly growing scale. It would rely on encouraging local start-ups and expansion by small indigenous firms by providing a range of suitable, small, flexibly managed units. Over time, this could create some demand for slightly larger office units and develop the small office market further as well as help to improve the business image of the District. While attracting more business relocations from outside the District would also be beneficial, it would require provision of a better quality and choice of employment sites, and the competing effects of nearby centres suggests greater emphasis should be given to encouraging indigenous growth.

Future Requirements for B Class Space

Based on consideration of various factors, four different estimates of future B Class employment space requirements have been prepared, using different approaches. Three of these reflect assumptions of lower future economic growth and development rates in Lewes District than in the recent past.

The overall space requirements related to these different futures range from 32,700 to 62,000 m² of all types of employment space up to 2026, but between 11,400 and 23,700 m² for office space. This implies a need for between 5.3 ha and 13.6 ha of employment land.

Gross Employment Land Requirements to 2026 (including safety margin & allowance for losses)

	Baseline Job Growth Estimate (m ²)	Enhanced Demand for Offices (m ²)	Reduced Completions (m ²)	Past Completions Continue (m ²)
Industrial space (B1c/B2/B8)	+12,500	+12,500	+36,400	+48,500
Office space (B1a)	+20,200	+23,700	+11,400	+13,500
Total B-class space	+32,700	+36,200	+47,800	+62,000

All but one of these demand estimates produce a level of job generation which is likely to outstrip the additional number of workers generated by planned housing growth in Lewes District.

Given an uncertain economic outlook, it is difficult to select the preferred or most likely option from these alternative growth pictures. The estimate which assumes past trends continuing at similar rates is probably less likely in terms of the current more pessimistic economic outlook compared to economic growth patterns over the past decade, and would also put greater pressures on local labour supply. In order to ensure that the District realises its economic potential, it may be best to plan for office development on the basis of at least the growth rate envisaged by the baseline jobs forecast.

The range of estimates of future industrial space needs is wide, with some indicating slightly more space needed only to replace losses to other uses, but others based on past trends pointing to a significant increase required. The lower (job based) estimates of industrial space demand may well underestimate future needs since they differ so greatly from the level of development that has actually occurred in Lewes District in recent years. Given the tight local industrial market and the lack of many good quality, available sites, it would be sensible to plan for a reasonable increase, rather than decline, in industrial stock, particularly in the medium to long-term. For planning purposes, given the difficulties of getting new employment space delivered within Lewes District, it may be better to plan for a moderate level of industrial growth within the wide range of estimated demand. This could be in the range of an additional 30,000 to 40,000 m² of industrial space. This would be very broadly equivalent to the capacity of a 10 ha industrial site.

Development Needs of Non B Class Uses

The job potential and development needs of economic sectors other than the B use classes were also considered. These currently form 71% of all jobs in Lewes District. The Non B Uses could potentially provide an additional 2,370 jobs in Lewes District by 2026, a 10% increase on their 2008 employment level, and significant compared with the forecast 3,700 job increase for B class uses.

The land requirements for most Non B sectors are likely to be modest, partly because many will utilise land already held by the relevant provider (e.g. health, education) or because the use can be incorporated within mixed use

developments, often in town centres. There could be a modest requirement for retail warehouse needs (1-2 ha or so), and possibly another 1 ha for hotel uses and health & fitness facilities and at least 1 ha for waste management uses. Some of these requirements could make use of existing industrial land, possibly 1 ha or so, and more if some of the East Sussex & Brighton Minerals/Waste Core Strategy requirements are located in the District.

Demand/Supply Balance

These estimates of future requirements were compared with estimates of existing employment space and space in the development pipeline. This indicated more than an adequate quantitative supply of industrial space to meet future needs to 2026, under different estimates of future demand. This situation would apply even if a number of sites do not come forward for development. However, there is a risk of a modest shortfall over the 2010-15 period if future demand were to match past levels.

For office space, there could be a shortfall of up to 15,700 m², although this maximum figure could increase to 18,100 m² if some currently uncertain sites fail to come forward for development. This situation could possibly be partly resolved by some industrial sites being redeveloped for office use, although very few sites exist where this could realistically occur and only in Lewes town.

Given the current limited choice, there is a need for more sites in Lewes town for both office and industrial uses for qualitative reasons, ideally an additional 1-1.25 ha office site and a 1-1.5 ha industrial site. Based on past demand and current provision, no need was identified for new allocations elsewhere in the District.

In addition, it would be beneficial if some very modest provision for move-on office space could be achieved in Newhaven, perhaps as part of larger scheme such as the planned Eastside Business Park. There may also be scope to provide some small, low cost, flexible premises in Seaford or Peacehaven to capture any latent demand and stimulate local growth but feasibility would need to be examined and public sector support is likely to be required.

Improving the current stock of employment space would also be important and upgrading of older industrial areas and new provision or sub-division to bring forward more, low cost, small scale industrial units should be encouraged.

Potential New Sites

To meet the identified need for some new sites there is a very limited choice of potential new sites for employment development around Lewes town due to the range of policy and environmental constraints affecting this area. Twelve potential sites were examined drawing on the site assessment for the SHLAA study and other known sites in and around Lewes town.

All of the potential office sites close to the town centre have significant development constraints. There would be scope to provide office development

within any mixed use development of the North Street Strategic site, although its deliverability and timescale would be less certain. There are several other options in and on the edge of Lewes town centre although all have some flood risk problems. If flood risk rules out these sites, options could be a small office campus development on the northern edge of the town at Malling Down (although potential impact on landscape and highway/access issues would need to be addressed if this site was to be delivered) or small office units within surplus lands on the South Downs College site.

In terms of finding potential new industrial sites, the choice is less wide but land at Malling Down, and possibly sites further afield at Ringmer, probably provide the best options. If the North Street site were to be developed for offices and a mix of other uses, this could increase the requirement for additional industrial land at Lewes town to allow relocation of firms established there.

More Effective use of Current Supply

Approaches that could help upgrade older established industrial estates range from stripping and repainting of industrial units, and making environmental improvements to estates through a Business Improvement District (BID) mechanism. Encouragement for owners/developers to do this may be necessary, and would be aided by:

- an LDF policy encouraging such forms of development;
- introduction of Local Development Orders to relax planning requirements within specific industrial areas;
- Council involvement in instigating a BID approach in suitable areas;
- local initiatives to publicise to local firms case studies of improvements to business premises, including costs, local contractors involved and rental or other benefits achieved; and
- exploring potential sources of grant aid to enable small/medium firms to upgrade premises if the market does not deliver these improvements.

Other approaches may be needed to encourage employment development on allocated sites that have failed to attract development. These could include:

- on appropriate sites and where a clear need is demonstrated, allowing a limited amount of higher value “enabling development” or mixed use schemes to help fund infrastructure and support provision of speculative employment premises;
- supporting funding bids or other funding mechanisms to kick-start key infrastructure to open up and stimulate development on key sites, although it has to be recognised that the scope for this may be more limited in future;
- de-allocating sites clearly unlikely to attract employment development and seeking to identify better sites, although the options for new sites appear limited;

- encouraging the maximum flexibility in the types of employment uses and forms of development on sites, including opportunities for design & build by occupiers.

A need was identified for more, small, lower cost office units available on flexible terms and suited to start-up firms moving out of incubation or enterprise centres. In normal circumstances, it appears unlikely that the market will deliver such space in Lewes District. Based on experience elsewhere, three approaches to providing such premises could be considered:

- seek provision of small office units within larger employment developments, residential or mixed use schemes; this could be achieved as part of the S106 obligations with the developer delivering the units for management by the Council or another operator;
- pooling S106 contributions from other developments to help develop or support start-up premises;
- encourage conversion/sub-division of an older industrial unit into a number of small, lower cost office units (a small business centre); if the market did not bring this forward, such a scheme could be instigated by the Council with a development partner.

Release of Sites

The potential to release some of the smaller, poorer performing, employment sites has been considered. However, some of these lower quality sites are occupied and serve a local need at some level, particularly in the rural areas. Others are isolated rural allocations that have failed to attract development interest after some years and may be stronger candidates for release. Any decision to release or retain such sites should take account of any surplus or current land supply, what types of sites are needed for qualitative reasons and whether better replacements can be found.

There may be a case for considering the release of lower performing undeveloped employment allocations to alternative uses if they offer limited prospect of delivering any employment floorspace within the plan period. Generally in Lewes District, a very cautious approach should be taken to release of employment sites to non B Class uses. This reflects the District's constraints on finding new sites in future because of environmental constraints.

Some of the lower quality sites are still in active employment use and should be retained. Several other allocated sites – Balcombe Pit and part of the Woodgate Dairies site - appear to have limited potential of being developed for employment uses in the near future. This would not prevent existing buildings and land being used for low cost, rural based activities and, unless they are causing environmental harm or have potential for residential use, they could be retained as such, with the situation being monitored. If the current allocations fail to serve any need for low cost rural employment space, de-allocation could be considered in future. At the present time, therefore, the study is not

recommending any employment sites be released to other non employment uses.

Development Needs of Non B Class Uses

The development needs of economic sectors other than the B use classes were considered. This indicates that the Non B Uses could provide an additional 2,370 jobs in Lewes District by 2026, a 10% increase on their 2008 employment level, and significant compared with the forecast 3,700 increase for B class uses.

The land requirements for most sectors are likely to be modest, partly because many will utilise land already held by the relevant provider or because the use can be incorporated within mixed use developments, often in town centres. There could be a modest requirement for retail warehouse needs (1-2 ha or so), and possibly another 1 ha for hotel uses and health & fitness facilities. Some of these requirements could make use of existing industrial land, possibly 1 ha or so, and more if some of the East Sussex & Brighton Minerals/Waste Core Strategy requirements are located in the District.

Monitoring

It will be important to monitor future change in the demand and supply of employment space to identify changing patterns and inform any policy responses required. Specific items to be monitored would include:

- a) the levels of future demand for office/industrial space and which of the study's estimates of future requirements this best relates to;
- b) how much of the currently identified supply of employment space is likely to come forward;
- c) the emerging land requirements of Non B uses;
- d) the extent and type of any losses of existing employment land to non B uses;
- e) any on-going deficiencies in provision for specific types of employment premises e.g. small, low cost, business or industrial units.

In addition, this Employment & Economic Land Review was prepared at a time of major economic change in the UK, during the most severe recession in the last 40 years. While some allowances were made for this factor, it is possible that national economic recovery will change the current picture of current supply and future requirements for employment space. For these reasons, it is recommended that this study be updated within a reasonable period, such as 4-5 years from now.

1.0 Introduction

1.1 This Employment Land Review (ELR) has been commissioned by Lewes District Council to inform the Local Development Framework (LDF) Core Strategy and the provision of land for employment uses. In summary, the Council's aims for the study are as follows:

- a to assess the future demand for and supply of employment land and of sites for employment;
- b to assess the suitability of sites, whether existing, permitted or proposed for future employment land;
- c to identify sites which are unlikely to be needed by the market or are now unsustainable for employment development;
- d to help develop appropriate future policies and proposals for the LDF; and
- e to improve systems for monitoring outcomes and reviewing employment policies.

1.2 The principal outputs required from the study are in three stages, namely:

- **Stage 1: Taking Stock of the Existing Situation:** An assessment of the fitness for purpose of the existing land portfolio in order to identify the best employment sites to be retained and protected, and any existing employment sites that are clear candidates for release for other uses.
- **Stage 2: Assessing Future Requirements:** A broad quantitative assessment of the future (plan period) employment land requirements for the District, across the principal market segments, and suitable employment land stock remaining from Stage 1. Stage 2 is also to produce an analysis of the likely 'gap' in supply to be filled.
- **Stage 3: Identifying a Site Portfolio:** A portfolio of sites that meet local and strategic planning objectives and serve the needs of businesses and the local economy, to be taken forward in the development plan. Also, the fitness for purpose of the employment site portfolio is to be confirmed, along with recommendations for any poorer sites to be released, and identification of any unresolved gaps in provision. Robust evidence is to be provided to resist pressures for change of high quality employment sites, even where employment uses represent lower land value than alternative forms of development.

Approach and Methodology

1.3 The study's approach generally follows Government guidance on undertaking employment land reviews and also takes into account regional guidance on such studies.¹ It focuses on employment space needs for the group of B Use

¹ *Employment Land Reviews: Guidance Note* (ODPM, 2004) and *South East Plan Supplementary Guidance: Employment Land Reviews* (SEEPB, 2010)

Classes indicated in Table 1.1 but also considers in broad terms the future employment potential and land needs of other non B Class economic uses such as retail, tourism, healthcare, waste management, and education. The needs of employment land and floorspace are considered in the study, and references to “employment space” are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses.

Table 1.1 B-class Employment Land Definitions

B1	Business <ul style="list-style-type: none"> • Commercial offices other than in a use with Class A2 • Research and development - laboratories and studios • Light industry
B2	General Industrial <ul style="list-style-type: none"> • General industry (unless in B1)
B8	Storage or Distribution <ul style="list-style-type: none"> • Storage or distribution centres - wholesale warehouses, distribution centres and repositories

1.4 The overall process by which employment needs have been assessed, and how these would feed into the LDF process, is illustrated by Figure 1.1.

1.5 A key input to this process was consultation with various organisations with an interest in the supply of employment land including employers, economic development and inward investment agencies, business groups, property agents and developers. Appendix 1 contains a list of consultees. Information was also obtained from the annual survey of local businesses carried out by East Sussex County Council.

1.6 The study also draws on previous employment land and economy studies undertaken for adjoining districts as well as other relevant documents including economic strategy documents, planning policy guidance, property market information and published economic statistics. These are listed in Appendix 2.

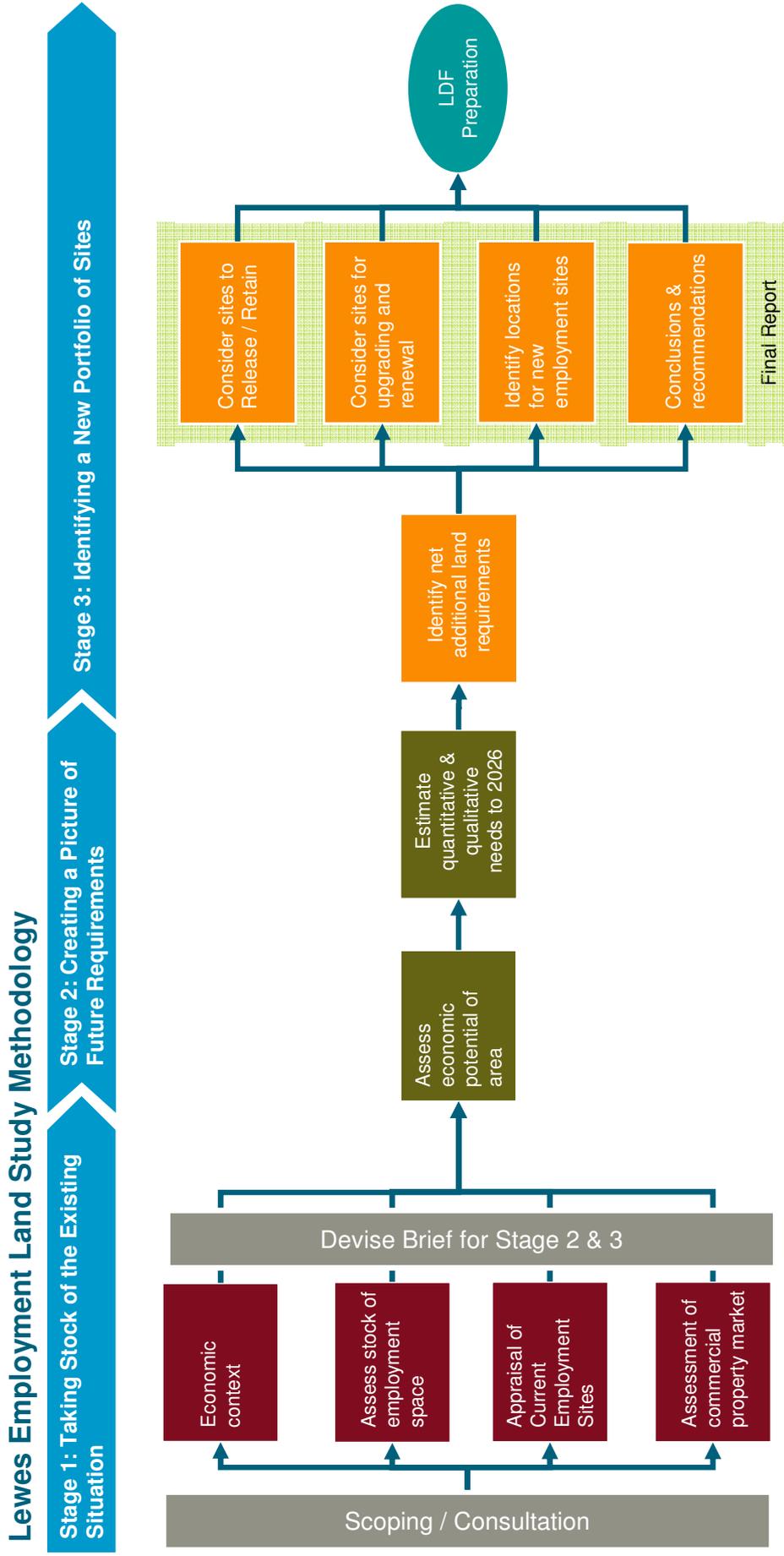
1.7 It is also important to emphasise that, in line with advice in PPS4: *Planning for Sustainable Economic Development*, this study was carried out in parallel with a Strategic Housing Land Availability Assessment (SHLAA).

1.8 The report is structured as follows:

Economic Context (Section 2)	A review of current economic conditions and recent trends in the District and its economic strengths and weaknesses that may affect future needs for employment space.
Overview of Employment Space (Section 3)	Analysis of the current stock of employment space in terms of mix of uses, development rates, gains and losses, age of premises, and levels of provision in adjoining districts.
Assessment of Commercial Property Market (Section 4)	A review of the local commercial property market, including the supply of and demand for different types of employment space and the needs of different market segments.

Appraisal of Current Employment Sites (Section 5)	Assessment of the quality of current land supply against defined criteria including its attractiveness to the market and its ability to meet future needs.
Assessment of Economic Potential (Section 6)	Identification of potential growth sectors that may have specific space requirements, taking into consideration the potential future economic role of the District, key drivers that could influence this and its competitive advantages.
Future Employment Space Requirements (Section 7)	Estimates future B Class employment space requirements in quantitative terms, drawing on employment forecasts and other factors.
Requirements of Non B Uses (Section 7)	Estimates future job growth and space requirements for Non B Uses, based on population growth and discussions with relevant providers
The Demand / Supply Balance (Section 9)	Assessment of the gap between current land supply and future needs, in both quantitative and qualitative terms, by comparing the requirements with availability of existing sites.
Potential New Employment Sites (Section 10)	Identifies a portfolio of potential new employment sites to meet identified future requirements.
Managing the Current Supply (Section 11)	Consideration of measures needed to support the site portfolio and maximise economic growth in Lewes District including the scope to maximise supply through upgrading, redevelopment or intensification of existing sites and release of poorer sites.
Overall Conclusions (Section 12)	Presents conclusions and recommendations from the study.

Figure 1.1 Study Methodology



2.0 Economic Overview

2.1 This section establishes the economic context for the study by reviewing recent economic conditions and trends within Lewes District, relative to the South East region and the national economy. This is important in identifying the existing strengths and weaknesses of the District's economy, and the factors likely to influence the nature and level of future demand for employment space within it.

Existing Characteristics

Figure 2.1 Sub-regional Context of Lewes District



2.2 Lewes District lies on the south-east coast of England in the County of East Sussex, bordered to the east by Wealden district and to the west by the districts of Mid Sussex and Brighton & Hove (Figure 2.1). It is a relatively rural District - albeit with a largely urban coastal strip - of which approximately 55% is within the South Downs National Park. This attractive environment, along with its historic towns and villages, make Lewes District a significant tourism destination. Significant parts of the District are subject to flooding.

2.3 The majority of Lewes District's 95,200 residents live in the five main urban areas of Lewes town (population of approximately 16,000), Seaford (23,000), Newhaven (12,000), Peacehaven (13,000) and Telscombe (7,000). There are also a number of villages of varying sizes in the rural area. An above average proportion of the District's population are elderly, over 65 years of age.

- 2.4 A significant level of housing growth is likely in the District in future. The District Council had a housing requirement, in the now revoked South East Plan, of 4,400 net additional dwellings between 2006-26. Due to completions between 2006 and April 2009, the residual housing target stood at 3,430 dwellings (202 dwellings per annum). In revoking the South East Plan, the Government made clear that housing delivery targets will be locally derived. At the time of writing this report, the District Council had not identified a locally derived housing target. At this time, it is expected that the District will maintain an anticipated housing delivery target consistent with that set out in the South East Plan. Such a level of new housing would be consistent with historical delivery rates in the District.
- 2.5 Lewes town is the main employment centre with over 36% of all jobs, followed by Newhaven with 16%. The latter is an important port for aggregates and scrap metals and with a commercial fishing fleet and a ferry service to Dieppe, as well as being the main industrial centre. Seaford and Peacehaven, despite having the largest populations in the District, have respectively only 14% and 9% of all jobs.²
- 2.6 As Table 2.1 below indicates, Lewes District has a higher proportion of small businesses and a lower share of larger firms than regional and national averages. This reflects the largely rural nature of the district and its relatively small settlements. The larger employers in the District are in the public sector and include the County Council, Sussex Police, the Sussex Ambulance service and the South Downs NHS Trust. There are a few significant private sector firms such as Fujitsu, Amey, and Harveys Brewery in Lewes town and many small to medium sized industrial firms, particularly in Newhaven.

Table 2.1 Breakdown of Firms by Size

Number of Employees	Lewes District (%)	South East (%)	Great Britain (%)
1-10	87.5	86.2	84.5
11-49	10.2	10.7	10.7
50-199	1.9	2.5	2.5
Over 200	0.4	0.5	0.5

Source: AB1, 2008

- 2.7 Transport accessibility in the District is reasonably good despite its somewhat peripheral location within the region. Lewes town, Newhaven and Seaford have railway stations with direct services to London and along the Sussex coast. The A27 and A259 roads link the coastal towns and Lewes town to neighbouring Brighton and Eastbourne, while the nearby A23/M23 provides access to London. There is a good inter-urban bus network, but most of the rural areas are poorly served by public transport. Traffic congestion is a regular problem along the A259 and in Lewes town. The nearest airport with

² Based on ABI 2008 Middle Layer super-output areas broadly corresponding to these settlements

scheduled flights is London Gatwick, which lies approximately 40 km to the north, while Brighton International (Shoreham) some 20 km west of Lewes town is a small general aviation airport with some business aviation services. As noted above, a ferry service links Newhaven with Dieppe in France.

- 2.8 The District has no university of its own, although the Universities of Brighton and Sussex are both located on the boundary between Lewes District and Brighton & Hove district. The District's further education facilities comprise the Sussex Downs College at Lewes town and Newhaven, and Plumpton College, which focuses on land based courses. There is also a Sixth Form college at Ringmer.

Policy Context

- 2.9 Lying within the relatively prosperous South East region, Lewes District is not subject to any EU designations relating to financial assistance programmes. It is also not covered by Tiers 1 or 2 of the UK's Regional Selective Assistance Programme although businesses can obtain grants under Tier 3. The southern part of the District lies within the Sussex Coast sub-region previously defined by the South East Plan as a priority area for regeneration and investment, given its higher levels of unemployment and deprivation, its lower levels of GVA, earnings, and business formation, its poorer qualified workforce and ageing population. This regeneration is to be achieved within constraints on land supply while respecting the sub-region's high environmental quality and landscapes.
- 2.10 During the course of undertaking this study, the Government revoked the South East Plan. This plan contained a number of policies and strategies that were relevant to economic development in Lewes District and the wider area. Despite these policies no longer existing, it is considered beneficial to still identify them within this section as it provides an indication as to the economic role of Lewes District within the wider area.
- 2.11 For the Sussex Coast sub-region, the now-revoked South East Plan Policy STC3 sought delivery mechanisms to unlock and implement existing allocated business parks, other important sites that have persistently remained undeveloped and other strategic sites with economic development potential, such as Newhaven Eastside and Port. It also aimed to bring forward mixed use development on existing or allocated employment sites where this would deliver necessary employment space at the right time on sites which would be unviable for an employment-only scheme. In addition, improvement and upgrading of existing industrial estates and business areas was sought. In rural areas, existing and allocated employment land was to be protected from other uses where employment land reviews showed them to be essential for the needs of small businesses.
- 2.12 In the Regional Economic Strategy (RES) for the South East, two areas close to Lewes District - the Gatwick Diamond and the Brighton & Hove Diamond - are identified as regional foci for investment and growth. Lewes District lies within

the Coastal South East sub-area, where there are higher levels of economic and social deprivation. Relevant policies on economic development are summarised in Appendix 3.

2.13 An Analysis of Business Growth Potential in Lewes District was undertaken in 2005.³ Key findings from this include:

- 1 Lewes District has opportunities to broaden its economic base by expanding its tourism offer, supporting higher level creative and business services and making more effective linkages between its indigenous businesses and the universities and colleges in the area;
- 2 business growth in the district is unlikely to be driven by significant inward investment but this can be achieved by building on the district's existing assets and natural resources, developing the skills of its people, supporting the growth of existing companies and attracting small high growth businesses from neighbouring areas;
- 3 there may be pent-up demand for business premises in Lewes District - particularly smaller units and move-on accommodation - but the quality of the current stock is often poor and inappropriate for modern businesses.
- 4 creative solutions are needed to bring forward and renovate sites, particularly for B1 use in Newhaven and Lewes town where there appears to be most demand; and
- 5 On some sites, mixed-use developments may be the only way in which employment sites can be brought forward profitably, where there are no other ways for upgrading employment sites. In some situations, limited and well-targeted residential developments could also help cross-finance development of high quality sites to improve availability of modern business units.

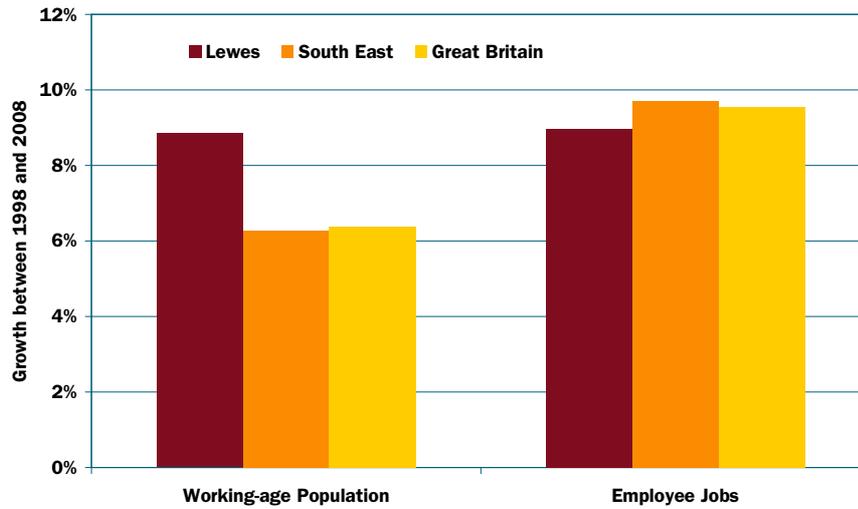
Economic Conditions and Trends

2.14 Current economic conditions and trends in Lewes District are summarised below, with comparisons made, where appropriate, with regional and national averages.

2.15 The overall population of Lewes District (currently 95,200) and, in particular the working age population, has risen by almost 9% between 1998 and 2008, significantly higher than regional and national averages. The number of employee jobs, 32,100 in 2008, rose by a similar percentage over that period although this is slightly lower than national and regional rates (Figure 2.2).

³ *An Analysis of Business Growth Potential in Lewes District* by Step Ahead Research (2005)

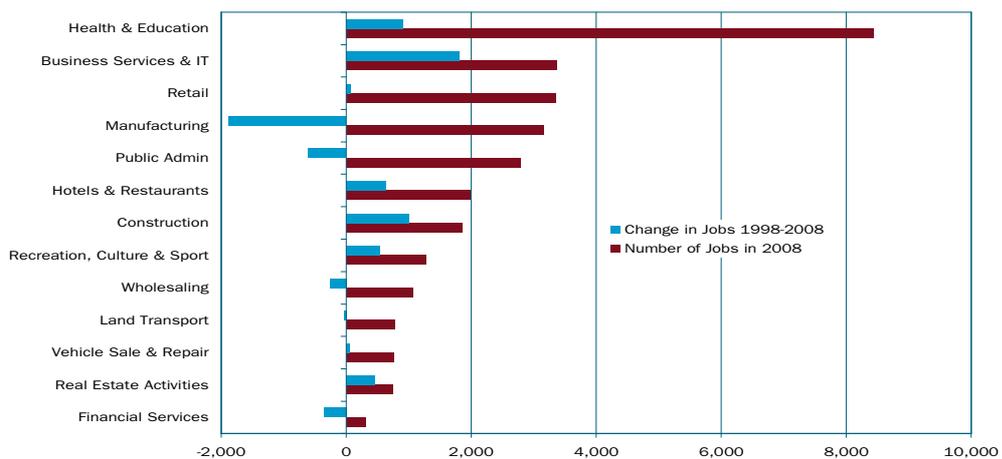
Figure 2.2 Working Age Population and Employee Job Growth 1998-2008



Source: ONS Mid-year population projections and Annual Business Inquiry

- 2.16 In employment terms, the District’s largest sectors are health & education, business services and IT, retail, manufacturing and public administration (Figure 2.3). The largest contributors to job growth in the last decade were business services and IT, health & education, construction and hotels and restaurants. This growth offset large job losses in manufacturing and public administration as well as smaller declines in financial services and wholesaling.
- 2.17 Tourism related activities, with just over 7% of all jobs, form a significant sector although their share of jobs is less than the regional (8.2%) and national (8.2%) averages.

Figure 2.3 Employment Level and Change by Sector

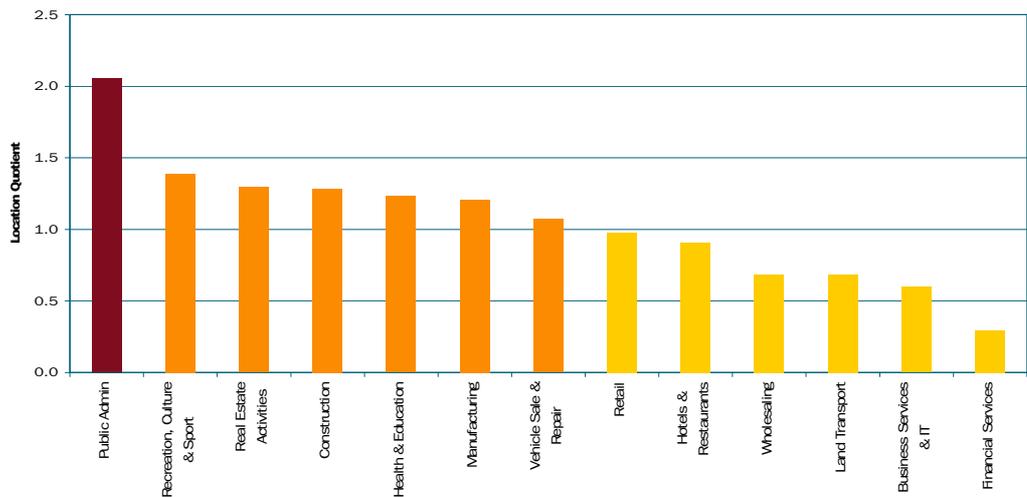


Source: ABI 2008

- 2.18 Figure 2.4 shows the location quotients of these key sectors, where a value of 1 indicates that the sector accounts for the same proportion of total

employment in Lewes District as in the wider South East, and over 1 indicates above average representation of that sector in Lewes District. This analysis further confirms the strong reliance of the District’s economy on public sectors including administration, health and education, as well as manufacturing despite its recent job losses. The recreation, culture and sport, real estate and construction sectors also have high location quotients. Conversely, despite being a major contributor to recent job growth, the typically higher growth business services sector remains under-represented in the District compared to the regional average.

Figure 2.4 Location Quotient of Key Economic Sectors



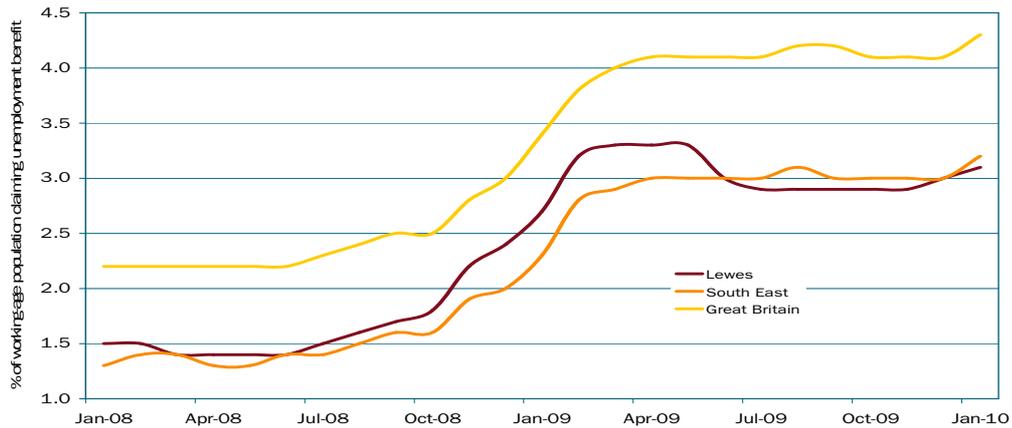
Source: ABI, 2008

- 2.19 Between 1997 and 2007 the number of VAT registered firms in the District grew by around 20%, a rate slightly below that of the South East (24%) and Great Britain (21%). With 60 VAT registrations per 10,000 working-age population in 2007, the District’s recent rate of new business formation is also similar to regional (63) and national (55) averages. Both these indicators pre-date the recent major recession and formation rates may now be lower.
- 2.20 Lewes District’s economic activity rate, the proportion of working age residents in or seeking employment, at 85% is significantly higher than the regional (82%) and national (79%) figures. This suggests limited scope to expand local supply from current residents .
- 2.21 The District also has a high rate of self-employment, with 17% of the working-age population falling within this category compared with just 10% in the South East and 9% nationally.
- 2.22 Claimant unemployment has more than doubled in Lewes District since the start of the recession to 3.1% (Figure 2.5). However, its rate remains similar to that in the South East (3.2%) and significantly below the national average (4.2%), a pattern that has prevailed historically. On the wider Annual

Population Survey Measure⁴, the unemployment rate is higher at 5.0%, although this remains in line with the regional rate (5%) and below that of Great Britain (6.9%).

2.23 In January 2010 there were 7.6 claimant unemployed workers for every notified job centre vacancy in the District. This was higher than the ratios for the region (5.8) and for Great Britain (7.2) indicating poorer prospects for the unemployed to find work locally than in other parts of the region.

Figure 2.5 Claimant unemployment Jan 2008 to Jan 2010



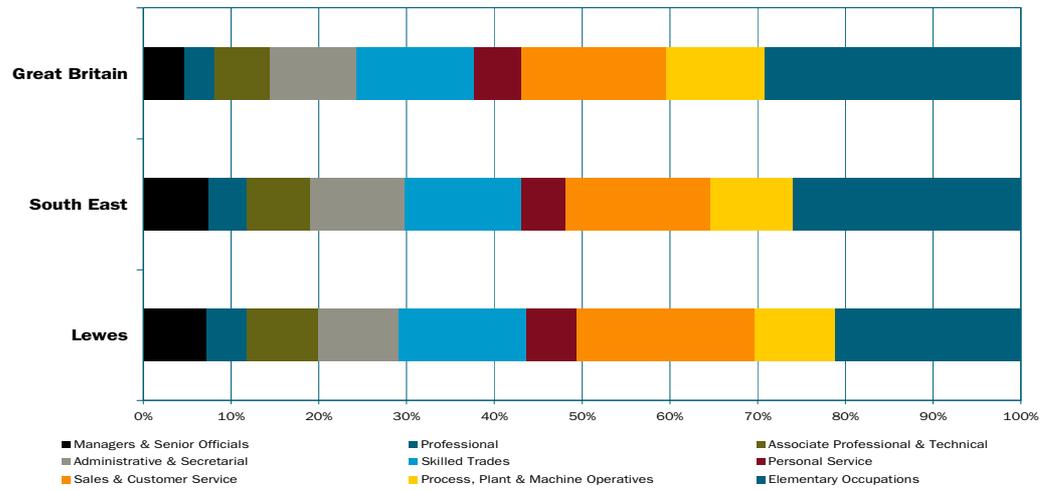
Source: Annual Population Survey

2.24 The District’s resident workforce has lower than average skill levels when compared to the South East as a whole, with fewer graduates, and a higher proportion with no qualifications. However, its occupation profile is broadly in line with the national average (Figure 2.6).

2.25 Turning to the types of jobs required in the District, the most sought-after occupations amongst claimant unemployed workers are lower skilled, ‘elementary occupations’ (21%), ‘Sales & Customer Service occupations’ (20%) and ‘Skilled Trades’ (15%). However, in general there was a higher proportion of unemployed seeking higher-skilled managerial jobs and a lower proportion seeking lower-skilled jobs than in the region as a whole.

⁴ this records all those searching for work but who are currently unemployed regardless of whether they are claiming job-seekers allowance or not

Figure 2.6 Skills levels of Lewes District's Residents relative to South East/GB

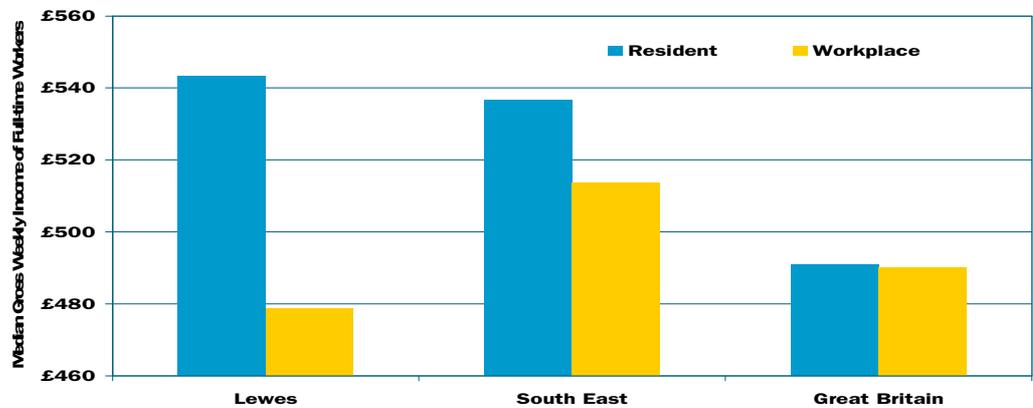


Source: APS

2.26

As is typical for areas in the South East with high rates of commuting to London, resident wages in Lewes District are very high at 11% above the national average. However, residents who work in the district earn much less, with workplace wages 2% below those in Great Britain as a whole and 7% lower than the South East average (Figure 2.7).

Figure 2.7 Median Weekly Gross Earnings



Source: ASHE, 2009

2.27

Lewes District has generally low levels of deprivation, and is ranked as the 218th most deprived local authority areas out of 354 in England, which places it among the least 50% deprived such areas.⁵ However, some areas of the District, particularly Newhaven and Peacehaven, have pockets of more concentrated deprivation, although this is not considered severe by national standards.

⁵ As measured by the Index of Deprivation 2007

Inward investment

2.28 Although no quantitative data on inward investment or inquiries is available, some indications on the relative attractiveness of the District for business investment were obtained from Locate East Sussex. In general, there has been very limited inward investment into Lewes District in recent years, and there have been several large firms moving away, primarily from Newhaven. These 'losses' have primarily been due to the general restructuring of the manufacturing sector to which Newhaven is heavily exposed. Inward investment and relocations to the District have been limited for a number of reasons including:

- a lack of available serviced development land without development and/or planning constraints;
- an ageing stock of premises that do not meet modern business requirements;
- a generally tight industrial market with low levels of availability; and
- a lack of awareness of Lewes District as a location to do business.

Knowledge-based industries

2.29 Knowledge-based industries are those sectors of the economy where value-added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms within this sector tend to grow faster and have greater future potential than other sectors and so are considered an important indicator of an economy's competitiveness and future growth prospects.⁶ Some 20.5% of Lewes District's businesses were knowledge-based in 2005 - the same proportion as in Great Britain as a whole, although this was significantly lower than the South East rate of 24.3%.⁷

Functional Economic Area

2.30 Examining commuting flows can help in defining the functional economic area within which a District lies (Figure 2.8). In 2001, 57% of Lewes District's working residents worked within the District giving a relatively low rate of self-containment. In total 17,400 residents travelled out of the District to work elsewhere, predominantly to the nearby centre of Brighton & Hove (19%), but also to Mid Sussex (5%), Wealden (4%) and Crawley (3%). There were also significant flows into Greater London (4%), particularly to the City and Westminster. At the same time, approximately 12,200 workers commute into Lewes District, predominantly from Brighton (11%), Wealden (8%) and Mid Sussex (4%).

2.31 On this basis, Lewes District is a net exporter of labour, with in the order of 5,200 out-commuting residents, 13% of its resident workforce. These flows

⁶ Based on definition adopted by the Organisation for Economic Co-operation and Development (OECD), includes high-technology manufacturing such as pharmaceuticals, computers and aerospace, and services such as telecommunications, financial intermediation, computing and research and development.

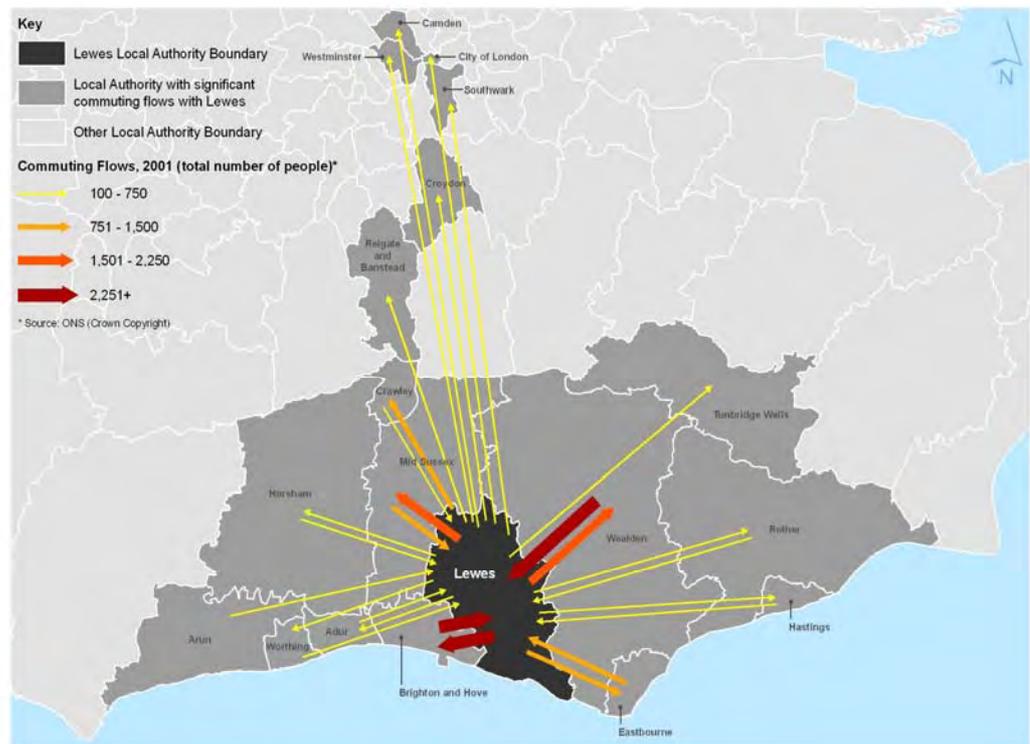
⁷ UK Competitiveness Index, 2008

also demonstrate close economic linkages to other centres on the south coast, particularly Brighton, but also Eastbourne. They also indicate the importance of the Brighton Main Line and other transport links in maintaining close economic links with London, Gatwick and Crawley.

2.32

A widely accepted approach to identifying Functional Economic Market Areas is by reference to Travel to Work Areas (TTWAs), which are relatively self-contained, internally contiguous labour market areas. A commonly used definition is that at least 75% of the TTWA's resident economically active population also work in the area, and of all those working in the area at least 75% also live in the area.⁸ Under this definition, Lewes District would fall within a wider economic area of Sussex focused on Brighton and also including Mid Sussex, Wealden and Eastbourne.

Figure 2.8 Primary commuting flows to/from Lewes District



Source: 2001 Census

Strengths, Weaknesses, Opportunities and Threats

2.33

Taken as a whole, the District has a reasonably buoyant local economy with below average unemployment although job growth and business formation rates have been below the regional average, while skills and workplace earnings are also relatively low. Drawing together the above analysis, the economic strengths and weaknesses of the area, together with potential opportunities

⁸ Functional Economic Market Areas: An economic note, DCLG (February 2010) based on 2001 Census data

and threats which will influence its ability to support new employment space in the future are summarised below:

Table 2.2 SWOT Analysis of the Lewes District Economy

Strengths	Weaknesses
<ul style="list-style-type: none"> • Low unemployment • High economic activity rate • Good transport links to London, Brighton and Gatwick • Attractive rural environment & quality of life factors • Reasonable manufacturing base • Tourism centre 	<ul style="list-style-type: none"> • Lower quality of employment sites • Road congestion • Low skills & workplace wages • Below average business formation • High reliance on public sector & manufacturing jobs • Low representation in growth sectors
Opportunities	Threats
<ul style="list-style-type: none"> • High proportion of self-employed indicates entrepreneurial activity • Low cost base (premises and wages) • South Downs National Park could encourage tourism growth • Potential spin-offs from Gatwick Airport & Gatwick Diamond growth • Sussex Innovation Centre as local focus for knowledge based firms 	<ul style="list-style-type: none"> • High dependence on London economy • Lower proportion of high-growth knowledge-intensive businesses • High dependence on public-sectors jobs • Competing role of Brighton • New National Park could constrain future development

Source: NLP analysis

3.0 Current Employment Space

3.1 This section provides an overview of the current stock of employment space in Lewes District, and recent trends and changes to the supply of such space. Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses - primarily offices (use class B1(a)), warehousing/distribution (B8) and manufacturing industry (B1(c)/B2). Trends in the supply of employment space in the District were assessed from the following sources:

- commercial floorspace data from the ONS and Valuation Office Agency (VOA);
- Lewes District Council's annual monitoring data on commercial space;
- the EGi Property Link database and other commercial property sources.

Floorspace trend data on most other uses defined as economic development by PPS4 is not typically available from these sources.

Main Employment Areas

3.2 The main centres of economic activity and employment within the District include:

- 1 Lewes town centre;
- 2 the port of Newhaven and its surrounding industrial area;
- 3 a number of larger industrial estates including the Malling Brooks Business Area, Phoenix /North Street Industrial Estate, Cliffe Industrial Estate and Cradle Hill Industrial Estate in Seaford;
- 4 the small managed office/workshop facilities of the Newhaven Enterprise Centre and the Sussex Innovation Centre (on the border with Brighton);
- 5 a number of rural employment sites, predominantly comprising converted farm buildings.

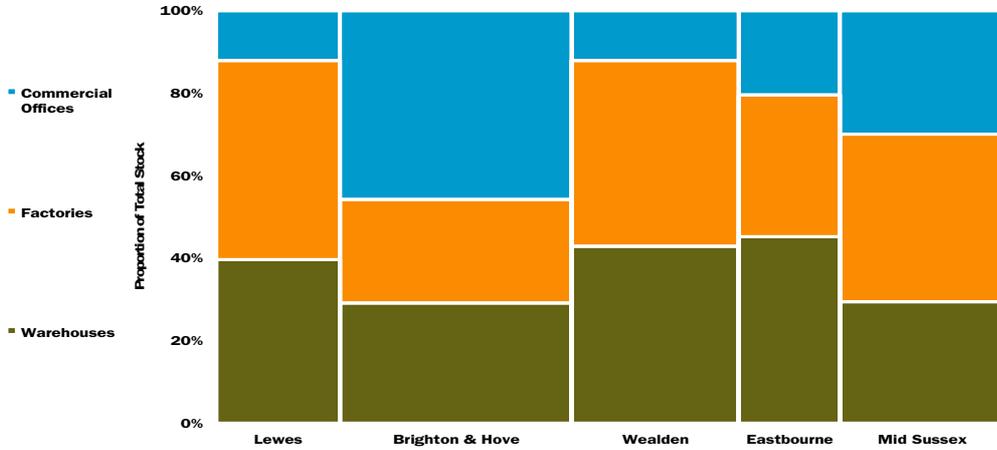
There are no large office centres or office parks in the District.

Current Stock of Employment Space

3.3 In 2008, Lewes District contained some 457,000 m² of B class floorspace. A breakdown of this space by main uses and a comparison with employment space levels in nearby districts are shown in Figure 3.1. This indicates that some 88% of employment space in Lewes District is in industrial premises, with a relatively small level (12%) of office provision. Over half the industrial space comprises manufacturing premises, the rest distribution. The width of each bar on the Figure indicates that Lewes District also has a much smaller supply of employment space overall than neighbouring Brighton & Hove and also less than all other nearby districts except Eastbourne. It also has a

smaller proportion of commercial office space than all nearby districts except Wealden.

Figure 3.1 Area chart showing totals stock and proportions of commercial stock by main use types

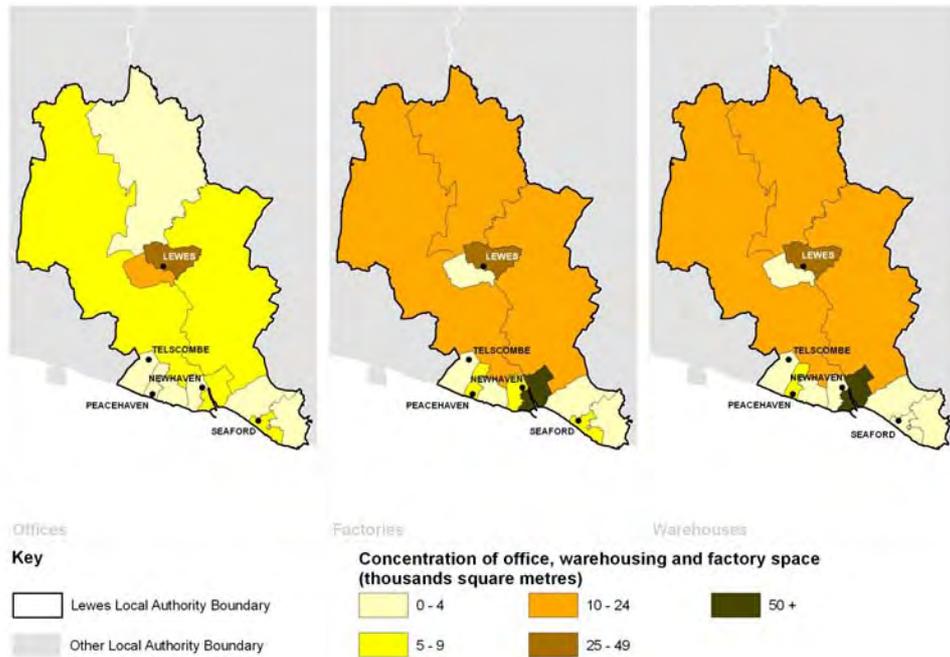


Source: ONS/VOA Statistics Note: width of bars indicates total amount of employment space

3.4

An indication of the geographical distribution of the current stock of employment space across the District is given by Figure 3.2 below. This shows that office space is overwhelmingly concentrated in the town of Lewes, with very low levels in the coastal towns and rural areas. In contrast, factory and warehousing space is heavily concentrated in Newhaven, although there are also significant amounts in Lewes town and the rural area.

Figure 3.2 Distribution of B Class Floorspace by Medium-Level Super Output Area



Source: ONS/VOA

Figure 3.3 Change in Stock of B Class Floorspace 1998-2008



Source: ONS/VOA

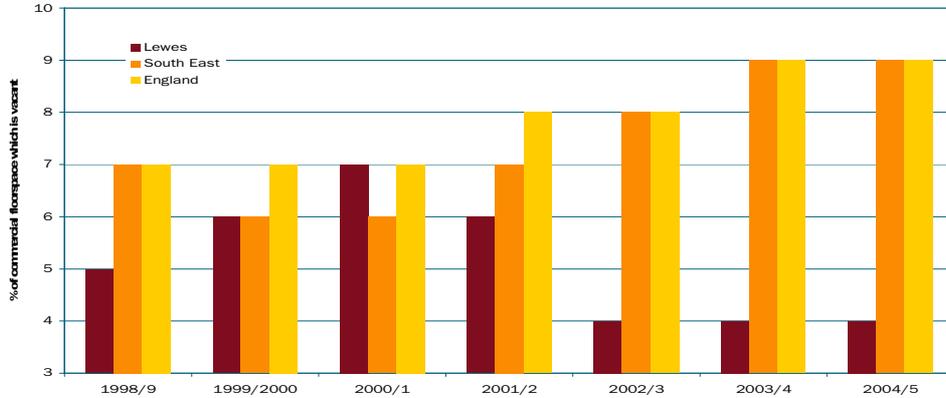
- 3.5 An indication of the overall scale of change in employment floorspace in Lewes District and surrounding districts over the past decade is provided in Figure 3.3.
- 3.6 This indicates that Lewes District experienced a net increase in all B class floorspace of some 23,000 m² (or 5%) over the period 1998-2008, with a large gain in warehousing space (+29,000 m²) and a modest increase in office space (+6,000 m²) offset by a sizeable fall in factory space (-12,000 m²). This general pattern is not dissimilar to that in some nearby surrounding districts.
- 3.7 Lewes District experienced a higher growth rate in office space (+12%) than all surrounding districts except Wealden (28%), albeit from a small base. However, its proportionate growth in warehousing space (19%) was lower than all surrounding districts except Brighton which experienced no change. The small decline in factory space (-5%) in Lewes District was much less than in Brighton (-21%) and Eastbourne (-14%) although other districts recorded no change (Wealden) or small increases (Mid Sussex). Overall, this suggests Lewes District's industrial base has held up fairly well in recent years with manufacturing decline offset by gains in warehousing and modest growth in office space.

Vacancy

- 3.8 Based on commercial property being marketed in March 2010, there was approximately 4,700 m² of office space available, largely located within the towns of Lewes and Newhaven, and indicating a vacancy level of around 9%.
- 3.9 The equivalent figure for industrial space was 23,300 m², or 6% of the stock, spread over a variety of locations including the recently built Mid Sussex Business Park (within Tidy Industrial Estate) near Burgess Hill, Cliffe Industrial Estate in Lewes town and various industrial areas in Newhaven. Whilst the office vacancy figures appears broadly in line with the 8-10% availability rate that is typical for a normal market with a reasonable amount of space available

for firms to relocate and expand, industrial vacancy appears low, suggesting quite a tight market.

Figure 3.4 Vacancy of commercial property



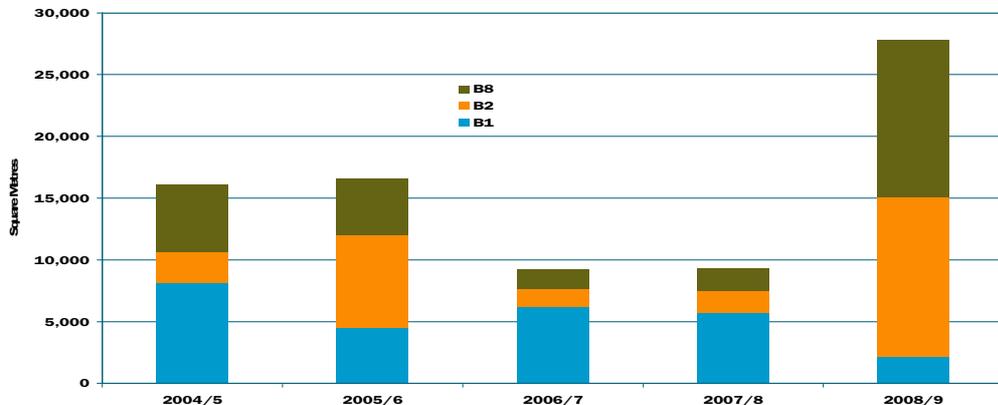
Source: VOA/Neighbourhood Statistics

3.10 A historic view of vacancy levels in Lewes District can be given by Valuation Office Agency data, as shown in Figure 3.4, although this only gives information up to 2004/5. This shows that commercial property vacancy in Lewes District has mostly been fairly low, and generally lower than regional and national averages, and exceptionally low in the period 2002 - 2005.

Development Rates

3.11 The gross amount of floorspace developed for employment uses in Lewes District over the last five years is shown in Figure 3.5 below. An average of 15,800 m² of B Class space was developed per annum, split fairly evenly between B1, B2 and B8 space. Within the B1 completions, the majority appears to be for office space (as opposed to light industrial), although breakdowns are only available for the last three years and much space is classified as general B1.

Figure 3.5 Gross Development Rates 2004 - 09



Source: Lewes District Annual Monitoring Reports

Losses of Employment Space

- 3.12 Only two years data is available on losses of employment premises, and it is not clear whether this provides a representative picture. This shows that over the period 2007-9 there was an annual average loss of 12,600 m² p.a. Most of this involved losses of B1(c)/B2/B8 industrial space (7,800 m² p.a.) or mixed B1 space (3,400 m²) with only a very small proportion being office space (1,400 m²). In general, the losses consisted of a large number of small-scale changes of use either between B-classes (e.g. change of use from B8 to B2) or to non B class uses.
- 3.13 The 'genuine' losses (away from B-classes) amounted to approximately 10,400 m² in the 2008/9 monitoring year, predominantly consisting of small changes of use to residential, community (e.g. churches) and leisure uses (e.g. gyms). Taking account of this average level of losses, the net annual increase in employment space in Lewes District would be a fairly low 3,200 m².

Age of Premises

- 3.14 Although only covering the period up to 2003, ONS data on the age of premises can give some indication of the age of stock in the District. This shows that there is a high proportion of very old office stock in Lewes District with 45% being built before 1940 compared with just 19% in the South East. In addition, the proportion of post 1990 office premises was 14% in Lewes District, much lower than the 24% average for the South East. This suggests a lack of modern, purpose-built office premises.
- 3.15 With regard to industrial stock, less than 1% of factory space and only 5% of warehousing space in Lewes District was modern space built after 1990, compared with regional averages of 5% and 18% respectively. This excludes the recently built industrial units at Mid Sussex Business Park. Overall, however, this indicates a fairly ageing and poorer quality stock of business premises in Lewes District than in other parts of the region.

Emerging Supply of Employment Space

- 3.16 The supply of employment space in the development pipeline comes from sites allocated for employment development in the Local Plan and other sites with planning permission. The gross supply of B-class floorspace with extant permission stood at 49,500 m² in March 2009. Of this, only 28% was on sites allocated by the Local Plan with an extant planning permission in place.
- 3.17 This reflects a large proportion of permissions being changes of use of rural or other existing employment buildings including:
- a from agricultural buildings to 11,900 m² of business units (B1) at Sharpsbridge Farm, Newick;
 - b from a nursery outlet to 6,200 m² premises for vintage car restoration/repair at Merlins, Ringmer; and
 - c from a 4,000 m² B2 industrial unit to B8 use.

- 3.18 This gross availability figure of 49,500 m² is equivalent to just over three years of gross average annual completions.
- 3.19 There have also been some significant extant permissions that involve changes of use away from B-class employment space, and this means that the net amount of available B-class space to be developed is lower, at 31,000 m².
- 3.20 In addition to this 31,000 m² of net space, there is a further 27.2 ha of land allocated for B-class use in the Local Plan, but without planning permission. The most significant site is the 16.8 ha Eastside Business Area in Newhaven.

Employment Space in Adjoining Areas

- 3.21 It is also important to understand the extent of available employment land in adjoining districts and any major new economic developments coming forward there which might compete with the District for future demand. A brief review has therefore been undertaken below of the current position in each area.

Brighton & Hove

- 3.22 The City of Brighton & Hove has a highly skilled workforce and significant business base of knowledge-intensive services, particularly financial and business services and creative sectors. The supply of employment land in the city is constrained by its small area and the natural barriers of the sea and the South Downs. Other than a concentration of offices in the city centre, it does not have any single dominant employment centre, but a range of relatively small areas and industrial estates spread across it. The 2006 ELR and 2009 update found that many existing sites are the subject of fragmented ownerships, which could constrain future redevelopment. Transport access is also poor for many sites but vacancy is generally low. There is indicated to be a shortfall of modern industrial space which will continue in the short to medium term. Much of the office stock is in older buildings with very few major new office developments since the early 1990s. A major economic driver, and one which may have significant impacts on Lewes District, is the Sussex Innovation Centre at Falmer which lies on the boundary between the two districts.
- 3.23 In 2006, planning commitments amounted to 34,200 m² of net office space and just 300 m² of net new industrial space, although this masks some significant gains and losses. The largest gains were expected to come from 137-147 Preston Road (16,700 m²) and Woodlard's Field, Lewes Road (5,000 m²). The 2009 study did not update these figures although the identification of development areas in the Core Strategy could increase the District total figures to around 135,000 m² for offices and 6,000 m² for industrial space.
- 3.24 The draft Core Strategy sets out a number of key development sites which could provide 104,300 m² of new office space and 14,000 m² of industrial space. The most significant scheme is the New England Quarter, west of the London Road, the preferred location for 34,000 m² of new office development. Other key development areas include the Edward Street Quarter (30,000 m² of additional high quality office floorspace including new headquarters for Amex)

and Preston Barracks where a mixed use, employment-led development scheme is sought to provide 18,600 m² employment floorspace with some affordable managed workspace.

Eastbourne

- 3.25 This small District to the east of Lewes District largely comprises the Eastbourne urban area. Due to its close proximity in travel time via the A27 it is a significant market competitor for Lewes District and is the largest town other than Brighton likely to have an influence on the District's economy. Eastbourne has a mixed economy with a reasonable amount of office stock located in the town centre and several, newer out-of-centre business parks such as Highfield Office Park.
- 3.26 There are a wide range of relatively small industrial estates spread across the urban areas, with no dominant location. Examples include Hampden Park Industrial Estate, Highfield Industrial Estate and Hawthorn Industrial Estate.
- 3.27 There is a total of 35.7 ha of employment land available, the majority of this in Local Plan allocations and including the following key sites:⁹
- land at South Broadwater (between Upperton Farm and Broadwater Lake) (allocated for 35,000 m² of offices);
 - land at Sovereign Harbour, Eastbourne (allocated for 31,000 m² of offices);
 - land East Of Tutts Barn (allocated for 9,000 m² of offices and 18,000 m² of industrial space);
 - land North of St Anthony's Hill (allocated for 9,000 m² of office space and 17,000 m² of industrial space).
- 3.28 However in the 2008 Eastbourne & Wealden Employment Land Review, significant concerns were indicated on the deliverability of some of these sites. Although there is therefore an oversupply of land, once deliverability is taken into consideration, demand and supply are roughly in balance for office, factory and warehouse space. The undeveloped site considered most likely to come forward is the proposed Polegate Business Park, although this may have to secure a high proportion of pre-lets in order to be viable.

Wealden

- 3.29 This large, rural district adjoins Lewes District to the east and north, while the southern part has close functional links with Eastbourne. It includes the towns of Hailsham, Uckfield and Crowborough. In general, the economy is under-represented in higher value sectors with predominantly small-scale service sector employment which serves local markets. Industrial/warehousing space is concentrated in Uckfield (Bellbrook Industrial Estate and Ridgewood

⁹ Eastbourne Council's Annual Monitoring Report, 2009

Industrial Estate) with smaller concentrations in the main centres of Crowborough (Farningham Road and Millbrook Industrial Estates), Heathfield (Station Road and Ghyll Road Industrial Estates), Wadhurst (Durgates Industrial Estate and Wadhurst Business Park), Forest Row (Station Road Industrial Estate) and Hailsham (Diplocks Way Industrial Estate).

- 3.30 The base case scenario in the 2008 Eastbourne & Wealden Employment Land Review suggests that there would be an undersupply of viable office space of some 23,600 m², and a shortfall of 30,100 m² of industrial/warehousing space given the likely viable supply, although the actual planned supply is significantly higher than this.
- 3.31 According to the Employment Land Review, there is approximately 65 ha of employment land available for development, the majority for a mixture of B-class uses.¹⁰ The most significant new developments in the pipeline are:
- the proposed Ashdown Business Park at Maresfield (close to Uckfield), allocated as a high quality strategic business park for around 20,000 m² of predominantly B1 uses;
 - land to the North of Dittons Road, Polegate which has extant permission for 35,000 m² of office space; and
 - an extension to Hackhurst Lane Industrial Estate, Lower Dicker which has permission for 4,000 m² of office and 8,000 m² of industrial space.

Mid Sussex

- 3.32 This large rural district lies north west of Lewes District in West Sussex and contains the main towns of Burgess Hill, Haywards Heath and East Grinstead.
- 3.33 Haywards Heath functions as a sizeable office centre, in part due to its good rail connectivity. Vacancy is currently above average, although this is perceived to be due more to relatively poor quality space than a lack of demand in this location. The proposed Station Quarter redevelopment scheme, which includes approximately 10,000 m² of new office space, is expected to go some way towards meeting this 'gap' in the market, although no planning application has yet been submitted. In contrast, East Grinstead functions as a secondary office centre with poorer transport links, and due to its location at the northern edge of the District, is not likely to be a competing location for Lewes District.
- 3.34 Burgess Hill, however, lies close to the Lewes District boundary and is a large industrial location with the Victoria Business Park the principal industrial estate. The town has successfully attracted industrial occupiers from Brighton and the district's Employment Land Review notes particular potential for further growth in high-skilled manufacturing. However, beyond existing planning commitments, there is no land remaining here for development.

¹⁰ Wealden Council Annual Monitoring Report, 2009

- 3.35 There was some 97,290 m² (net) of employment floorspace committed for development in March 2009 on 29 ha of land.¹¹ This includes 24,200 m² of office space and 74,500 m² of general industrial space (B1(c)/B2/B8). The main existing outstanding employment allocations in the District are extensions to the Victoria Business Park, Burgess Hill, which total 4.4 ha.
- 3.36 The Employment Land Review has recommended that, in addition to existing commitments, 1.7 ha of land for B1(a) office development should be identified at Haywards Heath and 5-8 ha of high quality land for industrial and warehouse development (B1(c), B2 and B8) should be identified in Burgess Hill to meet demand over the 2006-26 plan period, although these recommendations are yet to be reflected in the draft Core Strategy.

Conclusions

- 3.37 Overall, Lewes District has a relatively modest supply of employment space compared with larger centres nearby such as Brighton & Hove. The vast majority of space in Lewes District is industrial, with a relatively small amount of office space which is concentrated in the town of Lewes. In contrast, factory and warehousing space are heavily concentrated in Newhaven, although there are also significant amounts in Lewes town, Seaford, Peacehaven and Telscombe.
- 3.38 Lewes District has experienced moderate net gains in commercial floorspace in the last decade, mainly warehousing space with a small increase in office space which has been partly offset by a sizeable loss of factory space.
- 3.39 An average of 15,800 m² of gross new B class space has been developed annually in recent years, split evenly between B1, B2 and B8, although significant losses have also occurred, particularly of industrial space, reducing the net completion rate to only 3,200 m².
- 3.40 There is a relatively small proportion of modern, purpose-built office stock in Lewes District and, compared with regional averages also much less modern industrial space.
- 3.41 The gross supply of B-class floorspace with permission stood at 49,500 m² at the end of March 2009, broadly equivalent to three years of recent average take-up rates. A large proportion of this permitted space involved changes of use of rural or existing employment buildings and, reflecting potential losses, the net amount of B-class space that could be built is 31,000 m². In addition, there is 27.2 ha of land allocated for B-class uses in the Local Plan, the most significant site being the 16.8 ha Eastside Business Area in Newhaven.
- 3.42 Although most of the surrounding districts do not have large quantities of available employment land, and several have less viable supply than likely demand, there are several major redevelopment proposals which could

¹¹ Mid Sussex Annual Monitoring Report, 2009

potentially compete with Lewes District for future employment development. In particular, major office allocations in Brighton, Eastbourne and Haywards Heath could affect any attempts to expand the office sector in Lewes District whilst expansion of industrial estates in Burgess Hill and Uckfield could compete with the District's industrial market to some extent. The likely extent of such competition is considered further in the following section.

4.0 Lewes District's Commercial Property Market

4.1 This section describes current property market conditions in Lewes District and the general area around it, including recent trends in the demand for and supply of office and industrial premises. These findings are based on discussions with a number of commercial property agents and various economic development and business organisations and firms active in the area (see Appendix 1).

Overview

4.2 In early 2010, the UK commercial property market was still recovering from the financial crisis of 2007/8 and the ensuing recession and property slump. Falls in the capital value and rental levels of office and industrial premises of up to 40% combined with stricter lending criteria from banks and the abolition of tax relief on empty property mean that property development is less profitable, finance is hard to obtain and the risks of developing space without an end-user identified are high. As a result, speculative development has become very rare in virtually all of the UK outside London. This is particularly the case in more economically marginal locations, and those without a significant existing commercial property market, where lenders and developers are likely to be especially cautious.

4.3 However, there are differing views on how the market will evolve in the coming years. For example, competing forces such as a scaling back of public sector space requirements but a fall in employment land prices may play out in different ways in different locations. In any case, this study looks over the long-term of the plan period up to 2026 and the inherent qualities of the District as a commercial location must therefore be considered.

4.4 Lewes District's main attractions for firms are its relatively low cost land and rents compared with other parts of the Sussex coast, lower wage costs, and land availability compared to more constrained locations such as Brighton and Hove. Potential drawbacks include a lower profile image as a business location compared with nearby Brighton, limited strategic road access and traffic congestion in some parts of the District, and a limited supply of skilled labour.

4.5 The commercial property market in Lewes District is fairly localised, and can broadly be distinguished by four separate sub-areas - Lewes town, Newhaven, the remainder of the coastal strip comprising Seaford, Telscombe and Peacehaven, and the rural areas in the northern part of the District. The market is influenced by, but does not generally extend to, centres such as Brighton and Crawley to the west or Hailsham and Eastbourne to the east, which operate as largely separate property markets.

4.6 Looking at these sub-areas in more detail, Lewes town is an attractive historic market town, situated within a gap in the South Downs. It is the County town of East Sussex and benefits from mainline railway services to London Victoria. It has a mixed economy, with heavy reliance on public administration employment

but with significant stock of commercial office and industrial space. Newhaven is a cross-channel port and industrial centre but, in recent years, competition from larger ports with better facilities has led to the decline in port traffic and decline in services. The town's economy is dominated by manufacturing and other industrial activities, but very few of these are now related to the port, and many are in long term decline (e.g. Parker Pen). The remaining coastal towns of Seaford, Telscombe and Peacehaven form a fairly self-contained, localised market.

- 4.7 The rural part of the district, north of Lewes town, lies within either the South Downs National Park or the Low Weald character area. This area is characterised by small villages, some of which support limited employment space in converted rural buildings and small estates, against the backdrop of transition from an agricultural economy to increasing emphasis on remote home working and small service sector businesses. In geographical terms, this area is generally much closer to Uckfield, Burgess Hill and Haywards Heath.

Industrial Demand/Supply

- 4.8 Most current demand for employment space in Lewes District is for industrial premises (which includes both manufacturing and distribution uses) and levels of demand have been steady, if not particularly high, in recent years. Existing industrial estates tend to be used for a mix of light industrial, storage and distribution and some trade counter uses. Most demand is for smaller industrial units, particularly up to 465 m² (5,000 sq. ft), but also reasonable demand for units up to 930 m² (10,000 sq. ft), and much less demand above 930 m² (10,000 sq. ft). Demand is almost exclusively from local firms, with very few enquiries from outside of the District, apart from occasional relocations from Brighton where industrial availability is much tighter. A common view was that there would be continued demand for more small to medium sized industrial units, but some concern about prospect of new industrial development occurring to meet this demand in the longer-term.
- 4.9 In terms of supply of industrial premises in the District, there is some limited modern, good quality industrial space in Lewes town where the demand/supply balance is reasonably tight. However, much of the District's stock is older and significant poorer quality space focused around Newhaven. Much of the supply in Newhaven is a legacy of former large-scale manufacturing firms (e.g. the Parker Pen factory), and therefore often unsuited to modern needs. Due to unstable ground conditions in the area, new development typically involves abnormal costs associated with piling which negatively affects viability. Coupled with resolving flood risk and contamination issues, and uncertain demand, this has deterred new industrial development in the town.
- 4.10 Ringmer has a sizeable industrial estate with potential expansion land nearby, is reasonably near Lewes town and is perceived as a relatively attractive location, both in its own right and as an alternative for firms unable to find suitable premises in Lewes town itself. However, as in Lewes town, there is a shortage of good quality industrial premises at present.

- 4.11 There was a general view amongst agents that some of the older industrial space in Newhaven could be demolished since a significant proportion has reached the end of its economic life, but that new replacement provision would be required. The proposed business park at Newhaven Eastside could provide a mix of industrial units with serviced plots and design & build packages, but would be less likely to attract “flagship” inward investment, for which it has been targeted in the past. The recently developed Chichester Business Park was noted as a possible example of this type of mixed business park development.
- 4.12 Each of the coastal towns of Seaford, Telscombe and Peacehaven has at least one existing industrial estate. These estates are relatively small-scale and comprise older accommodation, but are fairly low cost and suited to the local needs of businesses in these areas. Some, such as the Cradle Hill Industrial Estate, Seaford have grown to become medium-sized estates but remain dominated by smaller units. Based on discussions with some firms and business organisations in Seaford, there is felt to be a shortage of good quality industrial space, particularly for slightly larger units that would allow local firms to expand or upgrade their premises as well as inadequate provision for start-up firms. There was also a view that Seaford needs more and better industrial provision for town of its size while some small office premises would be desirable. Some firms had reportedly relocated from the area due to lack of space. For any new provision, a site on the western side of the town beside the A259 was seen as better than expansion of the less accessible Cradle Hill estate. Local business consultees considered that providing new land would lead to new employment premises being built, whether by developers or by the firms themselves. However, other views suggested industrial land available in Newhaven was able to meet much of Seaford’s needs.
- 4.13 In contrast, the view of commercial agents covering this coastal area was that there was limited incentive or need to develop new space in these locations, particularly as the existing occupiers had generally modest requirements and would only support low rental levels. A need to upgrade and renew some of the units on these sites was perceived, particularly those nearing the end of their useable life, but no clear evidence that the market would deliver this to any great extent.
- 4.14 Reflecting the coastal location and lack of good quality strategic road routes, there has been limited interest historically for large-scale distribution activities within Lewes District. The long-term decline of Newhaven port means the area is no longer a natural staging point for import or export freight to any great extent. Therefore, distribution occupiers tend to be firms looking for cheaper space to serve the sub-regional market, rather than regional or national distribution firms. In the longer-term, the market view was that other locations in the sub-region with better strategic access and availability of larger sites would continue to be more obvious locations for distribution activities.

Office Demand/Supply

- 4.15 Lewes town is not generally regarded as a significant centre for office development, and has very few large private sector office occupiers - the largest being Fujitsu - with mainly public sector occupiers including East Sussex County Council, Sussex Police, Sussex Ambulance Service and the South Downs NHS Trust. This primarily reflects the status of Lewes as the County town, but also its general lack of modern office premises compared to more established centres such as Brighton and Crawley. The District's office market is almost exclusively centred on Lewes town, with no significant demand or provision in the rest of the District, although there is some stock in converted buildings in the rural area.
- 4.16 This view is supported by a 2006 study for the Newhaven Partnership which indicated there was no reported demand for office space in Newhaven.¹² However, the opening of the Newhaven Enterprise Centre in late 2007, and the subsequently high levels of demand for this space, indicates that there was significant latent demand for high-quality, small-scale office space in the coastal part of the district (many business owners at the centre come from Seaford, Peacehaven or Telscombe). As these businesses develop there may be a need for slightly larger 'move-on' office space in Newhaven or the neighbouring towns, but evidence suggests that the coastal area is never likely to attract larger office occupiers. There does, however, appear to be recognition that the latent demand drawn out by the Enterprise Centre shows some scope for small scale office development in the area.
- 4.17 Overall, the current supply of office space in Lewes District is considerably less in terms of overall stock or quality than nearby Brighton and Mid Sussex. Some limited purpose-built office space has been constructed, for example Sackville House, the 1990s development where Fujitsu is based. Apart from this, current supply largely consists of small office units and conversions of older buildings in the town centre which generally accommodate local firms and some public sector agencies. In general terms, speculative development of office space has been deterred by lack of certainty of demand and rental levels too low to attract institutional investors, while Brighton functions as the main office centre in the area and attracts potential larger scale occupiers.
- 4.18 The current level of demand for office space is hard to gauge given there has been very limited new supply in the District in recent years. Demand is mainly from local businesses with no large relocations of office firms from elsewhere. Most enquiries are for smaller units under 90 m² (1,000 sq. ft). Some potential was identified for local businesses seeking slightly larger or more modern accommodation, although in general Lewes District currently lacks a large base of existing office occupiers other than public sector organisations. There were concerns expressed that, if any of the major public sector occupiers were to

¹² Newhaven Eastside Masterplan, Roger Tym & Partners for Newhaven Partnership, April 2006

downsize or relocate, this could result in a significant amount of vacant office floorspace coming onto the market which might suppress rental levels further.

Rental Levels

- 4.19 Property rents for industrial premises in Lewes District are generally lower than those in nearby Brighton and comparable to some A23 locations such as Burgess Hill and Haywards Heath, while Newhaven industrial rents are much lower (Table 4.1). Office rents are also considerably lower than nearby centres, often half the cost, reflecting the lower quality of the stock available. Importantly, a 2006 study for the Newhaven Partnership considered that industrial rents in Newhaven were not high enough to generate speculative development.¹³

Table 4.1 Rents for Commercial Property

Area	Industrial £/ft ²	Offices £/ft ²
Lewes town	£ 7 - 8	£ 9 - 10
Newhaven	£ 3 - 5	N/A
Seaford	£ 5 - 6	N/A
Peacehaven	£ 6 - 7	N/A
Brighton	£ 8 - 10	£ 19 - 22
Burgess Hill	£ 6 - 9	£ 9 - 15
Haywards Heath	£ 6 - 8	£ 14 - 18
Crawley	£ 7 - 9	£ 18 - 20

Source: Various commercial agents * Note rent levels in Seaford/Peacehaven based on very few premises with no office premises currently being marketed

Inward Investment

- 4.20 Lewes District has had very limited success in attracting new investment in recent years. For many businesses, the District is perceived as a peripheral location, although in reality it has reasonable road accessibility (via the A26 and A27), as well as access to Gatwick Airport and cross-channel ferry services. There have been some recent moves to industrial estates close to the town of Lewes from other parts of East Sussex which have poor industrial stock (e.g. Uckfield), which highlights the potential of the town to attract businesses if good quality premises can be provided. However, overall, Locate in Sussex (the inward investment agency for the County) reported that, in recent years, the flow of investment to the District has been negative, with several firms leaving the District, primarily from Newhaven. Several firms also moved out of Lewes town following the floods in 2000, although a number of these were retained elsewhere within the District, for example at Ringmer.

¹³ Newhaven Eastside Masterplan, Roger Tym & Partners for Newhaven Partnership, April 2006

- 4.21 Reasons cited for the generally low levels of inward investment include:
- a a perception that Lewes District is a tourism and commuter area as opposed to a major business location;
 - b a lack of marketing of Lewes District as a business location, with neighbouring areas such as Hastings, Eastbourne and Brighton having much more active economic development, business support and place marketing functions;
 - c Lewes District' location between the larger centres of Eastbourne and Brighton makes it less well recognised as a discrete location;
 - d a lack of any flagship development or business site; and
 - e some negative perceptions of Newhaven as a run-down "*industrial*" town.

4.22 However, the District does have some attractions such as its low land, premises and labour costs, particularly in comparison to areas such as Brighton and Hove. The good road links of the town of Lewes were also cited as being of a very high quality, albeit that these advantages are not well known or marketed widely. The area is also perceived as having a good quality of life and attractive physical environment. Furthermore, Newhaven is now seeing some marina-led regeneration and new housing development which is starting to improve its image.

Premises Needs of Existing Firms

- 4.23 Although no business survey was carried out for this study, the results of an annual survey of businesses by East Sussex County Council were drawn on to gauge likely expansion plans of firms in the area. The 2009 survey found that 15% of firms in the County were planning to move premises and half of these (46%) had planned to find larger premises, but that the recession had led one third of these to put plans on hold. Firms in Lewes District followed the County average in this regard. This suggests some latent demand for more space.
- 4.24 The 2010 survey provided limited information relating to Lewes District specifically, although it found businesses in Lewes District (1.3%) were slightly more likely to be seeking new accommodation than those in most other districts of East Sussex. It also noted the trend towards fewer businesses seeking new accommodation was continuing, from 25% in 2007 to 10% in 2010. The environmental technology sector and the creative industries had the most firms seeking new or additional premises. A greater proportion of businesses than previously were also looking outside the East Sussex area for accommodation, 17% in 2010 compared to 6% in 2008, possibly related to shortage of suitable premises in the County. Indeed, 26% of firms indicated insufficient choice of business accommodation, mainly related to cost and lack of availability of the right type of premises.

Start-up Space

- 4.25 Some modern provision for start-up firms is provided by the Newhaven Enterprise Centre on Denton Island at Newhaven, which opened in November 2007. This is owned by the District Council but operated by Basepoint and provides 45 small office and studio/workshop units on short rental terms for small to medium-sized businesses, with incubators for start-up businesses and accompanying meeting rooms. Unit sizes range between 10 - 80 m². This scheme has proved very popular and until recently had a waiting list, although it appears that demand has tailed off somewhat in 2010 with vacancy approaching 15%. Although the centre cannot expand on its current site, the high levels of demand experienced previously indicate that more space should be provided in the coastal area upon a return to more buoyant economic conditions.
- 4.26 Most of the Enterprise Centre's tenants are local firms originating from this 'coastal strip' of Newhaven, Seaford, Telscombe and Peacehaven. However, local business organisations in Seaford and Peacehaven reported that low cost, 'easy-in, easy-out' space is not available in these towns at present and such provision would support business start-ups, retention rates and economic growth generally in these towns. In contrast, very little demand for the Newhaven Enterprise Centre space appears to come from the town of Lewes. Most residents there prefer to start up their businesses within the town or surrounding area, as opposed to travelling to the coastal towns, and as a result, the town could benefit from its own provision of this type of start-up space.
- 4.27 In addition, Enterprise Works (a not for profit organisation) owns a refurbished 2,000 m² factory in Newhaven and uses this to support start-up and growth of new and second phase manufacturing and catering businesses, including food producers. There are several units available in this centre.
- 4.28 There is little other purpose-built start-up or enterprise provision within the District. However, many small and start-up businesses take space in rural industrial and office conversion premises, particularly in the rural area (e.g. the Caburn Enterprise Centre near Ringmer).
- 4.29 Some need was identified for move-on space for firms expanding out of small units such as the Newhaven Enterprise Centre. These firms may find recycling of older industrial space less suitable, but may not be able to afford to develop purpose-built new units or be seeking a more structured environment. The Hove Technology Centre developed by Brighton and Hove City Council was identified as the type of product that might be required in Lewes District in the future. This provides flexible light industrial units ranging between 500-1,000 m², with structured terms and short leases available. It is likely that such a development in Lewes District would require public sector funding, but it could be brought forward as part of the larger developments, such as Newhaven Eastside. There was seen to be particular potential in providing such a facility within the town of Lewes itself.

- 4.30 The Sussex Innovation Centre (SInC) at Falmer on the Brighton/Lewes District boundary also provides incubation space for small, knowledge-based businesses. SInC currently accommodates over 70 high growth companies working within the IT, biotechnology, media and engineering sectors, and is owned by the University of Sussex. This facility has very high occupancy and reports a strong lack of move-on, small, flexible office premises in the area to accommodate firms moving out of the Centre. This particularly applies to the Lewes town area, where there is good demand and many entrepreneurs live, since not all are able or willing to move to Newhaven, where the Enterprise Centre has some space. While the University may provide some provision of this type on site in the longer term, this is uncertain and would depend on funding.

Rural Provision

- 4.31 There appears to be significant provision of employment space across the northern part of the District, including small units in converted farm buildings (e.g. Broyle Place Farm). This part of the District has as strong ties to Haywards Heath and Burgess Hill as it does to Lewes town. Agents reported good demand for conversions of redundant agricultural buildings for small-scale, high-quality office or workshop developments. The latter to some extent act as incubators for the more established industrial estates.
- 4.32 Continued growth of this type of premises was considered inevitable to meet the needs of what is essentially a very local market consisting of rural businesses which operate in this area, but could potentially expand to attract new start-up businesses or relocations from more constrained locations nearby, taking advantage of the attractive countryside location. Whilst planning policies that in time will be generated by the South Down National Park Authority may result in more stringent standards in terms of design and materials, this was generally not considered to be a major barrier to the future growth of rural workspace.

Potential Future Growth

- 4.33 In terms of a likely future economic role for Lewes District and the scale of demand for commercial space in it, market views were broadly positive. There were strong views that Lewes District should focus on its existing strengths, such as the local industrial and small-scale office sectors, but at the same time aim to achieve a more diverse and dynamic economic base. The future growth prospects of the District will be largely determined by the extent to which it can move away from public sector (Lewes town) and traditional manufacturing (Newhaven) employment. Some noted the need for a more proactive marketing approach to the District to attract and encourage higher-value businesses, with an opportunity for stronger place branding potentially coinciding with the introduction of the South Downs National Park in 2011.
- 4.34 Newhaven is seen as having continued potential to accommodate some decanting of industrial firms from the very tight industrial market in Brighton,

although in doing so it would potentially also compete with more established locations such as Burgess Hill which has developed significantly over the past decade. There were some views that a general uplift in the quality of amenities in Newhaven town centre, with regeneration and improved retail and leisure facilities, as well as availability of more affordable housing supply relative to Brighton, could in turn attract more, small scale, office-based firms if high quality premises were provided and readily available. A masterplan is also currently being prepared for the port, while a Vision for Newhaven is also being developed for the Council that will indicate how the regeneration of the town could be delivered over the coming years.

- 4.35 Views about the property market implications of other major future developments were mixed. There were some views that more should be made of the potential of Newhaven Port, thereby creating demand for port-related activities. It was suggested that a more proactive approach should be taken to investigating the strategic role of the port and its potential to serve niche markets and maintain a “roll-on roll-off” facility. In this regard, the proposals that are being developed by Newhaven Port and Properties in their masterplan are likely to dictate whether these suggestions could be delivered.
- 4.36 In terms of the large wind farm proposed at Hastings Bank, again only limited potential was perceived by agents to generate additional employment space demands in Lewes District, depending on the extent to which direct supply chain linkages could be developed with local firms. However, Newhaven would be the closest port facility to the wind farm, and could provide land for wind turbine assembly, and act as a base for maintenance and repair operations.
- 4.37 The successful growth of the Sussex Innovation Centre was also identified as a potential stimulus for growth of smaller, knowledge-based businesses. There may be opportunity to accommodate expansion or spin-outs of these firms nearby within Lewes District when they out-grow the innovation centre, as the District can offer more affordable accommodation than is generally available in Brighton, or for an outreach facility to be located within Lewes District.

Conclusions

- 4.38 Most current demand for employment space in Lewes District is for industrial premises and levels of demand have been steady, if not particularly high, in recent years. Most demand is for smaller industrial units and is almost exclusively from local firms, with very few enquiries from outside of the District, and little inward investment. The industrial market is reasonably tight in the town of Lewes, but much of the District’s stock is located in Newhaven which has a large amount of supply, often unsuited to modern business needs.
- 4.39 There has been limited interest historically for large-scale distribution activities within Lewes District and other locations with better strategic access and availability of larger sites are likely to continue to be more obvious locations for distribution activities.

- 4.40 The coastal towns of Seaford, Telscombe and Peacehaven have limited industrial provision but the stock is generally suited to the localised needs of businesses in these areas. Despite this, there are views from local business groups that latent demand in Seaford would support new employment land provision and allow local firms to expand. In the rural area, there is also good demand for conversions of redundant agricultural buildings to provide small-scale, high-quality office or workshop developments, and a significant level of current provision.
- 4.41 Lewes District is not generally regarded as a significant centre for office development, and has very few, large private sector office occupiers, with the District's office market being almost exclusively centred on Lewes town, with no significant demand or provision in the rest of the District. Demand is mainly from local businesses and for smaller units, although some potential was identified for local businesses seeking slightly larger or more modern accommodation.
- 4.42 The future growth prospects of the District will be largely determined by the extent to which it can move away from public sector (Lewes town) and traditional manufacturing (Newhaven) employment to a more diversified economic base. In particular, there was seen to be a need for a more proactive marketing approach to the District in order to attract and encourage higher-value businesses, and a need for stronger place branding.
- 4.43 Particular potential was seen to attract firms to the town of Lewes, if good quality premises (particularly industrial) could be provided. There was also perceived by some business organisations to be a need for a greater supply of 'enterprise' or 'easy-in, easy-out' in both the town of Lewes as well as in the coastal strip at Seaford and/or Peacehaven.

5.0 **Review of Employment Sites and Allocations**

- 5.1 This section assesses the characteristics and quality of existing and allocated employment sites in Lewes District and their suitability to meet future employment development needs. Locations of these sites are shown in Plan 5.1. A total of 40 developed, allocated and other undeveloped employment sites were assessed amounting to almost 181 ha in total area. These sites comprise the main employment areas and allocations, as identified by Lewes District Council, as well as a sample of small rural sites but do not include every employment site in the District.
- 5.2 An assessment was made on each site's suitability for employment use, against the criteria listed below, which reflect those in the ODPM and more recent SEEPB Guidance on Employment Land Reviews:
- a strategic road access and local road access;
 - b accessibility to public transport and services;
 - c adjoining uses that might constrain employment uses;
 - d site size, characteristics and potential development constraints; and
 - e attractiveness to the market, including vacancy and market activity.
- 5.3 Other factors were also noted including the site's suitability for specific uses, any barriers to the delivery of undeveloped sites for employment uses, as well as sustainability and sequential preference factors where relevant. Detailed assessment criteria are listed in Appendix 4. The assessment also draws on information available from Lewes District Council, including its 2009 survey of uses and vacancy levels on industrial estates.
- 5.4 It should be noted, however, that this assessment process in itself does not necessarily provide a complete picture of a site's role within the local economy. For example, a site's importance to meeting rural/local needs or providing a location for bad neighbour uses can be important reasons for retaining a site despite it recording a low ranking. In addition, not all businesses require a site which performs well on all these criteria. A broader commentary is therefore provided on each site to supplement the formal scoring exercise.
- 5.5 The following sections consider the sites in the District's main sub-areas: Lewes town, Newhaven, Seaford, Peacehaven/Telscombe and the rural area. Because their status and future potential may differ, existing and undeveloped allocated/development sites are considered separately. Details of each assessed site are contained in Appendix 5.

Overview of Sites

- 5.6 The broad distribution across the District of employment sites assessed by this study is illustrated by Table 5.1. This indicates that a significant majority (65%) of employment land lies within the Newhaven area reflecting the concentration

of large industrial sites adjoining the River Ouse. The Lewes town urban area only accounts for about 12% of employment land supply, the majority of which is located to the north east of the town centre, with a very small proportion within the town centre. Rural sites account for 15% of supply, although most of this land is on just four sites - the Tidy Industrial Estate, Caburn Enterprise Park, Hamsey Brickworks and the Former Woodgate Dairies - although not all rural sites were assessed. Seaford and Peacehaven/Telscombe provide very small proportions of employment land.

Table 5.1 Distribution of Employment Sites by Sub-area

Location	No. of Sites	Total Site* Area (ha)	% of Total Site Area*
Lewes Town Centre	2	0.5	0.3
Lewes Urban Area	11	21.5	12.4
Newhaven	12	113.1	65.0
Seaford	3	6.0	3.5
Peacehaven/Telscombe	3	5.5	3.2
Rural Areas	9	26.5	15.3
Total *	41	173	100

Note*: Totals rounded

- 5.7 Table 5.2 indicates the range of Lewes District's employment sites assessed by type, showing that general industrial sites account for the largest proportion of employment land (48%) and include the Avis Way Euro Business Park and the Railway Road Industrial Estate. A further 19% of supply comprises lower cost industrial areas, all within Newhaven. Single occupier sites make up a significant share (5%) but there are very few dedicated office sites or specific sites for start-up firms. Some 24% of the District's employment land supply assessed by this study comprises undeveloped land, a large part of this (44%) formed by the large allocated Eastside site in Newhaven.

Table 5.2 Employment Sites by Type

Type	No. of Sites	Site Area*	% of Total Area
Established office sites	1	1.3	1
General industrial areas	15	83.4	48
Lower Value industrial areas	5	32.1	19
Single occupier sites	9	8.4	5
Incubator/SME sites	1	6.9	4
Undeveloped land	19	41.0	24
Total *	40	173	100

Source: NLP Analysis

Note*: Totals rounded

- 5.8 The suitability of individual sites in each sub-area is considered in the following sections.

Lewes Town Centre and Urban Area

Existing Sites

- 5.9 Existing employment sites within the town of Lewes are generally clustered to the north of the town centre taking advantage of proximity to the primary A26 route which joins the A27, 1.4 km south of the town. Sites in this area comprise a varied mix of offices, general industrial and some small warehouse and distribution units with a variety of ages and quality.
- 5.10 The largest of these is the **North Street/Phoenix Quarter** site (6.0 ha) located along the western bank of the River Ouse immediately to the north of the town centre. This established employment area predominantly includes a range of B2 general industrial operations and B1c small workshops but also a small number of B1 office premises. There is reasonable access into the site but cars parked along North Street potentially make HGV access difficult. This site has high flood risk and has been severely flooded in the past. Partly reflecting this, buildings have had limited investment and their condition is declining and they are less attractive than others elsewhere in the town. Despite this, vacancy levels are low, perhaps because the site provides a large number of smaller units in contrast to the other sites. Opportunities to intensify the site are limited as there are no vacant plots of land and it would be difficult to expand to the north given the immediately adjoining River Ouse. The site's location within the town provides excellent public transport options and a sizeable labour force within close proximity. While this site has some constraints, including access and flood risk, it is an average quality location for industrial uses. Given its location, it could perform better as an office site if redevelopment were possible despite its flooding issues.
- 5.11 Lying east of the River Ouse are three additional existing employment developments. **Brooks House, Caburn House and Sackville House** form a 1.3 ha site which, as a result of its owners/occupiers Fujitsu and Amey, provides one of Lewes District's most high profile office sites. This high density site with modern, three storey office blocks has excellent local access by public transport and is within walking distance of the town centre. The general environment is good and the existing office buildings are fully occupied. No vacant land is available within the site and the modern buildings mean that there is limited scope or need for redevelopment over the next 10-15 years. This is a very good quality employment site for continued B1 office use.
- 5.12 Immediately to the south, lies the slightly larger **Shepherd Industrial Estate** (1.6 ha), which includes the smaller area known as the Delanair Estate. This site contains B1c small workshops and B2 general industrial uses along with a wider mix of non-traditional employment uses including a number of retail warehouses, the Council library store and a D1 place of worship. Three out of the 13 units have been vacant for some time and, subject to a Section 106 Agreement, have permission to be redeveloped to extend the adjoining foodstore. Road access to the site is good and, given its location within this wider employment area to the north east of Lewes town centre, it has excellent

