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# Ceredigion Economic Needs Assessment

## Core Report

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July 2008

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# 1. Introduction and Context

Ceredigion County Council has appointed DTZ to advise on the future economic needs of the County to inform preparation of the Local Development Plan (LDP) for Ceredigion to 2022. This report is the final report which presents the forecast land requirements and gap analysis and draws on the background evidence previously provided in the following suite of documents:

- Ceredigion Economic Needs Assessment: Technical Report 1 - Socio-Economic Context;
- Ceredigion Economic Needs Assessment: Technical Report 2 - Property Market and Supply; and
- Ceredigion Economic Needs Assessment: Technical Report 3 - Future Economic Change.

A brief summary of the conclusions of each of the technical reports is provided below followed by an analysis of the implications of the economic employment forecasts on land requirements. Section 2 also provides an explanation of the methodology used to convert the forecast employment change into property and land requirements. Section 3 of this report then examines the current undeveloped employment land supply.

The gap analysis between the supply and demand of employment land is assessed in Section 4. The conclusions and recommendations, including future land use planning policy implications are presented in Section 5.

## 1.1 Economic Context

Technical Report 1 identified and assessed the key factors and trends which influence the economy of Ceredigion.

The presence of two Universities and the attraction of students to the area have a substantial effect on the labour market statistics for the County. However, this is a temporal impact and large numbers of well qualified students are not being retained in the area after graduation. Once the effects of the student population are removed from the County's data, Ceredigion appears to perform broadly in line with the benchmark areas of Wales and Great Britain.

The rurality of Ceredigion is a second key factor. This creates markedly different patterns of travel to work than the national averages. There are very high levels of home working coupled with a high degree of long distance commuting. There are also very high levels of self employment and part time workers working in the County. This, in part, reflects the dominance of the service sector. Part time working has been particularly boosted by changes in the public administration, education and health sectors in recent years.

The population is aged and this could bring challenges in the future as the dependency rate increases. It is evident that the population is being boosted by the middle aged who are not

economically active but who have retired and chosen to relocate for life style reasons. A high proportion of the population, therefore, is not actively contributing to the local economy.

However, the presence of the two Universities provides an opportunity to stimulate high quality employment as well as attract well qualified young people into the area to help boost the economy. Over the last 25 years the population has increased at a rate well ahead of Wales and GB but this growth has not filtered through into the labour market.

The service sector dominates the industrial structure of Ceredigion, particularly public services, education and tourism and leisure. Recent employment growth has been concentrated in service sector activities including tourism. As a result, Ceredigion has a larger than average share of its employment in activities that do not relate well to B Use Class employment sites and premises.

This study is only concerned with the impact of changes in the economy on demand for B Use Class property, the principal property category which is located on employment sites. The vast majority of activities, therefore, which do not require B Use Class sites and premises are excluded from this analysis. Such uses will be better catered for through a criteria based policy rather than by specific allocations. Some non B Use Class activities are considered, however, where there is good reason to consider that they may locate on employment sites. This includes some activities classified as *sui generis*<sup>1</sup> such as motor trades (sales and repair).

Other employment activities may require sites and premises but are classified within other Use Classes (e.g. Use Class A: retail, restaurants and cafes; Use Class C: hotels and hospitals; and Use Class D: health centres, libraries, museums, schools, cinemas and take-aways) or also fall within the *sui generis* grouping (such as agricultural land). These uses are beyond the remit of this work but will be considered separately through the LDP process.

The B Use Class for employment property is divided into three categories, as defined in the Use Classes Order 2005: B1 business, B2 general industrial and B8 storage and distribution.

The agriculture sector is an important employment sector in Ceredigion, which has experienced slight growth in recent years. This employment growth has come from an increase in the number of farmers and their spouses working rather than an increase in other paid employment on farms. Whilst employment in agriculture does not affect the demand for future employment sites, continued restructuring of the sector may present opportunities and challenges in local employment land demand and the distribution of land within the rural areas of the County. There will, inevitably, be changes in the agricultural sector but these will not influence employment land allocations and, therefore, will be dealt with through policy rather than through employment land allocations.

The vast majority of firms in Ceredigion are very small. However, there has been a trend of late towards larger firms. This has come about through both an increase in employment and a decrease in the number of business units.

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<sup>1</sup> A class of their own – a term used in Town Planning for activities that fall outside the traditional Use Classes Order

## 1.2 Future Economic Change

Employment land provision should not constrain the economy. There is therefore a need to accommodate growth, change, churn and choice. As a result, the analyses of labour supply and demand have considerable upside risks.

In determining the future economic change within Ceredigion, projections have been developed for labour demand and supply in the Ceredigion economy over the period 2007-2022. These projections have been used in the assessment of employment land requirements over the period, as described in Section 2 of this report and in greater detail in Technical Report 3.

Employment projections developed for Ceredigion forecast net employment growth of around 3,000 additional jobs in the County over the period 2007-2022. Our analysis has considered a range for each sector. Taking the upside scenario for each sector, total employment growth is around 4,000 additional jobs. The implications for broad sector groupings within the economy are for employment decline in primary industries, a relatively stable employment picture, in terms of overall scale, for manufacturing sectors and growth within the service sector. The stable net position for the manufacturing sector is largely a result of its small scale in Ceredigion. Nationally, manufacturing is projected to experience employment decline and is a major factor in the lower overall employment growth rates for Wales than Ceredigion.

Overall, projected growth rates are lower than recent history. The reasons for this include a tighter anticipated labour supply, a reduction in the rate of growth of public sector employment and lower overall expectations of growth.

The Local Development Plan is required to allocate sufficient and appropriate sites to accommodate employment demand within Use Class B of the Use Classes Order. Our analysis based on our employment forecasts and employment projections by Use Class predicts around 23% of projected growth in office based activities, around 15% of employment growth in industrial and warehousing activities and 63% in activities that do not require B Use Class sites and premises. This reflects the anticipated growth in sectors such as education, health, retail, leisure and tourism.

Analysis of potential labour supply, based on population projections, indicates that without an increase in employment rates in Ceredigion there will be a shortage of labour to meet employment demand forecasts. However, with moderate rises in employment rates over the 15-year period supply and demand can be brought into balance. The analysis of labour market change also highlights an ageing of the workforce with the vast majority of growth coming from the over 50 age group. Without increases in employment rates for the over 50s there is a potential risk to the labour market balance of Ceredigion. The most likely driver for higher employment rates in this age group is poor pension performance, requiring work later into life.

## 1.3 Property Market Context

The Ceredigion office market is dominated by Aberystwyth although there are small pockets of office development further south around Cardigan. Although a new, small scale office

scheme is currently being developed in Lampeter, the provision of offices in the rural areas of the County is poor and is dominated by aging stock in buildings converted from the use for which they were originally developed. The majority of demand for office accommodation is for smaller units of under 5,000 sq ft.

The County's office stock is considerably smaller than that of its surrounding local authorities and the proportion of the County's stock developed before 1940 is worryingly high at over 54%.

The Ceredigion manufacturing industry has been adversely affected by the small pool of labour, general skills levels, the transport networks and in some instances, by the lack of suitable, local grow-on space for expanding businesses which do not want to relocate out of the area. Presently, it is the small, indigenous, light manufacturing firms which are driving the industrial property market in the region.

Industrial accommodation is concentrated around the major towns of the region in Aberystwyth and Cardigan and, with the exception of Llandysul, the more rural areas are characterised by occasional pockets of small, low value, dated accommodation with high vacancy rates.

Rental values for industrial accommodation in the County range from £7.50 in Aberystwyth down to £4.00 per sq ft in Parc Teifi and £2.00 per sq ft in the more rural areas of Lampeter and Tregaron. These rates reflect the disparity between both demand and specification of accommodation in the County.

The current stock of employment accommodation on allocated employment sites is dominated by B2 (general industrial) and B8 (distribution) uses, with only 10% of B1 accommodation (office and high-technology) located on existing allocated sites. This is not an unexpected statistic as office stock in the County is generally of a small scale and located in and around town centres. However, many emerging technology sectors require accommodation of a high specification and which is generally classed under the B1 use class. A dearth of such units could restrict the County's future growth and prevent the County from capitalising on the opportunity to accommodate modern growth industries.

Approximately 50% of employment accommodation on allocated employment sites in Ceredigion is targeted at users requiring less than 250 sq m (5,000 sq ft.) and only a small proportion of units are for large scale users requiring in excess of 1,000 sq m (10,000 sq ft.).

## 2. Economic and Employment Land Forecasts

The methodology adopted to forecast the employment land requirement for Ceredigion over the LDP period is shown in the graphic below. The sectoral employment forecasts presented in Technical Report 3 have been assessed to determine which types of employment growth will require employment (Use Class B) accommodation. These requirements have then been converted into floorspace and then actual land requirements using recognised space densities for employees per sq m and densities of development per hectare assumptions.



Source: DTZ

This process has been developed to ensure that it is in line with Government guidance and it has been endorsed at public enquiries.

The application of the process is described in greater detail below.

### 2.1 Net Additional Requirement

The table below provides a summary of the first stages of analysis on floorspace requirements arising from economic change and shows the results of converting the sectoral employment projections to type of employment property demand. This analysis considers only net additional requirements for office, industrial and warehouse space, based on projected employment change.

Table 1, therefore, sets out employment change by Use Class. This has been prepared by applying the Standard Industrial Classification to the Use Class Matrix as illustrated in Appendix I.

**Table 1 Employment Projections by Use Class 2007-2022**

	2007-12	2012-17	2017-22	2007-22	2007-22 %
Office B1a	310	280	340	930	23%
Industrial B1b/c, B2	220	50	100	370	9%
Warehouse B8	60	40	140	240	6%
Outside B Use Class	910	830	820	2570	63%
<b>Total</b>	<b>1,500</b>	<b>1,200</b>	<b>1,400</b>	<b>4,110</b>	<b>100%</b>

Figures may not sum due to rounding

Source: DTZ 2008

Employment densities have been applied to net employment change to calculate additional floorspace requirements. Appendix II sets out the adopted densities and the justification for their use. Table 2 sets out the floorspace requirements resulting from applying these densities. The figures are also illustrated in Figure 1 overleaf.

An allowance has been made for some uses outside the B Use Class, in particular, sui generis motor trade activities which would often be expected to locate on employment sites. A further allowance has been made for some institutional and service sector uses which often locate alongside employment uses. The proportions adopted are included as the final column in the Standard Industrial Classification to use Class Matrix attached as Appendix I to this report.

The largest requirement for floorspace is within the office sector. However, due to the lower densities applied to industrial and warehouse uses the variations in floorspace requirements between Use Classes are less marked than the variation in actual employment.

In terms of phasing, the spread of office demand is fairly even throughout the LDP period, 2007 - 2022. Industrial requirements are skewed towards the first five year period and warehousing and storage requirements towards the last period. This is due to the change in industrial decline as a proportion of employment. Economic restructuring, as evidenced by the employment projections presented in Table 1, shows a move towards a more service sector led economy / activities and a decline in more traditional industrial activities. The phasing in Table 2 below is based on the timing of employment projections presented in Table 1.

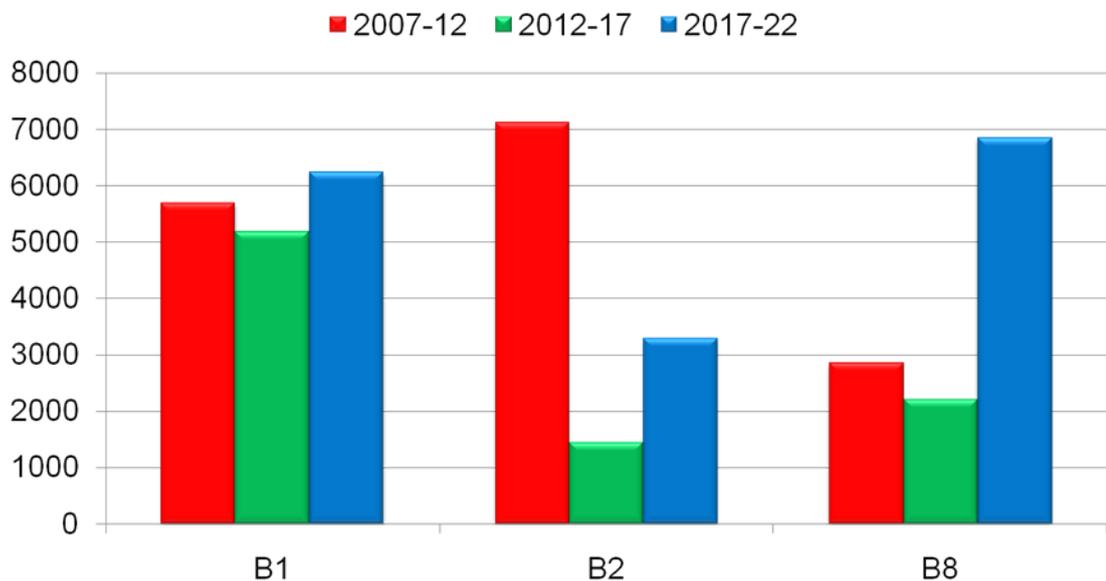
**Table 2 Net Additional Floorspace Requirements by Use Class 2007-2022 (sq m)**

	2007-12	2012-17	2017-22	2007-22
Office B1a	5,690	5,180	6,240	17,110
Industrial B1b/c, B2	7,120	1,440	3,280	11,840
Warehouse B8	2,850	2,200	6,850	11,900
Outside B Use Class	2,300	3,100	2,800	8,200

Figures may not sum due to rounding

**Source: DTZ 2008**

**Figure 1 Net Additional Floorspace Requirements by Use Class 2007-2022 (sq m)**



Source: DTZ 2008

Table 3 sets out the land implications associated with the net additional floorspace requirements after applying site development density assumptions described in Appendix II. The total requirement over the 15 year period to accommodate net additional employment growth is in the region of 10 hectares.

**Table 3 Net Additional Land Requirements by Use Class 2007-2022 (ha)**

	2007-12	2012-17	2017-22	2007-22
Office B1a	0.7	0.6	0.8	2.1
Industrial B1b/c, B2	1.8	0.4	0.8	3.0
Warehouse B8	0.7	0.6	1.7	3.0
Outside B Use Class	0.6	0.8	0.7	2.1
<b>Total</b>	<b>3.8</b>	<b>2.4</b>	<b>4.0</b>	<b>10.2</b>

Source: DTZ 2008

## 2.2 Total Requirement

The previous section set out analysis of demand as a result of ongoing changes in the economy. This section sets out the results of analysis considering replacement activity within the employment property market. The analysis responds to a broad range of questions, including:

- How much total replacement demand is likely?

- Can existing stock be refurbished rather than replaced?
- How much replacement stock will require new sites and what can be accommodated on existing sites?
- Is the recent past a useful indicator of future activity?
- Will the higher rents attached to new stock reduce pressure for replacement? and
- Will the additional costs associated with the construction of BREEAM excellent buildings further suppress pressure for replacement?

The analysis presented in this section focuses on the quantitative questions using data from the recent past as a potential indicator of likely activity in the near future.

### **Current Stock**

Data from the Department for Communities and Local Government (DCLG) for 2004 indicates total industrial stocks (factories and warehouses) in Ceredigion of 224,000 sq m (2.4 million sq ft). Of this, some 54% was constructed pre 1980. In 2004, there was 60,000 sq m (646,000 sq ft) of office stock in Ceredigion of which 68% was built pre-1980. This raises significant questions about the useful economic life of the building stock for employment purposes.

Although it may be assumed, particularly in development appraisals for new industrial buildings, that a building's useful economic life is in the region of 30 years, the very fact that there is a substantial proportion of total stock significantly older than this shows buildings are being used for much longer and in many instances for purposes for which they are unsuitable or for which they were not originally constructed. Aging buildings, however, can continue to contribute to the County's employment portfolio as good quality refurbishments, though costly, can significantly extend their functional life.

### **Churn and Choice**

In addition to the requirement for employment accommodation generated by the net increase in employment, a further requirement emanates from churn & choice, which is highly influenced by the current stock. This element of demand arises due to the need for employers to upgrade their accommodation to enable them to facilitate modern technology and because their existing accommodation may have reached the end of its economic life.

The churn and choice calculations which have been adopted, therefore, are based on the extent to which these factors are relevant to Ceredigion's portfolio. Based on our knowledge of the portfolio and our previous experience, we have adopted a rate of half of one percent of the total stock per annum to reflect the demand for new accommodation through churn. The demand generated through occupiers' choice to relocate to new premises is based on ten percent of the sum of net additional and churn demand.

Table 4 presents our additional forecast requirement (including churn and choice) for employment space over the LDP period based on our knowledge of the accommodation currently provided on the allocated sites. Our estimate is based on the age and specification of the accommodation currently provided and the changing nature of modern requirements, as discussed in Technical Report 2.

The overall impact of the inclusion of churn & choice demand increases the net land requirement from approximately 10 hectares over the plan period to in the region of 16 hectares. Whilst the table shows figures calculated to the nearest 0.1 hectare, this is a

product of the method of calculation and infers a level of precision in the analysis which is not implied.

**Table 4 Total Land Requirements by Use Class 2007-2022 (ha)**

	Net Additional (sq m)	Churn & Choice (sq m)	Total Floorspace (sq m)	Land (ha)
Office B1a	17,100	6,660	23,760	<b>3.0</b>
Industrial B1b/c, B2	11,800	12,900	24,740	<b>6.2</b>
Warehouse B8	11,900	7,960	19,860	<b>4.9</b>
Relevant non B class	8,200	n/a	8,200	<b>2.1</b>
<b>Total</b>				<b>16.2</b>

Source: DTZ 2008

## 2.3 Phased Land Requirement

In terms of phasing, the spread of the forecast employment land requirement is fairly even throughout the LDP period. This is shown in Table 5 below.

The general industrial requirement remains skewed to the first five year period and warehousing to the last five year period. The general industrial trend is a consequence of the forecast rate of increase in employment in these sectors and the high level of the existing stock which is unsuitable for modern, technology driven growth businesses. The rise in demand for land for warehousing is predominantly due to the employment forecast for this sector in the 2017-2022 period.

Table 5 also summarises the average annual requirement for each of the three periods and for the annual average for the whole of the 15 year period. The latter estimate equates approximately to 1.08 hectares per annum.

The forecasts of potential employment property demand should only be taken as an indicator of future market activity. Due to the cyclical nature of the economy, there will be “peaks” and “troughs” over the 15 year period which will cause the five year demand to vary. However, over the 15 year period, these will even themselves out making the 15 year average the more reliable economic forecast.

To maintain an element of flexibility and adaptability in the County’s employment land supply, we would recommend that in each of the five year periods a contingency and additional three years’ supply of land should be available. This provision will account for special needs such as that arising from waste management and recycling which may not be so readily contained within the employment forecasts based on sector activity.

Furthermore, the unpredictable nature of inward investment activity can also lead to additional “peaks” and “troughs” of market take-up and some allowance should also therefore be made for potential “big-events”, such as the recent office developments in Aberystwyth which may occur within a five year period in addition to the regular annual market take-up.

The need to maintain a three year supply of employment land increases the employment land requirement over the plan period from approximately 16.0 hectares to 26 hectares.

**Table 5 Phased Land Requirement 2007 – 2022 (ha per annum)**

	2007-12	2012-17	2017-22	2007-22
Office B1a	1.0	0.9	1.1	<b>3.0</b>
Industrial B1b/c, B2	2.9	1.4	1.9	<b>6.2</b>
Warehouse B8	1.3	1.2	2.4	<b>4.9</b>
Relevant non B class	0.6	0.8	0.7	<b>2.1</b>
<b>Sub Total</b>	<b>5.8</b>	<b>4.3</b>	<b>6.1</b>	<b>16.2</b>
<b>Average Annual Requirement</b>	<b>1.16</b>	<b>0.86</b>	<b>1.22</b>	<b>1.08</b>
<b>Ensuring a 3 Year Supply is Available</b>				
Office B1a	1.60	1.44	1.76	<b>4.80</b>
Industrial B1b/c, B2	4.64	2.24	3.04	<b>9.92</b>
Warehouse B8	2.08	1.92	3.84	<b>7.84</b>
Relevant non B class	0.96	1.28	1.12	<b>3.36</b>
<b>Sub Total</b>	<b>9.28</b>	<b>6.88</b>	<b>9.76</b>	<b>26</b>
<b>Gross Requirement</b>				
Office B1a	1.84	1.66	2.02	<b>5.52</b>
Industrial B1b/c, B2	5.34	2.58	3.50	<b>11.42</b>
Warehouse B8	2.39	2.21	4.42	<b>9.02</b>
Relevant non B class	1.10	1.47	1.29	<b>3.86</b>
<b>Total Requirement</b>	<b>10.67</b>	<b>7.92</b>	<b>11.23</b>	<b>30.0</b>

Figures may not sum due to rounding

**Source: DTZ 2008**

The forecast total allocation of employment land, based on net developable area has, therefore, been calculated on the following estimates:

1. Net additional floor space to accommodate forecast increases in employment;
2. Additional floor space requirement created by the need to satisfy churn & choice; and
3. The need to maintain flexibility and ensure that a three year contingency of employment land is available in each of the three year periods.

The 26 hectare employment land estimate is the net developable land required to satisfy the forecast demand. The site areas for allocated sites in the current UDP are gross developable

areas. A site area in the UDP therefore includes areas of the allocated sites which cannot be developed due to unfavourable topography or other development constraints.

We have estimated that, on average, the gross developable area to net developable area reflects a 15% reduction in site area across the County's allocated sites. Consequently, and as shown in Table 5 above, the gross land requirement for the plan period equates to an estimated 30 hectares.

## 2.4 Land Take-Up

Whilst historic land take-up is not a guarantee on what will be achieved in the future, it does enable a comparison to be made between what has actually happened and that which has been forecast. Table 6 below provides a comparison between previous research and current forecasts.

**Table 6 Historic and Forecast Take-Up**

	Historic Take-Up	Forecast Take-Up
Mid Wales Employment Land Strategy: 2002 (Ceredigion)	2.0 – 2.5	2.5 – 3.25
Aberystwyth Economic Needs Assessment: 2005	n/a	0.58 – 1.17
Ceredigion County Council Employment Land Survey: 2001 – 2007 (allocated sites only)	1.0	1.08

**Source: DTZ**

In terms of historic take-up, comparison between the Mid-Wales Employment Strategy in 2002 and the Council's Annual Land Employment Survey between 2001- 2007, indicates that over the last six years, land take-up in the County has fallen by approximately 50%. Whilst we recognise that development has taken place on sites other than those allocated in the UDP, such development has not been significant and its inclusion in the analysis would not affect the 2001-2007 land take-up in the County greatly above the 1 hectare shown above.

The five year period prior to 2002 included the development of a number of large scale sites including Parc Teifi in Cardigan, expansion of the Glanyrafon Industrial Estate and the Aeron Valley Enterprise Park at Felinfach, for example.

The 2002 projections reflected the potential inherent in the area and realisation of a new positive economic vision. The current forecast of 1.08 hectares per annum represents a lowering of ambition compared to the 2002 estimates and is more in line with the rate of take-up actually experienced in the County since 2001.

### 3. Employment Land Supply

To analyse the current supply of employment land, we have grouped the current allocations of employment land into four categories, each of which has particular requirements for any industry that is proposed to be sited on it.

The four categories as outlined in our Property Market and Supply Report are:

**Prestige Sites:** A strategically located site in its regional context offering medium to large scale employment opportunities and characterised by its high quality environment.

**High Quality Sites:** Smaller site of regional significance offering either small or medium scale employment opportunities in attractive surroundings that are well positioned in relation to the County's main road network.

**Local Sites:** Providing a more varied industrial image and setting yet with close proximity to the County's main road network adjacent to existing settlements. Likely to serve a local market and may include small scale local office developments.

**Neighbourhood Sites:** Typically suited to a smaller or local operation and located in a very mixed environment within or in close proximity to existing built up areas or small towns.

These categories are consistent with the land classifications which have been adopted in the emerging Framework for Employment Sites and Premises in Wales document being prepared by the Welsh Assembly Government.

#### 3.1 Extent of Employment Land

Sites currently allocated in the UDP for employment use have been assessed in terms of their suitability for such a use. The results of the site assessments are provided in Appendices III and IV.

Table 7 below presents the extent of employment land in Ceredigion in terms of developed and undeveloped allocated land by category of site.

**Table 7 Extent of Allocated Employment Land by Category**

	Undeveloped Allocated Land (ha)	%	Developed Allocated Land (ha)	%
Prestige	31.75	45%	4.65	5%
High Quality	19.9	28%	20.5	23%
Local	15.9	23%	60.86	69%
Neighbourhood	2.3	4%	2.4	3%
<b>Total</b>	<b>69.85</b>		<b>88.41</b>	

Source: Ceredigion County Council's Employment Land Survey 2007 and DTZ

### **3.1.1 Developed Allocated Land**

Analysing the developed allocated land, it is clear that the current supply of employment property in the County is dominated by development on local sites providing a range of industrial accommodation with only some small scale office accommodation. The buildings on these sites generally accommodate industrial B2 type users in low grade environments. The local site development, however, is dominated by only two sites, Glanyrafon and Felinfach industrial estates.

There is only one site which currently provides prestige employment accommodation and this is located in the south of the County at Aberporth. Only 5% of the County's developed employment land provides prestige accommodation.

High quality sites located in Aberystwyth, Cardigan and Llandysul account for approximately one quarter of the current developed allocated land. Only a small proportion, 3%, of existing developed allocated land is provided by neighbourhood sites which are suited to smaller, local businesses located in and around the smaller towns.

### **3.1.2 Undeveloped Allocated Land**

The total undeveloped land available on allocated sites is estimated to lie in the region of 70 hectares. Comment on each of the sites is provided in Appendices III and IV. The supply is dominated by two prestige allocations, Parc Aberporth and Capel Bangor, providing 31.75 hectares of important strategic employment land are located in the north and the south of the County respectively, close to the major centres of population.

The sites assessed as high quality locations with regional significance and which are well located in relation to the County's main road network, Parc Teifi and Croesfordd, for example, provide a further 20 hectares of development potential, 28% of current undeveloped allocated employment land.

Allocations assessed as high quality and prestige development opportunities together account for over 50 hectares of current undeveloped allocated supply of employment land in Ceredigion. This equates to around 75% of the total undeveloped allocated land in the County. In a region where, historically, provision has been dominated by local sites concentrating on general industrial accommodation, the current allocations provide the opportunity to attract modern, growth businesses with requirements for better quality accommodation in attractive environments and which are strategically well located within the County.

The current local site undeveloped allocation, which includes land at Pentood and Felinfach industrial estates, for example, comprises some 16 hectares which equates to approximately 25% of the overall undeveloped allocated land. This compares with the local sites estimated 70% of developed allocated land and reflects the need for a change in the County's type of provision of employment land.

The lowest proportion of undeveloped employment land is categorised as suitable for neighbourhood sites suited to the smaller or local operator close to small towns. This

category includes land allocated at Tregaron. At an estimated 2.3 hectares, such sites account for only 4% of the current undeveloped allocated employment land in the County. Considering the extent of the rural area falling within Ceredigion, this is of concern and is discussed in greater detail in Section 4 below.

### 3.2 Spatial Distribution of Undeveloped Employment Land Allocations

The extent of undeveloped allocated employment land has been broken down by site category and location and is presented in Table 8 below. In terms of location, the County has been divided into areas centred on the six principal towns.

**Table 8 Spatial Distribution of Undeveloped Employment Land Allocations**

	Prestige	High Quality	Local	N'hood	Total
Aberaeron			6.0		6.00
Aberystwyth	13.4	1.7	8.6		23.70
Cardigan	18.35	13.5			31.85
Lampeter			1.3		1.30
Llandysul		4.7			4.70
Tregaron				2.3	2.30
<b>Total</b>	<b>31.75</b>	<b>19.9</b>	<b>15.9</b>	<b>2.3</b>	<b>69.85</b>

**Source: Ceredigion County Council's Employment Land Survey 2007 and DTZ**

The table clearly shows that the allocated undeveloped employment land in the County is concentrated around Aberystwyth and Cardigan. The total allocated land in these areas lies in the region of 55 hectares which equates to almost 80% of the total supply. This estimate is dominated by prestige and high quality allocations.

The prestige allocation in both Cardigan and Aberystwyth is in excess of what will be required during the 15 year plan period but it does reflect the need to maintain longer term capacity beyond the current plan period. The high quality provision in Cardigan is similarly high. However, there is currently no allocated land classed as local sites in the town and this needs to be addressed. Aberystwyth's failing is in relation to high quality land provision where the 1.7 hectares of land allocated is provided by one site adjacent to the former IGER at Penrhyncoch.

Future employment land allocations for Aberaeron and Lampeter are concentrated on the Felinfach site. In addition, Lampeter has the benefit of a site which has the potential to extend the existing Lamed Industrial Estate on Tregaron Road and this should be protected.

Compared to its size, Llandysul has a relatively high proportion of high quality allocated land which is located at two separate locations in close proximity to each other to the north-west of the town. A small scale local site, however, would benefit this area.

Tregaron is the most rural town in terms of location and this is reflected in the neighbourhood classification of the two employment land allocations in the town. The nature of the town is such that only neighbourhood sites are suitable in this location.

### **3.3 Employment Land Supply Summary**

The current supply of developed employment land in Ceredigion is dominated by local sites whilst there is a paucity of development on prestige and neighbourhood sites. In terms of undeveloped allocations, the portfolio is dominated by prestige employment land and there continues to be an undersupply of neighbourhood sites throughout the County.

The strengths of the current allocations are:

- The potential availability of prestige and high quality undeveloped employment land to address future requirements; and
- The proportion of land provided by proposed extensions to existing employment sites with the benefit of established access and services provision.

However, the existing allocation is clearly deficient in a number of areas including;

- The lack of high quality land in Aberystwyth suitable for office development. This is important as the town serves as a regional centre;
- The lack of local employment land allocated in Cardigan; and
- The lack of neighbourhood sites throughout the County.

## 4. Gap Analysis and Implications

The estimated total undeveloped land on allocated sites within Ceredigion as contained in the current UDP equates to an approximate gross area of 70 hectares. This compares with an estimated gross requirement of approximately 30 hectares over the 15 year Plan period indicating a surplus of 40 hectares.

However, before discounting the potential surplus 40 hectares a number of issues need to be taken into account, including;

- The County's existing stock of accommodation and employment land is dominated by local industrial sites, 69%, and the majority of undeveloped allocations are extensions to existing employment sites which were originally allocated at a time when occupier requirements were very much different to those of today;
- Almost 45 % of undeveloped allocated land, 31.75 hectares, is provided on two prestige, strategic employment sites; Capel Bangor in the north and Parc Aberporth in the south. These are new employment sites and are geared to providing long term capacity beyond the current plan period.
- Approximately 51% of undeveloped allocated land is classed as high quality or local employment sites; and
- Neighbourhood sites account for only 4%, 2.3 hectares, of undeveloped allocated land.

In order to attract investment from modern, high-technology growth industries, Ceredigion must be able to provide quality property products in accessible locations close to the main centres of population. In the main, the existing developed portfolio fails to address these needs.

Parc Aberporth, however, satisfies these requirements whilst Capel Bangor has the potential to do so in the north. Neither of these sites should be de-allocated. Although, the current allocations equate to over 50% of the County's 15 year employment land requirement and a substantial amount of each site will remain undeveloped at the end of the Plan period, the sites are geared to providing a long term employment land solution beyond the Plan period.

Cardigan also has a significant allocation of high quality employment land. This is all located on a single allocation at Parc Teifi. This development has proved very successful. In addition to traditional employment demand it is also coming under increasing pressure from public sector service users. Parc Teifi is also geared to providing a long term employment land solution beyond the Plan period and with the site coming under increasing development pressure, we would recommend that the extent of this allocation is retained in its entirety.

High quality sites are important to ensure that the County can offer inward investors and local businesses the quality of accommodation and the environment in which to thrive. In terms of quantum, overall the County has a good supply of sites classed as high quality and this is concentrated around Aberystwyth, Cardigan and Llandysul. These sites are well located in

relation to the County's road network and are generally located close to the County's main areas of population.

Whilst the extent of land allocated and classed as local employment sites is good, the most notable issue in relation to its spacial distribution relates to Cardigan. Recent development at Pentood Industrial Estate has taken up the last remaining development plots and there is currently no land within the allocation which is undeveloped. However, two large buildings on the estate have been vacant for some time and considering their age and specification, redevelopment of these sites should be encouraged to ensure a future supply of local employment land in the town.

Local employment land demand in Aberaeron and Lampeter is provided for by the Felinfach Industrial Estate which is located mid way between the two towns. Although the site's rural location is not ideal, local employment land demand for these two towns can be satisfied at this location.

One of the areas in which the current allocation is poor is in the provision of allocated neighbourhood sites. Whilst the main areas of employment land provision in Ceredigion are provided by allocations on or adjacent to existing estates close to the main centres of population, Aberystwyth, Cardigan & Lampeter (Felinfach), rural areas do generate local businesses and employment land demand especially in relation to diversification in agriculture.

Neighbourhood sites are particularly important in rural areas as they are suited to small local operators and are located in mixed environments within or in close proximity to existing built up areas in small towns. They therefore have an important role in local and rural communities in ensuring local employment opportunities can be provided in small communities.

The current UDP only has two undeveloped allocations for neighbourhood sites, both of which are in Tregaron and provide a total of 2.3 hectares. This is too large for the local area. We would recommend de-allocating the vacant land adjacent to the coal yard to the north of the town and concentrate future requirements in the town on the 1.7 hectare site to the south of Station Road Industrial Estate.

The requirement for neighbourhood sites elsewhere in the County can be addressed in two ways. Firstly, a number of small industrial sites throughout the area can be identified and allocated within the LDP. Secondly, flexible planning policy can be introduced specifically to address the local need for employment accommodation throughout the County. We would advocate the second of these options.

Economic development in rural areas must not be restricted nor should businesses be required to relocate to large towns in order to expand and have their property requirement satisfied. Policy should dictate individual applications for employment uses in rural areas outside allocated sites are dealt with sympathetically to ensure local businesses can continue to contribute to their local, rural economy.

## 5. Conclusions and Recommendations

The office market in Ceredigion, like the rest of the UK, is changing and will continue to change in the future as outlined in the Property Market and Supply, Technical Report 2. Ceredigion will have to compete in increasingly competitive regional and national markets. Future growth is likely to be fuelled by indigenous business growth and medium-small scale inward investment projects with requirements for prestige and high quality employment sites.

The industrial market in Ceredigion is also changing and will continue to change in the future in line with national and regional trends towards more flexible and adaptable accommodation. The requirements of occupiers will become more sophisticated, and if Ceredigion is to perform well it must ensure these needs are met through high quality and local employment sites.

The provision of an appropriate range of sites and premises will lead to the establishment of a portfolio capable of satisfying enquiries throughout the Plan period. It is critical that an appropriate supply of land is maintained in order to attract higher value sectors, indigenous growth and new investment.

### 5.1 Future Land Requirement

The demand modelling which has been undertaken concluded that in order to accommodate the forecast growth in employment in Ceredigion together with the requirements originating through churn and choice, an estimated 30 hectares (gross) of employment land is required up to 2022.

Whilst it is important to ensure a sufficient volume of sites is allocated, the quality of the allocated sites is becoming increasingly important due to the changing nature of requirements and increasing competition from other locations. The portfolio of sites must, therefore, offer a range of sites to cater for traditional and modern occupiers. The current prestige and high quality allocations within the County are considered sufficient to accommodate future requirements provided that they can be brought forward for development.

As a county that is dominated by rural areas, Ceredigion must ensure that the needs of rural communities are met through the provision of neighbourhood sites or flexible planning policy. Careful consideration needs to be given to the development of rural workshops or small scale industrial/business units outside development boundaries in the emerging LDP.

### 5.2 Allocation of Sites

A key role of the LDP is to provide opportunities for the investment, economic development and jobs necessary to secure rising standards of living, in a way that is consistent with the principles of social justice and inclusion and the need to protect and enhance the environment. Planning policy currently favours the siting of retail, leisure and residential development in urban areas.

Policy also states that employment locations should be selected in line with sustainable development principles, with preference for the use of brownfield land, proximity to urban centres, good accessibility and good telecommunications.

One way of stimulating employment growth is to allocate additional sites for employment use. For example, the current UDP allocates a substantial area of land at Parc Aberporth which could provide a supply of over 18 hectares of land for B1 and B2 development initially linked with the aeronautical industry. Similarly, over 13 hectares of high quality employment land is allocated at Parc Teifi.

There are, however, downsides to allocating additional sites and land and indeed any policy created must be considered carefully as there is always a balance to be struck. For example, if an over allocation of sites exists this would give landowners scope to argue that there is a more than adequate supply of employment land in the County and their site could therefore be used for alternative purposes.

Inevitably, the best and most deliverable sites would be lost which would be detrimental to the supply of employment land and its ability to attract new occupiers and satisfy demand. We would, therefore, recommend that care be taken when allocating sites given that the extent of the requirement for land/premises, as identified following our economic forecasts, could easily be met by the existing supply, subject to resolving delivery issues.

## **5.2.1 Nature of Undeveloped Allocations**

The current allocations have been assessed and categorised according to their location, accessibility, type of current accommodation and their overall image. The results of this analysis are provided in Appendices III and IV.

The extent of the sites has been estimated using the figures provided in the Council's Employment Land Survey 2007, following discussions with the Welsh Assembly Government and from site inspections. The extent of the sites has not been measured.

It is evident that some of the land area assessments in the Council's survey are inaccurate. Where discrepancies have been identified, visual estimates have been adopted and we therefore recommend that the Council's survey and plans are updated. Some of the current plans excludes areas which have already been developed. This is particularly evident at Llandysul Business Park, Croesffordd, and in relation to Glanyrafon Industrial Estate in Aberystwyth.

In summary, the extent of the current allocation of undeveloped employment sites in Ceredigion is more than double the requirement. A significant excess of prestige land has been allocated and there is a good supply of high quality land. There is, however, a need for further high quality allocations in Aberystwyth.

There is a paucity of local sites allocated in Cardigan and a county wide issue in relation to the paucity of neighbourhood sites.



### **5.3 Policy Relating to Neighbourhood Sites**

Flexible planning policy should be introduced specifically to address the local need for employment accommodation throughout the County. Policy should dictate individual applications for employment uses in rural areas outside allocated sites are dealt with sympathetically to ensure local businesses can continue to contribute to their local, rural economy.

### **5.4 De-Allocation of Land at Tregaron (153/E1)**

A review of this site has indicated that the likely cost of servicing and developing the land would not justify the small amount of development which could be facilitated on site. Furthermore, local employment land development would be better suited to the larger site allocated adjacent to the existing Station Road Industrial Estate.

## 5.5 Proposed Allocations

Table 9 below provides a summary of the proposed allocations to be included in the LDP for the period 2007 – 2022 for Ceredigion.

**Table 9 Proposed Employment Land Allocations 2007 - 2022**

Site Reference	Site Name	Category	Total Site Area	Developed Land	Proposed Allocation*
<b>Prestige Sites</b>					
118/E1	Capel Bangor Business Park	Prestige	13.4	0	13.4 <sup>#</sup>
10/E1	Parc Aberporth, Blaenannerch	Prestige	23	4.65	18.35 <sup>#</sup>
<b>Sub Total</b>					<b>31.75</b>
<b>High Quality Sites</b>					
52/E1	Teifi Valley Business Park, Horeb	High Quality	3.9	1.2	2.7
149a/E2	Parc Teifi, Cardigan	High Quality	20.5	7.0	13.5 <sup>#</sup>
140/E1	IGER Penrhyncoch	High Quality	1.7	0	1.7
152/E1	Croesffordd, Llandysul	High Quality	6.7	4.7	2.0
<b>Sub Total</b>					<b>14.6</b>
<b>Local Sites</b>					
150a/E5	Glanyrafon Industrial Estate	Local	33	26	7.0
150a/E5ex	Glanyrafon Industrial Estate (extn.)	Local	2.16	0.56	1.6
125/b	Felinfach Industrial Estate	Local	28.1	22.1	6.0
151/E3	Gwili Jones Site, Lampeter	Local	1.3	0	1.3

Site Reference	Site Name	Category	Total Site Area	Developed Land	Proposed Allocation*
149a/E1	Pentood Industrial Estate, Cardigan (redevelopment potential)	Local	6.3	6.3	0
<b>Sub Total</b>					<b>15.9</b>
<b>Neighbourhood Sites</b>					
150a/E4	Llanbadarn (redevelopment potential)	Neighbourhood	2.4	2.4	0
153/E2	Tregaron (Adj to School Fields)	Neighbourhood	1.7	0	1.7
New	Site LI1, Llon Letty, Llandysul	Neighbourhood	0.54	0	0.54
<b>Sub Total</b>					<b>2.24</b>
<b>TOTAL</b>					<b>69.79</b>

\* The developable land figures are based on Ceredigion County Council's Land Survey 2007. Where there appear to be substantial discrepancies between the areas stated in the survey and the apparent available developable land following site inspections and discussions with the Welsh Assembly Government, visual estimates have been adopted. DTZ has not measured the extent of vacant land at each location.

# This allocation is in excess of what will be required over the plan period. The allocation is retained in its entirety as the site is geared to providing a long term employment land solution beyond the plan period.