

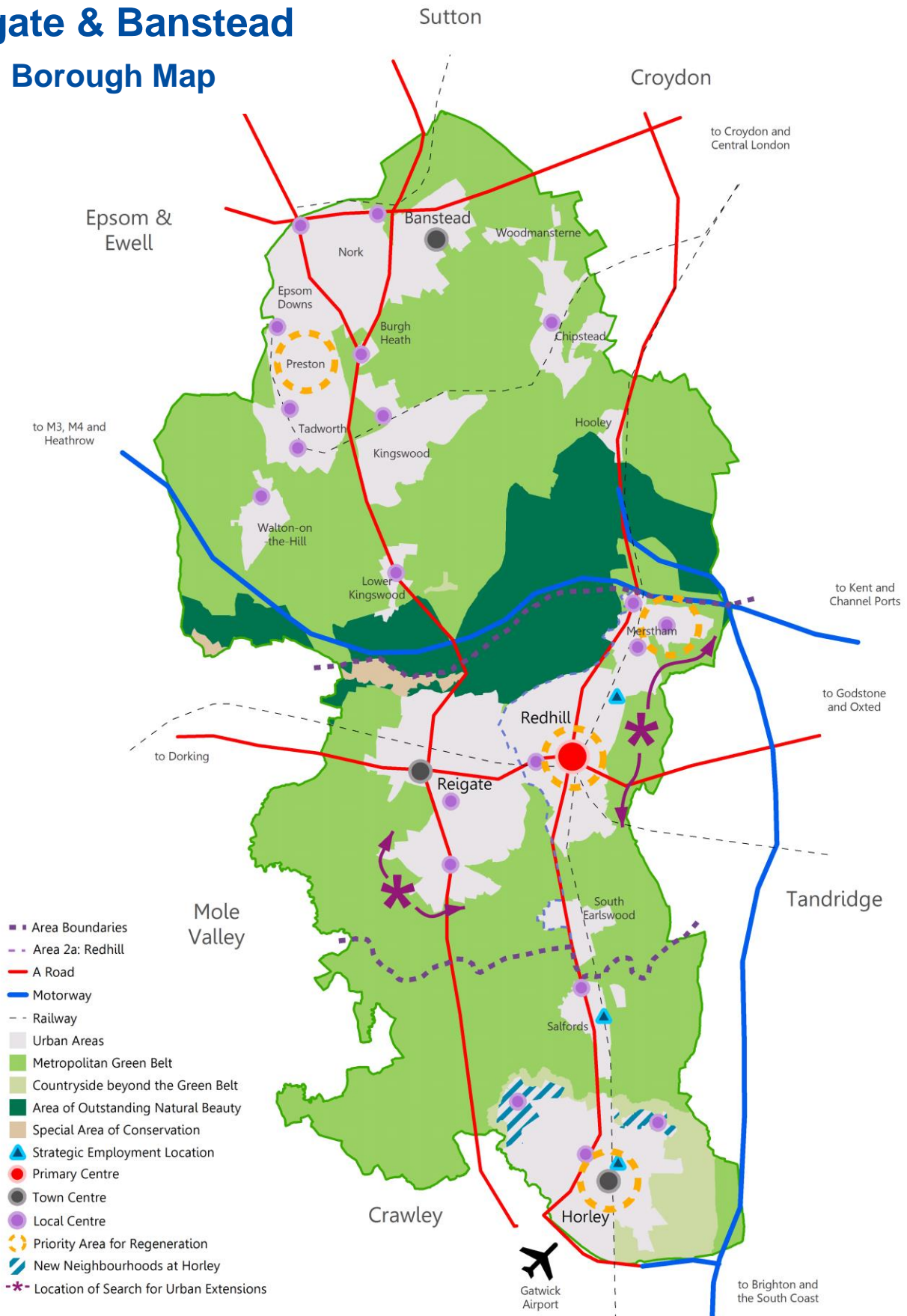


Commercial Commitments Monitor

Position at 31 March 2013

Reigate & Banstead

Borough Map



Commercial Monitor

End March 2013

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Please Note:

This monitor provides an update of the current amount, type and location of commercial and retail commitments in Reigate & Banstead. While every care has been taken to ensure that the information in this monitor is accurate, the Borough Council accepts no responsibility for any errors or omissions. We would be grateful if our attention was drawn to any inaccuracies so that they may be corrected. Similarly, any suggestions that would make the information more useful would be gratefully received.

Introduction

This monitor provides information on the amount, type and location of commercial commitments and available commercial floorspace in the borough. Its purpose is to:

- Monitor the amount of employment and retail development coming forward in Reigate & Banstead against established targets
- Analyse the characteristics of development against the relevant policies and indicators
- Monitor the amount of employment and retail floorspace available to let across the borough as a barometer of local economic health.

For more detailed analysis of the situation in the borough's main employment and shopping areas, please refer to one of the specific monitor listed at the back of this document.

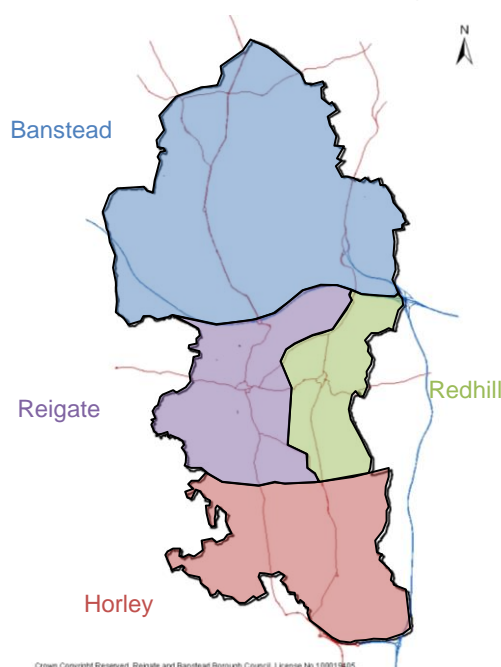
Future Policy Developments

The Borough Local Plan 2005, including its saved policies, is in the process of being replaced by new local planning documents. The Council submitted its Core Strategy in May 2012. Following feedback from the Planning Inspector, the Council carried out some additional work which resulted in amendments to the document. The Further Amendments Core Strategy was submitted to the Inspector in March 2013 and examination hearing sessions took place in May 2013. Hearing sessions were adjourned at this point to enable the Council to consult on the main modifications proposed through the examination: this consultation will start on the 4th July 2013 and will run until the 19th August 2013. On this timetable, it is anticipated that the Council will be in a position to adopt the Core Strategy by the end of 2013.

The Core Strategy sets the overall amount of employment and retail development needed across the plan period. Policies relating specifically to the management of employment and retail development will be contained within the Development Management Policies DPD which is currently being prepared.

Spatial Commentary

For the purposes of the monitor, the borough is divided into four key areas, in line with the emerging Core Strategy. The diagram below illustrates how the borough is split.



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Overall Trends – Key Messages

UK Trends

Despite showing some signs of recovery the UK economy is still a long way from reaching pre-recession performance. On-going austerity measures, rising inflation, reduced consumer spending and uncertain property market performance, especially outside the capital, all continue to impact on business and consumer confidence.

Within the commercial property market, offices continue to demonstrate the best recovery; however, this is largely confined to prime areas in central London and the M25 and M4 corridors. Take up in these areas has risen over the past year, leading to falling supply as a result of limited development activity. The recent announcement of office to residential permitted development rights may further lead to a pinch on office supply.

Uncertainty remains in the retail sector. Further high profile retail administrations coupled with reduced consumer spending and increased internet trading all mean that occupier and developer interest outside of prime retail locations remains subdued.

In the industrial market, occupier and investor interest is focused in and around London and the South East. There is considerable variation in industrial property yields across the UK, most noticeable in the South East, which is significantly higher compared to the rest of the UK. The biggest issue is the lack of speculative industrial development set against increasing demand for Grade A developments across the UK.

Borough Trends

- **Employment & Retail Completions** – In the last year there was a drop in gross additional completions for employment and retail floorspace down to 3,500sqm. This did however give a higher net gain of 746sqm. The low level of completed floorspace is not surprising given the uncertainty of the economy and property market.
- **Extant Employment & Retail Permissions** – Extant permissions could provide 34,100sqm of additional gross employment and retail floorspace. However, in net terms this would actually deliver a loss of 5,300sqm. This is due to significant losses of office and B2 industrial floorspace, the former of which arises from the Sainsbury's redevelopment in Redhill, which whilst delivering much needed additional convenience floorspace, it will result in the loss of office accommodation. The remaining extant retail developments are almost exclusively changes of use and thus would not result in any further net gain of additional retail floorspace.
- **Development Characteristics** – In line with the direction of the emerging Core Strategy, 81% of outstanding retail (A1-A5) development is located within town centres or local shopping areas. In total, 62% of extant industrial and distribution floorspace is located within the borough's industrial estates, clearly in line with saved policy Em1. Notably, there are no warehouse/distribution floorspace permitted outside the industrial areas. However, only 12% of office development falls within one of the areas defined within saved policy Em1. The majority of extant office developments are situated within a designated industrial estate making up almost two thirds of the total and has been the case for a number of years. It may therefore be necessary to look at adopting a more flexible approach towards managing the location of future office space, in line with recent trends in the borough.
- **Borough Commercial Property Market** – There is currently 79,000 sqm of available floorspace in the borough, an increase from over 69,000sqm in the previous monitoring period. The majority is vacant office space accounting for more than half of all available floorspace (44,000sqm) which is predominately found in both Redhill and Reigate. In the last

year there has been an increase in the total amount of available retail and industrial/warehouse floorspace increasing up to 4,700sqm (5.9%) and 29,000sqm (38%) respectively.

Employment & Retail Development

Completions

Over the past year, approximately 3,500sqm of gross employment and retail floorspace was completed. When losses and changes of use are taken into account, the net position is a small gain of around 750sqm additional floorspace. Between the broad categories, this is comprised of a net loss in employment (B uses) and a gain in retail (A uses). . Table 1 below summarises the gains and losses which occurred on developments completed over the past year.

Table 1 Employment & retail completions

	Use Class	Gain	Loss	Net
Retail	A1	591	16	575
	A2	234	0	234
	A3	162	0	162
	A4	406	0	406
	A5	0	0	0
	Total Retail	1,393	16	1,377
Employment	B1(A)	162	0	162
	B1(B)	0	2,327	-2,327
	B1(C)	755	493	262
	B2	305	0	305
	B8	917	0	917
	Total Employment	2,139	2,820	-681

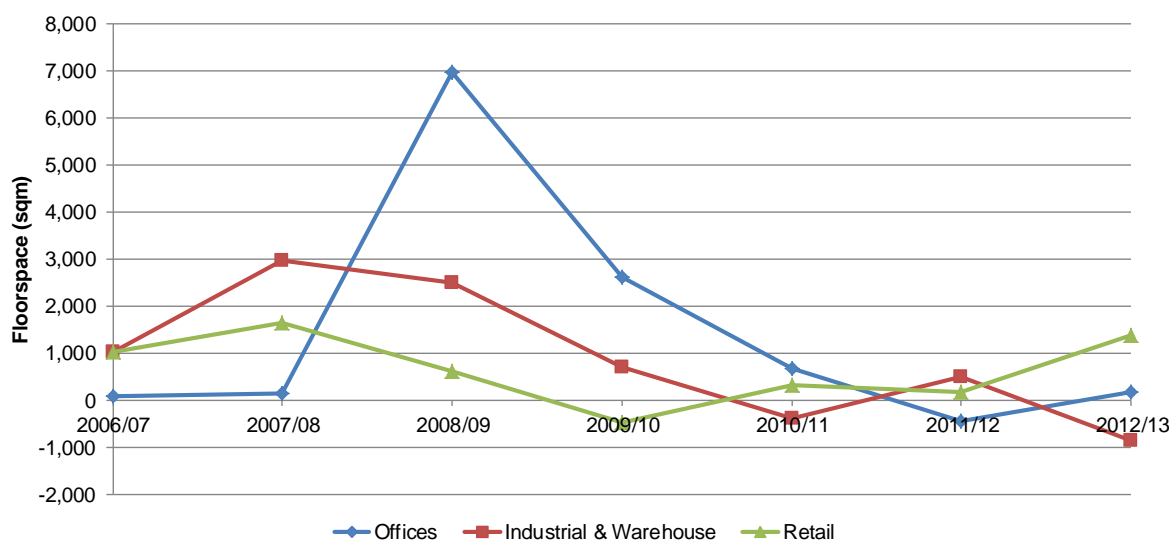
The past year saw relatively substantial losses in B2 floorspace which was almost exclusively the result of the development at the former BBC site in Kingswood Warren for residential use. This was offset by small net gains in office and other industrial uses as well as a large gain in B8 warehouse floorspace, predominantly as a result of new development on the Holmethorpe Industrial Estate.

For retail, there was a net gain of almost 1,400sqm from developments completed over the past year. Two of the largest were in Horley: the redevelopment of the retail unit at the Texaco petrol station and the new development at 6-18 Station Road.

In the past year, a total of 2,327sqm of employment floorspace was lost to other non-employment uses through change of use.

Figure 1 overleaf illustrates the net additional floorspace completed each year since 2006. In the last year there has been a slight net increase in completed office and retail floorspace, this is still however below the peak level reached during 2008/09, before the economic downturn. Conversely, there was a net loss of industrial/ warehouse floorspace during 2012/13.

Figure 1 Net additional floorspace completion trend



Extant Developments

A further 34,100sqm of gross additional employment and retail floorspace (including sui generis uses) could be delivered from either extant permissions and or developments currently under construction. In net terms however, there would be an overall loss of employment and retail floorspace of around 5,300sqm. Whilst there could be a substantial net increase of almost 9,000sqm of new retail floorspace, there would be a corresponding and greater net loss of more than 14,200sqm of employment floorspace (including sui generis uses). Much of this shift results directly from the Sainsbury's Redhill development which would generate around 7,400sqm of retail floorspace but at the expense of more than 14,000sqm of offices at Lombard House.

Table 2 below summarises the use class breakdown of extant developments; however, the figures for individual use classes should be seen as indicative rather than definitive as in some cases developers seek 'open' permissions to allow developments to be occupied for a range of different uses.

There is potential for growth in the commercial pipeline particularly in retail developments, with a number of emerging developments for new retail provision in Redhill town centre. However, the pipeline of permissions and proposals for additional employment floorspace remain subdued, with the exception of B8 use class which continues to experience some interest.

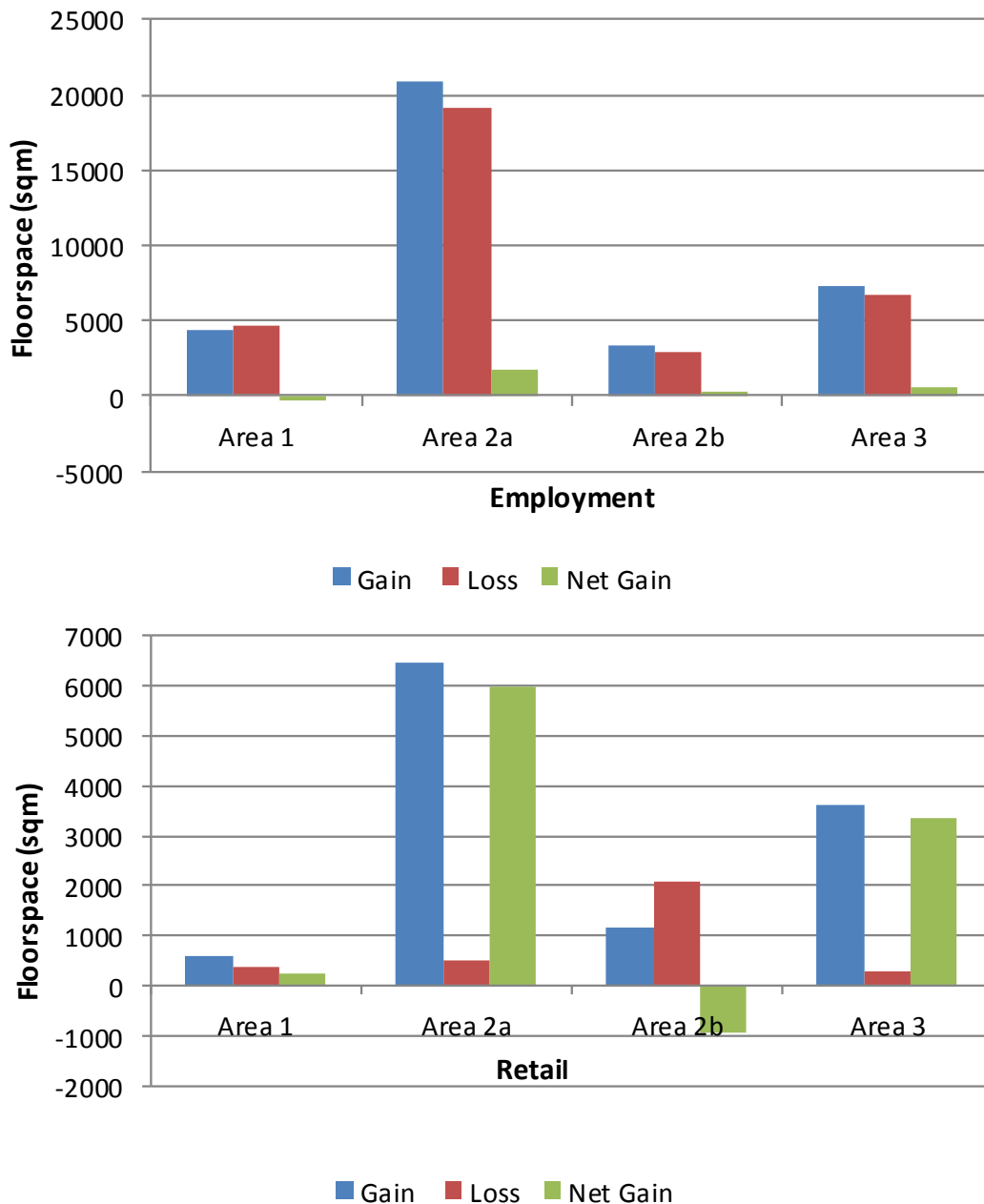
Table 2 Extant employment & retail developments

	Use Class	Gain	Loss	Net
Retail	A1	7,402	2,319	5,083
	A2	1,476	635	841
	A3	2,012	39	1,973
	A4	91	212	-121
	A5	1,189	0	1,189
	Total Retail		12,170	3,205
Employment	B1(A)	5,445	19,739	-14,294
	B1(B)	2,205	2,327	-122
	B1(C)	2,053	1,005	1,048
	B2	665	8,881	-8,216
	B8	7,141	1,719	5,422
	SG	4,421	2,541	1,880
	Total Employment	21,930	36,212	-14,282

Figure 2 below shows that the majority of potential employment floorspace gain is in the Redhill area (Area 2a). This area alone has the potential to deliver almost 1,800sqm of additional floorspace;

however, this is a significant drop from previous year's figure (7,000sqm) due to the Sainsbury's development. Conversely, Banstead continues to have a slight net loss of employment floorspace of around 300sqm, the majority of which comes from proposed change of use at Pitwood Park industrial estate. In terms of retail developments, extant proposals in Reigate continue to generate a net loss in total retail floorspace, whilst the remaining three areas could all experience a net gain if proposals are built out, particularly Redhill (Area 2a)

Figure 2 Extant developments by borough area



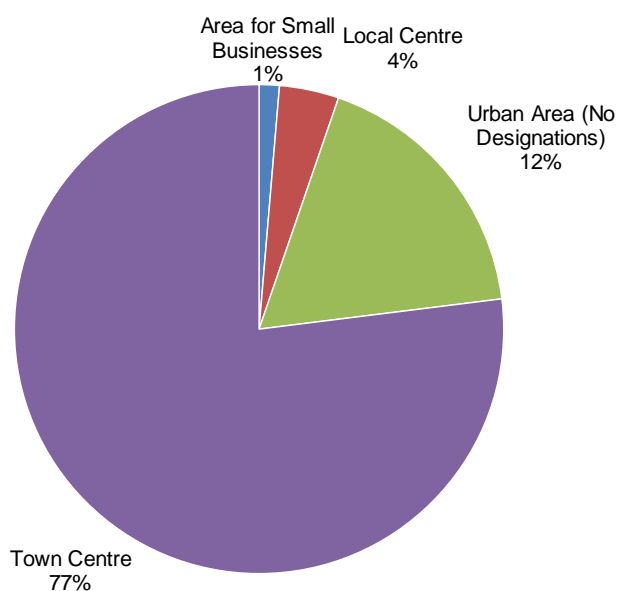
A number of extant planning permissions have the potential to lead to a loss of employment floorspace to non-employment floorspace. In total, more than 10,900sqm of employment floorspace could be lost to non-employment floorspace and includes the proposed change of use to unit 4 in one of the borough's designated employment areas (Pitwood Park, Banstead). A further 2,028sqm of employment floorspace could be lost to residential. The majority of this loss is once again office floorspace accounting for over 1,100sqm. A further 500sqm of A1-A5 retail floorspace could also be lost to residential.

Development Characteristics

Location

The emerging Core Strategy (CS3) will plan for a range of types and sizes of employment premises to meet the needs of existing, growing and future business start ups. To ensure sufficient provision of additional employment floorspace to meet the forecasted growth needs of the borough. This will focus on retaining and also making best use of employment land within designated industrial areas and town centres. To ensure at least 90% of additional B1-B8 employment development is located within the borough's town centres and industrial estates, as set out in the emerging Core Strategy (Policy CS3).

Figure 3 Location of Extant Retail [A1-A5] Floorspace

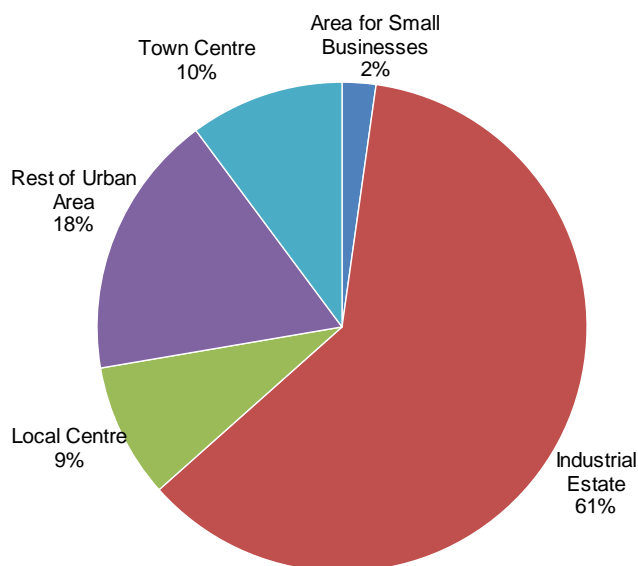


In line with saved Local Plan Policy Sh14, no large scale comparison or convenience retail floorspace is currently permitted outside of the borough's four town centres.

Once again the majority of extant permissions for retail development are for designated town centres accounting for 77% of the total. A further 4% is within designated local centres, combined with town centre permissions this makes up over 80% of additional retail floorspace (net) for the borough. This is broadly in line with the direction of the current Local Plan alongside the target set out in the forthcoming Core Strategy (Policy CS5).

An additional 12% of outstanding retail development is within undesignated urban areas, whilst a further 1% is within Areas for Small Businesses, which although not one of the specified locations, often experience small scale retail development

Figure 4 Location of Extant Office [B1(A)] Floorspace



The total amount of outstanding office floorspace located in either town centres or industrial estates is 71%. This is a slight increase from previous year's figures showing some signs of recovery to the borough's future economy. Most of which is in the Redhill and Horley/ Salfords area.

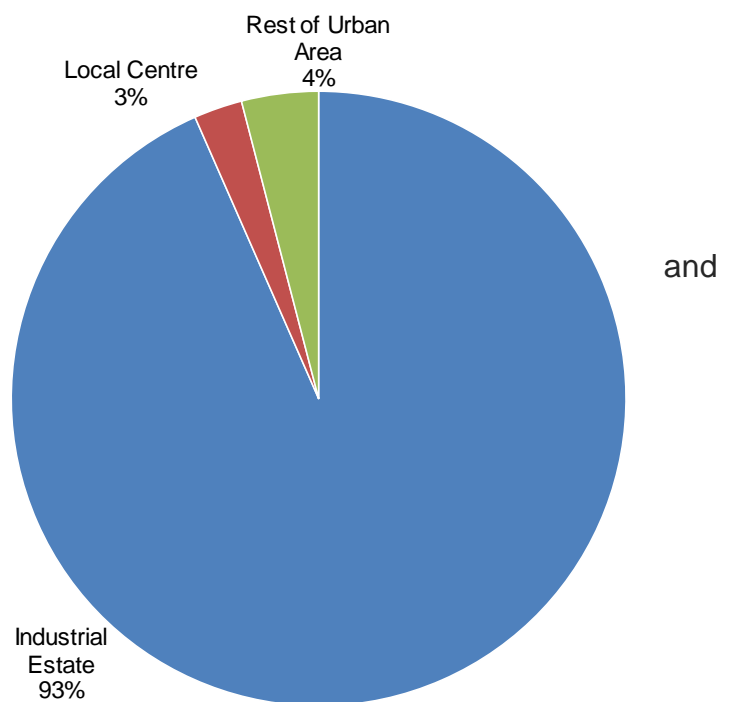
Once again extant office floorspace is concentrated within designated industrial estates such as Holmethorpe accounting for almost two thirds of the total floorspace. This has been a common theme over recent years, possibly resulting from the continued drop in demand for traditional industrial space. Moving forward, the emerging Core Strategy recognises the need to make better use of existing employment sites and, it may be worth considering a more flexible approach to accommodating and managing such uses in industrial areas.

Figure 5 Location of Extant Industrial & Distribution [B1-B8] Floorspace

More than 90% of all extant industrial and distribution floorspace is within the borough's designated industrial areas. This is in line with saved policy Em1 and Policy CS3 in the emerging Core Strategy. Designated employment areas will be set out in the future DMP once the Core Strategy is adopted.

The remaining 7% of outstanding industrial distribution floorspace is situated within the urban area or local centre.

Once again all extant floorspace proposing B8 industrial and distribution uses falls within the borough's industrial areas, the majority of which is in Holmethorpe Industrial Estate.



Previously Developed Land (PDL)

All additional employment and retail floorspace completed in the past year was on previously developed land.

Car Parking Provision

Local Plan Policy Mo7 sets maximum parking standards for the various types of commercial development. Table 8 below summarises the number of parking spaces per square metre of both outstanding developments and those completed over the past year. Moving forward, new parking standards for different types of development in the borough will be set out in the DMP.

Table 3 Car Parking Spaces on Completed and Extant Developments

	Completed (April 2012 to March 2013)			Extant		
	Gross Floorspace	Parking Spaces	Average per sqm	Gross Floorspace	Parking Spaces	Average
Office	162	6	1 per 27sqm	16,821	453	1 per 37sqm
Office/Industrial	1,365	74	1 per 18sqm	11,164	179	1 per 62sqm
Warehouse	917	8	1 per 115sqm	10,152	213	1 per 48sqm
Retail	1,627	13	1 per 125sqm	22,480	676	1 per 33sqm

In the last year there has been some change in average parking provision on completed developments across the borough. Parking provision on completed office/industrial, warehouse and retail developments remained below the required standards; the biggest drop in parking provision was on retail developments with an average of 1 per 125sqm. This was largely due to some of retail developments on 6-18 Station Road, Horley not providing any additional parking given its close proximity to the town centre and public transport. For the second consecutive year parking standards on office developments were greater than the required standard at 1 per 27sqm as opposed to 1 per 30sqm.

Car parking provision on extant retail developments has changed markedly over the past year, with such developments providing on average 1 space per 33sqm compared to 1 space per 134sqm the previous year. This is as a result of the proposed Sainsbury's supermarket redevelopment in Redhill which will provide on average 1 space per 14sqm, significantly above the standard for large scale food retail developments. It should however be noted that a proportion of this car park will be for town centre use and not simply associated with the Sainsbury's store.

With the exception of extant warehouse developments which provide above standard (1 per 48sqm compared to 1 per 70sqm standard) car parking provision on all other types of extant developments is consistent with or below the required standards.

Commercial Property Market

Overview

The total amount of employment and retail floorspace currently available on the market (excluding developments marketed as pre-lets) in Reigate & Banstead stands at almost 79,000sqm, an increase from last years figure (69,000sqm). This is still below the 2005 figure when employment and retail floorspace across the borough reached its highest at 109,280sqm.

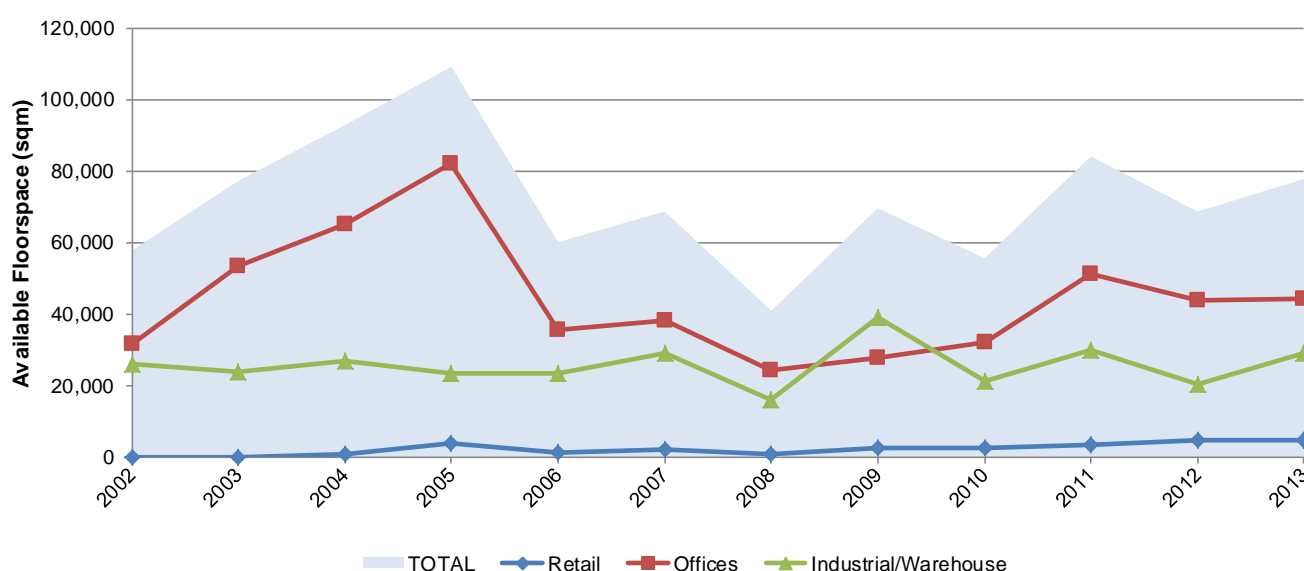
In the last 12 months there has been an increase in the total amount of available industrial and warehouse floorspace (29,008sqm) which includes a number of larger industrial/ warehousing units in the Redhill area. Once again the majority of available floorspace is office accommodation accounting for over 44,100sqm (56%) and has been the case for the last 3 years, however, this may change with the recent announcement of office to residential permitted development rights which may lead to a rebalancing of stock. The Redhill area continues to be the largest contributor of available floorspace accounting for almost 37,000sqm followed by the Reigate area at around 18,500sqm.

Table 4 Summary of available floorspace

	Retail	Office	Industrial/Warehouse	Total
Banstead	440	3,425	740	4,605
Reigate Town Centre	500	11,120	0	11,620
Rest of Reigate	180	3,600	3,040	6,820
Redhill Town Centre	2,975	14,145	0	17,120
Rest of Redhill	195	4,060	15,490	19,745
Horley Town Centre	440	5,965	0	6,405
Rest of Horley/Salfords	0	1,820	9,730	11,550
Total	4,730	44,135	29,000	77,865

Figure 6 below shows that available floorspace has increased to almost 79,000sqm in the last 12 months, which is significantly above the levels experienced prior to the recession (i.e. 2009).

Figure 6 Available floorspace trend

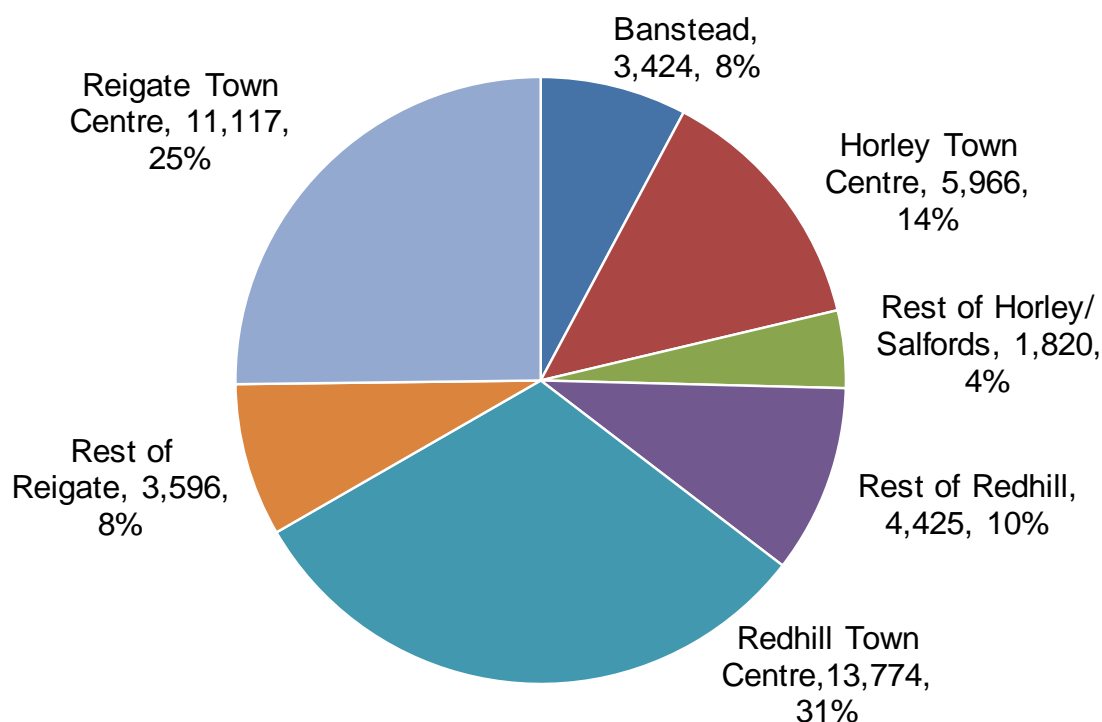


Office

Office accommodation is still the major contributor to available floorspace with around 44,100sqm currently available on the market. The main contributor towards total available office floorspace found across the borough is in the Redhill area at 18,200sqm, followed by the Reigate area at 14,700sqm. Combined this makes up almost three quarters of the entire borough's available office floorspace, with the greatest concentration found across Redhill town centre particularly in Kingsgate and Knowles House (Redhill). There are also a number of available office developments in Reigate at London Court and Trinity House, the former is only partially let whilst the later remains entirely unlet.

In the last year the average quoted rent on office accommodation available to let in May 2013 was £178 per sqm, an increase from the previous year (£155 per sqm). The highest rents were quoted on properties in the Redhill area, whilst Horley town centre had the lowest rents.

Figure 7 Geographic breakdown of available office accommodation



Industrial & Distribution

The total amount of available industrial and distribution floorspace across the borough has increased in the last 12 months and currently stands at just over 29,000 sqm. A large proportion of this is concentrated within Reigate and Banstead's main industrial areas, in particular Redhill (53% of the total) and Horley/ Salfords at 34%. Redhill has seen an increase in the total amount of available industrial and distribution floorspace since the last monitoring period; this is largely due to a number of larger vacant industrial units located on the Holmethorpe Industrial Estate. Conversely, Horley/ Salfords have both seen a drop in available floorspace due to an increased uptake in units at the IO Centre.

There has been a significant increase in the average quoted rent on industrial and distribution units available to let in May (£83 per sqm), with a number of larger units located in the Horley/ Salfords area charging higher rents per/sqm.

Retail

Once again retail makes the smallest contribution to total available floorspace with around 4,730sqm on the market in May 2013, a slight increase from previous year's figure of 4,540sqm. Redhill continues to have the highest proportion of this available floorspace accounting for 63% of the borough's total, a large amount of which is located in the Belfry Centre in Redhill town centre. This is followed by Reigate with the second highest amount of available retail floorspace at 683sqm; the majority of which is once again located in the town centre (501sqm).

The average quoted rent on retail units available to let in May was £779 per sqm, a significant increase from the previous year's figure of £277 per sqm. Once again Redhill town centre has the highest rents compare to Horley town centre which has the lowest rents.

Appendices

Use Classes Order

Use Class	Description of Use/Development	Permitted Change
A1	Shops, retail warehouses, hairdressers, travel agents, post offices, sandwich bars, Internet cafes, showrooms, domestic hire shops, undertakers and dry cleaners.	No permitted change
A2	Banks, building societies, estate agents, professional and financial services.	A1
A3	Restaurants and cafés.	A1 or A2
A4	Drinking Establishments.	A1, A2 or A3
A5	Hot Food Takeaways.	
B1(A)	Use as an office other than a use within Class A2 (financial and professional services).	B8 (where no more than 235 sq.m.)
B1(B)	Use for research and development, studios, laboratories, high technology.	
B1(C)	Use for any industrial process that can be carried out in a residential area without detriment to amenity.	
B2	Use for the carrying on of an industrial process other than one falling in B1(C) above.	B1 or B8 (B8 limited to 235 sq.m.)
B8	Use for Storage or Distribution.	B1 (where no more than 235 sq.m.)
C1	Use as a hotel, boarding house or guesthouse where no significant element of care is provided	No permitted change
C2	Residential institution such as a nursing home or residential school.	No permitted change
C3	Use as a dwelling house, whether or not as a sole or main residence.	No permitted change
D1	Non-Residential Institutions.	No permitted change
D2	Use for Assembly and Leisure.	No permitted change
SG	Sui Generis - falls outside all other categories. Permission is required to change to or from such a use.	No permitted change

* Please note that the use classes order (particularly the permitted change column) will be revised in future to reflect the recently announced permitted development rights which come into force at the end of May 2013.

Monitoring Publications

Regular Monitors:

Areas for Small Businesses

Provides a list of all uses in the Borough's seven Areas for Small Businesses (Annual)

Commercial Commitments

Contains the amounts, types and location of all commercial commitments i.e. premises with outstanding planning permissions or vacant floorspace (Annual)

Housing Delivery

Provides information on general housing market trends and the delivery of the amount, type and location of housing commitments in the Borough (Annual)

Industrial Estates

Contains an analysis of occupational trends in the Borough's nine main Industrial Estates including a schedule of occupiers (Annual)

Local Centres

Provides information on retail provision in the Borough's eighteen local shopping centres (Annual)

Town Centres

Provides information on the occupiers, together with vacancies and shop type of all premises within the Borough's four Town and Village Centres (Bi-annual)

Population and Demographic Information

These publications are available on the Council website:

<http://www.reigate-banstead.gov.uk>

Search for: "*monitors*":

For further information on the content or other planning policy monitoring, please contact:

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