

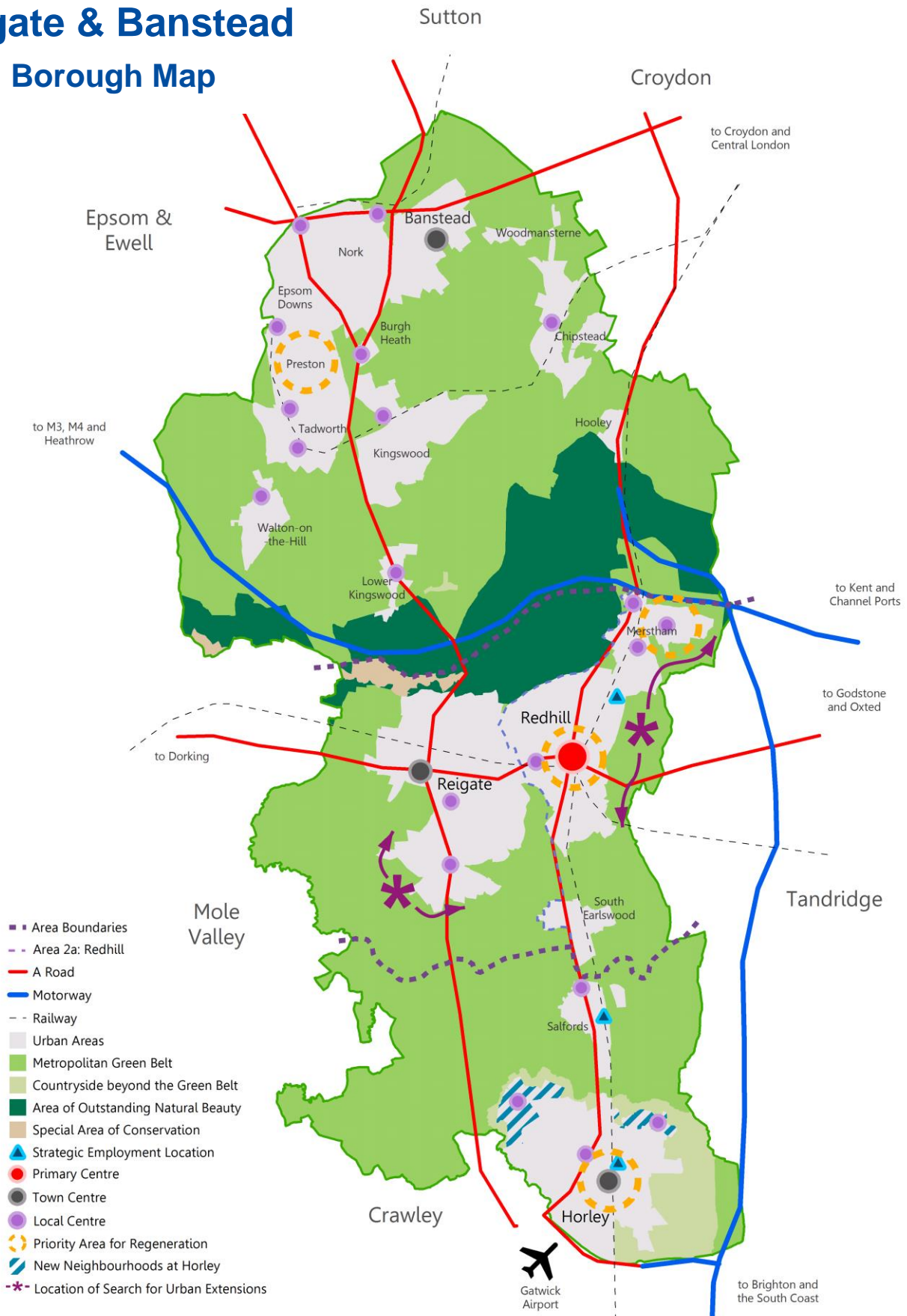


Commercial Commitments Monitor

Position at 31 March 2016

Reigate & Banstead

Borough Map



Commercial Monitor

End March 2016

Contents

Introduction	4
Future Policy Developments.....	4
Spatial Commentary.....	4
Overall Trends – Key Messages	5
UK Trends.....	5
Borough Trends.....	5
Employment & Retail Development	6
Completions.....	6
Extant Developments.....	7
Development Characteristics	9
Location.....	9
Previously Developed Land (PDL).....	10
Car Parking Provision.....	10
Commercial Property Market	11
Overview.....	11
Office.....	12
Industrial & Distribution.....	12
Retail.....	13
Appendices	14
Use Classes Order.....	14
Regular Monitors:.....	15
Population and Demographic Information.....	15

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.

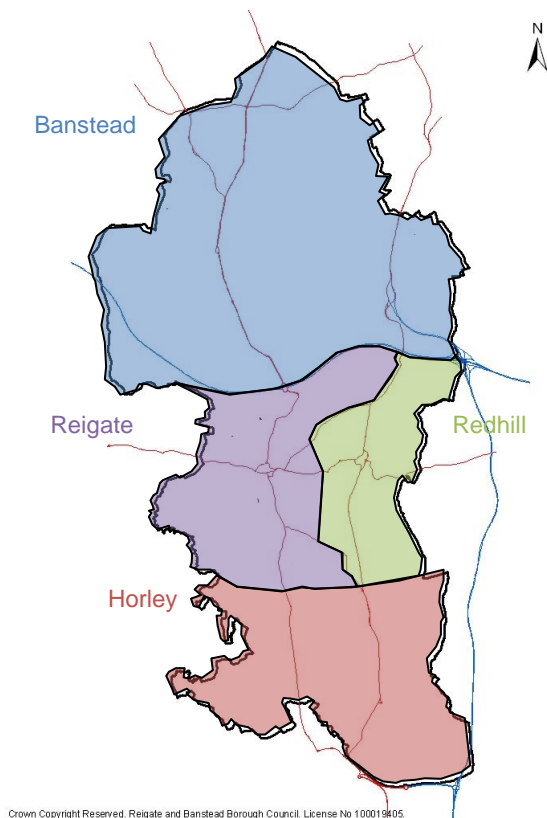
For more detailed analysis of the situation in the borough's main employment and shopping areas, please refer to one of the specific monitor listed at the back of this document.

Future Policy Developments

The Borough Local Plan 2005 is in the process of being replaced by new local planning documents. The Core Strategy detailing growth and subsequently the overall amount of employment and retail development needed over the plan period was formally adopted by the council in July 2014. The Development Management Plan which details specific policies relating to the management of employment and retail development and employment land allocations is currently being prepared.

Spatial Commentary

For the purposes of the monitor the borough is divided into four key areas. The diagram below illustrates how the borough is split.



Overall Trends – Key Messages

UK Trends

UK economic growth slowed in 2015/16 (from 2.6% to 2.2%) due to increased financial volatility; reduced momentum in the global economy because of slower growth in emerging markets such as China; oil, gas and manufacturing sectors struggling and having a knock on effect on transport and other industrial-related services; a weaker pound; uncertainty over 'Brexit'; increased salary pressures; and household spending on leisure falling.

Lambert Smith Hampton's Industrial and Logistics Report concluded that overall 2015/16 was a sound year. Whilst UK-wide industrial asset transactions fell by 15% (from £6.6bn to £5.6bn) and industrial and logistics take-up fell by 7%; a wave of speculative development prompted the first annual increase in grade A availability since 2009, rental growth increased by 3.9% and the number of transactions increased.

Lambert Smith Hampton and Savills report regional variations - Liverpool saw the greatest rental growth (16.7%) and all areas apart from Greater London and the West Midlands saw an increase in take-up. Greater London and the West Midlands saw a marked increase in demand for smaller units and a greater supply of Grade A offices due to speculative development.

The Local Data Company report that nationally Britain's shop vacancy has fallen to 12.4%, the lowest since December 2009. This fall has been driven by a 16% fall in the number of units becoming vacant (2014/15 to 2015/16) and a 76% increase in the number of units being removed from the overall stock. In terms of town centre units, the Local Data Company report that the vacancy rate has fallen by 0.5% but note regional variations - Scotland was the only region/ nation to see an increase in the number of vacant town centre units (0.8%).

The Government has announced that permitted development rights for the conversion of offices to residential will be made permanent as of 6 April 2016.

Borough Trends

- **Employment & Retail Completions** – Within the last twelve months 699sqm of gross employment and retail floorspace has been completed, down from 786sqm in the previous monitoring period. There has been a significant net loss of office (B1(A)) floorspace, 75% of which is due to office to residential permitted development rights.
- **Extant Employment & Retail Permissions (Pipeline)** – Extant and under construction schemes could create over 32,000sqm (gross) of new or expanded employment and retail accommodation. Once losses are factored in, the pipeline could however result in a net loss of over 32,500sqm of B1-B8 space, the majority of which would be offices (96%). Conversely, pipeline schemes could deliver a net gain of 12,378sqm of retail floorspace due to a number of large-scale regeneration developments in Redhill including the former Liquid & Envy nightclub, Redhill Railway and Sainsbury's redevelopment.
- **Development Characteristics & Location** – 94% of retail and employment developments completed over the past year were on previously developed land (PDL). Based on completed and pipeline developments, just under 80% of potential new retail space would be located in town and local centres and over 85% of new industrial/distribution space would be located within designated industrial estates.
- **Borough Commercial Property Market** – Within the last twelve months the amount of available commercial property in the borough (i.e. on the market) has fallen by a third (from 63,924sqm to 42,646sqm). All four town centres have seen a fall in the amount of available floorspace – Horley has seen the greatest fall (81% - 2,572sqm to 481sqm) followed by Banstead (70% - 1,495sqm to 443sqm). Office floorspace accounts for over half of the available commercial space (61%, 26,144sqm): this has been the case for the past six years.

Employment & Retail Development

Completions

Within the last twelve months 699sqm (gross) of new retail and employment floorspace has been created in the borough, this compares to 786sqm in the previous monitoring period (11% fall). However, once losses (from changes of use or redevelopment away from employment/retail use) are taken into account, there was overall a significant net loss of nearly 10,000sqm of retail and employment floorspace. Office premises account for 91% of this loss, three quarters of which was due to office to residential permitted development rights.

Table 1 below summarises the gains and losses which occurred on developments completed over the past year. The table shows a 324sqm net increase in A3 which is due to changes of use (58%) and extensions (42%). The table also shows a 124sqm net loss of A1 retail which is due to temporary permitted development rights allowing conversion to residential accommodation and changes of use (50% respectively) and a 215sqm net loss of B8 floorspace which is due to changes of use to residential development.

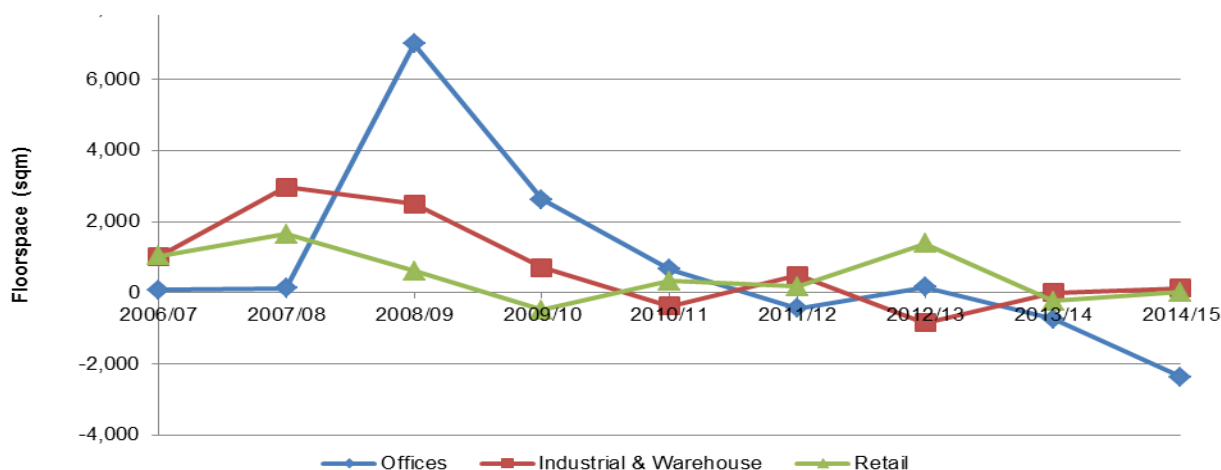
Table 1 Employment & retail completions

2015	Use Class	Gain	Loss	Net
Retail	A1	251	375	-124
	A2	26	0	26
	A3	324	0	324
	A4	0	300	-300
	A5	0	0	0
	Total Retail	601	675	-74
Employment	B1(A)	98	9,623	-9,525
	B1(B)	0	0	0
	B1(C)	0	77	-77
	B2	0	0	0
	B8	0	215	-215
	Total Employment	98	9,915	-9,817

Within the past year there has been a substantial gain of other floorspace (D1, D2 and SG) (6,659sqm). Notable developments include the construction of a new leisure centre at Merland Rise (5,205sqm) and new classrooms and music facilities at Aberdour School (563sqm).

Figure 1 illustrates the net additional floorspace completed each year since 2006/7. It shows a significant fall in completions of offices, industrial and warehouse and retail floorspace since 2011 and in particular a significant decline in office completions since the introduction of office to residential temporary permitted development rights in 2013.

Figure 1 Net additional floorspace completion trend



Extant Developments (Pipeline)

Table 2 summarises the use class breakdown of developments in the pipeline (those with extant planning permission or currently under construction).

Combined, pipeline developments could deliver just over 32,300sqm (gross) of new or expanded employment and retail floorspace. However, once losses are factored in, the extant and under construction developments could lead to a significant net loss employment floorspace (over 32,500sqm) of which 96% is attributable to office premises.

Conversely, there would be an overall net gain of 13,750sqm of retail floorspace largely from a number of regeneration proposals in Redhill town centre, including the former Liquid and Envy Nightclub, Sainsbury's redevelopment and Redhill Railway Station. These developments alone will result in a net gain of 12,378sqm additional retail floorspace (91% of the total net additional A1 floorspace).

Table 2 Extant employment & retail developments

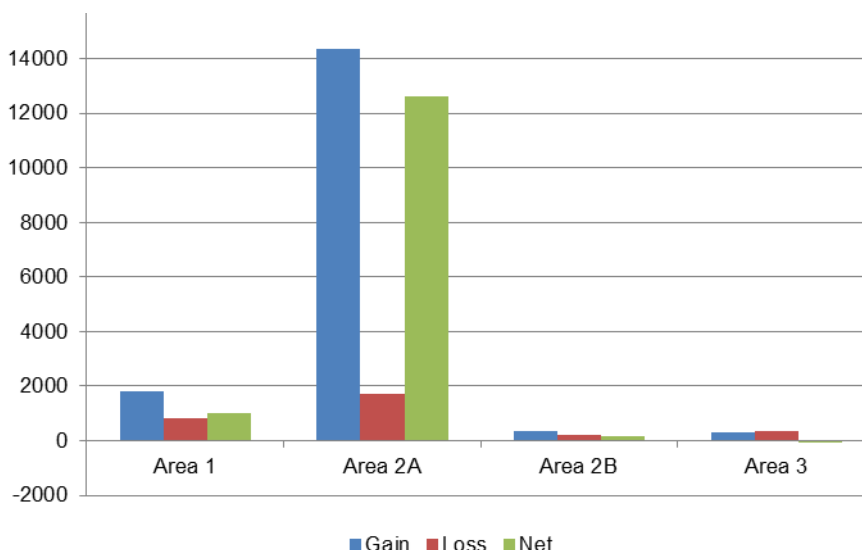
2015	Use Class	Gain	Loss	Net
Retail	A1	15,489	1,932	13,557
	A2	377	292	85
	A3	611	465	146
	A4	75	0	75
	A5	298	411	113
	Total Retail	16,850	3,100	13,750
Employment	B1(A)	7,071	38,353	-31,282
	B1(B)	1,502	0	1,502
	B1(C)	306	2,102	1,796
	B2	822	4,029	-3,207
	B8	5,785	3,583	2,202
	Total Employment	15,486	48,067	-32,581

The figures for individual use classes in table 2 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 (particularly for some retail and industrial developments).

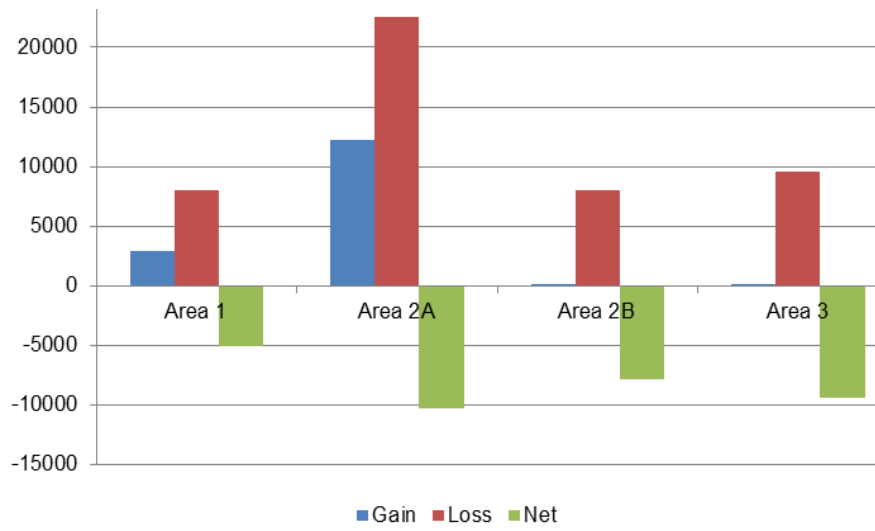
Figure 2 shows that if all the extant and under completion permissions are completed that the majority of activity is in Redhill (Area 2a). In this area, the net retail gain is predominantly due to planned regeneration schemes whilst the net employment loss is predominantly due to the loss of 12,600sqm of office accommodation due to the Sainsbury's redevelopment (56%) and office to residential redevelopments (33%).

Figure 2 Extant developments by borough area

Retail



Employment



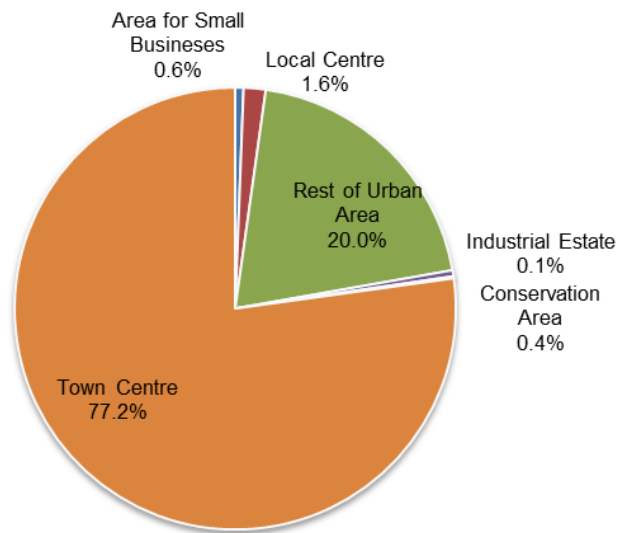
Development Characteristics

Location

Core Strategy Policy CS7 aims to preserve the retail function of town centres and plans for future retail growth to be located within town and local centres. Figure 3 shows that 79% of potential new retail space from extant permissions and schemes under construction are within town and local centres; this is below the Core Strategy Monitoring target of 95%.

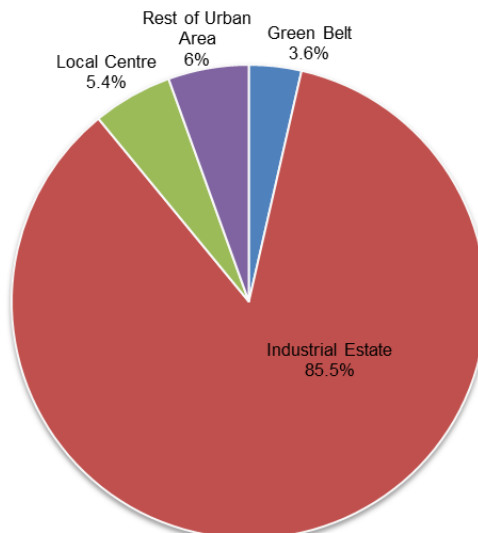
20% of the extant and under construction retail permissions fall within the wider urban area but outside of designated centres. This is due to extant permissions for a change of use of the Former Mercedes Garage, Brighton Road, Redhill (1,200sqm) and redevelopment of the Former Iron Horse Site and Triangle Site as part of the Merstham regeneration works (820sqm); however, these are both adjacent to existing local centres.

Figure 3 Location of Extant Retail [A1-A5] by Floorspace (Gross)



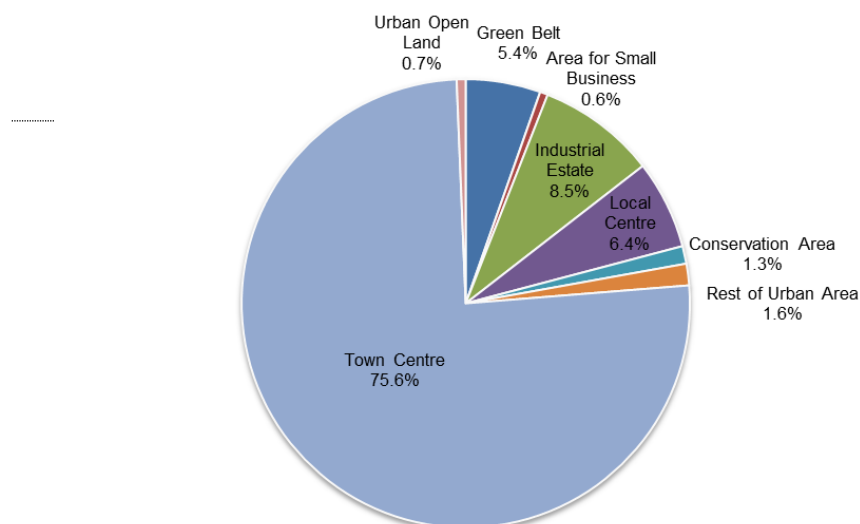
Core Strategy Policy CS5 plans for a range of types and sizes of employment premises to meet the needs of existing, growing and future businesses and provide additional employment floorspace to meet the forecasted growth needs of the borough. It focuses upon retaining and making the best use of employment land within the designated industrial and town centre areas through ensuring that at least 90% of additional B1-B8 employment development is located within town centres and industrial estates. Figure 4 shows that 86% of the potential gross industrial and distribution floorspace would be delivered in the industrial estates (5,647sqm).

Figure 4 Location of Extant Industrial & Distribution Developments [B2-B8] by Floorspace (Gross)



Pipeline developments could deliver just over 7,000sqm (gross) of new office floorspace. Figure 5 shows that over three-quarters of this would be delivered in town centres, primarily due to the construction of a new high quality office block at 73-75 London Road, Redhill (56,340sqm).

Figure 5 Location of Extant Office Developments [B1(A)] by Floorspace (Gross)



Previously Developed Land (PDL)

94% of the retail and employment floorspace completed within the past year was on previously developed land. This is above the Core Strategy Monitoring Target of 90%.

Car Parking Provision

Currently, Local Plan Policy Mo7 sets maximum parking standards for various types of commercial development. Moving forward, new parking standards for different types of development will be set out in the DMP.

The average parking provision of completed retail developments is 1 space per 46sqm which is below the borough standard of 1 space per 30sqm. Similarly the average parking provision of completed office developments is 1 space per 98sqm which is below the borough standard of 1 space per 32sqm. Both are due to the type of provision completed within the past twelve months, namely small extensions without increases in parking provision.

Similarly parking provision for extant and under construction offices is slightly below the borough standard of 1 space per 30sqm due to the majority being for small extensions without parking provision.

Parking provision for extant and under construction retail developments is substantially above the required standard of 1 space per 30sqm due to a number of proposed large scale retail developments in Redhill town centre including Sainsbury's supermarket redevelopment. It should however be noted that a proportion of these car parking spaces will be for town centre use and not only associated with the Sainsbury's store.

Table 3 Car Parking Spaces on Completed and Extant Developments

Use Class	Completions (2014/15)			Extant Permissions		
	Gross Floorspace (sqm)	Parking Provision	Average spaces per sqm	Gross Floorspace	Parking Provision	Average spaces per sqm
Retail	601	13	1 per 46	16,850	2,068	1 per 12
Office	98	0	1 per 98	7,071	194	1 per 36
Industrial	-	-	-	2,630	103	1 per 25
Warehouse	-	-	-	5,785	146	1 per 40

Commercial Property Market

Overview

Within the last twelve months the amount of commercial floorspace available on the market has fallen by a third from 63,924sqm to 42,646sqm. All four town centres have seen a fall, Horley has seen the greatest (81%, 2,572sqm to 481sqm) followed by Banstead (70%, 1,495sqm to 443sqm).

Despite a 22% reduction in the amount of available office floorspace within the borough in the past year, office floorspace remains the dominant type of available floorspace – this has been the case for the past six years. Of the available floorspace 57% is within Redhill and 28% in Reigate. Within the next few years, it is expected that the total amount of available office floorspace will continue to fall as the office to residential permitted development rights were made permanent from 6 April 2016.

The amount of available retail floorspace has almost halved within the last twelve months (49%, 5,064sqm to 2,594sqm). Banstead has seen the greatest fall (86%, 564sqm to 78sqm), followed by Reigate (75%, 270sqm to 68sqm). Horley saw a 16% increase (96sqm to 111sqm).

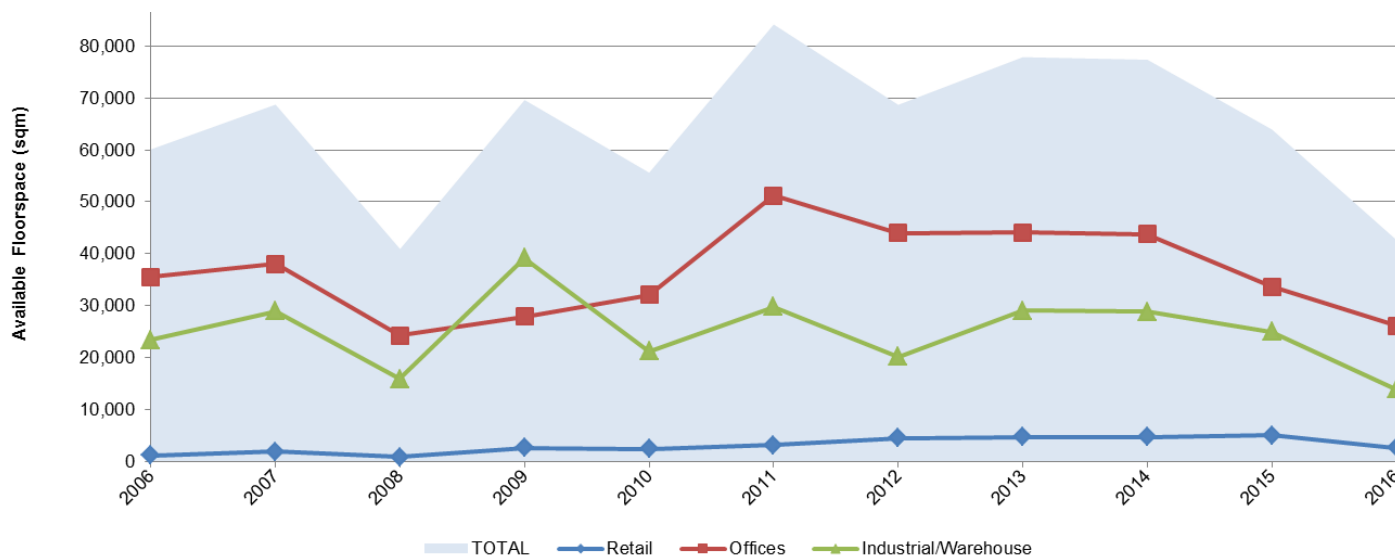
Over the last twelve months the amount of available industrial/ warehouse floorspace has fallen by 44% (24,957sqm to 13,908sqm). Banstead saw the greatest fall (100%, 741sqm to 0sqm), followed by rest of Horley/ Salfords (91%, 11,158sqm to 1,009sqm). The rest of Reigate was the only area to see an increase (0 to 424sqm).

Table 4 Summary of available floorspace (sqm)

	Retail	Office	Industrial/Warehouse	Total
Banstead	78	365	0	443
Reigate Town Centre	68	7,271	0	7,339
Rest of Reigate	33	871	424	1,328
Redhill Town Centre	2,263	14,766	0	17,029
Rest of Redhill	0	690	12,475	13,165
Horley Town Centre	111	370	0	481
Rest of Horley/Salfords	41	1,811	1,009	2,861
Total	2,594	26,144	13,908	42,646

Figure 6 below shows the available floorspace trend 2004-2016, it shows that the currently available floorspace has is now only slightly above the previous low of 40,919sqm in 2008, just prior to the recession and nearly half the peak of over 80,000 in 2011.

Figure 6 Available floorspace trend (2004 – 2016)



Office

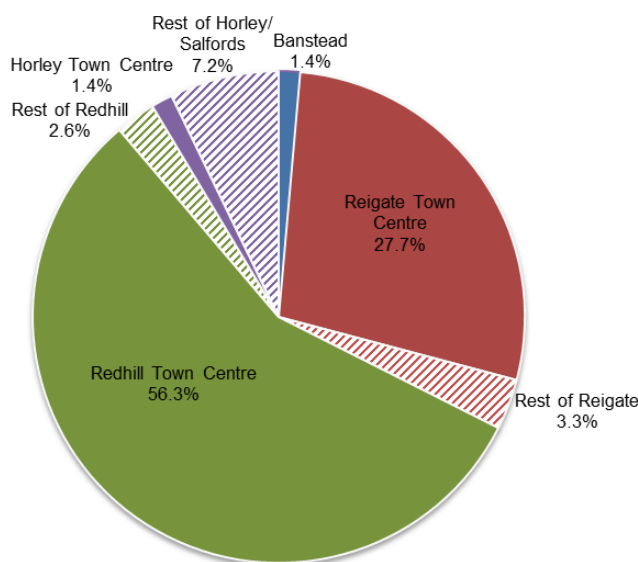
Within the last twelve months the amount of available office floorspace has fallen from 33,633sqm to 26,144sqm (22%).

Figure 7 shows that 56% of the available office floorspace is within Redhill town centre and a further 28% in Reigate town centre. This is particularly driven by a number of large, purpose built office blocks such as Kingsgate in Redhill and Omnibus in Reigate.

Within the last twelve months Horley, Redhill and Reigate saw falls in the amount of available office accommodation (85%, 37% and 14% respectively). Horley in particular has seen a high rate of office to residential conversions.

It is expected that the amount of available office accommodation will continue to fall as permitted development rights allowing the conversion of offices to residential accommodation were made permanent on 6 April 2016.

Figure 7 Geographic breakdown of available office accommodation



Industrial & Distribution

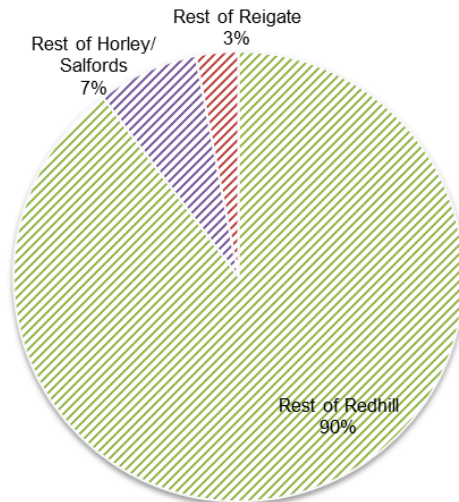
Within the last twelve months the amount of available industrial and distribution floorspace has fallen from 24,957sqm to 13,908sqm (44% fall).

Figure 8 shows that 90% of the available industrial and distribution floorspace is found within the rest of Redhill, with 45% being located within the Holmethorpe Industrial Estate.

The rest of Reigate area saw an increase in the amount of available industrial and distribution floorspace over the past year (0sqm to 424sqm); however, this is as a result of a single unit within the Albert Road North Industrial Estate becoming available.

Conversely, Banstead has seen a 100% fall in the amount of available industrial and distribution floorspace (741sqm to 0sqm) as long term vacant units 4 & 4a Pitwood Park have been sold to ECJ Joinery. The rest of Horley/ Salfords has also seen a 91% fall in available floorspace (11,158sqm to 1,009sqm) primarily due to long term vacant units in Perrywood Park, Fairlawn Enterprise Park, IO Centre and Orchard Business Centre being let/ sold (7,347sqm).

Figure 8 Geographic breakdown of available industrial and distribution accommodation



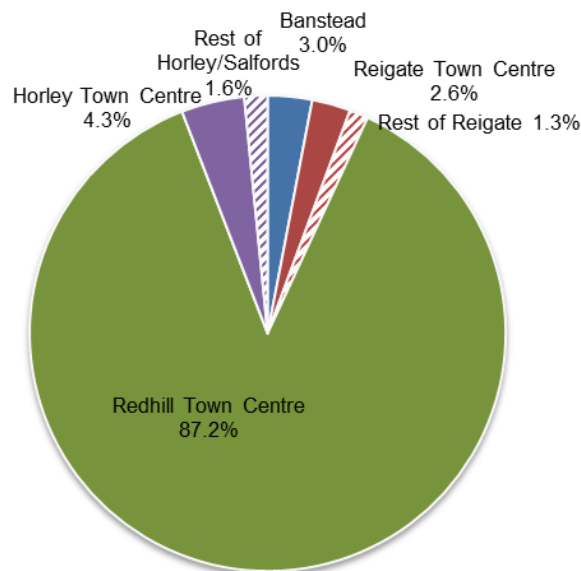
Retail

Retail floorspace represents the smallest proportion of total available floorspace within the borough (6%, 2,594sqm). Within the last twelve months the amount of available retail floorspace has almost halved (5,064sqm to 2,594sqm).

As can be seen from Figure 8, 87% of the available retail floorspace is within Redhill town centre, of which almost three-quarters is found within the Belfry Shopping Centre (73%).

Within the last twelve months Banstead, Reigate and Redhill town centres have all seen falls in the amount of available retail floorspace (86%, 75% and 43%) whilst Horley has seen a slight increase (16%, 96sqm to 111sqm).

Figure 8 Geographic breakdown of available retail accommodation



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.	A1, A2 or A3
B1(A)	Use as an office other than a use within Class A2 (financial and professional services).	
B1(B)	Use for research and development, studios, laboratories, high technology.	B8 (where no more than 235 sqm.)
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 sqm.)
B8	Use for Storage or Distribution.	B1 (where no more than 235 sqm.)
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

Temporary permitted development rights have been introduced in respect of a number of potential changes of use between A1, A2, A3, A4, A5, B1, D1 and D2 uses. These rights permit the use to change for a maximum period of two years and subject to a floorspace threshold of 150qm.

Permitted development rights to allow the change of use from A1/A2 to C3 (residential) have also been introduced. These rights are subject to a prior approval process to ensure that the proposed change would not result in inadequate provision of A1 or A2 services or harm the sustainability of a shopping area. Floorspace is limited to 150sqm.

Permitted developer rights also exist, until May 2016, for the change of use from B1(a) to C3 (residential) subject to a prior approval process.

Monitoring Publications

Regular Monitors:

Commercial Development

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

Planning Policy Team

Tel: 01737 276000

Email: LDF@reigate-banstead.gov.uk