



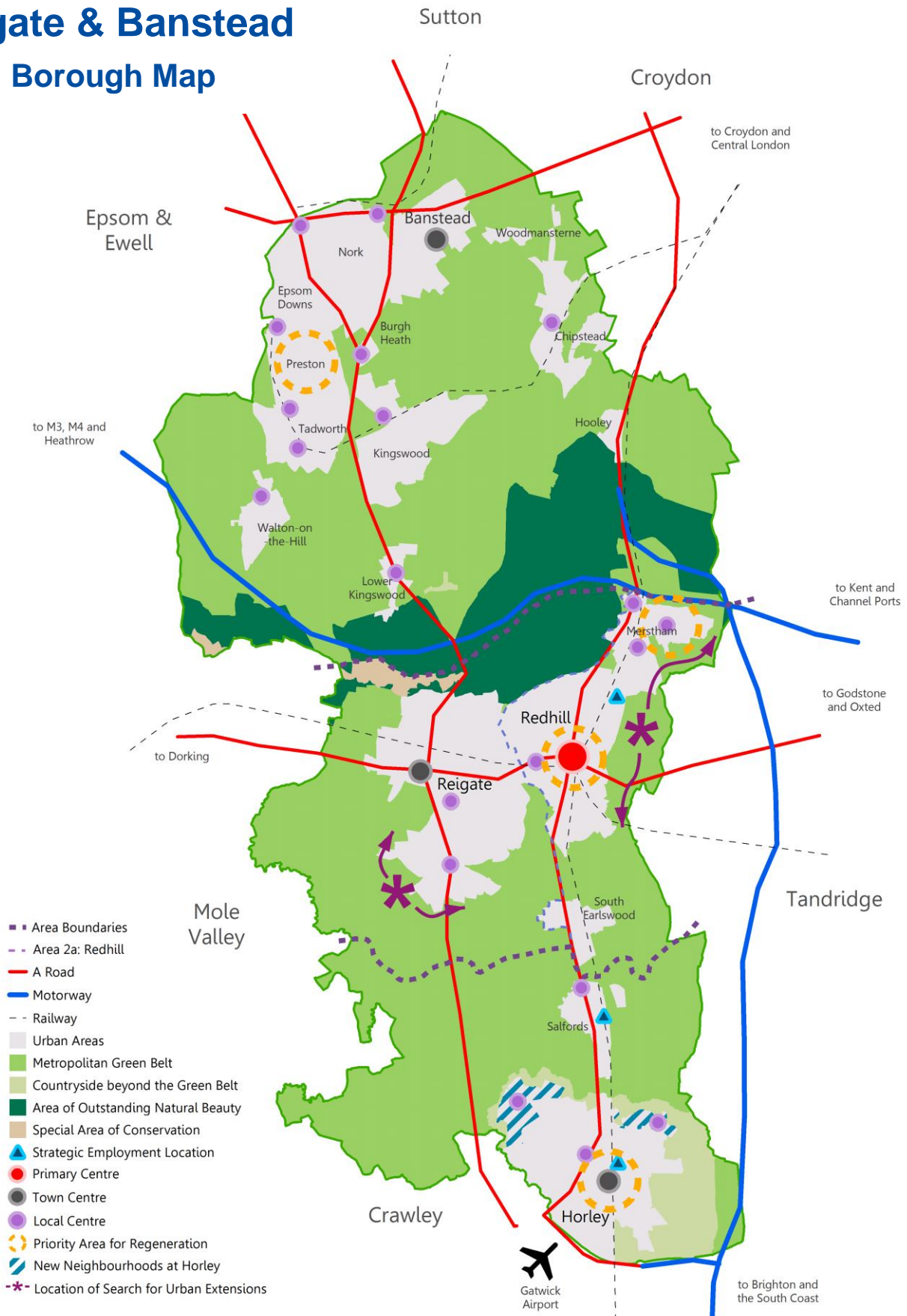
Commercial Commitments Monitor

Position at 31 March 2014

Published June 2014

Reigate & Banstead

Borough Map



Commercial Monitor

End March 2014

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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.

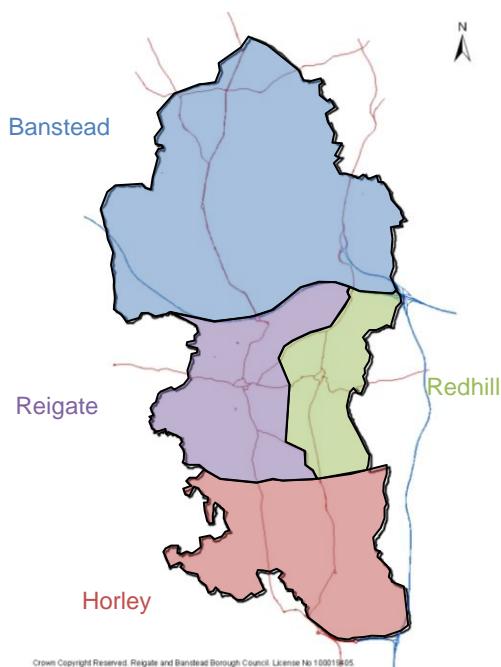
Future Policy Developments

The Borough Local Plan 2005, including its saved policies, is in the process of being replaced by new local planning documents. The Council expects to adopt a Core Strategy in Summer 2014, with detailed policies and employment land allocations set out in a subsequent Development Management Policies DPD.

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.



Overall Trends – Key Messages

UK Trends

The UK economy has continued to improve across many of the sectors and regions which has seen a shift in spending and investment in the local economy as a result of falling inflation rates in March 2014 and a slight increase in total earnings. In the last year the UK economy grew by 3.1% (February 2013- February 2014) however, this is still below the pre-recession figures prior to 2008. The service sector is the biggest contributor to the UK economy at 75%.

Within the commercial property market vacancy rates continue to fall as the economy continues to show signs of recovery, resulting in an increased take up of premises particularly around the M25 M4 and M40 corridors. Take up along the M25 was the highest since the start of the economic downturn in 2008 due to increasing investment. This has resulted in a significant drop in available premises and increased demand, further exacerbated by changes to national planning regulations in 2013 which now allows office to residential conversions through permitted development notifications. Further modifications to permitted development rights now include retail premises, which may lead to a further reduction in available premises.

Borough Trends

- **Employment & Retail Completions** – In the last year there was a drop in gross additional completions for employment and retail floorspace down to around 800sqm, yielding a net loss of around 8,200sqm. The low level of completed floorspace is a result of previously subdued economic and property market conditions which have only recently showed signs of recovery.
- **Extant Employment & Retail Permissions** – Extant permissions could provide 104,400sqm of additional gross employment and retail floorspace and deliver a net gain of almost 43,000sqm. This is due to a number of extant, large scale developments in Redhill town centre including, Redhill Railway Station and Sainsbury's. The later development would result in significant losses of office and B2 industrial floorspace to deliver much needed additional convenience floorspace. This will result in the loss of office accommodation. Extant permissions could also provide around 27,000sqm additional employment floorspace, as a result of a number of extant permissions within the borough's designated industrial estates.
- **Development Characteristics** – In line with the direction of the emerging Core Strategy, 91% of outstanding retail (A1-A5) development is located within town centres or local shopping areas. In total, 89% of extant industrial and distribution floorspace is located within the borough's industrial estates, clearly in line with saved policy Em1. Notably, only 9% of industrial/ distribution floorspace was permitted outside the industrial estates for change of use and extensions to existing premises. The majority of extant office developments are situated within a designated industrial estate making up almost half 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 77,000 sqm of available floorspace in the borough, down from 79,000sqm in the previous monitoring period. The majority is vacant office space accounting for more than half of all available floorspace (43,780sqm) which is predominately found in both Redhill and Reigate. In the last year there was no change in the amount of available retail floorspace which has stayed at 4,729sqm (6.0%). Conversely, the total amount of industrial/ warehouse floorspace dropped down to 28,847sqm (37%).

Employment & Retail Development

Completions

Over the past year, more than 800sqm of gross employment and retail floorspace was completed. When losses and changes of use are taken into account, there is a significant net loss of around 8,200sqm additional floorspace. The majority of the losses were in A1 retail floorspace and B1(A) office floorspace, the later as a result of a change of use to residential dwellings on the former Dairy site in Reigate. There was however a net gain of A1 retail with the opening of Budgens on the former garage site in Walton on the Hill, however the total loss of A1 retail is greater (957sqm) resulting in an overall net loss of 298sqm of A1 retail floorspace. 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	659	957	-298
	A2	0	0	0
	A3	208	0	208
	A4	0	0	0
	A5	0	0	0
	Total Retail	867	957	-90
Employment	B1(A)	0	733	-733
	B1(B)	0	0	0
	B1(C)	0	0	0
	B2	0	0	0
	B8	0	0	0
	Total Employment	0	733	-733

The past year saw relatively substantial losses in B1(A) floorspace which was almost exclusively the result of the development on the Former Dairy Site, Warren Street, Reigate for residential use. There was also a further net loss of employment floorspace (B1(A)) at Holmethorpe Industrial Estate through a change of use from B1(A) to A3 use. For retail there was also a net loss of 90sqm as a result of changes of uses at Lesbourne Road, Reigate Local Centre including a new beauty salon and café.

The majority of completions resulted in a net gain in other non-employment floorspace (C2/ D1 & SG -not included in the analysis) and includes a new care home, extensions to existing schools and East Surrey Hospital.

Figure 1 overleaf illustrates the net additional floorspace completed each year since 2006. Since the last monitoring period there has been a net loss in completed office, retail and industrial/ warehouse floorspace, which are considerably below the peak levels reached during 2008/09.

Figure 1 Net additional floorspace completion trend



Extant Developments

A further 104,400sqm of gross additional employment and retail floorspace (including sui generis uses) could be delivered from either extant permissions and or developments currently under construction. This would result in a substantial net increase of approximately 42,900sqm new retail floorspace largely from a number of new development proposals in Redhill town centre including; Sainsbury's redevelopment and Redhill Railway Station. These developments alone will result in a net gain of more than 46,100sqm additional retail floorspace. Conversely, the number of extant permissions for additional employment floorspace would result in a net increase of around 27,000sqm new employment floorspace (including sui generis). A number of the proposals are for extensions to existing industrial units and school premises in the borough.

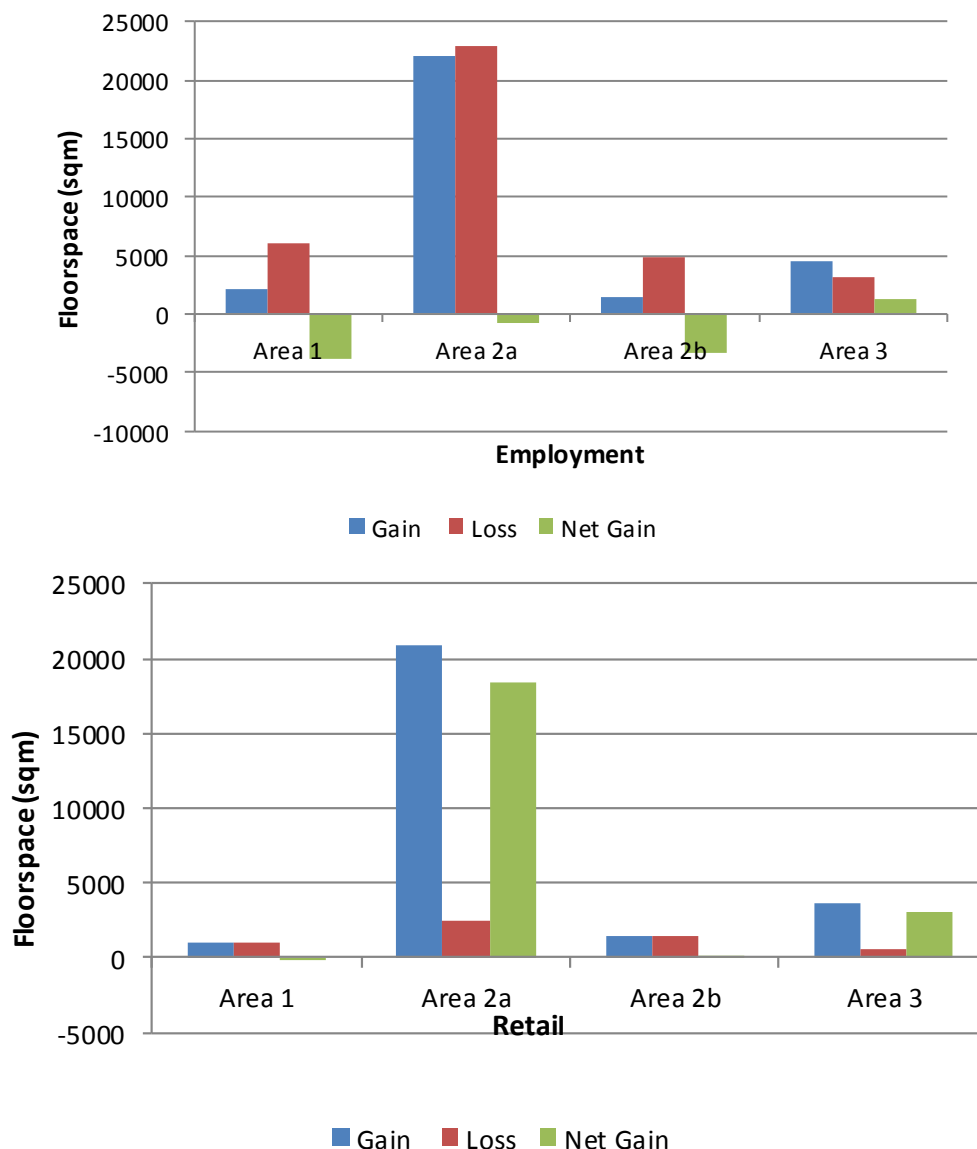
Table 2 below summarises the use class breakdown of extant developments; however, the figures for individual use classes should be seen as indicative rather than definitive as in some cases developers seek 'open' permissions to allow developments to be occupied for a range of different uses.

Table 2 Extant employment & retail developments

	Use Class	Gain	Loss	Net
Retail	A1	38,544	4,790	33,754
	A2	3,890	699	3,191
	A3	4,642	232	4,410
	A4	170	0	170
	A5	1,410	0	1,410
	Total Retail	486,56	5,721	429,35
Employment	B1(A)	22,434	198,99	2,535
	B1(B)	4,233	56	4,177
	B1(C)	2,092	757	1,335
	B2	267	1,742	-1,475
	B8	9,462	4,169	5,293
	SG	17,293	2,061	15,232
	Total Employment	55,781	28,684	27,097

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 22,200sqm of additional floorspace; however, the loss of additional employment floorspace is higher at 22,900sqm resulting in a net loss 818sqm of employment floorspace and is largely due to the Sainsbury’s redevelopment. Conversely, Horley continues to have net gain of employment floorspace of around 1,300sqm, whilst Banstead and Reigate both saw a net loss of employment floorspace at almost 3,800sqm and 3,400sqm respectively. In terms of retail developments, the majority of extant permissions are in Redhill resulting in a net gain of around 18,000sqm additional retail floorspace, a significant increase from the previous year’s figure. This is largely due to a number of large scale extant retail development proposals including Sainsbury’s and Redhill Railway Station. Horley also had a net gain of retail floorspace of around 3,100sqm and is largely due to the redevelopment on the cleared Newman House site, whilst Banstead and Reigate currently have very few permissions that would result in a net gain of additional retail floorspace.

Figure 2 Extant developments by borough area



A number of extant planning permissions and permitted development notifications have the potential to lead to a loss of employment floorspace to non-employment floorspace. In total, more than 46,000sqm could be lost to non-employment floorspace particularly to residential (C3 use), a significant increase from the previous monitoring year (500sqm). This is largely due to changes to permitted development rights in May 2013 which now includes the conversion of vacant offices (B1(a) into residential (C3). There are also a number of extant large scale developments across the borough including; Darby House, Portland Drive, White Lodge Tadworth, Reigate Mews and Wray

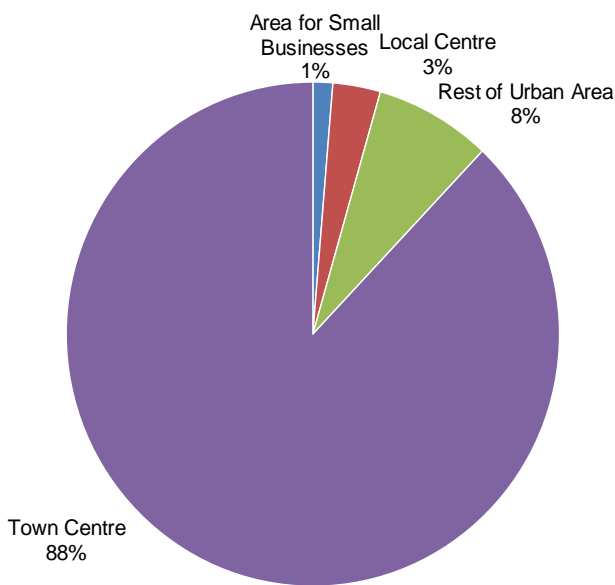
Coppice in Reigate that would result in a loss of approximately 9,000sqm of employment floorspace.

Development Characteristics

Location

The emerging Core Strategy (CS5) 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.

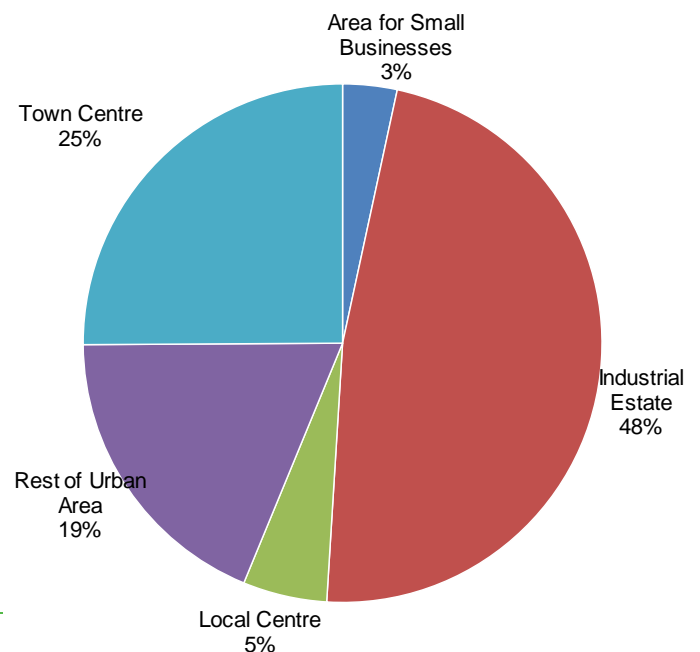
Once again the majority of extant permissions for retail development are for designated town centres accounting for 88% of the total. A further 3% is within designated local centres, combined with town centre permissions this makes up over 90% of additional retail floorspace (net) for the borough. This is broadly in line with the direction of the current Local Plan alongside the target set out in the emerging Core Strategy (Policy CS7).

An additional 8% 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

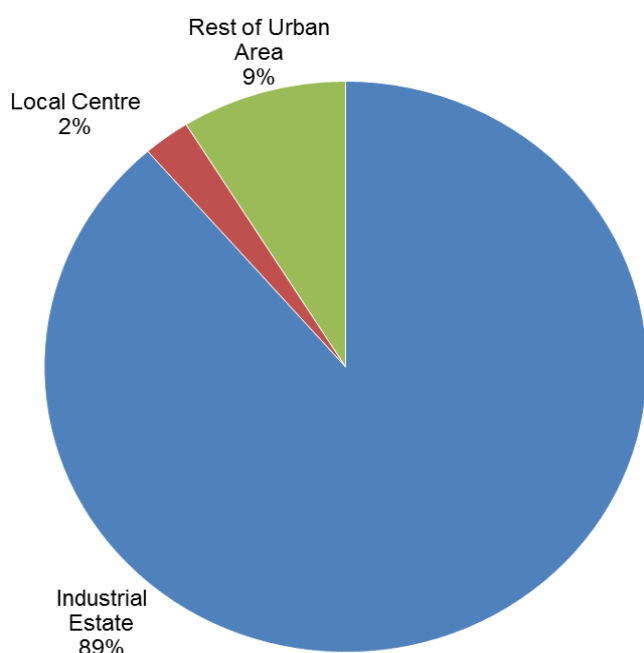
The total amount of outstanding office floorspace located in either town centres or industrial estates is 73%. This is a slight increase from the previous year’s figures showing some signs of recovery to the borough’s future economy. Most of which is in the Redhill and Horley/ Salfords area.

Once again extant office floorspace is concentrated within designated industrial estates such as Perrywood/ Salfords accounting for almost half 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. 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



Almost 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 CS5 in the emerging Core Strategy. Designated employment areas will be set out in the future DMP once the Core Strategy is adopted.

The remaining 11% of outstanding industrial and 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 3 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 2013 to March 2014)			Extant		
	Gross Floorspace	Parking Spaces	Average per sqm	Gross Floorspace	Parking Spaces	Average
Office	733	16	1 per 46sqm	21,524	564	1 per 38sqm
Office/Industrial	0	0	-	5,986	594	1 per 10sqm
Warehouse	0	0	-	9,343	148	1 per 63sqm
Retail	3,126	52	1 per 60sqm	34,687	1,394	1 per 25sqm

In the last year there has been some change in average parking provision on completed developments across the borough. Parking standards on office developments were greater than the required standard at 1 space per 46sqm as opposed to 1 space per 30sqm. Subsequently, average parking provision on completed retail developments fell to an average of 1 space per 60sqm, the majority of which were small scale retail developments, including Budgens on the former garage site, Walton on the Hill.

Car parking provision on extant retail developments has changed over the past year, markedly with office/ industrial providing on average 1 space per 10sqm compared to 1 space per 62sqm in the previous year. This is below the required standard of 1 space per 30sqm and is largely due to redevelopment and changes of use in the borough’s industrial estate including extant permitted development notification proposing a change of use from office to residential use. Subsequently,

parking provision on extant office and retail developments is above the required parking standards, with retail providing an average of 1 space per 25sqm. This is as a result of a number of proposed large scale retail developments in Redhill town centre, including the Sainsbury's supermarket redevelopment and the Redhill Railway Station development. The Sainsbury's redevelopment will provide an average of 1 space per 17sqm, just above the standard for large scale food retail developments. It should however be noted that a proportion of the car park will be for town centre use and not simply associated with the Sainsbury's store.

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 around 77,000sqm, a slight decrease from the previous years figure of almost 79,000sqm. This is still below the 2005 figure when employment and retail floorspace across the borough reached its highest at 109,280sqm.

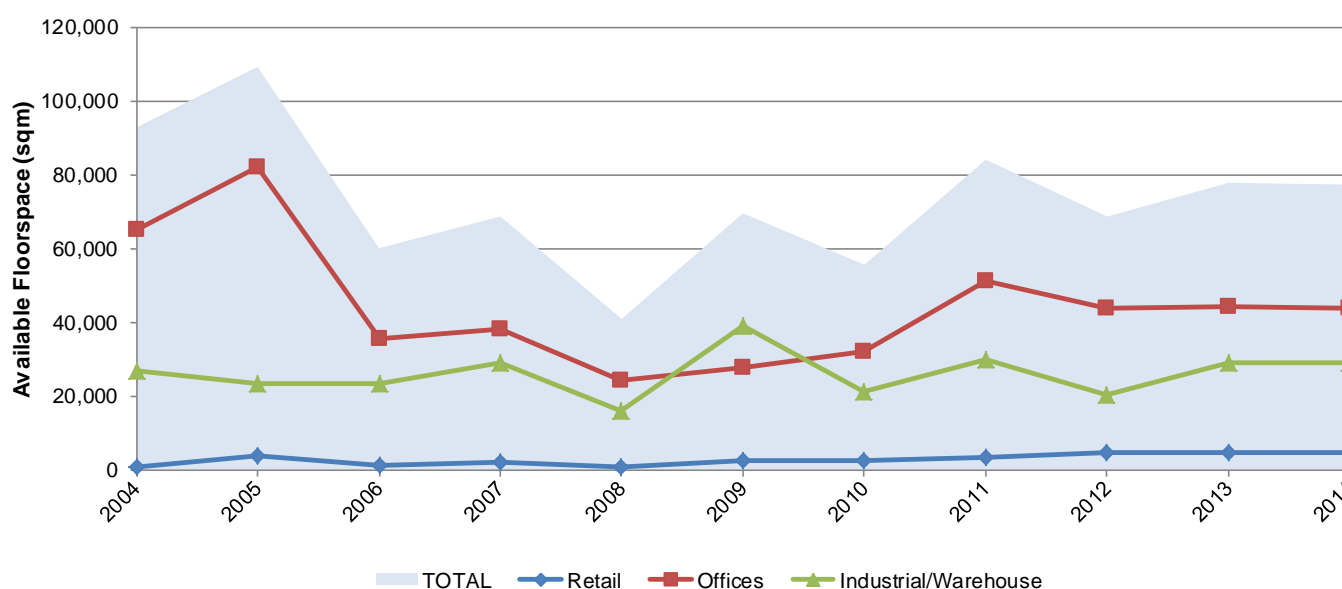
In the last 12 months there has been a decrease in the total amount of available office, industrial and warehouse floorspace. Conversely there has been no change in the total amount of available retail floorspace in the last year. Once again the majority of available floorspace is office accommodation accounting for nearly 44,000sqm (57%) and has been the case for the last 4 years. This is likely to drop over the coming years, with a number of permitted development notifications received by the council to convert offices into residential use in Reigate and Horley. The Redhill area continues to be the largest contributor of available floorspace accounting for over 36,000sqm followed by the Reigate area at around 18,500sqm.

Table 4 Summary of available floorspace (sqm)

	Retail	Office	Industrial/Warehouse	Total
Banstead	439	3,424	741	4,604
Reigate Town Centre	501	11,117	0	11,618
Rest of Reigate	182	3,595	3,042	6,819
Redhill Town Centre	2,973	14,189	0	17,162
Rest of Redhill	195	3,669	15,494	19,358
Horley Town Centre	439	5,966	0	6,405
Rest of Horley/Salfords	0	1,820	9,571	11,391
Total	4,729	43,780	28,848	77,357

Figure 6 below shows that available floorspace has increased to more than 77,000sqm in the last 12 months, which is significantly above the levels experienced prior to the recession (i.e. 2009).

Figure 6 Available floorspace trend

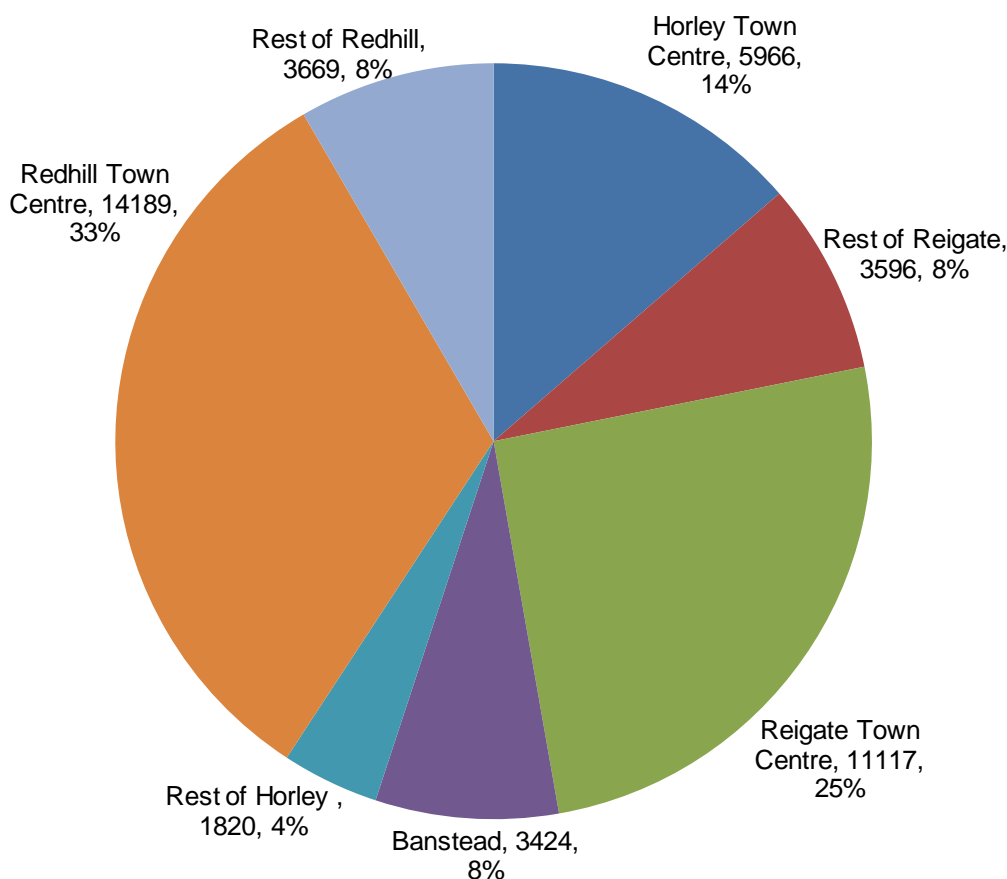


Office

Office accommodation remains the biggest contributor to available floorspace with over 43,500sqm currently available on the market. The main contributor towards total available office floorspace found across the borough is in the Redhill area at around 17,600sqm (41%), followed by the Reigate area at 14,700sqm (33%). 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, Liberty House and Hamilton House.

In the last year the average quoted rent on office accommodation available to let in May 2014 was £159 per sqm, a decrease from the previous year (£178 per sqm). The highest rents were quoted on properties in the Reigate 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 dropped slightly in the last 12 months and currently stands at just under 29,000 sqm. A large proportion of this is concentrated within Redhill (53%) and Horley's main industrial areas, in particular Horley/Salfords at 33%. Redhill and Reigate both saw 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 seen a further 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

In the last year there has been no change in the total amount of available retail floorspace found within the borough. Retail floorspace represents the smallest proportion of available floorspace with around 4,730sqm on the market in May 2014. Once again Redhill has the highest proportion of this available floorspace accounting for 67% (3,156sqm) of the borough's total, the majority of which is located in the Belfry Centre in Redhill town centre. This is followed by Reigate with the second highest amount of around 700sqm and comprises of a number of larger retail units located in Reigate town centre (501sqm).

Since the last monitoring period there has been no change in the average quoted rent on retail units available to let in May 2014, which has stayed at £779 per sqm. Once again Redhill town centre has the highest rents at £1,480 per sqm, compared to Horley town centre which continues to have the lowest rents at £136 per sqm.

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:

Planning Policy Team

Tel: 01737 276178

Email: LDF@reigate-banstead.gov.uk

