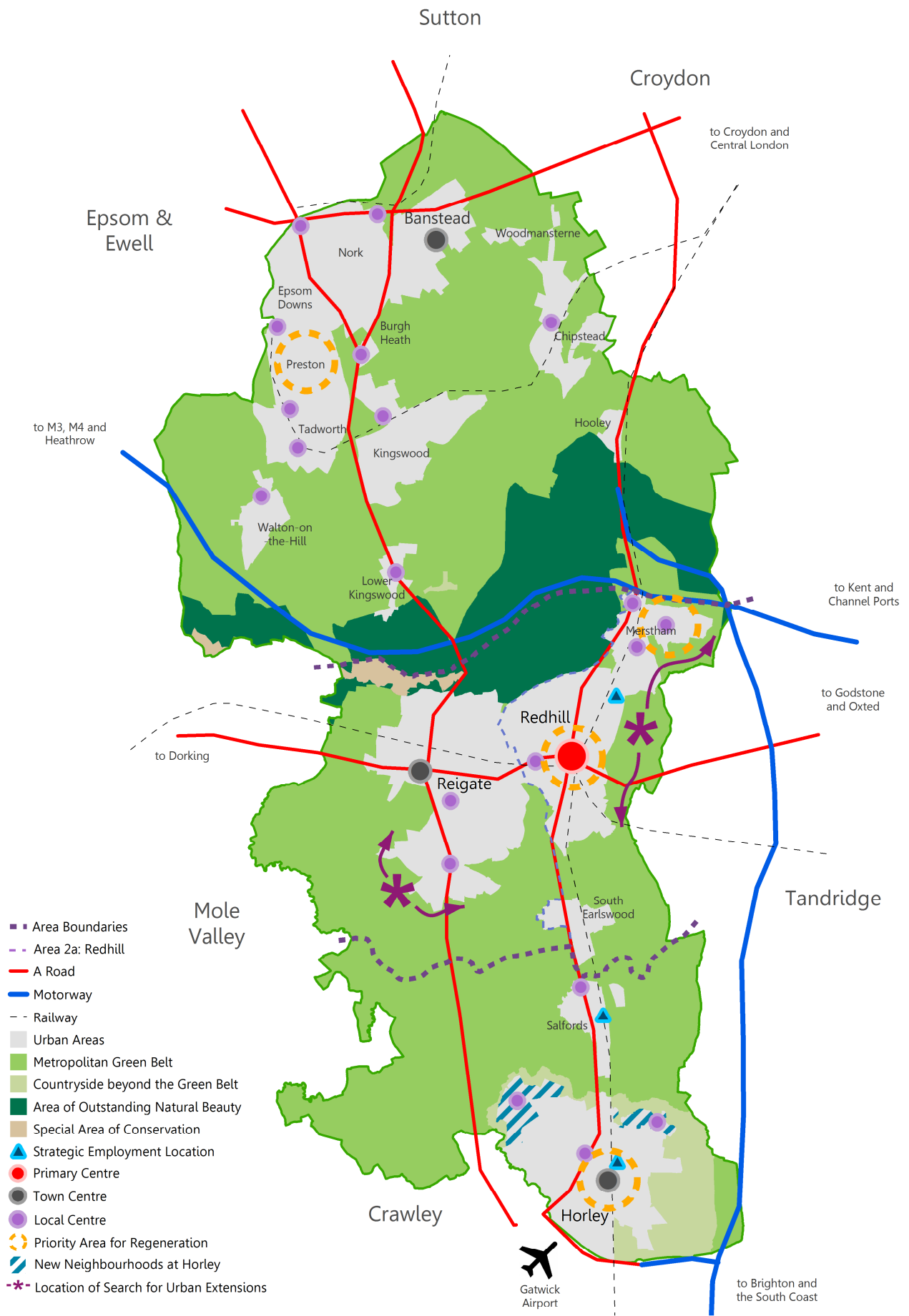




# Commercial Commitments Monitor

Position at 31 March 2018



# Commercial Monitor

End March 2018

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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.

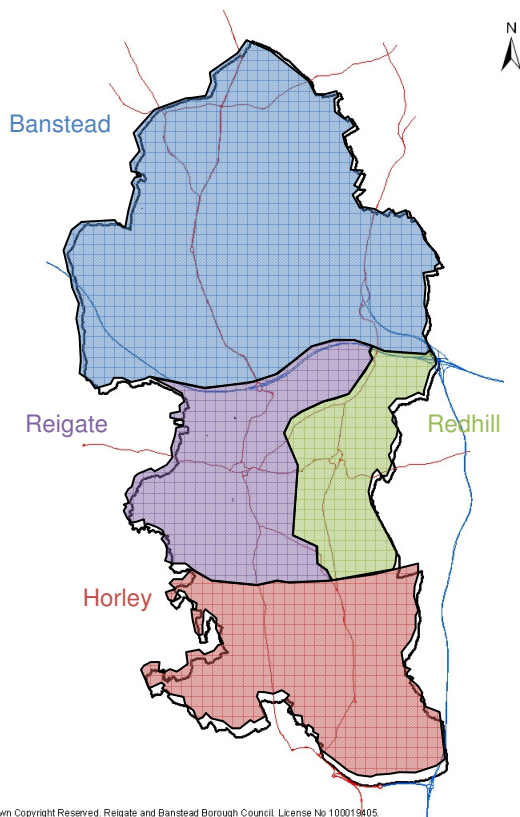
For more detailed analysis of the situation in the borough's main employment and shopping areas, please refer to one of the specific monitors listed at the back of this document.

## 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 Core Strategy was formally adopted in July 2014; it details how much growth will take place until 2027 and sets out the overarching strategic approach for delivering new development in the Borough. The emerging Development Management Plan will contain detailed specific policies relating to the management of employment and retail development and allocate sites for development across the Borough.

## 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.



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# Overall Trends – Key Messages

## UK Trends

According to the Organisation for Economic Co-operation & Development (OECD), British economic performance was solid until the end of 2016, with GDP about 9% above the peak, just before the global crisis. The growth was however cut short as a consequence of the uncertainty surrounding Brexit negotiations and recorded at the lowest annual rate within the G7 in the 1<sup>st</sup> half of 2017. The economic growth is projected to remain modest at 1.4% in 2018 and 1.3% in 2019.

Perhaps unsurprisingly in the light of current economic situation, the retail market is facing the most challenging environment since the global economic crises in 2008/09. According to the Colliers National Retail Barometer, last year has seen unprecedented levels of administrations and company voluntary agreements (CVAs), largely due to changing consumer trends, higher inflation, lower consumer spend and higher costs for retailers. Collier reports that vacancy rates saw slight increase in 2017 (12.6% in October 2017) and are set to increase further in 2018, particularly within the secondary units market.

The intake of office space has also declined, amounting to 690,000sqft in London and South East in the 1<sup>st</sup> quarter of 2018, 11% below the same period in 2017 and 30% below a 10-year average (Savills UK).

## Borough Trends

- **Employment & Retail Completions** – Within the last twelve months 7,527sqm of gross employment and retail floorspace has been completed, up from 6,274sqm in the previous monitoring period. There has been a significant net loss of office (B1(A)) floorspace, accounting for 90% of the total loss.
- **Extant Employment & Retail Permissions (Pipeline)** – Extant and under construction schemes could create over 19,682sqm (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 33,000sqm of B1-B8 space, the majority of which would be offices (81%). Conversely, there would be an overall net gain of 5,578sqm of retail floorspace largely from a number of regeneration proposals in Redhill town centre, including the Marketfield Way carpark and the extension to Warwick Quadrant.
- **Development Characteristics & Location** – 96% of retail and employment developments completed over the past year were on previously developed land (PDL). Based on the analyses of pipeline developments, just over 76% of potential new retail space would be located in town and local centres and nearly 60% of new industrial/distribution space would be located within designated industrial estates.
- **Borough Commercial Property Market** – The amount of available commercial floorspace has increased within the last twelve months from 45,069sqm to 40,578sqm. Across the 4 town centres, Redhill has seen the greatest drop (17,249sqm to 15,729sqm) whilst Horley has no available commercial space on the market at present.

# Employment & Retail Development

## Completions

Within the last twelve months 7,527sqm (gross) of new retail and employment floorspace has been created in the borough, primarily due to the completion of the Sainsbury's retail store in Redhill totalling 7,235sqm, this compares to 6,274sqm in the previous monitoring period. However, once losses (from changes of use or redevelopment away from employment/retail use) are taken into account, there was overall a net loss of nearly 6,936sqm of retail and employment floorspace, a considerably larger loss than the previous year (c. 2,079sqm). Office premises account for 90% of this loss, again largely due to the Sainsbury's store development.

Table 1 below summarises the gains and losses which occurred on developments completed over the past year.

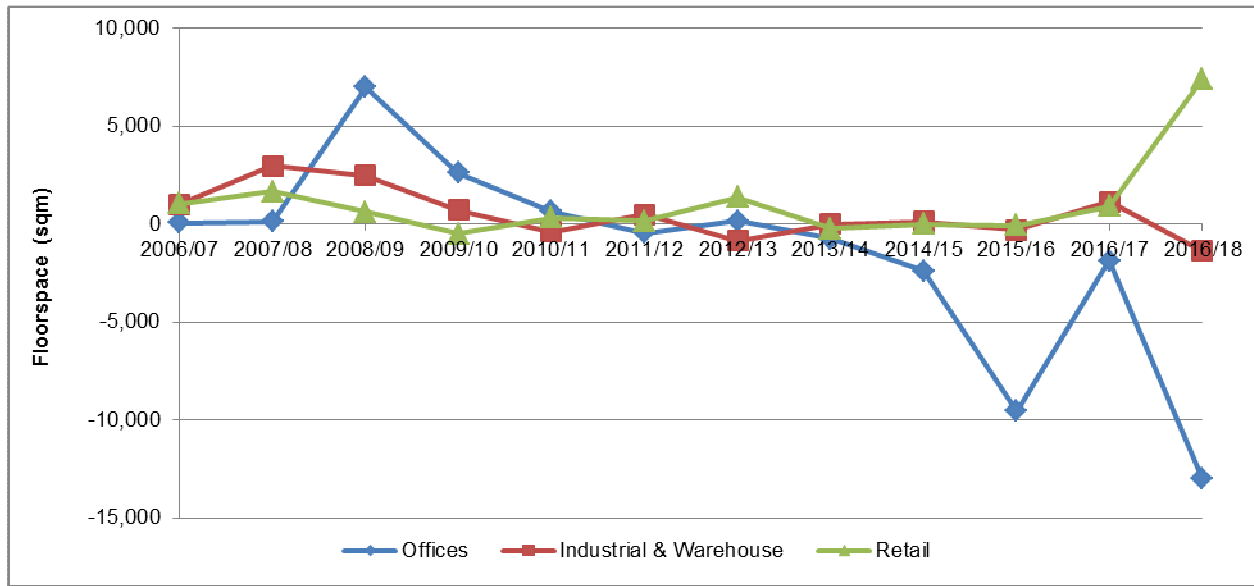
**Table 1** Employment & retail completions

2017	Use Class	Gain	Loss	Net
Retail	A1	7,235	101	7,134
	A2	0	0	0
	A3	146	0	146
	A4	0	0	0
	A5	146	0	146
	<b>Total Retail</b>	<b>7,527</b>	<b>101</b>	<b>7,426</b>
Employment	B1(A)	0	13,009	-13,009
	B1(B)	0	0	0
	B1(C)	0	0	0
	B2	0	0	0
	B8	0	1,353	-1,353
	<b>Total Employment</b>	<b>0</b>	<b>14,362</b>	<b>-14,362</b>

Aside from the already mentioned Sainsbury's development, creating 7,235sqm of retail space (A1) and 1,816sqm of leisure (D2) space in the form of a fitness centre, other notable developments include the development of community hub and youth skills centre (1,014sqm of D1 space) and 4 retail units (292sqm of A3 and A5 space) at the corner of Portland Drive and Bletchingley Road in Merstham.

Figure 1 illustrates the net additional floorspace completed each year since 2006/7. It shows a continuous drop in office completions, despite a partial recovery recorded last year. Industrial completions have also fallen slightly whilst retail completions experienced a sharp increase in this monitoring period.

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 over 19,682sqm (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 loss of employment floorspace (almost 33,000sqm net loss) of which 81% is attributable to office premises.

Conversely, there would be an overall net gain of 5,578 of retail floorspace largely from a number of regeneration proposals in Redhill town centre, including the Marketfield Way carpark and extension to the Warwick Quadrant.

Table 2 Extant employment & retail developments

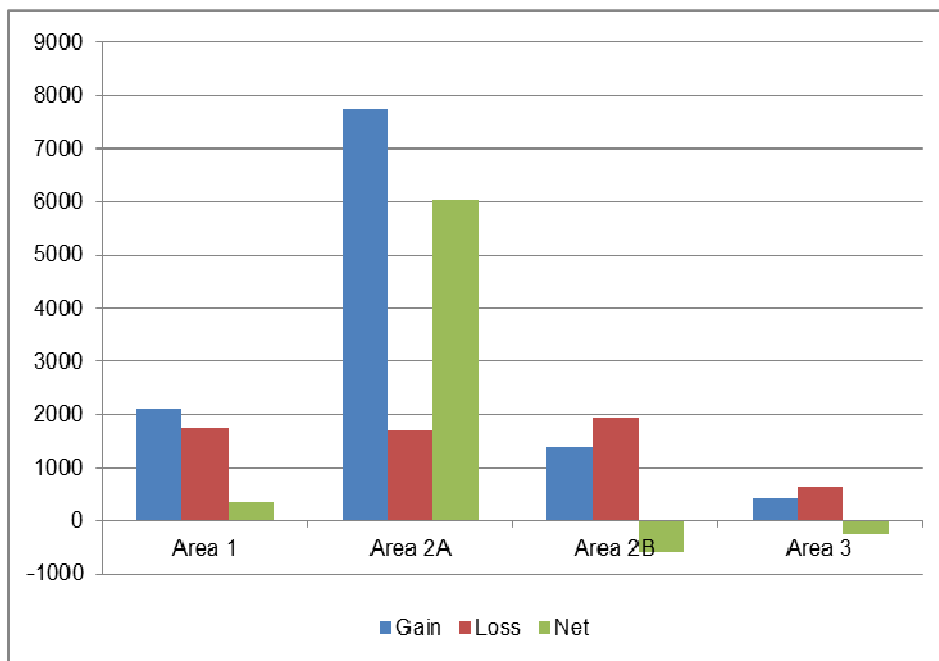
2018	Use Class	Gain	Loss	Net
Retail	A1	6925	4613	2312
	A2	418	604	-186
	A3	3715	702	3013
	A4	203	0	203
	A5	352	116	236
	<b>Total Retail</b>		<b>11613</b>	<b>6035</b>
Employment	B1(A)	2313	29055	-26742
	B1(B)	330	390	-60
	B1(C)	606	2325	-1719
	B2	870	4660	-3790
	B8	3950	4611	-661
	<b>Total Employment</b>		<b>8069</b>	<b>41041</b>

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).

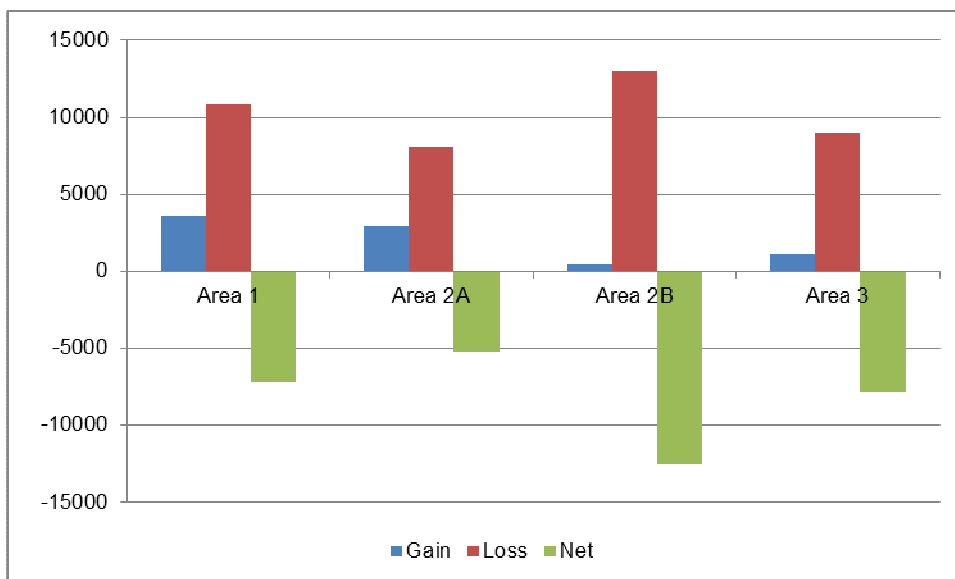
Figure 2 shows that if all the extant and under completion permissions are completed then the majority of retail activity would be in Redhill (Area 2a). In this area, the net retail gain is predominantly due to the already mentioned planned regeneration schemes. Reigate meanwhile has seen the largest losses in employment area (12,561sqm net loss) with more than a half of those coming from office to residential redevelopments.

Figure 2 Extant developments by borough area

### Retail



### Employment





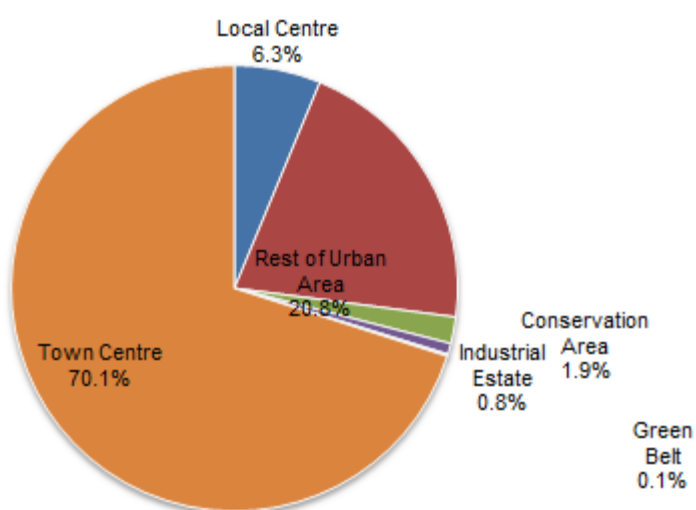
# Development Characteristics

## 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 76.4% of potential new retail space from extant permissions and schemes under construction are within town and local centres; this is lower than last year (84.2%) and below the Core Strategy Monitoring target of 95%.

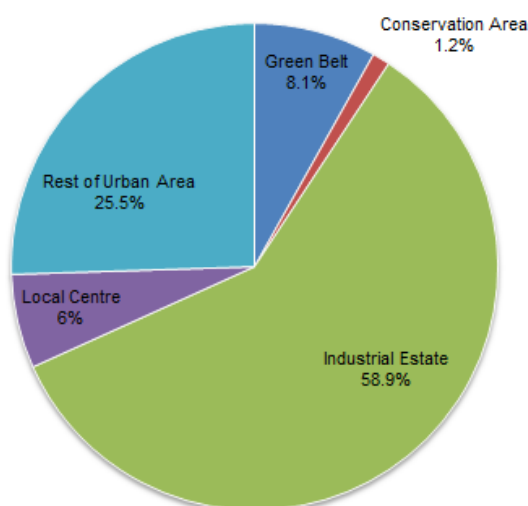
20.8% of the extant and under construction retail permissions fall within the wider urban area but outside of designated centres. This is primarily due to extant permission for a change of use of the Former Mercedes Garage, Brighton Road, Redhill (1,200sqm) however, this is adjacent to existing local centres.

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



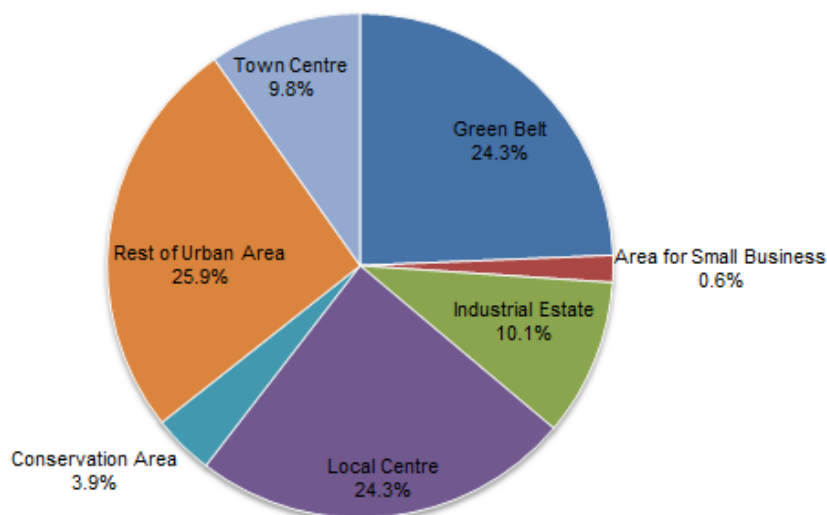
Core Strategy Policy CS5 plans for a range of types and sizes of employment premises to meet the needs of existing, growing and future businesses and provide additional employment floorspace to meet the forecasted growth needs of the borough. It focuses upon retaining and making the best use of employment 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 58.9% of the potential gross industrial and distribution floorspace would be delivered in the industrial estates (3,393sqm).

Figure 4 Location of Extant Industrial & Distribution Developments by Floorspace (Gross)



Pipeline developments could deliver just over 2,300sqm (gross) of new office floorspace. Figure 5 shows that over a third of this would be delivered in Town Centres and Local Centres.

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



## Previously Developed Land (PDL)

96% of the gross 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 7sqm which is substantially above the borough standard of at least 1 space per 30sqm. This is largely due to the completion of the Sainsbury's redevelopment in Redhill, 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.

Similarly parking provision for extant and under construction retail, office, industrial and warehouse developments is slightly above the borough standard of 1 space per 30sqm.

**Table 3 Car Parking Spaces on Completed and Extant Developments**

Use Class	Completions (2016/17)			Extant Permissions		
	Gross Floorspace (sqm)	Parking Provision	Average spaces per sqm	Gross Floorspace	Parking Provision	Average spaces per sqm
Retail	7527	972	1 per 7	11,613	402	1 per 28
Office	-	-	-	2,313	234	1 per 10
Industrial	-	-	-	1,806	206	1 per 9
Warehouse	-	-	-	3,950	225	1 per 18

# Commercial Property Market

## Overview

Within the last twelve months the amount of commercial floorspace available on the market has decreased from 45,069sqm to 40,578sqm. Across the 4 town centres, Redhill has seen the greatest drop (17,249sqm to 15,729sqm) whilst Horley has no available commercial space on the market at present.

Office floorspace remains the dominant type of available floorspace - this has been the case for the past seven years, although this year it decreased its share from 63% to 56% of total available floorspace. Of the available floorspace 74.6% is within Redhill and 25% in Reigate.

The amount of available retail floorspace has increased within the last twelve months (2,061sqm to 3,429). Redhill has seen the greatest increase (943sqm to 2,643.1sqm); whilst Reigate and Horley both saw a slight decrease in availability.

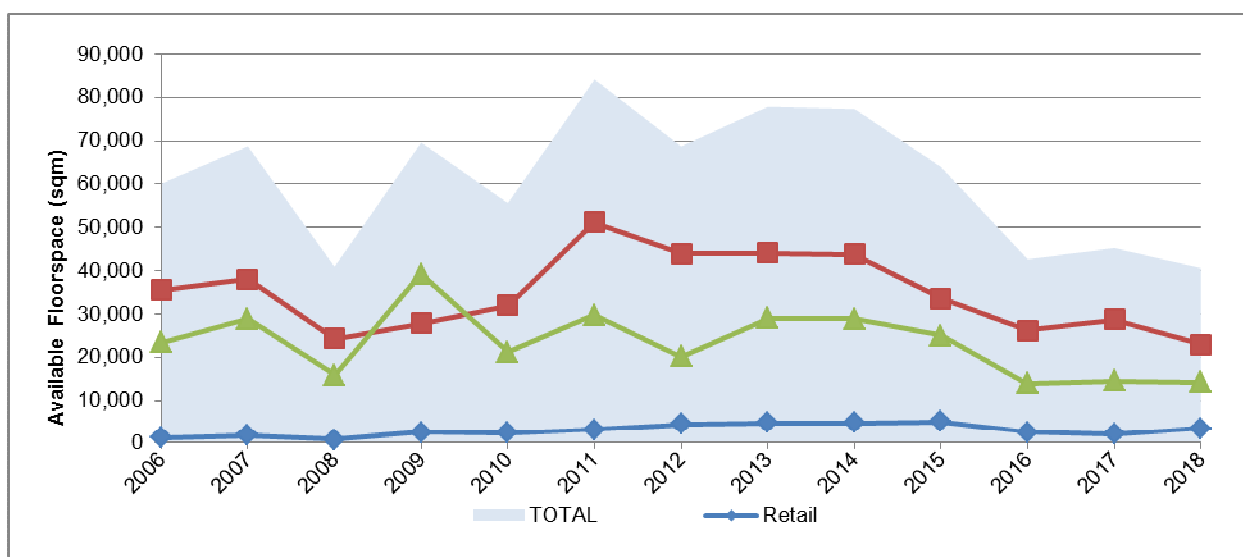
Over the last twelve months the amount of available industrial/ warehouse floorspace has decreased marginally (14,537sqm to 14,191sqm). The largest proportion of available properties comes from Redhill, largely due to availability within its industrial estates.

**Table 4 Summary of available floorspace (sqm)**

	Retail	Office	Industrial/Warehouse	Total
<b>Banstead Town Centre</b>	461.8	0	0	<b>461.8</b>
<b>Rest of Banstead</b>	0	48.7	0	<b>48.7</b>
<b>Reigate Town Centre</b>	246.4	4,796.20	0	<b>5,042.6</b>
<b>Rest of Reigate</b>	0	962.10	67.40	<b>1,029.5</b>
<b>Redhill Town Centre</b>	2,049.1	13,680	0	<b>15,729.1</b>
<b>Rest of Redhill</b>	594	3,471	10,697.50	<b>14,762.5</b>
<b>Horley Town Centre</b>	0	0	0	<b>0</b>
<b>Rest of Horley/Salfords</b>	77.7	0	3,426	<b>3,503.5</b>
<b>Total</b>	<b>3,429</b>	<b>22,958</b>	<b>14,191</b>	<b>40,578</b>

Figure 6 below shows the available floorspace trend 2006-2018; it shows that the currently available floorspace is now at its lowest point since 2006, dropping below the previous low of 40,919sqm in 2008, just prior to the recession.

**Figure 6 Available floorspace trend (2006 – 2018)**



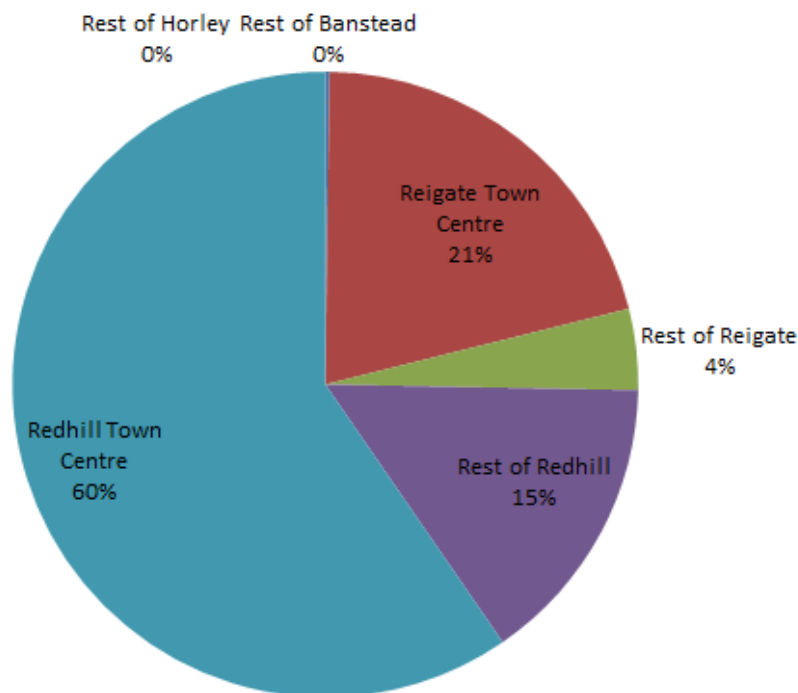
## Office

Within the last twelve months the amount of available office floorspace has decreased from 28,650sqm to 22,958sqm (20%).

Figure 7 shows that 60% of the available office floorspace is within Redhill town centre and a further 21% 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.

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

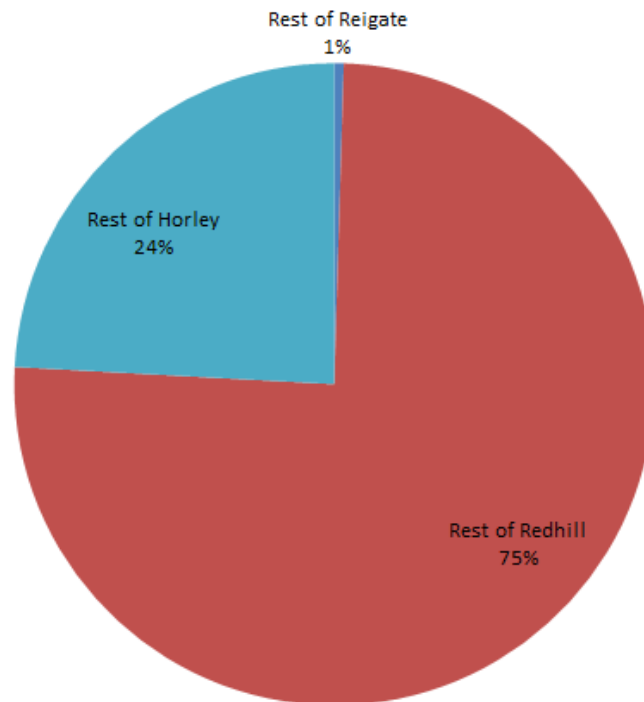
Within the last twelve months the amount of available industrial and distribution floorspace has decreased marginally from 14,537sqm to 14,190sqm (2.4%).

Figure 8 shows that 75% of the available industrial and distribution floorspace is found within the rest of Redhill.

The amount of available industrial and distribution floorspace in the rest of Reigate area dropped dramatically over the past year (1,791sqm to 67.4sqm). Horley saw an increase in its available industrial floorspace from 1,676sqm to 3,426sqm. Conversely the rest of Redhill saw a marginal decrease (11,071sqm to 10,697sqm).

All other remaining areas continue to have 0sqm of industrial and distribution floorspace available.

Figure 8 Geographic breakdown of available industrial and distribution accommodation



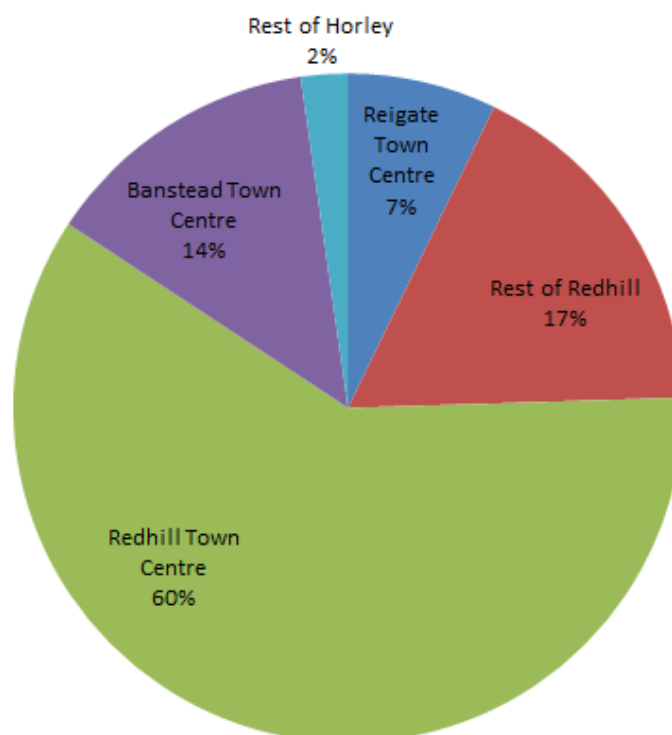
## Retail

Retail floorspace represents the smallest proportion of total available floorspace within the borough (8.5%, 3,429 sqm). Within the last twelve months the amount of available retail floorspace has increased (2,061sqm to 3,429sqm).

As can be seen from Figure 9, 60% of the available retail floorspace is within Redhill town centre.

Within the last twelve months Banstead town centre has seen an increase in the available floorspace (from 324.7sqm to 461.8sqm), whilst Reigate town centre has seen a drop from 341.2sqm to 246.4sqm. There are currently no available retail properties in Horley town centre.

Figure 9 Geographic breakdown of available retail accommodation



# Appendix

## Use Classes Order

USE CLASS	DESCRIPTION OF USE/DEVELOPMENT	PERMITTED CHANGE
<b>A1 (Shops)</b>	Retail sale of goods to the public – shops, post offices, travel agencies and ticket agencies, hairdressers, funeral directors and undertakers, domestic hire shops, dry cleaners, sandwich bars (sandwiches or other cold food purchased and consumed off the premises), internet cafés.	Upper floors as 2 flats C3 (up to 150m2)* A3 (up to 150m2), A2 (including with up to 2 flats), D2 (up to 200m2)*
<b>A2 (Professional and Financial Services), but excluding betting offices or pay day loan shops</b>	Banks, building societies and bureaux de change Professional services (other than health or medical services) – estate agents and employment agencies	A1 (if ground floor is a display window), Upper floors as 2 flats C3 (up to 150m2)* A3 (up to 150m2)* D2 (up to 200m2)*
<b>A3 (Restaurants and Cafes)</b>	Use for the sale of food for consumption on the premises. Excludes internet cafés	A1 or A2
<b>A4 (Drinking Establishments)</b>	Use as a public house, wine bar or other drinking establishment	A1, A2 or A3
<b>A5 (Hot Food Takeaways)</b>	Use for the sale of hot food for consumption off the premises	
<b>B1 (Business)</b>	(a) Use as an office other than a use within Class A2 (financial and professional services).	B8 (up to 500m2) C3 from B1(a) Office Use,* State Funded School or Nursery*
	(b) Use for research and development, studios, laboratories, high technology.	B8 (up to 500m2)
	(c) Use for any industrial process that can be carried out in a residential area without detriment to amenity.	B8 (up to 500m2)
<b>B2 (General Industrial)</b>	Use for the carrying on of an industrial process other than one falling in B1(C) above.	B1 B8 (up to 500m2)
<b>B8 (Storage and Distribution)</b>	Wholesale warehouses, distribution centres and repositories	B1 (up to 500m2) C3 (up to 500m2)*
<b>C1 (Hotel)</b>	Hotels, boarding houses and guest houses	State-funded school or registered nursery, subject to prior approval by local planning authority
<b>C2 (Residential Institutions)</b>	Hospitals, nursing homes, residential education and training centres. Use for the provision of residential accommodation and care to people in need of care.	State-funded school or registered nursery, subject to prior approval by local planning authority
<b>C3 (Dwellinghouses)</b>	Use as a dwelling house, whether or not as a sole or main residence.	C4

<b>C4 (Houses in Multiple Occupation)</b>	Small shared dwelling houses occupied by between three and six unrelated individuals, as their only or main residence, who share basic amenities such as a kitchen or bathroom.	C3
<b>D1 (Non-Residential Institutions)</b>	Clinics and health centres, crèches, day nurseries, day centres and consulting rooms (not attached to the consultant's or doctor's house), museums, public libraries, art galleries, exhibition halls, non-residential education and training centres, places of worship, religious instruction and church halls.	State Funded School* Permitted change to A1, A2, A3 or B1 of up to 150m2 of a building for a single period of up two years, subject to prior notification of local planning authority
<b>D2 (Assembly and Leisure)</b>	Cinemas, dance and concert halls, sports halls, swimming baths, skating rinks, gymnasiums, bingo halls, other indoor and outdoor sports and leisure uses (not involving motorised vehicles or firearms)	State-funded school or registered nursery, subject to prior approval by local planning authority Permitted change to A1, A2, A3 or B1 of up to 150m2 of a building for a single period of up two years, subject to prior notification of local planning authority
<b>Sui Generis** (Casinos and Amusement Arcades/Centres)</b>	Sui generis uses are their own specific use and planning permission is normally required for any change of use. However, the following changes are permitted for the specified uses.	Casino to: A3 (up to 150m2)* C3 (up to 150m2)* D2* Amusement arcade to: C3 (up to 150m2)*
<b>Sui Generis** (Betting Offices and Pay Day Loan Shops)</b>		A1 if ground floor is a display window A2 including up to 2 flats A3 (up to 150m2) C3 (up to 150m2)* D2 (up to 200m2)
<b>Sui Generis** (Agricultural Buildings)</b>		A1, A2, A3, B1, B8, C1, C3, D2*

\*subject to prior approval by the local planning authority.

\*\*Whilst the most commonly found uses are contained within the 1987 Use Classes Order (as amended), there are many uses that are not specifically categorized by the four main use classes. These are classified as sui generis. Some of the sui generis uses are listed but they are not intended to be exhaustive. Sui generis uses are their own specific use and planning permission is normally required for any change of use

The Town and Country Planning (General Permitted Development) (England) Order 2015 permits a number of potential changes of use without requiring planning permission, as detailed above. Some changes of use are subject to a prior approval procedure with the local planning authority. This seeks approval of various matters, dependent on the nature of the use, but might typically include matters relating to parking and highways, flooding, and contaminated land. Further details on permitted development rights and changes of use can be found on the planning portal [https://www.planningportal.co.uk/info/200125/do\\_you\\_need\\_permission](https://www.planningportal.co.uk/info/200125/do_you_need_permission)

# 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

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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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