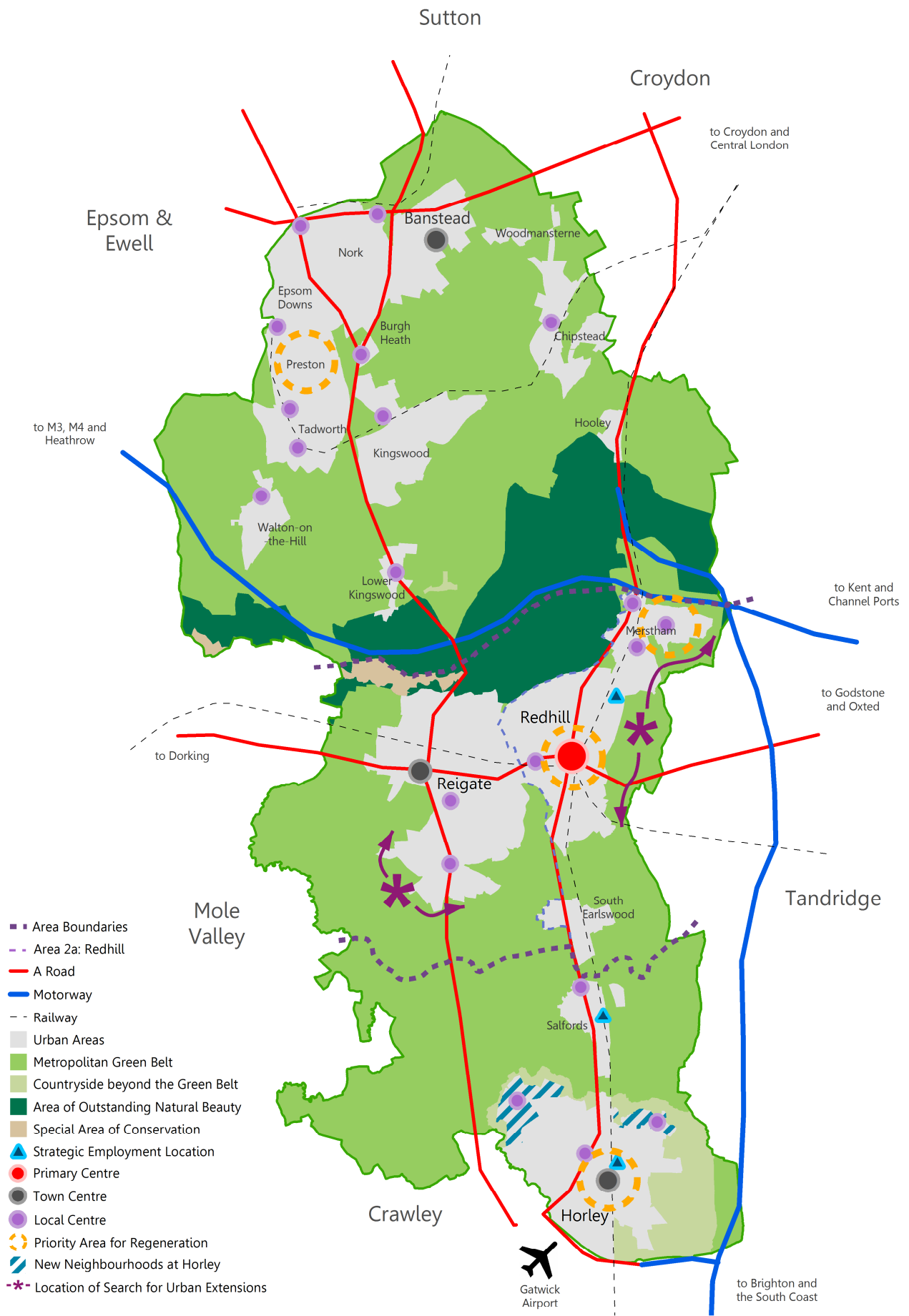




Commercial Commitments Monitor

Position at 31 March 2019



Commercial Monitor

End March 2019

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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.

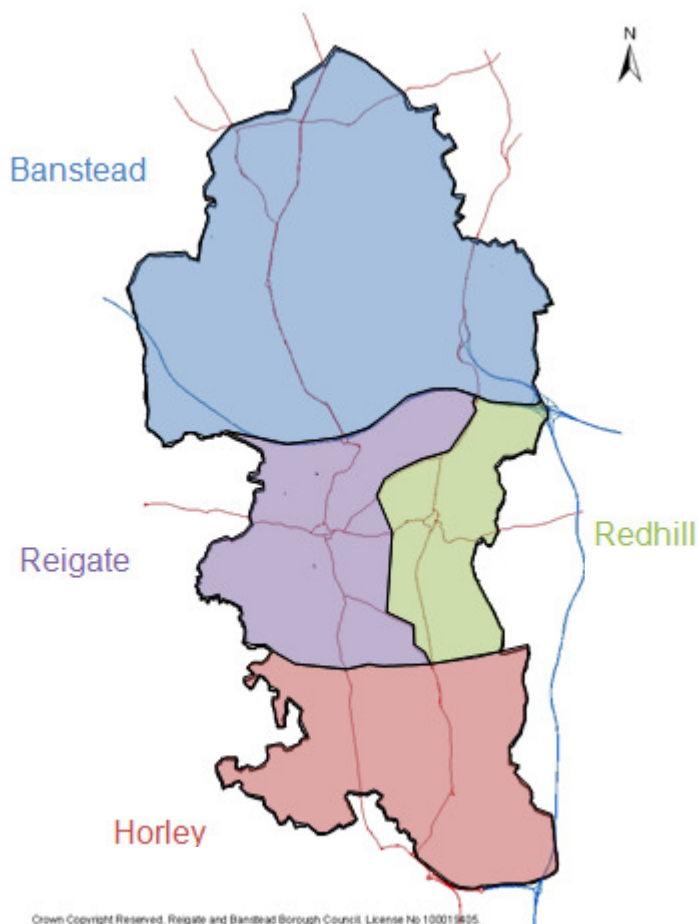
For more detailed analysis of the situation in the borough's main employment and shopping areas, please refer to one of the specific monitors listed at the back of this document.

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 Council's Development Management Plan (DMP) is currently subject to a Main Modifications consultation as part of the examination process. This follows public hearings in October-November 2018. The emerging DMP contains detailed specific policies relating to the management of employment and retail development and allocates 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.



Overall Trends – Key Messages

UK Trends

Despite concerns over the possibility of leaving the EU with ‘no deal’ at the end of March, the UK economy grew by 0.2% in the three months to January, driven by the services sector, which grew by 0.5%. Employment is at its highest level since 1971, with 76.1% of the population in work. Inflation is at 1.9%, just below the Bank of England’s target rate, and there is little sign of an increase in the base rate of 0.75% in the near term. (Cushman & Wakefield Office Market Snapshot)

The Royal Institute of Chartered Surveyors (RICS) reports that market conditions have varied depending upon the sector. Occupier demand for office premises remained relatively stable whilst the industrial sector continues to see a steady rise in demand. The retail sector has however seen a sharp decline in occupier demand, which is in line with the ever increasing availability of vacant retail floorspace. Office space availability has also shown a slight increase whilst the amount of available industrial floorspace continues to drop. (RICS Commercial Property Market Survey Q1 2019)

Colliers forecasts the retail sector will continue to struggle in 2019, with Brexit uncertainty, rise of e-commerce, business rates and the National Living Wage all having negative impact. The continuous growth experienced within the industrial sector over the past few years is predicted to slow down whilst offices are expected to show a positive total returns growth in 2019. (Colliers International, Real Estate Investment Forecasts Q1 2019)

Borough Trends

- **Employment & Retail Completions** – Within the last twelve months 2,082sqm of gross employment and retail floorspace have been completed, down from 8,884sqm in the previous monitoring period. After taking losses into account, the overall net delivery accounts to a loss of 3,243sqm, an improvement on the previous year (loss of 8,169sqm).
- **Extant Employment & Retail Permissions (Pipeline)** – Extant and under construction schemes could create over 27,824sqm (gross) of new or expanded employment and retail accommodation. Once losses are factored in however the pipeline could result in a net loss of 9,955sqm of employment space, the majority of which would be offices (42.8%).
- **Development Characteristics & Location** – 89.5% of retail and employment developments completed over the past year were on previously developed land (PDL). Based on the analyses of pipeline developments, 92.2% of potential new retail space would be located in town and local centres and 99.6% of new industrial/distribution space would be located within designated industrial estates.
- **Borough Commercial Property Market** – The amount of available commercial floorspace has decreased within the last twelve months from 40,578sqm to 30,450sqm. Despite the overall drop, Horley and Reigate town centres have registered an increase in the available floorspace (0sqm to 379sqm and 5,043sqm to 5,351sqm respectively).

Employment & Retail Development

Completions

Within the last twelve months 2,082sqm (gross) of new retail and employment floorspace have been created in the borough, this compares to 8,884sqm 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 3,243sqm of retail and employment floorspace, a considerably smaller loss than the previous year (8,169sqm).

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

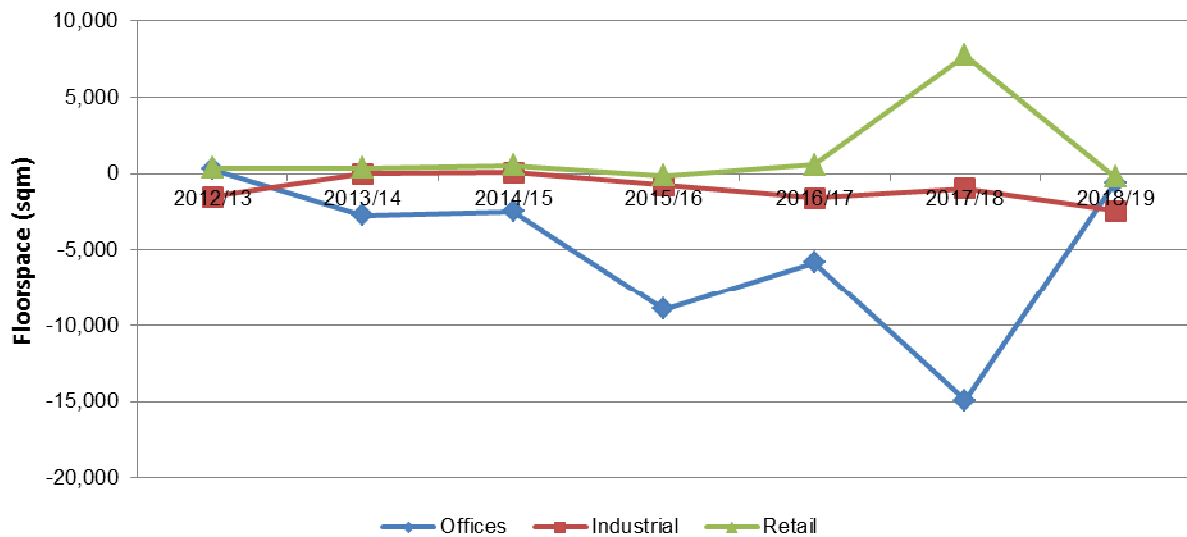
Table 1 Employment & retail completions

2018/19	Use Class	Gain	Loss	Net
Retail	A1	479	835	-356
	A2	73	107	-34
	A3	235	138	97
	A4	40	0	40
	A5	22	0	22
	Total Retail	849	1,080	-231
Employment	B1(A)	638	1,231	-593
	B1(B)	0	0	0
	B1(C)	222	188	34
	B2	96	2,319	-2,223
	B8	277	507	-230
	Total Employment	1,233	4,245	-3,012

The majority of the gross new retail and employment floorspace comes from A1 retail (479sqm) and B1(A) office space (638sqm). These use classes also equate to some of the biggest losses (835sqm and 1,231sqm respectively), however the most notable loss was recorded within the B2 industrial use, largely due to the completion of the Frith Park residential redevelopment, accounting for a total loss of 1,996sqm of B2 industrial space.. It should also be noted that much of the employment space at Frith Park had been vacant (and semi-derelict) for a number of years prior to development. The high number of B1(A) office space loss has been greatly influenced by the office to residential permitted development rights, totaling a 63.1% of all B1(A) losses within the last year.

Figure 1 illustrates the net additional floorspace completed each year since the beginning of the plan period in 2012/13. Following last year's spike in A1 retail completions due to the redevelopment of the Sainsbury's store in Redhill, the amount of new retail floorspace has returned to a level more in line with previous monitoring periods. Industrial completions have fallen slightly, now being at their lowest point since the beginning of the plan period. Despite the continuous drop in office completions, this year has experienced a recovery close to the levels recorded in 2012/13. This was more due to a lower number of losses, rather than more active new office development.

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 27,824sqm (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 substantial loss of employment floorspace (9,955sqm net loss). Significant amount of all recorded losses (16,159sqm; 42.8%) can be attributed to B1(A) office floorspace, out of which 85.0% (13,734sqm) comes from office to residential permitted development rights.

Table 2 Extant employment & retail developments

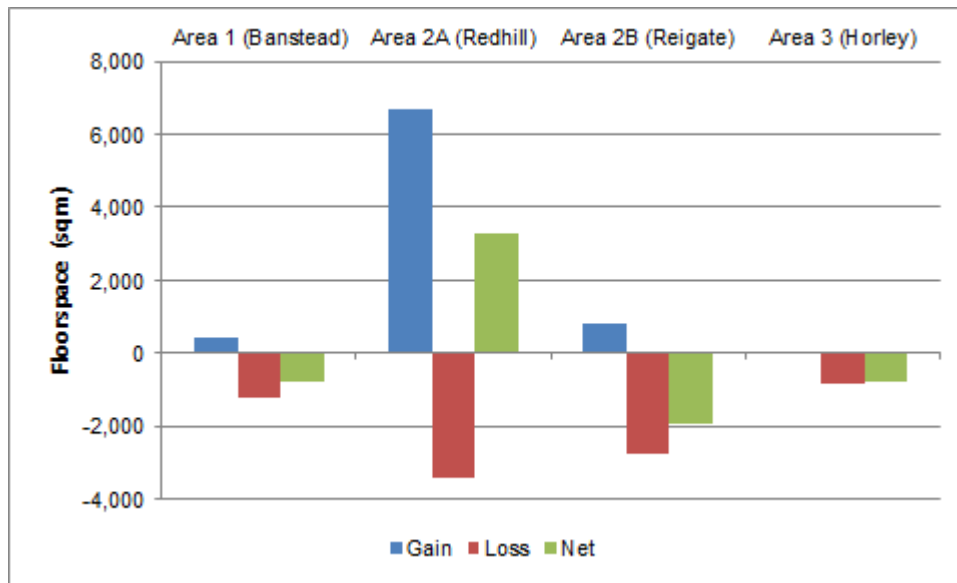
2018/19	Use Class	Gain	Loss	Net
Retail	A1	4,691	6,408	-1,717
	A2	292	406	-114
	A3	2,651	351	2,300
	A4	100	1,052	-952
	A5	239	58	181
	Total Retail		7,973	8,275
Employment	B1(A)	905	16,159	-15,254
	B1(B)	3,379	66	3,313
	B1(C)	2,507	3,674	-1,167
	B2	2,234	4,370	-2,136
	B8	10,826	5,235	5,591
	Total Employment		19,851	29,504

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).

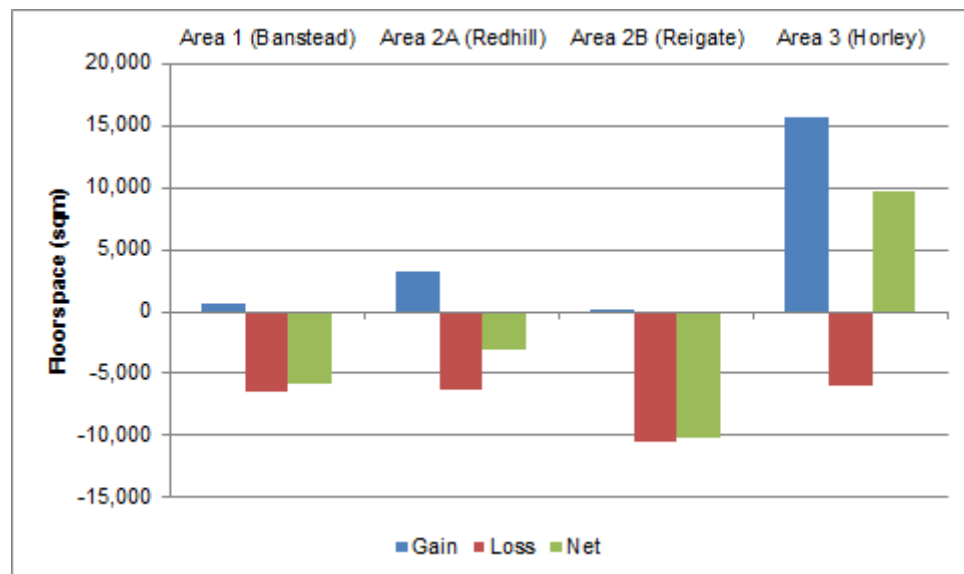
Figure 2 shows that if all the extant and under construction permissions are completed then the majority of retail activity would be in Redhill (Area 2A), predominantly due to the already mentioned planned regeneration schemes. This is in line with Core Strategy Policy CS7 which states that the majority of comparison and convenience retail growth to meet the strategic needs of the borough will be accommodated in Redhill town centre. Horley (Area 3) has the potential to deliver most of the employment floorspace, with vast majority coming from the new North Gatwick Gateway industrial/warehousing development.

Figure 2 Extant developments by borough area

Retail



Employment

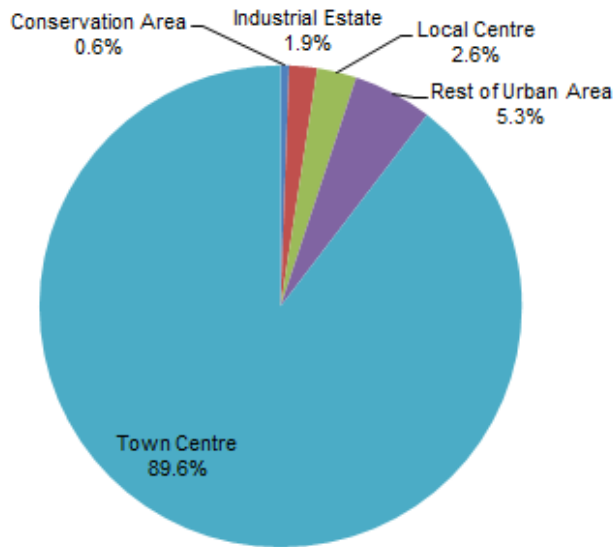


Development Characteristics

Location

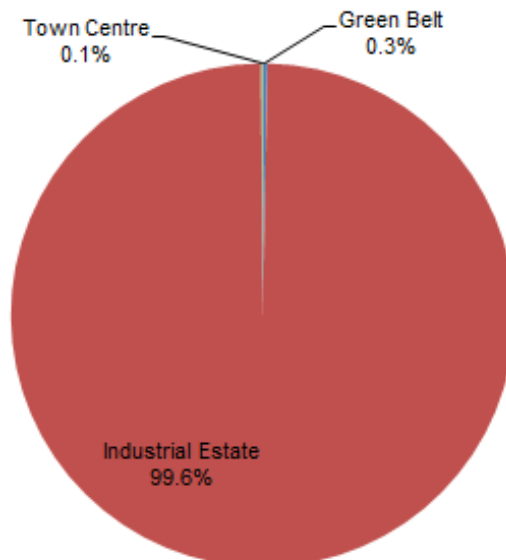
Core Strategy Policy CS7 aims to preserve the retail function of town centres and plans for future retail growth to be located within town and local centres. Figure 3 shows that 92.2% of potential new retail space from extant permissions and schemes under construction is within town and local centres; this is just below the Core Strategy Monitoring target of 95%.

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



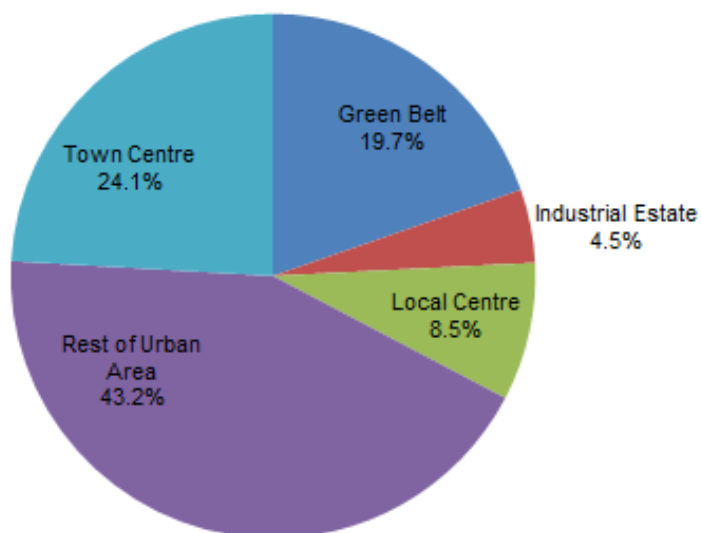
Core Strategy Policy CS5 plans for a range of types and sizes of employment premises to meet the needs of existing, growing and future businesses and provide additional employment floorspace to meet the forecasted growth needs of the borough. It focuses upon retaining and making the best use of employment 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 99.6% (18,869sqm) of the potential gross industrial and distribution floorspace would be delivered within the industrial estates.

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



Pipeline developments could deliver just over 905sqm (gross) of new office floorspace. Figure 5 shows that just under 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)

89.5% of the gross retail and employment floorspace completed within the past year was on previously developed land. This is a fraction below the Core Strategy Monitoring Target of 90%.

Car Parking Provision

Currently, Borough Local Plan (2005) Policy Mo7 sets maximum parking standards for various types of commercial development.

Table 3 gives an overview of average parking spaces per various completed and extant development types. It shows that overall retail, office and industrial developments fall within the borough target of 1 space per 30sqm and warehousing under both targets of 1 per 70sqm for distribution and 1 per 100sqm for storage. These figures should be seen as indicative rather than definitive as they are calculated using data collected from planning applications, which don't always provide full information.

Table 3 Car Parking Spaces on Completed and Extant Developments

Use Class	Completions (2018/19)			Extant Permissions		
	Gross Floorspace (sqm)	Parking Provision	Average spaces per sqm	Gross Floorspace	Parking Provision	Average spaces per sqm
Retail	849	39	1 per 22	7,973	265	1 per 30
Office	638	24	1 per 27	905	217	1 per 4
Industrial	318	39	1 per 8	8,120	625	1 per 13
Warehouse	277	16	1 per 17	10,826	180	1 per 60

The Council's emerging DMP outlines new parking standards for different types of development¹. These will be reflected in future monitoring reports once the DMP is adopted.

¹ More information is provided in the submission DMP, available at: http://www.reigate-banstead.gov.uk/downloads/file/4662/submission_development_management_plan

Commercial Property Market

Overview

Table 4 summarises the amount of available commercial floorspace. Within the last twelve months, the amount of commercial floorspace within the borough available on the market has decreased from 40,578sqm to 30,449sqm. Despite the overall drop, Horley and Reigate town centres have seen an increase in the available floorspace (0sqm to 379sqm and 5,043sqm to 5,351sqm respectively).

Offices remain the dominant source of available floorspace - this has been the case for the past eight years. This year it increased its share from 56.6% to 64.1% of total available floorspace. Of the available office floorspace 70.5% is within Redhill and 27.7% within Reigate.

The amount of available retail floorspace has decreased within the last twelve months (3,429sqm to 2,906sqm). Despite the majority of the borough recording an increase in available retail space in line with the national trend, the overall drop can be attributed to Redhill, which has seen a sharp drop in availability (2,643sqm to 987sqm). The loss in availability of retail accommodation within Redhill town centre is due to the occupation of a number of previously vacant units within the Belfry Shopping Centre and Station Road.

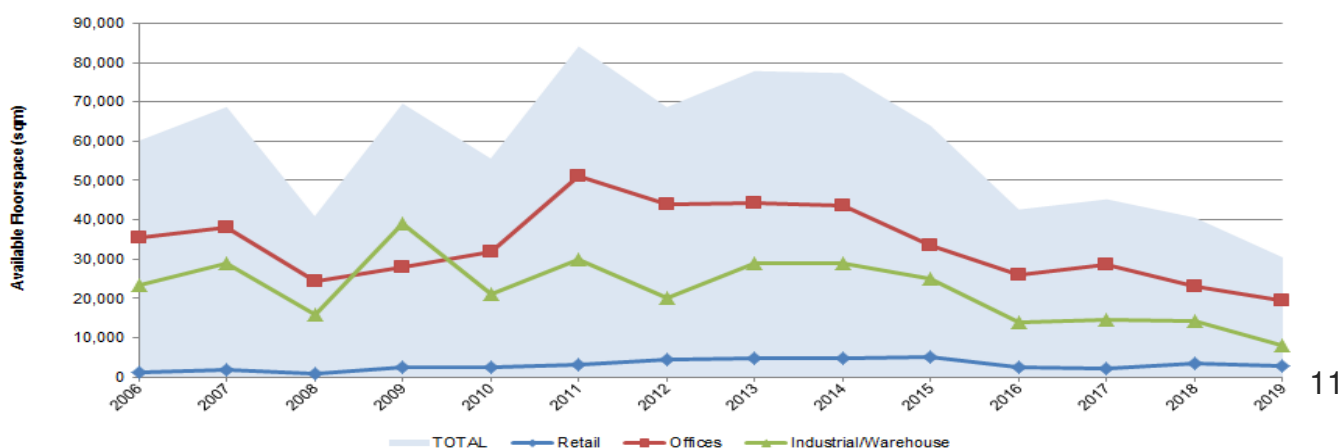
Over the last twelve months the amount of available industrial/ warehouse floorspace has decreased (14,191sqm to 8,017sqm). The largest proportion of available properties comes from Redhill and Horley, largely due to availability within the industrial estates.

Table 4 Summary of available floorspace (sqm)

	Retail	Office	Industrial/Warehouse	Total
Banstead Town Centre	312	0	0	312
Rest of Banstead	293	0	1,431	1,724
Reigate Town Centre	808	4,544	0	5,351
Rest of Reigate	0	869	0	869
Redhill Town Centre	556	11,106	0	11,662
Rest of Redhill	431	2,661	3,163	6,255
Horley Town Centre	379	0	0	379
Rest of Horley	127	346	3,423	3,897
Total	2,906	19,526	8,017	30,449

Figure 6 below shows the available floorspace trend 2006-2019; 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 – 2019)



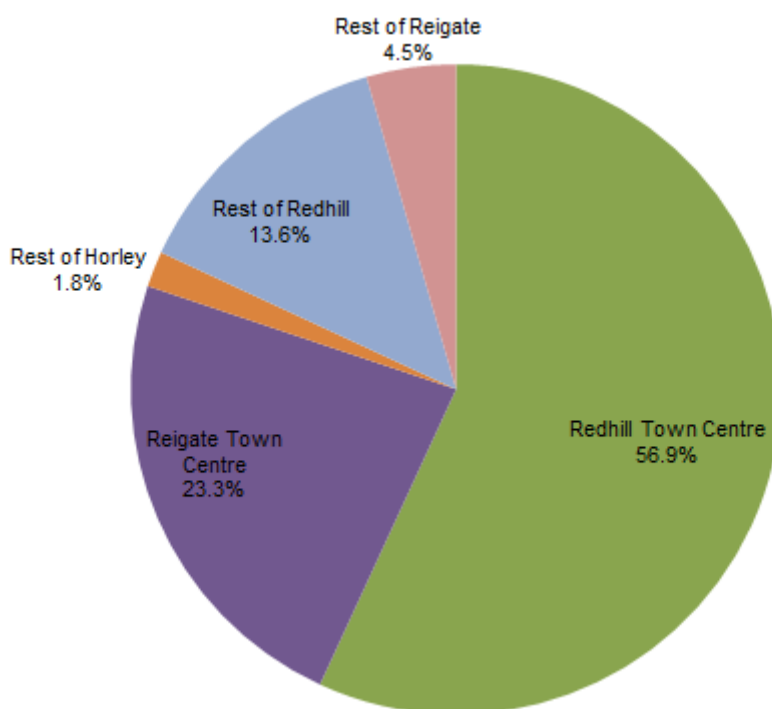
Office

Within the last twelve months, the amount of available office floorspace has decreased by 14.9% (22,958sqm to 19,526sqm).

Figure 7 shows that 56.9% of the available office floorspace is within Redhill town centre and a further 23.3% in Reigate town centre. This is particularly driven by the composition of the town centres, namely 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



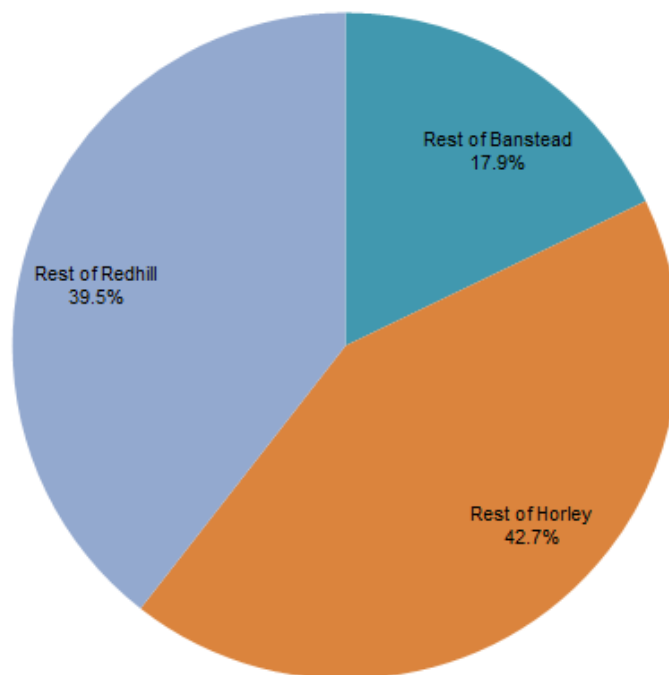
Industrial & Distribution

Within the last twelve months the amount of available industrial and distribution floorspace has decreased dramatically from 14,190sqm to 8,017sqm (43.5%).

Figure 8 shows that the majority of the available industrial and distribution floorspace comes from Horley and Redhill (42.7% and 39.5% respectively), perhaps unsurprising due to the number of large industrial estates in the area. Despite remaining one of the main sources of industrial floorspace, Redhill has seen a significant drop in available space over the past 12 months (10,698sqm to 3,163sqm) this is due to the re-occupation of a number of larger units such as Unit 3 Wells Place (2,957sqm). The level of available industrial floorspace in Horley remains similar to the previous year at 3,423sqm (compared to 3,426sqm in previous year).

Conversely, Banstead has seen an increase from 0 to 1,431sqm whilst Reigate currently has no industrial and distribution space available.

Figure 8 Geographic breakdown of available industrial and distribution accommodation



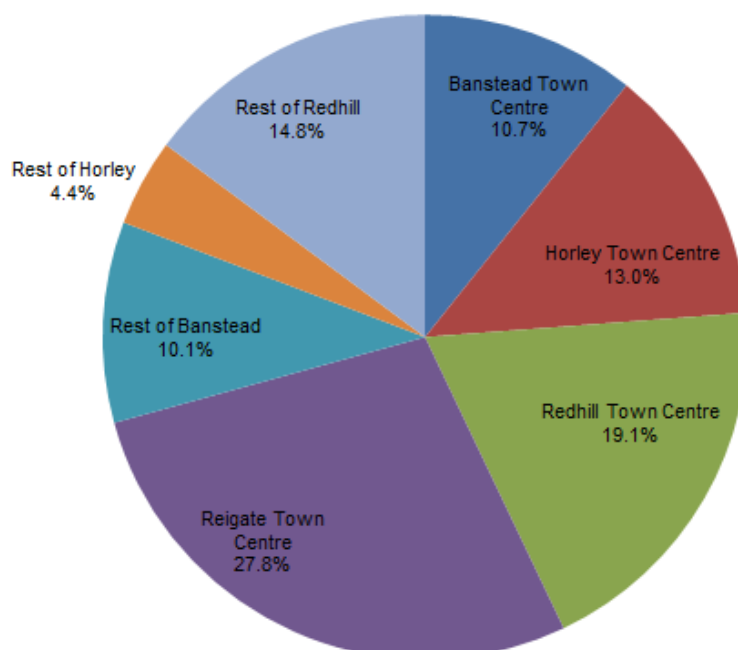
Retail

Retail floorspace represents the smallest proportion of total available floorspace within the borough (9.5%; 2,906sqm), a slight drop from the 3,429sqm recorded in the previous monitoring period.

As can be seen from Figure 9, the available retail floorspace is relatively evenly distributed across the borough, with majority currently coming from Reigate town centre (808sqm; 27.8%).

Within the last twelve months Banstead, Reigate and Horley have all seen an increase in the amount of available floorspace (462sqm to 605sqm - 31.0%; 246sqm to 808sqm –227.7% and 78sqm to 507sqm – 55.2% respectively)

Figure 9 Geographic breakdown of available retail accommodation



Appendix

Use Classes Order

USE CLASS	DESCRIPTION OF USE/DEVELOPMENT	PERMITTED CHANGE
A1 (Shops)	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 150m ²)* A3 (up to 150m ²), A2 (including with up to 2 flats), D2 (up to 200m ²)* B1 (up to 500m ²)*
A2 (Professional and Financial Services), but excluding betting offices or pay day loan shops	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 150m ²)* A3 (up to 150m ²)* D2 (up to 200m ²)* B1 (up to 500m ²)*
A3 (Restaurants and Cafes)	Use for the sale of food for consumption on the premises. Excludes internet cafés	A1 or A2
A4 (Drinking Establishments)	Use as a public house, wine bar or other drinking establishment	A1, A2 or A3
A5 (Hot Food Takeaways)	Use for the sale of hot food for consumption off the premises	A5 to B1 (up to 500m ²)* A5 to C3 (up to 150m ²)*
B1 (Business)	(a) Use as an office other than a use within Class A2 (financial and professional services).	B8 (up to 500m ²) C3 from B1(a) Office Use,* State Funded School or Nursery*
	(b) Use for research and development, studios, laboratories, high technology.	B8 (up to 500m ²)
	(c) Use for any industrial process that can be carried out in a residential area without detriment to amenity.	B8 (up to 500m ²)
B2 (General Industrial)	Use for the carrying on of an industrial process other than one falling in B1(C) above.	B1 B8 (up to 500m ²)
B8 (Storage and Distribution)	Wholesale warehouses, distribution centres and repositories	B1 (up to 500m ²) C3 (up to 500m ²)*
C1 (Hotel)	Hotels, boarding houses and guest houses	State-funded school or registered nursery, subject to prior approval by local planning authority
C2 (Residential Institutions)	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
C3 (Dwelling)	Use as a dwelling house, whether or not as a sole or	C4

houses)	main residence.	
C4 (Houses in Multiple Occupation)	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
D1 (Non-Residential Institutions)	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 150m ² of a building for a single period of up two years, subject to prior notification of local planning authority
D2 (Assembly and Leisure)	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 150m ² of a building for a single period of up two years, subject to prior notification of local planning authority
Sui Generis** (Casinos and Amusement Arcades/Centres)	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 150m ²)* C3 (up to 150m ²)* D2* Amusement arcade to: C3 (up to 150m ²)*
Sui Generis** (Betting Offices and Pay Day Loan Shops)		A1 if ground floor is a display window A2 including up to 2 flats A3 (up to 150m ²) C3 (up to 150m ²)* D2 (up to 200m ²)
Sui Generis** (Agricultural Buildings)		A1, A2, A3, B1, B8, C1, C3, D2*
A1, A2, A3, A5, B1, D1, D2	Permitted development rights allow these uses to be temporarily used for A1, A2, A3, B1, D1 and D2 uses for a period of up to three years.	

*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 (Permitted Development, Advertisement and Compensation Amendments) (England) Regulations 2019 makes a number of amendments to the Town and Country Planning (General Permitted Development) (England) Order 2015. It 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.gov.uk/guidance/when-is-permission-required>

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:

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