Reigate & Banstead BC

Economic Market Assessment

Final Report

October 2008

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This report is designed to be printed double sided.

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Reference: P:\PLANNING\621\Instruction\Clients\Reigate & Banstead\Reigate & Banstead Economic Market Assessment\10.0 Reports\Final Report\Final Draft\ReigateFinalReport081031.doc

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EXECUTIVE SUMMARY

Reigate & Banstead Borough Council commissioned GVA Grimley Ltd to produce an Economic Market Assessment which combined both a strategic economic framework for the Borough as well as an employment land assessment. It is set out in two phases, the first of which is to develop the economic priorities and challenges, with the second looking in more detail at the balance of employment land in the Borough. It culminates in the detailing of the strategic direction of the Borough's economy to 2026.

The economy of Reigate & Banstead is performing strongly within the South East region which, along with London, is the main driver of economic output in the United Kingdom. It outperforms both Surrey and the South East on a number of economic performance indicators. Productivity, measured by GVA per employee, is higher than both Surrey and the South East. This is complemented by strong employment growth over the current economic cycle and a high proportion of employees working in high value sectors.

The Borough has a large number of residents with high level qualifications and occupations and this helps to support its strong position within the key growth corridor of the Gatwick Diamond. At a spatial level the Borough is driven by the three main employment areas, Reigate & Banstead North, Reigate and Redhill.which provide the majority of economic activity.

The Borough sits within the M25 West Market Area which consists of Crawley, Croydon, Guildford, Leatherhead and Woking. Overall, it is well placed within this market with a strong skills profile and strong office and industrial markets. It has distinct clusters in the financial intermediation sector though other centres have a higher representation of the Other Business Activities sector.

The Borough's office and industrial markets are primarily driven by the towns of Reigate and Redhill. While Horley and Banstead do have a commercial presence it is not on the same scale as the two major towns.

Agents view is that the Borough is in need of a greater mix of modern high quality office stock, offering a range of units from small to the largest office units. They highlight the fact that there is ample stock for smaller offices but that this often unattractive due to the condition of the building and the car parking space available with them. They also view that public transport provisions are not appropriate to service any new large scale developments, even accounting for the new Fastway service, at the moment and this needs to be improved along with the provision of new office stock.

Recognising the constraints on Redhill and Reigate town centres, agents believed that out of town business parks providing high quality office would be a success in the Borough along with associated transport infrastructure improvements. It is acknowledged that the viability of developing such a park is dependant on planning policy alterations but agent's maintained demand exists for such a development in the Borough.

Redhill is the principal location within the Borough for industrial property and is likely to remain so. There is a number of high quality developments located in Redhill and road access to these is superior to other industrial locations in the Borough.

A SWOT analysis of Reigate & Banstead Borough's economy shows that the Borough has the following characteristics:

STRENGTHS

- **Strongly performing economy**
- **Strong Financial and Business Services sector**
- **Highly skilled population**
- **Strong presence of corporate headquarters**
- **Close proximity to London**
- **Strategic location with good access to Gatwick and M25**
- **Good relationship between the Council and local businesses**

WEAKNESSES

- **Low entrepreneurial culture**
- **Dependence on large companies to drive the economy**
- **Office stock not meeting the needs of businesses**
- **Poor linkages between employment and education**
- **Out-commuting**
- **Horley is underperforming**
- **Poor transport links compared to other centres**
- **FBS Back-office functions**
- **Lack of understanding of the Gatwick Diamond concept for Reigate and Banstead**

OPPORTUNITIES

- **Capturing the direct benefits arising from Gatwick Airport**
- **Growth driven through Gatwick Diamond**
- **Improving second grade office provision**
- **Redhill Town Centre regeneration**
- **Improved Foresight Research and Intelligence**

THREATS

- **An over-reliance and comfort based on Financial & Business Services**
- **Competing Centres**
- **Failing to align with the Gatwick Diamond**
- **Limited physical space for employment growth**
- **Transport capacity constraints**

EMPLOYMENT LAND REQUIREMENTS

Our analysis shows that there is an oversupply of around 2 ha of employment land throughout the planning period from 2006 to 2026. This breaks down into a balance of 5 ha for industrial land and a requirement for 3 ha of office land.

It is important to note that this assumes that any office development will be higher density than the guidance prescribes. The justification for this is that many office developments in the Borough will be in town centres which will require higher plot ratios.

The overall requirements also assume that the commercial commitments for the Borough are fulfilled. This will potentially deliver 58,000 square metres of B Class floorspace so Reigate & Banstead Borough Council must take this into consideration when planning for employment land to 2026.

Base Case	Demand Floorspace (m^2)	Supply Floorspace (m^2)	Balance Floorspace (m^2)	Balance ha
Office	161,000	57,000	-104,000	-3
Industrial	85,000	106,000	21,000	5
Total	**246,000**	**163,000**	**-83,000**	**2**

STRATEGIC ECONOMIC DIRECTION

The overall objectives that Reigate & Banstead's economy should pursue in the future are:

E.1. Ensure existing business retention needs are met

E.2. Broaden the economic base to accommodate a variety of sectors and business sizes

E.3. Encourage new business creation and entrepreneurial culture

E.4. Align key skills provision with future employment needs in the Borough

E.5. Ensure that employment provides for the needs and skills of the Borough's residents

E.6. Make the best use of the Borough's proximity to Gatwick Airport and obtain maximum benefit from its position in the Gatwick Diamond

E.7. Provide the policy basis and investment into transport infrastructure and communications networks to benefit businesses while serving the residents and protecting the environment

E.8. Enhance the quality of life and range of services/attractions as places for business and living in the Borough

E.9. Support the Housing Strategy by providing the appropriate mix and choice of housing to meet business and resident needs

SUB-AREA LEVEL PRIORITIES

The objectives and priorities for the sub-areas of the Borough are:

Area	Future Economic Role & Function	Priorities	Key Actions
Reigate & Banstead North	Continue to be an area for bespoke high quality employment sites while maintaining its high quality environment and quality of life	Ensure planning policy protects existing employment sites to maintain the areas attractive offer to business throughout the planning period. Ensure planning policy is in place to maintain the high quality environment which attracts businesses and residents alike.	Ensure the current mix between employment and housing remains.
Reigate	Maintain Reigate's position as an internationally attractive business location with a high quality town centre offer	Maintain existing employment sites within Reigate to ensure that corporate HQs continue to view it as an attractive location. Ensure that policy allows for a variety of A Class uses to maintain the vibrancy of Reigate town centre	Particularly around town centre sites investigate the opportunity for intensification of office uses
Redhill	Develop Redhill into a vibrant town providing a 24/7 economy with a high quality mix of retail, commercial and residential uses	In line with the Redhill Area Action Plan put planning policy in place to facilitate the development of the necessary commercial, residential and leisure uses Conduct a green belt review around the Redhill Metropolitan Boundary Area to establish capacity for further employment development	Expansion of the Redhill office zone in conjunction with the ongoing town centre regeneration scheme with schemes similar to Kingsgate and mixed use schemes encouraged.
Salfords	Maintain, and possibly expand, Salfords position as a key strategic industrial location serving the Borough and the Gatwick Diamond.	Ensure Salfords plays a key role in development of the Gatwick Diamond initiative. Ensure planning policy protects existing employment sites and, where possible, allocate new industrial sites	Develop former Philips site into a Technology Innovation Park and a key driver of growth in the Gatwick Diamond.
Horley	Develop Horley as a hub for start-up units and entrepreneurial activity facilitating strong business creation, and a town centre regeneration programme while continuing to build strong links with Gatwick Airport and the tangible response to the Gatwick Diamond concept.	Ensure planning policy allows for the creation of start up and move on floorspace units in Horley. Create opportunities for mixed use employment, retail and residential development such as live/work opportunities.	Through the ongoing Regeneration Strategy for Horley promote it as a centre for offices and for small businesses to raise its profile as a viable start-up location

1. INTRODUCTION

BACKGROUND

1.1 The Borough of Reigate & Banstead is in a strategically important location for the South East, UK and global economies. It is located within the Gatwick Diamond Area and London Fringe sub-regions, both defined growth areas in the Draft South East Plan. It has a healthy economy with low unemployment, above average weekly earnings and a low proportion of residents with no qualifications, although there are pockets of deprivation in areas such as Preston and Merstham. Currently jobs exceed labour supply in both the Gatwick Area and in the London Fringe.

1.2 Although the economy has been buoyant over recent years there are issues that need to be addressed through this commission. The strategic direction of the economy has to be determined considering the different areas of the Borough to ensure the best conditions for development are in place.

1.3 With this in mind Reigate & Banstead Borough Council commissioned GVA Grimley Ltd to produce an Economic Market Assessment which combined both a strategic economic framework for the Borough as well as an employment land assessment. It is set out in two phases, the first of which is to develop the economic priorities and challenges, with the second looking in more detail at the balance of employment land in the Borough.

1.4 This report presents the findings of this commission.

THE BRIEF

1.5 Reigate & Banstead Borough Council commissioned this study to set out the strategic direction of the Borough's economy in the future. It will inform the evidence base for the Local Development Framework Core Strategy and following Development Plan Documents and the Redhill Town Centre Area Action Plan. To this end, the study must be technically robust enough to withstand Examination in Public.

1.6 This study will inform future work by Surrey Economic Partnership and specifically requires involvement from the business community to contribute to the assessment of current and future employment requirements.

1.7 The key required outputs are:

PHASE 1

- Provide a critique of private sector aspirations and market realities, taking account of the national, regional and local context
- Advise on the potential impact of changing working practices on economic and employment land needs in the Borough
- Assess the strategic direction of the Borough's economy considering the regional and sub-regional context, including growth scenarios and considering specific sectors
- Align the economic strategy with existing spatial strategy for housing and regeneration initiatives, considering the needs of different locations
- Advise on future employment land requirements by use type and the quantum required

PHASE 2

- An assessment of the "fitness for purpose" of existing allocated employment sites
- Provide information on the marketability and potential future role of employment sites
- Provide a detailed assessment of identified strategically important employment sites
- Provide evidence of business community views on economic and employment needs

1.8 The above work will result in recommendations to:

- Suggest how the Borough should respond to new forms of economic development, and how to maximise the potential for sustainable economic growth
- Identify sites to ensure the appropriate supply of employment land that is flexible enough to deal with unforeseen demand
- Identify areas where future detailed guidance around property and economic requirements in the Borough
- Understand the risk involved in adopting the proposed economic spatial approach
- Recommend interventions, focusing on the Borough Council's role in future partnership working to take forward these recommendations

METHODOLOGY

1.9 The methodology employed in this Economic Market Assessment focuses on firstly assessing the economic priorities and challenges for Reigate & Banstead. It consists of a review of the current economic conditions in the Borough within a regional and national context as well as within the context of its competing centres. As well as the economic conditions, the performance of the commercial property market is assessed to give further perspective to the Borough's economic performance.

1.10 The methods applied when assessing the economy consisted of detailed desk research and a number of consultation events with key stakeholders, Reigate & Banstead Borough Council and telephone interviews with local businesses. This provides an assessment of the economic priorities and challenges for the Borough that is grounded in commercial reality.

1.11 The second part of the study is an assessment of the employment land supply conditions within the Borough. Building on the employment land survey undertaken by Reigate & Banstead Borough Council GVA Grimley carried out a strategic assessment of the current existing employment sites and gave our professional view on each of the sites.

1.12 We assessed each site against a number of factors to determine their 'fitness for purpose', including:

- Age/quality of buildings
- Vacant land/buildings on site
- Access to amenities/facilities
- Strategic access
- Adequacy of servicing

1.13 The study focuses, in accordance with ODPM guidance on employment land reviews, on 'B-use-class' employment land, i.e. B1, B2 and B8. Throughout the report we have assumed the following definitions: Office (B1a and B1b), Other Business Space (B1c and B2), and Warehouses (B8). Final employment land requirements are then produced for office (B1a and B1b) and Other Business Space and Warehousing are combined to give employment land requirements for industrial (B1c/B2/B8) uses.

1.14 The main research for this study was undertaken in Spring 2008. The property market assessment is therefore set in the uncertain market conditions prevailing in 2008.

1.15 The current property market downturn has a noticeable effect on the short term demand for employment land, with a reduction in investment and therefore demand for employment land. However, within the timeframe of this study – which is up to 2026 – we expect the overall demand for employment land not to vary significantly. There may be a shift in demand in the short term but overall demand will not be reduced significantly.

STRUCTURE OF THE REPORT

1.16 The reminder of this document is structured as follows:

- Chapter 2 provides the policy context
- Chapter 3 takes a detailed look at the local socio-economic conditions.
- Chapter 4 compares the Borough to its major competing locations
- Chapter 5 provides a commercial property market analysis
- Chapter 6 outlines the key economic priorities and challenges for the Borough
- Chapter 7 identifies the future employment land demand
- Chapter 8 identifies future employment land supply
- Chapter 9 analyses the balance between employment land supply and demand
- Chapter 10 sets out the strategic economic framework for Reigate & Banstead

SECTION A:

ECONOMIC ASSESSMENT AND PRIORITIES


2. DOCUMENT & POLICY REVIEW

INTRODUCTION

2.1 This section provides an overview of the policies relevant to employment and employment land in Reigate & Banstead, together with key strategies which impact upon its economy. The major national, regional and local policies are reviewed to provide the context within which the employment land study is set.

NATIONAL – EMERGING POLICY

PLANNING POLICY GUIDANCE 4 / DRAFT PLANNING POLICY STATEMENT 4

2.2 **Planning Policy Guidance Note 4 (PPG4, ODPM 1992)** sets out national land-use policies for industrial and commercial development and small firms. It requires planning authorities to ensure there is sufficient land available and capable of development for employment and well-served by infrastructure. There should also be a variety of sites available to meet a range of needs and facilitate competition whilst also recognising the locational demands of businesses. Planning authorities should promote sustainable development in which economic growth and a high quality environment are pursued together.

2.3 In locational terms, planning authorities should seek to minimise the length and number of trips (in terms of movement of both goods and workforce), road congestion and promote sustainable transport modes. The guidance promotes employment development which can be served by rail freight and indicates that distribution facilities should be located away from urban areas to minimise congestion. Mixed use development is promoted where there is no adverse impact on residential amenity. In rural areas, employment development to sustain the rural economy should be weighed against the need to protect the countryside.

2.4 The current **Planning Policy Guidance 4** has been under review for a number of years having been identified as a priority in 2004, within Barkers Review of Land Use Planning, and again within the 2007 Planning White Paper. In December 2007 the Government published a consultation draft of **Planning Policy Statement 4**: Planning for Sustainable Economic Development (PPS4).

2.5 The emerging key objectives for economic development as stated in the Draft PPS4 are:

- A good range of sites identified for economic development and mixed-use development;
- A good supply of land and buildings which offers a range of opportunities for creating new jobs in large and small businesses as well as start-up firms and which is responsive to changing needs and demands;
- High quality development and inclusive design for all forms of economic development;
- Avoiding adverse impacts on the environment, but where these are unavoidable, providing mitigation; and
- Shaping travel demand by promoting sustainable travel choices wherever possible.

2.6 The traditional narrow emphasis within PPG4 on the planning needs of ‘industry and commerce’ have been updated within PPS4 which takes an ‘all encompassing’ view of economic development. Significantly it now recognises that ‘economic development’ should be defined as being much wider than previously defined. This includes (in addition to the previous definition) retail and tourism, housing, and other uses that are major employment generators which attract other employees into the locality in question including hospitals and higher and further education establishments.

2.7 In line with other recent and emerging planning guidance Draft PPS4 advocates the need for a wide and robust evidence base, whilst it also acknowledges the uncertainty in forecasting local economic change. It recognises that functional economic areas do not necessarily correlate to administrative boundaries, emphasising the need to undertake joint evidence bases (including Employment Land Reviews) and sharing economic data. This is a clear ‘nod’ to the approach advocated within the consultation Sub-National Review of Economic Development and Regeneration (SNR) (2008), which is addressed in more detail below.

2.8 PPS4 clearly advocates a positive approach to economic development within future plan making, including the need for a more flexible approach with an emphasis on monitoring and responsive to changing economic need and fortune, alongside the emerging needs of specific sectors. Case in point to this effect includes the recommendation to set criteria-based policy rather than specific site allocations for stated uses, and the promotion of mixed-use development where appropriate.

2.9 Interestingly also in this context Local Planning Authorities (LPA’s) are discouraged from carrying forward existing allocations where they cannot be justified in emerging local economic needs. Instead LPA's are urged to consider other uses (including housing) if there is limited prospect of them being brought forward for employment use.

2.10 The draft requires LPAs to adopt an evidence based approach to proposals which do not have specific support of plan policies; consider proposals favourably; and ensure they take full account of the longer term benefits. If LPA's propose to refuse an application for economic development, they should set out clear reasons why on the basis of evidence, the economic, social, and/or environmental costs of the proposal outweigh the benefits.

SUB NATIONAL REVIEW OF ECONOMIC DEVELOPMENT AND REGENERATION (SNR)

2.11 The Comprehensive Spending Review (2007) announced a Government review of sub-national economic development and regeneration in England. The **Sub National Review** (SNR) builds on progress made since 1997 to devolve decision making to regional and local levels and is focused on two core Government objectives which aim to improve economic growth in all part of the country: namely, to reduce disparities in economic performance, and to tackle spatial concentrations of deprivation.

2.12 The SNR recognises that market failure can arise at all spatial levels including those related to product, labour, and capital markets, affecting specifically the extent to which economic performance at the regional level has converged. The SNR states that through tackling these failures at the appropriate spatial level it will be possible to improve economic efficiency and increase growth.

2.13 The SNR's overall objective for reform is to support the achievement of more effective economic development, regeneration and neighbourhood renewal. In this context, it is stated that the reform needs to ensure that:

- Regions and places are able to respond flexibly and quickly to changing economic circumstances within a clear and stable sub-national framework;
- Interventions are prioritised effectively and are focused on tackling market failures, including enabling people in deprived areas to link in to economic opportunities;
- Resources are deployed efficiently, with effective co-ordination between policies; and
- Measures are based on evidence, properly appraised and evaluated, and lessons learnt are reflected in future interventions and resource allocation.

2.14 At the heart of the SNR the Government recognises the important role of LPA's in delivering economic development and neighbourhood renewal at the local level through reforms to the LPA planning framework (e.g. the requirement to prepare a Sustainable Community Strategy to set the strategic vision for the area).

2.15 There is a clear identified need to ensure close working between the LAs and RDAs including the delegation of responsibility of funding to the local and sub-regional level where appropriate (unless there is a lack of capacity at the local level). The SNR also recognises the need to improve the capacity of LAs to deliver economic growth through an enhanced role and statutory recognition.

2.16 The SNR recognises that economic development and regeneration should be focused on functional economic areas rather than administrative areas – reflecting more the local economic drivers and relative roles and functions of places. In effect this promotes the recognition of sub-regional economic drivers – for which understanding and a robust evidence base should be developed.

2.17 Through the SNR, sub-regions will be able to strengthen their statutory management powers including the greater certainty of longer term funding opportunities, developing proposals for Multi-Area Agreements (MAAs) or Local Area Agreements (LAAs) to allow collective groups of LAs to agree collective targets for economic development, and establishing statutory sub-regional arrangements including the potential pooling of responsibilities on a permanent basis for economic development issues beyond transport.

2.18 The policy approach advocated within the consultation SNR suggests real opportunity for LA's to develop a shared understanding of role and function, and draw down more devolved power and funding opportunity to deliver economic development and regeneration at the local level – responding to local need and opportunity.

THE DRAFT SOUTH EAST PLAN

2.19 The Draft South East Plan[1] was submitted to Central Government in 2006, providing a framework for the region for the next 20 years to 2026. The core objectives of the Plan are to balance continuing economic and housing growth with rising standards of environmental management and reduced levels of social exclusion and natural resource consumption. The Plans vision for 2026 is for a healthier region, a more sustainable pattern of development and a dynamic and robust economy, the benefits of which are more widely shared.

[1] The Draft South East Plan also addresses other areas including housing, transport and communication, natural resource management, waste and minerals, countryside and urban management, town centres, tourism and related sport and recreation, and deprivation and social inclusion

2.20 The recent proposed Government changes to the South East Plan increased the housing target for Reigate & Banstead by 1,500 dwellings but the overall messages of the Plan remain for the Borough with a focus on sufficient housing and economic growth set within a context of environmental and social improvement.

2.21 The key economic issues which the region faces, and around which the Plan is shaped are:

- Planning for the development of strong economic networks and business clusters, especially in major urban areas
- Providing a good range of employment sites and premises to reflect economic needs
- Giving high priority to improved skills training and re-training
- Positively promoting the provision of technology-enabled development and suitable sites, premises and facilities
- Addressing economic underperformance along the coast and supporting continued dynamism of the best performing parts of the region

2.22 Reigate & Banstead falls within two of the defined sub-regions in the Plan, the "London Fringe" and the "Gatwick Area." The majority of the Borough is within the "London Fringe" including the main towns of Reigate and Redhill. The town of Horley and the Southern areas of the Borough are contained within the "Gatwick Area." This in itself presents an interesting challenge for the Borough as it must fit with the policy drivers of both of these sub regions.

2.23 The 'London Fringe' sub-region covers the majority of Surrey and stretches into East Kent. It is identified within the South East Plan as having a critical relationship with London, which needs careful management. Specifically, further growth is advocated but the considerable limitations imposed by the extensive Green Belt and environmental designations are recognised.

2.24 The Panel Report was clear in recognising the challenges faced by this sub region particularly in that job growth is set to outstrip labour supply in future years. It recognises the scope for reverse commuting from South London to play a major role in satisfying this employment growth.

2.25 The "Gatwick Area" sub region is primarily concentrated on Crawley/Gatwick and Horley but stretches north to incorporate Salfords. The Gatwick Area aims to meet its development requirements within urban areas while maintaining the sub-region's distinctiveness.

THE REGIONAL ECONOMIC STRATEGY 2006 - 2016 (SEEDA)

2.26 The South East Regional Economic Strategy (RES) is produced by South East of England Development Agency (SEEDA) and was adopted in 2006. The vision for the RES is for the South East to be a world class region achieving sustainable prosperity. Specifically it seeks to raise productivity levels (average annual GVA) per capita and per worker, and reduce the rate of increase in the regions ecological footprint. Reigate & Banstead is situated within the Inner Economic Contour of the South East Region.

2.27 It identifies a number of Transformational Actions and Cross-cutting Themes to contribute to delivery against the indicators identified.

TRANSFORMATIONAL ACTIONS

- 100% next generation broadband coverage: to improve business efficiency and transform the way people work and learn
- Science and innovation campuses: to establish new, world class research facilities in the South East
- Skills escalator: to ensure that people at all skills levels are continually equipped to progress in the labour market
- Raising economic activity rates to 85% by 2016: by addressing barriers to employment and increasing incentives to work
- Regional infrastructure fund: to harness new sources of funding for infrastructure development to facilitate Growth Areas and Growth Points including the Diamonds for Investment and Growth
- Global leadership in environmental technologies: to exploit the business opportunities created by reducing carbon emissions and waste generation
- Education-led regeneration: to harness the catalytic effect of new Further and Higher Education facilities on releasing untapped potential
- Making the most of 2012: to ensure that the 2012 Olympic Games and Paralympic Games leave a positive and lasting legacy for the South East

CROSS-CUTTING THEMES AND GOALS

- **Rural:** rural areas with more vibrant and successful communities and businesses, with the highest quality countryside and built heritage, giving the region a competitive edge

- **Culture and creative industries:** provide an economic catalyst in developing underperforming areas and growth poles in all economic areas of the South East, but particularly Growth Areas, the Coastal Towns and the Diamonds for Investment and Growth
- **Information and communications technologies (ICT):** ensure that the potential of ICT to contribute to the three headline indicators of increased GVA and productivity and decreased ecological footprint is fully realised
- **Equality and diversity**: achieve the full economic potential of the region – global competitiveness and smart growth – by providing individuals and communities with parity of opportunity and by removing barriers, to enable them to achieve their own potential
- **Europe:** become a leader in delivering the Lisbon Strategy. The South East will work with comparable regions elsewhere in Europe to understand best practice, exchange experience and collaborate to influence EU policies

GATWICK DIAMOND ECONOMIC STRATEGY

2.28 The Gatwick Diamond Economic Strategy sets out the economic aspirations of the area identified in the RES as the Gatwick Diamond. The Gatwick Diamond covers the counties of Surrey and West Sussex and its major towns are:

- Crawley
- East Grinstead
- Burgess Hill
- Haywards Heath
- Horsham
- Horley
- Reigate
- Redhill

2.29 This is where Gatwick's influence, both in airport related activities and the associated high value activities, is said to extend to. Its vision is to *"become a world-class internationally recognised business location"* which benefits from the economic influence of Gatwick Airport and its related high value activities.

2.30 The Economic Strategy sets the objectives for this vision to be recognised. The objectives of the Gatwick Diamond Economic Strategy are:

1. To secure higher levels of business creation, survivability, productivity and growth leading to a significant and sustainable improvement in the economic performance of the Gatwick Diamond Area.

2. To develop a 'skills escalator' which engages individuals at the entry level, provides progression routes and local access to higher level qualifications and increases the output of individuals with higher level skills within the area, matched to the needs of key sectors.

3. To enhance the level and rate of new investment in high economic growth business activities.

4. To maintain and improve rapid and efficient transport accessibility to, from and within the area.

2.31 Clearly the strong drive for business creation and high growth economic activities will influence the economic strategy for Reigate & Banstead. The Diamond Initiative is also supported by West Sussex Economic Partnership, Surrey Economic Partnership, SEEDA, West Sussex County Council, Surrey County Council, LSC and Business Link. The collaboration between these agencies through this initiative sets the working relationships for Reigate & Banstead's strategy.

2.32 The delivery outcomes of the strategy also express the need to promote links between the public and the private sector which can be carried forward into the strategic economic framework for Reigate & Banstead.

GATWICK DIAMOND FUTURES PLAN

2.33 To assess the progress towards the aim of the Gatwick Diamond Economic Strategy and understand the conditions needed for future growth the Gatwick Diamond Initiative commissioned GHK in 2008 to develop a Futures Plan for the sub region.

2.34 The Futures Plan begins by establishing the performance of the Diamond against other international airport regions and recognises that whilst performance compared to the rest of the UK is good, the ranking internationally is only considered to be mid to low order in terms of business performance.

2.35 The Plan identifies a number of key deficiencies within the Diamond which undermine comparative performance, most notably these relate to poor levels of knowledge economy related assets and investment alongside a need to improve the education and skills profile of the sub region.

2.36 The Plan also recognised the need to establish an identity and improved quality of place across the Diamond through the urban renaissance of key towns and the provision of significant infrastructure improvements to enhance both internal and external connectivity.

2.37 The Futures Plan identifies the need for intervention under three groupings Inspire, Connect, and Grow.

INSPIRE

2.38 The focus of this strand is to achieve greater levels of innovative and high value added activity through:

- Linking improved education and training provision to future business needs for both existing and future workforce
- Expanding Further Education opportunities and introducing Higher Education to the sub region
- Developing knowledge assets by establishing an innovation/research centre and a targeted innovation team to support innovative companies
- Attract international knowledge based companies and activities to the sub region

CONNECT

2.39 The Connect strand of activity seeks to improve the internal and external connectivity of the Diamond to facilitate growth by:

- Linking sustainable development of Gatwick Airport to the development of the economic base
- Addressing the need for sustainable forms of transport
- Delivering infrastructure improvements to reduce congestion pressures and join different components of the Diamond.

GROW

2.40 To achieve growth which is both SMART and Sustainable the Diamond will should focus development around 4 key principles which make more intelligent use of limited land resources:

- Smart Centres – supporting regenerated town centres via diversifying their offer, increasing live/work opportunities and delivering rail infrastructure focussed redevelopment
- Smart Business Infrastructure – the establishment of strategic business and innovation district incorporating a science park, incubator facilities, conference centre and hotel provision.
- Smart Environment – Raising design standards through innovative architecture and improving access to the countryside.
- Smart Infrastructure – Co-ordinating investment and delivery of public transport services and promoting walkable neighbourhoods.

2.41 Overall the interventions set the agenda for growth and develop a sense of direction for the Diamond, which can then be interpreted spatially via the Local Development Frameworks of the respective Local Planning Authorities.

LOCAL

REIGATE & BANSTEAD LOCAL PLAN 2005

2.42 The Reigate & Banstead Local Plan of 2005 sets the current policies for employment land in the Borough. The current approach is for business use to be located within Town Centres, while Employment Areas (or industrial estates) are reserved for industrial and storage and distribution uses.

2.43 The Plan therefore identifies sites for specific types of employment. It also puts in place a policy (EM1a) to prevent the loss of mainstream industrial and commercial uses within and outside these identified areas other uses, and recognises the loss to residential use as being the most significant threat.

2.44 The employment sites identified are as follows:

EMPLOYMENT AREAS

2.45 The principal employment areas (namely industrial parks) are at Holmethorpe and Salfords. Policies for these areas focuses on retaining the existing stock of suitable land and premises for industrial and distributions uses, while preferring proposals to be required to include a range of smaller units. It is recognised that major distribution developments (in excess of 5,000 sq m gross floorspace) are inappropriate owing to County wide restraint policies and local character/amenity value.

AREAS FOR SMALL BUSINESS (ASBS)

2.46 The preferred location for small business units are on the town centre fringes where property lends itself to conversion to small/start-up business uses. Uses that will be allowed are A1, A2, A3 (A4, A5) or B1 where it does not adversely affect environmental and traffic conditions.

TOWN CENTRE SHOPPING AREAS

2.47 The primary policy is to retain and promote retail use within the town centres of the Borough. However, the Plan sets out that redevelopment of existing business space or creation of new business space will be allowed providing it does not impinge on the retail element or create loss of existing or potential retail floorspace. Any proposals in Reigate, Banstead and Horley will usually only be small scale to fit with the existing character. Policy Br 25 is express in its aim to enhance the vitality and viability of Horley Town Centre.

DRAFT ECONOMY POSITION STATEMENT

2.48 Reigate & Banstead Borough Council produced the Draft Economy Position Statement, which included an Employment Land Review, which forms the first part of an evidence base for the LDF process. It sets the basis for Reigate & Banstead's Economic Strategy, informing the baseline position of the Borough.

2.49 The statement recognises the potential for economic growth in the Borough is strong due to Reigate and Redhill's strategic position as a regional hub and as important towns within the "Gatwick Diamond."

2.50 The statement recognises the Development Plan's focus on safeguarding suitably located employment land. It also makes an initial assessment of the employment land needs of the Borough with an additional 185,000 sq m of floorspace required up to 2026.

2.51 The statement concludes that future employment needs should be met from the existing stock of employment land. It also states that opportunities for the intensification of current employment land designations should be maximised. This is particularly around the current regeneration areas of Redhill, Horley and Preston.

SUMMARY

2.52 At a national level the focus on economic development is strong with Draft PPS4 and the SNR providing clarity for local authorities and their partners. In planning terms the result is a more flexible approach to economic development with consideration of future economic direction when allocating land for employment. It also means consideration of mixed-use sites as opposed to specific employment or housing sites. The SNR also encourage local authorities to think beyond traditional County and Borough boundaries to develop more functional areas for economic growth. The Gatwick Diamond is certainly an example of this approach.

2.53 At a regional level the South East Plan and the RES focus on building on the Region's current strengths and boosting its global attraction even further through a smart growth approach that maximises productivity without unnecessary new land take. There is a drive for higher start-ups and boosting skills to retain the Region's dynamism in a fast paced economy. The drive to maximise the growth from the Gatwick Diamond is contained within the RES. This will clearly have a major impact on Reigate & Banstead.

2.54 Locally there are clear policies on the location of employment land within the Borough. It is segregated into specific areas for different uses, with some flexibility in these areas but the key challenge for the Borough is to align its policies in light of the national policy context to provide more mixed use as developments as opposed to specific uses in certain areas.

3. SOCIO-ECONOMIC PROFILE

CONTEXT

3.1 The UK economy, which has been stable and experienced strong growth over recent years, is set for a slowdown. Recent survey data and official statistics show that economic growth is slowing fast. The 2008 Q1 economic growth figure has been revised down to 0.3%, or an annual equivalent of 1.1%, well below the trend growth rate of about 2.7%pa. GDP growth ground to a halt in the second quarter of 2008, as the Office for National Statistics revised down its earlier estimate of 0.2%. Most observers predict a contraction in growth in 2009 in the UK economy.

3.2 The sector experiencing the greatest slowdown is Finance & Business Services with growth weaker in Q1 (1.0% annualised) than in the manufacturing sector, where growth is holding up reasonably well (1.2% annualised). The retail sector, according to official statistics, is also holding up surprisingly well, with sales volumes in the three months to May showing strong and accelerating growth of 5.5% year-on-year and 7.4% annualised.

3.3 Economic growth forecasts are being revised downwards month by month. The Chartered Institute of Purchasing and Supply (CIPS) survey suggest contraction in the manufacturing and service sectors is likely, although so far the figures are not as weak as in 2003 or 2001. Employment growth is holding up well, even though unemployment is edging upwards, but the latest consensus forecasts are for marginally negative employment growth in 2009 compared to healthy positive growth in 2007 and early 2008 and very weak, but positive, growth in 2010.

3.4 House prices are falling at an accelerating pace and that is likely to continue well into 2009, with a likely overall fall in prices of 20% from peak to trough. This will impact on the retail sector and hence the overall economy. UK economic growth, according to the latest consensus forecasts, will be just 1.6% in 2008 and 1.3% in 2009, before improving to close to trend growth in 2011 and 2012. However, recent inflation and market interest rate increases suggest an even steeper downturn in 2009, with 1% or lower growth looking increasingly likely

REIGATE & BANSTEAD OVERVIEW

3.5 The economy of Reigate & Banstead is performing strongly within the South East region which, along with London, is the main driver of economic output in the United Kingdom. It outperforms both Surrey and the South East on a number of economic performance indicators. Productivity, measured by GVA per employee, is higher than both Surrey and the South East. The rate of productivity growth has also been higher in Reigate & Banstead than county and regional levels. This is complemented by strong employment growth over the current economic cycle and a high proportion of employees working in high value sectors.

3.6 Reigate & Banstead's sectoral profile is comparatively strong. There is a high presence of Financial & Business Services (FBS), compared to Surrey and the South East. This is the most valuable sector in a modern economy, and Reigate & Banstead's comparative strength is impressive as the South East is the predominate location for FBS in the UK. The forecasts for the future indicate that this relative strength will continue to exist.

3.7 Reigate & Banstead's labour market is well placed to serve the high value economy in the Borough. A large number of residents with high level qualifications and occupations, and strong resident earnings indicate that the population of the Borough benefit from the prevailing strong economic conditions.

3.8 The Borough's position within the Gatwick Diamond is supported by its strong economic profile and this shows that not only is Reigate & Banstead strong nationally, it has a strong global appeal as well.

3.9 The one area of economic performance where Reigate & Banstead is underperforming is business creation. Net start-up rates are below Surrey and the South East which may indicate a lack of entrepreneurial culture, or the absence of a suitable start-up climate. Anecdotal evidence from consultation with local business groups suggests that a lack of suitable accommodation is harming start-up rates in the Borough. The Gatwick Diamond Economic Strategy specifically looks to grow start up businesses and this is one area where Reigate & Banstead is not fully in line with the strategy.

3.10 Commuting Patterns in the Borough are balanced, suggesting that there is flexible labour market with no evidence of local residents missing out on local job opportunities. However, there is evidence of those in higher level occupations being lost to neighbouring centres such as Crawley and Croydon.

3.11 At a spatial level the Borough is driven by the three main employment areas, Reigate & Banstead North, Reigate and Redhill. The concentration of financial firms and business services is in the northern areas of the Borough with the southern areas driven by health and Gatwick Airport related activities. It is clear that the concentration of financial and insurance firms is in the northern parts of the Borough, but there is also a large presence in Horley to the South

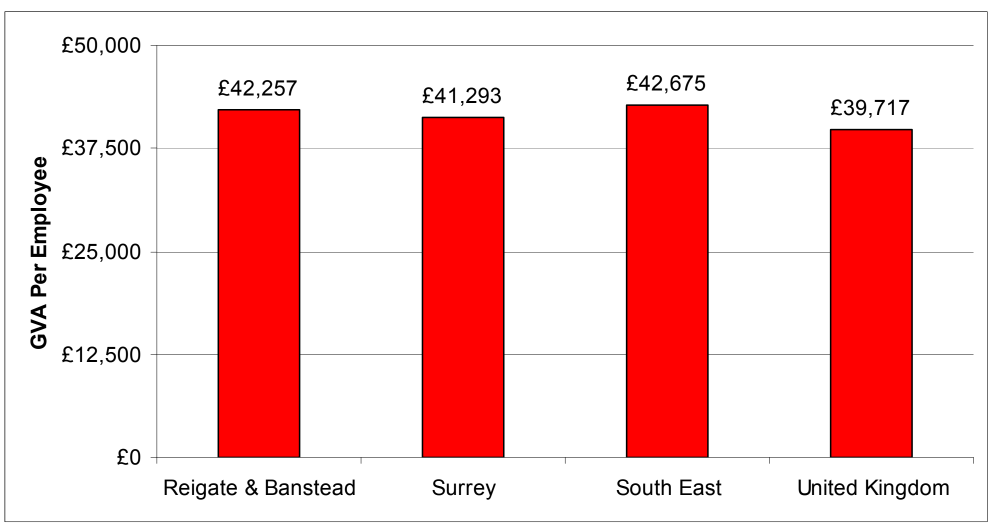
3.12 Reigate and Redhill appear to attract the higher skilled residents, which has a strong correlation with the quality of housing in these areas compared to other areas in the Borough. The Housing Strategy which aims to "Improve Homes and Communities" in those areas that require is therefore a key tool in addressing such inequalities within the Borough.

OUTPUT AND PRODUCTIVITY

3.13 Levels of output in 2006, measured by Gross Value Added in Reigate & Banstead stand at £3,081 million, an increase of 86.4% since 1992. To put this in context Surrey's GVA is £24,853 million, an increase of 64.3% since 1992, the South East's is £156 billion, an increase of 66% since 1992 and the UK's is £1026 billion an increase of 40.6% since 1992.

3.14 GVA per employee, an important measure of productivity in the economy, shows that Reigate & Banstead, Surrey and the South East all have similar levels, with the South East's figure being the highest by a small margin. GVA per employee is £42,257 in Reigate & Banstead compared to £41,293 in Surrey and £42,675 in the South East. GVA per employee is lower in the UK at £39,717. This is shown in Figure 1.

Figure 1 - GVA per Employee 2006



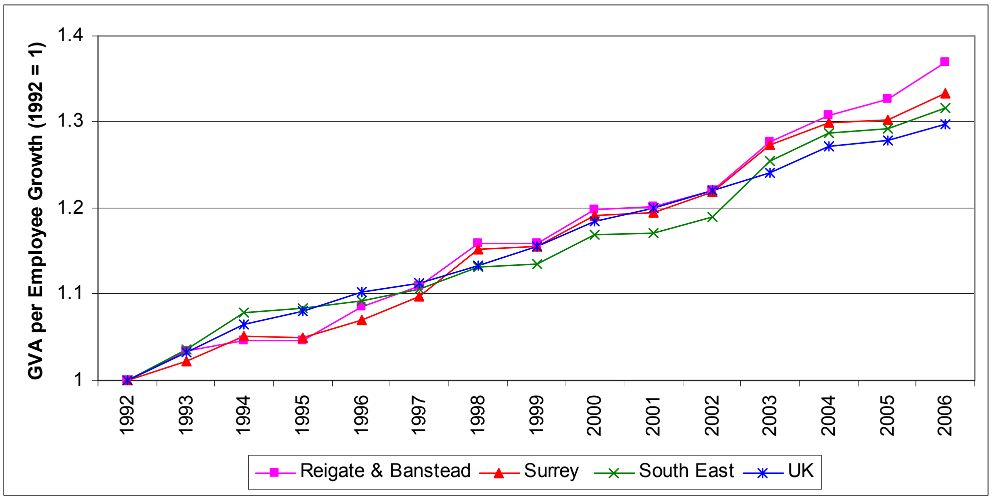
Source: Experian/GVA Grimley 2006

3.15 These figures highlight the dominance of the South East as the economic centre of the UK, considering that GVA per employee is currently £39,717 in Britain as a whole. It also demonstrates the relative health of Reigate & Banstead within both a regional and national context. It is clearly well placed to compete both regionally and nationally with strong productivity per employee an attraction for high value employment. Its location within the

Gatwick Diamond also demonstrate its strength in international terms with the global appeal and aspiration within the area meaning that Reigate & Banstead are well placed to take advantage of its position.

3.16 As well as having a comparatively high GVA per employee figure, Reigate & Banstead's rate of productivity growth is above that of Surrey, the South East and the UK. Since 1992 GVA per employee increased by 37% in Reigate & Banstead compared to 33% in Surrey, 31% in the South East, and 30% in the UK. This is shown in Figure 2 below:

Figure 2 – GVA per Employee Growth 1992 to 2007

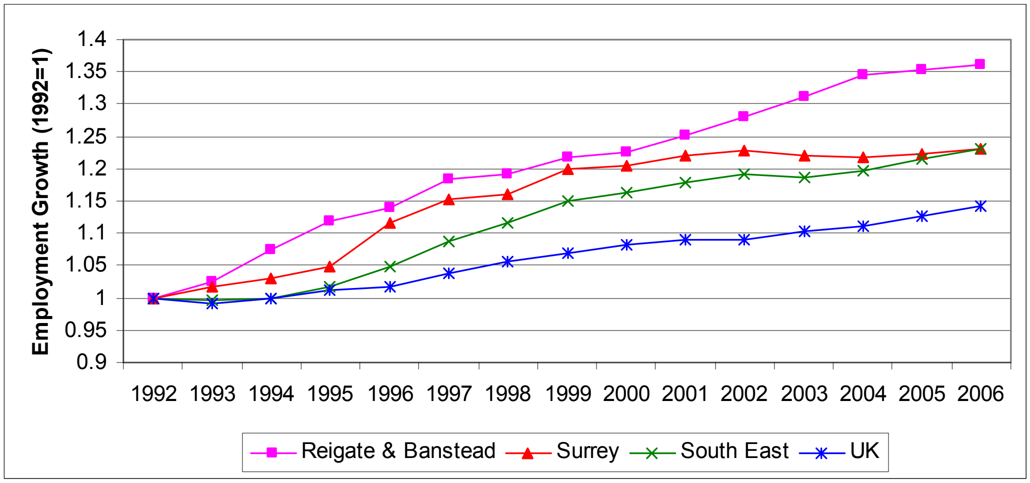


Source: Experian/GVA Grimley 2006

EMPLOYEES

3.17 Employee numbers currently stand at 73,396 in Reigate & Banstead according to Experian estimates. This compares to 608,620 in Surrey, 3,686,946 in the South East, and 27,073,000 in the UK. Employment growth in Reigate & Banstead has been healthy since 1992, growing by 37% since 1992. This is higher than Surrey where employment levels increased by 25%, the South East where the increase was 24% and the UK which experienced an increase of 14%. This is shown in Figure 3.

Figure 3 – Employment Growth 1992 - 2006



Source: Experian/GVA Grimley 2006

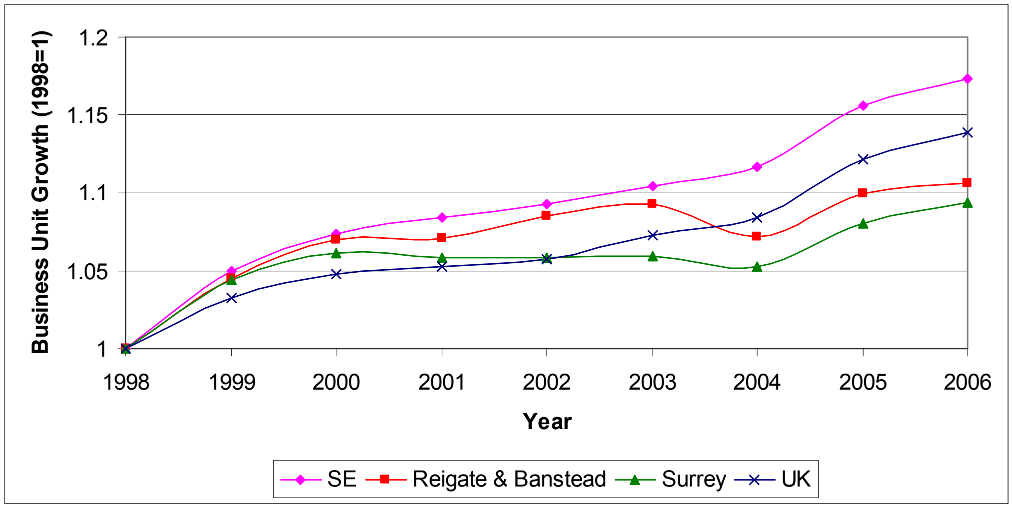
3.18 This growth, along with the high productivity growth, confirms the view that Reigate & Banstead is performing well within an already strong national and international economic context.

BUSINESSES

BUSINESS GROWTH

3.19 Growth in the number of businesses has been steady in Reigate & Banstead in line with the county average but below regional and national growth rates. Between 1998 and 2006 businesses grew by 10.6% in Reigate & Banstead compared to 9.4% in Surrey and 17.2% in the South East since 1998. This is shown in Figure 4.

Figure 4 – Business Growth 1998 – 2006



Source: ABI/GVA Grimley 2006

BUSINESS SIZE

3.20 The number of small businesses as a percentage of total business units, an indication of business creation, is again very similar between Reigate & Banstead, Surrey and the South East but above the UK levels. This is shown in Table 1 below:

Table 1 Percentage of Small Businesses (1 - 10 employees) as a Proportion of Total Businesses

Area	% of total employment	Change since 1998 (%)
Reigate & Banstead	87.7	0.7
Surrey	88	0.5
South East	86.1	1.1
UK	84.2	1.2

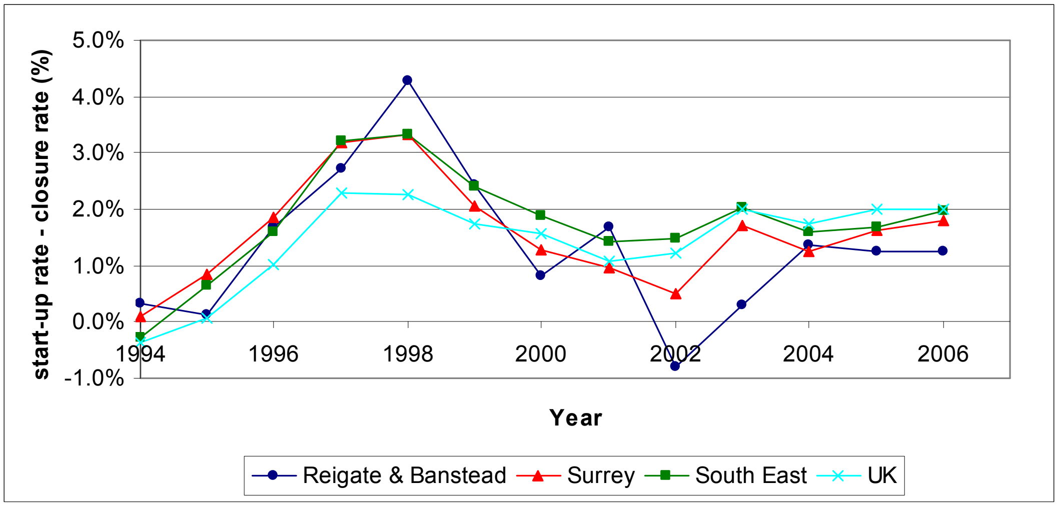
Source: ABI 2006

VAT REGISTRATION

3.21 While looking at the proportion of small businesses is an indication of the business climate, a more revealing statistic is given via the business start-up rates. Analysing the number of VAT registrations and deregistrations in a year as a percentage of the business stock gives an indication of the start up rates.

3.22 Business start-up rates are lower in Reigate & Banstead than in Surrey and the South East. Latest figures show that Reigate & Banstead's start-up rates were 1.2% in 2006, compared to 1.8% in Surrey and 2% in the South East. Overall, this level has remained below both the County and Regional levels between 1994 and 2006 with an average net start up rate of 1.3% between 1994 and 2006 in Reigate & Banstead, compared to 1.6% in Surrey and 1.8% in the South East. Net business start-up rates are shown in Figure 5.

Figure 5 – Annual net business start-up rate 1994 – 2006



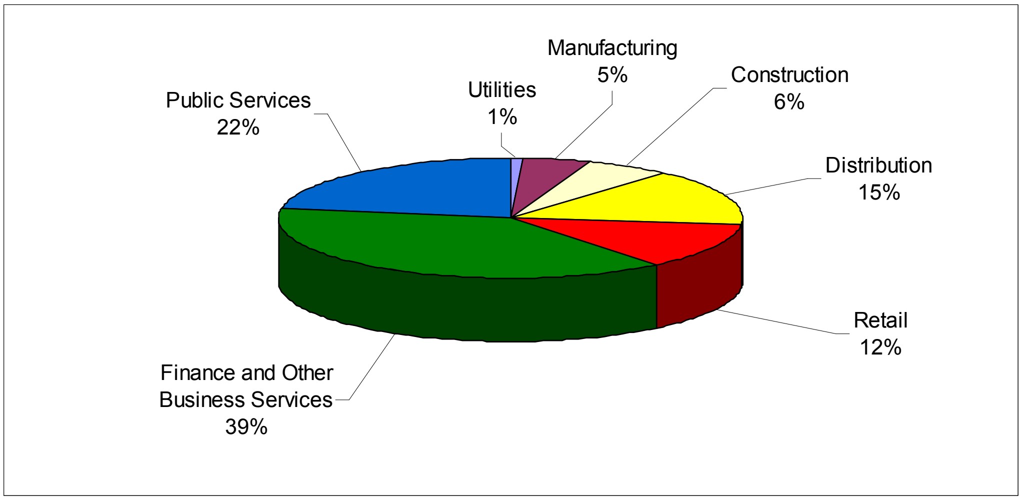
Source: ABI/GVA Grimley (2006)

3.23 This indicates that Reigate & Banstead's business climate may not be as healthy as elsewhere in the Region and this is an area where the economy is performing below that of its comparators. In particular, it is one of the key aims of the Gatwick Diamond Economic Strategy *"To secure higher levels of business creation and survivability"* and the relatively lower rate of business start-ups in Reigate & Banstead suggests that there is scope for improvement in aligning itself with the ambitions of the Gatwick Diamond.

SECTORS

3.24 The productivity and economic value in Reigate & Banstead is strong as shown by its output and employment trends over recent years. But what are the sectors that drive this growth? Unsurprisingly it is the service sector that is dominant and in particular the high value business services sector. This accounts for 39% of the total employees in the Borough. The public sector is the second largest sector followed by distribution and retail. This is shown in Figure 6.

Figure 6 - Sectoral Employment Split in Reigate & Banstead 2007

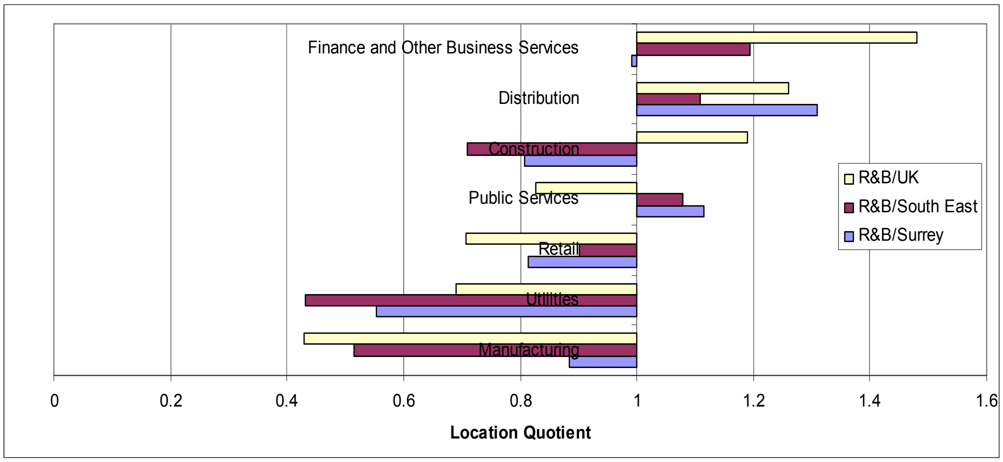


Source: Experian /GVA Grimley

3.25 A good way of measuring sector strength is using location quotients. Location quotients compare the relative size of a sector in one area against relevant comparator areas. A location quotient above 1 indicates that the sector contributes more to the total employment in Reigate & Banstead than in the comparator areas. This is an indicator that the Borough might provide a locational advantage for this specific sector. A quotient of below 1 indicates a relatively lower contribution to the total employment of a sector in Reigate & Banstead.

3.26 Location Quotients indicate that Reigate & Banstead has a locational advantage in the Distribution sector compared to Surrey and the South East. This is not a major sector in the Borough and it is in Public Services that Reigate & Banstead shows its comparative strength in employee terms against both Surrey and the South East. Business Services in Reigate & Banstead are particularly strong against the South East but similar to Surrey. This is shown in Figure 7.

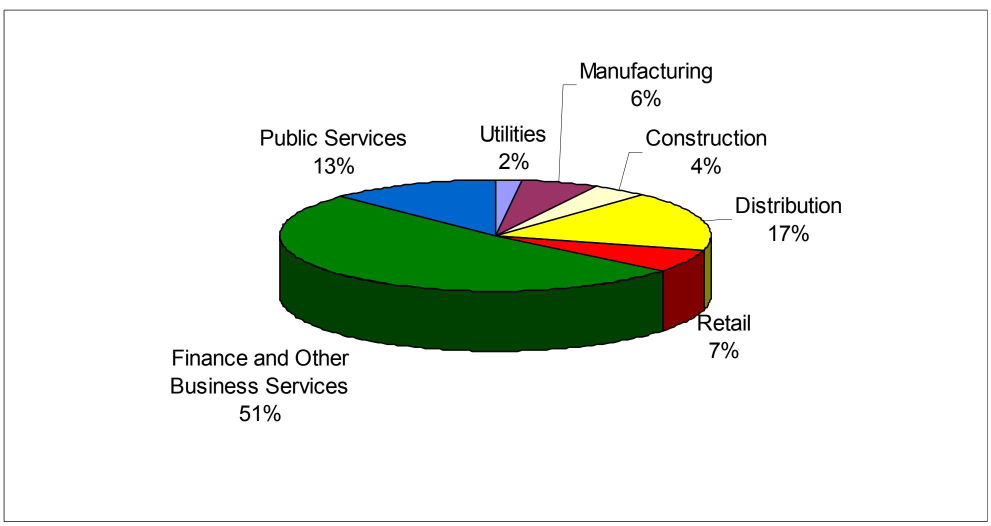
Figure 7 – Location Quotient by Employees 2006



Source: Experian/GVA Grimley 2006 Output

3.27 When analysing the sector distribution by output in Reigate & Banstead the importance of the Business Services sector becomes clear. While accounting for 39% of employment, Business Services account for 51% of its Output. This is an indication of its importance to the economy and is shown in Figure 8.

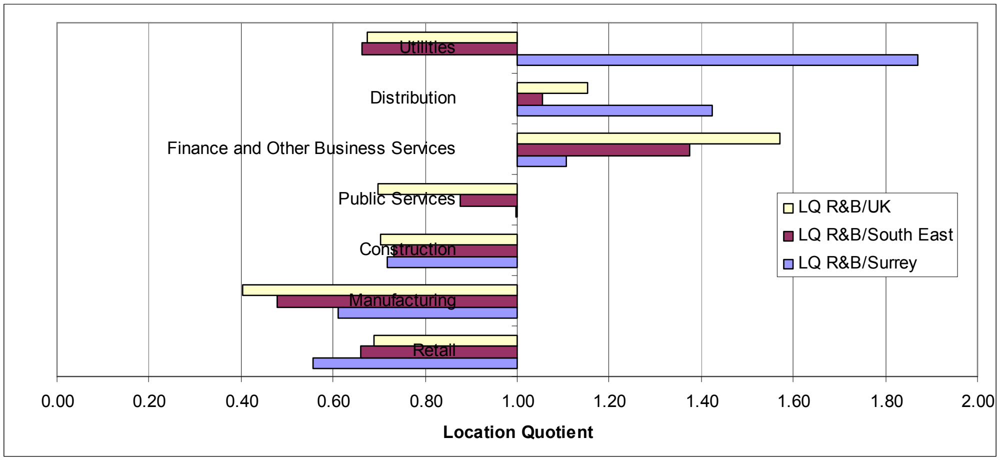
Figure 8 - Sectoral Output Split in Reigate & Banstead 2007



Source: Experian/GVA Grimley 2006

3.28 Comparing location quotients for output provides some interesting results. Reigate & Banstead has a high location quotient for Business Services against both Surrey and the South East for Output. This is a positive message for the Borough as it indicates that they are achieving high productivity from the most valuable sector in the UK. This indicates strong economic prospects for the future, acknowledging the recent turbulence in the banking sector. Location quotients by output for each sector are shown in Figure 9.

Figure 9 – Location Quotient by output 2007



Source: Experian/GVA Grimley 2007

KNOWLEDGE BASED SECTORS

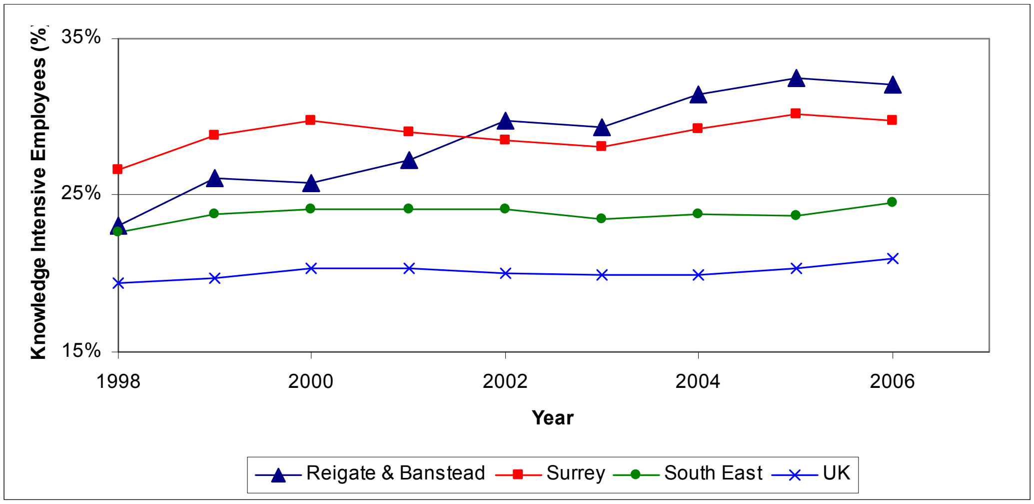
3.29 Employment in knowledge-based sectors is a good measure of economic competitiveness and is a determinant of current and future prosperity. The thinking behind this view is summarised in a quote from the Government White Paper *Our Competitive Future: Building the Knowledge Economy*:

> *In a knowledge-driven economy […] the generation and exploitation of knowledge has come to play the predominant part in the creation of wealth. Companies in countries with higher labour costs, such as the UK, therefore have to innovate and adapt continuously to retain their competitive edge.*

3.30 Reigate & Banstead has a high number of employees employed in knowledge intensive sectors demonstrating its position as a high value economy[2]. The proportion of knowledge intensive employees has also been growing between 1998 and 2006 showing the continuing high performance of the economy. This is shown in Figure 10.

[2] A full list of the sectors classed as knowledge intensive is provided in Appendix 1

Figure 10 – Proportion of employees that are in "knowledge intensive" sectors, 1998 – 2006



Source: ABI/GVA Grimley 2006

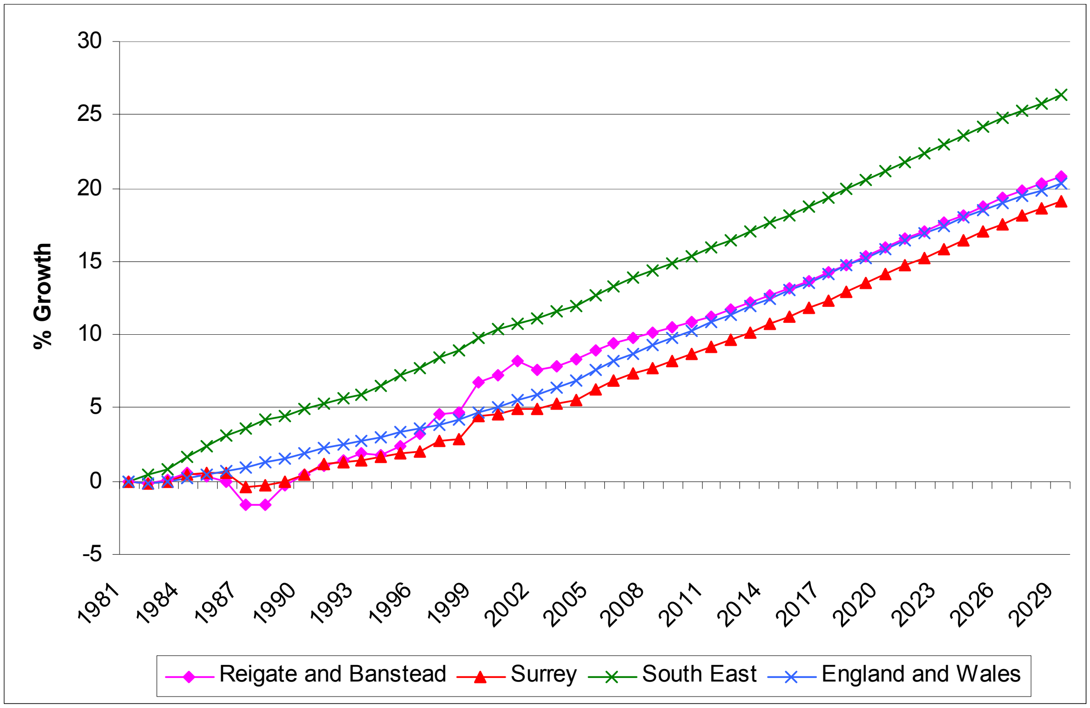
3.31 This comparatively higher rate of "knowledge intensive" employment is particularly important in promoting Reigate & Banstead as a location for high value employment. It is logical that in areas with high levels of knowledge intensive employees, there follows high value employment. This is particularly important in maintaining Reigate & Banstead's strong position in the South East and the Gatwick Diamond, with high value employment promoted both through the RSS and the Gatwick Diamond as a keystone for economic development.

LABOUR MARKET

POPULATION

3.32 Reigate & Banstead's total population declined in the late 1980s and early 1990s and had a surge towards the end of the 1990's. Population growth has been steadily increasing since 2000 and this is set to continue at a similar rate to national levels until 2029. This is shown in Figure 11.

Figure 11 - Population Trends and Projections in Reigate & Banstead 1981-2029

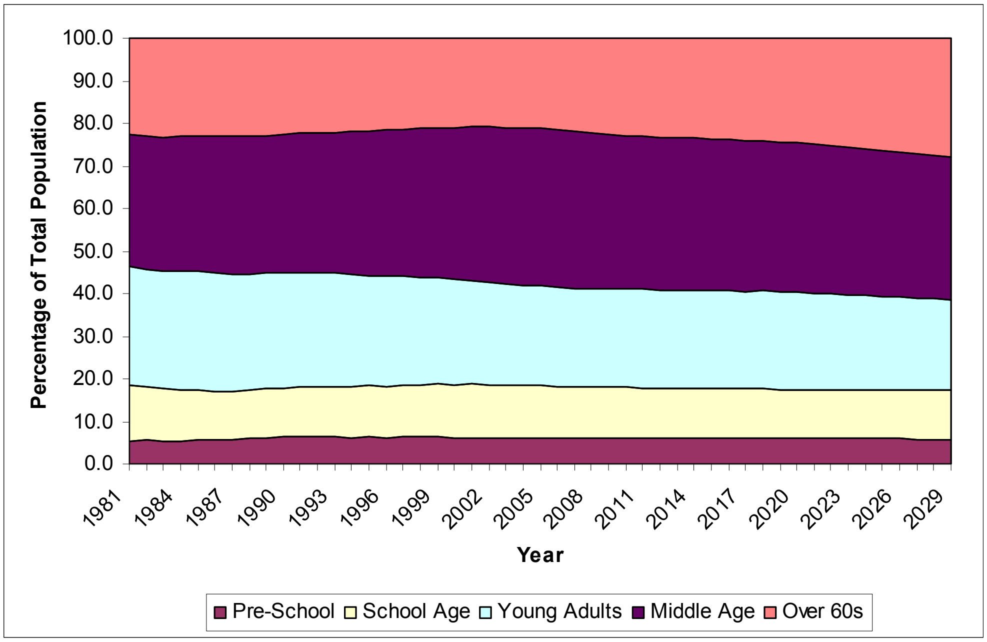


Source: ONS 2004 Based Population Projections Employment Rates

3.33 The age structure of the population in Figure 12 shows that, in common with wider UK trends, Reigate & Banstead has an ageing population. Age cohorts are defined as follows:

- Age 0 – 4: Pre School
- Age 5 – 14: School Age
- Age15 – 34: Young Adults
- Age 35 – 59: Middle Age
- Age 60 plus: Over 60s

Figure 12 - Distribution of Population by Age Cohorts in Reigate & Banstead



Source: Source: Mid Year Population Estimates 2006

3.34 Reigate & Banstead currently has a relatively balanced population with a predominance of young adults and middle age persons. This indicates that the Reigate & Banstead population is very much a working age population which indicates a potentially strong labour force pool. While the projection is for the population to age, the current profile shows that 21.2% of Reigate & Banstead's population is over 60. As a percentage of the total population the elderly cohort is expected to grow to 27.9% by 2029. This indicates a high increase which may have future implications for employment levels in the Borough.

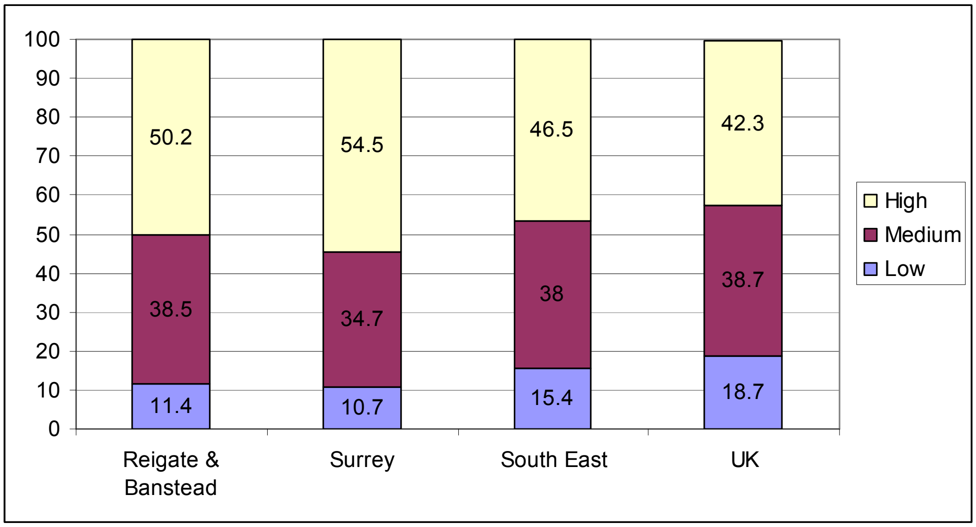
EMPLOYMENT RATES

3.35 Employment rates are lower in Reigate & Banstead than in Surrey and the South East. Employment rates are 76.7% in Reigate & Banstead compared to 79.9% in Surrey and 78.9% in the South East.

OCCUPATION LEVELS

3.36 In 2006, the number of residents employed in high level occupations, such as mangers and professional occupations, in Reigate & Banstead is slightly below Surrey but above that of the South East and the UK. This indicates that residents are by and large performing well and benefiting from the economic conditions in the area. This is shown in Figure 13.

Figure 13 – Occupational Levels 2006

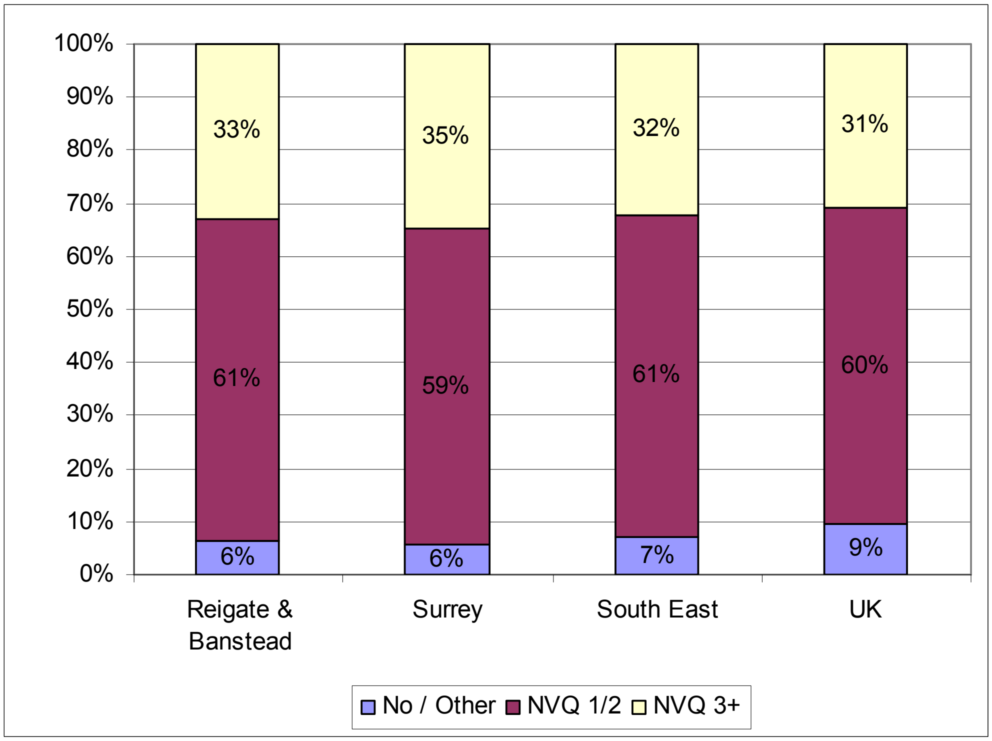


Source: Annual Population Survey 2006

SKILL LEVELS

3.37 Similar to the occupation levels, the number of residents with high skills levels is slightly below those in Surrey but higher than those in the South East and the UK. This is shown in Figure 14.

Figure 14 – Qualifications Levels 2006



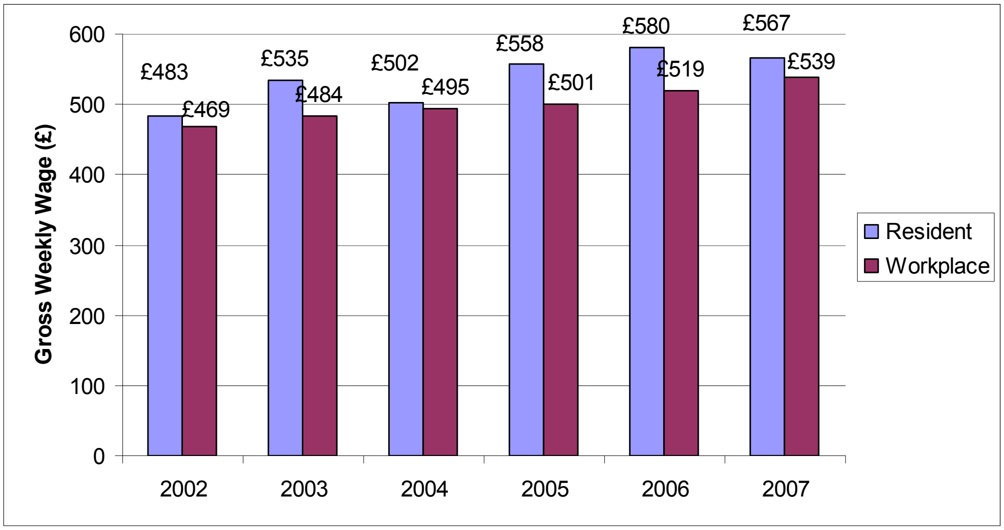
Source: Annual Population Survey 2006

3.38 Both occupation and skills levels demonstrate that while the majority of Reigate & Banstead's residents are highly skilled there still has to be support for those that are not. In particular, regional policy such as the RSS promotes improved skill levels and this provides the impetus for increasing skills levels of the population in the Borough.

EARNINGS

3.39 In line with skills and occupations data Reigate & Banstead's residents typically have lower average earnings than Surrey, but higher than the South East and the United Kingdom. Average earnings levels of residents are higher than workplace earnings indicating that higher wages can be achieved outside of the Borough. This is most likely the commuters that travel to Central London where salaries are of course much higher than in the Borough itself. This is shown in Figure 15.

Figure 15 - Gross Weekly Earnings Reigate & Banstead 2007



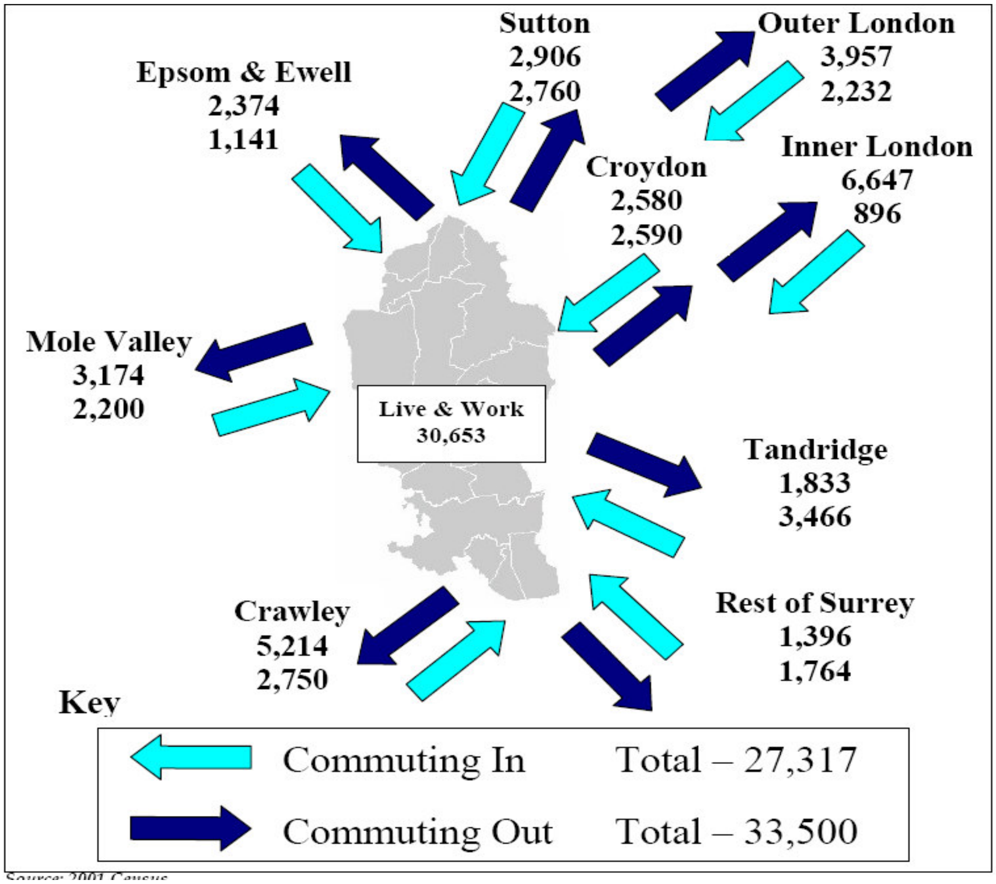
Source: ASHE 2007

3.40 The high resident earnings have positive economic benefits for the Borough as a whole. However, this does result in high house prices and affects the affordability of the Borough for existing and potential new residents. It is with this in mind that the Council's Housing Strategy objectives are to deliver new affordable housing and choice of housing. It is clear that the Housing Strategy is a key document in ensuring that the continued economic success does not adversely affect the viability of the Borough as a high quality place to live as well as work.

COMMUTING PATTERNS

3.41 The pattern of commuting within Reigate & Banstead is balanced and shows that 30,653 live and work in the Borough, while 33,500 commute out. The major destination for residents to commute to is London (10,500), followed by Crawley (5,200). This shows that residents are not being pulled towards London in vast numbers and that in fact residents seek employment in a variety of surrounding areas and attracts workers from a similar variety of areas. These factors point to a well balanced and flexible labour market. This is shown in Figure 16.

Figure 16 - Travel to work patterns 2001



Source: Census 2001

3.42 Analysing patterns by occupation provides a helpful insight into the dynamics of commuting in Reigate & Banstead. Table 2 shows the three highest level occupations and the patterns of commuting both in to and out of the Borough. These high level occupations are the most mobile of all occupation categories in the Borough. As shown in Table 2 there is evidence of those in the highest occupation categories leaving the Borough in higher numbers than those coming in to the Borough. Of those incoming to the Borough, 21.5% are employed as Manager's and Senior Officials, while over 24.6% of those leaving are employed as such. This sounds a note of caution that a higher proportion of those in the highest occupations are seeking employment outside of the Borough than are seeking it within the Borough.

3.43 The largest net losses of personnel are also in Manager and Senior Officials (-2,384) and Professional Occupations (-1,162). Perhaps surprisingly the most popular destinations for these occupation levels are not Westminster and the City of London but Crawley and Croydon. We view the fact that Crawley and Croydon are the more prominent destinations for high level occupations as an interesting point.

Table 2- Percentage of Commuters by Occupation (%)

%	Managers and Senior Officials	Professional occupations	Associate professional and technical occupations
Living and Working	14.5	11.1	14.4
Incoming	21.5	14.4	20.3
Outgoing	24.6	15.1	17.8

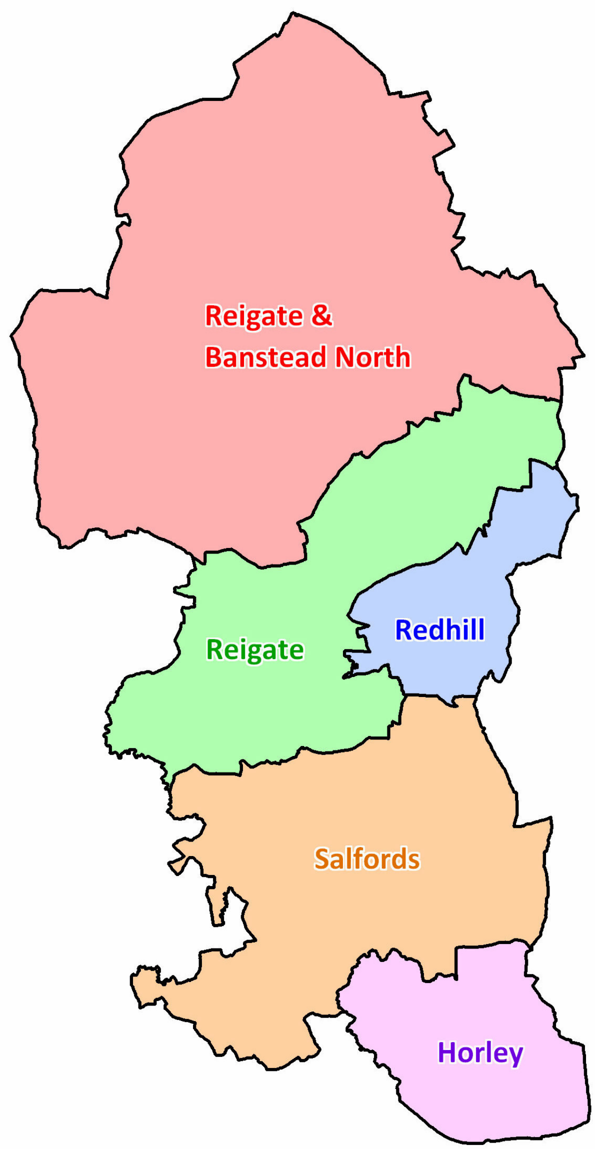
Source – TTW Statistics ONS 2001

SPATIAL ANALYSIS

3.44 This Chapter so far has analysed economic performance and trends on a Borough level compared to Surrey, the South East and the UK. This shows Reigate & Banstead's overall economic position but does not identify the spatial drivers of economic performance within the Borough. An understanding of the intra-Borough economic performance is therefore essential in developing the strategic direction of the economy.

3.45 In order to assess the local dynamics of economic performance the Borough has been divided into five areas based on natural geographic boundaries relating to major towns as shown in Figure 17.

Figure 17 – Sub areas within Reigate & Banstead



Source: GVA Grimley

3.46 Figure 17 shows that the Borough is split into five different sub areas as follows:

- Reigate & Banstead North
- Reigate
- Redhill
- Salfords

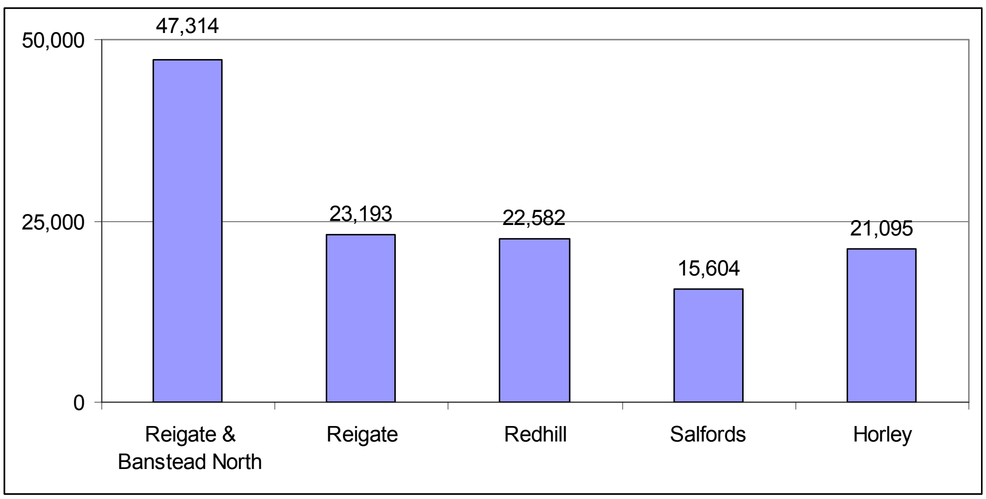
- Horley

3.47 The data that is used for the spatial analysis is for the Middle Level Super Output Areas (SOAs) that constitute each of these areas. Full lists of the wards that comprise these functional economic areas are provided in Appendix 2.

POPULATION

3.48 The most recent population estimates are shown in Figure 18 below. Reigate & Banstead North is the main residential area within the Borough with a population of 47,314, around 37% of the total population. The sub areas Reigate, Redhill and Horley all have similar population profiles with 18%, 17% and 16% of the population respectively. Salfords has the smallest population concentration with 12% of the total population.

Figure 18 – Population Estimates in Reigate & Banstead Sub Areas 2006

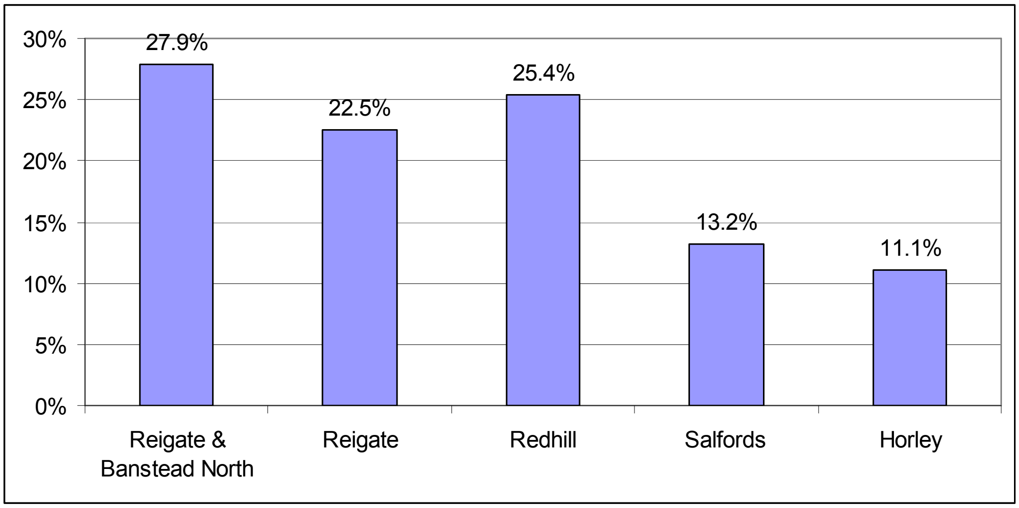


Source: ONS 2006

EMPLOYEES

3.49 As well as having the highest concentration of population, Reigate & Banstead North is also the dominant employment location within the Borough with 27.9% of employees. This is followed by Redhill (25.4%) and Reigate (22.5%). Salfords and Horley are further behind with 13.2% and 11.1% of employees as shown in Figure 19.

Figure 19 – Reigate & Banstead Sub Region Employment Split



Source: ABI/GVA Grimley

SECTORS

3.50 The sector profiles in each of the sub areas give an indication of the differences in employment profiles in the Borough and are shown in Table 3 below. Reigate & Banstead North is dominated by Other Business Activities, a high value sub sector including legal activities and management activities. There is also a strong insurance cluster in this area with 13.7% employed in insurance & pension funding and a further 7.6% in auxiliary to financial intermediation which is primarily insurance related work. There is also a significant Health & Social Work sector and Retail employment, consistent with a large employment and residential area.

3.51 In Reigate, Other Business Activities is the sector with the highest representation in employee terms with 14.1% of all employees. As the administrative centre of the Borough it also hosts a large number of public sector employees, with Education (10.4%), Health & Social Work (8.8%) and Public Administration (8.5%) all strongly represented in Reigate. Wholesale Trade also employs a high proportion within Reigate, with 11% of employment in this sector.

3.52 Redhill has a high concentration of financial intermediation employment (18.6%) owing to the large representation of financial and banking firms in the centre of Redhill. This also accounts for the high representation of the Other Business Activities sector which employs 11.4%. In common with Reigate, Redhill has a significant public sector presence with Education making up 10.9% of employees and Health & Social Work 5.5%. Retail also has a strong presence in Redhill, the other main centre in the Borough, employing 7.7% of the workforce.

3.53 Salfords has a very different employment profile from the northern areas of the Borough, and is dominated by the Health & Social Work sector which employs 50.6% of employees in the area. This is due to the presence of East Surrey Hospital in the area which is the main employer by some margin.

3.54 Of the remaining employment within the Borough, Other Business Activities account for 6.9% demonstrating some presence of business services, but significantly below the level in the northern wards. Wholesale Trade also has a small presence in Salfords employing 5.8% of the workforce and Hotels/Restaurants employs 5.1%, which may be an indication of the beginning of the Gatwick effect in the Borough.

3.55 In Horley there is another change in sector profile with Other Business Activities (22.5%) the largest sector demonstrating similarities with the northern areas of the Borough. As another main centre in the Borough, Retail Trade has a high presence as does Health & Social Work. Demonstrating the linkages in the South with Gatwick, both Hotels & Restaurants and Auxiliary Transport Activities both employ 9.8% of employees.

Table 3 – Major Sectors by Sub Area in Reigate & Banstead

	R & B North	Reigate	Redhill	Salfords	Horley
Other Business Activities	13.9%	14.1%	11.4%	6.9%	22.5%
Insurance & Pension Funding	13.7%				
Health & Social Work	12.6%	8.8%	5.5%	50.6%	10.6%
Retail Trade	8.6%		7.7%		11.7%
Auxiliary to financial intermediation	7.6%				
Financial Intermediation			18.6%		
Education		10.4%	10.9%	6.4%	
Public Administration		8.5%			
Wholesale Trade		11%		5.8%	
Hotels/Restaurants				5.1%	9.8%
Auxiliary Transport Activities					9.8%

Source: ABI/GVA Grimley

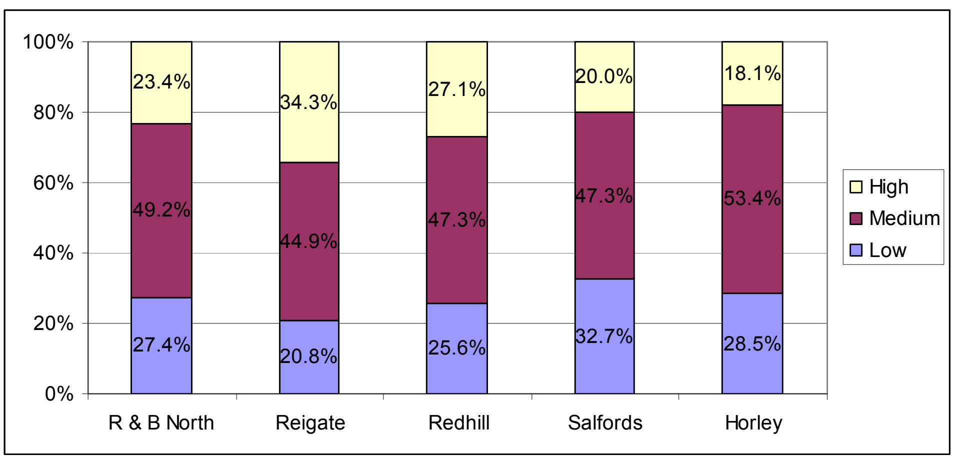
3.56 There is a notable difference in employment terms between the northern areas of Reigate & Banstead and the Southern areas. It is clear that the concentration of financial and insurance firms is in the northern parts of the Borough.

3.57 In the South where employee numbers are smaller there is a higher presence of health workers due to the hospital in Salfords and hotels and transport relating to its closer relationship to Gatwick Airport.

SKILLS

3.58 Data on skills is only available at SOA level from the last Census in 2001. This does however give an indication of the skills levels between the different sub areas in the Borough. Figure 20 shows that Reigate has the strongest skills profile. It has the highest proportion of residents with high qualifications (defined as NVQ 4 or above) and the smallest proportion of residents with low qualifications (defined as no or other qualifications). Redhill also has a strong skills profile with 27.1% of its population with high qualifications and 25.6% with low qualifications. Reigate & Banstead North, while having the highest population and employees, trails behind both Reigate and Redhill with high skills of 23.4% and low skills at 27.4%. Salfords and Horley are again at the lower end of skills performance with 20% and 18.1% of residents respectively with high qualification levels. Similarly, 32.7% and 28.5% of residents have low qualification levels.

Figure 20 – Skill levels in Reigate & Banstead sub areas



Source: Census 2001

3.59 Data on skills levels are available at a Borough level for 2006 and it shows that those with high qualifications in Reigate & Banstead have increased from 29.7% to 33%. Similarly, the levels of people with low qualification levels fell from 17.9% to 16%. We can expect that this will be replicated throughout the sub areas within the Borough demonstrating an improved performance at both the top and bottom end of the skills spectrum.

VOA STOCK

3.60 Analysing VOA stock shows that Redhill has the highest amount of B-Class floorspace in the Borough. This is followed by Reigate, Salfords and Reigate & Banstead North. Some way behind is Horley with less than half of the B Class floorspace than its nearest sub area in the Borough. This is shown Table 4 below.

Table 4 – B-Class Floorspace in Reigate & Banstead (m^2 000)

	Offices (B1)	Factories (B2)	Warehouses (B8)	Total
R & B North	85	9	14	108
Reigate	90	15	47	152
Redhill	106	56	43	205
Salfords	19	30	67	116
Horley	24	10	14	48
Total	**324**	**120**	**185**	**629**

Source: VOA 2006

3.61 It is clear that the Borough as a whole is primarily an office location with 324,000 m^2 of office stock, compared to 120,000 m^2 of factories and 185,000 m^2 of warehouse stock.

3.62 Redhill, Reigate and Reigate & Banstead North dominate the office floorspace stock. Redhill has the largest single concentration of office stock with 106,000 m^2. This is followed by Reigate with 90,000 m^2 of office stock and then Reigate & Banstead North with 85,000 m^2.

3.63 As expected the Factories or “Other Business Space” floorspace stock shows a different picture from offices. Redhill again is the dominant factories location with 56,000 m^2 of B2 stock. However, Salfords has the next highest amount of factories stock with 30,000 m^2 demonstrating the industrial focus of this area. Reigate, Reigate & Banstead North and Horley demonstrate their predominance towards office stock with low levels of factories floorspace.

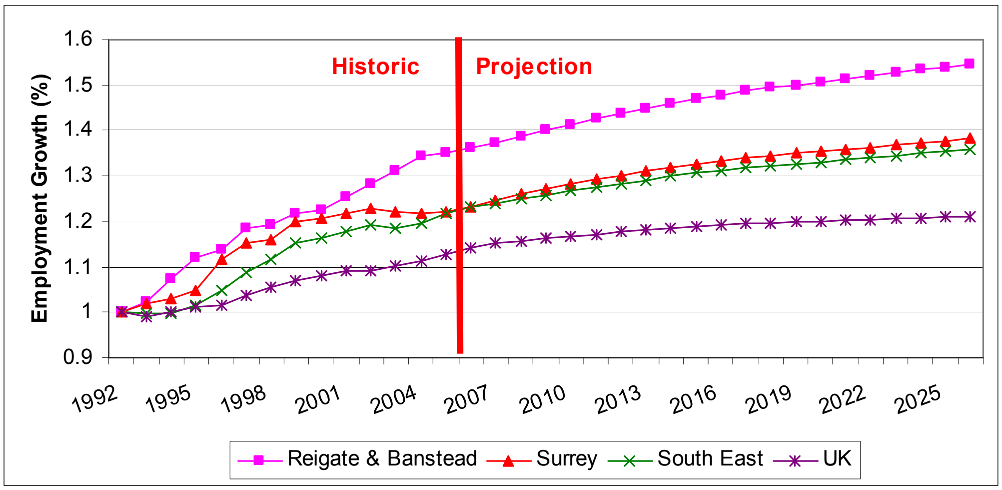
3.64 The major warehouse location in the Borough is in Salfords, linked to its close proximity to Gatwick Airport. It contains 67,000 m^2 of warehouse floorspace. Reigate also has a significant amount of warehouse floorspace with 47,000 m^2 closely followed by Redhill which has 43,000 m^2.

ECONOMIC OUTLOOK

EMPLOYMENT

3.65 The recent trend of higher employment growth in Reigate & Banstead compared to Surrey and the South East is forecast to continue until 2026. This is shown in Figure 21.

Figure 21 – Employment Projections 1992 – 2026

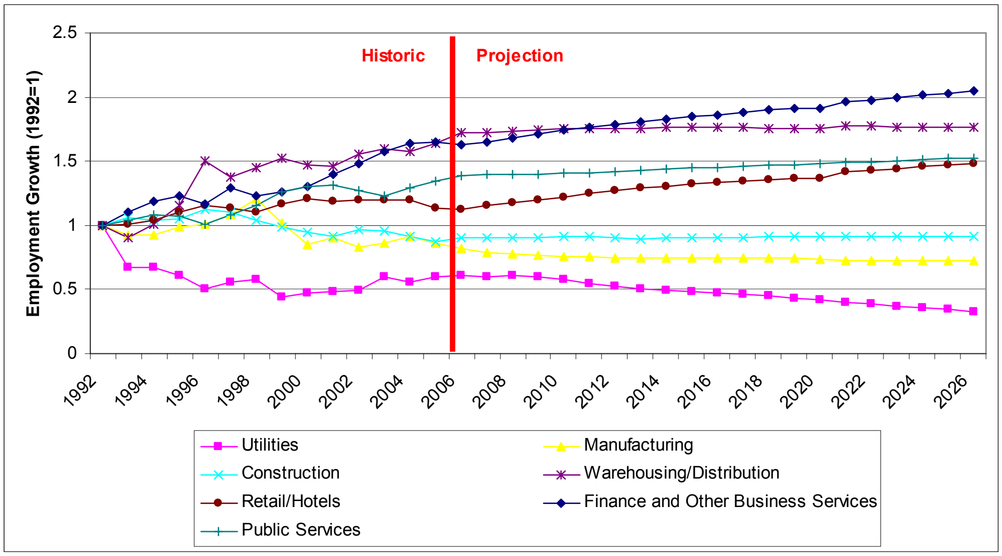


Source: Experian/GVA Grimley

SECTORS

3.66 The sectoral projections show that Business Services, Warehousing, Public Services and Retail are the sectors that are forecast to grow to 2026 in Reigate & Banstead. However, growth becomes steady after 2014 in these sectors. Construction, manufacturing and utilities/agriculture are the sectors in decline since 1992 and this is forecast to continue except in construction where employment levels are to remain steady. This is shown in Figure 22.

Figure 22 – Employment Projections by sector in Reigate & Banstead 1992 -2026



Source: Experian/GVA Grimley 2007

4. COMPETING CENTRE ANALYSIS

INTRODUCTION

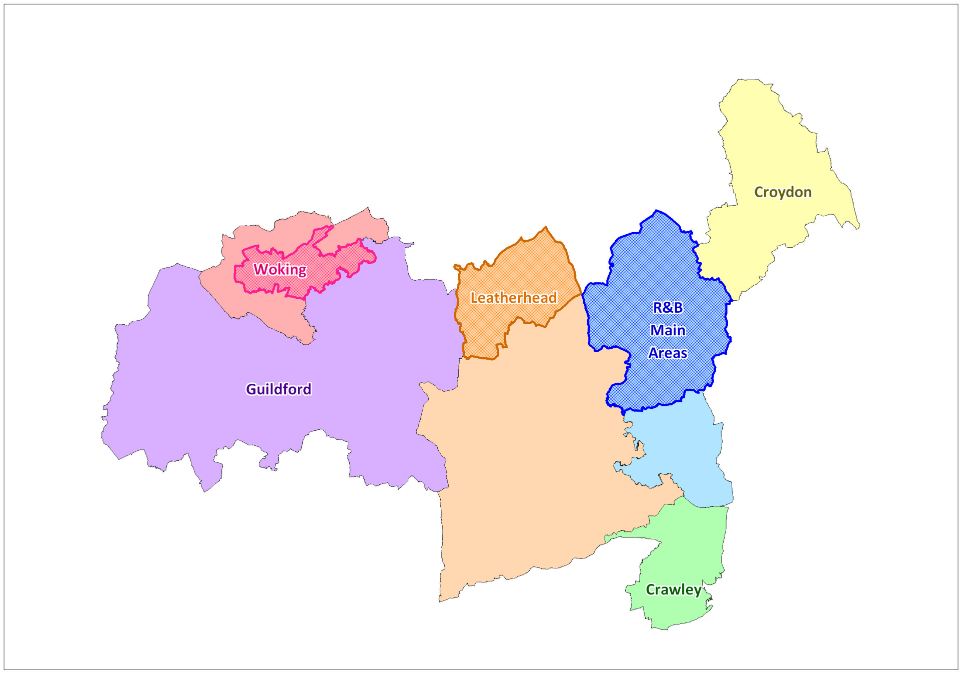
4.1 While Reigate & Banstead's economy has been measured against Surrey, the South East and the UK in Chapter 3, it is important to give its position further context by comparing it to competing centres in the South East. This will give a further insight into the Borough's economic strengths compared to those centres that businesses would look to when deciding on an area to locate in.

4.2 PROMIS, the leading property market research firm, define Reigate and Redhill's market area as the M25 West. This is a defined market area with close links to London and to Gatwick Airport which firms specifically look at when making locational decisions. Choosing competing centres for Reigate & Banstead is therefore based on M25 west area, which consist of the following centres (this is shown graphically in Figure 23):

- Crawley
- Croydon
- Guildford
- Leatherhead
- Woking

4.3 In order to maintain data consistency and allow for meaningful comparisons to be made, we have taken the Super Output Area data for Leatherhead (as opposed to data for Mole Valley as a whole) and the SOA data for Woking itself (as opposed to the entire Borough of Woking). Croydon, Guildford and Crawley are measured as a local authority level as they do not have distinct functional economic areas like the other centres have.

Figure 23 – Reigate & Banstead and its competing centres



Source: GVA Grimley

4.4 Establishing the similarities and differences between the different centres allow key strengths, weaknesses, opportunities and threats to be established which inform the future strategic direction of Reigate & Banstead's economy.

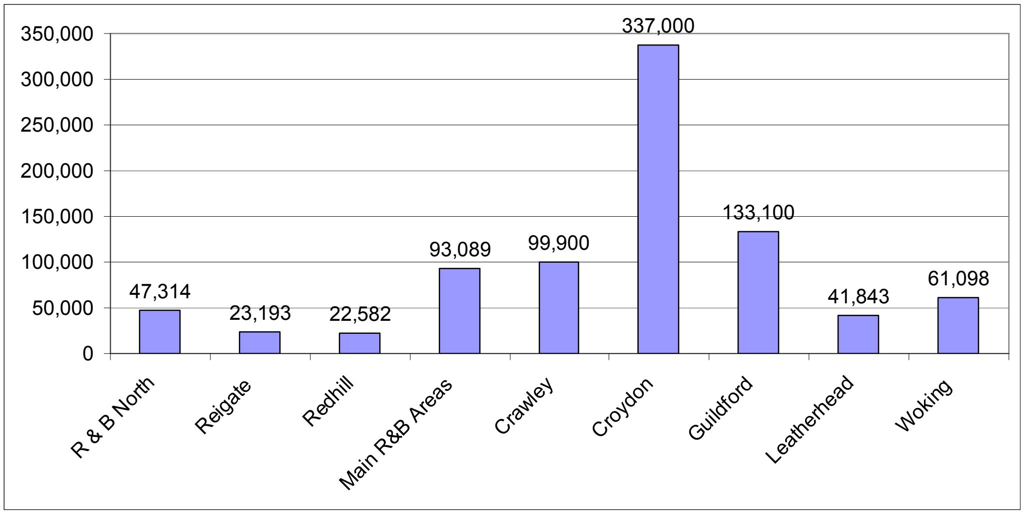
4.5 Our previous analysis in Chapter 3 allows the different spatial areas of Reigate & Banstead to be compared to against its competing centres. This allows for a more meaningful analysis to be carried out showing the differences between the sub areas in Reigate & Banstead and the competing centres in the South East. As a top level comparator the combined data for the main areas of Reigate & Banstead is used to allow for consistency in analysis. This means that some data referred to in this Chapter will differ from that quoted for Reigate & Banstead Borough in other Chapters within this document.

POPULATION

4.6 Comparing the populations of the competing centres in Figure 24 shows that the main areas of Reigate & Banstead (R&B North, Reigate and Redhill combined) are a similar size to Crawley in population terms and larger than Leatherhead and Woking. Guildford and Croydon are significantly larger than the other selected centres. Of the sub areas within the Borough, Reigate & Banstead North is the most populous area and is larger than

Leatherhead while Redhill and Reigate stand on their own as distinct centres with comparatively smaller populations than the competing centres.

Figure 24 – Population in Reigate & Banstead and Competing Centres

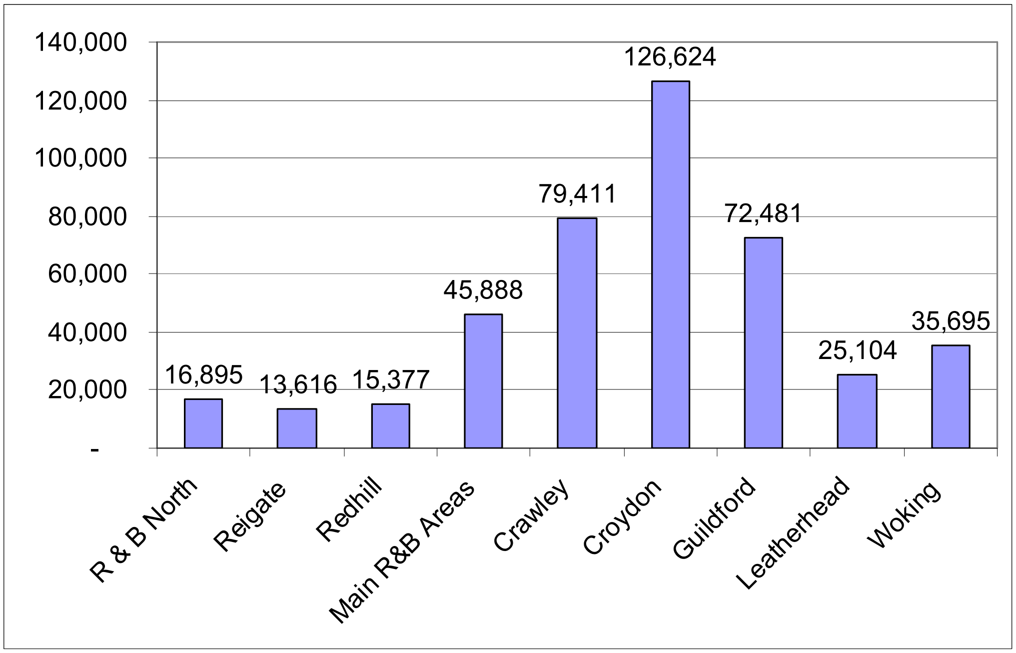


Source: ONS Mid-year Population Estimates 2006

EMPLOYMENT

4.7 As employment locations (shown in Figure 24) the main areas of Reigate & Banstead are more significant employment locations than Leatherhead and Woking, measured by total employees. Crawley, Croydon and Guildford are, however, on a much larger scale to Reigate & Banstead's main areas. This gives an indication of the relative scale of the competing centres with Crawley, Croydon and Guildford dominating and Reigate & Banstead, Woking and Leatherhead smaller employment centres.

Figure 25 – Employee Numbers in Reigate & Banstead and Competing Centres



Source: ABI 2006

SECTORS

4.8 Employment by sector in Reigate & Banstead is reviewed in Chapter 3 against regional and national benchmarks and also at a spatial level. This is now used to assess the Borough against its competing centres to establish the similarities and differences in their respective economic profiles.

4.9 As shown in Table 5, Other Business Activities is strong throughout Reigate & Banstead but very similar to the proportions in Crawley, Croydon and Guildford. This typifies this area of the South East and shows that Reigate & Banstead is in line with its competitors in hosting a large number of employees in this high value sector. Leatherhead and Woking do have significantly higher proportions of employees in Other Business Activities however, perhaps indicating an advantage for these areas.

4.10 The retail sector is also prominent across Reigate & Banstead and its competing centres appearing in the top five sectors in all with the exception of Leatherhead.

4.11 Crawley has a distinct economy related to its links with Gatwick Airport. It has a large Air Transport sector, Auxiliary Travel Activities sector and Hotels/Restaurants sector all of which are directly linked to Gatwick Airport.

4.12 Croydon and Guildford both have a relatively strong presence of public sector employment. The Health & Social Work sector is large in both centres, while Public Administration is strong in Croydon and Education strong in Guildford.

4.13 Leatherhead and Woking are slightly different again with the former possessing a strong cluster of car retailers. Woking also has a high concentration in the Auxiliary Transport Activities sector and Computer Related Activities sectors, an indication of a high tech cluster in this centre.

4.14 The absence of the Financial Intermediation in the top five of any of Reigate & Banstead's competing centres demonstrates the comparative advantage that main areas of Reigate & Banstead have in these sectors.

Table 5 – Top five sectors in Reigate & Banstead's Competing Centres

Sub Sector	R & B Main	Crawley	Croydon	Guildford	Leatherhead	Woking
Other business activities	13.1%	13.5%	14.6%	13.3%	22.4%	23.0%
Retail trade	7.9%	9.2%	12.1%	10.2%		8.8%
Health and social work	9.1%		11.0%	10.5%	9.0%	6.9%
Hotels and restaurants		6.5%		6.5%		
Financial Intermediation	7.5%					
Education	8.6%			13.7%	10.3%	
Construction			5.0%		7.5%	
Motor Vehicle Sales					12.7%	
Air transport		13.6%				
Auxiliary transport activities		12.7%				8.4%
Computer and related activities						12.2%
Public administration			12.8%			

Source: ABI 2006

VOA STOCK

4.15 Table 6 shows VOA stock in Reigate & Banstead and its competing centres. It is clear that Guildford, Croydon and Crawley are large industrial centres with significant amounts of stock. In relative terms however, the main office locations in Reigate & Banstead, are not significantly behind Guildford in terms of office stock. Guildford has 384,000 m^2 of office stock, and the main areas of Reigate & Banstead contain 281,000 m^2.

4.16 Both Leatherhead and Woking are comparatively smaller industrial centres compared to the main areas of Reigate & Banstead. The main areas in Reigate & Banstead have a total of 465,000 m^2 of industrial floorspace, compared to 261,000 m^2 in Leatherhead and 382,000 m^2 in Woking.

4.17 In office stock, Reigate & Banstead is collectively a larger office market than both Leatherhead and Woking which have 175,000 m^2 and 203,000 m^2 of office floorspace respectively. Woking has more factories floorspace than Reigate & Banstead's main areas, while Reigate & Banstead has more warehouse floorspace indicating the differences in these two areas industrial make-ups.

Table 6 – VOA Stock in Competing Centres (000 m^2)

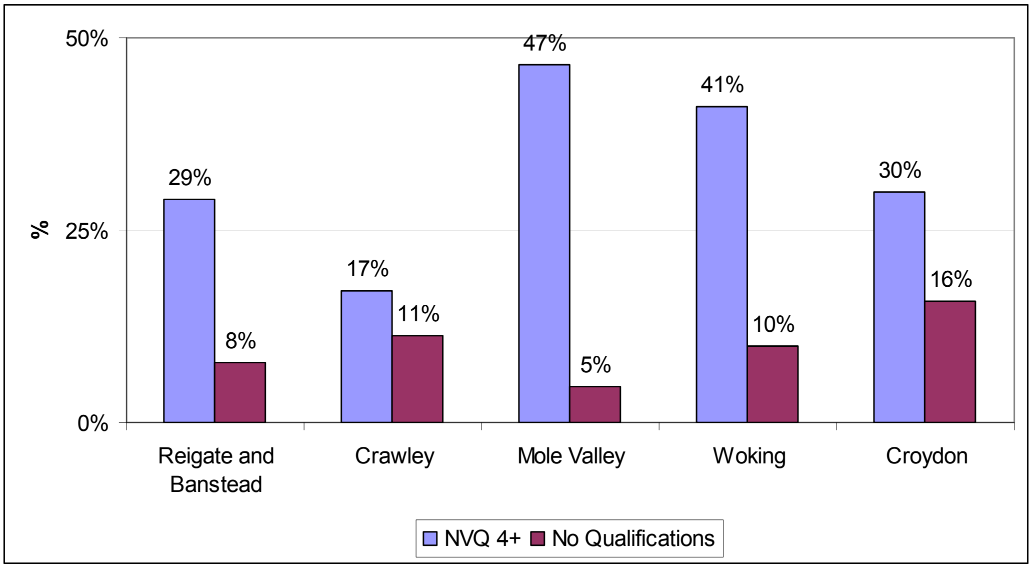
	Offices (B1)	Factories (B2)	Warehouses (B8)	Total
R & B North	85	9	14	108
Reigate	90	15	47	152
Redhill	106	56	43	205
Main R&B Areas	281	80	104	465
Crawley	488	349	490	1327
Croydon	741	312	536	1589
Guildford	384	197	239	820
Leatherhead	175	38	48	261
Woking	203	89	90	382

Source: VOA 2007

SKILLS

4.18 The skills level of the population (which is only available at a local authority level) shows that Reigate & Banstead has a higher proportion of residents with the highest skill level (NVQ4+) than Crawley and a similar proportion to Croydon (see Figure 26). However, Mole Valley and Woking have a considerably higher proportion of residents with the highest qualification levels. Importantly, Reigate & Banstead has the second lowest proportion of residents with no qualifications only bettered by Mole Valley.

Figure 26 – Qualification Levels in Reigate & Banstead and its competing centres



Source: Annual Population Survey 2006

SUMMARY

4.19 The main employment areas of Reigate & Banstead are more significant locations than Leatherhead and Croydon as measured by employee numbers but are much smaller in scale compared to Crawley, Croydon and Guildford.

4.20 At a sector level, Reigate & Banstead has similar proportion of Other Business Activities employment to Crawley and Croydon, however Leatherhead and Woking are demonstrating a potential advantage in this sector with a considerably higher proportion of employees. Reigate & Banstead is the only one of the competing centres where financial intermediation is a top five sector indicating the strength of the Borough in attracting this type of employment.

4.21 VOA levels show that Reigate & Banstead is a major player in the office market with strong levels of office stock. As an industrial market, Reigate & Banstead is strong compared to Leatherhead and Woking but significantly smaller than Croydon, Guildford and Crawley.

4.22 Skills levels in Reigate & Banstead show that Leatherhead and Woking have a considerably higher proportion of residents with the highest qualification levels, but that Reigate & Banstead has one of the lowest proportions of residents with no qualifications.

4.23 Overall, Reigate & Banstead is well placed within the M25 West Market Area with a strong skills profile and strong office and industrial markets. Direct competitors in terms of size are likely to be Leatherhead and Woking which actually demonstrate a higher proportion of Other Business Activities employment which is something that Reigate & Banstead should be aware of as the economy develops. However, Reigate & Banstead has a clear cluster of financial intermediation employment which they should maintain and develop.

5. COMMERCIAL PROPERTY MARKET ANALYSIS

INTRODUCTION

5.1 The purpose of this market assessment is to provide an overview of the current property market within Reigate & Banstead. It looks at changes in the total stock of industrial and office floorspace, rents, take up and availability.

5.2 This assessment was undertaken in Spring 2008 and therefore reflects the prevailing uncertain market conditions.

5.3 The current property market downturn has a noticeable effect on the short term demand, with a reduction in investment and therefore demand for employment land. However, within the timeframe of this study – which is up to 2026 – we do not expect the overall demand for commercial property to vary significantly.

OFFICE MARKET COMMENTARY

OVERVIEW

5.4 The towns of Redhill and Reigate are the main office locations in the Borough and are also strategically important office locations within the South East. The vast majority of office stock in Reigate and Redhill is located within the town centres or along their periphery in line with current planning policy. The town of Horley is also a recognised office location however it does not have offices of the scale or strategic importance as those in Reigate and Redhill.

5.5 Within Redhill the most prominent office site is Red Central on the High Street in the town centre and in Reigate the Regus Building and Foundation House north of the town centre are important office sites.

5.6 Redhill has a concentration of financial firms, and in particular specialist insurance occupiers. Information from PROMIS, a leading property research organisation, suggests that firms have been attracted to the town by its proximity to a skilled workforce and easy rail access to London. It also details that a number of organisations have relocated from Croydon over the past decade. Major occupiers include Aon Risk Services and Axa Assistance UK Ltd. Lombard North Central and St Paul's also have their headquarters in the town.

5.7 In comparison, Reigate's office occupier base is typified by a high concentration of corporate headquarters, particularly in the manufacturing sector, including Kimberly-Clark, Canon and ESure. Somewhat in contrast to Redhill, Reigate is considered an attractive headquarters location within a desirable residential area.

5.8 Watson Wyatt is a major employer in the Borough with three offices, two in Reigate and one in Redhill. Other major office employers spread through the Borough include public sector organisations such as the Inland Revenue, HM Customs and Excise, Reigate and Banstead Borough Council, Surrey County Council, and Sutton & East Surrey Water Company.

5.9 As well as occupiers located within the main urban areas, there are also a relatively large number of major occupiers located in stand-alone greenfield locations, many in purpose-built headquarters. To the north of Reigate at Kingswood, Burgh Heath and Walton are the headquarters of Fidelity Investments, Legal & General, Pfizer and Toyota.

STOCK

5.10 Office stock within the Borough has increased strongly since 1998, at a higher rate compared to the South East but a slightly lower rate than England. This is shown in Table 7.

Table 7 - Office Stock in Reigate & Banstead Borough 1998 – 2007

Area	1998 (000 sq m)	2007(000 sq m)	Change since 1998
Reigate & Banstead	283 sq m	339 sq m	19.8%
South East	13,185 sq m	15,682 sq m	18.9%
England	78,973 sq m	96,700 sq m	22.4%

Source: Office for National Statistics

5.11 Vacancy levels within the Borough are in line with those in the South East region and nationwide. This is shown in Table 8.

Table 8 – Commercial Property Vacancy Levels within Reigate and Banstead Borough

Area	Vacancy Rate
Reigate and Banstead	9%
South East	9%
England	9%

Source: VOA 2006

DEVELOPMENT ACTIVITY

5.12 While VOA data in Table 7 demonstrates an overall increase in stock levels, information from PROMIS shows that the rate of office development activity has decreased in the previous five years. Barring the 60,000 sq ft Red Central scheme on Redhill High Street the office development market has been relatively flat as shown in Table 9.

5.13 There are signs of an increase in commercial property market activity however with the development of Kingsgate House in Redhill and Cedar House on London Road in Reigate which together will add around 80,000 sq fit of office space.

Table 9 – Office Completions within Redhill & Reigate

Year	Completions (000s sq ft)
2003	0
2004	60
2005	11
2006	0
2007	20

Source: PROMIS

TAKE–UP

5.14 Take-up in the Redhill and Reigate office market has been relatively subdued in recent years, with particular lack of noteworthy deals occurring in 2007. This is in contrast to the average take up rates in the M25 West market area (which includes Guildford and Bracknell) where take-up has remained strong. This is shown in Table 10 below:

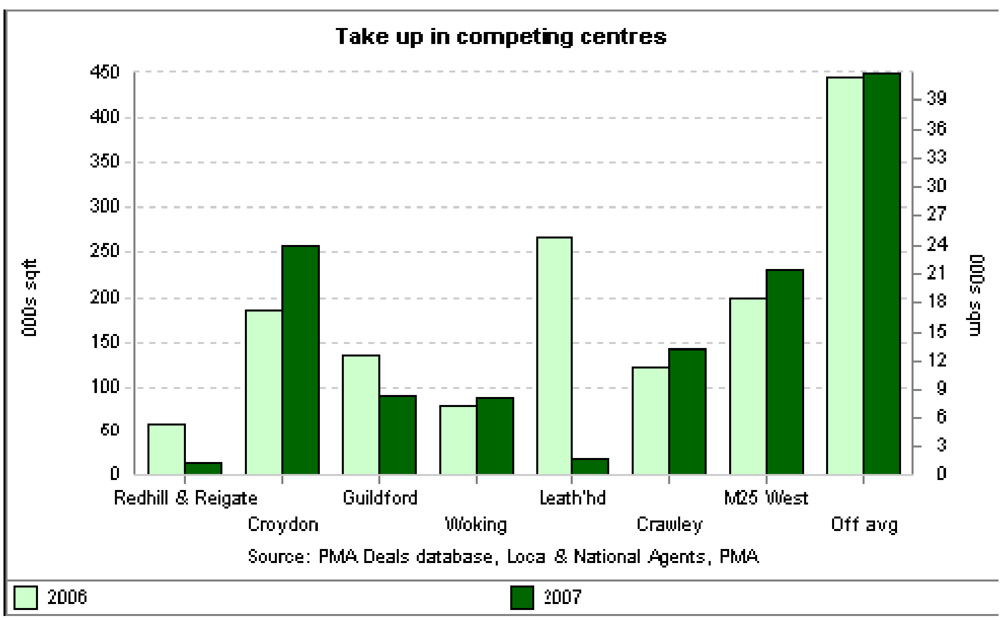
Table 10 – Absolute Take-up in Reigate and Banstead Borough

Year	Redhill & Reigate (000s m²)	M25 West Average (000s m²)	Average Office Centres (000s m²)
2003	6	11	31
2004	8	17	39
2005	13	20	39
2006	5	18	42
2007	1	21	42
Average 2003-2007	7	19	39
% change 2007 vs 2006	-76%	14%	1%
Previous peak year	1999	2000	2000
2007 take-up as % stock	0.4	3.3	3.8

Source: PROMIS 2008

5.15 Figure 27 further demonstrates the relative levels of take-up in Redhill & Reigate compared to other office centres in the area. It is evident that levels of take-up are significantly below Crawley and Guildford, and similar to Leatherhead.

Figure 27 - Take up in Redhill & Reigate compared to competing centres



Source:PROMIS

5.16 In relation to the type of office accommodation Table 11 indicates that over 58% of floorspace take up is from units of 1,850 sq m and above. This reflects the concentration of headquarters and large financial services centres within the Borough.

Table 11 - Annual Average Take-Up in the Reigate and Banstead Borough 98 - 08

Floorspace Range	Reigate & Banstead Average Annual Take-up	
	Absolute (m^2)	% Total
<185 sq.m	282	2%
185 – 465 sq.m	969	7%
465 – 1,850 sq.m	4,405	33%
1,850 sq.m +	7,881	58%
Total	**13,536**	**100%**

Source: EGI/FOCUS

AVAILABILITY

5.17 Total availability in the office market in Reigate & Banstead is currently around 40,000 sq m with average rents of between £205 and £245 per sq m according to our own research. As shown in Table 12 below the majority of this availability is in units larger than 1,850 sq m.

Table 12 - Office Availability and Take-Up by Size in Reigate and Banstead Borough

Floorspace Range	Available Floorspace (sq m)	Annual Average Take-Up (sq m)	Notional Years Supply
<185 sq m	2,380	281	8
185 – 465 sq m	4,187	969	4
465 – 1,850 sq m	14,685	4,404	3
1,850 sq m +	18,997	7,880	2
Total	**40,249**	**13,535**	**3**

Source: EGI

5.18 Table 12 also compares available floorspace with the annual average take up rates in the Borough. This suggests that there is around a 3 year supply of office space available within Reigate & Banstead in relation to annual take up trends over the last 10 years, which is generally regarded as a fairly tight supply. It also suggests that there is adequate supply (8 years) of small office space.

5.19 Agents agree that there is adequate supply of small units but suggest that there are many sites that are of poor quality stock and in particular have a lack of parking attached to them which reduces their attractiveness. They also highlight that, while these units are small, they are not small enough for start-up businesses to use, which is where there is a perceived demand.

5.20 Agents view current demand is principally for smaller units and comes from local businesses, whereas in the past it has been a mix of external and internal moves. The lack of large scale developments on the scale of Red Central is a key reason for the lack of such external moves. Their view was that a high quality out of town business parks would be a success in the Borough as it would provide the required large sites to attract occupiers according to local agents.

5.21 Agents were unanimous in the view that with the current office stock within Reigate and Banstead is highly unlikely to attract an occupier for offices of a large scale and that demand will continue to be focussed on smaller occupiers.

RENTS

5.22 Rents for office accommodation within Reigate and Redhill range between £200 and £245 per sq m (£19 - £22.50 per sq ft)[3]. This will of course alter according to the location and quality of the property in question. The view from local agents, and our own in house agents, is that new, high specification offices should achieve a higher rent of between £245 and £252 per sq m (£22.50-£23.50 per sq ft), with £252 the top rent achieved in the Reigate and Redhill.

5.23 In the current market it is estimated that good quality second hand office space should achieve rents in the region of £215-£226 per m^2 (£20-£21 per sq ft). Banstead is slightly different with top rents in the region of £172 per m^2 (£16 per sq ft) for second hand office buildings. This is similar to the top rental levels in Horley.

INDUSTRIAL MARKET

STOCK

5.24 Within Reigate and Banstead Borough, Redhill is the centre for industrial activity. The most prominent industrial locations are at Holmethorpe Avenue, and the recently developed IO Centre on Salbrook Road, both within Redhill.

5.25 Reigate is not considered a significant industrial location owing to its close proximity to the more buoyant market in Redhill and the restrictions on development around the town and this is reflected in the number and quality of industrial units available. Our research indicates that the current stock in Reigate is predominantly 20 years old and is relatively poor quality.

[3] According to GVA Grimley and local agents, June 2008

5.26 Table 13 below shows that growth in industrial stock in the past ten years within Reigate & Banstead is below that of the South East and England.

Table 13 – Industrial Stock within Reigate & Banstead Borough (1998 – 2007)

Area	1998 (000 sq m)	2007(000 sq m)	Change since 1998
Reigate and Banstead	328 sq m	334 sq m	1.8%
South East	37,530 sq m	39,542 sq m	5.3%
England	336,410 sq m	347,942 sq m	3.4%

Source: Office of National Statistics

TAKE-UP

5.27 An analysis of take-up for industrial properties in the Borough indicates that demand for very large units is not as strong as for medium to large units (465 – 1850 sq m). Demand for smaller industrial units is also small in the Borough, with only 20% of take up for units under 465 sq m. This is shown in Table 14.

Table 14 - Average Annual Industrial Take Up in Reigate & Banstead Borough (1998-2008)

Floorspace Range	Reigate & Banstead Average Annual Take-up	
	Average (m^2)	% Total
<185 sq.m	109.2	2%
185 – 465 sq.m	782	18%
465 – 1,850 sq.m	1,987	46%
1,850 sq.m +	1,458.5	34%
Total	**4,336.7**	**100%**

Source :EGI

AVAILABILITY

5.28 Our research has shown that there are high levels of available industrial stock within the Borough, both at Holmethorpe Avenue and the IO Centre in Redhill. In the case of Holmethorpe Avenue it is a consequence of the variety in the quality of stock available within the development.

5.29 At the IO Centre, a new speculative development with 32 units, many of the units are new to the market and are still available.

5.30 Table 15 shows the industrial market has around eight years of supply based on average demand levels over the past ten years. This is generally considered to be an "oversupply" of industrial stock. This is expected based on the high vacancy levels at Holmethorpe Avenue and the IO Centre. It is supply in smaller industrial units (less than 465 sq m) that appear to have the highest amount of "oversupply. Larger units (more than 465 sq m) have between five and six years of supply which is regarded as adequate in a commercial property market.

Table 15 - Industrial Availability and Take-Up by Size in Reigate and Banstead Borough

Floorspace Range	Available Floorspace (sq m)	Annual Average Take-Up (sq m)	Notional Years Supply
<185 sq m	2705	109	25
185 – 465 sq m	11327	782	15
465 – 1,850 sq m	9186	1,987	5
1,850 sq m +	9,265	1,458	6
Total	**32,483**	**4,336**	**8**

Source :EGI

RENTS

5.31 Based on available property market information and discussions with agents, average rents for good quality industrial stock are in the region of £90-£103 per sq m (£9-£10 sq ft). The rents achieved in the industrial market in the Borough are particularly sensitive to the quality of the letting on offer. Table 16 below provides details regarding transactions that have occurred in recent years and indicates the variance achieved in rents.

Table 16 - Transactions Involving the Letting of Industrial Space within Reigate and Banstead Borough

Address	Size (m^2)	Price (per m^2)	Date
A Whitehall Farm, Merstham	446	£56	09/01/08
46 Croydon Road	68	£95	17/12/07
Holmethorpe Industrial Estate, 13 Ormside Way	414	£66.50	27/07/07
38a Holmethorpe Avenue, Redhill	208	£87	30/05/06
Unit 6 Astra Business Centre, Bonehurst Road, Salfords	170	£103	02/12/05
Unit 4 Orchard Business Centre, Bonehurst Road, Salfords	466	£79	15/03/05
61 Albert Road North, Reigate	721	£33	01/04/03

Source: EGI

5.32 As well as demonstrating the importance of quality of stock in determining rents achieved Table 16 also highlights the difference between the Redhill and Reigate industrial markets.

5.33 For example, Albert Road North in Reigate is achieving £33 per sq m, compared to £103 per sq m at Salfords in Redhill. Discussions with our in house and local agents suggest that the low rents in Reigate are due to the strong attraction of Redhill as an industrial location.

CONCLUSION

5.34 The Borough's office and industrial markets are primarily driven by the towns of Reigate and Redhill. While Horley and Banstead do have a commercial presence it is not on the same scale as the two major towns.

5.35 In the office market, Redhill has a concentration of financial firms while Reigate has a strong presence of corporate HQs, including Canon and Kimberley Clark.

5.36 Agents view is that the Borough is in need of a greater mix of modern high quality office stock, offering a range of units from small to the largest office units. They highlight the fact that there is ample stock for smaller offices but that this often unattractive due to the condition of the building and the car parking space available with them. They also view public transport provisions are not appropriate to service any new large scale developments, even accounting for the new Fastway service, at the moment and this needs to be improved along with the provision of new office stock.

5.37 Recognising the constraints on Redhill and Reigate town centres, agents believed that out of town business parks providing high quality office would be a success in the Borough along with associated transport infrastructure improvements. It is acknowledged that the viability of developing such a park is dependant on planning policy alterations but agents maintained demand exists for such a development in the Borough.

5.38 Redhill is the principal location within the Borough for industrial property and is likely to remain so. There is a number of high quality developments located in Redhill and road access to these is superior to other industrial locations in the Borough.

5.39 Prominent locations include Holmethorpe Industrial Estate and the newly developed IO Centre in Redhill. The IO Centre is a speculative development of 32 units which is an indication of a strong industrial market in the future in the Borough.

6. ECONOMIC PRIORITIES AND CHALLENGES

6.1 This section presents a SWOT analysis of the key economic findings from our primary desktop analysis, our telephone consultation with local businesses and the numerous consultation events with the key stakeholders, local businesses and business representatives. It forms the basis of the economic strategy which is detailed in Chapter 10.

STRENGTHS, WEAKENESSES, OPPORTUNITIES & THREATS

STRENGTHS

6.2 Reigate and Banstead demonstrates a number of economic strengths. There is strong sectoral representation and cohesion in key knowledge and smart growth sectors; good levels of accessibility overall and proximity to core London and national markets. The quality of life and strength of housing market have provided further economic success drivers. This has resulted in significant, sustained economic growth over the past decade. In more detail, the key strengths are:

- **Strongly performing economy** – Reigate and Banstead's economy has performed strongly over a sustained period. The economic performance has been aligned to that of the Inner South East Economic Contour (South East RES) and to the success of London.
- **Strong Financial and Business Services sector** – the local economy is well represented by major firms operating within the Financial and Business Services sector. There is a strong contingent of existing financial services businesses as well as insurance and actuarial businesses. The FBS sector has provided a major contribution to the Borough's overall economic success and has proved resilient over many years. The FBS sector is spatially clustered with a high location quotient.
- **Highly skilled population** – the resident population is, overall, characterised by high skills and qualification attainment levels. Quality of life, value and employment opportunities are significant contributing factors.
- **Presence of corporate headquarters** - particularly evident in Reigate is a strength that marks the Borough out from surrounding and competing locations. The levels of

accessibility to core markets, international and national, air, road and rail gateways and quality of life are factors contributing to this strength.

- **Close proximity to London** – has been identified as a key strength and deciding factor for many businesses to locate and stay within Reigate and Banstead Borough. The role of London in supporting the economic success of the Borough is clear and the proximity factors by both rail and road are critical requirements to ensure that this continues in the future.
- **Strategic location with good access to Gatwick and M25** – accessibility to Gatwick Airport and to the M25 motorway have been identified as significant strengths for the Borough. The relationship of business to the air and road gateways are critical for both B1 office based businesses as well as those in B2 and B8 industrial and distribution sectors. Accessibility to London and national markets coupled with a range of local accessibility alternatives for employees to reach their place of employment are clearly identified strengths. The patterns of accessibility are variable across the Borough, nevertheless, the overall level of accessibility and proximity to major transport infrastructure is well recognised.
- **Good relationship between the Council and local businesses** – the local authority/public agency relationship with local businesses is highlighted as a positive strength of the Borough. The proactive and sustained programme of outreach and support to business is welcomed in fostering an attractive, business friendly environment.

WEAKNESSES

6.3 Despite the strengths of the Reigate and Banstead economy there remain some concerning weaknesses that will need to be addressed. These range from a dependence on larger companies to drive the economy with a counterpart lack of entrepreneurial activity; a lack of choice and mix of employment space; negative perceptions of transport congestion and accessibility; and a failure to align skills and training education more directly with employers needs. The weaknesses lead to a series of potential economic threats. The major areas of weakness are:

- **Low entrepreneurial culture** – the economic analysis identifies a relatively low level of entrepreneurial activity and small business start-up. This weakness has been somewhat hidden by the overall economic success of the Borough driven by larger businesses, nevertheless, a successful economy requires a strong culture of entrepreneurial activity and the support mechanisms underpinning it to ensure long-term success and growth.

- **Dependence on large companies to drive the economy** – allied to the lack of entrepreneurial activity, the Borough has an over-reliance on larger firms to drive the economy. There are inherent risks in a skewed economy that has an over-reliance on larger businesses given the global trends towards lower cost base relocations and off-shoring. The dependence on larger businesses reflects historical successes in attracting such firms, but must be balanced against efforts to bolster small and medium sized enterprise growth.

- **Office stock not meeting the needs of businesses** – the quality and mix of office floorspace available within the Borough is relatively poor. Business, both existing, and new inward investment, requires a good choice of premises in terms of quality standards, size, flexible terms and location. There is a clear gap between these expectations and the current provision.

- **Poor linkages between employment and education** – the alignment of skills development and training at all levels with the requirements of businesses is mis-matched. There is much evidence from stakeholder discussions that raises the disconnect between higher skill levels and sector specific training aligned to and tailored to suit businesses, with the result that many businesses attract skills from outside the Borough. Education and training providers need to work more closely with businesses to identify and tailor skills and training programmes to resolve this significant weakness.

- **Out-commuting**. There is a marked daily out-flow of highly skilled individuals to work outside the Borough (mostly to London), suggesting that the opportunities to retain and expand the resident workforce who are living and working in the Borough is not working sufficiently. While full self-containment is unachievable given the strength of London's employment market, the daily-outflow of highly skilled workers indicates a positive strength in the Borough's quality of life, value in the housing market and access to services, but a relative weakness in the direct links between Borough employment opportunities and the resident population.

- **Horley is underperforming** – given its role as a significant urban centre in the Borough and its location in close proximity to Gatwick Airport, Horley is underperforming both as a B-Use Class location and for non-B1 uses (such as retail and leisure). There are inherent spatial and structure issues that must be addressed in Horley including a re-consideration of its role and function in the Borough's Centre's hierarchy to allow Horley to contribute more strongly and appropriately to the local economy.

- **Poor transport links compared to other centres** – while the Borough enjoys a relatively good level of accessibility to road, rail and air transport, it is considered by stakeholders to have worse levels of accessibility than centres such as Crawley, particularly from the M23. The perception of relative accessibility levels is a weakness, albeit one that through the improvement of other economic 'choice' factors such as land and property supply and business support mechanisms can be overcome.

- **FBS Back-office functions** – hidden behind the headline strength and representation of the FBS sector in the Borough is a strong back-office characteristic with a lower value added function for the economy. While back-office functions such as data entry, analysis and administration help provide a mix and range of office employment opportunities there is a danger of complacency in considering all FBS sector activities to represent high value financial services activities.
- **Lack of understanding of the Gatwick Diamond concept for Reigate and Banstead** – the Gatwick Diamond concept represents a series of interlinked opportunities and challenges, particularly given the uncertainty over the future role and function of the Airport itself in the face of the BAA Competition Commission interim findings. While there is currently work underway to examine the implications of the Gatwick Diamond and to start translating these into a meaningful direction for Reigate and Banstead (as well as the other Gatwick Diamond local authorities), there is a considerable uncertainty and lack of understanding amongst businesses and education/training providers of what the Gatwick Diamond actually represents or the benefits it could bring.

OPPORTUNITIES

6.4 The future for Reigate and Banstead holds some exceptional opportunities for economic growth. The role and function of the Borough's centres aligned to the future of Gatwick Airport and the wider Gatwick Diamond concept is a strong potential economic driver. Opportunities to enhance the role and function of the Borough's major centres such as Horley and Redhill through proactive regeneration programmes, coupled with enhanced links between the local authority, education providers and business will further support new economic opportunity and help deliver sustainable investment and growth. The principal opportunities are:

- **Capturing the direct benefits arising from Gatwick Airport** – with the appropriate re-positioning of Horley and Salfords in terms of role, function and perception through active regeneration programmes, it will be possible to capture the benefits arising from Gatwick Airport's future growth. This is particularly important if the business plan strategy for Gatwick becomes more focused on business travel operations. The proximity of Horley and Salfords to the Airport will be a critical opportunity. One particular opportunity that was raised during stakeholder discussions has been to secure an enhanced hotel accommodation offer in the Borough, bringing forward 4 or 5* hotel facilities linked to the Airport.

- **Growth driven through Gatwick Diamond** – the Borough as a whole can benefit from the growth arising from the implementation of the Gatwick Diamond concept. Greater alignment with the opportunities presented by the Gatwick Diamond, especially taking a proactive role in developing the concept and spatial articulation of the Diamond in terms of providing adequate employment space represents a significant opportunity for the Borough.
- **Improving second grade office provision** – there is a significant stock of secondary grade office accommodation in the Borough. With new employment land and property sites in short supply, there is a clear opportunity to regenerate the existing stock through refurbishment as well as re-development. In doing so, the quality of stock will be improved to meet modern expectations for design, layout and energy efficiency. While this is a market-led activity, there are clear benefits to a policy approach that encourages the improvement of the office stock, with the removal of the poorest stock.
- **Redhill Town Centre regeneration** – plans for the regeneration of Redhill town centre are emerging through the Redhill Area Action Plan, including the identification of opportunities for new employment and commercial space as part of the overall place-making proposals. Redhill has a critical role to play in providing a focus for much of the Borough's office economy and opportunities for intensification in this well connected central area will be vital.
- **Improved Foresight Research and Intelligence** – there is a distinct opportunity for Reigate and Banstead Council to enhance its foresight, research and intelligence functions in relation to the commercial property market. Stakeholder discussions confirm this proactive approach (which is one that many urban authorities already undertake). The role of improved foresight, research and intelligence is to enable the Council to manage and monitor its policy implementation, understand the factors that affect businesses (both existing and those that may choose to locate in the Borough) and better understand the nature of external economic driving forces.

THREATS

6.5 The threats to Reigate and Banstead's future economic success are numerous. There are risks attached to an over-reliance or comfort based on past economic success and especially the strength of representation from the FBS sector in the area. Threats arising from worsening transport accessibility to markets and for employees; physical limits for economic growth leading to lack of choice; and increased competition from other urban centres in the South East (Guildford, Woking, Brighton) through their regeneration and investment programmes must be seriously considered. The main threats identified are:

- **An over-reliance and comfort based on Financial & Business Services** – the over-reliance on existing FBS sector businesses is a significant risk. These businesses are now under short-term severe financial pressures as well as being subject to globalisation forces that are pushing costs down through productivity gains, relocations and re-structuring. Mergers and acquisition activity in the sector remains strong and it is against this backdrop that efforts must be made to secure the requirements and expectations of these businesses in Reigate and Banstead in the long-term.
- **Competing Centres** - competition from other centres in the South East is fierce. Every local authority with significant economic growth plans and established business locations is actively engaged in economic, social and physical regeneration programmes aimed at enhancing the quality of life and place. In so doing, there is an inherent threat to Reigate and Banstead that other locations will prove attractive for existing businesses and more fleet-of-foot in attracting new inward investment opportunities. Reigate and Banstead need to ensure that there is a consistent and concerted business retention programme, coupled with support for ongoing regeneration initiatives and policies that provide a mix and choice of employment space.
- **Failing to align with the Gatwick Diamond** - while the Gatwick Diamond concept is still emerging there is an inherent risk and threat arising from not engaging with the opportunity. The Diamond has a regional level focus through the RES and RSS and Reigate and Banstead must ensure it is effectively engaged in shaping the priorities for the Diamond that will otherwise accrue to surrounding and competing areas.
- **Limited physical space for employment growth** – is a distinct threat even given the smart growth concept of increased GVA through productivity and non-physical growth. The employment land review suggests a distinct lack of physical space for employment growth and foresees an exacerbation of this in future unless existing sites and premises are protected. Strategic decisions must be taken now through the LDF process to provide opportunities for new employment space to be delivered.
- **Transport capacity constraints** – both rail and road capacity constraints are likely in future given the growth in passenger numbers predicted and increasing vehicle distances travelled. The capacity constraints are exacerbated by lack of new

infrastructure investment programme in the strategic road and rail network, with behavioural change identified as the key mechanism to deal with capacity issues. Lack of transport capacity, whether real or perceived, is a threat to Reigate and Banstead's ability to attract and retain businesses, particularly those HQ functions that are currently well represented in the Borough, as well as ensure the sustainable connection of local residents to their jobs.

6.6 The identified strengths and weaknesses, threats and opportunities have to be considered when planning for the Borough's future economy. Together with the policy context they provide the framework in which Reigate and Banstead's economy will operate in the future. The economic vision and objectives for Reigate and Banstead as set out in the following section are derived from the SWOT analysis taking into account regional and local objectives as specified in the relevant plans and strategies.

SECTION B:
EMPLOYMENT LAND CONDITIONS


7. EMPLOYMENT FLOORSPACE PROJECTIONS

METHOD

7.1 To establish the future gross employment floorspace requirements in Reigate & Banstead to 2026 a four step approach has been applied based on:

1) Allowance for Economic Growth
2) Allowance for Windfall Losses
3) Allowance for Churn
4) Allowance for Economic Development Aspirations

7.2 Each of these steps is described in more detail below.

ALLOWANCE FOR ECONOMIC GROWTH

7.3 The allowance for economic growth takes into account the projected employment changes presented in Chapter 3. These are based on a macroeconomic model provided by Experian Business Services. The forecast distinguishes between 30 economic sectors[4]. Employment in the 30 sectors is converted into employment in four floorspace use types as follows:

- **Office (B1a)**: pure office space, not including office space in shopping areas such as banks, estate agents and betting shops (A2 office space)
- **Other Business Space (B1b/c, B2)**: including premises for research and development of products or processes, light industry and general industry.
- **Warehousing (B8)**: premises used for storage or distribution centres.
- **Non-B-Use-Class**: any other premises in which employment might occur such as shops, health and medical centres, schools, hotels, restaurants and leisure facilities, etc.

7.4 For the conversion of employment by economic sectors to the four floorspace use types, a conversion matrix has been used. This matrix is based on the ODPM Employment Land Review Guidance with some refinements based on 4-digit-SIC analysis of current employment in the Borough. The conversion matrix assigns a proportion of the employees in each of the 30 economic sectors from the employment forecast to one or more of the four floorspace use types.

7.5 As a next step the employment in the three B-Use-Class floorspace types (office, other business space, warehousing) is converted into floorspace using the following employment densities: which are in line with the ODPM Employment Land Review Guidance:

- Office 18 sq m per employee
- Other business space 32 sq m per employee
- Warehousing 55 sq m per employee[5]

ALLOWANCE FOR WINDFALL LOSSES

7.6 The allowance for windfall losses takes into account that a proportion of designated employment land will not be entirely used by B-Use-Class employment.

7.7 Land uses such as recycling, waste management, combined heat and power plants and bus depots can, under certain circumstances and where appropriate, be allocated on employment land.

7.8 A significant part of the projected employment growth arises from sectors which have traditionally not been located on employment land such as healthcare, education, hotels and leisure. Recent planning experience has shown that under specific circumstances and where appropriate such uses might be allocated on employment land. However this has to be monitored carefully to ensure there is enough available land for B-Use-Class employment on employment land.

7.9 Under specific circumstances and where appropriate employment land might also be used for other uses to enable employment development to come forward.

7.10 The allowance for windfall losses also takes into account the need for a flexible supply of employment land. Allowance has to be made for a range of different needs by the economy which might change over the next 20 years.

7.11 To estimate the amount of land needed for windfall losses historic losses have been used as a guideline as reported in the Borough's Annual Monitoring Report.

[4] In Chapter3 we have presented the employment forecast in an aggregated version.
[5] Warehousing employment densities typically range between 50 sq m for general warehousing and 80 sq m for large scale and high bay warehouses. As large parts of the sub-region are not suitable / attractive for large scale warehousing we have used an employment density only slightly higher than for general warehousing.

ALLOWANCE FOR CHURN

7.12 Locational and premises needs of businesses change over time. This requires businesses to move. In other cases an existing business might cease its operations and a new business takes over a site for redevelopment. For this to happen smoothly there is a need for certain level of vacant land. This type of demand has been called 'churn' demand or 'frictional vacancy'.

7.13 In our experience it typically takes around two years to achieve planning consent, site preparation and construction after the site has changed hands. For these reasons we take the annual net take-up of employment floorspace and multiply it by two to estimate the churn demand.

ALLOWANCE FOR ECONOMIC DEVELOPMENT ASPIRATIONS AND OTHER FACTORS

7.14 So far the employment land projection is based on macroeconomic forecasting. The model behind this forecast is driven by national and regional trends, growth trends in specific sectors and takes into account local sector distribution and performance. Macroeconomic models however do not take into account local economic development activities. In this step of the forecasting process the local economic development aspirations and their quantitative and qualitative effect on future employment floorspace requirements are considered.

7.15 At this stage other factors which might influence future employment floorspace demand, such as changes in working practice, are also considered.

7.16 In the remaining part of this Chapter the data for each of the steps of the employment floorspace demand forecast is presented.

7.17 The resulting employment floorspace supply is then assessed in Chapter 8. Chapter 9 then compares the current employment floorspace supply with the projected gross demand. The resulting net demand is then translated from floorspace into land demand by use types (office, other business space, warehouses) applying the following plot ratios:

- Office: 3 Plot Ratio
- Other Business Space: 0.4 Plot Ratio
- Warehouse: 0.4 Plot Ratio

7.18 These are in line with ODPM Guidance for both Other Business Space and Warehouse but the Office ratio is slightly higher than guidance due to the predominance of offices in town centre locations in Reigate & Banstead which tend to have higher plot ratios.

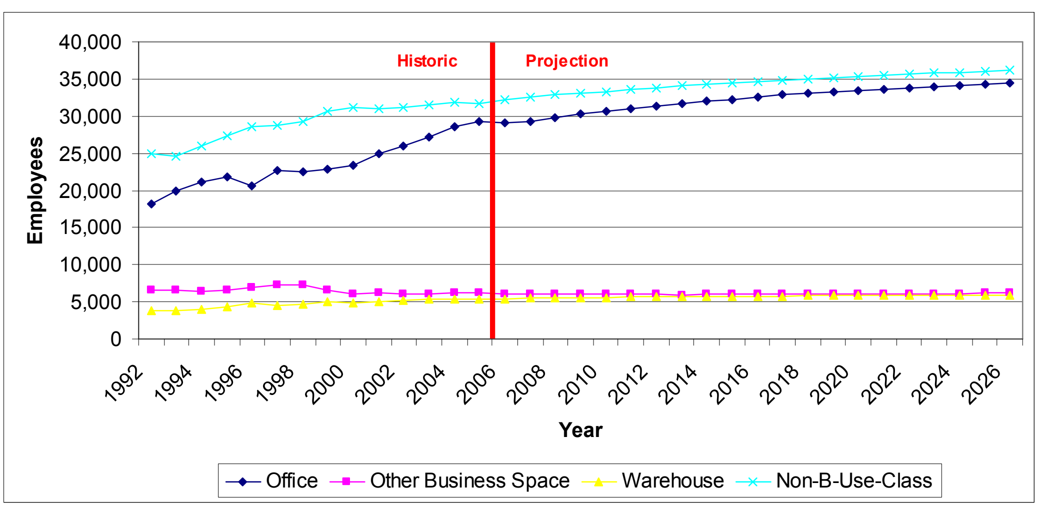
RESULTS

ALLOWANCE FOR ECONOMIC GROWTH

7.19 In Chapter 3 employment projections by broad sectors have been presented. We now take these projections forward to 2026 to cover the planning period for the Borough and determine employment land requirements. Total employment is projected to grow by 13.5% between 2006 and 2026. The growth sectors are Retail/Hotels (33% employment growth between 2006 and 2026), Financial & Other Business Services (26%), Public Services (10%) and Warehousing (3%). Employment is projected to fall between 2006 and 2026 in Utilities/Agriculture/Mining (-46%) and Manufacturing (-12%). Employment in the Distribution sectors is projected to stay more or less stable (0.5%).

7.20 Aggregating the employment changes into employee numbers based on floorspace type shows that the highest numbers of employees are currently, and will continue to be, in the Non-B-Class sectors. Employment in office space is significantly below the numbers employed in Non-B-Class sectors but is projected to increase in the years up to 2026. The number of employees in other business space and in warehousing is set to remain steady. This is shown in Figure 28 below:

Figure 28 – Employee numbers by use type and projections until 2026



Source: GVA Grimley / Experian Business Services

7.21 As a next step the employment growth from the B-Use-Class employment types (Office, Other Business Space and Warehouses) is translated into floorspace demand using standard employment densities. The demand for Non-B-Use-Class employment is not quantified as it is not the focus of this study.

7.22 Demand for employment floorspace resulting from economic growth is projected to increase by around 120,000 square metres between 2006 and 2026. This is broken down into the various floorspace types in Table 17.

Table 17 – Changes in Floorspace in Reigate & Banstead 2006 to 2026

	Total Employees 2006	Employee Change 06 – 26	Employment Density	Floorspace Change 06 -26
			m^2 per employee	m^2
Office	29,088	5,347	18	96,246
Other Business Space	6,103	69	32	2,210
Warehouse	5,447	435	50	21,769
Total	**40,637**	**5,852**	**19**	**120,225**

Source: GVA Grimley/Experian (2006)

7.23 Of the three different floorspace use types office floorspace demand is projected to grow the most between 2006 and 2026. This is followed by demand for warehouse floorspace, while demand for other business space is projected to grow but only slightly.

7.24 So far future employment floorspace demand resulting from economic growth as been considered. As a next step the allowance for windfall losses is taken into account.

ALLOWANCE FOR WINDFALL LOSSES

7.25 The allowance for windfall losses takes into consideration the fact that for various reasons under specific circumstances some employment land might be used for other purposes (see methodology, paragraph 7.6 ff). To estimate the windfall losses, reference to historic losses has been made. According to the Annual Monitoring Reports (AMR) for Reigate & Banstead, which are available from 2004/5 to 2007/8 the amount of employment land lost to non employment use is as follows:

Table 18 – Windfall losses in Reigate & Banstead Borough 2004 – 2008

Year	Windfall Losses (m^2)
2004/5	0
2005/6	3,323
2006/7	588
2007/8	2,304

Source: Reigate & Banstead Annual Monitoring Reports

7.26 Taking the median loss (1446 m^2) of the past three years and multiplying this by 20 years (the number of years to the end of the planning period) an estimated 29,000 m^2 of employment land might be lost to other uses between 2006 and 2026.

7.27 It is acknowledged that the windfall figures are based on only four years of historical data and that a more accurate projection could be made with data that covered a longer period. However, this information is not available prior to 2004 and although it is likely that the level of windfall losses will decrease in the future given the advice in PPS4 which gives more protection to employment land, we maintain our estimates for the purpose of this forecast.

ALLOWANCE FOR CHURN

7.28 The allowance for churn (or frictional vacancy) takes into account that a certain amount of vacant floorspace is required for the commercial property market to work effectively. To estimate the churn demand we have taken the annual net take-up of employment floorspace as a guide.

7.29 The most recent AMR's show that the amount of commercial floorspace developed on previously developed land in Reigate & Banstead is as follows:

Table 19 - Commercial Floorspace on Previously Developed Land in R & B

Year	B1	B2	B8
2004/5	17,249	0	222
2005/6	980	91	83
2006/7	1,856	5,854	5,147

Source: RBBC Annual Monitoring Reports

7.30 In our experience it takes around two years for a property to be redeveloped (see methodology, paragraph 7.12 ff). Taking the median of developed floorspace on previously developed land of the past three years and multiplying it by two results in a demand for churn for employment floorspace as follows:

- B1: 3,712 m^2
- B2: 182 m^2
- B8: 444 m^2

ASSESSMENT OF CHANGING WORKING PRACTICES

7.31 The issue of changing work practices and their effect on the space needed per employee in the future is a much debated topic. The theory is that the increase in home working, hot-desking and cost pressures on employers to use space more cost effectively results in higher employee densities per sq m.

7.32 A recent study[6] asserted that there was some evidence to support changing practices, with big employers such as BP and IBM requesting lower employment densities for their offices. However, a quantitative study of the South East[7] concluded that employment densities were not changing overall in the region and did not make any strong conclusions on changing work practice.

7.33 While there is no quantifiable evidence to suggest that employment densities are changing, the view that they will alter in the future is supported by a recent report by the Chartered Management Institute[8]. They predict that the workplace will undergo significant change by 2018. They cite pressures to reduce carbon footprint and an ageing population which will require more time looking after elderly relatives as key reasons for this change. This will result in more work from home and possibly an alteration in the number of days that an individual works per week.

7.34 While there is a strong consensus that working practices will change, there is a lack of detailed quantitative studies to give an idea of what it will mean for employment density requirements in the future.

SUMMARY

7.35 In summary, we have based forecasts on Experian Business Strategies and this gives an indication of employment needs into the future. We have made allowances for expected windfall losses and for churn demand. The allowances for windfall losses and for churn have been apportioned to the different floorspace use types according to their current size as shown in Table 20.

[6] Roger Tym & Partners, Ramidus Consulting & King Sturge (2006), The Use of Business Space in London
[7] DTZ Pieda (2004) Use of Business Space and Changing Working Practices in the South East
[8] Chartered Management Institute (March 2008): Management Futures – The World in 2018

Table 20 – Synthesis Employment Floorspace Requirements of Reigate & Banstead Borough 2006 -2026

	VOA Stock 2007	% of Total Stock	Floorspace Demand 2006 - 2026	Allowance for windfall losses	Allowance for Churn	Change in floorspace
	m^2	%	m^2	m^2	m^2	m^2
Office	339,000	50.4	96,254	14,576	3,712	114,534
Other Business Space	137,000	20.4	2,210	5,900	182	8,292
Warehouse	197,000	29.3	21,769	8,474	444	30,687
Total	**673,000**	**100**	**120,233**	**28,949**	**4,338**	**153,512**

Source: GVA Grimley

7.36 In summary, Table 20 shows that there is an overall demand for an additional 153,000 m^2 of B Class employment floorspace in Reigate & Banstead up until 2026. The majority of this requirement is in office floorspace (115,000 m^2), with a large requirement for Warehouse Space (30,000 m^2) and a smaller requirement for Other Business Space (8,000 m^2).

8. EMPLOYMENT LAND SUPPLY ANALYSIS

INTRODUCTION

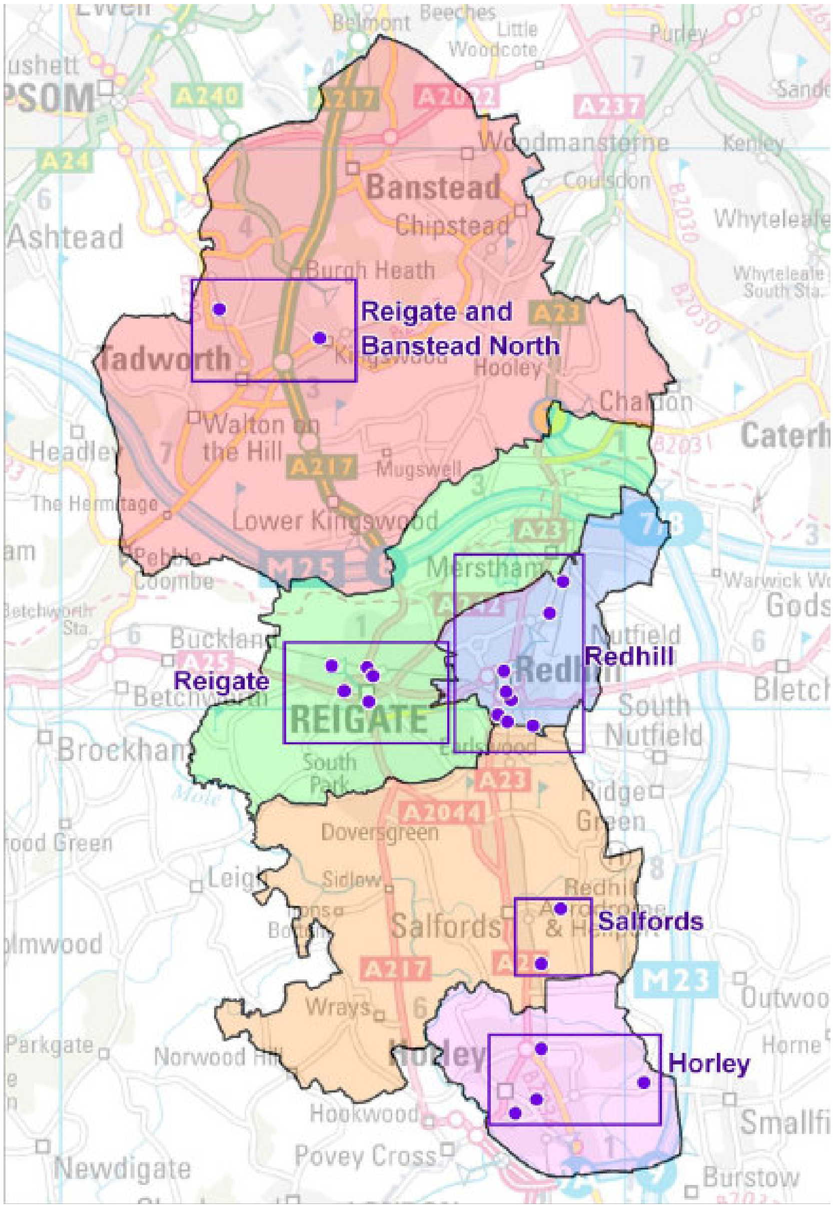
8.1 This Chapter presents our assessment of the current employment land supply in Reigate & Banstead, using the employment land survey carried out by Reigate & Banstead Borough Council as the basis of our findings.

8.2 GVA Grimley visited each of the sites detailed within the survey and made an assessment of its “fitness for purpose” for employment use. We divided the employment sites into our defined sub areas in order to give a comprehensive analysis of employment land conditions in the Borough. This allows for employment land recommendations to be made both on a Borough and at a spatial level.

BACKGROUND

8.3 All existing employment areas within Reigate and Banstead, as defined in the Local Plan, have been visited and assessed against a number of criteria. The location of the employment sites is shown in Figure 29 below.

Figure 29 - Employment Areas within Reigate and Banstead



Source: GVA Grimley

8.4 Table 21 shows that the Borough as a whole has around 108 ha of allocated employment land, the majority of which is in general employment areas. Redhill is the sub area with the largest amount of allocated employment land with around 50 ha the majority of which is classed as general employment area. This is principally due to The Holmethorpe Estate which accounts for around 30ha of employment land alone. Salfords and Reigate are the other large locations of employment land while Horley and Reigate and Banstead North have less than 10 ha of employment land each.

Table 21- Total employment land by sub area in Reigate & Banstead (ha)

Sub Area	General Employment Area (Ha)	Small Business Area (Ha)	Town Centre Employment Area (Ha)	Total (Ha)
Horley	3.77	1.28	2.44	7.49
Redhill	40.98	1.45	6.8	49.23
Reigate	7.61	5.18	8.64	21.43
R & B North	2.08	0	0	2.08
Salfords	28.4	0	0	28.4
Total	**82.84**	**7.91**	**17.88**	**108.63**

Source: RBBC Employment Land Survey

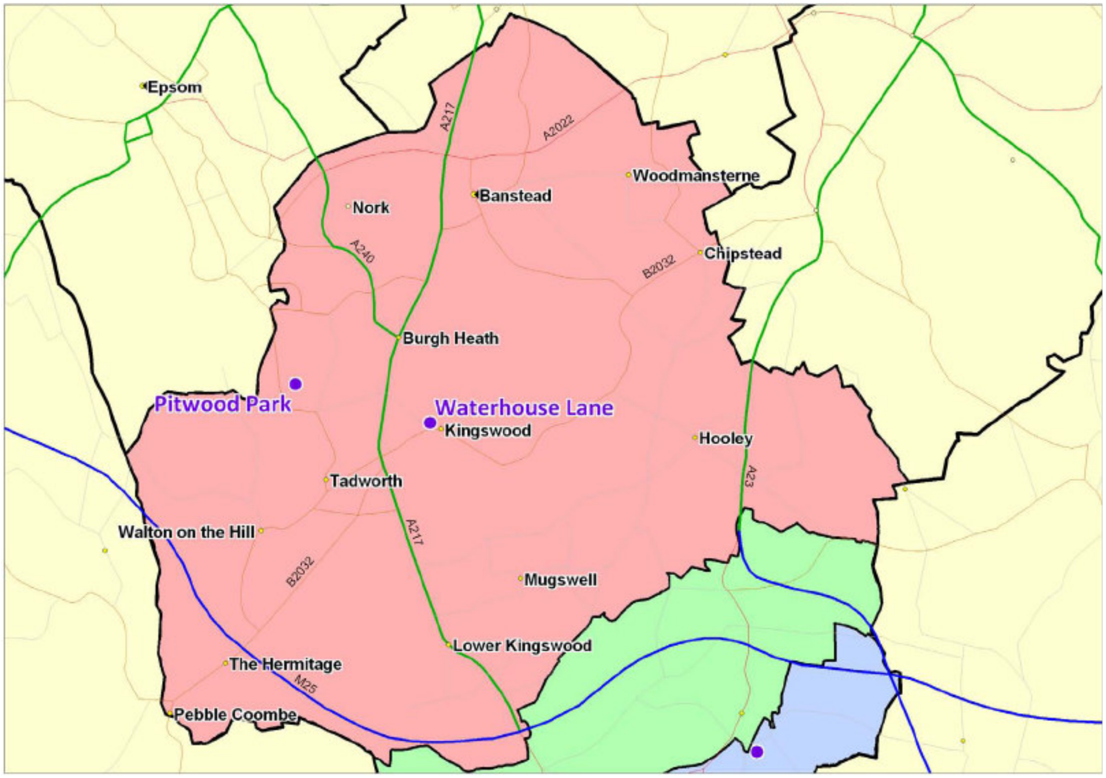
8.5 The council surveys for each of the employment sites in the sub-area are summarised in the following sub-section.

SUB-AREA EMPLOYMENT LAND ASSESSMENT

REIGATE AND BANSTEAD NORTH

8.6 The area has only two designated employment areas; Waterhouse Lane and Pitwood Park covering just over 2 ha between them, as shown in Figure 30. Both of these employment sites offer a range of general uses rather than specialising in any particular industry. Both employment areas have the opportunity to intensify although this would be mostly through intensification in the height of buildings rather than developing vacant land or expansion.

Figure 30 – Employment sites in Reigate & Banstead North



Source: GVA Grimley

RBBC ASSESSMENT

8.7 **Pitwood Park -** The site is suitably located, reasonably well served by rail, bus and road in the locality. It is a medium sized estate which currently has a high proportion of office uses, in a mixture of 1 and 2 storey units. There is currently only one vacancy advertised although this unit covers a large area of the site.

8.8 The trend of high office use is a potential cause for concern. Parts of the site could potentially accommodate intensification, and a substantial element is within the Borough Council's ownership. Given there are few designated employment sites in the north of the Borough, plus the wider regeneration proposals for Preston, a balanced approach needs to be taken retaining commercial focus in the locality.

8.9 **Waterhouse Lane** - The site is suitably located, adjacent to the railway station and with good access to the road network. It has not been regularly monitored by the Council, but consists of a mixture of small-scale office, retail, business, storage and distribution with some modern units but the majority are older buildings, mostly single storey with some 2 storey. There are no current vacancies.

8.10 As one of the few designated employment areas in the north of the Borough it is important to continue to protect this site. However, as it is relatively small and given the range of current uses, it does not function like the other recognised industrial estates in the Borough, and it may be more appropriate to consider in the future whether it shares common characteristics with, and could be re-designated as an ASB with an extension to the Local Shopping Centre.

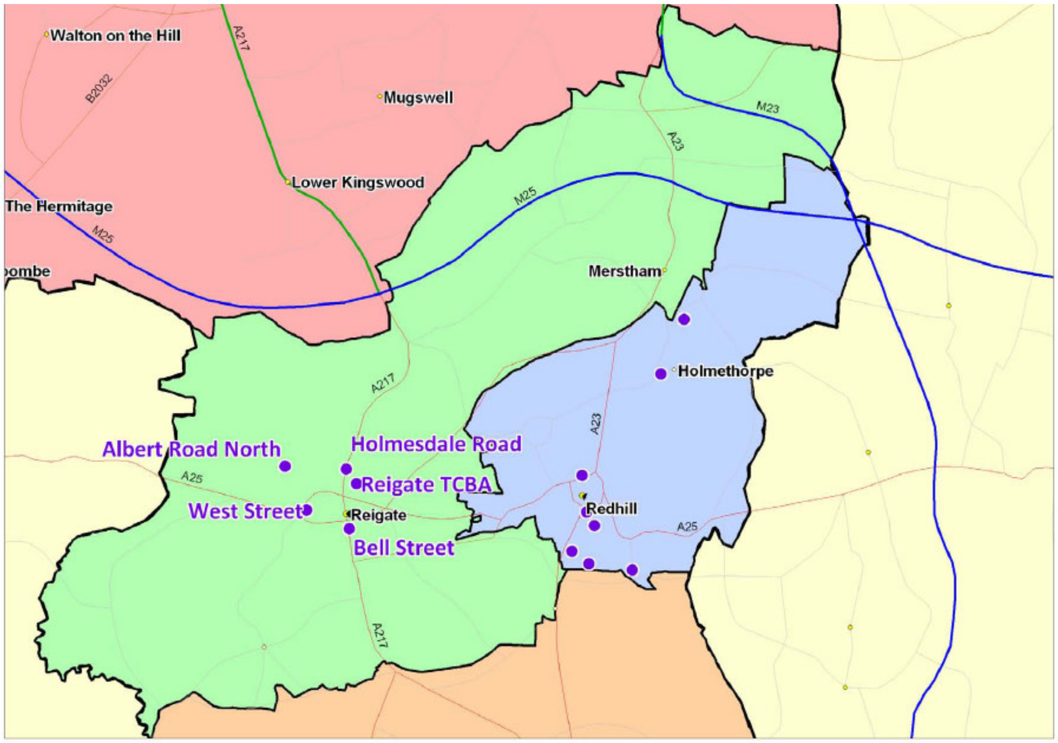
GVA GRIMLEY ASSESSMENT

8.11 We agree with the assessment of the Council and that due to their location these sites are important to the spread of employment in the Borough. The employment areas have good access and are generally well maintained and while not best placed to access the strategic road network, public transport for the sites are adequate. Neither site has its own facilities or amenities although both are close to local shopping facilities with this in mind we acknowledge that Waterhouse Lane has the potential for reallocation for uses other than employment, although the lack of other employment sites in the area should ensure these sites are safeguarded and development intensified where possible. In particular, the site is more suited to office uses as opposed to industrial uses and this should be considered for future planning purposes.

REIGATE

8.12 The Reigate sub-area has around 21.5 ha of employment land and is made up of three small business areas (West Street and London Road, Holmesdale Road and, Bell Street and Bancroft Road), one Town Centre Employment Area (Reigate Town Centre) and a further General Employment Area (Albert Road North). This is shown in Figure 31. The Reigate commercial market is particularly attractive due to its setting in a very high quality, attractive environment.

Figure 31 – Employment sites in Reigate



RBBC ASSESSMENT

8.13 **Bell Street ASB** - This ASB is suitably located close to the core of the Town Centre and its main usage is offices, plus three significant community uses, over a mixture of building sizes including 1,2 and 3 storey buildings. Although some vacancies are advertised, there has been one recent redevelopment of offices.

8.14 It is prominent from the southern approach to the Town Centre, and whilst there is little scope for expansion within the confines of the historic nature of the area, with the majority of buildings within a Conservation Area, it forms a significant contribution to the local mixture of economic uses. Towards the northern end are more modern, larger office buildings and the boundary with the Town Centre Business Area could be reconsidered in the future.

8.15 **Holmesdale Road** - This ASB is suitably located immediately adjacent to the railway station and close to the Town Centre. Mainly in office use, but with high retail usage and two community uses, mostly in 2-3 storey development. It does contain a third of all the residential units in ASBs in the Borough, but as the largest ASB in the Borough provides a broad mix of retail, residential and business use. Although there are some vacancies, recent monitoring has shown a fall with several new occupiers.

8.16 Although well integrated on the fringe of the Town Centre, there could be consideration given in the future to the boundary with the Town Centre Business Area, as the western end of the ASB, and its role as a Local Shopping Centre, on the eastern side. Potential redevelopment of the Dairy Site offers the opportunity to ensure a continued range of modern accommodation for small businesses in the locality and strengthen the role of this significant ASB.

8.17 **Albert Road North** - This site is suitably located, reasonably close to the Town Centre, and the dominant use is B8 storage and distribution, in a mixture of 1 and 2 storey warehouse/industrial units and offices, mostly small to medium scale. Although there are a number of vacant units, some of which have been marketed for some time, there are examples of refurbishment and redevelopment (one planning application pending consideration).

8.18 The layout of the site could be improved and perhaps intensification could be accommodated. As there are local access and amenity concerns it has been suggested that residential uses may be preferable, however it may be possible to address these concerns through redevelopment for employment use, given the sites importance as the only designated employment site in the Reigate area.

8.19 **Castlefield Road/ London Road (Reigate TCBA)** - This TCBA is suitably located, adjacent to the Town Centre and with excellent access to the motorway network. It consists of predominantly modern, 3-4 storey large office blocks. Although there are some vacancies advertised, some units have been refurbished or redeveloped in recent years.

8.20 A number of units lie within a Conservation Area therefore opportunities for development are limited. There could be consideration given to extending the boundary of this TCBA immediately to the north. The area is well established as a strategic office location and strategically important as the gateway to the Town Centre from the north. The site needs to retain its commercial focus to support the balanced economy of the locality.

8.21 **London Road/West Street ASB** - This ASB is suitably located close to the core of the Town Centre. Mainly in retail and office use, including two community uses and the highest number of convenience shops of any of the ASBs, in a mixture of building sizes, including 1, 2 and 3 storey buildings. There are some vacancies advertised.

8.22 All the buildings are within a Conservation Area therefore opportunities for development are limited. Forming the western approach to the Town Centre, this ASB is important and forms a significant contribution to the mixture of economic uses in Reigate.

GVA GRIMLEY ASSESSMENT

8.23 Reigate is a strategically important employment location in the Borough. It has particularly good access to the strategic road network and good public transport infrastructure and amenities. The area has a number of listed buildings and much of the employment areas are within Conservation Area designations. Despite this, it is our view that there is still an opportunity to expand or intensify the employment land in the sub-area especially at Holmesdale Road and Albert Road North.

8.24 It is our view that Albert Road North is an important employment location but that it is more suited to B1/B2 uses due to its location close to a residential area. Any intensification of B8 uses would add to the existing traffic problems in the area

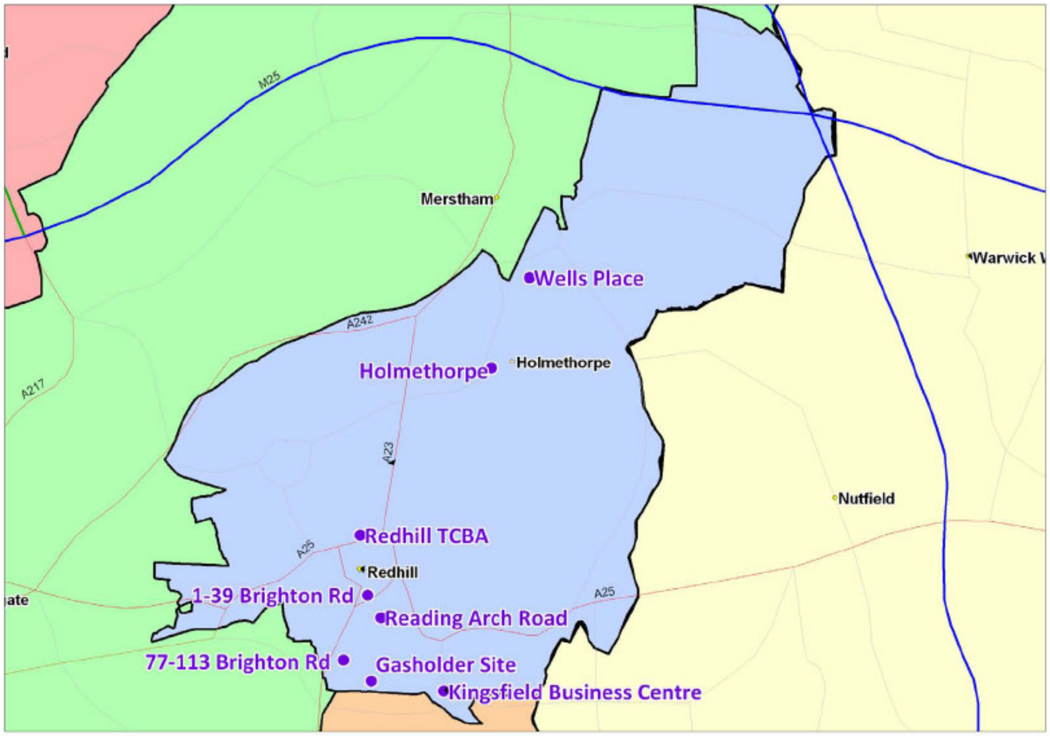
8.25 We recognise the need to retain these areas as employment land to maintain Reigate's position as an internationally important employment location attracting a number of corporate headquarters.

REDHILL

8.26 The "Redhill" Sub-Area (shown in Figure 32) is comprised of eight employment zones covering 100 Ha, the largest total area of any of the sub-areas. The employment zones are comprised of one Town Centre Area, two Small Business Areas and five general Employment Areas.

8.27 The sub-area has relatively good access to the strategic road network with five of the eight sites having direct access to the A23 with the others less than a mile from the same road which leads to the M25.

Figure 32 – Employment Sites in Redhill



Source: GVA Grimley

RBBC ASSESSMENT

8.28 **Wells Place** - This is considered a suitably located site, with good links to the road network and reasonably well served by bus services given its location relatively close to Redhill Town Centre. B8 is the predominant use, in large 2/3 storey modern warehouses, in an attractive environment. The northern part of the Employment Area is also designated as Land Reserved for Industrial, Storage and Distribution Uses. There are no current vacancies, and there has been recent development and permission for new units.

8.29 Given the wider regeneration proposals for Redhill, the site offers a balanced approach to providing for a stock of larger, modern units to support the local economy. The planned redevelopment offers the opportunity for this site to become further established. Representations have been made promoting the Urban Open Land adjoining the eastern end of the site for employment purposes, which could be considered in the future.

8.30 **Queensway/ London Road** - This large TCBA is suitably located, immediately adjacent to the Town Centre, and consists of predominantly modern, 3-4 storey large office blocks, in one case there is a 6 storey block. Although there are a number of vacancies advertised, some units have been refurbished or redeveloped in recent years, thereby indicating market confidence.

8.31 There may be scope for redevelopment, intensification by infilling and increasing storey heights, where the design is acceptable and amenity concerns can be addressed. The Redhill Town Centre AAP considered this area should continue to be primarily commercial, although a range of offices and workspace units, live/work, residential, cafes and restaurants could be considered as part of a diversification strategy to introduce a range of lively uses and work units. The site needs to retain its commercial focus to support the economic aspects of Redhill's regeneration, strategically important as the gateway to the Town Centre from the north and west, and will be an important component in improving the public realm.

8.32 **Reading Arch Road** - A suitably located site, immediately adjacent to the Town Centre which is a centre of strategic importance and a regional transport hub. Dominated by the motor industry, in a mixture of 1 and 2 storey buildings, generally older. There are no current vacancies and some examples of approved redevelopment proposals for some parts of the site.

8.33 The site is strategically important as a gateway to Redhill and in securing a balanced approach to regeneration, and a substantial element is within the Borough Council's ownership. Whilst there could be consideration to mixed-use development incorporating retail, leisure and residential uses, this site offers a good opportunity for commercial development and intensification for employment purposes may be acceptable in this location.

8.34 **Gasholder Site** - The site is suitably located, close to Redhill Town Centre. It was substantially reduced when permission was granted for almost 200 dwellings, leaving only a small part of the site in employment use which is no longer regularly monitored by the Council. There is only the gasholders, plus two other businesses in single storey buildings, with no current vacancies.

8.35 The remainder of the site has been suggested as potential future housing development and, especially should the gas utility operation cease, its future designation could be reconsidered.

8.36 **1-39 Brighton Road -** This ASB is suitably located adjacent to the Town Centre which is a centre of strategic importance and a regional transport hub. It currently has mainly retail and office usages, although lacks in convenience shops and community uses, across a mix of 2-3 storey development. Although there are some vacant units there is little evidence of current marketing activity.

8.37 There is potential for an increase in storey height in some parts of the ASB, and there could be an increase in flats above commercial units. The site is strategically important as the southern gateway to Redhill and needs to retain its commercial focus to secure a balanced approach to regeneration. Within the boundary of the Redhill Town Centre AAP, there are no specific proposals for this ASB but it does highlight the need for improved linkages between the Town Centre and the area to the south, which this site will be key to delivering.

8.38 **77-113 Brighton Road ASB** - This ASB is suitably located immediately south of the Town Centre which is a centre of strategic importance and a regional transport hub. Predominantly in retail use, it lacks convenience shops and community uses, across a mix of 2-3 storey development. There are no current vacancies and recent redevelopment of a mixed-use scheme has improved the image of the ASB.

8.39 There is potential for an increase in storey height in some parts of the ASB and there could be a further increase in flats above commercial units. Although just beyond the boundary of the Redhill Town Centre AAP, the site is strategically important on the southern approach to Redhill and needs to retain its commercial focus to ensure a balanced approach to regeneration.

8.40 **Holmethorpe** - A suitably located site, with good links to the road network and within a short distance from Redhill Town Centre. The site was reduced significantly when permission was granted for around 500 residential dwellings east of the railway line, currently under construction, which enabled infrastructure improvements which dramatically improved access to the whole site. There remains an extensive site, predominantly light industrial, a mix of older and more modern units, mostly 1 to 2 storeys in height. Although there are a number of vacancies, there are a number of recent and proposed small scale redevelopments (one application pending consideration).

8.41 Its location close to Redhill and position as one of the Borough's principal employment areas means this site offers a significant contribution to the Borough 's economy.

8.42 **Kingsfield Business Park** - The site is suitably located, near to Redhill Town Centre. The most dominant use is B8 storage and distribution, and the site provides a mix of medium-sized units, mostly 2/3 storeys in height, in a modern and spacious environment. There are no current vacancies.

8.43 Its proximity to Redhill and its position as a modern, attractive, well established site mean the site offers a significant contribution to the economy. There appear only limited opportunities for intensification, with only a couple of units that are single storey and few older buildings.

GVA GRIMLEY ASSESSMENT

8.44 Redhill is the most significant sub-area in terms of employment land within the Borough. It contains the largest mix of office and industrial land and is an important factor in defining Reigate & Banstead as a strategically significant employment location.

8.45 The area has a wide range of uses, quality and amenities. While the town centre sites and those nearby have excellent transport links some of the more outlying sites such as Holmethorpe and Reading Arch Road have only basic amenities with others having poor public transport access.

8.46 It is our view that those areas poorly served by amenities and public transport should be maintained and servicing improved. Many of the strategic employment areas in Redhill are also available for expansion and/or intensification, which would consolidate and strengthen the sub-areas employment land offer and provide more choice for employment sites in the future.

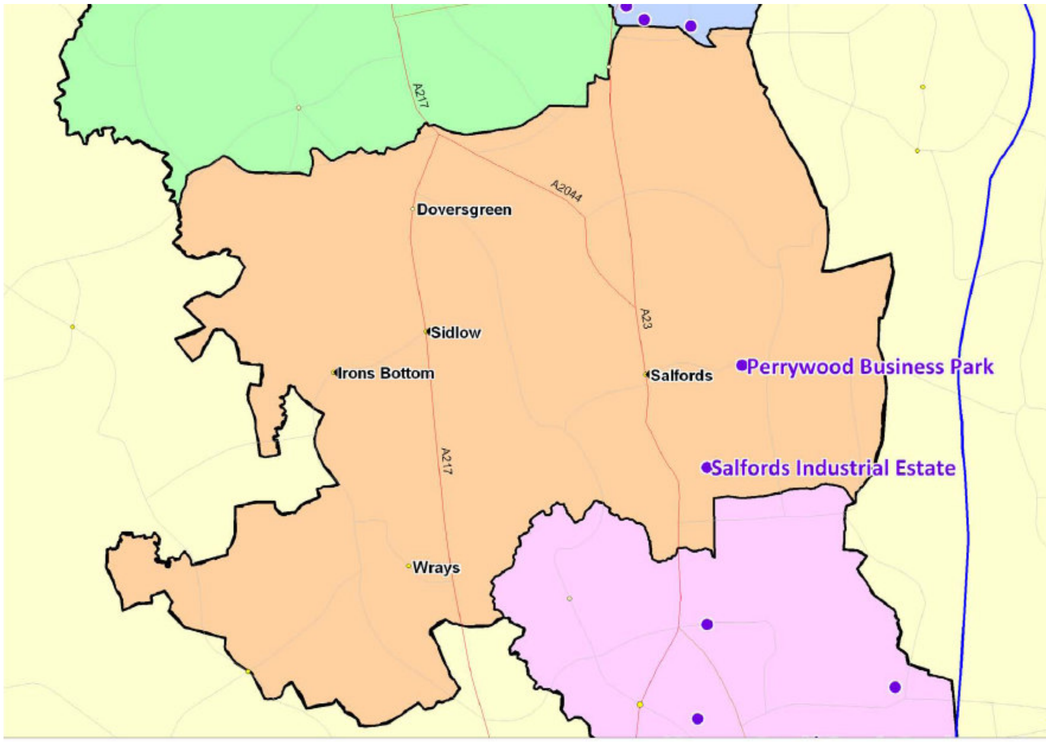
8.47 There are opportunities that we have noted particularly around the possibility of an expansion of the Redhill office zone with the ongoing town centre regeneration work. Schemes such as the Kingsgate development indicate that there are opportunities to develop more mixed use schemes which include commercial office space. There are also opportunities to create a new office cluster around the post office site which is something that would meet the extra demand for offices throughout the planning period.

8.48 There is one major piece of vacant employment land in this sub area at Quarryside Business Park, measuring around 1.2 ha according to information provided by Reigate & Banstead Borough Council. We view this as suitable for B2 and B8 development.

SALFORDS

8.49 Figure 33 shows the two employment areas in the Salfords sub-area which are Salfords Industrial Estate and Perrywood Business Park. Combined, the two provide 28.4ha of employment land the majority of which is used for storage and distribution purposes both situated close to the A23 with the nearest motorway (M23) some four miles away.

Figure 33 – Employment Sites in Salfords



Source: GVA Grimley

RBBC ASSESSMENT

8.50 **Salfords Industrial Estate** - A suitably located site, served by rail and bus services, and in an excellent prominent location on the road network. This extensive site consists of several different estates and business centres spread along the A23, each with different sizes and styles of uses resulting in this site having the greatest range of use classes of any of the Borough's estates. The major usage is B8 storage and distribution. Predominantly units are 2 storey, modern warehouse/industrial units. The eastern strip of land is also designated as land reserved for industrial, storage and distribution uses, and a site safeguarded for aggregate depot use. Although there are a significant number of current vacancies, a large area is currently being redeveloped.

8.51 Some parts of the site could be intensified, although recent redevelopment has already occurred in a couple of key parts of the estate. The development of the IO Centre indicates the site is attractive and offers the opportunity for it to become further established. Its visible location in the A23 corridor and position as one of the Borough's principal employment areas means this site offers a significant contribution to the Borough 's economy.

8.52 **Perrywood Business Park** - The site is suitably located, with bus and rail services in the locality and in a good location on the road network. It is a modern business park, with an attractive environment, and there are a high number of offices and light industrial units, the latter tending to be for high technology purposes. The majority of units are medium/large, 2 storey buildings. Although there are some vacancies, there has been a recent redevelopment and further development is underway.

8.53 Its location close to the A23 corridor and position as an attractive, well established site means it offers a significant contribution to the Borough's economy, and there does not appear to be significant opportunities for redevelopment.

GVA GRIMLEY ASSESSMENT

8.54 In order to maintain a balance of employment site types within the Borough Salfords should remain as a strategically important employment area owing to its wide range of uses. Perrywood offers a high quality environment and attractive location to operate in and may become a hub for computer based industries. Both the areas have adequate access to public transport and amenities although not on-site for the latter. We agree with the survey's assessment that Salfords industrial estate is key to the boroughs economy and the planned expansion of it would only enhance this position.

8.55 Key developments such as the IO Centre on Salbrook Road demonstrate this areas strategic importance and existing employment areas should maintain their current designation to meet employment and market needs throughout the planning period.

8.56 The Philips site holds major potential as a location for commercial stock, for both offices and R&D. Located south of major developments in Salbrook Road this site provides the Borough with an opportunity to develop its employment stock while continuing to promote employment in the Southern parts of the Borough. This scheme has support from SEEDA and we recommend that Reigate & Banstead Borough Council continue to promote this site as a potential employment location.

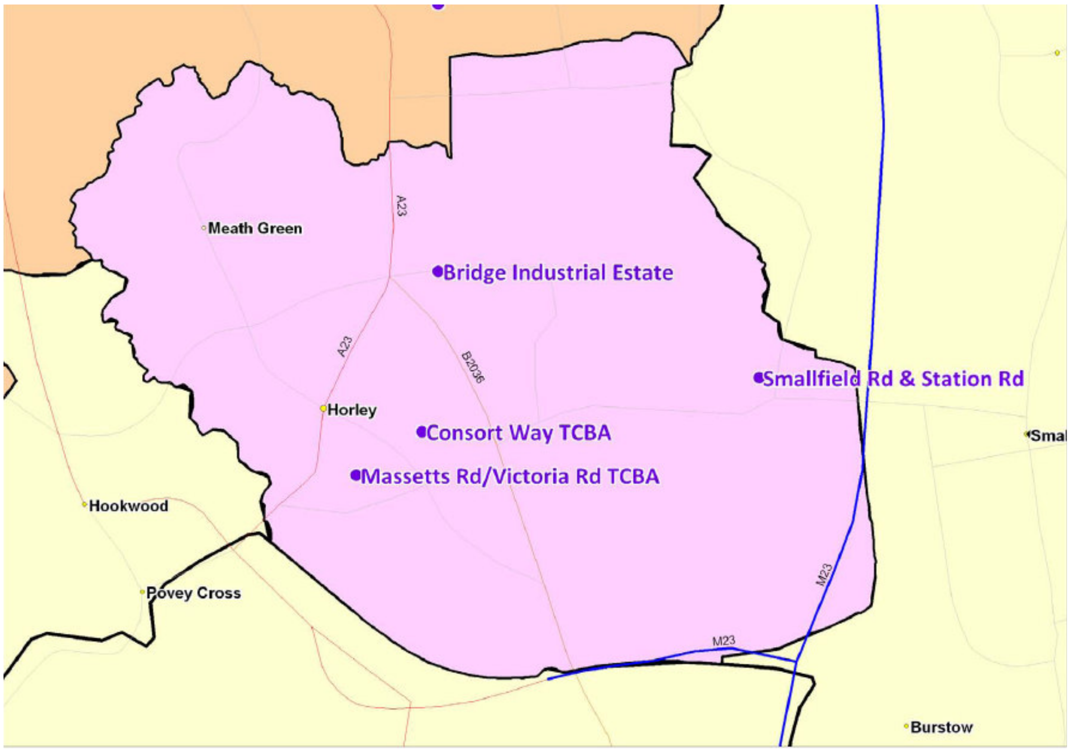
8.57 There is also a large piece of vacant industrial employment land in Salfords, the Salfords Goods Yard, on Salbrook Road. This is allocated in the Local Plan as employment land and totals around 5 hectares and it is our conclusion that this suitable for industrial uses.

HORLEY

8.58 There are four employment areas in the Horley sub-area as shown in Figure 34 covering almost 7.5 Ha of employment land; these include two town centre areas at Massetts

Road/Victoria Road and Consort Way. The other areas are the small business area at Smallfield Road & Station Road and the general employment area at Bridge Industrial Estate/Gatwick Metro Centre. .

Figure 34 – Employment Sites in Horley



Source: GVA Grimley

8.59 The council's employment area surveys concluded the following

8.60 **Massetts Road and Victoria Road -** This relatively small TCBA is suitably located within the Town Centre boundary and will benefit from future improvements to improve accessibility. It contains a number of key office buildings, in addition to some other uses, the majority of which are 3 storey. Few vacancies are currently advertised.

8.61 **Consort Way -** This relatively small TCBA is suitably located within the Town Centre boundary and will benefit from future improvements to improve accessibility. It contains some key modern office buildings, of a maximum 4 storeys, in addition to some other uses, with some older and single storey units, with only limited vacant units.

8.62 Although not highly visible and with no specific regeneration objectives for this site, it forms an important contribution to achieving a balanced approach to regeneration.

8.63 **Smallfield Road and Station Road -** This ASB is suitably located adjacent to the railway station and close to the Town Centre. Predominantly in retail and office use, with no community uses. The majority of buildings are 2-3 storey, with some larger offices at the eastern end. There are some vacancies and recent permissions have allowed the loss of some office space, however, there is one example of new development proposing small modern units.

8.64 A well-integrated site on the fringe of the Town Centre and adjacent to an Employment Area. The area needs to retain its commercial focus to support a balanced approach to the town's regeneration and future population growth. With wider travel improvements to increase accessibility, and current redevelopment, the environment of this ASB should improve and secure a good balance of uses. The area has already been identified for new employment and leisure uses, public realm and movement improvements.

8.65 **The Bridge Industrial Estate/ Gatwick Metro Centre -** A suitably located site, close to Horley Town Centre. Comprising two distinct estates, the older Bridge Industrial Estate is mainly in distribution and storage uses, over a mixture of buildings, and Gatwick Metro Centre is a more modern estate, mostly 2 storey units, where offices are the main use. Part of the site is also designated as Land Reserved for Industrial, Storage and Distribution Uses. There are some vacant units and one recent redevelopment.

8.66 The site is strategically important to balance the regeneration of the Town Centre and will benefit from wider travel improvements to increase accessibility. The occupation of the recent redevelopment should help to further establish the site. The area has already been identified for new employment and leisure uses, public realm and movement improvements.

GVA GRIMLEY ASSESSMENT

8.67 All of the employment areas in the Horley sub-area have good transport links particularly well serviced by the local bus routes and Horley Train Station. However, the low frequencies of services that run through Horley remain a concern. The sub-areas proximity to Gatwick allows for employment opportunities to develop through further utilisation of the Airport's excellent transport links into central London and the Airport itself. The Horley sub-area's focus is on the office market and any expansion or redevelopment of the employment area is likely to be office based also, particularly those sites close to the town centre.

8.68 Horley currently has a very low profile as an office market and we believe that the opportunities to improve its exposure is a distinct possibility linked to the wider regeneration of the town centre and particularly in the offer of start-up space for small businesses.

VACANT LAND AND BUILDINGS

8.69 To estimate the vacant employment land in the Borough we use two main sources: - vacant buildings identified in Reigate & Banstead's Commercial Monitor, and the land identified as vacant in the National Land Use Database (NLUD). Vacant buildings listed in the Commercial Monitor are readily available whereas vacant land on the NLUD database is not developed so is therefore not immediately available but is still considered viable supply throughout the planning period.

8.70 The Commercial Monitor states that there is around 67,000 sq m of available floorspace contained among vacant buildings in the Borough. This is shown in Table 22. An analysis of the location of this vacant floorspace shows that the majority is in the Redhill sub area, followed by the Reigate sub area. Borough wide, the use type with the largest amount of vacant floorspace is offices mainly concentrated in Redhill and Reigate.

Table 22 - Vacant Buildings in Reigate and Banstead – Floorspace (m^2)

Sub Area	Offices	Other Business Space	Warehouses	Total*
R&B North	53	21	289	370
Redhill	14,617	20,364	2,993	38,000
Reigate	13,614	969	1,735	16,400
Salfords	195	896	3,601	4,700
Horley	5,768	76	1,328	7,200
Total	**34,250**	**22,330**	**9,950**	**67,000**

*Source: Reigate & Banstead Commercial Monitor 2007. *= Numbers may not add up due to rounding*

8.71 The NLUD shows that there is around 42,000 square metres of vacant employment floorspace in Reigate & Banstead Borough as demonstrated in Table 23. This land is derived from 3 sites and all of which are assessed as being suitable for industrial uses. The sites are:

- Gasholder site: Redhill town centre
- Lee Street Sewage Works: Horley
- Salfords Goods Yard, Salfords

Table 23 – Vacant Employment Land in Reigate & Banstead – Floorspace (m^2)

Sub Area	Office	Other Business Space	Warehouse	Total Sites	Total*
R&B North					
Redhill		4,000		1	4,000
Reigate					
Salfords			20,100	1	20,100
Horley		13,800		1	13,800
Total		**17,800**	**20,100**	**3**	**37,000**

*Source: National Land Use Database. *=Numbers may not add up due to rounding*

8.72 The final source of vacant employment land in Reigate & Banstead throughout the planning period is the commitments, or planning permissions, in existence. The most recent data provided by the Council shows that there is around 59,000 square metres of B-Class employment space in the pipeline.

Table 24 – Commercial Commitments in Reigate & Banstead (m^2)

Town	Office	Other Business Space	Warehousing	Total*
R & B North	220	0	53	280
Redhill	14,072	16,553	16,428	47,100
Reigate	8,069	168	1,490	9,700
Horley	50	926	319	1,300
Grand Total	**22,411**	**17,647**	**18,290**	**58,300**

*Source: Reigate & Banstead Borough Council. *=Numbers may not add up due to rounding*

8.73 Aggregating the various sources employment floorspace vacancies, shown in Table 25, inidcates that there is a total of 163,000 square metres of B Class employment space in Reigate & Banstead. It is important to note, however, that around 60,000 square metres of this supply is in the form of commercial commitments and may not come forward as employment land. It is necessary to consider this land when planning for future employment land requirements especially when the availability of land is at a premium in the Borough.

Table 25 – Employment Floorspace Supply in Reigate & Banstead

	Office	Other Business Space	Warehousing	Total*
R&B North	273	21	342	1,000
Redhill	28,689	40,917	19,421	89,000
Reigate	21,683	1,137	3,225	26,000
Horley	195	896	23,701	25,000
Salfords	5,818	14,802	1,647	22,000
Total	**57,000**	**58,000**	**48,000**	**163,000**

*Source: Reigate & Banstead Borough Council/National Land Use Database. *= Figures may not total due to rounding*

9. BALANCING DEMAND AND SUPPLY

INTRODUCTION

9.1 In this Chapter, the employment land demand forecasts and the estimated future supply are combined to assess the overall requirements throughout the planning period. It leads to a series of key recommendations that will inform spatial employment policies within the Borough to support the Local Development Framework. These requirements also inform the strategic direction of the economy which is detailed in Chapter 10.

THE MARKET BALANCE

9.2 The employment land demand and supply quanta are set out in Chapter 7 and Chapter 8. We now combine these supply and demand estimates to provide an assessment of future employment land requirements in the Borough. At this stage it is pertinent to combine Other Business Space and Warehousing requirements as their locational needs tend to be similar as are the plot ratios upon which land is built.

9.3 The final stage is transferring employment floorspace requirements in square metres into employment land requirements in hectares. We do this under the following plot ratio assumptions:

- Town Centre: 3
- Industrial: 0.4

9.4 We recognise that employment land supply is at a premium within the Borough and for this reason we assume that any new office development will be high density, hence a plot ratio of 3. The rationale for industrial is slightly different as there tends to be less scope for intensification of use in industrial uses. Therefore the plot ratio remains at the 0.4 outlined by ODPM Guidance.

9.5 Table 26 below shows the requirements for B-Class employment space throughout the planning period to 2026 for Reigate & Banstead.

Table 26 - Requirements for B Class Space Compared with Supply in Reigate & Banstead 2006 – 2026

Base Case	Demand Floorspace (m^2)	Supply Floorspace (m^2)	Balance Floorspace (m^2)	Balance ha
Office	114,534	57,000	-57,534	-2
Industrial	38,979	106,000	67,021	16
Total	**153,513**	**163,000**	**9,487**	**14**

Source: GVA Grimley

9.6 Our analysis shows that there is an oversupply of around 14 ha of employment land throughout the planning period from 2006 to 2026. This breaks down into a surplus of 16 ha for industrial land and a requirement for 2 ha of office land.

9.7 It is important to note that this assumes that any office development will be higher density than the guidance prescribes. The justification for this is that many office developments in the Borough will be in town centres which will require higher plot ratios.

9.8 The overall requirements also assume that the commercial commitments for the Borough are fulfilled. This will potentially deliver 58,000 square metres of B Class floorspace so Reigate & Banstead Borough Council must take this into consideration when planning for employment land to 2026.

RECOMMENDATIONS

RECOMMENDATION 1 – MAINTAIN EXISTING EMPLOYMENT SITES

9.9 Given the need to maintain flexibility on overall land requirements, and to make provision for any increases in employment land demand we recommend that Reigate & Banstead Borough Council maintain all current allocated employment sites in their current use and resist proposals for change of use.

RECOMMENDATION 2 – PROVIDE A MIX OF USES ON VACANT SITES

9.10 While the majority of vacant sites are prescribed as best suited to industrial uses, there is an overall requirement for office uses in the Borough. Therefore we recommend that, where appropriate, a mix of office and industrial is provided on employment sites that are developed.

RECOMMENDATION 3 – CONDUCT A GREEN BELT REVIEW

9.11 We recommend that the Council's green belt review, recommended in the proposed changes to the RSS and to be concentrated around Redhill and Reigate, consider potential employment uses within it. This will identify any land which could be appropriately used for employment purposes and may allow scope for a business park development which could address a significant portion of future office demand.

RECOMMENDATION 4 – ALLOW FOR INTENSIFICATION OF USE ON EXISTING EMPLOYMENT SITES

9.12 Given the need for additional office employment land, we recommend Reigate & Banstead Borough Council allow for intensification of use on current employment sites as long as there are no adverse environmental impacts of such developments. Given the development restrictions in the Borough and the challenges of delivering large scale housing numbers intensification of employment development is important to ensure that the Borough makes the most efficient use of its current allocated employment land.

10. STRATEGIC ECONOMIC FRAMEWORK FOR REIGATE & BANSTEAD

10.1 In this section we set out the overall economic strategic direction for Reigate and Banstead. We set out an overall vision for the Borough and the objectives to meet this vision. Following from this we identify the key priorities for the Borough as a whole and the defined sub-areas in order to drive this forward.

VISION

10.2 The economic vision for the Borough up to 2026 is to:

> *Develop Reigate & Banstead's position as a strategically important regional, national and international employment location catering for high value sectors and providing jobs for all its residents while maintaining the excellent environment and quality of life.*

10.3 To accommodate this Vision Reigate & Banstead should provide employment space for 9,854 employees, of which 5,347 will be employed in office and 504 in industrial uses.. A certain proportion

OVERALL OBJECTIVES

E.10. Ensure existing business retention needs are met

E.11. Broaden the economic base to accommodate a variety of sectors and business sizes

E.12. Encourage new business creation and entrepreneurial culture

E.13. Align key skills provision with future employment needs in the Borough

E.14. Ensure that employment provides for the needs and skills of the Borough's residents

E.15. Make the best use of the Borough's proximity to Gatwick Airport and obtain maximum benefit from its position in the Gatwick Diamond

E.16. Provide the policy basis and investment into transport infrastructure and communications networks to benefit businesses while serving the residents and protecting the environment

E.17. Enhance the quality of life and range of services/attractions as places for business and living in the Borough

E.18. Support the Housing Strategy by providing the appropriate mix and choice of housing to meet business and resident needs

BOROUGH PRIORITIES

SUSTAIN THE CURRENT ECONOMY - E1

10.4 In line with Objective E1 foster a continued and regular dialogue between the Council and existing larger businesses in the Borough to understand their needs and ensure that Reigate and Banstead continues to provide the best conditions for its current business base to flourish.

Lead Partner: Reigate & Banstead Borough Council

10.5 Ensure the adequate supply of employment land sites and premises through maintenance of existing employment sites, encouragement of appropriate intensification of employment activities and review of development boundaries to identify new employment land to meet the Borough’s future needs.

Lead Partner: Reigate & Banstead Borough Council

10.6 Raise the image of Reigate and Banstead as a world class business location through programmes and activities including an outreach Business Ambassador Scheme.

Lead Partner: Surrey Economic Partnership

BROADENING THE ECONOMIC BASE - E2, E3 & E6

10.7 Continue to provide and extend support mechanisms for local businesses to move into higher value activities, such as innovation support services and foresight tools.

Lead Partner: Surrey Economic Partnership

10.8 Undertake regular reviews and updates of employment land and property availability to inform the planning process and planning decisions and ensure the adequate supply of quality and choice of employment land for the needs of the local economy.

Lead Partner: Reigate & Banstead Borough Council

10.9 Encourage entrepreneurship in schools and colleges and provide support services to potential entrepreneurs.

Lead Partner: Surrey Economic Partnership

10.10 Develop an Inward Investment Strategy for the Borough in the context of the Gatwick Diamond. The strategy should include: analysis of existing sector clusters locational advantages, existing and potential niche markets, target growth sectors, propositional plan and proof of concept testimonials to form a coherent inward investment package.

Lead Partner: Surrey Economic Partnership

SKILLS – E4 & E5

10.11 In line with the Transformational Action of the RES to develop a skills escalator, ensure that those in most need of skills and training are actively targeted by promoting courses in areas of particular low qualification and skills attainment. The opportunities for training and skills development need to be targeted through outreach. Work with local schools and colleges to promote NVQs and awareness of the benefits of these skills.

Lead Partner: LSC/Surrey Economic Partnership

10.12 Promote the personal development of individuals and build capacity within the community through the development of an Adult and Community Learning Plan.

Lead Partner: LSC

10.13 In line with the Transformational Action of the RES to encourage education-led regeneration, test in detail the feasibility and viability of accommodating a new further education facility, most likely in the guise of a Gatwick University, within the Borough.

Lead Partner: Reigate & Banstead Borough Council

10.14 Establish improved links and partnering arrangements between the FE sector and major businesses in the Borough so that the FE sector provides the courses required to give meet the needs of businesses now. The input of businesses into course availability and the curricula would be beneficial to align future education and training with key business requirements.

Lead Partner: Surrey Economic Partnership

QUALITY OF LIFE – E8

10.15 Promote Reigate and Banstead as an attractive place to live and work to its young people through programmes to increase the numbers of young people staying here and attract others to the area.

Lead Partner: Surrey Economic Partnership

10.16 Ensure that the Borough delivers on its overall housing targets in order to provide the appropriate mix of housing for residents while maintaining the quality of life through strong communities. The role of the LDF Core Strategy and other DPDs will be paramount to securing the appropriate housing mix in a sustainable manner that balances housing needs against wider place-making initiatives.

Lead Partner: Reigate & Banstead Borough Council

10.17 Ensure that the Borough continues to support emerging physical and economic regeneration plans focused on Redhill, Horley and Reigate as the principal urban centres and major locations for commercial floorspace. This is a strong demonstration of commitment.

Lead Partner: Reigate & Banstead Borough Council

INFRASTRUCTURE – E7

10.18 Improve highways and rail infrastructure (strategic and local level) in accordance with the Local Transport Plan and seek to influence future highways and rail investment expenditure targeted towards capacity increases and supporting behavioural change to the extent that is does not adversely affect the economic success of the Borough.

Lead Partner: SEEDA

10.19 Commission a feasibility / impact assessment for the future extension of the Fastway Guided Bus system.

Lead Partner: Reigate & Banstead Borough Council

10.20 Draw up travel plans that facilitate the physical movement of employees such as direct bus routes from Redhill to major employment locations.

Lead Partner: Reigate & Banstead Borough Council

10.21 Review commercial and employment space parking ratios and increase these where it is appropriate to do so to increase parking availability for employees in the Borough.

Lead Partner: Reigate & Banstead Borough Council

SUB-AREA LEVEL PRIORITIES

10.22 The objectives and priorities have been set out at a Borough level. It is also important to set the priorities for the sub-areas of the Borough so that the strategic direction applies at the local level.

Area	Future Economic Role & Function	Priorities	Key Actions
Reigate & Banstead North	Continue to be an area for bespoke high quality employment sites while maintaining its high quality environment and quality of life	Ensure planning policy protects existing employment sites to maintain the areas attractive offer to business throughout the planning period. Ensure planning policy is in place to maintain the high quality environment which attracts businesses and residents alike.	Ensure the current mix between employment and housing remains.
Reigate	Maintain Reigate's position as an internationally attractive business location with a high quality town centre offer	Maintain existing employment sites within Reigate to ensure that corporate HQs continue to view it as an attractive location. Ensure that policy allows for a variety of A Class uses to maintain the vibrancy of Reigate town centre	Particularly around town centre sites investigate the opportunity for intensification of office uses
Redhill	Develop Redhill into a vibrant town providing a 24/7 economy with a high quality mix of retail, commercial and residential uses	In line with the Redhill Area Action Plan put planning policy in place to facilitate the development of the necessary commercial, residential and leisure uses Conduct a green belt review around the Redhill Metropolitan Boundary Area to establish capacity for further employment development	Expansion of the Redhill office zone in conjunction with the ongoing town centre regeneration scheme with schemes similar to Kingsgate and mixed use schemes encouraged.
Salfords	Maintain, and possibly expand, Salfords position as a key strategic industrial location serving the Borough and the Gatwick Diamond.	Ensure Salfords plays a key role in development of the Gatwick Diamond initiative. Ensure planning policy protects existing employment sites and, where possible, allocate new industrial sites	Develop former Philips site into a Technology Innovation Park and a key driver of growth in the Gatwick Diamond.
Horley	Develop Horley as a hub for start-up units and entrepreneurial activity facilitating strong business creation, and a town centre regeneration programme while continuing to build strong links with Gatwick Airport and the tangible response to the Gatwick Diamond concept.	Ensure planning policy allows for the creation of start up and move on floorspace units in Horley. Create opportunities for mixed use employment, retail and residential development such as live/work opportunities.	Through the ongoing Regeneration Strategy for Horley promote it as a centre for offices and for small businesses to raise its profile as a viable start-up location

APPENDIX 1

SECTORS CLASSED AS KNOWLEDGE INTENSIVE

- 66 : Insurance and pension funding, except compulsory social security
- 67 : Activities auxiliary to financial intermediation
- 72 : Computer and related activities
- 73 : Research and development
- 74 : Other business activities
- 244 : Manufacture of pharmaceuticals, medicinal chemicals and botanical products
- 246 : Manufacture of other chemical products
- 300 : Manufacture of office machinery and computers
- 321 : Manufacture of electronic valves and tubes and other electronic components
- 322 : Manufacture of television and radio transmitters and apparatus for line telephony and line telegraph
- 323 : Manufacture of television and radio receivers, sound or video recording or reproducing apparatus and associated goods
- 332 : Manufacture of instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process control equipment
- 353 : Manufacture of aircraft and spacecraft
- 642 : Telecommunications
- 651 : Monetary intermediation
- 652 : Other financial intermediation

APPENDIX 2

WARDS CONSTITUTING AREAS USED IN SPATIAL ANALYSIS

REIGATE & BANSTEAD NORTH

10.23 The Reigate & Banstead North area consists of the following Middle Level Super Output Areas (SOAs):

- Reigate & Banstead 001
- Reigate & Banstead 002
- Reigate & Banstead 003
- Reigate & Banstead 004
- Reigate & Banstead 005
- Reigate & Banstead 006
- Reigate & Banstead 007

REIGATE

10.24 The Reigate area consists of the following Middle Levels Super Output Areas (SOAs):

- Reigate & Banstead 009
- Reigate & Banstead 012
- Reigate & Banstead 013

REDHILL

10.25 The Redhill area consists of the following Middle Level Super Output Areas (SOAs):

- Reigate & Banstead 008
- Reigate & Banstead 010
- Reigate & Banstead 011

SALFORDS

10.26 The Salfords area consists of the following Middle Level Super Output Areas (SOAs):

- Reigate & Banstead 014
- Reigate & Banstead 015

HORLEY

10.27 The Horley area consists of the following Middle Level Super Output Areas (SOAs):

- Reigate & Banstead 016
- Reigate & Banstead 017
- Reigate & Banstead 018