AECOM

Final Report

Newport LDP 2011-2016 Employment Context Paper

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1. INTRODUCTION

Newport is a strategically important, gateway city to south east Wales. With a long history of economic development and growth, the city has evolved from an historic port, major steel producing and manufacturing town and is beginning to emerge as a dynamic service economy.

The Vision for Newport is for "**a focus for diverse economic growth that will strengthen its contribution to the region**" and sees Newport being recognised as "**a lively, dynamic growing city**". (Newport LDP Preferred Strategy: January 2010).

Much has already been achieved to restructure the local economy and help realise the city's growth potential. The city has not been immune, however, to the effects of the recent global economic recession and must again position itself effectively to the new economic climate and emerging challenges.

This document has been prepared by AECOM on behalf of Newport City Council and provides the economic context for future employment land requirements for the LDP 2011-2016. The document reflects on the macro-economic conditions in a post recessionary UK and considers the implications for Wales generally and Newport in particular in light of the new environment. The recent changes in Newport's economy are analysed as context for the future. Further background information on the socio-economic conditions and comparable trends in Newport are presented in a separate technical report (Newport Baseline Conditions Report: AECOM, February 2011).

Recent trends in employment land development are assessed alongside overall trends in employment and activity in key business sectors in Newport. A number of growth scenarios are then appraised to inform the need for employment land over the Local Development Plan period (2011-2016). Finally, the current stock of employment land is considered taking account of the character and quality of available land and constraints to development.

2. MACRO-ECONOMIC OUTLOOK

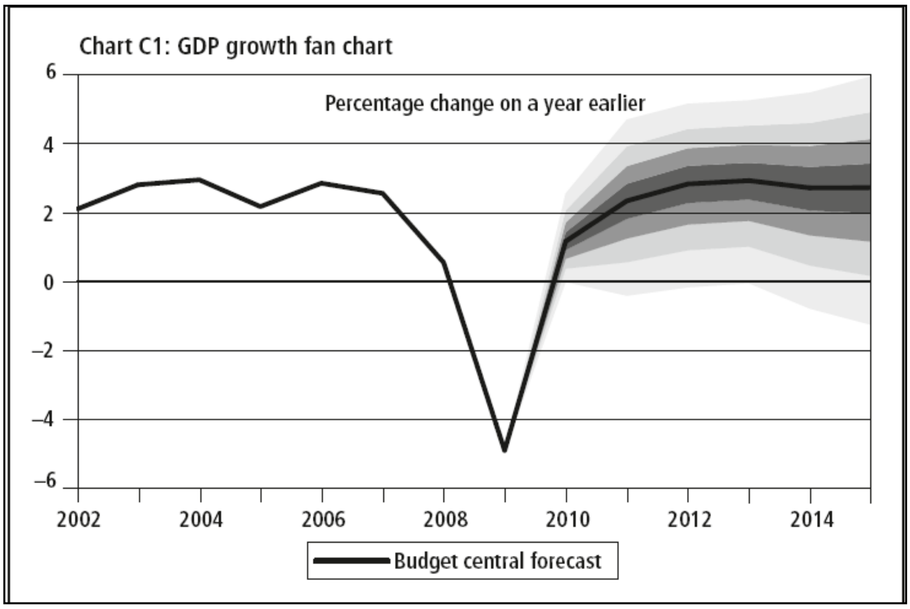
The recession in the UK may technically be over but it was the longest among G7 countries. The recovery so far has been above many economists' expectations, although latest employment figures (December 2010) show a decline of 30,000 jobs. Through 2009, GDP in the UK declined by 4.8%, this was the biggest decline since 1931, in the middle of the Great Depression, when national output fell by 5.1%. Moreover, the contraction between early 2008 and the third quarter of 2009 was 6.0%, the longest and deepest reverse since the mid-1940s, when the economy was demobilising from peak wartime production.

Although the downturn is widely regarded to have ended, it is still unclear where the UK economy is heading. Set out below is a cross-section of published opinion to help gain a greater understanding of the effects of the recession on the UK, Wales and Newport. It should be noted that, as a result of Coalition Government reforms to HM Treasury Department, the Treasury no-longer produces its own forecasts for the UK economy. Responsibility for official UK Government economic forecasting has been passed to a newly formed independent body – the Office for Budgetary Responsibility (OBR). However, the Treasury still collates forecasts from a number of 'City Forecasters' and 'Non-City Forecasters' (i.e. Banks and Non-Banks), which offer a broad insight into the direction of the UK economy. The December 2010 report compares 37 independent forecasts across a number of key indicators. These forecasts in addition to Bank of England forecasts have been summarised below.

2.1 Office for Budgetary Responsibility (OBR)

The OBR produce the official forecasts for the UK Government. Their overall opinion is that strong recent growth has been a result of businesses restocking and this will be followed by more muted growth in early 2011. However, it is expected that into quarters 3 and 4 of 2011 the economy will begin to grow more strongly and sustainably. The slowdown in growth expected in 2014 and 2015 is a result of a slowdown in the rate of growth of the working population as the 'baby boomer' generation begin to retire. The fan graph below illustrates the likely GDP growth scenarios over the coming five years.

Figure 01: Office for Budgetary Responsibility UK GDP Forecast to 2015



Source: Office for Budgetary Responsibility – Economic and Fiscal Outlook, November 2010.

The overall forecast is that the economy will continue to recover from the recession, but at a slower pace than in the recoveries of the 1970's, 1980's and 1990's. This relatively sluggish medium-term outlook reflects the gradual normalisation of credit conditions, efforts to reduce private sector indebtedness and the impact of the Government's tightening fiscal consolidations.

Depreciation of Sterling will lead to increases in exports over imports but with financial services contributing a smaller proportion than pre-recession. Notably, business investment is expected to be strong over the next 5 years whilst government investment continues to decline as a proportion of GDP until 2014 as a result of the Comprehensive Spending Review measures. In addition, any falls in unemployment will come as a result of private sector job creation and are not expected to be in the public sector.

The table below outlines the OBR 2010-2015 forecast for major economic indicators as at November 2010. Growth forecasts were revised downwards at the time of writing in the 2011 Budget inferring a continued period of uncertainty.

Table 01: Office for Budgetary Responsibility Forecasts 2010-15

Indicator	2010	2011	2012	2013	2014	2015
GDP Growth %	1.8	2.1	2.6	2.9	2.8	2.7
Claimant Unemployment (mn)	1.47	1.49	1.41	1.30	1.21	1.10
Business Investment % of GDP	1.3	8.6	8.4	10.2	9.8	7.6
Government Investment % of GDP	1.0	-15.3	-9.7	-5.9	-1.5	2.6
Net Trade Contribution to GDP Growth %	-0.9	0.7	0.9	0.7	0.6	0.5

Source: Office for Budgetary Responsibility – Economic and Fiscal Outlook, November 2010.

The OBR forecasts do not explore sectors specifically but do allude to the likely winners (advanced manufacturing and export oriented industries) and losers (financial services). This trend is reiterated in the OBR's belief that the economy will shift away from domestic consumption and towards business investment and net exports. The extent to which this expectation materialises is dependent on global economic activity (which appears strong) and the continued depreciation of Sterling.

With regards to UK unemployment, the OBR believes it will peak at 8% in mid-2011 before falling back to just over 6% by 2015.

2.2 Synopsis Forecasts

Across the 37 independent forecasters, on average GDP growth in 2011 is forecast to be 1.9%, although the range is broad. The lowest estimate is 0.9% growth (French Bank - BNP Paribas) whilst the most optimistic forecast is for 3.1% GDP growth (Liverpool Macro Research). All forecasts view private consumption in 2011 to be more important than government consumption. The average across all forecasts is for 1.2% growth in private consumption and a decline of 0.7% in government consumption. In addition, capital investment from the private sector will grow strongly in the coming years whilst the public sector will retract significantly.

With regard to trade, all forecasts show a growth in exports at a higher rate than imports. The lowest import forecast is a decline of 0.5%, whilst the lowest export forecast is growth of 2.9%. The average of forecasts for imports and exports in 2011 are 3.4% and 6.4% respectively. This suggests all forecasters see a continued decline in the strength of Sterling and a subsequent increase in the competitiveness of exports.

The average across forecasts is for claimant unemployment to be 1.6 million in quarter 4 of 2011. The highest forecast is 1.9 million whilst the lowest forecast is 1.27 million. Even the highest forecast represents a decline in claimant unemployment on 2009 levels – 2.5 million (ONS).

House price inflation is notable for the range of forecasts it has generated. The lowest forecast is for a 10% decline in house prices, whilst the highest forecast is for 13.4% growth. Overall, the forecasts anticipate a decline of 1.4% in house prices across the UK in 2011.

Averages of forecast key indicators from 2010 to 2014 are outlined in the table below. The general consensus is for steady GDP growth to resume and for this growth to gain momentum over the next 4 years. The weakening of Sterling will increase the contribution of exports to overall GDP growth. Claimant Unemployment will rise in 2011 but as GDP growth gains momentum it will begin a sustained decline. Finally, house price inflation forecasts are negative in 2011 but grow continually and with greater strength between 2012 and 2014.

Table 02: Independent Forecasts for Key Indicators 2010-14

Indicator	2010	2011	2012	2013	2014
GDP Growth %	1.7	1.9	2.1	2.4	2.5
Net Trade Contribution to GDP Growth %	-0.9	0.3	0.4	0.3	0.2
Claimant Unemployment (mn)	1.51	1.6	1.54	1.48	1.42
House Price Inflation %	5.54	-1.4	1.34	4.77	4.98

Source; HM Treasury – Forecasts for the UK economy: a comparison of independent forecasts, December 2010

2.3 Bank of England

The Bank of England view is very similar to that of the OBR. The overall view is of a muted recovery in the near future as investment spending is:

'restrained by the juxtaposition of muted product demand and an overhang of spare capacity'.

Charles Bean, Deputy Governor for Monetary Policy (Dec 2010)

However, the economy is forecast to begin gaining momentum from the latter half of 2011.

2.4 Macro-Economic Concerns

Although there is almost unanimous agreement that the UK economy will begin a steady and sustainable recovery from mid-2011, there are two areas of concern that could yet derail recovery: European Bond Markets and Inflation.

Of number one concern are recent events in the government ***bond markets*** of countries in Western Europe. Labelled the PIIGS (Portugal, Ireland, Italy, Greece & Spain) but also including Belgium, there is growing concern that when these countries try to raise more money through the sales of bonds later in 2011 they will have few buyers.

Sound fiscal policy is for governments only to use money raised through bond sales as a way to fund capital investments – as economic theory states: "capital is inherently productive". However, a number of the aforementioned countries are using global financial markets to raise money for day-to-day expenditures, such as paying civil servants wages.

If the PIIGS are unable to raise enough finance at a suitable interest rate, 2011 could see, at best, drastic public sector spending cuts and at worst rejection from the Euro and significant financial losses for a number of institutional investors (pension funds, hedge funds etc). The impact on the UK would be for demand in a number of its key export markets to be disrupted causing significant pain to companies already suffering from the longest recession in the post war period.

Low ***inflation*** levels and high wages experienced in Western Europe and North America throughout the late 1990's and first decade of the 21st century have commonly been cited as a result of inflation exportation. Rather than prices of goods rising with demand, production has increasingly sought a lower cost base and low wage rates in developing countries (now referred to as 'emerging markets' – China, India, Thailand, Indonesia etc).

As a result of the last 10-15 years of economic growth, wage rates in emerging markets are now rising and fuelling demand for consumer goods, food and natural resources. As global demand for commodities such as oil, gas, metal ores and food continues, prices in the UK are inflating quicker than wages. This type of inflation is hard to mitigate without reducing demand. Production increases often take years to plan and construct and, more fundamentally, some of these resources are finite.

The current inflation target, as measured by the Consumer Price Index (CPI) method, set for the Bank of England by the Government, is 2%. However, as a result of the phenomena illustrated above, CPI inflation has been running above target for a number of months and in December measured 3.7%, up from 3.3% in November 2010. Traditionally the Bank of England has used interest rates to control the rate of inflation. Due to the global source of inflation it is unlikely that an increase in domestic interest rates would have a significant impact on reducing CPI inflation. An interest rate rise would, however, have a marked negative impact on the cost of capital for businesses and private individuals, which would subsequently have a negative impact on economic activity.

The Bank of England is coming under increasing pressure to be seen to act on the inflationary pressures, it has so far resisted these pressures for two reasons. Firstly, a rise would have a negative impact on consumer spending as a larger proportion of household budgets would be used to service debt. Secondly, the UK is seen as a safe haven for foreign investors and as such a rise in interest rates would attract in-ward flows of credit, strengthening Sterling and weakening demand for UK exports – a key driver of economic growth.

2.5 Forecasts beyond 2015

There are few official economic forecasts beyond 2015. Statistically, economies tend to return to long-term equilibrium over a five year period. Long-term equilibrium is based on a number of factors including skill levels, labour market flexibility, continued investment in capital (infrastructure and technology) and R&D and the continued stability of governance and law. Therefore, on paper the UK economy should expect to see an eventual return to low unemployment levels and steady economic growth.

There are, however, a number of factors that can influence long-term economic growth. The depth of the recession has been such that unemployment has grown rapidly. If short-term unemployment persists into the medium-term (6 months - 2 years) skill and aspiration levels among the workforce begin to fall. This can lead to structural unemployment and raise the level of unemployment in the economy at equilibrium. Furthermore, labour market flexibility must be maintained. Loss of employment must be followed up with positive support to find new employment through retraining and sound advice. In addition, the UK is facing negative demographic trends in the increasingly top-heavy population structure.

The growth of China, India and other emerging economies is an opportunity for many but also a threat to others. The UK economy will continue to restructure and prices will continue to rise above the Bank of England target rate of inflation. Wage rates in the UK will not rise as quickly as historically been the case. Competition from emerging economies will be strong as they begin to export ever more knowledge based products. Wage rises in emerging economies will begin to raise their consumption levels and push up the price of commodities further. Beyond 2015, it is likely that a significant period of global economic rebalancing will occur.

3. THE RECESSION IN WALES

Prior to the recession the Welsh economy was performing relatively poorly in terms of GVA per capita compared to the rest of the UK. Since the end of the last recession in 1992, GVA per capita in Wales fell progressively behind the UK as a whole despite an overall increase in the employment rate.

Jobs created have largely been associated with low productivity, low wages and low skill levels. Well paid and often full time jobs in manufacturing have continued to be lost. Growth industries have been transport and communication, retail, business services and the public sector.

In July 2009, the Welsh Local Government Association (WLGA) commissioned growth projections by industry for Wales. The results are reproduced below. Working from the 2008 base-year, significant declines in employment across a number of industries were forecast. From 2010 to 2011 it is anticipated that employment will grow in all industries bar Manufacturing & Primary Industries and Government, Education & Health. In-line with UK forecasts growth is anticipated to be slow but positive in 2011.

Table 03: Sector Forecasts for Wales 2009-2011

Industry	2008 Employment	08-09 % change	09-10 % change	10-11 % change
Manufacturing & Primary Industries	203,800	-5.4%	-4.4	-2.0
Energy & Water	16,200	1.4	2.4	2.0
Construction	118,500	-6.0	-2.0	0.5
Distribution, Retail, Hotels	259,800	-3.0	-2.0	1.2
Transport & Communication	72,600	-2.0	-2.0	1.2
Financial and Business Services	148,500	-4.0	-2.6	1.0
Govt, Education & Health	446,800	0.8	0.2	-0.5
Other Services	78,900	-1.0	1.0	2.0

Source: Welsh Local Government Association, July 2009

If the above forecasts prove accurate, overall employment in Wales between 2009 and 2011 will have declined by 3.6%, which is a total loss of 48,000 jobs. As the majority of the job losses are in low value manufacturing and the public sector it is expected that the areas worst hit by the recession and, most likely, the slowest to recover are North East Wales and the South Wales Valleys. By contrast, the South East Coastal sub-region is likely to come out of the recession the strongest, further exacerbating its productivity gap with the rest of Wales.

Away from the declines in construction, it appears the recession in Wales has sped up existing economic trends. Most notably, multinational companies investment in low end manufacturing branch plants redirecting to cheaper overseas locations. However, manufacturing is still a significant and important component of the welsh economy. Indeed, a number of manufacturing firms in Wales have been described as ‘anchor companies’ (such as Rockwool in Bridgend and Toyota in Deeside) in light of their important economic contributions.

Despite a reduction in GDP share over the last 20 years, productivity in manufacturing has increased by 58% compared to 35% for the economy as a whole. Some of this productivity gain is inevitably a result of the closure of less efficient firms. This is, however, a very positive statistic and shows not only the sector’s ability to respond to difficult market conditions but also that the strategy for success in manufacturing relies on high skill levels, strong links to research and development centres and, in current economic conditions, an export focus.

It is worth noting that in October 2009 the Welsh CBI *'Industrial Trends Survey'* noted a marked optimism amongst manufacturers in Wales as a result of increased orders moving against overall economic trends. This trend cemented itself over 2010 with manufacturing in the UK growing by 3.8% compared to 1.8% for the UK economy as a whole (EEF – the manufacturing industry federation, January 2011).

Furthermore, in 2011 UK manufacturing is expected to grow by 3.5% compared to 2.1% for the economy as a whole. The EEF Chief Economist (January 2011) has also stated that the likely drivers will be mechanical engineering and metal products as they have the highest exposure to export markets.

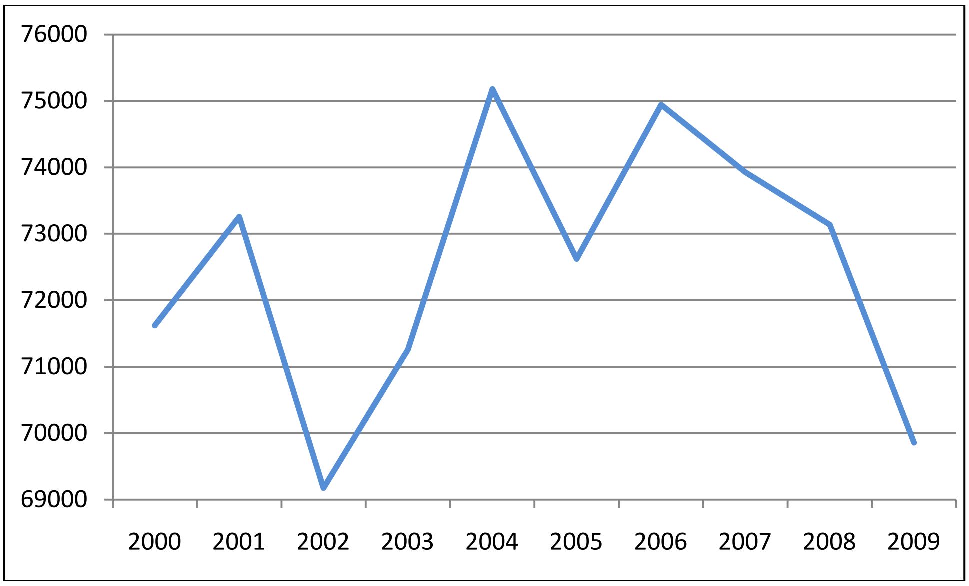
4. NEWPORT ECONOMIC CONTEXT

This section of the report explores the past employment trends and changes in the business sector profile in Newport over the last 10 years and begins to identify some of the key drivers of employment growth. The impact of the current recession is also explored and consideration is given to Newport's future prospects for economic growth.

4.1 Total Employment

The number of individuals employed in Newport in 2009 stood at 69,900 whilst the total level of employment (a measure available from the new BRES[1] survey), which includes working proprietors, is 73,000. The graph below shows employee levels in Newport from 2000 to the latest available data in 2009.

Figure 02: Total Employee Change in Newport, 2000 to 2009



Source: ABI employee data 2000-2008 and BRES employee data 2009

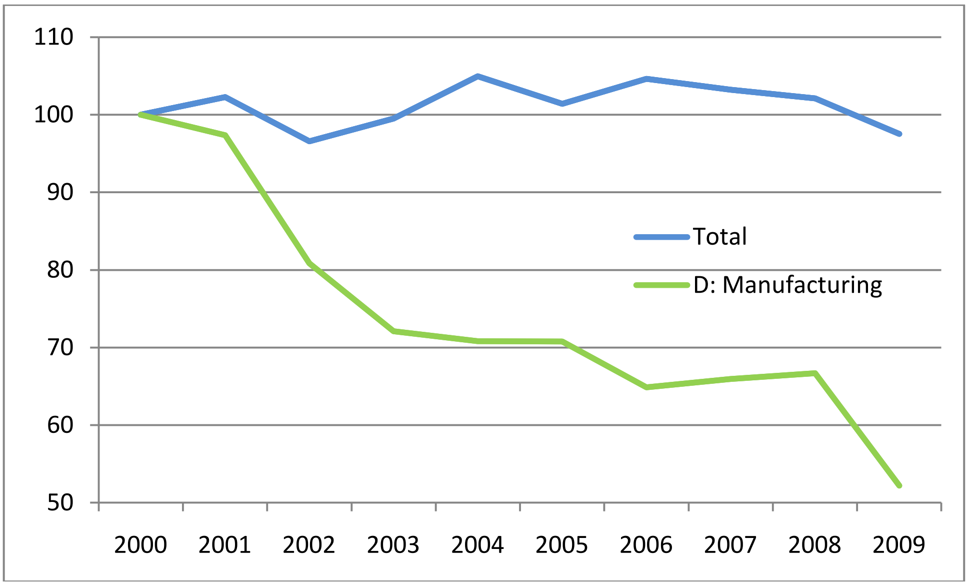
What is most striking about employment in Newport is the number of large and rapid declines and recoveries the area has experienced over the last 10 years. Such a trend is symptomatic of an economy undergoing significant structural change or one highly exposed to the global economy – these are both experiences relevant to Newport. Newport's modern economic life began as an export centre for coal mined in the Valleys and for metal products manufactured within the city. Steel making remained the mainstay of the economy through much of the 20th century.

In the '2003-08 Newport Economic Development Strategy' it is noted that as recently as 2001 almost 20% of Newport's employment was in manufacturing. The sector was also highly concentrated with regard to the number of companies operating, with only four large metal manufacturing and finishing plants employing directly 2000 people. In addition, these four companies were relied upon by a number of dependent companies. In this context, the employment trend illustrated above can be viewed as a timeline of events (namely factory closures) catalysed by changes in the global and highly competitive market for metal and manufacturing products.

[1] The 'Business Registration and Employment Survey' (BRES) is the succession survey to the Annual Business Inquiry (ABI)

The graph below illustrates employment in Manufacturing against total employment. Over the last 10 years employment in manufacturing has declined by almost 50%, or 8,000 jobs. Despite this poor sector performance the overall employment trend for Newport has remained relatively constant. Indeed, the economy of Newport has managed to shrug-off all but the most severe declines in the manufacturing sector (2001-2002 and 2008 – present).

Figure 03: Total and Manufacturing Employee Change in Newport Indexed to 2000



Source: ABI employee data 2000-2008 and BRES employee data 2009

Overall, manufacturing has seen significant declines during the recession, which have acted to cement pre-recession trends. However, not all of the sub-sectors of manufacturing have suffered the same woes. Since 2005[2], there has been employment growth in the manufacturing of fabricated metals (186 jobs), machinery (37 jobs) and wood products (28 jobs). In addition, the recession has caused a subsequent weakening of Sterling allowing some export sectors to experience a revival. The beginning of the recession is taken as the year 2007 and since then manufacturing of fabricated metals has increased employment by 228 jobs and machinery manufacturing has increased employment by 213 jobs. A raft of other manufacturing processes have also increased their total employment numbers since 2007 – including paper production (25 jobs), wood processing (65 jobs) and rubber & plastic manufacturing (72 jobs).

When looking at pre-recession employment trends (2005-07) almost all manufacturing sectors showed employment decline but it was moderate. The dramatic overall decline in manufacturing since 2007 is almost solely a result of the continued long-term decline of base-metal manufacturing (-1,402 jobs), which has historically been a major employer in Newport. Indeed, if this sub-sector is removed from the analysis, during the recession only 340 jobs were lost in the more general manufacturing sector as a whole.

However, there remain a number of vulnerable industries in Newport, of which Manufacturing Basic Metals is the most vulnerable and still accounts for over 1,600 jobs in the city. Other potentially vulnerable sectors include the Manufacturing of Chemicals and Chemical Products, which employs over 300 people and has been declining both pre and during the recession. It is reasonable to suggest that a large proportion of these jobs are vulnerable to future economic trends.

[2] Note: due to survey changes at the ONS, ABI data is not available for 2009. Instead, a new ONS BRES survey has been used. Some ABI sub-sectors do not appear in the BRES survey.

4.2 Growth Sector Employment (Drivers)

Over the last 10 years the relative resilience in Newport's economy has come from four major employment sectors – Health & Social Work, Education, Public Admin and Transport & Communication. The graph below illustrates the growth in these four sectors relative to total employment. Public Admin has experienced growth of over 70%, Education almost 40%, Health & Social Work 26% (these are represented collectively in the graph as Public Services) and Transport & Communication 13%.

Although indexing can be misleading, as it does not account for the initial employment numbers, all four sectors represented significant levels of employment in 2000, collectively accounting for 29.4% of the total employment (i.e. 16,805 jobs). In 2009 these same four sectors represent 40.5% of the total employment in Newport, which equates to 23,479 jobs.

Figure 04: Total and Growth Sector Employment Change in Newport Indexed to 2000

Source: ABI employee data 2000-2008 and BRES employee data 2009

The implications of the surge in public sector employment are that the job losses seen in manufacturing have not resulted in large scale unemployment. Instead, the public sector and, less so, Transport and Communication have taken up much of what may otherwise have been surplus labour.

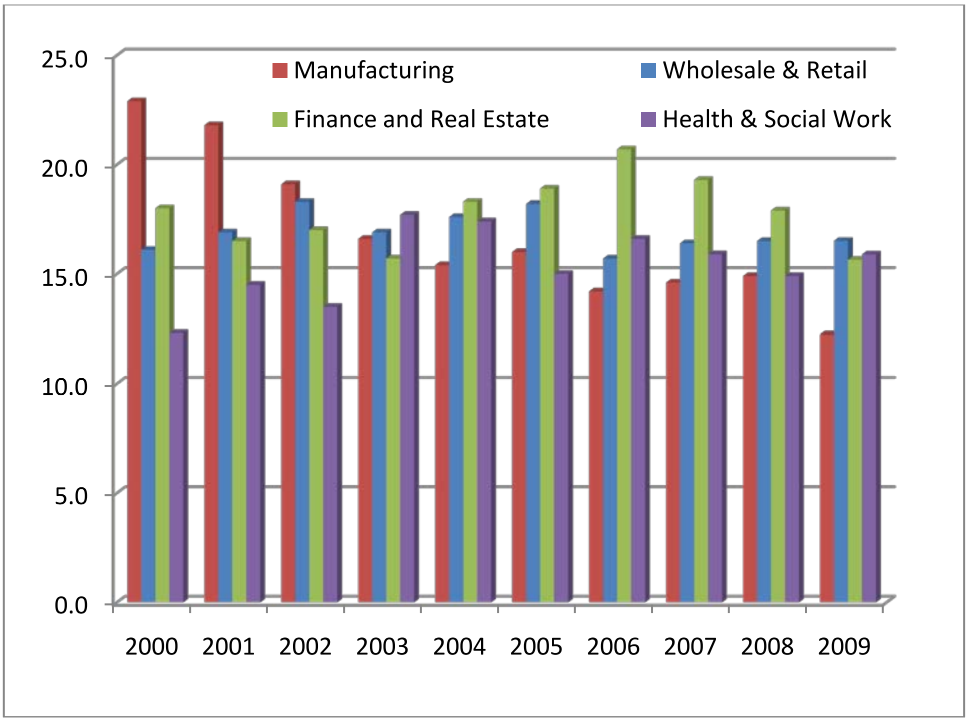
4.3 Newport's Employment Structure

In terms of Newport's employment structure, four key sectors have dominated total employment in the city over the last decade.

- Wholesale & Retail
- Finance and Real Estate
- Health & Social Work
- Manufacturing

At their peak in 2004, these sectors represented 70% of total employment and still account for 60% of all jobs at 2009. The graph below plots employment change in these four sectors from 2000 to 2009.

Figure 05: Dominant Sector Employment as % of Total Employment 2000-09



Source: ABI employee data 2000-2008 and BRES employee data 2009

What is clear is that Newport's economy has moved through three distinct phases in the last decade:

1. Manufacturing's dominance has declined and the service sector has become the main economic driver – the ratio of service sector (public & private) to manufacturing changed from ***70:30*** in 2000 to ***80:20*** in 2009. This is not unsurprising given the discussion above.

2. The second phase has seen a jostling for position between the three main service industries. Finance and Real Estate dominated pre-recession employment but subsequently lost ground to Wholesale & Retail, which is now the single largest sector by employment.

3. Finally, the overall dominance of the four sectors has been eroded. Accounting for 69% of employment in 2000, by 2009 this had fallen to 60% as they too were affected by the recession.

Over the last 10 years the economy of Newport has not only become much more service sector focused but it has also become much more diverse.

Another important aspect of Newport's employment profile is 'Tourism & Leisure', which can be derived from the combined employment in the Hotel & Restaurant sector and elements of "Other Leisure/Sporting Services" captured in the employee surveys as shown in the table below. Overall, the sector appears to have performed well through the economic recession and has no doubt been supported by the preparations for the 2010 Ryder Cup which post-dates the timing of the survey data.

Table 04: Tourism & Leisure Employment in Newport

Tourism & Leisure Sub-Sector	2007	2008	2009
Accommodation	1,120	949	1,203
Food service	3,075	3,315	3,131
Entertainment activities	180	44	39
Libraries, museums and cultural activities	166	515	444
Gambling	258	227	212
Sports activities	664	654	730
Sub Totals	**5,463**	**5,704**	**5,759**
Retail trade	8,571	8,762	8,224
Total Tourism & Leisure Related	**14,034**	**14,465**	**13,984**

Source: Annual Business Inquiry 2007/08 and BRES 2009

If employment in Retail sub-sector is included with the Tourism & Leisure category, then substantial level of employment is evidenced approaching 20% of the total employment in Newport at 2009.

Relative to total employment, Utilities has seen strong employment growth in recent years. Much of this growth has been in the non-hazardous waste collection and the recycling of materials. This trend looks set to continue as access to raw materials and sustainable energy production become a larger proportion of the cost of economic growth.

4.4 Recession and Employment

As the UK economy entered recession total employment levels in Newport began to decline towards their current levels (see Figure 02 above). The decline in total employment started from a peak in 2006 of 74,900 and fell to 69,900 in 2009. The decline was steady between 2006 and 2007 but subsequently increased in pace as the recession began to bite more firmly from 2007 onwards.

Looking more closely at the impact of the recession, between 2007 and 2009, 6,825 jobs were lost in Newport. Of this total, 33% (2,253 jobs lost) were in Manufacturing, suggesting the recession increased the pace of what was already a declining sector. 9% of the remaining job losses occurred in Health & Social Work, and 8% occurred in Wholesale & Retail. However, the most significant loser in the recession has, somewhat unsurprisingly given the source of the recession, been in Finance and Real Estate which contributed 48% (3,300 jobs) of the total jobs lost.

Conversely, a number of sectors have grown throughout the recession or experienced a recovery in the later stages. Between 2007 and 2009 2,756 jobs were created in Newport. Of these, 33% were in Transport & Communication, 23% in Utilities, 20% in Construction, 10% in Public Admin and 9% in Education. The growth of 540 jobs in construction followed a period of contraction in 2006 where over 400 jobs were lost.

5. NEWPORT FUTURE TRENDS

The main trend in the Newport economy is its continued transition from a manufacturing dominated economy to a service sector economy. The process has been happening rapidly over the last 10 years. However, Newport's economy has shown remarkable resilience and remained an economic hub within the south east Wales coastal region. Newport now has a much more diverse economy than it did 10 years ago but needs to continue to broaden its economic reach.

The service sector's growth has not been uniform and there are a number of sub-trends that will have implications on future employment in Newport over the coming years. The five major trends are outlined below and broadly reflect those highlighted for Wales as a whole. It is not the suggestion that these sectors or industries should be targeted for specific assistance, as in times of economic recovery, it will be important to remain open to all opportunities. Rather, these sectors and industries are considered to be most likely to benefit from current national and global economic trends.

- It seems likely that Manufacturing will continue to decline with only the most advanced and export focused manufacturing processes remaining. It is worth noting that 21% of Manufacturing in Newport constitutes mechanical engineering (5%) and metal products (16%), which are the two areas of manufacturing the EEF (Engineering Employers Federation - the manufacturers' organisation) identify as having the greatest export focus and thus growth potential.

- As a result of Government spending cuts, Public Admin and Education will not be such prominent drivers of employment as has been the case in recent years and may very well contract locally. It will be important, therefore, for Newport to encourage more private sector activity – perhaps focusing on "back-room" functions reflecting lower property and operating costs.

- Finance & Real Estate and Wholesale & Retail will be integral to future employment growth in Newport. However, the speed of employment growth in these sectors is likely be sluggish in the immediate future.

- Potential for growth in Health & Social Work sectors will remain as a result of both a growing and ageing population in Newport. By 2015 Newport's population is anticipated to have risen by just over 2,000 individuals of whom 1,951 will be over 65. Public sector funding cuts may, however, constrain the opportunities in this area.

- Transport & Communication can be expected to grow with Newport continuing to take advantage of its strategic location for regional distribution and logistics and the anticipated city centre retail development. This may also boost Construction and Hotels & Restaurants.

- Tourism and Leisure will remain important features of Newport's economic diversification and can provide important support to raising Newport's "quality of life" offer as an attractive place to live and work to help attract new business growth and investment, especially from the private service sector.

6. EMPLOYMENT LAND NEEDS

Future employment land requirements are typically projected forward through analysis of three forecast models:

- Employment/Sector Projections (Forecast Model)
- Labour Supply Projections (Demographic Model)
- Historic Land Take-Up (Trend Model)

No single model provides a truly definitive answer on future employment land requirements but taken together they will normally provide a good indication of the range of potential future needs to maintain a vibrant and responsive local economy.

Whilst all forms of forecasting are subject to constraints, these tend to be exacerbated during periods of recession and economic uncertainty such as we face today and much more care is needed in interpreting the results.

Given the very real difficulties in accurately forecasting local level changes in employment sectors based on uncertain national trends we do not consider local econometric models to be sufficiently robust in the current circumstances. We have, therefore, focused attention on the likely future employment demand from local demographic forecasts and the resulting labour supply in Newport, taking account of Newport's sub-regional role as an important economic engine for growth and compared this with historic land take trends.

6.1 Labour Supply Projections

Future demand for employment land in Newport can be considered on the basis of the local labour supply projections and allowing for net commuting. The demand for jobs will, therefore, depend on the projected population growth, future age structure, potential changes in local economic activity and commuting patterns as described in turn below.

Population Projections
The Welsh Assembly Government produce trend based local population projections for each Unitary Authority in Wales. These are produced as a statistical exercise without any policy input. The 2006 projections are based on the previous five year migration trends (2001-06) which was a period marked by significant in-migration from new EU member states. The 2008 based population projections used updated information including the trends from the five years prior to 2008. These resulted in a more muted long term growth scenario.

Table 05: Newport Population Projections

Year	2006 Based	2008 Based	Difference
2006	140,100	140,100	-
2009	142,000	140,100	-1,900
2011	143,500	141,000	-2,500
2016	147,700	143,800	-3,900
2021	152,000	147,200	-4,800
2026	156,000	150,200	-5,800

Source: Welsh Assembly Government

As shown in table 5 above, the two population projections lead to an increasing divergence over the long term so that by 2026 the two scenarios vary by some 5,800 people.

As already mentioned, the 2006 WAG projections were made at a time of strong economic growth and high in-migration from Accession 8 (A8) countries like Poland, Slovakia and Lithuania. As a result, the 2006 projections incorporate a continued high in-migration assumption. It is now the case that some A8 migrant groups have begun to return to their native country and in-migration has slowed considerably. In 2008, WAG produced new projections that took account of the fall in in-migration from Eastern Europe. Subsequently the working age population in Newport is now projected to fall between 2011 and 2026 as opposed to the growth projected in 2006.

Whilst Newport has undoubtedly been affected by the global economic recession, there is every confidence that both the employment and local housing markets will again return to strength over the next 2-3 years and should begin to move more towards the higher rates of growth implied by the 2006 based projections. The two scenarios, therefore, are considered to represent a High (2006 based) and Low (2008 based) view of future population in Newport with the actual outcome sitting somewhere between the two extremes.

Population Age

Accession 8 migration is only a part of the story of population change in Newport. At present Newport has a younger population structure than the Wales and Great Britain average with more individuals under 24 years of age and fewer over 54 years of age (see Newport Baseline Conditions Report: AECOM February 2011).

Table 6 below outlines the age structures implicit in both the WAG forecasts for 2006 and 2008. Both projections indicate broadly similar age profiles, although the 2008 forecast implies slightly younger balance and a smaller workforce (16 -64/65). This results in even further divergence in the total number of people of working age in Newport by 2026. The 2006 projections suggest the working age population will be 95,800, which is almost 6,000 more than 2008 projections. Conversely, under 2008 projections those aged under the age of 24 in 2026 are almost 1,500 more than under 2006 projections.

Of most concern is the increase in the proportion of those aged over 65/66 years of age. Even when the rise in the retirement age to 66 (from 65) has been taken into account, the proportion of the population aged above working age is projected to increase by 2% in 2026 compared to 2009 levels (see Newport Baseline Conditions Report).

Table 06: Newport Population Structure Projections

Age	WAG 2006 Projections		WAG 2008 Projections		2026 Population Structure	
	2011	2026	2011	2026	2006 Projection	2008 Projection
0 – 15	28,600	30,700	28,700	32,000	20%	21%
16 – 64/65*	90,800	95,800	88,500	90,000	61%	60%
65/66 +	24,100	29,500	23,800	28,100	19%	19%

Source: Welsh Assembly Government Population Projections (2006 and 2008)
*Note: State Pension eligibility is 65 for both men and women by 2011 and 66 by 2018

The demographic trends illustrated here are not isolated to Newport but are familiar to much of Western Europe and are attributed to the post war ‘baby boomer’ generation, which are now beginning to reach retirement age. Population structures are becoming more top heavy and fertility rates are falling. However, Newport is projected to maintain a younger population than is seen nationally. Whilst Newport has tended to lose population between the ages of 25 and 40, the benefit of a prominent and growing University should help the city to attract and keep young people.

Labour Forecasts

Taking the 2006 and 2008 population projections as reflecting High and Low population growth scenarios it is possible to identify the working age population in Newport under each scenario. At 2009, some 73% of the working age population in Newport were economically active. This is broadly in line with the Wales average although it has declined from the peak level of 75% in 2005.

Furthermore, some 65% of the working age population in Newport were in employment at 2009, compared with 71% at the peak in 2005.

Newport has always seen net in-commuting flows to the city reflecting its importance as a regional employment destination. These net in-flows generally average around 20% of the total number of Newport residents in employment. Assuming this remains constant, the total employment demand for Newport can be projected as shown in the tables below. Although based on a number of variables, the resulting projections appear reasonably consistent with the latest BRES survey estimate of 69,900 jobs in Newport at 2009.

Table 07: Newport Labour Force Projections – High

2006 Based (High Projection)	2011	2016	2021	2026
Working Age Population (16-State Pension Age)	90,800	92,100	94,800	95,800
Labour Force (73% Econ Activity)	66,300	67,200	69,200	70,000
Residents In Employment (65%)	59,000	59,800	61,600	62,300
Allow for Net In-Commuting (20%)	11,800	12,000	12,300	12,500
TOTAL JOBS FORECAST	**70,800**	**71,800**	**73,900**	**74,800**
Sensitivity Forecast - 70 % Employment Rates	76,300	77,300	79,600	80,500

Source: AECOM February 2011

Table 08: Newport Labour Force Projections – Low

2008 Based (Low Projection)	2011	2016	2021	2026
Working Age Population (16-State Pension Age)	88,500	88,500	89,800	90,000
Labour Force (73% Econ Activity)	64,600	64,600	65,500	65,700
Residents In Employment (65%)	57,500	57,500	58,400	58,500
Allow for Net In-Commuting (20%)	11,500	11,500	11,700	11,700
TOTAL JOBS FORECAST	**69,000**	**69,000**	**70,000**	**70,200**
Sensitivity Forecast - 70 % Employment Rates	74,400	74,300	75,400	75,600

Source: AECOM February 2011

The 2008, low population projections suggest almost stable employment demand stabilising around 70,000 jobs. Whilst the total level of employment may appear to remain stable, this will of course mask considerable structural change within the employment base as some sectors continue to decline and others grow, leading to continued demand for new employment floorspace and land.

The 2006, high population projections suggest an improving demand for new employment with the total number of jobs required in Newport rising to 74,800 by 2026 which appears consistent with pre-recession levels of employment although still marginally lower than the peaks of employment activity of around 75,000 jobs in Newport realised in 2004.

Sensitivity
A critical policy objective for Wales and Newport is to see continued improvement in local skill levels, economic activity and the overall employment rate. Should Newport see an improvement in local employment rates from the current level of 65% to say around 70% in line with previous rates of economic activity, then the total number of jobs required in Newport would rise to 75,600 or 80,500 by 2026 under the low and high population scenarios respectively.

6.2 Historic Land Take-Up

Employment land take-up has been monitored by Newport City Council over the period 2000 to 2009 during which time some 102.6 ha of employment land has been developed. This equates to an annual average take-up rate of 11.4 ha over the nine year period of monitoring.

Previous studies have shown the rate of take-up was averaging nearly 18ha per annum in the period to 2005 but this has clearly tailed off rapidly to only 3.3 ha per annum on average over the last four years as the recessionary pressures began to take effect.

Table 09: Employment Land Take-Up

Type	2000 to 2005 (ha)		2005-2009(ha)		2000-2009(ha)	
	Total	Annual Average	Total	Annual Average	Total	Annual Average
Total	89.47	17.89	13.1	3.28	102.57	11.40

Source: AECOM February 2011

6.3 Demand Prospects

Section 4 of this report has highlighted how Newport has experienced periods of very strong employment growth in the recent past but interspersed with periods of contraction and decline as the economy continues to restructure from the traditional heavy industries to a more service sector oriented employment base. Much of the recent growth has of course been predicated on Newport's success in attracting public sector investment and relocations which is unlikely to be repeated in the short term. Indeed, this exposure to the public sector now leaves Newport exposed and potentially vulnerable as the public sector expenditure cuts take effect.

Newport must therefore seek a further economic transition which is focussed more on the private sector in the future. The fundamental strengths of Newport as a business location remain much the same as before the recession and will probably emerge as even more important to businesses during the economic recovery as they seek to ensure their future competitiveness i.e. – strategic transport connections, skilled workforce, positive business environment, affordable premises.

The population and labour force forecasts show how Newport could again return to a position of economic strength creating demand for up to 75,000 job opportunities in the city. Whilst it remains difficult to accurately forecast future economic performance, it is important that the availability of employment land should not be seen as placing a brake on economic and employment growth.

Taking all things into account, therefore, we would make the following conclusions in respect of the likely future employment land needs in Newport based on historic take-up trends and potential future demand:

1. Newport will undoubtedly recover from the very low period of demand for employment land evidenced in recent years as existing business capacity and the available floorspace is eroded.

2. With a more muted public sector and a challenging private sector market, it is considered unlikely that Newport will return to the very high employment growth rates previously experienced before the end of the current plan period of 2026.

3. On this basis, the blended average take-up rate of 11 ha per annum is considered to be a robust long term trend projection of future employment land requirements in Newport, ensuring important flexibility is retained to respond to market demand as it arises.

7. LAND & PROPERTY SUPPLY

As a city emerging from a period of large structural economic change it is integral to the continued vibrancy of Newport that appropriate employment land and property is made available. A number of economic indicators are explored in Sections 4 and 5 in order to give a projection of where the economy of Newport is heading. Below is an outline of the current stock of industrial and commercial property. This is followed by an assessment of available sites for development.

7.1 Current Floorspace Stock

At April 2008, the latest available date, the total stock of employment floorspace in Newport was 1.8 million sq m (19.4 million sq ft). This comprises 1.2 million sq m of industrial/factories, 366,000 sq m of warehouse/distribution space and 194,000 sq m of commercial offices. Annual changes in the floorspace stock from 1998 are shown in the table below. Stock changes are of course net effects of demolition and new build development although there may also be some recording changes taken into account as new information arises in any one year.

Table 10: Total Factory, Warehouse and Office Stock by Year, 1998 – 2008

	Factories		Warehousing		Offices	
	sqm	Annual % Change	sqm	Annaul % Change	sqm	Annual % Change
Apr-98	1,057,000.0	-	388,000.0	-	113,000.0	-
Apr-99	1,081,000.0	2.3	392,000.0	1.0	114,000.0	0.9
Apr-00	1,319,000.0	22.0	378,000.0	-3.6	170,000.0	49.1
Apr-01	1,313,000.0	-0.5	418,000.0	10.6	172,000.0	1.2
Apr-02	1,283,000.0	-2.3	417,000.0	-0.2	174,000.0	1.2
Apr-03	1,298,000.0	1.2	408,000.0	-2.2	184,000.0	5.7
Apr-04	1,262,000.0	-2.8	401,000.0	-1.7	187,000.0	1.6
Apr-05	1,262,000.0	0.0	360,000.0	-10.2	184,000.0	-1.6
Apr-06	1,257,000.0	-0.4	357,000.0	-0.8	183,000.0	-0.5
Apr-07	1,193,000.0	-5.1	364,000.0	2.0	196,000.0	7.1
Apr-08	1,242,000.0	4.1	366,000.0	0.5	194,000.0	-1.0
Change 98-08	**185,000.0**	**17.5**	**-22,000.0**	**-5.7**	**81,000.0**	**71.7**

Source: Commercial and Industrial Floorspace and Rateable Value Statistics, ODPM / CLG

Commercial floorspace figures include central government offices but exclude local government

Over the ten year period 1998-08, the total industrial floorspace in Newport has actually increased by 185,000 sq m (2.0 million sq ft) or 17.5%. This is despite the continued net decline in total manufacturing employment and a clear sign of considerable changes overall within manufacturing activity. On the other hand, the total stock of warehousing/distribution space has actually declined in the same ten year period by around 6% overall. The biggest change occurred in 2005 with the stock of warehouse/distribution floorspace falling by 10% on the previous 12 month period.

A further sign of Newport's success in restructuring the local economy is evidenced by the substantial growth in commercial office floorspace in the city. This has increased by 72% over the ten years 1998-2008 adding nearly 81,000 sq m (872,000 sq ft) of new floorspace. After a substantial increase of nearly 50% in office floorspace stock in 2000, the annual growth rate of new stock has been a more stable 1.8% per annum.

7.2 Development Land Supply

Employment land available in Newport is monitored annually by Newport City Council. Table 11 below outlines the latest (31st March 2010) availability of land allocated for employment development. In total, there is over 258ha of employment land in Newport. Further details of the individual sites involved are given in the Appendix.

The total stock of employment has previously been categorised into four broad quality types reflecting the site context and the characteristics of the development/occupiers most likely to be attracted to the site. The four categories are:

- **Prestige Sites** These are considered to be prime locations with good motorway access and characterised by high quality development. These will typically accommodate B1 office and industrial uses as well as some high quality B2 and B8 distribution floorspace.
- **Good Industrial** These are considered to be attractive development sites, well positioned in relation to the principal road network but primarily focused on B2 and B8 land uses rather than B1.
- **Local Industrial** These are standard industrial estates and trade parks.
- **Central** These are high quality city centre sites primarily for office accommodation.

The classification of each individual site is also set out in the Appendix. Some 191 ha (74%) of the total land available is classified as "Prestige", offering prime business locations in Newport with very strong motorway connections. Of the remainder, some 28 ha (11%) is classified as "Good Industrial" and nearly 34 ha (13%) is "Local Industrial". Just over 2% (5.64ha) is in the city centre ("Central").

Table 11: Development Land by Availability and Quality, 2010

	Totals		Availability							
			Immediate		Short-term		Medium-term		Long-term	
Category	ha	% of total	ha	% of category total	ha	% of category total	ha	% of category total	ha	% of category total
Prestige	191.08	73.87%	6.30	3.30%	23.50	12.30%	106.98	55.99%	54.30	28.42%
Good Industrial	28.39	10.97%	10.39	36.60%	13.50	47.55%	0.70	2.47%	3.80	13.38%
Local Industrial	33.57	12.98%	2.29	6.82%	4.61	13.73%	1.37	4.08%	25.30	75.36%
Central	5.64	2.18%	0.40	7.09%	3.24	57.45%	2.00	35.46%	0.00	0.00%
TOTAL (ha)	**258.68**		**19.38**		**44.85**		**111.05**		**83.40**	
%	**100.00%**		**7.49%**		**17.34%**		**42.93%**		**32.24%**	

Source: AECOM February 2011 using NCC Monitoring data

7.3 Site Constraints

Further consideration of each allocated employment site identifies a range of constraints which will affect the true availability of land for development. Site constraints typically revolve around issues such as flood risks, overhead pylons, potential ground contamination and possible access constraints. In allocating sites for employment use, all constraints are considered feasible to be resolved but, depending on the issues, will lead to increased costs and delay in actual availability for development to come forward. Each identified site has therefore been further categorised according to time constraint in resolving site specific issues as follows:

Immediate no constraints to development

Short-Term minor constraints to overcome with development feasible within 3-5 years.

Medium-Term substantial constraints with development unlikely for 5 years or more.

Long-Term complex site issues are expected to delay development for some time.

Table 11, therefore, shows, of the total 258 ha employment land supply in Newport, only 19 ha is considered to be immediately available with no constraint to development. A further 45 ha of employment land should be available in the short-term once relatively minor site constraints have been resolved. Between them, this equates to just 25% of the total land supply in Newport.

Furthermore, when considered in terms of the quality of land available, much of the land classified as “Prestige” is subject to considerable site constraints with only some 30 ha (15%) available immediately or in the short-term.

“Good Industrial”, whilst only comprising around 11% of the total land supply it is far more readily available. Some 24 ha of “Good Industrial” land is either immediately available or in the short-term representing 84% of the total land in that category. This should now be viewed as positive given the anticipated continued importance of export related manufacturing and industrial activity for Newport in the immediate future.

“Local Industrial” land on the other hand is skewed the other way with some 80% of land being subject to constraints which will delay development availability to the medium-long term time periods.

City centre land at only 5.6 ha (2% of the total land allocated) may be considered to be in relatively short supply overall, although the development density and site coverage will be far greater than other out-of centre land. Around one-third of city centre land is considered to be subject to medium-term constraints with no land suffering major long term constraints.

8. SUPPLY & DEMAND COMPARED

Taking account of the identified site constraints and the realistic availability of employment land to come forward there would appear to be sufficient land to meet demand in Newport over the next fifteen years to the end of the plan period in 2026. As shown in Table 12 below, this is based on an average annual take-up of 11 ha and assumes the medium-term site constraints can be resolved within the plan period. On this basis, land which appears to be constrained to the longer-term may not be required until beyond the plan period.

Table 12: Employment Land Capacity to Meet Projected Demand.

Availability	Land Available (ha)	Cumulative Total	Years Supply (@11ha pa)
Immediate	**19.38**	**19.38**	**1.8**
Short-Term	**44.85**	**64.23**	**5.9**
Medium-Term	**111.05**	**175.28**	**15.9**
Long-Term	**83.40**	**258.68**	**23.5**

Source: AECOM February 2011

The quality of the land available, however, is not all the same. Table 13 highlights the different rates of employment land demand by quality type. This shows the emphasis of demand on prestige sites averaging around 12 ha per annum prior to 2005 but falling off substantially to just over 1 ha per annum in the later period during the recession. Demand for "Good Industrial" sites has also fallen away from 5.35 ha per annum up to 2005 and down to just 0.75 ha per annum since. By contrast, take-up of "Local Industrial" and "Central" sites actually increased in the second monitoring period of 2005-09, reflecting, in part, the late availability of city centre sites and also perhaps more resilience in lower end industrial activity.

Table 13: Employment Land Take-Up by Quality Type

Type	2000 to 2005 (ha)		2005-2009(ha)		2000-2009(ha)	
	Total	Annual Average	Total	Annual Average	Total	Annual Average
Prestige	**60.0**	12.00	**4.2**	1.05	**64.2**	7.13
Central	**0.2**	0.04	**0.5**	0.13	**0.7**	0.08
Good Industrial	**26.75**	5.35	**3.0**	0.75	**29.75**	3.31
Local Industrial	**2.52**	0.50	**5.4**	1.35	**7.92**	0.88
Total	**89.47**	**17.89**	**13.1**	**3.28**	**102.57**	**11.40**

Source: AECOM February 2011 using NCC Monitoring data

At these past take-up rates, a more detailed assessment of the current land supply by category type is shown in Table 14 below.

Table 14: Employment Land Capacity to Meet Projected Demand by Quality

	Prestige	Cumulative Years Supply	Good Industrial	Cumulative Years Supply	Local Industrial	Cumulative Years Supply	Central	Cumulative Years Supply
Immediate	6.30	0.9	10.39	3.2	2.29	2.5	0.40	5.0
Short-Term	23.50	4.2	13.50	7.2	4.61	7.7	3.24	45.5
Medium-Term	106.98	19.3	0.70	7.5	1.37	9.2	2.00	70.5
Long-Term	54.30	26.9	3.80	8.6	25.30	37.3	0.00	70.5
Total	**191.08**		**28.39**		**33.57**		**5.64**	

Source: AECOM February 2011

In terms of **"Prestige"** land, whilst there can be considered to be an immediate shortage of available land, the medium-term land supply should readily meet the projected demand over the plan period on the basis of an annual average take-up rate of 7 ha per annum.

In terms of **"Good Industrial"** land, there is an overall shortage of supply even taken account of the long-term constrained land which may not be feasible to be delivered within the 15 years to 2026. Assuming an annual average take-up rate of 3.3 ha per annum there is less than 9 years supply of Good Industrial Land overall in Newport and realistically only around 7 years supply in the short and medium term.

Consideration should, therefore, be given to relaxing the implied "protection" of prestige sites for pure B1 use to accommodate a wider portfolio of mixed good quality industrial and warehousing development in the future. Taken together, the "Prestige" and "Good Industrial" sites provide some 219.47 ha of high quality development land which provides around 21 years of land supply based on a combined take-up rate of 10.44 ha per annum.

With respect to **"Local Industrial"** land which has actually seen a modest increase in demand in more recent years, there is only around 9.2 years of land supply over the medium term. Whilst the overall long term land supply would provide for over 37 years of current demand, close attention will need to be given to unlock some of the long-term constraints in order to bring land forward during the plan period to 2026.

In the **"Central"** area of Newport, demand has only recently begun to emerge as the regeneration efforts of the City Council and Newport Unlimited take effect. Annual average take-up rates can be expected to increase in the future in line with the city centre regeneration ambitions. As a result, the apparent over-supply of land based on past take-up rates should not be taken as a sign to constrain employment development in the future. The availability of a range of choice of high quality, centrally located sites will be critical to stimulate further business investment and maintain a strong balance of housing, employment and other land uses to support a healthy and sustainable city centre.

9 SUMMARY & CONCLUSIONS

9.1 Economic Prospects

The UK economy is beginning to recover from the recession that began in 2007 but the return to growth has not returned local economies to their pre-recession levels. The economy in Newport, pre-2007, was undergoing significant structural change away from manufacturing and towards a greater proportion of employment in the service sector. Service sector growth was led by public sector employers including the Office of National Statistics and the Home Office Prison Service. As a result of reduced revenue streams, Government has cut spending and implemented a number of austerity measures, which will cause a marked decrease in public sector employment across the UK. It is likely that Newport is now entering a further stage of economic restructuring away from public sector employment and towards a more private sector focused economy.

Sectors identified as having growth potential include those that have high knowledge intensity and/or an export focus. Newport's major sector trends are outlined below and broadly reflect those highlighted for Wales as a whole. It is not the suggestion that these sectors or industries should be targeted for specific assistance, rather, these sectors and industries are considered to be most likely to benefit from current national and global economic trends.

- Manufacturing will continue to decline, although the sub-sectors of mechanical engineering and metal products may grow as a result of their export focus and high knowledge intensity.

- Public Administration and Education will be less prominent drivers of employment. It will be important, therefore, for Newport to encourage more private sector activity – perhaps focusing on "back-room" functions reflecting lower property and operating costs.

- Finance & Real Estate and Wholesale & Retail will be integral to future employment growth in Newport, although growth is likely to be sluggish in the immediate future.

- Growth in Health & Social Work sectors will remain as a result of both a growing and ageing population. Public sector funding cuts may, however, constrain the opportunities in this area.

- Transport & Communication can be expected to grow as a result of Newport's strategic location and anticipated city centre retail development. This may also boost Construction and Hotels & Restaurants.

- Tourism and Leisure will remain important features of Newport's economic diversification and "quality of life" offer as an attractive place to live and work.

9.2 Labour Forecasts

The future demand for employment land in Newport has been considered on the basis of the local labour supply projections and allowing for net commuting. The demand for jobs will, therefore, depend on the projected population growth, future age structure and potential changes in local economic activity. Using the Welsh Assembly Government 2006 and 2008 population projections for each local authority the table below lays out employment forecasts up to 2026.

Table 15: High and Low Employment Forecasts

	2011	2016	2021	2026
High Jobs Forecast (WAG 2006)	70,800	71,800	73,900	74,800
Low Jobs Forecast (WAG 2008)	69,000	69,000	70,000	70,200

Source: AECOM February 2011

The 2008, low population projections suggest almost stable employment demand of around 70,000 jobs. Whilst the 2006, high population projections suggest an improving demand for new employment with the total number of jobs required in Newport rising to 74,800 by 2026. Although 2006 projections appear consistent with pre-recession levels it is most likely that actual employment will fall between the high and low forecasts and will very much depend on the future housing trajectory to be achieved to accommodate employment based migration.

9.3 Land Supply

Based on the above demand trends, it is imperative that employment land supply does not constrain potential employment growth and maximum flexibility, opportunity and choice is critical to allow existing and new businesses to flourish and expand in Newport. Whilst Newport has in the past seen consistent high levels of land take-up, a future ***average take-up rate of 11 ha per annum*** is considered a robust long term trend projection of future employment land requirements. It is also a sufficient supply to ensure flexibility is retained to respond to market demand as it arises.

Although there is a shortage in the immediate supply of ***Prestige*** land this will be overcome in the medium-term assuming an average ***annual take-up rate of 7 ha***.

By contrast ***Good Industrial*** land is in shortage across all time frames. Assuming a continued ***average annual take-up of 3.3 ha*** there is ***less than 9 years supply available***. Some flexibility will be needed on “Prestige” sites to also accommodate good quality industrial development enquiries without compromising the quality location.

With respect to ***Local Industrial*** land there has been a recent increase in demand, which at current rates suggests a ***medium term supply of only 9.2 years***. Close attention will need to be given to unlock some of the long-term constraints in order to bring land forward during the plan period to 2026.

In the ***Central*** area of Newport, demand for land is low. However, with increased regeneration activities it is expect that demand for land in central Newport will increase.

The availability of a range of high quality, centrally located sites will be critical to stimulate further business investment and maintain a strong balance of housing, employment and other land uses to support a healthy and sustainable city centre. Indeed, continued structural change and employment growth will lead to continued demand for new employment floorspace and land.

APPENDIX 1

EMPLOYMENT SITES – CLASSIFICATION & AVAILABILITY

Name	Location	Type	Tot Site Area	Dev Area	Use Class	Site Availability
Godfrey Road	Newport Station	Central	1.5	1.50	B1 & Other (A1)	Constrained - Medium Term
Cambrian Centre	Cambrian Road	Central	0.5	0.50	B1 & Other (A1, C1 & C3)	Constrained - Medium Term
Dumfries Place Estate	Uskway	Central	0.8	0.80	B1 & Other (A1)	Constrained - Short Term
Old Lock	Maltings and Gateway Site	Central	2.44	2.44	B1	Constrained - Short Term
George Street (The Orb)	Lower Dock Street	Central	0.89	0.40	B1	Immediately
Pye Corner	Nash Road	Good Industrial	3.8	3.80	B2	Constrained - Long Term
Newport Docks (NV3)	Newport Docks	Good Industrial	0.7	0.70	B2, B8	Constrained - Medium Term
Newport Docks (NV7)	Newport Docks	Good Industrial	5.8	5.80	B1	Constrained - Short Term
Westway	Newport Docks	Good Industrial	8.1	3.24	B8	Constrained - Short Term
Newport Docks	Newport Docks	Good Industrial	2.3	2.30	B8	Constrained - Short term
Eastern Wharf	Newport	Good Industrial	0.8	0.80	B8	Constrained - Short Term
East Bank Road	Stephenson Street	Good Industrial	3.94	1.36	B1	Constrained - Short Term
Rogerstone Business Park	Rogerstone	Good Industrial	1.65	1.65	B1, B2, B8	Immediately
Phoenix Park (Former Pirelli Site)	Telford Street	Good Industrial	10.52	8.74	B1, B2, B8	Immediately
Solutia	Traston Road	Local Industrial	25.3	25.30	B1, B2, B8	Constrained - Long Term
Lower Lake Farm	Nash Road	Local Industrial	0.76	0.76	B1, B8 & Other (Sui Generis - Car Showroom)	Constrained - Medium Term
Waterside Court	Albany Street	Local Industrial	0.61	0.61	B1	Constrained - Medium Term
Site 1 Solutia	Traston Road	Local Industrial	4	4.00	B1, B2, B8	Constrained - Short Term
Star Trading Estate	Ponthir Road, Caerleon	Local Industrial	0.61	0.61	B1, B2, B8	Constrained - Short Term
Pencoed Castle	Pencoed	Local Industrial	1.4	1.40	B1	Immediately
Rogerstone Railway Sidings (2)	Wern Industrial Estate	Local Industrial	0.89	0.89	B1, B2, B8	Immediately
Queensway Meadows East	Queensway Meadows	Prestige	35.4	35.40	B1, B2, B8	Constrained - Long Term
West Newport (2)	West Newport	Prestige	18.9	18.90	B1, B8	Constrained - Long Term
Corus Llanwern	Llanwern	Prestige	39.5	39.50	B1, B2, B8	Constrained - Medium Term
Hynix Site	Imperial Park	Prestige	25.5	25.50	B1 & Other (A1 & D2)	Constrained - Medium Term
Queensway Meadows	Tatton Road	Prestige	17.2	15.18	B1, B2, B8	Constrained - Medium Term
West Newport (1)	West Newport	Prestige	26.8	26.80	B1, B8	Constrained - Medium Term
Gwent Europark	East of Corus Llanwern	Prestige	22.2	22.20	B8	Constrained - Short Term
Longditch Road	Queensway Meadows	Prestige	1.3	1.30	B1, B2, B8	Constrained - Short Term
Celtic Springs	Cleppa Park	Prestige	7.7	2.30	B1	Immediately
Nash Mead South	Queensway Meadows	Prestige	2.1	2.10	B1, B2, B8	Immediately
Langstone Park	Langstone	Prestige	2.44	0.70	B1	Immediately
Cleppa Park (4)	Cleppa Park	Prestige	0.75	0.75	B1	Immediately
University Courtyard Phase 2	Imperial Park	Prestige	0.45	0.45	B1	Immediately

Name	Constraints
Godfrey Road	Town centre site, development needs to incorporate provision for station car park, rail maintenance depot relocated 2009.
Cambrian Centre	Part of city centre redevelopment site for residential, retail, hotel, offices.
Dumfries Place Estate	Retail permission on site alongside offices.
Old Lock	Unknown
George Street (The Orb)	Part occupied by Newport City Homes
Pye Corner	Line of preferred M4 relief route
Newport Docks (NV3)	C1 flood risk area, flood consequence assessment required with planning application, overhead power lines cross site.
Newport Docks (NV7)	Available for port related user, currently under offer.
Westway	Site is crossed by two rail lines serving docks and there are overhead pylons.
Newport Docks	Only available for port users.
Eastern Wharf	Route of M4 Relief Road
East Bank Road	Unknown
Rogerstone Business Park	None
Phoenix Park (Former Pirelli	None
Solutia	Overhead pylons, pipelines, C1 flood risk area. Line of preferred route of new M4.
Lower Lake Farm	Unknown
Waterside Court	Site not currently being marketed.
Site 1 Solutia	C1 flood risk area, flood consequence assessment required with planning application.
Star Trading Estate	Unknown
Pencoed Castle	Subject of planning application for office use.
Rogerstone Railway Sidings (2)	None
Queensway Meadows East	Overhead pylons, C1 flood risk area, SSSI. Allocated for projects of at least 20 ha with sufficient national economic interest to outweigh environmental impacts. Preferred route of
West Newport (2)	Overhead powerlines, C1 flood risk area, SSSI. Allocated for 20 ha project within national interest so outweigh env impacts. Subject of ongoing masterplanning exercise 07/09
Corus Llanwern	In Zone C1 flood risk area identified by Environmental Agency.
Hynix Site	Subject of on-going masterplanning exercise at 07/07
Queensway Meadows	Overhead pylons, C1 flood risk area, flood consequence asssessment required with planning application.
West Newport (1)	C1 flood risk area, part of ongoing masterplanning exercise at 03/07.
Gwent Europark	Within Redwick &Llandevenny SSSI & C1 flood risk area. Flood consequence assessment required by EA with pl appl.
Longditch Road	C1 flood risk area, flood consequence assessment required with planning application.
Celtic Springs	Serviced land available on M4 business park site.
Nash Mead South	C1 flood risk area, flood consequence assessment required with planning application.
Langstone Park	Serviced M4 business park site.
Cleppa Park (4)	Plot on serviced M4 business park.
University Courtyard Phase 2	Currently being offered for sale by WAG with phase 1 units.

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