



Employment Land Review — Executive Summary

Newport City Council

March 2022

EXECUTIVE SUMMARY

Introduction

- i. This Employment Land Review (ELR) has been prepared on behalf of Newport City Council by BE Group, Per Consulting and Hatch. A parallel report, LDP Demographics, has been prepared by Edge Analytics and forms an input into the ELR and the ELR's analysis on employment growth has informed the LDP Demographics study.
- ii. The ELR will form part of the evidence base for the preparation of the Replacement Local Development Plan (RLDP) for Newport City Council. It has been prepared in accordance with Welsh Government guidance, following an accepted and robust methodology. The forecast period for this assessment is 2021 to 2036.

Socio Economic Profile

- iii. Newport is a key area within the Cardiff Capital Region (CCR), being one of two cities (with Cardiff) in the area. Newport has a population of 156,500 people, a tenth of CCR total population. Over the last five years, the population in Newport has grown by +5.7%, a rate substantially higher than the city-region average (+3.0%).
- iv. Unemployment levels in Newport are higher than regional and national averages, though youth unemployment is lower than average.
- v. Newport's strongest commuting relationship is with Cardiff, Torfaen and Caerphilly, both in terms of inflow and outflow.
- vi. Overall, the workforce in Newport is about 70,000 workers (12.7% of the CCR workforce) and has grown considerably stronger (+7,650 jobs at 12.3%) than the region as a whole (2.4%). The job growth has been driven by a number of sectors: Construction (+1,000 jobs), Motor Trades (500 jobs), Wholesale (+500 jobs), Transport and Storage (+2,000 jobs), Accommodation and Food Services (+1,500 jobs), Professional, Scientific and Technical (+2,000 jobs), Business Administration and Support Services (+1,000 jobs), and Health (+1,000 jobs), highlighting the breadth of the economy in Newport.
- vii. Oxford Economic employment forecasts suggest the strongest sectors of employment growth to 2036 to be human health and social work, administration and support services

and professional, scientific and technical services. Manufacturing and public administration and defence are forecast to experience the largest declines in employment to 2036.

Property Market

- viii. Wider economic factors such as Covid-19 and Brexit have been having significant impacts on the property market, though not uniformly throughout the sector. The logistics market has seen strong activity across the region, including in Newport. Manufacturing demand has remained solid throughout the pandemic, though confidence is being tested due to increased costs and regulation due to Brexit. The office market has been more subdued, but is showing positive signs of recovery since the lockdowns ended. Inflation is quickly emerging as another key economic factor that will influence the property market over the near term.
- ix. Industrial schemes are being activity developed, including some speculative development, primarily for mid to larger units targeting the logistics sector. The industrial market is performing solidly, including transactions of built stock and development of new premises. Schemes being developed include Celtic Business Park and Celtic Lakes. Development includes speculatively built units, primarily for mid to larger units.
- x. Industrial transactions have averaged about 24 per annum in Newport, comprising some 33,000 sqm of floorspace per annum.
- xi. The office market in Newport and the wider area was more impacted by the pandemic, which has changed the way businesses assess their workplace requirements. However, interest, including transactions, has improved since the easing of lockdowns, with the out-of-town business park market being more buoyant. However, new build office schemes are still considered a risky and non-viable option.
- xii. The city centre office market has seen some conversions of floorspace to other uses in recent years and has experienced some losses of key occupiers (e.g. Admiral Insurance).
- xiii. Office transactions have averaged about 22 deals per annum over the last decade at about 11,100 sqm/yr. Demand for units is generally for smaller stock, though Newport

has some less regular demand for larger floorplates and has some significant office occupiers in the city centre and larger business parks (e.g. Celtic Springs).

Business Consultations

xiv. One-on-one consultations were undertaken with a select range of businesses in Newport, of the type of businesses typically locating to employment nodes. Key themes emerging from the consultations include:

- Staff recruitment is a substantial problem for many businesses and while most acute for skilled, technical occupations, shortages are experienced throughout the skill levels.
- Supply chain issues are hampering business operations, including shortages in HGV drivers, increased regulations in trading with the EU and longer delivery times.
- Covid-19 has had a range of impacts upon businesses surveyed, though most have reported that they have recovered and adapted their operations to cope with the new dynamics.
- Brexit has significantly impacted on some businesses surveyed, resulting in changed operations, more costs, more paperwork, increased delivery times and changes to supply chains. Businesses have reported that they have adapted by moving some part of their operations to within the EU.

Employment Sites

xv. The existing allocated employment sites were reviewed and critiqued as part of this study, looking at whether the sites remain appropriate for employment uses, the potential types of uses for the sites and remaining quantity of developable land. From this review, it was estimated that the quantity of employment land available in Newport was 157.8 ha, comprised of the following sites.

Table E1 – Newport Net Land Supply

Site Ref.	Name	Site Size, ha – Realistically Available for B1/B2/B8 Use
i)	Duffryn	38.5
ii)	East of Queensway Meadows, South of Glan Llyn	27
iii)	Celtic Springs	6
iv)	Eastman (Solutia)	40.4
v)	Gwent Europark	16
vi)	Land off Chartist Dr	2
vii)	Celtic Business Park (Llanwern former steelworks, eastern end)	25.9
ix)	Godfrey Rd (rear of station)	2
Total		157.8

Source: BE Group

- xvi. Importantly, this suite of sites includes five sites are over 10 ha and thus provide significant opportunities for a range of development. These sites are:
- Duffryn – medium term opportunity for Imperial Park expansion
 - East of Queensway Meadows – long term development opportunity
 - Eastman (Solutia) – long term development opportunity for Solutia's uses
 - Gwent Europark – short term opportunity, though has some lower order uses on site
 - Celtic Business Park (St Modwen's Park) – currently being developed
- xvii. Further, employment land is available within infill locations of the existing employment areas (5.67 ha) and the Docks (55.4 ha), potentially providing up to 218.9 ha of employment land for B-class employment uses within Newport, though the Docks area would be primarily used for freight and port related activities.
- xviii. The existing employment nodes were also critiqued for on-going applicability for employment uses. The substantial majority of employment areas provide an important on-going economic function and are recommended to be protected in the RLDP. The sites not recommended to be protected in the RLDP are:

- Tavaner Trading Estate, Caerleon
 - Herbert Road
- xix. There is a significant range of vacancy levels with the estates, which is partly a function of the quality of premises or the state of the economy as it re-emerges from Covid restrictions, though in some instances (e.g. Phoenix Park, Celtic Business Park) is due to these areas still being developed. It is noted that Queensway Meadows, Reevesland, Stephenson Street areas all have high levels of vacancies and are within the same broader corridor, suggesting that there is likely to be an over-provision of units in this ageing employment corridor.
- xx. An additional 5.67 ha of vacant or brownfield land is available within the existing employment areas that could be developed for B-class employment uses.
- Employment Land Forecasts**
- xxi. The requirement for employment land to 2036 has been assessed using two approaches, in line with Welsh Government guidance, looking at past trends and employment forecasts. The two approaches are:
- Practice Guidance Method 1: Past Building Completions
This reviews the actual take-up of employment land and premises in Newport over time and extrapolates past growth over the forecasting period.
 - Practice Guidance Method 2: Labour Demand Forecasting
Using employment forecasts to 2036, this method estimates employment land demand by assessing sectoral employment growth and making assumptions on jobs to floorspace density and floorspace to land ratios. This method looked at two scenarios – a baseline forecast based on Oxford Economics employment forecasts and a Policy On forecast, taking into account potential uplift in employment growth driven by the CCR City Deal interventions.
- xxii. The following table summarises the results of the employment forecasts. This includes a comparison to the supply of employment land in Newport and a five-year buffer to allow for flexibility in the market. Based on past completions of employment land, it is forecast that demand over the forecast period would be 62.0 ha (including buffer).

xxiii. For the labour demand forecasts, the forecast demand for employment land is negative, drawn down by the projected decline in manufacturing employment resulting in a commensurate negative estimate for employment land and floorspace. However, this is considered to not be reflective of likely actual demand for land and floorspace. This is for two key reasons – firstly, the on-the-ground evidence suggests that the industrial property market is growing at present and secondly, reductions in manufacturing employment due to technology or operational changes (e.g. through automation) may not result in a reduction in manufacturing floorspace. Therefore, the forecasts using this method have also just considered growth sectors.

Table E2 – Land Forecast Models – Summary

Model	Land Stock 2021, ha*	Land Need 2021-2036, ha	Flexibility Buffer (five years take-up rate) ha	Land Need Incl. flexibility buffer	Surplus/Deficit, ha
Practice Guidance Method One: Past Building Completions	163.47	46.5	15.5	62.0	101.47
Practice Guidance Method Two: Labour Demand Forecasting (Baseline)	163.47	<i>Net Change</i> -24.67 <i>Growth Only</i> 15.26	<i>Net Change</i> N/A <i>Growth Only</i> 5.09	<i>Net Change</i> -24.67 <i>Growth Only</i> 20.35	<i>Net Change</i> 188.14 <i>Growth Only</i> 143.12
Practice Guidance Method Two: Labour Demand Forecasting (Policy On)	163.47	<i>Net Change</i> -8.26 <i>Growth Only</i> 24.04	<i>Net Change</i> N/A <i>Growth Only</i> 8.01	<i>Net Change</i> -8.26 <i>Growth Only</i> 32.05	<i>Net Change</i> 171.73 <i>Growth Only</i> 131.42

Source: BE Group's analysis, Oxford Economics employment forecasts

*Realistic land supply of land including employment allocations and infill sites within existing employment areas. Not including Docklands

xxiv. Under all scenarios, there is a surplus of employment land in Newport, compared to demand to 2036.

xxv. The Regional Employment Study (Larger than Local Study) completed in 2020 looked at employment land demand and supply across the South East Wales region. This study

identified some shortfalls in employment land in some local authority areas (particularly Caerphilly) and therefore recommended that areas with significantly more employment land supply, most notably Newport, could take some of the regional demand. For Newport, this equated to an additional land requirement of 15 ha (2018-2040), over and above the forecast trajectory. Even accounting for this regional demand, the current supply of employment land is sufficient to meet forecast demand.

Recommendations

xxvi. The ELR proposes the following recommendations to support employment land in Newport to 2036.

1. The future employment land need in Newport is up to 77.0 ha to 2036, which includes an allowance for a buffer to provide flexibility and accounts for the regional level demand. The RLDP should ensure that there is sufficient employment land to meet this need.
2. The employment sites in Table E1 are recommended to be retained within the RLDP.
3. Existing employment areas are recommended to be protected within the RLDP other than Tavaner Trading Estate and Herbert Road employment areas, which are beyond their economic life.
4. The employment provision in Newport should support the primacy of the City Centre, including retaining its office role.
5. Regular reviews of the employment land need are recommended, including revisiting forecasts and suitability of sites.
6. The RLDP should have regard to wider, external influences, taking account of Newport's role in the wider South East Wales market.