

# Employment Land Review

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Newport City Council

Final Report

February 2022

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## 1.0 INTRODUCTION

- 1.1 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.
- 1.2 The ELR will form part of the evidence base for the preparation of the Replacement Local Development Plan (RLDP) for Newport City Council. The ELR provides an assessment of the supply and demand for employment land in Newport, looking at the available employment allocations and existing employment areas to understand the supply side and reviewing the property market, consulting with local stakeholders and forecasting employment growth to understand the demand side.
- 1.3 The forecast period for this ELR is 2021 to 2036.

### **Methodology**

- 1.4 Research methods used include site visits, interviews with property market stakeholders such as developers, investors and their agents, as well as other key stakeholders, such as public sector agencies and core employers. Desktop analysis of national, sub-regional and local reports and strategies has been undertaken.
- 1.5 This ELR has reference to the regional context within which Newport sits, including the Regional Employment Study (Larger than Local study) prepared in 2019/20, which includes an assessment of employment land needs across Newport, Monmouthshire, Caerphilly, Torfaen and Blaenau Gwent. These findings have been duly considered within this ELR.
- 1.6 An analysis of the local property market has been undertaken, including a critique of the transactions of commercial premises in Newport, a review of currently marketed properties and an assessment of the types of uses within employment areas. This data was complemented with information gathered from conversations with locally active commercial agents.

- 1.7 The ELR has reviewed the current/existing employment site allocations and existing employment areas through site inspections, reference to Council's annual employment land monitoring, conversations with landholders/agents as appropriate and a review of planning applications/permissions. The existing employment site allocations and existing areas have been catalogued and critiqued.
- 1.8 The employment land demand over the planning period has been forecast using reference to past employment land take-up and employment forecasts by sector. This is consistent with Welsh Government Practice Guidance (see commentary below for explanation of approach of ELR in accordance with Practice Guidance). A series of recommendations has been provided to guide employment land planning to 2036.

### **Welsh Employment Land Review Guidance**

- 1.9 This study reflects Welsh Government guidance on how Local Authorities should approach employment land reviews, namely '*Practice Guidance – Building an Economic Development Evidence Base to Support a Local Development Plan*' (August 2015). The employment land review process takes the form of a four-stage methodology under the following headings:
- **Stage 1: Property Market Assessment** – An analysis of demand in terms of specific market sectors, property requirements and geographical areas, focusing on the current situation and prospects for the LDP over its 15-year life cycle. Where there is demand for development and where there is not.
  - **Stage 2: Audit of Employment Sites** – The quantitative inventory and qualitative appraisal of local land supplies, including existing committed, allocated and potential employment sites and existing stock. This will feed directly into the review's conclusions on whether any further land should be identified for employment and whether any existing or committed employment sites should be transferred to other uses.
  - **Stage 3: Future Land Requirements** – Establishing the LDP's employment land requirement, using recognised forecast methods, primarily:
    - **Method 1 – Past Building Completions:** Method 1 uses the average annual completions rate for B1, B2, and B8 employment land for a previous period in order to project future requirements over the life of the LDP.
    - **Method 2 – Labour Demand Forecasting:** Method 2 involves acquiring

*employment growth forecast data for relevant Standard Industrial Classification (SIC, 2007) activity sectors, assigning sectors to B use classes and then converting jobs to floorspace.”*

- **Stage 4: Policy Options, Recommendations and Monitoring** – Identifying policy options and recommendations, based on review findings.

1.10 Table 1 shows how the ELR aligns with this Guidance. The link between the report and the Planning Practice methodology is not always clear cut, with different sections overlapping, indeed certain steps overlap.

**Table 1 – Employment Land Reviews – Practice Guidance**

<b>Stage 1: Property Market Assessment</b>	
Step 1: Identify where demand and opportunities exist for development. Step 2: Identify where existing employment land is no longer in demand. Step 3: Establish property market profiles for offices, industry and warehousing.	Covered in Sections: 3.0 Socio-Economic Profile 4.0 Property Market Assessment 5.0 Business Consultations <i>Demand assessment and market profiling, including consultations with local businesses regarding their land/property needs.</i>
<b>Stage 2: Audit of Employment Sites</b>	
Step 1: Preparation of a quantitative site inventory Step 2: Preparation of qualitative site appraisals Step 3: Recommendations	6.0 Employment Sites <i>Quantitative and qualitative site assessments</i>
<b>Stage 3: Calculating Future Land Requirements</b>	
Method 1 – Past Building Method 2 – Labour Demand Forecasting	7.0 Employment Land Forecasts <i>Review of completed Economic Development Evidence Base, allowing for updated LDP position.</i>
<b>Stage 4: Policy Options, Recommendations and Monitoring</b>	
Step 1: Policy Options Step 2: Policy Recommendations Step 3: Monitoring and Recording	8.0 Conclusions and Recommendations <i>Final reporting, including conclusions and policy/practice recommendations.</i>

*Source: BE Group reporting response to Planning Guidance – Building an Economic Development Evidence Base Support a Local Development Plan*

## 2.0 POLICY CONTEXT

### Introduction

- 2.1 This section focuses on Welsh Government, sub regional and local reports and strategies that have a relevance to the allocation of employment land and premises. An understanding of the strategies and reports contained in this study is needed to show strategic alignment and a holistic approach to promote sustainable development. The recommendations follow the general principles set by this strategic policy framework.

### National

#### ***Planning Policy Wales, 11<sup>th</sup> Edition, Welsh Government (2021)***

- 2.2 Planning Policy Wales (PPW) 11<sup>th</sup> Edition sets out the land-use planning policies of the Welsh Government. It is supplemented by a series of Technical Advice Notes (TANs) which are discussed below. Together with several circulars and policy clarification letters, PPW and the TANs comprise the national planning policy for Wales. National planning policy, alongside Future Wales (discussed below) should be considered in the preparation of LDPs.
- 2.3 Chapter 5 '*Productive and Enterprising Places*' of PPW 11 sets out national policies for economic development. For planning purposes, the Welsh Government defines economic development as "*the development of land and buildings for activities that generate sustainable long term prosperity, jobs and incomes...*" "*Economic land uses include the traditional employment land uses (offices, research and development, industry and warehousing), as well as uses such as retail, tourism, and public services.*"
- 2.4 The document states the importance of the planning system supporting economic growth and ensuring that there is sufficient land to meet the needs of the employment market at both a strategic and local level. "*Development plans should identify employment land requirements, allocate an appropriate mix of sites to meet need and provide a framework for the protection of existing employment sites of strategic and local importance.*"

- 2.5 *“Wherever possible, planning authorities should encourage and support developments which generate economic prosperity and regeneration. Sites identified for employment use in a development plan should be protected from inappropriate development. “*
- 2.6 Plans and decisions need to be based on an up to date and locally/sub-regionally specific evidence base which demonstrates the *“suitability of the existing employment land supply as well as future provision in relation to the locational and development requirements of business.”* That evidence base should include an Employment Land Review (ELR).
- 2.7 *“Planning authorities should work with each other and with relevant economic fora in order to prepare an ELR. The review should include an assessment of anticipated employment change and land use together with estimates of land provision for employment uses showing net change in land/ floorspace. This should be calculated for offices, industrial and warehouse uses separately. This evidence should help inform an economic vision for the area. Employment Land Reviews should be kept up to date and relevant to prevailing market conditions and the needs of the development plan.”*
- 2.8 Local Authorities should work together to identify strategic employment sites at a regional scale for which sites best serve the area as a whole. These sites should have *‘unique selling points and provide a differentiated offer across the region’* and therefore it is not necessary to designate strategic employment sites within every local authority. These sites should be protected from alternative non-employment uses.
- 2.9 In addition, local planning authorities should steer economic development to the most appropriate locations, including provision of strategic scale sites, by:
- Coordinating development with infrastructure provision
  - Supporting national, regional and local economic policies/strategies
  - Aligning jobs and services with housing (where possible) to reduce the need for travel, especially by car
  - Promote the re-use of previously developed vacant and underused land
  - Delivering physical regeneration and employment opportunities to disadvantaged communities.
  - Control and manage the release of unwanted employment sites to other uses

- Propose specific locations for locally and strategically important industries which are detrimental to amenity and may be a source of pollution
- Identify protection zones around land and premises that hold hazardous substances and protect the ability of existing businesses to operate or expand by preventing the incremental development of vulnerable uses in the locality.

2.10 Innovative business and technology clusters may also be important to the economic growth of a local authority area as businesses benefit from shared facilities, infrastructure, skilled and qualified labourers, common supply chains and links to higher education. Development plan policies need to identify potential networks and cluster areas, and set policies for the creation of the transport, environmental and telecommunications infrastructure needed to support such networks. Planning authorities should also look favourably on any renewable and low carbon energy generation proposals designed to serve clusters.

2.11 New business creation is essential to sustain and improve rural economies, particularly as recent events such as the climate emergency, coronavirus pandemic and exiting the European Union all bring economic and social uncertainty. Rural areas will need to be able to respond flexibly to these issues to ensure future success. *“Many commercial and light manufacturing activities can be located in rural areas without causing unacceptable disturbance or other adverse effects. Micro and small enterprises have a vital role to play in the rural economy, and contribute to both local and national competitiveness and prosperity.”*

2.12 Whilst some rural employment can be created through the re-use of buildings, new development may also be required. This new development should, where possible be within or adjacent to settlement boundaries and preferably close to public transport links. In addition, where businesses cannot be accommodated within settlements, appropriate small-scale rural enterprise should be permitted on unallocated land. The expansion of existing businesses located in open countryside should be supported provided there are no unacceptable impacts on local amenity.

- 2.13 *“Planning authorities should adopt a positive approach to diversification projects in rural areas... Whilst every effort should be made to locate diversification proposals so they are well-served by public transport, it is recognised that certain diversification proposals will only be accessible by car. While initial consideration should be given to adapting existing farm buildings, the provision of a sensitively designed new building on a working farm within existing farm complexes may be appropriate where a conversion opportunity does not exist.”*

**Technical Advice Notes – Welsh Government**

- 2.14 These guidance notes and statements are intended to assist local authority policy makers in the preparation of LDPs. Of most relevance to this study is TAN 23: Economic Development.

*TAN 23: Economic Development (2014)*

- 2.15 This TAN provides guidance on planning for economic development at a strategic level, identifying and assessing the economic benefits of development proposals and establishing an evidence base to support the economic development policies of LDPs.
- 2.16 Echoing PPW, the TAN advises that local planning authorities should aim to provide the land that the market requires (unless there are good reasons to the contrary). *“Local planning authorities should recognise market signals and have regard to the need to guide economic development to the most appropriate locations, rather than prevent or discourage such development.”*
- 2.17 However, there may also be instances when planning authorities do not provide the land the market demands, in the places where the market demands it. Proposed developments or site allocations may be resisted because they would have unacceptable environmental impacts, divert demand from town centres or would go against agreed spatial strategies. In these circumstances planning authorities should look for alternative sites which offer the same, or very similar, advantages.
- 2.18 A sequential test should also be applied to economic development proposals or possible employment land allocations. First preference should be given to sites within the boundaries of settlements (including planned new settlements and urban extensions),

then edge-of-settlement sites and finally land in the open countryside. Land may be identified in less preferable locations if the resulting benefits (i.e. jobs accommodated, alternatives, special merit) *“outweigh any adverse impacts of the development.”*

2.19 Local authorities are encouraged to work jointly in sub-regional groups to prepare joint economy evidence bases, including an analysis of the sub-regional commercial and industrial property market. Such sub-regional strategies should also focus on identifying strategic sites of national and regional importance.

2.20 Where a planning authority is assessing a site allocation or planning application that could cause social or environmental harm, there are three issues which need to be considered:

- *“Alternatives: if the land is not made available (the site is not allocated, or the application is refused), is it likely that the equivalent demand could be met on a site where development would cause less harm, and if so where?”*
- *...Jobs accommodated: how many direct jobs will be based at the site?*
- *...Special merit: would the development make any special contribution to policy objectives?”*

2.21 An example of a development of ‘special merit’ could be a greenfield development that could attract high-value, high-skill businesses that would not be interested in a lower-quality urban environment.

2.22 In producing LDPs, local planning authorities should:

- Develop a broad vision for the Plan which *“must be consistent and coherent so that the economic, social and environmental considerations support each other”*
- Set land provision targets which meet the market demand for land. Local authorities should work together to steer development to sustainable locations.

2.23 In terms of forecasting future growth, the TAN, echoing Planning Policy Wales, advocates *“a broad assessment of anticipated employment change by broad sector and land use”*. Specifically, this will require *“the preparation of possible future economic scenarios with plans developed in a way which ensures they are robust across the more likely scenarios and contain the flexibilities necessary to adjust to changing*

*circumstances. The starting point for scenarios would normally be past trends at a regional level. Such scenarios could be adjusted to reflect different policy or demographic assumptions.”*

2.24 The TAN accepts that such forecast modelling can often be imprecise – *“Models of future economic scenarios are surrounded by a large margin of uncertainty, and often more so for individual authorities than for larger areas. Modelling may be most successful when based on functional economic areas such as travel to work areas and housing market areas.”* It is noted that at this point in the Census cycle, the most recent data available for travel to work areas is from 2011.

2.25 Where projected local authority growth differs markedly from that expected for the wider region, *“the authority should provide an evidence-based justification for these differences, much as they would have to in respect of population projections for their area.”* Predicted employment figures should usually be expressed as a range of scenarios to reflect different economic outcomes and policy options. Ultimately however, *“the level of growth envisaged must be realistic, able to withstand scrutiny and be consistent with the other aspirations of the plan including population and housing projections.”*

2.26 Finally, the TAN highlights that existing employment sites should only be released for other uses if:

- *“They have poor prospects of being re-occupied for their previous use*
- *And/or the particular market that the site is part of is oversupplied*
- *And/or the existing employment use has unacceptable adverse impacts on amenity or the environment*
- *And the proposed redevelopment does not compromise unduly neighbouring employment sites that are to be retained*
- *Or other priorities, such as housing need, override more narrowly focused economic considerations.”*

***Future Wales: The National Plan 2040, Welsh Government (2021)***

2.27 This document replaces the Wales Spatial Plan and acts as the national development framework, guiding development and where investment should be in Wales to 2040.

This framework will be built on by Strategic Development Plans at a regional level and LDP's at a local authority level, to identify the location of new development and infrastructure. This document supports and helps deliver the aims of the Economic Action Plan.

- 2.28 The prosperity of the country has been altered by the Covid-19 pandemic and therefore working patterns in terms of location and hours may change. Future Wales supports the provision of infrastructure to support these changing work patterns. Additionally, there is no 'one size fits all' approach to strengthening, diversifying and increasing the resilience of the Welsh economy meaning support must be given to new and existing businesses of all sizes.
- 2.29 11 Outcomes were created as overarching ambitions for Wales for the next 20 years which will link all policies together and describe 'A Wales where people live:
1. And work in connected, inclusive and healthy places
  2. In vibrant rural places with access to homes, jobs and services
  3. In distinctive regions that tackle health and socio-economic inequality
  4. In places with a thriving Welsh language
  5. And work in towns/ cities which are a focus and springboard for sustainable growth
  6. In places where prosperity, innovation and culture are promoted
  7. In places where travel is sustainable
  8. In places with world-class digital infrastructure
  9. In places that sustainably manage their natural resources and reduce pollution
  10. In places with biodiverse resilient and connected ecosystems
  11. In places which are decarbonised and climate-resilient'.
- 2.30 Policy 1 states key areas for development with an aim to focus large scale growth on the urban areas, allowing productive agricultural land to be protected as development pressures are channelled away from the countryside.
- 2.31 Policy 5 focuses on the rural economy with it being key to develop strong economies in order to support local enterprises. *'The presence of local rural businesses and*

*employment opportunities can reduce the need for workers to travel long distances and reduce the reliance on larger economic centres*'. Rural areas should develop a broad economic base to retain workers, broaden skills and help sustain the rural communities. Additionally, the changing work patterns of increased ability to work from home, and remotely from main offices, may result in a higher demand to live in rural areas.

***Economic Resilience & Reconstruction Mission, Welsh Government (2021)***

- 2.32 This document has been developed in the context of dealing with the dual impact of the Covid-19 pandemic and Brexit and is an evolution of the Welsh Government Economic Action Plan. This document builds upon '*Prosperity for All: The Economic Action Plan*' and takes forward the priorities from '*Coronavirus Reconstruction: Challenges and Priorities*'.
- 2.33 The vision is to create a '*well-being economy which drives prosperity, is environmentally sound, and helps everyone realise their potential*'. In order to achieve this vision, one of three outcomes is to create a Prosperous Economy. This can be achieved through the support of the Foundational Economy and a diverse range of businesses with good productivity levels and skilled workforces.
- 2.34 Five beacons have been created for delivery of medium-long term recovery from Covid-19, building upon policies which have been adapted to meet the challenges of the pandemic. They are:
- Strengthening the Foundational Economy
  - Covid Commitment to protecting and enabling skills and employment
  - Accelerating adaption for recovery and future prosperity
  - Magnetising investment in a green recovery
  - Fortifying the pursuit of social value.
- 2.35 Town Centres can no longer rely on just retail to thrive and therefore as part of the 'Transforming Towns' agenda, new economic opportunities and employment must be brought back to Town Centres. This should be as part of a wider offering of leisure, learning, local services and cultural activities. It is a long-term ambition for Welsh Government for 30 percent of Welsh workers to be working flexibility and remotely. Additionally, there is the opportunity to re-purpose Town Centre buildings to create

regional co-working hubs, deconcentrating and relocating the workforce back into Town Centre locations when required.

2.36 The Covid-19 pandemic threatens to reverse progress made in Wales over the last decade of reducing unemployment economic inactivity. Welsh Government aims to support and prepare workforce for immediate and long-term challenges (as set out in 'Coronavirus Reconstruction: Challenges and Priorities' and reviewed below). Support to be provided for employers/ businesses includes:

- New recruitment support and incentives for apprenticeships
- Training support to upskill workers
- Support the recruitment and retention of disabled people
- Support for workplace well-being/ safe working environments.

***Covid-19 Reconstruction: Challenges and Priorities, Welsh Government (2020)***

2.37 This document aims to provide the key challenges and priorities for Wales for reconstruction following the Covid-19 pandemic. With relation to the employment market the Welsh Government aims to:

- *'Reduce unemployment... provide opportunities for people to develop their skills and to acquire new ones*
- *Step up investment in our local town centres to help built resilient communities... providing better access to open space, the creation of remote working hubs, and making sure our public services are more accessible*
- *Focus on the foundational economy and support the growth and independence of Welsh headquartered businesses in order to build the resilience of the Welsh economy in the face of Coronavirus and the end of the EU Transition Period*.

2.38 Part 1 of the programme is entitled 'Moving Towards Reconstruction' and describes several programmes and pots of money which have been assigned to different projects in order to create a more prosperous Wales including:

- A firm priority - £40m fund to offer advice and help those over 16 to find work, increase their skills/ qualifications and employability, or start a business
- A £2.4 billion support package, including the Economic Resilience Fund, an emergency support package for small businesses of £200m and £350m of non-domestic rates relief

- Setting a target of 30 percent of the country's entire workforce to work from home in the future, to help reduce pollution and congestion.

2.39 Part 2 focuses on the 'Future of Wales'. Government asked for individuals, activists, charities and representative bodies to suggest ideas for how to reconstruct a better Wales. The responses split into six categories; Society, Economy, Environment, Health, Political engagement and Digital technology. The importance of supporting people to remain in work or secure employment was a key issue raised, along with supporting Welsh businesses through developing the Welsh brand and bringing sectors together into hubs. There were also calls for efforts to ensure the economy in Wales is based on renewable energy supplies.

2.40 Additionally, remote working arrangements were discussed in order to lead to locally focussed regeneration schemes and provide employment opportunities in emerging sectors. This could encourage more skilled young workers to remain in Wales.

2.41 Part 3 of the plan focusses on addressing the bullet points mentioned above in the short term, whilst the longer-term change (Part 4) includes a range of issues such as '*exploring a financing partnership with local authorities which could extend our capacity to invest together and stimulate employment*'.

### **Welsh Government Remote Working Ambition**

2.42 The Welsh Government has stated its long-term ambition to see "30% of Welsh workers working from home or close to home". In a press release to announce this ambition in September 2020, it was announced that the intention "*is to develop a hybrid workplace model, where staff can work in the office, at home, or in a hub location. The aim is that this will enable 30% or more of workers to work remotely, helping reduce congestion and pollution and improving work-life balance for employees and employers.*"

2.43 Of relevance to the forecasting of employment land requirements in Newport, it is noted that this is likely to be applicable for office based workers, either in B1 office spaces or hybrid spaces (mix of B2/B8 with B1 offices).

### **Cardiff Capital Region**

**Priority Sectors – CCR**

2.44 The Cardiff Capital Region (CCR) prioritises five sectors for employment and skills support, which largely overlap with some of the sectors prioritised by the Welsh Government:

- Advanced Materials and Manufacturing
- Construction
- Financial, Legal & Professional Services
- ICT/Digital - including creative industries
- Human Foundational Economy.

**Cardiff Capital Region City Deal**

2.45 The CCR has secured a £1.2 billion City Deal with the UK and Welsh Governments. A key priority for investment will be the delivery of the South East Wales Metro, including the Valley Lines Electrification programme. CCR Region has established the CCR Transport Authority (CCRTA) to co-ordinate transport planning and investment within the region, in partnership with the Welsh Government.

2.46 With the City Deal, CCR expressed its commitment to develop a skilled workforce and tackle unemployment, while also supporting enterprise and business growth. An Economic Growth Partnership has been established to commission an Economic Growth Plan for the next twenty-year period. A Regional Business Council has also been established to engage with all businesses and articulate their needs. As part of the City Deal, £37.9 million are invested to support the development of a compound semiconductor industry cluster in south-east Wales.

2.47 The Cardiff Capital Region is committed to improving the co-ordination of local and national business support arrangements. This includes working in partnership with the Welsh Government to address identified barriers to growth, support spatial and sectoral priorities and to target emerging opportunities for driving economic performance. Therefore, CCR will establish a CCR Business Organisation. This organisation will provide a clear business voice that will influence and shape business support programmes.

- 2.48 Over its lifetime, the City Deal is expected to deliver up to 25,000 new jobs, leverage an additional £4bn of private sector investment and deliver a 5% uplift in Gross Value Added (GVA). In February 2018, three development strategies were agreed by the CCR cabinet to support the strategic themes of housing, skills, and digital connectivity within CCR and drive the City Deal forward.
- 2.49 The City Deal is also supported by a five-year strategic business plan, which sets out the required actions and outcomes to achieve CCR's long-term objectives, including details of how the Wider Investment Fund can be used in the next 5 years to act as a catalyst to drive the actions forward.

### **Cardiff Capital Region Industrial and Economic Plan**

- 2.50 The Regional Economic Growth Partnership was established to advise on the implementation of the CCR City Deal's Wider Investment funds. This Industrial and Economic Plan sets out an ambitious and long-term plan to boost productivity and accelerate economic and inclusive growth in the region by making the Cardiff Capital Region a highly investable proposition, backing businesses to create good and sustainable jobs through targeted investments in skills, priority industries, infrastructure and innovation.
- 2.51 An investment and intervention framework has been established to contain three designated and interconnected investment priorities linked by common focus on securing a coherent, competitive, sustainable and fair regional economy. The three designated investment priorities (Innovation, Infrastructure, and Challenge) will support the delivery of the plan and will be established in partnership with the investor community to drive forwards the economic ambitions and priorities within the region.
- 2.52 The Innovation investments will focus on opportunities where there is demonstrable competitive strength, leveraging significant other investments which will provide direct returns to the fund. The Infrastructure investments will focus mainly on infrastructure projects where the public sector creates the conditions for private sector success and civic benefits. Finally, the Challenge investments will seek to attract the best solutions for specific challenges faced by the region. The ultimate aim of the investments will be

improving the business environment within the CCR, creating rich ecosystems that stretch and support the development of key sectors in the economy.

- 2.53 The Industrial and Economic Plan also outlines its plans to enhance existing and develop new educational provisions where required to drive the priorities of our businesses in the region, ensuring that the region has a highly-skilled, motivated and forward-thinking workforce with a significant supply of critical skills to enable businesses to flourish over the next decade.
- 2.54 The importance of connectivity, both digital and physical, is also emphasised. Reliable infrastructure that connects the region, both within and wider afield, to boost productivity and prosperity, is deemed critical.

### **Cardiff Capital Region Industrial and Economic Plan and Covid-19 Addendum**

- 2.55 Cardiff Capital Region Industrial and Economic Plan and Covid-19 Addendum sets out 10 priorities to reflect the regional post Covid-19 reality:

- 1. Helping CCR businesses navigate the funding support packages available and surfacing gaps in provision*
- 2. Building a strong evidence base to enable ongoing assessment of Regional Economic Health*
- 3. Reviewing all current City Deal initiatives to ensure they align with CCR economic and social imperatives in a post Covid world*
- 4. Ensuring entrepreneurs and start ups get the support they need*
- 5. Establishing a new 'Rebuilding Local Economies Challenge Programme' to capitalise on the levels of business innovation and ingenuity seen throughout the crisis period*
- 6. Developing new, targeted funding interventions and new investment application support mechanisms*
- 7. Supporting key businesses in the CCR priority clusters to increase their resilience and capacity for growth through increased flexibility on lending/ investments*
- 8. Increasing our overall competitiveness and wealth creation as a region through improving the financial performance of our medium sized businesses*
- 9. Accelerating the development of our Med-tech Cluster through encouraging and supporting investment opportunities in Med-tech innovation*

10. *Expediting the creation of resilient industrial clusters with thriving regional eco systems.”*

**CCR City Deal Strategic Business Plan Wider Investment Fund (2019)**

2.56 In compliance with the Joint Working Agreement the five year City Deal Strategic Business Plan:

- sets out our current understanding of what is required to achieve the Cardiff Capital Regions long- term objectives;
- details required actions and outcomes, only some of which will benefit from Wider Investment funding;
- includes details of how the Wider Investment Fund will be used, over the next five years, to act as a catalyst to drive these actions forward;
- forms the basis of a more detailed regional strategic economic growth plan and strategy.

2.57 The City Deal Funding will act as a catalyst to drive economic momentum by leverage of wider investments, accelerate the process of change, attract interest and generate enthusiasm and take advantage of the entrepreneurial talents that abound in the region.

2.58 The Business Plan identifies four strategic themes they feel can make a real improvement to the well-being of people in the region and, in doing so, support regional objectives, well-being goals and the twin goals, in the Welsh Government’s ‘Prosperity for All: economic action plan’, of growing the economy and reducing inequality. The four themes are as follows:

- Skills & Employment – This will involve addressing skill gaps and shortages, developing higher level skills to futureproof the workforce, increasing the number and range of apprenticeships, developing a regional employability plan to get more people into work and many more interventions
- Innovation – *“Innovation underpins the development and application of ideas and technologies that yield better or new goods and services for the marketplace. Innovation is directly linked to raising productivity. Relative to other regional and international economies, productivity is unacceptably low in the Cardiff Capital Region.”* The Business Plan aims to create an environment that fosters entrepreneurial spirit and the creation of new commercial knowledge by bringing

- entrepreneurs, government, universities, colleges, funders and corporate entities together and adding in new capability
- Connecting the Region - To enable effective connectivity of all types in the Cardiff Capital Region, improvements to both the digital and transport infrastructure must be made. £734 million has been committed to the Metro as part of the City Deal. will make a significant contribution to improving transport connectivity, unlocking development sites, employment and housing, providing access to training and employment opportunities, access to leisure and tourism and wider cultural development. The Business Plan also sets out several strategic goals set out to make the Cardiff Capital Region a “Smart Region”, allowing future generations to be fully integrated into a global network
  - Regeneration and Infrastructure – With good quality development sites in short supply and a limited availability of ready to occupy premises of all sizes, the City Deal outlines a ‘Strategic Sites Plan’. This plan looks to improve the provision of employment sites, emphasise the refurbishment of existing stock and support specific infrastructure projects to encourage clusters of like-minded industries to emerge and develop, nurturing them as centres of excellence.

**Local**

**Newport Local Development Plan (2011-2026)**

- 2.59 The Local Development Plan will be there to guide development within Newport up to 2026.
- 2.60 The LDP objective 3 is “*To enable a diverse economy that meets the needs of the people of Newport and those of the wider South East Wales economic region*”
- 2.61 Provision will be made for approximately 172 ha of employment land for the period 2011-2026 with Newport’s Economy expected to grow by an additional 7,400 jobs over the LDP period. 172 ha exceeds the minimum requirement but is considered appropriate to be able to provide enough flexibility for future employment growth.
- 2.62 In terms of allocating space to support the delivery of jobs, a minimum of 21.5 ha of employment land has been identified that Newport would require. Enough suitable warehousing land to meet the gross requirements is needed and for this reason an additional 13.5 ha of land has been allocated. This is on the grounds of being the type of land which is fit for purpose by today’s market standards. Therefore, in total, the plan has a minimum requirement of 35 ha net employment land for the plan period.
- 2.63 The land allocated under Policy EM1 relates to net additional requirement for employment land. The land is needed to accommodate net growth in the stock and any losses from the existing employment stock which will need replacing. Policy EM3 will be used to assess proposals for the redevelopment or alternative uses of existing employment sites.
- 2.64 The following table provides a list of the employment allocations under EM1.

**Table 2 – Employment Sites in Newport Local Development Plan**

Site Ref.	Site Name	Area (Ha)	Type of Uses in LDP
i)	Duffryn	38.5	B1, B2, B8
ii)	East of Queensway Meadows, South of Glan Llyn	27	B1, B2, B8
iii)	Celtic Springs	6	B1
iv)	Solutia (Eastman)	43	B1, B2, B8, leisure
v)	Gwent Europark	16	B8
vi)	Land off Chartist Dr, Rogerstone	2	B1, B2, B8
vii)	Celtic Business Park (Llanwern former steelworks, eastern end)	35.5	B1, B2, B8
viii)	Phoenix Park	2	B1, B2, ancillary
ix)	Godfrey Rd (rear of station)	2	Business and commercial
<b>Total</b>		<b>172.0</b>	

Source: Local Development Plan 2011-2026

2.65 This ELR is to provide part of the evidence base for the preparation of the RLDP to succeed with adopted LDP.

#### **Newport City Council Employment Land Review (2013)**

2.66 This ELR report presents the findings of a study assessing economic growth and employment land within Newport to help guide employment land policies and site allocations.

2.67 The first deposit plan was published in April 2012. Policy SP17 of the Plan says that provision will be made for approximately 165 ha of employment land over the plan period, equal to 11 ha per year.

2.68 The forecasts in the ELR suggest that Newport requires 19 ha of land for offices and an additional 2.2 ha for industrial and warehousing uses by the end of the plan period.

#### **Regional Employment Study - Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen Councils (2020)**

2.69 This study's preferred method for calculating employment land demand was based on previous employment land take up. This approach calculated a demand across the Larger Than Local Area (LTLA) between 2018 and 2040 of 275.4 ha, including a five-year buffer to allow for choice. This demand was disaggregated to the five constituent local authority areas, including a recommendation of 75 ha for Newport.

2.70 The realistic employment land supply across the LTLA was estimated to be approximately 329.12 ha, of which Newport comprised 157.4 ha. This suggests that Newport has more than a sufficient amount of employment land to meet the projected need to 2040.

2.71 This Employment Land Review reassesses the employment land need and available supply for Newport.

***Annual Monitoring Report (2021)***

2.72 The LDP identifies a need for a minimum of 21.5 ha of EM1 employment land to support the delivery of jobs between 2011 – 2026, equating to 1.4 ha per year. *“Since the start of the Plan period, over 31 ha of new employment land has been created. Out of this 31 ha, 13.67 ha is on EM1 allocations and has been delivered. In terms of EM1 allocations, this equates to 1.367 ha a year (2011-2021), which is below the 1.4ha predicated by the Employment Land Review and LDP.”*

2.73 In 2020/21, 3.14 ha of EM1 employment land was delivered (East of Queensway Meadows).

2.74 The 2021 AMR estimates that there was just under 136 ha of EM1 employment land still available in Newport which had not been developed nor did it have planning permission in place when the AMR was published, equating to just under 13 years of supply.

### 3.0 SOCIO-ECONOMIC PROFILE

#### Introduction

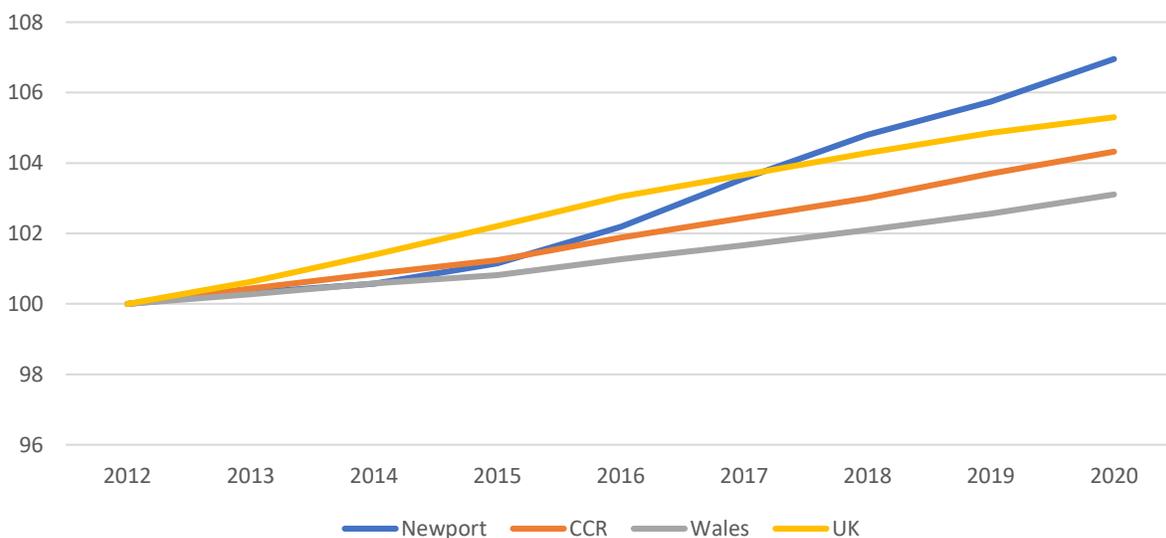
3.1 It is important to understand the nature of the economy in Newport to provide suitable employment opportunities to facilitate sustainable growth. For example, there is a need to provide employment land close to existing concentrations of businesses, in regeneration areas or in areas where companies want to locate.

3.2 This section considers the size of the economy, the current jobs base and forecast jobs growth. By appreciating these aspects, it is easier to facilitate economic development by allocating land and premises in the correct locations and of the right type. The profile is a result of secondary research, drawing together several existing data sources. It also uses demographic data to inform future requirements.

#### Demographics

3.3 As of 2020, 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%), the Wales average (+2.3%) and the UK average (3.0%).

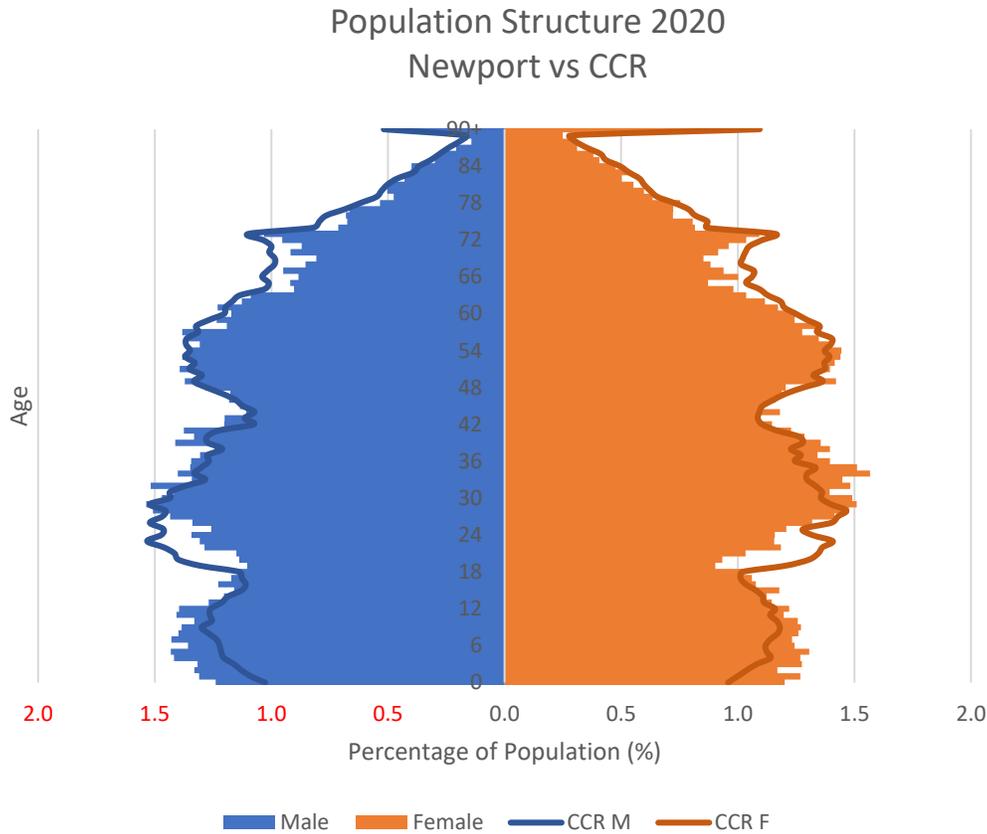
**Figure 1 – Indexed Population Growth 2012-2020 (2012=100)**



Source: ONS, Population Estimates

3.4 The population age structure of Newport is illustrated in Figure 2. The age structure presents a slightly higher proportion of people aged 25 to 35 compared to the CCR as a whole (15.7% percent vs 15.3% percent in CCR).

**Figure 2 – Population Age Structure 2020 - Newport vs CCR**



Source: ONS, Population Estimates

3.5 There are 97,745 people in the working age group (16-64 years old), making up 62 percent of the total population – a share in line with the UK level, and 1 percent higher than the Wales average (at 61 percent).

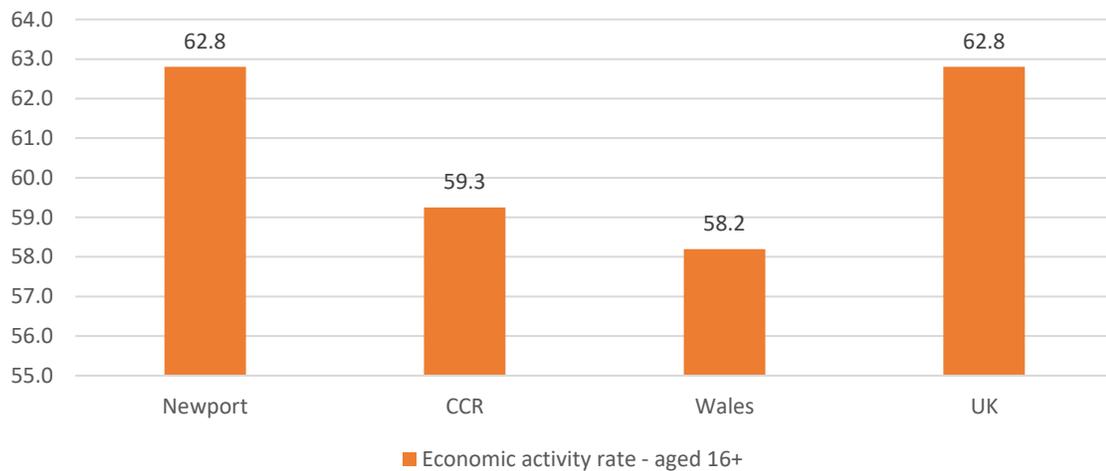
**Labour Market and Skills**

3.6 Economic activity rate for the working age group (16-64 years) in Newport is at 78.5 percent, broadly in line with the UK average (78.2 percent), but higher than the Wales (75.4 percent) and CCR (74.5 percent) averages.

3.7 When considering the population aged 16+ years, the economic activity rate for Newport (62.8%) is also in line with the UK average (62.8%), but higher than the Wales (58.2%) and CCR (59.3%) averages (as shown in Figure 3).

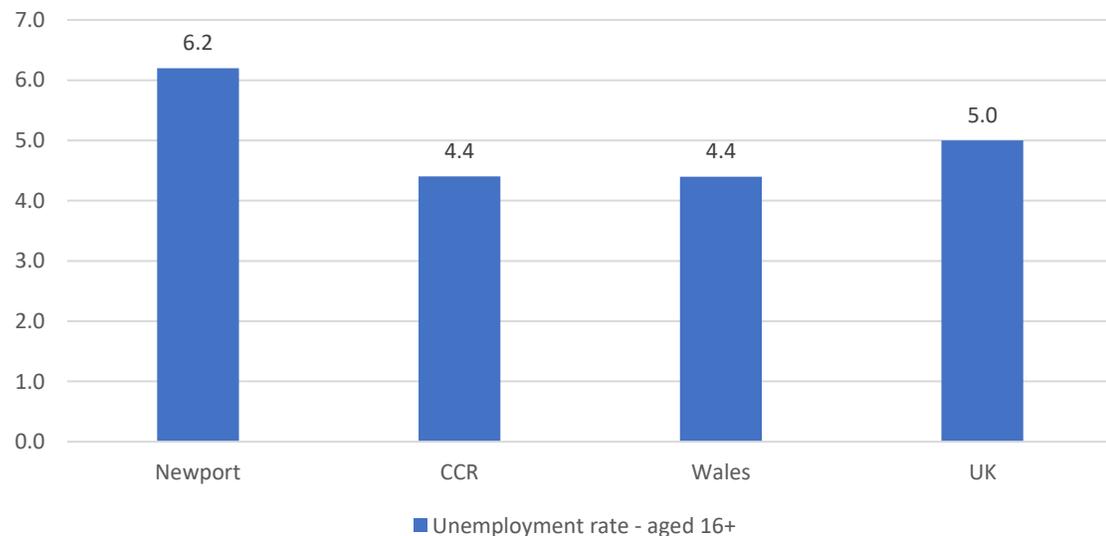
3.8 Newport’s unemployment rate (amongst those aged 16+) is at 6.2 percent, higher than levels for the CCR (4.4 percent), Wales (4.4 percent) and the UK (5.0 percent). Youth unemployment (aged 16-24) is at 8.8 percent, considerably lower than the rate for the UK as a whole (14.6 percent) and Wales (12.0 percent).

**Figure 3 – Economic Activity, Percentage (June 2020 – July 2021)**



Source: ONS, APS (June 2020 – July 2021)

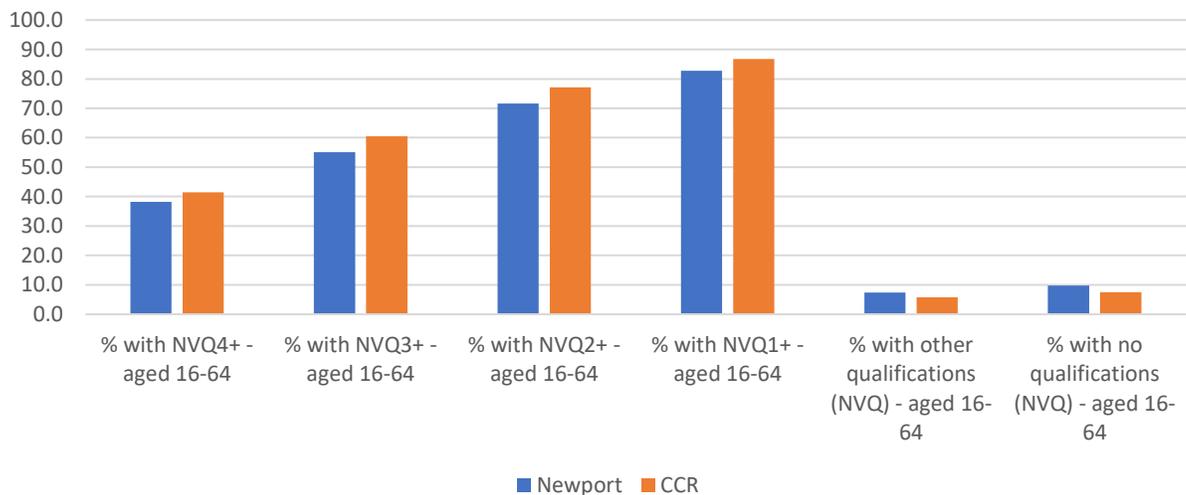
**Figure 4 – Unemployment Rate (June 2020 – July 2021)**



Source: ONS, APS (June 2020 – July 2021)

- 3.9 The qualification profile of Newport indicates that the proportion of residents educated at degree level and above (NVQ4+) is 3.2 percentage points below the city region level (38.2% vs 41.4% in CCR). In addition, the level of ‘no qualifications’ is higher than the CCR level (9.8% vs 7.5% in CCR), while there is a higher proportion of people holding ‘other qualifications’ (7.4%) in Newport than in the CCR (5.8%).

**Figure 5 – Qualification Profile (Jan 2020 – Dec 2020)**

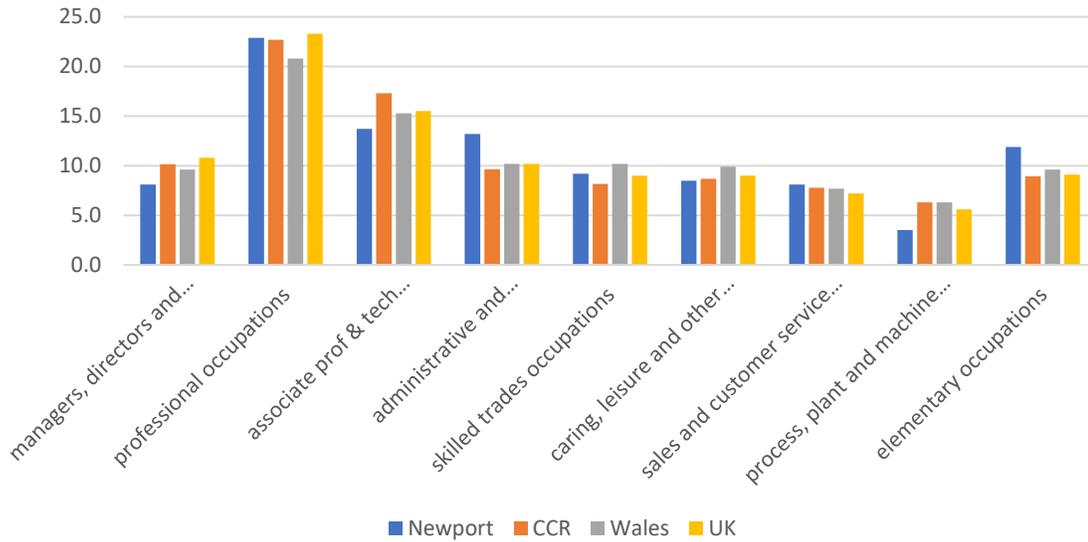


Source: ONS, APS Jan 2020-Dec 2020

- 3.10 The occupational distribution in the chart below compares the distribution of occupations in Newport with the CCR, Wales and the UK. Out of the comparator areas, Newport (8.1 percent) has a lower proportion of Managers, Directors and Senior Officials in comparison to the CCR (10.1 percent), Wales (9.6 percent) and the UK (10.8 percent). The proportion of Associate Professional and Technical Occupations in Newport (13.7 percent) is also lower than the rate in the CCR (17.3 percent), Wales (15.3 percent) and the UK (15.5 percent).

- 3.11 Newport has a higher proportion of Administrative and Secretarial Occupations (13.2 percent) and Elementary Occupations (11.9 percent) in comparison to the CCR (9.6 and 8.9 percent, respectively), Wales (10.2 and 9.6 percent, respectively) and the UK (10.2 and 9.1 percent, respectively).

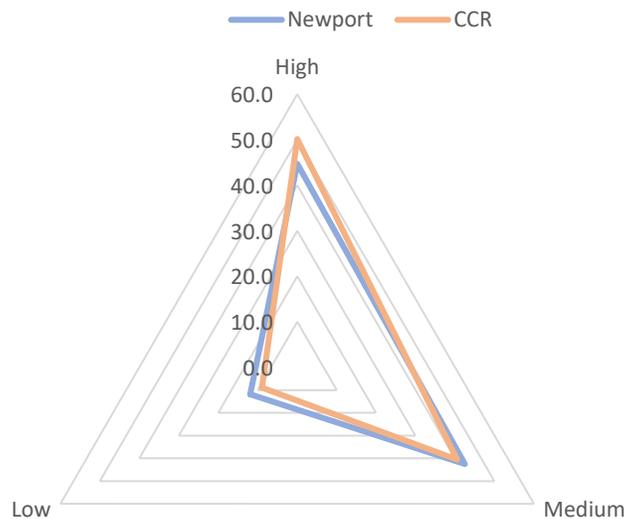
**Figure 6 – Occupational Distribution 2020**



Source: ONS, APS June 2020 – July 2021

3.12 When classified as low, medium or high occupations, the CCR (50.1%) has a higher proportion of highly skilled occupations in comparison to Newport.

**Figure 7 – Low, Medium and High Skill Occupations**



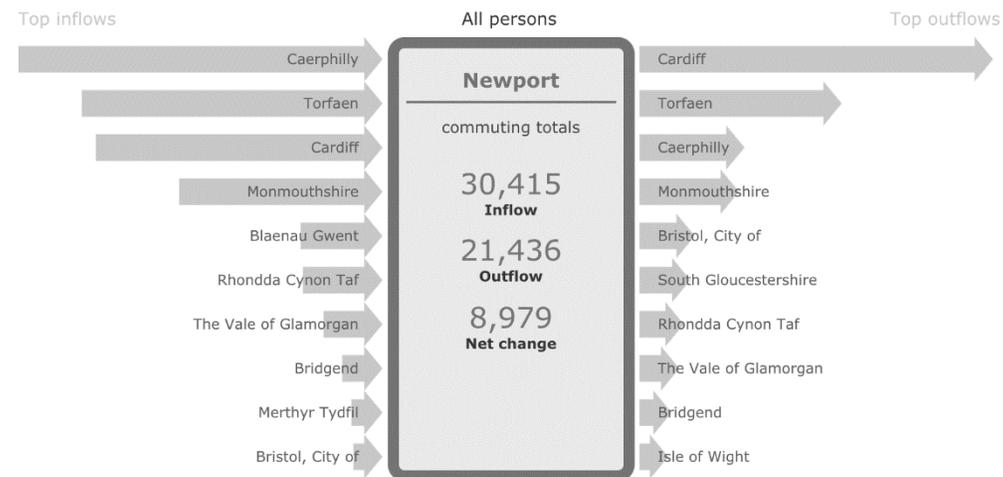
Source: ONS, APS June 2020 – July 2021

3.13 The commuting flow chart below based on Census 2011 data gives an indication of where Newport’s residents are likely to commute to work and what other local authorities are some of Newport workers likely to be coming from. Overall, inflows are higher than outflows, indicating that more people are commuting into rather than out of Newport.

3.14 Newport’s strongest commuting relationship is with Cardiff, Torfaen and Caerphilly, both in terms of inflow and outflow. Cardiff is the top destination for workers commuting out of Newport, accounting for over a third of total outflows, followed by Torfaen accounting for about 19%. Caerphilly, third local authority for outflows, is top local authority of origin of workers commuting into Newport, accounting for nearly a quarter of all inflows, followed by Torfaen (20%) and Cardiff (10%).

3.15 The analysis of flows indicates that Newport’s self-containment is at 61%, meaning that 61% of residents in employment work within the local authority. This percentage is higher than the level of some neighbouring local authorities such as Caerphilly and Monmouthshire but it is lower than that expected from functional economic market areas, for which self-containment is generally at 75% or higher.

**Figure 8 – Origin and destination of commuting flows for Newport**



Commuting totals for Newport:

- Inflow: 30,415 all persons commute into Newport from other local authorities in the UK.
- Outflow: 21,436 all persons commute out of Newport to other local authorities in the UK or abroad.
- Net change: Overall, commuting results in a population increase of 8,979 all persons in Newport.

Source: ONS, Census 2011

## Migration

3.16 The analysis of migration patterns (housing moves between local authorities – not international) gives an indication of the strength of the relationship between local authorities' housing markets. General migration flows for the CCR authorities are shown in Table 3. As can be seen, in 2020 Newport had the highest net flows of any area in the CCR region, excluding Vale of Glamorgan.

**Table 3 – Migration Flows (2020)**

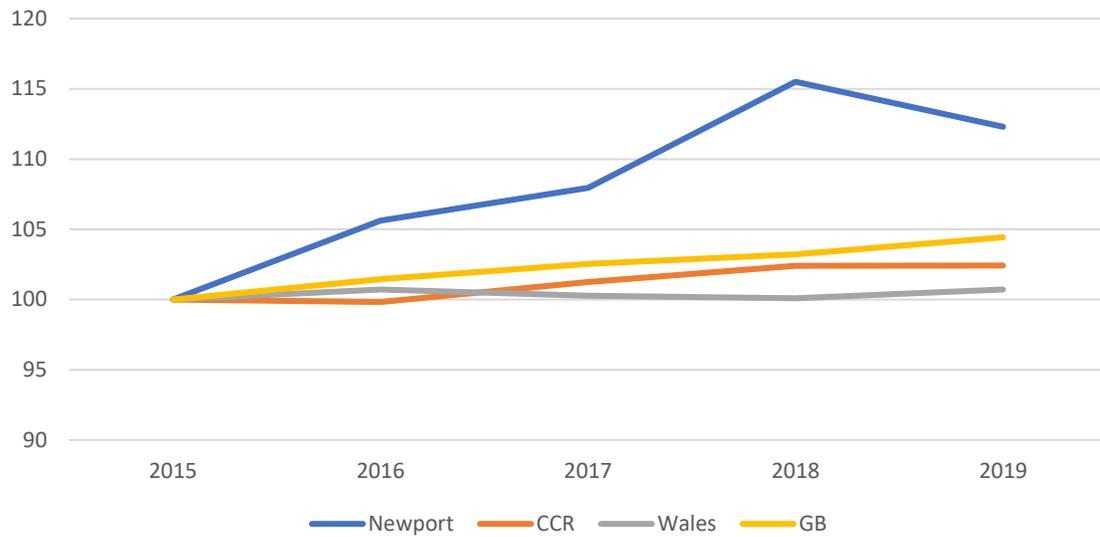
	Inflows	Outflows	Net Flows
Blaenau Gwent	1,848	1,529	319
Bridgend	4,024	3,258	766
Caerphilly	4,935	4,068	867
Cardiff	20,962	22,958	-1,996
Merthyr Tydfil	1,406	1,336	70
Monmouthshire	4,426	3,529	897
Newport	5,959	4,841	1,118
Rhondda Cynon Taff	6,666	6,316	350
Torfaen	3,061	2,072	989
Vale of Glamorgan	5,506	3,888	1,618

*Source: ONS, Local Area Migration Indicators, 2020*

## Economy

3.17 According to 2020 BRES data, employment in Newport represented 12.7% of CCR economy. The growth in employment is considerably higher than the rates for CCR (2.4 percent), Wales (0.7 percent) and GB (4.4 percent). As shown below, the indexed growth rate of BRES employment has been higher in Newport compared to the CCR, Wales and Great Britain.

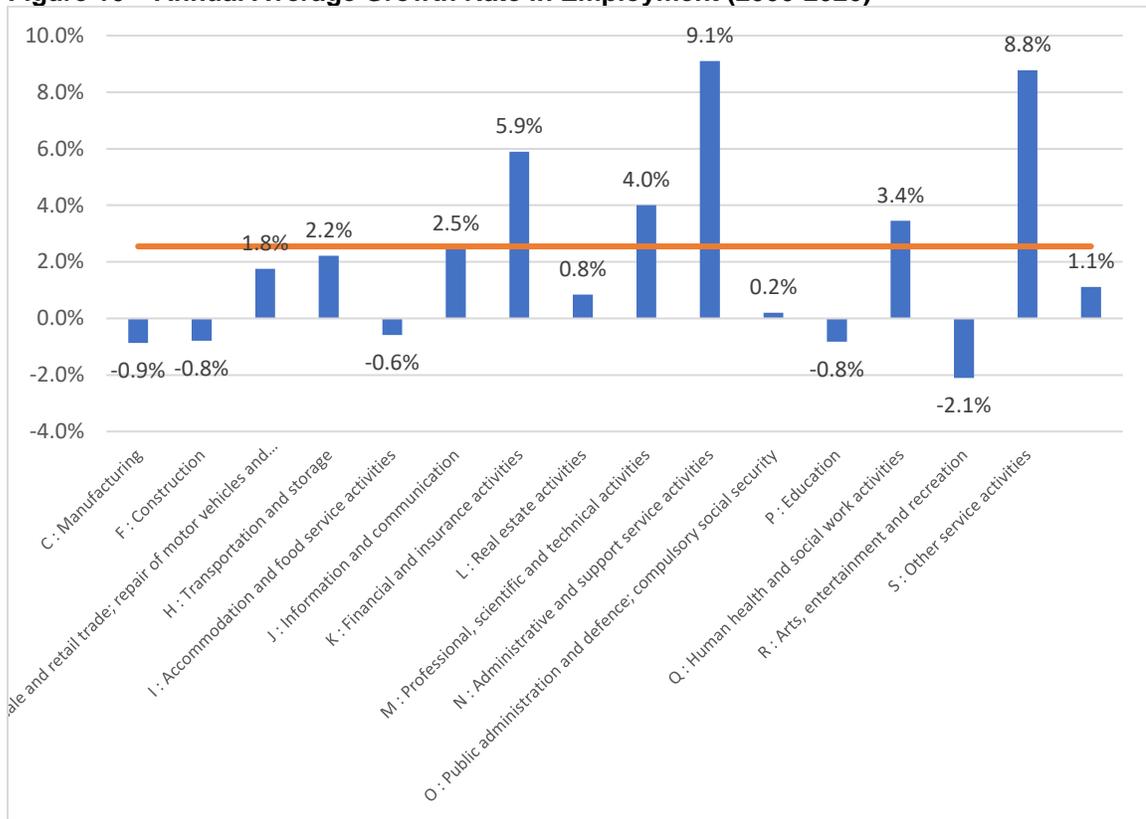
**Figure 9 – Indexed Employment Growth (2015=100)**



Source: ONS, BRES 2020

- 3.18 Based on Oxford Economics analysis, employment in Newport has increased by 11.8% between 2000 and 2020, which is a net increase of 15,500. The employment growth over this period has been driven by a number of sectors: Administrative and Support Services (+4,100 jobs), Human Health (+3,500 jobs), Wholesale and Retail (+3,400 jobs), Professional, Scientific and Technical (+3,200 jobs) and Public Administration (+2,400 jobs).

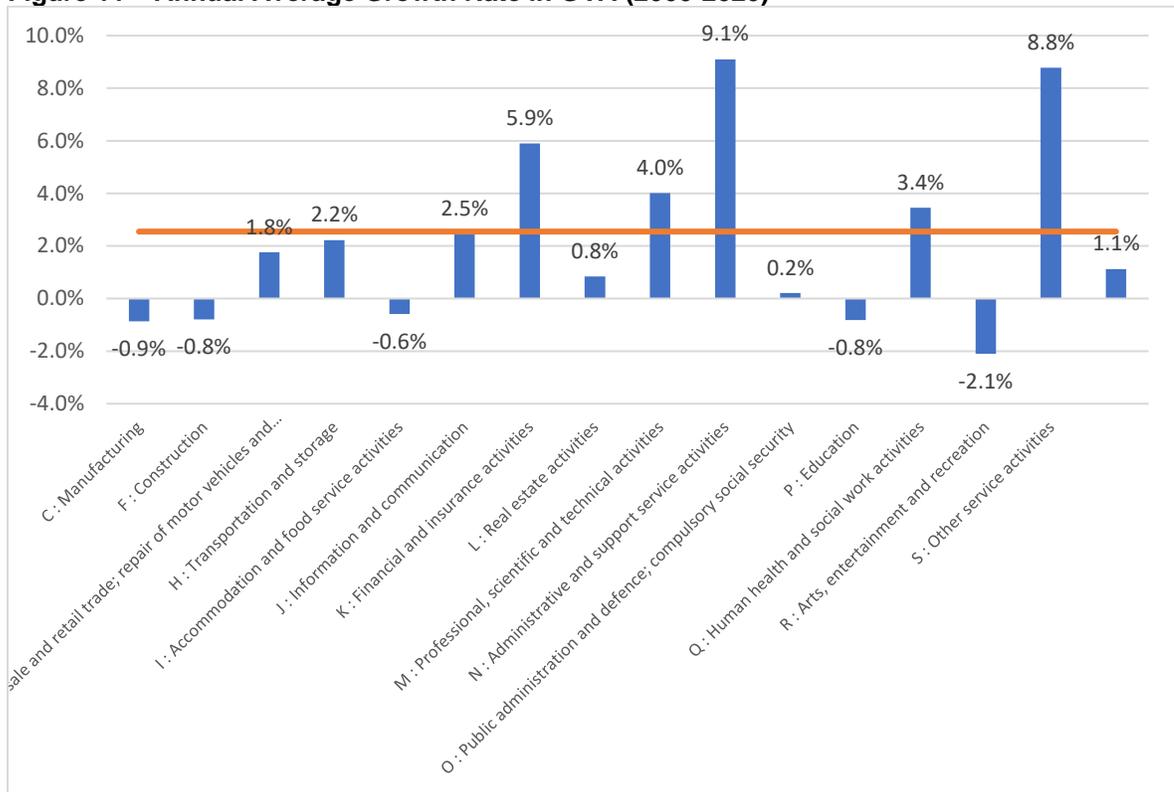
**Figure 10 – Annual Average Growth Rate in Employment (2000-2020)**



Sectors with a Employment of less than 1,000 in 2020 have been excluded from analysis.  
Line represents average AAGR of all sectors included in the analysis  
Source: Oxford Economics, July 2021

3.19 Based on Oxford Economics analysis, GVA in Newport has increased by 17.0% between 2000 and 2020, which is a net increase of £540 million. The GVA growth over this period has been driven by a number of sectors: Administrative and Support Services (+£190 million), Human Health (+£183 million), Wholesale and Retail (+£96 million), Professional, Scientific and Technical (+£61 million), Financial and Insurance (+£70 million) and Real Estate (+51 million).

**Figure 11 – Annual Average Growth Rate in GVA (2000-2020)**



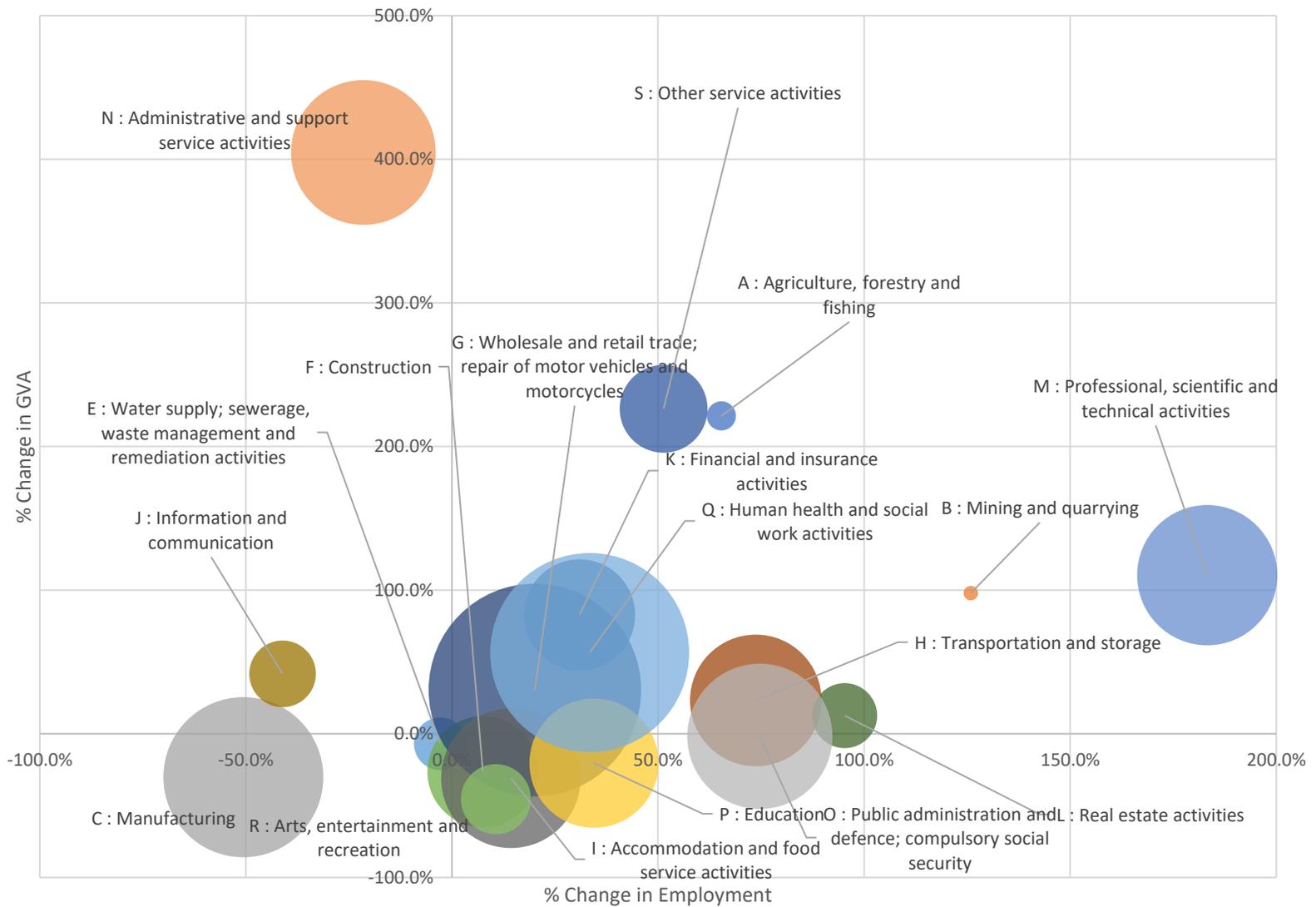
Sectors with a GVA of less than £100m in 2020 have been excluded from analysis.  
Line represents average AAGR of all sectors included in the analysis  
Source: Oxford Economics, July 2021

3.20 The two following charts will be used to describe the sectorial dynamics of change and specialisation in Newport. The horizontal axis of the chart in Figure 9 measures proportional change in employment for a given sector from 2000 to 2020, while the vertical axis measures proportional GVA change for a given sector from 2000 to 2020. The size of the bubble is representative of the total employment in 2020. The second chart re-proposes the employment distribution by sector in 2020 in a pie chart to facilitate comparison.

3.21 The largest employment sector in Newport is Wholesale and Retail Trade (14,700 jobs, 16.3% of total employment), which has grown by 20% over the last two decades years. Health accounts for 14.3% of total employment, making it the second largest sector in Newport. Manufacturing makes up 9.2% of total employment, making it the third largest employer in Newport.

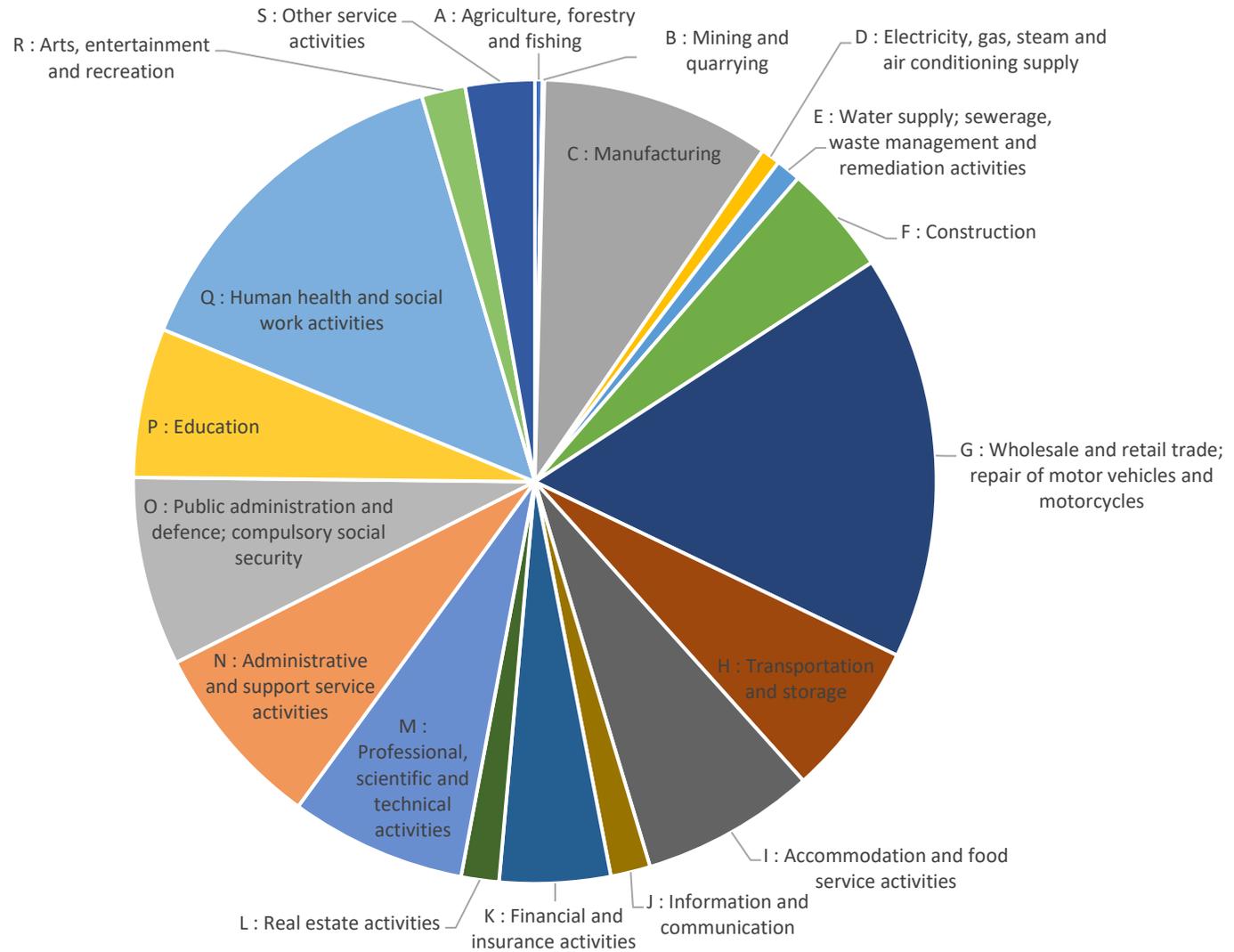
3.22 Between 2000 and 2020, Professional, Scientific and Technical underwent the largest growth in employment in Newport (+183 percent). Transportation and Storage (+74 percent), Public Administration (+75 percent), Education (+35 percent) and Human Health (+33 percent) all experience notable gains in employment over the same period.

Figure 12 – Historic GVA and Employment Change by Sector (2000-2020)



Bubble size represents total employment in 2020.  
Source: Oxford Economics

**Figure 13 – Employment Distribution by Sector (2020)**

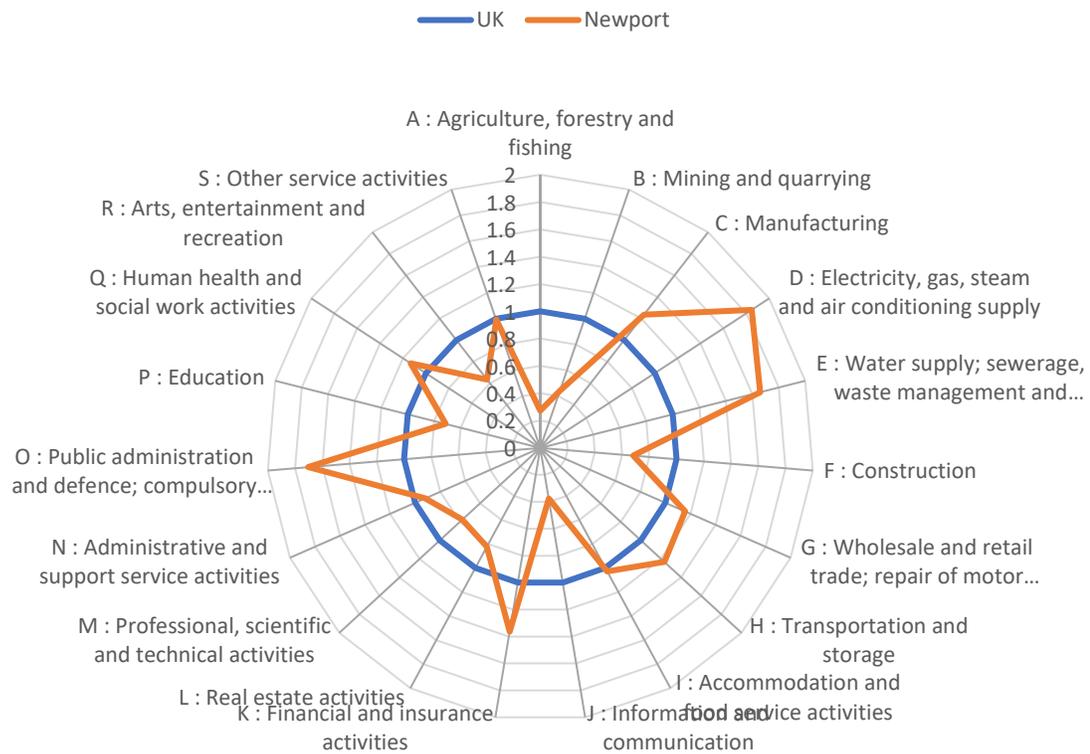


Source: Oxford Economics

3.23 In terms of location specialisms in terms of employment, Newport is characterised by Manufacturing, Utilities, Wholesale and Retail, Transportation and Storage, Financial and Insurance, and Public Administration.

3.24 The below chart sets out the location quotient analysis for Newport in comparison to employment in the UK.

**Figure 14 – Location Quotient by Sector (2020)**



Source: Oxford Economics, July 2021

**Number and Sizes of Businesses**

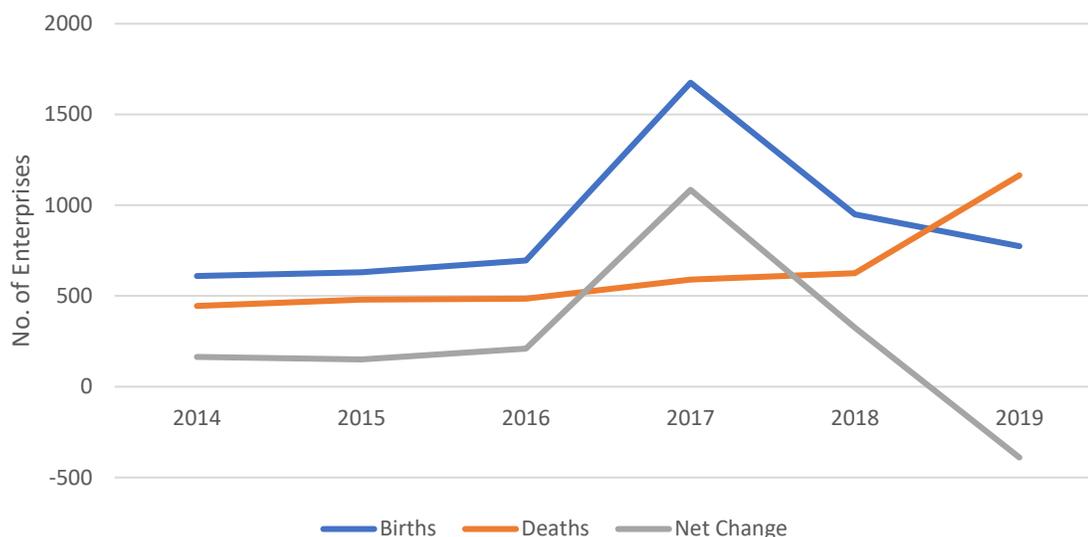
3.25 ONS data identifies that there were 4,550 registered businesses operating in Newport in 2021.

3.26 89.6 percent of Newport’s businesses employ less than ten people (micro businesses), whilst 8.4 percent are classified as small, 1.6 percent are medium and 0.4 percent of firms are identified as employing more than 250. This is in line with Welsh averages

where 89.6 percent of firms are micro in size, 8.7 percent are small, 1.4 percent are medium and 0.3 percent are large firms.

3.27 Since 2014, an average of 889 businesses have been created in Newport, each year, to 2019. This represents a gross gain of 5,335 firms over those five years. Conversely an average of 632 businesses died in Newport over the same period, 3,790 in total. The average net gain of firms, over 2014-19, was thus 258 firms per- year.

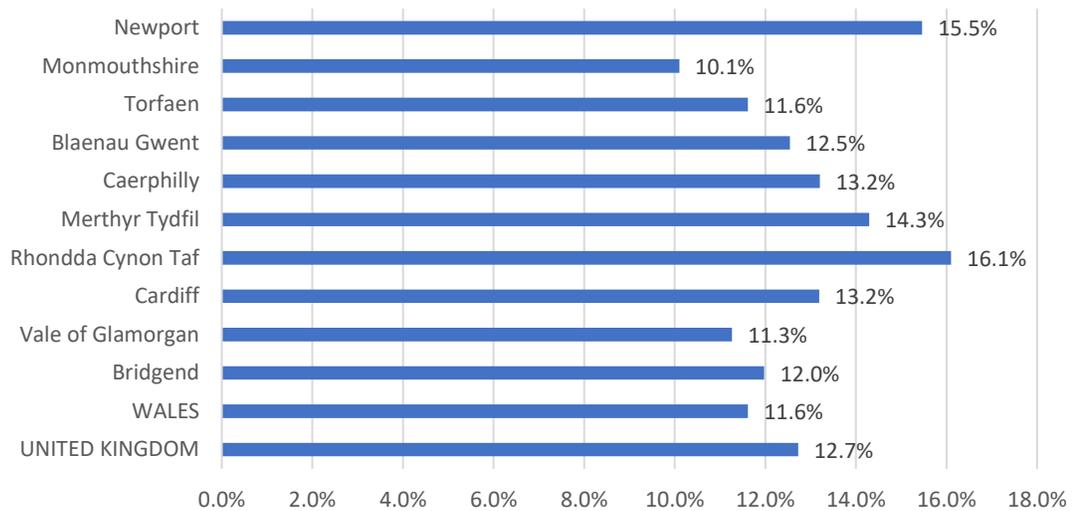
**Figure 15 – Business Births and Deaths, 2014-2019**



Source: ONS, 2020

3.28 Figure 16 shows the average rate gross births, over 2014-2018, as a percentage of all trading firms. This allows a comparison of the average rate of growth with Newport’s neighbours in the CCR, Wales and the UK. Newport achieved an average growth rate of 15.5 percent over this period. This is exceptional in the CCR, where other growth rates ranged from 16.1 percent in RCT to only 10.1 percent in Monmouthshire. Growth in Newport was slightly above Welsh (11.6 percent) and UK (12.7 percent) averages.

**Figure 16 – Business Births as a Percentage of All Firms, 2014-2019**

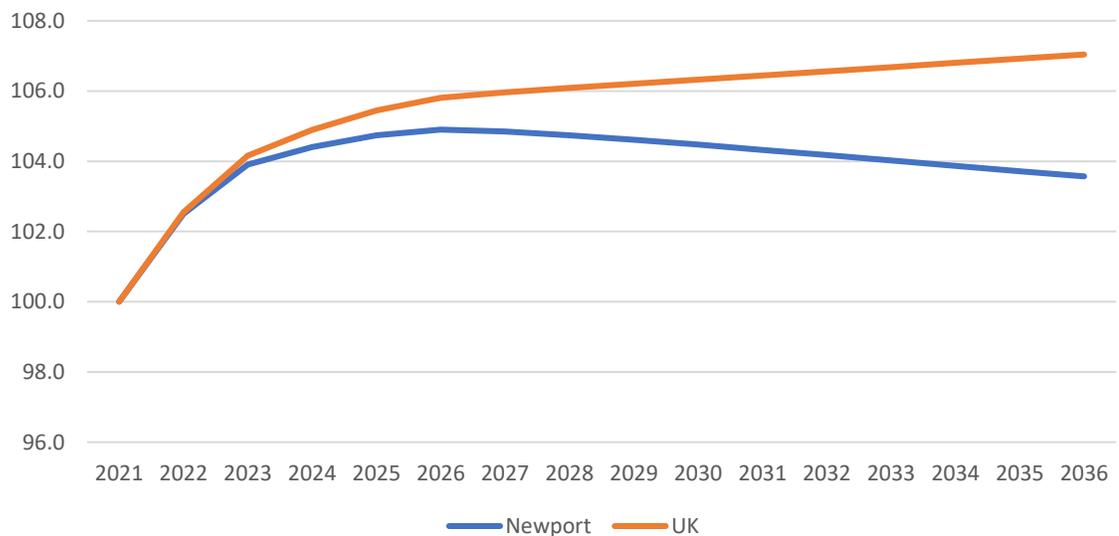


Source: ONS, 2020

### Economic Forecasts

3.29 The following section is based on employment forecasts from Oxford Economics. Between 2021 and 2036, employment in Newport is forecast to grow by 3.6%, around 3,220 jobs. This growth above the projections below the overall projections for the UK (+7.0%).

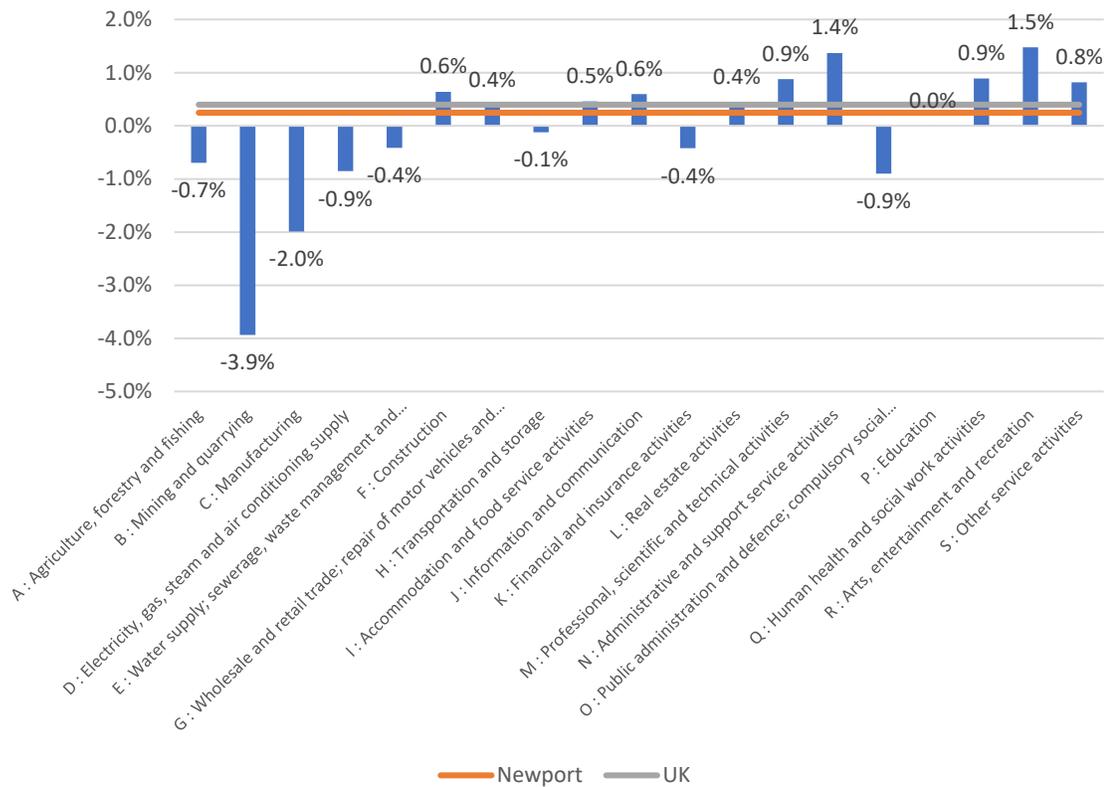
**Figure 17 – Projected Employment Growth – 2021-2036**



Source: Oxford Economics

3.30 According to OE Forecasts, the largest growing sectors in terms of employment between 2021 and 2036 are: Human Health and Social Work Activities (+1,800 jobs), Administration and Support Service Activities (+1,600), Professional, Scientific and Technical (+750 jobs), Accommodation and Food Service Activities (+700 jobs), Wholesale and Retail Trade (+850 jobs) and Construction (+400 jobs). The largest declines in terms of employment between 2021 and 2036 are expected to be in: Manufacturing (-2,150 jobs) and Public Administration (-1,100 jobs).

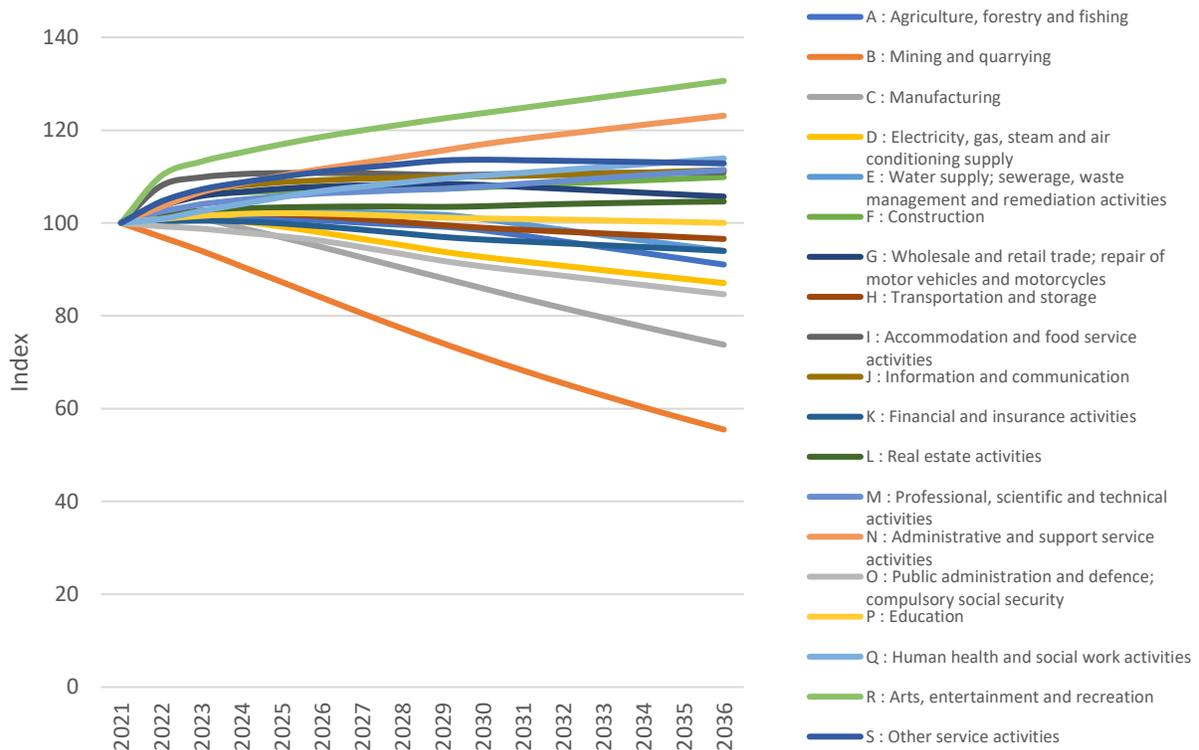
**Figure 18 – Forecast Average Annual Growth Rate in Employment (2021-36)**



Source: Oxford Economics

3.31 Indexed employment trends by sector in Newport for the period between 2021 and 2036 are set out below.

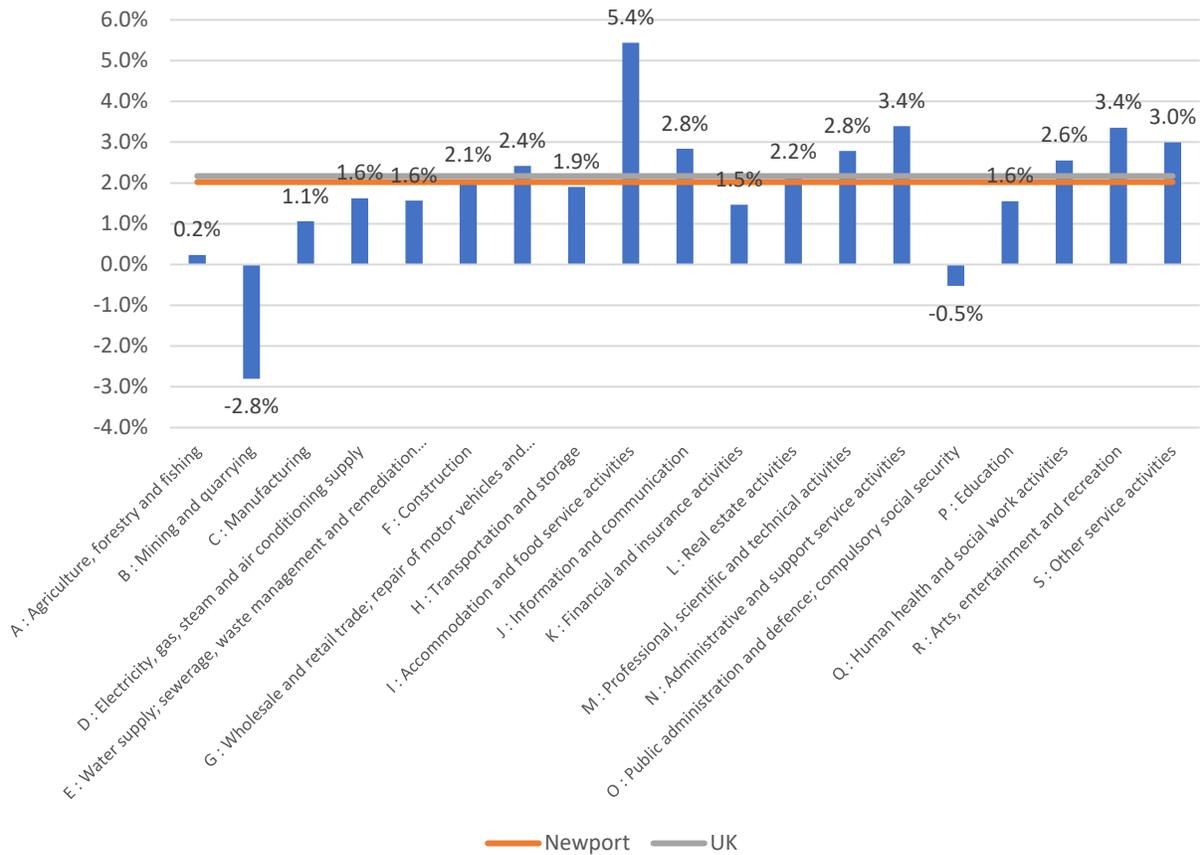
**Figure 19 – Forecast Employment Growth by Sector (2021-2036) (Index = 100)**



Source: Oxford Economics

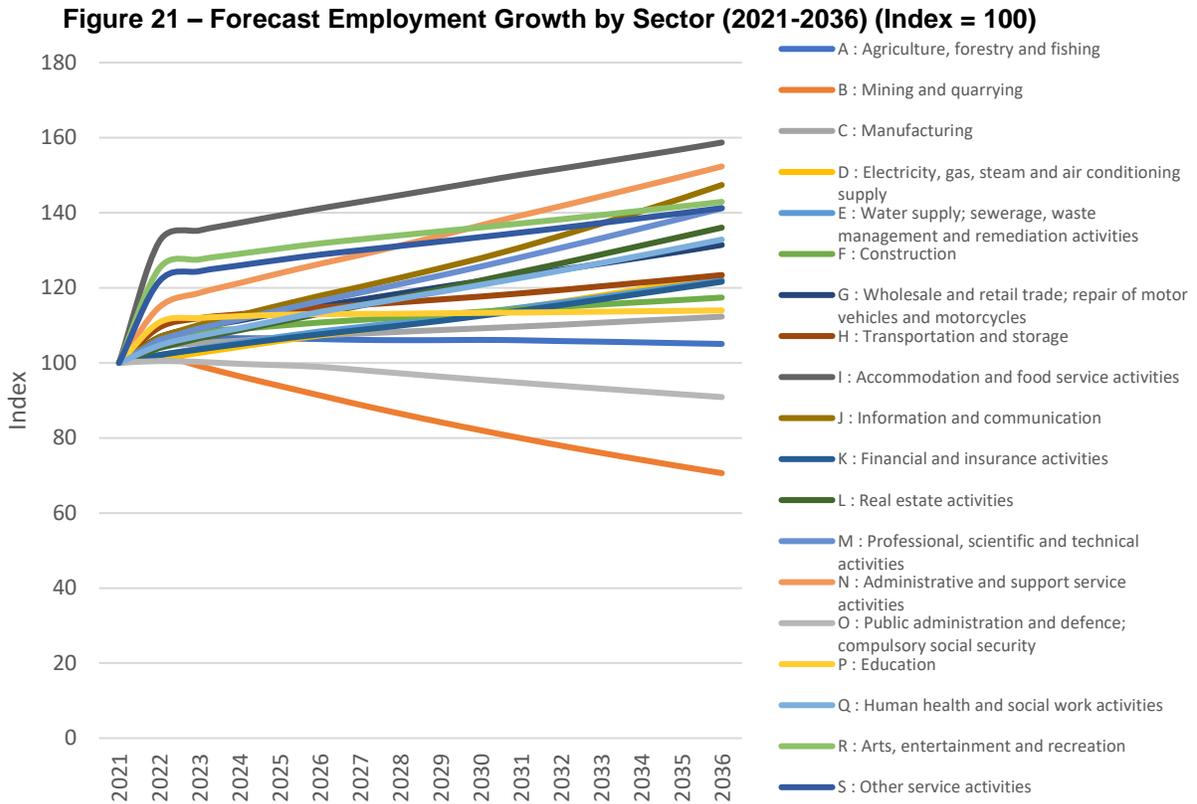
3.32 The largest growing sectors in terms of GVA in Newport between 2021 and 2036 are expected to be: Human Health and Social Work Activities (+£187 million), Real Estate (+£170 million), Administration and Support Service Activities (+£137 million), Wholesale and Retail Trade (+£143 million), Information and Communication (+£63 million), Manufacturing (+£65 million), and Professional, Scientific and Technical (+£53 million).

**Figure 20 – Forecast Average Annual Growth Rate in GVA (2021-36)**



Source: Oxford Economics

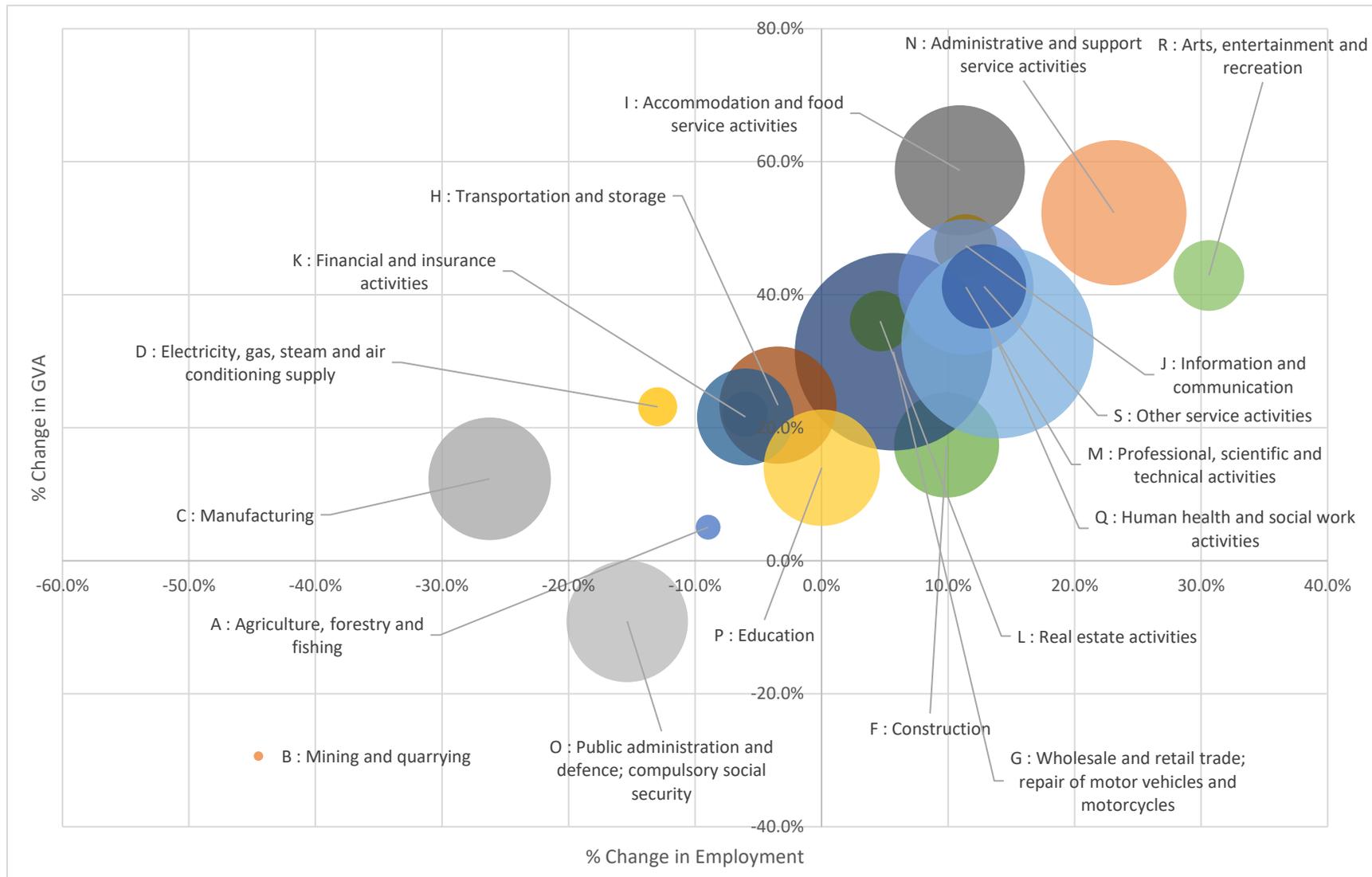
3.33 Indexed GVA trends by sector in Newport for the period between 2021 and 2036 are set out below.



Source: Oxford Economics

3.34 The following chart sets out the relationship between forecast GVA and employment growth by sector in Newport between 2021 and 2036. The horizontal axis of the chart in measures proportional change in employment for a given sector from 2021 to 2036, while the vertical axis measures proportional GVA change for a given sector from 2021 to 2036. The size of the bubble is representative of the total employment in 2036.

**Figure 22 – Forecast GVA and Employment Change by Sector (2021-2036)**

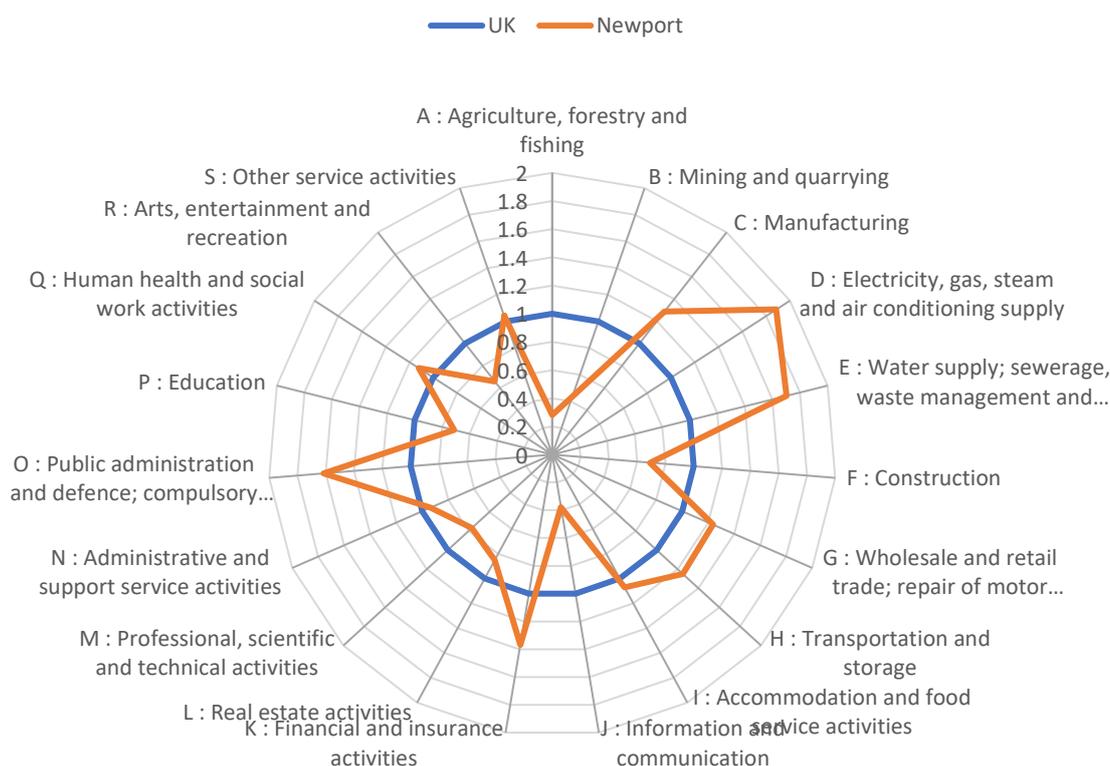


Bubble size represents total employment in 2036.  
Source: Oxford Economics

3.35 In terms of forecast location specialisms in terms of employment, Newport is to characterised by Manufacturing, Utilities, Wholesale and Retail, Transportation and Storage, Financial and Insurance, Public Administration and Human Health.

3.36 The below chart sets out the location quotient analysis for Newport in comparison to employment in the UK.

**Figure 23 – Location Quotient by Sector (2036)**



Source: Oxford Economics, July 2021

### Summary

3.37 From the above analysis, the following points can be noted:

- 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%), the Wales average (+2.3%) and the UK average (3.0%).
- Newport's unemployment rate (amongst those aged 16+) is at 6.2 percent, higher than levels for the CCR (4.4 percent), Wales (4.4 percent) and the UK (5.0 percent). Youth unemployment (aged 16-24) is at 8.8 percent, considerably

lower than the rate for the UK as a whole (14.6 percent) and Wales (12.0 percent).

- The qualification profile of Newport indicates that the proportion of residents educated at degree level and above (NVQ4+) is 3.2 percentage points below the city region level (38.2% vs 41.4% in CCR). In addition, the level of 'no qualifications' is higher than the CCR level (9.8% vs 7.5% in CCR), while there is a higher proportion of people holding 'other qualifications' (7.4%) in Newport than in the CCR (5.8%).
- The occupational distribution in the chart below compares the distribution of occupations in Newport with the CCR, Wales and the UK. Out of the comparator areas, Newport (8.1 percent) has a lower proportion of Managers, Directors and Senior Officials in comparison to the CCR (10.1 percent), Wales (9.6 percent) and the UK (10.8 percent). The proportion of Associate Professional and Technical Occupations in Newport (13.7 percent) is also lower than the rate in the CCR (17.3 percent), Wales (15.3 percent) and the UK (15.5 percent).
- Newport has a higher proportion of Administrative and Secretarial Occupations (13.2 percent) and Elementary Occupations (11.9 percent) in comparison to the CCR (9.6 and 8.9 percent, respectively), Wales (10.2 and 9.6 percent, respectively) and the UK (10.2 and 9.1 percent, respectively).
- Newport's strongest commuting relationship is with Cardiff, Torfaen and Caerphilly, both in terms of inflow and outflow.
- The self-containment is at 61%, meaning that 61% of residents in employment work within the local authority. This percentage is higher than the one of some neighbouring local authorities but is lower than that expected from functional economic market area.
- According to 2020 BRES data, employment in Newport totalled 70,000, representing 12.7% of CCR economy. In the last five years, employment has considerably grown by +12.3% (7,650 jobs). The growth in employment is considerably higher than the rates for CCR (2.4 percent), Wales (0.7 percent) and GB (4.4 percent).
- 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).

## 4.0 PROPERTY MARKET ASSESSMENT

### Introduction

- 4.1 This section considers the demand for land and property within Newport. A quantitative review of the local market is assessed through transactions from the last ten years, along with a review of the supply of vacant premises and enquiries data. Additionally, consultations have been undertaken with property agents and local developers. The wider market and has also been considered, which is an important context for the Newport property market particularly in times of economic uncertainty.

### Economic Context

- 4.2 The national economy has been through a series of tumultuous changes in recent years. First there were signs of recovery from the global financial crisis of 2008 before commercial confidence was unsettled again following the decision to leave the EU in 2016. Whilst a trade deal was finalised between the EU and UK by December 2020, the global economy was again in crisis due to the impact of the Covid-19 pandemic.
- 4.3 With three economic lockdowns during 2020 and everyone encouraged to work from home, where possible, the UK economy shrunk nearly 10% in terms of GDP output overall for the year – the largest decline of the G7 global economies. This was at least an improvement on the 35% contraction in GDP in the second quarter of 2020 after the first lock-down.
- 4.4 More recently, economic recovery has been stronger than expected despite the ongoing challenges with disruption in EU trade activities and wider issues with labour shortages. The latest GDP output for the UK shows growth of 7.5% throughout 2021. There are also a record number of job vacancies recorded in the UK with over 1.2 million reported in October-December 2021 and with particular growth in accommodation and food services. This is despite the closure of the Government's Job Retention Scheme (JRS) or furlough at the end of September, which was feared would spark a surge in redundancies.
- 4.5 Employment in Wales has also increased, rising to 74.1% of over 16's by the end of November 2021 (compared with 72.3% to November 2020), although still lower than the UK rate of 75.5%. This is despite a huge take-up of the JRS furlough scheme in Wales which peaked at around 225,000 people in July 2020.

4.6 Inflation is likely to be a key economic concern throughout 2022 and beyond, with inflation throughout 2021 being 4.8%, and the Bank of England forecasting UK inflation to exceed 7% in Spring 2022, before moderating. This will place significant pressures on households and businesses and likely to impact spending patterns in the short to medium terms.

#### **UK and Regional Trends**

4.7 Across the UK the industrial and logistics property market has seen record levels of demand at a time when the pandemic has had more negative impacts on other market sectors.

4.8 According to research by specialist agents Lambert Smith Hampton, **industrial and logistics property** take up was over 20% higher in 2020 than the typical five-year average, topping out at 59.7m sqft for the year. Even more impressive, is Amazon accounted for 20% of this national take-up activity including three separate deals of over 2m sqft each. Whilst much of this demand was spread across the UK, take-up in Wales was around 26% **below average** during 2020 – a clear signal of lack of available, high-quality stock.

4.9 The latest report from Knight Frank, however, is showing more recent take-up across Wales to be 160% above the same period Q2 in 2020, with a reported 720,000 sqft secured. With yet further deals in the pipeline including the reported sale of the 1m sqft Quinn Radiators unit in Newport and lettings agreed on St Modwen's speculative developments of 100,000 sqft and 30,000 sqft prompting further investment to follow, 2021 is looking more promising across the Welsh industrial market. Indeed, most local agents report unprecedented levels of enquiries and demand, especially for small industrial units across the region and no indication of contraction due to the Covid pandemic.

4.10 In terms of the **UK Office Market**, this clearly stalled during the early stages of the Covid pandemic with the switch to home-working but general signs are that the sector is beginning to bounce back, especially for very high-quality, well-located office premises. SME's have been keenest to return to the office, seeking the interaction of face to face working whilst the larger corporates have been managing the return to work at a slower pace; given the diversity of employment activity and different needs of staff. Whilst the pandemic undoubtedly accelerated the adoption of more flexible working practices for many people, the general mood is now probably split 50/50 between back to the office and home-working or hybrid

approaches in the future. This is despite Welsh Government's ambition to encourage 30% homeworking across Wales to help preserve some of the sustainability benefits seen during the pandemic with reduced travel to work patterns.

- 4.11 Cardiff, of course, dominates the Wales office market but still saw take-up fall to 305,000 sqft in 2020 - 39% below the ten-year average of around 500,000 sqft per annum. This was only achieved by the pre-let agreement with Legal & General on the 121,000 sqft development at Central Square. Outside of Cardiff, the 133,000 ft office development at Nantgarw near Treforest was also completed in October 2020 for Department of Work & Pensions 1,700 staff from across South Wales.
- 4.12 Other commercial property markets were more badly affected by the national lockdowns across the UK including retail, hospitality, and leisure. Whilst much of this is focussed on town centre markets, there are also consequences for wider employment land and potential opportunities perhaps to consider repurposing poor performing retail parks into more mixed-use activity including local distribution in response to the growth of e-commerce.

### **Newport Market Overview**

- 4.13 Newport may be characterised by three distinctive market propositions:
- A resurgent logistics market focused on the M4 (east of the Bryn Glas Tunnels).
  - Port related demand reflecting the strength of Newport Docks and capacity for growth.
  - A strong technology/hybrid market combining component manufacture & office provision focused on out-of-town business parks.
- 4.14 Whilst not characterising Newport's offer, there is also a small but growing City Centre office market benefitting from national rail connectivity and competitive market pricing. However, this City Centre office market is subject to individual location decisions of key occupiers, such as Admiral's recent vacating of its premises in the City Centre.

### ***Logistics in Newport***

- 4.15 Despite the removal of the tolls across the Severn Bridge, the logistics market was still cautious of Newport as a location due to uncertainty around delivery and location of the proposed M4 relief road. Whilst many businesses were concerned by Welsh Government's decision not to proceed with the relief road, this has at least clarified

the situation and provides a firm basis for future planning. The South East Wales Transport Commission's recommendations focussed around a network approach to public transport to help ease congestion on the M4. However, in the immediate term, logistics operators are likely to try to minimise their vulnerability to M4 congestion and more likely to focus on sites and premises on the eastern edge to avoid problems with the Bryn Glas tunnels for much of their activity.

- 4.16 Demand is, therefore, expected to pick up around Magor (at the Monmouthshire/Newport boundary) and the Glan Lyn development by St Modwen is also an attractive prospect with the market stimulated by their commitment to advanced build. With the first phases all under offer, further speculative development is expected with potential to focus on larger units 50,000 – 100,000 sqft which was seen as easier to let than the 30,000 sqft unit.
- 4.17 More generally, Newport and the wider South East Wales area has failed to attract the demand for the mega-sheds serving the national distribution networks with Avonmouth out-competing the Newport offer. This has largely been down to ease of accessibility to the national motorway network which is improving even further with a new direct access to the M49 and in the context of ongoing uncertainty over the M4 relief road. Ironically, this is despite Avonmouth being detached from a strong labour market with reports of Amazon busing staff in from Newport to their site at Avonmouth.

***Industrial Market in Newport***

- 4.18 The Newport industrial sector remains strong with positive interest across a range of sites and encouraging wider signs of growing demand from inward investors, although lack of availability is constraining the area's ability to respond. Welsh Government report a 25% increase in the number of manufacturing enquiries seeking property of around 100,000 sqft. Interest is emerging from modular build through to next generation automotive component manufacture and other related sustainable manufacturing. The sense is that a speculative development of this size would move very quickly.
- 4.19 There is also a steady flow of enquiries for datacentres requiring space of 75,000 – 200,000 sqft. and with high power requirements. Indeed, the speculation is that the 1,000,000 sqft Quinn Radiator building has been acquired for a national datacentre, despite previous proposals to sub-divide the building into smaller units.

- 4.20 The life-science sector is also showing rising demand levels with particular interest for lab space and clean room facilities around 10,000 sqft. Whilst there is a paucity of such property across South Wales, strong research and health links are also often required to underpin such development and stimulate the attraction of labour.
- 4.21 Newport has potential to tap into these large-scale industrial enquiries if appropriate property can be delivered in advance. However, the area also has positive level of more local demand with keen interest in smaller units 2,000 – 5,000 sqft. This will be attracted to the refurbishment of the 800,000 sqft Orb Steelworks site providing a range of smaller units. The recent experience of Welsh Government's investment in small speculative units at Ty Du near Nelson in Caerphilly also demonstrates the strength of local market demand. Comprising some 14,000 sqft across 12 units of around 1,200 sqft on average, agents were holding viewing days on site. With a high quality and energy efficient design, the units have achieved rents around £7 psf with lease terms typically over 5 years and with 3-year break clauses agreed.
- 4.22 Newport City Council may want to consider underwriting a similar small-scale development themselves to attract local demand whilst working with Welsh Government and the private sector to encourage speculative development of larger scale floorspace appropriate for national demand enquiries with the advantage of access to the M4.
- 4.23 Consideration may also need to be given to supporting refurbishment and improvement of the quality of industrial accommodation at Queensway Meadows which is likely to fall foul of tightening energy performance requirements. From April 2023 EPC ratings will apply to all existing leases making it unlawful to continue to let a property below E rating. This changes to B Rating from 2030.
- 4.24 This will inevitably put pressure on existing landlords to improve the energy efficiency of property but will be constrained in how much they can pass on to tenants in rental charge increases. Landlords can seek exemption from making improvements where the costs cannot deliver 7-year payback on energy savings; and, of course, the cost burden rests initially with the landlord whilst the energy savings are a much longer-term benefit to the occupier. In current circumstances too, with rapidly escalating energy prices, the prospect of small savings from energy efficiency may not be that obvious to tenants.

***Newport's Office Market***

- 4.25 There are positive signs for the Newport office market, although it remains in the shadow of Cardiff and to some extent Bristol. Office enquiries are increasingly looking for high quality fit-out, flexibility in use of space and high-speed internet. Another emerging trend in office deals, especially in terms of secondary space is inclusion of furniture and IT services within the rental package proving especially attractive to new entrants and growing service companies.
- 4.26 The out-of-town market is buoyant with demand re-emerging post Covid restrictions. Savills have one floor of Unit 2 Imperial Courtyard, Imperial Park under offer at around £15 psf and good interest being shown on the refurbished Imperial House as well from R&D companies.
- 4.27 The reimagining of the old Post Office sorting office on Mill Street as “The Hub” is also proving popular. Located close to the Railway Station, three occupiers are already agreed taking around 8,000 sqft and an offer is under consideration for a further floor of the new development. Most demand in the city centre, however, is for accommodation of around 200-400 sqft and then again for 2,000 sqft max. This suits the configuration of the Hub development and looks positive for the flexible work-hub in the old Market Place, and the city centre offer above 46-47 High Street. Flexible co-working space is also available at Q Newport in the Queens Hotel providing a combination of day and monthly membership passes with meeting rooms and private “zoom booths” available to book and discounted hotel accommodation and meals available for monthly subscribers.
- 4.28 Larger office floorplates may be more challenging to let with one floor remaining in Chartist Tower of around 13,000 sqft and may need to consider a sub-let with a serviced office provider. Any new development in Newport remains uncertain given the rising costs and limits on rental growth. Scarborough Development’s planned “Interface” building, next to Admiral House by the Station will await progress with the insurance company’s sub-letting of nearly two-thirds of their prime space. Purpose built for Admiral in 2014, this was one of the first new office schemes in the city for decades. Totalling 80,000 sqft, since the switch to more home-working, Admiral has reduced to the first three floors, putting over 50,000 sqft on the market. Admiral has recently announced an intention to close their Newport premises by 2023 on a phased basis, relocating staff to Cardiff.
- 4.29 With rental terms negotiable on all office space, Newport still presents a competitive position and is attracting interest from occupiers priced-out of Bristol and Cardiff, and

yet benefitting from good rail connectivity. For example, office rents in Newport (£16 psf) are around 50% lower than Bristol (£32-£38 psf) and a third less than Cardiff (£22-£25 psf) offices.

- 4.30 The city's attraction could, however, be enhanced with a stronger, higher-quality night-time economy that would encourage activity in the city across a broader range of hours. It would encourage evening visitors as well as the daytime workforce to remain within the city centre after-hours.

**Market Rents**

- 4.31 The market rental tone across Newport is highlighted in Tables 4 and 5 below. For simplicity, the figures are only presented in terms of £ per sqft. This is based on current quoting rental values for available property in each area. Rental differences reflect both the quality of different floorspace and general location/accessibility to the main road network. Generally, office rents are ranging from £10 - £16 psf with existing industrial rents typically around £5 psf. New, high quality industrial and logistics floorspace is realising £6.50 psf with expectations for later phases of new development to push towards £7.50 psf, although this still contrasts with rental values in Avonmouth of £8.50 - £9.00.

**Table 4 – Current Market Rents – Newport Industrial (2021)**

Location	Annual Rent (psf)	Floorspace (sqft)
3&4 Sheds – Newport Docks (ABP)	£5.70	7,000
Dockside Warehouse (ABP)	£8.56	5,800
East Way Road (ABP)	£2.20	55,000
Industrial Land to Rent (ABP)	£10k	per acre
Nash Road Logistics Depot	£8.56	5,800
Leeway Court – Industrial Estate	£4.50	15,900
Stephenson Street – 3 Units	£5.33	34,000
Wren Trading Estate – 2 Units	£5.30	6,000
Newport Bus Centre – Corp Road	£5.00	6,300
Unit 2 – Blaina Wharf	£7.13	3,800

Source: PER Consulting Research October 2021

**Table 5 – Current Market Rents – Newport Offices (2021)**

Location	Office (psf)	Serviced
<i>Admiral House – City Centre</i>	<i>not quoting</i>	
<i>The Hub – Old Post Office</i>	<i>£14-£16</i>	
<i>Chartist Tower</i>	<i>£14</i>	
<i>12 Devon Place Gold Tops</i>	<i>£11</i>	
<i>Rathbone House Gold Tops</i>	<i>£7.50</i>	
<i>Newport Market – Flexi Space</i>		<i>£350 pcm</i>
<i>46-47 High Street – Flex Terms</i>	<i>£10</i>	
<i>Q Newport – Co-working Space</i>		<i>£79-£140 pcm</i>
<i>Imperial House Imperial Park</i>	<i>£15-£16</i>	
<i>Imperial Courtyard</i>	<i>£14 - £15</i>	
<i>Wye House Langstone Park</i>	<i>£14</i>	
<i>The Orb Offices – Stephenson St</i>	<i>£8</i>	

Source: PER Consulting Research October 2021

### **Property Transactions**

- 4.32 Transactional information has been sourced from Radius Data Exchange property database for industrial units and offices, which have been sold or let in Newport in the last ten years. Transactional data provides evidence of trends, popular locations, along with prime rents which have been achieved in the area.

### **Industrial Transactions**

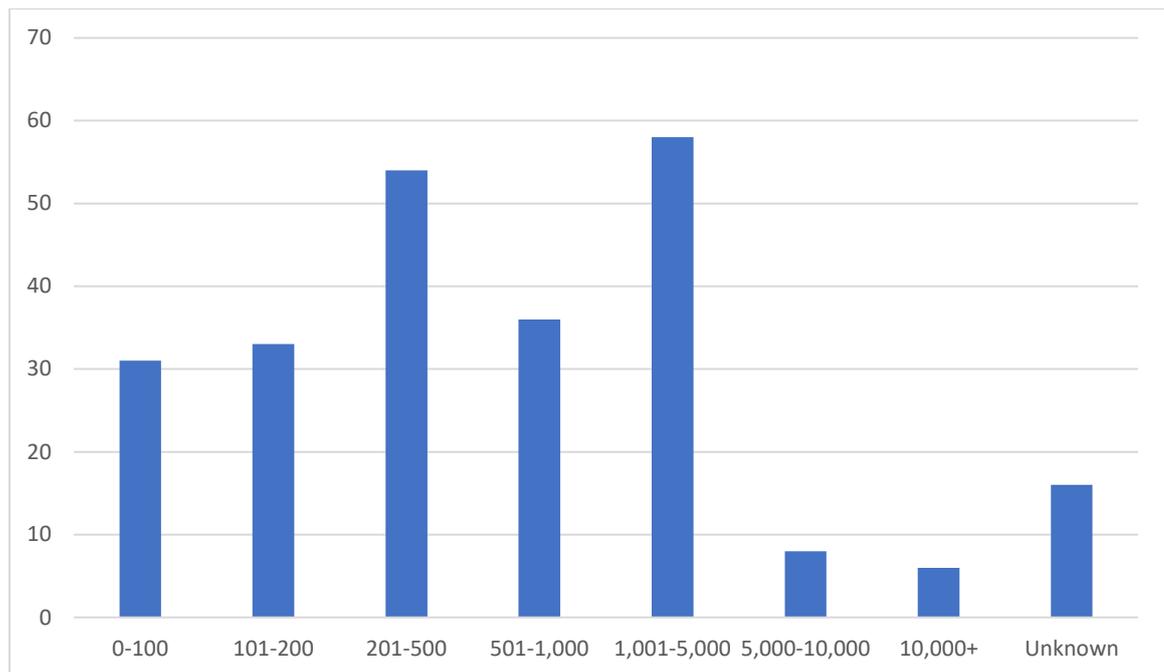
- 4.33 Over the last ten years 242 industrial deals have been recorded within Newport, of which a total of 332,983 sqm of floorspace has been transacted. A breakdown by size band can be seen in Table 6 below and illustrated in Figure 23. On average over the last ten years, 24 deals were completed each year of around 3,330 sqm/ year.

**Table 6 –Industrial/Warehousing Letting/Occupational Sale Transactions, 2011-2021 (sqm)**

		0-100	101-200	201-500	501-1,000	1,001-5,000	5,001-10,000	10,001+	Unknown	Total
<b>2021 YTD</b>	Total Floorspace (sqm)	93	805	1,196	608	2,800	~	~	0	<b>5,501</b>
	No. of Properties	1	5	4	1	2	~	~	0	<b>13</b>
<b>2020</b>	Total Floorspace (sqm)	277	1,146	1,897	1,248	6,591	~	15,233	0	<b>26,393</b>
	No. of Properties	3	7	6	2	3	~	1	1	<b>23</b>
<b>2019</b>	Total Floorspace (sqm)	254	237	1,797	1,755	6,637	~	~	0	<b>10,680</b>
	No. of Properties	3	2	6	3	3	~	~	0	<b>17</b>
<b>2018</b>	Total Floorspace (sqm)	237	334	1,328	1,436	15,324	~	17,651	0	<b>36,310</b>
	No. of Properties	3	2	5	2	7	~	1	0	<b>20</b>
<b>2017</b>	Total Floorspace (sqm)	242	741	1,099	4,514	13,057	22,214	23,316	0	<b>65,182</b>
	No. of Properties	3	5	4	5	6	3	2	2	<b>30</b>
<b>2016</b>	Total Floorspace (sqm)	332	324	2,252	2,683	9,139	8,091	~	0	<b>22,821</b>
	No. of Properties	4	2	7	3	4	1	~	6	<b>27</b>
<b>2015</b>	Total Floorspace (sqm)	284	~	724	3,556	17,590	~	41,620	0	<b>63,773</b>
	No. of Properties	3	~	2	5	8	~	2	0	<b>20</b>
<b>2014</b>	Total Floorspace (sqm)	456	600	1,071	4,021	8,960	6,231	~	0	<b>21,339</b>
	No. of Properties	5	4	3	6	4	1	~	0	<b>23</b>
<b>2013</b>	Total Floorspace (sqm)	281	735	2,511	1,771	7,638	8,316	~	0	<b>21,252</b>
	No. of Properties	3	5	7	3	5	1	~	2	<b>26</b>
<b>2012</b>	Total Floorspace (sqm)	83	130	1,463	4,076	30,141	7,711	~	0	<b>43,604</b>
	No. of Properties	1	1	5	5	12	1	~	3	<b>28</b>
<b>2011</b>	Total Floorspace (sqm)	176	~	1,667	820	8,355	5,110	~	0	<b>16,129</b>
	No. of Properties	2	~	5	1	4	1	~	2	<b>15</b>
<b>Total</b>	<b>Total Floorspace (sqm)</b>	<b>2,716</b>	<b>5,052</b>	<b>17,004</b>	<b>26,487</b>	<b>126,233</b>	<b>57,672</b>	<b>97,821</b>	<b>0</b>	<b>332,983</b>
	<b>No. of Properties</b>	<b>31</b>	<b>33</b>	<b>54</b>	<b>36</b>	<b>58</b>	<b>8</b>	<b>6</b>	<b>16</b>	<b>242</b>

Source: Radius Data Exchange, 2021

**Figure 23 – Industrial Transactions by Size, 2011-2021**



Source: Data Radius Exchange, 2021

- 4.34 Of the unit size bands, industrial units of 1,001-5,000 sqm (approx. 10,000-50,000 sqft) represented the highest number of deals, accounting for just under a quarter of the total during the time frame, 58. This was followed by 54 deals occurring of 201-500 sqm, indicating Newport’s industrial market as strong for the small to mid-sized units. Units of these size bands account for 46.3 percent of all transactions. There was also a significant number of deals in the smaller size bands, with 64 transactions taking place for units under 200 sqm, reflecting the importance of the small workshop market.
- 4.35 2017 saw the highest number of deals occur within a single year, 30, 12.4 percent of the total for the decade. 2017 was also the year in which the most industrial floorspace was transacted, 65,182 sqm. In 2015 63,773 sqm of floorspace was transacted. This was the only other year in which more than 50,000 sqm of floorspace was transacted. In both 2017 and 2015, two transactions took place for units over 10,000 sqm. Only two other deals for premises over 10,000 sqm took place in the other ten years.
- 4.36 Since the start of 2020 there have been 36 transactions completed accounting for 31,894 sqm, 23 in 2020 and 13 in 2021 so far. The amount of floorspace transacted could indicate that Newport has been relatively unaffected by the uncertainty the

Covid-19 pandemic created and some evidence of benefiting from requirements emerging from the ways businesses have responded to the pandemic.

- 4.37 Of the transactions, the majority, 81.4 percent, were let to various occupiers. These comprised a total of 237,585 sqm, 71.4 percent of the total floorspace.

#### *Rents over the Past Decade*

- 4.38 The highest rent achieved over the time frame was for 614, Chepstow Road, which achieved £10.51/sqft. Whilst being an industrial unit, the space will also operate as a trade counter use and therefore can demand this higher rent.

- 4.39 Of the 197 units let over the last ten years, 144 (73.1 percent) stated an achieved rent. These rents give a rough guide to the quality of the premises let, based on the following assumptions:

- <£2.50/ sqft (£27.00/ sqm) – Poor Quality; 21
- £2.50-5.00/ sqft (£27.00-54.00/ sqm) – Average Quality; 62
- > £5.00/sqft (£54.00/ sqm) – Good Quality; 61

- 4.40 The majority of units let, 62, were let for between £2.50-5.00/ sqft, meaning 43 percent of lettings which stated an achieved rental figure were of average quality. Additionally, combined with units of a good quality, these two categories account for 85 percent of lettings. 21 lettings were deemed to be of poor quality. This suggests recent market activity and demand has been focused on average/ good quality units and limited take up of budget quality space, at least according to open market lettings.

#### *Sales*

- 4.41 A total of 48 sales of industrial units were completed over the last ten years, 18.6 percent of the total number of transactions and totalling 95,398 sqm of industrial floorspace. These sales accounted for 28.6 percent of total floorspace transacted. The largest amount of floorspace to transact since the start of 2018 occurred at Neptune Works, Cork Wharf, Mill Parade, a 17,651 sqm premise, for £2.95 million (£167.13/ sqm).

#### *Investment Sales*

- 4.42 Investment sales are important for understanding yields being achieved in an area, with prime property achieving low yields. They can also be used for valuations. They are a useful tool for understanding the return a developer/ investor would gain on a

property. However, they are not included in the list of transactions in Table 6 above as they do not indicate demand for space.

- 4.43 31 investment sales have been recorded over the last ten years, with 26 stating size information. The largest recorded floorspace saw 97,344 sqm for Quinn Radiator Complex, Imperial Park in 2017 for £20,000,000. This was also the most expensive sale.

***Office Transactions***

- 4.44 Within the last ten years in Newport 220 office deals have transacted totalling 111,098 sqm of office floorspace. On average over the last ten years, 22 deals have completed each year of around 11,110 sqm/ year.

**Table 7 –Office Letting/Occupational Sale Transactions, 2011-2021, (sqm)**

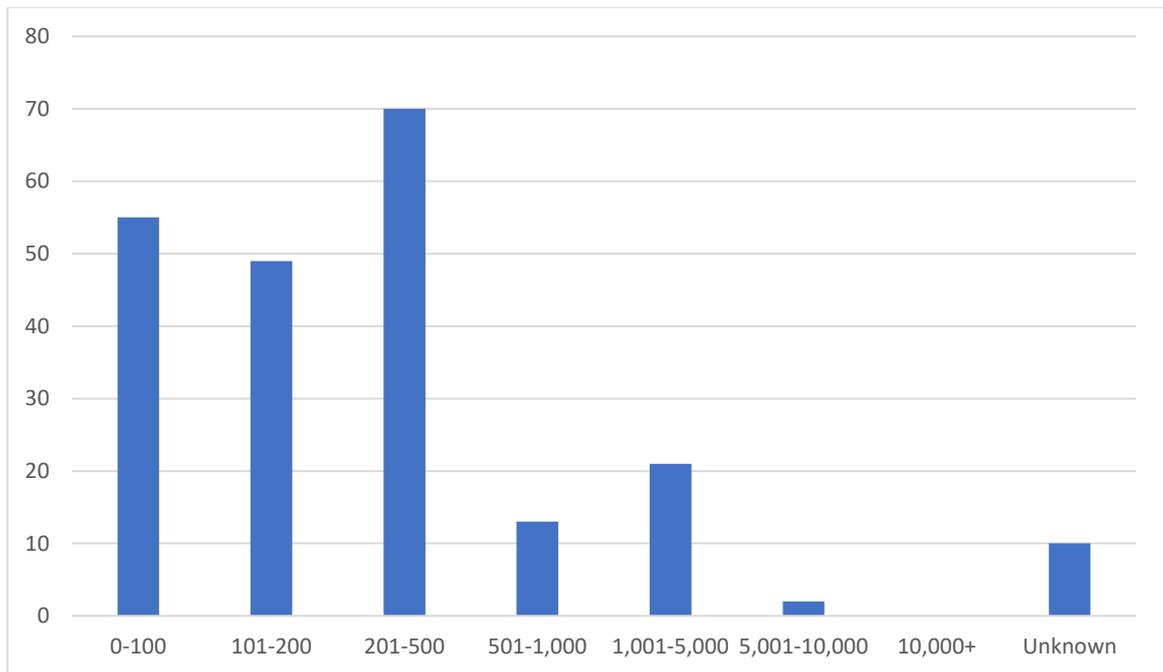
		0-100	101-200	201-500	501-1,000	1,001-5,000	5,001+	Unknown	Total
<b>2021 YTD</b>	Total Floorspace (sqm)	235	470	~	587	2,444	~	0	<b>3,736</b>
	No. of Properties	4	3	~	1	1	~	0	<b>9</b>
<b>2020</b>	Total Floorspace (sqm)	212	337	988	1,597	~	~	0	<b>3,133</b>
	No. of Properties	3	2	3	2	~	~	0	<b>10</b>
<b>2019</b>	Total Floorspace (sqm)	567	783	1,295	840	3,605	~	0	<b>7,089</b>
	No. of Properties	8	5	4	1	2	~	0	<b>20</b>
<b>2018</b>	Total Floorspace (sqm)	273	374	2,140	~	~	~	0	<b>2,787</b>
	No. of Properties	5	2	5	~	~	~	3	<b>15</b>
<b>2017</b>	Total Floorspace (sqm)	129	822	986	567	4,209	~	0	<b>6,714</b>
	No. of Properties	2	5	3	1	2	~	3	<b>16</b>
<b>2016</b>	Total Floorspace (sqm)	423	594	3,656	1,893	7,195	~	0	<b>13,761</b>
	No. of Properties	9	4	11	2	2	~	0	<b>28</b>
<b>2015</b>	Total Floorspace (sqm)	329	725	4,070	924	4,994	6,226	0	<b>17,267</b>
	No. of Properties	5	5	11	1	2	1	0	<b>25</b>
<b>2014</b>	Total Floorspace (sqm)	353	1,158	4,064	1,365	12,331	~	0	<b>19,271</b>
	No. of Properties	8	8	11	2	4	~	1	<b>34</b>
<b>2013</b>	Total Floorspace (sqm)	474	805	2,203	567	5,853	~	0	<b>9,901</b>
	No. of Properties	6	5	7	1	2	~	2	<b>23</b>
<b>2012</b>	Total Floorspace (sqm)	158	1,173	1,888	755	5,205	7,153	0	<b>16,332</b>
	No. of Properties	2	8	6	1	2	1	1	<b>21</b>
<b>2011</b>	Total Floorspace (sqm)	242	301	2,944	923	6,696	~	0	<b>11,107</b>
	No. of Properties	3	2	9	1	4	~	0	<b>19</b>
<b>Total</b>	Total Floorspace (sqm)	<b>3,394</b>	<b>7,541</b>	<b>24,233</b>	<b>10,019</b>	<b>52,532</b>	<b>13,379</b>	<b>0</b>	<b>111,098</b>
	No. of Properties	<b>55</b>	<b>49</b>	<b>70</b>	<b>13</b>	<b>21</b>	<b>2</b>	<b>10</b>	<b>220</b>

Source: Radius Data Exchange, 2021

4.45 Therefore, on overall transaction volumes, the office market (220) and the industrial/warehouse market (242) have seen a similar number of transactions over the past decade, highlighting the importance of both markets. As would be expected, the overall floorspace transacted is significantly higher for industrial/warehouse units.

4.46 Figure 24 shows a breakdown by size band, unsurprisingly with units of a small size being most popular as units under 500 sqm accounted for 79.1 percent of transactions. In particular units of 201-500 sqm accounted for 31.8 percent of all transactions, the strongest size band over the past ten years.

**Figure 24 – Office Transactions by Size, 2011-2021**



Source: Radius Data Exchange, 2021

4.47 2014 saw the highest number of deal complete with 34, accounting for 15.5 percent of the total. Since the start of 2020, 19 deals have transacted, accounting for 8.6 percent of deals within the last ten years. The downturn in the number of deals can be attributed to the Covid-19 pandemic, with the demand for office space through the national lockdowns significantly reduced.

4.48 2014 was also the year in which the highest amount of floorspace transacted during a single year of 19,271 sqm, 17.3 percent of the ten year total. The largest amount of floorspace transacted in 2014 was 4,527 sqm for the lease Phoenix House, Spooner Close to Shared Services Connected Limited.

#### *Rents*

4.49 Of the 220 office deals to complete in the last ten years, 180 (81.8 percent) were leasehold transactions. The prime rent of the last ten years occurred at for a 10 sqm office at 10, Llanthewy Road. The office achieved a rent of £32.43/ sqft (£349.08/ sqm) in 2016 when let to a private individual.

- 4.50 Of the 180 offices which let, 135 (75.0 percent) stated an achieved rent. Again, rent can be used to assess the quality of the premises being transacted. In this case the assumptions are:
- <£10.00/ sqft (£107.00/ sqm) – Poor Quality; 62
  - £10.00-15.00/ sqft (£107.00-161.00/ sqm) – Average Quality; 48
  - > £15.00/sqft (£161.00/ sqm) – Good Quality; 25
- 4.51 The recent Newport office market has seen 62 deals achieve rents less than £10.00/ sqft, though not all are recorded with pricing information disclosed (45.9 percent of recorded transaction included pricing information). 48 (35.6 percent) premises were deemed to be of average quality and 25 (18.5 percent) premises were deemed to be of good quality. This is not a complete view of the office market but a reflection of availability and supply in the Newport office market, and the quality of premises available. This could mean businesses being forced to take lower quality/ budget space due to lack of supply or a need for budget options.

#### *Sales*

- 4.52 A total of 40 offices were sold in the last ten years in Newport, 18.2 percent of the total number of transactions. These deals comprised 30,912 sqm of office floorspace, with five of the deals with no recorded size data. The largest floorspace to transact during the time period was the sale of Coldra Wood, Newport, 6,226 sqm in size, in 2015. Imperial House, Imperial Way, Coedkernew sold for £4,860,000 in 2019, the most expensive transaction in the ten year period.

#### *Investment Sales*

- 4.53 Additionally, 39 investment sales completed over the time frame, the largest being Usk House, George Street of 15,472 sqm. This office building sold in 2018 to FCFM Group Properties III Limited, achieving £1,650,000

#### **Property Supply**

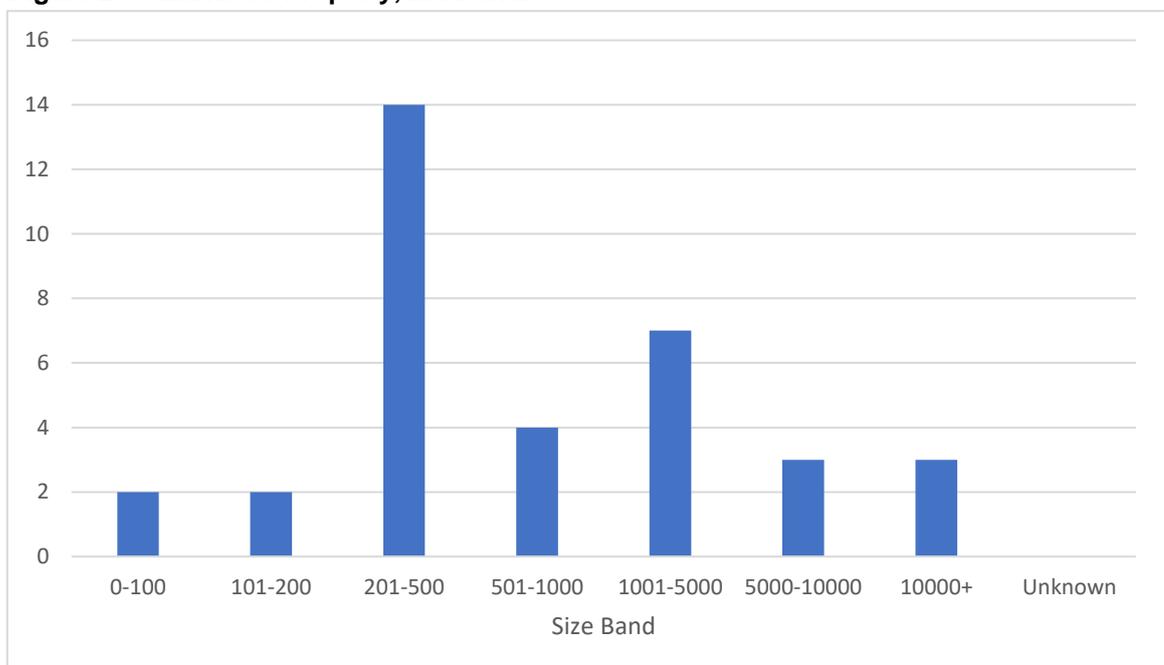
- 4.54 A schedule of vacant floorspace being market in Newport, as of September 2021, has been compiled from property websites such as Rightmove, EGi Property Link and commercial property agents' websites. This will only represent a portion of the true vacancy rate as there will be floorspace not being marketed yet vacant, including poorer quality floorspace and space being marketed informally without engaging agents.

4.55 Within Newport a total of 84,677 sqm of industrial floorspace was being marketed comprised of 35 individual premises. A full list of these vacancies can be found in Appendix 1. From property transactions, an average take-up per year over the last five years has been 3,330 sqm/ year, meaning there is more than a sufficient supply of recorded vacant industrial floorspace within Newport.

4.56 As Figure 25 shows, the supply of marketed properties was varied, with the largest amount of vacant property sized between 201-500 sqm. This supply somewhat reflects the transactional trend of the majority of properties let/ sold in Newport being in the mid-market size. Units of 201-500 sqm comprise 40.0 percent of units being marketed and have accounted for just under a quarter of transactions in the last ten years.

4.57 Whilst there were only two marketed options of 0-100 sqm and of 101-200 sqm, there was a healthy mix of marketed premises in all other size bands, able to cater for a variety of requirements. There was six units being marketed of 5,000 sqm+ which could meet larger property requirements.

**Figure 25 – Marketed Property, Industrial**



Source: Data Radius Exchange, Various Commercial Agent Websites, 2021

4.58 The majority of units on the market were available to let, 86.1 percent of the marketed total with the remaining 13.9 percent available for sale. Whilst rents are not

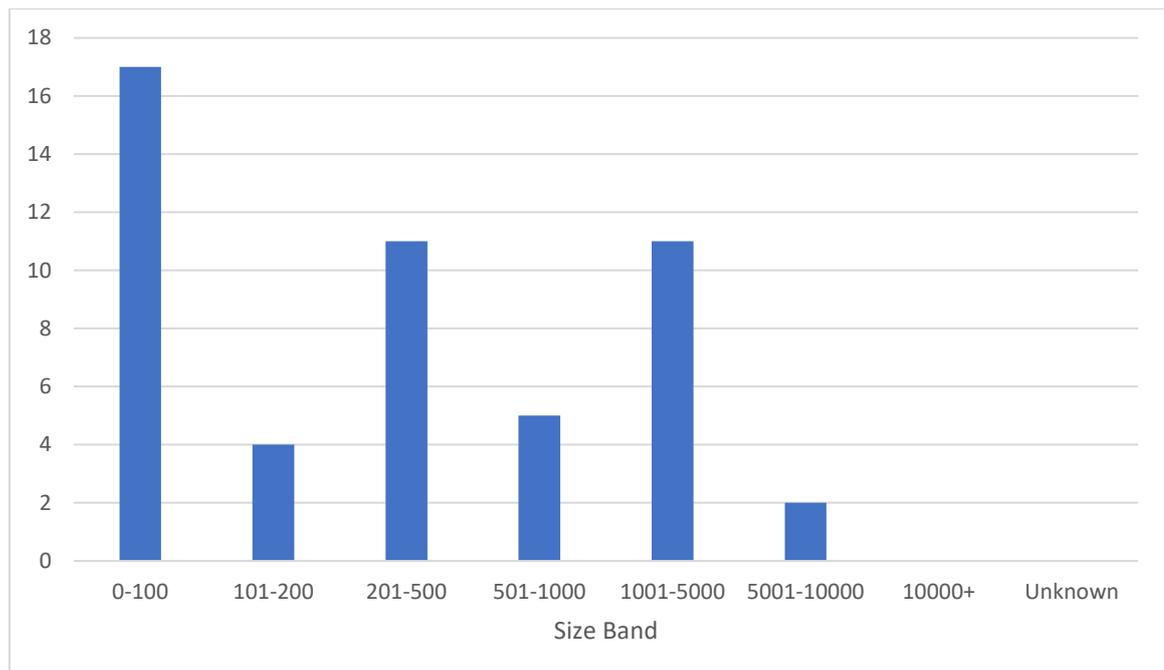
given for all properties, the property with the highest quoting rent was for 2, Decoypool Road, St Modwen Park, which achieved £6.95/ sqft (£74.81/ sqm). This is for a unit of 2,744 sqm.

- 4.59 The largest individual premise being marketed to lease was Queensway Meadows, Meadows Road, Newport, 15,233 sqm in size. This unit was being marketed for £3.25/sqft (£35/sqm). The largest unit available for sale was Unit 13b, Leeway Industrial Estate, which is 1,672 sqm in size and listed for £650,000.

### ***Office Supply***

- 4.60 55 vacant offices were currently being marketed in Newport as of October 2021. These vacancies totalled 49,713 sqm. According to property transaction data, an average take-up of office space per year is 11,110 sqm. This equates to over 4 years' worth of supply currently available in Newport. However, the ten year average may not reflect current trends as the Covid-19 pandemic has drastically altered business requirements for office space.
- 4.61 Unsurprisingly the largest amount of marketed office space was found within the small size bands, and in particular units of 0-100 sqm accounting for 30.9 percent of the marketed total. Overall, units of sub 500 sqm accounted for 58.2 percent of all vacancies. This differs from the demand seen from transactional data, with 79.1 percent of transactions in the last ten years also being sub 500 sqm. However, many of the vacant offices are listed as buildings as opposed to individual units. If broken down into individual units, it is likely that units sub 500 sqm would make up a larger proportion of the total. This also explains why there are several available office units listed above 1,000 sqm. In reality, it is likely that these offices will be leased to multiple occupiers.

**Figure 26 – Marketed Property, Office**



Source: Data Radius Exchange, Various Commercial Agent Websites, 2021

4.62 Offices to let dominated the market in Newport and accounted for 90.9 percent of marketed properties. There are a further three properties listed for sale and two properties available for lease or for sale. Like with the industrial market, there is limited availability of freehold options for office space.

4.63 Room 2 at 11 Park Square, Newport was quoting the highest rent within Newport of £36.26/ sqft (£390.30/ sqm). This is for a 91 sqft office close to Newport city centre with a modern interior.

4.64 The largest office space on the market was The Hub, Mill Street which has recently undergone an extensive refurbishment program to provide flexible, open plan floorplates. The Hub has a total office floorspace of 6,768 sqm, all of which is currently being marketed.

### **Property Market Stakeholders**

4.65 This section provides a qualitative assessment of the demand, activity levels in relation to spatial and size differences, key market interests and weaknesses in the market for both industrial and office property in Newport. This data has been gained through consultations with active commercial property agents in Newport.

**Table 8 – Comments from Property Agents**

Name	Comments
<p><b>Sutton Consulting</b></p>	<p>Quinn Radiators – 1m sq ft about to complete sale to sole occupier – NDA on details until public. (Speculation is this is Data Centre occupier. Leading to future concerns about power supply/capacity and expected £20m cost to upgrade for next generation).</p> <p>WG have land to south of Quinn Radiators – 60-70 acres possible</p> <p>Avonmouth out-competing Newport/South Wales – attracting the mega-sheds for national distribution. Similar flood issues and “levels” environment as Newport but resolved the issues.</p> <p>Advantage is away from residential areas for 24-hour operation – disadvantage is away from residential areas and access to labour. Amazon bus staff in from Newport.</p> <p>There is potential demand for logistics site at Newport – previous constraints had been the Toll charges – now scrapped – expectations for the M4 Relief Road was stalling investment decisions – now the relief road scrapped any new development will need to be bridge side of the Bryn Glas Tunnels offering a price advantage over Avonmouth and easier access to local labour.</p> <p>Capacity at Magor around Brewery – part Monmouth and part Newport areas.</p> <p>St Modwen development at Llanwern (Glan Llyn) proving attractive – 500 acres residential (400 homes with new rail halt) 100 acres employment (Celtic Business Park).</p> <p><b>Phase 1</b></p> <ul style="list-style-type: none"> <li>• Speculative build 50,000 sqft taken by Amazon in 2016</li> <li>• 16 acres – 165,000 ft CAF train assembly site</li> </ul> <p><b>Phase 2</b></p> <ul style="list-style-type: none"> <li>• 100,000 ft under offer with 10-year deal</li> <li>• 30,000 ft available, not quoting rentals will push £6+ compared with Avonmouth £8.50 +</li> </ul> <p>Orb Steelworks site – 800,000 ft being refurbished and sub-divided to provide units from 5,000 ft at around £4psf. The former office building still on the market at £8psf</p> <p>Queensway Meadows – lot of existing, poor quality industrial space.</p> <p>Burgeoning problem across Wales with historic industrial space failing the Energy Performance standards. From April 2023 EPC ratings will apply to all existing leases making it unlawful to <b>continue</b> to let a property below E rating. This changes to B Rating from 2030. Landlords can seek exemption where the costs cannot deliver 7-year payback on energy savings.</p> <p>Further challenge emerging on all new build proposals where tenants would expect a gas supply – WG are concerned how to ratify this against longer term zero-carbon ambitions.</p>
<p><b>Cushman and Wakefield</b></p>	<p>South Wales industrial market saw no real slow-down in demand from Covid.</p>

	<p>Enquiries strong for 5,000 ft and less on 3-5 year leases – mostly local / new businesses.</p> <p>No real dominant business sector discernible from demand interests. Noticeably longer void periods with property in 5-10,000 sqft size and picks up again from 15,000 sqft.</p> <p>There is a serious supply constraint for quality premises – compounded by ageing stock across South Wales.</p> <p>Act for Mileway Properties – former Ansteen/WDA multi-let portfolio – working to refurb and focus on last mile distribution space and managing small rental growth – units promoting £6psf</p> <p>New build values challenging – same cost of build in Wales as in Avonmouth but they can achieve rents of £8.50 - £9.00 because occupiers moving from base value of £6. The expected rents in Wales are more like £3-£4psf – this is the evidence funders base their cautious assumptions on which is why also difficult to get confidence in forward funded spec development. Which needs to hit £7 - £7.50 with prime yields around 5-5.5% due to low rental growth evidence.</p> <p>Land values remain competitive though around £250-£300k per acre compared with £600k for Avonmouth and pushing the £1m in Bristol surrounds being priced out for industrial.</p> <p>Ageing stock is a major problem – and some regeneration or refurbishment might help move value expectations along.</p> <p>Cushman act for ABP – Newport is busiest of South Wales Ports. ABP preparing a Port-Centric Manufacturing Initiative seeking to maximise development potential opportunities. Under pressure to move non-port uses to other locations and are looking at potential future land.</p> <p>Agreed logistics will want to be other side of the tunnels – less certain there is need for further land with the space already available around Magor, Gwent Europark, Llanwern, Chepstow New House.</p>
<p><b>Knight Frank</b></p>	<p>Market has been in overdrive last 12 months.</p> <p>Ty Du (Caerphilly) for Welsh Government c14,000 ft all under offer generally 5 year leases with 3 year breaks and £7psf. All local companies – some seeking better quality space, some small expansion and some young businesses moving on from home/garage space. No new starts.</p> <p>Demand was exceptional – potential to let 3 times over – held viewing days and a waiting list of enquiries.</p> <p>There is a shortage of quality industrial supply. Existing space from 1980s dated – many will have asbestos roofs, 4 m height eaves.</p> <p>Further schemes could see £8psf – but currently looking to sell development plots to local developers.</p> <p>No dilution of industrial or logistics demand across South Wales. Many small businesses who have operated from home looking to differentiate themselves now with a work/life separation.</p>

	<p>Space under 2,00 ft is very strong demand 3,000 – 10,000 ft multi-let space is patchy 15-20k want detached with good yard space – good demand again 100k also strong – St Modwen scheme (Celtic Business Park) the space that was easier to shift was the 100k, with the 30k unit a bit slower</p> <p>M4 relief road rejection not helping position opportunities in South Wales – congestion at tunnels and risk of grid lock</p> <p>Newport can take advantage of PDR access and M4 link – St Modwen benefitting with their latest take up getting £6.50 psf on the 100k unit. St Modwen will commit to further phases now and seek £7.50psf – interesting dynamic to emerge – Blackstones who are buying St Modwen also own Mileway who retained multi-let assets and look for long term income.</p> <p>Admiral House Newport 80,000 ft purpose built 2014 – retaining 30,000 with 50,000 to sublet (Admiral has now fully vacated the building).</p>
<p><b>Welsh Government Inward Investment</b></p>	<p>Logistics has dominated much of the available industrial property of scale across South East Wales over last 18 months</p> <p>100,000sq ft. (+/-25%) is the sweet spot for many manufacturing enquiries from modular build manufacturing in construction through to next generation automotive enquiries e.g. electric vehicles. Very limited supply of buildings of this size and scope for locations that can offer relative proximity to the M4 to be able to satisfy location requirements.</p> <p>A smaller number of much larger enquiries 400-600,000sqft have been made in connection with next generation automotive including OEM and battery manufacturer.</p> <p>A steady flow of enquiries in datacentres looking at between 75-200,000sq ft. albeit with very high power requirements. Proximity to existing networks also a key factor.</p> <p>Significant number of life science enquiries over the last 18 months across all facets of the sector. Sweet spot around 10,000sq ft. with lab space and clean room facilities a typical ask.</p>

Source: Consultations with various commercial property agents and stakeholders, Per Consulting, 2021

## 5.0 BUSINESS CONSULTATIONS

5.1 The study included a range of one-on-one conversations with representatives of Newport businesses. The purpose of these conversations was to understand the current issues that businesses in Newport are facing and any employment land requirements. Conversations were undertaken by telephone and video calls. The following summarises the conversations with these businesses. A list of consultees for this study is provided in Appendix 2.

### ***Eastman***

5.2 Eastman (formerly Solutia) is a chemical manufacturing firm with a large facility off Corporation Road in Newport. The facility sits on approximately 105 acres of land. The company also owns a significantly amount of surrounding land, which they plan to develop/expand upon in the future (EM1 iv) site in LDP). There are no short-term plans in place for development as things stand.

5.3 There are approximately 250 individuals employed at the site in Newport. However, the business has had some difficulty recruiting staff. There is reportedly a shortage of specialists with knowledge of the sector locally. Whilst not as much of an issue, it was also reported that semi-skilled labour is harder to come by than it was ten years ago.

5.4 Eastman were viewed as an essential company and therefore production continued throughout the Covid-19 pandemic, after careful measures were taken to ensure staff members were safe at work. With little drop off in demand, business was largely unaffected by the pandemic.

5.5 Eastman also imports and exports a significant proportion of supplies/goods to the EU. Since leaving the EU, bureaucracy to trade with the EU has increased, making trade more difficult and time consuming.

5.6 Finally, Eastman were concerned by the lack of HGV and high hazard vehicle drivers available at the moment. The shortage of drivers has resulted in delays in both supplies arriving and goods being delivered to customers.

### ***Liscombe***

5.7 Liscombe is one of the leading distributors of Personal Protective Equipment (PPE) in the UK, operating from Felnax Industrial Estate (Stephenson Street) in Newport.

They have five units on this industrial estate which total approximately 6,500 sqm of floorspace. Approximately 100 individuals are employed in Newport, with 75 working full time on site. The business has been located on this industrial estate since the mid 1990's and the premises date back to the 1970's. Although the contact noted that the units are somewhat tired/dated and are not as modern as they would like, they are cheaper than more modern alternatives. Subsequently, they are happy to save money and compromise on the quality of the building.

- 5.8 Liscombe are happy with the location of their premises, however, noted that access to the industrial estate is sometimes blocked by flooding. The business has been aware and dealt with the flooding for the last 30 years and therefore do not view it as enough of an issue to justify searching for a new premise. Additionally, the company has long term leases on their current premises and therefore would not be able to relocate in the next five years.
- 5.9 The Covid-19 pandemic initially damaged business performance, as conventional customers of Liscombe closed during the first national lockdown for an extended period and therefore did not require PPE. However, the business adapted and began to distribute PPE suitable for controlling the spread of the Covid-19 virus. Subsequently, new customers were acquired as the demand for Covid-19 related PPE increased. This gain in customers requiring Covid-19 related PPE offset the initial loss of business from conventional clients.
- 5.10 Brexit has dramatically shifted how the business operates. Previously, the business would trade directly with the EU from their Newport facilities. However, with the change in trade regulations, in light of the UK leaving the EU, Liscombe chose to create an independent subsidiary company which would operate out of a warehouse unit in Amsterdam, previously used by Liscombe as a handling depot. All trade with the EU is now done by this subsidiary company. Additionally, Brexit has also caused imports to increase in cost (after duty added) and to have longer lead times. Finally, Brexit has resulted in clients of theirs losing business which, subsequently, results in less demand for their services.
- 5.11 Liscombe have not actively recruited new employees in the last six months, however, the business had not had any issues recruiting prior to this. Although the business has a sufficient number of HGV drivers employed to operate their own vehicles, the

shortage of drivers has resulted in delayed arrival of containers being shipped from the far east with supplies.

***Tiny Rebel Brewery***

- 5.12 Tiny Rebel Brewery has two premises within Newport: a brewery with a bar/restaurant on Wern Industrial Estate and a bar/restaurant in the city. They also have a bar/restaurant in Cardiff city centre. The business is growing quickly and is now hoping to secure planning permission to develop a further brewery on Wern Industrial Estate, adjacent to the south of the existing brewery, before the end of 2021. The brownfield site is approximately 0.8 ha in size.
- 5.13 The brewery currently employs 161 workers across all their premises, with 55 working from the brewery. Recruitment has proved difficult for the company, especially when seeking to source specialist brewers. To tackle the shortage of specialist brewers, they are developing their own brewing apprenticeship with a recognised qualification upon completion. There is also a shortage warehouse operatives and packagers. Another issue for the brewery is that within the sector there is often quick turn over of brewers, as they, much like chefs, prefer to chop and change their employers. Therefore, even if they are able to create the apprenticeship program, they fear they would lose their newly trained apprentices to other breweries.
- 5.14 The Covid-19 pandemic did negatively affect the brewery. With pubs and bars closed for a large proportion of 2020, they did not sell as much product as they had projected at the start of the year. They therefore lost revenue on excess stock and loss of sales. However, they were still able to sell to supermarkets as usual. As a result, the business still managed to exceed their revenue from 2019 and continued to grow.
- 5.15 Tiny Rebel Brewery do export their products into Europe and therefore have had to make changes to labelling and customs documentation. However, this has not significantly affected their ability to trade with EU member countries.
- 5.16 The shortage of HGV drivers has resulted in delays in customers receiving their goods. Additionally, supermarkets are now prioritising other products to stock as their logistics capacity has fallen. Subsequently, where previously they would get weekly orders from supermarkets, they now get fortnightly orders.

5.17 Finally, the business would like to get more support from council. As a growing local business (30 percent growth trajectory), they feel the council should be more approachable and proactive in supporting their business growth and other large businesses like themselves. If their growth trajectory continues, Tiny Rebel Brewery will be the largest and most sustainable brewery in the UK and would like support in achieving this goal.

***Marshalls***

5.18 Marshalls specialise in the manufacture of goods use in the construction sector, such as concrete slabs, paving, drainage products and other goods associated with building and landscaping. They also do stone cutting and other services, however, from their site in Newport they only do manufacturing and logistics. The business has been situated on the 32-acre site on Corporation Road for over 20 years.

5.19 Marshalls is very satisfied with the site and are currently in the process of putting together a planning application for two further premises, a 5,000 sqm factory and a further 1,000 sqm facility onsite. The two new facilities would support the employment of approximately 60 additional staff members. This would have taken place earlier, however, the plans for the M4 relocation scheme, which would have previously forced them to accept a compulsory purchase, have now been scrapped. However, they now face a new challenge in receiving planning consent. The change in TAN 15 flood guidance, which takes effect in December, will make gaining consent more difficult, as the site is situated within Flood Zone 3. Marshalls hope that rules will be more lenient when looking to develop on brownfield land and suggest that a case-by-case approach is needed.

5.20 Marshalls was considered an essential business and therefore continued to operate throughout the national lockdowns. Initially, between April 2020 – May 2020, they operated at a reduced level until operations were in place to ensure safe social distancing measures were in place. From May 2020 onwards, the business was operating with all staff back onsite. Business at the onset of the national lockdown collapsed, as no construction was taking place. However, after the first lockdown business skyrocketed and Marshalls have had one of their busiest years to date.

5.21 Brexit affected the Newport branch of the business less than other branches across the UK as, in Newport, the majority of supplies they use are bought from UK providers. Other branches typically import more supplies from the EU. Subsequently, the business as a whole has been affected by the increased paperwork and costs

associated with Brexit, but the impact on the Newport branch was less significant. All branches of the business were affected by the increase in container prices and by port delays.

- 5.22 The business has struggled to recruit both warehouse operatives and HGV drivers this summer. This problem was accentuated by the 'pingdemic' which resulted in staff already employed by the firm having to isolate frequently. Marshalls has been less affected by the HGV driver shortage as 60 – 70 percent of their HGV use is using their own HGV fleet and drivers. Subsequently, they have not had to actively source as many drivers at the peak of the shortage.

***MCL Logistics***

- 5.23 MCL Logistics is a transportation logistics company with over 35 years of International and UK experience. They have a diverse transport fleet and thus are able to offer a variety of logistics services including abnormal load, hazardous transport, air freight and freight forwarding, steel transport and crane services. The business has two premises in Newport, a warehouse on Leeway Industrial Estate and a container storage site on Plower Close, 7.25 acres in size. The business relocated from Chepstow six years ago and has no issues with either of their two sites. They therefore have no plans to relocate and also have no plans to expand their property portfolio.
- 5.24 MCL Logistics currently employs approximately 200 individuals across the two sites. Recruiting HGV drivers, even with the current shortage, has not been a problem for the business as they have their own HGV driver training academy and are getting a sufficient number of trainees. However, it was noted that there is huge concern within the sector as a whole. Of greater concern to MCL Logistics is the current fuel crisis. The business uses approximately 70,000 litres of fuel a week and therefore every penny increase in the cost of fuel significantly damages profits.
- 5.25 The Covid-19 pandemic initially caused business to grind to a halt. With businesses closed, demand for logistical services initially declined. However, after the first month or two of the first lockdown, business became incredibly busy, above levels normally seen. Over the last few months demand has slowly returned to levels seen prior to the Covid-19 outbreak.
- 5.26 Finally, the representative described Brexit as causing "chaos" for the business. Paperwork has increased, along with costs to transport goods across the border. Our

contact remarked that both the French and the British Border forces do not seem to know which companies need which documentation to move goods across the border, resulting in huge delays and confusion.

**Scanpole**

- 5.27 Scanpole specialise in the manufacture of utility poles used by companies such as British Telecommunications. They have a single, 13-acre site located at Alexandra Dock in Newport. This premise is too small and subsequently, the business is looking to expand/relocate. However, it is important to the business that they are located at a dock site as they bring in poles via ship.
- 5.28 The main issue facing the business at the moment is the risk that the chemical used in the production process of the utility poles will make production illegal. They are looking for support from Council in addressing the health and safety concerns and filling out relevant application forms to stay legal. Scanpole provides a niche service and, if they had to close, the company expressed their concerns that there were not other businesses to pick up the slack.
- 5.29 A significant amount of planning was required in preparation for Brexit to ensure the business could continue to operate smoothly. Additionally, costs/fees have increased when trading with EU countries and administration has increased.
- 5.30 As the business provides a critical service, production continued throughout the national lockdowns to control the spread of Covid-19. They did have some outbreaks of Covid-19 in the workforce, however, they managed this appropriately and the business has subsequently grown since the onset of the pandemic. This is partly due to rival firms halting production and the business gaining their customers.
- 5.31 The business is coping with the lack of HGV drivers, however, they would be able to do more business if there was greater availability of drivers. Additionally, the company has shifted towards the use of ships to acquire supplies and moved away from the use of HGVs.
- 5.32 Recruitment is becoming increasingly difficult for Scanpole, both for high and low skill workers. This is put down to the greater availability of jobs in Newport at the moment. Scanpole do provide training programs to upskill existing staff.

**SPTS**

- 5.33 SPTS Technologies specialises in the manufacture of semiconductor and microelectronic devices and provide advanced wafer processing solutions. The business operates out of a 10,600 sqm unit off Ringland Way and rent an 1,700 sqm storage unit by the docks on Stephenson Street. The business is satisfied with both of their current premises. They currently employ 460 individuals across the two sites, with the majority working from the manufacturing site.
- 5.34 SPTS are currently in the process of submitting a planning application to develop a new 18,600 sqm manufacturing and R&D facility at Imperial Park, which would support approximately 750 jobs. The new facility would replace the facility at Ringland Way, which the business has outgrown. This comes as a result of a strong 18 months for the business who benefitted from the Covid-19 pandemic as some of their products are used within the medical sector. For this reason, the business was able to continue to operate throughout the national lockdowns.
- 5.35 Brexit has caused several issues for the business including supply chain issues, increased shipping costs and a change to their customer base. Brexit has reduced the amount of trade the business does with EU businesses.
- 5.36 Recruitment has not been an issue for the business. In 2021 so far, 117 individuals have been employed to support the growth of the business. However, the shortage in HGV drivers has impacted the business. The business uses contractors and does not employ any HGV driver directly to move their goods. Subsequently, they have struggled to find drivers to pick up and move goods to customers.
- 5.37 One final point noted by the representative at SPTS was that they had struggled to find a suitable site for expansion with sufficient power in Newport.

**Tomoe Valve**

- 5.38 Tomoe Valve are specialists in the manufacture of high quality and technically advanced butterfly valves, actuators and control systems. Industries Tomoe Valve supply include oil & gas, petrochemical, marine, water treatment, building services and more. The business currently has two premises on Queensway Meadows Industrial Estate, one just under 2,800 sqm and the other just over 2,200 sqm. They are satisfied with their current premises, aside from the high rent. The business is not looking to relocate as the cost to do so would be too great.

- 5.39 There are currently 48 individuals employed across the two sites. Recruitment has been problematic for the business. Tomoe Valve offer four-year apprenticeship scheme which provides a qualification upon completion. However, the business is short of applicants. Our contact at Tomoe Valve put this down to too much emphasis being put on the need for young people to be university educated.
- 5.40 The business has lost a huge proportion of their customer base as a result of the Covid-19 pandemic, with roughly two-thirds of business lost. The representative believed this was due to less new development projects and less use of gas and oil over the last 18 months.
- 5.41 The business was largely unaffected by Brexit. Only a small proportion of their trade was done with EU nations, with the majority of trade being with Australia and New Zealand. The company is also used to following various different trade regulations as they trade with numerous countries outside of the EU.
- 5.42 One issue raised by our contact at Tomoe Valve was the reoccurring problem of Gypsy travellers settling on the industrial estate and creating large amounts of mess. When they eventually move on the businesses are provided with no support by the council in clearing up the mess onsite.

### **Summary**

- 5.43 The following summarise the themes of the consultations:
- Staff recruitment is a substantial problem for many businesses, with shortages limiting business operations and growth prospects.
  - Staff shortages are most acute for skilled, technical occupations.
  - The shortage of HGV drivers was explicitly stated as an issue impacting on businesses, including reduced operations and delays in supply deliveries. However, one logistics firm that was interviewed reported that they had no issues as they have an in-house HGV training facility.
  - Flooding is an issue for some operators, cutting roads and thus limiting access and operations.
  - Some businesses are in suboptimal premises (older, not in ideal locations) but understand that higher standard premises are more expensive.
  - 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.
- Increased fuel costs are impacting businesses heavily reliant on vehicle movements.
- One business stated that sufficient electrical capacity was a limiting factor in finding appropriate alternative premises in Newport.

## 6.0 EMPLOYMENT SITES

### Introduction

- 6.1 This section looks at the supply of employment land in Newport City, including employment land allocations in the adopted LDP and existing employment areas. This supply side review is a stocktake and critique of the existing employment land position in Newport, which is then compared to the demand forecasts later in this report to understand the overall need for employment land.
- 6.2 It is important that Newport has a balanced portfolio of land to accommodate a sustainable, growing economy that can respond to dynamic market conditions, changing business needs and working practices. In order to assist economic recovery from the effects of Covid-19, it is even more important that businesses are able to easily establish, expand or relocate premises within Newport. Therefore, ensuring that there is adequate provision of appropriately located, deliverable and attractive employment sites and premises is vital. However, Welsh Government guidance states that sites must not be merely carried forward within a new Local Development Plan and must be reassessed for their ongoing potential for employment uses. This chapter undertakes that assessment of the employment land supply.

### Land Supply

- 6.3 The starting point for the supply side assessment is the adopted Newport LDP, which allocated 11 sites for future employment development under Policy EM1, totalling 172 ha. The LDP was adopted in 2015. These sites have now been reviewed and critiqued as part of this ELR to determine whether they are still appropriate for employment sites for Newport in 2021 and for the planning period of the RLDP to 2036.
- 6.4 Sites have been reviewed through a physical site inspection, review of potential constraints, identifying extant planning permissions on the sites and comparing the sites attributes to the underlining property market preferences (see previous chapters) to determine whether the sites are appropriate to be taken forward for employment uses.

**Table 9 – Employment Sites in Newport Local Development Plan**

Site Ref.	Site Name	Description	Constraints	Area (Ha)	Type of Employment Site	Realistic Supply for B-Class Uses (Ha)	Development Potential
i)	Duffryn	Large site to the south of an existing employment node (Imperial Park). Some road infrastructure has been developed. Partially covered with trees and scrub. Imperial Park is currently being developed for mid to larger industrial units. Land owned by Welsh Government.	<ul style="list-style-type: none"> <li>• TAN15 C1 (part site)</li> <li>• SSSI – Gwent Levels (part site)</li> <li>• Landscape of Outstanding Historic Interest (part site)</li> <li>• High voltage power lines on boundary</li> </ul>	38.5	B1, B2, B8	38.5	Yes, appropriate for development for a mix of employment uses, including larger units.
ii)	East of Queensway Meadows, South of Glan Llyn	Vacant and flat site east and south of existing employment nodes. Partially covered with trees. Access point has been developed from Meadows Rd, though the one internal road would need upgrading. High voltage power lines bisect the site.	<ul style="list-style-type: none"> <li>• TAN15 C1</li> <li>• High voltage power lines</li> <li>• Partial tree cover</li> </ul>	27	B1, B2, B8	27	Yes, appropriate for development for a mix of employment uses, including larger units. Some yield of land may be lost due to power lines.
iii)	Celtic Springs	Vacant parcel is last remaining site within Celtic Springs business park. Celtic Springs predominantly has office uses, including high quality units and large occupiers (e.g. Airbus). Vacant site is central within the business park.	No constraints	6	B1	6	Yes appropriate for B1 office uses.
iv)	Eastman (Solutia)	Large, flat site, partially covered in trees. Owned by Solutia with potential for site to accommodate their expansion needs, if required.	<ul style="list-style-type: none"> <li>• TAN15 C1</li> </ul>	43	B1, B2, B8	40.4	Opportunity for a mix of B-class units, including support for chemical uses on site neighbouring areas. Location close to Newport Docks and range of other B2/B8 uses. May be a requirement for

Site Ref.	Site Name	Description	Constraints	Area (Ha)	Type of Employment Site	Realistic Supply for B-Class Uses (Ha)	Development Potential
							some of the land to be used as an expansion of leisure/ sporting uses to the north.
v)	Gwent Europark	Site is remainder of Gwent Europark land. Site is flat and serviced by access road. Existing uses within Gwent Europark are large logistics operations (Tesco, Wilko). Part of site is currently being used as depot/outdoor storage, though this is a temporary use.	<ul style="list-style-type: none"> <li>• TAN15 C1</li> <li>• SSSI – Gwent Levels</li> </ul>	16	B8	16	Appropriate for logistics or manufacturing uses. Current temporary depot use is not highest potential of site.
vi)	Land off Chartist Dr	Flat, narrow site between A467 and rail line. Access point would be via roundabout at Chartist Dr and exit point of A467 While close to an employment node, would be separated by the rail line.	No constraints	2		2	Potential for single use operator, though may be limited by shape of site. Difficult site to bring forward, though attractive overall location, given proximity to A467. Long-term prospect.
vii)	Celtic Business Park (St Modwen's Park, Llanwern former steelworks, eastern end)	Currently being developed for B2/B8 units. Occupiers include CAF and Amazon. One unit has been built speculatively by St Modwen's and is currently on the market. Parts of site are currently undergoing ground works. Flat, serviced site.	<ul style="list-style-type: none"> <li>• TAN15 C1</li> </ul>	35.5	B1, B2, B8	25.9  (inc. areas currently undergoing ground works)	Outline planning permission for full masterplan site, including B1/B2/B8 on employment allocation land.  Yes, appropriate for development for a mix of employment uses (B2/B8), including larger units.
viii)	Phoenix Park	Completed development for small B2, B8 units and trade units.	<ul style="list-style-type: none"> <li>• TAN15 C1</li> </ul>	2		0	No land available.
ix)	Godfrey Rd (rear of station)	Currently used as a car park, servicing the city centre and rail station.	Currently used as car park	2	B1	2	Appropriate for a high density office development as a development site for the city

Site Ref.	Site Name	Description	Constraints	Area (Ha)	Type of Employment Site	Realistic Supply for B-Class Uses (Ha)	Development Potential
							centre. Would need to resolve car parking requirements.
<b>Totals</b>				<b>172.0</b>		<b>157.8</b>	

Sources: Local Development Plan 2011-2026; LDP Annual Monitoring Reports; Newport Planning searches; BE Group assessment

6.5 The table below provides a summary of the sites with realistically available employment land in Newport. Of the gross level within the adopted LDP of 172 ha, some 157.8 ha remain available for development.

**Table 10 – 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
<b>Total</b>		<b>157.8</b>

Source: BE Group, 2021

6.6 Of that Realistic Supply, five sites are over 10 ha and thus provide significant opportunities for a range of development. These sites are:

- Duffryn
- East of Queensway Meadows
- Eastman (Solutia)
- Gwent Europark
- Celtic Business Park (St Modwen's Park)

6.7 Of these sites, Celtic Business Park is currently being developed. Gwent Europark, while currently partly occupied by depot uses, could be developed further in a short timeframe. Duffryn represents a medium-term expansion opportunity for Imperial Park and Queensway Meadows and Solutia are likely to be longer-term opportunities.

### Site Grading

- 6.8 All sites have been graded using a standard scoring system (see Appendix 3) which reflects existing Welsh Government Guidance and current practice elsewhere in Wales. Each site is scored out of 15, made up of three individual measures, each scored out of five – Accessibility, Environmental Factors and Market Attractiveness.

**Table 11 – Sites Scoring**

Site Ref.	Name	Total Score, Max 15
i)	Duffryn	10
ii)	East of Queensway Meadows, South of Glan Llyn	8
iii)	Celtic Springs	13
iv)	Eastman (Solutia)	8
v)	Gwent Europark	13
vi)	Land off Chartist Dr	9
vii)	Celtic Business Park (Llanwern former steelworks, eastern end)	14
ix)	Godfrey Rd (rear of station)	9

Source: BE Group, 2021

- 6.9 Celtic Business Park, Gwent Europark and Celtic Springs all scored highly, with combinations of a well-positioned, attractive site with minimal adverse features, though no site scored so low as to be a significant concern for Newport.

### The Docks

- 6.10 In addition to the allocated employment sites critiqued above, there is a range of vacant and brownfield sites in the Docks area that are available for employment uses. These sites may be taken by specialist port-related uses or B-class uses (e.g. logistics, manufacturers) that have a relationship to the port. The following table lists the available sites within the Docklands.

**Table 12 – Vacant Sites at the Docks**

Site	Area (ha)
South Side Dock, East Way Rd	6.9
West Way Rd	1.4
Tom Lewis Way	1.0
Atlantic Site, South Side, South Dock	30.4
South of Cemex, East Way Rd	0.9
Land to rear of Shed 1, East Way Rd	0.6
North of TG Howell, West Way Rd	1.1
West Way Rd	6.9
Land to rear of Shed 11, Tom Lewis Way	1.3
Gypfor Site, Tom Lewis Way	5.0
<b>Total</b>	<b>55.4</b>

Source: Cushman and Wakefield

- 6.11 Therefore, there is some additional 55.4 ha of land available for employment uses. While some of this land may be used for specialist port uses and not typical B-class employment, it represents an additional source of land that some businesses may take. Indeed, some B-class businesses would particularly be looking for Dock or near-Dock sites.

### Employment Areas

- 6.12 The following table assesses the existing employment areas in Newport, which are a mix of older and new industrial estates, office parks, inner city office buildings and single occupier sites. Once again, these sites have been scored according to common criteria in line with Welsh Government guidance, this time out of 30 to reflect built forms, access, amenity and quality.
- 6.13 The table includes a recommendation of whether the employment areas should be protected in the RLDP, which is based on an assessment of whether the sites are continuing and will continue to provide an economic function for Newport.

**Table 13 – Existing Employment Area – Assessment Summaries**

Location	Description	Size, ha	Floorspace, Sqm					Total Vacant Units	Site Vacancy Rate (%)	Vacant Parcels of Land on Existing Site	Site Scoring, Max 30	Protect in the RLDP? (Yes/No/Maybe)
			B1 Office	B2 Industrial	B8 Warehousing	Mix B1/B2/B8	Other					
Llanwern Steelworks	Large steelworks on a sprawling site to the north of A4810. Site has low density of development in parts, though unlikely to be further reduced with releases of land. Appropriate for ongoing steelworks but would be expensive and time-consuming to repurpose to other uses if steelworks closed	268				2,680,000		0	0		17	Yes
Gwent Europark	Logistics park on the A4810, with good links to the M4. Significant occupiers include Tesco and Wilko. Employment Site EM1 v) forms part of the site, which is currently being used for outdoor storage and depot but could have a more intensive use. Key site in east of Newport.	71.5			160,080			0	0	16 ha (part used for outdoor storage, EM1 v))	26	Yes
Langstone Business Village	Good quality, campus-style office hub. Buildings are generally two-storey. Surrounded by residential uses, but about 450m from J24 of M4. Some vacancies observed, which appear to be longer-term.	3.5	10,069				2,737	3	17	0.34 ha Land to the East of Excalibur House	25	Yes
Leeway Industrial Estate	Large, older industrial estate. Buildings are basic to moderate quality and have low eaves. Occupiers including engineering and manufacturing uses and some auto servicing. Moderate level of vacancies. Some need to renew/refurbish older stock to improve energy standards and meet modern expectations of market.	32.8	13,366	37,647	18,182	2,926	19,223	10	7		17	Yes
Celtic Springs	Good quality office park on the A48, with good connectivity to the M4. Some larger occupiers including Airbus, Prison Service, Wales and West Utilities. Includes a range of supporting services, including convenience retail, hotel, takeaway outlets. One parcel of vacant land EM1 iii) is located within the estate and is serviced.	20.9	29,326				1,242	3	13	6 ha in single parcel (EM1 iii))	26	Yes
Cleppa Park	Good quality office park very close to the intersection of the A58 and M4. High amenity environment, with trees and gardens.	4.8	9,141					1	16		26	Yes
Imperial Park	Good quality, modern office park. Reasonable access to A48 and M4. Some sloping on site. High amenity environment, with trees and gardens.	11.7	32,275				215	2	18		27	Yes
Celtic Lakes Duffryn	Modern industrial park with large units. Good access to A48 with connectivity to M4. Potential for further development including on serviced lots and undeveloped lots to the south. Some further buildings under construction.	77.3	23,835	64,214	29,076	34,557		2	20	EM1 i) to the south	26	Yes
Office for National Statistics	Gated office park for predominantly ONS, but also supporting uses. On A48 and close to M4	17.3	58,829				9,576	0	0		26	Yes
Maesglas	Industrial/trading estate with moderate quality buildings, including mid sized units. Low eaves on buildings and off-street car-parking. Non-industrial uses (e.g. play centre, retail warehouse, auto showroom) dominate, rather than typical B2 or B8 uses.	14.7			350	6,108	52,135	2	20		13	Yes
Lower Dock St and Granville	Mix of employment uses west of Usk Way, near to River Usk. Employment uses are located over several streets, including some narrow streets. Difficult to navigate through the area. Some non-B-class employment including retail, church. B-class occupiers include auto servicing, building suppliers, engineering. Units are generally of basic to moderate quality and small.	3.3	5,785	3,095	1,312	5,303	4,799	12		0.5 ha over 5 small parcels, potential for infill development.	12	Maybe – potential for longer-term regeneration of site to other uses.

Location	Description	Size, ha	Floorspace, Sqm					Total Vacant Units	Site Vacancy Rate (%)	Vacant Parcels of Land on Existing Site	Site Scoring, Max 30	Protect in the RLD? (Yes/No/Maybe)
			B1 Office	B2 Industrial	B8 Warehousing	Mix B1/B2/B8	Other					
Herbert Road	Poor quality industrial estate between rail line and River Usk. Predominantly an auto-servicing node. Access is via narrow streets and under narrow rail bridge and streets within the estate are also narrow. High level of vacancies. Potential regeneration site.	2.5		3,860	1,932	4,425		14	22	0	8	No
Rogerstone Business Park	Small agglomeration of reasonable quality units on A467. Highest profile sites are occupied by Morrisons supermarket and McDonalds. B-class units are storage/distribution and auto repairs and one unit is gated.	4.1		4,139	2,985		6,835	0	0	0	23	Yes
Tregwilym industrial Estate	Small node of reasonable quality units, near to A467, though is hidden away, with access past residential dwellings and a dead-end street. Reasonable amenity on site, including grassed areas and trees. Occupiers are B2 and B8 uses.	3.1		10,378	6,043			0	0	0	17	Yes
Wern Industrial Estate	Industrial estate off Chartist Dr and near to A467. Mix of warehousing, manufacturing and office spaces that has been developed in a piecemeal manner. Significant range of building qualities from poor to good. Cleared site in middle of estate has approval for warehouse and office use.	13.1	2,340	13,029	11,234	21,420	9,792	9	19	0.6 ha with approval for warehouse and offices.	19	Yes
Stephenson Street	Industrial estate south of Stephenson Street. Buildings are basic to moderate and the estate has a high level of vacancies. Uses are depot, engineering and logistics, with some operators with connections to the Docks. Vacancies are generally in smaller units. May be some longer-term pressures to regenerate the site, though current performing moderately as an industrial node.	93.4	791	113,625	113,949	15,631	2,526	53	39	0	18	Yes
Star Trading Estate	Poor quality industrial estate on the north side of Caerleon. Access is via a narrow, pot-holed street, with a tight turn from Caerleon Road. Units are of a poor quality. Occupiers are SMEs including auto servicing, machining, wholesalers, salvagers. Despite the poor quality of the estate, there was a high occupancy rate observed.	5.7	710	3,246	4,168	2,352	2,597	2	3	0	8	Maybe – opportunity for long-term regeneration though site is performing economic function.
West Industrial Estate	Small industrial estate off Ponthir Road in north of Caerleon. Poor quality buildings predominantly occupied by auto servicing. Parking is poor and the overall amenity is of a crowded, older estate. Despite this estate appeared to be fully occupied.	2.1	809	18,979			1,163	0	0	0	9	Maybe – opportunity for long-term regeneration though site is performing economic function.
Reevesland Industrial Estate	Large industrial estate south of the A48 as part of a larger industrial corridor comprising Stephenson St, Solutia, Leeway Industrial Estate and Queensway Meadows. Includes mid to larger units. Occupiers include logistics, warehousing, manufacturing, wholesalers, trade suppliers.	17.0	1,039	27,613	101,696	25,489	4,842	27	26	4.0 ha in two infill parcels	18	Yes
Eastman (Solutia)	Single operator site over a large area. Chemicals production use. Gated entrance	27.1						0	0	0	19	Yes
Mill Parade and Alexandra Road	Crowded, piecemeal industrial estate with access to A48 and close to Docks. Some confusing access and dead-end streets limit perception of accessibility. Occupiers are mix of engineering services and auto sales/repairs.	5.0		12,056	837	3,021	9,097	7	16	0	15	Yes
Phoenix Park	New build industrial/trade park with small units. Still maturing in terms of occupancy, but appears to be accepted by the market. Access is via street that passes residential dwellings, which limit perceptions of accessibility and site is not prominent from key roads.	0.8	1,520	975	97	1,248	251	9	20	0	24	Yes

Location	Description	Size, ha	Floorspace, Sqm					Total Vacant Units	Site Vacancy Rate (%)	Vacant Parcels of Land on Existing Site	Site Scoring, Max 30	Protect in the RLD? (Yes/No/Maybe)
			B1 Office	B2 Industrial	B8 Warehousing	Mix B1/B2/B8	Other					
Usk Way	Disjointed industrial estate on Usk Way, close to the Docks. Buildings are of a range of standards, from moderate to modern. Uses are logistics, engineering and vehicle sales/repairs. Parking is difficult and some streets are narrow.	6.5		12,087	11,769	421	5,808	5	10	0	18	Yes
Admiral and Cambrian Centre	City Centre site comprising existing office buildings. Land in NCC ownership. Admiral building is a modern, attractive office building. Initially full building occupied by Admiral, but they have re-evaluated their requirements since the pandemic and initially sub-leased about 50,000 sqft to market, while retaining 30,000 sqft for their own uses. However, have now fully vacated the building. Neighbouring site is a redevelopment opportunity. Site is close to Newport rail station and city centre facilities.	1.0	8,676					0	0	0.23 ha redevelopment site	27	Yes
Chartist Tower	City Centre building undergoing redevelopment to accommodate hotel, office and retail. Overall office uses will significantly reduce to accommodate hotel, but still some 3,000 sqm to remain.	0.2	3,000					Under development		0	28	Yes, though reduced size of office component as part of redevelopment
Sovereign House	City Centre office building above Dolman Theatre. Single occupier is DWP.	0.2	3,122					0	0	0	25	Yes
Queensway Meadows	Large industrial estate as part of wider industrial corridor (Stephenson St, Solutia, Leeway and Reevesland Industrial Estates). Mix of quality of buildings and perception that this area has a low intensity of development, with some large land users (e.g. used car sales, container storage). Several vacancies recorded in small units.	18.2		18,605	15,000	4,431	10,766	20	57	0 (EM1 ii) is to the south of site)	19	Yes
Celtic Business Park (St Modwen's Park)	Industrial and logistics park currently under development. First occupiers have opened, including Amazon and CAF. Scheme being developed by St Modwen. Current ground works being undertaken on parts of site and internal roads have been built.	36.9					25,906	1	25*	25.9 ha. EM1 vii) is remainder of the site	27	Yes
Albany Street Crindau	Industrial and retail park south of the terminus of the M4, alongside the A4042. B-class employment is predominantly industrial or mix B2/B8 uses.	48.2	204	4,588	3,421	17,891	108,691	16	22	0	19	Yes, though note interest of landholders for residential uses through call for candidate sites
Tavaner Trading Estate	Small industrial/trade estate in the north of Caerleon. Site is accessed via a very narrow entry-point, which requires a hairpin turn if arriving from the north. Internal roads are narrow, with crowded parking. Buildings are of a poor quality. Occupiers are generally auto services.	0.5		1,287		198	488	0	0	0	6	No
Enterprise Park	Industrial estate comprised of a mix of built forms including small workshops/sheds, low-eaves, mid-sized industrial units and trade counters. Much of the building style is older brick units, which is not consistent with modern expectations. However, provides a location for light industrial SMEs in a near-centre location. Some of the layout is confusing, with dead-end streets. The largest occupiers are two builder merchants and a gym.	4.1	1,420	1,022	7,889	597	6,612	6	9	0	18	Yes

Source: Newport CC/BE Group, 2021

\* % of constructed units, further sites under development

6.14 Key findings emerging from the assessment of the existing employment areas are:

- The substantial majority of employment areas continue to provide an important economic function for Newport and are recommended to be protected in the RLDP.
- 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.
- Some employment areas contain a substantial level of non-B-class uses, including retail, sui generis and D-class uses. While some co-location of uses and supporting services is to be expected in employment areas, particularly larger nodes, Newport Council should be wary of too high a level of such uses in areas intended for B-class employment uses.
- 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. This does not include the employment allocations assessed earlier in the chapter.

6.15 The sites that are not recommended to be protected for employment in the RLDP are:

- Tavaner Trading Estate, Caerleon
- Herbert Road

6.16 Three further areas are listed as 'maybe' areas for protection in the RLDP. These sites are nearing the end of their useful economic life and may be regenerated within the time period of the RLDP. However, at this stage it is recommended that these sites are protected. These sites are:

- West Industrial Estate, Caerleon
- Star Trading Estate, Caerleon

- Lock Dock Street and Granville

6.17 It is noted that one of the sites that is not recommended to be protected and two of the 'maybe' sites are located in Caerleon. While all of these estates are of a poor quality, if all of these areas are lost to Caerleon then this would significantly reduce employment opportunities and business location sites for this town, necessitating businesses and their jobs to be located elsewhere. Therefore, a further consideration of the outcomes for these sites would be the need to provide local services for this area, even if the quality of premises is suboptimal.

### **Summary**

6.18 This assessment of the employment land supply in Newport has identified the following:

- Employment allocations (net realistic land available): 157.8 ha
- The Docks: 55.4 ha
- Additional infill locations of existing employment areas: 5.67 ha

6.19 Therefore, there is up to 218.9 ha of land available for B-class employment uses within Newport.

## 7.0 EMPLOYMENT LAND FORECASTS

### Introduction

7.1 The Welsh Planning Practice Guidance Note 'Building an Economic Development Evidence Base to Support a Local Development Plan' states that the assessment of future land needs should be determined by looking at both past trends and future forecasting methods, and highlights that these should include historic land take-up and future employment and population change. Neither approach provides a definitive answer, but they provide influences to be understood. Trends and forecasts must also reflect market signals and they are considered in the context of the market overview undertaken as part of this study.

7.2 The two models are:

- Practice Guidance Method 1: Past Building Completions  
This reviews the actual take-up of employment land and premises in Newport over time.
- Practice Guidance Method 2: Labour Demand Forecasting  
This relies on the econometric forecasts which use a model that projects the likely jobs growth in different industry sectors. The jobs figures are then translated to land using a formula based on jobs to floorspace density, which in turn can be translated into the projected land need. This scenario uses as its base updated economic forecasts (September 2021), produced by Oxford Economics for Newport. This forecast accounts for recent macro-economic changes, particularly the implications of Brexit as they are presently understood and the projected long term impacts of the Covid-19 Pandemic on the local economy. Appendix 4 includes a note provided by Oxford Economics on the assumptions they use for their 2021 forecasts and how these key macro-economic trends are accounted for.  
Policy On Labour Demand Forecast: A variation on Method 2, this uses the same method of forecasting as the Labour based method but takes a more ambitious assumption of labour growth, based on policy interventions that are likely to influence employment numbers. Most notably, this is an interpretation of Newport's potential share of CCR City Deal interventions.

7.3 These forecasts have several limitations. They are based on national and regional trends with some local adjustments for some industry sectors, which means, at a

local level economic activity is not always accurately represented. Also, merely translating jobs to land needs will not always reflect local property trends.

- 7.4 The econometric forecasts are useful in that they analyse each industry sector and, in conjunction with other market data, the forecasts can identify where sectors may be growing, or shrinking which in turn can inform land and property needs.

#### **Practice Guidance Method One: Past Building Completions**

- 7.5 Take up employment land data is available for the period 2011-2020, which includes:
- 2011-18 totalled 15.61 ha of employment land consumed (@2.2 ha/yr) (from Regional Employment Study)
  - 2018/19 employment land take-up 9.35 ha (Newport AMR)
  - 2019/20 employment land take-up 3.1 ha (Newport AMR)

- 7.6 Therefore, the employment land take-up over the 2011-2020 period averaged 3.1 ha/yr.

- 7.7 Using these **take-up rates and applying them to the period 2021-2036 (15 years) results in an overall requirement for employment land of 46.5 ha.**

- 7.8 It is appropriate to add further land onto the base forecasts to account for uncertainty in the market and enable choice for businesses. A buffer level of five years is typical and appropriate for employment land forecasts. **Including a five year buffer, the total requirement for 2021 to 2036 is 62.0 ha.**

#### **Practice Guidance Method Two: Labour Demand Forecasting (Baseline)**

- 7.9 This scenario uses as its base the Oxford Economics forecast modelling. The forecasts project employment change to 2036 for Newport. The forecasts can be used to calculate the future need, and the past jobs change can be used to calculate the assumed land need over that period for comparison with the historic take-up over the same period.

- 7.10 Over the 2021-2036 period, Newport is projected to increase from 90,360 jobs to 93,580 job, an increase of 3,220 jobs. Employment growth is not projected to be uniform throughout the economy. The following table shows the changes in employment by sector between 2021 and 2036.

**Table 14 – Employment Change by Employment Numbers, 2021-2036**

<b>Sector</b>	<b>Jobs 2021</b>	<b>Jobs 2036</b>	<b>Jobs Total Change</b>	<b>Percentage Change, percent</b>
Agriculture, Forestry and Fishing	270	246	-24	-8.9
Mining and Quarrying	65	36	-29	-44.6
Manufacturing	8,150	6,012	-2,138	-26.2
Electricity, gas, steam, etc.	699	609	-90	-12.9
Water Supply, Sewerage, etc.	895	841	-54	-6.0
Construction	4,026	4,424	398	9.9
Wholesale and Retail Trade	14,752	15,591	839	5.7
Transport and Storage	5,699	5,503	-196	-3.4
Accommodation and Food Services	6,106	6,773	667	10.9
Information and Communication	1,419	1,580	161	11.3
Financial and Insurance Activities	3,993	3,753	-240	-6.0
Real estate Activities	1,403	1,468	65	4.6
Professional, Scientific and Technical Activities	6,578	7,328	750	11.4
Administrative and Support Service Activities	6,853	8,437	1,584	23.1
Public Administration and Defence	6,987	5,914	-1,073	-15.4
Education	5,409	5,410	1	0.0
Human Health and Social Work Activities	12,998	14,806	1,808	13.9
Arts, Entertainment and Recreation	1,531	1,999	468	30.6
Other Services	2,524	2,848	324	12.8
<b>Net growth</b>	<b>90,357</b>	<b>93,578</b>	<b>3,221</b>	<b>3.6</b>

Source: Oxford Economics, 2021

- 7.11 The sectors forecast to have the largest growth are health and social work (+1,810 jobs), administrative and support services (+1,580 jobs) and wholesale and retail trade (+840 jobs). The sectors forecast to decline are manufacturing (-2,140 jobs) and public administration and defence (-1,070 jobs).
- 7.12 Of most relevance to the employment land study is the forecast large decline in manufacturing jobs over the forecast period. If this results to a commensurate decline in employment land demand for manufacturing uses, this would be a substantial reduction in demand over the planning period. However, this may not be the case as employment declines may be due to automation or improvements in efficiency, rather than declining manufacturing output. Therefore, it is recommended that caution is

taken with employment land forecasts based on employment changes, particularly in relation to the manufacturing sector.

- 7.13 This section now deals with the calculation of future needs using this data.
- 7.14 The forecasts break down employment to the level of 18 industry sectors (see Table 14) although not all are relevant to this Employment Land Review, such as primary industries agriculture, forestry and fishing.
- 7.15 Using the Oxford Economics forecasts, BE Group have forecast employment floorspace and employment land requirements for Newport. Reflecting Welsh Practice Guidance, the methodology of calculating this requirement is as follows:
- Identify which industry sectors are likely to take up employment land, including the proportion of that sector's employment on B-class employment land (Table 15)
  - Adopt appropriate employment densities to convert employment numbers to floorspace demand (see Table 16)
  - Adopt a plot ratio to convert floorspace to employment land demand (see Table 16).

**Table 15 – Labour Demand Forecast, 2021-2036**

Broad Sector Groupings	Jobs, Split by Sector 2021-2036	Land Use	Weighting	Jobs, by use, which Require B-Class Premises. 2021-2036	Jobs, by use, which <u>Do Not</u> Require B-Class Premises. 2021-2036
<b>Non B-Class Uses</b>					
Agriculture, Forestry and Fishing	-24	Non B	-	-	-24
Mining and Quarrying	-29	Non B	-	-	-29
Accommodation and Food Services	667	Non B	-	-	667
Arts, entertainment and recreation	468	Non B	-	-	468
<b>Total</b>	<b>1,082</b>	Non B	-	-	<b>1,082</b>
<b>B1 Mostly Office Uses</b>					
Administrative and support service	1,584	B1	1	1,584	0
Information and Communication	161	B1	1	161	0
Professional, scientific and technical activities	750	B1	1	750	0
Real estate activities	65	B1	1	65	0
Financial and Insurance Activities	-240	B1	1	-240	0
Public Administration	-1,073	B1	0	-236	-837
Health	1,808	B1	0	398	1,410
Education	1	B1	0	0	1
Other service activities	324	B1	0	71	253
<b>Total</b>	<b>3,380</b>	-	-	<b>2,553</b>	<b>827</b>
<b>B2/B8 Uses</b>					
Manufacturing	-2138	B2	1	-2,138	0
Utilities	-144	B2	0.26	-37	-107
Construction	398	B2	0.26	103	295
Transport and Storage	-196	B8	0.48	-94	-102
Wholesale and retail trade	839	B8	0.1	84	755
<b>Total</b>	<b>-1241</b>	-	-	<b>-2,082</b>	<b>841</b>

Source: BE Group and Oxford Economics, 2021

**Table 16 – Floorspace and Land Requirement Forecasts**

<b>Offices (B1)</b>	<b>Based on 2,553 additional workers, sqm</b>	<b>Plot Ratio at 40 percent Coverage, ha</b>
12 sqm per worker	30,640	7.66
16 sqm per worker	40,850	10.21
20 sqm per worker	51,060	12.77
<b>Industrial (B2/B8)</b>	<b>Based on 2,082 less workers, sqm</b>	<b>Plot Ratio at 40 percent Coverage, ha</b>
50 sqm per worker	-104,110	-26.03
67 sqm per worker	-139,500	-34.88
85 sqm per worker	-176,980	-44.25

Source: BE Group, 2021

7.16 The land need figures are based on a plot ratio of 40 percent.

7.17 A 40 percent plot ratio would, as noted in Welsh Practice Guidance, be standard for development on modern industrial estates and business parks, with other land used for car parking, landscaping, open storage and the 40 metre turning circle HGVs require. A higher, normally up to 80 percent, plot ratio would normally be applied only to town or city centre schemes, mostly multi-storey offices, as would be applicable in Newport City Centre offices. It is expected that a substantial proportion of any growth in Newport offices will occur in business park locations, outside of the city centre. At a 40 percent plot ratio, the calculated land area for offices could be seen as a maximum, and if higher density developments are brought forward in the city centre, then the overall land requirement would be reduced.

7.18 For each use, offices (B1) and industrial (B2/B8), three employment density levels (the amount of floorspace required for each job) are considered. Comments on these density options are provided:

*Offices*

- 12 sqm per worker – Would be applicable to a quite high-density service sector operation such as a call centre or city centre financial services office.
- 16 sqm per worker – A mid-level density level, this is identified in Welsh Practice Guidance (para 6.5.1, page 39) as a current average floorspace/worker rate for office uses in Wales. It reflects a mix of town centre and business park density levels.

- 20 sqm per worker – A comparably low employment density, reflective of more specialist facilities such as design studios, co-working and maker spaces.

#### *Industrial*

- 50 sqm per worker – This high density relates to B1 light industrial uses, which are typically small and mid-sized units.
- 67 sqm per worker – A mid-level density level, this is identified in Welsh Practice Guidance (para 6.5.1, page 39) as a current average floorspace/worker rate for industrial/warehouse uses in Wales. It allows for a mix of high-density light industrial and mid-density B2/B8 uses.
- 85 sqm per worker – This low-density level would be most applicable to the largest B8 logistics facilities and National and Regional Distribution Centres.

7.19 For Newport, the current economy has a broad mix of operators and unit sizes, both for office and industrial based businesses. Therefore, it is recommended that the mid-point density levels be adopted for both, as an average of the broad spectrum of demand.

7.20 Based on the above, the recommended land needs for Method Two are thus:

- B1 Offices – 2,553 additional jobs at 16 sqm per worker and a 40 percent plot ratio = 10.21 ha
- B2/B8 Industrial – 2,082 less jobs at 67 sqm per worker and a 40 percent plot ratio = -34.88 ha
- Total net need = **-24.67 ha**

7.21 The above method suggests a negative overall employment land demand over the 2021-36 forecast period, driven down by the decline in industrial land demand due to declining jobs numbers forecast for the planning period.

7.22 However, implicit in this approach is that any sectors declining in terms of employment numbers releases land that could be taken up by growth employment sectors. However, this may not readily be the case, with former industrial sites perhaps not appropriate for the growing office demand. Therefore, it is appropriate to only look at growth sectors and their resultant employment land demand. For growth sectors only, the demand is:

- B1 Offices – 3,029 additional jobs at 16 sqm per worker and a 40 percent plot ratio = 12.12 ha
- B2/B8 Industrial – 187 extra jobs at 67 sqm per worker and a 40 percent plot ratio = 3.14 ha
- Total net need = **15.26 ha.**

### **Practice Guidance Method Two: Labour Demand Forecasting (Policy On)**

- 7.23 The above employment land forecast is based on an on-trend labour forecast prepared by Oxford Economics. However, there are arguments that Newport could achieve above trend employment growth over the forecast period, driven by the objectives and impetus of the CCR City Deal. The investments proposed as part of the deal will include projects to improve access and infrastructure that would support employment sites. This will improve confidence in the market, both from a business (occupier) perspective and a developer (investor) perspective.
- 7.24 Therefore, the baseline (on-trend) Oxford Economics forecasts have been adjusted to account for this additional demand potential from the City Deal. The City Deal is to provide an uplift of 25,000 jobs across the CCR region. The adjustments to the baseline forecast have accounted for Newport’s potential share of this uplift in the region. This includes direct benefits to the priority sectors targeted within the City Deal and indirect benefits to employment due to the overall increase in economic activity in Newport and surrounding areas.
- 7.25 Appendix 5 summarises alternative employment forecast scenarios examined by Hatch in analysing potential growth scenarios, as well as assumption underpinning the preferred policy on approach taking into account the City Deal.

**Table 17 – Policy On Employment Change by Employment Numbers, 2021-2036**

<b>Sector</b>	<b>Jobs 2021</b>	<b>Jobs 2036</b>	<b>Jobs Total Change</b>	<b>Percentage Change, percent</b>
Agriculture, Forestry and Fishing	270	250	-20	-7.5
Mining and Quarrying	65	36	-29	-44.2
Manufacturing	8,150	6,276	-1,874	-23.0
Electricity, gas, steam, etc.	699	747	48	6.8
Water Supply, Sewerage, etc.	895	887	-8	-0.9
Construction	4,026	4,500	474	11.8
Wholesale and Retail Trade	14,752	15,860	1,108	7.5
Transport and Storage	5,699	5,710	11	0.2
Accommodation and Food Services	6,106	6,890	784	12.8
Information and Communication	1,419	1,927	508	35.8
Financial and Insurance Activities	3,993	3,978	-15	-0.4
Real estate Activities	1,403	1,494	91	6.5
Professional, Scientific and Technical Activities	6,578	8,622	2,044	31.1
Administrative and Support Service Activities	6,853	8,583	1,730	25.2
Public Administration and Defence	6,987	6,016	-971	-13.9
Education	5,409	5,504	95	1.8
Human Health and Social Work Activities	12,998	15,222	2,224	17.1
Arts, Entertainment and Recreation	1,531	2,354	823	53.8
Other Services	2,524	2,898	374	14.8
<b>Net growth</b>	<b>90,357</b>	<b>97,754</b>	<b>7,397</b>	<b>8.2</b>

Sources: Oxford Economics baseline adjusted by Hatch, 2021

- 7.26 This scenario sees growth in employment in Newport of 7,400 jobs over the forecast period, compared to 3,220 jobs growth under the baseline scenario.
- 7.27 The sectors forecast to have the largest growth are health and social work (+2,220 jobs), profession, scientific and technical activities (+2,040 jobs) and administrative and support services (+1,730 jobs). Manufacturing (-1,870 jobs) and public administration and defence (-970 jobs) are still expected to decline even in this scenario, though to lesser degrees than in the baseline scenario.
- 7.28 This policy on scenario can be assessed in the same manner as the baseline to infer an employment land and forecast demand over the planning period. The tables below summarise those calculations.

**Table 18 – Policy On Labour Demand Forecast, 2021-2036**

Broad Sector Groupings	Jobs, Split by Sector 2021-2036	Land Use	Weighting	Jobs, by use, which Require B-Class Premises. 2021-2036	Jobs, by use, which <u>Do Not</u> Require B-Class Premises. 2021-2036
<b>Non B-Class Uses</b>					
Agriculture, Forestry and Fishing	-20	Non B	-	-	-20
Mining and Quarrying	-29	Non B	-	-	-29
Accommodation and Food Services	784	Non B	-	-	784
Arts, entertainment and recreation	823	Non B	-	-	823
<b>Total</b>	<b>1,558</b>	Non B	-	-	<b>1,558</b>
<b>B1 Mostly Office Uses</b>					
Administrative and support service	1,730	B1	1	1,730	0
Information and Communication	508	B1	1	508	0
Professional, scientific and technical activities	2,044	B1	1	2,044	0
Real estate activities	91	B1	1	91	0
Financial and Insurance Activities	-15	B1	1	-15	0
Public Administration	-971	B1	0.22	-214	-757
Health	2,224	B1	0.22	489	1,735
Education	95	B1	0.22	21	74
Other service activities	374	B1	0.22	82	292
<b>Total</b>	<b>6,080</b>	-	-	<b>4,737</b>	<b>1,343</b>
<b>B2/B8 Uses</b>					
Manufacturing	-1,874	B2	1	-1,874	0
Utilities	40	B2	0.26	10	30
Construction	474	B2	0.26	123	351
Transport and Storage	11	B8	0.48	5	6
Wholesale and retail trade	1,108	B8	0.1	111	997
<b>Total</b>	<b>-241</b>	-	-	<b>-1,624</b>	<b>1,383</b>

Source: BE Group, Hatch and Oxford Economics, 2021

**Table 19 – Policy On Floorspace and Land Requirement Forecasts**

<b>Offices (B1)</b>	<b>Based on 4,737 additional workers, sqm</b>	<b>Plot Ratio at 40 percent Coverage, ha</b>
12 sqm per worker	56,840	14.21
16 sqm per worker	75,790	18.95
20 sqm per worker	94,740	23.69
<b>Industrial (B2/B8)</b>	<b>Based on 1,624 less workers, sqm</b>	<b>Plot Ratio at 40 percent Coverage, ha</b>
50 sqm per worker	-81,210	-20.30
67 sqm per worker	-108,830	-27.21
85 sqm per worker	-138,060	-34.52

Source: BE Group, 2021

7.29 It is noted that even under this policy on approach, the industrial demand for floorspace and employment land is negative, driven down by the negative manufacturing employment forecast.

7.30 Adopting the same assumptions as for the baseline forecast (mid level assumption on jobs density for industrial and office space and 40 percent plot ratio), the forecast employment land need under the policy on scenario is provided below:

- B1 Offices – 4,737 additional jobs at 16 sqm per worker and a 40 percent plot ratio = 18.95 ha
- B2/B8 Industrial – 1,624 less jobs at 67 sqm per worker and a 40 percent plot ratio = -27.21 ha
- Total net need = **-8.26 ha**

7.31 Therefore, even with the policy on assumptions driven by the City Deal, under this forecast approach, there is forecast to be a net negative demand for employment land and premises, due to declining manufacturing employment numbers. However, once again it is prudent to just look at growing sectors, which is summarised below:

- B1 Offices – 4,965 additional jobs at 16 sqm per worker and a 40 percent plot ratio = 19.86 ha
- B2/B8 Industrial – 250 extra jobs at 67 sqm per worker and a 40 percent plot ratio = 4.18 ha
- Total net need = **24.04 ha.**

### ***Comparing the Forecast Methods***

- 7.32 No forecast method is exact and ideal for all circumstances. Therefore, it is appropriate to critique the results of the forecasts to assess which is most appropriate for Newport's economy and in particular to help inform the RLDP.
- 7.33 Method One, using past take-up of employment land, is a simple extrapolation of past employment land consumption, averaged over the forecast period. Past rates have included peaks and troughs, reflecting market confidence, availability of land and the broader economic performance. By taking this past land take-up forward, this approach assumes that any peaks and troughs would be averaged out in the same manner as in the past. While this may be an approximation, this approach has a direct basis in land consumption in Newport.
- 7.34 By comparison, Method Two (both baseline and policy on) has an indirect relationship to land consumption, with labour forecasts converted to floorspace forecasts through assumptions on employment density (jobs per sqm) and converted to employment land forecasts through assumptions on plot ratio. Method Two assumes that job density would remain constant over the forecast period, whereas for key sectors, such as logistics and manufacturing, this may not be the case due to automation. For example, a business may introduce new plant that reduces labour demand but continues to produce the same (or more) output. Method Two would assume that the business has a commensurate reduction in their floorspace requirements with their labour change but in reality they may not have reduced floorspace needs and indeed may need to increase their footprint. Such a phenomenon has been observed over several decades across the UK.
- 7.35 Other factors that suggest that Method Two is under-estimating potential land requirements include:
- The market assessment completed in this study suggests that demand is significantly stronger for industrial and warehouse space, while office requirements are more modest
  - The low jobs growth forecast for Method Two is largely driven by the forecast loss of manufacturing jobs. This forecast decline reflects a disaggregation of UK/Welsh trends and does not account for local factors which may contradict

wider trends. The property assessment demonstrated significant interest in B2 units.

- Land take-up/property needs can be for different reasons such as modernisation or geographic relocation, or land banking for future needs.

7.36 Therefore, on balance it is considered that Method One provides a more likely trajectory for employment land growth than Method Two.

7.37 In comparing the baseline and policy on scenarios of Method Two, it is informative to observe the potential uplift in sectoral employment due to the City Deal and the potential changes in resulting floorspace requirements between the two.

### Summary

7.38 The following table summarises the forecasts, and compares to the existing, realistic supply of employment land in Newport. This includes an allowance of a buffer equivalent to five-years of growth for each of the scenario options. This is to enable choice in the market and fluctuations in growth. As can be seen below, the available land (assuming all sites are delivered) is sufficient for the demand trajectories to 2033.

**Table 20 – 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>Net Change</i> N/A	<i>Net Change</i> -24.67	<i>Net Change</i> 188.14
		<i>Growth Only</i> 15.26	<i>Growth Only</i> 5.09	<i>Growth Only</i> 20.35	<i>Growth Only</i> 143.12
Practice Guidance Method Two: Labour Demand Forecasting (Policy On)	163.47	<i>Net Change</i> -8.26	<i>Net Change</i> N/A	<i>Net Change</i> -8.26	<i>Net Change</i> 171.73
		<i>Growth Only</i> 24.04	<i>Growth Only</i> 8.01	<i>Growth Only</i> 32.05	<i>Growth Only</i> 131.42

Source: BE Group's analysis, 2021

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

- 7.39 Therefore, including buffers, the Model One approach results in the highest land requirement of 62.0 ha between 2021 and 2036. As assessed above, this trajectory is considered the most appropriate for Newport's employment land requirement. Under this scenario, there is a significant 101.5 ha of surplus employment land, compared to the realistic supply assessed in Chapter 6.0. This supply does not include further potential land available within the Docks, which may be available for B-class businesses but may also be consumed by port-specific uses.
- 7.40 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, ensuring that the region did not miss out on employment opportunities due to localised land supply constraints. For Newport, this equated to an additional land requirement of 15 ha (2018-2040), over and above the forecast trajectory. If all of this additional requirement was provided in the RLDP planning period to 2036, Newport's requirement would increase to 77 ha (including buffer) and Newport would still have sufficient employment land to cover this requirement. If assessed on an average annual basis, the additional 15 ha over 22 years equates to 10.2 ha over the 2021-2036 period, resulting in a total requirement of 72.2 ha.

## 8.0 CONCLUSIONS AND RECOMMENDATIONS

### Summary of Findings

8.1 The following summarise the key findings of this study:

#### *Economic Profile*

- Newport has a population of 156,500 people, a tenth of the CCR total population. Over the last five years, the population in Newport has grown by +5.7%, a rate substantially higher than CCR, Wales and UK averages.
- Unemployment in Newport is higher than the regional and national averages, though youth unemployment is lower than the comparators.
- Qualification levels in Newport are lower than for the CCR, including lower degree or higher qualifications and a higher proportion of adults with no formal qualifications.
- Newport's strongest commuting relationship is with Cardiff, Torfaen and Caerphilly, both in terms of inflow and outflow.
- According to 2020 BRES data, employment in Newport totalled 70,000, representing 12.7% of the CCR economy. In the last five years, employment has considerably grown by +12.3% (7,650 jobs). The growth in employment is considerably higher than the rates for CCR (2.4 percent), Wales (0.7 percent) and GB (4.4 percent).
- Recent job growth has been driven by transport and storage, professional, scientific and technical, accommodation and food services, health, business administration and support and construction (all growth of at least 1,000 jobs), demonstrating a broad breadth of economic growth in the City.
- Oxford Economic 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*

- Wider economic factors such as Covid-19 and Brexit are 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.

- The property market in Newport has significant diversity of types of stock, size and location.
- The industrial market has seen transactions from small workshops to mid and large factory and warehousing facilities.
- Industrial schemes are being activity developed, including some speculative development, primarily for mid to larger units targeting the logistics sector. Schemes being developed include Celtic Business Park and Celtic Lakes.
- Industrial transactions have averaged about 24 per annum in Newport, comprising some 33,000 sqm of floorspace per annum.
- The office market 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.
- The city centre office market has seen some conversions of floorspace to other uses in recent years.
- Demand for office units is generally for small units, though there is some less regular demand for larger floorplates and Newport has some significant office occupiers in the city centre and larger business parks (e.g. Celtic Springs)

### ***Business Consultations***

- 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 Land Supply***

- The employment allocations are assessed to have a realistic supply of land of some 157.8 ha.
- 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.
- The existing employment areas provide a reasonable mix of employment premises in terms of quality, location and size, though commentary from commercial agents has suggested a need for further good-quality, modern premises.
- Existing employment areas have very little in-fill locations for further development. While some could be developed more intensively for employment uses, the range of development-ready in-fill sites is very small.
- The substantial majority of employment areas continue to provide an important economic function for Newport. However, the following sites are ageing or performing poorly:
  - Tavaner Trading Estate, Caerleon
  - Herbert Road
  - West Industrial Estate, Caerleon
  - Star Trading Estate, Caerleon
  - Lock Dock Street and Granville

### ***Employment Land Forecasts***

- Over the period 2011-2020, Newport has averaged a take-up of employment land of 3.1 ha per annum.
- Extrapolating the average take-up recorded over the last decade over the forecast period, projects that Newport would have a demand for 46.5 ha of employment land between 2021 and 2036. Including a five year buffer to allow for choice and uncertainty in the market means that the requirement would be 62.0 ha.
- Using the baseline Oxford Economics employment projections to 2036 infers a requirement of 20.4 ha of employment land between 2021 and 2036 (growth sectors only and including five-year buffer).
- Assessing the potential benefits of the CCR City Deal suggests a potential uplift of jobs, which could have an impact on employment land requirements.

Under this scenario it is estimated that the requirement for employment land over the forecast period would be 32.05 ha (growth sectors only and including five-year buffer).

- Method One forecast is the recommended approach for Newport, for a requirement of 62.0 ha for employment land over the forecast period. Compared to the overall supply of land, there is sufficient land to provide for this supply.
- The Regional Employment Study (Larger than Local study) suggests that Newport should account for an additional demand of 15 ha (to 2040). Even with this additional demand, there is considered to be sufficient supply of employment land in Newport.

### **Recommendations**

8.2 The following provides a series of recommendations for Newport in regards to the protection and delivery of employment land and premises in the City to 2036. These recommendations have been written to guide the development of the RLDP.

#### ***Recommendation 1: Future Employment Land Need in Newport is up to 77.0 ha***

8.3 The forecasting in Chapter 7.0 explored land demand requirements for Newport to 2036, via looking at past take-up rates and looking at employment forecasts. The past take-up rate is considered to be the preferred approach for Newport, with the two scenarios based on employment forecasts appearing to underestimate growth, particularly in regards to manufacturing land demand.

8.4 Therefore, the recommended baseline requirement is 62.0 ha (including buffer to allow for flexibility) to account for Newport's needs.

8.5 Accounting for the Regional Employment Study requirement of up to an additional 15 ha suggests an overall requirement of 77.0 ha to account for Newport's needs as well as further needs at the regional level.

#### ***Recommendation 2: Employment Allocations Sites***

8.6 The following employment allocations are recommended to be retained for the RLDP.

**Table 21 – Recommended Newport Employment Allocations**

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
<b>Total</b>		<b>157.8</b>

Source: BE Group, 2021

8.7 This supply is significantly in excess of the requirement to 2036. Therefore, it is appropriate to ensure that the existing employment allocations remain appropriate for Newport's needs. In particular, are the larger sites servicing Newport's needs. The below assesses the larger sites and their prospects for employment development within the planning period.

- **Duffryn (38.5 ha):** potential for medium to longer term development for mid and larger units as the next front of development after Imperial Park and Celtic Lakes are developed. Site is owned by Welsh Government, therefore opportunity for public sector to drive development.
- **East of Queensway Meadows (27 ha):** potential for longer term development to provide industrial and warehousing uses. This corridor has a range of existing industrial estates, some of which have mid or high levels of vacancies and older units. This site provides the opportunity for modern units in this corridor, which may provide an impetus to landholders of existing units to renew and refurbish their stock. Of the larger sites, this site probably has the lowest need for development, though is recommended to retain in the employment allocations.
- **Eastman (Solutia) (40.4 ha):** Site for Eastman's expansion uses. This firm has stated that they are looking for this site for their own needs, but do not have specific plans for its development. This site being retained within the employment allocations would need to be recognised as for a specific purpose, rather than available for general employment needs.

- **Gwent Europark (16 ha):** Site is currently being partly used for low order employment uses, but is a short to medium development opportunity for more intensive uses. Site is adjacent to an existing employment area.
- **Celtic Business Park (25.9 ha):** Site is currently being developed for employment uses.

8.8 Therefore, while all these sites are recommended to be retained within the employment allocations, it is recommended that the RLDP recognises the specific development potential of the Eastman site, rather than being available for general employment uses. If it is considered that a reduced portfolio of sites is preferred, then the East of Queensway Meadows site would be the site that is recommended to be removed from the allocations. Even taking out this site and reserving the Eastman site for specific purposes, the reduced supply of land would be 90.4 ha (employment allocations only), which would be sufficient compared to the requirement.

***Recommendation 3: Existing Employment Area Protection***

8.9 Newport City Council should continue to support and protect existing employment areas, encouraging the primary uses to be B-class employment uses. However, it is recognised that in many employment areas there is an expectation of non-B-class uses to support the core uses, such as retail, sui generis, takeaway outlets, etc. This should only be supported where it is ancillary to and supportive of the core B-class employment uses.

8.10 Chapter 6.0 included a review of the existing employment areas in Newport, including a scoring of each area. This included a recommendation of whether the sites should be protected for employment in the RLDP. The following sites are recommended not to be protected for employment uses, as they have poor quality units and are poorly accessed.

- Tavaner Trading Estate, Caerleon
- Herbert Road

8.11 Three further areas are listed as ‘maybe’ areas for protection in the RLDP. These sites are nearing the end of their useful economic life and may be regenerated within the time period of the RLDP. However, at this stage it is recommended that these sites are protected. These sites are:

- West Industrial Estate, Caerleon
- Star Trading Estate, Caerleon
- Lock Dock Street and Granville

8.12 Importantly, three poor quality sites are in Caerleon. It is important that Caerleon continues to have employment units available within the town, to reduce commuting and provide local employment opportunities. Therefore, it would not be a good outcome for all three of these sites to be redeveloped for non-employment uses. However, it is recommended that units be improved through refurbishment in order for employment opportunities to remain suitable for modern purposes in Caerleon.

8.13 The other existing employment areas in Newport scored higher than the above areas and are recommended to be retained for employment uses.

***Recommendation 4: Support the Primacy of the Newport City Centre***

8.14 The Newport City Centre is the primary centre for the City and has a wider South East Wales function. A key element of the City Centre's function is its office role, which provides part of the broader array of commercial, community, civic and cultural uses in the centre. However, the office sector has been stagnant in recent years in the City Centre, with no new stock coming to the market and some existing offices being repurposed for other uses (e.g. residential, hotel).

8.15 It is important to continue to support and encourage a key office role within the City Centre to support the primacy of the City Centre as the focus for Newport and wider area. The employment allocation of Godfrey Road and the Cambrian Centre site provide opportunities for office-focused developments. These are likely to be difficult sites to bring forward in a viable manner and would require public sector support to bring forward. Newport City Council should look to allocate funds and facilitate partnerships to help to bring these sites forward.

8.16 More broadly throughout the City Centre, it is important for Newport City Council to engage with key landholder and office occupiers in Newport City Centre in order to encourage continued refurbishment of office space as appropriate and to retain as much office space in the centre as possible. Newport City Council can have an economic development role in helping to facilitate linking business requirements to office landholders within the City Centre.

***Recommendation 5: Future Reviews***

- 8.17 Paragraph 7.10 of the Welsh Government Practice Guidance – Building an Economic Development Evidence Base to Support a Local Development Plan, states that: *“Reviews of the whole evidence base, both larger than local and local studies, will most likely reflect the 4 year development plan cycle; however, an earlier review might be considered if certain employment land related targets are not being achieved and are identified through the LDP Annual Monitoring Report.”*
- 8.18 In light of this it is recommended to conduct regular updates of the forecasts and planning for employment land. Furthermore, the annual monitoring should continue to collate data on employment land and premise completions and permissions.
- 8.19 The Covid-19 pandemic and changes due to Brexit highlight the need for reviews in light of changing circumstances.

***Recommendation 6: Maintain Awareness of External Influences***

- 8.20 Welsh planning policy highlights the importance of joint working and ‘more than local’ planning, to understand the interconnectedness of local authority areas.
- 8.21 The Regional Employment Study remains a key consideration for employment land in Newport and further updates to this regional work would need to be accounted for in further iterations of the ELR for Newport.

## **APPENDIX 1**

### **VACANCY SCHEDULE**

## Appendix 1 – Newport Vacant Property Schedule

Address	Tenure	Price	Size, sqm
<b>Industrial</b>			
Queensway Meadows	LH	Average	15,233
Ip4, Celtic Way, Celtic Lakes, Newport, NP10 8BE	LH	-	12,333
Unit 3, St Modwen Park	LH	Good	8,921
Coilcolor Buildings, Whitehead Industrial Estate, NP20 2NW	LH	-	8,692
3 & 4 Shed, East Way Road, Port of Newport, Newport, NP20 2UW	LH	-	5,109
Crindau Works, Glassworks Cottages, Albany Street, Newport	LH	Average	4,687
2, Decoypool Road, St Modwen Park, Newport, NP19 4RG	LH	Good	2,744
Unit 2, St Modwen Park	LH	Good	2,499
Unit 6 Stephenson Street, Newport, NP19 4XB	LH	Good	1,910
Unit 14 Newport Business Centre, Corporation Road, Newport	LH	Average	1,008
Former Ldh Premises, Westway Road, Port Of Newport, Newport, NP20 2PQ	LH	Average	892
Unit 4 Stephenson Street, Newport, NP19 4XB	LH	Good	845
Former LDH Premises, West Way Road, Port of Newport, Newport, NP20 2UW	LH	-	612
Unit 4/5, Newport Business Centre, Corporoation Road, Newport, NP19 4RF	LH	Good	592
Unit 2, Pheonix Business Park	LH	Good	470
Greenhill Depot, St Brides, Wentloog, NP10 8SR	LH	Average	422
Unit 3 Stephenson Street, Newport, NP19 4XB	LH	Good	421
Warehouse/production Space, Imperial Park, South Lake Drive Newport NP10 8AS	LH	Average	418
Greenhill Depot, St Brides Newport NP10 8SR	LH	Average	418
Unit 18a Newport Business Centre, Corporation Road, Newport, NP19 4RF	LH	Good	416
Unit 19a SpringVale Industrial Estate	LH	Good	343
Unit 7 Wern Trading Estate, Rogerstone, Newport, NP10 9FQ	LH	Good	283
Unit 6 Wern Trading Estate, Rogerstone, Newport, NP10 9FQ	LH	Good	277
Leeway Court, Leeway Industrial Estate, Newport, Gwent	LH	--	226

Unit 2b, Newport Business Centre, Corporation Road, Newport	LH	-	207
Unit 10 Newport Business Centre, Corporation Road, Newport	LH	Average	188
Spencer House, Alderney Street, Newport	LH	-	125
Unit 8 Evtol Trading Estate, Frederick Street, Newport, NP20 2DR	LH	Good	94
Former R F Brookes Ltd, Road A, Wern Industrial Estate, Newport, NP10 9FQ	LH	-	80
Unit 13b Leeway Industrial Estate, Newport, NP19 4SL	FH	-	1,672
Unit 32a, Broadwater Road, Leeway Industrial Estate, Newport, NP19 4SN	FH	-	1,408
Brickyard Lane, Newport, NP20 5ES	FH	-	448
188 Corporation Road, Newport	FH	-	305
Phoenix House, Turner Street, Newport, NP19 7BA	FH	-	263
<b>Office</b>			
The Hub, Mill Street, Newport, NP20 5HA	LH	-	6,768
Coldra Wood, Chepstow Road, Newport, NP18 2YB	LH	Average	5,933
STATION QUARTER, NEWPORT, NP20 4AD	LH		4,931
Interface, Station Quarter, Newport, NP20 4AD	LH		4,924
GUINEVERE HOUSE, LANGSTONE BUSINESS PARK, NEWPORT, NP18 2HJ	LH	Average	2,558
The Orb, Stephenson Street, Newport, NP19 0RB	LH	Poor	2,297
Clarence House, Clarence Place, Newport	LH	Poor	2,230
Imperial House, Imperial Way, Coedkernew, Newport, NP10 8UH	LH	Good	2,125
Clarence House, Clarence Place, Newport, NP19 7AA	LH	Average	1,858
Oak House, Celtic Springs, Newport, NP10 8BD	LH	Average	1,411
Newport Market Offices, High Street	LH		1,394
Units 1+2, Cambrian Road, Newport	LH	Poor	1,389
Chartist Tower, Upper Dock Street, Newport, NP20 1DX	LH	Average	1,275
Somerton House, Hazell Drive, Newport, NP10 8FY	LH	Average	806
Norwich House, 1 & 2 Gold Tops, Newport, South Wales, NP20 4PG	LH		747
12 Devon Place, Newport, Newport, NP20 4NN	LH	Average	649

Livingstone House, Langstone Business Park, Langstone, Newport, NP18 2LH	LH	Average	591
3Rd Floor, Nexus House Mission Court NP20 2DW Newport	LH	-	587
Usk House, Lower Dock Street, Newport, NP20 2GD	LH	Poor	465
Unit 2, The Courtyard, Imperial Park, Newport, NP10 8UL	LH	Good	375
Integra House, Vaughan Court, Celtic Springs, Newport	LH	Average	363
Office Accommodation, Imperial Park, South Lake Drive, Newport Newport, NP10 8AS	LH	-	318
22-23 Commercial Street, Newport NP20 4RS	LH	-	289
Kings Chambers, High Street, Newport, NP20 1QU	LH	--	277
Wye House Langstone Business Village, Priory Drive, Langstone, Newport, NP18 2LH	LH	Average	240
25 Commercial Street, Newport, NP20 1HJ	LH	Poor	234
Upper Floors, 51 High Street, Newport	LH	-	232
4 Gold Tops, Newport, NP20 4PG	LH	-	230
First Floor Offices, Tredegar Chambers, Bridge Street, Newport, NP20 4AQ	LH	Poor	205
3 & 4 North Street	LH	Average	164
28 Bridge Street, Newport	LH	Poor	162
Kings Chambers, High Street, Newport, NP20 1QU	LH	-	111
The Hub, Mill Street, Newport, NP20 5HA	LH	-	111
Surplus Second Floor Offices, Pagefield House, 24 Gold Tops, Newport, NP20 4PG	LH	Average	87
Upper Floors, 21 Bridge Street, Newport, NP20 4AN	LH	Poor	80
Lower Ground Floor, 19-20 Gold Tops, Newport, NP20 4UG	LH	-	73
The Stables, 25-26 Gold Tops, Newport	LH	-	70
46 – 47 High Street, Newport, NP20 1GA	LH	Average	56
G4, 25-26 Gold Tops	LH	-	44
Platform, 11-20 Devon Place, Newport, NP20 4NW	LH	-	43
Ground Floor, 24 Bridge Street, Newport	LH	--	43
34 Clytha Park Road, Newport, NP20 4NZ	LH	Good	37
Ground Floor, Suite G1.1, The Estates Office, 24-25 Gold Tops, Newport	LH	Good	30

5 Gold Tops, Newport, NP20 4PG	LH	-	29
Room 1, 11 Park Square, Newport	LH	Good	29
Lansdowne House, 17a Gold Tops, Newport, NP20 4PH	LH	Average	22
Rathbone House, 1 Serpentine Road, Newport, NP20 4PF	LH	Good	22
Room 3, 11 Park Square, Newport	LH	Good	18
Room 4, 11 Park Square, Newport	LH	Good	18
Room 2, 11 Park Square, Newport	LH	Good	8
Oak House, Celtic Springs, Newport, NP10 8BD	LH / FH	-	1,411
Beechwood House, Christchurch Road, Newport, NP19 8AJ	LH / FH	-	56
Bradbury House, Mission Court, Newport, Newport, NP20 2DW	FH	-	756
Regency Chambers, 20 Bridge Street, Newport, NP20 4AL	FH	-	490
69 Bridge Street, Newport, NP20 4AQ	FH	-	42

Source: Radius Data Exchange/Agent Websites, 2021

## **APPENDIX 2**

### **LIST OF CONSULTEES**

## Appendix 2 – List of Consultees

A Schulman

Admiral

Cushman and Wakefield

Eastman

Knight Frank

Liscombe

Marshalls

MCL Logistics

Scanpole

SPTS

Sutton Consulting

Tiny Rebel Brewery

Tomoe Valve

Welsh Government

## **APPENDIX 3**

### **REGIONAL SITE SCORING CRITERIA**

**Appendix 3 – Regional Site Scoring Criteria to Accompany Proformas**

<b>Criteria</b>	<b>Issues to Consider</b>	<b>1 – Poor</b>	<b>5 – Excellent</b>
<b>Accessibility</b>	Links to major roads local and strategic access; public transport and pedestrian cycle access; internal circulation and parking.	Over five miles away from major junctions or dual carriageways. Difficult, narrow access via residential streets/roads; sloping/bending access; congested roads and difficult site junctions. No pavements for pedestrians and lack of cycle lanes; inadequate crossing facilities. The site is remote with poor and infrequent transport links; 1 bus or train service per hour or less to a limited range of destinations. Lack of parking on site or nearby.	On major junctions and/or dual carriageways. Easy access via good quality, uncongested roads with good quality junctions. Wide pavements and cycle lanes around the site which are safe and convenient. Close to railway stations and bus stops with frequent services running to a number of areas. Ample parking on site (where applicable).
<b>Environmental Factors</b>	Internal and external environment of the site (e.g. noise, smell, dirt/dust, general pollution etc).	Dirty site upon which activities are (or were) noisy and emit significant odours and dust/dirt. The site is (or was) polluting quite badly. The site impact (or previously impacted) upon adjoining occupiers; surrounding uses are highly sensitive/detrimentally impacted by activities on site. Poor quality external areas; poorly maintained with a poor design/layout.	Very clean and tidy site free from particular environmental problems (i.e. quiet, clean, odourless). The site does not (or did not) produce any significant pollutants. Surrounding uses are compatible with and not detrimentally affected by activities on site. Very high quality public areas/good quality

Criteria	Issues to Consider	1 – Poor	5 – Excellent
			design/landscaping and well maintained.
<b>Market Attractiveness</b>	Feasibility of site remaining for employment, local market evidence, improvement prospects, special opportunities and overall image of site.	Low profile, poor quality appearance, attracts lower end uses. High level of vacancy and difficult to let. Constraints on development and low levels of market activity. Unattractive poor quality image of the area. Would not have a realistic prospect of remaining for employment should the site become vacant or be required for an alternative use.	High profile, high quality appearance, low levels of vacancy (<10%). Units are rarely available and witness a quick turnover when vacated. The site witnesses new investment. Attractive and high quality area. Would have a very real prospect of being retained for employment purposes for the foreseeable future.

Source: Welsh Government, SEWSPG, 2018

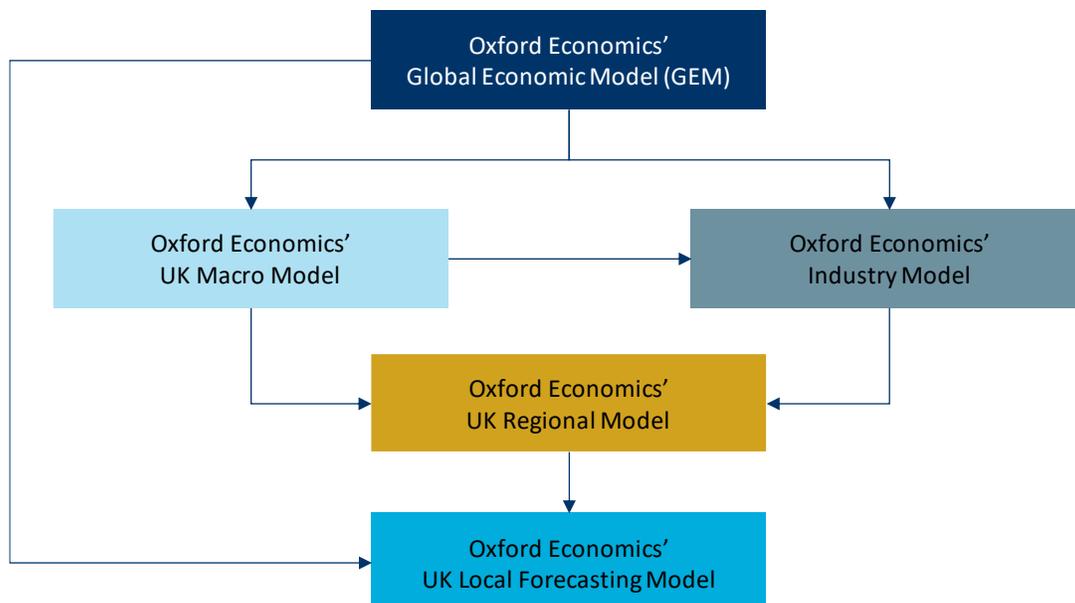
## **APPENDIX 4**

### **OXFORD ECONOMICS FORECAST ASSUMPTIONS**

## Local Authority District Forecasting Model

Oxford Economics' Local Authority District Forecasting Model sits within the Oxford suite of forecasting models. This structure ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This empirical framework (or set of 'controls') is critical in ensuring that the forecasts are much more than just an extrapolation of historical trends. Rather, the trends in our global, national and sectoral forecasts have an impact on the local area forecasts. In the current economic climate this means most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years.

**Figure 1.1: Hierarchical structure of Oxford Economics' suite of models**

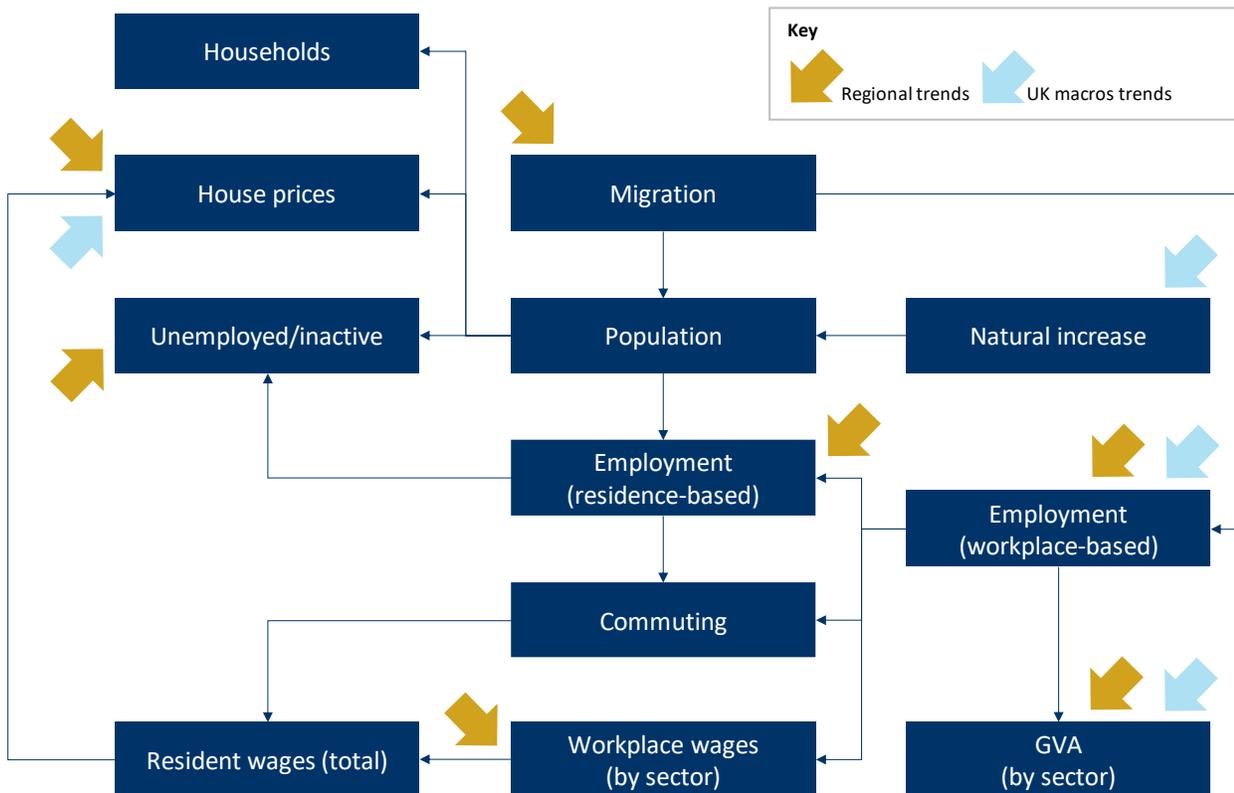


Our local forecasting model depends essentially upon three factors:

- National/regional outlooks – all the forecasting models we operate are fully consistent with the broader global and national forecasts which are updated on a monthly basis.
- Historical trends in an area (which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development built up over decades of expertise, and
- Fundamental economic relationships which interlink the various elements of the outlook.

The main internal relationships between variables are summarised in Figure 1.2. Each variable is related to others within the models. Key variables are also related to variables in the other Oxford Economics models.

**Figure 1.2: Main Relationships**



The forecasts are produced within a fully-integrated system, which makes assumptions about migration, commuting and activity rates when producing employment and population forecasts.

## Key drivers

GDP rose by 0.8% m/m in May, leaving the economy 3.1% below the pre-pandemic level. Consumer-facing sectors responded to the easing of Covid restrictions, with output in the hospitality sector rebounding strongly and distribution activity remaining well above pre-pandemic levels. But there were several downside surprises elsewhere. Non-consumer facing parts of the services sector suffered a loss of momentum, the recent volatility in health output continued, and microchip shortages disrupted car production.

In the short-term, the prognosis for these sectors is mixed. There is no obvious reason for the malaise affecting sectors such as administrative and support services to ease. And the supply-chain disruption in the manufacturing sector is likely to take months, rather than weeks, to resolve. But, rather perversely, the recent surge in Covid cases will mean that health output rebounds strongly, due to higher NHS test and trace activity. On balance, another underwhelming outturn for GDP in June looks likely, particularly given high-frequency data suggests the recovery in consumer-facing sectors has cooled.

We think the recovery will regain momentum in Q3 as most of the remaining restrictions are lifted. This includes reopening previously closed settings, such as nightclubs and large events, and the removal of social distancing restrictions that required many venues to operate at reduced capacity. We forecast UK GDP growth to 7.3% in 2021 followed by 6.7% in 2022. Our forecast remains some way above the consensus.

The removal of lockdown restrictions remains the key driver of the robust short-term outlook. Other key factors are:

- **Continued fiscal support:** Fiscal policy will remain highly stimulative this year. Most of the Covid-related support schemes will extend until the autumn, a couple of months beyond the end of restrictions, giving the economy time to adjust before support is withdrawn.  
In particular, demand for labour already appears to be recovering strongly, and the risk of a large pick-up in joblessness when the Job Retention Scheme is wound down at end-September looks low. Indeed, we think unemployment has probably already peaked at a little more than 1ppt above its pre-pandemic level. A relatively modest rise in unemployment, further self-employment income support payments, and a continuation of the temporary uplift to universal credit until end-September will support household incomes.
- **Consumers will spend some of their excess savings:** Limited opportunities to spend over the past year have seen households repay unsecured credit and accumulate savings. This strengthening of household balance sheets has left consumers in a strong position to support the recovery by taking on new credit and spending some of their excess savings. We assume 5% of accumulated savings will be spent by end-2022. This relatively cautious assumption largely reflects the hypothesis that most households are likely to treat the unexpected windfall as additional wealth rather than extra income. In addition, the bulk of the excess savings are held by wealthier households, who tend to have a lower marginal propensity to consume. But

the potential for a greater proportion of excess savings to be spent is a key source of upside risk to the forecast.

- **Inflation remains contained:** Rising fuel and energy prices and strong base effects have pushed up headline inflation in recent months. But long-running disinflationary forces remain powerful and the recent strength of sterling will also act as a drag. Though the reversal of the VAT cut for hospitality will temporarily raise CPI inflation above 3%, the risks of a sustained period of higher inflation look lower than elsewhere.
- **Sustained monetary policy support:** The BoE is conducting the £150bn worth of asset purchases authorised at its November 2020 meeting. Though the MPC has recently reduced the pace of asset purchases from £4.4bn a week to £3.4bn a week, this still represents a significant degree of ongoing monetary support. We expect the pace of purchases to be slowed again at the August meeting, so that the BoE reaches its planned total of £895bn by the end of the year.
- **Extra trade frictions due to Brexit:** The UK-EU freetrade agreement keeps UK-EU trade tariff- and quota-free for qualifying goods. But the new relationship has introduced new customs and regulatory trade barriers that will weigh on export competitiveness.

### **Long run prospects: Potential GDP growth to average 1.3% a year**

Two factors will weigh on UK long-term growth prospects: Brexit and scarring from the pandemic. Though the UK and EU struck a basic free-trade agreement, the switch from EU membership to the new relationship introduces significant new frictions on UK-EU trade. This will result in some degree of trade destruction, limiting improvements in total factor productivity, and will reduce the attractiveness of the UK as a destination for FDI. Scarring from the pandemic will exert a further drag, with long-term unemployment set to rise and low levels of business investment reducing the degree of capital deepening. But while the UK is likely to grow at a slower pace than over the past decade, we still expect it to outperform many western European economies due to:

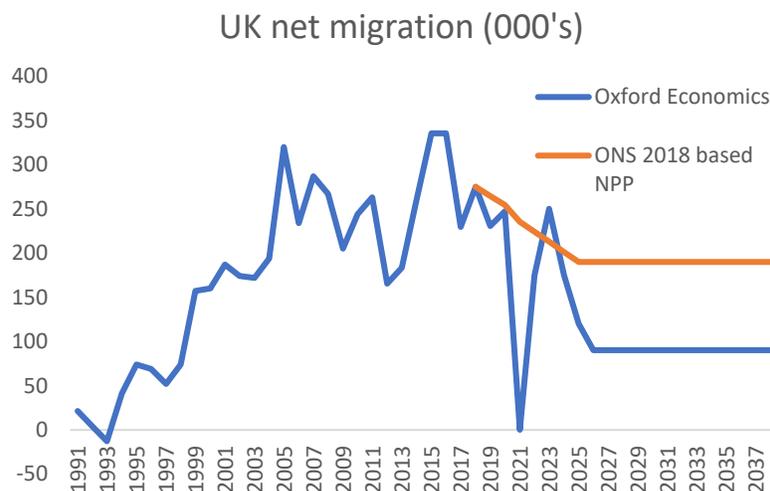
- **Continued growth in labour supply:** immigration levels will be much lower than in the past two decades, but working-age population will still expand through natural increases and further rises in the state pension age.
- **Leading position in several service sectors:** the UK economy is a global leader in the provision of several areas of financial and business services.

# Data and assumptions

## Population

Population data is collected from the Mid-Year estimates (MYE) for each area up to 2020.

Oxford Economics produce their own forecasts of population which are economically driven and thus differ from the official population projections. Official births and deaths projections from the 2018-based population projections are used but we have our own view on UK migration. The chart below sets out the Oxford migration forecast for the UK compared with the 2018-based population projection. Oxford Economics expect UK net migration to average 90,000 per annum compared to 190,000 in the official projections.



Oxford Economics' population forecasts are derived from an economically driven model whereas official projections are trend based and do not consider how demand in the economy (and the likely impact on employment rates) affects migration.

At the local level, migration is linked to the employment rate forecast. If the employment rate within an area is falling too fast, migration reacts as the model assumes that people would not be attracted into this area to live, given that the employment prospects are weak. This ensures that the relationship between the labour market outlook and the demographic forecast is sensible. This series is scaled to be consistent with the migration forecast for the region from the UK Regional Model.

The total population forecast is then constructed using the forecast of migration and the natural increase assumptions. Natural increase for local areas is forecast based upon recent trends in both the historical data and the official projections.

## **Population aged 16-64**

Population aged 16-64 data is also collected from the Mid-Year estimates (MYE) for each area up to 2020.

The share of population aged 16-64 to total population is forecast using both trends in the official projections and trends in the regional forecast from our UK Regional Model. This is applied to the total population forecast and scaled to be consistent with the working age population for the region and UK.

## **Population aged 16 plus**

Population aged 16 plus data is also collected from the Mid-Year estimates (MYE) for each area up to 2020.

The share of population aged 16 plus to total population is also forecast using both trends in the official projections and trends in the regional forecast from our UK Regional Model. This is applied to the total population forecast and scaled to be consistent with the forecast of population aged 16 plus for the region and UK.

## **Employees in employment**

There are two key sources for the employee jobs data – ONS Workforce Jobs (WFJ) and the Business Register and Employment Survey (BRES):

- The WFJ series is reported on a quarterly basis, providing estimates of employee jobs by sector (based on the 2007 Standard Industrial Classification – SIC 2007) for the UK and its constituent regions, over the period 1981 Q3 to 2021 Q1.
- The BRES is an employment survey which has replaced the Annual Business Inquiry (ABI). Similar to WFJ, BRES data is based upon SIC 2007, but it is only published for the years 2009-19. Prior to this, ABI and Annual Employment Survey (AES) data is available for employee jobs data, however this is based on an older industrial classification (SIC 2003). Data is available at local authority level and more detailed sector definitions. It is worth noting that the BRES is first and foremost a survey and is therefore subject to volatility, particularly when the level of detail becomes more refined. The survey is collected in September of each year and not seasonally adjusted.

There are a number of steps in constructing regional employee jobs, due to changes in sectoral classifications across the various sources, and restrictions on data availability over particular periods of time. Initially, we take employee jobs data for each sector directly from the BRES over the years 2009-19 which reflects recent methodological changes to the BRES in accounting for working proprietors. This relates to September figures and is based upon SIC 2007 sectors. In 2008, levels of employee jobs are constructed by extrapolating back the trend in the old BRES. Data from the ABI and AES is used to construct the data back to 1991.

This constructed local dataset is then scaled to be consistent with the UK employee jobs series from WFJ, by applying an adjustment factor to all sectors which converts the data to annual average values (seasonally adjusted). This is measured on a workplace basis.

The starting point in producing employment forecasts is the determination of workplace based employees in employment in each of the 19 broad SIC 2007 based sectors consistent with the regional and UK outlooks. At local authority level some of the sectors are driven predominantly by population estimates, others by total employment in the area and the remainder relative to the regional performance (largely exporting sectors). All sectors are also influenced by past trends in the local area. Taken in totality, employment is cross referenced with a number of variables (including population, relative performance across similar areas, historical cyclical performance and known policy) for checking and validation purposes. Where necessary, manual adjustments are made to the projected trends to reflect this validation process. The methods of sectoral projection are as follows, each of which are forecast based upon recent trends:

- Agriculture - share of the region
- Mining and quarrying - share of the region
- Manufacturing - share of the region
- Electricity, gas, and steam - share of the region
- Water supply; sewerage, waste management - share of the region
- Construction - location quotient based upon total employment
- Wholesale and retail trade - location quotient based upon consumer spending
- Transportation and storage - location quotient based upon consumer spending
- Accommodation and food service activities - location quotient based upon consumer spending
- Information and communication - share of the region
- Financial and insurance activities - share of the region
- Real estate activities - location quotient based upon total employment
- Professional, scientific and technical activities - location quotient based upon total employment
- Administrative and support service activities - location quotient based upon total employment
- Public administration and defence - location quotient based upon population
- Education - location quotient based upon population
- Human health and social work activities - location quotient based upon population
- Arts, entertainment and recreation - location quotient based upon consumer spending
- Other service activities - location quotient based upon consumer spending

### **Self-employment**

Self-employment data by region is taken from Workforce jobs (19 sector detail). The data is broken down into detailed sectors using both employee trends and the UK data for self-employment by 2-digit SIC 2007 sector. Data for the local authorities is Census based (and scaled to the regional self-employed jobs estimates) and is broken down using the employees in employment sectoral structure. The sectors are forecast using the growth in the sectoral

employees in employment data and the estimates are scaled to the regional estimate of self-employment by sector.

### **Total employment (jobs)**

Total employment includes employees in employment, the self-employed and Her Majesty's Forces. This is measured on a workplace basis. No specific forecasting for this measure is required - it is calculated from the forecasted elements discussed above.

Note that this estimate is a jobs and not people measure (i.e. one person can have more than one job and would be counted more than once in this indicator).

### **Total employment (people)**

The data for employment from the Business Register and Employment Survey (BRES) measures jobs rather than individuals. Given the need to focus on people, we convert the number of jobs into numbers of employed people. One person can have more than one job, but working people would only be counted once in this indicator.

To do this we measure and project numbers of full-time and part-time employees in each area. Shares of part-time employees (which are trend forecasts linked to national projections) are applied to the workplace employee estimates described above. Full-time employees are simply the total of employees minus the part-time employees.

Individuals are assumed to hold only one full-time job each. Part-time jobs are assumed to account for half a full-time job. The self-employed people are added to the full-time employees plus half of the part-time employees to arrive at an estimate of workplace based employment. An adjustment factor is applied to ensure consistency with the Census. No specific forecasting for this measure is required; it is calculated from the forecasted elements discussed above.

### **ILO unemployment**

ILO unemployment data is taken from the Labour Force Survey via NOMIS. The latest year of available data is 2020.

Unemployment is projected based on regional trends and a measure of overall labour market tightness (relative employment rate) in the local area. It is not at present directly affected by migration though they do impact indirectly through the employment rate (which has working age population as its denominator).

ILO unemployment rate is defined as ILO unemployment as a percentage of the economically active. No specific forecasting of this measure is required.

### **Claimant count unemployment**

Claimant count unemployment data is taken from ONS, via NOMIS. Annual average values are calculated from the monthly data. The latest data available is June 2021.

Claimant count unemployment is forecast based upon trends in the ILO series and controlled to the regional claimant count unemployment forecast.

The claimant count unemployment rate is defined as claimant count unemployment as a percentage of the working age population. No specific forecasting of this measure is required.

### **Resident employment**

This is a measure of the number of people living in an area who are in work. Resident employment data is taken from the Annual Population Survey. The latest year of available data is 2020. Given that this data is survey based and tends to be very volatile, data is 'smoothed' by taking a 3 year average.

Residence employment is based on a commuting matrix taken from the 2011 Census. This matrix tells us where employed residents of an area work. Using this information each available job (see workplace employment people based above) is allocated to a resident of a given authority. This method assumes the proportions of commuting do not change over time.

Employment rate is defined as residence employment as a percentage of the population aged 16 plus. No specific forecasting of this measure is required.

### **Net commuting**

Net commuting is the sum of people based employment less resident employment. No specific forecasting for this measure is required - it is calculated from the forecasted elements discussed above.

### **Gross Value Added**

GVA forecasts are available for detailed sectors for the UK regions from our UK Regional Model. For areas within the region, data on GVA is available at local authority level up to 2019. Our forecasts at local authority level are obtained firstly by calculating an 'expected' GVA in each area. This is calculated by multiplying the region's GVA per employee in each sector by workplace employment in each sector within each local authority area. An adjustment factor based upon relative earnings is also applied as areas with higher wages should produce higher levels of GVA.

### **Workplace based earnings**

Data on workplace based earnings by local authority is available from the Annual Survey of Hours and Earnings (ASHE), the latest year of data is 2020.

Workplace based earnings are forecast in line with 'expected earnings'. Expected earnings within each area are forecast using UK earnings forecasts by sector and the sectoral forecast of that local area. These earnings estimates are then scaled to be consistent with regional earnings forecasts.

## **Residence based earnings**

Data on residence based earnings by local authority is available from the Annual Survey of Hours and Earnings (ASHE), the latest year of data is 2020.

Residence based earnings are forecast using residence employment and weighted averages of commuting patterns and workplace growth. These earnings estimates are then scaled to be consistent with regional earnings forecasts.

## **House prices**

Data on house prices at local authority level is available from National Statistics up to May 2021. The data used is an annual average of the monthly house price data.

House prices are forecast using population growth, relative unemployment rates and resident earnings forecasts. These estimates are scaled using population weights to be consistent with the regional house price forecast from our UK Regional Model.

## **Dwelling stock**

Data on total dwelling stock and vacant dwelling stock is available up to 2019 from the Ministry of Housing, Communities & Local Government.

The dwelling stock forecast is driven by the owner occupied and vacant dwelling stock. Vacant dwelling stock is forecast using a projected vacancy rate. Occupied dwelling stock is forecast by applying an occupancy rate to the population forecast. The occupancy rate is forecast in line with an official occupancy rate calculated using the 2016 based Household and Population projections.

## **Households**

The number of households is estimated by applying the official household size to the population forecasts.

## **Consumer expenditure**

Data on consumer expenditure at a local authority level is not published and is constructed using consumer expenditure per head in each region and local authority population.

Consumer expenditure is forecast using relative earnings, relative employment rates and population growth. These estimates are scaled to be consistent with the regional house price forecast from our UK Regional Model.

## **APPENDIX 5**

### **EMPLOYMENT FORECAST SCENARIOS**

## Appendix 5 – Employment Forecast Scenarios

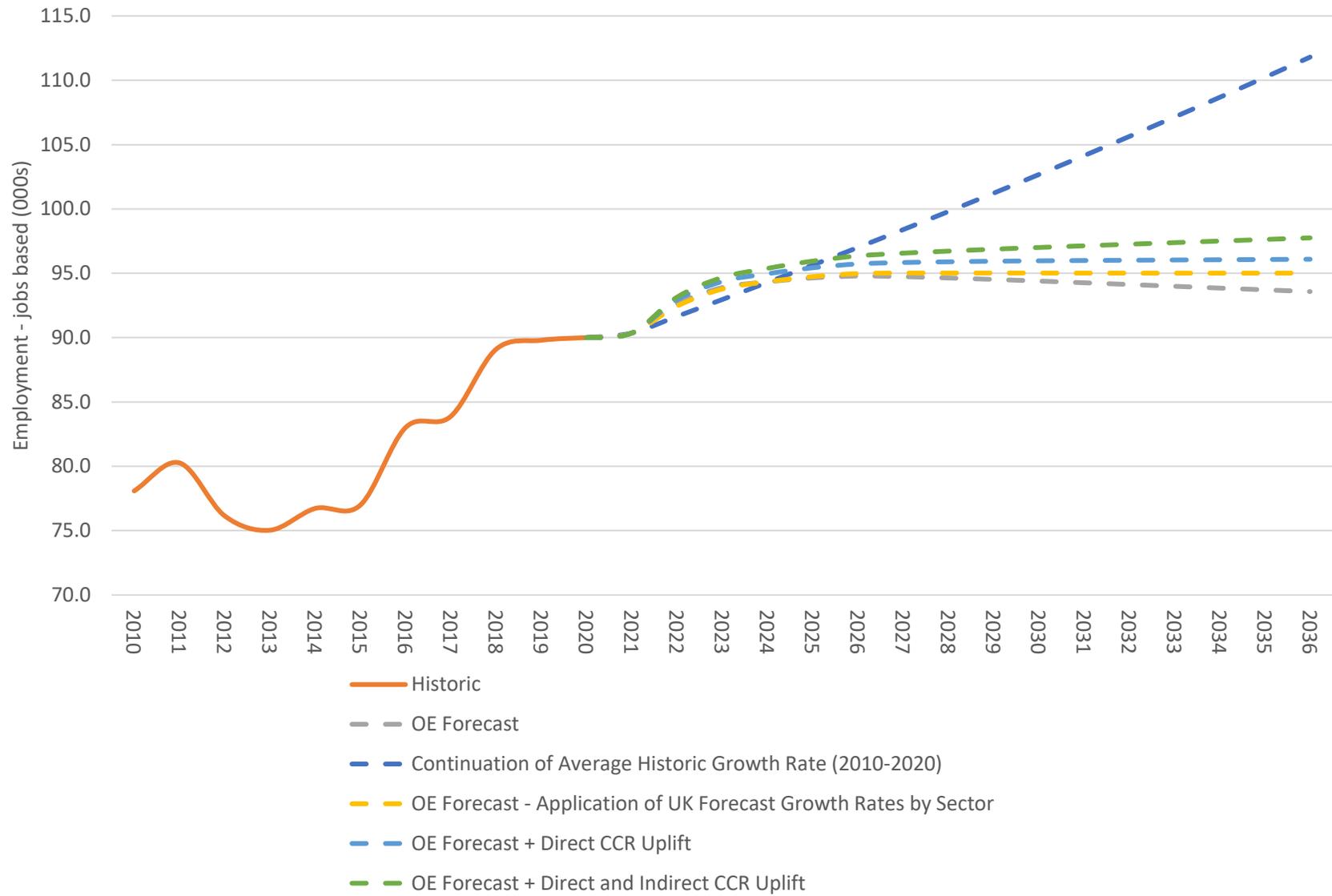
The following employment forecast scenarios have been constructed to assess the employment market in Newport by 2036:

Scenario	Description
<b>Oxford Economics Forecast</b>	Oxford Economics Local Authority District Forecasting Model. The model is dependent on: national/regional outlooks, historical trends and fundamental economic relationships.
<b>Continuation of Historic Growth Rate (2010-2020)</b>	Average Annual Growth Rate across all sectors in Newport between 2010 and 2020 is 1.4%. Total employment has been assumed to grow at a rate of 1.4% per annum up until 2036.
<b>Oxford Economics - Application of UK Forecast Growth Rates by Sector</b>	Assumes that sectoral employment growth rates in Newport match the annual rates for UK between 2021 and 2036.
<b>Oxford Economics with Cardiff Capital Region Direct Jobs Uplift</b>	Oxford Economics Local Authority District Forecasting Model with an uplift applied based on the Cardiff Capital Region (CCR) City Deal direct employment projections. The CCR City Deal seeks to deliver 25,000 jobs across the 10 local authorities by 2040. This scenario apportions an additional 3,150 direct jobs to Newport based on the existing proportion of jobs within the City Deal Region. These jobs are apportioned annually based on the eight priority sectors identified within the CCR City Deal up until 2036. The eight priority sectors of the CCR City Deal were aligned and weighted with ONS industrial sections, these assumptions are presented in Appendix A. Jobs delivered between 2036 and 2040 and not been included in this scenario.
<b>Oxford Economics with Cardiff Capital Region Direct + Indirect Jobs Uplift</b>	Oxford Economics Local Authority District Forecasting Model with an uplift applied based on the Cardiff Capital Region (CCR) City Deal direct employment projections with an additional adjustment for indirect jobs. The application of a sub-regional multiplier <sup>1</sup> have been used to estimate the indirect jobs associated with the additional direct jobs in Newport arising from the CCR City Deal. Jobs delivered between 2036 and 2040 and not been included in this scenario.

The employment forecast scenarios for Newport up until 2036 are presented below.

<sup>1</sup> Composite multipliers by type of intervention - Sub-regional (mean): People and skills: 1.66

**Figure A5.1 – Employment Forecast Scenarios**



A detailed breakdown of each employment forecast scenario is presented below:

**Figure A5.2 – Breakdown of Oxford Economic Employment Forecast Scenario (2021-2036)**

Sector	2021 - Total	2036 - Total	Net Change	% Change
A : Agriculture, forestry and fishing	270	246	-24	-9.0%
B : Mining and quarrying	65	36	-29	-44.5%
C : Manufacturing	8,150	6,012	-2,138	-26.2%
D : Electricity, gas, steam and air conditioning supply	699	609	-91	-12.9%
E : Water supply; sewerage, waste management and remediation activities	895	841	-54	-6.0%
F : Construction	4,026	4,424	398	9.9%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	14,752	15,591	839	5.7%
H : Transportation and storage	5,699	5,503	-196	-3.4%
I : Accommodation and food service activities	6,106	6,773	667	10.9%
J : Information and communication	1,419	1,580	162	11.4%
K : Financial and insurance activities	3,993	3,753	-240	-6.0%
L : Real estate activities	1,403	1,468	65	4.6%
M : Professional, scientific and technical activities	6,578	7,328	750	11.4%
N : Administrative and support service activities	6,853	8,437	1,584	23.1%
O : Public administration and defence; compulsory social security	6,987	5,914	-1,073	-15.4%
P : Education	5,409	5,410	1	0.0%
Q : Human health and social work activities	12,998	14,806	1,808	13.9%
R : Arts, entertainment and recreation	1,531	1,999	469	30.6%
S : Other service activities	2,524	2,848	324	12.8%
<b>Total</b>	<b>90,357</b>	<b>93,578</b>	<b>3,222</b>	<b>3.6%</b>

**Figure A5.3 – Breakdown of ‘Continuation of Average Historic Growth Rate (2010-2020)’ Employment Forecast Scenario (2021-2036)**

Sector	2021 - Total	2036 - Total	Net Change	% Change
A : Agriculture, forestry and fishing	270	334	64	<b>23.7%</b>
B : Mining and quarrying	65	80	15	
C : Manufacturing	8,150	10,085	1,935	
D : Electricity, gas, steam and air conditioning supply	699	865	166	
E : Water supply; sewerage, waste management and remediation activities	895	1,107	212	
F : Construction	4,026	4,981	956	
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	14,752	18,254	3,502	
H : Transportation and storage	5,699	7,052	1,353	
I : Accommodation and food service activities	6,106	7,555	1,449	
J : Information and communication	1,419	1,756	337	
K : Financial and insurance activities	3,993	4,941	948	
L : Real estate activities	1,403	1,736	333	
M : Professional, scientific and technical activities	6,578	8,140	1,561	
N : Administrative and support service activities	6,853	8,480	1,627	
O : Public administration and defence; compulsory social security	6,987	8,645	1,658	
P : Education	5,409	6,693	1,284	
Q : Human health and social work activities	12,998	16,083	3,085	
R : Arts, entertainment and recreation	1,531	1,894	363	
S : Other service activities	2,524	3,123	599	
<b>Total</b>	<b>90,357</b>	<b>111,804</b>	<b>21,447</b>	

**Figure A5.4 – Breakdown of ‘OE with Application of UK Forecast Growth Rate by Sector’  
Employment Forecast Scenario (2021-2036)**

<b>Sector</b>	<b>2021 - Total</b>	<b>2036 - Total</b>	<b>Net Change</b>	<b>% Change</b>
A : Agriculture, forestry and fishing	270	243	-27	-10.1%
B : Mining and quarrying	65	37	-27	-41.9%
C : Manufacturing	8,150	5,937	-2,213	-27.2%
D : Electricity, gas, steam and air conditioning supply	699	610	-90	-12.8%
E : Water supply; sewerage, waste management and remediation activities	895	840	-54	-6.1%
F : Construction	4,026	4,556	530	13.2%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	14,752	15,137	384	2.6%
H : Transportation and storage	5,699	5,640	-59	-1.0%
I : Accommodation and food service activities	6,106	6,731	625	10.2%
J : Information and communication	1,419	1,606	187	13.2%
K : Financial and insurance activities	3,993	3,824	-169	-4.2%
L : Real estate activities	1,403	1,489	86	6.1%
M : Professional, scientific and technical activities	6,578	7,713	1,134	17.2%
N : Administrative and support service activities	6,853	8,598	1,744	25.5%
O : Public administration and defence; compulsory social security	6,987	6,387	-600	-8.6%
P : Education	5,409	5,572	163	3.0%
Q : Human health and social work activities	12,998	15,286	2,288	17.6%
R : Arts, entertainment and recreation	1,531	1,984	453	29.6%
S : Other service activities	2,524	2,823	299	11.8%
<b>Total</b>	<b>90,357</b>	<b>95,012</b>	<b>4,655</b>	<b>5.2%</b>

**Figure A5.5 – Breakdown of ‘OE with Cardiff Capital Region City Direct Employment Uplift’  
Employment Forecast Scenario (2021-2036)**

<b>Sector</b>	<b>2021 - Total</b>	<b>2036 - Total</b>	<b>Net Change</b>	<b>% Change</b>
A : Agriculture, forestry and fishing	270	246	-24	-9.0%
B : Mining and quarrying	65	36	-29	-44.5%
C : Manufacturing	8,150	6,169	-1,981	-24.3%
D : Electricity, gas, steam and air conditioning supply	699	734	35	5.0%
E : Water supply; sewerage, waste management and remediation activities	895	872	-23	-2.5%
F : Construction	4,026	4,424	398	9.9%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	14,752	15,591	839	5.7%
H : Transportation and storage	5,699	5,613	-86	-1.5%
I : Accommodation and food service activities	6,106	6,773	667	10.9%
J : Information and communication	1,419	1,895	476	33.5%
K : Financial and insurance activities	3,993	3,910	-83	-2.1%
L : Real estate activities	1,403	1,468	65	4.6%
M : Professional, scientific and technical activities	6,578	8,476	1,898	28.9%
N : Administrative and support service activities	6,853	8,437	1,584	23.1%
O : Public administration and defence; compulsory social security	6,987	5,914	-1,073	-15.4%
P : Education	5,409	5,410	1	0.0%
Q : Human health and social work activities	12,998	14,963	1,965	15.1%
R : Arts, entertainment and recreation	1,531	2,314	783	51.2%
S : Other service activities	2,524	2,848	324	12.8%
<b>Total</b>	<b>90,357</b>	<b>96,093</b>	<b>5,737</b>	<b>6.3%</b>

**Figure A5.6 – Breakdown of ‘OE with Cardiff Capital Region City Direct and Indirect Employment Uplift’ Employment Forecast Scenario (2021-2036)**

<b>Sector</b>	<b>2021 - Total</b>	<b>2036 - Total</b>	<b>Net Change</b>	<b>% Change</b>
A : Agriculture, forestry and fishing	270	250	-20	-7.4%
B : Mining and quarrying	65	36	-28	-43.5%
C : Manufacturing	8,150	6,276	-1,874	-23.0%
D : Electricity, gas, steam and air conditioning supply	699	747	48	6.9%
E : Water supply; sewerage, waste management and remediation activities	895	887	-7	-0.8%
F : Construction	4,026	4,500	474	11.8%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	14,752	15,860	1,108	7.5%
H : Transportation and storage	5,699	5,710	11	0.2%
I : Accommodation and food service activities	6,106	6,890	784	12.8%
J : Information and communication	1,419	1,927	509	35.9%
K : Financial and insurance activities	3,993	3,978	-15	-0.4%
L : Real estate activities	1,403	1,494	90	6.4%
M : Professional, scientific and technical activities	6,578	8,622	2,044	31.1%
N : Administrative and support service activities	6,853	8,583	1,730	25.2%
O : Public administration and defence; compulsory social security	6,987	6,016	-971	-13.9%
P : Education	5,409	5,504	94	1.7%
Q : Human health and social work activities	12,998	15,222	2,224	17.1%
R : Arts, entertainment and recreation	1,531	2,354	823	53.8%
S : Other service activities	2,524	2,898	373	14.8%
<b>Total</b>	<b>90,357</b>	<b>97,754</b>	<b>7,397</b>	<b>8.2%</b>

## CCR Employment Forecast Scenario Assumptions

The CCR City Deal identified eight priority sectors. In order to apportion the additional gross created through the CCR City Deal to existing Oxford Economics Forecasts, the following weightings were applied to ONS Industrial Sections:

<b><u>Sector Allocation Matrix</u></b>	<b>Compound Semiconductor</b>	<b>FinTech</b>	<b>Cyber Security Analytics</b>	<b>Artificial Intelligence</b>	<b>Creative Economy</b>	<b>Life Sciences</b>	<b>Transport Engineering</b>	<b>Energy &amp; Environment</b>
A : Agriculture, forestry and fishing								
B : Mining and quarrying								
C : Manufacturing	50%							
D : Electricity, gas, steam and air conditioning supply								40%
E : Water supply; sewerage, waste management and remediation activities								10%
F : Construction								
G : Wholesale and retail trade; repair of motor vehicles and motorcycles								
H : Transportation and storage							25%	10%
I : Accommodation and food service activities								
J : Information and communication		25%	50%	25%				
K : Financial and insurance activities		50%						
L : Real estate activities								
M : Professional, scientific and technical activities	50%	25%	50%	75%		50%	75%	40%
N : Administrative and support service activities								
O : Public administration and defence; compulsory social security								
P : Education								
Q : Human health and social work activities						50%		
R : Arts, entertainment and recreation					100%			
S : Other service activities								