

BOROUGH OF KETTERING

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Report Originator	Head of Development Services	Fwd Plan Ref No:	
Wards Affected	All	22 January 2019	
Title	KETTERING BOROUGH EMPLOYMENT LAND REVIEW		

1. PURPOSE OF REPORT

To update Members on the contents of the Kettering Borough Employment Land Review, and agree for the document's inclusion as part of the evidence base for the Borough's plan-making.

2. INFORMATION

- 2.1 Kettering Borough Council and East Northamptonshire Council jointly commissioned Aspinall Verdi to prepare an Employment Land Review for the two authority areas. The consultancy had already undertaken the same exercise for Corby and Wellingborough Borough Councils. The purpose of the Review was to provide a market assessment of office, general industrial and strategic distribution across each area, and provide an assessment on the suitability of potential employment sites to the market. This background document will help guide the allocation of sites for employment through the Site Specific Part 2 Local Plan (SSP2).
- 2.2 In relation to demand, the study reports on the types of business that are taking space, or might want to take space, in the Borough, looking at the size and quality in particular. In terms of supply, it analyses available stock and rental and capital values. It reports on how far the existing stock is meeting current and foreseeable requirements; how far there may be demand for more or different space now or in the future; and if there's an oversupply in any particular sections of the market. The findings will influence the quantity and qualitative mix of sites to be allocated in the SSP2.

Office Market Assessment

- 2.3 Nationally, new office development is financially viable in major towns and cities. The study reports that the office market in Kettering Borough is generally in balance, meaning there is steady demand from local occupiers, and not pent up demand. There is enough existing stock and development opportunities to satisfy demand over the plan period to 2031. Some office stock has been lost in Kettering town through permitted development rights, this is not being replaced because of concerns over new build viability. New build office development is only expected on existing sites where roads and servicing is already supplied, or on SUEs, strategic employment sites or Kettering Town Centre AAP allocations

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where residential or B8 distribution uses can cross-subsidise the office accommodation. It is forecast that existing allocations will satisfy job growth forecasts to 2031.

General Industrial Market Assessment

- 2.4 Nationally, the general industrial market is healthy due to good levels of demand and tightening supply. This is linked to the last economic crisis, slowing in new supply line, changes in shopping patterns (online sales), loss of some allocations to residential units, and a devaluation of the pound making exports more competitive. Developers are finding it much harder to fund industrial warehousing development than prior to the financial crisis, which is bringing about fewer speculative developments, now generally only occurring in super prime transport corridor areas. The East Midlands is described as a strong location due to its central position and good motorway access. Kettering has benefitted from an overflow of demand from Northampton.
- 2.5 Kettering Borough has levels of demand that outstrip supply, there is not enough existing stock, with minimal new build having occurred in recent years. There is reported strong demand for a range of units, especially for micro/small units (up to 5,000 sqft) and medium sized units (15,000 – 30,000 sqft). The current lack of industrial supply, which is not unique to Kettering Borough, does provide a market opportunity for Kettering Borough to attract occupiers from the wider sub-region. There are some constraints beyond land supply including viability, electrical capacity and access to suitable workforce. Some development opportunities are likely to be delivered in the short-term, for example at Cransley Park, Kettering Gateway, and Kettering North, but proposals in these areas are not for small to medium units. To attract occupiers for smaller units, sites will need to be unconstrained with services in place. It also recommends that the Council should create policy that seeks a minimum number of smaller units on strategic sites.

Strategic Distribution

- 2.6 Increasing demand for large-scale warehousing across the UK has been driven by the growth in online retail. Current demand for strategic distribution is mainly for units of between 150,000 sqft – 500,000 sqft, which are suited to local and regional distribution. There is still market evidence of very large activity occurring (eg. Primark taking 1.2 million sqft at Islip). In recent years, with fewer units being delivered, supply has tightened and rents are increasing. As a result, logistics units have increasingly become attractive for developers who are now willing to bring forward developments.
- 2.7 The East Midlands is dominated by the Golden Triangle – where the M42, M1 and M6 motorways meet. This is where the majority of the population can be accessed in a four-hour drive, and where significant large-scale occupiers such as Tesco, Sainsbury's and Amazon are located. As land supply has tightened, sites outside the triangle, along the A14, have now been developed.

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Northamptonshire is now well known by developers, investors and occupiers as a good place to build/occupy logistics industrial space.

- 2.8 Key to attracting the demand is good connectivity, this means being located close to a junction of the A43 or A14. Although this an occupiers preference, due to the tightening of opportunities, occupiers may consider slightly further afield. Another key requirement is cross-docking with enough yard space to operate efficiently. In addition, in recent years logistics occupiers have required units to have a large amount of office space. During the study, agents reported there to be less demand for smaller 150,000 sqft units than there were in previous years. Currently, the greatest demand is for 300,000 sqft units and above. In terms of supply, there are currently no available units ready to occupy in the Borough, although units are nearing completion at Cransley Park.
- 2.9 The Borough has already satisfied its need for strategic distribution employment land based on job forecasts agreed through the Joint Core Strategy. The key constraints for occupiers in the area, and further afield, is a lack of available workforce and energy capacity.

Site Appraisal - Demand

- 2.10 Officers asked the consultants to provide a reflection on seven potential new sites (35.8 ha. in total) being considered for allocation for employment through the SSP2. The consultants were also asked for comment on the continued attractiveness of eleven existing employment sites (255.9 ha. in total). This is intended explore whether there's a need to safeguard sites currently in use for employment, and existing employment allocations, as to whether there is no reasonable prospect of a site being used for that purpose. With respect to new sites for allocation, the study reports on the appeal those sites might have in terms of the market, officers will assess the sites in terms of their suitability in planning terms, using the same broad sustainability principles as was used in identifying housing sites.

Employment Safeguarding

- 2.11 The conclusions from the study are provided below:

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Table 7-1 Demand proposed/identified site assessment summary

AV site ID	Name	Market area	Size (ha)	Assessed type of employment	Suitable for alternative use	Potentially attractive for employment
KP1	Coopers Coaches	Desborough & Rothwell	0.3	Office (B1a)	Residential	No
KP2	McAlpine's Yard	Kettering Town & Burton Latimer	8.7*	Mixed B uses (B1c – B2)	Residential	Yes
KP3	Land adjacent to Magnetic Park	Desborough & Rothwell	8.1	B2-B8	Unlikely	Yes
KP4	Land south of Rothwell	Desborough & Rothwell	4.6	B2-B8	Unlikely	No
KP5	Geddington South West	Rural Kettering	0.3	Light Industrial (B1c)	Unlikely	Yes
KP6	Land at Humfrey's Lodge	Desborough & Rothwell	13.4	Mixed B uses	Residential	Yes
KP7	Land between Carlton Road and Kendalls Close	Rural Kettering	0.4	Light Industrial (B1c)	Residential	No
<i>Sites potentially attractive for employment use</i>				30.5 ha		
<i>Sites not attractive for employment use</i>				5.3 ha		

Nb. Figures are gross area.

* This figure is the gross site area including the land with proposed residential elements.

- 2.12 In terms of the Wacoal (Eveden) Factories at Desborough, the report highlights that manufacturing is now mainly done overseas, and that the units no longer meet modern occupier requirements. Although the factories are currently occupied, and are expected to be for some time to come, it is felt it would be difficult to find a new occupier should the buildings be vacated. Their location relative to the town centre would arguably make the site more suited to residential use.
- 2.13 With regards to Pipewell Road Industrial Estate at Desborough, the study reports that due to the estate already being dated, its secondary location, lack of critical mass and close proximity to residential properties/allocations, in the short-term the estate needs to be protected but should vacancy increase then the site should be reassessed and considered for release.
- 2.14 For the estate at Grange Road, Geddington the study comments that should there be a weakening in the market for units of the type, and the vacancy rate increases, then units in this location will become marginal, due to the estate already being dated, its secondary location, lack of critical mass, and close proximity to residential properties. It recommends that in the short-term the estate needs to be protected, but should vacancy increase then the site should be reassessed and considered for release.

Employment – Potential Sites for Allocation

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Table 8-1 Demand existing site assessment summary

AV site ID	Name	Market area	Size	Primary type of employment	Recommendation
KE1	Telford Way Industrial Estate	Kettering Town & Burton Latimer	79.7	Mixed B uses	Safeguard
KE2	North Kettering Business Park – Prologis	Kettering Town & Burton Latimer	25.9	Mixed B uses	Safeguard
KE3	Kettering Parkway	Kettering Town & Burton Latimer	25.9	Mixed B uses	Safeguard
KE4	Pytchley Lodge and Orion Way Industrial Estate	Kettering Town & Burton Latimer	30.4	Mixed B uses	Safeguard*
KE5 & KE6	Eveden Factories	Desborough & Rothwell	0.9	General Industrial (B2)	Safeguard in the short term
KE7 & KE10	Desborough Industry (Including magnetic park)	Desborough & Rothwell	25.9	Mixed B uses	Safeguard
KE8	Pipewell Road Industrial Estate	Desborough & Rothwell	0.4	Mixed B uses	Safeguard in the short term
KE9	Eckland Lodge	Rural Kettering	3.1	Mixed B uses	Safeguard
KE11	Station Road Industrial Estate	Kettering Town & Burton Latimer	25.5	Mixed B uses	Safeguard
KE12	Northfield Avenue Kettering	Kettering Town & Burton Latimer	5.2	General Industrial (B2)	Safeguard
KE13	Grange Road Geddington	Rural Kettering	0.2	General Industrial (B2)	Safeguard in the short term
KE14	Latimer Business Park	Kettering Town & Burton Latimer	33.2	Mixed B uses	Safeguard
<i>Exiting employment sites that should be safeguarded</i>				254.8 ha	
<i>Exiting employment sites that should be safeguarded in the short term</i>				1.5 ha	

Nb. Figures are gross area.

* allow managed release of the McAlpine's site

2.15 The assessment finds four sites to be potentially attractive to the market for employment uses. As indicated above at para. ??, all of the sites will be assessed by officers using sustainability appraisal criteria and consultation responses from statutory bodies.

2.16 The full Kettering Borough Employment Land Review is available to access on the Council's website by using the following link
https://www.kettering.gov.uk/homepage/16/planning_policy_a_to_z

3 CONSULTATION AND CUSTOMER IMPACT

3.1 The Kettering Borough Employment Land Review was commissioned by the Council to guide the authority in making employment allocations and considering the need for safeguarding policies for employment. No open consultation took place in the preparation of the review document, beyond engaging with bodies involved in delivering and marketing land. The Employment Land Review will form part of the evidence base in preparing Development Plans.

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3.2 The Pre-submission consultation on the SSP2 is scheduled for this Spring.

4 POLICY IMPLICATIONS

4.1 The Kettering Borough Employment Land Review will form part of the evidence base supporting the SSP2, and other Development Plan documents.

5. USE OF RESOURCES

5.1 The cost of preparation of the Employment Land Review was met within the existing Development Services Planning Policy budget.

6. RECOMMENDATION

That Members accept the contents of the Kettering Borough Employment Land Review for future decision making on Development Plan documents.

Contact Officer: Simon Richardson – Development Manager

Previous Reports/ Minutes:

None