FINAL REPORT

AECOM

Employment Study

Colchester City Council

February 2025

Delivering a better world

Prepared for:

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1. Executive Summary

1.1 Introduction

1.1.1 AECOM was commissioned by Colchester City Council to undertake an Employment Study. The study sets out a detailed evidence base to support the Local Plan 2041, with the specific aim to ensure that the Local Plan contains sufficient land and suitable policy approaches to drive sustainable economic growth across Colchester Borough.

1.1.2 The National Planning Policy Framework (NPPF)[1] outlines the principles that Local Planning Authorities should follow in preparing their evidence base to inform employment land policies. The need for Local Planning Authorities to produce an up-to-date employment land evidence base and the suggested format is outlined in national Planning Practice Guidance (PPG)[2]. The approach to the study reflects the requirements and directions of this guidance.

1.1.3 The scope of the study includes employment land defined as office and industrial land and businesses, falling under the following use classes:

Offices:

- E(g)(i) Offices; and
- E(g)(ii) Research and Development.

Industrial:

- E(g)(iii) Light industrial;
- B2 General industrial; and
- B8 Storage or distribution

1.1.4 The study also considers the Sui Generis (SG) use class, within land in employment uses, although this is not central to the Employment Study and forecasting of demand for land for SG uses is not considered.

1.1.5 The area of assessment is the whole of Colchester borough. In total 34 employment areas were assessed in detail, comprised primarily of designated sites, with additional undesignated sites identified with potential to be considered for designation given the existing or proposed use of the site for employment activities. Where sites do not meet the size-orientated criteria for assessment as set out by the PPG, the stock represented by these is still captured in the study within the total floorspace calculations, and property market analysis.

1.2 Strategic and Policy Context

1.2.1 The NPPF provides overarching guidance on the Government's development aims and describes the Government's vision for building a strong, competitive economy. It emphasises that Local Plans and Employment Needs Assessments should present robust evidence to support clearly defined designations and allocations of land for employment uses. It sets out a series of recommendations which policymakers should follow to help create conditions in which businesses can invest.

1.2.2 The need for an evidence base to assist in understanding existing business needs, local circumstances and market conditions is also emphasised in the national PPG. The PPG is a web-based resource providing detailed guidance on the implementation of the NPPF which undergoes regular updates. Guidance includes 'Housing and Economic Land Availability

[1] Ministry of Housing, Communities and Local Government, (2024); National Planning Policy Framework
[2] Ministry of Communities, Housing and Local Government, (2019); Planning Practice Guidance.

Assessments', which was updated in July 2019 and 'Housing and Economic Needs Assessments' which was updated in December 2020.

1.2.3 At the local level, policies such as the Essex Sector Development Strategy and Delivering for North Essex, developed by the North Essex Economic Board, place a focus on fostering economic growth by capitalising on the respective areas' strengths and unique characteristics, ranging from locational qualities, infrastructure, and skilled workforce, to attract investment and enhance business opportunities.

1.2.4 In Colchester, the current Local Plan places a focus on strengthening and diversifying local economies to provide more jobs and to achieve a better balance between the location of jobs and housing. More latterly, the Colchester Economic Strategy identifies tourism, advanced manufacturing, financial services, and retail as the primary sectors driving job creation and economic growth in Colchester, with emerging growth sectors in creative/digital/tech, care, green energy, and construction. It also acknowledges challenges such as skills gaps and income inequality.

1.3 Functional Economic Market Area

1.3.1 The PPG requires local planning authorities (LPAs) to assess development needs in consideration of other LPAs in a relevant functional economic market area (FEMA), to be defined as part of needs assessments. Analysis of Colchester's travel to work area, housing market area, property market area, and economic governance and partnerships area, indicates that the borough is relatively self-contained economically, with some important connections either from an economic governance perspective (administrative boundaries), market characteristics (housing and commercial property markets) and connectivity (travel to work and transport infrastructure).

1.3.2 Based on the assessment conducted, Colchester is particularly connected with two other local authority areas: Braintree and Tendring. This is based on housing and property market areas, connectivity via the road and rail network, economic governance partnerships, and the local authorities representing key locations in relation to worker flows.

1.4 Colchester's Economic Performance

1.4.1 By 2041, Colchester is expected to see an overall population increase of 17.3%, driven primarily by a rise in the 65 and over age group, driving an ageing population. However, there is expected to be growth in the working-age population, outpacing regional and national rates. This growth could increase labour supply, stimulate local businesses, and boost productivity as well as support infrastructure development, attract investment, and expand the pool of skilled workers.

1.4.2 Colchester had a 59.1% economic activity rate in 2021 and the lowest unemployment rate compared to comparator geographies at 2.4%, but the city's job density was lower than regional and national averages, suggesting fewer local employment opportunities are available to residents.

1.4.3 The health sector is Colchester's largest employment sector, and the city shows strong performance in the construction, and creative, digital and technology sectors in terms of job numbers, which is significant as recognised growth sectors for the city. However, the business administration, manufacturing, and transport sectors are under-represented compared to regional and national levels.

1.4.4 Colchester has a higher proportion of residents with advanced qualifications than the FEMA and East of England averages, contributing to a skilled workforce. However, productivity remains lower than regional and national averages, highlighting the need for strategies to boost economic growth and attract high-value enterprises, as established in local policy and strategy.

1.5 Property Market Assessment

1.5.1 The property market assessment considers the office and industrial property markets in Colchester, set within the context of the wider FEMA, East of England and England as a whole.

Office Market Office Market [E(g)(i) and E(g)(ii)]

1.5.2 The office market in Colchester accommodates approximately 264,691 sqm of floorspace and comprises 57.4% of the total stock in the FEMA. The majority of premises are small (65% being less than 500 sqm) though these account for only 22% of the total floorspace. The principal concentrations of offices in Colchester are in Colchester city centre, Colchester Business Park, Severalls Industrial Park, Peartree Business Centre and Tollgate Business Park employment sites.

1.5.3 The analysis shows that the demand for office floorspace in Colchester is generally positive. Colchester has a higher vacancy rate than the FEMA (mainly driven by Colchester's vacant floorspace), but lower than the East of England and England averages. While the vacancy rate has increased at a faster rate than the comparators over the past decade, it remains well below the optimal frictional vacancy rate of 8% which indicates a balanced market in terms of supply and demand, suggesting potential supply constraints within the local market. Net absorption of office floorspace in Colchester has been positive overall, though muted since the Covid-19 pandemic. Average rental values in Colchester are notably higher than the FEMA but significantly lower than the East of England and England averages. There has been a notable increase in the values associated with larger offices (>1,000 sqm) since 2021, while smaller properties have registered limited growth in rental values.

Industrial Market [E(g)(iii), B2 and B8]

1.5.4 The industrial market in Colchester provides 523,943 sqm of industrial floorspace accounting for 36% of total floorspace across the FEMA. The largest concentrations of industrial properties are around Whitehall Industrial Estate, Severalls Industrial Estate, and Gosbecks Business Park.

1.5.5 The majority of floorspace is generated by storage and distribution uses (68.5% of floorspace across 146 properties), followed by general industrial (21.1% of floorspace across 148 properties); and light industrial (10.3% of floorspace across 53 properties). This reflects the size profile of the use classes, with storage and distribution properties tending to be over 1,000 sqm in size, whereas the majority of general industrial and light industrial properties are less than 500 sqm.

1.5.6 The analysis highlights limited spare capacity within the light industrial and general industrial use classes, with vacancy rate of 1.6% and 2.5% respectively. Vacancy rates for storage and distribution, while broadly in line with the FEMA, are notably lower than the East of England and England.

1.5.7 Absorption rates for light and general industrial floorspace have been at or near neutral across Colchester and the FEMA over much of the past decade, with limited evidence of positive demand over the past 6 years. However, data suggests a generally positive picture in terms of the net absorption of storage and distribution floorspace, consistent with positive demand over the past decade, likely driven by the e-commerce boom, which has resulted in warehousing being a more prime asset class than offices.

1.5.8 The evidence demonstrates that market rental values for industrial floorspace in Colchester are generally higher than the FEMA, East of England and England, with the exception being market values for storage and distribution which are higher in the East of England. This suggests that more affordable industrial space is located elsewhere in the FEMA and region.

1.6 Key Sectors

1.6.1 There are a number of key sectors in Colchester which are likely to influence demand for employment space in the borough over the Local Plan period. Core and growth sectors include Construction, Advanced Manufacturing, Transport and Logistics, Digital and Creative, Green Economy and Financial Services. These sectors are likely to have a considerable impact on Colchester's economic performance, and have differing requirements from their sites and premises. For instance, sectors such as Transport and Logistics prioritise factors such as access to the strategic road network, proximity to markets, suitably proportioned sites and potential for unimpeded 24-hour working, whereas service-oriented sectors such as financial services prioritise access to skilled labour, and sufficient quality office space to attract staff and meet firms' ESG requirements.

1.7 Current Supply

1.7.1 A total of 34 employment areas were identified and form the basis of the supply assessment, comprised primarily of designated sites, with additional undesignated sites identified by AECOM as non-designated sites but with potential to be considered for designation given the existing or proposed use of the site for employment activities. Additional analysis is also included of the sites that have been submitted for commercial use through Colchester City Council's Call for Sites process.

1.7.2 Overall, the assessment of identified employment areas indicates that Colchester contains a reasonable range of employment sites of differing quality and type. Most of the sites accommodate a combination of both office and industrial uses, with evidence of sui generis uses amongst this, although some specific, single use sites were also evident. The assessment found that most clusters in proximity to the city and other settlements surveyed are functioning well, have high occupancy rates and support a diverse range of business types.

1.7.1 The assessment highlights that the larger and higher performing employment areas tend to be located in proximity to the urban area, or with direct or indirect access to the primary road network, notably the A12 which serves as the central route through the borough, and score highly across multiple domains. Employment areas less well connected to the road network were typified as being smaller, offering older/poorer quality buildings, limited formal public realm and access to public transport and amenities. However, there were notable exceptions in Tey Brook Farm, Great Tey (22) and Lodge Park Business Centre, contained within Langham Airfield (20).

1.7.2 In relation to the sites received through the Call for Sites process, the analysis highlights that the vast majority are rural in nature, and therefore typified by offering poor access to services and access by public transport. However, some of the sites provide direct access or proximity to the primary road network, and demonstrate stronger marketability, notably Land north and south of Dobbies Lane, Marks Tey (Call for site reference 10623). However few of the sites score strongly across multiple domains given their rural/peripheral nature.

1.8 Future Demand

1.8.1 The approach to assessing future employment floorspace and land requirements is in line with Planning Practice Guidance on economic needs assessments. The future demand assessment considers three different approaches/scenarios to determine the future land requirements in Colchester:

- Scenario 1: Labour Demand – based on the land needed to accommodate expected employment growth in the local authority area, as per the latest employment forecasts from Experian.
- Scenario 2: Labour Supply – based on the latest housing and population growth projections, as derived from the Local Housing Needs Assessment.

- Scenario 3: Past Trends – trend-based scenario based on the continuation of historical net absorption rates, sourced from CoStar. This analyses the net absorption of floorspace – i.e. the quantum of net floorspace occupied over a period of time (i.e. move-ins minus move-outs) based on lease deals, a proxy measure of demand – by use class over the past 10 years and extrapolates these trends over the assessment period.

1.8.2 The analysis shows that up to 2041 there is a projected (net) requirement for between approximately 59,075 sqm and 92,484 sqm office floorspace in Colchester. This would translate to a land requirement for office uses of between 5.9 ha and 9.2 ha.

1.8.3 Considering industrial floorspace, the analysis predicts a net requirement for between 68,401 sqm and 144,276 sqm of floorspace up to 2041. This would translate to a land requirement for industrial uses of between 15.0 ha and 32.5 ha.

Preferred Scenario

1.8.1 The scenarios presented forecast varying changes in floorspace in Colchester across the Local Plan period; with a more modest growth outlook forecast under Scenario 1 (Labour Demand); whereas Scenario 2 (Labour Supply) and Scenario 3 (Past Trends) project stronger outlooks for growth.

1.8.2 Scenario 2 (Labour Supply) considers the potential population increase in Colchester associated with the additional homes forecast over the Local Plan period, and how much employment land would be necessary to broadly match forecast growth of the resident workforce. This results in an additional 80,146 sqm office floorspace and 129,557 sqm industrial floorspace being forecast.

1.8.3 With this scenario being based on population projections, linked to housing growth projections, it represents an approach which seeks to maximise the opportunities for the economically active population in the Local Authority Area, in line with the projected growth of the population (and the relative proportion of those who are economically active), underpinned by the most recent Census 2021 data. This is the most ambitious scenario and supports the growth agenda being driven by the Council and is also aligned with emerging economic strategies and the wider North Essex geography.

1.8.4 As such, Scenario 2 (Labour Supply) is considered the preferred scenario for future floorspace needs and employment land requirements for all employment land uses in Colchester Borough over the new Local Plan period to 2041.

1.9 Comparison Between Supply and Demand

1.9.1 As set out in the supply assessment, the study identified several vacant sites and other sites suitable for intensification that could represent potential pipeline for future development. In addition to this, Colchester City Council records of consented planning permissions for employment use that have not yet been built out indicate additional potential pipeline supply.

1.9.2 The following employment clusters were identified as vacant land:

- Site 1 University Research Park/ Knowledge Gateway, an allocated employment site comprising a total of 11.8 ha, as set out in Colchester Local Plan Section 2, and only currently partially built out, with an estimated 4.5ha vacant land contained between Capon Road and Boundary Road, and to the north of Nesfield Road adjacent to the Knowledge Gateway Business Park.
- Site 2 Northern Gateway/Severalls Strategic Economic Area includes a 1.1ha plot of vacant development land within Colchester Business Park, with access to the South and the A12 dual carriageway to the North. An additional 1.7ha plot of vacant land is identified to the north of Axial Way, to the west of Easter Park.
- Site 10 Whitehall Industrial Estate contains 2.7 ha of employment land.
- Site 11 Maldon Road includes a plot of vacant land to the west of Colchester Recycling Centre (~0.8ha).

- Site 33 Highland Nursery, a 11ha allocation in the Tiptree Neighbourhood Plan, with 1.1ha identified to support employment uses as part of a mixed use development. The preferred location for the commercial area is in the south of the site, adjacent to Kelvedon Road and the new link road and opposite Tower House (Site 25).

1.9.3 It is also anticipated that development land will come forward in the Tendring Colchester Borders Garden Community over the Local Plan period. In line with the current Local Plan, it is anticipated that 3.5 ha of this employment land will come forward in Colchester. Moreover, approximately 4.0ha of land is expected to come forward through the development of Land South of Factory Hill, Tiptree, a site allocated in the previous Local Plan that is yet to be developed.

1.9.4 As well as land identified as vacant, some existing employment clusters across Colchester are built out to low densities – with large areas of landscaping or containing large areas of car parking or otherwise – present intensification opportunity, subject to viability. These include:

- Site 1 University Research Park Knowledge Gateway
- Site 11 Maldon Road
- Site 20 Langham Airfield, Langham
- Site 23 Anderson's Site, Marks Tey
- Site 25 Tower House

1.9.5 Finally, if all approved planning applications concerning office floorspace in Colchester were to come forward for development, 68,302 sqm of floorspace would be delivered when both gains and losses are considered. With regards to industrial floorspace, this number is 20,600 sqm. Therefore, if implemented, these permissions may serve to reduce overall land requirements.

1.9.6 The outcome of the comparison between employment land demand and available supply, based on the current portfolio of sites / allocations across the borough, is set out in Table 1-1. This indicates that taking into account pipeline sites, there is insufficient supply available to meet projected demand in Colchester Borough over the Plan period. However, some developments in the planning pipeline may not come forward, or be developed in different quantities by use class than has been consented.

Table 1-1 Summary of Demand vs. Supply

	Preferred Scenario (Labour Supply)
Demand	
A) Net Office Land	9.2
B) Net Industrial Land	32.5
C) Total Demand [A+B]	***41.7***
Supply	
D) Vacant sites	19.4
E) Pipeline (ha)	11.7
F) Total Supply [D+E]	**31.1**
G) Total Supply – Total Demand [F-C]	**10.6**

1.10 Conclusions and Recommendations

1.10.1 The demand analysis forecasts increased demand for office and industrial floorspace within the borough over the Local Plan period to 2041. Given the quantum of land available at designated sites, additional vacant sites and employment sites in the planning pipeline, this

results in a position whereby demand exceeds supply, necessitating the allocation of additional sites in Colchester up to 2041.

1.10.2 The safeguarding of existing sites to ensure there is a ready supply of premises and that the vacant land and intensification opportunities can potentially be realised is considered important across the borough. However, while it is important to protect employment land, there is also strong evidence of competition for space other than non-employment uses such as housing; employment land policies will therefore need to accommodate the Council's ambitions and objectives in these areas. This will require a flexible approach that considers the merits of each individual site, and which use it is best suited for.

1.10.3 In practice, the selective protection of employment land and premises is recommended to ensure that the sites that are unlikely to come forward for employment use during the Local Plan period are not left vacant. This approach would ensure that the over protection of sites, which could result in the inefficient use of assets and blight and deter investment, does not occur. Similarly, the under protection of sites, whereby the market intervenes prematurely to short-term demand indicators and adversely impacts the long-term provision of employment land, also does not occur.

1.10.4 When forming employment land policies, it is recommended that the Council should follow a balanced approach such that the employment activities of all business sizes, from start-ups to large headquarters, are supported and encouraged. The Council should also recognise that demand will vary by type of space and will therefore be geographically varied.

1.10.5 The following recommendations are made to the Council:

R1: To meet the future requirements for office and industrial floorspace in Colchester Borough, the Council will need to make choices about which existing employment areas and sites to protect, those that are no longer fit-for-purpose and to identify new sites for employment development to support growth in the resident population and ensure access to opportunity within the borough.

R2 Rural economy: The Council should consider supporting flexibility in the rural economy to respond to opportunities to re-use or adapt land and buildings no longer in productive agricultural use.

R3 The Council should seek to support occupiers and landlords in addressing the retrofitting challenge, either in the context of national directives or in the absence thereof. To do so, the Council could draw upon local connections with occupiers and landlords and coordinate action so as to prevent the accumulation of 'stranded assets' across the borough.

R4 Monitoring: The Council should monitor changes of employment land through planning permissions to ensure that sufficient land is available for economic growth over the plan period to 2041. This includes ensuring that the introduction of the Class E does not have an outsized impact on the integrity of employment areas through facilitating the introduction of non-employment uses.

2. Introduction

2.1 Study Context

2.1.1 AECOM was commissioned by Colchester City Council to undertake an Employment Study.

2.1.2 The Study sets out a detailed evidence base which forms part of the evidence base to support the Local Plan 2041. Once adopted this will replace the existing adopted plan – the Colchester Local Plan 2017-2033[3].

2.1.3 By providing an assessment of the balance of supply and demand in the context of changing employment needs, trends and challenges this Study will ensure that the Local Plan contains sufficient land and policy approaches to drive sustainable economic growth across Colchester Borough.

2.1.4 Employment land considered by the Study is defined as land with business activities falling under office and industrial use classes. These include:

- E(g)(i) Offices;
- E(g)(ii) Research and Development;
- E(g)(iii) Light Industrial;
- B2 General industrial;
- B8 Storage or distribution

2.2 Objectives

2.2.1 The key requirements of the Employment Study are set out below:

- Understand the existing situation – Establish the existing Functional Economic Market Area (FEMA), provide analysis of current market demand including availability and past take-up of employment premises and land, and a supply-side assessment of the quantity and quality of the borough's current employment land, its suitability to continue to support employment;
- Assess future needs and gap analysis – Assess the likely future demand for employment space in the borough over the proposed Local Plan period; and compare quantitatively and qualitatively the supply of existing land against forecast future demand; and
- Recommendations and actions – Set out evidence-based recommendations for appropriate employment land policies. This includes an assessment of recommendations for employment land policies, aligning with broader local economic growth objectives, and consideration of whether certain sites should be redeveloped or released for other uses.

2.3 Approach

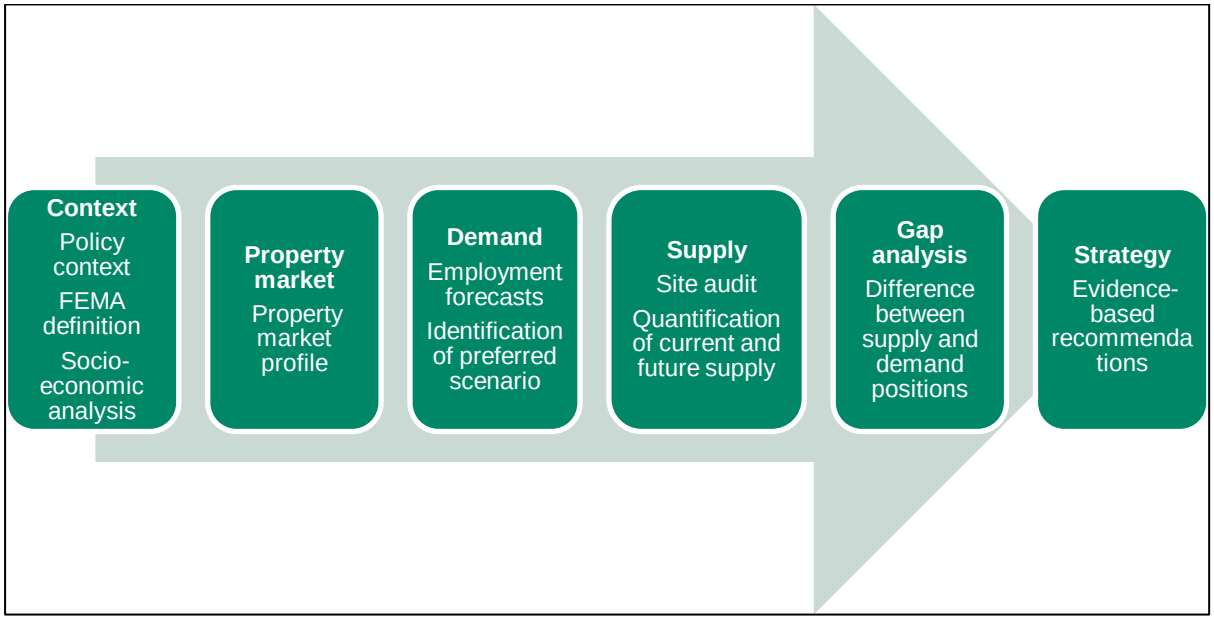
2.3.1 The National Planning Policy Framework (NPPF) outlines the principles that Local Planning Authorities should follow in preparing their evidence base to inform employment land policies.

2.3.2 The need for Local Planning Authorities to produce an up-to-date employment land evidence base and the suggested format is outlined in national Planning Practice Guidance (PPG) published in March 2014. The approach to the Study reflects the requirements and directions of this guidance.

[3] Colchester City Council; Colchester Local Plan (2017 – 2033). Available at: Colchester Local Plan · Colchester City Council

2.3.3 The main research elements of this Employment Study are illustrated in Figure 2-1 below. The methodology and tasks at each stage conform to the PPG.

Figure 2-1 Approach to the Employment Study



2.4 Report Structure

2.4.1 The remainder of this report is structured as follows:

- Section 3 presents a review of the relevant policy and strategic context including a review of local economic priorities;
- Section 4 defines the Functional Economic Market Area (FEMA) in which Colchester is located;
- Section 5 provides a comprehensive analysis of socio-economic baseline conditions relevant to the Study;
- Section 6 presents a review of the property market indicators in Colchester. Reference is also made to comparator geographies;
- Section 7 considers Colchester's core and growth sectors and their requirements from employment sites and floorspace;
- Section 8 presents a review of the current supply of employment land in the borough;
- Section 9 sets out an assessment of Future Demand and the forecast scenarios used within the Study to understand the 'reasonable alternatives' for potential future growth.
- Section 10 contains a quantitative comparison of projected supply and demand for employment floorspace; and
- Section 11 presents overall conclusions and employment land policy recommendations.

3. Policy Context

3.1 Introduction

3.1.1 This section outlines the planning policy and strategic context of relevance to employment land in the borough.

3.2 National Planning Policy/Guidance

National Planning Policy Framework (NPPF) (2024)

3.2.1 The National Planning Policy Framework[4] (NPPF) consolidates the Government's economic, environmental, and social planning policies for England and provides overarching guidance on the Government's development aims. At the heart of the NPPF is a presumption in favour of sustainable development, which the Government states should be seen as a common theme running through plan-making and decision-taking.

3.2.2 In relation to the economy and employment land, the NPPF states that planning decisions should help create the conditions in which businesses can invest, expand, and adapt. They should support economic growth and productivity, taking into account both local business needs and wider opportunities for development. Decisions should also allow an area to build on its strengths, counter any weaknesses, and address any challenges of the future.

3.2.3 Planning policies should set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to the national industrial strategy, relevant Local Industrial Strategies and other local policies for economic development and regeneration. In addition, the Framework aims to set criteria and identify strategic sites for local and inward investment, facilitate development to meet the needs of a modern economy (including by identifying suitable locations for uses such as laboratories, gigafactories, data centres, digital infrastructure, freight and logistics), address potential barriers to investment, allow for new and flexible working practices, and enable a rapid response to changes in economic circumstances.

Planning Practice Guidance (2019)

3.2.4 Planning Practice Guidance (PPG)5 includes guidance on housing and economic needs assessments, and housing and economic land availability assessments.

3.2.5 Guidance on housing and economic needs assessments states that authorities need to prepare an evidence base to understand existing business needs, which will have to reflect local circumstances and market conditions. This includes assessing the best fit functional economic market area (FEMA), existing stock of land for employment uses within the area, recent pattern of employment land supply and loss, market demand and failure, and wider market signals relating to economic growth.

3.2.6 For housing and economic land availability assessments, PPG requires local planning authorities to work with other local authorities within the functional economic market area when assessing availability of land. A wide range of sites should be considered including existing sites that could be improved, intensified or changed.

The Town and Country Planning (General Permitted Development) (England) Order 2022 (2022)

3.2.7 In 2022, the Government amended the previous Town and County Planning (General Permitted Development) (England) (Order 2015)[6] which introduced permitted development

[4] Ministry of Housing, Communities and Local Government, (2024); National Planning Policy Framework
[5] Ministry of Housing, Communities and Local Government (2019). Planning Practice Guidance
[6] HM Government, (2016); The Town and Country Planning (General Permitted Development) (England) Order 2015, as amended.

rights (hereafter referred to as 'PDR') allowing certain building and development works to be carried out without the need of the normal planning process[7]. These rights exist under the General Permitted Development order (GDPO) and were introduced to facilitate housing growth to meet targets across England. New types of permitted development have been introduced to make it easier for people to extend their home, create new homes in existing buildings such as offices, shops and warehouses or demolish vacant previously classified B1(a), B1(b), B1(c) or C3 space and rebuild as residential.

Localism Act 2011 (Duty to Co-operate) (2011)

3.2.8 The Duty to Co-operate in relation to planning of sustainable development falls under the Localism Act of 2011[8]. It places a duty on LPAs, County Councils and public bodies in England to undertake active engagement between one another, to share findings and work together across a number of activities relating to planning and sustainable development. More specifically, with regard to this employment land review, it may mean collaborating to resolve any imbalances with supply and demand of employment land across a FEMA.

Levelling Up and Regeneration Act (2023)

3.2.9 The Levelling Up and Regeneration Act[9] was given Royal Assent in October 2023 at which point it was enacted in law. The Act aims to *'speed up the planning system, hold developers to account, cut bureaucracy, and encourage more councils to put in place plans to enable the building of new homes'*[10]. A central tenet of the Act will be the introduction of National Development Management Policies (NPMPs) which will be given the same weight as local plans in decision-making on planning applications; the scope of which could be anything that concerns the development or use of land in England.

3.2.10 The Act abolishes the 'duty to cooperate' with the intention that a new 'flexible alignment policy' will be introduced by the Government[11], subject to regulations coming into force. Although not yet developed, the alignment policy will be used for 'developing infrastructure in common'. Some concerns have been raised that cooperation between local authorities may become disincentivised[12].

3.3 Local Planning Policy/Guidance

The Essex Sector Development Strategy (2023)

3.3.1 The Essex Sector Development Strategy[13] provides a comprehensive plan for fostering economic growth and development across Essex. It focuses on leveraging the region's strengths, such as its strategic location, infrastructure, and skilled workforce, to attract investment and enhance business opportunities. The Strategy identifies five key growth sectors: construction, energy, advanced manufacturing and engineering, digitech, and life sciences which are expected to register £4.9 billion additional GVA and 42,000 additional jobs by 2040. It also recognises existing sector strengths that need to continue to be supported as major employers and contributors across Essex, including logistics, retail, tourism and arts, agriculture, and professional services.

3.3.2 The Strategy defines three priorities to achieve this growth: a thriving economy, an economy for everyone, and an economy fit for the future. Collaborative efforts between local authorities, businesses, and educational institutions are highlighted to drive innovation,

[7] HM Government, (2016); The Town and Country Planning (General Permitted Development) (England) Order 2015, as amended.
[8] UK Public General Acts, (2011); Localism Act 2011.
[9] Levelling Up and Regeneration Act 2023.
[10] Department for Levelling Up, Housing and Communities, (2023); New laws to speed up planning, build homes and level up. Available at: https://www.gov.uk/government/news/new-laws-to-speed-up-planning-build-homes-and-level-up
[11] House of Commons Library, (2023); Planning reforms in England: Levelling Up and Regeneration Act 2023 and further changes.
[12] Royal Town Planning Institute, (2023); March 2023 NPPF consultation response. Available at: https://www.rtpi.org.uk/consultations-rtpi/2023/march/march-2023-nppf-consultation-response/
[13] Essex County Council (2023); The Essex Sector Development Report: Autumn 2023. Available at: The Essex Sector Development Report - Autumn 2023 - Accessible.pdf

attract investment, and ensure long-term economic resilience and prosperity in Essex. Specifically, the Strategy identifies three 'Functional Economic Areas' as key locations of business clusters, academic infrastructure and business strengths which offer opportunities to collaborate and deliver wider economic impact. These include the North Essex Economic Board (NEEB) – which has its own strategic plan detailed below and of which Colchester is a member – South Essex Councils (SEC), and West Essex UK Innovation Corridor (UKIC). The Strategy recognises specific assets and opportunities, including arts and culture, green growth, retrofit, housing growth, local infrastructure, and nationally strategic infrastructure projects. Across these priorities, it outlines initiatives for infrastructure upgrades and emphasises the importance of upskilling the local workforce to meet sector-specific demands. The strategy also prioritises sustainability, with a focus on green energy and skills.

Everyone's Essex: Our Plan for Levelling Up the County (2021 – 2025)

3.3.3 "Everyone's Essex: Our Plan for Levelling Up the County "[14] focuses on four key priorities: the economy, environment, children and families, and health and wellbeing. The Plan includes 20 commitments, such as creating 45,000 new jobs, investing in green infrastructure, enhancing mental health services, and supporting educational attainment for disadvantaged children. It aims to drive economic recovery, promote sustainability, and improve the quality of life for all residents through collaborative efforts and targeted investments.

Levelling Up Essex (2022)

3.3.4 The "Essex County Council Levelling Up Strategy"[15] is designed to tackle regional inequalities and promote balanced economic growth across Essex. The Strategy encompasses several key areas: the economy, environment, education and skills, children and families, and health and wellbeing. It prioritises support for specific groups, including children and adults with special educational needs and disabilities (SEND), learning disabilities or mental health conditions, children receiving free school meals, working families, and young adults. By focusing on these priority cohorts, the strategy seeks to reduce inequalities and improve opportunities for all Essex residents.

Annual Plan and Budget (2024 – 2025)

3.3.5 The Essex County Council Annual Plan[16] reflects a commitment to creating a more resilient and inclusive Essex, ensuring that all residents benefit from the council's efforts. The strategy includes detailed actions and performance metrics to monitor progress and adjust initiatives as needed, highlighting a commitment to transparency and accountability. It outlines the strategic priorities for the period, including:

- Aim 1: A strong, inclusive and sustainable economy
- Aim 2: A high quality environment
- Aim 3: Health, wellbeing, and independence for all ages
- Aim 4: A great place for children and families to grow

3.3.6 In terms of employment and economy, the Plan commits to providing training and employment opportunities, skills programmes, and support plans for employment and business development. Specific investment includes the Freeport East opportunity at the Harwich Port Bathside Bay development.

[14] Essex County Council (2021); Everyone's Essex: our plan for levelling up the county 2021 to 2025. Available at: Everyone's Essex: our plan for levelling up the county 2021 to 2025: Foreword from Kevin Bentley | Essex County Council
[15] Essex County Council (2022); Levelling Up Essex, An Essex White Paper. Available at: Essex County Council Levelling-up strategy
[16] Essex County Council; Annual Plan and Budget (2024 – 2025). Available at: Annual Plan and Budget 2024-25 (essex.gov.uk)

Local Skills Improvement Plan (LSIP) (2023)

3.3.7 The "Local Skills Improvement Plan" (LSIP)[17] for Essex, Southend, and Thurrock is a comprehensive strategy developed to address local skills needs through extensive consultation and data analysis. This LSIP sets out the region's economic and demographic context, emphasising the need for targeted skills development due to its diverse geography and large population of 1.9 million people.

3.3.8 The Plan has been delivered in partnership for employers and led by Essex Chamber of Commerce in the aim to align education and training with the needs of the local economy, ensuring that residents are equipped with the skills required for current and future job markets. The LSIP focuses on key priorities, including green, digital, leadership and management and “soft” skills, such as communication, teamwork and work readiness. It identifies crucial sectors facing skills shortages, such as construction, engineering, digital technology, and healthcare.

3.3.9 The Plan advocates for the creation of an Essex Employment and Skills Board to oversee implementation and ensure resources are effectively allocated. Additionally, it addresses systemic issues in the skills sector, such as improving career guidance, overcoming barriers to engagement, and addressing tutor shortages. The LSIP aims to align training with industry demands and support sustainable growth across various sectors, including advanced manufacturing, AgriTech, and creative industries.

Essex County Council Property Strategy (2022 – 2025)

3.3.10 The Property Strategy[18] sets out how the region’s land and property can strengthen the Essex economy through creating new opportunities for employment, skills training and growing new and existing businesses. The Everyone’s Essex[14] themes and strategic priorities drive the Property Strategy Vision:

- Enable wellbeing, growth and prosperity for the residents of Essex.
- Lead by example in contributing to the County Council’s Zero Carbon Essex 2050 outcomes.
- Maximise commercial opportunities for the County Council.
- Hold the right assets in the right place and condition to facilitate excellent service delivery by the County Council and its partners.

3.3.11 In terms of employment and economic growth, the Strategy aims to use land and buildings to stimulate development and growth whilst supporting community needs. This seeks to target investment into regeneration to create local employment and training opportunities in order to provide an increased choice of high-quality business accommodation for Essex businesses, improved productivity, job creation, business and economic growth.

Delivering for North Essex (2024)

3.3.12 Delivering for North Essex[19], developed by the North Essex Economic Board (NEEB), is a strategic plan aimed at driving economic growth and development in North Essex for the region’s residents and businesses. The NEEB represents the economic ambitions for seven North Essex authorities, including Colchester City Council.

3.3.13 The Plan is founded upon four key strategic priorities, innovative businesses and skilled residents; a green and high growth economy; a dynamic and connected region, and prosperous and inclusive communities. Against each of these priority areas, the NEEB has set out a 2-year delivery plan, defining outcomes and timeframes to achieve its economic growth ambitions. These priorities aim to leverage the unique urban, rural, and coastal characteristics of North Essex to attract investment, support local businesses, and ensure sustainable development. The Plan includes specific initiatives such as funding skills

[17] Essex Chamber of Commerce (2023); Local Skills Improvement Plan (LSIP), Essex Southend and Thurrock. Available at: Local skills improvement plan (essex.gov.uk)
[18] Essex County Council; Property Strategy (2022 – 2025). Available at: Essex County Council property strategy
[19] Henham Strategy (2024); North Essex Economic Board, Delivering for North Essex. Available at: Delivering for North Essex (neeb.org.uk)

programs, supporting businesses through tailored advice and resources, and promoting sustainable practices to achieve net-zero carbon goals. Additionally, the Plan emphasises the importance of collaboration among local councils, businesses, and educational institutions to create a dynamic and well-connected region.

Colchester Local Plan (2021/2022)

3.3.14 The adopted Colchester Borough Local Plan[20] comprises Section 1 covering the period 2013-2033, adopted in February 2021, and Section 2 covering the period 2017-2033, adopted in July 2022.

3.3.15 A key objective of Colchester City Council in the Plan is to strengthen and diversify local economies to provide more jobs and to achieve a better balance between the location of jobs and housing. The Plan states that Colchester has seen significant employment growth over the past two decades, driven by office jobs replacing industrial roles, with a key challenge to retain office employers and provide better-quality modern spaces for small and startup businesses.

3.3.16 The adopted Local Plan provides for the delivery of at least 14,720 new homes and allocates 32ha of employment land (to deliver Classes B2, B8, supporting Class E and associated sui generis uses by the end of the plan period in 2033). An additional 3.5ha is expected to come forward in the borough from the Tending Colchester Borders Garden Community during the plan period and a further 25ha employment land is expected to be allocated in the Garden Community post 2033. New development is focused on the Colchester urban area and the Tendring/Colchester Borders Garden Community.

3.3.17 To ensure Local Plan remains effective, Colchester City Council is currently reviewing and updating the current Local Plan, with the new Local Plan for Colchester to cover the period to 2026 to 2041.

Colchester Employment Land Needs Assessment (2015)

3.3.18 The previous Employment Land Needs Assessment[21], prepared by NLP for the Council, provided an evidence base by assessing economic development needs objectively in line with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

3.3.19 The study identified that Colchester's employment space primarily consists of industrial uses, though office space is growing, especially in the town centre and Northern Gateway business parks. More recently, Colchester was found to have seen moderate new developments but also significant losses in B-class space, leading to negative net development rates. Overall, findings suggested that Colchester's commercial property market is localised, heavily reliant on SMEs, and influenced by proximity to the strategic road network. Challenges include poor access to the A12 for some rural sites and a potential surplus of office space, necessitating a focus on high-quality, modern office space and rationalising industrial sites based on market demand.

3.3.20 In terms of available employment land, nearly 77 hectares of undeveloped employment land was identified, focused in 3 key Strategic Employment Areas. The study modelled various scenarios of future employment space requirements for the period up to 2032, based on a number of recognised approached, and demonstrated a need for between -21.0ha and 55.8ha of employment land. When compared with available employment space, Colchester therefore was found to have sufficient employment floorspace in quantitative terms to meet future needs up to 2032 under all scenarios of future growth, albeit this was recognised as being subject to the Strategic Employment Areas materialising, due to the remaining available land across the borough being limited in comparison.

[20] Colchester City Council (2022); Colchester Local Plan (2017 – 2033). Available at: Colchester Local Plan · Colchester City Council

[21] NLP (2015), Colchester Employment Land Needs Assessment, Colchester Borough Council, January 2015. Available at: Microsoft Word - 7463901_4.docx (cbccrmdata.blob.core.windows.net)

Colchester Employment Land Supply Delivery Trajectory (2017)

3.3.21 The Colchester Employment Land Supply Delivery Trajectory report[22], assessed the supply and delivery trajectory of employment land in Colchester, considering 15 sites that had the potential to contribute towards meeting future office and industrial floorspace requirements over the Local Plan period to 2033.

3.3.22 The study anticipated 46% of office space delivery between 2017-2022 and 54% between 2022-2027, with no office space expected from 2027-2033. For industrial space, 70% was expected between 2022-2027 and 30% between 2027-2033. The analysis suggested that Colchester would have sufficient employment space to meet net requirements for employment floorspace set out in the 2015 ELNA[21] overall, with a surplus of office space, and industrial space sufficient for all but one scenario. While all sites were deemed available, there was uncertainty regarding deliverability, particularly in terms of industrial sites. The study recommended that the trajectory should include both office and industrial spaces in the short, medium, and long term, with the Council exploring practical ways to advance industrial development earlier in the Local Plan period.

Tendring Colchester Borders Garden Community Development Plan Document (2023)

3.3.23 The Tendring Colchester Borders Garden Community Development Plan Document[23] addresses the long-term need for new housing in a cross-border location to the east of Colchester, crossing into the Tendring District and adjacent to the University of Essex. The Plan has been prepared by Tendring District Council and Colchester City Council, in partnership with Essex County Council, following consultation on a first draft of the Plan which took place between March – April 2022.

3.3.24 The purpose of the Plan is to meet the needs of a growing population over the next 30 to 40 years in terms of housing, employment and associated community facilities and infrastructure, via the development of the new Garden Community. The Garden Community will be on a large area of land east of Colchester, crossing into the Tendring District and adjacent to the University of Essex.

3.3.25 Two principal areas of employment land have been allocated in the submission draft DPD as part of the Garden Community. One will be located immediately south of the A120 and east of the new A120-A133 Link Road (this sits outside of Colchester). The second would be located on land north of the A133 adjacent to the University of Essex and Knowledge Gateway.

Colchester Economic Strategy (2022-2025)

3.3.26 The Colchester Economic Strategy[24] outlines Colchester City Council's commitment to ensuring economic inclusion and promoting the Real Living Wage, emphasising the city's key assets and challenges. It sets out a vision which is focused on four key priorities for Colchester: people, place, partnerships and planet. It emphasises that Colchester is ambitious in realising its potential as a desirable place to live, work, study, visit, and conduct business.

3.3.27 The Strategy identifies tourism, advanced manufacturing, financial services, and retail as the primary sectors driving job creation and economic growth, with emerging growth sectors in creative/digital/tech, care, green energy, and construction. It also acknowledges challenges such as skills gaps, with lower levels of higher-level NVQs compared to regional and

[22] Colchester City Council (2017); Colchester Employment Land Supply Delivery Trajectory Final Report. Available at: Colchester Employment Land Supply Delivery Trajectory Final Report May 2017.pdf (cbccrmdata.blob.core.windows.net)
[23] Tendring District Council, Colchester City Council & Essex County Council (2023); Tendring Colchester Borders Garden Community Development Plan Document. Available at: Draft Plan Tendring Colchester Borders Garden Community (ehq-production-europe.s3.eu-west-1.amazonaws.com)
[24] Colchester City Council (2022); Colchester's Economic Strategy (2022 – 2025). Available at: Colchester's Economic Strategy 2022 - 2025 (cbccrmdata.blob.core.windows.net)

national averages, and income polarization due to lower wages in tourism, hospitality, and care sectors versus higher commuter salaries.

Three-Year Plan: A City Fit for the Future (2023 – 2026)

3.3.28 The Three-Year Plan[25] provides a framework and the key outcomes Colchester City Council will address, deliver or influence in the coming years. This is built upon various themes, including:

- Responding to the climate emergency;
- Delivering modern services for a modern city;
- Improving health, wellbeing and happiness;
- Delivering homes for those most in need;
- Growing our economy for everyone to benefit; and
- Celebrating our city, heritage and culture.

3.3.29 In terms of growing the economy, the Plan sets out the priority to work with partners to create a vibrant city which people want to live in and visit, whilst attracting investment. Specifically, this will involve working with partners, such as Colchester Business Enterprise Agency (Colbea) and the NEEB to support local businesses to start up, thrive and grow, whilst making the most of the opportunities that come with modern city status.

[25] Colchester City Council (2023); Three-Year Plan 2023-26: A City fit for the Future. Available at: Three-Year Plan 2023-26: A City fit for the Future · Colchester City Council

4. Definition of the Functional Economic Market Area (FEMA)

4.1 Introduction

4.1.1 The PPG requires local planning authorities (LPAs) to assess development needs working with other LPAs in the relevant functional economic market area in line with the duty to cooperate. It adds that local communities, partner organisations, businesses, business representative organisations and Higher Education Institutions, among others, should be involved in the preparation of the evidence base in relation to development needs.

4.1.2 It is stated that needs for economic uses should be assessed in relation to the functional economic area whilst identifying and recognising smaller sub-markets with specific features and 'market segments.'

4.1.3 The PPG advises there is no standard approach to defining a functional economic market but notes in Paragraph 012 that:

'the geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply, often referred to as the functional economic market area.'

4.1.4 It goes on to add that it is possible to define functional economic market areas by taking account of a number of factors. The factors include:

- *Spatial economic profile;*
- *Travel to work areas;*
- *Commercial property market areas;*
- *Housing market areas;*
- *Consumer market areas;*
- *Transport and infrastructure networks; and*
- *Economic governance and partnerships areas.*

4.1.5 When it comes to statistical data the PPG suggests a single source for defining Functional Economic Market Areas (FEMAs) – the Office for National Statistics (ONS) Travel-to-Work Areas (TTWAs), which are based on commuting data only. However, the TTWAs ignore administrative boundaries, and are therefore of limited value for Duty to Cooperate discussions.

4.1.6 The methodology for defining the FEMA is therefore based on commuting data, administrative boundaries and housing and commercial property markets.

4.1.7 The objective was therefore to identify an area that records the highest self-containment in terms of commuting flows, and which also best fits the administrative boundaries, housing and commercial property markets.

4.2 Travel to Work Area

4.2.1 The PPG does not prescribe a threshold of self-containment (people who live and work in the same area) to help define the FEMA. AECOM has adopted the ONS's definition of Travel to Work Areas (TTWAs) that states that:

'The current criterion for defining the TTWAs is that generally at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area… however, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted.'

4.2.2 The lower 66.7% threshold for self-containment for origin and destination commuting is therefore appropriate in the case of Colchester, which has a working population in excess of 25,000.

4.2.3 The ONS publishes Origin-Destination data (also known as flow data) as part of the Census, which includes the travel-to-work patterns of individuals.

4.2.4 Table 4-1 provides a summary of total commuting inflows and outflows for Colchester. The data indicates that in 2021, 17,301 people commuted into Colchester, and 16,893 people commuted from Colchester, generating an overall net inflow of 408 people.

4.2.5 However, it is recognised that Census 2021 took place during the coronavirus (COVID-19) pandemic, a period of unparalleled and rapid change; the national lockdown, associated guidance and furlough measures. Generally, the 2021 Census data reflects the shift to home working seen during this period resulting in lower levels of overall commuting across the majority of areas. While the proportion of people travelling to work is widely reported as being below pre-pandemic levels, trends from the National Travel Survey[26] and Opinions and Lifestyle Survey[27] suggest that the long-term impact of the pandemic on commuting has brought about a shift toward hybrid work, rather than full-time homeworking, and the number of commuting trips has started to recover since the pandemic.

4.2.6 Given the potential uncertainty surrounding the 2021 data, both sets of commuting data (from Census 2021 and Census 2011) are presented. In 2011, 23,036 people commuted into Colchester from a different local authority area for work, whilst 24,850 commuted from Colchester to another local authority area for work, generating an overall net outflow of 1,814 people.

Table 4-1 Colchester worker inflows and outflows

2021 Census			2011 Census		
Inflow	**Outflow**	**Net change**	**Inflow**	**Outflow**	**Net change**
17,301	16,893	+408	23,036	24,850	-1,814

Source: Office for National Statistics, (2011); Census 2011: Origin-Destination data; Office for National Statistics, (2021); Census 2021: Origin-Destination data.

4.3 Inflow self-containment

4.3.1 Detailed Origin-Destination data indicates that in 2021 Colchester had an inflow self-containment rate – including those who worked at or from home at the time of the Census – of 81%, meaning that 81% of jobs in the local authority area were taken by people residing there. This is above the 66.7% threshold of ONS's self-containment definition of travel to work areas. Therefore, according to the 2021 Census, Colchester was considered to be self-contained as a travel to work area in regards to inflows.

4.3.2 In 2011, Colchester had an inflow self-containment rate of 73% which, while markedly lower than in Census 2021, remained above the 66.7% threshold of ONS's self-containment definition of travel to work areas. Therefore, according to the 2011 Census, Colchester was considered to be self-contained as a travel to work area in regard to inflows.

4.3.3 Detailed Origin-Destination data (inflows) is presented in Table 4-2 for the top ten origins, excluding those working and residing in Colchester (including home workers), for both 2011 and 2021. The data indicate that 6,731 jobs in Colchester are taken by residents of Tendring, with 2,736 from Braintree, with other key inflow locations including Babergh and Ipswich. However, there have been notable falls in inward commuting from the time of the 2011 Census.

[26] Department for Transport (2024); National Travel Survey. Available at: https://www.gov.uk/government/collections/national-travel-survey-statistics
[27] Office for National Statistics(2023); Opinions and Lifestyle Survey. UK Data Service. Available at: https://beta.ukdataservice.ac.uk/datacatalogue/series/series?id=2000043

Table 4-2 Worker inflows to Colchester

2021 Census		2011 Census	
Usual Residence	Working in Colchester	Usual Residence	Working in Colchester
Tendring	6,731	Tendring	8,737
Braintree	2,736	Braintree	3,665
Babergh	1,797	Babergh	2,440
Ipswich	953	Ipswich	1,315
Maldon	736	Maldon	1,137
Chelmsford	622	Chelmsford	949
East Suffolk	373	Suffolk Coastal	538
Mid Suffolk	320	Mid Suffolk	420
Uttlesford	245	Uttlesford	235

Source: Office for National Statistics, (2011); Census 2011: Origin-Destination data; Office for National Statistics, (2021); Census 2021: Origin-Destination data.

4.4 Outflow self-containment

4.4.1 Detailed Origin-Destination data indicates that in 2021, Colchester had an outflow self-containment rate of 82%, meaning that 82% of working residents in Colchester are employed within the local authority area. This is above the 66.7% threshold of ONS's self-containment definition of travel to work areas. Therefore, according to the 2021 Census, Colchester was considered to be self-contained as a travel to work area in regard to outflows.

4.4.2 In 2011, Colchester had an outflow self-containment rate of 71% which, while again markedly lower than in Census 2021, remained above the 66.7% threshold of ONS's self-containment definition of travel to work areas. Therefore, according to the 2011 Census, Colchester was considered to be self-contained as a travel to work area in regard to outflows.

4.4.3 Detailed Origin-Destination data (outflows) is presented in Table 4-3 for the top ten destinations, excluding those working and residing in Colchester (including home workers), for both 2011 and 2021. The data indicate that 3,329 Colchester residents commute to Tendring and a further 3,031 to Braintree. As with commuter inflows there have been notable falls from 2011, in particular from Colchester residents commuting to Westminster and City of London.

Table 4-3 Worker outflows from Colchester

2021 Census		2011 Census	
Usual place of work	Residing in Colchester	Usual place of work	Residing in Colchester
Tendring	3,329	Tendring	3,784
Braintree	3,031	Braintree	3,617
Chelmsford	1,983	Westminster, City of London	2,724
Babergh	1,042	Chelmsford	2,525
Maldon	1,001	Ipswich	1,434

2021 Census		2011 Census	
Usual place of work	Residing in Colchester	Usual place of work	Residing in Colchester
Ipswich	969	Maldon	1,384
Uttlesford	503	Babergh	1,266
East Suffolk	431	Tower Hamlets	759
City of London	324	Uttlesford	483
Basildon	280	Basildon	468

Source: Office for National Statistics, (2011); Census 2011: Origin-Destination data.

4.4.4 Given both Census 2021 and Census 2011 identify that Colchester is considered to be self-contained as a travel to work area in regard to inflows and outflows, the Census 2021 data is taken forward in the definition of Colchester's FEMA.

4.5 Transport networks

4.5.1 As with the commute to work assessment, an analysis of transport network is a useful indicator of the potential size and shape of the FEMA for Colchester. The average commute time can be applied to understand the catchment area (inflow commuting of workforce), as well as the extent of the area of potential employment for local residents (outflow commuting of workforce). This defines the employment market area.

4.5.2 The average commute time in the UK is 59 minutes per day[28], or 63 minutes by National Rail[29], or the equivalent of circa 30 minutes' journey each way. It is recognised that some commuter journeys may be longer in duration than this.

4.5.3 However, for the purposes of developing a broadly representative FEMA, the principal employment market area is defined as the geographical area reachable from Colchester in the average commute time (from the outer boundaries of the local authority area by road, and from stations within Colchester by rail).

Road

4.5.4 The Colchester area is serviced by several strategic roads which provide direct links to major urban centres including London, Chelmsford, Braintree and Ipswich. These roads include the A12 and A120[30].

4.5.5 In recent years travel in Colchester has been car dominated, with over 60% of residents using it as their main method of travel. This has meant that the city has suffered from congestion issues and poor journey time reliability[30].

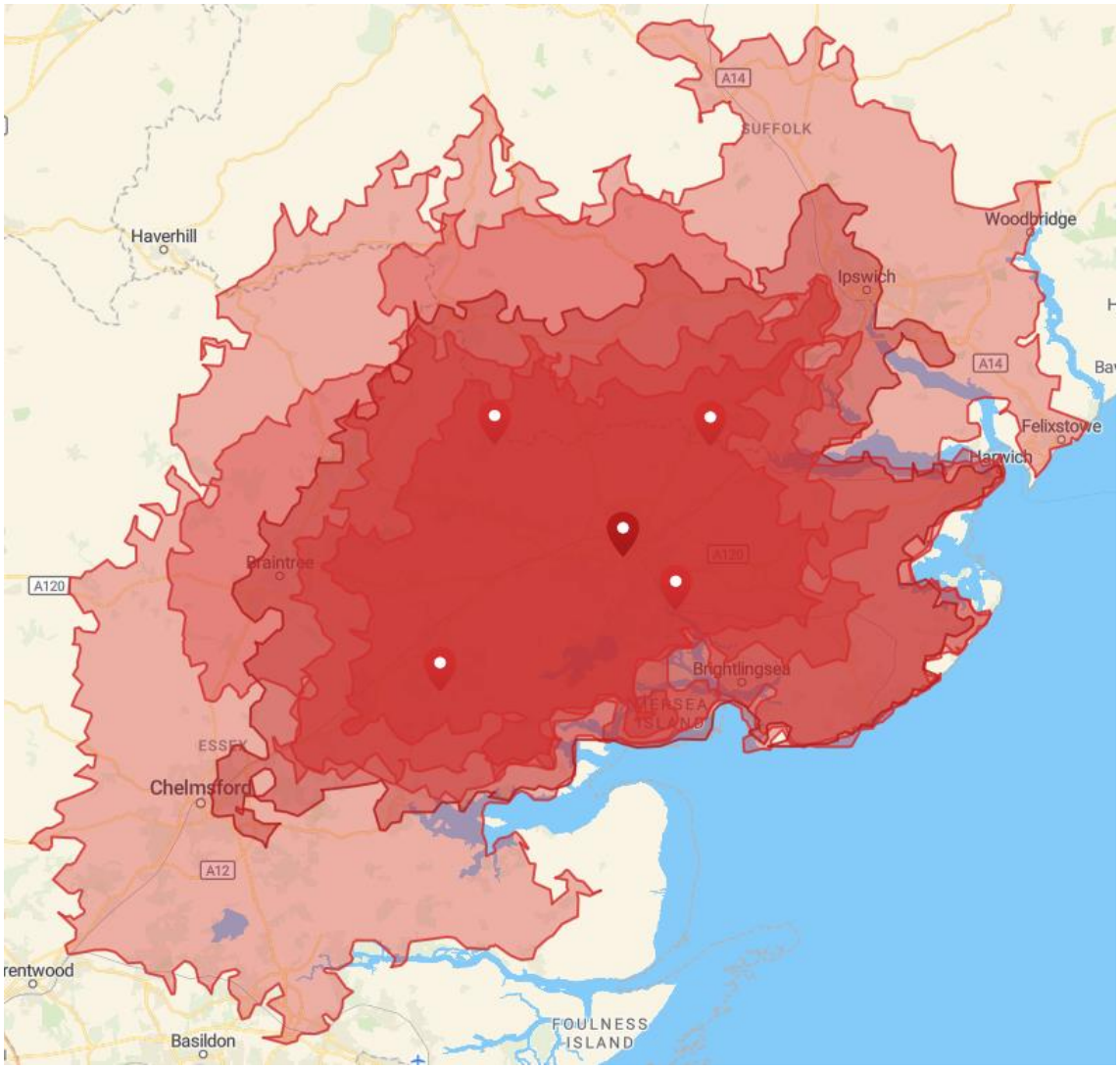
4.5.6 Respecting speed regulation, 12 local authorities are reachable by car, within a 30-minute drive, from Colchester. As shown in Figure 4-1, these are: Babergh, Braintree, Ipswich, Tendring, Maldon, Chelmsford Uttlesford, Brentwood, Basildon, West Suffolk, Mid Suffolk and East Suffolk.

[28] Safe Workers (2023). Long Commutes to Work What are UK Averages & How Far is Too Far? Available at: https://www.safeworkers.co.uk/health-wellbeing/effects-of-long-commutes-to-work/#:~:text=The%20average%20commute%20in%20the,and%20from%20work%20each%20day

[29] Statista (2023). Average commuting time in Great Britain in October to December 2020, by mode of transportation. Available at: https://www.statista.com/statistics/300712/average-time-taken-to-travel-to-work-in-the-united-kingdom/

[30] Essex Highways (2022). Colchester Future Transport Strategy. Available at: colchester-future-transport-strategy.pdf (essexhighways.org)

Figure 4-1 Catchment area of 30-minute journey by road from Colchester



Source: Smappen, How Far can I Go?[31]

Rail

4.5.7 Colchester benefits from two stations in the city centre, Colchester Station and Colchester Town, as well as other stations at Hythe, Marks Tey, Wivenhoe and Chappel and Wakes Colne. Table 4-4 provides a list of stations which can be reached within 30 minutes (by rail) from a station within Colchester, not including those listed within Colchester.

Table 4-4 Railway stations accessible within 30-minute rail journey from railway station in Colchester

Station	Local authority
Chelmsford	Chelmsford
Ipswich	Ipswich
Sudbury	Babergh
Clacton on Sea	Tendring
Kelvedon	Braintree
Witham	Braintree
Bures	Braintree

[31] Smappen, How Far Can I Go? Available at: https://www.smappen.com/app

Station	Local authority
Manningtree	Tendring
Thorpe-le-Soken	Tendring
Alresford	Tendring
Great Bentley	Tendring
Weeley	Tendring

Source: Trainline

4.6 Housing Market Area

4.6.1 The draft Local Housing Needs Assessment, produced by Iceni Projects on behalf of Colchester City Council, is used to define the Housing Market Area (HMA).

4.6.2 The study highlights that*:*

"Overall, the updated evidence suggests that the previously defined HMA is no longer relevant. In reality, the HMA will likely extend into Babergh and Braintree, but these are more influenced by Ipswich and Chelmsford respectively.

However, it is a pragmatic solution to draw HMA boundaries at the local authority level although in practice it is likely to expand across administrative boundaries. ***On this basis therefore the HMA should be seen as Colchester and Tendring****."*

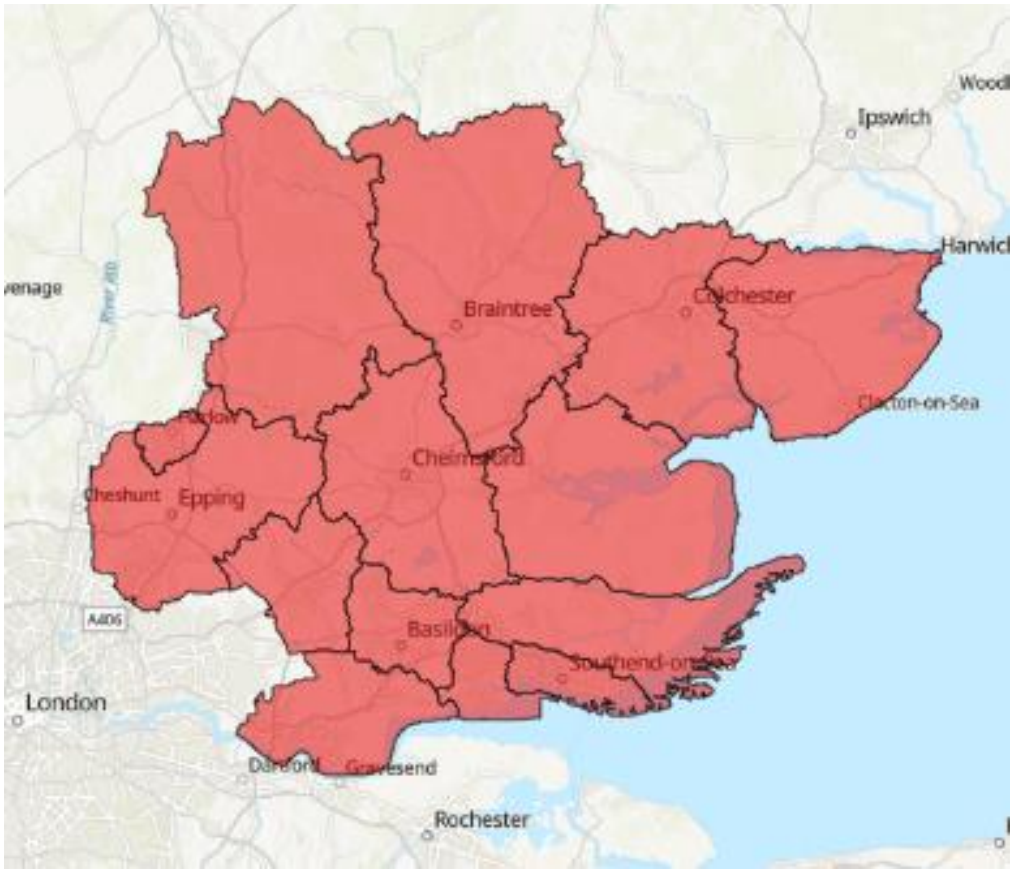
4.7 Commercial property market area

4.7.1 The FEMA is also influenced by the commercial property market area in which Colchester sits. Commercial property market areas are geographic boundaries that serve to define core areas that are competitive with each other. Markets are defined by buildings presenting similar characteristics and are formed of non-overlapping areas (i.e. a place cannot be part of two property market areas at the same time).

4.7.2 For the purposes of this Employment Study, it is relevant to look at both the office and industrial property markets. CoStar, a comprehensive database of real estate data throughout the UK, is a useful source of information and provides pre-defined office and industrial property market areas for the entire UK. CoStar defined markets have therefore been assumed as part of the analysis.

4.7.3 Both the industrial and office markets are defined as Essex, with Colchester being defined as its own sub-market within the Essex property market. As shown in Figure 4-2, the rest of the sub-markets forming the Essex property market include Basildon, Braintree, Brentwood, Castle Point, Chelmsford, Epping Forest, Harlow, Maldon, Rochford, Southend on Sea, Tendring, Thurrock and Uttlesford.

Figure 4-2 Industrial and Office Property Market Area

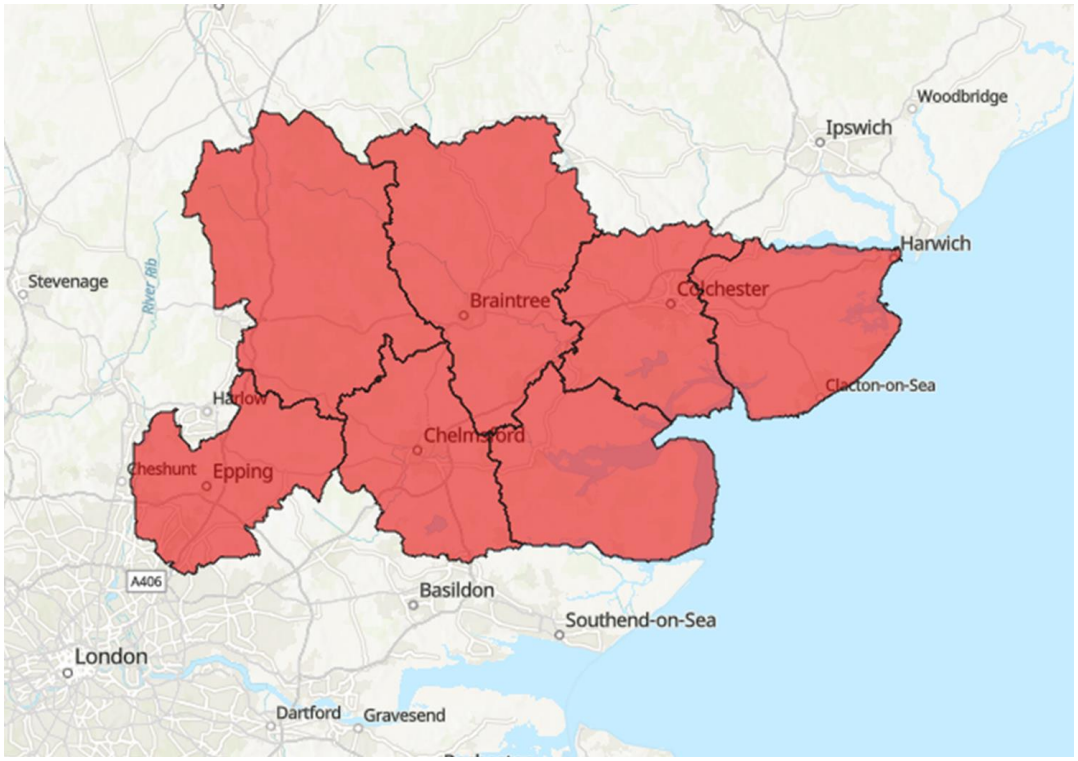


Source: CoStar 2024/ Open Geography Portal (2024)

4.8 Economic governance and partnerships area

4.8.1 Colchester is within the North Essex Economic Board (NEEB). The NEEB covers an area encompassing Braintree, Maldon, Tendring, Uttlesford, and Epping Forest district councils, and Colchester and Chelmsford city councils. Figure 4-3 shows the geographical boundaries of the NEEB.

Figure 4-3 North Essex Economic Board area



Source: NEEB / Open Geography Portal (2024)

4.9 Summary

4.9.1 Colchester is relatively self-contained economically, with some important connections either from an economic governance perspective (administrative boundaries), market characteristics (housing and commercial property markets) and connectivity (travel to work and transport infrastructure).

4.9.2 Based on the assessment conducted in this section, and as summarised in Table 4-5 overleaf, it can be reasonably concluded that Colchester is particularly connected with two other local authority areas:

- Tendring (by virtue of the road and rail network, the housing and property market areas, and economic governance area, and being a key location in relation to worker flows).
- Braintree (by virtue the road and rail network, the housing and property market areas, and economic governance area, and being a key location in relation to worker flows).

Table 4-5 Summary of FEMA analysis

Local authority	Inflow self-containment	Outflow self-containment	Road network	Rail network	Housing market area	Property market area	Economic Governance Area
Colchester	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Tendring			**X**	**X**	**X**	**X**	**X**
Braintree			**X**	**X**		**X**	**X**
Chelmsford			X	X		X	X
Babergh			X			X	
Ipswich			X	X			
Maldon			X			X	X
Uttlesford			X			X	X

Source: AECOM

5. Socio-economic Profile

5.1 Introduction

5.1.1 This section profiles Colchester's economic strengths and weaknesses that may impact upon employment land and premises requirements. Key indicators provided include:

- Population by age;
- Economic activity;
- Employment by industry sector, including growth sectors;
- Business stock, size and demography; and
- Qualifications, earnings, and GVA

5.1.2 To provide a comprehensive assessment, Colchester is benchmarked against the FEMA, the East of England region and England.

5.2 Population

5.2.1 The future economic needs of Colchester will be driven in part by trends in the size of the resident population. ONS Census data[32] [33] shows that the population of Colchester increased by 11.3% between 2011 and 2021 from 173,074 to 192,716. Compared to the other geographies, the population of Colchester grew at a higher rate than the FEMA (8.3%), East of England (8.3%), and England (6.6%) over the same period. Over the past decade, the working age population (individuals aged 16 – 64) has increased by 6.9%, higher than all comparator geographies.

5.2.2 The ONS population projection data[34] illustrates what an area's population structure may look like in the future. In 2041 it is expected that Colchester will have experienced a net increase in the overall population by 17.3%. However, when broken down by age group, it is the 65 and over age group that will be the primary driver of this increase (34.3%). This is followed by the working age population, with a growth of 14.9% estimated in Colchester, higher than the FEMA (6.3%), East of England (-0.3%), and England overall (1.7%). The growth in the working age population may have implications for economic development in the city. A faster-growing working-age population typically correlates with increased labour supply and consumer demand, potentially stimulating local businesses, productivity, an innovation. This typically supports the need for infrastructure development, attracting investment, and expanding the pool of skilled workers.

Table 5-1 Estimated Population Change by 2041 Across the Study Areas

	Colchester	FEMA	East of England	England
All ages	17.3%	13.0%	7.3%	8.6%
Aged 0 - 15	9.4%	5.3%	-1.3%	0.4%
Aged 16 - 64	14.9%	6.3%	-0.3%	1.7%
Aged 65+	34.3%	37.0%	39.0%	40.4%

Source: ONS (2021). Population Projections

[32] Office for National Statistics (2011); ONS Census 2011
[33] Office for National Statistics (2021); ONS Census 2021
[34] Office for National Statistics (2023); Population Projections

5.3 Economic Activity

5.3.1 Economic activity data measures the proportion of working age residents who are active members of the labour market in an area. In 2021, the economic activity rate in Colchester was 59.1%, higher than the FEMA (56.6%), and England (58.6%), albeit less than the East of England overall (59.8%)[33]. Colchester recorded the lowest unemployment rate (2.4%) when compared to the FEMA (2.5%), East of England (2.5%), and England (2.9%).

5.3.2 Job density[35], which is the number of jobs in an area divided by the working age resident population (aged 16 – 64), was estimated to be 0.79 in 2022, which is higher than the FEMA (0.74) and lower than both the East of England (0.84) and England overall (0.88). This suggests that while Colchester has a relatively healthy job market compared to its FEMA, it lags behind the broader regional and national averages, indicating that the city offers fewer employment opportunities per resident of working age and implies potential challenges in terms of the availability of employment opportunities within the local authority area.

5.4 Employment by Industry

5.4.1 Colchester is characterised by a diversity of sectors and industries, with a range of core and identified growth sectors including:

- Health and care;
- Construction;
- Leisure, hospitality, and tourism;
- Financial services;
- Creative, digital and technology;
- Advanced manufacturing; and
- Green energy.

5.4.2 In 2022[36], the largest employment sector in the city was health[37], which accounted for 18.6% of total employment, markedly higher than in the FEMA (13.9%), East of England (12.0%), and England (12.9%). Since 2015[38], employment in this sector has increased by 0.5 percentage points, and growth has outstripped the comparator geographies. This trend reflects the borough's ambitions to leverage the health and care sector to drive growth and opportunity by retaining and enhancing skills and training, set to be further strengthened by the development of a new hospital and associated facilities in the Northern Gateway. Other notable sectors include education (11.6%) and retail (10.5%), with total employment representing a higher share in both sectors compared to the FEMA, East of England, and England overall.

5.4.3 Conversely, the manufacturing sector, accounts for only 5.2% of employment in Colchester, which is a lower proportion than recorded for the FEMA (6.7%), the East of England (7.3%) England (7.4%). Similarly, the business administration sector, at 7.0%, accounts for a lower proportion of employment than the East of England (10.8%) and across England as a whole (9.0%). Notably, transport and storage jobs in Colchester make up just 2.6% of employment, which is considerably below the FEMA (3.6%), the East of England (5.5%), and national (5.1%) average.

[35] Office for National Statistics (2023); Job Density
[36] Office for National Statistics (2023); Business Register and Employment Survey
[37] Note, the ONS definition of "Health" includes a wide range of activities, from health care provided by trained medical professionals in hospitals and other facilities; residential care activities through to social work activities.
[38] 2015 is used as a benchmark in comparison with the economic context at the time of the previous Employment Land Review produced for Colchester City Council.

Table 5-2 Employment by Industry Across the Study Areas

	Colchester	FEMA	East of England	England
Agriculture, forestry & fishing	1.5%	2.1%	1.7%	1.3%
Mining, quarrying & utilities	1.0%	1.5%	1.0%	1.1%
Manufacturing	5.2%	6.7%	7.3%	7.4%
Construction	5.8%	7.2%	6.9%	4.9%
Motor trades	2.6%	2.6%	2.3%	1.8%
Wholesale	3.5%	4.1%	4.3%	3.8%
Retail	10.5%	10.3%	8.8%	8.4%
Transport & storage (inc postal)	2.6%	3.6%	5.5%	5.1%
Accommodation & food services	8.1%	8.8%	7.8%	7.9%
Information & communication	2.6%	2.1%	3.5%	4.7%
Financial & insurance	2.6%	7.2%	2.4%	3.3%
Property	2.6%	2.1%	2.0%	2.0%
Professional, scientific & technical	8.1%	6.2%	8.0%	9.5%
Business administration & support services	7.0%	6.7%	10.8%	9.0%
Public administration & defence	2.0%	2.3%	3.4%	4.2%
Education	11.6%	9.3%	8.4%	8.3%
Health	18.6%	13.9%	12.0%	12.9%
Arts, entertainment, recreation & other services	4.1%	4.1%	4.0%	4.4%

Source: ONS (2023). Business Register and Employment Survey

5.4.4 The creative, digital and technology sector is identified as a key growth sector in Colchester. The most commonly adopted definition of the sector is that developed by the Department for Culture Media and Sport (DCMS), based upon the Standard Industrial Classification (SIC 07) codes[39] [40]. Based on this definition, Colchester's employment base was made up of 3.4% creative and digital jobs, higher than the FEMA (2.7%) and the regional average (3.3%). With this existing employment base, Colchester has potential to foster an environment that attracts investment and nurtures the sector's development, building on investments such as the ACL Digital Hub. This in turn will act to maximise the growth in the

[39] Department for Culture, Media and Sport: Creative Industries Economic Estimates Methodology. Available at: CIEE_Methodology.pdf (publishing.service.gov.uk)

[40] DCMS recognises the substantial limitations to the underlying classifications. As the balance and make-up of the economy changes, SICs are less able to provide the detail for important elements of the UK economy related to DCMS Sectors. For instance, the definition used for the CDIs by DCMS does not allow consideration of the value added to the wider economy, such as occupations which rely on creative and digital technology to innovate. The distinction between 'digital' and 'creative' is constantly evolving and becoming far less clear as more industry activities now rely on or incorporate digital technologies.

sector that is spurred on primarily by a globally maturing digital industry owing to its highly skilled workforce which deliver high levels of productivity and contribution to the economy.

5.4.5 The green energy industry is also identified as a growth opportunity for Colchester. The energy (including renewables) sector is defined by the SIC 2007 codes[41] [42]. In 2022, the sector accounted for 0.6% of all employment in the city, reflecting a 35.0% increase since 2015, higher than the regional (-8.1%) and national (-10.9%) trajectory in employment numbers. This positive growth trend indicates the sectors emerging potential strength in Colchester.

5.5 Business Stock

5.5.1 ONS Business Count[43] data indicates that there were 7,440 enterprises located in Colchester in 2023. When broken down by employment size band, most businesses were classed as micro (defined as companies employing up to nine employees), making up 88.7% of businesses. This is broadly in line with the rates in the FEMA (88.9%), East of England (89.6%), and England overall (89.2%). There was a total of 665 small businesses, 140 medium businesses, and 30 large businesses located in the borough. Of these businesses, the construction and professional, scientific, and technical sectors had the largest proportion of businesses. This is echoed across all geographies.

5.5.2 Since 2015, the number of businesses in Colchester has grown by 12.4%, surpassing the increases seen in the FEMA (8.6%), East of England (10.9%), and England as a whole (12.0%). This growth has been primarily driven by micro-sized enterprises, accounting for an increase of circa 775 businesses, out of the circa 820 overall. This trajectory is a positive economic indicator for Colchester, suggesting a favourable environment for business growth and opportunity.

5.5.3 When considering business density, Colchester has 381 businesses per 10,000 of the population. This is higher than the FEMA (374), albeit lower than the East of England (426) and England as a whole (422)[44].

Table 5-3 Business Counts by Employment Size Band Across the Study Areas

	Colchester	FEMA	East of England	England
Micro (0 to 9)	88.7%	88.9%	89.6%	89.2%
Small (10 to 49)	8.9%	9.1%	8.5%	8.8%
Medium-sized (50 to 249)	1.9%	1.7%	1.5%	1.6%
Large (250+)	0.4%	0.3%	0.4%	0.4%

Source: ONS (2022). UK Business Counts

5.5.4 In regard to economic performance, in Colchester, the largest proportion of turnover revenue per business is in the £100,000 - £199,000 category, with 31.3% of businesses turning over this amount[45]. This mirrors the trend in the FEMA, East of England, and England. Approximately 805 businesses (10.8%) generated a turnover of over £1 million in Colchester. The businesses were mainly construction and wholesale enterprises. This demonstrates that Colchester has a slightly higher proportion of high-turnover businesses compared to the FEMA (10.7%), East of England (10.5%), and England as a whole (10.3%).

[41] Includes SIC 05, 06, 09, 19, 20.14, 35, 36, 38.22, 71.12/2, and 74.90.1
[42] The renewable energy industry is not assigned a SIC code and therefore is not identified as a separate sector of the economy for statistical reporting purposes. While some portion of renewable energy related output and employment will be captured in other energy sectors, other activities on servicing the sector will be categorised under the core function of the business, for example, construction, manufacturing or business services.
[43] Office for National Statistics (2023); UK Business Counts: Enterprises by Industry and Employment Size Band
[44] Calculated using the UK Business Counts (number of enterprises) and Total Population datasets from 2022 (latest available)
[45] Office for National Statistics (2023); UK Business Counts: Enterprises by Industry and Turnover Band

5.5.5 Business demography data[46] demonstrates the annual change in the number of businesses across the UK. The one-year survival rate of businesses in Colchester was recorded as 94.0% in 2022, higher than the FEMA (91.8%), East of England (93.6%), and England (93.5%). This survival rate indicates a favourable business environment in Colchester as a stable and attractive place for entrepreneurs and investors. Table 5-4 illustrates the demography in Colchester between 2017 and 2022. It shows that during this period, there was a net increase in businesses every year, with more births than deaths recorded.

Table 5-4 Business Demography in Colchester

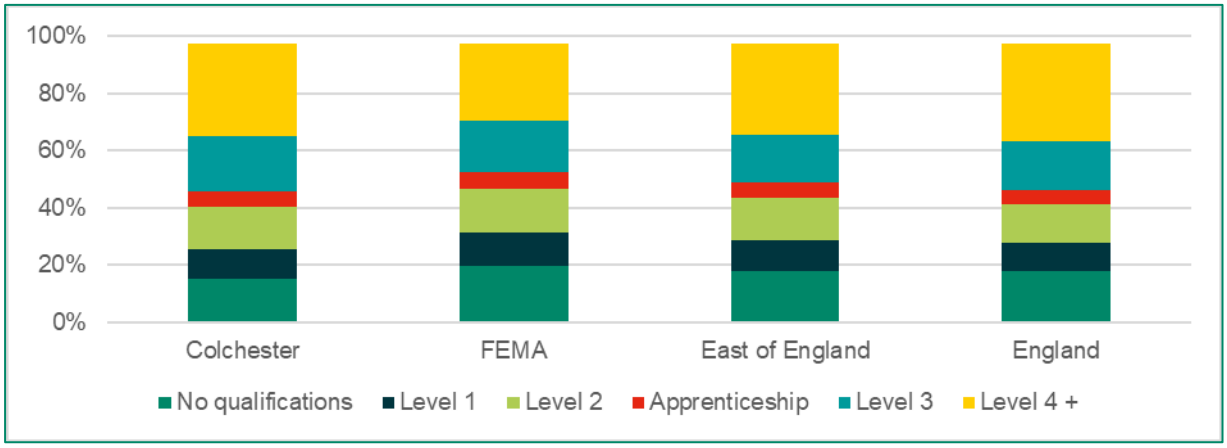
	2017	2018	2019	202	2021	2022
Births	840	910	1,165	845	910	910
Deaths	785	725	810	770	905	840
Net Change	6.5%	20.3%	30.5%	8.9%	0.5%	7.7%

Source: ONS (2022). Business Demography

5.6 Qualifications and Skills

5.6.1 The proportion of residents in Colchester aged 16 or over with a qualification at NVQ4 level or above[47] is 32.2%[48]. This is higher than the average across the FEMA (26.5%) and the East of England (31.6%), albeit lower than the national average (33.9%). Regarding residents with no qualifications, 15.4% of residents hold no qualifications in Colchester, lower than that recorded for the FEMA (19.6%), East of England (18.1%), and England as a whole (18.1%). A higher proportion of residents with advanced qualifications can attract businesses requiring skilled labour, drive innovation, and enhance productivity. Additionally, the lower percentage of residents without any qualifications indicates a potential requirement for development and upskilling activities and those to support work readiness.

Figure 5-1 Highest Level of Qualification Across the Study Areas



Source: ONS (2021). Census 2021: Highest Level of Qualification

5.6.2 Over the 10 years to 2021, the outlook on skills and qualifications has improved in Colchester, particularly within the Level 3 and Level 4+ category whereby achievement of this level increased by 5.7% and 5.0% respectively since 2011. This is met with a decline in those receiving no qualifications (-4.0%). This suggests that Colchester is experiencing positive growth in skills and educational attainment.

[46] Office for National Statistics (2023); Business Demography
[47] NVQ level or above qualifications include Degree (BA, BSc), Higher Degree (MA, PhD, PGCE), NVQ 4-5, HNC, RSA Higher Diploma, BTEC Higher Level, foundation Degree (NI), Professional Qualifications (i.e. teaching, nursing, accountancy).
[48] Office for National Statistics (2021); Census 2021 & 2011: Highest Level of Qualification

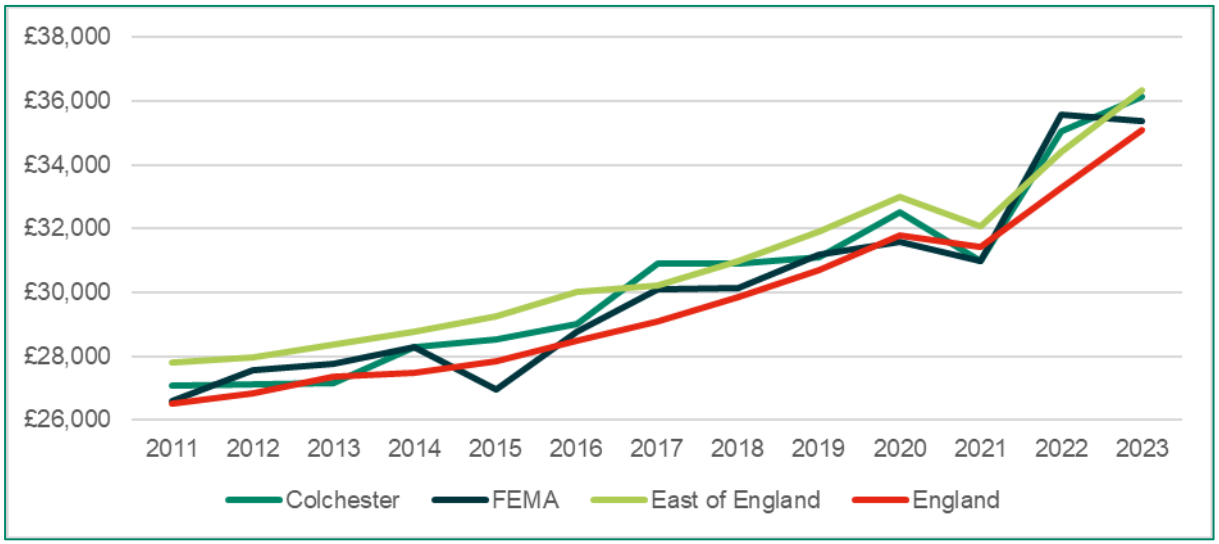
5.6.3 There is evidence of investment to develop the skills pipeline in Colchester, with £85.5m invested in the Student Experience at the University of Essex and Colchester Institute which delivered a new STEM centre at both institutions, the Essex Business School and Silberrad Student Centre at the University and a new Care Skills Centre at the Institute. Such investment provides strong foundations for the borough to develop and retain key skills.

5.7 Earnings and GVA

5.7.1 The Annual Survey of Hours and Earnings[49] shows that the median annual gross pay for full time workers who reside in Colchester was £36,125 in 2023. This was higher than earnings in the FEMA and England, albeit lower than the regional average across the East of England. Workplace based earnings show that for those who work in Colchester, annual gross pay was £33,962, higher than the FEMA but lower than regional and national averages. The difference between resident-based[50] and workplace-based[51] earnings suggest the presence of residents commuting outside of the city to access higher paying jobs elsewhere, particularly with Colchester's direct links to London.

5.7.2 Figure 5-2 shows that Colchester has recorded a steady increase in annual earnings over time, broadly reflecting general economic growth over the last decade. Earnings have generally been higher than the national average, albeit typically below the regional average, with the exception of fluctuations in years 2017, 2022, and 2023. This indicates a positive growth trajectory, albeit whilst Colchester is performing well, it has not performed as strongly as the East of England in terms wage growth.

Figure 5-2 Median Average Annual Earnings (Full-Time Workers) Across the Study Areas (Resident-Based)

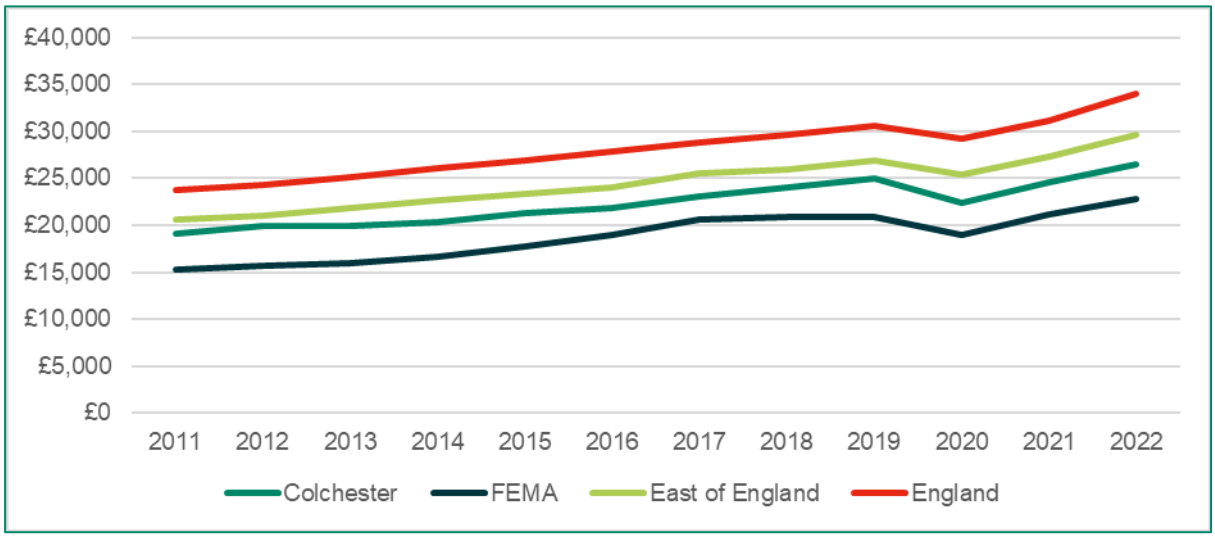


Source: ONS (2023). Annual Survey of Hours and Earnings.

5.7.3 Productivity, as measured by GVA per head[52], stood at £26,445 in Colchester in 2022. This is higher than the FEMA (£22,824), though lower than the East of England (£29,585), and England (£33,976). This indicates that while Colchester outperforms its immediate economic area, it still lags behind the broader regional and national averages in terms of productivity. As shown in Figure 5-3, this gap has remained persistent over the last decade.

[49] Office for National Statistics (2023); Annual Survey of Hours and Earnings
[50] Earnings of people residing in Colchester (regardless of workplace)
[51] Earnings by people working in Colchester (regardless of where they live)
[52] ONS (2023); Regional Gross Value Added (Balanced) at Current Prices

Figure 5-3 GVA per Head Across Study Areas



Source: ONS (2023). Regional Gross Value Added (Balanced) at Current Prices

5.7.4 Overall this indicates, while Colchester has experienced steady economic growth and higher earnings compared to the national average, it has not kept pace with the East of England region. The persistent lower productivity compared to regional and national averages highlights the need to attract high-value enterprises, encourage business investment, and stimulate growth in the key sectors to enhance overall productivity and bridge the gap with broader economic benchmarks. Colchester's Economic Strategy, and Annual Economic Report identify the vision and priorities to achieve this goal.

5.8 Summary

5.8.1 The section has provided a comprehensive overview of Colchester's socio-economic profile, highlighting key trends and disparities, including:

- By 2041, Colchester is expected to see an overall population increase of 17.3%, driven primarily by a rise in the 65 and over age group, driving an ageing population. However, there is expected to be growth in the working-age population, outpacing regional and national rates. This growth could increase labour supply, stimulate local businesses, and boost productivity as well as support infrastructure development, attract investment, and expand the pool of skilled workers.
- Colchester had a 59.1% economic activity rate in 2021 and the lowest unemployment rate compared to comparator geographies at 2.4%, but the city's job density was lower than regional and national averages, suggesting fewer local employment opportunities are available to residents.
- The health sector is Colchester's largest employment sector, and the city shows strong performance in the construction, and creative, digital and technology sectors in terms of job numbers, which is significant as recognised growth sectors for the city. However, the business administration, manufacturing, and transport sectors are under-represented compared to regional and national levels.
- Colchester has a higher proportion of residents with advanced qualifications than the FEMA and East of England averages, contributing to a skilled workforce. However, productivity remains lower than regional and national averages, highlighting the need for strategies to boost economic growth and attract high-value enterprises, as established in local policy and strategy.

6. Property Market Profile

6.1 Introduction

6.1.1 This section presents analysis of the commercial property market in Colchester. Reference is also made to comparator geographies, namely the FEMA as identified in Section 4, the East of England region, and England. This reflects the fact that the commercial property market in Colchester is not self-contained, and instead forms part of a much wider market area encompassing the FEMA, county, and region to some extent, varying somewhat by type of floorspace.

6.1.2 Data presented in this section is derived from CoStar which represents a comprehensive database of up-to-date property market data. Trends are presented where applicable, otherwise data for 2024 Quarter 2 (Q2) is shown, being the most recent period for which complete data is available. All data presented reflects that which is available and is subject to gaps and inaccuracies.

6.1.3 Employment-generating properties comprised of office, light industrial, general industrial, and storage and distribution types are considered, in line with the definition of employment land. The relationship between historic and new planning use classes, their relationship to CoStar property type primary and secondary classification, and the nomenclature adopted for this report, are shown in Table 6-1 below. It is recognised that there are other property types which may contribute to employment use activity, but these will not be analysed for the purposes of this evidence base.

Table 6-1 Property Type Classification

Pre-2021 Planning Use Class	New Planning Use Classes	CoStar Primary Type	CoStar Secondary Type
B1a (revoked) – Offices	E(g)(i) – Offices to carry out any operational or administrative function	Office	• All
B1b (revoked) – Research and Development (R&D) [53]	E(g)(ii) – Research and Development	Industrial	• R&D
B1c (revoked) – Industrial Processes	E(g)(iii) – Uses which can be carried out in a residential area without detriment to its amenity: industrial processes	Light Industrial	• Light distribution • Light manufacturing • Showroom (light industrial)
B2 – General industrial (other than E(g))	B2	Industrial	• Food Processing • Manufacturing • Service
B8 – Storage and Distribution	B8	Industrial	• Distribution • Warehouse • Truck Terminal • Refrigeration/ Cold storage • Showroom (Industrial)

Source: AECOM

6.1.4 In this section, we refer to use classes using the new Planning Use Class Order: E(g)(i); E(g)(iii); B2; B8.

6.1.5 The section is divided into two sub-sections covering the office market (E(g)(i)) and the industrial market (E(g)(iii); B2; B8); providing an assessment of local and sub-regional floorspace by analysing key property market indicators.

[53] Note that E(g)(ii) is not covered in this section as CoStar only returns 1 value for this use class in Colchester.

6.2 Office market [E(g)(i) uses]

6.2.1 This section presents findings related to the office property market in Colchester, along with comparisons to the FEMA, East of England and England. The principal concentrations of office stock in Colchester are in Colchester city centre, Colchester Business Park, Severalls Industrial Park and Tollgate Business Park employment sites.

Buildings and floorspace

6.2.2 CoStar data indicates that the office market in Colchester is comprised of 425 properties, i.e. buildings in office use or an office component within a mixed-use building, accommodating 264,691 square metres (sqm) net internal area (NIA) floorspace, including existing space, and space under renovation.

6.2.3 Table 6-2 shows the number of office properties and the corresponding floorspace (in sqm) for Colchester, the FEMA, East of England and England. Colchester accommodates 57.4% of office properties within the FEMA, and accounts for 57.7% of the FEMA's total office floorspace. The data also shows that the average building size in Colchester (623 sqm) is similar to the average in the FEMA (620 sqm). However, both Colchester and the FEMA have a considerably lower average building size when compared to the East of England and England as a whole (1,006 sqm and 1,171 sqm respectively). This indicates that the supply of office floorspace in Colchester and the FEMA is centred around small and medium sized premises.

Table 6-2 Office Properties – Buildings and Floorspace

	Number of Buildings	Floorspace (sqm)	Average Building size (sqm)
Colchester	425	264,691	623
FEMA	741	459,114	620
East of England	9,825	9,880,657	1,006
England	100,039	1,260,548,418	1,171

Source: CoStar, (2024)

6.2.4 Table 6-3 presents the change in office floorspace in Colchester, the FEMA, East of England and England for the period between 2015 and 2024. It shows that the supply of office floorspace in Colchester experienced an increase of 10.5% during that time, lower than the FEMA (11.4%), although considerably higher than the increase in the East of England and England (7.2% and 7.8% respectively).

Table 6-3 Change in office floorspace stock between 2015 and Q2 2024

	Colchester	FEMA	East of England	England
Floorspace in 2015 (sqm)	239,570	412,216	9,213,502	108,648,120
Floorspace in 2024 (sqm)	264,691	459,114	9,880,657	117,108,730
Change (%)	10.5%	11.4%	7.2%	7.8%

Source: CoStar (2024)

Premises

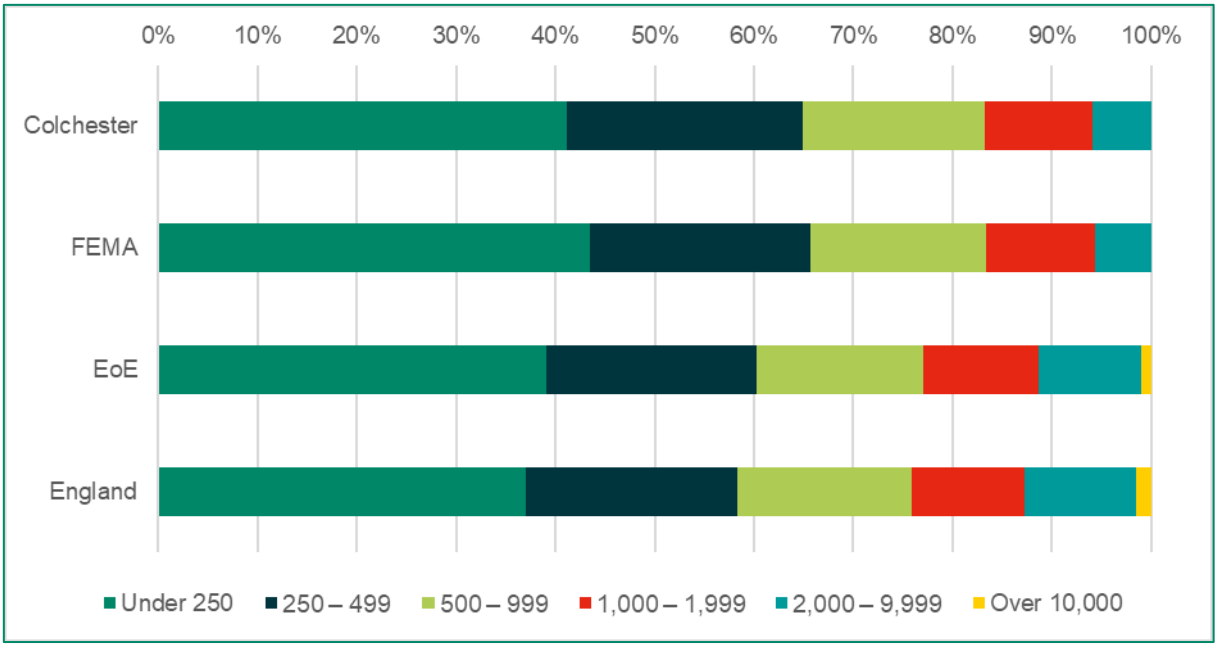
6.2.5 Figure 6-1 shows that 41% of all office units in Colchester are less than 250 sqm in size. Approximately 24% of all units are between 250 and 1,000 sqm, 16% between 1,000 and 10,000 sqm and none larger than 10,000 sqm.

6.2.6 In general, Colchester and its FEMA are typified by smaller office buildings, with buildings less than 500 sqm accounting for 65% and 66% of total stock, respectively. In contrast,

office buildings less than 500 sqm account for 60% of total office stock in the East of England and 58% across England as a whole.

6.2.7 Consultation with agents has highlighted that, as a result of the Covid-19 pandemic and the shift to hybrid working, many businesses have downsized, with smaller suites of 1,500-2,000 sqft (140-185 sqm) increasingly popular, and developers adapting to this demand. Agents considered that the demand for large floorplates (>1,500 sqm) is extremely limited in the borough.

Figure 6-1 Office properties - Stock by premises size (sqm) in Colchester, the FEMA, East of England and England in Q2 2024 (%)



Source: CoStar, (2024)

Vacancy and absorption rates

6.2.8 MHCLG guidance requires employment land studies to consider evidence of market failure such as physical or ownership constraints that prevent employment sites being used effectively. Therefore, this section presents data on vacancy and absorption rates of office E(g)(i) premises in Colchester, the FEMA, East of England and England.

6.2.9 CoStar records 'vacancy' in terms of space which is unoccupied and marketed. Table 6-4 shows the vacancy rate for office floorspace in Colchester, along with the FEMA, East of England and England. Colchester has a higher vacancy rate (5.3%) than the FEMA (3.5%) but lower than the East of England (5.5%) and England (8.2%) averages. Colchester drives up the vacancy rate in the FEMA, accounting for 88% of the vacant office floorspace. Tendring, with the lowest office stock in the FEMA, has the lowest vacancy rate (0.7%).

6.2.10 The office floorspace vacancy rates for Colchester, the FEMA and East of England are significantly lower than the optimal 8% frictional level, which indicates a balanced market in terms of supply and demand. This suggests potential supply constraints within the local and regional market, whereas the national market is broadly in balance. However, consultation with local agents highlighted that there was viewed to be a lot of short-term let arrangements in the city centre, and many examples of landlords in Colchester having agreed rent concessions with occupiers. If landlords insisted on enforcing the original terms of the leases (e.g., demanding full rent without concessions), rather than negotiating with tenants, more units would likely become vacant.

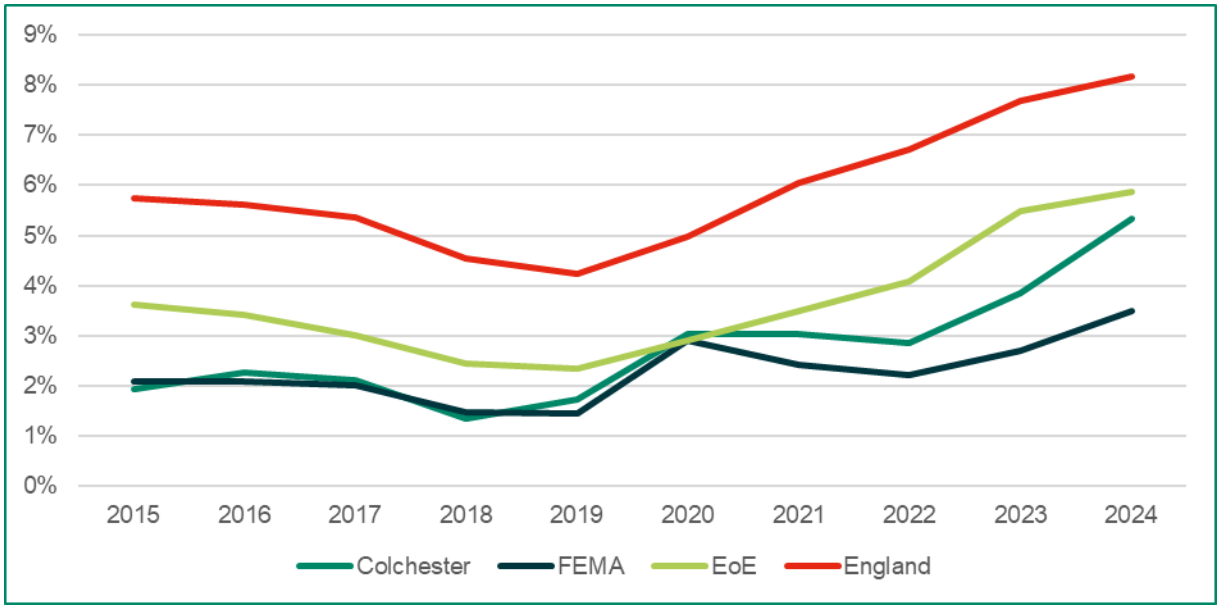
Table 6-4 Vacancy rates of office floorspace in Q2 2024

	Colchester	FEMA	East of England	England
Office floorspace				
Vacancy (%)	5.3%	3.5%	5.9%	8.2%
Vacancy (sqm)	14,120	16,040	579,005	9,575,324

Source: CoStar, (2024). Figures may not sum due to rounding

6.2.11 Figure 6-2 shows the change in office floorspace vacancy rates between 2015 and 2024 for Colchester, the FEMA, East of England and England. The vacancy rate in Colchester has increased from 1.9% in 2015 to 5.3% in 2024. This represents the greatest change in vacancy rates when compared to the FEMA (from 2.1% in 2015 to 3.5% in 2024), East of England (from 3.6% in 2015 to 5.9% in 2024) and England (from 5.7% in 2015 to 8.2% in 2024). Across the FEMA, both Braintree and Tendring experienced a decrease in the vacancy rate of office floorspace. Therefore, the increased vacancy rate of the FEMA is driven by change in Colchester.

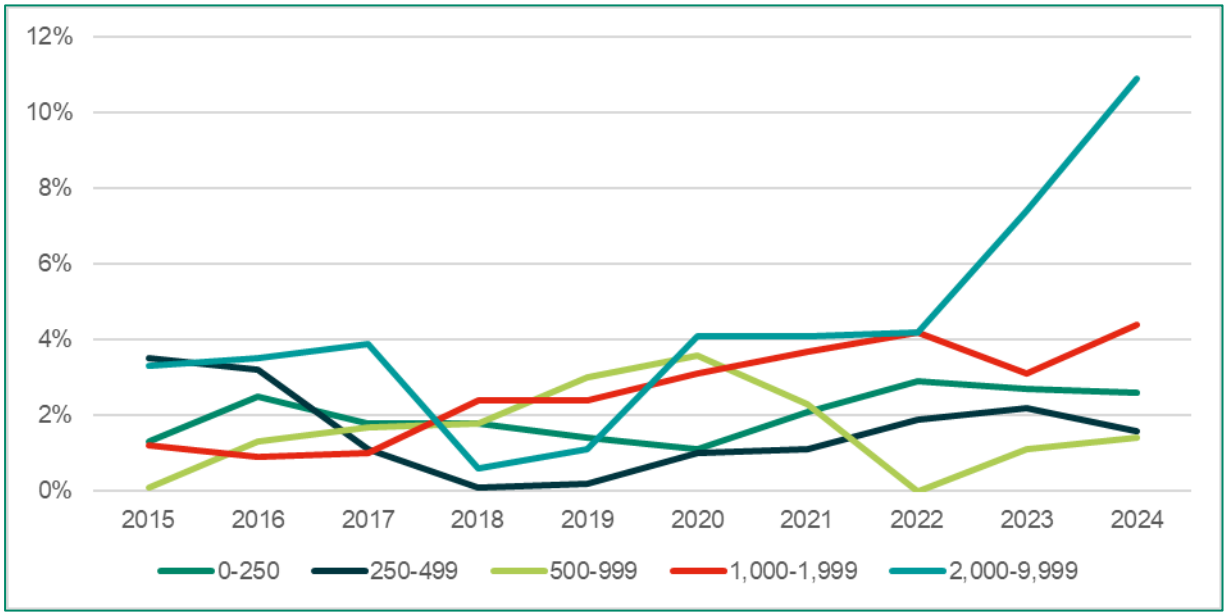
Figure 6-2 Vacancy rate (%) of office floorspace in Colchester, the FEMA, East of England and England between 2015 and Q2 2024



Source: CoStar (2024)

6.2.12 Figure 6-3 shows the change in vacancy rates by size band. This highlights that premises between 2,000 and 9,999 sqm have seen the greatest increase in the vacancy rate, rising from 3.3% in 2015 to 10.9% in 2024 Q2. In Colchester, office premises between 250 and 499 sqm have experienced the biggest decrease in vacancy rates, from 3.5% in 2015 to 1.6% in 2024, reflecting the increasing demand for smaller, more flexible floorplates within the borough.

Figure 6-3 Vacancy rate (%) of office floorspace in Colchester between 2015 and Q2 2024, by premises size (sqm)

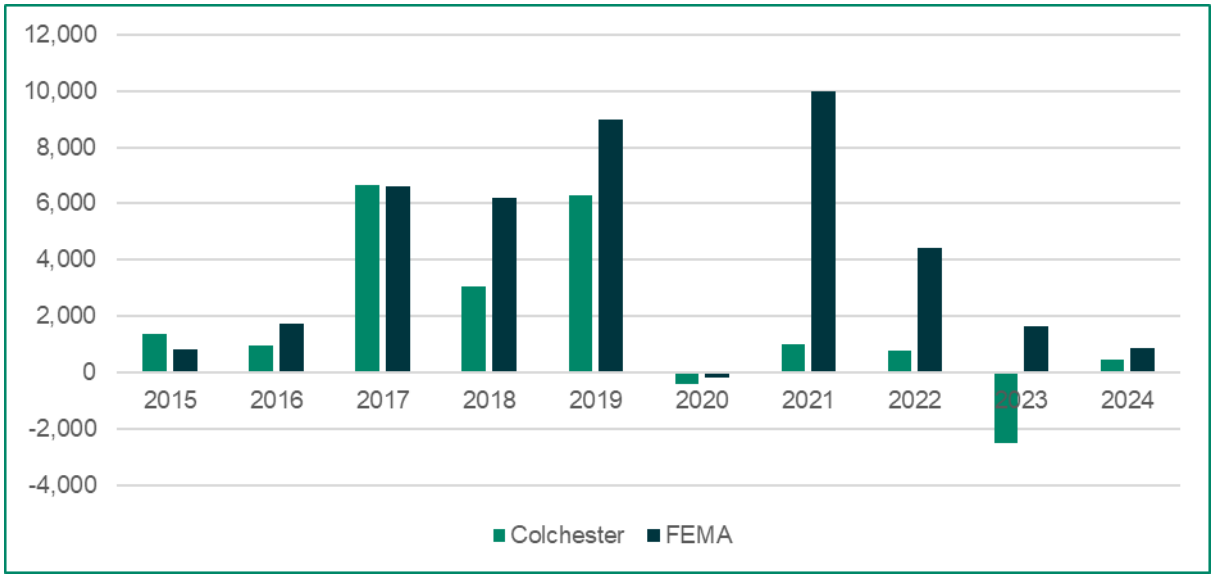


Source: CoStar (2024)

6.2.13 Net absorption provides another angle on demand. The measure expresses the change in the overall quantum of occupied floorspace, typically recorded year on year. Positive annual net absorption means that a greater amount of space has been occupied from a given year to the next. Net absorption is not the reverse of vacancy as vacancy is an expression of the level of non-occupancy against total stock. In office markets where stock may be in decline, for example due to the conversion of offices to residential use, vacancy may reduce but net absorption would be negative.

6.2.14 Figure 6-4 presents the net absorption of office floorspace in Colchester and the FEMA. Between 2015 and 2019, net absorption was positive in Colchester and the FEMA. However, net absorption has been muted in Colchester from 2020 onwards, likely driven by the impact of the COVID-19 pandemic on the use of office space. The FEMA has recorded a more positive performance over the same period, though has trended towards neutral in more recent years.

Figure 6-4 Net absorption of office floorspace in Colchester and the FEMA between 2015 and Q2 2024 in sqm



Source: CoStar (2024)

Rental values

6.2.15 Table 6-5 presents the average rental values recorded in Q2 2024 for office floorspace in Colchester, the FEMA, East of England and England. It shows that the average rental value for office floorspace in Colchester (£205 per sqm) is 10.3% higher than the FEMA average (£186 per sqm). Across the FEMA, Colchester has a similar average rental value to Tendring (£206 per sqm) but rental values are considerably higher value than recorded in Braintree (£147 per sqm). Rental values in Colchester and the FEMA are considerably below the averages for East of England (£229 per sqm) and England (£348 per sqm), though this is unsurprising given the market, in terms of the stock of floorspace and premises, is small and services mostly local demand.

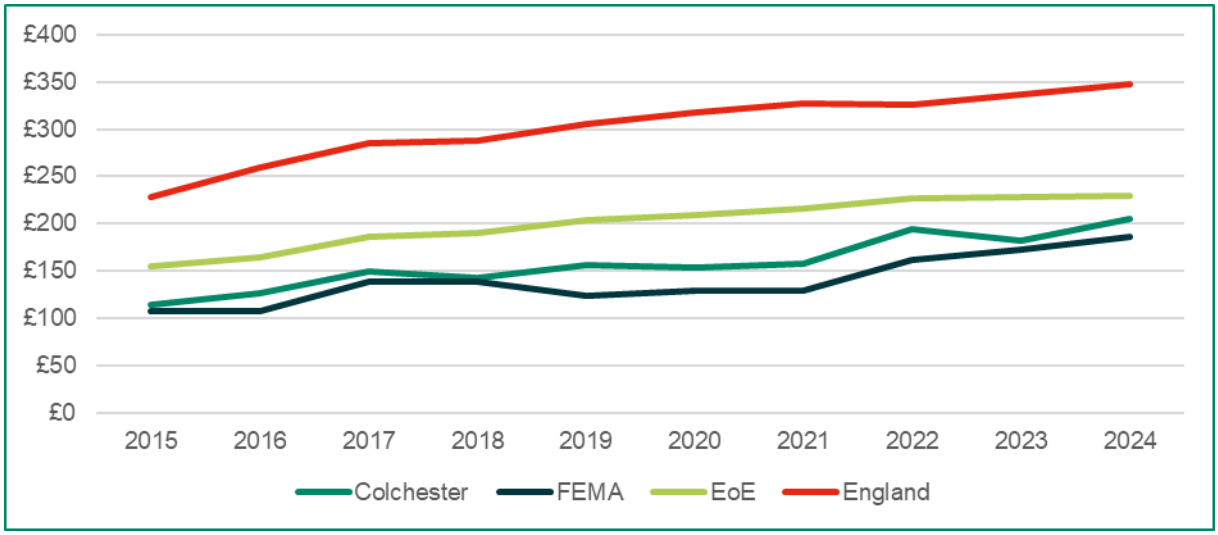
Table 6-5 Average rental values for office floorspace in Colchester, the FEMA and East of England (£ per sqm) in Q2 2024

Location	Average £ per sqm
Colchester	205
FEMA	186
East of England	229
England	348

Source: CoStar (2024).

6.2.16 Figure 6-5 presents the change in rental values in Colchester, the FEMA, East of England and England between 2015 and Q2 2024. The average rent per sqm has increased in Colchester by an average of 6.7% per annum over this period, higher than the rate across the FEMA (6.3%), and notably higher than the East of England (4.5%) and England (4.8%).

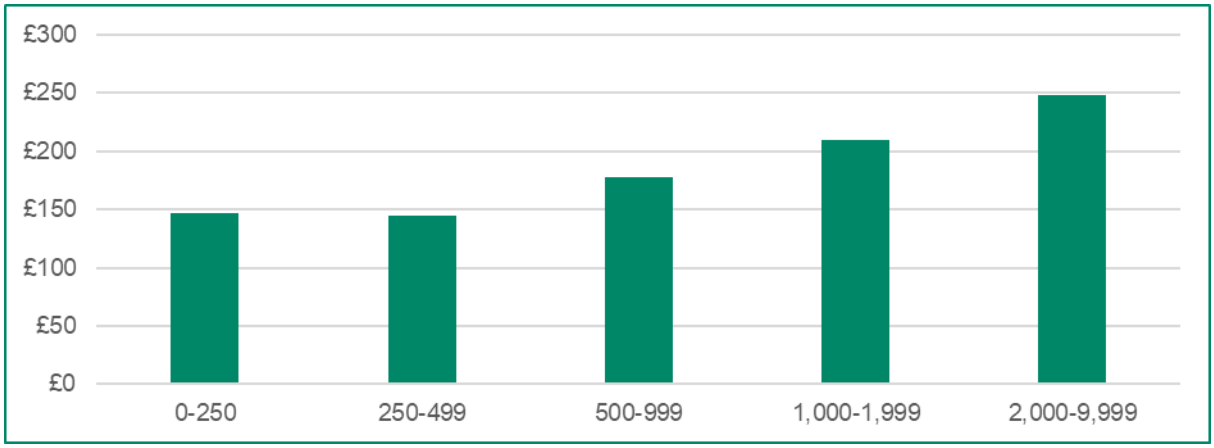
Figure 6-5 Average rent (£ per sqm) for office floorspace in Colchester, the FEMA, East of England and England between 2015 and Q2 2024



Source: CoStar (2024)

6.2.17 The rental value of office properties in Colchester tends to increase as the overall floorspace of the property increases, wherein those properties with the largest floorspace areas tend to attract the highest rent (£/sqm) on average. This is shown in Figure 6-6. The average rental value of properties between 2,000 and 9,999 sqm in size is approximately £248/sqm, which is around £100/sqm more than is typical for properties below 250 sqm in size.

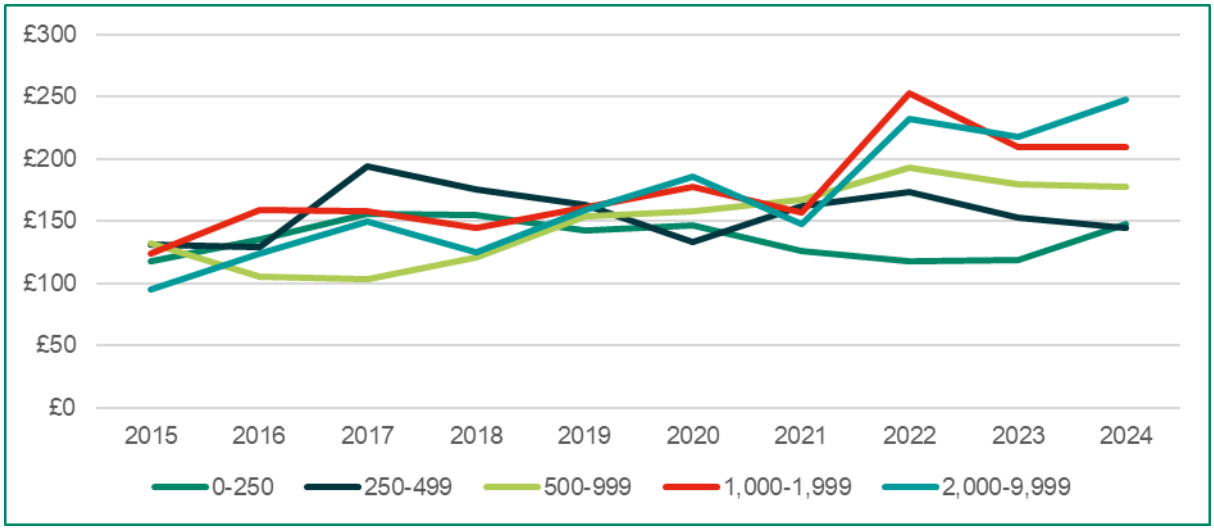
Figure 6-6 Average rent (£ per sqm) for office floorspace in Colchester, by size band (Q2 2024)



Source: CoStar (2024).

6.2.18 Over the period between 2015 and Q2 2024, the market rental value of office properties has increased across all size bands. However, while similar rental values were recorded across office size bands in 2015, there has been a divergence in rental values since 2021, driven by increased values associated with larger offices (>1,000 sqm), with more limited growth registered for properties offering less than 500 sqm floorspace. This is shown in Figure 6-7.

Figure 6-7 Average rent (£ per sqm) for office floorspace in Colchester by size between 2015 and Q2 2024



Source: CoStar, (2024).

Office (E(g)(i)) market conclusions

6.2.19 The office market in Colchester accommodates approximately 264,691 sqm of floorspace and comprises 57.4% of the total stock in the FEMA. The majority of premises are small (65% being less than 500 sqm) though these account for only 22% of the total floorspace. The principal concentrations of offices in Colchester are in Colchester city centre, Colchester Business Park, Severalls Industrial Park, Peartree Business Centre and Tollgate Business Park employment sites.

6.2.20 The analysis shows that the demand for office floorspace in Colchester is generally positive. Colchester has a higher vacancy rate than the FEMA (mainly driven by Colchester's vacant floorspace), but lower than the East of England and England averages. While the vacancy rate has increased at a faster rate than the comparators over the past decade, it remains well below the optimal frictional vacancy rate of 8% which indicates a balanced market in terms of supply and demand, suggesting potential supply constraints within the local market. Net absorption of office floorspace in Colchester has been positive overall, though muted since the Covid-19 pandemic. Average rental values in Colchester are notably higher than

the FEMA but significantly lower than the East of England and England averages. There has been a notable increase in the values associated with larger offices (>1,000 sqm) since 2021, while smaller properties have registered limited growth in rental values.

6.3 Industrial market [(E(g)(iii); B2 and B8 uses)]

6.3.1 This section presents findings related to the industrial (E(g)(iii); B2 and B8 uses) property market in Colchester, along with comparisons to both the FEMA, East of England and England. Industrial properties, comprising industrial, manufacturing, light industrial, and storage and distribution functions are predominantly located around Whitehall Industrial Estate, Severalls Industrial Estate and Gosbecks Business Park.

Buildings and Floorspace

6.3.2 There are 53 light industrial (E(g)(iii) use) properties in Colchester, comprising 53,964 sqm of floorspace. The light industrial floorspace across Colchester represents approximately 47.9% of the light industrial floorspace in the FEMA. Light industrial uses account for the smallest proportion of floorspace across all industrial use classes.

6.3.3 Colchester is home to 148 general industrial (B2 use) properties, accounting for 110,680 sqm of floorspace. The general industrial floorspace across Colchester represents approximately a third (31.7%) of the general industrial floorspace in the FEMA. Across the FEMA, Braintree has fewer general industrial premises (140), but accounts for a significantly higher proportion of floorspace (45.2%).

6.3.4 There are 146 storage and distribution (B8 use) properties in Colchester, comprising 359,299 sqm of floorspace. Storage and distribution floorspace across Colchester represents 36.8% of the storage and distribution floorspace in the FEMA. Across the FEMA, Braintree has a notably larger share of storage and distribution floorspace comprising 54.2% of the FEMA, whereas Tendring only accounts for 9.0% of the total storage and distribution floorspace in the FEMA.

6.3.5 Table 6-6 presents a profile of properties and floorspace by industrial use class.

Table 6-6 Industrial properties – buildings and floorspace (Q2 2024)

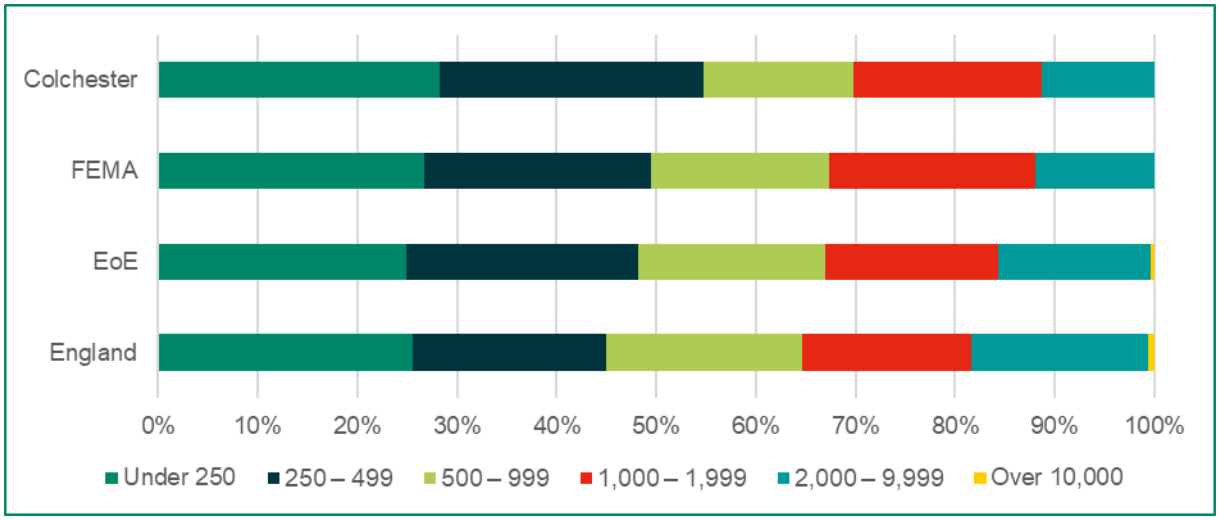
	Colchester	FEMA	East of England	England
Light industrial [E(g)(iii)]				
Number of properties	53	101	1,434	15,066
Floorspace (sqm)	53,964	112,598	1,770,235	20,557,574
General industrial [B2]				
Number of properties	148	332	4,631	43,936
Floorspace	110,680	348,995	6,513,559	71,619,976
Storage and Distribution [B8]				
Number of properties	146	388	5,485	52,184
Floorspace	359,299	976,272	20,134,829	192,428,572
Total				
Number of properties	347	821	11550	111186
Floorspace	523,943	1,437,865	28,418,623	284,606,122

Source: CoStar, (2024).

6.3.6 Light industrial properties in Colchester tend to be relatively small in size, whereby over half of buildings (54.7%) in this use are less than 500 sqm, compared to 49.5% in the FEMA,

48.2% in the East of England, and 44.9% in England. There are no properties over 10,000 sqm in Colchester and the FEMA. This is shown in Figure 6-8.

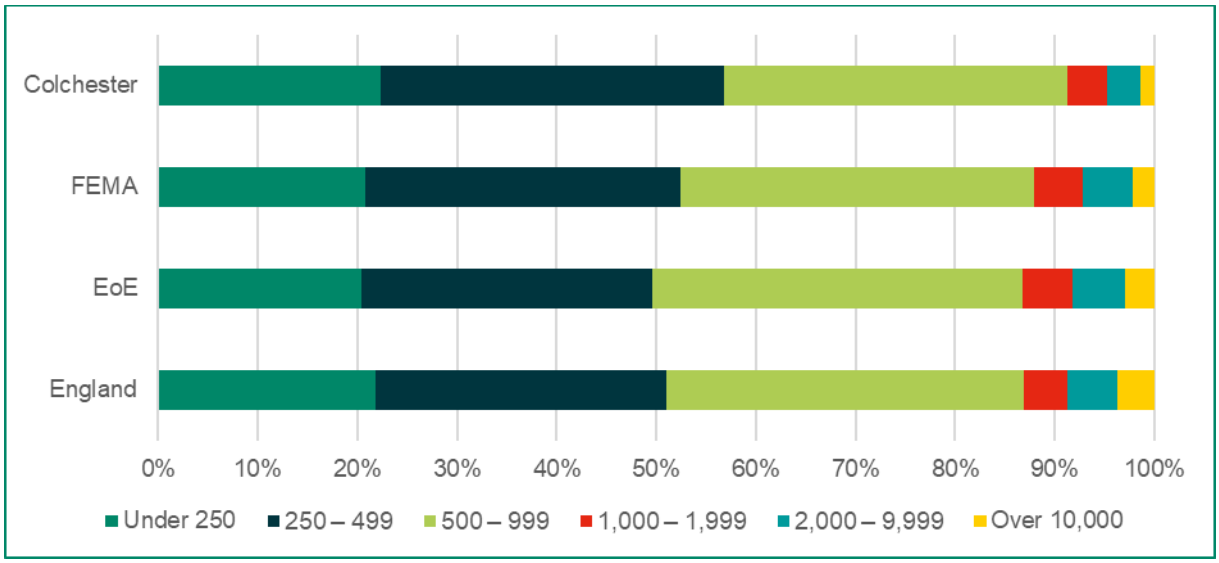
Figure 6-8 Industrial properties - Light industrial [E(g)(iii)] – Stock by premises size (sqm) in Colchester, the FEMA, East of England and England in Q2 2024 (%)



Source: CoStar, (2024).

6.3.7 General industrial properties in Colchester are also typically less than 500 sqm in size, accounting for 56.8% of properties, a slightly higher proportion than recorded for the FEMA (52.4%), East of England (49.7%) and across England (51.0%). This is shown in Figure 6-9.

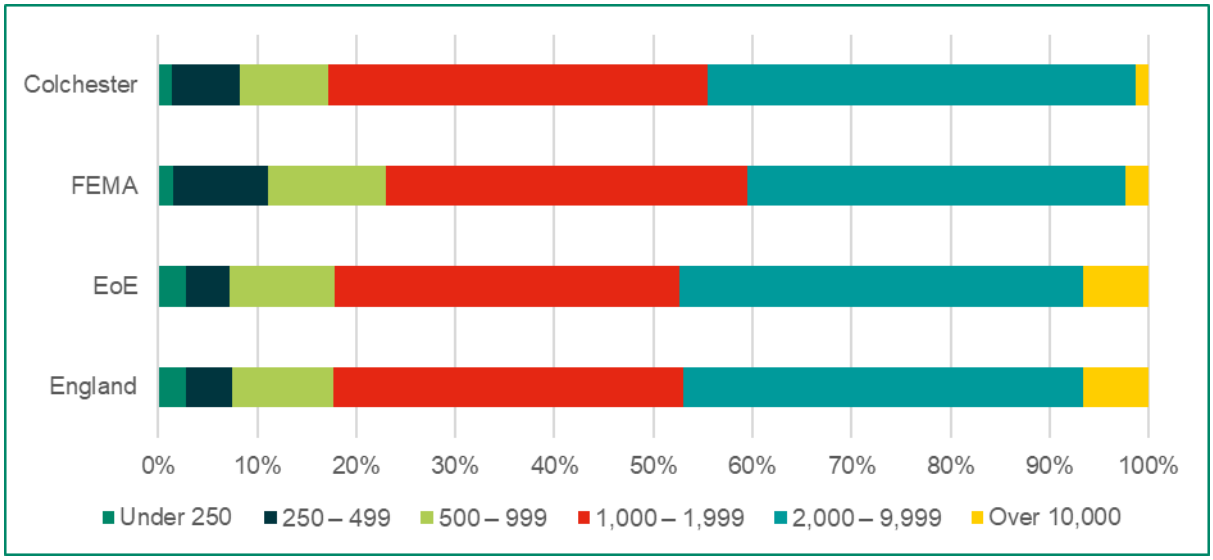
Figure 6-9 Industrial properties - General Industrial [B2] - Stock by premises size (sqm) in Colchester, the FEMA, East of England and England in Q2 2024 (%)



Source: CoStar, (2024).

6.3.8 Storage and distribution properties typically have larger floorspaces. In Colchester the majority of properties (81.5%) sit within the 1,000 – 9,999 sqm size band, higher than the FEMA (74.5%), East of England (75.4%) and England (75.7%). Storage and distribution properties in Colchester that have floorspaces over 10,000 sqm (1.4%) represent a slightly lower proportion that is typical for the FEMA (2.4%), but more notably lower than recorded for East of England (6.5%) and England (6.6%). This is a reflection of Colchester and the FEMA sitting outside core warehousing areas such as the London Gateway and key distribution corridors linking the Ports of Felixstowe, Ipswich and Harwich with the Midlands and rest of the country. This is shown in Figure 6-10.

Figure 6-10 Industrial properties - Storage and distribution [B8] - Stock by premises size (sqm) in Colchester, the FEMA, East of England and England in Q2 2024 (%)



Source: CoStar, (2024).

Vacancy and absorption rates

6.3.9 Table 6-7 presents a breakdown of industrial floorspace vacancy (in terms of vacancy rate and vacant floorspace) by type (light industrial, general industrial, and storage and distribution).

6.3.10 The light industrial floorspace vacancy rate in Colchester (2.5%) is similar to the vacancy rate in East of England (2.2%) and England (2.7%), although lower than the vacancy rate in the FEMA (3.3%). Across the FEMA, Braintree exhibits a vacancy rate of 6.2% whereas Tendring has no vacant space. The higher vacancy rate in Braintree is therefore driving the FEMA average up.

6.3.11 General industrial floorspace records a slightly lower vacancy rate in Colchester (1.6%) when compared to East of England (2.8%) and England (2.2%). The vacancy rate in the FEMA is 0.7% and is mainly driven by the vacancy rate in Colchester, as Braintree records a vacancy rate of 0.4% and Tendring has no vacant floorspace.

6.3.12 There is a higher vacancy rate for storage and distribution floorspace in Colchester (3.9%) than other industrial uses, both in absolute and proportional terms. However, the vacancy rate is lower than the rate in the FEMA (4.1%), East of England (5.1%) and England (5.4%).

Table 6-7 Industrial properties – Vacancy (2024 Q2)

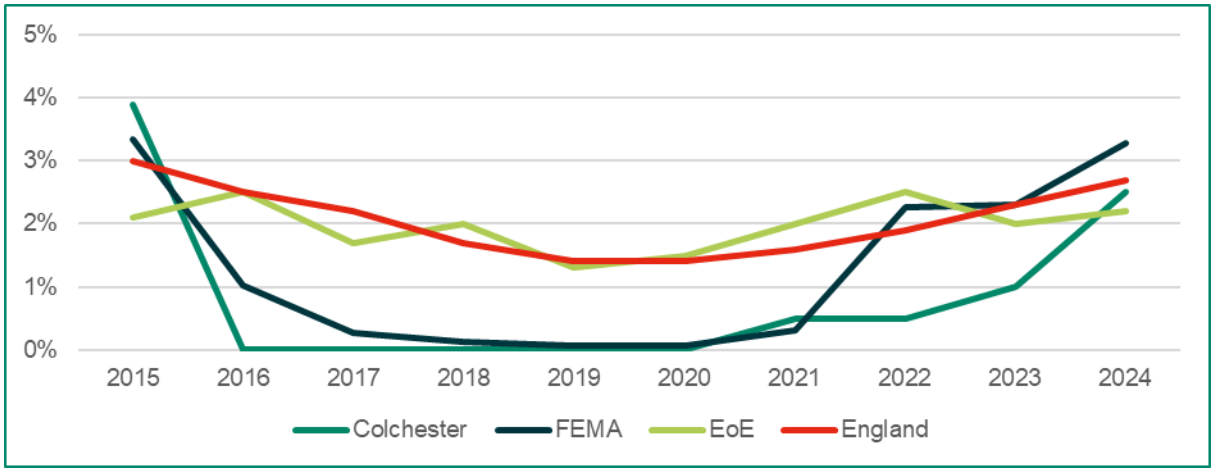
	Colchester	FEMA	East of England	England
Light industrial [E(g)(iii)]				
Vacancy rate (%)	2.5%	3.3%	2.2%	2.7%
Vacant floorspace (sqm)	1,360	3,695	38,181	560,453
General industrial [B2]				
Vacancy rate (%)	1.6%	0.7%	2.8%	2.2%
Vacant floorspace (sqm)	1,721	2,306	184,352	1,553,913
Storage and Distribution [B8]				
Vacancy rate (%)	3.9%	4.1%	5.1%	5.4%
Vacant floorspace (sqm)	14,020	39,865	1,030,823	10,437,828

	Colchester	FEMA	East of England	England
Total				
Vacancy rate (%)	17,101	45,866	1,253,356	12,552,194
Vacant floorspace (sqm)	3.3%	3.2%	4.4%	4.4%

Source: CoStar, (2024).

6.3.13 When considering the trend in vacancy rate of light industrial use floorspace, the vacancy rate in Colchester has remained mostly lower than FEMA and regional rate over the ten years preceding Q2 2024. The vacancy rate of light industrial floorspace in Colchester was zero between 2016 and 2020 and has been experiencing a steady increase until reaching 2.5% in Q2 2024. The vacancy rate for the FEMA has followed a similar pattern but has experienced a sharper increase to 3.3%. This is shown in Figure 6-11.

Figure 6-11 Vacancy rate (%) of Light industrial [E(g)(iii)] floorspace in Colchester, the FEMA, East of England and England between 2015 and Q2 2024

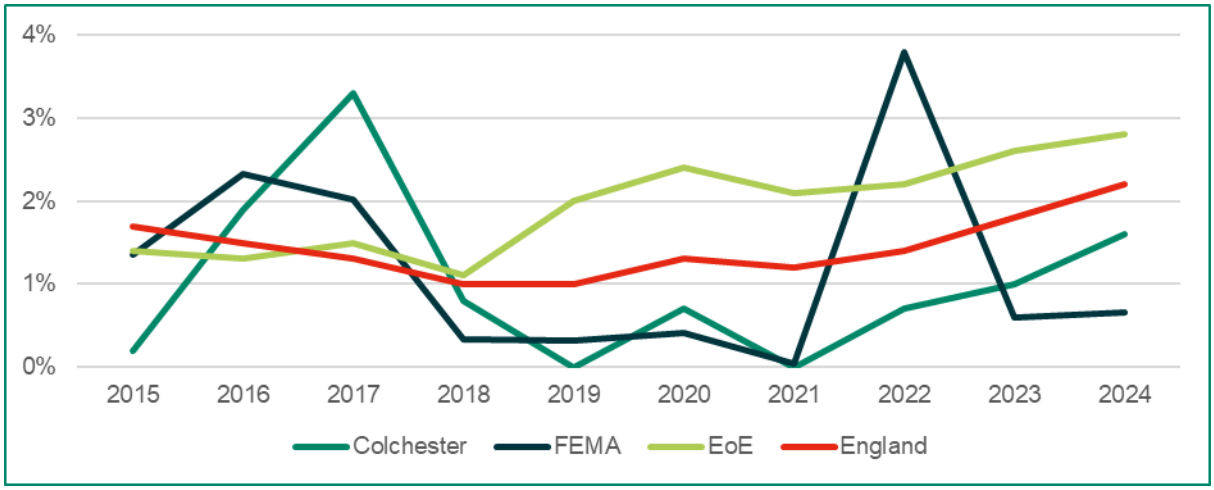


Source: CoStar, (2024).

6.3.14 The vacancy rate of general industrial properties has fluctuated over the past 10 years. In Colchester, vacancy rates have been decreasing and below 2% since 2017. The FEMA experienced a similar trend, but the vacancy rate increased from near zero in 2021 to 3.7% in 2022, dropping back to below 1% since 2023.

6.3.15 The 10-year average vacancy rate for the general industrial properties in Colchester (1.1%) is broadly in line with that recorded in the FEMA (1.2%), and slightly lower than East of England (1.9%) and England (1.4%).

Figure 6-12 Vacancy rate (%) of General industrial [B2] floorspace in Colchester, the FEMA, East of England and England between 2015 and Q2 2024

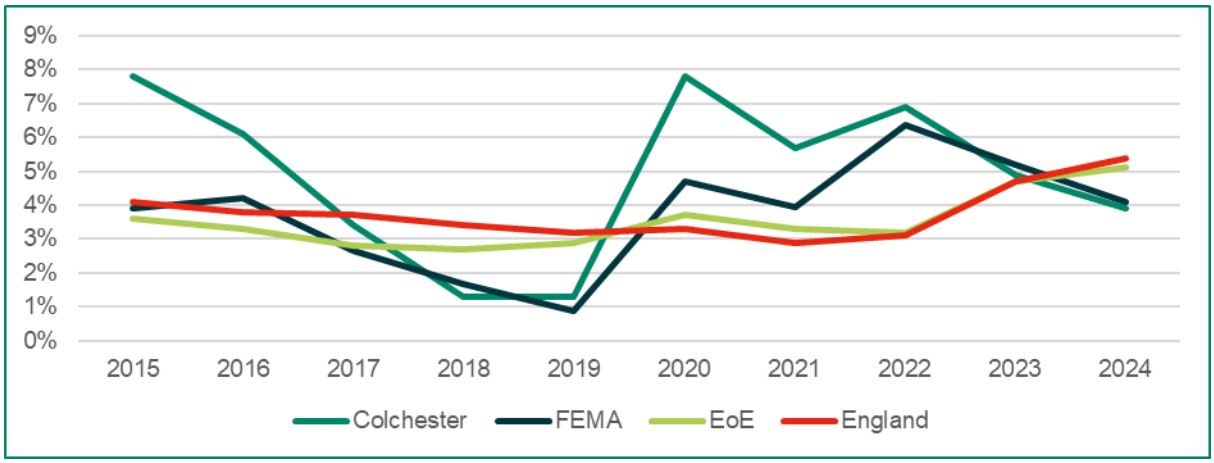


Source: CoStar, (2024).

6.3.16 The trend in vacancy rates for storage and distribution properties in Colchester and the FEMA over the ten-year period to 2024 have shown some variation around the East of England and England average vacancy rates. The vacancy rates for both Colchester and the FEMA experienced a decrease from 2015 to 2019 and then an increase from 2020 to 2022. Since 2022, the vacancy rate has been decreasing in Colchester and the FEMA while increasing in the East of England and England. Currently the vacancy rate in Colchester and the FEMA sits below the vacancy rate for the East of England and England.

6.3.17 The average 10-year vacancy rate in Colchester (4.9%) is the highest when compared to the FEMA (3. 8%), East of England (3.8%) and England (3.5%).

Figure 6-13 Vacancy rate (%) of Storage and distribution [B8] floorspace in Colchester, the FEMA, East of England and England between 2015 and Q2 2024

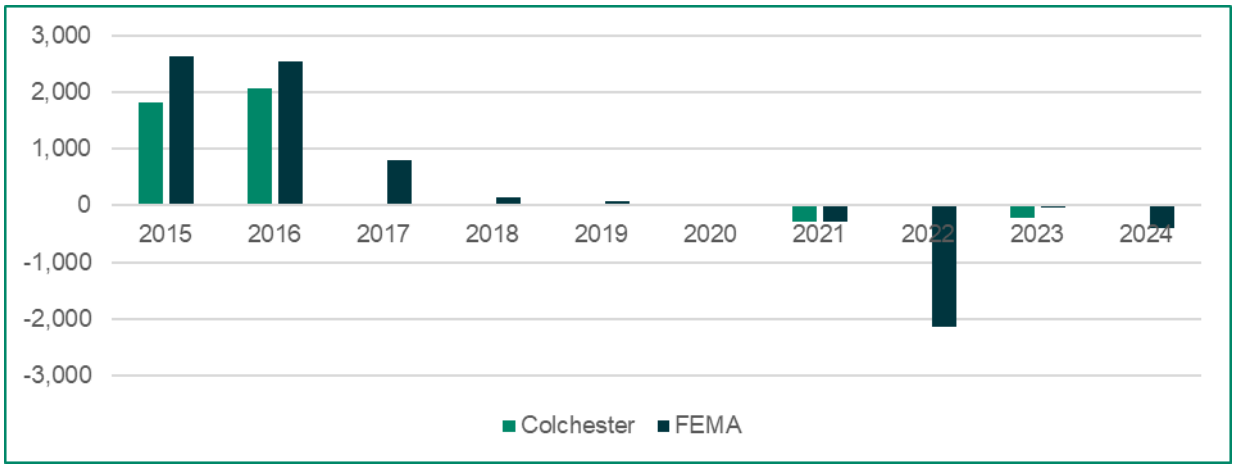


Source: CoStar, (2024).

6.3.18 As discussed previously in paragraph 6.2.13, net absorption provides another angle on demand. Positive annual net absorption means that a greater amount of space has been occupied from a given year to the next.

6.3.19 With regard to light industrial floorspace, net absorption been muted in Colchester and the FEMA over the past 10 years. Colchester had positive net absorption in 2015 and 2016, and has been at or near neutral since 2017. This would suggest that, with the notable exception of 2015 and 2016, demand has been low or negative across Colchester and the FEMA.

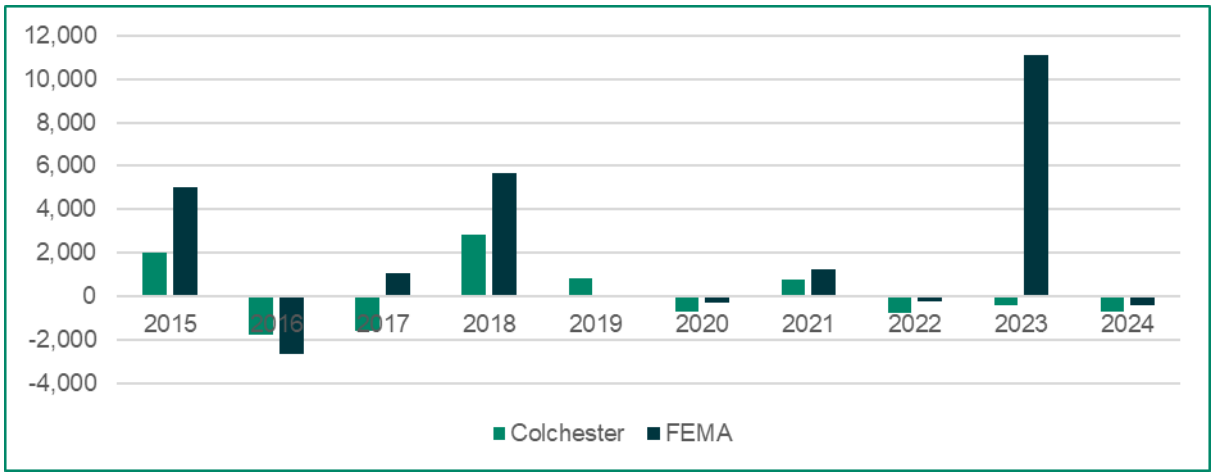
Figure 6-14 Net absorption - Light industrial [E(g)(iii)] floorspace - between 2015 and Q2 2024 in sqm



Source: CoStar, (2024).

6.3.20 Net absorption of general industrial floorspace has exhibited a variable pattern over the past ten years in both Colchester and the FEMA. However, with the exception of 2015, 2018, 2019 and 2021 net absorption has been negative in Colchester, with limited evidence of positive demand over the past 6 years.

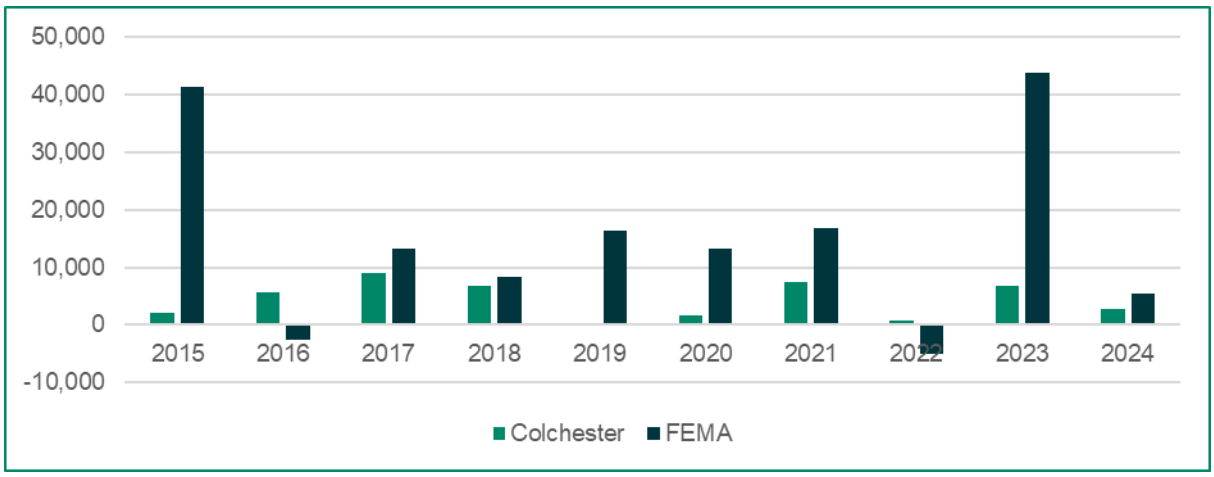
Figure 6-15 Net absorption - General Industrial [B2] - between 2015 and Q2 2024 in sqm



Source: CoStar, (2024).

6.3.21 Net absorption of storage and distribution floorspace has generally been positive over the past ten years in Colchester and the FEMA, suggesting that the demand for storage and distribution has been positive across Colchester and the FEMA. This is likely linked to strong growth registered across the logistics sector over recent years, driven by various factors such as population growth, increased online shopping, higher freight flows and Brexit. This has driven demand up even further for warehousing and storage floorspace, leading to warehousing becoming a more prime asset class than offices.

Figure 6-16 Net absorption – Storage and distribution [B8] - between 2015 and Q2 2024 in sqm



Source: CoStar, (2024).

Rental values

6.3.22 Table 6-8 presents a breakdown of industrial properties' market rent by type (light industrial, general industrial, and storage and distribution).

6.3.23 As of Q2 2024, light industrial properties attracted an average market rental value of £131 per sqm in Colchester; significantly higher than the rate for the FEMA (£110 per sqm), East of England (£125 per sqm) and England (£116 per sqm).

6.3.24 General industrial properties attracted higher market rents in Colchester (£142 per sqm). This again was notably higher than the rate for the FEMA (£111 per sqm), East of England (£85 per sqm) and England (£106 per sqm). This highlights that rental values are significantly lower elsewhere in the FEMA (particularly Tendring, where rental values are at £85 per sqm).

6.3.25 Storage and distribution properties attracted lower market rental values in Colchester (£103 per sqm) than the recorded market rental value across East of England (£109 per sqm).

However, the market rental value for Colchester is higher than the FEMA (£92 per sqm) and England (£96 per sqm).

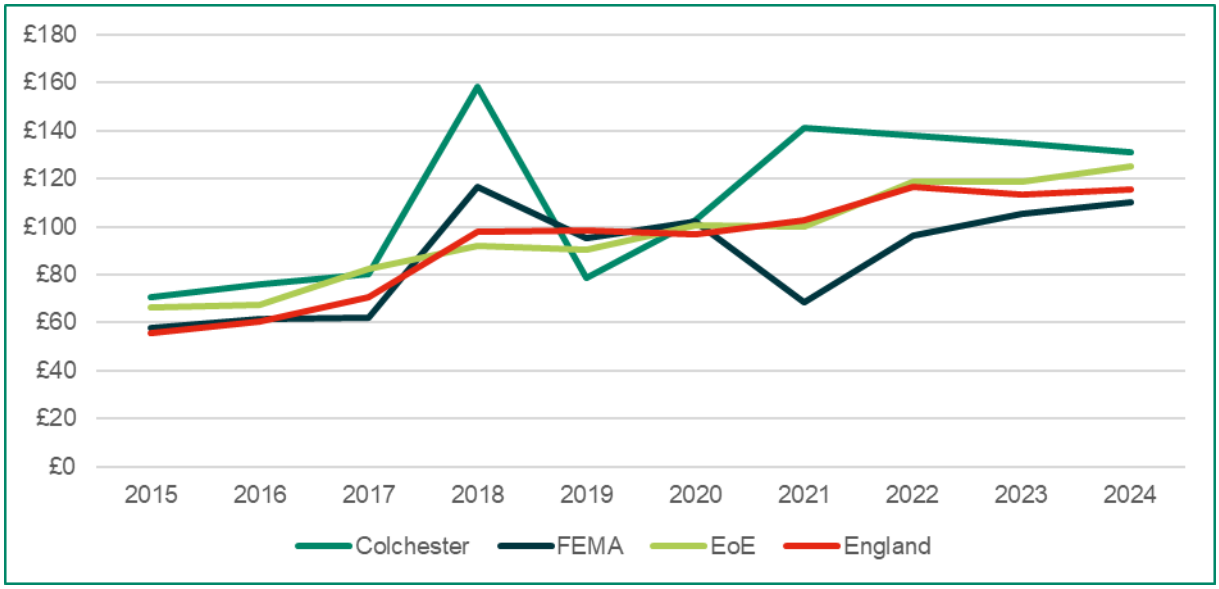
Table 6-8 Average rental values for Industrial properties in Colchester, the FEMA, East of England and England (£ per sqm) in Q2 2024

	Colchester	FEMA	East of England	England
Light industrial [E(g)(iii)]				
Market rent (£/sqm)	131	110	125	116
General industrial [B2]				
Market rent (£/sqm)	142	111	106	85
Storage and Distribution [B8]				
Market rent (£/sqm)	103	92	109	96

Source: CoStar, (2024).

6.3.26 As shown in Figure 6-17 the light industrial market rental values have fluctuated in Colchester and the FEMA over the ten-year period to 2024. This contrasts with the almost linear increasing trend in East of England and England. The market rental values in Colchester have almost consistently exceeded the recorded values across all other geographies, with exceptions in 2017 and 2019.

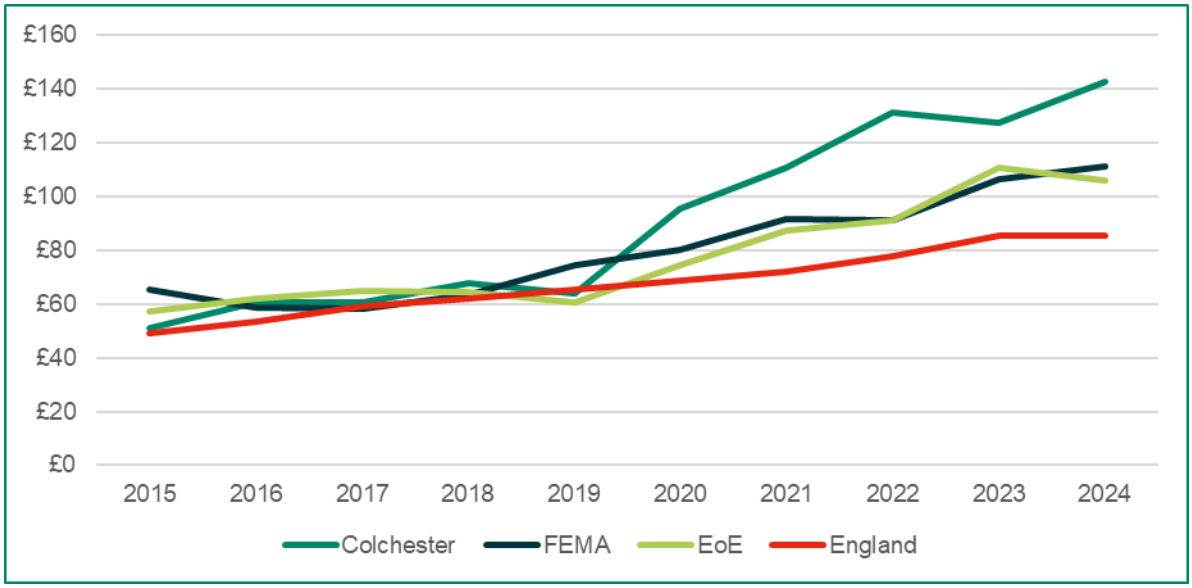
Figure 6-17 Average rent (£ per sqm) for Light industrial [E(g)(iii)] floorspace in Colchester, the FEMA, East of England and England between 2015 and Q2 2024



Source: CoStar, (2024).

6.3.27 An overall increasing trend in general industrial rental values has been recorded across all geographies between 2015 and 2024, as shown in Figure 6-18. From 2020 onwards, the recorded general industrial market rental values in Colchester have experienced significant growth and exceeded those of the FEMA, East of England and England as a whole.

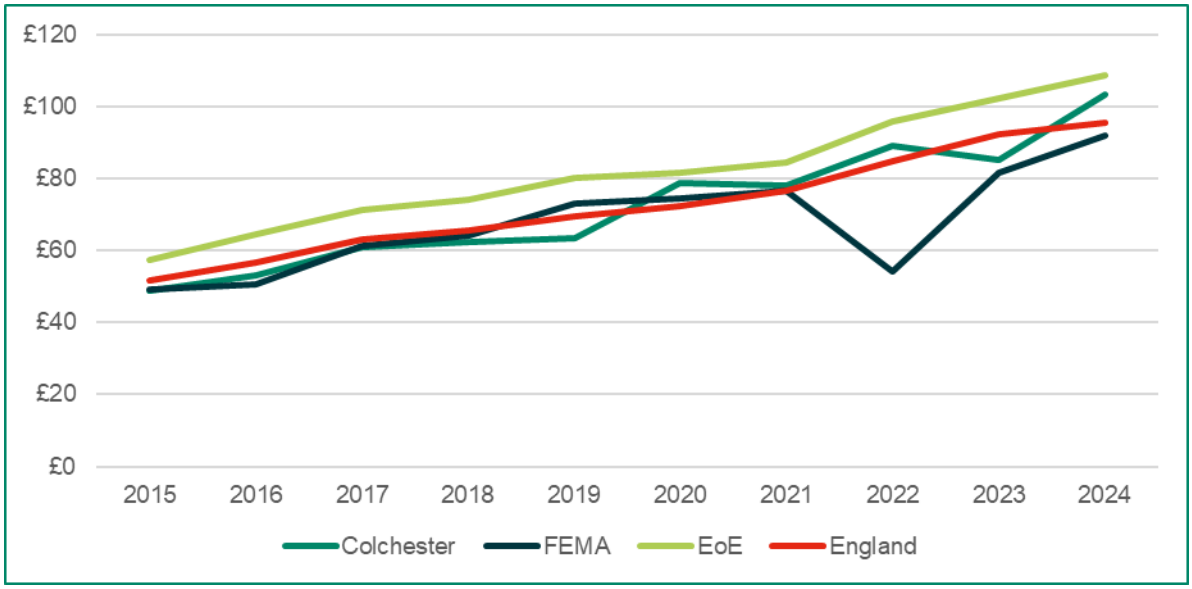
Figure 6-18 Average rent (£ per sqm) for General industrial [B2] floorspace in Colchester, the FEMA, East of England and England between 2015 and Q2 2024



Source: CoStar, (2024).

6.3.28 As shown in Figure 6-19, market rental values for storage and distribution properties have followed an increasing trend from 2015 to 2024 in Colchester, East of England and England, with average values broadly mirroring the national average. From 2020 to 2024, market rental values for storage and distribution have fluctuated in FEMA, with a notable drop in 2022 before returning to growth. Overall, market rental values for storage and distribution floorspace in Colchester have more than doubled (112%) since 2015, a higher growth than the rest of analysed geographies.

Figure 6-19 Average rent (£ per sqm) for Storage and distribution [B8] floorspace in Colchester, the FEMA, East of England and England between 2015 and Q2 2024



Source: CoStar, (2024).

Industrial Market Conclusions

6.3.29 In summary, with regard to industrial properties:

- The industrial market in Colchester provides 523,943 sqm of industrial floorspace accounting for 36% of total floorspace across the FEMA. The largest concentrations of industrial properties are around Whitehall Industrial Estate, Severalls Industrial Estate, and Gosbecks Business Park.

- The majority of floorspace is generated by storage and distribution uses (68.5% of floorspace across 146 properties), followed by general industrial (21.1% of floorspace across 148 properties); and light industrial (10.3% of floorspace across 53 properties). This reflects the size profile of the use classes, with storage and distribution properties tending to be over 1,000 sqm in size, whereas the majority of general industrial and light industrial properties are less than 500 sqm.
- The analysis highlights limited spare capacity within the light industrial and general industrial use classes, with vacancy rate of 1.6% and 2.5% respectively. Vacancy rates for storage and distribution, while broadly in line with the FEMA, are notably lower than the East of England and England.
- Absorption rates for light and general industrial floorspace have been at or near neutral across Colchester and the FEMA over much of the past decade, with limited evidence of positive demand over the past 6 years. However, data suggests a generally positive picture in terms of the net absorption of storage and distribution floorspace, consistent with positive demand over the past decade, likely driven by the e-commerce boom, which has resulted in warehousing being a more prime asset class than offices.
- The evidence demonstrates that market rental values for industrial floorspace in Colchester are generally higher than the FEMA, East of England and England, with the exception being market values for storage and distribution which are higher in the East of England. This suggests that more affordable industrial space is located elsewhere in the FEMA and region.

6.4 Minimum Energy Efficiency Standards

6.4.1 In response to the environmental, economic, social and political impetus to limit the damaging consequences of global climate change, Colchester City Council[54] declared a climate emergency in July 2019, in order to recognise the importance of reducing carbon emissions. Colchester has set a 2030 Carbon Neutral target which, whilst very ambitious, is in alignment with other Local Authorities who have declared a Climate Emergency[55].

6.4.2 The contribution of buildings to greenhouse gas emissions is increasingly recognised. This understanding presents both challenges and opportunities, given the potential for emissions savings to be made. It is estimated that buildings are responsible for between 17% and 31%[56,57] of national emissions. In Colchester, during the financial year 2021-2022, it was estimated that the Council's buildings contributed to around two thirds (66%) of emissions[58].

6.4.3 The energy performance of buildings in the UK is monitored through the Energy Performance Certificate (EPC) system. Non-domestic private rented properties are awarded a certificate rating between A+ (most efficient) and G (least efficient). Properties awarded an A+ rating are considered to achieve Net Zero CO_2.

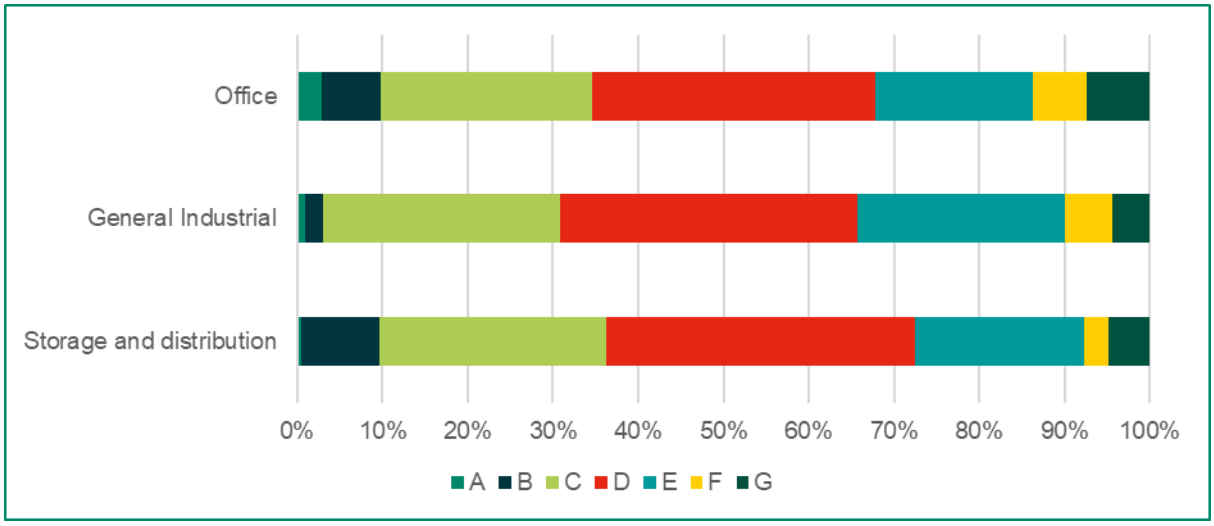
6.4.4 In order to drive the decarbonisation of the UK's non-domestic building stock, commitments have been made to encourage the construction of more energy efficient buildings and upgrading/retrofitting existing buildings through the implementation of restrictions on private lettings based on energy performance. Non-domestic buildings must comply with Minimum Energy Efficiency Standards (MEES) in order to lawfully be leased. At the time of writing (July 2024), MEES regulations apply to those non-domestic buildings which have been awarded an EPC rating of F or G, whereby these properties cannot enter into new leases until improvements have been made. A number of exemptions apply[59],[60] including that

[54] Prior to 2022, Colchester City Council's legal name was Colchester Borough Council.
[55] Colchester Borough Council, (2019); Colchester Borough Council Climate Action Planning
[56] HM Government, (2021); Net Zero Strategy: Build Back Greener.
[57] This figure includes only emissions from direct energy use in buildings.
[58] Colchester City Council, (2022); Reducing emissions from our buildings and fleet. Accessible at: Reducing emissions from our buildings and fleet · Colchester City Council
[59] https://www.gov.uk/energy-performance-certificate-commercial-property/exemptions
[60] Additional exemptions to the new regulations are set out by RICS at https://ww3.rics.org/uk/en/journals/property-journal/epc-requirements-commercial-property.html. Exemptions apply to leases less than 6 months or greater than 99 years; to the need to perform upgrading works until a new EPC is triggered; where the costs of works would be greater than the energy saving over seven years; where third-party consent precludes works e.g. planning permission refused where reasonably sought; where works would devalue property by over 5%; where the landlord has recently become one.

improvements must be 'permissible', 'appropriate' and 'cost effective'[61]. As of 1st April 2023, MEES apply to existing leases, not solely new leases as had been the case previously[62].

6.4.5 A breakdown of the EPC certificates awarded by use type[63] in Colchester is shown in Figure 6-20. The following commentary is based on the application of the relative proportion of EPC certificates, as provided by the Department for Levelling Up, Homes and Communities (now MHCLG), to the age of building stock information derived from CoStar in order to indicate the energy performance of the building stock of Colchester. This approach allows for the indicative characterisation of the entire building stock of Colchester and, given that CoStar represents a robust and comprehensive dataset of building stock. However, this commentary does not take into account the stock of non-domestic buildings which are exempt from MEES regulations; the Government is engaging in further consultation on the development of a robust publicly available 'exemptions database' such that the scale of current and future exemptions can be further understood[64].

Figure 6-20 EPC Certificates in Colchester by building use type



Source: Department for Levelling Up, Homes and Communities, (2024); Energy Performance of Buildings Data: England and Wales

6.4.6 It is shown in Figure 6-21 that in Colchester, office properties in general have the lowest proportion of certificates which are MEES compliant (i.e. rated E or above). Accordingly, approximately 13.7% of building certificates are not MEES compliant. If the proportion of certificates is applied to the identified office properties in the property market analysis section, recognising the limitations set out above, it would suggest that around 58 office properties do not meet MEES, possibly reflecting circa. 36,252 sqm of floorspace. In relation to general industrial properties, approximately 10% of building certificates are not MEES compliant. Applying the same proportion to property market information would suggest that around 20 properties do not meet MEES, or around 16,383 sqm of floorspace. In relation to storage and distribution use properties, these properties tend to have the lowest proportion of certificates which do not meet MEES (around 7.7% of certificates). Using the same logic of applying this proportion to the identified buildings suggests that 11 buildings are not MEES compliant, or 27,772 sqm of floorspace.

6.4.7 It is anticipated that the minimum standard will be sequentially increased such that building efficiency expectations are raised in line with Government ambitions to deliver against its net

[61] RICS, (2018); Minimum Energy Efficiency Standards (MEES): Impact on UK property management and valuation.
[62] https://ww3.rics.org/uk/en/journals/property-journal/epc-requirements-commercial-property.html
[63] It should be noted that the use types employed by DLUHC to categorise buildings do not directly align with those categories applicable to CoStar data presented in the property market analysis section of the report. Data is therefore presented by considering the broad use types shown to comprise buildings categorised by DLUHC as follows:

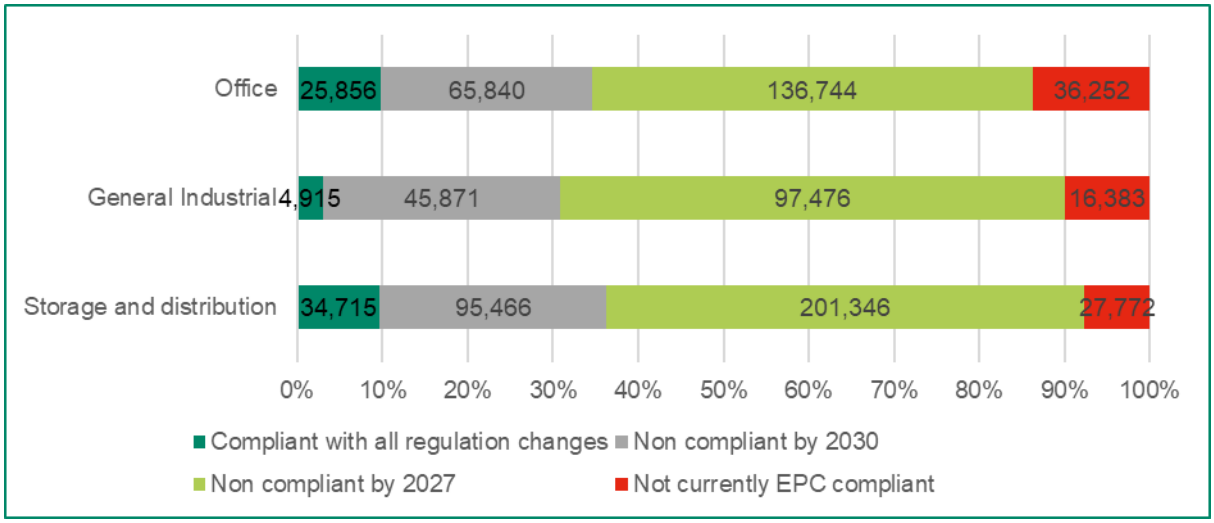
- Office: 'B1 Office and Workshop Businesses' and 'Office';
- General industrial: 'B2 to B7 General Industrial and Special Industrial Groups'; and
- Storage and distribution: 'B8 Storage or distribution' and 'Warehouse and storage'.

[64] Department for Business, Energy and Industrial Strategy, (2021); The Non-Domestic Private Rented Sector Minimum Energy Efficiency Standards: Implementation of the EPC B Future Target.

zero commitments[65], as the minimum EPC rating for non-domestic properties to be leased will be raised to C by 1st April 2027 and to B by April 2030. Figures show the current proportion of certificates that will be non-compliant with MEES in relation to these anticipated dates for the raising of the minimum EPC rating. The proportion has been applied to property market floorspace information to indicate the applicable floorspace in these scenarios. It is clearly evident that the scale of upgrading, retrofitting, and replacing building stock such that it will comply with anticipated MEES is considerable. As set out, current and potential future exemptions may apply, nonetheless the significant proportion of buildings which are likely to not meet the correct standard presents challenges, in terms of implementation, enforcement and compliance.

6.4.8 In 2021, the Department for Business, Energy and Industrial Strategy (now DESNZ) engaged in consultation on implementation of the EPC B target by 2030[66], which highlighted the significant implementation issues that would need to be addressed. It is recognised nationally that the proportion of non-domestic rented stock within the scope of the regulations would increase from approximately 10% to 85% (1,000,000 buildings across England and Wales). The proportion of the building stock in Colchester which falls within the scope of tightening regulations to 2030 is therefore greater than the national average across all use types.

Figure 6-21 MEES compliance of present EPC certificates with anticipated regulation changes in Colchester (sqm)



Source: Department for Levelling Up, Homes and Communities, (2024); Energy Performance of Buildings Data: England and Wales

6.4.9 A key challenge that occupiers face is that they are often tenants, i.e. they do not own the buildings that they occupy. Therefore, they require their landlord's buy-in before any retrofitting can take place. This can create another tension as a tenant with only a short-term interest (which is often the case in the UK's leasing model) may not have enough of an incentive to invest sufficiently in green technologies. A landlord may feel similarly disinclined if it has a full roster of tenants and a steady rental stream[67].

6.4.10 This presents a challenge given the trend that the higher the investment cost, the greater the improvement to the building and its EPC rating. This is a challenge that will be present throughout the country, not just in Colchester. Although Colchester has a significantly smaller proportion of older office premises constructed before 1950 (21.6%) when compared to the national average (35.6%), Colchester must find a way to encourage the landlords of these properties to review the opportunities to improve these assets before they become non-compliant with ESG standards. Otherwise, Colchester could face a situation where it

[65] HM Government, (2020); Energy White Paper: Powering our Net Zero Future.
[66] Department for Business, Energy and Industrial Strategy, (2021); The Non-Domestic Private Rented Sector Minimum Energy Efficiency Standards: Implementation of the EPC B Future Target.
[67] Lewis Silkin, (2022): A case for retro-fitting. Accessed here: https://www.lewissilkin.com/en/insights/a-case-for-retrofitting

has offices which are 'stranded assets' that are both non-compliant and undesirable to retrofit.

6.4.11 This is anticipated to be less of a problem in General industrial and Storage and distribution, where there is a lower proportion of aged stock (3.4% and 3.5% respectively), while industrial properties are expected to prove less difficult to retrofit; however, as shown earlier, there is nevertheless a significant portion of stock which does not or will not meet existing and planned minimum energy efficiency standards.

6.4.12 In 2020, The Royal Institute of British Architects (RIBA) launched the Retrofit First campaign, which champions the reuse of buildings. The campaign highlights the long-running problem of a 20% levy on refurbishments as opposed to the 0-5% levy on new builds; which also acts as a disincentive for refurbishing instead of building new. RIBA is campaigning to cut this tax to 5% for refurbishments as well to bring some alignment between the two types[68].

6.4.13 There is a clear opportunity for the government to work with industry in order to package together skills, training, funding, standards and advice into a national retrofit strategy, as it is currently believed that the UK only has half the skilled workers needed to retrofit all old buildings.

6.4.14 In addition to national directives, there are steps that Colchester and other Local Authorities, can take to support occupiers/landlords throughout this process. Councils are uniquely placed to drive forward the retrofitting agenda locally. They can do this through acting on their own stock and utilising their local connections with landlords and occupiers. Councils face funding constraints that can limit their resource and capacity to lead, however, there are several different roles Councils can play, including:

- Facilitation – acting as convenor to bring a 'coalition' of willing individuals and groups together;
- Marketing and communication – a key, relatively resource-light role, providing trusted information to landlords and occupiers;
- Coordination – acting as the 'lynchpin' in terms of coordinating action
- Being a trusted partner – local authorities are often more trusted than national government and other stakeholders;
- Supporting the growth of local skills and supply chain – working with the supply chain to promote accreditation and capacity-building; and
- Partnering with the private sector – to facilitate retrofit finance to all occupiers, regardless of tenure[69].

6.5 Changing Office Workspace Requirements

6.5.1 This sub-section delves into the recent evolution of changing space requirements for office and knowledge work.

6.5.2 The work-from-home shift is a key driver of the evolving landscape in the UK. The most recent data from the Office for National Statistics[70] highlighted that 45% of workers in the East of England embrace home (14%) or hybrid (30%) work, reshaping models, and foretelling a lasting change, with 75% anticipating transformed in-person work approaches. By way of comparison, Annual Population Survey data from before the Covid-19 pandemic

[68] AECOM, (2020): The carbon and business case for choosing refurbishment over new build. Accessed here: https://aecom.com/without-limits/article/refurbishment-vs-new-build-the-carbon-and-business-case/

[69] Ashden, (2021): Local authorities can drive a home retrofit revolution. Accessed here: https://ashden.org/news/local-authorities-can-drive-a-home-retrofit-revolution/. The bullets set out in the provided link were targeted more towards residential retrofitting, so the principles deemed relevant have been adapted to apply more broadly to how the Council can interact and collaborate with partners to retrofit commercial premises.

[70] ONS Characteristics of homeworkers, Great Britain February 2023

shows that around 17.6% of working adults reported working from home at some point in the week before the interview.

6.5.3 The future of office spaces is set to be shaped by intricate dynamics involving employee attendance rates and the broader economic landscape. Recent survey data[71] indicate that office occupancy rates across the UK averaged around 33% over the past 12 months, with a weekly peak of 35.9%. This compares with pre-pandemic occupancy rates estimated at between 60-80%. Tuesdays, Wednesdays, and Thursdays are the busiest days of the week for staff to be at their desks, with Friday remaining the quietest day. Faced with this new reality, employers are confronted with strong incentives to strategise ways to entice employees back to the office environment, thus influencing decisions related to office expansion, right-sizing office spaces, and delaying real estate investments.

6.5.4 The inertia within the office market, characterized by extended leases held by tenants and landlords alike, suggests that a time lag will occur before a decrease in demand for office space is fully evident. This delay provides a window during which office job numbers might increase, employee attendance rates could experience a partial recovery, and a pursuit of high-quality office environments may persist, collectively contributing to a relatively gradual and controlled transition for office providers. This temporal overlap also affords occupiers, developers, landlords, and policymakers the opportunity to proactively adapt to these evolving trends. However, it is noteworthy that peripheral locations and areas with limited premium office offerings might experience a more pronounced impact due to the variable nature of the “flight to quality[72]”.

6.5.5 This trend of downsizing of requirements by office occupiers is already driving decisions by businesses to reduce their premises size with impacts on vacancy rates. In turn this may potentially result in new office floorspace being of lower average density than has been typical. At present this may not be translating into smaller buildings being planned as there remains a strong demand for new/ ‘grade A’ space which complies with MEES and attracts staff, which is not fully met in the market generally. This is fully expected however to translate into lower space requirements per full-time equivalent office job than has been previously the case.

[71] https://return.remitconsulting.com/resource-centre/50-news-release-three-years-on-from-the-easing-of-lockdown-restrictions-and-uk-remain-stable-at-around-a-third-of-office-capacity
[72] https://www.cbre.co.uk/insights/viewpoints/the-flight-to-quality-quantified

7. Key Sectors

7.1 Introduction

7.1.1 There are a number of key sectors in Colchester which are likely to influence demand for employment space in the borough over the Local Plan period. This section of the report sets out the profile and requirements of Colchester's core and growth sectors likely to drive demand across the employment land use classes.

7.2 Construction

Evidence

7.2.1 Construction is one of Colchester's core economic sectors and one where skills are in great demand, driven by significant infrastructure and housing development targets.

7.2.2 Colchester outperforms national averages in the construction sector, with 5.8% of all jobs in the sector compared to the national average of 4.9%. Employment growth in the construction sector has been notable, increasing from 4.8% of total employment in 2015 to 5.8% in 2022, a rise of 1 percentage point surpassing the FEMA, regional and national average increases. Additionally, construction ranks as one of the largest sectors by the proportion of businesses in Colchester, underscoring its importance to the local economy.

Outlook and Sector Requirements

7.2.1 According to the Construction Industry Training Board (CITB)[73], an extra 19,050 construction workers will be needed in the East of England to satisfy demand from 2023 to 2027, with the volume of construction work set to increase by 2.2% per annum. The biggest gains in output, which currently stands at £18bn across the region, are set to come from the infrastructure sector, accounting for 13.1% of the total output increase in the region between 2023 and 2027. This is partly due to a strong pipeline of energy infrastructure work. The Construction Skills Network reports that looking forward, the construction workforce is forecast to grow by a rate of 0.3% for the region which is a higher increase than that expected for the UK at a 0.1% increase. Across the range of occupations there is expected to be an increase in engineering type roles such as civil engineering operatives and civil engineers.

7.2.2 The construction sector comprises a wide range of products, services and technologies. These are likely to vary in terms of the economic value they generate, reflecting differences in their use of particular factors of productions (raw materials, physical capital, intangible investment, skilled and non-skilled labour and knowledge) and the value which they generate from them. The sector can broadly be broken down into three constituent elements: (i) construction contracting industry; (ii) provision of construction related professional services; and (iii) construction related products and materials[74].

7.2.3 Construction contractors and those involved in some services activities, such as the renting and leasing of equipment, often establish a physical presence near construction projects. This proximity offers logistical advantages by reducing transportation costs and enabling quick responses. It allows for regular site visits by project managers and supervisors, promoting effective communication and problem solving. Being close to the development project fosters collaboration and networking opportunities with the stakeholders while gaining local knowledge on regulations, labour markets and suppliers. Some larger contractors may have multiple offices to cater to different regional markets while maintaining a central headquarters.

[73] Construction Industry Training Board (CITB) (2022) *Construction Skills Network: East of England Labour Market Information.* Available at: https://www.citb.co.uk/media/2ejnpiir/csn-lmi-east-of-england.pdf
[74] Department For Business, Innovation and Skills UK Construction an Economic Analysis of the Sector July 2013

7.2.4 In relation to businesses providing services in relation to the construction sector, such as architectural and quantity surveying activities, locational drivers are likely to align with those of the professional and business services for E(g)(i) uses, in relation to access to skilled labour, connectivity via public transport and road (both to the office location and areas of activity) and sufficient quality office space to attract staff and meet environment, sustainability, and governance (ESG) considerations.

7.2.5 While proximity and connectivity to regional markets remains a consideration for those involved in the manufacture of construction related products and materials, key locational drivers include the availability of (or access to) raw materials and sufficient space to support manufacturing activities and the storage of materials/products. Moreover, owing to the nature of activities, which can generate noise and other negative externalities, including related to need for 24 hour access, sites that are not in proximity to sensitive uses (e.g. residential properties) are often favoured.

7.3 Advanced Manufacturing

Evidence

7.3.1 The LSIP (2023), Colchester Economic Strategy (2022–2025), and Essex Sector Development Strategy (2023) identify manufacturing and advanced manufacturing as key growth sectors for Colchester and the wider region.

7.3.2 Locally, Colchester's advanced manufacturing sector is recognised as both mature and highly specialised. Specifically, the Colchester Economic Strategy (2022-2025) highlights the role of the Ultrafast Broadband Digital Infrastructure project in supporting this sector by improving connectivity and enabling the adoption of advanced technologies critical for innovation and competitiveness.

Outlook and Sector Requirements

7.3.3 In terms of sector requirements, as the manufacturing industry evolves with technological advancements, upskilling and reskilling of the existing workforce is essential alongside ensuring access to sufficient industrial and warehousing capacity – with estimates suggesting that every £1 billion of UK manufacturing investment, will require an additional 175,000 ft^2 of warehouse space[75]. These two factors are interconnected, as availability of appropriate industrial and warehousing spaces can attract businesses that require a skilled workforce and in turn, a skilled workforce can attract advanced manufacturing companies. For Colchester, strategic planning that focuses on creating a conducive environment for advanced manufacturing, including the development of industrial and warehousing infrastructure and initiatives for upskilling and reskilling, can contribute significantly to the sector's success and long-term sustainability.

7.3.4 Recent trends in re-shoring and near-shoring could impact future demand and requirement for employment space in the borough. Many British manufacturers have begun to 're-shore' their operations to solve supply-chain issues caused by the Covid-19 pandemic and Brexit. As well as increasing resistance to economic shocks, boosting domestic supply chains will help meet the government's objectives for levelling-up and skills, given the geographic spread of the UK's biggest manufacturing centres outside London and the South East[76]. There has also been a recent rise in 'near-shoring' due to the same economic and political pressures, with Savills reporting that the demand for factory space in Europe has risen by 29%. Benefits of re- and near-shoring include helping businesses to achieve decarbonisation through reduced transport costs, alignment with companies' ESG commitments, and social value goals[77].

[75] https://www.savills.co.uk/insight-and-opinion/savills-news/305862-0/increase-in-uk-manufacturing-investment-set-to-cause-ripple-effect-on-warehouse-demand
[76] Financial Times (2022). UK manufacturers 'reshore' supply chains after pandemic and Brexit.
[77] Financial Times (2023). Demand for Europe factory space rises 29% amid 'nearshoring' rush.

7.4 Transport and Logistics

Evidence

7.4.1 The Essex Sector Development Strategy (2023) identifies logistics as a key strength and significant employer across Essex, requiring continued support to sustain its contribution to the regional economy.

7.4.2 Colchester benefits from strong transport links, including the A12 and A120, which connect the area to major urban centres such as London, Chelmsford, Braintree, and Ipswich[30]. These strategic roads afford Colchester a position in Essex's logistics network. The region's broader transportation infrastructure, including the M25, supports the efficient movement of goods to and from the capital and across the UK.

7.4.1 As stated in Section 6, over the past decade, Colchester has seen consistently positive net absorption of storage and distribution floorspace, reflecting growth in the transport and logistics sector. This expansion is likely driven by factors such as population growth, increased online shopping, higher freight flows, and Brexit-related changes. Nationally, the sector generates £232 billion in GVA, with forecasts predicting a 29% increase in output between 2025 and 2039[78].

Outlook and Sector Requirements

7.4.2 The logistics sector is growing in importance, driven by shifts in consumer behaviour, including rising online shopping and demand for rapid delivery services. Increased home working, global trade agreements, and evolving international business relationships further shape the sector. These trends necessitate a robust, agile logistics network to manage international shipments, regulatory compliance, and evolving trade policies[79].

7.4.3 The UK logistics industry has witnessed significant growth due to the rapid technological advancements taking place in the sector[80]. Automation, artificial intelligence, and data analytics have become critical components in optimising the supply chain and transportation networks. Additionally, the focus on sustainability is driving innovations in packaging, route optimisation, and collaborative logistics models to minimise waste and emissions are factors that are together driving growth and transformation in the UK logistics industry, enabling it to adapt to the changing demands of the global market.

7.4.4 Logistics operations require premises with desirable attributes: access to the strategic road network, proximity to markets, labour and amenities, suitably proportioned sites, potential for unimpeded 24-hour working, good availability of services including broadband connectivity, and inter-modal facilities[81].

7.4.5 Occupiers are also increasingly demanding high quality (Grade A) industrial and warehousing floorspace, with the availability of expansion space, public realm and access to amenities on or in proximity to sites also a key consideration. Drivers around ESG and decarbonisation have also raised demand for Electric Vehicle charging and green refuelling, which are driving demand for land and require sufficient supporting infrastructure.

[78] Savills (2022). Levelling Up – The Logic of Logistics.
[79] Office for National Statistics (ONS) (2022) *The rise of the UK warehouse and the 'Golden Logistics Triangle'*. Available at: https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/articles/theriseoftheukwarehouseandthegoldenlogisticstriangle/2022-04-11
[80] Essex Chambers of Commerce (n.d.) *Transport & Logistics Sector Insight*. Available at: https://www.essexchambers.co.uk/lsip/lsip-sector-insights/transport-logistics-sector-insight/
[81] British Property Federation/Savills, (2022); Levelling Up – The Logic of Logistics. A report demonstrating the wider economic, social and environmental benefits of the industrial and logistics sector.

7.5 Digital and Creative

Evidence

7.5.1 The creative, digital, and technology sector is a key growth area for Colchester. Currently, 3.4% of Colchester's employment base is in creative and digital jobs, exceeding the FEMA (2.7%) and regional average (3.3%). This existing strength positions Colchester to attract investment and nurture sector development, supported by key assets including the town's strong university specialising in computer science and data analytics, the Innovation Centre at The Knowledge Gateway, initiatives such as the ACL Digital Hub, a growing creative sector, and significant investments in digital infrastructure, all of which are fundamental to fostering a creative and digital cluster.

7.5.2 In terms of investment, Colchester has also secured over £50 million in government and private sector funding to build a large, open-access fibre network, ensuring gigabit connectivity in major residential and business areas. This infrastructure is expanding alongside innovative 5G and artificial reality / virtual reality programmes.

7.5.3 Colchester is also investing in digital skills and training facilities, such as the former Wilson Marriage Centre and the AIXR Centre for Immersive Innovation. These initiatives, combined with its creative strengths and digital infrastructure investments, position Colchester to grow as a 'tech city,' fostering start-ups and retaining key talent.

Outlook and Sector Requirements

7.5.4 The importance of the digital sector has been heightened by the Covid-19 pandemic, shifting working patterns and growth aspirations. Indeed, estimates commissioned by the government suggest that supporting and strengthening the digital economy could drive GVA and employment growth. Similarly, the creative industries sector is expected to grow worldwide, creating further growth opportunities, with. PwC estimating that the global entertainment and media sector will grow to $3.4 trillion by 2028[82] while half of global trade is expected to be digital by 2050.[83]

7.5.5 Growth in the digital economy has the potential to drive requirements for office space as noted by CBRE[84], who highlight the tech sector's growing adoption of flexible space with access to shared facilities, which offer agility and cost effectiveness. In terms of locational preferences, proximity to talent, market and amenities are key drivers. Moreover, as workers are often highly mobile, the attractiveness and character of buildings or studio workspaces are seen as more essential than Grade A office space, notwithstanding requirements for strong energy and network connectivity.

7.5.6 Research around the adoption of artificial intelligence[85] suggests impacts on employment space demand might include: physical clustering of companies around established markets, including where skills are prevalent near tech hubs, innovation centres and universities; demand for data centres and properties with digital infrastructure connectivity; intelligent or smart buildings; and the expansion of 'space as a service' lease models.

7.5.7 The technological changes associated with a 'fourth industrial revolution' will see increased digitisation and application of artificial intelligence, big data, data science and data analytics, as well as robotics, across the manufacturing and logistics sectors. This could have implications for manufacturing and warehousing floorspace, with technologies having the potential to increase productivity and the efficiency of space utilisation. Demand for data centres will increase as the rapid growth of data in domestic and commercial spheres continues[86]. There may also be demand for smart warehouses in proximity to urban

[82] PwC (2024) Global Entertainment and Media Outlook
[83] UK Government (2023) Global Trade Outlook February 2023
[84] CBRE, (2023); Flexible Office Trends in Tech 2023. Available at: https://www.cbre.co.uk/insights/reports/flexible-office-trends-in-tech-2022
[85] JLL, (2023); Artificial Intelligence: Real Estate Revolution or Evolution? Available at: https://www.jll.co.uk/en/trends-and-insights/research/artificial-intelligence-and-its-implications-for-real-estate#impact-in-the-real-estate
[86] Savills, (2022); European Data Centres. Deep dive in the data sphere.

centres[87], which have (automated) micro-fulfilment capabilities, typically occupying small warehouse facilities. Smart enablement is viewed as one option for maximising limited space in urban centres and offering building resilience.

7.6 Green Energy

Evidence

7.6.1 In June 2019, with the Climate Change Act 2008 (2050 Target Amendment) Order 2019, the Government committed to a 100% reduction of greenhouse gas emissions by 2050 compared with 1990 levels. In order to meet the UK's Net Zero commitments, there will be a requirement for the transformation of every sector of the global economy. This could include longer burning fossil fuels for power or heating; new ways of manufacturing concrete, cement, steel; and new mobility solutions.

7.6.2 Net zero therefore has key implications for the UK's economy and is a likely driver of inward investment. Indeed, the UK's Net Zero Strategy highlights that the UK attracted over £5.8 billion of new inward investment in just over ten months since it launched its Ten Point Plan in 2020, and the Net Zero Strategy is expected to leverage up to £90 billion of private investment by 2030.

7.6.3 Locally, the green energy industry is identified as a growth opportunity for Colchester, whereby in 2022 the sector accounted for 0.6% of all employment in the city, reflecting a 35.0% increase since 2015, higher than the regional (-8.1%) and national (-10.9%) trend in employment numbers. This positive growth trend indicates the sector's emerging potential strength in Colchester.

Outlook and Sector Requirements

7.6.4 The Economy 2030 Inquiry[88] has reported the number of additional workers required in specific sectors for the country to achieve net zero status:

- Power: 260,000 energy jobs are needed between now and 2050. Such jobs will require skills in both smart and traditional networks engineering. The government is planning to mobilise additional public and private investment of £150-270 billion across the Power sector, in line with its 2037 delivery pathway[89].
- Buildings retrofit: 230,000 jobs needed by 2030 to improve building fabric, energy efficiency and the integration of low carbon systems such as heat pumps.
- Smart systems technologies: The domestic market for smart systems and flexibility solutions could support 10,000 jobs by 2050.

7.6.5 It also suggests that many sectors will need to undergo significant transformations in the transition to Net Zero:

- Automotive: Jobs in automotive and electric vehicle battery sector could grow by 29% by 2040.
- Circular economy: Up to 102,000 jobs needed in repair, re-manufacture, and refill sectors by 2030.

7.6.6 The scale of investment and job creation associated with green energy across the UK economy has the potential to open up opportunities for growth and inward investment in Colchester. As noted by McKinsey, three sector groups – power, mobility and buildings – are

[87] Knight Frank, (2021); Tech solutions enabling better use of small, urban spaces. Available at: https://www.knightfrank.com/research/article/2021-10-21-tech-solutions-enabling-better-use-of-small-urban-spaces
[88] The Economy 2030 Inquiry (2022). Net Zero Jobs: The impact of the transition to net zero on the UK labour market.
[89] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1033990/net-zero-strategy-beis.pdf

due to account for approximately 75% of the total spending on physical assets under certain net zero scenarios[90]. This has potential implications for space requirements in Colchester:

- Power – the scale of investment suggests the potential for more land to be needed to support electricity infrastructure and substations in order to achieve the decarbonisation of homes and workplaces.
- Mobility – land requirements to support the electrification of UK vehicles and their supply chains, and the industrialisation of zero emission vehicle technologies, whilst EV charging and green refuelling are driving demand for land across the industrial and logistics industries and require sufficient supporting infrastructure.
- Buildings – with 230,000 jobs needed across the UK by 2030 and forecast public and private investment of approximately £200 billion by 2037, the decarbonisation of buildings will require additional land to support construction businesses and their supply chains, with storage/yard space a key requirement as set out earlier within this section.

7.7 Financial Services

Evidence

7.7.1 Financial and business services together account for 9.6% of employment in Colchester, and 11.3% of total businesses, therefore representing a significant employment sector and source of enterprise. Colchester's strengths in law and insurance mean it has long been a key location for financial services in Essex.

Outlook and Sector Requirements

7.7.2 The financial services sector has a central role in delivering the UK government's ambition to restore economic stability, increase investment, and reform the economy to drive up prosperity and living standards. In recognition of this, the financial services sector has been identified as one of eight growth-driving sectors in Invest 2035: The UK's Modern Industrial Strategy. Priority growth opportunities include fintech, sustainable finance, capital markets (including retail investment), insurance and reinsurance and asset management and wholesale services, with a focus on promoting growth across all regions to ensure the benefits of the UK's financial sector are felt nationwide[91].

7.7.3 The locational drivers of financial and business services are likely to align with those of the for businesses across the E(g)(i) uses, in relation to the need for access to skilled labour, and sufficient quality office space to attract staff and meet firms' ESG requirements. Indeed, growing disclosure requirements and standards are requiring financial institutions to prioritise sustainability in their business operations and real estate[92]. Ease of access and reducing the friction of travel are paramount aims for occupiers; with public transport access important alongside other "ease of travel" factors such as car parking and active travel linkages[93].

7.7.4 In addition, flexible and affordable workspaces have become a core part of the industry and do not simply apply to organisational culture. Flexibility needs to be applied to buildings as well, which is why it is important that buildings are designed to be long life, low energy and loose fit, enabling them to support future reconfiguration for different activities/users.

[90] https://www.mckinsey.com/capabilities/sustainability/our-insights/the-economic-transformation-what-would-change-in-the-net-zero-transition

[91] https://assets.publishing.service.gov.uk/media/6735f4670b168c11ea82311d/Financial_Services_Growth___Competitveness_Strategy_-_Call_for_Evidence_.pdf

[92] https://www.cbre.com/insights/viewpoints/how-can-financial-services-occupiers-navigate-the-path-to-sustainability

[93] https://mktgdocs.cbre.com/2299/94d003e0-9ab7-416f-88eb-4cf24d2c19e0-638818549.pdf

8. Current Supply

8.1 Introduction

8.1.1 This section provides a summary of the characteristics of the current and future supply of employment land in Colchester, based on its alignment with market demand. The analysis of employment land was conducted via site surveys and desk-based research.

8.1.2 A total of 34 employment areas have been identified in the assessment of current supply via a review of the following sources:

- Colchester Borough Local Plan 2017 – 2033 Section 2 (2022)
- Colchester Employment Land Needs Assessment (2015)
- Colchester Employment Land Supply Delivery Trajectory Final Report (2017)
- Neighbourhood Plans available across the local authority area; and
- CoStar database

8.1.3 These employment areas are therefore comprised primarily of designated sites, with additional undesignated sites identified by AECOM in Table 8-4 and Table 8-6 as non-designated sites but with potential to be considered for designation given the existing or proposed use of the site for employment activities.

8.1.4 Additional analysis is also included of the sites that have been submitted for commercial use through Colchester City Council's Call for Sites process.

8.1.5 It should be noted that the employment sites identified in the assessment of the current supply capture the floorspace across the employment land use classes that sits within designated land or is within an employment land parcel which is greater than 0.25ha. The study recognises that there is additional floorspace which lies dispersed in land parcels smaller than 0.25ha outside the identified employment clusters. Similarly, the employment sites identified below also incorporate non B/E(g) uses, and therefore the cluster size is not equivalent to the supply of B/E(g) use land in the borough.

8.2 Criteria Identification

8.2.1 In order to characterise the function, quality and development potential of each of the employment clusters in Colchester, a series of criteria were developed in order to conduct a detailed assessment. The assessment was conducted based on a set of appraisal criteria (agreed with Colchester City Council in advance and drawing on PPG and other guidance as well as AECOM's experience of producing Employment Land Studies). The following criteria were assessed:

- Main employment sectors and land uses;
- Quality of environment and public realm;
- Parking provision;
- Access to facilities and amenities;
- Strategic road access/access to public transport;
- Building condition / age;
- Negative effects of businesses on neighbouring sensitive uses;
- Physical site constraints;
- Vacant/undeveloped land and derelict buildings;

- Suitable uses including, where applicable, the potential for redevelopment to alternative land uses;
- Evidence that part of the Employment Cluster been redeveloped for residential/ mixed uses or other uses other than those covered by the B2/ B8/ E use class sectors;
- Possibilities for intensification / redevelopment;
- Potential to accommodate the Council's key growth sectors; and
- Presence of, or potential to accommodate, SMEs.

8.3 Assessment of Employment Areas

8.3.1 A detailed assessment of each of the criteria set out above was undertaken for each cluster, comprising both desk-based investigation and site surveys conducted on visits which took place in August 2024[94]. Site visits were undertaken in order to confirm and enhance information about the sites.

8.3.2 This section presents the overall findings of the site assessment, which considers the following criteria. A Red Amber Green (RAG) rating has been applied to each of the clusters in the following domains:

- Public realm, environment and surroundings;
- Building age;
- Building condition;
- Access for commercial traffic to primary road network / motorway;
- Access by public transport; and
- Access to services.

8.3.3 A narrative assessment is then set out in relation to the employment areas' compatibility in respect of surrounding land uses, market attractiveness and suitability for meeting needs of Colchester's growth sectors.

Table 8-1 Employment Area Assessment Criteria

Domain	Rationale
Building age	Market demand for better quality spaces that are attractive enough to earn employees' commute, support evolving work patterns, and offer a competitive advantage. This is linked to the need for functionality, companies' ESG commitments and wider drivers in relation to minimum energy efficiency standards.
Building condition	
Quality of public realm, environment and surroundings	The quality of the public realm is a key consideration across sectors and uses. Whereas historically this would have been more of a consideration for office uses – for which it remains a greater driver – industrial and logistics investors are increasingly looking to accommodate future growth in more of a business park environment incorporating high quality public realm and access to amenities on or in proximity to sites.
Access for commercial traffic to primary road network / motorway	Transport connectivity is a key determinant of inward investment, with access to staff, customers and the supply chain key considerations for businesses across production and services sectors. Connectivity in terms of access to the strategic road network a key driver, is particularly important for industrial and logistics businesses.

[94] Due to access constraints, it was not possible to conduct a thorough site survey for Alexander Cleghorn Ltd, Tiptree (26) As such, the assessment is informed by desk-based analysis.

Domain	Rationale
Access by public transport	Proximity to public transport is an important consideration for businesses to be able to access a wide and diverse pool of labour, both from local communities and as a means to access requisite skills. This is particularly the case for office employment, which benefits from greater workforce mobility.
Access to services	Access to services and amenities is a factor for businesses. The presence of these services enhances employee satisfaction and wellbeing by providing convenient options during breaks or after work. This can lead to higher productivity and employee retention. Additionally, for businesses that frequently host clients or visitors, proximity to quality services and amenities contributes to a positive impression and can play a role in fostering successful business relationships.
Compatibility of surrounding land uses	The presence of sensitive uses neighbouring a site (e.g. residential properties) can limit operations by causing environmental conflicts relating to traffic, parking, noise, visual impact/screening and emissions, and therefore limit the attractiveness of a site particularly for industrial uses.
Market attractiveness	The market attractiveness of sites varies according to the demand for different types of premises. Market perceptions are also influenced by factors such as the quality of the built environment and environment surrounding a site, presence of neighbouring uses and the accessibility of a site. Good location and access are often viewed as pre-requisites for employment sites and exert a strong influence on marketability of a site for employment use. Furthermore, a potential site must meet minimum size requirements needed to make a given development economically viable. For B-class uses it is necessary to have sufficient land for a critical mass of similar activities to be established whereas a relatively small site may be large enough to make E(g)(i), E(g)(ii) or E(g)(iii) development feasible.
Suitability for meeting needs of growth sectors	Drawing together the analysis against the domains noted above, the assessment considers the sites' suitability to meet the needs of Colchester's core and growth sectors.

8.3.4 The assessment comprises a RAG rating against a number of criteria, whereby green represents the best performing and red represents the worst performing, complemented by a narrative assessment for appropriate domains.

8.3.5 While the assessment highlights the highly suitable employment areas that best align with the requirements of Colchester's key sectors and growth aspirations, it is important to note that lower quality employment areas can also perform an important function within the local economy, such as by supporting vital, if lower amenity, uses or providing more affordable space for businesses, and the assessment should be viewed in this context.

8.3.6 The information presented in this section is broken down by classification, in line with the Local Plan 2017 – 2033:

- Strategic Employment Areas
- Local Employment Areas (Colchester City Centre[95])
- Local Employment Areas (District Centres and Other Rural Areas)

[95] Note: This refers to sites in the city centre core and edge of city centre.

8.4 Strategic Employment Areas

8.4.1 The identified occupier typologies, business types, employment uses and land uses within the identified employment areas in the Strategic Employment Areas are shown in Table 8-2.

Table 8-2 Strategic Employment Area and Uses

Ref	Name	Size (ha)	Occupier Typologies	Employment/Land Uses
1	University Research Park/ Knowledge Gateway	10.6	High quality business park; offices; Incubator / SME cluster	E(g)(i); E(g)(ii)
2	Northern Gateway/Severalls Strategic Employment Area	98.0	General industrial estate; storage & distribution; warehousing; offices; car showroom	B2; B8; Sui Generis
3	Stanway Strategic Economic Area	49.3	General industrial estate; offices; car showroom; retail	B2; E(g)(i); E(g)(iii); B8; Sui Generis

8.4.2 The assessment of each employment area is shown in Table 8-3. The RAG rating indicates the performance of the employment area against key criteria, with green indicating a good performance (suitable against the criterion to support employment activities), amber an average performance and red a poor performance (unsuitable against the criterion to support employment activities), with narrative commentary against the remaining domains.

8.4.3 Overall, assessment of the Strategic Employment Areas in Colchester highlights that these areas are well performing and demonstrate strong market attractiveness and suitability to support growth across Colchester's core and growth sectors.

8.4.4 Generally, the sites benefit from good access to the strategic road network, notably the A12 which serves as the central route through the city and connects to the Northern Gateway/Severalls Strategic Employment Area and high-quality public realm, and well-maintained buildings, rendering them attractive for key growth sectors. However, certain sites also encounter constraints, including more limited access to public transport, ageing stock in peripheral areas (e.g., Severalls Industrial Estate), and most of the Strategic Employment Areas only provide moderate access to amenities.

Table 8-3 Employment Area Assessment by Domain (Strategic Employment Areas)

Ref	Name	Size	Public Realm, Environment and Surroundings	Building Age	Building Condition	Access for commercial traffic to primary road network / motorway	Access by public transport	Access to services	Compatibility of surrounding land uses	Market Attractiveness	Suitability for meeting needs of core/growth sectors
No.	-	Land area (ha)	RAG	RAG	RAG	RAG	RAG	RAG	Narrative	Narrative	Narrative
1	University Research Park/ Knowledge Gateway	10.6							Community / recreational uses surrounding the site, including Wivenhoe Nature Park to the southeast, and open space to the north. Due to the nature of the site uses and businesses operating, there is unlikely to be negative impact on these surrounding land uses.	Very Good – Partially developed site housing modern stock in a high quality environment in proximity to the University of Essex. The site provides indirect access to the strategic road network, along while multiple bus stops and Hythe train station are within walking distance, thereby providing good access to labour. However, the site offers relatively limited access to amenities.	High quality environment and reasonable access, alongside site size, layout and proximate uses, likely to meet needs of Colchester's growth sectors including creative/digital/tech, financial services, health and care, as well as services related to advanced manufacturing / clean energy.
2	Northern Gateway / Severalls Strategic Employment Area	98.0							Residential uses in proximity to areas of the site, though generally well segregated.	Good – buildings vary in age but generally in good condition with well-maintained and fit-for-purpose public realm. The site is located south of the A12, with direct access to the strategic road network and good public transport connectivity through multiple bus stops and a regular bus service operates between the estate and Colchester's town centre. Access to services is limited, though some amenities are available onsite.	Colchester Business Park is well suited for creative / tech / digital sectors, financial services, and potentially health and care from a non-manufacturing perspective. Severalls Industrial Estate/Axial Way is suited to a variety of sectors including construction and advanced manufacturing, as well as opportunity to accommodate clean energy and health and care uses.
3	Stanway Strategic Economic Area	49.3							Hotel onsite; no other sensitive uses identified.	Good –Large, mixed-use site located less than 1 km from A12 Junction 26, while bus stops to the north on the B1408, provide reasonable access by public transport. The building age ranges from good to average, with stock generally in good condition. The site offers good access to services and amenities, with Colchester Retail Park within walking distance.	Suited to a variety of sectors including construction and advanced manufacturing, while office uses could support financial services.

8.5 Local Employment Areas (Colchester City Centre)

8.5.1 The identified occupier typologies, business types, employment uses and land uses within the identified employment areas in the Local Employment Areas (Colchester City Centre) are shown in Table 8-4.

Table 8-4 Local Employment Areas (Colchester City Centre) and Uses

Ref	Name	Size (ha)	Business Use/Occupier Typologies	Employment/Land Uses
4	Middleborough Area	4.7	Offices; town centre	E(g)(i)
5	Eastgates / Moorside	6.8	General industrial estate; storage & distribution; offices; retail; leisure; car repairs	E(g)(i); E(g)(iii); B8; Sui Generis
6	Brook Street	0.4	General industrial estate; car repairs	E(g)(iii); Sui Generis
7	Barrack Street	1.9	General industrial estate; car repairs; offices; storage; car showroom; leisure	E(g)(i); E(g)(iii); Sui Generis
8	Hythe SPA	37.0	General industrial estate; storage & distribution; car repairs; offices; leisure	E(g)(iii); B2; B8; Sui Generis
9	Chandlers Row, Port Lane	1.3	General industrial estate; storage & distribution; car repair; retail; leisure	E(g)(iii); B2; Sui Generis
10	Whitehall Industrial Estate	33.4	General industrial estate; storage & distribution; offices; retail; leisure	E(g)(i); B2; B8; Sui Generis
11	Maldon Road	7.0	General industrial estate; storage & distribution; recycling / waste / environmental	B2; B8; Sui Generis
12	Gosbecks Road	11.2	General industrial estate; storage & distribution; car showroom	B2; B8; Sui Generis
13	Colbea	0.4	Offices; Incubator / SME cluster	E(g)(i)
14	Southway	0.6	Police Station	Sui Generis
15	Hawkins Road	2.3	Offices; general industrial estate; storage & distribution	E(g)(i); B8; Sui Generis

8.5.2 The assessment of each existing employment area is shown in Table 8-5.

8.5.3 Overall, the assessment of the Local Employment Areas in Colchester City Centre reveals varying levels of suitability across key criteria. Sites with moderate to good performance, such as Middleborough Area (4), Colbea (13), Southway (14) and Hawkins Road (15) benefit from proximity to Colchester's town centre, reflected in good access to amenities/services and public transport, and reasonable connectivity to the strategic road network. However, some sites face challenges, including the presence of aged stock (e.g., Gosbecks Road (12) and peripheral areas of Whitehall Industrial Estate (10)), and pockets of poor quality public realm (Hythe SPA (8)).

8.5.4 While the more well-performing sites are well-aligned with Colchester's strategic growth sectors, with opportunity to accommodate such uses, others may be more appropriate for lower-amenity or industrial uses, particularly in more peripheral areas, where cost considerations outweigh the drawbacks of limited connectivity and aged infrastructure.

Table 8-5 Employment Area Assessment by Domain (Local Employment Areas – Colchester City Centre)

Ref	Name	Size	Public Realm, Environment and Surroundings	Building Age	Building Condition	Access for commercial traffic to primary road network / motorway	Access by public transport	Access to services	Compatibility of surrounding land uses	Market Attractiveness	Suitability for meeting needs of core/growth sectors
No.	-	Land area (ha)	RAG	RAG	RAG	RAG	RAG	RAG	Narrative	Narrative	Narrative
4	Middleborough Area	4.7							This site is integrated into Colchester's town centre, located on the southern banks of the River Colne, near North Bridge. Consequently, the site is close to residential areas, though largely separated by the River Colne. However, Fairfax House/Digby House, situated to the north of the river, is accessed through a residential area on Causton Road.	Moderate/Good – The age and condition of buildings and quality of the public realm across the Middleborough Area varies, with a mix of more recently developed units and older and dilapidated structures, most notably Fairfax House. The site benefits from very good access to local labour and services, and is well-served by public transport due to the site's proximity to the town centre, and both Colchester Station and Colchester Town Station are within walking distance. The site is indirectly accessible from the strategic road network, being approximately 3-4 km from the A12.	The location of the site in Colchester's town centre provides collaboration and innovation opportunities for growth sectors including the creative / digital / tech industries and financial services.
5	Eastgates / Moorside	6.8							The site is located close to Colchester's town centre on the southern side of East Street (the A137). Immediately to the west of the site is the River Colne, and to the south and east there are railway lines. A further railway line divides the site into two parcels of land. There is residential uses surrounding the site, and a day nursery lies to the north.	Moderate – The site features a mix of building ages and conditions, with evidence of poor quality stock and vacant stock in the northwest of the site. The quality of the external environment also varies, with some areas in need of maintenance/ renewal. The site is indirectly connected to the strategic road network (A120) and is well-served by public transport, with multiple bus stops on East Street and Greenstead Road, and Hythe and Colchester Station within walking distance. Access to amenities and facilities is reasonable. There is constrained access to the south east of the site via a narrow tunnel beneath a railway line, potentially restricting access for larger vehicles and limiting its attractiveness.	Suited to advanced manufacturing and construction uses.
6	Brook Street	0.4							Situated on the eastern side of Brook Street, the site is in proximity of residential properties. A rail line lies to the north of the site.	Moderate – This small site comprises units of average age and condition. The site is indirectly connected to the strategic road network (A120) but is well-served by public transport, with multiple bus stops on the A134 and in walking distance to Colchester Town and Hythe train stations. Access to amenities and services is good, while the external environment is fit for purpose. Site size may limit attractiveness.	Site characteristics suggest the potential to accommodate advanced manufacturing sector.
7	Barrack Street	1.9							The site is located on the north side of Barrack Street, in proximity of residential properties, with shops and retail facilities in the vicinity.	Moderate – the industrial estate comprises average quality light industrial units, with some for office space amongst sui generis uses including motor sales and a merchant's yard. The external environment, while fit for purpose, could be improved, with poor surfacing and informal areas. Access to amenities and services is good. The site is indirectly connected to the strategic road network (A12) but is well-served by public transport, with multiple bus stops on A134 and a 15-minute walk to Colchester Town and Hythe train stations.	Site characteristics suggest the potential to accommodate advanced manufacturing and construction sectors.
8	Hythe SPA	37.0							The site is located in proximity to residential areas, with a rail line in proximity to some areas within the employment area (e.g. west of Davey Close/east of Hawkins Road).	Moderate/Poor – the multi-site cluster is comprised predominantly of units of average quality and condition, with some poor quality stock, suited towards lower value/amenity uses. The site is indirectly accessed by the strategic road network (A120) – though areas within the cluster such as Hythe Quay suffer from constrained access – and well serviced by public transport being in proximity to Hythe train station, and multiple bus stops on both Hythe Station Road and Greenstead Road. Access to amenities is somewhat limited. The public realm and environment is of average/poor quality, with low amenity areas at Hythe Quay and to the south of Davey Close.	Site characteristics suggest the potential to accommodate advanced manufacturing and construction sectors, albeit of a lower value/amenity.

Ref	Name	Size	Public Realm, Environment and Surroundings	Building Age	Building Condition	Access for commercial traffic to primary road network / motorway	Access by public transport	Access to services	Compatibility of surrounding land uses	Market Attractiveness	Suitability for meeting needs of core/growth sectors
9	Chandlers Row, Port Lane	1.3							Old Heath recreation ground is situated to the west of the site, Colchester Christian Spiritualist Church to the south, and residential settlements border the site to the north and northwest.	Moderate – The site consists of a mix of light and general industrial units, all in average condition, with some areas housing sui generis uses, including a gym and performing arts centre. Access to the site is somewhat limited, via a narrow road within a residential area, and the strategic road network is indirectly accessible through Colchester city centre. However, the site benefits from public transport options, with Hythe train station and multiple bus stops walking distance. In terms of amenities, the area is served by some cafés and other convenience stores, all within walking distance. The external environment is of average quality.	Site characteristics suggest the potential to accommodate advanced manufacturing, albeit of a lower value/amenity.
10	Whitehall Industrial Estate	33.4							The site is located on the southeast side of Colchester, situated between Old Heath Road to the west and Haven Road to the east. There is a residential estate immediately to the north and west of the employment area, with Grange Farm Park housing estate in the middle of the employment land allocation. There is a sewage works to the southeast of the site.	Moderate – This large site primarily consists of light/general industrial units and storage and warehousing facilities, with some office space and leisure amenities. The buildings are variable in terms of their age (though the majority appear to have been constructed in the 1980s and 1990s) and quality, with some evidence of poor quality stock. A similar picture is evident in relation to the quality of the public realm which, while of average quality overall, suffers from pockets of informal storage, and scattered waste across the site, detracting from its overall appeal and functionality. In terms of connectivity, the site is serviced by multiple bus stops, however, access to the A120 is indirect, requiring passage through Colchester's urban centre. The site contains, or is within walking distance of, basic amenities.	Site characteristics suggest the potential to accommodate advanced manufacturing and construction uses, potentially lower value businesses in light of the condition and age of stock.
11	Maldon Road	7.0							The site is situated on the southwestern outskirts of Colchester, fronting both Maldon Road and Shrub End Road. It is located south of Westland Country Park and in close proximity to nearby residential areas. Due to the presence of a recycling plant facility on the site, there is a potential for odour pollution, which could impact the surrounding sensitive land uses, particularly the nearby residential communities.	Moderate – the mixed-use site accommodates a range of industrial and storage / warehousing units alongside a recycling plant. The units vary in age and condition, although in general the quality of stock is considered average, with some more dated. The site offers relatively poor access to the strategic road network (~ 3 miles), and limited access via public transport other than the bus service on Straight Road which may limit the viability of certain use types on site. Amenities in the vicinity are limited. There is vacant land adjacent to the recycling plant which may present opportunity for development, while there is also underutilised land to the rear of the units on the road frontage of the site.	Site characteristics suggest the potential to accommodate advanced manufacturing and construction uses, potentially lower value businesses in light of the condition and age of stock and presence of the recycling plant on site.
12	Gosbecks Road	11.2							The site is situated on the southwestern outskirts of Colchester, extending down a large section of the eastern side of Gosbecks Road. It is located in close proximity to nearby residential areas.	Moderate – Overall, the site is of lower quality, with a mix of building age and condition, with evidence of poor quality stock to the south of the site. The uses on-site appear disjointed, comprising a mix of industrial units, warehousing space, and a large car showroom and supermarket. The site has indirect access to the A12 (3.3 miles), which may limit its attractiveness for some occupiers, and public transport options are relatively limited on Gosbecks Road. However, the presence of an on-site supermarket provides some amenities for tenants.	Site characteristics suggest the potential to accommodate advanced manufacturing and construction uses, potentially lower value businesses in light of condition and age of stock.
13	Colbea	0.4							The site is situated on Geoge Williams Way. Access to the site is via a residential area and has very low capacity for vehicle traffic. The YMCA hostel is also situated adjacent to the site to the south.	Very Good / Good - The small site offers recently developed office units in good condition, with all units appearing fully-let. The site is indirectly connected to the strategic road network (A12) but is well-served by public transport, with various bus stops on Magdalen Street and in walking distance to Colchester Town station. Access to amenities and services is good. The site also benefits from a gated formal entry, and good quality environment with planting and adequate parking.	Site characteristics suggest the potential to accommodate office-based growth sectors including creative / tech / digital companies, financial services and service-led health and care operations.

Ref	Name	Size	Public Realm, Environment and Surroundings	Building Age	Building Condition	Access for commercial traffic to primary road network / motorway	Access by public transport	Access to services	Compatibility of surrounding land uses	Market Attractiveness	Suitability for meeting needs of core/growth sectors
14	Southway	0.6							The site is located in proximity of Colchester city centre. There are residential uses to the south of the site.	Good – The site is comprised of sui generis use through the police station, which is in good condition. The site benefits from direct access to the A134 c. 3.5 miles from Junction 27 of the A12, and multiple bus stops within a 5-minute walk and Colchester Town station within walking distance. With the site's town centre location, access to amenities is very good with a variety of retail/leisure options a short distance away.	No immediate opportunity for Colchester's growth sectors, with units and nature of site well-serving current business operations.
15	Hawkins Road	2.3							The site is in proximity to residential uses, albeit generally well-segregated with no major impacts likely. However, amongst office space onsite, there is HGV traffic associated with uses onsite (specifically the Argos Fulfilment Centre, Jewson and Travis Perkins).	Good/Moderate – this mixed-use site offering office space and light industrial space, alongside some sui generis, is generally in average condition with reasonable quality public realm. However, there is evidence of vacant stock onsite, at Pheonix Court and the former Circles Education Centre. The site has good connectivity, benefitting from direct access to the A134, Hythe Station 0.3 miles away, and multiple bus stops serving the site. However, the builders merchant to the rear is subject to constrained access through the office/light industrial space.	Potential to accommodate creative / digital / tech sectors, financial services, and potentially health and care sectors given the existing uses onsite.

8.6 Local Employment Areas (District Centres and Other Rural Areas)

8.6.1 The identified occupier typologies, business types, employment uses and land uses within the identified employment areas in the Local Employment Areas (District Centres and Other Rural Areas) are shown in Table 8-6.

Table 8-6 Local Employment Areas (District Centres and Other Rural Areas) and Uses

Ref	Name	Size (ha)	Business Use/Occupier Typologies	Employment/Land Uses
16	Depot, Old Ipswich Road	1.1	General industrial estate; car repairs; offices	E(g)(i); E(g)(iii); B2; Sui Generis
17	School Road, Langham	1.8	General industrial estate; storage & distribution; car repairs; offices	E(g)(i); E(g)(iii); B2; Sui Generis
18	Tin Bins Ltd	0.9	Recycling / waste / environmental	B8; Sui Generis
19	Classic Pot Emporium	1.1	Storage & distribution	B8; Sui Generis
20	Langham Airfield	4.5	High quality business park; offices	E(g)(i); E(g)(iii); Sui Generis
21	Crown Interchange	2.4	High quality business park; offices; general industrial estate; car repairs	E(g)(i)
22	Tey Brook Farm, Great Tey	0.8	Offices	E(g)(i); B2; Sui Generis
23	Anderson's Site, Marks Tey	8.0	General industrial estate; storage & distribution; offices	B2; B8
24	Sites on Fordham Road and Packards Lane	2.8	General industrial estate; storage & distribution; car repairs; offices; recycling / waste / environmental	E(g)(i); E(g)(iii); B2; B8; Sui Generis
25	Tower House, Tiptree	4.1	General industrial estate; storage & distribution; car dealership; offices	E(g)(i); E(g)(iii); B8; Sui Generis
26	Alexander Cleghorn Ltd, Tiptree	2.1	General industrial estate; storage & distribution	B2; B8
27	Boat Yards, West Mersea	0.4	General business area	E(g)(iii); B2
28	Rushmere Close, West Mersea	1.5	General industrial estate	E(g)(iii); B2
29	Waldegraves Farm, West Mersea	1.9	General industrial estate; storage & distribution; car repairs	E(g)(iii); B8; Sui Generis
30	Pantiles Farm, Abberton	0.5	Car dealership' storage & distribution	B8; Sui Generis

Ref	Name	Size (ha)	Business Use/Occupier Typologies	Employment/Land Uses
31	Wilkin & Sons	4.8	General business area; storage & distribution; offices; retail; food and beverage	E(g)(i); B2; B8; Sui Generis
32	Basket Works	0.9	General business area; storage & distribution; car repairs	E(g)(iii); B2; Sui Generis
33	Highland Nursery	1.1	Land Allocation	n/a
34	North of land owned by Tarmac, access via Keelar's Road	2.0	Land Allocation	n/a

8.6.2 The assessment of each existing employment area is shown in Table 8-7.

8.6.3 In general, there is a mixed picture across the identified employment areas, though performance is notably lower compared to the Strategic Economic Zones and Local Employment Areas in Colchester Urban Area.

8.6.4 Many sites are characterised by rural isolation, limiting their connectivity to the strategic road network and public transport options. Similarly, access to amenities and services is often restricted. The condition of buildings across the rural employment areas varies, with some housing aged stock or stock in poor condition (e.g. Depot, Old Ipswich Road (16), Tin Bins Ltd (18), and Boat Yards (27)). On the other hand, sites such as Langham Airfield[96] (20), Crown Interchange (21), Tey Brook Farm, Great Tey (22) and Anderson's Site, Marks Tey (23) offer more modern, fit-for-purpose environments, with the potential to attract growth sectors including creative / digital / tech industries, and financial services, despite some constraints.

8.6.5 Market attractiveness across these sites is generally moderate to poor, with many serving lower value and lower amenity businesses which can be more suited or readily accommodated peripheral areas. However, there are notable exceptions in Crown Interchange (21), Anderson's Site, Marks Tey (23) and Wilkin & Sons (31).

[96] The area accommodating Lodge Park Business Centre, rather than the low amenity industrial uses away from the Business Centre

Table 8-7 Employment Area Assessment by Domain (Local Employment Areas - District Centres and Other Rural Areas)

Ref	Name	Size	Public Realm, Environment and Surroundings	Building Age	Building Condition	Access for commercial traffic to primary road network / motorway	Access by public transport	Access to services	Compatibility of surrounding land uses	Market Attractiveness	Suitability for meeting needs of core/growth sectors
No.	-	Land area (ha)	RAG	RAG	RAG	RAG	RAG	RAG	Narrative	Narrative	Narrative
16	Depot, Old Ipswich Road	1.1							Rural site, well isolated and segregated from any proximate uses.	Moderate / Poor – Small industrial estate with predominantly aged stock that varies in quality. There is evidence of a prominent, aged vacant unit onsite (Gunhill House). It is well connected to the strategic road network however public transport is very limited therefore is only accessible by car. The public realm and environment could be improved in areas. The rural location of site offers extremely limited access to amenities and services	Site serves lower value and lower amenity businesses; some potential for lower amenity manufacturing in line with current uses present on site.
17	School Road, Langham	1.8							Rural location, primary school opposite entrance to site.	Moderate / Poor – Site comprising a small cluster of light industrial units, with a small amount of ancillary office space. Stock is of a variable age and quality, dominated by the presence of a large, aged unit in poor condition. The site is indirectly accessed by the A12 and is served by bus stop on St Margaret's Cross. The public realm is informal, with untidy areas and open storage. Access to amenities and facilities is extremely limited.	Site serves lower value and lower amenity businesses; some potential for lower amenity manufacturing in line with current uses present on site.
18	Tin Bins Ltd	0.9							Site is well segregated, with some residential properties in vicinity.	Poor – Informal, low amenity site comprised of aged stock in poor condition (with the exception of one newer unit). Access to the site is adequate but poorly signed and is indirectly connected to the strategic road network and is served by bus stops on Straight Road. Suited to lower amenity/value uses.	No identifiable alignment with Colchester's growth sectors.
19	Classic Pot Emporium	1.1							Site is rurally isolated, with some residential properties in vicinity.	Moderate/Poor – Site providing storage uses, with evidence of open storage. Indirect access to the strategic road network and served by a bus stop in walking distance on Straight Road. The rural location of site offers extremely limited access to amenities and services	No immediate opportunity for Colchester's growth sectors, with units and nature of site well-serving current business operations.
20	Langham Airfield	4.5							Site is well segregated, though some residential properties nearby.	Good/Poor – Polarised offer between Lodge Park Business Centre and the Industrial Estate. Lodge Business Park offers recently developed office space in excellent condition and high quality public realm; with evidence of further provision in the pipeline. Conversely, the area supporting industrial uses is of very poor condition with some buildings dilapidated/vacant and informal, untidy public realm. The site offers indirect access to A12, but public transport is very limited / non-existent. Moreover, access to the site is via Lodge Lane, which is in poor condition and given this is a narrow country road it is not suitable for heavy traffic or HGVs. The rural location of site offers extremely limited access to amenities and services.	Lodge Park Business Centre could provide opportunities to accommodate creative / tech / digital sectors, and financial services; though connectivity and access to services a constraint.
21	Crown Interchange	2.4							Site is well segregated, with hotel onsite however limited impact likely given office uses onsite.	Good – Recently developed, modern office park. The site is well maintained offering high quality public realm. Units are predominantly let with evidence that vacant units are marketed. Despite excellent connectivity to the SRN, with direct access to the A12, the site is isolated and likely only accessible by car with limited amenities nearby.	Site characteristics suggest the potential to accommodate creative / tech / digital sectors, financial services and health and care service providers.
22	Tey Brook Farm, Great Tey	0.8							Site is rurally situated and mainly surrounded by arable farmland.	Moderate – High quality office environment that comprises a number of single storey barn-style buildings with good quality public realm. The site offers indirect access to the A120 via Great Tey Road, although as an isolated site there is limited facilities and amenities nearby, and primarily accessible by car with public transport options being very limited.	Office accommodation has the potential to accommodate creative / tech / digital sectors and financial services; though connectivity and access to services a constraint.

Ref	Name	Size	Public Realm, Environment and Surroundings	Building Age	Building Condition	Access for commercial traffic to primary road network / motorway	Access by public transport	Access to services	Compatibility of surrounding land uses	Market Attractiveness	Suitability for meeting needs of core/growth sectors
23	Anderson's Site, Marks Tey	8.0							Residential buildings surrounding the site in the southeast.	Good – large, high-quality industrial site, predominantly housing B8 uses, that is fit for purpose, with wide internal roads and space suitable for HGVs. Access to the site is from the Old London Road which runs parallel with the A12, though public transport access is more limited (bus stop ~10 minute walk away). Access to amenities is limited.	Good quality site with strong access suited to advanced manufacturing and construction.
24	Fordham Road and Packards Lane	2.8							Isolated site in open countryside with two care home / care providers located in proximity.	Moderate / Poor – comprised of three separate sites in close proximity to one another offering mixed-uses from industrial to office space. Overall, the age and condition of the accommodation is variable if somewhat dated. The sites are isolated, with distant access to the SRN the site being poorly served by public transport. Similarly, the access to amenities/services is limited.	Site characteristics suggest the potential to accommodate advanced manufacturing and construction uses, potentially lower value operations in light of condition and age of stock.
25	Tower House, Tiptree	4.1							Situated in the northwest fringe of Tiptree. To the north is Perry's Wood and to the south is open fields.	Moderate – The site provides a mix of office, warehouse and light industrial units (with a car dealership also onsite), which vary in terms of size, with suitable quality in terms of condition and age, and standard of the public realm. The site is located to the north west of Tiptree, and offers relatively limited connectivity to the SRN, while there are bus stops in walking distance on B1023. Access to services and amenities is limited.	Site characteristics suggest the potential to accommodate advanced manufacturing and construction uses.
26	Alexander Cleghorn Ltd, Tiptree	2.1							Located on the eastern fringe of Tiptree. There are some residential properties opposite the site, although predominantly surrounded by open fields.	Moderate – Single occupancy site comprised of industrial and storage / warehousing units. The premises appear to be in good to average condition, with some older buildings. The external environment appears in good quality, with gated entrance, adequate parking, clear signage and traffic management measures in place. Access to the site is limited, with a need to travel through Tiptree and almost 10km to the strategic road network. Access to amenities and public transport options are also limited.	Single occupancy site offers limited opportunity to locate growth sectors.
27	Boat Yards, West Mersea	0.4							The site is located in close proximity to the sea and is overlooked by residential properties.	Poor – the site is comprised of a mix of light and general industrial units predominantly operating in the maritime industry (e.g. boat storage, sailing making). While some variability, the units are dated and in poor condition, with limited evidence of formal public realm and overall low quality environment. However, its waterside access is likely to be a key locational determinant for maritime businesses.	No identifiable alignment with Colchester's growth sectors, with site suited to maritime sector needs.
28	Rushmere Close, West Mersea	1.5							Located in West Mersea's urban area, the site is mainly surrounded by housing, with Mersea Island School opposite.	Moderate – West Mersea Business Centre is an established industrial estate, most of which are relatively small workshops/ warehouses of average age and quality, likely supporting low-cost occupancy. Although the site offers poor connectivity to the strategic road network and is not well-served by public transport, access to facilities and amenities is reasonable, being in walking distance to several shops and cafes. Its proximity to sensitive uses could limit the site's attractiveness for some uses.	Site characteristics suggest the potential to accommodate advanced manufacturing and construction uses, potentially lower value operations in light of condition and age of stock.
29	Waldegraves Farm, West Mersea	1.9							Holiday park onsite	Moderate/Poor – The business park accommodates light industrial workshops and storage units of average age and condition. Connectivity to the strategic road network is poor, while access to the site constrained by the narrow track shared by vehicles accessing Waldegraves Holiday Park. Moreover, limited public transport connectivity is offered, with a bus stop located a 10 minute walk from the site. Access to facilities is also somewhat limited.	No identifiable alignment with Colchester's growth sectors.

Ref	Name	Size	Public Realm, Environment and Surroundings	Building Age	Building Condition	Access for commercial traffic to primary road network / motorway	Access by public transport	Access to services	Compatibility of surrounding land uses	Market Attractiveness	Suitability for meeting needs of core/growth sectors
30	Pantiles Farm, Abberton	0.5							Site is surrounded by arable farmland.	Poor – the site comprises a mix of single storey warehouse and workshop units in average condition, with some stock more dated. There is also a car dealership onsite. Connectivity is limited, with limited access to the strategic road network and no public transport serving the site. In this regard, Pantiles Farm has poor access to services.	No identifiable alignment with Colchester's growth sectors.
31	Wilkins & Son	4.8							Isolated site, surrounded by residential uses but no impact likely.	Good/Moderate – single occupancy site comprising a mix of industrial and warehousing units. There was somewhat restricted during the site visit access, but observation indicated presence of vacant land to the south / southeast of the site which has opportunity for intensification / development. The public realm was well-maintained, with sufficient parking. Connectivity to the strategic road network is limited , though multiple bus stops serve the site. A shop and café are onsite, with a number of other amenities in Tiptree accessible on foot.	Single occupancy site offers limited opportunity to locate growth sectors.
32	Basket Works	0.9							Remote site with no proximate sensitive uses.	Poor – remote site comprised of small workshops and industrial units, dated in age and condition, likely to serve lower value/amenity uses. Limited access to the strategic road network and no public transport serving the site, also meaning access to facilities is very poor. The external environment was also in poor condition with informal landscaping and the access road requiring improvement.	No identifiable alignment with Colchester's growth sectors.
33	Highland Nursery	1.1	n/a	n/a	n/a				Allocation surrounded by residential uses.	Greenfield site with limited connectivity to the strategic road network, albeit some public transport offer with multiple bus stops in walking distance. Access to amenities is also limited.	Land allocation may offer potential to accommodate small-scale advanced manufacturing and construction uses once developed; linking to the presence of uses at Tower Business Park.
34	North of land owned by Tarmac, access via Keelar's Road	2.0	n/a	n/a	n/a				Isolated remote land allocation	Indirect access to the strategic road network (A133) although no public transport service in the vicinity of the site. Access to amenities is also limited. Outline planning application for the flexible commercial development (Use classes Eg(i)(iii) or B8 approved for the site.	Land allocation may offer potential to accommodate manufacturing and construction uses once developed.

8.7 Assessment of Potential Future Supply

8.7.1 There are a number of. A high-level assessment of each of these areas, based on their alignment with selected criteria that relate to current and future market demand, is set out in Table 8-8.

8.7.2 The analysis highlights that the vast majority of the sites received through the Call for Sites process are rural in nature, and therefore typified by offering poor access to services and access by public transport. These can be important locational determinants for office uses, however there is evidence of high-quality office development in rural locations across the borough, such as Langham Airfield (20) and Tey Brook Farm, Great Tey (22). Feedback from agents identified that cost is often a key driver in firms' choice of office location, with rural locations being able to offer competitive rates in comparison to stock in the city centre, and public transport connectivity and access to services a compromise being made by occupiers.

8.7.3 Some of the sites provide direct access or proximity to the primary road network, which can be a key locational determinant for industrial occupiers. Another notable feature is that a number of the sites are extensions to existing employment sites, including Anderson's Site, Marks Tey (23), Tower House, Tiptree (25) and Wilkin & Sons (31); as covered in the existing employment areas.

8.7.4 The assessment does identify some sites with stronger marketability, notably Land north and south of Dobbies Lane, Marks Tey (Call for Sites reference 10623), however few of the sites score strongly across multiple domains given their rural/peripheral nature. Furthermore, it should be noted that this assessment is based on a small sub-set of criteria and desk-based analysis, and other reasons / evidence we will inform whether or not sites are suitable for allocation.

Table 8-8 Employment Area Assessment by Domain (Call for Sites)

Ref	Name	Size	Public Realm, Environment and Surroundings	Access for commercial traffic to primary road network / motorway	Access by public transport	Compatibility of surrounding land uses	Market Attractiveness
No.	-	Land area (ha)	RAG	RAG	RAG	Narrative	Narrative
10175	Haycocks Yard, West Mersea	1.7				Rural site surrounded by green space and no sensitive uses in proximity.	Poor – remote, rural site offering limited access to the SRN and access to services. Currently supports some employment uses, focused on the maritime sector, with potential to support lower value/amenity or maritime businesses
10230	Land South of Doggetts Lane Service Station, London Road/A12	1.4				Some residential uses on Doggett Lane but segregated/distanced from the proposed site.	Moderate – Greenfield site offering connectivity to the SRN (adjacent to the A12 and existing Shell garage). Marks Tey station is within a 10 minute drive of the site, as are a number of bus stops; however the site offers limited connectivity via the station/bus stops by active modes. No sensitive uses, offering potential suitability for industrial uses.
10488	Bullbanks Farm, Halstead Road, Eight Ash Green	2.1				No sensitive receptors in proximity; surrounded by green/arable land.	Moderate – Connectivity to the A1124; approximately 1.5 miles from the A12 and 0.4 miles from the nearest bus stop. Poor access to services/ amenities in proximity to the site, though no sensitive uses, offering potential suitability for industrial uses.
10566	Land at Pattens Yard, West Bergholt	2.1				Some residential properties opposite the site, but segregated by Nayland Road.	Moderate – Indirect access to the A134; with Junction 28 of the A12 ~ 4 miles away, with a number of bus stops within a 10-15 minute walk though access to services is limited. The site would be additional to existing employment uses at Pattens Yard (including landscape gardening; beauty salon; clothing company and property maintenance) an employment site with a good quality environment.
10623	Land north and south of Dobbies Lane, Marks Tey	6.7				None identified.	Good – Offers connectivity to the A12 directly or via Old London Road; and would complement existing uses at Anderson's Site, Marks Tey (23), a higher performing employment site which is adjacent, and building materials supplier in proximity to the site. However, public transport access is more limited, with the nearest bus stop a ~10 minute walk away and Mark's Tey station, although a 5 minute drive or cycle away, being a 20-minute walk from the site. Access to amenities is limited.
10632	Land south of Tower Business Park, Tiptree	0.6				Residential development to the north of the easternmost extent of the proposed site.	Moderate – The site is located to the north west of Tiptree, and offers indirect connectivity to the SRN (~2.5 miles to Junction 24 of the A12), while there are bus stops in walking distance on B1023. Access to services and amenities. Located adjacent to existing uses at Tower Business Park (25), to which this would be an extension that could accommodate small-scale industrial uses.
10647	Wakes Hall Business Centre, Wakes Colne	0.9				Residential properties on Lane Rd, though the road would segregate from the proposed employment area.	Moderate – Directly accessed from the A1124, ~ 5 miles from the A12, with a bus stop a 10 minute walk from the site, which offers limited access to services. Located adjacent to Wakes Hall Business Centre, which offers a high quality environment. Suited to small-scale E(g)(i) and E(g)(iii) uses.
10663	Land off Newpots Lane, Peldon	0.26				Residential properties to the north east, and to the west (though segregated by Newpots Lane)	Poor – remote, rural site offering limited access to the SRN and access to services. Currently supports what appear to be agricultural uses, with potential to support lower value/amenity businesses
10671	Land South of A12 and north of proposed new route of A12, Marks Tey	16.0				Some residential uses on Doggett Lane but segregated/distanced from the proposed site. Dog kennels and agricultural buildings in proximity to the middle of the site.	Good/Moderate – Well-proportioned greenfield site offering connectivity to the SRN (adjacent to the A12). Marks Tey station is within a 10 minute drive of the site, as are a number of bus stops; however the site offers limited connectivity via the station/bus stops by active modes. Potentially well-suited for industrial uses.
10677	Land south of the A12, Kelvedon	28.4				Some existing businesses, residential properties and community uses to the north east of the proposed employment area	Moderate – Well-proportioned site located approximately 1 mile from Junction 24 of the A12, with access site Gore Pit/Feering, with a bus stop adjacent to the site. Access to services is limited; though evidence of similarly located development at Threshelfords Business Park to the north.

8.8 Summary

8.8.1 Overall, the assessment of identified employment areas indicates that Colchester contains a reasonable range of employment sites of differing quality and type. Most of the sites accommodate a combination of both office and industrial uses, with evidence of sui generis uses amongst this, although some specific, single use sites were also evident. The assessment found that most clusters in proximity to the city and other settlements surveyed are functioning well, have high occupancy rates and support a diverse range of business types.

8.8.2 The assessment highlights that the larger and higher performing employment areas tend to be located in proximity to the urban area, or with direct or indirect access to the primary road network, notably the A12 which serves as the central route through the borough, and score highly across multiple domains. Employment areas less well connected to the road network were typified as being smaller, offering older/poorer quality buildings, limited formal public realm and access to public transport and amenities. However, there were notable exceptions in Tey Brook Farm, Great Tey (22) and Lodge Park Business Centre, contained within Langham Airfield (20).

8.8.3 In relation to the sites received through the Call for Sites process, the analysis highlights that the vast majority are rural in nature, and therefore typified by offering poor access to services and access by public transport. However, some of the sites provide direct access or proximity to the primary road network, and demonstrate stronger marketability, notably Land north and south of Dobbies Lane, Marks Tey (Call for site reference 10623). However few of the sites score strongly across multiple domains given their rural/peripheral nature.

9. Future Demand

9.1 Introduction

9.1.1 The approach to assessing future employment floorspace and land requirements below is in line with Planning Practice Guidance on Economic Needs Assessments. The analysis in this section considers a range of future employment growth scenarios, including:

- Scenario 1: Labour Demand – based on the land needed to accommodate expected employment growth in the local authority area, as per the latest employment forecasts from Experian.
- Scenario 2: Labour Supply – based on the latest housing and population growth projections, as derived from the Local Housing Needs Assessment.
- Scenario 3: Past Trends – trend-based scenario based on the continuation of historical net absorption rates, sourced from CoStar. This analyses the net absorption of floorspace – i.e. the quantum of net floorspace occupied over a period of time (i.e. move-ins minus move-outs) based on lease deals, a proxy measure of demand – by use class over the past 10 years and extrapolates these trends over the assessment period.

9.1.2 Employment sectors have been mapped to the current core B and E(g) use classes:

- Office uses (former B1a, B1b):
  - E(g)(i) Offices;
  - E(g)(ii) Research and development;
- Industrial uses:
  - E(g)(iii) Light industrial (former B1c);
  - B2 General industrial;
  - B8 Storage or distribution.

9.1.3 Job numbers for each use class have been calculated, and then converted to floorspace and land requirements by applying appropriate employment density assumptions. The employment densities and plot ratios used draw on the HCA Employment Densities Guide 3rd Edition (2015). These employment density and plot ratio assumptions are summarised in Table 9-1 below.

Table 9-1 Employment density and plot ratio assumptions

Use class	HCA Employment Density Guide (2015)	Employment density assumption used (sqm per job)	Plot Ratio (% of site area)
E(g)(i)	Offices – 8-13 sqm NIA per job	11.3	100%
E(g)(ii)	R&D space – 40-60 sqm NIA per job	50	40%
E(g)(iii)	Light industrial – 47 sqm NIA per job	47	40%
B2	Industrial & Manufacturing – 36 sqm GIA per job	36	40%
B8	Storage & Distribution – 70-95 sqm GEA per job	70	45%

Source: Employment Densities Guide 3rd Edition (2015); AECOM

9.1.4 It should be noted that employment ratios and plot ratios can vary significantly depending on location and the exact type of use. The HCA Employment Densities Guide allows for this by providing density ranges against uses. This Study has taken a mid-point approach to applying these ranges. The exception to this is for B8 uses where an average density towards the lower end of the HCA Employment Densities Guide has been applied – reflecting the density ascribed to regional/final mile distribution hubs (rather than national distribution uses, which are generally of higher employment density per sqm of space). This is considered appropriate for Colchester, given the nature of historic and more recent storage and distribution development within the local authority area.

9.1.5 All scenarios discussed in this chapter should be treated as broadly indicative. Predicting future economic trends and corresponding employment land requirements is not an exact science. The assessment is based on a series of assumptions, including the future performance of individual business sectors, the proportion of employment in each sector that corresponds to each of the use classes, and the future employment densities and plot ratios for each use class. Furthermore, the future performance of Colchester's economy is subject to external factors that are hard to predict, such as political and economic changes at the national and international levels.

9.1.6 With the above caveat in place, the scenarios presented in this chapter provide an indication of future economic trends and are a useful tool for informing employment land policy. It should also be noted that all figures presented in this chapter have been rounded and therefore may not completely add up.

9.2 Scenario 1: Labour Demand Scenario

9.2.1 The Labour Demand scenario considers the land needed to accommodate expected employment growth in the borough, as per the latest employment forecasts from Experian. This is undertaken by mapping the employment forecasts by sector to the employment land use class, converting to floorspace requirements using employment densities and thereafter to land requirements by applying plot densities to the floorspace calculations.

9.2.2 According to Experian's June 2024 employment forecasts, employment across all sectors in Colchester is forecast to increase from 96,800 in 2023 to 113,500 in 2041, an increase of approximately 15.2%. The biggest growth sectors in terms of absolute number of workforce jobs growth are Health (+3,700), Professional Services (+2,100), Education (+2,000) and Residential Care and Social Work (+1,500), as set out in Table 9-2.

9.2.3 The sectors forecast to experience the largest decline in absolute terms are the manufacture of Computer and Electronic Products (-300 workforce jobs), and the manufacture of Food, Drink and Tobacco, Transport Equipment and Machinery and Equipment (each registering a fall of 100 workforce jobs).

Table 9-2 Fastest Growing and Declining Employment Sectors in Colchester 2023-2041

Employment Sector	Forecast Change in Workforce Jobs
Fastest Growing Employment Sectors	
Health	3,700
Professional Services	2,100
Education	2,000
Residential Care & Social Work	1,500
Fastest Declining Employment Sectors	
Machinery and Equipment (manufacture of)	-100
Transport Equipment (manufacture of)	-100
Food, Drink and Tobacco (manufacture of)	-100
Computer and Electronic Products (manufacture of)	-300

Source: Experian 2024

9.2.4 Employment in office and industrial use class sectors makes up approximately 35% of all employment in Colchester in 2023 (33,830 out of a total of 96,800 workforce jobs).

9.2.5 Experian forecasts employment in office and industrial sectors overall to increase by 5,000 workforce jobs over the period 2023-2041, an increase of approximately 14.8%. This increase is driven by office use class E(g)(i) jobs (+4,335 jobs), with employment in storage and distribution (B8) sectors forecast to increase by +800 jobs. Employment in light industrial (use class E(g)(iii)) and general industrial (use class B2) sectors is forecast to fall.

9.2.6 CoStar data indicates that there are currently no premises in Colchester that fall within the E(g)(ii) use class (the research and development of products or processes), and this is set to remain the case over the forecast period. However, this does not necessarily mean that there is no such activity within the borough, but that there is no accommodation specifically limited to that use (which may fall under E(g)(i)).

Table 9-3 Employment forecasts by use class, 2023-2041 – Labour Demand Scenario

Use Class	2023	2028	2033	2038	2041	Change 2023-41
E(g)(i)	22,390	23,760	24,710	25,855	26,725	4,335
E(g)(ii)	0	0	0	0	0	0
Total Office Jobs	**22,390**	**23,760**	**24,710**	**25,855**	**26,725**	**4,335**
E(g)(iii)	2,140	2,270	2,180	2,125	2,115	-25
B2	2,350	2,470	2,390	2,300	2,240	-110
B8	6,950	7,390	7,430	7,620	7,750	800
Total Industrial Jobs	**11,440**	**12,130**	**12,000**	**12,045**	**12,105**	**665**
Total Office and Industrial Jobs	**33,830**	**35,890**	**36,710**	**37,900**	**38,830**	**5,000**

Source: AECOM

9.2.7 Based on the above employment forecasts and the employment density assumptions summarised here, Colchester is projected to register an increase in employment floorspace requirements over the period 2023-2041, with an additional 48,986 sqm of office floorspace and 50,865 sqm of industrial floorspace.

9.2.8 Floorspace requirement forecasts for Colchester over the period 2023-2041 are presented in Table 9-4 below.

Table 9-4 Additional office floorspace need (sqm) – Labour Demand Scenario

Use Class	2028	2033	2038	2041	% Change 2023-41
E(g)(i)	15,481	26,216	39,155	48,986	19.4%
E(g)(ii)	0	0	0	0	-
Office Floorspace Need	**15,481**	**26,216**	**39,155**	**48,986**	**+19.4%**
E(g)(iii)	6,110	1,880	-705	-1,175	-1.2%
B2	4,320	1,440	-1,800	-3,960	-4.7%
B8	30,800	33,600	46,900	56,000	11.5%
Industrial Floorspace Need	**41,230**	**36,920**	**44,395**	**50,865**	**7.6%**
Total Floorspace	**56,711**	**63,136**	**83,550**	**99,851**	**10.8%**

Source: AECOM

9.2.9 Finally, applying relevant plot ratios, floorspace requirements can be converted into land requirements (presented in hectares). As set out in Table 9-5, Scenario 1 suggests that Colchester could accommodate an additional 16.1ha of employment land over the period 2023-2041.

Table 9-5 Additional Employment Land (ha) – Labour Demand scenario

Use Class	Land (ha)
E(g)(i)	4.9
E(g)(ii)	0.0
E(g)(iii)	-0.3
B2	-1.0
B8	12.4
Total B use land	**16.1**

Source: AECOM

9.3 Scenario 2: Labour Supply

9.3.1 Scenario 2 considers the potential population increase in Colchester associated with the additional homes forecast over the Local Plan period, and how much employment land would be necessary to broadly match forecast growth of the resident workforce.

9.3.2 This Scenario estimates the number of new jobs needed to match the future supply of working-age population, and how much employment space would be needed to accommodate the E(g)/B class component of these jobs.

9.3.3 A labour supply-based scenario has been considered based on population projections and other demographic assumptions that have been provided by the consultants preparing the Local Housing Needs Assessment for the Council. This study will provide an assessment of the growth in resident workforce which might be supported by the local housing need in Colchester and what this means for potential total labour supply, after taking account of commuting, unemployment rates and double jobbing.

9.3.4 The study projections indicate that the economically active population will grow by 27,284 people across the 2023-2041 period. This projection is based on a housing need figure of 1,290 dwellings per annum. It also assumes that the net out-commuting is 0.996, in line with Census 2021, and there is a 3.1% double jobbing allowance, and the unemployment rate will remain unchanged (based on 2023) across the study period.

Table 9-6 Labour Supply (Scenario 2): LHNA Assumptions

	2023	2041	Change
Economically active population	99,354	126,638	27,284
Double jobbing allowance – 3.1%	102,529	130,685	28,156
Commuting allowance - 0.996 net outward commuting	102,985	131,266	28,281
Workforce jobs	**102,985**	**131,266**	**28,281**

Source: Iceni Projects / AECOM analysis

9.3.5 Using the same modelling assumptions as adopted in Scenario 1, Table 9-7 shows that 8,943 additional jobs would be supported by population growth across the employment land

use classes. This translates to a requirement for an additional203,047 sqm of floorspace or 35.7ha of employment land.

Table 9-7 Additional Employment Land (ha) – Labour Supply Scenario

Use	Jobs Change	Additional Floorspace Requirements (sqm)	Additional Employment Land Requirements (ha)
Workforce Jobs	28,281	-	-
E(g)(i)	7,073	79,919	8.0
E(g)(ii)	0	0	0.0
E(g)(iii)	182	8,551	2.1
B2	107	3,851	1.0
B8	1,582	110,726	24.6
Total	**8,943**	**203,047**	**35.7**

9.4 Scenario 3: Past Trends

9.4.1 The Past Trends scenario (Scenario 3) forecasts land requirements based on the continuation of historical net absorption of floorspace across the employment land use classes, sourced from CoStar, and extrapolates these trends over the assessment period.

9.4.2 The historical net absorption (annual average), by planning use class, is the measure of total floorspace occupied (indicated as a Move-In) less the total space vacated (indicated as a Move-Out) over a given period of time[97]. This is projected forwards to inform the future demand for employment floorspace. As part of this exercise, several historical periods were considered – the past 5 years, past 10 years and past 15 years, as set out in Table 9-8. It was considered that the past 10-year average was the most robust, as it was not overly impacted by the 2008 financial crisis and was long enough to smooth the impact of Covid-19 (unlike the past 5-year average).

9.4.3 Colchester registered robust net absorption of floorspace across office and warehousing and storage uses over the past 10 years, while the average net absorption of light industrial and general industrial floorspace was also positive over the past decade.

Table 9-8 Average Annual Net Absorption of Floorspace (sqm)

	5-Year	10-Year	15-Year
Office (E(g)(i))	1,033	2,788	2,699
R&D (E(g)(ii))	-	-	-
Light Industrial (E(g)(iii))	-103	395	576
Industrial (B2)	-54	566	231
Warehouse (B8)	3,410	3,380	2,330

Source: CoStar 2024 / AECOM

[97] Lease renewals are not factored into net absorption. However, in a lease renewal that includes the leasing of additional space, that additional space is counted in net absorption. Pre-leasing of space in non-existing buildings (Planned, Under Construction or Under Renovation) is not counted in net absorption until actual move in, which by definition may not be any earlier than the delivery date.

9.4.4 The average historical annual absorption of employment floorspace was projected forward to 2041 from the 2023 baseline position.

9.4.5 Table 9-9 shows the evolution of floorspace requirements between 2023 and 2041. This shows that based on past trends, by 2041 there is a requirement for an additional 143,802 sqm of employment floorspace in Colchester.

Table 9-9 Additional Floorspace Requirements 2023-2041 – Past Trends Scenario

Use Class	2028	2033	2038	2041	% Change 2023-41
E(g)(i)	14,205	28,147	42,089	50,454	19.7%
E(g)(ii)	0	0	0	0	-
Office Floorspace Need	**14,205**	**28,147**	**42,089**	**50,454**	**19.7%**
E(g)(iii)	3,930	5,905	7,879	9,064	8.8%
B2	4,066	6,898	9,730	11,429	13.2%
B8	28,919	45,817	62,716	72,855	14.5%
Industrial Floorspace Need	**36,914**	**58,619**	**80,325**	**93,348**	**13.5%**
Total Floorspace	**51,119**	**86,766**	**122,413**	**143,802**	**15.2%**

Source: AECOM

9.4.6 Finally, applying relevant plot ratios, floorspace requirements can be converted into land requirements (presented in hectares).

9.4.7 As set out in Table 9-10, the evolution of land requirements in Colchester to 2041 indicates a requirement for an additional 26.4ha of employment land.

Table 9-10 Additional Employment Land (ha) – Past Trends Scenario

Use Class	Land (ha)
E(g)(i)	5.0
E(g)(ii)	0.0
E(g)(iii)	2.3
B2	2.9
B8	16.2
Total Employment Land	**26.4**

Source: AECOM

9.5 Allowance for Losses

9.5.1 The forecasting exercise has also taken into account replacement of losses. Evidently some redevelopment will take place on existing employment sites. However there can be losses of employment floorspace and land to other uses.

9.5.2 We have considered the potential for future losses based on CoStar data on demolitions (at 50% of the historic rate from 2010 onwards). This is shown in Table 9-11 below.

Table 9-11 Allowance for Replacement of Losses 2023-41 (sqm)

Type of Space/Use Class	Average Annual Demolitions (sqm)	Allowance for Losses 2023-41 (sqm)
E(g)(i)	25.2	226.7
E(g)(ii)	-	-
E(g)(iii)	248.8	2,239.3
B2	-	-
B8	465.7	4,191.0
Total	**739.7**	**6,657.0**

9.5.3 The data and assumptions set out above have been applied to the labour demand and labour supply scenario. A replacement of losses adjustment has not been applied to the past trends scenario as market conditions are already inherently taken into account, given this scenario is a reflection of net leasing position and how the property market is restructuring over time.

9.6 Sensitivity Testing

9.6.1 Sensitivity testing has been undertaken on the floorspace/land requirement forecasts in order to gauge how demand might change when certain variables are adjusted.

Employment Densities

9.6.2 To reflect the possible changes to employment space utilisation post-COVID, this sensitivity test adjusts the employment densities informing overall floorspace/land requirements. Namely, the employment density applied to office uses (E(g)(i)) were adjusted downward to account for the potential downsizing of offices since the pandemic due to increased remote working.

9.6.3 The employment density for E(g)(i) was revised from 11.3 sqm per FTE to 8 sqm per FTE, reflecting the low end of the respective scales as per the Employment Density Guide.

9.6.4 The results of the sensitivity tests within each of the three scenarios is reflected in Table 9-12.

Table 9-12 Employment Density Sensitivity Test Results

Change (ha) 2023-2041	Labour Demand	Labour Supply	Past Trends
Baseline Employment Densities	19.0 ha	38.7 ha	26.4 ha
E(g)(i) employment density reduced to 8 sqm per FTE	17.6 ha	36.3 ha	26.3 ha

Plot Ratios

9.6.5 The second sensitivity test undertaken was to adjust the plot ratios for each unit type. This sensitivity test reflects that, while we have adopted plot ratios in line with the evidence base and location-specific factors, actual realised plot ratios will differ on a site-by-site basis and the potential implications of variances are therefore useful to set out. The changes are reflected in Table 9-13.

Table 9-13 Plot Ratio Adjustments

Use Class	Baseline Plot Ratio	Lower Plot Ratio	Higher Plot Ratio
Office (E(g)(i)	100% of site area	80% of site area	120% of site area
Light Industrial (E(g)(iii))	40% of site area	30% of site area	50% of site area
Industrial (B2)	40% of site area	30% of site area	50% of site area
Warehouse (B8)	45% of site area	35% of site area	55% of site area

9.6.6 The results of the sensitivity test are presented in Table 9-14.

Table 9-14 Plot Ratios Sensitivity Test Results

Change (ha) 2023-2041	Labour Demand	Labour Supply	Past Trends
Baseline Assumptions	19.0 ha	38.7 ha	26.4 ha
Lower Plot Ratios	24.3 ha	49.7 ha	34.0 ha
Higher Plot Ratios	15.6 ha	31.7 ha	21.5 ha

Commuting Ratio

9.6.7 Under Scenario 2: Labour Supply, in order to determine the jobs supported by demographic projections under the delivery of 1,290 dwellings per annum, the commuting ratio[98] associated with the Census 2021 was adopted to align with the definition of the FEMA, as set out in Chapter 4.

9.6.8 However, the analysis set out in the Local Housing Needs Assessment also considers the commuting ratio associated with Census 2011, as well as a 1:1 commuting ratio. The impact of adopting these differing commuting ratios is relatively limited on the overall quantum of employment land requirement, as set out in Table 9-15.

Table 9-15 Commuting Ratio Sensitivity Test Results

Change (ha) 2023-2041	Labour Supply
Baseline Assumptions	38.7 ha
Census 2011 Commuting	37.4 ha
1:1 commuting	38.5 ha

9.7 Net Requirement for Floorspace and Land

Net Requirement for Office Floorspace and Land

9.7.1 The forecast net requirement for office space (E(g)(i) and E(g)(ii) uses) is set out in Table 9-16. The table identifies all the parameters which are used to inform the supply / demand balance. The existing supply position is informed by CoStar data on supply of office floorspace (in sqm) and vacancy of floorspace (% of total stock available).

9.7.2 The current supply of available floorspace is factored into the assessment after it is netted off against the optimum frictional vacancy rate (assumed to be 8% for office floorspace). This is because vacant, available employment floorspace could help to meet some of the identified needs.

[98] Calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

9.7.3 Net requirements for office floorspace and land are identified for each scenario.

Table 9-16 Net Requirement for Office Floorspace and Land by Scenario 2023 to 2041

Parameters	Scenario 1 (Labour Demand)	Scenario 2 (Labour Supply)	Scenario 3 (Past Trends)
		Floorspace (sqm)	
A. Supply of occupied office floorspace	250,571	250,571	250,571
B. Current vacant office floorspace	14,120	14,120	14,120
C. Total stock of office floorspace [A+B]	264,691	264,691	264,691
Forecast			
D. Gross Floorspace demand to 2041	49,212	80,146	50,454
E. Optimum frictional vacancy at 2041 (8% of A+D)[99]	23,983	26,457	24,082
F. Surplus/deficit of vacant floorspace in 2041 [E-B]	9,863	12,337	9,962
G. Gross requirement for office floorspace 2023-2041 [C+D+F]	323,766	357,175	325,107
H. Net requirement for office floorspace 2023-2041 [G-C]	59,075	92,484	60,416
Land Requirement (ha)	5.9	9.2	6.0

9.7.4 This shows that up to 2041 there is a projected (net) requirement for between approximately 59,075 sqm and 92,484 sqm office floorspace in Colchester. This would translate to a land requirement for office uses of between 5.9 ha and 9.2 ha.

Net Requirement for Industrial Floorspace and Land

9.7.5 The forecast net requirement for industrial floorspace and land is set out below in Table 9-17. The table identifies all the parameters which are used to inform the supply/demand balance. The existing supply position is informed by CoStar data. The current supply of available floorspace is factored into the assessment after it is netted off against the optimum frictional vacancy rate. This is because vacant, available employment floorspace could help to meet some of the identified needs.

9.7.6 Floorspace demand and net requirements for industrial space are identified for each scenario.

Table 9-17 Net Requirement for Industrial Floorspace and Land by Scenario 2023 to 2041

Parameters	Scenario 1 (Labour Demand)	Scenario 2 (Labour Supply	Scenario 3 (Past Trends)
		Floorspace (sqm)	
A. Supply of occupied industrial floorspace	506,842	506,842	506,842

[99] An allowance for frictional floorspace has been included in our assessment. To operate efficiently a property market requires a small proportion of total floorspace to be readily available for take-up to allow businesses expanding or contracting to more to suitable premises. This available space is called frictional floorspace, the optimal rate of which we assume to be currently around 8% for office uses and 5% for industrial uses.

Parameters	Scenario 1 (Labour Demand)	Scenario 2 (Labour Supply	Scenario 3 (Past Trends)
		Floorspace (sqm)	
B. Current vacant industrial floorspace	17,101	17,101	17,101
C. Total stock of industrial floorspace [A+B]	523,943	523,943	523,943
Forecast			
D. Gross Floorspace demand to 2041	57,295	129,557	93,348
E. Optimum frictional vacancy at 2041 (5% of A+D)	28,207	31,820	30,009
F. Surplus/deficit of vacant floorspace in 2041 [E-B]	11,106	14,719	12,908
G. Gross requirement for industrial floorspace 2023-2041 [C+D+F]	592,344	668,219	630,199
H. Net requirement for industrial floorspace 2023-2041 [G-C]	68,401	144,276	106,256
Land Requirement (ha)	15.0	32.5	24.3

9.7.7 Up to 2041, the analysis predicts a net requirement for between 68,401 sqm and 144,276 sqm of industrial floorspace. This would translate to a land requirement for industrial uses of between 15.0 ha and 32.5 ha.

9.8 Conclusion/Summary

9.8.1 The scenarios set out within this section forecast varying changes in floorspace in Colchester across the Local Plan period; with a more modest growth outlook forecast under Scenario 1 (Labour Demand); whereas Scenario 2 (Labour Supply) and Scenario 3 (Past Trends) project stronger outlooks for growth.

9.8.2 Scenario 1 (Labour Demand) forecasts an additional 49,212 sqm of office floorspace and 57,295 sqm of industrial floorspace, once the allowance for losses is taken into account. This scenario is underpinned by Experian employment forecasts which, though considering wider macroeconomic factors such as social and economic trends, do not fully capture the individual characteristics and planning arrangements within local authorities. Pipeline opportunities in the East of England, particularly in sectors such as construction, green energy and R&D (associated with the University) are expected to contribute to labour demand from Colchester, which may not be factored into this scenario. This suggests the Experian forecasts could understate future growth and associated employment land requirements across the borough. As a result, Scenario 1 is discounted.

9.8.3 Scenario 3 (Past Trends) analyses the net absorption of floorspace by use class over the past decade and extrapolates these trends over the assessment period, resulting in an additional 50,454 sqm office floorspace and 93,348 sqm industrial floorspace being forecast. Scenario 2 therefore presents a positive picture in relation to demand for floorspace; with the positive net absorption over the past decade which underpins the forecast highlighting that occupancy has increased in the borough, either through new firms entering the market or existing firms growing in size.

9.8.4 While presenting a positive growth outlook over the forecast period, Scenario 3 (Past Trends) can only provide an analysis of historic trends which draws into question its ability to project future change. Over the past decade, vacancy rates across all use classes have

stood below the accepted frictional vacancy rate viewed to represent a healthy, functioning commercial market. As such, this suggests the potential for a supply constrained market to have developed in Colchester, and the use of historic net absorption could act to understate demand in the borough over the Plan Period.

9.8.5 Scenario 2 (Labour Supply) considers the potential population increase in Colchester associated with the additional homes forecast over the Local Plan period, and how much employment land would be necessary to broadly match forecast growth of the resident workforce. This results in an additional 80,146 sqm office floorspace and 129,557 sqm industrial floorspace being forecast.

9.8.6 With this scenario being based on population projections, linked to housing growth projections, it represents an approach which seeks to maximise the opportunities for the economically active population in the Local Authority Area, in line with the projected growth of the population (and the relative proportion of those who are economically active), underpinned by the most recent Census 2021 data. This is the most ambitious scenario and supports the growth agenda being driven by the Council and is also aligned with emerging economic strategies and the wider North Essex geography.

9.8.7 As such, Scenario 2 (Labour Supply) is considered the preferred scenario for future floorspace needs and employment land requirements for all employment land uses in Colchester Borough over the new Local Plan period to 2041.

10. Comparison Between Supply and Demand

10.1 Introduction

10.1.1 This section compares the projected future demand for office and industrial floorspace and land between 2023 and 2041, as earlier described in Section 9, with the existing supply conditions in the borough, as earlier described in Section 8. It factors in the presence of vacant land, or land with potential for intensification/redevelopment as identified in the supply assessment, as well as considering the pipeline for development of office and industrial land, to inform a position of how supply may change over the planning period, and how that influences the overall supply and demand balance.

10.1.2 Broadly, supply in excess of demand suggests a demand constrained position; and where demand is in excess of supply, a supply constrained position with the requirement to identify additional floorspace/land for employment use activities and ensure growth is adequately supported.

10.1.3 Further consideration of the balance of supply and demand in terms of quantitative and quality requirements is given in the conclusions and recommendations section.

10.2 Pipeline

10.2.1 As set out in the supply assessment, a number of existing employment sites across Colchester represent potential pipeline for future development. This includes a number of vacant sites, and sites currently in low density use that could be suitable for future intensification. In addition Colchester City Council records of consented planning permissions for employment use that have not yet been built out indicate additional potential pipeline supply.

Vacant sites

10.2.2 There following employment clusters were identified as vacant land through the site survey:

- Site 1 University Research Park/ Knowledge Gateway, an allocated employment site comprising a total of 11.8 ha, as set out in Colchester Local Plan Section 2, and only currently partially built out, with an estimated 4.5ha vacant land contained between Capon Road and Boundary Road, and to the north of Nesfield Road adjacent to the Knowledge Gateway Business Park.
- Site 2 Northern Gateway/Severalls Strategic Economic Area includes a 1.1ha plot of vacant development land within Colchester Business Park, with access to the South and the A12 dual carriageway to the North. An additional 1.7ha plot of vacant land is identified to the north of Axial Way, to the west of Easter Park.
- Site 10 Whitehall Industrial Estate contains 2.7 ha of employment land.
- Site 11 Maldon Road includes a plot of vacant land to the west of Colchester Recycling Centre (~0.8ha).
- Site 33 Highland Nursery, a 11ha allocation in the Tiptree Neighbourhood Plan, with 1.1ha identified to support employment uses as part of a mixed use development. The preferred location for the commercial area is in the south of the site, adjacent to Kelvedon Road and the new link road and opposite Tower House (Site 25).

10.2.3 In addition to the vacant land through the site survey, it is also anticipated that development land will come forward in the Tendring Colchester Borders Garden Community over the Local Plan period. Approximately 25 hectares of employment land is anticipated within the

Garden Community in the form of a new Business Park (17 hectares) and a 'Knowledge-Based Employment' site (8 hectares), as set out in the Tendring Colchester Borders Garden Community DPD. In line with the current Local Plan, it is anticipated that 3.5 ha of this employment land will come forward in Colchester. Moreover, approximately 4.0ha of land is expected to come forward through the development of Land South of Factory Hill, Tiptree, a site allocated in the previous Local Plan that is yet to be developed.

Sites suitable for intensification

10.2.4 Some existing employment clusters across Colchester are built out to low densities, with large areas of landscaping or contain large areas of car parking or otherwise present intensification opportunity, subject to viability. These include:

- Site 1 University Research Park/ Knowledge Gateway
- Site 11 Maldon Road
- Site 20 Langham Airfield, Langham
- Site 23 Anderson's Site, Marks Tey
- Site 25 Tower House

Planning Pipeline

10.2.5 If all approved planning applications concerning office floorspace in Colchester were to come forward for development, 68,302 sqm of floorspace would be delivered when both gains and losses are considered. Key applications driving this change are the Northern Gateway South development (application number 190665), the further development of Lodge Park, Langham (application number 192151) and the development of Land to North and South of, Tollgate West Stanway (application number 211610).

10.2.6 If all approved planning applications concerning industrial floorspace in Colchester were to come forward for development, supply of industrial floorspace across the borough would increase by 20,600 sqm. Key applications driving this change are the development of land west of 194 and east of, 202 Old London Road, Marks Tey (application number 211788); Land adj to Tye Lane off, Keelars Lane, Wivenhoe Colchester (application number 222881) and the development of Land to North and South of, Tollgate West Stanway (application number 211610).

Table 10-1 Office and Industrial Planning Pipeline

Use	Planning Pipeline (sqm)	Planning Pipeline Land (ha)
Office (E(g)(i) / E(g)(ii)	68,302	6.8
Industrial (E(g)(iii) / B2 / B8	20,600	4.9
Total	**88,902**	**11.7**

10.2.7 If implemented, these permissions may serve to reduce overall land requirements. However, there is a possibility that some developments may not come forward at all, or be developed in different quantities by use class than has been consented, for example if amendments to the planning applications are made.

10.3 Pipeline Supply Compared with Demand

10.3.1 The outcome of the comparison between employment land demand and available supply, based on the current portfolio of sites / allocations across the borough, is set out in Table 10-2. This indicates that, taking into account pipeline sites, there is insufficient supply available to meet projected demand in Colchester Borough over the Plan period. However,

as noted above, some developments in the planning pipeline may not come forward, or be developed in different quantities by use class than has been consented.

Table 10-2 Summary of Demand vs Supply

	Preferred Scenario (Labour Supply)
Demand	
A) Net Office Land	9.2
B) Net Industrial Land	32.5
C) Total Demand [A+B]	***41.7***
Supply	
D) Vacant sites	19.4
E) Pipeline (ha)	11.7
F) Total Supply [D+E]	**31.1**
G) Total Supply – Total Demand [F-C]	**10.6**

11. Conclusions and Recommendations

11.1 Introduction

11.1.1 This section concludes our assessment by reviewing the balance of projected demand and existing supply and, drawing on the findings from preceding chapters, provides options for the policy direction regarding employment land in Colchester.

11.1.2 The demand analysis above forecasts increased demand for office and industrial floorspace within the borough over the Local Plan period to 2041. Given the quantum of land available at designated sites, additional vacant sites and employment sites in the planning pipeline, this results in a position whereby demand exceeds supply, necessitating the allocation of additional sites in Colchester up to 2041.

11.1.3 The safeguarding of existing sites to ensure there is a ready supply of premises and that the vacant land and intensification opportunities can potentially be realised is considered important across the borough. However, while it is important to protect employment land, there is also strong evidence of competition for space other than non-employment uses such as housing; employment land policies will therefore need to accommodate the Council's ambitions and objectives in these areas. This will require a flexible approach that considers the merits of each individual site, and which use it is best suited for.

11.1.4 In practice, the selective protection of employment land and premises is recommended to ensure that the sites that are unlikely to come forward for employment use during the Local Plan period are not left vacant. This approach would ensure that the over protection of sites, which could result in the inefficient use of assets and blight and deter investment, does not occur. Similarly, the under protection of sites, whereby the market intervenes prematurely to short-term demand indicators and adversely impacts the long-term provision of employment land, also does not occur.

11.1.5 When forming employment land policies, the Council should follow a balanced approach such that the employment activities of all business sizes, from start-ups to large headquarters, are supported and encouraged. The Council should also recognise that demand will vary by type of space and will therefore be geographically varied.

11.1.6 This is one of several evidence base documents the Council will be considering that will feed into and inform its Local Plan evidence base. These are AECOM's independent recommendations, and the Council will subsequently consider these before drafting its own Local Plan policies.

11.2 Conclusions

Office space (E(g)(i), E(g)(ii) and Sui Generis Office Use Classes)

11.2.1 The latest published CoStar data shows there is approximately 264,691 sqm of office space across Colchester, accounting for 57.7% of total office floorspace across the FEMA.

11.2.2 Office floorspace is predominantly located in Colchester city centre and at Colchester Business Park, Severalls Industrial Park and Tollgate Business Park. Office stock is generally smaller compared with the East of England and England as a whole, with 65% of premises being below 500 sqm, reflecting that the Colchester market tends to accommodate SME activity, characterised by smaller requirements.

11.2.3 The majority of office floorspace is currently occupied. Vacancy rates are currently exhibiting a relatively high level compared to the past decade; however they remain well below the national average.

11.2.4 Consultation with agents has highlighted that, as a result of the Covid-19 pandemic and the shift to hybrid working, many businesses have downsized, with smaller suites of 1,500-2,000

sqft (140-185 sqm) increasingly popular, and developers adapting to this demand. Agents consider that the demand for large floorplates (>1,500 sqm) is extremely limited in the borough. Demand is therefore considered to reflect available stock (which is primarily within smaller size brackets). Agents reflected that Grade A space is in demand, with energy efficiency increasingly important given rising awareness of running costs. However, cost remains a key driver for businesses, reflected by evidence of agricultural diversification towards the provision of office stock in rural locations, which can offer a lower price point, experiencing strong demand, with budget considerations outweighing constraints in relation to connectivity and access to facilities and amenities.

11.2.5 Key sectors likely to influence demand for employment space over the local plan period include the digital, creative and tech and financial and business services sectors. Locational drivers for these businesses include quality, flexibility, ease of access, access to skilled labour and markets and flexibility to support reconfiguration for different activities. Research around the adoption of artificial intelligence[100] suggests impacts on employment space demand might include: physical clustering of companies around tech hubs, innovation centres and universities; demand for data centres and properties with digital infrastructure connectivity; intelligent or smart buildings; and the expansion of 'space as a service' lease models.

11.2.6 The projected demand for office floorspace up to 2041 is for an estimated net additional 92,484 sqm of floorspace (under the preferred scenario). This requirement is due to expected growth in sectors that require office space, which is likely to be driven by a range of social, demographic and wider economic factors.

Industrial space (E(g)(iii), B2, B8 and Sui Generis Industrial Use Classes)

11.2.7 The latest published CoStar data shows there is approximately 523,943 sqm of industrial floorspace across Colchester. Key locations include Severalls Industrial Park, Whitehall Industrial Estate and Gosbecks Business Park. The majority of floorspace is generated by storage and distribution (68.5%), followed by general industrial (21.1%); and light industrial (10.3%).

11.2.8 The analysis highlights limited spare capacity within the light industrial and general industrial use classes, with vacancy rate of 1.6% and 2.5% respectively. Vacancy rates for storage and distribution (3.9%), while broadly in line with the FEMA, are notably lower than the East of England and England.

11.2.9 The evidence demonstrates that market rental values for industrial floorspace in Colchester are generally higher than the FEMA, East of England and England, with the exception being market values for storage and distribution which are higher in the East of England. This suggests that more affordable industrial space is located elsewhere in the FEMA and region.

11.2.10 Consultation with commercial property agents has confirmed that demand, for light and general industrial space, is for the smaller units to accommodate SME activities, and vacancy is generally very low for this space. General demand for larger industrial/storage and distribution units (>15,000 sqft or 2,800 sqm) is low, and typically from existing firms looking to expand. Agents reflected that older industrial sites in Colchester can suffer from poor access/connectivity, though lower rents can maintain demand in these areas, with prime sites being located in proximity to the A12 (e.g. Severalls Industrial Estate).

11.2.11 Key sectors likely to drive demand for industrial space include advanced manufacturing, construction, transport and logistics and green energy. Considering locational requirements, transport connectivity is a key determinant of investment, with access to staff, customers and the supply chain key considerations for businesses across production sectors. There are key interdependencies between these sectors, with the availability of appropriate industrial and warehousing spaces having the potential to support operations for other sectors including advanced manufacturing and higher value, knowledge-based businesses.

[100] JLL, (2023); Artificial Intelligence: Real Estate Revolution or Evolution? Available at: https://www.jll.co.uk/en/trends-and-insights/research/artificial-intelligence-and-its-implications-for-real-estate#impact-in-the-real-estate

Wider drivers also include the potential for unimpeded 24-hour working and the quality and availability of supporting infrastructure (e.g. digital connectivity and power).

11.2.12 The projected demand for industrial floorspace up to 2041 is for an estimated net additional 144,276 sqm of floorspace (under the preferred scenario).

11.3 Recommendations

11.3.1 Based on the analysis and conclusions presented in previous sections, recommendations in relation to employment land with supporting justifications are set out below.

R1: To meet the future requirements for office and industrial floorspace in Colchester Borough, the Council will need to make choices about which existing employment areas and sites to protect, those that are no longer fit-for-purpose and to identify new sites for employment development to support growth in the resident population and ensure access to opportunity within the borough.

Justification

11.3.2 The projected demand assessment estimates that there is net additional demand for 41.7 ha of employment land (E(g)(i), E(g)(ii), E(g)(iii), B2 and B8) across Colchester over the Local Plan Period to 2041.

11.3.3 Considering existing Local Plan allocated sites, vacant sites and existing approved permissions within the planning pipeline, there is insufficient supply available to meet projected demand in Colchester Borough over the Plan period, with a shortfall of 10.6 ha as set out in Table 10-2.

11.3.4 This demand / supply analysis assumes that the Council's undeveloped employment sites come forward in their entirety for employment development over the plan period, and that all extant planning permissions for employment uses will be developed. Any significant deviation from this position would have an impact upon the overall balance, resulting in a more significant undersupply of available land to meet demand.

11.3.5 National Planning Practice Guidance states that Councils should identify a future supply of land which is suitable, available and achievable for economic development uses over the Local Plan period. There is a risk to the Council in having a portfolio of employment sites that has a quality profile somewhat below potential occupants' likely requirements, as reflected in Section 8 of this report. This is particularly the case in relation to industrial uses, with feedback highlighting the need for strategically located sites in proximity to the strategic road network. For office uses, given downsizing considerations associated with the Covid-19 pandemic, smaller/flexible floorplates of between 1,500-2,000 sqft (140-185 sqm) were noted to represent where demand is currently strongest in Colchester, with medium to large properties subject to more limited demand.

11.3.6 It is recommended that existing fit-for-purpose sites are protected for employment use and that the Council considers the need for additional good quality, well-located employment sites that have the potential to capitalise on economic growth opportunities, particularly within the borough's growth sectors. As noted in Section 8.7, the Call for Sites process has identified some sites with potential marketability, notably Land north and south of Dobbies Lane, Marks Tey (Call for Sites reference 10623; 6.7 ha) and Land South of A12 and north of proposed new route of A12, Marks Tey (Call for Sites reference 10671; 16.0 ha), which are the most suitable means of addressing the lack of supply over the Local Plan period to meet demand.

11.3.7 Similarly, it is recommended that, whereupon sites are determined to no longer be fit-for-purpose – based on suitable criteria outlined in Section 8 – they could be redeveloped or released.

11.3.8 The less well performing employment areas identified in this study represent those least well suited to protection against development for alternative use. These are:

- Hythe SPA (8)

- Depot, Old Ipswich Road (16)
- School Road, Langham (17)
- Tin Bins Ltd (18)
- Fordham Road and Packards Lane (24)
- Boat Yards, West Mersea (27)
- Waldegraves Farm, West Mersea (29)
- Pantiles Farm, Abberton (30)
- Basket Works (32)

R2 Rural economy: The Council should consider supporting flexibility in the rural economy to respond to opportunities to re-use or adapt land and buildings no longer in productive agricultural use.

Justification

11.3.9 Outside of the city and the borough's main settlements, Colchester's countryside areas are predominantly used for agriculture, with employment in the sector proportionally higher than the national average.

11.3.10 The diversification of agricultural uses across the borough is already an existing trend, further ratified through the survey exercise and review of applications in the planning pipeline. Moreover, Colchester has received funding through the Rural England Prosperity Fund (REPF) which provides capital support to new and existing rural businesses to promote growth and diversification, as well as to community infrastructure projects, to strengthen rural communities and the rural economy[101].

11.3.11 Diversification activities include the provision of employment use floorspace on farms, and other non-employment use activities such as on-site retail/food and beverage as well as leisure operations. The Council could support agricultural businesses to understand the potential value diversification of land uses could bring in supporting their ongoing viability/sustainability including the sharing of best practice, supporting networking opportunities between agricultural businesses, and where needed supporting infrastructure provision including digital connectivity.

11.3.12 The rural economy in Colchester could provide significant economic opportunities for local people, and support the efficient use of land for economic development purposes. The Council should consider this when formulating Local Plan policies to support these objectives, while ensuring the sustainability of the agricultural sector is not compromised.

R3 The Council should seek to support occupiers and landlords in addressing the retrofitting challenge, either in the context of national directives or in the absence thereof. To do so, the Council could draw upon local connections with occupiers and landlords and coordinate action so as to prevent the accumulation of 'stranded assets' across the borough.

Justification

11.3.13 A key responsibility for the Council over the Local Plan period will be to remain cognisant of national government policy direction regarding the drive towards net zero and retrofitting requirements. This issue is even more pertinent given the analysis set out in Figure 6-20 and Figure 6-21, which highlights that the proportion of the building stock in Colchester which falls within the scope of tightening minimum energy efficiency standard is greater than the national average across all use types.

[101] https://www.colchester.gov.uk/levelling-up/rural-england-prosperity-fund/

11.3.14 Over the coming years employment space in Colchester, but primarily office space, will be required to meet energy efficiency standards above those met by the existing stock. This could impact the supply of lettable floorspace across the borough.

11.3.15 While there has so far been limited government steer into how commercial premises should tackle the retrofitting issue, with findings from the 2021 consultation remaining unpublished, there are steps that the Council can take to support occupiers and landlords throughout this process. The Council could seek to drive forward the retrofitting agenda locally by acting on its stock, utilising local connections with occupiers and landlords, all while keeping abreast of national policy on the topic. It is anticipated that the government will release some form of guidance into a retrofitting approach given the national reach of this issue and the Council should seek to promptly apply this at the local level.

R4 Monitoring: The Council should monitor changes of employment land through planning permissions to ensure that sufficient land is available for economic growth over the plan period to 2041. This includes ensuring that the introduction of the Class E does not have an outsized impact on the integrity of employment areas through facilitating the introduction of non-employment uses.

Justification

11.3.16 It is important that appropriate and sufficient monitoring mechanisms are embedded within the plan-making process to record the change in employment land available for economic growth. The aim of the monitoring of employment land is to ensure that overall an approximate quantum of appropriate employment land supply is retained in the borough to meet the level of projected demand indicated in this Study. The monitoring system will help track planning permissions and completions in order to maintain a clear understanding of the market conditions operating in the local area – of particular importance given ongoing uncertainty regarding the demand for office floorspace – and, in particular, changes of use.

11.3.17 This is to guard against too much employment land being released to higher value uses such as residential through the permitted development rights provision, as this could restrict the economic potential of the borough, or being retained without a clear demand justification. To ensure that employment land is not protected unnecessarily as required by the NPPF, the demand forecasting exercise should be updated regularly. This could be performed every three to five years. However in the periods in between employment studies the Council should regularly review how much employment land has been lost. The Annual Monitoring Report is likely to be the most appropriate framework for this monitoring and review exercise.

11.3.18 The introduction of Class E use type premises means controlling these from switching to other forms of retail, leisure and community use will mostly not be readily possible. Furthermore, it will become more difficult for the Council to monitor these changes over time through conventional planning monitoring data as planning permission is not needed to change the use of these from an employment use to another use.

11.3.19 Over time, this flexibility could potentially alter the composition of existing employment areas and reduce the supply of existing employment space, particularly in those locations within the borough that face pressure from other Class E uses. This flexibility may alter the composition of existing employment areas and reduce the supply of existing employment space, particularly in those locations within the borough that face pressure from other Class E uses, albeit these areas are not considered to be common based on the survey of supply. Nevertheless, there is an opportunity for the emerging Local Plan to clearly reference the protection of office - E(g)(i)/(ii), light industrial – E(g)(iii), industrial – B2 and warehousing – B8 uses by specifying these as appropriate within the emerging policies.

11.3.20 The greater flexibility presents the potential for on-site facilities such as convenience retail, gyms and other supporting uses as part of industrial estates/office developments to be more readily accommodated. The presence of such use is already evident in the borough at locations such as Eastgates/Moorside (7), Barrack Street (9) and Chandlers Row, Port Lane (11). The Council should also consider how the changes might be used to positively contribute to the future supply of office and light industrial space, such as through vacant

retail space being repurposed as light industrial space within Class E provided these are surplus to needs.