

# **Dover Economic Development Needs Assessment Update Final Report**

Dover District Council

November 2021

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## 1.0 Introduction

- 1.1 Dover District Council ('the Council') commissioned Lichfields to update the District's Economic Development Needs Assessment (EDNA) study, previously prepared by Lichfields and published in 2017.
- 1.2 The EDNA provided the Council with, at that time, up-to-date National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) compliant evidence on the economic development needs for the District over the remainder of the adopted 2010 Core Strategy plan period to 2026, and beyond to 2037, to align with parallel housing needs work through a Strategic Housing Market Assessment (SHMA) that was undertaken separately. The purpose of the EDNA was to inform a review of existing planning policies and decide on the extent to which these policies required updating to reflect evidence at that time.

### Scope of this Update Study

- 1.3 The Council is in the process of producing a new Local Plan that will set out planning policies and proposals for new development in the District over the period from 2020 to 2040.
- 1.4 The purpose of this study is to update the District's economic evidence base to reflect the changing economic and policy landscape which has evolved significantly since the EDNA was prepared in 2017. In particular, it is necessary to consider the impact of the Covid-19 pandemic on the District's economy and how this may affect local growth prospects over the new Local Plan period. Other factors that require specific consideration include:
- Extension of the Local Plan time frame to 2040 (previously this was to 2037);
  - Impact of Brexit on the District's economy and longer term growth potential;
  - Impact of the new Class E in terms of potential loss of B uses on existing employment sites, the opportunities this may bring for office use in town centres/retail parks, and consideration of whether proposed uses on new employment sites should be restricted to specific uses within Class E;
  - The new Economic Growth Strategy for Dover District which provides an overall direction of travel for the District's economy and identifies a series of strategic growth priorities and target activities;
  - Loss of the majority of White Cliffs Business Park to the Inland Border Facility (IBF) over the short term, and longer term opportunities the site might present to accommodate economic growth; and
  - Locations of proposed housing growth and the impact this could have upon the economic strategy.
- 1.5 This EDNA Update has been prepared in line with the PPG and the methodology for determining future economic development needs, which at the time of drafting remains unchanged despite the introduction of the new Class E in September 2020. It includes consideration of economic development as defined by the NPPF, with a primary focus upon the typologies set out in the business Use Classes as outlined below:

- **B2 general industrial:** typically comprising factory and manufacturing space.
- **B8 storage and distribution:** warehouses, wholesale and distribution.
- The original EDNA report refers to “B1 uses”, which under the new Use Classes Order have changed as follows:
  - Former Class B1(a) to **E(g)(i)**;
  - Former Class B1(b) to **E(g)(ii)**; and
  - Former Class B1(c) to **E(g)(iii)**.

1.6 References to ‘employment space’ refer to all B class (and former B class) elements noted above.

1.7 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation between June-October 2021. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.

1.8 Due to the timing of the study and its analysis, no specific consideration has been given to the impact of potential planning reform, although the study does take account of the more immediate changes to the Use Classes Order (UCO) effective from 1 September 2020 and changes to permitted development rights from 1 August 2021.

## Dover District Economic Growth Strategy

1.9 The Council has recently prepared a new Economic Growth Strategy to set out a vision and long-term plan to unleash the distinctive strengths of Dover District to grow the local economy and create the conditions for local communities to prosper in a fast-changing world. The strategy has been prepared at a time of major change following the UK’s departure from the European Union and the ongoing effects of the Covid-19 pandemic and seeks to position the District for growth that secures economic prosperity and increased productivity for all residents and businesses.

1.10 The Strategy defines a new vision statement which is underpinned by five key themes that provide a framework for future activities and investments (Figure 1.1).

Figure 1.1 Dover District Economic Growth Strategy: Vision and Strategic Themes



Source: Dover District Council

- 1.11 The NPPF is clear that planning policies should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. It emphasises the importance of aligning planning policies with local economic growth objectives, policies and strategies, so the emergence of a new Economic Growth Strategy for the District represents a timely backdrop to this EDNA Update.

## Structure of the Report

- 1.12 The remainder of this report is structured as follows:
- **Dover Economic Context and Trends (Section 2.0):** a review of recent economic conditions, trends and key changes that have occurred since the EDNA was prepared in 2017.
  - **Commercial Property Market Signals and Intelligence (Section 3.0):** an analysis of the current stock and trends in employment space in the District and how different segments of the market have been performing in recent years.
  - **Future Requirements for Employment Space (Section 4.0):** updated future growth scenarios for Dover District and associated employment land requirements over the new Local Plan period to 2040.
  - **Review of Supply Portfolio (Section 5.0):** a review of employment land in the District and the potential it offers to meet the needs for employment development identified as part of this EDNA update study.
  - **Conclusions and Policy Implications (Section 6.0):** a summary of key planning policy implications to inform the Council's emerging Local Plan strategy with regard to employment uses.

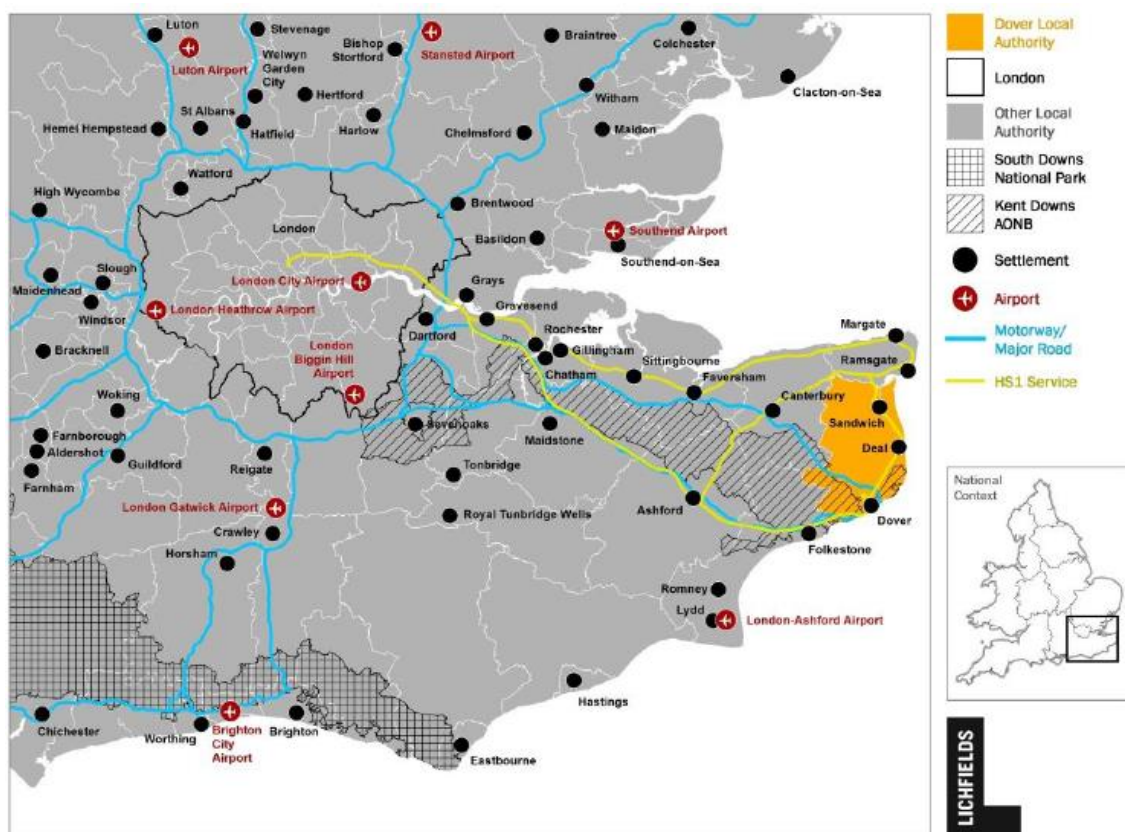
## 2.0 Dover Economic Context and Trends

2.1 This section summarises recent economic conditions and trends in Dover District, focusing on key changes that have occurred since the previous EDNA was undertaken in 2017.

### Spatial Overview

2.2 Dover District is located on the east coast of Kent at the narrowest point of the English Channel. In strategic accessibility terms, the District is connected to the national trunk road network from both the M20/A20 route via Folkestone, Ashford and Maidstone and the M2/A2 route via Canterbury and Faversham. The District is served by mainline rail services to London, with Dover town, Deal and Sandwich all connected to High Speed 1. The town of Dover is positioned in close proximity to Channel Tunnel Rail Link services that can be accessed from Folkestone and Ashford (Figure 2.1).

Figure 2.1 Spatial Context



Source: Lichfields

2.3 The District accommodates the three towns of Dover, Deal and Sandwich, as well as a large rural area that supports a variety of smaller villages. Around a quarter of the District is located within the Kent Downs Area of Outstanding Natural Beauty.

### Population

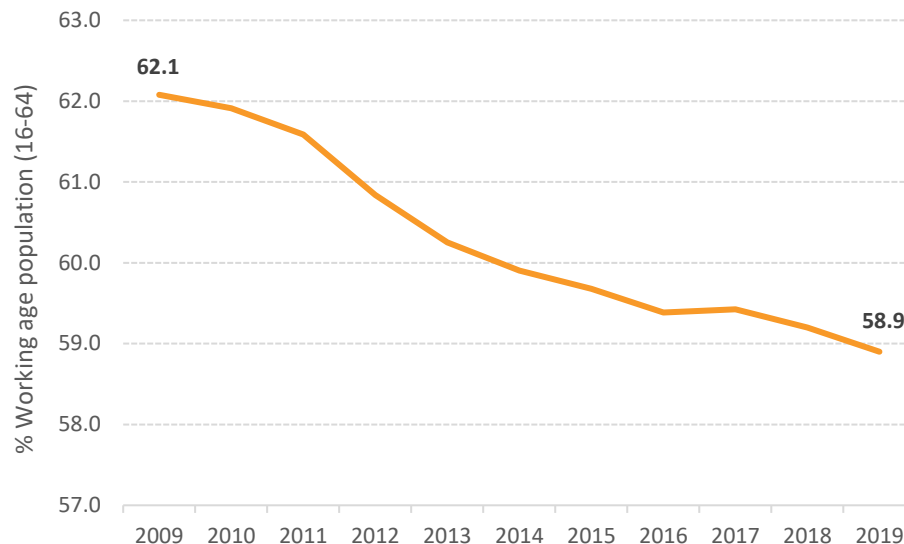
2.4 In 2019, Dover District had a resident population of 118,100, having increased by 7.3% over the previous 10 years since 2009. This population growth was lower than that recorded across the South East (8.1%) and the UK (17.5%) over the same period. Dover District's recent population



growth also under-performed the Kent-wide average which was equivalent to 10.2% over the 10 years to 2019.

- 2.5 The proportion of the District's population that is of working age (i.e. 16 to 64) has decreased slightly over recent years, from 62.1% in 2009 to 58.9% in 2019 as shown in Figure 2.2.

Figure 2.2 Dover District Working Age Population (16-64)



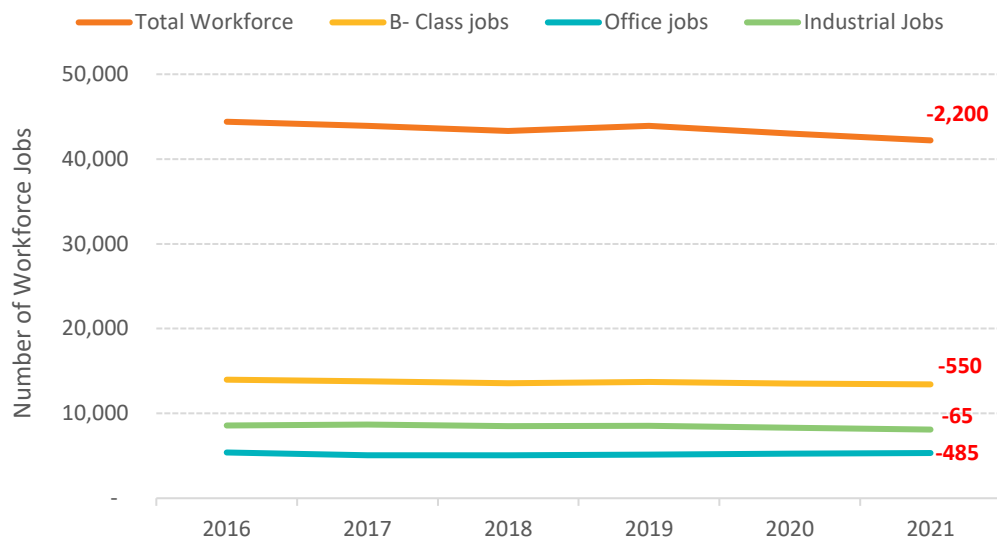
Source: ONS (2020) / Lichfields analysis

- 2.6 This decline in working age population reflects national trends and is not unique to Dover, but if this trend continues it is likely to have implications in terms of the scale of the District's labour supply that could be available to take up locally based job opportunities in future.
- 2.7 According to latest ONS population projections, Dover District's working age population is expected to increase by 11.3% from 2018 to 2040. This is significantly higher than the increase projected for the wider area of Kent (7.9%), the South East (1%) and the UK (3.1%) over the same time period.

## Employment

- 2.8 Based on the latest available Experian data, Dover District accommodated 42,200 workforce jobs in 2021, representing a decline of 5% (-2,200) over the five-year period from 2016 (i.e. the baseline year for the 2017 EDNA). This rate of job decline is higher than that recorded in the South East (-2.2%) and the UK (-0.06%) during the same period.
- 2.9 As shown in Figure 2.3 below, the District's employment base has been gradually declining over this five-year period. Whilst 2021 recorded the lowest employment count at 42,200 workforce jobs, the trend of job decline had begun well ahead of the outbreak of Covid-19 in early 2020. Equivalent analysis in the 2017 EDNA also highlighted a long term trend of employment decline in the District during the first ten years of the Dover Core Strategy plan period (i.e. 2006-2016), so it appears that this long term trend has continued more recently.
- 2.10 This economy-wide trend is also echoed for 'B class' jobs; Figure 2.3 overleaf shows that office-based sectors have driven the majority of this decline. The proportion of B class jobs in the District has remained relatively stable over this time, with approximately 13,400 B class jobs recorded in 2021 (32% of the total).

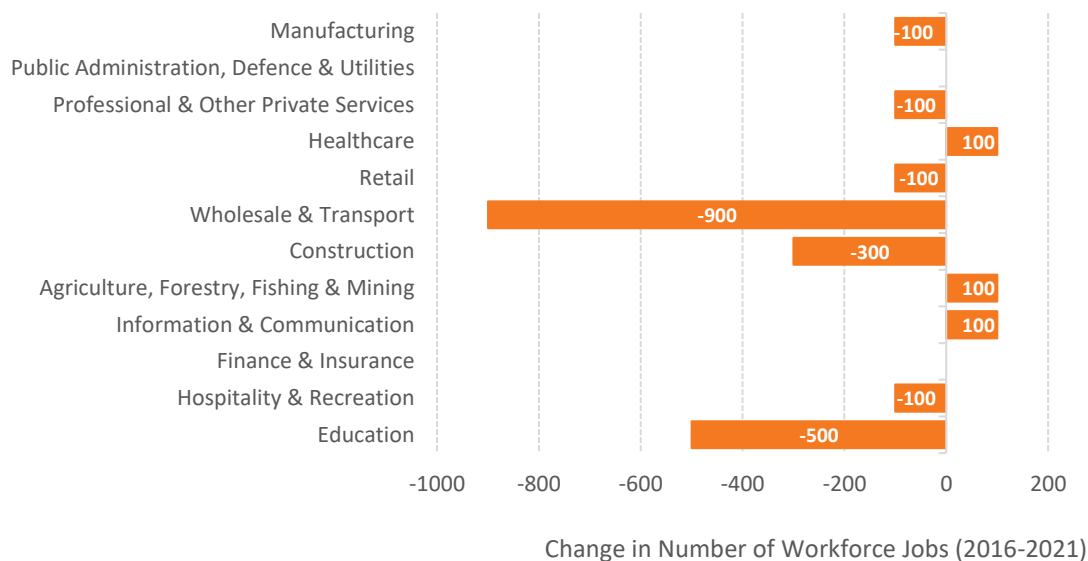
Figure 2.33 Total Workforce and B Class Job Change in Dover District, 2016-2021



Source: Experian (April 2021) / Lichfields analysis

- 2.11 The largest employment sectors in Dover District in 2021 remain unchanged from the position in 2016. When compared with the share of employment in the South East, the District is over-represented in the wholesale and transport, public administration and defence, utilities and manufacturing sectors, whilst being under-represented in professional and other private sectors.
- 2.12 As shown in Figure 2.4 below, employment growth in Dover District over the last few years was only recorded within a small number of sectors including healthcare (+100 jobs), agriculture, forestry, fishing & mining (+100 jobs) and information & communication (+100 jobs). All other sectors in the District registered employment losses over this period, with the most significant losses recorded in wholesale & transport (-900 jobs), education (-500 jobs) and construction (-300 jobs). Many of these jobs were lost during the period 2019 to 2021, and so are likely to be associated with both Brexit and Covid-19 related economic impacts.

Figure 2.4 Change in Workforce Jobs by Sector in Dover District, 2016-2021



Source: Experian (April 2021) / Lichfields analysis

2.13 Within the wholesale & transport sector, it is the land transport, storage & post sub sectors which account for the majority of the job losses during this period in Dover District. Meanwhile, the wholesale sub sector recorded a small increase of 100 jobs during the 2016 to 2021 period.

2.14 In this context, the overall employment change in Dover District over the past few years since the 2017 EDNA was undertaken is summarised in Table 2.1 below.

Table 2.1 Change in Jobs in Dover District, 2016-2021

Use Type	2016	2021	Change	
			Total	%
<b>Total Workforce Jobs</b>	44,400	42,200	<b>-2,200</b>	<b>-5%</b>
Business/Employment Use Class Jobs (Industrial & Office)	13,980	13,430	<b>-550</b>	<b>-3.9%</b>
Industrial Jobs	5,395	5,330	<b>-65</b>	<b>-1.2%</b>
Office Jobs	8,585	8,100	<b>-485</b>	<b>-5.7%</b>

Source: Experian (April 2021) / Lichfields analysis

## Workforce Productivity

2.17 The productivity of Dover District's workforce can be measured using the indicator of Gross Value Added (GVA) generated per job. This indicator suggests that in 2021, workforce productivity in the District was higher than the Kent-wide average and across neighbouring local authorities within East Kent. Indeed, Dover District records the highest GVA per job of all five East Kent local authorities, as well as exceeding the Kent and UK averages. This is likely to reflect the fact that Dover District accommodates a sizeable share of high value sector activities, with a particularly significant concentration clustered at Discovery Park (this is despite overall under-representation in professional services compared with the regional average).

2.18 The District has also recorded the greatest improvement in workforce productivity over the last five years of all comparator locations, as shown in Table 2.2. During this period, Ashford and Folkestone and Hythe both saw their workforce productivity decline.

Table 2.2 Change in GVA per Workforce Job, 2016-2021

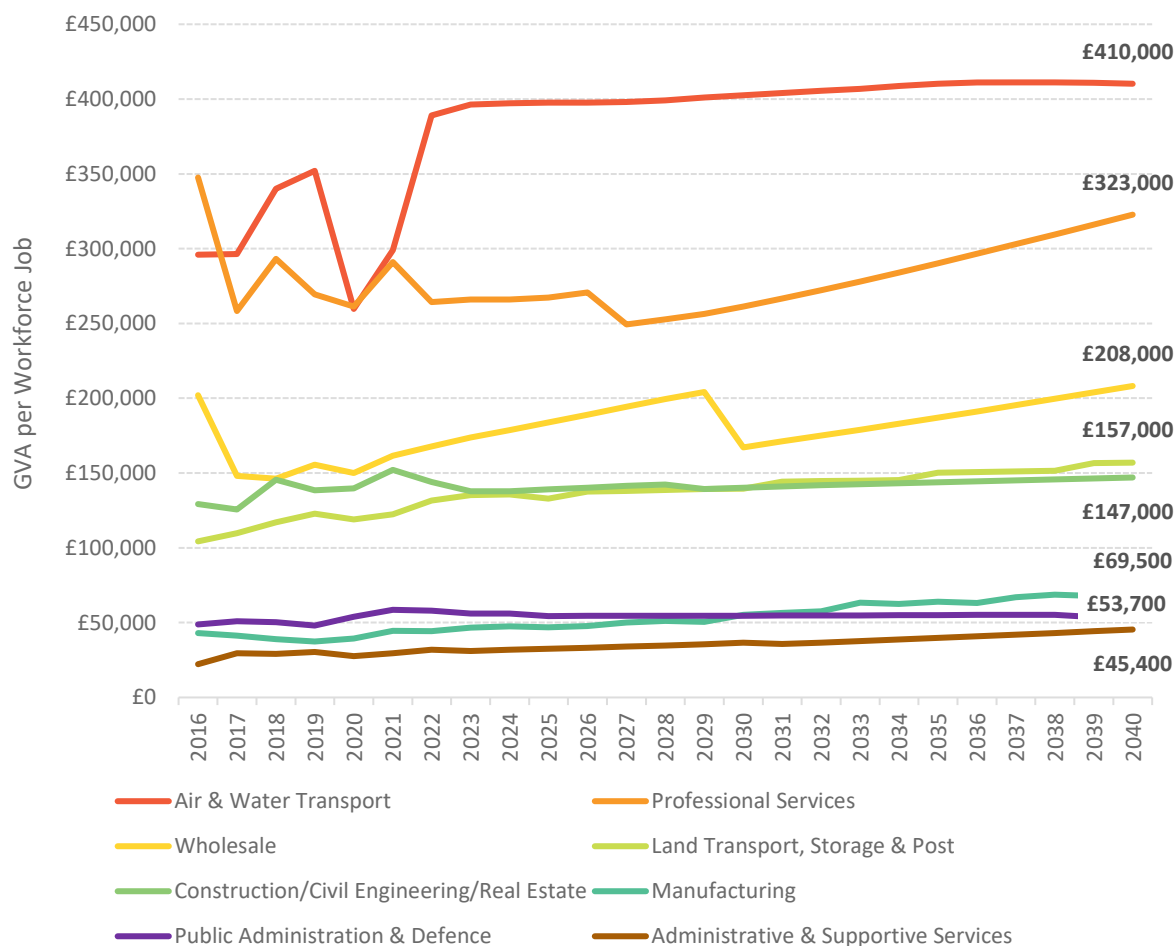
Location	Total GVA (2021)	GVA per Workforce Job		
		2016	2021	Change
<b>Dover</b>	<b>£2.35bn</b>	<b>£52,640</b>	<b>£54,976</b>	<b>+4.4%</b>
Ashford	£2.86bn	£44,065	£42,604	<b>-3.3%</b>
Canterbury	£3.13bn	£39,328	£39,856	+1.3%
Folkestone and Hythe	£2.15bn	£47,772	£47,338	<b>-0.9%</b>
Thanet	£2.05bn	£38,617	£39,666	+2.7%
Kent	£41.45bn	£49,197	£49,617	+0.85%
South East	£272.23bn	£55,480	£56,591	+2%
UK	£1,833.7bn	£53,612	£53,107	<b>-0.9%</b>

Source: Experian (April 2021) / Lichfields analysis

2.22 Against this backdrop, it is useful to consider which sectors are expected to make the largest contribution to GVA growth in the District over the new Local Plan period. As illustrated in Figure 2.5 overleaf, the highest performing sectors in the Dover economy measured by GVA per job include the Air & Water Transport sector (with an expected GVA per job of £410,000 by 2040), followed by the Professional services sector and Wholesale. Manufacturing, also considered one of the top sectors, is expected to continue to grow over the Local Plan period and

contribute to a GVA per job of £69,500 by 2040. Of the top eight sectors highlighted in Figure 2.5, most are classified as 'B class use' sectors.

Figure 2.5 GVA per job for highest growing sectors in Dover District, 2016-2040



Source: Experian (April 2021) / Lichfields analysis

- 2.23 The sectors with the lowest expected growth in relation to GVA per job primarily relate to declining sectors in other parts of the UK, including Agriculture, Forestry & Fishing, Telecoms, Extraction & mining and Fuel refining. Surprisingly sectors such as Finance, Accommodation & Food services and Computing & Information Services, which are growing in other parts of the UK, have a relatively low GVA per job in Dover District.

## Business Base

- 2.24 Dover District is characterised as having a slightly smaller share of micro firms (0 to 9 workers) and a greater share of small-sized firms (10 to 49) compared to the average across Kent, the South East and the UK (Table 2.3). The District also accommodates fewer large sized firms compared with averages across the county, region and country.
- 2.25 Compared with equivalent data presented in the 2017 EDNA, Dover District has increased its share of micro businesses from 87.6% in 2016 to 89.2% in 2020. The share of self-employed workers has also increased from 9.6% in 2015 to 12.3% in 2020.

Table 2.3 Key Business Characteristics

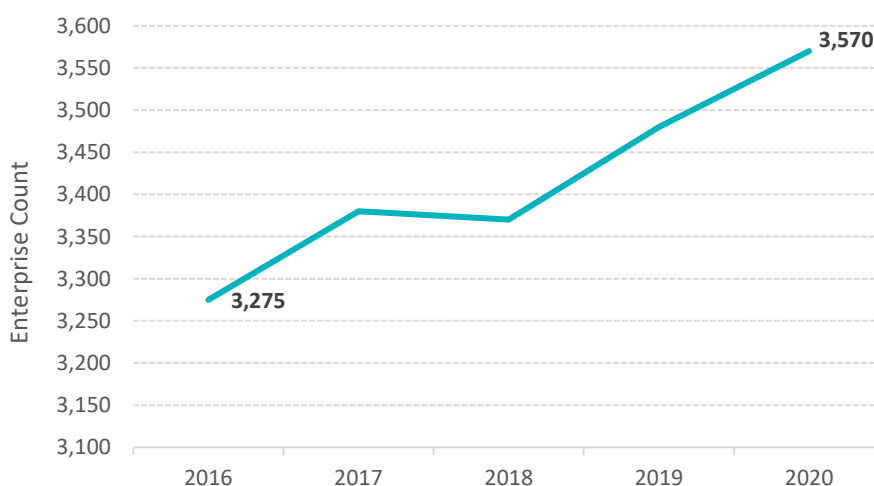
Metric		Dover	Kent	South East	UK
Number of Enterprises (2016- 2020)		9.0%	8.6%	6.7%	7.6%
Business Size (2020)	Micro (0 to 9)	89.2%	90.2%	89.6%	90.3%
	Small (10 to 49)	8.7%	8.1%	7.9%	8.5%
	Medium (50 to 249)	1.8%	1.4%	1.4%	1.5%
	Large (More than 250)	0.1%	0.3%	0.4%	0.4%
Business Births per 10,000 Working Age Persons (2019)		57.3	82.7	93.8	106.5
Self-Employment (2020)		12.3%	13.2%	10.7%	9.9%

Source: Inter-Departmental Business Register/Business Demography Statistics/Annual Population Survey (ONS)/Lichfields analysis

2.26 In 2014, Dover District recorded a relatively low business start-up rate (as a proportion of working-age people); this has worsened by 2019, declining from 60 business births per 10,000 working age people to 57.3 in 2019 (see Table 2.3).

2.27 The number of recorded enterprises in Dover District stood at 3,570 in 2019, having increased by 9% since 2016. As shown in the Figure below, the District's business base has recorded consistent growth over the last few years, following a slight decline in 2018.

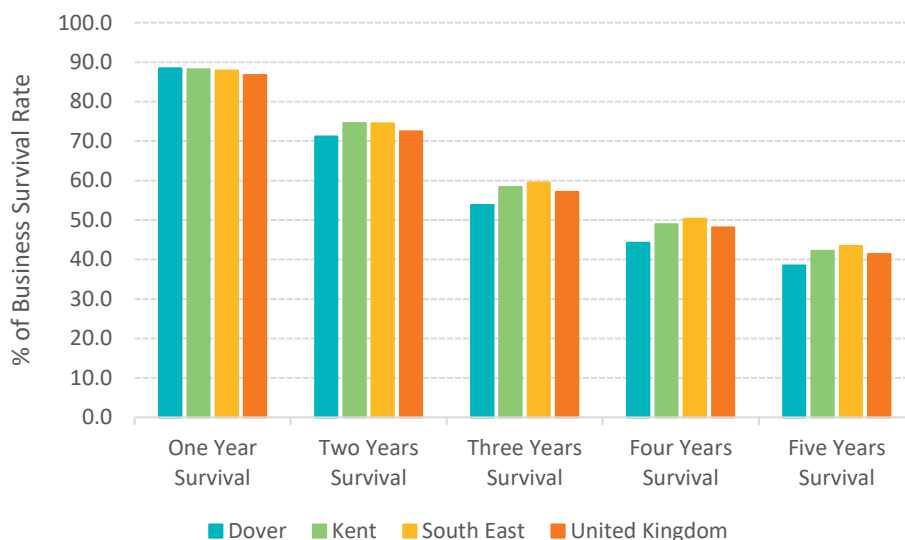
Figure 2.4 Dover District Enterprise Count (2016-2020)



Source: ONS 2020 / Lichfields analysis

2.28 Following start-up, businesses based in Dover District tend to underperform compared to national and regional equivalents with regard to business survival rates. Latest ONS data (shown in Figure 2.7 overleaf) shows that 5-year business survival rates in Dover District (38.5%) are lower compared to equivalents for Kent, the South East and UK as a whole.

Figure 2.57 Business Survival Rates



Source: ONS 2018 / Lichfields analysis

## Labour Market

2.29

The local labour market is characterised by a lower share of the working-age population being economically active and a higher share claiming out-of-work benefits when compared to the Kent and South East averages. The resident labour force in the District also records a lower level of NVQ4 and above (i.e. higher level) qualification attainment when compared to Kent and the South East, which points towards a less highly skilled local workforce in Dover District compared to these various regional benchmarks (see Table 2.4).

Table 2.4 Key Labour Market Characteristics

Indicator		Dover	Kent	South East	UK
Economic Activity Rate (2020)		79.1%	81.8%	81.6%	78.9%
Out of Work Benefits Claimant Count (as a proportion of residents aged 16-64) (2021)		6.4%	5.9%	5.3%	6.3%
Resident Qualification Level (2020)	NVQ4 and Above	39.8%	39.9%	44.9%	43%
	NVQ3 and Above	58.5%	58.1%	63.5%	61.2%
	NVQ2 and Above	80.6%	78.2%	80.6%	78.2%
	NVQ1 and Above	90.7%	88.9%	90.3%	87.8%
	Other or No Qualification	4.2%	4.2%	4.8%	5.6%
Resident Occupation Group (2020) <sup>1</sup>	SOC Major Group 1-3	42.3%	48.1%	53.4%	49.9%
	SOC Major Group 4-5	17.4%	21.9%	19.5%	19.3%
	SOC Major Group 6-7	19.4%	14.7%	14.9%	15.8%
	SOC Major Group 8-9	20.9%	15.1%	12%	14.7%
Earnings by Residence		£612.2	£607.1	£631.8	£585.5
Earnings by Workplace		£625.4	£545.7	£608.6	£585.5

Source: Annual Population Survey (ONS) / Annual Survey of Hours &amp; Earnings (ONS) / Lichfields analysis

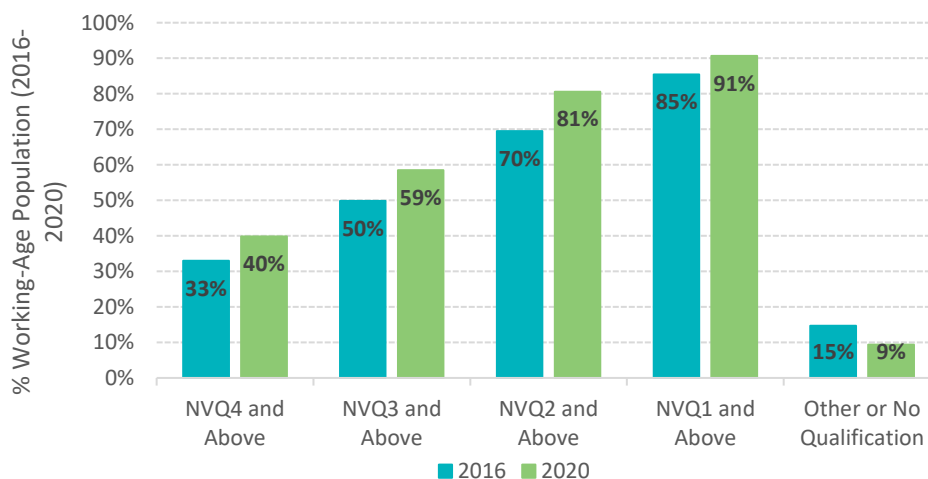
Note: <sup>1</sup> SOC 2010 Major Group 1 - 3 includes managers, directors and senior officials; SOC 2010 Major Group 4 - 5 includes administrative and trade occupations; SOC 2010 Major Group 6 - 7 includes service and sales occupations; and SOC 2010 Major Group 8 - 9 includes machinery, plant & process operatives and elementary occupations.

2.30

The District continues to see improvement in qualification attainment across all levels when compared with equivalent analysis carried out as part of the 2017 EDNA, with the largest gains

achieved in NVQ3, NVQ2 and NVQ4. Linked to this, the share of working-age population that have ‘other qualifications’ or ‘no qualifications’ fell by 6% (Figure 2.8).

Figure 2.68 Changes in Qualification Attainment Levels in Dover District, 2016-2020



Source: Annual Population Survey (ONS) / Lichfields analysis

- 2.31 This resident skills profile reflects the fact that a smaller share of District residents are employed within higher skilled roles represented by SOC Major Group 1 - 3 compared to Kent, the South East and the UK. However, the number of District residents employed in SOC Major Group 1-3 has increased significantly since 2015 from 31% of residents to 42.3% in 2020, slowly closing the gap with Kent. There remains a higher share of residents employed in more elementary roles represented by SOC Major Group 6 - 7 and 8 - 9, which includes a range of care, service, sales, process plant, machine operative, and elementary types of occupations, although the share has declined since 2015.
- 2.32 This resident occupation profile for Dover District also aligns with average resident earnings which are higher than the Kent average but much lower than the South East benchmark (see Table 2.4).
- 2.33 However, as shown in Figure 2.9 overleaf, the District does have a substantially higher level of workplace earnings compared with other local authorities in East Kent, with Dover District achieving the highest weekly workplace earnings in the sub-region in 2020 at £625; a similar trend was observed in 2015 at the time of the previous EDNA. This suggests that the District's economy does offer a reasonable share of higher paid roles<sup>1</sup>, although given the lower levels of resident earnings, it is likely that many of these roles are filled by workers commuting into Dover District from elsewhere in the sub-region.

<sup>1</sup> It is expected that a significant share of these higher paid roles in Dover District are located at key locations such as Discovery Park in Sandwich, which supports a large cluster of higher value enterprise in such fields as life sciences, pharmaceuticals, biotechnology, science and technology, amongst others

Figure 2.9 Gross Weekly Earnings by Local Authority, 2020



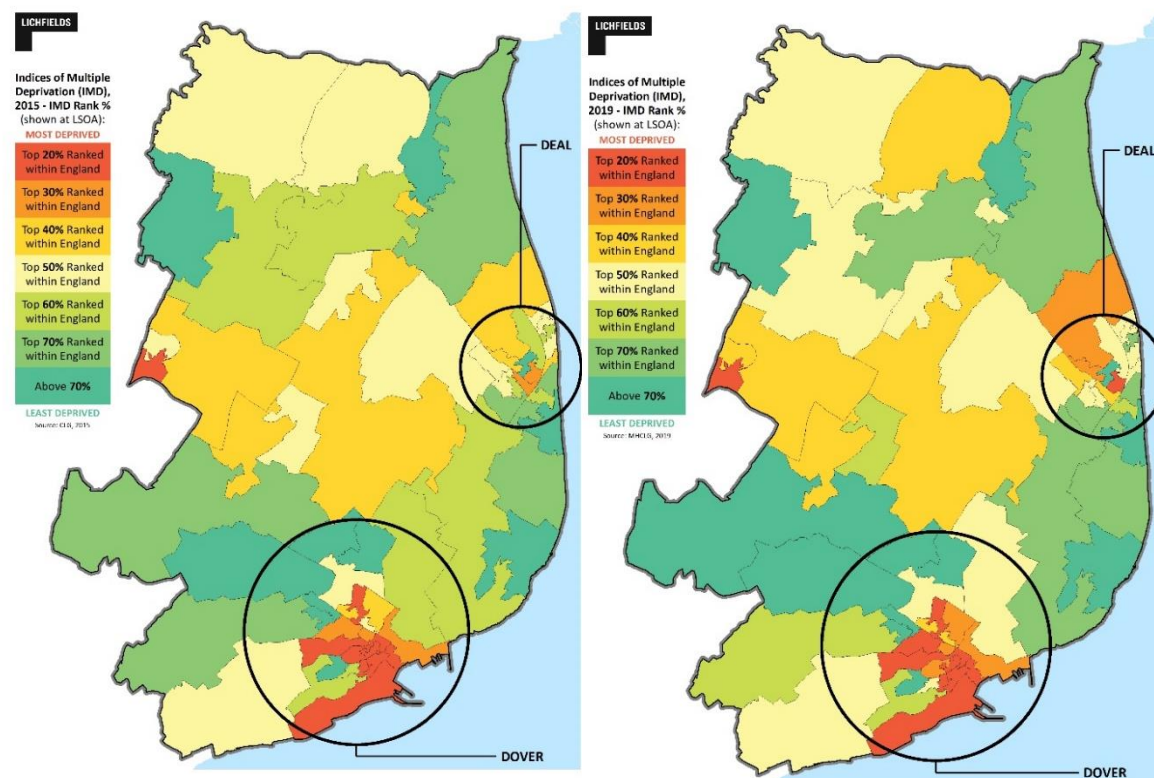
Source: Annual Survey of Hours & Earnings (ONS) / Lichfields analysis

## Deprivation

- 2.34 The Indices of Multiple Deprivation (IMD) provide a set of relative measures of deprivation for local authority and Lower Super Output Areas (LSOAs) across England. In 2019, Dover District was ranked as the 113th most deprived district out of 326 districts in England (where 1 is the most deprived). This shows a decline in the rankings from the equivalent data released in 2015 in which Dover ranked 126<sup>th</sup> most deprived district in England.
- 2.35 7.5% of LSOAs in Dover District fell within the 10% most deprived in England, compared to 6% of LSOAs during 2015, indicating a slight worsening of relative deprivation in Dover District over recent years. As shown in Figure 2.10 overleaf, the geography of local deprivation has remained largely unchanged.
- 2.36 Out of the 67 LSOAs in Dover District, 12 LSOAs fall within the 10-20% most deprived areas in England. These areas are shown in Figure 2.10 and are focused mostly in and around the Dover urban area. These include areas around the Port of Dover, the town centre, Coombe Valley Road, Buckland Valley Road and within the town centre of Deal on Hamilton Road.
- 2.37 Those deprived LSOAs within Dover town centre are also considerably more deprived in sub-domains of the IMD, falling within the top 20% most deprived in relation to income, employment, education and crime.



Figure 2.10 Indices of Multiple Deprivation for Dover District, 2015 &amp; 2019



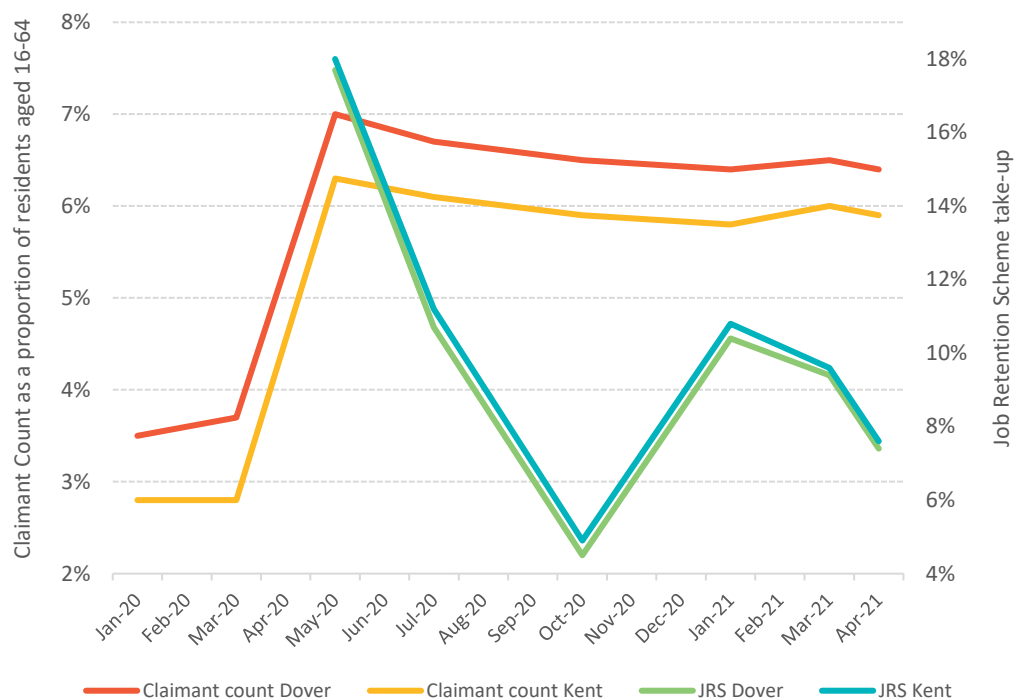
Source: English Indices of Multiple Deprivation (2015 and 2019) / Lichfields analysis

## Covid-19 Impacts and Implications

- 2.38 The outbreak of Covid-19 and resulting pandemic developed rapidly with far reaching impacts on the economy and business across the country. Lockdown measures led to unprecedented shut downs of large parts of the economy simultaneously, with effects being transmitted rapidly across most sectors. With restrictions only starting to ease, it is difficult to anticipate the full extent of the economic impact at the time of writing. Various macro scenarios and forecasts continue to emerge to help understand the potential outcomes and impacts of Covid-19 on the UK economy, and we examine local implications of these for Dover District as part of this EDNA Update (see chapter 4.0).
- 2.39 Latest government data shows that the Covid-19 pandemic has had a significant effect on the District's economy, with impacts still unfolding as the economic disruption continues. Across the local economy overall, 17.7% of Dover District's working residents had been furloughed through the Coronavirus Job Retention Scheme (JRS) at the height of the pandemic in May 2020, and while local unemployment has risen sharply, the full effects are likely to be masked by the extension of government support schemes such as the JRS.
- 2.40 As a result of Covid-19, the claimant count has significantly increased throughout the pandemic. The latest claimant count unemployment rate amongst residents (at April 2021) shows that 6.4% of those aged 16-64 in Dover District were claiming out-of-work benefits, higher than in Kent and the South East (5.3%). As shown in Figure 2.11 overleaf, the claimant count spiked in both Dover District and Kent in May 2020 during the first lockdown; this is also reflected by the total take-up of the JRS (Job Retention Scheme) in the area which saw a peak in May 2020. The JRS shows a gradual decrease over the following months as restrictions are slowly lifted and

vaccinations are carried out. The claimant count still however remains double that of pre-pandemic (January 2020) figures.

Figure 2.11 Claimant Count and Job Retention Scheme Take-Up



Source: ONS (2021) / Lichfields analysis

2.41 The ‘real time’ nature of the evolving economic situation emphasises the need to keep on top of data and intelligence as it emerges, to monitor impacts as they unfold, and use this to review the Council’s economic development response on a timely basis.

2.42 With regards to planning for economic growth and employment space, it is arguably still too early to understand how the pandemic and resulting structural changes may affect how businesses operate and the resultant demand for employment land. Notwithstanding the ongoing uncertainty, it is likely that the Covid-19 pandemic will induce and accelerate some key structural economic changes that will influence patterns of local economic growth and development, some of which are summarised below:

- **Growth of key sectors:** based on the economic response to Covid-19 over the last 18 months, there are a number of sectors (summarised below) that appear to face particular growth opportunities as the UK economy continues to recover and moves to a post-Covid-19 economy.
- **A shift from larger cities:** public transport represents one of the key barriers to a full return to the workplace. Allied with increased demands for public and private open space, together with more general issues relating to the affordability of housing, it is possible that an increasing number of people will look to relocate away from London and other large cities to locations that offer other quality of life factors. A shift towards greater levels of home-working may facilitate this. Areas such as Dover District which balance an attractive coastal environment with strong transport links could be well placed to benefit from these economic drivers.

- **Increased home-working/reduced office demand:** in the short-term, ongoing social distancing requirements will mean that fewer people will be able to work from formal office spaces. In the medium to longer term, people might look to the success of home working as a justification to shift to new working arrangements on a more permanent basis. This may reduce the overall demand for office space and trigger a shift in occupier requirements for more flexible workspace that enables employees and partners to come together to collaborate and share ideas.

Table 2.5 Covid-19: Key sector growth opportunities

Sector	Rationale
Health / life-sciences / med-tech	Covid-19 has fundamentally been a health crisis. It has been fought by front-line health workers and its resolution lies in a health solution. Significant investment has been made in life-sciences to develop a vaccine and it is likely that there will be a greater focus on this sector in future in terms of both public and private investment.
Logistics	The logistics sector has been instrumental in keeping the country and its economy operational through the pandemic and it is likely that this will also be given a greater emphasis in the future. This may particularly be the case if some decentralisation of population and economic activity does occur.
Energy / Environmental	Building back a green and resilient recovery lies at the heart of the government's Covid-19 policy response, recognising the opportunity the pandemic provides to shift to a greener economy and support wider sustainable development goals. Specific proposals include increased investment in low carbon innovation and industries; focusing on those sectors that can support the environment; and ensuring that companies receiving government support are operating in a manner consistent with climate goals.
IT / Communications	Home working and social restrictions have required us to look to technology to a much greater degree. It is likely that online/teleconferencing platforms will continue to grow after Covid-19 passes. Similarly, increased home working and growth in key sectors such as life-sciences, green energy and logistics will all rely on continued advances in IT.
Tourism / Hospitality	Although this sector has faced some of the most substantial economic disruption so far, there is the potential that it will grow significantly, particularly if people remain cautious about international travel and choose to holiday in Britain instead for the foreseeable future.

Source: Lichfields analysis

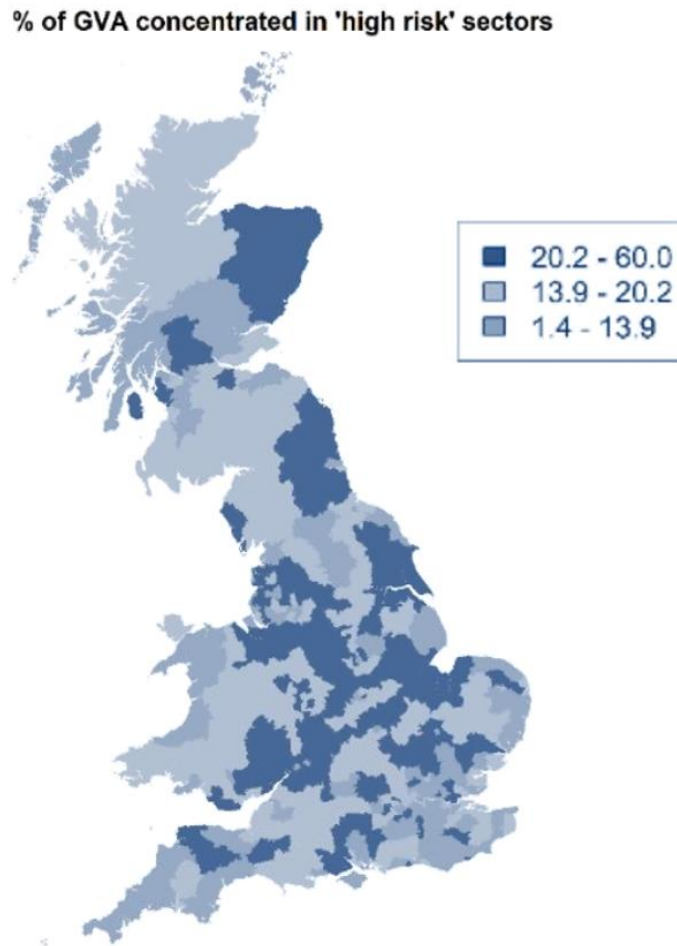
- 2.43 These ongoing structural changes present both challenges and opportunities for places like Dover District which has traditionally accommodated a relatively modest office market over recent years. The District stands to benefit from a shift towards more localised working patterns should home-working and agile working become more prominent, and the successful life sciences cluster developing around Discovery Park also leaves Dover District well placed to capture future growth opportunities accelerated by the Covid-19 pandemic and public health response.

### Implications of Brexit

- 2.44 The Brexit deal agreed with the EU in December 2020 avoided further economic challenges associated with a 'no-deal' Brexit, however it is still early days and there remains considerable uncertainty regarding macro and local economic impacts from the trade agreement and the UK's future trading relationship with the EU. There is evidence of ongoing friction in trade and travel with Europe as different sectors of the economy work through the practicalities of the new trading arrangements and restrictions. This could pose key challenges to any business that trades with or via Europe, regardless of their location within the country.
- 2.45 Areas with a large presence of 'high Brexit risk sectors' are likely to be most exposed to short term impacts, typically with strong local reliance on sectors such as manufacturing, wholesale, fuel refining, extraction and mining, insurance and air and water transport. Recent analysis by Experian suggests that Kent as a whole has relatively limited exposure to these highest risk

sectors, but also that up to 20% of Dover District's local GVA (economic output) is concentrated within those sectors considered to be at highest Brexit risk (Figure 2.12).

Figure 2.72 Local Area Brexit Risk



Source: Experian 2021

## Summary

2.46

Based upon the analysis presented above, the key findings can be summarised in the form of a SWOT analysis set out in Table 2.6 overleaf.

Table 2.6 Dover Economic Characteristics SWOT

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Dover's workforce productivity (measured by GVA) exceeds regional and national averages, and many of the districts within Kent</li> <li>• Higher than average earnings (workplace and resident based)</li> <li>• Recent improvements in qualified workforce in Dover, slowly catching up to Kent and the South East particularly at NVQ level 4 and above</li> <li>• Proximity to key infrastructure assets within the Kent area including high speed one and channel tunnel rail link services</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Declining working age population and overall population in recent years</li> <li>• Lower share of the working-age population economically active compared to regional and national averages</li> <li>• Relatively low levels of business start-up and survival</li> <li>• Higher share of out-of-work benefit claimants when compared to the Kent and South East averages, and this has accelerated as a result of Covid-19</li> <li>• Pockets of deprivation continue to persist and worsen, particularly in and around the Dover town urban area</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Growing number of residents in higher paid occupations (SOC Major Group 1-3), slowly closing the gap with Kent</li> <li>• Despite recent job losses, the local workforce is expected to grow by 2040 resulting in Dover's workforce becoming more productive in the future</li> <li>• High and growing levels of self-employment present opportunities for increased entrepreneurial activity in the District</li> <li>• Latest ONS population projections expect working-age population in Dover District to increase in future years, bucking recent trends</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>• Resident skills are insufficient to take advantage of new jobs created within high value sectors</li> <li>• Recent job losses in sectors such as wholesale &amp; transport and education that have traditionally provided key sources of employment for the District</li> <li>• Ongoing business disruption caused by Brexit could threaten short term productivity and growth within key sectors locally (such as transport, wholesale, manufacturing etc)</li> <li>• Ongoing social distancing restrictions associated with Covid-19 pushes back economic recovery for key employment sectors including tourism and hospitality</li> </ul>

## 3.0

## Commercial Property Market Signals and Intelligence

## 3.1

This section provides an overview of the existing stock of employment space in Dover District, as well as recent trends and changes to this stock of employment space. It then provides an overview of the local commercial property market, including recent trends in demand and supply. The analysis draws on data from the following sources:

- Latest commercial floorspace data from the Valuation Office Agency (VOA);
- Monitoring data on commercial floorspace from Kent County Council (this is presented by B Use Class (some of which now fall within Class E) reflecting its historic nature);
- CoStar property market data; and
- Discussions with a number of commercial property agents currently active in the District and wider sub-region.

### Stock of Employment Space

## 3.2

Dover District contained around 526,000sq.m of employment space in 2020 according to the latest VOA data. This comprised 73% in industrial use (i.e. manufacturing and distribution) and 27% in office use.

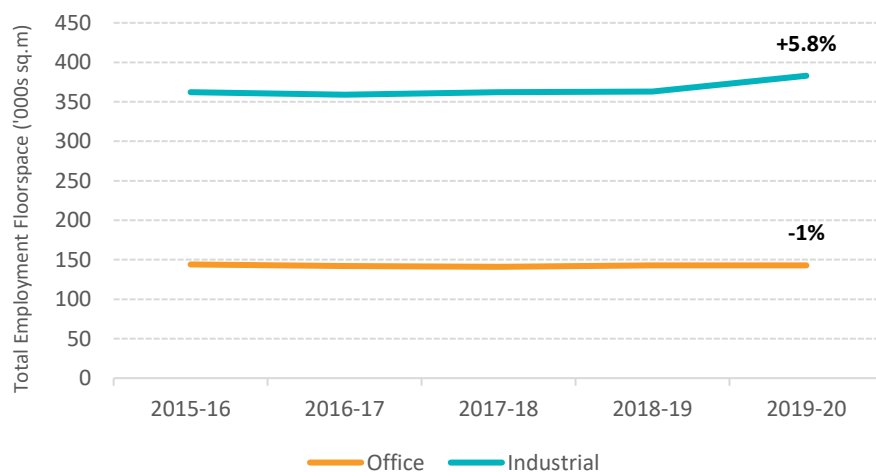
## 3.3

The District's stock of employment space grew by 3.9% over the four years between 2016 and 2020, compared to an increase of 3.1% between 2000 and 2016. During the most recent four years (2016 to 2020), a decline in employment space was recorded across Kent and the South East as a whole (-2.8% and -0.3% respectively).

## 3.4

As shown in Figure 3.1 below, growth in the short term has been driven by industrial floorspace, with office floorspace remaining relatively stable during this period. These recent patterns differ considerably from the equivalent analysis presented in the 2017 EDNA which showed a relatively strong increase in office floorspace to 2016 and a slight decline in industrial floorspace<sup>2</sup>.

Figure 3.1 Change in Office and Industrial Space in Dover District, 2015/16-2019/20



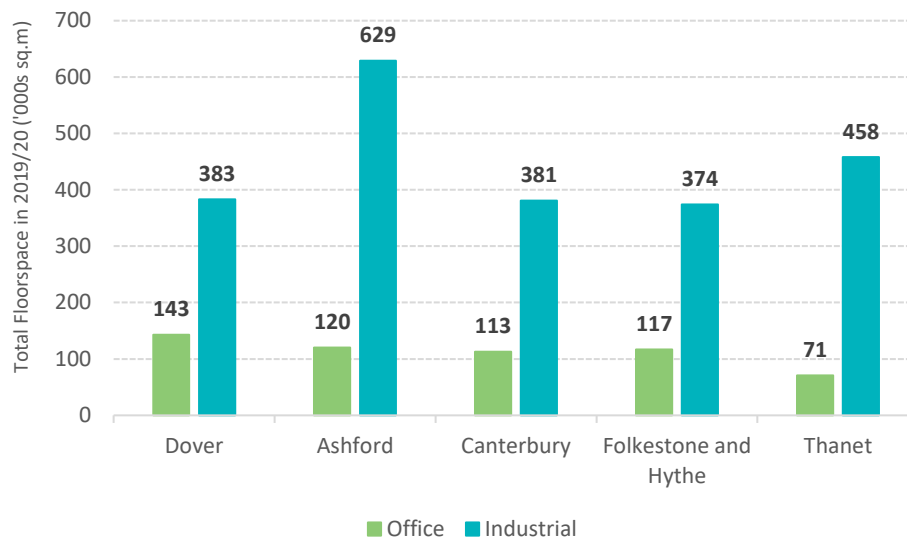
Source: VOA Business Floorspace Data (March 2020) / Lichfields analysis

<sup>2</sup> It should be noted that the 2017 EDNA identified some volatility issues with the VOA data covering the period to 2016 which were understood to relate to the reclassification by the VOA of floorspace formerly occupied by Pfizer at Discovery Park

3.5

The stock of industrial space in Dover District now represents the third largest of the five East Kent local authorities (as opposed to the second smallest as recorded in 2015/16), as a result of the District's increase in industrial floorspace over the last few years. The total stock of commercial office space remains the largest in 2019/20 within the East Kent sub-region, although the 'gap' between Dover District and other neighbouring authorities has reduced over the last few years, with Folkestone & Hythe and Ashford in particular recording notable increases in their office stock since 2015/16.

Figure 3.2 Stock of Office and Industrial Space by East Kent Local Authority, 2019/20



Source: VOA Business Floorspace Data (March 2020) / Lichfields analysis

## Spatial Distribution

3.6

The spatial distribution of employment space in Dover District is illustrated in Figure 3.3 overleaf using latest available property data from the VOA. This identifies the significant concentration of employment space found in Dover town which accommodates approximately 33% of all employment space in the District as at 2020. Office space tends to be clustered in and around the town centre and to the north of the town at Whitfield/White Cliffs Business Park.

3.7

Since 2010 (i.e. the source data used in the 2017 EDNA), the VOA data shows a decline in the stock of factory and workshop floorspace in Dover town, accommodating 18% of the District's industrial floorspace as opposed to a quarter (25%) in 2010. Meanwhile the spatial distribution of office floorspace and warehouse floorspace has remained the same as in 2010 for Dover town.

3.8

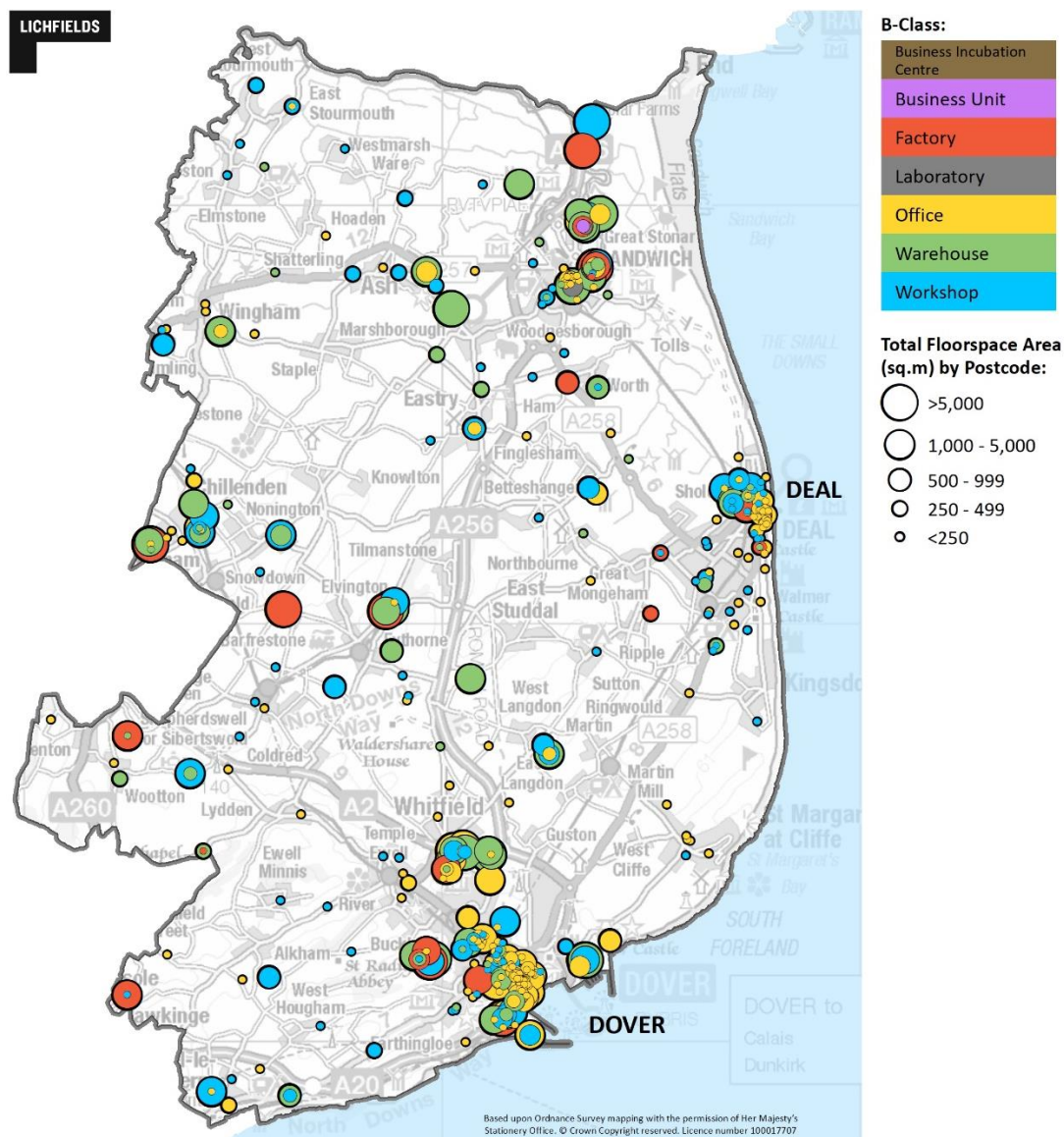
The town of Sandwich also plays an important role in accommodating the District's employment floorspace, equivalent to just over a quarter (27%) of total floorspace in 2020, with the Discovery Park Enterprise Zone to the north of the town playing a key role in supply. It also accommodates a slightly higher share of the District's office floorspace (47%) compared to Dover Town (46%).

3.9

Elsewhere, smaller clusters of employment space are located in and around the settlements of Deal, Aylesham and Eythorne, as well as within the more rural areas of the District closer to main road networks.



Figure 3.3 Spatial Distribution of Employment Space in Dover District, 2020



Source: VOA Business Floorspace Data 2020 / Lichfields analysis

Table 3.1 Spatial Distribution of Employment Space in Dover District, 2020

Location	Office	Factories & Workshops	Warehouses	Total Employment Space
<b>Dover Town</b>	46%	18%	40%	33%
<b>Deal</b>	4%	7%	3%	5%
<b>Sandwich</b>	47%	17%	19%	27%
<b>Rest of District</b>	3%	58%	39%	35%

Source: VOA Business Floorspace Data 2020 / Lichfields analysis (totals rounded)

3.10

A detailed map showing the spatial distribution of VOA business floorspace in the District is included in Appendix 1.



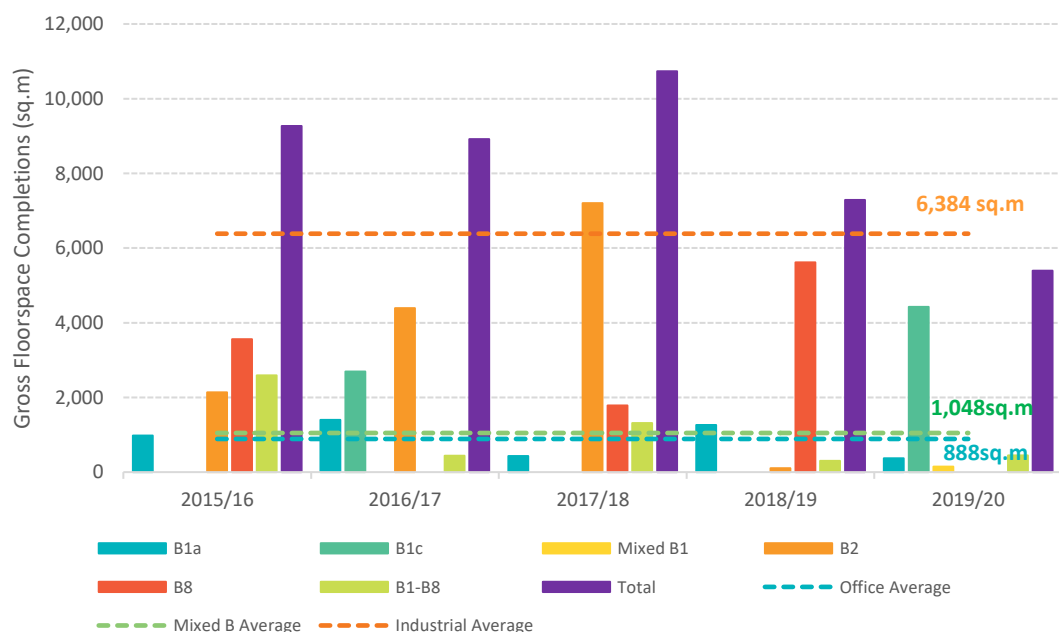
## Historic Development Rates

- 3.11 Monitoring data provided by Kent County Council covering the period 2015/16 to 2019/20 can be used to provide an overview of the scale and nature of employment development that has occurred within the District over recent years. This analysis focuses on the period of time that has elapsed since the previous EDNA was completed in 2017, and data relates to the former Use Class B1 (as well as B2 and B8) which now falls within the new Class E (as of September 2020).

### Gross Completions

- 3.12 Over the five-year monitoring period 2015/16 to 2019/20, the total amount of B class employment space developed in Dover District equated to around 41,600sq.m, which is equivalent to an annual average gross completion rate of 8,320sq.m.
- 3.13 The majority of this B class employment space was developed for industrial use (59.6%), including 33.3% for factory use (B2) and 26.4% for warehouse and distribution use (B8). Office floorspace (B1a) equated to 10.7%, light industrial floorspace (B1c) to 17.1% and Mixed B office floorspace made up of B1-B8 and Mixed B1 floorspace equated to 12.6% of the total gross floorspace completed during the five-year monitoring period.
- 3.14 The latest monitoring data identifies gross completions split across the different B use classes, which are as follows: Mixed B1, B1a, B1b, B1c, B2, B8 and B1-B8 employment space. The analysis within this study categorises office floorspace as B1a/B1b floorspace, industrial floorspace as B1c/B2/B8 floorspace and Mixed B floorspace as Mixed B1 and B1-B8.
- 3.15 As shown in Figure 3.4 below, the level of new B class development in Dover District peaked in 2017/18 delivering a total of 10,735sq.m. This single year of development accounted for around a quarter of all gross completions in the District between 2015/16 and 2019/20.

Figure 3.4 Gross Completions of Employment Space in Dover District, 2015/16 – 2019/20



Source: Kent County Council / Dover District Council / Lichfields analysis

- 3.16 Across the monitoring period, annual average gross completion rates for industrial space (B1c/B2/B8) in Dover equated to 6,384sq.m, which was much higher than the annual average

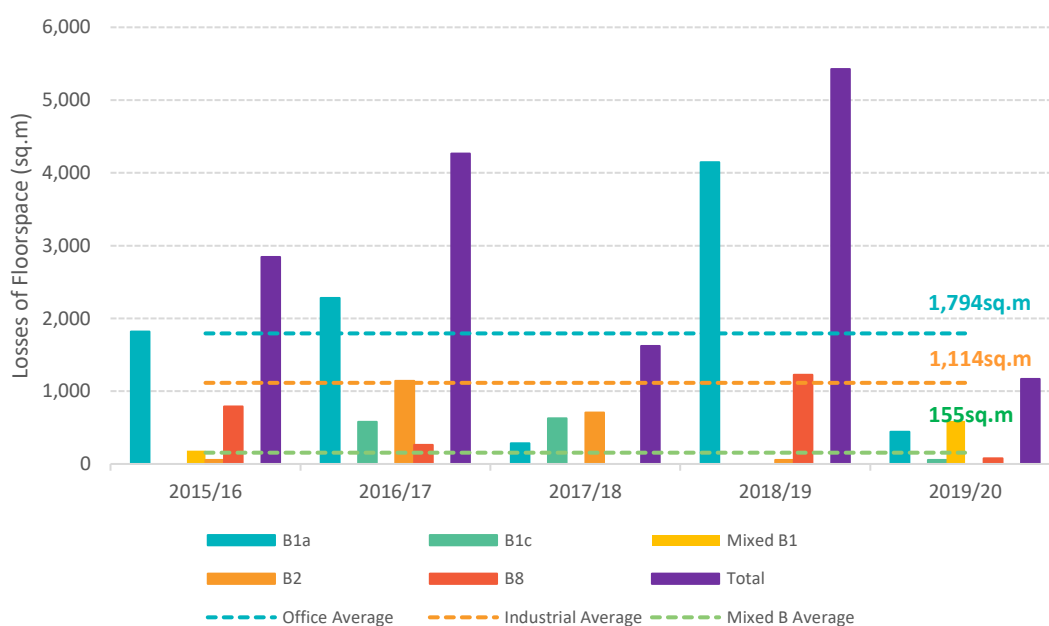
gross completion rate of 888sq.m for office space (B1a/B1b) and the completion rate of 1,048sq.m for Mixed B floorspace (Mixed B1/B1-B8).

- 3.17 Gross completions of industrial space peaked in 2017/18, which was dominated by B2 use due to the completion of a B2 Industrial unit and research, development & manufacturing building at Discovery Park, Sandwich. In terms of gross office completions, the most notable years of development were 2016/17 and 2018/19, with more than 1,000sq.m of office space developed in each of these two years, significantly above the annual average over this monitoring period.
- 3.18 Across the five-year monitoring period, completions have been mostly driven by a small number of large developments combined with several completions of smaller units within the local area. Some of the most significant developments include completions of industrial units within Discovery Park including an Algae Farming facility, a self-storage building at White Cliffs Business Park and a two-storey office extension at Megger Ltd, Dover. The smaller units vary from building extensions and change of use from one type of B class to another or the conversion of farming units to B class floorspace.

## Losses

- 3.19 Losses of B class employment space in the District over the period 2015/16 to 2019/20 equated to around 15,318sq.m, which is equivalent to an annual average loss of 3,063sq.m. This mainly related to office uses (59%). As with gross completions, where the monitoring data identifies losses of employment space split across multiple B class uses, office space is associated with B1a/ B1b uses, industrial as B1c/B2/B8 and Mixed B class as Mixed B1 and B1-B8 uses.
- 3.20 As illustrated in Figure 3.5 below, the most notable year for losses of employment space was 2018/19, when 5,424sq.m of employment space was reported to be lost to other uses in the District. This year alone equated to around 35% of the total losses of B class employment space recorded in Dover District over the monitoring period. This can be attributed to the change of use and conversion of office space to residential units at Cambridge Terrace and Waterloo Crescent in Dover town which resulted in a slightly higher loss of B1a floorspace that year.

Figure 3.5 Losses of Employment Space in Dover District, 2015/16 - 2019/20



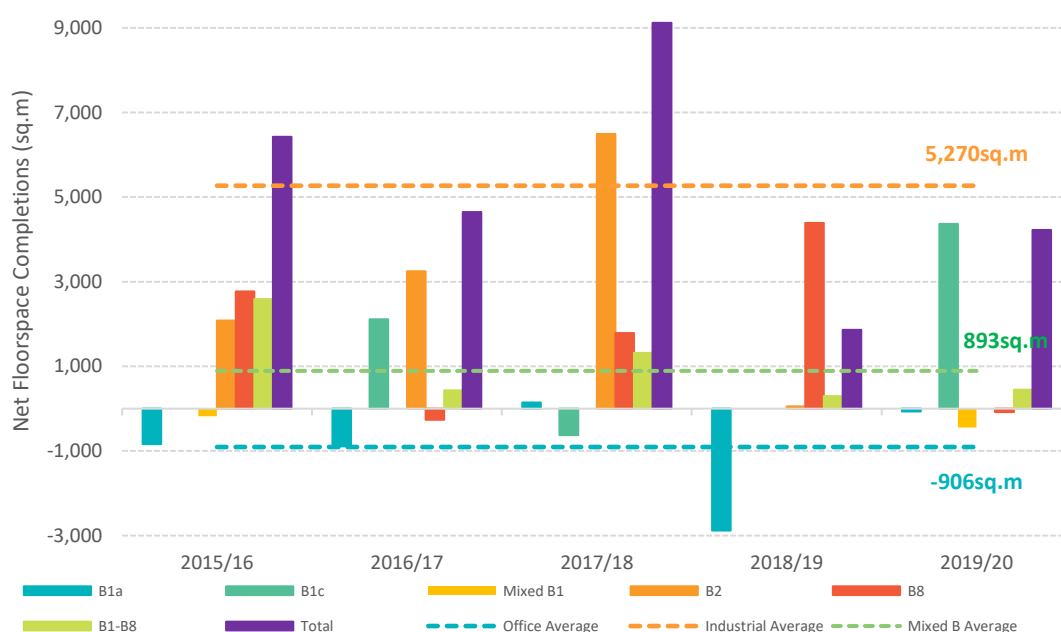
Source: Kent County Council / Dover District Council / Lichfields analysis

- 3.21 In terms of industrial floorspace, average annual losses equated to 1,114sq.m, higher than the average annual loss rate for Mixed B class at 155sq.m but lower than the average annual loss rate for office space at 1,794sq.m.

### Net Completions

- 3.22 Across the monitoring period as a whole, net completions of B class employment space in Dover District were positive, with gains of employment floorspace exceeding losses. During this period, the District recorded a net gain of about 26,200sq.m of employment space, which is equivalent to an annual average net gain of 5,256sq.m. This broadly aligns with the trend implied by VOA data analysed earlier in this chapter (see Figure 3.1).
- 3.23 This gain was driven solely by industrial uses (equivalent to a net gain of 5,270sq.m per year on average), with office uses recording a slight net loss in space over the monitoring period, equivalent to -906sq.m per year on average. A slight net increase was recorded over the monitoring period for Mixed B class floorspace, at 893sq.m per year on average (Figure 3.6).

Figure 3.6 Net Completions of Employment Space in Dover District, 2015/16 - 2019/20



Source: Kent County Council / Dover District Council / Lichfields analysis

- 3.24 In overall terms, this resulted in an increase in the stock of industrial space and a gradual decline in the stock of office space in Dover District over the monitoring period 2015/16 to 2019/20. This is consistent with the earlier analysis of VOA employment floorspace data.

### Office to Residential Permitted Development Rights

- 3.25 In 2013, the Government introduced Permitted Development Rights (PDR) to allow for the change of use from office to residential without the need to obtain planning permission from the local planning authority (LPA). In many locations across the country, the effect of the PDR has been to increase the rate of losses of office floorspace, often above historic trends.
- 3.26 Monitoring data provided by the Council indicates that three PDR office to residential prior approval applications had been implemented in the District between 2016/17 and 2019/20 (i.e.

in the years since the 2017 EDNA was undertaken). Although it is not a requirement under the regulations to monitor the scale of office space losses from PDR applications, it is important in planning terms to consider the amount of office space being lost from such applications within the context of overall stock in the local area. Council data estimates that these three applications have resulted in the loss of 505q.m of office space, which is equivalent to less than 1% of the total office stock in Dover District in 2019/20.

3.27 The location of these prior approvals is shown in Figure 3.7 below. The three individual applications are as follows:

- 2b New Street, Dover Town Centre: 230sq.m (45.5% of PDR losses);
- Units 1 & 2 former Cold Store, East Street Farm, Ash: 200sq.m (39.6%); and
- Workshop, Old Court Hill, Aylesham: 75sq.m (14.8%).

Figure 3.7 Location of Implemented Office to Residential PDR Applications (2016-20)



Source: Dover District Council 2020 / Lichfields analysis

3.28 This suggests that the effect of the PDR on the provision of office space in Dover District has been relatively insignificant to date, with limited change to this position since the EDNA was undertaken in 2017. Recent changes to the Use Class Order which came into effect in September 2020 (i.e. the introduction of Class E) mean that the office to residential PDR will now be phased out, and will be replaced with a new Class MA business and commercial to residential PDR which is subject to different conditions, limitations and restrictions.

## Property Market Signals

### Offices: National and Regional Trends

- 3.29 According to the latest RICS UK Commercial Property Survey<sup>3</sup>, the economic outlook has brightened compared to previous quarters during the Covid-19 pandemic, due in part to the UK's successful rollout of the vaccination programme. The pandemic hit the office market especially hard across the country. The latest survey shows that the office market remains weak, with a rise in availability of leasable office space across the UK. Many businesses across the country are expected to scale back their office footprint to some extent over the next two years.
- 3.30 In Kent, vacancy levels in the office market reached a two-year high in 2021 of 3.2%; however, compared to both the national picture and the market's long term averages, the vacancy remained tight due to limited new development within the region over the past decade. Leasing activity in Kent since the onset of the pandemic has primarily been at the smaller end of the market, with the leasing of large spaces drying up almost completely.
- 3.31 The most significant deal was K&T Heating Services' 18,000sqft lease of 15 Crossways Point in Dartford in October 2020. However, the reintroduction of lockdown meant leasing activity has once again fallen in 2021. While the pandemic is a major factor hampering leasing, the market has also suffered from a lack of sizeable modern space in recent years. This meant that even pre-pandemic deals in the market tended to be on the smaller end of the scale over the past decade, with limited major construction acting as a barrier for larger companies entering the market.
- 3.32 Asking rents in Kent followed the national trend of decline over the past year or so, with rents beginning to contract last year. Rents currently stand around £17.20 per sqft. At this level, the market is among the most affordable in the South East.

### Local Office Market

- 3.33 The office market in Dover District is weaker than its industrial market, with Dover town and Discovery Park representing the only recognised office centres or notable concentrations of office stock.
- 3.34 Kent's business and science park market remained active during the pandemic including Discovery Park in Dover which has been particularly active with Covid-19 related activities combining with demand from other scientific businesses. There is also some evidence of companies looking to the county as an alternative to, or as a supplement to, a Central London presence. Rents remain stable, but the market remains tight; businesses seeking new or expansion space will find limited options over the coming year.
- 3.35 Business parks within the county of Kent have shown resilience during the pandemic, as illustrated at Discovery Park. During the lockdown period, ArchMed opened a new PPE production facility on site, manufacturing up to 300,000 face masks per day. Over the last 12 months, the park also saw healthcare companies Psyros Diagnostics and Visusnano relocate to the site and Firza Group and Wren Healthcare expand their operations.
- 3.36 Office rents in Dover are also among the most affordable in the region; however, the recent political headwinds facing the UK have placed the submarket in a unique position to capitalise on increased demand for both office and industrial stock near key international shipping ports. Among the most recent examples is the new MOJO customs clearance centre outside Ashford.

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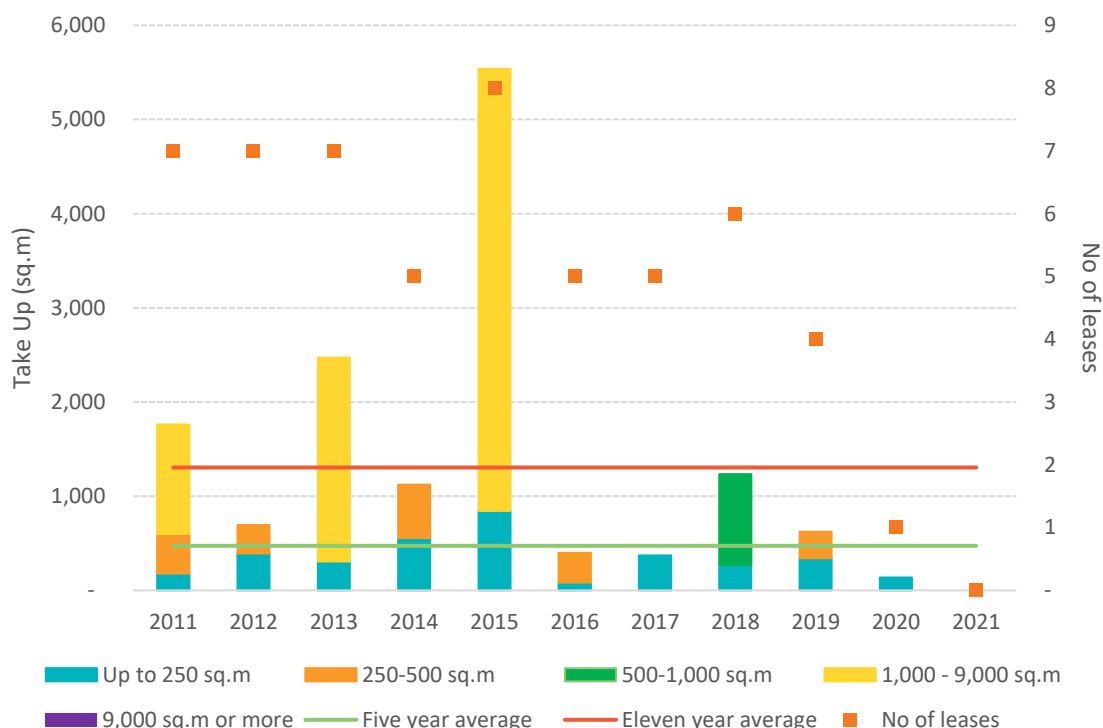
<sup>3</sup> RICS (2021); UK Commercial Property Survey

### Take-Up by Size

3.37

According to latest CoStar property data, the total office take-up in Dover District over the past 11 years (2011-2021) amounted to 14,352 sq.m. Over half (56%) of this was attributed to large offices of 1,000-9,000 sq.m in size and 24% of the total take-up was made up of small offices of less than 250 sq.m in size, as shown in Figure 3.8. Take-up declined during the pandemic with only 137 sq.m of office floorspace take-up recorded in 2020 and no office take-up recorded yet for 2021.

Figure 3.8 Office Take-up by Size in Dover District, 2011-2021



Source: CoStar (2021) / Lichfields analysis

3.38

Figure 3.8 also shows the number of leases by size of office space; in total 55 leases were recorded over the 11 years, an average of 5 leases per year, of which 78% were attributed to small-sized offices of up to 250 sq.m.

### Stock Age and Quality

Table 3.2 overleaf summarises the age and quality of existing office stock in Dover District according to the latest CoStar data<sup>4</sup>. This shows that nearly two thirds (62%) of properties were built before the 1980's, with 94% of office floorspace built before the 2000's. This suggests that the existing office stock in the District comprises a more significant proportion of older premises compared to its newer stock post-2000s, which only makes up for 6% of the total existing office floorspace.

<sup>4</sup> Of the 113 current office premises recorded in CoStar, 71 properties contained information on when the premises had been built

Table 3.2 Age and Quality of Existing Office Space in Dover District (2021)

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
<b>Age of Stock</b>				
Pre 1940s	24	34%	7,575	3%
1940s-1980s	20	28%	29,048	13%
1980s-2000s	17	24%	167,939	77%
Post 2000s	10	14%	12,326	6%
<b>Total</b>	<b>71</b>	<b>100%</b>	<b>216,888</b>	<b>100%</b>
<b>CoStar Star Rating</b>				
1-2 Stars	70	62%	32,640	14%
3 Stars	42	37%	172,741	74%
4-5 Stars	1	1%	29,132	12%
<b>Total</b>	<b>113</b>	<b>100%</b>	<b>234,513</b>	<b>100%</b>

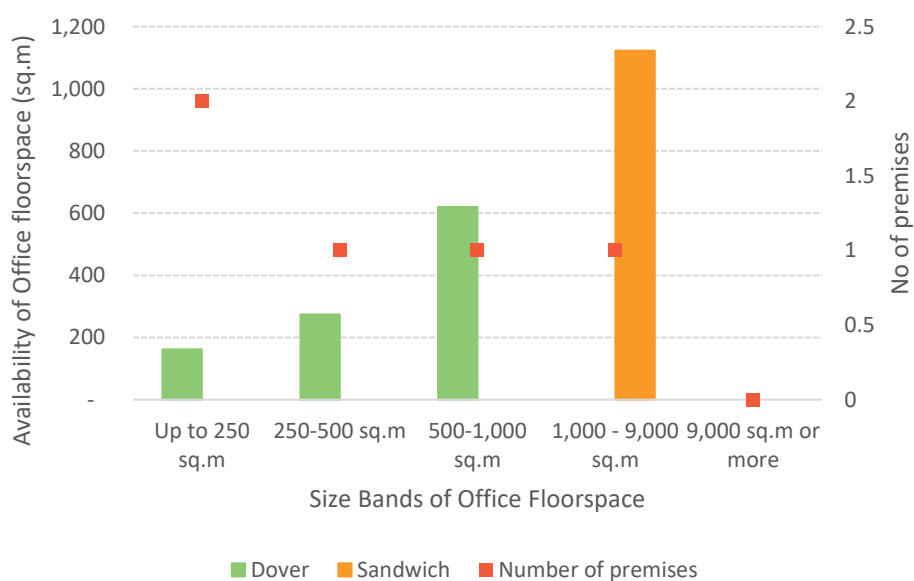
Source: CoStar (2021) / Lichfields analysis

- 3.39 In terms of quality, CoStar's star rating system uses market-tested criteria to analyse the quality of existing office and industrial stock. These account for architectural design, structures/systems, amenities, site/landscaping/exterior, and certifications. As shown in Table 3.2, the District's office stock generally falls within the lower star categories, with just one property (accommodating 12% of total office stock) characterised by 4-5-star rating.

### Office Availability

- 3.40 CoStar data indicates that current availability of office floorspace equates to just 1% of total office stock. Of this, 48% is located in Dover town and 52% in Sandwich. Figure 3.9 highlights the size bands of the available office floorspace in the District, indicating a mix of sizes, with the largest space available in Sandwich.

Figure 3.9 Availability of Office Floorspace by Location in Dover District (2021)



Source: CoStar (2021) / Lichfields analysis



- 3.41 Table 3.3 shows available office supply set against 11-year and 5-year average take-up. Based on this, for office floorspace there is 1.66 years' supply taking into account the 11-year take-up average. Compared with the 5-year average take-up, this equates to 4.60 years' worth of office supply.

Table 3.3 Years of Available Office Supply in Dover District

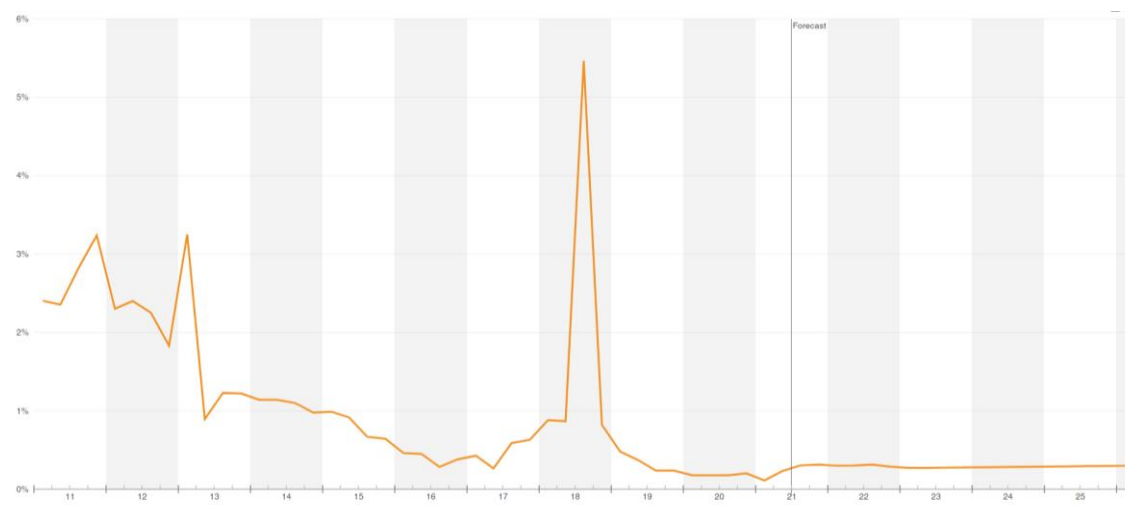
	Office
Annual Average Take-Up 2011-2021	1,305 sq.m
Available Supply	2,178 sq.m
<b>Years of Available Supply</b>	<b>1.66</b>
Annual Average Take-up 2017-2021	473 sq.m
Available Supply	2,178 sq.m
<b>Years of Available Supply</b>	<b>4.60</b>

Source: CoStar (2021) / Lichfields analysis

### Vacancy Trends

- 3.42 Figure 3.10 below, provided by CoStar, shows the latest office vacancy trends in Dover District and a forecast for future vacancy levels to 2025. Overall, the trend shows the District as having low levels of vacancy over time. The highest vacancy level recorded in the last 10 years was in 2018 where vacancy levels reached 5%. In 2021, the vacancy level stands at 0.2%, at a record low. This suggests that the pandemic has had minimal impact on the District's existing office stock, which has remained primarily occupied and is expected to remain occupied according to CoStar's forecast.
- 3.43 In part, this is due to the limited supply of office floorspace in the area, as shown by the availability of existing floorspace which is currently only attributed to five premises within the whole District.

Figure 3.10 Office Vacancy Rates in Dover District



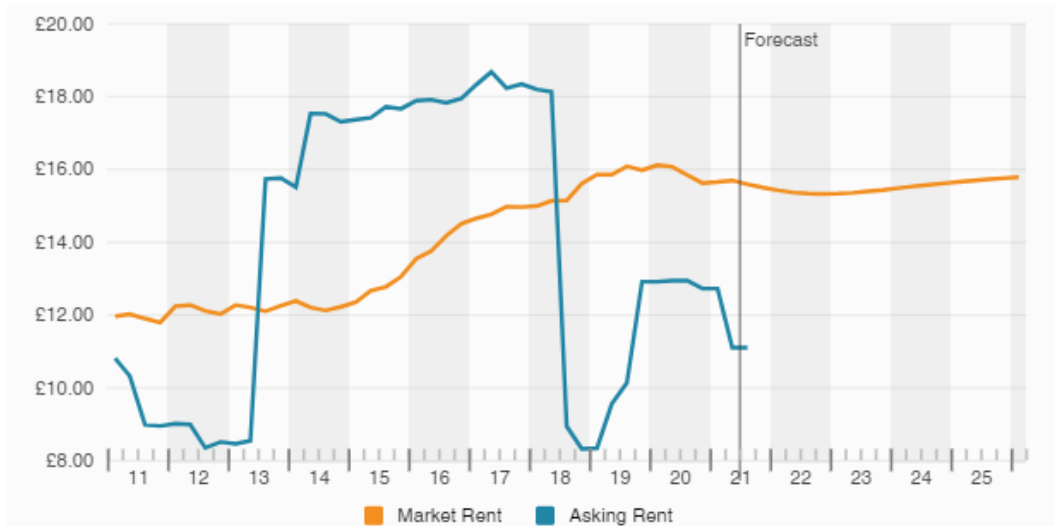
Source: CoStar (2021)



### Office Rents

- 3.44 Office rents in Dover District are relatively affordable within the South East context, and this is highlighted in Figure 3.11 below which shows that in 2021, the average market rent for offices was £16 per sqft, below the Kent rent average of £17.20 per sqft. The market rent is forecast to remain at a similar rate up until 2025.

Figure 3.11 Market Office Rent and Asking Rent Price in Dover District (per sqft)



Source: CoStar (2021)

- 3.45 The asking rent represents the monetary value the lessor is asking to lease their building/premises; Figure 3.11 shows that from 2011 to 2018, the asking rent was above the market rent value for offices. Then from 2019 onwards to 2021, the asking rent has been below the market rent value at £12 per sqft. There are many possible reasons for this; looking at the vacancy trends, asking rents may have decreased as soon as vacancy levels spiked in the District and could have remained low during the pandemic to ensure premises remained occupied.

### Industrial: National and Regional Trends

- 3.46 The national outlook for the industrial and logistic sectors continues to look positive in Q1 2021, according to the RICS Commercial Property Market Survey. Occupier and investor demand have begun to accelerate across the industrial sector, while activity remains subdued across the retail and office sectors. In the UK, the supply of industrial space continues to tighten with expectations of industrial rental growth.
- 3.47 In Kent, the industrial occupier market has performed strongly in recent years fuelled by robust occupier demand, primarily from third-party logistic operators, online retailers and supermarkets. The structural shift towards e-commerce has necessitated improved distribution and logistics sectors with notable arrivals to the market, including Aldi, TNT, DHL, Dixon Carphone and Amazon. Such arrivals have seen net absorption in Kent outpace new supply additions, resulting in tight vacancies of 3.4% in Kent which is below both the long-term market average and the national average.
- 3.48 During the pandemic, continued demand has seen vacancies remain low, outpacing the new industrial floorspace supply in recent years. Average rental values in Kent are currently around £9.30 per sqft, representing an increase of about 40% over the past five years; among the strongest in the country. This growth has pushed rents in Kent past those in Brighton, East

Sussex and the South Coast markets, in the process closing the gap to the South East regional average to well below £1 per sqft.

- 3.49 Investor appetite for Kent industrial assets has remained strong during the Covid-19 crisis. More than £200 million traded in 2020, well ahead of the market's long-term average (of £161 million). The impact of Covid-19 did still hamper investment activity, with volumes during the UK's initial lockdown last year the lowest since 2013.

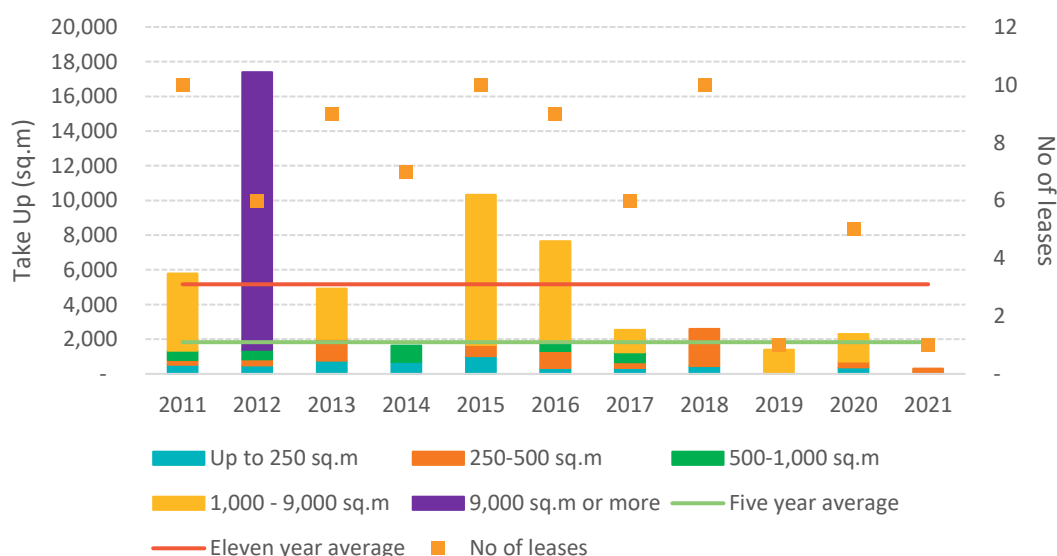
### Local Industrial Market

- 3.50 Dover District is generally perceived as a good industrial location, benefiting from good transport links (notably the A2 transport corridor) good supply of skilled local labour and historically a good supply of land for new development (including at key allocations such as the White Cliffs Business Park).
- 3.51 The manufacturing and transport sectors have also continued to grow and are amongst the largest occupiers in the market, with Waitrose, Aldi, and Morrison's major distribution centres all located across the wider East Kent market. The market's strategic location between the UK's busiest port of Dover and its largest population centre bodes well for continued growth within transport, wholesale and distribution sectors, especially given the galvanised shift in consumer preference towards e-commerce and delivery-based retail brought about by recent lockdowns.
- 3.52 In terms of industrial development, the smaller end of the market has been busy in the past few years. A raft of smaller schemes has been delivered, with the eastern submarkets particularly active. Notable deliveries include the Honeywood Trade Park in Dover (27,000 sqft), The Oaks at Manston Business Park in Thanet and Carlton Road Business Park (32,000 sqft) in Ashford.

### Take Up by Size

- 3.53 Total industrial take-up in Dover District over the past 11 years (2011-2021) amounted to 56,820 sq.m, according to latest CoStar data. Just under half (46%) was attributed to large industrial premises of 1,000-9,000 sq.m in size, with a further 28% falling in the largest size bracket (9,000 sq.m and above, albeit concentrated within just one year), as shown in Figure 3.12. The total quantum of take-up has slowed over recent years following peaks in 2012, 2015 and 2016.

Figure 3.12 Industrial Take-Up by Size in Dover District, 2011-2021



Source: CoStar (2021) / Lichfields analysis

- 3.54 Figure 3.12 also shows the number of leases by size of industrial premises; in total 74 leases were recorded over the 11 years, an average of 7 leases per year, of which 51% were attributed to small-sized industrial units of up to 250 sq.m.

### Stock Age and Quality

- 3.55 Table 3.4 summarises the age and quality of existing industrial premises in Dover District according to latest CoStar data<sup>5</sup>. This shows that the District's stock of storage and distribution space is comparably newer than its general and light industrial stock, although over a third of properties and a quarter of space was built prior to 1980. Around half of the District's general/light industrial stock was built prior to 1980.

Table 3.4 Age and Quality of Existing Industrial Space in Dover District (2021)

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
<b>Age of Stock- General &amp; Light Industrial</b>				
Pre 1940s	0	0%	0	0%
1940s-1980s	9	50%	31,686	51%
1980s-2000s	8	44%	23,663	38%
Post 2000s	1	6%	6,676	11%
<b>Total</b>	<b>18</b>	<b>100%</b>	<b>62,025</b>	<b>100%</b>
<b>Age of Stock- Storage &amp; Distribution</b>				
Pre 1940s	2	3%	744	1%
1940s-1980s	20	33%	26,859	25%
1980s-2000s	22	37%	55,572	52%
Post 2000s	16	27%	23,719	22%
<b>Total</b>	<b>60</b>	<b>100%</b>	<b>106,894</b>	<b>100%</b>
<b>CoStar Star Rating- General &amp; Light Industrial</b>				
1-2 Stars	12	55%	13,817	19%
3 Stars	8	36%	48,920	67%
4-5 Stars	2	9%	10,078	14%
<b>Total</b>	<b>22</b>	<b>100%</b>	<b>72,815</b>	<b>100%</b>
<b>CoStar Rating- Storage &amp; Distribution</b>				
1-2 Stars	35	51%	38,693	35%
3 Stars	30	45%	68,682	61%
4-5 Stars	3	4%	4,337	4%
<b>Total</b>	<b>68</b>	<b>100%</b>	<b>111,712</b>	<b>100%</b>

Source: CoStar (2021) / Lichfields analysis

- 3.56 In terms of quality, the majority of industrial premises are rated by CoStar as 3 star or less (out of 5), with very few considered to be high quality (i.e. equivalent to 4-5 stars).

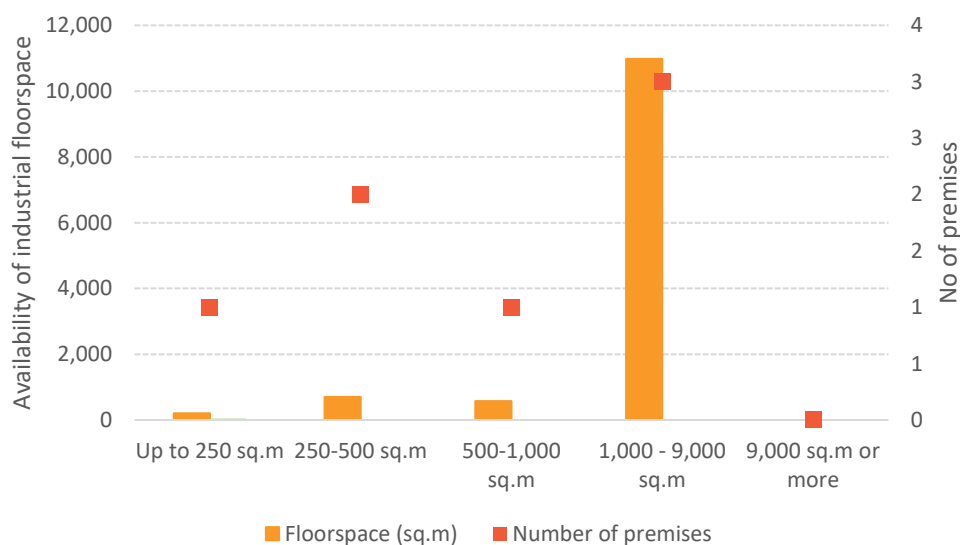
<sup>5</sup> Of the 90 current industrial premises recorded by CoStar, 78 properties contain information on when the premises had been built

## Industrial Availability

3-57

CoStar data indicates that current availability of industrial floorspace equates to 7% of the District's total industrial stock, at around 12,460 sq.m. Figure 3.13 highlights the size bands of the available industrial floorspace in the District. Across seven premises, three are large-sized premises of 1,000-9,000 sq.m, with the remainder falling below 1,000 sq.m in size. Of the seven available industrial premises, two are general & light industrial premises and five are for storage & distribution use.

Figure 3.13 Availability of Industrial Floorspace in Dover District (2021)



Source: CoStar (2021) / Lichfields analysis

3-58

Table 3.5 shows available industrial supply set against 11-year and 5-year average take-up. Based on this, for industrial floorspace there is 2.4 years' supply considering the 11-year take-up average, whereas there is 6.8 years' worth of industrial supply according to the 5-year average take-up.

Table 3.5 Years of Available Industrial Supply in Dover District

	Industrial
Annual Average Take-Up 2011-2021	5,165 sq.m
Available Supply	12,460 sq.m
<b>Years of Available Supply</b>	<b>2.4</b>
Annual Average Take-up 2017-2021	1,827 sq.m
Available Supply	12,460 sq.m
<b>Years of Available Supply</b>	<b>6.8</b>

Source: CoStar (2021) / Lichfields analysis

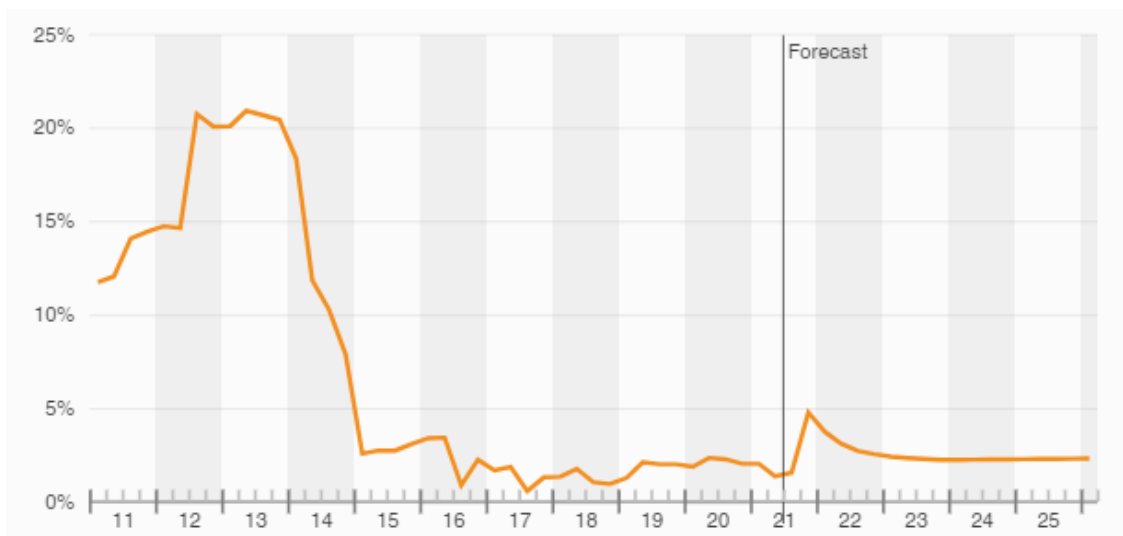
## Vacancy Trends

3-59

Figure 3.14 overleaf, provided by CoStar, shows latest industrial vacancy trends in Dover District, as well as a forecast for future vacancy levels to 2025. Overall, the trend shows the District as having low levels of industrial vacancy over time and having reduced significantly following a peak in 2012. In 2021, the vacancy rate stands at just 1.5%, indicating that the Covid-19 pandemic has had minimal impact on the existing industrial stock, which has remained primarily occupied and is expected to remain well occupied according to CoStar's forecast.

- 3.60 In part, this is due to the limited supply of industrial floorspace in the area as shown by the availability of existing floorspace, which is currently only attributed to seven premises across the District.

Figure 3.14 Industrial Vacancy Rates in Dover District

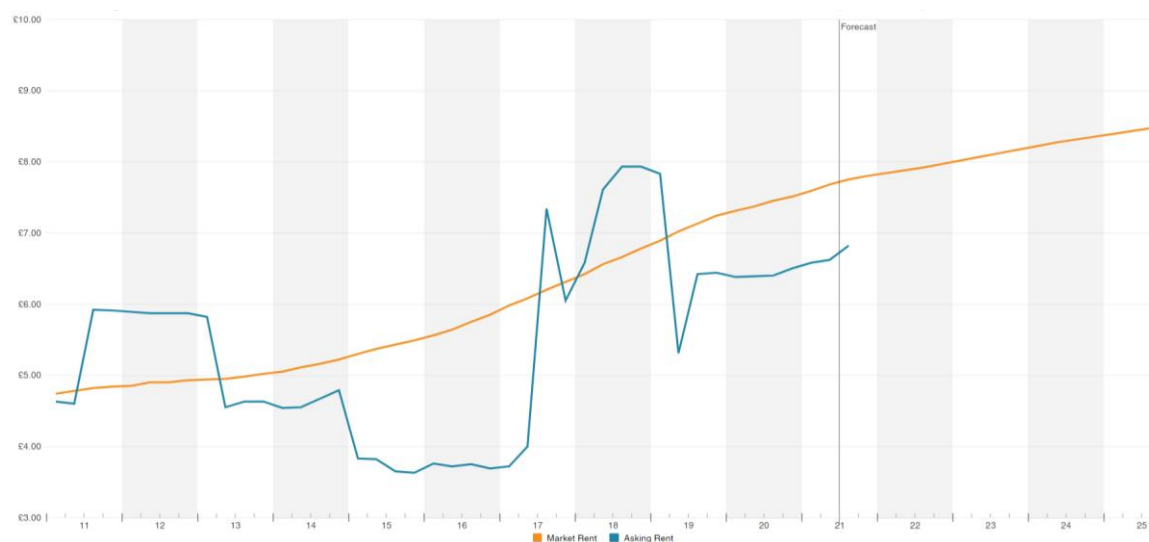


Source: CoStar (2021)

### Industrial Rents

- 3.61 Industrial rents in Dover District are comparatively more affordable than other submarkets within Kent. This is highlighted in Figure 3.15, which shows that in 2021, the market rent price for industrial floorspace was £7.69 per sqft, below the Kent average of £9.30 per sqft. The market rent is forecast to continue to grow by 2025.

Figure 3.15 Market Industrial Rent and Asking Rent Price in Dover District (per sqft)



Source: CoStar (2021)

- 3.62 The asking rent represents the monetary value the lessor is asking to lease their building/premises; Figure 3.16 shows that from 2017 to 2018, the asking rent was above the market rent value for industrial floorspace. The average asking rent then fell in 2019 but has subsequently begun to increase.

## Rural Employment Space

- 3.63 The rural areas of Dover District also accommodate pockets of employment space. This takes the form of purpose-built, stand-alone business parks (such as Hammill Business Park, near Sandwich), industrial estates and converted rural premises/barns. These sites accommodate a range of sectors and industries but generally B1 and light industrial uses (now Class E).
- 3.64 Demand for rural employment space in Dover District is reported to be steady, with the continued growth of this type of premises considered inevitable to meet the needs of what is essentially a local market consisting of rural businesses which operate in the area. These premises can also play an essential role in providing affordable workspace and retaining home-based businesses within the local community. Rural employment space is mostly occupied by residents looking for employment space near to their home, and this trend has increased following Covid-19 and a growing preference amongst some staff for hybrid forms of working. Hence, the demand for rural employment space remained strong during Covid-19 in the local area and was not impacted as strongly as employment space within the town centres and high streets elsewhere in Dover District. Parking remains a key component for occupiers looking to lease a rural employment space and access to strategic routes such as the A2.
- 3.65 Many rural businesses face particular challenges to continued economic growth and prosperity, including poor infrastructure and access to facilities (such as high-speed broadband), low density of firms leading to a more inferior choice of local employment opportunities for rural residents, and limited access to affordable housing for employees in many areas. The availability of broadband and reasonable access is essential to ensuring the growth and expansion of the local rural economy and should continue to be recognised by relevant planning policy in the District.

## Summary

- 3.66 The key points in terms of commercial property market trends and dynamics in Dover District can be summarised as follows:
- Dover District's employment floorspace continues to be dominated by industrial uses, with the total stock having grown by 3.9% over four years between 2016 and 2020 (higher than across Kent and the South East as a whole). This growth has been driven by an increase in industrial floorspace, while the stock of office floorspace has slightly declined in overall terms.
  - The District is generally perceived as a good industrial location, and throughout the Covid-19 pandemic Dover District continued to see high levels of take-up of industrial floorspace and relatively low vacancy levels compared to other submarkets within Kent. Nevertheless, much of the District's industrial stock is ageing and of a relatively poor quality.
  - The office market in Dover District is smaller in scale and remains weaker than the industrial market, with Dover town and Discovery Park representing the only recognised office centres with notable concentrations of office stock. The key challenge in the current market is a reported lack of good quality office accommodation coupled with a lack of recent office development.

## 4.0 Future Requirements for Employment Space

- 4.1 This section updates the future growth scenarios presented in the original EDNA by drawing on the most up-to-date assumptions and data regarding future economic growth prospects for the District. It uses the latest local level economic forecasts for Dover District in order to consider short and longer term effects of the Covid-19 pandemic upon economic growth prospects for the District over the new Local Plan period.
- 4.2 In accordance with Planning Practice Guidance and for consistency with the original EDNA, it also considers the latest available monitoring data on past trends in completions of employment space in the District as a guide for future economic development needs.
- 4.3 The original EDNA also considered a ‘future labour supply’ based scenario of growth which drew on population assumptions underpinning the objectively assessed need for housing for Dover District from the 2017 Dover and Shepway Strategic Housing Market Assessment (SHMA). No update is required to this scenario, as the SHMA 2017 population projections (2014 based) still form the basis for the District’s housing requirement that is being planned for.
- 4.4 Outputs from the updated scenarios are presented for the new 20-year Local Plan period 2020 to 2040.

### Scenario 1: Labour Demand

- 4.5 Employment growth forecasts for Dover District during the period to 2040 were obtained from Experian’s April 2021 release (the latest available at the time of analysis). These take account of the latest Covid-19 position and revised macroeconomic assumptions more widely, including the Brexit agreement. They are used to consider impacts of the Covid-19 pandemic on the District’s economy, both in the short term and the effect on its forecast growth over the longer-term Plan period. These local level employment forecasts are consistent with Experian’s April 2021 UK macro forecast, with further detail on key assumptions summarised below.

#### **Experian Scenario Assumptions: April 2021**

*The recovery path from the pandemic has panned out broadly in line with expectations, with the national lockdown remaining in place until the end of March, and restrictions now being gradually eased. This precedes a strong rebound in growth in the second and third quarter of the year as the economy reopens, supported by a rapid vaccine rollout initially to the most vulnerable cohorts. Consumer spending drives the increase in output, as savings accrued during the lockdowns are spent and pent up demand comes through.*

*As we approach the end of the year, we expect the uplift from consumer spending to fade as the initial exuberance surrounding the reopening of the economy eases, and government support for households is withdrawn. In particular, the unemployment rate is expected to rise to 6.4% in 2021 Q4, coinciding with the end of the furlough scheme. Despite this we expect GDP to return to pre-pandemic levels by the end of the year.*

*In the longer term we expect the pandemic to cause a small degree of lasting damage to GDP levels as a portion of jobs in some of the most severely impacted sectors are permanently lost. The Brexit deal agreed with the EU in December was broadly in line with our expectations and any adverse impacts largely from non-tariff barriers to trade were already built into our baseline forecast.*

- 4.6 Reflecting the greater than usual degree of uncertainty and variability attached to the most recent forecasts, they may need to be re-considered closer to the Local Plan examination stage depending on how the economic situation changes in the intervening period.

### Implied Employment Change

- 4.7 Table 4.1 summarises employment change implied by the latest Experian forecasts by office, industrial and distribution uses as well as total employment change over the new Local Plan period. This includes an allowance for jobs in other sectors that typically use office, industrial or warehousing space.

Table 4.1 Forecast Employment Change in Dover District, 2020-2040

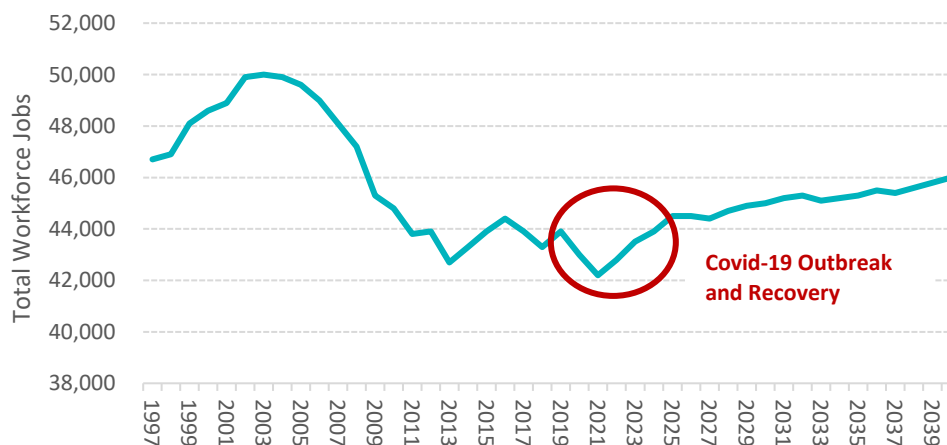
Use	Number of Workforce Jobs		Change (2020-2040)
	2020	2040	
Office E(g)(i)/(ii)	7,420	8,230	+805
Light Industrial E(g)(iii)	2,365	3,125	+760
Industrial B2	3,640	3,235	-400
Distribution B8	3,350	3,375	+25
<b>Total Employment Class Sectors</b>	<b>16,780</b>	<b>17,965</b>	<b>+1,190</b>
<b>Total Workforce Jobs</b>	<b>43,000</b>	<b>46,000</b>	<b>+3,000</b>

Source: Experian (April 2021) / Lichfields analysis

(totals rounded)

- 4.8 Under this scenario, total workforce jobs are expected to increase by 7% within the planning period resulting in an additional 3,000 workforce jobs in Dover District. Just under 40% of all job growth is expected to be within office, industrial and distribution sectors (i.e. sectors that typically use this space), with office and light industrial sectors driving the majority of this job growth. Distribution job growth is forecast to be much lower at just 25 jobs, while industrial sectors are forecast to decline in employment terms over the Local Plan period.
- 4.9 Figure 4.1 illustrates the trajectory of total job growth implied by the latest Experian forecasts for Dover District. Under this scenario, workforce jobs are expected to decline during the course of 2021 as labour markets effects of the Covid-19 pandemic are felt across the District, and current job protection schemes (namely the Coronavirus Job Retention Scheme) are withdrawn. The District's workforce job base is expected to recover to pre-pandemic levels by 2022/23, with steady growth then predicted for the remaining years of the Local Plan period to 2040.

Figure 4.1 Forecast Employment Growth in Dover District to 2040: Total Workforce Jobs



Source: Experian (April 2021) / Lichfields analysis



- 4.10 Table 4.2 below identifies the fastest growing and declining sectors in the District in employment terms during this 20-year period. Some of those sectors forecast to see the highest job growth typically fall within employment use classes, such as wholesale and the manufacture of computer & electronic products. The forecasts also suggest that wider sectors such as retail, social care and recreation will play a significant role in driving local job growth in future.

Table 4.2 Fastest Growing and Declining Employment Sectors in Dover District, 2020-2040

Sector	Forecast Change in Workforce Jobs 2020-2040	
	No	%
<b>FASTEST GROWING EMPLOYMENT SECTORS</b>		
Wholesale	700	35%
Manufacture of Computer & Electronic Products	600	85%
Retail	500	14%
Residential Care & Social Work	400	11%
Recreation	400	29%
Computing & Electronic Services	300	75%
Finance	300	50%
Professional Services	300	9.7%
Education	300	6.5%
<b>FASTEST DECLINING EMPLOYMENT SECTORS</b>		
Manufacture of Food, Drink & Tobacco	-600	-46%
Land Transport, Storage & Post	-400	-11%
Manufacture of Metal Products	-200	-50%

Source: Experian (April 2021) / Lichfields analysis

- 4.11 Those sectors forecast to see the largest employment losses in Dover District over the period to 2040 also include B class sectors, namely manufacturing and land transport, storage & post. This suggests that recent job decline within these sectors (as summarised earlier in Figure 2.4) is expected to continue over the coming years.

### Sensitivity Test: Pre-Covid Forecasts

- 4.12 Whilst the April 2021 local level Experian forecasts presented above reflect the latest economic outlook and recovery/growth assumptions, it is useful to compare and contrast these with equivalent pre-Covid forecasts to provide a 'stress test' of the moderating effect the pandemic is expected to have on the overall level and rate of job growth in Dover District over the Plan period.
- 4.13 Equivalent Experian data from March 2020 (i.e. preceding the outbreak of Covid-19) expected total workforce jobs within the District to increase by 9% within the planning period 2020-2040, resulting in 4,000 additional workforce jobs by 2040. 1,295 (32%) of these additional jobs were expected to fall within office, industrial and distribution sectors, again with office and light industrial sectors driving the majority of this job growth.
- 4.14 Under this scenario, an analysis of total workforce job growth from 1997 to 2040 shows a steady linear growth trend from 2018 to 2040, without the sharp decline in employment associated with the Covid-19 pandemic in 2020 and 2021. The total stock of jobs in Dover District in 2040 would be higher, at 48,500 jobs, partly reflecting the stronger job growth projection and partly reflecting a slight 're-basing' by the April 2021 forecasts of the local workforce jobs figure for 2020 in light of Covid-19 induced job losses.

- 4.15 This comparison inevitably underlines the significant economic impacts of Covid-19 upon the District's jobs base which has served to reduce the scale of local employment over the short term. Experian expect the local jobs base to return to pre-Covid levels by 2022/23, but in the wake of the pandemic, also forecast a lower scale of longer-term job growth over the Local Plan period to 2040 when compared with their pre-Covid outlook. However, the forecasts for office, industrial and distribution job growth are not significantly different across the two sets of forecasts (i.e. pre and post-Covid), suggesting that impacts are expected to be greatest for other sectors of the economy.

### Converting to Employment Space Requirements

- 4.16 The office, industrial and warehousing component of these employment growth forecasts are converted to future employment space requirements by applying the latest published job density figures for employment space, which take account of recent trends in occupancy for the different employment uses. The following average ratios have been applied:
- **Offices (E(g)(i)/(ii)):** 1 workforce job per 12.5 sqm;
  - **Light industrial (E(g)(iii)):** 1 workforce job per 47 sqm;
  - **General industrial (B2):** 1 workforce job per 36 sqm; and
  - **Warehousing (B8):** 1 workforce job per 65 sqm for smaller scale warehousing (assumed to account for 90% of warehousing stock in Dover District) and 1 workforce job per 71 sqm for medium scale, lower density units (assumed to account for 10% of total stock).
- 4.17 These assumptions are based on the latest HCA guidance on job density ratios produced in 2015. This guidance takes account of recent trends in terms of changing utilisation of employment space, including more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking. They all relate to Gross External Area (GEA).
- 4.18 An allowance of 8% is added to all positive floorspace requirements to reflect ideal levels of market vacancy in employment space (Table 4.3). Where a reduction in jobs is forecast (i.e. for B2 industrial), the associated negative floorspace was halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production approaches), it does not automatically follow that all of the existing employment floorspace will be lost.

Table 4.3 Net Employment Space Requirements (2020-2040): Labour Demand

Use	Employment Floorspace (GEA sqm)
Office E(g)(i)/(ii)	10,895
Light Industrial E(g)(iii)	38,480
General Industrial B2	-7,240
Distribution B8	1,680
<b>Total</b>	<b>43,815</b>

Source: Experian (April 2021) / Lichfields analysis (totals rounded)

## Scenario 2: Past Development Rates

- 4.19 Past development rates reflect market demand and actual development patterns, so can provide a reasonable basis for informing future space needs. Whilst forecasts show job growth in net terms, past trend-based analyses take account of historic patterns in employment space development and the role that recycling of sites can play in terms of supporting employment uses in an economy.
- 4.20 Monitoring data on past completions of B class space between 2015/16 and 2019/20 has been provided by the Council (and analysed in more detail in Chapter 3.0). During this period, average annual net completions for B class uses in Dover District amounted to 5,255 sqm (see Table 4.4).
- 4.21 Gross completions were higher, at an average of 8,320 sqm per year. The difference between these figures reflects employment floorspace that has been lost to other uses (further detail provided in Chapter 3.0).

Table 4.4 Annual Completion Rates of Employment Space in Dover District, 2015/16 to 2019/20

Use	Net Annual Completions (sqm)	Gross Annual Completions (sqm)
Office (B1a/B1b)	-905	890
Light Industrial (B1c)	1,170	1,420
General Industrial (B2)	2,375	2,770
Distribution (B8)	1,720	2,190
Mixed B	890	1,050
<b>Total</b>	<b>5,255</b>	<b>8,320</b>

Source: Dover District Council / Lichfields analysis

Note: Totals rounded

- 4.22 One view of future growth in Dover District could assume that these past development trends carry on in the future at this most recent five-year average. Over the 20-year Local Plan period (2020-2040), this would equate to an overall increase of 104,980 sqm of employment space, as summarised below in Table 4.5.

Table 4.5 Net Employment Space Requirements (2020-2040): Past Development Rates

Use	Assumed Net Annual Floorspace Change (sqm)	Net Floorspace Requirements 2020-2040 (GEA sqm)
Office (B1a/B1b)	-905	-18,120
Light Industrial (B1c)	1,170	23,400
General Industrial (B2)	2,375	47,500
Distribution (B8)	1,720	34,400
Mixed B	890	17,800
<b>Total</b>	<b>5,255</b>	<b>104,980</b>

Source: Dover District Council / Lichfields analysis

Note: Totals rounded

## Land Requirements

4.23 These floorspace figures are then translated into land (ha) requirements for office, industrial and warehousing uses. This takes account of the total land/site area typically needed to accommodate these uses, factoring in requirements relating to premises, car parking, space for lorry turning, landscaping etc. The following plot ratio assumptions are applied to the floorspace estimates presented above to reflect the pattern of development in Dover District:

- **Industrial and warehousing:** a plot ratio of 0.4 is applied so that a 1.0 ha site would be needed to accommodate a footprint of 4,000 sqm of employment floorspace; and
- **Offices:** assumed that 50% of new floorspace would be in lower density developments with a plot ratio of 0.4, and 50% in higher density urban/town centre locations at a plot ratio of 2.0.

## Planning Requirements

4.24 It may be appropriate for the Council to make an allowance for the replacement of future losses of employment space that may be developed for other (non-office/industrial) uses over the plan period. Where such an allowance is factored into future employment space needs, it seeks to ensure that sufficient space is re-provided to account for employment space that could be lost moving forwards. It is intended, therefore, to provide some protection against the erosion of employment space over the plan period.

4.25 There are typically four approaches to calculate the level of this allowance, including:

- 1 Forecast the quantity of floorspace that will be lost in future and assume that a high proportion of this space will need to be replaced. The issue here is that there is no robust or scientific way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, the authority needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past.
- 2 Make an overall adjustment to the growth scenarios considered to give an allowance for some replacement. This is a simple approach but may be based on a fairly broad assumption.
- 3 Monitor the loss of employment space through regular reviews in the Local Plan. This would avoid the need to make assumptions about the future loss of employment space and base it on robust data. If these periodic reviews indicate a loss of high quality, occupied floorspace and vacancy rates continued to be low, the Council could take steps to replace this space by increasing the floorspace requirement accordingly. However, any Local Plan review reflecting the monitoring findings would take some years to come forward.
- 4 As part of the employment evidence the Council reviews through a qualitative assessment the existing employment sites and areas, to identify those which could or should be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative use, such as housing. Based on this assessment, the employment land calculation can develop different scenarios to illustrate possible futures, and plan for new sites accordingly.

4.26 The resulting 'gross' floorspace and land requirements (or 'planning requirements') for Dover District are set out in Table 4.6 overleaf. These include a 10% 'buffer' allowance for such factors as delays in development sites coming forward, and replacement of some ongoing losses of employment space during the Local Plan period. This is consistent with the original EDNA methodology.

Table 4.6 Gross Employment Space and Land Requirements (2020-2040)

Use	1. Labour Demand 2020 to 2040		2. Past Development Rates 2020 to 2040	
	Floorspace (GEA sqm)	Land (ha)	Floorspace (GEA sqm)	Land (ha)
Office E(g)(i)/(ii)	11,985	1.8	-18,120	-2.8
Light Industrial E(g)(iii)	42,330	10.6	25,740	6.4
General Industrial (B2)	-7,240	-1.8	52,250	13.1
Distribution (B8)	1,850	0.5	37,840	9.5
Mixed B/E	-	-	19,580	4.9 <sup>‡</sup>
<b>Total</b>	<b>48,925</b>	<b>11.1</b>	<b>117,290</b>	<b>31.1</b>

Source: Lichfields analysis (totals rounded)

Note: Additional 'buffer' allowance has not been applied where net requirement is negative

‡ Assumes 0.4 plot ratio for mixed B/E

## Synthesis

- 4.27 This study considers two updated economic growth scenarios for Dover District, based on the latest local level economic forecasts and trends in completions of employment space across the District.
- 4.28 The updated **labour demand growth scenario** draws on Experian's April 2021 economic forecast to consider short and longer term effects of the Covid-19 pandemic upon economic growth prospects for the District over the Local Plan period. Whilst they understandably show some significant disruption in the short term as the local employment base contracts as a result of the Covid-19 pandemic, the District's job base is expected to recover to pre-pandemic levels by 2022/23 and then record steady growth for the remaining years of the Local Plan period to 2040. Just under 40% of all job growth is expected to be within office, industrial and distribution sectors, with office and light industrial sectors driving the majority of this growth.
- 4.29 The overall scale of employment growth implied by the latest Experian forecasts is not dissimilar to that implied by equivalent forecasts analysed as part of the 2017 EDNA (taken from Experian's September 2016 release), but crucially, expects office, industrial and distribution sectors to make a much bigger contribution to job growth over the Local Plan period to 2040. This results in a significantly higher employment land requirement for the 20-year period of 11.1ha, compared with -0.8ha in the 2017 EDNA (covering a 21-year period to 2037). The vast majority of this requirement relates to light industrial uses, with just 1.8ha relating to office uses. It also assumes that recent patterns of job decline across the District are reversed, as the economy recovers from Covid-19 and grows over the longer term.
- 4.30 The updated **past development rates scenario** draws on latest monitoring data which indicates that the District's stock of employment space has been gradually increasing over the past few years. If the last five-year development trend were to continue over the Local Plan period to 2040, this would require over 117,000 sqm or 31ha of employment land, and could accommodate a range of mainly industrial and mixed office/industrial uses.
- 4.31 The scale of requirement associated with this second scenario differs significantly from equivalent analysis presented in the 2017 EDNA, which generated a requirement for just 1ha under the past development rates approach (covering a 21-year period to 2037). This reflected the fact that the years preceding 2017 (up to 2015) saw a gradual erosion of employment space in Dover District, driven by ongoing losses of office space in particular. Including these previous losses in a longer-term trend would act to reduce the scale of employment land requirement

presented above, which is based on the most recent five-year period during which there has been a notable increase in development activity locally.

## 5.0

## Review of Supply Portfolio

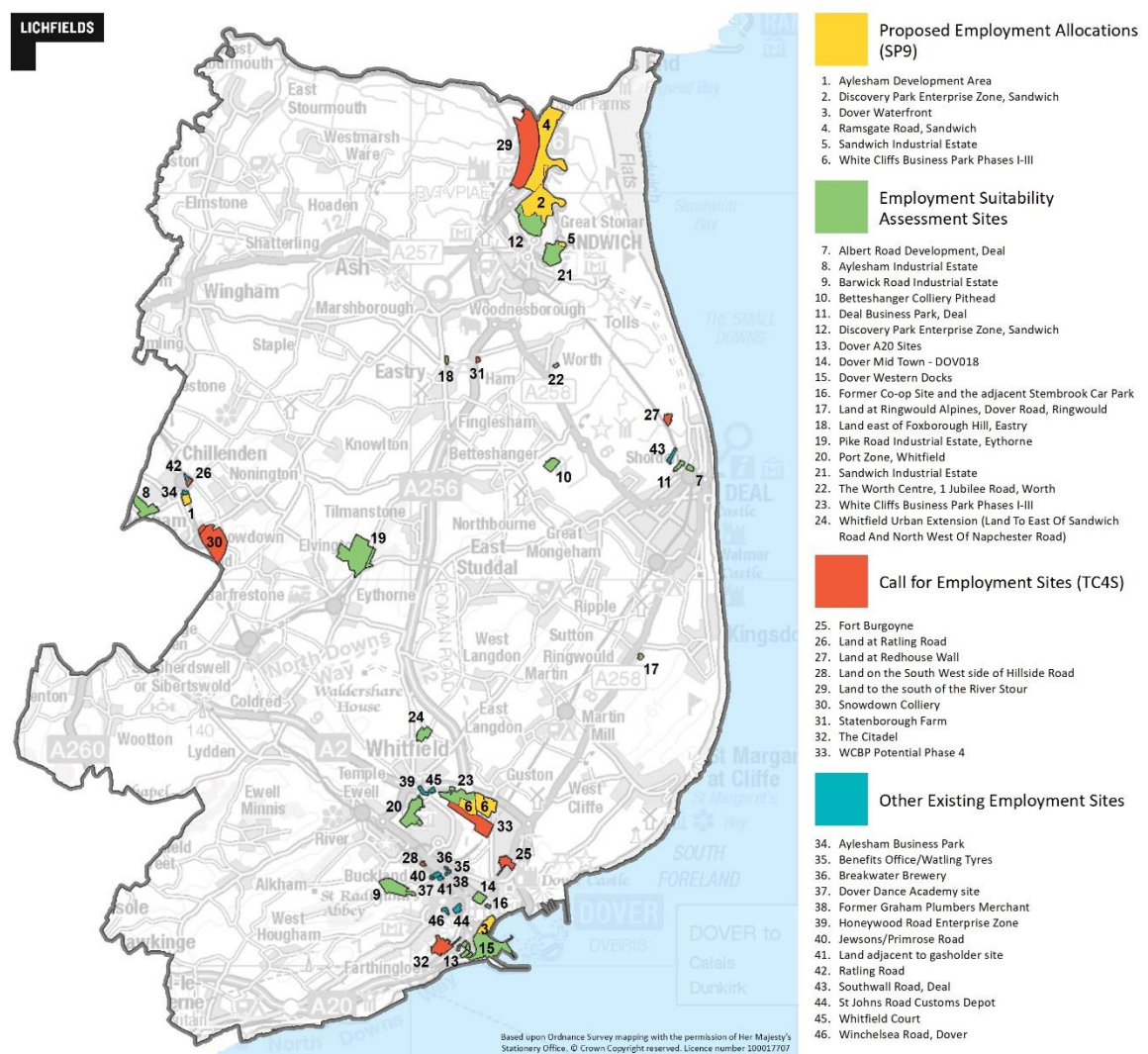
## 5.1

In order to support future economic development in the District over the new Local Plan period, and beyond, it is important that the area has a suitable portfolio of employment sites that are capable of meeting local business needs. This chapter reviews and assesses the potential of available employment land to meet the needs for employment development identified as part of this EDNA update study.

## 5.2

In consultation with the Council it was agreed that the assessment should focus on 46 sites that are either currently in employment use or have been considered for allocation through the new Local Plan for employment use. The location of these sites is shown in Figure 5.1 below.

Figure 5.1 Map of Sites Assessed



Source: Lichfields

## 5.3

A high-level appraisal has been undertaken to consider the development potential/capacity of each site to accommodate employment growth, and their suitability, availability and achievability to meet employment needs and deliver the Council's economic growth strategy. This draws on analysis prepared by the Council in accordance with its wider Housing and



Economic Land Availability Assessment (HELAA) methodology. A summary of the outputs from this site appraisal exercise is presented below.

- 5.4 It should be noted that Whitecliffs Business Park features within three of four site assessment categories below, reflecting the different parcels of land that form the overall Business Park and their respective position in the planning process. Phase 1 is largely built out and operational, while Phases 2 and 3 are at development stage. A Phase 4 has been proposed by the land owner/developer through the recent call for sites, but currently has no planning status.
- 5.5 Discovery Park in Sandwich is also included twice, again to reflect the component parcels of land at the Enterprise Zone. The majority of the existing science park is proposed as a strategic employment allocation, while the largely undeveloped parcel of land to the south is included within the second assessment category, albeit has extant planning permission for residential/mixed use development.

### 1) Proposed Employment Allocations

- 5.6 In preparation for the new Local Plan, Council Officers have undertaken a high-level Employment Land Review as part of the wider HELAA<sup>6</sup>. This considered 43 employment sites, of which six have subsequently been identified by the Council as strategic employment allocations within Strategic Policy 9 (SP9) of the draft Local Plan.

#### White Cliffs Business Park, Whitfield

- 5.7 Located to the north of Dover town in Whitfield, this represents Dover's premier employment site and benefits from a large quantum of readily available developable land and excellent road access onto the A2. However, the site has struggled to come forward for new B class development over recent years, in part due to viability issues limiting interest by investors to promote B class uses within the site. Retail development has started to erode the longer term employment potential of parts of the site. The site will have links to Dover Town centre through the Bus Rapid Transit (BRT) project, creating improved links and connections. The site is suitable for a range of B1 (now Class E), B2 and B8 uses and should be protected for these uses across the remaining developable land. Phase 1 is largely complete, Phase 2 has outline planning consent and there are potential commitments for Phase 3 yet to reach the planning stage.
- 5.8 Feedback from the site owner and developer, Citycourt Developments, indicates that market and occupier demand has picked up more recently, with active interest having been received from a number of local and wider companies to take-up the remaining c.4ha of Phase 2 land. This is reported to be partly due to improved infrastructure and road access to the site as well as an increasing focus on Dover's commercial property market following Brexit, particularly amongst haulage and logistics operators.
- 5.9 The Department for Transport (DfT) has brought forward proposals under a Special Development Order to create a temporary Inland Border Facility (IBF) on Phase 3 of the Whitecliffs Business Park. The scale of the original IBF proposal has recently been significantly reduced, and as a result, will leave quite a significant quantum of land available within Phase 3 of the Whitecliffs Business Park for employment purposes (albeit with details still to be confirmed). In view of the IBF, Citycourt Developments had proposed a Phase 4 parcel of land through the recent call for sites as a 'like-for-like' replacement for the Phase 3 land expected to be lost through the IBF.

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<sup>6</sup> Further detail can be found in the final HELAA report: <https://www.doverdistrictlocalplan.co.uk/uploads/pdfs/housing-and-economic-land-availability-assessment-dec-2020.pdf>



### Aylesham Development Area, Aylesham

- 5.10 This site represents an existing allocation and an undeveloped plot of land adjoining a relatively new industrial terrace development and serviced offices on the edge of Aylesham. It appears to provide a good extension opportunity, although past development by 'Aylesham Community Project' is unlikely to have taken place on a normal market basis. The site is situated within good proximity to the local centre, community facilities and Aylesham train station yet is constrained in terms of access (particularly for HGV movements). Potential to come forward in conjunction with additional homes in Aylesham to create sustainable mixed employment opportunities.

### Sandwich Industrial Estate, Sandwich

- 5.11 Located to the northeast of Sandwich Town, this is a relatively well performing site that has good access to the strategic road network and local services, supports a mix of uses and appears to be mostly at full occupancy. Part of the estate that had remained undeveloped is now being built-out for housing, which could potentially undermine the long-term role of the site in supporting local business needs. Nevertheless, there is potential for further development of employment uses at the site, including redevelopment/ intensification.

### Discovery Park, Sandwich

- 5.12 Discovery Park Enterprise Zone, formerly Pfizer's Research and Development facility, at Sandwich has an established employment function. The site benefits from good access to the strategic road network and Manston Airport. It is the largest employment site in the District, has been an Enterprise Zone since 2011 and benefits from a Local Development Order (LDO) which removes the need to make planning applications for some types of development on the site. There is scope for redevelopment on site to accommodate a greater critical mass of activity in future, although it is likely that additional land will be required within the plan period to accommodate further expansion outside of the existing site boundary.

### Ramsgate Road, Sandwich

- 5.13 A sprawling industrial area to the north of the Discovery Park Enterprise Zone that currently supports a mix of lower value uses. The site appears to be performing reasonably well and existing employment uses along this area benefit from good access to the strategic road network and Manston Airport. There is no remaining developable land but potential for further intensification of uses to capitalise on the location and accessibility, and to support future expansion/spill-over of the Enterprise Zone over the longer term.

### Dover Waterfront

- 5.14 Dover Waterfront is centred on Wellington Dock in Dover's Western Docks and is currently subject to a multi-million pound regeneration project (Dover Western Docks Revival Project) to transform the seafront and deliver a new marina, cruise ship terminal, cargo terminal and distribution centre. The site is currently allocated as a strategic site in the Dover District Core Strategy for mixed use re-development including employment uses (former B1, now Class E). The site's proposed designation as a strategic allocation coincides with the wider strategic and economic growth aims for Dover Town.
- 5.15 These six sites collectively comprise over 180ha of land located within and on the edge of the District's key settlements of Dover town, Sandwich and Aylesham. While most have been allocated for employment or mixed uses for some time, some have failed to come forward for employment uses in recent years due to a combination of site viability challenges and market demand.

- 5.16 The Council estimate that these six sites collectively offer development potential for over 102,000sq.m of B class space, the vast majority (85%) concentrated at White Cliffs Business Park through the remainder of Phase 1, and subsequent Phases 2 and 3.

## 2) Employment Suitability Assessment Sites

- 5.17 This category comprises 18 of the residual employment sites taken forward by Council Officers to the suitability assessment stage of the Employment Land Review, but not identified as strategic employment allocations within the draft Local Plan. Most of these sites accommodate active business uses, and some are included within draft Local Plan 'DM Policy 19: Retention of Existing Employment Sites'.
- 5.18 Collectively these sites comprise over 250ha of land distributed across 18 sites within the District's key settlements and also some smaller settlements and more rural locations (see Figure 5.1). Most of the sites accommodate some form of existing and established business use (B class and wider uses) while some are cleared brownfield (Albert Road Development, Deal) and greenfield (Whitfield Urban Extension).
- 5.19 As part of the HELAA, Council Officers have undertaken a high-level appraisal of these 18 sites, focusing on their overall suitability and development capacity they offer for meeting the District's business needs. This notes that the sites vary in terms of quality, levels of occupancy and relative market demand. The assessment concludes that most should be protected for employment uses, reflecting the important role they play in accommodating business activity, while others lend themselves to a more flexible, mixed use approach that enables employment uses to come forward alongside other economic activity.
- 5.20 The Council note that 9 of the 18 sites offer capacity for additional B class development, equivalent to just under 102,000sq.m of B class space in total. The majority (86%) of this development capacity relates to the Whitecliffs Business Park site Phases 1-3 (which is also included within the SP9 employment allocations category above). Beyond this, development capacity is relatively limited across the other sites (c.14,000sq.m) and generally relates to sites that are associated with identified challenges to development such as viability and market demand (e.g. Betteshanger Colliery Pithead), flooding (e.g. Dover Mid Town), and access constraints (e.g. Land at Ringwould Alpines).

## 3) Call for Sites: Employment Sites

- 5.21 A call for sites was undertaken in early 2021 as part of the Local Plan Regulation 18 consultation in order to identify additional employment land.
- 5.22 Nine sites were submitted for employment uses, which collectively total just over 190ha of land. Four are located in Dover town, with the remaining five located north of Sandwich, near Aylesham and within more isolated rural locations.
- 5.23 Based on information submitted by land owners/promoters as part of the call for sites, each of these sites could potentially be suitable, available and achievable for meeting Dover District's future employment needs, subject to further assessment as additional information becomes available, including information on expected development capacity. In particular, the initial call for sites exercise identifies a number of potential constraints that would need to be overcome, for instance relating to the requirement for upfront infrastructure, heritage issues, neighbouring residential uses, flooding, and highways capacity.
- 5.24 One of the nine submitted sites comprises a potential Phase 4 of White Cliffs Business Park, earlier phases of which are included in categories 1 and 2 above. As noted above, this was

intended as a 'like-for-like' replacement for the Phase 3 land expected to be lost through the IBF, which will now require less land take than previously envisaged.

#### 4) Other Existing Employment Sites

- 5.25 The final category comprises a further 13 existing, developed employment sites in the District. These sites have been identified through an analysis of existing employment floorspace in the District (as set out in Chapter 3.0) and through consultation with the Council. They collectively represent just over 17ha of land area, largely comprise smaller sites within Dover town, and do not currently have any formal planning policy status.
- 5.26 The sites accommodate a varied mix of uses, including traditional 'B class' uses and other business activity such as retail, community uses, trade counter uses and Government uses (such as HM Customs depot). Premises quality and vacancy varies considerably while some sites such as the land adjacent to gasholder site in Dover town is currently vacant/cleared. Development capacity is generally quite limited across the 13 sites either because of densities associated with existing uses or as a result of their urban/town centre location which inevitably limits future (re)development prospects for industrial uses in particular.
- 5.27 Given that none of these sites currently benefit from planning policy status or designation, the Council should consider granting more formal protection to the better performing employment sites that represent established business locations and where the majority of uses fall within the 'traditional B use classes'. This would help to maintain a good supply of employment land and space for the District's business base and offer both existing and future occupiers a greater degree of confidence to invest in ongoing improvement and (re)development of premises.
- 5.28 Candidates for more formal planning protection, and potentially subject to draft Local Plan policies DM19 and DM20, include Honeywood Road Enterprise Zone in Dover, Southwall Road in Deal and Aylesham Business Park. Where sites are occupied by largely non B uses and/or poorer quality stock that fails to meet the requirements of modern business occupiers there would appear to be limited rationale in extending planning policy protection.

## 6.0 Conclusions and Policy Implications

- 6.1 This final section summarises the key implications of the preceding analysis to inform the Council's emerging Local Plan strategy with regard to employment uses.

### Economic Performance

- 6.2 An analysis of recent economic trends within Dover District since the original EDNA was undertaken in 2017 identifies varied economic characteristics and performance, with significant scope to boost the District's contribution to Kent's wider growth over the new Local Plan period. The pattern of employment decline identified in the 2017 EDNA has continued over the last few years, compounded by labour market disruption associated with the Covid-19 pandemic and related temporary 'shutdowns' of large parts of the economy. Population growth has also lagged behind other parts of Kent and the wider South East, and the District underperforms on key enterprise indicators such as business start-up and survival.
- 6.3 Yet there are also more promising signs that parts of the District's economy are improving and becoming more resilient, with comparatively high workforce productivity, improving qualification attainment amongst local residents and with growth of the District's working-age population expected to outpace county, regional and national averages over the coming years.
- 6.4 From a commercial property market perspective, latest market signals data suggest that whilst development viability remains a challenge in some parts of the District, the pace of employment development has accelerated since the 2017 EDNA, driven in particular by industrial sectors, with Dover District becoming increasingly popular with occupiers following Brexit and the opportunities this has created in proximity to the Port of Dover (including the forthcoming Inland Border Facility at Whitfield). Meanwhile, shifting working practices induced and accelerated by Covid-19 (including increasingly hybrid working) offer significant opportunities for locations like Dover to accommodate more of its resident workforce locally, within well located, flexible and attractive workplaces.

### Future Requirements for Employment Space

- 6.5 This EDNA update considers two updated economic growth scenarios for Dover District, based on Experian's latest local level economic forecasts and the most up-to-date trends in completions of employment space across the District.
- 6.6 The updated labour demand growth scenario draws on Experian's April 2021 economic forecast to consider short and longer term effects of the Covid-19 pandemic upon economic growth prospects for the District over the Local Plan period. This suggests that the District's job base could recover to pre-pandemic levels by 2022/23 and then record steady growth for the remaining years of the Local Plan period to 2040. The overall scale of employment growth implied by the latest Experian forecasts is not dissimilar to that implied by equivalent forecasts analysed as part of the 2017 EDNA, but by comparison, expects office, industrial and distribution sectors to make a much larger contribution to job growth over the Local Plan period to 2040. This results in a significantly higher employment space requirement for the 20-year Plan period of 48,925 sq.m or 11.1ha in land terms, compared with -0.8ha in the 2017 EDNA (covering a 21-year period to 2037). The majority of this requirement relates to light industrial uses. It also assumes that recent patterns of job decline across the District are reversed, as the economy recovers from Covid-19 and grows over the longer term.
- 6.7 The updated past development rates scenario draws on latest monitoring data which indicates that the District's stock of employment space has been gradually increasing over the past few years. If the last five-year development trend were to continue over the Local Plan period to

2040, this would require over 117,000 sq.m or 31ha of employment land, and could accommodate a range of mainly industrial and mixed office/industrial uses. The scale of this requirement also significantly exceeds equivalent analysis presented in the 2017 EDNA, which was based upon earlier monitoring data showing a gradual erosion of employment space by comparison.

- 6.8 The 2017 EDNA also included a third scenario based on anticipated growth in the District's labour supply, drawing on demographic analysis from the 2017 SHMA. This has not been updated given that the underpinning population growth assumptions still form the basis for the District's housing requirement that is being planned for. It generated an employment land requirement of -3.1ha (covering the period 2016-2037) and as such, is not considered to provide a positive basis for planning for economic growth in the District over the new Local Plan period.
- 6.9 A key limitation of these updated scenarios is that they represent a 'business as usual' view of future economic growth in Dover District, based on past/recent trends in both job growth and B use class development. The Council has a clear aspiration to introduce a step change in the delivery of economic growth within the District, as reflected within its new Economic Growth Strategy. This identifies a number of growth opportunities and projects (such as The Citadel, Western Heights, Dover Waterfront/Wellington Dock and Snowdown Park) which collectively offer the potential to achieve a higher level of job growth than implied by the latest Experian forecasts, and could therefore require a higher quantum of employment space to accommodate associated activity over the new Local Plan period to 2040. The step change nature of these development projects means that the scale of job generation is not reflected within the baseline job demand forecasts, which reflect past trends and a 'business as usual' trajectory of growth.

### Demand/Supply Balance

- 6.10 The Council's latest monitoring data (as at September 2021) provides information on extant planning permissions and land availability for employment uses. Based on this information, the space available to help meet future needs in Dover District is estimated to comprise 179,407 sq.m of 'B class' space across a number of development plan allocations and other extant planning permissions, as shown in Table 6.1 below.

Table 6.1 Supply of Employment Floorspace in Dover District (at September 2021)

Source	Employment Space Supply (sq.m)						
	Office (B1a/b)	Light Industrial (B1c)	Mixed B1	Industrial (B2)	Distribution (B8)	Mixed B1-B8	Total B Class
<b>Development Plan Allocations</b>							
Aylesham Development Area*			4,000	4,000			<b>8,000</b>
White Cliffs Business Park Phase 1	1,700		602		603		<b>2,905</b>
White Cliffs Business Park Phase 2			9,596	9,715	8,348		<b>27,659</b>
White Cliffs Business Park Phase 3			10,200	18,200	22,000		<b>50,400</b>
Betteshanger Colliery Pithead	2,500						<b>2,500</b>
Discovery Park, Sandwich		3,428		3,008	2,966	40,269	<b>49,671</b>
<i>Development Plan Allocation Sub Total</i>	<b>4,200</b>	<b>3,428</b>	<b>24,398</b>	<b>34,923</b>	<b>33,917</b>	<b>40,269</b>	<b>141,135</b>
<b>Extant planning permissions</b>							
Permissions not already counted in above (see Appendix 2)	3,207	3,439	-318	12,749	2,496	16,700	38,272
<b>Total</b>	<b>7,407</b>	<b>6,867</b>	<b>24,080</b>	<b>47,672</b>	<b>36,413</b>	<b>56,969</b>	<b>179,407</b>

Source: Dover District Council (totals rounded)

Note: Office (B1a/b) and light industrial (B1c) now included in Use Class E

\*Split of use classes estimated based on original allocation in 2002 Local Plan

- 6.11 The new Local Plan proposes to make a number of additional site allocations, some of which are likely to provide further capacity for employment space development over the new Plan period including Dover Waterfront, Snowdown Colliery, The Citadel, Fort Burgoyne and Whitfield Urban Extension. These sites could collectively provide over 20,000 sq.m of employment floorspace, but are excluded from Table 6.1 given their current lack of formal planning status.
- 6.12 Just over half of this 179,407 sq.m supply is industrial (B1c, B2, B8) in nature, with a further 45% expected to accommodate a mix of B use classes so is relatively flexible in nature. Just 4% of available floorspace relates to office uses specifically.
- 6.13 Phases 1, 2 and 3 of White Cliffs Business Park collectively comprise 45% of all supply, followed by Discovery Park which accommodates a further 28%. However, it should be noted that the proposed Inland Border Facility on Phase 3 of White Cliffs Business Park could significantly reduce the scale of employment land supply available across this location. Beyond this, limited employment land supply is available within the District's key settlement of Deal.
- 6.14 A broad comparison of estimated demand for employment space (based on the updated growth scenarios presented in Chapter 4.0) against currently identified supply, as shown in Table 6.2, implies that Dover District would have sufficient employment space in quantitative terms up to 2040 to meet the needs arising from both the baseline job growth scenario (scenario 1) and the past take-up based scenario (scenario 2).

Table 6.2 Demand/Supply Balance to 2040

	1. Labour Demand	2.Past Development Rates
Requirement for employment space (GEA sq.m)	48,925	117,290
Available employment space (sq.m)	179,407	
<b>Surplus / shortfall (sq.m)</b>	<b>+130,482</b>	<b>+62,117</b>

Source: Lichfields analysis

- 6.15 However, the position is more varied when considered by specific employment use, as shown in Table 6.3. Whilst the available supply should broadly be sufficient to meet identified office, general industrial and distribution needs, a shortfall emerges with regards to light industrial use. As noted above, a significant proportion of available supply is for a flexible mix of 'B class' uses, so could help to address this 'gap' in relation to light industrial uses depending on the form of development that comes forward.

Table 6.3 Demand/Supply Balance to 2040 by Use

Use	Floorspace Requirement (GEA sqm)		Available Supply (sqm)	Overall Balance
	1. Labour Demand	2.Past Development Rates		
Office E(g)(i)/(ii)	11,985	-18,120	7,407	
Light Industrial E(g)(iii)	42,330	25,740	6,867	
General Industrial (B2)	-7,240	52,250	47,672	
Distribution (B8)	1,850	37,840	36,413	
Mixed B/E	-	19,580	81,049	
<b>Total</b>	<b>48,925</b>	<b>117,290</b>	<b>179,407</b>	

Source: Lichfields analysis

Key: Green = Surplus, Orange = Broadly Balanced, Red = Shortfall



## Discovery Park

As noted in Table 6.1 above, Dover District Council monitoring data suggests that just under 50,000 sq.m of 'B class' development potential remains at Discovery Park. This is based on the Parameter Plan and Development Schedule submitted as part of an outline planning application in 2014 for the redevelopment of the site (to include demolition of some existing buildings, change of use of some existing buildings, the provision of new commercial space alongside residential development<sup>7</sup>) and a review of planning and development activity that has taken place on site since then. Reflecting feedback from the operators of Discovery Park, this estimated development capacity relates solely to the north western parcel of land shaded in yellow in the master plan map below, although further development potential may remain elsewhere across the site.

Figure 6.1 Discovery Park Master Plan



Source: Discovery Park

## Meeting Future Needs

- 6.16 In the context of planning for sustainable economic growth, **it is recommended that the Council consider planning to accommodate at least the labour demand (job growth) based requirement (scenario 1) to ensure that business growth potential is not constrained by lack of spatial capacity in future. This requirement is equivalent to 48,925 sq.m or c.11ha of employment space over the 20-year Local Plan period to 2040.** It is based on the latest macro-economic outlook which expects the District's economy to recover to pre-Covid levels of economic activity by 2022/23 and then record steady growth for the remaining years of the Plan period. It represents a relatively optimistic trajectory of growth which assumes that recent patterns of job decline across the District are reversed over the coming years, with the District's economy accommodating an additional 3,000 workforce jobs by 2040.
- 6.17 The second scenario considered in this EDNA update generates a higher employment space requirement (117,290 sq.m or 31.1ha) and reflects recent patterns of 'B class' development in the District which have accelerated over the past few years. **It provides an indication of the scale of market potential for employment development should sufficient land in the right place be made available for developers and business occupiers in the District.**

<sup>7</sup> Planning application reference 14/00058

- 6.18 When compared with the latest position in terms of identified pipeline employment land supply in Dover District, allocations and extant planning permissions would provide more than sufficient employment space in quantitative terms to accommodate requirements arising under both future growth scenarios to 2040.
- 6.19 A key caveat to note is that if the supply position changes from that set out in Table 6.1 above then this could impact upon the overall balance outlined here. For instance, the single largest source of supply – at Phase 3 of White Cliffs Business Park – could reduce significantly through development of the proposed Inland Border Facility. In this case, remaining available supply would still be sufficient in quantitative terms to accommodate both growth scenarios but the overall demand/supply balance would be considerably tighter.
- 6.20 From a more qualitative market perspective, a significant share of the identified employment space supply is located on the edge of Dover town at Whitfield, at Discovery Park in Sandwich and to a lesser extent at Aylesham in the west of the District. This generally aligns well with the status of White Cliffs Business Park and Discovery Park as the District's two premier business and employment locations, although as noted above the quantum of pipeline supply at White Cliffs Business Park could reduce significantly if the Inland Border Facility is implemented.
- 6.21 By contrast, supply is much more limited in and around the District's other key settlement of Deal, which supports a relatively buoyant commercial property market. Whilst c.50,000 sq.m of employment development capacity has been identified at Discovery Park, the relatively specialist nature of this site, and the uses occupied within it, suggest it is largely distinct from the wider commercial property market in the District and so may not be able to cater for more general business needs in the north of the District. Beyond Discovery Park, very little development capacity exists in and around Sandwich. Given the strength of the life sciences and related sectors, it is also possible that Discovery Park's future growth needs could extend well beyond the c.50,000 sq.m on-site development capacity identified as part of this EDNA Update.
- 6.22 Coupled with the aforementioned risks associated with a large part of the District's employment land supply, this suggests **there is scope for the Council to consider some selective allocation of additional sites over and above existing employment allocations in order to provide additional flexibility and choice to the market over the new Local Plan period**, particularly within those areas of strongest market demand and to support a balanced distribution across the District's main settlements. The site appraisal analysis presented in this EDNA update, which draws on the Council's wider HELAA work, provides a key starting point for selection and further assessment.
- 6.23 This could lead to a position of some degree of employment land over-provision within the District's new Local Plan, through an approach which actively seeks to make provision over and above the identified need for employment land, and in turn keeping this under regular review. This would help the Council to prepare for the uncertainties that continue to exist post Covid-19 and post Brexit by offering maximum choice and flexibility to those wishing to invest or to reinvest in employment-creating activities. Such an approach is also reinforced by the District's new Economic Growth Strategy which looks to position Dover District as a leading destination to invest, live, work, visit and study, in part by securing high-quality, deliverable sites that can meet business growth needs and respond quickly to investment opportunities. The NPPF is clear that planning policies should positively and proactively encourage sustainable economic growth that is aligned with local policies for economic development and regeneration, so the new Economic Growth Strategy is a key consideration in this respect.
- 6.24 Reflecting the scale of pipeline employment land that has the potential to become available for use over the study period, the flexibility associated with much of this supply in terms of the mix of B class uses that could come forward, and the resulting surplus of employment land that



could arise under the growth scenarios considered by this study, **it is recommended that the Council identifies a realistic delivery trajectory for these employment sites to understand which sites offer the greatest prospects of accommodating employment (B and E class) development over the period to 2040.** This should evidence how the District's portfolio of allocations and other development opportunities will support delivery of new space over the short, medium and long-term (structured broadly in five-year periods) in a similar approach to five-year housing land supply assessments as required by PPG.

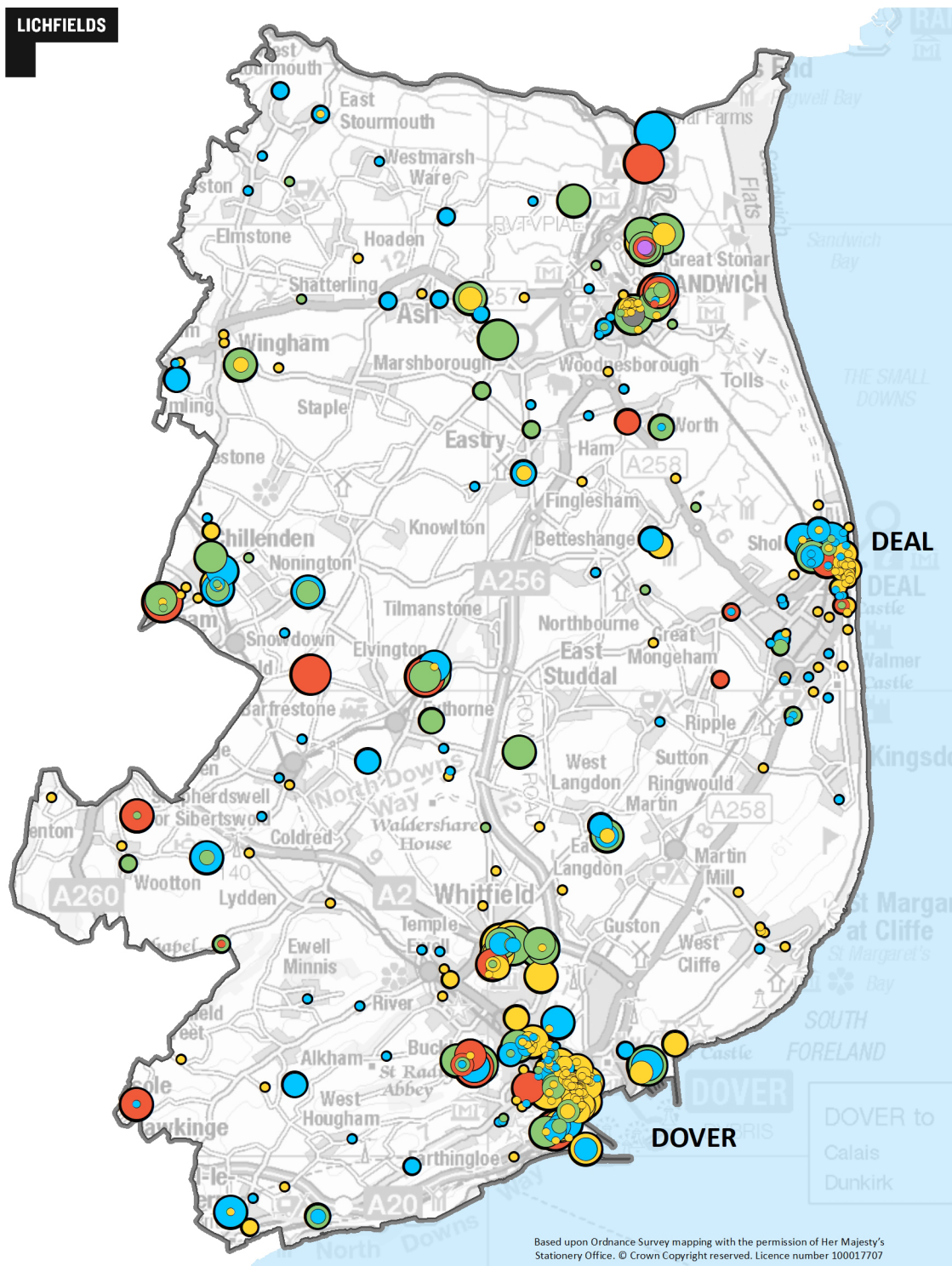
### Implications of Use Class Order Changes

- 6.25 From 1 September 2020, the former A1, A3, B1, D1 and D2 use classes are merged into a new Class E "Commercial, Business and Services" Use Class in England. B2 and B8 Use Classes remain unaffected, but changes affecting other classes have also been introduced.<sup>8</sup>
- 6.26 The Government's stated rationale for the change is to better reflect the diversity of uses found on high streets and within town centres, and to provide the flexibility for businesses to adapt and diversify. Notwithstanding this, the effect of the changes is not limited to town centre locations. This means that Class E affects any buildings within the relevant uses, including those within the former B1 Use Class in designated (including out-of-town) employment areas.
- 6.27 In December 2020, the Government began a consultation on a variety of further changes to permitted development rights, and a new Class MA business and commercial to residential permitted development right (PDR) has replaced and introduced certain commercial to residential PDRs from 1 August 2021. The new class MA is different to the previous office to residential PDR, with several different limitations and conditions. Delivering housing is the Government's priority and the Class MA PDR emphasises this.
- 6.28 Former use Class B1 (business) will benefit from the Class MA PDR which effectively reduces the scope of office to residential permitted development and is subject to floorspace, vacancy and location limitations. It does not apply if more than 1,500 sq.m of cumulative floorspace is to be converted, so represents a significant new restriction for office to residential change of use via permitted development.
- 6.29 To benefit from Class MA, the use of the building must have fallen within Class E or one or more of the uses that it replaced for at least two years continuously prior to the date the prior approval application is made. The building must have been vacant for a continuous period of at least 3 months immediately prior to the date of the application for prior approval, but periods of closure as a result of Government Covid-19 restrictions will not count towards the vacancy period where the building continues to be occupied by the owner or tenant.
- 6.30 These changes will influence how Dover District plans for future employment needs and the appropriate policies that need to be put in place. Some of the potential implications are summarised below which will need further detailed consideration in due course:
- 1 Policies to protect employment space will need to reflect that there is no longer the same planning mechanism to control these from switching to other forms of retail, leisure, community and potentially residential use. 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 District that face pressure from other Class E uses.

<sup>8</sup> See summary of changes at [https://lichfields.uk/media/6020/guide-to-changes-to-the-use-classes-order-in-england\\_july-2020.pdf](https://lichfields.uk/media/6020/guide-to-changes-to-the-use-classes-order-in-england_july-2020.pdf)

- 2 Conversely, there is now greater flexibility for developers to accommodate supporting on-site facilities such as convenience retail, gyms and other supporting uses as part of industrial estates/business park developments given they are now all contained within the same use class – provided these uses are proportionate, that could be helpful in making these locations more attractive to the market and potential occupiers or supporting viability challenges where they exist.
- 3 Alongside the changes to the Use Classes Order, the new Class MA permitted development right which came into force in August 2021 may exert further pressure on B1a/b/c for conversion and potential replacement of older buildings for residential where the criteria can be met. This may be particularly the case when combined with a weaker office market outlook in the near-term following the Covid-19 pandemic. The Council could still opt to introduce an Article 4 Direction to withdraw these rights across a defined area if they can demonstrate this is justified in line with the tests set out at para 53 of the NPPF.
- 4 It may be advisable for the Council to prepare an up-to-date assessment of former B1 stock in the Borough to examine the nature, geographical distribution and occupancy levels of these uses. This could help inform a risk assessment of how much of the area's existing office, R&D and light industrial space portfolio could potentially be lost to other Class E uses through permitted changes of use, as well as the extent of PDR for conversion/replacement to C3 residential. This exercise would also help develop an understanding of the distinction between former B1c and B2 (i.e. light and general industrial), and whether in practice these represent different market segments locally. In turn, this analysis could also help to build an evidence base for conditioning future planning applications and policies in the Local Plan.
- 5 Finally, the Council should consider how the changes might be used to positively contribute to the future supply of office, R&D and light industrial space. For example, the conversion of vacant retail warehousing space to light industrial uses could provide an alternative form of supply to help address business needs in the District over the new Plan period, and in particular within those areas of the District that do not currently benefit from any substantive employment land supply, subject to the extent to which such space is required to help meet identified retail and leisure needs.

## Appendix 1 VOA Floorspace Map



## B-Class:

- Business Incubation Centre
- Business Unit
- Factory
- Laboratory
- Office
- Warehouse
- Workshop

## Total Floorspace Area (sq.m) by Postcode:

- >5,000
- 1,000 - 5,000
- 500 - 999
- 250 - 499
- <250

## **Appendix 2 Extant Planning Permissions**

[illegible]

[illegible]





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