Economic Development Needs Assessment

Update 2025

Final Report

Rochford District Council

18 July 2025

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1.0 Introduction

1.1 Rochford District Council ('the Council') commissioned Lichfields to prepare an update to the Rochford Economic Development Needs Assessment (EDNA) which was published in October 2023. The purpose of the EDNA Update is to refresh the 2023 Rochford EDNA to reflect changes to the National Planning Policy Framework[1] ('NPPF') published in December 2024. In addition, this Report updates the assessment of future employment land requirements within the District in line with up-to-date economic forecasts and the latest Council monitoring data.

1.2 The role of the EDNA update is to help the Council better understand the future needs for office, industrial, and distribution space across the District, ensure that emerging Local Plan policies can be responsive to market change, support key growth sectors, and where possible, ensure that existing viable employment land and premises are protected.

Scope of the Study

1.3 The study brief identifies the following key objectives for the study:

1. Update the assessment of employment land needs by undertaking a series of future growth scenarios in line with the NPPF and Planning Practice Guidance[2] ('PPG') for the plan period 2023 to 2043. This will include an update of the previous labour demand scenario, past trends scenario, and labour supply scenario to reflect the latest data.
2. Identify the supply and demand balance of Rochford District by drawing on the employment supply analysis undertaken within the Rochford Employment Land Study ('ELS') (2024)[3] and the latest available monitoring evidence (as of May 2025) on extant permissions.
3. Provide the key findings and implications in relation to the emerging Local Plan employment policies.

1.4 The EDNA update should be read in conjunction with the Rochford EDNA (2023), the Rochford Commercial Property Market Review[4] ('CPMR') (2024), which assesses recent performance, signals, and trends within the local commercial property market, as well as the Rochford ELS (2024) which provides information regarding the supply of employment land within the District.

1.5 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, in spring 2025. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.

Structure of the Report

1.6 The remainder of the report is structured as follows:

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[1] Ministry of Housing, Communities and Local Government (2024), *National Planning Policy Framework*.
[2] Ministry of Housing, Communities and Local Government (2024), *Planning Practice Guidance*.
[3] Rochford District Council (2024), *Rochford District Employment Land Study*.
[4] Rochford District Council (2024), *Rochford Commercial Property Market Review*.

- **Section 2.0 – Future Requirements for Employment Space**: presents a series of future growth scenarios for the District and associated employment land requirements over the new Local Plan period to 2043.
- **Section 3.0 – Demand and Supply Balance**: presents the employment requirements identified in the previous section against the available employment supply across the District.
- **Section 4.0 – Conclusions and Policy Implications**: summarises the overall findings of the EDNA Update.

2.0 Future Requirements for Employment Space

2.1 This section considers future economic growth needs in Rochford by drawing on several methodologies that are guided by the Planning Practice Guidance (PPG) and aligned with the National Planning Policy Framework (NPPF). These scenarios are used to inform an assessment of future employment space needs for office, industrial and distribution uses over the Plan period between 2023 and 2043.

Methodology

2.2 The NPPF (December 2024) Paragraph 86 point (a) requires local authorities to:

"set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to the national industrial strategy[5] *and any relevant Local Industrial Strategies and other local policies for economic development and regeneration".*

2.3 In this context, and having regard to the PPG on preparing economic development needs assessments, a number of potential future economic scenarios have been developed in this study to provide a framework for considering future economic growth needs and employment space requirements in Rochford to 2043. These future scenarios draw upon:

1. Projections of employment growth **(labour demand baseline - Scenario 1)** within the main office, industrial and distribution sectors derived from economic forecasts produced by Cambridge Econometrics (April 2025 release). In addition, a **growth scenario** based on sector adjustments to the labour demand scenario is also considered;
2. Estimates of **local labour supply** and the subsequent job growth which this would support **(Scenario 2)** based on minimum local housing need figures for the District outlined within PPG[6], along with population growth assumptions; and
3. Consideration of **past trends in completions of employment space (Scenario 3)** based on monitoring data collected by the Council covering the period from 2014/15 to 2023/24 and how these trends might change in the future.

2.4 All of these approaches have limitations and consideration needs to be given as to how appropriate each is to the circumstances in Rochford. Furthermore, to be robust, the economic growth potential and likely demand for employment space in the District needs to be assessed under a variety of future scenarios, to reflect both lower and higher growth conditions that could arise in the future.

2.5 It should also be noted that the ultimate judgement as to the level of need that the local authority should plan for is not purely quantitative, and that there will be a range of qualitative factors, such as market signals, that will influence the employment space requirements and will need to be planned for.

[5] Department for Business and Trade (2024), *Invest 2035: The UK's Modern Industrial Strategy*.
[6] Planning Practice Guidance (2025), *Housing and economic needs assessment – paragraph: 002 Reference ID: 2a-002-20241212*.

Scenario 1: Labour Demand

2.6 Employment growth forecasts for the District during the period to 2043 were obtained from Cambridge Econometrics (CE) in April 2025 (the latest available at the time of analysis). These local level employment forecasts are consistent with the Cambridge Econometrics April 2025 UK macro forecast, with further detail on key assumptions summarised below.

Box 1: Cambridge Econometrics Forecast Assumptions: April 2025

"The UK economic outlook for 2025 and 2026 is marked by subdued private sector demand, with consumer spending and business investment both constrained by persistent inflation, high interest rates, and increased labour costs. Although lower oil prices are expected to ease cost pressures, energy and wage-related inflation risks remain, likely keeping interest rates relatively high, and dampening borrowing and consumption.

Trade uncertainties, particularly around UK-EU services, and global trade tensions are expected to limit UK export growth. At the same time, rising costs of inputs and reduced confidence are suppressing business investment, particularly in labour-intensive sectors.

In contrast, government expenditure is expected to increase over the next two years. The 2024 Autumn Budget announced a notable increase in public spending, averaging 2% of GDP annually to 2029, with major investments in transport, housing, and R&D. This fiscal stimulus is expected to provide a temporary boost to GDP, partially offsetting weak private sector activity.

An increase in the working-age population and the size of the labour market, supported by positive net migration, is expected to sustain labour supply, but strong wage growth and employment costs continue to impact recruitment and investment decisions. Structural transformations, such as automation, AI adoption, and the green transition are considered, but their potential to shift the overall macroeconomic trajectory are still unknown."

More details about this forecast are provided in **Appendix 5.**

2.7 Reflecting the greater than usual degree of uncertainty linked to trade attached to the most recent forecasts, in addition to persistent inflation and high interest rates which are likely to further influence the future macro-economic outlook, these may need to be re-considered as the Local Plan progresses depending on how the economic situation changes in the intervening period.

Implied Employment Change

2.8 Table 2.1 summarises employment change implied by the CE forecasts by office, industrial and distribution uses, as well as total employment change over the Local Plan period. This includes an allowance for jobs in other sectors that typically use office, industrial or warehousing space (**Appendix 4** presents the sector to use class mapping adopted within the approach).

Table 2.1 Forecast employment change in Rochford, 2023-2043

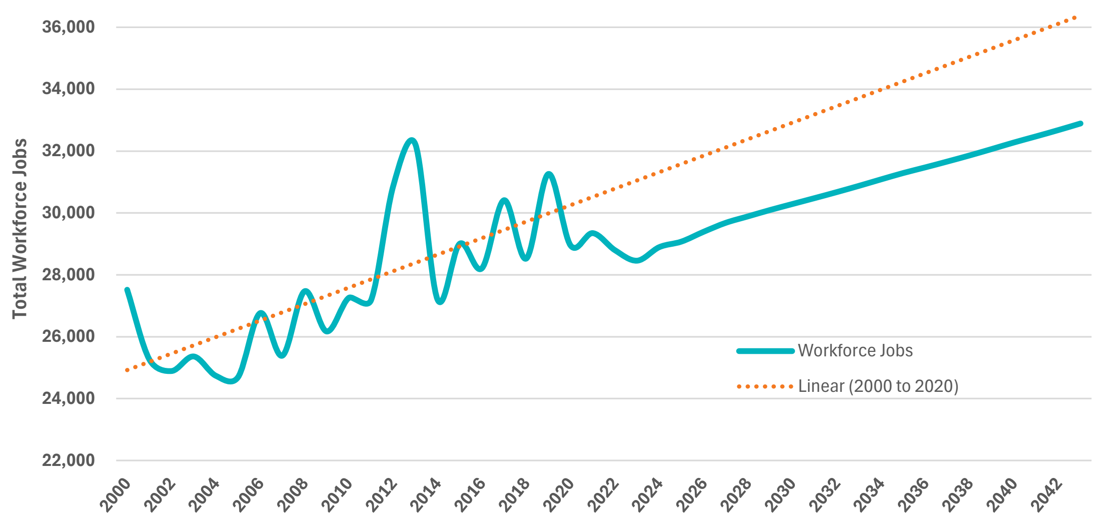
Type of Space / Use Class	Number of Workforce Jobs		Change (2023-2043)
	2023	2043	
Office E(g)(i)/(ii)	4,900	5,830	+930
Light Industrial E(g)(iii)	2,230	3,230	+1,000
Industrial B2	2,330	1,880	-450
Distribution B8	1,660	1,840	+180
Total Employment Use Sectors	**11,120**	**12,780**	**+1,660**
Total Workforce Jobs	**28,460**	**32,890**	**+4,430**

Source: CE (April 2025) / Lichfields analysis (figures have been rounded and therefore may not sum)

2.9 Under this scenario, total workforce jobs are expected to increase by around 16% within the Plan period, resulting in an additional 4,430 workforce jobs in the District. About 38% of all job growth is expected to be within office, light industrial, industrial and distribution sectors, with office and light industrial-based sectors driving a large proportion of this employment growth (i.e. 21% and 23% of employment growth, respectively). General industrial job growth is forecast to decline by around 450 jobs, meanwhile, light industrial jobs will increase by 180 jobs.

2.10 Figure 2.1 illustrates the trajectory of total job growth implied by the CE forecasts (April 2025 release) for the District. Under this scenario, workforce jobs are expected to grow steadily from 2025 to 2043 after falling in 2023, the first year of the Local Plan period. Historic job growth in Rochford has fluctuated significantly; however, workforce jobs from 2023 to 2043 are anticipated to remain below the trend from 2000 to 2020 before the Covid-19 pandemic in 2020.

Figure 2.1 Forecast total workforce job growth in Rochford to 2043



Source: CE (April 2025) / Lichfields analysis

2.11 Table 2.2 below identifies the fastest growing and declining sectors in the District in employment terms during the forecast period. **Appendix 2** presents the growth change across all the sectors. The forecasts suggest that sectors such as construction, health, and real estate will play a significant role in driving local job growth in the future, alongside sectors whose activity is typically found in office spaces such as business support services.

Table 2.2 Fastest growing and declining employment sectors in Rochford, 2023-2043

CE Sector	Forecast Change in Workforce Jobs 2023-2043	
	No	%
Fastest growing employment sectors		
Construction	1805	52.0%
Health	811	45.2%
Real estate	341	34.6%
Residential & social	228	28.3%
Business support services	199	12.2%
Fastest declining employment sectors		
Other transport equipment	-164	-25.0%
Other manufacturing & repair	-133	-32.8%
Metals & metal products	-102	-36.8%

Source: CE (April 2025) / Lichfields analysis

2.12 According to CE, the sectors that are forecast to see employment losses in Rochford over the period to 2043 include some industrial-based sectors such as other transport equipment, other manufacturing and repair, as well as metals and metal products. This decline in other manufacturing and repair services and other transport equipment may reflect the increased automation and digitisation of the industry as a whole, as well as the UK's diminished comparative advantage in these sectors compared to other countries.

Converting to Employment Space Requirements

2.13 The office, industrial and warehousing components 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 14.4 (GEA) sq.m;
- **Light industrial (E(g)(iii)):** 1 workforce job per 56.4 (GEA) sq.m;
- **General industrial (B2):** 1 workforce job per 37.8 (GEA) sq.m; and
- **Warehousing (B8):** 1 workforce job per 70 (GEA) sq.m.

2.14 These assumptions are based on the latest HCA guidance on job density ratios produced in 2015[7]. This guidance takes account of trends such as 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').

2.15 An allowance of 8% is added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space (Table 2.3). Where a reduction in jobs is forecast, the associated negative floorspace is halved. This reflects that, while there may be ongoing

[7] Homes and Communities Agency (2015), *Employment Densities Guide, 3rd edition*.

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 2.3 Net employment space requirements: Labour Demand, 2023/24 to 2042/43 (Scenario 1)

Type of Space / Use Class	Net Employment Floorspace 2023 to 2043 (GEA sq.m)
Office E(g)(i)/(ii)	14,130
Light Industrial E(g)(iii)	58,400
General Industrial B2	-8,580
Distribution B8	13,610
Total	**77,570**

Source: CE (April 2025) / Lichfields analysis

Scenario 2: Growth Scenario (Labour Demand)

2.16 In addition to the labour demand (Scenario 1), which is a baseline scenario, a growth scenario has also been developed, which aims to reflect the Council's Economic Growth Strategy (2025)[8], the London Southend Airport Joint Area Action Plan (2014)[9], the Essex Sector Development Strategy (2022)[10], and wider corporate ambitions that aim to drive the local growth further. It should be noted that in recent years, there has been a significant recovery in the Airport's activity and passenger numbers (i.e., 93% annual increase in passengers reported in 2023/24) and the Airport expects to be back to pre-pandemic passenger levels by 2026-27[11]. This indicates that the Airport could have an increasingly important role in future local economic growth and as a major employer within the wider area.

2.17 The growth scenario provides a 'policy-on' employment needs estimation. The approach is based on an analysis of short to long term historic growth rates across the 45 economic sectors as provided by CE in Scenario 1, with emphasis on those priority sectors identified in the 2017 South Essex EDNA[12] and the Essex Sector Development Strategy.

Baseline Growth

2.18 CE provides the baseline employment growth across the District covering the period from 2000 to 2043 across 45 economic sectors. An analysis of the historic growth over the last 5, 10, and 20 years has been undertaken in order to identify the historic drivers of growth, as well as to quantify the growth that has been seen across priority sectors identified in the 2017 South Essex EDNA and the Essex Sector Development Strategy (2022) which are most relevant to Rochford District. This was then compared against the baseline jobs growth forecast (i.e., Scenario 1). The findings per sector are summarised in **Appendix 2** and **Appendix 3**.

[8] Rochford District Council (2025), *Rochford District Economic Growth Strategy 2025-2028*.
[9] Rochford District Council and Southend on Sea Borough Council (2014), *London Southend Airport & Environs Joint Area Action Plan.*
[10] Essex County Council (2022), *Essex Sector Development Strategy*.
[11] London Southend Airport (2024), *Annual Report: 2023/24*.
[12] It should be noted that other scenarios contained in the 2017 EDNA relevant to Rochford have not been considered as part of this assessment. Growth plans at London Southend Airport were paused following Covid-19 and the significant decline in airport passengers, while there is no consistent and up to date evidence to provide a basis for the London Industrial Land Re-location scenario.

2.19 As analysed above, a growth of 4,430 jobs is anticipated between 2023 and 2043 across all employment sectors. Over the last 20-years (i.e. to 2025), job growth in Rochford increased in overall terms by 4,383 jobs.

2.20 Not all job growth is accommodated within office, manufacturing, and distribution space that comprises the employment designations of the Local Plan (i.e. previously B class, now B/E class). Therefore, the historic and future jobs forecasts have been analysed further to assess the jobs growth in office-, industrial- and distribution-based sectors as presented in Table 2.4 below.

Table 2.4 Historic and future jobs growth per type of employment space (jobs)

Type of Space / Use Class	Historic Growth 2005 to 2025	Future Growth (Baseline) (Scenario 1) 2023 to 2043
Office E(g)(i)/(ii)	1,176	935
Light Industrial E(g)(iii)	219	1000
General Industrial B2	79	-454
Distribution B8	93	184
Jobs in Other Sectors	2,816	2,768
Jobs in Employment Use Sectors	**1,567**	**1,665**
Total Jobs (including all sectors of the economy)	**4,383**	**4,433**

Source: CE (April 2025) / Lichfields analysis

2.21 This shows that the overall trend in the growth of the employment-based sectors will remain unchanged. However, there will be differences in those types of sectors expected to drive demand with light industrial appearing to attract future employment growth against general industrial which is expected to shrink compared to the historic trends. Office- and warehousing-based employment will have similar trends with the past twenty years.

Growth Scenario Adjustments

2.22 Lichfields has been asked to model a policy-on forecast that aligns as far as possible with the 2017 South Essex EDNA's growth sectors for Rochford. In addition, the Essex Sector Development Strategy (2022) has also been reviewed to identify strategic growth sectors across the County, which also align with local priorities within Rochford District. Table 2.5 presents the growth sectors that relate to key sub-regional investments across the area, which primarily comprises the Airport Business Park Southend, the Aviation Way Industrial Estate (partially in Southend), and the Arterial Park, Rayleigh.

Table 2.5 Priority sectors included within the growth scenario

Relevant CE Sectors	Alignment with local policies
Head offices & management consultancies	Building on the opportunities that the development of the Airport Business Park is unlocking, the Council is aiming to facilitate the growth of London Southend Airport to realise its potential as a regional transport hub. The project will provide new employment opportunities,
Other professional services	
Land transport	
Warehousing & postal	

Relevant CE Sectors	Alignment with local policies
	overall regeneration, and business development. The Airport Business Park is allocated for B1 and B2 uses, with analysis of Council monitoring data also indicating that around 25% of the space delivered on the Airport Business Park relates to B8 uses.
Other transport equipment (manufacturing of)	The Essex Sector Development Strategy identifies five priority sectors across the County. Of most relevance to Rochford and the Airport Business Park is the 'advanced manufacturing' sector. Advanced manufacturing floorspace has already been delivered to the Airport Business Park as part of the IPECO development. This floorspace is primarily used for the production of equipment for aircraft. On this basis, and given some expected agglomeration economies, this sector is considered as one with likely future growth potential.

Source: CE (Aril 2025) / Lichfields analysis

2.23 These sectors have been selected in accordance with the below:

- Consideration of the outline consent for the Airport Business Park Southend, as well as the Area Action Plan, associated promotion material, and employment floorspace delivery to date on the Business Park;
- Review of the Rochford Economic Growth Strategy 2025 to 2028 (2025) objectives and initiatives; and
- Review of the Essex Sector Development Strategy (2022).

2.24 In order to identify the most appropriate growth assumptions for each of the priority sectors, a detailed quantitative analysis of future and historic trends has been undertaken which is summarised in Table 2.6.

Table 2.6 Historic and future growth rates per annum (%)

Relevant CE sectors	Historic growth rates				Future growth rate – baseline 2023 - 2043
	2020 - 2025	2015 - 2025	2005 - 2025	Average rate (last 10 & 20 years)	
Head offices & management consultancies	-0.4%	0.6%	4.0%	2.3%	0.4%
Land transport	6.4%	5.4%	1.8%	3.6%	0.7%
Other professional services	3.8%	0.1%	2.2%	1.1%	0.5%
Warehousing & postal	-0.2%	2.5%	1.8%	2.1%	0.1%
Other transport equipment	-1.1%	1.6%	2.9%	2.2%	-1.4%

Source: CE (April 2025) / Lichfield analysis

2.25 Considering the above, Table 2.7 presents the proposed assumptions related to the Growth Scenario for each individual sector.

Table 2.7 Growth Scenario proposed assumptions and adjustments

Relevant CE Sectors	Uplift Assumptions
Head offices & management consultancies	The baseline forecast suggests an increase of 46 jobs across the Plan period equivalent to an annual growth rate of 0.4%. This has been uplifted by applying the average growth rate of 2.3% that has been recorded over the last 10 and 20 years across the sector for the first 10 years of the Plan period (i.e., 2023 to 2033). For the remaining period (i.e., 2034 to 2043) the 10-year longer-term historic growth rate of 0.6% is applied.
Land transport	The baseline forecast suggests an increase of 126 jobs across the Plan period equivalent to an annual growth rate of 0.7%. This has been uplifted by applying the longer-term historic growth rate of 1.8% over the last 20 years, applied across the whole period (2023-2043).
Other professional services	The baseline forecast suggests an increase of 89 jobs across the Plan period equivalent to an annual growth rate of 0.5%. This has been uplifted by applying the average growth rate of 1.1% that has been recorded over the last 10 and 20 years across the sector for the first 10 years of the Plan period (i.e., 2023 to 2033). For the remaining period (i.e., 2034 to 2043), the baseline forecast rate of 0.5% is applied.
Warehousing & postal	The baseline forecast suggests a modest increase of 12 jobs across the Plan period equivalent to an annual growth rate of 0.1%. This has been uplifted by applying the average growth rate for the last 10 years and last 20 years (which equates to 2.1%) over the Plan period.
Other transport equipment	The baseline forecast indicates a decrease of -164 across the Plan period, equivalent to an average annual decrease of -1.4%. This has been uplifted by applying the average growth rate for the last 10 years and last 20 years (which equates to 2.2%) over the Plan period.

Source: CE (April 2025) / Lichfields analysis

2.26 The combined effect of these adjustments results in an increase to the expected employment growth from 4,433 jobs across all sectors (i.e. baseline forecast) to 5,835 jobs under the Growth Scenario. Table 2.8 presents the change to each priority sector in terms of absolute employment.

Table 2.8 Job growth in priority sectors, 2023 to 2043

Relevant CE sectors	Jobs in 2023	Baseline scenario jobs increase	Growth scenario jobs increase	Difference
Head offices & management consultancies	542	46	180	+134
Land transport	823	126	348	+222
Other professional services	833	89	143	+54
Warehousing & postal	911	-164	477	+641
Other transport equipment	656	12	365	+353
Total (Growth Sectors)	**3,765**	**109**	**1,513**	**+1,404**

Source: CE (April 2025) / Lichfields analysis

2.27 It should be noted that the increase of 1,404 jobs relates to the local economy as a whole. Table 2.9 shows the anticipated increase in the office-, industrial- and distribution- based sectors only.

Table 2.9 Future jobs growth (Labour Demand Growth Scenario) per type of employment space (jobs)

Type of Space / Use Class	Future jobs growth (Growth Scenario 2023 to 2043)

Office E(g)(i)/(ii)	1,111
Light Industrial E(g)(iii)	1,000
General Industrial B2	75
Distribution B8	567
Jobs in Other Sectors	3,082
Jobs in Employment Use Sectors	**2,753**
Total Jobs (including all sectors of the economy)	**5,835**

Source: CE (April 2025) / Lichfields analysis

2.28 Finally, by applying the same density assumptions as those presented in Scenario 1, the employment space requirements for Scenario 2 are presented in Table 2.10.

Table 2.10 Net employment space requirements (Labour Demand Growth Scenario 2) (sq.m)

Type of Space / Use Class	Growth Scenario 2023 to 2043
Office E(g)(i)/(ii)	16,790
Light Industrial E(g)(iii)	58,400
General Industrial B2	3,060
Distribution B8	42,060
Jobs in Employment Use Sectors	**120,310**

Source: CE (April 2025) / Lichfields analysis (totals rounded)

Scenario 3: Past Development Rates

2.29 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 analysis takes 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.

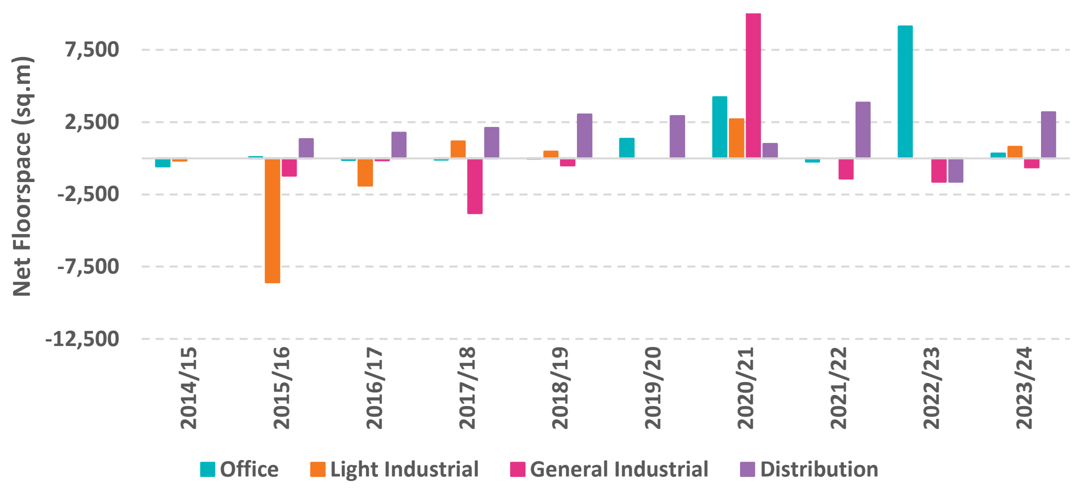
2.30 An analysis of monitoring data on past completions of employment space between 2014/15 and 2023/24 has been provided by the Council. The accuracy of this data has not been verified by Lichfields. During this period, average annual net completions[13] for office, industrial and distribution uses in Rochford amounted to 2,966 sq.m per annum or a total of 29,663 sq.m[14]. Gross completions[15] were higher, at an average of 5,376 sq.m per annum or a total of 53,763 sq.m.

2.31 As presented in Figure 2.2 and Table 2.11, development activity in the District increased from 2020/21, primarily due to the commencement of initial phases at two sites: Airport Business Park Southend and the Arterial Park in Rayleigh. This increase relates primarily to the delivery of new industrial and distribution space, however, an appreciable amount of ancillary office space as part the IPECO development along with dedicated office space known as the 'Launchpad' has also been delivered at the Airport Business Park.

[13] Net completions take into account losses of employment floorspace as well as completions.
[14] This excludes half of the provision in the Airport Business Park Southend, in line with the 2014 Joint Area Action Plan (see paragraph 3.3 for details)
[15] Gross completions relate to only deliveries of new floorspace and does not take into account losses of employment floorspace.

2.32 Mixed B use class developments have also seen an increase of 17,652 sq.m since 2014/15. To further inform this scenario, 'Mixed B' has been apportioned to office, industrial and distribution uses based on the annual delivery per type of space across the monitoring period and included within the totals in Figure 2.2 and Table 2.11.

Figure 2.2 Net completions of employment space in Rochford, 2014/15 – 2023/24



Source: Rochford District Council / Lichfields analysis

Table 2.11 Net completions of employment space in Rochford, 2014/15 – 2023/24

Monitoring Year	Office	Light Industrial	General Industrial	Distribution
2014/15	-560	-164	0	0
2015/16	85	-8,571	-1,203	1,315
2016/17	-115	-1,893	-146	1,770
2017/18	-97	1,163	-3,792	2,095
2018/19	-27	457	-503	3,036
2019/20	1,332	0	0	2,913
2020/21	4,222	2,688	12,863	987
2021/22	-238	0	-1,393	3,852
2022/23	9,116	0	-1,617	-1,617
2023/24	333	800	-620	3,191
Total	**14,051**	**-5,520**	**3,590**	**17,542**

Source: Rochford District Council / Lichfields analysis

2.33 Net losses have been recorded across all types of uses since 2014/15, however, of note is the loss of light industrial space in 2015. This relates to the demolition of former light industrial facilities of c. 5,370 sq.m at 90 Main Road in Hawkwell that has been redeveloped for housing, alongside the loss of c. 3,200 sq.m at 26A Brook Road, Rayleigh, to leisure and assembly space. As a result, light industrial floorspace is the only use class which saw a net loss during the monitoring period of around -5,520 sq.m, equivalent to an average annual net loss of -552 sq.m.

2.34 Although in quantitative terms, the evidence on light industrial uses suggests that there have been losses, such evidence should be interpreted alongside qualitative factors such as market performance and availability of land supply. Indeed, since 2017/18 there has been a net increase in light industrial space of around 5,110 sq.m (equivalent to 730 sq.m per annum), and no light industrial space has been lost.

2.35 In overall terms, there has been a total net gain in employment floorspace, with distribution uses presenting the highest net gain of 17,542 sq.m over the monitoring period, followed by office with a net gain of 14,051 sq.m.

2.36 One view of future growth in Rochford could assume that these past development trends will carry on in the future and as presented below, these would result in a net requirement of 59,320 sq.m as shown in Table 2.12.

Table 2.12 Net employment space requirements: Past Development Rates, 2023/24 to 2042/43 (Scenario 3)

Type of Space / Use Class	Assumed Net Annual Floorspace Change (sq.m)	Net Floorspace Requirements 2023-2043 (GEA sq.m)
Office E(g)(i)	1,405	28,100
Light Industrial E(g)(iii)	-552	-11,040
General Industrial B2	359	7,180
Distribution B8	1,754	35,080
Total	**1,405**	**59,320**

Source: Rochford District Council / Lichfields analysis

2.37 There are some limitations in relation to the monitoring evidence to inform planning policy requirements, and further contextual information on the qualitative factors affecting local market trends as well as consultation feedback is provided within the Rochford CPMR (2024).

Scenario 4: Labour Supply

2.38 This fourth scenario considers how many jobs, and hence how much employment space, would be necessary to broadly match the forecast growth of the resident workforce in Rochford. In contrast to the labour demand approach, it focuses on the future supply of labour rather than the demand for labour. Therefore, it estimates the number of new jobs needed to match the future supply of working-age population, and how much employment space would be required to accommodate the office, industrial and distribution component of future job growth.

2.39 This scenario examines the labour supply position based on the latest NPPF (December 2024)[16] along with the latest Standard Method housing need figure for Rochford District and incorporates the latest ONS affordability ratios released in March 2025. The approach applied is set out in more detail in the box overleaf.

[16] MHCLG (2024), NPPF.

Box 2: Lichfields' approach to the new Standard Method

The NPPF reforms have now been formally adopted (at the time of writing in May 2025). The new Standard Method represents a shift from the previous Standard Method, in that it no longer links housing need with any demographic projection. The previous Standard Method is based on the 2014-based SNPP, uplifted based on housing affordability and with a further uplift for urban areas. Across England, the previous Standard Method resulted in a requirement for c.305,000 homes per annum.

The new Standard Method instead applies a stock-based starting point (0.8% of the existing dwelling stock) uplifted for affordability (using a five-year average), resulting in a higher requirement of c.370,000 dwellings per annum in England. The latest ONS affordability ratios (March 2025) have now been incorporated into the Standard Method calculation, affecting authorities where the affordability adjustment applies (i.e., those with a five-year average affordability ratio above 5). This includes Rochford District Council, where the revised housing need is now 694 homes per annum, slightly higher than the 689 figure published in the December 2024 release. As a result, the national housing need figure has been revised downward slightly to 367,702 dwellings per annum ('dpa'), compared to 370,408 dpa in the December 2024 NPPF release.

Given the extent of the increase in housing delivery required under the new Standard Method, assuming all new homes result in additional people migrating into an area would yield unrealistically high population and labour supply projections for that area and likely result in inconsistencies at higher level geographies. Further, the latest official Sub-National Housing Projections ('SNHP') are 2018-based and do not reflect recent spikes in (in-)migration in the 2022-based National Projections. At the time of writing the 2022-based SNPP and SNHP are not published.

On this basis, we assume that in areas with significant increases in housing requirements between the previous and new Standard Method, a proportion of the additional dwellings implied by the new Standard Method would not result in population growth, but instead induce additional household formation, reducing household sizes.

Considering the above, Lichfields demographic model uplifts the 2018-based SNPP figures based on the 2022 National Projections, which accounts for both higher international in-migration seen in recent years and the results of the 2021 Census; this is referred to as the 'Adjusted Baseline'. We further consider an 'Adjusted High' scenario, which considers the 'High Population' variant (high international migration, birth rates and life expectancy) from the 2018-based SNPP, again uplifted based on the 2022-based National Projections.

As the new Standard Method figure for Rochford is above the Adjusted High scenario, the model accommodates all of the population as per the Adjusted High. No additional population is assumed; and any further housing growth is assumed to induce additional household formation, implying reduced average household size, increased vacancy and/or improved affordability.

It should be noted that, due to the high levels of international migration at a national level assumed in the 2022-based projection, the Adjusted Baseline scenario suggest higher levels of growth in the working-age population compared to the 2018-based SNPP. The Adjusted High incorporates this higher international migration, as well as higher birth rates and life expectancy; this means the Adjusted High scenario has slightly higher overall population growth than the Adjusted Baseline, but with less effect on the working age population. Hence, the methodology adopted for this scenario, whilst has been tested and is robust, is subject to change due to the following upcoming releases (currently expected at the end of June 2025).

2.40 Under the latest Standard Method and ONS affordability ratios released in March 2025, Rochford District's annual housing requirement is 694 homes — slightly higher than the 689 homes per annum figure from the 2024 December release[17]. This will result in a housing increase of 14,574 new homes across the Plan period to 2043 in Rochford.

2.41 Based on Lichfields' approach (as set out in Box 2 above), it is estimated that the District's population will increase by 18,695 people to 2043. The analysis also suggests that the working age population is expected to decrease from 61.9% of the District's total population in 2023 to 60.3% in 2043.

2.42 Table 2.13 outlines the additional jobs that could be supported by the increased housing figure in the District. The proportion of jobs within office, industrial and distribution sectors assumes the same shares as the baseline forecast analysis presented in Scenario 1.

Table 2.13 Labour Supply (Scenario 3) latest NPPF 2024 Standard Method job requirements (2023-2043)

Indicator	Total Change (2023 to 2043)
Total population (2018-based SNPP/2022 National Proj. est.)	18,695
Economically active population	8,682
Jobs associated with population increase*	5,789
Total Jobs (associated to 694 dpa)	**14,258**
Office E(g)(i)/(ii)	2,685
Light Industrial Jobs E(g)(iii)	1,994
General Industrial Jobs B2	71
Distribution Jobs B8	730
Total Office, Industrial and Distribution Jobs	**5,480**

Source: ONS / Lichfields analysis
* Economically active population minus unemployed population multiplied by the last 10 years labour force ratio (i.e. economically active excluding unemployed against total employment) for the District.

2.43 As identified in Table 2.13, the majority of employment (i.e. 8,778 jobs) is not attributable to office, industrial, or distribution land uses. These jobs include those relating to retail, leisure, healthcare, education, and other sectors that are not accommodated within employment land uses.

2.44 These jobs can be translated into estimated requirements for employment space by applying the same employment densities as used in Scenario 1 and adding an 8% vacancy allowance to positive floorspace as presented in Table 2.14.

[17] The adjusted Standard Method Housing figure of 694 homes per annum is correct at the time of writing in May 2025.

Table 2.14 Labour Supply (Scenario 3) net employment floorspace requirements (2023-2043)

Use	Net Employment Floorspace (GEA sq.m)
Office E(g)(i)/(ii)	40,590
Light Industrial E(g)(iii)	116,410
General Industrial B2	2,900
Distribution B8	54,150
Total	**214,050**

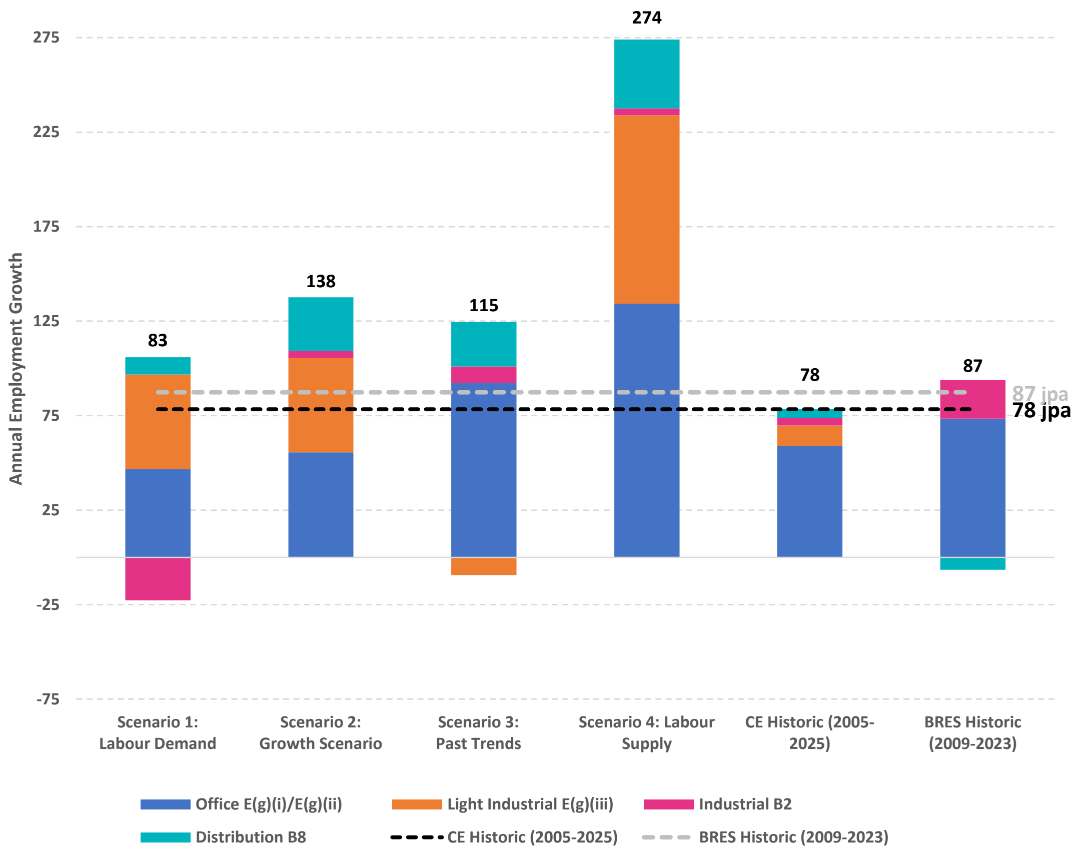
Source: Lichfields analysis (totals rounded)

Employment Growth Comparisons

2.45 Given the range of potential requirements implied by these different scenarios, it is important to test how reasonable each appears against other factors and how sensitive they are to different assumptions. It is, therefore, useful to compare the employment growth implied by the scenarios outlined above with the historic employment growth in the District as recorded by CE for 2005 to 2025 (i.e. a period equivalent to the length of the Plan period) and the latest BRES data covering the period between 2009 and 2023.

2.46 Figure 2.3 shows the annual job growth per scenario. In this context, the lowest estimate based on labour demand (Scenario 1) implies a net gain of 83 employment jobs per annum over the Plan period. The highest growth estimate is based on the labour supply scenario (Scenario 4) and implies an annual growth of 274 jobs. The Growth Scenario (Scenario 2) implies an annual growth of 138 jobs, while past trends (Scenario 3) implies an annual growth of 115 jobs.

Figure 2.3 Annual employment growth compared to historic growth



Source: CE (April 2025) / BRES (2023) / Rochford District Council (2025) / Lichfields analysis

2.47 The four scenarios are then compared with historic trends derived by CE for the period between 2005 and 2025 (which implies growth of 78 jobs per annum) and BRES data for the period between 2009 and 2023 (which records 87 jobs per annum). Based on these comparisons, Scenario 1 (Labour Demand) and Scenario 3 (Past Trends) appear to better align with the historic trends in employment growth over the past 20 years.

Net to Gross Employment Requirements

2.48 Drawing together the results from each of the future economic scenarios, Table 2.15 summarises the net employment floorspace requirements across the Plan period to 2043.

Table 2.15 Net employment floorspace requirements in Rochford, 2023-2043 (GEA sq.m)

Type of Space/ Use Class	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Office E(g)(i)/(ii)	14,130	16,790	28,100	40,590
Light Industrial E(g)(iii)	58,400	58,400	- 11,040	116,410
General Industrial B2	-8,580	3,060	7,180	2,900
Distribution B8	13,610	42,060	35,080	54,150

Type of Space/ Use Class	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Total	**77,570**	**120,310**	**59,320**	**214,050**

Source: Lichfields analysis (note totals have been rounded and therefore may not sum)

Safety Margin

2.49 To estimate the overall requirement of employment floorspace that should be planned for when allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development.

2.50 There is a need to ensure a reasonable, but not over-generous, additional allowance that provides for some flexibility but avoids over-provision of land through policy. However, it also needs to reflect that there may be potential delays in some of the District's development sites coming forward.

2.51 It is usually acceptable to use two years of average net take-up to include flexibility of provision. However, in the case where this is negative, it would produce a negative margin. Therefore, an allowance related to two-year average gross take-up for light industrial uses in Rochford between 2014 and 2024 has been applied. For the rest of the employment uses the average net figure from between 2014 and 2024 has been utilised. Overall, this safety margin appears an appropriate level relative to the estimated scale of the net requirements. Table 2.16 presents the margin applied in this assessment drawing on the completions' assumptions presented above.

Table 2.16 Safety margin allowance (sq.m)

Type of Space/ Use Class	Annual Net Completions	Annual Gross Completions	Safety Margin
Office E(g)(i)/(ii)	1,405	n/a	2,810
Light Industrial E(g)(iii)	-552	557	1,114
General Industrial B2	359	n/a	718
Distribution B8	1,754	n/a	3,508
Total			**8,150**

Source: Rochford District Council / Lichfields analysis

Losses

2.52 To translate the net requirement of employment space into a gross requirement, an allowance is typically made for the replacement of the lost employment space that may be developed for other, non-employment uses. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost.

2.53 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 proportion of this space will need to be replaced. The limitation is that there is no definitive 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 Council 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 preferred scenario to give an allowance for replacement. This is a simple approach but is likely to rely on making a fairly broad assumption.

3 Monitor the loss of employment space as part of the Local Plan Review thereby avoiding the need to make assumptions about the future loss of employment space. 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 undertakes a qualitative assessment of existing employment sites, to identify those which could 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 future supply, and plan for new sites accordingly.

2.54 In this context, the Council has published the Rochford ELS (2024) which reviews the employment supply and evaluates the likely employment losses in the short to medium term. In particular, this evidence estimates that up to 10 ha of employment land could be lost over the Plan period. This comprises the potential loss of three specific sites, namely Foundry Business Park (0.67 ha), Eldon Way Industrial Estate (3.84 ha), and Lubards Farm (5.03 ha), alongside an allowance for accommodating windfall losses[18].

2.55 This assessment assumes a worst-case scenario in which all three employment sites are lost in their entirety. However, it is possible that some of the sites may be retained, or if the sites were to be redeveloped, it is possible that some employment land could be re-provided on site as part of a mixed-use development.

2.56 For the purposes of the assessment and based on a high-level desktop review of the three sites that could to be lost in the short term, we utilise a plot ratio of 0.4 and allocate the floorspace evenly across light industrial (30%), industrial (30%) and warehousing (30%), while allocating 10% to offices. Table 2.17 below summarises the assumed losses across use classes.

Table 2.17 Assumed short- to medium-term losses by use class in Rochford District (sq.m)

	Office E(g)(i)/(ii)	Light Industrial E(g)(iii)	General Industrial B2	Distribution B8	Total
Losses	4,000	12,000	12,000	12,000	40,000

Source: Rochford District Council (2024) / Lichfields analysis

2.57 Table 2.18 presents the gross employment requirements for the Plan period, taking account of the assumed losses of employment floorspace as well as the appropriate safety margin identified above.

[18] Rochford ELS (2024) Section 6 paragraph 6.21

Table 2.18 Gross employment floorspace requirements in Rochford, 2023-2043 (GEA sq.m)

Type of Space/ Use Class	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Office E(g)(i)/(ii)	20,940	23,600	34,910	47,400
Light Industrial E(g)(iii)	71,510	71,510	2,070	129,520
General Industrial B2	4,140	15,780	19,900	15,620
Distribution B8	29,120	57,570	50,590	69,660
Total	**125,710**	**168,460**	**107,470**	**262,200**

Source: Lichfields analysis (note figures have been rounded and therefore totals may not sum)

2.58 The above floorspace requirements can be translated to land requirements by applying appropriate plot ratio assumptions. These assumptions are as follows:

- Offices: it is assumed that 50% of new floorspace would be in lower-density, business park developments with a plot ratio of 0.4, with 50% in higher-density town centre locations at a plot ratio of 2.0; and
- Light/general industrial and distribution: a plot ratio of 0.4 is applied.

Table 2.19 Gross employment land requirements in Rochford, 2023-2043 (ha)

Type of Space/ Use Class	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Office E(g)(i)/(ii)	3.1	3.5	5.2	7.1
Light Industrial E(g)(iii)	17.9	17.9	0.5	32.4
General Industrial B2	1.0	3.9	5.0	3.9
Distribution B8	7.3	14.4	12.6	17.4
Total	**29.3**	**39.8**	**23.4**	**60.8**

Source: Lichfields analysis (note figures have been rounded and therefore totals may not sum)

Summary

2.59 In interpreting the outputs of this section, regard should be given to the PPG, which states that local authorities should develop an understanding of the future economic needs of their area based on a range of data and forecasts of quantitative and qualitative requirements. In this respect, planning for growth should avoid relying upon using single sources of data or forecasts which tend to rely on a number of different variables that are inevitably subject to change.

2.60 It is also important to recognise that there are inevitably uncertainties and limitations related to modelling assumptions under any of the future growth scenarios considered in this assessment. As explained above, there are some inherent limitations to the use of local level economic projections, particularly within the context of significant economic uncertainty at both macro and local level particularly in the post Covid-19 period. Employment forecasts are regularly updated, and the resulting employment outputs will change over the Plan period for Rochford.

2.61 In this context, this assessment considers four different scenarios of future employment space requirements in the District based on approaches that reflect forecast economic growth, past development trends, and potential housing growth factors. The overall gross employment floorspace requirements related to these different scenarios range from 107,470 sq.m (23.4 ha) to 262,200 sq.m (60.8 ha) across the Plan period.

2.62 When compared with historic growth (see paragraphs 2.15 to 2.16), the labour demand scenario (Scenario 1) would appear to provide the most balanced view of future requirements. This level of need is also close to the requirements identified by the earlier employment evidence set out in the 2017 South Essex EDNA[19] (i.e., 73,300 sq.m).

2.63 As a minimum, the Council should seek to accommodate Scenario 1 (i.e. 125,710 sq.m or 29.3 ha). However, both Scenario 2 (Growth Scenario) and Scenario 4 (Labour Supply) indicate that there may be a higher need for locally-driven employment floorspace either by the delivery of the Airport Business Park or through demand from increased anticipated housing delivery. Therefore, the Council could seek to provide for higher requirements in order to not unduly constrain the local economy's potential and to align better with the Council's Economic Development Strategies and the overarching economic ambitions across the region.

2.64 It should be noted that these forecast scenarios should be read in conjunction with the Rochford CPMR (2024) which provides a qualitative review of local commercial trends and to ensure there is a rounded view of future planning requirements, in line with advice contained in the PPG.

2.65 This study considers the locally-generated employment needs associated with economic and employment growth in Rochford to 2043. It does not take account of wider 'footloose' or other inward investment needs outside of the area. Nor does it account for any other specific investment position that may arise from other areas or firms, other than instances where Rochford has historically accommodated a share of this and accordingly, they are now reflected in the trends which inform the various forecasts. On this basis, as evidenced within the Rochford EDNA (2023), Rochford District has a close economic interrelationship with the neighbouring Southend-on-Sea City Council area. This relationship is further evidenced through the previous adoption of the London Southend Airport and Environs Joint Area Action Plan (2014)[20] to accommodate unmet employment land needs.

2.66 Therefore, any future unmet employment (or other use) needs identified within Southend-on-Sea may necessitate further cross-boundary joint working between the two councils to explore opportunities to accommodate those needs. This could in turn require the provision of employment land in Rochford District to meet wider needs, in addition to the indigenous employment land needs identified within this assessment.

[19] See 2017 South Essex EDNA, Table 85, pg.207

[20] Rochford District Council and Southend on Sea Borough Council (2014), *London Southend Airport & Environs Joint Area Action Plan (JAAP)*.

3.0 Demand and Supply Balance

3.1 This section draws together the forecasts of future employment land needs estimated in Section 2.0 and the District's emerging supply position to identify any need for more provision of employment space, or potential surpluses of it, in quantitative terms.

Future Supply Position

3.2 For the purposes of this analysis, the emerging supply of employment space comprises extant permissions and unimplemented employment allocations as in May 2025. This totals around 33,720 sq.m as shown in Table 3.1, mainly comprised of the supply at Southend Airport Business Park and the previous allocation at Star Lane in Great Wakering. Net extant permissions within the District are anticipated to result in a loss of employment space, particularly across light industrial and distribution spaces.

Table 3.1 Employment supply position as of May 2025 (sq.m GEA)

Source of Supply	Office (E(g)(i)/(ii)	Light Industrial (Eg(iii))	General Industrial (B2)	Distribution (B8)	Total
Extant Permissions (excl. Airport Business Park related permissions)	1,980	-1,950	350	-3330	-2,950
Unimplemented Employment Allocations	-	-	5,000	-	5,000
Southend Airport Business Park Extant Permissions (*50%)	2,090	-	7,810	-	9,900
Southend Airport Business Park Awaiting Decisions (*50%)	-	-	-	-	0
Southend Airport Business Park Remaining Outline Permission (*50%)[21]	5,520	0	10,890	5,340	21,750
Future supply at Southend Airport Business Park (50%-see para 4.3)	7,620	0	18,700	5,340	31,660
Total	**9,590**	**-1,950**	**24,060**	**2,020**	**33,720**

Source: Rochford District Council (2025) / Lichfields analysis (note figures have been rounded and therefore may not sum)

3.3 Airport Business Park Southend is a key employment site across both Rochford and Southend authorities and based on the London Southend Airport & Environs Joint Area Action Plan (adopted in 2014) half of the provision will be used to accommodate the needs of Southend and the remaining half to meet needs arising from Rochford. **Appendix 1** includes further information on the masterplan (which is also aligned with the various applications) for the site. It should be noted, however, that the development of the site is

[21] An indicative distribution of the floorspace likely to come forward at the Airport Business Park across the various use classes has been calculated based on past delivery rates at the Business Park. To date, no light industrial floorspace (E(g)(iii)) has been delivered and therefore no future floorspace has been apportioned for this use. However, the Airport Business Park is allocated for E(g) and B2 uses and therefore light industrial floorspace may be delivered on the site in the future.

well progressed with half of its proposed capacity having been delivered or is committed, and the remaining 50.1% will form part of the future supply for both Rochford and Southend.

3.4 In particular, and based on the outline permission for Airport Business Park Southend (15/00781/OUT)[22], a total of 86,900 sq.m (GEA) of employment space will be provided. A total of 11,500 sq.m has been completed in relation to the IPECO site in 2021, in addition to 6,747 sq.m of floorspace relating to 'The Quad' (planning ref 20/00454/REM) and 3,097 sq.m of office floorspace relating to the 'Launchpad' (planning ref 19/00566/REM) which were delivered in 2022/23. A further 2,560 sq.m of distribution floorspace was also delivered by CAMA in 2023/24.

3.5 In addition, there are three approved applications which are currently under construction and will deliver a combined 16,038 sq.m, and a planning application for a further 3,765 sq.m of industrial and ancillary office space at Plot 13 of the Airport Business Park has also been approved (planning ref 23/00715/FUL).

3.6 Considering the above, the remaining 43,509 sq.m will come forward in the future, with plots 2 and 3 to provide office space, and plots 8, 9, 10, 12 and 16 for light and general industrial and distribution uses. As noted above, only half of this space (i.e., 21,754 sq.m) will be available to meet Rochford District Council's employment land needs.

3.7 The allocation at Star Lane in Great Wakering is assumed to deliver around 5,000 sq.m of employment space. Based on information provided by the Council, this is likely to accommodate light or general industrial requirements.

3.8 Finally, in order to compare the demand and supply of employment space across the Plan period between 2023 and 2043, it is appropriate to add the two last monitoring years' completions in the supply (i.e. effectively the first two years of the Plan period form 2023/24 and 2024/25). The completions across these years total 31,265 sq.m. This includes the development of the CAMA unit in the Airport Business Park noted above, of which only 50% is allocated to Rochford (i.e., 1,280 sq.m), as well as Phase 2 of Arterial Park in Rayleigh which was completed in January 2025 and provides 27,697 sq.m of industrial and distribution space. This results in a total emerging supply of around 63,710 sq.m between 2023 and 2043.

[22] The outline permission has now expired. However, the local planning authorities (i.e., Rochford and Southend) believe that the total floorspace delivered is likely to be broadly similar albeit the type of space that will be provided may differ. Given that there is no further information available, the outline permission has been used for the purposes of the analysis.

Table 3.2 Employment supply position, 2023 to 2043

Source of Supply	Office (E(g)(i)/(ii)	Light Industrial (Eg(iii))	General Industrial (B2)	Distribution (B8)	Total
Emerging supply as of May 2025	9,590	-1,950	24,060	2,020	33,720
Completions 2023/24 to 2024/25[23]	-470	8,300	4,430	19,010	31,270
Completions 2023/24 to 2024/25 (Excl. half provision CAMA Unit - attributable to Southend)	-470	8,300	4,430	17,730	29,990
Total Supply	**9,120**	**6,340**	**28,490**	**19,750**	**63,710**

Source: Rochford District Council (2025) / Lichfields analysis (note figures have been rounded and therefore may not sum)

Quantitative Balance

3.9 Based on the conclusions of Section 2.0, there is an identified need for between 107,470 sq.m and 262,200 sq.m of employment space to 2043 which includes a safety margin to allow for potential delays in sites coming forward for development and to provide some flexibility over the Plan period, as well as an adjustment for anticipated losses of employment land.

3.10 A broad comparison of the estimated demand for employment use space against the supply, as shown in Table 3.3 implies that there would not be sufficient employment space in quantitative terms to accommodate all of the need under any of the scenarios presented. The potential deficit ranges from -43,760 sq.m and -198,490 sq.m depending on the scenario.

Table 3.3 Demand and supply of employment space in Rochford

	Scenario 1: Labour Demand	Scenario 2: Growth Scenario	Scenario 3: Past Trends	Scenario 4: Labour Supply
Employment Requirements	**125,710**	**168,460**	**107,470**	**262,200**
Employment Supply	63,710			
Surplus (+) / Shortfall (-)	**-62,000**	**-104,750**	**-43,760**	**-198,490**

Source: Rochford District Council / Lichfields analysis

3.11 Beyond the headline demand-supply balance, the availability of a choice of sites in the market is also important for meeting the needs of different employment sectors, alongside providing flexibility and choice for the market. Therefore, the identified supply of employment space for office, industrial and distribution uses has been compared with the estimated need arising for these uses under each of the scenarios (Table 3.4).

[23] Recent completions and losses of floorspace recorded within the Council's monitoring data as being flexible in its use class has been apportioned between use classes proportionally based on past annual delivery rates for each use class.

Table 3.4 Demand and supply of different employment uses

	Scenario 1: Labour Demand	Scenario 2: Growth Scenario	Scenario 3: Past Trends	Scenario 4: Labour Supply
Office E(g)(i)/(ii)				
Employment Requirements	20,940	23,600	34,910	47,400
Employment Supply	9,120			
Surplus (+) / Shortfall (-)	**-11,820**	**-14,480**	**-25,790**	**-38,280**
Light Industrial E(g)(iii)				
Employment Requirements	71,510	71,514	2,070	129,524
Employment Supply	6,350			
Surplus (+) / Shortfall (-)	**-65,160**	**-65,160**	**4,280**	**-123,170**
General Industrial B2				
Employment Requirements	4,140	15,780	19,900	15,618
Employment Supply	28,490			
Surplus (+) / Shortfall (-)	**24,350**	**12,710**	**8,590**	**12,870**
Distribution B8				
Employment Requirements	29,120	57,570	50,590	69,660
Employment Supply	19,750			
Surplus (+) / Shortfall (-)	**-9,370**	**-37,820**	**-30,840**	**-49,910**

Source: Rochford District Council (2025) / Lichfields analysis Note: rounded figures - may not sum up

3.12 This analysis indicates that:

- **Offices**: there would not be sufficient supply to accommodate the office requirements under any of the scenarios outlined. The deficit of office space ranges from -11,820 sq.m under Scenario 1: Labour Demand to -38,280 sq.m under Scenario 4: Labour Supply.
- **Light Industrial:** there would not be sufficient supply to accommodate the light industrial requirements across Scenarios 1, 2, and 4, with a shortfall ranging between -65,160 sq.m and -123,180 sq.m. However, as noted below, there is a surplus of general industrial floorspace which may be able to accommodate a portion of the shortfall of light industrial floorspace, although the surplus is not great enough to accommodate the shortfall in its entirety. There is a small surplus of light industrial floorspace of 4,280 sq.m under Scenario 3.
- **General Industrial:** there will be sufficient space to accommodate the identified needs across all the scenarios with surpluses varying from 8,590 sq.m under Scenario 3 to 24,350 sq.m under Scenario 1.
- **Distribution**: there would not be sufficient supply to accommodate the light industrial requirements under any of the Scenarios, with the shortfall ranging between -9,370 sq.m and -49,910 sq.m. However, as above, the surplus of general industrial floorspace may be able to accommodate a portion of the shortfall of light industrial

floorspace, although it will not be able to meet the shortfall in its entirety in all scenarios and may also be required to accommodate need for light industrial floorspace.

3.13 It should be noted that this demand-supply balance analysis assumes that all outstanding planning permissions and the identified capacity on allocations will come forward in full during the Plan period, and for the use classes specified (and noting the increased flexibilities for changes of use between uses that now exist arising from the changes to the Use Classes Order). Any deviation from this assumption could potentially have an effect on the balance of space within Rochford to 2043.

Summary

3.14 According to the PPG, the analysis of the supply and demand position is intended to allow policy makers to identify whether there is a mismatch between the quantitative and qualitative supply of, and demand for, employment uses. This enables an understanding of which market segments are potentially over-supplied and which are under-supplied.

3.15 Based on the analysis of the demand and supply position, the Council currently has an insufficient supply of employment land to meet future needs. Against the recommended minimum employment requirements there is an undersupply of 62,000 sq.m (9.3 ha). Overall, this indicates that the Council will need to make provision for additional employment land to meet the minimum demand requirements throughout the Local Plan period and/or consider the extent to which additional floorspace capacity can be achieved through the intensification of existing sites.

4.0 Conclusions and Policy Implications

4.1 This section draws together overall conclusions considering the economic development needs arising in Rochford across the new Local Plan period from 2023 to 2043.

Future Employment Growth

4.2 Four different scenarios of future needs are considered in Section 2.0. These indicate the broad scale and type of growth arising from different approaches to modelling the District's future employment space needs.

4.3 The overall employment floorspace requirements related to these scenarios range from 107,470 sq.m to 262,200 sq.m during the Plan period. As a minimum, it is recommended that the emerging Local Plan should consider ***Scenario 1: Labour Demand that implies a need for 125,710 sq.m (29.3 ha)***. This scenario broadly balances with the other scenarios, as well as with the growth identified historically across different data sources. Table 4.1 provides a summary of the gross employment floorspace requirements across each scenario to 2043.

Table 4.1 Gross employment floorspace requirements in Rochford, 2023-2043 (GEA sq.m)

Type of Space/ Use Class	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Office E(g)(i)/(ii)	20,940	23,600	34,910	47,400
Light Industrial E(g)(iii)	71,510	71,510	2,070	129,520
General Industrial B2	4,140	15,780	19,900	15,620
Distribution B8	29,120	57,570	50,590	69,660
Total	**125,710**	**168,460**	**107,470**	**262,200**

Source: Lichfields analysis (note totals have been rounded and therefore may not sum)

4.4 The employment space requirement (gross) of 125,710 sq.m under the recommended minimum scenario (Scenario 1) comprises 20,940 sq.m of office space, 71,510 sq.m of light industrial space, 4,140 sq.m of general industrial space, as well as 29,120 sq.m of distribution space. This level of future requirement across the 20-year Plan period is equivalent to 30.6% of the current (i.e. at 2023) office and industrial stock across the District based on the latest available records from the Valuation Office Agency[24]. This suggests a relatively large locally-arising requirement that is primarily driven by the needs for light industrial space.

4.5 Scenario 2 (Growth Scenario) builds on the Labour Demand scenario, however factors in the priority sectors identified by the economic development strategies and priorities across the region, and uplifts these based on historical growth rates as contextualised in Appendix 2 and Appendix 3. It implies a higher employment space requirement (gross) of 168,460 sq.m, comprising 23,600 sq.m of office space, 71,510 sq.m of light industrial space, 15,780 sq.m of general industrial floorspace, and 57,570 sq.m of distribution space.

[24] Valuation Office Agency (2023) *Non-domestic rating: stock of properties including business floorspace, 2023*.

4.6 Scenario 3, based on past development rates, results in the lowest requirement (i.e., of 107,470 sq.m), but has been heavily influenced by modest levels of net completions in the first half of the monitoring period up to 2021, partly due to high losses of employment space to other uses. However, higher rates of employment land delivery from 2021 to 2024 relating to the delivery of floorspace at the Airport Business Park and Arterial Park phases 1 and 2 implies that demand for employment land does exist locally where there is available land to facilitate its delivery. The findings from Scenario 3 should also be interpreted alongside the findings within the Rochford CPMR (2024) which provides analysis of wider market signals and consultation with commercial agents. The lower level of anticipated growth under Scenario 3 would not necessarily align with the NPPF requirement for positive planning to support economic growth. For this reason, it is not considered that Scenario 3 represents the most appropriate basis for future planning.

4.7 Scenario 4 (Labour Supply) is based on the job growth required to support the growth in economically-active population estimated from the housing growth associated with the Standard Method (NPPF December 2024) housing target for Rochford District of 694 dpa. It implies a high requirement of 262,200 sq.m, as would be expected from the high housing requirement set out by the Standard Method.

4.8 In the context of the NPPF and PPG, the Council's policy approach should aim to plan positively to meet the indigenous employment space needs, which as a minimum should relate to Scenario 1 (i.e., 125,710 sq.m or 29.3 ha). However, the Council could proactively decide to accommodate the higher employment requirements or seek to attract additional inward investment, which could in turn also drive greater economic growth, productivity, and employment growth. On this basis, it is suggested that the Council could seek to accommodate the requirements associated with higher growth scenarios such as Scenario 2 (i.e., 168,460 sq.m or 39.8 ha). These could provide increased employment choices for the District's existing and new residents, as well as supporting the Council's Economic Development Strategy and the overarching economic ambitions across South Essex.

4.9 It should be noted that the employment demand is assessed across the District and not apportioned to individual settlements. Therefore, it is possible that there may be spatial deficiencies within the District that are appropriate for the emerging Local Plan to address in the interests of promoting sustainable development. For example, should the emerging Local Plan pursue a strategy that includes focusing housing growth on a small number of locations, it may be appropriate to align employment development in order to encourage sustainable and balanced communities.

4.10 This assessment has identified indigenous employment space requirements arising within Rochford District. However, as evidenced within the Rochford EDNA (2023), Rochford District has a close economic interrelationship with neighbouring Southend on Sea Borough. This relationship is further evidenced through the previous adoption of the London Southend Airport and Environs Joint Area Action Plan (2014)[25] to accommodate unmet employment land need arising from Southend on Sea within the Airport Business Park in Rochford District. Therefore, any future unmet employment land need identified within Southend on Sea may necessitate further cross-boundary joint working between the

[25] Rochford District Council and Southend on Sea Borough Council (2014), *London Southend Airport & Environs Joint Area Action Plan (JAAP)*.

two Councils to explore opportunities to accommodate this need within Rochford District. This would in turn require the provision of employment land in Rochford District, in addition to the indigenous employment land need identified within this assessment.

Employment Space Supply

4.11 An analysis of the existing and emerging employment pipeline – as provided by the Council in May 2025 – shows that there is a total of 63,710 sq.m of employment space across the Plan period, including 29,990 sq.m delivered between 2023 and 2025 and 5,000 sq.m of unimplemented employment allocations. There is also projected to be a loss of employment land across all extant planning permissions of 2,940 sq.m.

4.12 The key employment development opportunities are at Southend Business Airport which, for Rochford, equates to a remaining 21,750 sq.m (see further details at paragraphs 3.3 to 3.8) and Star Lane in Great Wakering (c. 5,000 sq.m).

4.13 Once this supply is set against the employment land requirements it implies that there would be insufficient employment land to meet any of the scenarios assessed in this study with a shortfall varying from 43,760 sq.m (Scenario 3) to 198,490 sq.m (Scenario 4) as summarised in Table 4.2.

Table 4.2 Demand and supply of employment space in Rochford

	Scenario 1: Labour Demand	Scenario 2: Growth Scenario	Scenario 3: Past Trends	Scenario 4: Labour Supply
Employment Requirements	125,710	168,460	107,470	262,200
Employment Supply	63,710			
Surplus (+) / Shortfall (-)	**-62,000**	**-104,750**	**-43,760**	**-198,490**

Source: Rochford District Council / Lichfields analysis

4.14 Against the recommended minimum demand scenario that identifies a need of 125,710 sq.m of employment floorspace across the Local Plan period, ***there is a shortfall of 62,000 sq.m of floorspace (9.3 ha).***

Policy Implications and Recommendations

4.15 Drawing together the analysis presented above along with the conclusions from the Rochford ELS (2024) and Rochford CPMR (2024), the Council should seek to identify opportunities to provide additional land to allow for more flexibility and choice for both existing and future businesses, and to ensure that the local economy is not unduly constrained by an ongoing shortage of land. There is need to make provision for additional employment land to meet the minimum demand requirement that currently results in a shortfall of 62,000 sq.m (9.3 ha) throughout the Local Plan period to 2043.

Allocation of new employment sites

4.16 In order to meet the identified shortfall against the minimum scenario, new employment land allocations should be considered. It is recommended that the existing allocation at Star Lane in Great Wakering for 5,000 sq.m be maintained. Furthermore, the Council should also seek to explore opportunities to allocate additional employment sites to address the identified shortfall in the demand/supply balance. This may also include employment floorspace as part of housing allocations, particularly where the employment use is complementary to the primary residential use of the site and where it can help to provide a mix of uses.

Protection of key employment sites

4.17 There is a need for the Council to protect existing areas of employment land, particularly those which have been found to be performing most strongly within the Rochford ELS and which provide an important function in the local economy. Protection measures may include the use of Article 4 Directions to prevent the conversion of some units into residential uses on these sites where they can be linked to clear and justifiable site boundaries.

4.18 Office activity in the District's town centres is limited and in recent years the lowest quality stock has been removed through Permitted Development Rights change of use to residential uses. However, the Rochford District Retail and Leisure Needs Assessment Update (2025)[26] identifies that there is a need for the town centres in Rochford to maintain their primary retail function, whilst also increasing their diversity with a range of complementary uses, including offices. Supporting opportunities to deliver high quality, small offices which meet local trends in demand (as assessed within the Rochford CPMR 2024) would aid this goal of creating a balanced mix of uses in town centres, as well as boosting footfall for the existing retail and leisure activity.

Intensification of existing employment sites

4.19 Part of the response should be the identification of opportunities for the intensification and redevelopment of existing employment land to provide additional office or industrial space. As identified in the Rochford ELS (2024), there is potential for redevelopment, intensification, or refurbishment across previously allocated employment sites. The Rochford CPMR (2024) also identifies that many of these sites also comprise older stock in poor condition which may be suitable for intensification as per the Rochford ELS. The Council will need to liaise with property and landowners to understand the level of additional capacity that could be achieved as and when sites become available for (re)development.

Review of former employment sites

4.20 In addition, a number of sites currently in employment use, including Eldon Way Industrial Estate, Rawreth Lane Industrial Estate and Star Lane Industrial Estate, were re-allocated as housing sites in the current Rochford Core Strategy and Allocations Plan. However, acknowledged land assembly issues have meant that these sites have not yet come forward for residential development. Therefore, the Council should monitor the status of these sites with particular regard to their potential for residential development. If, during the Local Plan Review process, these sites remain in long-term employment use with little likelihood of housing development, their formal reallocation for employment purposes should be considered. In such cases, priority should be given to employment uses that are more compatible with nearby residential areas.

[26] Rochford District Council (2025 – forthcoming), *Rochford District Retail and Leisure Needs Assessment Update*.

Managing small industrial sites

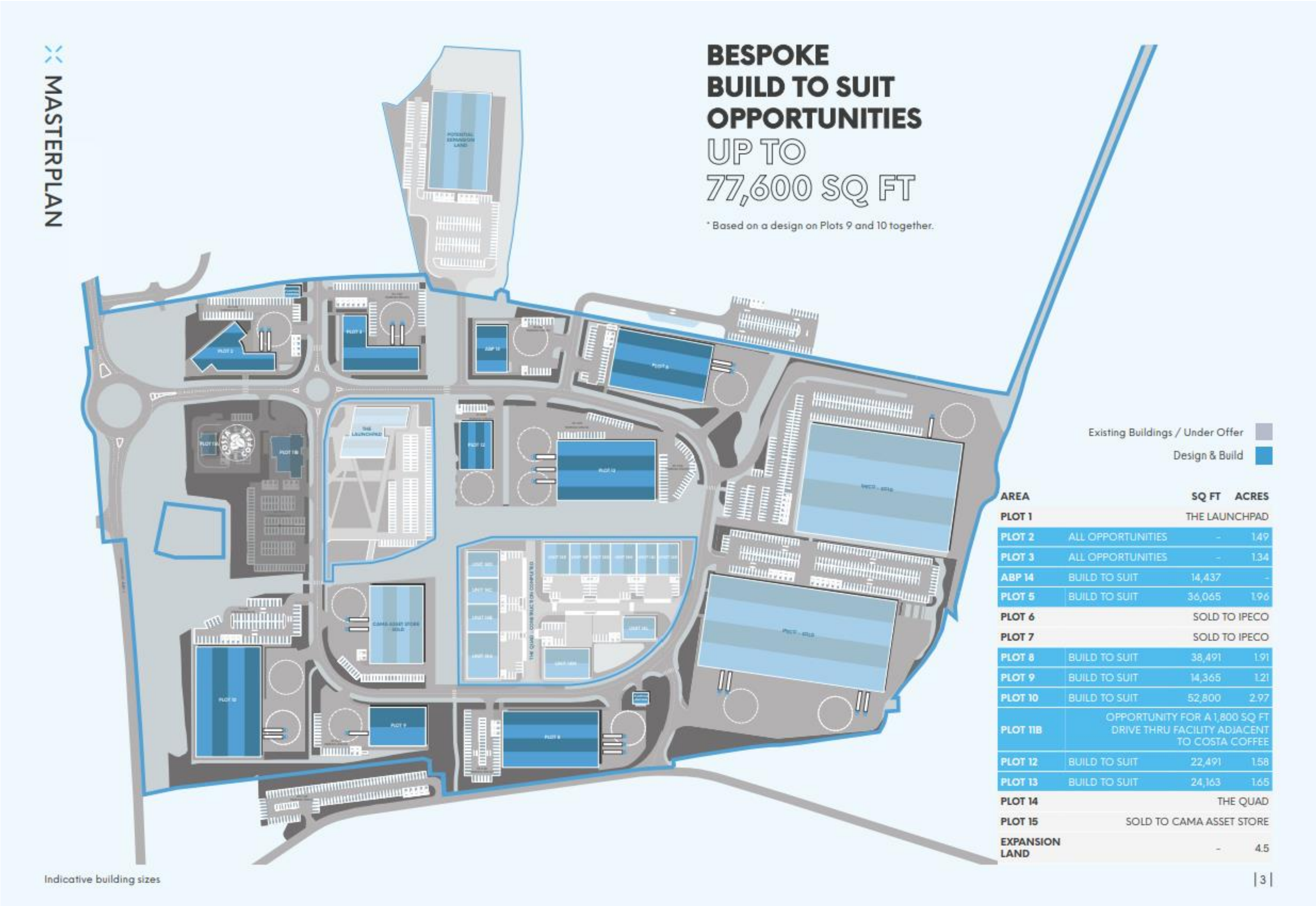
4.21 Consideration should be given to how smaller sites can be provided to meet local demand from businesses. This could include protecting and making best use of existing employment areas and promoting their renewal and upgrade overtime.

4.22 The Rochford CPMR (2024) identifies strong demand for smaller offices, along with high quality, small to medium sized industrial units, including those which provide for a flexibility of uses. Therefore, future planning policy should seek to respond to the needs of local businesses by facilitating the delivery of smaller offices, as well as high-quality industrial units at a range of small to medium sizes. This could be encouraged through a specific policy which supports proposals for the upgrading and refurbishment of these existing sites and premises so that they meet modern standards required by business, are more resource efficient and capable of meeting latest energy efficiency standards and improve the environment or townscape of the site or premises.

4.23 Flexibility in use class designations within planning policy should also be applied to allow future supply to be adapted to the specific requirements of individual businesses and respond to changes in demand.

Appendix 1 Airport Business Park Southend Indicative Masterplan

Figure 1 Airport Business Park Southend indicative masterplan



Source: Airport Business Park Southend brochure, available at https://abpsouthend.co.uk [accessed May 2025]

Appendix 2 Jobs Growth in Rochford

The table below presents the absolute growth rate between 2020 and 2025; 2015 and 2025 and 2005 and 2025 as recorded by Cambridge Econometrics. The last column presents the baseline jobs growth anticipated across the Plan period.

Table 1 Historic and furutre job growth by sector in Rochford District

Sectors (CE, 45-split)	Historic Growth			Future Baseline Growth 2023 to 2043
	5-year Growth	10-year Growth	20-year Growth	
Accommodation	2	-7	124	39
Agriculture, forestry & fishing	97	-78	-519	-13
Air transport	-285	-142	-64	0
Architectural & engineering services	-104	220	190	196
Arts	4	125	42	21
Business support services	-62	-615	3	199
Chemicals	-12	-8	-2	0
Coke & petroleum	0	0	0	0
Construction	131	180	837	1,805
Education	-397	-200	595	199
Electrical equipment	14	20	-8	-10
Electricity & gas	4	41	-150	19
Electronics	3	-62	-164	-4
Financial & insurance	-84	-110	-281	-76
Food & beverage services	49	205	655	186
Food, drink & tobacco	-27	-46	-99	-1
Head offices & management consultancies	-12	35	312	46
Health	143	582	962	811
IT services	-8	55	111	136
Land transport	273	382	270	126
Legal & accounting	-25	-144	149	177
Machinery	6	-25	207	-68
Media	3	-112	45	4

Sectors (CE, 45-split)	Historic Growth			Future Baseline Growth 2023 to 2043
	5-year Growth	10-year Growth	20-year Growth	
Metals & metal products	23	-30	-45	-102
Mining & quarrying	2	4	8	-10
Motor vehicles	8	-7	-202	-7
Motor vehicles trade	239	160	464	100
Non-metallic mineral products	-15	57	-73	-32
Other manufacturing & repair	-50	-242	-64	-133
Other professional services	174	5	313	89
Other services	164	-117	241	1
Other transport equipment	-44	100	279	-164
Pharmaceuticals	-4	-7	0	0
Printing & recording	-183	-68	-298	-26
Public Administration & Defence	-7	-102	-424	33
Real estate	443	439	682	341
Recreational services	149	101	357	95
Residential & social	-192	-290	-241	228
Retail trade	-90	-271	25	74
Textiles etc	-6	-29	-69	-4
Warehousing & postal	-12	209	274	12
Water transport	-3	1	-9	0
Water, sewerage & waste	-319	-92	87	-2
Wholesale trade	72	-76	-156	149
Wood & paper	75	28	19	-1
Total Jobs	**127**	**69**	**4,383**	**4,433**

Source: CE (April 2025) / Lichfields analysis

Appendix 3 Growth Rates per Sector per Annum

The table below presents the annual growth rates per sector against the last 5, 10 and 20 years, alongside the baseline forecast annual growth rate per sector.

Table 1 Historic and furutre annual growth rates by sector in Rochford District

Sectors (CE, 45-split)	Historic Growth			Future Baseline Growth 2023 to 2043
	5-year Growth	10-year Growth	20-year Growth	
Accommodation	0.2%	-0.4%	5.9%	1.0%
Agriculture, forestry & fishing	9.1%	-2.5%	-5.4%	-0.3%
Air transport	-61.0%	-36.3%	-18.0%	0.0%
Architectural & engineering services	-2.2%	3.3%	1.4%	1.3%
Arts	0.2%	4.7%	0.7%	0.3%
Business support services	-0.6%	-2.9%	0.0%	0.6%
Chemicals	-100.0%	-100.0%	-100.0%	0.0%
Coke & petroleum	0.0%	0.0%	0.0%	0.0%
Construction	0.6%	0.5%	1.3%	2.0%
Education	-2.3%	-0.7%	1.2%	0.4%
Electrical equipment	7.7%	6.8%	-0.9%	-1.3%
Electricity & gas	0.4%	2.6%	-3.0%	0.5%
Electronics	1.0%	-6.8%	-6.5%	-0.4%
Financial & insurance	-3.5%	-2.4%	-2.7%	-1.1%
Food & beverage services	0.5%	1.1%	2.1%	0.5%
Food, drink & tobacco	-23.2%	-16.8%	-12.1%	-0.7%
Head offices & management consultancies	-0.4%	0.6%	4.0%	0.4%
Health	1.3%	3.4%	3.4%	1.8%
IT services	-0.2%	0.9%	1.0%	1.1%
Land transport	6.4%	5.4%	1.8%	0.7%
Legal & accounting	-0.8%	-2.3%	1.7%	1.5%
Machinery	0.4%	-0.8%	6.8%	-1.3%
Media	0.3%	-5.0%	1.8%	0.1%
Metals & metal products	1.6%	-1.0%	-0.8%	-2.2%
Mining & quarrying	2.4%	2.9%	3.7%	-3.8%

Sectors (CE, 45-split)	Historic Growth			Future Baseline Growth 2023 to 2043
	5-year Growth	10-year Growth	20-year Growth	
Motor vehicles	8.9%	-2.7%	-10.8%	-1.7%
Motor vehicles trade	5.0%	1.7%	3.3%	0.5%
Non-metallic mineral products	-0.7%	1.7%	-0.9%	-0.5%
Other manufacturing & repair	-2.1%	-4.5%	-0.8%	-1.9%
Other professional services	3.8%	0.1%	2.2%	0.5%
Other services	2.4%	-0.8%	1.1%	0.0%
Other transport equipment	-1.1%	1.6%	2.9%	-1.4%
Pharmaceuticals	-10.9%	-8.8%	0.0%	0.0%
Printing & recording	-20.5%	-6.5%	-8.0%	-2.0%
Public Administration & Defence	-0.2%	-1.4%	-2.5%	0.3%
Real estate	10.7%	5.6%	5.9%	1.4%
Recreational services	3.5%	1.2%	2.9%	0.5%
Residential & social	-3.3%	-2.6%	-1.2%	1.2%
Retail trade	-0.6%	-0.9%	0.0%	0.1%
Textiles etc	-8.9%	-13.0%	-10.2%	-3.2%
Warehousing & postal	-0.2%	2.5%	1.8%	0.1%
Water transport	-35.6%	0.0%	-10.4%	0.0%
Water, sewerage & waste	-16.5%	-4.0%	3.7%	-0.1%
Wholesale trade	1.4%	-0.7%	-0.8%	0.8%
Wood & paper	11.0%	1.8%	0.6%	0.0%

Source: CE (April 2025) / Lichfields analysis

Appendix 4 Sector to Use Class Mapping

Sector	E(g)(i)/(ii)	E(g)(iii)	B2	B8	Other	Total
Total	17%	7%	11%	6%	58%	100%
Accommodation	0%	0%	0%	0%	100%	100%
Agriculture, forestry & fishing	0%	0%	0%	0%	100%	100%
Air transport	0%	0%	0%	0%	100%	100%
Architectural & engineering services	100%	0%	0%	0%	0%	100%
Arts	0%	0%	0%	0%	100%	100%
Business support services	20%	0%	0%	0%	80%	100%
Chemicals	0%	0%	0%	0%	100%	100%
Coke & petroleum	0%	0%	0%	0%	100%	100%
Construction	0%	58%	2%	0%	40%	100%
Education	0%	0%	0%	0%	100%	100%
Electrical equipment	0%	0%	100%	0%	0%	100%
Electricity & gas	0%	0%	0%	0%	100%	100%
Electronics	0%	100%	0%	0%	0%	100%
Financial & insurance	100%	0%	0%	0%	0%	100%
Food & beverage services	0%	0%	0%	0%	100%	100%
Food, drink & tobacco	0%	0%	0%	0%	100%	100%
Head offices & management consultancies	100%	0%	0%	0%	0%	100%
Health	0%	0%	0%	0%	100%	100%
IT services	90%	0%	0%	0%	10%	100%
Land transport	0%	0%	0%	21%	79%	100%
Legal & accounting	100%	0%	0%	0%	0%	100%
Machinery	0%	0%	100%	0%	0%	100%
Media	0%	0%	0%	0%	100%	100%
Metals & metal products	0%	0%	100%	0%	0%	100%
Mining & quarrying	0%	0%	0%	0%	100%	100%
Motor vehicles	0%	0%	73%	3%	23%	100%
Motor vehicles trade	0%	0%	0%	0%	100%	100%
Non-metallic mineral products	0%	0%	100%	0%	0%	100%
Other manufacturing & repair	0%	32%	66%	0%	2%	100%
Other professional services	79%	0%	0%	0%	21%	100%
Other services	6%	0%	0%	0%	94%	100%
Other transport equipment	0%	0%	100%	0%	0%	100%
Pharmaceuticals	100%	0%	0%	0%	0%	100%
Printing & recording	0%	29%	71%	0%	0%	100%
Public Administration & Defence	56%	0%	0%	0%	44%	100%
Real estate	100%	0%	0%	0%	0%	100%
Recreational services	0%	0%	0%	0%	100%	100%
Residential & social	0%	0%	0%	0%	100%	100%
Retail trade	0%	0%	0%	0%	100%	100%

Sector	E(g)(i)/(ii)	E(g)(iii)	B2	B8	Other	Total
Textiles etc	0%	0%	0%	0%	100%	100%
Warehousing & postal	0%	0%	0%	73%	27%	100%
Water transport	0%	0%	0%	0%	100%	100%
Water, sewerage & waste	0%	0%	100%	0%	0%	100%
Wholesale trade	0%	0%	0%	100%	0%	100%
Wood & paper	0%	0%	100%	0%	0%	100%

Appendix 5 CE Forecast Guide (April 2025)

UK forecast assumptions (April 2025)

This note outlines the assumptions used in Cambridge Econometrics' April 2025 UK forecast.

Data

Historical data

The last year of historical data available can vary by variable and geography. Table 1 lists the last year of historical data for the three main variables in the forecast for the UK and its regions: population, employment, and gross value added (GVA).

Table 1: Last year of historical data

	UK	Regional
Population	2023	2023
Employment	2024	2024
GVA	2023*	2022**

Note(s): * UK GVA is based on historical annual data to 2023, and an estimate for 2024 is made based on three quarters of data in 2024.
** The 2023 regional GVA forecasts are scaled to historical UK GVA in 2023.

Population

Historical population figures are based on the Office for National Statistics (ONS) rebased mid-year population estimates, in line with the latest Census of Population (2021 for England, Wales and Northern Ireland, and 2022 for Scotland).[1,2]

Employment

The measure of employment is workplace-based jobs, which include full-time, part-time, and self-employed. The data for employees in employment, self-employment and HM Forces come from the ONS quarterly Workforce Jobs series, from which the June (Q2) count seasonally unadjusted data are used.[3] This provides data for employee jobs and self-employment jobs, by 19 sectors and gender/status. These are further disaggregated to more detailed 45 sectors, using data from the Business Register and Employment Survey (BRES) and the earlier Annual Business Inquiry (ABI). Data for Northern Ireland are not available from BRES/ABI, and so the 19-sector data is disaggregated using ratios for Great Britain.

[1] Population estimates - local authority based by single year of age - Nomis
[2] Estimates of the population for the UK, England, Wales, Scotland, and Northern Ireland - ONS
[3] Workforce jobs by industry (SIC 2007) and sex - unadjusted - Nomis

Gross Value Added (GVA)

GVA is presented in real terms, and the price base year is 2022. Historical GVA figures for the UK are based on the Blue Book, and the regional GVA data are consistent with sector data (balanced approach) from the ONS' Regional Accounts.[4,5]

Population projection data

The population projections in the forecast are based on the ONS 2022-based interim national population projections for the four UK nations (England, Scotland, Wales, and Northern Ireland), published in January 2025, and the ONS 2018-based regional population projections for the nine regions of England, published in March 2020. The regional projections are scaled to be consistent with the 2022-based projections for England.[6,7]

The ONS 2022-based interim population projections project long-term annual net migration to be 340,000, an upward revision from 315,000 annual net migration, from the 2021-based projections published in January 2024.[8] This is driven by increases in non-EU immigration, humanitarian visas, health and care worker visas, and international students. Based on these projections, the ONS expects the UK population to increase to 71.9 million by mid-2030 and to 74.8 million by mid-2040.

We do not impose additional assumptions on population projections in our forecast.

Macroeconomic assumptions

The medium-term macroeconomic assumptions consider global economic developments, geopolitical conflicts, public policies (such as increases in National Insurance contributions and the National Living Wage), the working-age population, inflation, and high interest rates. Assumptions about longer-term factors, such as the green transition, automation, and artificial intelligence, are discussed separately below.

Summary – Weak demand with growth supported by public spending

The UK economic outlook for 2025 and 2026 is marked by subdued private sector demand, with consumer spending and business investment both constrained by persistent inflation, high interest rates, and increased labour costs. Although lower oil prices are expected to ease cost pressures, energy and wage-related inflation risks remain, likely keeping interest rates relatively high, and dampening borrowing and consumption.

Trade uncertainties, particularly around UK-EU services, and global trade tensions are expected to limit UK export growth. At the same time, rising costs of inputs and reduced confidence are suppressing business investment, particularly in labour-intensive sectors.

In contrast, government expenditure is expected to increase over the next two years. The 2024 Autumn Budget announced a notable increase in public spending, averaging 2% of GDP annually to 2029, with major investments in transport, housing, and R&D. This fiscal

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4 UK National Accounts, The Blue Book: 2024 - Office for National Statistics

5 Regional gross value added (balanced) by industry: all ITL regions - Office for National Statistics

6 National population projections: 2022-based - Office for National Statistics

7 Subnational population projections for England - Office for National Statistics

8 National population projections: 2021-based - Office for National Statistics

stimulus is expected to provide a temporary boost to GDP, partially offsetting weak private sector activity.

An increase in the working-age population and the size of the labour market, supported by positive net migration, is expected to sustain labour supply, but strong wage growth and employment costs continue to impact recruitment and investment decisions. Structural transformations, such as automation, AI adoption, and the green transition are considered, but their potential to shift the overall macroeconomic trajectory are still unknown.

Commodity prices – Declining oil prices

Overall commodity prices are expected to decline in 2025 and 2026, driven by lower oil prices. The decline in commodity prices in the short-term will be limited to a degree by rising natural gas prices, and stable metals and agricultural raw material prices. Ongoing conflicts in the Middle East, however, risk putting upward pressure on energy prices, if geopolitical tensions disrupt supply.[9]

Commodity price projections in our forecast are adjusted using data from the International Monetary Fund and the World Bank.[10] Consequently, the medium-term forecast anticipates a modest recovery in consumer spending in 2026, supported by lower commodity prices.

Exports and imports – Increasing trade uncertainties

US trade tariffs on exported goods to the US announced by the Trump administration may negatively impact global trade. However, as these tariffs do not directly target UK exports, and since the majority of UK exports are in services, the direct effects are limited.[11] Instead, UK trade is more likely to be affected indirectly through US-EU trade relations and a potential slowdown in the US economy. While these pose risks to UK exports, no further assumptions are made due to the uncertainty over the implementation of US tariffs as of February 2025.[12]

UK trade with the European Union (EU) is expected to decline in the long term, with the most significant impact on services. Much of the decline in goods exports likely occurred in 2021, following the end of the Brexit transition period on 31 December 2020. While new customs formalities and checks initially disrupted goods exports, these effects are now expected to have stabilised. In contrast, trade in services is projected to decline further over time.

We have also considered the potential impact of future trade deals with non-EU countries, including the US, Australia, Canada, and New Zealand. However, negotiations on a UK-US free trade agreement, as modelled by the Department for International Trade, have stalled since 2021. In the long run, we assume UK exports to these countries will increase relative to a scenario in which the UK had remained in the EU. However, this growth is expected to be limited, as the UK is unlikely to establish trade arrangements with non-EU countries that are comparable to those it previously had through EU membership.

Effects on imports are accounted for implicitly within the model framework, with no further assumptions applied.

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[9] Open Knowledge Repository - World Bank

[10] https://www.imf.org/en/Research/commodity-prices

[11] UK trade - Office for National Statistics

[12] EU-US trade: how tariffs could impact Europe - European Parliament

Government expenditure and investment – Driving growth in the short term

Short-term public finances have improved due to higher income tax revenues, driven by strong nominal wage growth and frozen tax thresholds. This has occurred despite weaker economic growth and increased interest payments on central government debt, which remain elevated due to persistently high interest rates.

In the 2024 Autumn Budget, the Chancellor announced an increase in government spending averaging around 2% of GDP per year over the next five years. One-third of this additional expenditure is allocated to government investment in areas such as transport, housing, and research and development (R&D). The remaining two-thirds will fund day-to-day public services.

Half of the increase in spending will be financed through higher taxes, primarily from increased employer National Insurance Contributions (NICs) and capital taxes. The remaining half will be funded largely through additional government borrowing.

The Office for Budget Responsibility's (OBR) October 2024 forecast[13], published after the Autumn 2024 budget, expects an increase in government spending in 2025 and 2026, followed by a slowdown from 2027 onwards. In line with the OBR's forecast, we assume that an increase in government spending to 2029 will provide a temporary boost to GDP, with the strongest impacts in 2025 and 2026.

Inflation – Resurging inflation from rising energy and labour costs

UK CPI inflation has declined from its peak of 11.1% in October 2022, but remains above pre-2022 levels and the Bank of England's 2% target. UK CPI inflation was 2.8% in January 2025, with core inflation (excluding food and fuel) exceeding the headline rate. This was driven by the rising costs of services and weakening deflationary pressures, as energy prices ceased to decline.

According to the British Chamber of Commerce (BCC) Quarterly Economic Survey for Q4 2024[14], 55% of firms expect prices to rise over the next three months, primarily due to labour costs in the service sector. While inflation is no longer their top concern, a wage-price spiral remains a risk. However, this risk is considered low due to subdued consumer spending.

On 25 February 2025, energy regulator Ofgem announced a 6.4% increase in the energy price cap between April to June 2025.[15] Rising global energy costs and regulated price changes are expected to drive higher inflation in 2025 and 2026.

Inflation is projected to remain above the 2% target throughout 2025, peaking at 3.5% in Q3, before declining to just above the target by the end of 2026, in line with Bank of England and market expectations. Wage growth is also expected to continue due to persistent inflation. While there are no explicit assumptions about inflation in the model used to develop the UK forecast, its effects are accounted for through other medium-term macroeconomic assumptions.

[13] Economic and fiscal outlook – October 2024 - Office for Budget Responsibility

[14] Quarterly Economic Survey Q4 2024 - British Chamber of Commerce

[15] Changes to energy price cap between 1 April and 30 June 2025 - Ofgem

Interest rates – Sustained period of high interest rates

Interest rates peaked at 5.25% in August 2024, with a cut in February 2025 reducing them to 4.5%. However, further reductions are expected to be delayed due to resurging inflation.

Rates are projected to remain elevated, gradually declining to 4% by early 2026 and holding steady until 2027. This aligns with the Bank of England’s February 2025 forecast, which expects rates to be approximately 4.2% in Q1 2026 and 4.1% in Q1 2027.

We assume the persistence of high interest rates will reduce borrowing for both households and firms, further dampening household consumption and business investment.

Labour market – Reduced recruitment activity

The labour market showed signs of loosening in 2024, with vacancies declining, while overall employment remained stable. Business sentiment suggests reduced recruitment activity, driven by rising labour costs from increases in National Insurance Contributions (NICs) and the National Living Wage (NLW). Average earnings are also expected to grow slightly faster than previous forecasts due to persistent inflation. The end of EU freedom of movement and the changes to the UK Skilled Worker visa scheme in 2024 could further increase costs, particularly for SMEs.

The labour force is expected to grow, supported by an increase in the working-age population and net migration. See the “Population projection data” section above for details on the population assumptions used in the forecast. We do not impose additional assumptions on the labour market in our forecast.

The medium-term impacts of COVID-19 have already materialised, and no further assumptions are imposed. Due to limited evidence, explicit assumptions on its long-term impact on the labour force are not incorporated into this forecast.

Business investment – Suppressed by rising labour costs and uncertainties

Following the increases in National Insurance Contributions (NICs) and the National Living Wage (NLW), business confidence in profitability and turnover has declined to 2022 levels, according to the British Chambers of Commerce (BCC) Quarterly Economic Survey for Q4 2024. Rising labour costs, including higher wages and associated employer contributions, have placed additional financial pressures on businesses, particularly in labour-intensive sectors. Many firms are also facing increased hiring costs, both in terms of recruitment expenses, and the challenge of attracting and retaining skilled workers in a tight labour market. In addition, ongoing trade uncertainties – whether related to supply chain disruptions, changes in trade policy, or global economic conditions – continue to weigh on business sentiment.

These factors have contributed to a more cautious approach to investment, with firms holding back on expansion plans, delaying capital expenditures, and prioritising cost control measures. As a result, we assume business investment to remain subdued in the short term.

Post-referendum uncertainty about the future of the UK-EU relationship depressed investment in the past few years. Our expectation is that reductions in UK-EU trade will outweigh any gains made through other trade agreements. Combined with continued uncertainty about the speed of any future regulatory divergence, UK investment post-Brexit is likely to be lower than it might otherwise have been (viewed in isolation of the impact of COVID-19).

The latest national accounts include data on private sector investment in the post-Brexit period, which are used as input variables in the forecast. We therefore no longer make explicit assumptions about the effect of Brexit on private investment.

Other macroeconomic considerations

As with the previous forecast, we considered the long-term impact on the economy of the UK's trend towards the use of artificial intelligence, automation and a green transition. There were no significant updates to these trends since the last forecast update, and we do not impose further explicit assumptions about their impacts.

Artificial intelligence

The term artificial intelligence (AI) encompasses many technologies. This subsection focuses on the emerging technology of generative AI and its impact on production and productivity.

Generative AI has the potential to enhance efficiency by automating routine tasks, improve information gathering, and enabling more sophisticated decision-making, which could lead to significant gains in labour and capital productivity. However, the extent of these benefits vary across industries, and depend on the rate of adoption.

There are also concerns about labour market disruptions, as AI may replace certain jobs while creating new ones that require different skill sets. Additionally, the economic gains from AI could be unevenly distributed, potentially exacerbating inequalities between firms, sectors, and regions. Given these uncertainties, the long-term impact of AI on economic growth, employment, and income distribution remains difficult to predict, requiring careful monitoring. We do not, therefore, impose a transformation across the economy above that already reflected in recent trends.

Automation

The advent of new technologies that can automate work and improve productivity of firms will affect the economy and labour market over the next 25 years. Automation and technologies that enable it, such as artificial intelligence (AI), have the potential to both eliminate existing jobs (as has been observed, for example, within manufacturing sectors in recent decades), and create new jobs that previously would not have been needed. Automation also has the potential to improve the productivity of sectors by producing output faster than human labour, especially when the labour input is manual, rules-based, or repetitive.

Given the uncertainty around the future impacts of automation and any policies or regulations the UK government will enact as a response, we do not make any explicit assumptions in the forecast relating to this topic. The forecast does, however, capture a continuation of recent historical trends and patterns of behaviour. Therefore, there is an implicit assumption that automation continues to take place at the current pace, but we do not impose a transformation above that already reflected in recent trends.

Green transition

The UK has a published strategy for its path to reach net zero carbon emissions by 2050.[16] This strategy includes both firm investment commitments and aspirational or goal-based targets that have not yet been budgeted for or implemented.

We do not impose any explicit assumptions about the UK's green transition, as the current level of investment is too small to affect the macroeconomic outlook.

[16] Net Zero Strategy: Build Back Greener - GOV.UK

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