

Rochford Commercial Property Market Review

Final Report

Rochford District Council

22 February 2024

LICHFIELDS

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1.0 Introduction

- 1.1 Rochford District Council (“the Council”) commissioned Lichfields to prepare a Commercial Property Market Review (CPMR) for the District to supplement the Rochford Economic Development Needs Assessment (EDNA) which was published in October 2023. The purpose of the CPMR is to assess the recent performance, signals and trends within the local commercial property market and to aid the interpretation of the EDNA findings in developing a new Local Plan for the District.

Scope of the Study

- 1.2 The study brief identifies the following key objectives for the study:
- 1 To provide a detailed review of the current supply of employment floorspace stock and land within the District. The analysis draws on the latest official Valuation Office Agency (VOA) data as well as proprietary data sets such as CoStar. The analysis considers current vacancy rates and quality of stock, and will be broken down by broad category of employment use (office and industrial). This analysis also draws on consultation with a number of local and sub-regional commercial property agents regarding current local commercial property market conditions.
 - 2 To analyse recent changes and trends in development and supply, such as losses to other uses, emerging space in the development pipeline and identification of any further committed losses of employment land. This will provide the Council with a detailed understanding of the nature of, and influences upon, the area’s commercial property market and how this has changed in recent years. This draws on latest Council monitoring data and CoStar data to provide a review of current market signals in terms of vacancy levels, net absorption of floorspace, and transaction activity in different market segments.
 - 3 To present a summary of key findings and implications for emerging policies within the new Local Plan.
- 1.3 The CPMR should be read alongside the EDNA to provide a more detailed analysis of these trends as well as key drivers of, and demand for, employment space in Rochford.
- 1.4 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, primarily in late 2023. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.

Structure of the Report

- 1.5 The remainder of the report is structured as follows:
- **Section 2.0 – Socio-Economic Context:** presents a summary of recent economic conditions and trends in Rochford District compared to the regional and national averages. This comprises a labour market profile, analysis of the employment structure within the District, and business demography data.

- **Section 3.0 – Office Market Signals and Trends:** presents a review of the existing supply of office floorspace within Rochford, as well as an analysis of recent market trends and changes in development and supply.
- **Section 4.0 – Industrial and Distribution Market Signals and Trends:** provides a review of existing industrial employment land within the District, including a review of the existing stock of industrial premises, as well as an analysis of recent market trends and changes in development and supply.
- **Section 5.0 – Conclusions:** summarises the overall findings of the CPMR.

2.0 Socio-Economic Context

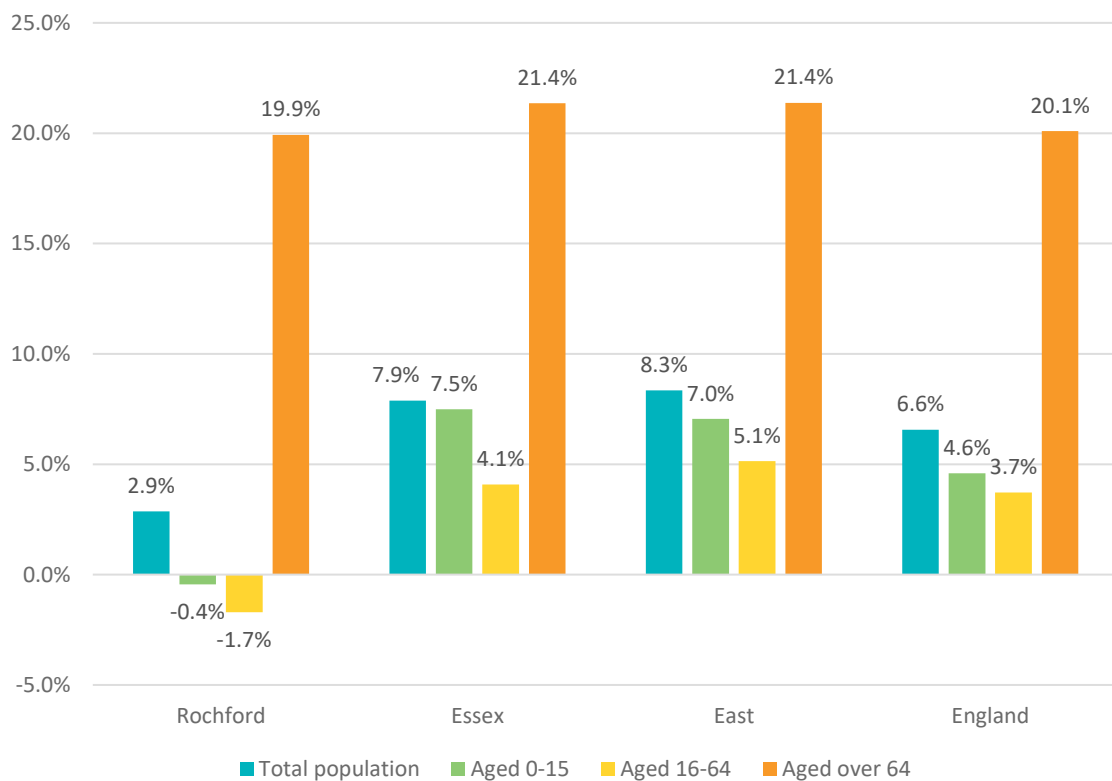
2.1 This section summarises recent economic conditions and trends in Rochford District compared to regional and national averages. This comprises a labour market profile, including population, employment and educational attainment trends, the employment structure within the District, and business demography data including business start-up and survival rates. This analysis draws on Office for National Statistics (ONS) data and is supplemented by datasets from the East of England Forecasting Model.

Population

2.2 At the time of the 2021 Census¹, Rochford District had a resident population of 85,667, representing an increase of 2.9% over the previous ten years from 2011². This rate of population growth was lower than those recorded across Essex (7.9%), the East of England (8.3%), and England as a whole (6.6%) over the same period.

2.3 The District’s working age population (aged between 16 and 64) has decreased slightly by 1.7% between 2011 and 2021 as shown in Figure 2.1.

Figure 2.1 Population Change by Age Group (2011-2021)



Source: ONS Census 2021 and 2011

2.4 According to latest ONS population projections³, Rochford District’s working age population is expected to increase by 6.3% from the dataset’s baseline year in 2018 up to

¹ ONS (2022), Census 2021

² ONS (2012), Census 2011

³ ONS (2018), Population Projections: 2018 Base Year

2040. This is higher than the increase projected for the wider area of Essex (5.7%), the East of England (2.8%) and England as a whole (3.2%) over the same time period.

Labour Market Profile

- 2.5 The local labour market is characterised by a higher proportion of the working-age population being economically active and a lower proportion of claiming out-of-work benefits when compared to the Essex and East of England averages. However, the resident labour force in the District records a lower level of NVQ4 and above (i.e. higher level) qualification attainment when compared to Essex and the East of England, which indicates that local workforce in Rochford District is comparatively less skilled (see Table 2.1).

Table 2.1 Key Labour Market Characteristics

Indicator	Rochford	Essex	East of England	England	
Economic Activity Rate (2023) ⁴	81.8%	80.3%	80.5%	78.6%	
Out of Work Benefits Claimant Count (as a proportion of residents aged 16-64) (2023) ⁵	2.1%	2.8%	2.9%	3.8%	
Resident Qualification Level (2021) ⁶	NVQ4 and Above	31.4%	35.5%	39.6%	43.2%
	NVQ3 and Above	56.5%	53.6%	58.2%	61.4%
	NVQ2 and Above	79.1%	74.5%	76.7%	78.1%
	NVQ1 and Above	93.5%	88.6%	88.5%	87.7%
	Other or No Qualification	6.5%	11.4%	11.6%	12.3%
Resident Occupation Groups (2023) ^{7, 8}	SOC Major Group 1-3	43.9%	49.3%	51%	51.7%
	SOC Major Group 4-5	29.9%	22.3%	20%	18.5%
	SOC Major Group 6-7	16.9%	13.9%	14.2%	14.1%
	SOC Major Group 8-9	9.4%	13.9%	14.4%	15.2%
Median Gross Weekly Earnings by Residence (2022) ⁹	£730.9	£689.9	£667.6	£645.8	
Median Gross Weekly Earnings by Workplace (2022)	£603.7	£622.2	£632.4	£645.6	

Source: Annual Population Survey (ONS) / Annual Survey of Hours & Earnings (ONS) / Claimant Count (ONS)

- 2.6 This resident skills profile reflects the fact that a smaller share of District residents are employed within higher skilled roles represented by SOC Major Group 1 - 3 compared to Essex, the East of England and England as a whole. There remains a higher share of residents employed in more elementary roles represented by SOC Major Group 6 - 7, which includes a range of service and sales occupations. However, a lower proportion of the working population of Rochford District are employed in SOC Major Group 8-9, including machinery, plant and process operatives and elementary occupations, compared to the regional and national averages.

⁴ ONS (2023), Annual Population Survey, April 2022 to March 2023.

⁵ ONS (2023), Claimant Count by Sex and Age.

⁶ ONS (2022) Annual Population Survey, January to December 2021.

⁷ ONS (2023), Annual Population Survey, April 2022 to March 2023.

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

⁹ ONS (2022), Annual Survey of Hours and Earnings.

- 2.7 Conversely, the median gross weekly earnings of residents in Rochford District are higher than the comparative geographies listed in Table 2.1. However, the median gross weekly workplace earnings in Rochford at £603.70¹⁰, are lower than all other comparative geographies. This suggests that the District's economy has a lower share of higher paid roles, and given the higher levels of resident earnings, it is likely that many residents commute outside of the District for higher paid work.

Employment

- 2.8 The East of England Forecasting Model (EEFM) produced by Cambridge Econometrics¹¹ provides employment data and forecasts for the East of England region. It shows that in 2019, Rochford District accommodated around 28,600 jobs. The largest sectors by employment in Rochford are 'wholesale, retail and motor trades' which accounts for 16.0% of total employment within Rochford District, followed by 'construction' and 'education' which account for 12.1% and 10.1% of employment respectively. When compared to the share of employment in Essex, the East of England and England as a whole, Rochford District is over-represented in the 'education', 'construction', 'transport and storage' and 'arts and entertainment' sectors.

Table 2.2 Employment by Industry (2019)

Industry	Rochford		Essex	East of England
	Count	%	%	%
Agriculture, forestry and fishing	326	1.1%	0.7%	0.8%
Mining, quarrying and utilities	335	1.2%	0.8%	0.9%
Manufacturing	2,117	7.4%	6.4%	7.4%
Construction	3,453	12.1%	9.9%	7.9%
Wholesale, retail and motor trades	4,572	16.0%	17.1%	16.9%
Transport and storage (including postal)	1,792	6.3%	5.2%	4.9%
Accommodation and food services	2,002	7.0%	6.6%	6.6%
Information and communication	536	1.9%	3.1%	3.7%
Financial and insurance	529	1.9%	2.7%	2.3%
Property	503	1.8%	1.6%	1.5%
Professional, scientific and technical	2,614	9.1%	8.3%	8.8%
Business administration and support services	1,312	4.6%	7.0%	9.0%
Public administration and defence	502	1.8%	3.4%	3.3%
Education	2,876	10.1%	8.7%	8.5%
Health	2,664	9.3%	12.6%	11.5%
Arts, entertainment and recreation	1,294	4.5%	3.2%	3.1%
Other services	1,153	4.0%	2.7%	2.8%
Total	28,581			

Source: EEFM (2020), East of England Forecasting Model: 2019 baseline results

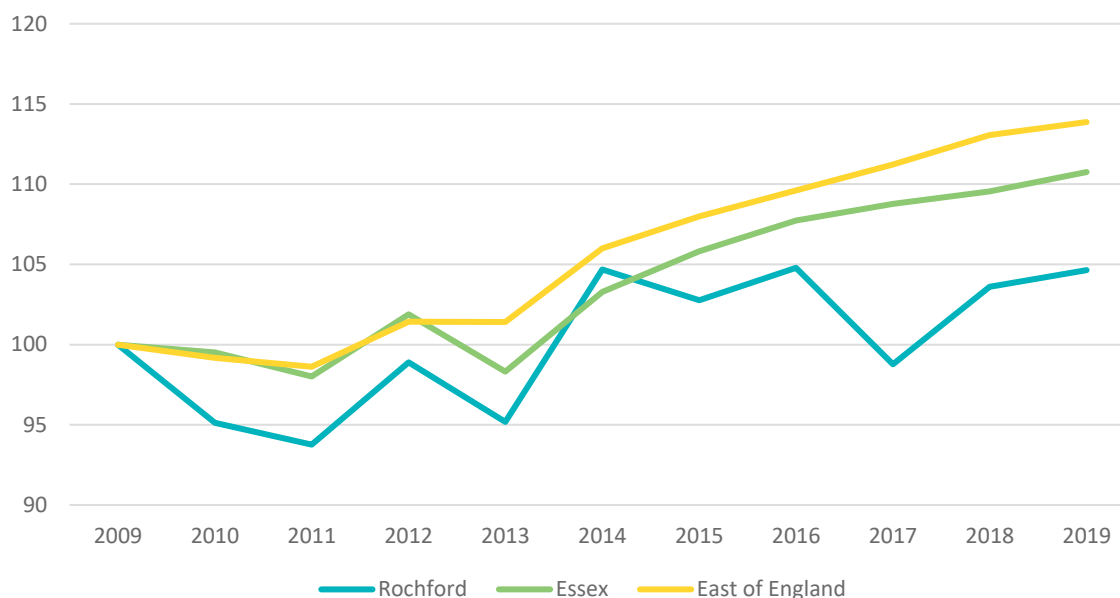
- 2.9 Over the 11-year period from 2009 to 2019, the total number of jobs within Rochford increased by 4.6%. This was an appreciably lower increase than was experienced in Essex (10.8%) and the East of England (13.9%) over the same period as shown by Figure 2.2

¹⁰ ONS (2022), Annual Survey of Hours and Earnings.

¹¹ Cambridge Econometrics (2020), East of England Forecasting Model.

below. In Rochford District, the largest growth sectors were ‘finance’ (67.3%), ‘arts and entertainment’ (56.8%), and ‘professional, scientific and technical’ (55.7%). By contrast, a number of industries saw a contraction in the total number of jobs within Rochford District, including ‘public administration’ (-44.2%), ‘manufacturing’ (-18.0%), and ‘mining, quarrying and utilities’ (-15.1%).

Figure 2.2 Change in the number of jobs 2009 to 2019 (indexed to 2009 base year)



Source: EEFM, (2020) East of England Forecasting Model: 2019 baseline results

Business Base

2.10 Rochford District is characterised by having a larger share of micro firms (0 to 9 employees) and a lower share of small-sized (10 to 49 employees) and medium sized firms (50 to 249 employees) compared to the average across Essex, the East of England and England as a whole (Table 2.3)¹². The District also accommodates fewer large sized firms compared with averages across the county, region and country.

Table 2.3 Key Business Characteristics

Metric	Rochford	Essex	East of England	England	
Number of Enterprises (2021)	3,640	66,800	272,695	2,408,040	
Business Size (2021)	Micro (0 to 9)	91.1%	90.0%	90.0%	89.6%
	Small (10 to 49)	7.6%	8.4%	8.2%	8.5%
	Medium (50 to 249)	1.1%	1.4%	1.5%	1.5%
	Large (More than 250)	0.1%	0.3%	0.4%	0.4%
Business Births per 10,000 Working Age Persons (2021)	73.9	88.1	84.9	91.1	

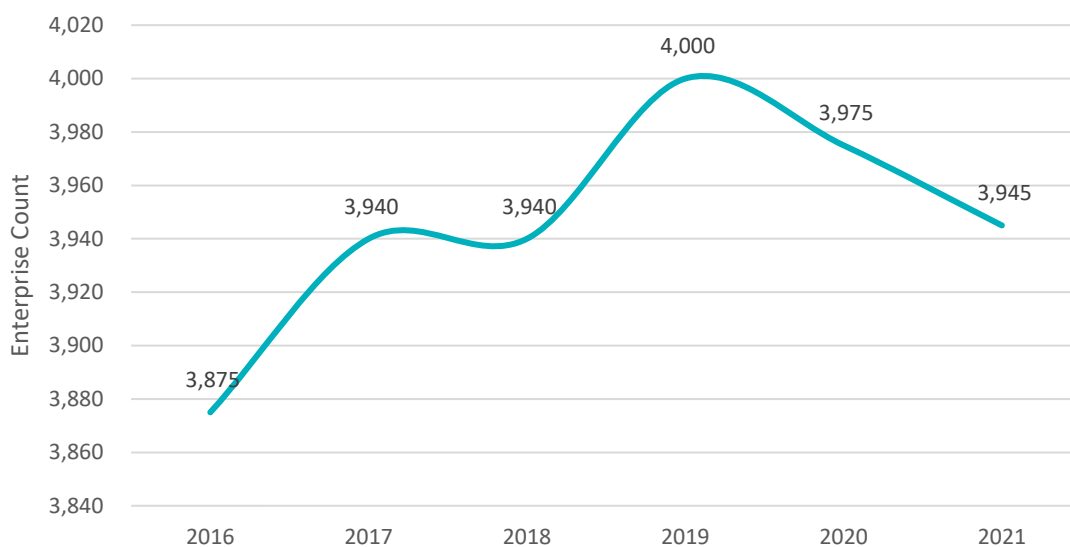
Source: ONS (2021), UK Business Counts; ONS (2021), Business Demography Statistics / Lichfields analysis

¹² ONS (2022), UK Business Counts - enterprises by industry and employment size band.

2.11 Over the period from 2016 to 2021, the business start-up rate in Rochford (as a proportion of working-age people) has followed a general downward trend, falling from 87.3 business births per 10,000 working age residents in 2016 to 73.9 in 2021¹³.

2.12 The number of recorded enterprise births in Rochford District stood at 375 in 2021, having decreased 16.7% since 2016 (from 450). As shown in Figure 2.3 below, the District’s business base recorded an increase in the number of active businesses of 1.8% between 2016 and 2021, however, the number decreased between 2019 and 2021 over the duration of the Covid-19 pandemic.

Figure 2.3 Rochford District Enterprise Count (2016-2021)



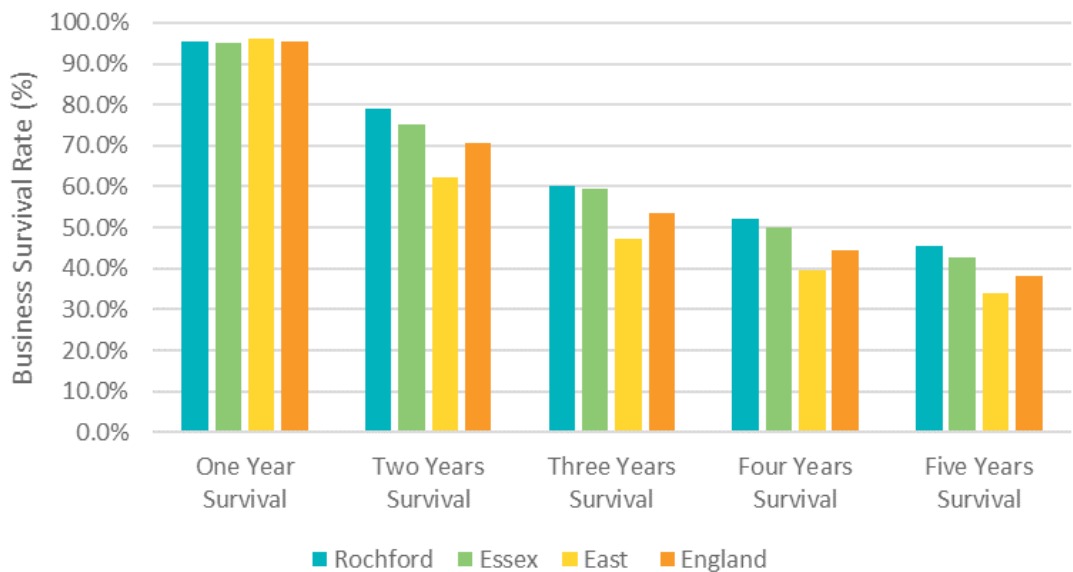
Source: ONS (2021) Business Demography Statistics / Lichfields analysis

2.13 Following start-up, businesses based in Rochford tend to overperform compared to the regional and national averages with regards to business survival rates. Latest ONS data (shown in Figure 2.4) shows that 5-year business rate survival rates in Rochford District (45.6%) are higher than the average for Essex (42.7%), the East of England (33.9%) and England as a whole (38.0%)¹⁴.

¹³ ONS (2021), Business Demography Statistics.

¹⁴ ONS (2021), Business Demography Statistics.

Figure 2.4 Business Survival Rate

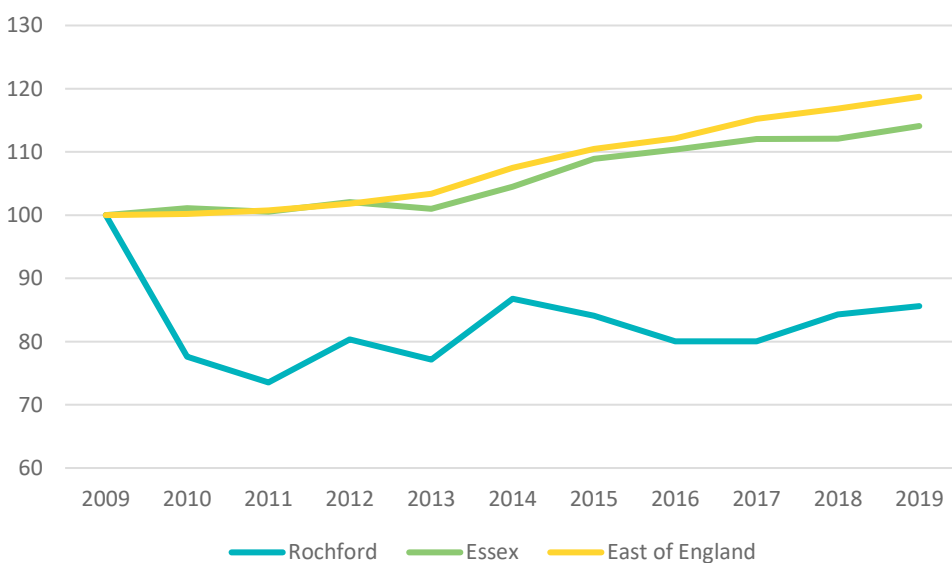


Source: ONS (2021), Business Demography Statistics / Lichfields analysis

2.14

Gross value added (GVA) is a measure of the output of an economy, broadly defined as the total value of goods and services produced in an area. EEFM data from 2019 shows that total GVA within Rochford District decreased by 14.4% between 2009 and 2019 (from around £1.37 bn to £1.17 bn (2016 prices))¹⁵. Conversely, total GVA in Essex and the East of England grew by 14.1% and 18.7% respectively over the same period, as shown by Figure 2.5.

Figure 2.5 Total GVA 2009 to 2019 (indexed to 2009 base year)



Source: Cambridge Econometrics, (2020) East of England Forecasting Model: 2019 baseline results

¹⁵ Cambridge Econometrics (2020), East of England Forecasting Model: 2019 baseline results.

3.0 Office Market Signals and Trends

3.1 This section provides an overview of the existing stock of office space (use classes E(g)(i) and E(g)(ii)) in Rochford District, as well as recent trends and changes to this stock of office space. It then provides an overview of the local commercial property market, including recent trends in demand and supply. The analysis draws on data from the following sources:

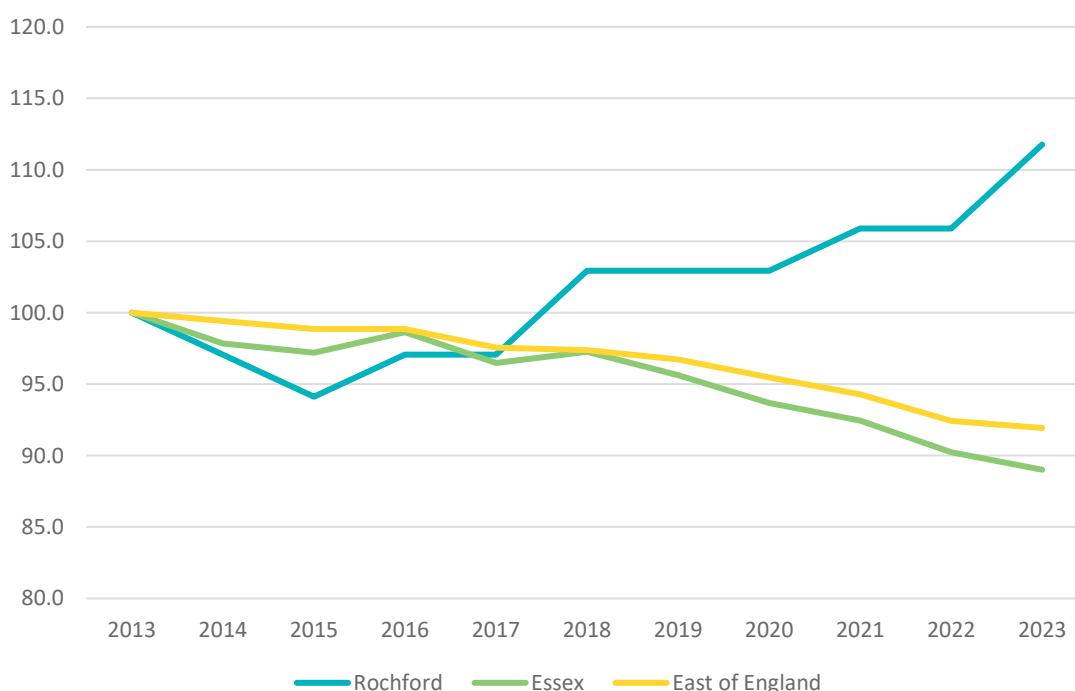
- Latest commercial floorspace data from the Valuation Office Agency (VOA);
- Monitoring data on commercial floorspace from Rochford District Council (this is presented by B Use Class (some of which now falls within Class E) reflecting its historic nature);
- CoStar property market data; and
- Discussions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

Stock of Office Space

3.2 Rochford District contains approximately 38,000 sq.m of office floorspace as of March 2023 according to the latest VOA data. This accounts for 9.2% of the total employment floorspace within the District.

3.3 The District’s stock of office space grew by 11.8% over the 10 years between 2013 and 2023. This compared to a decline in office space across Essex and the East of England as a whole (-8.1% and -11.0% respectively) over the same ten-year period as shown in Figure 3.1.

Figure 3.1 Change in office floorspace 2013 to 2023 (indexed to March 2013)



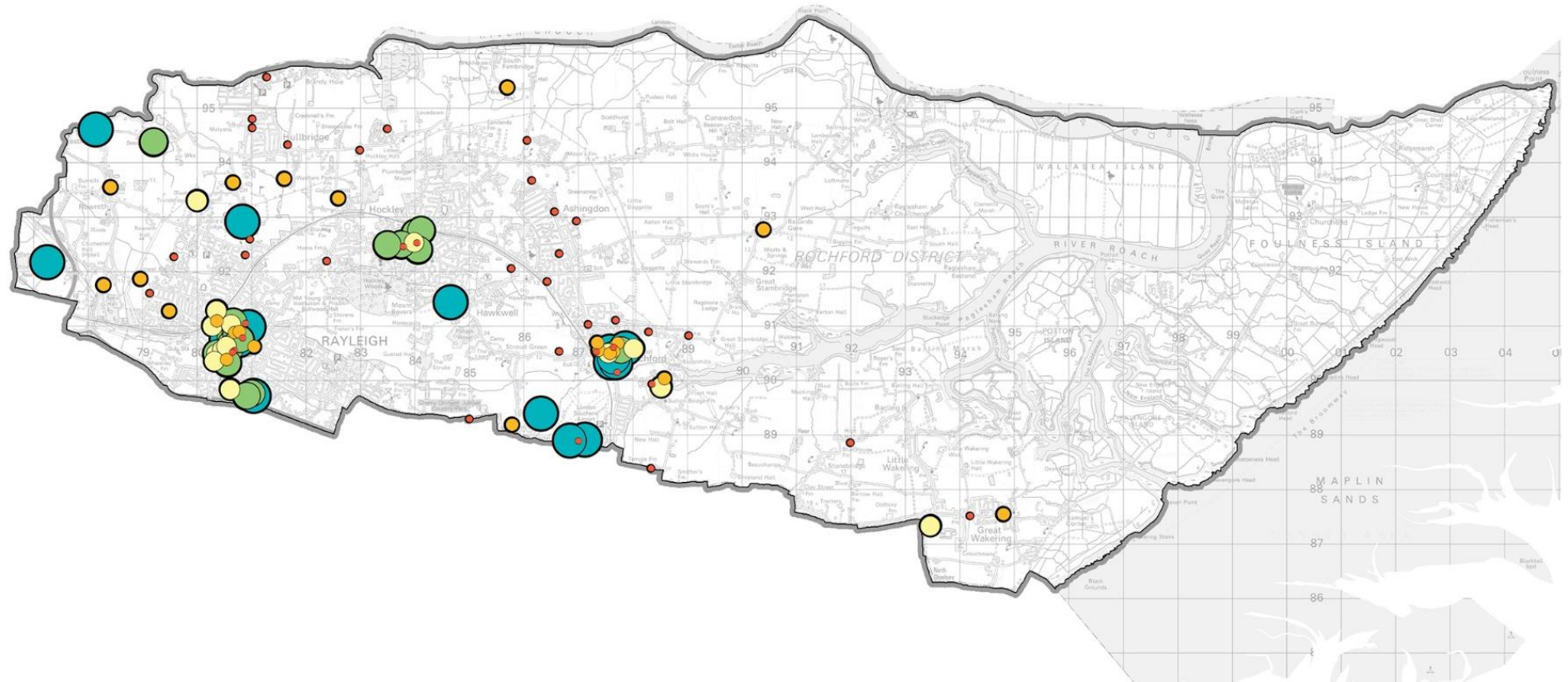
Source: VOA Business Floorspace Data (March 2023) / Lichfields analysis

Spatial Distribution

- 3.4 Figure 3.2 overleaf illustrates the spatial distribution of office space in Rochford District using latest available property data from the VOA. This identifies that there are significant concentrations of office space found in the towns of Rayleigh and Rochford which accommodate approximately 38% and 27% of the total office stock within the District respectively. The majority of this office space is located around the two town centres. Other important office clusters within the District include Hockley as well as the London Southend Airport and the surrounding area such as the Airport Business Park and Aviation Way.

Figure 3.2 Spatial Distribution of Office Space by Size in Rochford District (2021)

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Source: VOA Business Floorspace Data (2021) / Lichfields analysis

Historic Development Rates

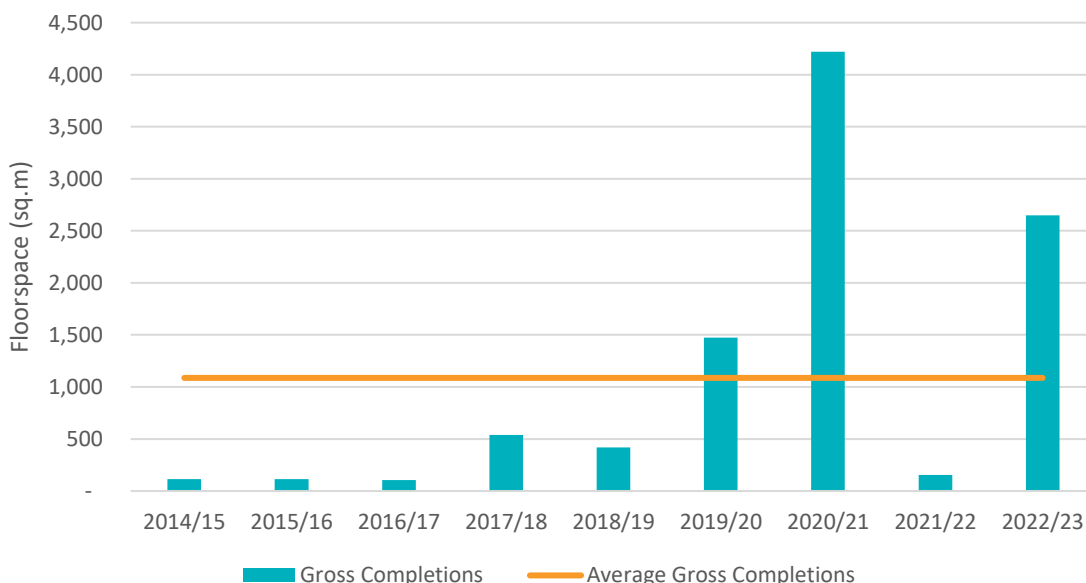
3.5 Monitoring data provided by Rochford District Council covering the period 2014/15 to 2022/23 can be used to provide an overview of the scale of office development that has occurred within the District over recent years.

Gross Completions

3.6 Over the nine-year monitoring period from 2014/15 to 2022/23, the total amount of office floorspace developed in Rochford District equated to approximately 9,800 sq.m, which is equivalent to an annual average gross completion rate of 1,087 sq.m.

3.7 As shown in Figure 3.3 the delivery of office floorspace in the District was slow in the first half of the monitoring period but has increased since 2017/18. In 2020/21, 4,222 sq.m of office floorspace was delivered, the highest amount over the past nine years. This equated to around 43.1% of the total office floorspace delivered over this period. The majority of this office space is associated with the IPECO development at the Airport Business Park, as well as smaller office spaces built as part of the Arterial Park development in the west of the District. However, these office spaces are both ancillary to the primary industrial uses of IPECO and the Arterial Park developments. Approximately 2,650 sq.m of office space was also delivered in 2022/23, the majority of which is associated with the dedicated office development known as the ‘Launchpad’ at the Airport Business Park.

Figure 3.3 Gross Completions of Office Floorspace in Rochford District 2014/15 to 2022/23



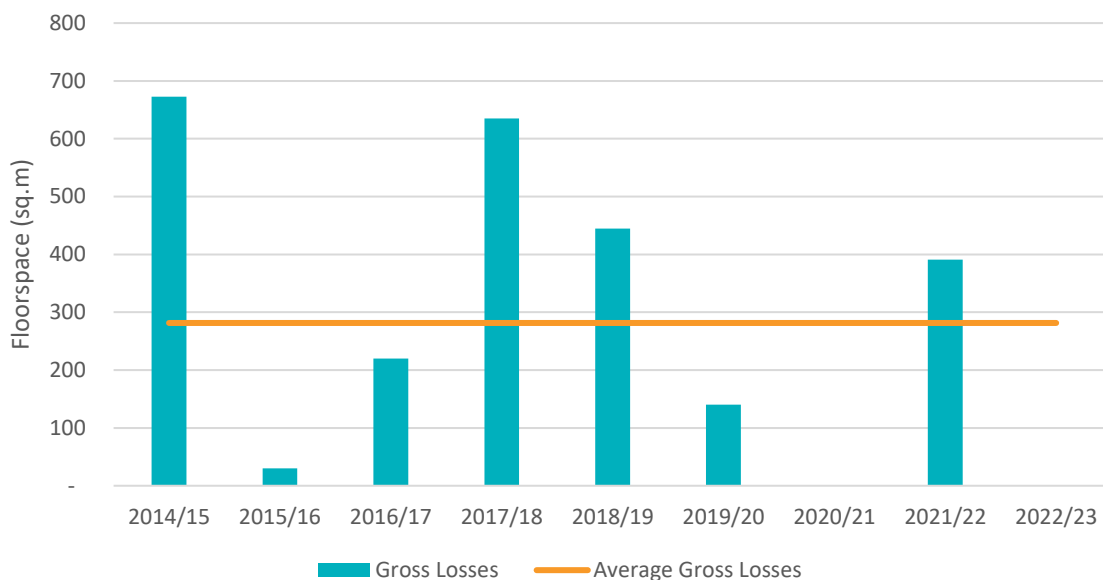
Source: Rochford District Council / Lichfields analysis

Losses

3.8 Loss of office floorspace in the District over the period 2014/15 to 2022/23 equated to around 2,500 sq.m, which is equivalent to an average loss of 281 sq.m per year. As illustrated in Figure 3.4, the most notable years for losses of office floorspace were 2014/15 and 2017/18 in which 673 sq.m and 635 sq.m of floorspace were lost respectively. In

2020/21 and 2022/23, no office floorspace was lost from the stock within the District. The majority of the office floorspace lost over this period has been converted into residential use, while some additional space has also been converted into sui generis uses.

Figure 3.4 Losses of Office Floorspace in Rochford District 2014/15 to 2022/23

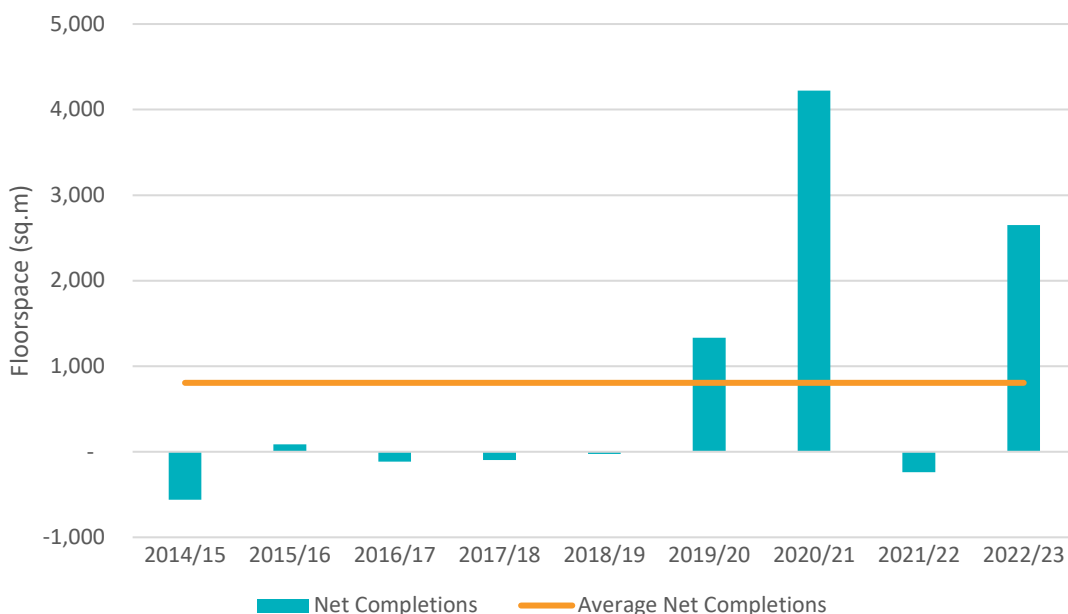


Source: Rochford District Council / Lichfields analysis

Net Completions

3.9 Across the monitoring period as a whole, net completions of office floorspace in Rochford District were positive, with gains of floorspace exceeding losses. During this period, the District recorded a net gain of about 7,250 sq.m of office floorspace, which is equivalent to an annual average net gain of 806 sq.m. This broadly aligns with the trend implied by VOA data analysed earlier in this chapter (see Figure 3.1). There were net losses of office space in four of the past nine years, most notably in 2014/15 and 2021/22 where a net total of 560 sq.m and 238 sq.m were lost respectively. Conversely, there were large net gains of office space in 2020/21 and 2022/23 which were driven largely by the IPECO and Launchpad developments respectively, both of which are located at the Airport Business Park.

Figure 3.5 Net Completions of Office Floorspace in Rochford District 2014/15 - 2022/23



Source: Rochford District Council / Lichfields analysis

Property Market Signals

Local Office Market

- 3.10 The office market in Rochford is considered to be very small, containing around 46,500 sq.m of office inventory^{16,17}, and largely serves small local businesses. The majority of office stock is considered to be dated and is largely located above ground floor retail units along high streets in town centres. However, there are also a small number of purpose-built office blocks, including Philpot House opposite Rayleigh Train Station, a number of small office blocks to the south of Rochford Town Centre, as well as newly developed office space at the Airport Business Park (known as the 'Launchpad'), and at Aviation Way Industrial Estate. These buildings also provide the highest quality and most sought-after stock. In addition to the Launchpad, there is a serviced office building at Connaught House, West Street, Rochford, which houses a number of small offices suitable for start-ups and small local businesses.
- 3.11 The office vacancy rate has risen quickly over the past year, and at 3.5%, the rate is the highest it has been in more than five years. However, this rate remains well below the national average of 8.1%. The net absorption of 1,300 sq.m was positive in the past 12 months, which was more than twice the five-year average. Office rents have fallen by 0.8% over the last year, which is less than the fall in rental values seen across Essex as a whole (-1.4%). However, when extending the timeframe of analysis to the last ten years, office rental values within Rochford have increased at a rate of 3.7% per year.

¹⁶ CoStar Database (2023)

¹⁷ The total office floorspace reported by CoStar is not directly comparable to VOA data because it is based on different data sources.

3.12 While these statistics indicate steady demand for office space, evidence from local commercial property agents suggests that levels of demand for office space in Rochford is currently well balanced with the small supply of office stock. This aligns with the Council's monitoring data presented above, which identifies a small office stock which has had a low average growth rate over the last nine-years. Furthermore, there is a limited pipeline for future supply, indicative of low demand for office space and the suppressed profit margins for developers that this generates. Where there is demand for office space, this is almost exclusively for smaller office spaces, with very limited observed demand for floorspaces greater than 5,000 sq.m. To accommodate this demand, larger office floorspaces, such as at Philpot House in Rayleigh, have been sub-divided into small floorspaces. There is also demand for ancillary office spaces as part of industrial or distribution units to support the function of industrial businesses.

3.13 Prior approval conversions of offices into residential uses have been prominent within the local area. Where this has occurred, it has largely removed obsolete older offices from the stock, as well as larger offices which could not be sub-divided into smaller units. This has helped to keep the supply and demand of office space relatively in balance.

Regional Trends

3.14 The wider Essex office sub-market has some similar characteristics to Rochford, but the sub-market has underperformed compared to Rochford over the last year, with a negative net absorption due to demolition of office stock, slightly higher vacancy rates, and rental values falling more sharply. The office market outlook in Essex as a whole is uncertain, with low leasing activity in the aftermath of the Covid-19 pandemic and associated shifts in working patterns.

3.15 Across the Essex sub-market, vacancies have remained relatively flat over the last year and currently stand at 4.3%¹⁸; albeit still a low level considering that a vacancy rate of 8.0% is typically assumed to reflect a normal functioning market. Annual rental growth currently stands at -1.4%, while net absorption was -26,000 sq.m over the past 12 months indicating weakening demand for office space. However, there is evidence of demand for smaller, high quality office space including small, serviced office spaces across the region.

Table 3.1 Office Market Signals

Market Signals	Essex	Rochford
Rent per sqft	£18.41	£16.28
12 month rent growth	-1.4%	-0.8%
Vacancy levels	4.3%	3.5%
Absorption level (sq.m)	-26,000	1,300
12-month deliveries in (sq.m)	8,000	2,300

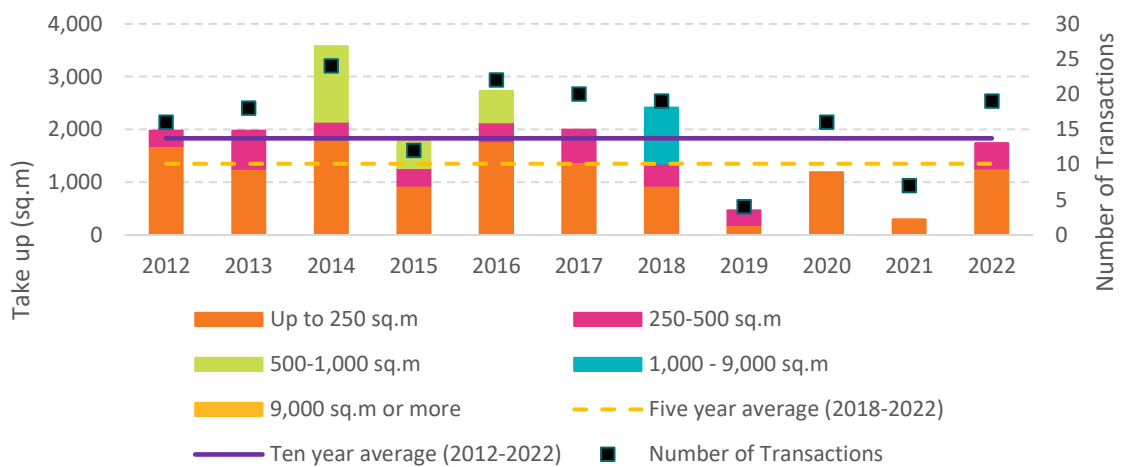
Source: CoStar (Autumn 2023) / Lichfields analysis

¹⁸ CoStar Database (2023)

Take-Up by Size

3.16 According to latest CoStar property data¹⁹, the total office take-up in Rochford District over the past 10 years (2012-2022) amounted to 20,147 sq.m²⁰. Approximately half (47%) of this was attributed to small offices of up to 250 sq.m in size, while 22% and 20% of the office space was attributed to offices sized 250 to 500 sq.m and 500 to 1,000 sq.m respectively, as shown in Figure 3.6. Take-up declined during the pandemic with only 3,226 sq.m of office floorspace take-up recorded from 2020 to 2022, although there are indications that this will recover to some degree.

Figure 3.6 Office Take-up by Size in Rochford District (2012 to 2022)



Source: CoStar (2023) / Lichfields analysis

3.17 Figure 3.6 also shows the number of leases by size of office space; in total 164 leases were recorded over the last 10 years, an average of 15 leases per year, of which 94% were attributed to small-sized offices of up to 250 sq.m.

Stock Age and Quality

3.18 Table 3.2 summarises the age and quality of existing office stock in Rochford District according to the latest CoStar data²¹. This shows that 44% of properties were built before 1980, with 81% of office floorspace built before 2000. This suggests that the existing office stock in the District comprises a large proportion of older premises, with newer post-2000 stock only accounting for 19% of the total existing office floorspace.

¹⁹ Ibid

²⁰ CoStar data only includes dedicated office premises within its office database and therefore does not include office spaces which are ancillary to units with a primary industrial function. This differs from Council monitoring data and VOA data which includes such ancillary spaces.

²¹ Of the 94 current office premises recorded in CoStar, 78 properties contained information on when the premises had been built.

Table 3.2 Age and Quality of Existing Office Space in Rochford District (2023)

	Properties		Floorspace	
	#	% of Total	#	% of Total
Age of Stock				
Pre 1940	15	19%	3,614	9%
1940-1980	19	24%	8,735	22%
1980-2000	29	37%	16,600	42%
Post 2000	15	19%	10,554	27%
Total	78		39,503	
CoStar Star Rating				
1-2 Stars	72	77%	31,404	66%
3 Stars	21	22%	13,284	28%
4-5 Stars	1	1%	3,236	7%
Total	94		47,924	

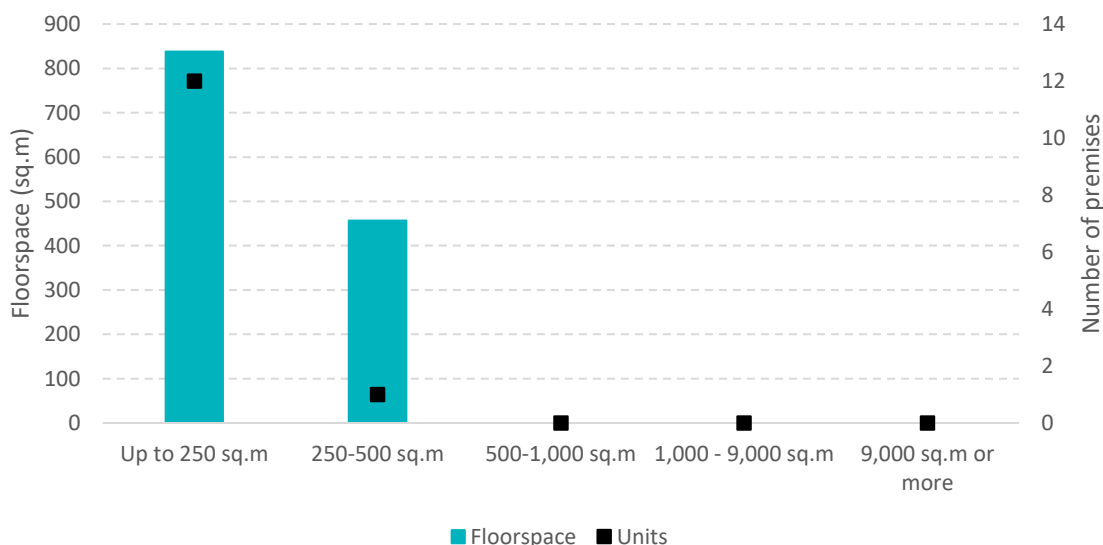
Source: CoStar (2023) / Lichfields analysis

3.19 In terms of quality, CoStar’s star rating system uses market-tested criteria to analyse the quality of existing office stock. These account for architectural design, structures/systems, amenities, site/landscaping/exterior, and certifications. As shown in Table 3.2, the District’s office stock generally falls within the lower star categories, with just one property (accommodating 1% of total office stock) characterised by a 4-5-star rating. This corresponds with the findings from consultation with local commercial property agents, who described the stock as being characterised by smaller office spaces in older purpose build premises or located above ground floor retail units. Where there were larger offices, these have been sub-divided into smaller units or converted to housing through use of Permitted Development Rights.

Office Availability

3.20 CoStar data indicates that current availability of office floorspace equates to just 2.7% of total office stock. Figure 3.7 highlights the size bands of the available office floorspace in the District and indicates that only smaller offices, sized below 500 sq.m, are currently available.

Figure 3.7 Availability of Office Floorspace in Rochford District



Source: CoStar (2023) / Lichfields analysis

3.21

Table 3.3 shows available office supply set against 10-year and 5-year average take-up. Taking account of the 10-year take-up average from 2012 to 2022 there is 0.71 years’ supply for office floorspace. This compares to 0.96 years’ worth of office supply when set against the 5-year average take-up from 2017 to 2022. When considered in conjunction with the low availability and vacancy figures for the District, the limited supply of office space indicates a tight local office market. Persistently low availability and high occupancy rates can limit the opportunity for churn within the market, and may result in occupiers leasing premises which are sub-optimal for their needs or not being able to expand due to the absence of alternatives.

Table 3.3 Years of Available Office Supply in Rochford District

	Office
Annual Average Take-up 2012-2022	1,832 sq.m
Available Supply	1,294 sq.m
Years of Available Supply	0.71
Annual Average Take-up 2018-2022	1,349 sq.m
Available Supply	1,294 sq.m
Years of Available Supply	0.96

Source: CoStar (2023) / Lichfields analysis

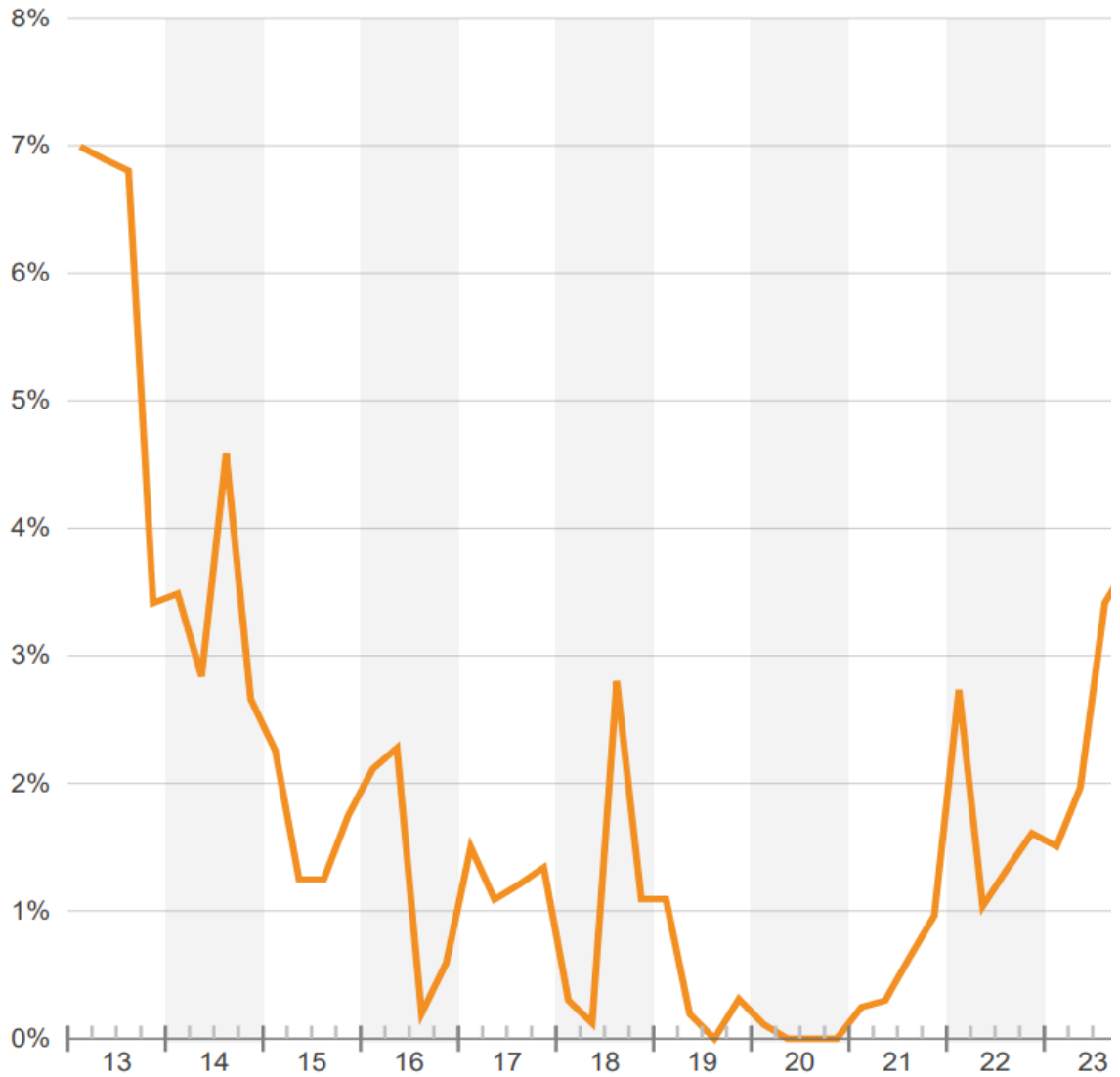
Vacancy Trends

3.22

Figure 3.8 below, provided by CoStar, shows the latest office vacancy trends in Rochford District. Overall, the trend shows the District as having low levels of vacancy over time, although vacancy rates have increased since the Covid-19 pandemic in 2020. The highest vacancy level recorded in the last 10 years was in 2013 when vacancy levels reached 7.0%, albeit this is still below the 8% vacancy rate threshold associated with a normally functioning market. In 2023, the vacancy level stood at 3.5%, reflecting the current

observed balance between supply and demand for office space by local commercial property agents.

Figure 3.8 Office Vacancy Rates in Rochford District



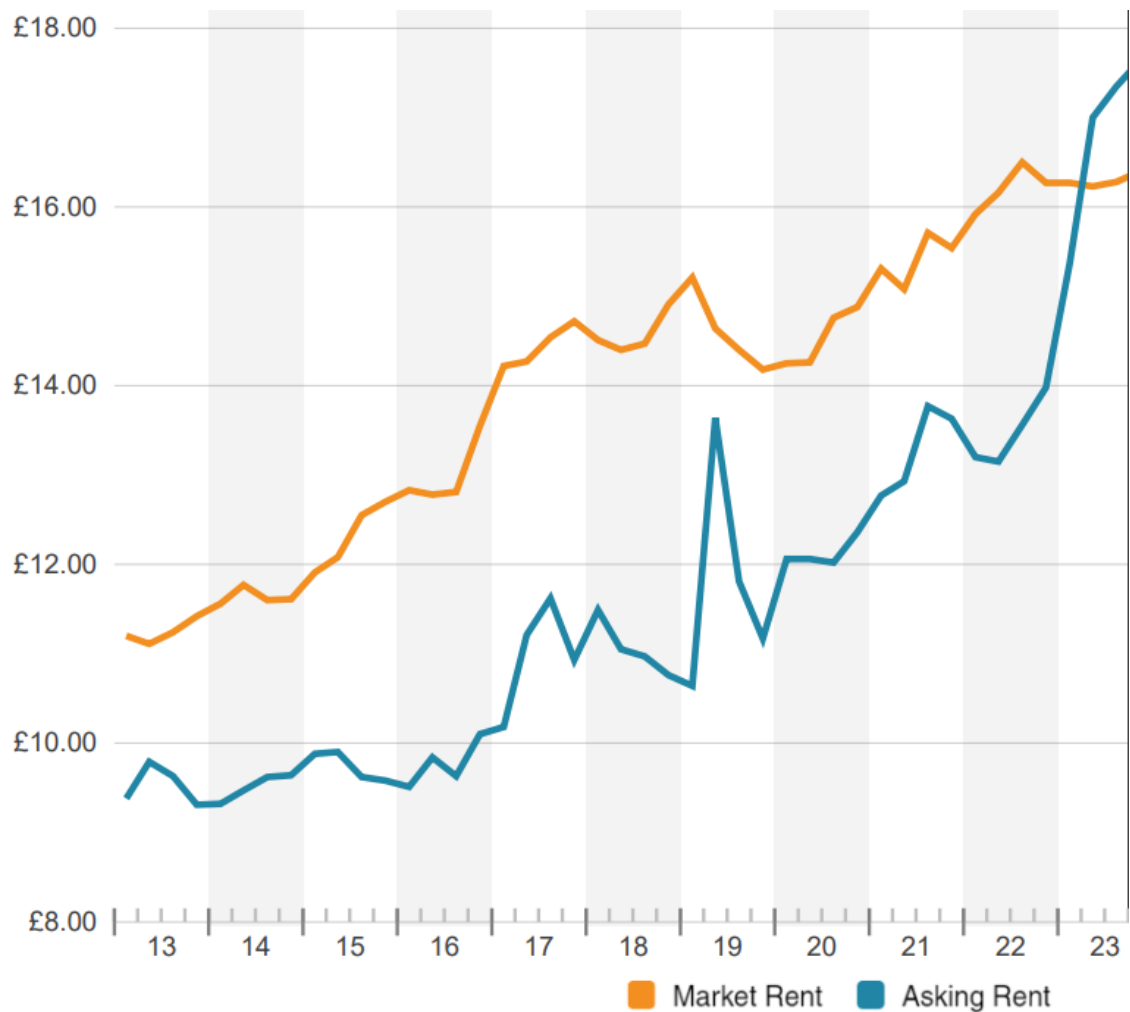
Source: CoStar (2023)

Office Rents

3.23

Office rents in Rochford District are relatively affordable within the East of England context. This is highlighted in Figure 3.9 below which shows that in 2023 the average market rent for offices was £16.28 per sq.ft, below the average rent for Essex of £18.41 per sq.ft.

Figure 3.9 Market Office Rent and Asking Price in Rochford District (per sq.ft)



Source: CoStar (2023)

3.24 The asking rent represents the monetary value the lessor is asking for to lease their building/premises; Figure 3.9 shows that from 2013 to 2023, the asking rent was below the market rent value for offices. Then from mid-2023 onwards, the asking rent has been above the market rent value at £16.23 per sq.ft. There may be a number of reasons for this, including potentially newly completed space attracting a premium, as well as a more positive market sentiment meaning less incentives being offered by landlords.

Summary

3.25 The data presented above indicates that the office market within Rochford is performing well compared to the wider Essex and East of England office markets. Although there is a limited supply of office space, the stock is currently well balanced with levels of demand. The total office stock within Rochford is currently approximately 38,000 sq.m and has expanded by 11.8% since 2013. This contrasts with a decline in the office stock across Essex and the East of England as a whole over the same period. Rochford District Council data shows that net completions of office floorspace have, on average, been positive over the last decade, with around 4,200 sq.m of office space delivered in 2020/21 pushing this average

upwards. The Rochford office market also has a lower vacancy rate than Essex as a whole and has supported positive net absorption over the past year compared to a negative net absorption across the wider Essex office market.

- 3.26 However, the majority of take-up for office floorspace continues to be for small offices (47% of take-up) of up to 250 sq.m in size, and take-up as a whole declined following the Covid-19 pandemic, although it began to recover in 2022. The office stock is also characterised by lower quality, older offices, which are largely located above retail units. Only 35% of offices in the District receive a CoStar rating of 3 stars or above, and 81% of buildings housing offices were built prior to 2000. The age and poor quality of the office stock has led to a number of conversions to residential properties through the use of Permitted Development Rights, particularly amongst larger offices which cannot be broken down into smaller units. However this has generally helped to maintain balance between supply and demand.

4.0 Industrial and Distribution Market Signals and Trends

4.1 This section provides an overview of the existing stock of industrial space (use classes E(g)(iii), B2 and B8) in Rochford District, as well as recent trends and changes to this stock of industrial space. It then provides an overview of the local industrial property market, including recent trends in demand and supply. The analysis draws on data from the following sources:

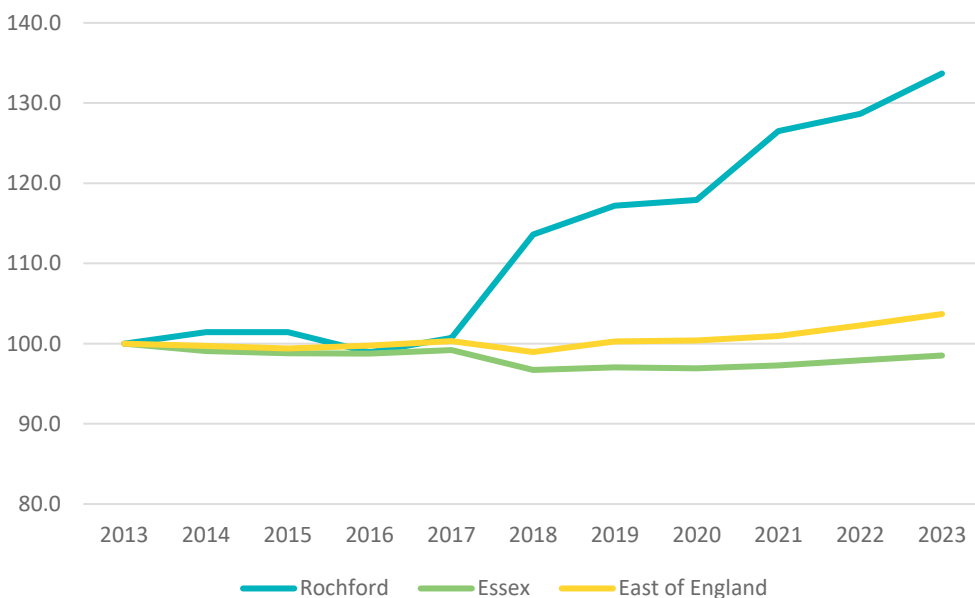
- Latest commercial floorspace data from the Valuation Office Agency (VOA);
- Monitoring data on commercial floorspace from Rochford District Council (this is presented by B Use Class (some of which now falls within Class E) reflecting its historic nature);
- CoStar property market data; and
- Discussions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

Stock of Industrial Floorspace

4.2 Rochford District contains approximately 373,000 sq.m of industrial floorspace as of March 2023 according to the latest VOA data. This accounts for 90.8% of the total employment floorspace within the District.

4.3 The District’s stock of industrial floorspace space grew by 33.7% over the 10 years between 2013 and 2023. This compared to a decline in industrial floorspace across Essex (-1.5%) and a small increase in industrial floorspace across the East of England as a whole (3.7%) over the same ten-year period as shown in Figure 4.1.

Figure 4.1 Change in Industrial Floorspace 2013 to 2023 (indexed to March 2013)



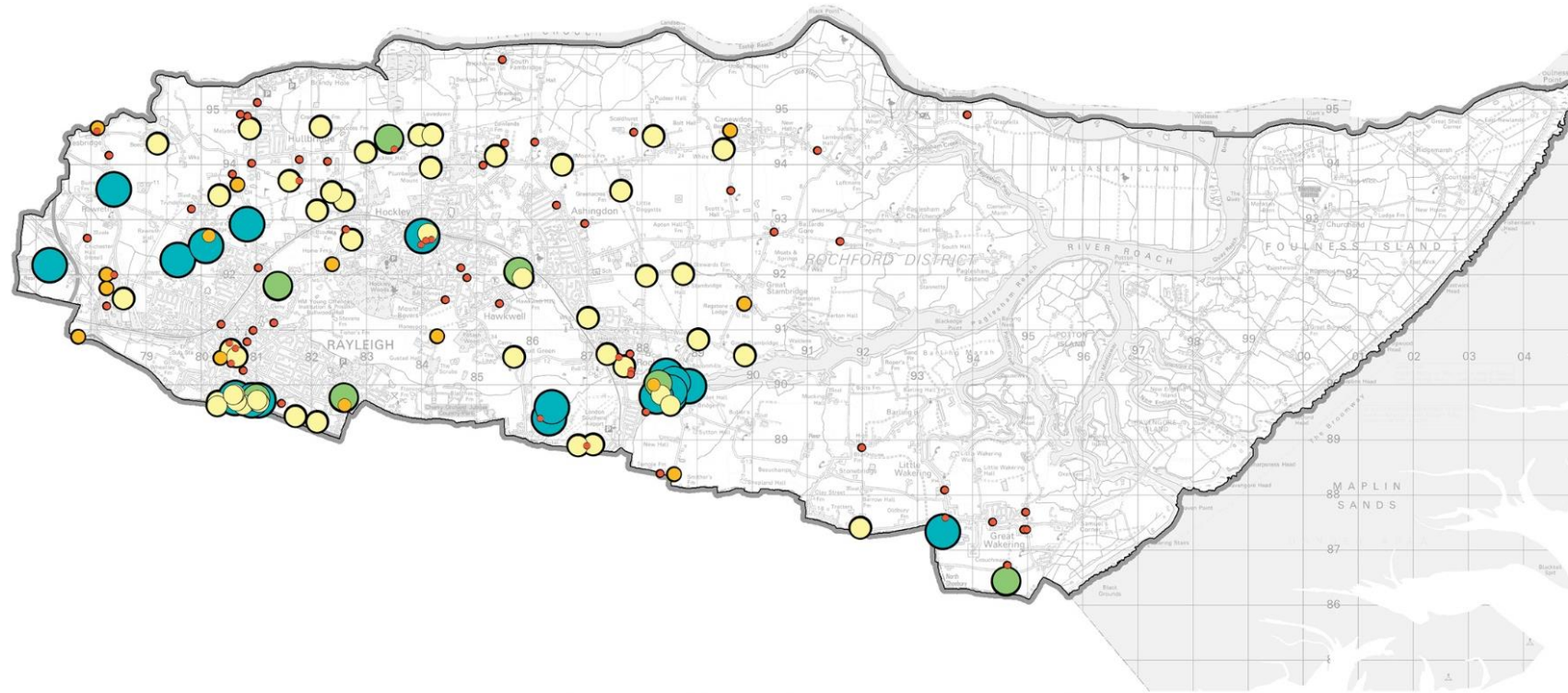
Source: VOA Business Floorspace Data (March 2023) / Lichfields analysis

Spatial Distribution

- 4.4 Figure 4.3 overleaf illustrates the spatial distribution of industrial premises and their sizes within Rochford District using latest available property data from the VOA. The largest clusters of industrial space are located around Rayleigh and Rochford town (approximately 34% and 30% respectively). In particular, large industrial clusters are located to the south east of Rochford at Purdeys Industrial Estate, to the south of Rayleigh at Brook Road Industrial Estate, and around London Southend Airport. There are also a number of isolated units in more rural areas of the District, some of which may have been converted from former agricultural uses.

Figure 4.2 Spatial Distribution of Industrial Premises by Size in Rochford District (2021)

LICHFIELDS



BASED UPON ORDNANCE SURVEY MAPPING WITH THE PERMISSION OF HIS MAJESTY'S STATIONERY OFFICE. © CROWN COPYRIGHT RESERVED. LICENCE NUMBER 100017707



Source: VOA Business Floorspace Data (2021) / Lichfields analysis

Historic Development Rates

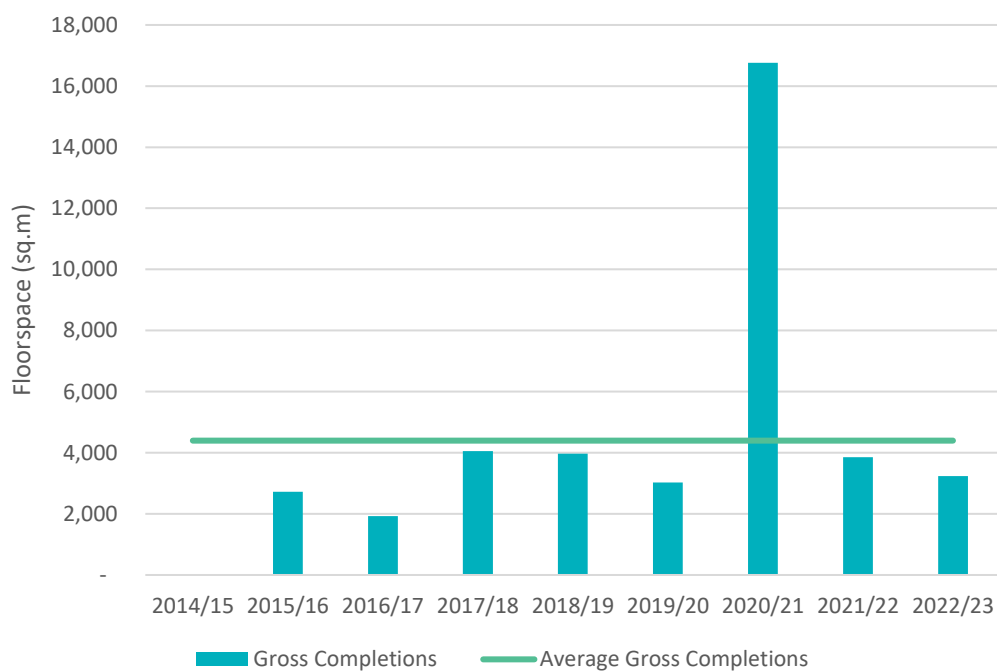
4.5 Monitoring data provided by Rochford District Council covering the period 2014/15 to 2022/23 can be used to provide an overview of the scale and nature of industrial development that has occurred within the District over this period.

Gross Completions

4.6 Over the nine-year monitoring period from 2014/15 to 2022/23, the total amount of industrial floorspace developed in Rochford District equated to around 39,600 sq.m, which is equivalent to an annual average gross completion rate of 4,395 sq.m.

4.7 As shown in Figure 4.3 the delivery of industrial floorspace in the District has remained largely consistent between 2015/16 and 2022/23, apart from in 2020/21 when a significant amount of industrial floorspace was developed (16,763 sq.m), accounting for 42.3% of all industrial floorspace developed over the monitoring period. A large proportion of this floorspace is associated with flexible industrial development at Michelin Farm, Arterial Park (around 11,100 sq.m), as well as around 4,300 sq.m of flexible industrial floorspace as part of the IPECO development at the Airport Business Park. In 2022/23, 3,229 sq.m of industrial floorspace was delivered.

Figure 4.3 Gross Completions of Industrial Floorspace in Rochford District 2014/15 to 2022/23



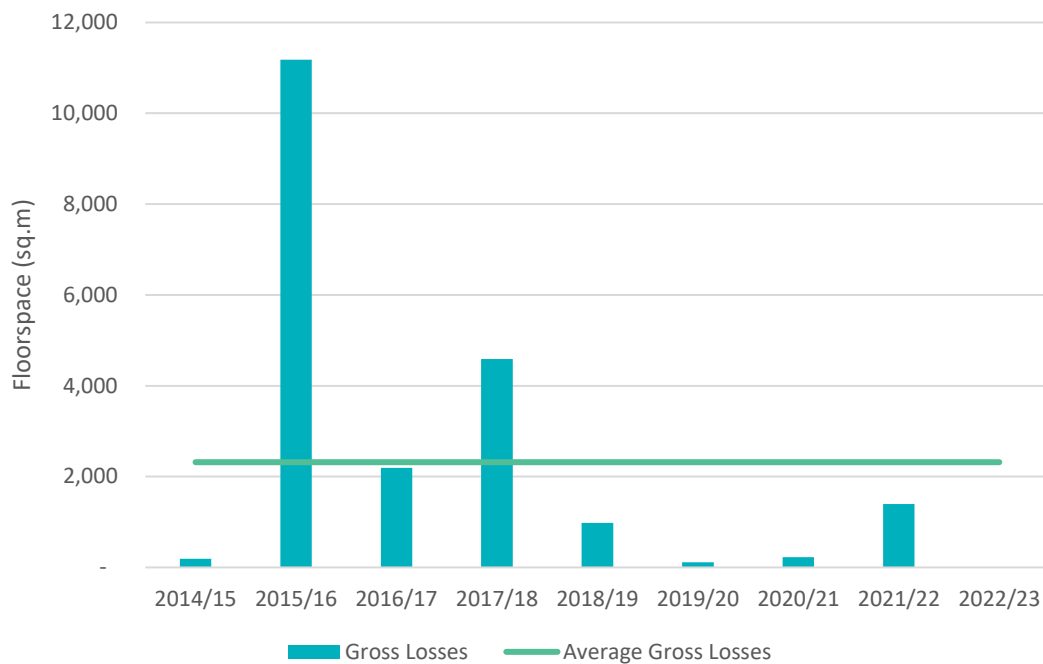
Source: Rochford District Council / Lichfields analysis

Losses

4.8 Losses of industrial floorspace in the District over the period 2012/13 to 2022/23 equated to around 20,900 sq.m, which is equivalent to an average loss of 2,317 sq.m per year. As illustrated in Figure 4.4, the most notable year for loss of industrial floorspace was in

2015/16 where 11,182 sq.m of floorspace was lost, accounting for around a half of all lost industrial floorspace over the past nine years. The majority of this floorspace is associated with two developments, the redevelopment of the site at 90 Main Road, Hakwell (around 5,400 sq.m) which was redeveloped for housing, and the change of use of industrial floorspace into D1 use at Unit 26 A at Brook Road Industrial Estate (around 3,200 sq.m). In 2022/23, no industrial floorspace was recorded as being lost from the stock within the District.

Figure 4.4 Losses of Industrial Floorspace in Rochford District 2012/13 to 2022/23



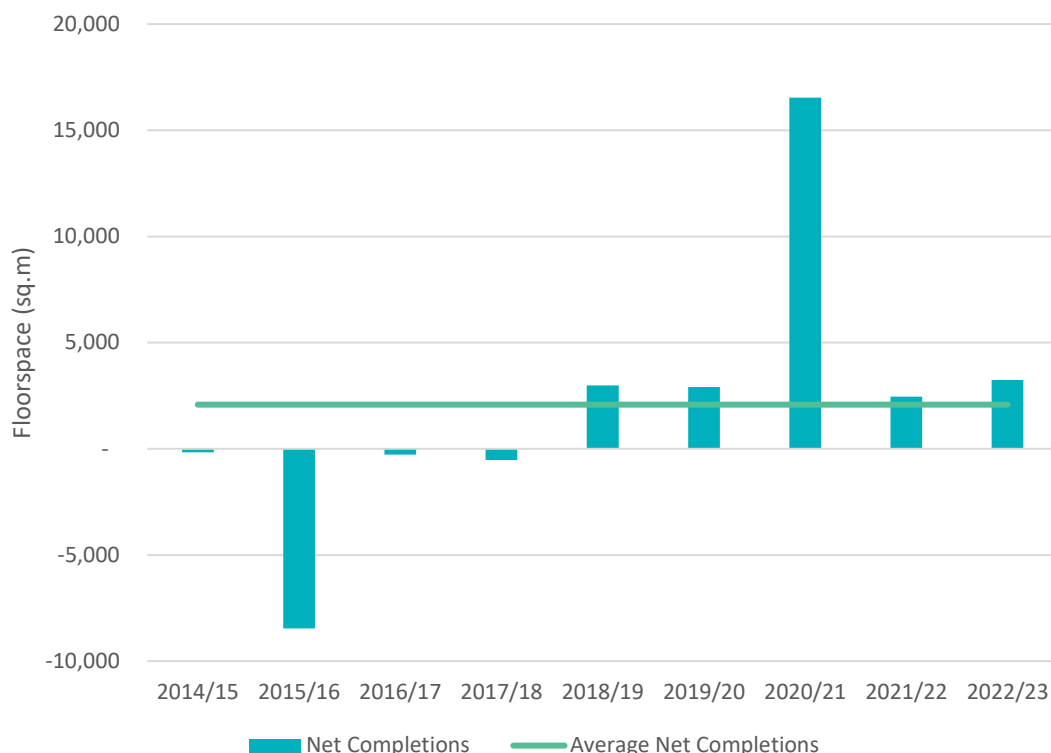
Source: Rochford District Council / Lichfields analysis

Net Completions

4.9

Across the monitoring period as a whole, net completions of industrial floorspace in Rochford District were positive, with gains of floorspace exceeding losses. During this period, the District recorded a net gain of about 18,700 sq.m of industrial floorspace, which is equivalent to an annual average net gain of 2,078 sq.m. This broadly aligns with the trend implied by VOA data analysed earlier in this chapter (see Figure 4.1) with low growth in the first half of the monitoring period followed by positive growth in the second. There was also a significant net gain of industrial floorspace in 2020/21, driven by a number of large developments as noted above.

Figure 4.5 Net Completions of Industrial Floorspace in Rochford District 2012/13 - 2022/23



Source: Rochford District Council / Lichfields analysis

Property Market Signals

Local Industrial Market

4.10 The industrial property market in Rochford is characterised as a mid-sized submarket of the wider Essex market. Commercial property data from CoStar indicates that the industrial vacancy rate in Rochford has slowly increased over the past four years and is currently at 11.2%, appreciably higher than the rate of 5.0% across Essex as a whole²². However, consultation with local commercial property agents suggests that in reality the vacancy rate is lower and that the local industrial property market is characterised by high demand for floorspace across a range of sizes and low vacancy rates. In any event, the 11.2% rate indicated by CoStar is not significantly above the 8% vacancy rate generally assumed as required for a market to function normally. Annual net absorption over the past 12 months was a deficit of 4,900 sq.m, however over the last five years the submarket has, on average, had a positive net absorption of around 3,500 sq.m per year.

4.11 The demand for industrial floorspace is further evidenced by a 5.2% increase in rental values for industrial floorspace over the past year, which continues a long-term trend of rising rental values in Rochford over the past decade. Local businesses are willing to pay the increased rents on account of the constrained supply, and rental values have been pushed higher by demand for premium units from surrounding submarkets, including Basildon and Southend. In recent years, demand has been particularly strong for storage and

²² CoStar Database (2023)

distribution uses, as well as units which can be adapted to provide both manufacturing and distribution spaces. This has partly been driven by changing trends in the retail sector and local businesses moving to online sales. In particular, small to medium-sized units, between approximately 500 to 5,000 sq.m, which can accommodate a mix of uses and functions have attracted demand from beyond Rochford District. For example, the 12 small to medium-sized speculative industrial units at the Airport Business Park that were delivered in 2022/23.

- 4.12 The demand for housing has added further pressure to the supply of industrial floorspace within the District with a number of industrial sites receiving planning permission to be redeveloped for housing, including the redevelopment 90 Main Road, Hawkwell (around 5,400 sq.m). Rochford has also seen a loss of industrial floorspace to sui generis and leisure uses, such as the opening of a number of gyms and a roller-skating centre on former industrial land at Purdeys Industrial Estate.
- 4.13 There is around 28,800 sq.m²³ of industrial floorspace currently under construction in Rochford, including a second IPECO development at the Airport Business Park which will contribute around 4,000 sq.m of industrial floorspace. This is the most industrial space under construction in the District for more than a decade, and continues a trend of a growing industrial stock over the past five years. A large proportion of this space is located around London Southend Airport where a range of newly developed industrial premises have already been delivered in recent years and have proved to be popular with the market.

Regional Trends

- 4.14 Essex as a whole has a well-established industrial property market, with strong demand owing to its proximity to London and connectivity to the wider region. The vacancy rate for industrial premises has slowly increased over the past two years and currently sits at 5.0%²², albeit this is still a low level considering that a vacancy rate of 8% is typically assumed to reflect a normal functioning market. Year-on-year rental growth is currently at 6.0%, with submarkets closest to London, including Thurrock and Uttlesford seeing the highest growth in rents.
- 4.15 Net absorption of industrial space in Essex has remained positive in recent years and over the past year net absorption was around 6,200 sq.m. Take-up has been greatest for smaller units, accounting for more than half of the total leased units. Take-up for larger units²⁴ has fallen away substantially over the last year, with only one deal to Costco at London Gateway for around 10,600 sq.m recorded.

²³ A large proportion of the employment land under construction within Rochford District is located within the Airport Business Park. The Airport Business Park is part owned by Southend-on-Sea City Council and any employment land built on the business park will be split 50:50 between Rochford District Council and Southend-on-Sea City Council with regards to contributing to employment land delivery targets. Therefore, the 28,800 sq.m of floorspace currently under construction is unlikely to contribute solely to Rochford District Council's employment floorspace targets once it is fully built out.

²⁴ Large units are defined as those which are over 100,000 sqft (approximately 9,300 sq.m) in size.

Table 4.1 Industrial Market Signals

Market Signals	Essex	Rochford
Rent per sqft	£12.13	£10.51
12 month rent growth	6.0%	5.2%
Vacancy levels	5.0%	11.2%
Net absorption level (sq.m)	6,200	-4,900
12-month deliveries in (sq.m)	130,000	520

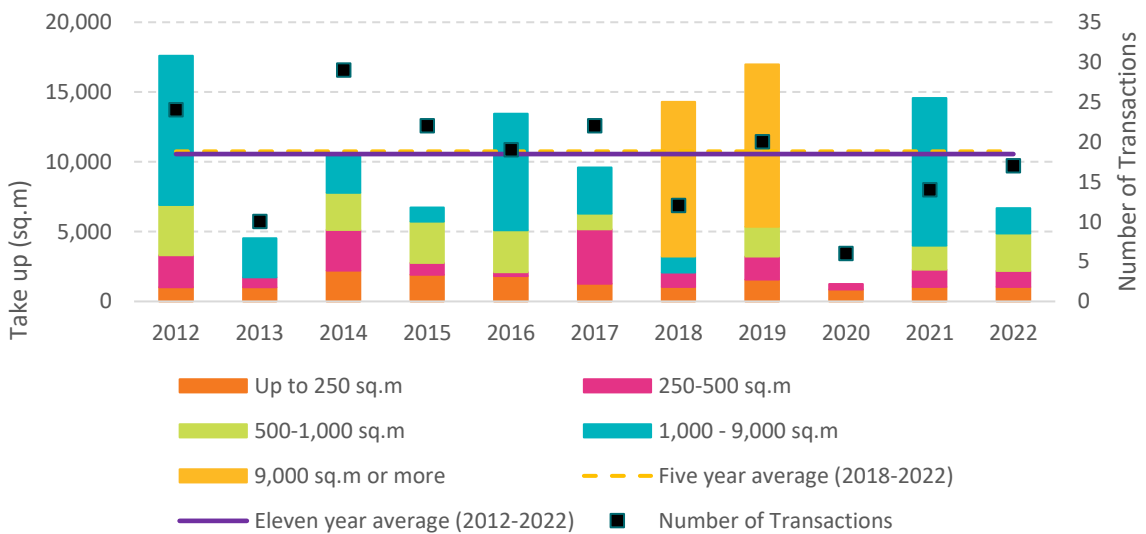
Source: CoStar (Autumn 2023) / Lichfields analysis

Take-Up by Size

4.16

According to latest CoStar property data, the total industrial take-up in Rochford District over the past 10 years (2012-2022) amounted to 116,129 sq.m²⁵. Over half (56%) of this was attributed to larger industrial premises of over 1,000 sq.m in size. This includes 20% of take-up in the largest size bracket (9,000 sq.m and above), albeit take-up for these premises was concentrated within two years between 2018 and 2019, as shown in Figure 4.6. Take-up declined during the pandemic with only 1,237 sq.m of industrial floorspace take-up recorded in 2020, before rebounding in 2021.

Figure 4.6 Industrial Premise Take-up by Size in Rochford District (2012 to 2022)



Source: Source: CoStar (2023) / Lichfields analysis

4.17

Figure 4.6 also shows the number of leases by size of industrial premise; in total 195 leases were recorded over the 10 year period, an average of 18 leases per year, of which 52% were attributed to small-sized industrial premises of up to 250 sq.m.

²⁵ The total office floorspace reported by CoStar is not directly comparable to VOA data because it is based on different data sources.

Stock Age and Quality

- 4.18 Table 4.2 summarises the age and quality of existing industrial premises in Rochford District according to the latest CoStar data²⁶. This shows that 23% of premises were built before 1980, and 81% of the industrial floorspace in the District was built before 2000. This suggests that the existing industrial stock in the District comprises a large proportion of older premises compared to its newer stock built post-2000, which only accounts for 19% of the total existing industrial premises.

Table 4.2 Age and Quality of Existing Industrial Premises in Rochford (2023)

	Properties		Floorspace	
	#	% of Total	#	% of Total
Age of Stock				
Pre 1940	2	1%	2,618	1%
1940-1980	33	22%	42,582	16%
1980-2000	86	57%	141,295	53%
Post 2000	29	19%	79,450	30%
Total	150		265,945	
CoStar Star Rating				
1-2 Stars	68	41%	83,438	32%
3 Stars	97	58%	162,647	62%
4-5 Stars	2	1%	16,509	6%
Total	167		262,593	

Source: CoStar (2023) / Lichfields analysis

- 4.19 In terms of quality, CoStar's star rating system uses market-tested criteria to analyse the quality of existing industrial premises. As shown in Table 4.2, the majority of industrial premises are rated as 3 star or less (out of 5), with only two properties considered to be high quality (i.e. equivalent to 4-5 stars).
- 4.20 This corresponds with the findings from interviews with commercial property agents who noted the poor quality of industrial stock generally, including floorplates at the largest or most established business parks such as Brook Road Industrial Estate in Rayleigh and Purdeys Industrial Estate. Purdeys Industrial Estate is also constrained by a single access route from Sutton Road. One large unit (15,500 sq.m), formally used by Albon Plc on Purdeys Industrial Estate, has remained vacant for some time due to the poor quality of the property, its constrained access, and the inability to be divided into smaller sub-units. Some new supply of industrial floorspace has come forward in recent years at Arterial Park and the Airport Business Park, however new delivery in other areas of the District has been limited. Consequently, the demand for new industrial floorspace, such as those located on Arterial Park and the Airport Business Park, has been especially strong.
- 4.21 Evidence from property agents also suggests that the constraints in the supply of industrial floorspace is limiting the growth potential of local businesses, with firms unable to expand

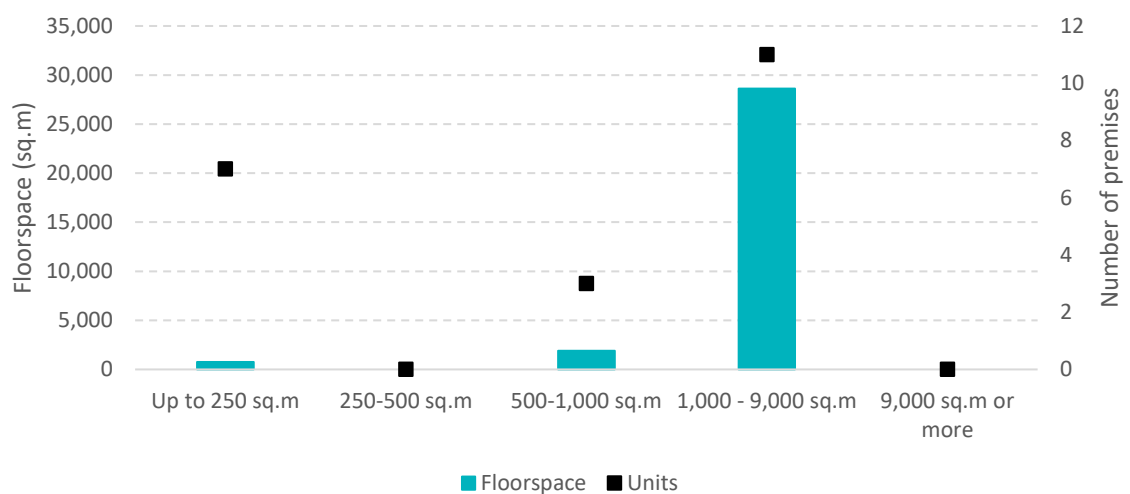
²⁶ Of the 167 current industrial premises recorded in CoStar, 150 properties contained information on when the premise had been built.

into larger sites. Agents cited several firms which have been forced to lease multiple sites to cater for their needs, resulting in a decline in productivity due to the complexity of coordinating across multiple sites. Other businesses have rented former aircraft hangers due to the absence of suitable alternatives. The supply side constraints also risk the loss of local firms, with companies moving to surrounding submarkets, such as Chelmsford, where there is a greater supply of medium and large-sized floorplates.

Industrial Availability

4.22 CoStar data indicates that current availability of industrial floorspace equates to 11.4% of the total stock of industrial floorspace. Figure 4.7 highlights the size bands of the available industrial floorspace in the District. Across the 21 premises available, 11 are medium to large-sized premises of 1,000-9,000 sq.m, with the remainder falling below 1,000 sq.m in size, although these figures exclude the Albon Plc site on Purdeys Industrial Estate described above which is not registered in the CoStar Database but is currently available at the time of writing. This corresponds with feedback from agents who reported a lack of smaller units and ‘grow on’ space for small local businesses looking to expand their operations. Of the available industrial premises where the use is known, 11 are in storage and distribution use and two are in light manufacturing use.

Figure 4.7 Availability of Industrial Floorspace in Rochford District



Source: CoStar (2023) / Lichfields analysis

4.23 Table 4.3 shows available industrial floorspace supply set against 10-year and 5-year average take-up. Based on this, for industrial floorspace there is 2.96 years’ supply taking into account both the 10-year take-up average from 2012 to 2022 the 5-year average take-up from 2018 to 2022.

Table 4.3 Years of Available Industrial Floorspace Supply in Rochford District

	Industrial Floorspace
Annual Average Take-up 2012-2022	10,557
Available Supply	31,293
Years of Available Supply	2.96
Annual Average Take-up 2018-2022	10,556
Available Supply	31,293
Years of Available Supply	2.96

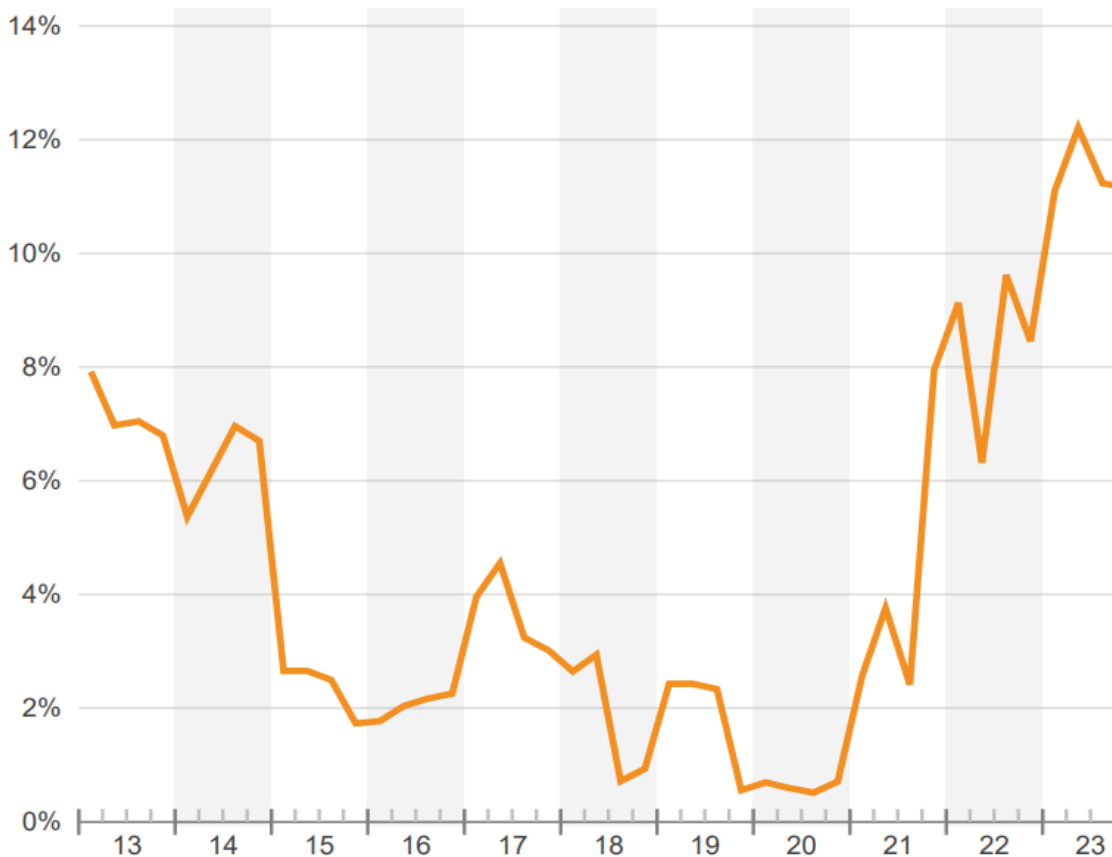
Source: CoStar (2023) / Lichfields analysis

Vacancy Trends

4.24

Figure 4.8 provided by CoStar, shows the latest industrial premise vacancy trends in Rochford District. Overall, the trend shows the District as having low levels of vacancy over time, although vacancy rates have increased sharply since the Covid-19 pandemic in 2020. The highest vacancy level recorded in the last 10 years was in Q2 2023 where vacancy levels reached 12.2%. The latest available data for Q3 2023 suggests the vacancy level stands at 11.2%. As noted above, consultation with commercial property agents indicates that the vacancy rate for industrial premises is likely to be far lower than the figure reported by CoStar.

Figure 4.8 Industrial Vacancy Rates in Rochford District

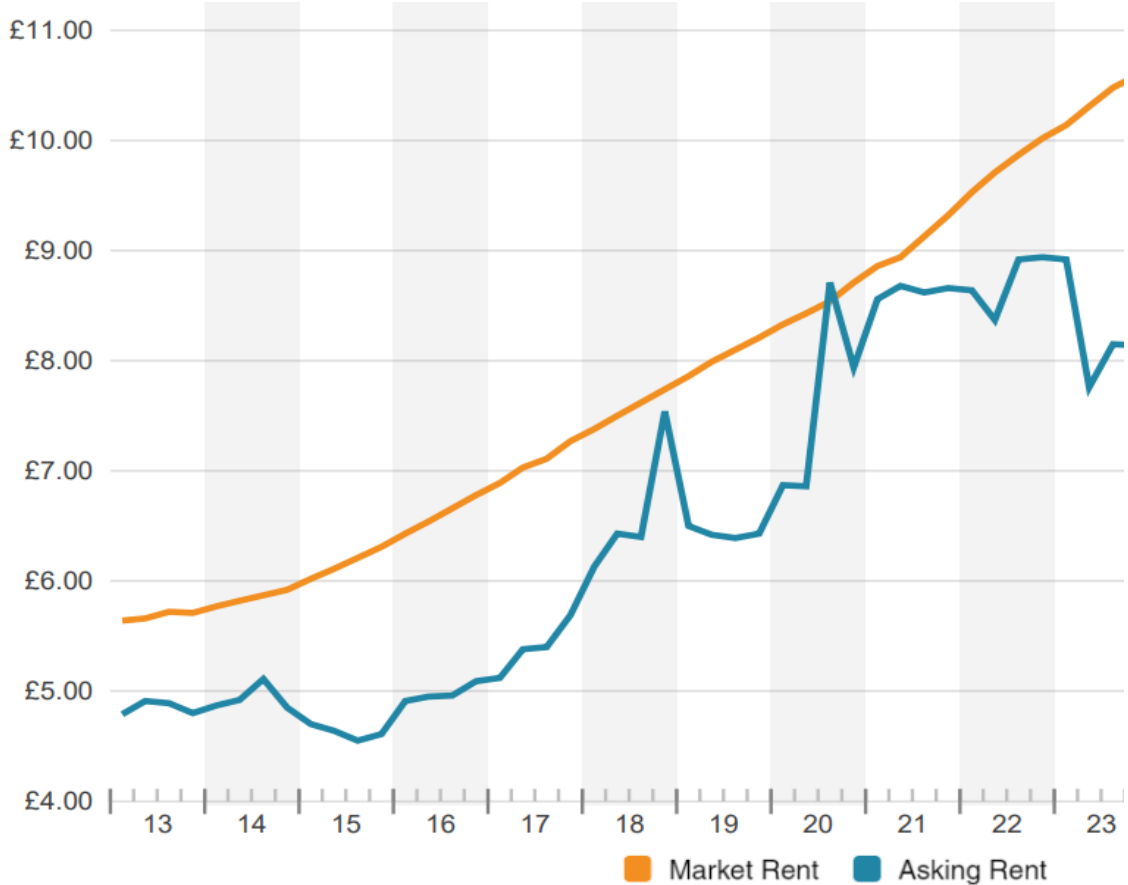


Source: CoStar (2023)

Industrial Premise Rents

4.25 Rents for industrial premises in Rochford District are relatively affordable within the East of England context as highlighted in Figure 4.9 below which shows that in 2023, the average market rent for industrial premises in Rochford was £10.46 per sq.ft, below the average rent for Essex of £12.18 per sq.ft. To some degree, this may reflect the issues associated with a lower quality and older stock. However, the market rent for industrial premises has increased steadily over the last ten years.

Figure 4.9 Market Industrial Premise Rent and Asking Price in Rochford District (per sq.ft)



Source: CoStar (2023)

4.26 The asking rent represents the monetary value the lessor is asking for in order to lease their building/premises; Figure 4.9 shows that from 2013 to 2023, the asking rent has remained below the market rent value for industrial space, with the exception of Q3 2020. Since 2020, the gap between the market rate and the asking rate has increased. There are many possible reasons for this; when assessed in conjunction with the vacancy trends, asking rents may have decreased as soon as vacancy levels spiked in the District to ensure premises remained occupied.

Summary

4.27 The data presented above indicates that the Rochford industrial submarket is performing well, albeit it has not performed as strongly as wider Essex industrial market which continues to attract strong demand. The submarket is largely locally-facing but there is an

increasing interface with the surrounding market as poor quality stock pushes some businesses away.

- 4.28 The total supply of industrial floorspace in Rochford has grown by 33% from 2013 up to 373,000 sq.m in 2023. The largest clusters of industrial floorspace are clustered around Purdeys Industrial Estate to the south east of Rochford, Brook Road Industrial Estate south of Rayleigh, as well as around London Southend Airport where a large proportion of the recent and proposed developments are located. CoStar data indicates that over 80% of Rochford's industrial premises were built before the year 2000, and their poor quality has pushed up demand for newer developments. Agent feedback indicated that there is particularly strong demand for medium-sized units (sized approximately 500 to 5,000 sq.m) which provide flexibility between manufacturing and distribution uses. Examples include the new units developed at Arterial Park. Furthermore, smaller modern units (sized approximately 300 to 1,000 sq.m) were also reported to be in high demand, especially from smaller local businesses who have outgrown their existing premises. The 12 new units at the Airport Business Park were cited as an example of a development which catered for this need for 'grow on' space, and had attracted strong demand. This trend reflects the lack of availability for smaller and medium sized units identified in Figure 4.7.
- 4.29 Net completions have averaged +1,723 sq.m per year over the past decade, but this has largely been fuelled by net completions in the previous five years at Arterial Park and the Airport Business Park. Net absorption for industrial premises over the past year was -4,900 sq.m but has been positive when the period of analysis is extended to the past five years. It is estimated that there is currently around a 3-year supply of industrial floorspace within the District when set against the average annual take-up from the past five-years.

5.0 Conclusions

Socio-Economic Context

- 5.1 Analysis of recent economic trends within Rochford indicates that the District faces a number of socio-economic challenges. Following the national and regional trend, Rochford has an ageing population although the problem is more acute in the District where the working age population has already fallen by 1.7% between 2011 and 2021, compared to increases of 4.1% and 5.1% in Essex and the East of England respectively.
- 5.2 The working age population of Rochford is also comparatively less skilled than the wider region and the national average, and correspondingly, the local economy supports a lower proportion of high skilled occupations when compared to the wider region. The fact that average resident earnings in Rochford are greater than the average workplace earnings in the District also indicates that residents commute outside of the District for work and to access higher paying occupations.
- 5.3 The number of jobs in Rochford grew by 4.6% between 2009 and 2019, which was a lower rate than across Essex and the East of England as a whole (10.8% and 13.9% respectively). However, the number of active businesses within Rochford increased by 1.8% between 2016 and 2021, despite a fall during the Covid-19 pandemic, and business survival rates have been stronger than the wider East of England region.
- 5.4 The largest employment sectors in Rochford in 2019 were 'wholesale, retail and motor trades' (16.0% of total employment), 'construction' (12.1%), and 'education' (10.1%). Compared to the wider East of England region, Rochford is also overrepresented in the 'education', 'construction', and 'transport and storage' sectors. The largest growth sectors in the District between 2009 and 2019 were 'finance' (67.3%), 'arts and entertainment' (56.8%), and 'professional, scientific and technical' (55.7%).
- 5.5 EEFM data also shows that GVA in Rochford fell by 14.4% between 2009 and 2019, compared to an increase of 14.1% across Essex as a whole over the same period indicating a need to expand the productive output within the District.

Office Market

- 5.6 The market for office floorspace in Rochford is found to be performing well when compared to the wider Essex market. While there is currently limited demand for office space within the District, the steady demand that does exist is well balanced by the existing office stock which is characterised by smaller offices, primarily located above retail premises, resulting in a low vacancy rate of 3.5% (compared to the national average of 8.1%). The low vacancy rate in conjunction with low availability rate (of 2.7%) indicates that churn within the office market may be constrained. If this trend continues persistently, it may create inefficiency in the market with occupiers forced into premises which do not adequately meet their needs, or make it difficult to refurbish and upgrade premises over time. The stock of office space within Rochford has grown by 11.8% since 2013, albeit this has largely been driven by the construction of 'The Launchpad' and the IPECO site at the Airport Business Park, the latter of which is primarily designed to accommodate new manufacturing and distribution uses but also provides a substantial area of ancillary office space.

- 5.7 The office stock is also characterised by lower quality, older offices, with 81% of office floorspace being built prior to 2000. The age and poor quality of the office stock has led to a number of conversions to residential properties through use of Permitted Development Rights, particularly amongst larger offices which cannot be sub-divided into smaller units, however this has helped to maintain balance between supply and demand. The small number of purpose-built and serviced offices, such as the Launchpad, appear to be performing well and attracting demand.
- 5.8 A large proportion of take-up for office floorspace in Rochford is for small offices of up to 250 sq.m in size (47% of take-up). There is very limited identified demand for offices larger than 500 sq.m in size. Future delivery of office space should seek to accommodate the demand for smaller spaces, albeit the strength of this demand in the long term should not be overstated given the changing working patterns in the wake of the Covid-19 pandemic. There is also identified demand for office spaces which support other manufacturing and distribution uses on-site, such as the IPECO site at the Airport Business Park.

Industrial Market

- 5.9 The market for industrial space within Rochford has also performed strongly in recent years, characterised by high demand for the limited stock, particularly for higher quality, medium-sized floorspaces. The submarket is largely locally-facing but there is an increasing interface with the surrounding market as the poor quality and limited stock means some businesses are forced to locate further away.
- 5.10 The total supply of industrial floorspace in Rochford has grown by 33% from 2013 up to 373,000 sq.m in 2023. The largest growth has been concentrated around Arterial Park in the west of the District and the Airport Business Park located to the south west of Rochford. There is additional capacity at these sites to help accommodate future demand in the District.
- 5.11 CoStar data indicates that a large proportion of the industrial units are ageing, with over 80% of Rochford's industrial premises built before the year 2000. Some of the largest business parks in the District, including Purdeys Industrial Estate and Brook Road Industrial Estate also have constraints to access. The poor quality and inflexibility of the existing industrial stock has pushed up demand for newer developments. In particular, there is high observed demand for medium-sized units, especially from smaller to medium-sized businesses who have outgrown their existing premises. This is evidenced by the reported popularity of 12 flexible use units developed at the Airport Business Park, as well as a number of firms leasing multiple units to satisfy their floorspace requirements. Future planning policy should seek to respond to the needs of local businesses by facilitating the delivery of high-quality units at a range of small to medium sizes.
- 5.12 While there is strong demand for storage and distribution space as identified in the Rochford EDNA (2023), there is also demand for units which provide flexibility across a range of uses including light industrial, storage and distribution, as well as offices. Flexibility in use class designations within planning policy should be applied to allow future supply to be adapted to the specific requirements of individual businesses and respond to changes in demand.

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