Employment Land Review Update and Review of Selective Management of Employment Policies

Report to South Cambridgeshire District Council and Cambridge City Council

July 2012

SQW

Contents

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Summary and overview

Context and Purpose

1. In January 2012, South Cambridgeshire District Council and Cambridge City Council jointly commissioned SQW – in association with Savills – to complete a programme of employment-related research to inform an on-going review of adopted planning policies. The commission was relatively small in scale and the intention was that it should draw primarily on existing evidence to:

   - reconsider and update the findings from the Employment Land Review (completed for the two districts by Warwick Business Management Limited in July 2008 (ELR2008)) to focus on the period 2011-2031
   - review – in the light of evidence – existing Selective Management of Employment policies in the Cambridge area.

Key findings

2. In terms of **demand** for employment land, the study found that:

   - whilst the current exercise and ELR2008 were a decade apart in their timeframes (i.e. 2011-31 and 2001-21 respectively), the more recent projections for Cambridge City and South Cambridgeshire are more cautious than those that informed ELR2008: the earlier exercise assumed substantial employment growth over the period 2001-2011 while the newer data suggest that particularly in Cambridge City, there was actually very little overall employment growth over this decade. For their respective 20-year periods, ELR2008 assumed the need to accommodate 40,000-50,000 jobs (over 2001-21) whereas new projections point to something around 35,000-40,000 jobs (for 2011-31)
   - in addition, the changing sectoral composition of projected employment growth *and* revised assumptions about employment densities (which have increased substantially) suggest that less additional space will be needed to accommodate each job that is created
   - overall, whereas ELR2008 identified a need for 550,000-600,000sqm of employment space (on 106-114ha of employment land) over the period 2001-21, this study has identified potential demand for 220,000-240,000sqm of employment space (on 55-60ha of employment land) over the period 2011-31.

3. In terms of the **supply** of employment land, the study observed that there is currently sufficient overall provision across Cambridge City and South Cambridgeshire. However the forecasts suggest there is likely to be a shortage of B1a space. Demand for office space is particularly focused on two areas of pressure: the city centre, and the northern fringe around Cambridge Science Park. The market signals are very clear that increasing provision

elsewhere will not on its own solve the problem – more has to be done to increase supply in those locations where firms most want to be.

4. The study also noted that the redevelopment of old manufacturing and storage sites for employment uses, whilst desirable from a planning policy perspective, often appears to be unviable. As a result, a good number of these sites are being lost, principally to housing. Even redevelopment of office sites is unlikely to be viable unless significant intensification of use is allowed.

5. In terms of the **selective management of employment policies**, the study noted that the Cambridge area had seen significant growth over the last two decades (particularly in South Cambridgeshire), including in high tech sectors, and – compared to elsewhere – resilience to recession. At one level, then, it might be possible to claim that the policies have had their desired effect. However it advised considerable caution in drawing this conclusion: the study could not comment on the counterfactual – what the growth profile might have looked like had those policies not been in place.

6. Based on the available evidence, the study argued for some changes to the selective management of employment policies. It made the following important observations:

- the more cautious employment projections suggest that the underlying presumption in existing policy that demand greatly exceeds supply may now be questionable
- in changed market conditions – and in the light of changes within the high tech cluster – the selective management of employment policies may no longer be wholly aligned with economic development objectives relating to the cluster's continued growth and provision for high value jobs
- the shortage of offices with open B1 permissions in Cambridge will adversely affect projected employment growth unless it is addressed through a combination of intensification and the provision of more land in the more attractive locations
- the size restrictions included in the selective policies – 300 sqm for non-local office users and 1,850 sqm for manufacturing – appear to be arbitrary and inconsistent with the revealed needs of key local businesses
- the policy to retain the best manufacturing land in and around Cambridge has had little effect, mainly because of viability issues; however, it is important to afford protection to occupiers which want to remain on site and are willing to invest in modernisation
- if a distinction needs to be made between what is allowable in the immediate vicinity of Cambridge, and what is allowable further out of Cambridge, then a logical and clear boundary may be the inner limit of the Green Belt, rather than the local authority boundary, because the latter excludes parts of the urban area
- given the overall character of the Cambridge cluster, there is little point in the selective policy requiring research establishments new to the area to show a "*special need to be located close to existing major establishments in related fields (such as the*

universities, the teaching hospital, or private research establishments), in order to share staff, equipment or data, or to undertake joint collaborative working".

Wider developments

7. Alongside the technical assessment of demand for and supply of employment land, and the implications for selective management of employment policies, there are some broader changes that must be taken into account in planning appropriate employment provision over the next two decades:

- the importance of manufacturing provision – particularly in the vicinity of major research-based establishments – is growing and in time, this could become central to the competitiveness of the high tech cluster
- homeworking – for all or part of the week – is becoming easier, more widely accepted and far more necessary, and it is profoundly changing the relationship between jobs and employment provision: the relationship between home and work is very different now from in 2001, and over the period to 2031, it is likely to evolve further
- city centre locales *and* access to London are becoming key drivers of demand for employment provision and hence:
  - the area around Cambridge railway station and, prospectively, the area around the planned Cambridge Science Park station (on the northern fringe) are crucially important, particularly where these intersect with the route of the Cambridgeshire Guided Busway
  - employers within these locations are increasingly accepting of high employment densities and very limited parking provision (and this in turn links to the far greater incidence of homeworking as set out above)
- the importance of professional and financial services is growing in relation to the high tech cluster and, indeed, more generally, and this itself has an important London dimension
- the University of Cambridge needs to continue to be seen as a key player in the evolving spatial economy: it will be important that employment provision (and indeed infrastructure) is planned with the growth plans and timescales of the University firmly in view, and a good understanding of the implications of them. In this context, West Cambridge and North West Cambridge are both important.

High level conclusions and recommendations

8. Our high level conclusions and recommendations relating to the period 2011-31 are as follows:

- Overall, jobs growth and floorspace requirements are lower for 2011-2031 than those that informed ELR2008 (over 2001-21), **but** there will be considerable pressure for

B1a space in the city, and particularly in the city centre, where there is no more land. Hence there will be a need to intensify the use of existing sites, but to do so in an effective way (in our view, allocating more land in peripheral locations will not help in relation to this core growth dynamic as the market for peripheral sites is different).

- There is a need to focus on bringing forward existing commitments, which if successfully developed are probably sufficient for the foreseeable future. The higher employment densities and lower jobs growth projections mean that there is no immediate imperative to compensate for the loss of the proposed employment allocations at Cambridge East.

- There is also a need to reduce the loss of employment land to other uses, which in the City in particular appears to be happening at an increasing rate across all Use Classes, otherwise additional allocations will become essential.

- It will be important to ensure there is sufficient land for manufacturing in the area. Where possible, existing manufacturing sites within and close to Cambridge should be protected from loss to housing or retail, but equally it is important to recognise that market factors dictate that this will not be possible in all cases. Therefore alternative provision is necessary. The increasing importance of hybrid buildings (which enable flexibility of use) needs to be recognised in the way in which sites are designated for different uses.

- There may be an expectation to factor development at Alconbury into employment land proposals for South Cambridgeshire. However, the market view at present appears to be that (i) the Enterprise Zone designation is not a particularly important incentive to firms, and (ii) initially at least, firms will be reluctant to go there because it is isolated. That view may well change over time, but it would be unwise for South Cambridgeshire District Council to assume now that it will provide an attractive alternative to locations within the district, particularly in the short term.

- It will be important to reappraise the role and potential of sites on the edge of Cambridge. As it stands, Cambridge East is ruled out while West Cambridge is under the University's control and will be developed, but gradually. To the north, there is scope for intensification on Cambridge Science Park and/or finding a way to use Chesterton Sidings and/or the sewage works for high density employment uses. If these suggestions prove impossible, or additional provision on the northern fringe can only be made in the longer term, then consideration needs to be given to finding new employment land in other sustainable locations.

9. Over the next period, there will – in our view – be a need for some genuinely creative and forward-looking planning policies which will need to be implemented well – and this agenda is really quite demanding. Two aspects are absolutely crucial. First – as argued in the *Cambridge Cluster at 50* report and as evidenced through this study – there is a need for a long term masterplan for the wider city centre (i.e. from the area around Cambridge railway station in the south to Castle Park in the north, and including Cambridge Retail Park as well as all of the main retail centre); this needs to deal with the next stage of the area's development, assuming that the CB1 venture is largely built out. Second, we would argue for

something similar on the northern fringe, encompassing both Cambridge Science Park and the planned Cambridge Science Park station. This area will also need to be developed (and gradually redeveloped) carefully, with an imperative to intensify uses in line with an evolving 21st Century economy (with changing expectations around working practices) and to do so around the principal public transport nodes. For both areas, it is crucial that the plans consider how the public sector can facilitate appropriate development, not just indicate what development is appropriate (i.e. similar to the role that Cambridgeshire Horizons played in ensuring the development on the southern edge of Cambridge (around Addenbrooke's Hospital and Clay Farm) actually happened).

1: Introduction

Context and purpose

1.1 In January 2012, South Cambridgeshire District Council and Cambridge City Council jointly commissioned SQW – in association with Savills – to complete a programme of employment-related research to inform an on-going review of adopted planning policies. The commission was relatively small in scale and the intention was that it should draw primarily on existing evidence to:

- reconsider and update the findings from the Employment Land Review (completed for the two districts by Warwick Business Management Limited in July 2008 (ELR2008)) to focus on the period 2011-2031
- review – in the light of evidence – existing Selective Management of Employment policies in the Cambridge area.

Approach

1.2 The original intention had been that a new set of employment forecasts – produced by Oxford Economics using the East of England Forecasting Model (EEFM) – would form a core part of the evidence base. However both local authorities expressed concerns with regard to some of the model's underlying assumptions and in addition, the release of these data was seriously and repeatedly delayed. Therefore, initiated by the two districts, a bespoke set of employment projections was commissioned from Cambridge Econometrics (CE) using its Local Economy Forecasting Model (LEFM). CE updated the two projections which had previously been prepared for the Cambridgeshire Development Study in 2009: one of these was essentially a baseline projection while the second adopted alternative population assumptions consistent with established local policy. These projections were made available in April 2012 and the report that follows draws heavily on them.

1.3 In addition, this study has been informed by:

- a review of the wider Cambridge area's commercial property market which was completed by Savills
- a review of monitoring data linked to employment sites and premises held by the local authorities
- a series of consultations with firms/agents with a strong knowledge of employment provision in and around Cambridge and, in the case of the firms, first hand and recent experience of local relocation and/or expansion: whilst the number of consultations was modest, the focus was on organisations with a real understanding of (and insight into) the specific issues in and around Cambridge
- a review of the latest evidence deriving from Cambridgeshire County Council Research Group with regard to the recent performance of the high tech cluster.

Report structure

1.4 The structure of this report follows closely the requirements set out in the study's Terms of Reference. It is divided into four main chapters which are structured as follows:

- in **Chapter 2**, we consider the findings from the employment projections and the implications of them in relation to future demand for employment space and employment land over the period 2011-31; we also consider how these compare to the findings from ELR2008 and the implications that follow
- in **Chapter 3**, we focus on supply side issues and – drawing on Savills' work and our review of the local authorities' monitoring data – we explain how the supply side picture has changed since ELR2008, and to what effect
- in **Chapter 4**, we draw together the findings from the two preceding chapters alongside wider evidence on the changing relationship between demand and supply for employment land in the Cambridge area, and we distil some high level conclusions for the two local authorities
- finally, **in Chapter 5**, we draw out some more specific observations and recommendations relating to the two local authorities' current Selective Management of Employment policies.

1.5 In addition, this report is supported by four substantive annexes:

- **Annex A** provides a detailed analysis of the two sets of employment projections generated by Cambridge Econometrics as an input into this study and it compares these with those produced for the earlier Cambridgeshire Development Study (CDS)
- **Annex B** reviews a set of baseline projections published by Oxford Economics in April 2012[1] on the basis of EEFM and it compares these to the projections generated by CE in the context of this study
- **Annex C** presents a summary analysis of the high tech database maintained by Cambridgeshire County Council's Research Group
- **Annex D** presents, in full, the report on commercial property which was prepared by Savills as an input into this study.

[1] Note that our analysis was completed on the basis of the baseline projections published by OE in mid April 2012. A few weeks later, these baseline projections were replaced by another set in which the numbers for Cambridge City were really rather different. Annex B – and the references throughout this report – refer to the earlier set of published projections

2: Projected demand for employment space and employment land

Introduction

2.1 The last full Employment Land Review was completed by Cambridge City Council and South Cambridgeshire District Council in 2008 (ELR2008). As set out in the original Terms of Reference, the current study was intended to update this evidence base, using similar assumptions and approaches.

2.2 The process of translating employment forecasts to land requirements involves a series of logical steps, each of which relies on important assumptions. Whilst the steps have not changed since 2008, new evidence is available in relation to some of the key assumptions; this evidence is drawn both from local sources (i.e. consultation and other evidence which was gathered and reviewed in the course of this study) and national guidance (which itself has been informed by empirical evidence from elsewhere). These assumptions have important implications for the assessment of overall demand.

2.3 This chapter is essentially divided into two parts:

- **Part A** calculates demand for employment space and floorspace using the new projections and a preferred set of density/plot ratio assumptions: sometimes these are taken straight from ELR2008, but more often, different assumptions are used, based on more recent evidence and data
- **Part B** compares the outcomes from this process with those set out in ELR2008. A direct comparison is difficult because ELR2008 relates to 2001-21 while the current exercise is focused on 2011-31. Therefore, to aid some level of comparison, a set of numbers is produced for 2001-21 but based on new forecasts and the assumptions applied in Part A. In addition, we develop a set of numbers for 2011-31 using new forecasts but applying the density assumptions from ELR2008; this helps to clarify the impact of the assumptions.

Part A: Translating employment forecasts to land requirements, 2011-2031

Step 1: Consider projected employment by SIC sectors and the types of property occupied by these sectors

Use of employment forecasts

2.4 ELR2008 relied on two sets of employment forecasts which were prepared by **BSL Experian** in 2003 and 2004. Both sets assumed "**enhanced growth**": they were aspirational forecasts and they sought to illustrate the spatial implications of the 2001 Regional Economic Strategy.

Subsequently, the predictions from the 2003 forecast were adopted as indicative jobs targets in Policy E1 of the East of England Plan.

2.5 In 2012, we have been informed by two main sets of employment projections: a **baseline (trend)** projection developed by **Cambridge Econometrics (CE)** on the basis of its Local Economy Forecasting Model (LEFM) and a **policy-led projection** prepared by CE through LEFM. We have also sought to refer to a baseline projection developed by Oxford Economics on the basis of the East of England Forecasting Model (EEFM). All three sets of projections were prepared in April 2012. The two sets of projections generated by CE were essentially updates of those developed for the Cambridgeshire Development Study (2009). A full review of these different sets of projections is provided in Annex A.

2.6 [Note that since the completion of ELR2008, various other projections have been prepared. These include those that informed the South Cambridgeshire Economic Development Strategy, 2010-15 (which was prepared by PACEC in July 2010). In addition, over the last two months, CE has quantified additional high and low growth scenarios[2]. We have not used these high and low growth scenarios in this study for two main reasons: they were not available at the time the work was undertaken; and in any case, it is important that employment land and floorspace requirements are assessed in relation to unconstrained baseline forecasts. In particular, if the low growth scenario were to be used, the requirements would not reflect forecast demand, and applying them could therefore constrain economic growth.]

2.7 From CE's 2012 baseline and policy-led employment projections, some important observations need to be made with regard to the scale of projected employment growth and its changing sectoral composition:

- overall, **Cambridge City** is projected to generate 14,740 net additional jobs (on the CE baseline projection) between 2011 and 2031 or 19,600 net additional jobs (on the CE policy-led projection); between 2001 and 2011, employment barely changed within Cambridge City[3]
- **South Cambridgeshire** is projected to generate 22,400 net additional jobs (on the CE baseline projection) between 2011 and 2031 or 23,100 net additional jobs (on the CE policy-led projection); the data from CE suggest that approaching 13,000 jobs were created in the decade between 2001 and 2011[4,5]

[2] These are described in Scenario Projections for the Cambridgeshire Local Authorities and Peterborough UA – Report to the Cambridgeshire Local Authorities and Peterborough UA, Cambridge Econometrics and SQW, July 2012

[3] As referenced in Footnote 2, CE has quantified additional high and low growth scenarios for the Cambridgeshire districts. For reference, it is helpful to understand how these alternative scenarios compare to the baseline and policy-led projections. Under the high growth scenario, Cambridge City is projected to see a growth of 19,700 jobs between 2011 and 2031 (which is close to the policy-led projection); under the low growth scenario, this figure falls to around 9,200. Overall, Cambridge City stood out as the least sensitive district under the different scenarios

[4] Over the decade 2001-2011, employment growth appears to have been concentrated in South Cambridgeshire, rather than Cambridge City. It is important to note that some of the growth of South Cambridgeshire was functionally within the urban footprint of Cambridge (e.g. that on the South Cambridgeshire part of Cambridge Science Park). However, over the decade, South Cambridgeshire also saw employment growth at a number of business park locations (e.g. Granta Park) which are some distance from Cambridge and other major population centres

- across **both districts**, the bulk of new jobs growth is expected in professional services (including R&D); computing services; health and social work; and "other" business services. Manufacturing employment is expected to remain stable or even rise slightly – in sharp contrast to the last decade (which saw significant manufacturing job loss).

Assumptions about the types of property occupied by these sectors

2.8 At the level of broad SIC codes (12 in total), ELR2008 made some assumptions about the proportion of jobs that were accommodated in property of different Use Classes. It was informed by the contents of Box D.1 from the government's *Guidance Note on Employment Land Reviews*[6] but this provided very general guidance only. The study referred to making "*additional assumptions*" but provided no explanation as to how these were derived.

2.9 In 2012, we have sought to adopt a more granular approach. Specifically, our starting point has been the 41 sectors identified through LEFM (as compared to the 12 used in 2008). We then referred to detailed employment data from the Business Register of Employment Survey (BRES), structured by 4-digit SIC code, to understand the detailed make-up of these sectors. In the light of this, we estimated the proportion of employment growth that was likely to need to be accommodated within premises/sites linked to different Use Classes.

2.10 For each of Cambridge City and South Cambridgeshire, the table below shows the projected absolute change in employment from 2011-31, by sector, with an estimate of the proportion of employment that may be accommodated within different B Use Class property/sites.

Table 2-1: Projected employment change, 2011-2031 ('000); and assumptions with regard to Use Classes[7]

	S Cambs: Baseline change	**S Cambs: Policy-led change**	**Cambridge: Baseline change**	**Cambridge: Policy-led change**	**Assumptions regarding: B Use Classes**
1 Agriculture etc	0.02	0.01	-0.04	-0.04	Non-B use
2 Coal	0.00	0.00	0.00	0.00	[No change]
3 Oil & Gas etc	0.00	0.00	0.00	0.00	[No change]
4 Other Mining	-0.01	-0.01	-0.01	-0.01	Non-B use
5 Food, Drink & Tob.	0.15	0.15	0.03	0.03	B1c/B2 - 100%
6 Text., Cloth. & Leath	0.00	0.00	-0.01	-0.01	B1c/B2 - 100%
7 Wood & Paper	-0.24	-0.24	-0.02	-0.02	B1c/B2 - 100%
8 Printing & Publishing	-0.01	-0.01	0.41	0.42	B1b - 50%; B2 - 50%

[5] As referenced in Footnote 2, CE has quantified additional high and low growth scenarios for the Cambridgeshire districts. For reference, it is helpful to understand how these alternative scenarios compare to the baseline and policy-led projections. Under the high growth scenario, South Cambridgeshire is projected to grow by 29,200 jobs over the period 2011-31; the corresponding figure under the low growth scenario is 14,000 jobs

[6] *Employment Land Reviews: Guidance Note* Office of the Deputy Prime Minister, 2004

[7] Note that these data are presented here in disaggregated form in order to provide a clear statement of our methodology. However, we would advise strongly against reporting individual numbers from this table: all are modelled and at a fine level of spatial and sectoral disaggregation, they are subject to error. In Annex A, we provide information on absolute levels of employment for the two districts on the two projections, using a broader (and therefore more robust) sectoral classification

	S Cambs: Baseline change	S Cambs: Policy-led change	Cambridge: Baseline change	Cambridge: Policy-led change	Assumptions regarding: B Use Classes
9 Manuf. Fuels	0.00	0.00	0.00	0.00	[No change]
10 Pharmaceuticals	0.06	0.06	0.04	0.04	B1b - 50%; B1c/B2 - 50%
11 Chemicals nes	-0.04	-0.04	0.00	0.00	B1b - 50%; B1c/B2 - 50%
12 Rubber & Plastics	-0.04	-0.04	-0.01	-0.01	B1c/B2 - 100%
13 Non-Met. Min. Prods.	-0.12	-0.12	-0.02	-0.02	B1c/B2 - 100%
14 Basic Metals	0.01	0.01	0.00	0.00	[No change]
15 Metal Goods	-0.05	-0.05	-0.04	-0.03	B1c/B2 - 100%
16 Mech. Engineering	-0.15	-0.15	-0.02	-0.02	B1c/B2 - 100%
17 Electronics	-0.07	-0.07	-0.14	-0.14	B1b - 50%; B1c/B2 - 50%
18 Elec. Eng. & Instrum.	-0.14	-0.14	-0.14	-0.13	B1b - 50%; B1c/B2 - 50%
19 Motor Vehicles	0.00	0.00	0.00	0.00	[No change]
20 Oth. Transp. Equip.	-0.19	-0.19	-0.01	-0.01	B1c/B2 - 100%
21 Manuf. nes	0.02	0.02	-0.01	-0.01	B1c/B2 - 100%
22 Electricity	0.00	0.00	0.00	0.00	Non-B use
23 Gas Supply	0.00	0.00	-0.08	-0.08	Non-B use
24 Water Supply	0.00	0.00	0.05	0.05	Non-B use
25 Construction	1.18	1.27	0.30	0.46	Non-B use
26 Distribution	0.56	0.59	0.53	0.61	B8 - 50%
27 Retailing	1.18	1.22	1.97	2.27	Non-B use
28 Hotels & Catering	0.64	0.68	0.25	0.44	Non-B use
29 Land Transport etc	0.08	0.09	0.14	0.21	B8 - 25%
30 Water Transport	0.00	0.00	0.00	0.00	[No change]
31 Air Transport	-0.02	-0.02	0.00	0.00	[No change]
32 Communications	0.13	0.14	0.13	0.15	B1c/B2 - 25%
33 Banking & Finance	0.08	0.08	0.11	0.16	B1a - 25%
34 Insurance	-0.02	-0.02	-0.01	-0.01	B1a - 100%
35 Computing Services	3.85	3.85	1.71	1.75	B1a - 50%; B1b - 50%
36 Prof. Services	9.09	9.15	2.49	2.72	B1a - 50%; B1b - 25%
37 Other Bus. Services	2.29	2.31	2.23	2.41	B1a - 25%
38 Public Admin. & Def.	0.03	0.07	-0.34	-0.08	B1a - 50%

	S Cambs: Baseline change	S Cambs: Policy-led change	Cambridge: Baseline change	Cambridge: Policy-led change	Assumptions regarding: B Use Classes
39 Education	0.44	0.52	1.14	2.59	B1a - 25%
40 Health & Social Work	2.16	2.45	2.71	4.32	B1a - 25%
41 Misc. Services	1.48	1.53	1.37	1.59	B1a - 25%
Total	**22.35**	**23.11**	**14.74**	**19.60**	

Source: SQW, based on data from CE

2.11 Working through the arithmetic, the implications are that:

- in **South Cambridgeshire**:
  - under the **baseline projection**, 22,350 additional jobs will need to be accommodated between 2011 and 2031; of these, 11,800 (53%) are assigned to B Use Classes
  - under the **policy-based projection**, 23,110 additional jobs will need to be accommodated between 2011 and 2031; of these, 12,000 (52%) are assigned to B Use Classes
- in **Cambridge City**:
  - under the **baseline projection**, 14,740 additional jobs will need to be accommodated between 2011 and 2031; of these, 5,700 (39%) are assigned to B Use Classes
  - under the **policy-based projection**, 19,600 additional jobs will need to be accommodated between 2011 and 2031; of these, 7,000 (36%) are assigned to B Use Classes.

2.12 Across the two districts, it is possible to estimate projected employment change by Use Class. The results of this process are summarised below.

Table 2-2: Projected employment growth ('000) by Use Class, 2011-31

Use Class	Cambridge City – Baseline	Cambridge City – Policy-based	South Cambs – Baseline	South Cambs – Policy based
Office – B1a	3.8	5.0	8.1	8.2
R&D – B1b	1.6	1.6	4.1	4.1
Industrial – B1c/B2	0.0	0.0	-0.7	-0.7
Warehouse – B8	0.3	0.4	0.3	0.3
All B Use Classes	**5.7**	**7.0**	**11.8**	**12.0**

Source: SQW – based on data from CE

Step 2: Convert employment estimates to floorspace requirements

2.13 The second step in the process requires a conversion from employment estimates to floorspace requirements.

2.14 In ELR2008, a series of assumptions were made in terms of employment densities, informed largely by Boxes D5 and D7 from then-DETR's ELR Guidance Note (2004). In addition, an adjustment (which varied by Use Class) was made to distinguish between net lettable and gross floorspace. Subsequently, new guidance has been published with different assumptions and definitions[8]. The table below attempts to compare the assumptions that were used in ELR2008 with the latest available guidance.

Table 2-3: Changing assumptions with regard to employment densities

Use Class	Assumptions within ELR2008	Latest Guidance
Office – B1a/B1b	Net internal area per job (sqm): 19	Net internal area per FTE (sqm): 12
	plus adjustment to derive a gross floorspace figure (20%)	Gross external area per FTE (sqm): c. 14
Industrial – B1c/B2	Net internal area per job (sqm): 38	Gross internal area per FTE (sqm): 36
	plus adjustment to derive a gross floorspace figure (10%)	Gross external area per FTE (sqm): c. 45
Warehousing – B8	Net internal area per job (sqm): 78	Gross external area per FTE (sqm): c. 70
	plus adjustment to derive a gross floorspace figure (5%)	

Source: ELR2008; 2010 guidance produced by Drivers Jonas Deloitte; and published employment land reviews

2.15 The table is not easy to interpret as several different metrics have been used. However the direction of travel – explained in the 2010 guidance – is towards higher densities, with less space provided for each worker[9].

2.16 The latest guidance is couched in terms of Full Time Equivalent jobs whereas the employment projections generated by CE are measured simply in terms of jobs. Therefore the CE numbers need to be scaled back. Based on data sourced from BRES over three years (which distinguishes between full time and part time employee jobs), the number of jobs has been multiplied by 0.85 in Cambridge City and 0.87 in South Cambridgeshire to generate an approximate estimate of FTE employment.

2.17 For each of Cambridge City and South Cambridgeshire, Table 2-4 takes the range of projected jobs growth (derived from the two CE projections); after adjusting these to generate FTE figures, it calculates a range for a net floorspace forecast (by applying the employment densities from Table 2-3).

[8] *Employment Densities Guide*, Drivers Jonas Deloitte for Offpat and HCA, 2010
[9] This conclusion – which derives from national guidance and empirical evidence presented in ELRs from across the greater south east – is also supported by local evidence. The local issues are explored further in chapters 3 and 4 of this report (e.g. there is evidence of local employers choosing to move within Cambridge from lower to higher density provision)

Table 2-4: Deriving estimates of forecast net floorspace change, 2011-31

Use Class	Employment density (sqm GEA)	Cambridge City jobs growth range ('000): Baseline – Policy-based	Net Floorspace Forecast ('000 sqm GEA) range	South Cambs jobs growth range ('000): Baseline – Policy-based	Net Floorspace Forecast ('000 sqm GEA) range
Office – B1a	14	3.8 – 5.0	45 – 59	8.1 – 8.2	98 – 100
R&D – B1b	14	1.6 – 1.6	19 – 20	4.1 – 4.1	50 – 50
Industrial – B1c/B2	45	0.0 – 0.0	0.7 – 1.5	-0.7 – -0.7	-27 – -27
Warehouse – B8	70	0.3 – 0.4	18 – 21	0.3 – 0.3	18 – 19
Total		**5.7 – 7.0**	**83 – 101**	**11.8 – 12.0**	**139 – 143**

Source: SQW – based on data from CE

2.18 Overall (for the two districts), Table 2-4 suggests a forecast net floorspace requirement over the period 2011-2031 of between 222,000 sqm (on the baseline projection) and 244,000 sqm (on the policy-led projection). In terms of the principal Use Classes – and again across the two districts – this can be broken down as follows:

- B1a – an increase of 144,000-160,000 sqm
- B1b – an increase of 69,000-70,000 sqm
- B1c/B2 – a reduction of 25,000-26,000 sqm
- B8 – an increase of 36,000-41,000 sqm.

2.19 These figures relate to net jobs growth only. In practice, we would expect to see some "churn" locally (as some businesses move to new sites and premises)[10]. Therefore the figures in Table 2-4 should, in principle, be adjusted upwards to create some flexibility.

Step 3: Using plot ratios, convert floorspace estimates to an estimate of site areas (and hence land required for B Use Classes)

Assumptions about plot densities

2.20 In working through this third translational element, ELR2008 made assumptions about plot densities, drawing on Box D7 from the 2004 government guidance. These are summarised below, and compared to the latest available guidance.

[10] Our analysis of high tech businesses pointed to flux within the high tech business community which also suggests a need for property with short term leases (see Annex C)

Table 2-5: Changing assumptions with regard to plot densities

Use Class	Assumptions within ELR2008	Latest Guidance
Office – B1a/B1b	City – 6,809 sqm per ha Out of centre – 3,282 sqm per ha	Plot density assumptions are not addressed through the *Employment Densities Guide* – hence there is no definitive recent source. A review of published ELRs suggests a rule-of-thumb working assumption of 4,000 sqm per ha across all Use Classes. However most also comment that there can be substantial variability locally. Therefore the assumptions used in ELR2008 seem reasonable and are rolled forward here
Industrial – B1c/B2	4,200 sqm per ha	
Warehousing – B8	5,000 sqm per ha	

Source: ELR2008; 2010 guidance produced by Drivers Jonas Deloitte; and published employment land reviews

Testing the density assumptions

2.21 We have tested the density assumptions made in ELR2008 against actual densities achieved in two time periods – 2002-07 and 2007-11 – according to Cambridgeshire County Council's monitoring data on completions, using both gross and net figures. The comparisons are shown in the table below.

Table 2-6: Comparison of plot densities (sqm per ha)

Densities/Use Class	Office – B1a/B1b	Industrial – B1c/B2	Warehousing – B8
Assumptions within ELR2008	City – 6,809 Out of centre – 3,282	4,200	5,000
Actual Cambridge (gross), 2002-07 average	5,420	5,852	5,614
Actual South Cambs (gross), 2002-07 average	3,120	3,660	3,182
Actual Cambridge (gross), 2007-11 average	6,859	18,122	3,776
Actual South Cambs (gross), 2007-11 average	3,071	2,680	2,225

Source: ELR 2008: 2010 guidance produced by Drivers Jonas Deloitte; and published employment land reviews; Cambridgeshire County Council monitoring data

2.22 Table 2-6 provides a useful cross check and suggests that the ELR density assumptions were broadly correct. The actual densities achieved for B1a and B1b space are similar to those assumed in ELR2008 for city and out of centre sites (assuming these terms are broadly equivalent to Cambridge and South Cambridgeshire local authority areas). The actual densities achieved for industrial and warehousing space in South Cambridgeshire appear to be lower than assumed by ELR2008, whereas those for industrial sites in the city are higher.

2.23 In relation to change over time, the densities achieved in South Cambridgeshire 2007-11 were somewhat lower than those achieved 2002-06, whereas those in Cambridge were higher during the latter part of the decade for all uses except warehousing. The increasing densities in Cambridge are consistent with rising land costs and with national trends. The reductions in South Cambridgeshire may reflect more the characteristics of major developments that occurred in each time period. Arguably, however, the differences between the two time periods are not sufficiently great, or consistent, to draw firm conclusions about change over time.

Applying the density assumptions

2.24 To apply the densities used in ELR2008 to our floorspace projections, there is clearly a need to split demand for B1 by location. In the analysis below, we have equated projected growth in Cambridge City with "city" (as per Table 2-7) and that in South Cambridgeshire with "out of centre". In practice, some of the demand within Cambridge City will relate to "out of centre" provision and hence the employment land requirements within the district will be somewhat higher than shown in the table.

Table 2-7: Deriving estimates of forecast land requirements, 2011-31

Use Class	Plot density assumptions	Land requirement – Cambridge City - Baseline	Land requirement – Cambridge City – Policy-based	Land requirement – South Cambridgeshire – Baseline	Land requirement – South Cambridgeshire – Policy-based
Office – B1a – "city"	6,809 sqm per ha	6.7ha	8.7ha	-	-
R&D – B1b – "city"	6,809 sqm per ha	2.7ha	2.9ha	-	-
Office – B1a – "out of centre"	3,282 sqm per ha	-	-	30.0ha	30.6ha
R&D – B1b) – "out of centre"	3,282 sqm per ha	-	-	15.2ha	15.3ha
Industrial – B1c/B2	4,200 sqm per ha	0.2ha	0.4ha	-6.4ha	-6.4ha
Warehouse – B8	5,000 sqm per ha	3.6ha	4.3ha	3.6ha	3.8ha
Total		**13.1ha**	**16.2ha**	**42.4ha**	**43.3ha**

Source: Based on CE data

2.25 The implication from Table 2-7 is an overall requirement for additional employment land over the period 2011-31 of:

- between 13.1ha and 16.2ha in Cambridge City
- between 42.4ha and 43.3ha in South Cambridgeshire

Part B: Comparing the findings from the 2012 analysis with those which informed ELR2008

2.26 This study is concerned, fundamentally, with updating the findings from ELR2008 and hence a comparison of the findings from the two exercises is important. In terms of demand, ELR2008 focused on the period 2001-2021. The current study is focusing on the period 2011-2031. Hence we now have historic data relating to what was a forecast in 2008; and there is an overlap of a decade in relation to the two forecast periods. For that reason, it is important to try and compare the assumptions that were made at that time with regard to future employment growth and its conversion into demand for employment land with both (a) what actually happened in the early years; and (b) what is now expected to happen in the later ones.

Comparing the employment projections

2.27 The table below summarises employment projections for Cambridge City and South Cambridgeshire from a range of different sources. The two Experian BSL projections which underpinned ELR2008 are shaded in blue while the two new CE projections that have informed this study are shaded in green.

Table 2-8: Comparison of key employment forecasts for Cambridge City and South Cambridgeshire (combined), ('000s)

Source and date of forecast	2001	2011	2021	2031	Change 2001/11	Change 2011/21	Change 2021/31
CE Structure Plan update 2002	160	184.1	n/a	n/a	24.1	n/a	n/a
Exp BSL EG21 2003	159.2	183.9	208.6	n/a	24.7	24.7	n/a
Exp BSL EG21 2004	157.8	178.3	196.2	n/a	20.5	17.9	n/a
CE Baseline (CDS) 2009	164.6	176.4	193.0	210.4	11.8	16.6	17.4
CE policy-led (CDS) 2009	164.6	177.9	198.0	216.7	13.3	20.1	18.7
CE Baseline 2012	170.2	183.9	199.8	221.0	13.7	15.9	21.2
CE Policy-led 2012	170.2	184.0	206.2	226.7	13.8	22.2	20.5
OE Baseline (EEFM) 2012	163.7	181.0	215.8	236.6	17.3	34.8	20.8

Source: Forecast data from 2002, 2003 and 2004 are sourced from ELR2008; data for 2009 are sourced from the Cambridgeshire Development Study; forecast data for 2012 are sourced from either CE (specially commissioned) or OE (through EEFM)

2.28 From Table 2-8, it is apparent that for the period 2001-21, ELR2008 assumed employment growth of between 38,380 and 49,390 jobs; over the same period (more of which is now historic), the most recent projections from CE suggest employment growth of between 29,600 and 30,000 jobs – which is substantially lower. Two further observations are important:

- first, the major discrepancy between the projections informing ELR2008 and those generated for the present study relates to the first of the two decades (2001-11): the scale of employment growth between 2001 and 2011 has been lower than was anticipated. Conversely, the different forecasts for the period from 2011-21 are broadly similar in terms of absolute jobs growth
- secondly – as shown in Table 2-9 – over the period 2001-21, the figures for South Cambridgeshire are fairly consistent (with the exception, perhaps, of the projections from EEFM, which are much more bullish); by contrast, there are enormous discrepancies in the projections for Cambridge City where the jobs growth estimates range from under 7,000 (CE baseline 2012) to well over 30,000 (Experian BSL EG21 2003)[11].

[11] As an aside, it is also useful to compare the findings from the current set of projections from LEFM with the projections that underpinned the South Cambridgeshire Economic Development Strategy, 2010-15 (prepared by PACEC in 2010). The PACEC study noted a reduction in the number of jobs in South Cambridgeshire – from about 77,300 in 2008 to about 72,300 in 2010. Over the same period, the LEFM baseline projection (prepared two years later, in 2012) pointed to an increase in total employment over this period from 77,360 to 80,630 jobs. The second set of numbers is newer; it is informed by more empirical (rather than modelled) data; and it is based on a

Table 2-9: Jobs growth projections 2001-21 for Cambridge City and South Cambridgeshire ('000)

Source and date of forecast	Cambridge City 2001	Cambridge City 2021	Cambridge City Growth	South Cambs 2001	South Cambs 2021	S. Cambs Growth
Exp BSL EG21 2003	95.6	127.4	31.8	63.7	127.4	17.6
Exp BSL EG21 2004	91.8	114.4	22.5	66.0	81.8	15.8
CE Baseline (CDS) 2009	98.5	108.9	10.4	66.1	84.1	18.0
CE policy-led (CDS) 2009	98.5	114.0	15.5	66.1	84.0	17.9
CE Baseline 2012	101.8	108.5	6.7	68.4	91.3	22.9
CE Policy-led 2012	101.8	115.1	13.3	68.4	91.1	22.7
OE Baseline (EEFM) 2012	95.5	117.3	21.8	68.2	98.5	30.3

Source: Forecast data from 2002, 2003 and 2004 are sourced from ELR2008; data for 2009 are sourced from the Cambridgeshire Development Study; forecast data for 2012 are sourced from either CE (specially commissioned) or OE (through EEFM)

Box 2-1: Note on the employment impacts of the current recession

In the course of this study, we have reviewed a whole series of different employment projections – those listed in the table above, but also those generated to underpin the South Cambridgeshire Economic Development Strategy. With regard to the current recession, different projections vary substantially in terms of the employment implications. Generally speaking, the earlier projections (i.e. those prepared in 2009 or 2010) were gloomier than the later ones. The reason for this appears to be that employers have responded to recession by reducing hours (e.g. by moving from full time to part time arrangements) and pay, rather than by cutting the overall number of jobs (and therefore losing completely the skills of their workforce). Hence job numbers appear to have held up better than was originally expected. The reduction in hours and pay will, however, have an impact on the value of economic output (GVA). Further discussion of the overall employment impacts of recession is provided in the first three annexes.

Comparing the employment floorspace forecasts

2.29 As explained earlier, floorspace forecasts are essentially derived by mapping projected jobs growth onto Use Classes and then making assumptions about employment densities. Table 2-10 shows the floorspace forecasts quoted in ELR2008 for the period 2001-21 (shaded blue). For the two districts in combination, it summarises the findings for 2011-31 (shaded green and also presented (in more detail) in Table 2-4 above). In addition, it provides two new estimates:

- it uses the new forecasts and new assumptions to calculate floorspace forecasts for 2001-21 – exactly the same time period as covered by ELR2008 (with no shading)
- it applies the assumptions from ELR2008 to the new employment projections for 2011-31 (shaded pink)

different set of assumptions surrounding the impact of recession. It is noteworthy that only in the year from 2009 to 2010 does the LEFM baseline projection suggest that absolute employment fell in South Cambridgeshire

Table 2-10: Comparing employment floorspace forecasts ('000 sqm)

Source and date of forecast	Assumptions about employment densities	B1a/B1b	B1c/B2	B8	Total
ELR2008: Exp BSL EG21 2003: for 2001-21	As per ELR2008	High density: 370 Low density: 139	-119	44	554
ELR2008: Exp BSL EG21 2004: for 2001-21	As per ELR2008	High density: 436 Low density: 164	-81	-31	600
CE Baseline 2012: for 2001-21	Based on latest available guidance	B1a: 99 B1b: 14	-259	112	-34
CE Policy-led 2012: for 2001-21	Based on latest available guidance	B1a: 116 B1b: 15	-258	117	-10
CE Baseline 2012: for 2011-31	As per ELR2008	B1a: 271 B1b: 129	-28	49	421
CE Policy-led 2012: for 2011-31	As per ELR2008	B1a: 277 B1b: 119	-23	52	424
CE Baseline 2012: for 2011-31	Based on latest available guidance	B1a: 144 B1b: 69	-26	36	222
CE Policy-led 2012: for 2011-31	Based on latest available guidance	B1a: 160 B1b: 170	-25	41	244

Source: SQW – based on various sources

2.30 It is clear that the two sets of numbers for **2011-31** are significantly different. In derivation, the only differences between the two sets of numbers are the assumptions made about density (as shown in Table 2-3) and the use of total (as opposed to FTE) employment; the underlying employment forecasts are identical. This demonstrates just how important the density assumptions/methodologies actually are.

2.31 The differences between the two sets of numbers for **2001-21** are even greater: whereas ELR2008 indicated a requirement for well over 500,000 sqm, the "new" forecast suggests that overall, less employment provision is needed in 2021 than in 2001. This dramatic difference is explicable partly through the density assumptions, but two other factors are also at work:

- first, our new projections generate substantially lower overall employment growth for the period 2001-2021 than were used in ELR2008 (as shown in Table 2-9)
- second, the new projections point to a loss of well over 8,000 manufacturing jobs over the period 2001-2021 whereas ELR2008 anticipated a loss of about 2,000; theoretically therefore, the retrenchment of the manufacturing sector "released" significant employment space (although as the supply side analysis completed by Savills demonstrates, much of this land is being lost to housing).

Comparing the employment land forecasts

2.32 The assumptions used to convert demand for employment space to demand for employment land are the same in ELR2008 and this study. Therefore the differences in outcome with

respect to demand for employment land are driven only by earlier stages in the analysis. The table below summarises the two sets of numbers for each of 2001-21 and 2011-31. It demonstrates again the importance of underlying density assumptions: with regard to 2011-31, those from ELR2008 generate a forecast of demand for employment land that is close to double that derived from the application of newer assumptions.

Table 2-11: Comparing employment land forecasts

Source and date of forecast	Assumptions about plot densities	B1a/B1b	B1c/B2	B8	Total
ELR2008: Exp BSL EG21 2003: for 2001-21	As per ELR2008; underpinning employment densities also from ELR2008	High density: 54.4ha Low density: 42.4ha	-28.4ha	8.9ha	105.7ha
ELR2008: Exp BSL EG21 2004: for 2001-21	As per ELR2008; underpinning employment densities also from ELR2008	High density: 64.0ha Low density: 49.9ha	-19.5ha	-6.3ha	113.9ha
CE Baseline 2012: for 2001-21	As per ELR2008; underpinning employment densities from new estimates	High density: 0.8ha Low density: 32.9ha	-61.8ha	23.0ha	-5.6ha
CE Policy-led 2012: for 2001-21	As per ELR2008; underpinning employment densities from new estimates	High density: 3.6ha Low density: 32.7ha	-61.5ha	23.4ha	-1.8ha
CE Baseline 2012: for 2011-31	As per ELR2008; underpinning employment densities also from ELR2008	High density: 18.0ha Low density: 84.6ha	-6.7ha	8.4ha	104.4ha
CE Policy-led 2012: for 2011-31	As per ELR2008; underpinning employment densities also from ELR2008	High density: 22.1ha Low density: 74.7ha	-5.6ha	10.4ha	101.7ha
CE Baseline 2012: for 2011-31	As per ELR2008; underpinning employment densities from new estimates	High density: 9.4ha Low density: 45.2ha	-6.2ha	7.2ha	55.5ha
CE Policy-led 2012: for 2011-31	As per ELR2008; underpinning employment densities from new estimates	High density: 11.5ha Low density: 45.9ha	-6.0ha	8.1ha	59.5ha

Source: SQW – based on various sources

3: Changes with regard to the supply of employment land and premises

Introduction

3.1 In relation to the supply of land and premises, the Terms of Reference for this piece of work required us to:

- review the evidence collated in ELR2008 in the light of the impact of the economic downturn, and extend the evidence to address the period up to 2031
- identify and consider the current vacancy rates of land and buildings (including the impact of public sector cuts)
- consider the impact of the loss of planned major development at Cambridge East and the potential for employment provision north of Newmarket Road
- update assessments of employment sites within Cambridge and close to Cambridge and comment on their continued use and potential protection from other uses
- identify whether there is still sufficient employment land in all Use Classes/market areas, and whether it is in the right location.

3.2 The evidence collected by Savills in relation to these matters is summarised below under each of these headings; Savills' full report (which contains considerably more detail) is provided at Annex D.

Review the evidence collated in ELR2008 in the light of the impact of the economic downturn, and extend the evidence to address the period up to 2031

3.3 In relation to supply side issues, the key findings from ELR2008 may be summarised as follows:

- First, ELR2008 identified three property market sub-areas:
  - **Cambridge** (as an area of high demand for housing, leisure and retail uses) where there is a need to safeguard existing employment sites in the face of competing higher value uses
  - **North and West of Cambridge** where demand is highest on the periphery and close to Cambridge and development is characterised by low density schemes for knowledge intensive R&D (B1b) and office (B1a) users
  - **South and East of Cambridge** where demand is being met through secure sites for bio-medical and bio-technology R&D (B1b) users.

- Second, it identified the need for a larger margin of employment land to be established in order to ensure the availability of a sufficient quantity, quality and choice of sites throughout and beyond the plan period (with specific reference to the ICT and computing services high technology cluster as well as essential services and prime offices in Cambridge)

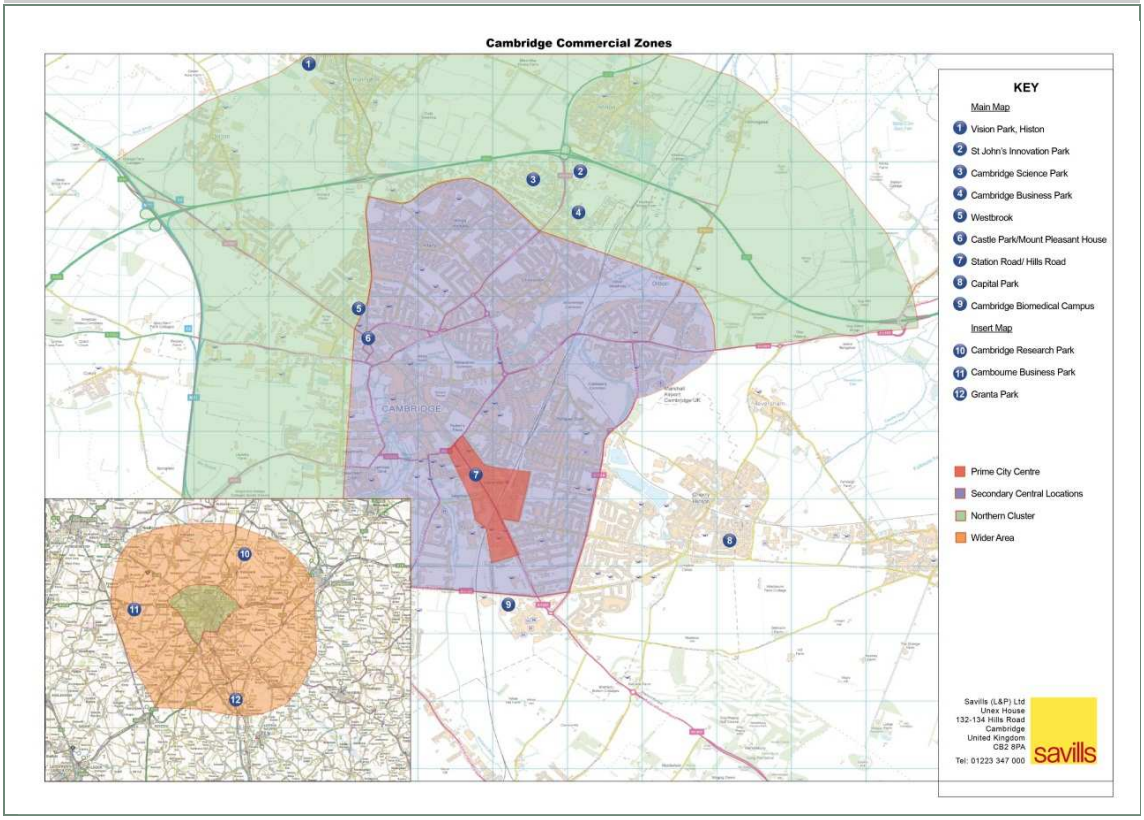
- Third, it emphasised the need for sustainable development – developing sites in sustainable locations, with good public transport access.

3.4 Over the last four years, much has changed – not least in the context of a significant economic downturn. Based on Savills' analysis – and on a review of monitoring data provided through Cambridgeshire County Council – our principal conclusions relating to these three themes from ELR2008 are summarised below.

Property market areas

3.5 Overall, Savills concluded that **the three property market areas identified in ELR2008 are broadly still appropriate**; its own depiction of property market areas is shown in the graphic below.

Figure 3-1: Property market areas identified by Savills



Source: Savills

3.6 At the present time, development, investment and occupier interest has contracted into the most popular locations – Cambridge city centre (particularly the Hills Road/Station Road area, including CB1) and the northern fringe (around Cambridge Science Park, Cambridge Business Park and St John's Innovation Centre).

3.7 Currently, the rest of the northern and western fringe of Cambridge is less popular. Vision Park (Histon), for example, has a large number of vacant units (it has been badly affected by the public sector cut backs) and some of the space there is now very secondary. Cambridge West was not sufficiently attractive to retain Microsoft, and the whole of the West and North West Cambridge area will develop according to the University's timescale – which is long term – not in response to short term market demands. Elsewhere, there is almost no land or premises availability on the eastern and southern fringes except on the Cambridge Biomedical Campus at the Addenbrooke's site (which is highly specialised and restricted).

3.8 Outside Cambridge, viability issues are constraining development: rental and capital values of commercial product drops significantly once beyond the inner boundary of the Green Belt. By way of an example, while city centre office rents peak at around £30 per sq ft, there is new industrial stock available at Buckingway Business Park (Swavesey) with deals deliverable at around £12 per sq ft.

3.9 As a consequence – and in the wider context of the economic slowdown – recent new developments of industrial and warehouse units at Papworth and Buckingway Business Park have not been commercial successes for the original developers. This has primarily been due to a significant drop in values since the downturn in late 2007, and it may be that the development appraisals of these sites will only "stack up" in very specific "boom" conditions in the future. On a more positive note, the majority of these units are now fully occupied by local businesses and whilst the schemes may not have been a financial success for the investors, the legacy of good quality stock surrounding Cambridge is a benefit for the local area.

3.10 Outside the city, firms looking for space contemplate the surrounding towns as alternative locations to those within South Cambridgeshire. For example, in the case of Buckingway Business Park, office occupiers would also contemplate offerings at Hinchingbrooke Business Park, Huntingdon, and St Ives Business Park where modern accommodation can be easy to acquire.

Effect of the economic slowdown on the rate of development and take up

(i) Insights from Savills' data

3.11 Based on Savills' data, over the past two decades, office and R&D completions in Cambridge have totalled in excess of 368,000 sqm (4,000,000 sq ft) or an average of 18,400 sqm (200,000 sq ft) net per annum. Over this period, in conjunction with demolitions and changes of use, office stock in Cambridge has effectively increased by nearly 100%.

3.12 However, there have been clear peaks and troughs in terms of the delivery of this space. In the 5 year period 2002-2006 (the main period from which ELR2008 would have drawn data), there was an average of almost 31,740 sqm (345,000 sq ft) per annum of new office and R&D space developed. In contrast, between 2007 and 2011, completions have averaged approximately 9,200 sqm (100,000 sq ft) per annum.

3.13 Since the beginning of 2007, around 50% of the space developed has been speculative, with about 50% pre-let or pre-sold as purpose-built facilities. However, because of the time lag of

securing a site for development, obtaining planning consent and funding, in 2012 there is likely to be very limited speculative stock constructed in the office and R&D sectors and no new speculative development in the city or South Cambridgeshire in the industrial and warehouse sectors.

(ii) Insights from local authority monitoring data

3.14 Tables 3-1 to 3-3 below summarise the monitoring data compiled by Cambridgeshire County Council on completions for Cambridge and South Cambridgeshire (together and separately). The data are summarised for two time periods - 2002/03 to 2006/07, and 2007/08 to 2010/11 - and for each B Use Class.

3.15 The data confirm the slowdown in completions of office floorspace observed by Savills. The County Council data show that average annual gross completions of B1a space slowed from 14,886 sqm in the first half of the decade to 4,381sqm in the second half; and for B1b space, average annual completions declined slightly from 22,439 sqm to 21,159 sqm. Overall, therefore, the completion rate for B1a and B1b combined dropped, but not by as much as recorded by Savills (this may be partly due to the use of slightly different time periods). The net figures for B1a office completions show an actual decline of nearly 3,000 sqm per year in the second half of the decade due to loss of land to other uses. The loss amounted to 5,575 sqm a year in Cambridge City, offset by gains of 2,653 sqm a year in South Cambridgeshire.

3.16 For other B uses (B1c, B2 and B8) there was also a decline in completions in the second half of the decade, but it was relatively modest – in total for these three Use Classes, the average annual gross completions reduced from 23,310 sqm to 20,979 sqm. However, the gross figures conceal considerable net losses of both land (-35.24ha) and floorspace (-45,044 sqm) in the main manufacturing Use Classes (B1c and B2), which included net losses in both local authority areas. For B8 there was a net gain in floorspace of 26,260 sqm, despite a net loss of just over 3ha of land. All of the gains in B8 land and floorspace were in South Cambridgeshire, with losses occurring in both in Cambridge City.

3.17 Due to on-going economic concerns, it is difficult to see take up over the coming period recovering quickly to the rates achieved in the early 2000s.

Table 3-1: Cambridge & South Cambridgeshire completions 2002/03-2010/11 by Use Class: Floorspace and Land

	B1	B1a	B1b	B1c	B2	B8	Total
Floorspace Gross sqm							
• 2002/03-2006/07	2,096	77,430	112,195	27,830	45,478	43,239	305,268
• Average per year	419	14,886	22,439	5,566	9,096	8,648	61,054
• 2007/08-2010/11	12.647	17,524	84,636	15,937	35,891	32,087	207,162
• Ave/year	3,124	4,381	21,159	3,984	8,973	8,022	51,791
Floorspace Net sqm							
• 2002/03-2006/07	2,096	10,707	83,376	-15,214	-2,412	12,143	90,696
• Average per year	419	2,141	16,675	-3,043	-482	2,429	18,139
• 2007/08-2010/11	11,801	-11,687	54,677	-2,359	-25,059	14,117	41,338
• Average per year	2,950	-2,922	13,669	-590	-6,265	3,529	10,335
	B1	**B1a**	**B1b**	**B1c**	**B2**	**B8**	**Total**
Land Gross ha							
• 2002/03-2006/07	0.41	21.45	31.03	10.01	8.35	10.99	82.23
• Average per year	0.08	4.29	6.21	2.00	1.67	2.20	16.45
• 2007/08-2010/11	4.45	8.52	25.53	4.42	8.78	14.01	65.71
• Average per year	1.11	2.13	6.38	1.11	2.20	3.50	16.43
Land Net ha							
• 2002/03-2006/07	0.41	1.18	16.25	-4.41	-10.82	-2.28	1.43
• Average per year	0.08	0.24	3.25	0.88	-2.16	0.46	0.29
• 2007/08-2010/11	4.34	-0.68	4.61	-0.08	-19.93	7.26	-4.47
• Average per year	1.09	-0.17	1.15	-0.02	-4.98	1.82	-1.12

Source: Cambridgeshire County Council monitoring data

Table 3-2: Cambridge City completions 2002/03-2010/11 by Use Class: Floorspace and Land

	B1	B1a	B1b	B1c	B2	B8	Total
Floorspace Gross sqm							
• 2002/03-2006/07	0	23,376	29,578	3,488	12,839	19,088	88,369
• Average per year	0	4,675	5,916	698	2,568	3,818	17,674
• 2007/08-2010/11	152	2,933	5,915	1550	19,109	2,228	31,735
• Ave/year	38	733	1,479	388	4,777	557	7,934
Floorspace Net sqm							
• 2002/03-2006/07	0	-34,769	22,106	-18,410	-15,327	-5,173	-51,573
• Average per year	0	-6,954	4,421	-3,682	-3,065	-1,035	-10,315
• 2007/08-2010/11	152	-22,300	-7,484	-7,809	12,705	-6,977	-31,865
• Average per year	38	-5,575	-1,871	-1,952	3,176	-1,744	-7,966
	B1	**B1a**	**B1b**	**B1c**	**B2**	**B8**	**Total**
Land Gross ha							
• 2002/03-2006/07	0	3.37	6.40	0.77	2.02	3.40	15.95
• Average per year	0	0.67	1.28	0.15	0.40	0.68	3.19
• 2007/08-2010/11	0	0.70	0.59	0.35	0.79	0.59	3.02
• Average per year	0	0.14	0.15	0.09	0.20	0.15	0.76
Land Net ha							
• 2002/03-2006/07	0	-13.11	3.10	-4.35	-7.47	-6.36	-28.20
• Average per year	0	-2.62	0.20	-0.87	-1.49	-1.27	-5.64
• 2007/08-2010/11	0	-6.38	-5.02	-1.13	-2.62	-0.93	-16.08
• Average per year	0	-1.60	-1.26	-0.28	-0.66	-0.23	-4.02

Source: Cambridgeshire County Council monitoring data

Table 3-3: South Cambridgeshire completions 2002/03-2010/11 by Use Class: Floorspace and Land

	B1	B1a	B1b	B1c	B2	B8	Total
Floorspace Gross sqm							
• 2002/03-2006/07	2,096	51,054	82,617	24,342	32,639	24,151	216,899
• Average per year	419	10,211	16,523	4,868	6,528	4,830	43,380
• 2007/08-2010/11	12,495	14,591	86,014	15,544	16,782	29,859	175,285
• Average per year	3,124	3,648	21,504	3,886	4,196	7,465	43,821
Floorspace Net sqm							
• 2002/03-2006/07	2,096	45,476	61,270	3,196	12,915	17,316	142,269
• Average per year	419	9,095	12,254	639	2,583	3,463	28,454
• 2007/08-2010/11	11,649	10,613	62,161	5,450	-37,764	21,094	73,203
• Average per year	2,912	2,653	15,540	1,363	-9,441	5,274	18,301
	B1	**B1a**	**B1b**	**B1c**	**B2**	**B8**	**Total**
Land Gross ha							
• 2002/03-2006/07	0.41	18.08	24.63	9.24	6.33	7.59	66.28
• Average per year	0.08	3.62	4.93	1.85	1.27	1.52	13.26
• 2007/08-2010/11	4.45	7.82	24.94	4.07	7.99	13.42	62.69
• Average per year	1.11	1.96	6.23	1.02	2.00	3.36	15.67
Land Net ha							
• 2002/03-2006/07	0.41	14.29	13.15	-0.06	-3.35	5.19	29.63
• Average per year	0.08	2.86	2.63	-0.01	-0.67	1.04	5.93
• 2007/08-2010/11	4.34	5.70	9.63	1.05	-17.31	8.19	11.61
• Average per year	1.09	1.43	2.41	0.26	-4.33	2.05	2.90

Source: Cambridgeshire County Council monitoring data

Development pipeline

(i) Insights from Savills' data[12]

3.18 On the face of it, there is currently a good development pipeline. Table 3-4 shows Savills' estimates of sites likely to come forward for development for office and R&D uses in the next few years. It includes sites with planning permission and where there is known (by Savills) to be the potential for development in the short term (primarily, funding is likely to be available).

Table 3-4: Development pipeline

Location	Grade A offices Sqm (sq ft)	R&D space Sqm (sq ft)	Total Sqm (sq ft)
Prime city centre	25,576 (278,000)	-	25,576 (278,000)
Northern fringe	2,116 (23,000)	17,112 (186,000)	19,228 (209,000)
Wider area – business parks	66,460 (722,400)	60,352 (656,000)	126,812 (1,378,400)
Wider area – other	3,114 (33,844)	844 (9,174)	3,958 (43,081)
Addenbrooke's	-	147,200 (1,600,000)	147,200 (1,600,000)
Total	**97,266 (1,057,244)**	**225,507 (2,451,174)**	**322,773 (3,508,418)**

Source: Savills

3.19 The Savills data in Table 3-4 cannot be compared directly with the long term availability of sites with planning permission and allocated, which would be defined by the local authorities as the 'pipeline'. Savills' approach is based on a market assessment of sites they believe to have realistic potential of being developed and occupied in the next few years, which in turn is based on a mixture of hard information and judgement. The Savills' 'pipeline' focuses on offices and R&D space, and excludes allocations where the timing of development remains very uncertain. In particular, it excludes strategic allocations of 20ha at Northstowe (15ha for B1a and b, and 5ha for B1c, B2 and B8) and at North West Cambridge.

(ii) Insights from local authority monitoring data

3.20 Tables 3-5-3.7 summarise the local authority development pipeline, including sites with planning permission and allocated in Cambridge City and South Cambridgeshire. The R&D figures are broadly comparable with Savills' data, whereas the office figures are higher. However, care should be taken interpreting the County Council floorspace data, since they are

[12] Note that Savills' Availability and Pipeline data are compiled by the firm's Cambridge based Commercial Agency and Valuation/Landlord & Tenant Professional Teams. '*Availability*' data are sourced from surveyors, commercial property publications, desktop/internet based searches and verified via telephone conversations with other active participants in the market place. '*Pipeline*' data are prepared to identify likely development opportunities, future availability and competing buildings for existing clients likely to be available within the 3-5 year period. Savills' definition of '*Pipeline*' is not absolute and considers a number of factors including the current planning position, existing and required infrastructure provisions, site ownership issues, ground conditions, funding potential and market desirability which, in combination, need to provide Savills with the confidence that a building can be delivered within a medium term. For office and R&D facilities, it includes in its development pipeline a site if it is confident that the building could be delivered in up to a 4 year timeframe (which would include approximately an 18 month construction timetable). Savills' 'pipeline' data do not forecast beyond this timescale and whilst Savills is clearly aware of a number of key sites which could be included in an 'extended pipeline definition', these are regarded as long term sites deliverable after a minimum of 5 years. 'Extended Pipeline' is defined in terms of sites requiring significant master planning, employment allocation/planning consents, site assembly and infrastructure works

based on assumptions about densities of development where figures have yet to be established through the planning application process.

3.21 The Cambridgeshire County Council monitoring data show that the strongest pipeline is for B1b land and floorspace, although around three-quarters of the floorspace is accounted for by the planning permission for the Biomedical Campus at Addenbrookes. The pipeline for light manufacturing (B1c) is particularly small, although some of the unrestricted B1 may in practice be developed for this purpose.

3.22 In relation to the geographical distribution of the pipeline, there is slightly more land allocated for B1a in Cambridge City than in South Cambridgeshire, and considerably more floorspace in the pipeline (which is likely to reflect different density assumptions). Over three-quarters of the land already has planning permission, including all of the B1a land in South Cambridgeshire, which suggests that there is a strong short term supply. Unsurprisingly, given the pressure on land resources and prices, less than 8% of the pipeline land for manufacturing and storage use (B1c, B2 and B8) is in Cambridge City.

3.23 Overall, the total supply of B1a and B1b land exceeds the upper end of the 2011-31 forecasts in Table 2-11. However, the balance between B1a and B1b is not consistent with the forecasts, which anticipate relatively more demand from B1a users over the next 20 years (see Table 2-10).

Table 3-5: Local authority development pipeline: Cambridge City and South Cambridgeshire

Pipeline category	B1	B1a	B1b	B1c	B2	B8
Land (ha)						
• Planning permission at 31/03/11	1.83	22.27	49.61	7.50	22.70	31.60
• Allocations	23.43	6.89	13.52	0.14	3.97	3.85
• **Total land**	25.26	29.16	63.13	7.64	26.67	35.45
Floorspace (sqm)						
• Planning permission at 31/03/11	7,600	116,457	207,120	14,328	42,880	35,814
• Allocations	76,994	40,824	59,300	920	22,473	21,448
• **Total floorspace**	84,594	157,281	266,420	15,248	65,353	57,262

Source: Cambridgeshire County Council monitoring data

Table 3-6: Local authority development pipeline: Cambridge City

Pipeline category	B1	B1a	B1b	B1c	B2	B8
Land (ha)						
• Planning permission at 31/03/11	0	8.52	27.01	1.88	0.17	0.32
• Allocations	0	6.89	5.56	0.14	1.47	1.35
• **Total land**	0	15.41	32.58	2.02	1.64	1.67
Floorspace (sqm)						
• Planning permission at 31/03/11	0	65,717	167,041	1,994	456	1,471
• Allocations	0	40,824	33,683	920	7,825	6,800
• **Total floorspace**	**0**	106,541	200,724	2,914	8,281	8,271

Source: Cambridgeshire County Council monitoring data

Table 3-7: Local authority development pipeline: South Cambridgeshire

Pipeline category	B1	B1a	B1b	B1c	B2	B8
Land (ha)						
• Planning permission at 31/03/11	1.83	13.75	22.60	5.62	22.53	31.28
• Allocations	23.43	0	7.96	0	2.50	2.50
• **Total land**	25.26	13.75	30.56	5.62	25.03	33.78
Floorspace (sqm)						
• Planning permission at 31/03/11	7,600	50,740	40,079	12,334	42,424	34,343
• Allocations	76,994	0	25,617	0	14,648	14,648
• **Total floorspace**	84,594	50,740	65,696	12,334	57,072	48,991

Source: Cambridgeshire County Council monitoring data

Implications

3.24 Tables 3-8 and 3-9 compare the gross and net completions data from Tables 3-1 to 3-3 with the gross and net pipeline data from Tables 3-5 to 3-7. Great care must be taken in interpreting these figures for several reasons, including:

- the past rate of completions may reflect restricted supply as much as the situation regarding demand and market conditions
- land in different locations will be developed at different densities, and future densities may be different from past densities

Table 3-8: Annual average rate of completions 2002/03 -2010/11 compared with current pipeline - land

Land (ha)	B1	B1a	B1b	B1c	B2	B8
Cambridge City & South Cambs						
• Average annual completions	0.54	3.33	6.28	1.60	1.90	2.78
• Land in pipeline	25.26	29.16	63.13	7.64	26.67	35.45
• Pipeline years	46.78	8.76	10.05	4.78	14.04	12.75
Cambridge City						
• Average annual completions	0	0.45	0.78	0.12	0.31	0.44
• Land in pipeline	0	15.41	32.58	2.02	1.64	1.67
• Pipeline years	-	34.24	41.77	16.83	5.29	3.80
South Cambridgeshire						
• Average annual completions	0.54	2.88	5.51	1.48	1.59	2.33
• Land in pipeline	25.26	13.75	30.56	5.62	25.03	33.78
• Pipeline years	46.78	4.77	5.55	3.80	15.74	14.50

Source: Cambridgeshire County Council monitoring data and SQW analysis

Table 3-9: Annual average rate of completions 2002/03 -2010/11 compared with current pipeline – land, net

Land (ha)	B1	B1a	B1b	B1c	B2	B8
Cambridge City & South Cambs						
• Average annual completions (net)	0.53	0.05	2.32	-0.50	-3.42	0.68
• Land in pipeline	25.26	29.16	63.13	7.64	26.67	35.45
• Pipeline years	47.66	583.2	27.21	-	-	52.13
Cambridge City						
• Average annual completions (net)	0	-2.17	-0.21	-0.61	-1.12	-0.81
• Land in pipeline	0	15.41	32.58	2.02	1.64	1.67
• Pipeline years	-	-	-	-	-	-
South Cambridgeshire						
• Average annual completions (net)	0.53	2.22	2.53	0.11	-2.30	1.49
• Land in pipeline	25.26	13.75	30.56	5.62	25.03	33.78
• Pipeline years	47.66	6.19	12.08	51.09	-	22.67

Source: Cambridgeshire County Council monitoring data and SQW analysis

- Both the gross and net figures are affected by the loss of all types of employment land to other uses during the decade. That is, the gross figures are probably higher to compensate for the loss of some existing employment sites to other uses, and the net figures are negative because losses exceed gains in all use classes in Cambridge, and in one use class (B2) in South Cambridgeshire. The rate of loss increased over the last decade, and this clearly cannot continue indefinitely into the future.

3.25 Table 3-8 suggests that the overall pipeline, based on gross completion rates over the period 2002/03 to 2010/11, is sufficient for 11.4 years supply, but net completion rates (excluding the negative totals) suggest there is sufficient for 42.7 years. The reality will lie somewhere between these two extremes. Similarly, the gross figures suggest that, based on the average annual completion rates of the last decade, a total of 329ha would be needed across all Use Classes over the 20 years, 2011-31. However, this figure is inflated by the fact that gross completions have been partly offsetting losses. In contrast the net figures (excluding negatives) suggest that a total of 72ha of land will be needed over the next 20 years for all Use Classes – a figure which is within the range suggested by the employment forecasts (Table 2-11).

3.26 More significant are the big differences between the different B Class Uses, and also between the City and South Cambridgeshire (although we would argue that the spatial distinctions are only appropriate for market areas, not based on administrative boundaries). Some key points which should be considered alongside other data (e.g. the employment projections and related estimates of land requirements) are as follows:

- First, the apparent plentiful supply of land for B1a offices in the City almost certainly reflects the fact that past completions have been constrained by limited supply, not market demand. Table 3-9 shows a net loss of B1a land over the last decade, which if continued into the future, and in the light of the forecast increase in demand for office premises from professional, business and financial services, would cause supply shortages

- Second, the majority of B1b land in the pipeline shown in tables 3-8 and 3-9 is at Addenbrooke's. The Biomedical Campus is a vital asset for the high tech cluster, but it is highly constrained in terms of the type of acceptable uses, and also currently in terms of development process (there is no speculative development). However, since the monitoring data (which form the basis of the tables) were compiled, planning permissions have been granted for an additional 20 ha of land at Granta Park and Cambridge Research Park

- Third, firms which qualify for B1(b) space can (and do) occupy B1(a) accommodation, but the reverse is not true

- Fourth, according to the Savills data, the city centre and northern fringe, the two most popular areas with firms, each account for around 6% of the total amount of space expected to come forward for development in the short/medium term

- Fifth, based on gross completions, the pipeline of land for light manufacturing uses looks low relative to past take up, unless a high proportion of the unconstrained B1 land is used for this purpose (which on the face of it seems unlikely due to land values).

Quantity, quality and choice of sites

3.27 The information above on locational preferences and the viability of development in different locations suggests that at least for the next 10 years, issues concerning the quality and choice of sites and premises are likely to be more important to firms than the overall quantity of space. The facts are that the end user demand is narrowly focused on the city centre and core northern fringe, and relatively weak elsewhere. Partly for this reason, and partly because it is more difficult and expensive now to get funding, developers also currently find it unattractive to develop elsewhere in the sub-region, other than when end users are prepared to buy (much more difficult now) or take a long lease (much less common now).

Sustainable development

3.28 The need for sustainable development is a consistent thread running through ELR2008, including the need for green travel strategies for employment land and the intensification of development at sites near to established public transport.

3.29 Within the city centre and particularly in walking distance of the station and Cambridgeshire Guided Busway, occupiers are becoming increasingly accepting of limited parking provision with a "London" culture emerging where employees and even senior level staff/partners do not expect an allocated parking space as part of their employment package. By way of example, Mills and Reeve's current premises comprise 35,000 sq ft (3,220 sqm) with a total allocation of 175 spaces. Their new offices at Botanic House total 52,000 sq ft (4,784 sqm) and only have an allocation of 50 spaces all of which will be allocated to visitors. By way of further example, Microsoft, whose facility is 78,000 sq ft (7,176 sqm), also only has 50 spaces allocated.

3.30 This shift in attitude will give confidence to developers looking to redevelop city centre sites and intensify the density of development that the final product will be acceptable to end occupiers with reduced parking ratios. Outside of the immediate city centre, parking remains an essential requirement for most occupiers: reduced provision will often result in the space being unacceptable to occupiers and/or nearby access and estate roads becoming "overspill" parking areas.

3.31 In addition, it is apparent that a "bicycle culture" remains strong particularly with the 20-35 year old age group working within the R&D sector. This is particularly relevant for companies locating within the northern fringe science parks: companies often refuse to consider relocation outside of the city boundary for fear of losing staff.

Identify and consider the current vacancy rates of land and buildings (including the impact of public sector cuts)

3.32 The availability of R&D and office space has fluctuated with overall availability towards the end of 2011 decreasing, mainly because there was no new speculative development being completed and no significant releases of older space. The availability of Grade A space reduced throughout 2011 and now stands at its lowest point for 10 years. However, in 2012, the amount of vacant secondary space increased. A full schedule of current vacancies is included in Annex D. A summary of vacancies by location and type is shown in Table 3-10.

Table 3-10: Current floorspace availability by location

Location	**Grade A office Sq ft**	***(Grade A office sqm)***	**Secondary office Sq ft**	***(Secondary office Sqm)***	**R&D Sq ft**	***(R&D sqm)***	**Total Sq ft**	***(Total sqm)***
Prime City Centre	14,860	*(1,367)*	15,519	*(1,428)*	-	-	30,379	*(2,795)*
Secondary central area	25,022	*(2,302)*	118,581	*(10,909)*	11,484	*(1,057)*	155,087	*(14,268)*
Cambridge northern fringe	29,466	*(2,711)*	66,499	*(6,118)*	115,867	*(10,660)*	211,832	*(19,489)*
Wider area – business parks	111, 294	*(10,239)*	44,454	*(4,090)*	108,068	*(9,942)*	263,816	*(24,271)*
Wider area – other	55,759	*(5,130)*	10,325	*(950)*	49,151	*(4,522)*	115,235	*(10,602)*
Total	**236,401**	***(21,749)***	**255,378**	***(23,495)***	**284,570**	***(26,180)***	**776,349**	***(71,424)***

Source: Savills

3.33 Table 3-10 shows that there is very little availability in the prime city centre location around Hills Road and Station Road. In the wider central area (e.g. Castle Hill, Westbrook Centre, Clifton Road, etc.), three-quarters of the vacant space is in secondary offices. In total, the central area accounts for less than a quarter of the total vacant office and R&D space in the area.

3.34 The northern fringe accounts for just over a quarter of total vacancies. Half of the northern fringe availability is R&D space on Cambridge Science Park and St John's Innovation Park, and most of the remainder is secondary office space in Vision Park in Histon. The latter has been particularly affected by closure and shrinkage of public sector functions (EEDA, Cambridgeshire Horizons, etc.).

3.35 Nearly half the vacant grade A office space in the Cambridge area is located on business parks in South Cambridgeshire, mainly at Cambourne. Similarly, nearly 40% of the vacant R&D space is on science parks in South Cambridgeshire – mainly Cambridge Research Park, but also some space is vacant on Granta Park.

Consider the impact of the loss of planned major development at Cambridge East and the potential for employment provision north of Newmarket Road

3.36 The area plan for Cambridge East provided for 10,000-12,000 dwellings, plus 4,000-5,000 jobs on 20-25 hectares of employment land.

3.37 As The Marshall Group now intends to continue to retain the Cambridge East site for its own business use[13] for the foreseeable future, this removes the 20-25 hectares from the available supply. At this stage, due to lower levels of activity in the commercial development sector, this loss may not be as detrimental as it would have been if 'boom' economic conditions had been maintained since 2007. However, in the longer term, there may be significant implications from the loss of this quantity of land on the edge of Cambridge. It is not just the scale of land that is not now available, but its location that is important. The evidence of recent years is that firms want to be close to Cambridge, and therefore sites in and immediately around Cambridge are, in general, more popular than those further afield.

3.38 In addition to the airport, the future of The Marshall Group's holding north of Newmarket Road remains uncertain. Information from Savills suggests that a residential scheme is being prepared for consideration and no further details or employment land proposals are anticipated.

3.39 More positively, an outline planning application for a first phase of Northstowe, to comprise 1,500 homes together with associated and complimentary uses, infrastructure and services, was submitted to South Cambridgeshire District Council at the end of February 2012. The revised Masterplan for the whole town and the development framework were also submitted. The first phase of the scheme includes 5 hectares (12.3 acres) of employment land including household recycling and foul water pumping stations.

3.40 The phased approach was triggered by the downturn in national and local economic prospects and the government spending review of October 2010, following which the A14 road improvement scheme was withdrawn. This phased approach should enable employment land to be provided in line with the expected gradual recovery in demand. Northstowe should in time provide a range of employment land for B1a, B1b, B1c, B2 and B8 uses. However, the range depends on the identity that Northstowe can establish with developers and employers. It is difficult to tell currently whether it will be perceived as a Cambridge location or in the same category as places such as Bar Hill, Cambourne and Waterbeach.

Update assessment of employment sites within Cambridge and close to Cambridge and comment on their continued use and potential protection from other uses

3.41 Based on the analysis completed by Savills, it is possible to make some summary observations with regard to specific employment sites:

[13] And hence the associated jobs will also be retained

- *The land at Coldhams Lane*, identified in ELR2008 as "*a site that comprises a former tip with up to 90 m of landfill which has potential for employment development for long term*", has recently been sold by Land Securities to Anderson Design and Build who we understand are not looking to pursue any employment uses for the site[14]

- Another site sale also mentioned in ELR2008 was the *National Extension College site at Purbeck Road* which Homerton College has recently purchased. This comprises a total of 3.13 acres with approximately 40,000 sq ft (3,680 sqm) of commercial space. There are no firm plans for the site's redevelopment at this stage, although we suspect, due to the nature of the purchaser, there may be some form of student accommodation development anticipated in the future

- It has been recently announced that the *Spicers site in Sawston* is to be sold which provides a mix of industrial buildings of approximately 300,000 sq ft (27,600 sqm). Potentially these could be extended along with a mix of smaller commercial office and studio buildings

- *Neath Farm, Church End, Cherry Hinton*, which comprises a site of 2.02 acres, has consent for 40 new residential units. Previously, the site housed a number of dated, low eves height, high density industrial units. These were predominantly occupied by low value operators including food production and catering companies, some of which served the local Cambridge Market. A significant occupier on the estate, Wicked Cake Company, chose to relocate outside of Cambridge to Haverhill where it acquired a second hand facility of approximately 10,000 sq ft (920 sqm) as it was unable to identify cost effective space within the city for its requirement and it had a large three phase power requirement. [For reference, Haverhill rents are around 50% those of Cambridge and a contributing factor was the fact the senior staff from the company lived close to the town.]

- A further example of commercial site redevelopment in 2011 was the sale of former *BT Engineering Centre in Cromwell Road*. This 3 acre site to the east of the city centre followed on from other residential redevelopments in that street and sold with outline consent for 140 residential units.

3.42 Both the *Neath Farm* and *Cromwell Road* sites mentioned above were occupied by functionally obsolete and almost derelict commercial buildings; both were economically unviable for redevelopment in a commercial context, partly due to their location and partly because of the condition of surrounding properties.

3.43 In this context, it is important to note that ELR2008 emphasised the need to safeguard key employment sites within the city boundaries and resist redevelopment for alternative higher value uses, mostly likely residential. The evidence above, and from the monitoring data on land and floorspace losses, suggests that various sites have not been safeguarded in this way and have been, or are likely to be, developed for housing. The response, however, is not

[14] Note that in 2006, the Cambridge Local Plan inspector concluded that Phase 2 of the former Blue Circle site should not be allocated for housing because of the over-riding risk arising from contaminated land. The current Issues and Options report, produced by Cambridge City Council states that it is "*unclear how much of this would be developable; likely to be only suitable for commercial uses*"

simply to apply the safeguarding policy more rigidly. It is very important to consider every site on its merits and, where possible to safeguard employment land. However, many city employment sites are either in fragmented ownership or housing older buildings which are unviable for redevelopment with a comparable (albeit new) employment product. In several cases, the cost of clearance, and sometimes of remediation and improved infrastructure, has made it impossible to fund redevelopment unless it is for a higher value activity.

Identify whether there is still sufficient employment land in all Use Classes/market areas, and whether it is in the right location

3.44 As discussed above, with regard to the provision of employment land, **the key issue appears to be more the quality and location of existing provision than the overall quantity of available land,** although based on past completion rates there does appear to be a shortage of land for light manufacturing. In practice – in current market circumstances – increasing the quantity of provision in virtually all locations outside the city is constrained by viability and funding issues.

3.45 In the paragraphs that follow, we make some concluding comments by summarising the picture by Use Class.

Offices (B1a)

- Given the economic downturn, the Cambridge office market has performed relatively well over the past 12 months with evidence of good levels of transactions compared to other UK towns and cities

- At the present time, development, investment and occupier interest has all contracted into the most popular locations: Cambridge city centre (particularly the Station Road/Hills Road area) and the northern fringe around Cambridge Business Park. A scarcity of modern accommodation in these prime locations and evidence of strong demand – particularly from the larger multinational R&D and professional service occupiers wishing to expand – means that supply will be constrained here

- According to Savills, take-up in 2011 amounted to 54,832 sqm (596,000 sq ft) as compared to the previous year of 33,580 sqm (365,000 sq ft). The average for the previous 5 years was around 39,560 sqm (430,000 sq ft). 2012 take-up is likely to be lower due to the lack of Grade A space

- The overall availability fell in 2011 from 101,200 sqm (1,100,000 sq ft) to 69,000 sqm (750,000 sq ft). However the majority of the vacant space is second-hand, Grade B stock located outside the city.

- There is limited supply of existing Grade A office accommodation in prime locations and opportunities for local businesses to relocate have been limited. This demand is generating pre-let activity and speculative construction. However, there is a good supply of (mainly secondary) offices and land in the wider area.

R&D uses (B1b)

- The Cambridge R&D sector has proved resilient during the recession for various reasons, including its diversity, its focus on international markets, and the attraction of small Cambridge firms to foreign purchasers. Nevertheless, in recent years some sectors have fared better than others: for example, the software, new media and greentech areas have done well, whereas the pharmaceutical sector has been less active

- As with the Office sector, there is a dearth of prime land supply in the city except at Addenbrooke's which is restricted to biomedical organisations only, but there is a reasonable supply in the wider area

- There is a lack of stock available for and combination of R&D and production, particularly in the city. This has not been important in the past due to the contraction of manufacturing in general, and the small proportion of high tech firms undertaking manufacturing. However, with the possible revival of manufacturing in UK, and a growing interest in local manufacturing by the high tech community, the situation may well reverse in future

- Financially successful high tech firms have been able to exercise more locational choice than business, financial and professional services, because they can occupy both B1a and B1b space (e.g. Microsoft in CB1)

- There is limited supply of existing Grade A R&D accommodation in prime (city centre) locations and opportunities for businesses to relocate have been limited; there is however provision at the Cambridge Biomedical Campus (albeit with use restrictions) and at sites outside the city. This demand for modern space is likely to lead to pre-lets and consequently construction particularly on the northern fringe.

Industrial and warehousing (B1c, B2 and B8)

- Whilst the Cambridge Office and R&D sectors have fared well in the economic downturn, the industrial sector has been slower to respond and its performance has more closely mirrored the wider region with the total take-up for 2011 recorded at approximately 250,000 sq ft (23,000 sqm)

- Within the city, availability remains extremely limited with less than 30,000 sq ft (2,760 sqm) of new build industrial space currently available and little suggestion of this being increased. Therefore occupiers are often forced to consider secondary older stock if they need to be within the A14 boundary

- The total industrial sector availability in the Cambridge area is approximately 575,000 sq ft (52,900 sqm), of which over 530,000 sq ft (48,760 sqm) is second hand space. Savills considers approximately 50% of this total space to be of poor quality and in need of re-development

- In the boom years of 2002-2007, significant new developments were undertaken in Papworth and at Buckingway Business Park, boosting supply around the city.

However, these speculative developments are unlikely to be repeated for some years, until the funding situation and the level of demand both improve considerably

- Therefore actual development of the pipeline of industrial stock outside the city, which in principle totals approximately 600,000 sq ft (55,200 sqm), is dependent on developers finding end users who will provide the appropriate covenant
- City centre industrial and warehouse space continues to be an attractive target for the development of alternative uses such as residential particularly as this stock becomes older and functionally obsolete.

4: Planning employment provision for the economy of the Cambridge area, 2011-31

Introduction and overview

4.1 Chapter 2 examined in some detail the nature and scale of anticipated employment growth in Cambridge City and South Cambridgeshire, primarily on the basis of two sets of employment projections; it converted these into an estimate of demand for employment floorspace and land by applying current (and well-evidenced) assumptions about employment densities and plot ratios; and it compared these with the findings from ELR2008. It observed that ELR2008 overestimated the scale of employment growth in the period 2001-2011 and it concluded (as a result *both* of more cautious employment projections *and* more demanding assumptions about employment densities) that the quantum of employment floorspace/land required over the period 2011-31 is a good bit less than that anticipated by ELR2008 for the period 2001-21.

4.2 Chapter 3 considered the changing picture with regard to the supply of employment provision, including with regard to the development pipeline. Its findings were complex and nuanced. In essence though, it observed ample supply across Cambridge City and South Cambridgeshire across most Use Classes, *other than* with regard to the provision of office space in prime, city-centre, locations. However it also noted that the redevelopment of employment sites for employment uses often appears to be unviable and that as a result, a good number of sites are being lost, principally to housing.

4.3 On the face of it, the observations made in the two preceding paragraphs could be seen to be inconsistent: employment growth prospects appear stronger in South Cambridgeshire than Cambridge City, but it is in Cambridge City (and particularly the city centre) that the pressures on supply are greatest. In our view, this apparent inconsistency is explicable in terms of two factors:

- underlying demand for prime sites in the city centre is high, as evidenced through high rental levels, but there is a supply constraint and hence not all demand translates into jobs
- a good proportion of the South Cambridgeshire employment growth is in the northern fringe and this is effectively part of the city property market and growth dynamic.

4.4 Nevertheless, the arguments relating to demand and supply are – in both cases – complicated and the overall assessment varies by both Use Class and geography. From the perspective of South Cambridgeshire District Council and Cambridge City Council, the crucial issue is how these two different narratives relate to each other – and where, in turn, this leaves planning policy (particularly with regard to the scale and location of employment provision).

4.5 In this chapter – reflecting on the arguments from both preceding chapters but also drawing in wider evidence and analysis – we attempt to bring the different strands together through a

quantitative summary and then a more qualitative discussion before drawing out some high level conclusions and recommendations.

Quantitative stocktake

4.6 Based on the quantitative evidence, Table 4-1 below draws together the headline findings from both Chapters 2 and 3 with regard to the future demand for and supply of employment floorspace. It suggests that:

- with regard to B1c/B2 and B8, pipeline provision appears to be in excess of forecast demand. However, based on past completion rates and the viability issues around redeveloping existing employment sites, land for light manufacturing (B1c) is in short supply
- for B1b, Savills and Cambridgeshire County Council (through its monitoring data) appear to be in broad agreement with regard to the scale of available/pipeline provision and this is in excess of overall demand
- for B1a, the picture is complex. Comparing Savills' availability/pipeline estimates with demand points to a shortage of supply. However the Cambridgeshire County Council pipeline estimates are higher (particularly if open B1 permissions/allocations are considered alongside B1a). In practice the degree to which there is balance, surplus or deficit may well vary substantially by precise location and by how sites such as Northstowe are implemented.

Table 4-1: Different measures of current/future demand for and supply of employment floorspace ('000 sqm)

	B1	B1a	B1b	B1c/B2	B8	Total
Demand: CE Baseline 2012 – for 2011/31	n/a	144	69	-26	36	222
Demand: CE Policy-led 2012 – for 2011/31	n/a	160	170	-25	41	244
Supply: Savills – Currently available	n/a	45.2	26.2	n/a	n/a	71.4
Supply: Savills – Pipeline	n/a	97.9	225.5	n/a	n/a	323.4
Supply: CCC monitoring data – Pipeline	84.5	157.3	266.4	80.6	57.3	646.2

Source: SQW – Demand side data are based on CE's employment projections. Supply side data are provided by Savills or through Cambridgeshire County Council's monitoring data

Long term imperatives in the Cambridge area's spatial economy

4.7 Sitting somewhere between demand and supply – and based particularly on the consultations completed in the course of this piece of work but also earlier research on the Cambridge economy – there are, we think, five long term imperatives in relation to the dynamism of the Cambridge area's spatial economy. To a limited extent, these are already reflected in employment projections and *de facto* in the development pipeline, but they are worth drawing

out explicitly in order to frame and contextualise the recommendations that follow. They are presented below in no particular order.

1: Recognise the importance – but also the challenges – of manufacturing provision

4.8 In relation to the long term vibrancy of the Cambridge economy, the importance of manufacturing is growing – and this, we would argue, is a major change since ELR2008. This renaissance is a national phenomenon, underpinned in part by government policy. But it takes a particular form in the Cambridge area.

4.9 Over recent years, there has been a seemingly inexorable drive to export manufacturing activity – particularly to low wage locations like China and India. However wage levels in previously low wage economies are rising; the costs of shipping products are escalating rapidly; and the imperatives surrounding the reliability of supply are growing. Coupled with a discernible trend towards bespoke manufacturing, the rationale for repatriating production is clear. In terms of its research base, the Cambridge area is continuing to see substantial investment – most recently at Babraham. Harnessing and exploiting this research competence to the full will require a viable manufacturing sector. In addition, there is evidence of growth (and growth potential) in new sectors for which manufacturing provision may be important – for example, cleantech.

4.10 Yet as we saw in Chapter 3, manufacturing sites are repeatedly being lost to housing, particularly in Cambridge itself. The reason for this is that many of these sites are expensive to develop and the land values associated with manufacturing provision simply are not high when compared to some of the alternatives. There is therefore a clear market failure and planning policy ought to respond. In this context, our observation surrounding the increased incidence of hybrid (multi-purpose) buildings is also important: potentially, this could provide the basis for an evolving approach to 21st century provision.

2: Recognise the far higher incidence of homeworking

4.11 The 2009 Labour Force Survey found that in the East of England, 12% of the urban population and 18.2% of the rural population, worked primarily from home[15]. The number of homeworkers has increased significantly in recent years, particularly among professionals. In addition to those who work mainly from home, many firms now actively encourage their employees to spend a minority of their time working from home, and this general trend seems set to accelerate for three different reasons:

- working from home has become much **easier**, due particularly to the widespread availability of high speed broadband
- working from home is now widely **accepted** as an integral part of "doing business", simply because more people from more firms/organisations are doing it
- working from home is now far more **necessary** as firms attempt to reduce their floorspace and/or as the costs (in time and money) of commuting grow.

[15] LFS 2009 cited in Workhubs: smart workspace for the low carbon economy. Workhubs Network 2010

4.12 This increase in the incidence of homeworking – and the profound changes that are coming with it – was confirmed through our consultations. In essence, many Cambridge-based firms are "doing business differently" and their requirements in terms of land and premises provision are changing.

4.13 One consequence is far higher employment densities, particularly with regard to office space. When calculating land requirements in ELR2008, an average floorspace per job in offices of 19sqm was used, based on the 2004 *Employment Land Reviews Guidance Note* issued by the-then ODPM. In the 2010 Offpat/CLG *Employment Densities Guide*, floorspace to job ratios were 12sqm per job in standard offices, 10sqm per job in business park and serviced offices, and 8sqm per job in call centres. Therefore, for standard offices, average employment densities appear to have increased by 50% in six years, and this trend seems set to continue.

3: Acknowledge the increasingly social character of work and the crucial importance of access to London, and the significance of both vis-à-vis the city centre

4.14 In parallel with the growth of home-working (and in part as both a cause and consequence of it), it is apparent that the premium attached to a city centre location is growing – partly to facilitate social interaction within the wider milieu and partly because of the imperative for good access to London; this observation too was confirmed through our consultations. Over recent years, the London economy has been far more buoyant than any other; London has grown throughout the recession; and with major investments – like cross rail and the Olympics – the continuing growth of London in terms of its influence seems certain. Many firms in Cambridge crave good London connectivity – in order to attract both staff and clients – and many are willing to pay a premium for it. The implications are clear – particularly vis-à-vis the use of (and access to) areas around Cambridge railway station and the planned Cambridge Science Park railway station.

4.15 As noted in Chapter 3, in the Station Road/Hills Road area (i.e. close to the railway station and the route of the Cambridgeshire Guided Busway), occupiers are increasingly accepting of the need for intensification (evidenced, for example, through very limited parking provision for both Mills and Reeve and Microsoft). The acceptability of intensification is crucial to enable more of the demand for city centre space to be met.

4.16 Equally, intensification of development on the northern fringe – the other popular area which should benefit from the planned Cambridge Science Park railway station – should also be possible through redevelopment at higher densities. For example, Phase 1 of Cambridge Science Park is one- and two-storey in extensive grounds, and is likely to be redeveloped over the period to 2031. Even without increasing the footprint, densities could therefore be increased by 50-100% without any damage to the quality of the environment[16].

4.17 On the northern fringes there will also be scope for new development at relatively high density around the new station and guided busway interchange. Given the pressure on space in these locations, which are the most sustainable as well as the most popular office locations

[16] We have insufficient information from which to derive quantified estimates of the impact on availability – but the general principle ought to be that higher densities would increase the available floorspace

in the area, it is absolutely imperative to make the most of the limited land resources available there.

4: Recognise the role played by professional and financial service providers in driving growth

4.18 A fourth imperative relates to the importance of professional and financial services – in relation to the high tech cluster and, indeed, more generally. Evidence suggests that within the Cambridge area, the venture capital sector has, for example, retrenched and it is actually weaker now than a decade ago. In part this is explained in terms of the availability of capital more generally, but it also reflects the growing importance of London in the high tech sphere. Although very difficult to evidence, our consultees alluded to potential latent demand from London-based professional and financial service firms for sites and premises in the Cambridge area (and some commented that this could itself be supportive of further growth in high tech sectors). The implication is that some appropriate provision could be made, recognising again the importance of the city centre milieu.

5: Acknowledge that the University of Cambridge will continue to shape the Cambridge economy profoundly, through long term investment

4.19 Finally, we would point to the significance of the University of Cambridge with regard to the evolving spatial economy. In many future-facing analyses, the role of the University is treated simply as an assumption and then largely ignored. However we think this is a mistake: over the period 2011-31, the University will have a major influence on the spatial economy – directly and indirectly. West Cambridge will develop and this will emerge as a real hub in its own right for a global University whose economic reach is growing. Equally, North West Cambridge is planned to provide around 60,000 sqm for higher education uses (Use Class D1) and 40,000 sqm of *sui generis* research institutes and commercial research uses (Use Class B1(b)). It will be important that other employment provision (and indeed infrastructure) is planned with the growth plans and timescales of the University firmly in view, and a good understanding of the implications arising from them.

High level conclusions and recommendations

4.20 Working through the implications of the arguments set out above – in the context of the analyses presented in Chapter 2 and 3 – we can draw out some high level conclusions and recommendations relating to the period 2011-31:

- Overall, jobs growth and floorspace requirements are lower for 2011-2031 than those that informed ELR2008 over the period 2001-21, **but** there will be considerable pressure for B1a space in the city (including some that needs to be available on short-term leases), and particularly in the city centre, where there is no more land. This demand is deriving from firms linked to the high tech cluster – either directly or as professional/financial service providers. The only way around this is to intensify the use of existing sites; in our view, allocating more land in peripheral locations will not help in relation to this core growth dynamic (as the market for peripheral sites is quite

different). There is, therefore, a need to look systematically at the potential for intensification of use in the city centre in order to create, over time, more office space

- There is also a need to focus on ensuring that existing commitments are brought forward for development, and that the existing vacant stock is improved to encourage re-use. The higher employment densities and lower jobs growth projections mean that there is no immediate imperative to compensate for the loss of the proposed employment allocations at Cambridge East

- However, it will be important to ensure there is sufficient land for manufacturing in the area. Where possible, existing manufacturing sites within and close to Cambridge should be protected from loss to housing or retail, but equally it is important to recognise that market factors dictate that this will not be possible in all cases. Therefore alternative provision is necessary, including at Northstowe but also possibly in some locations which previously have not been seen as suitable for manufacturing, such as Cambridge Research Park. The increasing importance of hybrid buildings which enable flexibility of use needs to be recognised in the way in which sites are designated for different uses.

- There may be an expectation to factor development at Alconbury into employment land proposals for South Cambridgeshire. Alconbury is an important resource for the wider area and it should provide a lot of employment space in time, and may become attractive to some firms currently located in the Cambridge area, or considering moving into the area. However, the market view at present appears to be that (i) the EZ designation is not a particularly important incentive to firms, and (ii) initially at least, firms will be reluctant to go there because it is isolated. That view may well change over time, but it would be unwise for South Cambridgeshire District Council to assume now that it will provide an attractive alternative to locations within the district, particularly in the short term. Even in the longer term it is likely to become attractive only relative to the periphery of South Cambridgeshire, not the area close to the city. Alconbury is not therefore a substitute for more local provision

- It will be important to reappraise the role and potential of sites on the edge of Cambridge. As it stands, Cambridge East is ruled out while West Cambridge is under the University's control and will be developed, but gradually. To the north, there is scope for intensification on Cambridge Science Park and/or finding a way to use Chesterton Sidings and/or land in the Cowley Road area for high density employment uses. If these suggestions prove impossible, or additional provision on the northern fringe can only be made in the longer term, then consideration needs to be given to finding new employment land in other sustainable locations.

5: Review of selective management of employment policies

Introduction

5.1 This final chapter reviews the existing selective management of employment policies in the Cambridge City Local Plan (adopted in 2006) and the South Cambridgeshire Core Strategy (adopted in 2007) in the light of the preceding discussion about the demand for, and supply of, employment land and premises. It also takes into account other sources of information, including interviews with a variety of firms/stakeholders undertaken for this study[17], and concerns expressed in the *Cambridge Cluster at 50* study and the *Cambridgeshire Development Study*, both of which resulted from consultations at the time those studies were undertaken (2009 and 2011 respectively). The chapter concludes by identifying the potential benefits and problems which could result from changing the selective management of employment policies.

What do the existing policies say?

5.2 The selective management of employment policies for Cambridge City (2006 Local Plan policy 7/2) and South Cambridgeshire (2007 Core Strategy Development Control Policy ET/1) are almost identical, and restrict permitted employment uses to the following:

a. All office uses occupying less than 300 sq m, and offices of over 300 sq m (Use Class B1a) if the occupier provides an essential local or sub-regional service or administrative facility with the majority of its business based in the Cambridge sub region. For Cambridge City only, additionally and exceptionally, regional services are also allowed "where there is a proven need for a regional function". According to the Cambridgeshire and Peterborough Structure Plan 2003 (Policy P9/8), this excludes "national headquarters, call centres, or similar".

b. High technology and related industries and services (Use Class B1b), primarily concerned with research and development, which show a special need to be located close to the universities or other established research facilities or associated services in the Cambridge Area. The definition of 'high technology and R&D' includes investigation, design and development, up to an including production for testing, but not mass production.

c. Educational uses and sui generis research establishments (Use Class D1) that can show a special need to be located close to existing major establishments in related fields (such as the universities, the teaching hospital, or private research establishments). Proposals for new research establishments, or the expansion of those existing, therefore must demonstrate a specific need to be located near the existing establishments in the Cambridge area.

[17] This included firms/agents with a strong knowledge of employment provision in and around Cambridge and, in the case of the firms, first hand and recent experience of local relocation and/or expansion

d. Other small-scale manufacturing and storage (Use Classes B1c, B2 and B8) which contribute to a greater range of local employment opportunities, particularly those contributing to the development of local skills. 'Small-scale' is defined as up to 1,850 sq m of space occupied by any one user on a site. Large scale expansion of such firms will not be permitted.

5.3 According to the South Cambridgeshire Core Strategy and the Cambridge City Local Plan, the main purposes of these restrictions are to:

- manage carefully development pressures by favouring those uses which need to be near Cambridge
- support existing businesses by applying positive policies towards the appropriate expansion of existing firms
- recognise innovation and enable Cambridge's role as a world leader in higher education, research and knowledge-based industries.

What problems have been identified

5.4 Over the last two decades, the Cambridge area has grown quickly, including in high tech sectors, and – compared to elsewhere – it has proved resilient to recession. At one level, then, it might be possible to claim simply that the policies have had their desired effect. However it is important to recognise that we cannot comment on the "counterfactual" – what the growth profile might have looked like had those policies not been in place: we simply have no evidence on which to conclude that growth would have been either stronger or weaker without the selective management of employment policies. What is however clear is that over recent years, the nature of the high tech cluster has changed including – as noted in the *Cambridge Cluster at 50* study – the far greater functional importance of London connectivity and the networked business models.

5.5 Within this context – and drawing both on consultation evidence and our own reflections (from earlier work and the current study) – it is possible to identify some concerns with regard to the existing policies. These are outlined below:

- They **discriminate against a range of office uses which could contribute high quality, high value jobs to the Cambridge economy**. This includes, for example, HQ functions or professional services which may want to move to Cambridge because it is an attractive business location, rather than because they have existing local linkages. The recent employment projections for Cambridge show a lower level of growth in future than previously expected, particularly over the next 10 years. Much of the forecast growth is in office uses. Not all office uses can or should be accommodated in Cambridge, but the current policies could further restrict growth, over and above the effects of the economic downturn.
- They have **led to a situation in which there is a shortage of B1a offices, relative to demand**. Half of the currently available business space in Cambridge and South Cambridgeshire, and two thirds of the supply pipeline (see Table 3-4), is restricted to

R&D and related uses (i.e. the planning permission and/or control of the site is for B1b uses). It is very important to meet the needs of high tech firms, but many businesses in the high tech cluster do not qualify for B1b space – including, for example, specialist financial, business and professional services.

This situation is exacerbated by the fact that high tech firms which qualify for B1b space can also choose to locate in other B uses – including B1a offices. Examples include Microsoft moving to CB1 and Redgate Technologies on Cambridge Business Park. This is further restricting the availability of office space for non-high tech offices uses, because standard office firms do not qualify for B1b space.

- **Manufacturing is enjoying something of a revival**, for reasons explained in Chapter 4, and more good quality manufacturing space is expected to be required in future than previously forecast. However, manufacturing space is in short supply in Greater Cambridge. In and around Cambridge there is very little available and there has been a steady loss of old manufacturing sites to higher value uses, mainly housing, despite policies to prevent this happening. The solution could in part be to apply these policies more rigorously, but the reality is that much of the loss is a reflection of market economics, which the planning system is largely powerless to counter (except by stopping any redevelopment of these sites). Further afield in South Cambridgeshire, there is more manufacturing space, but there is no new space in the short term pipeline (as defined by Savills) and half the existing space is of poor quality

- **Property agents claim that the selective policies cause confusion among developers and end users, even if they do not actually apply, and so may be deterring investment.** It has not been possible to identify specific examples, but in the current climate, anything that deters business investment is, arguably, a problem unless it is serving an essential and more important purpose.

How could these problems be addressed?

5.6 These issues have a variety of causes, only one of which is the selective management of employment policies in Cambridge and South Cambridgeshire. Market factors are particularly important in relation to the supply of manufacturing space, and also cause a mismatch between the spatial focus of demand and the distribution of supply.

5.7 However, the selective management of employment policies are restricting both demand and supply, and should therefore be reviewed, even if they are subsequently retained in whole or in part. Table 5-1 examines the advantages and disadvantages of retaining or removing/reducing the policy restrictions which have given rise to the above concerns.

Table 5-1: Selective policies – advantages and disadvantages

Policy restriction	Advantages	Disadvantages
The local user conditions applying to users occupying over 300 sqm	There is a limited amount of office space in Cambridge. Major firms can afford the prime locations, and may force out essential local services, including those which support the high tech cluster	Most of the employment growth forecast for the next 20 years is in office uses. If many of these are restricted, then where will the employment growth come from? Large, non-local office uses can provide high quality, high value jobs. If there is to be discrimination, it should be against large scale, low value uses, but these are unlikely to come to Cambridge anyway because it is too expensive.
The restrictions on manufacturing and storage in units over 1,850 sqm, *and* Restrictions on R&D and other high tech activities which include "mass production"	Large scale manufacturing takes up valuable employment land, employment densities are usually low, and there can be adverse environmental impacts	Manufacturing is enjoying a revival, including national policy support. High tech firms in particular should be encouraged to establish high value manufacturing activities locally. They can provide valuable jobs and economic diversification. Land and property prices will prevent low value large scale manufacturing locally, and other planning policies can prevent adverse environmental impacts. Mass production is not a helpful term in relation to planning policy. The implications of mass production of pharmaceuticals are completely different from the mass production of steel.
Restrictions on research establishments which cannot demonstrate a specific need to be located near existing research centres/institutes, universities or similar organisations	The Cambridge labour market is relatively small, therefore research establishments which have no local connections could simply cause more competition for scarce specialist resources, force up prices, and disadvantage established facilities, including the university	EA key objective of existing planning policy is to support Cambridge's role as a world leader in higher education, research and knowledge based industries. It is not the role of planning policy to restrict labour market competition.

Source: SQW

Possible implications for high tech firms arising from any relaxation of selective management of employment policies

5.8 An important further perspective on selective management of employment policies concerns whether any relaxation could potentially have negative effects on high tech firms. In our view, high tech firms are not overly concerned with planning policy *per se* – just the consequences of it. In this context, we make two overarching observations:

- potentially negative effects could arise if high tech firms are seeking non-specialist office provision (because there could be more competition for B1a space)
- restrictive planning policies are concerned with the use of available land, not the quantity of provision; hence, if sufficient land is allocated for B1b uses, relaxing the selective management of employment policies should have no effect.

Conclusions

5.9 In relation to the selective management of employment policies, some concluding observations can be made:

- One of the key assumptions on which the selective policies are based is that employment demand from firms exceeds the supply of land and premises in the Cambridge area, and therefore the local authorities can afford to be selective in the types of firms, and activities, that are accommodated here. Arguably this is no longer the case, and the forecasts suggest the area will experience slower growth than previously expected. Therefore it is important to be very careful about selectivity, to avoid it further slowing growth.

- Economic development objectives for the area support the high tech cluster and the growth of high value jobs. As currently drafted, the selective management of employment policies may be at variance with these objectives. Furthermore, the property market is largely doing the job of keeping out low value activities which do not need to locate in the Cambridge area: for example, it is too expensive to locate large scale distribution or low value manufacturing anywhere in the Cambridge/South Cambridgeshire area. So, planning policies which seek to prevent these kinds of activities are arguably quite pointless, and they are potentially damaging if they have unintended other consequences

- There is a shortage of offices with B1a permissions in Cambridge. Unless this is addressed through a combination of intensification and making more land available in the more attractive locations, it could adversely affect projected employment growth, which is mainly in office sectors. The evidence suggests that a combination of applying local user restrictions and making space available beyond the immediate environs of Cambridge is not going to solve the problem of the demand/supply imbalance in the city

- The size restrictions included in the selective policies – 300 sqm for non-local office users and 1,850 sqm for manufacturing – appear to be arbitrary. For example, it is difficult to see why a local high tech firm, wishing to establish a manufacturing plant locally which is bigger than 1,850 sqm, and which does not fall foul of environmental or other policies, should be prevented as a matter of course from doing so by the selective management policies. For example, according to the policy it is unclear why Domino was granted permission for a substantial extension to its Bar Hill premises; equally, if Marshalls was not a local firm and wanted to move into Cambridge now, the policy suggests it would not be allowed to do so.

- The policy to retain the best manufacturing land in and around Cambridge has had little effect. Various long established sites have been lost, and this has increased the market pressure on other manufacturing sites, and made it more difficult to prevent further losses. One response to this would be to suggest that the policy needs to be more firmly applied. However, the property market view is that redeveloping industrial sites in Cambridge for industrial use is not viable, and simply will not happen, whatever the policy. The only exception would be an owner occupier which wants to remain *in situ* and expand or modernise (Marshalls is probably the best example of retaining a site in current use because it wants to continue its business *in situ*, despite planning policies – and no doubt developer interest – in redevelopment for housing). It may therefore be sensible to retain the policy but change its wording

to afford particular protection to occupiers which want to remain on site and are willing to invest in modernisation

- If a distinction needs to be made between what is allowable in the immediate vicinity of Cambridge, and what is allowable further out of Cambridge, then a logical and clear boundary is the inner limit of the Green Belt, rather than the local authority boundary, because the latter excludes parts of the urban area; this would replace an administrative boundary with a functional one which ought therefore to be more meaningful

- There appears to be little point in the selective policy requiring research establishments new to the area to show a "special need to be located close to existing major establishments in related fields (such as the universities, the teaching hospital, or private research establishments), in order to share staff, equipment or data, or to undertake joint collaborative working". Given the objective to enable Cambridge's role as a world leader in research, it is difficult to see circumstances in which a new research institute should be turned away from the Cambridge area.

Annex A: Employment prospects for Cambridge City and South Cambridgeshire 2011 to 2031: Cambridge Econometrics (LEFM)

An analysis of Cambridge Econometrics' employment projections by industry and district[18]

A.1 This annex provides an overview of employment projections prepared by Cambridge Econometrics (CE) in April 2012 for Cambridge City and South Cambridgeshire, covering the period 2011 to 2031. It provides a breakdown by main industry sector. Two sets of projections are analysed. The first set is essentially a trend, or 'baseline'. The second set incorporates anticipated new dwelling construction following the policies of the current Cambridge City Local Plan, South Cambridgeshire Local Development Framework and the East of England Plan 2006[19] (Regional Spatial Strategy, RSS). In the subsequent analysis these projections are described as 'policy-led'.

A.2 Both sets of projections are based on Cambridge Econometrics' Regional Economic Prospects outlook and reflect historic shares of job growth by district and industry sector. The 'baseline' takes into account the 2008-based sub-national population projections produced by the Office for National Statistics (ONS), which envisage relatively high rates of growth in the region and in Cambridgeshire. It is important to note that ONS' very recent 2010-based sub-national population projections have not been incorporated[20]. These show a very much lower 2010 base population and subsequent rate of growth in Cambridge City and are currently the subject of challenge by Cambridgeshire County Council's demographers.

A.3 The 'policy-led' projections take account of population growth associated with the housing trajectories planned by the District Councils for the period 2011 to 2031, as modelled by Cambridgeshire County Council's demographic team (CCCRG). However, due to limitations of the economic forecasting model it has been necessary to 'bolt on' the CCCRG forecast change in population by age group 2011 to 2031 to the CE 2010 base population profile. This is relatively straight forward for South Cambridgeshire, but in the case of Cambridge City it is important to note that the CE population estimate for 2010 exceeds that of CCCRG by over 6,000. Consequently the 'policy-led' projections for all years of the forecast period show a similar discrepancy when compared with the CCCRG population forecasts.

A.4 The first section provides a broad overview of the projections and the second looks at employment in specific industry sectors. The third section provides a comparison with the

[18] Published April 2012

[19] The overall rate of development assumed is considered to be relatively optimistic. It should also be noted that there is uncertainty about the location of development within South Cambridgeshire, particularly that attributed to 'Cambridge East' in the RSS, as this site is no longer available. The population projections assume that an equivalent amount of housing will be provided elsewhere in the district.

[20] The scale of change is significant for Cambridge City. The ONS 2008-based projection indicated a population of 122,000 in 2011 increasing by 15,000 to 137,000 in 2031; the ONS 2010-based projection (published in March 2012) indicates a population of 105,000 in 2011 increasing by 1,000 net to 106,000 in 2031. Cambridgeshire County Council understands that the differences in both baseline population and future growth relate to the treatment of international migrants and visitors.

projections prepared for the Cambridgeshire Development Study (CDS) in spring 2009. An annex summarises the population growth assumed by the projections.

Part 1: Broad overview

A.5 Table A-1 provides an overview of employment totals forecast for 2011, 2021 and 2031 for both Cambridge City and South Cambridgeshire, comparing the 'baseline' and 'policy-led' scenarios. The forecast 'baseline' employment for the former East of England region is also included.

Table A-1 : Employment projections, Cambridge City & South Cambridgeshire 2001 to 2031, '000

District/area	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Cambridge City (baseline)	101.8	102.7	108.5	117.5	5.7 (0.6%)	9.0 (0.8%)
Cambridge City (policy-led)	101.8	102.7	115.1	122.3	12.4 (1.2%)	7.2 (0.6%)
South Cambridgeshire (baseline)	68.4	81.2	91.3	103.5	10.1 (1.2%)	12.2 (1.3%)
South Cambridgeshire (policy-led)	68.4	81.3	91.1	104.4	9.8 (1.2%)	13.3 (1.5%)
East of England	2,685.0	2,849.7	3,081.8	3,391.4	232.1 (0.8%)	309.6 (1.0%)
CC/SC as % region (baseline)	6.3%	6.5%	6.5%	6.5%	6.8%	6.8%
CC/SC as % region (policy-led)	6.3%	6.5%	6.7%	6.7%	9.6%	6.6%

Source: Cambridge Econometrics. Note: All figures rounded independently.

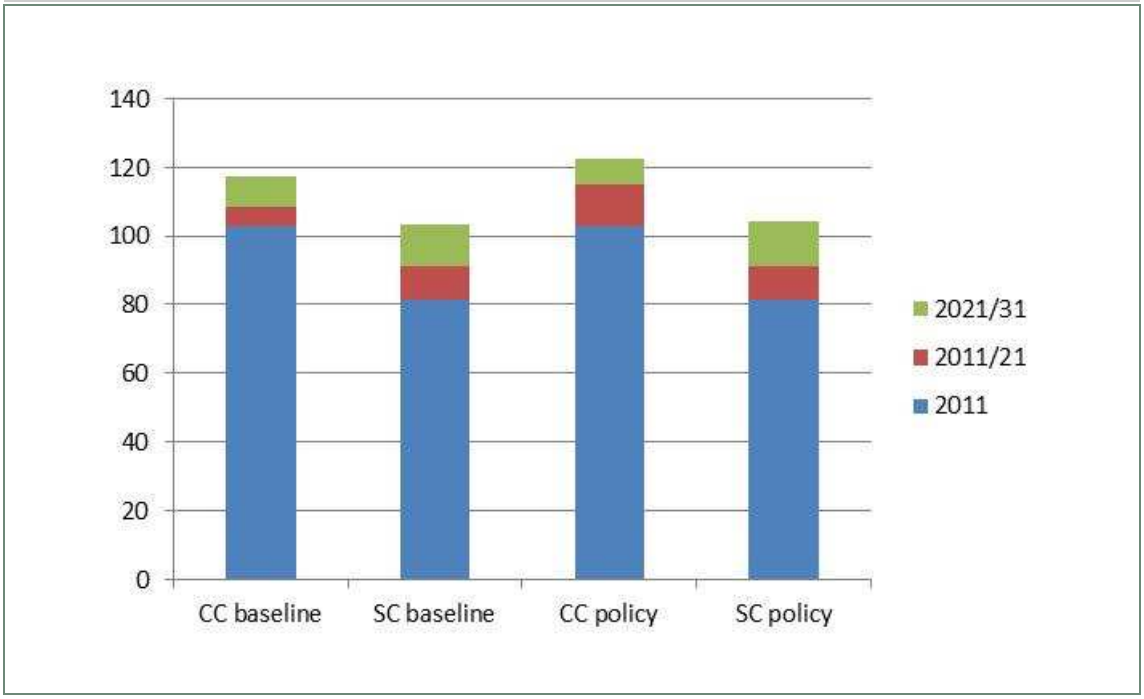
A.6 The table shows that over the period 2011 to 2021 Cambridge City is projected to grow by 5,700 jobs (equivalent to 0.6% per annum) according to the 'baseline' projection but by a significantly higher 12,400 jobs (1.2% per annum) when higher population growth is assumed, as under the 'policy-led' scenario. However, over the period 2021/31, when the 'policy-led' outlook assumes that new dwelling construction will slow down significantly within the City's boundaries, higher job growth arises under the 'baseline' projection, (9,000 as compared with 7,200 jobs, or 0.8% per annum as compared with 0.6%).

A.7 In the case of South Cambridgeshire the 'baseline' and 'policy-led' projections envisage similar levels and rates of employment growth over both 2011/21 and 2021/31 periods, around 10,000 jobs as between 2011/21 and 12,000 to 13,000 jobs between 2021 and 2031. Both projections record 1.2% growth per annum for the period 2011/21. The policy-led projection equates to 1.5% growth per annum for the period 2021/31, whilst the 'baseline' equates to 1.3% growth per annum.

A.8 As compared with the former East of England region as a whole, the baseline indicates marginally higher job growth in the combined Cambridge City/South Cambridgeshire area over the forecast period, accounting for 6.8% of the total increase in employment 2011/31. The 'policy-led' forecast indicates a higher 9.6% share of growth in the period 2011/21, falling back to a 6.6% share as new house-building rates decrease in Cambridge City after 2021.

A.9 Figure A-1 shows projected employment in 2011, 2021 and 2031 for both the 'baseline' and 'policy-led' scenarios for Cambridge City and South Cambridgeshire.

Figure A-1 : Employment in 2011 and projected change in jobs by 2021and 2031, Cambridge City & South Cambridgeshire, baseline and policy-led projections, '000



Source: Cambridge Econometrics

Part 2 - Industry sector analysis

A.10 This section examines the baseline and policy-led employment forecasts broken down by industry sectors[21]. Each district is discussed in turn.

Overview for Cambridge City

A.11 Table A-2 provides an overview of projected employment change 2011 to 2021 and from 2021 to 2031 in Cambridge City, broken down by main industry sectors for the 'baseline' projection. Table A-3 provides a similar analysis for the 'policy-led' scenario. Figure A-2 provides a breakdown of change over the whole period 2011 to 2031 by industry sector, comparing the two forecasts.

Table A-2 : Main industry sectors Cambridge City: 2001 to 2031 projected employment, '000, (%) Baseline

Industry sector	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Agriculture	0.1	0.1	0.1	0.1	-0.0 (-2.0%)	-0.0 (-1.8%)
Mining, quarrying etc	0.1	0.0	0.0	0.0	-0.0 (-10%)	0.0 (0.0%)
Manufacturing	6.6	4.1	4.0	4.2	-0.1 (-0.3%)	0.2 (0.5%)
Utilities	0.1	0.2	0.2	0.2	-0.0 (-1.1%)	-0.0 (-0.4%)

[21] The analysis is based on the Standard Industrial Classification (SIC) 2003 rather than the more recent SIC 2007. This means that publishing and equipment repairs are classified as manufacturing rather than services.

Industry sector	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Construction	3.0	2.9	3.1	3.2	0.2 (0.6%)	0.1 (0.4%)
Distribution & motor trade	3.8	2.4	2.6	3.0	0.2 (0.9%)	0.3 (1.2%)
Retailing	8.5	9.4	10.1	11.4	0.7 (0.7%)	1.3 (1.3%)
Hotels & catering	6.1	8.6	9.0	9.0	0.2 (0.2%)	0.0 (0.0%)
Land transport	1.5	1.9	1.9	2.0	0.0 (0.2%)	0.1 (0.6%)
Water & air transport	0.0	0.0	0.0	0.0	0.0 (0.0%)	0.0 (0.0%)
Communications	2.1	1.8	1.9	1.9	0.1 (0.4%)	0.1 (0.3%)
Finance & insurance	3.0	1.6	1.6	1.7	0.0 (0.1%)	0.1 (0.6%)
Computing services	5.6	4.3	5.1	6.0	0.8 (1.8%)	0.9 (1.8%)
Professional services (inc. R&D)	13.1	14.6	15.7	17.0	1.2 (0.8|%)	1.3 (0.9%)
Other business services	5.6	6.5	8.0	8.7	1.5 (2.3%)	0.7 (0.9%)
Public administration & defence	4.7	3.3	2.8	2.9	-0.4 (-1.4%)	0.1 (0.4%)
Education	23.0	22.0	22.1	23.1	0.1 (0.1%)	1.0 (0.5%)
Health & social work	11.0	14.6	15.7	17.4	1.0 (0.7%)	1.7 (1.1%)
Miscellaneous services (inc. leisure)	4.0	4.1	4.5	5.5	0.4 (1%)	1.0 (2.1%)
Total	**101.8**	**102.7**	**108.5**	**117.5**	**5.7 (0.5%)**	**9.0 (0.8%)**

Source: Cambridge Econometrics. Note: All figures rounded independently.

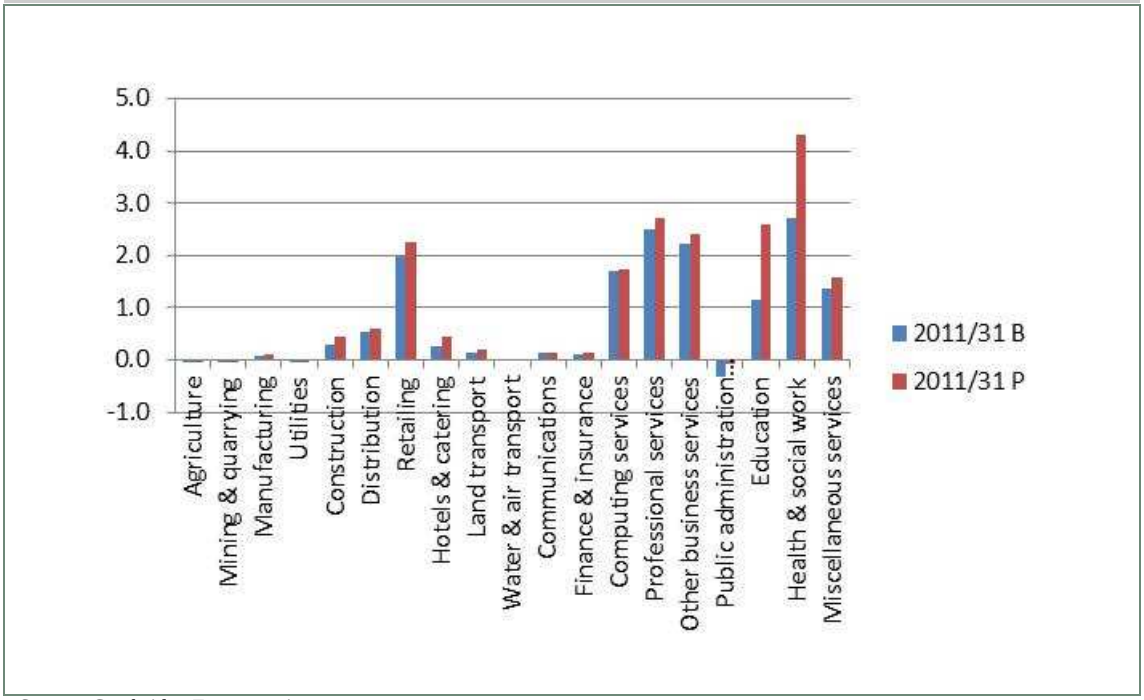
Table A-3 : Main industry sectors Cambridge City: 2001 to 2031 projected employment, '000, (%) Policy-led

Industry sector	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Agriculture	0.1	0.1	0.1	0.1	-0.0 (-2,0%)	-0.0 (-1.9%)
Mining, quarrying etc	0.1	0.0	0.0	0.0	-0.0 (-10%)	0.0 (0.0%)
Manufacturing	6.6	4.1	4.0	4.2	-0.1 (-0.2%)	0.2 (0.5%)
Utilities	0.1	0.2	0.2	0.2	-0.0 (-1.0%)	-0.0 (-0.5%)
Construction	3.0	2.9	3.3	3.4	0.4 (1.3%)	0.1 (0.2%)
Distribution & motor trade	3.8	2.4	2.8	3.0	0.3 (1.4%)	0.3 (1.0%)
Retailing	8.5	9.4	10.6	11.7	1.1 (1.2%)	1.1 (1.1%)
Hotels & catering	6.1	8.8	9.3	9.2	0.6 (0.6%)	-0.1 (-0.1%)
Land transport	1.5	1.9	2.0	2.1	0.1 (0.7%)	0.1 (0.4%)
Water & air transport	0.0	0.0	0.0	0.0	0.0 (0.0%)	0.0 (0.0%)
Communications	2.1	1.8	1.9	2.0	0.1 (0.6%)	0.0 (0.2%)
Finance & insurance	3.0	1.6	1.7	1.8	0.1 (0.6%)	0.1 (0.4%)

Industry sector	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Computing services	5.6	4.3	5.1	6.1	0.8 (1.9%)	0.9 (1.8%)
Professional services (inc. R&D)	13.1	14.5	16.0	17.3	1.5 (1.0|%)	1.3 (0.8%)
Other business services	5.6	6.5	8.2	8.9	1.7 (2.7%)	0.7 (0.8%)
Public administration & defence	4.7	3.3	3.2	3.2	-0.1 (-0.2%)	-0.0 (-0.1%)
Education	23.0	22.0	24.2	24.6	2.2 (1.0%)	0.4 (0.2%)
Health & social work	11.0	14.6	17.5	19.0	2.9 (2.0%)	1.4 (0.8%)
Miscellaneous services (inc. leisure)	4.0	4.1	4.8	5.7	0.7 (1.8%)	0.9 (1.8%)
Total	**101.8**	**102.7**	**115.1**	**122.3**	**12.4 (1.2%)**	**7.2 (0.6%)**

Source: Cambridge Econometrics. Note: All figures rounded independently.

Figure A-2 : Projected change in employment by main industry sector, Cambridge City, 201 to 2031, '000 B – Baseline; P – Policy-led



Source: Cambridge Econometrics

Sectors losing employment

A.12 The baseline projection indicates that only one industry sector, public administration, is expected to experience a significant net loss of employment over the forecast period 2011 to 2031 in Cambridge City (around 400 jobs). However, in the policy-led forecast job losses in public administration are expected to be only modest, reflecting a link between population size and government jobs. Very modest losses are forecast for employment in agriculture and minerals, reflecting low levels of jobs attributed to these sectors in Cambridge – historically primarily comprising administrative jobs. It is very important to note a major difference from

the forecasts prepared for the CDS (discussed in detail later). This is the fact that manufacturing employment (as a whole) is now expected to increase slightly overall between 2011 and 2031, whereas in previous forecasts it was expected to continue its recent decline. A detailed analysis by individual industry sector suggests that a small increase in publishing jobs is forecast to outweigh continuing losses in engineering employment.

Growth sectors

A.13 Table A-2 shows the industry sectors projected to grow by more than 500 jobs between 2011 and 2031 under the 'baseline' scenario in Cambridge City:

- Health & social work: 2,700
- Professional services: 2,500 Note: includes legal, accountancy, technical consultancies, R&D
- Other business services: 2,200 Note: includes employment agencies, security, cleaning
- Retailing: 2,000
- Computing services: 1,700
- Miscellaneous services: 1,400 Note: includes leisure, personal services etc.
- Education: 1,100
- Distribution & motor trade: 500

A.14 Turning to the policy-led employment projection, the following sectors each record growth of 500 jobs or more between 2011 and 2031, (see Table A-3).

- Health & social work: 4,300
- Professional services: 2,800 Note: includes legal, accountancy, technical consultancies, R&D
- Education: 2,600
- Other business services: 2,400 Note: includes employment agencies, security, cleaning
- Retailing: 2,200
- Computing services: 1,700
- Miscellaneous services: 1,600 Note: includes leisure, personal services etc.
- Distribution & motor trade: 600
- Construction: 500

A.15 The additional population growth incorporated in the 'policy-led' projection generates significantly higher job growth in health & social work and education sectors. However, the impact of higher population living in the City is more modest in terms of supporting additional jobs in other sectors such as retailing.

A.16 It should be noted that no allowance has been made in either forecast for the relocation of Papworth Hospital to the Addenbrooke's site or the overall implementation of the '2020 Vision'. Nor has any allowance been made for additional Cambridge University employment planned for the North West Cambridge site which straddles the boundary with South Cambridgeshire.

Overview for South Cambridgeshire

A.17 Table A-4 provides a summary of projected 'baseline' employment by industry sector for 2011, 2021 and 2031; Table A-5 provides a complementary breakdown of the 'policy-led' forecast of jobs. Figure A-3 compares employment change forecast by industry sector for both the 'baseline' and 'policy-led' projections.

Table A-4 : Main industry sectors: South Cambridgeshire: 2001 to 2031 projected employment, '000, (%) Baseline

Industry sector	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Agriculture	1.0	1.1	1.1	1.1	0.0 (0.1%)	0.0 (0.1%)
Mining, quarrying etc	0.0	0.1	0.0	0.0	-0.0 (-1.7%)	-0.0 (-1.5%)
Manufacturing	15.0	9.5	9.1	8.7	-0.5 (-0.5%)	-0.4 (-0.4%)
Utilities	0.3	0.0	0.0	0.0	0.0 (0.0%)	0.0 (0.0%)
Construction	4.1	6.0	6.8	7.2	0.8 (1.4%)	0.4 (0.5%)
Distribution & motor trade	5.0	9.5	9.8	10.1	0.2 (0.2%)	0.3 (0.3%)
Retailing	2.6	3.8	4.3	5.0	0.5 (1.4%)	0.7 (1.5%)
Hotels & catering	2.6	5.3	5.8	6.0	0.5 (0.9%)	0.1 (0.2%)
Land transport	1.3	1.2	1.2	1.3	0.0 (0.1%)	0.1 (0.6%)
Water & air transport	0.2	0.1	0.1	0.1	-0.0 (-2.2%)	0.0 (0.0%)
Communications	1.4	0.6	0.7	0.7	0.1 (1.1%)	0.1 (0.9%)
Finance & insurance	0.5	1.1	1.1	1.2	0.0 (0.1%)	0.1 (0.4%)
Computing services	6.0	6.2	7.6	10.1	1.3 (2.1%)	2.5 (3.3%)
Professional services (inc. R&D)	11.3	15.8	19.9	24.9	4.0 (2.5%)	5.1 (2.6%)
Other business services	2.5	3.3	4.8	5.6	1.5 (4.4%)	0.8 (1.7%)
Public administration & defence	1.1	2.0	2.0	2.1	-0.1 (-0.3%)	0.1 (0.4%)
Education	3.3	4.8	4.9	5.2	0.1 (0.2%)	0.3 (0.7%)
Health & social work	7.5	7.5	8.5	9.7	1.0 (1.4%)	1.1 (1.3%)

Industry sector	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Miscellaneous services (inc. leisure)	2.8	3.2	3.8	4.7	0.6 (1.8%)	0.9 (2.4%)
Total	**68.4**	**81.2**	**91.3**	**103.5**	**10.2 (1.2%)**	**12.2 (1.3%)**

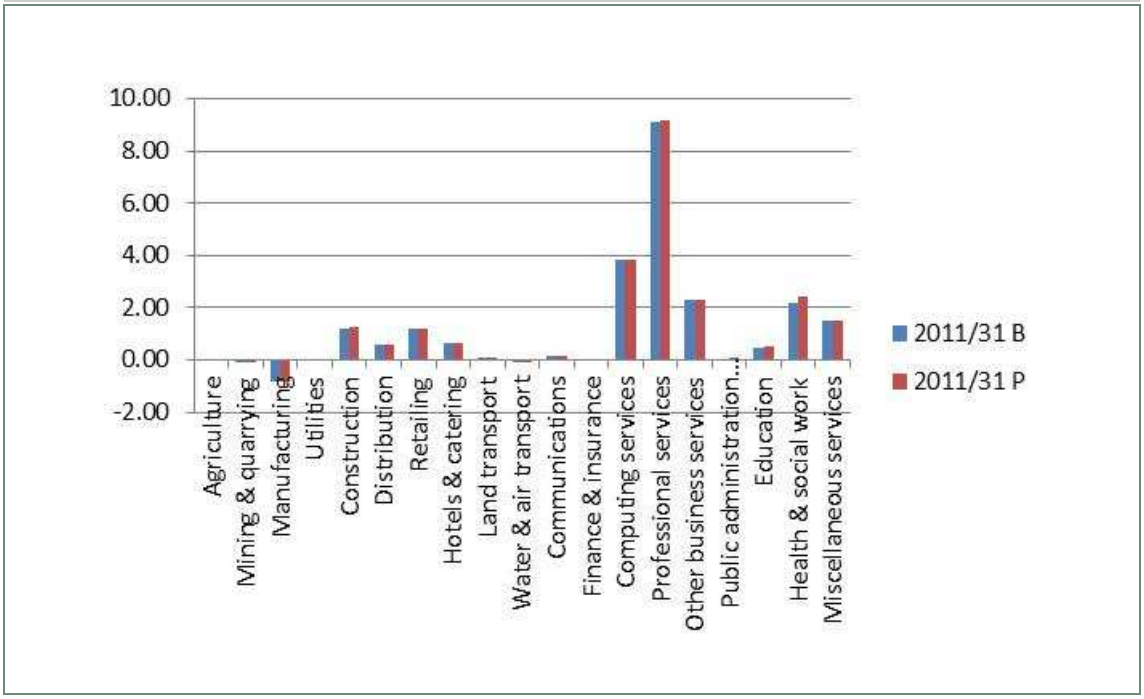
Source: Cambridge Econometrics. Note: All figures rounded independently.

Table A-5 : Main industry sectors South Cambridgeshire: 2001 to 2031 projected employment, '000, (%) Policy-led

Industry sector	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Agriculture	1.0	1.1	1.1	1.1	0.0 (0.0%)	0.0 (0.1%)
Mining, quarrying etc	0.0	0.1	0.0	0.0	-0.0 (-1.7%)	-0.0 (-1.5%)
Manufacturing	15.0	9.5	9.1	8.7	-0.5 (-0.5%)	-0.4 (-0.4%)
Utilities	0.3	0.0	0.0	0.0	0.0 (0.0%)	0.0 (0.0%)
Construction	4.1	6.0	6.8	7.3	0.8 (1.3%)	0.5 (0.7%)
Distribution & motor trade	5.0	9.5	9.8	10.1	0.2 (0.2%)	0.4 (0.4%)
Retailing	2.6	3.8	4.3	5.0	0.5 (1.3%)	0.7 (1.7%)
Hotels & catering	2.6	5.3	5.8	6.0	0.5 (0.9%)	0.2 (0.4%)
Land transport	1.3	1.2	1.2	1.3	0.0 (0.1%)	0.1 (0.7%)
Water & air transport	0.2	0.1	0.1	0.1	-0.0 (-2.2%)	0.0 (0.0%)
Communications	1.4	0.6	0.7	0.8	0.1 (1.1%)	0.1 (1.0%)
Finance & insurance	0.5	1.1	1.1	1.2	0.0 (0.0%)	0.1 (0.5%)
Computing services	6.0	6.2	7.6	10.1	1.3 (2.1%)	2.5 (3.3%)
Professional services (inc. R&D)	11.3	15.8	19.8	25.0	4.0 (2.5|%)	5.2 (2.6%)
Other business services	2.5	3.3	4.7	5.6	1.5 (4.4%)	0.9 (1.8%)
Public administration & defence	1.1	2.0	2.0	2.1	-0.1 (-0.4%)	0.2 (0.8%)
Education	3.3	4.8	4.9	5.3	0.1 (0.1%)	0.5 (0.9%)
Health & social work	7.5	7.5	8.5	10.0	0.9 (1.3%)	1.5 (1.8%)
Miscellaneous services (inc. leisure)	2.8	3.2	3.7	4.7	0.5 (1.7%)	1.0 (2.7%)
Total	**68.4**	**81.3**	**91.1**	**104.4**	**9.8 (1.2%)**	**13.3 (1.5%)**

Source: Cambridge Econometrics. Note: All figures rounded independently.

Figure A-3 : Projected change in employment by main industry sector, South Cambridgeshire, 201 to 2031, '000 B – Baseline; P – Policy-led



Source: Cambridge Econometrics

Sectors losing employment

A.18 Only one sector, manufacturing, is forecast to lose significant numbers of jobs over the period 2011 to 2031. Both the 'baseline' and 'policy-led projections show a loss of around 800 jobs over the twenty year period, around 0.5% per annum. However, this reduction is significantly less than forecast by CE in 2009; then the 'policy-led' projection of manufacturing jobs anticipated a loss of 3,400 jobs between 2011 and 2031 (reducing from 12,100 down to 8,600). It should be noted that Tables 4 and 5 indicate that manufacturing employment reduced very significantly between 2001 and 2011.

A.19 Neither forecast incorporates the impact of closing the army base at Waterbeach, planned for 2013, nor the anticipated closure of the army's training base at Bassingbourn. These closures will not only impact directly in terms of reduced defence employment but will have spin-off implications for supporting activities.

Growth sectors

A.20 The growth sectors identified by the 'baseline' and 'policy-led scenarios in South Cambridgeshire are similar in terms of the employment growth anticipated and are listed as follows. Sectors forecast to grow by at least 500 jobs between 2011 and 2031 include:

- Professional services: 9,100 baseline; 9,200 policy-led. Note: includes legal, accountancy, technical consultancies, R&D
- Computing services: 3,800 in both baseline and policy-led scenarios
- Other business services: 2,300 baseline and 2,400 policy-led. Note: includes employment agencies, security, cleaning

- Health & social work: 2,100 baseline and 2,400 policy-led
- Miscellaneous services: 1,500 in both baseline and policy-led scenarios. Note: includes leisure, personal services etc.
- Retailing: 1,200 in both baseline and policy-led scenarios
- Construction: 1,200 baseline and 1,300 policy-led
- Hotels & catering: 600 baseline and 700 policy-led
- Distribution & motor trade: 500 baseline and 600 policy-led
- Education: 400 baseline and 600 policy-led

A.21 As with Cambridge City, no allowance has been made for the relocation of Papworth Hospital to the Addenbrooke's site in Cambridge in 2015. Nor has any allowance been made for additional Cambridge University employment in North West Cambridge (a site straddling the boundary with Cambridge City).

Land use implications of employment change & growth

A.22 Table A-6 provides a summary of the potential land-use implications of the employment forecasts for Cambridge City; Table A-7 provides a complementary analysis for South Cambridgeshire.

Table A-6 : Change in projected employment in Cambridge City 2011 to 2031, selected industry sectors and implications for land use

Selected industry sectors	Baseline forecast	Policy-led forecast	Potential land-use implications
Agriculture	Very small loss	Very small loss	Mainly office-based in City
Quarrying	Very small loss	Very small loss	Office based
Manufacturing	Net gain of around 100 jobs	Net gain of around 100 jobs	Losses in engineering and a gain in publishing. Unlikely that job losses will release land for employment uses
Construction	Gain of 300 jobs	Gain of 500 jobs	Most jobs likely to be on construction sites
Distribution	Gain of 500 jobs	Gain of 600 jobs	Requires land
Retailing	Gain of 2,000 jobs	Gain of 2,300 jobs	Significant empty retail space available but may need reconfiguring
Hotels & catering	Gain of 300 jobs	Gain of 500 jobs	Significant planning permissions for new hotels in City
Land transport	Gain of 100 jobs	Gain of 200 jobs	Most jobs peripatetic
Communications	Gain of 100 jobs	Gain of 100 jobs	Office and home based
Finance & insurance	Gain of 100 jobs	Gain of 200 jobs	Mainly office based
Computing services	Gain of 1,700 jobs	Gain of 1,800 jobs	Mainly office based

Selected industry sectors	Baseline forecast	Policy-led forecast	Potential land-use implications
Professional services	Gain of 2,500 jobs	Gain of 2,700 jobs	Office and laboratory space required
Other business services	Gain of 2,200 jobs	Gain of 2,400 jobs	Some office based jobs but many based at clients' premises (e.g. employment agency, security and cleaning jobs)
Public administration & defence	Loss of 300 jobs	Loss of 100 jobs	Office based.
Education	Gain of 1,100 jobs	Gain of 2,600 jobs	Excludes additional job growth at Cambridge University (West and North West Cambridge)
Health & social work	Gain of 2,700 jobs	Gain of 4,300 jobs	Domiciliary care involves peripatetic jobs; also institution based; excludes relocation of Papworth Hospital.
Miscellaneous services	Gain of 1,400 jobs	Gain of 1,600 jobs	Some use of retail premises as well as bespoke leisure facilities and offices

Source: Cambridge Econometrics and SQW

Table A-7 Change in projected employment in South Cambridgeshire 2011 to 2031, selected industry sectors and implications for land use

Industry sectors	Policy job change 2011/31	Baseline job change 2011/31	Land use implications
Agriculture	Very small gain	very small gain	No land use requirement
Mining & quarrying	Very small loss	very small loss	office based
Manufacturing	Net gain of around 100 jobs	net gain of around 100 jobs	add employment agency workers
Utilities	Very small loss	very small loss	office based
Construction	Gain of 460 jobs	Gain of 300 jobs	Mainly on site
Distribution	Gain of 600 jobs	Gain of 500 jobs	Require sites
Retailing	Gain of 2,300 jobs	Gain of 2,000 jobs	Significant empty retail space available
Hotels & catering	Gain of 450 jobs	Gain of 250 jobs	New hotels with planning permission
Land transport	Gain of 200 jobs	Gain of 140 jobs	No land use requirement
Water & air transport	nil	nil	No land use requirement
Communications	Gain of 150 jobs	Gain of 130 jobs	office based
Finance & insurance	Gain of 150 jobs	Gain of 110 jobs	office based
Computing services	Gain of 1,750 jobs	Gain of 1,700 jobs	office and home based
Professional services	Gain of 2,700 jobs	Gain of 2,500 jobs	office based
Other business services	Gain of 2,400 jobs	Gain of 2,230 jobs	agency, security and cleaning workers will be on customers' premises

Industry sectors	Policy job change 2011/31	Baseline job change 2011/31	Land use implications
Public administration & defence	loss of 100 jobs	loss of 340 jobs	office based
Education	Gain of 2,600 jobs	Gain of 1,140 jobs	schools, colleges and university
Health & social work	Gain of 4,300 jobs	Gain of 2,700 jobs	wide range of sites, including home. Adjust for Papworth relocation
Miscellaneous services	Gain of 1,600 jobs	Gain of 1,400 jobs	entertainment sites and high street locations
Total	Gain of 19,600 jobs	Gain of 14,750 jobs	

Source: Cambridge Econometrics and SQW

Summary – main issues arising

A.23 The 'trend' projections of employment for Cambridgeshire present a number of key issues and can be summarised as follows:

- Cambridge Econometrics expects job growth in Cambridge City and South Cambridgeshire to increase at a very similar rate to the region as a whole under the 'baseline' projection. 'Policy-led' growth is higher, especially in the period 2011/21.
- It is important to appreciate that the 'policy-led' scenario relates solely to assumptions regarding population growth linked to planned dwelling construction. For example, no allowances have been made for factors such as the move of Papworth Hospital from South Cambridgeshire to Cambridge City nor the closure of two army bases in South Cambridgeshire. At this stage no modelling has been carried out to assess the possible impact of the new Alconbury Enterprise Zone on employment prospects in South Cambridgeshire or the City.
- The economies of Cambridge City and South Cambridgeshire are closely bound with a number of key employment sites straddling the administrative boundary. It is important to appreciate that employment moves freely between the districts and there is some scope to use land allocations as a policy tool for relocating jobs.
- Four main industry sectors are projected to account for the bulk of new job growth in the combined Cambridge City and South Cambridgeshire area: professional services (including R&D), computing services, health & social work and 'other business services', (including employment agencies, contract packaging, security and cleaning). Each sector is expected to support at least 4,500 additional jobs between 2011 and 2031 under the baseline projection and at least 4,800 jobs under the policy-led scenario.
- In the combined area there are four sectors with more modest projected growth of between 1,500 and 3,500 jobs under the baseline forecast. These include retailing, miscellaneous services, construction and education. In addition, distribution is expected to increase by around 1,200 jobs.

- Manufacturing jobs are projected to decline by around 800 jobs between 2011 and 2031. This is a very much lower job loss than forecast by Cambridge Econometrics in early 2009.It appears that significant job losses have been incurred in the period 2001 to 2011. Changes in the organisation of labour means that some jobs in manufacturing may be carried out by people working for employers classified as 'other business services', such as employment agencies.

Part 3: Comparison with Cambridgeshire Development Study employment forecasts (2009)

A.24 This section compares the April 2012 employment forecasts with those produced by CE for the Cambridgeshire Development Study (CDS) in early 2009. Two forecasts were produced for the CDS; a baseline trend projection and a policy-led scenario, based on the Cambridgeshire district house-building rates incorporated in the 2006 East of England Plan dwelling targets[22]. However it should be noted that both the baseline and policy-led CDS forecasts in 2009 incorporated the following assumptions:

- The move of Papworth Hospital from South Cambridgeshire to Cambridge City was incorporated
- An allowance for additional Cambridge University jobs on the North West Cambridge site was made
- Agricultural employment estimates and forecasts were amended to incorporate DEFRA farm survey data. This had the consequence of maintaining job levels, rather than modelling a decline in employment.

A.25 A comparison of the Cambridge City forecasts for 2001 to 2031 is given in Table A-8 and Figure A-4 and South Cambridgeshire is covered in Table A-9 and Figure A-5.

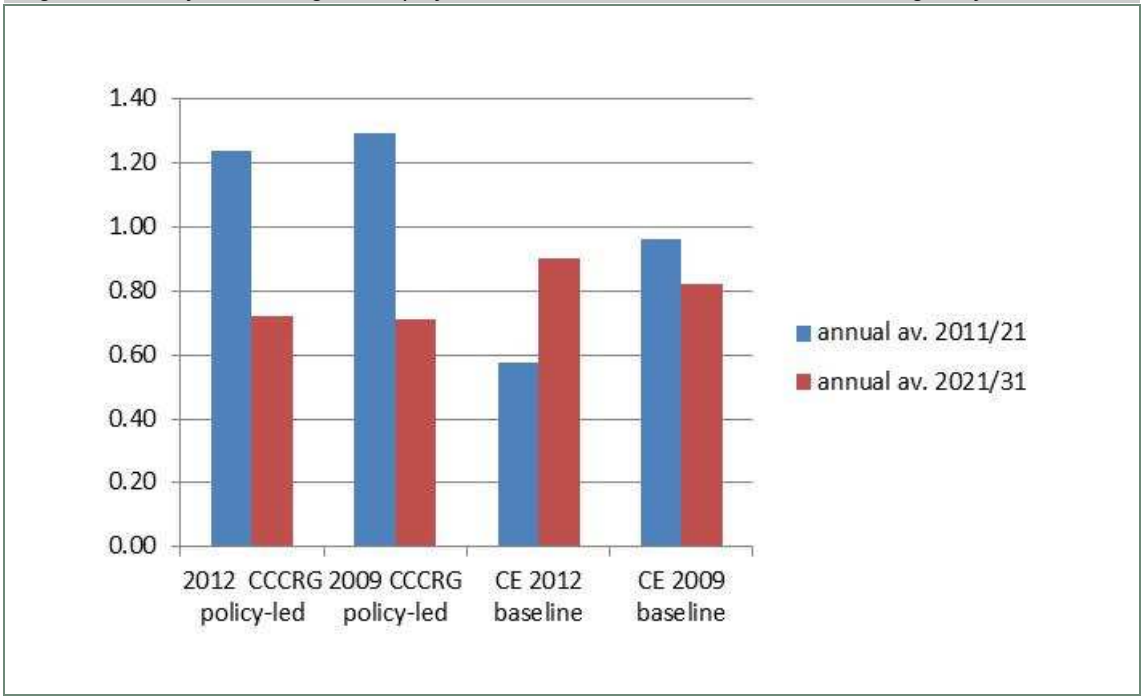
Table A-8 : Comparison of Baseline & Policy-led employment projections, 2009 and 2012 Cambridge City 2001 to 2031, '000

Model run	2001	2011	2021	2031	2011/21 annual average	2021/31 annual average
Baseline 2009	98.5	99.3	108.9	117.1	1.0	0.8
Baseline 2012	101.8	102.7	108.5	117.5	0.6	0.9
Policy-led 2009	98.5	101.0	114.0	121.1	1.3	0.7
Policy-led 2012	101.8	102.7	115.1	122.3	1.2	0.7

Source: Cambridge Econometrics. Note: All figures rounded independently.

[22] The East of England Plan house building targets covered the period up to 2021; thereafter the CDS assumed that house-building rates would continue at similar annual levels to 2031. However, in the case of the Cambridge area South Cambridgeshire provided additional housing land to make up for a shortfall in the City itself.

Figure A-4 : Projected change in employment 2011/31 , various scenarios Cambridge City, '000



Source: Cambridge Econometrics

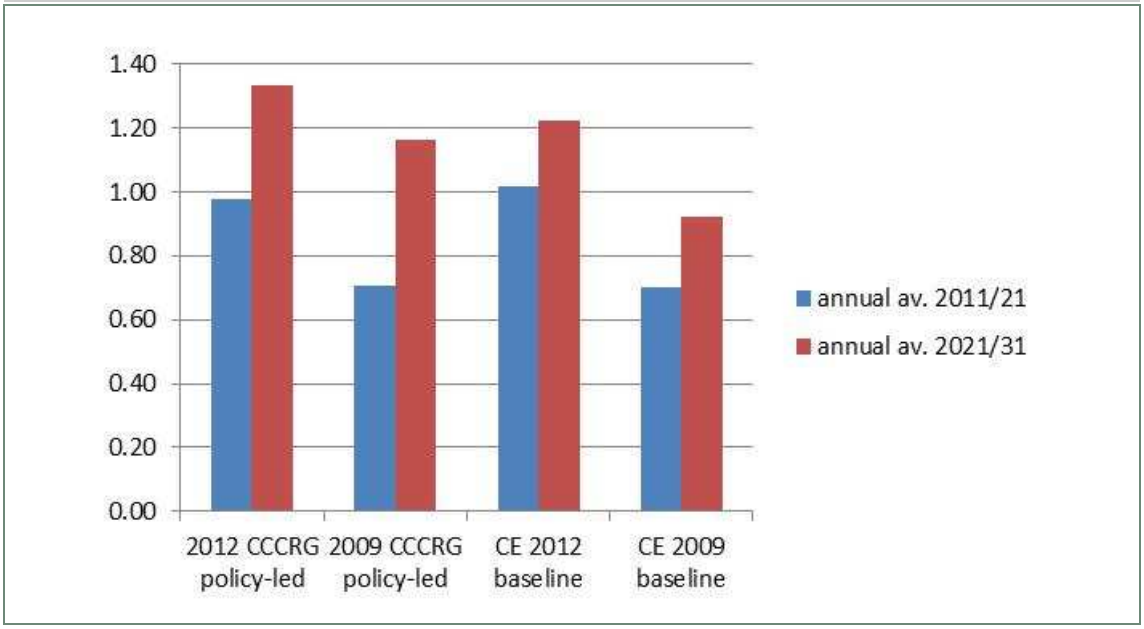
A.26 As discussed above, both 2009 CDS scenarios were to some extent policy-driven in that they incorporated a number of assumptions about the relocation of employment from South Cambridgeshire to Cambridge City in the 2011/21 period.

Table A-9 : Comparison of Baseline & Policy-led employment projections, 2009 and 2012 South Cambridgeshire 2001 to 2031, '000

Model run	2001	2011	2021	2031	2011/21 annual average	2021/31 annual average
Baseline 2009	66.1	77.1	84.1	93.3	0.7	0.9
Baseline 2012	68.4	81.2	91.4	103.6	1.0	1.2
Policy-led 2009	66.1	76.9	84.0	95.6	0.7	0.9
Policy-led 2012	68.4	81.3	91.1	104.4	1.0	1.3

Source: Cambridge Econometrics. Note: All figures rounded independently.

Figure A-5 : Projected change in employment 2011 to 2031, various scenarios, South Cambridgeshire, '000



Source: Cambridge Econometrics

A.27 As discussed above, both 2009 CDS scenarios assumed the relocation of employment from South Cambridgeshire to Cambridge City and this accounts for some of the difference in output as compared with the 2012 model runs.

A.28 However, looking at the two districts together the 2009 'baseline' model indicated job growth of 34,000 between 2011 and 2031 as compared with 37,100 as output from the 2012 'baseline' run. The 2009 'policy-led' forecast for the combined area indicated an additional 38,700 jobs between 2011 and 2031. The 2012 policy-led run indicates job growth of 42,700 over the same period.

A.29 The 2009 model runs were carried out just as the recession was starting and anticipated significant job losses and associated increased unemployment over the period through to 2011. However, it became clear through 2009 that many employers were managing to spread the impact of the recession through actions such as reducing hours and holding down wages. In practice unemployment did not rise as high as was initially forecast.

A.30 This has had an impact on the current 2012 model runs. Although the recession has continued for a longer period than many observers contemplated in 2009, the impact on jobs has not been as severe as initially assessed.

Population projections

A.31 This section summarises the underlying assumptions on population growth incorporated in the district employment projections. Table A-10 and Figure A-6 provide an overview.

Table A-10 : Projected population in Cambridge City & South Cambridgeshire districts, 2011 to 2031 various scenarios, '000

District/model	2001	2011	2021	2031	2011/2021 (% p.a.)	2021/2031 (% p.a.)
Cambridge City						
CE baseline 2012	110.0	127.7	133.9	142.9	6.2 (0.5%)	9.0 (0.7%)
CE policy-led 2012	110.0	127.5	154.5	157.6	27.0 (2.1%)	3.1 (0.2%)
CCCRG 2011	110.0	121.3	147.4	151.0	26.1 (2.2%)	3.6 (0.2%)
South Cambridgeshire						
CE baseline 2012	130.7	148.2	166.0	181.2	17.8 (1.2%)	15.2 (0.9%)
CE policy-led 2012	130.7	149.5	164.7	188.6	15.2 (1.0%)	23.9 (1.5%)
CCCRG 2011	130.6	146.0	164.3	188.4	18.3 (1.3%)	24.1 (1.5%)
East of England	5,400.5	5,849.3	6,345.2	6,831.8	495.9 (0.8%)	486.6 (0.8%)
CC/SC share of region CE baseline	4.5%	4.7%	4.7%	4.9%	4.8%	5.0%

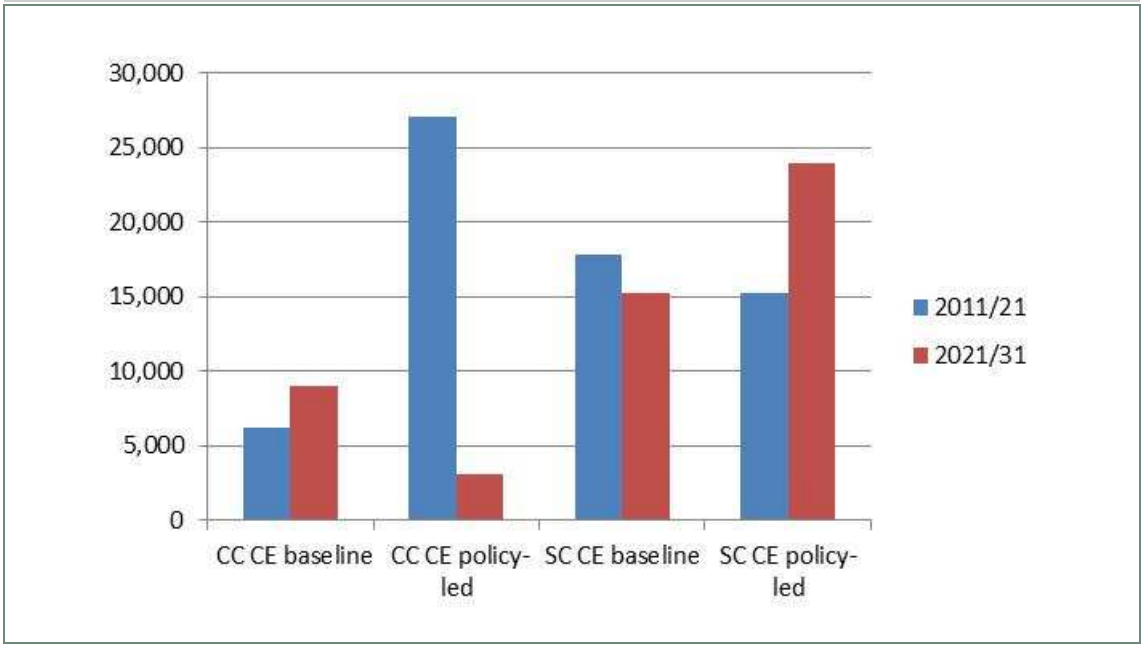
Source: Cambridge Econometrics

A.32 Overall 'baseline' population growth in Cambridge City in the period 2011 to 2021 is expected to amount to 6,200; the policy-led growth incorporated in CE's 2012 model run amounts to 27,000. However, as available housing land is built out, population growth between 2021 and 2031 drops steeply. It amounts to 3,100 in the policy-led scenario as compared with a higher 9,000 under the 'baseline' assumptions.

A.33 The 'baseline' population growth in South Cambridgeshire between 2011 and 2021 is projected to be 17,800, slightly higher than the policy-led projected growth of 15,200. (It is understood that the variance between the CE policy-led forecast and the CCCRG forecast relates to a different age profile at 2010). Over the period 2021/31 the 'baseline' growth amounts to 15,200, significantly lower than the policy-led increase of around 24,000.

A.34 For the combined area 'baseline' population growth amounts to 24,000 between 2011 and 2021 and 24,200 between 2021 and 2031, (equivalent to 0.9% per annum 2011/21 and 0.8% per annum between 2021/31.) The 'policy-led' growth is significantly higher over the 2011/21 period, amounting to 42,200, equivalent to 1.5% per annum. This compares with anticipated regional population growth of 0.8% per annum. However, for the period 2021/31 the expected population growth falls to 27,000, reflecting the steep cut back in new house building in Cambridge City. The overall rate of growth is expected to be in line with the regional average, 0.8% per annum.

Figure A-6 : Population increase Cambridge City (CC) and South Cambridgeshire (SC), 2011 to 2031, CE Baseline & Policy-led projections (2012)



Source: Cambridge Econometrics

A.35 It should be noted that the CE model does not incorporate specific assumptions about dwelling numbers and hence new construction. To the extent that the 'baseline' modelling builds on ONS population projections the model will be complementary to CLG's household projections. However, there is no direct one-to-one link.

Annex B: 'Baseline' employment prospects for Cambridge City and South Cambridgeshire 2011 to 2031: Oxford Economics (EEFM)

An analysis of Oxford Economics' East of England Forecasting Model (EEFM) 2012 baseline employment projections

Introduction

B.1 This annex provides an overview of employment projections for Cambridge City and South Cambridgeshire districts for the period 2011 to 2031, broken down by main industry sector. The projections have been produced by Oxford Economics (OE) and published alongside those of other districts constituting Local Economic Partnerships (LEPs) in April 2012, using the methodology developed for the East of England Forecasting Model (EEFM)[23]. They take some account of the 2008-based sub-national population projections produced by the Office for National Statistics (ONS), but the migration assumptions have been made by OE. The latest 'actual' jobs data included relate to 2010[24] and therefore the dataset for 2011 is actually a forecast.

B.2 It is important to note that the projections reflect historic shares of growth by district and industry sector applied to national and regional models of employment prospects. They are not 'policy-led' and consequently do not take account of either the adopted East of England Plan nor the more up-to-date housing trajectories for district council areas in Cambridgeshire. The 2006 Plan envisaged a 'step change' in the pattern of development in Cambridgeshire county, with greater emphasis on Cambridge City and South Cambridgeshire and lower shares and rates of growth in East Cambridgeshire, Fenland and Huntingdonshire than in recent years.

B.3 The first section provides a broad overview and the second looks at specific industry sectors. The third section provides a comparison with Cambridge Econometrics' (CE) baseline employment forecasts, also published in April 2012. An annex summarises the population growth assumed by both OE and CE trend projections.

Part 1: Broad overview

B.4 The baseline forecast assumes that growth in GVA in the East of England will average 2.7% per annum 2011 to 2021 and average a lower 2.3% per annum between 2021 and 2031, averaging 2.5% over the twenty year period[25].

[23] Note that our analysis was completed on the basis of the baseline projections published by OE in mid April 2012. A few weeks later, these baseline projections were replaced by another set in which the numbers for Cambridge City were really rather different. Annex B – and the references throughout this report – refer to the earlier set of published projections

[24] Employee jobs data from ONS' Business Register Employment Survey (BRES) for September 2010

[25] This compares with the EEFM GVA regional growth rates in the autumn 2010 baseline of 2.8% p.a. 2011/21 and 2.1% p.a. 2021/31. The 2001 to 2011 GVA growth p.a. in EEFM 2012 has been revised down to 1.5% from 2.2% in EEFM autumn 2010.

B.5 Table B-1 indicates a forecast increase of 30,500 jobs in Cambridge City and 25,200 in South Cambridgeshire between 2011 and 2031. In the period 2011 to 2021 this is equivalent to an average annual growth rate in both districts of 1.9% falling to 1.0% annual growth between 2021 and 2031[26]. In contrast, annual average growth in the East of England as a whole is forecast to be lower: 1.1% between 2011 and 2021 and 0.4% between 2021 and 2031. Consequently the combined Cambridge City/South Cambridgeshire area accounts for an increasing share of the region's jobs over the forecast period. The two districts together accounted for 6.1% of the region's employment in 2001; by 2031 they are expected to account for 7.2%.

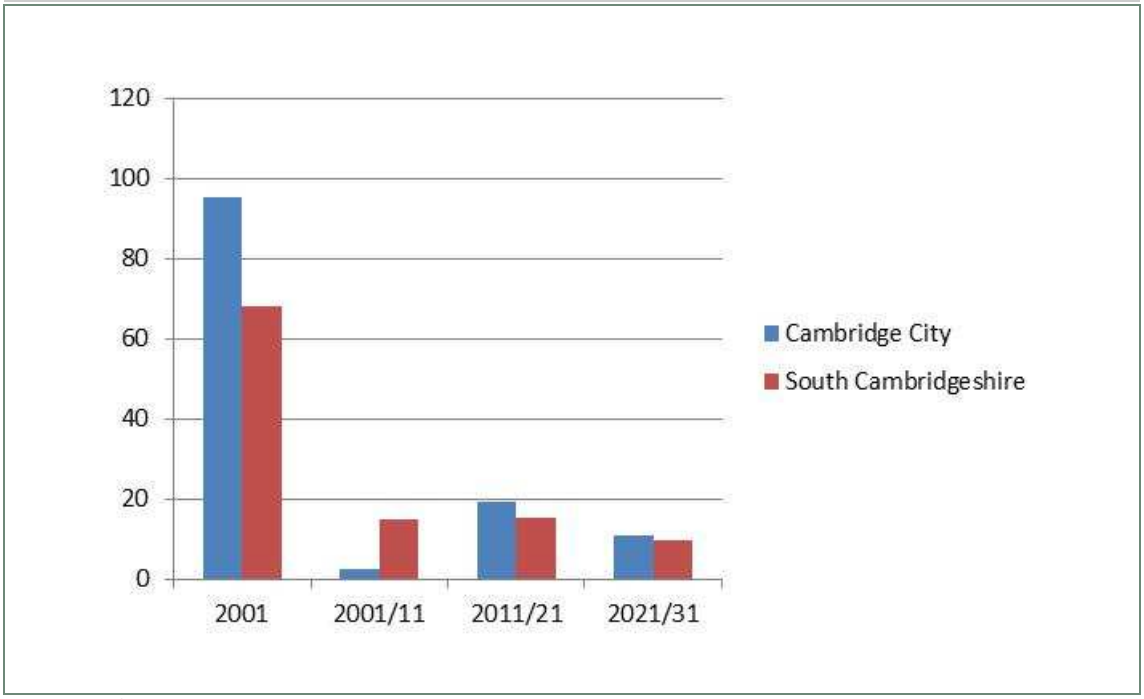
Table B-1 : Employment projections, Cambridge City & South Cambridgeshire districts 2001 to 2031, '000

District/area	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Cambridge City	95.5	97.9	117.3	128.4	19.4 (2.0%)	11.1 (0.9%)
South Cambridgeshire	68.2	83.1	98.5	108.2	15.5 (1.9%)	9.7 (1.0%)
Cambridge & South Cambs	163.7	181.0	215.8	236.6	34.8 (1.9%)	20.8 (1.0%)
East of England	2,662.7	2,844.4	3,150.5	3,290.2	306.1 (1.1%)	139.8 (0.4%)
CC/SC as % region	6.1%	6.4%	6.8%	7.2%	11.4%	14.9%

Source: OE EEFM 2012. Note: All figures rounded independently.

B.6 Figure B-1 shows the estimated and forecast employment growth by the decades between 2001 to 2031 for both districts.

Figure B-1 : Employment in 2001 and projected change in jobs 2011 to 2031, Cambridge City & South Cambridgeshire, '000



Source: Oxford Econometrics EEFM 2012 baseline

[26] Simple annual average % growth rate

Part 2: Industry sector analysis

B.7 The industry sectors in the EEFM 2012 are based on the Standard Industrial Classification 2007 (SIC 2007) and are not consequently directly comparable with SIC 2003, as used by Cambridge Econometrics (CE). In order to assist comparison with the CE job forecasts the OE industry sectors have been aggregated to broad groups, providing as close a match as possible. However, a number of important differences should be noted:

- In SIC 2003 'publishing' is a manufacturing activity. In SIC 2007 it is a service, often combined with broadcasting – which is a 'miscellaneous service' in SIC 2003
- Waste and remediation activities are identified separately in SIC 2007 whereas in SIC 2003 they are again treated as a 'miscellaneous service' activity
- In SIC 2007 telecommunications are separated off from postal services; the latter are classified as land transport, along with warehousing.

Overview for Cambridge City

B.8 Table B-2 provides an overview of projected employment change forecast for the periods 2011 to 2021 and 2021 to 2031 by main industry sector in Cambridge City. Figure B-2 provides a breakdown of change by decade. The '% per annum' figures are a simple year on year change.

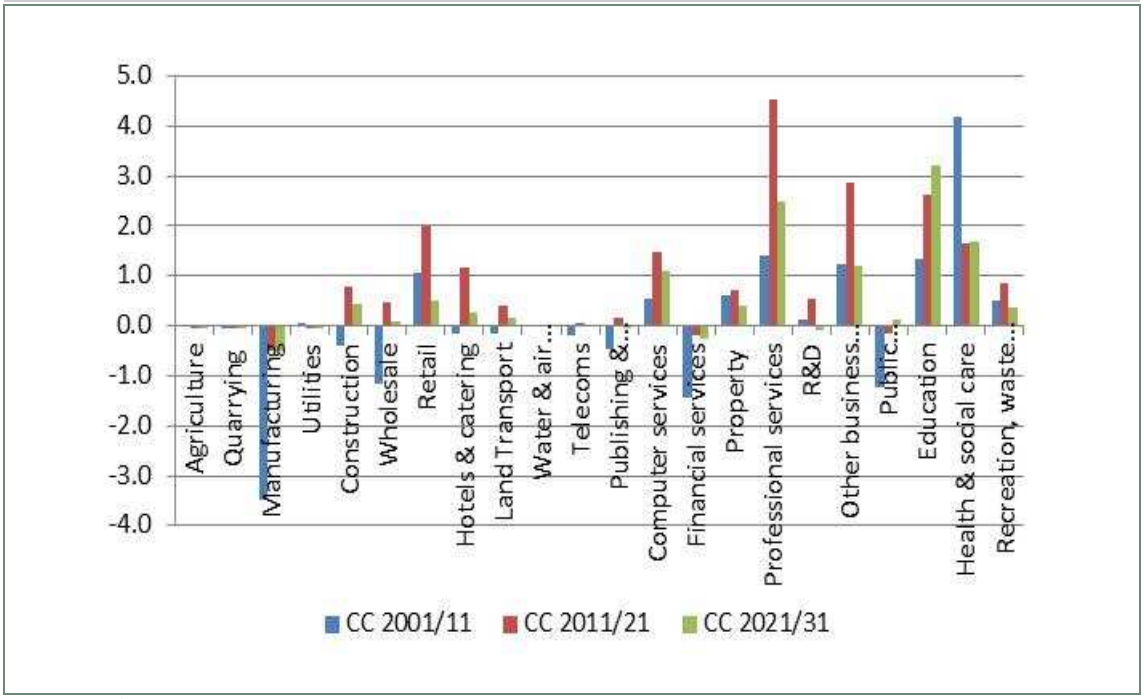
Table B-2 : Main industry sectors 2007 to 2031, projected employment in Cambridge City, '000, (%)

Industry sector (SIC 2007)	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Agriculture	0.1	0.1	0.1	0.1	0.0 (-1.0%)	0.0 (-1.7%)
Mining, quarrying etc	0.0	0.0	0.0	0.0	0.0 (-2.5%)	0.0 (-3.0%)
Manufacturing	6.4	2.9	2.4	1.9	-0.5 (-1.8%)	-0.5 (-2.1%)
Utilities	0.2	0.3	0.3	0.2	0.0 (-1.4%)	0.0 (-1.4%)
Construction	2.6	2.2	3.0	3.4	0.8 (3.5%)	0.4 (1.5%)
Distribution	3.6	2.5	3.0	3.0	0.5 (1.9%)	0.1 (0.3%)
Retailing	8.3	9.4	11.4	11.9	2.0 (2.1%)	0.5 (0.5%)
Hotels & catering	5.7	5.5	6.7	7.0	1.2 (2.1%)	0.3 (0.4%)
Land transport	2.2	2.0	2.4	2.6	0.4 (2.1%)	0.1 (0.6%)
Water & air transport	0.0	0.0	0.0	0.0	0.0 (0.7%)	0.0 (1.2%)
Telecommunications	1.0	0.8	0.9	0.9	0.1 (0.8%)	0.0 (0.0%)
Publishing & broadcasting	2.6	2.2	2.3	2.3	0.1 (0.7%)	0.0 (-0.1%)
Financial services	2.8	1.3	1.1	0.9	-0.2 (-1.5%)	-0.2 (-2.2%)
Computing services	3.3	3.9	5.3	6.4	1.5 (3.8%)	1.1 (2.1%)
Professional services	11.7	13.8	19.6	22.4	5.8 (4.2%)	2.8 (1.4%)

Industry sector (SIC 2007)	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Other business services	5.1	6.4	9.2	10.4	2.9 (4.5%)	1.2 (1.3%)
Public administration & defence	3.9	2.7	2.5	2.7	-0.1 (-0.5%)	0.1 (0.5%)
Education	22.0	23.4	26.0	29.2	2.6 (1.1%)	3.2 (1.2%)
Health & social care	10.1	14.3	15.9	17.6	1.7 (1.2%)	1.7 (1.1%)
Miscellaneous services (personal, waste, leisure etc)	3.8	4.3	5.2	5.5	0.9 (2.0%)	0.4 (0.7%)
Total	95.5	97.9	117.3	128.4	19.4 (2.0%)	11.1 (0.9%)

Source: Oxford Economics EEFM 2012. Note: All figures rounded independently.

Figure B-2 : Projected change in employment by main industry sector, Cambridge City, 2001 to 2031, '000



Source: Oxford Economics EEFM 2012

B.9 In the table the 'professional services' sector includes R&D and property alongside 'other professional services,' such as accountancy and legal services. The figure identifies these three categories separately.

B.10 The projections indicate that the manufacturing sector alone is forecast to experience a significant loss of employment over the period 2011 to 2031, amounting to 1,000 jobs. It is, however, important to note a significant caveat, relating to the organisation and employment of labour. There is evidence to indicate that manufacturing employers have increased their use of agency staff, especially for seasonal and short-term production. However, employment agency and 'gangmaster' labour is classified as 'other business services' employment irrespective of the actual work carried out. Product packing is also classified as a business service regardless of what is being packed. The other sector forecast to lose more than 250 jobs is financial services, with an anticipated loss of 400 over the twenty year period.

B.11 The broad sectors expected to expand significantly (2,500 jobs or more over the period to 2011/2031) include professional services, education, 'other' business services, health & social care, computer services and retailing. Other sectors forecast to increase by 1,000 or more jobs include hotels & catering, construction, miscellaneous services and property. The primary growth sectors are:

- Other professional services: 7,000
- Education: 5,800
- Other business services: 4,100
- Health & social care: 3,400
- Computing services: 2,600
- Retailing: 2,500

South Cambridgeshire

B.12 Table B-3 and Figure B-3 provide a complementary analysis of the EEFM 2012 forecasts for South Cambridgeshire.

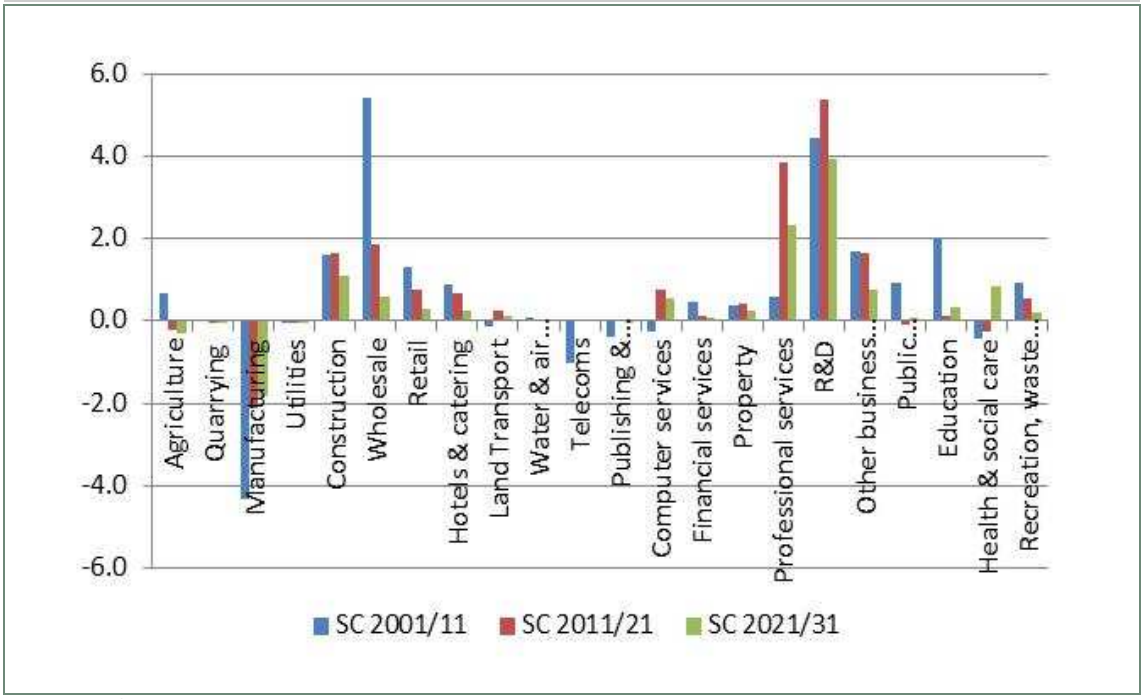
Table B-3 : Main industry sectors 2001 to 2031, projected employment South Cambridgeshire, '000, (%)

Industry sector (SIC 2007)	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Agriculture	011	1.8	1.6	1.3	-0.2 (-1.1%)	-0.3 (-1.7%)
Mining, quarrying etc	0.0	0.1	0.0	0.0	-0.0 (-2.5%)	-0.0 (-3.0%)
Manufacturing	14.3	9.9	7.8	6.0	-2.1 (-2.1%)	-1.8 (-2.3%)
Utilities	0.0	0.0	0.0	0.0	0.0 (-1.4%)	0.0 (-1.4%)
Construction	4.1	5.7	7.3	8.4	1.7 (2.9%)	1.1 (1.5%)
Distribution	4.9	10.3	12.2	12.8	1.9 (1.8%)	0.6 (0.5%)
Retailing	2.5	3.9	4.6	4..9	0.8 (2.0%)	0.3 (0.7%)
Hotels & catering	2.5	3.4	4.1	4.4	0.7 (2.0%)	0.3 (0.6%)
Land transport	1.6	1.4	1.7	1.8	0.2 (1.6%)	0.1 (0.6%)
Water & air transport	0.0	0.1	0.1	0.1	0.0 (0.7%)	0.0 (1.1%)
Telecommunications	1.2	0.1	0.1	0.1	0.0 (0.8%)	0.0 (0.0%)
Publishing & broadcasting	1.2	0.8	0.8	0.8	0.0 (0.6%)	0.0 (-0.1%)
Financial services	0.5	1.0	1.2	1.3	0.1 (1.4%)	0.1 (0.9%)
Computing services	4.2	4.0	4.7	5.3	0.7 (1.9%)	0.5 (1.1%)
Professional services	11.4	16.9	26.6	33.1	9.7 (5.7%)	6.5 (2.5%)
Other business services	2.4	4.1	5.7	6.5	1.6 (4.0%)	0.7 (1.3%)

Industry sector (SIC 2007)	2001	2011	2021	2031	2011/21 (% p.a.)	2021/31 (% p.a.)
Public administration & defence	2.3	3.2	3.2	3.3	-0.1 (-0.3%)	0.1 (0.3%)
Education	3.3	5.3	5.4	5.7	0.1 (0.2%)	0.4 (0.7%)
Health & social care	7.2	6.8	6.5	7.3	-0.3 (-0.4%)	0.8 (1.3%)
Miscellaneous services (personal, waste, leisure etc)	3.4	4.3	4.9	5.1	0.5 (1.2%)	0.2 (0.5%)
Total	68.2	83.1	98.5	108.2	15.5 (1.9%)	9.7 (1.0%)

Source: Oxford Economics EEFM 2012. Note: All figures rounded independently.

Figure B-3 : Projected change in employment by main industry sector, South Cambridgeshire, 2001 to 2031, '000



Source: Oxford Economics EEFM 2012

B.13 Two sectors are forecast to lose significant numbers of jobs over the period 2011 to 2031: manufacturing, with a reduction of almost 4,000 jobs and agriculture, with a loss of around 500 jobs. However, as discussed under 'Cambridge City' above, it should be noted that in recent years increasing numbers of people working in these industries are contracted through employment agencies or 'gangmasters'. As these direct employers are classified as a 'business service' it can be difficult to monitor with a degree of accuracy the actual workforce in some industries.

B.14 The main growth sectors (with an additional 2,000 jobs or more forecast) in South Cambridgeshire are projected to be professional services, (16,200 jobs collectively in property, R&D and other professional services), construction, distribution and other business services. Industry sectors forecast to grow by at least 1,000 jobs in the twenty year period

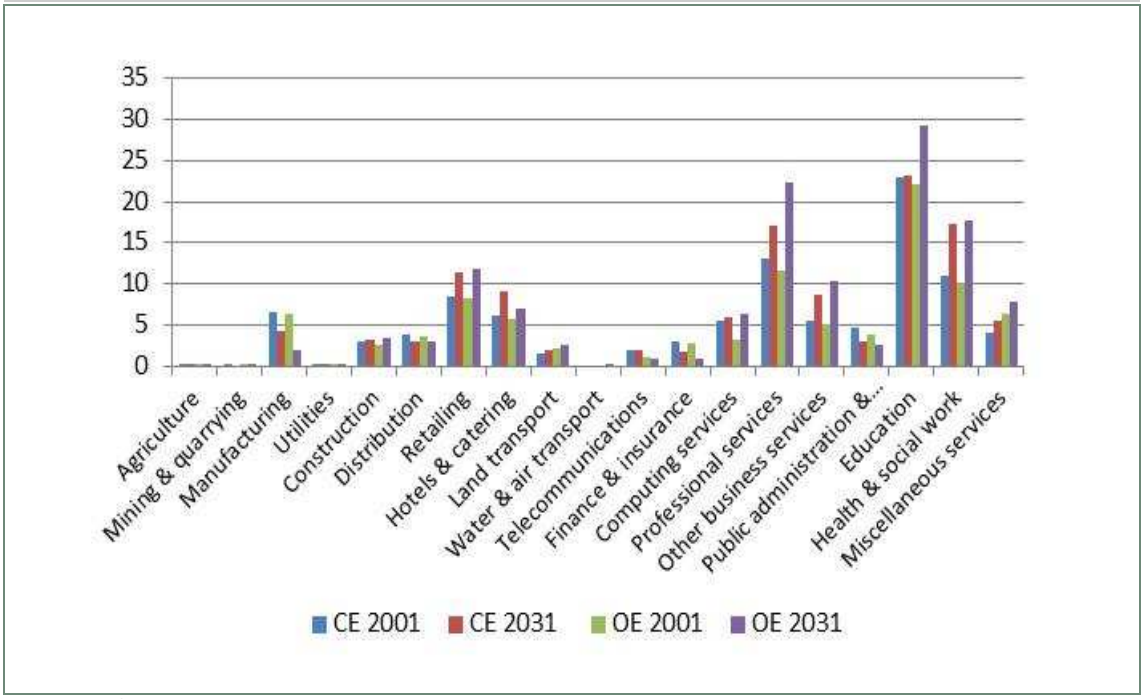
include computing services, retailing and hotels & catering. Specific employment increases for the main growth sectors 2011 to 2031 are:

- Research & development: 9,300
- Other professional services: 6,200
- Construction: 2,800
- Distribution: 2,500
- Other business services: 2,400

Comparison with Cambridge Econometrics Baseline Forecasts, 2012

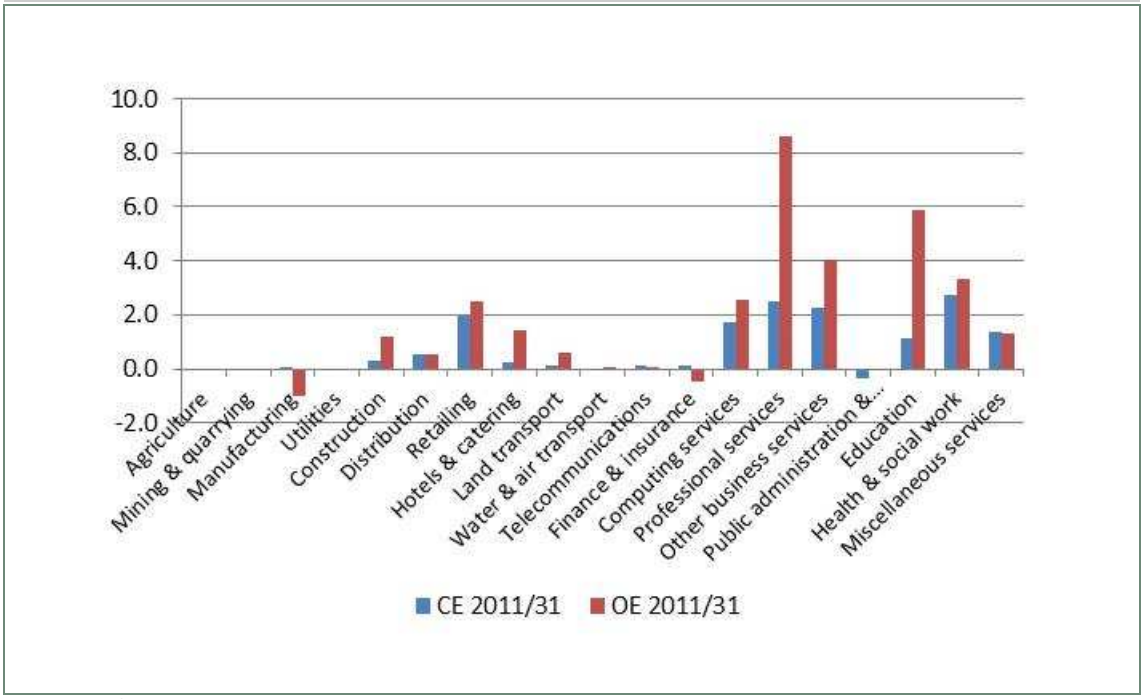
B.15 The following figures provide an overview of the differences between CE and OE baseline employment forecasts by main industry sector. In order to provide as close a match as possible CE's 'communications' is matched against OE's 'telecommunications', although the latter excludes postal services, which are covered by land transport jobs. CE's 'manufacturing' includes publishing whereas in the OE forecasts this sector is included in 'miscellaneous services'.

Figure B-4 : Projected employment by main industry sector, Cambridge City, 2001 & 2031, '000, CE & OE baselines 2012



Source: Oxford Economics EEFM 2012 and Cambridge Econometrics 2012 baseline

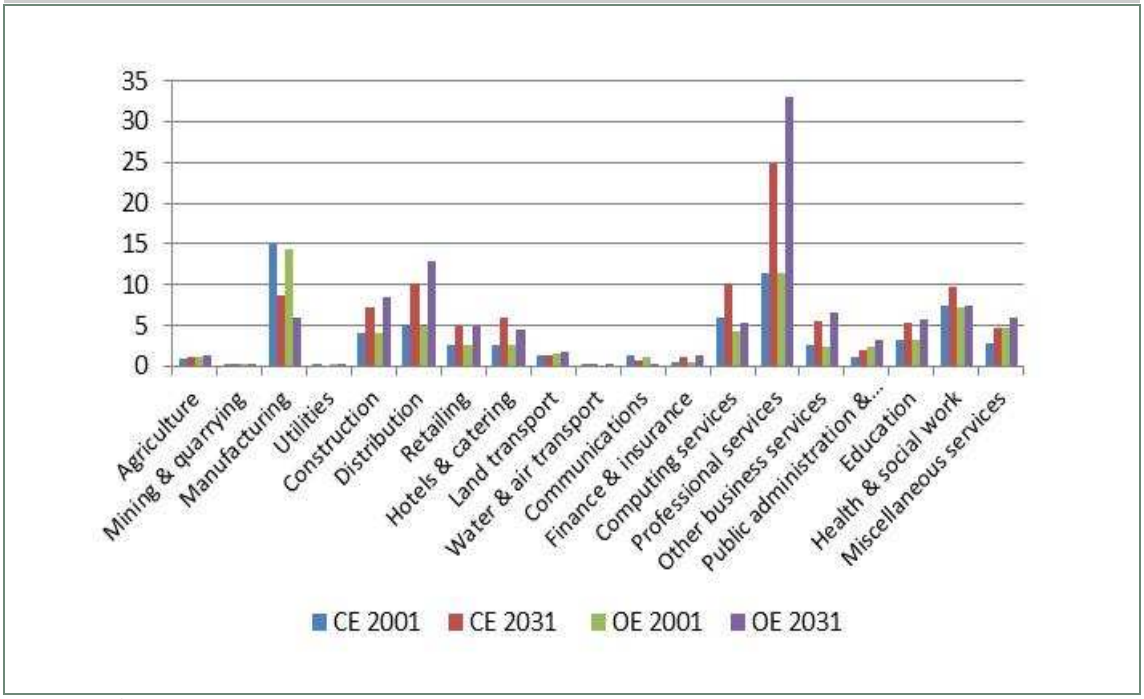
Figure B-5 : Projected change in employment by main industry sector, Cambridge City, 201 1/ 2031, '000 CE & OE baselines 2012



Source: Oxford Economics EEFM 2012 and Cambridge Econometrics 2012 baseline

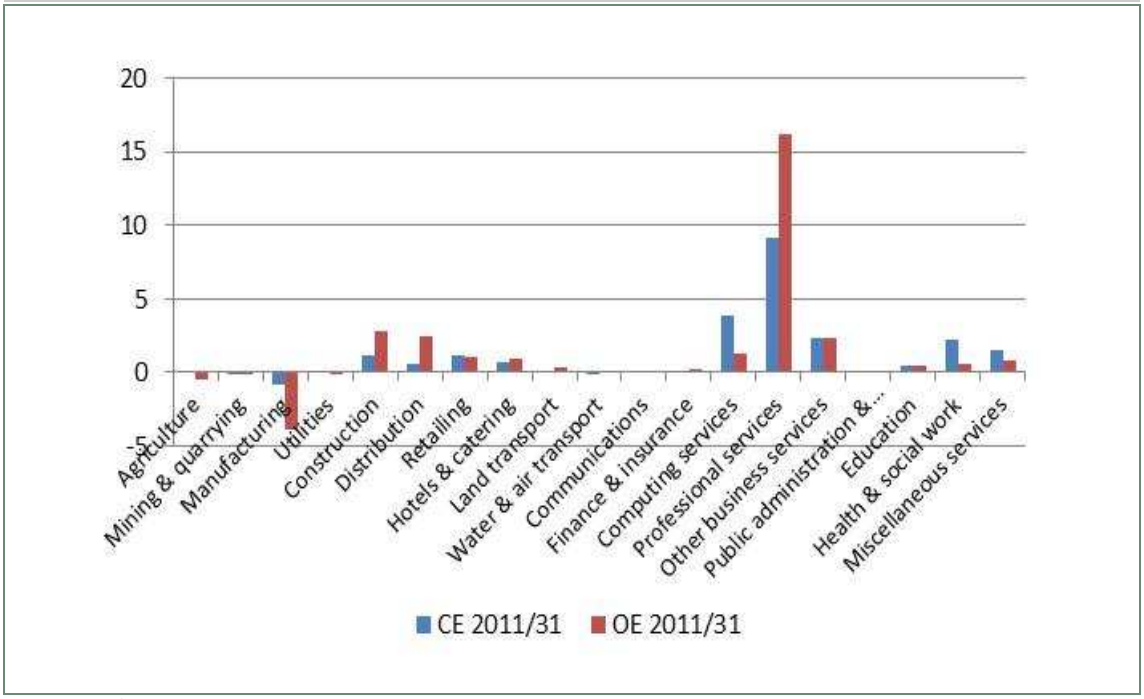
B.16 The OE baseline forecast indicates significantly higher growth 2011/31 in professional services, education and other business services. The OE forecast also anticipates relatively higher job growth in h0tels & catering, construction and computer services. The only sectors where the CE baseline forecast indicates relatively higher employment growth are miscellaneous services, telecommunications, financial services and manufacturing.

Figure B-6 : Projected employment by main industry sector, South Cambridgeshire, 2001 to 2031, '000, CE & OE baselines 2012



Source: Oxford Economics EEFM 2012 and Cambridge Econometrics 2012 baseline

Figure B-7 : Projected change in employment by main industry sector, South Cambridgeshire, 2011 to 2031, '000, CE & OE baselines 2012



Source: Oxford Economics EEFM 2012 and Cambridge Econometrics 2012 baseline

B.17 Figure B-7 shows that the OE baseline forecast anticipates relatively higher job growth in South Cambridgeshire in professional services, construction, distribution and hotels & catering. However there are a number of sectors where the CE baseline forecast indicates higher job growth 2011/31. These include health & social care, miscellaneous services, computer services and retailing. The CE baseline anticipates fewer manufacturing job losses than OE.

B.18 A summary of the CE and OE forecasts is shown in Table 4 for Cambridge City. This also includes the 'headline' figures from CE's 'policy-led' forecast, reflecting the impact on employment of the current planned house building programme.

Table B-4 : Comparison of employment forecasts CE & OE, 2012, Cambridge City, '000

Model run 2012	2001	2011	2021	2031	2001/11	2011/21	2021/31
CE 2012 CCCRG policy-led	101.8	102.7	115.1	122.3	0.9	12.4	7.2
CE 2012 baseline	101.8	102.7	108.5	117.5	0.9	5.7	9.0
EEFM 2012 baseline	95.5	97.9	117.3	128.4	2.4	19.4	11.1

Source: Oxford Economics and Cambridge Econometrics 2012

B.19 The table shows clearly that OE's baseline forecast anticipates significantly higher job growth in Cambridge City than does either CE's baseline or 'policy-led' forecast for the period 2011 to 2031 overall. OE's anticipated higher employment growth is particularly marked for the period 2011 to 2021.

B.20 The complementary forecast for South Cambridgeshire is shown in Table 5. Again, CE's 'policy-led' forecast incorporates the current housing trajectory planned for the district.

Table B-5 : Comparison of employment forecasts CE & OE, 2012, South Cambridgeshire, '000

Model run 2012	2001	2011	2021	2031	2001/11	2011/21	2021/31
CE 2012 CCCRG policy-led	68.4	81.3	91.1	104.4	12.9	9.8	13.3
CE 2012 baseline	68.4	81.2	91.3	103.5	12.8	10.1	12.2
EEFM 2012 baseline	68.2	83.1	98.5	108.2	14.9	15.5	9.7

Source: Oxford Economics and Cambridge Econometrics 2012

B.21 OE forecasts significantly higher job growth in South Cambridgeshire for the period 2011/21 than CE. However, the OE baseline forecast job growth is lower in aggregate for the second decade 2021/31, with both the CE forecasts outstripping it.

B.22 In the combined Cambridge area the OE baseline forecasts an additional 34,900 jobs 2011/21 as compared with the CE baseline of 15,800 jobs and the CE 'policy-led' scenario with 22,200. For the 2021/31 decade the OE baseline indicates an additional 20,800 jobs, which is similar to both the CE baseline of 21,200 and the CE policy-led scenario with 20,500 additional jobs.

Population forecasts compared

B.23 The following tables and figures compare the underlying population growth incorporated in the CE and OE baseline forecasts, as well as the 'policy-based' CE forecast. All forecasts were published in April 2012. It should be noted that there is considerable uncertainty over the Cambridge City population in 2011. Cambridgeshire County Council's Research Group (CCCRG) produces independent estimates and for 2011 their total population figure amounts to 121,300 – i.e. well below the OE and CE levels. The Office for National Statistics (ONS) has recently published 2010-based sub-national population projections which revise the 2011 figure for the City down to 106,000. It is understood that international migration figures have been revised downwards significantly[27] in Cambridge. The CCCRG has challenged the new ONS figures – but it may not be possible to determine the 'true' resident population until the 2011 Census results are published in late 2012.

Table B-6 : Comparison of Population forecasts CE & OE, 2012, Cambridge City

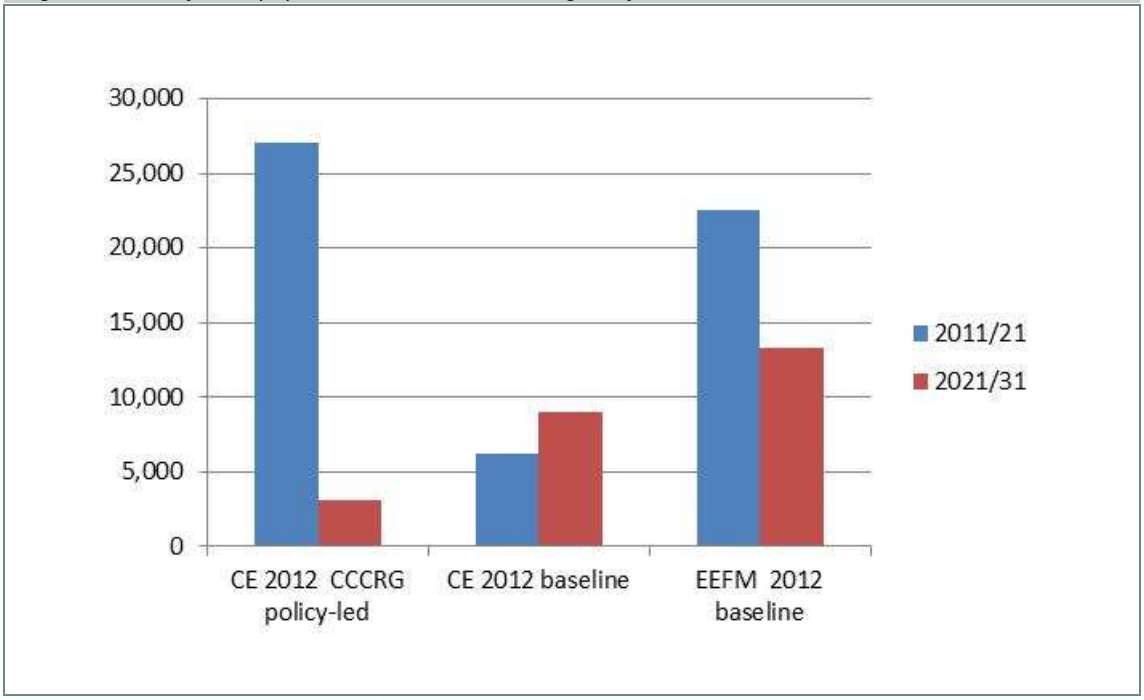
Model run 2012	2001	2011	2021	2031	2001/11	2011/21	2021/31
CE 2012 CCCRG policy-led	110,000	127,500	154,500	157,600	17,500	27,000	3,100
CE 2012 baseline	110,000	127,700	133,900	142,900	17,700	6,200	9,000
EEFM 2012 baseline	109,900	129,000	151,500	164,800	19,100	22,500	13,300

Source: Oxford Economics and Cambridge Econometrics 2012

B.24 For Cambridge City, the OE baseline forecast anticipates population growth of 35,800 between 2011 and 2031. This is very much higher than the CE baseline which forecasts a population increase of 15,200. It is also higher than the CE policy-led forecast of an additional 30,100 population.

[27] Official population estimates only include non UK nationals if they live in an area for 12 months or more. It is possible that a significant number of non-UK nationals may be working in an area – yet not be counted as part of the resident population.

Figure B-8 : Projected population increase Cambridge City, 2011 to 2031, CE & OE forecasts 2012



Source: Cambridge Econometrics and Oxford Economics

Table B-7 : Comparison of Population forecasts CE & OE, 2012, South Cambridgeshire

Model run 2012	2001	2011	2021	2031	2001/11	2011/21	2021/31
CE 2012 CCCRG policy-led	130,700	149,500	164,700	188,600	18,800	15,200	23,900
CE 2012 baseline	130,700	148,200	166,000	181,200	17,500	17,800	15,200
EEFM 2012 baseline	130,500	149,400	174,100	193,400	18,900	24,700	19,300

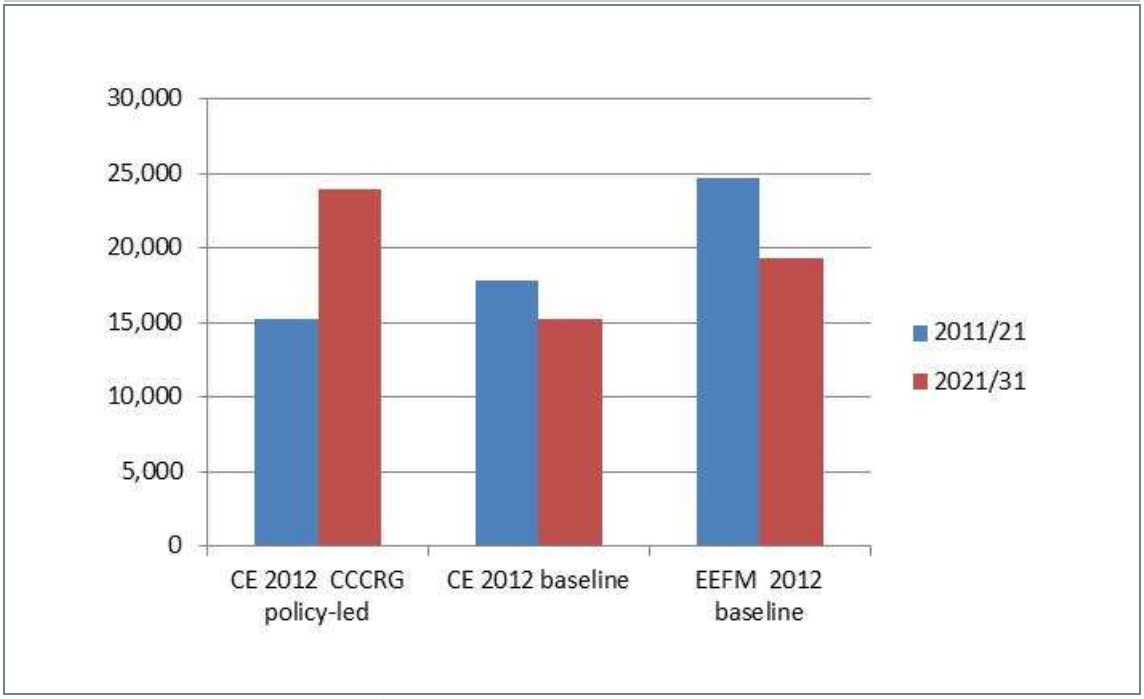
Source: Oxford Economics and Cambridge Econometrics 2012

B.25 For South Cambridgeshire, the OE baseline indicates population growth of 44,000 between 2011 and 2031, higher than the CE baseline forecast of an additional 33,000 people. The CE 'policy-led' forecast records population growth of 39,100.

B.26 The relatively high population growth incorporated in the OE forecasts is linked in part to modelled assumptions relating to average household size as well as new dwelling numbers. A high average household size will generate a larger population and stimulate additional job growth in industries dependent on population size/catchment. It is not, however, possible to compare the house-building figures incorporated in the OE baseline forecasts with the CE projections as the 'LEFM' does not include housing as a variable[28].

[28] LEFM – Local Economy Forecasting Model

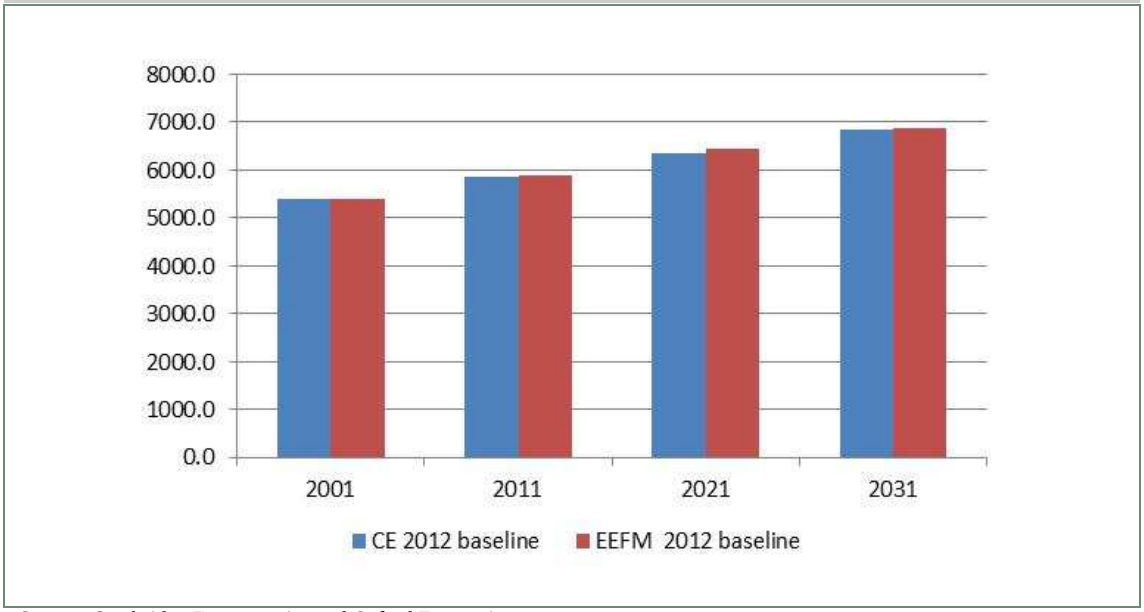
Figure B-9 : Projected population increase South Cambridgeshire, 2011 to 2031, CE & OE forecasts 2012



Source: Cambridge Econometrics and Oxford Economics

B.27 Finally, it is useful to compare the combined Cambridge area forecasts with those produced for the East of England as a whole. This comparison is restricted to the two baseline projections. The 2001 population is estimated to be 5,400,500 in both OE and CE projections. OE forecasts an increase of just under 1 million people between 2011 and 2031 to 6,885,300. CE forecasts the population increasing by 982,500 to 6,831,800 in 2031. CE anticipates slightly lower population growth than OE in the first decade 2011 to 2021, but higher growth between 2021 and 2031. This reflects the very different profiles of job growth over the twenty year outlook.

Figure B-10 : Projected population increase East of England, 2001 to 2031, CE & OE baseline forecasts 2012



Source: Cambridge Econometrics and Oxford Economics

Annex C: Analysis of the 'hi tech business community' in Cambridge City & South Cambridgeshire, 2008 & 2010

Introduction

C.1 This annex presents a summary of the 'hi-tech business community' in Cambridge City and South Cambridgeshire in both 2008 and as updated for 2010. It differs somewhat from previous analyses:

- Employment in university departments has been excluded. This is because it has proved very difficult to obtain data on a consistent basis in recent years; it is possible that postgraduate students have inadvertently been included in total numbers.
- In 2010, additional resources were directed at identifying hi-tech businesses operating in Cambridgeshire as compared with 2008. This resulted in the identification of a number of employers who had been operating for more than two years. This has resulted in a higher estimate of jobs and businesses in 2008 as compared with the last report.

C.2 However, in common with previous reports, the 'hi-tech community' is defined very broadly. It encompasses a number of businesses which are essentially providing specialist support activities, helping to sustain and support those businesses which are 'core' hi-tech. Such businesses include a growing number of legal practices specialising in Intellectual Property. They also include specialist recruitment agencies, wholesalers and some retailers.

Employment

Table C-1 : Employment in hi-tech community 2010, Cambridge Area

Hi-tech sector	Cambridge City	South Cambs	Cambridge Area
Chemicals	30	2,180	2,200
Specialist mechanical engineering	200	150	350
Computers & office machinery	110	1,240	1,350
Electronics engineering	580	1,630	2,210
Aero engineering	10	1,540	1,560
Instrument engineering	470	920	1,390
Electronic publishing	70	30	100
All other manufacturing	10	110	120
Specialist wholesaling	80	370	450
Specialist retailing	110	150	260
Telecommunications	180	670	850
Technical services & consultancy	670	1,620	2,290
Computer services	3,140	2,920	6,060
Education & training	20	10	30
Research & Development	5,190	6,470	11,660
Other services	530	610	1,140
Total	**11,400**	**20,600**	**32,000**
Manufacturing	1,480	7,790	9,270
Services	9,930	12,810	22,740

Source: Cambs CC RG

C.3 The table above indicates **that hi-tech employment amounted to over 32,000 in the Cambridge area in 2010**. Of this, around **11,400 jobs were located in Cambridge City** and **20,600 were based in South Cambridgeshire**. (It is important to note that these figures exclude all university-linked employment; around 6,000 people worked in 'hi-tech' university departments, such as the Cambridge University School of Clinical Medicine, the Cavendish Laboratory, the Department of Applied Mathematics and Theoretical Physics etc.).

C.4 Exploring these data further, we can make the following observations:

- Research & development was the biggest sector in employment terms, providing over 11,600 jobs. Of these around 5,200 were located in Cambridge City and just under 6,500 were based in South Cambridgeshire.

- Computer services were the second biggest sector with over 6,000 jobs in total. Of these around 3,150 were in Cambridge City businesses and 2,900 were in South Cambridgeshire companies.

- Technical services and consultancy employers provided just under 2,300 jobs in total; most were located in South Cambridgeshire (over 1,600) as compared with 670 jobs in Cambridge City.

- Two manufacturing sectors both accounted for just over 2,200 hi-tech jobs, chemicals (including pharmaceutical manufacture) and electronics engineering. Whilst almost all chemical manufacturing jobs were in South Cambridgeshire, Cambridge City continued to provide a significant number of electronics jobs – 580 as compared with around 1,600 in South Cambridgeshire. Aero engineering was dominated by Marshalls Aerospace. Technically located in South Cambridgeshire, this business literally straddles the administrative boundary with the City.

- Instrument engineering and computers & office machinery manufacture both accounted for around 1,400 jobs. Most of the office machinery employment was

located in South Cambridgeshire (1,240 jobs). The instrument engineering jobs were split 470 in Cambridge City and over 900 in South Cambridgeshire.

- A wide variety of businesses collectively provide over 1,100 jobs in 'other services'. Jobs in these hi-tech support activities were split almost equally between Cambridge City and South Cambridgeshire in 2010, (530 in the City and around 600 in South Cambridgeshire).

- No other single sector contributed 1,000 or more hi-tech jobs in the Cambridge Area in 2010. Telecommunications businesses accounted for 850 jobs in total, with the bulk located in South Cambridgeshire (670 as compared with 180 in the City). Specialist wholesalers provided 450 jobs in the combined area, with most employment in South Cambridgeshire (370 of the total). Specialist mechanical engineering employers, many manufacturing prototypes or precision components for other local hi-tech businesses, accounted for around 350 jobs. Cambridge City contributed 200 of these.

- The remaining four hi-tech sectors each contributed 260 jobs or less in 2010.

C.5 The corresponding data set for 2008 are recorded in Table C-2. It is important to note that this table is not directly comparable with the 2008 analysis previously published. This is because a significant number of hi-tech businesses were contacted as potentially 'new' for the 2010 survey and reported that they had been operational in 2008.

Table C-2 : Hi-tech 'community' employment 2008, Cambridge Area

Hi-tech sector	Cambridge City	South Cambs	Cambridge Area
Chemicals	10	2,570	2,580
Specialist mechanical engineering	190	150	340
Computers & office machinery	130	1,070	1,190
Electronics engineering	710	1,750	2,460
Aero engineering	10	1,640	1,650
Instrument engineering	520	1,070	1,590
Electronic publishing	60	20	80
All other manufacturing	140	100	230
Specialist wholesaling	170	440	610
Specialist retailing	130	150	280
Telecommunications	180	640	820
Technical services & consultancy	610	1,650	2,250
Computer services	3,260	3,000	6,260
Education & training	20	20	40
Research & Development	4,560	6,730	11,290
Other services	600	490	1,090
Total	**11,300**	**21,470**	**32,770**
Manufacturing	1,770	8,360	10,130
Services	9,530	13,110	22,640

Source: Cambs CCRGd

C.6 Table C-2 indicates that **hi-tech employment in 2008 amounted to around 32,750 jobs in the Cambridge area as a whole**. Of these **11,300 were located in Cambridge City** and just under **21,500 were based in South Cambridgeshire**. An analysis of the changes between 2008 and 2010 is given in Table C-3.

Table C-3 : Change in hi-tech employment by sector, 2008 to 2010, Cambridge area

Hi-tech sector	Cambridge City	South Cambs	Cambridge Area
Chemicals	10	-390	-380
Specialist mechanical engineering	10	0	0
Computers & office machinery	-20	180	160
Electronics engineering	-130	-120	-250
Aero engineering	0	-90	-90
Instrument engineering	-50	-160	-200
Electronic publishing	10	0	20
All other manufacturing	-120	10	-110
Specialist wholesaling	-90	-70	-160
Specialist retailing	-20	0	-20
Telecommunications	0	30	30
Technical services & consultancy	70	-20	40
Computer services	-120	-80	-210
Education & training	0	-10	-10
Research & Development	640	-260	370
Other services	-70	120	50
Total	**110**	**-870**	**-770**
Manufacturing	-290	-570	-860
Services	400	-300	100

Source: Cambs CCRG Note: all figures rounded independently

C.7 **Overall (outside of the university sector), hi-tech 'community' employment is estimated to have fallen by just over 750 jobs between 2008 and 2010**. Around 100 jobs were gained in Cambridge City overall and almost 870 were lost in South Cambridgeshire.

C.8 **Hi-tech manufacturing employment declined by over 850 jobs, whereas jobs in services increased by around 100:**

- The only manufacturing sector to increase employment significantly was 'computers and office machinery', recording an additional 160 jobs overall. (This increase was restricted to South Cambridgeshire businesses). The manufacture of chemicals experienced a loss of almost 400 jobs, all in South Cambridgeshire. Electronic engineering businesses recorded significant job losses in both Cambridge City (down by around 130 jobs) and in South Cambridgeshire, (down by around 120 jobs). The significant reduction in 'other manufacturing' jobs primarily affected Cambridge City; it is primarily explained by a company relocating from Cambridge to South Cambridgeshire and down-sizing significantly.

- A number of hi-tech service sector businesses also recorded job losses between 2008 and 2010. Computer services employment reduced in both Cambridge (by around 120 jobs) and in South Cambridgeshire (by around 80 jobs). Specialist wholesaling jobs also declined in both districts, down by 90 jobs in Cambridge City and 70 in South Cambridgeshire. Research & development was the primary growth area amongst hi-tech services, with Cambridge City gaining around 640 jobs. In contrast South Cambridgeshire experienced a loss of over 260 R&D jobs. [However a detailed analysis at the level of individual employers shows that a major R&D company relocated from Cambridge Science Park (South Cambridgeshire) to the nearby Cambridge Business Park (Cambridge City). As a result hundreds of jobs were moved across the administrative boundary!] The 'other services' sector increased by just over 50 jobs and technical services & consultancy contributed an extra 40 jobs. A number of new businesses specialising in Intellectual Property issues were established in the period.

C.9 The analysis at an individual company level indicates that even in a two year period there have been many changes in employment. In addition there have been new start-ups, businesses closing or moving outside Cambridgeshire and also employers relocating within Cambridgeshire and particularly between Cambridge City and South Cambridgeshire.

C.10 The detailed analysis indicates that:

- Some 19 companies moved from Cambridge City (in 2008) to South Cambridgeshire (by 2010). In 2008 their Cambridge City employment totalled 669; by 2010 their employment (now in South Cambridgeshire) totalled 511.

- The movement from South Cambridgeshire to Cambridge City involved seven companies. In 2008, in South Cambridgeshire their employment totalled 881. By 2010, now in Cambridge City, the same 7 companies employed 683.

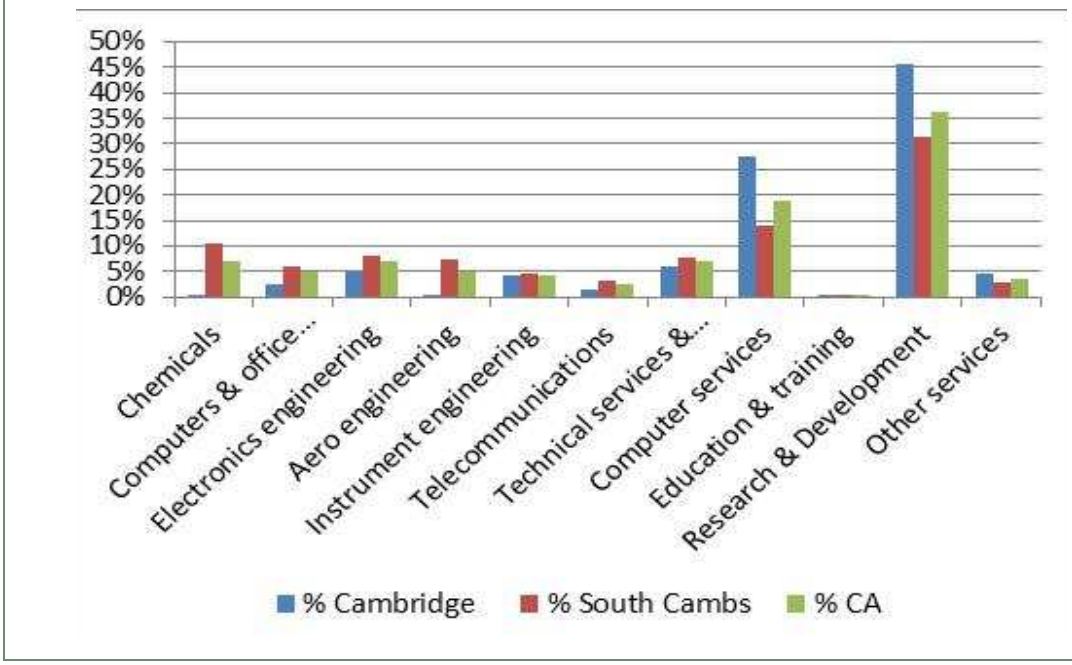
C.11 In the following tables and figures the breakdown of hi-tech employment in 2010 is depicted in percentage terms.

Table C-4 : Percentage breakdown of hi-tech community employment in Cambridge City & South Cambridgeshire 2010 (excluding university employment)

Hi-tech sector	% Cambridge	% South Cambs	% CA
Chemicals	0.2%	10.6%	6.9%
Specialist mechanical engineering	0.1%	0.7%	0.5%
Computers & office machinery	2.6%	6.0%	4.8%
Electronics engineering	5.1%	7.9%	6.9%
Aero engineering	0.1%	7.5%	4.9%
Instrument engineering	4.2%	4.4%	4.3%
Electronic publishing	0.6%	0.1%	0.3%
All other manufacturing	0.1%	0.5%	0.4%
Specialist wholesaling	0.7%	1.8%	1.4%
Specialist retailing	1.0%	0.7%	0.8%
Telecommunications	1.6%	3.3%	2.7%
Technical services & consultancy	5.9%	7.9%	7.2%
Computer services	27.5%	14.2%	18.9%
Education & training	0.2%	0.1%	0.1%
Research & Development	45.5%	31.4%	36.4%
Other services	4.6%	2.9%	3.5%
Total	**100.0%**	**100.0%**	**100.0%**
Manufacturing	13.0%	37.8%	29.0%
Services	87.0%	62.2%	71.0%
TOTAL	**11,400**	**20,600**	**32,000**

Source: Cambs CCRG

Figure C-1 : Percentage breakdown of employment in the Hi-tech community, Cambridge City, South Cambridgeshire and Cambridge Area (CA), 2010, (main sectors)



Source: Cambs CCRG

C.12 In 2010, R&D accounted for over 45% of hi-tech jobs in Cambridge City as compared with a 31% share in South Cambridgeshire. Computer services contributed a 25% share of Cambridge City's hi-tech employment and a 14% share of South Cambridgeshire's hi-tech jobs. Chemicals and pharmaceutical manufacture accounted for almost 11% of South Cambridgeshire's hi-tech jobs. Other sectors contributing 5% or more of hi-tech jobs included technical services & consultancy (6% in Cambridge City and around 8% in South Cambridgeshire), electronics engineering (5% in Cambridge and 8% in South Cambridgeshire), aero engineering (7.5% in South Cambridgeshire) and computers & office machinery manufacture (6% in South Cambridgeshire). **Overall hi-tech manufacturing jobs contributed almost 38% of South Cambridgeshire hi-tech community employment whereas in Cambridge City the share was 13%**. (If employment in hi-tech education was also included, the Cambridge City profile would be significantly more biased towards services).

Businesses

C.13 This section examines the numbers of employers or businesses involved in the 'hi-tech community' in the Cambridge Area in both 2008 and 2010. Table C-5 and Figure C-2 provide an overview of the situation in 2010.

Table C-5 Employers in the Hi-tech Community, Cambridge Area 2010

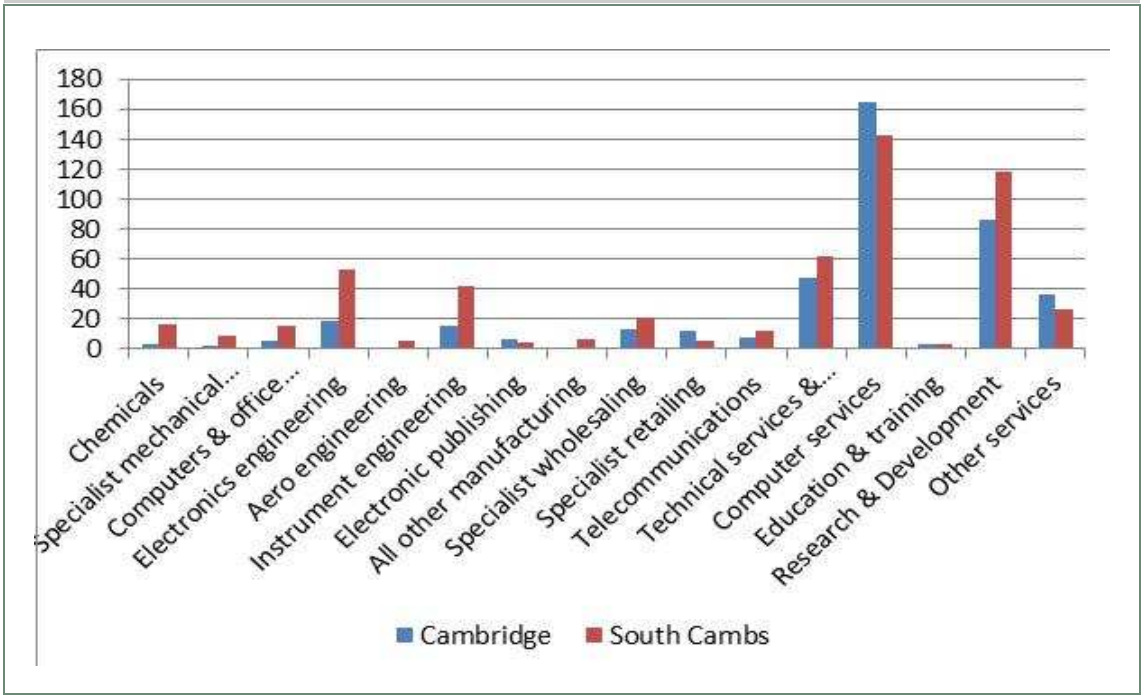
Business units 2010	Cambridge	South Cambs	Cambridge Area
Chemicals	3	17	20
Specialist mechanical engineering	2	9	11
Computers & office machinery	6	15	21
Electronics engineering	19	53	72
Aero engineering	1	6	7
Instrument engineering	16	42	58
Electronic publishing	7	4	11
All other manufacturing	1	7	8
Specialist wholesaling	13	21	34
Specialist retailing	12	6	18
Telecommunications	8	12	20
Technical services & consultancy	48	62	110
Computer services	165	143	308
Education & training	3	3	6
Research & Development	86	118	204
Other services	36	27	63
Total	**426**	**545**	**971**
Manufacturing	55	153	208
Services	371	392	763

Source: Cambs CCRG

C.14 Again excluding higher education, the table indicates that **971 employers were identified in 2010 in the Cambridge Area**, split 426 in Cambridge City and 545 in South Cambridgeshire. Computer services accounted for 308 employers (165 in Cambridge and 143 in South Cambridgeshire); R&D employers accounted for 204 businesses in total (86 in Cambridge City and 118 in South Cambridgeshire). Other sectors with more than 50 employers included technical services & consultancy (110, split 48 in Cambridge and 62 in South Cambridgeshire), electronics engineering (72 companies, with 19 in Cambridge and 53 in

South Cambridgeshire), other services (63 businesses in total, split 36 in Cambridge and 27 in South Cambridgeshire) and instrument engineering (with 58 employers in total, split 16 firms in Cambridge and 42 located in South Cambridgeshire).

Figure C-2 : Employers in the hi-tech community, Cambridge Area, 2010



Source: Cambs CCRG

C.15 The profile of businesses in 2008 is recorded in the following table.

Table C-6 : Employers in the Hi-tech Community, 2008 Cambridge Area

Business units 2008	Cambridge	South Cambs	Cambridge Area
Chemicals	2	18	20
Specialist mechanical engineering	1	9	10
Computers & office machinery	5	17	22
Electronics engineering	21	53	74
Aero engineering	1	6	7
Instrument engineering	21	44	65
Electronic publishing	8	4	12
All other manufacturing	2	7	9
Specialist wholesaling	20	26	46
Specialist retailing	17	11	28
Telecommunications	9	17	26
Technical services & consultancy	43	61	104
Computer services	189	153	342
Education & training	5	5	10
Research & Development	86	124	210
Other services	36	29	65
Total	**466**	**584**	**1050**
Manufacturing	61	158	219
Services	405	426	831

Source: Cambs CCRG

C.16 The table shows a considerably larger number of employers in 2008 as compared with 2010. It is likely – as in previous years – that a number of very small, new businesses which have started between 2008 and 2010 have been missed. In consequence the 2010 profile probably slightly underestimates numbers of hi-tech employers.

C.17 The following table shows the change in numbers of hi-tech businesses over the period 2008 to 2010.

Table C-7 : Change in numbers of employers, net, hi-tech community, 2008 to 2010, Cambridge Area

Business units change 2008 to 201(	Cambridge City	SouthCambs	Cambridge Area
Chemicals	1	-1	0
Specialist mechanical engineering	1	0	1
Computers & office machinery	1	-2	-1
Electronics engineering	-2	0	-2
Aero engineering	0	0	0
Instrument engineering	-5	-2	-7
Electronic publishing	-1	0	-1
All other manufacturing	-1	0	-1
Specialist wholesaling	-7	-5	-12
Specialist retailing	-5	-5	-10
Telecommunications	-1	-5	-6
Technical services & consultancy	5	1	6
Computer services	-24	-10	-34
Education & training	-2	-2	-4
Research & Development	0	-6	-6
Other services	0	-2	-2
Total	**-40**	**-39**	**-79**
Manufacturing	-6	-5	-11
Services	-34	-34	-68

Source: Cambs CCRG

C.18 The table indicates a net loss of 79 hi-tech employers between 2008 and 2010, around 8% of the 2008 stock of hi-tech businesses, (1,050). Both Cambridge City and South Cambridgeshire recorded net losses of around 40 employers. The sectors experiencing the biggest net loss of firms include computer services (down 34 in the Cambridge Area overall, with Cambridge City losing 24 employers, net) as well as specialist wholesaling (down by 12 companies overall) and specialist retailing (down by 10 businesses overall). In total manufacturing experienced a net loss of 11 employers and services a net loss of 68 employers.

C.19 A detailed analysis shows that 74 firms operating in South Cambridgeshire in 2008 were no longer functioning anywhere in Cambridgeshire by 2010; similarly 54 companies operating in Cambridge City in 2008 were recorded as 'gone' by 2010. Very little is known about what happened to most of these 128 businesses. There is definite information that 12 businesses relocated from South Cambridgeshire to other areas of the country; the records note a similar relocation of 5 businesses from Cambridge City to other parts of Great Britain. The numbers of 'new' businesses identified as operating in the Cambridge Area by 2010 were significantly lower than the numbers recorded as 'gone'.

Summary

C.20 The period 2008 to 2010 is one where recessionary pressures were beginning to have an impact on employment in general. The analysis of employment in this annex indicates that hi-tech businesses were not immune; **a net loss of 760 jobs** is equivalent to 2.3% of the 2008 employment estimate. The net loss of 860 manufacturing jobs is equivalent to 8.5% of all hi-tech manufacturing employment in 2008 (just over 10,000). In contrast hi-tech service employment fell by 100, or 0.4% of the 2008 estimate of 22,600 jobs.

C.21 The profile of hi-tech employment in the Cambridge Area has continued to change in a similar manner to that recorded in recent years. Generally speaking, manufacturing employment has declined whereas services have expanded in terms of numbers of jobs. **By 2010, hi-tech services accounted for 71% of all hi-tech jobs in the Cambridge Area, up from 69% in 2008**. In Cambridge City the percentage share of hi-tech jobs accounted for by services increased from 84.3% to 87%; in South Cambridgeshire the services' share increased from 61% to 62%.

C.22 Computers & office machinery have performed relatively well as hi-tech manufacturing businesses. Employment increased overall – and in 2011 further expansion was announced by Domino Printing Sciences, one of the biggest employers in the sector. In contrast, significant job losses were recorded in chemicals, electronics and instrument engineering as well as in a range of 'other manufacturing' companies.

C.23 Amongst hi-tech services, R&D employment increased overall and there was a small net increase in jobs in technical services & consultancy and in a range of 'other services', such as IP.

C.24 In contrast to the relatively small net reduction in hi-tech employment (2.3%), the detailed survey of businesses identified **a significant reduction in the overall number of hi-tech businesses** – down by 8% in the Cambridge Area as a whole. The actual number of businesses operating in the Cambridge Area in 2008 who were recorded as 'gone' by 2010 amounted to 128 in total. Together with new businesses starting up, companies moving in from outside the Cambridge Area and local relocations there is evidence of considerable numbers of company movements within the hi-tech business community.

C.25 The implications of this analysis for the Employment Land Review include:

- **Evidence of some businesses reducing employment** – with implications for possible relocations. Although manufacturing businesses are particularly affected there have also been net losses in other sectors such as computer services, specialist wholesaling and specialist retailing
- **Evidence of some businesses expanding employment** – and seeking expansion in situ or through relocation. Within manufacturing, computer machinery & office equipment businesses have continued to expand. Research & development, telecommunications and technical services & consultancy businesses have also expanded employment overall

- A **high turnover of many small businesses**, with implications for demand for short-term leases on property
- A continued **increase in employment in many hi-tech service sectors**

C.26 There are considerable numbers of relocations within Cambridgeshire and particularly between Cambridge City and South Cambridgeshire. In terms of businesses there appear to have been relatively more companies relocating from Cambridge City to South Cambridgeshire than vice versa. This may reflect relative property values in the two areas.

Annex D: Cambridge Commercial Property Market Commentary & Trend Forecast regarding B1, B2 & B8 Use Classes

D.1 A report from Savills is provided on the following pages.

CAMBRIDGE COMMERCIAL PROPERTY MARKET COMMENTARY & TREND FORECAST REGARDING B1, B2 & B8 USE CLASSES

IN RELATION TO
EMPLOYMENT LAND REVIEW

ON BEHALF OF

SQW

Date: May 2012

Agent: Savills Commercial Limited
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Cambridge
CB2 8PA
Tel: 01223 347000

Ref: **CACO246230/PR/VC**

CONTENTS

1.0 INTRODUCTION & BACKGROUND

Savills have been commissioned by the SQW to prepare a review of the Cambridge commercial property market involving each of the key employment uses within the B1, B2 and B8 Use Classes as defined within the Town & Country Planning Act 1990.

In preparing our observations, we have sought to adopt a holistic approach blending market conditions, development viability and sector specific factors to ensure the commentary is properly balanced. The purpose of this report is therefore to gain a further understanding of employment sector activity, particularly since the middle of 2008 and utilising market sentiment to forecast trends in development over the medium and longer term up to 2031. This can only be achieved by first undertaking a review of each of the commercial sub-markets in Cambridge.

It is our understanding that SQW have requested Savills prepare this report in line with a wider Employment Land study commissioned by Cambridge City and South Cambridgeshire Councils. It is also our understanding that Savills report is required to provide an up to date commercial commentary to complement the statistical analysis being undertaken by SQW. The report should not be relied upon for any other purposes, but may be viewed by others.

This report has been prepared by Phillip Ridoutt BSc MRICS Associate Director with input from Rob Sadler BSc MRICS Director and Head of Cambridge Commercial Agency Team along with further assistance from Will Neale BSc MRICS Associate Office and Research & Development Specialist.

As one of the leading commercial property advisors in Cambridge we have transacted in excess of 300,000 sq ft of commercial office space in the city centre and Science Park office sectors alone in 2011 and have an understanding of the key current occupier requirements active in 2012 Cambridge and the surrounding area is a complex mix of various sub-markets which Savills fully understand along with the subtle nuances of the market. Our historic database management and knowledge of the of the market will enable us to forecast anticipated demand trends and assist with the compiling of any scenario modelling required.

1.1 Scope of Work & Approach

We summarise below the content requested, methodology for our work, outline of tasks undertaken and key inputs for each stage of the engagement. The activities undertaken for the commentary have included the following:-

- Identify and consider current information of vacancy rates of sites and buildings (including the impact of public sector cuts). This had led to an assessment of across the area of different types of property and land.

- A review of the current situation regarding key sites and the implications, focusing mainly on sites in and close to the Cambridge urban area, where supply is most constrained. We will consider particularly the implications of the loss of Cambridge East, and how to deal with sites which are constrained by the hiatus on the A14 improvements.

- In order to address the above tasks, we have primarily relied upon Savills in-house databases which record all key transactions, site availability and pipeline development in the city whilst also maintaining a close eye on potential further development and re-development plots.

- In addition an extensive website based review of external databases including Estates Gazette Interactive, Promis and Property Week internet searches to identify commercial properties and employment sites being actively marketed at the present time.

1.2 Background Documents & Information Assembly

A review of previously prepared relevant documents has been undertaken including:-

- Cambridge City and South Cambridgeshire Employment Land Review – July 2008.
- A review of employment land application and implementation spreadsheets provided.
- Undertake a review of leading independent data providers and competitors' research to cross reference our own data.
- Inception meeting with economic development department and representatives of Cambridge City and South Cambridgeshire Councils.
- A review of relevant planning and policy documents to support the forecast of future supply.
- A review of recent commercial property press articles over the past three years to identify transactions and trends in the market.

Further requirements of the study were to provide example summary case studies relating to key development sites and their utilisation.

2.0 ECONOMIC OVERVIEW & THE DEVELOPMENT MARKET

2.1 National Overview

2012 will be the year that rental growth begins to return outside London according to Savills March 2012 National Commercial Research.

It is becoming increasingly difficult to find anything further to say about prime investment yields, as they have now been broadly stable across all sectors for most of the last 12 months.

Investor demand for prime opportunities remains robust and heavily driven by the desire for income security. However, with all the leading macro-economic indicators now pointing to a recovery this year, we do believe that this all-consuming focus on safety should start to diminish.

With the majority of active investors focusing solely on prime, and viewing everything else as tertiary, has the traditional multi-tier stratification of the market been forgotten.

Savills have recently worked with Legal & General and Oxford Economics to examine the recovery prospects of every single one of the 406 local authority districts (LAD) in the UK. Some of the results were very predictable, with 19 out of the 20 best recovery prospects being in London or the South East.

It is the big regional cities that come out as well-placed to recover strongly, in many cases well-ahead of the regions that they sit in. Strong local private sectors and high rates of business formation will be just as important to economic and property market recoveries, as a limited dependence on public sector employment.

2.2 Cambridge Commercial Market

Whilst the wider regional land market remains relatively stagnant, employment sites both within the city boundary and on the outskirts remain in high demand and drops in values since the 2007 peak have not been as pronounced as in other areas. Occupier interest from each of the key commercial sectors including Office, R&D, Industrial and Storage and Distribution uses all remain strong and a fundamental lack of well located deliverable opportunities means that often requirements go unsatisfied in all but the very prime locations. Deliverability remains a key hurdle to successful development and this remains largely hindered by the lack of

availability of development funding for all but the very best projects backed by strong multi-national occupiers.

Market sentiment suggests that over the medium and long term, with a population over 125,000 and rising, the Cambridge sub-region is expected to see substantial economic and population growth which although temporarily placed on hold in light of delayed infrastructure improvements we still expect future growth including large new developments at Cambourne and Phase 1 at Northstowe.

Investor demand for prime locations such as Cambridge remains robust and heavily driven by the desire for income security and a 'safe haven'. Cambridge as a historic established location therefore remains attractive to both national and international investors. This is complemented by a strong base of local private investors and high rates of business formation which will ensure swift economic and property market recoveries.

3.0 THE CAMBRIDGE OFFICE MARKET (B1a)

Botanic House, Hills Road

3.1 Office Overview

- Given the economic downturn, the Cambridge office market has performed relatively well over the past 12 months with good levels of transactional evidence as compared to other UK towns and cities.

- Take up in 2011 amounted to 596,000 sq ft as compared to the previous year of 365,000 sq ft. The average for the previous 5 years is around 430,000 sq ft. We expect 2012 take-up to be limited given the lack of Grade A space.

- The overall availability fell in 2011 from 1,100,000 sq ft to 750,000 sq ft. However the majority of the vacant space is second-hand, Grade B stock located outside the city.

- There is limited supply of existing Grade A office accommodation in prime locations and opportunities for local businesses to relocate have been limited. We expect this demand for modern space to drive pre-let activity and consequently speculative construction.

- There is a dearth of prime land supply in Cambridge restricting supply levels; however secondary land in the wider area is in good supply.

- Prime headline rental levels have been maintained in Grade A buildings, prime Business & Science Parks for city centre and northern fringe locations.

- Due to the lack of Grade A accommodation and reasonable demand, this has created healthy competition amongst prime office locations and is therefore driving rents in an upwards direction.

- Office rents in the City Centre stand at £28.50 per sq ft for existing stock and this is expected to rise in excess of £30.50 per sq ft in 2012 with proposed new office developments. The highest office rents out of town are achieving £26.50 per sq ft and are expected to remain at this level for 2012.

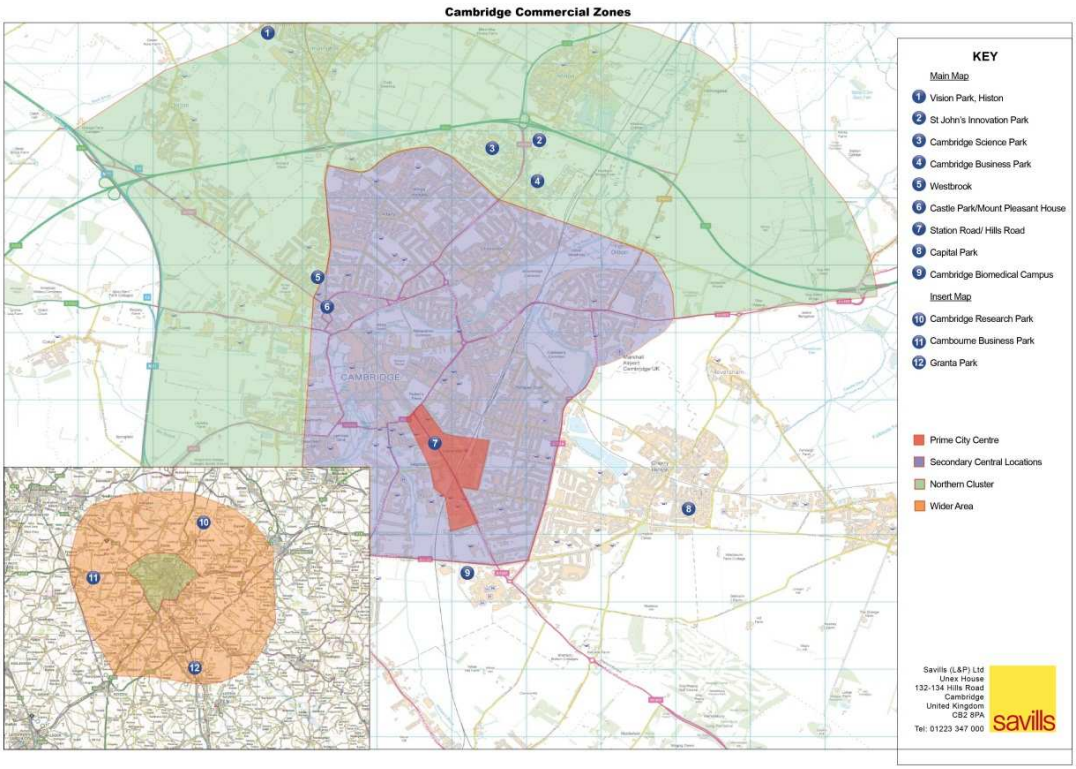
- A typical rent free incentive for city centre property on a 10 year term is circa 12- 15 months or circa 12-24 months for out of town.

- Cambridge benefits from an extremely dynamic office occupier market ranging from international household names to small entrepreneurial start-ups.

3.2 Subsectors, Locations & Availability

Whilst most cities and towns across the region are comparable in terms of factors affecting supply and demand and the tone of rents, it is important to understand the dynamics of the Cambridge market in isolation when considering speculative development. The Cambridge office market can be categorised into three key sub-market locations. Sub-sector one would comprise properties located in close proximity to the Cambridge mainline station in the

immediate city centre. Sub-sector two comprises the established Cambridge Science and Research Parks within the A11 and A14 and city boundaries. Sub-sector three comprises the ring of out of town Business Parks which are favoured by occupiers choosing to avoid the congestion of the city. A map showing the principal market areas is provided below.



The office/R&D availability in Cambridge has fallen in comparison to last year when it was 1.1 million sq ft to where it currently lies at circa 750,000 million sq ft. This reduction in stock shows the resilience of the Cambridge office market is apparent with companies such as appearing to be weathering these difficult conditions. There remains a longstanding absence of new development in Cambridge and there is currently 2.1 million sq ft of consented office space in the pipeline or deliverable within 3 – 5 years. Recent new developments include Botanic House, the Pace Development scheme on Hills Road which is nearing completion. The building will provide approximately 52,000 sq ft over 7 storeys and was pre-let to Mills & Reeve in November 2011 on a 15 year term at £29.00 per sq ft with 12 months rent free.

Works are well underway on the construction of Twenty One Station Road which has been pre-let to Microsoft at £30.40 per sq ft. Practical completion is expected later this year. The actual rent is £29.50 per sq ft plus £2,000 per parking space. There are a total of 54 parking spaces. Twenty One Station Road will provide 77,814 over 7 floors of Grade A accommodation. It is anticipated that this long awaited development in the Central Business District will cause a shift in the occupiers with Microsoft acting as an anchor tenant, laying the foundations for the next wave of activity, kick-starting the CB1 mixed use development.

At the end of 2011 take up amounted to 596,000 sq ft, compared to the previous year's figures of 365,000 sq ft. The average for the previous 5 years is around 430,000 sq ft and it is expected that 2012 take-up will be limited given the lack of Grade A accommodation.

Lack of good quality stock in the city centre is forcing occupiers to look at wider locations such as the northern fringe Business Parks which is enabling Landlord's to be more resilient with their quoting terms.

The wider out of town locations remain quiet and are therefore able to offer the tenant more favourable lease terms. These wider out of town locations are currently achieving rents between £18.00 - £26.00 per sq ft.

Small serviced office schemes remain popular in Cambridge and whilst a number of schemes are being contemplated for the city centre, the main offerings are currently located out of town and are focussed upon the pure office sector with established national operators such as Regus offering space at Vision Park and Cambourne.

3.3 Recent Office Transactions

- In February 2011, Birketts Solicitors took 7,077 sq ft within Thirty Station Road, on a 10 year lease with a break option at the end of the 5th year at a rent of £28.00 per sq ft. The tenant benefited from 3 months rent free. The building has recently been extensively refurbished to include the common parts.

- In March 2011, Gardiner Theobald took 1,675 sq ft at Twenty Station Road on a new 10 year terms with a break option at the end of the 5th year. The rent is £28.50 per sq ft and the tenant benefited from 3 months rent free.

- In March 2011, Reddie and Grose took 4,000 sq ft within Clarendon House on a 10 year lease to include a tenant break option at the end of the 5 year. The rent is £26.00 per sq ft. The tenant benefited from 6 months rent free.

- In August 2011 Booking.Com took 32,434 sq ft at Westbrook, Milton Road on a 10 year term to include a break at the end of the 6th year. The rent is £21.00 per sq ft and the tenant benefitted from 18 months rent free.

- In February 2012 Alert Me took 7,492 sq ft within Twenty Station Road on a new lease term to expire on the 11th March 2021. The lease included a tenant break in year 1.

The lease included a tenant break in years 3 and 6 and a landlord option to break in year 5. The rent is £27.00 per sq ft and the tenant benefitted from 3 months rent free.

- In July 2011 Ernst & Young took 12,738 sq ft within One Cambridge Business Park on a 10 year term. The rent is £23.50 per sq ft and the tenant benefitted from 15 months rent free.

- In December 2011 Maxim Integrated Products took 3,569 sq ft within Pioneer House, Vision Park on a new 5 year term to include a break clause in year 3. The rent is £18.00 per sq ft and the tenant benefitted from 6 months rent free.

A key driver for development of employment land is the appetite of property investors. Overall the current investment market generally is governed by security of income and is therefore particularly concerned with tenant covenant and the length of unexpired lease terms. It is clear that lack of credit is still an issue and this remains a limit in the secondary market. In the current market, investors are less likely to acquire vacant premises, due to the additional costs of holding such properties as a result of empty rates liabilities.

The Cambridge office investment market is traditionally strong, but there has been volatility in recent years. The prime office investment yield has recently been established at 6% net with the forward funding of the Microsoft Building at CB1 (referred to above) by Orchard Street Investments last year.

As an overview, from late 2007 property values fell dramatically although there were few transactions to support sentiment. Looking back there was not the volume of distressed sales that were anticipated but market activity improved in the spring of 2009 with the effect of stabilising values. In spring 2009 Savills investment department put prime provincial offices equivalent yields at 7%. Since that time yields hardened across all sectors with prime yields peaking in May 2010 at 5.75% for provincial offices, due to a fairly strong demand for prime investments but lack of product available. These fell back slightly to 6% in June 2010 where they have remained relatively static to stand at 6%.

4.0 THE CAMBRIDGE RESEARCH & DEVELOPMENT SECTOR (B1b)

The Jeffreys Building, St John's Innovation Park

4.1 Research & Development Overview

- The Cambridge Electronic and Software R&D sectors have continued strong growth. The Pharmaceutical sector has been less active.

- The is a lack of stock available for lower value production R&D space, particularly in the city centre.

- It is difficult to differentiate take up from the office sector due to the cross over of users.

- There is limited supply of existing Grade A R&D accommodation in prime locations and opportunities for businesses to relocate have been limited. We expect this demand for modern space to drive pre-let activity and consequently speculative construction particularly on the northern fringe.

- As with the Office sector, there is a dearth of prime land supply in Cambridge restricting supply levels; however secondary land in the wider area is in good supply.

- Prime headline rental levels have been maintained in Grade A buildings, prime Business & Science Parks for city centre and northern fringe locations.

- R&D prime rents for office style buildings on the science park are at £26.50 per sq ft for new developments. Science Village rents with fitted lab accommodation are available at quoting rents of £32 per sq ft.

- R&D operations in the software sector often utilise office buildings sometimes sharing space with conventional professional services.

- Cambridge R&D sector has a large percentage of small entrepreneurial start-up operations often with venture capital funding for specific single projects.

- Cambridge has a diverse R&D sector extending to Biotechnology, Pharmaceuticals, Electronic and Software Engineering and Information Technology.

4.2 Sub sectors, Locations & Availability

Since the early 1970's the Cambridge economy has been reliant on the Research and Development sector and hi-tech industries. Following the establishment of Cambridge Science Park there has been a proliferation of Research and Science Park development which has facilitated the expansion of these industries within the Cambridge area.

Cambridge's R&D sector now includes a wide range of companies working in Biotechnology, Pharmaceuticals, Electronic and Software Engineering and Information Technology. As they have done since the inception, the majority of companies who choose to locate in Cambridge are often attracted by the status of the University and agglomeration of complementary business's which assist with research and provide a highly skilled local workforce.

Cambridge's identity as an leading centre within Europe means a wide range of occupiers most of which are small companies conceived in the city employing just a few people often have expanded their roots as research projects stemming from the University and are now established in terms of larger companies. This sector is particularly fluid with highly skilled labour moving between companies and rapid expansion as products are developed.

Each of the key Science Parks often offer their own version of an incubation or enterprise centre whereby small scale new ventures can be launched. Examples of this include St

John's Innovation Centre which has a large proportion of electronics laboratory facilities and provides approximately 85,000 sq ft of space for 60 companies specifically designed for young companies requiring flexibility and costs certainty. Other examples of this initiative include the Babraham Institute, The Science Village at Chesterford Research Park and a Science Park Innovation Centre". At the present time these incubator centres remain very well occupied and are likely to remain strong for the foreseeable future.

There are two key sub-sectors within the Research & Development category with differing property requirements, they are broadly as follows:-

- Electronics and Software Development. This has been a key growth area particularly in the last 15 years and continues to see aggressive expansion in these times of wider economic turmoil. The majority of this R&D is focused upon the northern city centre and Cambridge Science Park. Due to the nature of this work, it is often the case that there is very little distinction in building type between Grade A office accommodation and this R&D sector. Put simply, a large percentage of this R&D work is carried out in pure office space. Any laboratory fit-outs often are small scale and without any significant plant which therefore means that office buildings are easily converted. Often referred to as being the centre of the 'Silicon Fen', the reputation of the city and its university attracts a high proportion of ICT companies ensuring Cambridge is at the forefront of technological advances.

- Bio-Technology and Pharmaceutical. This sub-sector is generally located to the southern fringe of the city and is often referred to as "South Cambridge Biotechnology Cluster", which is favoured by research based companies based at Granta Park, Babraham Park and Great Chesterford. This concentration will be strengthened with the development of the Medipark at Addenbrookes Hospital, designed to be a centre of excellence for medical research.

The Cambridge Cleantech sector continues to expand, although it is more diverse in terms of its property use than the other sectors and is spread across the whole city in pockets rather than being established in one particular location.

In addition to the influence of the University, Addenbrookes Hospital also attracts a number of high profile medical occupiers including Cancer Research UK, The Wellcome Trust Sanger Institute and Babraham Institute all situated amongst the southern fringe. In addition, there are a number of agricultural research companies located on the outskirts of the city including The National Institute of Agricultural Botany, and Beyer Crop Science.

The largest scheme currently under construction is the 203,500 sq ft purpose-built building for the Medical Research Council at the Addenbrookes site by the hospital. The building will be

used for the laboratory of Molecular Biology when completed at the end of 2012. This development forms part of the largest Biomedical Research Campus on a full 70 acre site next to Addenbrookes Hospital. Planning consent for development of the Campus was granted three years ago. Cambridge University Hospitals and its partners – Countryside Properties, Liberty Property Trust, the Medical Research Council and the University of Cambridge – can now begin the next stage of the site's expansion.

The Cambridge Biomedical Campus has consent for 2.3 million sq ft and will include the relocation of Papworth Hospital and will enhance Cambridge's reputation as an international centre for patient care, biomedical research and education. The developers are unlikely to consider any speculative buildings until at least the Papworth move completes and even then, smallest viable building would be around 60,000 sq ft.

As we continue to observe new enterprises within bio-technology, hi-tech engineering, pharmaceutical and general consultancy practice there is uncertainty in the market as to the anticipated levels of investment and whether the UK will still attract large research initiatives. Many firms particularly in the pharmaceutical and bio-technology sector have very specific space requirements and therefore would prefer to occupy purpose-built space which can only be delivered in out of town locations as it is often not practical for developers to construct speculatively in the city centre. Developers will also not be in a position to build lab space speculatively because of the expense involved and therefore any speculative development that is undertaken tends to be for traditional office uses only.

Since 2008, the key completion in the R&D sector of new stock was 108,000 sq ft R&D development facility for NAPP Pharmaceuticals at Cambridge Science Park

The quality of accommodation on the Cambridge Science Park is diverse in that a number of the buildings constructed in the early 1970's right up to the mid 1980's are now dated and lacking in profile and offer very low development density. For this reason we expect to see intensification of these sites and reutilisation of this employment land. Trinity Hall are the owners of a 21.6 acre site adjoining the Cambridge Science Park and in 1998 entered into an agreement with Trinity College for the development of the site as an extension to the Science Park. The site was subsequently developed with five buildings which were sold to Trinity College on ground leases but three plots remain totalling 5.58 acres.

In addition to vacant plots, there are a few redevelopment options on the Park. Whilst many of the small start up companies located on the Park do not require large amounts of sophisticated laboratory space, there is still a market for the smaller single storey hybrid office and laboratory units, however these are often considered key targets for re-development and these uses are

being drawn to more out of town locations which may include Vision Park and potentially Cambridge Research Park.

Whilst Cambridge Science Park itself has imposed use restrictions limiting to R&D, the definition becomes increasingly clouded particularly in the context of software development and when compared to pure office uses often the line is blurred.

Opposite the Science Park on The Crown Estate owned Cambridge Business Park where no user restriction exists there is a more diverse mix of occupiers where R&D companies such as Redgate Software mix with the likes of professional service providers Grant Thornton.

Demand for accommodation within the northern fringe and Cambridge Science Park will remain as a result of the prestige attached to it as a location. Therefore, while potential occupiers in the market are more limited than a few years ago, we are positive that the location will compete well over the next five to ten years and longer terms to 2031. . It is more likely to appeal to international occupiers and if the current tenants vacate it is likely new occupiers will be of significant standing. Key transactions include:-

- In July 2011 Jagex took 45,000 sq ft within 2020 Cambridge Science Park on a 15 year lease to include a break clause in year 13. The rent is £22.50 per sq ft and the tenant benefitted from 33 months rent free.

- In December 2011 Fahy Ghurteen Labs took 7,924 sq ft within Building 7300 at Cambridge Research Park on a new 6 year lease to include a tenant break option in the third year. The rent is £17.00 per sq ft and the tenant benefitted from 4 months rent free.

- In December 2011, Carl Zeiss took 15,633 sq ft within 509 Coldhams Lane on a term to expire on the 25th March 2019 to include a break option. The rent is £18.00 per sq ft rising to £21.35 in year 5.

- In 2011, Redgate Software expanded considerably on the Cambridge Business Park by taking a remaining 16,500 sq ft at Newnham House.
- In 2010 at the Peterhouse Technology Park ARM (Advanced RISC Machines) took an additional 30,000 sq ft on assignment and continued to monitor their ongoing growth and we understand they are also looking to further expand over the coming 2 – 3 years

- In 2011, Medimmune took an additional 22,000 sq ft at Granta Park. No further details were disclosed.

- In October 2010 Building 101, Cambridge Science Park - Letting of 11,500 sq ft to Citrix (existing tenant), for a new 10 year lease with a rent at £26.50 however tenant incentives have not been confirmed.

- In 2011, Tennyson House, Cambridge Business Park - Jeyes Group Ltd took 11,332 sq ft at Tennyson House, Cambridge Business Park on a new 10 year lease at a rent of £21.50 per sq ft. A rent free period of 12 months was secured by the tenant.

- Iconix, London Road, Pampisford - This small development of office and R & D space is situated a short distance from Junction 10 of the M11. Unit 1 comprises modern, well specified offices dating from 2007, where 4,860 sq ft of ground floor office space was sublet to EEF in December 2009 on an 8 year lease for an initial rent of £87,480 per annum equating to £18.00 per sq ft. By contrast, Unit 2 is a dated 1960s laboratory building adjacent in which Areas 1 and 2 were let to Xention for three years in January 2011 at a stepped rent to average £10.60 per sq ft.

- In May 2011, Qualcomm (UK) Ltd took 7,812 sq ft space in 334 – 335 Milton Road on an 11 year lease with a tenant option to break at year five, at a rent of £22.50 per sq ft. This property comprises a modern two storey office building.

- In March 2011, at Sovereign House, Vision Park which comprises a three storey office building totalling 36,786 sq ft. The second floor, totalling 12,120 sq ft, was let to GW Pharma for 10 years with tenant options to break in years five, seven and eight and nine month rent free at a rent totalling £218,160, equating to £18 per sq ft. Pioneer House is situated to the rear of the estate and approximately 10 years old. In June 2010, Suite 4, totalling 2,697 sq ft was let to General Dynamics for five years with three months rent free at a rent equating to £18 per sq ft.

- At the lower value end of the scale, Newmarket Road, Technopark provides buildings for light industrial and R & D use, thereby being of a higher specification than traditional industrial premises. Unit 3 let to Cytocell for R & D use in July 2011 for five years, with a rent review and option to break at the end of year five. The initial rent was £45,000 per annum although the landlord made an initial contribution towards air conditioning of £15,000. This equates to an effective rent over the first five years of £42,000 per annum or £9.54 per sq ft. This appears high in pure industrial terms, but reflects the R & D nature of the premises.

Investment sales in the R&D sector have been scarce over recent years and establishing the appropriate yields to apply is difficult due to the variation in product type. We have had regard to recent investment transactions in the area for office space but also identified the following:

- 509 Coldhams Lane - This vacant office and laboratory property of 15,565 sq ft was sold in August 2011 to Wrenbridge. The property has potential for extension to around 23,000 sq ft and was purchased for £3,000,000, this equates to a capital value of £193 per sq ft.

- 140 Cambridge Science Park, Milton Road, -_This property comprises a 1980s office building that was refurbished in 2006 to a good modern standard. It is let to Jagex Ltd on an FRI lease until 2024 (13 years unexpired) at a rent of £525,000 per annum, subject to five yearly rent reviews and tenant's options to break in 2014 and 2019, subject to substantial penalties. It sold in September 2011 for £6,350,000, reflecting a net initial yield of 7.8%.

- 194, 196 and 198 Cambridge Science Park, Milton Road, - In August 2010 Legal & General paid £35 million for the peppercorn rent long leasehold interest at Units 194,196 and 198, prime office buildings of 108,800 sq ft with 357 car spaces, let to Napp Pharmaceutical Holdings Ltd at £22.50 per sq ft with almost 10 years unexpired reflecting a net initial yield of 6.6%.

5.0 THE CAMBRIDGE INDUSTRIAL & DISTRIBUTION SECTOR (B1c, B2 and B8)

Trafalgar Way, Bar Hill

5.1 Industrial & Distribution Summary Overview

- Whilst the Cambridge Office and R&D sectors have faired well in the economic downturn, the Industrial sector has been slower to respond and more closely mirrored the wider region with the total take-up for 2011 recorded at approximately 250,000 sq ft.

- Within the city centre, availability remains extremely limited with less than 30,000 sq ft of new build industrial space currently available and little suggestion of this being increased. Therefore occupiers are often forced to consider secondary older stock if they need to be within the A14 boundary.

- The total industrial sector availability within Cambridge sits at approximately 575,000 sq ft with over 530,000 of this being second hand space. Savills consider approximately 50% of this total space to be of poor quality and in need of re-development.

- In the boom years of 2002-2007 significant new developments were undertaken in Papworth and Buckingway boosting supply around the city centre.

- There is a good development pipeline of industrial stock outside of the city centre totalling approximately 600,000 sq ft, however for reasons mentioned below it is unlikely that any of this will be developed on a speculative basis.

- City centre industrial and warehouse space continues to be an attractive target for the development of alternative uses such as residential particularly as this stock becomes older and functionally obsolete.

5.2 Sub sectors, Locations & Availability

The central Cambridge Industrial and Distribution sector is predominantly tied to servicing the R&D sector, Offices and Colleges. This sector comprises occupier mixes broadly in line with that of most regional towns including trade suppliers, distributors, light manufacturers and general industrials user albeit most on a small scale. This is an essential component of the Cambridge economy, if not the most glamorous in profile terms.

Considered in a wider context, the Cambridge market is small compared to the regional key large scale distribution hubs of Peterborough and increasingly Bedford. Medium size requirements (from 15-50,000 sq ft) often extend along the A1, A10 and A14 corridors. The peripheral towns and villages around Cambridge which include Huntingdon, St Ives, Ely, Newmarket, Haverhill and St Neots provide a significant amount of accommodation occupied by small businesses (sub 10,000 sq ft) which service the Cambridge market. There is however and ongoing preference from most occupiers to stay within close proximity to the city centre if at all possible to secure their clients.

Around the city centre, there are also clear geographical sub-markets between those who choose to locate south of the city and those who choose to locate to the north. These distinct markets are caused by the practical obstacle created by physically trying to cross the city in commercial vehicles.

Cambridge has a number of large non office based employers, the most significant being Marshall of Cambridge Aerospace. In addition, the hi-tech printing industry maintains a strong profile in Cambridge and whilst conventional printing companies in the wider region often struggle, Cambridge success stories and large operators including Domino and Cambridge University Press ensure that the city's reputation remains strong in the printing industry. Savills currently have a number of requirements ranging from 20 -50,000 sq ft from these types of operators and Domino have recently successfully obtained consent for expansion of their existing Bar Hill site where 10 acres will be developed with an expectation to create 400 jobs over the next 10 years.

The number of large scale occupiers within the industrial and distribution sector are limited when compared to the wider region and this is primarily due to the shortage of large buildings in the city and immediate surrounding area. A number of allocated sites are restricted by the 1,850 sq m occupier threshold for B1c, B2 and B8 users which prevents large scale warehouse/distribution occupiers locating in Cambridge. There are however examples of where temporary flexibility regarding the lifting of this restriction for a 3 year period has assisted marketing albeit no clear examples where the removal has facilitated a new building.

If we focus attention on the more conventional warehouse and distribution sectors, Cambridge struggles to compete with the likes of Northampton, Huntingdon and St Neots where land values are significantly lower and therefore rents more attractive. The majority of more 'footloose' distribution occupiers therefore often discount Cambridge as a location on price grounds, however we have noted a number of these occupier businesses specifically serve the Cambridge markets and need to be in close proximity to the city.

To date, the majority of requirements appear to have originated from occupiers within Cambridge and a 10 mile radius. Enquiries range from 15,000 – 50,000 sq ft and most of these currently noted on our marketing schedules remain unsatisfied.

There is a clear underlying demand for good quality modern industrial/warehouse buildings within this size range and whilst at the beginning of 2011 there were a number of new buildings available for immediate occupation as we move into 2012, all of these buildings have been either let or sold and there are no new buildings currently under construction to take up this demand.

City centre industrial and warehouse space continues to be an attractive target for the development of alternative uses particularly private residential. As this stock becomes older and functionally obsolete, often the poorer older quality industrial stock suffers with poor loading provisions and the design of the building often has low floor to ceiling heights and poor insulation levels. It is generally economically unviable to consider significant refurbishment of the buildings as to improve to a modern standard this would often require the roof to be stripped from the building (the majority of which are fibre cement/asbestos construction, therefore costly to dispose of) and re-clad. To then try to repair/upgrade the floor, services, office accommodation and to improve the external appearance of the building perhaps by adding a modern profile clad often means the cost of refurbishment is comparable to demolition and re-development.

Site owners and commercial development companies are unable in the present climate to justify re-development of these sites for the following reasons:

- Value of existing stock. Even though they may be in a poor state of repair and functionally obsolete, the availability of freehold industrial stock within the city centre remains limited which means that values of existing stock and therefore the expectations of existing owners makes re-development unviable because of a price needed to purchase the existing facility.

- Business Rates Liabilities. This is a national issue. Prior to 2008, developers could construct new build facilities and not be liable to pay business rates when they were vacant. Speculative development in the current climate is not viable in part due to the burden of full business rates liability and the risk of a developer having to incur this whilst new stock is vacant.

- Depressed rental values and lack of availability of bank funding to small and medium sized businesses to purchase commercial property means that markets for both tenure remain muted. Whilst most occupiers preference is to have a modern new facility, in most businesses in the region cannot justify the commitment required to facilitate a new build development.

The impact of Energy Performance Certificates (EPC's) and how they may affect the potential let ability of industrial properties in the future rents to be guaranteed. Older stock clearly does not fair as well in respect of the EPC grading system; however at this time we are yet to see any direct correlation between rents achieved and EPC grading. This may however alter quickly if the Government introduces any tax incentives or penalties tied to EPC assessment which may well create an additional new variable to the re-development viability of existing city centre older stock.

Outside of the city centre a number of schemes have been completed within the last 5-7 years most notably into the west of Cambridge in Papworth and to the north along the A14 at Buckingway, Swavesey providing new accommodation in relatively close proximity to the city centre.

Cambridge has a total industrial stock of around 5,000,000 sq ft, which is relatively small compared to Peterborough, the region's main industrial centre.

Top industrial rents in Cambridge city centre stand at around £8 - £9 per sq ft with up to £11 per sq ft being achieved for trade counter units. The value drops considerably outside of the city centre to around £5.50 - £6.00 per sq ft for prime stock in line with wider regional rents.

It is generally considered that that the industrial sector is the least volatile of the three main commercial property sectors, however it consistently underperforms in the Cambridge market and struggles to attract support and investment.

The trade park and manufacturing sector has been significantly affected by the recession and this has had a negative impact on demand for industrial property most notably secondary property unsurprisingly, transaction levels during the recession are minimal with landlords accepting lower rents than previously in order to limit empty rates liabilities.

We have had regard to rental evidence of industrial property in the local area as follows:

- In 2011 activity at Dencora Business Centre which provides a scheme of industrial units. The most recent rental evidence on site is on Units B an H which provide 2,174 sq ft and 1,161 sq ft of industrial accommodation respectively and we understand are under offer at £10 per sq ft each.

- In May 2011 a terrace of light industrial units at 7-10 Nuffield Close total 10,388 sq ft was let for £70,119 per annum, reflecting £6.75 per sq ft.

- At Kings Court new modern units are located to on the far side of Cambridge Science Park. They provide industrial accommodation ranging in size from 4,878 sq ft to 10,093 sq ft and have been on the market for a number of years now. Fujifilm Sericol Global took 5,216 sq ft in Unit 5 on 5 year lease in early 2011 at £46,944 pa equating to £9 per sq ft gross internal with 4 months rent free. Applied Medical Technology took 4,878 sq ft in Unit 4 on a 5 year lease at £43,902 pa equating to £9 per sq ft gross internal with 3 months rent free in late 2010.

- In 2011 Unit B The Paddocks, Cherry Hinton which is situated in a small industrial estate to the south of the city centre and totals 3,538 sq ft let to JMF Logistics Ltd for five years at £19,919 per annum, equating to £5.63 per sq ft.

- In September 2010 Unit A, Ditton Walk which is a small industrial unit is situated on a small industrial estate off Newmarket Road. It comprises a steel portal frame warehouse of 12,972 sq ft with ancillary office accommodation and yard area. It was let in September 2010 to AIV Valves Europe for five years at £58,374 per annum, reflecting £4.50 per sq ft, having been on the market quoting £6.50 per sq ft.

The industrial current investment market as per the Office and R&D sectors generally is governed by security of income and is therefore particularly concerned with tenant covenant and the length of unexpired lease terms. It is clear that lack of credit is still an issue and this

remains a limit in the secondary market. In January 2011 Savills investment department put prime industrial investment yields at 6.25%, and our latest research suggests that in January 2012 these stand at 6.0%.

- Kings Court, Kirkwood Road, mentioned above provides industrial accommodation ranging in size from 4,878 sq ft to 10,093 sq ft. Cambridge Land Investment bought 999 year lease on 5,046 sq ft for £620,658 equating to £123 per sq ft in mid 2010.

- Sawston Trade Park is situated about 7 miles south of Cambridge and has good access to the A505 and M11. This multi-let industrial estate includes a mix of industrial and trade counter units let to tenants such as PlastiKote, Adcock Refrigeration and Cambridgeshire Bathrooms. The trade park was purchased by Howard Group in January 2011 for £5,400,000, reflecting a net initial yield of 8%.

- Titan House, Space 10 Papworth Business Park, Cambourne which provides a brand new industrial unit on a business park with good transport links totals 38,016 sq ft and is situated outside Cambridge. It was let to Ultra Electronics for 20 years, from July 2011, with tenant's option a break at year 10 and five yearly rent reviews at a rent of £237,600 per annum. It sold to a private investor for £2,800,000 reflecting a net initial yield of 8%.

- Units 5-6 Buckingway Business Park, Swavesey are situated on a modern business park at junction 28 of the A14 to the west of Cambridge. This property comprises an industrial unit of 12,280 sq ft, let to St Gobain Building Distribution Limited t/a Grahams until 2023 (12 years unexpired) at a rent of £95,000 per annum. It sold in May 2011 for £1,130,000, reflecting a net initial yield of 7.9%.

6.0 THE EMERGENCE OF HYBRID BUILDINGS

CGI, Hybrid Building at Cambridge Research Park

6.1 Defining Hybrid Buildings

A key emergence in the region over the past 2 – 3 years has been of the 'hybrid' research and development buildings. Examples of these can be found around the key Cambridge Science Parks and typically they comprise modern warehouse type construction with high quality office fit –out typically occupies 20 – 50% of the built space. Externally, the buildings will have the appearance of office building Business Park space with high quality landscaping, street furniture and external finishes. They will combine office functions, but also Research and Development and production facilities all under one roof. We anticipate these buildings being the most likely growth area of new build over the next 3-5 years. Office content will vary and there appears to be an emergence of a number of sub-markets within these including mid tech, low tech and high-tech buildings. To assist with the visualisation, we attach a CGI of the type of premises currently being contemplated.

6.2 Hybrid Sizes & Values

Occupiers will typically struggle to identify existing stock suitable for this process as they will often only be presented with dated industrial type properties in more traditional manufacturing type locations which are completely inappropriate for the quality of space

they require. Alternatively they will identify conventional office stock in Business Park sites which do not have the production capabilities within the same building forcing them to consider split sites. These facilities tend to range from approximately 15,000 – 20,000 sq ft at the smaller end of the scale rising up to 60,000 - 70,000 sq ft at the larger end.

As an un-established market, rental levels and freehold values for Hybrid buildings tend to be wider ranging based upon specification. They will lie between new distribution and office values which should equate to rents of approximately £11 - £15 per sq ft with capital values being in the region of £130.00 - £150.00 per sq ft. Clearly this will vary slightly depending upon the amount of office content and the remainder of fit-out, but this should provide an indication as to the anticipated figures.

Current hurdles we are identifying with the deliverability of hybrid buildings are that within the wider context developers still require a minimum of 10 and ideally 15 year commitment from an occupier. Whilst most occupiers anticipate committing to the building for that amount of time and the majority will have significant fit-out which they will wish to write off over a longer period of time. The influence of overseas parent companies, which own the majority of pharmaceutical and R&D companies in the region including American, German, Japanese and Sovereign Wealth countries provide another cultural hurdle. We understand that tax structure rules can preclude companies from taking a long term lease as this has a disproportionate effect on their liabilities. It is also a factor that intentional occupiers have a different corporate culture when it comes to property commitments where more common lease terms are around 3 – 5 years rather than 10 – 15 years and a number of these companies will place an absolute prohibition on long term commitment.

7.0 PUBLIC SECTOR CUTS

7.1 The Impact of public sector cuts nationally

The public sector has expanded dramatically in employment and spending terms over the last decade with many local economies becoming dependent on public sector despite strong aggregate economic growth from the late 1990's onwards. When considering the overall public sector perhaps it is important to remember that a strong dependency on one or two large public sector employers (e.g. military base or hospitals) in a city can significantly skew the figures.

Clearly the economic footprint of the public sector is significant. As the largest employer and single source of demand across the economy there is a marked impact on both the wider business base and upon the level of consumer spending.

The public sectors cuts raise many questions for analysis for investors and economists alike, including:

- How severe will they actually be?
- How many public sector jobs will be lost?
- Which sectors will be affected the most by the spending cuts?
- How will they be applied? For instance what would be the balance between wages, job cuts and procurement?
- Will the private sector response be enough to drive economic growth alone?

Aside from direct job losses in public services, the cuts in employment are likely to come from reduced procurement on goods and services. Clearly the public sector accounts for a strong proportion of total sales in both service and production activities, with the highest footprint in research and development, manufacture of medical and precision instruments and sewerage/refuse collection.

In general, the sectors with the highest dependency appear to be those directly supplying products to deliver public services, e.g. health equipment, machinery and fuel. Although the proportion of research and development sector output accounted for by the government seems very high, the majority of this originates from the health sector (56.6%). Whilst this sector also captures research grants and contracts to Universities and research funding to Non Departmental Public Bodies. In a European context, on average around 38% of total spending on R&D activities originates from Government institutes or higher education spending.

7.2 Cambridge Public Sector Cuts

Cambridge as a city is not hugely exposed to public sector in terms of the knock on effects to the wider city economy. It is suggested that with the skill levels of public sector workers being relatively high compared to the rest of the economy with a significant proportion having degree level of above qualifications, around 80% of those losing their jobs could be expected to be re-employed by other industries. However, this assumes that former public sector employees can adjust to the different conditions in the private sector, and demand exists.

Cambridge is well placed to recover quickly from the cuts largely because of the strength of the private sector labour markets with the core labour market characteristics having a solid enterprise export base, accessibility and connectivity.

Using the broad industry definition, the local authority with the highest proportion of employment within the public sector is Oxford at 51% which demonstrates the influence of major employers within the public sector, in this case the University of Oxford. Similarly this is reflecting the high ranking of Cambridge being the fourth highest local authority with 42.8% of employment within the public sector. Not surprisingly, higher education is very important in Cambridge, however for the purposes of this Employment Land Study we have not considered potential cuts in Higher Education.

We highlight the likely sectors within the Cambridge public sector that offer the most insightful narratives of how cuts will be met and the likely effect on jobs and vacant office space. A key cut is in business, innovation and skills, where the spending savings here have concentrated on efficiency and resource savings but also in the reduction of non departmental bodies and the abolishment of regional development agencies. This sector is particularly relevant in the context of EEDA and their holdings at Vision Park, Histon.

It is suggested cuts in other public services such as legal activities, advertising, accountancy, market research, call centres, secretarial support and recruitment agencies will contribute to the overall effect.

New business start ups have been emphasised as a key recovery route for the UK economy and will be in Cambridge. Some of those losing their jobs are likely to set up new business especially if the drive towards private provision of public services to improve efficiency is implemented which could provide opportunities for those previously working in the provision of such services in the public domain.

The cuts to public sector will impact on other Business's in Cambridge chiefly in two different ways;

- Supply chain effects. Whereby current procurement spending by one industry hits the sales of another industry with knock-on effects on other industries in the supply chain.

- Consumer spending effects. Whereby cutting jobs in one industry leads to reduced purchasing power and a fall in sales and other industries which knock on effects as those industries cut purchasers and jobs.

Translating these effects onto the Cambridge commercial property market needs careful consideration.

Whilst public sectors occupy a significant amount of commercial space within Cambridge, a large number of these facilities are specifically constructed for purpose and not easily

occupy able by alternative business. Examples of this may be the fire service building at Cambridge Research Park or existing MOD facilities.

It is also often the case that whilst there have been some high profile closures around Vision Park, in the majority of instances staff numbers within departments will contract rather than full closures and therefore this may result in the short to medium term in existing space held by the authorities just being more sparsely populated.

It is often the case with public bodies that long term leases are put in place at the outset to benefit from short term Landlord incentives which in the future may make the space difficult or costly to exit.

Therefore, there will be a significant time lag between actual job cuts being made and the availability of the space in the market. It may be the case that in order to exit existing facilities there will be requirements for up front payments either surrender premiums or dilapidation settlements.

8.0 THE ONGOING VIABILITY OF CAMBRIDGE'S MAJOR EMPLOYMENT SITES

8.1 Existing Allocated Site Activity

The Land at Coldhams Lane, identified in the Employment Land Review as a site that comprises a former tip with up to 90 m of landfill which has potential for employment development for long term and has recently been sold by Land Securities to Anderson Design and Build who we understand are not looking to pursue any employment uses at this time.

A further site sale also mentioned in the 2008 report was the National Extension College site at Purbeck Road which Homerton College have recently purchased. This comprises a total of 3.13 acres which was home to approximately 40,000 sq ft of commercial space. There are no firm plans for the site's redevelopment at this stage, although we suspect due to the nature of the purchaser there may be some form of student accommodation development anticipated in the future.

It has been recently announced that the Spicers site in Sawston is to be sold which provides a mix of industrial buildings of approximately 300,000 sq ft which potentially could be extended along with a mix smaller commercial office and studio buildings.

Commercial Site For Alternative Uses

Case studies of city centre sites which have been redeveloped include Neath Farm, Church End, Cherry Hinton which comprised a site of 2.02 acres which gained consent for 40 new residential units. Previously, the site housed a number of dated, low eves height, high density industrial units. This was predominantly occupied by low value operators including food production and catering companies some of which served the local Cambridge Market. Unfortunately, a significant occupier on the estate, Wicked Cake Company chose to relocate outside of Cambridge to Haverhill where they acquired a second hand facility of approximately 10,000 sq ft as they were unable to identify cost effective space within the city for their requirement and they had a large three phase power requirement. For reference, Haverhill rents are around 50% that of Cambridge and a contributing factor was the fact the senior personal of the company lived close to the town. This is often a significant contributor to relocation of businesses and the impact should not be underestimated for small and medium sized operations.

A further example of commercial site redevelopment in 2011 was the sale of former BT Engineering Centre in Cromwell Road. This 3 acre site to the east of the city centre followed on from other residential redevelopments in that street and sold with outline consent for 140 residential units.

Both of these sites were occupied by functionally obsolete and almost derelict commercial buildings and were economically unviable for redevelopment in a commercial context partially due to their location and also the condition of surrounding properties.

Reoccurring themes to continually be monitored within the Employment Land Review relate to the need to safeguard key employment sites within the city boundaries and resist when possible redevelopment for alternative uses mostly likely residential.

8.2 Northstowe, Cambridge East & Newmarket Road North Update

An outline planning application for a first phase of Northstowe to comprise 1,500 homes together with associated and complimentary uses, infrastructure and services as submitted to South Cambridgeshire District Council at the end of February 2012. The revised Masterplan for the whole town and the development frame work were also submitted. The first phase of the scheme includes 5 hectares (12.3 acres) of employment land including household recycling and foul water pumping stations.

The phased approach was triggered by the downturn in national and local economic prospects and the government spending review of October 2010, following which the A14 road improvement scheme was withdrawn.

This phased approach will hopefully speed up the delivery of the employment land where the developers anticipate a significant employment opportunity with a choice of jobs available across a range of sectors. Office and high technology research and development firms will be concentrated in a business hub linked to the town centre. In a further phase an additional employment area located to the park and ride will in particular provide a wider range of job opportunities.

Northstowe will need to develop a clear identity which will set the tone for the type of employers attracted to the location. At the present time, it remains to be seen to whether Northstowe is considered a Cambridge location or whether it develops its own identity as a stand alone town. It maybe the case that businesses perceive Northstowe in the same grouping as perhaps Bar Hill, Papworth and to a less extent St Ives rather than a Cambridge location. This will be paramount in the ability of Northstowe to attract the high quality office and R&D occupiers they anticipate. This renewed phased approach will hopefully assist with the allocation of appropriate amounts and type of employment land. Up to recently, there were concerns of the Northstowe development being delayed for a long period of time, however the joint promoters Gallagher and Homes and Communities Agency (HCA) hopefully have unlocked the site.

The area plan for Cambridge East provided for 10,000 -12,000 dwellings and 4,000 – 5,000 jobs on 20 – 25 hectares of employment land.

As The Marshall Group now intend to continue to commercially occupy the Cambridge East site for the foreseeable future, this could mean a supply reduction of the 20-25 hectares allocated as part of the redevelopment. At this stage, due to lower levels of activity in the commercial development sector, this loss may not be as detrimental as it would have been if 'boom' economic conditions were maintained since 2007. This substantial allocation may therefore be a useful 'strategic hold' for Cambridge for the long term[29].

In addition to the airport, the future of The Marshall Group's holding north of Newmarket Road remains uncertain. At this stage it has been indicated that a residential scheme is being prepared for consideration but no further details or employment land proposals are anticipated.

[29] Note that this is Savills' view only; it is not a statement of planning policy

It was suggested at the time in 2008 that the development of Northstowe and Cambridge East should be undertaken in parallel with residential and commercial developments partly because of suggestions that developments such as Cambourne had lagged behind in terms of the employment development. Whilst it is often the perception that developments can go hand in hand, it is often difficult to achieve as business occupiers are naturally reluctant to locate in an area where there is no housing or more importantly immediate amenities present. Often attempts are made by developers to stimulate the employment land development by heavily discounting values and subsidising this element of the scheme However, in the current climate with section 106 agreements and proposed new levies on development this may be a step to far.

9.0 CONCLUSIONS & OBSERVATIONS

We are confident in the short term that due to a scarcity of modern accommodation in prime locations and further pent up demand from occupiers who in a number of cases are obliged to relocate from their premises and expand, that enquiry levels will increase over the coming years. These are likely to be focused primarily on the larger multinational R&D and professional service sector rather than local businesses and industrial uses. Looking forward, we feel that prices and values have effectively stabilised and Cambridge has not seen the significant discounts in both land and completed stock values that have been experienced in the wider region.

9.1 Medium and Longer term developer sentiment

At the present time there is no doubt that development, investment and occupier interest has all contracted into prime opportunities hence the success the Cambridge city centre office market and the ongoing success of the Cambridge Science Park since the downturn.

Of greater concern are the ongoing viability issues with the development of any sites other than those in prime locations. If we consider the most recent new developments of industrial and warehouse units at Papworth, Buckingway Business Park and to a lesser extent Kings Hedges in the city centre, all three schemes have not been a commercial success for the original developers. This is primarily due to a significant drop in values since the downturn in late 2007, however it maybe that the development appraisals of these sites will only stack up in very specific 'boom' conditions in the future. On a more positive note, the majority of these units are now fully occupied by local businesses and whilst the schemes may not have been a financial success for the investors, the legacy of good quality stock surrounding Cambridge is of course a key benefit.

Considering the longer term development requirements and extending the timescale of forecast from 2026 to 2031 at this stage it is difficult to identify any fundamental differences in strategy required over those time scales. The 2008 study clearly relied upon development data and employment data compiled throughout the boom years and therefore the logical progression if we consider data since 2008 for construction across all three sub- centres inevitably will identify a slower pace of delivery.

Compiling take up and development data at this depressed stage of the cycle is a useful exercise to illustrate average development completions over the last decade through the peaks and troughs of the cycle which should assist with a more accurate long term forecast rather than just considering the boom years.

9.2 Observations Linked to Employment Land Review 2008

The need for sustainable development is also a consistent thread running through the review and again interpretation of this to various employment sectors varies. One particular aspect of this appears to be congestion and the need for green travel strategies for employment land and therefore intensification of development at sites near to established public transport for example station road office development on the siteing of more on the outside of the city centre are more commercial vehicle reliant distribution occupiers shows a common sense approach.

Within the city centre and particularly in walking distance of the station and guided bus, occupiers are becoming increasingly accepting of limited parking provisions with a “London” culture emerging where employees and even senior level partners do not expect an allocated parking space as part of their employment package. By way of example, Mills and Reeve solicitors’ current premises comprise 35,000 sq ft and has a total allocation of 175 spaces. Their new offices at Botanic House total 52,000 sq ft and only have an allocation of 50 spaces all of which will be allocated to visitors only. By way of further example, Microsoft whose facility is 78,000 sq ft also only has 50 spaces allocated.

This shift in attitude will give confidence to developers looking to redevelop city centre sites and intensify the density of development that the final product will be acceptable to end occupiers with reduced parking ratios. Outside of the immediate city centre, parking remains an essential requirement of most occupiers and reduced provision will often result in the space being unacceptable to occupiers or alternatively nearby access and estate roads become “overspill” parking areas.

A “bicycle culture“ remains strong particularly with the 20 – 35 age group working within the R&D sector. This is particularly relevant for companies locating within the northern fringe

science parks and companies often refuse to consider relocation outside of the city boundary for fear of losing staff.

Rules governing the limitation on the occupancy of new premises in the city are often a source of confusion and uncertainty for business with the definitions being perceived as arbatory and open to interpretation with a further paradox being suggested that the majority of key employers in the city are in fact multinational companies. The rules are often misquoted or used as propaganda by developers, landlords and agents to unrepresented occupiers in an effort to encourage or dissuade them to consider specific buildings or locations. In the current climate this additional level of uncertainty can lead to relocation or expansion plans being postponed.

Perhaps unsurprisingly is therefore important that when considering existing and future employment site locations they are generally fit for purpose in terms of sustainability and scale, however it is also of paramount importance that the sites are deliverable from an economic viability stand point and this is likely to remain the sole most significant hurdle in the future for the B1c, B2 and B8 uses as well as B1a and b user who prefer to locate in new buildings outside of the city centre.

One key consideration for developers contemplating the development of employment sites outside of the established prime locations is that rental and capital values of commercial product drops significantly once outside of city boundary. By way of an example, with city centre office rents peaking at around £30 per sq ft there is modern new industrial stock available in Buckingway, Swavesey with deals deliverable at around £12 per sq ft.

Once the boundaries of Cambridge city are left, occupiers begin to contemplate locating in surrounding towns as alternative locations as they are unable to benefit 'The Cambridge Effect'. In the case of Buckingway Business Park, office occupiers would also contemplate offerings at Hinchinbrooke Business Park, Huntingdon, and St Ives Business Park where modern accommodation can be easy to acquire.

Therefore in the medium term it is important that the focus remains upon the deliverability of product which will require the selective management of prime commercial opportunities and an acceptance that many city centre prime sites in either broken ownership or housing older buildings are unviable for redevelopment with comparable albeit new employment product.

Over the past two decades office and R&D completions in Cambridge have totalled in excess of 4,000,000 sq ft or an average of 200,000 sq ft per annum. There have been clear peaks and troughs in terms of the delivery of this space and perhaps unsurprisingly since the economic slowdown towards 2007 between 2000 and 2011 completions averaged

approximately 100,000 sq ft per annum although the previous 5 year period 2002 – 2006 showed an average of almost 345,000 sq ft per annum.

It is difficult to see how this level will be sustained over the next decade although considering the past two decades when looked at in conjunction with demolitions and changes of use office stock in Cambridge has effectively increased by nearly 100%.

Since the beginning of 2007 around 50% of the space developed has been speculative, with about 50% pre-let or pre-sold as purpose-built facilities. We would however point out that because of the time lag of securing a site for development, obtaining planning consent and funding in 2012 we only anticipate limited speculative stock being constructed in the office and R&D sectors and no new speculative development in the city or south Cambridgeshire in the industrial and warehouse sectors.

The key hurdles to completing pre-let or pre-sale transactions with occupiers are as follows:-

- Lease Term Commitment - As Cambridge has a bias towards the R&D sector, often companies are funded by venture capitalists and focus upon specific product development which has a relatively short term development programme typically between 3-5 years. It is therefore problematic for many occupiers to commit to a fixed term of 10 or 15 years which is required by developers and lenders to finance construction.

- Parent Company Consent – Our understanding is that a large number of occupiers in the region are often ultimately owned by overseas parent companies, the majority of these being from the US, Germany, Japan or the Far East. They are often unwilling to commit to guarantee leases for their UK subsidiary companies and in the event that they do again they are not used to committing to 10 – 15 year terms. We have failed to conclude on a number of potential transactions where the UK based subsidiary has been prepared to proceed, but held back by their parent company.

- Timing of Development – Typically occupiers will require their buildings within a 6 – 9 month time frame and they also often need to undertake their own costly and time consuming fit-out programmes. It will often take up to 12- 18months to deliver a warehouse facility including gaining planning consents and longer for an office or R&D scheme. As an alternative, developers are now often achieving detailed planning consents on the sites they own and putting in place ‘fast track development agreements’ with contractors, many being confident of delivering an industrial

warehouse building within 9-months of commitment from an occupier and 12-18 months for office or R&D schemes.

The availability of R&D and office space has fluctuated with overall availability towards the end of 2011 decreasing albeit primarily as there was no new speculative development being completed and no significant releases of older space, however throughout 2012 a significant amount of small second hand units have returned to the market but the availability of Grade A space which fell throughout 2011 now stands at its lowest point for 10 years. A full schedule is attached as Appendix 1.

Appendix 1

Appendix 1 - Schedule of Availability

No	Address	From sq ft	To sq ft	Rent/psf	Type - Office/Lab	Grade
PRIME CITY CENTRE						
1	90 Hills Road, Cambridge	408	9,030	£27.50	Office	Grade A
2	24 Hills Road, Cambridge	2,880	5,830	£27.50	Office	Grade A
3	Lockton House, Clarendon Road, Cambridge	2,084	2,084	£21.54	Office	Grade B
4	Lockton House, Clarendon Road, Cambridge	5,240	5,240	£21.50	Office	Grade B
5	20 Station Road, Cambridge (Formerly the Leda House)	2,443	8,195	£28.50	Office	Grade B
	Total		**30,379**			
SECONDARY CENTRAL LOCATION						
6	Westbrook Centre	TBC	10,000	£18.00 £20.00	Office	Grade B
7	Poseidon House, Castle Park, Castle Hill	2,510	8,900	£15.50	Office	Grade B
8	Blackhorse House, Castle Park	4,633	19,886	£16.50	Office	Grade B
9	Mount Pleasant House, Cambridge	5,012	5,012	£18.00	Office	Grade B
10	Units 5 & 6, Wellbrook Court, Cambridge	2,075	6,905	£18.50	Office	Grade B
11	St Andrew's House, St Andrew's Road, Cambridge	TBC	7,600	£22.00	Office	Grade A
12	Castle Street, 24 St Giles Court, Cambridge	4,173	10,109	£21.00	Office	Grade B
13	Eden House, Batemen Street, Cambridge	TBC	9,810	TBC	Office	Grade A
14	Henry Giles House, Chesterton Road, Cambridge	2,712	7,757	£12.00	Office	Grade B
15	Elizabeth House, 1 High Street, Chesterton, Cambridge	5,593	5,593	£17.33	Office	Grade B
16	Gibson House, 57-61 Burleigh Street, Cambridge	2,486	7,544	£16.00	Office	Grade B
17	Unit 200, Rustat House, Clifton Road, Cambridge	5,706	5,706	£20 refurbed	Office	Grade B
18	Unit 100, Rustat House, Clifton Road, Cambridge	5,741	11,484	£20.00	R&D	R&D
19	Gonville Place, 95-97 Regent Street, Cambridge	7,500	8,450	£24.00	Office	Grade B
20	Shaftsbury House, Shaftsbury Road, Cambridge	5,460	5,460	TBC	Office	Grade B
21	Homerton Business Park, Purbeck Road, Cambridge	2,776	7,530	£15.00	Office	Grade B
22	Lothbury House, Newmarket Road, Cambridge	2,248	7,612	£18.50	Office	Grade A
23	The Quorum, Barnwell Road, Cambridge	1,570	9,729	£15.50 - £16.00	Office	Grade B

SUBTOTAL Cambridge central 155,087

CAMBRIDGE - NORTHERN CLUSTER						
25	Newton House, Cambridge Business Park, Cambridge	5,500	11,000	£23.50	Office	Grade B
26	Byron House, Cambridge Business Park, Cambridge	6,987	6,987	£23.50	Office	Grade A
27	Cavendish House, Cambridge Business Park, Cambridge	TBC	22,479	£26.00	Office	Grade A
28	Unit 9b Cambridge Science Park, Milton Road, Cambridge	TBC	5,000	£23.00	Office / R&D	R&D
29	Unit 10, Innovation Centre, Cambridge Science Park, Milton Road, Cambridge	2,100	2,100	£39 pa all inclusive	Office / R&D	Grade A
30	Unit 11 Cambridge Science Park, Milton Road, Cambridge	1,313	1,313	TBC	Office / R&D	Grade A
31	Unit 15-16-17 Cambridge Science Park, Milton Road, Cambridge	1,270	3,843	TBC	Office / R&D	Grade A
32	Unit 18 Cambridge Science Park, Milton Road, Cambridge	2,561	2,561	TBC	Office / R&D	Grade A
33	Unit 23, Innovation Centre, Cambridge Science Park, Milton Road, Cambridge	354	354	£39 pa all inclusive	Office / R&D	Grade A
34	Unit 27 Cambridge Science Park, Milton Road, Cambridge	11,517	11,517	£11.50	Office / R&D	R&D
35	Unit 140 , Cambridge Science Park, Milton Road, Cambridge	12,589	26,238	£20.00	Office / R&D	R&D
36	Unit 201 Cambridge Science Park, Milton Road, Cambridge	3,871	3,871	TBC	Office / R&D	Grade A
37	Unit 302, Cambridge Science Park, Milton Road, Cambridge	1,488	1,488	TBC	Office	R&D
38	Unit 322, Cambridge Science Park, Milton Road, Cambridge	1,614	1,614	TBC	Office	R&D
39	Unit 325a, Cambridge Science Park, Milton Road, Cambridge	980	980	TBC	Office	R&D
40	Unit 326, Cambridge Science Park, Milton Road, Cambridge	5,780	5,780	TBC	Office	R&D
41	Unit 332, Cambridge Science Park, Milton Road, Cambridge	9,600	9,600	£23.00	Office	R&D
42	Unit 400 Cambridge Science Park, Milton Road, Cambridge	3,000	6,432	£21.80	Office	Grade A
43	Edinburgh House, St Johns Innovation Park, Cambridge	1,095	14,354	£22.5-£25	Office	R&D
44	Platinum Building, St John's Innovation Park, Cambridge	2,500	2,500	£21.50	Office	R&D
45	Vitrum Building, St Johns Innovation Park, Cambridge	6,322	6,322	£21.50	Office	R&D
46	Jeffreys Building, St John Innovation Park, Cambridge	3,950	10,000	£21.50	Office	Grade B

SUBTOTAL Northern Cluster 156,333

CAMBRIDGE - WIDER AREA BUSINESS PARKS						
47	Babraham Research Campus, Meditrina Building	300	300	TBC	R&D	Grade B
48	Babraham Research Campus, Meditrina Building	500	500	TBC	Office / R&D	Grade B
49	Babraham Research Campus, Meditrina Building	1,000	1,000	TBC	Office / R&D	Grade B
50	Trinity Court, Buckingway Business Park, Swavesey	1,633	6,719	£15.00	Office	Grade B
51	Unit 1 Carisbrooke Court, Buckingway Business Park, Swavesey	7,320	7,320	£11.00	Office	Grade B
52	Prospect House, Buckingway Business Park, Swavesey	3,664	9,685	TBC	Office	Grade B
53	Building 2020, Cambourne Business Park	6,500	18,846	£20.00	Office	Grade A
54	Building 2020, Cambourne Business Park	1,787	1,787	£20.00	Office	Grade A
55	Building 2030, Cambourne Business Park	8,797	8,797	£20.00	Office	Grade A
56	Building 2030, Cambourne Business Park	4,506	6,480	£19.00	Office	Grade A
57	Building 1020, Cambourne Business Park	8,000	16,135	£18.75	Office	Grade A
58	Building 2010, Cambourne Business Park	8,730	8,730	£19.00	Office	Grade A
59	Building 7200, Suite 7222, Cambridge Research Park, Cambridge	2,620	2,620	£18.50	R&D	Grade A
60	Building 7300, Cambridge Research Park, Cambridge	2,326	2,326	TBC	R&D	Grade A
61	Building 2000, IQ Cambridge Research Park, Cambridge	4,934	10,455	£16.50	R&D	Grade A
62	1000 IQ Cambridge Research Park, Cambridge	2,343	29,303	£18.50	Office	Grade A
63	Unit 9000, IQ Cambridge Research Park, Cambridge	6,596	65,790	£14.50	Office	Grade A
64	CPC4, Capital Park, Fulbourn	1,600	1,600	£22.50	Office	Grade A
65	CPC1, Capital Park, Fulbourn	3,250	4,816	TBC	Office	Grade A
71	Mortlock House, Station Road, Histon	3,732	10,571	£18.50	Office	Grade B
72	The Old Rectory, Church Lane, Fulbourn, Cambridge	8,112	8,112	TBC	Office	Grade B
73	W2, High Street, 7, Cambourne	5,437	12,618	£15.50	Office	Grade B
74	Compass House, Vision Park, Histon	2,240	8,932	£20.00	Office	Grade B
75	2nd Floor, Victory House, Vision Park, Histon	5,967	5,967	£20.00	Office	Grade B
76	First Floor, Victory House, Vision Park, Histon	7,444	7,444	£20.00	Office	Grade B
77	Ground Floor, Victory House, Vision Park, Histon	7,444	7,444	£20.00	Office	Grade B
78	Pioneer House, Vision Park, Histon	938	938	£18.50	Office	Grade B

79	Pioneer House, Vision Park, Histon - Unit 7	761	1,639	£18.50	Office	Grade B
80	Pioneer House, Vision Park, Histon - Unit 6	719	719	£18.50	Office	Grade B
81	Discovery House, Vision Park, Histon	4,519	4,519	£16.81	Office	Grade B
82	Enterprise House, Unit 5, Vision Park, Histon	1,500	3,532	£19.72	Office	Grade B
83	Trust Court, Unit 5, Vision Park, Histon	3,794	3,794	£17.00	Office	Grade B
84	Riverside Scheme Granta Park, Great Abingdon	2,650	27,360	£16.50-£18.50	Office / R&D	R&D
85	Broers Building	2,318	13,517	£26.75	Office	Grade A

SUBTOTAL Wider Area Business Parks 320,315

CAMBRIDGE - OUT OF TOWN						
86	Cambridge Technology Centre, Melbourn	690	24,500	£14.50	Office / R&D	R&D
87	The Da Vinci (DV) building, Melbourn Science Park, Melbourn	18,575	41,167	£19.50	Office	Grade A
88	The Courtyard, Melbourn Science Park, Melbourn	2,424	10,571	£16.00	Office	Grade A
89	Beech House, Unit B4, Melbourn Science Park,	2,021	2,021	£28.00	Office	Grade A
90	Beech House, Unit B5, Melbourn Science Park	2,000	2,000	£28.00	Office	Grade A
91	Brookfield Technology Centre, Cottenham	5,016	5,016	£11.78	Office	Grade B
92	Great Chesterford Court, Great Chesterford	636	5,309	TBC	Office	Grade B
93	Premier House, Linton, Near Cambridge	3,746	11,507	£11.50	Office / R&D	R&D
94	The clinic & Laboratory Centre, Bourn Hall, Bourn	4,648	13,144	TBC	R&D	R&D

SUBTOTAL Out of Town 115,235

GRAND TOTAL 495,457

Pipeline Development

No	Address	From sq ft	To sq ft	Rent/psf	Type - Office/Lab	Grade
CAMBRIDGE - CENTRAL						
1	CB1, Station Road	TBC	53,000	TBC	Office	Grade A
2	50 & 60 Station Road, Cambridge	62,500	125,000	TBC	Office	Grade A
3	Academy House, Hills Road, Cambridge		30,762	TBC	Office	Grade A
	SUBTOTAL Cambridge Central		**278,000**			
CAMBRIDGE - NORTHERN CLUSTER						
4	Unit 428 Cambridge Science Park, Milton Road, Cambridge	TBC	36,000	TBC	R&D	R&D
5	Unit 436 Cambridge Science Park, Milton Road, Cambridge	TBC	40,000	TBC	R&D	R&D
6	Trinity Hall Land	TBC	110,000	TBC	R&D	R&D
7	Pony Paddock Site, St Johns Innovation Park, Cambridge	TBC	23,000	TBC	Office	Grade A
	SUBTOTAL Northern Cluster		**209,000**			
CAMBRIDGE - WIDER AREA BUSINESS PARKS						
8	Babraham Research Campus, Moneta Building	TBC	20,000	TBC	Office / R&D	Grade B
9	Building 4010 Cambourne Business Park	6,200	48,000	TBC	Office	Grade A
10	Plot 6000 Cambourne Business Park	TBC	108,350	TBC	Office	Grade A
11	Plot 5000 Cambourne Business Park	TBC	99,400	TBC	Office	Grade A
12	Plot 3000 Cambourne Business Park	TBC	152,650	TBC	Office	Grade A
13	Plot 4000 Cambourne Business Park	TBC	50,000	TBC	Office	Grade A
14	Cambridge Bio Medical Campus, Addenbrookes	10,000	1,600,000	TBC	R&D	R&D
15	Plot 3000, Cambridge Research Park, Cambridge	TBC	66,000	TBC	Office / R&D	R&D
16	Plot 4000, Cambridge Research Park, Cambridge	TBC	66,000	TBC	Office / R&D	R&D
17	Plot 5000, Cambridge Research Park, Cambridge	TBC	66,000	TBC	Office / R&D	R&D
18	Plot 6000, Cambridge Research Park, Cambridge	TBC	66,000	TBC	Office / R&D	R&D
19	Plot 8000, Cambridge Research Park, Cambridge	TBC	66,000	TBC	Office / R&D	R&D

CAMBRIDGE - WIDER AREA BUSINESS PARKS						
20	Lakeview, 8000 Cambridge IQ and land parcels	5,000	60,000	TBC	Office	Grade A
21	CPC2, Capital Park, Fulbourn	TBC	30,000	TBC	Office	Grade A
26	Iconix 4, 5, 5 & 6	17,900	70,000	£22.50	Office	Grade A
27	Granta Park Somerville Building	TBC	33,000	TBC	Office / R&D	R&D
28	Granta Park The Future Building, Great Abingdon, Cambridge	TBC	47,000	TBC	Office / R&D	R&D
29	Building 200, Great Abingdon, Cambridge	20,000	60,000	TBC	Office	Grade A
30	Building 400, Great Abingdon, Cambridge	20,000	24,000	TBC	Office	Grade A
31	Building 500, Great Abingdon, Cambridge	20,000	30,000	TBC	R&D	R&D
32	GP East - Bespoke Buildings, Great Abingdon, Cambridge	20,000	216,000	TBC	Office / R&D	R&D

SUBTOTAL Wider Area Business Parks **2,978,400**

CAMBRIDGE - OUT OF TOWN						
35	Cygnus Business Park Phase 2, Swavesey	TBC	14,677	TBC	Office	Grade A
37	Dotterall Hall, Balsham	2,000	13,455	TBC	Office	Grade A
38	Rook Tree Farm, Great Wratting	1,205	7,740	TBC	Office	Grade A
39	Hillside Mill Quarry, Swaffham Bulbeck	822	5,712	TBC	Office	Grade A
40	Greenside House, Saxon Way, Bar Hill	4,587	9,174	TBC	R&D	R&D

SUBTOTAL Out of Town **50,758**

GRAND TOTAL **3,516,158**