

# Hertfordshire Strategic Employment Sites Study

A Final Report by  
Regeneris Consulting

Hertfordshire County Council  
and East of England  
Development Agency (EEDA)

## Hertfordshire Strategic Employment Sites Study

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**In partnership with:**



# Executive Summary

## Introduction

1. Regeneris Consulting together with GL Hearn, WSP Group and John Rutherford Consulting were commissioned to carry out the Hertfordshire Strategic Employment Sites study. This assignment is being carried out on behalf of Hertfordshire County Council, East of England Development Agency (EEDA) and the ten districts in Hertfordshire.
2. The background to this study is that partners are concerned that Hertfordshire is losing its competitive edge, with a fear that there has been a **slowdown in the growth of the economy** in recent years. At the same time, there is increasing competition from other successful business locations such as the Thames Valley as well as parts of Oxfordshire and Cambridgeshire.
3. A previous study<sup>1</sup> suggested that there were a lack of strategic employment sites in Hertfordshire and the Hertfordshire Works Economic Development Strategy 2009-2021 recognises the need to work with local planning authorities to identify and bring forward a small number of strategic sites in high profile prestigious locations served by sustainable transport. This strategy is supported by districts in Hertfordshire and will be taken forward by the Hertfordshire Local Enterprise Partnership (LEP).
4. Partners recognise that there are a number of other factors which are important in supporting economic growth, including tackling skills issues, promoting enterprise and innovation and supporting the growth of key sectors. However, it is not the role of this study to consider these issues in detail.

## Historic Economic Performance

5. The economic performance of Hertfordshire has been assessed and compared to a number of benchmark areas (national, regional and competing areas). This confirms that in relation to a number of economic indicators, **Hertfordshire has been under-performing**:
  - Whilst Hertfordshire generates high levels of Gross Value Added (GVA), growth in GVA and GVA per head has been slower than certain competitor areas. Between 1998 and 2008, GVA per head in Berkshire for example increased by £8,000 more than Hertfordshire over the same period.
  - Employment growth in Hertfordshire has also been behind some other areas. Between 1998 and 2008, employment in Hertfordshire increased by 2% which compares to national and regional growth levels of 10% over the same period.
6. There is also some evidence to suggest that employment in Hertfordshire is becoming more focused on low value sectors. Key sectors in terms of size include 'wholesale and retail trade' and 'admin and support services'. In addition, sectors which have grown between 1998 and 2008 includes education, health and social work. Employment in other higher value sectors such as 'research and development' have **not kept pace** with national growth.

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<sup>1</sup> Regional Strategic Employment Sites Study, Arup (2009)

7. We have also looked in detail at the strength of certain priority sectors. Hertfordshire has a particular strength in **life sciences**, with an increase in employment between 2003 and 2008 and a relative specialisation in employment terms compared to national levels.
8. There has been significant employment growth in the **advanced manufacturing and professional, banking and finance sectors** in Hertfordshire. However, the county does not have a relative specialisation in these sectors in employment terms compared to nationally.
9. Employment in the **software and digital sector and the green industries** sector declined between 2003 and 2008 but Hertfordshire does have a relative specialisation in these sectors in terms of employment compared to national levels.
10. Hertfordshire does not have a relative concentration of employment in the **logistics** sector and employment in this sector has been in decline. There are average concentrations of employment in the **creative industries** sector and between 2003 and 2008 employment fell (but there has been an upturn in jobs since 2007).
11. In terms of international inward investment, Hertfordshire attracted the second highest levels of inward investment in the region after Cambridge between 2005 and 2010 (44 investments). This is however three times lower than for Berkshire. Investment in Hertfordshire has remained fairly stable over this period whilst it has declined in Berkshire.

### Historic Commercial Property Market Performance

12. Data on the commercial property market performance of Hertfordshire has also been reviewed and this also suggests that the county has been under-performing against its potential. Hertfordshire saw a 6% growth in B-class floorspace in the decade to 2008 compared to 13% growth across the East of England and 20% in Cambridgeshire. The difference is particularly pronounced for office floorspace which grew by 12% in Hertfordshire compared to 21% in Berkshire and 58% in Cambridgeshire.
13. Hertfordshire generally has a less well developed office market relative to Berkshire, it has fewer centres with a critical mass of market activity. Office rents in Hertfordshire are below those for Berkshire-£20psf for successful strategic sites in Hertfordshire-compared to around £26psf at Green Park, Reading. Compared to Hertfordshire, Berkshire and the Thames Valley have managed to develop a quality office market and a critical mass which has enabled the area to develop a strong commercial offer.
14. Whilst Hertfordshire struggles to compete with Berkshire in the office market, it has a far larger and **more significant market for industrial space**. Its historic role in this regard means that the industrial market in Hertfordshire has also been less affected by the recession.
15. Valuation Office data shows that between 1998 and 2008, warehouse floorspace has grown by a third in net terms and office floorspace by 12%. At the same time, there has been a net loss in industrial floorspace (-22%). It is worth noting that despite this net loss in industrial floorspace, there is likely to be demand for new premises which is driven by replacement demand, that is to say that some firms will be in outdated properties and require more modern space.
16. Relative to competitors, delivery of new floorspace has been limited and there has been limited net growth in B1 floorspace which supports higher value activities.

## Strategic Employment Sites: Lessons from Elsewhere/Definitions

17. A number of successful strategic employment sites elsewhere in the greater South East have been reviewed and this has indicated that there are a number of common factors which need to be considered:
  - Accessible location, close to national road network and motorway junctions and with strong high quality public transport access
  - High 'green' credentials such as solar roof panels and rain water harvesting
  - A range of amenities on site, including retailing, cafe/restaurants, health club/sports and leisure facilities and social/networking facilities
  - Strong relationship with an existing main town, facilitated by proximity or good transport links
  - Masterplanned by a well known architects' practice and providing a high quality landscape
  - Where office development is a primary focus, provision in the order of at least 1,000,000 ft<sup>2</sup> office floorspace appears to be beneficial
18. Other sites elsewhere which have been less successful than expected have also been reviewed. Key factors which have impacted on their success includes: poor public transport access and proximity to motorway, competition from other locations in close proximity and a poor relationship with existing towns.
19. Overall, we are of the view that a strategic site should be of a **scale, location, quality and prominence** to be attractive to key businesses and those within high value-added and growing sectors.
20. In determining whether a site is of strategic significance, we consider that the following represent the key considerations – most of which are borne out by our review of successful strategic sites elsewhere. A strategic employment site must be:
  - Of an appropriate scale: capable of accommodating regional strategic development, which could not equally be accommodated elsewhere.
  - Of an appropriate quality: high quality sites which are attractive to national and international investors and key employers in Hertfordshire. Sites should be of regional/inter-regional/or national significance and capable of raising the profile and economic performance of the region and Hertfordshire.
  - Able to build a clear identity: a clear identity/ brand and future vision for the site. The quality of the floorspace, environment and amenities should be sufficient to accommodate large scale users or higher value added uses, which fit with the overall strategy for that site.
  - Able to demonstrate a good fit with wider policy. In particular sites should accommodate leading edge sectors, accommodate uses that add to the 'economic base' of the region and are clear economic drivers, offer (or have the potential to offer) high levels of accessibility by public and private transport and be consistent with transport policy. Related to this, we consider the issue of deliverability as being extremely important, since time and effort should be concentrated on bringing forward those sites which are most likely to be deliverable.

## Future Potential for Hertfordshire

21. In order to understand the potential for future employment growth in Hertfordshire and future demand for sites and premises, we have drawn upon a number of sources of information, including economic forecasts (recognising the limitations which exist). According to the base case scenario produced by the East of England Forecasting Model (EEFM), employment in Hertfordshire is predicted to increase by 16% between 2011-2031 or 79,300 jobs.
22. A predicted increase in employment of between 13% (base case) and 18% (higher growth) over a ten year period between 2011 and 2021 compares to an increase of just 2% over the previous ten years (between 1998 and 2008). Relatively weak past employment growth correlates with below average growth in employment floorspace.
23. Historically, the economic performance of Hertfordshire has been behind that of Cambridgeshire and Berkshire and future performance is also expected to lag behind. It is also clear from the analysis that future employment growth in Cambridgeshire and Berkshire is expected to be in higher value sectors, whereas in Hertfordshire there is stronger growth predicted in lower value sectors relative to these other locations. This may result in Hertfordshire becoming a lower value economy compared to some of its competitors. However there is an opportunity to address this through developing the sites and premises offer in Hertfordshire, at the same time as implementing broader planning and economic development initiatives to secure growth.
24. We consider that there are **three broad potential economic growth scenarios** for Hertfordshire which are as follows:
  - Status Quo Scenario – assumes the modest growth rate experienced in Hertfordshire in the last ten years continues over the next twenty years (equivalent to +4% overall, or +19,900 additional jobs created).
  - East of England Forecasting Model (EEFM) Forecast Growth Scenario – assumes a 16% growth rate for Hertfordshire over the next twenty years (base case demand forecast) resulting in 79,300 jobs.
  - Aspirational Scenario – Herts raising its game to match the best performing sub-regional economies, based on applying the forecast Cambridgeshire growth rate of 25% over the next twenty years resulting in a net growth of 122,900 jobs.
25. Our report concludes that while Hertfordshire has been underperforming compared to its potential, the county has the assets and strengths necessary to outperform the Status Quo scenario.
26. However, there are a number of weaknesses for the county which we feel dictate that the aspirational scenario is likely to be unachievable. Therefore, we recommend that Hertfordshire and partners should be seeking to realise the **EEFM Forecast Growth** scenario and that this represents a sensible basis for long-term planning.
27. This scenario will have implications for the delivery of other services and infrastructure, most notably housing. It is not a requirement of this work to consider this issue in detail, however the forecasting model indicates that 99,800 homes might be required to 2031 to support the EEFM Forecast Growth Scenario. This however assumes no significant changes to commuting patterns.

28. We have considered the implications of this preferred growth scenario for sector growth. This shows that a significant proportion (43,500 or 55%) of the total forecast growth of 79,000 jobs is likely to occur in priority sectors identified in various local strategies.

<b>Table 7.1 : Forecast Employment Growth 2011-2031</b>	
<b>Sector</b>	<b>Forecast Employment Growth</b>
Software and digital	+4,700
Life sciences	+5,000 jobs (inc health)
Advanced manufacturing	+1,500 (taking into account higher value uses)
Creative and Media	Not possible to quantify precisely, but likely to be in the region of +1,200
Green Industries	Not possible to quantify precisely
Logistics	+8,300 jobs
Professional, banking and finance	+22,800
<b>Total of Growth Sectors</b>	<b>+43,500</b>
<b>Total of All Sectors</b>	<b>+79,000</b>
Source: Regeneris Consulting using Oxford Economic Forecasts, Autumn 2010	
Note: due to the way in which the forecasts are compiled, it is not possible to perfectly match data to the priority sectors identified and we have had to rely on 'best fit' definitions, which are indicative	

29. It is important however to recognise firstly that sufficient supply of land and premises will be required if the forecast levels of employment growth are to be achieved; and secondly that the quality of employment sites will be important if Hertfordshire is to retain and attract blue chip companies and higher value-added activities.
30. **Sixteen locations** with the potential to serve as strategic sites have been assessed against the criteria for strategic employment sites. Some are existing employment locations, others not.
31. The County's main existing strategic employment sites are defined as: Gunnels Wood, Maylands, Hatfield Business Park and Watford Junction. There is the opportunity to enhance the performance of all of these sites through further development and investment, including through the delivery of additional high quality floorspace at Maylands Gateway and potentially through the extension of Hatfield Business Park.
32. In addition there are a number of sites which support strategic activities or have an important role in supporting key economic sectors or clusters. These are GSK, Leavesden and Elstree Studios, and Building Research Establishment (BRE).
33. Moving forward there are a number of wider site-based opportunities which provide the potential to further support key sectors and cluster development. These include delivery of Watford Health Campus, further investment at BRE subject to resolution of infrastructure constraints, and the potential for development of a science or innovation park at Knebworth around a major inward investment.
34. There is however a clear gap in Hertfordshire in terms of the provision of a **Premier Business Park** which can support higher value uses and is of the scale and quality demonstrated in competitor areas. Hertfordshire should seek to develop this product over time. Potentially the best opportunities currently available appear to be at Park Plaza, Waltham Cross for a major new business park adjacent to the M25 and at Watford Junction for development of a major, high quality in-town office quarter.
35. A number of other sites/locations (five) are assessed as having significant potential but have delivery/other risks which is likely to mean that they may not come forward in the short to

medium term. These are Radlett, Bricket Wood, London Road – St Albans, Harlow North and Bishops Stortford.

36. It is important to note that other non strategic sites will also be important in enabling Hertfordshire to achieve the preferred forecast growth scenario, including smaller sites, and other town centre locations. That is to say that not all future employment growth will occur on strategic sites.

### Emerging Delivery Strategy and Action Plan

37. In Section 8 of this report we have identified a range of actions which are required to take forward the sites and an indicative phasing plan is set out. In summary the broad suggested scheduling is as follows:

#### Sites with Ongoing Need for Development and Regeneration

- **Gunnels Wood** has been classified as a mixed-use strategic employment site with reinvestment needs and future potential. A number of actions have been identified to support the success and growth of the site through continued investment. For example, there is a need for design guidance for specific sites and to identify sources of investment to support public realm and environmental improvements.
- **Maylands** has been classified as a mixed-use strategic employment site with reinvestment needs and future potential. There is a need to progress the Core Strategy and East Hemel AAP to provide a policy framework to support investment at Maylands. Partners should also identify sources of funding for investment in Maylands including improved public transport and a green strategy.
- **Maylands Gateway** provides the potential for office development. Key actions to take this forward include delivery of the Heart of Maylands to provide local services and amenities, consideration of options for public transport improvements, and attraction of a developer/investor.

#### Opportunities for Delivery in the Short-Term

- **Hatfield Business Park** is identified as having potential for an enhanced role as a Major Business Park. The extension of this site should be supported to deliver high quality employment uses. Actions include consideration of options for highways improvements and addressing issues relating to the provision of sufficient utilities.
- **Park Plaza North** together with additional sites—Park Plaza West and Maxwell Farm, as noted below—offer the potential to support a premier business park. A number of actions will be required to support aspirations for a premier business park including progression of the core strategy to identify an area of search, working with landowners/developers to progress the opportunity and help create the market (e.g. through a masterplan), and feasibility work to consider potential highways/access options.
- **GSK Bioscience Park and Leavesden Studios** offer the potential for an enhanced role in supporting strategic activities. Both councils should work with the owners of the site to identify opportunities for planned investment to result in wider benefits for the area and should support their investment and expansion plans.



## Opportunities for Delivery in the Medium Term (2016-2021)

- **Croxley and Watford Business Park** is classified as having the potential for an enhanced role as a sub-regionally significant site. The council and partners should progress the funding bid for the Croxley Rail Link which could provide the impetus for new high quality employment space.
- **BRE site** has the potential for an enhanced role supporting the green industries sector. Local authorities should work with BRE to consider future development options for the site, including access arrangements to support the green industries sector.
- **Park Plaza West** has the potential to support a premier business park as part of the wider development proposed at Park Plaza North/Maxwells Farm.
- **Watford Health Campus** has the potential for an enhanced role to support the life sciences sector. This will provide support for high value employment related to life sciences focusing on B1b uses.
- **Knebworth Innovation Park** could support strategic activities, subject to a catalyst which can provide the momentum for development. Given other proposals for development at Gunnels Wood/Silkin Plaza, there is likely to be less potential for B1a development and the site is more likely to attract a major investment opportunity or B1b R&D activities linked to key sectors. Stevenage BC and North Herts DC should work together to consider the allocation and mechanisms to jointly progress this site.

## Opportunities for Delivery in the Longer-Term

- **Park Plaza: Mazwells Farm** could potentially support a premier business park as part of a wider development incorporating Park Plaza North.
- **Gunnels Wood: Silkin Park** has the potential for office uses. The aspirations for a high quality office campus at Silkin Park are supported, however there are significant delivery challenges which might require public sector intervention (e.g. land assembly).
- **Watford Junction** has the potential to support a premier business park, subject to constraints. Aspirations for the site should be identified through the Core Strategy and work continued in assessing the feasibility of development and potential funding of infrastructure in conjunction with landowners.

## Sites with potential but with significant delivery/other risks

38. There are a number of other sites with potential but with significant delivery/other risks. These should be kept under review as other sites are bought forward.
- **Radlett** is considered in relation to a major or premier business park. This benefits from good strategic access and there is sufficient land to deliver a premier business park with a strong relationship to St Albans. However, the site falls within green belt and is not supported by planning policy.
  - **Bricket Wood** is considered in relation to a major or premier business park. In market terms, this is an attractive site (though there are some concerns over transport issues). However, again the site is in green belt land and there is little local support. Access arrangements are a significant constraints.
  - **London Road, St Albans** is considered in relation to a local or sub-regional business park. The site is too small to support a critical mass in development. The site is also

located within the green belt and not supported in local policy.

- **Harlow North** is considered in relation to a major business park but this is dependent on residential development at Harlow North. There is some strong local opposition and there are also a number of transport constraints.
- **Bishops Stortford** is considered in relation to a sub-regional business park. There are opportunities related to Stansted airport and housing growth.

39. The phasing proposals set out should be regarded as indicative. They reflect high-level assumptions regarding the lead-in times to delivery of substantial development at the sites indicated as opposed to strict plan led targets. Significant work will be required in the period before this in putting in place a supportive policy framework and progressing planning applications, and in some instances in site assembly and delivery of enabling infrastructure.
40. In practice the timing of proposal will reflect the state of the property market, the availability of potential pre-lets to kick start development, the attraction of the sites to developers/investors, the ability to fund infrastructure requirements and not least creating the necessary planning certainty for landowners and developers/investors to progress opportunities in what is a highly competitive and to a large degree footloose occupier market.
41. As well as their planning role and in some cases landowning role, the local authorities, county and other public agencies such as the LEP have a central role in actively promoting and helping deliver the identified opportunities. This may take many forms such as marketing, bringing together potential partners, potential site assembly, acting as conduit for new public sector and regeneration funding mechanisms such as TiF's etc. As such we see leadership and commitment from the Hertfordshire public agencies as a key determinant in delivering success.
42. There is also a need to ensure that actions to take forward the sites identified in this report are combined with a co-ordinated effort to tackle broader economic development and planning issues such as inward investment, sector development, housing and infrastructure provision. This will be necessary to bring forward these sites and will make Hertfordshire a more attractive location for new and existing firms.