

**REPORT TO:** Urban Renewal Policy and Performance Board

**DATE:** 21 March 2007

**REPORTING OFFICER:** Strategic Director - Environment

**SUBJECT:** Commercial Property Review

**WARDS:** Borough wide

## **1.0 PURPOSE OF THE REPORT**

1.1 To provide an overview and report on the conclusions and recommendations outlined in a commercial property study which assesses the supply of and demand for employment land and premises (industrial, office and retail) in Halton.

**2.0 RECOMMENDED That: the Board supports the recommendations in the report.**

## **3.0 SUPPORTING INFORMATION**

### **3.1 Overview**

The report provides a holistic view of the current commercial property offering (office, industrial and retail) across the borough of Halton in 2006 and considers its fitness for purpose against both the existing and projected economic structure of the borough.

3.2 The reports identifies areas of surplus and shortfall in terms of capability to meet new and emerging business needs and considers the supply of development sites, both green and brown field to meet developers and end user requirements.

3.3 The review was undertaken using the following methodology;

- Desktop review of existing information from HBC departments
- Discussions with HBC staff
- Face to face and telephone interviews with property developers
- Face to face and telephone interviews with property agents
- Consultation with public sector bodies
- Survey of existing Halton businesses

### **3.4 Property Market Overview**

Despite the shift in recent years to the service sector, from the more traditional manufacturing sector as the source of employment, demand for industrial accommodation still exceeds demand for offices.

Primarily the demand is for small space, up to 5000 sq ft for offices; up to 10,000 sq ft for industrial.

- 3.5 Although the Borough has a strong science sector, the need for specialist forms of accommodation, such as labs, is extremely small.
- 3.6 Runcorn is the more popular office location; industrial companies are split more evenly between the two towns. However, there remains a high degree of loyalty with businesses reluctant to cross the river if they are looking to relocate.
- 3.7 Freehold demand remains strong across all the sectors.
- 3.8 There is a shortage of certain types of properties: 0-1000 sq ft offices; 0-2000 sq ft and 5000-10,000 sq ft industrial. Conversely there is a surplus of 2000-5000 sq ft and 10,000-20,000 sq ft units, however these are predominately low quality, unfit-for-purpose accommodation built in the 1970s in Runcorn or in unattractive, mixed-use areas in Widnes.
- 3.9 With 40 percent of enquiries coming from outside the Borough, Halton plays an important role sub-regionally, attracting businesses from Liverpool, Cheshire and Warrington.
- 3.10 The borough is becoming more attractive to developers, with strong demand for sites supported by success at schemes such as Abbots Park and Speke Approach.
- 3.11 Emerging trends indicate a need for better quality property, both office and industrial, in terms of specification, image, environment and access.

### **3.12 Small Business Accommodation**

Future trends of increasing numbers of businesses, decreasing sizes of businesses and a growth in self-employment serviced offices and managed workspace centres. Existing facilities in Halton require upgrade and refurbishment. Although more are needed, the phasing of them needs to be carefully planned to avoid unnecessary competition with Centrix, The Heath and Daresbury Innovation Centre.

### **3.13 Employment Land**

The Borough appears to have sufficient employment land through to 2016. However the analysis is complicated by the amount of regional investment sites allocated and the specialist markets some of these areas cater for.

- 3.15 Of the 233 ha of employment land in the Borough, strategic investment/specialist sites ha take up 143 ha. This leaves only 90 ha for local needs. Local businesses are essentially limited to in-fill plots

on the Borough's existing industrial estates while most of the remaining land at Manor Park in the process of being sold to end-users.

- 3.16 According to analysis (based on historic take-up figures and considering how much land is actually, truly available) it is suggested that the Borough needs a further 60 ha of employment land to cater for the growth of the economy and provide sufficient range and choice through to 2016. Given that the economy and existing available resource is split relatively evenly between Widnes and Runcorn it is suggested that the land required is also divided evenly - 30 ha each.

### **3.17 Employment Areas**

The only areas that provide a high quality image are Daresbury Park, Daresbury Science and Innovation Centre and, to a degree, Manor Park. All the other areas would benefit from environmental and landscape improvements to enhance their image – to counter one of the key perception problems with Halton as a business location – poor image.

- 3.18 There is only one location where there is serious market failure, Astmoor Industrial Estate has suffered from years of underinvestment, poor quality landscape maintenance, poorly designed and specified buildings and suffers in comparison with neighbouring areas

- 3.19 A survey of perception of the employment areas by property agents revealed the following comments from both national and regional agents;

- *Plenty of property in both Runcorn and Widnes. Manor Park is only good quality stock of premises, rest is relatively poor. Good demand for 10,000-20,000 sqft. Considering the excellent motorway connections to both towns demand should be stronger than it is. Area lags behind Warrington, but important area nonetheless.*
- *Sufficient amount of property in both Runcorn and Widnes. Better quality available in Runcorn. Market quite slow at the moment. Units below 10,000 sq ft popular, those larger slow to let. No shortages but environmental improvements needed. Halton is poor relation to Warrington and neighbouring areas.*
- *Strong demand for freeholds. Runcorn attracts the more discerning occupier. Shortage of options in surrounding areas pushing occupiers into Halton. More developer interest because of success in neighbouring locations now rippling into Halton. Workforce availability in the Borough good. Increasing demand from large distribution companies who cannot find solutions elsewhere. Astmoor Industrial Estate requires whole scale redevelopment; units do not meet modern needs.*

- *Office market is poor in Halton. Daresbury Park in does well which is close by. Preston Brook has attracted interest in the 4000-10,000 sqft size range. Very poor quality stock in Widnes. Anybody who has a business in Widnes will generally place their offices in Chester or Liverpool.*

### **3.20 Recommendations**

- (a) Continue the regeneration of Widnes Waterfront to improve the environment and perceptions to encourage further investment. This will also bring forward employment land for local business needs, which is in short supply.
- (b) Pursue the Mersey Gateway Bridge, lobbying to bring it forward as soon as possible. Continue to view it as an economic development issue as well as a transport one. It could have a dramatic effect on the local property market providing the catalyst to regenerate major employment areas. It will support 3MG and improve West Bank Dock Estate and New Town in Widnes. It will also make Astmoor Industrial Estate more accessible and attractive.
- (c) 60 ha of more land should be made available for development in Halton, split equally between Widnes and Runcorn. This could be made up of low-density underused brownfield employment area, where regeneration is possible. The lack of office development in Widnes could be alleviated by the creation of a high quality North Widnes Business Park at some point in the future on a location to be identified through the planning process.
- (d) The serious issues at Astmoor Industrial Estate need to be addressed. Its poor image, poor specification buildings and years of under investment are concerns. The Council need to facilitate improved maintenance; ensure security is not a problem; work with property owners (where possible) to upgrade premises.
- (e) The Council should continue its support of Daresbury Science and Innovation Campus in association with NWDA and its other partners. This is a high quality development, offering a unique competitive advantage over many areas, with the potential to draw in significant inward investment.
- (f) To facilitate the link up Daresbury Park and Daresbury Science and Innovation Campus.
- (g) The Council should support the development and improvement of The Heath Business and Technical Park. It is a successful

business location that also provides important accommodation for the science sector and small businesses.

- (h) All employment areas except those at Daresbury and Manor Park could do with environmental improvements, e.g. landscaping, buildings maintenance, signage, etc.
- (i) The Council should encourage more small business accommodation, although care should be taken not to provide facilities that compete with the private sector. Existing public sector facilities should be upgraded, as many offer a poor image. Possible schemes include serviced offices at Widnes Waterfront; managed workspace at Astmoor; mixed-use scheme at Runcorn Old Town; plus small industrial units in both Runcorn and Widnes.
- (j) The Council needs to continue to work with investors to increase the size, range and quality of the shops in both Widnes and Halton Lea. This includes facilitating new development and working on other issues such as image, environment, marketing, transport, etc. The leisure economy needs to be enhanced in Widnes and the Council should progress with its plans for Victoria Square. The same is true for Runcorn Old Town, it has little future as a major retail centre and its reinvention will rely on leisure, residential and specialist, independent traders which the Council need to encourage and support.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 One of the Economic Development and Tourism Strategy stated outcomes is “Encouraging Investment in Land and Property” with the goal of creating employment areas that are fit for purpose in the sense that they both meet business needs and help to produce an attractive and prosperous borough.
- 4.2 To ensure a long-term supply of employment land in Halton the UDP allocates employment land up to 2016. However the monitoring of take-up rates may require future reviews of UDP policy to ensure an adequate supply of employment land is available to meet future demand

#### **5.0 OTHER IMPLICATIONS**

- 5.1 There are no other implications arising from this report.

#### **6.0 RISK ANALYSIS**

- 6.1 Inadequate supply of suitable properties and development sites will hinder the objectives outlined in the Economic Development and Tourism Strategy.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 The supply of premises to aid job creation in locations that are accessible to our deprived communities is essential. The commercial property study has considered the need for further development of small units and managed workspace to help encourage employment in those groups that are presently suffering from high levels of unemployment.

## **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

8.1 None