

A Bilfinger Real Estate
company



Report

GVA
10 Stratton Street
London
W1J 8JR

Qualitative Employment Site Assessment Maidstone Borough Council Final Report

September 2014

Contents

1. INTRODUCTION.....3

2. COMMERCIAL PROPERTY MARKET REVIEW7

3. POTENTIAL NATURE OF FUTURE DEMAND23

4. THE EMPLOYMENT SITE PORTFOLIO28

5. SOURCES OF FUTURE SUPPLY55

6. BALANCING DEMAND AND SUPPLY63

7. SITE SPECIFIC RECOMMENDATIONS.....74

8. CONCLUSIONS.....82

Appendices

- Appendix I Site Assessment Matrix
- Appendix II Site Survey Forms
- Appendix III Overview Map of Employment Sites
- Appendix IV Stakeholder Workshop Meeting Note
- Appendix V Town Centre Office Maps & Stock Observations
- Appendix VI Vacant Site Map

1. Introduction

- 1.1 Maidstone Borough Council (MBC) is in the process of preparing a new Local Plan for the Borough that will set the high level spatial strategy for the period to 2031. The preparation of the Local Plan is guided by the National Planning Policy Framework (NPPF) and the National Planning Practice Guidance (NPPG).
- 1.2 Both documents advocate that an evidence based approach to employment land allocation and protection is taken and that the land portfolio should offer sufficient capacity to accommodate expected future demand requirements both in quantitative and qualitative terms.
- 1.3 The NPPF identifies a need to identify a portfolio of sites within a local authority area that have a reasonable prospect of being delivered, and that allocations should not simply be 'rolled over' from one plan period to the next (NPPF Paragraph 22). The NPPG is clear that in identifying land for economic development it should be demonstrated that it is *"suitable, available and achievable.....over the plan period"*. The NPPG recommends that site assessments are undertaken at regular intervals to ensure the land portfolio continues to provide the most appropriate match for economic growth.
- 1.4 MBC has commissioned GVA to prepare an assessment of the current employment land within the borough and make recommendations as to its future suitability for accommodating economic growth. The assessment has been undertaken following the objective assessment of the economic growth potential of the borough in the report 'Economic Sensitivity Testing & Employment Land Forecast' (GVA, 2014) which estimated the likely scale and nature of future growth, and in parallel with the development of a new Economic Development Strategy, which will direct interventions to help secure economic success.
- 1.5 This report, alongside the Economic Sensitivity Testing Report, provides a NPPF and NPPG consistent assessment of employment land needs.

Employment Land Requirement

- 1.6 MBC commissioned GVA to undertake an assessment of the potential scale and nature of future employment growth within the borough. The final report, titled 'Economic Sensitivity Testing' was published in February 2014. The assessment focussed on identifying and testing the 'economic capacity' of the borough, analysing local, regional and national drivers of economic and employment growth to understand their influence locally.

- 1.7 The study considered the recent sectoral performance of the local economy, the future growth expectations for these and wider technological and sectoral trends that may deliver new employment opportunities. Performance was benchmarked to other boroughs which were similarly located in relation to London, were of a similar scale and nature or demonstrated a similar economic structure.
- 1.8 The study tested a small number of different growth scenarios, using an Experian Business Strategies forecast as its base, to understand their impact with the final forecast identifying specific growth opportunities accruing from the development the Kent Institute of Medicine and Surgery (KIMS) and the planned Maidstone Medical Campus (MMC). It combined these with 'enhanced' growth rates for a small number of other key sectors which, given past performance and future national expectations, are likely to grow at a greater level than Experian anticipated. Key sectors included Health, Education, Computing & Information Services, Finance, Vehicle Manufacturing and Land, Transport and Post.
- 1.9 In total the final employment growth forecast estimated an 18% increase (14,394 jobs) between 2011 and 2031. A significant proportion of 46% of these jobs (6,636) are expected to be within 'non-B class' activities (for example retail and healthcare), a further 4,200 (29%) will be directly created by KIMS and the MMC, with 3,733 (26%) within B class sectors.
- 1.10 The study then translated the employment forecast into an employment land forecast which identified a 'general requirement' for 17.7ha of employment land, as shown below.

Figure 1 – Employment Land Requirement

	Employment Jobs	Floorspace Demand 2011 - 2031 m ²	Allowance for Churn m ²	Change in floorspace m ²	Change in Land Ha
Office	3,053	36,636	3,194	39,830	2.7
Industrial	226	8,154	12,136	20,290	5.1
Warehouse	453	31,724	18,187	49,911	10.0
General Requirement	3,733	76,513	33,517	110,030	17.7
KIMS/MMC	4,200	tbc	0	0	19
Total Employment Land	7,933				37

- 1.11 It is this scale and nature of future employment land/floorspace requirement that provides the context for this Qualitative Site Assessment. It is the purpose of this study to identify how the expected nature of growth can be accommodated within the borough over the plan period.

Overview of Approach & Data Sources

- 1.12 The Qualitative Site Assessment has been undertaken by completing a number of 'inter-linked' stages which have sought to understand the stock of existing land, the local market trends and the wider issues affecting the suitability of land for its current occupiers.
- 1.13 The first stage was to identify the actual 'stock' of employment sites within the borough. Since the last comprehensive assessment of employment land (2006/2007) much has changed within the borough, with a number of sites 'lost' to other uses, new stock delivered and increased activity in rural areas through building conversion.
- 1.14 Therefore it was not possible to solely rely on past information. Therefore a new site identification process was undertaken, drawing on:
- Property transactions data (from Egi, CoStar);
 - Planning activity information (provided by MBC, KCC);
 - Business rates database (from MBC); and
 - Information from agents and MBC's economic development team.
- 1.15 Having identified the sites and filtered them to focus on sites over 0.25ha (in line with the NPPG) full site surveys were undertaken by GVA staff, supported by a range of information provided by the Council to understand wider constraints.
- 1.16 We have also updated previous property market analysis drawing on data from the Valuation Office (published in 2013) and CoStar Focus. This information has then been discussed with local commercial property agents (where they have wished to be involved) to identify any underlying trends.
- 1.17 Ongoing dialogue has been maintained with Shared Intelligence, who are preparing the Economic Development Strategy, to ensure both documents are strategically aligned and common data is used where possible and consultation approaches do not duplicate or over-burden stakeholders.
- 1.18 This Report provides a summary of these tasks and presents the key conclusions, it is structured as follows:
- Section 2 – provides a review of recent activity within the commercial property market;
 - Section 3 – provides a strategic review of future space typologies;
 - Section 4 – provides summary analysis of the employment site portfolio;
 - Section 5 – considers potential sources of additional employment land capacity;

- Section 6 – balances identified supply against the demand for space identified in previous forecasting work; and
- Section 7 – provides high level site specific advice in terms of how sites should be considered in future planning policy.

2. Commercial Property Market Review

- 2.1 Within this section we consider the recent performance of commercial property within the borough. It provides an analysis of key trends within the local office and industrial markets in order to understand the nature of demand for different property types.
- 2.2 Understanding past performance provides an important guide to the nature of space that could be required in the future as it reflects those business activities that are already accommodated within the borough and may seek to move, and those that are already seeking space within the local area.

Market Overview

- 2.3 Maidstone borough has traditionally been one of the most significant markets within Kent, providing a focal point for a range of commercial and public sector occupiers across office, industrial and warehouse spaces.
- 2.4 Historically demand for commercial office floorspace has been driven by key sub-regional government activity (a core function of its 'County town' role), whilst demand for industrial and warehousing demand has been a result of both indigenous business growth (with a range of entrepreneurs starting and growing businesses in the borough) and 'inward investment' from neighbouring areas with businesses seeking to benefit from Maidstone's connections.
- 2.5 However, in the more recent past there has been a noticeable stagnation within the local property market as traditional office demand has fallen away and other locations benefit from improved infrastructure and new floorspace delivery.
- 2.6 The latest data produced by the Valuation Office (VOA) shows that there was an estimated 868,000sqm of B class floorspace within the borough, of which 25% (218,000sqm) is office space and 75% (650,000sqm) is classed as industrial space.

Office Provision

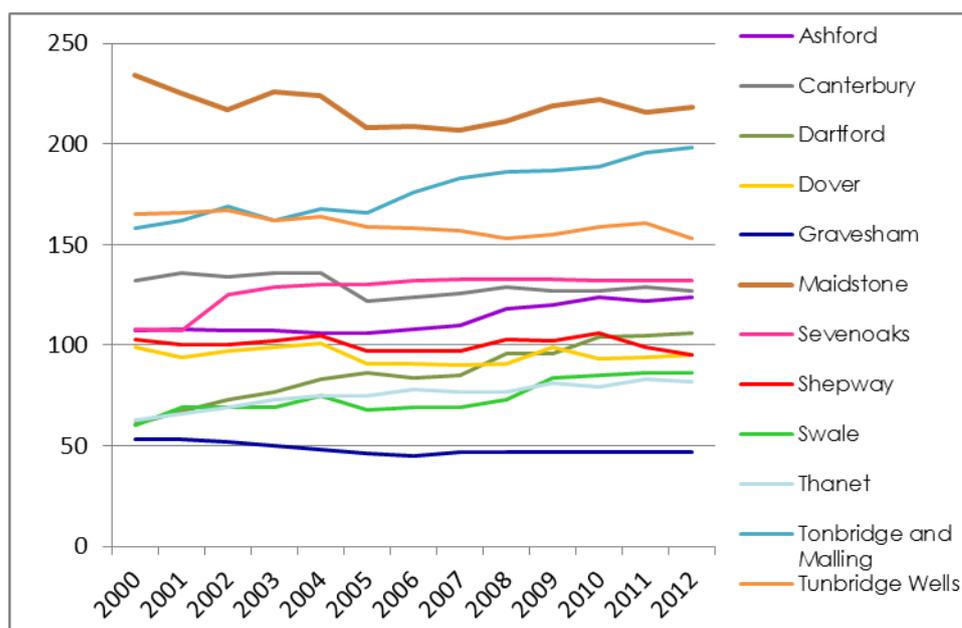
- 2.7 The provision of office floorspace has decreased by 7% (16,000sqm) since the turn of the century. However, at the same time the VOA data suggests that hereditaments (i.e. a property that is subject to a rating assessment) have increased by 33% to 1,100 units.

- 2.8 The increase in hereditaments is likely to arise from two sources, firstly the delivery of new units within the borough and, secondly, the sub-division of larger buildings into smaller units (for example Kent House) which, whilst new floorspace is not added, each unit or suite is likely to be subject to its own rating assessment and hence increase the number of hereditaments.

- 2.9 What is clear, regardless of the source of additional hereditaments, the average size of unit has decreased over the period, from 282sqm in 2000 to 198sqm in 2012. As shown later in this report, this smaller unit size is reflected in property transactions data. This shift also reflects experience in a number of locations across the South East which do not play a major role within the corporate office market.

- 2.10 Despite losses of office space Maidstone still plays a significant role within the Kent market, providing the largest amount of space within any single borough.

Figure 2 - Office Floorspace Provision 2000-2012

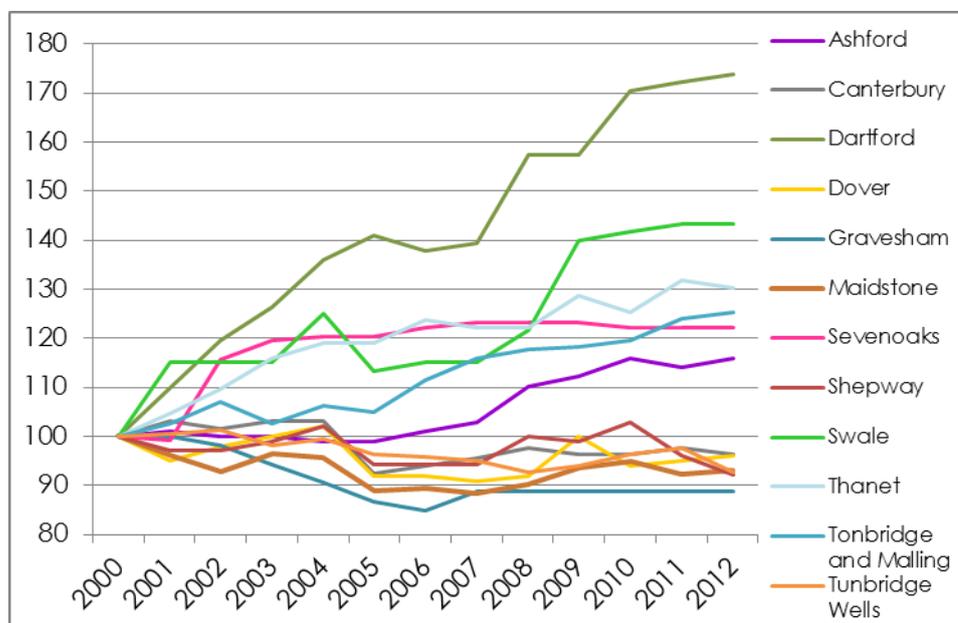


Source: VOA, 2014

- 2.11 Whilst Maidstone retains the highest amount of space, Figure 2 shows a clear downward trend and a weakening of its 'dominant' market position. This is particularly noticeable when compared to Tonbridge and Malling, which has seen a considerable uplift in provision, largely as a result of the delivery of Kings Hill over this period.

- 2.12 When the percentage change in stock in each borough is set to a comparable base (i.e. 2000) the relative decline in Maidstone's position becomes clear.

Figure 3 - Office Floorspace Stock Change 2000-2012



Source: VOA, 2014

- 2.13 As shown in Figure 3 Maidstone's decrease in stock is in stark contrast to nearby locations such as Dartford (which has seen significant new stock delivered at Crossways Business Park), Swale (with space coming to the market at Kent Science Park for example), Tonbridge and Malling, Sevenoaks and Ashford.

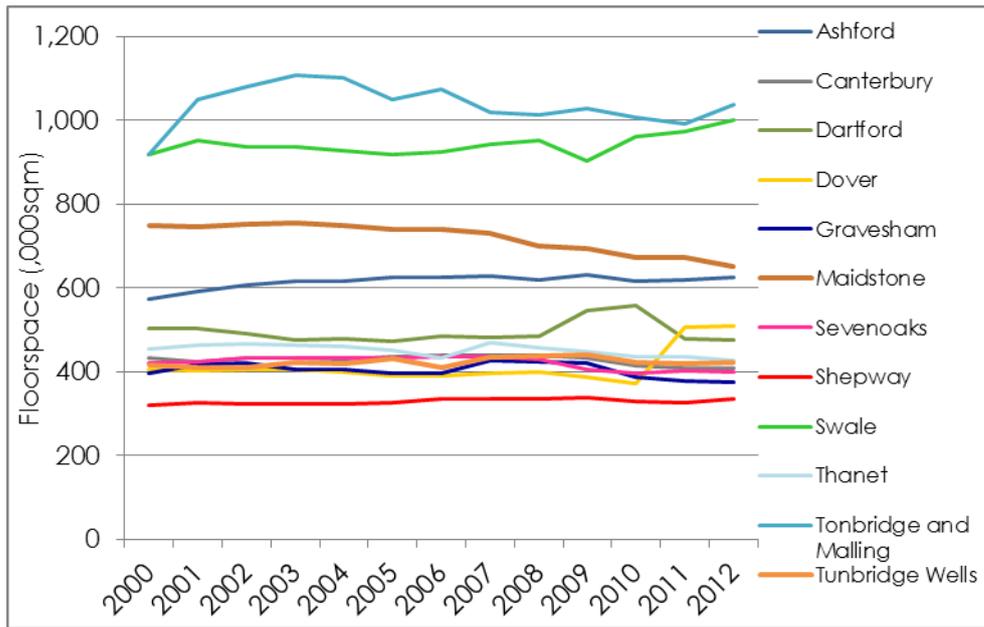
Industrial Provision

- 2.14 The VOA estimates that in 2012 there was 650,000sqm of industrial floorspace within the borough. The scale of stock has fallen 13% since 2000, when the stock was 750,000sqm. The 'peak' stock within the borough was recorded in 2003 at 756,000sqm, 14% higher than the level in 2012.
- 2.15 This industrial floorspace information remains aggregated here. This is because the VOA data used to establish stock trends has been published as "experimental", meaning it is limited and has not been produced in a form that allows industrial and warehouse floorspace to be separated.
- 2.16 The number of industrial hereditaments has also fallen between 2000 and 2012, although by a much lower proportion than floorspace, decreasing by 4%. Similar to office provision,

the VOA data suggests there has been a shift within the borough towards smaller unit provision, with the average hereditament falling from 615sqm to 556sqm.

- 2.17 The scale of provision within Maidstone has traditionally been one of the largest within Kent, however it is significantly below the level of stock within Tonbridge and Malling and Swale., both of which have seen larger proportional increases in stock.

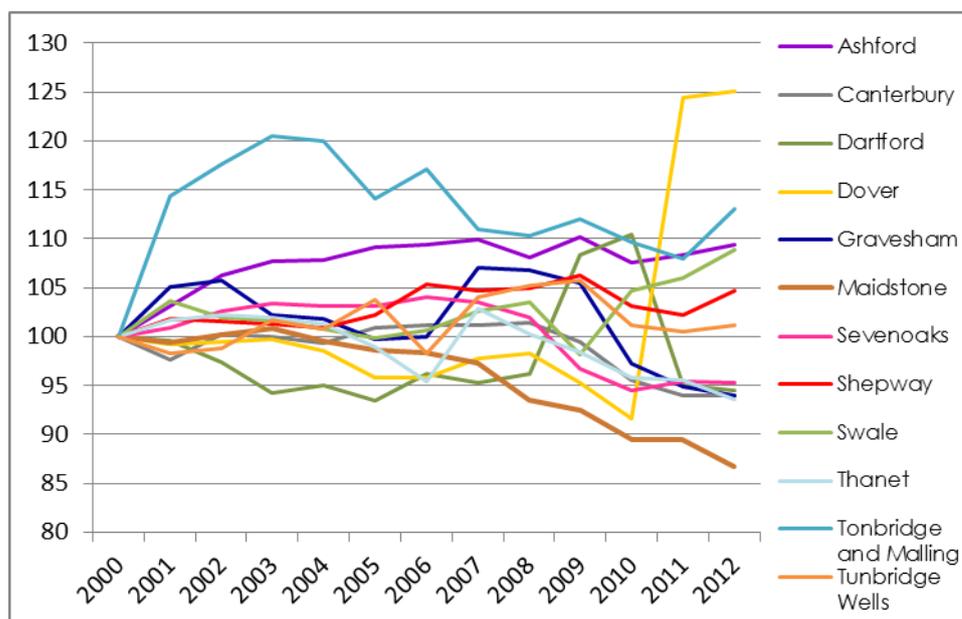
Figure 4 - Industrial Floorspace Provision 2000-2012



Source: VOA, 2014

- 2.18 Maidstone now has an equivalent level of industrial floorspace as Ashford, although the two boroughs demonstrate considerably differing trends. Whilst stock in Maidstone has declined since 2000 Ashford has experienced a 9% growth in floorpace stock.
- 2.19 Proportional changes show a much more complex picture of performance across the County, within Maidstone experiencing the largest percentage loss of stock.

Figure 5 - Industrial Floorspace Stock Change 2000-2012



Source: VOA, 2014

2.20 Whilst the highest proportional increase was recorded in Dover District, largely as a result of a one year change in 2010-11, both Ashford and Tonbridge and Malling have experienced significant proportional increases (albeit with Tonbridge and Malling experiencing a considerable fall since the 2003 peak), Swale has also shown strong growth whilst Dartford was performing similarly strongly until 2011 when the large GSK site was finally demolished.

Commercial Market Activity

2.21 To understand how the property market itself may influence future provision we consider market performance in terms of deals completed (space take up) between January 2007 and June 2014 and advertised space (vacancies) as of July 2014.

2.22 We draw on data collected and held within the CoStar Focus database. The CoStar¹ database seeks to record actual market activity (i.e. the 'turnover' of occupiers and

¹ CoStar Focus is a nation-wide property database that records deals and vacant premises within the commercial property market. The database relies on support from local agents to complete data records. It provides a robust and consistent measure of both current and historic market performance. It should be noted that whilst CoStar take every

premises) as such the majority of lease renegotiations and extensions are not included. It should be noted that the CoStar database relies on the participation of agents to maintain its accuracy; as such a number of smaller deals may not be captured. However, it provides a consistent and robust record of the predominant market trends from which the market can be understood.

- 2.23 To ensure the data used provides an accurate assessment of activity within the borough each entry has been checked to ensure there is no double counting of units where a building is advertised as a whole and for sub-letting of sub-divided spaces.
- 2.24 To supplement our understanding and identify trends which CoStar may not capture we have had discussions with key local agents to draw on their experience of the market within Maidstone.

The Office Market

- 2.25 Between January 2007 and June 2014 there have been 226 office transactions within the borough, totalling a demand for space of 43,000sqm. The market peaked in 2008 both in terms of transactions and floorspace transacted, with almost a quarter of the space taken up in the whole period transacted in this year.

Table 1 - Office Take Up by Year & Size

	2007	2008	2009	2010	2011	2012	2013	2014	Total
Total Deals	23	38	26	29	31	29	33	17	226
Total sqm	4,885	10,281	4,113	6,083	5,639	3,966	5,430	2,612	43,009
< 185 sqm	15	24	22	20	17	22	24	12	156
185 - 465 sqm	4	7	2	3	13	6	7	4	46
465 - 1,850 sqm	4	7	2	6	1	1	2	1	24
1,850sqm +	0	0	0	0	0	0	0	0	0

Source: CoStar Focus, 2014

- 2.26 Across the whole period the market (with the exception of 2008) has been relatively consistent with between 4,000 and 6,000sqm of space taken up each year. Similarly the

effort to ensure accuracy and coverage it does not capture all activity but does provide a significant and robust sample from which conclusions can be drawn.

number of units taken up has again been relatively consistent, with in the region of 30 deals per annum.

- 2.27 Demand has been dominated by small units, where between 63% and 85% of annual demand has been for units of less than 185sqm. Over the period average letting sizes have fallen to below 200sqm reinforcing the predominant focus on smaller scale demand.
- 2.28 Unsurprisingly given wider economic conditions average rents have fallen over the period since 2007, with a significant drop in achieved values since a peak in 2009.

Table 2 – Average Achieved Office Rents

Year	Average Achieved Rent (£ per Sq M)
2007	148
2008	152
2009	198
2010	193
2011	80
2012	118
2013	116
2014	126
Long Term Average	147

Source: CoStar Focus, 2014

- 2.29 The average achieved rent over the period has been £147/sqm, with values over the last four years significantly below this level. Whilst rents have recovered slightly in the last three years they are still lower than pre-recession levels and significantly below levels that would attract new speculative development or refurbishment of stock.
- 2.30 Understandably there has been a limited amount of take up of new or refurbished space given the low supply of stock of this type, in total only 16% of deals were for new or refurbished stock. This suggests there is limited investment in the delivery of new space, or the upgrading of previously occupied space before it is re-let.

Table 3 – Total Office Take Up by Quality (Jan 2007-June 2014)

	Total Units	Floorspace (sqm)
New	32	6,776
Second Hand	144	24,579
Unknown	50	11,654
Total	226	43,009

Source: CoStar Focus, 2014

- 2.31 Whilst 50 deals over the period do not declare a 'quality' or nature of the stock, having reviewed the premises in question these are, predominantly, likely to be second hand, unrefurbished stock.

Table 4 – Annual Office Take Up by Quality

	2007		2008		2009		2010		2011		2012		2013		2014	
	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm
New	6	1,210	6	563	4	1,461	6	1,723	3	291	2	424	2	876	1	228
Second Hand	14	3,185	22	3,631	12	1,790	11	3,092	24	4,371	20	2,933	26	3,370	15	2,207
Unknown	3	490	10	6,087	10	862	12	1,268	4	977	5	609	5	1,184	1	177
Total	23	4,885	38	10,281	26	4,113	29	6,083	31	5,639	27	3,966	33	5,430	17	2,612

Source: CoStar Focus, 2014

- 2.32 Recent trends show that take up has decreased for new and refurbished space, which is likely to be more a reflection of declining availability rather than a lack of 'demand' in general.
- 2.33 In terms of available space within the borough CoStar currently estimates advertised available floorspace to be in the region of 42,000sqm. Availability of this scale represents a vacancy rate of just under 20%. Almost 8,188sqm of this space is considered to be new or refurbished, largely comprised of c.4,688sqm of permitted development at Eclipse Park. Data excludes floorspace at the MMC, which is not currently actively being promoted and is unlikely to form part of the 'general supply' given its narrow occupier focus.

Table 5 – Office Floorspace Availability

	Units	Total Floorspace (sqm)
<185	37	3,645
185-465	22	5,455
465-1,850	13	12,041
1850+	5	20,855
Total	77	41,996

Source: CoStar Focus, 2014

- 2.34 Based on the figures in Table 5 the majority of space appears to be available within larger units, suggesting a mismatch with the over-riding demand trends evidenced above. However, this does not necessarily portray an accurate picture of supply, with a number of large units potentially being sub-divided into smaller suites as required.
- 2.35 For example, Kent House currently has around 9,800sqm of space available. However, whilst this is capable of being let as one deal a number of suites are also advertised separately, ranging in size from 30sqm to 320sqm.
- 2.36 Therefore the issue of persistent high vacancies within the borough appears largely to be related to the quality of the stock and its ability to provide attractive accommodation for businesses. Whilst there are some mis-matches between the size of units and prevailing demand trends, even where they these can be sub-divided they still remain vacant. More detail of the 'time on market' for office units is presented in Table 6.

Table 6 – Available Office Floorspace – Time on Market

Street Name	Sq M Available	Days on Market
10 Middle Row	197	3,066
Miller House Lower Stone Street	4,464	2,999
Laurel House, Earl Street	53	2,969
Colman House & Colman Parade, King Street	449	2,863
Star House, Pudding Lane	1,861	2,457
8 Eclipse Park	1,346	2,368
6 Eclipse Park	1,540	2,368
7 Eclipse Park	1,952	2,368
Church Farm, Ulcombe Hill	84	2,201
Maidstone House, King Street	2,714	2,089
Kent House, Romney Place	9,864	2,020
23-29 Albion Place	561	1,862
Frederick House, Brewer Street	579	1,641
Coronet House, Queen Anne Road	307	1,632
Unit D Orchard Business Centre	237	1,607
Unit 7, Coldred Road	28	1,495
Brenchley House, Week Street	1,058	1,495
Medway Bridge House, Fairmeadow	271	1,495
Vaughan Chambers, Tonbridge Road	476	1,495
Lyndean House, Albion Place	695	1,375
Unit P Ledian Farm, Upper Street	25	1,318
The Oast, Unit 3 Lested Farm, Plough Wents Road	77	1,045
Unit 10, James Whatman Court, Ashford Road	81	1,040
Chaucer House, Knighttrider Street	147	997
GHL House, 12-14 Albion Place	202	812
23-29 Albion Place	1,759	772
The Barn, Lested Farm, Plough Wents Road	246	750
Little Sheephurst Farm, Sheephurst Lane	233	729
Unit 3 Downs Court, Yalding Hill	93	717
Westbrook House, Albion Place	187	689
Westbrook House, Albion Place	201	689
Brecon House, Albion Place	181	688
Brecon House, Albion Place	204	688
Unit P Ledian Farm, Upper Street	42	639
93-95 High Street	194	613

Street Name	Sq M Available	Days on Market
Paul Sandby Court, Turkey Mill, Ashford Road	1,338	612
East Wing, Main House, Turkey Mill, Ashford Rd	66	595
59 High Street	120	561
Kestrel House, Kightrider Street	172	560
41 Hedley Street	217	497
Colman House & Colman Parade, King Street	129	463
Colman House & Colman Parade, King Street	354	463
Lyndean House, Albion Place	149	456
Colman House & Colman Parade, King Street	320	408
23-29 Albion Place	257	396
Barham Court	64	393
Barham Court	64	393
Barham Court	64	393
Turkey Court, Turkey Mill, Ashford Road	245	374
Brook House, Ashford Road	18	344
Brook House, Ashford Road	20	344
89 Ashford Road	74	340
58 High Street	142	308
The Beater House, Turkey Mill, Ashford Road	70	308
Sunley House, Middle Row	174	305
North Court, Armstrong Road	175	294
County House, Earl Street	624	280
Unit 2 The Old Brewery, Buckland Road	101	276
Galleon House, King Street	724	262
Medvale House, Mote Road	539	260
Invicta House, Pudding Lane	112	255
Brook House, Ashford Road	13	253
Abbey Court, Boarley Lane	224	241
Ashmill House, Ashford Road	802	143
Unit 7 James Whatman Court	192	143
89 King Street	137	128
Enterprise	157	116
6 Downs Court, Yalding Hill	59	115
F1 & F2 East Court, Armstong Road	157	94
4 Albion Place	200	64
Holbrook House, Bank Street	117	49

Street Name	Sq M Available	Days on Market
25a Pudding Lane	93	46
Adapt House, Station Road	204	45
Burnt House Farm Business Park, Bedlam Lane	151	37
57-59 Church Street	173	22
The Malt House, Weaving Street	63	16
84 King Street	314	2

Source: CoStar Focus, 2014

- 2.37 As demonstrated in Table 6 office space has been available for a wide range of time, from less than a week (84 King Street) to over 8 years (Middle Row). However the majority of stock has been available for a significant amount of time, suggesting that where demand exists the available space has not been able to meet requirements.
- 2.38 It is recognised from demand trends reported by agents and in neighbouring areas that there have been requirements for space within the Maidstone market, however these have tended to be met outside of the borough, principally at Kings Hill, but also in smaller developments such as Hermitage Court.
- 2.39 On average office properties within Maidstone will be on the market for 504 days, based on current availability data which covers the period from 2007 - 2014. Our analysis of the data provided by CoStar Focus suggests that 84% of the currently available stock has been on the market for longer than this period, represented in the table by all units above the orange line. Approximately 88% of stock has been available longer than the median vacancy period which is 342 days, as represented by the green line.
- 2.40 In this analysis it should be recognised that the recession is likely to have extended vacancy periods beyond the long term average, as such we have also considered the amount of stock which has been available for over 5 years and was therefore able to attract occupiers in a more buoyant economic climate. Around 59% of stock (some 24,688sqm) has been available for 5 years or more, again suggesting that there is a more fundamental issue with the nature of space available.

The Industrial Market

- 2.41 Since 2007 there have been 171 deals for 'industrial' space (i.e. industrial and warehouse units) with a total of almost 76,000sqm let.

Table 7 - Industrial Take Up by Year & Size

	2007	2008	2009	2010	2011	2012	2013	2014	Total
Total Deals	22	17	10	20	29	39	27	7	171
Total sqm	13,539	8,039	5,980	8,212	16,643	8,642	8,171	6,511	75,737
< 185 sqm	5	6	3	6	15	24	10	4	73
185 - 465 sqm	7	7	2	7	3	11	12	1	50
465 - 1,850 sqm	8	3	5	6	10	4	5	1	42
1,850sqm +	2	1	0	1	1			1	6

Source: CoStar Focus, 2014

- 2.42 As shown in Table 7 demand has fluctuated significantly year on year, most notably during the core of the recession (2008-2010), since 2010 the number of units let has recovered and has been above pre-recession levels.
- 2.43 In terms of the amount of space demanded, 2011 showed a peak of over 16,000sqm, almost double the general trend level, largely as a result of two major deals, one of c.6,000sqm at Park Wood and one of c.4,000sqm at Boughton Mount Farm.
- 2.44 Demand has tended to be focussed on smaller units, although demand is relatively evenly split between units smaller than 185sqm and units between 185sqm and 465sqm.
- 2.45 There has been limited take up of very large units (i.e. over 1,850sqm) however, there is limited supply of stock of this scale and therefore any demand that does exist is likely to predominately be drawn to other locations.
- 2.46 Achieved rents in the borough of the time period are an average of £66/sqm. Over the time period values have shown some fluctuation, with a peak of £73/sqm in 2010 and a lowest value of £59/sqm in 2009.

Table 8 - Average Achieved Industrial Rents

Year	Average Achieved Rent (£ per Sq M)
2007	60
2008	72
2009	59
2010	73
2011	61
2012	66
2013	65
2014	64
Long Term Average	66

Source: CoStar Focus, 2014

- 2.47 There is limited difference between values achieved for new/refurbished stock and second hand stock, both achieving between £61/sqm and £66/sqm. The major price difference has been where stock has been transacted prior to development, with deals for 'Sites' or units 'Under Construction' reported to achieve rents of between £91/sqm and £98/sqm.
- 2.48 Part of this rent differential may be explained by the lack of available stock of this nature, which in turn is reinforced by a lower level of deals recorded for this stock.

Table 9 – Total Industrial Take Up by Quality (Jan 2007-June 2014)

	Total Units	Floorspace (sqm)
New, Refurb, Under Construction	36	17,284
Second Hand	120	51,664
Unknown	10	4,265
Sites	5	2,524
Total	171	75,737

Source: CoStar Focus, 2014

- 2.49 The majority of stock taken up (68%) is recorded as second hand, the predominant source of 'new' supply has been within the Integra development at Park Wood and the Nimbus development at 20:20. This is reflected in year by year trends, which peaked in 2012, when units at Integra became available. This lack of activity for new or refurbished space

suggests there is limited investment in the delivery of new space, or the upgrading of previously occupied space before it is re-let.

Table 10 – Annual Industrial Take Up by Quality

	2007		2008		2009		2010		2011		2012		2013		2014	
	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm	Units	sqm
New, Refurb etc	5	2,691	1	265	1	755	5	1,143	8	2,819	14	4,193	1	215	1	5,203
Second Hand	16	9,939	14	6,754	8	4,902	13	5,888	20	13,753	23	3,790	20	5,330	6	1,308
Unknown	1	909	0	0	0	0	0	0	1	71	2	659	6	2,626	0	0
Sites	0	0	2	1,020	1	323	2	1,181	0	0	0	0	0	0	0	0
Total	22	13,539	17	8,039	10	5,980	20	8,212	29	16,643	39	8,642	27	8,171	7	6,511

Source: CoStar Focus, 2014

- 2.50 Considering available floorspace within the borough, there is currently almost 5,000sqm of 'industrial' space available. The majority of the space (61%) is second hand space, with a limited supply of new space, which wholly accommodated within one unit at Integra.

Table 11 – Industrial Floorspace Availability

	Units	Total Floorspace (sqm)
<185 sqm	2	223
185 - 465 sqm	5	1,643
465 - 1,850 sqm	3	2,915
1850+	0	-
Total	10	4,781

Source: CoStar Focus, 2014

- 2.51 The majority of supply for industrial space is within the smaller size bands, reflecting the core focus of demand and take up, currently there are no large premises available within the borough.
- 2.52 Two thirds of warehouse space also lies within the smaller size bands, with 20 units currently available below 465sqm. There appears to be limited supply of larger stock, with two units over 1,850sqm, these are distributed across the borough including at Park Wood, Lordswood and within the rural area.

Table 12 – Warehouse Floorspace Availability

	Units	Total Floorspace (sqm)
<185 sqm	5	566
185 - 465 sqm	15	5,102
465 - 1,850 sqm	8	6,729
1,850 sqm	2	5,502
Total	30	17,899

Source: CoStar Focus, 2014

- 2.53 Approximately 30% of the warehouse units currently available are considered to be new or refurbished, these units provide almost 7,000sqm of floorspace. This capacity is predominantly focussed within the Lodge Road Estate, Staplehurst, which forms part of the larger Honeycrest Industrial area. Critically, new units tend to be larger than the existing stock, suggesting they are aimed at a market that is not currently serviced by existing stock.

3. Potential Nature of Future Demand

- 3.1 The Economic Sensitivity Testing identified the scale and broad nature of economic growth anticipated within the borough over the period to 2031. The forecast indicated a future quantitative requirement for new office, industrial and warehousing floorspace to accommodate growth in a range of economic sectors.
- 3.2 However, the quantum of floorspace is only one consideration, with the NPPG seeking to ensure that employment land and floorspace provision also meets the qualitative requirements of business. With this in mind it is therefore important to understand, at a high level, the potential sources, scales and property requirements of business growth.
- 3.3 Clearly given the length of the plan period it is not possible to provide a definitive, detailed assessment of future qualitative requirements. It will be the purpose of the parallel Economic Development Strategy to provide more detailed guidance on the likely balance between inward investment and business expansion in achieving growth. The Strategy will also provide the tools and interventions to achieve economic growth from start-up, growth and inward investment.
- 3.4 Consultation with local stakeholders, Council officers, the team preparing the Economic Development Strategy and our own understanding of the local and wider Kent market alongside national occupier trends provides a basis for understanding the potential focus of economic growth requirements at a qualitative level.
- 3.5 In the main business activity and property demand within the borough and its immediate hinterland has been driven by both the start-up and growth of local businesses across all activity types. Anecdotal evidence discussed at the stakeholder workshop suggested that 'successful' inward investment has generally been from businesses moving within the Kent area. These have tended to be requirements for small-medium sized units.
- 3.6 It has also been reported by Locate in Kent and the Councils' economic development team that some larger inward investment enquiries have demonstrated an interest in the borough these have tended to be larger and not able to be accommodated within existing stock or permissions.
- 3.7 It is our view that, predominantly, future demand for commercial floorspace will be driven by 'local' moves as business start up, expand or seek new premises within the borough.

-
- Whilst there is potential for some inward investment from outside of the area this is unlikely to be the major demand driver. As such, in the future, it is likely that demand trends will reflect those of the recent past.
- 3.8 The predominant nature of take up of office space suggests that demand for space in the future will require smaller units or purpose built, multi-tenant stock. This reflects the concentration of small businesses within the borough, the focus of office occupiers (mostly smaller professional service firms) and the lack of strategic market interest in Maidstone as a 'back office' location for financial or insurance services.
- 3.9 Therefore, in qualitative terms there is likely to be a need to provide an offer that is not met by a number of the larger, older buildings, whilst existing permissions may need to be revisited to provide more small business friendly floorplates. It is likely that units up to 500sqm will be required to meet future demand.
- 3.10 We consider that demand for manufacturing space will most likely come from sub-regional churn within the market rather than a major inward investment opportunity given the range of established locations in the sub-region. As demand will be driven by 'churn' it is difficult to predict the scale of floorspace requirements as it is more likely to be a specific 'design and build' facility rather than speculative space.
- 3.11 However, comments from agents suggest that there is a lack of small stock available on a freehold basis (c. 200sqm) and also a lack of good quality medium-sized units of between 1,000 and 1,500sqm.
- 3.12 There will be a requirement for distribution space in Maidstone Borough beyond that which can be accommodated within existing (permitted) employment locations. The local market emphasis for B8 space has been for more modestly scaled deals based in a sub-regional market.
- 3.13 UK growth in distribution has been marked by large scale facilities; however Maidstone Borough is neither far enough from the channel ports to create a logistical stop nor central enough to serve the national UK market nor the regional South East market to attract this type of activity.
- 3.14 The sub regional market is currently being underpinned by retail-linked demand; this is expected to continue in the medium term. Given there are no specific locational drivers to attract a significantly different form of warehouse/distribution activity it is likely that, for
-

Maidstone Borough, these regional drivers will translate to the local level. Therefore likely business activities and sources of occupier demand may include:

- Major food retailers and supermarket chains to fulfil online orders;
- Discount retailers who rely on tight supply chains;
- Third party logistics operators as local distribution hubs;

3.15 Demand within these markets is most likely to be for up 5,000sqm units to enable them to serve local and sub-regional markets. However in the Maidstone Borough context this upper limit would be an 'extreme' given general Kent market performance and the largest deal in Maidstone Borough being for 6,344sqm in 2011, one of only four deals in excess of 2,000sqm since 2007.

3.16 Based on this analysis we would conclude that there is likely to be demand for new high quality, well serviced mixed use employment development area that accommodates small business orientated space, standalone industrial and manufacturing provision (albeit likely to be a design and build demand) and smaller scale distribution and ancillary workspace and office space.

Providing a Choice of Office Locations

3.17 Clearly as a key town centre use there needs to be sufficient provision made within the town centre to maintain this function. However, in order to provide occupier choice and broaden the range and type of stock available provision will also be required in out of town locations.

3.18 It would be undesirable to direct all future Grade A office development to the town centre as this is unlikely to provide the necessary choice or flexibility to respond to the market and accommodate any future development or occupier interest. Likewise a solely town centre approach would mean occupiers that do not rely on the wider benefits of a town centre location could also be 'lost'.

3.19 It is important to note that location decisions by investors and developers are unlikely to be 'sequential'. Those developers which are interested in developing outside of the town centre are unlikely to shift their focus towards the town centre purely on the grounds that sites are not allocated out of town.

-
- 3.20 The two locations are likely to attract different types of development and therefore different occupier interests. Rather than simply transfer investment towards the town centre, an out of centre occupier is more likely to consider opportunities in other local authority areas which meet their needs if land/space is not available within the town centre.
- 3.21 Occupiers are increasingly seeking to occupy space that reflects and enhances their image and brand and acts as a key component in attracting new employees. Hence there has been an increased focus on the look, feel, design and functioning of property and a subsequent increased requirement for new 'bespoke' space. As such, they will seek spaces that best reflect their operational and client needs.
- 3.22 A number of sectors for which the borough has growth potential will be attracted to the town centre, particularly activities such as professional/business services (legal and accounting activities for example) which require a 'front door' that is easily accessible for clients.
- 3.23 Similarly some 'creative' and 'technology' based sectors will also seek town centre locations to benefit from the wider amenity/leisure provision, which will appeal to staff, and ability to network with other similar businesses.
- 3.24 For these businesses, which will be more reliant on high quality broadband provision, the town centre will provide a further benefit as a location where high speed internet access is most likely to be provided (given the density of users). As such some will move to the town purely to benefit from these connections.
- 3.25 For Maidstone town centre a further occupier driver will be the presence of core public transport services, which are weaker in other economic hubs in the borough. Businesses requiring rail access to London in particular and also other parts of Kent to access clients, staff or suppliers will be drawn to the town given it combines floorspace with direct access to a number of Stations.
- 3.26 On the other hand some occupiers will not wish to be 'in town' on the grounds that it is perceived to be a more expensive option and they may suffer from wider challenges created by higher traffic levels, restricted parking regimes or lower security of premises outside of office hours.

- 3.27 For some business activities these factors are less critical and strategic road access for staff, parking, larger, self-contained floorplates and security will be a much more significant set of location drivers. This will be exacerbated for business activities, such as call centres, that do not require access to / from clients or other businesses.
- 3.28 Therefore it is important to ensure a balance can be struck, which maintains the vibrancy and vitality of the town centre but also provides stock choices.

4. The Employment Site Portfolio

4.1 Within this section we consider the supply of employment land and floorspace within the borough. As previously noted, the analysis is based on detailed on-site survey of the key characteristics of each employment site, which contributes to the site assessment matrix and site survey forms; included as Appendix 1 and Appendix 2 to this report respectively.

Supply Overview

4.2 The first step in reviewing the portfolio of employment sites has been to establish a comprehensive list of sites that currently accommodate B class employment activity. In line with the NPPG sites have been identified using commercial property, planning and business rates data and site surveys and analysis have focussed on sites that are greater than 0.25ha in scale.

4.3 In total 46 employment sites were identified within the borough. This site list excludes the office stock within Maidstone town centre, which was surveyed separately with the core focus on identifying the locations of weak stock within the town.

4.4 The site matrix (Appendix 1) contains 45 rows of employment sites, with Site 46 and 48 assessed jointly considering their functional relationship forming 1 employment location.

4.5 The following 6 sites shown in Table 13 were identified within the Borough, but are not included in this analysis due to being less than 0.25ha in scale.

Table 13 - Identified Sites Below 0.25ha Threshold

Site name	Site Address	Site Area(ha)	Quality
Hedley Street	Maidstone, ME14 5AD	0.21	Average
Harbourland Business Court	Boxley, ME14 3DN	0.14	Average
Abbeygate Court	Stockett Lane, Maidstone, ME15 0PP	0.10	Good
Kilnbridge Works	East Farleigh, ME15 0HD	0.24	Good
Stable Court	Shingle Barn Lane, Maidstone, ME15 0PN	0.16	Poor
Old Carriage Barn	Ulcombe Hill, ME17 1DN		
		0.85	

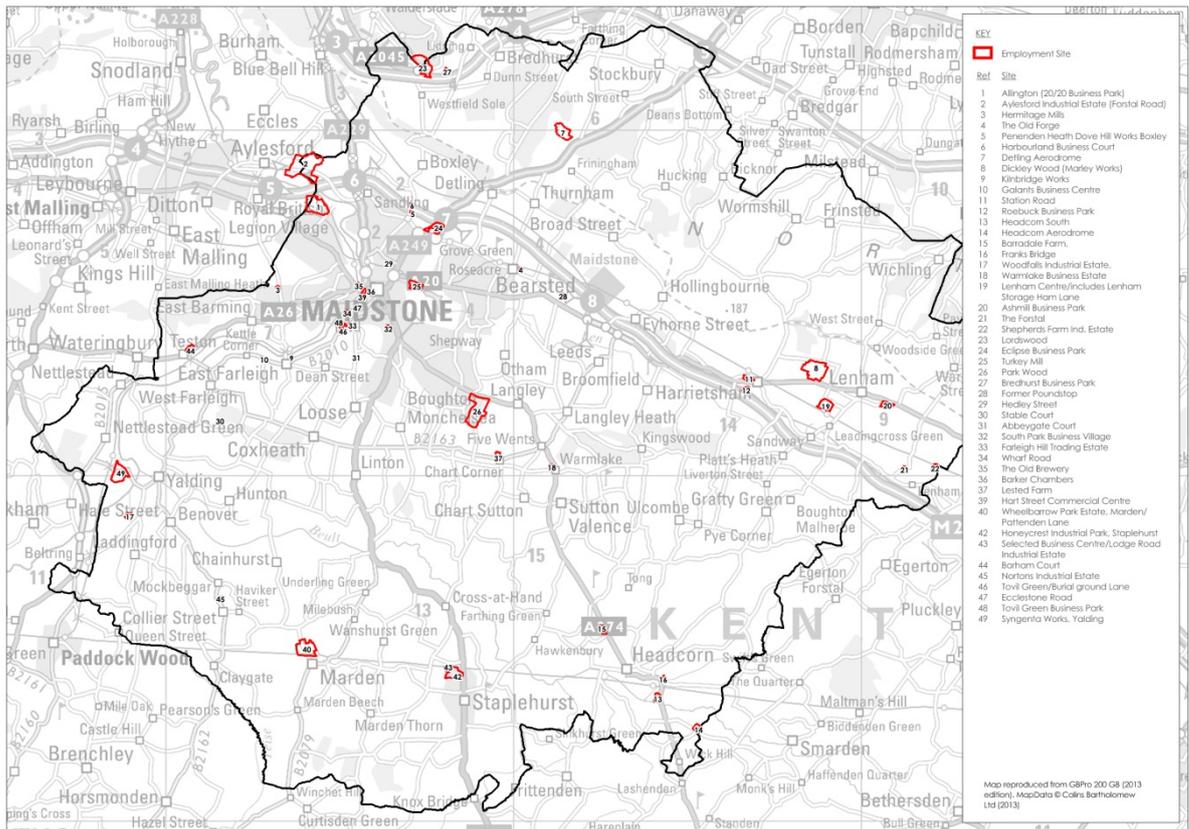
4.6 The following 2 sites shown in Table 14 were identified within the Borough, but are not included in this analysis due to not being in standard B class uses.

Table 14 - Identified Sites not in Standard B Class Use

Site name	Site Address	Site Area (ha)	Site Status
Farleigh Hill Trading Estate	ME15 6RG	0.56	Not standard B class uses – trade counter use dominant
Headcorn Aerodrome	TN27 9HX	3.99	Not standard B class uses
		4.55	

4.7 Figure 6 shows the location of the 46 employment sites identified within the borough, which are analysed in this section. A larger version of this figure is provided within Appendix 3.

Figure 6 - Map Showing All Employment Sites



N.B. Site references run from 1 to 49, however sites 38 and 41 are no longer included within the study, and Site 43 is separated out in this figure as an individual site (Lodge Road Industrial Estate) but actually forms part of Site 42 (Honeycrest Industrial Park). There are therefore 46 sites in total.

-
- 4.8 In total the 46 identified sites provide 282.34ha of employment land distributed across the borough but with core concentrations of space in close proximity to the major settlements.

Excluded Sites

- 4.9 Previously a number of other sites (such as Springfield, Maidstone East and Len House) had been identified as potential locations for significant new B class employment floorspace. However, since their original identification market interest and emerging development proposals are promoting these sites for alternate, non-B class uses.
- 4.10 It is our assessment that these sites would still provide a suitable location for B class employment activity if current proposals do not come forward. However, given the strength of the market interest and the supportive position of the Council in light of these proposals it is prudent to consider these sites as no longer 'available' for B class development and they are not considered within this Assessment

Site Assessment Approach

- 4.11 The 46 identified sites was assessed by undertaking the following aspects:
- **Site visit** (on-site)
 - **Site visit photographs** (on-site)
 - **Completion of site survey form** (on-site)
 - **Analysis of following data** (desk-based):
 - *Statutory designations e.g. habitat, landscape, flooding etc.*
 - *CoStar Focus availability data (2014)– indicating vacancy levels*
 - *CIA data (2013-2014)– indicating active and lapsed permissions*
 - *Egi Building Reports – specifically for considering office stock*
 - **Categorisation of sites into three sub-markets** (desk-based):
 - *Maidstone Urban Area*
 - *Motorway Corridor*
 - *Rural South*
 - **'Traffic Light' categorisation of sites in Employment Sites Assessment Matrix** (desk-based)
 - **Categorisation of sites into 3 groups advising on future action** (desk-based):
 - *Protect and Enhance*

- *Protect and Maintain*
- *Monitor and Manage*

- 4.12 The on-site aspects of the assessment process and the desk-based analysis of data indicated above, allowed for sites to be considered based on a range of criteria using a 'traffic light' system where red is considered a disadvantage for an employment site and green is considered an advantage.
- 4.13 Table 15 shows how the specific details recorded within the site survey forms were categorised into red, amber and green for the 11 main criteria considered within the forms. 4 further criteria are considered within the table, but categorised out with the traffic light approach.
- 4.14 The traffic light categorisations for each site helped to assess their overall quality and identify the overall nature and characteristics of the 3 sub-markets; Maidstone Urban Area, Motorway Corridor and Rural South. This categorisation has also been used to form the recommendations on future action for the employment sites.
- 4.15 It is important to note that in many cases the traffic light categorisations reflect the appropriateness and quality of sites for employment use 'on paper', but do not consider this in conjunction with their support and provision for current uses. Although a site may not be very 'green' in the traffic light categorisation within the matrix, and may not be appropriate for employment uses should the current occupier(s) leave, it may accommodate a locally important business within the Borough, which could be lost from the Borough if not occupied on the site, considering Hermitage Mills occupied by Dempson as an example. It would therefore demonstrate its value as an employment site despite not ranking well in all the criteria within the Sites Assessment Matrix, and could be assigned with protection and employment maintenance for the future.
- 4.16 It is also important to note that not all occupiers require grade A space, In fact certain occupiers, such as certain bad neighbour uses, including car repairs, waste transfer and disposal sites etc., are more suited to lesser grade space, and would seek to occupy this and not grade A space.

Table 15 – ‘Traffic Light’ Categorisation of Sites in Matrix Based on Site Survey Forms

Range of Criteria	Included Sections from Site Survey Forms	Categorisation	Categorisation	Categorisation
Location Character	Site Description: Location character	Mainly residential with few commercial uses	Mixed commercial and residential area	Well established commercial area
		Mainly residential or rural area with no other commercial uses		Established commercial area
Building Age	Existing Conditions: Age of buildings	Pre 1940 - 1969	1970 - 1989	1990 onwards
Building Quality	Existing Conditions: Quality of buildings	Very Poor Poor	Average	Good Very Good
On-Site Amenities	Existing Conditions: On-site amenities	None evident	Limited range of: retail (convenience and comparison), restaurant/café, gym/sports, bank, hotel, creche, education and other	Wide range of: retail (convenience and comparison), restaurant/café, gym/sports, bank, hotel, creche, education and other
Proportion of non B Class Floorspace	Existing Conditions: Proportion of floorspace in non B class use	50-100% non B class	25-49% non B class	0-24% non B class
Neighbouring Amenities	Existing Conditions: Neighbouring amenities	No services in close proximity	Close to one or two services	Close to a local centre with a reasonable range and quantity of services
			Close to a limited range and quantity of basic services	Close to a town centre with a wide range and quantity of services]
Environment Quality for Current Use	Existing Conditions: Quality of environment for current use	Very poor	Average	Good
		Poor		Very Good
Neighbouring Uses	Existing Conditions: Neighbouring uses	Residential, Retail, Leisure and Town Centre	Airport, Rail, Higher Education & Further Education	Road, Industrial, Office & Warehousing
Evidence of Pollutants	Existing Conditions: Evidence of pollutants	3 or more of the following: Noise, traffic, 24 hour operation, air, lighting	1 or 2 of the following: Noise, traffic, 24 hour operation, air, lighting	None evident
Adequate Access & Parking	Site Description: Closest trunk road, rail access and bus routes Existing Conditions: Access & Parking ~ Car ~ HGV ~ Public Transport ~ Servicing ~ Parking	Not adequate for the majority of the 5 aspects	Potential Issues with adequacy, but not to the extent of the red categorisation	Adequate for the majority of the 5 aspects
Internal Circulation	Existing Conditions: Access & Parking	Poor	Average	Good
	~ Internal Circulation			

Range of Criteria	Included Sections from Site Survey Forms	Categorisation	Categorisation	Categorisation
-------------------	--	----------------	----------------	----------------

Predominant Occupier Nature	Site Description: Nature/Significance of existing occupiers	I = International R = Regional	N = National L = Local	
Physical Opportunity for Intensification	Development Context: Opportunity for intensification	Yes or No		
Vacant Land	Development Context: Vacant Land	Yes or No		
Vacant Buildings	Development Context: Vacant buildings (re-use and refurb)	Yes or No		

4.17 The 'Adequate Access & Parking' criteria, is assessed both in terms of wider accessibility to the site (considering closest trunk road, rail access, bus routes and its location in the context of strategic routes within the Borough) and its immediate accessibility (considering the entrance and exit appropriateness, legibility and navigation to the site and any resultant safety issues).

Borough-wide Characteristics

4.18 Overall the existing land supply provides a diverse range of stock, from small converted farm buildings through to large, purpose built out of town offices and industrial stock. The quality of stock is mixed and tends to reflect the age of the buildings, with little evidence of significant investment in refurbishment, although this does not necessarily negatively affect the quality of the offer (as demonstrated in the Site Survey Forms and Employment Site Assessment Matrix).

4.19 The major exception to this trend has been within some converted farm buildings, particularly where these now provide small office stock. Whilst only a small proportion of stock they do represent an important, high quality addition to the portfolio.

4.20 An important trend across the portfolio is the different scale of provision of 'industrial' stock between the area to the north of the borough (the Motorway Corridor) and that to the south (the Rural South). Whilst there are exceptions (most notably the Wheelbarrow Estate, Marden) the provision to the north tends to be larger both in terms of the employment site size and the individual units provided. This reflects the different nature and focus of the occupiers, which tend to serve a larger market which is more accessible given the more direct access to the M2 and M20. This agglomeration of activity for these businesses is driven by similar location requirements rather than the economic benefits of co-location. The strength of this clustering of activity lies in the certainty it provides to the market as an employment location.

-
- 4.21 The other noticeable feature is the nature and distribution of office stock, which is predominantly focussed within large blocks in the town centre. Whilst there is large floorplate provision within 20:20 Business Park and Eclipse Park, the majority of 'out of town' office tends to be smaller units with a growing provision in the south of the borough through building conversions.
- 4.22 Based on site survey observations and comments provided by local property agents at the Stakeholder Workshop event, the occupancy rates of the smaller, out of town provision appear to be higher than those of large (albeit sub-divided) units within the town suggesting that where stock can be provided at a suitable scale and quality demand does exist. Detailed information on the outcome of the stakeholder event/agent conversations is provided in Appendix 4.
- 4.23 Whilst out of the borough a good example is Hermitage Court, Barming, where both conversion and new property has been delivered and is attracting high levels of occupancy. Local agents suggested that a number of the occupiers had been attracted to the site from Maidstone given the quality and price point it offered. The over-arching sentiment was that this type of stock could be successful within the Borough, although they also noted there were favourable development conditions, such as acquiring the land at agricultural values, which may not be repeatable elsewhere.

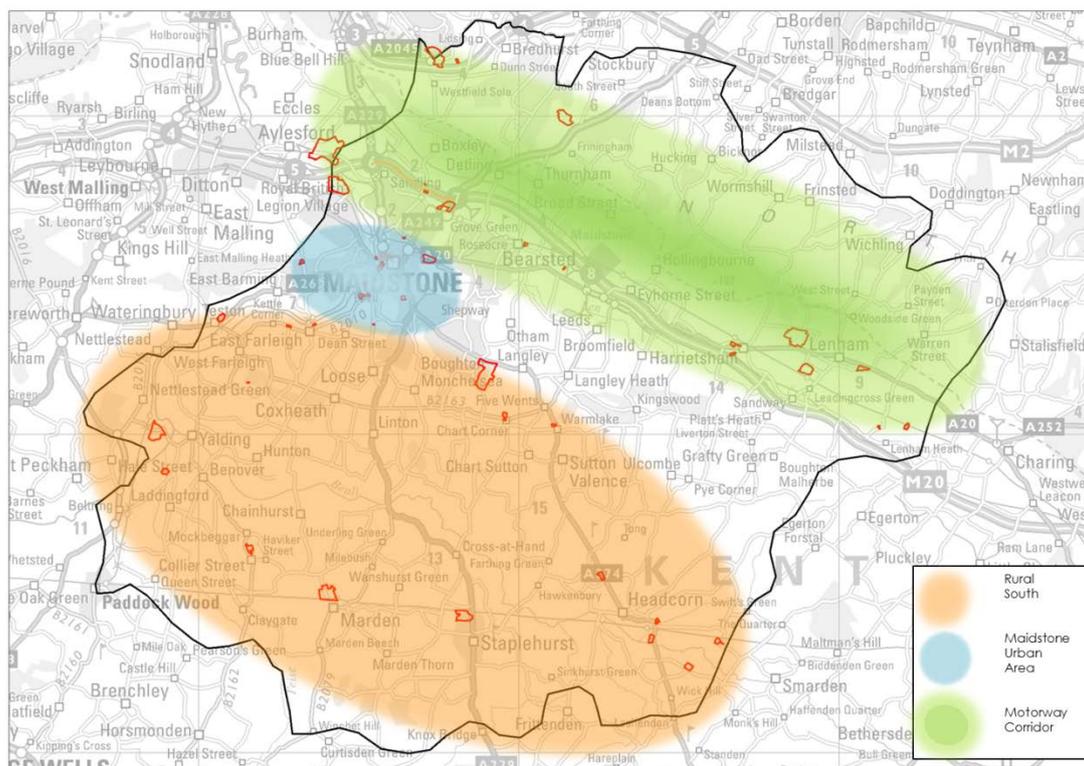
Sub-Market Analysis

- 4.24 As indicated by our comments above our analysis of the property market, land supply portfolio and consultation with agents in the local property market have demonstrated that there are effectively three 'sub-markets' within the borough. Whilst there are clearly differences between each site, within each sub-market sites share broadly consistent trends across a range of characteristics, with the predominant characteristics identified in Table 16.
- 4.25 The 3 areas, listed below and shown shown indicatively in Figure 7, share similar demand drivers, are set within similar sets of infrastructure provision and provide scales and types of stock which are broadly consistent. These areas are:
- Maidstone Urban Area – which extends beyond the 'town centre' boundary in planning terms to include areas such as Tovil, Barming and Park Wood;
 - Motorway Corridor – the area which lies to the north of the Maidstone urban area and is defined by its access to the M20 and M2 including Aylesford, Bearsted and Lenham; and
 - Rural South – the area to the south of Maidstone urban area and covers the rural settlements such as Staplehurst, Headcorn and Marden.

Table 16 - Predominant Characteristics of Sub-Market Areas

Cluster	Nature of Roads	Predom use class	Predom Stock Character	Predom Business Types	Presence of Regional Scale Businesses	Constraints applicable to some or all of sites	Exceptions
Maidstone Urban Area	Major trunk and Secondary roads	B1		Local distribution and storage, trade counter, professional services	Yes	Little scope for intensification and expansion Access through town centre – congestion impacts Residential encroachment Flood designations	
Motorway Corridor	Major trunk roads	B2/B8	Large floorplates	Distribution, Warehouse,	Yes	Limited capacity for intensification/ expansion Landscape designation issue relating to setting of AONB	
Rural South	Secondary and Tertiary roads	Mixed	Small floorplates	Car Repairs, Manufacturing, local distribution	Yes – but Local scale more predominant	Strategic Access issue relating to accessing motorway – also weight restrictions on secondary routes Metropolitan Green Belt Flood Designations	Some larger floorplates and international businesses at Marden

Figure 7 - Indicative Illustration of 3 Sub-Market Areas



4.26 Outside of these sub-market areas we consider the town centre itself to be a separate market in office terms. As such, to understand employment land and floorspace provision we present our analysis by area.

4.27 The following site analysis reflects these three sub-market areas. The amount of employment space, its type and nature, and quality is identified. Strategic issues/challenges and opportunities are also considered and the sites within each sub-market area are categorised into 3 groups advising on future action;

- Protect and Enhance
- Protect and Maintain
- Monitor and Manage

4.28 These 3 groups are explained fully and explored further in Section 4 of the report.

Maidstone Urban Area

4.29 9 active employment sites have been identified within the Maidstone Urban Area, as shown below in Table 17.

4.30 The total area for these urban area sites equates to 49.98ha of employment land.

Table 17 - Maidstone Urban Area Employment Sites

Site Ref	Site Name	Site Address	Site Area (ha)	Predominant Stock Quality
39	Hart Street Commercial Centre	Hart Street, Maidstone	2.74	Good
3	Hermitage Mills	Hermitage Lane, ME16 9NP	0.98	Poor
32	South Park Business Village	ME15 6JZ	1.43	Good
25	Turkey Mill	Ashford Road, ME14 5PP	7.27	Good
35	The Old Brewery	Buckland Road, ME16 0DZ	0.41	Good
46 & 48	Tovil Green Business Park/Burial Ground Lane	ME15 6RJ/ ME15 6TA	2.03	Good
47	Ecclestone Road	Tovil, ME15 6QN	0.53	Poor
34	Wharf Road	Wharf Road, Maidstone, ME15 6RR	0.52	Poor
26	Park Wood Trading Estate	ME15 9YF	33.97	Mixed
			49.88	

- 4.31 The sites within this area demonstrate a mix of types of space, the predominant nature of stock is purpose built, with the exception of the converted units at The Old Brewery and units at Turkey Mill.
- 4.32 Based on 2014 data from Costar Focus there is an advertised total vacant floorspace figure of 320sqm, across 4 vacant units; 2 units in South Park Business Village and 2 units in The Old Brewery.
- 4.33 The stock quality within the Maidstone Urban Area is generally good, however there are exceptions to this such as the poorer condition at Hermitage Mills, Ecclestone Road and Unit 2 Wharf Road.
- 4.34 Similarly, site access within the area is generally good, however Ecclestone Road and Unit 2 Wharf Road again present exceptions to this trend with weak access noted for both sites.
- 4.35 Trade counter and car sales uses are becoming increasingly evident on active employment sites, within the urban area and across the borough as a whole. This is a challenge to the character of B class employment sites within the Maidstone Urban Area. Farleigh Hill Trading Estate is a 0.56 ha site within the Maidstone Urban Area which has not been identified in Table 17 due to its trade counter uses. This is because the majority of units on site, including those which are vacant, have been converted for trade counter

-
- uses, and would therefore not be able to attract new employment occupiers in their current form. This differs from Hart Street Commercial Centre, which largely consists of trade counter uses, amongst some B8 and vacant employment space, yet which has the potential to be allocated as a full B class employment site
- 4.36 Considering the sites within the urban area, there is little scope for intensification and expansion, meaning it would be difficult to increase employment capacity within this area. This is particularly the case for South Park Business Village and The Old Brewery, where the urban area's limited supply of small-scale space can also be found.
- 4.37 There are several strategic issues which become evident for employment sites within the urban area. Access to sites within this area must be undertaken by traveling through the town centre due to the nature of the existing major road network and infrastructure. This has potential congestion impacts for the town's road network, and also creates uncertainty around delivery times and other distribution factors. This is less of an issue for office space, although can create challenges for staff access.
- 4.38 The appropriateness and continuing fit of existing employment spaces within the surrounding area is another major strategic issue. This relates particularly to an increasing pressure from higher value uses and residential encroachment, and is exemplified particularly by Ecclestone Road and Unit 2 Wharf Road which are both becoming incongruous to the changing uses around them (moving away from B class and towards residential uses).
- 4.39 Heritage and Air Quality designations within the borough do not present any significant strategic constraints for the urban area. Landscape designations are not constraining either, however there are tree preservation orders which may particularly affect any development on the Turkey Mill, Hermitage Mills and Park Wood sites.
- 4.40 Maidstone's flood zone designations present some constraint to development and land use within the urban area, particularly for the Hart Street Commercial Centre, Wharf Road and Ecclestone Road sites, which overlap or bound flood risk zones 2 and 3. This must be considered in the maintenance of these sites, and could restrict further new development or place significant flood control constraints and mitigation measures on it, although it does not have as great an imposition as would be the case for residential uses and greenfield development.
- 4.41 Analysis of the sites within the Maidstone Urban Area has led to the following site specific advice shown in Table 18.
-

Table 18 - Advice on Future Action for Maidstone Urban Area Employment Sites

Site Ref	Site name	Advice
39	Hart Street Commercial Area	Protect and Maintain
3	Hermitage Mills	Protect and Maintain
32	South Park Business Village	Protect and Maintain
25	Turkey Mill	Protect and Maintain
35	The Old Brewery	Protect and Maintain
46 & 48	Tovil Green Business Park/Burial Ground Lane	Protect and Maintain
47	Ecclestone Road	Manage and Monitor
34	Wharf Road	Manage and Monitor
26	Park Wood Trading Estate	Protect and Enhance

- 4.42 As already indicated above, for the Hart Street Commercial Area whilst there is a large proportion of floorspace on trade counter uses, there still remains a significant amount of existing or vacant units that can be used for B class activity, and which have not already been converted for retail uses. It should therefore be maintained as an employment site as it could continue to retain the same proportion of employment space or increase this proportion to regain status as a fully B class employment site.
- 4.43 Although the predominant stock quality of the Hermitage Mills site is poor, it has importance as a site for a specific occupier (Dempson) which is beneficial to the borough in employment terms. As such, protect and maintain status is assigned to support the retention of this occupier. However, considering future opportunities, there is potential for redevelopment if vacated by the current occupier in the long term.
- 4.44 Park Wood Trading Estate is considered to demonstrate the best development opportunity within the Maidstone Urban Area, having already seen a significant proportion of on-going new development. It should be capable of accommodating further growth and stock redevelopment, although this is unlikely to substantially increase its employment capacity.

The Motorway Corridor

- 4.45 16 active employment sites have been identified within the Motorway Corridor, as shown below in Table 19.
- 4.46 The total area for these motorway corridor sites equates to 163.66ha of employment land.

Table 19 - Motorway Corridor Employment Sites

Site Ref	Site name	Site Address	Site Area (ha)	Predominant Stock Quality
1	20/20 Business Park	ME16 0LQ	24.16	Good
20	Ashmill Business Park	Lenham, ME17 2GQ	3.72	Good
2	Aylesford Industrial Estate	Forstal Road, ME20 7AD	49.19	Average
27	Bredhurst Business Park	Westfield Sole Road, ME14 3EH	0.76	Average
24	Eclipse Business Park	Junction 7 M20, ME14 3EN	7.83	Very Good
28	Former Poundstop	Crismill Lane, ME14 4NT	0.36	Good
19	Lenham Storage	ME17 2LH	9.84	Good
11	Tenacre Park/Station Road	Harrietsham, ME17 1JA	1.77	Mixed
21	The Forstal	Lenham Heath, ME17 2JB	0.35	Average
4	The Old Forge	Forge Lane, Bearsted, ME14 4DT	0.74	Mixed
23	Lordswood	M2, ME5 8UD	18.59	Good
7	Detling Aerodrome	ME14 3HU	13.45	Mixed
22	Shepherds Farm Estate	Rose Lane, Lenham Heath, ME17 2JN	1.83	Poor
12	Roebuck Business Park	Harrietsham, ME17 1AB	1.10	Very Good
5	Viewpoint	Dove Hill Works, Boxley, ME14 2DZ	0.67	Very Good
8	Marley Works	Dickley Lane, Maidstone, ME17 2DE	28.20	
			163.66	

- 4.47 As was the case for the urban area, the sites within the motorway corridor area demonstrate a mix of types of space. The predominant nature of stock is purpose built, with some very minor exceptions in the form of converted farm buildings and a converted oast house building at Shepherds Farm Estate and Roebuck Business Park respectively.
- 4.48 Based on 2014 data from Costar Focus there is an advertised total vacant floorspace figure of 10,952sqm, across 5 vacant units; 1 unit in Ashmills Business Park and 4 units in Eclipse Business Park.
- 4.49 The stock quality within the motorway corridor area is predominantly good, with some examples of very good quality stock at Ashmills Business Park, Roebuck Business Park Viewpoint, and Eclipse Business Park. The most significant exception to this quality trend is the poorer quality stock found at Shepherds Farm Estate. There are also instances of mixed quality on a number of sites within the area demonstrating a spectrum of quality

-
- level; with Station Road, The Old Forge and Detling Aerodrome being the main examples of this.
- 4.50 There is variation in the level of site access throughout this area. Just over half of the sites provide generally good access, however the level is average for a number of sites (facing constraints) and the Former Poundstop, Shepherds Farm Estate and The Old Forge sites provide examples of particularly poor site access.
- 4.51 The main access issue here is the challenge for junction capacity and connection to the motorway. It is often the case that although sites are located within close proximity to the motorway their direct access onto it is challenged. Weight restricted roads can create further problems for HGV access between sites and motorway junctions. Sites in Lenham Heath suffer from such challenged access.
- 4.52 A key theme that has emerged from site analysis of the motorway corridor area is the limited capacity for additional space and intensification/expansion of employment sites. This is the case for a number of sites including 20/20 Business Park, Aylesford Industrial Estate, Bredhurst Business Park, Lenham Storage, The Old Forge, Lordswood and Viewpoint. The main exceptions to this trend are the Detling Aerodrome site which contains a number of vacant land parcels which could be re-used or developed subject to AONB considerations and satisfactory access being achieved, and the remaining land at Eclipse Park.
- 4.53 The Motorway Corridor is the strongest employment market area within the borough, however there is limited availability and scope to deliver new space in the area where the market is looking to develop. In a number of cases, scope for expansion could possibly result if the current occupier/one of the current occupiers leaves, for example at the Former Poundstop, Lenham Storage and 20/20 Business Park sites.
- 4.54 In the case of Aylesford Industrial Estate, its location bordering the borough boundary inhibits its expansion potential in Maidstone. However, there is expansion potential to the eastern end of the site which although outside the borough, can still be considered an area forming part of the functional employment supply for Maidstone.
- 4.55 Heritage and Flood Zone designations within the borough do not present any significant constraints for the motorway corridor area.
- 4.56 Air Quality designations within the borough also do not present any significant constraints for this area, however Dove Hill Works and Eclipse Business Park are in close proximity to the borough's largest Air Quality Management Area. This has to be considered in relation to the appropriateness of certain uses on site now and in the future.
- 4.57 Maidstone's Landscape designations do present some development constraints to the motorway corridor, particularly affecting sites north of the M20 which are within or
-

bordering the AONB designation, including; Lordswood, Detling Aerodrome, Station Road and Marley Works. However, the setting of the AONB also extends further to the south of the M20. The constraint on development for sites which immediately border the AONB designation is just as significant as those within it due to the visual impact they can have on the landscape's setting. The constraints resulting from this designation represents the most substantial strategic issue for the Motorway Area.

- 4.58 Considering future opportunities Ashmills Business Park, Eclipse Business Park and Station Road present the best opportunities for development and enhancement within the Motorway Corridor Area, having been assigned 'Protect and Enhance' status as shown in Table 20.

Table 20 - Advice on Future Action for Motorway Corridor Sites

Site Ref	Site name	Advice
1	20/20 Business Park	Protect and Maintain
20	Ashmills Business Park	Protect and Enhance
2	Aylesford Industrial Estate	Protect and Maintain
27	Bredhurst Business Park	Protect and Maintain
24	Eclipse Business Park	Protect and Enhance
28	Former Poundstop	Monitor and Manage
19	Lenham Storage	Protect and Maintain
11	Tenacre Park/Station Road	Protect and Enhance
21	The Forstal	Manage and Monitor
4	The Old Forge	Protect and Maintain
23	Lordswood	Protect and Maintain
7	Detling Aerodrome	Protect and Maintain
22	Shepherds Farm Estate	Monitor and Manage
12	Roebuck Business Park	Protect and Maintain
5	Viewpoint	Protect and Maintain
8	Marley Works	Protect and Maintain

Rural South

- 4.59 12 active employment sites have been identified within the Rural South, as shown below in Table 21.
- 4.60 The total area for these rural south sites equates to 69.9ha of employment land.

Table 21 - Rural South Employment Sites

Site Ref	Site name	Site Address	Site Area (ha)	Predominant Stock Quality
16	Franks Bridge	Headcorn	1.32	Poor
10	Galants Business Centre	East Farleigh, ME15 0JS	0.67	Good
42	Honeycrest Industrial Park	Staplehurst, TN12 0QW	13.36	Good
37	Lested Farm	Plough Wents Road, ME17 3SA	2.33	Good
18	Warmlake Business Estate	Langley Heath, ME17 3LQ	0.79	Good
17	Woodfalls Industrial Estate	Laddingford, ME18 6DA	3.07	Poor
49	Yalding (Former Syngenta Works)*	Hampstead Lane, ME18 6HN	17.19	Poor
13	Headcorn South	TN27 9LW	3.35	Good
44	Barham Court	Teston, ME18 5BZ	3.65	Poor
45	Nortons Industrial Estate	Collier Street, TN12 9RR	0.43	Poor
15	Barradale Farm	Headcorn, TN27 9PJ	2.92	Very Good
40	Wheelbarrow Park Estate	Pattenden Lane, Marden, TN12 9QJ	20.82	Mixed
			69.9	

*N.B. The developable area to accommodate floorspace for employment and other uses will be less than the total site area

- 4.61 The sites within this area demonstrate a mix of types of space, with a predominance of B2 and B8 sites, however a number of sites which accommodate a mix of use classes. The predominant nature of stock is purpose built, with the exception of some converted oast house units at Warmlake Business Estate and a former manor house at Barham Court sites. Whilst Barham Court appears to be a fairly large site, its employment space is confined to within the manor house, which mean it is significantly less than the overall site area and is has inhibited expansion potential.
- 4.62 Based on 2014 data from Costar Focus there is an advertised total vacant floorspace figure of 7,301sqm, across 16 vacant units; 1 unit in Barradale Farm, 2 units in Old Carriage Barn, 5 units in Lested Farm, 3 units in Wheelbarrow Park Estate, 2 units in Honeycrest Industrial Park, and 3 units in Barham Court.
- 4.63 There is a very mixed stock quality within the Rural South area, with 6 sites identified as being of poor quality, 6 as good quality and 2 of mixed quality. Barradale Farm is an example of very good stock quality in the form of new purpose built warehouse units, which is in stark contrast to the quality of stock found at sites like Nortons Industrial Estate.

-
- 4.64 Headcorn Aerodrome is a site which falls within the Rural South area. Whilst it accommodates some B class activities it is questionable how much of this is 'general' activity rather than specifically linked to the airfield operations. We would recommend that the site is not considered a site that will meet general future B class activity, but could be protected for employment uses linked to the aerodrome functionality.
- 4.65 Air Quality and Heritage designations within the borough do not present any significant constraints for the Rural South area, although the Barham Court site is within a conservation area and contains a listed building within its boundary which will have obvious impact on the ability to develop here.
- 4.66 Considering the borough's landscape designations, several sites including Barham Court and Headcorn South may be affected by Tree Preservation Orders.
- 4.67 Maidstone's Flood Zone designations are a significant consideration for sites in the Rural South area, particularly for Syngenta Works, Woodfalls Industrial Estate, Nortons Industrial Estate, Wheelbarrow Park Estate and Headcorn South which are located within Flood Zones 2 and 3. Although this has less impact on employment sites than it would for residential sites, this must still be considered in relation to any future new development which may be undertaken here.
- 4.68 Considering site access, Headcorn South exemplifies a situation where there are no issues with direct site access, but there are more strategic issues with accessing major road and motorway networks. This reflects the major strategic issue for the Rural South area in terms of the distance from and accessibility to the motorway network, which impacts the types of B class use that will look to and be able to locate within this rural south area. Similarly for Wheelbarrow Park Estate, if current occupiers vacate then there are likely to be significant difficulties in attracting new occupiers of a similar type/value due to these accessibility restrictions.
- 4.69 As mentioned in relation to the Motorway Corridor area, increasing weight restrictions on roads is exacerbating these accessibility issues, particularly for sites with HGV use that do not connect directly to the motorway network. Vehicles are being forced onto a smaller number of routes as a result of these weight restrictions which is therefore increasing congestion on them, often in places where the existing smaller scale A road network is less suited for such volumes of traffic, and vehicle sizes.
- 4.70 The accessibility issue identified for sites within the Rural South area means they have limited strategic attractiveness as employment space. Although there is evidence of demand for space in some areas, such as Honeycrest Industrial Park where there has been recent and on-going new development, it is likely that this will be smaller, more locally oriented demand.
-

- 4.71 Franks Bridge is an example of a site which is seeing increased vacancy, potentially caused by its access not being aligned to the scale of its operation. Syngenta is a long-term vacant site which is also impacted by its poor location and accessibility causing it to be somewhat isolated, and its flooding and de-contamination constraints. Further consideration of this site is undertaken in the following section of this report, reflecting the current development interest in the site.
- 4.72 In terms of future opportunities the Honeycrest Industrial Park and Woodfalls Industrial Estate sites present the best opportunities for development and enhancement within the Rural South area, having been assigned 'Protect and Enhance' status as shown in Table 22.

Table 22 - Advice on Future Action for Rural South Sites

Site Ref	Site name	Advice
16	Franks Bridge	Manage and Monitor
10	Galants Business Centre	Protect and Maintain
42	Honeycrest Industrial Park	Protect and Enhance
37	Lested Farm	Manage and Monitor
18	Warmlake Business Estate	Protect and Maintain
17	Woodfalls Industrial Estate	Protect and Enhance
49	Yalding (Former Syngenta Works)	
13	Headcorn South	Protect and Maintain
44	Barham Court	Monitor and Manage
45	Nortons Industrial Estate	Manage and Monitor
15	Barradale Farm	Protect and Maintain
40	Wheelbarrow Park Estate	Protect and Maintain/Enhance
49	Yalding (former Syngenta Works)	Protect and Enhance

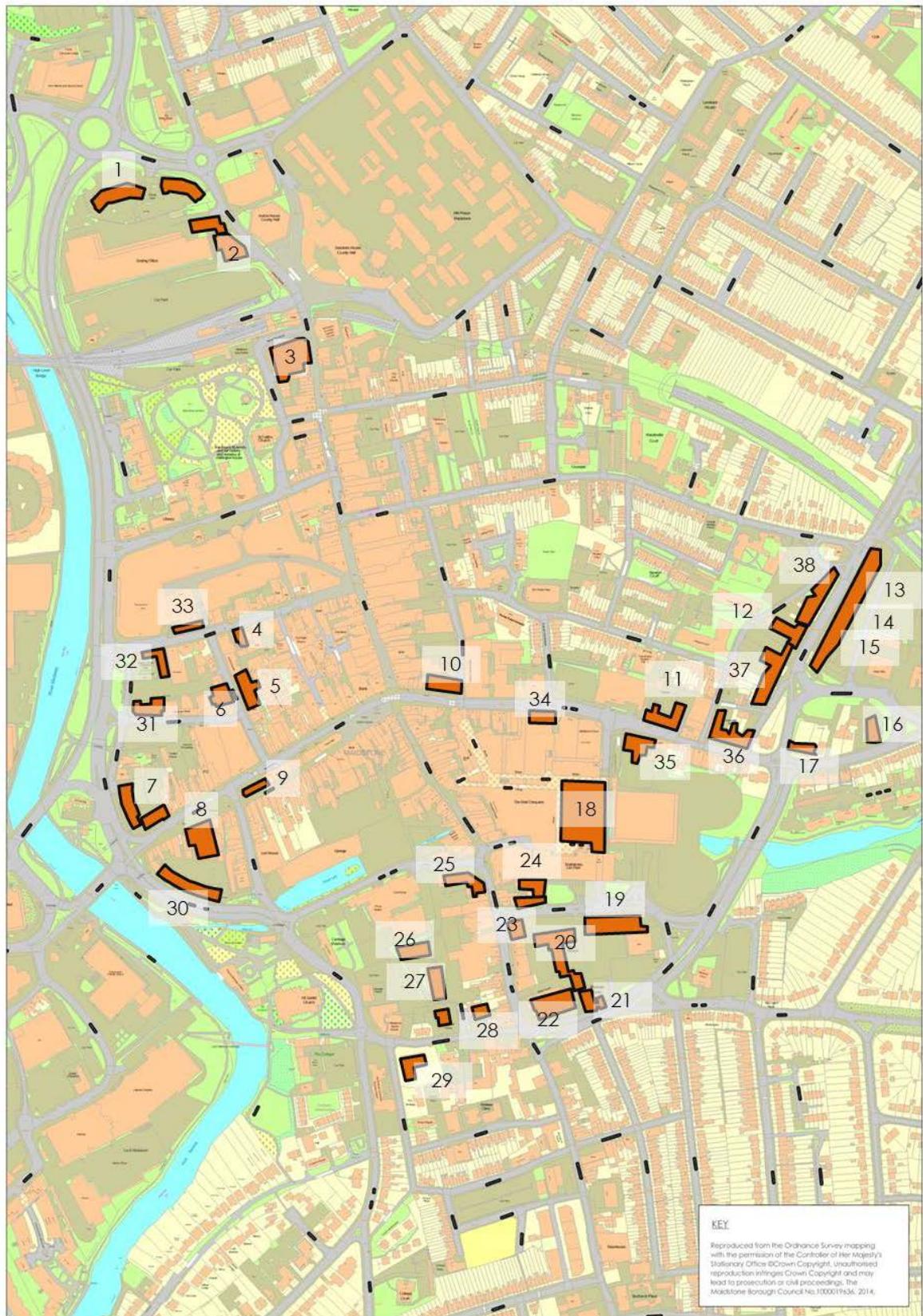
Town Centre Office Stock

- 4.73 Maidstone town centre has traditionally been the primary focus of office based employment within the borough and, indeed the wider 'mid-Kent' area. It attracted significant office development during the 1960s and 1970s largely as a result of the need for government to provide a large range of decentralised services in key 'regional centres'.
- 4.74 As such for a significant time the demand for floorspace in the borough was underpinned by key public sector clients including the County and Borough Councils, HM Revenue and Customs, Valuation Office, DVLA and Department for Work and Pensions. However, as technology has enabled government services to be provided remotely and services

moved to lower cost areas, these core occupiers have contracted significantly or left the town altogether.

- 4.75 As highlighted by the office availability data presented in Table 6 this public sector retrenchment has left a significant legacy of vacant floorspace, predominantly within large scale dated stock.
- 4.76 The nature of development of Maidstone town centre has been such that these vacancies are 'pepper-potted' across the town centre rather than forming a large, identifiable cluster or 'office quarter' in one geographic location. The location of these offices is shown on the map below.

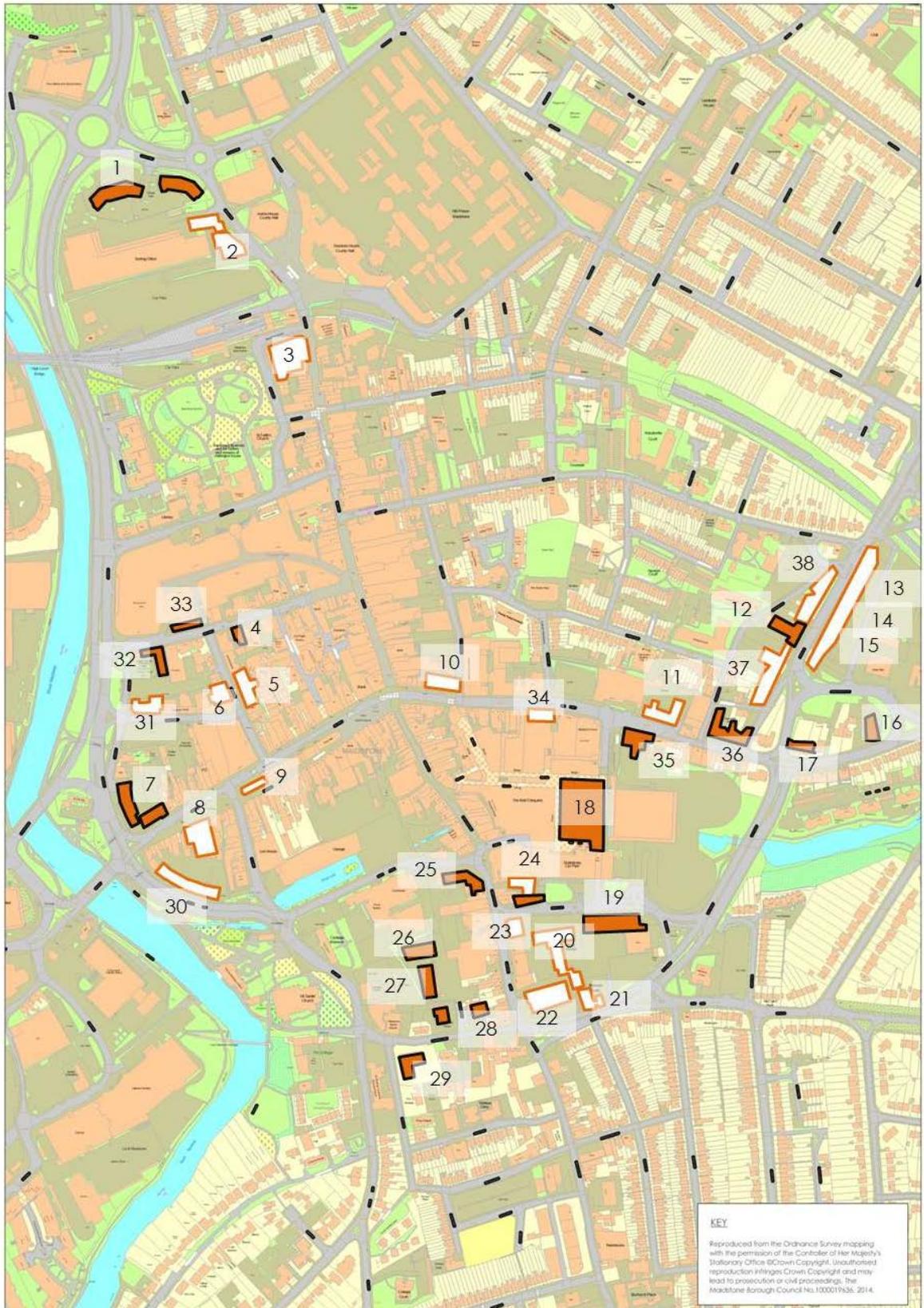
Figure 8 - Maidstone Office Supply



-
- 4.77 The dispersed nature of the supply is clear within the information show in Figure 8, the only major exceptions are the collections of buildings along Albion Terrace and Sittingbourne Road and within the area bounded by Mote Road and Romney Place. There are smaller clusters (of two/three smaller buildings) at Knightrider Street, King Street/High Street, Pudding Lane, and at County Gate.
- 4.78 Our assessment of the town centre office stock is based on street by street external observations and photo survey undertaken in July 2014. These on site observations have been supplemented by desktop research using EGi/CoStar Building Reports, previous town centre research prepared on behalf of the Council and property particulars published by letting agents. We have also drawn on our own expertise and expert knowledge of office occupier requirements across the UK.
- 4.79 Our conclusions for each property are based on high level judgements against a common set of criteria that affect their future suitability and usability. Sites were reviewed based on the following criteria:
- Age of stock
 - Building typology
 - Floorplate size and configuration
 - Flexibility and suitability for adaption
 - Internal specification/servicing
 - On-site parking provision
 - Scale, length of vacancy
 - Relationship to surrounding uses
 - Evidence of investment
- 4.80 A summary table of our observations and the quality ranking assessment undertaken by CoStar Focus are contained within Appendix V.
- 4.81 Whilst there are commonalities between the buildings, there are also significant differences in the offer they make to potential occupiers. As such there is no single, consistent factor which has informed our assessment that a building provides a 'weak' offer.
- 4.82 Instead our assessment is based on the balance across these factors to understand how, in totality, they are likely to prevent buildings being reoccupied in the future. The poorest quality stock and, notably, that which demonstrates the highest levels of vacancy tend to
-

be those blocks which date from the 1960/70s, these weaker elements of the portfolio are highlighted on the map below (shaded white).

Figure 9 - Maidstone Poor Quality Supply



N.B. A larger version of this figure is provided within Appendix 5.

-
- 4.83 Much of the supply lies within buildings with large floorplates which were originally occupied by a single large occupier. These do not lend themselves well to sub-division due to a range of factors such as light penetration, the ability to introduce cabling structures and air conditioning ducts and the compromised nature of occupiable space created.
- 4.84 As businesses seek to maximise the efficiency of their workspaces they seek space that delivers more than a work station. As they seek to use space more intensely and sustainably there have been shifts in the provision made from office stock, with a particular focus on:
- Environmental performance;
 - Floorplate dimensions (businesses increasingly seek bigger or more regular floorplate sizes);
 - Space flexibility – to provide space for independent and group work;
 - ICT infrastructure – to enable flexibility and flexible working;
 - Amenity and servicing – within the building and the surrounding area; and
 - Enhanced working environment – with greater natural light penetrations and efficient ventilation.
- 4.85 Meeting these needs requires significant ICT and servicing infrastructure, including improved wiring and new air conditioning ducts, often accommodating these within older structures is at best costly and at worst impossible. The ability to suitably adapt an existing building into a new, good quality office is restricted by:
- The cost and viability of retro-installation, particularly compared to achievable rents;
 - The ability to install infrastructure and maintain an acceptable working environment given low floor-ceiling heights which prevent the installation of suspended ceilings or raised floors;
 - The floorplate dimensions which prevent the penetration of natural light into the core;
 - Location of servicing cores which reduce usable space.
- 4.86 Therefore, whilst the supply of second hand stock has increased (both in Maidstone and nationally), demand has fallen, creating a considerable imbalance in the market. This has, in turn reduced values and further undermined the ability and viability of redevelopment/refurbishment.
- 4.87 In their 2012 paper CBRE estimate that for every 1sqft of second-hand space taken up in England 1.9sqft is available. This has meant that capital growth and rental growth of well-

-
- located second-hand office stock is now below that of lower yielding 'prime' stock, making investment in refurbishment uneconomic even where it is achievable.
- 4.88 With current suppressed demand the inability of second hand stock to meet changing occupier requirements is exacerbated by increased incentivisation to take up new space. Headline rents for new space may be maintained however other incentives reduce the 'total cost' of occupying the highest quality space have been introduced such as increased rent free periods. Therefore firms which would traditionally be 'priced out' of Grade A now view it as more affordable and viable option.
- 4.89 With significant new floorspace, and good quality second hand floorspace, provided within the neighbouring local authority areas the presence of dated, weak stock within the town centre is further exacerbated. Both King's Hill and Ashford have significant vacant capacity in new and high quality second space, which owners are incentivising to secure occupiers. Where dated space may have been able to appeal to some occupiers in the absence of better quality competition, the scale of development at the likes of King's Hill captures this market.
- 4.90 Allied to changes in demand and as a result in falling capital and rental growth it is worth noting that in 'real' terms (i.e. adjusting for inflation) the cost of Grade A has actually fallen. This again reinforces the attractiveness of new space over second hand space to businesses seeking economically efficient properties.
- 4.91 These changes to occupier preference and demand are now well established trends within the national market and therefore it suggests that, as demand recovers, occupiers will predominantly be seeking higher quality stock.
- 4.92 Further to the 'technical' and space limitations of this type of stock despite the best intentions of owners and other interested parties they also tend not to provide appropriate opportunities for sub-division and use as cheap space for small businesses.
- 4.93 In the main when sub-divided these large, open floorplate typologies create spaces that are compromised in terms of the light penetration into the core of the floors, this can either create unusable office spaces or corridors that lack any natural light. Similarly, and a particular issue for blocks such as Kent House, is the ability to create internal partitions without constructing them 'across' windows, reducing the functionality of the spaces.
- 4.94 The location of service cores can also create challenges with sub-division where, if they are not centralised, create long corridors from which individual units are accessed, reducing their security and attractiveness.
- 4.95 These compromises in the quality of the units impact on the rental potential of such provision, which will in turn reduce achievable rents. A decent quality conversion is likely to be relatively costly for a building owner given the need for enhanced security, fire
-

precautions, individualised cabling and access controls. Taken alongside the level of fit out that would be expected it is unlikely that the rental income would make the redevelopment viable for any owner, unless there is a significant increase in achievable rents

- 4.96 Removing the largest concentrations of space within the market which have been available for a considerable time and therefore demonstrated to be unattractive to occupiers would help to rebalance the Maidstone office market.

5. Sources of Future Supply

- 5.1 As noted above the 46 identified employment sites provide 285ha of employment land, the majority of which is fully utilised. Within this section we consider the amount of space and land within the employment sites and the town centre that could be utilised to accommodate future employment growth.
- 5.2 It is prudent to include identified capacity within or allied to existing employment land and sites given the direction provided by the NPPF and NPPG in terms of making the best use of existing land resources. This potential capacity lies within areas where there is a demonstrated level of development and existing economic activity, indicating they are locations that meet business needs.
- 5.3 It should be recognised that much of this capacity, whilst within active locations, does not currently benefit from planning permission or demonstrable private development interest. However, it is our assessment that it meets the NPPG tests of being 'suitable', 'available' and also is likely to be 'achievable'. As such they are likely to have the same status as any newly identified locations potential future employment sites in other parts of the borough.

Vacant stock

- 5.4 As identified in section 2 of this report there are currently available premises within the borough which could, in theory, be occupied by new employers. To summarise the current availability data, as of July 2014 the following stock was being actively marketed:
- 41,966sqm of office floorspace;
 - 4,781sqm of industrial floorspace; and
 - 17,899sqm of warehouse floorspace.
- 5.5 As noted in section 2 the level of vacant office provision is not as straightforward given the identified issues relating to the quality and nature of much of the stock, which is unlikely to be re-utilised in the future. Therefore it is appropriate to consider that a much smaller level of vacant stock than is vacant today will form part of the future portfolio. This will also provide some level of 'protection' from the risks associated with permitted development rights currently in place for office conversion by not relying on existing vacant stock to meet future needs.
- 5.6 However, it would be a risk to meeting future need to base the 'vacancy' component of the supply proposition solely on the loss of identified buildings given their future is yet to be determined and there are limited alternative use interests. With the PD rights it is even more challenging to predict which buildings may be 'lost' in the future.

- 5.7 Therefore, we would recommend that the vacancy component is adjusted based on our analysis of stock that has been on the market for a significant time period. We would recommend the benchmark is set as any building which has been marketed for longer than the average letting period and also been on the market since before the recession
- 5.8 We therefore suggest adjusting based on units marketed for over five years and our analysis shows that 25,085sqm has been marketed for this period without letting. This would reduce the vacant supply to 16,881sqm, an effective vacancy rate of approximately 8%, which is considered 'healthy' in most office markets.
- 5.9 Removing the long term vacant stock will have little impact on the borough's economic capacity as stock no longer forms part of 'functional supply' and is unlikely to ever be fully re-occupied. As it represents a supply above the 'natural vacancy rate' it will not be necessary to replace all lost floorspace, indeed some net loss in the town centre will be important to rebalance the market.
- 5.10 This would also include the removal of stock which is yet to be delivered at Eclipse Park, which is appropriate given we factor this capacity in later as a 'vacant site'.
- 5.11 There is not a necessity to adjust the industrial and warehousing stock in the same way as has been undertaken for office stock, because there is not a strategic over supply of these stock forms. This is also the case because industrial and warehouse stock in the Borough is not as outmoded as its office stock, and there are less functional issues with industrial and warehousing businesses using stock that is older/outdated.
- 5.12 Based on the ratios used within the Economic Scenario Testing this vacant floorspace would equate to:
- 1.1ha of land for office floorspace;
 - 1.2ha of land for industrial floorspace; and
 - 3.6ha of land for warehouse floorspace.
- 5.13 Table 23 summarises the vacancy figures based on availability time and time period-specific adjustments.

Table 23 - Vacant Stock

Floorspace type	Vacant Stock (sqm)	Site Area (ha)
Office	16,881	1.1
Industrial	4,781	1.2
Warehouse	17,899	3.6
Total	39,561	5.9

Permitted Development

- 5.14 The Commercial Information Audit (CIA) prepared by Kent County Council and Maidstone Borough Council provides an assessment of sites that have been granted planning permission within the borough and their current status.
- 5.15 Table 24 provides a summary of the planning permissions relating to each of the identified employment sites and the net uplift in floorspace each provides.

Table 24 - Commercial Information Audit Data

Site Name & Address	2013-14 Completions	2013-14 Not Started	2013-14 Under Construction	Expired
Hart Street Commercial Centre	Unit 1 - 121 (B8)			
Tovil Green Business Park/Burial Ground Lane		Unit 11 - 89 (B1c)		
Turkey Mill - Ashford Road		1,632 (B1a)		
Roebuck Business Pk, Harrietsham,	Unit 2 - 376 (B2)			Unit 5 - 37 (B1a)
	Unit 6 - 45 (B1c)			Unit 5 - -15 (B8)
Eclipse Business Park		7,071 (B1a)	Plot 4 - 5,748 (A1)	
Former Poundstop - Crismill Lane,		704 (B1a), - 720 (B2)		
Warmlake Business Estate, Langley Heath	Unit 8 - -260 (B1c), 260 (B8)			540 (B1c)
Wheelbarrow Park Estate, Pattenden Lane - Marden				Unit 15 - 744 (B2)
Honeycrest Industrial Park - Staplehurst,		Unit B - 156 (B1a) 0.6ha Hen & Duckhurst Farm – 5,425 (B1c/B2), 5,425 (B8)		
Total	542	19,782	5,748	1,306

Source: Kent County Council, 2014

N.B. Estimated capacity in the CIA data differs from potential space currently being marketed (as advertised in Focus data)

- 5.16 As shown, there has been relatively little planning activity within the identified employment sites, with a small amount of floorspace completed within 2013-14 and already forming part of the usable supply.

-
- 5.17 The majority of permitted space yet to be developed (9,563sqm) is for office floorspace, of which more than two thirds (7,071sqm) is located within Eclipse Business Park. There are fairly similar proportions of permitted space to be developed for light industrial and warehouse floorspace, of which the majority are located at Honeycrest Industrial Park (5,425sqm industrial and 5,425sqm warehouse floorspace). There is no 'additional' B Class space currently under construction.
- 5.18 It is notable that the majority of permitted space, outside of the major permissions at Eclipse and Honeycrest, forms minor extensions or mezzanine levels within existing units. As such, whilst they support the growth of businesses occupying the units, they provide little additional capacity for new business activity.
- 5.19 Honeycrest Industrial Estate is a more complex situation. The former DK Holdings site is being redeveloped to provide a new Sainsbury's superstore, with replacement space being constructed for DK on a site immediately to the rear of the new supermarket. In total (based on CIA data) the development will have a negative impact on the total floorspace within the site, reducing provision of industrial space by 291sqm across both sites and warehouse space by 3,069sqm. However, as indicated this loss of space is likely to be offset by the delivery of an extant permission at Hen and Duckhurst Farm, which will provide an extension to the Honeycrest site.
- 5.20 Outside of the identified employment sites there are a limited number of significant planning permissions that will create new space that can be occupied by new occupiers, rather than small extensions for existing occupiers. These sites are:
- Springfield, Maidstone – where 16,750sqm of office space is permitted but not started. Market interest in the site suggests this will not come forward as originally permitted;
 - Brooklyn Yard – a permission which is not started that would provide 3,642sqm of warehouse space on a 1.9ha site;
 - Maidstone Studios – which could provide 4,000sqm of office space on a 0.27ha site; and
 - Travis Perkins, south side of Forstal Road – permission for demolition and redevelopment providing additional 5,247sqm of new builders merchant/trade counter uses (split evenly between B1c/B2/B8 use). This equates to 3,498sqm industrial and 1,749sqm warehouse floorspace.
- 5.21 Brooklyn Yard, Maidstone Studios and Travis Perkins have the potential to provide stock which can meet future demand, if permissions are implemented. As such these 'additional' areas should be considered a component of the potential future supply.
-

- 5.22 Table 25 summarises the permitted development figures based on the outstanding permissions discussed above.

Table 25 - Use Class Specific Permitted Development

Floorspace type	Permitted Floorspace (sqm)	Site Area (ha)
Office	4,000	0.27
Industrial	3,498	2.58
Warehouse	5,391	3.19
Total	12,889	6.04

N.B These site areas are drawn from CIA report data and may not align with those calculated using standard plot ratios. Figures may not sum exactly due to rounding.

Intensification and Redevelopment

- 5.23 The majority of Maidstone's employment land supply is used relatively intensively, which leaves little scope for enhancing the levels of employment contained within each site. Where capacity may have existed, such as within Park Wood, development in recent years, such as Integra, has used utilised these opportunities.
- 5.24 Where there are areas of weaker stock their replacement is, therefore, unlikely to make greater use of land resources and add additional capacity to the employment land portfolio in order to accommodate future employment growth. Any gains in capacity through redevelopment of occupied stock would therefore be marginal at best.
- 5.25 Further development potential exists within Park Wood. There are 3 sites currently vacant or under-utilised that could be developed to deliver truly additional floorspace. One site forms the remaining element of the Equilibrium/Integra scheme and is currently marketed for large warehouse/distribution uses; a further site lies immediately to the north and is occupied by a vacant office/industrial building.
- 5.26 The final site lies close to the Bircholt Road-Sutton Road junction to the west of Bircholt Road and is currently occupied by an 'open air' car sales lot. The key challenge for this site would be the nature of surrounding uses, which has seen a cluster of high quality main dealer car sales uses develop. This site lies in the middle of this cluster which may harm its attractiveness as a B class employment site.
- 5.27 Taken together there is potential for 2.2ha of employment land to be delivered within Park Wood.
- 5.28 Table 26 summarises the area available within the Borough which could be used for employment intensification.

Table 26 - Intensification Site Areas

Floorspace type	Potential Intensification Site Areas (ha)
Office	0
Industrial	1.2
Warehouse	1
Total	2.2

Vacant land

- 5.29 Our site assessment has identified limited future capacity from land parcels within existing employment sites. At present there are only four sites with vacant land that could be developable, these are:
- Honeycrest Industrial Estate – where there is potential to provide additional space at Lodge Lane;
 - Woodfalls Industrial Estate – with a potential small expansion opportunity; and
 - Former Syngenta Works, Yalding – which is now a cleared site with potential for comprehensive development.
- 5.30 If in time an alternative location were found for the Park and Ride facility at Eclipse Park, this could provide 1.1ha of further capacity acting as prime land for B1 use (excluding the site currently proposed for a new hotel). However, the availability of this part of the site in the long term is currently unclear and therefore not included in the potentially ‘available’ supply.
- 5.31 There is some capacity to extend the recent additions to the Honeycrest site further west to ‘complete’ the development at Lodge Lane, this could deliver a further 0.6ha for industrial/small scale warehousing. A further 1ha could also be developed to the rear of the existing unit occupied by Amethyst Group.
- 5.32 The Woodfalls capacity could accommodate either office or industrial space given the existing mix within the site however future industrial is unlikely to be for B8 given the access constraints within the site. It may be possible to deliver an additional 0.3ha of employment land here.
- 5.33 The vacant site at Yalding is more difficult to categorise. At 18ha it is of considerable scale and therefore could, quantitatively, accommodate the entirety of the forecast requirement for Maidstone for the plan period.

- 5.34 However, as has been demonstrated by its long term inactivity, there is no clear demand for the site at this scale for B class use. The site's context clearly limits its attractiveness and potential market, the site is not directly accessible from the trunk road network and the routes back to the motorway are not straightforward. The site is also isolated from local services, albeit relatively close to Yalding Station.
- 5.35 Previous proposals for the site have sought a mixed use development which would retain some level of employment generating activity. The recent Call for Sites submission included 2.16ha of mixed B Class land
- 5.36 Table 27 summarises the areas of vacant land available within the Borough, based on the details discussed above.

Table 27 - Vacant Land Site Areas

Floorspace type	Vacant Land Site Areas (ha)
Office	0
Industrial	3
Warehouse	1.1
Total	4.1

Estimated capacity

- 5.37 Based on plot ratios consistent with the Economic Scenario Testing work we estimate that, taken together, the existing portfolio of sites alongside the town centre could provide capacity above the total floorspace requirement. This would consist of the following allowances, brought together from the previous 4 tables.

Table 28 – Components of Supply

	Office (ha)	Industrial (ha)	Warehouse (ha)	Total (ha)
Vacant Stock	1.1	1.2	3.6	5.9
Permitted Development	0.3	2.6	3.2	6.1
Intensification	0	1.2	1	2.2
Vacant Land	0	3	1.1	4.1
Total	1.4	8	8.9	18.2

6. Balancing Demand and Supply

- 6.1 Given the identified requirement the borough will need to provide the equivalent of 18ha of employment land to accommodate future employment growth. This needs to be provision that is not currently utilised.
- 6.2 From the analysis within the previous section it is clear that not all of this requirement could be met within the existing employment site portfolio, even if all opportunities were taken to develop vacant land and maximise the use of currently under-utilised land parcels. We estimate that approximately 18.3ha of land is 'available' for B class employment land use.
- 6.3 The balance of employment land requirement with the already identified available employment land, including vacant stock, permitted development, intensification and vacant land, is shown below in **Table 29**.

Table 29 - Balance of Employment Land Requirement

	Office (ha)	Industrial (ha)	Warehouse (ha)	Total (ha)
Employment Land Requirement 2011-31	2.7	5.1	10	17.7
Variance from Forecast 2011-2014	0.3	-1	0.2	-0.5
<i>Vacant Stock</i>	1.1	1.2	3.6	5.9
<i>Permitted Development</i>	0.3	2.6	3.2	6.1
<i>Intensification</i>	0	1.2	1	2.2
<i>Vacant Land</i>	0	3	1.1	4.1
Total	1.4	8	8.9	18.3
Balance of Requirement	1.6	-3.9	1.3	-1

N.B Figures may not sum due to rounding

Adjustment for Floorspace Delivered (The "Variance from Forecast 2011-2014")

As shown in **Table 28** the economic forecast reflects a twenty year period starting in 2011, three full years prior to this supply assessment. As such it is necessary to introduce an 'adjustment factor' to take account of the floorspace delivered that would have been in place to meet the forecast level of demand for that period. This is shown in the table as a 'variance' from the forecast and results in the demand for land in each use class being increased or decreased to reflect historic development. Essentially, where floorspace delivery has been lower than forecast demand the need for land over the remainder of the plan period is increased, where delivery has been higher than forecast demand the long term need is reduced.

To calculate this variance we have compared the CIA data for the years 2011/12, 2012/13 and 2013/14 with the forecast floorspace demand over the same period. This provides an understanding of the 'net' over or under supply.

Given the qualitative issues facing Maidstone's office stock (discussed in detail elsewhere in this report) we recognise that there is a need to rebalance the supply portfolio and that much of the existing stock is not likely to be 'fit for purpose' for future occupiers. As such we have identified the difference between the gross delivery of floorspace and forecast demand. This assumes that all new space will be fit for purpose and there is not a requirement to replace all of the lost floorspace as loss of this stock will not materially harm the borough's ability to accommodate economic growth. In this analysis the borough has 'undersupplied' office floorspace by 4,670sqm, creating an additional land requirement of 0.3ha.

Similar qualitative issues do not exist within the industrial and warehouse stock, as such any 'loss' could reduce the borough's capacity to accommodate economic activity. As such, the analysis needs to take into account both new floorspace delivered and losses of space to other uses, hence the net figures from the CIA are used. Comparing net supply to forecast demand highlights an oversupply of industrial space over the period (3,981sqm or 1ha) and a small undersupply of warehouse space (1,100sqm or 0.2ha).

		Office	Industrial	Warehouse
Supply	2011/12	1,519	-6,602	6,968
	2012/13	1,715	1,195	9,581
	2013/14	387	1,715	-1,113
	Total	3,621	- 3,692	15,436
Demand Balance		8,291	-7,673	16,536
	Floorspace	4,670	-3,981	1,100
	Land	0.3	-1	0.2

-
- 6.4 Based on the assessment of supply against forecast demand as set out in **Table 29** there would appear to be no overall quantitative need for additional land within the borough. However the picture is less straight forward when the qualitative requirements discussed within this assessment are taken into account.
- 6.5 At the simplest level it is clear that there is likely to be an undersupply of land for office and warehouse activity, whilst there is a potential oversupply of industrial land. Given the location of permitted development (which makes up the largest component of potential supply) and the nature of vacant stock (the largest component of industrial supply) it is unlikely these sites would provide a suitable location for office and warehouse activity and therefore could not be relied upon to accommodate all future demand.
- 6.6 Our analysis suggests that there is likely to be a qualitative requirement for new land to be allocated which is specifically aimed at accommodating the likely requirements of future growth sectors. This will sit alongside the quantitative need for new office and warehousing capacity, suggesting capacity should be identified across all use classes.
- 6.7 We have considered throughout this assessment the 'strategic' challenges and opportunities that face each of Maidstone's sub-markets and identified increasingly acute issues for a number of activities that are located to the south of borough. Crucially the nature of the road infrastructure in terms of the scale/nature of roads, distance from motorways and the recently introduced weight limitations all place challenges on businesses with a strong reliance on road based (HGV) servicing and distribution.
- 6.8 As such sites in the south of the borough struggle to secure occupiers, whilst some existing occupiers are considering relocating, suggesting they are unlikely to continue to provide an attractive offer in the future to new businesses.
- 6.9 Our analysis of Maidstone's land portfolio for employment use suggests that, in the main, the land stock is at odds with the identified operational challenges faced by businesses within the borough. All of the identified capacity for industrial/warehouse activity lies within the south of the borough, excluding Brooklyn Yard, the area with the weakest road links.
- 6.10 Whilst this does not make these sites redundant it does potentially limit their future attractiveness to businesses and could restrict the role they will play in the accommodating employment growth. The scale of activity may be limited to smaller, more locally orientated businesses that use smaller, lighter delivery/supply vehicles.
- 6.11 This, in itself, can be beneficial to the borough's economy by providing a range and choice of sites for businesses of different sizes and will reinforce the current 'local service' nature of much of the business activity to the south (which is principally orientated to serving the Weald).
-

-
- 6.12 However, for larger businesses seeking to exploit regional, national and even international markets these sites are likely to be less attractive. It is our view, therefore, that whilst these sites are 'available' they do not represent a wholly comprehensive portfolio given the likely nature of employment growth, an issue highlighted by the high presence of non-B class activity within new light industrial space at Integra. Also, given the likely nature of demand and other land pressures (particularly for car sales at Park Wood) they may not all be 'achievable' in market or development terms.
- 6.13 In terms of the office supply position this is composed of existing vacant floorspace (largely within the town centre) and additional capacity at Eclipse Park. Clearly there is a 'risk' to such a polarised approach to development, particularly where permissions at Eclipse have not been delivered and some sites are identified for future use but as yet to be formally permitted.
- 6.14 This provides little flexibility for the borough over the plan period. Additional provision, driven by market demand, should be positively considered where it can be delivered within existing sites or any new land allocations. Given the weak office market at present it is difficult to identify clear opportunities or locations where this may happen, however a flexible approach to land allocations will ensure the borough can adapt to meet future needs, by enabling sites to accumulate a range of B class uses
- 6.15 As an 'accepted' town centre use sites for office development within the town centre do not need to be identified and allocated in the same way as land elsewhere in the borough. However, the employment role of the town centre should be retained and improved in the future, with new office floorspace secured through site redevelopment. This will need to be monitored over the plan period as the impacts of extended PD rights become clearer.
- 6.16 Successful employment locations all share a common set of basic credentials and key characteristics including:
- Good quality of provision – they may not be 'Grade A' but are clean, modern and well maintained;
 - Relatively strong public realm attributes – with good servicing areas that present a smart and tidy 'first impression';
 - Flexibility of space – both in terms of the scale and internal configuration, enabling users to adapt business processes;
 - Appropriate space for activity in the area – providing the appropriate size of space, mixes of floorspace types and permitting certain activities to meet prevailing demand trends; and
 - Realistic price point compared to nature of stock – enabling businesses to afford space in the area.
-

6.17 These should be the focus for any newly identified sites.

Key Site Characteristics

6.18 Given the nature and scale of forecast employment growth and the identified supply portfolio it is evident that additional employment land will be required over the plan period. In order to make the most efficient use of Maidstone's land resources the identification of sites should be focused on ensuring land allocated is closely aligned to business occupier requirements, ensuring that as the economy grows it is brought forward for development.

6.19 The nature of forecast growth requires a mix of new floorspace types and, based on our understanding of the local market, will also require the delivery of different space formats and scales.

6.20 Clearly the office market has shifted away from large scale spaces to smaller, high quality, flexible multi-occupier provision that more closely matches the size and requirements of the business community. This is reflected in the nature of more recent development and lettings in the area, with smaller units in rural areas (such as Hermitage Court and Abbey Court) demonstrating that when the stock profile is 'right' businesses will occupy the space.

6.21 Similarly there are reported challenges in finding appropriate quality and scale of industrial/warehouse premises in the borough, particularly in locations with a wider infrastructure context that supports this type of activity. Our stakeholder workshop consultation and analysis of the local stock of employment floorspace has highlighted a lack of provision of units between 1,000qm and 1,500sqm and smaller units available for freehold purchase.

6.22 The identification of new land therefore should be focussed on ensuring the sites can provide a 'new' offer which adds and diversifies (rather than replicates) the existing portfolio and encourages these gaps in provision to be filled, either in terms of the stock itself or the location and infrastructure provision to the land itself, including road access and future ICT connections.

6.23 It is clear that from our Assessment there is both a quantitative and qualitative need for additional employment land within the borough to enable the full economic potential identified within the Economic Scenario Testing to be realised.

6.24 As noted within section 3 the focus and nature of demand is likely to be relatively focussed given the core driver of demand will be local and sub-regional 'churn' of business activity. This will require the delivery of:

- A range of good quality, flexible small office spaces;

- Capacity for 'design and build' bespoke industrial units; and
- Small to medium size distribution units.

6.25 At present our analysis and feedback from local agents suggests it is within these market segments that Maidstone borough is currently unable to meet demand. There appears to be little flexibility within the portfolio to enable new space to be delivered in areas which are most likely to be attractive to the types of occupiers that economic growth will attract.

6.26 Furthermore, the future land portfolio will need to have sufficient flexibility to enable any future changes to operational requirements of businesses and therefore should not be overly prescriptive in terms of built form.

6.27 In terms of identifying the future additional capacity within the borough the following factors should be key:

Minimal 'absolute' development constraints

6.28 In the short term values of commercial property that are achievable within the borough will make development marginal in many cases, as such within any development appraisal there would be limited scope to overcome any significant 'abnormal' development costs. To maximise delivery potential and ensure sites are 'achievable' then locations should be sought that reduce the need to address issues that would be outside the 'normal sphere' of development considerations and costs. These include:

- **Direct access** – sites should be sought in locations where strategic road capacity already exists and, therefore, development only required to contribute to site specific access improvements/provision;
- **Landscape** – sites should be in locations where landscape and habitat designations do not restrict the functionality and usability of the land to ensure development potential can be maximised. Sites should minimise requirements for extensive landscape treatments within sites (where not necessary to create a good quality business environment) and any associated construction and design costs. For example sites where building heights or massing may be restricted should be avoided where possible. Clearly development should still be 'high quality' and appropriate in its setting;
- **Remediation** – whilst it is important to ensure brownfield opportunities are prioritised sites with extensive remediation requirements may not be viable in the short to medium term. Therefore a wider range of site types may be needed throughout the plan period; and
- **Servicing** – new sites will need new connections to existing servicing utilities therefore sites should be located, where possible, in areas where capacity exists in the existing

network or can be secured through modest investment. Locations are therefore likely to be focused close to existing urban areas to avoid the need for extensive new connections to be installed.

- 6.29 Given the context of the borough it is likely that there will need to be trade-offs between these factors and that no site will be completely free from some level of additional context considerations. This will be particularly true for areas in the Motorway Corridor given the sensitivity of the landscape and habitat in this area.
- 6.30 However, it is clear that decisions will need to be made in order to reach a compromise that enables space to come forward in the 'best' locations for business activity. Any final site decisions should seek to identify the sites that best minimise the impacts of these additional development considerations and respond to market signals of where development is required.
- 6.31 This study has only considered economic factors. The Council will need to balance a wider range of factors in reaching a decision on land allocations.

Long term strategic access to markets

- 6.32 Businesses rely on the ability to access clients and suppliers quickly and efficiently, particularly in manufacturing and warehousing sectors where 'just in time' delivery is core to operational practices. This requires more than just access to the road network.
- 6.33 The predictability and reliability of journey times are of paramount importance and therefore business confidence is eroded in locations where journeys are affected by the need to pass through congested areas, particularly where there are a lack of alternative routes to enable businesses to 'by-pass' any issues.
- 6.34 It is the reliability of journeys from the Rural South of the borough which provide the biggest challenges to occupiers in these locations rather than solely the distance from the M20/M2. Strategic routes have been established by the highways authority by placing weight restrictions on a number of more minor roads, effectively 'funnelling' HGV traffic onto a smaller number of larger roads (the A228 and A229).
- 6.35 This increases the volume of traffic, in particular HGVs, passing through Maidstone town centre, which already suffers congestion issues. This impacts on journey times and also the quality of the town centre environment. As Maidstone's population grows this issue is likely to intensify, further impacting businesses to the south.
- 6.36 Future land allocations should seek to avoid adding development, and hence traffic, to this network, suggesting an approach which prioritises space along the motorway corridor. Even if stock is cheaper within the south of the borough the relative property cost savings will, over time, be outweighed by the real and opportunity costs of increasing journey times and worsening reliability.

-
- 6.37 The location of new land along the Motorway Corridor will also enable businesses to more directly serve their core markets, which are likely to be located within the rest of Kent and into London. For businesses with a wider reach these locations will also enable them to serve national and international markets more easily.

Planning flexibility

- 6.38 Maidstone's growth sectors and businesses in growth sectors (including manufacturing, construction and creative industries) more generally are increasingly blurring the lines between design, manufacture and research. Many businesses now undertake product design and production within one unit, requiring both office and industrial space. Even traditional industrial unit occupiers (such as construction companies) require larger office components as their industry and products change. With the advent of new technologies (such as 3D printing) these hybrid units are likely to become increasingly needed.
- 6.39 We would expect that the allowed uses within new employment sites would be broad to allow a mixture of B1, B2 and B8 uses to be developed. This would enable the Borough to accommodate modern 'hybrid' units that incorporate elements of office, research and light manufacturing workshops, introducing new types of space into the portfolio.
- 6.40 This approach will allow all sites within the borough to 'work together' to meet future requirements, providing a functioning portfolio of sites that are deliverable and provide sufficient choice to support indigenous businesses and inward investment.

Technology and communications infrastructure

- 6.41 The nature of future growth suggests there is the potential to continue the diversification of the Maidstone economy, particularly as technology enables greater freedoms within 'industrial' and production based activities. Importantly, computer aided design and manufacturing is democratising small batch production and engineering, supporting a new generation of 'makers'.
- 6.42 Ensuring the physical context within which businesses operate supports their changing needs is vital to retain a viable 'industrial' presence. Broadband provision has been raised as a particular issue for some businesses and is likely to become an even greater limitation as computer-aided design, prototyping and production techniques become increasingly commonplace.
- 6.43 Ensuring sites are provided in areas with good quality high speed broadband infrastructure will therefore be a vital component in the future as all businesses become increasingly reliant on computer based processes. Retaining and attracting higher value creative and manufacturing businesses will be intrinsically linked to future ICT connections.

6.44 Land allocations should work with existing provision and also wider economic development initiatives to improve connections to business areas. There is a role for the Council to continue to highlight weak provision for business locations, coordinate businesses and act as a conduit for discussion with service providers and the “Making Kent Quicker” programme.

Visibility and critical mass

6.45 There are benefits to the current dispersed portfolio of employment land for the borough given it enables a choice of locations for businesses which are, to some degree, linked to the range of population centres in the borough.

6.46 However, future new sites are unlikely to be attractive or viable if capacity is too thinly spread or ‘pepper-potted’ across the borough. Establishing new locations will require them to have sufficient market visibility, both in physical terms (i.e. it can be seen) but also in terms of establishing a ‘critical mass’.

6.47 Delivering a ‘critical mass’ of commercial floorspace will be important in establishing a new employment location within the borough, creating a different character and nature to the existing employment sites. Delivering a small number of ‘additional’ units at existing sites would fail to create this character differentiation, and would more likely result in delivery of space that does not significantly diversify the offer.

6.48 This extends beyond benefits of co-location and shared infrastructure to provide a new location that is credible to the market and allows sufficient flexibility for the buildings and environment to be ‘tailored’ to specific business requirements.

6.49 Future allocations should therefore seek to deliver a scale of development that allows uses to cluster in one or two locations or ‘co-locate’ with existing employment provision. Based on our understanding of the scale and nature of the Maidstone economy and experience of new employment/business park development elsewhere in the country we would suggest providing the additional capacity on one site would require an area broadly the scale of the original Eclipse allocation.

A balanced office portfolio

6.50 In terms of office provision the proposition is more varied given the opportunity to deliver stock both in and outside of the town centre. In many respects the out of town offer will be subject to similar locational drivers as the industrial/warehouse stock, albeit with a likely stronger focus on creating a high quality environment.

6.51 As such any major new locations within the Motorway Corridor could provide attractive opportunities for out of town office given their visibility and connectivity. One additional

consideration that may not be so crucial for industrial/warehouse activity would be the ease of connections to the town centre and, potentially, the rail stations.

- 6.52 Smaller provision should also be encouraged within the 'rural' areas. The principal focus here would be to ensure it aligns with centres of population to encourage greater 'start up' and entrepreneurial activity from the skilled workers and also reduce travel and commuting requirements.
- 6.53 Fundamentally, space provided in rural locations will need to be of an appropriate quality and benefit from good accessibility, high quality communications infrastructure and access to local services and amenities.
- 6.54 Within the town centre office development is likely to come forward in the longer term, and is likely to 'follow' some level of loss of space in the shorter term. The long term aspiration should be to deliver space that provides purpose built small units, with a range between 20sqm to 200sqm likely to best reflect expected demand trends.
- 6.55 Site identification is more challenging within the town centre. Therefore the approach to office development should provide greater focus on the attributes required from town centre occupiers and also, if possible, to consolidate the offer in a small number of locations to create a critical mass.
- 6.56 To understand where office floorspace could be best accommodated (and most likely to be delivered) there are a number of criteria that we understand are at the core of occupier and developer decisions. These criteria are:
- Site area and shape – both the size and shape influence the attractiveness of the site to developers. Size is clearly important to enable a suitable scale of building to be accommodated alongside associated servicing, parking and landscaping space. Shape is also important (particularly on smaller sites) as irregular shaped plots reduce the ability to deliver the 'regular' floorplates that businesses seek or that are easily subdivided to make smaller suites. The development of regular shaped buildings also helps to reduce development complexity and hence cost;
 - Neighbouring uses – will influence the attractiveness of sites for office use positively and negatively. Provision of 'amenity' uses in close proximity will support development, however if an area has a single, dominant land use it may deter office development. In these areas the office will struggle to establish a presence and may be impacted by neighbouring uses through noise and other 'bad neighbour' activity;
 - Access to public transport – will be a key consideration for occupiers to both access clients and markets (particularly London) and to provide travel choice for staff; and
 - Parking provision – will be important as part of the offer to employees. With limited public transport penetration to some of Maidstone's workforces car accessibility will

continue to be an influential consideration, particularly if alternative provision is made out of town with parking on site. This may not necessarily need to be made on site in the town centre but, where it is off-site, office stock should be closely aligned to existing public car park provision. Potentially, the Council could seek to 'incentivise' parking charges within their car parks to encourage office occupiers.

- 6.57 Given the nature of the town centre and the desire to create a more diverse place it is likely that new office stock would come forward as part of a wider mixed use development approach.

7. Site Specific Recommendations

- 7.1 The over-arching finding of the Economic Scenario Testing and this Qualitative Site Assessment is that the Maidstone economy benefits from a number of strategic assets that should support future economic growth. However recent performance has been challenged and should serve to highlight that future success cannot be guaranteed.
- 7.2 A combination of aging stock, changing occupier requirements and increased competition within the wider London/M25 fringe and other areas in Kent which are strengthening their offer already place challenges on the borough's ability to maintain its existing position and develop this over time.
- 7.3 Based on the preceding analysis this section sets out the key site specific conclusions and recommendations for future action by Maidstone Borough Council and its partners. These provide guidance on the recommended approach to employment land identification and protection.

Key Employment Sites

- 7.4 The Economy Sensitivity Testing identifies that the future B Class employment growth in Maidstone is likely to be focussed on a mix of office, industrial and warehouse users including ICT, transport and professional services.
- 7.5 A number of employment sites identified within this Study will play the primary role in supporting economic development and growth by offering attractive and available opportunities for the retention and expansion of existing occupiers, as well as helping to secure new inward investment. On this basis, we recommend that the highest level of protection and safeguarding against loss to other, non-employment uses is retained for the following sites:
- Ashmills Business Park, Lenham
 - Station Road, Harrietsham
 - Roebuck Business Park, Harrietsham
 - Honeycrest Industrial Park, Staplehurst
 - Park Wood, Maidstone
 - Hart Street Commercial Area, Maidstone
 - Hermitage Mills, Barming
 - South Park Business Village, Maidstone
 - Turkey Mill, Maidstone

- The Old Brewery, Maidstone
- Tovil Green Business Park, Maidstone
- 20/20 Business Park, Allington
- Aylesford Industrial Estate, Aylesford
- Bredhurst Business Park, Bredhurst
- Lenham Storage, Lenham
- The Old Forge, Bearsted
- Lordswood, Walderslade
- Detling Aerodrome, Detling
- Viewpoint, Boxley
- Marley Works, Dickley Wood
- Warmlake Business Estate, Sutton Valence
- Headcorn South, Headcorn
- Barradale Farm, Headcorn
- Eclipse Business Park, Maidstone
- Woodfalls Business Estate, Yalding
- Syngenta Works, Yalding

7.6 It is critical that the B Class nature of these sites is maintained over the plan period to provide the borough with sufficient capacity across a range of space types to retain existing businesses, enable them to grow and also accommodate new activity.

7.7 Whilst, generally, each identified site provides a strong and suitable offer to the market future success may require different approaches. These approaches will enable development sites to come forward, support redevelopment of stock and maintain the quality and scale of offer already made.

7.8 By taking this approach to employment land and floorspace provision the borough can provide the 'highest level' protection to ensure B Class land supply does not undermine future economic potential.

Protect and Enhance

7.9 Of the key employment sites some provide a clear and relatively near term opportunity to provide new, high quality commercial floorspace capable of attracting new users as identified in the previous section there are opportunities to create new capacity by delivering space on currently vacant or under-utilised sites.

7.10 New space can also be delivered through the selective redevelopment of older stock. As noted in the previous section this is unlikely to create additional capacity in floorspace terms but can deliver better quality space.

Completion to Create Capacity

7.11 As considered in the previous section there are a small number of existing sites where there is the land capacity to deliver additional floorspace within, or as a small extension to, the current boundaries. Some of these sites already benefit from a planning application, which should be delivered as a key component of future B Class supply.

7.12 The sites where additional capacity has been identified are:

- Eclipse Business Park, Maidstone
- Honeycrest Industrial Park, Staplehurst
- Park Wood, Maidstone
- Woodfalls Business Estate, Yalding
- Syngenta Works, Yalding

Selective Redevelopment to Improve Quality

7.13 Whilst in general the stock of employment space within the employment sites is fit for purpose and meets current occupier requirements there are some areas of weaker provision that could be redeveloped to strengthen the offer the key employment sites provide.

7.14 Given the length of the plan period the selective redevelopment of some existing provision within the employment sites is likely to be required as stock reaches the end of its usable life. Some stock is already considered dated so will, more than likely, require redevelopment. This may also enable the intensification of uses within sites, however given the nature of the borough's sites an uplift in capacity is likely to be marginal.

7.15 The key sites where weak stock has been identified and therefore selective development should be supported are:

- Ashmills Business Park, Lenham
- Station Road, Harrietsham
- Honeycrest Industrial Park, Staplehurst
- Park Wood, Maistone
- 20/20 Business Park (Acorn Estate), Allington

-
- 7.16 Any redevelopment should seek to maximise the role of sites for B class activity and enable them to accommodate greater levels of existing and new economic activities, and provide a choice of stock.
- 7.17 It may also be appropriate to support some level of non-B class activity that supports and is ancillary to the core B class activity in order to create a more attractive location for occupiers. However, the provision of non-B class activities should not detract from the B class uses or significantly dilute the character, focus or operability of the employment sites.

Protect and Maintain

- 7.18 As identified through the survey and consultation with local stakeholders the majority of sites are broadly fit for purpose with a large proportion of floorspace (particularly for industrial and distribution uses) likely to meet ongoing requirements. These sites will continue to play an important economic role in the future and should therefore be protected and their B Class role maintained.
- 7.19 A significant number of the employment sites should be protected and maintained in their current form and function. This does not mean they should be allowed to deteriorate over time and MBC and its partners should support investment and improvement in stock provision, albeit on a 'no net loss' basis.
- 7.20 The sites for protection and maintenance are:
- Hart Street Commercial Area, Maidstone
 - Hermitage Mills, Barming
 - South Park Business Village, Maidstone
 - Turkey Mill, Maidstone
 - The Old Brewery, Maidstone
 - Tovil Green Business Park, Maidstone
 - 20/20 Business Park (outside of the Acorn Estate), Allington
 - Aylesford Industrial Estate, Aylesford
 - Bredhurst Business Park, Bredhurst
 - Roebuck Business Park, Harrietsham
 - Lenham Storage, Lenham
 - The Old Forge, Bearsted
 - Lordswood, Walderslade
 - Detling Aerodrome, Detling

- Viewpoint, Boxley
- Marley Works, Dickley Wood
- Warmlake Business Estate, Sutton Valance
- Headcorn South, Headcorn
- Barradale Farm, Headcorn
- Galants Business Centre, East Farleigh

7.21 As noted in the site surveys, not all of these sites are considered to be of high quality. However, all are considered appropriate for the scale and nature of the uses they accommodate in terms of their stock offer. Not all activities require or demand 'Grade A' buildings therefore it is important to protect sites that provide a range of units that attract the range of businesses required within an economy.

Marden - Pattenden Lane

7.22 Throughout the Qualitative Assessment process the future of major employment activity within the Marden area has been regularly raised. At present the area along Pattenden Lane (including the Wheelbarrow Park Estate) accommodates a number of large scale manufacturing and distribution activities within almost 30ha of land.

7.23 The location, scale and nature of these businesses is somewhat incongruous given their reliance on HGV movements, their nationwide and international market, and the low grading of road network, much of which is subject to weight restrictions.

7.24 The location of these activities reflects the history and growth of these businesses themselves, which were started by local entrepreneurs in this part of the borough and grow significantly. In many respects it would appear that the success of the businesses is now out of scale for the area within which they are located.

7.25 The challenges facing these expanded (and still expanding) businesses has been highlighted by local property agents and also a previous planning application made to the borough which sought the relocation of some of the Pattenden Lane businesses to more accessible locations in the borough.

7.26 The combination of an identifiable desire for some businesses to relocate and the issues of road-based accessibility suggest that, in the future, employment sites in this location could be 'under threat' from significantly increasing vacancy which they would struggle to fill with businesses of the same nature and scale.

7.27 Should major occupiers vacate the site there will be significant capacity introduced to the market, however it is our view that it will not prove (at the current scale) a suitable or attractive offer for new higher value businesses to move in to particularly where businesses

would not necessarily have the 'local links' that have driven the existing businesses to locate here. As such landlords may seek to attract a range of lower value uses to ensure the space is filled and some income received.

- 7.28 Given the forecast nature of future economic growth, the nature of stock which could vacated at Pattenden Lane and the wider constraints of the area it would not be appropriate to consider future employment land requirements to be met by vacated large-scale space within Marden.
- 7.29 Should significant space become available within the Marden area a comprehensive review of the estate and future uses will be required. This may involve the consolidation of other uses that remain on the site into vacated (better quality) premises and the redevelopment of land parcels for other uses.
- 7.30 Given the location, relative housing affordability and the faster train links to London the Marden area has a growing population of commuters which bring new and higher skills to the area. Therefore, in the longer term there may be opportunities to diversify the employment offer in this location and provide small, flexible shared workspace, potentially with new office suites to encourage greater small business activity.
- 7.31 The future of the Marden area is currently not defined, and therefore at present it should continue to be protected as a key employment site to provide confidence to existing occupiers that their operational base is 'secure'. However, should major occupiers leave and the large units in the area remain vacant it may be necessary to undertake some site specific analysis and prepare additional planning guidance to ensure best use is made of the site in the future and employment capacity is retained.

Manage and Monitor

- 7.32 Our review and analysis of the nature, role and function of all of the employment sites has identified that the majority of the sites should be retained as such. Nevertheless, in accordance with paragraphs 21 and 22 of the NPPF we have concluded that some sites are unlikely to continue to meet the needs of businesses.
- 7.33 As such they should be either monitored with a view to not allocating them at all or 'de-allocating' them in the future should their situation worsen. Some sites no longer have the appropriate characteristics to meet business requirements or are no longer within B class use and therefore a B Class allocation would be inappropriate.
- 7.34 We recommend ongoing monitoring of the following sites with a view to not allocating them as B class sites should their stock quality condition deteriorate or demand for space decrease leaving the majority of the site vacant. Based on our assessment these sites meet current occupier needs however the stock is not of high quality and likely to reach

the end of its functional life within the plan period. Furthermore the site operations do not relate positively to their surroundings and redevelopment would not benefit the neighbouring activities. We consider these sites for monitoring to be:

- Ecclestone Road, Maidstone
- Wharf Road, Maidstone
- Former Poundstop, Bearsted
- The Forstal, Lenham Heath
- Shepherds Farm Estate, Lenham Heath
- Franks Bridge, Headcorn
- Lested Farm, Chart Sutton
- Barham Court, East Farleigh
- Nortons Industrial Estate, Laddingford

7.35 The long term loss of these sites would not fundamentally undermine the economic performance or potential of the borough, however it should not be considered until it can be demonstrated they are no longer fit for purpose. Should they not be allocated and alternative plans come forward the Council's Economic Development Team should work closely with any remaining occupiers to relocate them within the Borough.

7.36 Further to these sites we have identified sites that no longer play a significant B class employment role and, as such, should not consider to be classified as B class employment sites, these are:

- Headcorn Aerodrome, Headcorn
- Farleigh Hill Trading Estate

Re-alignment of Office Stock Provision

7.37 To retain and grow the office role within Maidstone the future focus should be on consolidating and improving the office provision, this should seek to deliver stock which matches the 'new' demand profile (i.e. smaller, more flexible high quality space).

7.38 It is clear that the current stock will not be required, either in scale or typology. This may mean longer term opportunities for redevelopment of provision such as Kent House, Miller House and Cornwallis House given they provide a type of floorspace that does not meet occupier requirements.

7.39 In the short to medium term refurbishment and/or redevelopment of sites for purely office uses is unlikely to be attractive. Values are unlikely to support this type of development

approach and there is unlikely to be the scale of demand to re-absorb replacement stock at the same quantum.

- 7.40 To compete for occupiers there is likely to be a need for wider improvements and changes to the 'mix' within the town centre. This should seek to provide a good quality environment that office floorspace would sit within and does not adversely impact the functionality of the town centre as an employment location
- 7.41 The major challenge will be balancing opportunities to bring forward a more mixed use area that functions well and continues to provide a location businesses want to invest in. A key tension may be the protection of the areas most likely to be attractive to office occupiers i.e. those that provide on-site (or close by) parking and also good access to the Station. These are also likely to be areas that will also be more attractive to other, higher value uses such as residential.

8. Conclusions

- 8.1 The Economic Sensitivity Testing study concluded that there was a significant opportunity for the borough to secure future employment and economic growth across a broad range of B and non-B class sectors.
- 8.2 It identified key opportunities in a number of sectors that are already rooted within the local economy, have strong strategic growth potential (as part of UK-wide growth expectations) or will be catalysed by new investments in the local economy.
- 8.3 To accommodate this growth the study identified a requirement for a range of floorspace types to be provided within the borough, resulting in a total employment land demand requirement of 17.7ha for 'general' B Class activity (i.e. activity that is not intrinsically tied to the functioning of KIMS and the MMC).
- 8.4 This Qualitative Site Assessment has taken these findings forward, assessing the known supply of employment land within the borough to understand how, as a portfolio, these sites and premises can meet future needs. Importantly, this moves beyond solely considering 'capacity' in quantitative terms to understand how the space or land aligns with occupier needs.
- 8.5 The majority of Maidstone's existing employment floorspace is likely to remain 'fit for purpose' over the plan period, providing a mix of units types, sizes and quality to accommodate a range of business activities in locations that allow core markets to be served. As such it will be important to ensure that the existing capacity is retained and protected from loss to other, non-B class, activities.
- 8.6 Equally important will be the need to support and encourage the replacement of stock within the existing employment sites over the plan period to ensure it continues to meet occupier requirements. Whilst this is unlikely to significant new capacity it will ensure sites remain viable and attractive employment locations.
- 8.7 Despite the strength and breadth of much of the existing offer at a quantitative level the assessment identifies a shortfall of supply to meet future needs, which is likely to necessitate new land to be allocated through the Local Plan. Identified capacity provided by fit for purpose available floorspace, intensification opportunities and vacant land is insufficient to the expected scale of future demand.

8.8 When qualitative factors are taken into account it is clear that the current portfolio is also unlikely to provide the appropriate range and choice of accommodation for the expected nature of future demand. Whilst much of the stock is fit for purpose, when considered in the light of likely sectoral requirements there are a number of factors which suggest the borough would benefit from new land provision:

- Elements of the stock are of poorer quality and unlikely to be reoccupied;
- There is a considerable oversupply of office floorspace of a typology that does not meet future needs;
- The majority of identified development capacity is poorly located for likely occupier needs;
- A number of sites suffer from strategic access constraints;
- 'extending' or 'redeveloping' sites will limit the ability to deliver new types of offer and will largely support space of a similar character;
- Development sites are dispersed across the borough and may not provide the scale or critical mass to accommodate larger occupiers; and
- A number of sites are no longer in B class use.

8.9 As such, for the borough to realise its economic potential, there is a need to provide new employment land to both accommodate the scale of growth forecast but, equally importantly, diversify the portfolio to ensure different forms of demand and floorspace can be accommodated.

8.10 These new additions to the employment land portfolio should enable a genuinely new form of capacity and quality rather than replicate what is already provided. Delivery of new versions of the existing offer could be accommodated by the identified capacity within existing sites.

8.11 Future demand for commercial floorspace will most likely be driven by locally driven activity as business start up, expand or seek new premises. Clearly the borough is in a strong location to benefit from future inward investment but this is likely to be modest and shouldn't be relied upon as a major demand driver. This will drive some specific property requirements, including:

- Smaller office floorplates within purpose built multi-tenant stock;
- Land for 'design and build', medium sized production/industrial units; and
- Local/sub-regional serving warehouse and distribution space.

- 8.12 Based on this analysis we would conclude that there is likely to be demand for new high quality, well serviced mixed use employment development area that accommodates small business orientated space, standalone industrial and manufacturing provision (albeit likely to be a design and build demand) and smaller scale distribution and ancillary workspace and office space.
- 8.13 The provision of capacity over and above the quantitative need will be also be important to provide the capacity or 'headroom' for the borough to ensure there is sufficient capacity should any sites identified not come forward. This will reduce the risk of land supply acting as a barrier to economic growth and ensure that an appropriate range and choice of locations is retained for occupiers in the strongest market areas.