

# Employment Land Study 2018

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# 1 Introduction

- 1.1.1 The Employment Land Study 2014 (ELS) report sets out the baseline position and profile of the office and industry, storage and distribution sectors, future requirements for each of these sectors on the Island together with a recommended portfolio. An update report reflecting the changes since 2014 to the profile of each sector and a review of recommended portfolio was prepared to inform the Annual Monitoring Report 2017 and published in 2018. The Annual Monitoring Report monitors the effectiveness of the policies of the Island Development Plan 2016 (IDP). This report provides the 2018 annual update to the ELS which will report on trends and changes since 2012 (the base year of the study). The report findings will inform the Annual Monitoring Report (AMR) 2018.

## 2 Background

### 2.1 Policy context

- 2.1.1 The Strategic Land Use Plan (SLUP) directs that office uses should be focused within and around the Main Centres with some limited development within the Local Centres to contribute to their range of services and facilities and reinforce them as sustainable centres. Outside of the Centres, the SLUP directs the IDP to make provision for certain small-scale businesses, which have a justifiable need to be located Outside of the Centres based on the nature of operation, or where there is difficulty in finding a suitable site within the Centres.
- 2.1.2 Guernsey's stock of office accommodation can be considered to comprise of three categories:
- Primary – recently developed or refurbished to modern standards
  - Secondary – older purpose-built offices that may or may not be capable of being refurbished or redeveloped to modern standards
  - Tertiary – existing offices resulting from the conversion of units of accommodation, retail, etc. that may never meet modern standards
- 2.1.3 The SLUP identifies that the office sector requirements can be met through a combination of primary offices (including large floorplate) on new sites focussed in the 'Main Centres' and at Admiral Park, together with the refurbishment and redevelopment of older office stock to create modern offices.
- 2.1.4 To reflect the strategic direction of the SLUP, the IDP's approach is to focus office use in the Main Centres where there are existing clusters of offices, while recognising the need for large floorplate office space with the allocation of an Office Expansion Area at Admiral Park (for floorplates over 1000m<sup>2</sup>). The IDP also seeks to retain existing offices in Main Centres but allows for smaller premises under 250m<sup>2</sup> to change to alternate suitable uses, which would support the vitality and viability of the Main Centre and which provides flexibility and addresses an oversupply of, mainly tertiary, small office space. The change of use of larger substandard office premises to other uses, subject to demonstrating certain criteria, can be considered under the IDP policies.
- 2.1.5 New offices and changes to existing offices are also supported in Local Centres where they are of an appropriate scale for the Local Centre concerned and where scale and cumulative impact

would not undermine the vitality and viability of the Main Centres. Outside of the Centres, new office development is supported through conversion of redundant buildings only.

- 2.1.6 For industry and storage and distribution, the SLUP requires the IDP to make provision for a comprehensive range of land opportunities for employment uses, maintaining the focus of these uses within and around the Main Centres of St. Peter Port and St. Sampson/Vale, specifically including Admiral Park and the Saltpans and recognising that some opportunities may exist in Local Centres. The SLUP directs the IDP to also make provision for certain small-scale businesses outside of the Main and Local Centres, typically those in the lower value industrial and service sectors, such as those requiring workshops, secure storage or open yards, who may have a justifiable need to be located Outside of the Centres based on the nature of operation, or those which have difficulty in finding a suitable site in the Centres.
- 2.1.7 The IDP's approach to industry, storage and distribution reflects the findings of the Employment Land Study 2014 which indicated that the island is now over-provided with industrial, storage and distribution premises. In managing change in this sector it is recognised that there remains a need to specifically protect some land for industry, storage and distribution to ensure suitable land is available that can be readily developed for a range of industrial and storage/distribution purposes. The IDP, therefore, seeks to consolidate industry, storage and distribution uses on 4 designated Key Industrial Areas ("KIA") each with an identified expansion area known as Key Industrial Expansion Areas (KIEAs) located in and around the Main Centres. Longue Hougue KIA is reserved specifically to accommodate a range of heavy and specialist industrial development including waste facilities. There is also a KIEA located Outside of the Centres at La Villiaze to the north of the airport.
- 2.1.8 In addition, the IDP policies require particular criteria to be satisfied before allowing the loss of existing industrial, storage and distribution sites to other uses where these are located outside of the identified KIAs and are situated along the Inter-harbour route due to their good access.
- 2.1.9 The IDP policies direct industry, storage and distribution uses toward the KIAs and KIEAs, and also support industrial use (including creative industries) elsewhere within the Main Centres. Change of use between industry, storage and distribution uses is in principle supported. Existing sites within the KIA should be re-used and redeveloped before consideration is given to development within the KIEAs. Only where there is no suitable alternative site within any of the KIA or Main Centres will development be considered in the expansion areas and will be subject to the approval of a Development Framework to achieve the effective and efficient use of land. The KIEAs provide a buffer should the demand for employment floor space unexpectedly rise for industry, storage and distribution uses, or should the needs of a particular use not be able to be accommodated. Within the Main Centres and Main Centre Outer Areas new industry and storage and distribution use is also possible through conversion of a redundant building. In addition, due to their particular nature, IDP policy supports provision of new creative industries in Main Centres.
- 2.1.10 In Local Centres new industrial, storage and distribution uses are also supported where they are of an appropriate scale for the Local Centre concerned, support them as sustainable centres and are not of a scale and cumulative impact that would undermine the vitality of the Main Centre. Outside of the Centres, these uses are supported in principle at the KIEA at La Villiaze, St Saviours, on redundant glasshouse sites and brownfield sites under certain circumstances and providing certain criteria are met and through conversion of redundant buildings.

- 2.1.11 The IDP policies support, in principle, the continued use, extension, alteration and redevelopment of existing industrial and storage and distribution sites throughout the island and are generally supportive of change of use between these uses. The IDP policies are also generally supportive of change of use away from these uses outside of the KIAs, and where sites are not on the container route (the inter-harbour route).

*The Economic Development Strategy, 2018*

- 2.1.12 The States' approved Economic Development Strategy<sup>1</sup> is to deliver a strong, sustainable and growing economy and seeks to achieve growth in the economy by focusing on 4 core areas:

- building on what we do well now (**maintain**);
- achieving diversification into new areas of economic activity to secure long-term prosperity e.g. digital industry (**diversify and grow**);
- Reaffirming that Guernsey is open for business through the actions we take (**open for business**); and
- More actively monitoring and reporting on our economy, and use those insights to inform our actions (**monitoring the economy**).

- 2.1.13 The strategy has identified key areas of work under each of these core headings, which the States hopes to pursue through the Committee for Economic Development (CfED) working alongside other States Committees and with external partners.

## 2.2 Guernsey Employment Land Study 2014

- 2.2.1 In 2014, in accordance with best practice, the Guernsey Employment Land Study (ELS, 2014)<sup>2</sup> was prepared as part of the evidence base to inform policy formulation on office, industrial and storage provision in the Island Development Plan.
- 2.2.2 The ELS (2014) presents an analysis of the characteristics (amount, location, size and trends) of office, industry, and storage & distribution accommodation on the Island. The base year for this profile data is 2012. The findings set the baseline position for each of these sectors and are referred to within this report (see sections 4 and 5).
- 2.2.3 Following on from this profiling and drawing from UK guidance, the employment land is classified into eight employment areas for the subject sectors; Mixed Use Historic Areas, Established Office Locations, High Quality Business Parks, Light Industrial Areas, General Industrial Areas, Specialist Industrial Areas, Stand Alone Sites and Micro-sites.
- 2.2.4 The ELS (2014) assessed and forecasted the future land requirements for offices, industry, storage and distribution over the 10 year life of the Island Development Plan as shown in [Figure 2.1](#) below.

<sup>1</sup> [Billet D'État XVIII 2018](#)

<sup>2</sup> [Available to download from www.gov.gg/planningpolicy](http://www.gov.gg/planningpolicy)

	Existing land supply (m <sup>2</sup> )	Gross additional land requirement (m <sup>2</sup> )	Gross total land requirement (m <sup>2</sup> )
Office	172,308	+30,000	202,308
Industry, Storage & Distribution	1,892,523	-22,600	1,869,923

**Figure 2.1 Summary of employment land requirement by sector 2015-2025**

- 2.2.5 The forecasts for future land requirements are not updated as part of this report but will be looked at as part of the 5 year review of employment land (2021).
- 2.2.6 Drawing from the three stages described below, the ELS (2014) concludes that the forecasted employment land requirements can be substantially delivered through the existing portfolio with some key proposed additions. The identified recommended portfolio is reviewed as part of this update report.

## 3 Methodology

### 3.1 Overview

- 3.1.1 Preparation of the ELS (2014) was in accordance with best practice and based on the methodology set out in the UK Department of Communities and Local Government's guidance on Employment Land Reviews: Guidance Note (2004). While this guidance has formed the basis of the methodology used in the ELS (2014), it has been adapted to suit the Guernsey pattern of land use, available data and the Guernsey planning system.
- 3.1.2 The ELS (2014) was carried out in three stages as follows:  
 Stage 1: Establishing the Baseline Position  
 Stage 2: Creating a Picture of Future Requirements  
 Stage 3: Identifying a Portfolio of Sites
- 3.1.3 This report provides an annual update to the ELS to reflect on changes to the baseline position and profile of the employment land identified in the 2014 report, together with a review of the recommended portfolio for office, industrial and storage and distribution provision on the Island. The report findings inform the Annual Monitoring Report (AMR) which monitors the effectiveness of the policies of the Island Development Plan 2016 (IDP). A comprehensive review of the ELS (2014) across each of the 3 stages identified above will be undertaken for the 5 year review of the IDP (2021).
- 3.1.4 The first section of this report presents an update to the profile of each of the sectors and the changes over the last 6 years since the baseline position presented in the original study. The purpose of this stage is to understand:
- The profile of employment premises across the island in terms of the type of premises, location and size;
  - The current level of demand for premises and the factors that influence demand;
  - Trends in employment and how this might influence future demand;
  - The supply of new and upgraded premises through the planning system;
  - The spatial distribution and character of different employment areas; and
  - Key changes to all of the above over the last 6 years.



- 3.1.5 To establish an update of the baseline position, information from property market audits and data on planning consents was collated and consultation was undertaken with property agents in March 2019 to capture their insights about the market and some qualitative input.
- 3.1.6 The next section of this report reviews the ELS (2014) recommended portfolio of existing and potential employment sites to ensure it continues to offer a comprehensive range of opportunities for employment use. To comply with the SLUP, this portfolio has to have regard to requirements for:
- Existing and refurbished office stock in the Main Centres;
  - New office development in Main Centres, including Admiral Park;
  - Industrial premises within or around the Main Centres, Saltpans Park and Admiral Park; and
  - Office and industrial premises within Local Centres if appropriate.
- 3.1.7 The portfolio of sites should be attractive to business in terms of location, size, accessibility and specification of premises. In assessment of this recommended portfolio, in accordance with strategic direction, the redevelopment of brownfield sites has been prioritised over greenfield sites and business requirements have been balanced against other objectives of the SLUP, such as enhancement of the built environment, protection of historic buildings and the efficient use of land. The review takes into account any changes to the recommended portfolio during 2018 and assesses whether planning policies are supporting the delivery of the recommended portfolio.

## 3.2 Consultation

- 3.2.1 A number of consultations have informed the preparation of this study, along with ongoing liaison with the Business, Innovation & Skills section of the Committee for Economic Development.
- 3.2.2 On the 5<sup>th</sup> of March 2019, the Planning Service together with Business, Innovation & Skills hosted a workshop with representatives from commercial agents and commercial organisations on Island, to gain qualitative feedback on the performance and effectiveness of the IDP policies relating to the office, industry and storage/distribution sectors. The workshop examined the current data on these sectors, and discussed the drivers behind the changes and trends and views on the appropriateness of the employment land portfolio.



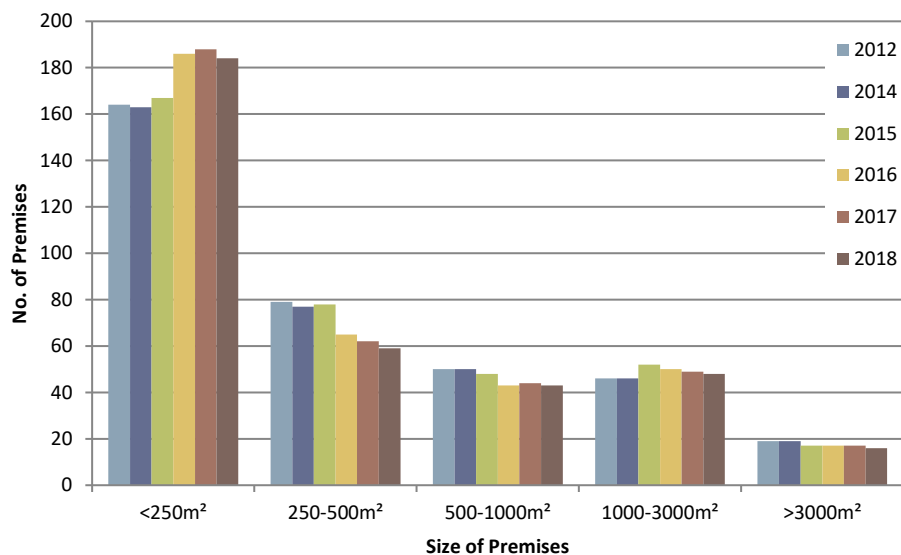
## 4 Profile of Offices

### 4.1 Amount of office premises

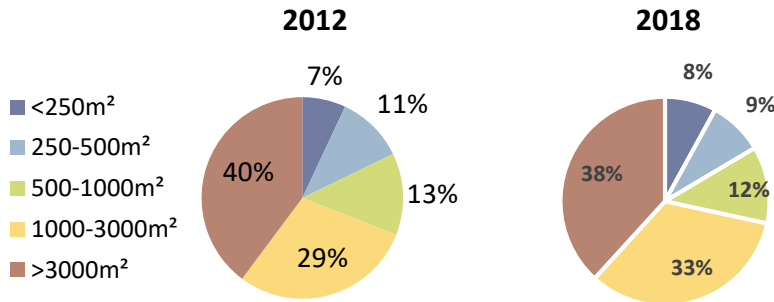
- 4.1.1 Over the last 6 years, there has been a 9.29% decrease in the overall office stock in the Island with 350 premises providing 246,944m<sup>2</sup> of accommodation located on 171,447m<sup>2</sup> of land in December 2017. Unfortunately the data for previous years is not available to spatially analyse this decrease and therefore to gain understanding of the reasons behind the overall decrease in quantum of floorspace. However, as per the recommendations of the AMR 2017, improvements have been made to the capturing of data by the Planning Service from the Cadastre, which allows for the 2018 data to be mapped spatially, ensuring any future changes to the office accommodation on the Island can be fully assessed. However, the key changes in relation to the size, number and location of premises is set out in the next sections below.

### 4.2 Number and Size profile of offices

- 4.2.1 **Figure 4.1** shows that, based on the data between 2012-2018, the majority of the Island's office premises remain small scale (under 250m<sup>2</sup>), with the number of this size of premises increasing by 7% compared to the baseline position in 2012. Overall, as **Figures 4.2 and 4.3** show, within the same time period there is a slight decrease to the number of premises over 3,000m<sup>2</sup>, but that band still accounts for 38% of the Island total office floorspace. Preliminary investigations using the new data captured in 2018 suggests this decrease in the number of larger offices could be due to renovation of existing properties and their classification under a different TRP code during this time. This suggests the decrease is only temporary in nature. Further analysis into this issue can be undertaken next year. The increase in small scale units reflects indicated market demand.



**Figure 4.1 Number of office premises in each size category (2012 to 2018)**



Figures 4.2 and 4.3 Area of office premises in each size category (2012 & 2018).

### 4.3 Location profile of offices

- 4.3.1 The ELS 2014 and 2017 update report presented information on the location of offices throughout the Island by Parish. Following an AMR 2017 recommendation, improvements in the capture of data allows for the information to be presented by Main Centres (Inner & Outer), Local Centres and Outside of the Centres and assessed in the context of the States agreed spatial strategy. This section will set out the data by Centres for the first time, making it not directly comparable with the ELS 2014 or 2017 update report. Figure 4.4 shows that the Main Centre of St Peter Port is the primary location for offices (70.4%), with the majority of this accommodation (70.2%) located within the inner area of this Main Centre. Office uses are grouped in clusters and are predominantly located to both the north and south of the Town's Core Retail Area.
- 4.3.2 Admiral Park, located in the northern part of the St Peter Port Main Centre Outer Area, provides a further cluster of large floorplate, high specification, modern office premises in a business park environment. Of note, all of the premises over 3,000m² are located within St Peter Port Main Centre or Main Centre Outer Area.
- 4.3.3 Similar to the 2012 baseline position, the Bridge Main Centre provides a greatly reduced level of accommodation in comparison (2.1%) and continues to act as a minor office location. Of the few office premises in that Main Centre, three are high street banks and are primarily located on the harbour frontage. The largest offices are those of Guernsey Electricity located on the first floor of its premises on North Quay.

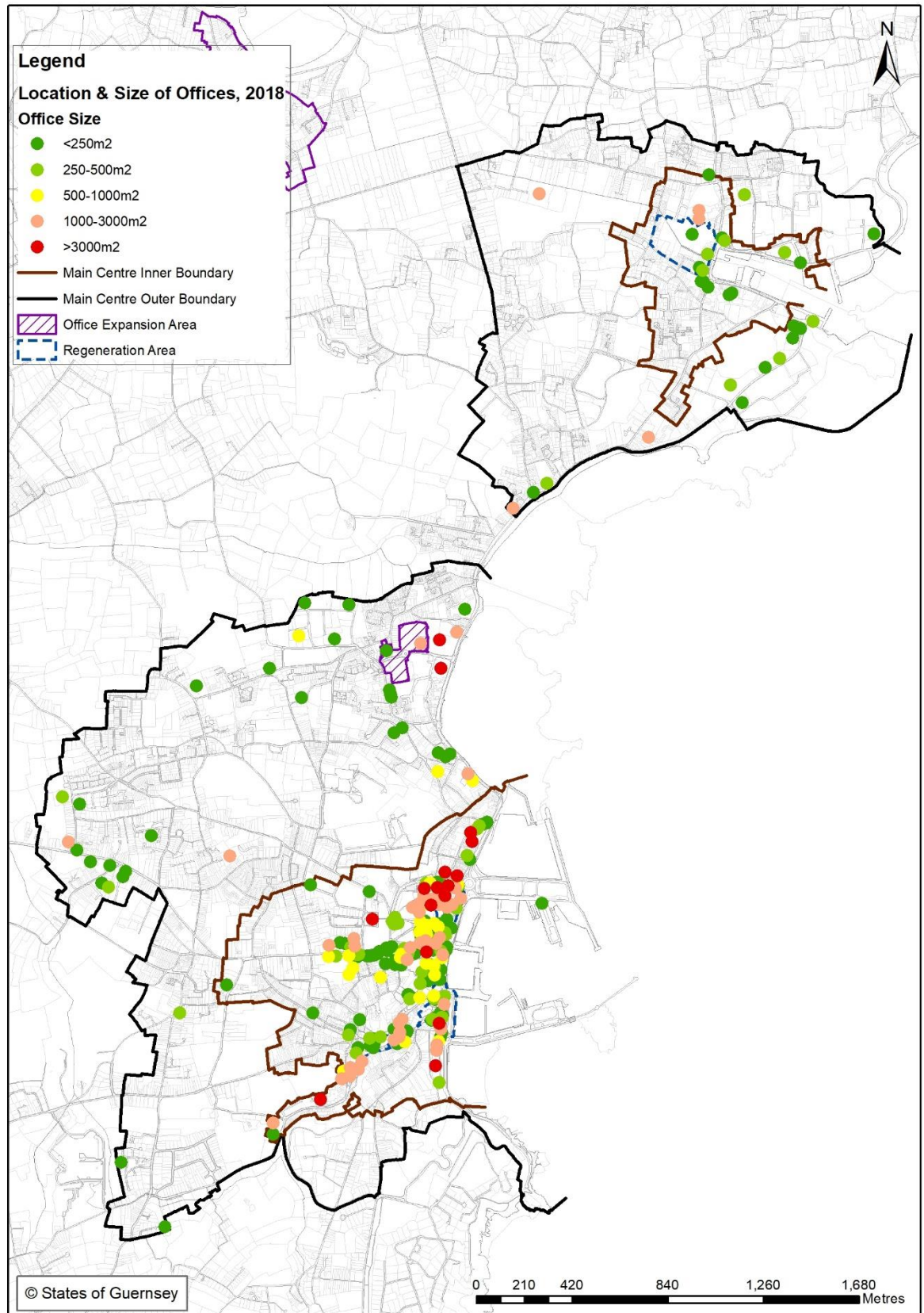


Figure 4.4 Map showing the location of office accommodation by Main Centre, 2018

- 4.3.4 There is limited provision of offices within the Local Centres (2.95%), the majority of which are located within St Martins Local Centre. L'Aumone Local Centre contains no office accommodation, as shown in Figure 4.5 below.

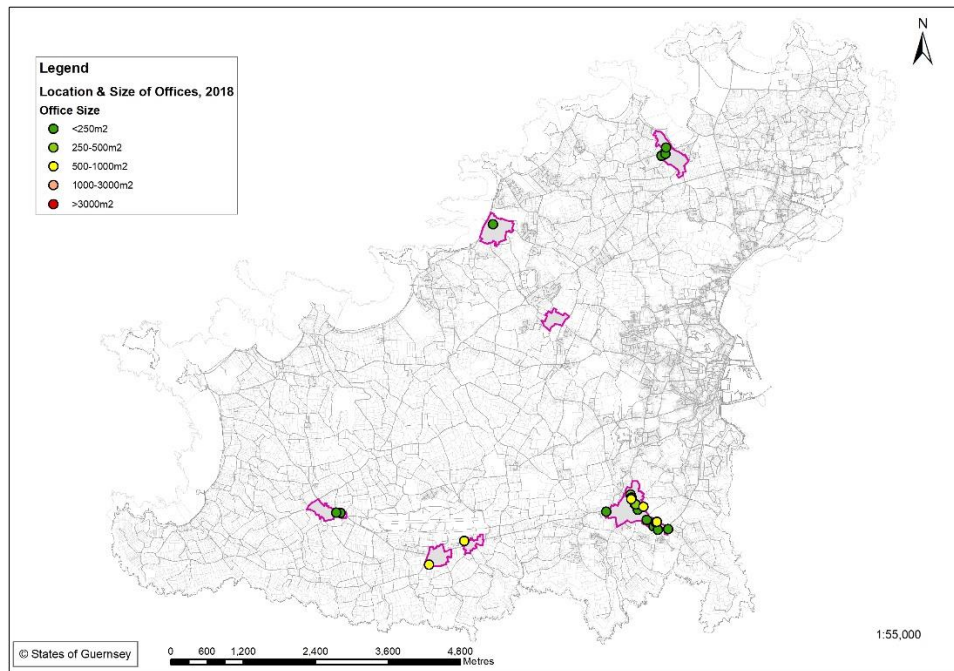


Figure 4.5 Map Showing the location of office accommodation by Local Centre, 2018

- 4.3.5 There is very limited provision of offices Outside of the Centres, as shown on Figure 4.6 below. The majority of this accommodation (82%) is small scale and below 250m<sup>2</sup>, suggesting this location represents offices for home working rather than standalone units.
- 4.3.6 Overall there has been little change to the location of offices over the last 6 years.

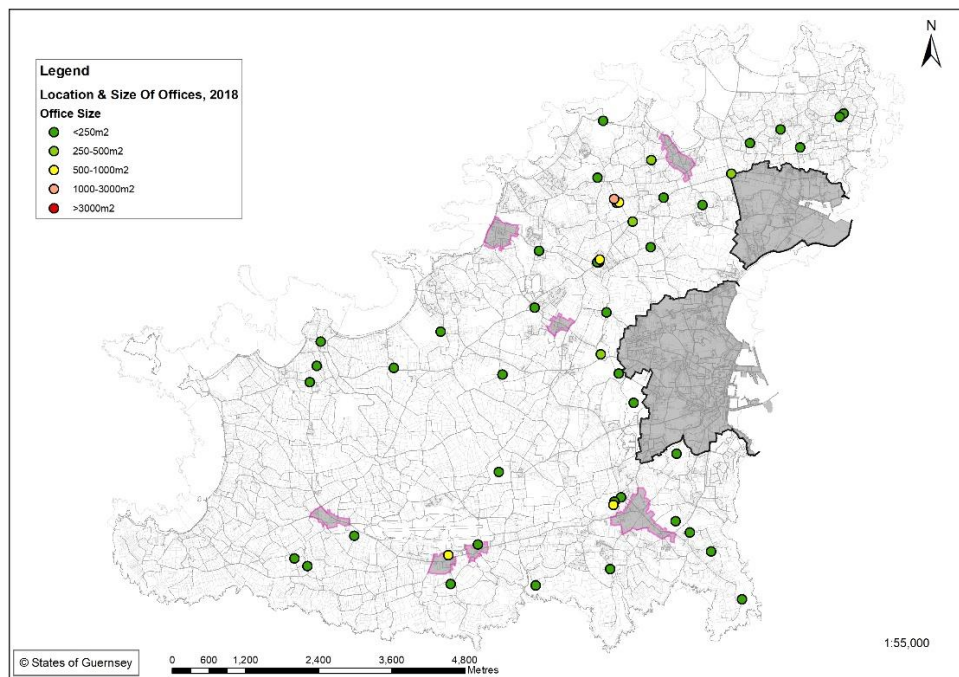
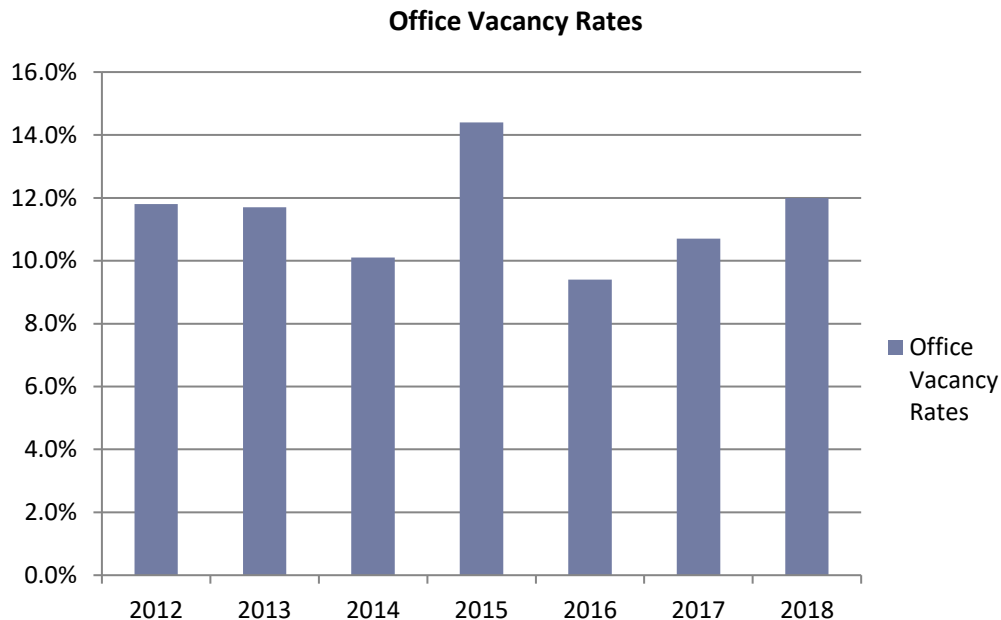


Figure 4.6 Map Showing the location of office accommodation Outside of the Centres, 2018

#### 4.4 Property market trends

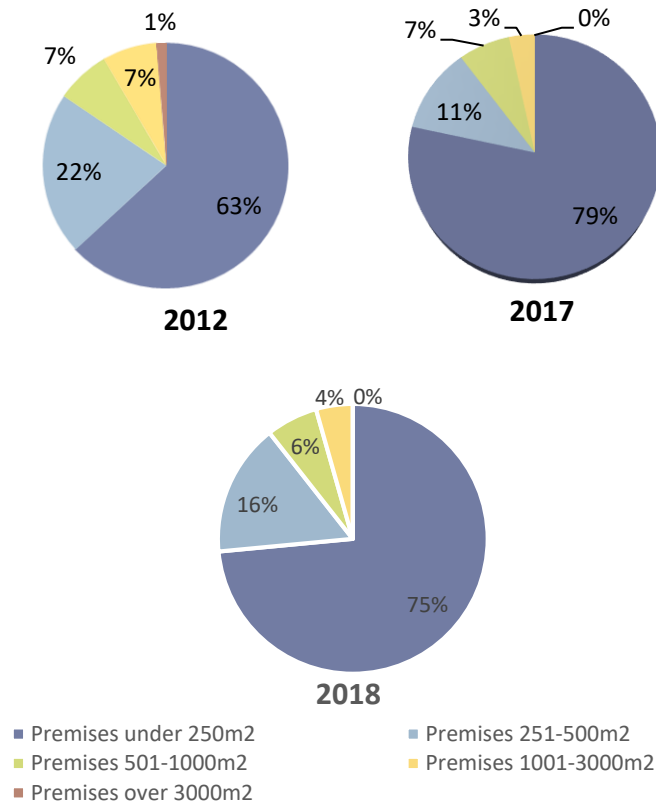
- 4.4.1 Trends in the property market are a good indicator as to which types, size and locations of properties are most in demand. High levels of premises on the market can indicate a mismatch between supply and demand, or an overall drop in demand.
- 4.4.2 To establish key market trends this section draws on the findings of the Marketed Premises Audits 2018 and a workshop on 5<sup>th</sup> March 2019 held with representatives from commercial organisations and commercial property agents.
- 4.4.3 In December 2018, 113 office premises were available to let (25,773m<sup>2</sup>) and 10 office premises were available for purchase (3,853m<sup>2</sup>), making a total of 29,627m<sup>2</sup> of office accommodation available or an estimated 12% of the Island's total stock. This represents a slight increase of 1.3% from the same time in 2017 and 0.9% when compared to the baseline in 2012. Notably the increase relates to accommodation available to let. The availability of offices to purchase compared to 2017 has nearly halved.



**Figure 4.7 Percentage of office stock available since 2012**

- 4.4.4 Figures 4.8, 4.9 and 4.10 show that the majority of marketed office premises in 2018, similar to 2017 and the baseline in 2012, were small scale units under 250m<sup>2</sup>.





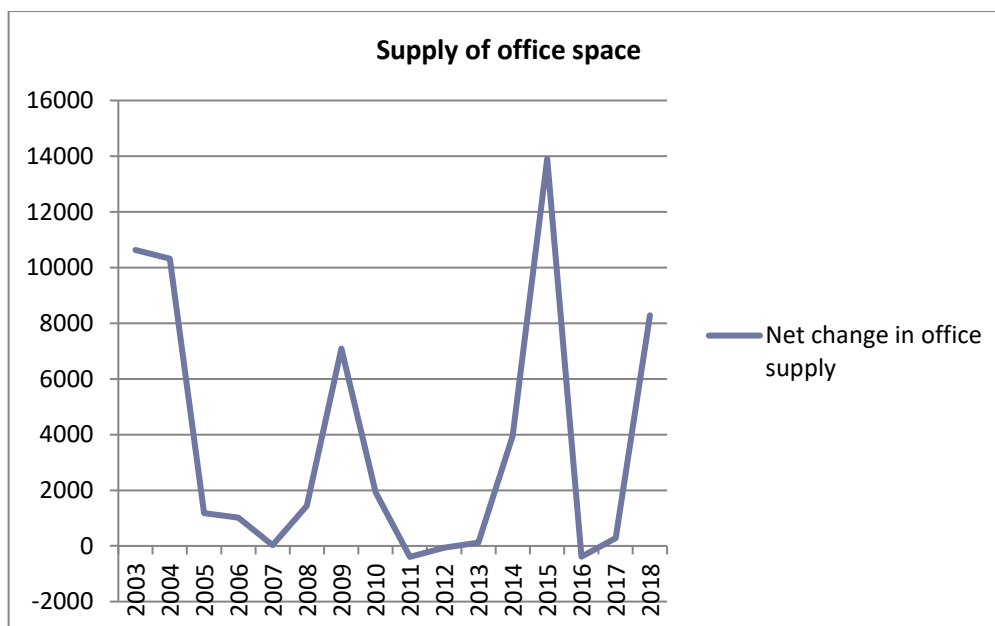
Figures 4.8, 4.9 and 4.10 Offices available to let by size in 2012, 2017 and 2018

- 4.4.5 Of the 113 office premises to let, 50 had been marketed for more than 12 months. Of the premises being marketed for more than a year, 49 of the 50 had been marketed for over 18 months and 72% were small scale units under 250m<sup>2</sup>. The length of time on the market combined with the indicated market demand for small to medium units, suggests that this stock may not be capable of being upgraded to modern needs and should be released from the portfolio.
- 4.4.6 Interestingly it is noted that 37 premises were placed onto the market during the second half of 2018. While these premises comprised a few mid to large scale units, small scale units formed the majority of these recently marketed premises.
- 4.4.7 Overall, industry feedback indicates that 10% vacancy rates may still be an appropriate general indicator but there needs to be an appropriate range and choice in the market, with immediate availability, to allow enough room for businesses to move and to facilitate growth. The current position is too tight in the market place given recent take up of some large scale units, with no premises available over 3,000m<sup>2</sup> and a marked increase in units available between 250-500m<sup>2</sup>. Agents also indicated in the March 2019 workshop a growing demand for high quality small to medium size accommodation (up to 500m<sup>2</sup>), and consider meeting this demand is crucial for Guernsey's economy now and in the future (see section 4.6 on overview of demand for further details).

## 4.5 Supply of offices through the planning system

- 4.5.1 The area of floorspace given planning consent is an indicator of the demand for various uses. It should be noted however, that whilst the vast majority of planning permissions granted are implemented, for a variety of reasons there is a proportion that do not get built and the Authority does not currently monitor implementation rates.

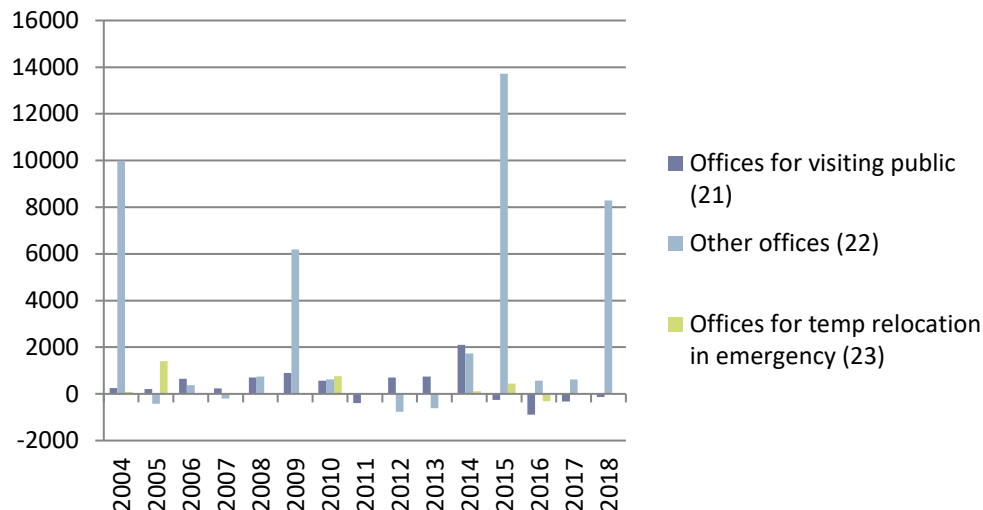
- 4.5.2 As the ELS (2014) reported, planning permission has been given for a net increase of approximately 33,000m<sup>2</sup> across all types of office space between 2003 and 2012. Planning consent for office floorspace peaked in years when there were a few large office developments permitted as part of mixed use re-development schemes, such as Admiral Park in 2004 and Gategny Esplanade in 2003 and 2009.
- 4.5.3 As at December 2018, the overall pipeline supply of office accommodation in terms of planning permission granted remains at a healthy level. As shown in [Figure 4.11](#) below, the low level of activity during 2018 is linked to the erratic nature of supply, with significant gains linked to single large sites coming forward. Over the last 6 years, the supply of offices through the planning system amounts to c.15,700m<sup>2</sup>. The most significant permission in recent times remains on a site at Admiral Park, which falls within the Admiral Park Office Expansion Area in the IDP. Of note, the previously approved scheme at Admiral Park has not come forward. There was a revised application granted planning permission during 2018 for the site at Admiral Park, reducing the level of office accommodation by 1,800m<sup>2</sup> in favour of other uses. This permission supersedes the earlier 2015 permission and rather than additional office accommodation in the supply, indicates an overall decline in supply from this site. Other applications over the year also show a decline in office accommodation albeit only from changes in small scale units. The nature and level of the current pipeline supply would now appear inconsistent with previous trends indicating an overall decline in office accommodation pipeline supply.



**Figure 4.11: Supply of office accommodation through the planning system since 2003 (includes outline permissions)**

- 4.5.4 [Figure 4.12](#) below shows a breakdown in the type of office accommodation within the planning supply since 2003. Over the last 6 years, there appears to be little demand for office for the temporary relocation in emergency (Use Class 17). There were some notable increases in offices for visiting members of the public (Use Class 15) between 2012-2014 but these gains have been countered by losses of this use during 2015-2018. The only significant increase in general office (Use Classes 16) relates to the site at Admiral Park which has been reduced from the original approval in 2015.





**Figure 4.12 Type of office accommodation within the planning supply since 2004.**

- 4.5.5 The review of planning applications raised questions over the changing nature of some business and the increasing blurred lines between uses. A planning permission granted resulted in the loss of primary office accommodation to a training facility within the St Peter Port Main Centre at a site off Grange Road contrary to Policy MC4(A). The proposal related to an extension of existing business intrinsically tied to the financial sector, with an essential requirement to be located in close proximity to the existing financial core. The nature of the business also requires office-type accommodation, in a high profile building, to meet the requirements of national accreditation bodies. This case represents an extension to an original application in 2017. In both cases, it was considered that the alterations would be temporary and easily reversible and would not preclude future use of the premises for office use. It was demonstrated that there is little availability in the market to cater for the proposed business.
- 4.5.6 In light of the above, as an exception and with particular regard to the specific nature of the business involved, it was considered that the intended use would not have a significant impact on office stock and could therefore be considered as a minor departure from the Island Development Plan under section 12(2) of the Land Planning and Development (General Provisions) Ordinance, 2007. The use was limited to the operations of the applicant's business only, as set out within the application, and that when the business ceases to operate from the site the use would revert to general office use.
- 4.5.7 In the context of a growing business support sector and potentially more cases with activities similar to and supporting office use, close monitoring of these occurrences should continue and inform future discussions on whether any changes are needed to policy or legislation to take account of emerging business sectors. As this case represents an extension of the original application in 2017 and no other new cases came forward in 2018, this issue appears to remain a 'one-off' situation rather than a growing trend.
- 4.5.8 With a longer term aim to maintain an appropriate portfolio of office stock within the Main Centres and facilitating economic growth, it is notable there has been no significant delivery of additional office accommodation to the portfolio to date. The delivery of significant new primary office accommodation is expected within the Office Expansion Area referred to above within the short to medium term. However, for the larger scheme in the pipeline supply, the developer is seeking a significant pre-let prior to the commencement of the build. Agents indicate lack of immediately available large floorplate high quality accommodation may be

causing business to go elsewhere rather than face significant time delays for the construction period. Agents indicate there is latent demand for 4 large scale office accommodation premises of between c.1000-1400m<sup>2</sup> each which is currently unmet by the market.

- 4.5.9 In the medium to longer term, the IDP identifies the redevelopment of the Harbour Action Areas (HAAs) in Town and the Bridge together with the 4 identified Regeneration Areas as opportunities to deliver new high quality office accommodation across a range of sizes to meet the need identified by the agents (see section on overview of demand). Although land use policy makes provision for such development the risk of any delay to these areas coming forward or not delivering significant levels of new office accommodation poses a concern for meeting the needs of the sector over the lifetime of the IDP.

## 4.6 Overview of office demand

- 4.6.1 Guernsey's finance sector is the central pillar of Guernsey's economy. This sector, together with the supporting business services and legal sectors, accounts for a quarter of all employment and contributes in the region of £1.3bn to the economy, equating to c.44% of the island's economic output [source: Guernsey Facts & Figures, 2018]. These sectors are therefore the key driver for office accommodation on the island. Although the business services sector has experienced steady growth over the last 6 years, the finance sector has faced testing economic conditions in recent years. The 2008 global financial crisis has been followed by hostility in certain quarters to finance in general and offshore finance in particular. Over the last 6 years finance sector output has broadly stabilised, increasing slightly in 2018, suggesting a return to signs of growth in this sector.
- 4.6.2 In projecting demand for offices in the future, the ELS (2014) found that there will be a continued and growing demand for offices over the life of the IDP equating to an additional 30,000m<sup>2</sup>. In response, the IDP designated c.3 hectares of land adjoining the existing office cluster at Admiral Park as an Office Expansion Area to accommodate the majority of the identified requirement for new offices. As noted above, planning permission is extant for office led development involving 12,000m<sup>2</sup> on part of this Office Expansion Area.
- 4.6.3 There was a noticeable increase in take up of office premises from the market during 2014 (6.3%), 2016 (11%) and 2017 (6.5%) as shown in [Figure 4.13](#) below. The agents confirmed there has been continued elevated level in take up of offices during 2018 (5.1%). Some of the activity was attributable to take up of a few larger premises towards the end of 2018.

Offices take up rates 2012-2018					
Year	To let	% of stock	For sale	% of stock	Total take up rate
2012	15,132	0.5	6,212	0.2	0.7
2013	75,124	2.6	9,764	0.3	2.9
2014	165,075	5.7	19,452	0.7	6.3
2015	58,779	2.0	6,566	0.2	2.2
2016	161,120	5.9	139,965	5.1	11.0
2017	92,663	3.3	87,478	3.2	6.5
2018	62,653	2.4	72,116	2.7	5.1

**Figure 4.13 Take up rates for office accommodation over last 6 years**

## 4.7 Factors influencing choice of premises

- 4.7.1 Agents' feedback confirmed the key specification requirements for offices remain similar from that previously reported in the ELS (2014); with businesses seeking locations within or around existing office clusters, with good access to parking and flexibility to accommodate changing requirements. New office space needs to have built in flexibility to accommodate a company's changing needs and changes in technology. Specification levels are important as generally the higher the specification the lower the ongoing maintenance costs are. Green credentials are factors considered by tenants but usually compromised in Guernsey due to the lack of choice. Agents did highlight the changing nature of the workforce, with increasing numbers working part-time making, in their view, access to nearby parking more critical. With Guernsey continuing to experience near full employment in 2018, the tight labour market is increasing the influence of factors that attract and retain staff. Agents consider parking is now more important than location in the choice of office premises for business. Recent and planned refurbishments are changing the internal layout of premises with greater focus on staff areas and facilities for their health and wellbeing.
- 4.7.2 Feedback from the agents and research indicates little change in price for office accommodation since last reported on in the ELS (2014), with primary offices achieving rent in excess of £40 per sq.ft. Achieving higher rents than Jersey is considered to be due to lack of choice in the market and also higher cost of development in Guernsey meaning landlords must achieve certain levels for developments or refurbishments to be viable. Agents highlighted that changing market conditions have placed increasing pressure on viability of office developments. For example the length of lease terms has markedly reduced from 21 years to 10-15 years. Break clauses are coming earlier as a consequence around the 6 year point, placing pressure to demonstrate a return on the project within this shorter timeframe. Tenants' expectations for greater rent free periods and seeking fit out costs to be capitalised is all placing increase pressure on viability. There is a divergence between what tenants are wanting and what landlords can provide. Interestingly, there is no speculative office developments being undertaken in Guernsey at present. The developers of the extant permission of Admiral Park have indicated they will not proceed without a significant pre-let.
- 4.7.3 Yet agents reported an unmet demand for large scale high quality office accommodation currently which is being driven by recent mergers and acquisitions of existing businesses on Island. Similar to the situation experienced on the Island in 2004 and 2005, businesses are now spread over several floor plates and are looking to consolidate. There are 4 requirements currently in the market seeking accommodation of between 929-1400m<sup>2</sup>, ideally over a single floorplate. However, there is a mismatch between market demand and provision. The maximum the market can offer that is available now is a property with c.1160m<sup>2</sup> over two floor plates. Considering that there are only 2 or 3 buildings on island that can meet the type of requirement in the market in demand, agents consider further provision of large floorplate high quality office accommodation is essential.
- 4.7.4 Opinions from agents confirmed the small units (<250m<sup>2</sup>), and medium sized premises of up to 500m<sup>2</sup> continue to be in demand. Generally this is driven by changing work styles with more remote working practices but also the emerging demand for small high quality office space by high net worth individuals. It is clear from [Figure 4.1](#) that the majority of the Island's office premises are under 250m<sup>2</sup>, however, this space is often without sea views, split over several floors with low floor to ceiling heights, making it less attractive and in many cases is not readily adaptable to changes in requirements and/or technology.

- 4.7.5 There appears to be contradiction between the changes to the premises available to the market and the indicated market demand. There is an overall increase in availability of small and mid-sized units (up to 500m<sup>2</sup>) and a decrease in the availability of larger scale units (over 1,000m<sup>2</sup>). Feedback from the agents suggests this is because some of the stock being marketed is not suitable to upgrade to meet demand, and is left sitting on the market and therefore should be released. In relation to the large scale units, there is consensus there is not sufficient provision on the Island to provide the necessary headroom. This is highlighted by the current unmet demand as stated above. It also points to an issue of viability of office developments, due to higher costs and changing terms/expectations in the market. Agents suggest government intervention or support may be required to stimulate the market, similar to recent office developments in Jersey.

## 4.8 Trends in office based employment

- 4.8.1 Overall it is noted that given the level of uncertainty around Brexit, it is difficult to predict the future requirements for office space.
- 4.8.2 In the short to medium term, the agents indicate the requirement for additional large floor plate high quality office accommodation.
- 4.8.3 Industry feedback from the workshop acknowledged there could be significantly less demand for traditional large floor plate offices in the future. The impact on demand for office space from the changes in working styles enabled by technology needs to be considered. Going forward, agile working and improvements in technology may reduce the demand for new space. Reference was made to a recent comment from the head of a major large business, stating his expectation to require half the space they occupy now in 5 years' time, expecting people to sit behind their own desk at home.
- 4.8.4 However, the group acknowledged the desire for social interaction from staff. Often people return to work for interaction rather than just money. It is for this reason, full time remote working at home is not envisaged but it is likely to occur for part of the time. This would reduce future space requirements.
- 4.8.5 Staff retention is expected to remain a key issue for businesses – staff are expecting improved working environments and facilities. Businesses need to meet their expectations to retain staff - high quality environments, breakout rooms, views, parking, flexible working etc. This indicates the continuing and increasing importance of facilities for health and wellbeing of staff and the environments around the office accommodation.
- 4.8.6 A good model for the future is the often quoted example of google offices and the emphasis on collaborative working spaces and enhanced public realm. Google provide a range of services for the convenience of their employees within the workplace. However, in the Guernsey context, the Island is small and therefore presents the opportunity that services and amenities are nearby anyway and therefore it may not be necessary to provide all facilities within future accommodation.
- 4.8.7 It was generally agreed the desk space per worker is decreasing in size and the break out collaborative space is growing, which is expected to continue. Technology is also changing the physical requirements for office accommodation. There is less requirement for physical

storage, translating to requiring less space. The majority of accountancy firms are going wireless now and therefore will no longer require raised access flooring for data cabling.

- 4.8.8 Agents envisage that future demand will be more focused on small to medium businesses (which is happening now) requiring high quality small office spaces in prime locations. This is likely to be driven by changes in working practices but also by high net worth individuals.
- 4.8.9 Overall, there is a need to provide a range of different size and quality of accommodation within the portfolio to meet different business needs (from high net worth individuals, business support, start-ups, to global firms). In the future, it is likely that the smaller rather than larger floorplate will be needed. While current planning policies of the IDP places emphasis on the size of units in determining their value, the importance of quality of the accommodation regardless of size is emerging to be of more importance (this is discussed further in the recommended portfolio of offices section - page 36).
- 4.8.10 Trends in office accommodation should inform the review of the recommended office portfolio in section 6.1-6.3 and in turn the 5 year review of planning policies related to employment land supply.

#### 4.7 Key messages for office accommodation

- 246,944m<sup>2</sup> office accommodation in 350 premises, located on 171,447m<sup>2</sup> of land. This represents approx. 9.29% decrease in office accommodation since 2012.
- Majority of premises are under 250m<sup>2</sup> (53%). This represents a 7% increase from 2012. The number of premises over 3000m<sup>2</sup> has decreased since 2012 but still represent 38% of accommodation.
- Majority of office accommodation remains located in St Peter Port (70.4%), with minor concentration in the Bridge.
- Business Services sector continues to grow, while finance sector is broadly stable over last 6 years.
- Slight increase in office vacancy rates in 2018 - 12% compared to 11.1% of stock in 2014 and 10.6% in 2017.
- Noticeable increase in take-up of offices premises from the market during 2014 (6.3%), 2016 (11%) and 2017 (6.5%), especially smaller units (<250m<sup>2</sup>) in 2016/2017. This trend continued in 2018 with 5.1% take up rate.
- Of the stock available to the market, similar to 2012, the majority to let is under 250m<sup>2</sup> but there is noticeable decrease in the availability of larger scale units (>3,000m<sup>2</sup>) and units between 250-500m<sup>2</sup>. 44% of the stock available to the market has been marketed for more than a year.
- Supply of offices through the planning system over last 6 years amounts to c.15,500m<sup>2</sup> (including 12,000m<sup>2</sup> for the site at Admiral Park).
- Key office requirements remain similar: locations within or around existing office clusters, with good access to parking and flexibility to accommodate changing requirements. New office space needs to have built-in flexibility to accommodate a company's changing needs and changes in technology. In new and refurbishments, there is now a greater emphasis on the provision of facilities for the health and wellbeing of staff. Unlike other jurisdictions, green credentials remain on the wish list in Guernsey due to the lack of choice.
- Overall it is noted that given the level of uncertainty around Brexit, it is difficult to predict the future requirements for office space. In the short to medium term, research indicates a requirement for additional large floor plate high quality office accommodation, with longer term future demand more focused on small to medium businesses (which is happening now) requiring high quality small office spaces with greater emphasis on staff facilities in prime locations. This is likely to be driven by changes in working practices enabled by technology, but also by high net worth individuals. Going forward, agile working and improvements in technology may reduce the overall demand for new space. Technology is also changing the physical requirements for office accommodation e.g. wireless technology is removing the requirement for raised access flooring for data cabling.
- Overall, there is a need to provide a range of different size and quality of accommodation within the portfolio to meet different business needs (from high net worth individuals, business support, start-ups, to global firms).

Figure 4.12 Key Messages for office accommodation

## 5 Profile of industry, storage & distribution

### 5.1 Amount of industrial, storage & distribution premises

- 5.1.1 In 2018, there was a total of 221,598m<sup>2</sup> industrial floorspace in Guernsey in 457 premises, located on 1,564,267m<sup>2</sup> of land. This represents approx. an additional 2% decrease on floorspace since 2017 and an overall 4.63% decrease in industrial premises since 2012. Industrial land gains of 2017 have been reduced by 1%, representing a net gain since 2012 of 0.64% of industrial land.
- 5.1.2 Over the last 6 years, there has been a 7.48% increase in storage premises together with a notable gain of 21.05% of land in the Island with 250 premises providing 197,566m<sup>2</sup> of accommodation located on 409,445m<sup>2</sup> of land in December 2018.
- 5.1.3 Unfortunately the data for previous years is not available to spatially analyse these changes and therefore to gain understanding of the reasons behind the overall decrease in quantum of floorspace. However, as per the recommendations of the AMR 2017, improvements have been made to the capturing of data by the Planning Service from the Cadastre, which allows for the 2018 data to be mapped spatially, ensuring any future changes to the industry, storage & distribution accommodation on the Island can be fully assessed. However, the key changes in relation to the size, number and location of premises is set out in the next sections below.

### 5.2 Size profile of industrial, storage & distribution premises

- 5.2.1 Similar to the reported position established in the ELS (2014) report and in 2017, [Figure 5.1](#) shows that the largest proportion (61%) of industrial premises in 2018 were less than 250m<sup>2</sup> in floorspace, accounting for 10% of the total area of industrial floorspace on the Island. Over the last 6 years, there has been a slight increase in the numbers of premises under 250m<sup>2</sup> and between 250-500m<sup>2</sup> with a decrease in the number of premises in the 1,000m<sup>2</sup> to 3,000m<sup>2</sup>. The remaining other size categories are similar to the baseline position.
- 5.2.2 The largest proportion (32%) of industrial space remains made up of premises between 1000m<sup>2</sup> and 3000m<sup>2</sup>, and premises over 3000m<sup>2</sup> (see [Figure 5.2](#)).

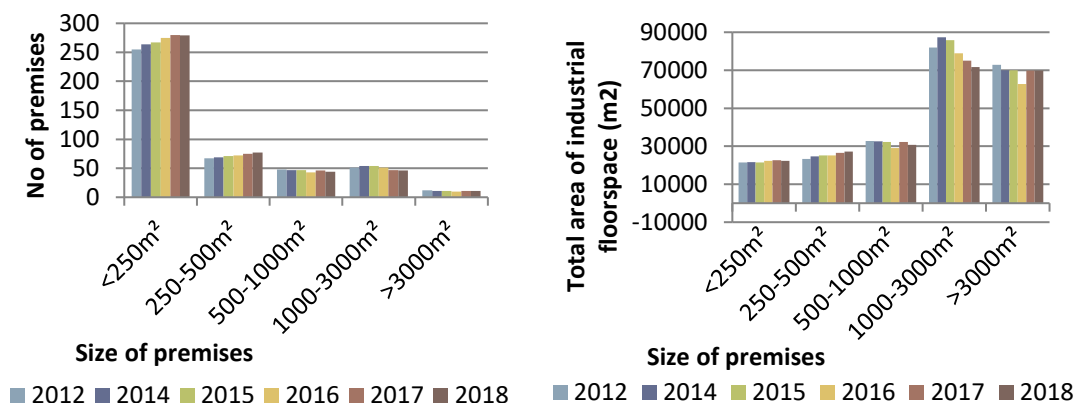


Figure 5.1 and 5.2 showing number of premises in each size category and area of industrial premises in each size category



- 5.2.3 Like industrial premises, there are a large number of small storage and distribution premises, with 49% of premises in 2018 being under 250m<sup>2</sup>, but it is the fewer large premises, 6% of the stock, that account for most of the storage and distribution space on the Island, as illustrated by Figure 5.3 and Figure 5.4. Over the past 5 years there has been an increase in the number of small and medium sized units (up to 500m<sup>2</sup>).

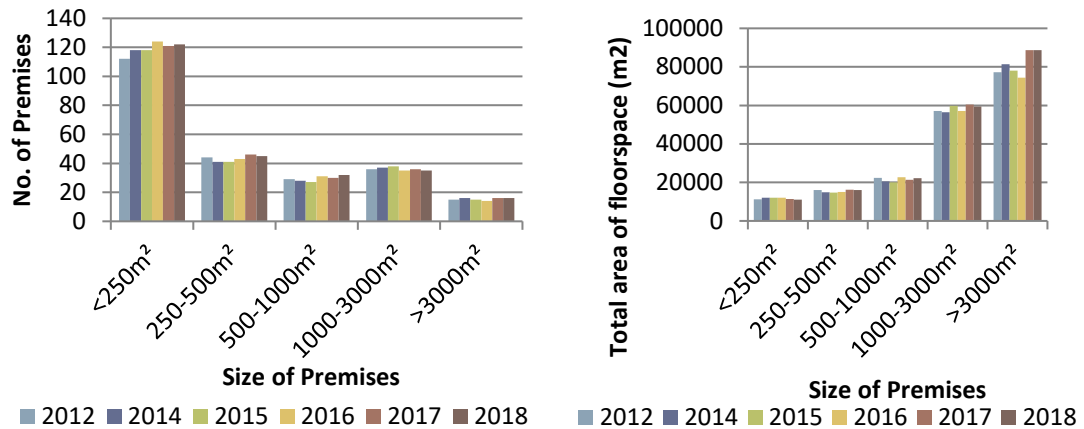


Figure 5.3 and Figure 5.4 showing number of premises in each size category and area of storage and distribution premises in each size category.

### 5.3 Location profile of industrial, storage & distribution premises

- 5.3.1 The ELS 2014 and 2017 update report presented information on the location of industry, storage & distribution throughout the Island by Parish. Following an AMR 2017 recommendation, improvements in the capture of data allows for the information to be presented by Main Centres (Inner & Outer), Local Centres and Outside of the Centres and assessed in the context of the States' agreed spatial strategy. This section will set out the data by Centres for the first time, making it not directly comparable with ELS 2014 or 2017 update report.
- 5.3.2 Overall, Figure 5.5 shows that the majority of the industrial, storage and distribution accommodation remains located within and around the Main Centres of the Bridge & St Peter Port, within and around the Airport and the remainder located on standalone sites across the Island.

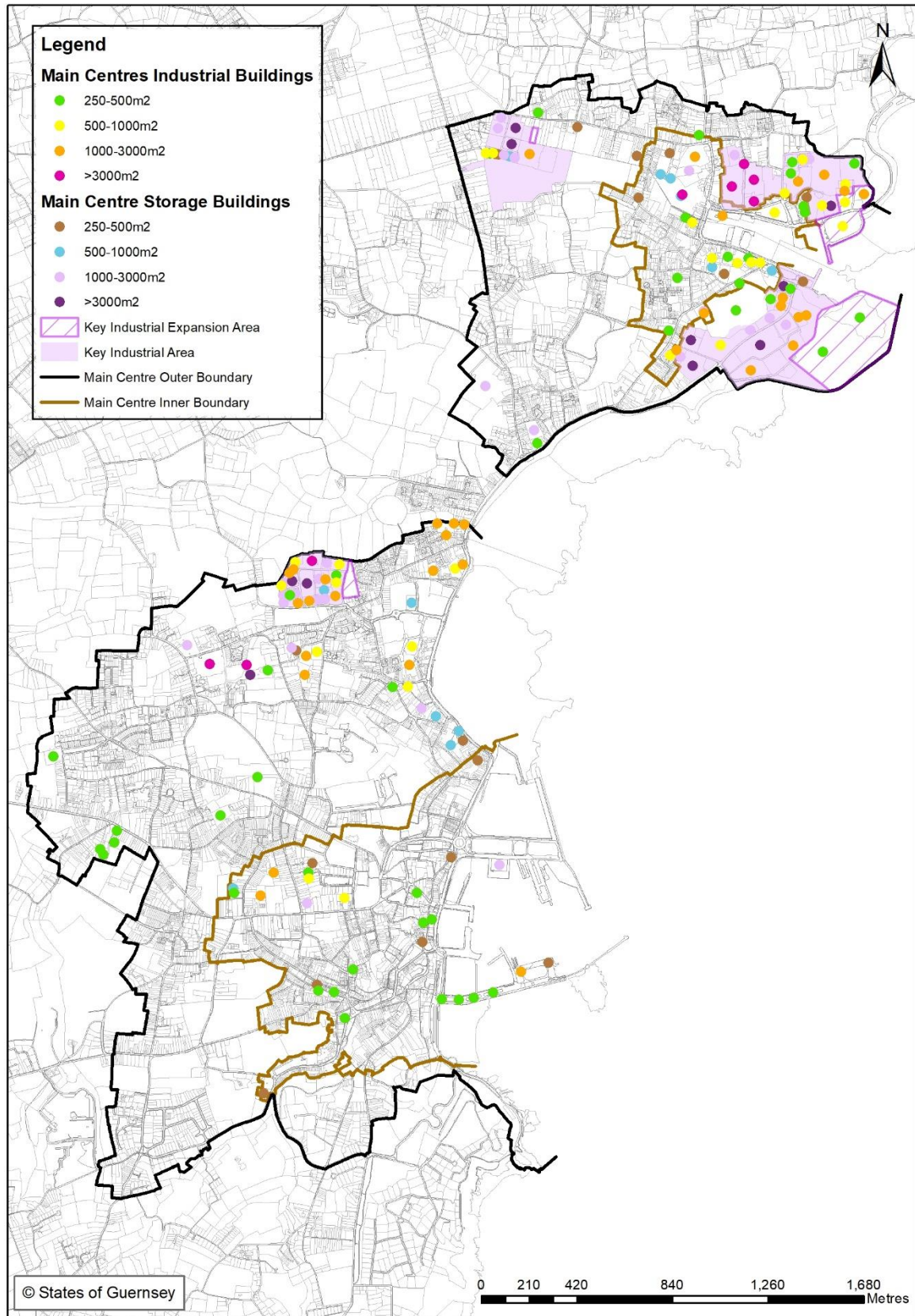


Figure 5.5 Location and size of Industry, Storage & Distribution buildings within Main Centres, 2018.

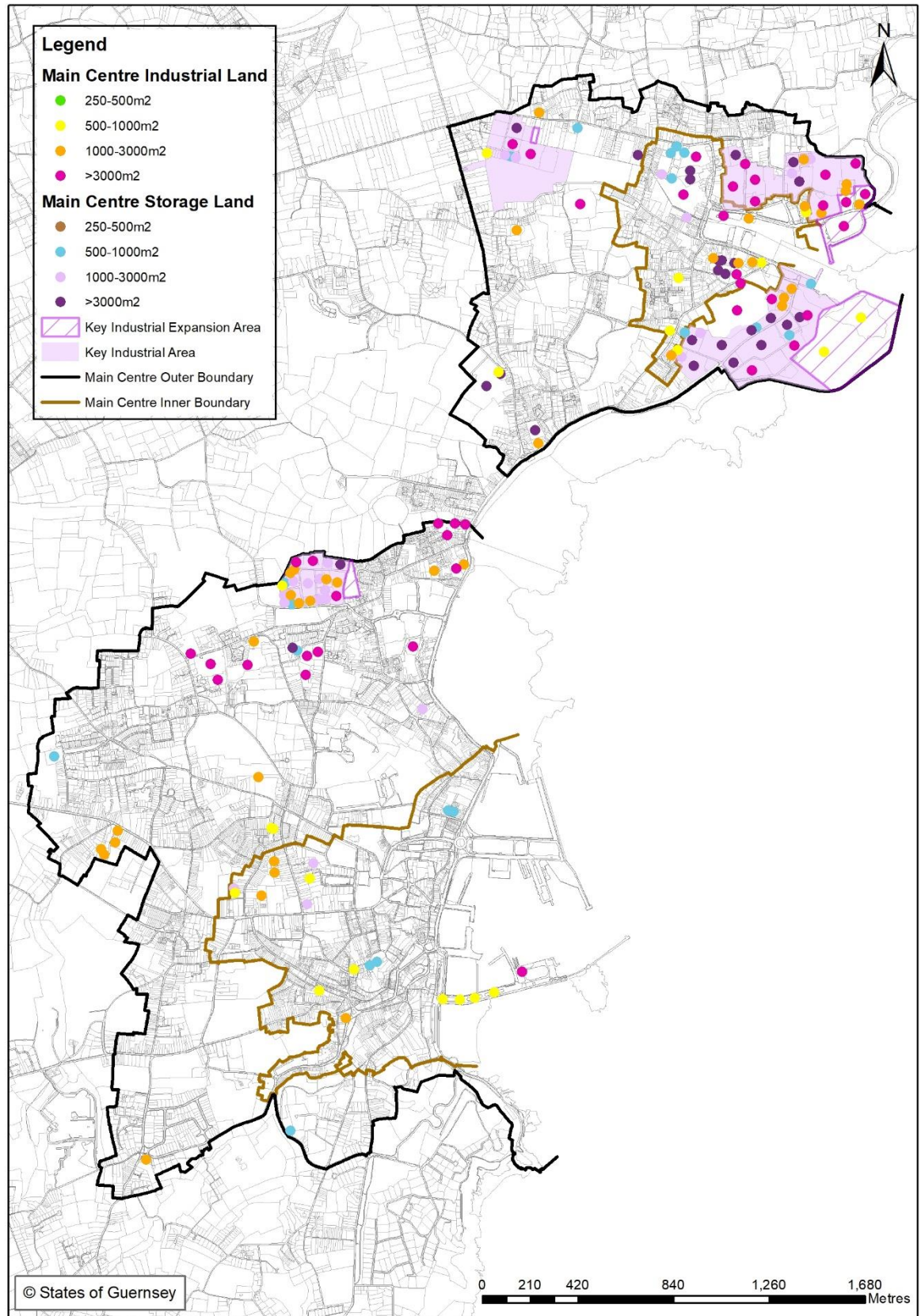


Figure 5.6 Location and size of industrial, storage and distribution land within Main Centres, 2018.

5.3.3 The Bridge Main Centre contains the most industrial, storage and distribution floor space (c.46%) followed by St Peter Port (c.27%). Figure 5.5 above shows that majority of the



floorspace is located within designated Key Industrial Areas or their designated expansion areas within the Main Centres. For these sectors, it is important to consider not only built accommodation but the use of land, as these uses do not necessarily require any built accommodation e.g. open storage uses. Therefore the analysis is undertaken for both the distribution of buildings and land. Figure 5.6 shows the distribution of just land involved, highlighted cases where there may be relevant open storages uses such as Griffiths Yard recently brought forward by the States or under used land e.g. Northside Key Industrial Expansion Area or Longue Hougue Key Industrial Expansion Area.

- 5.3.4 There is limited provision for these sectors within the Local Centres (c.3%).
- 5.3.5 Outside of the Centres, there are some large scale standalone sites (>3,000m<sup>2</sup>). Les Vardes Quarry (St. Sampson) is recognised for future potential water storage for the Island and Chouet Headland (Vale) is recognised for mineral reserves and both are designated as Safeguarded Areas in the IDP. There is a cluster of provision within and around the Airport, including hangars and storage associated with the airport. IDP planning policies would support further airport related development in this location. The Specsavers premises at La Villiaze (split between St. Andrew/St. Saviours) and the adjoining designated Key Industrial Expansion Area represent a significant standalone site. Other notable standalone sites include Longcamp business park (St. Sampson), Stan Brouards (Vale), Guernsey Dairy (St.Andrews), and Guernsey Water (St. Andrews) The remaining provision Outside of the Centres is generally small scale in nature.

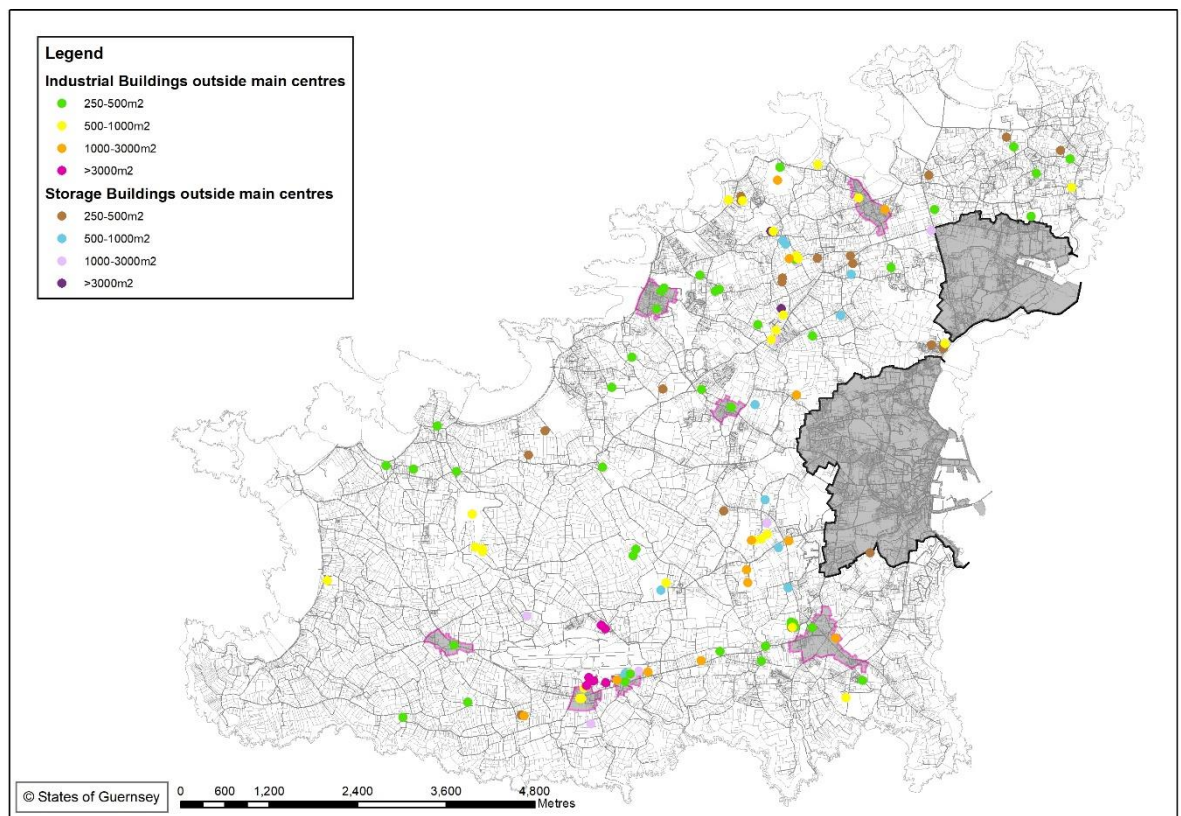
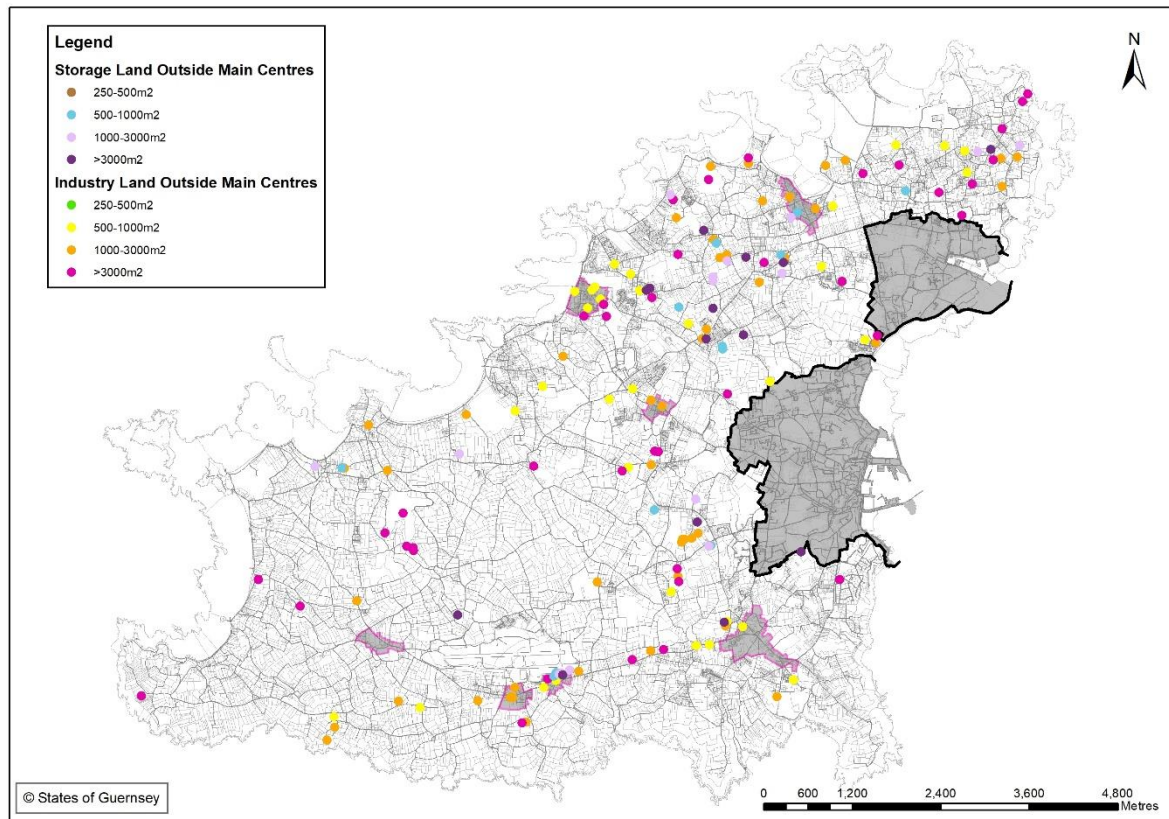


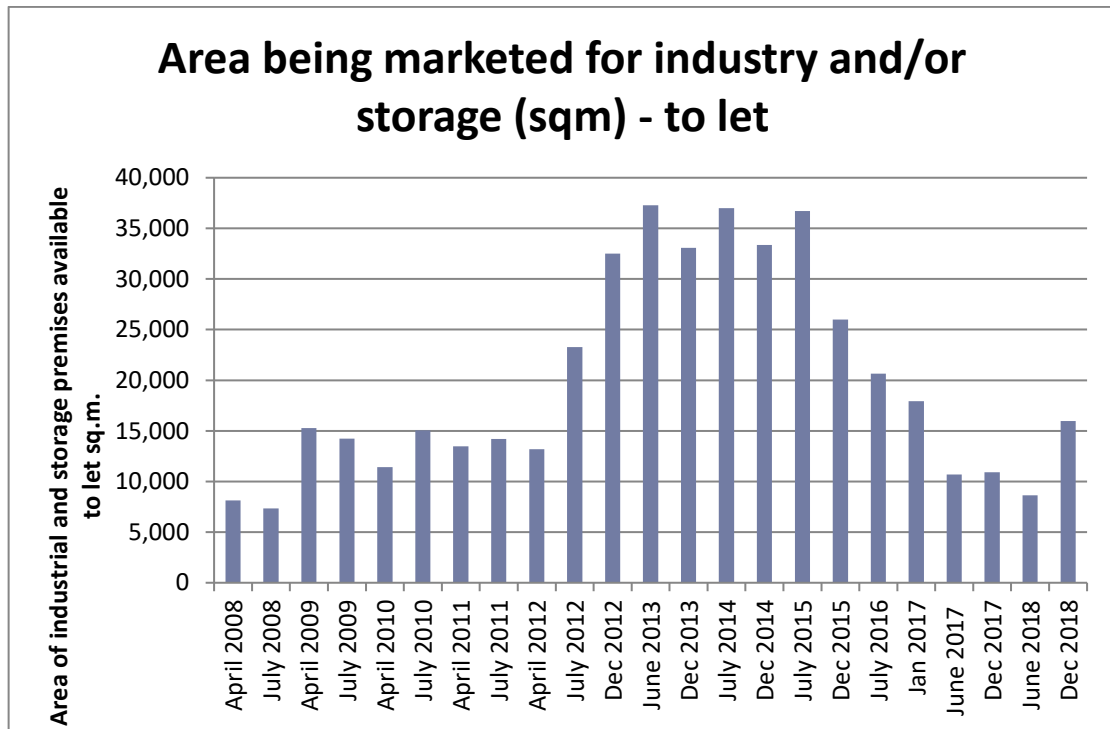
Figure 5.7 Location and size of industrial, storage and distribution buildings within Local Centres and Outside of the Centres



**Figure 5.8 Location and size of Industry, Storage & Distribution land within Local Centres and Outside of Centres, 2018.**

## 5.4 Property market trends

- 5.4.1 To establish key market trends this section draws from the findings of the Marketed Premises Audit 2012-2018 and consultation with commercial organisations and property agents in 2019.
- 5.4.2 In December 2018, 24 industry or storage type properties were available to let (15,967m<sup>2</sup>) and 3 industrial or storage type premises available for purchase (908m<sup>2</sup>), making a total of 16,875m<sup>2</sup> industrial/storage accommodation available or an estimated 4.0% of the Island's total stock.
- 5.4.3 The research shows for the first 5 years since 2012 there has been a significant decrease in the availability of storage and distribution accommodation, indicating the impact of losing LVCR has played out and surplus accommodation has been taken up either by other storage or industry uses or lost from the portfolio, as shown in the [Figure 5.7](#) below. This created a tight market place, with limited availability or choice for businesses in terms of premises. The 2018 data indicates a freeing up of the market with a 2% increase in the accommodation available compared to last year, with storage type premises representing the majority of these premises (c.78%).



**Figure 5.7 Area being marketed for industry and /or storage between 2008-2018.**

- 5.4.4 Vacancy rates for industrial premises increased from 2.7% of stock in 2012 to a peak of 5.1% in 2014 falling back down to 3.9% of stock in 2017 and continued falling in 2018 to 1.7%. Vacancy rates for storage and distribution premises increased from 8.9% in 2012 to a peak of 15% in 2014 steadily falling over the next 2 years to drop significantly down to 1.4% at the end of 2017 and increased back to 6.7% in 2018.
- 5.4.5 During 2018, there was a marked decrease in the number of industrial premises that have been on the market for more than 18 months. The level of activity in the market equated to a 3.3% take up rate for these in 2018 with 9 premises coming off the market. For storage and distribution, there was a marked increase in premises being marketed within the second half of 2018 and correspondingly low take up rate of 1.1%.
- 5.4.6 In summary, as at the end of 2018, there was very little on the market for industrial uses and moderate availability for storage and distribution uses, overall creating increased headroom in the market place compared to 2017 and one similar to the baseline year of 2014 (see [Figure 5.8](#) below). Monitoring supply of units for sale and for let, further shows a lack of units for sale compared to let with 21.3% of premises available to the market for sale in 2012 compared to only 5.4% available for sale in 2018 (representing only 3 premises being marketed for sale). Whilst overall demand is low, those seeking industrial, storage and distribution premises may find there is limited choice of property within their price range or specification, albeit improved opportunities since last year.

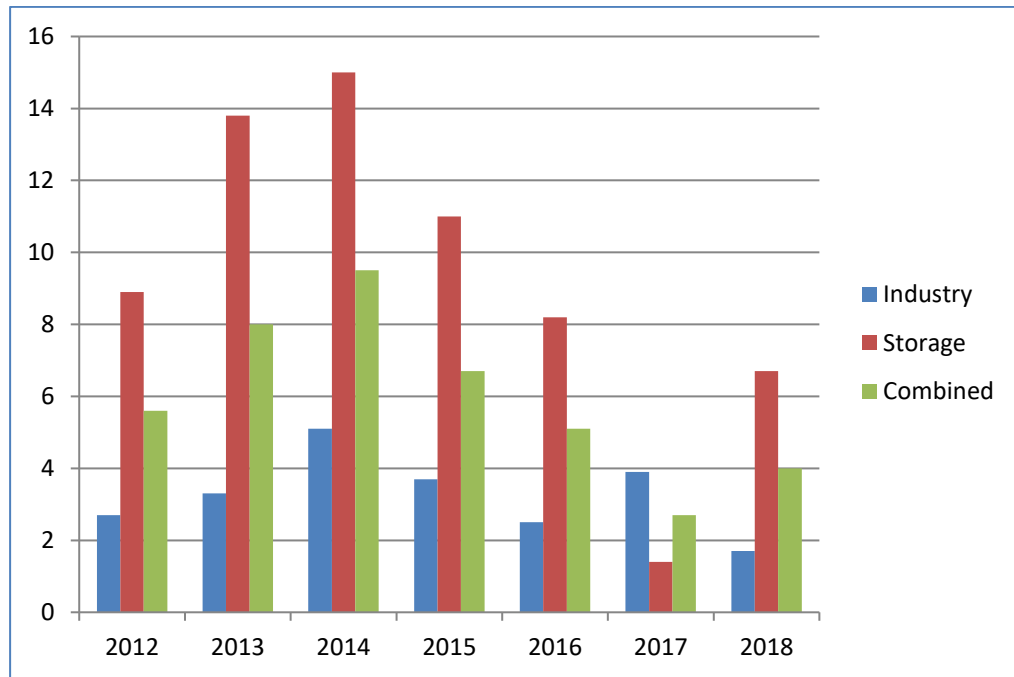
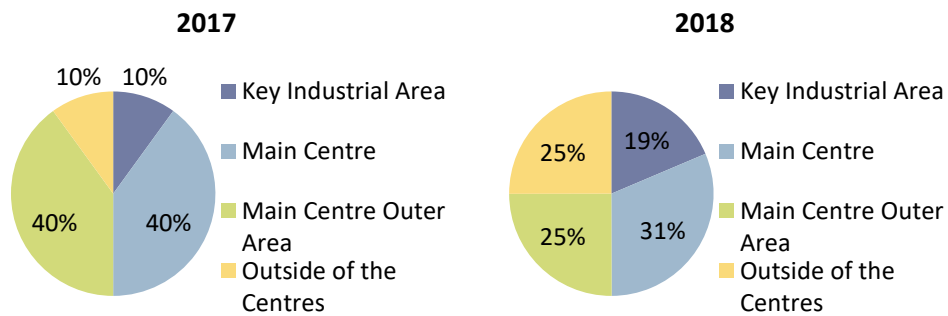
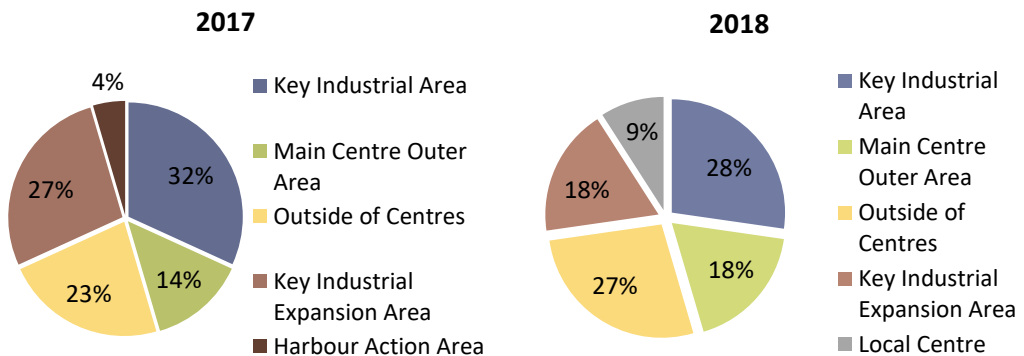


Figure 5.8 Vacancy rates for Industry, Storage & Distribution 2012 to 2018

5.4.7 Analysis of the location of available industrial, storage and distribution premises reveals that 25% of all marketed premises are located within a designated KIA and a further c.8% are located within a Key Industrial Expansion Area. A further locational breakdown for industrial and storage and distribution premises is shown in Figures 5.9 -5.12 below.



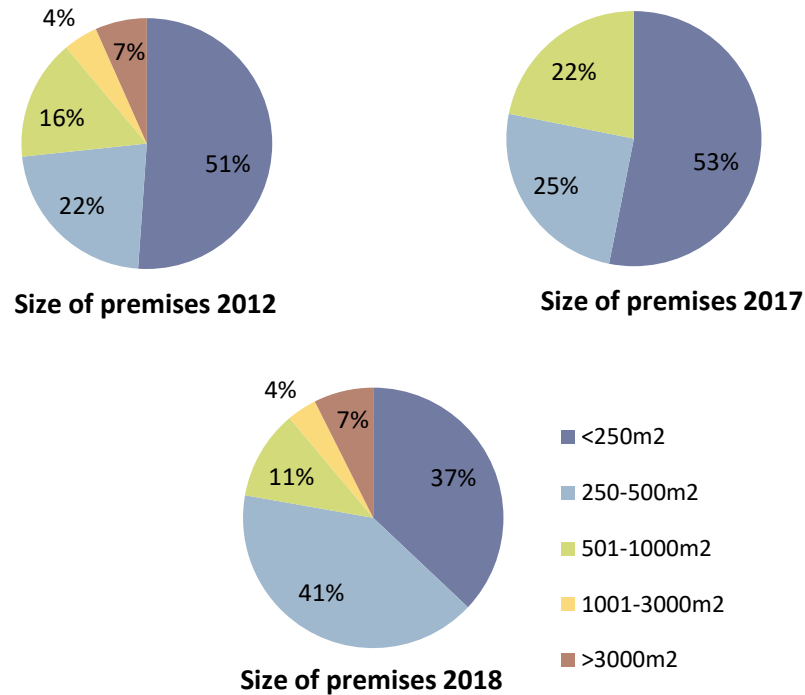
Figures 5.9 & 5.10 Location of storage & distribution premises available to the market, 2017 & 2018



Figures 5.11 & 5.12 Location of industrial premises available to the market, 2017 & 2018



- 5.4.8 The range of size of industrial, storage and distribution premises available to the market has returned in 2018 to be similar to the baseline year of 2014, with the availability of large scale premises. In contrast, the majority of premises being marketed in 2018 changed away from small scale (<250m<sup>2</sup>) to 250-500m<sup>2</sup> size category, although small scale units remain a significant proportion (37%).



Figures 5.11, 5.12 & 5.13 Size of industrial, storage and premises on the market in 2012 2017 & 2018

- 5.4.9 Taking into account the wider context of managing decline and contraction of these land uses, the availability of premises within KIAs together with the provision of undeveloped land allocated to come forward for such uses if needed through the designated Saltpans KIA and the KIEAs for each of the other KIAs, the overall vacancy rates are not a major concern. However, given the tight market place particularly within industrial accommodation, monitoring of the supply for sale and to let should continue and should there be no availability of premises within KIAs, this should trigger action by the Authority to positively bring forward a Development Framework for the Saltpans KIA and for one or more of the most appropriate KIEAs. The assessment of the most appropriate KIEA to bring forward will be based on what market demand is at the time.
- 5.4.10 Of the 27 properties for let or for sale, over half had been marketed for more than 12 months. Of the premises being marketed for more than a year, 42.8% were small scale units (<250m<sup>2</sup>).

## 5.5 Supply of industrial, storage & distribution premises through the planning system

- 5.5.1 Between 2012 and 2018 planning permission has been granted which resulted in an overall c.3300m<sup>2</sup> of additional light industrial (Use Class 24) space. Between 2014 and 2015 permissions resulted in a net loss of light industrial floorspace, however since 2016 a net

increase of light industrial floorspace has been granted, albeit marginal net gain this year, as shown in Figure 5.14.

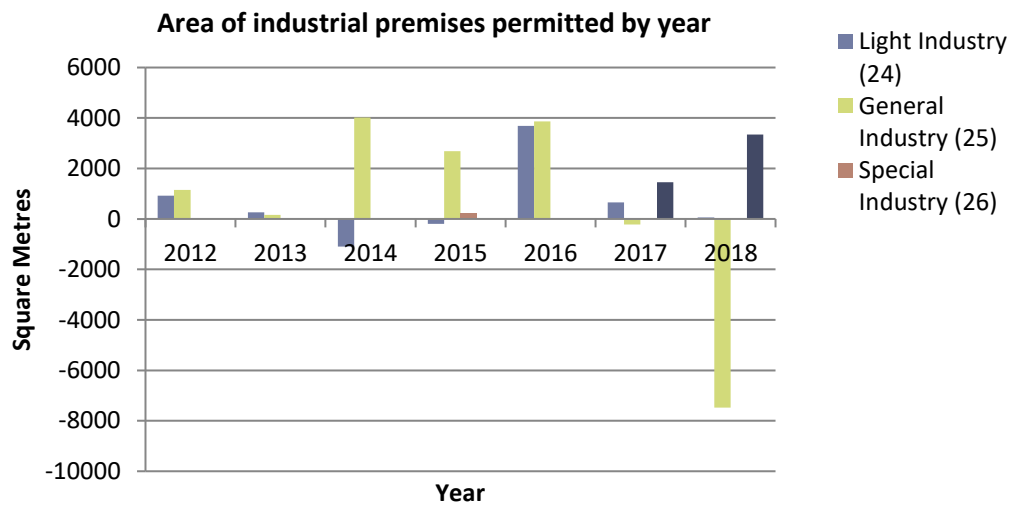
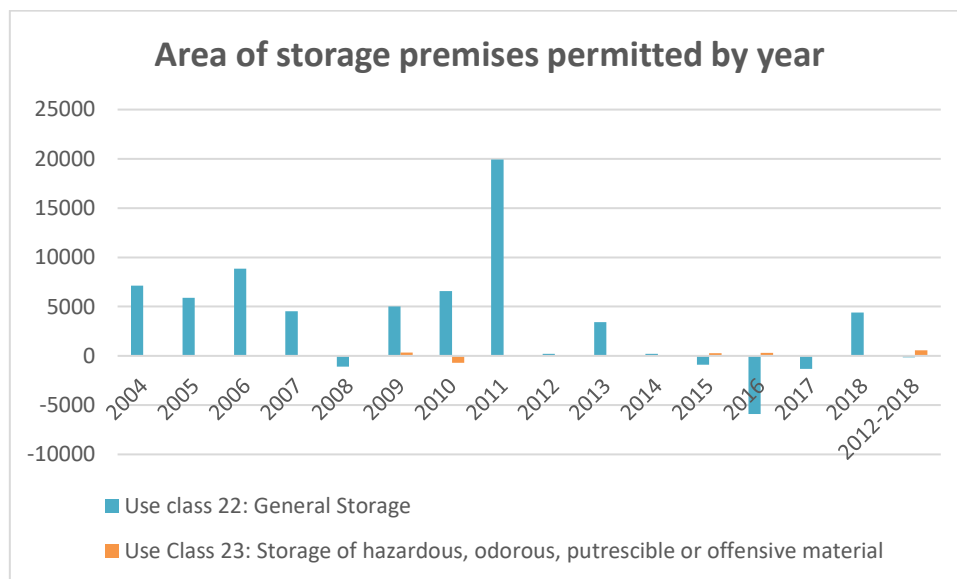


Figure 5.14 Area of industrial premises permitted by year since 2012

- 5.5.2 The losses in 2014 are explained by Newlands Building on the Lowlands Industrial Estate receiving permissions for change of use from light industry to offices for 7 units (1,104m<sup>2</sup>). In 2016, planning permission for 9 new units at St Andrew's reservoir, together with a few medium size units (c.500m<sup>2</sup>) receiving planning permission for change of use from storage to light industry (e.g. Former Carpet Selection Centre, St. George's Esplanade) contributed to the net gain in light industrial space. The planning permission at St. Andrews reservoir is a renewal of a previous permission.
- 5.5.3 Generally, planning permissions resulted in a relatively small net gain or loss, and almost two thirds of permissions resulted in a loss well below 500m<sup>2</sup>.
- 5.5.4 It should, however, be noted that there is provision under the Land Planning and Development (Exemptions) Ordinance, 2007 as amended for change of use from some existing uses to light industrial uses without the need to apply for planning permission e.g. general industry to light industry. It is not possible to quantify changes of use undertaken under this exemption.
- 5.5.5 Between 2012 and 2018 planning permission was granted which resulted in a net gain of 3012m<sup>2</sup> of General Industrial (Use Class 25) space (Figure 5.13). From 2012 until 2016, data shows a significant net gain in floorspace which largely came from the change of use of buildings from storage & distribution (Use Class 22) to general industry (Use Class 25). This was a reversal of the trends from the previous period (i.e. 2003-2012) and contrary to the forecast of declining requirement for this sector by the ELS (2014).
- 5.5.6 The large gains are partially explained by the change of use from storage to general industry of Unit 5, La Hure Mare Industrial Estate (3,800m<sup>2</sup> in 2014); storage building at Bulware Avenue (1,311m<sup>2</sup> in 2015) and Unit 2 Guilberts Industrial Estate (3,500m<sup>2</sup> in 2016). There were also a number of permissions for waste related activities which may be linked to the implementation of the States Waste Strategy and are likely to represent a 'one off' growth phase rather than a continuing trend.

- 5.5.7 Of significance, in 2015 planning permission was granted for construction of 4 new general industrial units within the Pitronnerie Road Key Industrial Area, signalling investment and demand for good quality industrial premises.
- 5.5.8 However last year saw a slight loss of floorspace which has been followed in 2018 by a significant net loss (c.7500m<sup>2</sup>). All of these losses were the result of change of use of existing premises to storage uses.
- 5.5.9 There is also provision under the above mentioned Ordinance for a change of use from special industry (Use Classes 26-27 inclusive) to general or light industry and it is not therefore possible to quantify any such changes of use.
- 5.5.10 This also applies to recent changes to exemptions introduced by the Land Planning and Development (Use Classes) Ordinance, 2017 which allow for premises not exceeding 250m<sup>2</sup> to change use from general industrial or light industrial use to general storage or distribution use without the need for planning permission. Therefore these changes in the stock will no longer be captured through monitoring of planning permissions and will not be possible to quantify going forward.
- 5.5.11 The following graph illustrates trends in planning permissions over the period from 2004-2018 for the two use classes relating to storage and distribution.



**Figure 5.15 Area of storage premises permitted by year (2004-2018)**

- 5.5.12 Between 2012-2017 planning permission was granted which resulted in the loss of 4,541m<sup>2</sup> of general storage floorspace and a small net gain for storage of hazardous goods resulting in an overall net loss of 3,964m<sup>2</sup> floorspace for the storage and distribution sector. Much of this loss has come about from the change of use of buildings from storage to light or general industry as described in the sections above.
- 5.5.13 Excluding temporary permissions, data for 2018 shows a reversal of this trend, with a net gain in storage floorspace of 4,390m<sup>2</sup> in 2018. Similar to the position in 2012, it is only a handful of large sites (>1,000m<sup>2</sup>) that are comprising the main losses or gains in any of the sectors. Including temporary permissions results in a net gain of 156m<sup>2</sup> for industrial floorspace and c. 1.8 hectare of land from 3 sites, hiding the general trend away from industrial to storage.

- 5.5.14 The source of the data in this section is information provided on planning application forms and is used as a proxy for the demand for various uses. However, not all planning permissions that are granted are taken up, and some planning permissions may permit a range of uses (commonly light industry (Use Class 24) and/or general storage (Use Class 22)).
- 5.5.15 In relation to the spatial distribution of the supply for industry, storage & distribution through planning permissions, overall the IDP policies generally focus these uses within and around the Main Centres and ensure that Local Centres may also provide some limited opportunities in accordance with the direction by the SLUP.
- 5.5.16 During 2018 within the Main Centres, there was a net loss of floorspace (-989m<sup>2</sup>) and land (-0.12Ha) from sites in the Main centre inner areas, a number of temporary permissions for sites which are not expected to continue in the future and a number of applications within the identified KIAs, largely for change of use from general industrial to storage type uses or specific waste related proposals (representing a net gain of 117m<sup>2</sup> and no change in the land area). This is in contrast to the forecasted decline in demand amounting to 2.26 hectares less land required for these uses over the lifetime of the IDP.
- 5.5.17 Outside of the Centres, planning permission was granted during 2018 for a significant net gain of 9,003m<sup>2</sup> of floorspace and a 1.88 hectare gain in industry, storage and distribution land. The majority of the increase Outside of the Centres stems from one temporary grant of planning permission for change of use of a redundant glasshouse (over 7,000m<sup>2</sup> and c.1hectare of industrial land) to processing of seaweed to allow the authority to monitor the impacts of this proposal on the surrounding area. Remaining increase relates to two significant applications for self-storage facilities amounting to over 2,000m<sup>2</sup> of floorspace.
- 5.5.18 While there was a loss of floorspace from the Main Centres (outside of the KIAs) and Local Centres as intended by the IDP, there was a greater increase of industrial/storage and distribution floorspace and land granted planning permission Outside of the Centres than was expected for a second year in a row. The overall distribution of development should continue to be monitored closely to ensure the IDP policies are delivering the States' approved spatial strategy and further investigation should be undertaken into the operation of the employment policies controlling development Outside of the Centres to inform the 5 year review of employment land.
- 5.5.19 The information on the total quantum, size and location of existing employment floorspace and land from 2018 indicates a fluctuation in industrial premises and storage or distribution premises over the last 6 years, with increases in previous years counteracted by losses in following years eventually returning to similar position as the baseline year for each type. Review of the planning permission supply confirms this trend and indicates the main cause for losses or gains tend to come from change of use between the two use classes and not ongoing growth in this sector.

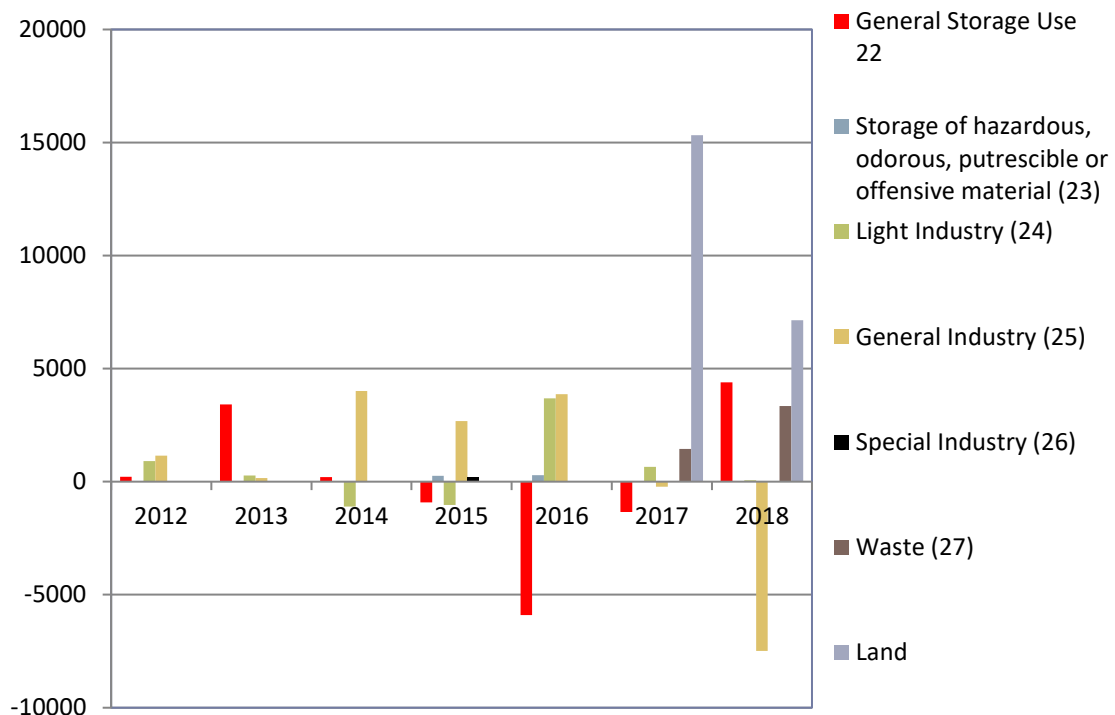


Figure 5.15 Supply of industry, storage & distribution through the planning system between 2012 and 2018, amended to show in accordance with the new use classes, excluding temporary permissions.

## 5.6 Overview of demand for industrial, storage & distribution premises

- 5.6.1 Previous interviews with commercial property agents in 2012-2014 indicated that the demand for industrial premises is low and dwindling. At the time the two main reasons were understood to be a move towards off-island pre-fabrication in the construction industry of items such as window frames, roof joists etc, and ever growing consumerism, including a culture of buying new, rather than repairing and reusing, which has led to fewer repair businesses. However, agents considered there was a base level requirement for general storage premises going forward. This is linked to the declining trend in industry on Guernsey as a result of becoming more reliant on imported goods with the consequence that the Island may need to ensure an appropriate import and distribution network to cater for this demand.
- 5.6.2 Overall the ELS (2014) findings considered that as a result of the ongoing global decline in manufacturing and the loss of Low Value Consignment Relief (LVCR) on exports, the Island is overprovided with industrial and storage and distribution space and will have a continuing declining need for such over the 10 year life of the IDP. The ELS (2014) forecasts a need for around 2.26ha less industrial and storage & distribution land over this period (sites with or without premises).
- 5.6.3 Over the last 6 years, the vacancy rates for storage and distribution have significantly declined to an appropriate level, suggesting the impact of LVCR has played out. The continued low vacancy rates for industry however indicate a lack of headroom in the market for industrial businesses, potentially resulting in a lack of choice to meet the sector's needs. The planning permission trends indicate a revived interest in storage type premises, with the majority of permissions representing a change of use from industrial to storage & distribution uses. The growth trend in industrial premises indicated in 2017 has been reversed in 2018, confirming that the driver for this growth was the 'one off' waste related projects relating to the

implementation of the States Waste Strategy. Overall data from 2018 indicates a fluctuation in industrial premises and storage or distribution premises over the last 6 years, with increases in some years counteracted by losses in the following years and vice versa with the position for each type eventually returning to a similar position as the baseline year. Review of the planning supply confirms this trend and indicates the main origin for losses or gains tend to come from change of use between the two use classes.

## 5.7 Factors influencing choice of premises

5.7.1 Overall Agent's feedback confirmed the key specification requirements for industry, storage and distribution remain largely unchanged from 2012 with businesses seeking:

- Adaptable space capable of sub-division;
- Appropriate road access; and
- Appropriate floor to ceiling heights.

5.7.2 There was a general consensus among agents that the demand for larger units had not increased at all over the last 6 years. Agents reported demand for small scale units or those which could be subdivided, with those of 8m x 20m (and no more than 250m<sup>2</sup>) with mezzanine areas favoured.

5.7.3 The agents considered that some of the existing premises are often too big and are too difficult/expensive to sub-divide into the size of units that are in demand and should be allowed to go to other uses. They felt that although some KIA's needed to be identified for industry, far too much land was designated for industrial/storage uses in the IDP and there was not the demand for that much industry/storage. They did not think Saltpans was required at all and Braye Road Industrial Estate was obsolete for industrial use. The agents considered that Pitronnerie Road is not ideal because of access and infrastructure limitations and this could be more productively used for other uses such as the retail of bulky goods.

5.7.4 Flexibility of the accommodation to be suitable for a range of uses was highlighted. Recent development of new industrial units within the Pitronnerie Road Key Industrial Area is a good example of the type and quality of units in demand. Overall the agents remarked that in general the quality of accommodation in the light industrial sector in particular is poor and that rather than there being a demand for more industrial sites, there was a demand for higher quality accommodation.

5.7.5 Further research on the quality of the industrial, storage and distribution stock should be undertaken as part of the next ELS update report in consultation with industry representatives and commercial agents.

5.7.6 At the other end of the scale, land for open storage may be in demand but the agents acknowledged that this fell somewhat below their radar as this land does not command anything but low rents generally.

5.7.7 There was a mixed response from agents on the importance of location and access to the Inter-Harbour Route for these sectors. Some participants said that the Inter- Harbour Route was no longer of such significance as the nature of industry and storage particularly was much more scaled down than it used to be. They felt that there should be no additional policy restrictions in leaving industrial/storage uses adjacent to the inter-harbour route and that the

market should decide. Others agreed with the policy approach in the IDP which sets a higher test for change of use of premises on the inter-harbour route and felt that there should be a certain degree of protection of these units with good access. However they did express that they felt that the threshold of test in current policy for how long the unit is marketed was inappropriate and should be changed to an alternative test as the agents recognised that access remains an important criterion for these types of uses. However, no clear alternative test was suggested.

- 5.7.8 Agents welcomed the recent changes to the Use Classes Ordinance but considered there was scope to go further to introduce greater exemptions in terms of moving from one Use Class to another as almost all industrial lettings still require a change of use application. They considered that the time it takes to submit a planning application, cost and uncertainty and the perceived bureaucracy of the process can hinder the take up of premises. Increasing the threshold from 250m<sup>2</sup> to 500m<sup>2</sup> was suggested by the agents to improve the flexibility within the system without any significant impacts.

## **5.8 Trends in industry, storage & distribution based employment**

- 5.8.1 The States of Guernsey Policy and Research Unit publish statistics on employment by economic sector. The largest of the industrial sectors is construction, employing 2,766 people in 2018. The construction industry remains an important sector for the island, and while it has been in decline over the last 6 years, there are recent signs of recovery. Employment levels in manufacturing, utilities, transport sector and other related wholesale retail and repairs sector have not changed significantly over the last 6 years.
- 5.8.2 Future demand for industrial and storage type premises is expected to come from premises displaced by development within the Main Centres through the consolidation strategy in the IDP and may also come from growth in creative industries and digital industries (e.g. data storage) or future States projects (e.g. Hydrocarbon Supply Programme).



## 5.9 Key messages for Industry, storage & distribution

- 221,598m<sup>2</sup> industrial accommodation in 457 premises, located on 1,564,267m<sup>2</sup> of land. This represents approx. 4.63% decrease in industrial premises since 2012 but represents a gain of 0.64% of industrial land.
- 197,566 m<sup>2</sup> storage and distribution accommodation in 250 premises, located on 409,445m<sup>2</sup> of land. This represents approx. 7.5% increase in storage premises since 2012 together with a notable gain of 21.05% of land
- Majority of the industrial premises are under 250m<sup>2</sup> (61%), with an increase in the number of small and medium sized units since 2012. Majority of storage and distribution premises has changed from 2012 from units under 250m<sup>2</sup> to units between 250m<sup>2</sup> – 500m<sup>2</sup>.
- Majority of the industrial, storage and distribution accommodation remains located within and around the Bridge Main Centres (c.46%), followed by significant provision within and around St Peter Port Main Centre (c.27%). Overall the majority of the floorspace is located within designated Key Industrial Areas within the Main Centres. There is limited provision of these sectors within the Local Centres (c.3%). Provision Outside of the Centres is in the majority small scale in nature with some large standalone sites.
- The construction industry remains an important sector for the island, and while it has been in decline over the last 6 years, there are recent signs of recovery.
- Future demand for industrial and storage type premises is expected to come from premises displaced by development through the consolidation strategy in the IDP and may also come from growth in creative industries and digital industries (e.g. data storage) or future States projects (e.g. Hydrocarbon Supply Programme).
- Vacancy rates for industrial premises increased from 2.7% of stock in 2012 to a peak of 5.1% in 2014 falling down to 3.9% of stock in 2017 and continued falling in 2018 to 1.7%. Vacancy rates for storage and distribution premises increased from 8.9% in 2012 to a peak of 15% in 2014 steadily falling over 2 years to drop significantly down to 1.4% at the end of 2017 and increased back to 6.7% in 2018
- The range of size of industrial, storage and distribution premises available to the market in 2018 is similar to the baseline year of 2012, with the availability of large scale premises for both sectors in contrast to 2017. One notable difference however, while the majority of industrial premises 'to let' remains under 250m<sup>2</sup>, the majority of storage and distribution premises being marketed in 2018 changed away from small scale (<250m<sup>2</sup>) to 250-500m<sup>2</sup> size category.
- Overall, at the end of 2018, there was very little on the market for industrial uses and moderate availability for industrial storage and distribution uses. Monitoring supply of units for sale and for let, further shows a lack of units for sale. Whilst overall demand is low, those seeking industrial, storage and distribution premises may find there is limited choice of property within their price range or specification, albeit improved opportunities since last year.
- Supply of industrial premises through the planning system over the last 6 years amounts to c. 11,385m<sup>2</sup> of additional floor space, with a net loss in 2018 of 4,069m<sup>2</sup>. Most of the approved proposals were for storage and distribution uses (70%). In contrast, supply through the planning system of industrial premises over the same time period amounts to an overall net loss of 3,780m<sup>2</sup>.
- Key requirements for industrial, storage and distribution premises remain similar to those identified in 2012, although questions have been raised over the importance of access to the Inter-harbour Route and whether the current policy test of 12 months of marketing remains appropriate.

Figure 5.16 Key Messages for industrial, storage & distribution accommodation

## 6 Review of the recommended portfolio of employment sites (2015-2025)

### 6.1 Introduction

- 6.1.1 The ELS (2014) recommended a portfolio of employment sites that should deliver the land requirements for these sectors over the 10 year life of the IDP, which is compatible with the SLUP, and the future needs of the Islands' businesses. The recommended portfolio of sites comprises existing sites that are likely to continue to meet business needs, either in their existing use, through intensification of that use or change of use to an alternative employment use, together with identifying areas that could be developed if required in the future.
- 6.1.2 This section provides a summary of the ELS (2014) recommended portfolio, feedback received on defining the quality of offices in Guernsey and preliminary review of the recommended portfolio.

### 6.2 Portfolio of offices

- 6.2.1 The ELS (2014) recommended the following existing areas to form the core locations for office premises over the Plan period (outlined in [Figure 6.1](#) below).

Recommended portfolio of office sites		
Area category	Area name	Quality of office space
Mixed-use historic areas	Kingsway House	Primary
	St Peter Port & St John House	Primary
	Grange Road	Primary
	Town Centre	Primary
	La Charroterie	Primary/Secondary
	South Esplanade	Secondary
Established offices	Les Echelons	Primary
	Gategny Esplanade	Primary
	Le Truchot	Primary/Secondary
Business Parks	Admiral Park	Primary

**Figure 6.1 Recommended portfolio for office premises**

- 6.2.2 In addition to the above existing areas, the main opportunity identified for new large floorplate office accommodation lies within the remaining undeveloped land at Admiral Park, which would meet the majority of the forecast requirement as shown in [Figure 6.2](#). Opportunities have also been identified for the creation of new office space either within or adjacent to existing core sites, such as opportunities identified in Town Centre, Grange Road and, more medium term, South Esplanade that could help deliver the forecast requirement. In the longer term, Harbour Action Areas and Regeneration Areas could provide a significant opportunity for new office provision in the Main Centres, particularly within St. Peter Port.

Area category	Area name	Timescale for development	Size of opportunity
High Quality Business Park	Admiral Park	Short	30,624m <sup>2</sup>
<b>Total</b>			<b>30,624 m<sup>2</sup></b>
<b>Forecast requirement</b>			<b>30,000m<sup>2</sup></b>

Figure 6.2 Recommended additional opportunities for offices

- 6.2.3 Last year, while there was broad agreement on the locations of the areas in the recommended portfolio, feedback sought further clarity on how the quality of existing office stock is defined as primary, secondary and tertiary accommodation. Therefore as an agreed action of the AMR 2017, further consultation on the quality of offices was undertaken as part of this years workshop. The feedback received is set out below and should inform a detailed review of the recommended portfolio.

### 6.3 Quality of offices

- 6.3.1 Reflecting the SLUP 2011, the IDP sets out that Guernsey's stock of office accommodation can be considered to comprise of three categories:

- **Primary** – recently developed or refurbished to modern standards
- **Secondary** – older purpose-built offices that may or may not be capable of being refurbished or redeveloped to modern standards
- **Tertiary** – existing offices resulting from the conversion of units of accommodation, retail, etc. that may never meet modern standards

- 6.3.2 The IDP's approach to office use is to focus this use in the Main Centres, where there are existing clusters of offices, while recognising the need for large floorplate office space with the allocation of an Office Expansion Area at Admiral Park (for floorplates over 1000m<sup>2</sup>). The IDP generally seeks to retain existing offices in Main Centres but allows for smaller premises under 250m<sup>2</sup> to change use, to address an oversupply of, mainly tertiary, small office space. The IDP also allows for other larger sized poorer quality office accommodation to change use if it can be demonstrated that it cannot easily be upgraded. Understanding what is meant by quality of offices is important to understanding the accommodation that should be recommended to remain within the portfolio to meet business needs.

- 6.3.3 Feedback from the industry set out suggested criteria for considering primary, secondary and tertiary accommodation which the recommended portfolio could be assessed against, as set out in the following **Figure 6.3**.

<u>Possible Criteria</u>	<u>Primary</u>	<u>Secondary</u>	<u>Tertiary</u>
<b>Age of building</b>	Built post c.2000-2002	Built c.1985 - 2002	Built before 1985
<b>Location:</b>	<ul style="list-style-type: none"> <li>Narrow corridor in St Peter Port - Lower half of St Julian's, Glatengy Esplanade, towards Admiral Park (North) (SPP) ; or</li> <li>Proximity to similar uses;</li> <li>Proximity to clients; and,</li> <li>With sea views if possible (especially for high net worth individuals).</li> </ul>	<ul style="list-style-type: none"> <li>No specific location.</li> <li>Delegates considered the building specification rather than their location defined them as secondary.</li> </ul>	<ul style="list-style-type: none"> <li>No specific location</li> </ul>
<b>Car parking</b>	<ul style="list-style-type: none"> <li>Parking provision would ideally be on site or in close proximity</li> <li>Ideally access to guaranteed parking</li> </ul>		
<b>Design</b>	<ul style="list-style-type: none"> <li>Purpose built -</li> <li>Adaptability of volume and space</li> <li>Good specifications - Floor to ceiling heights (ideally 2.7m clear); Air conditioning; Good lighting (recessed); Raised access flooring etc</li> <li>Suggested that BCO 'Category A' standard with some variations should be used</li> <li>Facilities to promote health and wellbeing of staff important including outside environment of office</li> </ul>	<ul style="list-style-type: none"> <li>Still purpose-built but perhaps not as well equipped as primary offices. For example air conditioning will not be at an optimal level, but it will still be adequate. Tend to be cellular rather than open plan rooms</li> <li>Original construction may constrain potential to upgrade to primary</li> </ul>	<ul style="list-style-type: none"> <li>Office buildings that have been converted from a previous use</li> <li>Often located in historic buildings</li> <li>Do not offer much flexibility to alter / improve</li> </ul>
<b>Green credentials</b>	<ul style="list-style-type: none"> <li>Desirable not essential due to lack of choice</li> </ul>		
<b>Lease terms</b>	<ul style="list-style-type: none"> <li>Same terms for new build and refurbishments</li> <li>Generally 10-15 years</li> <li>Rent levels- currently £40+ per sq. ft.</li> <li>Break terms around 6 years</li> <li>Other terms dependant on negotiation but generally free periods sought to avoid double rent by tenants</li> </ul>	<ul style="list-style-type: none"> <li>Lower rent than primary offices- Rent levels are on average between £20 and £30 per sq ft</li> <li>Commercial agents tend to apply further degree of flexibility in the terms of the lease</li> </ul>	<ul style="list-style-type: none"> <li>Lower rent than secondary offices- Rent levels on average to be c.15 per sq ft</li> <li>Commercial agents tend to apply further degree of flexibility in the terms of the lease</li> <li>More amenable to requests for scaled floor rents or shorter term leases.</li> </ul>

<b>Technology/ Connectivity</b>	<ul style="list-style-type: none"> <li>• Essential to have access to high quality infrastructure</li> </ul>		
<b>Examples</b>	<ul style="list-style-type: none"> <li>• Admiral Park</li> </ul>	<ul style="list-style-type: none"> <li>• Premises in South Truchot and the Grange</li> </ul>	<ul style="list-style-type: none"> <li>• None given</li> </ul>

**Figure 6.3 Recommended criteria for defining primary, secondary and tertiary offices.**

- 6.3.4 From a preliminary assessment of the recommended portfolio using some of the above suggested criteria, there is a mix of primary, secondary and tertiary accommodation within the majority of the locations identified. To obtain the information to apply the full set of criteria poses difficulties for the Authority. Potentially joint working with the industry may be able to achieve this. A detailed analysis on the recommended portfolio set out by the ELS (2014) against these criteria together with other existing stock within the Main Centres would give for an agreed picture on the range and quality of the existing stock but should be further tested with other key stakeholders. Further analysis of whether this is an appropriate range of accommodation to meet business needs can then be undertaken. It is recommended that this is prepared in partnership with the industry and other key stakeholders and the results inform the 5 year IDP review of employment land (2021).
- 6.3.5 Of relevance to assessment of the recommended portfolio, feedback from industry highlighted that it is generally not possible in its opinion to bring secondary accommodation up to the level of primary due to construction techniques. Instead refurbishment programmes can achieve the highest end of secondary accommodation, which is still beneficial to meet some business needs. The discussion highlighted a potential issue with the definition for secondary accommodation in the SLUP and IDP which refers to the ability to upgrade the accommodation to primary accommodation. Although it was considered that Policy MC4 works well in practice, there is a need to ensure planning policy is not seeking just primary grade large floorplate offices but making sure there are properties across a range of qualities available within the envelope of St Peter Port to ensure different business requirements can be met. This should be explored when reviewing policy formally for the 5 year review of the IDP (scheduled in 2021).
- 6.3.6 Feedback and research indicates that change in ways of working will intensify in the future, like elsewhere, resulting in more remote working and the requirement for smaller permanent office suites. There is likely to be a continued demand for high quality office space but for smaller rather than large scale units. For these reasons there may in the future be more demand for offices which are of very high quality even if the total floor space is small. This therefore requires a review of the current policy provision allowing offices under 250m<sup>2</sup> to change use away from office use, although at present these tend to be of lower quality, and consideration of how planning policies may encourage the provision of high quality, small office units. There is a demand already for this type of space. There was a suggestion to explore the potential to use economic modelling around the categorisation of office accommodation to capture and reflect the worth or importance of the accommodation to the economy. Further research into this matter is required before coming to any conclusions.
- 6.3.7 In addition, a review of planning permissions granted in 2018 indicates generally that planning policies are working to support the recommended portfolio. However, it is noted permission was granted for a reduction in office floorpace within the designated Office Expansion Area. These issues should be explored when reviewing policy formally for the 5 year review of the IDP (scheduled for 2021).

## 6.4 Portfolio of Industrial and Storage & Distribution Premises

- 6.4.1 Although the ELS (2014) forecasts an overall need for less land for industry and storage of - 22,600m<sup>2</sup>, to ensure an adequate land supply to meet the needs of businesses and in accordance with the SLUP, the recommended approach and portfolio for industrial/storage & distribution land involved safeguarding a few key areas within and around the Main Centres, together with potential areas for expansion, to enable consolidation of industrial, storage and distribution uses onto those sites and encouraging redevelopment of other areas, no longer required for such purposes, to change to a more viable use.
- 6.4.2 The recommended portfolio of existing areas for industry, storage and distribution is shown in **Figure 6.4** below.

Recommended portfolio of industry and storage & distribution sites	
Area category	Area name
Light Industrial Areas	Envoy House
	St George's Place
	Airport
	La Villiaze
General Industrial Areas	Pitronnerie Road
	Northside
	Dyson's Yard
	Saltpans/Braye Road
Specialist Industrial Areas	Boatworks+
	Longue Hougue
	Les Vardes Quarry
	Chouet headland
	Utilities
Stand Alone sites	Various locations

**Figure 6.4 Recommended industrial, storage & distribution areas portfolio.**

- 6.4.3 The areas identified for potential expansion for industry, storage and distribution are set out in **Figure 6.5**.

Area category	Area name	Area (m2)
Light Industrial Areas	Airport expansion	58,071
	La Villiaze	11,548
General Industrial Areas	Pitronnerie Road expansion	7,288
	Saltpans/Braye Road	1,567
	Northside expansion	36,333
<b>Sub total</b>		<b>+114,807</b>
Specialist Industry	Longue Hougue	121,945
	Chouet Headland	78,781



<b>Sub total</b>		<b>+200,726</b>
<b>Total</b>		<b>+315,533</b>
<b>Forecast Requirement</b>		<b>-22,600</b>

**Figure 6.5 Proposed additions to the existing Industry/Storage portfolio**

- 6.4.4 The area identified around the Airport for light industry is not a specific designation in the IDP as it is provided through an enabling policy approach for airport related development.
- 6.4.5 The IDP introduced new planning policies to support the recommended portfolio identified by the ELS (2014). A review of planning permissions granted in 2018 indicates planning policies are working to support the recommended portfolio. In line with policy, there have been some planning permissions granted resulting in the loss of standalone industrial and storage sites within the Main Centres and in one of the Local Centres to residential use. For example 1 Doyle Road St Peter Port was granted permission to be redeveloped for housing.
- 6.4.6 During 2018 there was a level of planning activity within the KIAs that indicates positive investment is occurring within the KIAs to enhance and improve their accommodation offering in accordance with the intentions of IDP policy.
- 6.4.7 The greater flexibility introduced by the IDP to allow for storage and distribution uses on KIAs has already had a positive impact. Several proposals during 2018 related to change of use from general industry to storage and distribution use.
- 6.4.8 The 2017 AMR addressed the level of provision of industry and storage uses Outside of the Centres and highlighted that if the majority of development for industry, storage and distribution uses continues to be located Outside of the Centres, further investigation into the operation of the relevant policies controlling development Outside of the Centres may need to be undertaken. During 2018, provision of additional land and in some cases floorspace Outside of the Centres continues, with a total of 1.88ha of land and 9,003m<sup>2</sup> of floorspace granted planning permission. This includes a temporary permission for industrial use that was granted at La Moye Vinery which totals c.1ha and 7,637m<sup>2</sup>. Remaining increases relate to two significant applications for self-storage facilities amounting to over 2,000m<sup>2</sup> of floorspace. As demand is expected to grow in the future for such uses, directing them to the designated KIAs or their expansion areas will bring much needed investment into the designated areas and improve the quality of their accommodation. If this trend continues it may highlight potential issues with the current policy approach. It is recommended further monitoring and research should be undertaken into the potential scope for future portfolio to be located Outside of the Centres and whether the policy approach continues to be appropriate so that this can be addressed at the 5 year IDP review of employment land in 2021.
- 6.4.9 Overall, there were no losses of industrial, storage or distribution premises or land within the designated Key Industrial Areas indicating the policies are giving a suitable level of support to this sector. Apart from small improvements to the existing open storage on Griffiths yard, there has been no activity on the areas identified for expansion.

## 6.5 Conclusion

- 6.5.1 There is a wide range of employment land on the Island, to suit a variety of occupiers and economic sectors.
- 6.5.2 Feedback indicates the importance of ensuring we are delivering a range of different quality of office accommodation to meet all business needs (e.g. start-ups, high net worth individuals to financial corporations). Further work should be undertaken to apply the suggested quality criteria for offices against premises in Main Centres to fully understand the mix and range of the existing portfolio. It is recommended that this research work is prepared in partnership with all the key stakeholders and the results inform the 5 year IDP review of employment land (2021).
- 6.5.3 There is a growing demand now and in the future for small to medium sized units of high quality, due to changing working practices and demand from high net worth individuals. Further research is required to give greater consideration to quality of offices as well as size of the accommodation to ensure the appropriate mix in the portfolio and any implications for policy should be explored as part of the 5 year IDP review of employment land (2021). Although generally feedback considered that Policy MC4 works well in practice, the continued desirability of seeking all stock to upgrade where feasible to primary accommodation is questioned.
- 6.5.4 Changing technology (e.g. wireless) are impacting the physical requirements for offices, reducing the need for raised flooring and for storage space. In the future, changing technology and work practices are likely to see an overall decrease in the requirement for office space. Greater emphasis is on the health and wellbeing of staff and provision of facilities. Green credentials remain on the wish list in Guernsey due to lack of choice. To ensure quality of new accommodation is not left behind other jurisdictions, it is recommend further research on the appropriate quality standards for Guernsey is undertaken.
- 6.5.5 During 2018, planning policies generally supported applications relating to the existing portfolio. However, one decision granted permission for a significant reduction in planned office accommodation within the designated Office Expansion Area. This related to a unique situation and not likely to be occur on this scale again. This area was designated in order to meet the Island's future office requirements over the life of the IDP and therefore moving forward, no further reduction in office provision within this area should be considered.
- 6.5.6 The delivery of new primary office accommodation in the development of Regeneration Areas and Harbour Action Areas that is adaptable to suit medium to large businesses remains key to meeting future requirements.
- 6.5.7 With regard to industry, storage and distribution, the monitoring indicates that the majority of planning permissions for development (both land and floorspace) for these uses continues to be located Outside of the Centres. As demand is expected to grow in the future for such uses, directing them to the designated KIAs or their expansion areas will bring much needed investment into the designated areas and improve the quality of their accommodation. As the trend has continued over the last 2 years, further investigation into the operation of the relevant policies controlling development Outside of the Centres should be undertaken to inform the 5 year IDP review of employment land.
- 6.5.8 There was a mixed responses from agents on the importance of location and access to the Inter-Harbour Route for these sectors. All recognised that access remains an important criterion for these types of uses. However, the appropriateness of the current marketing test

in planning policy was queried. No other alternative test was suggested. It is recommended this issue is considered by the 5 year review of employment land supply.

- 6.5.9 Agents welcomed the recent changes to the Use Classes Ordinance but considered there was scope to go further to introduce greater exemptions in terms of moving from one Use Class to another as almost all industrial lettings still require a change of use application. Increasing the threshold from 250m<sup>2</sup> to 500m<sup>2</sup> was suggested by the agents to improve the flexibility within the system without any significant impacts. This potential impacts of increasing the threshold versus the benefits should be explored further.
- 6.5.10 It is recommended that continued consultation with the Committee *for* Economic Development and industry is undertaken regarding the future business needs and emerging sectors.

**Contact Us** for further information and advice at: Planning Service, Sir Charles Frossard House, St Peter Port. GY1 1FH Telephone 01481 717200 Email [planning@gov.gg](mailto:planning@gov.gg)

**Have you visited our website?** Go to [www.gov.gg/planningandbuilding](http://www.gov.gg/planningandbuilding) for additional information on the Island Development Plan, Supplementary Planning Guidance (including Development Frameworks), Annual Monitoring Reports, Quarterly Monitoring Reports and other relevant evidence reports.

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