CITY GROWTH

Luton

Appendices

December 2004

Appendix 1

Industry Property Requirements

Before we can begin the full land and property audit we must first provide an analysis of respective demand and property requirements of each industry. At this stage it is necessary to provide some generic commentary on typical industry occupiers and the various property criteria that they require. This approach represents a 'Top-down' analysis i.e. identifying the demand for various types of property before analysing the supply available to cater for this need.

1.1 Sample Industries

- Construction;
- Food & Drink;
- Tourism;
- Clothing & Textiles;
- Media;
- Financial services;
- Retail; and
- Creative Industries.

The following explores the typical property requirements of operators within the above sectors. The majority of the information has been based on actual property requirements of national occupiers sourced from property databases such as *Focus* and *PIP*. This has been supplemented by knowledge of local markets and independent operators for which such information is not so widely available.

1.2 Construction

The UK construction industry provides a tenth of the UK's gross domestic product, & employs 1.4 million people. Characteristics of operators under the bracket of these sectors can be discussed in two distinct categories both with varying property requirements.

1.2.1 Building Contractors / Sub-contractors

These parties will operate from a central office base or yard but most of the employees will be mobile travelling to varying types of properties to carry out works.

- Contractors who carry out large-scale developments will typically require a central office of around 10 - 20,000 sq ft (1,000 – 2,000 sq m **approx*) and a storage yard of around 20,000 – 40,000 sq ft (2,000 – 4,000 sq m). Such operators also include specialist contractors who carry out infrastructure projects.
- Local Contractors employing fewer than 10 staff including finance, surveying, estimating, administration functions on a site occupying around 1,000 sq ft (100 sq m*) of office space and a 5,000 sq ft (500 sq m*) of yard area. Such operations may be based in small-scale industrial or possibly residential areas with mobile construction operators.
- Smaller independent subcontractors, such as plumbers and electricians, will not have a property requirement as such as they are footloose in nature travelling to different properties or sites to carry out works.

1.2.2 Construction material extraction/distribution

These operators will provide building or raw materials to the operators highlighted above.

- In terms of the extraction of raw materials the requirement of property or land is very much dictated by the availability and location such materials, which are likely to lie outside of city growth areas.

Requirements of manufacturers who convert raw materials into actual building products include brick or steel manufacturers; these operators will be addressed in the section-referenced manufacturing. In the interest of sustainability these should be located near the source of raw material involved in the process.

Once the materials have been manufactured many will be transported to storage yards. Such storage operators and distribution operators include Travis Perkins and Jewsons. These will typically be found in edge of town locations or industrial estates next to areas traditionally high in development activity.

Although no specific requirements appeared on our databases for these operators they will typically require:

- Large concreted outdoor / indoor storage yards of 1 acre or over
- Possibly Indoor showroom facility – 30,000 – 80,000 sq ft (3,000 – 8,000 sq m*)
- Sites should be on, or close to major traffic routes with good visibility and would consider out of town locations.
- Suitable access for articulated vehicles.

1.3 Clothing and Textiles Industries

This industry includes the following sub-sectors:

(a) Design

(b) Manufacturers

(c) Storage/Distribution

(d) Retailers

Whereas many operators will combine functions (a), (b) and (c) within one facility the following identifies some of the typical property requirements of individual elements.

(a) Within the *design* element specialist operators will typically require

- Small office space of around 1,000 – 5,000 sq ft (100 – 5,00 sq m*);
- Preferably in an area capable of forming a relationship with local university or college fashion and design departments to provide a sufficient supply of specialist labour; and
- Premises with a concentration of similar operations. Nearby design operations and manufacture functions would enable design operators to take advantage of clothing and textile business clusters.

(b) Clothing and Textile *manufacturers* will require a property:

- Of around 1,000 – 100,000 sq ft (100 – 10,000 sq m*) of light industrial / warehousing floor space,
- Within an industrial location or peripheral to main commerce districts,
- Sufficient access to transport and infrastructure links,
- Servicing access for articulated vehicles and
- In a location with access to a sufficient amount of low-skilled labour.
- In edge or out of town locations. In such locations larger operators may wish take advantage of wholesale distribution and require a shop window facility to front a factory shop outlet.

1.4 Food and Drink

Food and drink operators within CG areas will include café, restaurant, take-away or bar operators who will typically require:

- Floor space of around 5,00 – 2,000 sq ft (50 – 200 sq m*) of ground trading floor area but possibly with basement or first floor facility and 500 - 2,000 (50 – 200 sq m*) sq ft ancillary storage capacity. In certain locations operators may require larger trading space of up to 6,000 sq ft (600 sq m*)

- High street properties with street frontage entrance
- Sufficient servicing areas for deliveries
- Ability to create kitchen facility towards the rear of the premises
- Areas of high footfall and vibrancy throughout the day and night within a neighbourhood or local centre occupied by other A3, retail or service outlets.

Operators are likely to be small independent operators but in more established food and drink locations could include larger multinational tenants.

1.5 Financial and Professional Services

Operators within this sector, which are likely to locate in CG areas, include independent advisors services such solicitors, accountants, insurance specialists and banks. Such operators would consider premises, which offer some of the following characteristics:

- 2,000 – 4,000 sq ft (200 – 400 sq m*) of presentable office space and 500 – 1,000 sq ft (50 – 100 sq m*) of storage space;
- Ground floor space but would consider space located above residential or retail uses;
- Suspended ceilings;
- Reception area;
- Divisible spaces;
- Properties preferably located within the vicinity of either public transport routes or car parking facilities; and
- Telecommunication access and possibly broadband access.

Call centre operations, whilst not as dominant in the UK as 10 years ago due to foreign competition, may still require space within CG areas. These are likely to be located on small-scale business park and operate from space of around 5,000 – 40,000 sq ft (500 – 4,000 sq ft).

1.6 Manufacturing

Operators within this sector are fairly varied in terms of the final product in production process and therefore have varying size requirements. The majority manufactures capable of taking advantage of their location within a CG business cluster are likely to be small / medium sized businesses. Typical property characteristics of these operators include the following:

- 2,000 – 30,000 sq ft (200 – 3,000 sq m*) processing or plant area (depending on operations could be larger – up to 100,000 sq ft in some areas);
- Possibly a storage facility / yard – undercover or outdoor of approximately 2,000 – 30,000 sq ft (200 – 3,000 sq m*) (again dependant on storage requirement)
- Possibly ancillary office small, relative to size of the plant area, but would typically be around 1,000 – 3,000 sq ft (100 – 300 sq m*).
- Good access to major road networks;
- Access for articulated vehicles and servicing / loading bay area;
- Usually within an area or estate concentrate in industrial activity; and
- In an area with access to relevant low / semi-skilled workforce

Smaller supply chain operations within the 2,000 – 30,000 sq ft (200 – 3,000 sq m*) bracket are likely to favour locations within the vicinity, or with good access to, associated manufactures within the 100,000 sq ft (10,000 sq m*) and above category. Situations such as this take advantage from common production clusters to create a competitive advantage in these areas.

1.7 Retail

The types of retail cluster likely to be identified within the CG areas are those, which provide service to the catchments population within walking or short driving distance. These will predominately be local operators providing food and convenience functions or comparison goods such as electrical, clothing, hardware or miscellaneous goods. Also included within this sector would be service operators including hairdressers and opticians.

The following looks to identify the various property requirements of such groups:

1.7.1 Food / convenience

Operators in this sector typically include the following:

1.7.2 Local food stores

Including national operators such as Tesco (Metro), Sainsburys (Local) or at the lower end of the retail spectrum Somerfield, 7-eleven and Spar. The following highlights some of the property characteristics operators may require:

- Retailing space of around 3,000 – 20,000 sq ft (300 – 2,000 sq m*)

- Parking facilities within the vicinity - some operators may require exclusive parking in certain locations with around 20-30 spaces specified;
- A location on a principal or main road frontage with good visibility and exposure to a high footfall or volume of passing traffic;
- Servicing capabilities for deliveries;
- A catchment population capable of supporting their operation; and
- Either stand alone locations or with adjoining units

Should the catchment of the CG area warrant it, occupiers such as Tesco and Asda have be known to develop larger units of around 100,000 sq ft (10,000 sq m*) and above in certain locations. Such outlets are likely to be purpose built or standalone schemes located on the edge or out of town areas.

1.7.3 Budget/Discount Operators

These include Aldi, Netto and Lidl who provide budget or low cost food items. Such operators have similar location and catchment requirements as the above but are likely to require units of around 10,000 –15,000 sq ft (1,000 – 1,500 sq m*) and are more likely to require car parking and appear in standalone locations.

1.7.4 Independent Convenience / Local Food stores

These independent operators typically include greengrocers, off licences; paper shops, video rental and specialist foods retailers. They are likely to benefit from similar locations as the above operators but the smaller size requirement, of 1,000 – 3,000 sq ft (100 - 300 sq m*), means that they would consider less prominent positions with a smaller catchments.

1.7.5 Comparison Goods Operators

This sub-sector will include clothing, department and variety, hardware and electrical goods, charity and specialist retailers. Operators within local centres in suburban locations may specify:

- Retailing space of around 500 – 6,000 sq ft (50 – 600 sq m*) on a ground floor level;
- Back up storage space of around 500-1,000 sq ft (possibly located in a basement);
- On street, on-site and nearby parking;
- High visibility entrance located on main roads with good traffic flow or high footfall; and

- Rear servicing facility for loading/unloading of deliveries.

1.8 Service Sector

Operators included in this category include hairdressers, video shops, beauty therapists, travel agents, dentists, tanning salons and medical surgeries. Operators such as this are not as reliant on location as the above but are still likely to be found along side traditional retailers in local centres. Typical properties considered by these operators include the following:

- 2,000 – 4,000 sq ft (200 – 400 sq m*) of presentable space;
- Ground floor space but would consider space located above residential or retail uses;
- Reception area;
- Divisible spaces; and
- Properties preferably located within the vicinity of either public transport routes or car parking facilities.

1.9 Leisure

Under this industry bracket occupier groups who are most suited to CG areas would include cinemas, bingo halls, sports complexes, community halls and gymnasiums. All have varying space requirements but all tend to be located in similar locations as highlighted below:

- Built up areas with sufficient catchment to support the use;
- Many will operate from edge of town locations or on mixed use schemes;
- On a principal or main road frontage with good visibility and exposure to a high footfall or volume of passing traffic; and
- The demographics of an area often dictate the demand a location can generate for certain leisure facilities.

Cinema operators will require facilities capable of adaptation to house large numbers of people in a sound proofed area. At the larger end of the space requirements scale, national operators such as UCI, Cine UK and Showcase Cinemas will occupy space in the region of 35,000 – 95,000 sq ft (3,500 – 9,500 sq m*) depending on local demand, and will be purpose built. Again dependant upon location, operators may also require parking facilities.

Within the Arthouse cinema sector space requirements will be significantly smaller at around 1,000 – 4,000 sq ft (100 – 400 sq m*) depending upon the number of screens required (typically no more than 5). Such facilities will be located in refurbished traditional cinema facilities within inner city areas.

Bingo Hall operators will require similar location requirements as the above but will occupy space at around 25,000 – 35,000 sq ft (2,500 – 3,500 sq m*).

More active leisure activities such as private gymnasiums will consider space from between 8,000 – 60,000 sq ft (800 – 6,000 sq m*) depending upon catchment demand and location.

1.10 Media

Operators which could take advantage of the CG area would include small / medium sized film productions companies which would incorporate writing, research, teaching and filming operations.

- Total office floor space of around 1,000 – 10,000 sq ft (100 – 1,000 sq m*);
- Possibly indoor rehearsal rooms / meeting rooms at around 500 sq ft (50 sq m*); and
- Preferably in an area capable of forming a relationship with local university or college with media studies departments.

1.11 Creative Industries

The Department for Culture, Media and Sport define this sector as operating under 13 sub-categories including advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer games, television and radio.

All sub-sectors are capable of forming successful business clusters with each other and with other industries. Of those discussed above creative industries have the ability to form close working relationships with clothing and textile, retail and manufacture sectors providing a valuable innovative function.

Whilst experiencing mutual benefits from locating in such clusters creative industries may also benefit strong links with specialist colleges and Higher Education facilities.

The industry consists of micro business and small companies, which are capable of significant expansion and contraction due to their non-conventional business cycles. Such businesses are capable of operating form a relatively small base compared to their significant contribution to the local economy.

Although varied and sometimes unique in their operations occupiers may require properties capable of accommodating the following facilities:

1.11.1 Theatre / Performance space

To be used for professional performances of theatre, music dance etc. such areas will typically be around 3,000 – 5,000 sq ft (300 – 500 sq m*) capable of accommodating:

- Main presentation space / floor space;
- Sprung floor or portable dance floor;
- Movable, stackable seating;
- Double doors access and servicing area to enable loading/unloading equipment;
- Lighting grid and sound equipment; and
- Dressing room including toilets, showering facility.

1.11.2 Exhibition space

This would provide a facility for artists to display works and would typically consist of single floor / open plan space at around 3,000 – 5,000 sq ft (300 – 500 sq m*) in an area which provides easy access to the public.

1.11.3 Studio and Workshop Facilities

Such facilities would include a number of rooms or divisible spaces within a building at around 100 – 200 sq ft each. Community groups, professionals, educational facilities, businesses, organisations etc will typically hire them. Workshop facilities could also be incorporated alongside residential uses in a live/work facility.

1.12 Summary Table

	Requirements	
Sector	**Space from sq.ft +** (sq.m approx)	**Location**
Construction		
Contractors	Office - **10/20,000** (1/2,000)	
	Yard - **20/40,000** (2/4,000)	
Local Contractors	Office - **1,000** (100)	Small scale industrial / residential areas
	Yard - **5,000** (500)	
Material Extraction	Varied	Dictated by availability and location of raw materials
Clothing and Textiles		
Design	Office - **1/5,000** (100/500)	Within concentration of similar industries + in an location capable of forming relationship with specialist (Higher Educational Institution) HEI
Manufacturers	Warehousing/Light Industrial - **1/10,000** (100 /1,000)	Access / servicing facility + access to low-skilled labour base

	Requirements	
Sector	**Space from sq.ft +** (sq.m approx)	**Location**
Food and Drink		
	Trading area - **500/6,000** (50 / 600)	
	Ground floor / first floor / basement	High footfall locations
Financial and Professional Services		
	Office - **2/4,000** (200/400)	Within vicinity of major transport routes + telecommunication / broadband facility
	Storage - **500/1,000** (50/100)	
Manufacturing		
	Plant area **2/100,000** (200/10,000)	Good access to site and major road networks, low-skilled labour base
	Storage/yard - **2/30,000** (200/3,000)	
	Ancillary office - **1/3,000** (100/300)	
Retail Food		
Food stores	Floor - **3/20,000** (3,000/2,000) or **100,000** (10,000)	Good visibility, servicing areas + high volume of passing traffic or footfall
	Car parking - 20/30 spaces	
Budget/discount operators	Floor - **10/15,000** (1,000/1,500)	
	Car parking - 20/30 spaces	
Independent convenience / local food stores	Floor - **1/3,000** (100/200)	Good visibility, servicing areas, high volume of passing traffic or footfall within local centres
Comparison goods	Trading - **500/6,000** (50/600)	Good visibility, servicing areas, high volume of passing traffic or footfall within local centres
	Storage - **500/1,000** (50/100)	
Service sector	Presentable space - **2/4,000** (200/400)	
Leisure		Edge of or out of town locations, area with demographics to support use
Cinema - National Operator	Space - **35/95,000** (3,500/9,500)	
	Car parking - 20/100 spaces	
Cinema - Independent art house	Space - **1/4,000** (100/400)	
	Around 5 screens	
Bingo Hall	Space - **25/35,000** (2,500/3,500)	
Gymnasiums	Space - **8/60,000** (800/6,000)	
Creative Industries		Located within the vicinity of similar operations and in an

	Requirements	
Sector	**Space from sq.ft +** (sq.m approx)	**Location**
		area with forms links with specialist HEI
Theatre / performance	Space - **3/5,000** (300/500)	
Exhibition space	Space - **3/5,000** (300/500)	
Studio workshop facilities	Units - **100/200** (10/20)	

Appendix 2
Demand and Supply Report

2.1 Introduction

This section of the report is primarily concerned with providing a detailed picture of the demand and supply of commercial property within the City Growth Area. In order to provide some context to this information we have firstly summarised the key messages, which may have an effect on the property market, arising through the socio-demographic research carried out by Regeneris and the industry trends research carried out by Trends Business Research (TBR).

Before undertaking the supply and demand analysis we prepared a generic sub-section, which summarises example property requirements of the target sectors as identified by TBR, this information is only provided as a guide and is not intended to be prescriptive. The demand and supply information has been obtained through a variety of different sources including commercial property registers, documents provided by local authorities, property databases and more anecdotal information through conversations with regional development and inward investment agencies and local commercial agents.

2.2 Socio-demographics

The socio-economic baseline report carried out by Regeneris identified the following key strengths and weaknesses for Luton.

The key strengths are:

- The youthful population and high proportion of working age people;
- A significant minority of higher paid professional and managerial worker who live in the area but commute out of the area. Potential to encourage them to use their talents locally and start-up businesses closer to home;
- Strong demand for housing (low vacancy rates) and rapidly increasing, although still affordable, house prices;
- Luton has its own University and an above average proportion of adults who are fulltime students – this provides a potential source of employees and the development of a creative culture in the area; and
- Steady survival rates for those businesses that do start-up.

The key weaknesses are the:

- High rates of crime against property;
- Very low rates of business density and low rates of new business start-ups;
- Overall business survival rates are well below average for the region and England as a whole;
- Low rates of economic activity and employment amongst the important Asian community (who account for 20% of the CGS area population);
- Low wage rates and earnings levels which reflect the relatively low skilled nature of a lot of employment and dampen the local demand for good and services;
- Significant falls in private sector employment in the CGS area in recent years (although somewhat offset by growth at the Airport and surrounding areas); and
- Poor performance in skills levels with a large proportion of adults holding no qualifications at all.

2.3 Trends Analysis

This section looks to distinguish the major firms and significant industry clusters within the subject wards. Previous work carried out by Trends Business Research (TBR) measures relative concentrations of industry, the resultant figure is a Locational quotient (LQ).

The LQ figure measures concentration in the comparison with employment within a certain industry and total employment within the specified area, with national employment within the industry and total national employment. The work has recorded all industries with an LQ above 1.0, which was considered to be an above average concentration of employment.

The industry clusters in each of the city areas will consist both from sectors highlighted by TBR research and those offered through the number of consultations carried out by Jones Lang La Salle. Although these sectors will not solely guide our analysis they should be a major consideration when analysing supply and demand in the CG areas. It is these growth industries which will have the greatest demand for existing and future supply as their operations continue to expand.

The structure of industry has been established by Trends Business Research in the following table:

Cluster	IDBR		TCD				
	Firms	Employment	% firms increasing	% firms decreasing	% firms static	Number new firms	Birth rate (%)
Automotive	214	3356	6.34	8.45	85.21	7	5.00
Clothing	54	771	8.33	16.67	75	0	0
Construction	658	9153	10.17	5.51	84.32	18	5.03
Drink	37	2756	11.76	23.53	64.71	1	5.26
ICT	208	4454	23.81	4.76	71.43	4	3.96
Media	12	184	0	0	100	0	0
Medical/ pharma	62	1537	16.67	10	73.33	1	3.33
Retail	240	7233	10	3.33	86.67	12	11.21

This table indicates that construction is the most established industry in Luton with a total of 658 firms employing 9,153 people. Other significant industries in terms of size include, automotive, ICT and retail.

The industries showing the highest birth rate of new firms include retail (11.21%), drink (5.26%), construction (5.03%) and automotive (5%).

The following recognises the relative concentration of industry within Luton:

- Automotive (24.23 LQ);
- Clothing (109.77 LQ);
- Construction (27.92 LQ);
- Drink (62.77 LQ);
- ICT (61.14 LQ);
- Media (12.71 LQ);
- Medical/Pharma (9.42 LQ) and;
- Retail (24.25 LQ).

The LQ data illustrates a diverse market with several sectors showing high concentrations within the City Growth area.

Clothing shows the highest concentration within the Trends Analysis with the 'manufacture of hats' alone representing 93.28 LQ. The hat industry in Luton dates back to the 18th Century and is important to the town's heritage, although it is somewhat in decline today and is not seen as one of Luton's major growth industries.

Drink shows the second highest concentration with the 'manufacture of beer' representing 17.13 LQ within this category. The other major industry identified by this research is ICT with the manufacture of electronic industrial process control equipment' representing 21.93 LQ. Manufacturing can be identified as the major constituent within most of the industries documented within the Trends Analysis and according to information from the Annual Business Inquiry 2002, 17.2% of Luton's total employment population was involved in manufacturing.

Through consultations with Luton Borough Council and the East of England Development Agency (EEDA) the following industries were identified as growth clusters:

- Motorsports/Automotive;
- ICT;
- Electrical Engineering; and
- Film and Media / Creative Industries.

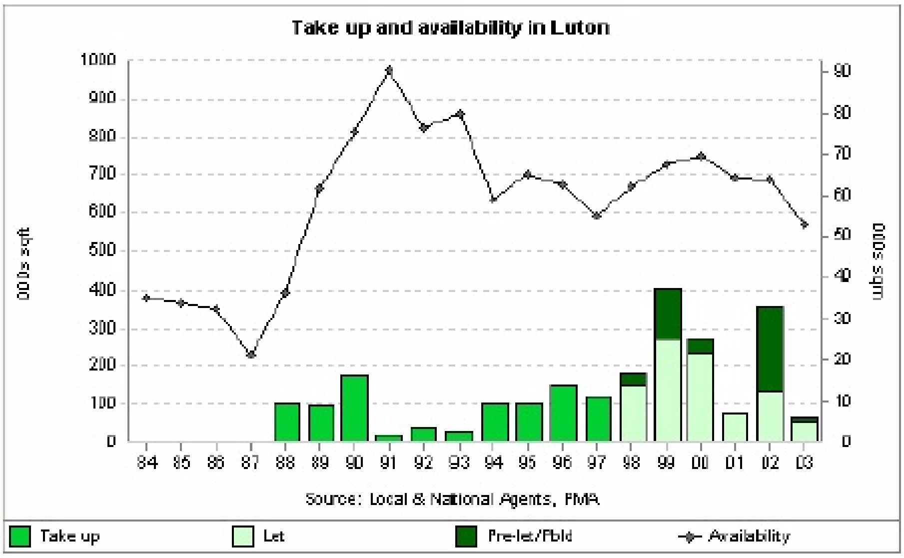
2.4 Overview of Areas within City Growth

Ward	Uses/Activities
Biscot	Residential area with housing and schools Britannia Trading Estate of more than 40 companies including Heinz, Kinlock Communications, H Schreiber Ltd, J P Hygiene Supplies and Riley Snooker. Selbourne Road Industrial Area where occupiers include Dairy Crest Ltd, TRW Steering Systems, Stephens Removals and Weathershield Windows. Caleb Close Estate (includes garages, removal firms etc)
Bramingham	Residential areas comprising 60/70s local authority housing, also retail and employment zones. Bramingham Business Park includes occupiers such as Aztech Business Centre, Barnfield Technology Centre, Homebase and M J Patterson (Scientific) Ltd. Barnfield College for Adult Education.
Challney	Residential area with housing and schools Central are comprises Cradock Road Industrial Estate, with more than 30 businesses including Duct Engineering, GT Drawing Services, Melborha Engineering Co Ltd, Premier Computer Supplies amongst others. M1 Junction 11 located in this ward.
Crawley	This holds Power Court, which is part of the town centre development framework. It also includes Thistle Road and Windmill Road and Pondwicks Road, which holds Measurement Technology Ltd, Ruston Electronics, Plumb Centre, Frank Ludlow Ltd, Creative Concepts & Exhibitions and many more.
Dallow	Mixed-use area comprising housing and retail together with more than 120 businesses. Cosgrove Way, Dallow Road, Laporte Way and Kingsway estates and the Portland Court Managed Workspaces are within this ward. Occupiers include N Balfour & Sons Ltd, Cesalpinia UK Ltd (food related), Micra Instruments, Stanbridge Precision Turned Parts Ltd, Gibbs & Dandy, Topps Tiles, Jewson Ltd, Watford Electronics (over 100 employees), SFS Performance, Deta Electrical Co Ltd, Bennet Mechanical Services, Aldi, B & Q Warehouse Plc.
Farley	Predominantly a medium density residential ward, close to Luton City Centre. Area of Great Landscape Value to the north of the ward. Poor transport links from this area into the town centre.
High Town	This includes the Hitchin Road, Holly St, Flowers & Langley Terrace industrial areas which encompasses Luton Metal Castings, Audio Mouldings and Stanbridge Precision Turned Parts. The main road through this area, High Town Road, has been pedestrianised.
Icknield	Residential area mainly composed of detached and semi detached housing. New Bedford Rd provides an important transport link to the City Centre.
Leagrave	Mainly residential including a number of schools.
Lewsey	Residential area containing mostly semi detached dwellings, and

	incorporating quite a lot of open, recreational space.
Limbury	Mainly residential.
Saints	Mainly residential.
Stopsley	Currently mainly Residential and Leisure/Open space. The land around Vale Cemetery and crematorium designated as a regeneration action area. Research and Development Technology Village at the Butterfield Site. To include a campus for post-graduate students and accommodation. Proposals for this area also include the implementation of a park and ride scheme.
Sundon Park	Mix of residential and employment. Large key employment area (more than 140 companies) comprising Willowgate Trading Estate, North Luton Trading Estate, Dencora Business Park, Park Avenue/Scott Road, Camford Way.

2.5 Assessment of Demand

2.5.1 Office Demand

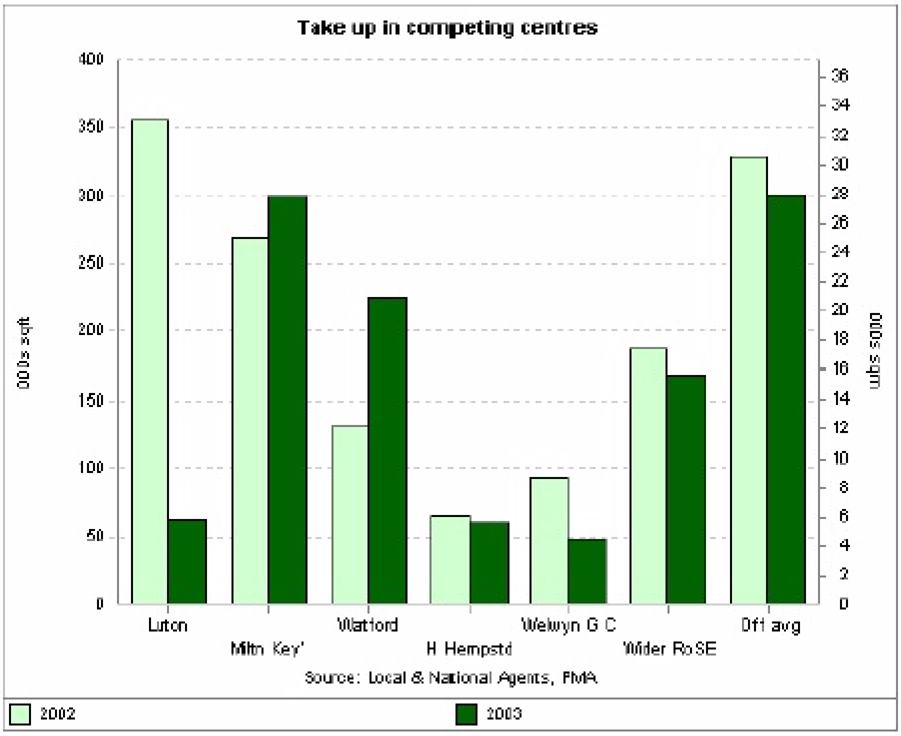


Source: Promis **Fig.1. Take up and availability**

As illustrated above take up for office space dipped to its lowest level in the early nineties. From 1996 the take-up rates saw growth to a peak in 1999 when 402,000 sq ft of space was let. Take up across other office locations peaked in 2000. Take up for the whole of Luton was estimated to be 63,000 sq ft for 2003, down by 82% from the 2002 figure of 356,000 sq ft.

The key driver of demand in Luton over the last five years to end-2003 has been manufacturing, accounting for over 50% of all take up. This is followed by Business Services at 24% and ICT at 11%. However, it is clear that the drivers of demand at the local level have changed significantly recently. If demand is analysed over the last year, the dominant sectors of demand have been Business Services at 42% of all take up, Manufacturing at 32% and Public Services at 20%. The importance of Manufacturing to take up in Luton reflects the continued role of the centre as a 'blue collar' town.

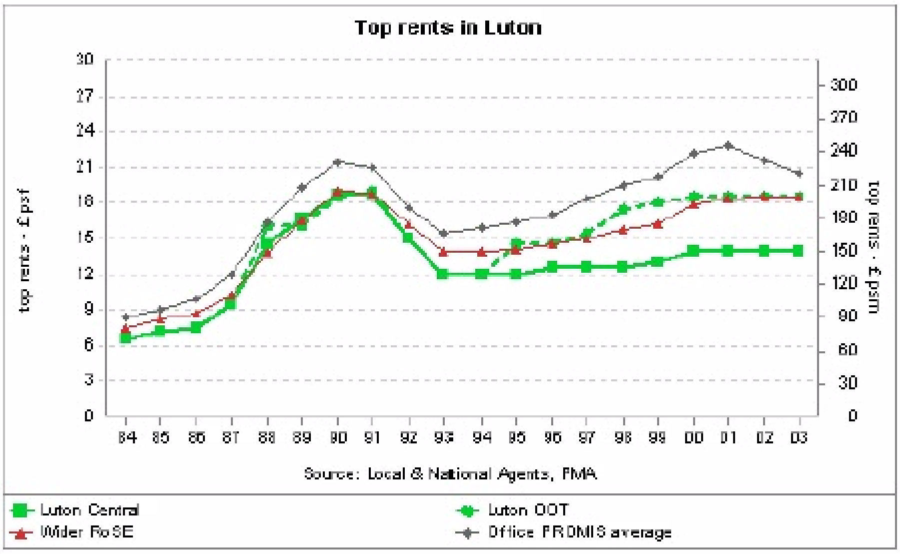
Pre-lets and purpose-builds in Luton have been relatively important over the last five years to end-2003. Such demand has averaged 79,000 sq ft pa, or 34% of total take up in the Luton market. Analysis of the demand for space in Luton by size over the last five years indicates there has been 1 deal over 100,000 sq ft, 3 deals of 50-100,000 sq ft and 5 deals of 25-50,000 sq ft. The majority of space taken over the last five years has been in units of over 25,000 sq ft. The out of town market dominates take up in Luton largely due to the availability of land and quality of space.



Source: Promis **Fig.2. Take-Up of Competing Centres**

The most immediate competition for demand comes from Milton Keynes and Watford, both show significantly higher levels of take up in 2003, this can be explained in part by the larger amount of stock in these more established office locations. The graph shows that take up in Luton in 2002 far exceeded these other locations and this can be accounted for by an exceptional deal of a 220,000 sq ft pre-sale to BAE Systems Avionics at Capability Green in October 2002.

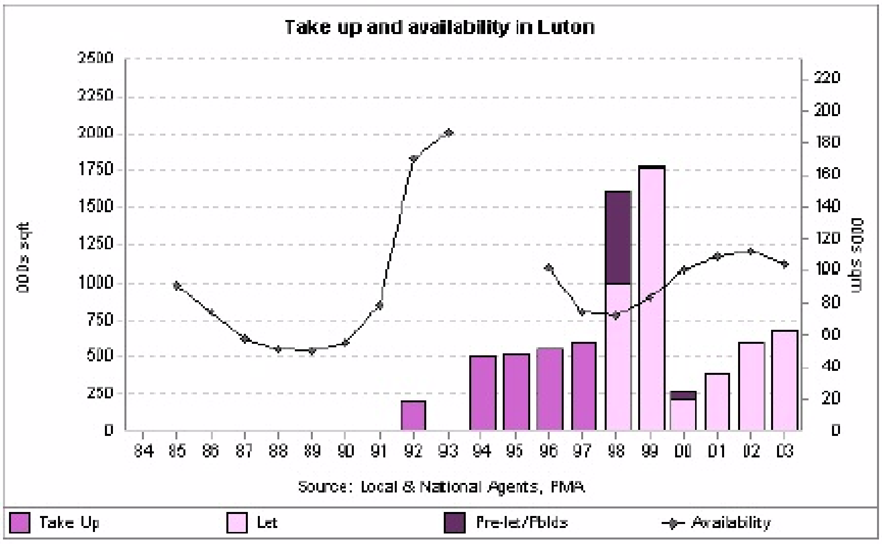
Anecdotal evidence has suggested that Luton may find it difficult to compete with these other locations as the town is unable provide the same types of accommodation as the other competing centres. We have been informed by Luton Borough Council that there is a fairly high level of demand for serviced accommodation but they are unable to meet demand.



Source: Promis **Fig.3. Rental Levels**

Top Office rents in Luton were reported to stand at £18.50 psf at end-2003, this was for out-of-town space. The top reported rent in the town centre market at end-2003 was a lower £14.00 psf. The top Office rents in the competing locations of Milton Keynes and Watford stood at £15 psf and £22.50 psf respectively.

2.5.2 Industrial Demand

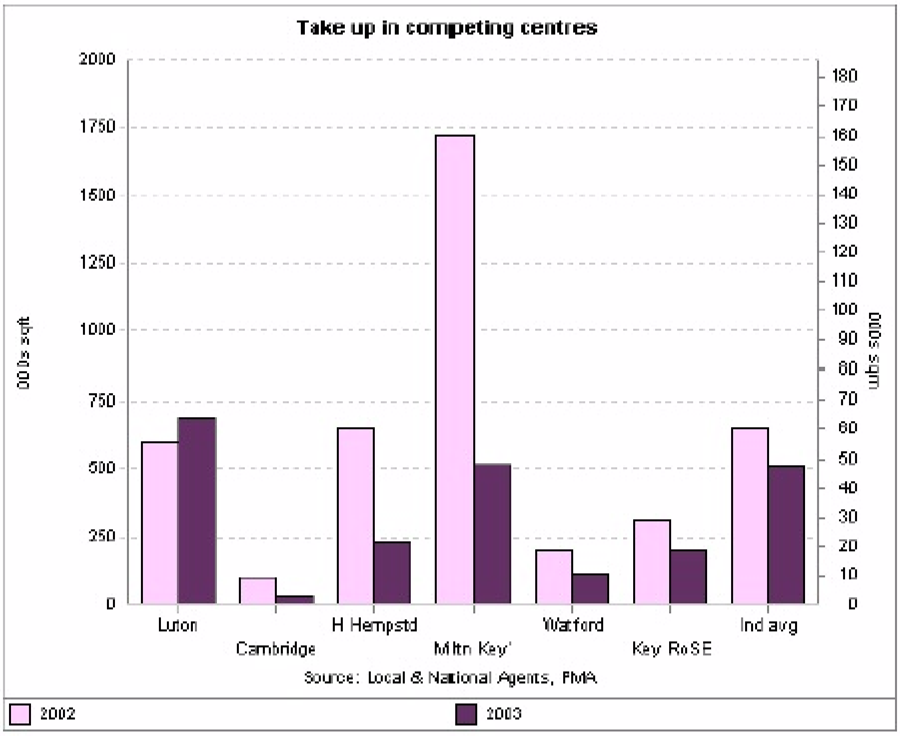


Source: Promis 2004 **Fig. 4. Industrial take up and availability in Luton**

Take up over the whole Luton area has steadily increased since 2000 to reach 690,000 sq ft in 2003. This compares with approximately 1.7 million sq ft in Milton Keynes and 200,000 sq ft in Watford as illustrated in Fig. 5. Take up in Luton was significantly higher in 1998 and 1999 compared to both previous and subsequent years. Over 1.5million sq ft of space was taken up in each of these two years.

However, these exceptional levels were largely attributable to a few very large flexible lettings on Woodside Industrial Estate which is outside the City Growth area.

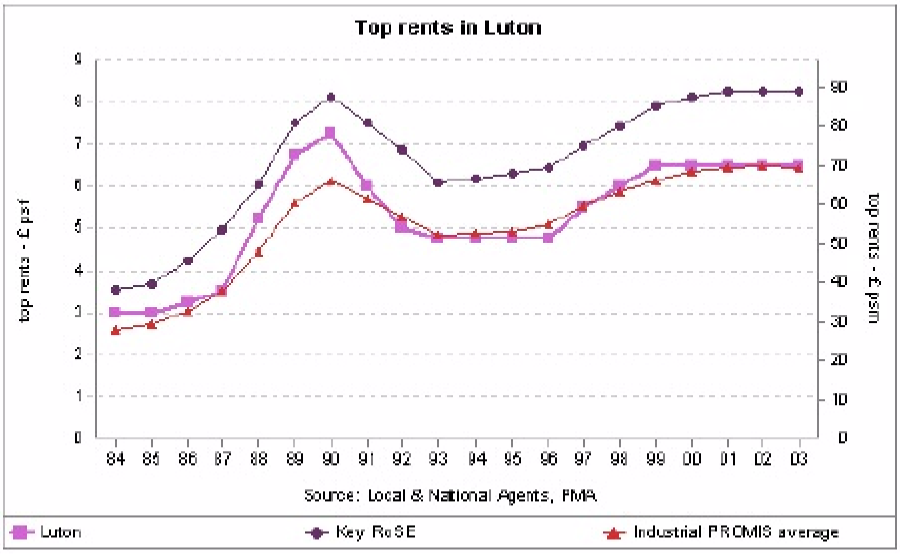
The availability figure throughout the measured period illustrates high levels of available industrial property in Luton. This raises the potential issue of either a lack of demand or a lack of quality in the supply.



Source: Promis 2004 **Fig.5. Take-Up in Competing Centres**

Anecdotal evidence from Luton Borough Council suggests that Luton finds it difficult to compete with areas such as Milton Keynes and South Beds as these other areas are able to offer larger units of 30,000 sq ft plus. Through our consultations, we have also been able to identify that Luton suffers from a perception problem where potential occupiers see Luton as being only of sub-regional importance, of poor quality and with insubstantial amenities.

We also understand there is also an issue of quality within Luton as a number of landlords who have been operating in the area for a number of years do not make an effort to modernise the properties they own to entice better quality tenants and investors.



Source: Promis 2004 **Fig.6. Top Industrial Rents**

Top industrial rents within Luton saw a steady rise from the mid nineties to a peak in 1999 of around £6.50 psf where levels have stabilised over the last 4 years. This rent is largely comparable with the competing location of Milton Keynes whereas top rents in Watford stand at around £8.75 psf.

Local agent S R Wood & Son detailed that current new build industrial rents of around 7,000 sq ft have reached £6.75 psf, whilst secondary property of around 10,000 sq ft commands rents of around £4.50-£5.00.

The major industrial area, excluding Capability Green and Luton Airport, is considered to be Dallow Road Industrial Estate. This estate is located to the west of the town centre in close proximity to junction 11 of the M1 Motorway.

2.5.3 Retail Demand

Town Centre retail floorspace is estimated at 0.99 million sq ft. Luton has an above average proportion of managed floorspace with around 53% of the total retail floorspace accounted for by the town's 1 managed shopping centre, the Arndale Centre.

Key retailers in Luton include BHs, Debenhams, Littlewoods, Marks & Spencer, Woolworths and Iceland.

In July 2004 there were 49 reported requirements for Luton against an average of 51 across all the retail centres monitored by PROMIS. This indicates that Luton has a slightly high level of demand for a town of its size and status.

According to the National Survey of Local Shopping Patterns, key competing towns include Milton Keynes, Watford, Bedford and Stevenage, whilst competition from out-of-town shopping centres comes primarily from Brent Cross.

Commercial agents in the area have estimated that prime retail rents in Luton are £175 psf ITZA.

2.6 Supply

This section comprises of the results of the land and property audit and consultations.

The supply identified to satisfy the needs of the growth industries falls under three categories to be discussed below:

- Existing Stock – details the total amount of stock within the Luton area
- Existing Vacant Supply – this details properties available to let
- Potential Future Supply – this details all significant development sites which could cater for new investment into the area or existing operators wishing to expand.

2.6.1 Existing Stock

According to PROMIS, Luton had an estimated office stock of 2.3 million sq ft at end-2003. The town has seen a relatively low level of development activity in recent years. Of the total office stock at end-2003, approximately 10% or 230,000 sq ft was completed since the end of 1999, and so can be considered "new". This compares with the Office PROMIS average of 15.1%. In the Luton market, around 19% of space developed over the last five years has been speculative, with 81% pre-let or purpose-built. Much of the office development since the late 1980s has been outside Luton town centre and these locations remain very much the focus of developer and occupier activity. New development in the town centre has been limited in recent years, although there has been some modernisation of existing stock.

PROMIS Industrial indicates that Luton had an estimated industrial stock of 16 million sq ft at end-2003, 68% of which is defined as factories and 32% as warehouses. The share of this total which has been built within the last 5 years is relatively low at 3.3% compared to 6.6% across the other PROMIS industrial centres.

When completions, demolitions and changes of use are combined, the industrial stock of Luton is estimated to have decreased over 20 years to the end-2003 by 16%. When this change in stock is analysed separately for factories and warehousing, the changes have been significantly different. The amount of factory stock has fallen by 27% while warehouse floorspace has increased by 21%. This is a significant increase which may be attributed to Luton's ability to attract transport and distribution firms due to its geographical location and good road, rail and air links. This expansion has been at the expense of factory stock, which saw above average decline.

Dallow Road is considered to be the premier industrial estate within the city growth area. This estate benefits from a good location in close proximity to the M1. There is a wide variety of accommodation on the estate with occupiers ranging from trade counters to heavy engineering. The estate also benefits from being close to the large areas of housing and therefore a ready workforce.

Sundon Industrial Park is a less favoured estate to the north of the town. SKF, a Swedish ball bearing firm, was previously a major occupier in this area. Sundon Park therefore comprises a large number of their old buildings which have subsequently been sub-divided to provide smaller units. This does not however make for ideal space and is one of the major reasons this park is not popular to firms looking to locate in Luton. Another reason is the estate's poor infrastructure as the links to the town and the M1 at junction 12 are poor and not ideal for heavy goods vehicles. This poor infrastructure for the northern areas of Luton may be relieved in the future with the proposed northern extension which aims to link the A5 bypass to the A6 and the A505. This would also provide a barrier for development north of Luton.

2.6.2 Employment Land

The gross area of employment land designated in the Local Plan is approximately 413 ha. The proposals map for the Second Deposit Draft Local Plan shows 292 ha of employment land within the city growth area, comprising the following sites:

Site	Area (Hectares)
North Luton Industrial Estate	16.18
Electrolux (remainder)	2.3
Waller Avenue (BT etc)	2.62
Selbourne Road	8.96
Chaul End Lane north	3.65
Chaul End Lane west	0.76
Laporte Way	16.40
Portland Road	4.36
Skimpot Road	8.38
Cosgrove Road	11.46
Dallow Road west	22.39
Dalroad Ind Estate	6.08
Power Court	7.23
Thistle Road	2.18
Manor Road	2.03
Osbourne Road	6.95

Kimpton Road north	4.10
Kimpton Road south	12.89
Sundon + Heron Trading Estate	43.55
Leagrave Road	9.76
Enterprise Way	4.91
Barratt Industrial Park	3.63
Wigmore Lane	1.79
Vauxhall Site	51.52
Butterfield	38.26
Total Hectares	**292.34**

Source: Luton Local Plan 2001-2011, Second Deposit Draft, February 2004.

2.6.3 Existing Vacant Supply

The most recent edition of the Commercial Property Register for Luton (July – August 2004) produced by Luton Borough Council shows the following vacancy levels:

Industrial – 77,090 sq m (829,781 sq ft) + 1.88 ha vacant land (4.65 acres)

Office – 39,880 sq m (429,272 sq ft)

The details recorded in the Commercial Property Register may be incomplete as it relies upon information provided by agents. The data may also be incomplete where a range of sizes of accommodation is on offer at one address, and the range given rather than the total available area. The premises referred to in the register are generally ready and available, suitable for occupation and as such largely represent general market turnover rather than long-term vacant stock.

Longer term vacancies are recorded in the National Land Use Database (NLUD). Sites over the minimum size of 0.25ha, which have been vacant for at least one year, are recorded. The Employment Land Topic Paper produced by Luton Borough Council lists those sites detailed in the NLUD return up to April 2003 which were either vacant of derelict and have an industrial or commercial previous use. This list is set out below:

Site	**Area (ha)**	**NLUD Land Type**	**Planning Status (July 2004)**
Hartwell Ford, Chaul End Lane	1.456	Previously developed land (PDL) now vacant	Resolution to grant permission for mixed use scheme subject to referral to Secretary of State under Shopping Direction
Derelict Site, South side Concorde Street	0.6	Derelict Land and Buildings	Under development as a community centre.
13-31 Dunstable Road	0.285	PDL now vacant	Planning permission for housing

Adj B&Q, Laportes Phase 4, Dallow Road	1.47	Derelict Land and Buildings	Resolution to grant planning permission for mixed use B1/B2 and retail scheme subject to referral to Secretary of State under Shopping Direction
117A Gardenia Avenue	0.328	Derelict Land and Buildings	Under construction for housing
Development land at and around 142 Old Bedford Road	0.36	Derelict Land and Buildings	Under construction for housing
Total	4.499		

Source: LBC Employment Land Topic Paper July 2004 (NLUD - April 2003)

Since April 2003 the 23ha Vauxhall site has also been included although we understand this has now been bought by a private regeneration specialist who has plans to develop the site out as a mixed use scheme. All sites listed are now under construction or have planning permission for alternative uses and are therefore no longer available for employment use. The fact that all the vacant sites identified 18 months ago have now been taken up or committed to other uses clearly indicates that there is pressure for the development of employment land for other uses.

2.6.4 Employment Land Completions and Under Construction

Luton Borough Council's Employment Land Topic Paper indicates that between January 2001 and July 2004, 15.89ha were developed for employment uses (for applications submitted up to Jan 1st 2004). Over the same period 22.9ha were lost to other uses, with 2.41 ha under construction for other uses. This totals a net loss of 9.42ha from completions and premises under construction.

2.6.5 Losses of Employment Land

Since 1990 the Employment Land Topic Paper reports a number of significant losses from employment land to other uses with the majority to housing. The Luton Local Plan, Second Deposit Draft reallocates a further 3.5ha of employment land to housing. The trend over 10 years to 2001 shows that for every hectare of employment land developed, a roughly equivalent amount is lost to other uses.

2.6.6 Potential Future Supply

Within the supply discussed above the following sites represent some of the major opportunities for new employment development within Luton:

Power Court - this site is located to the north eastern side of the town centre and is an important development opportunity where a retail-led mixed use scheme is envisaged although a planning application has not yet been submitted.

Butterfield Green Site – located to the east of the town centre this 41 hectare site adjacent to the A505 is viewed as the preferred choice for Science Park developments due to its proximity to Royston and Cambridge. A masterplan of the area has concluded the best use of this area is a combination of University Campus, Innovation Centre where firms can locate with the university to share facilities and develop new ideas, technology village for small and medium sized firms who have developed beyond the accommodation in the Innovation Centre, hotel, park and ride facility and extension to The Vale cemetery. Easter Developments has just begun the first phase infrastructure works for this 1 million sq ft (92,900 sq m) scheme.

Hat Factory District – this area lies between the rear of the Arndale Centre and the Station. Regeneration work has begun with a former rundown warehouse on John Street being transformed into luxury flats by Conack Homes.

Central Area – We understand that consultants are currently in the process of preparing a Master Plan and Development Framework to set out how this area can be developed to its full potential. Areas which have been identified for improvement include the Gap Site in St George's Square, the Cultural Quarter and the Northern Gateway

Former Vauxhall Site – this 55 acre site which has been identified as the most important in the borough has recently been purchased by Roxylight and Laing O'Rourke. This site has been precluded from B8 warehouse/distribution uses and we are informed that proposals for the site are likely to include mass demolition and development of a mixed use scheme to include a retail DIY store, housing and employment.

Appendix 3 – Signposting

The following is a list of contacts or sources, which have been used to compile the evidence base included in Appendix 2. This will provide a reference or signposting document for CG teams when taking the strategy forward.

Market / Agency contacts – Provided information on property conditions within the localised CG areas detailing rents, yields and the quantity and quality of stock.

- S R Wood & Son Ltd, tel: 01582 401221, web: www.srwood.co.uk
- Lambert Smith Hampton, tel: 01582 450444, web: www.lsh.co.uk

Regional Development Agency Contacts – Informed on regional industry priorities detailing the needs of each sector.

- Lucy Kemp – Innovation Project Assistant, East of England Development Agency – 01223 200837, e-mail – lucykemp@eeda.org.uk

Local Authority Contacts – Provided data and information on the availability of employment land and Strategic sites within each CG area.

- Mena Kaur – Luton Borough Council, e-mail: kaurm@luton.gov.uk
- Kevin Owen – Luton Borough Council, Team Leader, Regional Plans e-mail: owenk@luton.gov.uk
- Graeme Markland – Luton Borough Council, e-mail: marklandg@luton.gov.uk
- Paul Barton – Luton Borough Council, Team Leader, Research and Intelligence Team, e-mail bartonp@luton.gov.uk