HAMPSHIRE COMMERCIAL LAND SUPPLY 2020

This research provides an update on the quantitative supply position of land across Hampshire (including Southampton and Portsmouth) for the period 1 April to 30 September 2020 utilising the monitoring and analysis undertaken by Hampshire County Council's Land Supply Team.

KEY FINDINGS

Significant short term decrease in permissions for the period April-September 2020, representing the lowest recorded over the past 5 years

Historic data suggests that previous economic shocks have had a time lag before significant drops in completions

Lockdown appeared to have limited impact on construction activity slowed rather than stopped

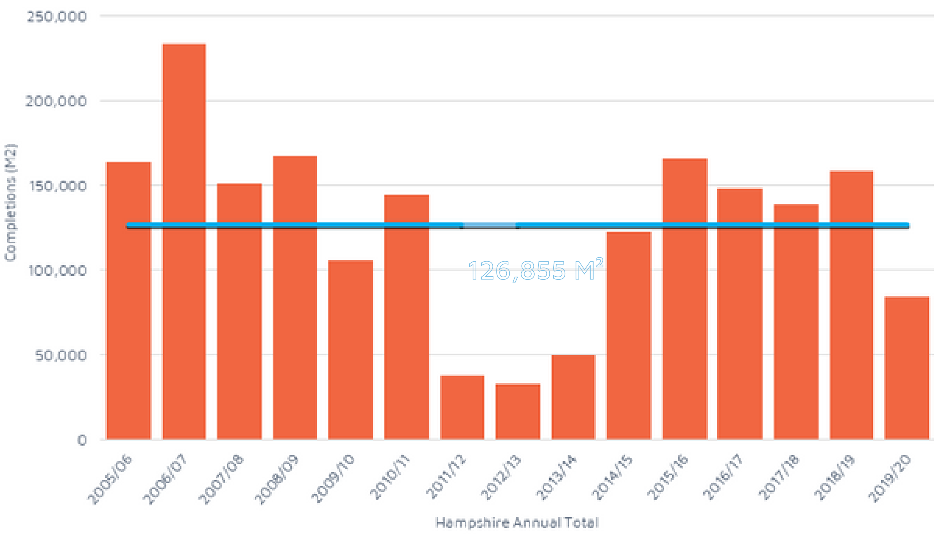
THE PICTURE PRE-2020

126,855 M²

of new office and industrial floorspace per annum, on average, was developed in Hampshire during the period 2005-2020

In recent years there have been structural changes in the economy which have resulted in notable changes to the way in which commercial land is occupied. Indeed, many previous commercial sites have been redeveloped for housing. This report focuses on the direct development activity relating to the provision of additional employment floorspace ('gross'), rather than also considering the losses of floorspace ('net'). During the period 2005-2020, an average of 126,855m2 of new employment floorspace per annum was developed in Hampshire,as illustrated in figure 1 below. Figure 1 also illustrates particularly low completions in 2011-12 of approx. 38,000m2 and approximately 32,000m2 in 2012-13 which are the lowest recorded by HCC in any one year since the start of monitoring in the 1980s. This can be attributed to a lag to the full impact of the Dec.07 to Jun.09 recession, following a similar pattern to previous economic shocks. This may assist in providing us with a possible scenario of what may happen this time around.

Figure 1 - Office and Industrial Completions (Gross B1, B2, B8)

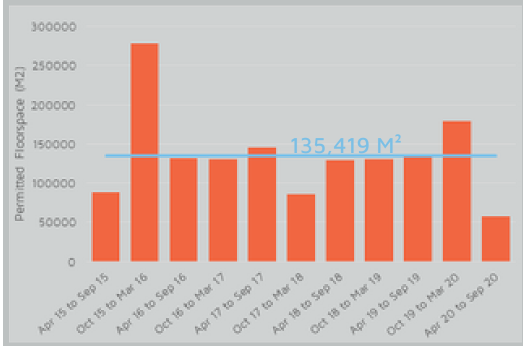


THE EMERGING 2020 PICTURE

Figures 2, 3 and 4 that follow shows planning permissions granted by local planning authorities throughout Hampshire on sites of over 200m2 for commercial use in 6 month periods since 2015 helping establish the emerging picture of 2020. With some level of variation through the time period, the graph shows a significant drop in permissions granted for the period April-September 2020, representing the lowest within the 5 year timescale. This may reflect the impact of the global pandemic, the appetite and ability of developers and applicants to progress applications as well as implications of the physical closure of local planning authority offices.

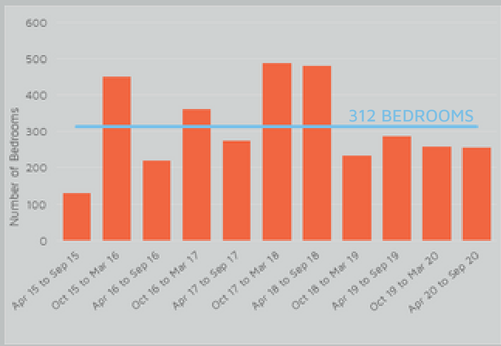
Permissions (2015 - 2020)

Figure 2 - Industrial and Office



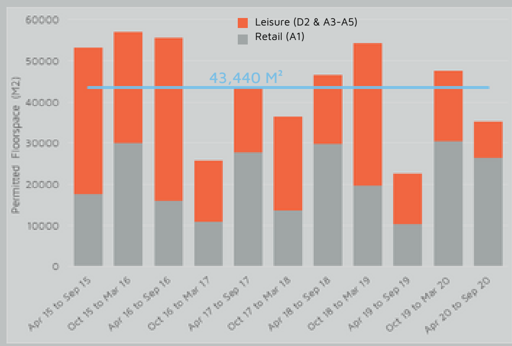
The five-year average for industrial and office permissions granted in any sixth month period stands at 135,419 m2. Permissions in the most recent survey period is 57,148 m2 which represents 42% of the five-year average.

Figure 3 - Hotel



The five-year average for hotel bedrooms permissions, granted at any 6 month period, stands at 312 bedrooms. Permissions in the most recent survey period is 257 bedrooms which represents 82% of the five-year average.

Figure 4 - Retail and Leisure



The five-year average for retail and leisure permissions stands at 43,440 m2. Permissions in the most recent survey period is 35,179m2. This represents 81% of the five-year average, with the majority of permissions being in the retail sector.

2020 SECTOR PROGRESSION

The sector progression data represents the observations of officers following site visits across 27 key sites as of 30 September 2020. The survey helps reveal their progress since 1 April 2020 when previously visited. The figures demonstrate that the first lockdown period did not have a significant impact upon the overall rate of construction works with most sites continuing throughout or restarting by the time of the site visit.

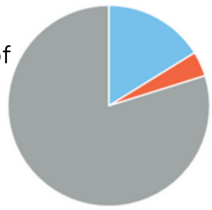
Legend (Floorspace M2)

- Completed
- Under construction (30/09/20)
- Not started (30/09/20)

Office

Of the 27 major sites identified for further survey, six were predominantly office. Of these, one scheme was observed as under construction during this period in Basing View, Basingstoke (11,054 m2) and the other five schemes remain either not started or commenced but not progressed (totalling 31,462 M2). There has been so little B1a development in progress on the 27 sites throughout the monitoring period that any trends are difficult to establish - other than to note that where development has progressed, these have been facilitated by pre-lets e.g. Eli Lilly at Basingstoke.

Industrial



The research shows that of the sites surveyed, 16% (71,851 M2) of industrial floorspace was completed between April and September 2020, with 4% still under construction as of 30th September 2020. Over 70% of schemes observed through the survey continued construction during the pandemic, many at pace for example Adanac Park, Test Valley and Concorde Park, Fareham (Winchester City Council).

Hotels

Three hotel developments in the survey sample were registered; Fleet Road, Hart 71 bedrooms, Travelodge, Portsmouth 152 bedrooms, Village Hotel, Eastleigh 153 bedrooms. All 376 hotel bedrooms were under construction at 30/09/2020.

Retail and Leisure

The survey showed six retail and leisure schemes with Lidl Southampton completing (2,125M2) representing the only retail floorspace of the sites visited that was observed to have completed during the pandemic, highlighting some of the sector challenges. Sites under construction (12,062 M2) consisted of another Lidl unit in Southampton at Bargain Farm, Nursling and Winchester Sport and Leisure Centre with the remaining floorspace registered as not started (13,310 M2).

CONTACT

Rob Marshall
Senior Officer, Land Supply
Rob.Marshall@hants.gov.uk

Andrew Lubman
Senior Officer, Regeneration and Development
Andrew.Lubman@hants.gov.uk

METHODOLOGY

For the purposes of this report, a snapshot of progress on a sample of 27 of the major commercial sites in Hampshire was undertaken on 30th September 2020. The criteria for inclusion in the survey are; gross floorspace over 2,000m2 and full or detailed planning consent, construction works were underway at previous quarter survey on 1st April 2020, or the site was cleared/made accessible for immediate commencement of works, or redevelopment sites where works have yet to commence.

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