

# Employment Land Study 2020

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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. This report provides the 2020 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) 2020.

## 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 was 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, supporting them as sustainable centres and are not of a scale and cumulative impact that would undermine the vitality of the Main Centres. Outside of the Centres, these uses are supported in principle at the KIEA at La Villiaze, St Saviours, on redundant glasshouse sites, on 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).

### Government Work Plan, 2021-2025

2.1.12 The Government Work Plan sets out a number of priority recovery actions, many of which will have direct or indirect impacts on office, industry and storage & distribution sectors. The following are the most relevant workstreams identified:

- Invest in the finance sector;
- Accelerate the digital economy;
- Unlock enterprise and
- Enable opportunities for regeneration

2.1.13 The Committee for Economic Development (CfED) working alongside other States Committees and with external partners will lead on different elements of this work plan. It is expected further details of priority workstreams to emerge over the coming period.

## 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>1</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.

	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 a full Development Plan review.

<sup>1</sup> [Available to download from www.gov.gg/planningpolicy](http://www.gov.gg/planningpolicy)

- 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 future 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 8 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 8 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 November 2020 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 for the requirements of:
- 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 2020 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 25<sup>th</sup> of November 2020, 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 office quality audit and the performance and effectiveness of the IDP policies relating to the office, industry and storage/distribution sectors. The workshop examined the results of the draft office quality audit to reach a consensus on the definitions of prime, secondary and tertiary office accommodation and the current office portfolio.



## 4 Profile of Offices

### 4.1 Amount of office premises

- 4.1.1 Over the last 8 years, there has been a slight (4.3%) decrease in the overall office stock in the Island with 356 premises providing 260,540m<sup>2</sup> of accommodation located on 172,063m<sup>2</sup> of land in December 2020. Changes to the profile of the stock in relation to the size, number and location of premises are set out below.

### 4.2 Number and Size profile of offices

- 4.2.1 Figure 4.1 shows that, based on the data between 2012-2020, the majority of the Island's office premises remain small scale (under 250m<sup>2</sup>), with the number of this size of premises moderately increasing compared to the baseline position in 2012. Overall, as Figures 4.2 and 4.3 show, within the same time period there the number of premises over 3,000m<sup>2</sup> has decreased slightly but still accounts for the majority of the Island total office floorspace (38%).

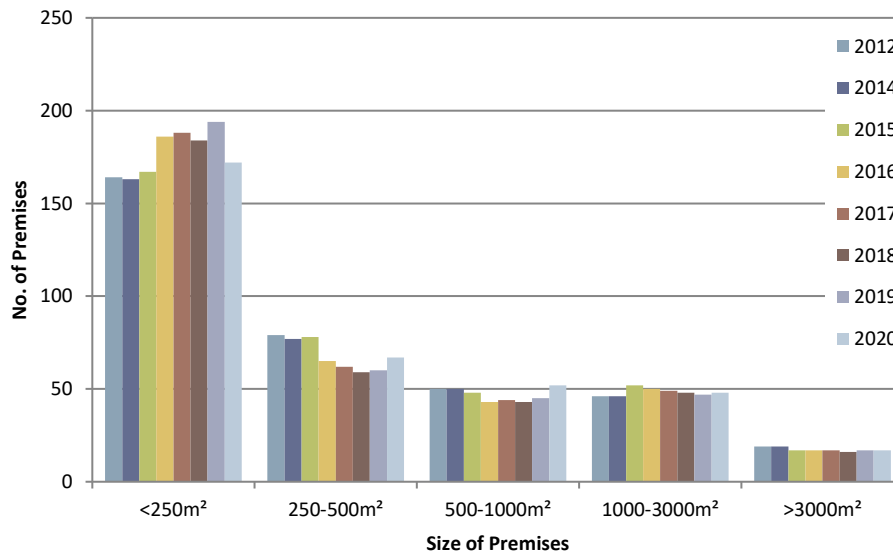
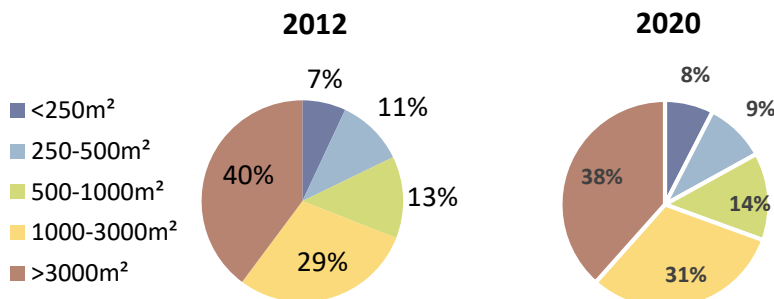


Figure 4.1 Number of office premises in each size category (2012 to 2020)



Figures 4.2 and 4.3 Area of office premises in each size category (2012 & 2020).

### 4.3 Location profile of offices

- 4.3.1 The ELS 2018 update report presented information for the first time on the location of offices by Main Centres (Inner & Outer), Local Centres and Outside of the Centres and assessed in the context of the States agreed spatial strategy. **Figure 4.4** shows that the Main Centre of St Peter Port is the primary location for offices (88%), with the majority of this accommodation 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 3,000m<sup>2</sup> 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 (5%) 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, primarily situated in response to customer requirements. The largest offices are those of Guernsey Electricity located on the first floor of its premises on North Quay, located as such due to their close proximity to power station operations

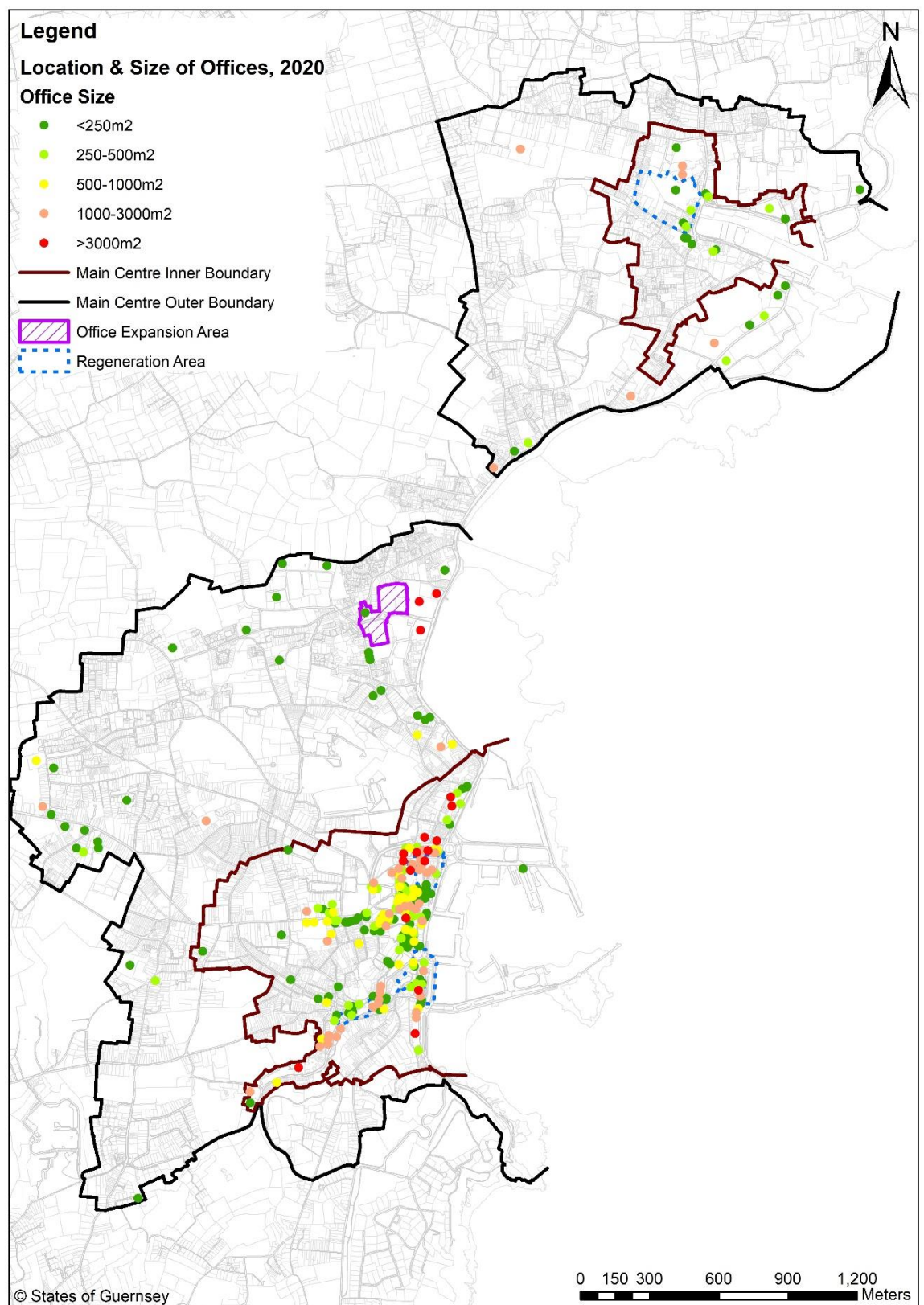
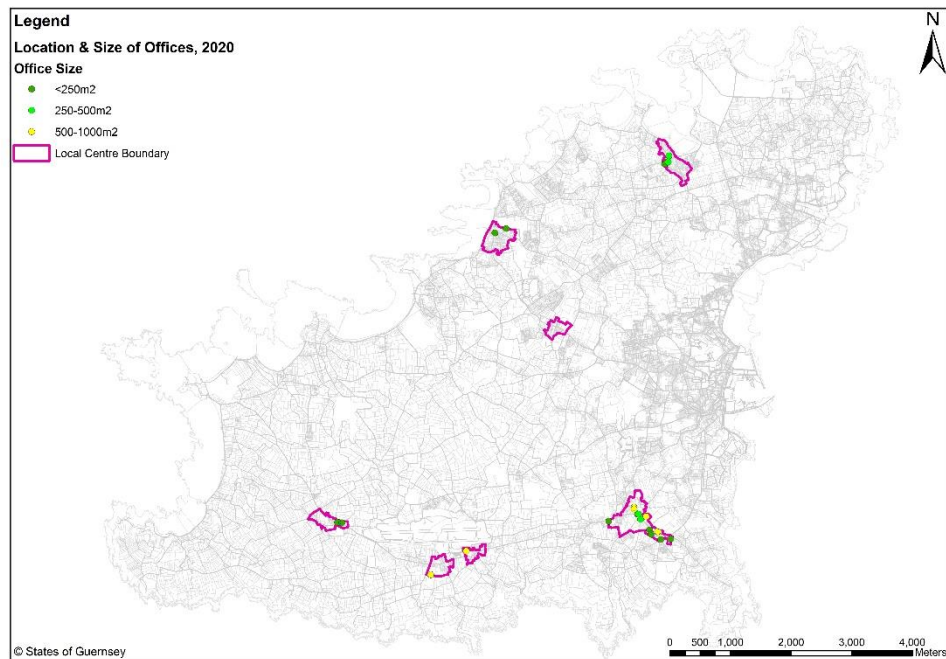


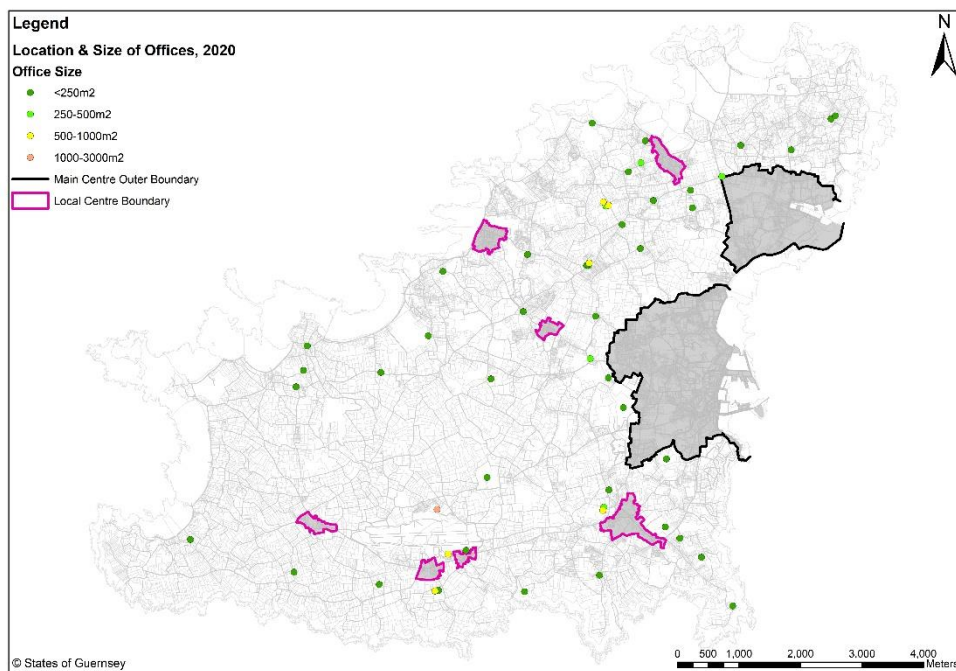
Figure 4.4 Map showing the location of office accommodation by Main Centre, 2020

- 4.3.4 There is limited provision of offices within the Local Centres (2.9%), 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, 2020**

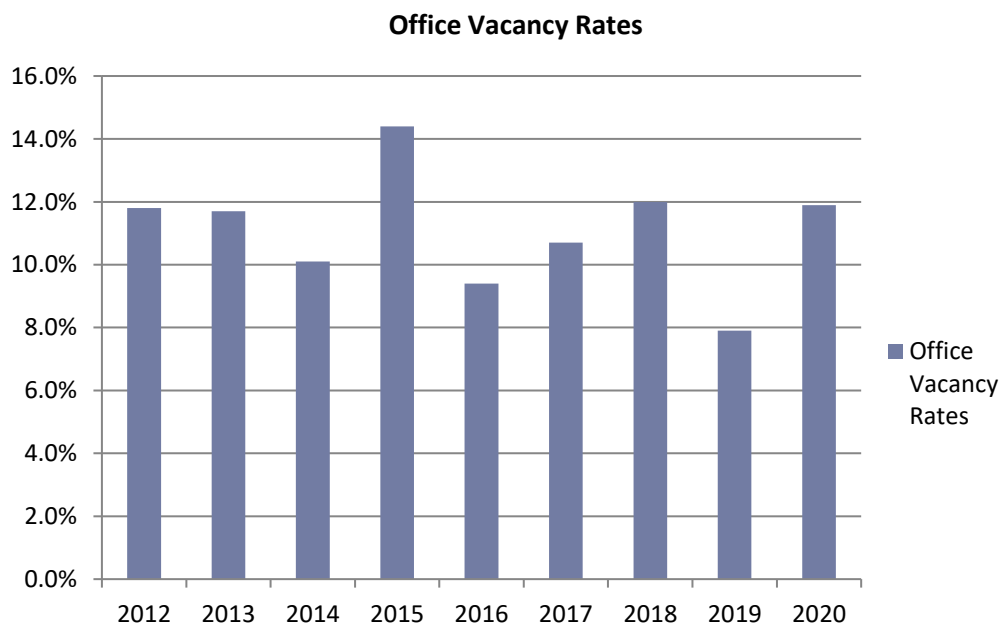
- 4.3.5 There is very limited provision of offices Outside of the Centres (3.8%), as shown on [Figure 4.6](#) below. The majority of this accommodation is small scale and below 250m<sup>2</sup>, suggesting this location represents offices for home working rather than standalone units.
- 4.3.6 Overall there has been little change to the location of offices over the last 8 years.



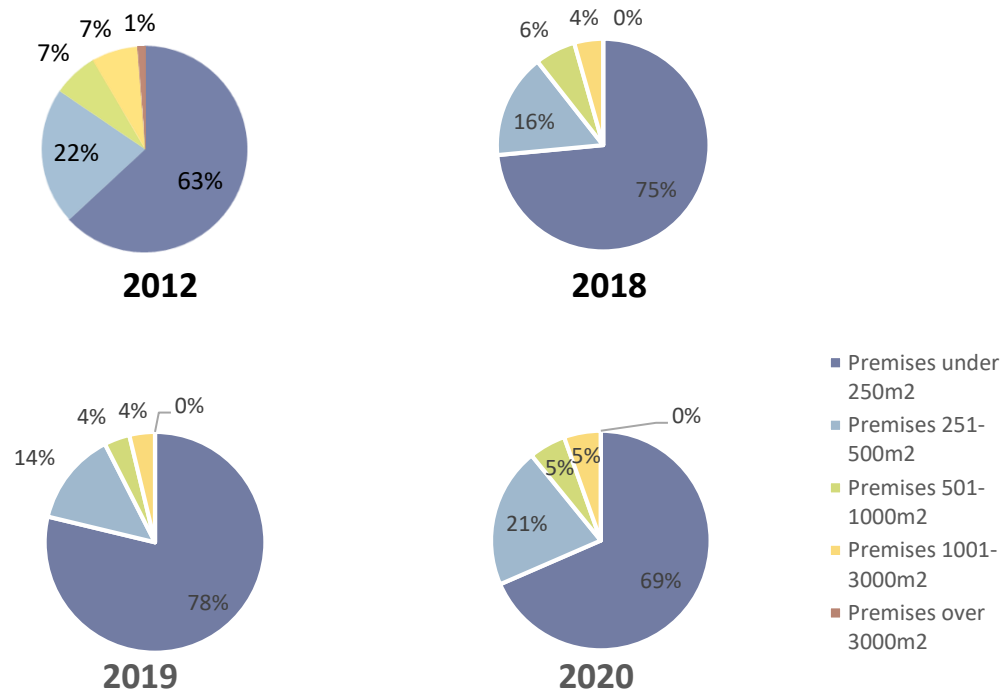
**Figure 4.6 Map Showing the location of office accommodation Outside of the Centres, 2020**

#### 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 2020 and a workshop on 25<sup>th</sup> November 2020 held with representatives from commercial organisations and commercial property agents.
- 4.4.3 In December 2020, 92 office premises were available to let (24,978m<sup>2</sup>) and 12 office premises were available for purchase (7,140m<sup>2</sup>), making a total of 32,118m<sup>2</sup> of office accommodation available or an estimated 12.3% of the Island's total stock. Overall this represents a comparable to 2018 and the baseline in 2012 and return to normal levels of marketed premises following a 4% drop in 2019. During 2019, while the level of small-scale offices being marketed remained stable, there was drop in availability of offices to let or to purchase across all other size categories. For 2020, the full impact of Covid 19 on the sector and increased working from home is not yet known.

**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 2020, similar to 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, 2018, 2019 and 2020

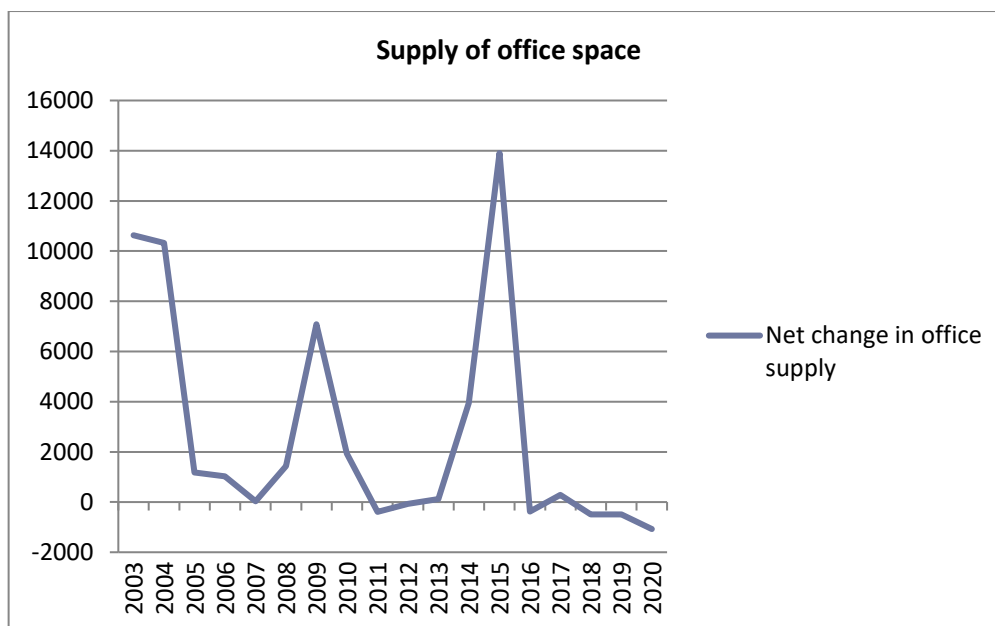
- 4.4.5 Of the 92 office premises to let, 32 had been marketed for more than 12 months. Of the premises being marketed for more than a year, 29 of the 32 had been marketed for over 18 months and 87.5% were small scale units under 250m<sup>2</sup>. The length of time on the market combined with the indicated market demand for small to medium units, suggests that this stock may not be capable of being upgraded to modern needs and should be considered for release from the portfolio.
- 4.4.6 Interestingly while there were mid to large scale units marketed, the majority of the 60 premises placed onto the market during 2020 were small scale.
- 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 confirmed in the November 2020 workshop there is still 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.



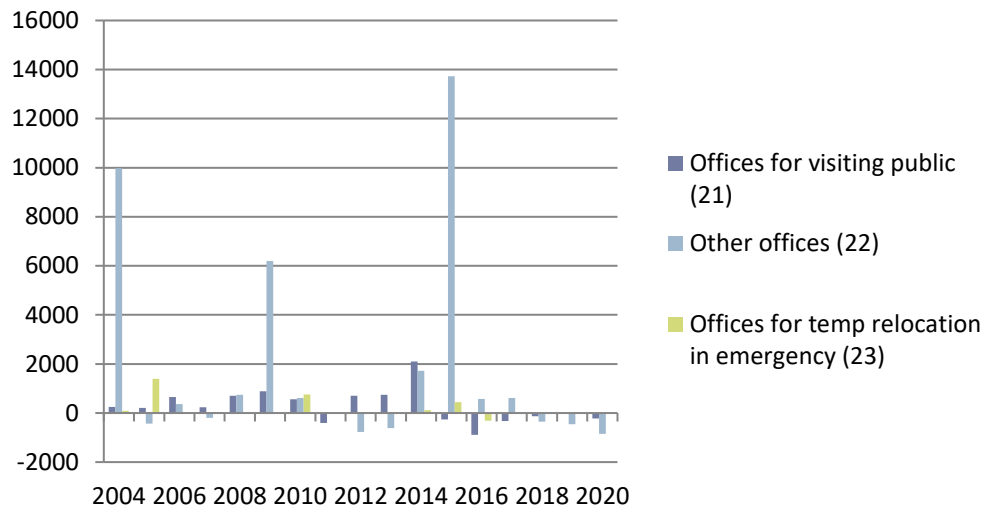
- 4.5.2 As the ELS (2014) reported, planning permission has been given for a net increase of approximately 33,000m<sup>2</sup> across all types of office space between 2003 and 2012. Planning consent for office floorspace peaked in years when there were a few large office developments permitted as part of mixed use re-development schemes, such as Admiral Park in 2004 and Gategny Esplanade in 2003 and 2009.
- 4.5.3 As shown in Figure 4.11 below, the level of supply during 2019 and 2020 is linked to the erratic nature of supply, with previous significant gains linked to single large sites coming forward. Over the last 8 years, the supply of offices through the planning system amounts to c.21,378m<sup>2</sup>. A significant permission in recent times is the site at Admiral Park, which falls within the Admiral Park Office Expansion Area in the IDP. Of note, the revised approved scheme at Admiral Park (2018) has come forward and is currently under construction, recorded in Figure 4.11 in 2015 at the time of the outline permission stage. During 2019 there was significant activity in the office sector with permission granted for a new large scale offices (2,485m<sup>2</sup>) at Rue Marguerite in St Peter Port and the notable loss of large scale office accommodation (-4355m<sup>2</sup>) at the Royal Bank of Canada site at Upland Road in St Peter Port. The loss of offices at Royal Bank of Canada site was allowed under Policy S5 on a Site of Strategic Importance as the case was made to use the site for Educational purposes alongside the adjoining Elizabeth College. Other applications over the 2 years, especially during 2020, show a decline in office accommodation albeit mainly from changes in small scale units as encouraged by the planning policy framework.



**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 8 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 2015-2020. The only significant increase in general office (Use Classes 16) relates to the sites at Admiral Park and Rue Marguerite, the latter being countered by the loss at the Royal Bank of Canada site in 2019.





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

- 4.5.5 A review of the planning applications during the last 2 years does not indicate any potential policy issue in relation to the office sector.
- 4.5.6 With a longer-term aim to maintain an appropriate portfolio of office stock within the Main Centres and facilitating economic growth, it is positive to note the delivery of significant additional office accommodation to the portfolio within the Office Expansion Area referred to above and Rue Marguerite. 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 potential 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 may pose 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, 2020]. 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 8 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 and now a global pandemic. Over the last 8 years finance sector output has broadly stabilised, increasing slightly, 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, proposal is under construction 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 2016 (11%) and very low levels of activity during 2012, 2013 and 2015 as shown in [Figure 4.13](#) below. The usual level of market activity appears to be in the 5-6% take up rates, mainly from letting rather than sales. Both 2019 and 2020 have continued this level in take up of offices despite Covid 19.

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
2019	151,376	5.5	19,617	0.7	6.2
2020	128,015	4.6	39,705	1.4	6.0

**Figure 4.13 Take up rates for office accommodation over last 8 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 (2018); 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 that are becoming more important but usually compromised in Guernsey due to the lack of choice. Agents did highlight the changing nature of the workforce, with increasing numbers working from home and potential requirements changing to reduce space with different set ups. Recent and planned refurbishments are changing the internal layout of premises with greater focus on staff areas and facilities for their health and wellbeing. 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.
- 4.7.2 Covid 19 highlights the potential change to future requirements. For example the need to accommodate social distancing within the office moving forward and also a potential move away from hot desking. The impact of Covid 19 and future potential pandemics is likely to have a lasting impact on the choice of premises for the future.
- 4.7.3 Feedback from the agents and research indicates primary offices achieving rents in excess of £35 per sq.ft, secondary offices achieving £25 to £35 per sq.ft. and tertiary offices below £25 per sq.ft. As agreed under the office quality audit (2020), price encapsulates and acts as a

marker for all the factors influencing office requirements. Achieving higher rents than Jersey is considered to be due to a lack of choice in the market and also the 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 the 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.

## 4.8 Trends in office based employment

- 4.8.1 Overall it is noted that given the level of uncertainty around Covid 19 and Brexit, it is difficult to predict the future requirements for office space. The impact of Covid 19 has brought uncertainty to the market and it is recognised that full impact of Covid 19 has yet to play out in the sector. Further investigations are needed to understand the impact on the future needs of the sector.
- 4.8.2 In the short to medium term, the agents indicate the requirement for additional large floor plate high quality office accommodation. This demand is being partially satisfied by recent permissions at Admiral Park and Rue Marguerite.
- 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.
- 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 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.
- 4.8.7 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.
- 4.8.8 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).

- 4.8.9 Trends in office accommodation should inform the review of the recommended office portfolio in section 6.1-6.3 and in turn the review of planning policies related to employment land supply.

#### 4.7 Key messages for office accommodation

- 260,540m<sup>2</sup> office accommodation in 356 premises, located on 172,063m<sup>2</sup> of land. This represents approx. 4.3% decrease in office accommodation since 2012.
- Majority of premises are under 250m<sup>2</sup> (48%). This represents a 2% 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 (88%), with minor concentration in the Bridge.
- Business Services sector continues to grow, while finance sector is broadly stable over last 8 years.
- Office vacancy rates decreased to lowest recorded level of 7.9% in 2019, only to return to 12.3% in 2020. The current level is comparable with 12% in 2018, 11.1% of stock in 2014 and 10.6% in 2017.
- Noticeable increase in take up of office premises from the market during 2016 (11%), especially in smaller units (<250m<sup>2</sup>) and very low levels of activity during 2012, 2013 and 2015. The usual level of market activity appears to be in the region of 5-6% take up rates, mainly from letting rather than sales. Both 2019 and 2020 activity has continued this general level in take up of offices despite Covid 19.
- 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>). 34.6% of the stock available to the market has been marketed for more than a year.
- Supply of offices through the planning system over last 8 years amounts to c.21,485m<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. Covid 19 is expected to impact on future requirements.
- Overall it is noted that given the level of uncertainty around Covid 19 and full impacts of 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. Going forward, agile working and improvements in technology may reduce the overall demand for new space.
- 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

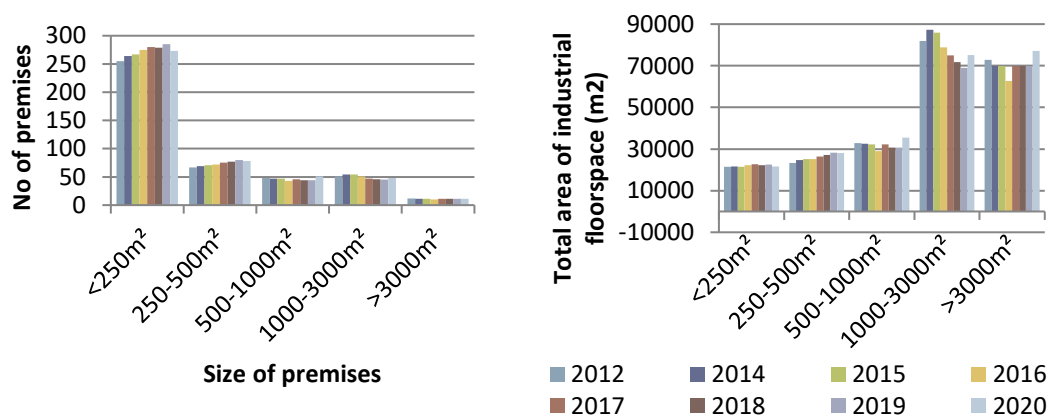
## 5 Profile of industry, storage & distribution

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

- 5.1.1 In 2020, there was a total of 237,457m<sup>2</sup> industrial floorspace in Guernsey in 461 premises, located on 1,563,366m<sup>2</sup> of land. This represents approx. an additional 7.2% increase on floorspace since 2018 and an overall 2.2% increase in industrial premises since 2012. Industrial land gains of 2017 have been reduced and now represent a net gain since 2012 of 0.59% of industrial land.
- 5.1.2 Over the last 8 years, there has been a 1.44% decrease in storage premises together with a notable gain of 22.7% of land in the Island with 233 premises providing 181,163m<sup>2</sup> of accommodation located on 415,125m<sup>2</sup> of land in December 2020.
- 5.1.3 The key changes in relation to the size, number and location of premises is set out in the 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, [Figure 5.1](#) shows that the largest proportion (59%) of industrial premises in 2020 were less than 250m<sup>2</sup> in floorspace, accounting for 9% of the total area of industrial floorspace on the Island. Over the last 8 years, there has been an increase in the numbers of premises under 250m<sup>2</sup> and between 250-500m<sup>2</sup> with the remaining other size categories similar to the baseline position.
- 5.2.2 The largest proportion (64%) 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 48% of premises in 2020 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](#).

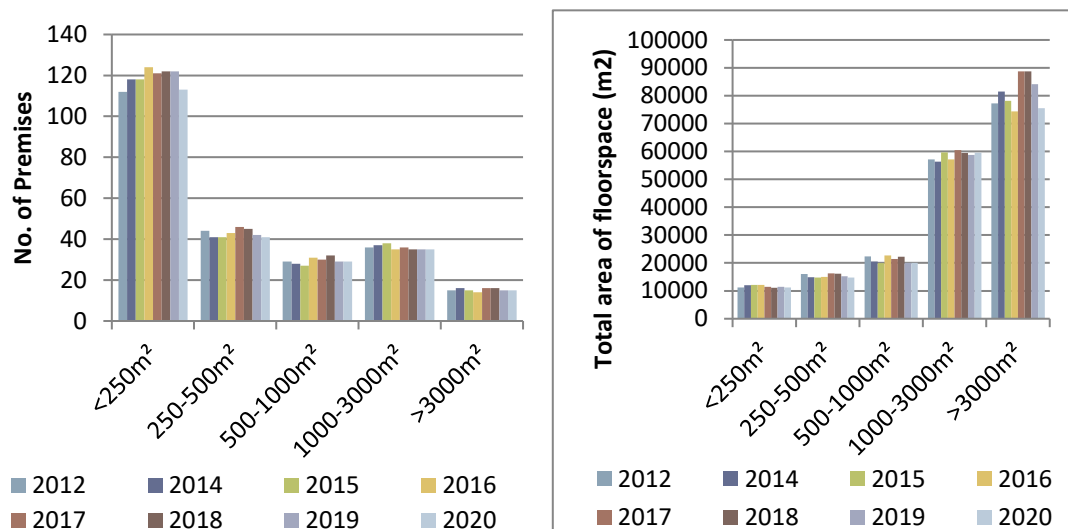


Figure 5.3 and Figure 5.4 showing number of premises in each size category and area of storage and distribution premises in each size category.

### 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. In AMR ELS Update Report, 2018 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 for the first time. This section will set out the data by Centres which is directly comparable with ELS 2018 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.



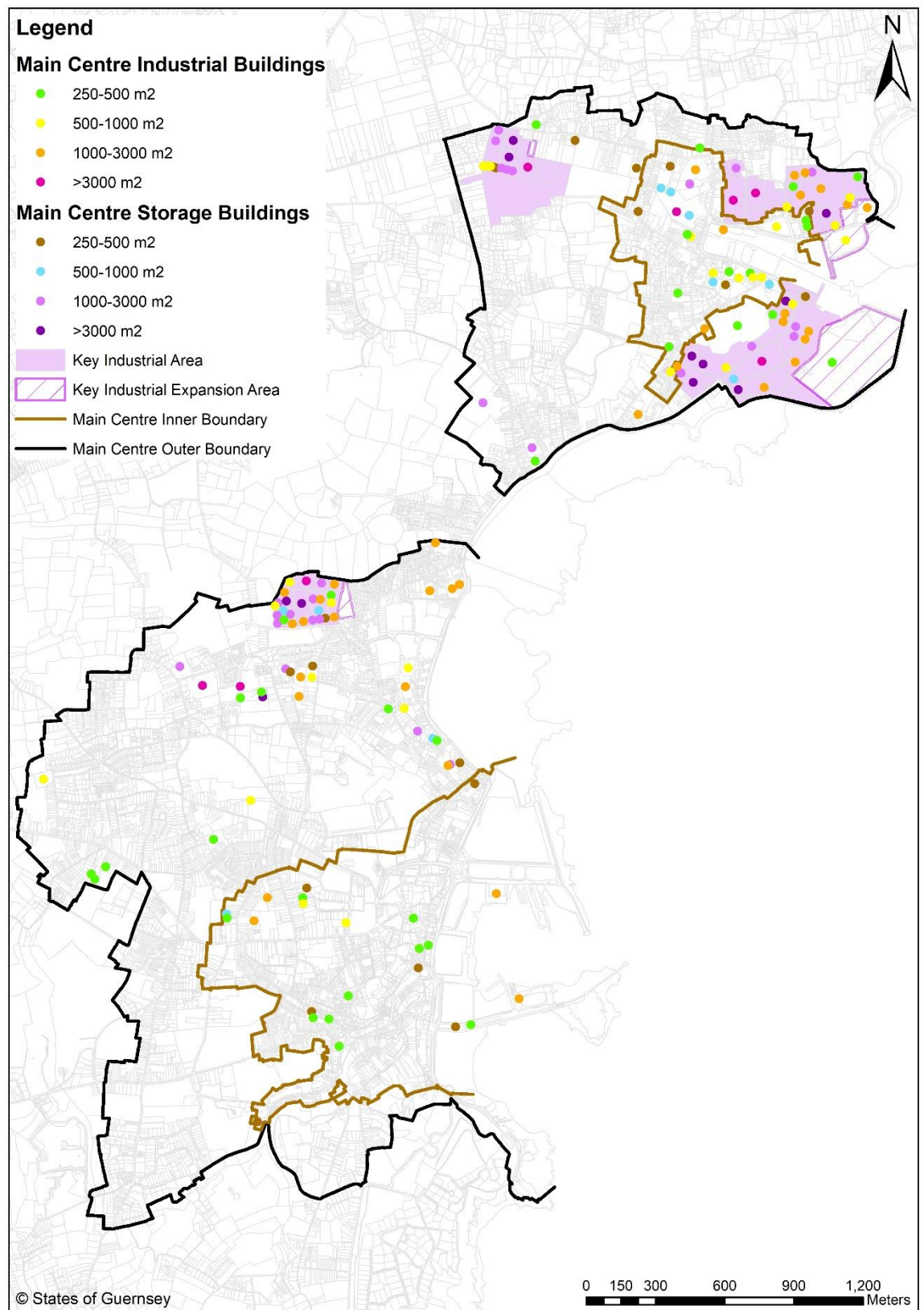
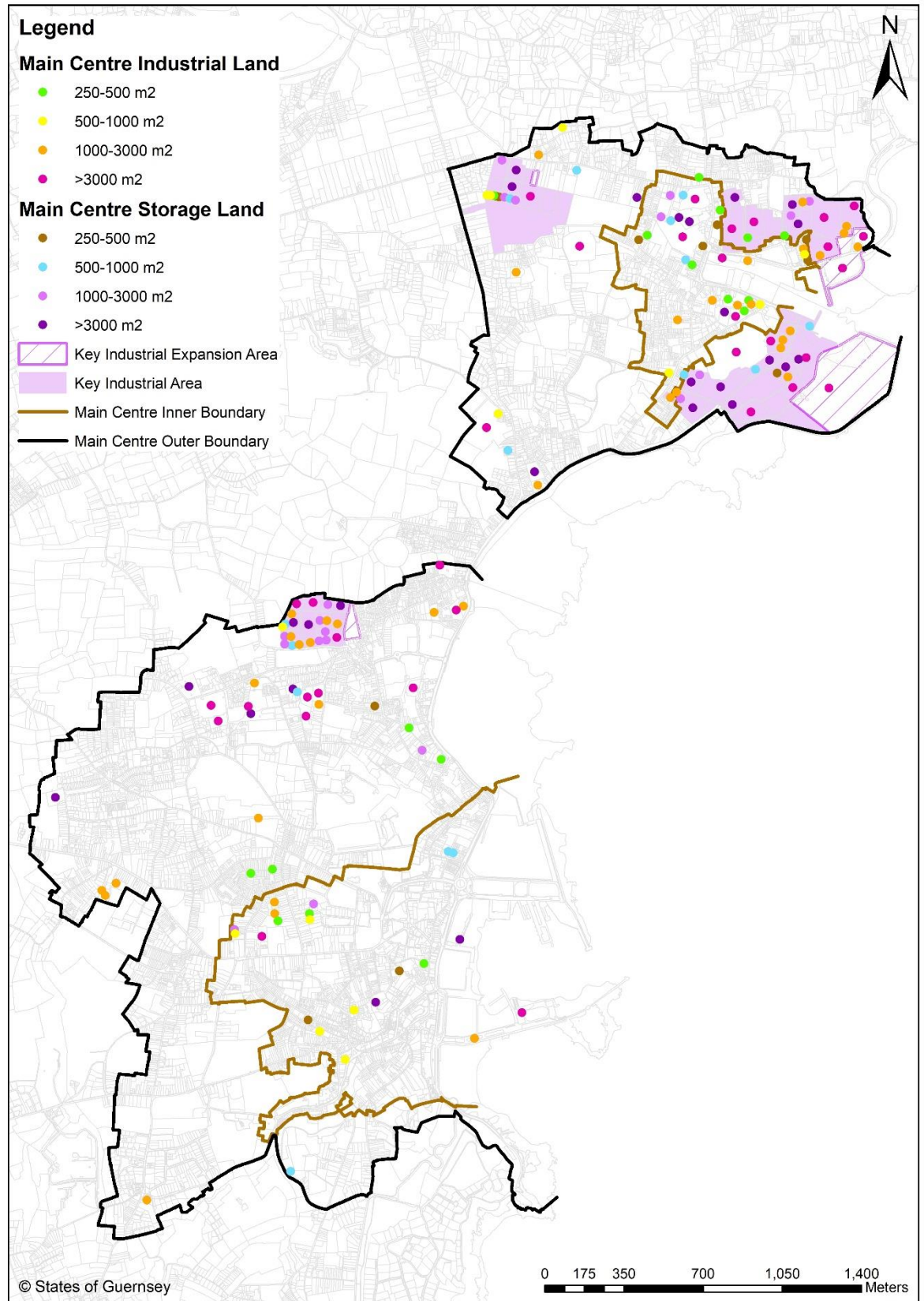


Figure 5.5 Location and size of Industry, Storage & Distribution buildings within Main Centres, 2020.

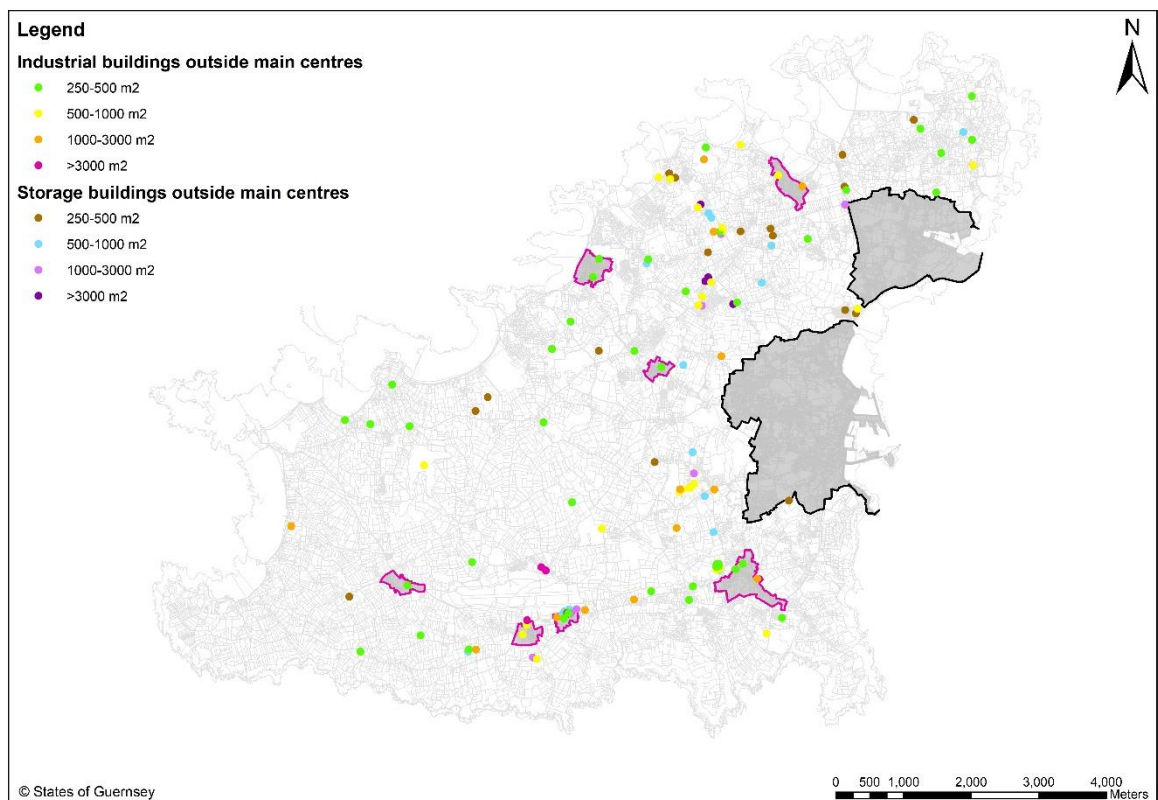


**Figure 5.6 Location and size of industrial, storage and distribution land within Main Centres, 2020.**

5.3.3 Similar to 2018, the Bridge Main Centre contains the most industrial, storage and distribution floor space (c.39%) followed by St Peter Port (c.26.5%). Figure 5.5 above shows that majority

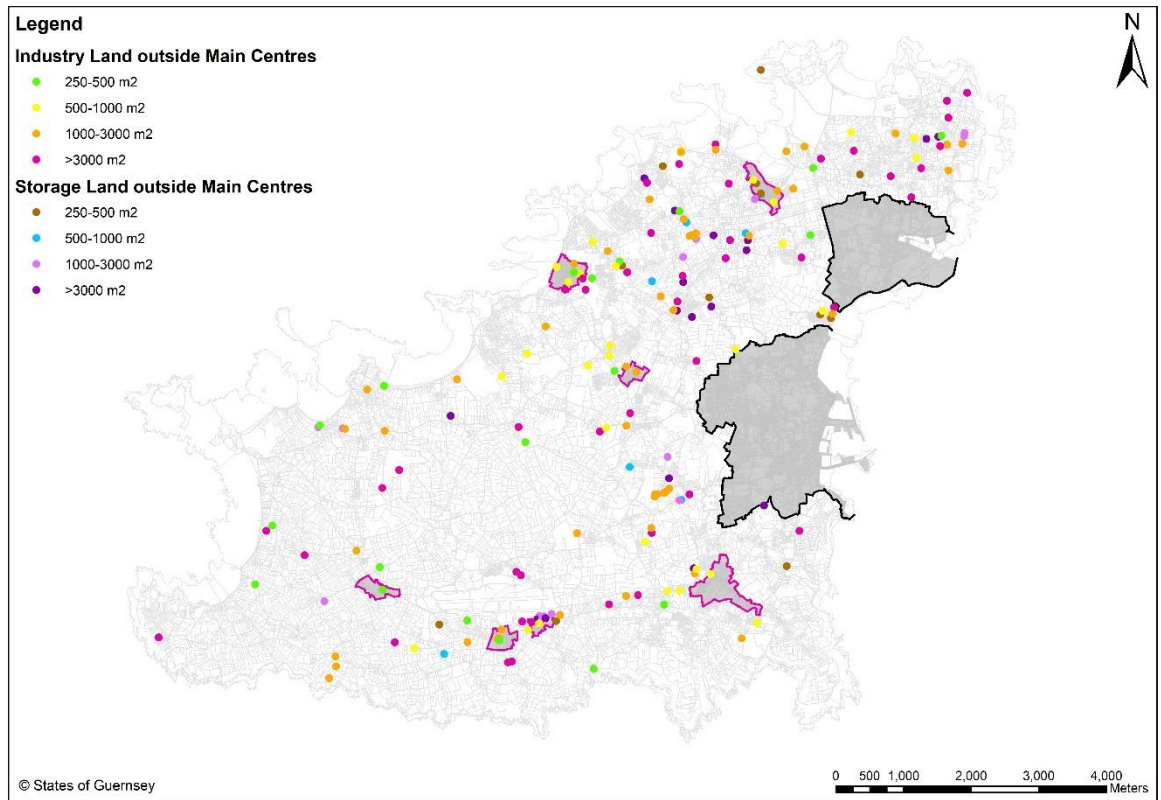
of the floorspace is located within designated Key Industrial Areas or their designated expansion areas within the Main Centres (c.62%). For these sectors, it is important to consider not only built accommodation but the use of land, as these uses do not necessarily require any built accommodation e.g. open storage uses. Therefore the analysis is undertaken for both the distribution of buildings and land. Figure 5.6 shows distribution of industrial and storage and distribution land within the Main Centres which has a similar distribution, the majority located within the designated Key Industrial Areas and some larger stand alone sites.

- 5.3.4 There remains 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. Overall, provision Outside of the Centres is considered significant, now exceeding St Peter Port at 27.8% (excluding the airport).



**Figure 5.7 Location and size of industrial, storage and distribution buildings within Local Centres and Outside of the Centres, 2020**

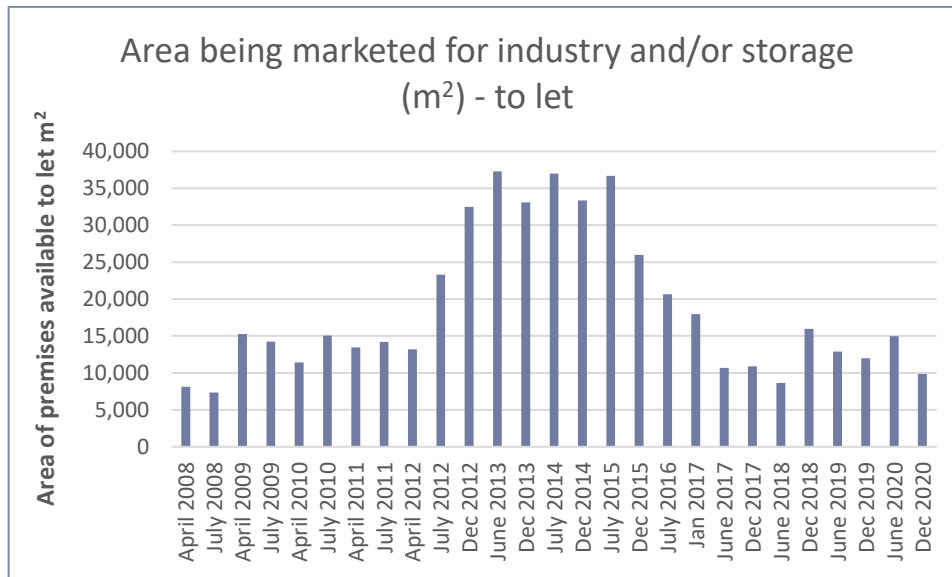




**Figure 5.8 Location and size of Industry, Storage & Distribution land within Local Centres and Outside of Centres, 2020.**

## 5.4 Property market trends

- 5.4.1 To establish key market trends this section draws from the findings of the Marketed Premises Audit 2012-2020 and consultation with commercial organisations and property agents in 2020.
- 5.4.2 In December 2020, 17 industry or storage type properties were available to let (9,843m<sup>2</sup>) and 3 industrial or storage type premises available for purchase (4,386m<sup>2</sup>), making a total of 14,229m<sup>2</sup> industrial/storage accommodation available or an estimated 3.4% 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 indicated a freeing up of the market with an increase of 2% on 2017 availability. 2020 data shows a slight reduction of 0.6% in the accommodation available, with storage type premises remaining the majority of these premises (c.65%).



**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 to its lowest recorded level of 0.6% in 2020. Vacancy rates for storage and distribution premises increased from 8.9% in 2012 to a peak of 15% in 2014 to fall significantly down to 1.4% at the end of 2017 and rise again to remain around 6-7% between 2018-2020.
- 5.4.5 During 2020, it is notably that the majority of industrial and storage and distribution premises are on the market for less than a year (64.7%). The level of activity in the market equated to a 1.2% take up rate for these in 2020 with 17 premises coming off the market.
- 5.4.6 In summary, as at the end of 2020, 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 (see [Figure 5.8](#) below). Monitoring supply of units for sale and for let, shows there is overall a reduced supply of accommodation to the market. 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.

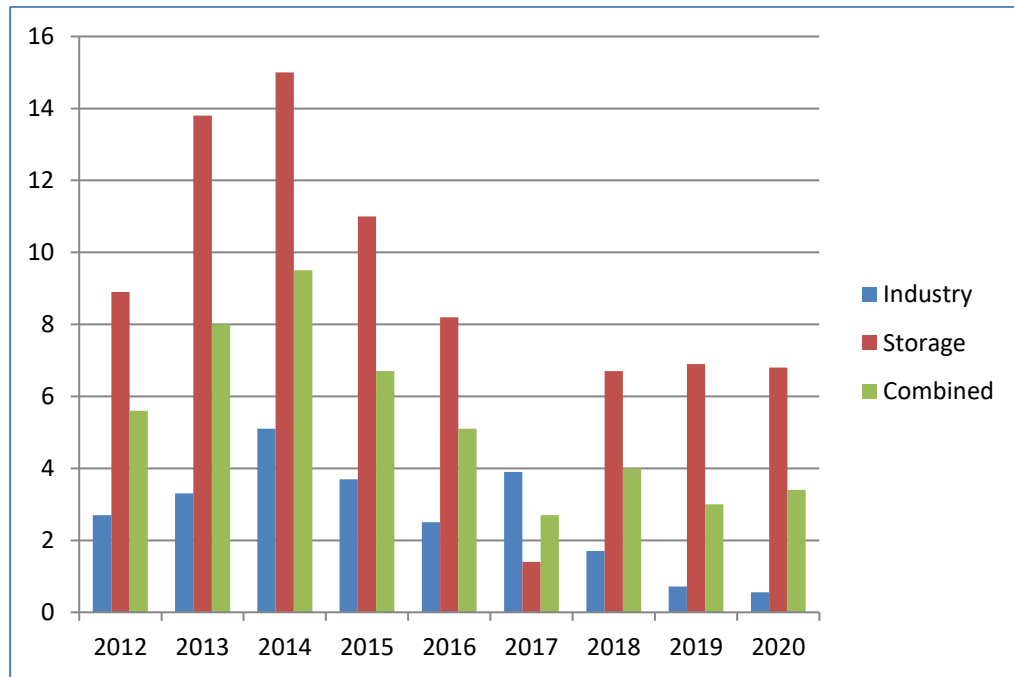
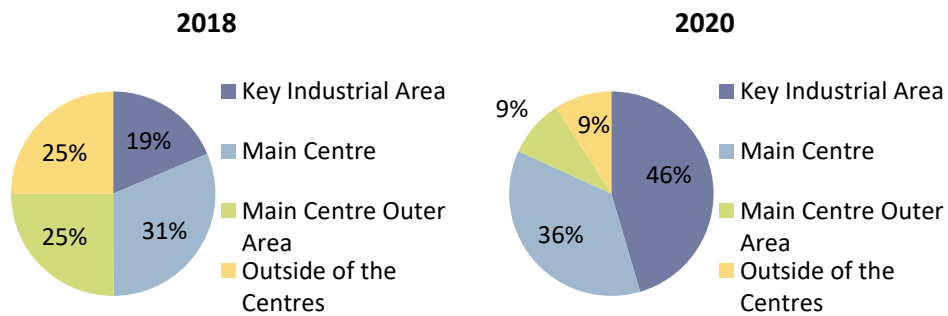
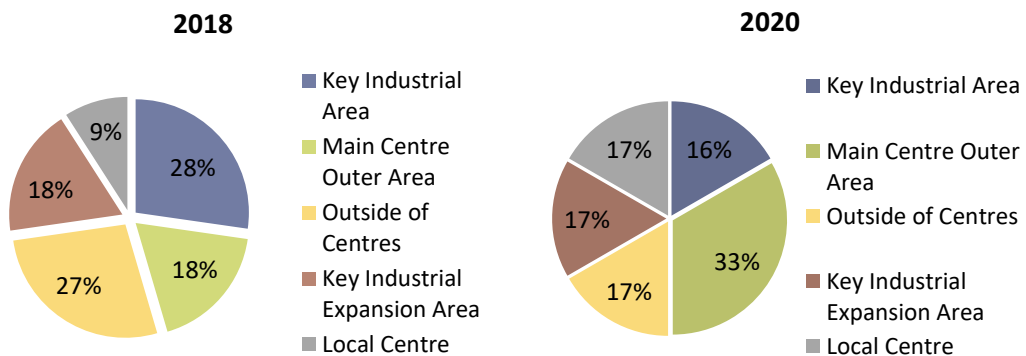


Figure 5.8 Vacancy rates for Industry, Storage & Distribution 2012 to 2020

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.

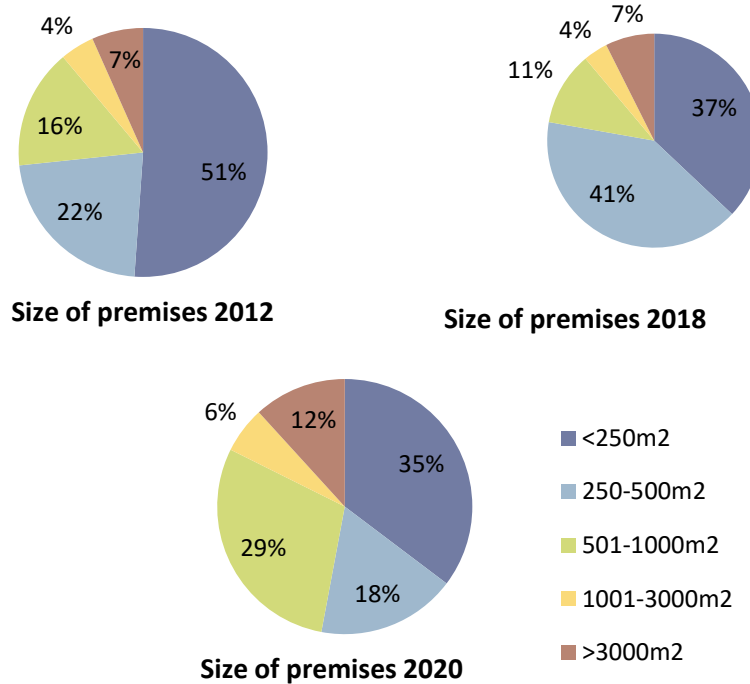


Figures 5.9 & 5.10 Location of storage & distribution premises available to the market, 2018 & 2020



Figures 5.11 & 5.12 Location of industrial premises available to the market, 2018 & 2020

- 5.4.8 The range of size of industrial, storage and distribution premises available to the market has become more balanced, with increased availability of larger scale premises. While small scale units remain a significant proportion (37%), the availability of medium sized units between 500-1000 has increased.



**Figures 5.11, 5.12 & 5.13 Size of industrial, storage and premises on the market in 2012, 2018 & 2020**

- 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 17 properties for let or for sale, 35% had been marketed for more than 12 months. Of the premises being marketed for more than a year, only 2 properties were small scale units (<250m<sup>2</sup>), showing a notably decrease from previous years.



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

- 5.5.1 Between 2012 and 2020 planning permission has been granted which resulted in an overall c.4400m<sup>2</sup> of additional light industrial (Use Class 24) space. The supply has fluctuated during this time with 2014, 2015 and 2019 permissions resulted in a net loss of light industrial floorspace, as shown in

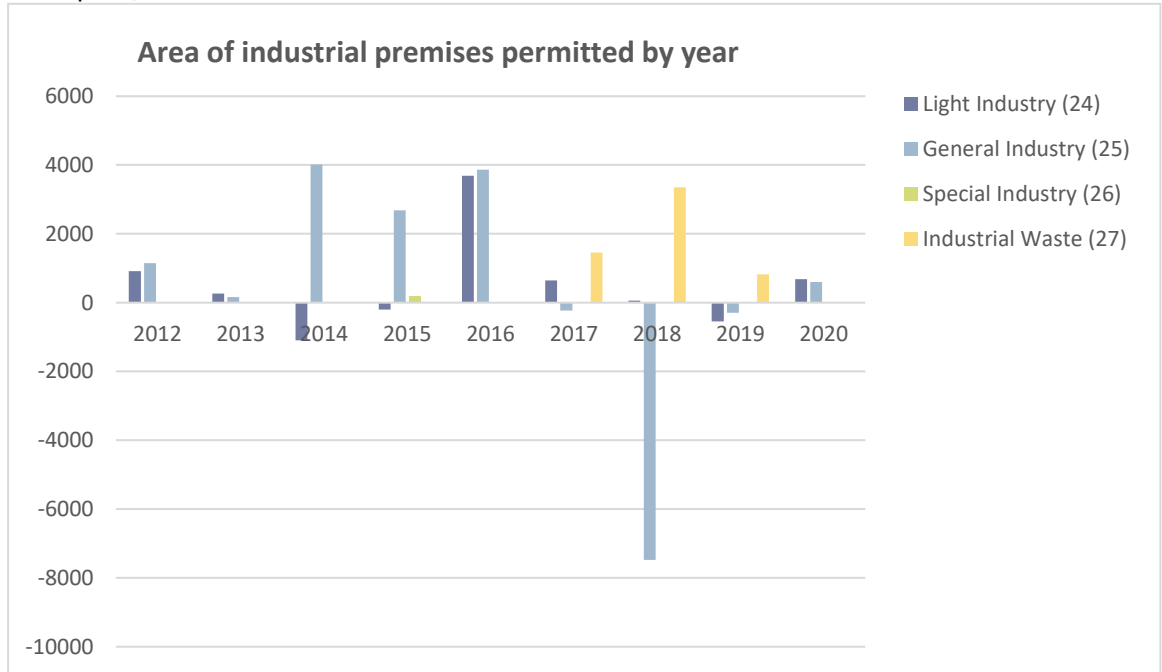


Figure 5.14.

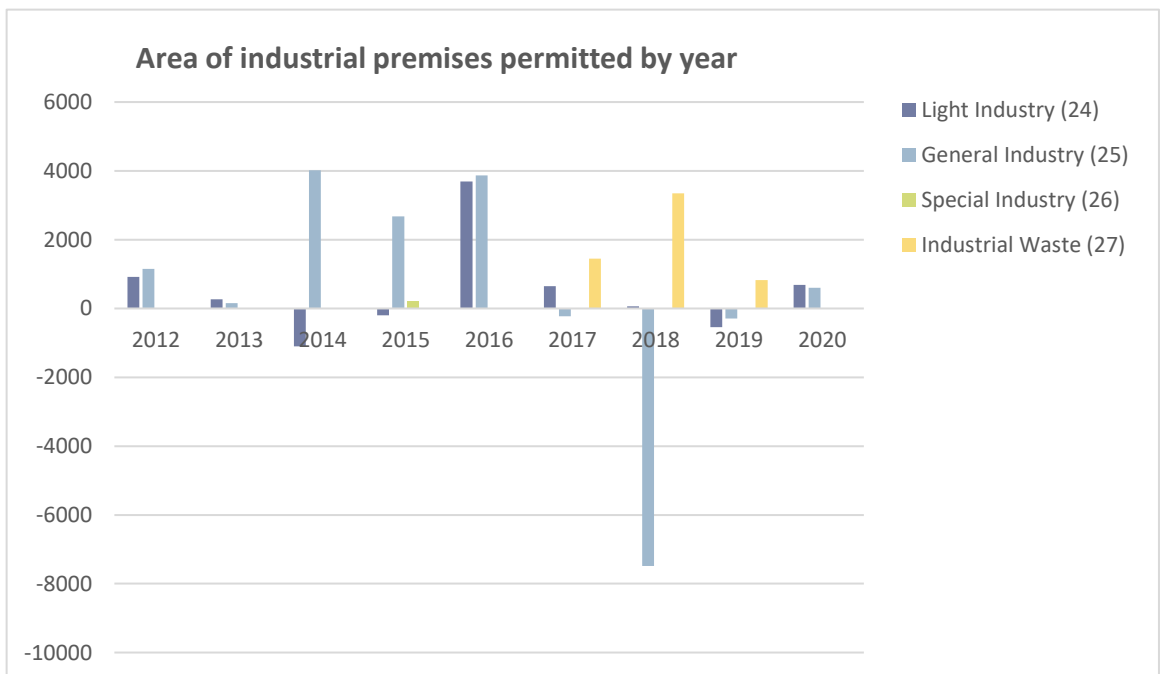
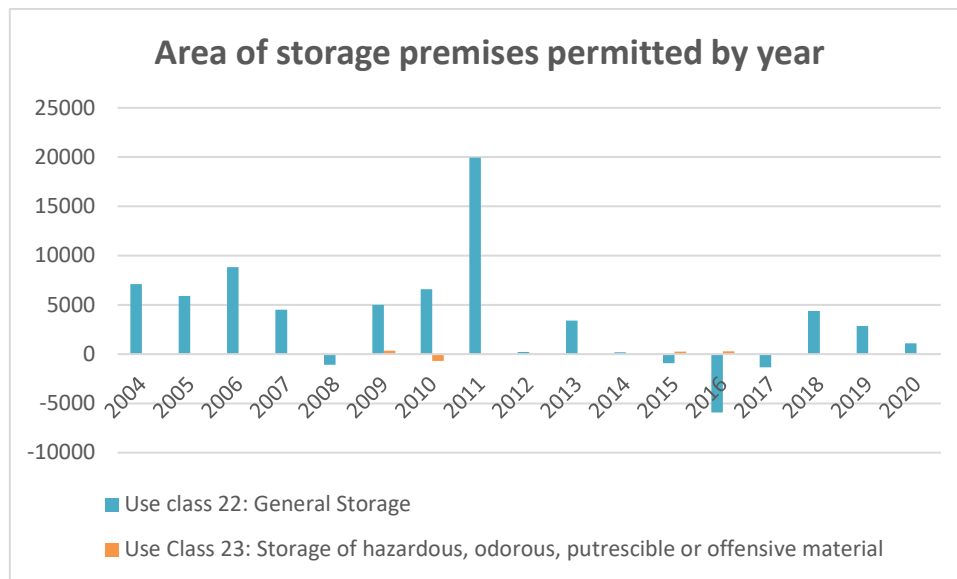


Figure 5.14 Area of industrial premises permitted by year since 2012

- 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. In 2019, two units in Barras lane were allowed to change use out of light industry to public amenity (gym).

- 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 2020 planning permission was granted which resulted in a net gain of 4471m<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 Bulwer 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 During 2017-2019 a loss of floorspace was seen, resulting from a change of use of existing premises to mainly storage uses. 2020 shows an increase in floor space with the permission for construction of new units at Les Monmains Business Park within the KIA.
- 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 2004-2020 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 2012-2020 planning permission was granted which resulted in the net gain of 3,991m<sup>2</sup> of general storage floorspace and very little activity with storage of hazardous goods resulting. This positive supply through planning has reversed previous losses to general industry experienced 2012-2017. In 2018 increased demand for self-storage contributed additional floorspace in the former Bredoye premises in the Forest and at Les Graiss farm, both Outside of the Centres. In 2019, Domarie & Avondale Vineries through the redundant glasshouse policy contributed new storage floorspace. In 2020, the change of use of the former Co-op homemaker to storage in the Lowlands Industrial site increased the accommodation in this sector.
- 5.5.13 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. Some of the gains are also only temporary in nature. Trends are difficult to analyse with such small datasets.
- 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 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. 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 full review of the IDP (2016).
- 5.5.17 The information on the total quantum, size and location of existing employment floorspace and land from 2020 indicates a fluctuation in industrial premises and storage or distribution

premises over the last 8 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.

## **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 8 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 has levelled off, 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 2020 indicates a fluctuation in industrial premises and storage or distribution premises over the last 8 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 8 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 full ELS 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 2,787 people in 2020. The construction industry remains an important sector for the island, and it has been in decline up to 2017, recent years has seen a recovery and levelling off. Employment levels in manufacturing, utilities, transport sector and other related wholesale retail and repairs sector have not changed significantly over the last 8 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

- 237,457m<sup>2</sup> industrial floorspace in Guernsey in 461 premises, located on 1,563,366m<sup>2</sup> of land. This represents approx. an overall 2.2% increase in industrial premises since 2012 and a net gain since 2012 of 0.59% of industrial land.
- 181,163m<sup>2</sup> storage and distribution accommodation in 233 premises, located on 415,125m<sup>2</sup> of land. This represents approx. 1.44% decrease in storage premises since 2012 together with a notable gain of 22.7% of land
- Majority of the industrial premises are under 250m<sup>2</sup> (59%), with a slight increase in the number of small and medium sized units since 2012. The profile of storage and distribution remains similar to 2012, with 49% of storage and distribution premises are under 250m<sup>2</sup>.
- Majority of the industrial, storage and distribution accommodation remains located within and around the Bridge Main Centres (c.39%), followed by significant provision within and around St Peter Port Main Centre (c.26.5%). Overall the majority of the floorspace is located within designated Key Industrial Areas within the Main Centres (c.62%). There is limited provision of these sectors within the Local Centres (c.3%). Provision Outside of the Centres is significant, exceeding St Peter Port at 27.8% (excluding the airport) with the majority of the provision being 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 until 2017, 2018-2020 show signs of recovery and stabilisation.
- 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 to its lowest recorded level of 0.6% in 2020. Vacancy rates for storage and distribution premises increased from 8.9% in 2012 to a peak of 15% in 2014 steadily falling to drop significantly down to 1.4% at the end of 2017 and to rise again to remain around 6-7% between 2018-2020.
- The range of size of industrial, storage and distribution premises available to the market has become more balanced, with increased availability of larger scale premises. During 2020, it is notably that the majority of premises are on the market for less than a year (64.7%).
- Overall, at the end of 2020, there was little on the market for industrial uses and moderate availability for industrial storage and distribution uses. 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.
- Over the last 8 years supply through the planning system of industrial premises amounts to c. 8,900m<sup>2</sup> of additional floor space and c.3991m<sup>2</sup> storage and distribution. The data indicates a fluctuation in industrial premises and storage or distribution premises over the period, with increases in previous years counteracted by losses in following years eventually returning to similar position as the baseline year for each type.
- 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 In 2020, the Office Quality Audit was commissioned by the Authority to define primary, secondary and tertiary office accommodation within the Island and provide a detailed assessment of the existing stock within St Peter Port Main Centre. This section provides a summary of the recommended portfolio for all sectors, updated to include the results of the Office Quality Audit 2020.

### 6.2 Quality of offices

- 6.2.1 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
- 6.2.2 Feedback from the workshop with stakeholders in 2019 confirmed that Prime, Secondary and Tertiary terms are the most suitable categories to describe Guernsey's office stock because they are widely known and used amongst industry professionals to describe office accommodation in any given location. Feedback from industry stakeholders indicated a range of factors should be considered in defining these categories including rent levels, location, car parking, design/specification and lease terms. The Office Quality Audit 2020 included a review of these criteria to establish an agreed definition of the categories and concluded to differentiate between offices falling into the Prime, Secondary and Tertiary sectors, rental value should be the primary factor considered. The reason for this being the rent achieved considers all the factors affecting a particular property. This will include location, condition and specification.
- 6.2.3 The Office Quality Audit report further detailed each of the categories as set out below.
- 6.2.4 **Prime offices** are those properties which typically occupy the best locations, have the highest specification and therefore command the highest rents. In Guernsey, Prime properties are typically regarded as the newly constructed or recently refurbished, purpose built offices. As such, they have been completed in line with more modern building techniques and exhibit the latest trends in office design. They will have all, if not most, of the following features:

- Full access raised floors
  - Suspended ceilings
  - Modern lighting (typically LED)
  - Air-conditioning systems
  - A high proportion of fenestration as a result of modern building techniques and design. Floor to ceiling glazing may therefore be prevalent to maximise natural light levels.
  - Passenger lift access
  - Onsite car parking
  - Sea views
- 6.2.5 **Prime properties** tend to occupy central locations within St Peter Port's town centre, generally around the lower half of St Julian's Avenue and Glategny Esplanade (as per the plan provided in Appendix 2) and are therefore close to the amenities it has to offer. This includes the public long stay car parks at North Beach and Salerie Corner. Such locations include the lower half of St Julian's Avenue and Glategny Esplanade. Admiral Park is however an exception as it accommodates some of the Island's newer and larger office floor plate developments, as per the plan provided in the Appendix 3.
- 6.2.6 By virtue of Prime properties having the latest and highest specification, it can be argued, any larger floor plate office building constructed post the year 2000 can be classified as Prime. This is due to the change in style of construction when new office developments at Admiral Park (Trafalgar Court, Dorey Court and Martello Court) set a new standard for offices in Guernsey.
- 6.2.7 **Secondary offices** tend to occupy central positions within St Peter Port's town centre, there is no specific location in which they are clustered. They also form part of Guernsey's first generation of offices and would have typically been constructed between 1970 and 1999. Alternatively, they may be larger period residential properties which have since been converted and/or extended to provide office accommodation.
- 6.2.8 Although they are older than those categorised as Prime, they are likely to have been refurbished within the last 20 years. This generally follows the developments at Admiral Park which resulted in a movement of some of the larger tenants from the centre of St Peter Port. As these tenants vacated poorer buildings, landlords often found themselves having to refurbish the accommodation so they could improve their offering and compete for new tenants.
- 6.2.9 However, as the structures are built using older building techniques, Secondary properties may not have the benefit or ability to accommodate all the features highlighted under Prime offices above. Alternatively, the specification may be older or of a poorer quality equivalent. For example, sound attenuation may not be to as high a level and rather than full access raised floors, the property may have perimeter trunking. This could be due to reduced ceiling heights and reduced building spans which negate the need for raised access flooring.

- 6.2.10 Given the reduced specification, Secondary rents are lower than those commanded by Prime offices. In Guernsey, Secondary headline rents tend to be an average or near market average between £25.00 and £35.00 psf and tend to command medium length leases between 5-9 years.
- 6.2.11 **Tertiary offices** will generally be those properties suitable for smaller tenants only and in need of refurbishment. They will often be dated and will lack many of the features typically found in either Prime or Secondary sectors. They are also located in peripheral locations or above retail units and may be of a more cellular arrangement rather than offering open plan accommodation.
- 6.2.12 Given the poorer specification and potentially more peripheral locations, Tertiary office accommodation commands the lowest rents in the market and will normally be below £25.00 psf and attract shorter leases between 1-4 years.
- 6.2.13 As build costs in Guernsey are high and rents for Tertiary offices are low, owners of Tertiary office buildings may not be able to upgrade the accommodation as the required investment may not justify the potential return. They are therefore unlikely to have been refurbished or benefitted from significant investment within the last 20 years, unlike those offices within the Prime and Secondary sectors.
- 6.2.14 The definitions for prime, secondary and tertiary office accommodation are summarised in **Figure 6.1** below.

	<u>Primary</u>	<u>Secondary</u>	<u>Tertiary</u>
<b>Rental value (prime factor)</b>	Commands above market average rents (£35.00 psf plus)	Commands average or near average market rents (£25.00 to £35.00 psf)	Commands the lowest rents in the market (below £25.00 psf)
<b>Age &amp; type of building</b>	Purpose built office accommodation Constructed post the year 2000	Purpose built office accommodation constructed between 1970 and 1999  Alternatively, converted or extended buildings  Generally providing office accommodation within an older structure	
		Refurbished in the last 20 years or is capable of being refurbished	In need of refurbishment
	Typically offering larger floor plates of 4,000 sq ft plus		Tendency to be suitable for tenants with limited budgets
<b>Specification</b>	High specification as listed above	Average specification, where it will have only some of the features found in a Prime office	Basic specification which may also be dated, with no significant investment for 20+ years

<b>Location</b>	<ul style="list-style-type: none"> <li>Located within St Peter Port's town centre around the lower half of St Julian's Avenue, Glatigny Esplanade or Admiral Park</li> </ul>	<ul style="list-style-type: none"> <li>Located within St Peter Port's town centre</li> </ul>	<ul style="list-style-type: none"> <li>Located in peripheral locations or above retail units</li> </ul>
<b>Lease terms</b>	<ul style="list-style-type: none"> <li>Commands longer lease lengths, generally between 10-15 years</li> </ul>	<ul style="list-style-type: none"> <li>Commands lease lengths, generally between 5-9 years</li> </ul>	<ul style="list-style-type: none"> <li>Commands lease lengths, generally between 1-4 years</li> </ul>

**Figure 6.1 Recommended criteria for defining primary, secondary and tertiary offices.**

6.2.15 As part of the second stage of the Office Quality Audit, a detailed survey and assessment on the existing office accommodation within St Peter Port Main Centre has been undertaken against the above criteria by Watts and Co Ltd to inform the recommended portfolio of office accommodation, set out below.

### 6.3 Portfolio of offices

6.3.1 The ELS (2014) recommended the following existing areas to form the core locations for office premises over the Plan period (outlined in **Figure 6.2** 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
	Glatigny Esplanade	Primary
	Le Truchot	Primary/Secondary
Business Parks	Admiral Park	Primary

**Figure 6.2 Recommended portfolio for office premises**

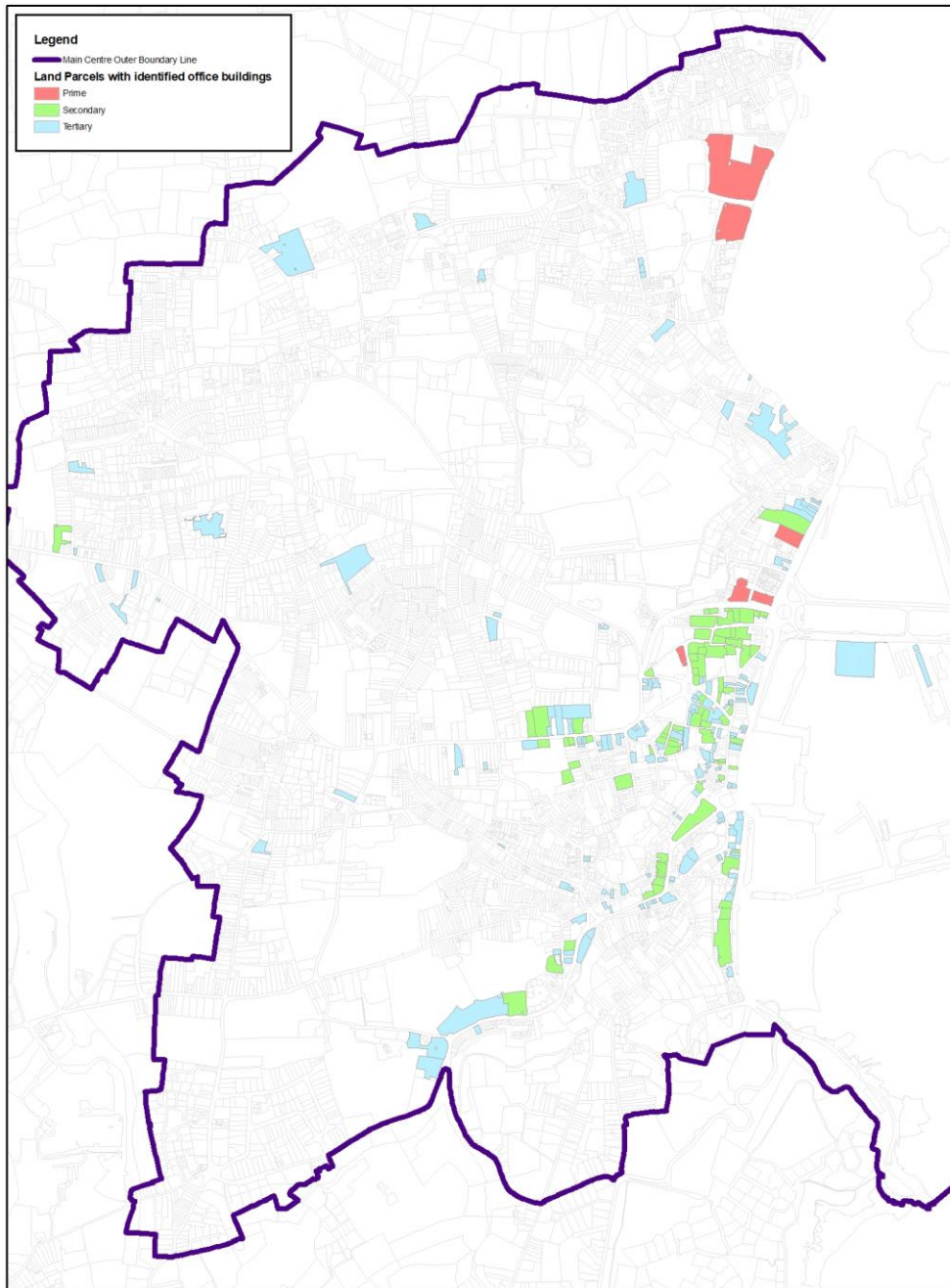
6.3.2 The Office Quality Audit 2020 surveyed and categorised 245 properties offering office accommodation within St Peter Port's main outer boundary line. Having considered each individual building's estimated rental value, they were categorised as Prime, Secondary or Tertiary buildings. A summary of the findings is provided table below (**Figure 6.3**):

Sector	No. of Buildings	Area (sq ft)
Prime	9	516,025
Secondary	79	980,924
Tertiary	157	599,824
<b>Total</b>	<b>245</b>	<b>2,096,773</b>

**Figure 6.3 Summary of primary, secondary and tertiary accommodation in St Peter Port, 2020**

6.3.3 The findings have also been plotted onto plans to spatially illustrate where the buildings are located (**Figure 6.4** below). The findings update the quality of space in the recommended portfolio identified by the ELS 2014 (**Figure 6.2**). The majority of the areas are now considered

to be secondary and/or tertiary in the accommodation provision with the exception of Gategny Esplanade and Admiral Park areas.



**Figure 6.4 Primary, Secondary and Tertiary office accommodation within St Peter Port, 2020**

- 6.3.4 The Office Quality Audit also identified an area in Town as Prime Office Location as showing in [Figure 6.5](#) below. This area currently contains mix of prime office accommodation, retail and residential uses.





Figure 6.5 Area of St Peter Port identified as prime office location by Office Quality Audit 2020.



- 6.3.5 In addition, the existing Admiral Park office development and designated Office Expansion Area is recognised as prime office location. The designated expansion area is the main opportunity identified for new large floorplate office accommodation identified by the IDP (2016) as it would meet the majority of the forecast requirement as shown in **Figure 6.6**. Opportunities have also been identified by the IDP (2016) for the creation of new office space either 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 prime 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 6.6 Recommended additional opportunities for offices**

- 6.3.6 Overall 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.
- 6.3.7 Review of planning application during 2019 and 2020 generally show support for office accommodation and flexibility for smaller premises moving in and out of the sector. Previous feedback suggested that the policy intention to seek to upgrade stock to primary grade is not feasible or desirable and should be considered as part of planning policy review. Under Policy S5, development of strategic importance, there was a loss of large plate office accommodation (c.4300m<sup>2</sup>) at Royal Bank of Canada on Upland Road (Full/2018/1744) which was granted permission during 2019. This is considered to be a one off case and not likely to be repeated.
- 6.3.8 Feedback from industry clearly states we need a portfolio with a range of primary, secondary and tertiary office accommodation to meet the business needs of the Island. The Office Quality Audit 2020 enhances our understanding of the existing portfolio. Feedback and research indicate 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. In addition, the impact of Covid 19 has dramatically increased home working and will likely have significant impact on the future requirements for office accommodation. The full impact of the pandemic has yet to play out and will need further investigation to understand our optimum office portfolio and therefore inform any changes that may be required to current planning policy protection. It is

recommended that this is prepared in partnership with the industry and other key stakeholders and the results inform the review of the IDP (2016). It is also recommended that an audit of existing stock should be undertaken every 3 years to inform monitoring.

## 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 2019 and 2020 indicates planning policies are generally 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, the redevelopment of an industrial yard on Route Isabelle for 8 dwellings.
- 6.4.6 During 2020 there was planning permission for 3 new units at Les Monmains Business Park within the KIAs that indicates positive investment is continuing within the KIAs to enhance and improve their accommodation offering in accordance with the intentions of IDP policy.
- 6.4.7 Previous AMRs have 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 2019 and 2020, provision of additional land and in some cases floorspace Outside of the Centres continues, with a total of 2.6ha of land and 3,680m<sup>2</sup> of floorspace granted planning permission (equates to c.71% of net gain in floorspace during 2019 & 2020). This includes permission for redevelopment of a redundant glasshouse site at Domarie and Avondale Vineries in Oatlands Lane St Sampsons of 3700m<sup>2</sup> and 1.9ha of land and should result in the proper clearance of the site as intended by the planning policy. Remaining increases relate to extensions to existing sites located Outside of the Centres and the issuing of Certificate of Lawful Use.
- 6.4.8 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. There was 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). 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. Covid 19 has accelerated the trend to work from home, whether that's just temporary or not remains to be seen. Nevertheless, Covid 19 is likely to have a significant long-lasting impact on future requirements. Further research is required on the future requirements for office accommodation and the appropriate mix in the portfolio and any implications for policy should be explored as part of the full review of the IDP.
- 6.5.3 Generally, feedback and review of planning permissions indicates that Policy MC4 works well in practice, however the continued desirability of seeking all stock to upgrade where feasible to primary accommodation is questioned. 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.
- 6.5.4 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. Planning Policy's intention is to direct the majority of development towards the designated KIAs or their expansion areas to bring much needed investment into the designated areas and improve the quality of their accommodation. As the trend for development Outside the Centres has continued over the last 4 years, further investigation into the operation of the relevant policies controlling development Outside of the Centres should be undertaken to inform the full review of the IDP (2016).
- 6.5.5 Overall, there were losses on standalone sites within the Main Centres as envisaged and creation of new units within the designated Key Industrial Areas indicating the policies are giving a suitable level of support to this sector.
- 6.5.6 It is recommended that continued consultation with the Committee *for* Economic Development and industry is undertaken regarding the future business needs and emerging sectors.

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