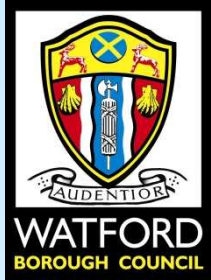


# The Economic Growth & Delivery Assessment for Watford

**Andrew Gibson**

**Economic Development Manager, Watford Borough Council**

**Wednesday 9<sup>th</sup> of September 2014**

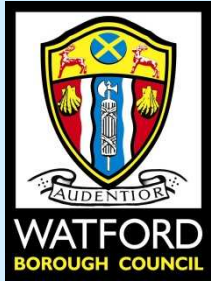


## Aim of this session

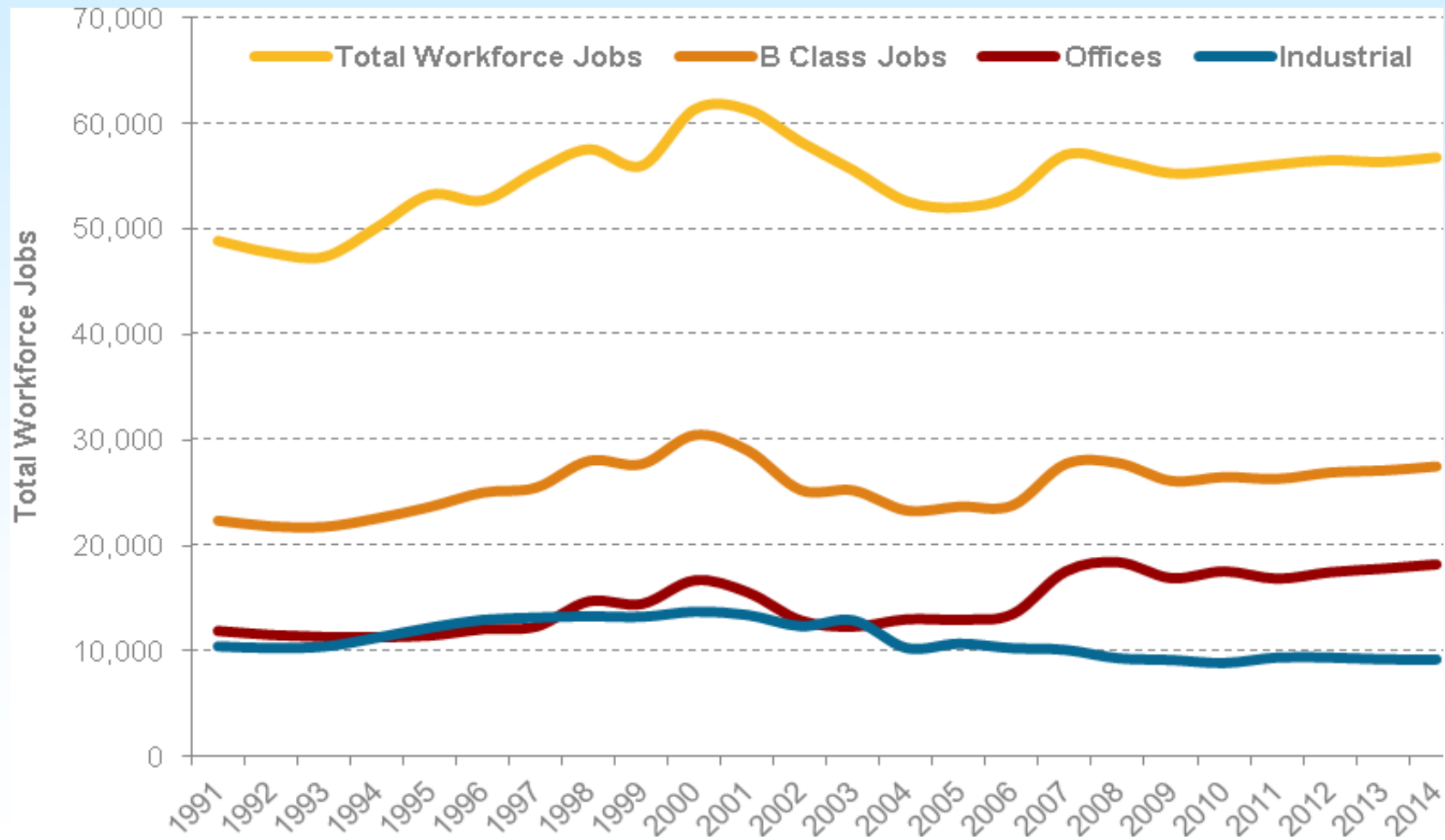
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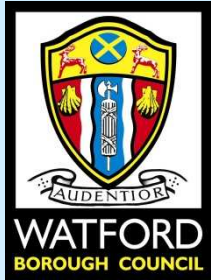
- Share the initial findings of the Economic Growth & Delivery Assessment
- Economic trends and market signals
- Headline economic impacts from the major projects
- Testing a range of growth scenarios
- Spatial implications and Watford ability to accommodate this growth
- Key Policy & Strategy choices for the Council



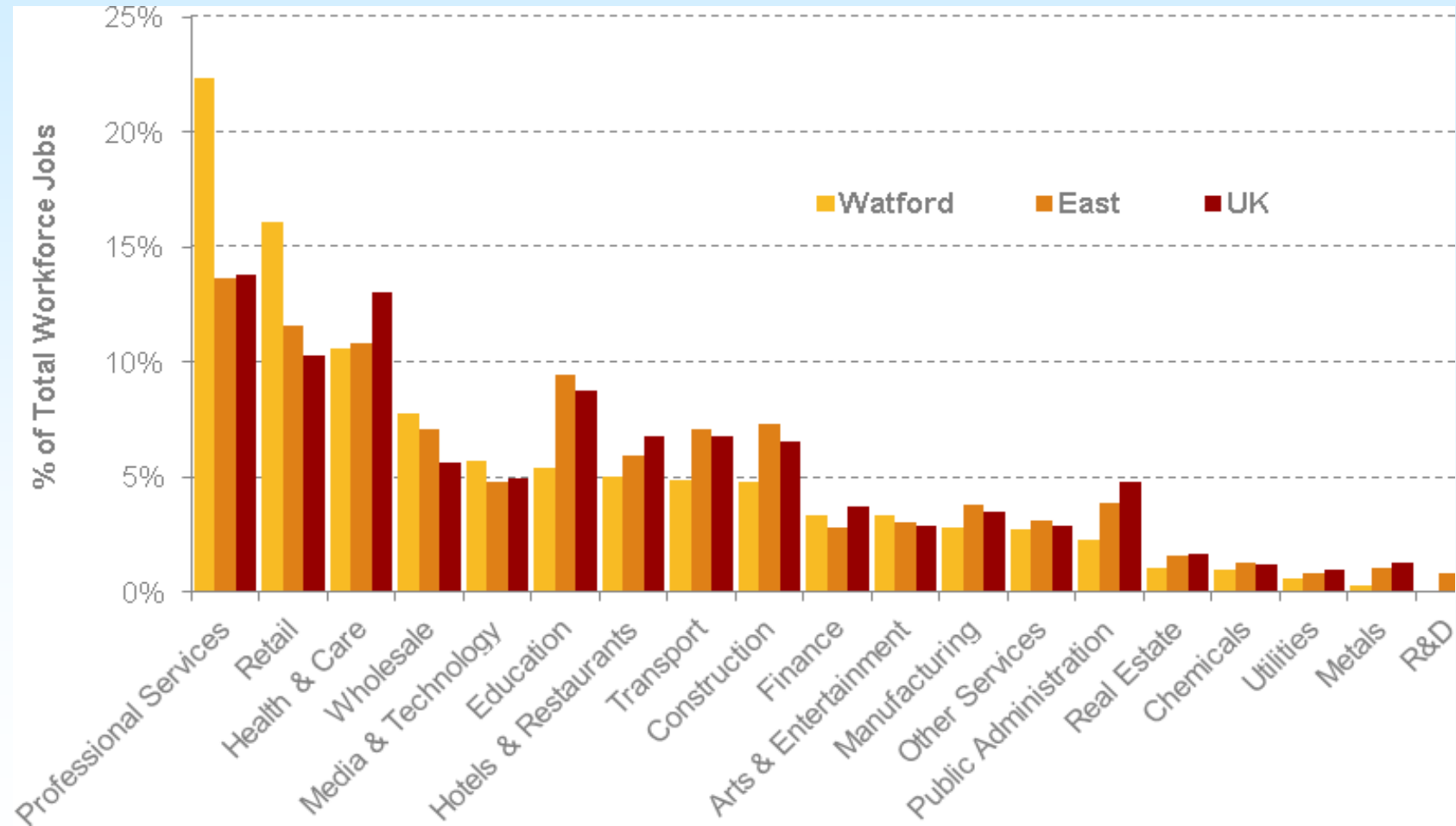


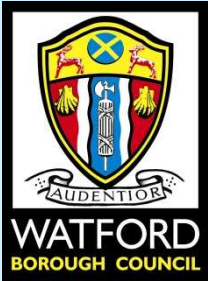
# Job Growth: 1991-2014



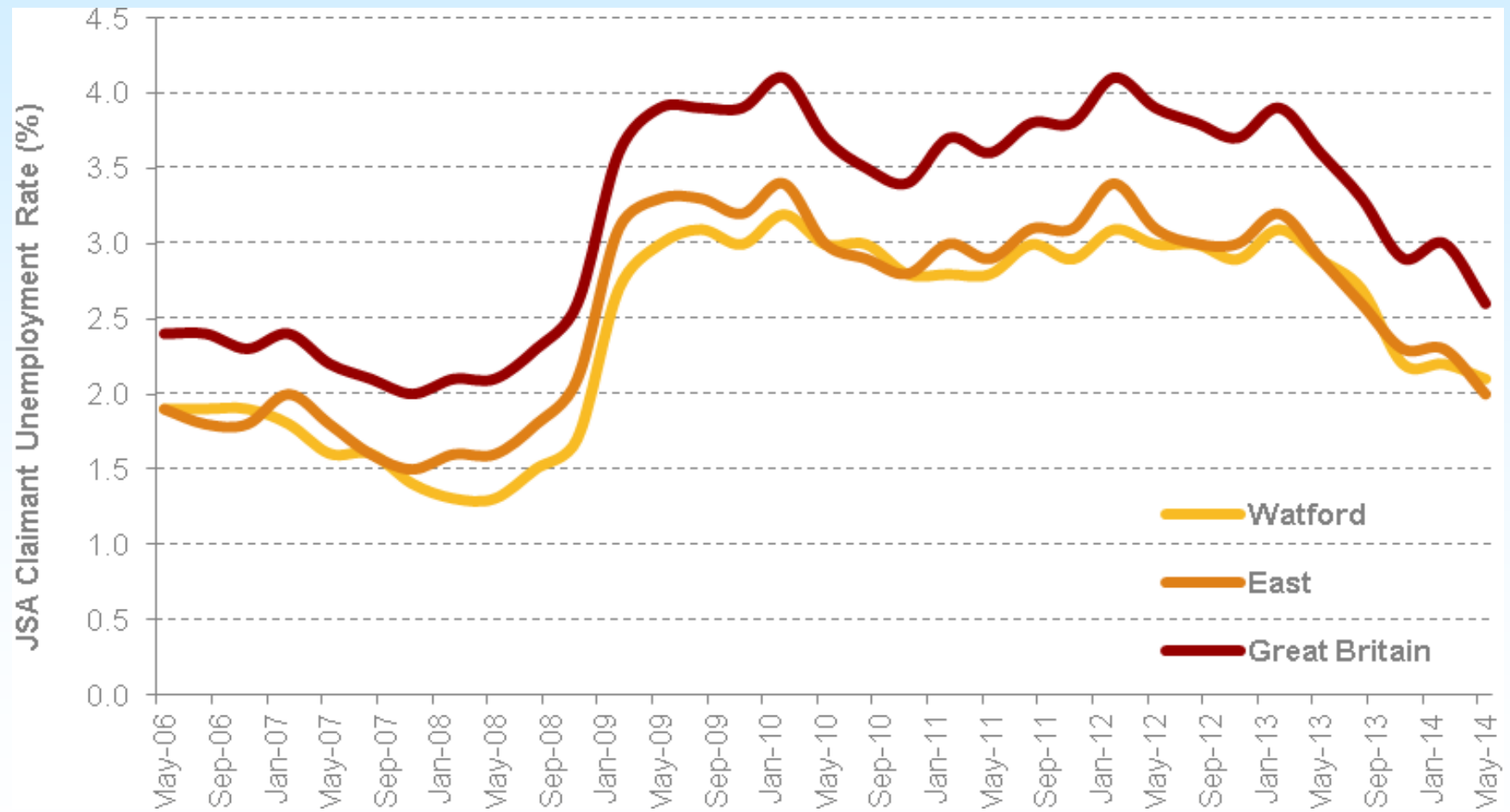


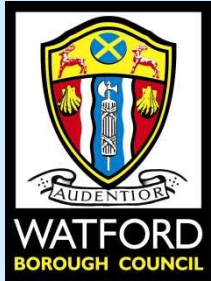
# Key Sectors





# Strong Labour market performance



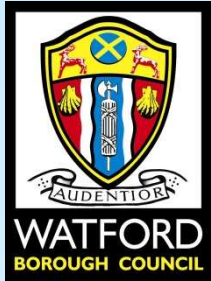


## Watford also plays an important role within a wider sub-region

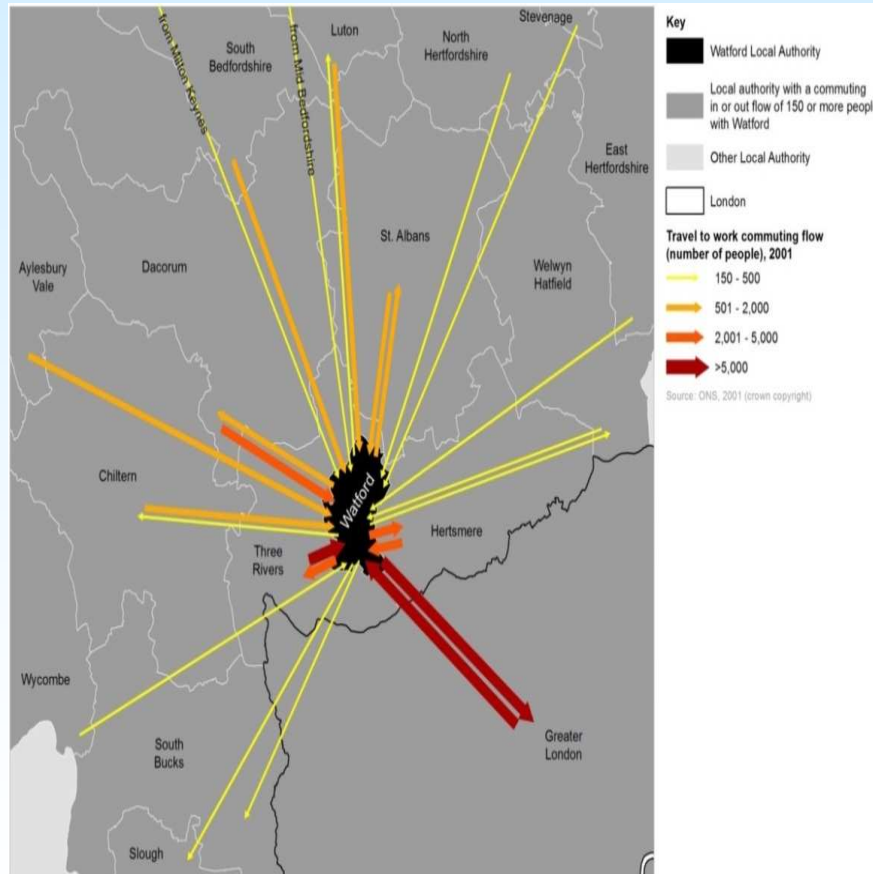
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- Watford is home to approx 3,500 businesses
- Smaller share of micro-firms (0-4 workers) but higher share of larger firms (250+) when compared to the rest of Hertfordshire
- Strong culture of business enterprise with much higher business start-up and self employment levels than Herts and East of England

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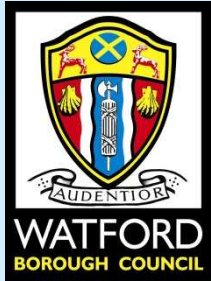


## Watford plays an important economic role within a thriving and dynamic wider sub-region



- Watford workforce largely resides within the local area (41.9%), Three Rivers (20%), Dacorum (11%), Hertsmere (9%) and Greater London (27%).
- Watford residents are primarily employed within the local area (37%), Three Rivers (14%), Hertsmere (9%) and Greater London (47%).
- Net commuting inflow of 3,900 workers and a self containment rate of 37%, having declined from 50% in 2001.



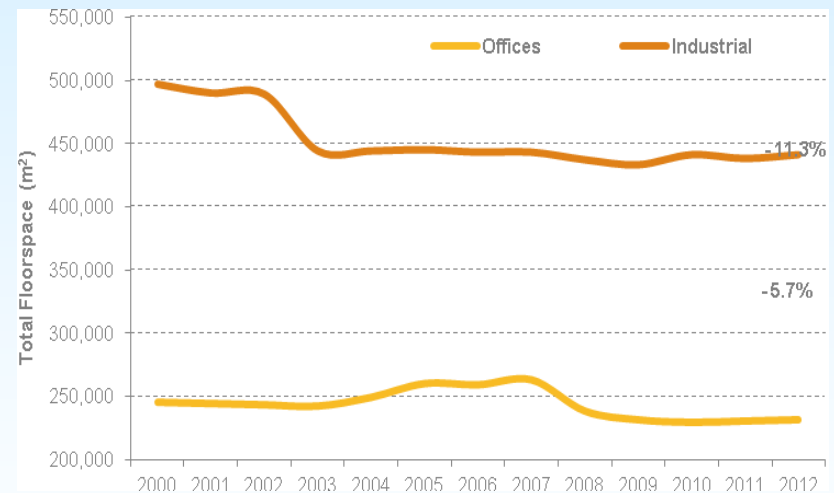


# Watford Employment Space

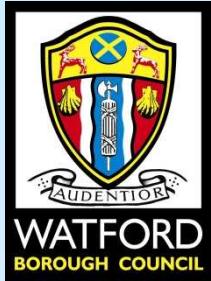
⌘ Total employment floorspace stock in 2012 of 672,000 sqm

⌘ Type of employment floorspace:

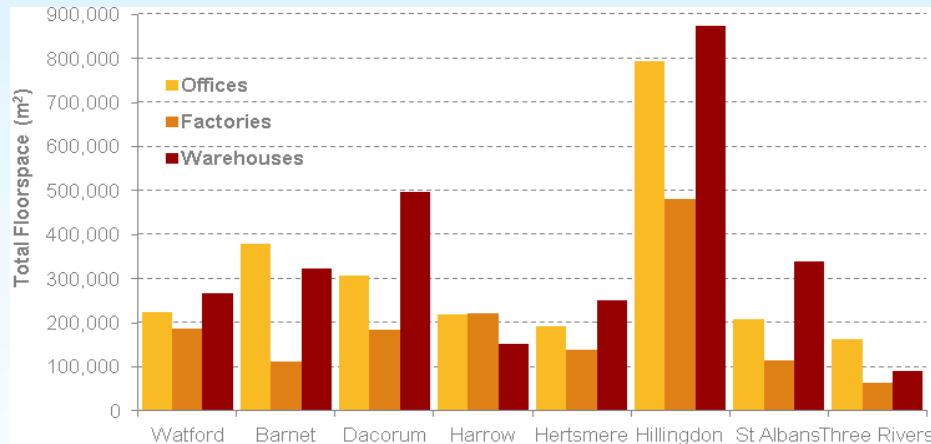
Offices	33%
Factories	27%
Warehouses	40%





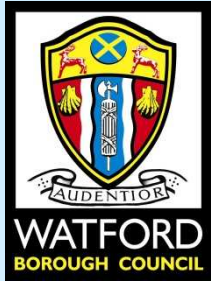


# Watford compared to its neighbours

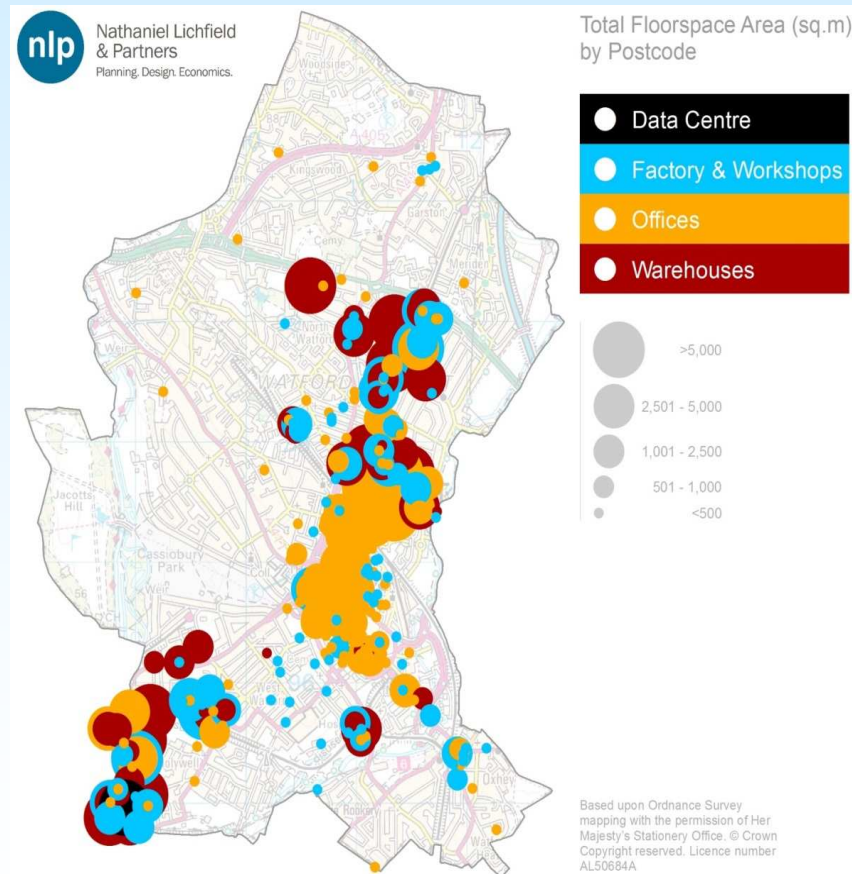


- ⌘ Compared to adjoining local authority areas, Watford has a relatively large stock of office space, and average stock of factory and warehouse space for its size.
- ⌘ Both office and industrial space have slightly declined over the last 12 years.



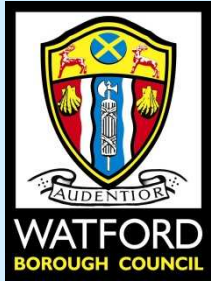


# Spatial Distribution



- 30% of all office located along Clarendon Road with other high quality office development located off Reeds Crescent and Colonial Way
- Top rents in Watford have stagnated at £20per sqft for a number of years
- Business Parks on edge of town represent strong competition, now achieving as much as £23per sqft
- Estimated vacancy rate of 15%





# Watford Employment Space

Lack of good Grade A space – Watford has not built a major office scheme in 14 years

Minimal supply of large office premises could prompt existing businesses to relocate outside the Borough and indeed the local commercial property market

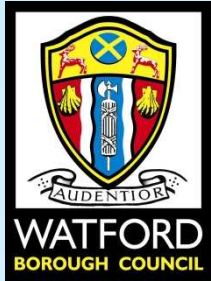
Limited supply of Office development in the pipeline outside our major projects – as well as competition in terms of residential value

## **Industrial**

Diverse and popular industrial location

Large local occupiers: DDD, Sigma and Siemens

Very limited industrial development over recent years – competing land values



# Watford Employment Space

Lack of industrial development and low churn rate has resulted in existing stock being dated

Non-traditional employment activities are also now a noticeable feature on some employment sites e.g. Imperial and Colonial

Estimated vacancy rate of 7.5%

## Office Rents

Uxbridge - £25-£31.50

St Albans - £18-£23.50

Croxley Green - £23

Hemel Hempstead - £11-£21

Watford - £14-£20

Luton - £11-£20

Milton Keynes - £12-£20

## Industrial Rents

Croxley Green - £9.75

Harrow - £9-£10

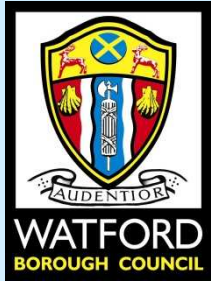
Uxbridge - £8.50-£11

Watford - £6.75-£10.50

Hemel Hempstead - £6.25-£8.50

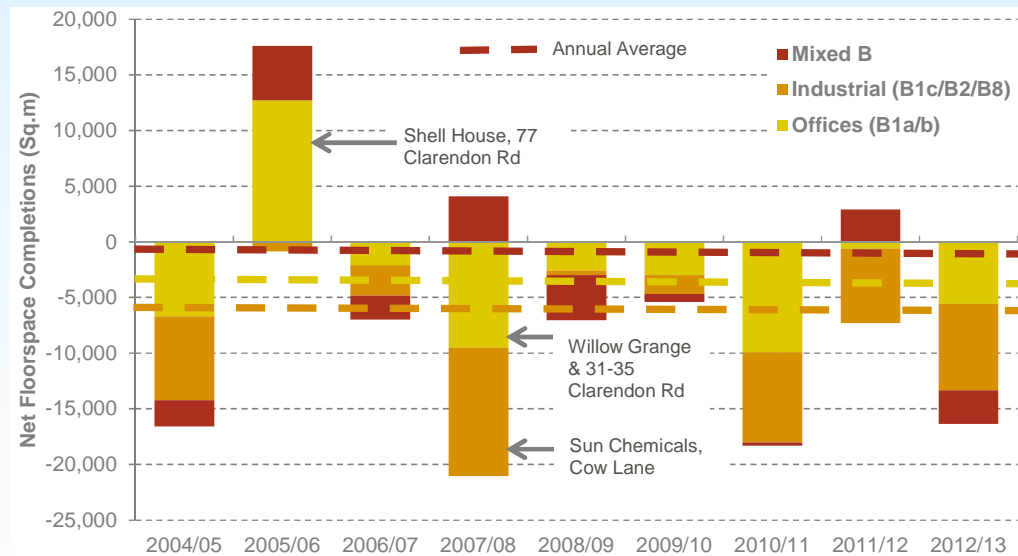
St Albans - £6-£8.50

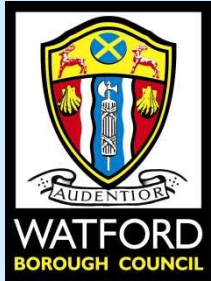
Luton - £5-£7.50



# Industrial Development Rates

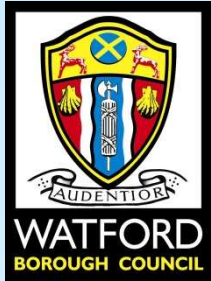
⌘ Past B Class development has been very uneven, resulting in a reduction in space in overall terms





# Headline Economic Impacts From Major Projects

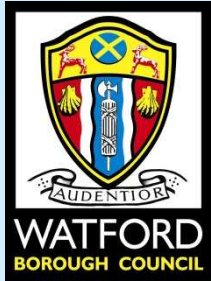




# Outputs from Major Development Projects

	<b>CRL</b>	<b>Ascot Road</b>	<b>Charter Place</b>	<b>Town Centre</b>	<b>Watford Business Park</b>	<b>Watford Health Campus</b>	<b>Watford Junction</b>
<b>Construction Value</b>	£175 million	£105 million	£100 million	£8 million	£95 million	£300 million	£440 Million
<b>Construction Period</b>	2014- 2017	2013 - 2017	2015 – 2016	2013 – 2014	2015 - 2030	2014 - 2023	2017 – 2030
<b>Temporarily Construction Jobs (p.a)</b>	685	310	250	50	75	390	395
<b>Direct Jobs Supported (Gross)</b>	-	3,530	2,150	80	2,430	3,825	2,350+

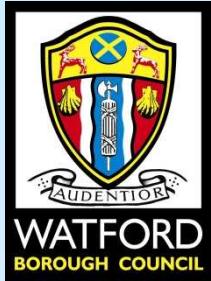




# Future Growth Scenarios

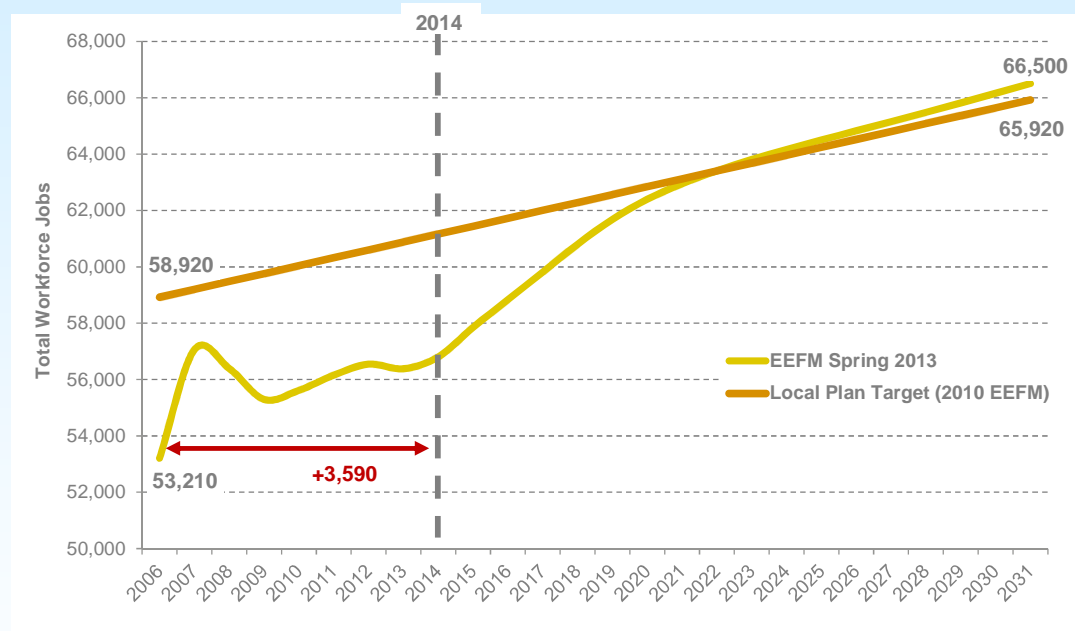


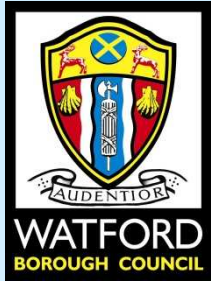




# New Jobs in Watford to 2031

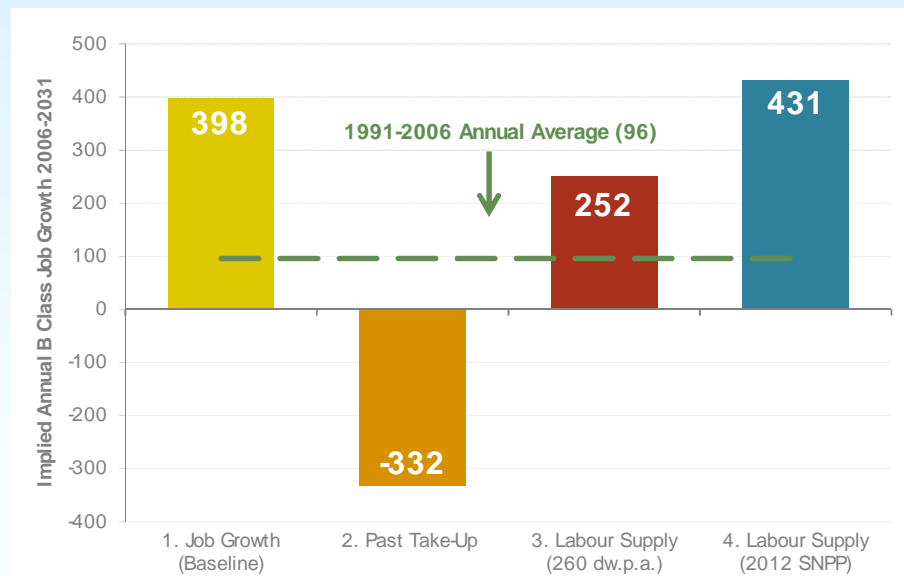
- ⌘ EEFM Spring 2013 projections suggest 13,290 jobs will be created within Watford between 2006 and 2031
- ⌘ Around 75% of these new jobs will be created within B Class sectors
- ⌘ Productivity (GVA) is estimated to grow by just over £1.6 billion during this period.

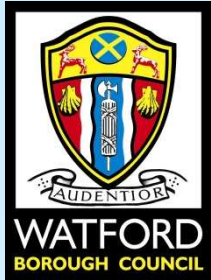




# Future Job Growth

- ⌘ The majority of scenarios imply a higher level of job growth than Watford has achieved in the past





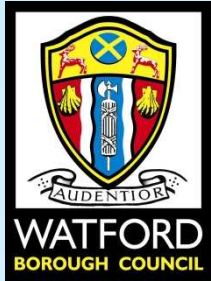
# Key Conclusions

Significant economic potential driven by key strengths:

- Location/proximity to strategic routes and public transport links
- Investment in Major Developments and infrastructure
- Strong and competitive commercial property market
- Highly skilled resident workforce
- High level of business entrepreneurship

But constrained by:

- Shortage of available land to accommodate business growth/expansion
- Increasing pressure on existing business space from high value uses
- Continued out-commuting, particularly amongst higher skilled workers



# Policy Implications

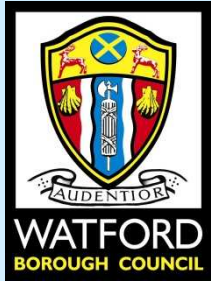
## ⌘ Offices

- ⌘ Property market punching below its weight and could sustain more activity
- ⌘ Key challenge is ensuring delivery of new space (in central Watford) and structuring supply elsewhere to respond to market opportunities

## ⌘ Industrial

- ⌘ Buoyant industrial market but full up for industrial activities
- ⌘ Lack of supply is starting to constrain and displace industrial occupiers
- ⌘ Third of industrial space lies outside of protected employment areas – placing it at risk from other development

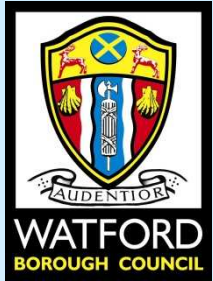




# Planning for Growth

- ⌘ A number of policy options emerge for accommodating this growth as part of Local Plan Part 2 and site allocations:
1. Assume and plan for more needs within Major Development Projects
  2. Resist proposals for loss of employment space
  3. Extend policy protection to currently unallocated sites
  4. Allocate new sites for business use
  5. Intensify existing sites to be used more efficiently
  6. Assume some needs are met elsewhere (i.e. outside Watford)





**Questions?**

