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Oxford City Employment Land Needs Assessment

Interim Report

Oxford City Council

22 September 2022

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1.0 Introduction

1.1 Oxford City Council commissioned Lichfields to undertake an Employment Land Needs Assessment ('ELNA') for Oxford to 2040. The purpose of the ELNA is to provide supplementary and updated economic evidence specifically to inform the approach to economic growth and employment land policies within the emerging Oxford City Local Plan which will cover the period up to 2040. This report provides an interim assessment, which will be developed further as the preparation of the Local Plan progresses with additional and updated evidence as appropriate.

Scope of study

1.2 The focus of the Interim ELNA is to inform the upcoming consultation of the new Local Plan Policy Options to 2040 (Regulation 18). The report focuses on future needs in relation to the economic sectors that are likely to generate requirements for office, industrial and warehouse space (i.e. referred to in planning terms as 'employment' floorspace or land), and the potential supply available to meet these needs over the Plan period.

1.3 The Interim ELNA has been prepared in line with the National Planning Policy Framework (NPPF, July 2021) and Planning Practice Guidance (PPG) with regards to Economic Needs Assessments. As such, it presents an updated position of the existing employment supply in the City, provides updated market demand intelligence, quantifies the employment space requirements based at these stage primarily on scenarios derived from the Oxfordshire Growth Needs Assessment (2021), including economic forecasts for the City prepared by Cambridge Econometrics. It also assesses the emerging supply position in line with the emerging Housing and Employment Land Availability Assessment (HELAA) prepared by the Council.

1.4 The ELNA includes consideration of economic development as defined by the NPPF, with a primary focus upon the typologies set out in the 'B' Use Classes and part 'E' Use Classes as outlined below:

- **Office and R&D**: including office in Eg(i) – formerly B1(a) – Use Class and research & development in Eg(ii) – former B1(b) – Use Class.
- **Light Industrial**: in Eg(iii) – formerly B1(c) – Use Class
- **Industrial**: including general industrial and manufacturing space in B2 Use Class.
- **Distribution**: including storage and distribution, warehousing and wholesale uses typically in B8 Use Class.

1.5 References to 'employment uses/space' and 'employment sectors' refer to all the above uses.

1.6 However, due to the unique nature of Oxford's economy, it is likely that other sectors such as higher education and health that do not occupy employment space in conventional terms will also influence the demand and supply of employment space in the City. Therefore, further evidence will be prepared in due course to examine the particular role of other important sectors of the Oxford economy which may also influence the future requirements of employment space across the City.

Basis of assessment

1.7 It should be noted that there are a variety of factors and drivers to consider when objectively assessing the business context and needs for a local economy. The study uses a combination of quantitative and qualitative analysis to examine these issues in the context of Oxford and synthesises this analysis to draw overall conclusions and policy implications for long-term planning across the City.

1.8 As part of the study, consultation has been undertaken with a range of local commercial property agents and various stakeholders to gather commercial viewpoints and intelligence regarding the local commercial property market in and around the City. In particular, this is intended to help understand the future growth plans of key economic landowners, and the capacity of key sites to meet needs over the Plan period. The consultation with the stakeholders is still ongoing and, therefore, the Interim ELNA presents the emerging findings of the employment supply position, which are likely to change in the forthcoming ELNA Update as a reflection of the ongoing landowners' feedback.

1.9 An important consideration for any technical work of this type is that the study is inevitably a point-in-time assessment. The report has used the latest available data and other evidence available at the time of reporting, while the accuracy of third-party data has not been checked or verified by Lichfields. As new or updated evidence becomes available (e.g. economic forecasts), these will be considered as part of the final ELNA as appropriate.

Policy background

1.10 A detailed policy review is presented in Appendix 1. Oxford is a leading centre for technology, innovation and research internationally and this is reflected within the adopted and emerging policies and economic strategies. Oxford's Economic Strategy 2022-2032 seeks to drive up the well-established and expanding Research & Development ('R&D') sectors of the economy, whilst also maintaining an inclusive economy that provides for a variety of jobs at a range of skill levels. The visitor economy is also highlighted as a very important sector in Oxford which needs to be safeguarded.

1.11 It is highlighted through the evidence that the City faces challenges particularly in relation to future growth ambitions, due to its constrained land supply alongside the increasing affordability pressures for those who want to live and work in the City. In this context, a balance needs to be found between delivering new homes and employment land within the City. Housing affordability pressures affect the labour market as employees may have live further afield and therefore commute longer distances to work. The Oxfordshire Local Industrial Strategy highlights the issues around the constrained employment land availability within the City.

1.12 The adopted Oxford Local Plan 2016-2036 seeks to make the best use of all existing sites through intensification and modernisation to accommodate the forecast demand for new employment floorspace over the plan period. The Local Plan categorises existing employment sites into Category 1 and 2 sites which are protected, and Category 3 sites and B8 uses with more flexibility and the potential to be released from employment uses. B8 uses have been included in the non-priority category as they have a low job density and do not make efficient use of land which is particularly important given the shortage of land in Oxford.

Structure of the Report

1.13 The report is structured under the following sections:

- **Economic Context and Recent Trends (Section 2.0):** a review of the economic context of Oxford City and a review of changes in the stock of office, industrial and warehousing space historically.
- **Commercial Property Market Signals and Intelligence (Section 3.0):** a review of recent trends in the local commercial property market, including the supply of, and demand for, different types of employment space within Oxford and the needs of different market segments.
- **Future Requirements for Employment Space (Section 4.0):** updated future growth scenarios for Oxford City and associated employment land requirements over the new Local Plan period to 2040.
- **Implications for Demand/Supply Balance (Section 5.0):** an assessment of the balance between land supply and future requirements in both quantitative and qualitative terms.
- **Conclusions and Policy Implications (Section 6.0):** a summary of the key interim findings.

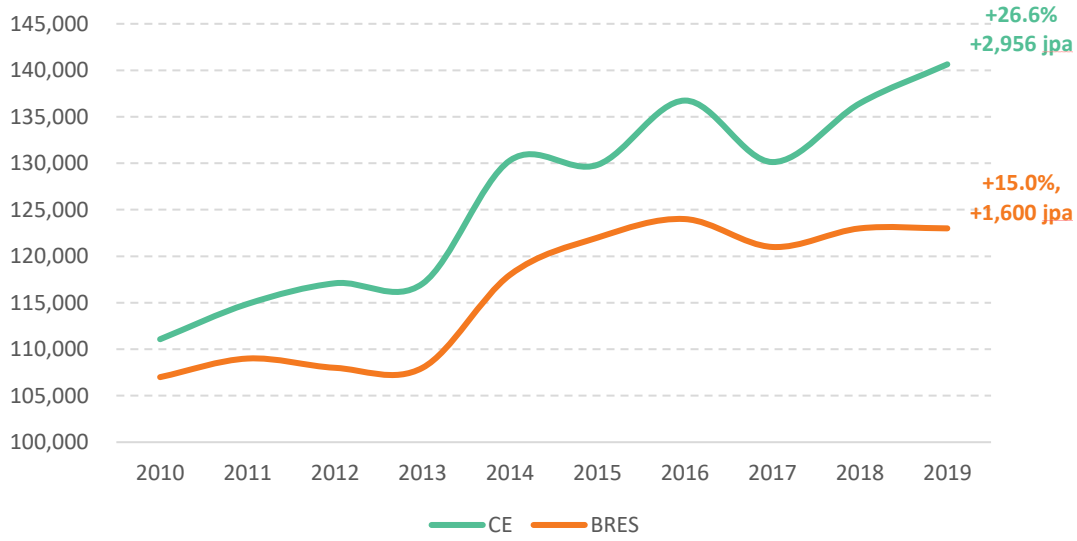
2.0 Economic Context and Recent Trends

2.1 This section summarises the economic context and recent trends within the City, highlighting the key strengths and main challenges.

Employment trends

2.2 Based on data from Cambridge Econometrics (CE), there were 140,600 jobs in Oxford in 2019. As shown in Figure 2.1, the number of jobs has increased by 29,564 since 2010 representing an increase of 26.6% or 2,956 jobs per annum (jpa). Since 2016 – the starting year of the adopted Local Plan – there has been an increase of 3,894 jobs or 974 jpa, which compared to the longer term trend, indicates a slowdown in the job growth rates.

Figure 2.1 Jobs Growth across all sectors in Oxford, 2010 - 2019

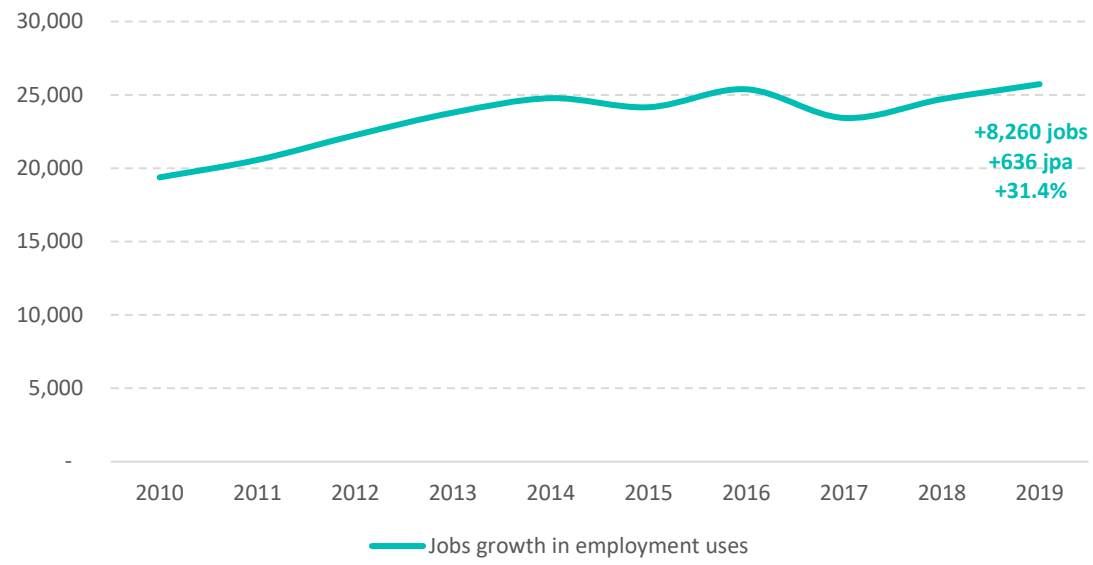


Source: CE (2020)/BRES (2021) / Lichfields analysis

2.3 Employment data from the Business Register and Employment Survey (BRES) shows a similar job growth trend (Figure 2.1), however in absolute terms there is a difference with BRES recording growth of 1,600 jpa since 2010 and a loss of 250 jpa since 2016. The two data sources also record different start and end points, with BRES suggesting that the total jobs in 2019 were 123,000 across all sectors. These discrepancies are common when comparing different datasets. For the purposes of the ELNA and consistency with wider economic evidence across Oxfordshire, the CE data has been adopted.

2.4 Figure 2.2 illustrates the job growth in employment uses only. Compared to the total jobs which have increased by 26.6% since 2010, jobs in employment uses have increased by 31.4%.

Figure 2.2 Jobs growth in employment uses in Oxford, 2010-19



Source: CE (2020) / Lichfields analysis

2.5 As shown in Table 2.1, this increase has been driven by an increase in office and R&D sectors (+6,356 jobs), followed by general industrial (+952 jobs), light industrial (+916 jobs) and distribution-based (+34) sectors across the same period.

Table 2.1 Employment Change in Oxford, 2010 to 2019

Employment Type/Sectors	No. of Jobs		Change (2010-2019)	
	2010	2019	No. of Jobs	%
Office and R&D	19,375	25,732	6,356	33%
Light Industrial	904	1,820	916	101%
General Industrial	2,685	3,637	952	35%
Distribution	3,313	3,347	34	1%
Employment Uses	**26,277**	**34,536**	**8,259**	**31.4%**
Jobs in All Sectors	111,078	140,642	29,564	27%

Source: CE (2020) / Lichfields analysis

2.6 The City's highest represented sectors in 2019 were education (27.2%), health (13.1%), construction (7%), retail (7%) and business support services (5.4%). By comparison, the sectors with lowest representation were those in relation to mainstream manufacturing such as the manufacturing of non-metallic mineral products, wood and paper, textiles, machinery, electrical equipment alongside mining and quarrying.

2.7 Reflecting on the above, Table 2.2 shows those sectors comprising the key contributors to the City's job growth across the last decade. Cumulatively, the following sectors have contributed to 91.5% of the total employment growth across Oxford.

Table 2.2 Employment Change – Growth Sectors (>1,000 jobs change), 2010 - 2019

Sectors	2010-2019 Jobs Change
Education	8,560
Construction	6,407
Retail trade	2,410
Head offices & management consultancies	2,342
Business support services	1,981
Other professional services	1,873
IT services	1,272
Food & beverage services	1,211
Media	1,009

Source: CE (2020) / Lichfields analysis

2.8 In terms of declining sectors, public sector employment has recorded a loss of 1,179 jobs across the same period, followed by losses in other industrial and distribution uses alongside residential and social care employment (Table 2.3). Cumulatively, these sectors have seen a loss of 3,492 jobs over the last decade.

Table 2.3 Employment Change – Declining Sectors (<0 jobs change), 2010 - 2019

Sectors	2010-2019 Jobs Change
Public Administration & Defence	-1,179
Motor vehicles trade	-633
Residential & social	-511
Financial & insurance	-337
Wholesale trade	-326
Electricity & gas	-303
Electronics	-86
Pharmaceuticals	-59
Printing & recording	-58
Machinery	-1

Source: CE (2020) / Lichfields analysis

Business Demography and Distribution

2.9 In terms of the size of businesses in Oxford, the City has a large proportion of small firms with 1-9 employees (84.3%) according to ONS Business Counts data, however this is much smaller than the equivalent in the South East (90.3%) and England (89.8%) (Table 2.4).

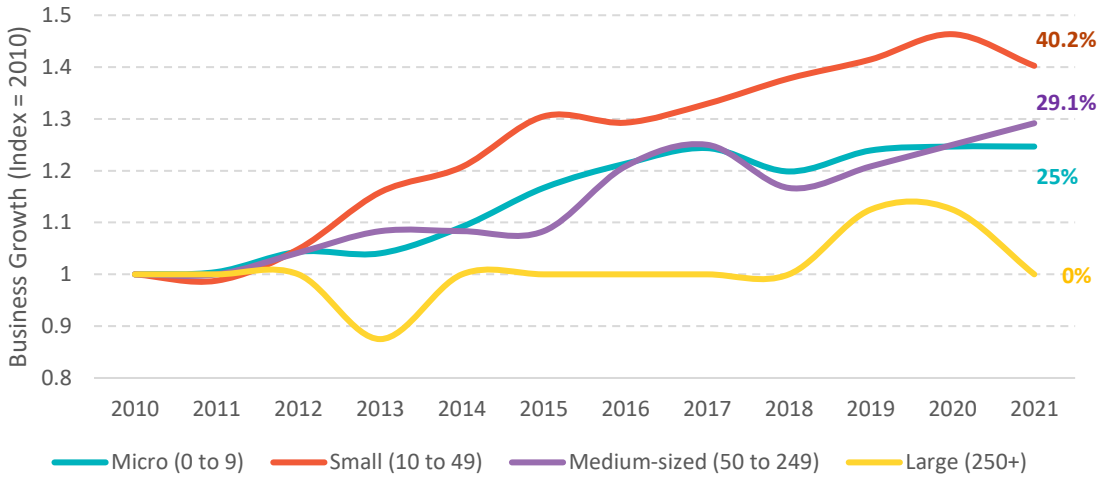
Table 2.4 Business Size (i.e., employment size)

Metric		Oxford		South East	England
Business Size	Micro (0 to 9)	4,145	84.3%	90.3%	89.8%
	Small (10 to 49)	575	11.7%	7.9%	8.3%
	Medium (50 to 249)	155	3.2%	1.4%	1.5%
	Large (250+)	40	0.8%	0.4%	0.4%

Source: ONS (2021) / Lichfields analysis

2.10 The proportion of large businesses has remained similar since 2010, while small businesses (i.e., 10 to 49 employees) increased by 40%, medium businesses (50 to 249 employees) increased by over 29% and micro (up to 9 employees) increased by 25% (Figure 2.3).

Figure 2.3 Business Growth by size (Indexed analysis based on 2010)



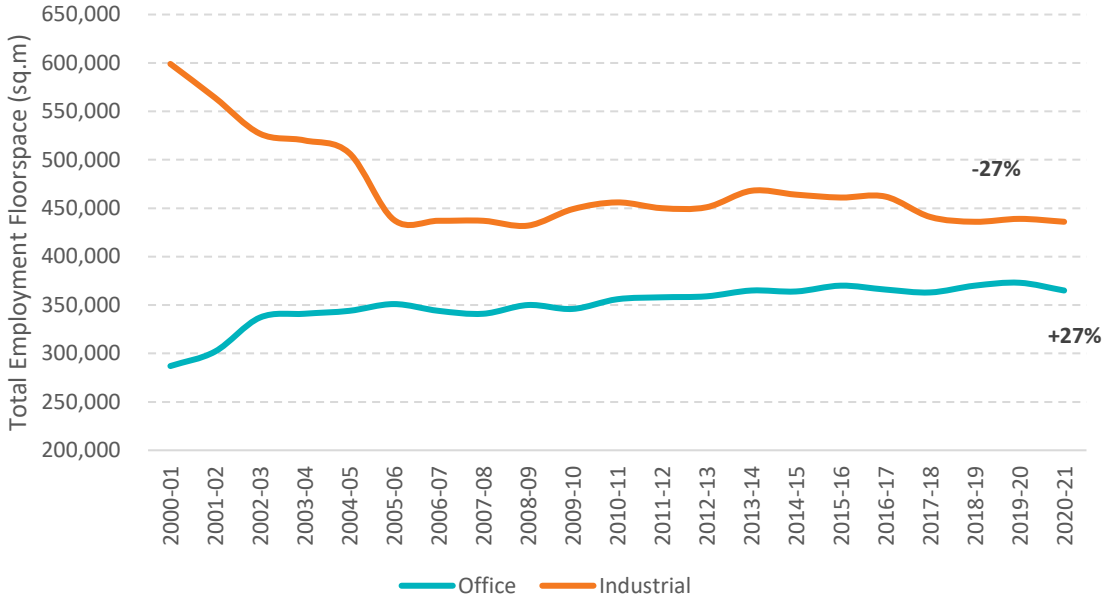
Source: ONS (2021) / Lichfields analysis

Stock of Employment Space

2.11 Oxford contains around 801,000 sq.m of employment floorspace in 2021 according to the latest Valuation Office Agency (VOA) data. This comprises 54% in industrial use (i.e. light industrial, manufacturing and distribution) and 46% in office (including R&D) use.

2.12 Based on the same data, the overall stock of employment space in Oxford declined by 9.6% since 2000/01. During this period, an increase in employment space was recorded across Oxfordshire and the South East as a whole (7.8% and 2.4%, respectively). However, most of this loss occurred between 2000 and 2006. In particular, since 2010 there has been a comparatively small loss of 1.4% (-1,000 sq.m) which was driven by a loss of industrial space (-4.4%), while office has seen an increase (+2.5%).

Figure 2.4 Change in Office and Industrial Space in Oxford, 2000/01-2020/21

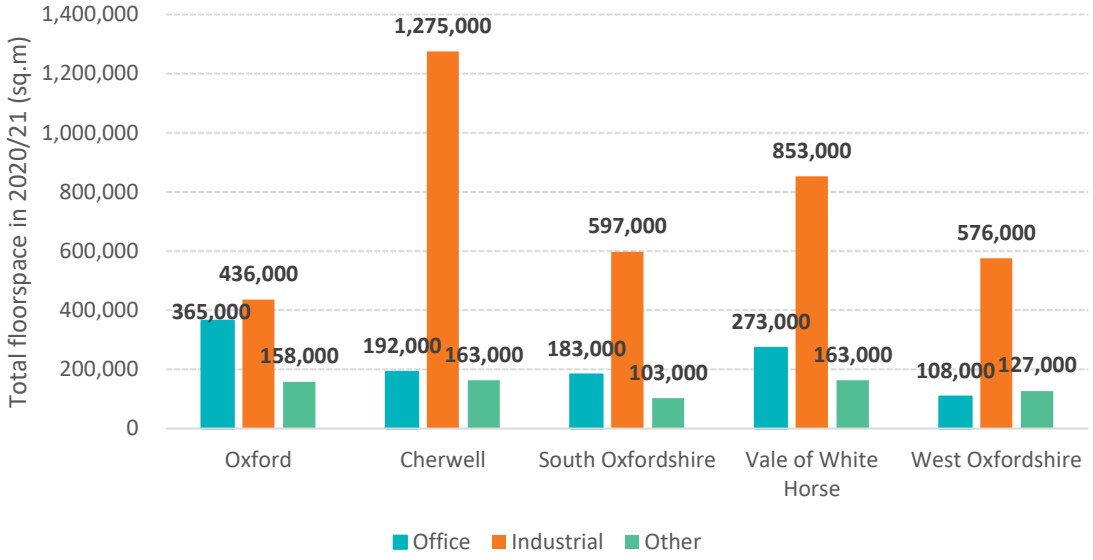


Source: VOA (2022) / Lichfields analysis

2.13 The City's stock of office space is the largest across all of the Oxfordshire local authorities (Figure 2.5). In terms of industrial floorspace, however, Oxford has the smallest industrial stock which might be expected considering both the City's constrained land supply and its knowledge-based economy.

2.14 There is a strong demand for R&D and office floorspace driven by the tech and medical research sectors. The market has been particularly popular with these occupiers due to the presence of a highly-educated workforce and access to research and innovation within the City. This has resulted in competition for high quality space, encouraging some speculative development and resulting in strong inventory growth of new stock in recent years.

Figure 2.5 Stock of Office and Industrial Space by Oxfordshire Local Authority as recorded by VOA, 2020/21



Note: These statistics relate to stock of rateable properties (known as "hereditaments"), recorded by the VOA. Typically, R&D floorspace is captured either under 'Office' or 'Other' categories. The 'Other' category also includes Assembly and Leisure, Education, Health, Hotels, Guest & Boarding, Self-Catering etc, Non Residential Institutions, Offices that are part of a specialist property, Other, Retail, Residential Institutions, Storage & Distribution (primarily included within Industrial) and Utilities. More information can be found at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1018139/Background_Information_2021.pdf

Source: VOA Business Floorspace Data (September 2021) / Lichfields analysis

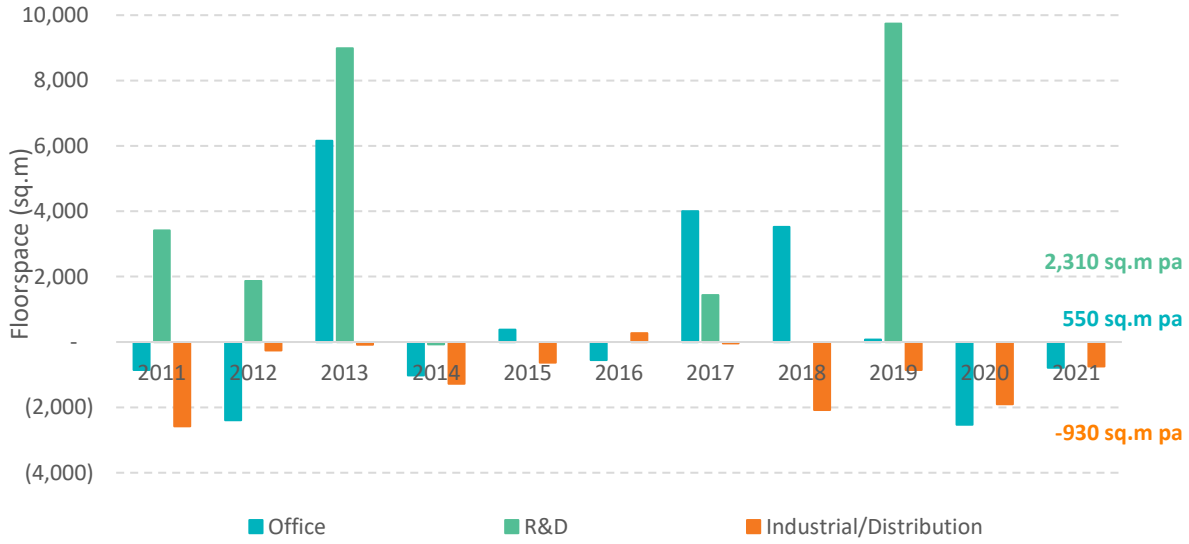
Development Rates

2.15 Monitoring data has been provided by the Council covering the period between 2011 and 2021. This can be used to analyse the scale and nature of employment space development that has been delivered across the City over the recent years. The data refers to completed schemes only.

2.16 The City's floorspace gain has been primarily driven by R&D (i.e. former B1(b), Eg(ii) Class) with a total gain of 25,370 sq.m across the monitoring period or an annual increase of 2,310 sq.m since 2011. Office space within former B1(a), Eg(i) Class ('general office space') has also increased, but to much lesser extent, reporting a total gain of 6,025 sq.m across the monitoring period (i.e. 550 sq.m pa). Cumulatively, office space in the former B1a/b and E(g)(i)/(ii) has increased by 31,400 sq.m, of which 80% relates to R&D and 20% to general office space.

2.17 Two large schemes were completed in 2013, namely University of Oxford, Roosevelt Drive, OX3 7LF (+8,990 sq.m) of health research facilities and Plots 2300, 2400 and 2600, John Smith Drive (+9,097 sq.m) for new office space. In addition, Central Chemistry, South Parks Road, OX1 3QH (+7,820 sq.m) was completed in 2019, alongside Plot 3130, John Smith Drive, Oxford (+4,770 sq.m) in 2018, Lesley Martin Building, South Parks Road, Oxford (+3,410 sq.m) in 2011 increased the City's office and R&D supply. In 2017 the redevelopment of the former Oxford Bus Depot, 395 Cowley Road, Oxford increased the office and R&D provision (+2,090 sq.m); however, this was then ultimately lost to housing.

Figure 2.6 Net Completions by Type of Employment Space in Oxford, 2011-2021



Source: Oxford City Council / Lichfields analysis

2.18 Industrial and distribution floorspace (within former B1c, Eg(iii), B2 and B8 Class) decreased by 10,200 sq.m or 930 sq.m per annum. The majority of losses during the monitoring period were associated with B8 distribution floorspace which saw a net change of -10,491 sq.m, followed by a net loss of -2,424 sq.m of light industrial floorspace (B1c/E(g)(iii)). Meanwhile B2 general industrial floorspace saw a net increase of 2,714 sq.m over the monitoring period, which is mainly due to the completion in 2017 of nine industrial units at Sandy Lane West.

2.19 In overall terms, this resulted in an increase in the stock of office space and a gradual decline in the stock of industrial space in Oxford over the monitoring period 2011 to 2021. This is consistent with the earlier analysis of VOA employment floorspace data.

2.20 The analysis particularly of office space is also broadly consistent with what is reported by proprietary market data from CoStar, which shows that completions of office floorspace spiked during 2013 and 2018 and, there has been a total of 25,641 sq.m of office space (including R&D) delivered and 3,576 sq.m demolished between 2012 and 2021 (available monitoring period).

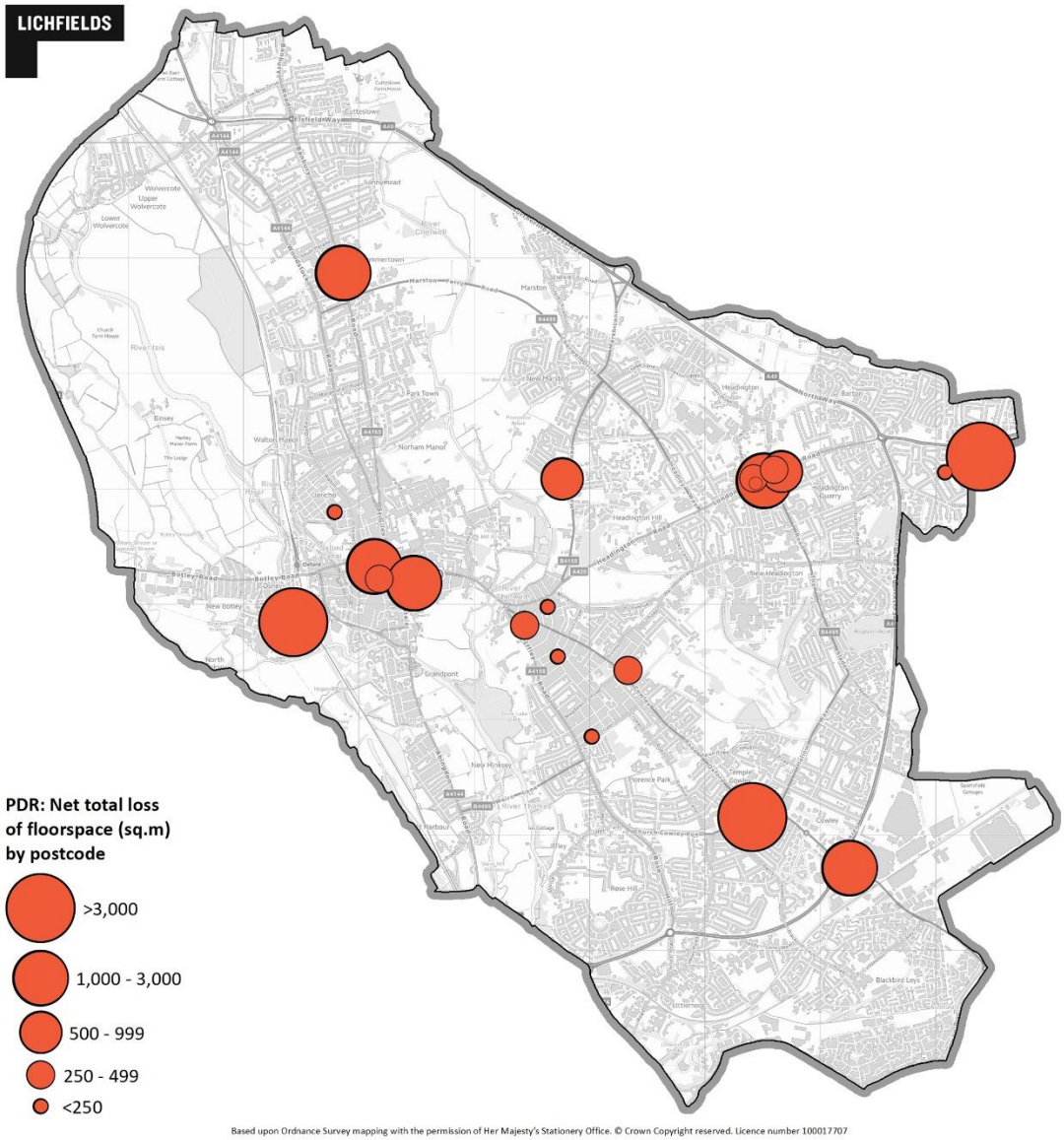
2.21 Synthesising the above, the total amount of employment space delivered (in net terms) equated to 21,194 sq.m across the 2011-21 monitoring period, which is equivalent to an annual average net completion rate of 1,927 sq.m. This figure does not capture losses related to permitted development rights which are reported separately in the following section.

Permitted Development Rights

2.22 In 2013, the Government introduced Permitted Development Rights (PDR) to allow for the change of use from office to residential without the need to obtain planning permission from the local planning authority. In many locations across the country, the effect of the PDR has increased the rate of losses of office floorspace, often above historic trends.

2.23 Monitoring data provided by the Council indicates that a total of 16 Prior Approvals from office to residential had been implemented in the City between 2013 and 2021. Although it is not a requirement under the regulations to monitor the scale of office space losses from PDR applications, it is important in planning terms to consider the amount of office space being lost from such applications within the context of the overall stock in the local area. On this basis, Council data estimates that these 16 applications have resulted in the loss of 22,700 sq.m of office space, which is equivalent to 6% of the total office stock in Oxford City in 2013 (i.e. at the point PDRs were introduced). The broad location of these schemes is shown in Figure 2.7.

Figure 2.7 Location of Office-to-Residential Prior Approvals, 2013-2021



Source: Oxford City Council (2022) / Lichfields analysis

2.24 As shown in Figure 2.7, a number of the applications are concentrated within the City Centre with several large losses of office floorspace, however the application with the largest

loss of office floorspace was in relation to the Former Nielsen House on London Road, Headington demolished in 2020 resulting in a net loss of -9,675 of office floorspace. It should be noted that this scheme comprised the main building within a 5.05ha designated Category 2 employment site.

2.25 Recent changes to the Use Class Order which came into effect in September 2020 (i.e. the introduction of Class E) mean that the office to residential PDR will now be phased out, and has been replaced with a new Class MA business and commercial to residential PDR which is subject to different conditions, limitations and restrictions.

Summary

1 The City has recorded significant job growth over the last 10 years (26.6%). Growth in jobs that fall within employment uses in planning terms has seen a proportionately higher increase of 31.4% over the same monitoring period driven primarily from an increase in jobs in office and R&D sectors (+6,356), followed by increases in general industrial (+952 jobs) and light industrial (+916 jobs) sectors.

2 Oxford's key sectors of education, health, construction, retail and business have also experienced relatively strong employment growth over the last 10 years alongside other office-based sectors such as head offices and management consultancies, other professional services, IT services and media. At the same time, significant job losses were recorded in public administration, finance and insurance, some manufacturing sub-sectors and residential and social care sectors.

3 Oxford's business base is dominated by SMEs similar to the national profile, however, the City has higher proportions of small (10 to 49 employees – 11.7%), medium (50 to 250 employees – 3.2%) and large (250+employees) compared to both England and the South East. By contrast, Oxford has a slightly lower proportion of micro businesses (up to 9 employees) compared to regional and national averages.

4 Oxford's stock of office space is the largest across Oxfordshire authorities with 365,000 sq.m. This has increased by 27% since 2000/01 and by 2.5% since 2010. However, the overall stock of employment space has reduced by 9.6% since 2000/01, but only by 1.4% since 2010/11.

5 The City has seen new employment development over the last few years primarily in relation to R&D and university-based activity. As summarised in Table 2.5, the total amount of employment space delivered (in net terms) equated to 21,194 sq.m across the 2011-21 monitoring period, which is equivalent to an annual average net completion rate of 1,927 sq.m. Since 2011 there has been an annual net gain of 2,310 sq.m of R&D and 550 sq.m of general office. By contrast, industrial and distribution space has been shrinking at an average annual rate of 930 sq.m, however it should be noted that this is mainly driven by losses of storage and distribution space.

Table 2.2.5 Past Development Rates per Annum in the City, 2011 to 2021 (Net)

Year	Office	R&D	Industrial / Distribution	Total
2011	-856	3,410	-2,584	-30
2012	-2,392	1,869	-261	-784
2013	6,162	8,990	-86	15,066

2014	-1,018	(75)	-1,276	-2,369
2015	383	-	-630	-247
2016	-550	-	266	-284
2017	4,007	1,431	-43	5,395
2018	3,525	-	-2,077	1,448
2019	77	9,744	-854	8,967
2020	-2,527	-	-1,905	-4,432
2021	-786	-	-751	-1,537
Total	**6,025**	**25,369**	**-10,200**	**21,194**

Source: Oxford City Council (2022) / Lichfields analysis

6 The introduction of Permitted Development Rights nationally in 2013 has also impacted the City's office stock with 16 office premises having been lost resulting in a loss of 22,700 sq.m. None of these schemes related to Category 1 sites.

3.0 Commercial Property Market Assessment

3.1 This section provides an overview of the commercial market conditions across Oxford and its wider property market comprising the other Oxfordshire authorities, namely Cherwell, West Oxfordshire, South Oxfordshire and Vale of White Horse.

3.2 In line with market data conventions, floorspace figures in this section derived from CoStar and other published agency sources are reported in sq.ft.

Office Market

Oxfordshire Outlook

3.3 Oxfordshire is in a strategic location for the office market and benefits from its proximity to London and Heathrow Airport. It is an integral part of the UK's 'Golden Triangle' for knowledge-based sectors defined as the area between Cambridge, London and Oxford. The Golden Triangle is a term is used to describe the grouping of 'elite, highly-funded universities' located in the southern English Cities of Oxford, Cambridge, and London. In particular, the term relates to the University of Oxford, University of Cambridge, Imperial College London, King's College, the London School of Economics and University College London.

3.4 These universities are prominent in the world of education and innovation, or the 'knowledge' sector, both in the UK and internationally. These institutions receive some of the highest research incomes, funding and grants from the UK government, and the largest financial endowments of all British universities. These universities work collaboratively (with initiatives like G5, Global Medical Cluster, MedCity, and SES) to ensure that the Golden Triangle is maintained as a global science and innovation hub.

3.5 The Golden Triangle area achieves strong business growth across numerous sectors, including digital technology, innovation, life sciences, medicine and more. Oxford, in particular, has one of the most dynamic digital tech economies in the UK, and in 2021, Oxford University attracted £451m of funding.

3.6 According to a recent market report[1], 2020 was a resilient year for the Oxfordshire market, which saw significant investment and has been at the forefront of the UK's scientific effort in the response to Covid-19. OxfordBiomedica's new 84,000 sq.ft facility, opened in January 2021, and the Vaccines Manufacturing Innovation Centre at Harwell has been fast-tracked through the planning process.

3.7 Oxfordshire's office market continues to be characterised by a shortage of stock, both in terms of the long-standing lack of stock in the City and the out-of-town market. Take-up of office and laboratory space makes up at least 60% of science-related sectors across Oxfordshire and the share is higher in the City. In 2021, office and laboratory take-up in Oxfordshire totalled 385,148 sq ft, 35% above the floorspace leased in 2020[2]. The largest transaction to complete was Evotec's 55,000 sqft acquisition at 95 Milton Park.

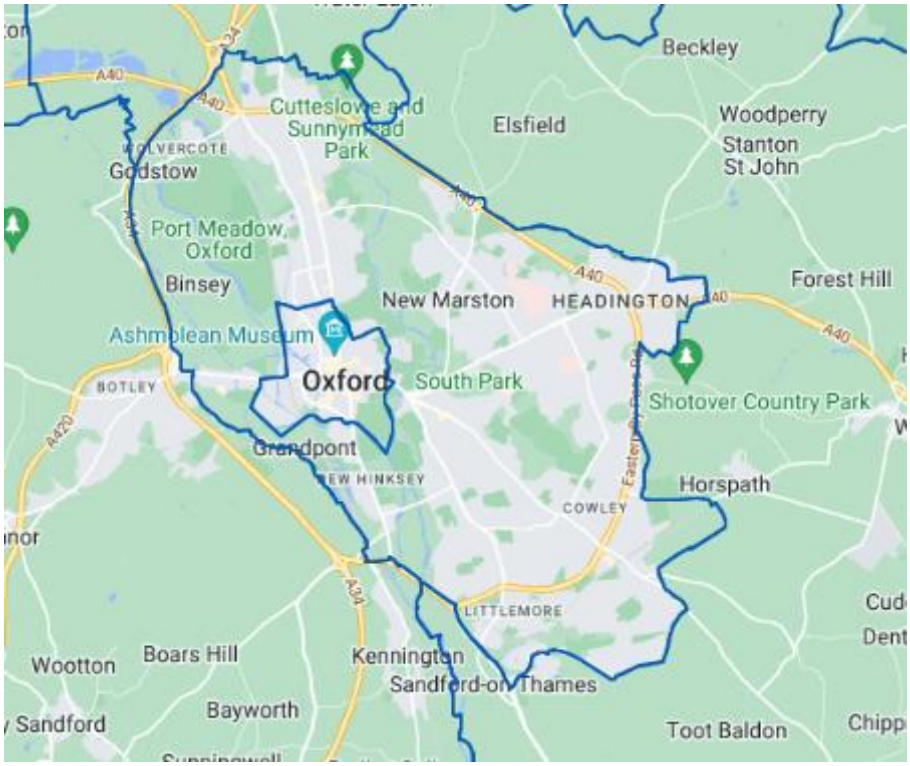
[1] Carter Jonas (2021); Commercial Edge Oxfordshire
[2] Carter Jonas (2022); Commercial Edge Oxfordshire

3.8 Office availability across Oxfordshire is currently reported to be 9.7%. In terms of rents, those out-of-town rents reached £38.50 per sqft during 2021, although looking forward rents for Grade A laboratory-enabled space are heading towards £50.00 per sqft in Oxfordshire, as a whole.

Oxford City Outlook

3.9 According to CoStar, there are generally two identified office submarkets at the local level comprising Oxford Central – i.e. the City Centre and immediately adjoining areas – which is the prime office location across the area, and the 'Oxford Fringe', which is the second most popular office location after the City Centre (Figure 3.1) covering the main business parks across the City.

Figure 3.1 Office Markets in Oxford: Oxford Central and Oxford Fringe



Source: CoStar (2022)

Stock Quality

3.10 According to CoStar, the Oxford Central office submarket consists of around 2 million sqft (c 186,000 sq.m) of office and laboratory space and Oxford Fringe conceived as a mid-sized submarket contains around 2.7 million sqft (over 250,000 sq.m) of office and laboratory space. On this basis, CoStar suggests that the office and laboratory space across the City totals around 436,000 sq.m[3].

3.11 Oxford Central submarket boundary aligns mainly with Carfax and Holywell electoral ward 2019, with much of the stock protected or of historical importance limiting the potential for

[3] Compared to VOA records presented in Chapter 2 (indicating a total office space of 365,000 sq.m), suggests that some of the office and laboratory space potentially fall within the 'Other' category of the VOA categorisation.

large new developments. Major occupiers in the submarket are dominated by colleges or other services affiliated with Oxford university.

3.12 Table 3.1 summarises the age and quality of existing office stock in Oxford City according to the latest CoStar data. This shows that 60% of properties were built before the 1980's, with 83% 9f properties (relating to 62% of office floorspace) built before the 2000's. This suggests that the existing office stock in the City comprises a more significant proportion of older premises compared to its newer stock (i.e. post-2000s), which represents 38% of the existing office floorspace.

Table 3.1 Age and Quality of Existing Office Space in Oxford City (2022)

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Age of Stock				
Pre 1940s	161	47%	85,707	20%
1940s-1980s	45	13%	69,231	16%
1980s-2000s	77	22%	110,515	26%
Post 2000s	60	17%	165,522	38%
Total	**343**	**100%**	**430,975**	**100%**
CoStar Star Rating				
1-2 Star	123	36%	63,989	15%
3 Star	207	60%	311,595	72%
4-5 Star	13	4%	55,391	13%
Total	**343**	**100%**	**430,975**	**100%**

Source: CoStar (2021) / Lichfields analysis

3.13 The majority of this space is of average quality, being ranked as 3 out of 5 stars based on CoStar's rating system[4]. CoStar's rating system uses market-tested criteria to analyse the quality of existing office and industrial stock. These account for architectural design, structures/systems, amenities, site/landscaping/exterior, and certifications. As shown in Table 3.1, Oxford's office stock generally falls within the lower star categories, with only 4% of the City's office premises (accommodating 13% of total office stock) characterised by a 4/5-star rating. The majority of the high-quality offices are not located in the centre of the city but in Oxford's Fringe submarket.

Office Availability

3.14 CoStar data indicates that current availability of office floorspace across the City equates to approximately 9.3% of total office stock; however, the availability across the Oxford Central is much lower at 3.2% according to CoStar (and 3.8% according to Bidwells[5]).

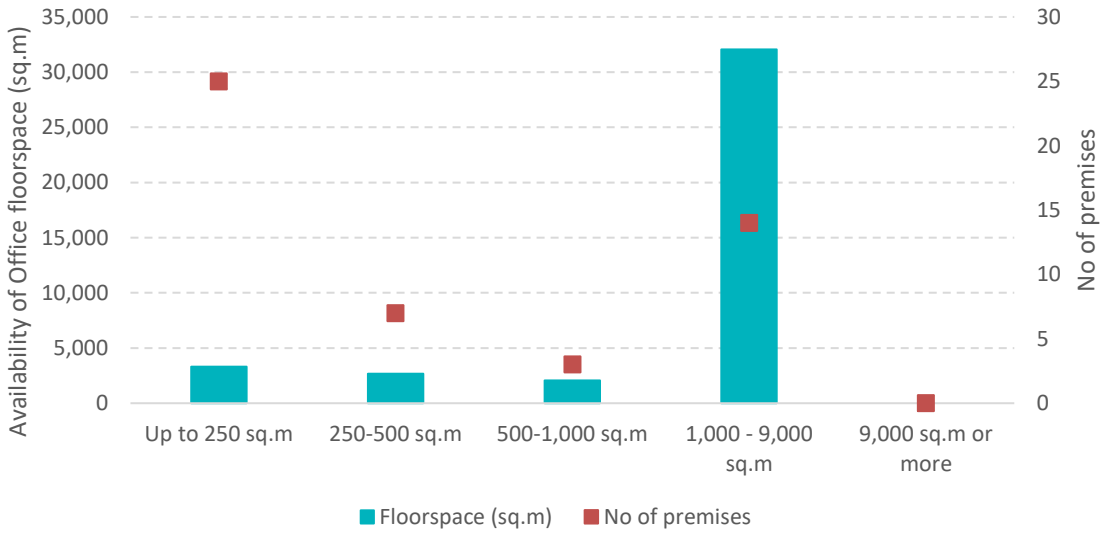
3.15 Available floorspace for the purposes of the analysis is defined as existing space that is being marketed as available for lease or space, regardless of whether the space is vacant, occupied, available for sublease, or will be available at a future date subject to lease's length.

[4] For offices, 3 stars relate to an older structure, no refurbished premise with standard ceiling heights and less efficient floor plates and an average market rent. For more information, please refer to https://www.costar.co.uk/docs/librariesprovider5/knowledge-centre-documnets/ratingsytem.pdf

[5] Bidwells, (2021), Office & Labs Oxfordshire

As shown in Figure 3.2 below, much of this available floorspace falls across the large office premises (1,000 sq.m- 9,000 sq.m), although there are also 25 available office premises in the smallest size category (up to 250 sq.m).

Figure 3.2 Availability of Office Floorspace in Oxford City (2022)



Source: CoStar (2022) / Lichfields analysis

3.16 The shortage of supply was also recorded within the previous employment evidence for the City. In particularly, the Oxford Employment Land Needs Assessment (2018) referred to a shortage of Grade A space in the City Centre (as in Summer 2018) with the available office supply being 85% below the equivalents in 2014 to 2016.

3.17 Finally, in terms of future supply, CoStar suggests that there is about 240,000 sqft (c 23,000 sq.m) underway in the Oxford Fringe area, a record high of new construction over the past decade. This construction relates to Plot 16 at Robert Robinson Avenue for Magdalen College Oxford and new office space at Edmund Halley Road. This represents a continuation of new development in the submarket, which had already seen 17,000 sqft (1,600 sq.m) deliver over the past three years.

Vacancy Trends

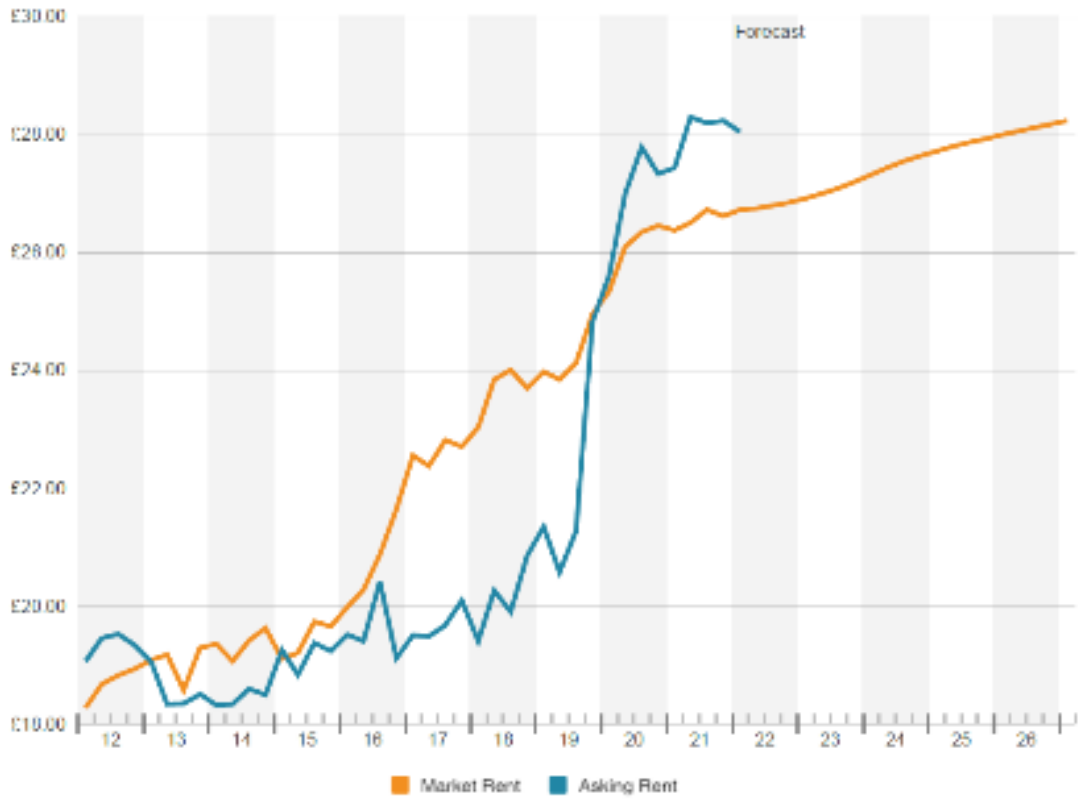
3.18 Oxford City has a relatively low level of office vacancy which according to CoStar has been the case since 2012 (the period over which historic data is available). The highest vacancy level recorded in the last 10 years was in 2013 where vacancy levels reached 5.9%. In 2021, the vacancy level stands at 5.8%, having significantly spiked since 2019 levels of 3.5%. This suggests that the Covid-19 pandemic had an impact on the City's existing office stock, with vacancy expected to remain above pre-pandemic levels according to CoStar's forecast.

3.19 Vacancies have historically been tight in Oxford Central with the latest vacancy rate being around 2%. During the pandemic the submarket's vacancy levels have remained consistently low. The lack of new office and laboratory development across the City Central has historically been the main factor for this tight vacancy rate.

Office Rents

3.20 Office rents in Oxford City are relatively expensive within the South East context, and this is highlighted in Figure 3.3 which shows that in 2021, the average market rent for offices was £26.5 per sqft, above the Oxfordshire average of £22.00 per sqft. The market rent is forecast by CoStar to remain at a similar rate up until 2026, increasing slightly to around £28.00 per sqft.

Figure 3.3 Market Office Rent and Asking Rent Price in Oxford City (per sqft)



Source: CoStar (2022) *Market rent is rent achieved

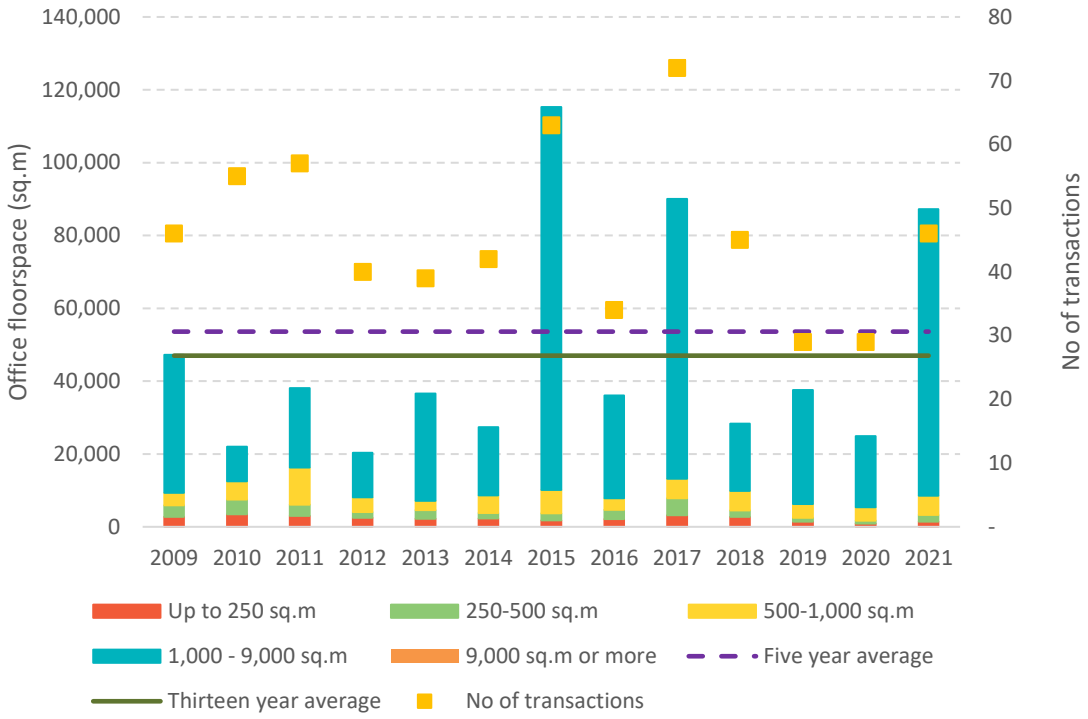
3.21 The asking rent represents the monetary value the lessor is asking to lease their building/premises; Figure 3.3 shows that from 2013 to 2019, the asking rent was below the market rent value for offices. Then from 2019 to 2021, the asking rent was above the market rent achieved. In 2021, asking rent has recently overtaken market rent to a rental value of £28 per sqft. Nationally the asking rent during the pandemic remained below the market rent showing lessors' uncertainty across the pandemic. However, in Oxford the demand is sufficiently strong and, in combination with the fact that an emerging trend for converting office to R&D is established across the City, to the extent that asking rents now exceed market rents.

Take-Up by Size

3.22 The total office take-up (comprising both leases and sales) in Oxford between 2009 and 2021 amounted to 611,000 sq.m. Around 80% of this was attributed to large offices of 1,000-9,000 sq.m in size and 10% of the total take-up was made up of medium offices of 500-1,000 sq.m in size, as shown in Figure 3.4. Take-up declined during the Covid-19

pandemic with just 24,900 sq.m of office floorspace take-up recorded in 2020, but this fully recovered in 2021 and at 87,200 sq.m was the third largest recorded across the monitoring period.

Figure 3.4 Office Take-up by Size in Oxford City, 2009-2021



Source: CoStar (2022) / Lichfields analysis

3.23 The 12,692 sq ft acquisition by Exact of the Sherard Building on Oxford Science Park in 2021 proved notable as it involved a fully fitted laboratory and reinforced the growing requirement for such accommodation in the Oxfordshire market, with turnkey solutions also provided for Ivy Technologies and Evox Therapeutics on the Oxford Business Park. In addition, Oxford Biodynamics leased 25,000 sqft at Oxford Business Park South. The largest transaction in the Oxford Central submarket was the 16,400 sqft letting at Ramsay House.

3.24 Figure 3.4 also shows the number of transactions by size of office space; in total 437 leases and 160 sales were recorded over the 13 years, an average of 34 leases per year and 12 sales per year, of which 35% of all transactions were attributed to small-sized offices of up to 250 sq.m. The Oxford Fringe, in particular, has seen a lot of activity for office transactions in recent years, and the number of properties sold in the past year has surpassed the three-year average.

3.25 Discussions with agents suggest that the office market has seen a revival in the last 18 months, however occupiers are reducing their overall footprint requirements as more companies adopt flexible working environments. It is reported that some occupiers have reduced their office footprint by a third to factor in hybrid working requirements. However, all agents indicated that the main demand is for R&D and laboratory spaces which has resulted in the refurbishment and repurposing of some offices into laboratory space to help meet the R&D demand in Oxford.

3.26 According to data from Savills'[6], overseas investors were very active in Oxford in 2021 accounting for 77% of office investment across the City. This was primarily driven by Singaporean investor GIC acquiring a nearly 50% stake in Oxford Science Park for £395 million.

3.27 The delay of new supply has impacted investment activity across the City Centre. Investment typically averages around £10 million per annum, with only a handful of transactions occurring each year. A couple of deals in 2020 kept volumes in line with this average, but 2021 recorded less activity in the submarket.

3.28 Table 3.2 shows the availability of office supply set against the 13-year and 5-year average take-up rates for office space in Oxford. Based on this, for office floorspace there is currently estimated to be 0.85 years' supply taking into account the 13-year take-up average falling to 0.75 years against the 5-year average take-up rate.

Table 3.2 Years of Available Office Supply in Oxford City

	Office
Annual Average Take-Up 2009-2021	46,999 sq.m
Available Supply	40,092 sq.m
Years of Available Supply	**0.85**
Annual Average Take-up 2017-2021	53,601 sq.m
Available Supply	40,092 sq.m
Years of Available Supply	**0.75**

Source: CoStar (2022) / Lichfields analysis

Research and Development

3.29 The City's reputation has increased internationally and there is ongoing demand from businesses particularly within the science and health sectors to be located within the City. Discussions with agents and stakeholders highlighted a rapid take-up of R&D noting a shift in the office from professional service business now being replaced by spin-off R&D and life science companies. Agents also mentioned that it is becoming more common to see office space being refurbished to R&D and wet lab spaces within the city centre of Oxford.

3.30 This is also consolidated by all the available market reports. According to VSL Intel Annual Market Report[7], the Laboratory Market in Oxfordshire saw high demand and take-up in 2021. R&D accounts for 50% of all take-up within the office sector, a consequence of both the increased demand but also declining office take-up. Supply of space is becoming increasingly limited and VSL estimate current laboratory stock is limited to approximately 121,700 sqft (11,200 sq.m), of which a quarter is under offer. Of this space some 12,700 sqft is 'fitted' and 80,000 sqft presented as 'lab enabled' consolidating the increasing trends of converting 'general office' space to R&D.

3.31 The market report estimates existing laboratory demand being in the region of 400,000 sqft to 650,000 sqft (37,000 sq.m to 60,400 sq.m). This against the limited supply is likely to lead to rental inflation over the next 12 months based on the agents. The rental market is still yet to stabilise and adjust to the new 'fitted laboratory' standard. A

[6] Savills (2022); Oxford Offices and Laboratories Spotlight
[7] VSL (2021); VSL Intel Oxfordshire Market Report

premium rent of £95 per sqft is reported to have been achieved at the OSE Sherard Building on The Oxford Science Park for a 'fitted laboratory'. Other deals in the Oxfordshire market have varied from high £30's to high £40's per sqft. Overall, it is predicted that rents for laboratory office space will continue to rise significantly in 2022.

3.32 Bidwell's Office and Laboratory Market Report[8] also confirms the current market position. The report highlights that the laboratory availability rate is just 2.2%, and it is anticipated that new capital will focus on boosting the supply. Outside of London, Oxford has attracted the highest venture capital funding in the UK in the first six months of 2021, raising a total of £1.37bn. This is reflected by the take up of laboratory space in Oxford which has accelerated in 2021 standing 65% above the five-year average and equating to a total take up of 103,000 sqft.

3.33 The largest transaction in the year to date was the European R&D real estate specialists Kadans Science Partner's purchase of the 28,000 sqft Sherard Building at Oxford Science Park for £25.5m. The property is let to Oxford Science Innovation, who are fitting out the building for life science and biopharma start-ups. This was the investor's second acquisition in Oxford 2021, also purchasing the 75,316 sqft Quadrant at Abingdon Science Park for £13.5m.

3.34 Feedback from Oxford Science Park indicated that they are experiencing high demand from high growth companies wanting laboratory and R&D space, resulting in a two-year waiting list. The demand is currently dominated by laboratory space with 70% of requirements for laboratory and 30% for standard office space in Oxford Science Park.

3.35 Bidwells also highlights that the demand for R&D and lab space in Oxford has escalated in the last five years and is mostly driven by occupiers in the life science, tech and high precision engineering sectors.

3.36 Synthesising the above, R&D space in Oxford is in high demand and it is forecast that the demand will continue to increase. Agents expect that in the future rents for R&D space will be higher than central office space across the City. This suggests that as most of the new R&D space will be delivered outside of the Oxford Central, there will be increased pressures for converting central offices to laboratory space to increased market yields.

Industrial Market Outlook

Oxfordshire Outlook

3.37 The Oxfordshire industrial market recorded take-up of approximately 1.92 million sqft in 2021, an 8% increase from the year before according to Carter Jonas' latest Market Report[9].

3.38 The two largest transactions to complete were the 320,000 sqft pre-commitment to the Harwell Campus by the Natural History Museum in July 2021 and 210,000 sqft at Frontier Park in Banbury by Iron Mountain in December 2021. The market has also been influenced by the electric vehicle manufacturer Arrival UK, who initially acquired three units totally 307,000 sqft at Axis J9 in Bicester in March 2021, followed by a further 343,550 sqft, split between two units at Central M40 at Banbury in the latter part of 2021.

[8] Bidwells, (2021); Offices & Labs Market Report
[9] Carter Jonas (2022); Commercial Edge Oxfordshire

3.39 The Oxfordshire market has also seen a number of speculative distribution schemes come forward at Bicester, Witney and Didcot, although shortages of available stock continue, most notably for mid-box requirements. A lack of available stock is now evident across the market, Carter Jonas highlights that headline rents in Bicester now stand above £9.00 per sqft, with rentals for new stock varying throughout the county depending on size and location from between £8.50- £11.00 psf. This excludes deals to R&D/lab occupiers where rental levels of between £17.50 and £27.00 per sqft are now being witnessed.

3.40 The recent growth in demand for industrial floorspace has been noted and has resulted in the increase of development activity within Oxfordshire. A total of 265,000 sqft is currently under construction at MEPC's Silverstone Park and is due for completion in Q1 2022; and the 270,000 sqft Unit C at Symmetry Park in Bicester is expected to complete in Q4 2022.

3.41 Further speculative development is underway at Bicester and Banbury alongside the commencement of Graftongate's /CWC's (of 1.46 million sqft) at Signia Park, Didcot. Other notable planning application include the three million sqft Albion Land's Axis J10 scheme, where DHL Supply Chain agreed to take a third of the space if developed, while to the south of Bicester J9 an application for 600,000 sqft for occupation by Siemens has also been submitted.

3.42 Bidwell's Oxfordshire Industrial Report[10] highlights similar trends stating a high demand in the market for industrial floorspace over 50,000 sqft. The largest letting to complete in the area in the first six months of 2021 was at the Didcot Quarter leased to Simon Hegele Logistics. Other deals reported by Bidwells included Nuveen's sale of Crendon Industrial Park in Thame, selling for £64m and reflecting a net initial yield of 4.83%. Bidwells, acting on behalf of Refeyn Ltd, have also acquired two units at Trade City Oxford. The units total c.13,000 sqft and will be fitted out to provide office/laboratory and production facilities.

3.43 Similarly, the VSL Intel Market Report[11] states that 2021 marked another record-breaking year for the Oxfordshire industrial and warehouse market. The completion of some 600,000 sqft of new speculative schemes, combined with strong demand, pushed the market to record take up of 1,573,000 sqft. Take up was some 24% higher than during 2020, which had been the previous record level. Occupiers have been seeking good quality space to upgrade and expand, demonstrated by some 65% of all take up being new units, either speculative or on a design and build basis. The growth of take-up of the new developments has led to a shortage of good quality available space which is expected to continue in the short term.

Oxford City Outlook

3.44 According to CoStar, Oxford City contains around 7.3 million sqft (678,000 sq.m) of industrial space. Vacancies (currently at 2.0%) have increased slightly over the past year, however the majority of industrial stock remains occupied. Industrial rents grew by 6.7% over the past 12 months, exceeding the 5.0% average annual change over the past decade.

3.45 Discussions with agents and stakeholders suggested that Oxford City is experiencing high demand for industrial floorspace, especially for high-tech hybrids of industrial units (i.e.,

[10] Bidwells (2021); Industrial Oxfordshire Market Report
[11] VSL (2021); VSL Intel Oxfordshire Market Report

manufacturing and R&D space). There is also high demand for storage and distribution (i.e. logistics) floorspace outside of the Oxford ring road, but currently there are very limited stock for occupiers to choose from and occupiers are being pushed further out of the Oxford city centre in order to find larger distribution centres.

Stock Age and Quality

3.46 Table 3.3 summarises the age and quality of existing industrial premises in Oxford City according to the latest CoStar data. This shows that Oxford's stock of general and light industrial floorspace is comparably newer than its storage and distribution stock, although almost a third of properties and a quarter of space was built post 2000s.

Table 3.3 Age and Quality of Existing Industrial Space in Oxford City (2022)

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Age of Stock- General & Light Industrial				
Pre 1940s	5	14%	1,206	0%
1940s-1980s	17	49%	22,227	6%
1980s-2000s	7	20%	77,194	21%
Post 2000s	6	17%	274,225	73%
Total	**35**	**100%**	**374,853**	**100%**
Age of Stock- Storage & Distribution				
Pre 1940s	1	1%	4,565	2%
1940s-1980s	24	24%	131,163	44%
1980s-2000s	47	47%	114,405	38%
Post 2000s	27	27%	49,054	16%
Total	**99**	**100%**	**299,187**	**100%**
CoStar Star Rating- General & Light Industrial				
1-2 Stars	21	60%	15,465	4%
3 Stars	14	40%	359,388	96%
4-5 Stars	0	0%	0	0%
Total	**35**	**100%**	**374,853**	**100%**
CoStar Rating- Storage & Distribution				
1-2 Stars	45	45%	34,343	11%
3 Stars	53	54%	257,089	86%
4-5 Stars	1	1%	7,754	3%
Total	**99**	**100%**	**299,187**	**100%**

Source: CoStar (2022) / Lichfields analysis

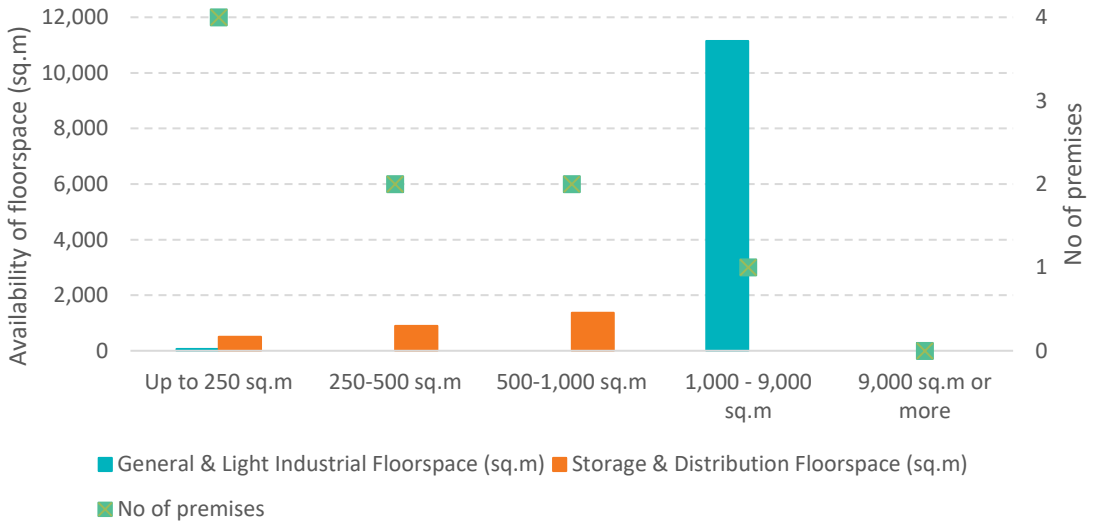
3.47 In terms of quality, the majority of industrial premises are rated by CoStar as 3 star or less (out of 5), with very few considered to be high quality (i.e. equivalent to 4/5 star).

Industrial Availability

3.48 CoStar data indicates that industrial availability in May 2022 equated to just 2% of Oxford City's total industrial stock, at around 14,000 sq.m. Figure 3.5 below highlights the size

bands of the available industrial floorspace in Oxford. Across a total of 9 premises, 44% are small sized premises of up to 250 sq.m in size. However, the majority of available floorspace (80%) relates to large-sized premises of 1,000-9,000 sq.m, with the remainder falling below 1,000 sq.m in size. Of the available industrial floorspace within Oxford City, 80% is attributed to general & light industrial floorspace.

Figure 3.5 Availability of Industrial Floorspace in Oxford City (2022)



Source: CoStar (2022) / Lichfields analysis

Vacancy Trends

3.49 Vacancy trend data shows that the City has an overall low vacancy rate which has been reducing since 2013 from 5% to 2%, and with no particular impacts in the aftermath of the pandemic. This in part is due to the limited supply of industrial floorspace in the City, which is also demonstrated by the limited supply as presented in Figure 3.5.

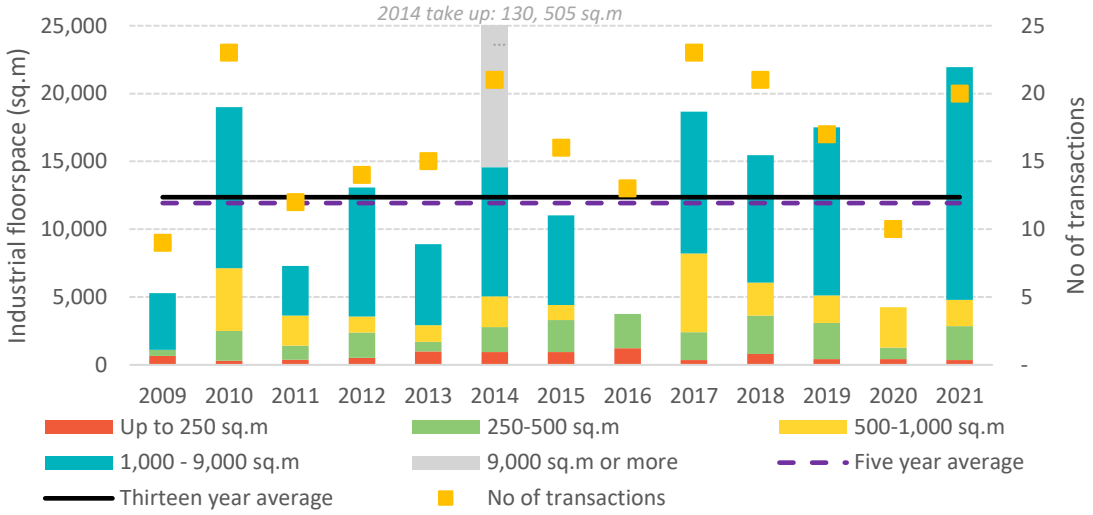
Industrial Rents

3.50 Industrial rents in Oxford City have increased by around 60% over the past ten years, with market rents standing at around £16.00 per sqft in 2021 (**Error! Reference source not found.**). This is slightly more expensive with the Oxfordshire's average currently at £10.00 per sqft. The market rent is forecast by CoStar to continue to grow by 2026, up to around £20 per sqft. The asking rent represents the monetary value the lessor is asking to lease their building/premises. This has generally remained below the market rent value for industrial floorspace in the City.

Take-Up by Size

3.51 Total industrial take-up (sales & leases) in Oxford City between 2009 and 2021 amounted to 276,600 sq.m, according to latest CoStar data. Around 42% of that total related to only one transaction in 2014, namely the Unipart House in Oxford Business Park North at Garsington Road, of 115,950 sq.m sold to Anglesea Capital and Oaktree Capital Management (UK) LLP for £52m. Apart from that, the most popular size band appears the 1,000 sq.m to 9,000 sq.m, as presented in Figure 3.6.

Figure 3.6 Industrial Take-Up by Size in Oxford City, 2009-2021



Source: CoStar (2022) / Lichfields analysis

3.52 As presented above, there is no significant change between the long-term take up (12,360 sq.m) and the last 5-year take up (11,930 sq.m) demonstrating a stabilised market.

3.53 Figure 3.6 also shows the number of transactions by size of industrial premises; in total 166 leases and 48 sales were recorded over the 13 years, an average of 13 leases and 4 sales per year, of which 27% has been attributed to small-sized industrial units of up to 250 sq.m.

3.54 Table 3.4 shows available industrial supply set against 13-year and 5-year average take-up in Oxford City. Based on this, for industrial floorspace there is estimated to be 1.5 years remaining supply considering the 13-year take up average and 1.1 years considering the 5-year average take-up.

Table 3.4 Years of Available Industrial Supply in Oxford City

	Industrial
Annual Average Take-Up 2009-2021	12,361 sq.m
Available Supply	13,994 sq.m
Years of Available Supply	**1.1**
Annual Average Take-up 2017-2021	21,280 sq.m
Available Supply	13,994 sq.m
Years of Available Supply	**1.5**

Source: CoStar (2022) / Lichfields analysis

Summary

3.55 The key points in terms of commercial property market trends and dynamics in Oxford City can be summarised as follows:

1 Oxford City's commercial space activity is dominated by a strong demand from tech, medical research and pharmaceutical companies. In particularly, there has been continuously increasing enquiries for R&D space across the City driving the market's activity over the last few years. The market feedback suggests that at least 50% of the office take-up relates to R&D and laboratory space and this is further consolidated by recent trends in converting office space across the City to meet R&D and laboratory requirements. Based on the Council's monitoring completions data, 80% of the former B1a/b and the current Eg(i)/(ii) relates to R&D and 20% to general office space.

2 In terms of supply, the majority of office floorspace was built pre-2000s and is of average quality. The current availability is limited and against the long- and short- term take-up there is a remaining supply of less than a year in both cases. The demand for R&D space is also highlighted by the premium rents recorded for R&D space, which agents predict will continue to rise as demand outpaces supply within Oxford.

3 Oxford is also an attractive market for industrial occupiers, albeit industrial uses make up a small proportion of market activity compared to the R&D and office sectors. The proximity to London and easy access to large regional markets such as Birmingham and Manchester, alongside accommodating indigenous business requirements, are the main drivers of tenant demand for industrial space. Of the existing industrial stock, only 2% of the total stock is available, and 2021 saw a decline in available industrial floorspace by 6%.

4.0 Future Employment Space Requirements

4.1 This section considers future economic growth needs in Oxford by drawing on a number of scenarios that reflect different methodologies. These scenarios are used to inform the potential economic growth needs within the City and consequently the future employment land requirements and the planning policy implications that flow from these over the Local Plan period from 2020 to 2040.

4.2 As noted in section 1.0, the Interim ELNA draws upon the economic forecasts produced by Cambridge Econometrics as part of the OGNA 2021 which represent the latest available economic forecast at the time of writing. However, it is anticipated that future evidence work will be informed by more up-to-date forecasts once available.

4.3 Due to the unique nature of Oxford's economy, it is likely that sectors such as Education and Health that do not typically take place in employment land have an important role in the demand and supply of employment space in the City. This role will be examined in detail in further evidence that will support the preparation of the Local Plan.

Approach

4.4 The National Planning Policy Framework (July 2021) requires, *"planning policies to set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth"* (paragraph 82a).

4.5 In this context, and having regard to the Planning Practice Guidance on preparing economic development needs assessments, a number of potential future economic scenarios have been analysed to provide a framework for considering future economic growth needs and employment space requirements over the Plan period. These scenarios draw on:

1 Projections of employment growth **(labour demand)** produced by Cambridge Econometrics as part of the Oxfordshire Growth Need Assessment ('OGNA 2021') and the Covid-19 Addendum. In particular, three labour demand forecasts have been assessed, namely the OGNA 'Business as Usual', OGNA 'Transformational Trajectory' and OGNA Covid-19 Addendum.

2 Consideration of **past trends in completions of employment space** based on monitoring data provided by the Council, and how these might change in the future; and

3 Estimates of future growth of local **labour supply** based on the Standard Method (adjusted figure) as estimated and applied by the OGNA 2021, referred as OGNA Standard Method.

4.6 All these approaches reflect different factors and careful consideration needs to be given as to how appropriate each is to circumstances in the City. In addition, to be robust, the economic growth potential and likely demand for employment space needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future.

4.7 It should also be noted that the ultimate judgement as to the level of need that the local authority should plan for is not purely quantitative, and that there will be a number of

qualitative factors to consider discussed in the previous sections. These factors will influence the employment space requirements that will need to be planned for and should be considered alongside the following modelled scenarios. Furthermore, due to the unique nature of Oxford's economy, it is likely that other sectors such as higher education and health that do not occupy employment space in conventional terms will also influence the demand and supply of employment space in the City. Therefore, further evidence will be prepared in due course to examine the particular role of other important sectors of the Oxford economy which may also influence the future requirements of employment space across the City.

4.8 Reflecting upon the recent changes in the Use Class Order, the term "employment uses/jobs/sectors" refers to those jobs related to office (Eg(i)/(ii)), light industrial Eg(iii), industrial (B2) and distribution (B8) uses.

a) Forecast Job Growth

4.9 Employment growth forecasts for the City up to 2040 were obtained from Cambridge Econometrics (CE), consistent with the releases that informed the OGNA and Covid-19 Addendum (2021) Scenarios. On this basis, all the assumptions and data points are aligned between the OGNA 2021 and this Interim ELNA.

4.10 The OGNA 2021 modelled three alternative economic trajectories between 2018 and 2050 to consider potential housing and employment land need including:

- **Business as usual trajectory**: this trajectory represents a continuation of Oxfordshire's pre-Covid economic performance, taking particular account of the robust period of growth delivered following the 2008-09 recession. This estimates that across Oxfordshire a total of 122,500 additional jobs (or 3,827 jobs per annum) will be generated over the period to 2050. At this pace of growth, Oxfordshire is expected to have continued along its recent growth trajectory, and achieved some of the Oxfordshire Local Industrial Strategy (LIS)-related ambitions.[12]
- **Transformational trajectory**: this trajectory is broadly the equivalent of the Oxfordshire LIS aspirational "go for growth" scenario, but updated and adjusted to 2020. It models the equivalent of delivering many of the aspirations set out in the Oxfordshire LIS, and results in 171,200 additional jobs (5,350 jobs pa) in Oxfordshire over the period to 2050. The Oxfordshire LIS sets out an ambitious vision for Oxfordshire to be one of the top three global innovation systems by 2040.
- **Covid-19 Addendum:** models the potential legacy of the Covid-19 pandemic over the longer timeframe of the Oxfordshire Plan (to 2050). Particular attention has been given to the durability and legacy of the Covid-induced shift to remote working ('home-working') which for the City is assumed to be around 48%. More details can be found at the OGNA Covid-19 Impacts Addendum (see OGNA Covid-19 Addendum Figure 4.3.1, p37).

[12] Oxfordshire Local Industrial Strategy (LIS), OxLEP, July 2019
https://www.oxfordshirelep.com/sites/default/files/uploads/Oxfordshire-SINGLE-PAGE_1.pdf

Implied Employment Change

4.11 Table 4.1 summarises the employment change implied by the three CE forecasts across office and R&D, industrial and distribution uses as well as total employment change over the Local Plan period.

4.12 Under the Business as Usual (Scenario 1), total workforce jobs are expected to increase by 17% within the Plan period resulting in an additional 23,859 workforce jobs in the City. About 27% of all job growth is expected to be within office, industrial and distribution sectors (i.e. sectors that typically use this space), with office (including R&D) sectors driving the majority. In particular, office and R&D jobs are expected to grow by 5,473 jobs across the Plan period or by 274 jobs per annum (jpa), while the equivalent across the rest of the employment sectors (i.e. industrial and distribution) is just 45 jpa.

4.13 Under the Transformational Trajectory (Scenario 2), total workforce jobs are expected to increase significantly more reflecting the LIS ambitions. In particular, a total of 33,461 workforce jobs are expected to be generated representing a growth of 24% within the Plan period. The same portion (i.e. 27%) of all jobs are expected to be within office, industrial and distribution sectors (i.e. sectors that typically use this space), with office (including R&D) sectors driving the majority. In particular, office and R&D jobs are expected to grow by 7,516 jobs across the Plan period or by 376 jobs per annum (jpa), while the equivalent across the rest of the employment sectors (i.e. industrial and distribution) is 73 jpa.

Table 4.1 Forecast Employment Change in Oxford, 2020 to 2040

Scenarios	Type of Space/Use	Jobs Growth 2020-2040	Annual Jobs Growth 2020-2040
Scenario 1. Business as Usual	Office and R&D E(g)(i)/(ii)	5,473	274
	Light Industrial E(g)(iii)	296	15
	General Industrial B2	85	4
	Distribution B8	513	26
	Office/Industrial Jobs Total	**6,367**	**318**
	Total Jobs (All Sectors)	*23,859*	*1,193*
Scenario 2. Transformational Trajectory	Office and R&D E(g)(i)/(ii)	7,516	376
	Light Industrial E(g)(iii)	429	21
	General Industrial B2	392	20
	Distribution B8	641	32
	Office/Industrial Jobs Total	**8,978**	**449**
	Total Jobs (All Sectors)	*33,461*	*1,673*
Scenario 3. Covid-19 Addendum	Office and R&D E(g)(i)/(ii)	3,451	173
	Light Industrial E(g)(iii)	204	10
	General Industrial B2	-390	-19
	Distribution B8	241	12
	Office/Industrial Jobs Total	**3,506**	**175**
	Total Jobs (All Sectors)	*21,137*	*1,057*

Source: CE (2020) / Lichfields analysis

4.14 Finally, the Covid-19 Addendum (Scenario 3) appears more moderate compared to Scenarios 1 and 2. Under this scenario, workforce jobs across the Plan period are expected to grow by 15% (+21,137 jobs), of which just 16% are forecast to relate to employment uses (+3,506 jobs). This is the only scenario that shows a negative forecast for a specific type of employment space, namely general industrial, which is expected to shrink by 390 jobs across the Plan period.

4.15 In terms of sectoral growth, it should be noted that Scenario 1 and Scenario 2 relate to 10-sector split (as presented in the OGNA), while Scenario 3 relates to a 45-sector split (as presented in the Covid-19 Addendum). Therefore, it is not possible to compare in detail how individual sectors will perform across the Plan period in a consistent way.

4.16 In this context, across Scenarios 1 and 2, the 'Public administration, education and health' sector is expected to see the highest growth across the Plan period of 10,072 jobs and 14,901 jobs, respectively, followed by 'Professional and administrative services' (4,751 jobs and 6,153 jobs, respectively) and 'Retail, transport, accommodation and food' (4,501 jobs and 5,632 jobs, respectively).

4.17 Table 4.2 identifies the fastest growing and declining sectors in the City in employment terms during the Plan period under Scenario 3 where a detailed sectoral split is available. Some of those sectors forecast to see the highest job growth typically fall within employment use classes, and particularly office and R&D, alongside education and health which are key drivers of the local economy.

Table 4.2 Fastest Growing and Declining Employment Sectors under Scenario 3 in Oxford, 2020 to 2040

Sector	Forecast Change in Workforce Jobs 2020-2040	
	No	%
FASTEST GROWING EMPLOYMENT SECTORS		
Education	7,677	22%
Food & beverage services	4,071	79%
Construction	2,367	24%
Health	1,244	6%
Other Professional Services	1,201	28%
Head offices & management consultancies	984	21%
Business support services	863	12%
FASTEST DECLINING EMPLOYMENT SECTORS		
Motor Vehicles	-556	-16%
Financial & insurance	-262	-22%
Electronics	-116	-63%

Source: CE (2020) / Lichfields analysis

4.18 'Motor Vehicles' is forecast to reduce, while 'Motor Vehicles Trade' is expected to increase by 209 jobs across the Plan period. In addition, manufacturing jobs were expected to reduce by 390 jobs under the Covid-19 Scenario, which might imply that it was assumed that activity at the BMW Mini Plant would be affected. Indeed, around 400 redundancies were announced by BMW in 2020.

Converting to Employment Space Requirements

4.19 The office and R&D, industrial and warehousing component of these employment growth forecasts are converted to future employment space requirements by applying the latest published job density figures for employment space, which take account of recent trends in occupancy for the different employment uses. The following average ratios have been applied:

- **Offices and R&D (E(g)(i)/(ii)):** 1 workforce job per 39.3 sq.m. This is based on assuming that the last 10-year development activity will continue on the same basis – i.e. 20% general office space and 80% R&D space (see paragraph 2.16 that shows that R&D development activity across the last ten-years is over 4 times above the office equivalent. This position is also consolidated by the commercial market activity). As such, the general office density suggested by the HCA guidance of 12.5 sq.m (GEA) per job is applied by 20% and the R&D density of 46 sq.m (GEA) per job is applied by 80% under this type of space;
- **Light industrial (E(g)(iii)):** 1 workforce job per 54.05 sq.m (GEA);
- **General industrial (B2):** 1 workforce job per 37.8 sq.m (GEA); and
- **Warehousing (B8):** 1 workforce job per 65 sq.m (GEA) for smaller scale warehousing (assumed to account for 100% of warehousing stock in the City).

4.20 These assumptions are based on the latest HCA guidance on job density ratios produced in 2015. This guidance takes account of recent trends in terms of changing utilisation of employment space, including more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking.

4.21 An allowance of 8% is added to positive floorspace requirements to reflect normal levels of market vacancy (Table 4.3). Where a reduction in jobs is forecast, the associated negative floorspace has been halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production methods), it does not automatically follow that all of the existing employment floorspace will be reduced.

Table 4.3 Net Employment Space Requirements in Oxford, 2020 to 2040

Scenarios	Type of Space/Use	Net Employment Requirements (sq.m)
Scenario 1. Business as Usual	Office and R&D E(g)(i)/(ii)	238,000
	Light Industrial E(g)(iii)	17,290
	General Industrial B2	3,470
	Distribution B8	35,980
	Total Requirement	**289,040**
Scenario 2. Transformational Trajectory	Office and R&D E(g)(i)/(ii)	318,990
	Light Industrial E(g)(iii)	25,060
	General Industrial B2	16,000
	Distribution B8	45,020
	Total Requirement	**405,080**
Scenario 3. Covid-19 Addendum	Office and R&D E(g)(i)/(ii)	146,470
	Light Industrial E(g)(iii)	11,910

	General Industrial B2	-7,370
	Distribution B8	16,930
	Total Requirement	**167,950**

Source: Lichfields analysis

b) Past Development Rates

4.22 Past development rates reflect actual development patterns so can provide a reasonable basis for informing future space needs. Whilst forecasts show job growth in net terms, past trend-based analysis takes account of historic patterns in employment space development and the role that recycling of sites can play in terms of supporting employment uses in an economy.

4.23 An analysis of monitoring data on past completions of employment space between 2010/11 and 2019/20 has been provided by the Council. During this period, average annual net completions for employment class uses in Oxford amounted to 1,924 sq.m (further detail provided in Section 4.0).

4.24 One view of future employment growth in the City could assume that these past development trends carry on in the future at this most recent ten-year average. To inform this scenario we sought to assume that B1 mixed mainly relates to either office or R&D rather than light industrial space reflecting upon the previous trends and our engagement with the commercial market. Over the Local Plan period (2020-2040), this would equate to an overall increase of 38,480 sq.m of employment space, as summarised in Table 4.4.

Table 4.4 Net Annual Completion Rates 2010/11 to 2019/20 and Net Employment Space Requirements 2020 to 2040

	Type of Space/Use	Net Annual Completions (sq.m)	Net Floorspace Requirements 2020 to 2040 (sq.m)
Scenario 4. Past Trends	Office and R&D E(g)(i)/(ii)	2,854	57,080
	Light Industrial E(g)(iii)	-269	- 5,380
	General Industrial B2	388	7,760
	Distribution B8	-1,049	-20,980
	Total	**1,924**	**38,480**

Source: Oxford City Council / Lichfields analysis

4.25 This scenario implies employment growth of 1,140 jobs across the Plan period comprising 1,340 jobs in office and R&D, -90 jobs in light industrial, 190 jobs in industrial and -300 jobs in distribution-based sectors. This is significantly less than what is forecasted in the OGNA, but it is also significantly less than what has been recorded by BRES and CE historically.

c) Labour Supply

4.26 Scenario 5 considers how many jobs, and hence how much employment space, would be necessary to broadly match forecast growth of the resident workforce in the City. In contrast to the labour demand approach, it focuses on the future supply of labour rather than the demand for labour. The scenario draws on the findings of the OGNA 2021

Standard Method (adjusted) Scenario for Oxford City. Data was provided by Cambridge Econometrics for the City solely.

4.27 According to the OGNA 2021, the Standard Method (adjusted) trajectory calculates backwards from the Standard Method estimation of housing need, with an adjustment for the revised demographic baseline. The Standard Method (adjusted) trajectory shows 17,176 additional jobs (or 859 jobs pa) in Oxford by 2040, modelling the level of economic activity that could be expected to be supported by delivery of housing in line with the Standard Method calculations (using the adjusted baseline demographic assumptions).

4.28 As presented in Table 4.5, total growth of 3,566 jobs is expected in the employment sectors across the Plan period driven by growth in the office and R&D (+3,292 jobs). Light industrial-based sectors are forecast to increase by 180 jobs, while distribution-based jobs are expected to grow by 382 to 2040. General industrial jobs are expected to contract by 288 jobs to 2040.

Table 4.5 Scenario 5 (Standard Method Adjusted) Job Growth in Oxford, 2020 to 2040

	Type of Space/Use	Jobs Growth 2020-2040	Annual Jobs Growth 2020-2040
Scenario 5. OGNA Standard Method Adjusted	Office and R&D E(g)(i)/(ii)	3,292	165
	Light Industrial E(g)(iii)	180	9
	General Industrial B2	-288	-14
	Distribution B8	382	19
	Office/Industrial Jobs Total	**3,566**	**178**
	Total Jobs (All Sectors)	*17,176*	*859*

Source: CE (2020) / Lichfields analysis

4.29 These jobs can be translated into estimated requirements for employment space by applying the same employment densities as used in Scenarios 1, 2 and 3 and adding an 8% vacancy allowance to positive floorspace (paragraphs 4.19 to 4.21).

Table 4.6 Scenario 5 (Standard Method Adjusted) Net Employment Space Requirement in Oxford, 2020 to 2040

	Type of Space/Use	Employment Requirement (sq.m)
Scenario 5. OGNA Standard Method Adjusted	Office and R&D E(g)(i)/(ii)	139,730
	Light Industrial E(g)(iii)	10,540
	General Industrial B2	-5,450
	Distribution B8	26,800
	Total Requirement	**171,620**

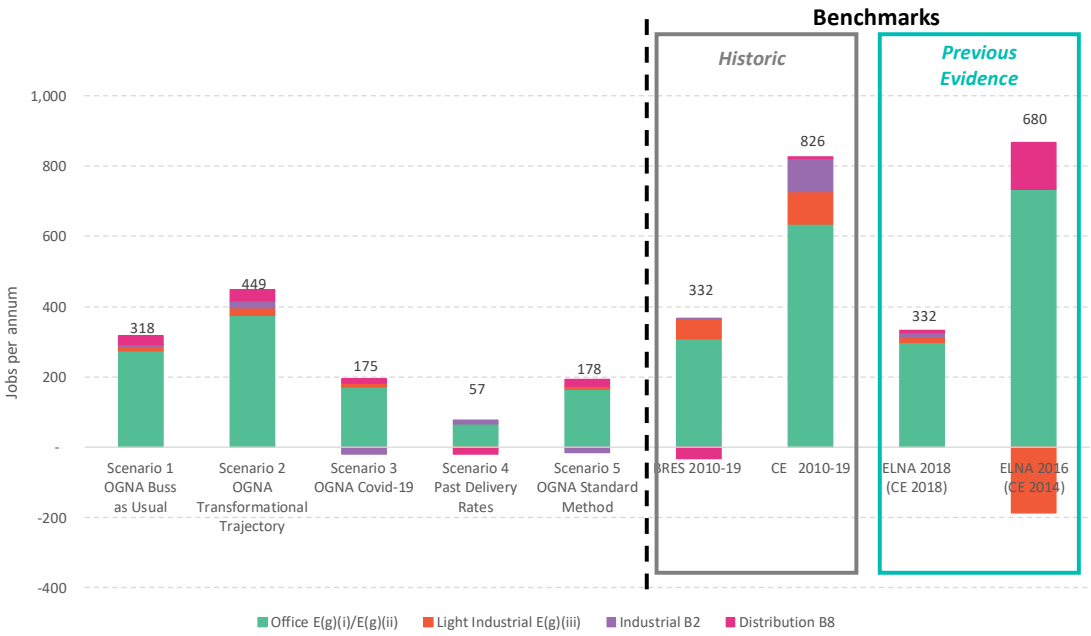
Source: Lichfields analysis

Employment Growth Comparisons

4.30 Given the range of potential requirements implied by these different scenarios, it is useful to compare the employment growth implied by the above scenarios against the historic employment growth in the City as recorded by CE and BRES data.

4.31 Figure 4.1 shows the forecast annual jobs growth per scenario. In this context, the lowest estimate based on past take-up (Scenario 4) implies an annual growth of 57 jobs per annum over the Plan period. The highest growth estimate is based on the OGNA Transformational Trajectory (Scenario 2) and implies an annual growth of 449 jobs. OGNA Business as Usual (Scenario 1) implies an annual growth of 318 jobs, while OGNA Covid-19 (Scenario 3) and OGNA Standard Method (Scenario 5) implies a growth of 175 and 178 jobs per annum, respectively.

Figure 4.1 Annual Employment Growth Comparisons with Historic Growth



Source: CE, BRES, Oxford City Council / Lichfields analysis

4.32 These scenarios are then compared with historic trends derived by CE and BRES for the period between 2010 and 2019, alongside the forecasts from the previous employment evidence of the City, namely the Oxford Employment Land Needs Assessment 2018 (ELNA 2018) and Oxford Employment Land Need Assessment 2016 (ELNA 2016).

4.33 Based on these comparisons, the historic growth recorded by CE for 2010 to 2019 is the highest (implying 826 jpa), followed by the ELNA 2016 (680 jpa) while BRES and ELNA 2018 imply 332 jpa. On this basis, it seems that Scenario 1 balances better the various scenarios undertaken by this study in the context of historic trends and the Council's previous employment evidence.

Net to Gross Employment Requirements

4.34 Drawing together the results from each of the future economic scenarios considered above, Table 4.7 summarises the net employment floorspace requirements across the Plan period to 2040.

Table 4.7 Net Employment Floorspace Requirements in Oxford, 2020-2040 (GEA sq.m)

Type of Space/ Use Class	Scenario 1. Business as Usual	Scenario 2. Transformational Trajectory	Scenario 3. Covid-19 Addendum	Scenario 4. Past Trends	Scenario 5. OGNA Standard Method Adjusted
Office and R&D E(g)(i)/(ii)	238,000	318,990	146,470	57,080	139,730
Light Industrial E(g)(iii)	17,290	25,060	11,910	- 5,380	10,540
General Industrial B2	3,470	16,000	-7,370	7,760	-5,450
Distribution B8	35,980	45,020	16,930	-20,980	26,800
Total	**289,040**	**405,080**	**167,950**	**38,480**	**171,620**

Source: Lichfields analysis Note: Numbers may not sum due to rounding

Safety Margin

4.35 To estimate the overall requirement of employment floorspace that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development.

4.36 There is a need to ensure a reasonable, but not over-generous, additional allowance that provides for some flexibility but avoids over-provision of land through policy. However, it also needs to reflect that there may be potential delays in some of the City's development sites coming forward for development.

4.37 It is usually typical to use two years of net take-up to include flexibility of provision. However in cases where this is negative, and therefore it would produce a negative margin, the gross annual rate is applied. An allowance related to two-year average net take-up for office and R&D and industrial, and gross take-up in light industrial and distribution[13] employment uses between 2010 and 2019 has been applied. Overall, this safety margin appears an appropriate level relative to the estimated scale of the net requirement. Table 4.8 presents the margins applied in this assessment.

Table 4.8 Safety Margin Allowance (sq.m)

Type of Space/ Use Class	Safety Margin
Office and R&D E(g)(i)/(ii)	5,708
Light Industrial E(g)(iii)	348
General Industrial B2	776
Distribution B8	398
Total	**7,230**

Source: Lichfields analysis Note: Numbers may not sum due to rounding

[13] Where there was a negative annual rate between 2010 to 2019.

Losses

4.38 To translate the net requirement of employment space into a gross requirement, an allowance is typically made for the replacement of the lost employment space that may be developed for other, non-employment uses. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost.

4.39 There are typically four approaches to calculate the level of this allowance, including:

1 Forecast the quantity of floorspace that will be lost in future and assume that a proportion of this space will need to be replaced. The limitation is that there is no definitive way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, the Council needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past.

2 Make an overall adjustment to the preferred scenario to give an allowance for replacement. This is a simple approach but is likely to rely on making a fairly broad assumption.

3 Monitor the loss of employment space through regular reviews in the local plan thereby avoiding the need to make assumptions about the future loss of employment space. If these periodic reviews indicate a loss of high quality, occupied floorspace and vacancy rates continued to be low, the Council could take steps to replace this space by increasing the floorspace requirement accordingly. However, any Local Plan review reflecting the monitoring findings would take some years to come forward.

4 As part of the employment evidence the Council undertakes a qualitative assessment of existing employment sites, to identify those which could be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative use, such as housing. Based on this assessment, the employment land calculation can develop different scenarios to illustrate possible futures, and plan for new sites accordingly.

4.40 The fourth approach, in which the Council specifically identifies employment sites and areas that may be lost to other uses in the future, is generally the most robust way of dealing with losses. The qualitative assessment of existing employment areas is an important element of the evidence base. As well as policies and decisions regarding new development sites, this evidence can inform policies on the safeguarding or release of existing employment sites. Without such policies, there is a risk of losing employment land to other uses which may be desirable to safeguard. Conversely, they also risk protecting sites which do not merit protection, because they are no longer suitable or commercially attractive for employment.

4.41 At this interim stage, there is currently no clear basis by which significant future releases of employment land would appear likely or justified at this stage and on this basis, no further allowance is included within the assessment. However, this position will be re-assessed as further work on the future employment land supply, including the HELAA, is prepared.

Gross Employment Requirements

4.42 Synthesising the above, Table 4.9 presents the gross employment floorspace requirements to 2040 across all the scenarios assessed in this section.

Table 4.9 Gross Employment Floorspace Requirements in Oxford, 2020-2040 (GEA sq.m)

Type of Space/ Use Class	Scenario 1. Business as Usual	Scenario 2. Transformational Trajectory	Scenario 3. Covid-19 Addendum	Scenario 4. Past Trends	Scenario 5. OGNA Standard Method Adjusted
Office and R&D E(g)(i)/(ii)	238,000	324,700	152,170	62,790	145,440
Light Industrial E(g)(iii)	17,640	25,410	12,260	-5,030	10,880
General Industrial B2	4,240	16,780	-6,590	8,540	-4,670
Distribution B8	36,380	45,420	17,330	-20,580	27,200
Total	**296,270**	**412,310**	**175,180**	**45,710**	**178,850**

Source: Lichfields analysis Note: Numbers may not sum due to rounding

4.43 The above floorspace requirements can be translated to land requirements by applying appropriate plot ratio assumptions. These assumptions have been informed by the site assessments and liaising with the commercial market and the stakeholders:

- Offices: it is assumed that 60% of new floorspace would be in the City's business park developments drawing from the existing and future activity in Oxford Science and Business Parks with a plot ratio of 1.1, with 40% in higher density town centre locations at a plot ratio of 1.5 primarily driven by the West End regeneration area;
- Light Industrial: it is assumed that 50% might relate with low density light industrial activity with a plot ratio of 0.4, while the other half is assumed to relate with R&D light industrial activity reflecting on the local market dynamics and on this basis a ratio of 1.1 is applied. Therefore, the plot ratio for light industrial uses is 0.8; and
- Industrial and Distribution: a plot ratio of 0.4 is applied across these uses.

Table 4.10 Gross Employment Land Requirements in Oxford, 2020-2040 (ha)

Type of Space/ Use Class	Scenario 1. Business as Usual	Scenario 2. Transformational Trajectory	Scenario 3. Covid-19 Addendum	Scenario 4. Past Trends	Scenario 5. OGNA Standard Method Adjusted
Office and R&D E(g)(i)/(ii)	18.17	24.80	11.62	4.79	11.11
Light Industrial E(g)(iii)	2.35	3.39	1.63	-0.67	1.45
General Industrial B2	1.06	4.19	-1.65	2.13	-1.17
Distribution B8	9.10	11.35	4.33	-5.15	6.80
Total	**30.68**	**43.73**	**15.94**	**1.11**	**18.19**

Source: Lichfields analysis Note: Numbers may not sum due to rounding

Summary

4.44 In interpreting the outputs of this section, regard should be given to the PPG, which states that local authorities should develop an understanding of the future economic needs of their area based on a range of data and forecasts of quantitative and qualitative requirements. In this respect, planning for growth should avoid relying upon using single sources of data or forecasts which tend to rely on a number of different variables that are inevitably subject to change. Moreover, it is important to recognise that there are inevitably uncertainties and limitations related to modelling assumptions under any of the future growth scenarios considered in this assessment.

4.45 In this context, this interim assessment considers five different scenarios of future employment space requirements in the City based on approaches that reflect forecast economic growth, past development trends, and potential housing growth factors. The overall gross employment floorspace requirements related to these different scenarios range significantly from 45,710 sq.m to 412,310 sq.m. The vast majority of these requirements (over 79% across all the scenarios) relates to office, R&D and laboratory space.

4.46 The labour demand 'Business as Usual' (Scenario 1) scenario is broadly in line with historic trend levels of growth in Oxford and would appear to provide the most balanced view of future requirements implying a need for 296,270 sq.m (30.7ha) across the Plan period. However, it should be noted that the LIS-based 'Transformational Trajectory' (Scenario 2) would imply significantly greater requirements (412,310 sq.m, 43.7 ha), mainly for office/R&D uses, and the Council will need to have regard to the implications of this if the LIS ambitions and associated investments are intended to have a significant influence on the new Local Plan. This scenario does, however, suggest there is potential for Oxford to deliver a higher level of economic growth than has been the case previously if strategy initiatives are put in place.

4.47 By contrast, the OGNA Covid-19 Addendum (Scenario 3) modelled in the immediate aftermath of the pandemic (based on September 2020 forecasts), points to much lower levels of growth. This scenario also assumes a 48% rate of home-working across the City, which may have been a reasonable assumption during the pandemic, but it is not clear that this level of home-working would be sustained indefinitely. On this basis, the Covid-19 Scenario would appear to be a less accurate guide for longer-term planning since it was produced at a time of heightened economic and societal uncertainty, and therefore seems to underestimate the economic potential of the City relative to past growth. Furthermore, it does not align with the City's Economic Strategy.

4.48 The past trends scenario (Scenario 4) implies the lowest level of requirements but is clearly influenced by the City's constrained land supply; it, therefore, in itself, does not provide a full assessment of the City's unconstrained economic needs as captured by Scenario 1 and underestimates the economic growth in overall terms. Finally, the OGNA 2021 Standard Method (Scenario 5) also sits lower than Scenario 1, and highlights the City's continuing challenge to provide labour supply to align with its economic growth needs.

4.49 Considering the above, the assessment indicates that the minimum appropriate employment requirement that the Council should plan for comprises the labour demand

Business as Usual (Scenario 1) which implies a need for 296,270 sq.m (30.7ha) across the Plan period.

5.0 Future Demand/Supply Balance

5.1 This section draws together the forecasts of future employment land needs estimated in section 4.0 and the emerging supply position to identify any need for more provision of employment space, or potential surpluses of it, in quantitative terms.

Potential sources of supply

5.2 For the purposes of this interim assessment, the future employment land supply position in Oxford is assumed to comprise the following:

1 **Planning commitments:** comprising sites with extant planning permission for employment use floorspace (including those under construction) as recorded by the City's monitoring data (at January 2022). It is assumed that these permissions will be implemented during the Plan period.

2 **Sites with identified development capacity:** additional supply which could be delivered on undeveloped or under-utilised/redeveloped land within existing employment sites, having regard to emerging masterplans and capacity assessments where these are available or other information provided by site owners/promoters.

5.3 Each of these are considered in turn below.

Planning commitments

5.4 Table 5.1 provides a summary of extant planning permissions for employment floorspace based on the City Council's monitoring data. This indicates a total of 118,770 sq.m of net additional employment floorspace current exists in the planning pipeline. This comprises 113,960 sq.m from consents on Category 1 Sites, 1,600 sq.m from consents on Category 2 sites, and 3,200 sq.m on other non-designated sites.

5.5 Some 76.5% of these consents relate to office and R&D space, with the remaining attributed to light industrial uses expected at Northern Gateway (based on an assumed proportion of the flexible consent). There are no consented net gains for industrial and warehousing floorspace, and in fact a small loss is likely if extant permissions are implemented.

5.6 Further floorspace may also be provided through the redevelopment of the Clarendon Centre which is currently subject to a planning application (reference 21/00110/FUL[14]) and if approved would add 5,100 sq.m of office and 4,500 sq.m of R&D space in net terms. However, this is not counted as a planning commitment at this stage.

[14] 21/00110/FUL | Partial demolition of Clarendon Centre, including removal of roof to the mall. Proposed redevelopment involving partial re-use and extension of existing buildings and erection of new buildings to form retail, offices, research and development, and student accommodation, with a new public square and a new pedestrian/cycle access through to Frewin Court. Tree planting, landscaping and cycle parking provision. | The Clarendon Centre Cornmarket Street Oxford Oxfordshire OX1 3JD

Table 5.1 Consented Supply Position - Extant Permissions (at January 2022)

	Employment Designations Consents		Scattered Sites	Total
	Category 1	Category 2		
Office and R&D E(g)(i)/(ii)	84,860	1,865	4,160	90,885
Light Industrial E(g)(iii)	29,100	-119	-513	28,470
General Industrial B2	-	-	-187	-187
Distribution B8	-	-147	-250	-397
Total	**113,960**	**1,600**	**3,200**	**118,770**

Source: Oxford City Council / Lichfields analysis Note: Numbers may not sum due to rounding

Sites with identified development capacity

5.7 Beyond the planning commitments identified above, it is possible that additional supply may be delivered over the Plan period on undeveloped or under-utilised/redeveloped land within existing employment sites. At the present time, emerging masterplans and capacity assessments point to additional employment floorspace capacity coming forward within the West End, and at Oxford Business Park and Oxford Science Park.

5.8 A high-level initial assessment prepared on behalf of the City Council to inform the Council for the investment opportunities in the West End Regeneration area to support the vision for a global innovation district in Oxford. Based on this evidence, a net total of up to 187,000 sq.m could be delivered through the regeneration of a number of West End sites. It is understood that this employment space will primarily relate to office and R&D space, and that there will potentially be a loss of industrial space of around 27,000 sq.m. In addition, based on the emerging masterplans for Oxford Science Park and Oxford Business Park, it is anticipated that an additional 25,000 sq.m could come forward on each site.

5.9 Once the above capacity, which totals c 237,000 sq.m, is added in the consented supply, there is a total of up to 356,000 sq.m of identified future supply.

5.9 Inevitably, there is more uncertainty regarding these other sources of supply as these proposals have not yet been subject to detailed design or planning applications, and may not all be deliverable within the Plan period to 2040.

Quantitative Balance

5.10 Based on the conclusions of section 4.0, there is an identified need for between 45,710 sq.m to 412,310 sq.m of employment space to 2040 which includes a safety margin to allow for potential delays in sites coming forward for development and to provide some flexibility over the Plan period.

5.11 A broad comparison of estimated demand for employment use space against the consented supply only, as shown in Table 5.2 implies that there would not be sufficient employment space in quantitative terms to accommodate any of the need scenarios apart from Past Trends. The potential shortfalls vary between 56,480 sq.m and 293,610 sq.m. The shortfall

against the 'business as usual' scenario is c.177,500 sq.m. Accordingly, it is clear that the City will need to identify potential further sources of floorspace supply beyond what is currently committed in quantitative terms.

Table 5.2 Demand – Supply (Planning Commitments) of employment space in Oxford to 2040 (sq.m) – **Interim Findings (Subject to further assessment)**

	Scenario 1. Business as Usual	Scenario 2. Transformational Trajectory	Scenario 3. Covid-19 Addendum	Scenario 4. Past Trends	Scenario 5. OGNA Standard Method Adjusted
Employment Requirements	296,270	412,310	175,180	45,710	178,850
Employment Supply	118,700				
Surplus (+) / Shortfall (-)	**-177,570**	**-293,610**	**-56,480**	**+72,990**	**-60,150**

Source: Lichfields analysis

5.12 If the identified additional capacity that might be delivered through the West End regeneration and future developments at Oxford Science Park and Oxford Business Park (as discussed in paragraph 5.8), the increased supply position would meet the employment space requirements derived by all the scenarios, apart from the Transformational Trajectory. As presented in Table 5.3, there will be a shortfall of 56,310 sq.m against the Transformational Trajectory and a surplus varying between 59,730 sq.m and 310,290 sq.m against the other need scenarios.

Table 5.3 Demand – Supply Position (Commitments plus site development capacity) of employment space in Oxford to 2040 (sq.m)

	Scenario 1. Business as Usual	Scenario 2. Transformational Trajectory	Scenario 3. Covid-19 Addendum	Scenario 4. Past Trends	Scenario 5. OGNA Standard Method Adjusted
Employment Requirements	296,270	412,310	175,180	45,710	178,850
Employment Supply/Capacity*	356,000				
Surplus (+) / Shortfall (-)	**+59,730**	**-56,310**	**+180,820**	**+310,290**	**+177,150**

Source: Lichfields analysis * Note: based on West End, Oxford Business Park and Oxford Science Park only

5.13 Beyond the headline demand-supply balance, the availability of a choice of sites in the market is also important for meeting the needs of different employment sectors within the City, and providing flexibility and choice for the market. Therefore, the identified supply of employment space for office and R&D, industrial and distribution uses (i.e. including sites with identified development capacity) has been compared with the estimated need arising for these uses under each of the scenarios (Table 5.4).

5.14 This analysis indicates that:

- **Office and R&D:** there would be sufficient supply available to meet office and R&D requirements across all scenarios except for Scenario 2 (Transformational Trajectory). The surplus varies between 148,720 sq.m (under Scenario 1) and 341,010 sq.m (under Scenario 4). The shortfall (under Scenario 2) is 57,310 sq.m.

- **Light Industrial:** there would be sufficient supply to accommodate the light industrial requirements across all the scenarios. The surplus varies between 3,060 sq.m (Scenario 2) and 33,500 sq.m (Scenario 4). This is based on the assumption that there will be some element of light industrial space provision at Northern Gateway which is subject to an outline consent for E(g) employment space. If this were to not to come forward for light industrial uses, there would likely be a shortfall.
- **General Industrial and Distribution**: there would not be sufficient supply available to meet industrial and distribution requirements across any of the scenarios with a shortfall between 19,140 sq.m and 93,380 sq.m arising.

Table 5.4 Demand – Supply (Identified Capacity) of different employment uses in Oxford to 2040 (sq.m)

	Scenario 1. Business as Usual	Scenario 2. Transformational Trajectory	Scenario 3. Covid-19 Addendum	Scenario 4. Past Trends	Scenario 5. OGNA Standard Method Adjusted
Office and R&D E(g)(i)(ii)					
Employment Requirements	238,000	412,310	175,180	45,710	178,850
Employment Supply			355,000		
Surplus (+) / Shortfall (-)	**+148,720**	**-57,310**	**+211,540**	**+341,010**	**+207,870**
Light Industrial E(g)(iii)					
Employment Requirements	17,640	25,410	12,260	-5,030	10,880
Employment Supply			29,000		
Surplus (+) / Shortfall (-)	**+10,830**	**+3,060**	**+16,210**	**+33,500**	**+17,590**
General Industrial B2 and Distribution B8					
Employment Requirements	40,620	62,200	10,740	-12,040	22,530
Employment Supply			-27,400		
Surplus (+) / Shortfall (-)	**-71,800**	**-93,380**	**-41,920**	**-19,140**	**-53,710**

Source: Lichfields analysis

5.15 This demand-supply balance analysis assumes that all outstanding planning permissions and the identified capacity on undeveloped or under-utilised/redeveloped land within existing employment sites comes forward in full during the Plan period. Any deviation from this assumption could potentially have an effect on the balance of space within Oxford to 2040, as discussed in the following section.

Summary

5.16 According to the PPG[15], the analysis of the supply and demand position is intended to allow policy makers to identify whether there is a mismatch between the quantitative and qualitative supply of, and demand for, employment uses. This enables an understanding of which market segments are potentially over-supplied and which are under-supplied.

5.17 Based on the analysis of the demand and supply position, it is indicated that the Council has a consented supply equivalent to c 40% of the employment requirements implied by Scenario 1 Business as Usual. This means that the Council would need to support additional supply to come forward through the new Local Plan to accommodate these employment floorspace requirements.

[15] Paragraph: 029 Reference ID: 2a-02920190220

5.18 If the additional supply identified – which for the purposes of this interim assessment comprises sites within the West End and further capacity at the Oxford Science Park and Oxford Business Park – were also to come forward, then in overall quantitative terms there would be sufficient supply to meet the office, R&D and light industrial requirements arising from scenario 1. There will also be adequate surplus to accommodate light industrial needs, although this is based on the assumption that there will be some element of light industrial space provision at Northern Gateway. Under any of the demand-supply combinations considered at this stage, there does not appear to be sufficient supply to meet general industrial and distribution (i.e. B2/B8 uses) needs, because there is no consented net additional supply nor other development capacity currently identified.

5.19 If the Council opted to plan for the Transformational Trajectory scenario, then additional supply beyond the identified would need to come forward. The emerging Housing and Employment Land Availability Assessment ('HELAA') identifies further sites with the potential to accommodate additional floorspace for office, R&D, manufacturing and distribution uses but their development capacity and deliverability through the Plan period is not assessed at this stage. The ability of these sites, alongside West End Regeneration and the additional identified capacity on the Oxford Science Park and Oxford Business Park, to deliver the quantum and type of employment floorspace is currently being examined through the emerging HELAA and engagement with the key landowners. Further evidence will be required to assess in more detail the capacity and deliverability of these sites.

5.20 Finally, feedback from the market indicates that space for R&D drives demand across the City and will continue to dominate due to the nature of the local economy, and the role of the University in the City's prosperity. However, through future policy, the Council should seek to maintain diversity and a choice of sites as far as possible.

6.0 Conclusions and Policy Implications

6.1 This section draws together the overall conclusions and considers potential policy approaches to delivering employment space in Oxford through the new Local Plan to 2040.

Meeting future employment needs

6.2 A total of five different scenarios are considered in section 4.0. These indicate the broad scale and type of growth arising from different approaches to modelling the City's future employment space needs. These scenarios are based on the Oxfordshire Growth Need Assessment (2021). The overall employment floorspace requirements related to these scenarios range, in quantitative terms, from 45,710 sq.m to 412,310 sq.m during the 2020-2040 period.

6.3 In accordance with the PPG, the Council should also take account of qualitative factors such as the commercial market trends and requirements, engagement with key economic stakeholders, wider market signals relating to economic growth and longer-term economic cycles. In this context, the assessment has been informed by the commercial market intelligence and stakeholders' feedback (Section 3.0), the review of relevant strategies and policies (Appendix 1), analysis of employment and business trends (Section 2.0) and development trends across the City (Section 2.0). The key points arising are summarised below:

- **Policy Review (Appendix 1):** Oxford is a leading centre for technology, innovation and research which is acknowledged by economic strategies at local and wider levels. Although the City's economic performance and output are among the highest nationally, it is acknowledged that Oxford's employment land supply is constrained. This is even more acute when balanced with the need to provide for the City's housing needs. The constrained nature of the City in terms of land is one of the key challenges that Oxford faces in order to meet its 2040 LIS ambition of driving R&D growth and doubling its economy. The Investment Plan highlights several projects within Oxford which include the provision of additional R&D employment space, including adding additional floorspace to existing Business Parks. The West End and Osney Mead area are proposed for a new Innovation District which will also help provide new R&D and business floorspace. The adopted Local Plan 2036 does not allocate any new sites solely for employment, but places emphasis on the intensification and modernisation of existing sites. Whilst it is important to protect the higher-value, university-based medical and other specialist research sectors; the City's Economic Strategy also highlights the importance of achieving an inclusive economy. In this context, the visitor economy is identified as an important sector in Oxford which needs to be safeguarded.
- **Employment and business trends (Section 2.0):** Oxford has recorded a significant level of job growth over the last 10 years of 26.6%, with jobs that fall within employment uses (i.e. in Use Class terms) recording an even higher growth rate of 31.4% driven mainly by an increase in jobs in offices and R&D (+6,356). The City has a university-based economy with education, health, business administration and office-based sectors being the dominant sectors, alongside construction and retail. The City's business base is dominated by SMEs, however, the City has a higher proportion of businesses with 10+ employees compared to national and regional averages.

- **Development rates (Section 2.0):** Oxford's stock of office space is the largest across Oxfordshire and this has increased by 27% since 2000/01. However, the overall stock of employment space has declined by 9.6% since 2000/01. The City has seen new employment development over the last few years primarily in relation to R&D and university-based activity. Since 2011 there has been an annual net gain of 2,310 sq.m of R&D and 550 sq.m of general office space. It is evident that 80% of the recently completed space in E(g)(i)(ii) relates to R&D, while the 'general office' provision equates to just 20%. By contrast, the stock of industrial and distribution space has reduced.
- **Property market assessment (Section 4.0):** Oxford's commercial market is driven by demand in R&D and offices to accommodate the requirements of occupiers across a range of specialist sectors, notably medical technologies, research and development activities and pharmaceuticals. The market suggests that at least 50% of take-up relates to R&D and laboratory space. This demand is apparent across all the market metrics and reflected in limited vacancy and high rents for R&D and office uses. Agents predict that demand will continue to rise and outpace supply if more supply is not delivered in the near future. Activity in Oxford's industrial sector is also strong, but compared to the office and laboratory space market it is of more moderate scale. However, there is reported demand from industrial occupiers who want to locate in the City, particularly those in some advanced manufacturing and engineering activities.

6.4 This interim assessment utilises the latest available forecasts produced by the OGNA 2021, which models alternative economic trajectories to consider potential housing and employment land needs. These scenarios include:

- **OGNA business as usual trajectory (Scenario 1):** this trajectory represents a continuation of Oxfordshire's pre-Covid economic performance assuming that the area will achieve some of the LIS targets and ambitions. This estimates that in Oxford a total of 23,859 additional jobs (or 1,193 jobs per annum [jpa]) will be generated over the period to 2040, of which 6,367 additional jobs (i.e. 318 jpa) will relate to employment-based sectors.
- **OGNA transformational trajectory (Scenario 2):** this trajectory is broadly the equivalent of the Oxfordshire Local Industrial Strategy's aspirational scenario which includes the ambition for the area to be one of the top three global innovation systems by 2040. This estimates that across Oxford a total of 33,461 additional jobs (or 1,673 jpa) will be generated over the Plan period of which 8,978 jobs (449 jpa) will relate to employment-based sectors.
- **OGNA Covid-19 addendum (Scenario 3):** this scenario considers the potential legacy of the Covid-19 pandemic over the longer term and with remote working patterns assumed to be retained on similar levels to 2020 (i.e. for Oxford this equates to 48%). In this context, the City is expected to see a growth of 21,137 additional jobs (1,057 jpa) to 2040, of which 3,506 jobs (175 jpa) will be in sectors that take over office, R&D, industrial and distribution space in relation to Eg and B Use Classes.
- **Past trends (Scenario 4):** this scenario is informed by monitoring data provided between 2011 and 2021, which implies that a total of 1,924 sq.m of net additional employment space is provided per annum. Under this scenario it is assumed that the past development trends will carry on in the future resulting in a requirement for

38,480 sq.m of net employment space which implies a job growth of 1,140 additional jobs or 57 jpa. This level of growth is the lowest across all the scenarios, and it is also much lower than levels of job growth recorded historically by both BRES and CE.

- **OGNA Standard Method adjusted (Scenario 5):** this scenario estimates the number of jobs required to broadly match the labour growth associated with the Standard Method housing figure, using the adjusted baseline demographic assumptions undertaken by the OGNA. This implies that a total of 17,176 additional jobs will be required in Oxford across the Plan Period (859 jpa), of which 3,566 jobs or 178 jpa will relate to employment-based sectors.

6.5 The gross employment floorspace requirements related to the above scenarios range significantly from 45,710 sq.m to 412,310 sq.m. Reflecting the profile of market demand, over 79% of these employment requirements relates to office, R&D and laboratory space as presented in Table 6.1.

Table 6.1 Gross Employment Floorspace Requirements in Oxford, 2020-2040 (GEA sq.m)

Type of Space/ Use Class	Scenario 1. Business as Usual	Scenario 2. Transformational Trajectory	Scenario 3. Covid-19 Addendum	Scenario 4. Past Trends	Scenario 5. OGNA Standard Method Adjusted
Office and R&D E(g)(i)/(ii)	238,000	324,700	152,170	62,790	145,440
Light Industrial E(g)(iii)	17,640	25,410	12,260	-5,030	10,880
General Industrial B2	4,240	16,780	-6,590	8,540	-4,670
Distribution B8	36,380	45,420	17,330	-20,580	27,200
Total	**296,270**	**412,310**	**175,180**	**45,710**	**178,850**

Source: Lichfields analysis Note: Numbers may not sum due to rounding

6.6 When compared to historic employment trends, Scenario 1 (Business as Usual) appears to provide the most balanced view of future requirements against all scenarios and compared to the 2018 ELNA and BRES historic trends. This is followed by Scenario 2 (Transformational Trajectory), which aligns with the 2016 ELNA and CE historic trends. The other scenarios (i.e. Scenarios 3 to 5) appear to underestimate the employment growth potential of the City resulting in much lower job growth compared to both previous employment evidence and historic trends. In this context, it is considered that the City should at least seek to accommodate a requirement of 296,270 sq.m (i.e. Scenario 1) across the Plan period to 2040. However, it should be noted that the LIS-based 'Transformational Trajectory' (Scenario 2) would imply significantly greater requirements, mainly for office/R&D uses, and the Council will need to have regard to the implications of this if the LIS ambitions and associated investments are intended to have a significant influence on the new Local Plan.

6.7 Section 5.0 presents an interim analysis of the emerging employment land supply position that could come forward. A final assessment will be prepared in due course that will be further informed by the completion of other evidence including the HELAA and further engagement with the stakeholders. In this context, if the Council were to proactively support and deliver the regeneration opportunities across West End and ensure that the

vacant land on other key employment areas comes forward across the Plan period (i.e. with identified potential capacity of 240,000 sq.m), this would generate sufficient supply to meet the City's office, R&D and light industrial needs, but would likely result in a shortfall of industrial and distribution space. However, in overall terms, there would be a surplus of c.160,000 sq.m (Table 5.4) available which could contribute to meeting this shortfall subject to the appropriateness of potential sites for industrial and distribution uses.

6.8 However, it should be noted that the demand-supply position is highly sensitive to the deliverability of the West End regeneration area. If this does not come forward by 2040, or capacity proves to be lower than is currently anticipated, then the City will need to find alternative options to accommodate the identified needs.

6.9 Similarly, if the Council sought to accommodate the requirements derive by the Transformational Trajectory (Scenario 2), then there would need to identify additional capacity of 56,310 sq.m (Table 5.3) to fully accommodate this need.

6.10 Accordingly, at this interim stage, it is concluded that the Council needs to put forward additional capacity of at least 177,570 sq.m (Table 5.2) than what is currently consented in order to accommodate the minimum requirements for office, R&D, manufacturing and distribution space as derive by the Business as Usual (Scenario 1). On this basis, the Council should carefully assess and monitor delivery of future employment floorspace within the West End, and the additional sites currently assessed by HELAA. This will also help diversify the range of choice of sites available to meet employment needs over the Plan period. In particular, further work should be undertaken by the Council to refine specific opportunities to intensify available vacant land, identify new site opportunities and co-locate business uses across mixed-use allocations where appropriate.

Appendix 1 Policy Review

Emerging Evidence Base

The process of preparing the Oxford Local Plan 2040 has included the preparation of topic papers that explore the various topics in greater depth. The Employment, economy, education and skills Topic Paper (Ref 1) published as part of the Issues Stage and the Consultation Statement states the importance and the large role that the City of Oxford plays within the national economy. The city has one of the highest concentrations of knowledge intensive business in the country and the fastest growing and one of the best educated workforces. However, the Topic Paper highlights the existing shortage of land in Oxford and the strong demand for housing in the area, and hence the key objective is to support sustainable employment growth and to protect existing key employment sites for either their existing use or redevelopment and modernisation.

Another issue highlighted in the Topic Paper are the impacts of Covid-19 which has meant some businesses have closed permanently in Oxford. It is noted that many staff have been working remotely and the topic paper highlights this need to assess future uses, especially within the knowledge sector which saw an increase in homeworking within Oxford. However, some sectors will still require physical office/working spaces including STEM, manufacturing or sector that are lab/workshop based. It is noted that there is an increasing demand for R&D spaces in Oxford and some sectors such as Life Sciences have been boosted due to the pressures from Covid.

The Topic Paper also highlights the issue of retention and recruitment of staff due to the imbalance between affordable housing and jobs in Oxford which means that many workers travel into Oxford from outside the city. Therefore, it is noted that the new local plan will have to find a balance between competing land uses, in particular for housing and employment space. This is a particularly important balance because successful research, development, businesses, institutions, retail and leisure services and so on all rely on there being attractive and affordable housing to attract and retain staff. In addition, infrastructure is needed, such as schools, healthcare, transport and communications infrastructure.

The Oxfordshire Growth Needs Assessment 2021 (Ref 2) Phase 1 report has modelled three alternative economic trajectories between 2018 and 2050 to consider potential housing and employment land need. This includes a standard method (adjusted) trajectory which shows 85,400 additional jobs (or 2,672 jobs p.a.) in Oxfordshire by 2050. Then a business as usual trajectory is presented which shows a continuation of Oxfordshire's recent (pre-covid) economic performance, taking particular account of the robust growth. This results in 122,500 additional jobs (or 3,827 jobs p.a.) in Oxfordshire over the period to 2050. At this pace of growth, Oxfordshire if expected to have continued along its recent growth trajectory and achieve its Local Industrial Strategy (LIS) related ambitions. Finally, the transformation trajectory based on the Oxfordshire LIS's aspiration scenario, result in 171,200 additional jobs (5,350 jobs p.a.) over the period to 2040.

These employment projections are then modelled to employment land and are compared to projection of past employment floorspace completions based on trends over the 2011-18 period. This result in the standard method projections to need up to 445 ha of employment

land split between 149ha as office floorspace and R&D and 296 ha for B2/B8 floorspace. The business as usual would require 55ha of employment space, 185 ha in office and R&D and 366 ha for B2/B8 floorspace. Finally, the transformation projections would require the highest employment need of 677 ha of which 233 ha is allocated to office and R&D and 444ha to B2/B8. In terms of existing supply, it is evident from the OGNA that there are short-term supply constraints in the office market, particularly in the Oxford Are, where many of the science and business parks are already at capacity.

The Phase 2 Report of the OGNA reports on a range of high-level scenarios for the spatial distribution of housing and employment need across Oxfordshire. The City of Oxford would accommodate between 44%-46% of the additional employment job growth based on the high-level spatial scenarios. The Covid-19 addendum also highlights the potential durability and legacy of the Covid-induced shift to remote working which states that Oxfordshire's labour market is more prevalent to be homeworking jobs than neighbouring labour markets. It is expected the short-run impact from the pandemic will be less pronounced in Oxfordshire, whilst Oxfordshire's recovery will also outperform the national average, resulting in a smaller shortfall relative to pre-Covid trends. As a result, the addendum considers that the analysis underpinning the Phase 1 and Phase 2 Report remains current and valid, though there is undoubtedly a need for the planning system to build in an increased level of flexibility.

Employment Land Needs Assessment

The previous Employment Land Needs Assessment 2018 (Ref 3) prepared for Oxford City Council highlights Oxfordshire as home to some of the UK's principal locations for high quality knowledge-based economic growth. Oxfordshire is in a strategic location for the office market and benefits from its proximity to London and Heathrow airport; it is also an integral part of the UK's Golden Triangle for knowledge-based sectors defined as the area between Cambridge, London and Oxford.

Using a labour demand forecast, the ELR states an employment floorspace demand between 2019-36 of 135,004 sq.m of which the majority is attributed to office floorspace (B1a/b) equating to 99,193 sq.m, 14,342 sq.m to B1c light industrial, 10,984 sq.m industrial floorspace and 10,486 B8 sq.m warehouse floorspace. The past completion rates show a recent loss in employment floorspace across all use classes, resulting in a negative net completion of -2,627 sq.m of floorspace with the highest loss for B8 and B2 use classes.

Adopted Local Plan

The Oxford Local Plan 2036 (Ref 4) adopted in June 2020 states that the Local Plan protects the most important employment sites; however no new employment sites have been identified. Instead the policy approach seeks to make the best use of all existing sites through intensification and modernisation to accommodate the forecast demand for new employment floorspace over the plan period. Whilst Oxford has real strengths in the knowledge economy, it is appreciated that other B1 office uses and B2 industrial uses also make an important contribution to the economy of Oxford, offering a range of employment opportunities for all residents. Hence, the plan seeks to balance these uses to ensure that a diverse employment base is maintained.

Chapter 2, "Building on Oxford's economic strengths and ensuring prosperity and opportunities for all" states the employment floorspace need of 135,004 sq.m as calculated in the ELNA 2018. Oxford City Council introduced an Article 4 Direction which removes the permitted development right to change employment floorspace to residential use on Key Protected Employment Sites, to ensure no more sites are lost to other uses. The Local Plan has categorised existing employment sites into Category 1 and 2 sites which are protected, and Category 3 and B8 uses with more flexibility and the potential to be released from employment uses. B8 uses have been included in the non-priority category as they have a low job density and do not make efficient use of land which is particularly important given the shortage of land in Oxford. Chapter 9 sets out the site allocations and areas of change within Oxford which highlights the West End and Osney Mead located in the south west corner of the city centre and much of the area is under-utilised and could be a good area for future employment sites. As well as 12 other site allocations for employment uses or mixed-use developments including Cowley Road, Blackbird Leys Area and Oxford Business Park.

The West End and Osney Mead SPD Scoping Consultation (Ref 5) highlights the once in a generation opportunity to bring transformational benefits to this area and integrate it into the city centre. Policy SP2 of the adopted Local Plan allocates Osney Mead Industrial Estate for mixed use development including employment and academic uses. This document sets out the vision for the area to transform it inro a globally recognised Innovation District and vibrant mixed-use area.

The Innovation District would concentrate on Oxford's strengths in innovation and research, alongside the retention of existing assets and delivery of housing and other city centre uses. The vision is to provide a flagship innovation ecosystem, encompassing A-Grade office space and R&D HQ facilities for spin-out companies and inward investment across multiple sites, so forming the largest scale mixed use development project in generations. The West End and Osney Mead is a large and sensitive area on the edge of the city centre with a great deal of potential. The West End is capable of accommodating significant additional development, which would help transform the area, but there are challenges to achieving successful development in the West End. These challenges result from the fact that the West End and Osney Mead is a large area with a variety of landowners, as well as it needing to continue to provide city-wide functions such as Oxford station and significant through-routes for traffic and buses.

Economic Strategies

The Oxford Economic Strategy (Ref 6) states that within the ten-year strategy employment will grow by 25,000 jobs across five growth nodes within the city including Oxford Business Park, Oxford Science Park, the City Centre and the Automotive cluster. The city-wide business growth has been slowing in recent years and the number of jobs have increased at a lower rate than comparable UK cities. However, there have been sectors that continue to prosper within Oxford including Life Sciences, Higher Education and Healthcare, whilst other sectors such as ICT and Digital have declined mainly because of a chronic undersupply of commercial space, and also affordable local housing. Several sectors also remain highly vulnerable to the impacts of Covid-19, particularly Hospitality, Leisure, Retail, Creative, Cultural and the Visitor Economy.

The Strategy seeks to provide balance between supporting high value science and more accessible sectors for employment. There are four sectors that are prioritised as they represent activities with competitive advantages and are areas where Oxford can become or continue to be a leader: Health and Life Sciences, Technology and Digital, Creative Production and Green and Low Carbon. Pursuing these sectors will enable Oxford to develop a more influential, innovative and productive economy. They are also high growth industries nationally, so will help create new employment opportunities for Oxford's residents. The Visitor Economy although not in the top four priority sectors is also identified as an important sector within Oxford.

The circular economy in the Oxfordshire Plan 2050 (Ref 7) explains how the use of a circle economy can help Oxfordshire meet its carbon targets by using materials and resources more efficiently. This is also in line with Oxfordshire Local Industrial Strategy (LIS) which makes a commitment to 'manage economic growth with a light footprint on the environment, harnessing natural resources and demonstrating the benefits of a resilient, ultra-low carbon society'. The low carbon sector is already highly developed in Oxfordshire and it is recommended that expanding the scope of low carbon to include circular economy would add further value. Circular economy jobs in repair and remanufacture could help address the mismatch in jobs created by high tech sectors and the current skills set within the local labour market that is acknowledged within the LIS. It is recommended in the strategy that future versions of the LIS include circular economy alongside the low carbon sector to ensure benefits are secured for Oxfordshire.

The Local Industrial Strategy (Ref 8) sets out an ambition to be a top three global innovation ecosystem by 2040. It highlights Oxfordshire as a global centre of research and innovation with highly skilled workers and a concentration of knowledge-intensive businesses. The LIS sets out Oxfordshire's breakthrough sectors including life sciences, quantum computing, robotics and autonomous systems, space-led data applications, low carbon energies, cryogenics, digital and creative and motorsports sectors. One of the main objectives of the LIS is driving up R&D and innovation across the region in breakthrough sectors.

The LIS highlights one of its key challenges is that many of the science and business parks are at capacity and lack sufficient commercial and innovation space. In particular, Oxfordshire lacks flexible laboratory and innovation space as well as Grade A office space, which are critical to attracting foreign direct investment and secure international business headquarters in the region. Hence, Oxfordshire partners will examine the options to meet its ambition to double the floorspace at Culham, Begbroke and Harwell science parks. As well as support the transformation of science and technology parks across the county to provide additional space, the West End quarter is noted as a future location for additional R&D floorspace.

The Oxfordshire Investment Plan (Ref 9) translates the ambitions of the LIS into a transformational programme for action and delivery. It follows the five pillars of the industrial strategy which include ideas, people, infrastructure, business environment and place and sets out the investment plan for projects with a delivery horizon of 2030. The portfolio comprises of twenty investment-ready projects, in addition to the proposed projects under the infrastructure pillar. By 2030, the portfolio will deliver at least 24,500

new jobs (gross full-time equivalent) and 344,400 sq.m of new commercial and innovation floorspace.

The ideas pillar projects will deliver up to 10 projects including the Energy Systems Accelerator, Global Life Sciences Cluster, Harwell International Space Cluster, Oxford-Singapore AI Institute and Locate Oxford: Global Innovation Campus. In total this pillar will support up 12,500 jobs and deliver 53,500 sq.m of innovation floorspace. The Business Environment pillar will support up to five projects including the West End's Global Innovation District and the Creative and Cultural Industries Hub, in total this pillar will support up 11,800 jobs and 145,000 sq.m of commercial floorspace and 24,000 sq.m of innovation floorspace. The places pillar supports four developed projects including the Living Oxford Labs and Global Energy Living Lab. This results in the support of 420 additional jobs and 7,190 sq.m of innovation space. Finally, the infrastructure pillar supports up to five overarching projects with an overall time horizon to 2040, these projects revolve around rail and transport projects.

Centre for Cities published the Fast Growth Cities-2021 and beyond (Ref 10) on the Fast Growth Cities group, comprising Cambridge, Milton Keynes, Norwich, Oxford, Peterborough and Swindon. The majority of the Fast Growth Cities have strong economies with large shares of employment in highly productive companies, and the group together has a disproportionately large contribution to GDP. Oxford is in the top spot as the city with the highest employment rate, this is accompanied by other positive labour market outcomes, including Oxford being among the 10 cities with the highest growth in private sector jobs and the highest wages in the UK. However, compared to other fats growing cities, Oxford has a lower share of people employed in high-skilled exporting industries, which is likely to act as a drag on future economic growth. The size of the education sector in Oxford goes some way to accounting for the smaller high-skilled exporting base. It is also noted that productivity in Cambridge and Oxford have stagnated in recent years.

The majority of Fast Growth Cities have high shares of retail space in their city centres and are more reliant on retail than cities with strong city centre economies. The demand for retail and other local services in Norwich, Oxford and Cambridge is also driven by people coming from outside the city as they are important tourist destinations. During Covid-19, Oxford which is dependent on visitors from outside the city centre saw slower high street recovery. Oxford, was particularly hit in August 202, footfall was still below 50% of its pre-pandemic levels. Overall, the study highlights that many of the Fast Growth Cities struggle with similar challenges including unaffordable housing which prices out skilled workers and a lack of office floorspace in their city centres. It is noted that Oxford and Cambridge which have historical city centres, dominated by universities, may not make them the best suited for a 21st Century central business district.

According to PWC's Good Growth for Cities (Ref 11) published in January 2021, Oxford ranks 1st in the Good Growth for Cities Index score in 2020, showcasing an overall resilience against the worst of the impacts of Covid-19. Oxford also has one of the lowest take-up rates of the Coronavirus Job Retention Scheme at 6.3% compared to London at 10%. Similarly, Oxford saw the lowest Universal Credit claimant at 3.8%. Hence why Oxford is the highest performing cities in the latest index as Oxford performs particularly strongly in jobs, income, health and skills of the adult population, scoring within the top five cities for each of these variables.

Summary

Based on the analysis above, the following conclusions can be drawn:

a Oxford is a leading centre for technology, innovation and research which is acknowledged in local and regional economic strategies. Although the City's economic performance and output are among the highest nationally with the City being named as the top UK city for economic success and wellbeing of the community for four years in a row, the urban sprawl of the City, and subsequently its employment land is constrained. This is even more acute when considering the increasing housing need across the City.

b The constrained nature of the City in terms of land is one of the key challenges that Oxford faces in order to meet its 2040 LIS ambition of driving R&D growth and doubling its economy. The Investment Plan highlights several projects within Oxford which include the provision of additional R&D employment space, including adding additional floorspace to existing Business Parks, Culham, Begbroke and Harwell science parks. The West End and Osney Mead area of the City Centre is proposed for a new Innovation District which will also help provide new R&D and business floorspace to a constrained market.

c The adopted Local Plan 2036 does not allocate any new sites solely for employment but relies instead on the intensification and modernisation of existing sites. B8 uses are the only employment sites not included in the protection category as they are 'land hungry' uses and hence the Local Plan provides flexibility in changing B8 uses for employment uses with a higher job density in line with its intensification ambitions. However, over recent years the NPPF and PPG have placed significant weight in accommodating the locational needs for sectors such as logistics and on this basis, the City should at least accommodate some last mile deliveries facilities. On this basis, the ELA Update would need to support robustly the City's approach towards the relaxation of safeguarding land for B8.

d Whilst the LIS and Economic Strategy states the importance of protecting those employment sectors that are high value and high earning, the Economic Strategy highlights the importance of achieving an inclusive economy which recommends having a wide range of employments sectors for a variety of skill abilities. The Visitor Economy is highlighted as a very important sector in Oxford which needs to be safeguarded.

Appendix 2 Schedule of Sites

Categorisation	Site Name / Figure	Total Area (ha)	Consented Supply (sq.m)	Additional Identified Supply	Description
Category 1	Oxford North (Former Northern Gateway)		87,300	0	Based on consented scheme 18/02065/OUTFUL. In 2021 a hybrid permission was approved in relation to the site comprising of up to 87,300 sq.m of flexible E(g) Use Class, alongside 480 residential units, 2,500 sq.m of retail space and 550 sq.m of community space (outline permission). Full permission approved for part of the above, namely 15,850 sq.m of flexible E(g) Use Class.
Category 1	BMW MINI Plant Oxford	82	-	-	The site It is owned by BMW, a key employer across the City. The site comprises a manufacturing plant and buildings and areas of open storage and sports pitches. The site is required to meet the operational needs of the current occupier.
Category 1	Unipart Group	31.5	-	-	Unipart Group owns 31.5 ha south of the BMW Mini plant, and includes existing industrial buildings.
Category 1	Oxford Business Park 	35.4	6,850	25,000	There are also four plots of land with a total of 4.3ha available for future development. Plot 1 is subject to the recently approved 20/01237/RES reserved matters and, on this basis, it will provide for 6,850 sq.m. The park as a whole has been developed with a plot ratio between 0.5 and 0.8. On this basis, the future plots (excluding plot 1 which has a consent) could potentially accommodate between 15,500 sq.m and c 25,000 sq.m of office/R&D. The highest range aligns better with market intelligence suggesting that Oxford Business Park is looking to re-mass and intensify their existing floorspace offer. Therefore, for the purposes of the Interim ELNA Update the future supply of the Business Park is estimated at 25,000 sq.m excluding the extant permission for plot 1 and the available existing space which is currently advertised.
Category 1	Oxford Science Park 	27.1	19,820	25,000	There are currently 6 identified plots of future development, alongside a woodland area of 2ha at the east part of the site. A total of 19,823 sq.m is consented, while the remaining 25,000 sq.m is subject of emerging masterplanning exercise based on feedback from the site owner.

Category 1 – Health Research Cluster	• Churchill Hospital • Oxford University Old Road Campus • Warneford Hospital • John Radcliffe Hospital • Nuffield Orthopaedic Centre	73.9	-	-	The health cluster sites are owned primarily by the Oxford University Hospitals NHS Trust, Oxford Health NHS Foundation Trust and the University.
Category 1 – University Sites	• University of Oxford Science Area & Keble Road Triangle • Oxford University Press • Radcliffe Observatory Quarter • Oxford Centre for Innovation	18.98	-	-	These sites are primarily owned/managed by the University of Oxford and The Oxford Trust.
Category 2	Horspath Industrial Estate	6.45	-	-	The site comprises an existing distribution and industrial location.
Category 2	Oxford Trade and Nuffield Industrial Estate	4.5	-	-	These are two adjacent sites with a total area of 4.5ha. These comprise a well-established distribution and industrial location.
Category 2	Garlington Road Cluster	n/a	-	-	This cluster comprises of 10 Category 2 sites across Garlington Road. The sites are primarily occupied by distribution and industrial occupiers alongside 3 office buildings, of which one, namely Watlington House, owned by Lidl and used as a retail shop which is now advertised as available. Other vacant premises in July 2022 include Units 8-14 Fenchurch Court (830 sq.m) and Units 6-15 Chiltern Business Centre (1,200 sq.m).
Category 2	Former Nielsen House, London Road	n/a	-	-	Existing office building converted to residential via a Prior Approval; no longer in employment use.
West End Regeneration Sites	Including: • Osney Mead Industrial Estate • Oxford Railway Station and Becket Street Car Park • Island Site (Park End Street/Hythe Bridge Street) • Oxpens • Units 1 & 2, 135-137 Botley Road	30	-	187,300	The West End Regeneration area comprises a variety of sites for which high-level initial capacity assessments have been prepared for the City Council, indicating potential total additional capacity of c.187,000 sq.m for employment uses.
	Total Estimated Supply (sq.m)		**113,970**	**237,300**	

References

1 Oxford City Council (2021), Employment, economy, education and skills Topic Paper

2 Iceni, JG Consulting, Cambridge Econometrics (2021), Oxfordshire Councils Growth Needs Assessment

3 GL Hearn (2018); Employment Land Needs Assessment

4 Oxford City Council (2020), Adopted Oxford Local Plan 2036

5 Oxford City Council (2021); West End and Osney Mead SPD Scoping Consultation

6 Oxford City Council (2021); Oxford Economic Strategy

7 QSA Partners (2019), Circular economy in the Oxfordshire Plan 2050

8 OxLEP (2019), Oxfordshire Local Industrial Strategy

9 OxLEP (2020), The Investment Plan

10 Centre for Cities (2021), Fast Growth Cities- 2021 and beyond

11 PWC (2021), Good Growth for Cities

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