

Crawley Town Centre: Outline Business Space Growth Plan

Key findings

Local Economy Action Group | 7 November 2018

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Crawley Town Centre: Outline Business Space Growth Plan

1. Aims and context

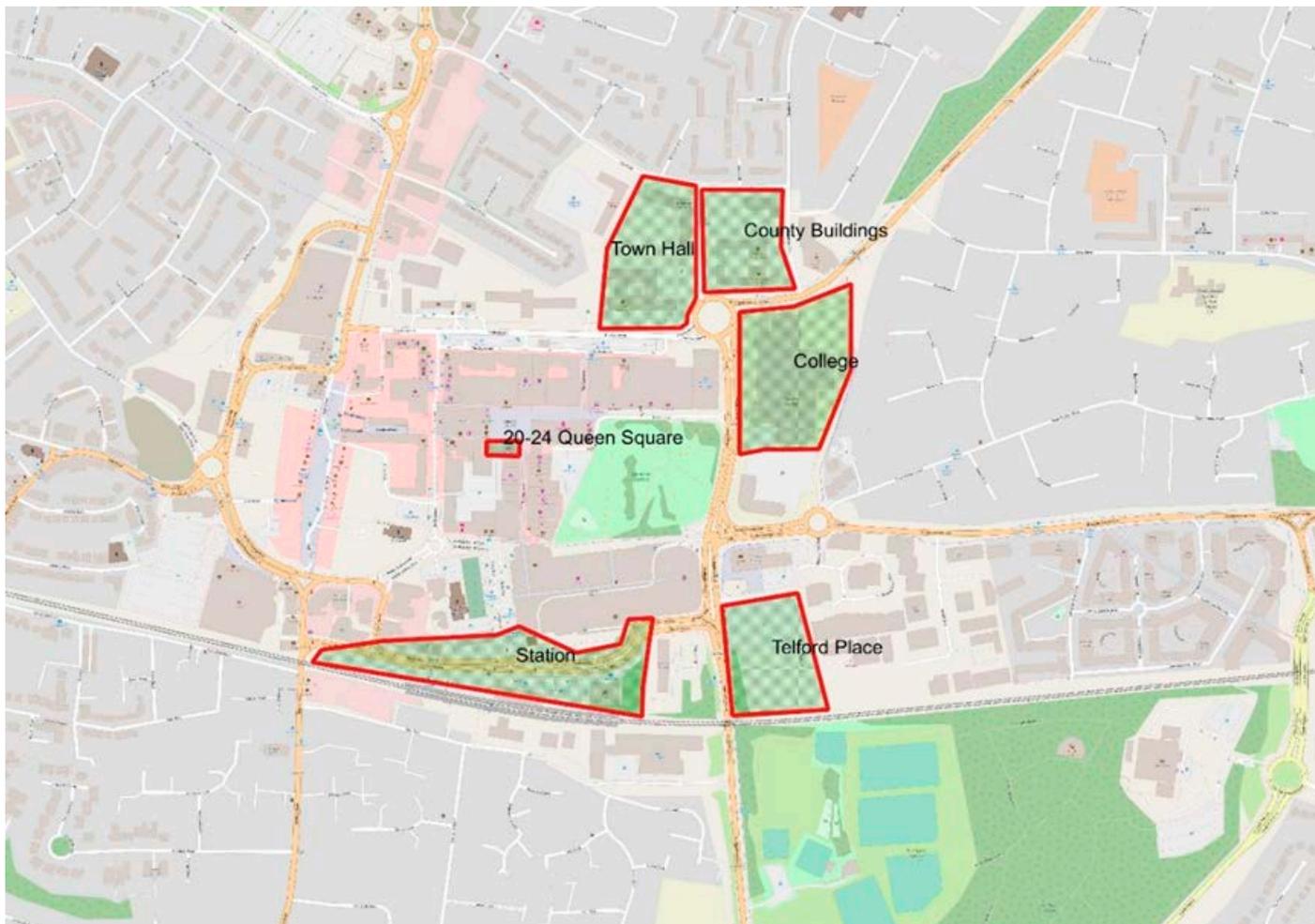
Project aims

“Crawley Borough Council, West Sussex County Council and Crawley College are working together under the aegis of the One Public Estate Partnership to bring forward proposals for the use of public and possibly private land to spearhead the growth of 21st century high grade commercial space in Crawley...”

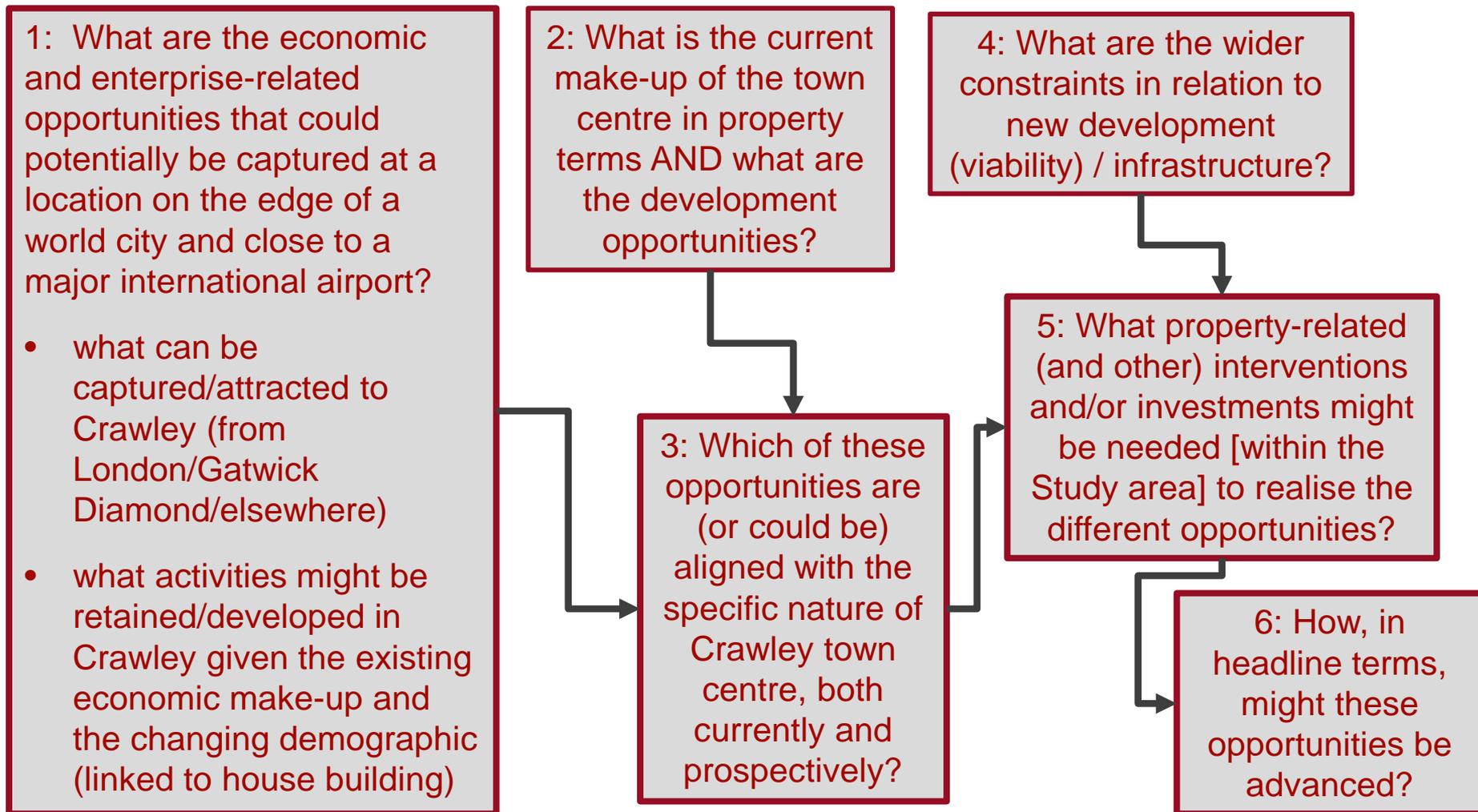
Crawley Growth Programme (adopted 2016) aims to deliver infrastructure improvements and invest in key sites to *“deliver significant new Grade A commercial space in the town centre”*

- In this context, BBP Regeneration, SQW and Oxford Innovation have been commissioned to:
 - review the economic opportunities for Crawley town centre and the associated supply and demand of B1 space
 - review a series of six key sites in the town centre, taking into account:
 - > their relevance to the identified economic opportunities
 - > potential constraints and challenges
 - > the extent to which development can proceed in the short to medium term
 - prepare a ‘route map’ for interventions over the short to medium term

Key sites



Working through the issues...



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2. New business space provision: Assessing potential demand

A significant – and growing – employment centre

- Important sub-regional centre at the core of the Gatwick Diamond
 - total employment of around 87,000
 - jobs density of 1.46 and significant inbound commuting
 - very high GVA per capita (partly driven by Gatwick Airport)
- ...with a growing employment base
 - forecast employment growth of between 15,000 and 21,000 between 2015 and 2030
 - including between 3,720 and 8,290 'office' (B1a/ B1b) jobs
 - opportunities for growth identified in: financial and business services; creative, digital and ICT; and healthcare, medtech and life sciences
- ... in the context of population and residential growth
- ... and a generally well performing town centre (e.g. retail vacancy rates at 8.5%, compared with 12% nationally, and a programme of investment)

Relatively strong town centre performance

- Relatively low retail vacancy rates (8.5%, compared with a national average of 12%)
- Relatively high number of 'knowledge intensive business services' jobs (3,900 jobs)
 - *“the fact that such a small area is home to a high density of knowledge-intensive jobs suggests that it might provide attractive fundamentals to business”*
 - strongly focused on legal, accounting and recruitment activities (relatively little computer science, technical and business and management)
- Some evidence of a shift towards the town centre by professional services firms
 - e.g. move to the town centre by Grant Thornton (from Manor Royal) and PwC (from Gatwick)
 - evidence of a growing 'hub' of professional services businesses, with regional centre characteristics
- Market interest in (and evidence of demand for) additional small business space

Sector opportunities (ii): Emerging sectors

- The new SEP identifies three sectors with potential implications for future town centre business space demand:

Medtech

- Firms developing medical products and devices (inc. digital health)
- Small in employment terms (c.1,000 in Crawley), but some major firms (e.g Elekta, Varian Medical)
- Mostly at Manor Royal, but small presence within the town centre
- Potential opportunities within an innovation centre product

Digital

- Wide range of activities from digital marketing to software development
- Existing local presence (e.g. Broadsoft/ Cisco)
- Rapid national growth and likely local 'talent pool' linked with existing business strengths
- Typically, central locations with access to range of amenities attractive to sector

Adv. manufacturing

- Substantial local advanced manufacturing sector – c.6,000 jobs, and specialist strengths (e.g. energy and aviation-related)
- Primarily based outside the town centre, but potential for smaller scale, innovation-focused activities

Wider influences on demand

- General growth in the small business base:
 - ... linked with Crawley's positive recent record in business creation
 - ... efforts to drive innovation and business support...
 - ... and the recent experience of commercial workspace providers (e.g. CoTribe at Horley)
- Changing working practices:
 - increasing tendency to work remotely...
 - ... driving demand for smaller – and differently configured office units, as well as for flexible workspace

Supply perspectives: Grade A offices

- Across Crawley, there are about 800,000 sq ft of available office space – mostly in larger units of 10,000 sq ft +, and mostly at Manor Royal
- Town centre supply is very constrained – currently (September 2018), only two Grade A units available
- Much existing office stock is secondary, and impacted recently by PDR
- Consequently take-up has been limited (c.8,000 sq ft/ year over past three years)
- But where new supply has come forward, it has been successful (e.g. St John's House)...
- ... and Grade A rents across the Borough have risen in response to constrained supply (£26.50 psf in Q1 2018)
- Opportunity for intervention to demonstrate demand and stimulate further private investment

	Crawley (all sites)		Crawley town centre	
	No. of units	Size (sq ft)	No. of units	Size (sq ft)
Grade A	39	497,792	2	14,997
Secondary	36	307,211	7	73,981
Total	75	805,003	9	88,978

Supply perspectives: Managed workspace

- Shortage of smaller, flexible units widely recognised
 - currently, across Crawley, only 6,000 sq ft available in units of 999 sq ft or less (in eight units)
- 11 managed workspace schemes across Crawley, although only two in the town centre (Regus and IBC)
 - reflecting historic viability challenges, although changing working practices are increasing demand, and (nationally) attracting new commercial operators)
- Existing provision largely focused on ‘generic’ offices:
 - little evidence of provision oriented to (for example) ‘digital’ or creative businesses, despite potential for growth in this area...
 - ... or mixed non-Grade A workshop/ office facilities

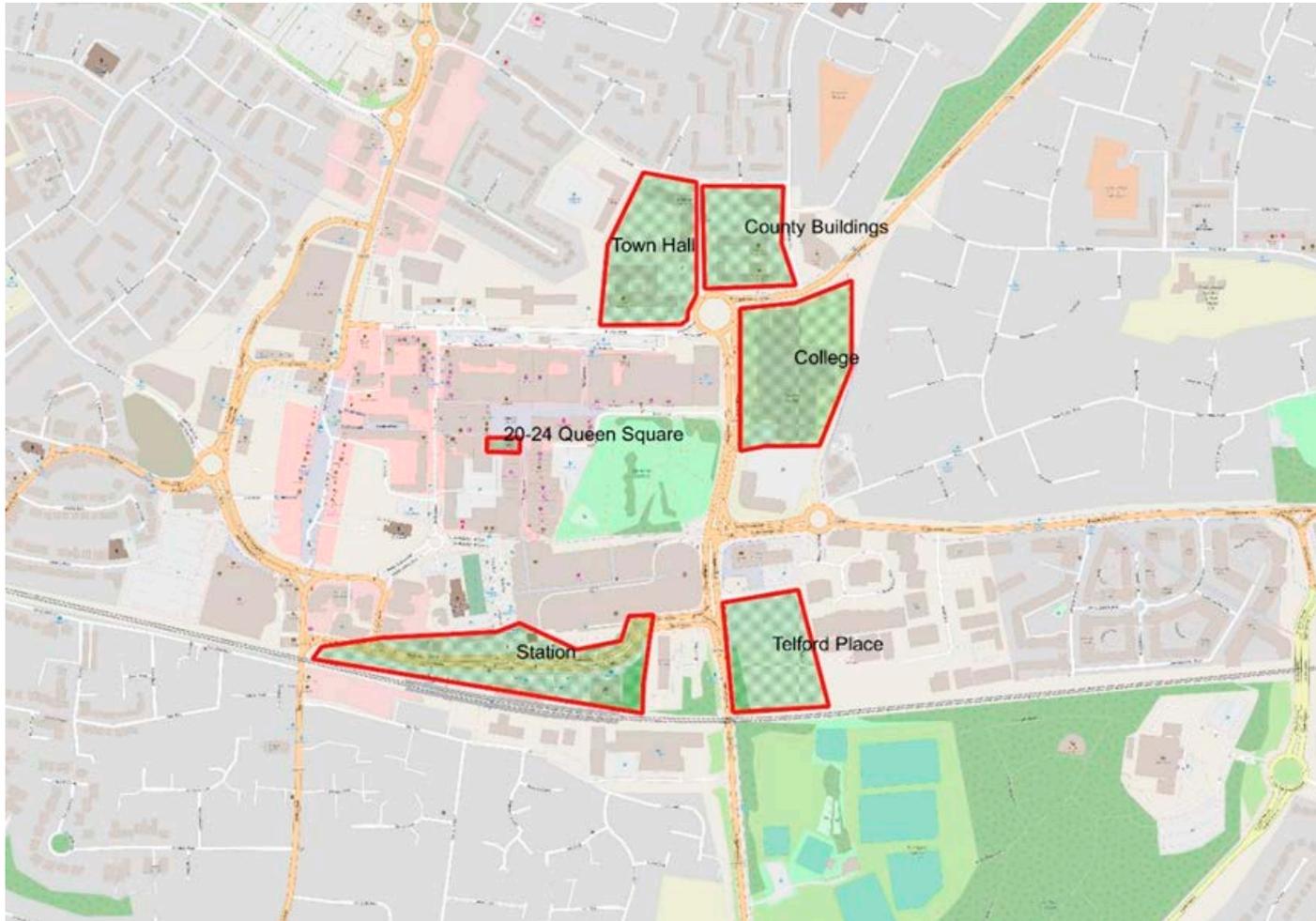
Supply perspectives: Innovation centres

- Currently no innovation centre provision in Crawley (despite original proposals for Basepoint facility and discussions with operators). However...
 - Crawley has an established presence in the advanced engineering sector, and (although small) in relation to medical technologies, and there ought to be an opportunity to grow the (broadly defined) digital sector
 - The town centre is also close to the main centre of advanced engineering activity at Manor Royal
 - Start-up rates are relatively high, and the town is at the centre of a relatively affluent hinterland
- But no obvious driver of supply (e.g. university presence)

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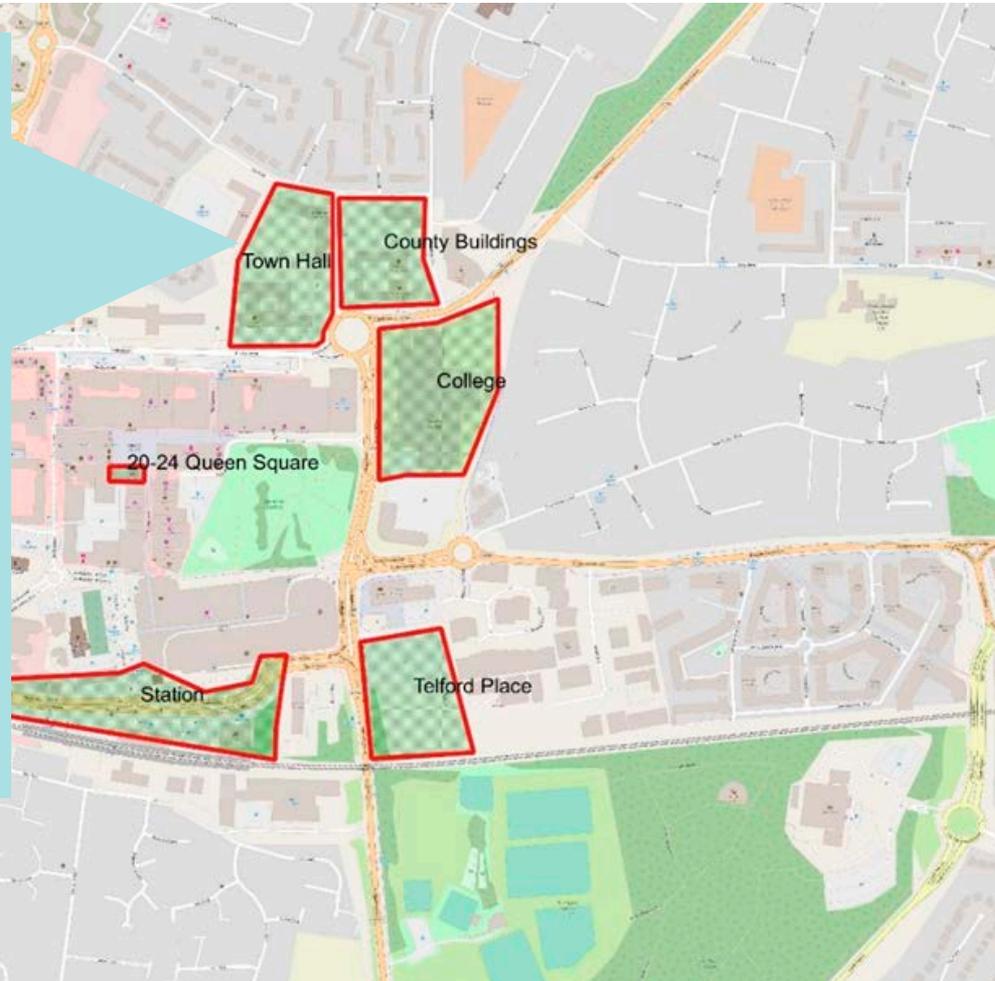
3. Implications for the Eastern Gateway sites

The Eastern Gateway sites



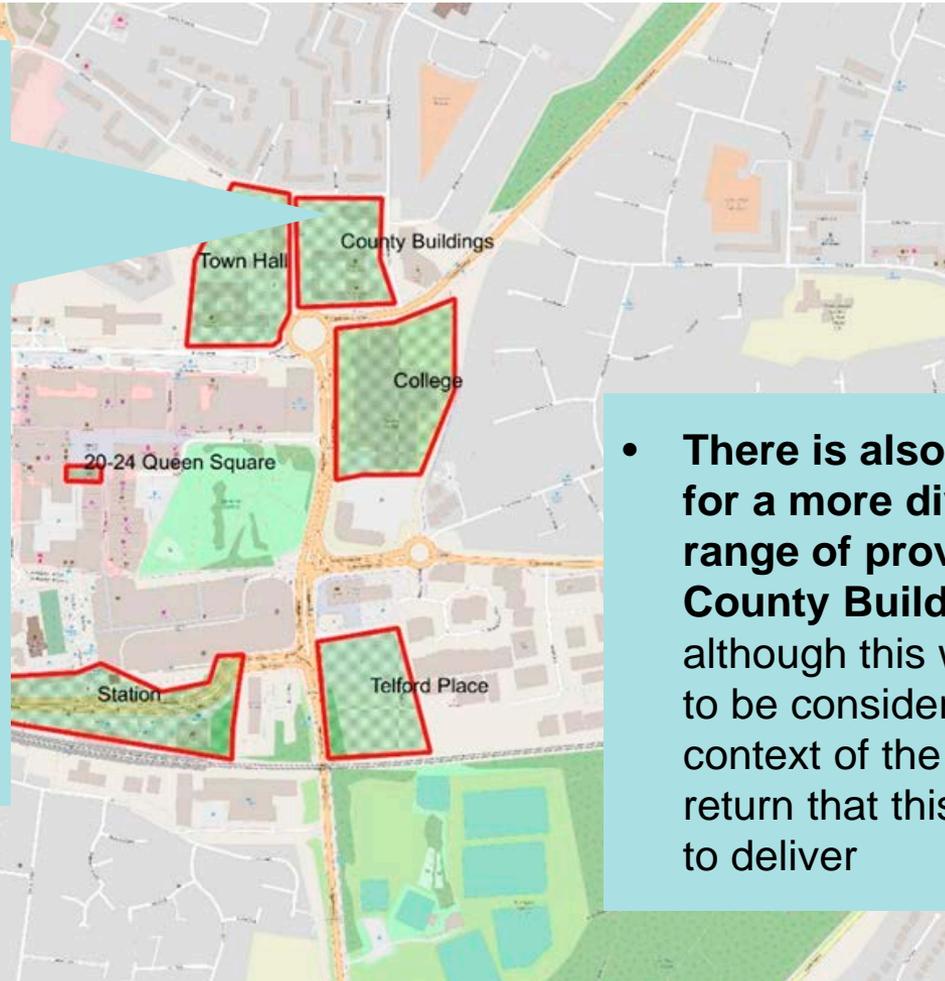
Town Hall

- Evidence of likely demand for **Grade A office accommodation**, and proposed scheme well advanced.
- Strong case for bringing this forward, although ensuring a range of different office sizes would help to diversify its offer and respond to likely demand



County Buildings

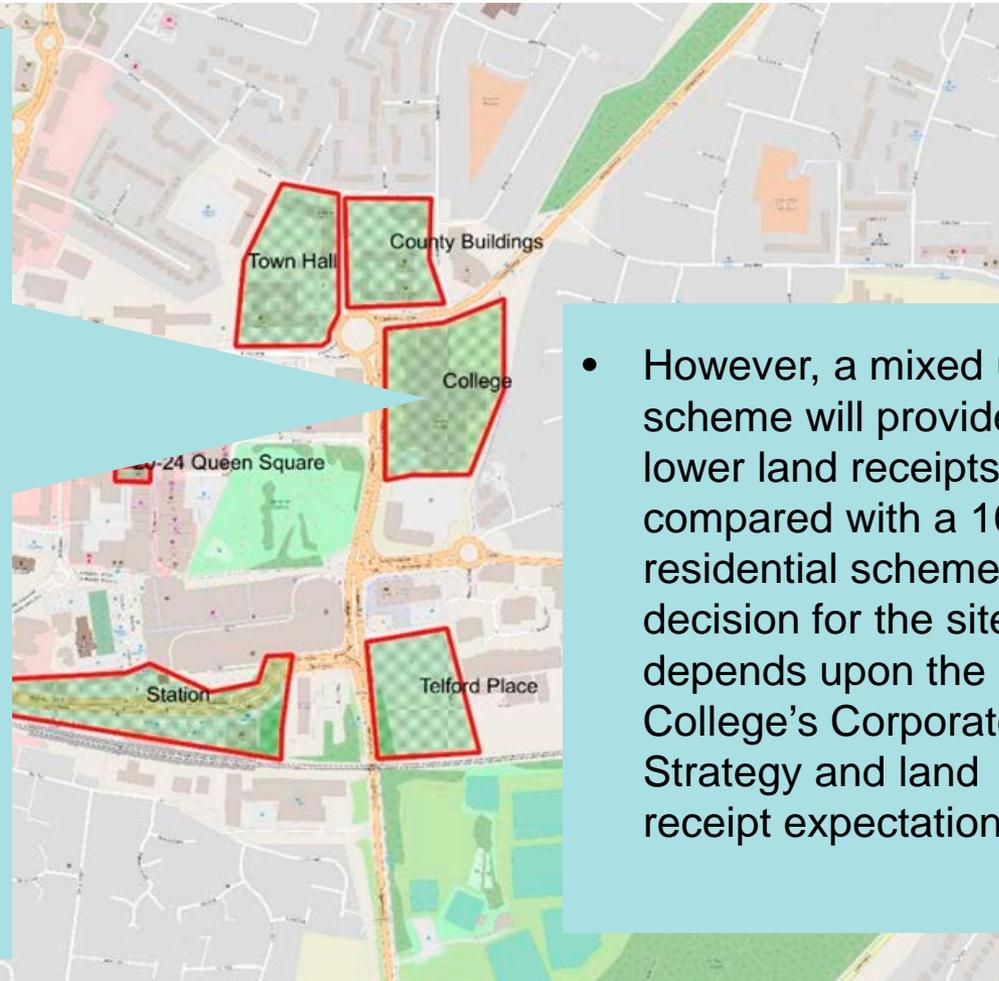
- Some evidence that there may be sufficient demand to absorb additional Grade A supply at **County Buildings**.
- But town centre market is currently untested
- Important to ensure that any new supply on the County Buildings site is phased to avoid competition with the Town Hall.



- **There is also a case for a more diverse range of provision at County Buildings**, although this will need to be considered in the context of the reduced return that this is likely to deliver

College site

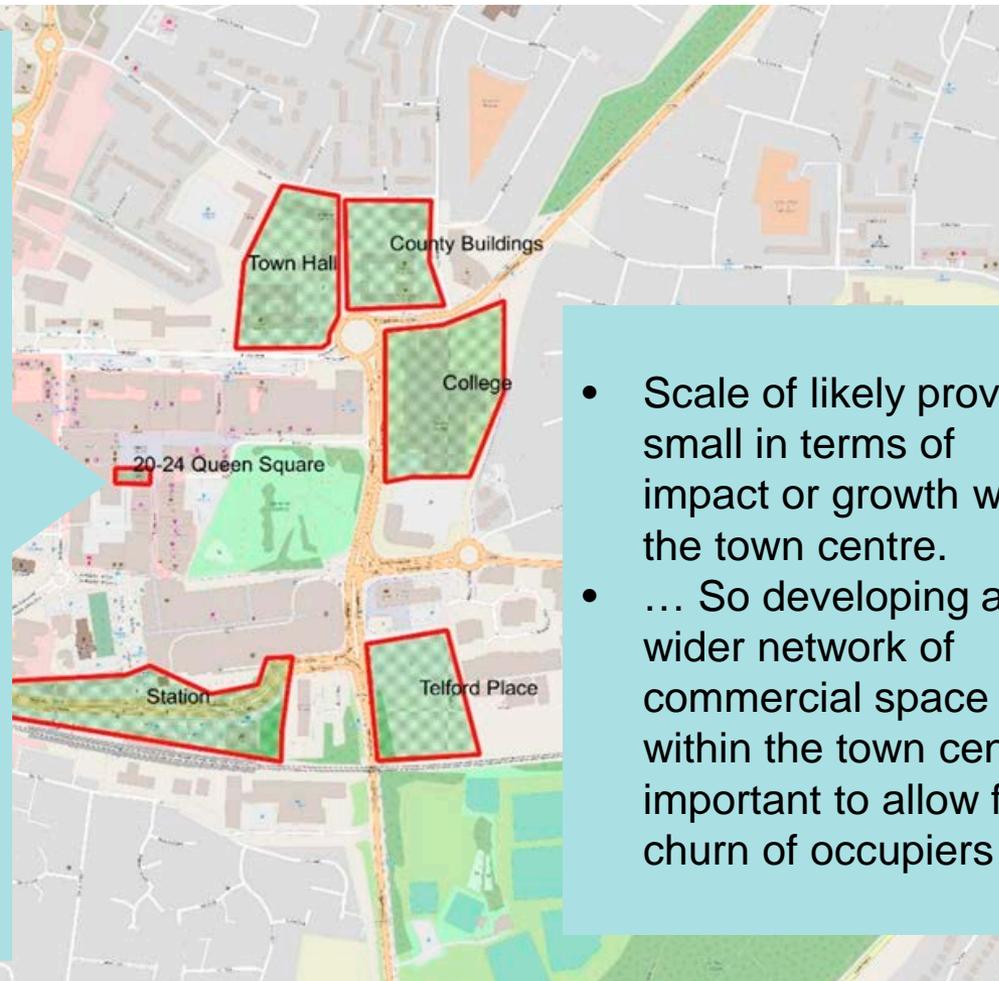
- Capacity to provide a mixed use scheme including commercial uses, such as flexible workspace accommodation, which potentially could fit well with the other college activities on site
- Viability work shows that workspace or innovation centre type space can be delivered on site as part of a residential-led scheme without turning the site viability negative



- However, a mixed use scheme will provide lower land receipts compared with a 100% residential scheme and decision for the site depends upon the College's Corporate Strategy and land receipt expectations

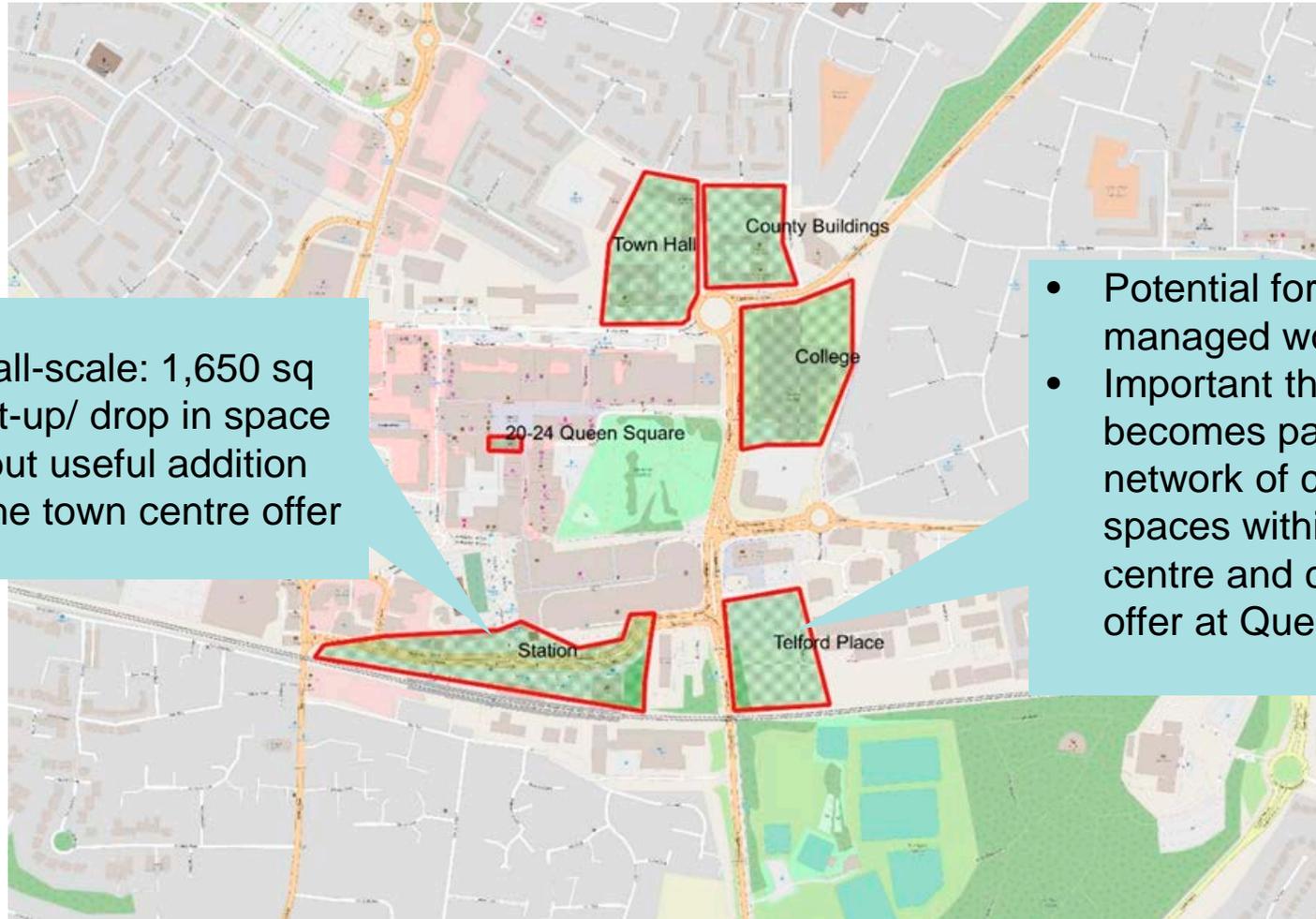
Queens Square

- Prime town centre site with good demand for workspace uses within close proximity to train station and retail amenities.
- Several operators interested in running the site - showing positive market expectations.
- c.10,000 sq ft of workspace accommodation for start-ups and small companies; likely from a range of sectors



- Scale of likely provision small in terms of impact or growth within the town centre.
- ... So developing a wider network of commercial space within the town centre important to allow for a churn of occupiers

Telford Place and Station Gateway



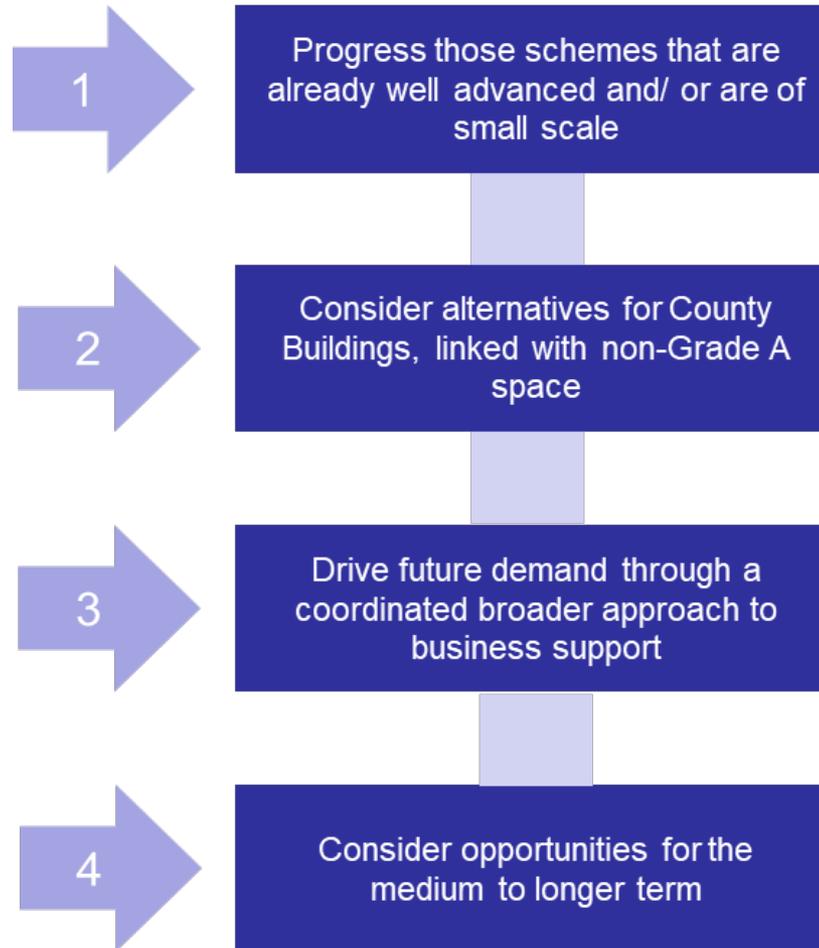
- Small-scale: 1,650 sq start-up/ drop in space
- ... but useful addition to the town centre offer

- Potential for flexible/ managed workspace
- Important that site becomes part of a network of commercial spaces within the town centre and complement offer at Queen Square

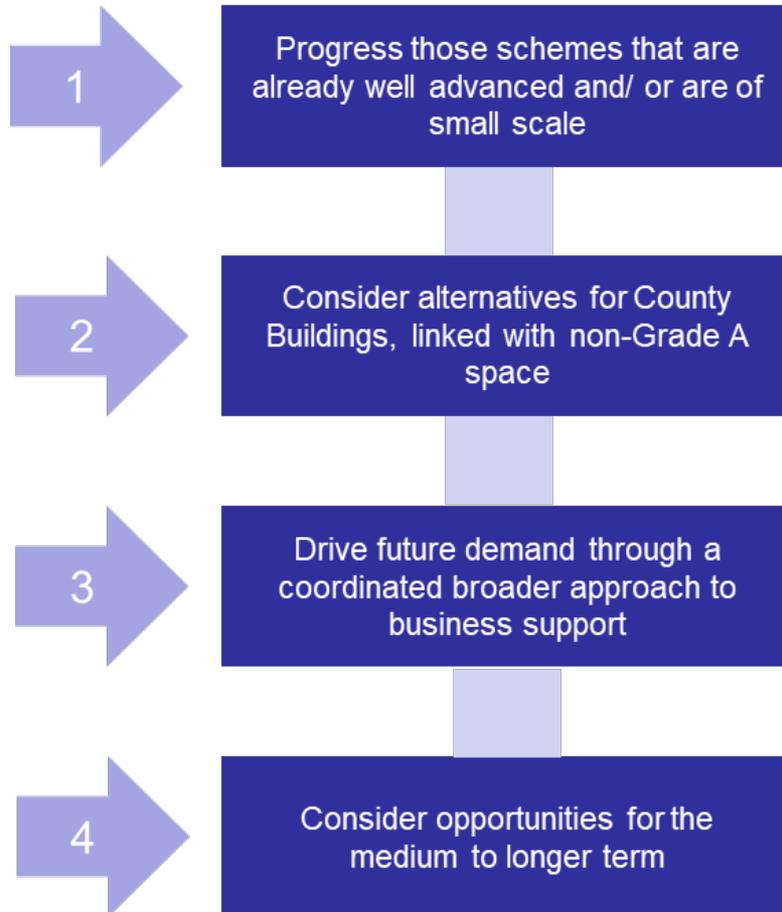
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4. Moving forward

Priorities for the 'operational routemap'(i)

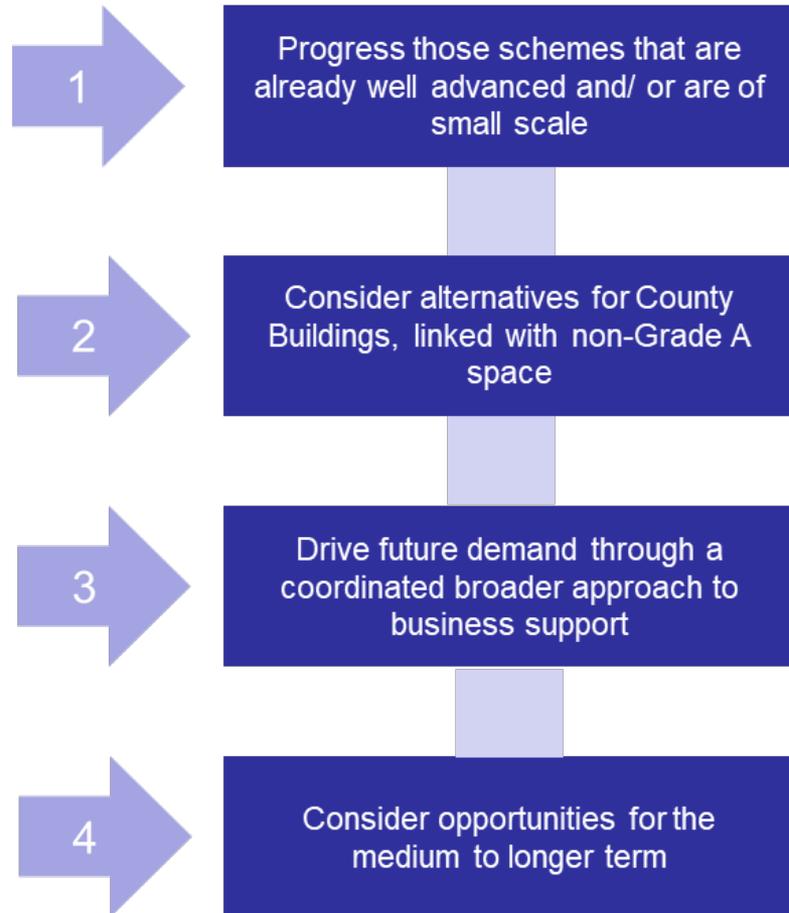


Priorities for an 'operational routemap'(i)



- Our analysis of likely demand for Grade A office accommodation at the Town Hall supports the Council's approach
- There is (competing) commercial interest in Queen Square, and proposals are well advanced for flexible workspace...
- ... and there is likely to be sufficient demand for small-scale managed workspace at Telford Place, managed by a commercial operator

Priorities for an 'operational routemap'(i)



- Linking together existing (and new) managed workspace in Crawley town centre and Manor Royal
- Accelerator/ incubator programmes and business growth support

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