GVA
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Milton Keynes Economic Growth and Employment Land Study

Supply & Demand – Partial Update

June 2017

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For and on behalf of GVA Grimley Limited

Executive Summary

1. GVA has been commissioned to prepare a partial update to the 2015 Economic Growth and Employment Land Study (EGELS) produced for Milton Keynes Council and the Milton Keynes Development Partnership.

Employment Projections

2. Projections are drawn from the Experian Local Market Forecast (December 2016) and the EEFM (August 2016). Using both forecasts provides The Council with alternate growth requirements and an opportunity to make an informed choice about its future strategy.

3. Both forecasts indicate that Milton Keynes will experience significant expansion of their employment base over the plan period, with a total employment growth of **17%.**

4. Both forecasts anticipate that Milton Keynes will continue to be a focus for B Class Employment, However, both forecasts indicate that non-B Class employment will become marginally more important as a share of total employment.

5. The Experian forecast expects that employment growth will be dominated by 'Land Transport, Storage and Post' and 'Professional Services'. Of the top ten sectors with the highest forecasted growth, only four would utilise non-B class property, suggesting there will be a need for new B Class employment land to be retained within Milton Keynes.

6. The EEFM data indicates that 'Professional Services' and 'Business Services' will experience the highest levels of employment growth. This data also suggests that there is a much higher expectation of growth within non-B Class employment, in particular 'Retail'.

Employment Land Projections

7. Milton Keynes needs to plan for a significant amount of additional B Class employment land to accommodate this employment growth.

8. Drawing on the Experian forecast, projected growth would result in the need for **132 ha** of employment land by 2031, focussed within office and warehouse stock.

9. The EEFM suggests a more conservative figure of **87 ha** of employment land is needed.

Employment Land Supply

10. The 2015 EGELS employment land analysis comprised of three key parts: **Existing Employment Sites, Proposed Employment Sites** and; **Potential Employment Sites.** This analysis has been updated to reflect the current position of the employment land supply.

11. Table ES1 shows the original and updated results and how these datasets have changed.

Table ES2: Summary of previous employment land supply in Milton Keynes (2017)

	Existing Employment Sites	Proposed Sites	Potential Sites	Total
2015 Supply (ha)	988.00	36.86	160.65	**1,185.51**
2017 Supply (ha)	988.00	95.12	120.90	**1,204.02**
Change (ha)	0	+58.26	-39.75	**+18.51**

12. Since the 2015 employment land study some potential employment sites have been developed or received planning permission for alternative land uses. In addition, some potential sites are proposed for residential or other development in Neighbourhood Plans and the Council's Site Allocation Plan, which has not yet been adopted.

The Demand-Supply Balance

13. In quantitative terms, **there is sufficient supply in Milton Keynes to meet forecasted demand**, but the 2015 report showed that this was not the case qualitatively.

14. This partial review has been a desktop exercise and has not included any site visits. Therefore, the assessment of supply versus demand can only be made quantitatively.

The Role of Central Milton Keynes (CMK)

15. The CMK Alliance Plan (2015) sets the direction for the city centre to grow and diversify the employment base. The Plan sets out to deliver over 200,000sqm of office space.

16. The likely future requirement for office space within Milton Keynes is estimated to be between 130,777-151,720sqm; therefore, this suggests that CMK can provide sufficient capacity to contribute to this office space requirement.

17. CMK has the natural environment for business networking relationships to be established and has a range of amenities to attract and retain workers. It has the capacity to provide a mix of office spaces that are suitable for start-up, growing and established businesses.

Employment and Housing Growth

18. Milton Keynes has achieved a long term trend in the jobs to dwellings relationship, generally retaining a ratio of 1.5 jobs per dwelling, and it is the Council's aspiration to continue to ensure that sufficient jobs are provided for new and existing residents.

19. Projections forecast housing growth will overtake the growth in employment in Milton Keynes.

20. The SHMA suggests that Milton Keynes will need to provide 1,766 dwellings per annum between 2016-2031. To retain a 1.5 jobs to dwelling ratio, this would mean providing 2,649 jobs per annum, requiring a significant uplift above either employment forecast.

21. The decrease in the ratio between jobs and homes may help to decrease the reliance of Milton Keynes on external workers to fill the jobs provided.

1.   Introduction

1.1   GVA have been commissioned to prepare a focussed but partial, desktop update to the 2015 Economic Growth and Employment Land Study (EGELS) previously produced for Milton Keynes Council and the Milton Keynes Development Partnership.

1.2   This update has been produced solely for the Council in order to assist in the understanding of future growth requirements in Milton Keynes over the next 15 years. It is intended to align with the latest SHMA analysis and inform the production of the new Local Plan. The core focus of the update is to:

- Prepare updated and extended employment growth projections for Milton Keynes drawing on updated forecasts from both the East of England Forecast Model (EEFM) and Experian;

- Identify the distribution of growth between different sectors;

- Use these projects to update the assessment of future employment floorspace and land requirements;

- Undertake a desktop assessment of employment land availability, updating capacity estimates;

- Confirm the need to identify additional employment land, or confirm whether there is an oversupply;

- Review suitability of supply in Central Milton Keynes (CMK); and

- Update the Council's understanding of the balance between housing and employment growth.

1.3   Milton Keynes is part of the knowledge intensive cluster being developed in the Cambridge-Milton Keynes-Oxford corridor[1] that aims to compete on a global stage, protect the area's high quality environment and secure the much needed homes and jobs that the area requires. Within this context, this update is constructive in helping the Council to prepare for this future growth and to understand Milton Keynes' contribution to the development of this corridor.

1.4   To clarify, throughout this report 'Milton Keynes' refers to the wider administrative area of the Borough of Milton Keynes.

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[1] Cambridge-Milton Keynes-Oxford Corridor: Interim Report, National Infrastructure Commission, November 2016.

2.   Updated Employment Land Projections

2.1   Within this section we set out the forecasts of future employment growth and translate these into projections of future employment land need. Employment forecasts are drawn from the latest releases of the Experian Local Market Forecast (December 2016) and the EEFM (August 2016).

2.2   Each base forecast employs a different methodology to arrive at their projection for employment growth, however both seek to translate strategic (national) forecasts into local authority specific expectations of growth. Whilst the forecasting approaches differ both are considered to be a robust base from which future employment land requirements can be projected and understood and both have been used by a number of local authorities to inform the development of their Local Plans.

2.3   The purpose of using both forecasts is to understand potential alternate growth requirements for Milton Keynes over the period to 2031 given each model takes a different view on how sectors will grow and change in the future. It provides the Council with the opportunity to make an informed choice about is future strategy for economic growth.

2.4   The approach to the projections is consistent with that employed within the existing EGELS report, a full methodology is provided within the EGELS. Aside from updated employment forecasts the core change to the approach within this paper is to include updated data to inform allowances for Windfall Losses and Churn.

2.5   To clarify, 'windfall losses' refer to the unexpected loss of existing employment floorspace/land to other uses such as residential. In addition, employment land may be used for other land uses that are not compatible with residential areas such as recycling, waste management and transport depots.

2.6   'Churn' refers to the locational and premises needs of businesses changing over time, which may require businesses to move within the area to alternative accommodation. In order for this to happen, suitable premises need to be available.

Employment Projections

2.7   Between 2016 and 2031 both the EEFM and Experian forecasts indicate that Milton Keynes will experience significant expansion of the employment base suggesting an increase of 17% in total employment.

2.8   Within the EEFM forecast, total employment is expected to grow from 186,609 jobs in 2016 to 218,541 jobs in 2031, an increase of 31,932 (17.1%).

2.9   The Experian forecast estimates the number of jobs will increase from 157,300 in 2016 to 185,300 in 2031, an increase of 28,000 (17.8%).

**Figure 2-1 - Total Employment Growth 2016-2031**
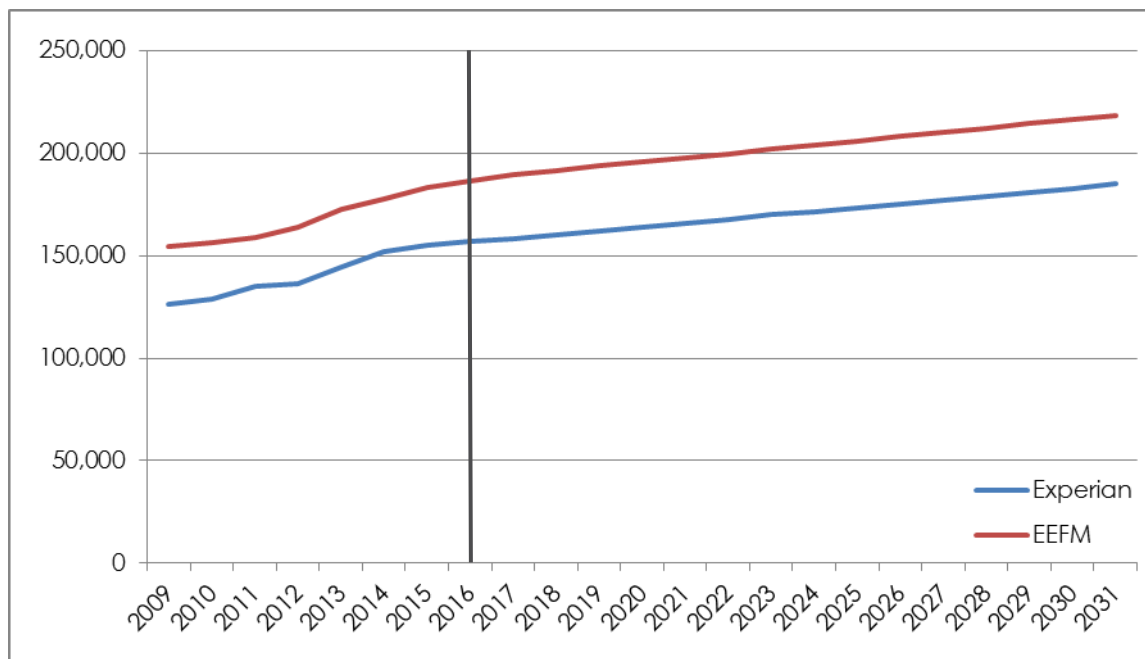
Source: Experian, Cambridge Econometrics, 2016

2.10   The two forecasts have significantly different starting points (a result of both drawing on different data sources and using different methodologies for incorporating historic data into their respective models) and therefore suggest the level of employment in Milton Keynes would be different in 2031.   However, even with the different starting point the anticipated percentage increase in employment is broadly similar, with Experian suggesting an increase of 17.8% and EEFM 17.1%.

2.11   Both forecasts anticipate that Milton Keynes will continue to be a focus for B Class employment, with activities requiring B Class premises (offices, industrial units and warehousing) providing over 50% of total job opportunities over the Plan Period. However, both forecasts indicate that non-B Class employment (i.e. jobs in retail, health etc) will become marginally more important as a share of total employment than they currently are.

**Figure 2-2 - Experian B & Non-B Class Employment Share**
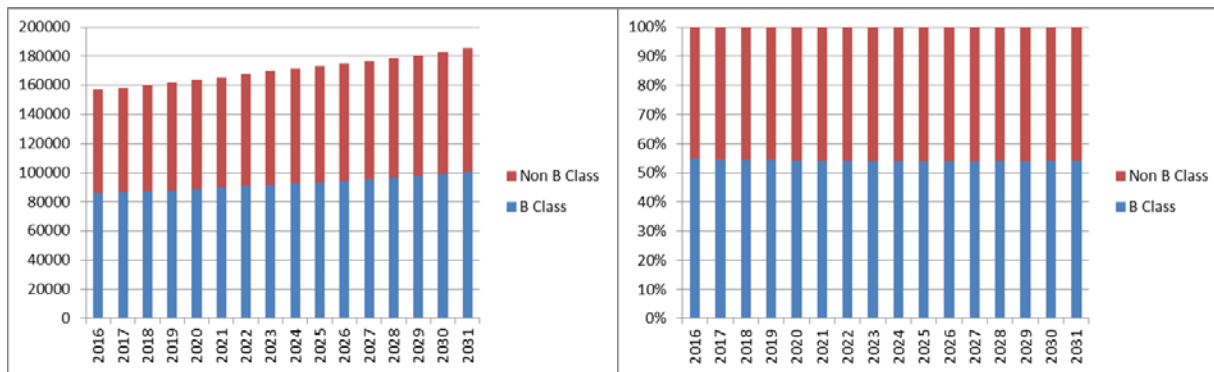
Source: GVA Analysis of Experian Data, 2016

2.12   Experian expect that both B and non-B class growth will be broadly similar. B class employment is expected to grow by 17% over the period and Non-B class employment by 19%, this would result in a marginal decrease in the B Class share of employment from 55% to 54% by 2018.

2.13   The EEFM forecasts show a much greater difference between anticipated employment growth in B and non-B Class activities.

Figure 2-3 - EEFM B & Non-B Class Employment Share
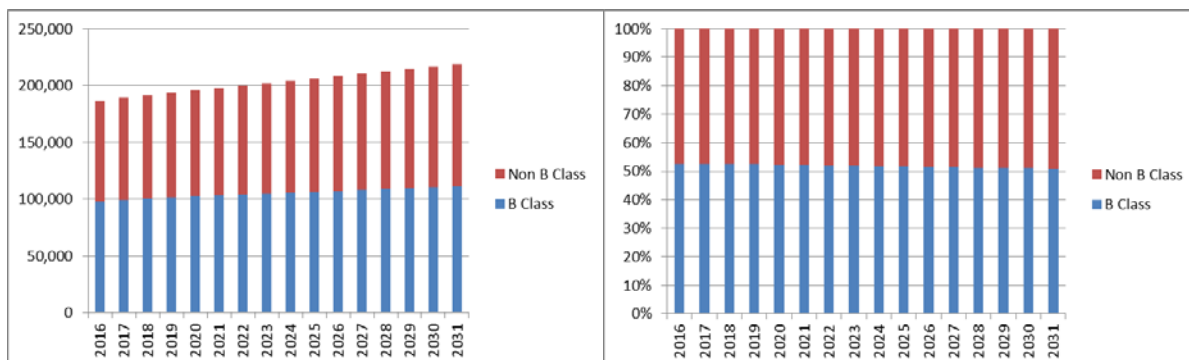
Source: GVA Analysis of Cambridge Econometrics Data, 2016

2.14   The EEFM expects that B class employment will increase by 14% over the period and Non-B Class employment increasing by 21%, resulting in a decrease in the B class share of employment from 53% to 51% by 2026.

2.15   The reason for the difference between the two forecasts is the underlying sectoral growth expectations. The following tables show the ten sectors within each model that are expected to experience the highest level of employment growth in terms of jobs. It is worth noting that some sectors outside of these 'top ten' will see higher levels of proportional growth, however they are starting from a lower base and hence total employment will see a more modest level of change.

Table 2-1 - Experian 'Top 10' Sector Growth 2016-2031

	Change in Jobs	Percent Change
Land Transport, Storage & Post	4,500	29%
Professional Services	4,400	27%
Accommodation & Food Services	3,200	45%
Residential Care & Social Work	2,900	60%
Administrative & Supportive Services	2,700	17%
Wholesale	2,300	14%
Health	2,300	29%
Education	1,700	15%
Computing & Information Services	1,600	16%
Finance	900	11%

Source: GVA Analysis of Experian Data, 2016

2.16   As shown in Table 2-2 the Experian forecast anticipated that employment growth within Milton Keynes will be dominated by two key sectors – "Land Transport, Storage and Post" and "Professional Services". This is unsurprising given the focus of the MK economy in recent years which has been particularly focussed on major office-based activities and regional/national scale distribution.

2.17   Of these ten sectors only four would utilise non-B class property and floorspace, in line with the analysis above this suggests there will need to be new B Class employment land retained within MK to accommodate growth. The Non-B Class growth sectors are predominantly population driven ("Health", "Education" and "Residential Care & Social Work") reflecting the wider employment opportunities created by the rapid expansion of the MK population.

2.18   Despite its strengths in higher value production activities and engineering the Experian forecast does not anticipate growth in any of the 'industrial' sectors within the model. This is likely to be a reflection of national trends in the manufacturing sector as a whole, however smaller sub-sectors are likely to experience some growth locally.

2.19   Turning to the EEFM the ten sectors expected to experience the largest employment growth show significant differences to Experian, as shown in Table 2-2.

Table 2-2 - EEFM 'Top 10' Sector Growth 2016-2031

	Change in Jobs	Percent Change
Professional services	4,809	23%
Retail	3,862	23%
Business services	3,643	35%
Computer related activity	3,363	32%
Education	3,200	21%
Hotels and restaurants	2,967	34%
Employment activities	2,649	31%
Wholesale	2,314	14%
Health and care	2,288	16%
Construction	1,718	27%

Source: GVA Analysis of Cambridge Econometrics Data, 2016

2.20   Whilst "Professional Services" remains a significant growth driver (in line with Experian) a number of other sectors are markedly different, including much higher levels of growth anticipated within "Business Services" and "Computer Related Activity".

2.21   Most notable is the much higher expectation of growth within the "Retail" sector, at 3,800 new jobs, over 6 times the level expected by Experian. It is difficult to set out the reasons why the forecast growth in retail employment is so significantly different as we do not have access to the full forecasting model used by each provider. However, it is most likely to be linked to the approach to including population forecasts and how retail growth is considered to be a function of these. The EEFM and Experian use different population forecasts (Oxford Economics in-house model and the ONS SNPP respectively) which are likely to generate different levels of population growth. The EEFM then translates this into resident consumption, which in part drives retail growth expectations, it is less clear whether Experian make a similar consumption based adjustment.

2.22   This growth in retail activity, alongside the levels of growth anticipated in "Education", "Hotels and Restaurants" and "Health and Care" (all much higher than Experian) explain why non-B Class employment is expected to grow much more significantly than B Class within the EEFM.

2.23   It is worth noting that the EEFM expects that the distribution sector will significantly lower levels of growth in MK, with c.965 jobs in distributions and logistics part of the sector and c.2,300 jobs in wholesale (albeit a number of the wholesale jobs will not link to logistics activity).

2.24   Both forecasts suggest that future employment growth within Milton Keynes will be relatively broad in terms of the mix of sectors and activities.   This provides scope both within and between sectors for a wide range of employment opportunities to be provided across the skills spectrum.   The 'quality' of the jobs created will, in part, be a direct function of the sectors themselves and (increasingly) also the nature of employment within certain sectors.

2.25   For example, it is likely that growth in the professional services sector will contain a high proportion of higher skilled jobs that require employees to have higher level qualifications, which in turn will tend to generate higher salaries.   However, that is not to say that other activities will only provide 'lower quality' jobs, indeed sectors such as logistics have increasingly demanded higher skilled employees and tended to pay higher salaries to attract the skills required.   This has become particularly the case in large scale logistics activity where high degrees of automation require greater levels of literacy, numeracy and ICT skills, increasing the share of highly skilled employees in the sector.

2.26   Overall, for growth to be truly inclusive, a range of job types and levels is vital, allowing all residents to access employment opportunities and also develop skills to support career progression.   The mixed nature of future growth will ensure Milton Keynes continues to provide these opportunities whilst also attracting a greater level of higher quality activity.

Employment Land Projections

2.27   With the employment growth expectations established it is possible to identify the future floorspace and potential land requirements within Milton Keynes in the future.   In line with the EGELS approach this considers floorspace requirements in terms of office, industrial and warehousing space, aligning with use classes B1a/B, B1c/B2 and B8 respectively.

2.28   It should be noted that the land requirement is indicative and will be dependent on the nature and design of any site specific proposal.   Plot ratios can vary significantly within use classes, it is therefore suggested that the floorspace figures provide the focus of policy and ongoing monitoring.

2.29   The projections draw upon the same base assumptions as the EGELS and are therefore directly comparable in terms of their outputs. In terms of employment densities, the follow assumptions have been made:

- Office - B1a/b – 12 square metres per employee (NIA);

- Industrial - B1c/B2 – 36 square metres per employee (GIA); and

- Warehouse - B8 – 85 square metres per employee (GEA).

2.30   As per the EGELS the employment density for Warehouse activity is higher than the average suggested within the HCA Density Guide 3rd Edition (2015), this reflects the significant proportion of activity within Milton Keynes which operates at the National Distribution Centre scale and, as such, has a lower density of employment than local or regional scale activities.

2.31   The translation from floorspace to land requirements draws on a series of plot ratios which estimate the proportion of a site that would be developed for the identified uses. These ratios draw on DCLG guidance and our understanding of 'development industry standards':

- Office – 1.5.

- Industrial – 0.4.

- Warehouse – 0.4.

2.32   Both the industrial and warehouse ratios reflect the increased requirement from occupiers for large yard areas for loading unloading and also large parking areas. The office ratio used within the base forecasts seeks to provide an 'average' development density between City Centre and 'out of town' provision along with an allowance for car parking provision.

2.33   As a result of both employment forecasts indicating significant employment growth over the period between 2016 and 2036 and an ongoing need to retain capacity to offset losses or business moves within the area Milton Keynes needs to plan for a significant amount of additional B Class employment floorspace.

2.34   Drawing on the Experian forecast projected economic growth would result in the need for an additional c. 445,000sqm of floorspace by 2031. This would be focussed within office and warehouse stock, with a forecast contraction in the need for industrial space.

Table 2-3 - Experian Based Employment Land Projection

	Floorspace Demand 2016 - 2031	Allowance for windfall losses	Allowance for Churn	Change in floorspace	Change in Land
	m²	m²	m²	m²	Ha
Office	130,777	89,455	30,532	250,764	17
Industrial	-8,275	49,429	5,706	46,860	12
Warehouse	320,807	34,874	60,165	415,846	104
Total	443,309	173,073	97,244	713,626	132

Source: GVA Analysis of Experian Data, 2016

2.35   Once the allowances for Windfall and Churn are included there is a resultant positive requirement across all land use classes, increasing the overall employment floorspace requirement to over 715,000sqm. Almost 60% of this requirement is made up of demand for B8 floorspace, with a further c.35% comprising B1a/b space.

2.36   Notionally our indicative estimate of land requirements would suggest a need for at least 132ha of land over the plan period to accommodate growth.

2.37   As set out in the previous section the EEFM is more conservative about the growth prospects of the B Class sectors within Milton Keynes which, when translated into employment floorspace requirements generates a need for an additional c.275,000sqm of floorspace.

Table 2-4 - EEFM Based Employment Land Projection

	Floorspace Demand 2016 - 2031	Allowance for windfall losses	Allowance for Churn	Change in floorspace	Change in Land
	m²	m²	m²	m²	Ha
Office	151,720	89,455	30,532	271,706	18
Industrial	-45,462	49,429	5,706	9,673	2
Warehouse	169,398	34,874	60,165	264,437	66
Total	275,656	173,073	97,244	545,973	87

Source: GVA Analysis of Cambridge Econometrics Data, 2016

2.38   Unlike the Experian based projection model where a considerable proportion of floorspace needs arose from B8 activity, under the EEFM projection floorspace need is more evenly shared between office and warehousing.   The EEFM also indicates that there will be opportunities to contract the supply of industrial floorspace over the plan period.

2.39   Overall using the EEFM would require a significantly lower amount of floorspace to be provided at c.545,000, with 48% of space provided for B8 activities and 50% for B1a/b activity, however in land terms the balance is more heavily skewed towards B8 activity as a result of much lower plot ratios.   Notionally this would require the provision of c.87ha of land within Milton Keynes, 76% of which would be for B8 activity.

3.   Review and Update of Employment Land Supply

3.1   This section of the report reviews the supply of employment land within the Milton Keynes Council administrative area, providing an update on the position set out in GVA's 2015 EGELS.

Overview of update

3.2   Our earlier report included a detailed analysis of the Borough's employment land supply, accurate at the time of publication. The analysis was based on an Employment Sites Assessment Matrix which captured all of the existing, proposed and potential employment sites across the Borough, and recorded their location, size and key characteristics. A bespoke scoring system was applied to the sites, which was the foundation for a qualitative and quantitative appraisal of the range of the available employment land sites.

3.3   The supply of employment land comprises three key component parts:

- **Existing Employment Sites –** A mixture of existing industrial estates and office parks that contribute to the employment land supply in Milton Keynes;

- **Proposed Employment Sites –** Sites within or bordering existing employment sites that could be developed and contribute to meeting future employment land requirements in Milton Keynes. Due to their size, location and nature, these sites are considered to be suitable for development for employment uses to complement those in their immediate surroundings; and

- **Potential Employment Sites –** New undeveloped land that offers the potential to be developed and contribute to meeting future employment land requirements in Milton Keynes.

3.4   Data on existing employment sites was previously provided in part by Milton Keynes Council and supplemented by our review of existing planning policy documents, our market knowledge and through discussion with developers promoting sites in the Borough.

3.5   A summary of our findings from the 2015 EGELS is illustrated in **Table 3.1** below, and a plan showing the location of all sites assessed in 2015 (as part of the EGELS) is provided in **Appendix B**.

Table 3.1 – Summary of previous employment land supply in Milton Keynes (2015).

	Existing Employment Sites	Proposed Sites	Potential Sites
Supply (hectares)	988.00	36.86	160.65
TOTAL	1,185.51 hectares		

Source: GVA, 2015.

3.6   The purpose of this 2017 report has been to update the Employment Sites Assessment Matrix to reflect the current position of the employment land supply in Milton Keynes. The updated Employment Sites Assessment Matrix is provided at **Appendix A**.

3.7   For the avoidance of doubt, no review of the site scoring has been undertaken. The sites and the site areas in the Employment Sites Assessment Matrix have been updated as appropriate, in accordance with the latest information made available by Milton Keynes Council, as set out below.

3.8   In February 2017 the Council provided data to GVA regarding the expected losses to the stock of vacant employment land in the Borough. These sites were identified from GVA's 2015 Employment Sites Assessment Matrix by comparing the site plans produced for the 2015 EGELS with site plans made readily available by the Council, through published Development Plan Documents and planning application material. Sites were then removed entirely from the Employment Sites Assessment Matrix or a proportion of the site areas was deducted from the site.

3.9   Information was also provided about additions to the stock of vacant employment land in the Borough and by adopting a similar approach to the above, the new sites were added into the Employment Sites Assessment Matrix. One exception to this is the Strategic Urban Extension: Milton Keynes East, which has not been added because it is expected to come forward after 2031, and is therefore outside the scope of this study.

3.10   Regarding available office space in Central Milton Keynes and Campbell Park, we understand that there is a capacity of approximately 20.85 hectares of floorspace. Consequently the Employment Sites Assessment Matrix has been amended to reflect this indicative land use capacity. It is however noted that Milton Keynes Council's Urban Capacity Study is investigating housing capacity within the Borough and that 11.68 hectares of land in Campbell Park, which formerly had outline planning permission for employment use, is being considered for this alternative use.

3.11   The amendments to the Employment Sites Assessment Matrix described above have enabled us to quantify the present employment land supply in Milton Keynes.

2017 Assessment

3.12   We have set out below the headline findings from our employment land supply assessment for each of the three categories of employment land, of which a summary is provided in **Table 3.2**:

- **Existing Employment Sites** – A total of 46 sites comprising 988.00 hectares currently make up the existing employment land supply in Milton Keynes.

- **Proposed Employment Sites** – A total of 26 sites comprising 95.12 hectares currently make up the proposed employment land supply in Milton Keynes.

- **Potential Employment Sites** – A total of 23 sites comprising 120.90 hectares currently make up the potential employment land supply in Milton Keynes.

Table 3.2 – Summary of current employment land supply in Milton Keynes (2017).

	Existing Employment Sites	**Proposed Sites**	**Potential Sites**
Supply (hectares)	988.00	95.12	120.90
TOTAL	**1,204.02 hectares**		

Source: GVA, 2017.

3.13   The above figures exclude two sites which were removed from the study in 2015 due to them either being undevelopable or not being in active 'B class' employment use. The sites that were excluded and the reasons for this are shown in **Table 3.3**. These sites remain removed in the current supply update.

Table 3.3 – Sites Excluded from Employment Supply Assessment

Site Ref. No.	Size (ha)	Site Name	Reason Removed
R33	0.40	Land at Stonebridge	This site is undevelopable due to extensive mature trees and woodland.
R53	11.67	Old Bletchley	Part of this site is utilised as a tourism attraction/museum. It is unlikely to provide additional employment floorspace due to it being a secure site.

Source: GVA, 2015.

It should be noted that the figure of over 120 ha for remaining potential employment sites shown in **Table 3.2** reflects a worse possible case scenario.

Comparison between 2015 and 2017 position

3.14   The figures in **Table 3.1** and **Table 3.2** highlight that there is currently the same quantum of existing employment land supply in the Borough as there was previously.

3.15   There is however, a greater amount of proposed employment land supply (58.26 hectares) at present than there was in 2015.

3.16   In contrast, there is less potential employment land supply now than there was in 2015, the figure having reduced by 39.75 hectares. Since the original employment land study was prepared in 2015, some potential/vacant employment sites have been developed or received planning permission for alternative land uses other than employment. Additionally, some potential employment sites are proposed for residential or other development in 'made' Neighbourhood Plans and in the Council's Site Allocation Plan (SAP), which has not yet been adopted by the Council.

3.17   Overall, the 2017 employment land supply in the Borough is greater than the total in 2015, showing an increase of 18.51 hectares predicated upon this update, which is based upon the latest information supplied by Milton Keynes Council.

4. Demand Supply Balance and the Role of Central Milton Keynes

Demand

4.1 The Experian forecast identified a requirement for an additional c. 625,000 sqm of floorspace by 2031 as detailed in **Table 4.1.**

Table 4.1 – Experian Based Employment Land Projection

	Floorspace Demand 2016 - 2031 m²	Allowance for windfall losses m²	Allowance for Churn m²	Change in floorspace m²	Change in Land Ha
Office	130,777	89,455	30,532	250,764	17
Industrial	-8,275	49,429	5,706	46,860	12
Warehouse	320,807	34,874	60,165	415,846	104
Total	443,309	173,073	97,244	713,626	132

Source: GVA Analysis of Experian Data, 2016.

4.2 The majority of floorspace requirement (over 60%) is made up of demand for B8 floorspace (warehouse and distribution) with an additional requirement of over 415,000 sqm.

4.3 The forecast also identifies a future requirement of approximately 250,000 sqm of new office floorspace, requiring 17ha of land.

4.4 Finally, there is a smaller requirement for industrial space, however, this is solely driven by a need to offset losses of space to other activities and therefore may over-estimate future need.

Supply

4.5 The supply assessment included in Section 3 of this report concluded that there is currently 1,204ha of employment land supply in Milton Keynes.

- **Existing Employment Sites** - 46 sites comprising 988.00ha

- **Proposed Employment Sites** – 26 sites comprising 95.12ha

- **Potential Employment Sites** – 23 sites comprising 120.9ha

4.6 **Table 4.2** compares these figures to those in 2015 and shows changes in supply.

Table 4.2 – Summary of current employment land supply and change from 2015

	Existing Employment Sites	Proposed Sites	Potential Sites	Total
Supply (hectares)	988.00	95.12	120.90	**1,204.02**
Change from 2015 (hectares)	0	+58.26	-39.75	**+18.51**

Source: GVA, 2017.

4.7   The above figures exclude two sites which were removed from the study in 2015 due to them either being undevelopable or not being in active 'B class' employment use.

Comparison between 2015 and 2017 position

4.8   The figures in **Table 4.2** highlight that there is currently the same quantum of existing employment land supply in the Borough as there was in 2015.

4.9   There is a greater amount of proposed employment land supply (58.26 ha) than there was in 2015.

4.10   In contrast, there is less potential employment land supply now than there was in 2015, the figure having reduced by 39.75 ha.

4.11   Overall, the 2017 employment land supply in the Borough is greater than the total in 2015, showing an increase of 18.51 ha, based upon the latest information supplied by Milton Keynes Council.

The Demand-Supply Balance

4.12   In quantitative terms there is sufficient supply in MK to meet forecasted demand, but the 2015 report showed that this was not the case qualitatively.

4.13   The November 2015 Phase 2 report identified that many existing, proposed and potential employment sites are not in prime geographical locations to meet the needs of the market, most notably for logistics based development.

4.14   For the avoidance of doubt this partial review has not included any site visits and has been undertaken on a desktop basis. Therefore the assessment of supply versus demand can only be made at the quantitative level.

The Role of Central Milton Keynes (CMK)

4.15   The CMK Alliance Plan (2015) sets the strategic direction and objectives for the city centre, seeking to build on CMK's strengths and successes to bring forward development on almost 50 hectares of under or undeveloped land to provide[2]:

- Expand and diversify the retail offer of CMK;

- Build many more offices to create new jobs;

- Reserve key sites for major opportunities, including a new university;

- Complete almost 5,000 new dwellings; and

- Enrich our social, sporting and cultural life with new facilities.

4.16   Critically the Alliance Plan sets of the objective for CMK of growing and diversifying the employment base, focussed on the development of knowledge intensive activities and becoming a recognised location for headquarters activities of major businesses. To achieve this, the Plan sets the strategy for the delivery of over 200,000sqm of office space.

4.17   The Plan recognises the challenge of protecting long term economic development capacity from near term development pressure for other uses. Balancing a mixed use approach with retained capacity for single use development is critical in realising the aims of the Plan.

4.18   The Plan identifies a number of opportunities to deliver additional office floorspace, with a particular focus close to the Station (A2, A3/4), allied to existing office clusters (B4) and smaller opportunities at Campbell Park (F1, G1 as the principal locations) together these provide both standalone office sites and opportunities for a more mixed approach.

4.19   Our estimate of the likely future requirement for office (B1a/b) space within the whole of the Milton Keynes local authority area provides a range of between 244,879sqm and 260,922sqm over the period to 2031. This suggests the CMK (including Campbell Park) currently provides sufficient capacity to accommodate over 75% of the total office requirement. This quantum would reduce if some of this employment land is redeveloped for alternative uses (see Para 3.10).

4.20   This relationship between need and supply would provide a well balanced portfolio for Milton Keynes in the future, reinforcing the core CMK offer whilst also providing sufficient occupier choice to businesses, some of whom would seek less urban locations and therefore demand space within Milton Keynes' other business areas.


[2] Source: CMK Alliance Plan 2026, Executive Summary

4.21   The EGELS recognised that there was currently a mismatch of supply within CMK, with a predominance of larger floorplate stock which was of moderate to poor quality which failed to provide an attractive offer to the market, as such there was a significant level of vacancy. However, the EGELS also noted that where stock was of better quality or provided a different form of space occupancy rates were significantly better.

4.22   To encourage the growth of the knowledge economy and also attract headquarters development new spaces will clearly be required. As recognised in the EGELS in the early years these may need to form part of a more mixed development where higher value uses can 'cross subsidise' the delivery of office space, however as the market builds value office only developments should be sought.

4.23   It is clear from the forecasts that this space will be required, and it is likely that the sectors forecast to grow will seek more urban environments. It has been a growing trend across the UK office markets that, increasingly, office based businesses are seeking to locate in urban areas rather than business park environments.

4.24   Urban locations such as CMK not only provide better connectivity but also a more diverse environment which helps to attract and retain staff. The provision of retail, leisure, dining and cultural amenities as well as education institutions close to office development increasingly supports and attracts demand.

4.25   As noted in the previous section both the EEFM and Experian identify major growth potential in office occupying sectors. Whilst demand will often be business specific generally sectors such as professional services, digital/tech activities, media and finance businesses are those which are seeking more urban environments.

4.26   These businesses operate in competitive labour markets, as such they will seek locations that offer an attractive and active environment both inside and outside their office building in order to provide an offer that attracts employees.

4.27   Increasingly there are blurring lines and enhanced relationships between different segments of the economy as supply chains become more inter-linked and integrated.   A prominent example is the integration of new digital technology into traditional economic sectors such as finance and insurance, with technology increasing the platform upon which these sectors function and grow.

4.28   As such businesses within the finance sector actively seek to locate in locations where tech-based businesses locate or tech 'talent' live or are educated. Similarly many tech businesses serving the finance sector will seek to locate close to major bank or other finance businesses.

4.29   CMK provides the natural environment for these relationships to be established, providing formal and informal opportunities for networking and links between businesses to be established and the range of wider amenities that attract different workers. It also has the capacity to provide a mix of office spaces that can provide for start-up, growing and established business activity.

5.   Employment and Housing Growth

5.1   In recent years Milton Keynes has been one of the fastest growing places within the UK, experiencing significant increases in population, housing and employment growth. As the dominant economic hub in the sub-region it has continued to provide a critical mass of employment that not only provides jobs for residents but also attracts workers from other local authority areas.

5.2   Milton Keynes has achieved a long term trend in the jobs to dwelling relationship that has maintained a relatively balanced approach to growth, generally retaining a ratio of 1.5 jobs per dwelling. It is the Council's aspiration to ensure that sufficient jobs are provided for new and existing residents, and to grow and develop the Milton Keynes local economy as part of the single knowledge-intensive cluster being developed in Cambridge-Milton Keynes-Oxford Corridor.

5.3   To understand whether, given the growth forecasts explored in Section 3, this ratio can remain consistent over the new plan period we have drawn on the latest Strategic Housing Market Assessment (SHMA, ORS, 2017) to understanding future population and housing growth projections. The population, household, dwelling and employment projections are presented in Figure 5-1.

Figure 5-1- Growth Forecasts
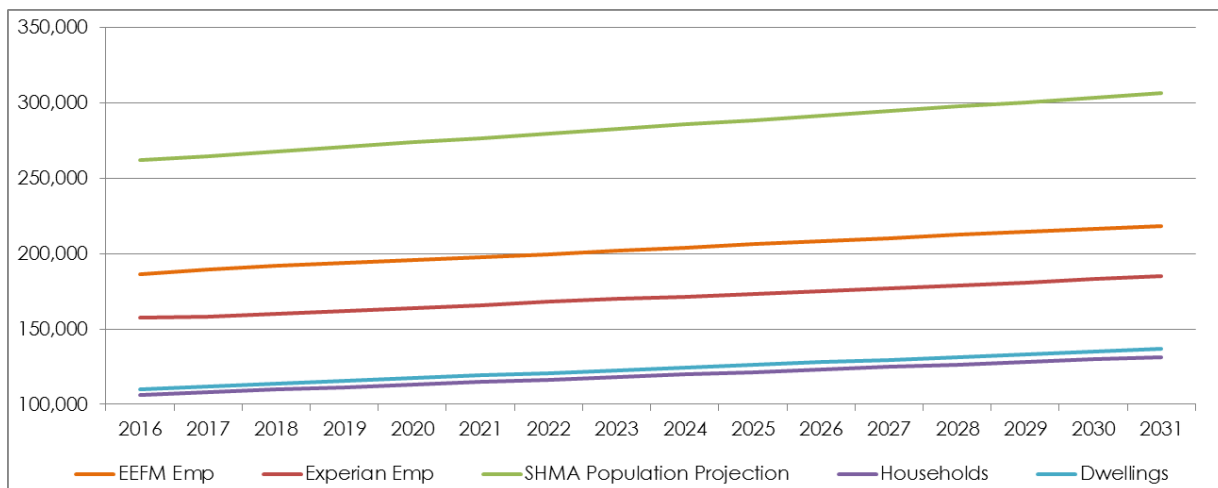
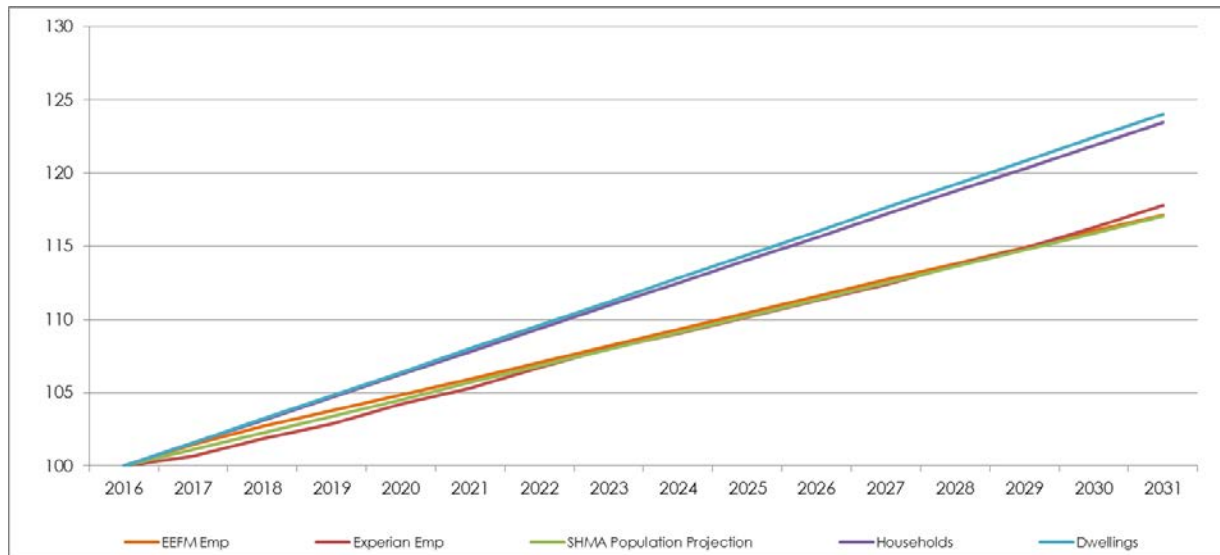*Source: GVA Analysis of Experian, Cambridge Econometrics, ORS Data 2017*

5.4   As shown in Figure 5-1 the rate of growth for both employment projections, households and dwellings are relatively consistent, however population growth has a marginally higher level of growth from the mid-2020s onwards. It should be noted that the employment projections include all jobs within the economy.

5.5　However, when we set all the projections to a common base it becomes clear that, proportionally, there will be a more significant level of growth in households and dwellings, reflecting the changing demographics of the Milton Keynes population and broader trends towards increasing numbers of smaller/single occupier households within either younger or older population cohorts.

**Figure 5-2 - Growth Projections to Common Base Level**

Source: GVA Analysis of Experian, Cambridge Econometrics, ORS Data 2017

5.6　This relationship potentially does present a challenge for Milton Keynes' ability to retain its jobs to dwellings ratio given dwelling numbers are likely to grow at a faster rate than employment. The impact this has on the relationship between jobs and dwellings is shown in Figure 5-3.

**Figure 5-3 – The Relationship between Dwellings and Jobs**
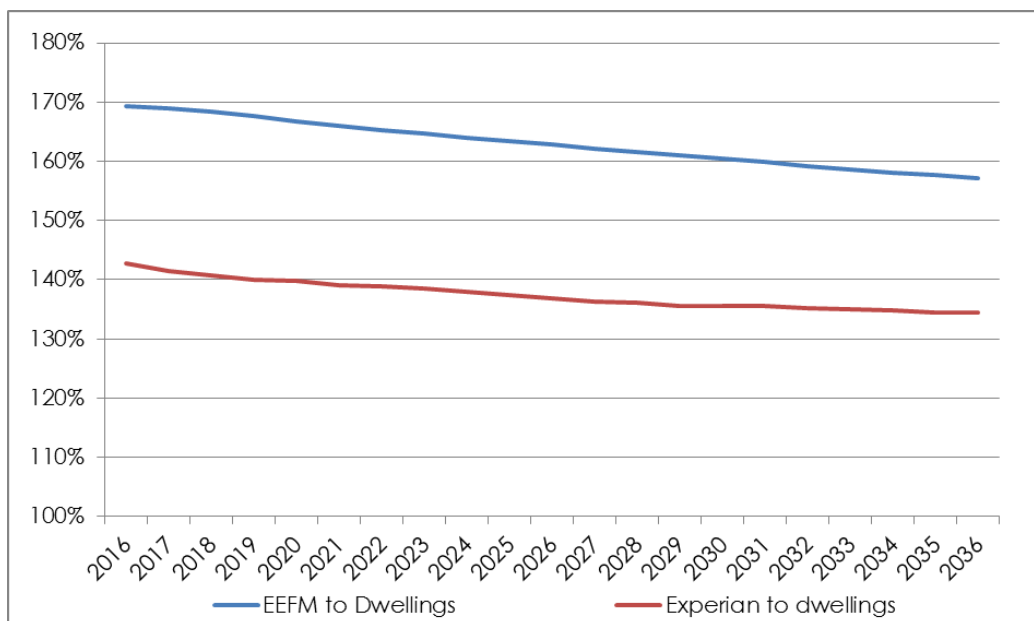
Source: GVA Analysis of Experian, Cambridge Econometrics, ORS Data 2017

5.7   As shown the EEFM jobs projection suggests that the provision of jobs with Milton Keynes is 69% higher than the provision of dwellings at the start of the plan period (186,609 jobs compared to 110,253 dwellings), by 2031 this will have decreased to approximately 60% higher (218,541 jobs compared to 136,743 dwellings).

5.8   The Experian forecast shows a very different relationship between dwellings and jobs. Whilst the level of jobs remains higher than dwellings in 2016 is does not achieve the 1.5 to 1 relationship, being 43% higher (157,300 jobs compared to 110,253 dwellings), this decreases over the plan period to 36% higher (185,300 jobs compared to 136,743 dwellings).

5.9   Whilst both forecasts suggest the relationship between jobs and dwellings will weaken over time both still retain that the provision of jobs will remain higher. When compared to the actual population of Milton Keynes suggested by the SHMA the relationship remains relatively consistent. The EEFM growth would result in a ratio of 0.7 jobs per person across the plan period, whilst Experian would be 0.6 throughout the plan period to 2031.

5.10   Overall, it would appear that Milton Keynes is likely to continue to provide more jobs than dwellings and retain the relationship between population and employment. However, it is worth noting that, as is currently the case, the flow of workers in to and out of Milton Keynes will mean it will require workers from other parts of the sub-region to commute into the area every day to work. Previous versions of the SHMA have noted that jobs provision is forecast to grow at a faster rate than the working age population suggesting that even with the dwelling ratio falling there will still be an increased reliance on the importation of labour from other authority areas.

5.11   The SHMA suggests that Milton Keynes will need to provide 1,766 dwelling per annum between 2016 and 2031. To retain a 1.5 jobs to dwelling relationship this would mean providing 2,649 jobs per annum up to 2031. This would require a significant uplift over and above the levels forecast within either the EEFM or Experian models.

Figure 5-4 - Population Led and Economic Led Employment Growth
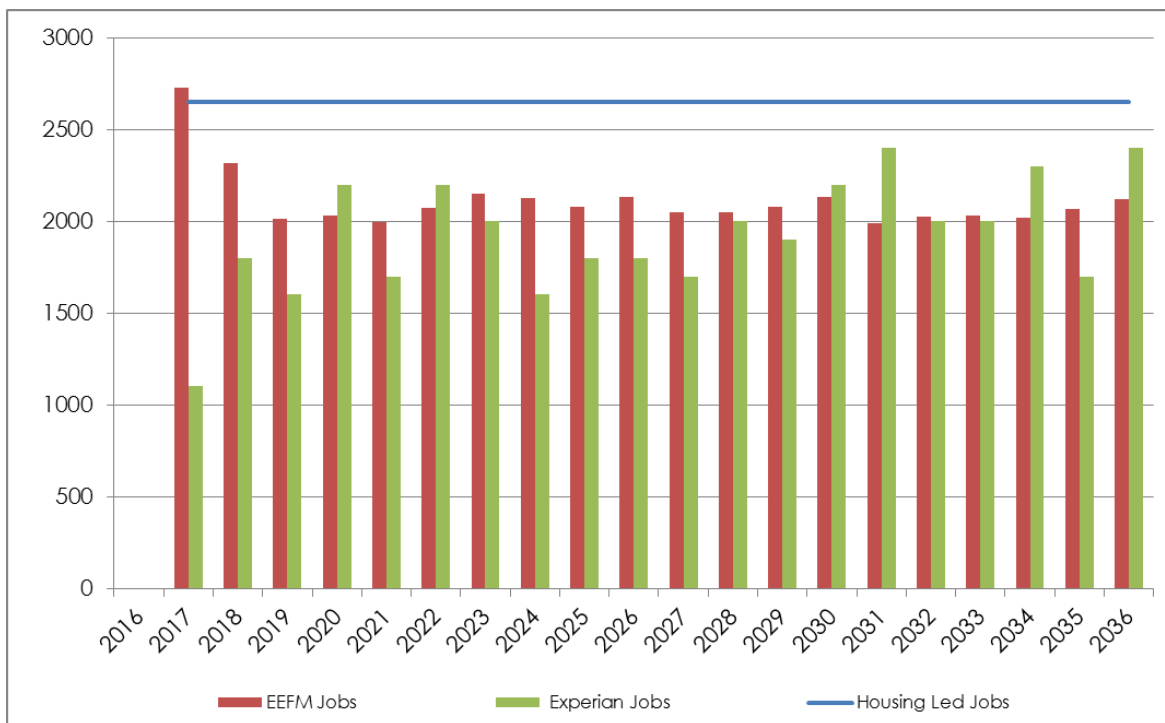
5.12   As shown both forecasts vary in terms of year to year employment growth however outside of the EEFM in 2017 forecast jobs growth is significantly below the level required to maintain a 1.5 jobs to dwellings ratio. Indeed, over the plan period achieving this level would require an average of 597 jobs per annum in addition to the level forecast by EEFM and 859 jobs per annum in addition to the level forecast by Experian.

5.13   Achieving the desired ratio would require a significant uplift in the delivery of jobs beyond the two forecasts. The decrease in the ratio between jobs and homes may help to decrease the reliance on Milton Keynes of external workers to fill the jobs provided. Whilst it is likely that a large proportion of jobs will be taken by non-MK residents (just as MK residents take jobs elsewhere) an increase in housing and a more modest growth in employment may create a more equal balance.

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Appendix A

Employment Site Matrix

Appendix A - Employment Sites Matrix

Site Reference Number	Site Name	Site Address	Settlement	Size (ha)	Greenfield/Brownfield

<table>

		EXISTING EMPLOYMENT SITES			
E1	Atterbury Existing Employment Area	Fairbourne Drive	Atterbury	1.55	2
E2	Brinklow Industrial Estate	Brudenell Drive	Binklow	36.91	2
E3	Blakelands Industrial Estate	Tanners Drive	Blakelands	16.73	2
E4	Bleak Hall Industrial Estate	Chesney Wold	Bleak Hall	27.74	2
E5	Denbigh Hall Industrial Estate	Denbigh Hall Drive	Bletchley	4.96	2
E6	Bradville Industrial Estate	Blundells Road	Bradville	5.75	2
E7	Bradwell Abbey Industrial Estate	Alston Drive	Bradwell Abbey	15.64	2
E8	Caldecotte Lake Business Park	Caldecotte Lake	Caldecotte	10.65	2
E9	Crownhill Business Centre	Vincent Avenue	Crownhill	21.27	2
E10	Denbigh East Employment Area	Bond Avenue	Denbigh East	14.50	2
E10	Denbigh West Employment Area	Denbigh Road	Denbigh West	38.13	2
E11	Fenny Stratford Employment Area	Simpson Road	Fenny Stratford	4.85	2
E12	Fox Milne Industrial Estate	Opal Drive	Fox Milne	14.80	2
E13	Granby Trade Park	Peverel Drive	Granby	5.10	2
E14	Kents Hill Park	Timbold Drive	Kents Hill Park	8.15	2
E15	Kiln Farm Industrial Estate	Pitfield	Kiln Farm	50.90	2
E16	Kingston Business Park	Chippenham Drive	Kingston	55.39	2
E17	Knowlhill Employment Area	Davy Avenue	Knowlhill	29.98	2
E18	Linford Wood Business Centre	Rockingham Drive	Linford Wood	38.68	2
E19	Magna Park	Fen Street	Magna Park	110.04	2
E20	Mount Farm Auckland Park	Mount Avenue	Mount Farm	20.33	2
E21	Mount Farm Industrial Estate	Dawson Road	Mount Farm	33.90	2
E22	Newport Pagnell Business Park	Tickford Street	Newport Pagnell	4.81	2
E23	Newport Pagnell Interchange Park	Renny Park Road	Newport Pagnell	22.63	2
E24	Nothfield Drive Industrial Estate	Northfield Drive	Northfield	23.26	2
E25	Old Wolverton Industrial Estate	Colts Holm Road	Old Wolverton	57.60	2
E26	Yardley Road Industrial Estate	Yardley Road	Olney	9.32	2
E27	Redmoor Employment Area	Wimblington Drive	Redmoor	13.59	2
E28	Rooksley Employment Area	Precedent Drive	Rooksley	14.17	2
E29	Shenley Wood Employment Area	Chalkdell Drive	Shenley Wood	13.37	1
E30	Snelshall East Industrial Estate	Pendeen Crescent	Snelshall East	6.30	2
E31	Snelshall West Industrial Estate	Steinbeck Crescent	Snelshall West	14.46	2
E32	Stacey Bushes Industrial Estate	Erica Road	Stacey Bushes	8.55	2
E33	Stonebridge Employment Area	Fingle Drive	Stonebridge	11.35	2
E34	Tillbrook Industrial Estate	Bradbourne Drive	Tillbrook	43.51	2
E35	Tongwell Industrial Area	Michigan Drive	Tongwell	56.77	2
E36	Yeomans Drive Industrial Estate	Yeomans Drive	Tongwell	22.26	2
E37	Walton Employment Area	Walton Drive	Walton	9.17	2
E38	Water Eaton Industrial Estate	Barton Road	Water Eaton	8.85	2
E39	Wavendon Gate Business Park	Walton Road	Wavendon Gate	10.13	2
E40	West Ashland Employment Area	Thornbury	West Ashland	3.58	2
E41	Willen Lake	Willen Lake	Willen Lake	2.73	2
E42	Winterhill	Snowdon Drive	Winterhill	7.97	2
E43	Wolverton Rail Freight Terminal	Stratford Road	Wolverton	6.80	2
E44	Wolverton Mill Industrial Estate	Featherstone Road	Wolverton Mill	23.70	2
E45	Wymbush Industrial Estate	Garamonde Drive	Wymbush	27.17	1
				988.00	

		PROPOSED SITES			
E8A	Site A	Monellan Grove	Caldecotte	0.61	2
E9A	Site A	Vincent Avenue	Crownhill	1.19	1
E10A	Site A	Third Avenue	Denbigh West	2.66	2
E10B	Site B	Third Avenue	Denbigh West	0.70	2
E12A	Site A	Opal Drive	Fox Milne	0.83	2
E15A	Site A	Tilers Road	Kiln Farm	0.20	1
E17A	Site A	Kelvin Drive	Knowlhill	2.37	1
E17B	Site B	Roebuck Way	Knowlhill	1.27	1
E17C	Site C	Roebuck Way	Knowlhill	1.64	1
E17D	Site D	Davy Avenue	Knowlhill	0.21	1
E17E	Site E	Murdoch Court	Knowlhill	1.93	1
E18A	Site A	Sunrise Parkway	Linford Wood	0.40	1
E18B	Site B	Breckland	Linford Wood	1.35	1
E18C	Site C	Breckland	Linford Wood	0.62	1
E20A	Site A	Auckland Park	Mount Farm	1.94	2
E25B	Site B	Colts Holm Road	Old Wolverton	0.48	2
E26A	Site A	Yardley Road	Olney	2.71	2
E35A	Site A	Michigan Drive	Tongwell	0.49	2
E42A	Site A	Snowdon Drive East	Winterhill	0.15	2
E42B	Site B	Snowdon Drive	Winterhill	0.75	2
E43A	Site A	McConnell Drive	Wolverton	2.56	2
E44A	Site A	High Park Drive	Wolverton Mill	0.70	1
E44B	Site B	Featherstone Road	Wolverton Mill	0.47	1
E45A	Site A	Garamonde Drive	Wymbush	1.19	1
E49	Land at Pineham	A509	Pineham	10.9	1
E54	Land south of Milton Keynes	Brickhill Street	Caldecotte	56.8	1
				95.12	

		POTENTIAL SITES			
P3	Land at Blakelands	Wolverton Road	Blakelands	3.36	1
P46	Land at Brook Furlong	Trafalgar Drive	Booklands	6.70	1
P47	Land at CMK and Campbell Park	CMK and Campbell Park	CMK and Campbell Park	20.85	1
P19	Land to the East of Magna Park	Land to the East of Magn	Magna Park	34.52	1
P18a	Land at Linford Wood	Rockingham Drive	Linford Wood	1.37	1
P18b	Land at Linford Wood	Rockingham Drive	Linford Wood	1.32	1
P15a	Land near Kiln Farm	Watling Street	Kiln Farm	9.51	1
P15b	Land near Kiln Farm	Watling Street	Kiln Farm	7.33	1
P27	Land at Redmoor	Wimblington drive	Redmoor	1.68	1
P28	Land at Rooksley	Deltic Avenue	Rooksley	1.28	1
P29a	Land at Shenley Wood	Chalkdell Drive	Shenley Wood	2.96	1
P29b	Land at Shenley Wood	Chalkdell Drive	Shenley Wood	2.95	1
P29c	Land at Shenley Wood	Chalkdell Drive	Shenley Wood	3.49	1
P29d	Land at Shenley Wood	Foxcover Road	Shenley Wood	2.3	1
P30a	Land at Snelshall East	Pendeen Crescent	Snelshall East	3.28	1
P30b	Land at Snelshall East	Pendeen Crescent	Snelshall East	2.76	1
P31a	Land at Snelshall West	Steinbeck Crescent	Snelshall West	3.00	1
P31b	Land at Snelshall West	Steinbeck Crescent	Snelshall West	1.03	1
P31c	Land at Snelshall West	Steinbeck Crescent	Snelshall West	1.25	1
P40	Land at West Ashland	Thornbury	West Ashland	2.85	1
P54	Land at West Bletchley	Bletchley Road	West Bletchley	4.83	2
P44a	Land at Wolverton Mill	Harnet Drive	Wolverton Mill	1.91	1
P52	Land at Fishermead	Gurnards Avenue	Fishermead	0.37	1
				120.90	
				1204.02	

		REMOVED SITES			
R33	Land at Stonebridge	Fingle Drive	Stonebridge	0.40	1
R53	Old Bletchley	Old Bletchley	Old bletchley	11.67	2

</table>

	EXISTING EMPLOYMENT SITES				
	PROPOSED SITES				
	POTENTIAL SITES				
	REMOVED SITES				

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Appendix B

Location of Employment Sites
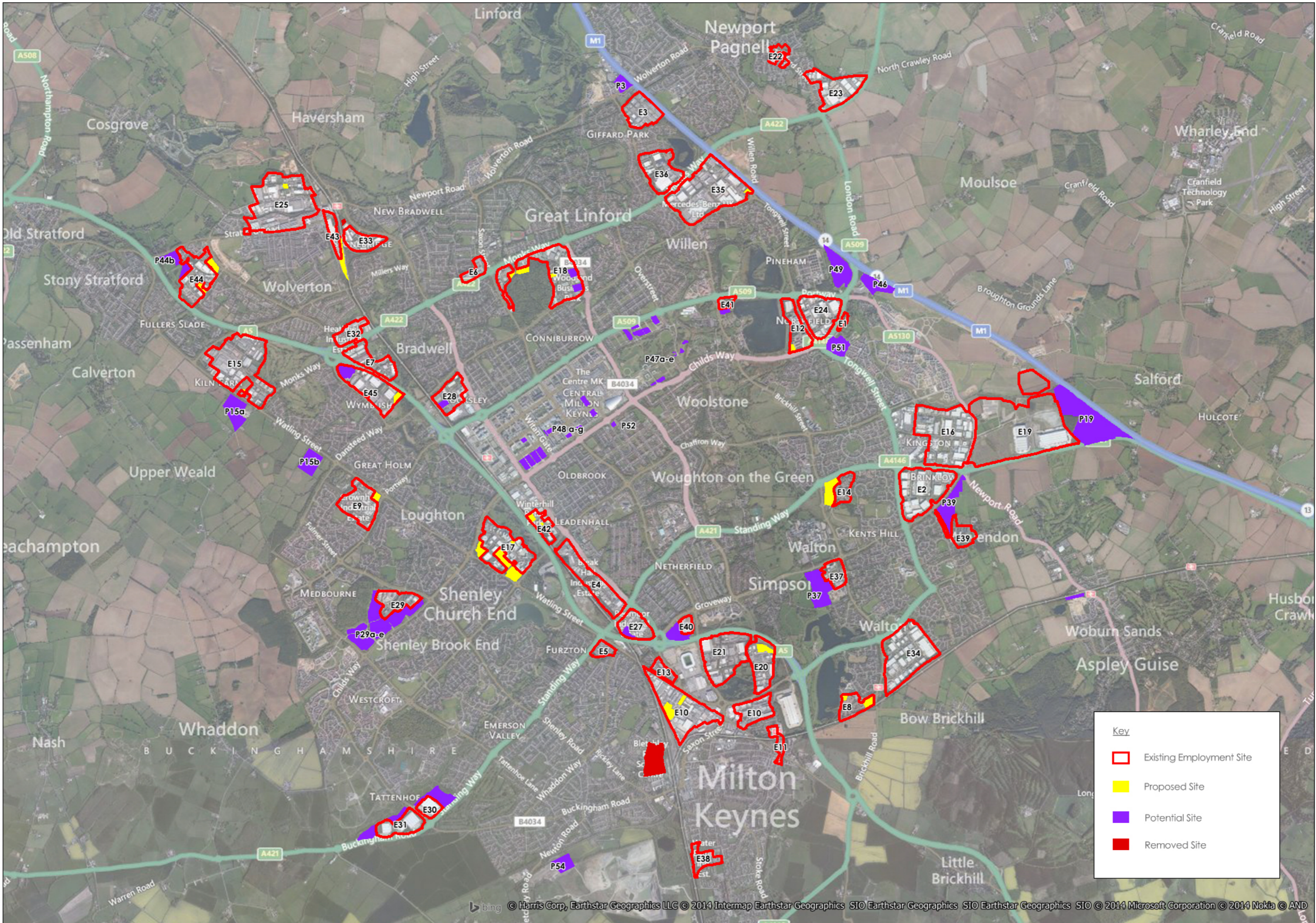
Key

- Existing Employment Site
- Proposed Site
- Potential Site
- Removed Site