Tonbridge & Malling Economic Development Needs Study
Part One

Tonbridge & Malling Borough Council

August 2022

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Contents

1.0 Introduction

1.1 Tonbridge & Malling Borough Council ('the Council') commissioned Lichfields to prepare an Economic Development Needs Study (EDNS) for the Borough. The purpose of the EDNS is to update the Council's understanding of the future needs for employment land across the Borough, so that future Local Plan policies can be responsive to market change, key growth sectors and where possible ensure that existing viable employment land and premises are protected. The EDNS is split into two reports: Part 1 (this report) considers the Borough's economic context, market signals and future employment requirements; Part 2 reviews the employment land supply and demand balance, and provides conclusions and policy implications.

Scope of the Study

1.2 The Council is in the process of producing a new Local Plan that will set out planning policies and proposals for new development in the Borough over the period to 2040.

1.3 The purpose of this EDNS is to provide a review and update of the Council's existing employment and economic needs evidence base to inform the refresh of the Local Plan, taking account of the latest economic outlook, national planning policy and legislation, and covering the new Local Plan period. In particular, it is necessary to consider the impact of the Covid-19 pandemic on the Borough's economy and how this may affect local growth prospects over the new Local Plan period.

1.4 The study brief identifies the following key objectives for the study:

    a   Provide an analysis of current market demand, which includes an analysis of the availability and past take up of employment premises and land, so that any gaps and over-supply can be identified.

    b   Update evidence about business needs working closely with the council's Economic Regeneration team and liaise with the business community to understand their current and potential future requirements.

    c   Provide a commentary about market signals and future forecasting, so that future needs can be clearly defined by sector.

    d   Identify the existing stock of employment land and identify the recent pattern of supply and loss and likely trends going forwards.

    e   Identify future employment land requirements by sector and use class.

    f   Assess the need for and allocation of space for logistics which is a known growth sector locally given recent consents at Vantage Point North and the former Aylesford Newsprint site. This is due to the alignment of the Borough with the M20 and M2 motorways which link to the channel ports and forthcoming Lower Thames Crossing.

    g   Identify any specific locational requirements arising from specialist or new sectors.

1.5 This EDNS has been prepared in line with the latest Planning Practice Guidance (PPG) and the methodology for determining future economic development needs.

1.6 It includes consideration of economic development as defined by the National Planning Policy Framework (NPPF), with a primary focus upon the typologies set out in the Business Use Classes as outlined below:

- **B2 general industrial:** typically comprising factory and manufacturing space.

- **B8 storage and distribution:** warehouses, wholesale and distribution.

- Under the new Use Classes Order, "B1 uses" have changed as follows:

  ○ Former Class B1(a) to **E(g)(i)**: office space;

  ○ Former Class B1(b) to **E(g)(ii)**: research and development space; and

  ○ Former Class B1(c) to **E(g)(iii)**: light industrial space.

1.7   References to 'employment space' refer to all B class (and former B class) elements noted above.

1.8   An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation primarily in late 2021. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.

1.9   Due to the timing of the study and its analysis, no specific consideration has been given to the impact of potential planning reform, although the study does take account of the more immediate changes to the Use Classes Order (UCO) effective from 1 September 2020 and changes to permitted development rights from 1 August 2021.

Consultation

1.10   As part of the study, consultation has been undertaken with a selected panel of local and sub-regional commercial property agents, to gather commercial viewpoints and up-to-date intelligence regarding the local market in and around Tonbridge & Malling.

Structure of the Report

1.11   The remainder of the EDNS Part 1 is structured as follows:

- **Functional Economic Market Area (Section 2.0):** establishes the various functional economic market areas that operate across Tonbridge & Malling and the wider sub-region, to provide an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy.

- **Economic Context and Trends (Section 3.0):** a review of economic conditions and recent trends in the Borough, and the key strengths and weaknesses of the local economy that may influence the future need for employment space.

- **Commercial Property Market Signals and Intelligence (Section 4.0):** an analysis of the current stock and trends in employment space in the Borough and how different segments of the market have been performing in recent years.

- **Future Requirements for Employment Space (Section 5.0):** presents a series of future growth scenarios for Tonbridge & Malling Borough and associated employment land requirements over the new Local Plan period to 2040.

- **Conclusions (Section 6.0):** summarising the findings of the EDNS Part 1.

2.0 Functional Economic Market Area

2.1 This section summarises the various Functional Economic Market Areas (FEMAs) that operate across Tonbridge & Malling and the wider sub-region to provide an understanding of the various economic relationships, linkages and flows which characterise the sub-regional economy.

Rationale

2.2 When planning for economic growth, the Government's Planning Practice Guidance (PPG) states that economic needs should be considered in relation to the most appropriate geographies and relevant FEMAs, that is, the spatial level at which local economies and markets operate. In many cases, these will extend beyond existing administrative boundaries such as local authority boundaries.

2.3 There is no single source of comprehensive data for identifying appropriate assessment areas, so several factors should be considered when assessing and defining relevant FEMAs, including travel to work areas, housing market areas, commercial property market areas and service markets for consumers. In order to define a FEMA for Tonbridge & Malling, a number of these key market and catchment areas are considered, to allow the key drivers and dynamics that impact on the local economy to be identified and further assessed. These themes are considered in turn below.

Labour Market Areas

2.4 The latest commuting flows data from the 2011 Census can be used to define Travel to Work Areas (TTWAs) to consider the relationship between where people live and where they work.

Commuting Flows

2.5 Commuting patterns to and from Tonbridge & Malling can be analysed using the latest travel-to-work flows data from the 2011 Census. Table 2.1 and Figure 2.1 overleaf summarise several key commuting indicators for Tonbridge & Malling.

2.6 In 2011, a total of 30,473 working residents commuted outside of the Borough for their employment, mainly to the nearby areas of Maidstone, Tunbridge Wells, and the London Boroughs of Westminster and the City of London. At the same time, 30,765 working people commuted into the Borough for their employment, mainly from the adjoining local authority areas of Maidstone, Medway, Tunbridge Wells and Sevenoaks.

2.7 On this basis, Tonbridge & Malling is characterised as a slight net importer of labour, with a net inflow of 292 workers at the time of the 2011 Census. The resident self-containment rate in Tonbridge & Malling was just over 36% (see Table 2.1).

Table 2.1 2011 Commuting Data for Tonbridge & Malling

| Indicator	Tonbridge & Malling
Total working residents[†] (number of people living in the Borough that are in work, regardless of where they work)	47,974
Total workplace workers[*] (number of people working in jobs based in the Borough)	48,266
Live and work in authority[*]	17,501
Resident self-containment rate[*]	36%
Out-commuting workers[¥]	30,473
Top out-commuting destinations	Maidstone, Tunbridge Wells, Westminster, City of London and Sevenoaks
In-commuting workers	30,765
Top in-commuting destinations	Maidstone, Medway, Tunbridge Wells and Sevenoaks
Net in-flow of workers	292

Source: ONS (2011 Census)/ Lichfields analysis
† Includes those that work mainly at or from home, at an offshore installation, outside the UK, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce)
* Includes those Tonbridge & Malling residents that work mainly at or from home, at an offshore installation, and with no fixed employment location (in line with ONS guidance on defining resident and workplace workforce)
¥ Includes those Tonbridge & Malling residents that work outside the UK (in line with ONS guidance on defining resident and workplace workforce)

Figure 2.1 Travel-To-Work Flows for Tonbridge & Malling, 2011
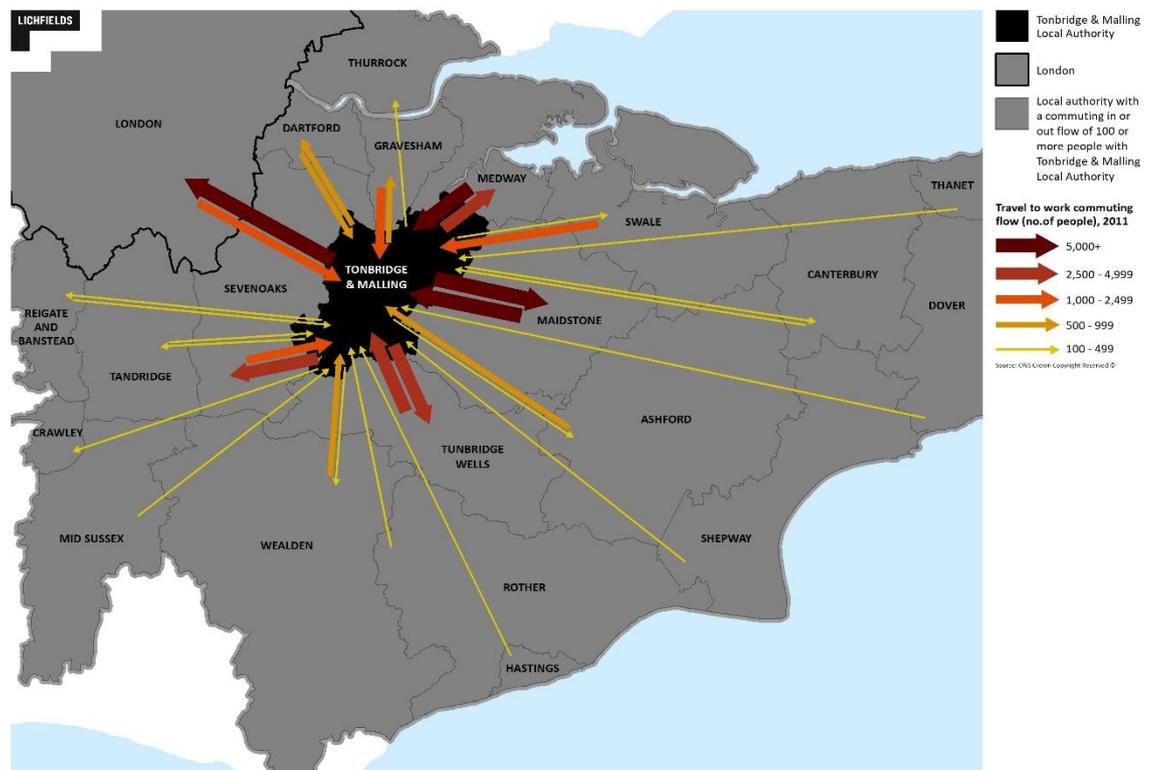
Source: ONS (2011 Census) / Lichfields analysis

ONS Travel to Work Areas

2.8   The Office for National Statistics (ONS) defines labour market areas as those areas where most of the resident population also work in the same area. Defining labour market areas requires analysis of commuting flows data to identify the Travel to Work Areas (TTWAs) of a local economy. The standard definition of TTWAs offered by the ONS is that they are the area from which at least 75% of an area's resident workforce is employed, and at least 75% of the people who work in the area also reside. The area must also have a working population of at least 3,500.

2.9   TTWAs represent the area from which local businesses are most likely to recruit their employees, while key strategic routes can extend TTWAs beyond the immediate sub-region.

2.10   In 2015, the ONS used 2011 Census data on home and work addresses to define 228 TTWAs that cover the whole of the UK. This analysis identifies a 'Medway TTWA' that covers the majority of the north and central areas of Tonbridge & Malling Borough, with the 'Tunbridge Wells TTWA' covering the southern area of the Borough including the town of Tonbridge (as shown in Figure 2.2).

Figure 2.2 ONS Travel to Work Areas, 2011
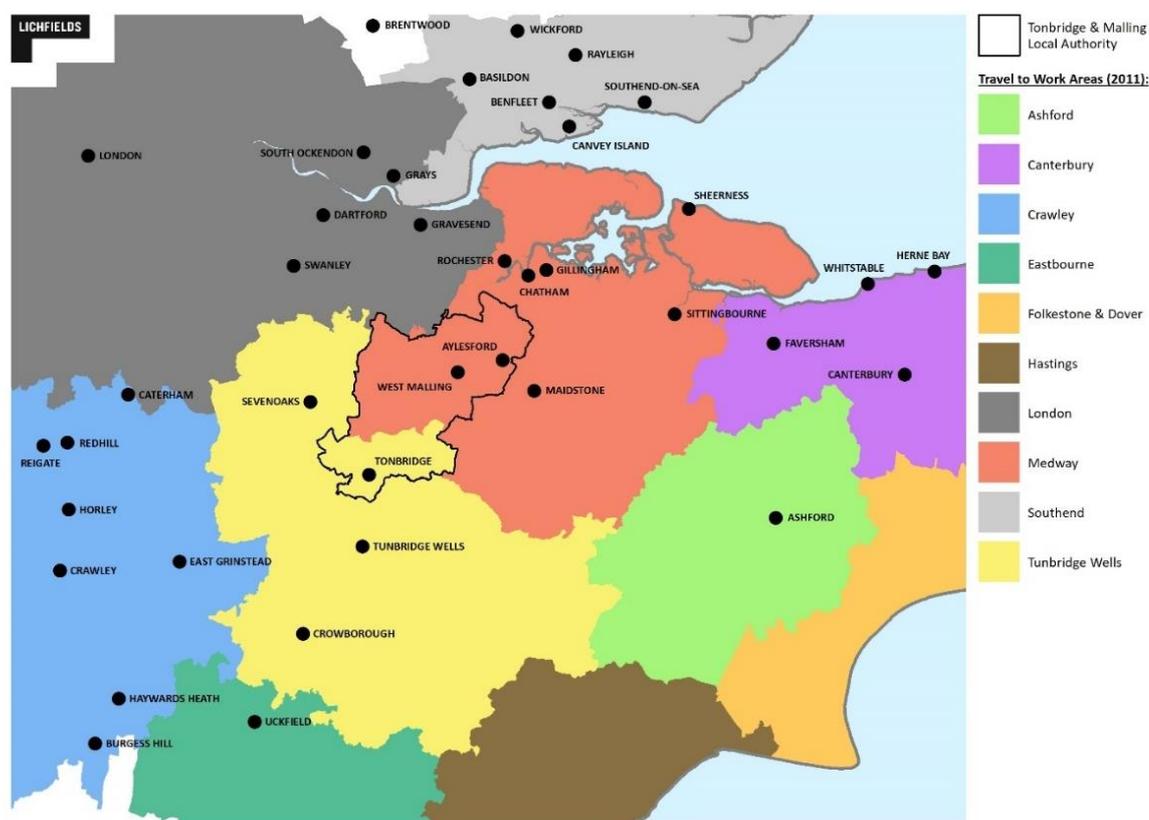
Source: ONS (2011 Census) / Lichfields analysis

2.11   In spatial terms, the Medway and Tunbridge Wells TTWAs are largest TTWAs in Kent.

2.12   A comparison with the equivalent analysis prepared using the 2001 Census commuting data (as shown in Figure 2.3 overleaf) identifies some key changes to the spatial extent and reach of the Medway and Tunbridge Wells TTWAs during this time.

2.13   Since 2001, the Maidstone and North Kent TTWA has contracted in overall size to become the Medway TTWA which extends less far south into Kent than previously. In contrast, the

Tunbridge Wells TTWA has expanded since 2001, although the position of Tonbridge & Malling – straddling both TTWAs – did not change significantly during this period.

Figure 2.3 ONS Travel to Work Areas, 2001
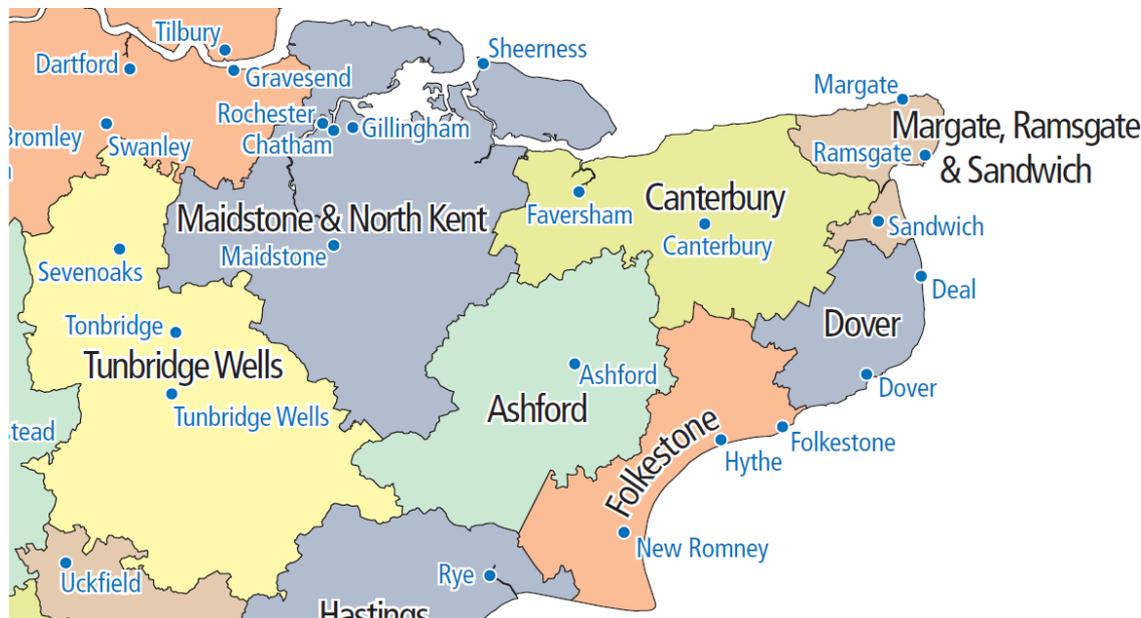
Source: ONS (2013) based on 2001 Census commuting data

Tonbridge & Malling Local Travel to Work Area

2.14   Commuting data from the 2011 Census[1] also allows travel-to-work patterns to be examined at a more detailed geographic scale, with travel-to-work flows provided at the Middle Super Output Area (MSOA) level. This level of analysis provides a more detailed understanding of the travel-to-work linkages between Tonbridge & Malling and other centres within the surrounding region.

2.15   The most significant destinations for out-commuting employed residents from Tonbridge & Malling at the MSOA level are the eastern parts of Maidstone and northern parts of Tunbridge Wells, as well as much of Sevenoaks as shown in Figure 2.4 below. Out-commuting flows to the more northern Kent authority areas are less significant by comparison.

2.16   The origins of in-commuting workers to Tonbridge & Malling are slightly less geographically dispersed, but with the greatest concentrations arising from adjoining authority areas (Figure 2.5).

2.17   MSOA level commuting flows data, therefore, underlines the strong functional economic linkages in labour market terms between Tonbridge & Malling and its surrounding Boroughs, but especially with Maidstone, Tunbridge Wells and Sevenoaks.

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[1] This is the latest available. Census 2021 data will be available in 2022 and 2023, but at the moment there are some reservations about its contribution to revealing commuting patterns as the Census was undertaken during the Covid-19 lockdown.

Figure 2.4 Out-Commuting Flows at MSOA Level for Tonbridge & Malling, 2011
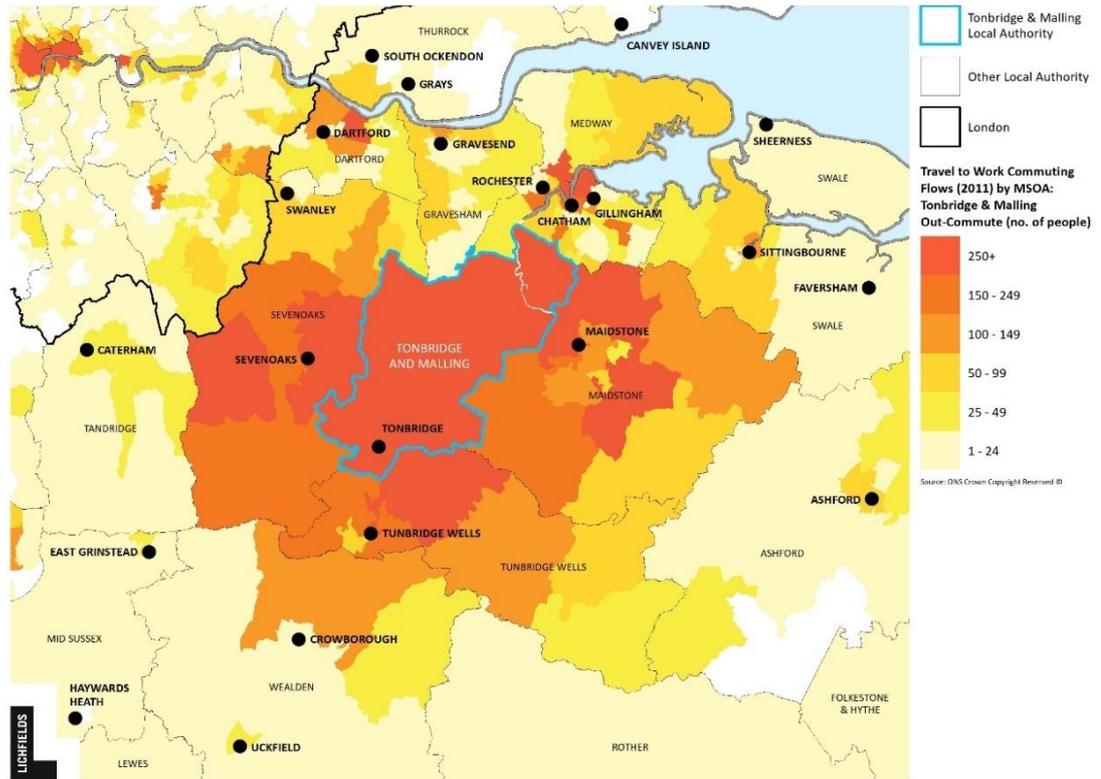
Source: ONS (2011 Census) / Lichfields analysis

Figure 2.5 In-Commuting Flows at MSOA Level for Tonbridge & Malling, 2011
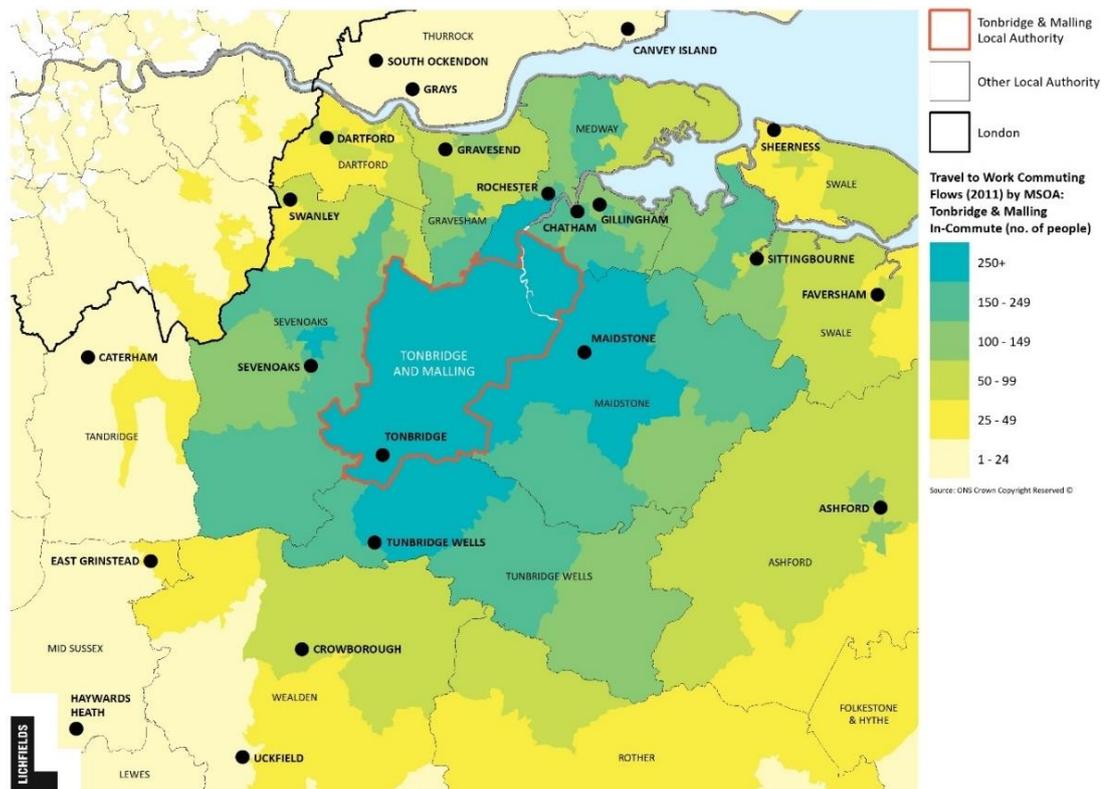
Source: ONS (2011 Census) / Lichfields analysis

Housing Market Areas

2.18   A housing market area (HMA) is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. HMAs are a useful input to the process of considering the spatial extent of FEMAs due to the influence they have upon travel-to-work and labour market flows. Close relationships typically occur between the boundaries of sub-regional housing markets and sub-regional labour markets (generally referred to as Travel to Work Areas as explored above). Unless resident workers are taking a job in another location outside an acceptable journey time, they are likely to look for somewhere to live within the same travel to work area if they move to a new house.

2.19   The emerging Tonbridge & Malling Housing Market Delivery Study analyses a range of economic and housing market indicators to define a HMA for Tonbridge & Malling. In identifying the HMA, this analyses house prices, internal migration and commuting flows amongst other indicators. This identifies two distinct HMAs being relevant to understanding the housing dynamics in Tonbridge & Malling: one focused on Maidstone and the other focused on Sevenoaks, Tonbridge and Tunbridge Wells. According to this, the east wards fall within Maidstone HMA and the west in Sevenoaks, Tonbridge and Tunbridge Wells.

2.20   Finally, the study states that from the perspective of commuting relationships, the Borough is split between the West and Mid-Kent strategic HMAs, which are suggested to be considered in plan-making.

Commercial Property Market Areas

2.21   Commercial property market intelligence represents a key element to defining FEMAs as the geographical extent of markets can be defined by the location of customers, supply chains, competitors (including competing employment schemes) and enquiries, as well as the proximity to key transport infrastructure. Much of the activity occurring within a commercial property market represents the gradual churn of occupiers, as a company's location can often be largely dictated by the need to be easily accessible to where most of their staff reside.

2.22   The commercial property market in Kent is divided into three sub-market areas, namely East Kent, Mid Kent and West Kent. Tonbridge & Malling is located in the West Kent property market, which also includes Tunbridge Wells and Sevenoaks.

2.23   Aylesford represents the largest and most significant industrial location in Tonbridge & Malling, attracting the strongest levels of market demand. The town and its industrial areas lie directly on M20 and tend typically to compete with the wider M20/M2 industrial market corridor for footloose occupiers and medium- to large- scale requirements of over 50,000 sqft. The town has traditionally been a strong industrial location, building on its print heritage, and accommodates a mix of industrial uses but with a particular focus on warehousing and distribution.

2.24   Tonbridge & Malling office market is concentrated primarily around Kings Hill, where there is a large office park, and the town of Tonbridge. The industrial market is concentrated in Aylesford across M20 and in Tonbridge. Discussion with local agents suggested that there are market interrelationships between the Borough and Tunbridge Wells and Sevenoaks. These three authorities comprise a catchment that occupiers will typically search if they would like to locate (or re-locate) in the borough. On this basis, the definition of West Kent FEMA is reinforced by market intelligence.

Transport and Connectivity

2.25 Transport accessibility is strongly linked with the geography of FEMAs, with the strategic transport network, in particular, playing a key role in shaping commercial property, labour and housing market flows.

2.26 Tonbridge & Malling is currently served by the A26 road which connects Tonbridge in the south of the Borough to Kings Hill in the north, intersecting the M20 motorway connecting to Maidstone and Sevenoaks. All of these roads experience heavy traffic, in particular, within Tonbridge town centre where the A26 connects to the A21. The town is served by rail, with London Charing Cross and the Ashford International line being the principal rail route destinations.

2.27 The Borough benefits from its strong strategic location, particularly from its proximity to the M20 motorway, with business locations near to the M20 generally attracting the most demand (particularly amongst industrial occupiers). This connects Tonbridge & Malling with Maidstone, Ashford and Folkestone in the east and Sevenoaks and Greater London in the west, and to the M25 for connections to the wider South East and beyond. Property market dynamics are sufficiently different in these other locations to conclude that they operate as separate property market areas to Tonbridge & Malling. The A26 links Tonbridge to Royal Tunbridge Wells in the South and Maidstone in the North, from where Tonbridge & Malling draws much of its labour force.

Retail and Consumer Catchments

2.28 Within the context of identifying FEMAs, it is also relevant to review existing retail and consumer market areas across the sub-region to consider the spatial area from which users of goods and services are drawn.

2.29 The Borough's Business Needs and Action Plan (2022) sets out key performance indicators for the main town centres across the Borough. Tonbridge is the largest town centre and has a strong 'essential goods' offer. Since the pandemic this was impacted significantly, but increasing trends around a consumer demand for experiential retail are expected to enhance the town centre's footfall and vitality.

2.30 Other centres include Kings Hill, which is identified as the second largest high street in the Borough with a strong independent offer and a good mix of uses, alongside Snodland and Borough Green. Retail evidence will be prepared to support the emerging Local Plan, and this will be considered further as part of EDNS Part 2.

2.31 Based on recent retail evidence of neighbouring authorities[2], it is apparent that Maidstone, Tunbridge Wells, Tonbridge & Malling and Sevenoaks have overlapping retail catchments. Household shopper survey in Tunbridge Wells reveals strong shopping relationships across there authorities with Maidstone rated as the first choice followed by Tonbridge and Sevenoaks. In terms of retail retention within the Tonbridge & Malling area, the Borough scored a retention rate of 33% based on that evidence.

Summary

2.32 Based on the assessment of various market areas in and around Tonbridge & Malling (in terms of labour markets, housing markets, commercial property markets, consumer catchments and transport connectivity), it is possible to consider the spatial extent of the core FEMA for the authority.

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[2] Nexus Planning (2021), Tunbridge Wells Retail, Commercial Leisure & Town centre Uses Study Update

2.33   However, it should be noted that the north east parts of the Borough expanding across the Medway Gap has strong interrelationships with Maidstone FEMA, particularly in terms of housing, commercial property and labour market areas. This is also identified in Maidstone Economic Development Needs Study Stage 1 (2019). These interrelationships should also be considered in plan-making.

2.34   Synthesising the above, it is suggested that Tonbridge & Malling does not represent a self-contained functional economic area but forms part of the wider West Kent FEMA (Figure 2.6). The Borough has a particularly strong economic relationship with Tunbridge Wells and Sevenoaks primarily in relation to housing, commercial property market and labour market areas, which all extend across the three authorities, however the north east parts of the Borough have also strong relationships with Maidstone FEMA. On this basis, the West Kent FEMA is validated and continues to represent the area that the evidence consistently indicates where there are strong inter-relationships with the Borough, as a whole.

Figure 2.6 West Kent FEMA
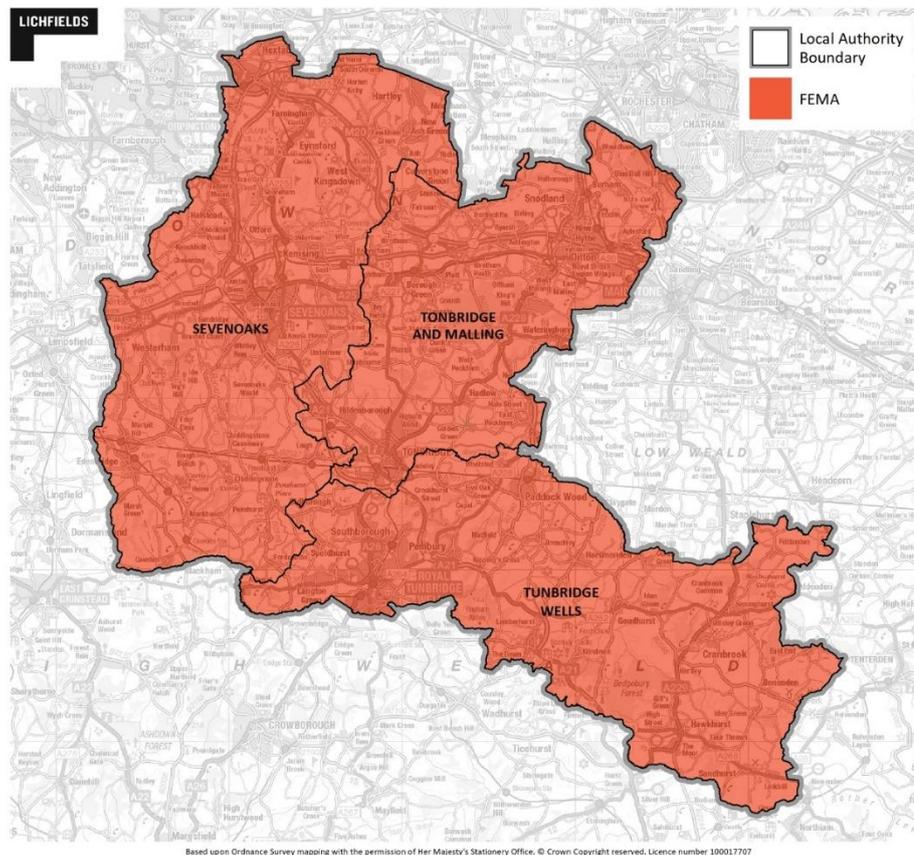
Source: Lichfields

3.0 # Economic Context and Trends

3.1   This section summarises recent economic conditions and trends in Tonbridge & Malling Borough and surrounding area, with a key emphasis on those factors which may impact on employment land demand.

Spatial Overview

3.2   Tonbridge & Malling is located in north west Kent and covers an area of just over 24,000 hectares. A large proportion of the Borough is rural in character, with approximately 70% designated as Green Belt. The Borough does not have a single urban focus but comprises a number of settlements including Tonbridge, Medway Gap, West Malling and Borough Green.

Figure 1 Spatial Context
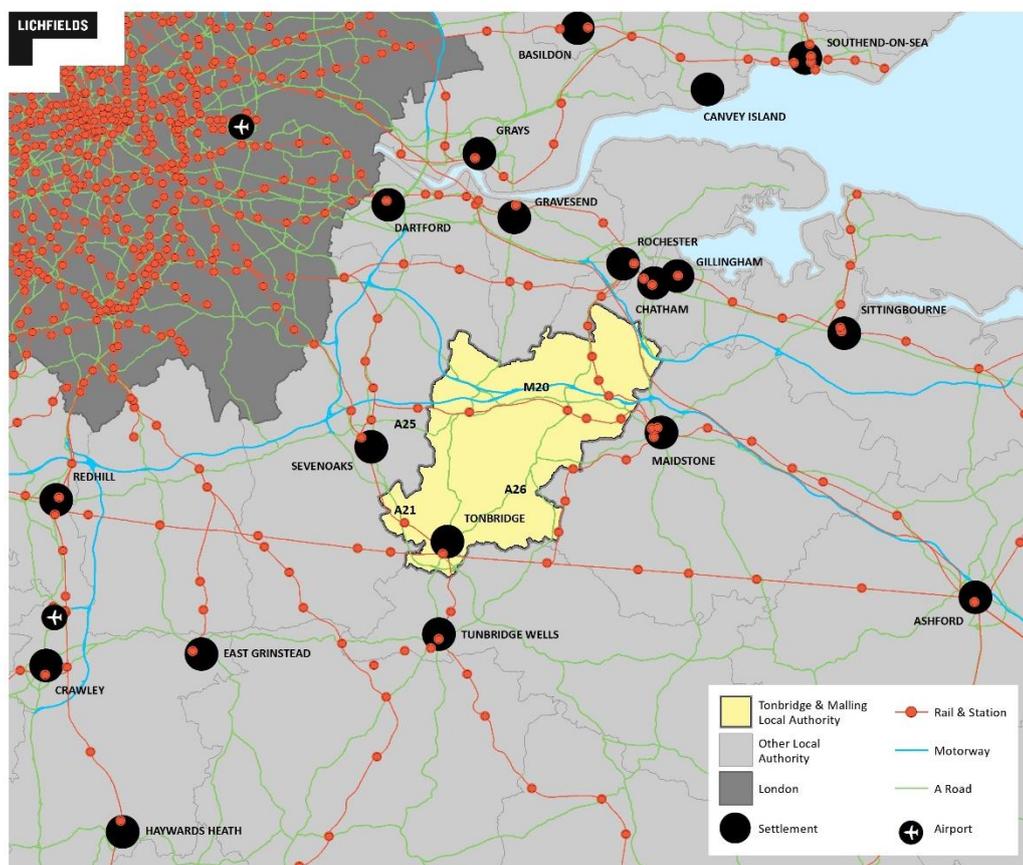
Source: Lichfields

3.3   The M20 motorway runs through the Borough, connecting Tonbridge & Malling with the M25 motorway to the west and Folkestone and Channel Tunnel links to the East. The Borough benefits from good transport links to the capital and South Coast.

Population

3.4   In 2020, Tonbridge & Malling had a resident population of 132,571, having increased by 10.4% over the previous 10 years since 2010. This rate of population growth was higher than that recorded across the South East (7.4%) and the UK (6.8%) over the same period. Tonbridge & Malling's recent population growth also exceeded the Kent-wide average which was equivalent to 9.4% over the 10 years to 2020.

3.5   The proportion of the Borough's population that is of working age (i.e. 16 to 64) has decreased slightly over recent years, from 62.5% in 2010 to 60.6% in 2020, as shown in Figure 3.2.

Figure 2 Tonbridge & Malling Borough Working Age Population (16-64)
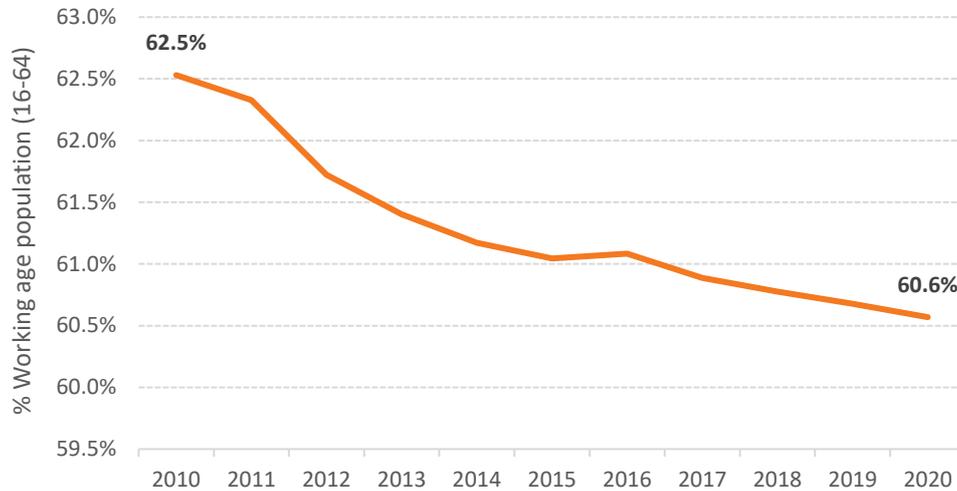
Source: ONS (2020) / Lichfields analysis

3.6   This decline in working age population reflects national trends and is not unique to Tonbridge & Malling, but if this trend continues it is likely to have implications in terms of the scale of the Borough's labour supply that could be available to take up locally-based job opportunities in future.

3.7   According to latest ONS population projections, Tonbridge & Malling's working age population is expected to increase by 7.2% from 2021 to 2040. This is higher than the increase projected for the wider area of Kent (6.0%), the South East (0.1%) and England (2.1%) over the same time.

Employment

3.8   Based on the latest available Experian data, Tonbridge & Malling Borough accommodated 70,200 workforce jobs in 2021, representing an increase of 10.2% (6,500 jobs) over the ten-year period from 2011. This rate of job increase is slightly higher than that recorded in the South East (9.2%) and the UK (9.5%) during the same period.

3.9   As shown in Figure 3.3 overleaf, the Borough's employment base has been gradually increasing over this ten-year period. Whilst 2021 recorded the second highest employment count at 70,200 workforce jobs, the highest employment count was before the Covid-19 pandemic in 2019 where the Borough had a recorded 71,5000 workforce jobs. This declined by 2,200 jobs during the course of 2020 and now in 2021 we can see a recovery of jobs to almost pre-pandemic levels.

3.10   This economy-wide trend is also echoed for office and industrial jobs; Figure 3.3 shows that office-based sectors have driven the majority of this job growth. The proportion of office and industrial jobs in the Borough has remained relatively stable over this time, with approximately 43,400 office and industrial jobs recorded in 2021 (62% of the total).

Figure 3 Job Change in Tonbridge & Malling, 2011-2021
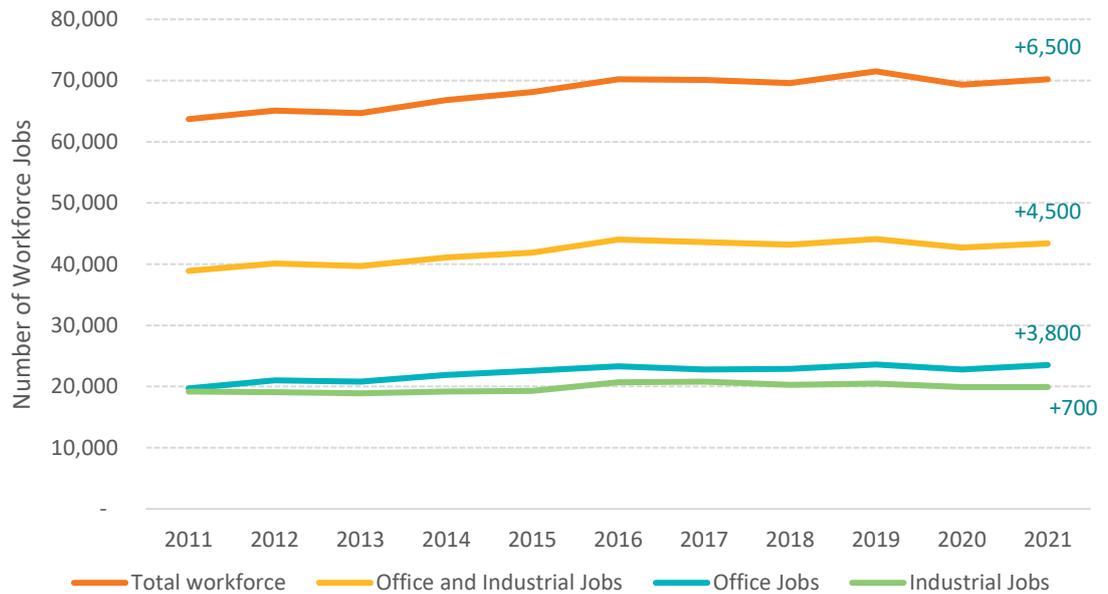
Source: Experian (September 2021) / Lichfields analysis

3.11   The largest employment sector in Tonbridge & Malling in 2021 is the wholesale and transport sector. When compared with the average share of employment in the South East, the Borough is over-represented in the wholesale and transport, public administration and defence, utilities and construction sectors, whilst being under-represented in healthcare, information & communication and the hospitality & recreation sectors.

3.12   As shown in Figure 3.4 overleaf, employment growth in Tonbridge & Malling over the last ten years was driven by the professional & other private service sectors (+1,100), retail (+1,000), construction (+900) and finance and insurance (+600). Only two sectors in the Borough registered employment losses over this period, with the most significant losses recorded in manufacturing (-700 jobs) and healthcare (-300).

Figure 3.4 Change in Workforce Jobs by Sector in Tonbridge & Malling, 2011-2021
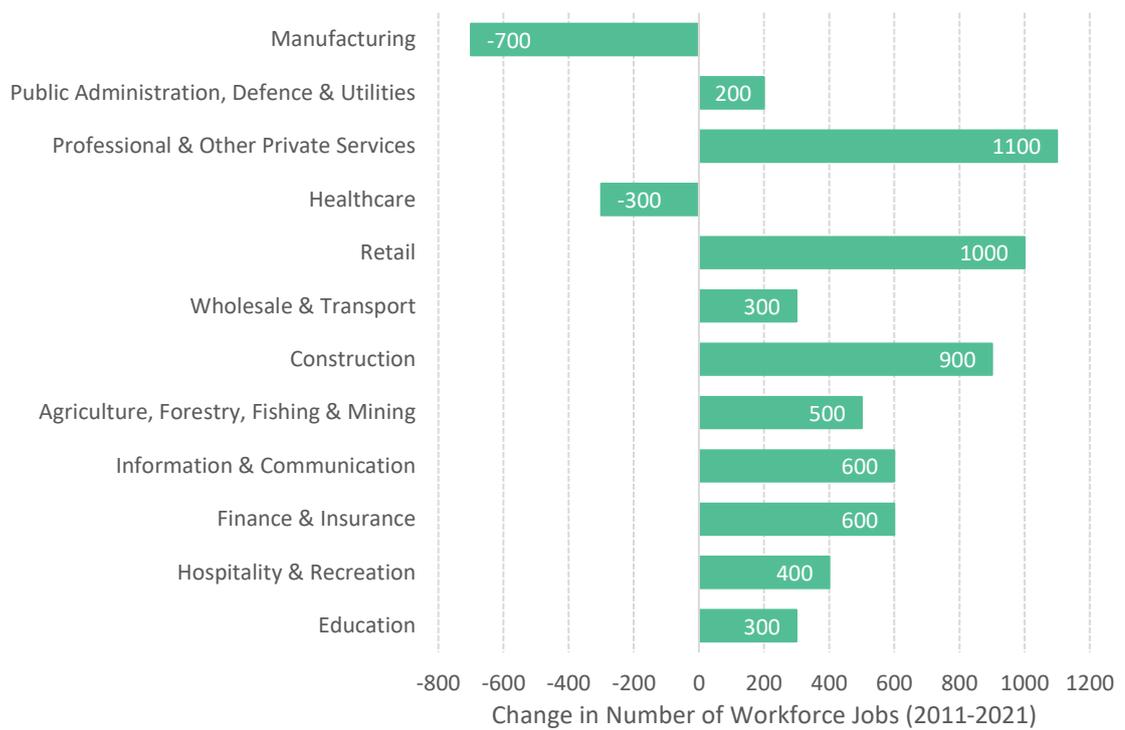
Source: Experian (September 2021) / Lichfields analysis

3.13   Within the manufacturing sector, the wood & paper sub sectors have accounted for the majority of job losses recorded during this period in Tonbridge & Malling, reflecting in particular the closure of the former Aylesford Newsprint site.

3.14   In this context, overall employment change in Tonbridge & Malling over the past ten years is summarised in Table 3.1 below.

Table 3.1 Change in Jobs in Tonbridge & Malling, 2011-2021

Use Type	2011	2021	Change	
			Total	%
Total Workforce Jobs	**63,700**	**70,200**	**+6,500**	**+10%**
Business/Employment Use Class Jobs (Industrial & Office)	38,900	43,400	+4,500	+12%
Industrial Jobs	19,200	19,900	+700	+4%
Office Jobs	19,700	23,500	+3,800	+19%

Source: Experian (September 2021) / Lichfields analysis

Workforce Productivity

3.15   The productivity of the Borough's workforce can be measured using the indicator of Gross Value Added (GVA) generated per job. This indicator suggests that in 2021, average workforce productivity in the Borough was amongst the highest in West Kent, as well as exceeding the UK averages (Table 3.2). At £4.4bn, the Borough's economy generates a significant amount of economic output each year, exceeding all of the neighbouring authority areas except Medway.

Table 3.2 GVA per Workforce Job, 2011-2021

Location	Total GVA (2021)	GVA per Workforce Job		
		2011	2021	Change
Tonbridge & Malling	**£4.4bn**	**£59,265**	**£52,123**	**-12.1%**
Maidstone	£4.3bn	£44,020	£39,478	-10.3%
Medway	£5.8bn	£51,741	£49,042	-5.2%
Gravesham	£1.7bn	£48,256	£41,061	-14.9%
Sevenoaks	£3.9bn	£56,568	£52,643	-6.9%
Tunbridge Wells	£3.5bn	£58,836	£52,739	-10.4%
South East	£282.2bn	£56,268	£52,294	-7.1%
UK	£1,883.4bn	£52,976	£49,065	-7.4%

Source: Experian (September 2021) / Lichfields analysis

3.16   The Borough has also recorded one of the most significant declines in workforce productivity over the last ten years of all comparator locations, as shown in Table 3.2 above. All comparator locations have seen an overall trend of decline in workforce productivity, related in large part to the recent Covid-19 pandemic which has affected the productive capacity across all parts of the UK economy.

3.17   Against this backdrop, it is useful to consider which sectors are expected to make the largest contribution to GVA growth in the Borough over the new Local Plan period to 2040. The highest performing sectors in the Tonbridge & Malling economy – measured in terms of GVA per job – are expected to include manufacturing sub-sectors (such as computer & electronic products), public administration & defence and the utilities sector.

3.18   Those sectors expected to see the lowest growth in productivity (GVA per job) include agriculture, forestry & fishing, telecoms, extraction & mining and fuel refining.

Business Base

3.19   Tonbridge & Malling has a similar business profile to Kent, the South East and the UK, but is characterised as having a slightly smaller share of micro firms (0 to 9 workers) and a greater share of small-sized firms (10 to 49) and medium-sized firms (50 to 249) by comparison (see Table 3.3 overleaf).

3.20   The Borough has increased its share of micro businesses from 87.9% in 2011 to 89.0% in 2021. The share of self-employed workers has also increased from 11.4% in 2011 to 16.3% in 2021, and this exceeds the proportion recorded more widely across Kent, the South East and UK.

Table 3.3 Key Business Characteristics

Metric		Tonbridge & Malling	Kent	South East	UK
Number of Enterprises (2011-2021)		33.7%	31.2%	28%	31.8%
Business Size (2021)	Micro (0 to 9)	89%	90%	90%	90%
	Small (10 to 49)	9%	7.9%	7.8%	8.4%
	Medium (50 to 249)	1.6%	1.4%	1.4%	1.5%
	Large (More than 250)	0.4%	0.3%	0.4%	0.4%
Business Births per 10,000 Working Age Persons (2019)		100.1	82.7	93.8	106.5
Self-Employment (2021)		16.3%	12.3%	13.1%	12.1%

Source: Inter-Departmental Business Register / Business Demography Statistics / Annual Population Survey (ONS) / Lichfields analysis

3.21   In 2014, Tonbridge & Malling recorded a relatively high business start-up rate (as a proportion of working-age people); this has increased over the period to 2019, from 94 business births per 10,000 working age people in 2014 to just over 100 business births in 2019 (see Table 3.3).

3.22   The number of recorded enterprises in the Borough stood at 6,140 in 2021, having increased by 33.7% since 2011. As shown in the Figure below, the Borough's business base has recorded consistent growth over the last few years, following a slight decline in 2013.

Figure 45 Tonbridge & Malling Enterprise Count (2011-2021)
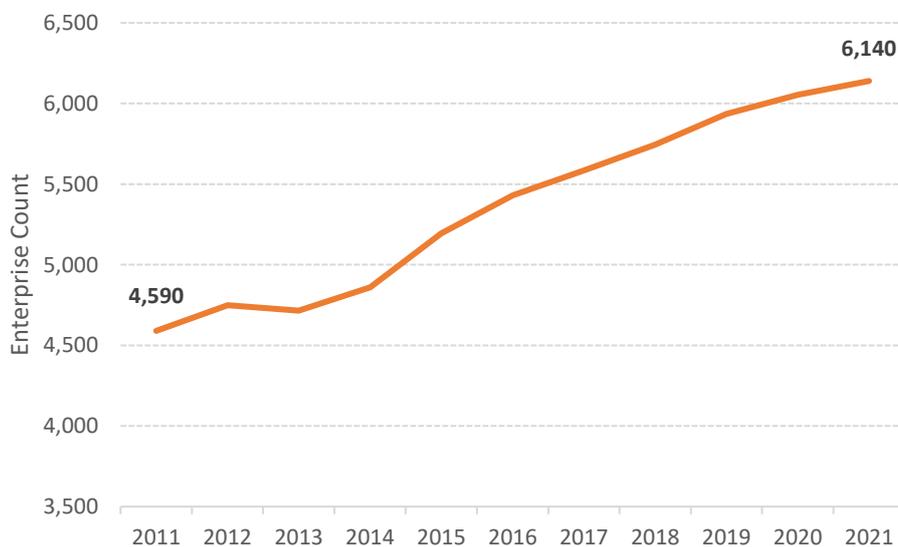
Source: ONS 2020 / Lichfields analysis

3.23   Following start-up, businesses based in Tonbridge & Malling tend to overperform compared to national and regional equivalents with regard to business survival rates. Latest ONS data (shown in Figure 3.6 overleaf) shows that 5-year business survival rates in Tonbridge & Malling (45.9%) are high compared to equivalents for Kent, the South East and UK as a whole.

Figure 56 Business Survival Rates
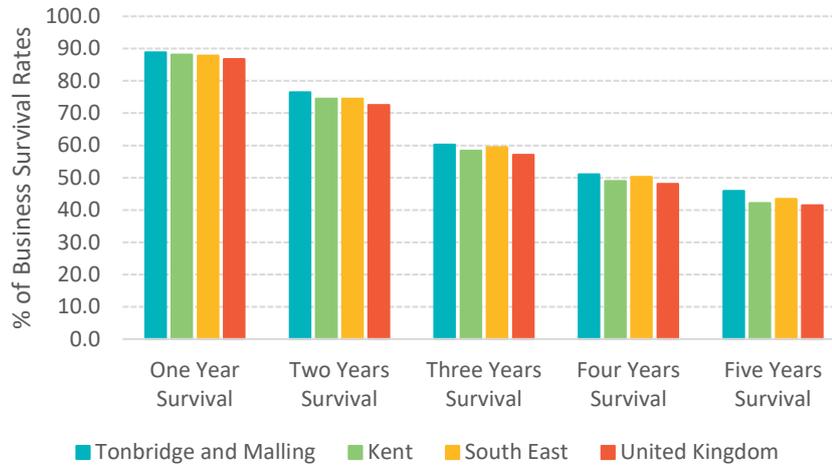
Source: ONS 2018 / Lichfields analysis

Spatial Distribution

3.24   Using Inter Departmental Business Register (IDBR) data from the ONS, it is possible to map where employers are located within Tonbridge & Malling by sector and size.

3.25   Figure 3.7 shows the sectoral distribution across the Borough of Tonbridge & Malling, highlighting large clusters of employment within Tonbridge town centre, Aylesford and Kings Hill.

3.26   In particular, there is a high number of small-scale construction firms located within the main town centres. There are also a number of large agriculture, forestry, fishing & mining employers located outside Kings Hill town on the A22.

Figure 3.7 Tonbridge & Malling Borough Sector Distribution
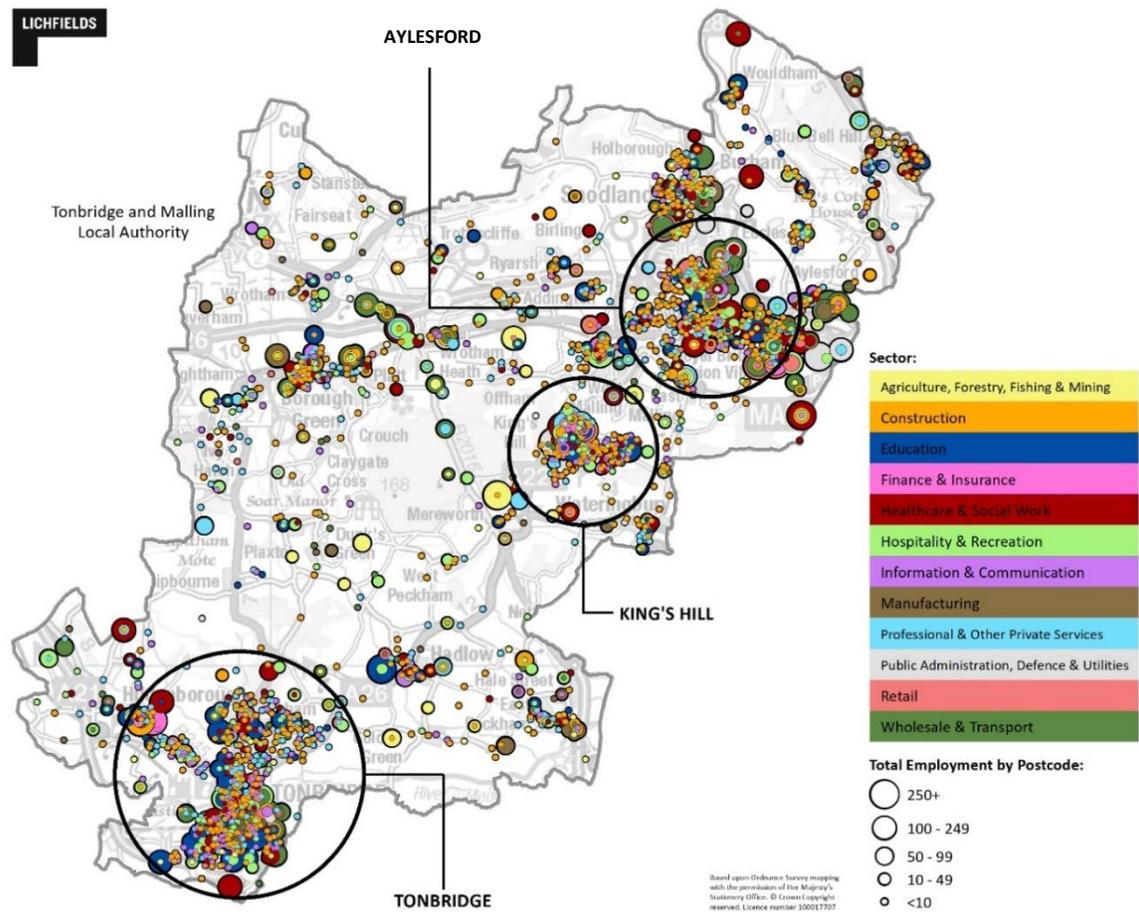
Source: ONS 2021 / Lichfields analysis

Figure 3.8 shows that within Tonbridge town there are many large-scale wholesale, transportation and storage employers, as well as education employers. On the high street there is a cluster of retail employers, professional services and hospitality & recreation employers. There is also a number of hospitality & social work employers within the town centre. North of Tonbridge is more residential and this is reflected by the smaller scale employers. In the village of Hildenborough on the outskirts of Tonbridge there are three large employers operating in finance & insurance services, construction and healthcare and social work sectors.

Figure 3.8 Tonbridge Town Sector Distribution
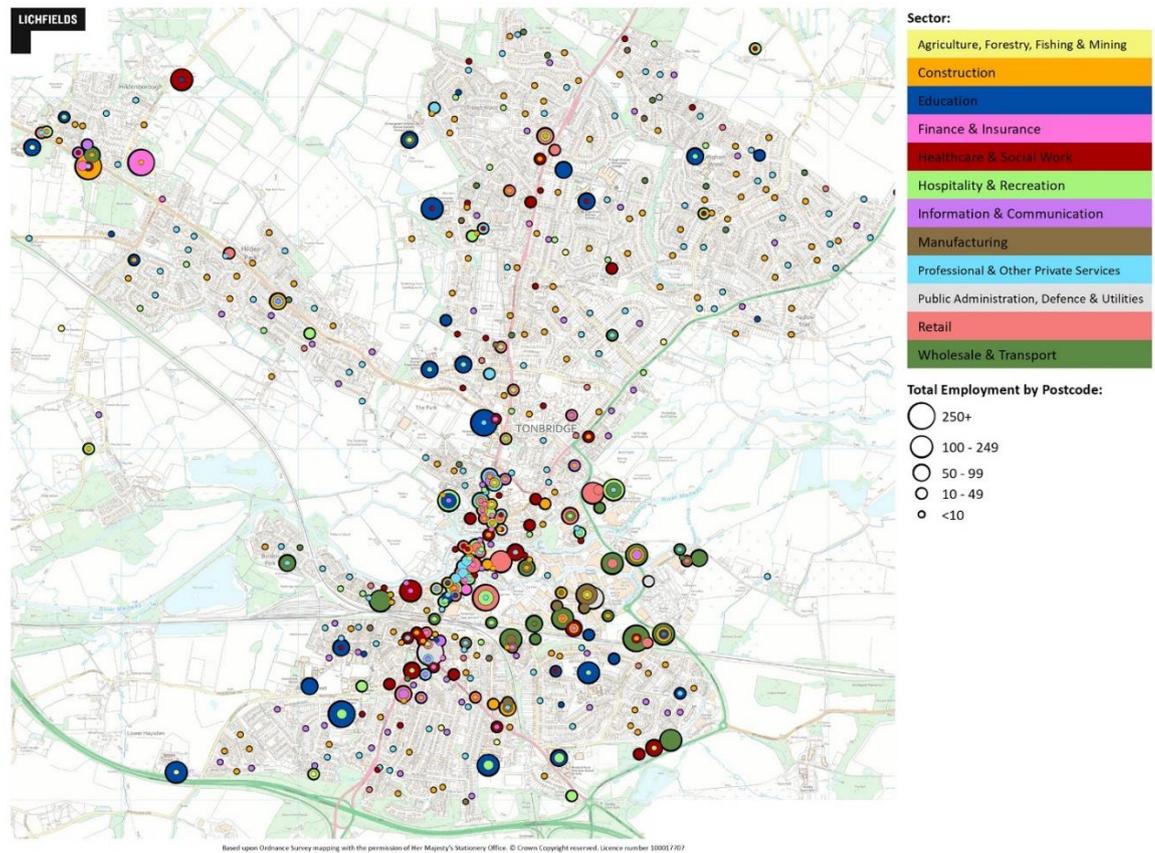
Source: ONS 2021 / Lichfields analysis

Figure 3.9 maps the location of employers within the Medway Gap showing a number of large-scale manufacturing and wholesale and transport employers in the area, specifically located near New Hythe railway station. Medium-sized employers in healthcare and social work and professional services are also located in the area. Similarly to Tonbridge, there is a number of small-scale construction firms, as well as professional services, information & communication and hospitality and recreation. The area shows a mix between low-value sectors such as agriculture, manufacturing, utilities and construction and higher-value sectors associated with private sector services and offices. However, the area has a larger proportion of manufacturing and wholesale employers compared to its private sector services.

Figure 3.9 Medway Gap - Aylesford Sector Distribution
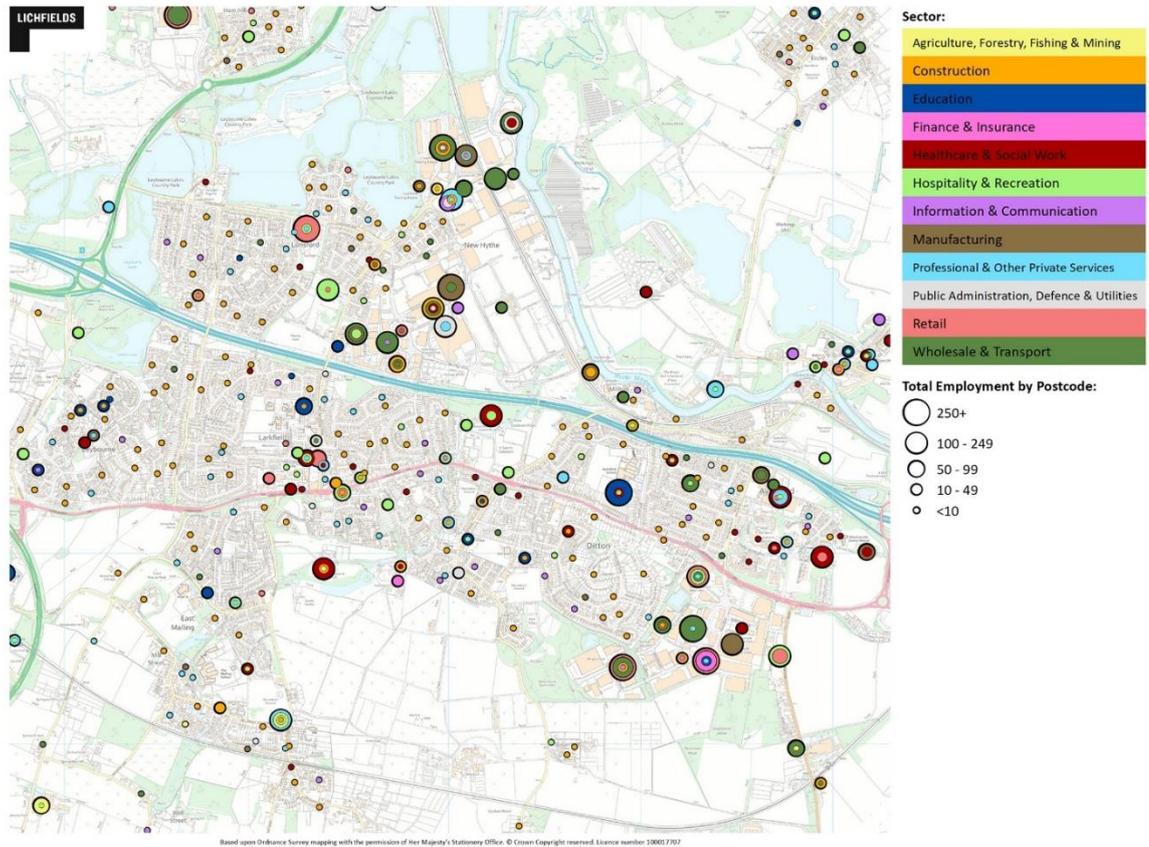
Source: ONS 2021 / Lichfields analysis

As shown in Figure 3.10, Kings Hill has a high concentration of office-related employers including professional & other private services, information & communication, finance & insurance and public administration, defence & utilities sectors. There is also a large retail employer in the central area, alongside education employers within the residential areas and smaller scaled employers primarily in construction, professional services and information & communication are identified across Kings Hill.

Figure 3.10 Kings Hill Sector Distribution
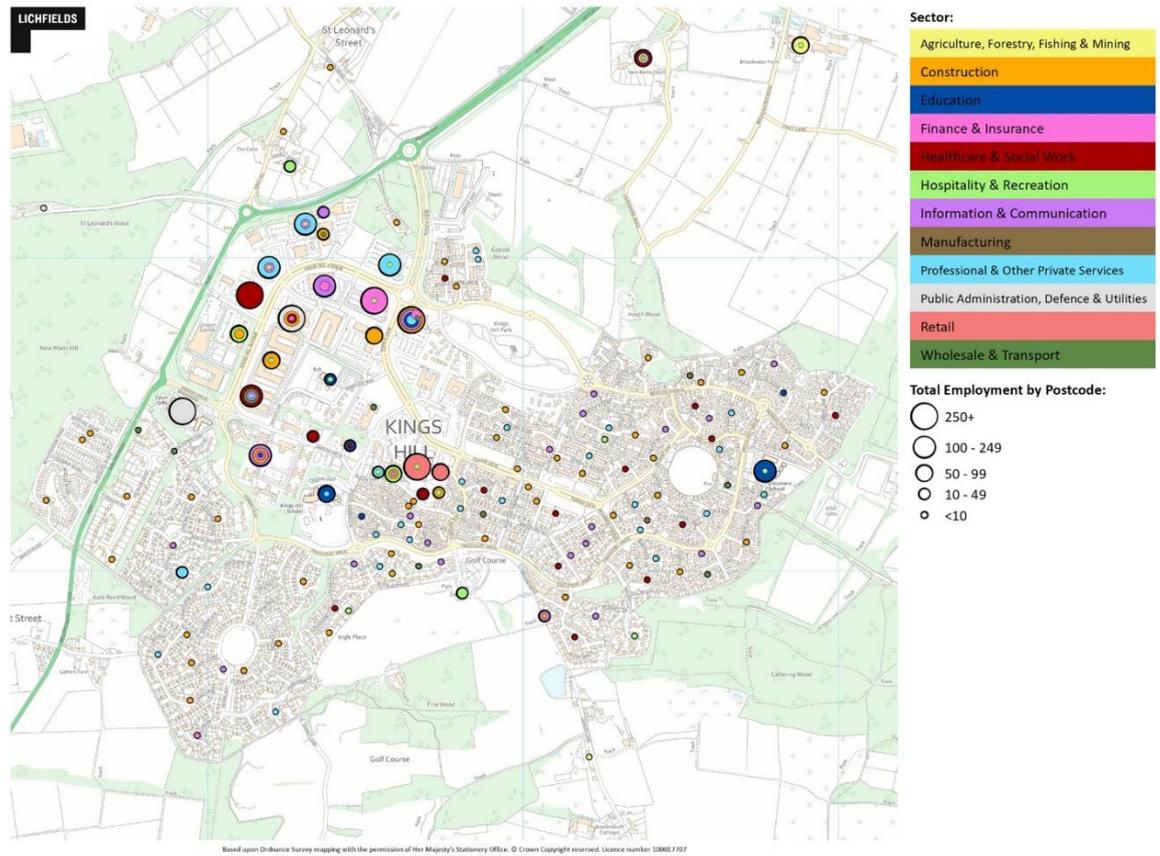
Source: ONS 2021/ Lichfields analysis

Labour Market

3.27   The local labour market is characterised by a high share of the working-age population being economically active and a low share claiming out-of-work benefits when compared to the Kent and South East averages (Table 3.4).

Table 3.4 Key Labour Market Characteristics

Indicator		Tonbridge & Malling	Kent	South East	UK
Economic Activity Rate (2020)		87.4%	81.8%	80.8%	78.4%
Out of Work Benefits Claimant Count (as a proportion of residents aged 16-64) (2021)		3.1%	4.6%	3.9%	5.0%
Resident Qualification Level (2021)	NVQ4 and Above	34.5%	39.9%	44.9%	43%
	NVQ3 and Above	60%	58.1%	63.5%	61.2%
	NVQ2 and Above	76.9%	78.2%	80.6%	78.2%
	NVQ1 and Above	92.2%	88.9%	90.3%	87.8%
	Other or No Qualification	3.2%	4.2%	4.8%	5.6%
Resident Occupation Group (2021)[1]	SOC Major Group 1-3	41.7%	48.1%	53.4%	49.9%
	SOC Major Group 4-5	20.5%	21.9%	19.5%	19.3%
	SOC Major Group 6-7	11.7%	14.7%	14.9%	15.8%
	SOC Major Group 8-9	26.1%	15.1%	12%	14.7%
Earnings by Residence		£689.9	£607.1	£631.8	£585.5
Earnings by Workplace		£565.1	£545.7	£608.6	£585.5

Source: Annual Population Survey (ONS) / Annual Survey of Hours & Earnings (ONS) / Lichfields analysis
Note: [1] SOC 2010 Major Group 1 - 3 includes managers, directors and senior officials; SOC 2010 Major Group 4 - 5 includes administrative and trade occupations; SOC 2010 Major Group 6 - 7 includes service and sales occupations; and SOC 2010 Major Group 8 - 9 includes machinery, plant & process operatives and elementary occupations.

3.28   The resident labour force in the Borough also records a lower level of NVQ4 and above (i.e. higher level) qualification attainment when compared to Kent and the South East, which points towards a less highly skilled local workforce in Tonbridge & Malling Borough compared to these various regional benchmarks (see Table 3.4). As shown in Figure 3.11, the proportion of working age residents holding a higher level (NVQ4+) qualification actually fell between 2010 and 2020.

Figure 3.11 Qualification Attainment in Tonbridge & Malling Borough, 2010-2020

3.29   This resident skills profile reflects the fact that a smaller share of Borough residents is employed within higher skilled roles represented by SOC Major Group 1 - 3 compared to Kent, the South East and the UK. The number of Borough residents employed in SOC Major Group 1-3 has decreased significantly since 2011 from 46.3% of residents to 41.7% in 2021. There remains a higher share of residents employed in more elementary roles represented by SOC Major Group 8-9, which includes a range of process plant, machine operative, and elementary types of occupations, although the share has been steadily increasing since 2011.

3.30   This resident occupation profile for Tonbridge & Malling also aligns with average workplace earnings which are lower than the Kent and South East benchmarks (see Table 3.4).

3.31   However, as shown in Figure 3.12 overleaf, the Borough does have a substantially higher level of residence earnings compared with other local authorities in Kent, with Tonbridge & Malling achieving the highest weekly residence earnings in the sub-region in 2020 at £689. This suggests that the Borough's economy does offer a reasonable share of higher paid roles, although given the lower levels of workplace earnings, it is likely that many of these roles are from elsewhere in the sub-region.

Figure 3.12 Gross Weekly Earnings by Local Authority, 2020

Deprivation and Socio-Economic Challenge

3.32   The Indices of Multiple Deprivation (IMD) provide a set of relative measures of deprivation for local authority and Lower Super Output Areas (LSOAs) across England. In 2019, Tonbridge & Malling was ranked as the 234th most deprived local authority area out of 326 authority areas in England (where 1 is the most deprived). This shows a slight decline in overall ranking compared with the equivalent data released in 2015, in which Tonbridge & Malling ranked 274th most deprived local authority area in England.

3.33   Only 4.2% of LSOAs in the Borough fell within the 20% most deprived in England. As shown in Figure 3.13 overleaf, the geography of local deprivation has remained largely unchanged over this time. It highlights particular pockets of deprivation focused mostly in and around the Tonbridge and Medway Gap. The map shows that relative deprivation in Aylesford and Tonbridge has slightly worsened over time between 2015 and 2019.

3.34   Local deprivation typically relates to income, employment, education, access to housing and crime.

Figure 3.13 Indices of Multiple Deprivation for Tonbridge & Malling Borough, 2015 & 2019
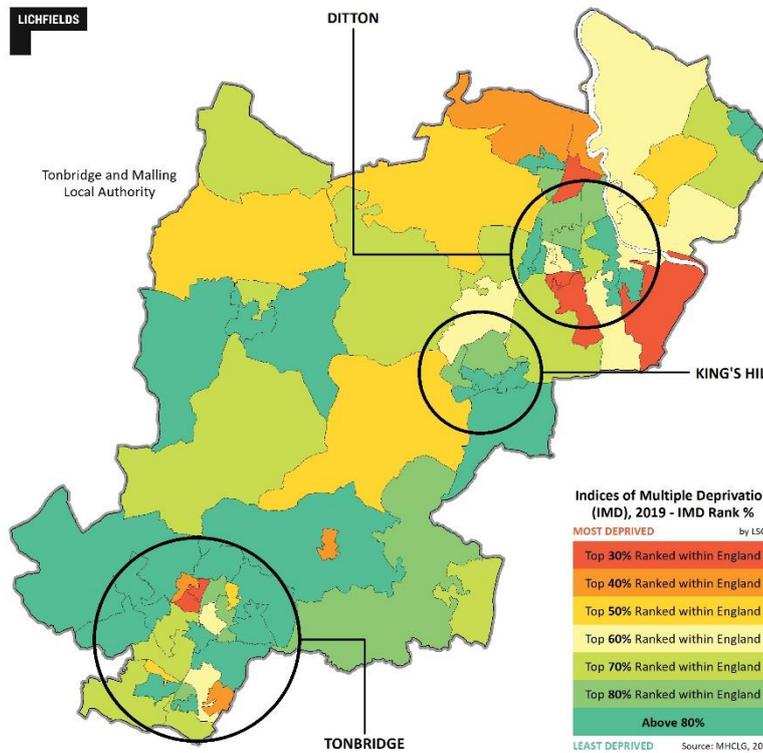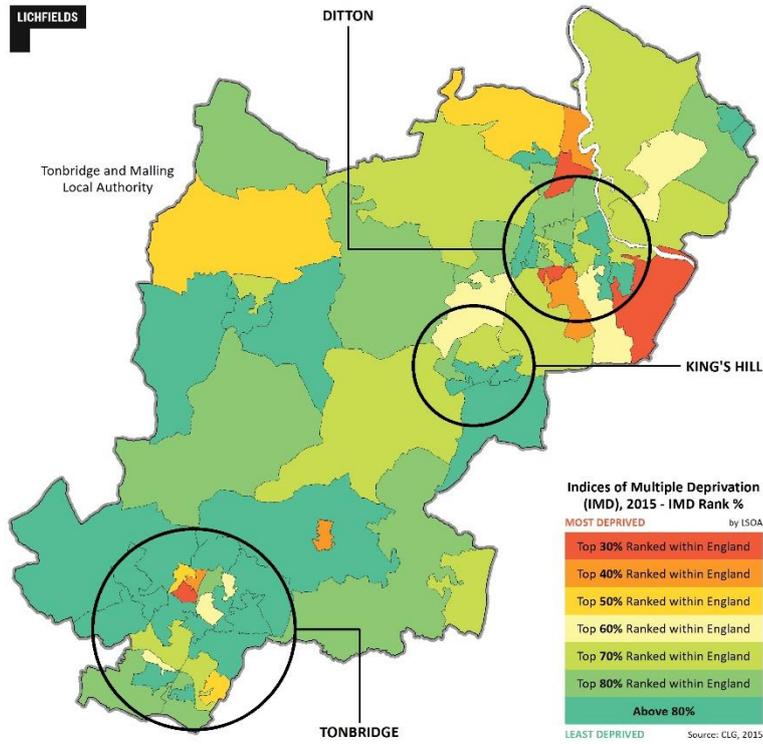
Source: English Indices of Multiple Deprivation (2015 and 2019) / Lichfields analysis

Macro-economic outlook and implications

3.35   The outbreak of Covid-19 and resulting pandemic developed rapidly with far reaching impacts on the economy and business across the country. Lockdown measures led to unprecedented shut downs of large parts of the economy simultaneously, with effects being transmitted rapidly across most sectors. While the short term impacts have unfolded fully and the overall national economy in terms of GDP had fully recovered by January 2022, there are still sectors across the economy that have not rebound.

3.36   We examine local implications of these externalities for Tonbridge & Malling as part of this EDNS, but considering that the main analysis and the assessment was prepared between October and December 2021 our analysis covers primarily the impacts from Covid-19.

3.37   The data shows that the Covid-19 pandemic has had a significant effect on the Borough's economy as in 2021Q3. Across the local economy overall, 12% of Tonbridge & Malling working residents had been furloughed through the Coronavirus Job Retention Scheme (JRS) at the height of the pandemic in June 2020, and while local unemployment rose sharply, the full effect have been masked by the extension of government support schemes such as the JRS.

3.38   As a result of Covid-19, the local claimant counts significantly increased throughout the pandemic. The claimant count unemployment rate amongst residents (at September 2021) shows that 3.1% of those aged 16-64 in Tonbridge & Malling were claiming out-of-work benefits, lower than in Kent and the South East (4.7%). As shown in Figure 3.14 below, the claimant count spiked in both Tonbridge & Malling and Kent in May 2020 during the first lockdown; this is also reflected by the total take-up of the JRS in the area which saw a peak in June 2020. The JRS take-up shows a gradual decrease over the following months as restrictions were lifted and the vaccination programme rolled out. The local claimant count at 2.2.% in May 2022 remains 33% higher than the pre-pandemic (January 2020) equivalent. However, this is lower than the claimant count rate in Kent (2.7%) and the South East (3.0%), reflecting a faster recovery in the Tonbridge & Malling labour market compared to the wider geographies.

Figure 3.14 Claimant Count and Job Retention Scheme Take-Up
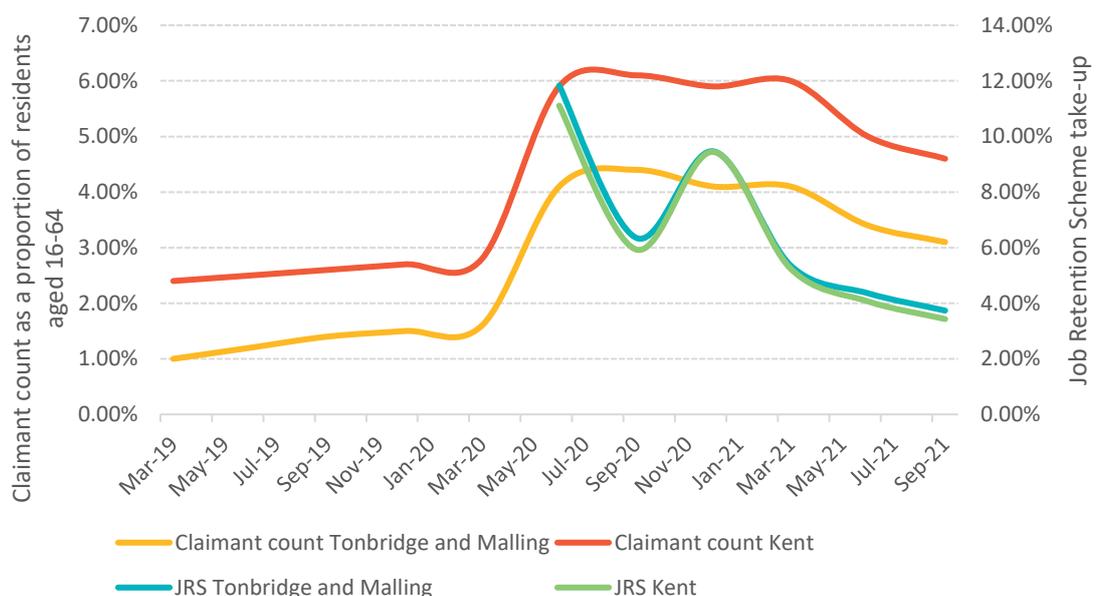
Source: ONS (2021) / Lichfields analysis

3.39   The 'real time' nature of the evolving economic situation emphasises the need to keep on top of data and intelligence as it emerges, to monitor impacts, and use this to review the Council's economic development response on a timely basis.

3.40   With regards to planning for economic growth and employment space, it is arguably still too early to fully understand how the pandemic and resulting structural changes may affect how businesses operate and the resultant demand for employment land, particularly now where too many economic externalities overlap each other following the pandemic.

3.41   It is likely, however, that the Covid-19 pandemic will induce and accelerate some key structural economic changes that will influence patterns of local economic growth and development such as:

- **Growth of key sectors:** based on the economic response to Covid-19 over the last 2 years, there are a number of sectors (summarised below) that appear to face particular growth opportunities as the UK economy continues to recover and moves to a post-Covid-19 economy.

- **A shift from larger cities:** public transport represents one of the key barriers to a full return to the workplace. Allied with increased demands for public and private open space, together with more general issues relating to the affordability of housing, it is possible that an increasing number of people will look to relocate away from London and other large cities to locations that offer other quality of life factors. A shift towards greater levels of home-working may facilitate this. Areas such as Tonbridge & Malling which balance an attractive countryside with strong transport links could be well placed to benefit from these economic drivers.

- **Increased home-working:** It is likely that people might look to the success of home working as a justification to shift to new working arrangements with increased home-working on a more permanent basis. This may reduce the overall demand for office space and trigger a shift in occupier requirements for more flexible workspace that enables employees and partners to come together to collaborate and share ideas.

Table 3.5 Covid-19: Key sector growth opportunities

Sector	Rationale
Health / life-sciences / med-tech	Covid-19 has fundamentally been a health crisis. It has been fought by front-line health workers and its resolution lies in a health solution. Significant investment has been made in life-sciences to develop a vaccine and it is likely that there will be a greater focus on this sector in future in terms of both public and private investment.
Logistics	The logistics sector has been instrumental in keeping the country and its economy operational through the pandemic and it is likely that this will also be given a greater emphasis in the future. This may particularly be the case if some decentralisation of population and economic activity does occur.
Energy / Environmental	Building back a green and resilient recovery lies at the heart of the government's Covid-19 policy response, recognising the opportunity the pandemic provides to shift to a greener economy and support wider sustainable development goals. Specific proposals include increased investment in low carbon innovation and industries; focusing on those sectors that can support the environment; and ensuring that companies receiving government support are operating in a manner consistent with climate goals.
IT / Communications	Home working and social restrictions have required us to look to technology to a much greater degree. It is likely that online/teleconferencing platforms will continue to grow after Covid-19 passes. Similarly, increased home working and growth in key sectors such as life-sciences, green energy and logistics will all rely on continued advances in IT.

Source: Lichfields analysis

3.42   These ongoing structural changes present both challenges and opportunities for places like Tonbridge & Malling which has traditionally accommodated a relatively modest office market

over recent years. The Borough stands to benefit from a shift towards more localised working patterns should home working and agile working become more prominent.

Other factors

3.43 At the time of writing, it should be noted that there are also other externalities that are emerging and will have an important impact on economic growth in the short to medium term. These include the invasion of Ukraine and the resulting energy and living costs crisis driven by rising inflation. Various macro scenarios and forecasts continue to emerge to help understand the potential outcomes and impacts but these are not currently available at a local level.

Summary

3.44 Based upon the analysis presented above, the key findings can be summarised in the form of a SWOT analysis set out in Table 3.6 below.

Table 3.6 Tonbridge & Malling Economic Characteristics SWOT

Strengths	• Workforce productivity (measured by GVA per job) is amongst the highest in West Kent, and exceeds the national average • Strong levels of job growth in recent years • Relatively high economic activity and low share of residents claiming out-of-work benefits • Strong enterprise indicators including business survival
Weaknesses	• Declining workforce productivity in recent years • Pockets of deprivation continue to persist and worsen, particularly in and around the Tonbridge and Medway Gap • Declining share of residents with higher level skills (NVQ4+)
Opportunities	• Relatively high levels of business start-up compared to regional and national averages • High and growing levels of self-employment present opportunities for increased entrepreneurial activity in the Borough • Working age population projected to increase over new Local Plan period • Economic growth opportunities presented by Covid-19 and increasingly hybrid working patterns
Threats	• Resident skills are insufficient to take advantage of new jobs created within high value sectors • Recent job losses in sectors such as manufacturing that have traditionally provided key sources of employment for the Borough • Ongoing business disruption caused by Brexit could threaten short term productivity and growth within key sectors locally (such as transport, wholesale, manufacturing etc) • Additional macro-economic threats that are expected to impact the future economic performance at international, national and local level.

4.0 Commercial Property Market Signals and Intelligence

4.1   This section provides an overview of the existing stock of employment space in Tonbridge & Malling Borough, as well as recent trends and changes to this stock of employment space. It then provides an overview of the local commercial property market, including recent trends in demand and supply. The analysis draws on data from the following sources:

- Latest commercial floorspace data from the Valuation Office Agency (VOA);

- Monitoring data on commercial floorspace from Kent County Council (this is presented by B Use Class (some of which now fall within Class E) reflecting its historic nature);

- CoStar property market data; and

- Discussions with a number of commercial property market agents currently active in the Borough and wider sub-region.

Stock of Employment Space

4.2   Tonbridge & Malling Borough contained around 993,000 sq.m of employment space according to VOA data (September 2021). This comprises 82% in industrial uses (i.e. light and general industrial and distribution) and 18% in office use.

4.3   The Borough's stock of overall employment space declined by 6.1% over the period between 2000 and 2021. During this period, an increase in employment space was recorded across Kent and the South East as a whole by 2.2% and 2.4%, respectively.

4.4   As shown in Figure 4.1, this rate has been driven by loss of industrial space, which has decreased by 9.5%. While the stock of local office space has increased over this time by 12.9%, the shorter-term trend (since 2012/13) has seen the Borough's office supply to gradually decline by 9.0% reflecting the changes following the introduction of prior approvals to residential in 2013.

Figure 4.1 Change in Office and Industrial Space in Tonbridge & Malling, 2000/01-2020/21
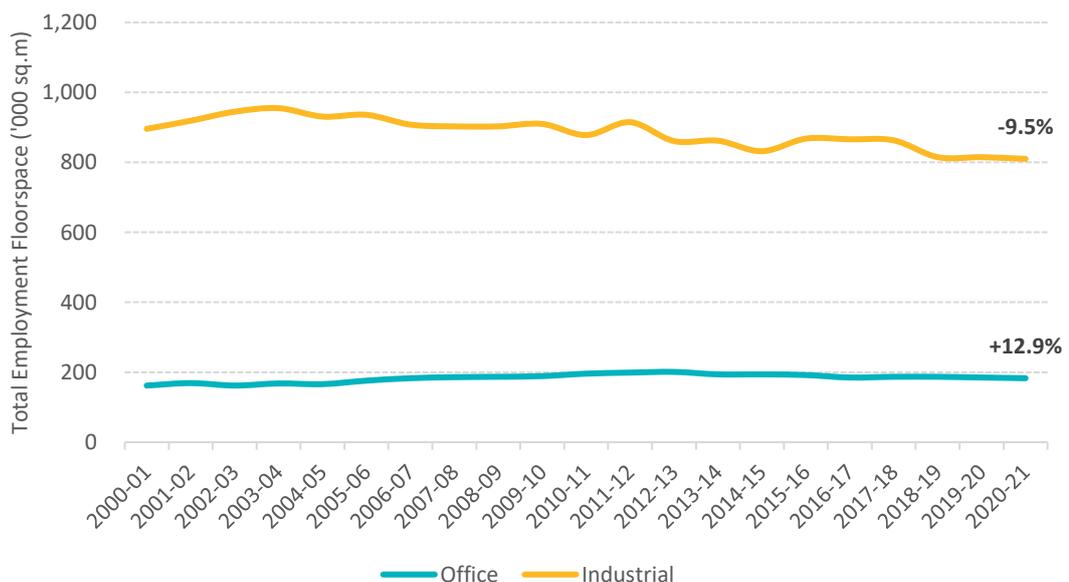
Source: VOA Business Floorspace Data (September 2021) / Lichfields analysis

4.5　　The Borough's employment stock comprises the second largest, following Medway, across the neighbouring local authorities as presented in Figure 4.2. This is the case despite the overall decrease in industrial floorspace over the last 21 years. In terms of office space, the Borough has also the second largest stock compared with its neighbouring authority areas.

Figure 4.2 Stock of Office and Industrial Space by Kent Local Authority, 2020/21
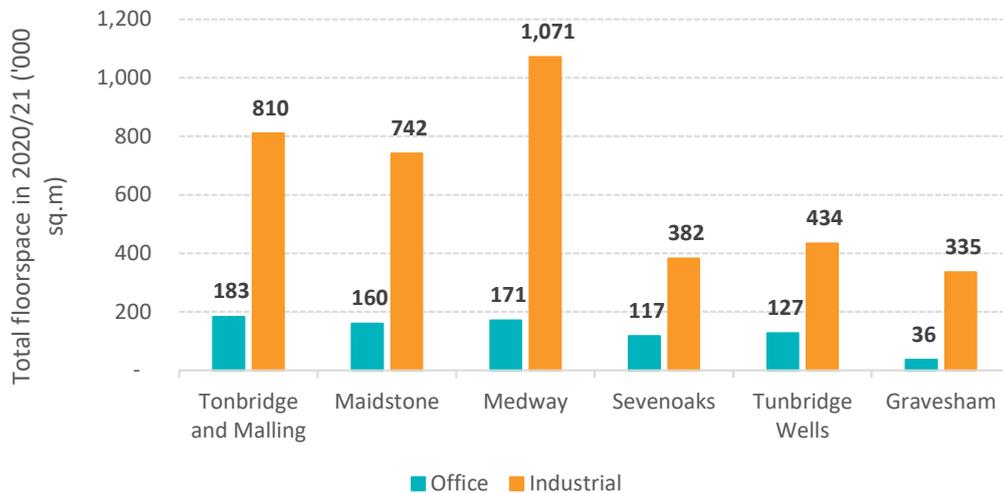
Source: VOA Business Floorspace Data (March 2021) / Lichfields analysis

4.6　　Across West Kent FEMA, the Borough concentrates the majority of industrial capacity and has also the largest portion of the office floorspace provision. It should be noted, however, that over the last five years, Tonbridge & Malling has seen a decrease of its industrial stock of 6.5% (according to VOA). Contrary, Tunbridge Wells has increased its industrial stock by 14.8% over the same period and Sevenoaks by 1.1%. However, in terms of office, over the last five years, the Borough has seen the smallest decline (i.e. -1.1%), compared with -9.9% seen in Tunbridge Wells and -7.9% in Sevenoaks.

Spatial Distribution

4.7　　The spatial distribution of employment space in Tonbridge & Malling is illustrated in Figure 4.3 using latest available property data from the VOA. This identifies the significant concentration of employment space found in Tonbridge, Medway Gap and Kings Hill which together accommodates approximately 80% of all employment space in the Borough as of 2021. Tonbridge, although the main town, it actually accommodates less employment floorspace compared to Kings Hill and Aylesford, equating to 13% of all employment space.

4.8　　Medway Gap plays an important role in accommodating the Borough's industrial and warehousing floorspace, equivalent to just over half (53%) of total floorspace in 2021, with the large industrial park in New Hythe playing a key role in the industrial supply position.

4.9　　On the other hand, in terms of office supply, Kings Hill concentrates 60% of the Borough's office floorspace, higher than any other town in Tonbridge & Malling. Figure 4.3 shows this concentration of office floorspace in the Borough.

4.10　　Elsewhere, smaller clusters of employment space are located in and around the settlements of East Peckham, Borough Green, Wrotham Heath as well as within the more rural areas of the Borough closer to main road networks.

Figure 4.3 Spatial Distribution of Employment Space in Tonbridge & Malling, 2021
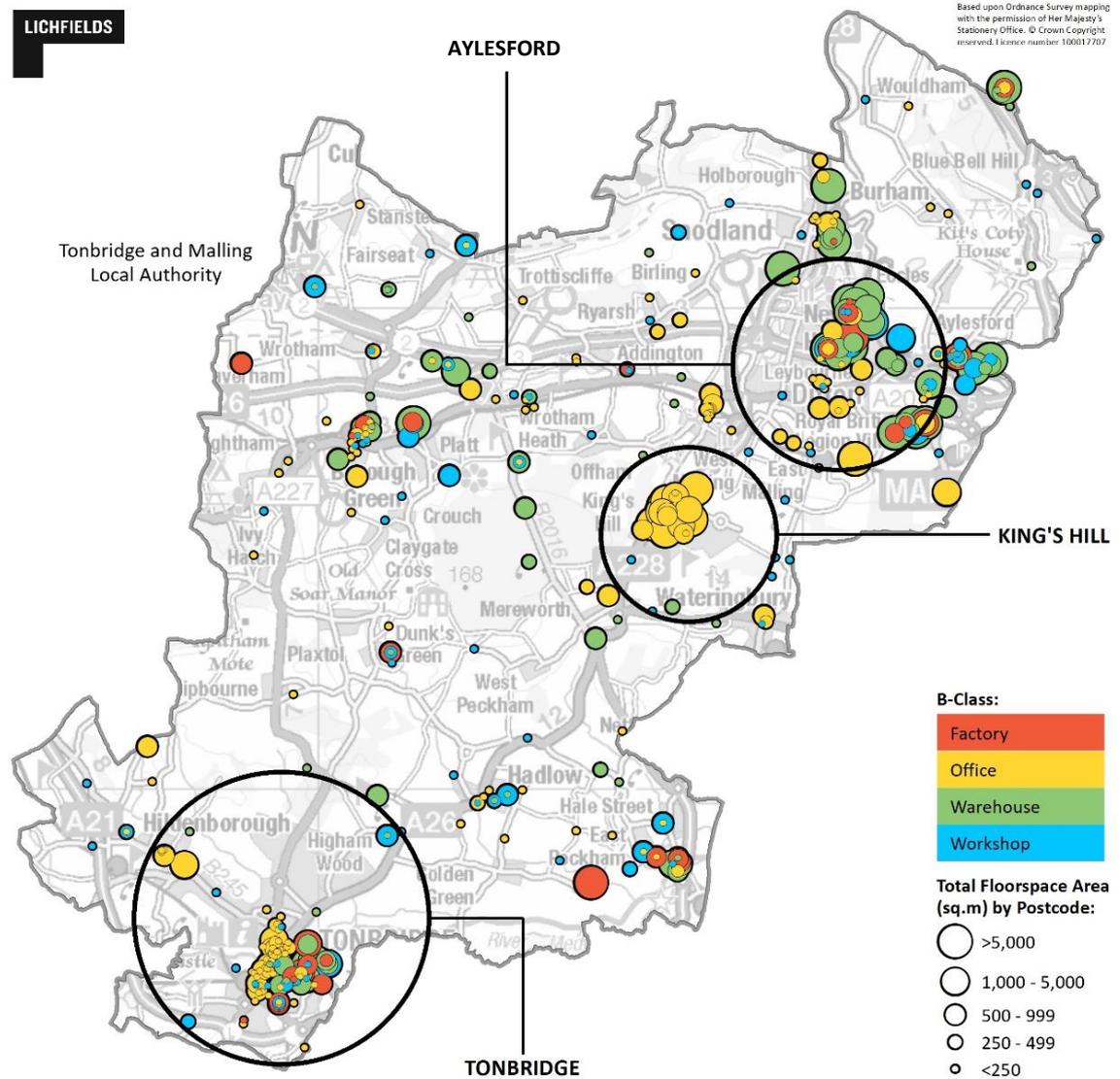
Source: VOA Business Floorspace Data 2021 / Lichfields analysis

Table 4.1 Spatial Distribution of Employment Space in Tonbridge & Malling, 2021

Location	Office	Factories & Workshops	Warehouses	Total Employment Space
Tonbridge	12%	18%	12%	13%
Medway Gap	12%	54%	69%	53%
Kings Hill	60%	0%	0%	14%
Rest of District	16%	28%	19%	20%

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

Historic Development Rates

4.11   An analysis of the monitoring data has been provided by the Council covering the period 2010/11 to 2020/21. This provides an overview of the scale and nature of employment development per annum occurred within the Borough over the last decade.

Gross Completions

4.12   Over the 2010/11 to 2020/21 period, the total amount of employment space completed in Tonbridge & Malling equated to around 260,910 sq.m, which is equivalent to an annual average gross completion rate of 23,720 sq.m.

4.13   The highest portion of the gross completions, i.e. 37%, relates to the development of storage and distribution floorspace, followed by mixed B Class developments (21%) and light and general industrial (19%). Office completions represent 11% of the total and B1 mixed 12%.

4.14   As shown in Figure 4.4, the level of new B class development in T&M Borough peaked in 2014/15 delivering a total of over 76,930 sq.m. This single year of development accounted for around 29% of all gross completions in the Borough across the monitoring period. Two important schemes were completed in 2014/15, namely the redevelopment of the Former Paper Mill Site (c.18,000 sq.m of mixed B Use Class space) and the redevelopment of the Former SAICA Premises (c.10,000 sq.m of B8). Other significant gross completions are recorded in 2016/17 (45,620 sq.m), 2017/18 (38,080 sq.m) and 2020/21 (32,830 sq.m each). Another large scheme across the monitoring period was the DHL Supply Chain Warehouse in Laverstore Road that was completed in 2017/18 (21,000 sq.m).

Figure 4.4 Gross Completions of Employment Space in Borough, 2010/11 – 2020/21
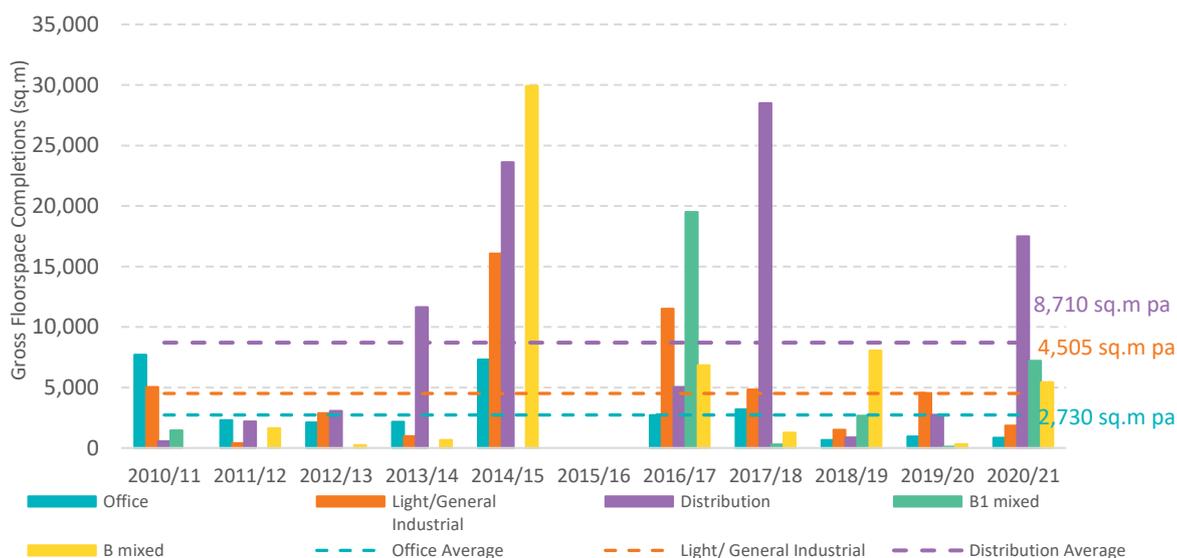
Source: Tonbridge & Malling Council

4.15   Across the monitoring period, annual average gross completion rates for distribution (B8 Class) equated to 8,710 sq.m per annum (pa), which was much higher than the annual average gross completion rate of the rest of the Use Classes as presented in the figure above. In particular, the light and general industrial space (B1c/B2) averages at 4,505 sq.m pa, the office at 2,730 sq.m pa, B1 mixed at 2,840 sq.m pa and, finally, B mixed at 4,950 sq.m pa.

4.16   Gross completions of industrial and distribution space increased from 2013 onwards dominated by B8 developments. In terms of gross office completions, the most notable years of development were 2010/11, 2014/15 and 2017/18 with more than the annual average across the monitoring period. Finally, there was a significant B1 mixed development in 2016/17 related to change of use of the Snodland Paper Mill in Mill Street from storage to office and light industrial uses (19,500 sq.m).

Losses

4.17   Losses of B class employment space in the Borough over the period 2010/11 to 2020/21 equated to around 430,400 sq.m or 37,450 sq.m pa. This represents a significant loss of 49% of the employment stock as recorded by VOA for 2010/11 (i.e. 878,000 sq.m).

4.18   As illustrated in Figure 4.5, significant losses of employment space took place in 2016/17 with a total loss of 149,050 sq.m in that year, mainly related to the demolition of Aylesford Newsprint in Bellingham Way. This year alone equated to around 35% of the total losses of B class employment space recorded in the Borough over the monitoring period. Moreover, significant losses were recorded in 2014/15 in relation to the loss of the a warehouse located where the Valley Invicta Primary School at Kings Hill developed as part of Kings Hill Phase 3 residential-led development (relating to a loss of 46,785 sq.m of B8).

Figure 4.5 Losses of Employment Space in Tonbridge & Malling Borough, 2010/11 – 2020/21
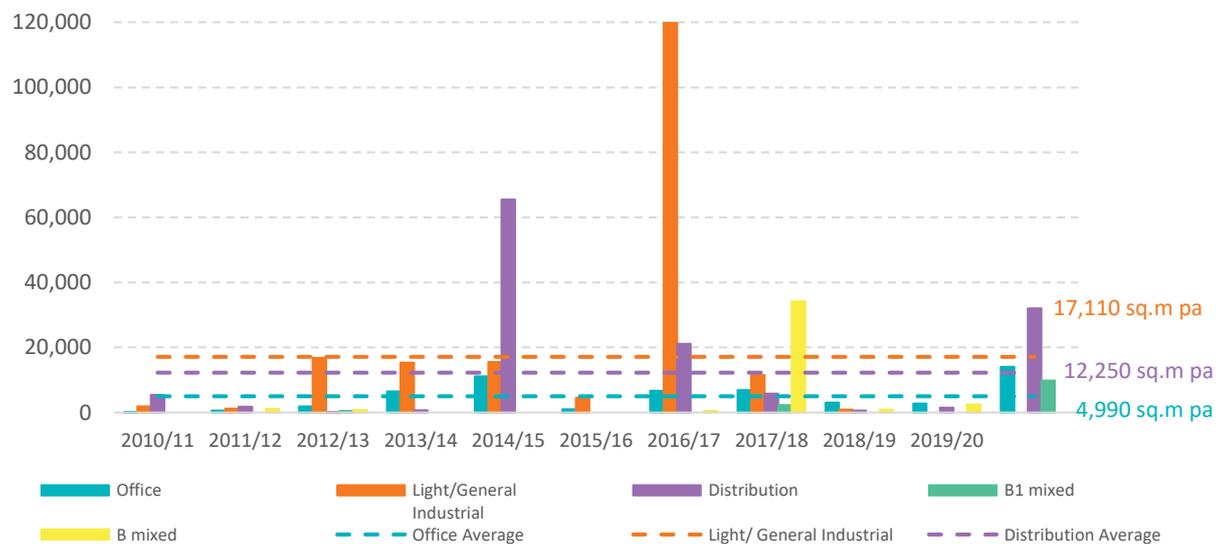
Source: Tonbridge & Malling Council

4.19   Around 44% of losses relate to light/general industrial, followed by distribution (31%). Offices recorded a loss of 13%, while B1 mixed recorded losses of 2.9% and B mixed of 9%.

Net Completions

4.20   Across the monitoring period, the Borough has recorded a total net loss of over 169,490 sq.m equivalent to an annual average net loss of 15,410 sq.m. Net losses have been recorded across all the types of space, apart from B1 and B mixed that saw a net gain of 18,660 sq.m and 14,400 sq.m across the monitoring period, respectively. Light and general industrial seen the highest loss of 81.8% or 138,660 sq.m. This is followed by storage and distribution, with a net loss of 23.0% or -39,040 sq.m. Finally, offices losses equate to 24,860 sq.m across the monitoring period, representing 14.5% of the total net losses (Figure 4.6).

4.21   In overall terms, this resulted in a significant decrease in the stock of industrial space (-20%) and a decline in the stock of office space (-13.5%) in Tonbridge & Malling over the monitoring period 2010/11 to 2020/21. This is consistent with the trends recorded by VOA for the same period, however the scale of losses recorded by the Council's data is significantly higher.

Figure 4.6 Net Completions of Employment Space in Tonbridge & Malling, 2010/11 – 2020/21
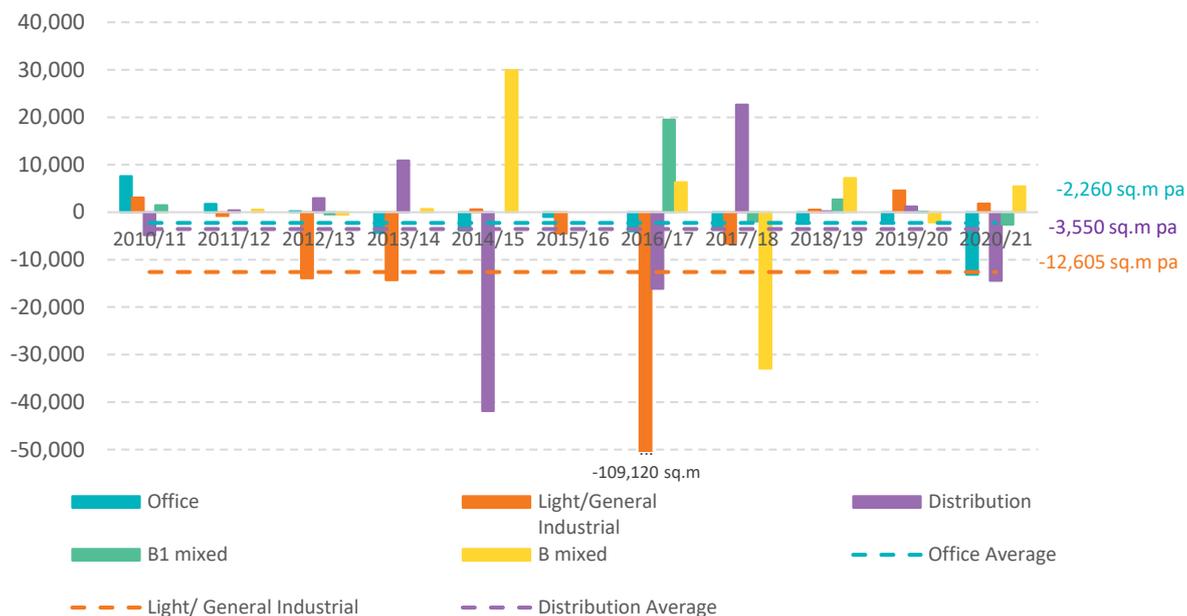
Source: Tonbridge & Malling Council

Property Market Signals

Offices: National and Regional Trends

4.22 According to the RICS UK Commercial Property Survey[3], the economic outlook has brightened compared to previous quarters during the Covid-19 pandemic, due in part to the UK's successful rollout of the vaccination programme. The pandemic hit the office market especially hard across the country. 2021 survey shows that the office market remains weak, with a rise in availability of leasable office space across the UK. Many businesses across the country are expected to scale back their office footprint to some extent over the next two years.

4.23 In Kent, vacancy levels in the office market reached a two-year high in 2021 of 3.2%; however, compared to both the national and the market's long term averages, the vacancy remained tight due to limited new development within the region over the past decade. Leasing activity in Kent since the onset of the pandemic has primarily been at the smaller end of the market, with the leasing of large spaces drying up almost completely.

4.24 The most significant deal was the K&T Heating Services' 18,000 sqft lease of 15 Crossways Point in Dartford in October 2020. The reintroduction of lockdown meant leasing activity once again fell in 2021. While the pandemic is a major factor hampering leasing, the market has also suffered from a lack of sizeable modern space in recent years. This meant that even pre-pandemic deals in the market tended to be on the smaller end of the scale over the past decade, with limited major construction acting as a barrier for larger companies entering the market.

4.25 Asking rents in Kent followed the national trend which has declined over the past year or so, with rents beginning to contract last year. Rents currently stand around £17.50 per sqft. At this level, the market is among the most affordable in the South East.

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[3] RICS (2021); UK Commercial Property Survey

Local Office Market

4.26   The office market in Tonbridge & Malling is dominated by Kings Hill, a high-quality business park forming part of the 265ha mixed-use redevelopment of the former West Malling airfield. The site accommodates the majority of enquiries for modern, larger scale and higher specification premises, with the remainder of the Borough characterised by relatively small scale, localised office markets and demand. The most notable deals included Blackstone's acquisition of the 34 Tower View Kings Hill (19,000 sqft), which is estimated to account for around £8.2 million of the total sale price.

4.27   The emergence of local authorities leveraging their ability to borrow from the Public Works Loan Board (PWLB) also continued to support volumes last year. The most notable of these deals was Kent County Council's acquisition of the premises at 1 and 42 Kings Hill Avenue for £23 million, reflecting a net initial yield of 7%, in January 2020 from Liberty Property Trust. The motivation behind the purchase is understood to be the excellent quality of the space while to also *"reaffirm its long-standing commitment to Kings Hill […] and present a strong investment opportunity for the council."* The council has been a development partner of Liberty at Kings Hill for over 30 years. However, following the review into council property investment completed in July 2020, such activity is likely to slow in the future.

4.28   Discussions with property agents have suggested that the post Covid office market performance has been slowly picking up again. The majority of requirements for office space are for smaller premises of 500 sqft to 1,000 sqft (c. 45 sq.m to 90 sq.m) as a result of flexible working. There have been three larger requirements for 5,000 sqft to 8,000 sqft (c 450sq.m to 750 sq.m) within the wider West Kent FEMA. In Tonbridge there is currently an oversupply of office space, which agents estimated at approx. 36,000 sqft. This suggests that demand for office space in the town centre has seen slow take-up in the last six months. On the other hand, Kings Hill is performing well and seeing strong take-up for high-quality small to medium size office space.

Take-Up by Size

4.29   According to latest CoStar property data, total office take-up (leases & sales) in Tonbridge & Malling over 2011-2021 period has amounted to 172,506 sq.m, with an annual take-up figire of 15,700 sq.m. Over two-thirds (68%) of this was attributed to larger offices of 1,000 sq.m to 9,000 sq.m and 12% of the total take-up was made up of small offices of less than 250 sq.m in size, as shown in Figure 4.7. Take-up declined during the Covid-19 pandemic with annual take-up in 2020 and 2021 being around 3,000 sq.m. This has decreased the five-year take up to 11,500 sq.m (-27%).

Figure 4.7 Office Take-up by Size in Tonbridge & Malling, 2011-2021

Source: CoStar (2021) / Lichfields analysis

4.30   Figure 4.7 also shows the number of transaction by size of office space; in total 252 leases and 74 sales were recorded over the 11 years, an average of 23 leases and 7 sales per year. It should be noted that 66% of all transactions were attributed to small-sized offices of up to 250 sq.m.

4.31   Discussions with property agents in 2022 suggested that the office market take-up in late 2021/22 has picked up, with the majority of activity in sales and leases being concentrated in Kings Hills. The majority of take-up has been for small office spaces for up to 250 sq.m and 250-500 sq.m with a few transactions for larger premises of 1,000- 9,000 sq.m.

Stock Age and Quality

Table 4.1 overleaf summarises the age and quality of existing office stock in Tonbridge & Malling according to the latest CoStar data. This shows that nearly one third (30%) of properties were built before the 1980's, with 61% of office floorspace built before the 2000's. This suggests that the existing office stock in the Borough comprises a more significant proportion of older premises compared to its newer stock post-2000s, which represents 39% of the total existing office floorspace.

Table 4.1   Age and Quality of Existing Office Space in Tonbridge & Malling (2021)

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Age of Stock				
Pre 1940s	23	17%	10,185	6%
1940s-1980s	18	13%	10,603	6%
1980s-2000s	43	31%	54,958	33%
Post 2000s	53	39%	91,250	55%
Total	**137**	**100%**	**166,995**	**100%**
CoStar Star Rating				
1-2 Stars	27	62%	16,545	10%
3 Stars	109	37%	147,105	88%
4-5 Stars	1	1%	3,345	2%
Total	**137**	**100%**	**166,995**	**100%**

Source: CoStar (2021) / Lichfields analysis

4.32   In terms of quality, CoStar's star 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 4.1, the Borough's office stock generally falls within the lower star categories, with just one property (accommodating 2% of total office stock) characterised by 4-5-star rating. This property is the 32 Tower View in Kings Hill.

Office Availability

4.33   CoStar data indicates that current availability of office floorspace equates to approximately 11% of total office stock. Available floorspace is defined as space that is being marketed as available for lease or space, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. As shown in Figure 4.8, much of this available floorspace falls across four large office premises (1,000 sq.m- 9,000 sq.m), although there are also 23 available office premises in the smaller size category (up to 250 sq.m).

Figure 4.8 Availability of Office Floorspace in Tonbridge & Malling (2021)
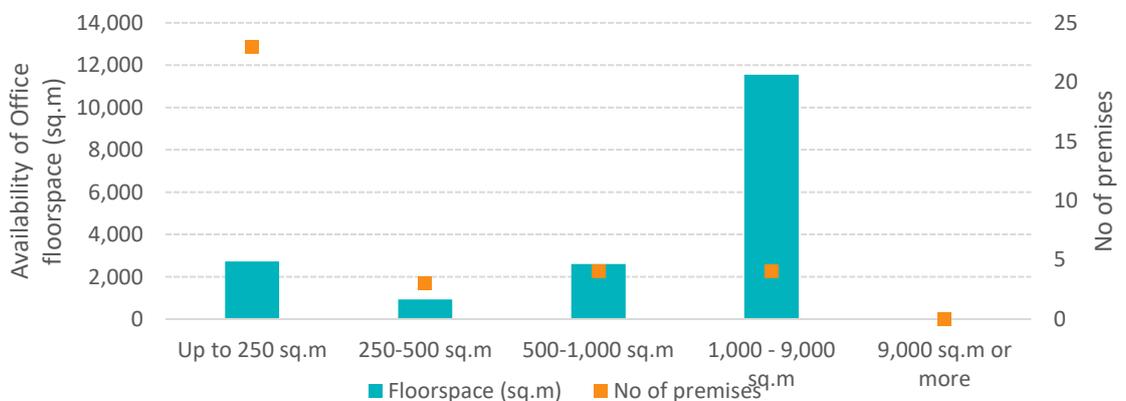
Source: CoStar (2021) / Lichfields analysis

4.34   Table 4.2 shows available office supply set against 11-year and 5-year average take-up in the Borough. Based on this, for office floorspace there is currently estimated to be 1.14 years' supply taking into account the 11-year take-up average. Compared with the 5-year average take-up, this equates to 1.54 years' worth of office supply.

Table 4.2 Years of Available Office Supply in Tonbridge & Malling

	Office
Annual Average Take-Up 2011-2021	15,682sq.m
Available Supply	17,821 sq.m
Years of Available Supply	**1.14**
Annual Average Take-up 2017-2021	11,546 sq.m
Available Supply	17,821 sq.m
Years of Available Supply	**1.54**

Source: CoStar (2021) / Lichfields analysis

Vacancy Trends

4.35   Figure 4.9 provided by CoStar shows latest office vacancy trends in Tonbridge & Malling and a forecast for future vacancy levels to 2026. Overall, the trend shows the Borough as having relatively low levels of office vacancy over time. The highest vacancy level recorded in the last 10 years was in 2013 where vacancy levels reached 11.5%. In 2021, the vacancy level stands at 4.5%, having doubled since 2019 levels of 2.3%. This suggests that the Covid-19 pandemic has had an impact on the Borough's existing office stock, with vacancy expected to remain above pre-pandemic levels according to CoStar's forecast.

Figure 4.9 Office Vacancy Rates in Tonbridge & Malling
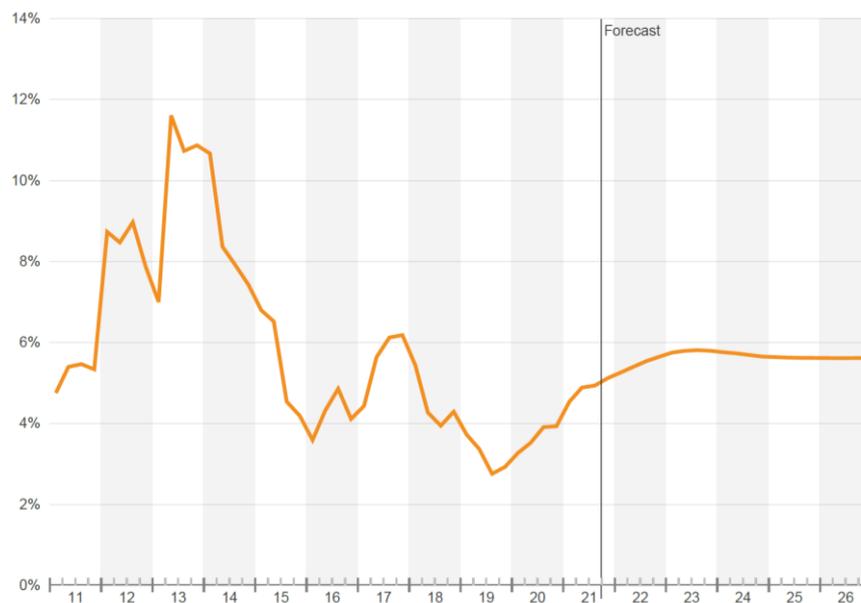
Source: CoStar (2021)

Office Rents

4.36   Office rents in Tonbridge & Malling are relatively affordable within the South East context, but it is one of the most expensive across Kent. In particular, Sevenoaks reports the highest rents at £22.80 per sqft, followed by Tonbridge & Malling at £22.78 pe sqft. Tunbridge Wells has the

forth highest rents at £19.61 per sqft, following Dartford (£21.71 per sqft). The rest of the Kent authorities have a market rent between £15.07 per sqft (Thanet) and £18.38 per sqft (Maidstone).

4.37   Figure 4.10 shows the historic market rent trend alongside a forecast for the next five year. The asking rent represents the monetary value the lessor is asking to lease their premises. The asking rent had been above the market rent value for offices from 2011 to 2015. Then from 2016 to 2020, the asking rent had fallen below the market rent achieved. In 2021, asking rents overtook market rents to a rental value of £23 per sqft. There are many possible reasons for this; looking at the vacancy trends, asking rents may have decreased as soon as vacancy levels spiked in the Borough and could have remained low during the pandemic to ensure premises remained occupied. The market rent is forecast to remain at a similar rate up until 2026 (+1.6%), increasing slightly to around £23.5 per sqft.

Figure 4.10 Market Office Rent and Asking Rent Price in Tonbridge & Malling (per sqft)
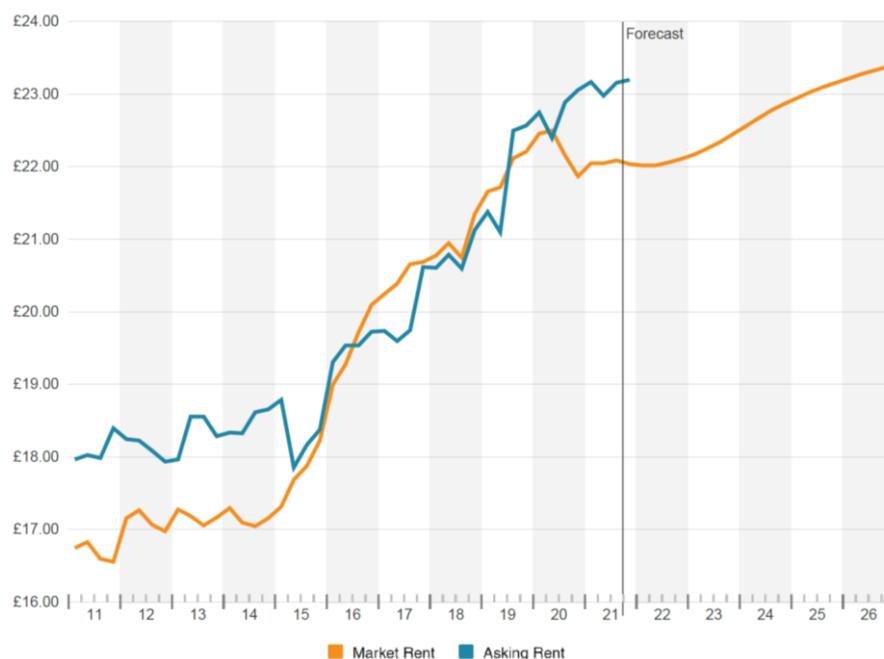
Source: CoStar (2021)

Industrial: National and Regional Trends

4.38   The national outlook for the industrial and logistic sectors was positive in 2021, according to the RICS Commercial Property Market Survey. Occupier and investor demand have begun to accelerate across the industrial sector, while activity remains subdued across the retail and office sectors. In the UK, the supply of industrial space continues to tighten with expectations of further industrial rental growth.

4.39   In Kent, the industrial occupier market has performed strongly in recent years fuelled by robust occupier demand, primarily from third-party logistic operators, online retailers and supermarkets. The structural shift towards e-commerce has necessitated improved distribution and logistics sectors with notable arrivals to the market, including Aldi, TNT, DHL, Dixon Carphone and Amazon. Such arrivals have seen net absorption in Kent outpace new supply additions, resulting in tight vacancies (at 3.4%) in Kent which is below both the long-term market average and the national average.

4.40 During the pandemic, continued demand had seen vacancies remain low, outpacing the new industrial floorspace supply. Average rental values in Kent are currently around £9.30 per sqft, representing an increase of about 40% over the past five years; among the strongest in the country. This growth has pushed rents in Kent past those in Brighton, East Sussex and the South Coast markets, in the process closing the gap to the South East regional average to well below £1 per sqft.

4.41 Investor appetite for Kent industrial assets has remained strong during the Covid-19 crisis. More than £200 million traded in 2020, well ahead of the market's long-term average (of £161 million).

Local Industrial Market

4.42 Tonbridge & Malling is highly regarded as an industrial location particularly in relation to warehousing and distribution activity. The Borough benefits from good access to strategic routes alongside availability of industrial land and cost advantages over nearby centres.

4.43 The nature and scale of demand varies across the Borough, with Medway Gap representing the largest and most significant industrial location in Tonbridge & Malling, attracting the strongest levels of market demand. The town and its industrial areas lie directly on the M20 and tend to compete within the wider M20/M2 industrial market corridor for generally footloose occupiers and large-scale requirements (typically over 50,000 sqft). Tonbridge has traditionally been a strong industrial location building on its print heritage and accommodates a mix of industrial uses but with a particular focus on distribution.

4.44 Vacancies in Tonbridge & Malling for industrial floorspace have remained steady over the past year or so. This is despite slow leasing activity as a result of the pandemic and subsequent mitigation measures. In 2021, activity has been stronger with a number of significant deals within the Borough including the Arc Logistics Park in Snodland (71,000 sqft letting in February 2021), Hermes Parcelnet Priory Park in Aylesford (11,000 sqft letting in January 2021) and a 21,000 sqft transaction at Deacon Trading Estate in January 2021.

4.45 Discussions with property agents suggested that the industrial market in Tonbridge & Malling has been incredibly buoyant resulting in strong demand for industrial units during 2022 Q1. Vacancies across the market have remained tight at around 2.1%, as a result of limited development activity and steady demand absorbing new supply quickly. This has been the case with the new 100,000 sqft industrial logistic premise (which will include 15 units of different scale) in the Tonbridge Trade Park expected to be completed in 2022Q2 and has already been purchased to North Wood.

Take Up by Size

4.46 Total industrial take-up (i.e. sales and leases) in Tonbridge & Malling over the 2011-2021 period amounted to 576,570 sq.m, according to latest CoStar data. Over two-thirds (75%) was attributed to large industrial premises of 1,000-9,000 sq.m in size, with a further 12% falling in the medium size bracket (500-1,000 sq.m), as shown in Figure 4.11. The total quantum of take-up has declined over recent years following peaks in 2011, 2013 and 2017, albeit increasing more recently in 2021.

Figure 4.11 Industrial Take-Up by Size in Tonbridge & Malling, 2011-2021
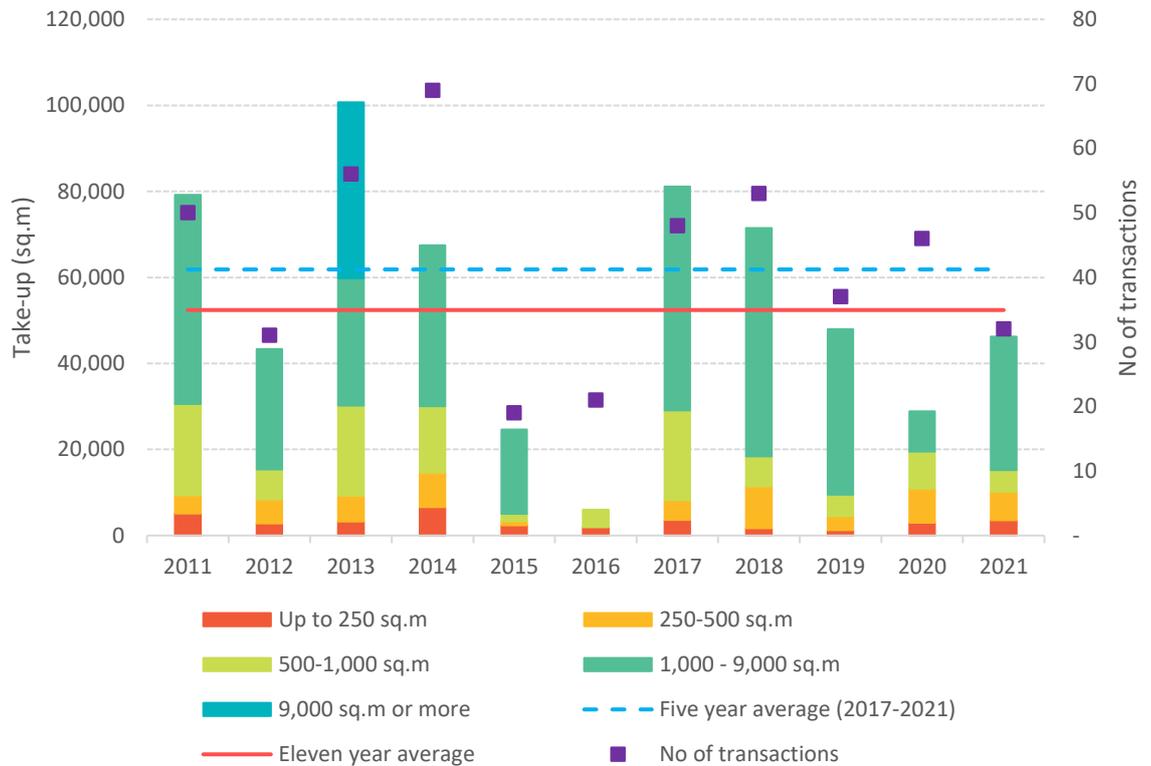
Source: CoStar (2021) / Lichfields analysis

4.47   Figure 4.11 also shows the number of transactions by size of industrial premises; in total 339 leases and 123 sales were recorded over the last 11 years, an average of 31 leases per year and 11 sales per year. Around 29% of all transactions were attributed to small-sized industrial units of up to 250 sq.m.

4.48   Discussions with agents suggested that take-up in late 2021/22 was very strong in line with levels as shown in 2018. The main transaction worth of note was the 100,000 sqft brand new industrial logistics units in the Tonbridge Trade Park which has been sold to North Wood. It was also noted that third party logistics providers have also been very active in 2021, with Hermes Parcel taking up around 20,000 sqft in the Tonbridge & Malling market across a number of units.

Stock Age and Quality

4.49   Table 4.3 below summarises the age and quality of existing industrial premises in Tonbridge & Malling according to latest CoStar data. This shows that the Borough's stock of general and light industrial is comparably newer than its storage and distribution stock, although almost 30% of warehousing floorspace was built post 2000 (while the equivalent in industrial is 50%).

Table 4.3 Age and Quality of Existing Industrial Space in Tonbridge & Malling (2021)

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
Age of Stock- General & Light Industrial				
Pre 1940s	4	4%	3,842	3%
1940s-1980s	24	26%	30,134	26%
1980s-2000s	30	32%	24,275	21%
Post 2000s	36	38%	57,425	50%
Total	**94**	**100%**	**115,675**	**100%**
Age of Stock- Storage & Distribution				
Pre 1940s	6	5%	2,896	1%
1940s-1980s	29	22%	112,940	21%
1980s-2000s	56	43%	275,234	51%
Post 2000s	38	29%	149,993	28%
Total	**129**	**100%**	**541,062**	**100%**
CoStar Star Rating- General & Light Industrial				
1-2 Stars	24	26%	17,370	19%
3 Stars	69	73%	97,565	67%
4-5 Stars	1	1%	741	14%
Total	**94**	**100%**	**115,675**	**100%**
CoStar Rating- Storage & Distribution				
1-2 Stars	38	29%	92,883	17%
3 Stars	84	65%	380,466	70%
4-5 Stars	7	5%	67,713	13%
Total	**129**	**100%**	**541,062**	**100%**

Source: CoStar (2021) / Lichfields analysis

4.50   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 stars).

Industrial Availability

4.51   CoStar data indicates that current availability of industrial floorspace equates to 4% of the Borough's total industrial stock, at around 29,070 sq.m. Figure 4.12 highlights the size bands of the available industrial floorspace in the Borough. Across a total of 22 premises, 40% are 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 the Borough, 90% is attributed to storage and distribution uses.

Figure 4.12 Availability of Industrial Floorspace in Tonbridge & Malling (2021)

■ General & Light Industrial Floorspace (sq.m) ■ Storage & Distribution Floorspace (sq.m)

■ No of premises
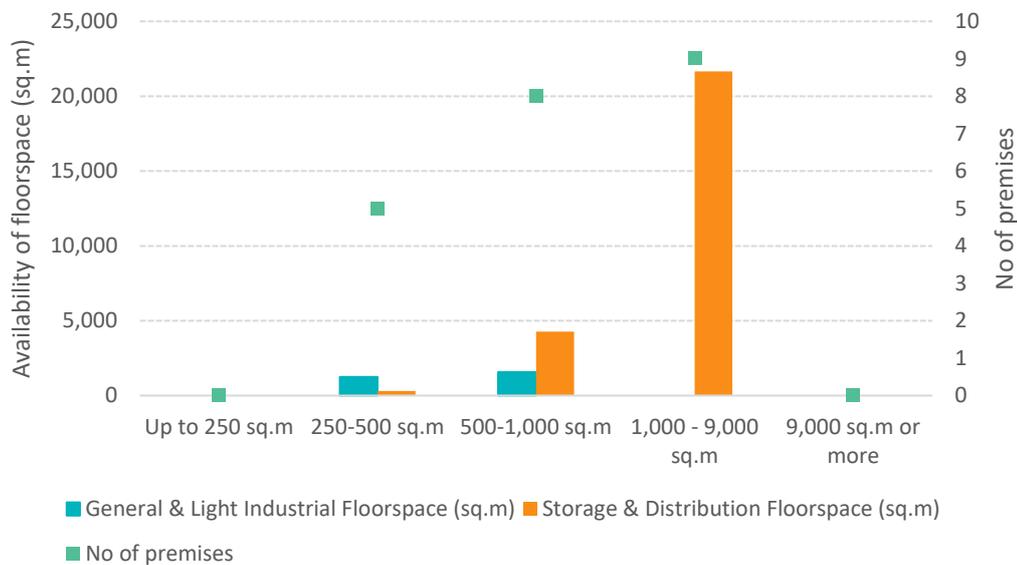
Source: CoStar (2021) / Lichfields analysis

4.52   Table 4.4 shows the available industrial supply set against 11-year and 5-year average take-up in the Borough. Based on this, for industrial floorspace there is estimated to be just 0.55 years' supply considering the 11-year take up average and 0.47 year's supply considering the 5-year take-up average. This shows that there is not enough supply to fulfil the levels of demand as recorded by CoStar.

Table 4.4 Years of Available Industrial Supply in Tonbridge & Malling

	Industrial
Annual Average Take-Up 2011-2021	52,415 sq.m
Available Supply	29,070 sq.m
Years of Available Supply	**0.55**
Annual Average Take-up 2017-2021	61,853 sq.m
Available Supply	29,070 sq.m
Years of Available Supply	**0.47**

Source: CoStar (2021) / Lichfields analysis

Vacancy Trends

4.53   Figure 4.13 provided by CoStar shows latest industrial vacancy trends in Tonbridge & Malling, as well as a forecast for future vacancy levels to 2026. Overall, the trend shows low levels of industrial vacancy which has reduced significantly following a peak in 2012. In 2021, the vacancy rate stands at just 2%, indicating that the Covid-19 pandemic has had minimal impact on the Borough's existing industrial stock, which has remained primarily occupied.

Figure 4.13 Industrial Vacancy Rates in Tonbridge & Malling

Source: CoStar (2021)

4.54   In part, this is due to the limited supply of industrial floorspace in the area as shown by the availability of existing floorspace (Figure 4.12), which is currently only attributed to 22 premises across the Borough.

Industrial Rents

4.55   Industrial rents in Tonbridge & Malling have increased by around 45% over the past five years, with market rents standing at around £9.50 per sqft in 2021 and increased to £10.18 in 2022. This is slightly more expensive than more of Kent's authorities with only Dartford (£12.34 per sqft), Sevenoaks (£11.71 per sqft), Gravesham (£10.94 per sqft) and Tunbridge Wells (£10.40 per sqft) reporting higher rents. The market rent is forecast by CoStar to continue to grow by 2026, up to over £11 per sqft.

Figure 4.14 Market Industrial Rent and Asking Rent Price in Tonbridge & Malling (per sqft)
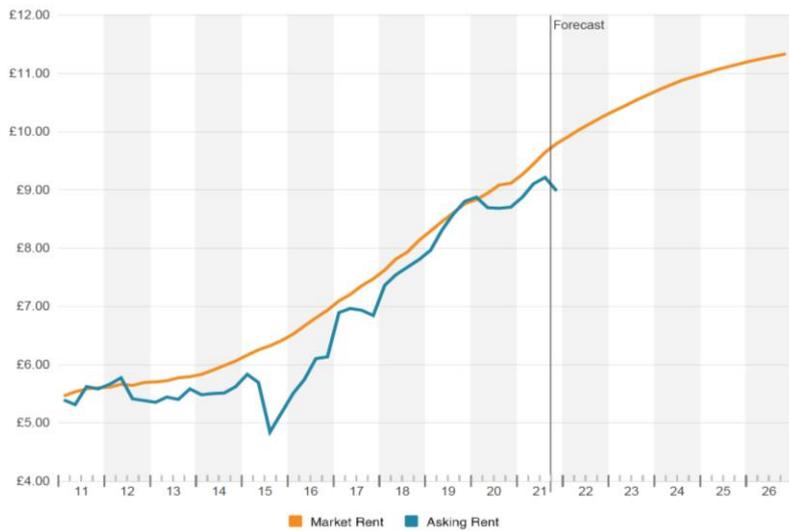
Source: CoStar (2021)

4.56   Figure 4.14 also shows that from 2011 to 2021 the asking rent has generally remained below the market rent value for industrial floorspace in the Borough. This could potentially be explained by the historic vacancies that where higher followed by the uncertainty around the pandemic.

Summary

4.57   The key points in terms of commercial property market trends and dynamics in Tonbridge & Malling Borough can be summarised as follows:

    a   The employment stock in the Borough has decreased by 466,500 sq.m (-43%) since 2010/11 based on the Council's monitoring data. Roughly two thirds of the loss is attributable to industrial and distribution floorspace, with the remaining relating to office, mixed B1 and mixed B Use space. Most of this loss relates to the redevelopment of Former Aylesford Newsprint site which is undergoing and will be replaced by a large distribution centre (Panattoni Park Aylesford). In addition, Vantage Point North in Snodland will also enhance the supply. Therefore, although there is loss of employment space this is not at the scale suggested by the records currently.

    b   There is buoyant demand in the Borough's industrial market which is consolidated by the consistently low vacancy levels (around 2%). The tight supply in industrial space and lack of new space being brought forward historically contributed to this low vacancy levels. The industrial supply totals over 29,070 sq.m and against the take-up (i.e. transacted space per annum) recorded by CoStar there is just half year of remaining supply. Market rent has also being increasing standing currently at £10.2 per sq ft which is above Kent's average.

    c   The Borough is generally perceived as a good industrial location, and throughout the Covid-19 pandemic the Borough continued to see high levels of take-up of industrial floorspace and relatively low vacancy levels compared to other submarkets within Kent. Nevertheless, much of the Borough's industrial stock is ageing and of a relatively poor quality. However, discussions with agents have suggested that there have been new logistics premises delivered in Tonbridge Trade Park in Vale Road to meet the demand.

    d   The office market in Tonbridge & Malling is smaller in scale and remains weaker than the industrial market, with Kings Hill and Tonbridge representing the only recognised office centres with notable concentrations of office stock. The key challenge in the current market is a reported lack of good quality office accommodation coupled with a lack of recent office development. It was also highlighted by agents that Tonbridge has seen less take up in office space and that the majority of occupants are looking for smaller office spaces to meet their needs as a result of increased flexible working practices.

5.0 Future Requirements for Employment Space

5.1 This section considers future economic growth needs in Tonbridge & Malling by drawing on several methodologies that are guided by the Planning Practice Guidance and aligned with the National Planning Policy Framework ('NPPF'). These scenarios are used to inform an assessment of future employment space needs for office, industrial and distribution uses over the Plan period between 2021 and 2040.

Methodology

5.2 The NPPF (July 2021) requires local authorities to "*set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration*" (para 82.a).

5.3 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 developed in this study to provide a framework for considering future economic growth needs and employment space requirements in Tonbridge & Malling up to 2040. In line with the PPG, these future scenarios draw upon:

1 Projections of employment growth **(labour demand)** within the main office and industrial sectors derived from economic forecasts produced by Experian (September 2021);

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

3 Estimates of local **labour supply** growth based on demographic assumptions applied as part of the Tonbridge & Malling Housing Delivery Study (emerging) suggesting a Standard Method local housing need figure of 839 dpa.

5.4 All of these approaches have limitations and consideration needs to be given as to how appropriate each is to the circumstances in Tonbridge & Malling. Further, to be robust, the economic growth potential and likely demand for employment space in the Borough needs to be assessed under a variety of future scenarios, to reflect both lower and higher growth conditions that could arise in the future.

5.5 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.

5.6 Outputs from these scenarios are presented for the new Local Plan period from 2021 to 2040.

Scenario 1: Labour Demand

5.7 Employment growth forecasts for the Borough during the period to 2040 were obtained from Experian's September 2021 release (the latest available at the time of analysis). These take account of the latest Covid-19 position and revised macroeconomic assumptions more widely, including the Brexit agreement. They are used to consider impacts of the Covid-19 pandemic on the District's economy, both in the short term and the effect on its forecast growth over the longer-term Plan period. These local level employment forecasts are consistent with Experian's September 2021 UK macro forecast, with further detail on key assumptions summarised below.

Experian Scenario Assumptions: September 2021

The latest quarterly national accounts (published 30th September 2021) showed that, since the pandemic struck causing the UK economy to suffer a fall of 9.9% in GDP over 2020, the economy has bounced-back modestly in the first half of 2021. The level of GDP is now 3.3% below pre-pandemic levels in 2019Q4.

Despite the continued improvement in the UK labour market, the end of the furlough scheme in September and potential labour shortages show the recovery is not yet complete. According to the latest Coronavirus Job Retention Scheme (CJRS) statistics, just over 1.5 million people remain on furlough as of the 31st July 2021. Although falling, the value remains high, representing the delay in the easing of full restrictions and therefore, we may see a tempering of momentum and renewed up-tick in the unemployment rate in the third or fourth quarter of this year.

The latest snapshot for the UK economy suggests that output could stage a full return to pre-pandemic levels by the first quarter of next year, which is slightly later than our previous expectation of 2021Q4. The delay is a result of the third lockdown which took place in January 2021 along with rising Covid-19 cases as the Delta variant spread to the UK in mid-June. Nonetheless, we are optimistic in the bounce-back, which we expect to be driven by business investments and consumer spending.

The confidence index stood at (a still negative) -8 in August 2021 but surpassing pre-pandemic levels for the second month in a row, a result of the successful vaccine rollout and continued easing of restrictions. Although output growth contracted slightly (-1.4%) in 2021Q1, this preceded to a strong rebound in the second quarter (revised +5.5% from +4.8% which was used in our forecasts) of 2021, and we expect a modest growth in third and fourth quarter (+4.2% and +1.5%, respectively) of the year.

5.8 Reflecting the greater than usual degree of uncertainty and variability attached to the most recent forecasts, they may need to be re-considered closer to the Local Plan examination stage depending on how the economic situation changes in the intervening period.

Implied Employment Change

5.9 Table 5.1 summarises employment change implied by the latest Experian forecasts by office, industrial and distribution uses as well as total employment change over the new Local Plan period. This includes an allowance for jobs in other sectors that typically use office, industrial or warehousing space.

Table 5.1 Forecast Employment Change in Tonbridge & Malling Borough, 2021-2040

Use	Number of Workforce Jobs		Change (2021-2040)
	2021	**2040**	
Office E(g)(i)/(ii)	15,985	19,820	+3,835

Use	Number of Workforce Jobs		Change (2021-2040)
	2021	2040	
Light Industrial E(g)(iii)	4,160	4,982	+820
Industrial B2	4,910	5,522	+610
Distribution B8	8,220	10,187	+1,970
Total Employment Class Sectors	**33,275**	**40,511**	**+7,230**
Total Workforce Jobs	**70,200**	**82,600**	**+12,400**

Source: Experian (September 2021) / Lichfields analysis   (totals rounded)

5.10   Under this scenario, total workforce jobs are expected to increase by 18% within the Plan period resulting in an additional 12,400 workforce jobs in the Borough. About 58% of all job growth is expected to be within office, industrial and distribution sectors (i.e. sectors that typically use this space), with office and distribution sectors driving the majority. General industrial job growth is forecast to be at just 610 jobs and light industrial jobs will increase by 820 jobs. Contrary office jobs are expected to grow the most (+3,835 jobs).

5.11   Figure 5.1 illustrates the trajectory of total job growth implied by the Experian forecasts for Tonbridge & Malling Borough Council. Under this scenario, workforce jobs are expected to grow during the course of 2021 as labour market effects recover from the Covid-19 pandemic. The Borough's workforce job base is expected to recover to pre-pandemic levels by 2022/23, with steady growth then predicted for the remaining years of the Local Plan period to 2040.

Figure 5.1 Forecast Employment Growth in Tonbridge & Malling to 2040 Total Workfoce Jobs
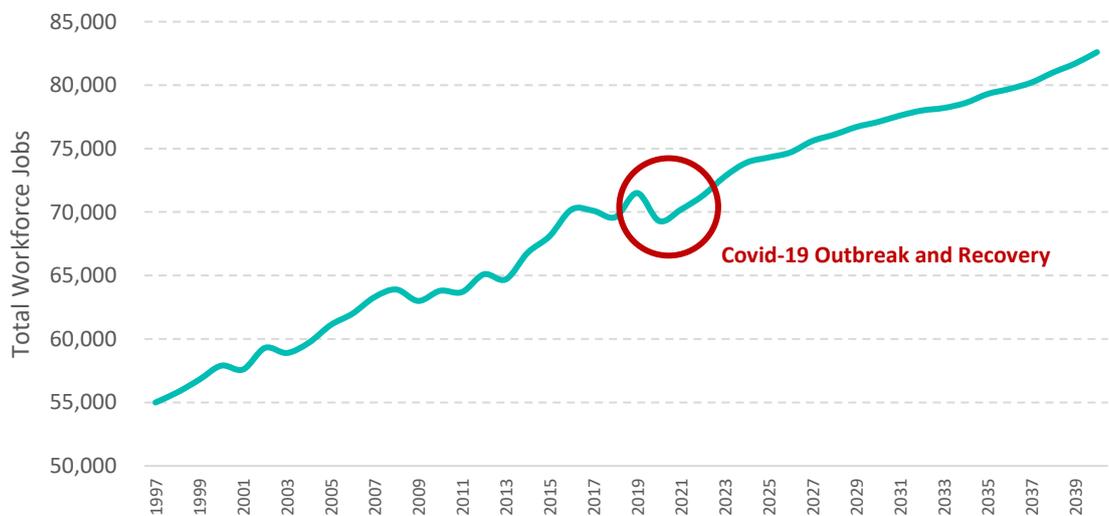
Source: Experian (September 2021) / Lichfields analysis

5.12   Table 5.2 below identifies the fastest growing and declining sectors in the Borough in employment terms during the forecast period. Some of those sectors forecast to see the highest job growth typically fall within employment use classes, such as wholesale and land transport, storage and post. As well as office-based sectors including administrative & supportive services professional services and finance. The forecasts also suggest that wider sectors such as education, accommodation & food services and recreation will play a significant role in driving local job growth in future.

Table 5.2 Fastest Growing and Declining Employment Sectors in Tonbridge & Malling Borough, 2021-2040

Sector	Forecast Change in Workforce Jobs 2021-2040	
	No	%
FASTEST GROWING EMPLOYMENT SECTORS		
Administrative & Supportive services	1,500	23%
Professional services	1,400	26%
Land Transport, Storage & Post	1,400	28%
Education	1,400	24%
Finance	1,000	43%
Wholesale	1,200	20%
FASTEST DECLINING EMPLOYMENT SECTORS		
Printing and Recorded Media	-100	-25%

Source: Experian (September 2021) / Lichfields analysis

5.13   Only one sector is forecast to see employment losses in Tonbridge & Malling over the period to 2040 and that was Printing and Recorded Media. This suggest that key office, industrial and manufacturing sectors (as summarised earlier in Figure 2.4) are overall expected to continue to grow over the coming years, alongside Education.

Converting to Employment Space Requirements

5.14   The office, 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 (E(g)(i)/(ii)):** 1 workforce job per 12.5 sqm;
- **Light industrial (E(g)(iii)):** 1 workforce job per 47 sqm;
- **General industrial (B2):** 1 workforce job per 37 sqm; and
- **Warehousing (B8):** 1 workforce job per 65 sqm for smaller scale warehousing (assumed to account for 80% of warehousing stock in Tonbridge & Malling Borough) and 1 workforce job per 71 sqm for medium scale, lower density units (assumed to account for 20% of total stock).

5.15   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. They all relate to Gross External Area (GEA).

5.16   An allowance of 8% is added to all positive floorspace requirements to reflect ideal levels of market vacancy in employment space (Table 5.3). Where a reduction in jobs is forecast, the associated negative floorspace was halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production approaches), it does not automatically follow that all of the existing employment floorspace will be lost.

Table 5.3 Net Employment Space Requirements: Labour Demand

Type of Space/Use Class	Net Employment Floorspace 2021 to 2040 (GEA sqm)
Office E(g)(i)/(ii)	51,770
Light Industrial E(g)(iii)	41,570

Type of Space/Use Class	Net Employment Floorspace 2021 to 2040 (GEA sqm)
General Industrial B2	24,560
Distribution B8	140,680
Total	**258,580**

Source: Experian (September 2021) / Lichfields analysis (totals rounded)

Scenario 2: Past Development Rates

5.17　Past development rates reflect market demand and 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.

5.18　An analysis of monitoring data on past completions of employment space between 2010/11 and 2020/21 has been provided by the Council. The accuracy of this data has not been verified by Lichfields. During this period, average annual net completions for B class uses in Tonbridge & Malling amounted to -15,410 sqm. Gross completions were higher, at an average of 23,730 sqm per year. The difference between these figures reflects employment floorspace that has been lost to other uses (further detail provided in Section 4.0).

Table 5.4 Annual Completion Rates of Employment Space in Tonbridge & Malling, 2010/11 to 2019/20

Use	Net Annual Completions (sqm)	Gross Annual Completions (sqm)
Office (B1a/B1b)	-2,260	2,730
Light Industrial (B1c)	-3,240	1,840
General Industrial (B2)	-9,360	2,670
Distribution (B8)	-3,550	8,710
Mixed B	1,310	4,940
Mixed B1	1,700	2,840
Total	**-15,410**	**23,730**

Source: Tonbridge & Malling Council / Lichfields analysis　　Note: totals rounded

5.19　One view of future growth in Tonbridge & Malling could assume that these past development trends carry on in the future at this most recent 11-year average. To inform this scenario, B1 mixed and B mixed have been apportioned based on the total delivery per annum and per type of space across the monitoring period. Over the Local Plan period, this would equate to an overall decline of 292,750 sqm of employment space, as summarised in Table 5.5.

Table 5.5 Net Employment Space Requirements: Past Development Rates in Tonbridge & Malling, 2021 to 2040

Use	Assumed Net Annual Floorspace Change (sqm)	Net Floorspace Requirements 2021-2040 (GEA sqm)
Office E(g)(i)/(ii)	776	14,740
Light Industrial E(g)(iii)	-1,850	-35,210
General Industrial B2	-7,940	-150,770
Distribution B8	-6,400	-121,520
Total	**-15,410**	**-292,750**

Source: Tonbridge & Malling Council / Lichfields analysis   Note: totals rounded

Scenario 3: Labour Supply (839 dpa - Standard Method)

5.20   There is an estimated local housing need of 839 dpa for the Borough based on the Standard Method which is in accordance with the Planning Practice Guidance (PPG) for preparing Housing and Economic Development Needs Assessments. This has also been tested by the latest housing evidence, namely the emerging Tonbridge & Malling Housing Delivery Study.

5.21   The approach to estimating the employment change and the associated net employment requirements arising from a housing need figure of 839 dpa is summarised below.

1   Population change over the Local Plan period, drawing on the 2014-based Sub National Population Projections (SNPP) and equivalent Sub National Household Projections (SNHP). This has been applied to provide consistency with the basis for the standard methodology for the calculation of local housing need as set out in the PPG.

2   Economic activity rates and anticipated future changes in economic activity rates for males and females over the age of 16 were estimated by using the ONS's APS, and Mid-Year Population estimates (MYE), then projected forward using the projection rates published by the Office for Budget Responsibility (OBR).

3   Average unemployment rate taken from the ONS APS Model-based Unemployment rate, with an assumption that by 2040 there will have been a modest re-adjustment to the longer-term average (i.e. 2011-19) of 4.1%.

4   Jobs - Labour Force Ratio (LF) calculated based on the number of economically active, unemployment rates and the Experian Forecast projections. The Labour Force (LF) Ratio used equated to 1.1 (this is the average LF for 2011-19 period, i.e. there were more jobs in the Borough than residents in employment living in the Borough, resulting in net inward commuting patterns. The LF ratio is held constant over the plan period to 2040.

5.22   The 2014-SNPP indicates an additional 20,715 persons living in the Borough between 2021 and 2040, of which 18,446 will be over the age of 16. Applying the adjusted OBR economic activity and factoring in an unemployment rate, results in a projected labour force increase of 8,904 people, and once the LF ratio is applied this equates to a net job growth of 9,640 jobs over the 2021-2040 period.

5.23   The Borough's Local Housing Need (LHN) based on the Standard Methodology figure incorporates a 40% cap above the 2014-based SNHP projection, which increases the LHN for Tonbridge & Malling to 839 dpa. The implication of this will be that the delivery of the LHN would support a greater level of population growth than would otherwise be associated with the 2014-based SNHP figure. Furthermore, the Plan period exceeds the 10-year plan period used to calculate the standard method. Over this period, the 2014-based SNHP projects that the

Borough's households will grow by 11,047, or 581 hpa across the Plan period. A modest adjustment has also been made to the baseline to factor in a suitable allowance for empty/second homes of 2.0%. This translates the above households per annum figures to 593 dpa.

5.24   In order to test the implications of the LHN figure, the SNPP population change for Tonbridge & Malling has been uplifted in accordance with the extent to which the dwelling growth diverges from the 2014-based SNHP baseline (i.e. 143.7%). This rate of increase is then applied to the population growth for 2040. This level of increase has been applied equally to each age/gender cohort and evenly across the plan period, with all other inputs held constant.

5.25   This assumption is applied on the basis that the additional houses will support an increased local population. Whilst some of the houses may be occupied by existing residents that are presently in concealed households (and therefore within the local labour force already), the SM uplift is also intended to improve affordability which could help retain working-age people within the Borough. Including this uplift, the total jobs needed to meet the projected population growth based on the Standard Method OAN of 839 dpa is 43,204 jobs across the Plan period of 2021-2040.

5.26   Applying the existing and forecast share of employment jobs to total jobs in the Borough from Scenario 1, a total of 22,370 employment class jobs would be required from the increased population growth. Table 5.6 presents the jobs and floorspace requirements by type of space across the Plan period.

Table 5.6 Net Employment and Floorspace Required from Labour Supply Growth – Standard Method:839 dpa, 2021-2040

Type of Space/ Use Class	2021 to 2040	
	Employment (No. of Jobs)	Employment Floorspace (GEA sqm)
Office E(g)(i)/(ii)	11,230	151,620
Light Industrial E(g)(iii)	2,680	135,910
General Industrial B2	2,670	106,970
Distribution B8	5,770	412,500
Total	**22,350**	807,000

Source: Lichfields analysis   Note: totals rounded

Employment Growth Comparisons

5.27   Given the range of potential requirements implied by these different scenarios, it is important to test how reasonable each appears against other factors and how sensitive they are to different assumptions. It is, therefore, useful to compare the employment growth implied by the above scenarios against the historic employment growth in the Borough as recorded by Experian for 2001 to 2020 (i.e. a period equivalent to the length of the Plan period) and the latest BRES data.

5.28   Figure 5.2 shows the forecast annual jobs growth per scenario. In this context, the lowest estimate based on past take-up (Scenario 2) implies a loss of 265 employment jobs per annum over the Plan period. The highest growth estimate is based on the Labour Supply (Scenario 3) and implies an annual growth of 1,176 jobs. Labour Demand (Scenario 1) implies an annual growth of 381 jobs, which appears to balance better the other two scenarios.

Figure 5.2. Annual Employment Growth Comparisons with Historic Growth
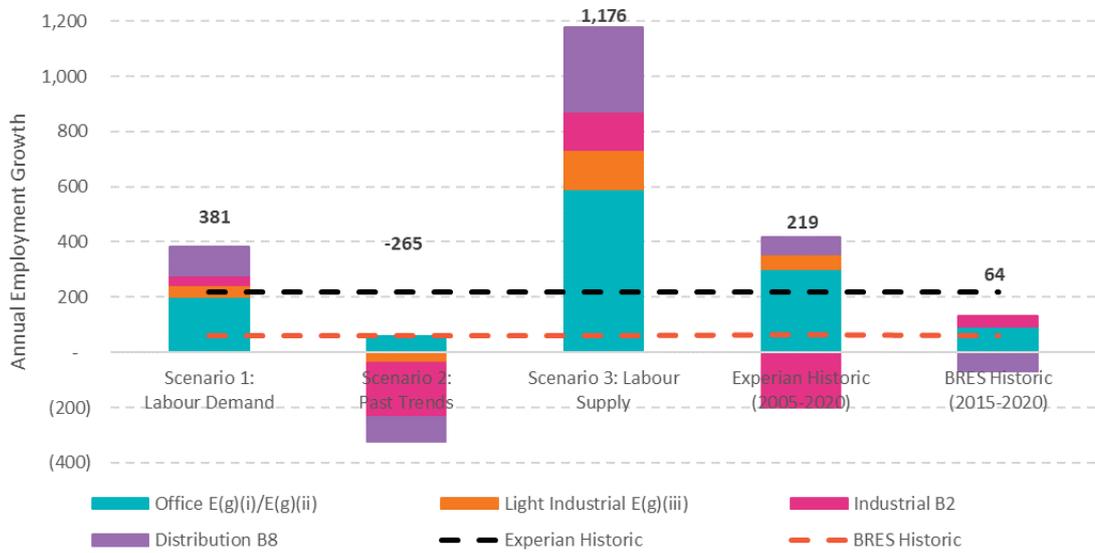
Source: Experian / BRES / TMBC / DLUHC) / Lichfields analysis

5.29   These scenarios are then compared with historic trends derived by Experian for the period between 2001 and 2020 and BRES for the period between 2015 and 2020. Based on these comparisons, Labour Demand (Scenario 1) seems to also reflect better historic trends, while Scenario 2 seems to underestimate the growth potential, while Scenario 3 seems to over-estimate it significantly.

Net to Gross Employment Requirements

5.30   Drawing together the results from each of the future economic scenarios together with the sensitivity testing scenario considered above, Table 5.7 summarises the net employment floorspace requirements across the Plan period between 2021 and 2040.

Table 5.7 Net Employment Floorspace Requirements in Tonbridge & Malling, 2021-2040 (GEA sq.m)

Type of Space/ Use Class	Scenario 1: Labour Demand	Scenario 2: Past Trends	Scenario 3: Labour Supply 839 dpa
Office E(g)(i)/(ii)	51,770	14,740	151,620
Light Industrial E(g)(iii)	41,570	-35,210	135,910
General Industrial B2	24,560	-150,770	106,970
Distribution B8	140,680	-121,520	412,500
Total	**258,580**	**-292,750**	**807,000**

Source: Lichfields analysis   Note: totals rounded

Safety Margin

5.31 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.

5.32 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 Borough's development sites coming forward for development.

5.33 It is usually acceptable to use two years of net take-up to include flexibility of provision. But in this case where it is negative, it would produce a negative margin. Therefore, an allowance related to two-year average gross take-up for all employment uses, apart from office, between 2011 and 2020 has been applied. For offices, the net figure has been utilised. Overall, this safety margin appears an appropriate level relative to the estimated scale of the net requirement. Table 5.8 presents the margin applied in this assessment drawing on the completions' assumptions presented above.

Table 5.8 Safety Margin Allowance (sq.m)

Type of Space/ Use Class	Annual Net Completions	Annual Gross Completions	Safety Margin
Office E(g)(i)/(ii)	780	n/a	1,550
Light Industrial E(g)(iii)	-1,850	3,370	6,740
General Industrial B2	-7,940	3,600	7,200
Distribution B8	-6,400	11,100	22,200
Total			**37,690**

Source: Tonbridge & Malling Borough Council   Note: totals rounded

Losses

5.34 To translate the net requirement of employment space into a gross requirement, an allowance is typically made for the replacement of losses of existing 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 in the Borough.

5.35 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 issue here 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.

5.36 The fourth approach, in which the Council specifically identifies employment sites and areas that may be lost to other uses, is generally the most robust way of dealing with losses. The qualitative assessment of existing employment areas is an essential element of the planning evidence base. As well as policies and decisions regarding new development sites, it informs 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.

5.37 Such an analysis will be included in Part 2 of the EDNS, and the findings will inform the estimation of gross requirements as appropriate. For the purposes of Part 1, no further allowance for losses is applied. On this basis, Table 5.9 presents the gross employment requirements in Tonbridge & Malling across the Plan period between 2021 and 2040.

Table 5.9 Gross Employment Floorspace Requirements in Tonbridge & Malling, 2021-2040 (GEA sq.m)

Type of Space/ Use Class	Scenario 1: Labour Demand	Scenario 2: Past Trends	Scenario 3: Labour Supply 839 dpa
Office E(g)(i)/(ii)	53,320	16,300	153,180
Light Industrial E(g)(iii)	48,310	-28,470	142,650
General Industrial B2	31,760	-143,560	114,170
Distribution B8	162,870	-99,330	434,690
Total	**296,260**	**-255,070**	**844,690**

Source: Lichfields analysis   Note: totals rounded

5.38 The above floorspace requirements can be translated to land requirements by applying appropriate plot ratio assumptions. These assumptions will be examined and validated further in EDNS Part 2, but for the purposes of Part 1, these include:

- Offices: It is assumed that 60% of new floorspace would be in lower density, business park developments drawing from the existing and future activity in Kings Hill with a plot ratio of 0.4, with 40% in higher density town centre locations at a plot ratio of 2.0; and

- Light Industrial, Industrial and Distribution: a plot ratio of 0.4 is applied across all these uses.

Table 5.10 Gross Employment Land Requirements in Tonbridge & Malling, 2021-2040 (ha)

Type of Space/ Use Class	Scenario 1: Labour Demand	Scenario 2: Past Trends	Scenario 3: Labour Supply 839 dpa
Office E(g)(i)/(ii)	9.1	2.8	26.0
Light Industrial E(g)(iii)	12.1	-7.1	35.7
General Industrial B2	7.9	-35.9	28.5
Distribution B8	40.7	-24.8	108.7
Total	**69.8**	**-65.1**	**198.9**

Source: Lichfields analysis   Note: totals rounded

Summary

5.39   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.

5.40   It is also 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. As explained above, there are some inherent limitations to the use of local level economic projections, particularly within the context of significant economic uncertainty at both macro and local level. Employment forecasts are regularly updated, and the resulting employment outputs will change over the plan period for Tonbridge & Malling.

5.41   This assessment considers three different scenarios of future employment space requirements in the Borough 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 -255,070 sq.m to 844,690 sq.m across the Plan period.

5.42   When compared with historic trends (see paragraphs 5.27 to 5.29), the labour demand scenario would appear to provide the most balanced view of future requirements **implying a need for 296,260 sq.m (69.8ha) across the Plan period.**

6.0 Conclusions

6.1 This section draws together the overall conclusions in relation to the employment requirements in Tonbridge & Malling for the Plan period between 2021 and 2040. It should be highlighted that in order to inform planning policy and requirements the employment needs should be assessed against the supply position. The latter will be examined in EDNS Part 2, and on this basis, the following conclusions will be revisited and further validated following the completion of EDNS Part 2.

Future Employment Needs

6.2 Three scenarios have been considered in the EDNS Part 1. These indicate the broad scale and type of growth arising from different approaches to modelling the Borough's future employment space needs. The overall employment floorspace requirements related to these scenarios range significantly, in quantitative terms, from -255,070 sq.m to 844,690 sq.m during the Plan period. These imply in broad terms between a surplus of 65.1 ha and a need for 198.9 ha of employment land across the Plan period. These scenarios will be further informed once employment supply is fully assessed (EDNS Part 2) as a further losses allowance could potentially need to be applied, alongside potential changes to the plot ratios.

6.3 In accordance with PPG, the Council should also take account of qualitative factors such as the commercial market trends and requirements, engagement with businesses, 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 (Section 4.0), the analysis of employment and business trends and the overall economic context (Section 3.0) and development rates growth across the Borough (Section 4.0). These trends are summarised below:

- **West Kent FEMA (Section 2.0):** the NPPF underlines the importance for planning authorities that have strong economic and housing interrelationships to cooperate on strategic matters across administrative boundaries (Paragraph 24). In this context, the EDNS Part 1 has reviewed the extent of the functional economic market area in which the Borough operates. Based on an update of the available economic and market data, the analysis concludes that the West Kent FEMA comprising the local authorities of Sevenoaks, Tonbridge & Malling and Tunbridge Wells is still the appropriate functional economic market area for Tonbridge & Malling. There are also strong interrelationships with Maidstone FEMA particularly at the north east parts of the Borough that should also being considered in plan-making.

- **Economic Context and Trends (Section 3.0):** The Borough has recorded good levels of job growth over the last 10 years (+10.2%), which is above the regional and national comparable of 9.2% and 9.5%, respectively. These trends are also reflected in job growth recorded for employment uses with an absolute increase of 4,500 jobs (+12%) in office, industrial and distribution sectors over the last 10 years. The largest employment sector in Tonbridge & Malling in 2021 is wholesale and transport. Compared to the regional and national context, the Borough is over-represented in the wholesale and transport, public administration and defence, utilities and construction sectors, whilst being under-represented in healthcare, information & communication and the hospitality & recreation sectors. The local business base is dominated by SMEs distributed across the Borough, but tending to concentrate in Tonbridge, Kings Hill and Medway Gap. Workforce productivity and residents' economic activity exceed national averages, however, there has been recently a decrease of productivity alongside a decrease in average qualification levels. These trends need to be monitored by the Council to inform future or emerging economic strategies.

- **Macro-economic Outlook and Implications (Section 3.0):** The data shows that the Covid-19 pandemic had a significant effect on the Borough's economy with 12% of the local working residents being furloughed through the Coronavirus Job Retention Scheme (JRS) in 2021Q3. The latest claimant figures (May 2022) shows that there are still more claimants in the Borough compared to pre-pandemic, but compared to Kent and the South East, the Borough has shown a faster recovery. Based on the economic response to Covid-19 over the last 2 years, there are a number of sectors that appear to face particular growth opportunities as the economy continues to recover and moves to a post-Covid-19 economy. These include logistics, which is a dominant sector for the Borough and supports the Borough's overall resilience to the pandemic. Others include health, energy and IT; however, the Borough has under-representation in these sectors (except for energy). In addition, the pandemic has triggered an increased in home-working and there is currently an evolving structural change in business operations with emphasis on those sectors relating to office space. These ongoing structural changes present both challenges and opportunities for places like Tonbridge & Malling which could benefit from a shift towards more localised working patterns should home working and agile working become more prominent in longer term. Furthermore, it should be noted that there is a new emerging economic era in the aftermath of the invasion of Ukraine and the resulting energy and living costs crisis. Various macro-economic scenarios and forecasts continue to emerge to help understand the potential outcomes and impacts, but these are not currently available at a local level.

- **Development Rates (Section 4.0):** Tonbridge & Malling has one of the largest stocks of employment space across Kent, however, this has been reduced over the last few years. Over the last five years there has been a decrease of its industrial stock by 6.5%, while the longer-term equivalent is -9.5% according to the VOA. The trend aligns with the monitoring data from the Council, albeit the latter reports a larger scale of losses (with some caveats as some of these losses will be replaced by new industrial stock in the near future). In terms of offices, over the last five years, the Borough has seen a small decline (-1.1%) based on the VOA, however, the longer-term trend shows an increase of 12.9%. In contrast, the Council's monitoring data indicates losses of office space since 2011/12; however, there were mixed B and B1 schemes delivered that partly balance the losses. Prior approvals from office to residential have contributed in this respect. Most of the losses, however, relate to industrial stock which has seen a decrease of 20% since 2010/11, according to the Council's evidence.

- **Property Market Assessment (Section 4.0):** The Borough is perceived as a good industrial location, and throughout the pandemic it continued to see high levels of take-up of industrial floorspace and relatively low vacancy levels compared to other submarkets in Kent. However, much of the Borough's industrial stock is ageing and of a relatively poor quality. Discussions with agents suggested that there have been new logistics premises delivered and about to be completed that are expected to accommodate some of the immediate demand, but there is still unfulfilled demand. In terms of offices, the market is smaller in scale and remains weaker than the industrial market, with Kings Hill and Tonbridge representing the only recognised office centres. The key challenge in the current market is a reported lack of good quality office accommodation coupled with a lack of recent office development. It was also highlighted by agents that the majority of occupants in Tonbridge are looking for smaller office spaces.

6.4 Synthesising the analysis and when the future growth scenarios are sense-checked against historic trends (see paragraphs 5.27 to 5.29 and the below sections), the labour demand scenario that indicates a need for **296,260 sq.m (69.8ha) across the Plan period** would appear to provide the most balanced view of future requirements. This comprises a need for 53,320 sq.m of office space (18% of the total employment requirements), 48,310 sq.m of light industrial

floorspace (16%), 31,760 sq.m of general industrial (11%) and 162,870 sq.m of storage and distribution space (55%) across the period between 2021 and 2040.

Office Uses

6.5   The demand for office space within the Borough is concentrated at Kings Hill with smaller occupiers and local SMEs also looking for modern space in Tonbridge. According to market intelligence, Kings Hill performs well and has seen strong take up for high quality small to medium size office space recently. On the other hand, Tonbridge appears to be less attractive currently reporting some oversupply of space. It should be noted that office sectors are experiencing structural changes that will continue impacting the office market and the trends in demand and supply could be variable in the future.

6.6   The take-up across the Borough has slowed down during the pandemic and has not yet recovered. However, the current vacancy rate of 4.5% is not considered significantly high, albeit this is double compared to the pre-pandemic level. The rents are also amongst the highest across Kent, and the asking rent has outweighed the market rent recently, indicating an increase in demand.

6.7   It is understood according to the Council's monitoring data that there is around 26,230 sq.m of office space in the emerging pipeline considering purely extant permissions. On this basis, against the emerging supply there is an outstanding office (within Eg(i)/(ii) Class) requirement of **22,080 sq.m of office space across the Plan period. This demand-supply position will be informed further following the completion of EDNS Part 2.**

6.8   To provide some further context, this shortfall is equivalent to 12% of the Borough's existing stock of office space recorded by the VOA (March 2022) that needs to be accommodated over the next 19 years. These requirements should also be viewed within the context of the long-term trend for office space that indicates an increase of office space by 12.5% since 2000. If this trend continues at this scale and pace, it will be reasonable in quantitative terms to accommodate the identified shortfall entirely to 2040.

6.9   As a result, the emerging Local Plan should seek to support the provision of new office development particularly in Kings Hill, and potentially replace some of the stock in Tonbridge with modern and smaller size premises. Office provision could also be supported as part of mixed-use developments in areas of close proximity to the town centre and well-accessed locations with existing office demand.

Industrial and Distribution Uses

6.10   Tonbridge & Malling is a strong industrial and particularly logistics and distribution location in Kent. The Borough benefits from good access to strategic routes alongside availability of industrial land and cost advantages over other locations across the region. The scale of demand varies across the Borough, with Aylesford representing the largest and most significant industrial location in Tonbridge & Malling, attracting the strongest levels of market demand across all scales with prominent medium to larger scale facilities of over 50,000 sqft (c 4,600 sq.m). Tonbridge has traditionally been a strong industrial location and accommodates a mix of industrial uses with a particular focus on distribution.

6.11   Industrial take-up across the Borough is strong and there is particular demand for units over 4,600 sq.m. Vacancies in Tonbridge & Malling for industrial floorspace have remained consistently low (around 2%) as a result of limited development activity and steady demand absorbing new supply quickly. There is evidence that industrial rents are continuously increasing; however, market rents outweigh asking rents indicating some levels of uncertainty

across the landlords and potential willingness to agree on leases quickly. This may reflect the wider economic uncertainty over the last few years.

6.12   Cumulatively the light/general industrial and storage and distribution requirements according to Scenario 1 (Labour Demand) is **242,940 sq.m across the Plan period**. It is understood according to the Council's monitoring data that there is around 95,390 sq.m of emerging supply (considering only extant permissions) resulting in **a shortfall of 147,550 sq.m across the 2021-40 period. This figure will be further assessed in the EDNS Part 2.**

6.13   Such a shortfall equates to 18.2% of the existing industrial stock as recorded by VOA (March 2022). The Borough has seen losses of floorspace over the last five years (-6.5%) and in longer term (-9.5%). On the other side, the market reports increased demand which is an aftermath of the pandemic, the e-commerce increase and the limited supply of modern quality stock across the area for a long period.

6.14   Considering the above, the Experian forecasts seems to capture the market trends and the wider economic dynamics and most of the qualitative factors that impact on the demand of employment space. On this basis, it is recommended that the industrial shortfall should be accommodated in order to ensure that the economic potential of the area is not compromised.

6.15   Finally, it should be noted that there are strong interrelationships between demand and supply for employment space, and on this basis, we will revisit and validate the conclusions of Part 1 following the completion of EDNS Part 2.

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