

# Economic Climate Report - Place

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## Conclusions

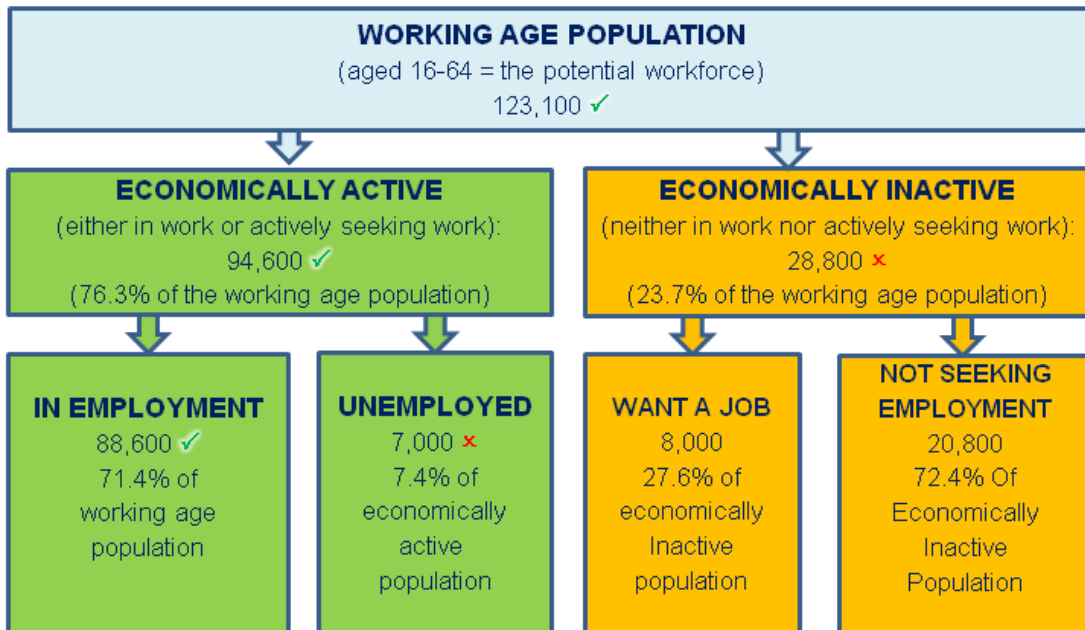
- There is a range of premises available to provide opportunities for a large number of existing or new businesses, depending on the format of their business operation. However, there may be pressure on the level of available industrial / warehouse floorspace.
- There is an additional supply of employment land that can accommodate new business development in the area.
- The central area (including Stockton Town Centre, Teesdale and Thornaby Place) is the location with the largest supply of marketed office floorspace. The Teesdale site accounts for 20,000sq.m of the 31,500sq.m in this area.
- Other locations with a large supply of marketed and potential office floorspace include Wynyard and Preston Farm / Bowesfield.
- Large office permissions also exist in the Wynyard area, Central area, Preston Farm / Bowesfield and Portrack, which provide a pipeline for future development.
- Over 20,000sq.m of industrial floorspace is being marketed at Cowpen Lane. A large unit is also marketed at Preston Farm which may no longer be available.
- Durham Tees Valley Airport is the location with the largest supply of floorspace with planning permission (170,000sq.m). However, this is partially restricted to airport related uses.
- A large proportion of total floorspace (32%) has been marketed for less than one year.
- About 11,500sq.m of office floorspace has been marketed in excess of 5 years; with about 5,400sq.m of this located in the Teesdale area and over 3,000sq.m located in the Preston Farm / Bowesfield area.
- About 7,600sq.m of industrial floorspace has been marketed in excess of 5 years including units in Wynyard Business Park, Mandale Triangle, Teesside Industrial Estate and Portrack Industrial Estate.
- Despite the economic uncertainty over the last 5 years development activity has continued with:
  - A number of large office lettings agreed in the Wynyard Business Park, Teesdale Business Park and Preston Farm / Bowesfield area; the largest being Huntsman relocating to Wynyard.
  - A number of industrial lettings agreed in the Belasis / Cowpen, Portrack, Preston Farm / Bowesfield and Wynyard areas.
  - Large property developments by companies including Clipper (Wynyard), Nifco (Durham Lane), Darchem Engineering (Stillington), Tracerco (Belasis) and Thirteen (North Shore).
- The Stockton Town Centre footfall counter recorded average footfall of about 97,900 people a week over the first three weeks of installation, with significant footfall increases identified at key events in the Stockton Sparkles programme.
- A survey of shopping frontages in Stockton Town Centre recorded a vacancy rate of 19.2% (51 properties). Further analysis identified 20 properties which had been vacant since 2011 or before.
- Property professionals have expressed the view that:
  - Belasis, Portrack Lane, Preston Farm and Teesside Industrial Estate are amongst the 8 property market hot-spots in Tees Valley, Durham and North Yorkshire.
  - Increased industrial take-up and demand could push industrial rents past £5 per sq.ft.
  - Office rents are increasing towards £12 per sq.ft.
- The case study in this report provides a brief overview of the Teesdale area focusing on information about people that work there (sourced from the 2011 census) key businesses, development sites and available premises.

## ECONOMIC DASHBOARD

The table provides an update on the latest figures and data trends relating to the structure of the labour supply and the number of people claiming Job Seekers Allowance (JSA) in the area. Members should note that unemployment figures tend to be higher than JSA figures as not all unemployed people claim JSA.

Trends| Positive ✓ | Negative ✗ | Neutral ...

### Labour Market Structure (July 2014 to June 2015)



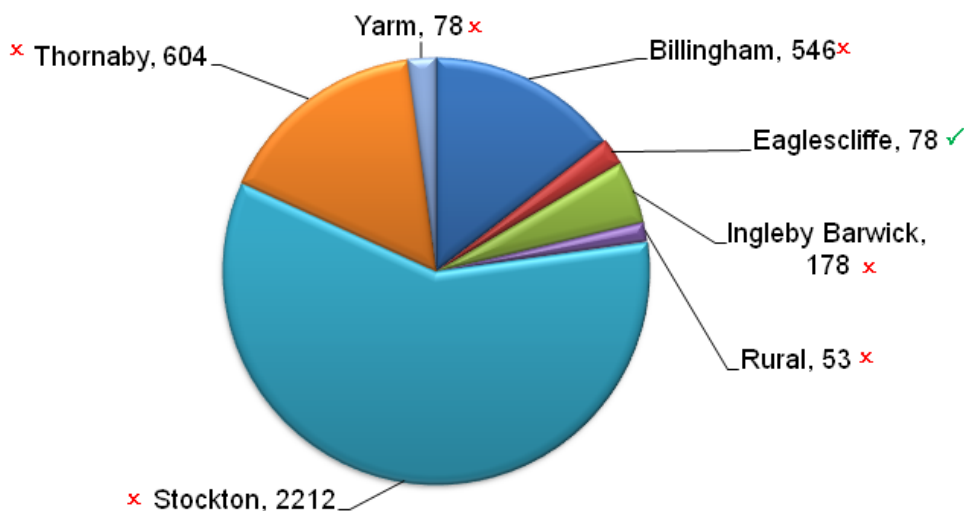
Source: Office for National Statistics, Annual Population Survey

Note: Some sub categories do not add up to the working age population shown as a lower population figure has been used for the calculations

### Job Seekers Allowance Claimants (November 2015)

**3,749 people (November 2015) claiming JSA**

230 people (+7%) increase since August 2015 ✗



## UPDATES

### Strategic Updates

- The **National Infrastructure Commission** is to be led by former Transport Secretary, Lord Adonis. The money will be invested in road, rail and flood defence projects by 2020.

The Commission will focus on three initial areas:

- Northern Connectivity - particularly identifying priorities for future investment in the north's strategic transport infrastructure to improve connectivity between cities, especially east-west across the Pennines
- London's Transport System - particularly reviewing strategic options for future investment in large scale transport improvements – on road, rail and underground – including Crossrail 2
- Energy - reviewing how the UK can better balance supply and demand.

A 'Call for Evidence' stage now invites all interested parties, including industry, local and regional government, NGOs and the wider public, to make submissions on these areas of focus. This stage will allow the Commission's work on these studies to draw upon a wide evidence base and spectrum of options. The Call for Evidence will close on 8th January 2016, and the Commission has been asked to publish its report on these three areas before next year's Budget.

- **Tees Valley Inward Investment Initiative** - Lord Michael Heseltine has been appointed to chair a new inward investment programme designed to boost growth and create jobs across the Tees Valley following the closure of the SSI steelworks in Redcar. The Tees Valley Inward Investment Initiative will have a specific remit to attract foreign investment and boost the region's international profile. In this new role, Lord Heseltine will work closely with UK Trade & Investment, the Tees Valley Unlimited Local Enterprise Partnership and the Redcar SSI taskforce to oversee negotiations with potential investors.
- All of the [UK's coal-fired power stations](#) will cease operations within a decade. The Government has announced plans to close all uneconomical coal-fired power stations by 2025 and restrict their use by 2023. Energy and Climate Change Secretary, Amber Rudd, confirmed this announcement ahead of a major speech that set out a new direction for energy policy that focuses on energy security and delivers for families and businesses. There are no coal-fired power stations located in the Tees Valley. There are several planning approvals in place for energy from waste plants in Stockton.

**Port Clarence Energy Ltd** has commenced construction on a £160m 40MW **renewable energy from waste plant** on brownfield land near Port Clarence, which will be fuelled by waste wood that would otherwise have gone to landfill. The power station will generate electricity for the equivalent of 75,000 homes across the Tees Valley and the North East. Port Clarence Energy is owned by Glennmont Partners, a UK financial institution with interests in renewable energy projects elsewhere in the UK and across Europe. There are currently 40 people employed on the site and this is expected to rise to 300 people at the peak of the construction period. Once operational in 2018, the scheme will directly employ 30 people.

### Business Announcements / Intentions

The following provides a summary of a number of major business announcements; it is not an exhaustive list of jobs growth or business investment.

- An £80m government support package is in place covering support such as: apprentices training and salaries; retraining (short and long term); wage subsidies to help local firms employ former **SSI** workers or their spouses; urgent financial support issues; advice and grants to start up a new business. The SSI Task Force is in the process of monitoring new employment or training information for former SSI and supply chain workers. Jobs Fairs are being planned for January to March 2016.
- **Air Products'** has called a temporary halt to work on a second energy from waste plant (TV2) at Seal Sands. 700 contract workers have been affected. The construction of the New Energy Technology Park at Seal Sands has been paused until some technical issues on the adjacent TV1 plant are resolved and it is in commercial operation in 2016. Air Products is committed to the completion of TV2.

- Announcement by **HMRC** that they will be closing three tax offices in the Tees Valley over a phased period to 20/21; two sites in Middlesbrough, at Russell Street and Eustace House; one in Stockton at George Stephenson House on Teesdale Business Park. The Middlesbrough offices presently employ 244 workers whilst the Stockton office has 475 staff. The proposals will see the creation of a new regional centre in Newcastle by 2018/19, with employees offered the chance to move to the new location.
- Two Stockton-based oil and gas supply chain companies have formed a [partnership](#) to provide engineering, procurement and construction services for projects across the UK. The arrangement will bring together [Nortech Group's](#) engineering design and project management speciality with [Wilton Engineering's](#) construction, engineering and fabrication expertise.
- **Scoot Call Centre**, located at Preston Farm, is taking on more staff following a buy-out. The company has expanded over the last year after being bought out by American online giant Web.com in 2014. Scoot has already recruited 10 new staff; taking its team to 120, and was looking for an [extra intake](#). A survey of regional firms has revealed the call centre industry is continuing to grow, with several major North East businesses planning to expand in the coming months.
- The [£377m acquisition](#), by US firm CF Industries, will make **GrowHow UK** a wholly-owned subsidiary. A US firm has bought up the remaining half of fertiliser producer GrowHow UK. [GrowHow's Teesside](#) operations at Haverton Hill include ammonia, nitric acid, carbon dioxide and fertiliser plants.

### Strategic Locations

- **Durham Tees Valley Airport (DTVA)** - Darlington Council's planning committee has joined Stockton Council in approving plans for the construction of a new 1.8km link road between the north and south sides of the airport together with a large building forming the first phase of the proposed Southside Business Park. Following the approval, it is expected that work will begin on site in April 2016, with the project taking 12 months to complete. The airport's parent company, the Peel Group, is providing a £5m investment for the project with a further £5m earmarked through the government's Local Growth Fund. Marketed under the brand, Aero Centre Tees Valley, the Southside Business Park will offer opportunities for developments including industrial, warehousing and logistics businesses, with the potential to create 3,000 jobs and contribute £11m a year to the local economy.
- **New Enterprise Zones** - New North East enterprise zones have been announced following the Autumn Statement. 'North East Round 2' and 'The Tees Valley Enterprise Zone Growth Extension' are among 26 new nation-wide zones set to benefit from exemptions from business rates, faster broadband and enhanced capital allowances. The announcement sees the doubling of the Enterprise Zone programme in the Northern Powerhouse, with seven new zones and two expanded zones.

The Tees Valley application is for an extension to three of the existing locally funded sites; one of which is the Northshore site in Stockton. The extension now specifically defines the Enterprise Zone site boundary and, as the site is a business rates discount site, this will now be funded by Government instead of through the Tees Valley Investment Fund.

### Town Centres

- Teesside music charity, Tees Music Alliance (TMA), could soon begin work on expanding and improving its venue, [The Georgian Theatre](#) in Stockton-on-Tees, as part of a major redevelopment being undertaken in partnership with Stockton-on-Tees Borough Council, which would see the venue increase its audience capacity and opening hours. If granted planning permission, the redevelopment of the ground and first floors of the **Courtyard Hotel** is expected to start in the spring of 2016.
- A **football counter** has been placed in Stockton Town Centre on Dovecot Street close to Wellington Square. The first data from the counter is reported in figure 9 of this report.

## Training & Skills

- In July 2015, as part of **The Enterprise Bill**, the Chancellor announced that the Government will introduce an **Apprenticeship Levy** on employers to fund apprenticeships. Following a period of consultation, the document '[English Apprenticeships: Our 2020 Vision](#)' has been published by Government, which outlines the way forward for apprenticeships in England. The levy will be collected from eligible employers from April 2017 through the PAYE (Pay As You Earn) system administered by HMRC. It will apply to both the public and private sectors. By 2019/20, the levy is expected to raise £3 billion nationally.

The rate for the levy will be set at 0.5% of an employer's pay bill. Each employer will receive an allowance of £15,000 to offset against their levy payment. This means that the levy will only be paid on any pay bill in excess of £3 million, and that fewer than 2% of employers will pay it. The levy will put control of apprenticeship funding in the hands of employers and will encourage them to invest in their apprentices and to employ more of them. Employers who pay the levy and are committed to apprenticeship training will be able to get out more than they pay into the levy through a 'top-up' to the newly introduced digital accounts (an on-line portal to be rolled out in 2016). All employers who are not required to pay the levy will be able to access Government support for apprenticeships. In addition, it is expected that The Enterprise Bill will seek to introduce statutory targets of 2.3% for public sector bodies with a workforce of 250 or more to employ their fair share of apprentices to achieve a minimum of 2.3% of their workforce as apprentices.
- York Potash's mine and Teesside processing plant** gets underway in 2016 and the project is taking 'expression of interest' applications now. Skills needed on the project include tradespeople, technicians, scientists, engineers, business analysts, IT specialists and administrators. The project is expected to employ more than 1,000 once it is at full production. The project will also bring indirect jobs for companies supplying goods and services. The company will ensure their construction contractors maximise opportunities for local people, and will work with local Councils and Colleges to provide training where necessary.
- Teesside University is set to open a new **regional ultrasound simulation centre** in its school of health and social care. Cardiff-based MedaPhor Group has been appointed to supply its ScanTrainer product for use in the hub which will be used to teach students and medical practitioners basic and advanced ultrasound scanning skills. The centre, officially opened on 11th November, and will be the ultrasound education hub for the North East.
- Middlesbrough College's new £20m **STEM (Science, Technology, Engineering, Maths) skills training centre** was opened on 13th November. The college has worked with more than 40 employers who helped shape the courses on offer. Within the centre are three sections of industrial facilities – process operations and maintenance, an advanced manufacturing centre, and logistics and warehousing.
- The Tees Valley Skills Event 2015** was held at Teesside University on 15th December 2015. It is a highly interactive and practical event for young people aged 14-19 years old aimed at better promoting the wide range of employment and learning opportunities available in the Tees Valley. Through the event, now in its 4th year, over 2000 young people aged 14-19 and their teachers will benefit from speaking to a range of Employers, Universities, Colleges and Training Providers to consider apprenticeship programmes, further education, higher education and vocational skills.
- NIACE** (The National Voice for Lifelong Learning) and **the Centre for Economic and Social Inclusion** are to become one organisation - the Learning and Work Institute - launching in January 2016. The Learning and Work Institute will strive for a fair society in which learning and work helps people realise their ambitions and potential throughout life. They will do this by researching what works, influencing policy and implementing new ways to improve people's experiences of learning. They will promote lifelong learning, full employment and inclusion for the benefit of individuals, families, communities, businesses and the wider economy.

## PLACE THEME REVIEW

- 1 The importance of understanding the supply and demand of employment land, floorspace, and types of development opportunities and locations is vital to ensure the Borough has the ability to attract new business investment and support existing and growth businesses. Stockton has a diverse range of business accommodation and land; from 32 business parks and industrial estates to business centres, incubation units, and industry-specific designed properties.<sup>1</sup>
- 2 This place based review focuses primarily on the availability of employment floorspace utilising information from:
  - The Council's own planning permission records.
  - CoStar Focus a property marketing database which the Council is licenced to use. Large amounts of the marketed floorspace will be vacant. However, it is possible that occupied premises are being marketed as the lease on the premises is due to expire, or they have recently been re-let or sold.
- 3 In order to summarise this information by areas, officers have used the broad areas identified on the map attached over the page, as the locations with the greatest concentration of businesses and employment numbers.

### Floorspace Availability

- 4 Figure 1 below provides an estimation of the availability of employment floorspace in the Borough summarised as either office/business, industry/warehousing or other floorspace. The figure identified for other floorspace relates to specialist developments such as energy from waste plant etc which are generally located in the North Tees area.

**Figure 1 – Vacant and consented employment floorspace in square metres (sq.m) in the Borough**

Type of Floorspace	With Planning Permission	Currently Marketed	Total Employment Floorspace
Office	176,703	57,445	236,269
Industrial / Warehouse	288,555	88,828	377,383
Other	45,503	-	45,503
Total	510,761	148,394	659,155

Source: Co-Star Focus and Council Records

- 5 As can be seen there is a significant supply of floorspace which is currently being marketed. However, this is less than 10% of the 1.5million sq.m stock of office and industrial floorspace identified in the LEA for 2012.
- 6 Whilst the stock of industrial floorspace looks significant there are two properties on Cowpen Lane Industrial Estate<sup>2</sup> which are marketed and are unlikely to be available. These premises are significant in size and measure about 25,000sq.m. If they are unavailable this could reduce the marketed floorspace to about 63,000sq.m.
- 7 There is also a significant supply of floorspace with planning permission, which is discussed on an area basis below. In addition to this, there is also a large supply of employment land at sites throughout the Borough which does not benefit from planning

<sup>1</sup> Excluding retail uses

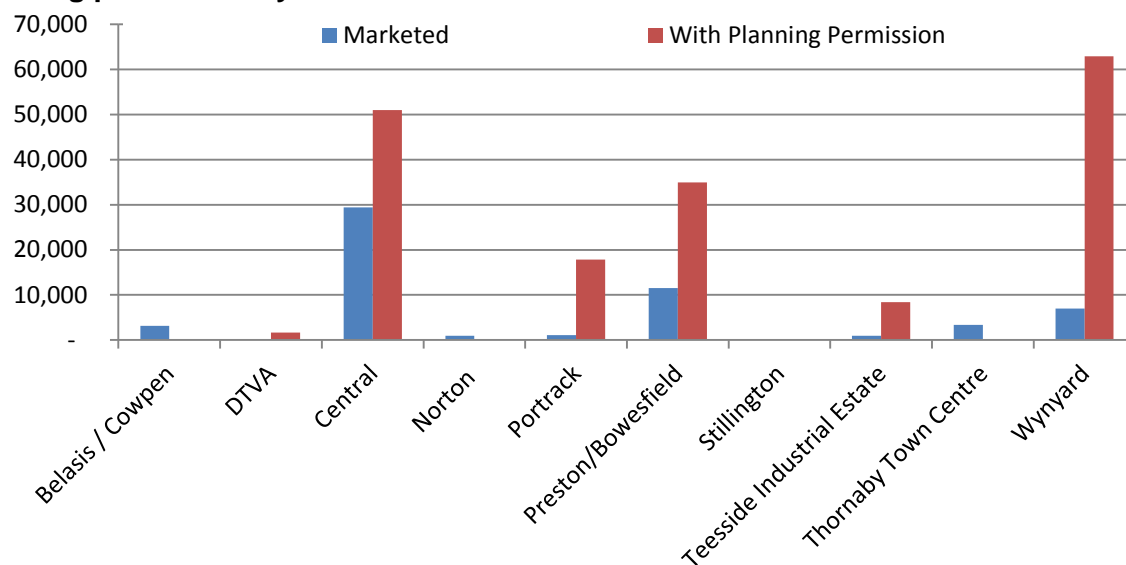
<sup>2</sup> JCM warehouse and Wincanton

permission. Sites include, Durham Lane Industrial Estate and Belasis which could provide new floorspace. Furthermore, some of the planning permissions granted could be reconfigured to meet the needs of individual businesses.<sup>3</sup>

**Floorspace Availability by Location**

8 Figure 2 and 3 below provides a breakdown of the floorspace by broad locations. As set out in the map over the page. A number of areas have been included within the ‘central’ area so that information can be presented with ease. The ‘central’ area includes commercial premises in Stockton Town Centre, Teesdale, North Shore, Boathouse Lane, Mandale Triangle & the Bon Lea Trading Estate, Primrose Hill Business Park, and Yarm Road.

**Figure 2 – Office floorspace (sq.m) which is marketed by CoStar Focus or has planning permission by location**



9 The chart shows that there is a large supply of floorspace which presents opportunities for new office based businesses to locate in the area.

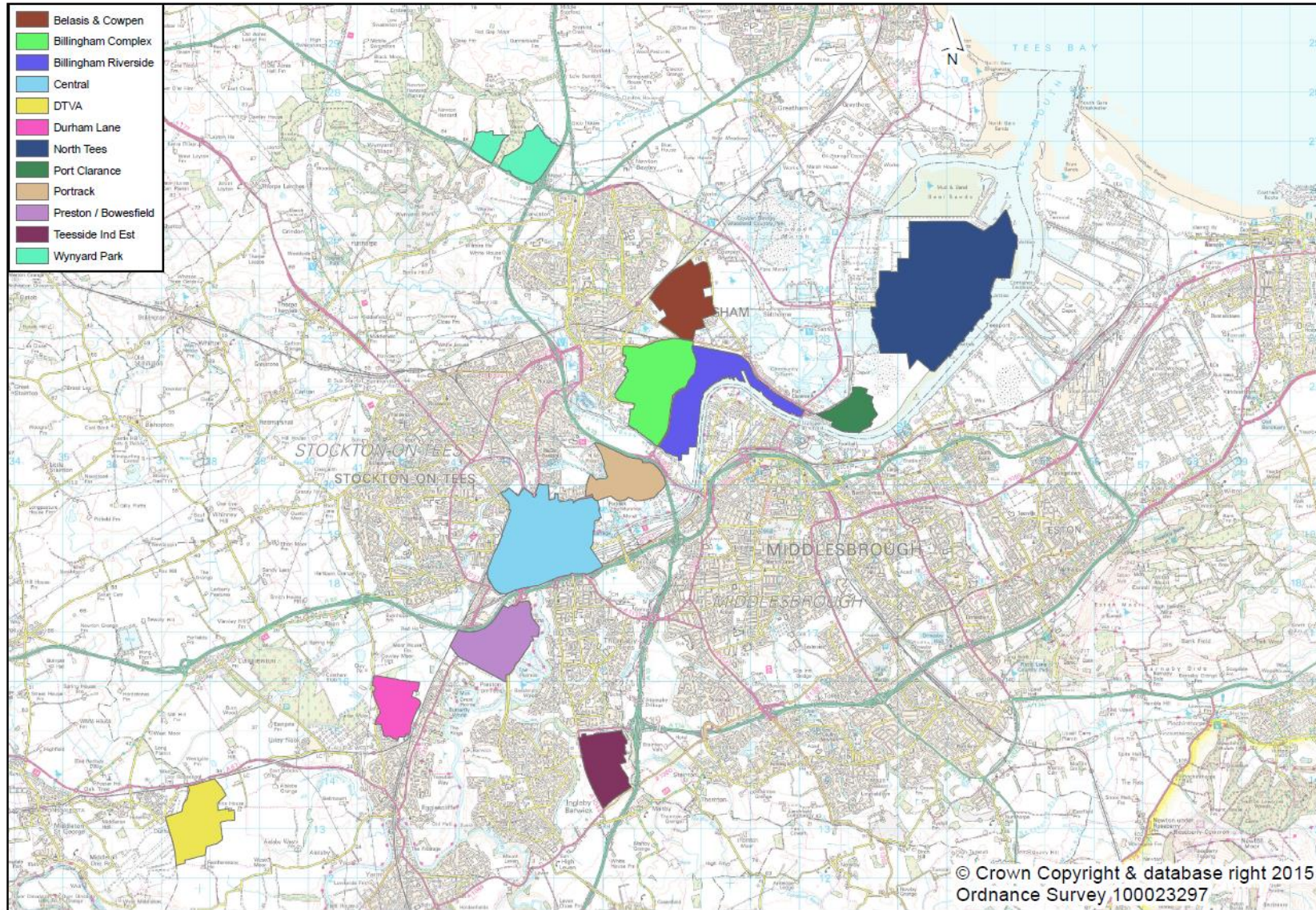
10 Of the 59,000sq.m of office floorspace identified as marketed in figure 1, about 50,000sq.m is located within the Central area, Preston/Bowesfield and Wynyard. The largest supply (31,500sq.m) of marketed office floorspace is situated in the central area, with the majority of this supply (20,000sq.m) located in the Teesdale area. Four of the top 10 largest records taken from the CoStar Focus database are located in Teesdale. The largest single leasehold opportunities in the area are 3,000sq.m each at Dunedin House (ground and first floor) and Churchill House. However, a further 1,000sq.m is available at Dunedin House on the third floor, making the total available space in this building 4,200sq.m.

11 The Preston Farm / Bowesfield area and Wynyard also have a noticeable supply of marketed floorspace. The level of marketed floorspace in the Preston / Bowesfield area can largely be attributed to the level of space marketed in the Falcon Court development which accounts for about 6,000sq.m of marketed space in the area. However, two properties in this area that are marketed, also have consent to change to residential use.

<sup>3</sup> It is worth noting that in the current economic climate speculative developments are potentially reduced due to financial support/viability

# APPENDIX 1

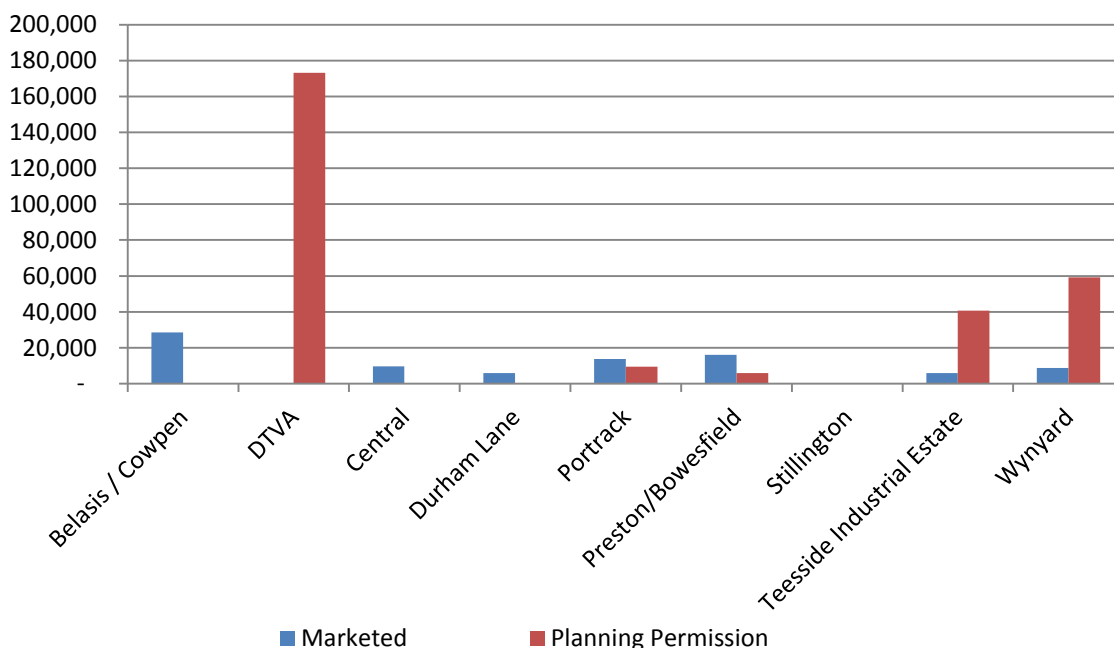
## Map 1 – Employment / locations in Stockton-on-Tees Borough





- 12 About 7,000sq.m of floorspace is marketed in the Wynyard area in the Evolution development and Wynyard Park Business Village, amongst others.
- 13 Other marketed premises of significance include Phoenix House at Thornaby Town Centre (2,820sq.m) which was vacated by Npower and the Jamal Building in the Mandale Triangle. The latter building is currently used as a function suite casting doubt on whether it is genuinely available for office tenants.
- 14 The majority of floorspace with planning permission for office use is focused in the following locations where there are significant planning permissions:
  - Wynyard – Significant volume of floorspace is permitted by planning permissions in the area. However, a number of the units granted consent on the site are designed flexibly so that they could easily be used by either a light industrial operator or an office based business.
  - Central – The large supply of consented floorspace is largely related to the North Shore Masterplan which envisages a large amount of office development. In addition to this there are also large permissions at St Mark’s Basin and the remaining land adjacent to Stockton Riverside College (Three Acre Site) in Teesdale.
  - Preston / Bowesfield – large permissions for office use exists in the south-east corner of the estate, adjacent to Queen Elizabeth Way, as well as at Surtees Business Park and the former tip site to the north of Preston Farm.
  - Portrack – A large permission exists at Portrack Interchange where there is one office building developed. Despite the sites location next to a key junction on the road network little development has taken place on the site.
- 15 A small amount of office floorspace is also permitted at Teesside Industrial Estate and DTVA as part of a larger logistics development. However, the office floorspace at Teesside Industrial Estate is part of a larger logistics consent and could be sacrificed depending on the final development option selected. In addition, a significant supply of employment land exists in the Borough which could also be used for office developments.

**Figure 3 – Vacant and consented Industrial / Warehousing floorspace by location**

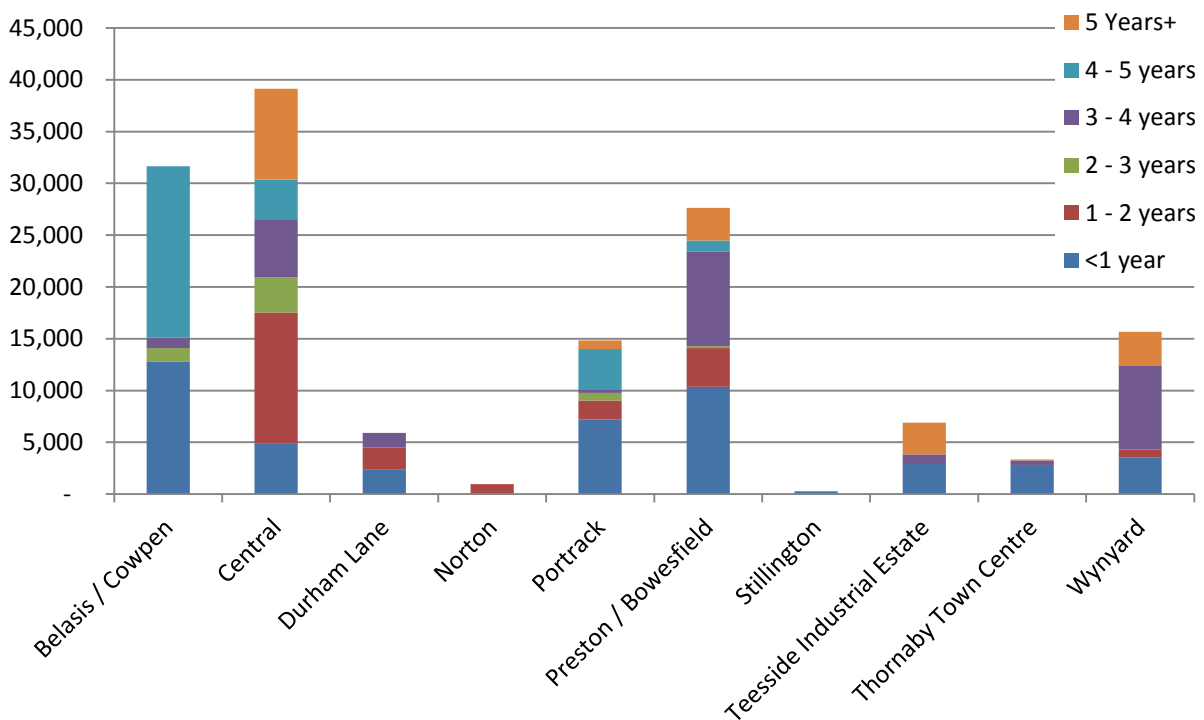


- 16 The three largest industrial / warehouse premises identified by CoStar Focus total 33,600sq.m of floorspace, over a third of total industrial / warehouse floorspace.
- 17 Two of these premises were identified at Cowpen Lane Industrial Estate account for the majority of 'available' space. However, both premises remain occupied meaning this floorspace / land is not available. This analysis is also relevant to figure 4 below, which discusses length of marketing of premises.
- 18 Furthermore, the third largest unit marketed as available is located at Opus Park in Preston Farm. However, Opus Park announced in April that the unit had [transferred ownership to Jennings](#) presumably this unit is no longer available. The next largest unit is located in the Portrack area and measures about 3,500sq.m.
- 19 The majority of floorspace with planning permission in Stockton-on-Tees Borough is at:
  - Durham Tees Valley Airport – The consent at this site provides for over 170,000sq.m of warehouse floorspace, with a significant proportion tied to airport related uses.
  - Teesside Industrial Estate – A large logistics development has consent on the site.
  - Wynyard – Two sites at the business park include floorspace for industrial / warehouse use.

**Length of marketing**

20 It is also possible to review information based on the length of time a property has been marketed. Figure 4 below summarises the total (office and industrial) amount of floorspace available in the Borough by time for a number of broad locations across the Borough.

**Figure 4 – Vacant floorspace availability by location and time vacant**



21 About 32% (47,000sq.m) of marketed floorspace has been identified as marketed for less than one year. This could be indicative that a large amount of marketed floorspace can be accounted for by turnover of premises and churn. Without access to more

detailed trend information it is not possible to know whether this is a higher or lower proportion of floorspace than normal.

- 22 In comparison, about 11,500sq.m of office floorspace has been vacant for in excess of 5 years, with about 5,400sq.m of this located in the Teesdale area and over 3,000sq.m located in Preston / Bowesfield. Long term vacant premises include Dunedin, Medway, Progress and Richard House in Teesdale and a number of units in the Falcon Court development.
- 23 It is possible to tell that a number of units are struggling from long-term vacancy, with about 13% of marketed floorspace available for over 5-years. About 7,600sq.m of industrial floorspace has been vacant in excess of 5 years including units in Wynyard Business Park, Mandale Triangle, Teesside Industrial Estate and Portrack. In addition, the former Kwik Fit garage (643sq.m) in Stockton Town Centre is also marketed as available.

### Employment Floorspace Demand

- 24 Figure 5 below provides a summary of the top 10 deals recorded on CoStar Focus. These are focused in Wynyard, Teesdale and Preston/Bowesfield.
- 25 The largest deals identified relate to the occupation of Titanium House. The largest deal at the premises was by Huntsman in 2012. A smaller anonymous deal was recorded in the same premises the previous year.

**Figure 5 – Top 10 office deals recorded on Co-Star Focus**

Location	Address	Size Sq.m	Tenant
Wynyard	Titanium House, Hanzard Drive	5,064	Huntsman International
Wynyard	Titanium House, Hanzard Drive	2,462	Not disclosed
Central	Teesdale House, Westpoint Rd	1,483	NHS Property Services Ltd
Preston / Bowesfield	Unit 2 Wellington Court, Preston Farm	994	Not disclosed
Central	Birch House, Princeton Drive	941	Taz Engineering Services
Central	Birch House, Princeton Drive	941	GSE Systems Ltd
Central	Cedar House, Princeton Drive	941	URS Ltd
Preston / Bowesfield	Villa Jubilant, Falcon Court	929	Aker Solutions Ltd
Preston / Bowesfield	Alix House, Falcon Court	929	Scottish & Southern Energy
Central	Westminster House, Teesdale	887	Not disclosed

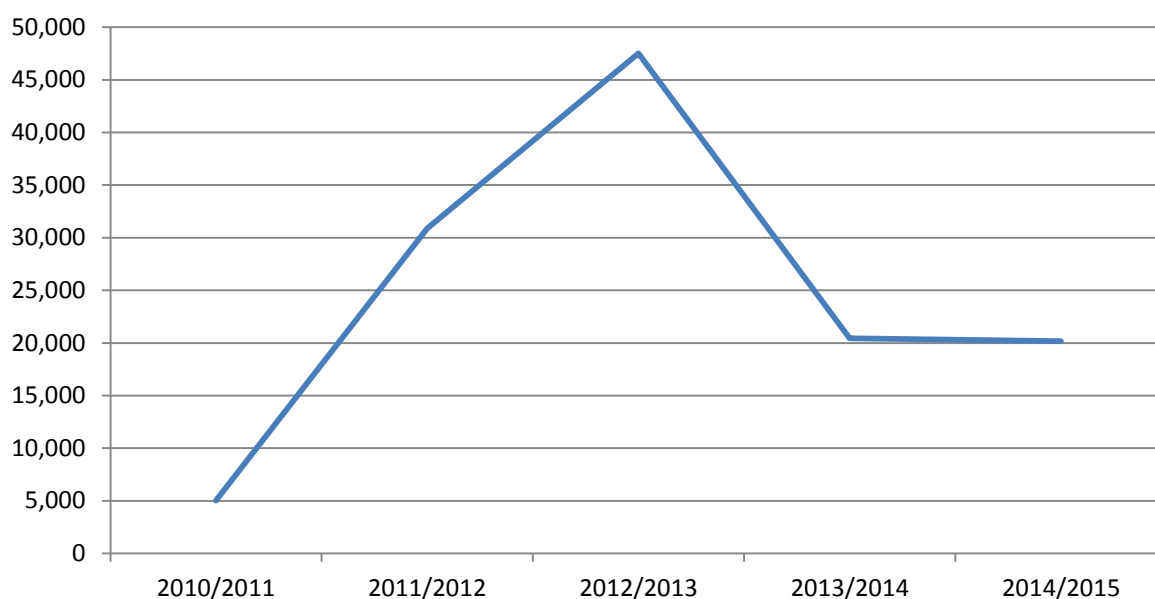
- 26 As with the office deals the industrial/warehouse deals are located in areas characterised by industrial use. Due to the size and format of industrial premises and the requirements of businesses these deals are generally much larger than the office deals noted above.
- 27 The largest deal involved the agreement on a five year lease for premises in Cowpen Lane Industrial Estate, this is likely to have been the re-letting of this unit to the existing tenant. The premises are also being currently marketed again (Figure 3), as the lease is approaching the end of the agreed five-year term.
- 28 The next largest deal involved Cordell Group acquiring [new premises](#) to enable the relocation of it's pipe and vessel fabrication workshops and also creating 30 jobs. However, the reduction in the global oil price has since affected the company and a number of [redundancies](#) were announced in October.

29 A number of other significant deals have also taken place across the Borough including significant further take up of floorspace in Cowpen Lane Industrial Estate, expansion of Huntsman at Wynyard Park, and re-occupation of the premises previously occupied by MFI (now Opus Park) at Preston Farm.

**Figure 6 – Top 10 industrial / warehouse lettings since 2010**

Location	Building	Size Sq.m	Tenant
Belasis / Cowpen	Macklin Ave	14,126	Not disclosed
Portrack	Malleable Way, Portrack Lane	7,461	Cordell Group Ltd
Belasis / Cowpen	Leeholme Road	6,746	Not disclosed
Belasis / Cowpen	Leeholme Road	6,746	Storage and Handling Equipment Limited
Preston / Bowesfield	Opus Park, Concorde Way	6,197	North Eastern Tyre & Autocare
Billingham Riverside	Cassel Court, Haverton Hill Rd.	4,138	Doncaster Paralloy Ltd
Preston / Bowesfield	Opus Park, Concorde Way.	3,530	Inchcape plc
Wynyard	One Twenty, Glenarm Rd	2,835	Huntsman Ltd
Teesside Industrial Estate	70 Robson Avenue	2,768	Not disclosed
Central	4 – 6 Boathouse Lane	2,741	Des Cullen

**Figure 7 – Recorded floorspace developments since 2010 (B1, B2, B8)**



30 The total amount of floorspace recorded as completed between 2010 and 2015 is about 124,000sq.m. The top 10 developments referenced above account for about 102,000sq.m, 80% of the floorspace recorded. Smaller developments (i.e. small changes of use / minor extensions) are not recorded, meaning the figure should not be considered as a definitive total figure. However, this information provides some trend information.

31 The graph records a major peak in floorspace development in 2012/13. This is largely accounted for by the completion of the Clipper Development at Wynyard. The preceding year (2011/12) also included a significant completion of floorspace, which can largely be accounted for by the Nifco development at Durham Lane.

32 Figure 8 below provides additional detail to add to the deals information set out in figures 5 and 6 regarding property deals.

**Figure 8 – Top 10 developments by floorspace size (sq.m)**

Development	Estate	Office	Industry	Warehousing	Other	Total
Clipper	Wynyard			34,838		34,838
Nifco	Durham Lane		23,066			23,066
Sita Extension	Haverton Hill				7,685	7,685
Nifco Extension	Durham Lane		7,608			7,608
Darchem	Stillington	1,080	6,064			7,144
TAG	Haverton Hill		6,960			6,960
Tracerco	Belasis	5,837				5,837
Thirteen HQ	North Shore	4,033				4,033
Johnson Matthey	Billingham Complex	3,204				3,204
Caterpillar	Preston Farm		2,820			2,820
Total:		14,154	46,518	34,838	7,685	103,195

33 Notably the property deals information in figures 5 and 6 did not include a significant number of major developments which are referenced below. These major developments have undoubtedly provided jobs increases to the area. Major positives include:

- 500 jobs created at the Clipper site;
- 350 jobs safeguarded through the relocation of Nifco and the further 170 jobs when the premises extended;
- 86 jobs being created at Darchem Engineering.

### Town Centres

34 This part of the report largely relates to Stockton Town Centre, where there has been recent regeneration activity. This information should be read in conjunction with Map 2 over the page. In November 2015 the Council installed a footfall counter<sup>4</sup> close to the Dovecot Street entrance to Wellington Square. The first three weeks of data are presented in Figure 9 below.

35 The counter was activated in the week (Monday 23<sup>rd</sup> November) leading up to the beginning of Stockton Sparkles and the Christmas lights switch on (Thursday 26<sup>th</sup> November). Figure 9 shows three-weeks of footfall data ending on Sunday 13<sup>th</sup> December 2015, the day of Stockton Reindeer Parade.

36 Over the three weeks, on average Saturday (17,763 people) is the busiest day in the town, followed by Wednesday (16,541 people) and Friday (15,429 people). Sunday (6,422 people) is by far the quietest day with less than half the footfall of Tuesday (13,138 people) the quietest weekday recorded.

37 The Stockton Sparkles event had a positive impact on footfall in the town centre with the largest footfall (19,605 people) recorded on the Saturday of the Christmas market, almost 2,000 people more than the next busiest Saturday.

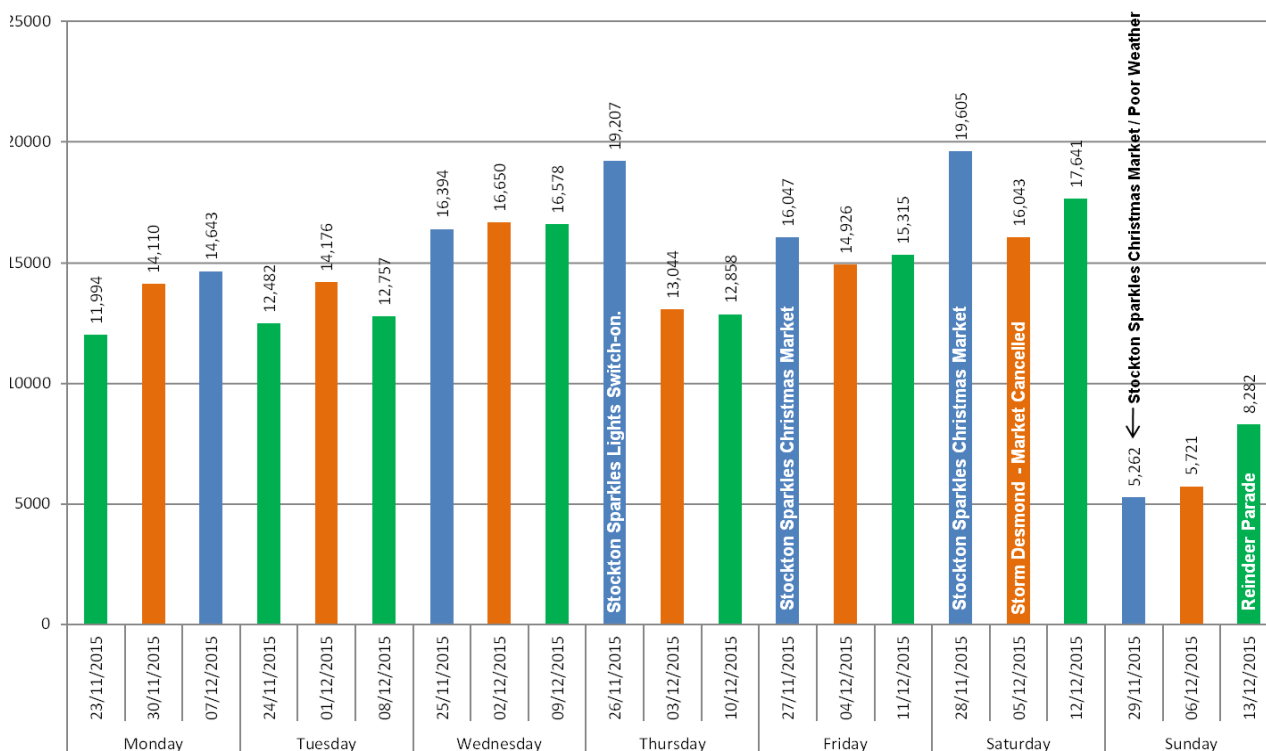
38 The second busiest day was Thursday 26<sup>th</sup> November, the opening of Stockton Sparkles / Christmas lights switch on, with 19,207 people recorded. On the following two Thursdays about 13,000 people were recorded by the counter. Therefore the counter

<sup>4</sup> The counter provides a snapshot of footfall in one part of the town centre and may not be representative of the level of footfall received at other locations across the town centre. Furthermore, the numbers used in Figure 9 capture all movements passing in front of the counter, regardless of the direction of travel of that person. The purpose of the data is to provide an indication of the amount of footfall in the central area of the town centre to identify trends and gauge the success of events in the area.

recorded about 6,000 additional people at the Christmas lights switch on 47% more than comparable days. It should be noted that this figure should not be used as an attendance for the event as it is a snap-shot of footfall only.

39 Also of note is the impact of Storm Desmond which resulted in the weekly Saturday market in the town centre being closed. As a result footfall for that day was the lowest recorded for a Saturday.

**Figure 9 - Stockton Town Centre Footfall**

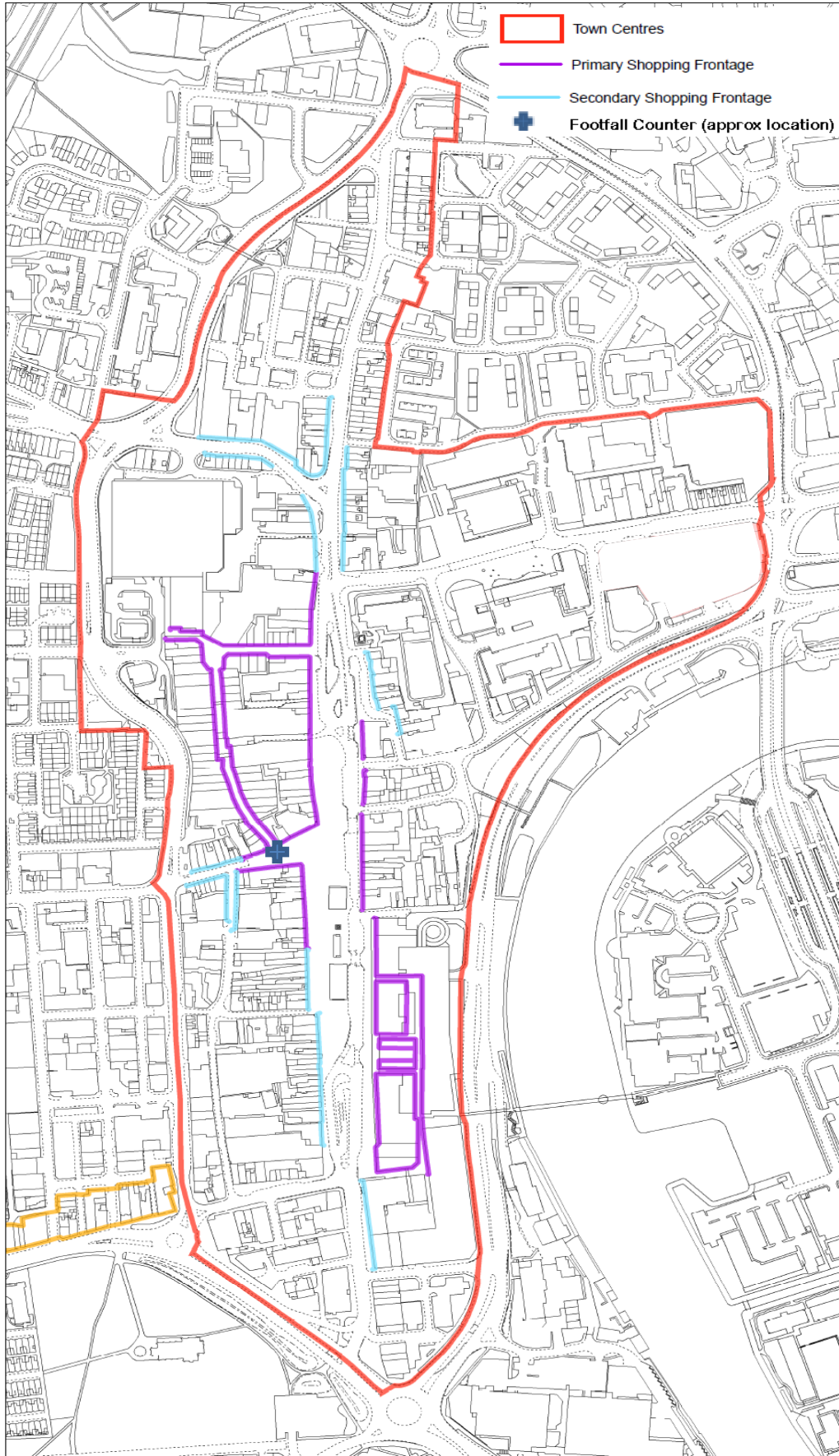


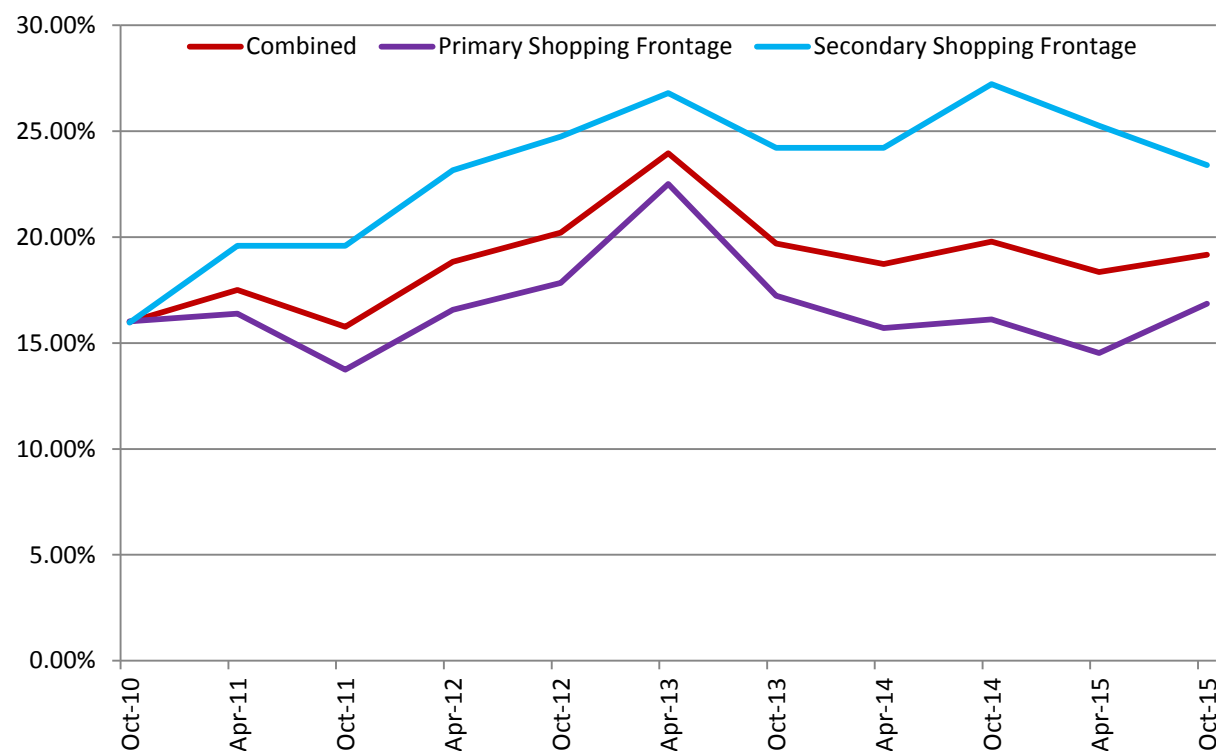
40 In addition, the Council also monitors the number of vacant units in the Primary Shopping Area as defined by the Council Local Plan. Figure 10 below tracks the vacancy recorded in the surveys used to monitor this policy. The graph displays information by:

- Primary Shopping Frontage – The main shopping area including large parts of the High Street, Wellington Square and Castlegate Centre.
- Secondary Shopping Frontage – Fringe mixed use areas including remaining parts of the High Street Norton Road, Bishopton Lane, Bridge Road.
- Combined – the vacancy rate for the combined Primary and Secondary Shopping Frontages.

41 Since 2009, the proportion of vacant units in the primary frontages has decreased, although vacancy rates rose at the end of March 2013. This can be attributed to the Spencer Market within the Castlegate Centre having undergone refurbishment and reconfiguration but had not yet been fully reoccupied. In addition, Lindsey House, on the eastern side of the High Street had been purchased by Stockton Council and its occupiers moved to other Town Centre units prior to its demolition; resulting in the units being left vacant for a period of time. In autumn 2013 Spencer Market was largely reoccupied and Lindsay House was demolished, leading to a significant reduction in the number and proportion of vacant units in the main shopping frontages.

Map 2: Stockton Town Centre



**Figure 10 - Town Centre Vacancy**

- 42 In October 2015 officers recorded 51 vacant units a total vacancy rate of 19.2% across the combined primary and secondary shopping frontage. About 75% of these vacant premises were last occupied as retail units.
- 43 The highest rate of vacancy is generally in the Secondary Shopping Frontage (23.4% in October 2015) whilst the Primary Frontage (16.9% in October 2015) generally has a lower vacancy rate. There was an increase in the vacancy rate in the middle of the 5-year period, which can partially be attributed to the tough trading conditions for High Street retailers and the disruption caused by the High Street improvement works. However, after this spike the vacancy in the area has begun to reduce, despite a slight increase identified in the most recent survey, which equates to a net increase of two vacant units.
- 44 Further analysis has revealed that of the 51 vacant properties in the area 20 units (39%) including the Globe, were vacant prior to October 2011 a significant time period. If these long term vacancies are excluded, the vacancy rate in the survey would reduce to about 12.5%, a much healthier vacancy rate. Encouraging the occupancy of these units remains crucial to improving the perception of the town centre.
- 45 With regard to other centres in the Borough it is noted that Yarm, Norton and Thornaby continue to trade well. In Yarm, fewer than 8% of premises in the shopping frontage are vacant. The regeneration of Billingham also continues with the Aldi supermarket scheme underway.

### Views of the property market

- 46 In order to provide members with further insights in to the local property market, officers have reviewed a number of press releases produced by the commercial property agents active in the Borough and summarised them below.



- 47 [Sanderson Weatherall](#) identified the eight industrial property hot spots across Tees Valley, parts of County Durham and North Yorkshire, including the following in Stockton on Tees Borough:
- Belasis Business Park, Billingham
  - Portrack Lane, Stockton
  - Preston Farm Industrial Estate, in Stockton
  - Teesside Industrial Estate, in Thornaby
- 48 Activity in Stockton included the sale of 8 acres to Tracerco at Belasis and the sale of 150,000 sq.ft to Tinsley Special Products at Preston Farm, Stockton-on-Tees. Sanderson Weatherall stated that "The industrial sector is strong at the moment. In the 12 months to April [2015], we concluded over 65 industrial deals, selling or letting over 1.2m sq.ft of space. There are hot spots across the area, largely in the Tees Valley, but also in County Durham, which reflect the region's heritage as the industrial heart of Britain."
- 49 [Insider Media quoting views by Connect Property North East \(CPNE\)](#) identified that the smaller end of the Teesside Industrial market continues to flourish with a letting to MC & I and Sterling Services at Preston Farm Business Park amongst others. Teesside Industrial Estate continues to be the region's best performer with further lettings to joinery specialist Blue Aardvark, Wilson Flooring, JMS Kitchens, H Horseware, CLC Interiors, Geffin Contractors, CW Electrical Contractors, Castlespring Ltd, Project ABM Joinery and Ingleby Kitchens also taking units. CPNE also stated that "We have built up some excellent momentum through the recent lettings which has significantly reduced the void levels across Teesside, during a period which has seen a real appetite from small businesses looking to grow. The lettings also come at an exciting time for Teesside Industrial Estate with the recent completion of the new roundabout and infrastructure that has opened up the estate from the A174."
- 50 Similarly [Dodds Brown](#) has identified that increased take-up and demand across Teesside in the past 12 months could result in industrial rents reaching £5 per square foot in the next 12 months. This opinion is based on the view that:
- the lack of availability of smaller quality industrial stock in Teesside is putting upwards pressure on rents which are presently moving up towards £4.50 per square foot (psf).
  - there has been increased take up and demand for industrial units across Teesside and throughout the Tees Valley, as local businesses look to take advantage of improving economic conditions by expanding and moving into larger premises.
  - Dodds Brown have a waiting list of prospective tenants looking for units of a specific size, whose requirements cannot be met.
  - Rents for industrial units of up to 3,000 sq. ft. are touching £4.50 psf, the £5 psf barrier looks set to be broken sometime next year.
- 51 [Dodds Brown](#) also act on behalf of the Urban&Civic plc (formerly Terrace Hill), the owners of several units in Teesdale, also identified that office rents are beginning to increase towards the £12 psf mark with several deals in Teesdale (reported in the previous Economic Climate report) at £11.50 to £11.80 per sq.ft.

### Disclaimer

The Council is licenced to use the Co-Star Focus database which provides information related to premises which are marketed for employment uses. Officers have interrogated this information (exported from the database on 2<sup>nd</sup> November 2015) in order to produce statistics on available office and industrial/warehouse premises.

Various tables divide the floorspace in to two types:

- Planning Permission – based on planning permission records for the Borough;
- Marketed – properties identified on the Co-Star focus database as available for leasehold, and some properties where the freehold is available.

The information released by Co-Star focus has been filtered to remove duplicate records for example where a leasehold and freehold record exist for one property, or when the estate agent is marketing a site with planning permission. Therefore the data may include premises where the freehold is available as an investment, but the lease is not available.

The data provides a broad picture of the level of floorspace available within the Borough. However, members should be aware that the dataset relies on the input from property agents and may not count all premises, or may include premises which have since been occupied.

The place theme also quotes figures based on planning permission records. Officers are currently reviewing the collection of this data with the aim to improve the accuracy and reliability of this information. However, it is reported here in order to provide members with an indication on the level of floorspace with planning permission.

A further note of caution is the fact that the information provided in this report, in particular regarding available floorspace, is a snapshot taken on 19<sup>th</sup> November 2015. There is therefore no trend information regarding availability of units. Furthermore, the planning permission data uses a different base date to the CoStar Focus information as it relates to the 1<sup>st</sup> April 2015, the base date for the Council's Authority Monitoring Report.

The views of the property market reported in this paper are the views of those companies and not the views of Stockton-on-Tees Borough Council.

Information regarding the occupation, gender, residences and qualifications of workers in the Teesdale area as quoted in the Case Study are sourced from census records. The boundary of this area is shown on map 3.

**CASE STUDY - TEESDALE BUSINESS PARK**

Teesdale is one of the premier office locations in the area and is the base for a large number of businesses, the Durham University Queen's Campus, Wolfson Research Institute, and Stockton Riverside College.

The site blends a variety of different uses including commercial, residential, educational and healthcare.

Teesdale is ideally situated to take advantage of the quick local journey times and access to the national highway network. There is also access from the business park to Thornaby Station; with short journey times to London via direct trains on the East Coast mainline. The Station itself has recently benefited from footbridge and ticket office improvements. There is well located access to the site, which is also in close proximity to Stockton Town Centre; with car and pedestrian routeways to several town centre locations across the variety of bridges over the River Tees.

Recent improvements to the site to bring public areas up to adoptable standards by Stockton Council included: lighting columns and street lights; tree pits; footpath repairs; refurbishing street furniture.

The amount of floorspace that is vacant on Teesdale (excluding Thornaby Place) over the last five years has increased from 1,668sq.m to 10,363sq.m in 2015.

## APPENDIX 1

In November 2015, there was 18,921 sq.m of marketed floorspace across Teesdale / Thornaby Place, these premises are highlighted on the attached map. About 7,300sq.m (38%) of this floorspace is located in two premises Dunedin House and Churchill House. In addition, HMRC also announced that their office at George Stephenson House will close in 2020, it is estimated that this premises measures about 3,700sq.m.

Planning permission also exists for 16,279sq.m of new development on the estate on land at St. Mark's Basin (6,635sq.m) two units of land adjacent to Stockton Riverside College (2,469sq.m) and an expansion of the Davy Process Technology Facility to the east of Durham University (7,175sq.m).

The adjacent North Shore site also provides a location for business growth and investment opportunities and is one of two sites in Stockton-on-Tees to benefit from Enterprise Zone status.

Four office buildings have been given approval to change to residential use on Teesdale. Radio House has now opened as student accommodation and Clifton House is being fitted out for residential use, a total loss of 2,000sq.m of employment floorspace. The conversion of the remaining premises would result in the loss of about 4,300sq.m of employment floorspace but would reduce the marketed floorspace in the area by just 677sq.m. However, one of these offices (Teesdale House) is leased to the NHS for the foreseeable future and is unlikely to change to residential use.

Teesdale Business Park is home to a diverse range of businesses from a number of different sectors; the most significant of which is the 'Financial & Professional Services', which includes Barclaycard, Santander, Swiftcover, Fast Track Financial and Endeavour Partnership.

Recent business investments include:

- **Visualsoft** – an e-commerce and web design business acquired the former Camden House office on Council of Europe Boulevard and renamed it 'Visualsoft House'. The 30,000sq.ft building provides accommodation to their expanding workforce, which is currently at 212 employees
- **Johnson Matthey** relocated 60 staff from Billingham into Progress House on Fudan Way. This involves the occupation of 1,000+sqm of floorspace which has not yet been picked up by the CoStar Focus database.
- Cedar House, located on the Three Acre site has two new tenants that signed 5 year leases in August; **Clugston Construction** for a new regional office; **Sanlam Private Wealth**
- **PX Group** has bought the freehold of Robert House, and will use the building to accommodate its continued expansion as it already occupies the neighbouring premises of PX House.

The Census 2011 has been analysed to provide some useful insights into the people that work at Teesdale and the jobs / qualifications that they hold<sup>5</sup>. The boundary for the analysis is based on Census geographies and is displayed on the attached map.

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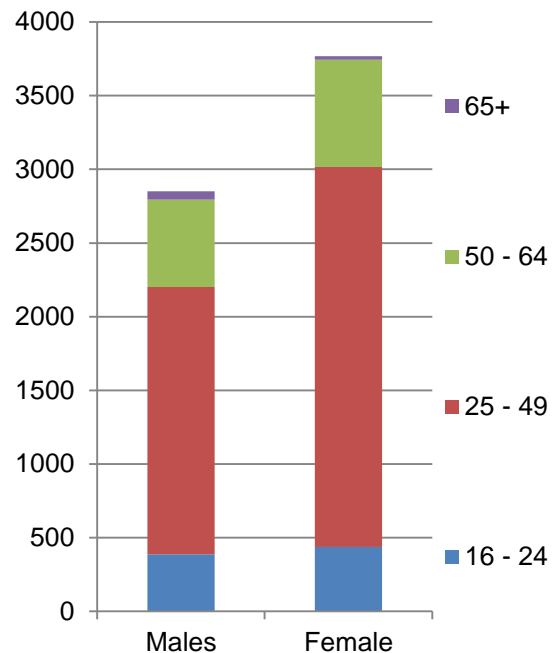
<sup>5</sup> NOTE: The slight difference in the Census 2011 site boundary and Business Park site boundary is highlighted on the attached map. It does include parts of the Mandale, Gladstone and Bon Lea Industrial Estates.

**Residence of Workers**

Area	Workers	%
<i>Stockton Borough</i>	3,004	45.7%
<i>Stockton</i>	1,224	18.6%
<i>Thornaby</i>	502	7.6%
<i>Eaglescliffe</i>	167	2.5%
<i>Ingleby Barwick</i>	417	6.3%
<i>Yarm</i>	140	2.1%
<i>Billingham</i>	444	6.8%
<i>Rural</i>	110	1.7%
<i>Tees Valley</i>	2,672	40.7%
<i>Middlesbrough</i>	1,253	19.1%
<i>Redcar and Cleveland</i>	752	11.4%
<i>Darlington</i>	340	5.2%
<i>Hartlepool</i>	327	5.0%
<i>North East</i>	564	8.6%
<i>North Yorks'</i>	274	4.2%
<i>Other</i>	55	0.8%
<b>Total</b>	<b>6,569</b>	<b>100.0%</b>

- Approximately 86% of Teesdale workers live in one of the five Local Authority areas in the Tees Valley; with the largest numbers coming from Thornaby, Billingham and Stockton. 56,600 residents travel within the Borough for work.
- From a total of 6,569 workers at Teesdale almost half of these also live in Stockton (45.7%); two in five are from Middlesbrough, and almost 1 in 10 travels from elsewhere in the North East outside the Tees Valley.
- As a comparison, and as the Tees Valley is a functional economic travel to work area, there are 21,150 Tees Valley residents who commute into Stockton for work, and 20,350 who commute out.

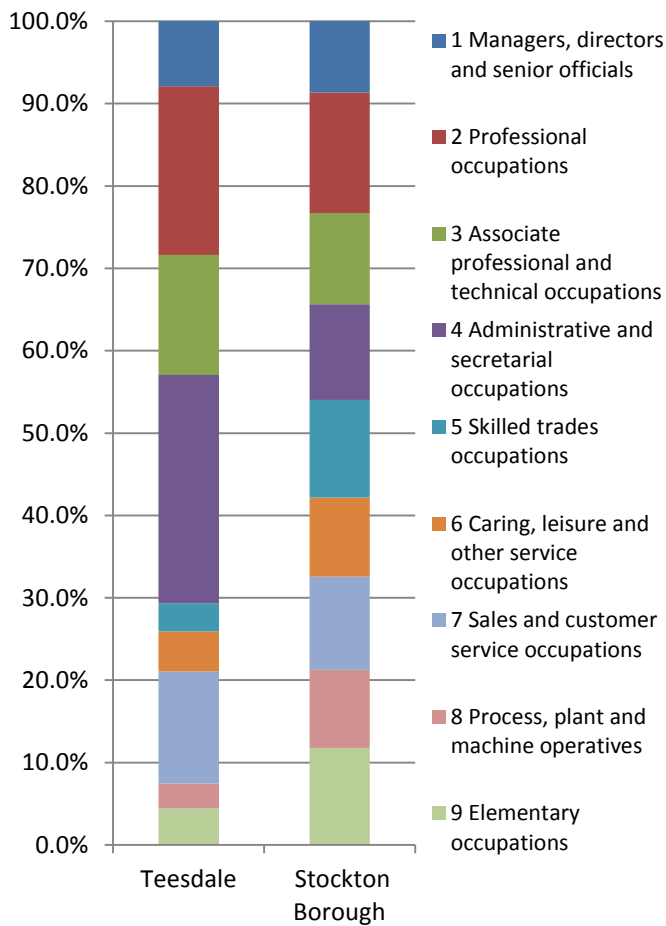
**Workers by Gender / Age**



- 57% of workers on Teesdale are female (3,767).
- Almost 4 in 5 workers are aged under 49, and 1 in 10 are older than 65.
- When considering the future skills needs of the local area there are 1,320 workers aged between 50-64, this could give an early indication that 20% of the existing workforce will need replacing over the next 10-15 years.<sup>6</sup>

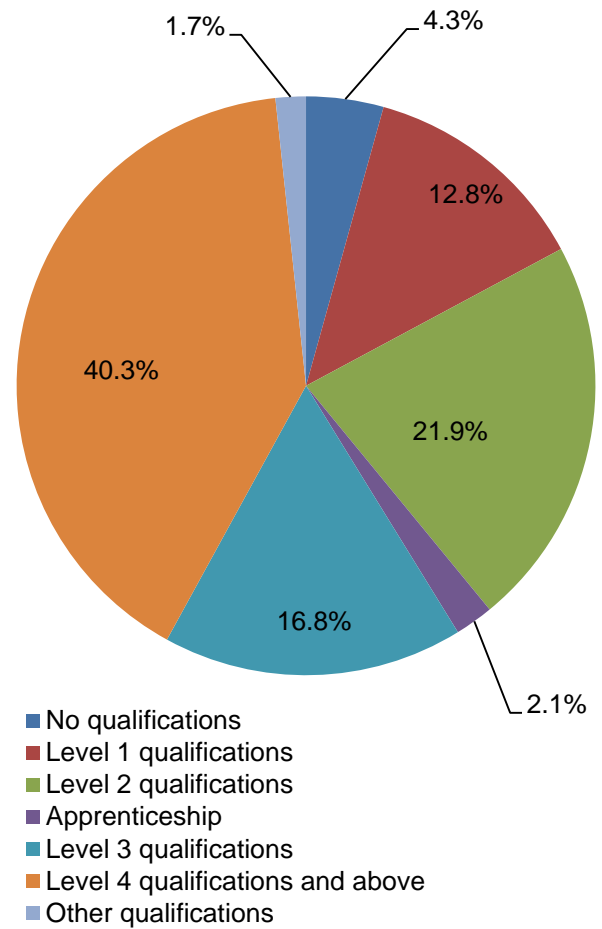
<sup>6</sup> This assumption is based on the existing workforce age profile and business structure at Teesdale, which could be subject to change over that time period.

**Occupation Profile<sup>7</sup>**



- By using the 9 broad sector occupational codes (SOC) it is possible to draw some general conclusions about the overall occupational profile at Teesdale and how it compares to the Borough.
- 7.6% of jobs in the Borough are located at Teesdale.
- A larger number of higher skilled/higher paid occupations, and admin. and secretarial occupations are located at Teesdale than there are across the Borough, which is consistent with the high number of businesses in the professional and business services sectors and the dominance of office-based properties located there.

**Qualifications of Workers**



- Of the 6,618 people that work on Teesdale and expressed their highest qualification level over 4 in 10 are qualified to Level 4 and above, and slightly more than 1 in 10 are qualified to Level 1.
- 286 people had no formal qualifications.
- 142 had undertaken an apprenticeship.
- It is not categorically known from the data whether the need to be qualified to Level 4+ is a requirement of the job, however, the number of those people with Level 4+ qualifications (2,669) is very similar to the number of people working in the highest-skilled/highest-paid occupations (2,842).

<sup>7</sup> Census data includes those aged 16-74, which is a broader age-range than the national statistics used in the 'People' themed report of the working age population (16-64), so a directly comparable analysis cannot be made, although there are general similarities in overall findings

Map 3 – Teesdale Business Park

